



*Strategic
Business
Innovator*

Current Management Information Briefing

June 28, 2018

Yoshitaka Kitao

Representative Director, President & CEO

SBI Holdings, Inc.

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

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

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

Note: Fiscal Year (“FY”) ends March 31 of the following year

- I. SBI Group's Basic Strategy and Results of the Past Three Years**
- II. The SBI Group is Moving Toward Further Dramatic Growth through Rapid Incorporation of Technological Developments**
- III. Actualizing SBI Holdings' Intrinsic Corporate Value**
- IV. Modification to the SBI Group's Vision, Announced on July 27, 2017**

I. SBI Group's Basic Strategy and Results of the Past Three Years

Group-wide strategy 1:

Adherence to the “Customer-centric Principle” and further expansion of the customer base

Group-wide strategy 2:

Establishment of a business ecosystem and the pursuit of group synergies

Group-wide strategy 1:

Adherence to the “Customer-centric Principle” and further expansion of the customer base



Business strategy examples:

- (1) Acquire new customers at each Group company by newly developing products and providing services**
- (2) Promote a mobile shift by expanding the “Mobile First” service**
- (3) Strengthen alliances with regional financial institutions, to expand into a new customer base by contributing to regional revitalization**

Business strategy examples:

(1) Acquire new customers at each Group company by newly developing products and providing services

(Case studies)

① SBI SECURITIES

② SBI Sumishin Net Bank

③ Insurance-related business

④ SBI Asset Management

⑤ SBI Bond Investment Management

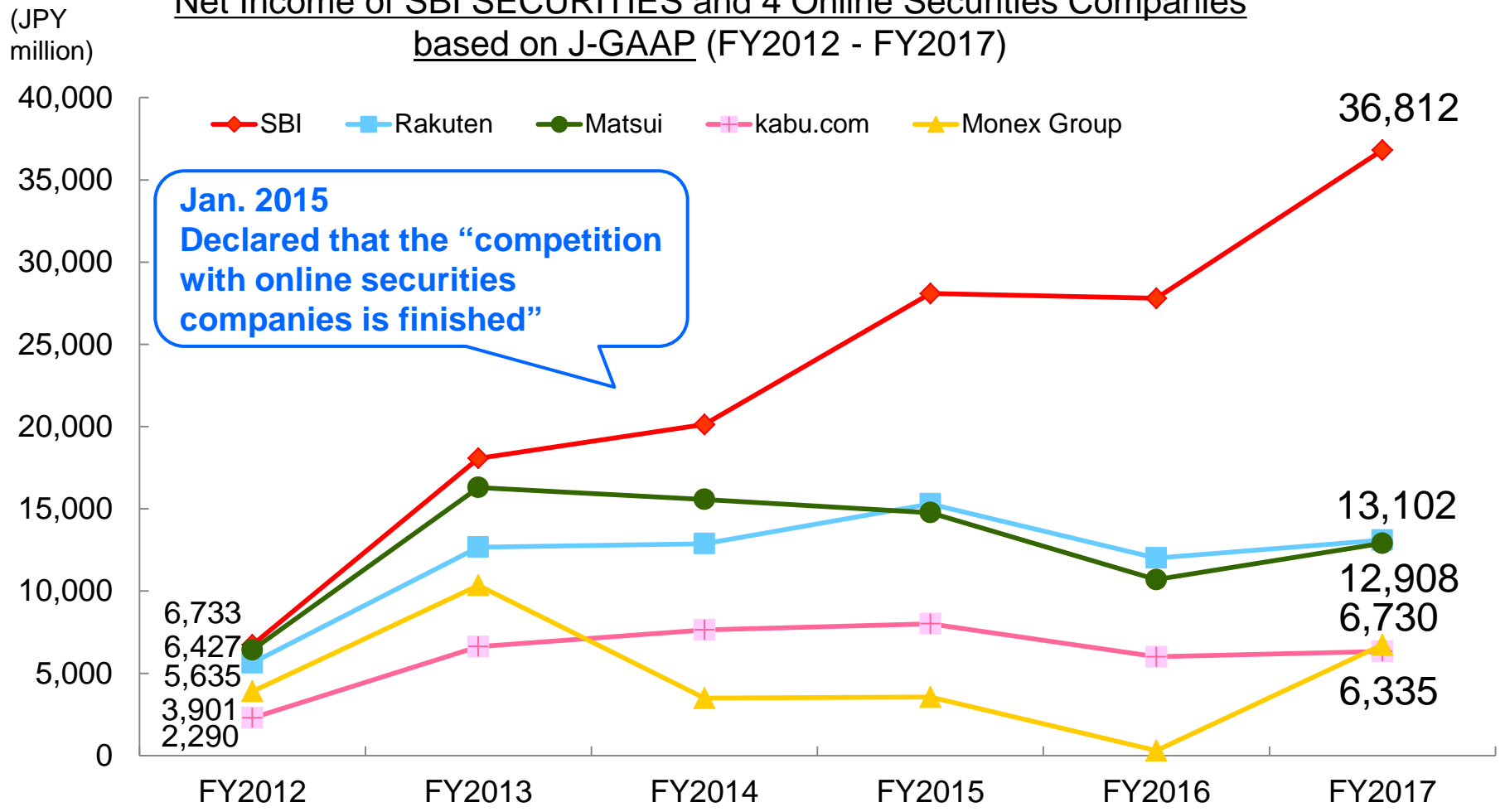
① SBI SECURITIES

- i. **SBI SECURITIES' overwhelming position in the online securities industry**
- ii. **SBI SECURITIES' dramatic growth has captured the attention of the entire securities industry**
- iii. **Strengthening the comprehensive capacity of its business by enhancing the corporate business**



SBI SECURITIES' Overwhelming Position in the Online Securities Industry

Net Income of SBI SECURITIES and 4 Online Securities Companies based on J-GAAP (FY2012 - FY2017)



*1 Since Monex adopts IFRS, the relevant figures above are based on IFRS, presenting the "Profit attributable to owners of the Company" disclosed by Monex.

*2 Rakuten disclosed its financial results for FY2015 on a non-consolidated basis; therefore the figure for FY2015 is based on the corresponding figure.

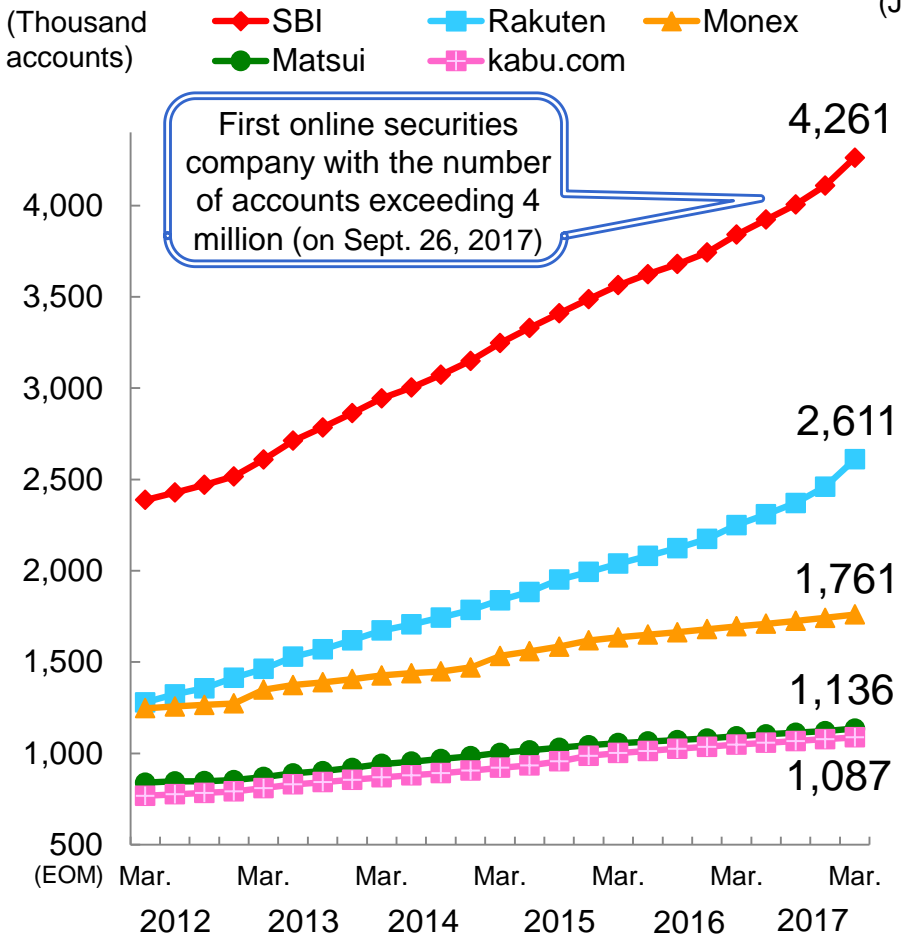
i. Overwhelming position in the online securities industry



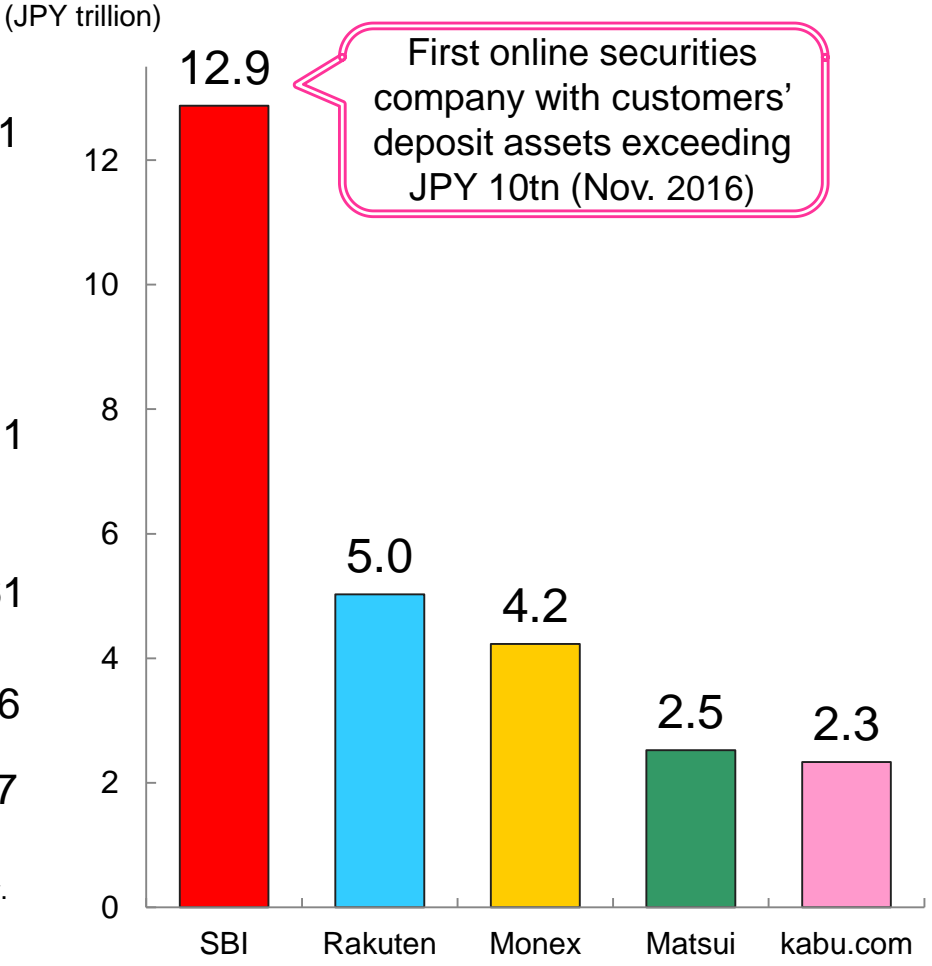
SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

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



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



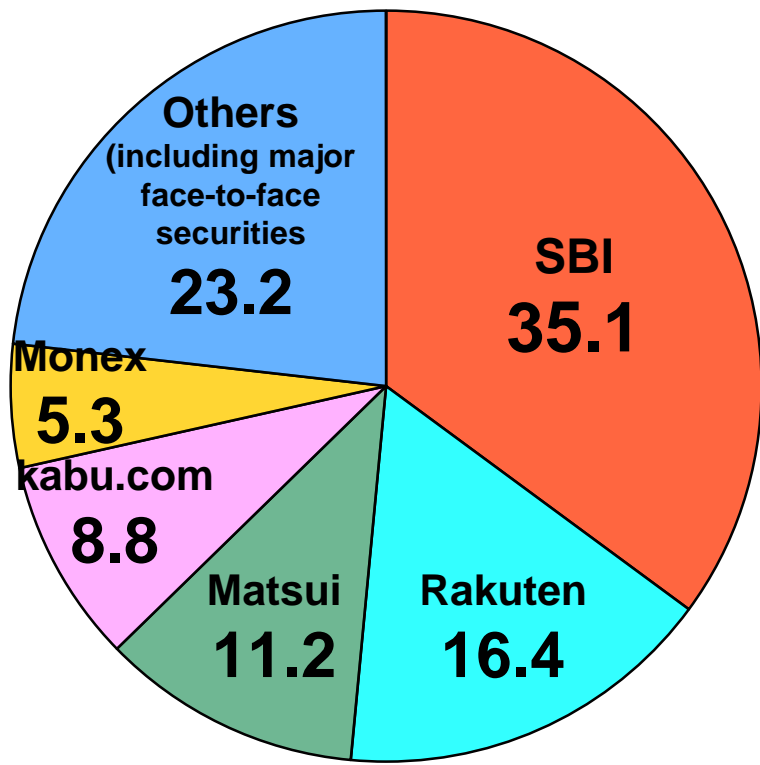
Source: Compiled by SBIH from the information on websites of each company.

SBI SECURITIES' Share of Individual Stock Trading

Share of Individual Stock Trading Value (%)

FY2017

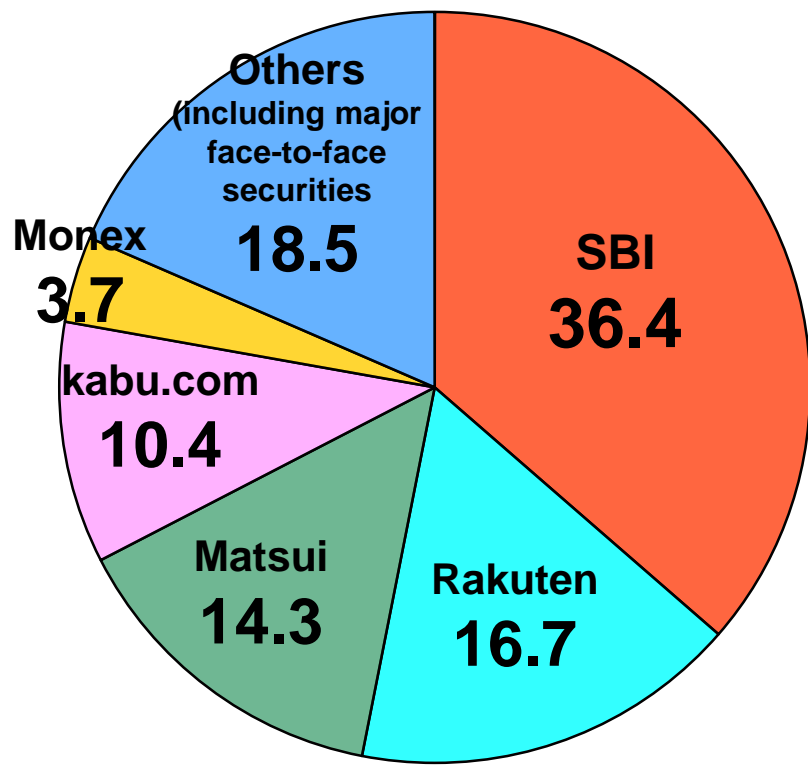
(Apr. 2017 – Mar. 2018)



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

FY2017

(Apr. 2017 – Mar. 2018)



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

* Shares are calculated by dividing each company's individual stock trading value or individual margin trading value with the whole individual stock trading value and individual margin trading value of the 1st and 2nd section of the Tokyo and Nagoya Stock Exchange, including that of ETF and REIT trading value, respectively

Source: Compiled by SBI SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and websites of each company.

SBI SECURITIES Continues to Receive High Customer Satisfaction Ratings



1st

**“Oricon customer satisfaction ranking” of 2018
[Online securities comprehensive ranking]
<Evaluation item>**

8 items, such as “ease of trading,” “commissions,” “analytics tools” and “variety of products”

**For 11
years!
First ever**



**Highest
Award for
the
Category**

**“Contact Center Award 2017”
Received the highest award for “Best Operation” category**

**For 7
years!
First ever**



**Adminis-
trative
Director’s
Prize**

**Japan Telecom Users Association
21th Corporate Telephone Response Contest in 2017**

**Prized 7
years in a
row!**



**CRM (Customer-centric Relationship Management)
Association Japan
“2017 CRM Best practice award”**

ii. Captured the attention of the entire securities industry



a. SBI SECURITIES Ranks 5th in the Securities Industry

(FY2017 Net income; J-GAAP) (Unit: JPY million)

1	Nomura Holdings (US-GAAP)	219,343	(-8.5)
2	Daiwa Securities Group	110,579	(+6.3)
3	SMBC Nikko *1	63,705	(+35.7)
4	MUFG	43,193	(-12.0)
5	SBI	36,812	(+32.4)
6	Mizuho	35,751	(-81.0)
7	Tokai Tokyo Financial Holdings *2	25,397	(+111.8)
8	Rakuten	13,102	(+9.1)
9	Matsui	12,908	(+20.7)
10	GMO Financial Holdings	6,922	(+12.4)
11	Monex Group (IFRS)	6,730	(+2,158.4)
12	kabu.com	6,355	(+5.5)
13	Okasan Securities Group	5,852	(-44.2)
14	Ichiyoshi	4,994	(+128.8)
15	IwaiCosmo	4,726	(+41.5)

*1 Merged with SMBC Friend Securities in Jan. 2018.

*2 As for Tokai Tokyo, recorded JPY 11.160m of negative goodwill as extraordinary income.

*3 Abstracts the figures of securities companies with over JPY 20bn in net operating revenue and five online securities companies.

*4 On a consolidated basis, except as to the companies with no consolidated subsidiary.

*5 Year-on-year % changes are shown in the parentheses. Source: Compiled by SBIH from the information on the website of each company 11

ii. Captured the attention of the entire securities industry



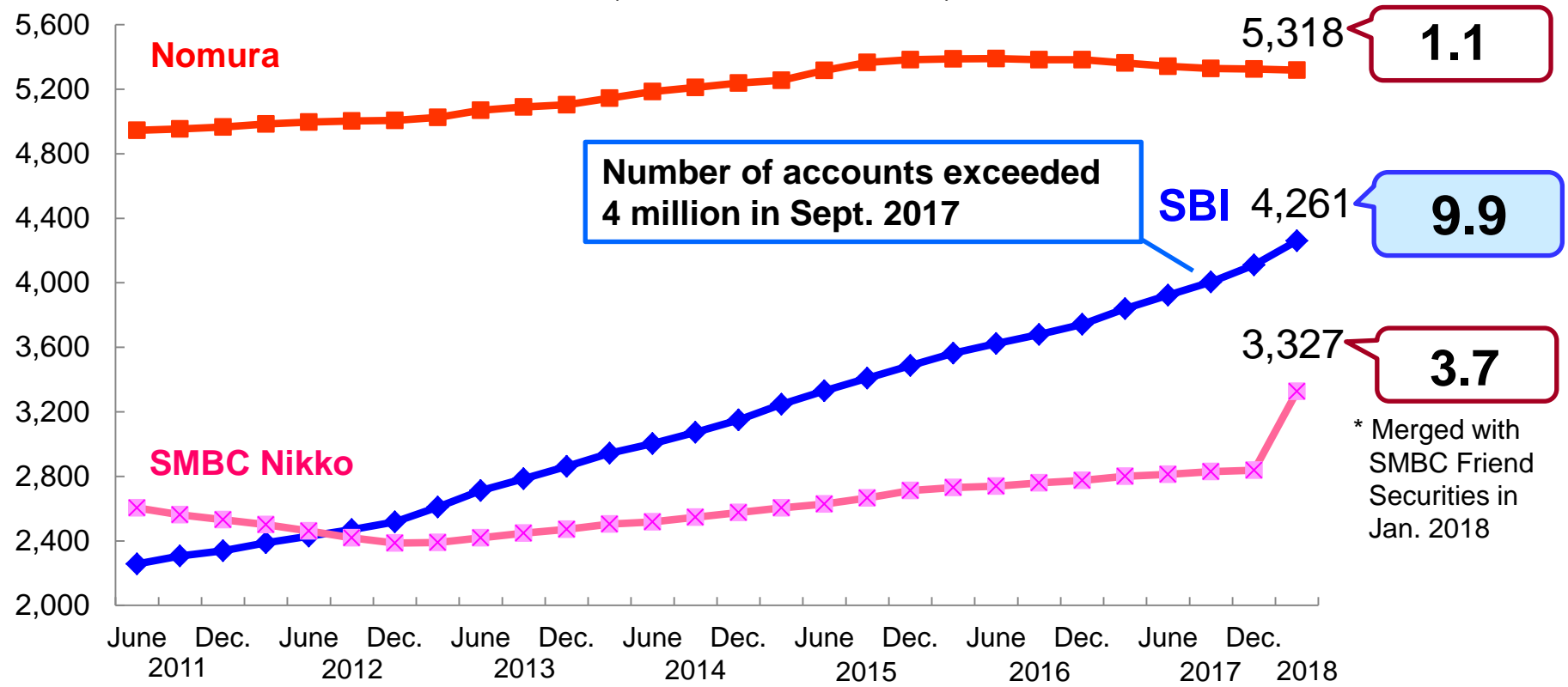
b. In Terms of Number of Accounts, SBI SECURITIES Ranks Second in the Industry, Following Nomura

The number of accounts is at a competitive level with the major face-to-face securities companies

Number of Accounts of SBI SECURITIES and 2 Major Face-to-face Securities Companies (June 2011 – Mar. 2018)

(Thousand accounts)

CAGR: %
(June 2011 – Mar. 2018)



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

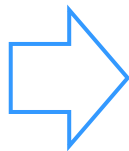
* Daiwa has not disclosed its figures beyond Mar. 31, 2017

ii. Captured the attention of the entire securities industry: c. Focus on strategic products for the retail business

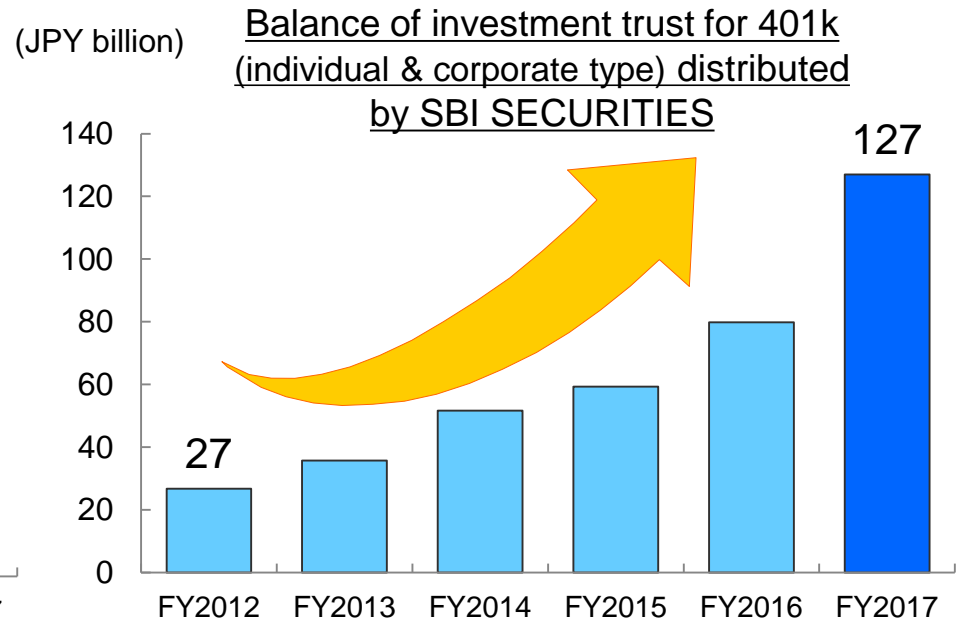
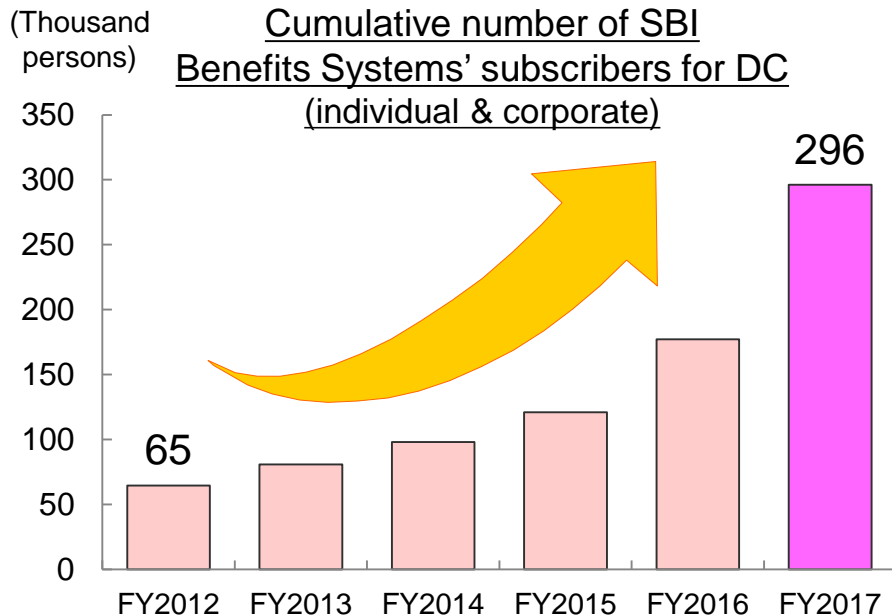
Further Strengthening the Individual Defined Contribution (iDeCo) Pension Business

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

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



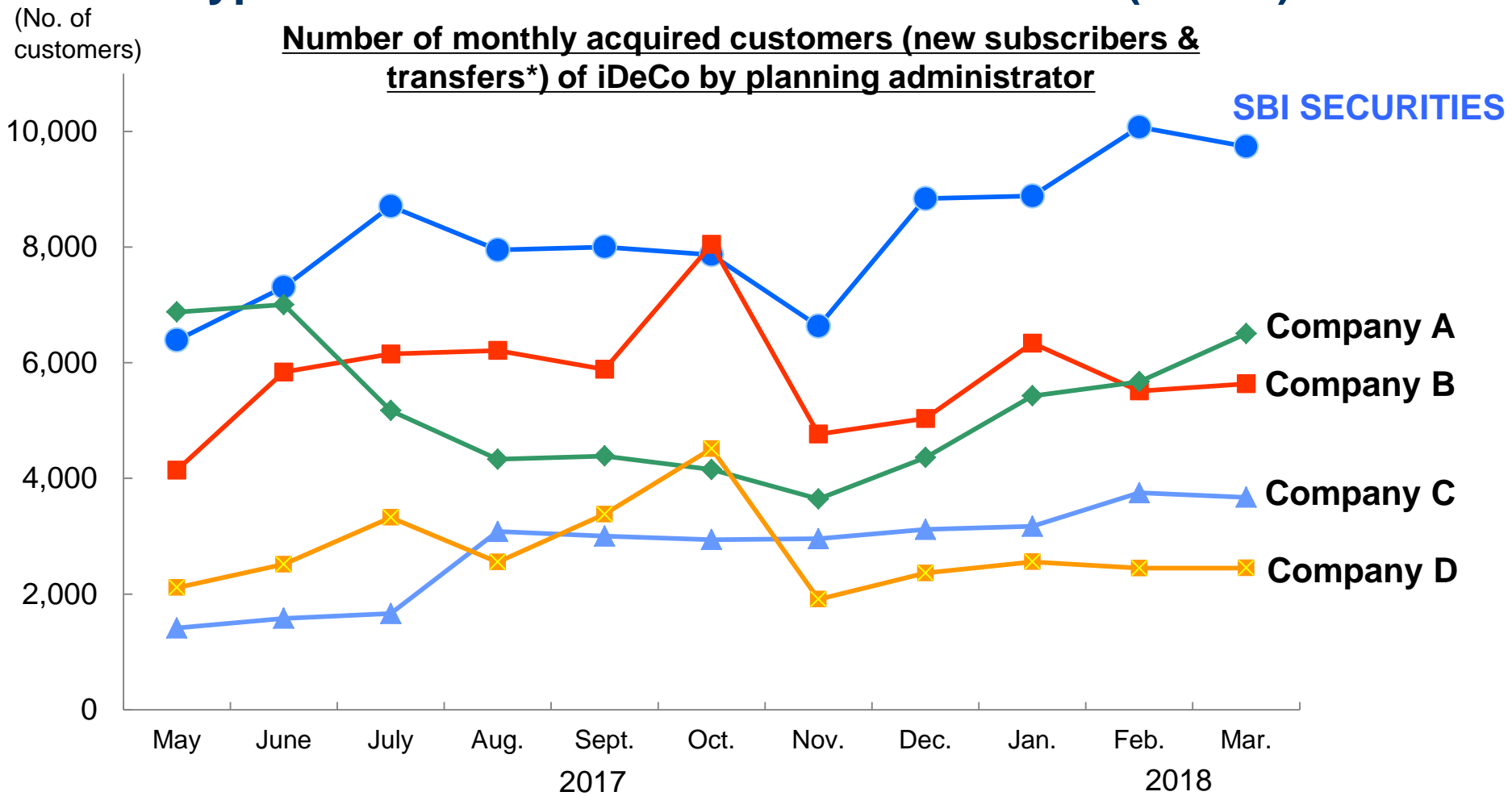
At the end of Mar. 2018, the number of iDeCo accounts totaled **201,204**, which is **approx. 1.6x larger** than at the end of May 2017



ii. Captured the attention of the entire securities industry: c. Focus on strategic products for the retail business



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



* Cumulative total number of new subscribers and transfers announced by the National Pension Fund Association, which include overlapping persons who has newly subscribed and also transferred to iDeCo.
 Source: Briefing paper of the National Pension Fund Association (partially includes estimates by SBI)

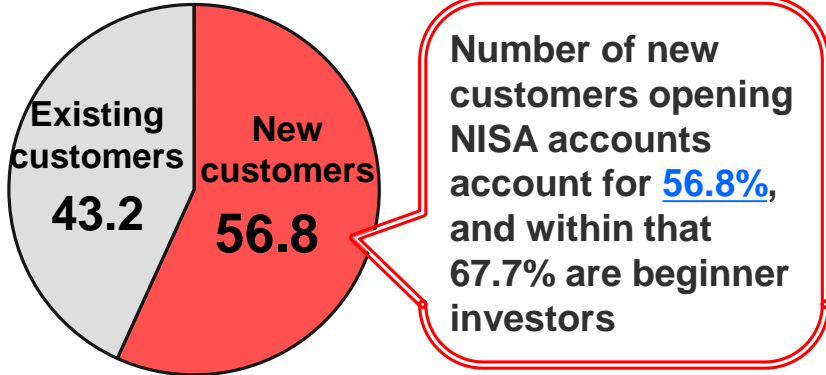
ii. Captured the attention of the entire securities industry: c. Focus on strategic products for the retail business

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

(Mar. 2018)	SBI^{*1}	kabu.com	Matsui ^{*1}	Nomura ^{*1}	Daiwa
No. of NISA accounts ^{*2}	<u>1,200,000</u>	160,000	140,000	1,640,000	830,000

^{*1} Includes the number of Junior NISA accounts ^{*2} Amounts are rounded to the nearest JPY 10 thousand.
^{*3} The number of accounts are as of the end of Mar. 2018, compiled by SBIH from the information on website of each company.

