SBI Holdings

DIMENSIONS

Annual Report **2018**

ABOUT US

The SBI Group is an Internet financial services pioneer founded in Japan, in 1999. By 2016, it established the world's first Internet-based financial ecosystem to undertake a broad range of financial services, including securities, banking and insurance. The Financial Services Business, the Asset Management Business and the Biotechnology-related Business are the three core businesses of the SBI Group. The Asset Management Business primarily involves the overseas financial services businesses, and the investment in and incubation of startup companies. The globally expanding Biotechnology-related Business is focused on the R&D, manufacturing and distribution of pharmaceuticals, health foods and cosmetics. We are moving into a new dimension by organically blending these businesses with the rapidly expanding digital asset-related business, and creating synergies that cannot be achieved by companies with a single-minded approach.

Editing Guidelines

This Annual Report is one of our communication tools with our shareholders and investors. It is published with the goal of fostering a comprehensive understanding of the corporate value created by the SBI Group. We will thus introduce you to the initiatives of the SBI Group, and explain them from both a financial and non-financial point of view.

Forward-looking Statements

This annual report includes statements concerning the current plans, strategies and projections of the future performance of SBI Holdings, Inc. ("SBI Holdings"), and its subsidiaries and affiliates. These statements have been prepared based on information available at the time of publication in compliance with SBI Holdings' management policies, and on certain assumptions deemed reasonable by SBI Holdings. Hence, actual results may differ, in some cases significantly, from these forward-looking statements contained herein due to changes in various factors, including but not limited to economic conditions in principal markets, service demand trends and currency exchange rate fluctuations. Further, statements contained herein should not be construed to encompass tax, legal, or financial advice, and should not be considered to be solicitations to invest in SBI Holdings.

Annual Report 2018

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ORIGIN

The Origin of the SBI Group

Since our founding, it has been our constant desire to capture current trends to create innovative businesses that benefit people and society. At the same time, a company is a constituent of society and exists only because it belongs to society, and in adherence with this concept, we have sought to contribute to the maintenance and development of society.

We also think that a company has a "corporate virtue," just as a person has a "human virtue." Just as a virtuous person receives respect from the people around them, a company wins respect from society by heightening its virtue.

Furthermore, within our corporate culture, there are four strands of DNA that we believe should be inherited. They are, to "Continuously maintain the entrepreneurial spirit," by continually taking on new challenges without fear of failure, "Emphasize speed," to always be quick to decide and act, "Facilitate innovation," by demonstrating a creative spirit that will not be unnecessarily attached to past successful experiences, and "Continuous self-evolution," which sensitively detects and flexibly adapts to environmental changes.

By establishing and inheriting corporate culture based on these four strands of DNA, we believe in the sustainability of a strong corporate group that will continue to grow without pause.

FIVE CORPORATE MISSIONS

01 Sound Ethical Values

We shall undertake judgments on actions based not only on whether they conform to the law or profit the Company, but also whether they are socially equitable.

02 Financial Innovator

We will transcend traditional methods, and bring financial innovations to the forefront of the financial industry, by utilizing opportunities provided by the powerful price-cutting forces of the Internet, and providing financial services that further enhance benefits for customers.

03 New Industry Creator

We will endeavor to become the leader in creating and cultivating the core industries of the 21st century.

04 Continual Self-Evolution

We will continue to be a company that evolves of its own volition, by forming an organization that flexibly adapts to changes in the operating environment, and incorporates corporate "Ingenuity" and "Self-transformation" as part of its organizational DNA.

05 Fulfill Social Responsibility

We will ensure that each company in the SBI Group recognizes its social responsibilities as a member of society, while fulfilling the demands of its stakeholders, and contributing to the betterment of society.

EXPANSION

A Point to a Line, a Line to a Plane

Since its founding, the SBI Group has driven the development of Internet finance in Japan, primarily through the securities business. Concurrently, we have also been involved in the investment in and incubation of startup companies, with investments focused in the Asia region and on growth fields of the 21st century, including IT and biotechnology. Today, the three core businesses are the Financial Services Business, the Asset Management Business, which includes venture investments and the overseas financial services business, and the Biotechnology-related Business, which has become an independent and major business segment. We continue to evolve our solid business foundation to a higher level, while creating synergies among the core businesses.

October 1999

SBI SECURITIES* starts Internet trading. As a pioneer in the full-service online securities business in Japan, rode the trend of bringing the Internet to the financial sector, and established itself as the No.1 company in the domestic retail business.

*Formerly E*TRADE SECURITIES

July 2000

Established the SOFTBANK INTERNET TECHNOLOGY FUND, a venture capital fund capitalized at ¥150.5 billion, which was the largest fund of its kind in Japan at that time. Endeavoring to become a “New Industry Creator” as stated in the corporate mission, we focused our investments in the Internet field, a growth field of the 21st century.

September 2003

Established a fund focused on investing in the biotechnology field, where significant growth was expected. Through this fund, we have supported R&D activities at promising startup companies, and established a global network by leveraging advanced know-how and expertise related to biotechnology that was accumulated within the Group.

May 2005

Together with the Temasek Group, an investment company in Singapore, we established the New Horizon Fund that targets investments in promising Chinese companies. Starting with this fund, we established a global investment framework, by establishing a multiple number of funds in cooperation with major local partners. These funds focused on newly developing countries with high latent growth potential, and were established to achieve higher growth through a diversification of Group risk.

January 2007

Through SBI Biotech, a drug discovery bio-venture, we entered the biotechnology field on an operating basis. Upon encountering 5-Aminolevulinic Acid (5-ALA) while operating the Biotechnology-related Business, and taking note of its properties and potential, in April 2008, we established SBI Pharmaceuticals to conduct R&D and the manufacturing of products containing 5-ALA.

September 2007

Start of operations of SBI Sumishin Net Bank, a pure-play Internet bank. As a result of a seamless service alliance with SBI SECURITIES, SBI Sumishin Net Bank experienced a significant customer inflow from SBI SECURITIES’ customer base, which resulted in a rapid customer base expansion at the bank. Although a late comer to the business, SBI Sumishin Net Bank has grown to be No.1 in deposit balance among domestic pure-play Internet banks.

Achievements in 19 Years Since its Establishment

Since our founding in 1999, the SBI Group has been executing its management strategy in light of changes in the business environment, and has endeavored to expand its business and improve profitability. As a result of these efforts, the customer base as of March 31, 2018, has expanded to 23.47 million, and the number of companies invested in by the Group, both domestically and abroad, totaled 1,360, boasting a significant exit ratio performance of 16.8%. Additionally, we have successfully launched and/or licensed a total of five pipeline candidates in the 5-ALA-related business.

FINANCIAL SERVICES BUSINESS

Establish a financial conglomerate structure utilizing the Internet as its primary channel, which is unprecedented in the world

February 2016

Following the start of the business at SBI Insurance in January 2008, SBI Life Insurance*, which became a consolidated subsidiary in February 2015, resumed the new underwriting of insurance. As a result, we are now engaged in all of the major financial services, with a primary focus on securities, banking and insurance, and have completed the "financial ecosystem," a goal that we had sought to establish since our founding. In March 2017, we consolidated all of the insurance businesses within the Group under the auspices of SBI Insurance Group, which is currently preparing for an IPO.

*Formerly PCA LIFE Insurance

ASSET MANAGEMENT BUSINESS

Promoting global business development focused on Asia

December 2015

At the advent of the FinTech era, ahead of other companies, we established the FinTech Fund, which focuses investments in promising startup companies that possess elemental technology in this field, both in Japan and abroad. In addition to investing in these companies, by promptly adopting the innovative technology and services of our investee companies, each financial services company within the SBI Group will endeavor to establish a competitive edge.

March 2013

SBI SAVINGS BANK* of South Korea, which was one of our venture investments since 2002, was converted into a consolidated subsidiary. As a result of accumulating performing loans through the leveraging of the SBI Group's expertise in the financial industry and online business development, the SBI SAVINGS BANK is now a revenue pillar in the Asset Management Business.

*Formerly Hyundai Swiss Savings Bank

BIOTECHNOLOGY-RELATED BUSINESS

Developing new revenue sources that are less affected by the vagaries of the financial markets

April 2012

SBI ALApromo was establish for the domestic sales of health foods and cosmetics containing 5-ALA. The company achieved its first full-year of profitability in FY2017, upon expanding sales of foods with functional claims. The company is a subsidiary that currently conducts 5-ALA-related business, under the auspices of SBI ALApharma, an intermediate holding company founded in Hong Kong. In addition to its global business expansion, SBI ALApharma is now preparing for an IPO.

DIMENSIONS

Assimilating Current Trends to Pursue Further Evolution and Progress

New technologies, such as AI and blockchain, will revolutionize the next generation of finance. Currently, various industries outside of finance are also in a technologically transitional stage, so the SBI Group will leverage its previously cultivated management resources to explore future possibilities, which will allow for its sustained continued growth.

MOBILE

Accelerating the Shift to Mobile

In the emerging markets of Asia and Africa, where the adoption of mobile devices such as smartphones has been spreading rapidly, we are faced with new challenges such as offering useful financial services exclusively for mobile devices. Also, in each SBI Group business, customers using their services through mobile devices are on the rise, and we are thus actively engaged in providing convenient services for mobile devices. The adoption of mobile devices, both in Japan and abroad, presents a promising growth opportunity for the SBI Group, which has developed businesses such as the Financial Services Business, based on the Internet. Regardless of whether it is domestically or abroad, we will now offer our existing services in securities, banking and insurance on mobile devices, and will expand our mobile offerings to create services with high customer satisfaction.

Enhancing Our Competitive Advantage by Utilizing Synergy Effects

The SBI Group has established a “business ecosystem,” upon its founding, to realize synergy effects and mutual evolution that cannot be attained by a single-minded company. Consequently, based on this business ecosystem, synergies that span segments, as well as those within a segment, are being realized. For example, in FinTech, while investing in startup companies, we are also utilizing their technology and know-how within the Group’s financial services businesses. Also, by utilizing the expertise cultivated in the core Financial Services Business, we are achieving a solid investment track record in the venture capital business. The SBI Group will leverage the synergy effects among these businesses, to proactively exploit its formidable competitive advantages.

AI & BLOCKCHAIN

Actively Utilizing Next Generation Core Technologies, Including AI and Blockchain

Today, we are making rapid advances in the introduction of new technologies such as AI, blockchain and distributed ledger technology (DLT). However, outside of the financial sector, new services that use AI are being offered in a broad range of fields. Also, blockchain is finding uses in real estate, music and medicine. Owing to the trends, we forecast that rapid market expansion will occur in the AI and blockchain fields over the next five to ten years. Therefore, the SBI Group will accelerate venture investments in new technologies that are focused on AI and blockchain, as well as areas that have high affinity, such as IoT, healthcare, shared economy and robotics. We will also promote the adoption of leading-edge technologies held by the investee company portfolio by the Group companies.

DIGITAL ASSET

Contributing to the Sound Development of a Digital Asset Market

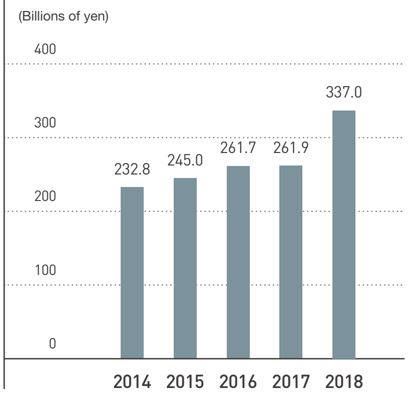
While there is an expectation for a wide range of uses for digital assets such as cryptocurrencies, along with the recent rise in speculative demand, the scale of the trading market has expanded, and there is a general upsurge in the formation of cryptocurrency exchanges. Owing to the immaturity of the current market, the offering of safe and secure services is being demanded, through a flawless system construction and security measures. In this context, in June 2018, the SBI Group started a cryptocurrency exchange that implements the “Customer-centric Principle.”

Moreover, in order to establish a healthy market, along with global partners, we are offering new trading opportunities to institutional investors in the form of mechanisms that stabilize volatility, and at the same time, initiatives that will address the expansion of actual demand for money transfers, settlements, payments, etc., are being implemented. To capitalize on the benefits of digital assets, we plan to create a business that pursues fairness and convenience that is not found in existing financial services.

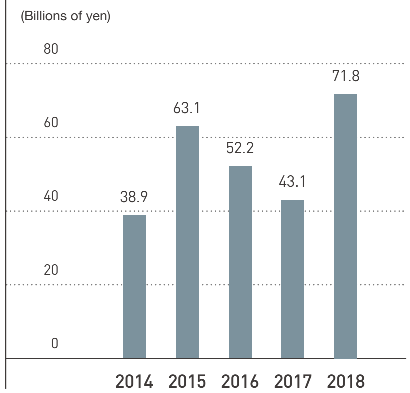
Snapshot of the SBI Group

Consolidated Financial Highlights (IFRSs)

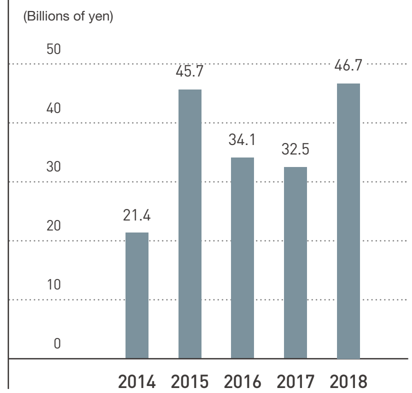
Revenue*1



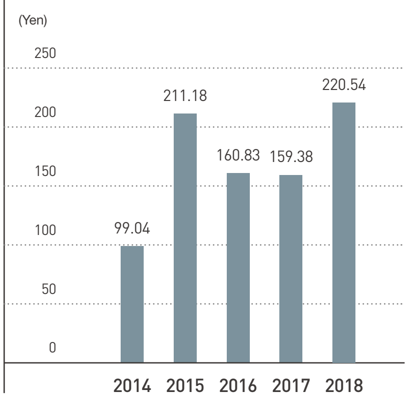
Profit before income tax expense



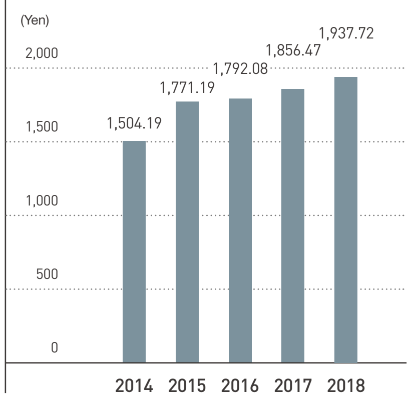
Profit for the year attributable to owners of the Company



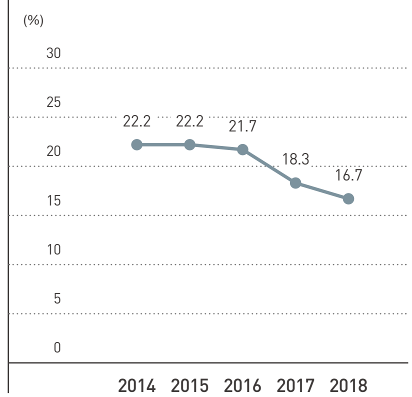
Basic earnings per share attributable to owners of the Company (EPS)



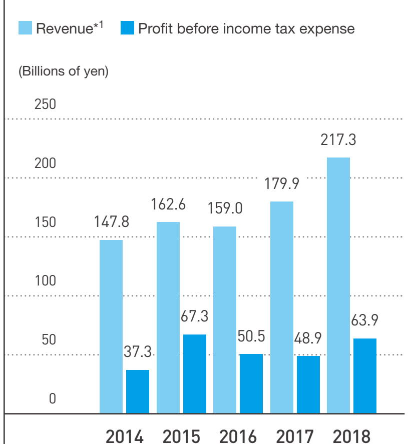
Equity per share attributable to owners of the Company (BPS)



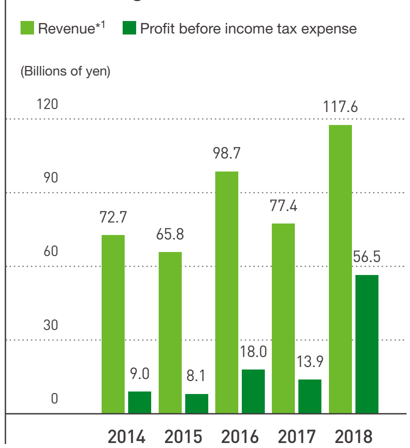
Substantive ratio of equity attributable to owners of the Company to total assets*2



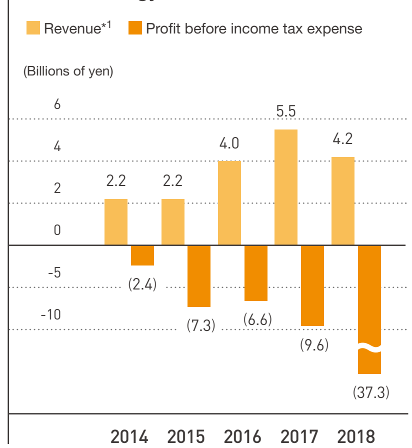
Financial Services Business*3



Asset Management Business*3



Biotechnology-related Business



*1 Beginning with the fiscal year ended March 31, 2016, the income categories "Operating revenue" and "Other financial income" have been eliminated, and the amounts have been combined and presented as "Revenue." Figures for the years ended March 31, 2014 to March 31, 2015 are "Operating revenue."

*2 Represents the substantive equity ratio, calculated by subtracting customer asset accounts (that is, asset accounts for margin transaction assets, cash segregated as deposits, etc.) and liability accounts (margin transaction liabilities, guarantee deposits received, and deposits from customers, etc.) held by the Company's subsidiary SBI SECURITIES.

*3 Certain subsidiaries, including BroadBand Security, which were included in the Asset Management Business until the end of the fiscal year ended March 31, 2017, are now included in the Financial Services Business from the fiscal year ended March 31, 2018. Consequently, segment information for the year ended March 31, 2017 has been restated in accordance with the new basis of segmentation. Also, for the fiscal years ended March 31, 2014 to 2016, whereas there are Group companies that were transferred from one segment to another, the abovementioned figures reflect disclosed figures for each fiscal year, so there may be some discrepancies.

Non-financial Highlights

Countries and regions with overseas offices

21 countries and regions

(As of March 31, 2018)

The SBI Group has established overseas offices, primarily in the growth markets of emerging countries in Asia, and is pursuing global business expansion in various fields.

Number of Group companies

230 companies

(As of March 31, 2018)

The SBI Group consists of 230 companies, of which 197 are consolidated subsidiaries, and 33 are equity method associates.

Number of Group employees

5,391 persons

(As of March 31, 2018)

The SBI Group has grown from 55 persons at establishment to 5,391 persons, owing to dramatic business development.

The Group's customer base

23.47 million

(As of March 31, 2018)

SBI SECURITIES, SBI Sumishin Net Bank, SBI Insurance and others continue to steadily increase the number of customers, and the Group customer base continues to expand.

Number of Group companies that have made initial public offerings

12 companies

(As of March 31, 2018)

Currently, the Company is promoting initial public offering of Group companies to actualize the Company's intrinsic corporate value.

Institutional investor ratio in shareholder composition

75.4 %

(As of March 31, 2018)

The ownership ratio of domestic and foreign institutional investors is rising, and foreign ownership alone accounts for a high 47.9% of all shareholders.

Ratio of female managers

22.8 %

(As of March 31, 2018)

The SBI Group continues to stress diversity in employment. The current ratio of the company's female managers is 22.8%.

Number and percentage of Independent Outside Executives

5 persons/ **23.8** %

(As of June 30, 2018)

SBI Holdings has appointed five Independent Outside Executives, accounting for 23.8% of total of 21 Directors and Statutory Auditors.

Cumulative donations made by the SBI Children's Hope Foundation

Approx. **¥1,010** million

(As of March 31, 2018)

Through the SBI Children's Hope Foundation, the SBI Group actively pursues solutions to child welfare problems for the sake of children. The Foundation has made cumulative donations of approximately ¥1,010 million, to the fiscal year ended March 31, 2018.

NEW DIMENSION

Yoshitaka Kitao

Representative Director,
President & CEO

The focus of the SBI Group since its founding has been the establishment of an Internet-based financial ecosystem with securities, banking and insurance as the three core financial business domains. As we completed the establishment of the ecosystem, synergies and mutual evolution among our business segments were reflected in our results for the fiscal year ended March 31, 2018 (FY2017), where both consolidated revenue and profits reached historical highs since the adoption of IFRSs in FY2012.

The creation of FinTech, through the convergence of the Internet and financial services has been a focus for the SBI Group since its founding, as we have achieved growth by aggressively utilizing new technologies. Today, we are on the threshold of a new phase of growth driven by the emergence of leading-edge technologies, such as AI, blockchain, distributed ledger technology (DLT), big data, IoT and robotics. In step with the evolution of these technologies, we will work toward sustained business expansion and social transformation, through the three processes of investing in promising venture companies, the adoption of new technologies by the SBI Group and the diffusion of technologies across multiple industries.

Past Challenges

Establishing an Unique Business Ecosystem, through the Convergence of the Internet and Finance

Since its founding in 1999, the SBI Group has focused on the high affinity between financial services and the rapid spread of the Internet, and through the utilization of IT, we have created a new level business model. Our goal from the outset was to establish a financial ecosystem❶. Beginning with the online securities business, we progressively expanded into banking and non-life insurance, and completed our ecosystem in 2016 with the start of the life insurance business operations. We have continued to expand our customer base by always prioritizing the interests of our customers under the "Customer-centric Principle," and by working toward the further evolution and deepening of our ecosystem through the pursuit of synergies among business segments and companies within the SBI Group.

A stream of next-generation technologies is now being developed, including AI, blockchain, big data, IoT and robotics. This environment offers excellent opportunities for a new phase of growth and success for the SBI Group, which has achieved continual growth by pioneering the use of new technologies. We have declared our intention to migrate to FinTech 2.0❷, and having completed the establishment of our Internet-based financial ecosystem, we have now started to channel resources into the utilization of next-generation technologies. As a part of this transition, we established the FinTech Fund in December 2015. The creation of this fund, with total investment commitments of ¥30 billion, marked the start of our efforts to discover and incubate FinTech-related companies. By the end of July 2018, the SBI Group had committed to invest a total of ¥40.5 billion, including approximately ¥24 billion from the FinTech Fund, and about ¥16.5 billion from SBI Holdings and other companies, in 67 FinTech startup companies. As more and more of these FinTech startups reach the IPO stage, we anticipate major contributions to the augmentation of our financial performance.

Our investments in these FinTech startup companies will contribute to our financial results through valuation gains resulting from improvements in the value of investees, and through gains on sales, including IPOs and M&A activities. In addition to such direct contributions to our performance, we will also enhance our competitiveness by applying leading-edge technologies developed by these companies to the SBI Group's financial businesses, resulting in the expansion of services and efficiency improvements. These activities will lead to a contribution to the earnings of our investee companies, thereby leading to an increase in the investment profits of the SBI Group. Such benefits are already steadily materializing in the securities, banking and insurance businesses.

We also advanced initiatives to follow-up the FinTech Fund, and in January 2018 established the SBI AI&Blockchain Fund. AI and blockchain are highly promising technologies for use not only in the financial sector, but also in a wide range of other industries. We launched the Fund initially with ¥20 billion in investment commitments, but this was ultimately increased to ¥60 billion. We have already decided to invest around ¥8.7 billion in 22 companies from the SBI AI&Blockchain Fund, and when investments by SBI Holdings are included, the total comes to approximately ¥13.0 billion as of the end of July 2018.

Biotechnology is one of the core industries of the 21st century, and the Biotechnology-related Business will be a key driver for the growth of the SBI Group over the medium- to long-term future. Quark Pharmaceuticals, a U.S. subsidiary of the SBI Group, has three products in its drug discovery pipeline that have reached Phase III, and the company is now preparing for an IPO on the U.S. NASDAQ Market. In Hong Kong, SBI ALApharma and its affiliated companies are developing business operations centering on the use of the amino acid 5-Aminolevulinic Acid (5-ALA) in pharmaceuticals, health foods, cosmetics and other products. Although the upfront investments into these companies were substantive, their development and marketing capabilities and the potential of their products have improved markedly, and we expect them to contribute steadily to profits from FY2018 onwards.

KEYWORDS

❶ Financial ecosystem:
A business ecosystem is an economic community supported by an organizational structure and human resources, each of which influences the other. Recognizing the need for this type of structure to achieve a competitive advantage in the Internet era, the SBI Group has built a financial ecosystem with securities, banking and insurance businesses as its three core business areas.

❷ Migration to FinTech 2.0:
As distributed ledger technology (DLT) and blockchain become more sophisticated, applications based on these technologies will support the provision of revolutionary financial services. These advances are expected to lead to the FinTech 2.0 era, with blockchain as the core technology. The SBI Group is preparing for migration to the fully developed blockchain-based financial ecosystem of the FinTech 2.0 era.

Future Evolution

KEYWORDS

❸ Robotic Process Automation (RPA)

RPA refers to the use of artificial intelligence (AI) or machine learning, a technology by which AI learns through repetition, for the purpose of performing mainly back-office white-collar tasks.

Accelerating the Shift to Mobile Services in the Financial Ecosystem

When the SBI Group first began to provide online financial services, the Internet was accessed mainly via personal computers. These days, however, smartphones and tablets that can be used remotely are being used more actively than personal computers. Therefore, the SBI Group's various financial services are now being rapidly developed to be distributed as applications (apps) that are designed to allow access via mobile devices.

Under these circumstances, in April 2018, Morningstar Japan, which has an established track record in the area of mobile services, released a cryptocurrency app called "My Cryptocurrencies." This app will provide information such as price information, ranking, related articles, etc., for more than 1,600 cryptocurrencies. Owing to this app, users will have access to a wide range of information whenever and wherever they may want it, which will contribute to the soundness and creditability of the cryptocurrency market.

In Addition to Enhancing Competitiveness by Proactively Utilizing Innovative Technologies, Advance the Diffusion of Innovative Technologies to Companies Outside of the SBI Group

In order for the SBI Group to evolve to a new level of development, the traditional slogan of "Focusing on Finance to Transcend Finance," will continue to be an important part of our philosophy.

As measures for the future evolution of our financial business, we will first utilize the overwhelming size of our combined customer base in all financial services provided through our financial ecosystem, including the core areas of securities, banking and insurance, to expand our market share and achieve profit growth.

The SBI Group has adopted the utilization of innovative technologies as a driving force for growth since its founding. We have continued these efforts with the innovative technologies of this new era, including AI, blockchain and robo-advisors. We will utilize these technologies to differentiate ourselves from our competitors, by enhancing service usability and achieving greater compatibility between the existing financial services provided by the SBI Group and our customers' lifestyles. Many of the new technologies that are emerging today are useful for improving business efficiency, and I am especially interested in RPA❸. We adopted this technology in 2016, and are now accelerating our efforts across the entire SBI Group to integrate this technology. SBI Sumishin Net Bank has been

Our Unchanging Stance of "Focusing on Finance to Transcend Finance."

progressively advancing the use of RPA since January 2017. Today, the bank has implemented three types of RPA systems in 90 tasks, and as a result, it has succeeded in improving work efficiency improvements equivalent to approximately 48,000 hours per year (as of May 31, 2018). Moving forward, it plans to apply RPA to another 200 business processes in various organizational units, and anticipates cost savings amounting to ¥1 billion over five years.

Additionally, RPA has already been adopted by SBI Insurance, Morningstar Japan and SBI Holdings, while SBI SECURITIES, SBI Life Insurance and SBI Investment are automating various routine tasks. We have also started preparations for the establishment of a company to introduce efficiency improvements based on RPA and AI, both within and beyond the SBI Group.

We regard the introduction of leading-edge technologies, such as RPA and AI, as a priority not only for the SBI Group, but also for all other companies. Therefore, we established SBI Neo Financial Services❹ to drive further diffusion of these innovative technologies, which will lead to the creation of a new ecosystem made up of FinTech-related joint ventures and other organizations. We will also supply new products and services based on technologies developed by the SBI Group's investees and partners to various users, such as regional financial institutions. For example, we are supporting the regional financial institutions to adopt FinTech by supplying banking applications with user interfaces and experiences customized for individual regional financial institutions, developed by the U.S. company Moven❺. Through initiatives such as these, we will accelerate the adoption of advanced technologies by our partner financial institutions.

Further Strengthening Alliances with Regional Financial Institutions, to Realize Synergies with the SBI Group's Financial Segment

One of the SBI Group's founding missions is to contribute to society by using new technologies to provide customers with highly convenient financial services. In recent years, we have supported the revitalization of regional financial institutions by providing them with the SBI Group's technologies, know-how and expertise in the field of FinTech, thereby also contributing to regional development through this process.

Regional financial institutions will face challenging conditions in the short-term, medium-term and long-term future, owing to Japan's current negative interest rate policy, financial innovations driven by FinTech and social changes resulting from the demographic aging and population decline. However, if the regional economic decline continues, there is the real risk of a generalized decline in Japan's economic level. This is the reason that the SBI Group is determined to contribute to the creation of a virtuous cycle linking the financial sector, residents and industries, by contributing to the revitalization of regional financial institutions, helping regional residents to achieve sustained asset accumulation, and thereby by contributing to the rejuvenation of regional industries. If we can enhance the asset management capabilities and operating efficiency of regional financial institutions, along with the attractiveness of their products, regional residents will have more money to use for asset formation and for consumption. This will enhance the earning capacity of regional industries, resulting in upward trends in employment and the demand for funds, which is the big picture that I have envisioned.

One of the initiatives that we have already implemented is our partnering through SBI SECURITIES in the area of financial products brokerage services. By the end of June 2018, we had formed partnerships with approximately 30 regional financial institutions. In recent years, regional financial institutions have increasingly expanded into the securities business, as a way of diversifying their customer services. However, they face major hurdles, including their limited ability to offer attractive products. Cooperating with SBI SECURITIES has dramatically alleviated this problem. Moreover, a key priority for SBI SECURITIES is the provision of products that help to enhance the investment performance of regional financial institutions, through its Financial Institutional Sales Dept.

These initiatives have also led to a new approach based on the joint operation of SBI MONEY PLAZA❻. The first co-managed shop was opened in Shizuoka Prefecture in October 2017, as a joint outlet of SBI MONEY PLAZA and the Shizuoka Bank. Located in the Shizuoka Bank's Hamamatsu Higashi Branch, the new shop has started to offer and provide a wide range of financial products, including securities-related products and insurance, for the benefit of local customers. In the five months between November 2017 and March 2018, assets on deposit

KEYWORDS

❹ SBI Neo Financial Services:
Our goal is to drive the increased dissemination of advanced technologies to our Group companies by working through this company to create a new ecosystem consisting of joint ventures with the SBI Group's investee companies, such as SBI FinTech Incubation, as well as the Israeli company Decentralized Mobile Applications, which provides the PayKey mobile banking and remittance service, and the Swiss company FinanceApp, which supplies the Wefox insurance product introduction application for insurance brokers.

❺ Moven (U.S.):
This SBI Group investee company provides customized mobile banking applications to partner banks on a white label basis. SBI and Moven have established a 70:30 joint venture.

❻ SBI MONEY PLAZA:
We are building a nationwide network of SBI MONEY PLAZA shops as shared infrastructure for the Financial Services Business. These shops handle securities, insurance, deposits and housing loans as the face-to-face retailing arm of the SBI Group. By the end of June 2018, there were 415 locations.

at this co-managed shop increased by 4.3 times, and revenue by 9.2 times. This dramatic improvement in performance has led to increased inquiries from other regional financial institutions, and in June 2018 another co-managed shop was established with the CHIKUHO BANK in Fukuoka Prefecture. SBI MONEY PLAZA has also stepped up its efforts to offer products to the corporate clients and the high-net-worth individual customers of the regional financial institutions.

We have also established SBI Regional Revitalization Asset Management, through joint investments by regional financial institutions and the SBI Group. As of June 30, 2018, 16 banks are participating. The mission of the new company is to support regional financial institutions in the management of assets entrusted by customers, as well as their own assets, while also contributing in other areas, such as human resource development. Resources invested in the company by the SBI Group include asset management know-how, fund information obtained through our global networks, and support for investment education and marketing.

Focus on Quickly Growing Assets Under Management

The SBI Group includes companies operating in the securities, banking and insurance businesses, and we believe that improvements in the asset management performance of these Group companies will lead to greater customer satisfaction, and the expansion of our customer base. So, we are enhancing the organizational structure of the asset management services business, by establishing management institutions to provide diversified investment products that go beyond Japanese and foreign stocks and bonds. Such products will be made available not only to our Group companies, which are expanding their total assets under management, but also to partner regional financial institutions.

By the end of March 2018, total assets under management by the SBI Group had reached approximately ¥840 billion, for a year-on-year increase of 1.7 times. This growth reflects the rapid expansion of assets under management by SBI Bond Investment Management, which was established as a joint venture with the world-leading U.S. bond investment management company PIMCO. Another factor has been the accelerating establishment of various private equity funds, including CVC funds. Our goals going forward are to expand this total to ¥1 trillion within one year and ¥5 trillion within three years, through M&As, the establishment of joint ventures and other strategies.

Steadily Progressing Initiatives in Cryptocurrency and other Digital Assets

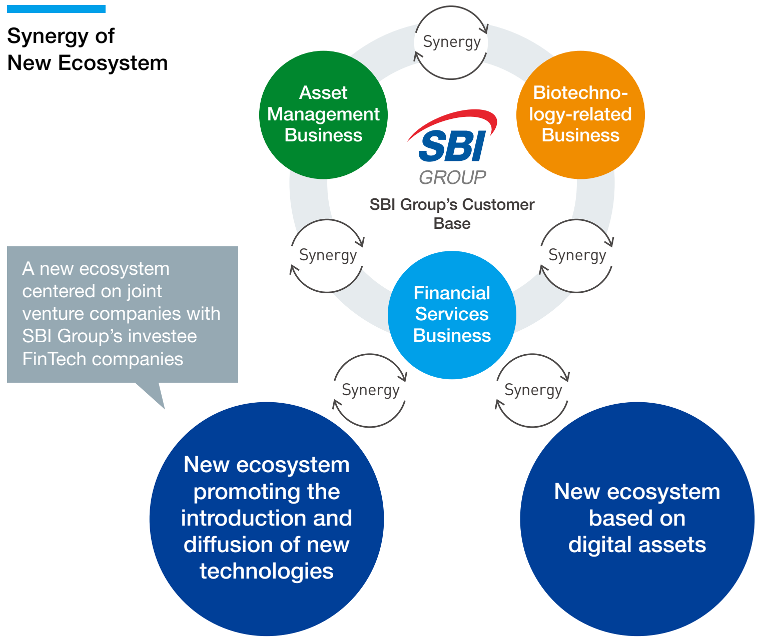
The SBI Group was an early pioneer in the field of digital assets, including cryptocurrencies, which have become the focus of intense public interest in recent years. In 2016, we acquired approximately 10% of the shares in the U.S. company Ripple, which is leading the development of XRP, the third-largest cryptocurrency in terms of market capitalization after Bitcoin and Ethereum. We also jointly established SBI Ripple Asia, and since then, we have focused on the utilization of digital asset technologies. Specifically, we have created "The Japan Bank Consortium," with the participation of megabanks and regional banks representing approximately 80% of the total outstanding deposits in Japan. And through this initiative, we are building an infrastructure that will unify domestic and foreign currency transactions, which will allow money to be transferred in real time, 24 hours a day, using blockchain and distributed ledger technology (DLT).

Currently, we are building a digital asset ecosystem based on companies affiliated with SBI Digital Asset Holdings, including the cryptocurrency mining company SBI Crypto and SBI Virtual Currencies, which exchanges cryptocurrencies, and the investment company SBI Crypto Investment. SBI Holdings, SBI Investment and SBI Crypto Investment are further enhancing this ecosystem by investing in venture companies with advanced technological development capabilities. At the same time, we will actively pursue synergies between this ecosystem based on digital assets and our existing financial ecosystem, so that we can further expand our customer base while always giving first priority to the interests of our customers under the "Customer-centric Principle."

SBI Virtual Currencies was registered for the cryptocurrency exchange business in September 2017. In June 2018 it launched the VCTRADE cryptocurrency spot trading service, for which over 20,000 customers had registered in advance to open accounts. In July 2018, it began accepting general applications for new accounts. In addition to providing the narrowest spreads in the industry, SBI Virtual Currencies provides a world-class trading environment based on the matching engine developed by NASDAQ, a major securities exchange in the U.S. That system has already established a track record in the proprietary trading system (PTS) operated by SBI Japannext. We will work to ensure profitability as quickly as possible by referring customers from SBI SECURITIES, SBI Sumishin Net Bank and SBI Liquidity Market (including SBI FXTRADE), and other companies. Given the compelling size of our existing customer base, we believe that as soon as the SBI Group begins to engage in the cryptocurrency exchange business in earnest, we will quickly emerge as the industry leader.

As in other business areas, we will consistently apply the “Customer-centric Principle” to the digital asset business by minimizing fees. We are also aware that the most important factor for cryptocurrency trading is security, including wallet technology. In addition to the adoption of innovative technologies developed by venture companies outside of the SBI Group, we have also focused on partnering with SECOM Trust Systems, and other companies. We have invested in and partnered with a number of companies with promising security technologies, including the Taiwanese company CoolBitX, Sepior in Denmark and Everspin in South Korea. We will apply the “Customer-centric Principle” by using these technologies to raise the standard of security in cryptocurrency trading.

Synergy of New Ecosystem



Existing Ecosystems and New Ecosystems are Organically Combined to Create Synergistic Effects, which Cannot be Realized by a Single Company

Biotechnology-related Business Progresses toward a Profit Contribution

Since recognizing biotechnology as a core industry of the 21st century, we have continually invested in the Biotechnology-related Business, and this business is now producing steady growth, and will soon contribute to earnings.

SBI Biotech is developing revolutionary drugs for the treatment of previously incurable conditions, such as autoimmune diseases. The company is endeavoring to shift from negative to positive results from FY2018 onwards, and anticipates maintaining positive yearly financial results by licensing out existing and new pipeline drugs.

Quark Pharmaceuticals is an U.S. bioventure and a SBI Group subsidiary. It has developed advanced small interfering RNA (siRNA) technology, and is making good progress with clinical trials of its pipeline products. The company already has two products at the Phase III clinical trial stage, and has newly started Phase III work for another product. With three products at the Phase III stage, the company will more than meet the criteria for listing on the NASDAQ Market in the U.S., and is now making preparations for an IPO offering. We expect that this listing will occur during FY2018.

Several companies, including SBI Pharmaceuticals and SBI ALApromo, are engaged in the development, manufacture and sales of pharmaceuticals, health foods, cosmetics and other products based on the amino acid 5-Aminolevulinic Acid (5-ALA). The 5-ALA-related business is showing steady growth, and returned a positive financial result for the first time in FY2017. photonamic, a subsidiary of our Hong Kong-based intermediate holding company SBI ALApharma, has developed Gliolan® ❼, which will go on sale in the U.S. in the second half of the FY2018. Also, SBI Neopharma, a joint venture with Neopharma, an UAE pharmaceutical company, has expanded its activities on a global scale, and is preparing to market 5-ALA-related health foods in over 20 countries.

We will use this momentum to drive further improvements in the earnings performance of the Biotechnology-related Business, through continuing efforts to enhance both product potential and marketing capabilities.

KEYWORDS

❼ Gliolan®:

Gliolan® is an intraoperative diagnostic agent utilizing 5-ALA, and has a past record of sales in more than 40 countries worldwide through photonamic’s sales partners. In Japan, SBI Pharmaceuticals has been selling it as “ALAGLIO® Oral 1.5g.” The product will be sold under the name “Gleolan” in the U.S.

Enhancing Our Corporate Value through a Virtuous Cycle of Customer Value, Shareholder Value and Human Capital Value

Enhancing Corporate Value and Increasing Shareholder Returns in the Medium- to Long-term

The SBI Group believes that corporate value is built on a foundation of customer value, and that together with shareholder value and human capital value, when the three values are merged into a virtuous cycle, corporate value will consequently increase. The expansion of customer value leads to the improvement of financial performance, which enhances shareholder value and allows us to attract talented individuals, resulting in an improvement in our human capital value. By maintaining this virtuous cycle, we will endeavor to improve our corporate value over the medium- to long-term.

The SBI Group's basic policy for shareholder returns is to achieve a minimum total shareholder return ratio, which is based on the sum of dividend payments and share repurchases, of 40%. In line with this policy, we set the annual dividend for FY2017 at ¥85, resulting in a total shareholder return ratio of 40.1%.

Under our new policy on shareholder returns, which will be applied from FY2018, the minimum total shareholder returns target, calculated as the sum of dividend payments and share repurchases, will remain to be 40% of profit for the year attributable to the owners of the Company. However, the actual amount returned to shareholders will be determined by the adjustment of consolidated profit before income tax expense, including the deduction of gains or losses on fair value valuations of operational investment securities that do not involve cash flows, depending on the level of those gains or losses as a percentage of consolidated profit before income tax expense. We hope that shareholders will understand this change as a measure to improve corporate value, while balancing shareholder returns against the need to take up challenges in new fields in an evolving business environment.

Progress on and Revision of Our Medium- to Long-term Vision

The SBI Group announced its medium- to long-term vision in July 2017. We have since revised part of this vision to reflect our excellent results in FY2017. One change relates to

Balancing Shareholder Returns Against the Need to Take Up Challenges in New Fields

the contributions of each segment to consolidated profit before income tax expense. Originally we stated that we would work to build a structure in which the relative contributions from the Financial Services Business, Asset Management Business and Biotechnology-related Business would be 6:3:1 after three years, and 6:2:2 after five years. However, while we still anticipate growth in the Financial Services Business, we will pursue greater business diversification, and have therefore adjusted the projected contribution ratios to 5:4:1 after three years, and 5:3:2 after five years. This change reflects a growth trend in the earnings of the SBI SAVINGS BANK in the Asset Management Business, the prospect of high profits from our forward investment in venture capital businesses in the FinTech field, and the emergence of positive financial results from the Biotechnology-related Business.

The second change relates to our goal of achieving consolidated profit before income tax expense of over ¥100 billion within 2–3 years from 2017. Our consolidated profit before income tax expense reached ¥71.8 billion in FY2017, and we now expect to achieve the target within the next one to two year period.

The third change concerns the level of our market capitalization. Our goal was to double our market capitalization, which was around ¥330 billion when we announced our vision. However, it was already approaching ¥600 billion by the end of March 2018, and as we anticipate further business expansion going forward, will work toward a market capitalization target of ¥1 trillion, and accelerate our existing efforts to actualize our intrinsic corporate value❽.

The SBI Group will continue to endeavor to reach greater heights. To all of our shareholders and investors, we sincerely appreciate your continued guidance and support.

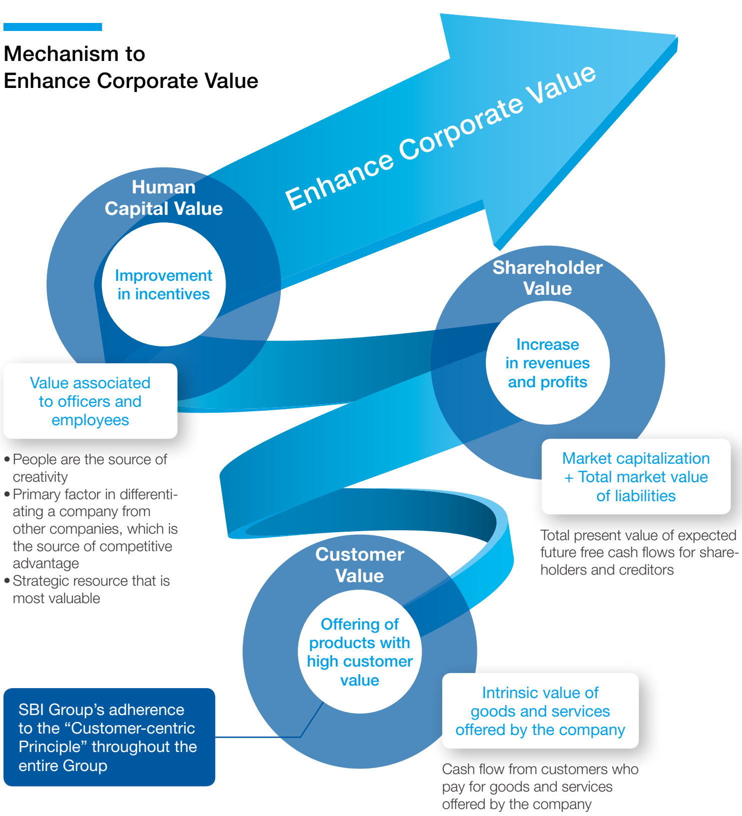
Yoshitaka Kitao

Representative Director,
President & CEO

KEYWORDS

❽ Actualization of intrinsic corporate value:
One of our priorities is to actualize the latent corporate value of Group companies through listing. In addition to the aforementioned Quark Pharmaceuticals, we are also working toward the listing of our insurance holding company, SBI Insurance Group, and the intermediate holding companies SBI Capital Management and SBI ALApharma. We also plan to spin off the SBI Group's asset management operations into a new asset management company, which we will eventually list after rapidly expanding the scale of business through dynamic M&A activities. We also plan to list our equity method associates.

Mechanism to Enhance Corporate Value



SBI Group's Vision (revised on April 26, 2018)

- **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.**
- **Targeting consolidated profit before income tax expense of over ¥100 billion within the next year or two**
- **Maintain ROE above 10%**
- **Annual dividend to the level of ¥100 per share**
- **Endeavor to achieve a market cap of ¥1 trillion by actualizing intrinsic corporate value**

CLEARING THE FUTURE PATH THROUGH FINANCIAL STRATEGY

Focusing on the Financial Services Business, which provides sustainable growth, will endeavor to balance investments in the next growth fields with shareholder returns

Shumpei Morita

Senior Managing Director & CFO

Business Environment and Review of Financial Results in FY2017

During the fiscal year ended March 31, 2018 (FY2017), while there was uncertainty regarding the actions of the Trump administration and the geopolitical risks surrounding North Korea, a healthy stock market in the U.S. tied to higher consumption and investments spurred by a major tax reform led to solid conditions for the Japanese stock market as well. As a result, the total domestic individual stock brokerage trading value of the 2 markets* grew 22.4% year-on-year.

Under these circumstances, the SBI Group's consolidated business performance in FY2017, based on IFRSs accounting standards, was solid with record highs on the key performance measures. Revenue was up 28.7% year-on-year to ¥337.0 billion, profit before income tax expense up 66.5% to ¥71.8 billion and profit attributable to owners of the Company was up 43.8% to ¥46.7 billion.

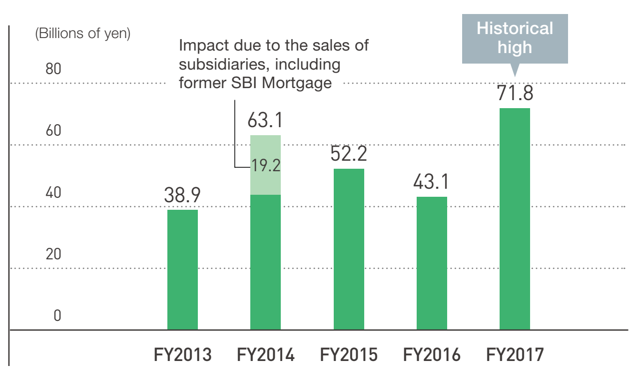
In the Financial Services Business, SBI SECURITIES achieved historical highs in all profit items, while an expansion in the banking and insurance-related businesses helped boost overall performance. Overall revenue rose 20.7% year-on-year to ¥217.3 billion, an historical high, while profit before income tax expense increased 30.6% year-on-year to ¥63.9 billion.

In the Asset Management Business, SBI SAVINGS BANK of South Korea buoyed overall performance. Also, positive changes in fair value valuations, primarily in the FinTech-related securities, contributed to a favorable performance. Revenue rose 51.8% year-on-year to ¥117.6 billion, and profit before income tax expense increased 307.6% year-on-year to ¥56.5 billion, both recording historical highs, respectively.

In the Biotechnology-related Business, the 5-ALA-related business achieved a full-year profit for the first time. However, revenue decreased 24.1% year-on-year to ¥4.2 billion, and loss before income tax expense was ¥37.3 billion for the fiscal year. These results were affected by the recognition of two sets of impairment losses. At Quark Pharmaceuticals, which is preparing for an IPO on the NASDAQ Market in the U.S., an impairment loss on intangible assets of approximately ¥5.7 billion was taken, as the result of a review of business plans relating to the upcoming IPO. At Kubota Pharmaceutical Holdings, an equity method associate, an impairment loss of approximately ¥21.1 billion was taken in light of a re-evaluation of the company's corporate value, in consideration of its announced clinical trial results for its drug development pipeline.

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

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



Accelerating Business Investments in the Next Growth Fields

The SBI Group, through the expansion of its business ecosystem and the thorough implementation of the "Customer-centric Principle," has been successful in diversifying its revenue source and has expanded its customer base, to support the current favorable business performance. Moving forward, we believe that this trend will continue to be maintained.

In the Financial Services Business, SBI SECURITIES, has established an overwhelming presence in the retail securities business, and has expanded the corporate business and established new alliances with regional financial institutions. Also, in the banking business, sales of housing loans were augmented by leveraging various face-to-face outlets, and in the insurance business, the introduction of insurance products for sales by regional financial institutions were initiated. These and other efforts have been enacted to strengthen the earning capacity of each business segment, to solidify an earning base that is not dependent on the stock market. In the FinTech field, where we promptly started investing in 2015, some startups have already entered the monetization phase, and even the Biotechnology-related Business, which has persistently produced deficits, is showing signs of heading toward profitability, along with prospects of moving from the investment phase to the monetization phase.

In addition, we are proactively investing in startup companies that possess leading-edge technology in the digital asset field, including cryptocurrency, to advance initiatives for this type of technology. As a seed for new profits for the SBI Group, these fields where we have been investing are beginning to sprout. By shifting our focus to the nurturing of the SBI Group's digital asset-related businesses, we will quickly launch these types of fledgling businesses, including SBI Virtual Currencies, as I believe that a cash generating phase will be upon us.

Financial Management that Balances Business Expansion with Speed Awareness and Shareholder Returns

During this period of accelerating investments into such growth investments, a sophisticated financial strategy is required. Recently, interest has arisen among investors over capital efficiency and capital cost. As for the Company, whereas the investment return ratio is a given, consideration must be given to the speed of recoupment of the investment. The expected return ratio will obviously differ based on whether the investment has prospects for a short-term recoupment, or whether it is an investment requiring funds to be invested over a longer period of time. Regardless of the profits derived, if the funds must be recouped over a longer period of time and Group synergy effects are weak, and if the valuation potential is not significantly high, then such an investment will be deemed at a lower priority.

Also, whereas it is necessary to maintain an healthy balance sheet without an undue reliance on debt, we may need to apply some leverage in order to accelerate the growth of the SBI Group, and maintain a certain level of ROE by capitalizing on the low interest rate environment. Last year, we issued Euro Yen Convertible Bonds that mature in 2020 and 2022, and will continue to raise funds flexibly while being mindful of the interest rate environment. For FY2017, the ROE was 11.6%, achieving our target ROE of 10% or higher.

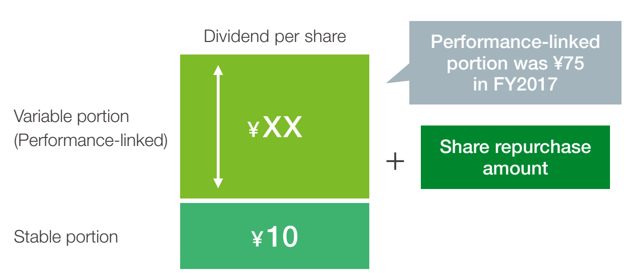
In terms of shareholder returns, due consideration will be undertaken in maintaining a balance with the necessary funds required for the company's growth. For the total shareholder return ratio, which we calculate from the sum of the dividend payments and share repurchases, we continue to be committed to an explicit policy goal of a minimum of 40%. From FY2018, however, we have also incorporated a basic policy of making adjustments in consideration of fair value gains and losses from operating investment securities, which do not generate cash flow. Therefore, while taking into account the importance of cash flow, and premised on our current fundamental stance of shareholder returns, we will focus on conducting financial management in a way that strikes a balance between business expansion and shareholder returns.

Basic Concept of Shareholder Returns

Basic Policies

- Pay a minimum annual dividend of ¥10 per share.
- Conduct shareholder returns with a target of achieving a total shareholder return ratio, as calculated by the sum of dividend payouts and share repurchase costs, of 40% as a minimum
- However, depending on the amount of the Company's consolidated profit before income tax expense that is accounted for by fair value gains and losses from operating investment securities, which does not generate cash flow, the shareholder returns will be determined by making adjustments such as deducting the total amount of fair value gains or losses from the Company's consolidated profit before income tax expense.

Schematic of Shareholder Returns



Target total shareholder return ratio of 40%, as a minimum, of profit for the year attributable to owners of the Company.

BLOCKCHAIN WILL PAVE THE WAY TO THE FUTURE

The SBI Group is focused on blockchain, a potential game changer in financial services, and is promoting open innovation. Two executive officers overseeing blockchain spoke about the past and future of blockchain, which is approaching practical use

Mamoru Fujimoto
Executive Officer
General Manager of
Blockchain Promotion Dept.
SBI Holdings

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Takashi Okita
Chief Executive Officer
SBI Ripple Asia

"As I deepened my understanding, I came to realize the great future promise of blockchain."

Mamoru Fujimoto

What do You Think About the Possibilities for Blockchain?

Fujimoto I see blockchain as a technology that will bring about innovations in the financial sector. Although I do not necessarily believe it to be an all-purpose technology, if we understand the technology and use it appropriately, I am convinced that it will offer benefits that have not been contemplated in the past.

Okita I believe that settlements is one such particular application. Japan at one time was a world leader in the field of mobile payments and settlements, but now greatly lags behind China and South Korea, as well as Europe and the U.S. I am convinced that blockchain is a "game changer," which can instantly reverse that situation.

Fujimoto When we launched the Blockchain Promotion Dept. in February 2016, I was appointed as the head of the department. Initially, the mission was to thoroughly understand the details of the technology, and then to research fields in which the technology may be applied, and I did not recognize the potentiality of blockchain. However, upon discussions with various experts which deepened my understanding, I came to realize the great future promise of this technology.

Okita While conducting our research, owing to the versatile characteristic of the SBI Group, if we meet with promising startup companies, we take actions such as investing in and joint venturing with such companies.

Fujimoto For example, in March 2016, we joined a consortium led by R3 of the U.S., and two months later in May, we decided to invest in this company. Additionally, we established SBI Ripple Asia, as a joint venture with U.S. Ripple, and in October established the "The Japan Bank Consortium," where SBI Ripple Asia serves as the secretariat. There is no doubt that the aggressive seeding at such an early stage has led to the SBI Group's highly competitive positioning in the blockchain field today.

Please Discuss the SBI Group's Initiatives Thus Far.

Fujimoto During 2016, we primarily researched and invested in or formed joint ventures with promising businesses, but in order to promote the utilization of blockchain, it was of paramount importance for the SBI Group members to be knowledgeable about blockchain. So, we also became engaged in the process of educating and broadening the awareness of blockchain within the Group. In the second half of 2016, we conducted proof of concept (PoC) tests for know your customer (KYC) utilizing blockchain, within the SBI Group. In the following year, with the involvement of NEC Corporation and the Japan Exchange Group, we conducted a full-scale PoC testing utilizing U.S. R3's blockchain platform, "Corda".

Okita Also, in 2016, with the SBI Group as the secretariat, "The Japan Bank Consortium" was launched, with 42 financial institutions. For six months, we conducted PoC testing utilizing U.S. Ripple's fundamental blockchain technology, "xCurrent", and based on this testing, commercial applications were prepared throughout the year in 2017.

Fujimoto And we announced "Money Tap," which is a money transfer app available as a service for the general population.

Okita "Money Tap" is a remittance app for smartphones, and it employs a mechanism in which users can transfer money not only by using their bank account number, but also by their mobile phone number or a scanned QR code. For the time being, we expect to initiate this service in the summer of 2018, with three banks, SBI Sumishin Net Bank, Resona Bank and SURUGA bank. However, we intend to extend participation to other consortium member financial institutions as well.

Fujimoto I am directly overseeing the "S Coin Platform." The basic technology of the S Coin Platform utilizes technology from Orb, in which the SBI Group has invested. A major benefit is the ability to issue and settle not only cryptocurrency, but also electronic money, loyalty points, etc., on the same platform.

> "I believe that it is a great strength of the SBI Group to have various types of blockchain."
>
> **Takashi Okita**

What is the Time Frame for the Practical Application of Blockchain?

Fujimoto During 2018, we plan to introduce a series of practical applications upon completion of the PoC tests. In the S Coin Platform, we have started PoC testing of "UC Daiba Coin" in collaboration with UC Card from April 2018, and have been accelerating our efforts toward practical applications. Using this as a foothold, we plan to invite local governments, financial institutions and startup companies from various regions to participate on this platform. An attractive feature of the S Coin Platform is the ability to mint a proprietary coin that meets individual needs, even without a large initial investment, along with an easy scaling ability through exchanges with other coins.

Okita "Money Tap," and other remittance services utilizing U.S. Ripple's blockchain technology will also reach the commercialization stage on a full-scale basis in 2018. A challenge ahead is to increase the number of banks that will make the service available. To involve more banks, we will utilize open APIs to lessen the burden on participating banks.

Fujimoto Regardless of the superiority of the technology, it is not possible to extend its adoption without knowledgeable engineers, so we are in the process of offering training programs to teach the use of U.S. R3's "Corda". Owing to Corda's technical features, we believe that it will be particularly convenient for use in a number of fields, such as trade finance.

Okita At the stage of commercialization, it will be necessary to combine existing technologies with new technologies, such as blockchain. However, under current conditions, the respective specialists are separated in their views, so a bridging of the gap becomes an important issue. Also, while each blockchain technology has differing features, it is the strength of the SBI Group that we have various types of blockchains. Through PoC testings, we have determined the individual technical features of each technology, and are beginning to understand what is necessary for commercial applications.

Fujimoto The Blockchain Promotion Dept. is encouraged that each financial services company of the SBI Group is starting to become more conscious of utilizing blockchain, from their own perspective. Since 2016, it has become certain that the seeds that were sown are finally starting to blossom. The SBI Group is leading in the practical application of blockchain, and expects to clear the path for the near-term future of the financial industry.

HUMAN RESOURCES OF THE SBI GROUP CONTINUES SELF-EVOLUTION

Human Resources are the Most Important Strategic Asset

Yukio Okawa

General Manager of General Affairs & Human Resource Dept., SBI Holdings

The cornerstone for corporate value growth at the SBI Group is human resources. The source of creativity is people, and we recognize this as the primary factor in bringing about the differentiation that underlies our competitiveness. In order to secure the necessary human resources, in addition to hiring mid-career personnel who are work-ready, the SBI Group has hired over 350 new university graduates since we started the program in 2006. Among such hires, there are some who have been selected as Group directors, or who are making fine contributions as mid-level employees at their respective organizations, and are fulfilling the important task of carrying forward the inculcation of the SBI corporate culture.

We are also focusing on diversifying our human resources. As a group that conducts business on a global scale, we do not make any distinctions regarding either gender differences, or nationality in our hiring practices. As for the recruitment of new university graduates, we have continued local hiring activities in China, South Korea and Vietnam, for the head office staff over the last three years, as steps to promote the diversification of our personnel talent pool.

Also, personnel development has become a central theme in lifting the value of human resources. Since FY2009, we have established a corporate dispatch system to the MBA curriculum of the SBI Graduate School, which is fully supported by the SBI Group. The SBI Graduate School is utilized as a venue for studies that give numerous SBI Group employees a grounding of the necessary elements for carrying out management responsibilities. In order to nurture the growth of talented personnel who understand and appreciate the Company's corporate culture, ongoing training programs have been implemented. This is also conducted for the purpose of encouraging further synergistic effects throughout the entire Group, so that a myopic view of one's own department or section is not encouraged. In this way, we are endeavoring to foster promising employees who comprehend the SBI corporate culture and are capable of actionable decisions.

I have asked nine Group employees who embody the DNA of the SBI Group and undertake challenges every day, to speak about the corporate culture and their experiences and future aspirations.

Voice 01

Kazuyuki Hama

Overseas Business Administration Dept., SBI Holdings

Selecting the Career of Your Choice

I joined SBI SECURITIES after gaining experience at a number of other companies, mainly in the securities and M&A fields. After being responsible for developing services for stocks and derivatives, I used the "career opening system*" to transfer to SBI Holdings. I wanted to see whether the know-how cultivated during my career at SBI SECURITIES, the core company of the Group, would apply at the overseas operations of the SBI Group. So, I volunteered for the Overseas Business Administration Dept., where I will endeavor to implement the Group's successful domestic policies overseas, while also moving a step or two closer to the career that I hope to realize.

* A system of soliciting positions among Group companies, applying from within the Group, and then transferring

Voice 02

Jamyung Yoon

CEO's Office, SBI Holdings

Enhancing Individual Skills at Leading-edge Companies

I joined the Company for its reputation as a leader in investing in leading-edge companies, through its insightful judgment and foresight. Initially, I worked at SBI Investment several years before the word FinTech became common, where I communicated with FinTech startups around the world and came into contact with new technologies, seemingly on a daily basis. Currently, I work for the CEO's Office of SBI Holdings, where I commonly support the management team or coordinate with employees from Group companies. I am now able to view the SBI Group from a different perspective than in the past, as there is something new and stimulating every day, and I can actually feel my growth as an individual.

Voice 03

Masashi Okuyama

Legal & Compliance Dept., SBI Holdings

Overcoming Barriers as a Team

The SBI Group is presented with many challenging opportunities, and perhaps unlike other companies, in a short period of time we are continuously entrusted to deal with many large projects, which provides us with a wealth of opportunities for personal growth. Also, evaluations are made in accordance with results, rather than on the basis of seniority, however, the Company also has a feature of a Confucian balance from a value perspective. Whereas I am expected to play a role as a specialist, there is a limit to what I can do alone. Moving forward, I will undertake a role that more complements the members of my team, so that the team results may be maximized, in order to achieve even more significant results than in the past.

Voice 04

Pengfei Dai
Securities Lending and Financing Dept., SBI SECURITIES

A Level Working Environment that Transcends Race or Nationality

President & CEO Kitao is well versed in Chinese culture, even more so than many people in China, and consequently I had no sense of anxiety before joining the Company. Even upon joining the Company, with reference to compensation and workplace environment, it has been rare for me to feel any difference based on nationality, and has been an enjoyable working environment. At SBI SECURITIES, I have participated in the launching of the Securities Lending and Financing Dept., which carries out securities lending transactions. When I started, I did not understand what my role was, but since then my responsibilities allow me to grasp the results of my own efforts on a numerical value basis, and I have come to realize that my personal growth is tied to the business growth and profits.

Voice 05

Yusuke Inaba
Israel Office, SBI Holdings

Opening New Markets Overseas

I have accumulated a significant amount of experience through working overseas, where I have been involved in a broad range of operations, even as a young employee. For example, my investment activities include teaming up with international investment professionals in Abu Dhabi, and expanding our network by discovering startup companies and carrying out investment activities in Thailand. Especially in overseas, if one cannot produce results, they will not be acknowledged by partner companies, but once a good working relationship is established, participation in interesting opportunities becomes available. Although the responsibilities were significant, it was reassuring to be able to share concerns and issues among overseas bases of the SBI Group.

Voice 06

Ayumi Takeuchi
Corporate Communications Dept., SBI Holdings

Supporting Employees Who Volunteer to Learn More

SBI is a company that continues to take on new challenges. For this reason, it is necessary for employees to always be studying, and continue to input new things. I am now in charge of public relations, and from the time that I joined the Company, I had felt the need to expand the sphere of communications within my responsibilities, as well as to broaden my own communication skills. So, I decided to earn an MBA from the SBI Graduate School, with assistance from the Company. While the SBI Graduate School is intended for the nurturing of future core candidates within the Group, it is also a venue for receiving various types of stimulation to study with managers outside of the Group. In brief, I believe that it is a privilege for Group employees who voluntarily choose to learn more, in order to improve themselves.

Voice 07

Tsubasa Furuya
Business Development Dept., SBI Ripple Asia

Realizing that Technology can Change the World

In my third year after joining SBI, I participated in the launch of SBI Ripple Asia, and since then I have witnessed a period of transformation of the building of social infrastructure through leading-edge technologies. There is some tension every day, as there is much knowledge that I must acquire, yet it is an optimal environment for my personal growth. Previously, I was assigned to other companies within the Group, but what was always required was self-motivation to move forward. However, it is part of the Company culture that superiors and colleagues alike will extend their support whenever possible. I believe that it is because of this supportive culture that SBI is able to meet new challenges with such a sense of speed.

Voice 08

Hajime Sato
Representative Director of SBI CoVenture Asset Management, Director of SBI Alternative Investments, and Operation and Fund Control Dept., SBI Bond Investment Management

Regardless of Career or Age, Enables to Take on Challenges

Although I entered the SBI Group as a mid-career hire, I have been involved in projects such as establishing a joint venture with PIMCO, a fixed income asset management company amongst the top in the world, in a leading position that cannot normally be experienced at my age. Recently, I have been involved in work that is related to cryptocurrencies, as well as the establishment of joint ventures, SBI Regional Revitalization Asset Management with regional financial institutions, as part of a regional revitalization project promoted by the SBI Group. What I find attractive is that I am able to gain experience in business development that goes beyond the boundaries of conventional financial institutions, from a perspective close to the management team, including an involvement in the decision-making process.

Voice 09

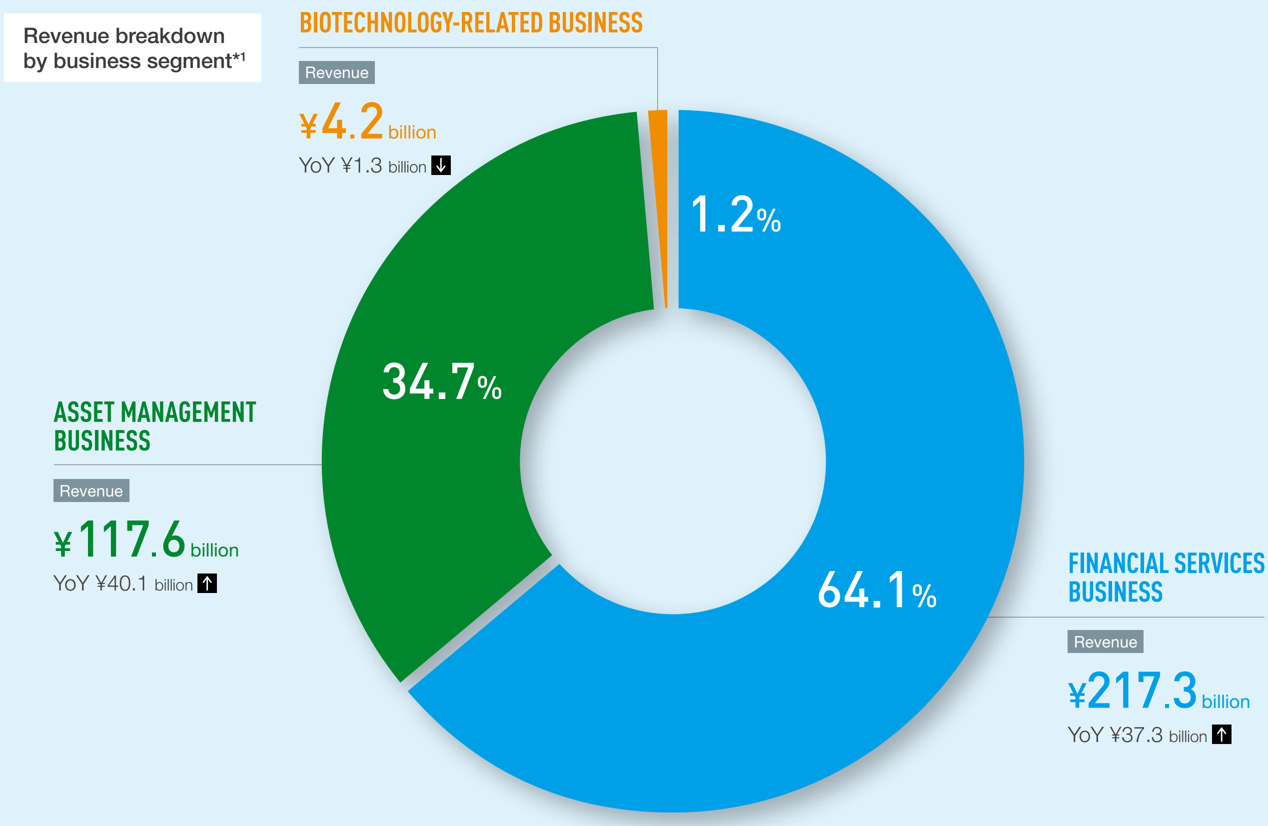
Akimitsu Shimizu
Marketing Dept., SBI Virtual Currencies

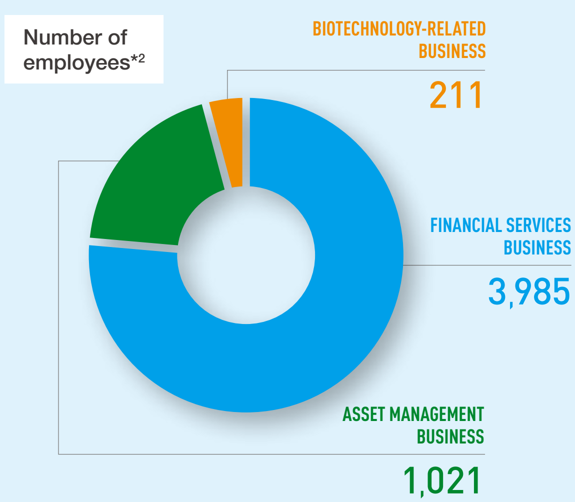
Improving Expertise by being Dispatched to an Investee Company

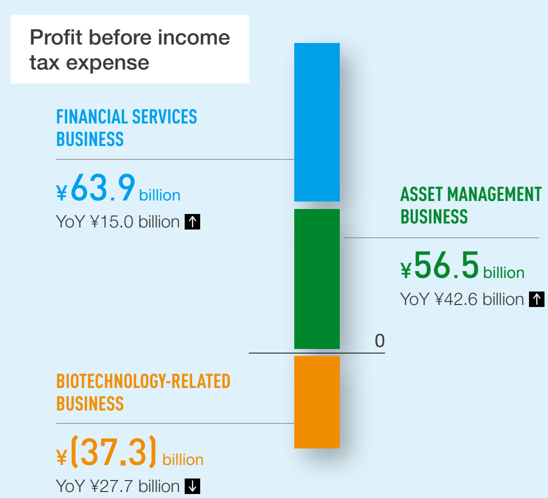
Upon joining the Company, I was assigned to the call center at SBI SECURITIES, in order to gain a basic fundamental knowledge of the securities business. Soon thereafter, I became involved in functional improvements for trading tools and existing services, while serving in the Marketing Dept. and the Product Development Dept., both at SBI SECURITIES. After that, I was dispatched to GiXo, an investee company of the SBI Group that conducts big data analysis. There, I acquired analytical know-how through my studies, and am now responsible for work related to cryptocurrencies at SBI Virtual Currencies. I believe the ability to increase one's knowledge and build a specialty, not only at Group companies but also at the Group's investee companies, is something that is unique to the SBI Group.

Overview of the SBI Group's Business Operations (FY2017)

SBI GROUP AT A GLANCE







*1 The ratio of revenue breakdown by business segment is presented as the composite ratio of the total revenue of Financial Services Business, Asset Management Business and Biotechnology-related Business.
*2 Excluding 174 people, such as shared group employees.

FINANCIAL SERVICES BUSINESS

P.26

Provision of innovative, highly convenient financial products and services via the Internet

[Main Business]

- Securities-related business
- Banking-related business
- Insurance-related business

[Performance Highlights]

SBI SECURITIES achieved record highs as a result of favorable stock market conditions. In addition, owing to the diversification of products and services, expansion of sales channels and the introduction of FinTech to improve the efficiency and sophistication of operations, the banking and insurance-related businesses other than the securities business are also now contributing to the performance of the segment as a whole.

ASSET MANAGEMENT BUSINESS

P.28

Investment in venture companies in Japan and abroad in fields including IT and biotechnology, and provision of asset management-related services

[Main Business]

- Venture capital business
- Asset management services business
- Overseas financial services business

[Performance Highlights]

In addition to the fact that the SBI SAVINGS BANK of South Korea continued to increase its profits, the change in fair value of securities held, primarily of FinTech investments, at the end of each fiscal year under IFRSs also had a positive effect on the financial performance, resulting in record highs for both revenue and profit before income tax expense upon the adoption of IFRSs.

BIOTECHNOLOGY-RELATED BUSINESS

P.30

Research and development, manufacture and sales of pharmaceuticals, health foods and cosmetics in collaboration with various business partners

[Main Business]

- Research and development of medical treatments and pharmaceutical products that utilize leading-edge biotechnologies
- Research and development of pharmaceuticals, health foods and cosmetics containing 5-ALA

[Performance Highlights]

The 5-ALA-related business achieved its first full-year of profitability since its founding. However, owing to a review of business plans at Quark Pharmaceuticals, and the results of clinical trials of the drug discovery pipeline announced by Kubota Pharmaceutical Holdings, which is an equity method associate, impairment losses were incurred, and consequently the loss before income tax expense for the Biotechnology-related Business increased compared to the previous fiscal year.