NISA's Customer Attribute (%)



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

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

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

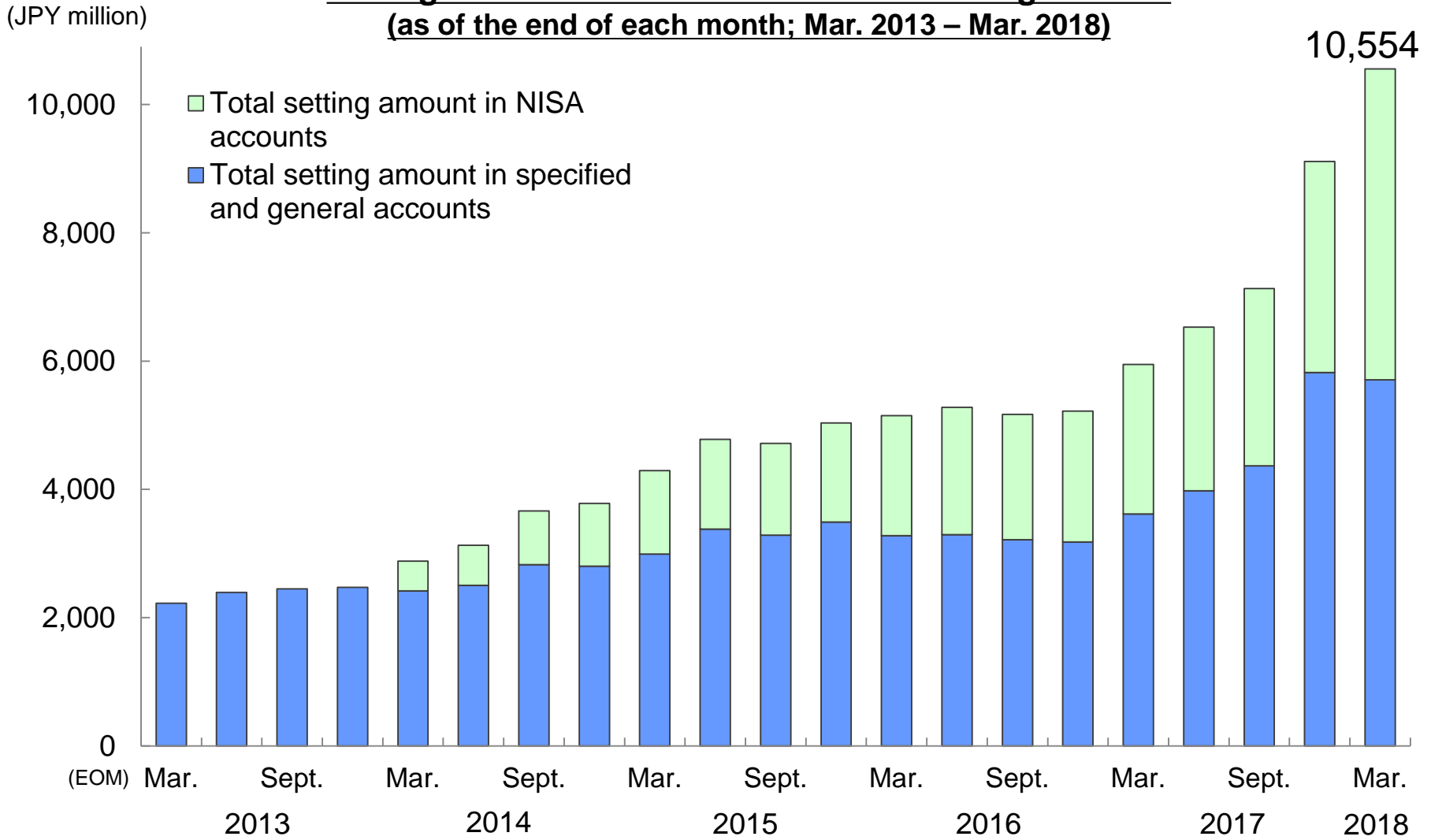
Acquisition of additional new customers through the lowering of the minimum investment amount to JPY 100, the establishment of daily and various multi-day accumulation courses, and an extensive product line of some 130 offered funds

ii. Captured the attention of the entire securities industry: c. Focus on strategic products for the retail business



SBI SECURITIES' Monthly Total Periodic Investment Trust Setting Amount Reached JPY 10bn in Feb. 2018

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



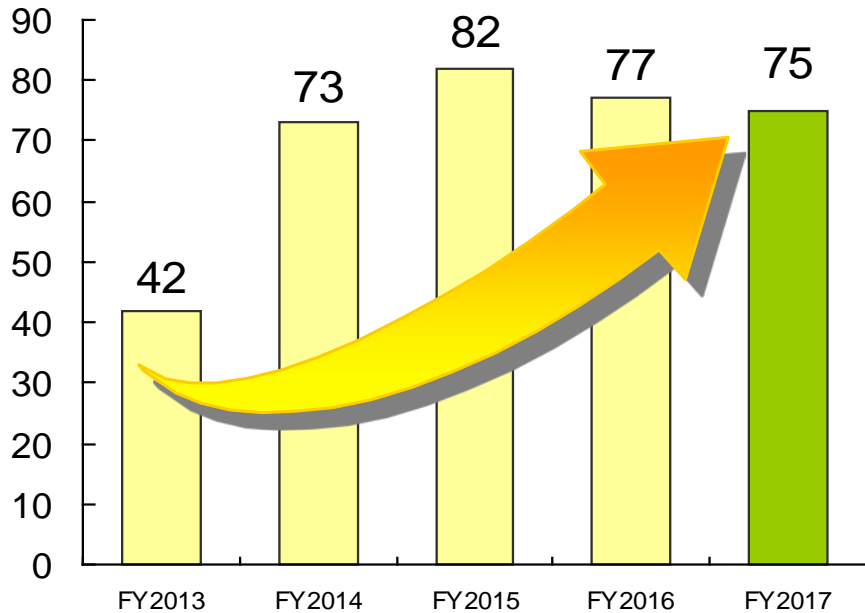
iii. Strengthening the comprehensive capacity of its business by enhancing the corporate business

Endeavoring to Expand the Corporate Business by Enhancing the IPO and PO Underwriting Businesses

-Underwriting share of 94.9% is an industry leading figure-

Number of IPOs underwritten by **SBI SECURITIES**

(No. of companies)



	FY2013	FY2014	FY2015	FY2016	FY2017
Lead underwriting	5	8	8	13	6
Lead underwriting ranking (Ratio)	No. 3 (9.4%)	No. 5 (9.3%)	No. 5 (8.5%)	No. 5 (14.9%)	No. 5 (7.6%)

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

79 companies were listed during the period

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

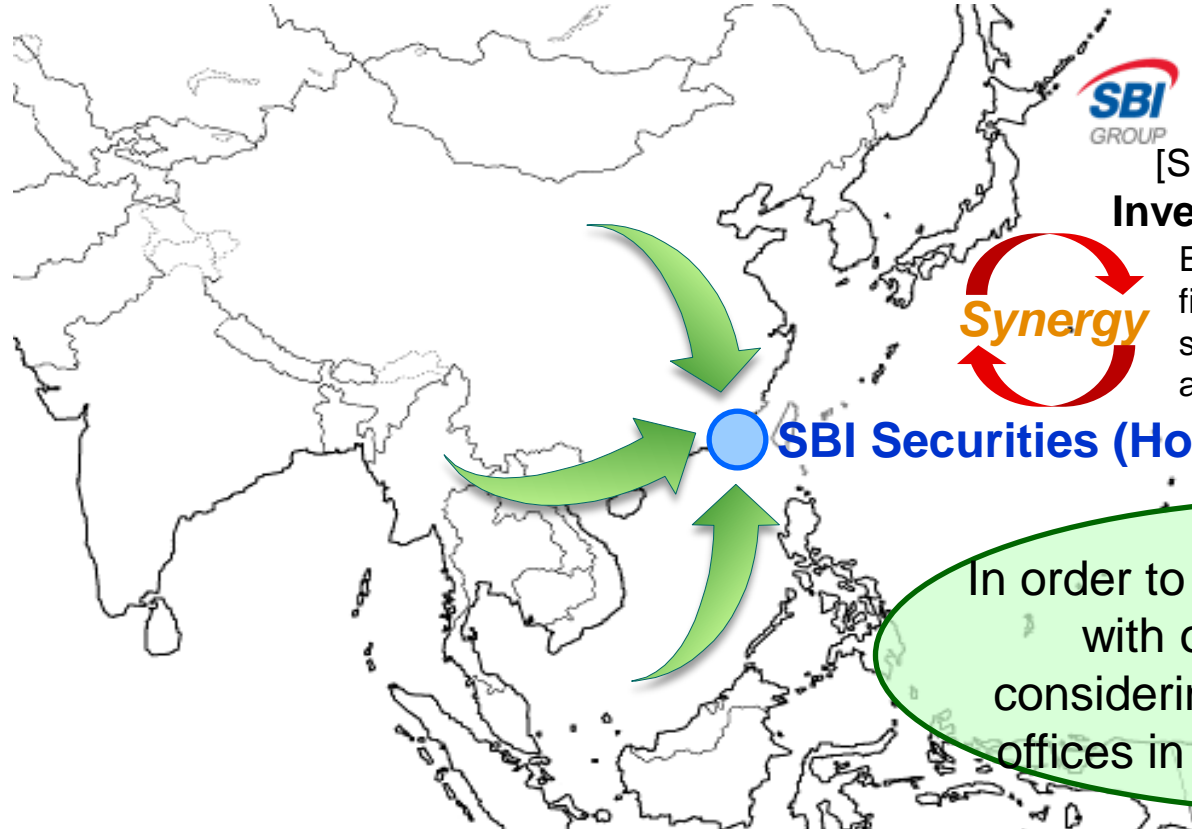
* The above IPOs represent issues underwritten in Japan only and do not include additional secondary offerings or overseas issues.
 * The number of underwritten issues represents both lead managed underwritings and syndicate participation.
 * The data was compiled by SBIH based on each company's published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

* The above figures do not include consignments, and is based on listing dates.
 The figures exclude brokerage sales and REITs.
 * The number of IPOs does not include issues listed on TOKYOAIM.



Begin a Full-scale Development of the Corporate Business Overseas

SBI Securities (Hong Kong) of Hong Kong, which was established in June 2015, will focus on the underwriting business for domestic customer companies' overseas financing events, in conjunction with SBI SECURITIES' Investment Banking Dept.



SBI 証券
[SBI SECURITIES]

Investment Banking Dept.

Established in June 2017. Provides finance and business consulting services for listed companies, as well as various M&A-related services.



SBI Securities (Hong Kong)

In order to strengthen relationships with overseas investors, considering the establishment of offices in Singapore and Europe

iii. Strengthening the comprehensive capacity of its business by enhancing the corporate business



Preparing to Establish a Specialized Department that Mediates M&A Activities

-By collaborating with the SBI Group’s investee venture company, support M&A activities, with a focus on SMEs’ business succession strategies-



Business succession consulting

M&A strategy planning, M&A matching



SMEs considering business successions or M&As driven by successor issues

In collaboration with regional financial institutions, considering the launch of a M&A matching business for local SMEs

② SBI Sumishin Net Bank

- i. Having received overwhelming support from customers, the customer base has dramatically expanded**
- ii. Provision of innovative new services through API linkage will contribute to an increase in customer inflow**
- iii. Along with alliances with companies outside of the Group to expand the customer base, will establish a joint venture to provide new products**
- iv. Strengthening the business finance service for corporate customers utilizing technologies such as AI, along with promoting alliance strategies in this field**
- v. Achieved an historical high in ordinary income for FY2017**

SBI Sumishin Net Bank Continues to Receive High Customer Satisfaction Ratings



No.1 FY2018
Oricon Customer Satisfaction Ranking™
“Online Banking” award

7th Prize



No.1 FY2017
Oricon Customer Satisfaction Ranking™
“Bank’s Card Loan” award

**Chosen for
the 3
consecutive
years**



No.1 FY2017
JCSI (Japanese Customer Satisfaction Index)
“Bank” award (Special survey)



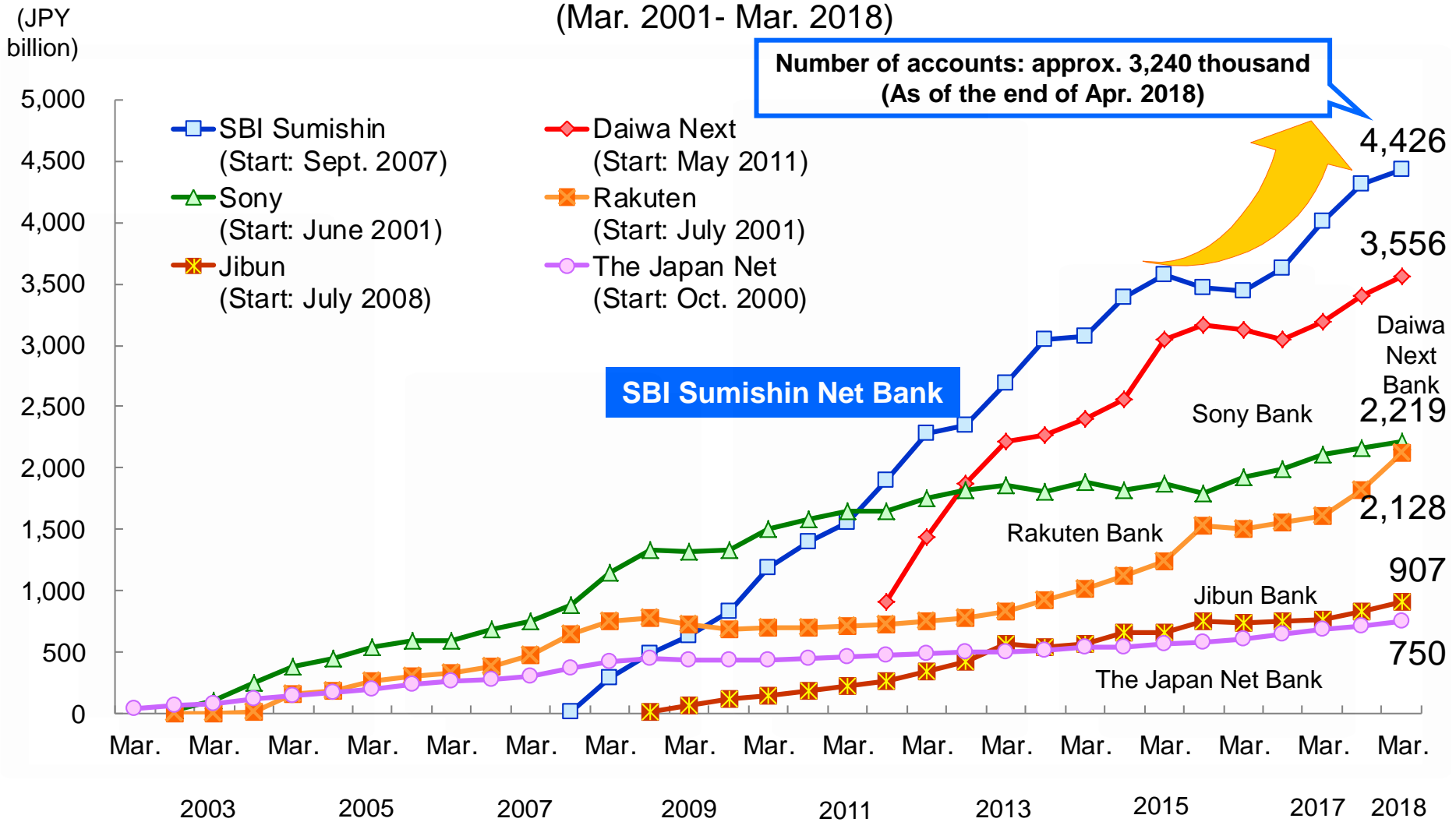
No.1 Nikkei Financial Institution Ranking
“Online Banking” award



No.1 NPS Benchmark Survey for banking industry

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

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



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

i. Dramatic expansion of customer base

Ranking in Deposits (Regional Banks, New Entrant Banks and Pure-play Internet Banks)

SBI Sumishin Net Bank is 28th among 76 banks including regional banks and new entrant banks

(JPY billion)

Rank	Bank name	Listing	Deposits
1	Bank of Yokohama	*1	13,773.0
2	Chiba Bank	✓	12,017.0
3	Bank of Fukuoka	*1	10,183.1
4	Shizuoka Bank	*1	9,539.8
5	Joyo Bank	*1	8,509.0
6	Nishi-Nippon City Bank	*1	7,673.2
7	77 Bank	✓	7,473.0
8	Hiroshima Bank	✓	7,183.5
9	Bank of Kyoto	✓	6,888.1
10	Gunma Bank	✓	6,669.1
11	Hachijuni Bank	✓	6,598.4
12	Chugoku Bank	✓	6,423.7
13	Hokuriku Bank	*1	6,394.4
14	Shinsei Bank	✓	6,228.2
15	Ashikaga Bank	*1	5,529.8

Rank	Bank name	Listing	Deposits
16	Juroku Bank	✓	5,454.1
17	Toho Bank	✓	5,229.8
18	Iyo Bank	✓	5,099.6
19	Senshu Ikeda Bank	*1	4,954.0
20	Ogaki Kyoritsu Bank	✓	4,909.3
21	Yamaguchi Bank	*1	4,849.4
22	Nanto Bank	✓	4,826.9
23	Hyakugo Bank	✓	4,722.9
24	Shiga Bank	✓	4,689.7
25	Hokkaido Bank	*1	4,648.9
26	Daishi Bank	✓	4,641.4
27	Higo Bank	*1	4,584.4
28	SBI Sumishin Net Bank	n/a	4,426.0
29	Suruga Bank	✓	4,089.6
30	Musashino Bank	✓	4,036.2

Rank	Bank name	Listing	Deposits
31	Musashino Bank	✓	4,009.3
32	San-in Godo Bank	✓	3,963.4
33	Hyakujushi Bank	✓	3,889.5
34	Kiyo Bank	*1	3,773.4
35	Kagoshima Bank	*1	3,556.0
36	Daiwa Next	✓	3,368.6
37	Hokkoku Bank	*2	3,250.0
38	Kinki Osaka Bank	✓	3,080.2
39	Bank of Iwate	✓	2,980.3
40	Aozora Bank	✓	2,875.5

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

* As of the end of Mar. 2018.
* Amounts are rounded to the nearest JPY 100 million
(Source: websites of each company)

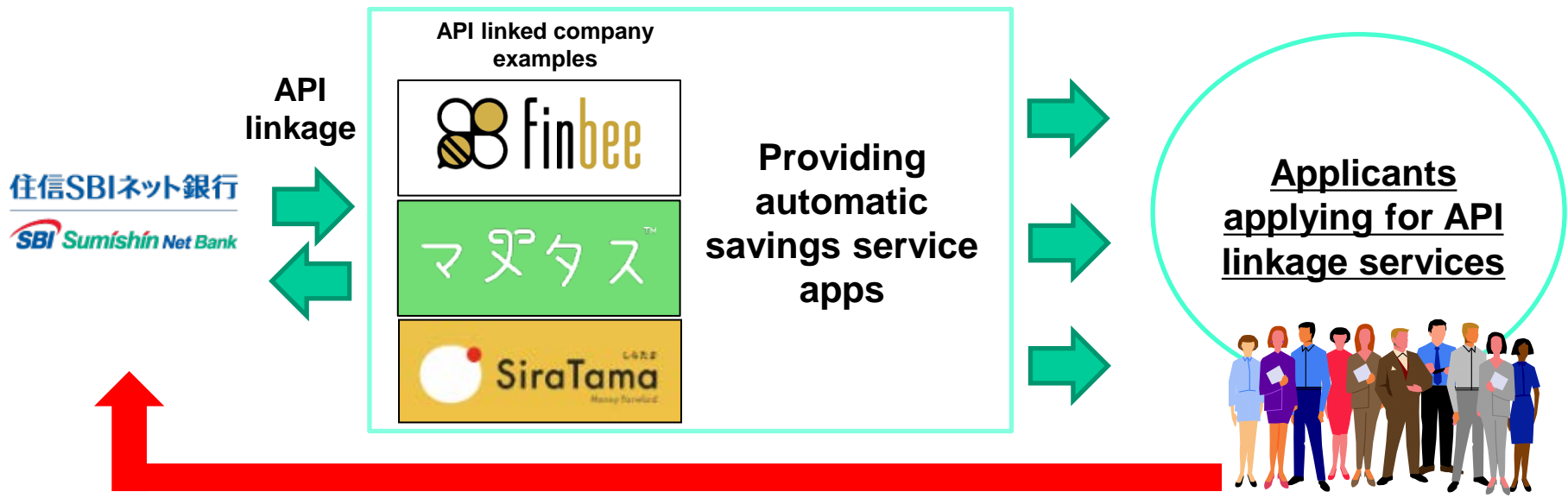
ii. Innovative new services contribute to an increase in customer inflow

New Service through API Linkage Contributes to New Customer Inflow

- ◆ Initiated Japan's first API linkage with Money Forward, which provides automated household accounting and asset management services, along with cloud-type accounting software, etc. (Mar. 2016)
- ◆ Furthermore, through the API linkage with various companies, providing services with high customer benefits



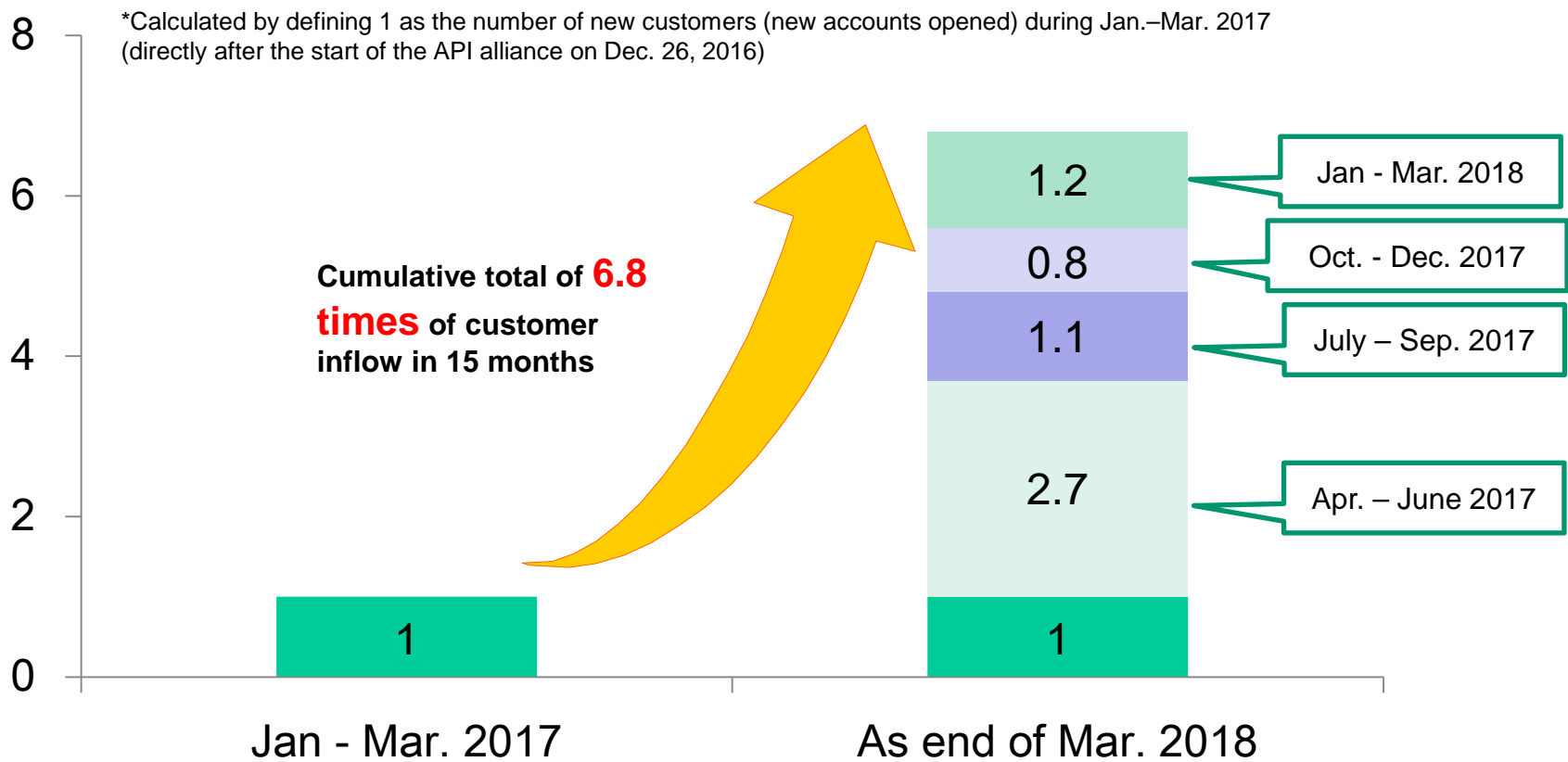
Customers wishing to utilize any of the API linkage services must open an account with SBI Sumishin Net Bank



New account openings at SBI Sumishin Net Bank

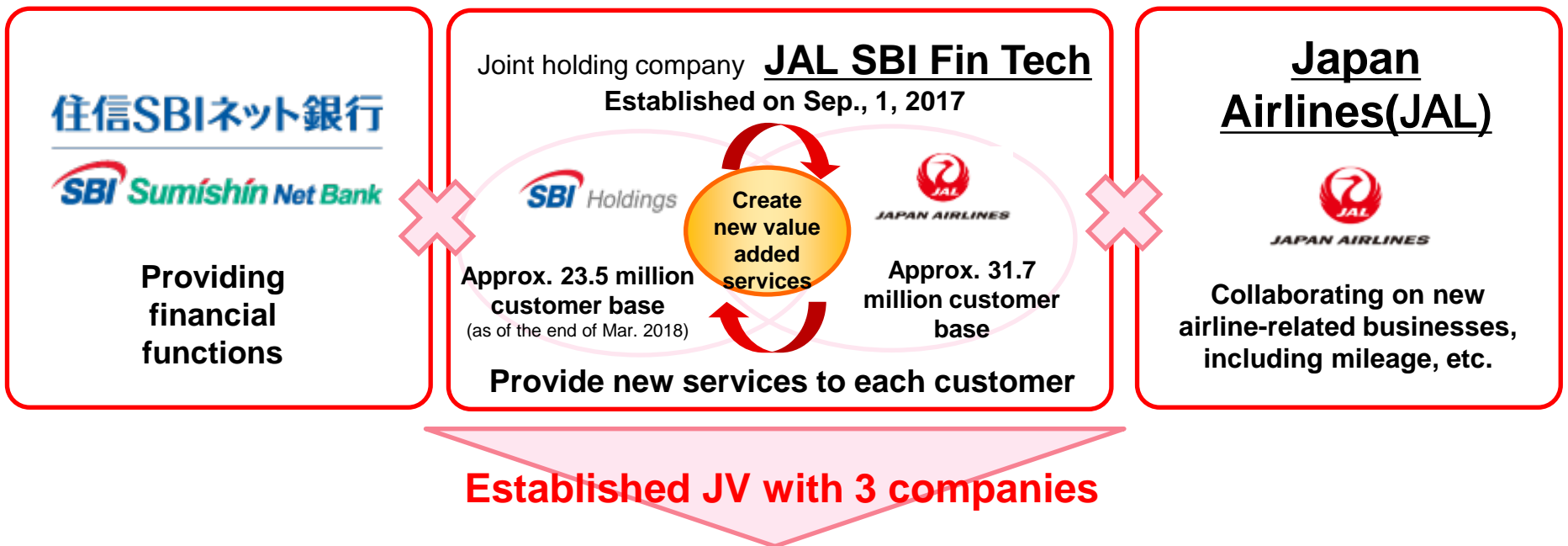
(Example) Continuous Customer Inflow, Owing to API Linkage with Automatic Savings Service App, “finbee”

Customer inflow (account opening) upon API linkage with automatic savings service app “finbee”



Due to the provision of services through the API alliance, the number of new customers increased, contributing to the competitive superiority of SBI Sumishin Net Bank

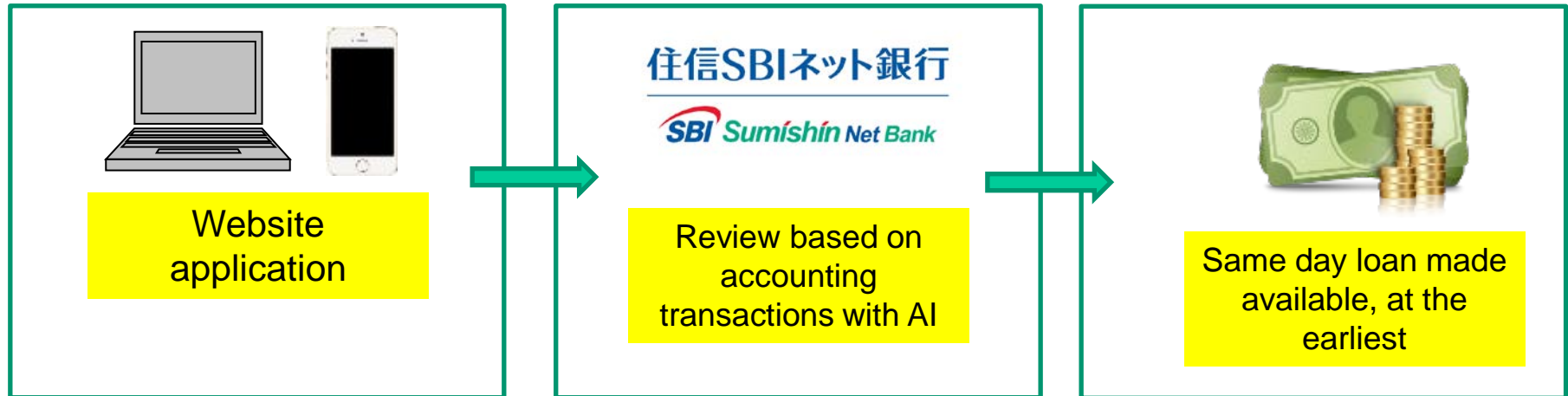
Further Expanding the Customer Base through Alliances with Companies Outside of the Group



Joint Venture JAL Payment Port Established on Sept. 19, 2017

- Contribute to the provision of advanced FinTech services
- Scheduled to enter international brand pre-paid card business in 2018
- A prepaid card required no credit, and advance charges (deposits) to the card allow cashless purchases at outlets for international brands

Provide Business Loan Service Based on Accounting Transactions, in Cooperation with Settlement Agencies



- ◆ About 50% of corporations opening an account are in the establishment stage(*) *Within 1 year of the date of founding, as of Nov. 2017
- ◆ Even in this stage, when it is hard to open a corporate account at other banks, corporations can open one at SBI Sumishin Net Bank



Enabling financial support for companies at various stages

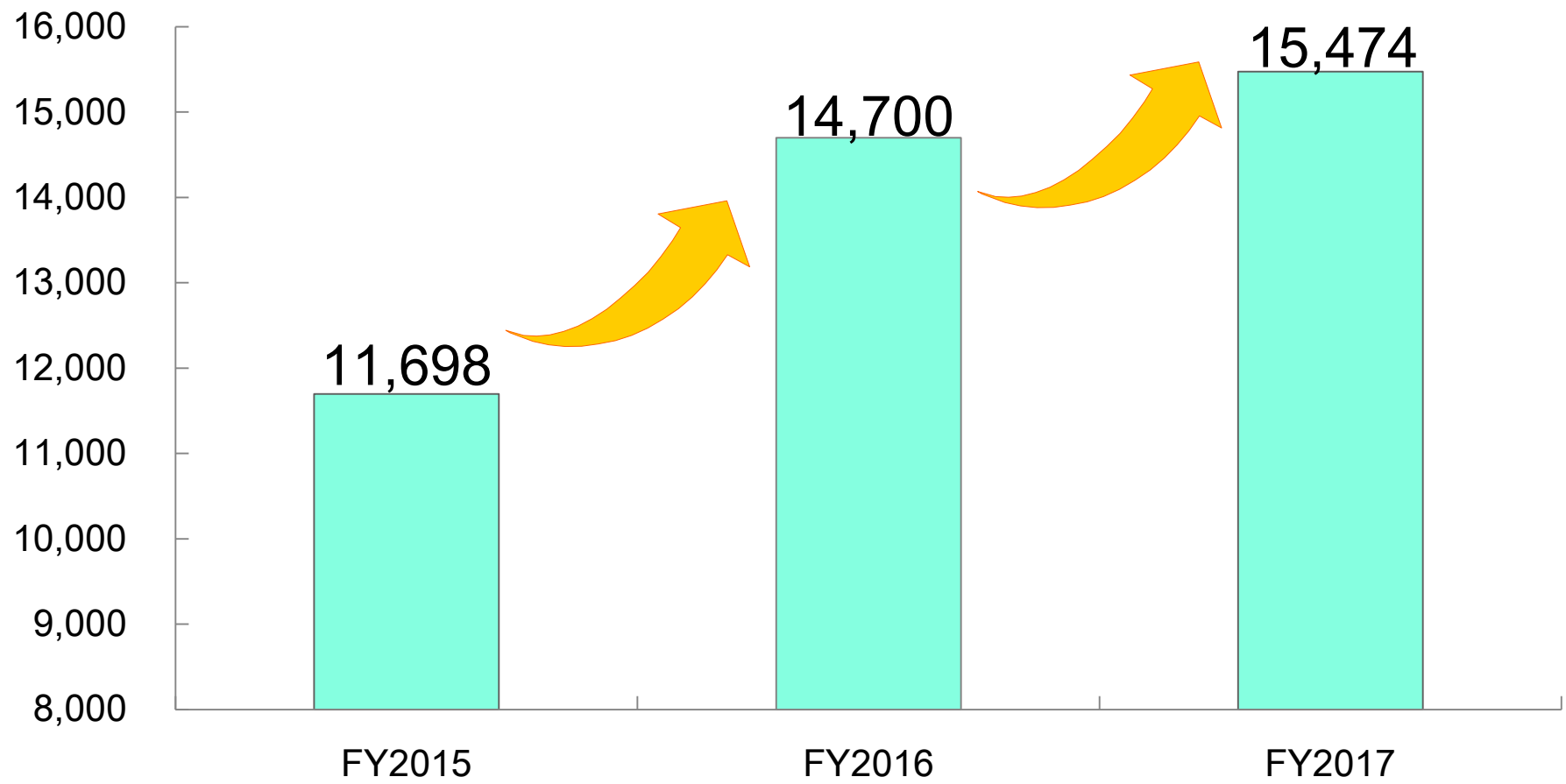
Promoting alliance strategy with companies outside of the Group for business loan services based on accounting transactions

SBI Sumishin Net Bank's Change in Ordinary Income for the Last 3 Years (J-GAAP)

-SBI Sumishin Net Bank's FY2017 ordinary income of JPY15.5bn and net income of JPY10.4bn recorded historical highs, respectively-

* Consolidated; J-GAAP

(JPY million)



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

- i. SBI Insurance endeavors to maximize customer benefits, by offering low premium auto insurance and by enhancing the offering of its insurance products, to increase the number of contracts**
- ii. SBI Life Insurance has expanded the number of contracts rapidly by adding group credit life insurance to its products**
- iii. The small-amount, short-term insurance business pursues synergies within the Group, to expand its business scale through mutual cross-selling opportunities**

SBI Insurance Continues to Receive High Customer Satisfaction Ratings



1st

**Kakaku.com / Auto Insurance Satisfaction
Ranking of 2018
Overall satisfaction**

**Third
time !**



1st

**Kakaku.com / Auto Insurance Satisfaction
Ranking of 2018
Insurance premium satisfaction level**

**9 con-
secutive
years !**

*Details regarding Kakaku.com / Auto Insurance Satisfaction Ranking of 2018

- Survey coverage: Users of Kakaku.com within the last 6 months who currently have (non-compulsory) auto insurance or who have contacted an insurance company about an accident, etc. (survey by Kakaku.com)
- Survey period: Nov. 16, 2017 ~ Nov. 28, 2017
- Number of valid respondents: 4,630 people (Gender ratio: Male 73.8%, Female 26.2%)
- Age Ratio: Twenties 4.0%, Thirties 23.1%, Forties 25.9%, Fifties 24.9%, 60 years of age or older 22.1%
- Surveyed companies: AIG General Insurance, SBI Insurance, Aioi Nissay Dowa Insurance, AXA GENERAL INSURANCE, Asahi Fire & Marine Insurance, E.design Insuranc, Saison Automobil, Sony Assurance, Sonpo 24, Sompo Japan Nipponkoa Insurance, Chubb Insurance Japan, Zurich Insuranc, Tokio Marine & Nichido Fire Insurance, Nisshin Fire & Marine Insurance, The Fuji Fire and Marine Insurance, Mitsui Sumitomo Insurance, Mitsui Direct General Insurance (Total 17 companies)

SBI Insurance Offers

Low Premium Auto Insurance

The Diamond weekly “Auto Insurance Premium Ranking”
(40-years-old, Gold licence, 20th class)

	Company	Car insurance premium (JPY)*
1	<u>SBI Insurance #</u>	<u>30,120</u>
2	Saison Automobile	31,490
3	E.design Insurance #	33,490
4	Mitsui Direct #	38,190
5	Zurich Insurance	39,260
6	Sony Assurance #	40,440
7	AXA GENERAL INSURANCE #	42,700

 : Direct insurance product

: Started operation after 1998

Refer ence	Secom General Insurance	43,400
8	Asahi Fire & Marine Insurance	50,500
9	Sonpo 24 #	53,600
10	Aioi Nissay Dowa Insurance	55,160
11	Sompo Japan Nipponkoa Insurance	55,180
12	Tokio Marine & Nichido Fire Insurance	55,570
13	Mitsui Sumitomo Insurance	55,970

(Source: Excerpt from “The Diamond Weekly Apr. 28/May 5, 2018”)

*Insurance Premium Terms and Conditions

•Model: Toyota Prius S Touring Selection (DAA-ZVW50) equipped with immobilizer. Applicable to a new car/immobilizer discount or an eco-car discount; comes with road assistance service. Ordinary vehicle with deductible of ¥50,000 (first claim) / ¥100,000 (second claim and after), total loss incidental expense attached. Policy start date: Apr. 1, 2018 •First year registration: March 2018 •Policyholder: individual (male, Tokyo resident) •Purpose of use: daily use/leisure •Annual driving distance: 5,000 km •Driver’s license color: gold •Bodily injury (to others)/property damage coverage: no limit (zero deductible) •Personal injury: 50 million yen (only while in the insured vehicle) •Vehicle damage: covered •Vehicle insurance amount: 2.5 million yen •Passenger injury: not covered •Drivers: unlimited •Attorney fees rider: applied if available (only for insurance policies that compensate for car accidents, among multiple coverage types) •Payment method: lump sum •Insurance period: 1 year

•Discounts: Automatically applied discounts such as prior year no-claims discount applied •Internet discount, no-instrument discount, early signing discount, and other discounts available to everyone applied

*Internet discount applied: AXA Non-Life, Mitsui Direct, E.design Insurance, Saison Automobile, Sonpo 24, Zurich Insurance, Secom General Insurance, SBI Insurance, Sony Assurance

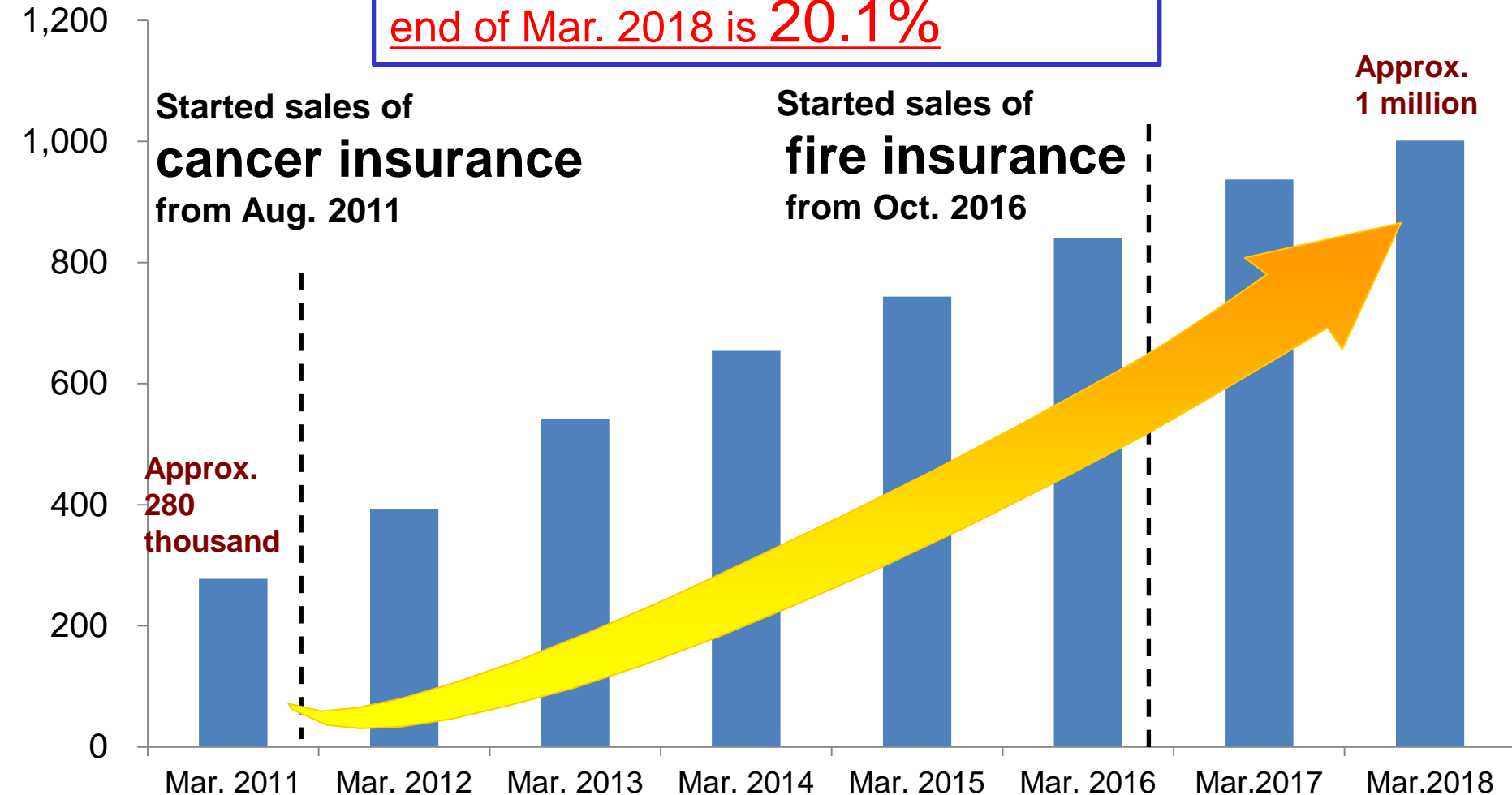
*No-instrument discount applied: Mitsui Direct, E.design Insurance, Saison Automobile, Zurich Insurance, Secom General Insurance, SBI Insurance, Sony Assurance

*Early signing discount applied: Saison Automobile, Zurich Insurance, Sonpo 24

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

CAGR from the end of Mar. 2011 to the end of Mar. 2018 is 20.1%

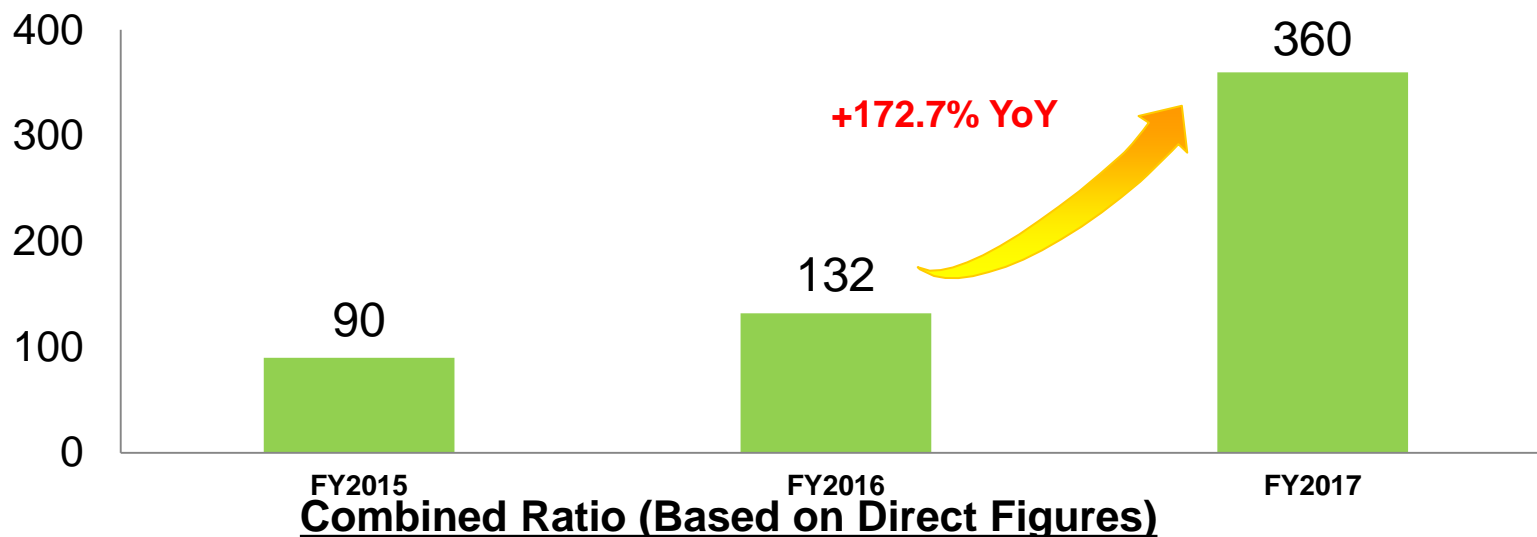
(Thousand policies)



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

SBI Insurance Financial Results for FY2017

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



Combined Ratio (Based on Direct Figures)

(Unit: %)

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

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

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

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

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

SBI Life Insurance Products Tailored to the Needs of Its Customers, by Adding Group Credit Life Insurance to its Offering of Existing Insurance Products

◆ Whole Life Medical Insurance “MO”



It's possible to add riders for advanced medical care and outpatient care coverage to supplement lifetime inpatient and surgery coverage, In addition it provide of **the industry's first*¹ home healthcare rider** to prepare for future hospital bed decreases

- Implementing a business alliance with M3 Doctor Support, Inc., which manages home medical care media “Ishikuru” to conduct mutual reception
- In a business partnership with FiNC, to offer application “**FiNC for SBI Life Insurance**” with posture analysis function by AI

*1 The industry's first rider that covers home healthcare costs when physicians or other care providers provide treatment at patients' homes (SBI Life Insurance data as of Jan. 29, 2016)

◆ Term insurance (only for application via internet) “Click! TEIKI”



Insurance with selectable policy term and death benefits amount according to the customer's lifestage is provided at **the lowest premiums in the industry**

- Won the No.1*² on death insurance division (document claim) with the “The most selected insurance in last year ranking” by HOKEN ICHIBA

*2 Research by HOKEN ICHIBA: Jan. 1, 2017 - Dec 31, 2017

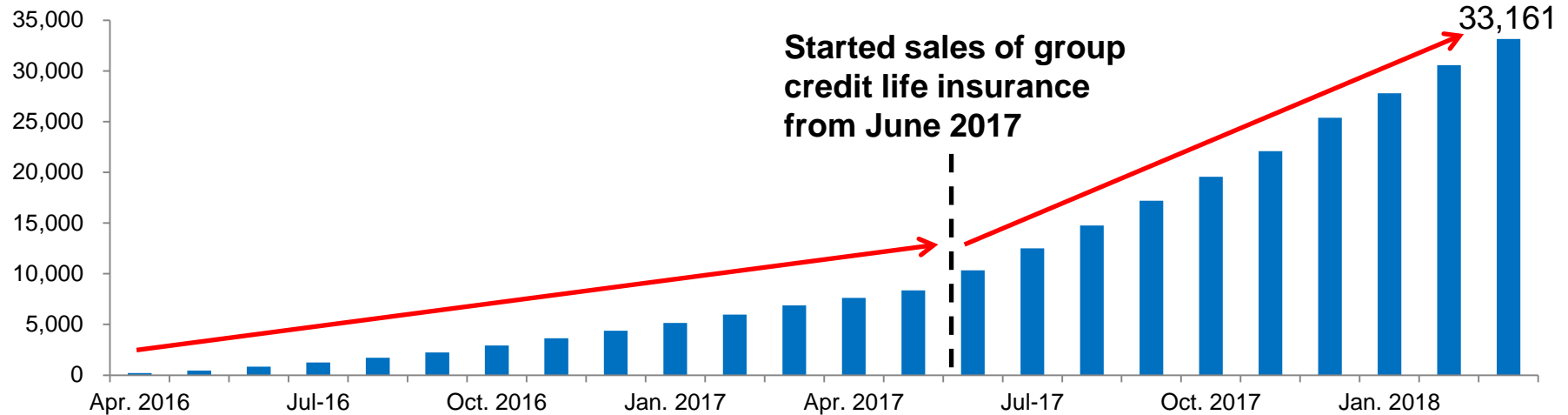
◆ Group Credit Life Insurance

- In addition to SBI Sumishin Net Bank, we also launched Group Credit Life Insurance "all disease protection" for housing loans provided by **Hanno-Shinkin Bank**
- Beside **Toyota Shinkin Bank** has adopted, **multiple regional financial institutions** are planning adoption. In addition, the first partnership with **regional bank** is ready to announce on this summer

SBI Life Insurance's Group Credit Life Insurance Sales has been Strong

SBI Life Insurance's total number of insurance applications

(The number of applications)



SBI Life Insurance Financial Results for FY2017

- Ordinary profit (based on J-GAAP): approx. JPY 500m
- Solvency margin ratio: 1,172.2% *As of the end of Mar. 2018
- The number of contracts: approx. 110 thousand (annualized premium: JPY 7,210m)

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

iii. Small-amount, short-term insurance business


By Utilizing the Advantages of the SSI Business, which can Offer a Variety of Products from the 1st to the 3rd Categories, the Three SSI Companies have Initiated a Cross-selling of Products


日本少額短期保険株式会社
 Nihon Small amount & Short term Insurance Co., Ltd.
 [Nihon SSI: Home content insurance, Bike insurance, Sports cycle insurance, Reform insurance]

充実した補償の賃貸住宅総合保険 2017
みんなの部屋保険 G3 HARLEY | 車両 + 盗難保険™
 みんなのバイク保険 みんなのスポーツサイクル保険

Number of contracts: 539,572 +6% YoY

Mutual cross-selling by the three SSI companies


SBI リスタ少額短期保険
 [SBI Resta SSI: Earthquake indemnity insurance]

地震補償保険 Re.sta
 Earthquake indemnity insurance contracts
 by Resta: **15,448 +3% YoY**


SBI いきいき少短
 [SBI IKI IKI SSI: Death insurance, Medical insurance, Pet insurance]

お葬式代程度に備える 入院や手術に備える
 SBI いきいき少短の **死亡保険** SBI いきいき少短の **医療保険**
 ペットの病気やケガに SBI いきいき少短の **ペット保険**

Number of contracts : 69,661 +22% YoY

* The number of contracts reflects the FY2017 totals

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

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



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

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



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

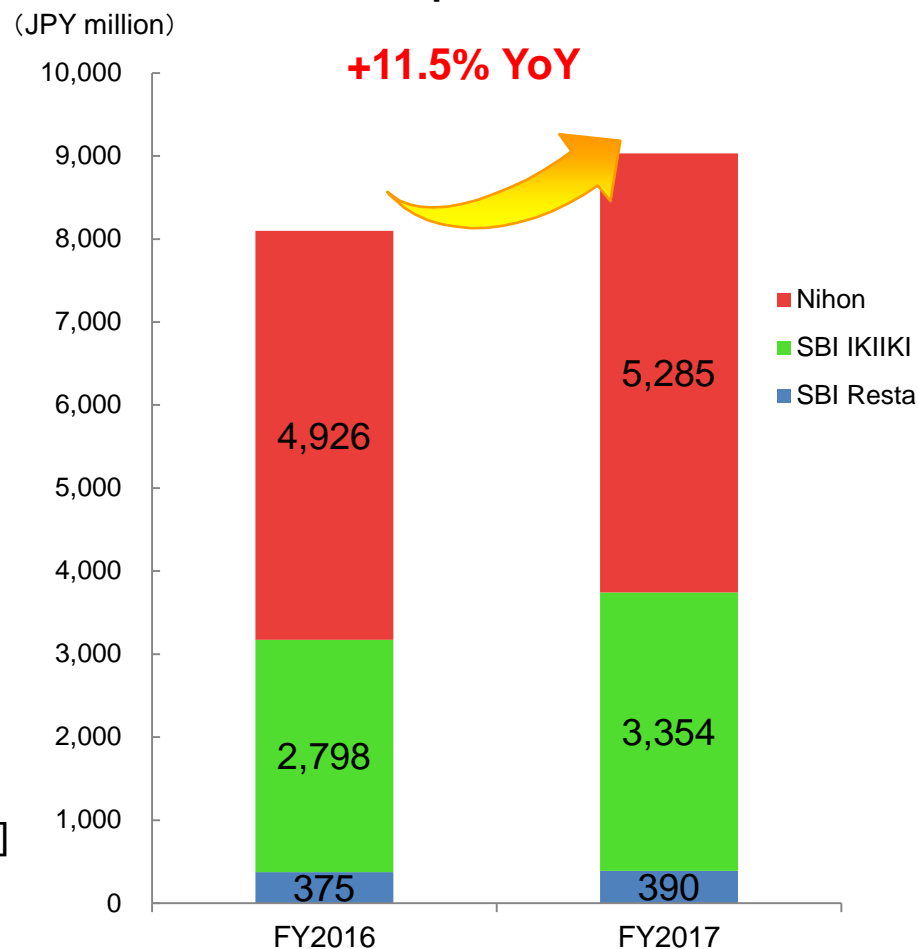
Number of contracts: 69,661 (+22.1% YoY)



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

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

Trend of premium income*

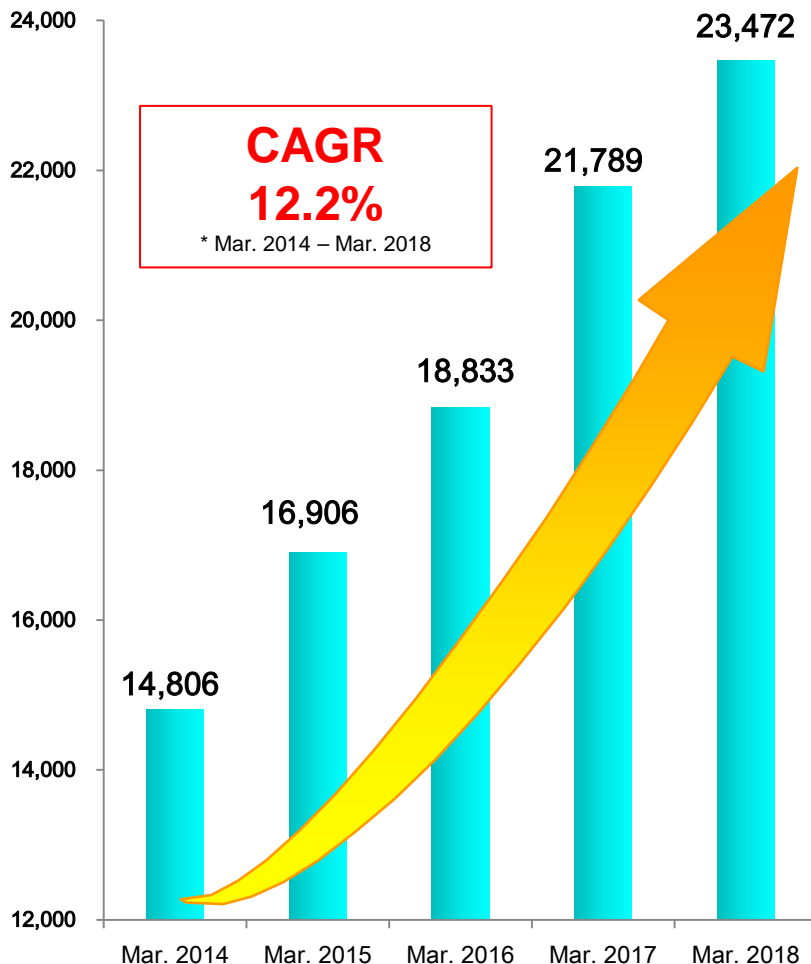


* Simply sum of financial results of each SSI company

The SBI Group's Customer Base of Financial Services for individual customers



(Thousand)



Breakdown of the Customer Base

(As of the end of Mar. 2018)^{*1,2} (Thousand)

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

*1 The cases that customers who are not identified as the same person within each service website and overlapping customers among the Group companies are double counted.

*2 Owing to the reorganization, customer numbers of the Group companies, which were excluded from consolidation, are not included in the figures for the past customer bases.

*3 Includes the number of smartphone app downloads, as provided by Morningstar

*4 The total number of contracts of SBI Insurance excludes continuing contracts, expiring contracts and early-withdrawals.

Deepening Customer Base by Utilizing Big Data

- ◆ Established Big Data Unit in Aug. 2012
- ◆ Realizing deepening of customer base through implementation of AI model obtained through an analysis of big data



<Examples of AI implementation ay the SBI Group>		-To strengthen an high-quality relationship with customers-
To strengthen high quality customer relationships	:	Number of loans executed and loans execution amount 2.5x
Improve application form through data analysis	:	Conversion rates 1.3x
Inter-Group reciprocal customer transfers through banner	:	Click rates 1.5x

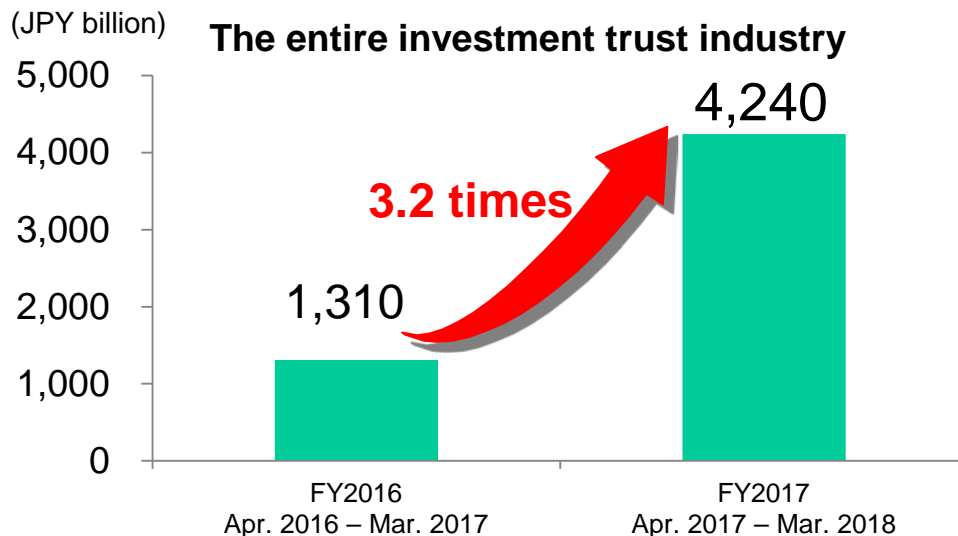
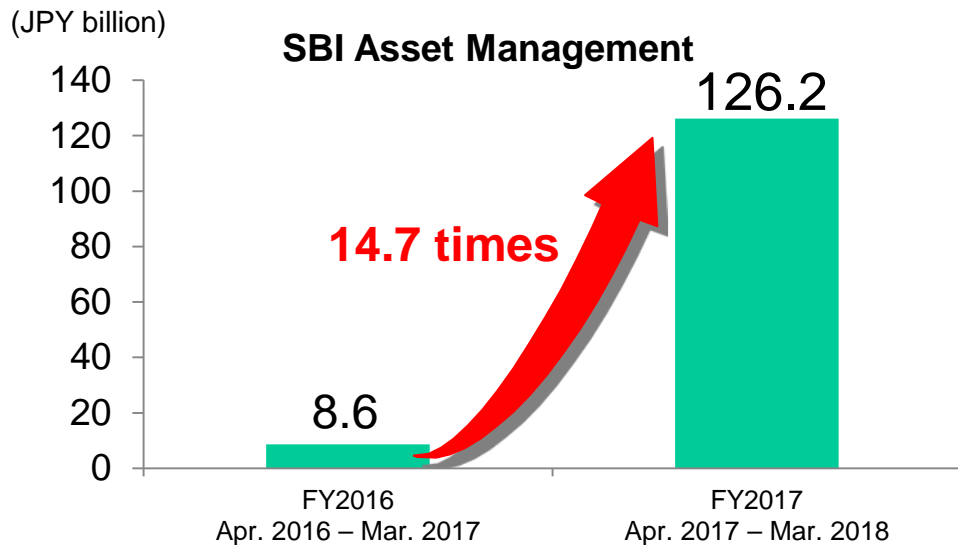
Additionally, other implementations are underway for actual operations, such as fraud detection, contract withdrawal risk judgment, advancement of CRM (Customer Relationship Management) by LTV (Life Time Value) predictions, based on AI

Maximizing LTV by thoroughly enforcing the Group common ID “SBI iD” and LTV (Life Time Value) prediction based on AI

④ SBI Asset Management

SBI Asset Management Experiencing a Significant Excess Inflow of Funds

[Excess Inflow of Funds to Investment Trusts]



[Comparison by Management Company]

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

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

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

Three SBI Asset Management Managed Active Funds are Ranked Among the Top 10 Active Japanese Funds, in Terms of Growth Since the Beginning of the Year

Rank	Fund name	Company name	Growth rate (%)	Net asset (JPY million)
1	Monex Japan Growth Equity Fund	Asset Management One	12.34	4,327
2	DIAM Japan Emerging Market Equity Fund	Asset Management One	11.70	15,587
3	MHAM Emerging Growth Equity Open	Asset Management One	10.41	51,753
4	Nikko Growing Venture Fund	Nikko Asset Management	9.86	36,824
5	PaineWebber Small-Cap Equity Fund - Growing Up	Meiji Yasuda Asset Management	9.41	27,838
6	Mid-Small Growth Equity Fund NEXT JAPAN Semi-Annual Settlement	SBI Asset Management	<u>8.92</u>	<u>3,867</u>
7	SBI Mid Small Cap Growth Fund - Next Japan - jnext	SBI Asset Management	<u>8.82</u>	<u>9,779</u>
8	SBI Small Growth Equity Fund jcool	SBI Asset Management	<u>8.75</u>	<u>26,903</u>
9	Woman Supporter Fund	Daiwa Asset Management	8.32	36,228
10	New Growth Equity Fund	Meiji Yasuda Asset Management	7.87	81,669

Source: Nikkei Veritas (June 10, 2018)

⑤ SBI Bond Investment Management

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

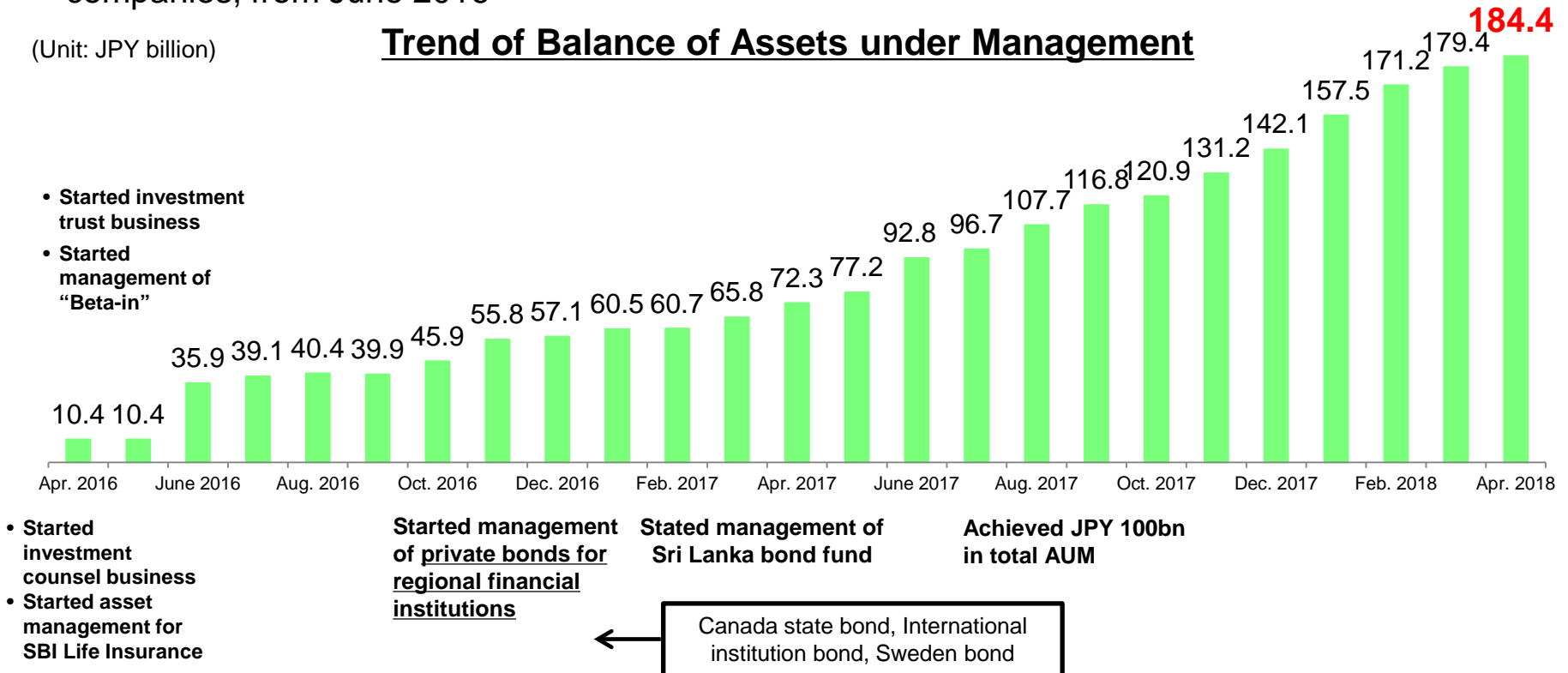


SBI Bond Investment Management (Established in Dec. 2015)

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

(Unit: JPY billion)

Trend of Balance of Assets under Management



Business strategy examples:

(2) Promote a mobile shift by expanding the “Mobile First” service

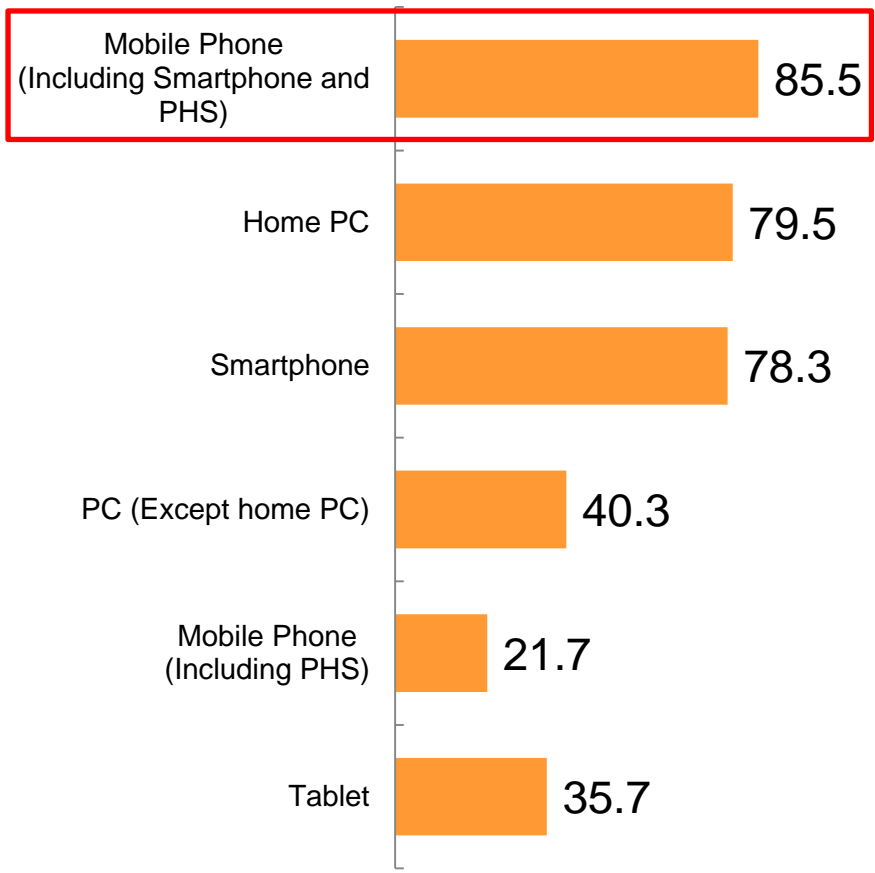
(2) Promote a mobile shift



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

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

Internet usage through mobile phones exceeds PC usage



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



[SBI SECURITIES]

9.9% (the end of Mar. 2014)

Percentage of trades utilizing Smartphones



32.6% (the end of Mar. 2018)



[SBI FX TRADE]

40.8% (the end of Mar. 2014)

Percentage of orders utilizing Smartphones



61.1% (the end of Mar. 2018)

住信SBIネット銀行



21.5% (the end of Mar. 2014)

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



52.3% (the end of Mar. 2018)



34.4% (the end of Mar. 2014)

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



64.1% (the end of Mar. 2018)



45.4% (FY2014)

Percentage of loan applications through Smartphone



59.3% (FY2017)



[InsWeb.]