FINANCIAL SERVICES BUSINESS

Customer Satisfaction Assessment of Financial Services Business Companies (As of June 30, 2018)

SBI証券
[SBI SECURITIES]

Online securities comprehensive ranking

1st

"Oricon customer satisfaction ranking" of 2018; Online securities 1st

SBI Sumishin Net Bank

Online banking comprehensive ranking

1st

"Oricon customer satisfaction ranking" of 2018; Online Banking 1st

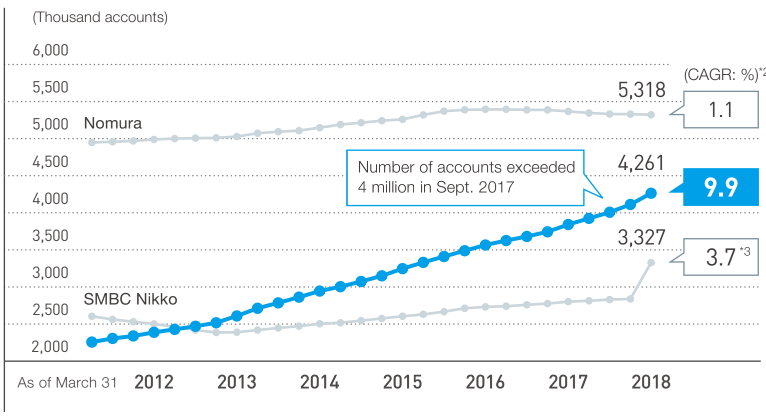
SBI Insurance

Auto insurance satisfaction ranking

1st

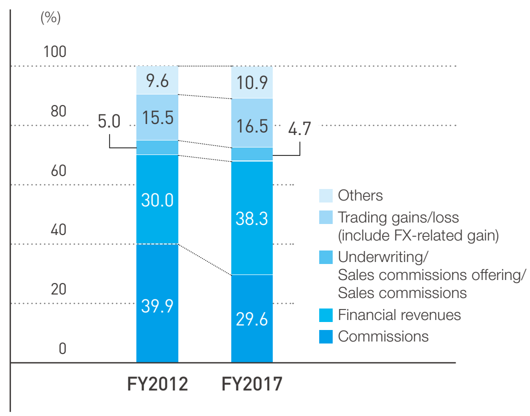
Kakaku.com;
Auto Insurance Satisfaction Ranking (2018) 1st

Number of Accounts of SBI SECURITIES and Two Major Face-to-face Securities Companies*1



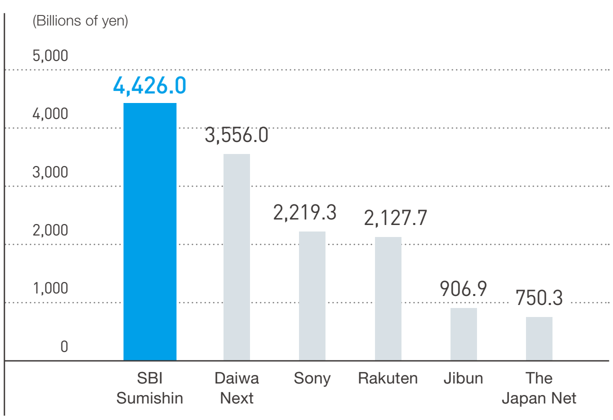
Sources: Each company's published information
*1 As of the end of Mar. 2017, Daiwa Securities' number of accounts totaled 3,886 thousand accounts. Daiwa Securities has not disclosed its figures beyond March 31, 2017
*2 June 2011 to March 2018
*3 Merged with SMBC Friend Securities in January 2018

Changes in SBI SECURITIES' Operating Revenue Structure



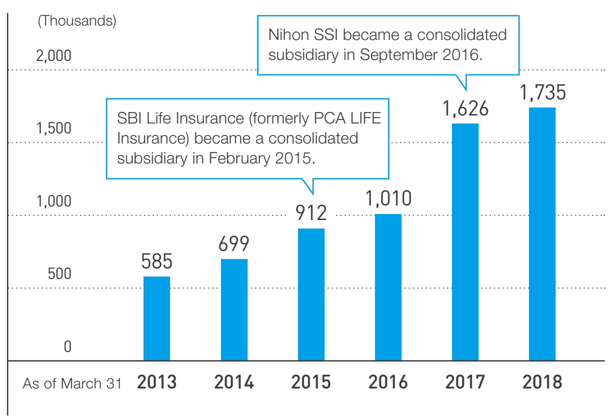
* Based on JGAAP

Deposit Assets at Six Pure-play Internet Banks (non-consolidated)



Sources: Each company's published information
* As of March 31, 2018

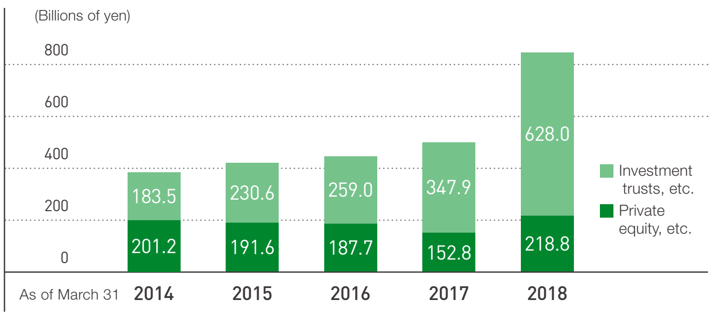
Number of Contracts in SBI Insurance Group



* Simple sum of the number of contracts of SBI Insurance, SBI Life Insurance, SBI Resta SSI, SBI IKIIKI SSI and Nihon SSI

ASSET MANAGEMENT BUSINESS

The SBI Group's Assets Under Management



* Calculated by the exchange rate as of the end of March each year
* Amounts are rounded to the nearest ¥100 million
* "Private equity, etc." includes neither cash nor commitment amount to be paid in
* "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

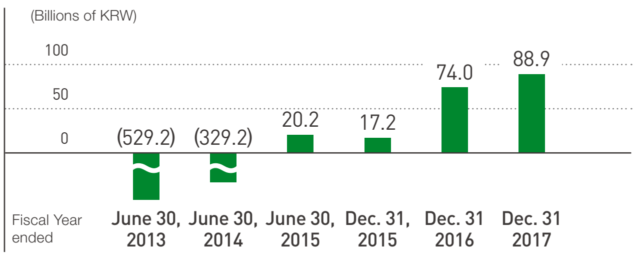
Investment for FinTech Startup Companies

67 companies / Approx. **¥40.5** billion

(As of July 31, 2018)

Approx. ¥24.0 billion through the FinTech Fund
Approx. ¥16.5 billion by SBI Holdings and others

SBI SAVINGS BANK of South Korea Net Income



* Fiscal year ended December 31, 2015 was an irregular accounting period of six months
* Based on KGAAP

Position in the Savings Banking Industry

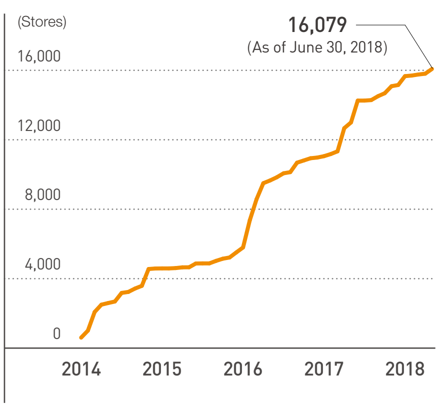
(Billions of KRW)

	Total assets	Net income
SBI	**5,729.8**	**88.9**
OK	4,063.8	78.0
Korea Investment	2,607.5	50.8
Acuon (formerly HK)	2,260.3	25.2
Welcome	2,077.3	35.0

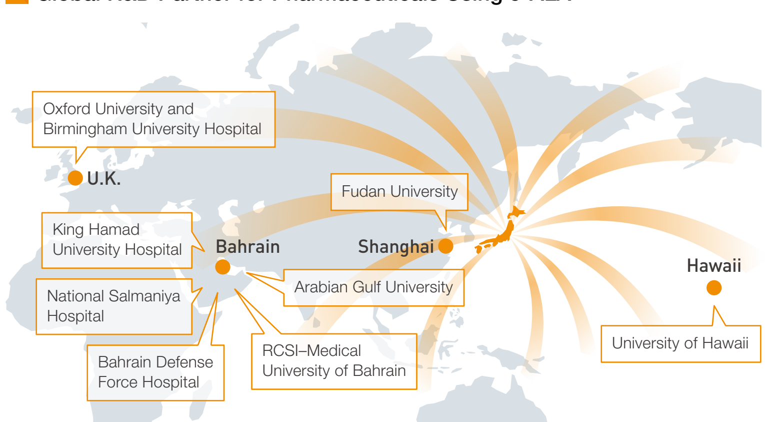
Sources: Each company's published information
*Based on KGAAP

BIOTECHNOLOGY-RELATED BUSINESS

Number of Domestic Stores that Offer Health Foods Containing 5-ALA



Global R&D Partner for Pharmaceuticals Using 5-ALA



* As of June 30, 2018

FINANCIAL SERVICES BUSINESS

Increasing Profitability by Leveraging New Technologies and Expanding the Existing Customer Base by Creating Synergies with Digital Asset-related Business

Principal Companies

Intermediate Holding Company: SBI FINANCIAL SERVICES

SBI SECURITIES
SBI Liquidity Market (SBI LM)
SBI FXTRADE (SBI FXT)
SBI MONEY PLAZA
SBI Benefit Systems
SBI BITS
SBI Japannext
SBI Sumishin Net Bank
SBI Insurance Group (Insurance holding company)
SBI Insurance
SBI Life Insurance
SBI Resta SSI
SBI IKIIKI SSI
Nihon SSI
SBI FinTech Solutions
SBI Remit
SBI Social Lending
SBI Business Solutions
SBI Ripple Asia

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

(Millions of yen)

	FY2016	FY2017
Simple sum of SBI SECURITIES, FX business (SBI LM, SBI FXT) and SBI MONEY PLAZA	40,752	54,125
SBI Sumishin Net Bank*	3,185	3,770
Simple sum of SBI Insurance Group and its affiliated companies	1,881	2,263

*Share of the profit results of associates accounted for using the equity method. Owing to the difference in IFRSs and JGAAP for asset assessment criteria, the profit amount is different from that based on JGAAP

Principal Initiatives in FY2017 and Future Priority Measures

Securities-related Business

- Strengthened collaboration with regional financial institutions through the Financial Institutional Sales Dept., and expanded the underwriting business for newly issued municipal bonds and public bonds
- Established an Investment Banking Dept., and started to offer various M&A services in addition to financing and business consulting
- As a step toward further expansion of our iDeCo business, waived all iDeCo asset management fees as of May 2017
- Through the steady expansion of the customer base by the acquisition of new NISA customers, the monthly total periodic investment trust settlement amount exceeded ¥10 billion in February 2018

Banking-related Business

- Through proactive release of APIs to expand collaboration of services with FinTech startups of the SBI Group's investee companies and others, started offering automatic savings service and asset management services using daily change that targets younger customers.
- In the housing loan business, steadily expanded transaction amount through sales channel expansion
- Started a membership campaign for the new "MIRAINO CARD" credit card
- Promoting business process efficiency through introduction of robotic process automation (RPA)

Insurance-related Business

- "SBI Insurance's Fire Insurance" contributed to the growth in the number of insurance policies, through the pursuit of Group synergies, along with the promotion of housing loans to regional financial institutions
- Started sales of group credit life insurance products at SBI Life Insurance, which has also been adopted by regional financial institutions
- Expanded the product offering in the small-amount, short-term insurance business, with offerings such as pet insurance to steadily grow the scale of business

Envisaging Greater Revenue Opportunities by Introducing Leading-edge Technology

The SBI Group is working to expand financial services that utilize leading edge technologies, through collaborations with its investee companies.

SBI SECURITIES offers “WealthNavi for SBI SECURITIES,” a customized robo-advisor service provided by WealthNavi, and has steadily expanded the scale of this service. In blockchain, working with IBM Japan, SBI SECURITIES is verifying the feasibility of using blockchain in financial market infrastructure, such as for processing bonds, etc. In AI, together with NEC Corporation, the company has started a proof of concept (PoC) testing for applying AI to trade review operations for stocks, and have also started know-your customer (KYC) operations using optical character recognition (OCR) equipped with AI from Double Standard.

SBI Sumishin Net Bank has introduced AI in the screening of housing loans. In customer service, it is making a trial introduction of a hybrid chat service that switches seamlessly between a staffed customer-facing service and an AI-driven one. Also, working jointly with Hitachi, the bank is considering the creation of an AI-based screening service for financial institutions. SBI Sumishin Net Bank has also become the first bank in Japan to publicly release its APIs (application programming interfaces), and through proactive API collaborations with investee companies and others, is offering a series of asset management services that target younger customers.

In the insurance business, SBI Insurance has set up a Safety Support Car Discount/ASV Discount that assesses the reduced risk of advanced safety vehicles (ASVs), which is the first direct insurance service of its kind. SBI Insurance is also starting to accept simple cost estimates based only on an image of the automobile using the LINE messaging app, an Automobile Insurance Image Policy, which is an industry first. The company is also engaged in the development of personalized insurance that calculates insurance fees to reflect the policyholder’s risks and characteristics, by utilizing technologies of the IoT area, such as telematics, or these related to autonomous driving. At SBI Life Insurance, through an alliance with FiNC, a technology venture specializing in mobile health, it has started providing a health management app for all policyholders as an incentive for joining its insurance, and to promote preventive health care for subscribers. In collaboration with startup companies and other enterprises, SBI Life Insurance is also developing a new insurance product that sets premiums in accordance with the policyholder’s health. Also, in collaboration with Kindai University, the company is engaged in combining cancer genome analysis with AI, an industry first in Japan.

In these ways, the SBI Group is applying advanced technology for the continual development and offering of products and services that are highly useful to customers, in order to raise the profitability of each business.

Driving the Financial Sector by Launching Cross-industry Consortiums

This initiative not only capitalizes on the leading-edge technologies of the SBI Group, but also utilizes such technologies across industry sectors. SBI Ripple Asia, a joint venture with Ripple of the U.S. for the development of a next-generation remittance platform, organized “The Japan Bank Consortium.” The consortium completed a trial of the RC Cloud 2.0 remittance platform that uniformly handles domestic and foreign currency exchange, and in March 2018 developed Money Tap, a money transfer app for smartphones via connection to RC Cloud 2.0. This money transfer service has already entered operating trials, and will be offered by SBI Sumishin Net Bank, Resona Bank and SURUGA bank, with commercialization slated for after the summer of 2018.

In addition to The Japan Bank Consortium, in 2018, the SBI Group has established two other consortiums which engage in the application of leading-edge technology, such as AI and distributed ledger technology, throughout the financial sector. One is the Card Consortium, which addresses credit card applications for the issuance of cryptocurrency and the tracking of loyalty points, as measures for the sharing and/or prevention of KYC and anti-money laundering (AML) challenges. The second is the Securities Consortium, which addresses the standardization of KYC and AML measures. By being engaged in cross-industry initiatives in this way, the SBI Group is contributing to the improvement of customer benefits and streamlining operational efficiencies for the entire financial sector.

Expanding the Customer Base of the Various Financial Services Companies, through the Pursuit of Synergies with the Digital Asset-related Business

SBI Virtual Currencies, which started a cryptocurrency spot trading service in June 2018, is thoroughly pursuing synergies both within and outside of the Group, to work toward achieving profitability in a relatively short period of time upon the start of full-scale services.

Of customers engaged in cryptocurrency transactions, 85% are in their 20’s to 40’s*. This is a relatively younger generation than the customer distribution of the SBI Group, so we believe that the customer base of the Financial Services Business can be greatly expanded by thoroughly pursuing synergies with the digital asset-related business. By doing so, the various financial services companies are likely to experience a new customer flow centered primarily on the younger generation customers.

*According to a survey of the Japan Cryptocurrency Business Association (As of March 2018)

ASSET MANAGEMENT BUSINESS

In Addition to Expanding Investments Abroad and in Leading-edge Technologies, Strengthening Support for Regional Financial Institutions in Japan

Principal Companies

Intermediate Holding Company: SBI Capital Management

- SBI Investment
- SBI FinTech Incubation
- SBI VEN CAPITAL
- SBI Hong Kong Holdings
- SBI (China)
- SBI & TH (Beijing) Venture Capital Management
- SBI Ventures Malaysia
- SBI SAVINGS BANK
- SBI Investment KOREA
- SBI Royal Securities
- SBI Thai Online Securities
- SBI Bank
- BNI SEKURITAS

Intermediate Holding Company: SBI GLOBAL ASSET MANAGEMENT

- Morningstar Japan
- SBI Asset Management
- SBI Bond Investment Management
- SBI Regional Revitalization Asset Management
- SBI ENERGY
- SBI Gold
- SBI Estate Finance

Full-year Performance of the Asset Management Business by Major Business Lines (based on IFRSs)

Private Equity Investment
SBI Investment and funds under its auspices (Billions of yen)

	FY2016	FY2017
Revenue	10.7	47.2
Profit before income tax expense	4.1	40.9

Overseas Financial Services Business
SBI SAVINGS BANK and other overseas companies (Billions of yen)

	FY2016	FY2017
Revenue	52.2	63.1
Profit before income tax expense	6.1	13.4

Asset Management Services Business
Morningstar Japan and other companies (Billions of yen)

	FY2016	FY2017
Revenue	4.3	7.3
Profit before income tax expense	1.4	2.2

Principal Initiatives in FY2017 and Future Priority Measures

Venture Capital Business

- Contributed to earnings growth from investments focused on FinTech and overseas opportunities
- Earned top-class world ranking in blockchain investments (per CB Insights survey)
- Established SBI AI&Blockchain Fund as the successor core fund to the FinTech Fund
- Following the previous fiscal year, continued to focus on establishing CVC Funds, and have jointly raised seven funds to date, including newly formed funds with MITSUI MINING & SMELTING, HOUSE FOODS GROUP and Subaru Corporation

Overseas Financial Services Businesses

- SBI SAVINGS BANK of South Korea achieved record profits
- SBI Bank in Russia is developing a full array of financial services, including those incorporating FinTech

Asset Management Services Business

- Morningstar Japan released “My Cryptocurrencies,” a mobile-optimized cryptocurrency information app
- SBI Asset Management won a grand prize in the General Division at the R&I Fund Awards 2018
- Established the SBI Regional Bank Value Creation Fund, to invest in regional financial institutions with favorable prospects for raising corporate value
- Through joint funding with regional financial institutions, established SBI Regional Revitalization Asset Management, an asset management company

Creating Value by Supporting Regional Financial Institutions

The SBI Group supports the creation of a virtuous cycle that contributes to regional revitalization, through strengthened alliances with regional financial institutions.

In January 2018, the SBI Group established the SBI Regional Bank Value Creation Fund, to invest in regional financial institutions with favorable prospects for raising corporate value. This Fund is a privately placed investment trust offered to qualified institutional investors, and allows investors to make in-kind contributions of shares in targeted regional banks, in addition to cash investments. For both cash investments and in-kind contribution of shares, the Fund can accept supplemental purchase requests each month, and is projected to expand in size up to ¥100 billion. The Fund supports the raising of corporate value at portfolio companies that are regional financial institutions, through the adoption and support of FinTech by companies such as SBI FinTech Incubation, which was established as a joint venture with IBM Japan. Utilization of this fund may lead to the elimination of cross-shareholdings by regional financial institutions, and thereby assist in the strengthening of governance and effective use of capital by these institutions.

Furthermore, SBI Regional Revitalization Asset Management, an asset management company funded through a joint investment with regional financial institutions, which utilizes the SBI Group's management resources, was founded in March 2018. As of June 30, 2018, 16 banks are already participating in this venture. The new company will be contributing to the improvement of asset management capabilities at the regional financial institutions. The company will support the participating regional financial institutions from the dual viewpoints of asset management of those entrusted by customers, as well as the management of their own assets, and will also support the development of the human resources responsible for asset management operations at each bank.

Focus on Expanding Group Assets Under Management

The SBI Group's asset management company, SBI Asset Management's assets under management grew significantly during the year, with net flows into its investment trusts during FY2017 growing by 14.7 times the previous year's value, a result that greatly exceeds the 3.2 growth multiple for all Japanese providers of investment trusts. In the case of SBI Bond Investment Management, a joint venture with PIMCO of the U.S., one of the world's foremost fixed income asset managers, its assets have also grown steadily.

Additionally, private equity was also very active, with the establishment of several new funds. During FY2017, SBI AI&Blockchain Fund was established, which is a venture capital fund that will primarily be involved in AI and blockchain investments. Also, three corporate venture capital (CVC) funds were newly established so far, including those with MITSUI MINING & SMELTING, HOUSE FOODS GROUP and Subaru Corporation. These three new funds bring the total to seven CVC funds to date, capitalized at a total of ¥50 billion.

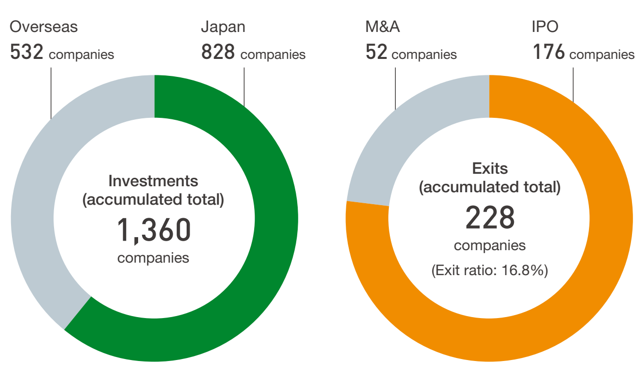
Through initiatives such as these, in investment trusts and private equity, the Group has rapidly expanded its assets under management, to a total of ¥846.8 billion, where the end-of-the-year balance is 1.7 times that of the corresponding figure of FY2016. Looking ahead, we plan to increase our assets under management to a new level, through activities such as M&As and the formation of joint ventures.

Expanding the Overseas Financial Services Business that are Advancing toward Profitability

As shown by the example of the SBI SAVINGS BANK of South Korea, a major building block in the Group's earnings source, there are excellent growth opportunities in the overseas financial services business. In August 2017, the Group converted SBI Bank (former YAR Bank), a commercial bank in Russia, to a wholly owned subsidiary. Through alliances with FinTech startup companies in which the SBI Group has invested, this move will allow the bank to offer innovative products and services that are highly beneficial to customers. In its corporate business, we have formed a business alliance with the Far East Investment and Export Agency, under the Ministry for Development of the Russian Far East, and HOKKAIDO CORPORATION for the benefit of small- and mid-size Japanese companies, who are considering entering the Russian market. In addition to offering business development expertise, this alliance is building a coherent set of services that can be offered together with financial services, including loans, deposits, foreign exchange and payments.

In Southeast Asia, with its promising future of high economic growth, we have opened a representative office in Jakarta, Indonesia, and are also preparing to set up a base in the Philippines. In this region, we are investing in startup companies in both e-commerce and the FinTech field, and plan to build upon the dramatic growth that we expect from the synergies created between the two types of companies. Meanwhile, we plan to expand business operations by linking up with local affiliates that we have established in Singapore and Malaysia. The SBI Group aspires to transition "from Japan's SBI to the World's SBI," and plans to bolster the overseas financial services business even more in the future.

Number of SBI Group's Investments and Exits



BIOTECHNOLOGY-RELATED BUSINESS

Globally Expanding Both the Pharmaceuticals and the Health Foods Business toward Further Profit Growth in the 5-ALA-related Business, which Achieved Its First Full-year of Profitability

Principal Companies

Intermediate Holding Company: SBI ALApharma

SBI Pharmaceuticals
SBI ALApromo
photonamic
SBI Neopharma
SBI Biotech
Quark Pharmaceuticals

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

(Millions of yen)

	FY2016	FY2017
SBI Biotech	737	(432)
Quark Pharmaceuticals	(8,270)	(7,902)
5-ALA-related business	(298)	58
SBI Pharmaceuticals	91	42
SBI ALApromo	(233)	40
photonamic (consolidated in Jan. 2016)	(41)	55

*Excluding impairment losses of drug pipeline, etc.

Principal Initiatives in FY2017 and Future Priority Measures

SBI Biotech, Quark Pharmaceuticals

- SBI Biotech is continuing the development of its drug discovery pipeline, and is seeking new out-licensing opportunities
- At Quark Pharmaceuticals, expenses rose as a result of the steady progress in clinical trials, including several of those in Phase III
- Quark Pharmaceuticals' pipeline candidate targeting acute kidney injury (AKI) has newly entered Phase III

5-ALA-related Business

- SBI Pharmaceuticals was profitable for the second consecutive year, owing to the start of sales of "ALAGLIO® Divided Granules 1.5g," which SBI Pharmaceuticals granted exclusive domestic marketing rights to Chugai Pharmaceutical, and received a milestone payment based on licensing agreements
- SBI ALApromo has achieved its first full-year profitability after increasing the number of outlets handling its health foods containing 5-ALA in Japan to 16,000 stores
- SBI ALApromo released "SBI Gingko Bilboa" to market as a new food with functional claims, and is accelerating its product development to expand the product offering of such foods

5-ALA-related Products

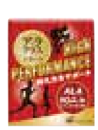
Ethical drug

ALAGLIO®
Divided Granules 1.5g

Health foods and cosmetics

ALAplus
Gold

ALAplus
Body Shape



ALAplus
Sports High-performance

ALAplus
Tou (Sugar) Down

SBI Gingko Bilboa

ALAplus
Cosmetic Series

Global Expansion of 5-ALA-related Pharmaceuticals

In the SBI Group's Biotechnology-related Business, pharmaceuticals utilizing 5-ALA stand out as a promising field that will make major contributions to profit over the medium- to long-term. One such product is "Gliolan®," an intraoperative diagnostic agent using 5-ALA that was developed by photonamic, a wholly owned subsidiary of SBI ALApharma, which is an intermediate holding company of the 5-ALA-related business. After receiving approval from the European Medicines Agency (EMA) in 2007, "Gliolan®," through photonamic's sales partners, has accumulated a track record of sales in over 40 countries, including Germany and the U.K. In June 2017, photonamic also received approval of this pharmaceutical agent from the U.S. Food and Drug Administration (FDA), and expects to start sales in the U.S. in the second half of FY2018. The product will be sold under the name "Gleolan," and will be marketed through NX Development Corp., which became a subsidiary of photonamic in April 2018. In Japan, SBI Pharmaceuticals has been selling "ALAGLIO® Oral 1.5g" since 2013, as an application of intraoperative diagnostic agent for malignant glioma, a type of brain tumor. More recently, SBI Pharmaceuticals developed "ALAGLIO® Divided Granules 1.5g," for the purpose of visualizing tumor tissues during resection of bladder cancer. Its domestic sales were started in December 2017 by Chugai Pharmaceutical, which was granted exclusive marketing rights in Japan. Domestically, SBI Pharmaceuticals is proceeding with initiatives to expand the drug application.

Strengthening Overseas Sales of Drugs and Health Foods Using 5-ALA

In its objective to expand overseas sales of drugs and health foods using 5-ALA, SBI ALApharma jointly founded SBI Neopharma in Dubai in 2017. The partner in this joint venture, namely Neopharma, is one of the largest pharmaceutical distributors in the Middle East and North Africa region (MENA), and has built a business manufacturing generic drugs under license from 14 companies including global mega-pharmaceuticals, at 7 locations around the world. In May 2017, SBI Neopharma started Middle East sales of health foods containing 5-ALA. The company is currently undertaking registration procedures for selling health foods in over 80 countries. In FY2018, SBI Neopharma plans to start sales of the "NatuALA" health food in 20 or more countries. In the MENA and Indian regions, SBI Neopharma also plans to sell drugs using 5-ALA, including drugs for the treatment of diabetes and malaria, which are out-licensed to Neopharma, as well as "ALAGLIO® Divided Granules 1.5g."

Expanding Sales through Foods with Functional Claims

Since its start of business in 2012, SBI ALApromo, a company engaged in the domestic planning, manufacturing and sales of cosmetics and health foods containing 5-ALA, has steadily increased the number of outlets handling its product offerings. It now conducts product sales through over 16,000 drugstores and pharmacies nationwide, as well as an official online shop and other channels. In particular, "ALAplus Tou (Sugar) Down," a food with functional claims, which started sales in December 2015, has been a big hit. By continually boosting sales, the product helped SBI ALApromo to increase its revenue in FY2017 by 29.6% year-on-year, and to achieve its first surplus in profit before income tax expense for the full-year since its establishment.

Furthermore, in steps toward expanding its product offering of health foods with functional claims, SBI ALApromo is developing products with functions for improvement in the exercise capacity and the quality of sleep, in addition to premium products with high 5-ALA content, and has completed its filings to the Consumer Affairs Agency. The company has also initiated R&D of products with functions for lessening daily fatigue, alleviating fatigue from physical activities and improving male menopause, and plans to complete the filings by the end of FY2018. Outside of this, SBI ALApromo is rolling out supplements using non-5-ALA components and general food products. In December 2017, it started sales of "SBI Gingko Bilboa," containing a gingko bilboa component that is reported to preserve memory. It has also started R&D and commercialization of germinated brown rice in FY2017, and plans to start sales of this new product offering in September 2018.

In a move towards creating a full offering of 5-ALA skincare products, SBI ALApromo sells a complete product offering of lotions and creams, with an addition of cleansing and facial wash, available through the Internet. It is also actively expanding OEM-branded health foods and cosmetics. Starting in FY2017, SBI ALApromo has also been making exclusive use of clinic sales channels to market "ALAplus 75," with high 5-ALA content. Through these types of initiatives, SBI ALApromo intends to further expand sales of its products, and to strive for the continuous profitability of the 5-ALA-related business.

"ALAplus Tou (Sugar) Down," a Food with Functional Claims Marketed by SBI ALApromo, was Awarded "The Storefront Hit Product" Award

In March 2018, "ALAplus Tou (Sugar) Down," a food with functional claims of SBI ALApromo, received "The Storefront Hit Product" Award at the Kinoushoku Awards 2018 (official name: Foods with Health Claims Market Creation Award) held by Health Business Magazine. These awards, which cover foods with health claims (foods with functional claims, foods for specified health uses and foods with nutrient function claims) encompass the needs of the time, and open up latent demand. The awards were established to recognize the products that will drive the future market. "The Storefront Hit Product" Award that SBI ALApromo received at this year's event is awarded to the product providing the greatest support to consumers through promotion and marketing at retail outlets from an "on-the-ground perspective at drugstores." The award was selected by the vote of the readers of the monthly magazine "H&B Retail."

Board of Directors and Statutory Auditors

(As of June 30, 2018)

Representative Director,
President & CEO

Yoshitaka Kitao

Representative Director and Chairman of SBI Investment Co., Ltd.
Representative Director and Chairman of SBI SECURITIES Co., Ltd.
Representative Director & President of SBI Pharmaceuticals Co., Ltd.
Representative Director & President of SBI Digital Asset Holdings Co., Ltd.
Representative Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd.
Director and Chairman of SBI Capital Management Co., Ltd.

Representative Director,
Senior Executive Vice President & COO

Katsuya Kawashima

Representative Director and President of SBI Investment Co., Ltd.
Representative Director and President of SBI Capital Management Co., Ltd.
Director of SBI SECURITIES Co., Ltd.
Director of SBI FINANCIAL SERVICES Co., Ltd.

Representative Director,
Senior Executive Vice President

Takashi Nakagawa

Director of SBI Investment Co., Ltd.
Director of SBI Investment KOREA Co., Ltd.

Director, Senior Executive Vice President

Masato Takamura

Representative Director and President of SBI SECURITIES Co., Ltd.
Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd.

Senior Managing Director

Tomoya Asakura

Representative Director & President of Morningstar Japan K.K.
Representative Director of Morningstar Asset Management Co., Ltd.
Representative Director and Chairman of SBI Bond Investment Management Co., Ltd.
Representative Director, President and CEO of SBI GLOBAL ASSET MANAGEMENT Co., Ltd.
Director of SBI Insurance Group Co., Ltd.
Director of SBI Digital Asset Holdings Co., Ltd.

Senior Managing Director & CFO

Shumpei Morita

Director of SBI FINANCIAL SERVICES Co., Ltd.
Director of SBI Capital Management Co., Ltd.
Director of SBI Digital Asset Holdings Co., Ltd.

Managing Director

Kazuhiro Nakatsuka

Representative Director and President of SBI ENERGY Co., Ltd.

Managing Director

Hisashi Ono

Former Director-General of Kanto Local Finance Bureau, the Ministry of Finance (Zaimu-sho)

Director

Masayuki Yamada

Statutory Auditor of SBI GLOBAL ASSET MANAGEMENT Co., Ltd.

Director & CTO

Chung Sok Chon

Chief Executive Officer of SBI BITS Co., Ltd.
Representative Director and President of SBI Japannext Co., Ltd.
Representative Director and President of SBI Crypto Co., Ltd.
Representative Director and Chairman of SBI Prime Securities Co., Ltd.
Director of SBI Digital Asset Holdings Co., Ltd.

Director

Masaki Yoshida

Representative Director of YOSHIDAMASAKI INC.
Representative Director and Chairman of Watanabe Entertainment Co., Ltd.

Outside Director

Teruhide Sato

Director of BEENEXT PTE. LTD.
Director of BEENEXT CAPITAL MANAGEMENT PTE. LTD.
Komisaris of PT Tokopedia
Director of Sen Do Technology Joint Stock Company

Outside Director

Ayako Hirota Weissman

Senior Vice President, Senior Portfolio Manager,
Director of Asia Strategy of Horizon Kinetics LLC

Outside Director

Heizo Takenaka

Chairman & Director of Pasona Group Inc.
Outside Director of ORIX Corporation
Outside Director of MAYA SYSTEM Inc.
President of Academy Hills
Professor of Faculty of Regional Development Studies at Toyo University
Emeritus Professor at Keio University

Outside Director

Hirofumi Gomi

Adviser of Nishimura & Asahi
Senior Adviser of The Boston Consulting Group
External Director of Aida Engineering, Ltd.
Outside Director of Infoteria Corporation
Outside Director of MIROKU JYOHO SERVICE CO., LTD.

Outside Director

Yoshitaka Asaeda

Representative Director of Catalystic Inc.

Outside Director

Yasuhiro Suzuki

Representative Director and President of digitalshiftwave Co., Ltd.

Standing Statutory Auditor

Atsushi Fujii

Statutory Auditor of SBI SECURITIES Co., Ltd.
Statutory Auditor of SBI Investment Co., Ltd.
Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd.
Statutory Auditor of SBI Capital Management Co., Ltd.
Statutory Auditor of SBI Digital Asset Holdings Co., Ltd.

Outside Standing Statutory Auditor

Toru Ichikawa

Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd.
Statutory Auditor of SBI Capital Management Co., Ltd.
Statutory Auditor of SBI Digital Asset Holdings Co., Ltd.

Statutory Auditor

Minoru Tada

Statutory Auditor of SBI SECURITIES Co., Ltd.

Outside Statutory Auditor

Yasuo Sekiguchi

Managing Director of Global Partners Consulting, Inc.

Realizing an Organizational Structure that can Rapidly Adapt to Changes in the Business Environment, with an Highly Effective Corporate Governance System

Basic Concept of Corporate Governance

A company's stakeholders include consumers, business partners and the community at large, in addition to customers, shareholders and investors. The SBI Group keenly recognizes the social nature of companies, contributes to the preservation and development of society, and uncompromisingly engages in customer-oriented businesses in accordance with the "Customer-centric Principle," which is the Group's core management principle. The Group also considers it essential to obtain public trust in the course of business activities, and is working to ensure transparency and fairness in decision-making, and an organizational structure capable of rapidly adapting to changes in the business environment, as well as to enhance appropriate corporate governance to increase corporate value. As a new initiative, the Company established the Cybersecurity Office. in August 2018 to strengthen cybersecurity measures for the entire Group. The SBI Group will endeavor to continuously promote initiatives toward the sophistication of security measures.

The Company has selected an organizational structure with a board of statutory auditors, and established a Board of Directors and Board of Statutory Auditors. The Company's Board of Directors, consisting of seventeen Directors, with six Outside Directors (as of the end of June 2018), is strengthening its oversight of the appropriateness of the Company's management. The Board of Directors meets once a month, in principle, to decide important matters and oversee the status of business execution. In addition to Executive Directors including the President, Senior Executive Vice Presidents, Senior Managing Directors and Managing Directors, nine Executive Officers with expertise and insight aligned with the Directors are in charge of business execution.

The Company clearly defines the functions and responsibilities of the Executive Directors, Executive Officers, and the Board of Directors, and has put in place an organizational structure capable of rapidly and flexibly adapting to sudden changes in the business environment.

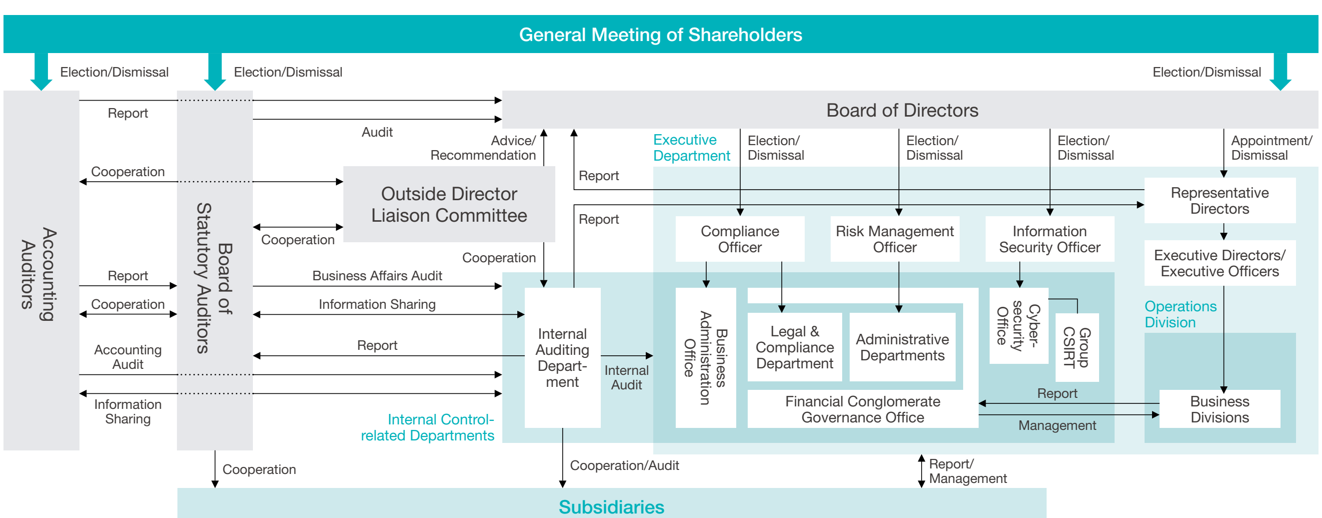
The Statutory Auditors are responsible for establishing a high-quality corporate governance system worthy of public trust, by means including auditing the Directors' performance of duties. The Statutory Auditors ensure collaboration with Outside Directors and Accounting Auditors, and endeavors to realize a more effective corporate governance system.

The Company has published the Corporate Governance Principles in accordance with the Corporate Governance Code, introduced in June 2015, and has released the policy in full on its website. (See URL on page 35)

Overview of Organization

Configuration	Company with Board of Statutory Auditors
Number of Directors (Outside Directors)	17 (6)
Term of office of Directors	1 year
Average age of Directors	56.1 years old
Number of Statutory Auditors (Outside Statutory Auditors)	4 (2)
Number of Directors registered as Independent Executives	5
Involvement of Outside Directors in compensation decisions (Yes/No)	Yes
Number of Ordinary Board of Directors meetings held per year	12
Attendance rate at Board of Directors meetings for Outside Directors	93.9%

Outline of Corporate Governance Structure (As of August 1, 2018)



Improving the Effectiveness of the Board of Directors

The Company continuously engages in initiatives to improve the effectiveness of the Board of Directors. In June 2018, the Company newly appointed one of the Directors as Chief Technology Officer (CTO) to create a Board structure capable of more in-depth discussion of Group-wide IT strategy. In this way, the Company is working to ensure the effectiveness of corporate governance by invigorating discussions by the Board of Directors.

Evaluation of the Board of Directors: The Company analyzes and evaluates the effectiveness of the Board of Directors. In light of the responses to a questionnaire survey of all Directors and Statutory Auditors concerning the Board of Directors effectiveness conducted in February and March 2018, along with a discussion at the Board of Directors meeting held in March 2018, it was confirmed that the Board of Directors is effectively carrying out its function as a business execution and monitoring organization with free and open discussions and exchange of views between directors with diverse backgrounds. On the other hand, among the points valued in the expressed opinions, in light of technological evolution and the rapid advancement of globalization and diversification of the Group's business development, the importance of electing Directors skilled at responding to these developments and of strengthening compliance and risk management systems was emphasized.