27.2% (FY2014)

Percentage of estimate requests for multiple automobile insurance policies through Smartphones



44.9% (FY2017)

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

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

My 仮想通貨

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

ランキング ニュース MC 仮想通貨入門 ICO

ランキング

データ取得日時 2018/3/22 18:05

時価総額 JPY

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

ランキング ニュース MC 仮想通貨入門 ICO

活況戻る中国の仮想通貨取引所

2018/03/27 09:02 CoinDesk

coindesk

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

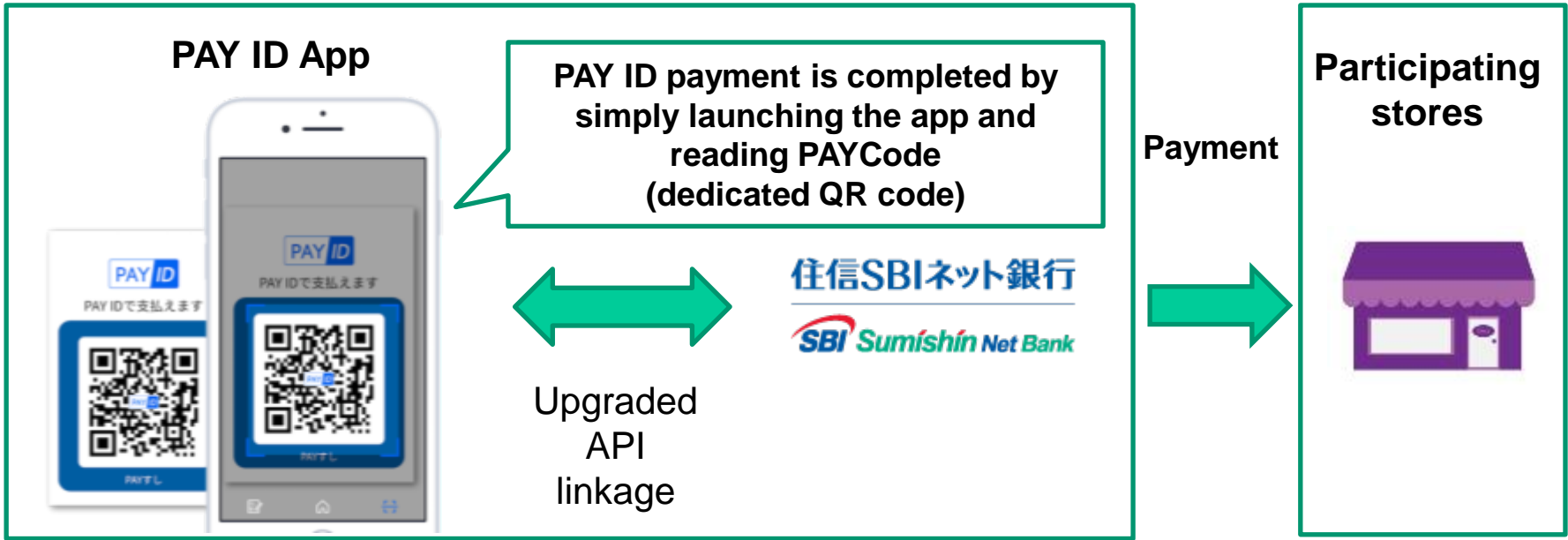
両本部職員は当時、検査の目的は、取引所が反マネーロンダリング令および資本規制を順守していることを確認することだと説明した。

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

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

SBI Sumishin Net Bank Initiates the Offering of a Payment Service by “PAY ID,” QR Cost Payment Mobile App

- From May 25, 2018, SBI Sumishin Net Bank started offering an immediate account payment service for specific customers through the “PAY ID,” QR code payment app, provided by Pay, Inc.
- Registered users of “PAY ID” exceed 1 million users, and can be utilized at more than 500,000 participating stores nationwide
- This is the first instance of providing an upgraded API in the mobile payment area for SBI Sumihsin Net Bank



(2) Promote a mobile shift



SBI Life Insurance, as Part of an Expansion of the “Mobile-first” Services, is Promoting the Mobile Adoption of Various Services, such as Estimation and Application of Insurances

◆ Procedures from estimation to application through smartphones can be completed (started from Oct. 2016)

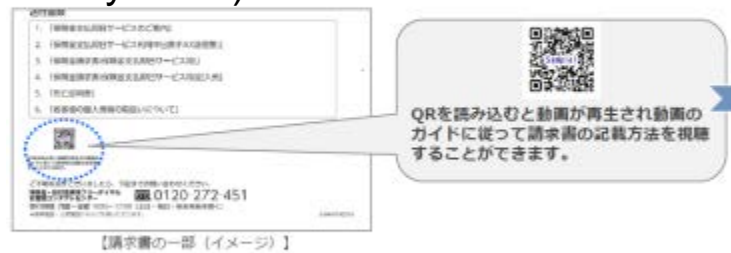
A series of procedures can be completed with a smartphone, including insurance premium estimation, filling out application forms and uploading identity verification documents. Additionally, access to “My Page” is possible regardless of device, through common use of smartphone and PC versions of quotation and application forms

◆ Started change of address service through smartphones (from Apr. 2018)

In addition to conventional sealed letters and telephone correspondence, started change of address procedures through smartphones and PCs on a 24 hour, 365 day basis. This completely automated process, from the receipt of application to the delivery of a completion notification to customers, not only benefits customers, but also improves operating efficiency

◆ Supports requests for same day payment service of insurance claims by utilizing smartphones (scheduled from late in July 2018)

Customers may view guide videos that explain procedures when scanning QR codes included in documents related to claim payments through smartphones. Through proactive customer guidance, prevents customers’ filling in or omission errors, to lead to a quick insurance payment

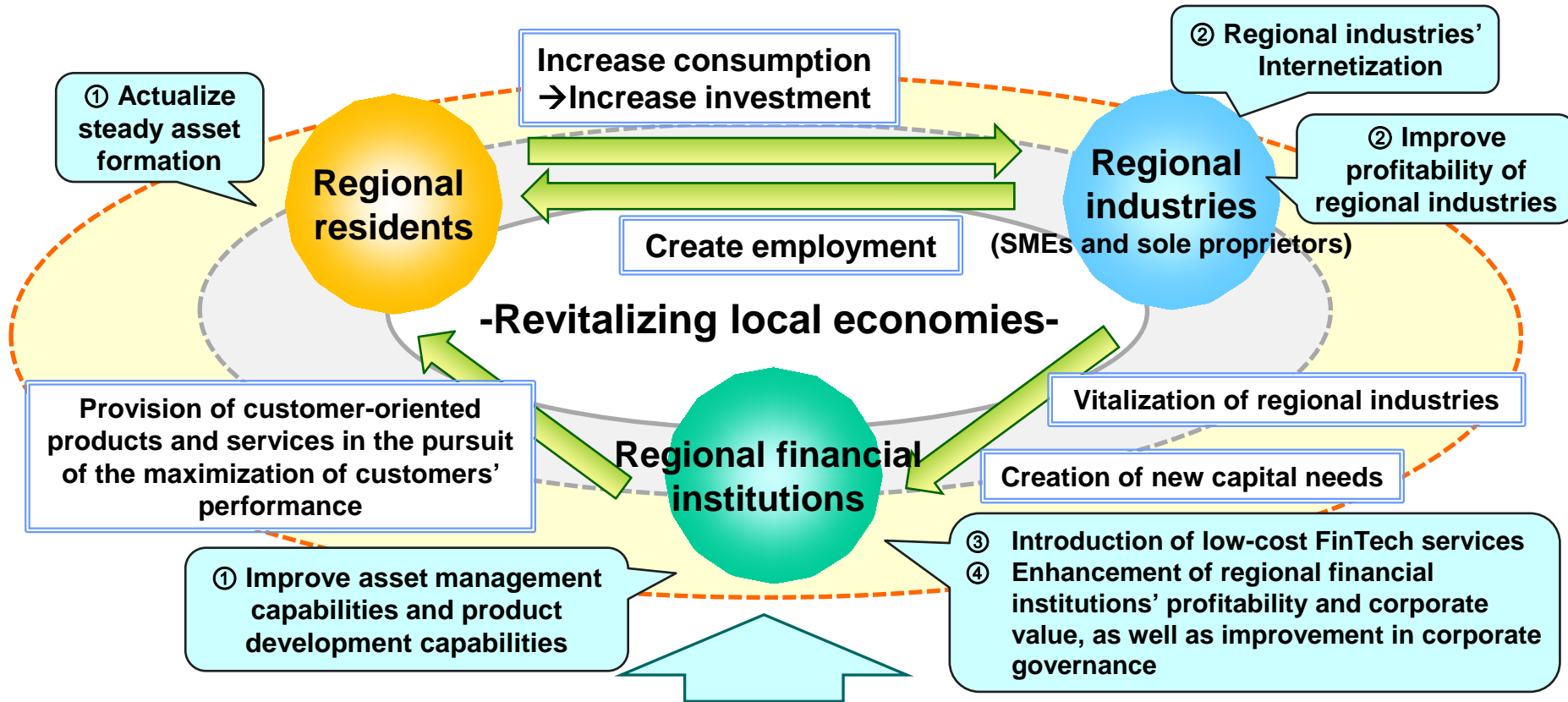


Business strategy examples:

(3) Strengthen alliances with regional financial institutions, to expand into a new customer base by contributing to regional revitalization

- ① SBI SECURITIES**
- ② SBI MONEY PLAZA**
- ③ SBI Insurance**
- ④ SBI Life Insurance**
- ⑤ Morningstar Japan**
- ⑥ SBI Investment**
- ⑦ SBI Regional Revitalization
Asset Management**

The SBI Group Supports the Creation of a Virtuous Cycle that will Contribute to Regional Revitalization, through Strengthened Alliances with Regional Financial Institutions



Various management resources of the **SBI GROUP**

① Asset management systems and product development capabilities

② Know-how relevant to various technologies or online businesses

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

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

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

-Alliances with 25 companies are announced, with an additional 3 companies to be confirmed in June, for a total of 28 companies.

In July, two partnership announcement is expected, to bring the total to 30 companies-



Financial instruments intermediary services

Regional financial institutions

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



[Alliances with 25 companies]

<u>The Shimizu Bank</u>	<u>The Ehime Bank</u>	<u>CHIKUHO Bank</u>	<u>The Keiyo Bank</u>
<u>The Tokyo Tomin Bank</u>	<u>The Aomori Bank</u>	<u>The Fukui Bank</u>	<u>THE SAGA KYOEI BANK</u>
<u>Bank of The Ryukyus</u>	<u>The Awa Bank</u>	<u>The Towa Bank</u>	<u>THE NAGANO-KEN SHINKUMI BANK</u>
<u>THE SENDAI BANK</u>	<u>Kirayaka Bank</u>	<u>The Akita Bank</u>	<u>THE KANAGAWA BANK</u>
<u>Aichi Bank</u>	<u>FUKUSHIMA BANK</u>	<u>Kita-Nippon Bank</u>	<u>The Kiyo Bank</u>
<u>The Miyazaki Taiyo Bank</u>	<u>THE HOWA BANK</u>	<u>THE OKAZAKI SHIKIN BANK</u>	<u>The Tohoku Bank</u>
<u>THE NAGANO BANK</u>			

SBI SECURITIES Significantly Increased Equity and Bond Transactions, as well as Investment Trusts Sales, with its Customer Financial Institutions of a Total of 171 Companies*1



SBI SECURITIES is strengthening the distribution of structured bonds (self-origination and distributed a total amount of JPY 29.8bn*2 (Dec. 2015 – Mar. 2018)), domestic and overseas investment trusts, as well as bond transactions

*1 As of the end of Mar. 2018

*2 Includes structured bonds toward retail customers

Increase in cumulative transaction volume for FY2017

Equity trading

+55.1% YoY

Number of customers 2.7x

Newly-issued
bond transactions

+470.2% YoY

Number of customers +59

Investment
trusts

+671.2% YoY

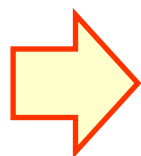
Number of customers 4.0x

Existing bond
transactions

+472.3% YoY

Number of customers +35

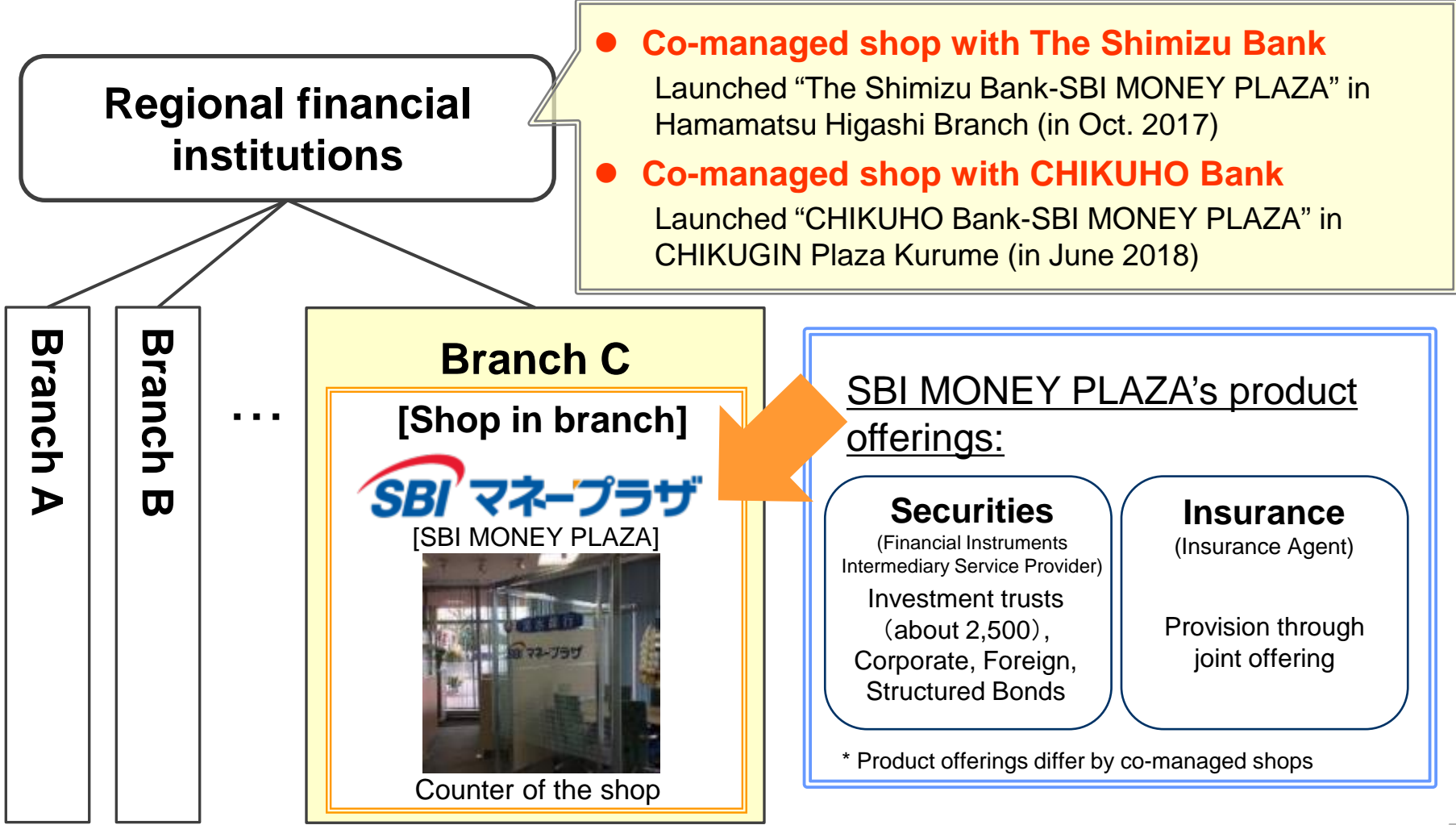
* Number of customers are compared from the figure as of July 2016, when the Financial Institution Sales Dept. was established



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

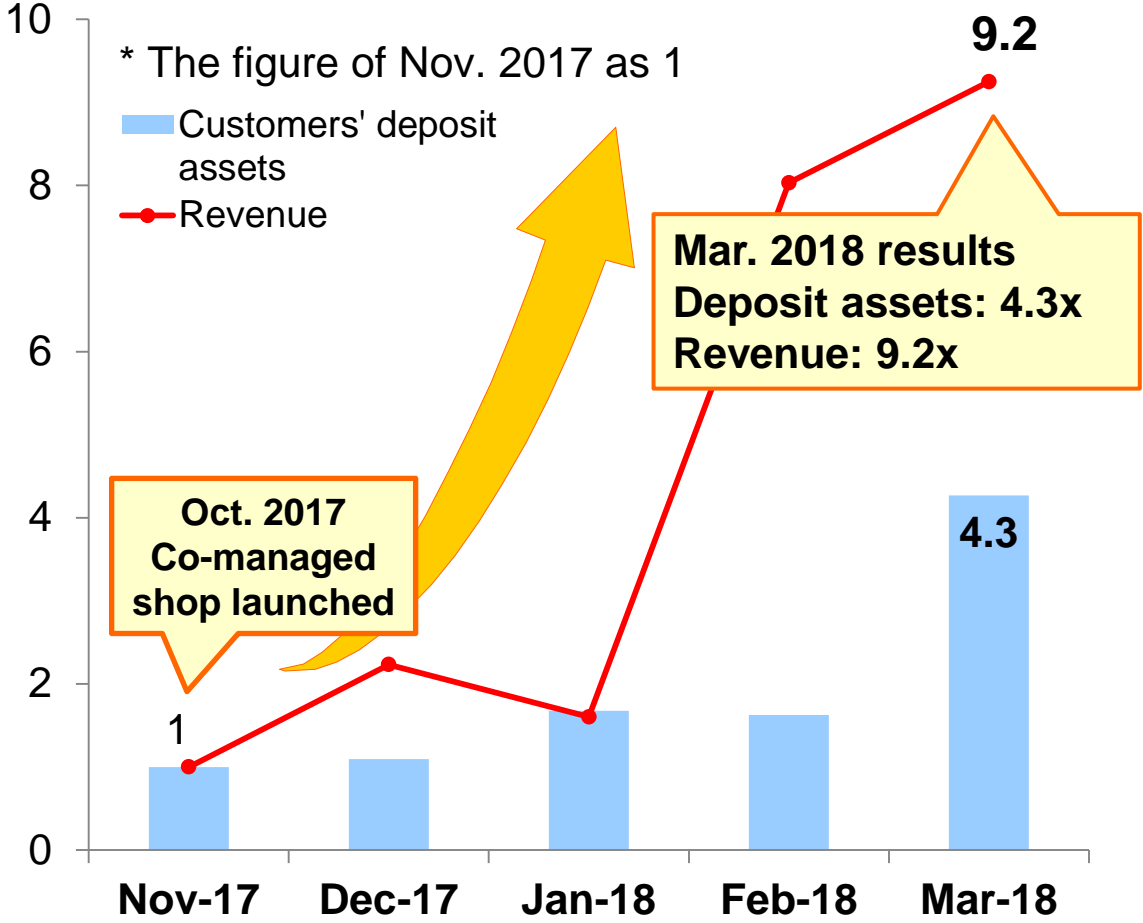
SBI MONEY PLAZA Launched Co-managed Shops with Regional Financial Institutions, The Shimizu Bank and CHIKUHO Bank

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



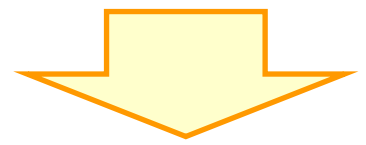
At the Co-managed Shop with The Shimizu Bank, Revenue Increased, along with a Steadily Expanding Number of Accounts and Customers' Deposit Assets

Monthly trend of customers' deposit assets and revenue



With a similar model for regional financial institutions, advance

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



Strengthen the earning capacity of regional financial institutions

SBI MONEY PLAZA, through Business Alliances with 35 Regional Financial Institutions, Provides Products for Corporations and Wealthy Individuals



Regional financial institutions

Accounting measures and inheritance preparation products

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



Offering



Regional financial institutions' customer corporations and wealthy individuals

Several Regional Financial Institutions, et al., Determined to Introduce SBI Insurance's Products

SBI損保



Regional financial
institutions, etc.



Customers

SBI Insurance will develop the local customer base by offering convenient and diverse insurance products

◆The Okazaki Shinkin Bank (From June 25, 2018)

As a first for credit unions, the “SBI Insurance Fire Insurance” website was administered, a website which is optimal for individual customers to freely customize their necessary compensation content

◆THE TAIKO BANK (From July 2, 2018)

As a first for regional banks, the “SBI Insurance's Cancer Insurance” website was administered, a website that compensates for the actual cost from advanced medical care, to treatment not covered by health insurance on the website

In order to differentiate themselves from other companies' products, 8 companies (of which 4 are regional financial institutions), including The Okazaki Shinkin Bank and THE TAIKO BANK, decided to adopt SBI Insurance's products.

Plans are for sales to start shortly

SBI Life Insurance Promoted the Sales of Group Credit Life Insurance to Regional Financial Institutions, and the Adoption of Housing Loans by Hanno-Shinkin Bank was Decided as the First Case



(Apr. 23, 2018; The Kinyu Keizai Shimibun)

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

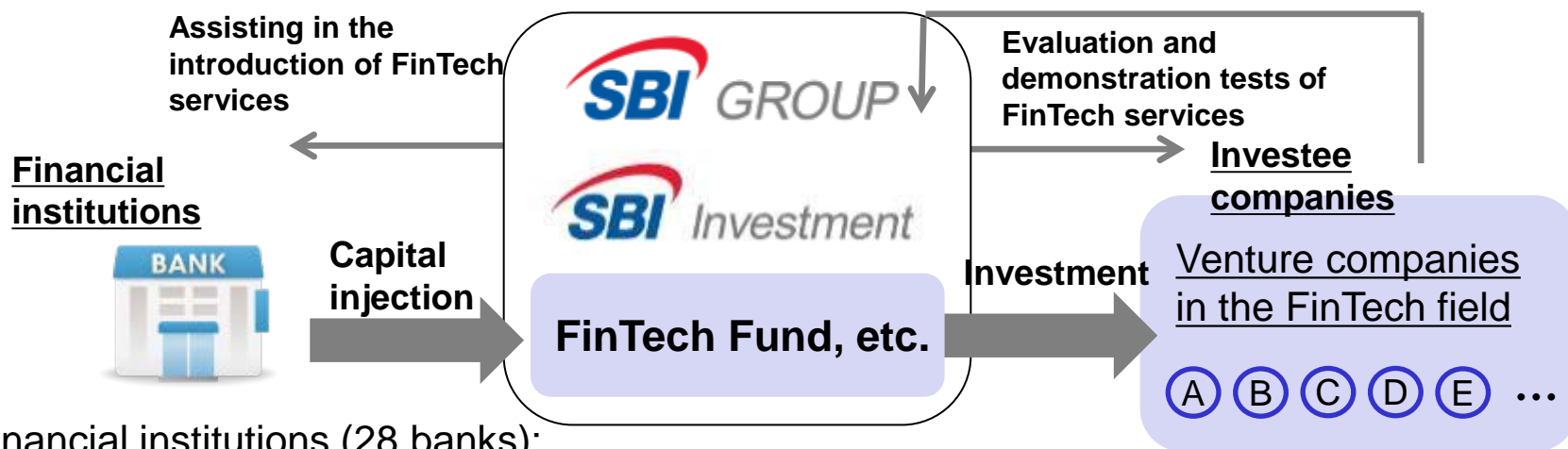
飯能信金の住宅ローンに団信 SBI生命
 SBI生命保険は18日、飯能信用金庫（埼玉県飯能市）が販売する住宅ローン向けに、団体信用生命保険を6月から提供すると発表した。同社が地域金融機関と提携するのは初の取り組みで、販売チャネルを拡大する狙い。同社商品は死亡時に住宅ローンの債務残高を補償するほか、精神障害を除く全ての疾病やケガによる就業不能時においても月々の返済額が補償される。さらに、就業不能状態が一定期間継続した場合、残債が一括で補償される。

(Apr. 19, 2018; Nikkan Kogyo Shimibun)

SBI Life Insurance continues to proactively promote sales to regional financial institutions, and has **decided upon the inclusion of Toyota Shinkin Bank. Several institutions are planning adoption in FY2018**, and expectations are for partnership announcements with regional banks to be made this summer

The FinTech Fund, Established by SBI Investment in Dec. 2015, is Funded by 28 Regional Banks

-Establishing a “win-win” relationship through capital injection-



Financial institutions (28 banks):

Aomori Bank	Ashikaga Bank	The Senshu Ikeda Bank	THE IYO BANK	The Ehime Bank
The Kita-nippon Bank	The Kiyoo Bank	The Keiyo Bank	THE BANK OF KOCHI	San-in Godo Bank
The Shikoku Bank	The Shimizu Bank	The Daisan Bank	Tsukuba Bank	The Toho Bank
The Towa Bank	The Tokushima Bank	THE TOCHIGI BANK	The Nagano Bank	The Hyakugo Bank
Hiroshima Bank	The Hokuto Bank	North Pacific Bank	Hokuriku Bank	The Michinoku Bank
The Yachiyo Bank	Bank of Yokohama	Bank of The Ryukyus		

The newly established SBI AI&Blockchain Fund is expected to take in capital from more than 40 regional financial institutions, including credit unions



Established “SBI Regional Revitalization Asset Management,” an Asset Management Company, through a Joint Investment -Total investment participation by 16 banks-

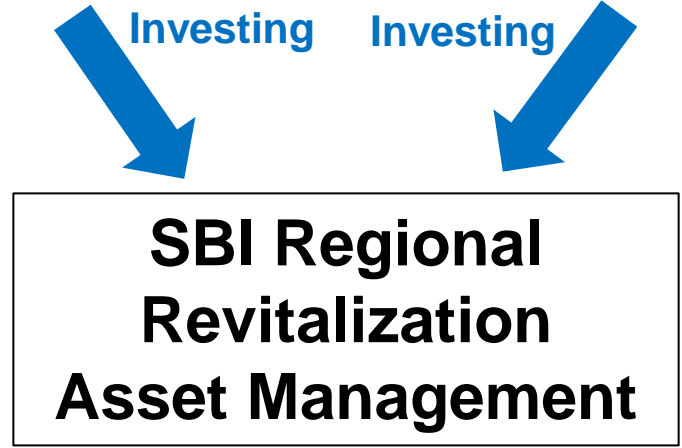


Issue: Faced with operational difficulties, owing to prolonged negative interest rate policy

Regional financial institutions

- <Participating banks>
- Aomori Bank, Ashikaga Bank
 - Ehime Bank, Sendai Bank
 - Chikuhō Bank, Towa Bank
 - Kochi Bank, Daito Bank,
 - Toho Bank, Tottori Bank,
 - Kagawa Bank, KitaNippon Bank,
 - Taisho Bank, Tokushima Bank,
 - Fukuoka Chuo Bank, Howa Bank

6 other banks to newly participate



Utilize SBI’s resources

- Know-how about asset management



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



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

Group-wide strategy 2:

Establishment of a business ecosystem
and the pursuit of group synergies

The Business Ecosystem

The most desirable form of an organization that possesses the requisite efficiency and competitiveness in the pursuit of the realization of future financial services

A business ecosystem is an economic community based on the interaction of organizations and individuals.



In a business ecosystem, a company is not a member of one industry, but a company belongs to diverse industries. This relationship activates synergies and stimulates mutual growth.

Organizational View Based on Complexity Knowledge

Two complexity propositions

- **The whole is greater than the sum of the parts.**
- **The whole has new qualities that an individual part cannot perceive.**



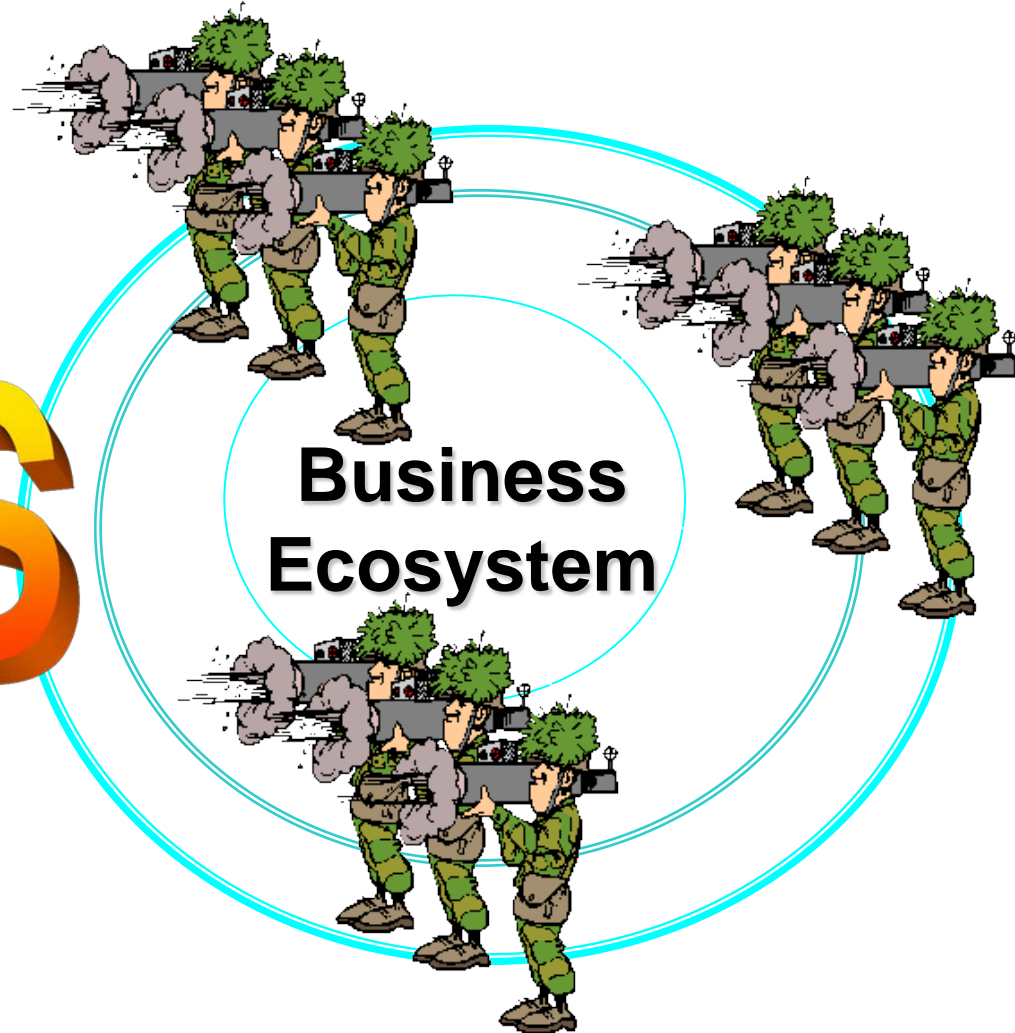
**In order to realize a high growth potential, there are synergy effects and mutual evolutionary effects that a single-role enterprise cannot achieve, that will require the establishment of a new organizational form, the “business ecosystem.”
Such a business ecosystem will function most effectively and provide competitive advantages in the Internet era**

Assembling a Business Ecosystem in Today's Internet-driven Marketplace is a Basic Condition to Achieve an Overwhelming Competitive Edge



**Single
Enterprise**

VS

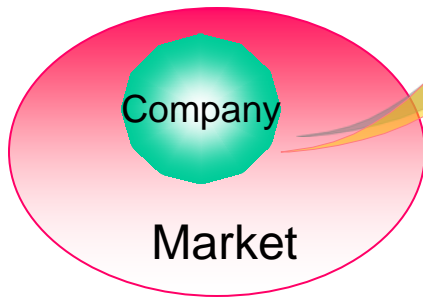


No company can compete and win by itself!

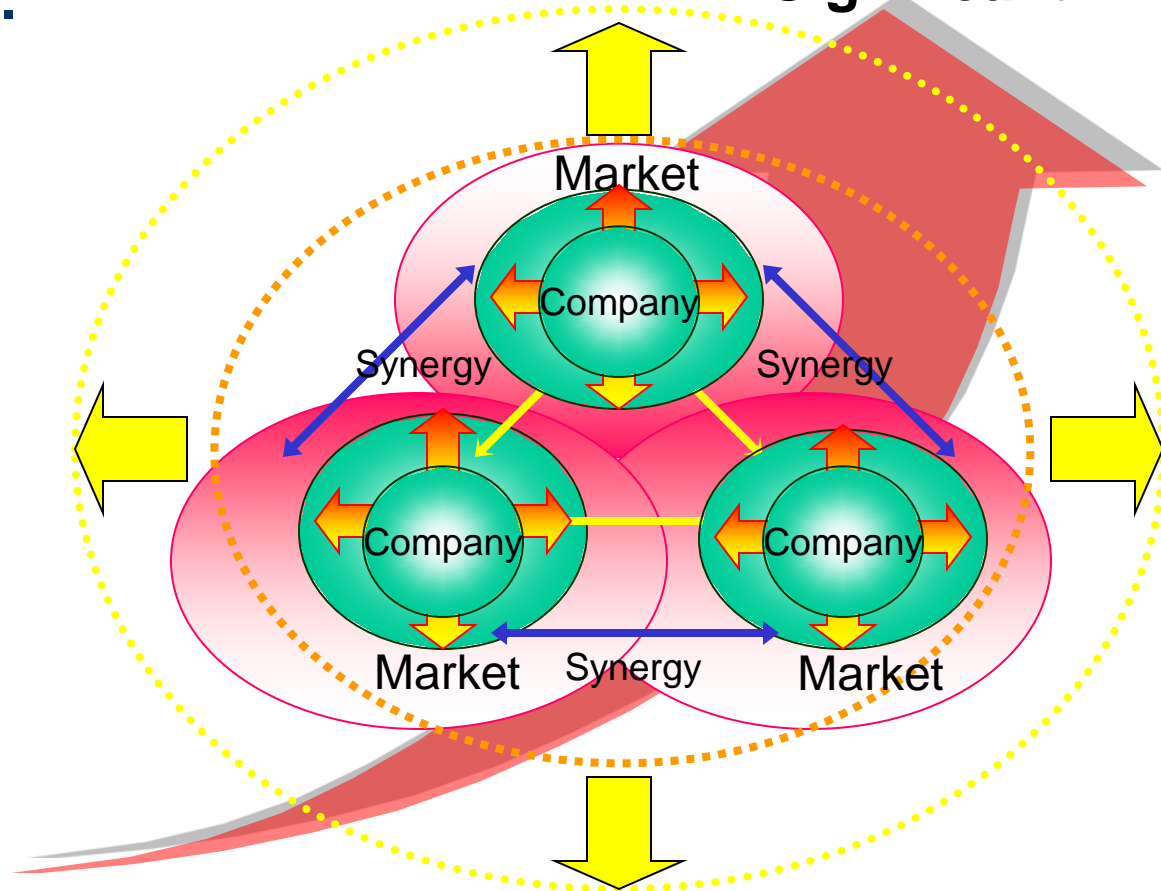
Assembling and Expanding the Business Ecosystem Produces Positive Synergies among the Constituent Companies. This Process Also Creates a Mutual Evolution Process in Each Company's Market to Support Rapid Growth.

**Growth potential:
Significant**

Growth potential: Small



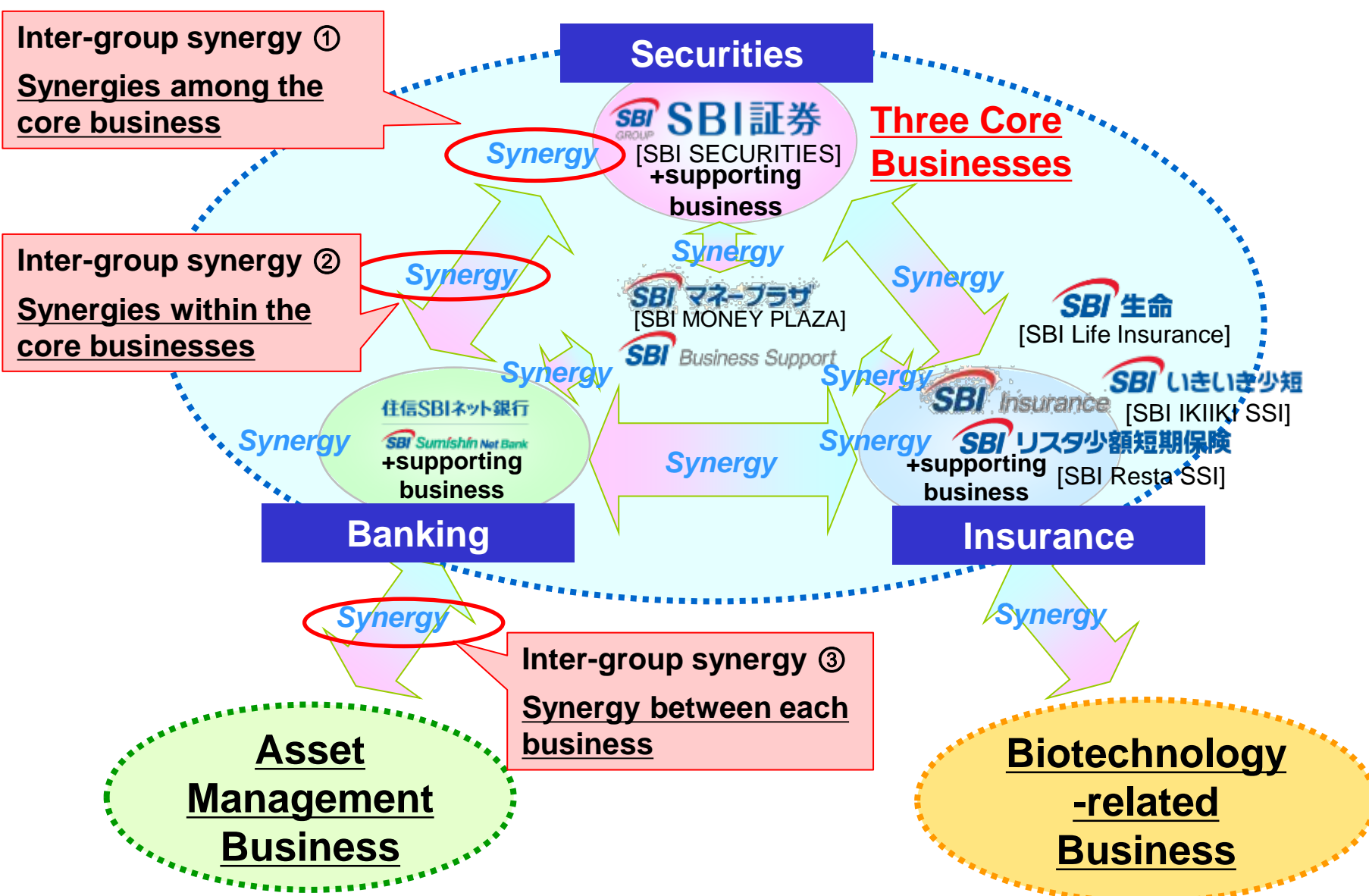
A company as a single economic entity



A "business ecosystem" in which a variety of constituent companies work together to achieve mutual evolution

The SBI Group Pursues Various Inter-group Synergies

“Financial Ecosystem” in the Financial Services Business



Group Synergy with Core Business and Its Various Supporting Companies

SBI SECURITIES and its various supporting companies

Striving to enhance competitiveness and to grow further by fully utilizing group synergies

SBI Liquidity Market

Provision of FX market infrastructure and systems for 20 pairs of currencies

Synergy

SBI Japannext

Operating “Japannext PTS,” the largest PTS market in Japan (Daytime trading / Night-time trading)

Synergy

MORNINGSTAR

Evaluation and other information of financial products

Synergy

SBI証券

[SBI SECURITIES]
Number of accounts as of Mar. 31, 2018:
approx. 4.26 million

Synergy

SBI Benefit Systems

Defined-contribution pension services

Synergy

SBI Asset Management

Development of investment trust products

Synergy

SBI Investment

An integrated IPO underwriting system through collaboration

Synergy

SBI マネープラザ

[SBI MONEY PLAZA]
“Face-to-face” shops that provide financial products

Synergy

SBI BITS

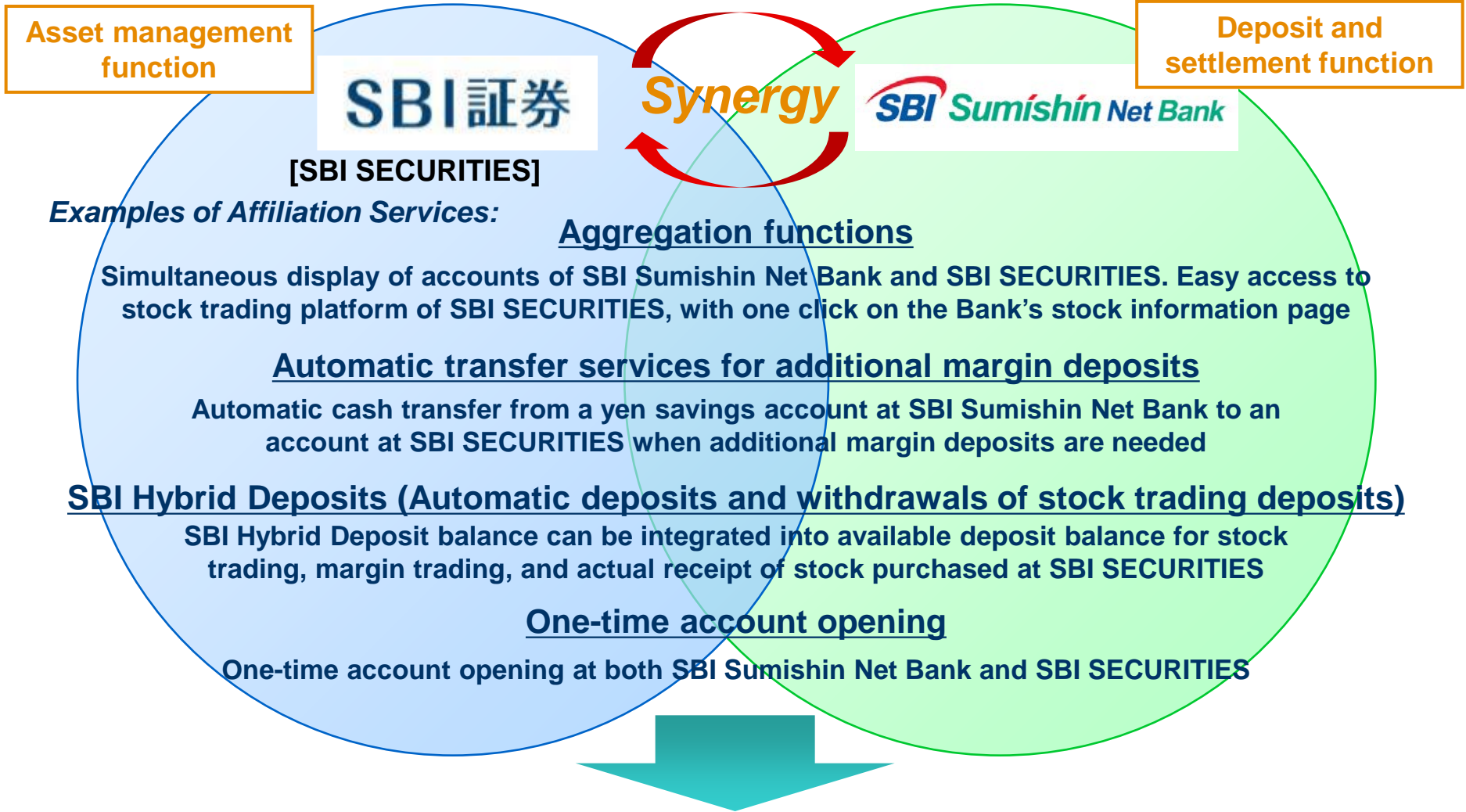
System development company that develops and builds financial system

Synergy

SBI Bond Investment Management

Development of international bond active funds

SBI Sumishin Net Bank and SBI SECURITIES - i



Solid customer base of SBI SECURITIES contributes to an increase in the number of accounts and deposit amount at SBI Sumishin Net Bank



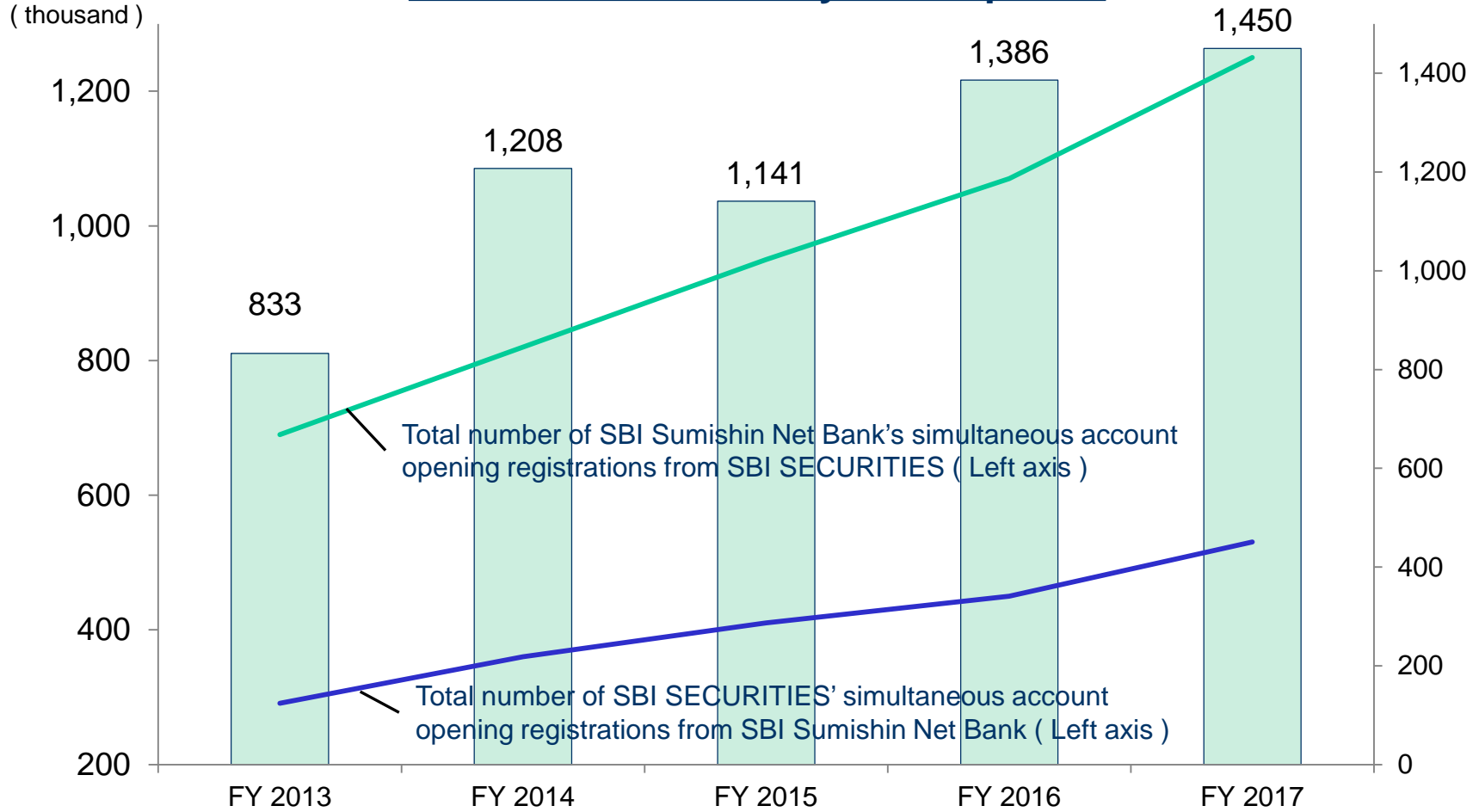
SBI Sumishin Net Bank and SBI SECURITIES - ii

-Total number of SBI SECURITIES' simultaneous account opening registrations from SBI Sumishin Net Bank is also increasing-

Applications for simultaneous account openings, and balance of SBI Hybrid Deposits

Number of account (thousand)

Deposit balance of "SBI Hybrid Deposits" (JPY billion)



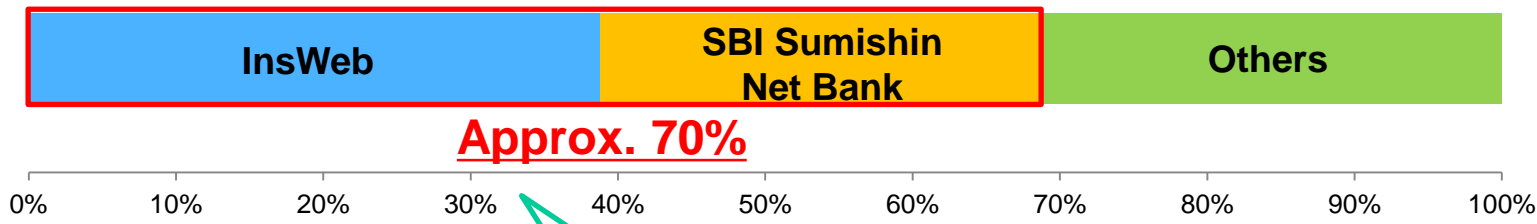
SBI Insurance and SBI Sumishin Net Bank, et al., will Pursue Group Synergies to Promote Sales of Fire Insurance



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

From Mar. 2018, the underwriting of entire rental apartment buildings was undertaken, not only for individuals, but also for corporations and individual business owners as well, in order to approach a greater number of customers

FY2017 fire insurance acquisition ratio by sales channel



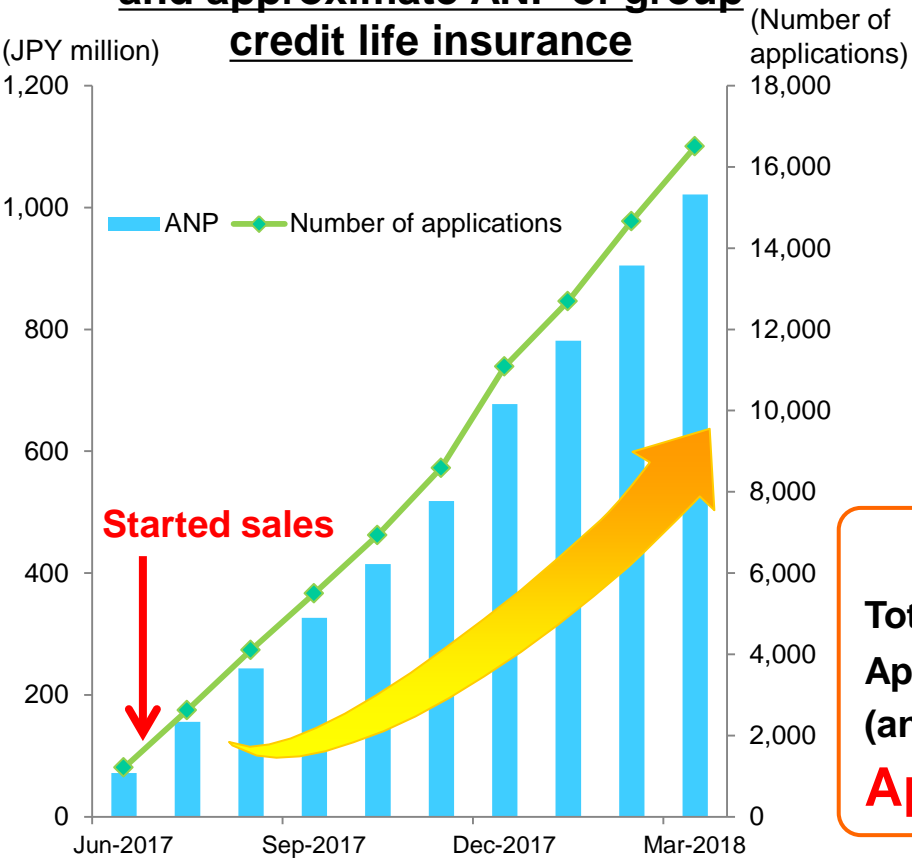
Approx. 70%

Maintaining approx. 70% level during this term (Apr. - May 2018)

SBI Life Insurance and SBI Sumishin Net Bank

SBI Sumishin Net Bank's housing loans is accompanied by SBI Life Insurance's Advanced Medical Treatment Special Contract and the Group Credit Disability Income Insurance with All Disease Security, both of which are selling well (Sales launched in June 2017)

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



Currently underwriting 4 types of housing loans handled by SBI Sumishin Net Bank

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



Total as of Mar. 2018 * based on applications

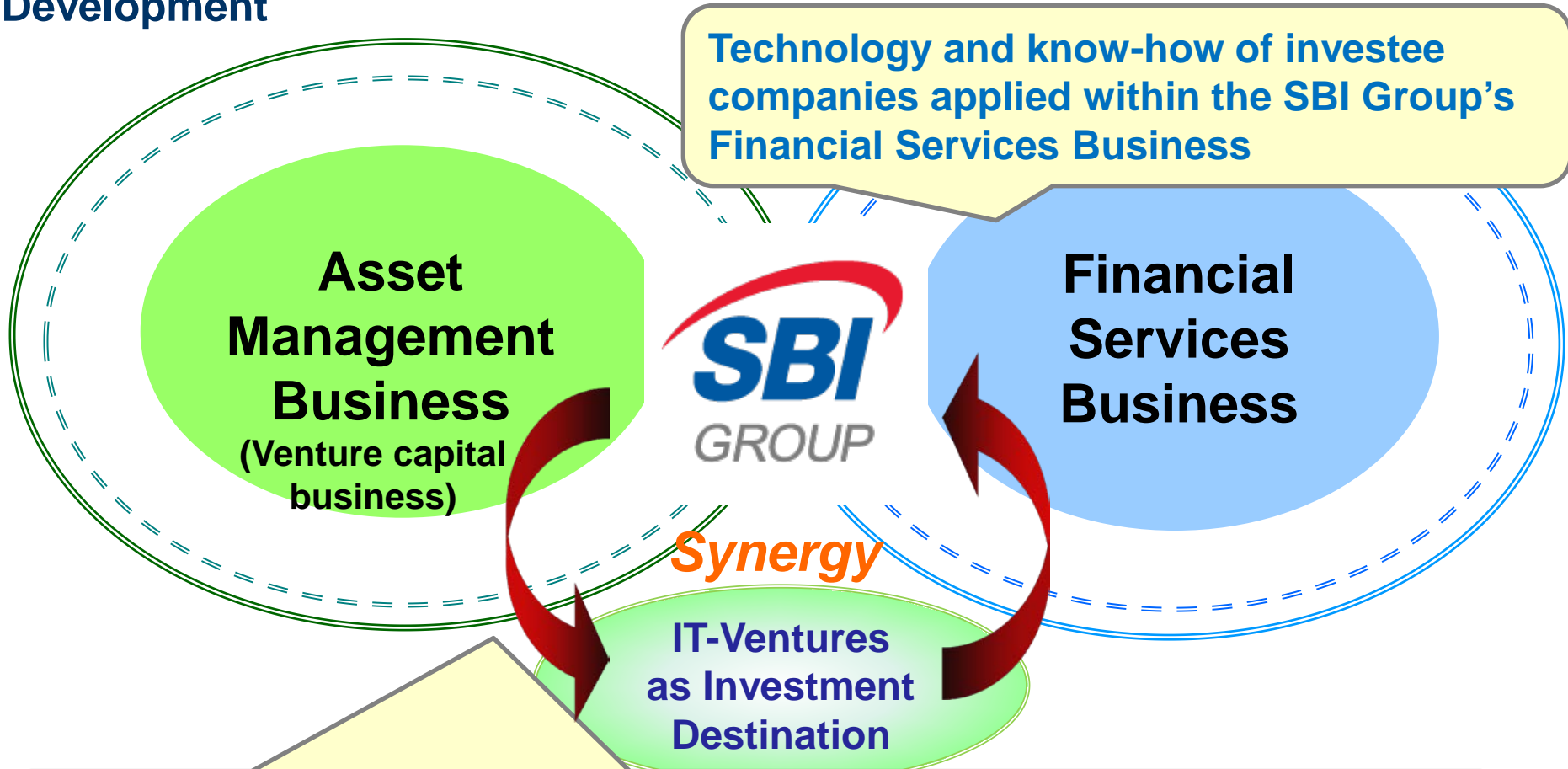
Total number: 16,502 applications

Approximate ANP (annualized new business premium):

Approx. JPY 1,021m

Inter-group synergy ③: Synergy between each business (Asset Management Business and Financial Services Business)

IT Focused Investments Positively Impacted Both the Asset Management Business and the Financial Services Business, and Contributed to their Development



The Financial Services Business, which uses the Internet as its main sales channel, is deepening the Group's knowledge of IT technologies and leading to more precise investing and high performance (average IRR of 13.1%) of the operated funds established since the second half of the 1990s.

Establish a Win-win Relationship with Customers through Collaborations between the 5-ALA-related Business and the Insurance Business

(Image)



Provide 5-ALA-related products and dedicated services to policyholders*



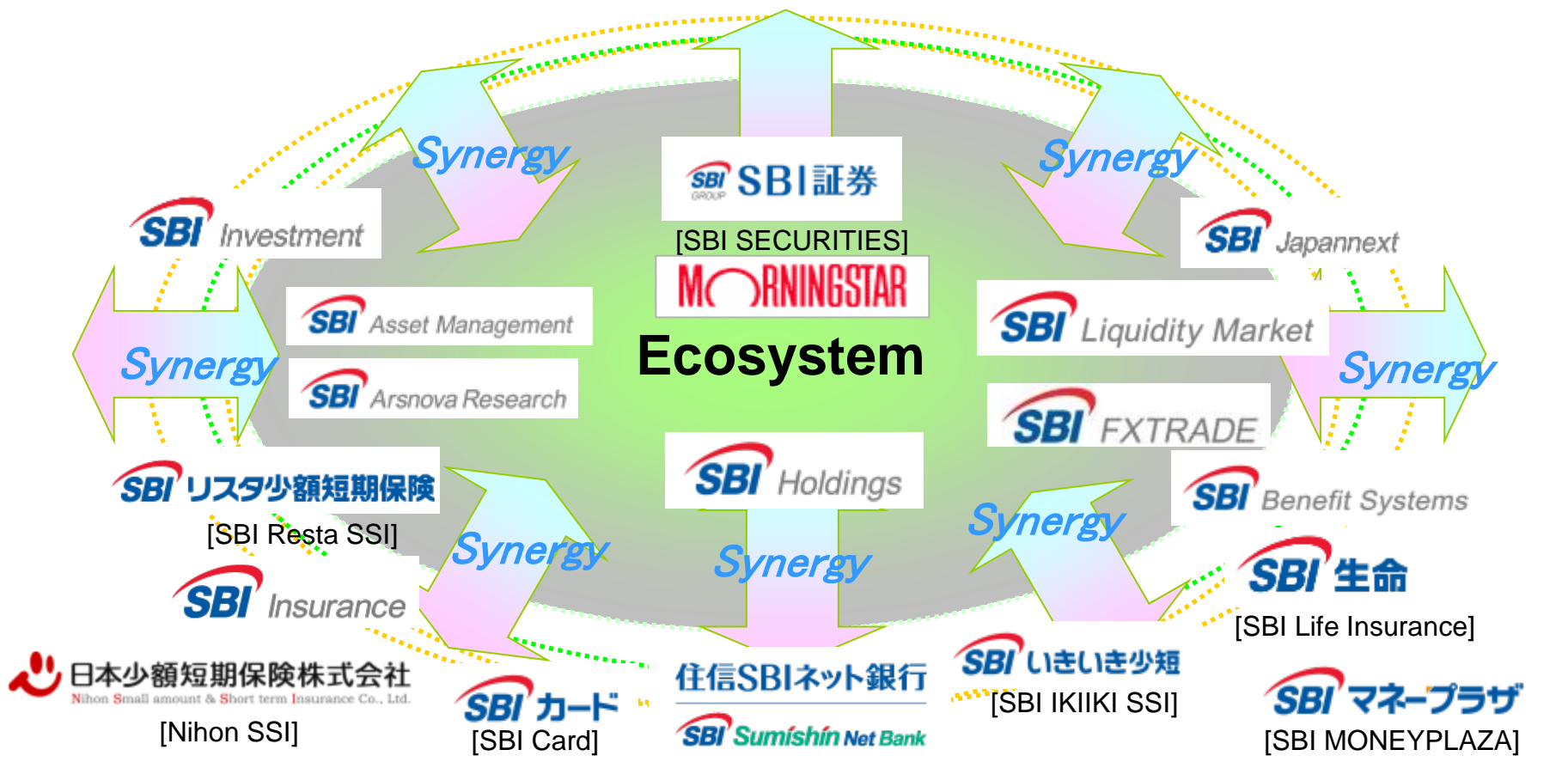
Policyholders

In addition to contributing to maintaining and improving the health of policyholders, insurance companies are expected to build a win-win relationship with customers, so that insurance claims will decrease

*Assuming consultation with relevant authorities etc.