Outside Director Liaison Committee: The Company has established the Outside Director Liaison Committee organized around the Independent Outside Directors. The Committee's purpose is to promote information exchange and common understanding, and to enable the Outside Directors to appropriately and actively participate in discussions at the Board of Directors meetings from an objective standpoint, and to ensure transparency and objectivity in the decision-making process with respect to the nomination of Director candidates, and the determination of compensation for Directors. To ensure that the Outside Directors can discuss various matters without affecting their independence, officers and employees of the Company are not involved in the quarterly meetings of the Outside Director Liaison Committee.

The Liaison Committee received reports from the persons responsible at each operating division on various topics, such as trends at overseas subsidiaries, risks that the Biotechnology-related Business faces, and Group-wide IT controls, and discussed these matters in light of the reports.

Compliance with the Corporate Governance Code

http://www.sbigroup.co.jp/english/investors/management/governance_policy.html

Independence Criteria for Outside Directors

http://www.sbigroup.co.jp/english/investors/management/governance_policy.html#_02

Reasons for Selection of Outside Directors and Outside Statutory Auditors, and Their Attendance at the Board of Directors Meetings

Outside Directors	Independent Executives	Reason for selection	Term of office	Attendance at Board Meetings*	
Teruhide Sato	●	Mr. Sato has a wealth of experience and deep knowledge of the Internet business, particularly in Asia, gained in activities including participation in the start-up of the Japanese subsidiary of CyberCash (currently VeriTrans).	June 2013—present	11/12	
Ayako Hirota Weissman	●	Ms. Weissman has a wealth of experience and deep knowledge gained through involvement in various investment businesses over many years, including equity investments in Japan and abroad.	June 2015—present	11/12	
Heizo Takenaka		Mr. Takenaka has a wealth of experience gained in public service as a former Minister of State for Economic and Fiscal Policy and Minister of State for Financial Services, and through his current activities as a professor at universities in Japan and an outside director of a private-sector company.	June 2016—present	11/12	
Hirofumi Gomi		Mr. Gomi has served as Commissioner of the Financial Services Agency and in other posts, and has a wealth of experience in the general financial sector.	June 2017—present	9/10	
Yoshitaka Asaeda		As a Certified Public Accountant, Mr. Asaeda has global audit experience and has expertise in International Financial Reporting Standards (IFRSs) applied by the Company.	June 2017—present	10/10	
Yasuhiro Suzuki	●	Mr. Suzuki has served successively as Representative Director and President of Seven & i Netmedia Co., Ltd., Director & Executive Officer, CIO of Seven & i Holdings and in other posts, and has a wealth of experience in a wide range of fields, including Internet businesses.	June 2017—present	10/10	
Outside Statutory Auditors	**Independent Executives**	**Reason for selection**	**Term of office**	**Board of Directors***	**Board of Statutory Auditors***
Toru Ichikawa	●	Mr. Ichikawa has served as Chief Senior Inspector at the Financial Services Agency and in other posts, and has a wealth of experience in the financial sector.	June 2017—present	10/10	13/13
Yasuo Sekiguchi	●	Mr. Sekiguchi is a certified public accountant and certified tax accountant, and has considerable knowledge concerning finance and accounting.	June 2014—present	12/12	18/18

*Attendance at the Board of Directors and the Board of Corporate Auditors in the fiscal year ended March 31, 2018

Compensation for Directors

In principle, the Board of Directors determines the amount of compensation for Directors within the total amount of compensation approved by the General Meeting of Shareholders, after the Representative Director has discussed his view on the amount with the Independent Outside Directors.

Policy on Determining Compensation for Directors

(1) The amount of compensation for Directors (excluding bonuses) is determined for each Director by taking into consideration the following matters.
- The maximum level of employee salary
- Compensation paid to Directors of the same rank in the past
- The Company's business performance outlook
- The going rate of compensation for directors
- The degree of contribution to the Company's business performance
- The circumstances of accession to office
- Other matters

(2) The amount of bonuses for Directors is determined for each individual Director and is based on the performance of duties of the individual Directors.

(3) The Company nominates as Directors persons who fully recognize their fiduciary duty to shareholders and act in the common interest of the Company and shareholders. Although the Company recognizes that holding shares has a certain incentive effect to further increase motivation to contribute to the enhancement of medium- to long-term corporate value, in light of the fact that the development of schemes for stock-based compensation is incomplete at this time, the Company will consider measures such as issuing paid-in stock options in a timely and appropriate manner.

(4) Persons eligible for bonuses for Directors are Directors who serve until the ordinary General Meeting of Shareholders for the relevant fiscal year. However, the Company may pay to Directors who have retired before expiration of their terms of office bonuses prorated from the closing of the ordinary General Meeting of Shareholders for the previous fiscal year until the time of retirement.

(5) The Company may take measures such as a reduction or partial cutting of compensation for Directors for a specified period of time by a decision of the Board of Directors due to a marked deterioration in business performance or the like. Also, the Company may take measures such as a reduction or partial cutting of compensation for Statutory Auditors by discussion among the Statutory Auditors.

(6) The Company does not provide directors' retirement benefits.

Determination of Compensation for Directors

Mentioned in "III. Basic Policy on the Governance System 1. (3) Compensation for Directors."

http://www.sbigroup.co.jp/english/investors/management/governance_policy.html

Total Compensation for Directors and Statutory Auditors, Total Compensation by Type, and Number of Corresponding Executives

Executive classification	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)				Number of corresponding executives
		Basic compensation	Stock options	Bonuses	Retirement benefits	
Directors (Excluding Outside Directors)	703	235	—	468	—	11
Statutory Auditors (Excluding Outside Statutory Auditors)	13	13	—	—	—	1
Outside Directors and Statutory Auditors	102	96	—	6	—	14

Group Management Structure (Role of the Company)

The SBI Group has established the Rules for Management of Affiliated Companies for the purpose of ensuring that SBI Holdings, which is a business holding company, and each of its affiliates, in close mutual cooperation and on the basis of the principle of self-responsibility and market discipline, smoothly execute management, work to increase profit, and contribute to business development as the SBI Group in an integrated manner, and for the purpose of ensuring financial soundness and the appropriateness of business operations.

The Financial Conglomerate Governance Dept. engages in the management of affiliates in accordance with the following basic policies set forth in the Rules for Management of Affiliated Companies.

(1) While respecting the management autonomy of each affiliate, pursue efficiency and appropriateness in the management of the SBI Group as a whole.

(2) Appropriately and rationally solve important management issues that mutually occur at the Company and its affiliates, as well as between affiliates.

(3) Make appropriate and rational decisions on transactions between the Company and affiliates, as well as transactions between affiliates, in accordance with market discipline under the principle of the arm's length rule.

(4) The Company provides guidance to affiliates and endeavors to foster and strengthen them on the basis of their self-reliant efforts.

(5) The Company, as the SBI Group's business management company, provides guidance and supervision concerning risk management, compliance and other internal controls in accordance with the circumstances and business category of each Group company to ensure financial soundness and the appropriateness of business operations.

The SBI Group as Viewed by Outside Directors

Outside Director **Teruhide Sato**

The Entire SBI Group is Advancing to the Next Growth Phase

I believe that the Board of Directors, in line with the SBI Group's philosophy and strategies, holds appropriate and timely discussions and engages in prompt decision-making concerning short-term, medium-term, and long-term management issues and business opportunities. Also, I have personally experienced that the Group's industry-leading movement toward FinTech is bearing fruit, and that the entire SBI Group is advancing to the next growth phase. I wish to contribute to enhancing the SBI Group's absolute value and relative strengths, by appropriately imparting my knowledge and related industry trends of the FinTech sector for the Group's global expansion.

Outside Director **Ayako Hirota Weissman**

The Key Challenge is Balancing Existing Businesses and New Fields

I believe that the key challenge facing the SBI Group, who is capable of becoming a strong pillar in the FinTech sector, is to grow by achieving balance between "selection and concentration" in currently existing business operations and expansion into new fields. Also, at a time of worsening human resources shortages, the Group must examine various measures for securing engineers in the FinTech sector. Furthermore, since a succession plan is an extremely important consideration, I hope to assist in defining a successor selection process.

Outside Director **Heizo Takenaka**

Expectations for a More Diverse Board of Directors Composition

The SBI Group has established the Outside Director Liaison Committee, and active, constructive discussions among the Outside Directors take place at Committee meetings. The Committee promotes interaction among the Outside Directors, and I believe that it increases the effectiveness of the Board of Directors. At the same time, since the SBI Group conducts business globally, in the interest of diversity, I hope that foreign and female directors from inside and outside the Group will be respectively elected to the Board.

Outside Director **Hirofumi Gomi**

Utilizing Accumulated Experience in Oversight of Business Execution

While "a company with a board of statutory auditors" is a governance structure suited to large-scale companies with wide-ranging business operations, I believe that in the SBI Group this governance model is sufficiently functioning with respect to both human resources and systems. I intend to utilize my experience as an administrative official in overseeing financial institutions and financial markets, which require the highest levels of risk management and fiduciary duty, to contribute to the sustained enhancement of the SBI Group's corporate value and to oversee business execution to ensure that corporate governance functions appropriately.

Outside Director **Yoshitaka Asaeda**

Balancing Offense and Defense is Necessary for Corporate Value Enhancement

In view of the SBI Group's recent overseas expansion and the sudden increase in overseas alliances and new businesses, I think that a future challenge will be the ability to mount a defense every bit as strong as the offense. I believe that increasing intelligence and building a decision-making structure and oversight structure capable of agilely coping with risk are vital aspects of defense. I want to fully utilize my experience and knowledge to achieve balance between the SBI Group's future growth (offense) and risk management (defense) and strive to enhance corporate value.

Outside Director **Yasuhiro Suzuki**

Improvement of Information Systems is Critical for the SBI Group

As the sense of uncertainty about the social environment grows and technology increasingly evolves, I believe that the future direction for information systems is a critical matter for the SBI Group. This is a topic I want to discuss in depth at meetings of the Board of Directors. The Group must freshly consider responses to FinTech, synergies between the systems of Group companies, and firmly respond to security risks, a matter of ever-increasing social responsibility. I want to proactively engage in discussions about further improvement of information systems.

Toward a Constructive Dialogue with Investors

Timely and appropriate disclosure of information and sufficient fulfillment of the duty of accountability to shareholders and investors are responsibilities of listed companies, and essential to corporate governance. The Company engages in investor relations activities on the basis of four basic premises: 1) establishment of an IR system to promote constructive dialogue with shareholders, 2) ensuring enhanced information disclosure, 3) establishment of a timely disclosure system, and 4) appropriate feedback of shareholder and investor opinions to executive management. The Company has instituted the Basic Policy for Constructive Dialogue with Shareholders, to more clearly define the policy on dialogue to build good relations with shareholders and investors through IR activities.

Basic Policy for Constructive Dialogue with Shareholders

http://www.sbigroup.co.jp/english/investors/management/governance_policy.html#_01

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Fair Disclosure Rules

Previously, there were no rules in Japan to ensure that when listed companies and other issuers of marketable securities provide material inside information to third parties prior to public disclosure, they will also need to fairly disclose the said information to other investors and interested parties as well. However, in April 2018 Fair Disclosure Rules, similar to those previously introduced by major nations in Europe, North America and Asia, went into effect in Japan. In response to this, the Company has reviewed matters such as the definition and concept of material information and the policy on communicating material information to interested parties, and revised the Basic Policy on Information Disclosure.

Basic Policy on Information Disclosure

http://www.sbigroup.co.jp/english/investors/management/disclosure.html

IR Activities (FY2017)

Activity	Times	Activity Content
Financial results briefing for institutional investors and analysts	4	Financial results briefing held quarterly focused on financial performance and outlook
Non-deal road shows for overseas institutional investors	3	Meetings for overseas institutional investors conducted by the President and Executive Officers
Small meetings for domestic institutional investors	2	Small Meetings for domestic institutional investors held semi-annually and conducted by the President and Executive Officers
Meetings for individual investors	6	Meetings held semi-annually at Tokyo, Osaka and Nagoya
Current Management Information Briefing for shareholders	1	Briefing held shortly after the General Meeting of Shareholders every June
Individual meetings for institutional investors and analysts	As required	Meetings held as needed upon request from domestic and overseas institutional investors and analysts
Uploading of IR materials and videos to the Company website	As needed	Posting of timely disclosure materials including financial results, press releases, videos and information on CSR activities

INVESTOR FAQS AND ANSWER

Background to Positioning the Biotechnology-related Business as a Core Business

Since 2003, the SBI Group has made concentrated investments in the biotechnology sector, which we have positioned as a 21st century growth industry. To build a business portfolio resistant to stock market conditions, in 2007 the Group leveraged biotechnology sector-related expertise and networks accumulated through investments to enter the drug discovery business. The Group has positioned the Biotechnology-related Business as a core business since April 2012, and is nurturing and developing the business, which has now reached the stage of offering tremendous promise for profit.

Position of SBI SAVINGS BANK of South Korea within the Group

The Company converted SBI SAVINGS BANK of South Korea (formerly Hyundai Swiss Savings Bank) into a consolidated subsidiary in 2013, following the investment in the bank in 2002 as a venture investment. Since then, SBI SAVINGS BANK has utilized the SBI Group's knowledge of the banking business and online business development to accumulate performing loans, endeavored to decrease its delinquency rate, and rapidly expanded its operations. As a result, it has grown to the point of becoming the Group's second-largest profit source following SBI SECURITIES.

Since the Company may sell all or part of its interest in SBI SAVINGS BANK in the future, we have positioned it, along with the other overseas financial service businesses, as part of the Asset Management Business.

Focusing on Nurturing Valuable Human Resources and Creating a Working Environment of Respect for Diversity with the Goal of Enhancing Human Capital Value

Utilization of Diverse Human Resources

The SBI Group emphasizes the importance of individual character, regardless of nationality, age, gender, or the presence of a mental or physical disability, and applies this to the recruitment process. In Japan, we started recruiting new university graduates in 2006. We also recruit new graduates overseas, with a primary focus on Asia, and have stepped up recruitment of mid-career foreign nationals with advanced technological abilities for positions at systems departments. Also, the Group is becoming increasingly nationality diverse as we pursue global development "from Japan's SBI to the World's SBI." Employees at overseas business sites now account for 22.1% of Group employees.

Percentage of Employees at Overseas Business Sites (Consolidated)

FY2015	FY2016	FY2017
13.6%	18.3%	22.1%

SBI Holdings is also proactively recruiting women, and 21.7% of persons hired as regular employees in the fiscal year ended March 31, 2018 were women. Women account for 36.5% of all employees and 22.8% of managers.

Furthermore, in March 2015 abolished the age limit for re-employment after reaching the mandatory retirement age. Through such initiatives, SBI Holdings aspires to be a company where diverse human resources can thrive.

Status of Employment of Women (Non-consolidated)

	FY2015	FY2016	FY2017
Ratio of female employees	34.5%	35.8%	36.5%
Ratio of women in regular recruits*1	36.6%	22.9%	21.7%
Ratio of female managers*2	18.3%	20.4%	22.8%

*1 Includes SBI Holdings employees and seconded employees
*2 The ratio of female managers to the total managers

Encouraging Employees to Grow, Nurturing and Promoting Human Resources

To nurture the talent who will become responsible for the future, the SBI Group has implemented various measures, and has thoroughly pursued a stance of proactively appointing and promoting superior human resources, regardless of age.

In formulating a career path for employees, while providing a place for self-realization, with the goal of energizing the organization by making effective use of human resources and putting the right people in the right place, we have introduced a "career opening system" that features the ability to declare one's wish to move to one's desired business within the Group. More than one hundred employees have made career changes through this system to date.

Also, for employees who seek to become senior managers, in April 2015, the SBI Group initiated the Senior Manager Training Program, utilizing the SBI Graduate School that was opened in April 2008 with the full support of the SBI Group, and the completion of this training is a required condition for promotion to becoming a senior manager. A total of 265 employees have completed this training program as of March 31, 2018. Furthermore, a two-year or three-year program for dispatching employees to SBI Graduate School has been established for employees who would like to study a wider range of management subjects, and 68 persons have obtained MBA degrees through this program as of March 31, 2018. The Group contributed more than ¥100 million in education and training expenses in the fiscal year ended March 31, 2018, mainly for these training costs.

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A Code of Conduct to Create a Better Corporate Culture

The SBI Group Compliance Code of Conduct provides the following rule of conduct for creating a better corporate culture: "We respect human rights and engage in no discriminatory acts." Moreover, the Group has established a whistleblowing system for directly reporting violations of laws, regulations, or the Articles of Incorporation or other important compliance-related matters, and the Board of Directors regularly oversees its operation status.

Work Style Reform through Introduction of RPA

The SBI Group is actively proceeding with group-wide introduction of robotic process automation (RPA),* and pursuing improvement in business process efficiency and productivity through automation of various routine business processes.

*The use of artificial intelligence (AI) or machine learning, a technology by which AI learns through repetition, for the purpose of performing mainly back-office white-collar tasks

Maintaining Keen Awareness of Issues Facing the Global Community and Contributing to the Creation of a Sustainable Society through Business Activities

Contributing to the Maintenance and Development of Society

Basic Approach

The SBI Group's basic approach to business is to contribute to the maintenance and development of society while seeking harmony with various stakeholders as a constituent member of society. The basis for this approach is not the profit motive, but rather a belief in contributing to a society that is fair, comfortable, environmentally friendly and safe. In keeping with this belief, the Group aspires to be a strong, respected company that not only pursues commercialization opportunities and practices that uphold the principle of social justice, but also actively engages in direct social contribution activities (CSR activities).

Toward Achievement of the Sustainable Development Goals

The Sustainable Development Goals (SDGs), the core of the 2030 Agenda for Sustainable Development adopted by the United Nations in 2015, are attracting increasing interest in Japan and overseas as goals pursued by the global community.

Implementing the SDGs requires government organizations, businesses and citizens to join together in addressing climate change, economic inequality and other issues facing the global community, promoting sustainable consumption and production, and working toward peace.

Ever since the SBI Group was founded, we have sought to fulfill our corporate social responsibility and contribute to the maintenance and development of society through business activities and CSR activities. This contributes to achieving the SDGs. The Group will continue to embrace the SDGs and respect other international norms, and always engage in business activities from a global perspective.

Contributing to Society through Businesses Activities

Contributing to the Fostering of New Industries and Technological Innovation

One of the SBI Group's corporate missions is to become a "New Industry Creator," and we engage in investment business to achieve this mission. Ever since the Group was founded, we have made focused investments in growth sectors that will become next-generation core industries: IT, biotechnology, environment and energy, and FinTech. In particular, in the IT sector, where technological progress is rapid, we have set up funds that have targeted key investment sectors in response to changes in the times and technology. We started in the 1990s with investments in the U.S. Internet-related companies, and in 2000 we set up a venture capital fund that was the largest in Japan at the time (¥150.5 billion in total commitment amount), contributing to the development of many domestic Internet-related companies. Since then, we have continued to invest in and support companies involved in businesses such as communications infrastructure, mobile communications, smartphones and FinTech.

On the other hand, we entered the biotechnology sector in 2003, investing in a drug discovery startup company and engaging in support activities. We have since set up multiple funds and provided assistance to biotechnology companies as well as life science and healthcare-related companies. In this way, we actively assist companies that will shape the society of the future and contribute to the fostering of new industries and technological innovation.

The Spread of Renewable Energy and Regional Development

As electric power generation using renewable energy sources increases worldwide, in Japan, in addition to solar and wind power, the introduction of energy generated by effectively utilizing local resources such as geothermal heat, small-scale hydropower, and biomass is attracting attention as an important means of supporting the local economies of tomorrow. Currently, SBI ENERGY engages in solar power generation and is developing solar sharing (agricultural solar power generation, a system for operating a solar power generation business while continuing to farm the land), small-scale hydropower and small-scale wind power generation. Through such power generation projects, SBI ENERGY promotes the utilization of local resources and natural energy, contributes to the creation of sustainable communities by increasing energy self-sufficiency and encouraging local production for local consumption, and helps invigorate local economies.

Contributing to Regional Economies through Solving the Challenges Facing Regional Financial Institutions

Uncertainty in the business environment surrounding regional financial institutions is expected to continue. This includes the negative interest rate policy, the emergence of new financial services as a result of technological innovation, and the arrival of an aging society. Accordingly, the SBI Group is utilizing the FinTech technologies and expertise we possess as a comprehensive financial group to support regional financial institutions and implement regional revitalization projects. If the asset management capabilities and product development capabilities of regional financial institutions improve as a result of utilization of the SBI Group's wide-ranging operational resources, these institutions will be able to contribute to steady asset formation by local residents. If this in turn stimulates consumption and investment by local residents, it will lead to revitalization of regional economies. In this way, through support for regional financial institutions, the SBI Group will contribute to the creation of a virtuous cycle that contributes to regional revitalization.

Initiatives to Alleviate Poverty and Solving Environmental Problems in Emerging Countries

The SBISL Telematics Loan Fund, operated by SBI Social Lending, uses a social lending mechanism to lend money for use of business funds to companies in the Philippines that sell three-wheeled taxis equipped with the Mobility Cloud Connecting System (MCCS) on an installment basis. Installation of the MCCS, a device developed by Global Mobility Service, makes it possible to remotely control vehicle engines and acquire vehicle position information.

As a general rule, a lack of credit information agencies and other factors in emerging countries limit access to installment loans and other financial services. Meanwhile, the MCCS is expected to lead to increases in customers eligible for installment loans and the number of people working as drivers. Also, in the Philippines, where environmental pollution is a serious social problem, this business will promote purchasing of low-exhaust vehicles to replace older vehicles. In this way, this is a socially beneficial initiative that improves the standard of living of Filipinos and contributes to environmental conservation.

Direct Social Contribution

Supporting Abused or Neglected Children

The SBI Group has been actively engaged in direct social contributions, in order to return the profits it earns through its businesses to society. In 2010, the SBI Children's Hope Foundation was authorized by the Office of the Prime Minister of Japan as a public interest incorporated foundation. The Foundation undertakes activities to support abused or neglected children to become self-reliant, and to improve their welfare. Its wide range of activities include the donation of funds to improve conditions at facilities that care for abused or neglected children, and the provision of practical training programs for care providers at the facilities. As of the fiscal year ended March 31, 2018, the cumulative donations amounted to approximately ¥1,010 million. The Foundation also supports the Orange Ribbon Campaign for prevention of child abuse, and officers and employees of the SBI Group are engaged in public awareness campaigns.

Orange Ribbon Campaign

Contributing to People's Health Management

SBI Wellness Bank, which provides membership-based health management support services, is partnered with and supports the operation of Tokyo International Clinic. The Clinic provides safe, high-quality medical care services, centering around premium comprehensive medical examinations across a wide range of medical fields, including internal medicine (cardiovascular, digestive organs, respiratory disease, endocrine), cranial nerve surgery, gynecology, breast surgery, dentistry and plastic surgery. Furthermore, the Clinic is promoting optimal medical care for patients by establishing a framework for medical collaboration with the University of Tokyo Hospital and other institutions. SBI Wellness Bank cooperates with the Clinic to contribute to more proactive health management, by putting forward a total package covering the three areas of preventive care, medical treatment and age management.


Tokyo International Clinic

Consolidated Financial Highlights 6-year Summary

Adopted IFRSs from the year ended March 31, 2013

Years ended March 31	
Operating revenue / Revenue*	
Profit before income tax expense	
Profit for the year attributable to owners of the Company	
Total assets	
Equity attributable to owners of the Company	
Net cash generated from (used in) operating activities	
Net cash generated from (used in) investing activities	
Net cash generated from (used in) financing activities	
Cash and cash equivalents at the end of the year	

*Beginning with the fiscal year ended March 31, 2016, the income categories “Operating revenue” and “Other financial income” have been eliminated, and the amounts have been combined and presented as “Revenue.” Figures for the years ended March 31, 2013 to March 31, 2015 are “Operating revenue.”

Revenue	Financial Services Business	
	Asset Management Business	
	Biotechnology-related Business	
	Others	
	Elimination or Corporate	
Profit before income tax expense	Financial Services Business	
	Asset Management Business	
	Biotechnology-related Business	
	Others	
	Elimination or Corporate	

*Certain subsidiaries, including BroadBand Security, which were included in the Asset Management Business until the end of the fiscal year ended March 31, 2017, are now included in the Financial Services Business from the fiscal year ended March 31, 2018.
Consequently, segment information for the year ended March 31, 2017 has been restated in accordance with the new basis of segmentation.
Also, for the fiscal years ended March 31, 2013 to 2016, whereas there are Group companies that were transferred from one segment to another, the abovementioned figures reflect disclosed figures for each fiscal year, so there may be some discrepancies.

Ratio of equity attributable to owners of the Company to total assets	
Substantive ratio of equity attributable to owners of the Company to total assets*	
Ratio of profit to equity attributable to owners of the Company (ROE)	

*Represents the substantive equity ratio, calculated by subtracting customer asset accounts (that is, asset accounts for margin transaction assets, cash segregated as deposits, etc.) and liability accounts (margin transaction liabilities, guarantee deposits received, and deposits from customers, etc.) held by the Company’s subsidiary SBI SECURITIES.

Equity per share attributable to owners of the Company (BPS)	
Basic earnings per share attributable to owners of the Company (EPS)	
Dividend per share	

PER (Price-earnings ratio)	
PBR (Price-book-value ratio)	

PER=FY end TSE closing price/Basic earnings per share attributable to owners of the Company
PBR=FY end TSE closing price/Equity per share attributable to owners of the Company
Note: The closing price for the fiscal year ended March 31, 2018 was ¥2,433.

Total dividend	
Share repurchase amount*	
Total shareholder returns	

*As part of the shareholder returns, the amount of treasury stock acquired relevant to the business performance for each fiscal year are stated.
In addition, the Company acquired treasury stock of ¥ 951.9 billion during the fiscal year ended March 31, 2018, but it is not stated on the table since it was not realized for the purpose of shareholder returns.

Total shareholder returns ratio	

Employees	

(Millions of yen)

2013	2014	2015	2016	2017	2018
154,285	232,822	245,045	261,744	261,939	**337,017**
15,022	38,899	63,067	52,227	43,139	**71,810**
3,817	21,439	45,721	34,115	32,455	**46,684**
2,494,387	2,875,304	3,400,763	3,126,784	3,850,001	**4,535,964**
303,299	325,631	383,491	371,590	377,992	**427,815**
(36,984)	29,401	(36,197)	32,478	(17,952)	**(33,235)**
(19,060)	16,811	52,305	11,179	2,437	**7,881**
25,699	92,538	(15,524)	(76,230)	159,467	**74,575**
133,362	276,221	290,826	248,050	391,572	**437,148**

(Millions of yen)

113,340	147,835	162,645	159,012	179,941	**217,272**
33,011	72,725	65,843	98,725	77,441	**117,572**
970	2,195	2,182	4,021	5,530	**4,199**
9,240	11,626	15,710	2,259	883	**1,213**
(2,276)	(1,559)	(1,335)	(2,273)	(1,856)	**(3,239)**
18,741	37,298	67,309	50,458	48,932	**63,888**
6,259	8,990	8,132	17,996	13,861	**56,491**
(3,900)	(2,432)	(7,310)	(6,572)	(9,574)	**(37,252)**
1,659	2,438	2,779	(835)	(830)	**(1,328)**
(7,737)	(7,395)	(7,843)	(8,820)	(9,250)	**(9,989)**

(%)

12.2	11.3	11.3	11.9	9.8	**9.4**
22.9	22.2	22.2	21.7	18.3	**16.7**
1.3	6.8	12.9	9	8.7	**11.6**

(Yen)

1,401.39	1,504.19	1,771.19	1,792.08	1,856.47	**1,937.72**
17.58	99.04	211.18	160.83	159.38	**220.54**
10	20	35	45	50	**85**

(Times)

47.27	12.56	6.89	7.11	9.74	**11.03**
0.6	0.8	0.8	0.6	0.8	**1.3**

(Millions of yen)

2,170	4,340	7,594	9,393	10,153	**18,711**
0	0	10,000	5,000	8,000	**0**
2,170	4,340	17,594	14,393	18,153	**18,711**

(%)

56.9	20.2	38.5	42.2	55.9	**40.1**

(Persons)

5,007	5,352	6,094	5,480	4,455	**5,391**

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 IKIIKI 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
IT/Internet	65,881	174
Biotechnology/Health/Medical	19,432	57
Services	16,464	39
Materials/Chemicals	5,410	11
Environmental/Energy	13,318	9
Retail/Food	7,489	21
Construction/Real estate	1,095	4
Machine/Automobile	11,348	24
Finance	65,890	44
Others	12,497	26
Total	218,825	409

Breakdown by region	Amount (¥ million)	Companies
Japan	68,783	159
China	22,795	19
South Korea	44,690	113
Taiwan	1,366	10
Southeast Asia	22,623	18
India	5,407	12
U.S.	35,230	42
Europe	6,017	9
Others	11,913	27
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 billion × 20% × 30% = −¥0.12 billion

(¥2.0 billion × 20% (ownership ratio in the fund)) − ¥0.12 billion (taxes) = ¥0.28 billion

¥2.0 billion × 80% (non-controlling interests) = ¥1.6 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.

¥100.0 billion × 5% = ¥5.0 billion

(Billions of yen)

SBI Holdings + SBI Investment	
Revenue	5.0
Expense	0.0
Profit before income tax expense	5.0
Tax (30%)	-1.2
Profit	3.8

Offset as an internal transaction

(Billions of yen)

Fund	
Revenue	0.0
Expense	-5.0
Profit before income tax expense	-5.0
Tax	0.0
Profit	-5.0

(Billions of yen)

Consolidated P/L	
Revenue	0.0
Expense	0.0
Profit before income tax expense	0.0
Tax (tax rate 30%)	-1.2
Profit	-1.2
Profit attributable to owners of the Company	2.8
Non-controlling interests	-4.0

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 billion + (¥5.0 billion × 20% × 30%) = −¥1.2 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 Total milestone payments: USD670 million (including pre-receipt)	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
Photodynamic therapy (iPDT)	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.

Analysis of Business Results for the Fiscal Year

In the business environment surrounding the SBI Group during the fiscal year, corporate profits, employment and income all improved in Japan, along with general signs of a recovery in household consumption. Meanwhile, legislation that reduced taxes in the U.S. provided some stimulus, and this created favorable conditions for the stock market, leading to a November rise in the Nikkei stock average to above the JPY 23,000 mark for the first time in 26 years. However, concerns then appeared, as long-term interest rates rose in the U.S. and international trade frictions deepened, which caused instability to appear in stock prices and foreign exchange rates. The economic outlook remained uncertain, and there were severe price movements in the markets. Overseas, along with uncertainties surrounding the U.S. administration's policy actions and monetary policy, the Chinese economy had a moderate slowdown, and political worries surfaced in the Middle East. On the other hand, consumption and investment were stimulated by the major tax reform in the U.S., raising prospects for an economic expansion. Under these circumstances, our business performance for the fiscal year consisted of a 28.7% year-on-year increase in revenue to ¥337,017 million, a 66.5% increase in profit before income tax expense to ¥71,810 million, and a 43.8% increase in profit for the year attributable to owners of the Company to ¥46,684 million.

Financial Services Business

The Financial Services Business revenue rose 20.7% year-on-year to ¥217,272 million, and profit before income tax expense rose 30.6% year-on-year to ¥63,888 million.

At SBI SECURITIES Co., Ltd., the total number of accounts at the end of the fiscal year rose by 422 thousand as compared to the previous fiscal year, to approximately 4,260 thousand accounts, as healthy expansion of the customer base continued. In terms of performance, brokerage commissions for the company increased 21.3% from the previous fiscal year, due to the strong performance of a 22.4% increase in the total individual stock brokerage trading value for Japan's two markets (TSE and NSE). Also, as a result of a solid expansion in balances for margin trading and investment trusts, financial revenues and investment trust fees had a substantial increase. As a result of these factors, profit before income tax expense (based on IFRSs) rose 39.7% year-on-year to ¥46,169 million.

SBI Insurance Co., Ltd. continued to see significant growth in the number of contracts for auto insurance, and a cost reduction effort led to an increase in profit before income tax expense (based on IFRSs) of 50.8% year-on-year to ¥199 million.

At SBI Sumishin Net Bank, Ltd., a company accounted for by the equity method, the number of accounts at the end of the fiscal year had a solid growth to 3,210 thousand accounts, and the deposit balance was ¥4,425.2 billion. As a result, investment income under the equity method was up 18.4% year-on-year to ¥3,770 million. The bank's consolidated earnings (based on JGAAP) consisted of a 5.6% year-on-year increase in ordinary revenue to ¥61,158 million, a 5.2% increase in ordinary income to ¥15,474 million, and a 5.8% increase in profit attributable to owners of the Company to ¥10,447 million. All three items represent record highs.

Asset Management Business

In the Asset Management Business, revenue rose 51.8% year-on-year to ¥117,572 million, and profit before income tax expense increased 307.6% to ¥56,491 million. In the fiscal year, there was a moderate rebound worldwide in the number of newly listed companies, with 79 companies in Japan (excluding the number of listings on the TOKYO PRO Market) newly listed. As for the Group's IPOs and M&A deals, there were five in Japan and eight overseas for a total of 13 investee company deals. Earnings in the overall Asset Management Business received solid contributions from the inclusion of a large profit arising from changes in fair value centered on FinTech-related portfolios invested through the FinTech Business Innovation Investment Limited Partnership (FinTech Fund), and from the completion of a stable revenue base through healthy increases in the balance of performing loans at SBI SAVINGS BANK of South Korea, which became a consolidated subsidiary in March 2013.

Biotechnology-related Business

In the Biotechnology-related Business, revenue fell 24.1% year-on-year to ¥4,199 million, and loss before income tax expense was ¥37,252 million, following a loss of ¥9,574 million in the previous fiscal year. Factors for the fiscal year loss was due to recognition of impairment losses of a total of ¥27 billion, which mainly comes from two of our entities. One was at Quark Pharmaceuticals, Inc., which revised its business plan with a focus on the upcoming IPO that the company is preparing for on the NASDAQ market in the U.S. The second was at Kubota Pharmaceutical Holdings Co., Ltd., a company accounted for under the equity method, and was made in light of the announced results of clinical trials for its drug development pipeline.

On the positive side, SBI Pharmaceuticals Co., Ltd., which oversees the core of the 5-Aminolevulinic Acid (5-ALA)-related business, achieved its second consecutive full-year profit. This result was enabled by the start of sales of "ALAGLIO® Divided Granules 1.5g" treatment for bladder cancer by Chugai Pharmaceuticals Co., Ltd. under domestic exclusive marketing rights that we provided, and by the out-licensing of pipeline drugs to Neopharma LLC, a pharmaceuticals manufacturer and distributor based in the United Arab Emirates (UAE), for the sale of drugs containing 5-ALA in the MENA and Indian regions. Also, SBI ALApromo Co., Ltd. capitalized on the start of sales in December 2015 of "ALAplus Tou (Sugar) Down," the first food with functional claims that contains 5-ALA, by increasing the number of stores handling 5-ALA related products. In addition, it started sales of foods with functional claims using non-5-ALA components, and enriched its product offerings with supplements containing 5-ALA. As a result, SBI ALApromo Co., Ltd. achieved its first full-year profit since its founding.

Cash Flows

As of March 31, 2018, total assets amounted to ¥4,535,964 million, an increase of ¥685,963 million from total assets of ¥3,850,001 million as of March 31, 2017. The Group's equity increased by ¥78,300 million to ¥493,824 million, from the fiscal year ended March 31, 2017. As of March 31, 2018, the Group's cash and cash equivalents amounted to ¥437,148 million, an increase of ¥45,576 million from that of ¥391,572 million as of March 31, 2017. The changes in cash flow for each activity, and the reasons for changes are as follows:

Operating Cash Flow

Cash flow from operating activities amounted to ¥33,235 million in net cash outflows (¥17,952 million in net cash outflows for the fiscal year ended March 31, 2017). The net cash outflows were primarily due to a ¥93,182 million cash outflow from an increase in accounts receivables, and other receivables and a ¥79,465 million cash outflow from an increase in operational investment securities, despite a ¥71,810 million cash inflow from profit before income tax expense, and a ¥49,015 million cash inflow from an increase in customer deposits in the banking business.

Investing Cash Flow

Cash flow from investing activities amounted to ¥7,881 million in net cash inflows (¥2,437 million in net cash inflow for the fiscal year ended March 31, 2017). The net cash inflows were primarily due to a ¥48,514 million cash inflow from proceeds from sales or redemption of investment securities, despite a ¥35,555 million cash outflow from purchases of investment securities.

Financing Cash Flow

Cash flow from financing activities amounted to ¥74,575 million in net cash inflows (¥159,467 million in net cash inflow for the fiscal year ended March 31, 2017). The net cash inflows were primarily due to a ¥140,025 million cash inflow from proceeds from issuance of bonds payable, and a ¥40,336 million cash inflow from proceeds from long-term loans payable, despite a ¥37,039 million cash outflow from redemption of bonds payable, a ¥31,180 million cash outflow from decrease in short-term loans payable and ¥28,261 million cash outflow from repayment of long-term loans payable.

Forward-looking descriptions provided herein are based on judgments of the Company as of the date of June 28, 2018.

Risk Factors

The Group's business and other risk factors that may potentially have significant influence on investment decisions are included below. From the point of information disclosure, the Group has also listed risk factors which may not completely match such investment decisions. In recognizing these latent risks, the Group will work to avoid any such risks, and take appropriate measures in the event that any such risk arises.

Only risks from general businesses are included below. This section contains forward-looking statements, of which are judged as of June 28, 2018.

1) The Group's corporate structure, which consists of a large number of public and private companies in multiple business fields, exposes the Group to challenges not found in companies with a single business focus

The Group consists of portfolio companies operating in multiple industries, including Financial Services, Asset Management, Biotechnology-related Businesses, and other businesses. The Group also comprises of some publicly listed subsidiaries. Owing to the diverse characteristics of the portfolio companies, the Group faces challenges not found in companies with a single business focus. Specifically, the following three aspects can be sited:

- The Group is exposed to business, market and regulatory risks relating to different industries. Therefore, the Group must devote substantial resources to monitor changes in different operating environments, in order to react with appropriate strategies that fit the needs of the portfolio companies affected.
- Owing to the large number of portfolio companies involved, successful operation of the Group requires an effective management system that emphasizes accountability, imposes financial discipline on portfolio companies and creates value-focused incentives for management. As the Group continues to grow through acquisitions of businesses in an increasing number of diverse industries, its operations will become more complex, which increases the difficulty of implementing its management system.
- The portfolio companies in different operating segments may determine that it is in their respective shareholders' interests to pursue business ventures together. However there is no assurance that such business ventures will be successful or generate the synergies expected.

2) The Group's voting interests in its portfolio companies may be diluted

The Group's portfolio companies may become publicly traded, which will dilute the Group's voting interests in these entities. In addition, the Group's portfolio companies may from time to time need additional capital to achieve their growth strategy or other business objectives, and may issue additional shares or other equity securities to meet their capital needs. The Group may choose not to, or be unable to, subscribe for the securities offered in any such additional issuances by its portfolio companies. If the Group fails to subscribe for additional securities of a portfolio company on a pro-rata basis to its existing shareholding in such a company, the equity interest in the portfolio company will be diluted.

A dilution in the Group's equity interest in a portfolio company would reduce its share of the profits earned by such a portfolio company, which may have an adverse effect on its financial condition and results of operations. Further, if the Group's ownership is reduced significantly, it may cause its representation on such company's annual general meeting to be reduced, or otherwise reduce its ability to direct or influence the operations of that portfolio company.

3) Risks relating to the Internet business

Owing to the SBI Group businesses' providing services that mainly use the Internet, the Group makes the maximum effort to prevent the manifestation of risks relating to information systems and security, including service delays or interruptions resulting from system faults, and damages on its assets or leaks of personal information resulting from improper access. However, if such risks are manifested, loss of customers may occur or liabilities for the compensation of damages may arise concerning the products and services of individual companies, which may impair the reputation of the SBI Group overall, and may have an adverse impact on its financial condition and results of operations.

In addition, it is essential to the growth of the SBI Group, that the Group continue to have deep familiarity with the Internet and its related technologies. As technical innovation continues in the Internet-related sector, the competitive landscape is being changed by the emergence of new technology and the entry into financial businesses by companies from other business sectors. The Group is engaged in the development of services that leverage new technology in FinTech, and the creation of new financial businesses. However, if the response to such new technology and new entrants is delayed, the services offered by the Group may become obsolete or may not adapt, which could lead to lower competitiveness within the sector. If the future response to a changing environment is delayed, it may have an adverse impact on the Group's financial condition and results of operations. Also, the Group’s response to major technical innovation may cause construction of a new framework or system development, et al., to bear heavy expenses. If this occurs, the Group's financial condition and results of operations may be adversely affected.

4) Changes in the legal or financial stability of, or cultural or business strategic differences with, any counterparties with whom the Group enters into joint ventures or alliances

The Group operates joint ventures, and enters into alliances with foreign and domestic counterparties. The success of these operations is often dependent upon the financial and legal stability of its counterparties. If one of the counterparties with whom the Group operates a joint venture, or continues a business alliance with suffers a decline in its financial condition for any reason, or is subject to instability owing to a change to the laws governing its operations after an investment has been made in the joint venture or the business alliance, the Group may be unable to successfully operate the joint venture or alliance, or may be required to invest additional capital or cease operations altogether. Likewise, significant differences in corporate culture and business strategy between the Group and such partners may come to light, and may result in significant changes to the assumptions that the Group had made when deciding to enter into the joint venture or alliance. If the joint ventures or counterparties are unable to perform as expected, or if any unexpected events relating to the alliances occur, then the Group may be unable to continue those businesses successfully. The Group’s inability to successfully operate joint ventures or alliances may adversely affect its reputation and its financial condition, and results of operations.

5) Risks related to brand and rumors

As a result of the Group's business expansion and increasing name recognition, any assessment of a single Group company bearing the "SBI" brand can easily become an assessment of the entire Group. For this reason, the Company is carrying out initiatives towards the thorough and consistent management of the SBI brand, for the appropriate use of the brand at each Group company and preservation of the brand value. However, if the Group's overall brand is affected by a scandal or a loss of trust from customers on any product, service or customer support of a single Group company, it may have an adverse impact on the Group's financial condition and the results of operations. In addition, the Group is vulnerable to poor market perception and reputational risk, since it operates in industries where integrity and the trust and confidence of its clients are of utmost importance. Negative publicity (whether or not justified) associated with the Group or any of the funds, products and services offered by it, and its officers or employees, partners or alliances, or the occurrence of any of the risks set out in this section may result in a loss of clients and/or mandates. The Group’s business operations are highly dependent on its officers, employees, partners, and/or alliances. The actions, misconduct, omissions, failures, or breaches of any of its officers or employees, partners and/or alliances may, by association, create negative publicity in relation to the Group. Accordingly, any mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations, or the negative perception resulting from such activities, or any allegation of such activities, may have an adverse effect on the Group’s business, growth prospects, results of operations, and/or financial condition. This may adversely affect the Group’s financial condition and results of operations.

In addition, if there are fraudulent persons or acts, which use trade names of the Group companies, the Group may be negatively affected by rumors regardless of lack of fault. This may adversely affect the Group’s financial condition and results of operations.

6) Risks relating to business restructuring and expansion

As a “Strategic Business Innovator”, one of the Group’s basic policies involves working to perpetuate “Self-Evolution.”

In addition to business restructurings, the Group intends to aggressively pursue business expansion, including mergers and acquisitions (“M&A”) of businesses that it believes offer favorable synergies with its core businesses. The Group faces the risk that its restructurings and business expansion activities may not produce the results that it expects. Failure to achieve expected results may have an adverse effect on the Group’s financial condition and results of operations.

The Group may not be able to identify suitable investment opportunities, partners or acquisition candidates. Even if the Group identifies suitable investment opportunities, partners or acquisition candidates, it may be unable to negotiate terms that are commercially acceptable, or complete those transactions at all. With respect to its acquisitions, the Group may have difficulty in integrating these companies or businesses, including internal operations, distribution networks, product lines, and personnel, with its existing business, and there is no assurance that the expected strategic benefits of any acquisitions or alliances will be realized. The acquired companies may have low margins and require significant restructuring to increase their efficiency. In addition, the key personnel of an acquired company may decide not to work for the Group. The acquired company may involve a number of specific risks, including diversion of management's attention, higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company, fall in value of investments, and impairment of goodwill and other acquired intangible assets, some or all of which may have an adverse effect on the Group's business, financial condition and results of operations. In the event that the Group plans to acquire or invest in other companies, it may be required to obtain the prior approval of the relevant regulators and/or the government, and there can be no assurance that such approvals will be obtained in a timely manner, or at all.

In addition, any acquisition of an overseas company will expose the Group to foreign exchange risks, foreign regulations applicable to its business, and different environments that it may not be familiar with. In the event that such risk arises, it may adversely affect the Group's financial condition and results of operations.

7) Risks relating to entering new businesses

Based on the management principle of "Endeavoring to Become a New Industry Creator," the Group is aggressively creating and nurturing new businesses. If the new businesses are unable to achieve their business plans as originally formulated, and if they are unable to record earnings commensurate with their initial investments, such failure may have an adverse effect on the financial condition and results of operations of the Group. If the Group's newly offered products or services have not been contemplated by existing laws and regulations or accounting standards, in order to verify the applicability and interpretation of these laws and regulations and standards, rapid business development may be restricted, and the Group's financial condition and results of operations may be adversely affected. In addition, the new businesses may become subject to new laws and regulations, or be placed under the guidance of particular regulatory authorities. Any violations by the new businesses of the laws, regulations, or guidance that is applicable to them, and any administrative or legal actions directed at them, may impede the conduct of their operations, and have an adverse effect on the Group's financial condition and results of operations.

8) Risks relating to a financial conglomerate

The Group is classified as a financial conglomerate as defined by the regulations of Japanese Financial Services Agency (the "FSA"). As a result, it is further strengthening its risk management and compliance systems in order to maintain financial soundness, and to conduct business activities properly. However, if subjected to an administrative action or other punishment by the FSA, for whatever reason, the Group may have difficulty conducting its business operations, or its financial condition and results of operations may be adversely affected.

9) Risks relating to investment securities

The Group holds a significant amount of investment securities, including investments in associates. It may experience impairment losses on its investment securities as a result of declines in their value subject to the stock and bond market conditions, which may adversely affect the Group's financial condition and results of operations.

10) Litigation risk

The Group is exposed to litigation risk relating to the operations of its business segments on an ongoing basis. While the outcome of any pending or future litigation cannot be foreseen, given the inherent unpredictability of litigation, it is possible that an adverse outcome in any one or more matters may have an adverse effect on the Group's financial condition and results of operations.

11) Risk relating to risk management and internal control

The Group has established risk management and internal control systems and implementation procedures. Certain areas within the risk management and internal control systems may require constant monitoring, maintenance and continual improvements by the Group's senior management and staff. If the efforts to maintain these systems are found to be ineffective or inadequate, the Group may be subject to sanctions or penalties, and its business prospects and reputation may be adversely affected.

The internal control system, no matter how sophisticated in design, still contains inherent limitations caused by misjudgment or fault. As such, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Group and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and results of operations.

12) Risks relating to funding and liquidity

The Group raises working capital through various means, including equity finance in the capital markets, loans from financial institutions, and issuances of corporate bonds. Owing to the global economic crisis and the resulting deterioration in the global credit markets, including reduced lending by financial institutions, the Group may face difficulty raising funds under favorable conditions, or at all. Also, if interest rates rise due to financial market conditions and central bank monetary policies in individual countries, or if the Group's credit rating is lowered, the Group's financing may be restricted and its financing costs may rise. Any such events may adversely affect the Group's financial condition and results of operations.

13) Derivatives risk

The Group utilizes derivative instruments to reduce investment portfolio price fluctuations, and to manage interest rate and foreign exchange rate risk. However, it may not be able to successfully manage its risks through the use of such derivatives. Counterparties may fail to honor the terms of their derivatives contracts with the Group. Alternatively, the Group's ability to enter into derivative transactions may be adversely affected if its credit ratings are downgraded.

The Group may also suffer losses from trading activities, a part of which includes the use of derivative instruments, and as a result, its financial condition and results of operations may be adversely affected.

14) Partial dependence on payments from the subsidiaries and other entities

The Group depends in part on dividends, distributions and others from its subsidiaries and other entities, such as partnerships and other investment vehicles, to fund payments, including its debt obligations. Regulatory and other legal restrictions, including contractual restrictions, may limit the Group's ability to transfer funds to or from the subsidiaries and other entities. Some of the subsidiaries and other entities which the Group depends on, in part, for payments are subject to laws and regulations that authorize regulatory bodies to block or reduce the flow of funds within the Group, or that prohibit such transfers altogether in certain circumstances. These laws and regulations may hinder the ability to access funds that the Group may need to make payments on its obligations, which may adversely affect the Group's financial condition and results of operations.

15) Reliance on key personnel

The Group's business operations depend on the leadership of the Company's Representative Director, President & CEO, Yoshitaka Kitao, and other key members of the Group's management team. If one or more of the key personnel of the current management team becomes unable to continue operating the Group's businesses, such an event may adversely affect the Group's financial condition and results of operations. Any remedial action adopted by management to deal with a loss of key personnel may not take effect immediately, or at all.

16) Risks relating to employees

The Group employs personnel, who are regarded as highly skilled and qualified, to work under the management team of the Group. If the Group is unable to continue to employ personnel of the requisite caliber and skills, or if these employees do not take root within the Group, this may adversely affect its financial condition and the results of operations.

17) Risks relating to trademarks and other intellectual property rights

The Group's businesses involve various types of intellectual property, including trademark rights, patents, copyrights, and other forms of intellectual property, particularly those related to "the SBI" brand. The Group relies on its ability to protect the intellectual property it owns and uses in its business. If it fails to sufficiently protect its intellectual property, or if it is unable to acquire the necessary licenses for the use of third-party intellectual property, the Group may experience difficulty in developing technologies or providing services. The Group may also become the subject of legal actions brought by third parties alleging infringement of their intellectual property. In addition, the Group may experience increased costs in connection with intellectual property, especially those related to patents. Such additional costs may have an adverse effect on its financial condition and results of operations.

18) Risks relating to enactment of, or changes in, laws, regulations and accounting standards

Enactment of, or changes in, laws and regulations may affect the way that the Group conducts its business, and the products or services that it may offer in Japan or abroad. Such enactment or changes are unpredictable, and as a result of such enactment or changes, the Group's business activities, financial condition and results of operations may be adversely affected.

Furthermore, enactment of, or changes in, accounting standards may have a significant effect on how the Group records and reports its financial condition and results of operations, even if the underlying business fundamentals remain the same. As a result of such enactment or changes, its business activities, financial condition and results of operations may be adversely affected.

19) Risks relating to deferred tax assets

Temporary differences arising between the financial statements and the tax basis of assets and liabilities are posted to deferred tax assets, using the statutory effective tax rate applied when the difference is resolved.

If there is a tax reform and change in the statutory effective tax rate, the Group may reduce or increase the deferred tax assets. Such events may adversely affect the Group's financial condition and results of operations.

A valuation allowance is provided for deferred tax assets, if it is more likely than not that these items will either expire before the Group can realize their benefits, or that future deductibility is uncertain. Losses carried forward can be posted as deferred tax assets to the extent of the amount recoverable, and the Group posts deferred tax assets based on the assumption of recoverability.

Each Group company calculates the estimated future recoverable tax amount based on the expected amount of future taxable income. While the Group presumes that it is possible to realize the deferred tax assets after the valuation allowance, the amount of valuation allowance may fluctuate depending on changes in the expected amount of future taxable income. Such changes may adversely affect the Group's financial condition and results of operations.

20) Risks relating to insurance coverage

To manage operating risks, the Group companies may be covered by various insurance policies. However, there can be no assurance that all claims under such insurance policies will be honored fully, or on time. Furthermore, the Group is generally unable to insure against certain types of losses, including losses caused by earthquakes, typhoons, floods, wars, and riots, and does not have business interruption insurance. To the extent that any of its portfolio companies suffer a loss or damage that is not covered by insurance, or that exceeds the limit of its insurance coverage, the Group's financial condition and results of operations and cash flows may be adversely affected.

21) Past results may not be indicative of future performance

The Group's historical financial information may not necessarily reflect its financial condition, or results of operations in the future. Slower growth may be expected in some of its businesses, and it may not be successful in launching new businesses. New businesses may not achieve as quick, or as significant a growth as anticipated, and the Group's multiple business strategy may not be successful, and it may not be able to successfully integrate future businesses, or assets into the existing operations. Such cases may result in significant interruptions to, or an adverse effect on the Group's financial condition and results of operations.

22) Risk associated with natural disasters, such as an earthquake, terrorist attack or other casualty event, in Japan or other markets in which the Group operates

A substantial portion of the Group's assets, as well as its head office, are located in Japan and a substantial portion of the net assets are derived from its operations in Japan. The Group's overseas operations are subject to similar or other disaster risks. Additionally, large disasters, outbreaks, terrorist attacks, or other casualty events affecting the Group's operational network, either in Japan or abroad, may disrupt the operations even in the absence of direct physical damage to the Group's properties. Due to a material economic downturn in the affected area or country caused by such disasters, the Group's financial condition and results of operations may be adversely affected.

23) Risks relating to the Group's investments, development of the Group's business, funding and legal regulations in overseas operations

The Group is actively investing and promoting business development in overseas countries, as such, the Group is exposed to risks relating to increasing cost or loss unique to overseas business, owing to factors that differ from those in Japan, such as systems including but not limited to laws and regulations, business practice, economic status, corporate culture, consumer attitude, and other related matters in the overseas countries. The Group conducts its investment and business development operations in the overseas countries upon careful investigation and examination, followed by appropriate measures to mitigate any related risks. Nevertheless, if events occur that the Group could not initially foresee, then those events may adversely affect the Group's financial condition and results of operations.

Additionally, since the foreign shareholder ownership ratio of the Company remains high, it may be deemed that the Group is conducting financing activities in foreign countries, regardless of the Group's intention. As a result, the Group may be affected by foreign laws and regulations, particularly those concerning investor protection, and this may cause the Group's expenses to increase and restrict its business. Furthermore, the Group may increase foreign currency debt financing to hedge against foreign currency risks by borrowing from overseas financial institutions, or by issuing corporate bonds in overseas countries. Although the Group will conduct such financing upon careful investigation and examination of associated risk, events may nevertheless occur that the Group could not initially foresee, which may adversely affect the Group's financial condition and results of operations.

Recently, in addition to the above, the application of various laws and regulations in overseas countries, where the Group's overseas offices are located, including anti-corruption laws and regulations in the U.S. and the U.K., regulations related to economic sanctions from the competent authorities in individual countries, and the General Data Protection Regulation in the EU, might extend to the Group in other countries, including Japan. The Group has responded to a variety of these laws and regulations after carefully investigating or examining them not to violate such legal regulations, but there is a possibility that the Group may conflict with it when unexpected events occur or when necessary responses were inadequate. Such cases may adversely affect the Group's financial condition and results of operations.

24) There is no guarantee of the accuracy of facts and statistics with respect to certain information obtained from official governmental sources and other data

Facts and statistics relating to Japan, the Japanese economy and the financial sector (including the financial services industry), and other sectors in which the Group operates are derived from official government or other industry sources, and are generally believed to be reliable. However, the Group cannot guarantee the quality or reliability of any such information, as it has not prepared, or verified the accuracy of the information received from such sources. The Group makes no representation as to the accuracy, or completeness of such facts and statistics from these sources. Furthermore, there can be no assurance that these sources have stated, or compiled such facts and figures on the same basis, or with the same degree of accuracy, or completeness, as may be the case elsewhere. In all cases, stakeholders should not unduly rely on these facts and statistics.

25) Risks with respect to transaction with anti-social forces and money-laundering

In order to preclude any transaction with a party that is suspected to have a relationship with an anti-social force, the Group has taken necessary measures with the objective of precluding all transactions with anti-social forces by, prior to entering into a new transaction, confirming whether any information with respect to a relationship with an anti-social force exists, and obtaining a representation and a letter in relation to the counterparty, of a pledge to the effect that the counterparty to the transaction is not an anti-social force. Furthermore, we have adopted measures against money-laundering and terrorism financing to ensure that the Group's products and services are not used in these improper transactions. However, despite the Group's strict investigations, there may be cases where the Group is not able to preclude a money-laundering transaction or a transaction with an anti-social force. If such a transaction is found, the cost for measures may accumulate, and the Group may be subject to a disposition or order by regulatory or other authorities, or its social reputation may be impaired. As a result, the Group's financial condition and the results of operations may be adversely affected.

Consolidated Statement of Financial Position

(Millions of Yen)

	Notes	As of March 31, 2017	As of March 31, 2018
Assets			
Cash and cash equivalents	5	391,572	437,148
Trade and other accounts receivable	5, 7, 8, 17	472,128	570,466
Assets related to securities business			
Cash segregated as deposits		1,399,851	1,510,079
Margin transaction assets		617,550	832,410
Other assets related to securities business	9	315,640	493,953
Total assets related to securities business	5, 6	2,333,041	2,836,442
Other financial assets	5, 17	30,050	35,958
Operational investment securities	5, 7, 10	111,067	191,014
Other investment securities	5, 7, 10	186,512	173,316
Investments accounted for using the equity method	11	90,394	68,365
Investment properties	13	7,105	2,192
Property and equipment	14, 17	10,498	14,382
Intangible assets	15	185,493	181,708
Other assets		28,392	24,392
Deferred tax assets	16	3,749	581
Total assets		3,850,001	4,535,964
Liabilities			
Bonds and loans payable	5, 7, 17	518,977	571,277
Trade and other accounts payable	5, 7, 18	52,887	67,806
Liabilities related to securities business			
Margin transaction liabilities		135,698	121,703
Loans payable secured by securities		399,673	689,107
Deposits from customers		738,144	757,179
Guarantee deposits received		600,621	707,380
Other liabilities related to securities business	19	304,476	395,444
Total liabilities related to securities business	5, 6, 7	2,178,612	2,670,813
Customer deposits for banking business	5, 7	485,827	536,955
Insurance contract liabilities	20	147,573	142,260
Income tax payable		10,040	11,271
Other financial liabilities	5	14,663	16,335
Other liabilities		11,946	12,779
Deferred tax liabilities	16	13,952	12,644
Total liabilities		3,434,477	4,042,140
Equity			
Capital stock	22	81,681	81,681
Capital surplus	22	128,004	125,445
Treasury stock	22	(23,801)	(4,647)
Other components of equity	22	22,720	20,605
Retained earnings	22	169,388	204,731
Equity attributable to owners of the Company		377,992	427,815
Non-controlling interests		37,532	66,009
Total equity		415,524	493,824
Total liabilities and equity		3,850,001	4,535,964

Consolidated Statement of Income

(Millions of Yen)

	Notes	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Revenue	4, 25	261,939	337,017
Expense			
Financial cost associated with financial income	26	(14,543)	(17,788)
Operating cost	26	(98,982)	(113,548)
Selling, general and administrative expenses	26	(95,970)	(100,377)
Other financial cost	26	(3,477)	(3,282)
Other expenses	26	(8,677)	(32,441)
Total expense		(221,649)	(267,436)
Share of the profit of associates and joint ventures accounted for using the equity method	4, 11	2,849	2,229
Profit before income tax expense	4	43,139	71,810
Income tax expense	27	(14,836)	(15,852)
Profit for the year		28,303	55,958
Profit for the year attributable to			
Owners of the Company		32,455	46,684
Non-controlling interests		(4,152)	9,274
Profit for the year		28,303	55,958
Earnings per share attributable to owners of the Company			
Basic (Yen)	29	159.38	220.54
Diluted (Yen)	29	146.52	196.88

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Note	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit for the year		28,303	55,958
Items that will not be reclassified subsequently to profit or loss			
Fair value through other comprehensive income financial assets	28	124	1,436
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	28	680	(2,782)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	28	3,699	(844)
Other comprehensive income, net of tax		4,503	(2,190)
Total comprehensive income		32,806	53,768
Total comprehensive income attributable to			
Owners of the Company		38,082	44,629
Non-controlling interests		(5,276)	9,139
Total comprehensive income		32,806	53,768

Consolidated Statement of Changes in Equity

(Millions of Yen)

		Attributable to owners of the Company							
	Note	Capital stock	Capital surplus	Treasury stock	Other components of equity	Retained earnings	Total	Non-controlling interests	Total equity
As at April 1, 2016		81,681	145,735	(19,132)	17,107	146,199	371,590	47,473	419,063
Profit for the year		—	—	—	—	32,455	32,455	(4,152)	28,303
Other comprehensive income		—	—	—	5,627	—	5,627	(1,124)	4,503
Total comprehensive income		—	—	—	5,627	32,455	38,082	(5,276)	32,806
Change in scope of consolidation		—	(4)	—	—	—	(4)	(1,294)	(1,298)
Dividends paid	23	—	—	—	—	(9,280)	(9,280)	(35,612)	(44,892)
Treasury shares purchased	22	—	—	(8,019)	—	—	(8,019)	—	(8,019)
Treasury shares sold	22	—	304	3,350	—	—	3,654	—	3,654
Changes of interests in subsidiaries without losing control		—	(18,031)	—	—	—	(18,031)	32,241	14,210
Transfer	22	—	—	—	(14)	14	—	—	—
As at March 31, 2017		81,681	128,004	(23,801)	22,720	169,388	377,992	37,532	415,524
Profit for the year		—	—	—	—	46,684	46,684	9,274	55,958
Other comprehensive income		—	—	—	(2,055)	—	(2,055)	(135)	(2,190)
Total comprehensive income		—	—	—	(2,055)	46,684	44,629	9,139	53,768
Issuance of convertible bonds		—	1,716	—	—	—	1,716	—	1,716
Conversion of convertible bonds		—	4,060	25,889	—	—	29,949	—	29,949
Change in scope of consolidation		—	—	—	—	—	—	6,823	6,823
Dividends paid	23	—	—	—	—	(11,401)	(11,401)	(2,660)	(14,061)
Treasury shares purchased	22	—	—	(9,637)	—	—	(9,637)	—	(9,637)
Treasury shares sold	22	—	99	2,902	—	—	3,001	—	3,001
Share-based payment transactions		—	461	—	—	—	461	—	461
Changes of interests in subsidiaries without losing control		—	(8,895)	—	—	—	(8,895)	15,175	6,280
Transfer	22	—	—	—	(60)	60	—	—	—
As at March 31, 2018		81,681	125,445	(4,647)	20,605	204,731	427,815	66,009	493,824

Consolidated Statement of Cash Flows

(Millions of Yen)

	Note	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net cash used in operating activities			
Profit before income tax expense		43,139	71,810
Depreciation and amortization		10,690	11,143
Share of profits of associates and joint ventures accounted for using the equity method		(2,849)	(2,229)
Interest and dividend income		(80,891)	(106,160)
Interest expense		18,019	21,071
Increase in operational investment securities		(29,362)	(79,465)
Increase in accounts receivables and other receivables		(105,238)	(93,182)
Increase in operational liabilities and other liabilities		15,233	12,017
Decrease in assets/liabilities related to securities business		(6,275)	(11,122)
Increase in customer deposits in the banking business		87,149	49,015
Others		(17,663)	22,425
Subtotal		(68,048)	(104,677)
Interest and dividend income received		79,991	104,683
Interest paid		(16,106)	(19,677)
Income taxes paid		(13,789)	(13,564)
Net cash used in operating activities		(17,952)	(33,235)
Net cash generated from investing activities			
Purchases of intangible assets		(6,241)	(7,084)
Purchases of investment securities		(66,523)	(35,555)
Proceeds from sales or redemption of investment securities		62,854	48,514
Acquisition of subsidiaries, net of cash and cash equivalents acquired	30	(1,968)	12
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	30	3,344	870
Payments of loans receivable		(4,182)	(10,294)
Collection of loans receivable		7,091	5,596
Others		8,062	5,822
Net cash generated from investing activities		2,437	7,881
Net cash generated from financing activities			
Increase (Decrease) in short term loans payable	30	161,178	(31,180)
Proceeds from long-term loans payable	30	30,462	40,336
Repayment of long-term loans payable	30	(25,574)	(28,261)
Proceeds from issuance of bonds payable	30	102,325	140,025
Redemption of bonds payable	30	(74,930)	(37,039)
Proceeds from stock issuance to non-controlling interests		222	60
Contributions from non-controlling interests in consolidated investment funds		20,234	12,312
Cash dividends paid		(9,266)	(11,390)
Cash dividends paid to non-controlling interests		(378)	(409)
Distributions to non-controlling interests in consolidated investment funds		(35,266)	(2,252)
Purchase of treasury stock		(8,019)	(9,637)
Proceeds from sale of interests in subsidiaries to non-controlling interests		1,032	367
Payments for purchase of interests in subsidiaries from non-controlling interests		(5,112)	(156)
Others		2,559	1,799
Net cash generated from financing activities		159,467	74,575
Net increase in cash and cash equivalents		143,952	49,221
Cash and cash equivalents at the beginning of the year		248,050	391,572
Effect of changes in exchange rate on cash and cash equivalents		(430)	(3,645)
Cash and cash equivalents at the end of the year		391,572	437,148

1. Reporting Entity

SBI Holdings, Inc. (the "Company") was incorporated in Japan. The consolidated financial statements of the Company consist of the Company, its subsidiaries (hereinafter referred to as the "Group") and interests in the Group's associates and joint ventures. The Group is engaged in various businesses, which primarily consist of three key businesses: "Financial Services Business", "Asset Management Business" and "Biotechnology-related Business". See Note 4 "Segment Information" for detailed information on each business.

The consolidated financial statements were approved and authorized for issue by the Company's Representative Director, President and CEO, Yoshitaka Kitao and Director, Senior Managing Executive Officer and CFO, Shumpei Morita on June 26, 2018.

2. Basis of Preparation

(1) Compliance with IFRSs

Since the Company meets the criteria of "Specified Company under Designated International Financial Reporting Standards" defined in Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976), the consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards ("IFRSs") pursuant to Article 93 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the below:

- Financial instruments measured at fair value through profit or loss ("FVTPL")
- Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

The measurement basis of fair value of the financial instruments is provided in Note 5 "Fair value of financial instruments".

(3) Reporting currency

The consolidated financial statements are presented in Japanese Yen, which is the functional currency of the Company and rounded to the nearest million yen, unless otherwise stated.

(4) Use of estimates and judgments

In the preparation of the Group's consolidated financial statements in accordance with IFRSs, management of the Company are required to make estimates, judgments and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the current period and future periods.

(a) Measurement of financial instruments

Unlisted equity securities held by the Group are primarily included in operational investment securities and classified as fair value through profit or loss. Fair values of those unlisted equity securities are measured using valuation techniques in which some significant input may not be based on observable market data.

(b) Deferred tax assets

Temporary differences which arise from differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and tax loss carryforwards are recorded as deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and tax loss carryforwards can be utilized, using the tax rates that are expected to apply to the period when they are realized.

(c) Evaluation of goodwill

The Group estimates the recoverable amount of its goodwill at the same time every year regardless of an indication of impairment. The recoverable amount is calculated based on the future cash flows.

(d) Impairment on financial assets at amortized cost

Impairment on financial assets at amortized cost is measured using carrying amount less present value of the future cash flows discounted at the financial assets' original effective interest rate.

(e) Liability adequacy test for insurance contracts

A liability adequacy test for insurance contracts is performed in consideration of current estimates of all contractual cash flows and related cash flows such as claims handling costs at the end of each reporting period.

(5) Application of new and revised IFRSs

The Group adopted the following new and revised standards and interpretations from the beginning of the fiscal year ended March 31, 2018. There is no significant impact on these consolidated financial statements through adoption.

Statement of standards		Summary of new standards and amendments
IAS 7	Statement of Cash Flows	Additional disclosures about changes in liabilities arising from financing activities

(6) Early adoption of IFRSs

The Group early adopted IFRS 9 "Financial Instruments" (issued in November 2009, revised in October 2010 and December 2011) ("IFRS 9").

3. Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are listed below.

(1) Basis of consolidation

(a) Subsidiaries

Subsidiaries refer to the entities under control of the Group which include the entities that have been designed in a way that voting or similar rights are not the dominant factor in deciding who controls those entities (“structured entities”). Control is defined as the Group having (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and deconsolidated on the date that the Group loses control. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Inter-company transactions, balances and unrealized gains on transactions among Group companies are eliminated in the consolidated financial statements. Unrealized losses are also eliminated and the related impairment is assessed.

Comprehensive losses arising from subsidiaries are allocated to the owners of the Company and non-controlling interests even if the balances of non-controlling interests are a negative figure.

(b) Associates and joint ventures

Associates are entities over which the Group has significant influence, and that is neither a subsidiary nor an interest in joint venture.

When the Group holds between 20% and 50% of voting rights of the other entity, the Group is presumed to have significant influence over the other entity.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are initially recognized at cost and accounted for using the equity method. However, investments held by venture capital organizations and other similar entities in the Group are accounted for at fair value through profit or loss in accordance with IFRS 9.

Under the equity method, investor’s share of the profit or loss and other comprehensive income (after adjustments for the purpose of conforming with the group accounting policies), from the date of having significant influence or entering into joint control to the date of losing significant influence or ceasing joint control, of the associates and joint ventures (hereinafter referred to as “equity method associates”) were recognized and recorded as adjustments to the carrying amounts of investments.

When the Group’s share of losses in an equity method associate exceeds the carrying amount of the investment in the associate, losses are recognized until the carrying amounts of long-term interests that form part of the net investment are reduced to zero. The Group does not recognize further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealized gain on inter-company transactions with equity method associates are deducted from the balance of carrying amount of investments only to the extent of investor’s interests in the associates.

(c) Business combination

Acquisition method is applied for acquisitions of businesses. The consideration transferred for the acquisition of a subsidiary is the total of acquisition date fair value of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair value except for the below.

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits”.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 “Share-based Payment” at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, the difference is recognized immediately in profit or loss.

The Group recognizes non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the proportionate share of the recognized amount of acquiree’s identifiable net assets.

Acquisition-related cost is expensed as incurred, except for the costs related to the issuance of debt securities and equity securities.

If the business combination is achieved in stages, the acquirer’s previously held equity interest in the acquiree is remeasured at fair value at the acquisition date and resulting gain or loss is recognized in profit or loss.

(d) Changes in ownership interests in subsidiaries without loss of control

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions in accordance with IFRS 10 “Consolidated Financial Statements”. The carrying amount of the Group’s share and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between "fair value of consideration paid or received" and "adjustments of the carrying amount of non-controlling interests" is recognized in equity and attributed to owners of the Company.

(e) Loss of control

When the Group loses control of a subsidiary, the difference between the "total fair value of consideration received and the retained interest" and "the previous carrying amount of subsidiary's assets (including goodwill), liabilities and non-controlling interests" are recognized in profit or loss.

In addition, any amount previously recognized in other accumulated comprehensive income in relation to the subsidiary is accounted for as if the Group had directly disposed of each related assets or liabilities.

The fair value of the retained interest in the former subsidiary is measured in accordance with IFRS 9.

(2) Foreign currency

(a) Foreign currency translation

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are translated in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the year-end date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency shall be retranslated using the exchange rate at the date when the fair value was measured. The exchange differences arising from the retranslation were recognized in profit or loss, except for retranslation differences in financial instruments that are measured at fair value and changes in fair value are recognized in other comprehensive income, and exchange differences arising from transactions for the purpose of hedging certain foreign exchange risk.

(b) Foreign operations

The assets and liabilities, including goodwill and fair value adjustments arising from business combinations, of all the Group entities that have a functional currency that is different from the presentation currency (mainly foreign operations) are translated into the presentation currency using the rates of exchange prevailing at the end of each reporting period. Income and expenses of foreign operations are translated into the presentation currency at the average exchange rates.

Exchange differences arising are recognized as other comprehensive income. The differences are recorded and accumulated as translation reserve in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

(3) Financial instruments

The Group early adopted IFRS 9. IFRS 9 requires all financial assets which are within the scope of IAS 39 "Financial instruments: Recognition and Measurement" to be subsequently measured either at amortized cost or at fair value. Debt instruments are measured at amortized cost if both of the following conditions are met: (i) the debt instruments are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments and equity instruments other than those above are subsequently measured at fair value.

(a) Initial recognition and measurement

The Group recognizes a financial asset or financial liability in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not measured at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognized immediately in profit or loss. Equity instruments held for purposes other than trading are designated as financial assets measured at FVTOCI.

(b) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(c) Non-derivative financial assets

Non-derivative financial assets are initially designated as "Financial assets measured at amortized cost", "Financial assets measured at FVTPL" or "Financial assets measured at FVTOCI" on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

Financial assets are subsequently measured at amortized cost using the effective interest method, adjusted for accumulated impairment losses if both of the following conditions are met: (i) the financial assets are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at FVTPL
Financial assets, other than those subsequently measured at amortized cost, are subsequently measured at fair value, and all changes in fair value are recognized in profit or loss.

Financial assets measured at FVTOCI
At initial recognition, the Group designates as a financial asset measured at FVTOCI an investment in an equity instrument that is not held for sale and is measured at fair value through other comprehensive income. This is an irrevocable election and the cumulative changes of fair value recorded in other comprehensive income cannot be reclassified to profit or loss. Dividends from the above-mentioned equity instruments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. At derecognition of equity instruments measured at FVTOCI or when the significant decline in fair value below the initial cost is other than temporary, the recognized amount of changes in fair value accumulated in other comprehensive income is reclassified directly to retained earnings and not reclassified to profit or loss.

(d) Cash and cash equivalents
Cash and cash equivalents are cash and highly liquid financial assets that are readily convertible to known amounts of cash with original maturities of three months or less.

(e) Non-derivative financial liabilities
Non-derivative financial liabilities include corporate bonds and loans, trade and other accounts payable, which are subsequently measured at amortized cost using the effective interest method.

(f) Trading assets and liabilities
Financial assets and liabilities are classified as trading assets and trading liabilities in the below situation:

- Financial assets acquired mainly for the purpose of sale or repurchase in the short term
- At initial recognition, the financial assets are managed together by the Group as part of a certain financial instrument portfolio, from which an actual short term gain has been realized.
- Derivative (either not classified as hedging instruments or proved to be ineffective as hedging instruments)

Trading assets and trading liabilities are classified as financial assets and liabilities measured at FVTPL, changes in amounts of which are recognized in profit or loss. Trading assets and trading liabilities are presented in “Other assets (or liabilities) related to securities business” in the statement of financial position.

(g) Derecognition
The Group derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or the Group no longer retains the contractual rights to receive the cash flows and transfers all the risks and rewards related to the financial asset.

If, as a result of a transfer, which satisfies the criteria for derecognition, a financial asset is derecognized but the transfer results in the Group obtaining or retaining certain rights and obligations related to the transferred asset, the Group recognizes them as new financial assets or liabilities.

(h) Fair value measurement
The Group measures the fair value of a financial asset or liability using a quoted market price from an active market, if available.

The Group uses valuation techniques to determine fair value if the financial assets are not traded in an active market. Valuation techniques include utilization of a recent arm’s length transaction between knowledgeable, willing parties, current fair value of a similar financial instrument, discounted cash flow analysis and an option pricing model. When there is evidence that market participants use valuation techniques to determine the price of a financial asset and liability that provide a reliable estimated market price, fair value should be determined based on that valuation technique. To ensure the validity and the effectiveness of the valuation techniques used in determining fair value, the Group reassesses the valuation techniques based on observable market data on a regular basis.

(i) Impairment of financial assets measured at amortized cost
The Group recognizes impairment losses for financial assets measured at amortized cost after the initial recognition when there is objective evidence that a loss event has occurred and it is reasonably predictable that a negative impact will be exerted on the estimated future cash flows arising from the financial assets. The Group assesses whether there is objective evidence indicating that financial assets measured at amortized cost are impaired on a quarterly basis.

The Group assesses financial assets measured at amortized cost for evidence of impairment both individually and collectively. Significant financial assets are assessed for impairment individually. Significant financial assets which are not impaired individually are assessed for impairment collectively. Financial assets which are not significant are assessed as a group based on risk characteristics.

For financial assets measured at amortized cost, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial asset’s original effective interest rate. An impairment loss is recognized in profit or loss in the period and the carrying amount of the financial asset is reduced by the impairment loss directly.