Completed the Establishment of a Globally Unique Internet-based Financial Conglomerate (FinTech 1.0) in 16 Years Since Its Inception

Oct. 1999: SBI SECURITIES commenced online trading service
 Jan. 2008: SBI Insurance commenced business
 Sept. 2007: SBI Sumishin Net Bank commenced business
 Feb. 2016: SBI Life Insurance launches the sales of its products



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

II. The SBI Group is Moving Toward Further Dramatic Growth through Rapid Incorporation of Technological Developments

- 1. Strategies for the transition to FinTech 1.5 (2016~2020)**
- 2. Toward the completion of the digital asset ecosystem in the era of FinTech 2.0 (2016~)**

The SBI Group's Conceptualization of the Evolution of FinTech

Along with the explosive expansion of the Internet, the SBI Group established its Financial Ecosystem 16 years after its founding

-FinTech 1.0-

- Utilizing elemental technologies such as AI (Artificial Intelligence), big data, IoT, robotics, etc., within the established online financial ecosystem
- Utilizing blockchain with the conventional web-based online financial ecosystem

-FinTech 1.5-

Providing innovative financial services, with blockchain as a core technology

→ Completion of the Blockchain Financial Ecosystem

-FinTech 2.0-

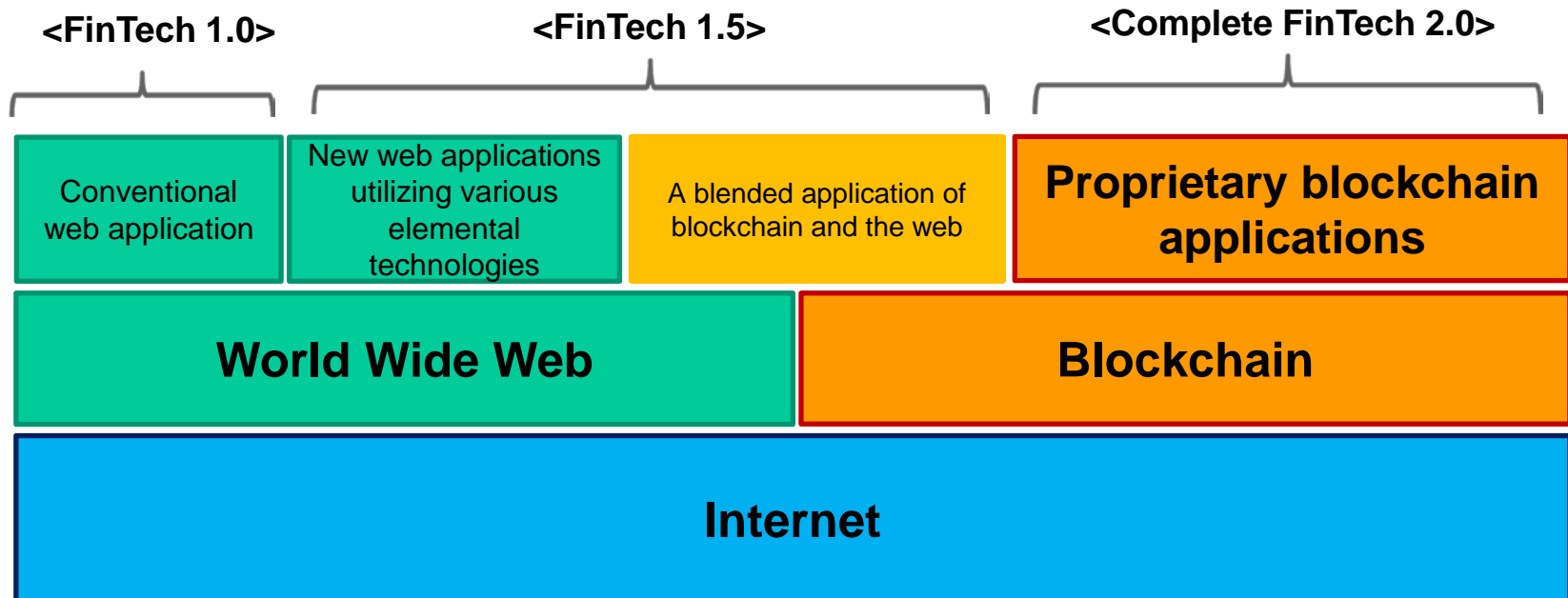
The World of FinTech 2.0 is Entirely Different from the World of FinTech 1.0 & 1.5

FinTech 1.0 & 1.5

- Web presence is essential
- Exchanging information worldwide through the web
- New solutions for financial services utilizing the web are developed (FinTech 1.5)
- Blockchain can be practically utilized on the web
- Distributed Ledger Technology(DLT) is also advancing

FinTech 2.0

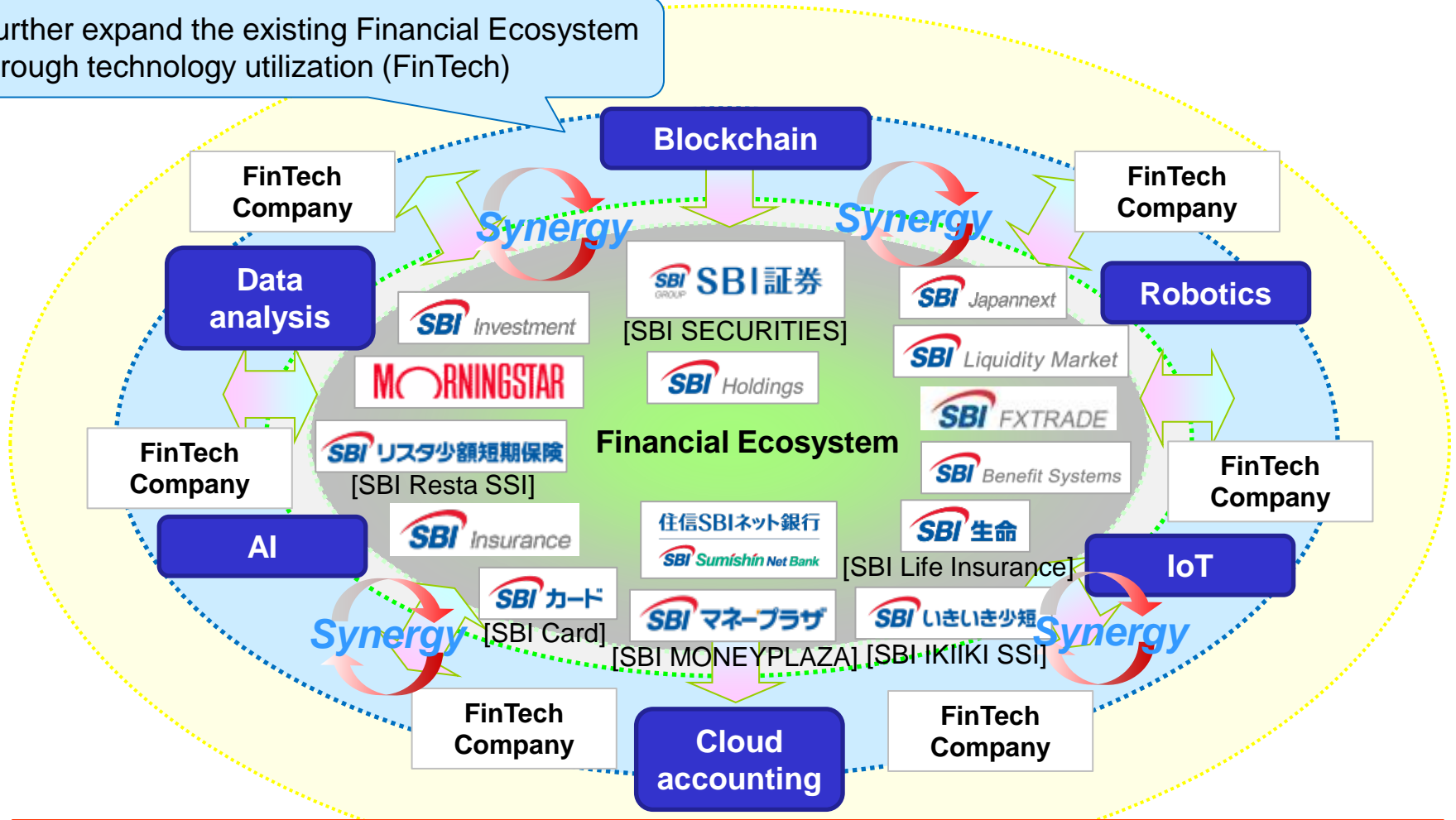
- Blockchain is the core technology
- Enables an exchange of value on the Internet
- Web is not necessarily required



Toward Establishment of the New FinTech Eco System

-Responding to the Era of FinTech 1.0 to 2.0-

Further expand the existing Financial Ecosystem through technology utilization (FinTech)



The “New FinTech Ecosystem” will utilize blockchain technology as its core, to endeavor in providing innovative financial services through a joint development of applications with various companies, which connect with conventional financial systems

The SBI Group's Basic Strategy

-Towards improving business expansion by quickly incorporating technology evolution-

Three processes of the SBI Group's basic strategy

1. Investment

Investment in promising start-up companies

2. Introduction

Technology evaluation and utilization within the SBI Group

3. Diffusion

Diffusion of technology across industry

Mechanism within the SBI Group

Investment business in private equity business primarily by SBI Holdings and SBI Investment

- Centralized investment strategy specializing in growing fields
- Providing capital and knowledge, strategy

Financial Services Business

- FinTech1.5: Start utilizing Web-based blockchain by taking advantage of existing corporate ecosystem
- FinTech2.0: Develop proprietary blockchain applications

All businesses in the SBI Group

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

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

1. Strategies for the transition to FinTech 1.5 (2016~2020)

- (1) From the “FinTech Fund” established in Dec. 2015 and from others, a total of approx. JPY 40bn (approx. JPY 24bn from the FinTech Fund and approx. JPY 16bn from SBI Holdings, etc.) was invested into 67 venture companies in Japan and abroad**
- (2) Promoting further diversification of services and the improvement in customer benefits, through the introduction of new technologies by the SBI Group companies**
- (3) In order to improve operational efficiency, will endeavor to increase productivity of indirect departments and reduce cost by focusing on the promotion of RPA (Robotic Process Automation)**
- (4) Promote the diffusion of new technologies acquired by the SBI Group companies to companies outside of the Group**

1. Investment phase

(1) From the “FinTech Fund” established in Dec. 2015 and from others, a total of approx. JPY 40bn (approx. JPY 24bn from the FinTech Fund and approx. JPY 16bn from SBI Holdings, etc.) was invested into 67 venture companies in Japan and abroad

Founded in Dec. 2015, the “FinTech Fund” has Already Invested in Many Venture Companies

FinTech Business Innovation LPS

- Total commitment amount is JPY 30bn
- Fund investor: 28 regional banks including Bank of Yokohama, Ashikaga Bank, THE SAN-IN GODO BANK and Kiyo Bank, as well as Mizuho Bank and SoftBank invested
- Investment destination: Anticipating investing in 100 or more venture companies with superior technology in the FinTech field

Already decided on investments into **67** companies
 (Total investment amount to be approx. JPY 24.0bn through the FinTech Fund and approx. JPY 16.0bn by SBI Holdings)



Managing “Money Forward,” an automated household account service for individuals, and “MF Cloud” series, a cloud-based accounting service for SMEs

Providing a new labor force “Digital Labor” that utilizes RPA to execute office work on behalf of people

Planned IPO schedule

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

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



(A research company that provides company information database)

Most active corporate blockchain Investors (May 10, 2017)

Investor	Rank	Select Companies
SBI Holdings	1	Orb, R3, Ripple, Coinplug, Veem, Wirex, bitFlyer,
Google	2	Storj Labs, Blockchain, Ripple, LedgerX, Bitcoin, veem
Overstock.com	3	Settlemint, Factom, Ripio, Symbiont, Bitt, Peernova
Citi	4	Digital Asset, R3, Axoni, Conbalt, Chain
Goldman Sachs	5	Digital Asset, R3, Axoni, Circle

Source : CB Insights, “Blockchain Investment Trends In Review”

2. Introduction phase

(2) Promoting further diversification of services and the improvement in customer benefits, through the introduction of new technologies by the SBI Group companies

Proactive Advanced Technology Usage Cases at the SBI Group Companies

-Securities-related business ①-

Robo-advisors, etc.

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

Customer assets: JPY 33.0bn,
Number of accounts: approx.
43 thousand (as of June 26, 2018)

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

Customer assets: JPY 7.1bn,
Number of accounts: approx.
21 thousand (as of June 26, 2018)

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

Blockchain

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

AI

SBI SECURITIES

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

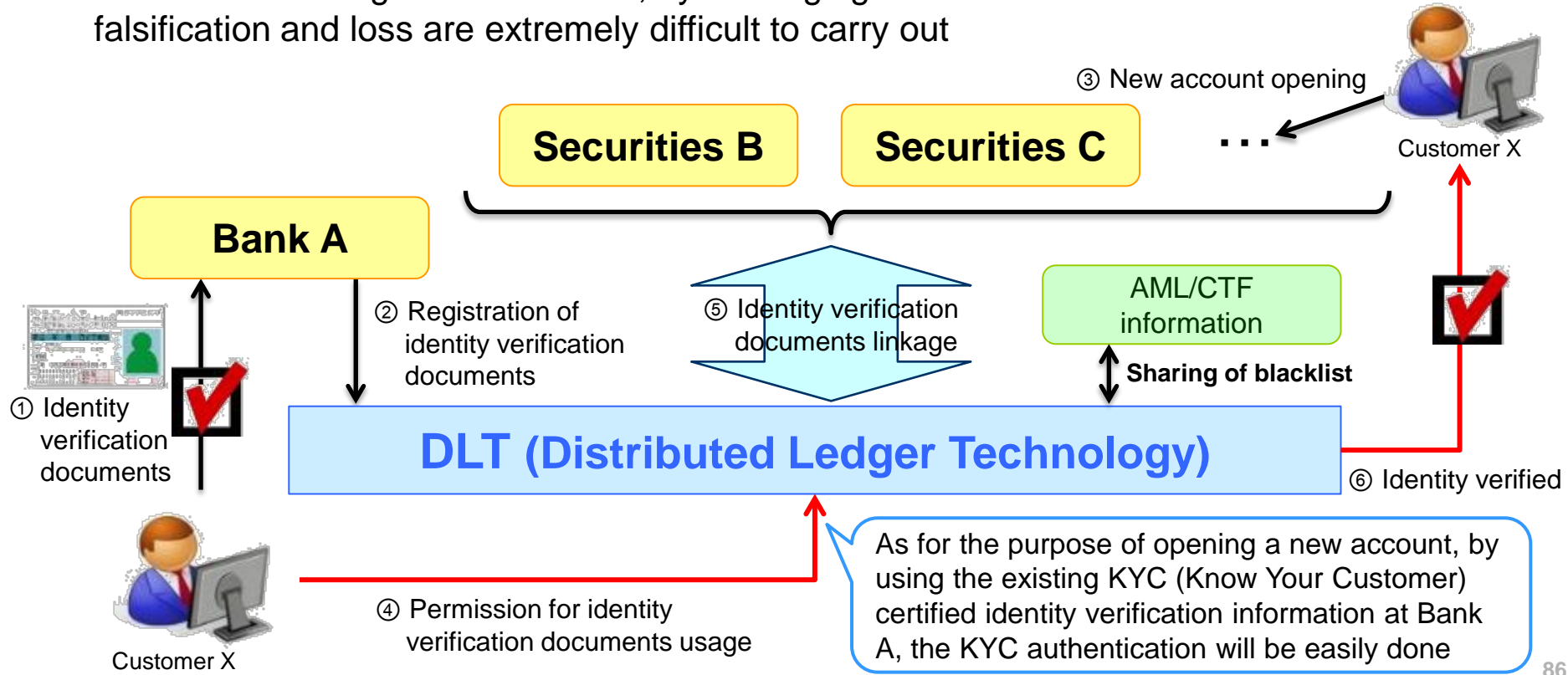
SBI Liquidity Market & SBI FXTRADE

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

Proactive Advanced Technology Usage Cases at the SBI Group Companies

-Securities-related business ②-

- ◆ Within the framework of Japan Exchange Group’s “PoC on applicability of Distributed Ledger Technology to Capital Market Infrastructure,” NEC, SBI Holdings and SBI BITS are conducting demonstration tests with 14 participating financial institutions
- ◆ In order to improve customer convenience and streamline the securities firm’s operations at the point of an account opening, endeavoring to promptly and safely share KYC information among securities firms, by leveraging the feature of blockchain where data falsification and loss are extremely difficult to carry out



Proactive Advanced Technology Usage Cases at the SBI Group Companies

-Banking-related business ①-

Robo-advisors

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

Customer assets: JPY 12.2bn,
Number of accounts: approx. 13 thousand
(as of June 26, 2018)

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

Customer assets: JPY 2.4bn,
Number of accounts: approx. 8 thousand
(as of June 26, 2018)

AI

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

Proactive Advanced Technology Usage Cases at the SBI Group Companies

-Banking-related business ②-

API Linkage (examples)

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

From Dec. 2016



NestEgg
“finbee”

Total number of downloaded apps :
approx. 70,000

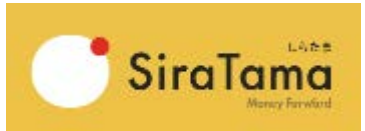
From May 2017



WealthNavi
“Mametasu”

Total number of downloaded apps :
approx. 16,300

From Sept. 2017



MoneyForward
“SiraTama”

Total number of downloaded apps :
approx. 18,100

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

Proactive Advanced Technology Usage Cases at the SBI Group Companies

-Insurance-related business ①-

SBI損保 [SBI Insurance]

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

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

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

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

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

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

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

Proactive Advanced Technology Usage Cases at the SBI Group Companies

-Insurance-related business ②-



FiNC inc.
A technology venture company specializing in mobile health

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



ADWELL, inc.
Venture company developing health management apps ...etc.

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



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

Proactive Advanced Technology Usage Cases at the SBI Group Companies

-Insurance-related business ③-



- ◆ Devised a system for presenting the optimal anti-cancer treatment to a patient, based on cancer gene(* 1,2) panel testing enhanced by AI. Conducted gene analysis and research for patients undergoing cancer treatment at Kindai University Hospital, with the future aim of using the system in the formation of insurance products to reduce the cost burden.

Clinical trials for 30 patients undergoing treatment at Kinki University Medical School Hospital began on May 14

*1 Research on this product development is premised on not having collection and use of genetic information at the exam administered when subscribing to insurance or when paying insurance.

*2 Genes analyzed are ones with a pathological abnormality component and are different from the genes that transmit parental traits to a child."

SBI生命保険は7日、近畿大学と連携して人工知能(AI)を使ったがん患者向けの臨床試験を14日に始めると発表しました。患者のがん組織や血液などの遺伝子情報から、AIで適切な治療法を見つけて出す検査技術の実効性を確かめる。SBI生命は臨床試験を通じて検査の費用負担を軽減

がん治療法 AIで解析

SBI生命 近大と臨床試験

(Mar. 8, 2018; The Nihon Keizai Shimbun morning edition)

Proactive Advanced Technology Usage Cases at the SBI Group Companies

-Other cases-



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



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



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

2. Introduction phase

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

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

- Expecting to save JPY 1bn over 5 years -

Reduction status of 90 tasks through the utilization of RPA *As of May 2018

	Estimated cost reduction (JPY million / 1 year)	Estimated time saving reduction (Hour / 1 year)
Processes related to housing loans	79	27,648
Processes related to card loans	41	13,596
Processes related to client work	9	3,084
Processes against financial crime	5	1,680
Others	7	2,412
Total	141	48,420

Future prospects

- **Currently, planning on the introduction of more than 200 RPA for various departments**
- **Expecting to save JPY 1bn over 5 years**

SBI Insurance Incorporated RPA Company-wide, to Promote Business Efficiency Improvements and Service Improvements

- Selected 268 automation candidates in the nonlife insurance operations
- Started sequential automation from May 2018
- Approximately 23,000 hours per year, or up to approximately JPY 68m in cost reduction effect expected

The perspective of compression by RPA in 268 operations

	Estimated cost reduction (JPY thousand / 1 year)	Estimated time saving reduction (Hour / 1 year)
Clerical work related to clients (new and maintenance)	15,970	5,517
Clerical work related to clients (Insurance service)	40,841	14,109
Clerical work related to sales	7,094	2,451
Clerical work related to compliance	1,813	626
Others	2,713	937
Total	68,431	23,640

Morningstar Japan Proactively Utilizes RPA for Abundant Data Input, etc., to Promote Operational Efficiency Improvements

Cost reduction projection through adoption of RPA

	Estimated cost reduction (JPY thousand / 1 year)	Estimated time saving reduction (Hour / 1 year)
Investment trusts' data (Prospectus)	16,830	5,610
Investment trusts' data (Monthly report)	33,000	11,000
Update of PDF statutory documents	20,580	6,862
Creating market news articles (financial results brief)	2,100	700
Creating stock evaluation reports	8,400	2,800
Total	80,910	26,972

- In addition to the input of various data related to mutual funds listed in the prospectus, RPA will be utilized for the creation of market news articles
- A maximum of up to 27,000 hours a year and approximately JPY 81m in operational efficiency may be expected

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

Improve operational efficiency by automating various routine tasks



From Oct. 2017, the Administration & Human Resource Dept., Finance Dept., and E-Loan Dept., etc., have implemented RPA for more than 15 tasks, such as simple work confirmation work, research work, etc. to improve efficiency. Utilization in other departments is being considered as well



Under consideration by all departments



[SBI SECURITIES]

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

Early launch planned for 2 departments



[SBI Life Insurance]

In addition to digitizing the reissue of life insurance premium deduction certificates, a PoC of the automatic processing of underwriting assessment work is underway

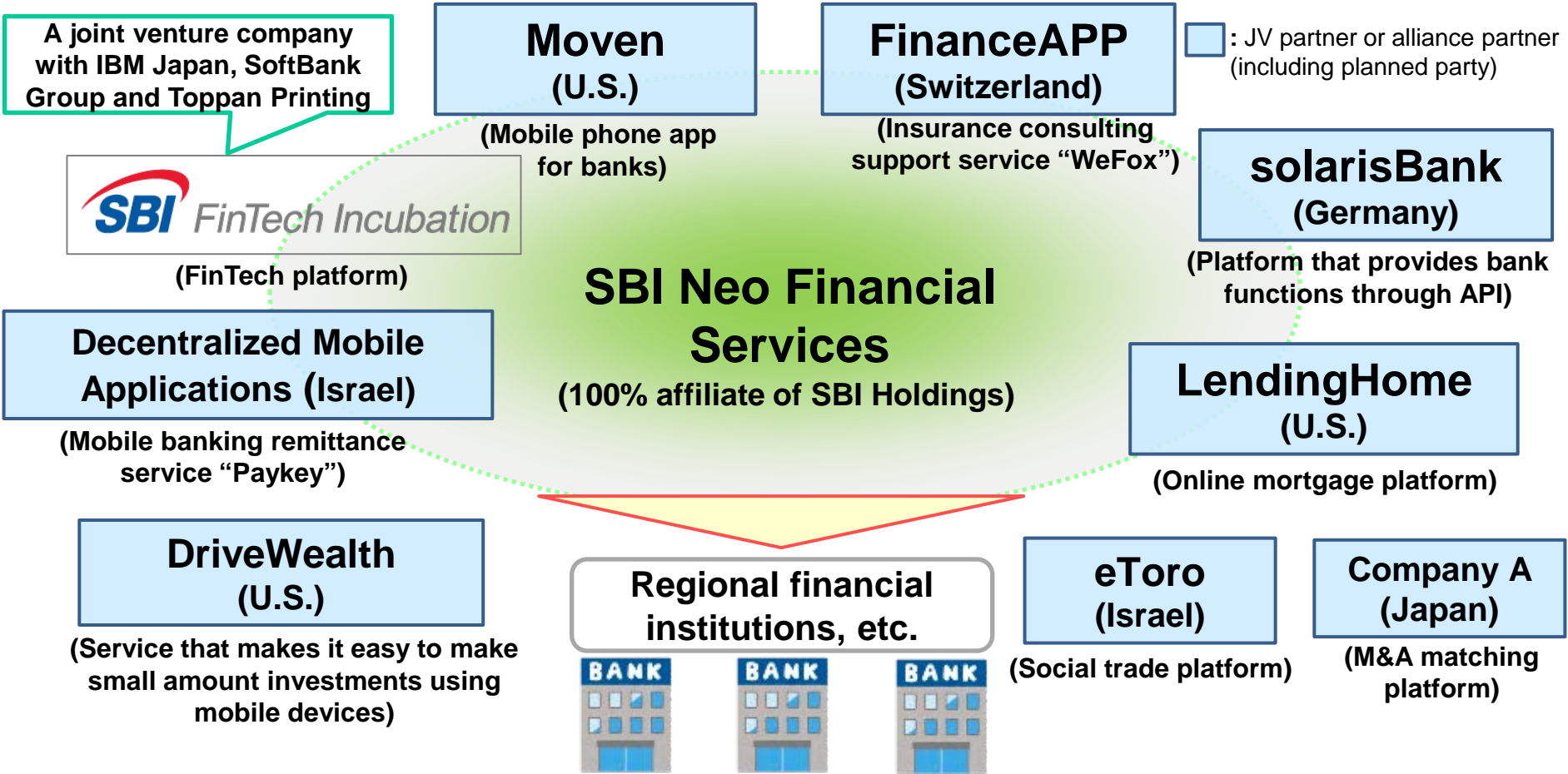
3. Diffusion phase

(4) Promote the diffusion of new technologies acquired by the SBI Group companies to companies outside of the Group

- ① Primarily focusing on regional financial institutions for the diffusion of new technologies, and establishing a new ecosystem centering on FinTech-related joint ventures (with SBI Neo Financial Services as the core company)**
- ② Preparing to establish an operating company involved in RPA and AI, which will promote the optimization of internal and external Group operations**

Establishing a New Ecosystem Centered on FinTech Joint Ventures to Further Diffuse New Technologies

-Toward the strengthening of the support system for the introduction of FinTech to regional financial institutions-

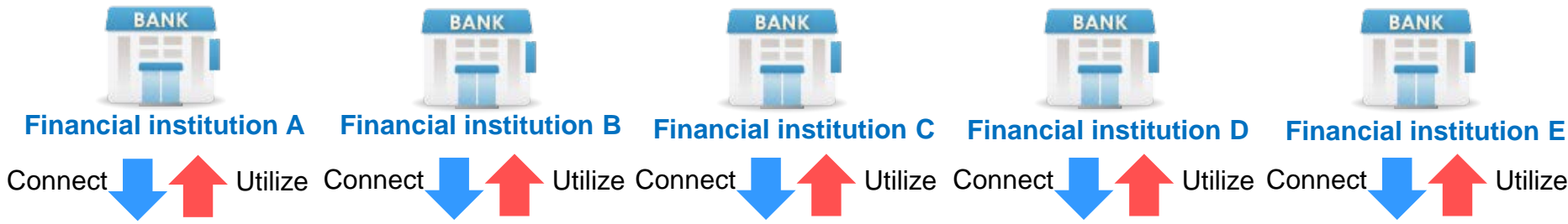


Exclusively offer SBI Group's investee and partner companies' new products and services that utilize various technologies to regional financial institutions

(4) Promote the diffusion of new technologies acquired by the SBI Group companies to companies outside of the Group

(Example 1) Collaborating with IBM Japan, which has Close Relationships with Regional Financial Institutions, to Establish a Support System for FinTech Services

By assorting FinTech venture companies' services and systems, minimizing regional financial institutions' introductory costs



“FinTech Platform”

Managed by SBI FinTech Incubation

Shareholder ratio: SBI 60%, SoftBank 20%, IBM Japan 10%, Toppan 10%

Approx. 30% of first-tier regional banks use IBM Japan as their main vendor



SBI Investment FinTech companies

Front-end application	Blockchain
Lending	Settlement
AI	Authentication / Security
Big data	

住信SBIネット銀行 **SBI Sumishin Net Bank**

SBI証券 [SBI SECURITIES] **SBI Liquidity Market**
MORNINGSTAR

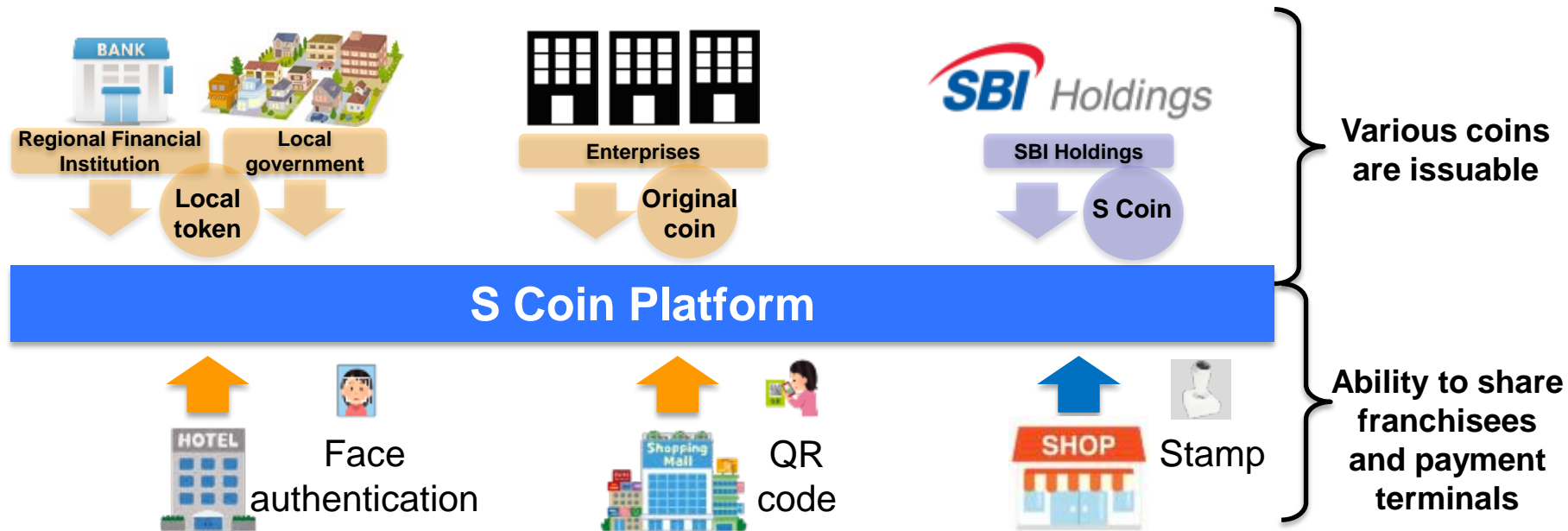
SBI Insurance **SBI 生命**
 [SBI Life Insurance]

SoftBank
TOPPAN

(4) Promote the diffusion of new technologies acquired by the SBI Group companies to companies outside of the Group

(Example 2) The SBI Group Provides the “S Coin Platform,” a Platform for Issuing Original Settlement Coins

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



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

S Coin Platform Issuance Example

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

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



Coin issuance & system management



Coin issuance & settlement

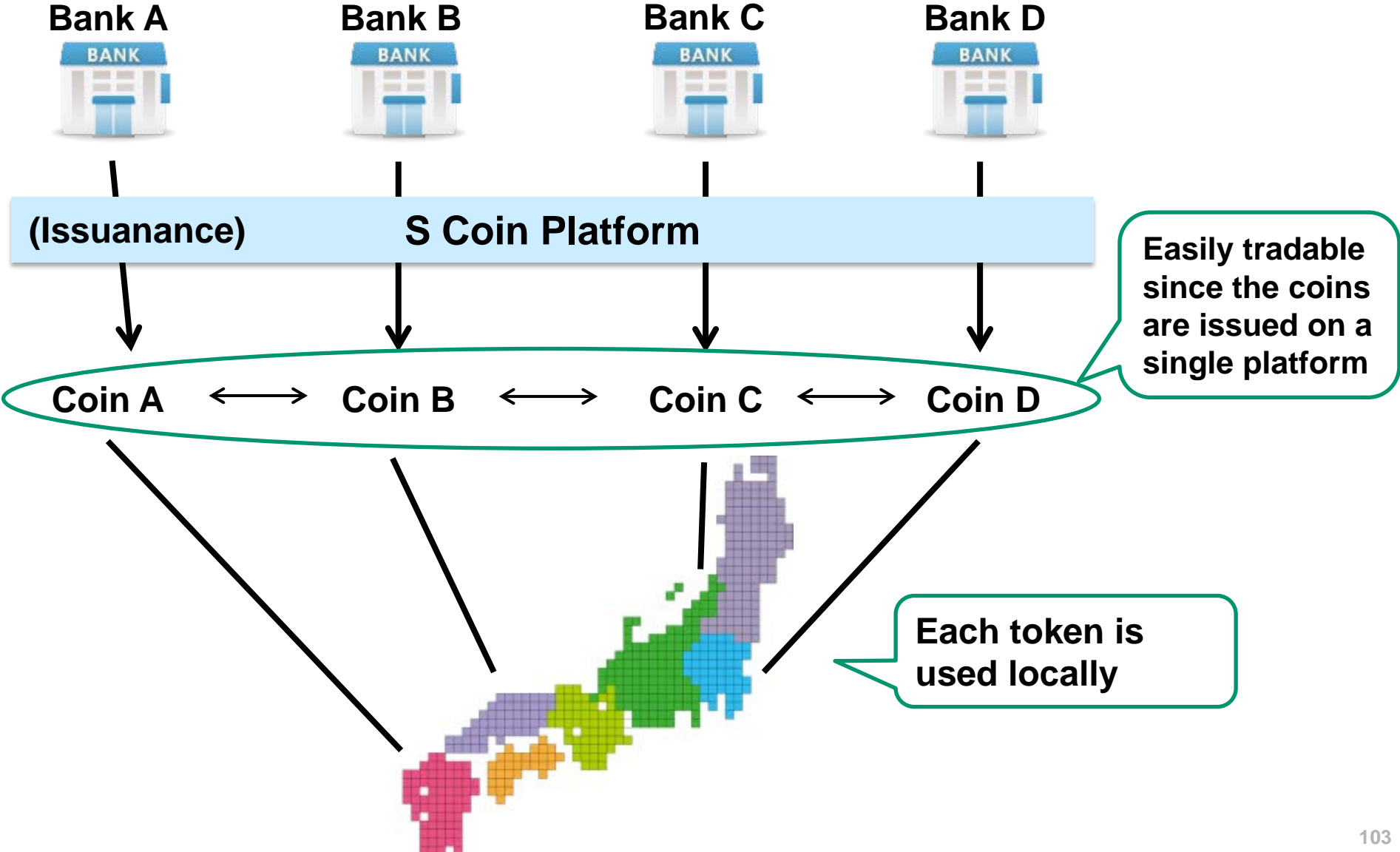
*Image: facial / stamp authentication

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



(4) Promote the diffusion of new technologies acquired by the SBI Group companies to companies outside of the Group

Enhance Regional Revitalization by Issuing and Circulating Coins Adopting Regional Financial Institutions' Name



(4) Promote the diffusion of new technologies acquired by the SBI Group companies to companies outside of the Group

(Example 3) With Moven of the U.S., Offering a Banking App Specialized in Mobile UI/UX

An investee company of the SBI Group



Established a joint venture in Japan, with a 7:3 shareholding between SBI and Moven

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

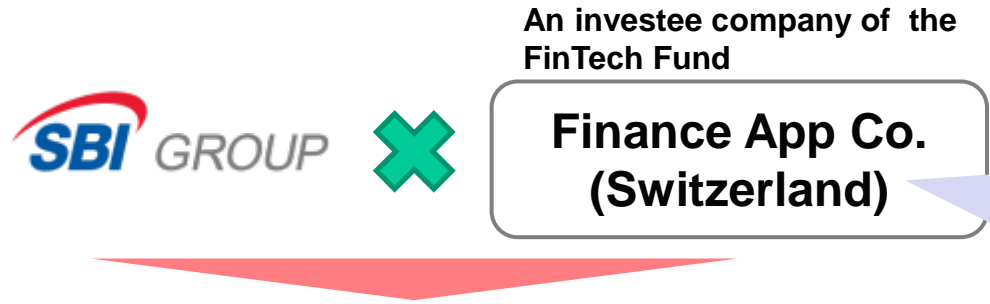
Enables the offering of products and services through a mobile app that is customized for the affiliated regional financial institutions

(4) Promote the diffusion of new technologies acquired by the SBI Group companies to companies outside of the Group



(Example 4) Customer-oriented Optimal Sales Support for Insurance Products

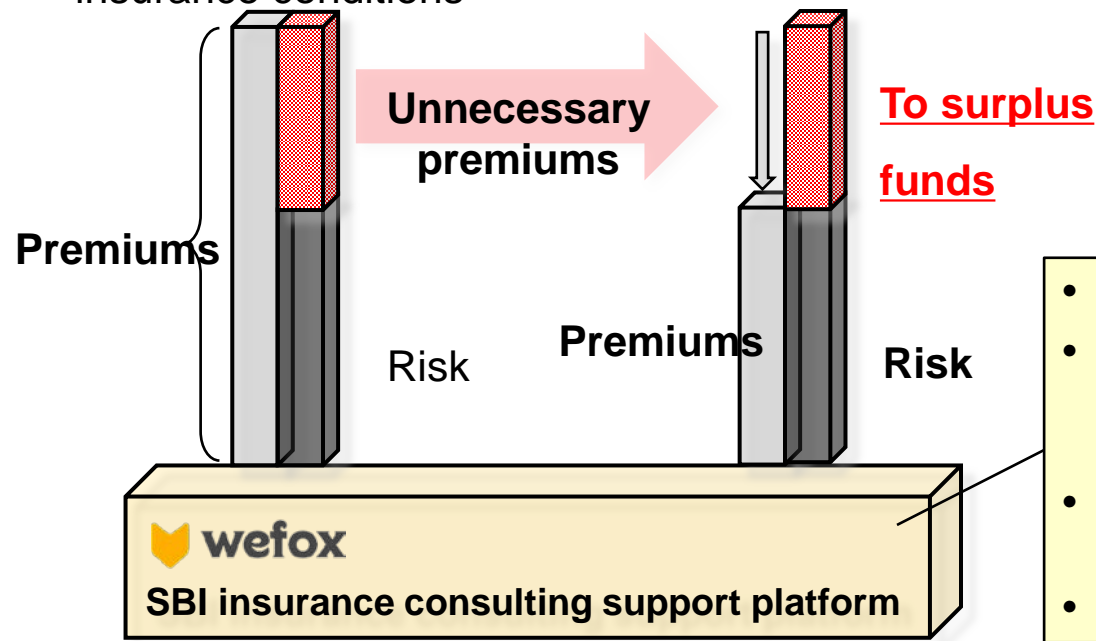
An insurance consulting support platform is under development by the Group



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

Overview of insurance consulting support platform

Problem: Surplus insurance conditions



By rebalancing the portfolio of all customer financial assets:

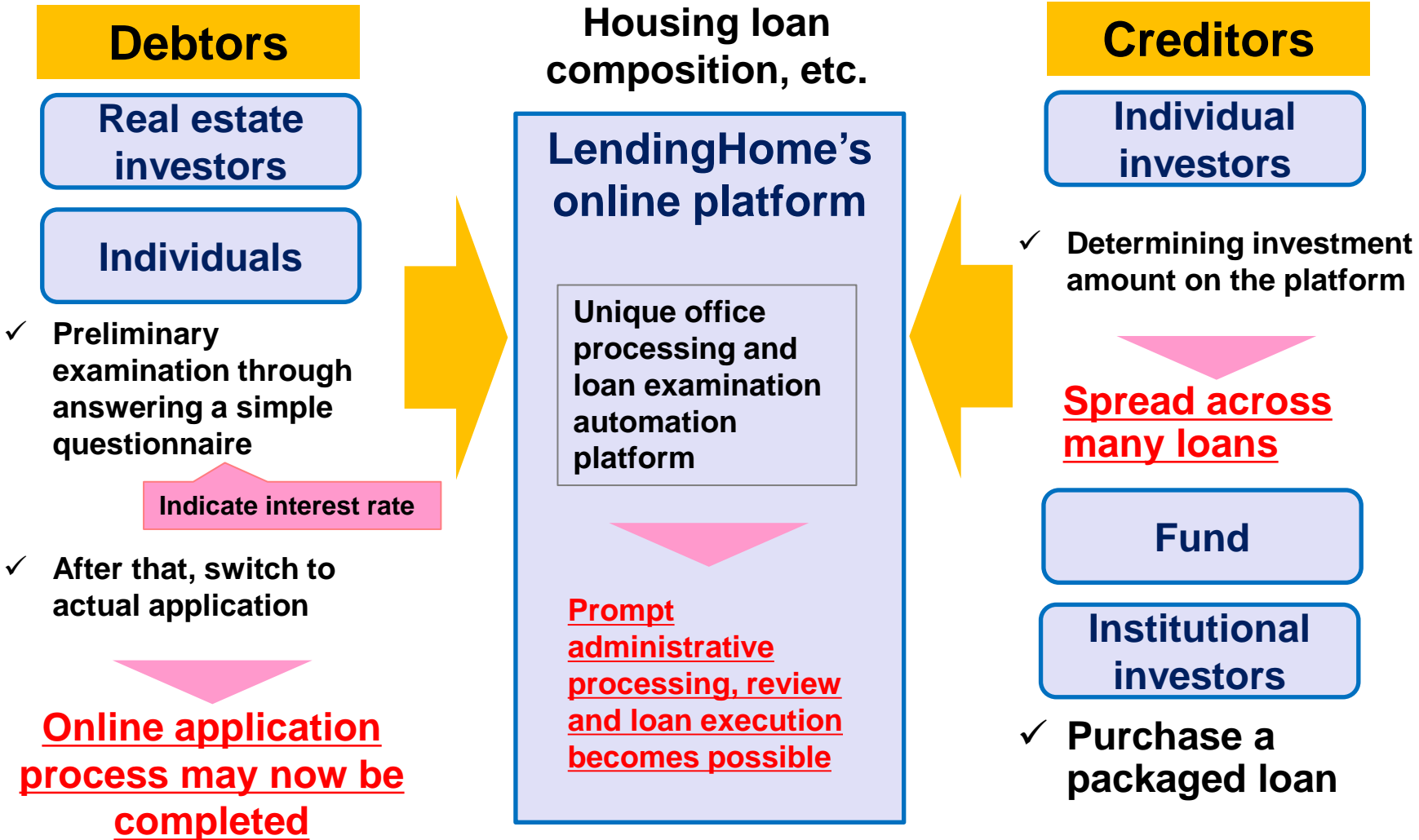
- ① Surplus insurance is optimized
- ② Surplus funds are redistributed as savings and investments

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

(4) Promote the diffusion of new technologies acquired by the SBI Group companies to companies outside of the Group

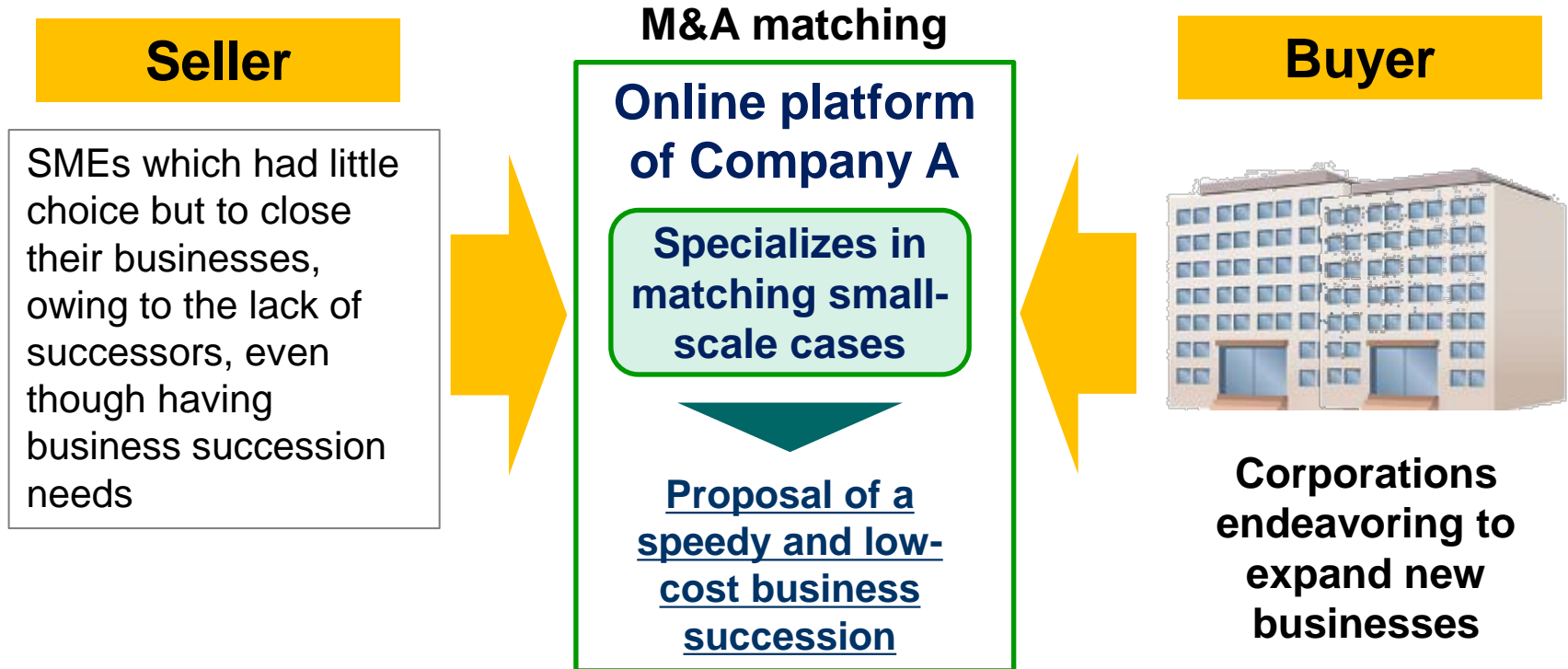


(Example 5) Introduction of LendingHome's (U.S.) Technology to Improve Business Efficiency through the Automation of the Majority of Processes for Home or Real Estate Loans, from Receipt of Applications, to Approval Review and Disbursal of the Loan



(4) Promote the diffusion of new technologies acquired by the SBI Group companies to companies outside of the Group

(Example 6) Provide a Speedy and Low-cost Business Succession Service to SMEs through the Business Succession M&A Matching Platform

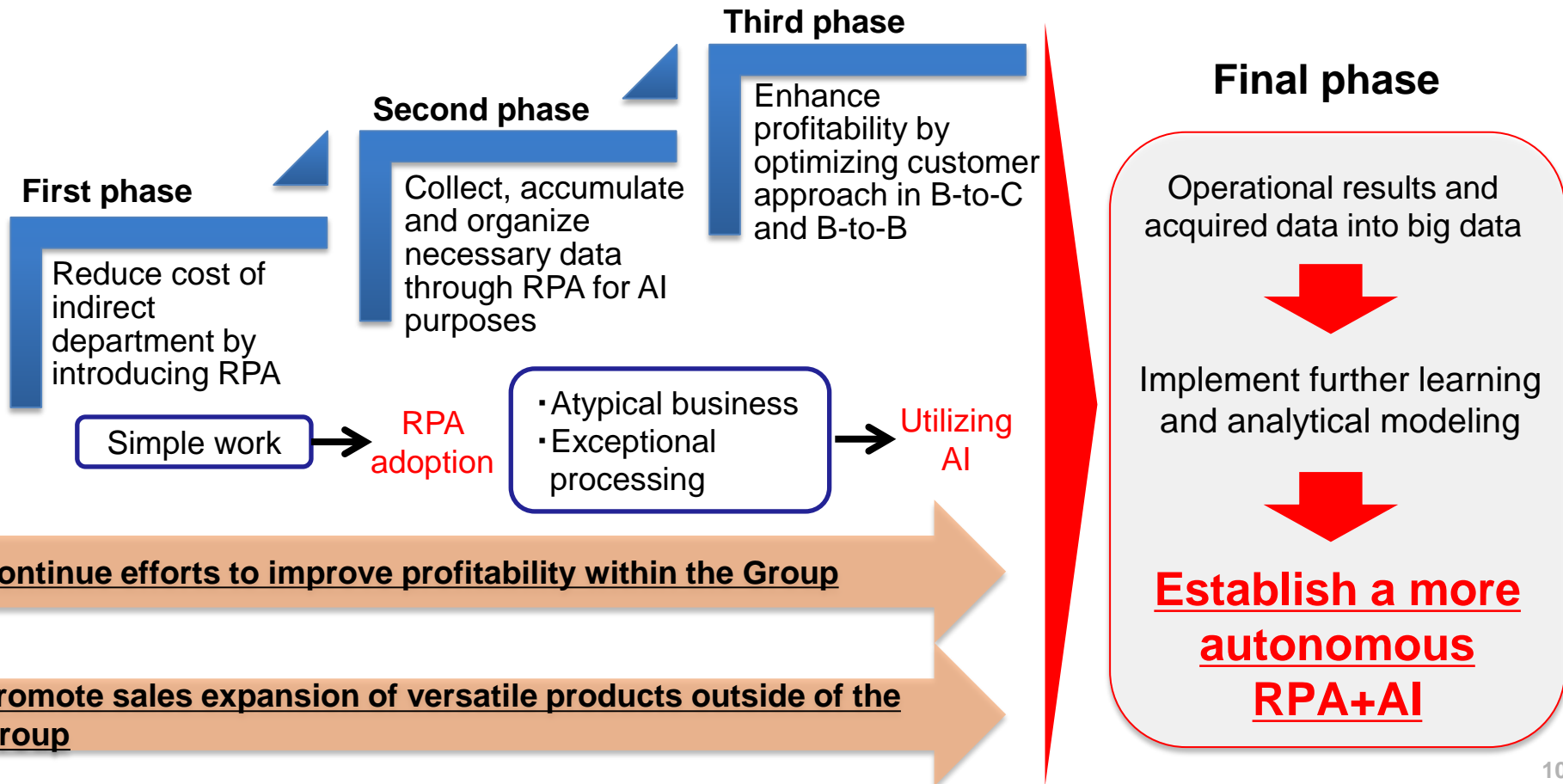


Contributes to solving issues associated with various local SMEs' business succession needs

(4) Promote the diffusion of new technologies acquired by the SBI Group companies to companies outside of the Group

② Preparing to Establish an Operating Company Involved in RPA and AI, which will Promote the Optimization of Internal and External Group Operations

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

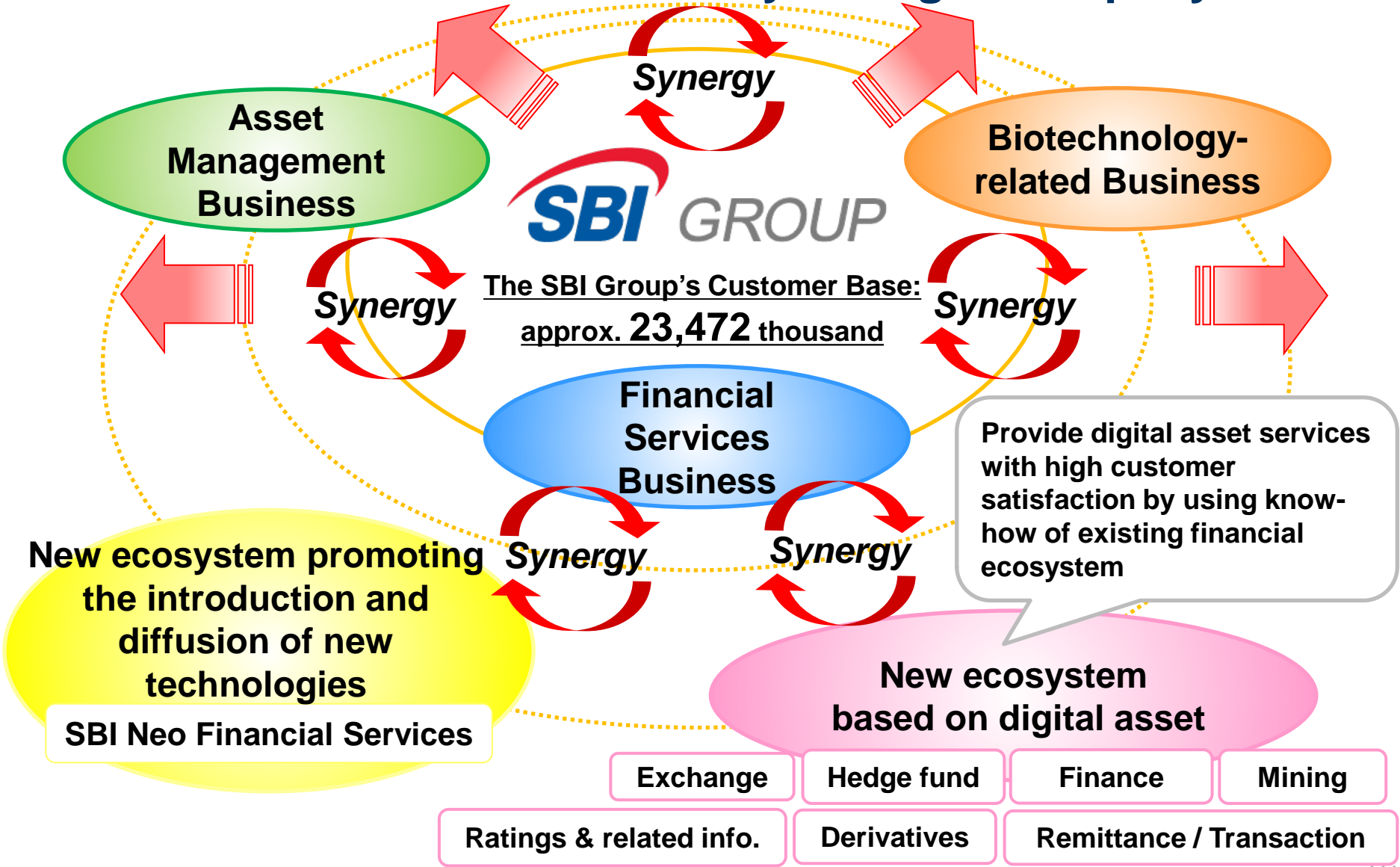


- ## **2. Toward the completion of the digital asset ecosystem in the era of FinTech 2.0 (2016~)**
- (1) New ecosystem based on digital asset**
 - (2) Creating a new finance business that leverages distributed ledger technology and blockchain, the core elements of FinTech 2.0**
 - (3) The SBI Group continues to strongly promote its slogan of “Focusing on Finance to Transcend Finance”**

(1) New ecosystem based on digital asset

- ① Thoroughly pursuing ecosystem-synergies with existing financial ecosystem**
- ② SBI Holdings, SBI Investment and SBI Crypto Investment will invest into domestic and overseas digital asset-related ventures possessing high level technology, to form a robust digital asset ecosystem**
- ③ Entering cryptocurrency exchange service**
- ④ Regarding fund procurement utilizing digital asset**

① Existing Ecosystems and New Ecosystems are Organically Combined to Create Synergistic Effects, which Cannot be Realized by a Single Company

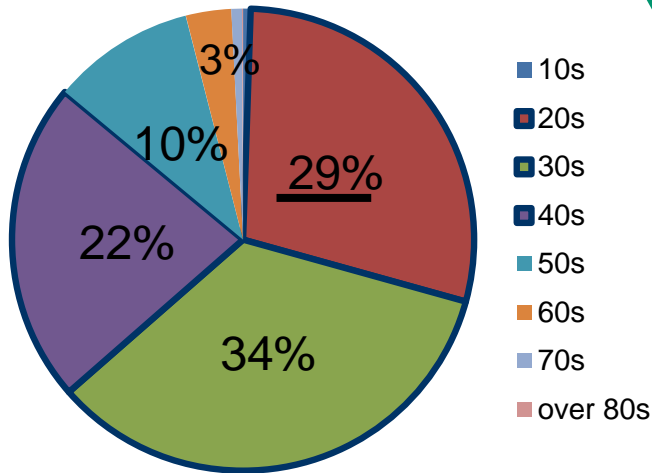
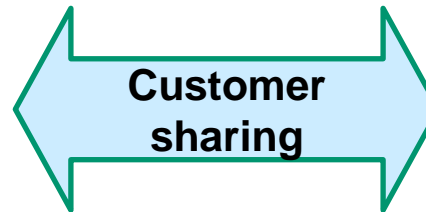


Expanding the Financial Business by Acquiring a New Customer Base Primarily of Younger Consumers, through the Digital Asset-related Business, and Pursuing Group Synergies Between Each Ecosystem

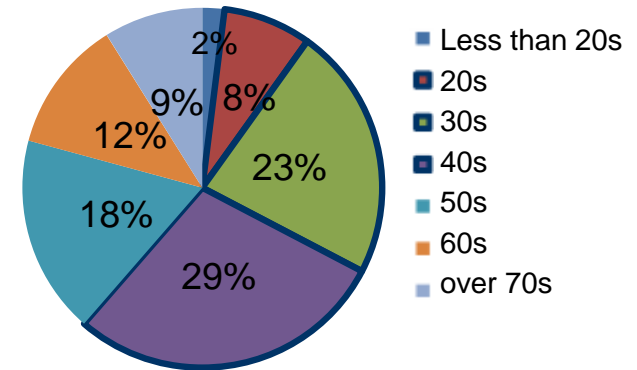
- New customer base that invests in cryptocurrency
- The core layer for spot trading is the age group between the 20's and 40's, which accounts for approx. 90% of the total
- Capture customers in their 20's, who comprise a relatively large proportion of the SBI Group's customers

SBI GROUP (as of the end of Mar. 2018)

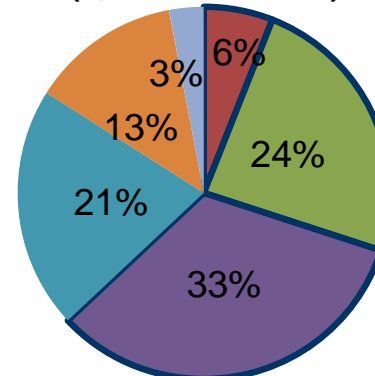
The SBI Group's Customer Base of 23,472 thousand



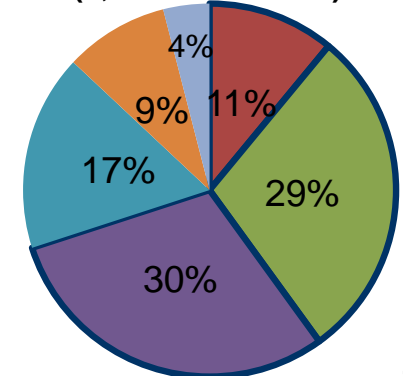
SBI SECURITIES
(4,261 thousands)



SBI Insurance
(1,001 thousands)



SBI Sumishin Net Bank
(3,211 thousands)



1. Investment phase

- ② **SBI Holdings, SBI Investment and SBI Crypto Investment will invest into domestic and overseas digital asset-related ventures possessing high level technology, to form a robust digital asset ecosystem**

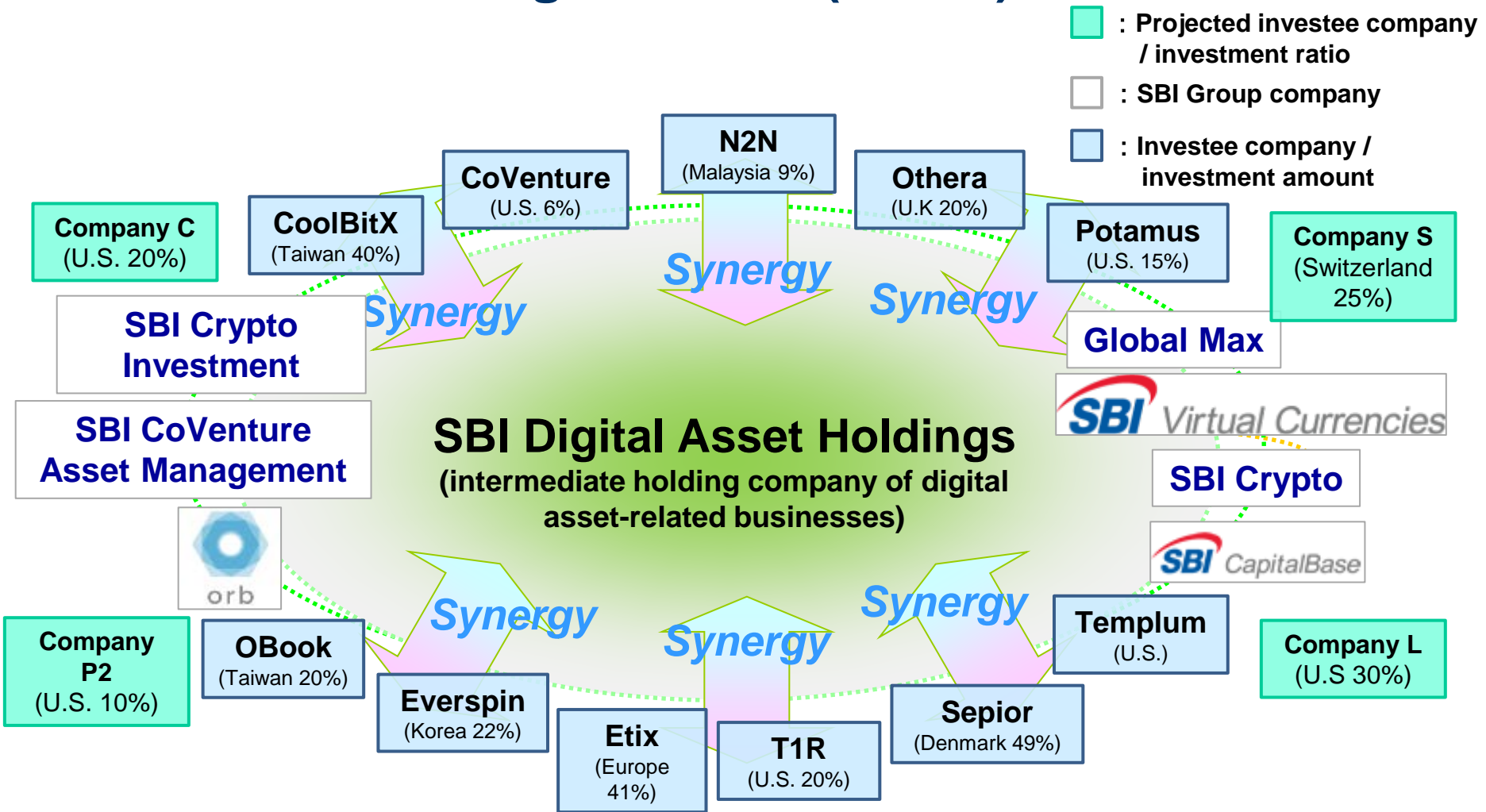
Investments and Alliances with Digital Asset-related Ventures

Company	Business	Investment	Alliance
CoVenture / U.S.	Digital asset hedge fund management	Done (approx. 6%)	30% acquirement of fund GP under CoVenture, establishment of JV (SBI CoVenture Asset Management)
T1R / U.S.	ICO consultation & financing platform	Done (20%)	Cooperation with the SBI Group ICO businesses
CoolBitX / Taiwan	Cold wallet service development	Done (40%)	Consideration of the use of products in the digital asset ecosystem
Sepior / Denmark	Cloud key management service	Done (49%)	Development of robust smartphone security systems
Everspin / Korea	Development of Dynamic securities	Done (22%)	JV consideration
OBook / Taiwan	E-commerce by blockchain	Done (20%)	JV consideration
Othera / U.K.	Securitized receivables by blockchain	Done (20%)	JV consideration
Etix / Europe	Data center management	Done (approx. 41%)	Mining base consideration
Malaysia / N2M	Global trading hub including cryptocurrency	Done (approx. 9%)	Trading hub framework in Asia
Company S / Switzerland	Cold wallet development	Adjusting investment (25%)	JV consideration
Company L / U.S.	Container-type mining facility by wind power	Adjusting investment (30%)	Partnership on mining
Company C / U.S.	Construction of electronic swap transaction system	Adjusting investment (20%)	Considering offering of electronic platform for cryptocurrency transactions
Company B / Switzerland	Development & provision of wallet app	Adjusting investment	JV consideration

Co-investment & considerable investments with U.S. based Raptor Group

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

Establishment of a New Ecosystem Based on Digital Asset (2016~)

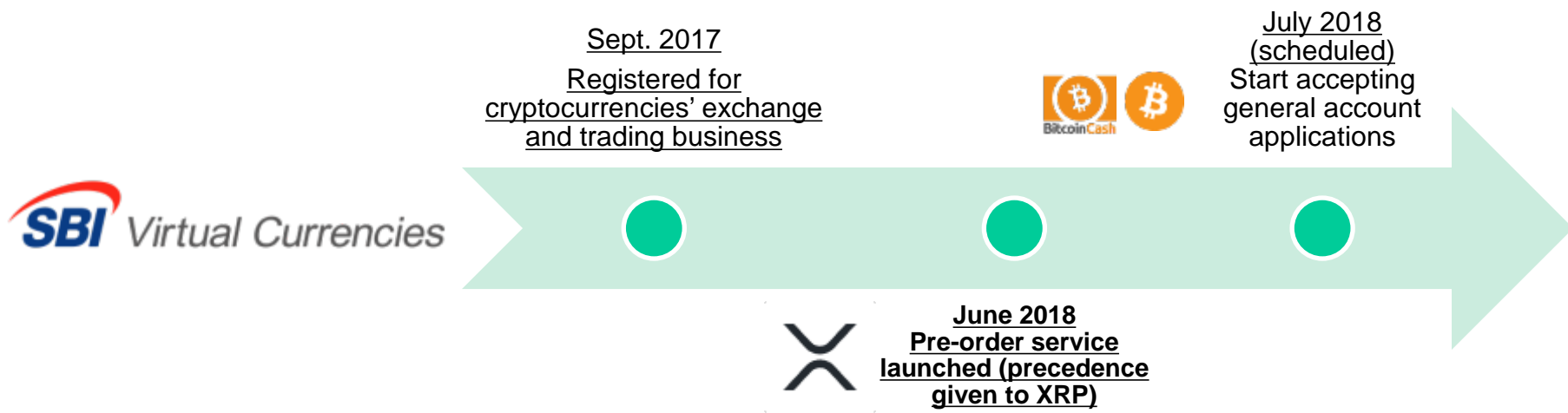


While vigorously pursuing synergies within and outside of the Group, will expand the corporate ecosystem based on digital assets

2. Introduction phase

③ Entering cryptocurrency exchange service

SBI Virtual Currencies Launched Its Cryptocurrency Spot Transaction Service “VCTRADER,” for Over 20,000 Customers on June 4, 2018



SBI Virtual Currencies will provide the world's foremost trading environment by utilizing NASDAQ's trading system (matching engine), which has been successfully operated on SBI Japannext's PTS

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



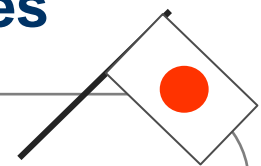
July 2018
(Scheduled)

Begin public account applications

- ◆ At the launch of full-scale services, expecting customer inflow from the SBI Group's customer base of 23.47 million, specifically, SBI SECURITIES with approx. 4.26 million accounts, SBI Sumishin Net Bank with approx. 3.21 million accounts, and SBI Liquidity Market, including SBI FXTRADE, with approx. 1.05 million accounts, etc.
- ◆ Through mutual collaborations between business ecosystems, endeavor to realize a seamless trading environment between existing financial ecosystem companies



SBI Virtual Currencies will be Cooperating with Market Maker Global Max of Hong Kong, Upon Launch of Its Services



Global Max (Hong Kong)

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

Multi Cryptocurrencies



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

Domestic exchange market



Exchange

Service

Digital Asset Management

Product

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

Bitcoin Cash

XRP

SBI Crypto
(Mining)



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

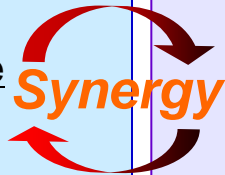
Increase in liquidity of SBI LM that covers the transactions provides for profitable contributions to customers of both SBI SECURITIES and SBI FXTRADE

Started operation on Nov. 17, 2008

Started operation on May 30, 2012

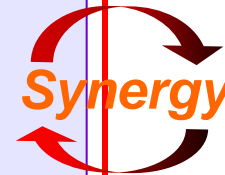
SBI 証券
[SBI SECURITIES]

Customers with large size transactions



SBI Liquidity Market

Provides FX market infrastructure



SBI FXTRADE

Customers with small size frequent transactions

[Initial earnings estimate for FY2008]

Target for contributions to earnings from SBI LM: JPY 800m of operating income



Contributions to operating income from SBI LM: JPY 1,830m

[Initial earnings estimate for FY2008]