Interest on the impaired asset is recognized as adjustments to discounts realized through the passage of time. When the amount of impairment decreases and the decrease can be related objectively to an event occurring after the impairment, reversal of previously recognized impairment loss is recognized in profit or loss.

(j) Derivatives
The Group uses derivative instruments (interest rate swap contracts and forward exchange contracts) in order to hedge mainly interest rate risk and foreign exchange risk.

Derivatives to which hedge accounting is applied

At the inception of the hedge, the Group formally documents the hedging relationship between the hedged item or transaction and the hedging instrument, which is the derivative, in compliance with our risk management objective and strategy. In addition, at the inception and on an ongoing basis, the Group documents whether the derivative is highly effective in offsetting changes in the fair value or the cash flows of the hedged item attributable to the risk of changes in interest rates, etc.

The changes in the fair value of derivatives, which are designated as hedging instruments for fair value hedges, are recognized in profit or loss. Gain or loss on the hedged item attributable to the risk of changes in interest rates, etc. shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Among the changes in the fair value of derivatives which are designated as hedging instruments for cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income, while the ineffective portion shall be recognized in profit or loss.

The amount that has been recognized in other comprehensive income shall be removed from other comprehensive income and reclassified to profit or loss in the consolidated statement of comprehensive income in the same period during which the hedged item of cash flows affects profit or loss.

The Group prospectively discontinues hedge accounting when the criteria of hedge accounting are no longer satisfied. In such a situation, amounts accumulated in other comprehensive income remain unadjusted until the anticipated transaction finally affects profit or loss, or the anticipated transaction is not expected to occur, at which point the underlying amount shall be immediately recognized in profit or loss.

Derivatives to which hedge accounting is not applied

Among derivatives held for hedging purposes, the Group holds some derivatives to which hedge accounting is not applied. The Group also holds derivatives for trading purposes other than hedging purposes. The changes in fair value of such derivatives are recognized in profit or loss.

(4) Lease as lessee

A lease is classified as a finance lease when the Group assumes substantially all the risks and rewards according to the lease contract. Leased assets are initially recognized as the lower of the fair value of the leased property or the present value of the minimum lease payments, and subsequently accounted for under the accounting policies applied to the assets.

(5) Property and equipment

(a) Initial recognition and measurement

Property and equipment are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss. Acquisition cost includes the costs incurred directly related to the acquisition of the assets. Any gain or loss arising on the disposal of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(b) Depreciation

Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of items of property and equipment less their residual values. Depreciation is recognized using the straight-line method to allocate their depreciable amounts over the estimated useful life of each component, and charged to profit or loss. Land is not depreciated.

The estimated useful lives of major classes of property and equipment are as follows:

• Buildings	3 – 47 years
• Furniture and equipment	3 – 20 years

The depreciation method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(6) Intangible assets

(a) Intangible assets arising on business combination (goodwill and other intangible assets)

Goodwill arising on acquisition of subsidiaries is recognized as an intangible asset. Initial recognition and measurement of goodwill are stated in "(1) Basis of consolidation, (c) Business combination". Intangible assets arising from a business combination, other than goodwill, are recognized at fair value at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment loss. For investees to which the equity method is applied, goodwill is included in the carrying amount of the investment.

Intangible assets other than goodwill with a finite useful life that arise on a business combination are measured at initial cost less accumulated amortization and accumulated impairment loss.

(b) Research and development

Expenditure on research undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized as an expense when incurred. Development costs capitalized as a result of meeting certain criteria are measured at initial cost less accumulated amortization and accumulated impairment loss.

(c) Other intangible assets (separately acquired)

Other intangible assets acquired by the Group are measured at initial cost less accumulated amortization and accumulated impairment loss.

(d) Amortization

Amortization of intangible assets other than goodwill with finite useful lives is recognized in profit or loss using the straight-line method over the expected useful life, which begins when the assets are available for use.

The estimated useful lives of major classes of intangible assets are as follows:

• Software	5 years
• Customer Relationship	5 – 10 years

The amortization method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(7) Investment properties

Investment properties are defined as property held to earn rentals or for capital appreciation or both, rather than for (a) sale in the ordinary course of business, or (b) use in the production or supply of goods or services or for administrative purposes. Investment properties are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of assets less their residual values. Depreciation is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful life of each component, and charged to profit or loss.

The estimated useful lives of a major component of investment properties are as follows:

- Buildings 8 – 50 years

An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gain or loss arising from the derecognition of investment properties is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss at the time of derecognition.

(8) Impairment of non-financial assets

Other than deferred tax assets, the Group's non-financial assets are subject to impairment tests at the end of each reporting period. When an indication of impairment exists, the recoverable amounts of the assets are estimated in order to determine amounts of impairment losses, if any. For a cash-generating unit ("CGU") including allocated goodwill and intangible assets which have indefinite useful lives or which are not available for use, the recoverable amounts are estimated at the same time every year, regardless of the indication of impairment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The recoverable amount of an asset or a CGU is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. The impairment loss recognized in relation to the CGU shall be allocated to reduce the carrying amount of the assets of the unit in such order that (a) first, to reduce the carrying amount of any goodwill allocated to the CGU and (b) then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill shall not be reversed in a subsequent period. An entity shall assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Because goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset, whenever there is an indication that the investment may be impaired.

(9) Accounting for insurance contracts

For insurance contracts and reinsurance contracts, the Group applies its accounting policy determined based on the Insurance Business Act, the Ordinance for Enforcement of the Insurance Business Act, and other Japanese accounting practices, while considering the requirements under IFRS 4 "Insurance Contracts".

A liability adequacy test is performed in consideration of current estimates of all contractual cash flows and related cash flows such as claims handling costs at the end of each reporting period. If the test shows that the liability is inadequate, the entire shortfall is recognized in profit or loss.

(10) Employee benefits

(a) Defined contribution plans

The Company and certain of its subsidiaries have defined contribution plans for employee benefits. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions related to defined contribution plans are expensed over the period during which employees render service to the entity.

(b) Short term employee benefits and share-based payment

The Group recognizes the undiscounted amount of short-term employee benefits as an expense of the period during which the related service is rendered.

Also, the Group operates share-based compensation plan as an incentive for board members and employees. Equity-settled share-based compensation plan ("stock option") which were granted after November 7, 2002 and the vesting conditions of which had not been satisfied as at March 31, 2011 is measured at fair value on the grant date. The fair value is calculated by estimating the number of stock options that will ultimately be vested and recognized as expenses with a corresponding increase in equity over the vesting period. For cash-settled share-based compensation plan, a liability is recognized for the goods or services acquired, measured initially at fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

(11) Provisions

Provisions are recognized when the Group has a present (legal or constructive) obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the present value of the expected future cash flow using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(12) Capital stock

(a) Common stock

Common stocks issued by the Group are classified as equity and stock issuance costs, after tax effects, are recognized as a deduction from equity.

(b) Treasury stock

The Group's own equity instruments which are reacquired are recognized at cost including acquisition related costs, after tax effects, as a deduction from equity. When the Group sells treasury stocks, the consideration received is recognized as an addition to equity.

(13) Revenue recognition

(a) Financial income related to investment portfolio (excluding trading assets)

Financial assets measured at FVTPL are initially recognized at their fair value and related transaction costs are charged to profit or loss as incurred. Gain and loss related to the sale of financial assets measured at FVTPL are determined as the difference between the fair value of the consideration received and the carrying amount.

Changes in the fair value of financial assets measured at FVTOCI are presented in other comprehensive income. When such financial assets are derecognized (sold) or the significant decline in fair value below the initial cost of such financial assets is other than temporary, the cumulative gains or losses previously recognized in other comprehensive income are directly transferred to retained earnings.

However, dividends from financial assets measured at FVTOCI are recognized as financial income in profit or loss.

(b) Net trading income

Securities included in trading assets are classified as financial assets measured at FVTPL and measured at fair value. Changes in fair value are recognized in profit or loss.

(c) Commission income

Commission income arises from transactions in which the Group is involved as an agent instead of a principal who gains the main part of the profit from the transaction. Revenue from commission income is recognized by reference to the stage of completion of the transaction at the end of the reporting period if the result of the transaction can be reliably estimated.

If the below criteria are met, the transaction is regarded as the Group acting as an agent.

- The Group neither retains ownership of the goods nor assumes any responsibility for goods sold.
- Though the Group ultimately collect consideration from customers, all the credit risk is assumed by the supplier of the goods.

(d) Sale of goods

Revenue is measured at the fair value of the consideration received or receivable, taking into account the amount of any sales return, trade discount and volume rebates. Normally, revenue is recognized when there is persuasive evidence showing that a sales contract has been implemented; that is, (i) significant risks and rewards of ownership of the goods have been transferred to the buyer; (ii) it is probable that the economic benefits associated with the transaction will flow to the Group; (iii) the cost incurred and possibility of sales returns can be reliably estimated; (iv) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and (v) the amount of revenue can be measured reliably. If it is probable that the Group will provide a sales discount and the amount can be reasonably estimated, the sales discount shall be deducted from the original amount of revenue.

(14) Income tax expense

Income tax expense consists of current and deferred tax expense, which are recognized in profit or loss, except for those arising from business combinations or recognized directly in equity and other comprehensive income. Current income tax expense is measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amount. However, deferred tax assets are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, or from deductible temporary differences related to investments in subsidiaries and investments accounted for using the equity method, under which it is probable that the difference will not be recovered in the foreseeable future. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or the deferred tax assets and liabilities are expected to be realized simultaneously.

A deferred tax asset is recognized for the unused carryforward tax losses, unused tax credits and expected deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused carryforward tax losses, unused tax credits and expected deductible temporary differences can be utilized. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and investments accounted for using the equity method, except to the extent that both of the following conditions are satisfied: (i) the Group is able to control the timing of the reversal of the temporary difference; and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

The Group shall recognize a deferred tax asset for all deductible temporary differences arising from investments mentioned above, to the extent that, and only to the extent that, it is probable that (i) taxable profit will be available against which the temporary difference can be utilized; and (ii) the temporary difference will reverse in the foreseeable future.

(15) Earnings per share

The Group discloses both the basic earnings per share and diluted earnings per share. Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding (issued shares adjusted for the treasury shares) during the period. For the purpose of calculating diluted earnings per share, the Group adjusts profit for the year attributable to ordinary equity holders and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

(16) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Discrete financial information of all the segments is available so that the operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance. Operating results reported to the board of directors include items that directly belong to the segment and items allocated to the segment on a reasonable basis. Items not allocated to any reportable segment mainly consist of expenses related to the headquarters.

(17) Non-current assets held for sale

The Group classifies a non-current asset or asset group as held for sale if (i) its carrying amount will be recovered principally through a sale transaction rather than through continuing use; (ii) the asset is available for immediate sale and their sale within one year is highly probable; and (iii) management of the Group is committed to a plan to sell the asset.

When the Group is committed to a plan to sell a subsidiary with a loss of control and all the above criteria are satisfied, it classifies the subsidiary's entire assets and liabilities as held for sale regardless of whether it retains any non-controlling interest of the subsidiary.

Non-current assets (or asset groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(18) New standards, amendments to existing standards, and interpretations that are published but have not yet been adopted by the Group

Of the new standards, amendments to existing standards, and interpretations that have been published before the approval date of the consolidated financial statements, the main ones that the Group has not early adopted are as follows. The application of the impairment requirements of IFRS 9 is expected to reduce the opening retained earnings as at April 1, 2018 by ¥11.6 billion in the consolidated financial statements for the year ending March 31, 2019. The impact of the application of IFRS 15 "Revenue from Contracts with Customers" on the consolidated financial statements is not material. The impact of the others are still under investigation.

IFRSs		Mandatory for fiscal year beginning on or after	Adopted by the group from fiscal year ended	Summary of new standards and amendments
IFRS 9	Financial Instruments	January 1, 2018	March 2019	Amendment with regard to hedge accounting, impairment accounting, and classification and measurement of financial instruments
IFRS 10	Consolidated Financial Statements	To be determined	To be determined	Clarification of the accounting treatment for sale or contribution of assets between an investor and its associate and joint venture
IAS 28	Investments in Associates and Joint Ventures			
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	March 2019	Amendment with regard to the accounting of revenue recognition
IFRS 16	Lease	January 1, 2019	March 2020	Amendment with regard to the definition and the accounting treatment of lease
IFRS 17	Insurance Contracts	January 1, 2021	March 2022	Amendment with regard to measurement method of insurance liability

4. Segment Information

The Group engages in a wide range of business activities, primarily online financial service businesses and investment activities in Japan and overseas. Based on the similarities or economic characteristics of business or nature of services, “Financial Services Business”, “Asset Management Business”, and “Biotechnology-related Business”, which is anticipated to be a growth industry in the 21st century, are determined as reportable segments.

The reportable segments of the Group represent businesses activities for which separate financial information of the Group’s components is available and reviewed regularly by the board of directors for the purpose of allocation of financial resources and performance evaluation.

The following is a description of business activities for the reportable segments.

“Financial Services Business”
The Financial Services Business consists of a wide range of finance-related business, including securities brokerage business, banking services business, and life, property and casualty insurance business.

“Asset Management Business”
The Asset Management Business primarily consists of fund management and investment in Internet technology, biotechnology and finance-related venture companies in Japan and overseas, financial services business overseas, and asset management services business which provides financial products information.

“Biotechnology-related Business”
The Biotechnology-related Business represents development and distribution of pharmaceutical products, health foods, and cosmetics with 5-aminolevulinic acid (ALA), a kind of amino acid which exists in vivo, and research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology.

“Others” includes the real estate business and the cryptocurrency business, but they did not meet the quantitative criteria to be defined as reportable segments for the fiscal year ended March 31, 2018.

“Elimination or Corporate” includes profit or loss that is not allocated to certain business segments and the elimination of the inter-company transactions within the Group, at a price based on the actual market price.

The following represents segment information of the Group:
BroadBand Security, Inc., which was included in the Asset Management Business until the previous reporting period, is now included in the Financial Services Business beginning with this fiscal year. Consequently, segment information for the year ended March 31, 2017, is restated in accordance with the new basis of segmentation.

(Millions of Yen)

For the year ended March 31, 2017	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination or Corporate	Consolidated Total
Revenue							
Revenue from external customers	178,218	77,041	5,398	260,657	880	402	261,939
Inter-segment revenue	1,723	400	132	2,255	3	(2,258)	—
Total	179,941	77,441	5,530	262,912	883	(1,856)	261,939
Segment operating income (loss)							
Profit before income tax expense	48,932	13,861	(9,574)	53,219	(830)	(9,250)	43,139
Other Items							
Interest income	32,476	47,922	0	80,398	0	(935)	79,463
Interest expense	(4,887)	(10,177)	(247)	(15,311)	(50)	(2,659)	(18,020)
Depreciation and amortization	(5,435)	(4,081)	(536)	(10,052)	(85)	(253)	(10,390)
Gain or loss from investments applying the equity-method	3,448	109	(697)	2,860	(11)	—	2,849

(Millions of Yen)

For the year ended March 31, 2018	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination or Corporate	Consolidated Total
Revenue							
Revenue from external customers	214,509	117,167	3,967	335,643	1,212	162	337,017
Inter-segment revenue	2,763	405	232	3,400	1	(3,401)	—
Total	217,272	117,572	4,199	339,043	1,213	(3,239)	337,017
Segment operating income (loss)							
Profit before income tax expense	63,888	56,491	(37,252)	83,127	(1,328)	(9,989)	71,810
Other Items							
Interest income	45,844	57,010	1	102,855	0	(1,018)	101,837
Interest expense	(6,440)	(12,150)	(382)	(18,972)	(106)	(1,992)	(21,070)
Depreciation and amortization	(6,145)	(4,135)	(261)	(10,541)	(129)	(175)	(10,845)
Gain or loss from investments applying the equity-method	4,090	(390)	(1,460)	2,240	(11)	—	2,229

Geographical information regarding non-current assets and revenues from external customers are presented as below.

(Millions of Yen)

Non-current assets	As at March 31, 2017	As at March 31, 2018
Japan	65,051	69,085
Korea	119,678	111,207
Others	18,367	17,990
Consolidated total	203,096	198,282

Note: Non-current assets excluding financial assets and deferred tax assets are allocated based on the location of the assets.

(Millions of Yen)

Revenue from external customers	For the year ended March 31, 2017	For the year ended March 31, 2018
Japan	204,501	260,564
Overseas	57,438	76,453
Consolidated total	261,939	337,017

Note: Revenue is allocated based on the location of the entities.

5. Fair Value of Financial Instruments

(1) Fair value measurement

Fair values of financial assets and financial liabilities are determined based on quoted market prices. If quoted market prices are not available, fair values are calculated using valuation models such as a discounted cash flow analysis. The Group determined fair values of financial assets and financial liabilities as follows:

Cash and cash equivalents, Other financial assets, and Other financial liabilities

The fair values are determined at the carrying amounts as they approximate the carrying amounts due to their short-term maturities.

Trade and other accounts receivable

The fair values are determined based on the future cash inflows discounted using interest rates adjusted for the term to maturity and credit risk. The fair values of those with short-term maturities are determined at the carrying amounts as they approximate the carrying amounts.

Assets and liabilities related to securities business

With respect to loans on margin transactions included in margin transaction assets, the fair values are determined at the carrying amounts as the interest rates of the loans are floating rates and reflect the market interest rate within a short period. The fair values of assets and liabilities related to the securities business, except for loans on margin transactions, are considered to approximate the carrying amounts as those assets and liabilities are settled within a short period. With respect to trading assets and trading liabilities, the fair values are determined based on market closing price at the reporting date in principal stock exchanges.

Operational investment securities and other investment securities

The fair values of listed equity securities are determined based on the quoted market prices in the stock exchange. The fair values of unlisted equity securities, bonds with share options and stock warrants are determined using valuation models appropriate in the circumstances including discounted cash flow analysis, pricing analysis with reference to comparable industry prices, and analysis based on revenues, profits and net assets. The fair values of bonds are determined using reasonable valuation techniques based on available information such as Reference Statistical Prices and quoted price provided by the financing banks. The fair values of investments in funds are determined at the fair values of partnership net assets based on the Group's percentage share in the contributed capital, if such fair values are available.

Bonds and loans payable and Trade and other accounts payable

With respect to those with floating interest rates, the fair values are determined at the carrying amounts as the interest rates of the bonds and loans, and trade and other accounts payable reflect the market interest rate within a short period and as the credit condition of Group entities that obtained them are not expected to change significantly. With respect to those with fixed interest rates, the fair values are determined based on the future cash outflows discounted using interest rates adjusted for the remaining term and credit risk or discounted using interest rates determined with reference to similar types of new loans or lease transactions. The fair value of bonds payable and loans payable with short-term maturities are determined at the carrying amounts as they approximate the carrying amounts.

Customer deposits for banking business

The fair values of demand deposits are determined at the carrying amounts which are the amounts paid on demand at the reporting date. The fair values of time deposits are determined based on the future cash outflows discounted using interest rates adjusted for the term to maturity and credit risk. The fair values of time deposits with short-term maturities are determined at the carrying amounts as they approximate the carrying amounts.

(2) Classification and fair value of financial instruments

Classification and fair value of financial assets were as follows:

(Millions of Yen)

As at March 31, 2017	Carrying amount				
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Financial assets measured at amortized cost	Total	Fair value
Trade and other accounts receivable	—	—	472,128	472,128	477,051
Assets related to securities business	22,816	—	2,310,225	2,333,041	2,333,041
Operational investment securities	111,067	—	—	111,067	111,067
Other investment securities	107,853	1,243	77,416	186,512	187,680
Total	241,736	1,243	2,859,769	3,102,748	3,108,839

(Millions of Yen)

As at March 31, 2018	Carrying amount				
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Financial assets measured at amortized cost	Total	Fair value
Trade and other accounts receivable	—	—	570,466	570,466	571,703
Assets related to securities business	75,984	—	2,760,458	2,836,442	2,836,442
Operational investment securities	191,014	—	—	191,014	191,014
Other investment securities	102,647	2,975	67,694	173,316	174,496
Total	369,645	2,975	3,398,618	3,771,238	3,773,655

Classification and fair value of financial liabilities were as follows:

(Millions of Yen)

As at March 31, 2017	Carrying amount			
	Financial liabilities measured at FVTPL	Financial liabilities measured at amortized cost	Total	Fair value
Bonds and loans payable	—	518,977	518,977	518,887
Trade and other accounts payable	2,118	50,769	52,887	53,013
Liabilities related to securities business	51,854	2,126,758	2,178,612	2,178,612
Customer deposits for banking business	—	485,827	485,827	485,997
Total	53,972	3,182,331	3,236,303	3,236,509

(Millions of Yen)

As at March 31, 2018	Carrying amount			
	Financial liabilities measured at FVTPL	Financial liabilities measured at amortized cost	Total	Fair value
Bonds and loans payable	—	571,277	571,277	571,879
Trade and other accounts payable	1,987	65,819	67,806	67,929
Liabilities related to securities business	108,157	2,562,656	2,670,813	2,670,813
Customer deposits for banking business	—	536,955	536,955	537,056
Total	110,144	3,736,707	3,846,851	3,847,677

(3) Financial instruments categorized by fair value hierarchy

"IFRS 13 Fair Value Measurement" requires measurement of fair value to be categorized into three levels with reference to the fair value hierarchy that reflects the significance of the inputs used in making fair value measurements.

The fair value hierarchy is defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level of hierarchy used in fair value measurement is determined at the lowest level with relevant significant inputs to the measurement.

A transfer of financial instruments between levels of the hierarchy is recognized at the date when the cause of the transfer or change in circumstances occurs.

The table below presents the financial assets and liabilities measured at the fair values in the consolidated statement of financial position of the Group.

(Millions of Yen)

	As at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Assets related to securities business	22,816	—	—	22,816
Operational investment securities and other investment securities				
Financial assets measured at FVTPL	96,206	614	122,100	218,920
Financial assets measured at FVTOCI	20	—	1,223	1,243
Total financial assets	119,042	614	123,323	242,979
Financial liabilities				
Trade and other accounts payable	—	—	2,118	2,118
Liabilities related to securities business	51,854	—	—	51,854
Total financial liabilities	51,854	—	2,118	53,972

(Millions of Yen)

	As at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Assets related to securities business	75,984	—	—	75,984
Operational investment securities and other investment securities				
Financial assets measured at FVTPL	91,762	511	201,388	293,661
Financial assets measured at FVTOCI	2,608	—	367	2,975
Total financial assets	170,354	511	201,755	372,620
Financial liabilities				
Trade and other accounts payable	—	—	1,987	1,987
Liabilities related to securities business	108,157	—	—	108,157
Total financial liabilities	108,157	—	1,987	110,144

The table below presents the financial assets and liabilities not measured at the fair values in the consolidated statement of financial position of the Group.

(Millions of Yen)

	As at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trade and other accounts receivable	—	477,051	—	477,051
Assets related to securities business	—	2,310,225	—	2,310,225
Operational investment securities and other investment securities	75,084	—	3,500	78,584
Total financial assets	75,084	2,787,276	3,500	2,865,860
Financial liabilities				
Bonds and loans payable	—	518,887	—	518,887
Trade and other accounts payable	—	50,895	—	50,895
Liabilities related to securities business	—	2,126,758	—	2,126,758
Customer deposits for banking business	—	485,997	—	485,997
Total financial liabilities	—	3,182,537	—	3,182,537

(Millions of Yen)

	As at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trade and other accounts receivable	—	571,703	—	571,703
Assets related to securities business	—	2,760,458	—	2,760,458
Operational investment securities and other investment securities	65,329	—	3,545	68,874
Total financial assets	65,329	3,332,161	3,545	3,401,035
Financial liabilities				
Bonds and loans payable	—	571,879	—	571,879
Trade and other accounts payable	—	65,942	—	65,942
Liabilities related to securities business	—	2,562,656	—	2,562,656
Customer deposits for banking business	—	537,056	—	537,056
Total financial liabilities	—	3,737,533	—	3,737,533

(4) Financial instruments categorized as Level 3

Based on the valuation methods and policies as reported to the board of directors, external evaluating agencies and appropriate individuals of the Group measure and analyze the valuation of financial instruments categorized as Level 3 of the fair value hierarchy. The valuation results are reviewed and approved by CFO and General Manager of the Financial and Accounting Division.

The valuation techniques and unobservable inputs used for recurring fair value measurements categorized as Level 3 are as follows:

(Millions of Yen)

	As at March 31, 2017			
	Fair Value	Valuation Technique	Unobservable Input	Range
Operational investment securities and other investment securities	123,323	Income approach and market approach	Discount rate P/E ratio EBITDA ratio Illiquidity discount	5%–10% 9.8–30.4 7.9–24.8 10%–30%

(Millions of Yen)

	As at March 31, 2018			
	Fair Value	Valuation Technique	Unobservable Input	Range
Operational investment securities and other investment securities	201,755	Income approach and market approach	Discount rate P/E ratio Price to book value ratio EBITDA ratio Illiquidity discount	12%–16% 17.0–45.2 1.2 25.0–40.0 10%–20%

Within the recurring fair value measurements of financial instruments categorized as Level 3, the fair value of "Operational investment securities" and "Other investment securities," which is measured through the income approach or market approach, increases (decreases) when the discount rate decreases (increases), when the P/E ratio increases (decreases), when the price to book value ratio increases (decreases), when the EBITDA ratio increases (decreases), or when the illiquidity discount decreases (increases).

With respect to the financial instruments categorized as Level 3, no significant impact on the fair values is assumed even if one or more of the unobservable inputs were changed to reasonably possible alternative assumptions.

The movement of financial assets and liabilities categorized as Level 3 is presented as follows:

(Millions of Yen)

For the year ended March 31, 2017	Financial assets			Financial liabilities
	Operational investment securities and other investment securities			
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Total	Trade and other accounts payable
Balance as at April 1, 2016	109,708	1,122	110,830	1,987
Acquisitions through business combinations	29	—	29	200
Purchase	36,910	—	36,910	—
Comprehensive income				
Net profit (Note 1)	(1,527)	—	(1,527)	—
Other comprehensive income (Note 2)	—	150	150	—
Dividends	(5,185)	—	(5,185)	—
Sale or redemption	(13,630)	(59)	(13,689)	—
Settlements	—	—	—	(69)
Currency translation differences	(118)	10	(108)	—
Others (Note 3)	906	—	906	—
Transferred from Level 3 (Note 4)	(4,993)	—	(4,993)	—
Balance as at March 31, 2017	122,100	1,223	123,323	2,118

(Millions of Yen)

For the year ended March 31, 2018	Financial assets			Financial liabilities
	Operational investment securities and other investment securities			
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Total	Trade and other accounts payable
Balance as at April 1, 2017	122,100	1,223	123,323	2,118
Acquisitions through business combinations	—	—	—	—
Purchase	60,884	—	60,884	—
Comprehensive income				
Net profit (Note 1)	37,668	—	37,668	(31)
Other comprehensive income (Note 2)	—	35	35	—
Dividends	(8,325)	—	(8,325)	—
Sale or redemption	(3,862)	(310)	(4,172)	—
Settlements	—	—	—	(100)
Currency translation differences	(1,940)	(2)	(1,942)	—
Others (Note 3)	—	—	—	—
Transferred from Level 3 (Note 4)	(5,137)	(579)	(5,716)	—
Balance as at March 31, 2018	201,388	367	201,755	1,987

Notes:
1. Gains and losses recognized as profit (loss) for the period in relation to the financial instruments are included in "Revenue" in the consolidated statement of income. Gains and losses recognized arising from the financial assets measured at FVTPL held as at March 31, 2017 and 2018 were ¥3,041 million of losses and ¥37,409 million of gains, respectively.
2. Gains and losses recognized as other comprehensive income (loss) in relation to the financial instruments are included in "FVTOCI financial assets" in the consolidated statement of comprehensive income.
3. Transfer due to obtaining or losing of control.
4. Transfer due to significant input used to measure the fair value becoming observable.

6. Offsetting Financial Assets and Financial Liabilities

Quantitative information for recognized financial assets and recognized financial liabilities set off in the consolidated statement of financial position of the Group and the amounts of potential effect of recognized financial assets and recognized financial liabilities subject to an enforceable master netting arrangement or similar agreement that are not set off in the consolidated financial position of the Group are presented as follows:

(Millions of Yen)

	Financial assets					
				Related amounts not set off in the consolidated statement of financial position		
As at March 31, 2017	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Financial instruments	Cash collateral received	Net amount
Assets related to securities business (Securities borrowing agreements and other similar transactions)	1,140,312	(356,987)	783,325	(671,519)	(111,649)	157
Assets related to securities business (Receivables related to securities transactions)	287,576	(194,397)	93,179	(21,593)	—	71,586
Assets related to securities business (Financial assets related to foreign exchange transactions)	6,752	—	6,752	(381)	(6,005)	366

(Millions of Yen)

	Financial liabilities					
				Related amounts not set off in the consolidated statement of financial position		
As at March 31, 2017	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Financial instruments	Cash collateral pledged	Net amount
Liabilities related to securities business (Securities loan agreements and other similar transactions)	1,441,678	(356,987)	1,084,691	(690,523)	—	394,168
Liabilities related to securities business (Payables related to securities transactions)	1,133,945	(194,397)	939,548	(21,593)	—	917,955
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	153,083	—	153,083	(6,386)	—	146,697

(Millions of Yen)

	Financial assets					
				Related amounts not set off in the consolidated statement of financial position		
As at March 31, 2018	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Financial instruments	Cash collateral received	Net amount
Assets related to securities business (Securities borrowing agreements and other similar transactions)	1,546,241	(444,204)	1,102,037	(950,844)	(150,906)	287
Assets related to securities business (Receivables related to securities transactions)	352,936	(206,904)	146,032	(21,442)	—	124,590
Assets related to securities business (Financial assets related to foreign exchange transactions)	13,438	—	13,438	(539)	(12,301)	598

(Millions of Yen)

As at March 31, 2018	Financial liabilities					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
Liabilities related to securities business (Securities loan agreements and other similar transactions)	1,854,136	(444,204)	1,409,932	(986,652)	—	423,280
Liabilities related to securities business (Payables related to securities transactions)	1,263,596	(206,904)	1,056,692	(21,442)	—	1,035,250
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	203,168	—	203,168	(12,840)	—	190,328

The rights of set-off for recognized financial assets and liabilities that are subject to an enforceable master netting arrangement or similar agreement are enforced when debt default or other specific events that are unexpected in the ordinary course of business occurs, and have an effect on realization or settlement of individual financial assets and liabilities.

7. Financial Risk Management

(1) Risk management policy over capital management and financing

In order to maintain financial strength, the Group has basic capital management policies to maintain an appropriate level of capital and debt equity structure.

The balances of interest-bearing debt (Bonds and borrowings), cash and cash equivalents and equity attributable to owners of the Company which the Group manages were as follows:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Interest-bearing debt (Bonds and borrowings)	518,977	571,277
Cash and cash equivalents	(391,572)	(437,148)
Net	127,405	134,129
Equity attributable to owners of the Company	377,992	427,815

Pursuant to the Financial Instruments and Exchange Act ("FIEA") and Insurance Business Act of Japan, domestic subsidiaries of the Group are obligated to maintain a certain level of capital adequacy ratio.

Significant capital adequacy regulations under which domestic subsidiaries of the Group are obligated are as follows:

1. SBI SECURITIES Co., Ltd. is required to maintain a certain level of capital-to-risk ratio set forth under the FIEA. If the ratio falls below 120%, the Financial Services Agency ("FSA") may order changes to operational methods and other changes.
2. SBI Life Insurance Co., Ltd., SBI Insurance Co., Ltd. and SBI Insurance Group Co., Ltd. are required to maintain a certain level of Solvency Margin Ratio in conformity with the Insurance Business Act of Japan. If the Solvency Margin Ratio falls below 200%, the FSA may order submission and implementation of a reasonable improvement plan for sound management.

SBI SAVINGS BANK whose headquarter is in the Republic of Korea is obligated to maintain certain level of capital adequacy ratio in conformity with the Saving Bank Act or the Main Shareholder eligibility standard. If the capital adequacy ratio falls below certain level, Korean Financial Services Commission may give warning or order business suspension.

The Group engages in a wide range of finance related businesses, such as investment business, fund management business, securities business, banking business, loan business and insurance businesses, to avoid excessive concentration of risk on specific entities or businesses. To operate these businesses, the Group raises funds through indirect financing such as bank borrowings, direct financing such as bond issuance and equity financing, transactions with securities financing companies, and receiving customer deposits for banking business. The Group also considers the market environment and maintains an appropriate strategy for short and long term financing.

The Group conducts trading of derivative instruments including foreign currency forward contracts, interest rate swaps and index futures. The Group enters into foreign currency forward contracts and interest rate swap transactions primarily to hedge foreign exchange risk and to manage its interest rate exposures on borrowings, respectively. The Group does not hold or issue these instruments for speculative purposes. Index futures are entered into for the purpose of day trading with a cap placed on their trading volume. Index futures were mainly daily trading under a limited trading scale.

In order to maintain financial strength and appropriate operational procedures, it is the Group's basic policy of risk management to identify and analyze various risks relevant to the Group entities and strive to carry out integral risk management using appropriate methods.

The Group is exposed to the following risks over financial instruments:

- Credit risk
- Market risk
- Liquidity risk

(2) Risks arising from financial instruments

Financial assets held by the Group primarily consist of investment-related assets, securities-related assets and financing-related assets.

Investment-related assets include operational investment securities, other investment securities, and investments in associates which primarily represent investments in stocks and funds. These assets are held for the purpose of fostering the development of venture capital portfolio companies or earning capital gains. These assets are exposed to the issuer's credit risk and the stock price fluctuation risk. Furthermore, unlisted equity securities are exposed to liquidity risk and investment assets denominated in foreign currency are exposed to the risk of foreign exchange fluctuations.

Securities-related assets consist of cash segregated as deposits, margin transaction assets, trading instruments, trade date accrual, and short-term guarantee deposits. These assets are exposed to the credit risk and the interest rate risk of the brokerage customers of the Group, securities financing companies, and financial institutions. Trading instruments are exposed to the credit risk of issuers and the risk of market price fluctuation. Trading instruments, trade date accrual, and short-term guarantee deposits are presented as "other assets related to securities business" in the consolidated statement of financial position.

Financing-related assets consist of operational loans receivable. These assets mainly include real estate loans for companies and individuals, and unsecured personal loans. These assets are exposed to credit risk of accounts, such as default due to worsening economic conditions with higher credit risk exposure, and interest rate risk. Financing-related assets are presented as "trade and other accounts receivable" in the consolidated statement of financial position.

Financial liabilities of the Group primarily consist of loans payable, bonds payable, customer deposits for the banking business and securities-related liabilities. The loans payable of the Group are exposed to liquidity risk from changes in the pricing policy of the financial institutions to the Group. Also, the bonds payable are exposed to liquidity risk that restricts the Group's ability to raise funds due to changes in market conditions or the lowering of the credit rating of the Group. Customer deposits for the banking business are important financing arrangements and are managed considering adequate safety but are exposed to liquidity risk which makes it difficult to arrange requisite finance due to withdrawals or other reasons.

Securities-related liabilities consist of margin transaction liabilities, loans payable secured by securities on repurchase agreement transactions, deposits from customers, guarantee deposits received from margin transactions, and trade date accrual. The financing environment of the security business operated by the Group is affected by changes in the business policy of securities financing companies and the investment strategy. The Group exercises control by matching the financing with the related security assets. Trade date accrual is presented as other liabilities related to securities business in the consolidated statement of financial position.

The Group enters into foreign currency forward contracts and interest rate swap transactions primarily to hedge the risk of short-term foreign exchange fluctuations relating to the settlement of foreign currency denominated receivables and payables and purchase and sale transactions of securities denominated in foreign currencies and to manage its interest rate exposures on borrowings, respectively.

The Group manages index futures as a part of its investment business, which is exposed to market risk. Because the counterparties of foreign currency forward contracts and interest rate swap agreements are limited to creditworthy major Japanese financial institutions and index futures are traded in the public market, the credit risk arising from default is considered to be minimal.

(3) Risk management system over financial instruments

The Company assigns a risk management officer who is in charge of risk management and sets up a risk management department in line with the risk management rules and the group management rules in order to properly analyze and control these risks. The risk management department analyzes and monitors the Group's risk on a timely basis.

(4) Credit risk management

Credit risk is the risk that the Group may suffer losses from decrease or losses of assets due to deteriorated financial conditions of investees/debtors. Credit risk includes country risk that the Group may suffer losses from changes in the currency, political or economic circumstances of a country where investees/debtors operate.

Credit risk management policies of the Group are as follows:

(a) Accurately analyze financial conditions of investees/debtors and quantify relevant credit risk.
(b) Appropriately manage the Group's own capital and the related risks by periodic monitoring.
(c) Under foreign investments or lending transactions, the Group identifies intrinsic risk of investees/debtors with domestic/foreign offices as well as overseas partners followed by periodic monitoring.
(d) Recognize investment risk as significant risk to be controlled among various credit risks and perform detailed analysis of fluctuation in risk associated with operational investment securities.

The Group operates in line with the above risk management policies. Subsidiaries which allow credits to corporate or individual customers as a part of business are monitored in accordance with respective basic rules as needed.

The maximum exposure to credit risk for financial assets excluding the evaluation value of collateral is the carrying amount of financial assets after impairment loss presented in the consolidated statement of financial position. The maximum exposure to credit risk for loan commitment, which the Group grants, is as described in Note 33 "Contractual Liabilities".

The Group evaluates recoverability of operating receivables and other receivables by considering the credit condition of customers and recognizes impairment losses. The Group is not exposed to excessively concentrated credit risk from a specific customer.

Impairment losses and analysis of the age regarding "trade and other accounts receivable" presented in the consolidated statement of financial position are as follows:

There are no financial assets that are past due related to the securities business.

Impairment losses regarding trade and other accounts receivable as at March 31, 2017 and 2018 were as follows:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Trade and other accounts receivable (gross)	502,204	597,221
Impairment losses	(30,076)	(26,755)
Trade and other accounts receivable (net)	472,128	570,466

The analysis of the age of trade and other accounts receivable that are past due but not impaired as at March 31, 2017 and 2018 were as follows:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
No later than 6 months	123	403
Later than 6 months and not later than 1 year	94	3
Later than 1 year	23	77
Total	240	483

Trade and other accounts receivable include the amount recoverable by insurance or collateral. Collateral received mainly consists of real estate assets received on loan to small-middle real estate companies or individual or other assets. Evaluation on receiving collateral is made by an independent third party appraiser and the amount of the loan is determined to be filled with evaluation value. However, the value of the collateral may be inadequate due to a declining real estate market. If the Group obtains collateral assets by exercise of security interests, the Group immediately collects the loan by conducting sales or auction of the assets.

(5) Market risk management

Market risk is the risk that the Group may suffer losses from fluctuation of interest rate, stock price, foreign exchange rate or other factors.

Market risk management policies of the Group are as follows:

(a) Understand underlying currency and term of assets and quantify market risk.
(b) Appropriately manage the balance between the Group's own capital and its related risk by periodic monitoring.
(c) Never enter into derivative transactions for speculative purposes in the absence of established operating rules.

① Stock Market Risk

The Group is exposed to stock market risk arising from its investment portfolio. If the market price of operational investment securities and other investment securities held by the Group as at March 31, 2017 and 2018 increased by 10%, profit before income tax expense in the consolidated statement of income would have increased by ¥9,621 million and ¥9,176 million, respectively.

The investment portfolios as at March 31, 2017 and 2018 were as follows:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Operational investment securities		
Listed equity securities	17,212	30,404
Unlisted equity securities	66,749	129,818
Bonds	4,602	6,549
Investments in funds	22,504	24,243
Total	111,067	191,014
Other investment securities		
Listed equity securities	133	2,790
Unlisted equity securities	5,020	4,052
Bonds	94,717	82,639
Investments in funds	86,642	83,835
Total	186,512	173,316

② Foreign Exchange Risk

The Group is exposed to foreign exchange risk with regard to assets and liabilities dominated in currencies used by various entities other than the Group's functional currency, mainly including USD and HKD. The Group's main exposures to foreign exchange risk are as follows:

(Millions of Yen)

As at March 31, 2017	USD	HKD	Others
Monetary financial instruments dominated in foreign currency			
Assets	62,912	5,541	14,464
Liabilities	42,913	5,270	10,311

(Millions of Yen)

As at March 31, 2018	USD	HKD	Others
Monetary financial instruments dominated in foreign currency			
Assets	81,081	6,621	18,134
Liabilities	57,408	6,552	10,382

If the foreign currencies strengthened by 1% against the functional currency with all other variables (such as interest rate) held constant, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2017 and 2018 would have increased by ¥244 million and ¥315 million, respectively, mainly as a result of monetary financial instruments dominated in foreign currency held by the Group.

③ Interest Rate Risk

The Group is exposed to various interest rate fluctuation risks in its business operations. Interest rate fluctuation affects financial income arising from financial assets, which primarily consist of bank balances, money in trust held by subsidiaries in the financial service business, call loans, and loans receivable from individual and corporate customers, and also affects financial costs arising from financial liabilities, which primarily consist of borrowings from financial institutions, bonds payable, and customer deposits for the banking business.

In management's sensitivity analysis, if interest rates had been 100 basis points higher and all other variables were held constant, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2017 and 2018 would have increased by ¥2,840 million and ¥2,988 million, respectively.

The analysis is prepared assuming the financial instruments subject to interest rate risk and all other variables were held constant throughout the years ended March 31, 2017 and 2018.

(6) Liquidity risk management

Liquidity risk is defined as the Group's exposure to the below situations:
–Necessary financing cannot be secured due to deterioration of the Group's financial condition
–Risk of loss from financing at higher interest rate than usual with no option
–Risk of loss from transaction at significantly unreasonable price with no option or unable to conduct transactions due to severe situation such as market turmoil.
The Group manages its liquidity risk through the following policies.

(a) Secure various financing arrangements such as bank overdraft facility, bond issuance registration or stock issuance.
(b) Collect information on the Group's working capital requirement and understand the cash flow positions.
(c) Obtain reports from the department responsible for cash management based upon the liquidity risk management policies stated in (a) and (b) above to monitor cash flow risks.

Liquidity risk arises from financial liabilities settled by transfer of cash and other financial assets. Balances of financial liabilities held by the Group by maturity are as follows;

(Millions of Yen)

As at March 31, 2017	Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds and loans payable	518,977	523,039	352,364	138,404	15,258	383	16,558	72
Trade and other accounts payable	52,887	53,038	50,405	896	986	521	180	50
Liabilities related to securities business	2,178,612	2,178,612	2,178,612	—	—	—	—	—
Customer deposits for banking business	485,827	493,203	428,948	55,887	8,327	31	2	8

(Millions of Yen)

As at March 31, 2018	Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds and loans payable	571,277	577,541	382,092	57,323	54,684	17,322	65,905	215
Trade and other accounts payable	67,806	68,026	65,729	1,004	752	373	151	17
Liabilities related to securities business	2,670,813	2,670,813	2,670,813	—	—	—	—	—
Customer deposits for banking business	536,955	545,794	482,080	59,172	4,531	3	8	—

The Group entered into line of credit agreements (e.g., overdraft facilities) with leading domestic financial institutions to ensure an efficient operating funds procurement and to mitigate liquidity risk.

Contractual amounts and used amounts of overdraft facilities as at each reporting date are as follows:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Lines of credit	345,590	326,766
Used balance	217,950	169,765
Unused portion	127,640	157,001

8. Trade and Other Accounts Receivable

Trade and other accounts receivable as at March 31, 2017 and 2018, consisted of the following:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Trade accounts receivable and installment receivables	3,954	3,363
Loans receivable	430,967	522,314
Operational receivables	13,244	17,935
Deposits in relation to banking business	23,525	24,347
Others	438	2,507
Total	472,128	570,466

Maturity analysis to the collection or the settlement of trade and other accounts receivable as at March 31, 2017 and 2018, consisted of the following:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
No later than 1 year	164,463	177,127
Later than 1 year	307,665	393,339
Total	472,128	570,466

9. Other Assets Related to Securities Business

Other assets related to securities business as at March 31, 2017 and 2018, consisted of the following:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Trade date accrual	195,732	227,484
Short-term guarantee deposits	49,671	64,091
Loans receivable secured by securities	46,977	125,385
Others	23,260	76,993
Total	315,640	493,953

10. Operational Investment Securities and Other Investment Securities

"Operational investment securities" and "Other investment securities" in the consolidated statement of financial position as at March 31, 2017 and 2018 consisted of the following:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Operational investment securities		
Financial assets measured at FVTPL	111,067	191,014
Total	111,067	191,014
Other investment securities		
Financial assets measured at FVTPL	107,853	102,647
Financial assets measured at FVTOCI	1,243	2,975
Financial assets measured at amortized cost	77,416	67,694
Total	186,512	173,316

Investments in equity instrument for the purpose of maintaining and improving business relations with the investees are designated as financial assets at FVTOCI by the Group.

Fair values of financial assets measured at FVTOCI presented as "Other investment securities" in the consolidated statement of financial position and related dividends income presented as "Revenue" in the consolidated statement of income consisted of the following, respectively:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Fair value		
Listed	20	2,608
Unlisted	1,223	367
Total	1,243	2,975

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Dividends income		
Listed	0	0
Unlisted	1	0
Total	1	0

Name of investee and related fair values of financial assets measured at FVTOCI presented as "Other investment securities" in the consolidated statement of financial position mainly consisted of the following:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Other investment securities		
Money Forward, Inc.	681	2,586
Asahi Fire & Marine Insurance Co., Ltd.	213	—

Fair value at disposal, cumulative gain (net of tax) transferred from other components of equity to retained earnings and dividend income of financial assets measured at FVTOCI disposed during the years ended March 31, 2017 and 2018 are as follows:

(Millions of Yen)

For the year ended March 31, 2017			For the year ended March 31, 2018		
Fair value at disposal	Cumulative gain	Dividend income	Fair value at disposal	Cumulative gain	Dividend income
78	14	—	310	60	1

Financial assets measured at FVTOCI are sold (derecognized) to enhance the effective operation and efficiency of assets.

11. Investments Accounted for Using the Equity Method

(1) Investments in associates

The combined financial information of associates accounted for using the equity method is as follows:

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Profit for the year attributable to the Group	(123)	(1,108)
Other comprehensive income attributable to the Group	4,105	(959)
Total comprehensive income attributable to the Group	3,982	(2,067)

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Book value	57,403	32,622

Impairment losses recognized as the recoverable amount of certain associates fell below the carrying amount at March 31, 2017 and 2018 were ¥2,191 million and ¥21,295 million, respectively. The impairment loss is included in "Other expenses" in the consolidated statement of income.

Impairment losses recognized by segment for the year ended March 31, 2017 were ¥2,191 million in the Asset Management Business. Impairment losses recognized by segment for the year ended March 31, 2018 were ¥19 million in the Asset Management Business and ¥21,276 million in the Biotechnology-related Business.

(2) Investments in joint ventures

The combined financial information of joint ventures accounted for using the equity method is as follows:

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Profit for the year attributable to the Group	2,972	3,337
Other comprehensive income attributable to the Group	(406)	115
Total comprehensive income attributable to the Group	2,566	3,452

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Book value	32,991	35,743

12. Structured Entities

The Group conducts investment partnerships and investment trusts for investment activities in Japan and overseas. These investment partnerships and investment trusts raise funds from investors/partners, and provide funding mainly in the form of capital contribution to investees. These investment partnerships are structured in a way that voting rights are not the dominant factor in deciding who controls the partnerships.

The purpose of using the assets and liabilities of the structured entities is restricted by contractual arrangements between the Group and the structured entities.

(1) Consolidated structured entities

Total assets of the consolidated investment partnerships and investment trusts were ¥69,372 million and ¥97,050 million as at March 31, 2017 and 2018, respectively. Total liabilities were ¥269 million and ¥389 million as at March 31, 2017 and 2018, respectively.

(2) Unconsolidated structured entities

The Group invests in investment partnerships and investment trusts, etc. that third parties have control on their operations.

The Group has not entered into any arrangement to provide financial support for the assets and liabilities of these structured entities. Accordingly, the maximum exposure to loss resulting from our involvement with unconsolidated structured entities is limited to the carrying amounts, the details of which are as described below:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Operational investment securities	23,233	24,869
Other investment securities	83,215	83,468
Total	106,448	108,337

The maximum exposure indicates the maximum amount of possible losses, but not the possibility of such losses being incurred.

13. Investment Property

The movement of cost and accumulated depreciation and impairment losses of investment property consisted of the following:

(Millions of Yen)

Cost	For the year ended March 31, 2017	For the year ended March 31, 2018
Balance, beginning of year	16,195	9,315
Sales or disposals	(6,883)	(6,068)
Foreign currency translation adjustment on foreign operations	3	103
Balance, end of year	9,315	3,350

(Millions of Yen)

Accumulated depreciation and impairment losses	For the year ended March 31, 2017	For the year ended March 31, 2018
Balance, beginning of year	(4,168)	(2,210)
Depreciation	(49)	(4)
Impairment losses	(42)	(7)
Sales or disposals	2,033	1,083
Foreign currency translation adjustment on foreign operations	16	(20)
Balance, end of year	(2,210)	(1,158)

Impairment losses recognized for the years ended March 31, 2017 and 2018 were ¥42 million and ¥7 million, respectively, due to a significant decline in fair value of certain investment properties, and were recorded in "Other expenses" in the consolidated statement of income. Impairment losses for the years ended March 31, 2017 and 2018 were recognized in the Asset Management Business. The recoverable amount of the investment properties is measured at fair value less cost of disposal through real estate valuation.

(Millions of Yen)

Carrying amount and fair value			
As at March 31, 2017		As at March 31, 2018	
Carrying amount	Fair value	Carrying amount	Fair value
7,105	8,091	2,192	2,772

The fair value as at the end of each reporting period is based on a valuation conducted by independent valuation appraisers with appropriate qualifications, who have had recent experience in local practice for relative categories of assets.

The inputs used for the fair value measurement of investment properties are categorized as Level 3 (unobservable inputs).

Rental income from investment property for the years ended March 31, 2017 and 2018 was ¥31 million and ¥3 million, respectively, which was included in "Revenue" in the consolidated statement of income. Expenses incurred in direct relation to the rental income (including repairs and maintenance) for the years ended March 31, 2017 and 2018, were ¥249 million and ¥79 million, respectively, which were included in "Operating cost" and "Selling, general and administrative expenses".

14. Property and Equipment

The movements of cost, accumulated depreciation and impairment loss of property and equipment were as follows:

(Millions of Yen)

Cost	Buildings	Furniture and fixtures	Land	Others	Total
Balance as at April 1, 2016	8,002	10,492	2,008	1,048	21,550
Acquisitions	894	1,528	—	88	2,510
Acquisitions through business combinations	29	1	1	41	72
Sales or disposals	(3,172)	(1,291)	(7)	(13)	(4,483)
Foreign currency translation adjustment on foreign operations	11	5	5	20	41
Others	44	31	—	107	182
Balance as at March 31, 2017	5,808	10,766	2,007	1,291	19,872
Acquisitions	877	4,887	173	707	6,644
Acquisitions through business combinations	1	97	—	31	129
Sales or disposals	(624)	(636)	(230)	(34)	(1,524)
Foreign currency translation adjustment on foreign operations	(13)	(12)	(28)	(17)	(70)
Others	119	—	—	(8)	111
Balance as at March 31, 2018	6,168	15,102	1,922	1,970	25,162

(Millions of Yen)

Accumulated depreciation and impairment losses	Buildings	Furniture and fixtures	Land	Others	Total
Balance as at April 1, 2016	(3,432)	(5,630)	(42)	(668)	(9,772)
Sales or disposals	1,696	921	—	—	2,617
Depreciation	(470)	(1,303)	—	(187)	(1,960)
Impairment losses	(177)	(72)	—	—	(249)
Foreign currency translation adjustment on foreign operations	(1)	1	—	(10)	(10)
Balance as at March 31, 2017	(2,384)	(6,083)	(42)	(865)	(9,374)
Sales or disposals	328	517	—	20	865
Depreciation	(405)	(1,654)	—	(241)	(2,300)
Impairment losses	—	(3)	—	—	(3)
Foreign currency translation adjustment on foreign operations	5	13	—	14	32
Balance as at March 31, 2018	(2,456)	(7,210)	(42)	(1,072)	(10,780)

(Millions of Yen)

Carrying amount	Buildings	Furniture and fixtures	Land	Others	Total
Balance as at March 31, 2017	3,424	4,683	1,965	426	10,498
Balance as at March 31, 2018	3,712	7,892	1,880	898	14,382

The carrying amount of property and equipment in the above table includes the carrying amount of the following leased assets:

(Millions of Yen)

Carrying amount	Furniture and fixtures	Others	Total
Balance as at March 31, 2017	2,176	14	2,190
Balance as at March 31, 2018	1,906	14	1,920

Impairment losses recognized for the years ended March 31, 2017 and 2018 were ¥249 million and ¥3 million, respectively, due to no expectation of initially expected profits and were included in "Other expenses" in the consolidated statement of income. Impairment losses recognized by segment for the year ended March 31, 2017 were ¥186 million in the Financial Services Business, ¥5 million in the Asset Management Business and ¥58 million in the real estate business, which is included in "Others", respectively. Impairment losses recognized for the year ended March 31, 2018 were ¥3 million in the Financial Services Business.

15. Intangible Assets

(1) The movement of cost, accumulated amortization and accumulated impairment losses of intangible assets including goodwill

The movements in cost, accumulated amortization and impairment losses of intangible assets including goodwill for the years ended March 31, 2017 and 2018 were as follows:

(Millions of Yen)

Cost	Goodwill	Software	Customer relationship	Others	Total
Balance as at April 1, 2016	161,573	36,243	33,505	2,668	233,989
Acquisitions	—	7,283	—	7	7,290
Acquisitions through business combinations	1,947	18	840	—	2,805
Sales or disposals	(4,088)	(3,805)	(1,624)	(5)	(9,522)
Foreign currency translation adjustment on foreign operations	1,791	109	87	(6)	1,981
Balance as at March 31, 2017	161,223	39,848	32,808	2,664	236,543
Acquisitions	—	6,528	—	1,070	7,598
Acquisitions through business combinations	4,113	877	—	—	4,990
Sales or disposals	(1,014)	(3,067)	—	—	(4,081)
Foreign currency translation adjustment on foreign operations	(340)	6	(675)	(34)	(1,043)
Balance as at March 31, 2018	163,982	44,192	32,133	3,700	244,007

(Millions of Yen)

Accumulated amortization and impairment losses	Goodwill	Software	Customer relationship	Others	Total
Balance as at April 1, 2016	(8,550)	(20,795)	(14,817)	(1,373)	(45,535)
Sales or disposals	—	3,521	437	2	3,960
Amortization	—	(5,388)	(3,017)	(277)	(8,682)
Impairment losses	(5)	(417)	—	—	(422)
Foreign currency translation adjustment on foreign operations	—	(104)	(265)	(2)	(371)
Balance as at March 31, 2017	(8,555)	(23,183)	(17,662)	(1,650)	(51,050)
Sales or disposals	1,014	1,939	—	—	2,953
Amortization	—	(5,668)	(3,009)	(162)	(8,839)
Impairment losses	(34)	(135)	(5,709)	—	(5,878)
Foreign currency translation adjustment on foreign operations	—	25	480	10	515
Balance as at March 31, 2018	(7,575)	(27,022)	(25,900)	(1,802)	(62,299)

(Millions of Yen)

Carrying amount	Goodwill	Software	Customer relationship	Others	Total
Balance as at March 31, 2017	152,668	16,665	15,146	1,014	185,493
Balance as at March 31, 2018	156,407	17,170	6,233	1,898	181,708

The carrying amount of software in the above table as at March 31, 2017 and 2018 includes the carrying amount of leased assets of ¥801 million and ¥733 million, respectively. Amortization expenses were recorded in "Operating cost" and "Selling, general and administrative expenses" in the consolidated statement of income.

(2) Impairment losses for each business segment

The Group recognized impairment losses totaling ¥422 million and ¥5,878 million for the years ended March 31, 2017 and 2018, respectively, due to no expectation of initially expected profits, and recorded them in “Other expenses” in the consolidated statement of income. Impairment losses recognized by segment for the year ended March 31, 2017 were ¥413 million in the Financial Services Business and ¥9 million in the Asset Management Business, respectively. Impairment losses recognized by segment for the year ended March 31, 2018 were ¥138 million in the Financial Services Business, ¥31 million in the Asset Management Business and ¥5,709 million in the Biotechnology-related Business, respectively. The impairment losses recognized in the Biotechnology-related Business were recognized for certain drug development pipelines (recoverable amount: ¥2,660 million).

(3) Carrying amount of goodwill

Goodwill arising from business combinations is allocated to cash-generating units that are expected to benefit from the synergies of the business combination at the date of acquisition of the business.

Significant goodwill arising from business combinations were ¥107,235 million and ¥106,701 million as at March 31, 2017 and 2018, respectively, related to SBI SAVINGS BANK in the Asset Management Business and ¥24,910 million as at March 31, 2017 and 2018, related to SBI SECURITIES Co., Ltd. in the Financial Services Business.

The recoverable amounts used for impairment test of goodwill and intangible assets are calculated based on the value in use. Value in use is the present value calculated by discounting the estimated cash flows based on the projection approved by management and a growth rate. The business plans are not longer than five years in principle, and reflect the management assessments of future industry trends and historical data based on the external and internal information. The growth rate is determined by considering the long-term average growth rate of the market or the country which the CGU belongs to. The growth rate used for measuring value in use was 3% at the maximum per annum as at March 31, 2017 and 2018, respectively. The discount rate used for measuring value in use was 5.9% to 25.9% and 9.4% to 26.2% per annum as at March 31, 2017 and 2018, respectively.

Any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

16. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended March 31, 2017 and 2018:

(Millions of Yen)

For the year ended March 31, 2017	As at April 1, 2016	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2017
Deferred Tax Assets						
Impairment on financial assets measured at amortized cost	924	(9)	—	—	—	915
Fixed assets (Note)	813	(143)	—	(183)	—	487
Enterprise tax payable	648	22	—	—	—	670
Tax loss carryforwards	1,976	(1,726)	—	(180)	—	70
Other	924	(102)	—	—	6	828
Total	5,285	(1,958)	—	(363)	6	2,970
Deferred Tax Liabilities						
Financial Assets measured at FVTPL	7,265	165	—	(5,162)	—	2,268
Financial Assets measured at FVTOCI	4	—	32	—	—	36
Financial Assets measured at amortized cost	1,291	(167)	—	—	—	1,124
Investments accounted for using the equity method	—	(1,598)	1,270	5,162	—	4,834
Intangible assets	6,372	(1,477)	(48)	(175)	—	4,672
Other	540	(302)	1	—	—	239
Total	15,472	(3,379)	1,255	(175)	—	13,173

(Millions of Yen)

For the year ended March 31, 2018	As at April 1, 2017	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2018
Deferred Tax Assets						
Impairment on financial assets measured at amortized cost	915	(284)	—	—	—	631
Fixed assets (Note)	487	(13)	—	6	—	480
Enterprise tax payable	670	312	—	—	—	982
Tax loss carryforwards	70	(12)	—	—	—	58
Other	828	703	—	—	(539)	992
Total	2,970	706	—	6	(539)	3,143
Deferred Tax Liabilities						
Financial Assets measured at FVTPL	2,268	7,369	—	—	—	9,637
Financial Assets measured at FVTOCI	36	—	584	—	—	620
Financial Assets measured at amortized cost	1,124	(263)	—	—	—	861
Investments accounted for using the equity method	4,834	(2,756)	(330)	—	—	1,748
Intangible assets	4,672	(2,786)	(45)	—	—	1,841
Other	239	260	—	—	—	499
Total	13,173	1,824	209	—	—	15,206

Note: Fixed assets represent property and equipment, and investment property.

In assessing the recoverability of the deferred tax assets, the Group considers the future taxable temporary differences, projected future taxable income, and tax planning strategies. The tax losses for which deferred tax assets were not recognized as at March 31, 2017 and 2018, were ¥268,431 million (including ¥227,757 million with the carryforward period over 5 years), and ¥261,141 million (including ¥200,167 million with the carryforward period over 5 years), respectively.

The Group recognized deferred tax assets of ¥10 million and ¥18 million as at March 31, 2017 and 2018, respectively, associated with certain subsidiaries that had net losses during the years ended March 31, 2017 and 2018. The Group's management assessed that it is probable that tax credit carryforwards and deductible temporary differences will be utilized as the tax losses are not expected to arise on an ongoing basis.

As at March 31, 2017 and 2018, in principle, the Group did not recognize a deferred tax liability on the taxable temporary differences associated with investments in subsidiaries because the Group was in a position to control the timing of the reversal of the temporary differences and it was probable that such differences would not reverse in the foreseeable future. The amount of taxable temporary differences associated with investments in subsidiaries on which deferred tax liabilities were not recognized were ¥126,829 million and ¥180,257 million as at March 31, 2017 and 2018, respectively.

17. Bonds and Borrowings

(1) Details of bonds and borrowings

Bonds and borrowings as at March 31, 2017 and 2018, consisted of the following:

(Millions of Yen) (%)

	As at March 31, 2017	As at March 31, 2018	Average interest rate (Note 1)	Due (Note 2)
Short-term loans payable	262,336	232,049	0.44	—
Current portion of long-term loans payable	26,694	56,770	0.49	—
Current portion of bonds payable	61,003	91,288	—	—
Long-term loans payable	56,763	38,045	0.38	2019–2033
Bonds payable	112,181	153,125	—	—
Total	518,977	571,277		

Notes: 1. The average interest rate is calculated using the weighted average coupon rate of the outstanding balance as at March 31, 2018.
2. The due represents the repayment term of the outstanding balance as at March 31, 2018.

Details of the bonds were as follows:

Issuer and the name of bond	Date of issuance	As at March 31, 2017 (Millions of Yen)	As at March 31, 2018 (Millions of Yen)	Interest rate (Note 1) (%)	Due
The Company Japanese yen straight bond (Note 2)	June 2016– March 2017	59,902	59,977	0.48–0.70	June 2018– March 2019
The Company No. 6 Unsecured straight bond	December 2014	29,969	—	2.00	January 2018
The Company No. 7 Unsecured straight bond	March 2016	14,962	14,981	1.10	March 2019
The Company No. 8 Unsecured straight bond	April 2016	4,985	4,999	0.75	April 2018
The Company No. 9 Unsecured straight bond	June 2016	15,941	15,955	0.85	June 2021
The Company No. 10 Unsecured straight bond	September 2016	13,956	13,974	0.55	September 2019
The Company No. 11 Unsecured straight bond	June 2017	—	12,967	0.60	June 2020
The Company No. 12 Unsecured straight bond	June 2017	—	16,943	0.90	June 2022
The Company No. 13 Unsecured straight bond	March 2018	—	17,939	0.45	March 2021
The Company No. 14 Unsecured straight bond	March 2018	—	17,929	0.70	March 2023
The Company Euroyen convertible bonds (Note 3)	November 2013– September 2017	29,614	48,478	—	November 2017– September 2022
The Company Exchangeable bond (Note 2)	December 2017– March 2018	—	1,124	0.54	December 2019– March 2023
SBI SECURITIES Co., Ltd. Exchangeable bond · Stock price linked bond (Note 2)	January 2016– March 2018	2,990	8,788	0.31–0.69	July 2017– March 2023
SBI SECURITIES Co., Ltd. Japanese yen straight bond (Note 2)	March 2018	—	10,000	0.40	March 2019
SBI SECURITIES Co., Ltd. No. 1 Microfinance bond	August 2016– August 2017	785	319	2.20–2.50	August 2017– November 2018
SBI Trade Win Tech Co., Ltd. No. 1 Unsecured straight bond	March 2014	80	40	1.99	March 2019
Total		173,184	244,413		

Notes: 1. Interest rate is the coupon rate of the balance as at March 31, 2018. The interest rate of the bonds hedged with interest rate swap is the interest rate after the swap execution.
2. The aggregate amount issued based on euro medium term note program is stated above.
3. The stock acquisition rights of Euroyen convertible bonds are recognized as embedded derivatives. The amount of the stock acquisition rights are separated from the host, measured at fair value, and recorded as capital surplus after tax effects.

(2) Assets pledged as security

Assets pledged for liabilities and contingent liabilities were as follows:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Trade and other accounts receivable	9,453	8,142
Other financial assets	6	145
Property and equipment	308	296
Total	9,767	8,583

The corresponding liabilities were as follows:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Bonds and borrowings	7,648	7,741

Besides the above, securities received as collateral for financing from broker's own capital of ¥25,621 million and ¥29,677 million were pledged as collateral for borrowings on margin transactions as at March 31, 2017 and 2018, respectively.

18. Trade and Other Payables

The components of trade and other payables were as follows:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Accounts payable and notes payable	2,025	632
Accounts payable-other	11,941	12,468
Advances received and guarantee deposit received	35,650	51,474
Finance lease liability	3,271	3,232
Total	52,887	67,806

19. Other Liabilities Related to Securities Business

The components of other liabilities related to the securities business were as follows:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Trade date accrual	251,333	286,267
Trading products	51,853	108,157
Deposits for subscription	1,290	1,020
Total	304,476	395,444

20. Insurance Contract Liabilities

(1) Risk management system over insurance contracts

The Group engages in the insurance business such as life and casualty insurance and strives to accurately identify, analyze and assess as well as appropriately manage and administer risk relating to insurance contracts in order to secure management stability. The subsidiaries engaged in the insurance business have established a Risk Management Committee which strives to identify a wide range of risks associated with insurance contracts, and regularly and continuously reports to their respective board of directors, etc. about the risks to ensure the effectiveness of risk management. The Group's primary approach to risks relating to insurance contracts is as follows:

(a) Market risk management

Interest rate risk management

Considering the long-term nature of insurance liabilities, the Group invests principally in bonds. For investments in bonds, interest rate fluctuation risk is mitigated by matching the duration of bonds (to the extent of bond price fluctuations due to interest rate fluctuations) with the duration of policy reserves within certain parameters.

Price fluctuation risk management

Regarding market risk management, the Group conducts risk management focusing on indices such as VaR (Value at Risk), which denotes the maximum loss amount expected due to market changes based on the confidence interval, and Basis Point Value (BPV), which denotes price fluctuations in the bond portfolio due to changes in the market interest rate, in addition to identifying risks based on the Solvency Margin Ratio.

(b) Conducting of stress testing

The Group regularly conducts stress testing assuming scenarios such as significant deterioration in the investment environment or the worsening of the incidence rate of insured accidents, in order to analyze the impact on financial soundness, and reports the results of stress testing to the Risk Management Committee, etc.

(c) Insurance underwriting risk

Regarding insurance underwriting risk, the department-in-charge of each company engaged in the insurance business determines its underwriting policies, and conducts risk control by managing the risk portfolio, reforming or abolishing products, establishing the underwriting standards, changing sales policies, designing and arranging reinsurance, etc.

(2) Insurance contract liabilities

(a) Details and movements of insurance contract liabilities

Insurance contract liabilities as at March 31, 2017 and 2018, consisted of the following:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
Claims reserves	15,317	16,150
Policy reserves	132,256	126,110
Total	147,573	142,260

The movements in insurance contract liabilities for the years ended March 31, 2017 and 2018 were as follows:

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Balance, beginning of year	154,133	147,573
Life insurance business		
Expected cash flows from policy reserves	(19,987)	(18,973)
Interest incurred	143	173
Adjustments	9,584	9,823
Non-life insurance business		
Insurance premiums	33,264	36,027
Unearned premium	(30,987)	(34,149)
Others	1,423	1,786
Balance, end of year	147,573	142,260

Net cash outflows by due period resulting from recognized insurance liabilities are as follows:

	Total	No later than 1 year	1 to 3 years	3 to 5 years	Over 5 years
Insurance contract liabilities	142,260	44,852	24,022	13,940	59,446

(b) Sensitivity to insurance risk

In the life insurance business, the Group records insurance contract liabilities by estimating the present value of all cash flows generated from insurance contracts using the prerequisite conditions at initial recognition.

The prerequisite conditions include discount rates (interest rates), death rates, morbidity rates, renewal rates, business expenses and commission, etc. In the case where increases in death rates, morbidity rates, business expenses and commission are expected, future net income and equity are expected to decrease due to the increase in future cash outflows. In the case where the liability adequacy test reveals that insurance contract liabilities are insufficient for the amount of reserves determined based on the prerequisite conditions at initial recognition, it may be necessary to recognize the effects for the period of increasing insurance contract liabilities at the end of each reporting period.

(3) Concentration of insurance risk

The Group is not exposed to excessively concentrated insurance risk since the insurance contract portfolios are dispersed geographically throughout Japan.

(4) Claims development (difference between actual claim and previous estimates) of non-life insurance business is as follows:

(Millions of Yen)

	Accident year				
	2013	2014	2015	2016	2017
Cumulative payments and claim reserves					
At end of accident year	16,518	16,377	18,471	20,489	22,682
1 year later	16,442	16,810	18,813	21,018	—
2 year later	16,513	17,188	19,442	—	—
3 year later	16,802	17,457	—	—	—
4 year later	17,114	—	—	—	—
Estimate of cumulative claims	17,114	17,457	19,442	21,018	22,682
Less: Cumulative payments to date	16,827	17,055	18,406	18,730	14,822
Claim reserves (gross)	287	402	1,036	2,288	7,860

21. Leases as Lessee

The Group leases servers for online transaction systems and certain other assets under finance leases. Future minimum lease payments and their present value under finance lease contracts of each payment period as at March 31, 2017 and 2018 were as follows:

(Millions of Yen)

	As at March 31, 2017	As at March 31, 2018
No later than 1 year		
Future minimum lease payments	961	1,104
Less: future financial cost	(55)	(70)
Present value	906	1,034
Later than 1 year and not later than five years		
Future minimum lease payments	2,429	2,299
Less: future financial cost	(111)	(111)
Present value	2,318	2,188
Later than 5 years		
Future minimum lease payments	50	10
Less: future financial cost	(3)	0
Present value	47	10
Total		
Future minimum lease payments	3,440	3,413
Less: future financial cost	(169)	(181)
Present value	3,271	3,232

The Group leases office buildings and certain other assets under operating leases. The total future minimum lease payments recorded as expenses under cancellable or non-cancellable operating lease contracts for the years ended March 31, 2017 and 2018 were 4,429 million and ¥4,831 million, respectively.

22. Capital Stock and Other Equity Items

(1) Capital stock and treasury stock

The number of authorized shares as at March 31, 2017 and 2018 was 341,690,000 shares.

The Company's issued shares were as follows:

(Shares)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Number of issued shares (common shares with no par value)		
As at the beginning of the year	224,561,761	224,561,761
Increase during the year	—	—
As at the end of the year	224,561,761	224,561,761

The Company's treasury stock included in the above issued shares was as follows:

(Shares)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Number of treasury stock		
As at the beginning of the year	17,211,580	20,954,080
Increase during the year (Notes 1, 3)	6,869,170	6,341,261
Decrease during the year (Notes 2, 4)	(3,126,670)	(23,516,055)
As at the end of the year	20,954,080	3,779,286

Notes: 1. The increase of 6,869,170 shares related to the acquisition of 6,855,600 shares subject to Article 156 of the Companies Act (replacement of the third paragraph of Article 165) and 13,570 shares purchased from shareholders with less than one unit of shares.

2 The decrease of 3,126,670 shares related to 930 shares sold to shareholders with less than one unit of shares, appropriation of 2,730,100 shares for the exercise of stock acquisition rights, 44,600 shares sold to the Employee Stockholding Association by the Stock Benefit Trust (Employee Stockholding Association Purchase-type) and 351,040 shares sold.

3 The increase of 6,341,261 shares related to the acquisition of 6,318,500 shares subject to Article 156 of the Companies Act (replacement of the third paragraph of Article 165) and 22,761 shares purchased from shareholders with less than one unit of shares.

4 The decrease of 23,516,055 shares related to 630 shares sold to shareholders with less than one unit of shares, appropriation of 2,387,200 shares for the exercise of stock acquisition rights and appropriation of 21,128,225 shares for the conversion of convertible bonds.

(2) Reserves

a. Capital surplus

Capital surplus of the Group includes additional paid-in capital of the Company, which is legal capital surplus.

Under the Companies Act of Japan ("the Companies Act"), at least 50% of the proceeds of certain issues of common shares shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval of the shareholders meeting, the transfer of amounts from additional paid-in capital to common stock.

b. Retained earnings

Retained earnings of the Group include the reserve of the Company legally required as legal retained earnings.

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as legal retained earnings until the aggregate amount of capital surplus and statutory reserve reaches 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval of the shareholders meeting.

(3) Other components of equity

The movements of other component of equity were as follows:

(Millions of Yen)

	Other components of equity		
	Currency translation differences	Financial assets at FVTOCI	Total
Balance as at April 1, 2016	17,194	(87)	17,107
Change for the year	5,501	126	5,627
Transfer to retained earnings	—	(14)	(14)
Balance as at March 31, 2017	22,695	25	22,720
Change for the year	(3,491)	1,436	(2,055)
Transfer to retained earnings	—	(60)	(60)
Balance as at March 31, 2018	19,204	1,401	20,605

23. Dividends

Dividends paid were as follows:

Year ended March 31, 2017	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on April 28, 2016	Common shares	7,271	35	March 31, 2016	June 9, 2016
Board of Directors' Meeting on October 27, 2016	Common shares	2,009	10	September 30, 2016	December 12, 2016

Year ended March 31, 2018	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on April 28, 2017	Common shares	8,144	40	March 31, 2017	June 9, 2017
Board of Directors' Meeting on October 26, 2017	Common shares	3,256	15	September 30, 2017	December 11, 2017

Dividends for which the declared date fell in the year ended March 31, 2018, and for which the effective date will be in the year ending March 31, 2019, are as follows:

Year ended March 31, 2018	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on April 26, 2018	Common shares	15,455	70	March 31, 2018	June 8, 2018

24. Share-based Payment

The Company and certain of its subsidiaries have share-based compensation plans for their directors or employees. The share-based compensation plans are granted to persons resolved by the board of directors based on the approval of the shareholders meeting of the Company or certain of its subsidiaries.

(1) Equity-settled share-based compensation plan ("Stock option")

Vesting conditions of the stock options include accomplishment of the IPO and holding their positions as directors or employees until the accomplishment of the IPO. Also, certain of the stock options vest upon receipt of cash from the directors or employees for the price equivalent to their fair value.

The expenses arising from granted stock options were ¥395 million and were recorded in "Selling, general and administrative expenses" during the year ended March 31, 2018.

The outline of the stock option plans of the Group is as follows:

① The Company

The outline of the Company's stock option plan is as follows:

	For the year ended March 31, 2017		For the year ended March 31, 2018	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	6,547,700	1,247	3,817,600	1,247
Granted	—	—	6,057,900	1,563
Exercised	(2,730,100)	1,247	(2,387,200)	1,247
Unexercised balance	3,817,600	1,247	7,488,300	1,503

Notes: 1. Weighted average stock prices upon exercise of stock options for the years ended March 31, 2017 and 2018 were ¥1,570 and ¥2,130, respectively.
2. The number of the stock options granted during the year ended March 31, 2018 were 2,799,000 shares of 2017 First Stock Acquisition Rights and 3,258,900 shares of 2017 Second Stock Acquisition Rights, respectively.

The fair value of stock options for the 2017 First Stock Acquisition Rights granted during the year ended March 31, 2018 was ¥3,179 (The number of shares to be issued per stock acquisition right: 100 shares). The fair value was determined based on a Monte Carlo simulation. The following assumptions were used in the Monte Carlo simulation regarding the stock options:

Stock price at the evaluation date	: ¥1,563	Estimated remaining exercise period	: 4.1 years
Exercise price	: ¥1,563	Dividend yield	: 3.20%
Estimated volatility	: 36.9%	Risk free rate	: (0.07%)

The fair value of stock options for the 2017 Second Stock Acquisition Rights granted during the year ended March 31, 2018 was ¥39,804 (The number of shares to be issued per stock acquisition right: 100 shares). The fair value was determined based on a Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

Stock price at the grant date	: ¥1,536	Estimated remaining exercise period	: 4.5 years
Exercise price	: ¥1,563	Dividend yield	: 3.26%
Estimated volatility	: 43.3%	Risk free rate	: (0.15%)

The unexercised stock options as at March 31, 2018 are as follows:

Name	Exercise price (Yen)	Number of shares (Shares)	Expiration date
SBI Holdings, Inc. 2014 Stock Acquisition Rights (Notes 1)	1,247	1,430,400	July 1, 2015– June 30, 2018
2017 First Stock Acquisition Rights (Notes 2)	1,563	2,799,000	July 1, 2020– September 30, 2021
2017 Second Stock Acquisition Rights	1,563	3,258,900	July 29, 2019– September 30, 2024

Notes: 1. The stock options vest upon receipt of cash for the price equivalent to their fair value.
2. The stock options vest upon receipt of cash for the price equivalent to their fair value. And a holder of the stock acquisition rights shall be able to exercise the stock acquisition rights only in the event that the Financial Services Business has achieved ¥50 billion or more in its entire segment profits (profit before income tax expenses) in each fiscal year of the period from the fiscal year ended March 31, 2018 to the fiscal year ending March 31, 2020, and also marked ¥170 billion or more in its cumulative segment profits (profit before income tax expenses) for the above three fiscal periods.

② Subsidiaries

The outline of the Company's subsidiaries' stock option plans is as follows.

(a) Stock option plans which were unvested as at March 31, 2018

a-1 SBI Biotech Co., Ltd.	For the year ended March 31, 2017		For the year ended March 31, 2018	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	100	5,000	100	5,000
Change	—	—	—	—
Unvested balance	100	5,000	100	5,000

Notes: 1. The exercise period as at March 31, 2018 was defined as 30 months after 6 months passed from the IPO date.
2. The remaining stock options as at March 31, 2018 were granted before November 7, 2002; thus, the Group does not apply IFRS 2 "hare-based Payment".

a-2 SBI MONEYPLAZA Co., Ltd.	For the year ended March 31, 2017		For the year ended March 31, 2018	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	885,200	971	885,200	971
Forfeited	—	—	(885,200)	971
Unvested balance	885,200	971	—	—

a-3 BroadBand Security, Inc.	For the year ended March 31, 2017		For the year ended March 31, 2018	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	217,400	400	367,900	571
Granted	160,500	800	—	—
Forfeited	(10,000)	540	(222,900)	422
Unvested balance	367,900	571	145,000	800

Notes: 1. The effect of the consolidation of shares executed at the rate of 1 for 100 shares of common stock on October 28, 2016 has been adjusted retrospectively in the number of shares and the weighted average exercise price in the table above.
2. The fair value of stock options granted during the year ended March 31, 2017 was ¥4,053 (The number of shares to be issued per stock acquisition right: 10 shares). The fair value was determined based on the Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

Stock price at the grant date	: ¥800	Estimated remaining exercise period	: 6 years
Exercise price	: ¥800	Dividend yield	: 0.00%
Estimated volatility	: 56.0%	Risk free rate	: (0.07%)

3. The average remaining exercise period as at March 31, 2018 was 8.0 years.

(b) Stock option plans which were vested at the time of receiving cash

b-1 Morningstar Japan K.K.	For the year ended March 31, 2017		For the year ended March 31, 2018	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	1,499,700	267	1,488,700	267
Exercised	(11,000)	267	(762,300)	267
Unvested balance	1,488,700	267	726,400	267

Notes: 1. Weighted average stock price of stock options upon exercise for the year ended March 31, 2017 and 2018 was ¥338 and ¥395, respectively.
2. The average remaining exercise period as at March 31, 2018 was 0.2 years.

b-2 SBI FinTech Solutions Co., Ltd.	For the year ended March 31, 2018	
	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	—	—
Granted	608,500	628
Unvested balance	608,500	628

Notes: 1. The fair value of stock options granted during the year ended March 31, 2018 was ¥9 (The number of shares to be issued per stock acquisition right: 1 share). The fair value was determined based on a Monte Carlo simulation. The following assumptions were used in the Monte Carlo simulation regarding the stock options:

Stock price at the grant date	: ¥628	Estimated remaining exercise period	: 6.1 years
Exercise price	: ¥628	Dividend yield	: 1.59%
Estimated volatility	: 49.6%	Risk free rate	: (0.04%)

2. The average remaining exercise period as at March 31, 2018 was 5.5 years.

(2) Cash-settled share-based compensation plan

Certain of subsidiaries of the Company have cash-settled share-based compensation plans for their directors or employees. The compensation is made in the form of cash-settled payments based on the difference between the exercise price and the stock price as at the exercise date.

The outline of the cash-settled share-based compensation plan of the Group is as follows:

SBI FinTech Solutions Co., Ltd.	For the year ended March 31, 2017		For the year ended March 31, 2018	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	133,039	259	6,961	259
Exercised	(126,078)	259	(423)	259
Unexercised balance	6,961	259	6,538	259

Note: The average remaining exercise period as at March 31, 2018 was 1.3 years.

25. Revenue

Revenue for the years ended March 31, 2017 and 2018 consisted of the following:

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Revenue		
Financial income		
Interest income (Note)	79,463	101,837
Dividends received	1,524	3,940
Income arising from financial assets measured at FVTPL	10,776	50,262
Gain from trading	17,686	18,474
Others	58	116
Total financial income	109,507	174,629
Revenue arising on insurance contracts	55,605	67,165
Revenue from rendering of services	70,710	82,983
Others	26,117	12,240
Total revenue	261,939	337,017

Note: Interest income in financial income arises from financial assets measured at amortized cost.

26. Expense

Expense for the years ended March 31, 2017 and 2018 consisted of the following:

(1) Financial cost associated with financial income

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Financial cost associated with financial income		
Interest expense		
Financial liabilities measured at amortized cost	(14,543)	(17,788)
Total financial cost associated with financial income	(14,543)	(17,788)

(2) Operating cost

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Payroll	(8,196)	(11,293)
Outsourcing fees	(5,393)	(7,916)
Depreciation and amortization	(1,168)	(1,526)
Cost arising on insurance contracts	(41,690)	(51,461)
Others	(42,535)	(41,352)
Total operating cost	(98,982)	(113,548)

(3) Selling, general and administrative expenses

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Payroll	(25,592)	(28,201)
Outsourcing fees	(17,051)	(19,996)
Depreciation and amortization	(9,222)	(9,319)
Research and development	(8,622)	(7,749)
Others	(35,483)	(35,112)
Total selling, general and administrative expenses	(95,970)	(100,377)

(4) Other financial cost

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Other financial cost		
Interest expense		
Financial liabilities measured at amortized cost	(3,477)	(3,282)
Total other financial cost	(3,477)	(3,282)

(5) Other expenses

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Impairment loss	(2,904)	(27,183)
Foreign exchange loss	(4,143)	(3,401)
Others (Note)	(1,630)	(1,857)
Total other expenses	(8,677)	(32,411)

27. Income Tax Expense

The amount of income tax expenses for the years ended March 31, 2017 and 2018 were as follows:

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Income tax expense		
Current	(16,257)	(14,734)
Deferred	1,421	(1,118)
Total income tax expense	(14,836)	(15,852)

The Company and its domestic subsidiaries are subject to mainly a national corporate tax, an inhabitants tax, and an enterprise tax, which, in aggregate, resulted in a normal effective statutory tax rate of 30.9%. Foreign subsidiaries are subject to the income taxes of the countries in which they operate.

A reconciliation between the normal effective statutory tax rates and the Group's average effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2017 and 2018 is as follows:

(%)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Normal effective statutory tax rate	30.9	30.9
Permanent differences such as meals and entertainment	0.8	(0.2)
Tax effect on minority interests of investments in fund	0.4	(4.0)
Temporary differences arising from consolidation of investments	1.1	2.4
Change in valuation allowance	(0.8)	(5.2)
Other	2.0	(1.8)
Average effective tax rate	34.4	22.1

28. Other Comprehensive Income

Amounts recorded during the year, reclassification adjustments and income tax effects on each item of other comprehensive income for the years ended March 31, 2017 and 2018 were as follows:

(Millions of Yen)

For the year ended March 31, 2017	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
Items that will not be reclassified subsequently to profit or loss					
FVTOCI financial assets	156	—	156	(32)	124
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	680	—	680	—	680
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	5,592	(623)	4,969	(1,270)	3,699
Total	6,428	(623)	5,805	(1,302)	4,503

(Millions of Yen)

For the year ended March 31, 2018	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
Items that will not be reclassified subsequently to profit or loss					
FVTOCI financial assets	2,020	—	2,020	(584)	1,436
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	(2,378)	(404)	(2,782)	—	(2,782)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1,257)	83	(1,174)	330	(844)
Total	(1,615)	(321)	(1,936)	(254)	(2,190)

29. Earnings per Share

Basic earnings per share and diluted earnings per share attributable to owners of the Company were calculated based on the following information:

(Millions of Yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Earnings		
Profit attributable to owners of the Company	32,455	46,684
Dilutive effect: Convertible bonds	435	377
Profit attributable to owners of the Company after dilutive effect	32,890	47,061
Shares		
Basic weighted average number of ordinary shares (shares)	203,627,774	211,683,159
Dilutive effect: Stock options (shares)	206,932	1,508,956
Dilutive effect: Convertible bonds (shares)	20,645,516	25,846,017
Weighted average number of ordinary shares after the dilutive effect (shares)	224,480,222	239,038,132
Earnings per share attributable to owners of the Company		
Basic (in Yen)	159.38	220.54
Diluted (in Yen)	146.52	196.88

30. Cash Flow Information

Supplemental disclosure of consolidated statement of cash flow information for the years ended March 31, 2017 and 2018 was as follows:

(1) Expenditures on acquisition of subsidiaries

The amounts of payments for acquisition of subsidiaries were ¥2,944 million and ¥3,044 million for the years ended March 31, 2017 and 2018, respectively. Consideration paid consisted solely of cash and cash equivalents. Amounts of major classes of assets and liabilities of subsidiaries, of which the Group obtained control through share acquisition, at the date of acquisition were as follows:

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Cash and cash equivalents	976	3,056
Trade and other receivables	31	1,190
Other assets	1,256	1,502
Total assets	2,263	5,748
Trade and other payables	535	741
Customer deposits for banking business	—	3,857
Other liabilities	600	805
Total liabilities	1,135	5,403

(2) Proceeds from sales of subsidiaries

Total consideration received in respect of sales of subsidiaries was ¥9,693 million and ¥933 million for the years ended March 31, 2017 and 2018, respectively. Amounts of major classes of assets and liabilities of subsidiaries, of which the Group lost control through share sale, at the date of sale were as follows:

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Cash and cash equivalents	6,349	63
Trade and other receivables	1,878	81
Other assets	9,998	456
Total assets	18,225	600
Bonds and loans payable	1	74
Trade and other payables	2,931	19
Other liabilities	1,793	80
Total liabilities	4,725	173

(3) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities were as follows:

(Millions of Yen)

	As at April 1, 2017	Cash flow from financing activities	Non-cash changes				As at March 31, 2018
			Issuance of convertible bonds	Conversion of convertible bonds	Interest expense	Others	
Borrowings	345,794	(19,105)	—	—	270	(94)	326,865
Bonds	173,183	102,986	(2,254)	(29,949)	473	(27)	244,412
Total	518,977	83,881	(2,254)	(29,949)	743	(121)	571,277

31. Subsidiaries

Major subsidiaries of the Group as at March 31, 2018 were as follows:

Business segment	Name	Location	Voting Rights Holding Ratio (%)
Financial Services Business	SBI FINANCIAL SERVICES Co., Ltd.	Japan	100.0
	SBI SECURITIES Co., Ltd.	Japan	100.0 (100.0)
	SBI Liquidity Market Co., Ltd.	Japan	100.0 (100.0)
	SBI FXTRADE Co., Ltd.	Japan	100.0 (100.0)
	SBI MONEYPLAZA Co., Ltd.	Japan	100.0 (100.0)
	SBI Insurance Group Co., Ltd.	Japan	99.5 (3.7)
	SBI Life Insurance Co., Ltd.	Japan	100.0 (100.0)
	SBI Insurance Co., Ltd.	Japan	98.1 (98.1)
	SBI FinTech Solutions Co., Ltd.	Japan	77.5
Asset Management Business	SBI Capital Management Co., Ltd.	Japan	100.0
	SBI Investment Co., Ltd.	Japan	100.0 (100.0)
	SBI Global Asset Management Co., Ltd.	Japan	100.0
	Morningstar Japan K. K.	Japan	49.5 (49.5)
	SBI Asset Management Co., Ltd.	Japan	100.0 (100.0)
	SBI Estate Finance Co., Ltd.	Japan	100.0 (5.0)
	SBI Hong Kong Holdings Co., Ltd.	Hong Kong	100.0
	SBI VEN HOLDINGS PTE. LTD.	Singapore	100.0
	SBI SAVINGS BANK	Korea	98.9 (98.9)
Biotechnology-related Business	SBI ALApharma Co., Limited	Hong Kong	95.5 (95.5)
	SBI Pharmaceuticals Co., Ltd.	Japan	84.9 (84.9)
	SBI ALApromo Co., Ltd.	Japan	100.0 (100.0)
	SBI Biotech Co., Ltd.	Japan	87.6 (1.1)
	Quark Pharmaceuticals, Inc.	USA	100.0 (100.0)

Note: The figure in the parentheses represents the indirect holding ratio of voting rights or indirect investment ratio included in the total.

32. Related Party Transactions

(1) Related Party Transactions

The Group entered into the following related party transactions during the year ended March 31, 2017.

Type	Name	Relationship with related party	Transaction description	Transaction Amount (Millions of Yen)	Balance (Millions of Yen)
Corporate officer	Yoshitaka Kitao	Representative Director	Exercise of stock options (Note 1)	873	—
			Investment in kind of subsidiary (Note 2)	1,016	—
			Sale of investment in associates (Note 3)	204	—
Corporate officer	Takashi Nakagawa	Representative Director	Exercise of stock options (Note 1)	499	—
Corporate officer	Shumpei Morita	Executive Officer	Exercise of stock options (Note 1)	200	—
			Sale of investment in subsidiary (Note 4)	45	—
Corporate officer	Masayuki Yamada	Executive Officer	Exercise of stock options (Note 1)	20	—

Notes: 1. Exercise of stock options represents the exercise of stock acquisition rights which were issued based on the resolution by the Board of Directors meeting held on October 30, 2014, and November 19, 2014, pursuant to Article 236, 238 and 240 of the Companies Act. Stated in the "Transaction Amount" column is the paid-in amount in connection with stock acquisition rights exercised during the year ended March 31, 2017.

2. In connection with a reorganization within the Group, shares held in a subsidiary were invested in kind to subscribe shares issued for a capital increase by another subsidiary. Stated in the "Transaction Amount" column is the amount of capital increased by the transaction, which was determined considering the share price calculation by an independent third-party advisory firm.

3. The sales price of investment in associates was determined based on the market price at the time of each transaction.

4. The sales price of investment in subsidiary was determined based on the stock valuation report of an independent third-party advisory firm.

The Group entered into the following related party transactions during the year ended March 31, 2018.

Type	Name	Relationship with related party	Transaction description	Transaction Amount (Millions of Yen)	Balance (Millions of Yen)
Corporate officer	Yoshitaka Kitao	Representative Director	Issuance of stock options (Note 1)	16	—
Corporate officer	Katsuya Kawashima	Representative Director	Issuance of stock options (Note 1)	11	—
			Exercise of stock options (Note 2)	187	—
Corporate officer	Shumpei Morita	Executive Officer	Exercise of stock options (Note 2)	12	—
Corporate officer	Tatsuo Shigemitsu	Executive Officer	Exercise of stock options (Note 2)	312	—

Notes: 1. Issuance of stock options represents the issuance of stock acquisition rights which were issued based on the resolution by the Board of Directors meeting held on July 27, 2017, and August 29, 2017, pursuant to Article 236, 238 and 240 of the Companies Act. Stated in the "Transaction Amount" column is the paid-in amount in connection with stock acquisition rights issued during the year ended March 31, 2018.

2. Exercise of stock options represents the exercise of stock acquisition rights which were issued based on the resolution by the Board of Directors meeting held on October 30, 2014, and November 19, 2014, pursuant to Article 236, 238 and 240 of the Companies Act. Stated in the "Transaction Amount" column is the paid-in amount in connection with stock acquisition rights exercised during the fiscal year ended March 31, 2018.

(2) The remuneration of key management personnel of the Company for the years ended March 31, 2017 and 2018

(Millions of Yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Remuneration and bonuses	1,025	1,012
Post-employment benefits	4	5
Total	1,029	1,017

33. Contract Liabilities

The Group has entered into loan agreements with the customers in accordance with the condition of the contracts. The total amount of loan commitments amounted to ¥10,847 million and ¥15,038 million, with an unused portion of ¥4,531 million and ¥10,194 million, as at March 31, 2017 and 2018, respectively. However, contracts are revised regularly upon changes to customer's credit condition and other matters considered necessary to ensure secure credit facilities. Thus, the unused portion of the commitment will not affect the Group's future cash flow.

34. Events after the Reporting Period

There were no significant events after the reporting period.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SBI Holdings, Inc.:

We have audited the accompanying consolidated statement of financial position of SBI Holdings, Inc. and its subsidiaries as at March 31, 2018, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SBI Holdings, Inc. and its subsidiaries as at March 31, 2018, and the consolidated results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte Touche Tohmatsu LLC

June 26, 2018

Member of
Deloitte Touche Tohmatsu Limited

The SBI Group
(Principal Group Companies)

SBI Holdings, Inc. TSE First Section

Financial Services Business

A diversified line of financial services

- ❶ **SBI FINANCIAL SERVICES Co., Ltd.** — Control and management of the Financial Services Business — 100.0%
  - ❶ **SBI SECURITIES Co., Ltd.** — Comprehensive online securities company — 100.0%
    - ❶ **SBI Liquidity Market Co., Ltd.** — Provision of market infrastructure to supply liquidity to FX margin trading — 100.0%
      - ❶ **SBI FXTRADE Co., Ltd.** — Pure-play FX broker — 100.0%
    - ❶ **SBI MONEY PLAZA Co., Ltd.** — Face-to-face shops that provide financial products — 100.0%
    - ❶ **SBI Benefit Systems Co., Ltd.** — Operational management of defined-contribution pension, etc. — 66.6%
    - ❶ **SBI Securities (Hong Kong) Limited** — Securities company in Hong Kong — 100.0%
  - ❶ **SBI Business Support Co., Ltd.** — Call center planning and operation, staffing — 100.0%
  - ❶ **SBI Trade Win Tech Co., Ltd.** — Development of financial systems — 100.0%
- ❶ **BYFX HK Co., Limited** — Provision of FX trading service and precious metal trading service in Hong Kong — 100.0%
- ❷ **SBI Japannext Co., Ltd.** — Operation of PTS (Proprietary Trading System) — 48.8%
- ❶ **SBI BITS Co., Ltd.** — Development and operation of financial systems — 100.0%
- ❷ **SBI Sumishin Net Bank, Ltd.** — Internet-based full service bank — 50.0%
- ❷ **JAL SBI FinTech Co., Ltd.** — Joint holding company for the creation of new business including international brand prepaid card business — 49.0%
- ❶ **SBI Insurance Group Co., Ltd.** — Insurance Holding Company — 99.5%
  - ❶ **SBI Insurance Co., Ltd.** — Internet-based non-life insurance company — 98.1%
  - ❶ **SBI Life Insurance Co., Ltd.** — Life insurance business — 100.0%
  - ❶ **SBI SSI Holdings Co., Ltd.** — Small-amount, short-term insurance policy businesses — 100.0%
    - ❶ **SBI IKIIKI SSI Inc.** — Small-amount, short-term insurance policy businesses — 100.0%
    - ❶ **SBI Resta SSI Co., Ltd.** — Small-amount, short-term insurance policy businesses — 99.6%
    - ❶ **Nihon Small amount & Short term Insurance Co., Ltd.** — Small-amount, short-term insurance policy businesses — 100.0%
- KOSDAQ ❶ **SBI FinTech Solutions Co., Ltd.** — Control and operation of the e-commerce settlement business and Group FinTech-related businesses — 77.5%
  - ❶ **SBI Social Lending Co., Ltd.** — Loan and social lending operations — 100.0%
  - ❶ **SBI Remit Co., Ltd.** — International remittance business — 100.0%
  - ❶ **SBI Business Solutions Co., Ltd.** — Provision of back office support services — 100.0%
- ❶ **SBI Ripple Asia Co., Ltd.** — Selling agency of international settlement system — 60.0%
- ❶ **SBI AutoSupport Co., Ltd.** — Provision of financial services through used car dealers, etc. — 70.0%

Asset Management Business

Private equity investment and overseas financial services business

- ❶ **SBI Capital Management Co., Ltd.** — Control and management of the private equity business — 100.0%
  - ❶ **SBI Investment Co., Ltd.** — Venture capital fund management — 100.0%
- ❶ **SBI FinTech Incubation Co., Ltd.** — Support for introduction of FinTech services — 60.0%
- ❶ **SBI VENTURES SINGAPORE PTE. LTD.** — M&A advisory business — 100.0%
  - ❶ **SBI VEN CAPITAL PTE. LTD.** — Overseas private equity fund management — 100.0%
- ❶ **SBI Ventures Malaysia Sdn. Bhd.** — Fund management in Southeast Asia — 100.0%
- KOSDAQ ❷ **SBI Investment KOREA Co., Ltd.** — Venture capital in South Korea — 43.9%
- ❶ **SBI SAVINGS BANK** — Savings bank in South Korea — 98.9%
- ❶ **SBI (China) Co., Ltd.** — Management of businesses in China — 100.0%
  - ❶ **SBI & TH (Beijing) Venture Capital Management Co., Ltd.** — Private equity fund management in China — 100.0%
- ❶ **SBI Royal Securities Plc.** — Comprehensive securities company in Cambodia — 65.3%
- ❶ **SBI Thai Online Securities Co., Ltd.** — Online securities in Thailand — 99.9%
- ❶ **SBI Bank LLC** — Commercial bank in Russia — 100.0%
- ❷ **PT BNI SEKURITAS** — Securities company in Indonesia — 25.0%

As of June 30, 2018 / Note: Percentages are the total Group ownership, which is the sum total of the voting rights in possession by the Company and the companies and funds defined as its subsidiaries by IFRSs.
❶ Consolidated subsidiary ❷ Equity method associate

Asset management-related services

1 SBI GLOBAL ASSET MANAGEMENT Co., Ltd.
Control and management of the asset management services business 100.0%

JASDAQ
1 Morningstar Japan K.K.
Rating information for investment trust, others 49.5%

1 Morningstar Asset Management Co., Ltd.
Investment advisory services, others 100.0%

1 SBI Asset Management Co., Ltd.
Investment management and investment advisory service 100.0%

1 SBI ENERGY Co., Ltd.
Power business using renewable energy 100.0%

1 SBI Bond Investment Management Co., Ltd.
Financial asset-related investment advisory services, agency and investment management business 90.0%

1 SBI Regional Revitalization Asset Management Co., Ltd.
Investment management and investment advisory service 76.0%

1 SBI Gold Co., Ltd.
Provision of online system for trading and management of precious metals 60.0%

1 SBI Arsnova Research, Co., Ltd.
Arrangement and management of alternative investments 99.0%

1 SBI Estate Finance Co., Ltd.
Rent guarantees for rental housing 100.0%

1 SBI Guarantee Co., Ltd.
Rent guarantees for rental housing 100.0%

Biotechnology-related Business

R&D, manufacturing and sales of pharmaceuticals, health foods and cosmetics

1 SBI ALApharma Co., Limited
Management and operation of the 5-ALA-related business 95.5%

1 SBI Pharmaceuticals Co., Ltd.
R&D, manufacturing and sales of pharmaceuticals, health foods and cosmetics using 5-ALA 84.9%

1 SBI ALApromo Co., Ltd.
Manufacturing and sales of health foods and cosmetics using 5-ALA 100.0%

1 photonamic GmbH & Co. KG
R&D, manufacturing and sales of pharmaceuticals using 5-ALA 100.0%

1 NX Development Corp.
Sales of "Gleolan," an orally administered diagnostic reagent, in the U.S. 100.0%

2 SBI Neopharma FZ-LLC
Sale of products containing 5-ALA overseas 49.0%

1 SBI Biotech Co., Ltd.
R&D of pharmaceuticals 87.6%

1 Quark Pharmaceuticals, Inc.
R&D of siRNA pharmaceuticals 100.0%

TSE Mothers
2 Kubota Pharmaceutical Holdings Co., Ltd.
Development of drugs specializing in ophthalmic diseases 37.9%

Others

1 SBI Digital Asset Holdings Co., Ltd.
Control and management of the digital asset-related businesses 100.0%

1 SBI Virtual Currencies Co., Ltd.
Cryptocurrency exchange and transaction services and systems provision 100.0%

1 SBI CoVenture Asset Management Co., Ltd.
Financial asset-related investment advisory services agency 70.0%

1 SBI CapitalBase Co., Ltd.
Construction and operation of a fund-raising support platform using the Internet 100.0%

1 SBI Crypto Co., Ltd.
Business related to digital assets centering on mining 100.0%

1 SBI Crypto Investment Co., Ltd.
Investment business such as ownership, management, operation and acquisition of securities 100.0%

1 SBI Estate Management Co., Ltd.
Investment in real estate 100.0%

1 SBI Wellness Bank Co., Ltd.
Healthcare services for membership 100.0%

For details of each Group company's business, please refer to our website (http://www.sbigroup.co.jp/english/company/group/)

Corporate Data

Company Outline (As of March 31, 2018)

Company Name	SBI Holdings, Inc.
Date of Establishment	July 8, 1999
Head Office	Izumi Garden Tower 19F, 1-6-1 Roppongi, Minato-ku, Tokyo 106-6019, Japan TEL: +81-3-6229-0100 FAX: +81-3-3589-7958
Number of Employees	5,391 (consolidated)
Paid-in Capital	¥81,681 million
Fiscal Year	April 1 to March 31

Stock Information (As of March 31, 2018)

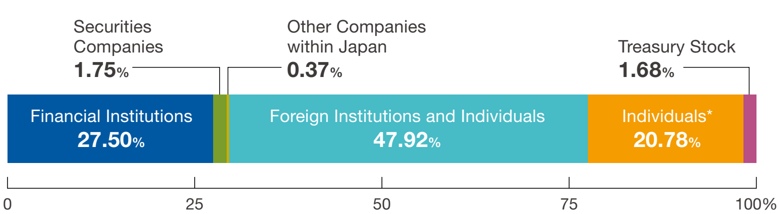
Listing	First Section of the Tokyo Stock Exchange
Code	8473
Shares Authorized	341,690,000 shares
Shares Outstanding	224,561,761 shares (including treasury stock)
Shareholder Register	Mizuho Trust & Banking Co., Ltd.

Principal Shareholders

Name	Number of shares held (shares)	Percentage of outstanding shares (%)
Japan Trustee Services Bank, Ltd. (Trust account)	20,094,100	9.10
The Master Trust Bank of Japan, Ltd. (Trust account)	10,756,100	4.87
NORTHERN TRUST COMPANY (AVFC) ACCOUNT NON-TREATY	8,402,124	3.81
THE BANK OF NEW YORK 133524	8,078,636	3.66
Japan Trustee Services Bank, Ltd. (Trust account 9)	5,296,300	2.40
JP Morgan Chase Bank 385164	4,470,400	2.02
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,262,700	1.93
SAJAP	4,015,040	1.82
Yoshitaka Kitao	3,907,960	1.77
STATE STREET BANK WEST CLIENT–TREATY 505234	3,873,278	1.75

Percentage of outstanding shares is calculated by deducting the treasury stock.
Apart from the holdings of the major shareholders above, the Company holds 3,779,286 shares as treasury stock.

Distribution of Ownership among Shareholders



*Includes shares of SBI Holdings Employee Stockholding Association

Information on Bonds and Credit Rating (As of September 20, 2017)

Rating agency	Rating and Investment Information
Long-term	BBB (Stable)
Short-term	a–2

Overseas Offices

U.S.	Quark Pharmaceuticals
Russia	SBI Bank
Germany	photonamic
Bahrain	SBI Pharmaceuticals Bahrain Representative Office
Israel	SBI JI Innovation Fund Advisory QBI Enterprise (Research institute of Quark Pharmaceuticals)
UAE	SBI Neopharma
Malaysia	SBI Ventures Malaysia PNB-SBI ASEAN Gateway Investment Management
Singapore	SBI VENTURES SINGAPORE SBI VEN CAPITAL
India	Milestone River Venture Advisory
Sri Lanka	Strategic Business Innovator
South Korea	SBI Investment KOREA SBI SAVINGS BANK
China	SBI (China) Beijing Representative Office Shanghai Representative Office INESA-SBI Leasing (Shanghai) SBI & TH (Beijing) Venture Capital Management
Hong Kong	SBI Hong Kong Holdings SBI Securities (Hong Kong) BYFX HK SBI ALApharma
Taiwan	SBI Capital 22 Management
Philippines	ICCP SBI Venture Partners
Indonesia	BNI SEKURITAS Jakarta Representative Office
Brunei	SBI (B) SDN
Vietnam	FPT Securities TPBank FPT Capital Fund Management
Cambodia	SBI Royal Securities
Thailand	SBI Thai Online Securities

- Financial Services Business
- Asset Management Business
- Biotechnology-related Business
- Representative Office of SBI Holdings

Corporate History

1999

Mar. As a result of a business reorganization accompanying the conversion of SoftBank Corp. (currently SoftBank Group Corp.) into a pure holding company, Softbank Finance Corporation became an independent company to oversee financial-related business activities.
July Established as SOFTBANK INVESTMENT CORPORATION; start of venture capital business.
Oct. E*TRADE SECURITIES Co., Ltd. (currently SBI SECURITIES Co., Ltd.) commenced Internet trading services.
Nov. Softbank Ventures Inc. (currently SBI Investment Co., Ltd.) became a wholly owned consolidated subsidiary.

2000

July Established the INTERNET TECHNOLOGY FUND with ¥150.5 billion in initial contributions, at that time, the largest fund commitment of its kind in Japan.

2001

2002

Feb. Listed on First Section of Tokyo Stock Exchange.

2003

2004

July Morningstar Japan K.K. became a subsidiary.

2005

May Jointly established the New Horizon Fund, targeting promising Chinese companies, with an investment company in Singapore.
July Changed name to SBI Holdings, Inc., and transitioned to a holding company structure.
Oct. As the first overseas office, established a representative office in Beijing, China.

2006

Aug. A wholly owned subsidiary of SoftBank Corp. (currently SoftBank Group Corp.) sold its entire stake in SBI Holdings, Inc.

2007

Feb. Established SBI VEN CAPITAL PTE. LTD., a subsidiary in Singapore.
Aug. SBI Japannext Co., Ltd. began operation of a Proprietary Trading System (PTS).
Sept. SBI Sumishin Net Bank, Ltd. commenced business.

2008

Jan. SBI Insurance Co., Ltd. commenced business.
Apr. Established SBI Pharmaceuticals Co., Ltd.
Nov. SBI Liquidity Market Co., Ltd. started operations, which supplies market infrastructure for FX trading.
Dec. Hong Kong subsidiary SBI Hong Kong Co., Limited (currently SBI Hong Kong Holdings Co., Limited) commenced business.

2009

2010

Apr. Established a representative office in Shanghai, China

2011

Mar. SBI Social Lending Co., Ltd. commenced business.

2012

Mar. SBI (China) Co., Ltd., a China business management company, commenced business in Dalian, China.
Apr. SBI ALApromo Co., Ltd., commenced business.
May SBI FXTRADE Co., Ltd., commenced business.
June SBI MONEY PLAZA Co., Ltd. commenced business.

2013

Mar. Acquired shares of Hyundai Swiss Savings Bank (currently SBI SAVINGS BANK) and converted it into a consolidated subsidiary.

2014

2015

Oct. SBI Thai Online Securities Co., Ltd., a first pure-play online securities company in Thailand, commenced business.
Dec. Established FinTech Business Innovation LPS (FinTech Fund) with a total commitment capital amount of ¥30.0 billion.

2016

Jan. Acquired all shares of photonamic GmbH & Co. KG, a German pharmaceutical company engaged in the 5-ALA-related pharmaceuticals business in Europe, and converted it into a consolidated subsidiary.
Feb. SBI Life Insurance Co., Ltd. (formerly PCA LIFE Insurance Co., Ltd.), which became a consolidated subsidiary in February 2015, resumed its insurance underwriting.
May Jointly established SBI Ripple Asia Co., Ltd. with U.S.-based Ripple. In October, launched "The Japan Bank Consortium" for establishing a next generation remittance system in Japan.

2017

Mar. Integrated the Group's six insurance companies under SBI Insurance Group Co., Ltd., which is an insurance holding company.
Integrated the Group's FinTech-related businesses under SBI FinTech Solutions Co., Ltd. (formerly SBI AXES Co., Ltd.)
Aug. SBI Bank LLC (formerly YAR Bank LLC), a commercial bank in Russia, became a wholly owned consolidated subsidiary.

2018

Jan. Establishment of SBI AI&Blockchain LPS (SBI AI&Blockchain Fund), a venture capital fund endeavoring to invest mainly in AI and blockchain fields as a successor of the FinTech Fund.
Feb. Established a representative office in Jakarta, Indonesia.

Books by Yoshitaka Kitao, Representative Director, President & CEO

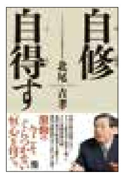
Practical FinTech (Magazine)
Nikkei Publishing Inc.
December 2017

Enlightenments from Ancient Sages' Wisdome
Keizaikai Co., Ltd.
October 2017

Learning Practical FinTech from Successful Companies
Nikkei Publishing Inc.
(EN) John Wiley & Sons, Inc.
(CN) Fudan University Press
(KR) News1
(VN) ThaiHaBooks JSC
March 2017

An Encouragement of Self-cultivation
Chichi Publishing Co., Ltd.
December 2016

Daily Reawakening
Keizaikai Co., Ltd.
November 2016



Realizing Yourself through Self-cultivation
Keizaikai Co., Ltd.
November 2015

The Essence of the Words of Masahiro Yasuoka
PRESIDENT Inc.
July 2015

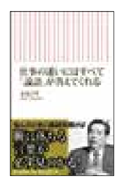
Using Knowledge of the Jikkan and Junishi to Create Good Fortune
Chichi Publishing Co., Ltd.
December 2014

Revitalizing Lives
Keizaikai Co., Ltd
(VN) ThaiHaBooks JSC
November 2014

Correcting the Abuses of the Times
Keizaikai Co., Ltd.
November 2013

Be a True Japanese—Reflections on Sazo Idemitsu
ASA Publishing Co., Ltd.
October 2013

Learn from the Ancient Sages
Keizaikai Co., Ltd.
November 2012



When Confounded in Business, Analects Point the Way
Asahi Shimbun Publication Inc.
August 2012

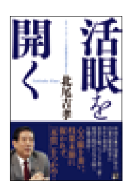
The Tailwind Behind Japan's Economy
Sankei Shimbun Publications Inc.
June 2012

Applying the "Analects of Confucius" in Business
Chichi Publishing Co., Ltd.
May 2012

Yoshitaka Kitao's Management Dialogue
Kosaido Publishing Co., Ltd.
March 2012

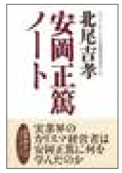
Understanding the Times
Keizaikai Co., Ltd.
November 2011

The Lessons of Shinzo Mori for Nurturing Human Fortitude
Chichi Publishing Co., Ltd.
February 2011



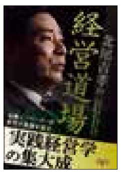
Penetrating Insight
Keizaikai Co., Ltd.
November 2010

The Meaning of Life
Kodansha Ltd.
August 2010
Co-authored with
Takeshi Natsuno



Notes on Masahiro Yasuok
Chichi Publishing Co., Ltd.
December 2009

Change will be, When Things are at Their Worst
Keizaikai Co., Ltd.
October 2009



Yoshitaka Kitao's Business Management Lecture
KIGYOKA NETWORK
June 2009

Think Big, Don't be the Little Guy
Chichi Publishing Co., Ltd.
January 2009

Reading the Times
Keizaikai Co., Ltd.
August 2008

Japanese Wisdom and Power
PHP Research Institute
(CN) Fudan University Press
April 2011

Proverbs of Sages and Renowned Executives Who Overcame Adversity
Asahi Shimbun Publication Inc.
(CN) Tsinghua University Press
December 2009

(Post edition)

Why do We Work?
Chichi Publishing Co., Ltd.
(KR) Joongang Books
March 2007

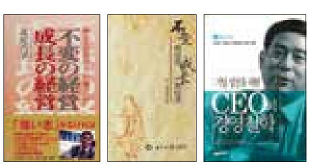
The SBI Group Vision and Strategy: Continuously Evolving Management
Toyo Keizai Inc.
(EN) John Wiley & Sons, Inc.
(CN) Tsinghua University Press
October 2005

(Pocket edition)

"Mysterious Powers" Gained from Chinese Classics
Mikasa Shobo Co., Ltd.
(CN) Peking University Press
July 2005

(Pocket edition)

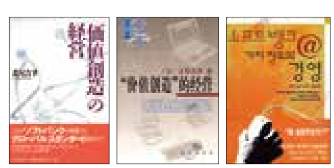
Developing Character
PHP Research Institute
(CN) World Affairs Press
April 2003



Universal Management, Growth Management
PHP Research Institute
(CN) World Affairs Press
(KR) Dongbang Media Co. Ltd.
October 2000

Challenges of E-Finance II
Toyo Keizai Inc.
(KR) Dongbang Media Co. Ltd.
April 2000

Challenges of E-Finance I
Toyo Keizai Inc.
(CN) The Commercial Press
(KR) Dongbang Media Co. Ltd.
December 1999



"Value-Creation" Management
Toyo Keizai Inc.
(CN) The Commercial Press
(KR) Dongbang Media Co. Ltd.
December 1997

(EN): In English translation (CN): In Chinese translation (KR): In Korean translation (VN): In Vietnamese translation

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WEBSITE DIRECTORY

SBI Holdings Website Top Page
http://www.sbigroup.co.jp/english/

Investor Relations
http://www.sbigroup.co.jp/english/investors/

VEGETABLE OIL INK

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