Targeted earnings of SBI LM: JPY 400m of operating income



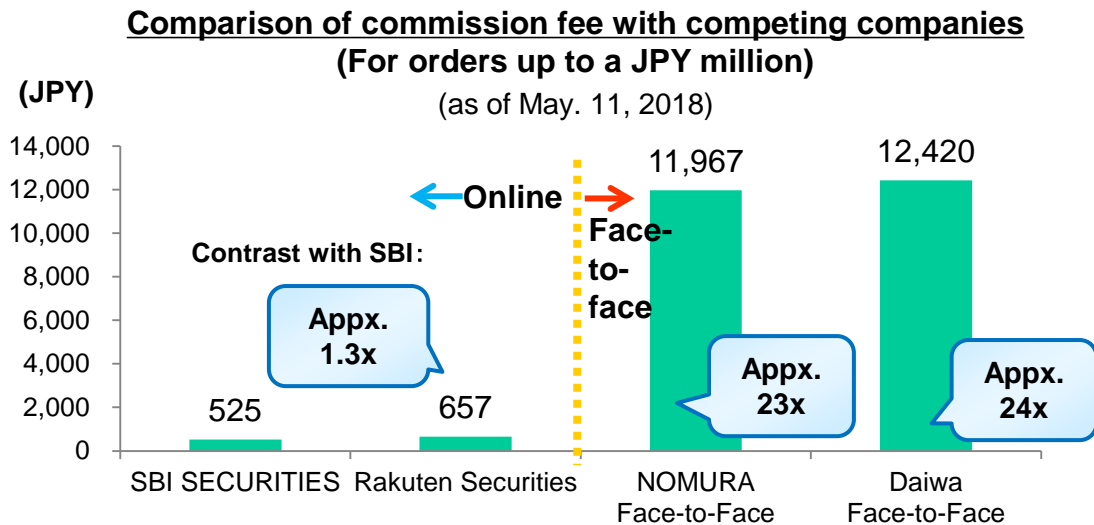
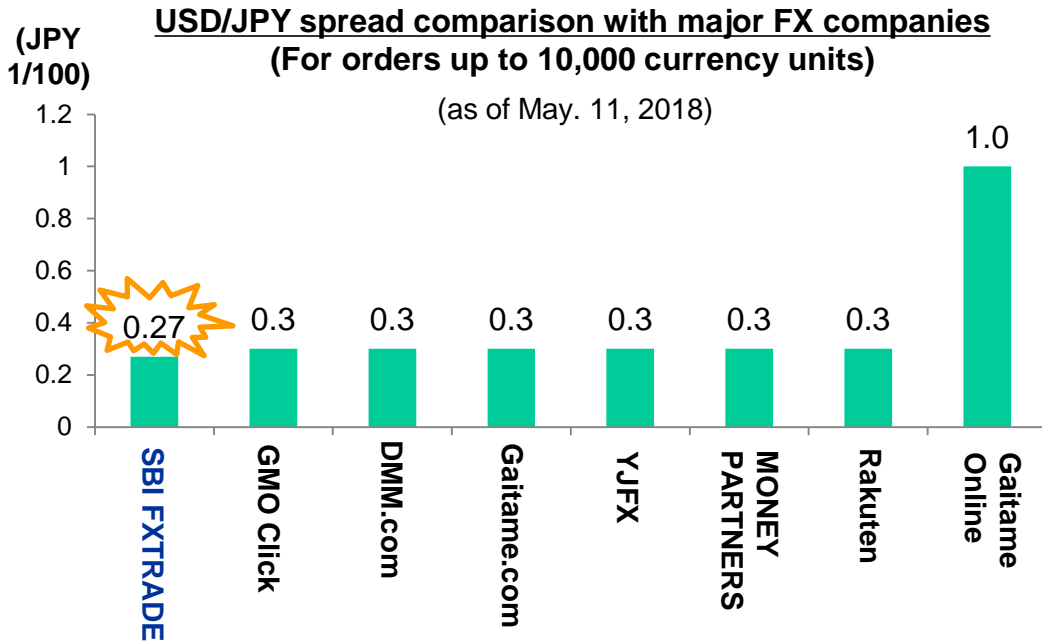
Operating income for FY2008: JPY 840m

Achieved early profitability owing to further increased liquidity from attaining new customers



Elimination of cumulative loss in a little more than a year after its establishment

SBI Virtual Currencies will become an Overwhelming No.1 Exchange Platform, by Providing the Narrowest Spreads



- SBI FXTRADE and SBI SECURITIES have **acquired an overwhelming position** by acquiring customers through the provision of high benefit customer services at a low cost
- SBI Virtual Currencies will likewise provide the narrowest spreads, as well as an high level of security, and will grow into an **overwhelming No. 1 position** within the industry

Mining Status Centered on Bitcoin Cash (BCH)

SBI Crypto (established in Aug. 2017)

Conduct mining business overseas primarily for Bitcoin Cash (BCH)

Mining base

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

Reasons to hold BCH

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

Mining status

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

By collaborating with major companies and venture companies, preparing the development of extremely high performance chips

Investment and Alliance with Data Center to Aggressively Advance Mining

Through SBI Crypto Investment, invested in Etix Group, which manages data centers in Europe, Africa, Latin America, and Asia

SBI Crypto Investment



Investment amount of about 41%

**Etix Group
(Luxemburg)**

Etix Group :

- Runs 8 data centers in an era of rising demand for data centers that is driven by AI, big data and IoT (Internet of Things)
- Currently setting up data centers at 13 new locations to serve anticipated demand growth

Considering an Alliance with a Venture Company on Power Supply for Mining

-Scheduled to invest in U.S. company L, through SBI Crypto Investment-

Company L has purchased surplus electricity at a wind power plant in Texas, and has a scheme to offer it at a reasonable price, along with a container-type mining facility to the SBI Group



SBI Crypto Investment



Investment amount
of about 30%

**Company L
(U.S.)**

Regarding Security Vulnerability Countermeasures for the Cryptocurrency Exchange

-Strengthen collaborations with investee companies-

① Response on wallet

- U.K. nchain
Strategic alliance to support BCH and wallet security
- Taiwan CoolBitX
Provide cold wallet service for blockchain assets
- Switzerland Company S
Provide cold wallet service for blockchain assets



“CoolWallet” by CoolBitX

② Response on general security

- Denmark Sepior
Cryptographic key management system specialized for the cloud
- Korea Everspin
Development of a dynamic security system
- Japan Liquid
Cloud-type personal identification and settlement service
- SBI BITS
Developed AI face authentication app utilizing deep learning
- SECOM Trust Systems
Collaboration in distributed management (entrustment) of private key

The SBI Group’s security measures

- ✓ In the next year, SBI BITS will **develop aggregated security solutions from the technology of these portfolio companies and introduce them into SBI Group companies**
- ✓ Planning to soon set up SBI Security Solutions (provisional name), which will consolidate technologies from the SBI Group and these portfolio companies and sell the solutions through partners in Japan and overseas

Strategies for Expanding and Developing Cryptocurrency Markets

1. Expanding our record in cryptocurrency

- **A method for remittances, trade finance, settlements & payments**
 - ✓ Promoting use in settlements via cryptocurrency (XRP, Bitcoin Cash, S-Coin) for the SBI Group's EC-related portfolio companies and partners
 - ✓ Investigating the possibilities of trading between crypto and foreign currencies through seamless integration of the existing FX-related business with the SBI Group's trading exchange
- **Creating a track record in cryptocurrency through investment in domestic and overseas venture companies involved in business and new product development using cryptocurrency**

2. Offering new cryptocurrency trading opportunities to institutional investors

- **Establishing a fund assembled from cryptocurrencies (SBI Coventure Asset Management)**
- **Supplying market information on cryptocurrency (Morningstar Japan)**
- **Creating a cryptocurrency derivatives market**
- **Developing (with Templum) the TAO(*) platform**

*Tokenized Asset Offering—original and secondary market sales of digital assets as a security

Accelerating Cryptocurrencies Fund Business with CoVenture Holding Company, an U.S. Asset Management Company

-Co-founded SBI CoVenture Asset Management-



SBI Group investment company

CoVenture Holding Company

70%



30%



SBI Coventure Asset Management

Establish and management of funds that strategically invest into cryptocurrencies

CoVenture Holding Company, LLC :

The company is a boutique asset management company focused on investments in emerging asset classes, and has delivered significant performance in venture company investments, and in direct lending funds.

The company teams up with investors and advisors with expert knowledge of cryptocurrencies. The company thus plans to set up and manage investment funds that invest in cryptocurrency as a new strategic investment asset.

Morningstar Japan Offers Digital Asset Market Information



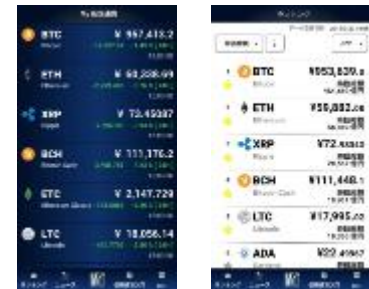
CoinDesk

■ Business alliance content

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



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



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

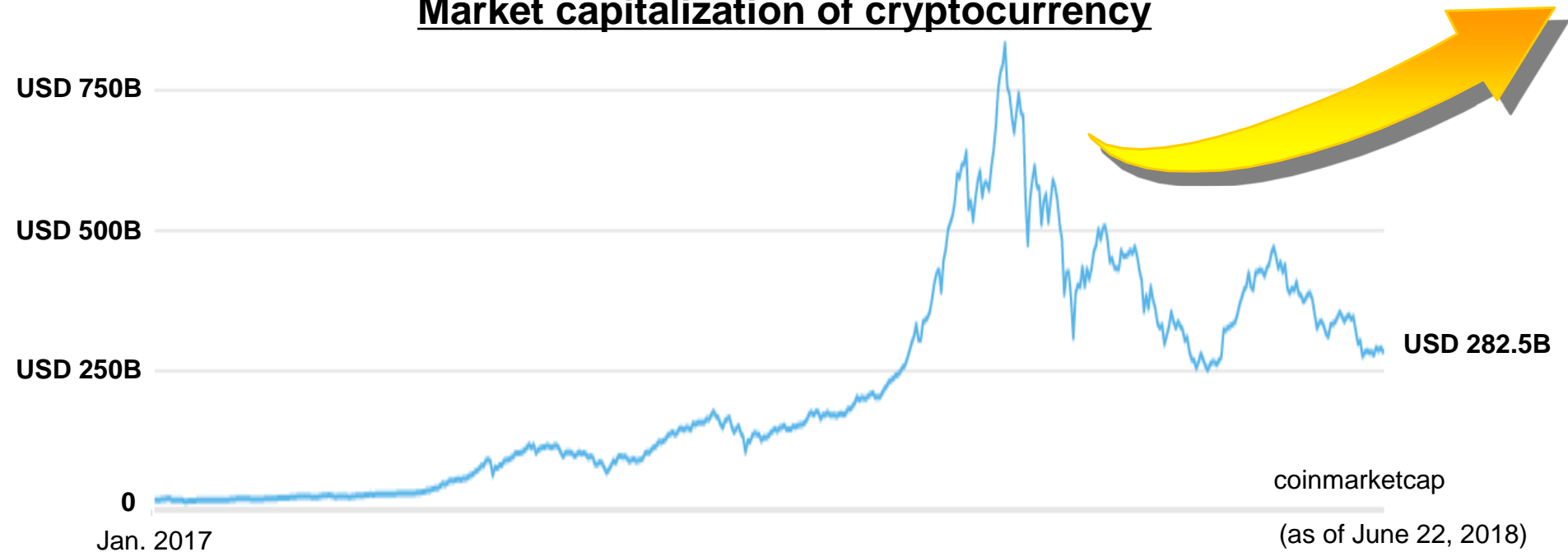
■ About CoinDesk

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

Cryptocurrency Market Size is Expected to Expand as the Actual Demand Increases

-Some anticipate USD 40tn in the future-

Market capitalization of cryptocurrency



Market Capitalization

Cryptocurrency: JPY 31tn *1

Stock market: JPY 9,500tn *2

*1 As of June 22, 2018

*2 As of the end of 2017, market cap of global stock market, from Nikkei Shimbun

Transaction (yearly)

Cryptocurrency: JPY 69tn *3

Foreign exchange: JPY 185,785tn *4

*3 FY 2017, JCBA

*4 Calculated based on transaction volume of Apr. 2016, by reports from BIS

④ Regarding fund procurement utilizing digital asset

Discussing with Relevant Authorities, the Consideration of Fund Procurement (ICO or TAO*), Utilizing Digital Assets by SBI Digital Asset Holdings

① Service-backed token

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

② Asset-backed token

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

*Tokenized Asset Offering: Method of raising funds by issuing token as securities

Current Issues on ICO

Accounting

- The Accounting Standards Board of Japan (ASBJ) passed on the formulation of accounting rules for ICOs
- Metaps, which issued a token in 2017, had delays in filing audit reports
- For accounting purposes, proof of the existence of cryptocurrency, market valuation, liquidity, etc. must be well-prepared

Registration based on Laws & Regulations

- Depending on the mechanism, it may be subject to regulation by the Financial Instruments Clearing Law and the Exchange Act, and there is the possibility that it may be subject to an approval as a Type II Financial Instruments Business, and a PTS (Proprietary Trading System) Business Operation
- Registration as Virtual Currency Exchange Business is also being considered

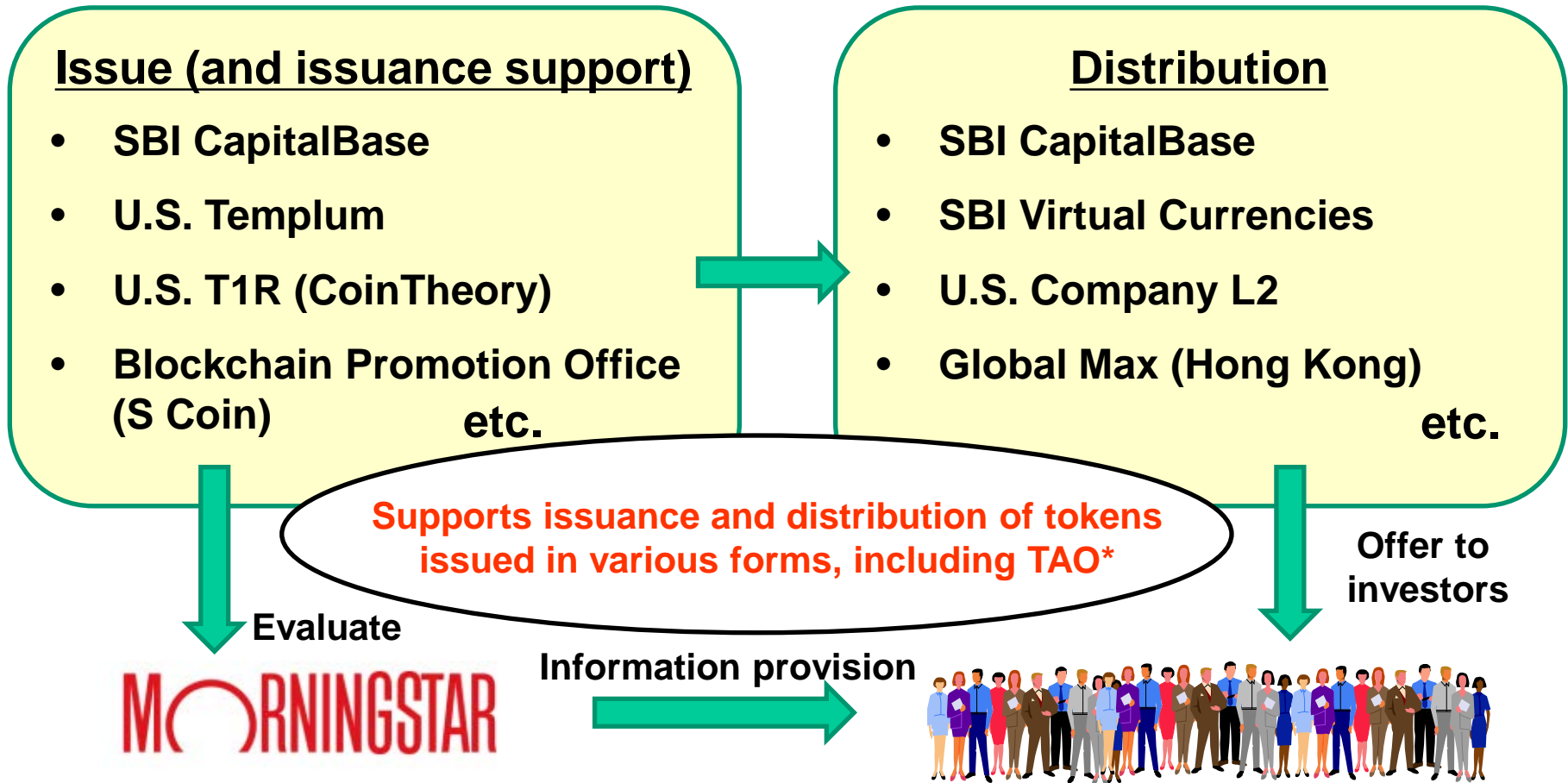
Overseas business

- There are countries which have banned ICOs, such as China and Korea, and the U.S., which is treating asset-backed tokens as securities

Others

- Careful considerations are required for various requirements, including coordination with authorities, revenue impact on business (Revenue) and tax aspects (Taxation)
- Keep watch on regulations set by the new voluntary regulatory JVCEA.

Digital Token Distribution Concept of the SBI Group



Establish a reliable token market that covers issuance to distribution

(2) Creating a new finance business that leverages distributed ledger technology and blockchain, the core elements of FinTech 2.0

- ① The SBI Group is investing in two major companies possessing world-respected technological prowess**
- ② Money transfer innovation in Asia using distributed ledger technology and blockchain**
- ③ Strengthening the alliance with R3 for use of distributed ledger technology**

1. Investment phase

- ① **The SBI Group is investing in two major companies possessing world-respected technological prowess**

SBI Group Invests in 2 Major Companies that Earn High Marks Globally to Facilitate Rapid PoC on innovative technology

Ripple and R3 – Companies with technologies closest to global standard

Construction of next-generation settlement platform for remittance



Over 100 financial institutions globally participates in Ripple's global remittance network



Established SBI Ripple Asia in May 2016 with Ripple, followed by “The Japan Bank Consortium” together with Japanese financial institutions

Application of DLT

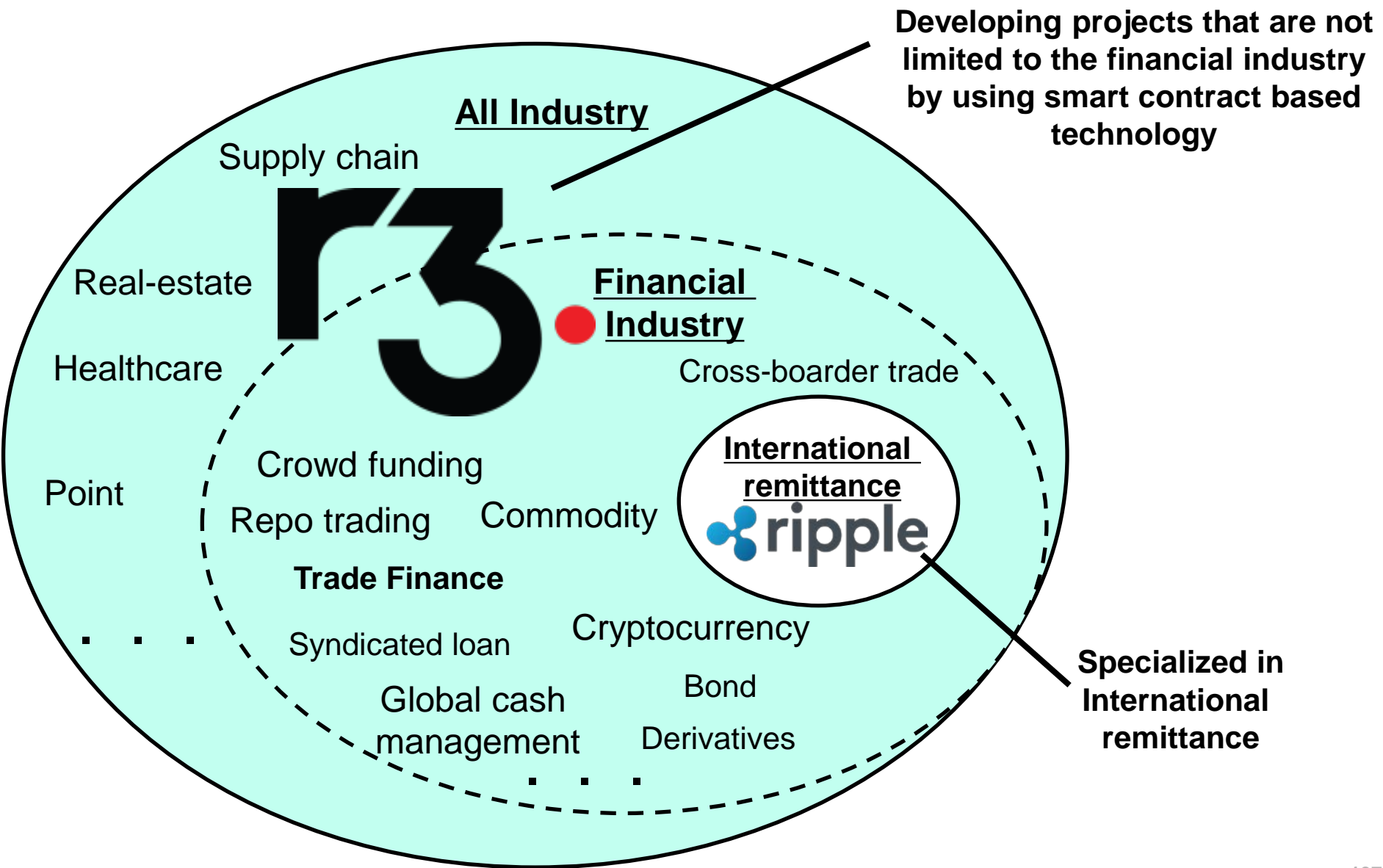


In addition to SBI, over 200 companies, regulating authorities, industry organizations from global, joins ecosystem driven by R3



The SBI Group became the largest outside shareholder and dispatched a director to enhance the partnership

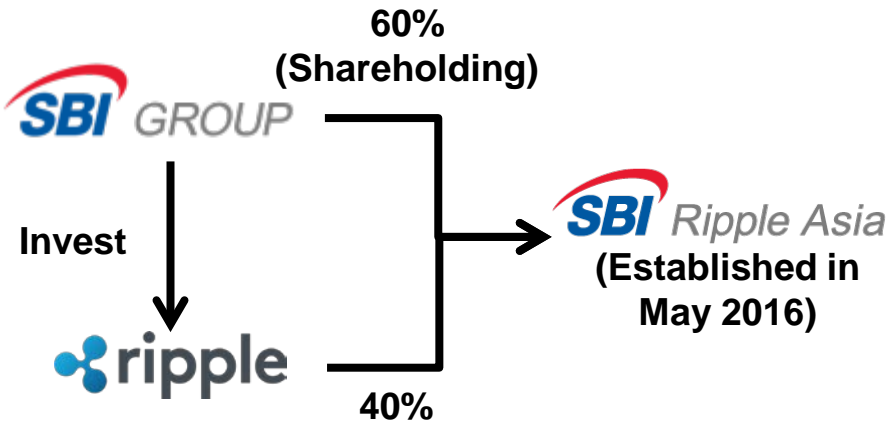
Business Area Separation of Ripple and R3



- 2. Introduction
- 3. Diffusion phase

② Money transfer innovation in Asia using distributed ledger technology and blockchain

Established “SBI Ripple Asia” with Ripple, in May 2016, to Bring About a Remittance Revolution in Asia, through the Practical Use of Distributed Ledger Technology



Established “The Japan Bank Consortium”

- Centralize domestic and foreign payments
Reducing operation costs
- Settlement on a real-time basis, 24 hours a day
- Reducing payment infrastructure costs
Reducing banks' payment costs
- Reducing customers' commission fees

“The Japan Bank Consortium”

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

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

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

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

**RC Cloud
2.0**

Connected

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

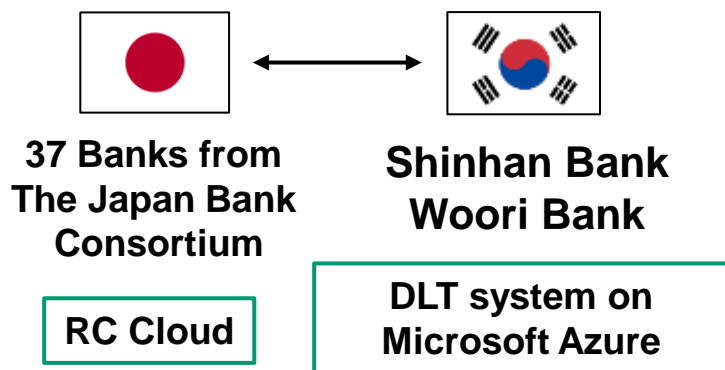


Money Tap, remittance app for smartphones

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

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

Japan – Korea Remittance Experiment between 37 Banks from “The Japan Bank Consortium” and Two Large Korean Banks, Woori Bank and Shinhan Bank



- Remittance status verified by both banks
- Ensured cost transparency
- Reduction in remittance time
- Less cost/reduction in man-hours ... etc.

- In the initial joint stage, 37 banks among the consortium's financial institutions have participated since Dec. 15 with two large Korean financial institutions (Woori Bank, Shinhan Bank)
- The ledger distributed and held by the Japanese and Korean banks was shown to have been updated in real-time in conjunction with remittances
- The Japan side used the RC Cloud built by The Japan Bank Consortium

Launched the First Remittance Service in Asia Utilizing the Solution of Ripple between Japan and Thailand



SBI Remit



Providing lower fees than ever before in the remittance industry

- Through an alliance with MoneyGram, access to a network of approximately 350,000 agent locations in 200 countries
- Since its establishment in 2010, cumulative remittance amount exceeded JPY 300bn



Utilizing the xCurrent (formerly "Ripple Solution")

Over USD 250m are sent to Thailand from Japan annually



Siam Commercial Bank



Major Private Commercial Bank in Thailand

- Established in 1906
- 1,170 branches (as of 2016)
- Listed on the stock exchange of Thailand
- Its asset size is third in Thailand

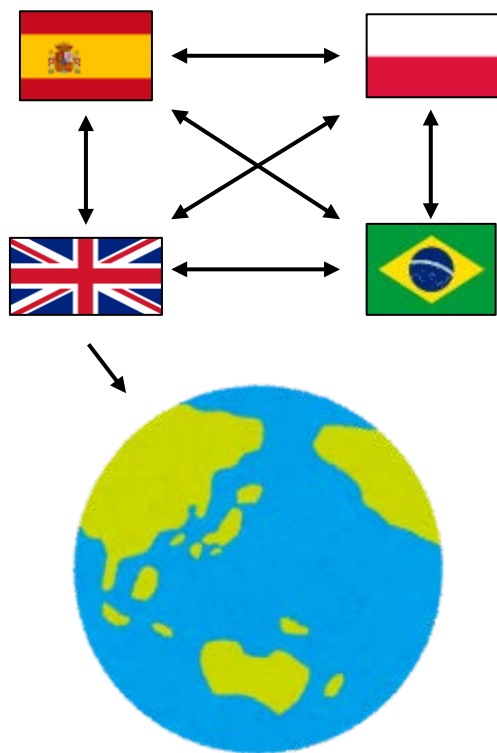
The first case of international remittance utilizing blockchain-related technology in Japan

The solution reduced remittance period, from Japan to Thailand, from 1~2 business days to 2~5 seconds

Santander Bank Releases International Remittance App Utilizing Ripple's xCurrent



Santander One Pay FX



(At the time of release, only remittances from the UK to 21 countries were available, except in four countries.)

- **Santander Bank announced an international money transfer service founded on the xCurrent blockchain technology from Ripple (U.S.)**
- **The new service, Santander One Pay FX, is starting to be offered to customers in Spain, the U.K, Brazil, and Poland**
- **The international money transfer can be completed same day or next day, and the amount received is known before the transfer**
- **As the first bank offering this blockchain-based service to general customers, it expects to expand instant transfers to several more countries in coming months**

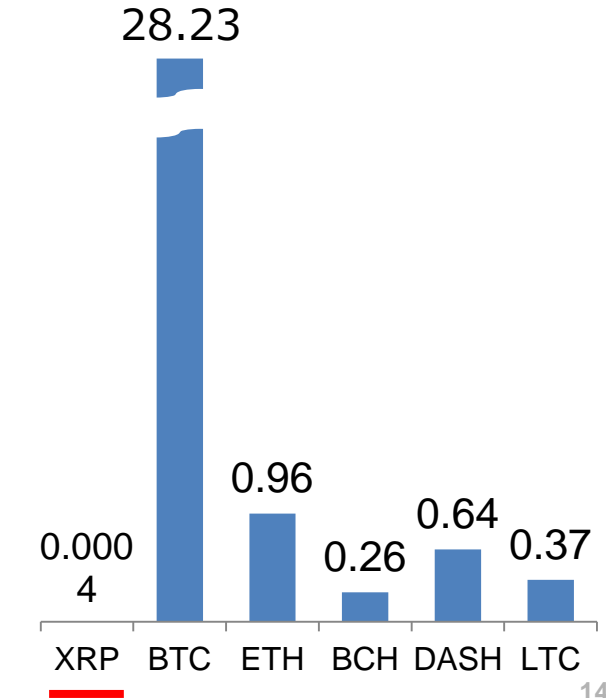
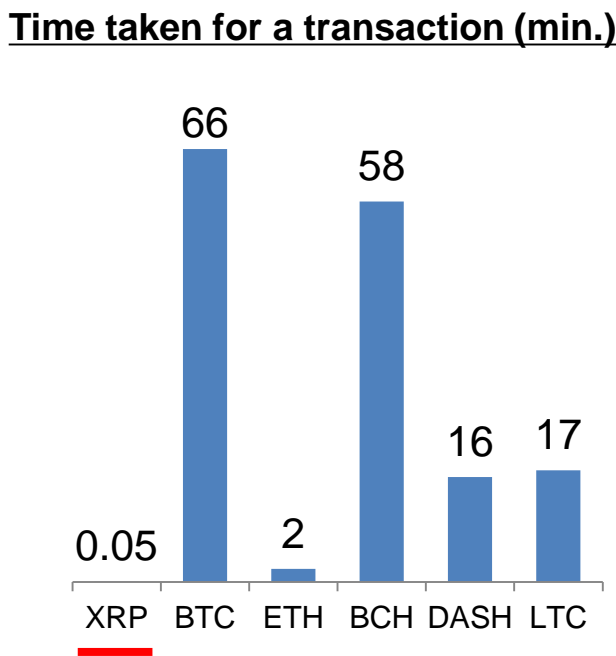
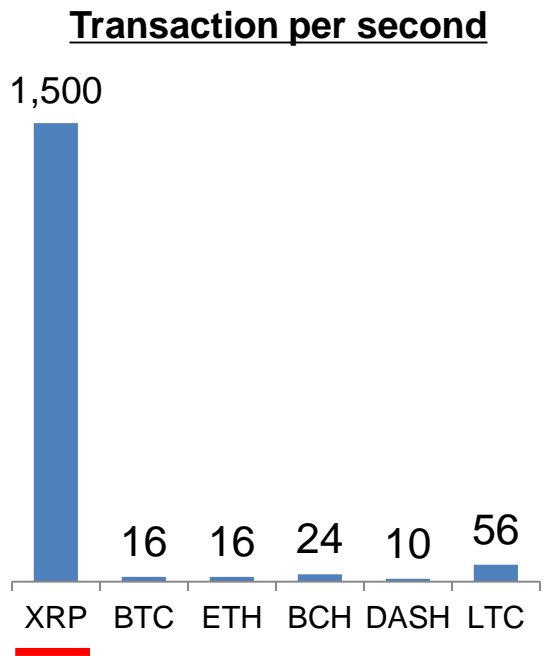
Press release from Santander, Apr. 12 2018

Next-generation Remittance Platform by U.S. Ripple, with Distributed Ledger Technology (DLT) Reinforced by Digital Asset “XRP”



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

Cost per transaction (USD)



2. Introduction phase / 3. Diffusion phase

- ③ **Strengthening the alliance with R3 for use of distributed ledger technology**

Launched Full-scale Participation in R3 Led BlockChain Project

~ Enhancing partnership in order to utilize blockchain ~

- ◆ In addition to SBI, over 200 companies, regulating authorities, industry organizations from global, joins ecosystem driven by R3
- ◆ One of the largest international working group that utilizes blockchain for financial efficiency
- ◆ The SBI Group started provides “Corda Training Program,” starting from Nov. 2017, as well as conducting demonstrating tests that target the application of blockchain for Know Your Customer (“KYC”) operations in technical verification by Japan Exchange Group



R3, along with other major financial institutions of the world, will promote Corda as a global standard in the financial field

Main financial institutions participating in R3's project

UBS, KBC, US Bank, Well Fargo, Mizuho Bank, Scotiabank, BNPP, SBI, Natixis, ING, Deutsche Bank, OP Financial, ITAU, SGX, MAS, MUFG, CTBC, CMB, Nomura, Western Asset Management, Intesa Sanpaolo, RBC*

SBI is proactively promoting the validation of the technology for incorporation into the Financial Services Business

SBI Group's Efforts to Invest in R3 Companies and to Diffuse Corda

• Regarding the R3 Investment



- Invested (the largest outside shareholder)
- Dispatched director



- Ecosystem in which more than 200 companies, regulators, trade associations, etc., participate

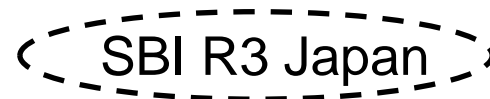
• The SBI Group's promotion of the utilization of Corda

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

- ✓ 26 companies have participated in the training (as of Mar. 2018)
- ✓ Applications for trainings in July & Aug. is almost full

• Suggestions to R3 by the SBI Group

- Establishment of a joint venture company focused on Japan
- Partnership between Ripple and R3

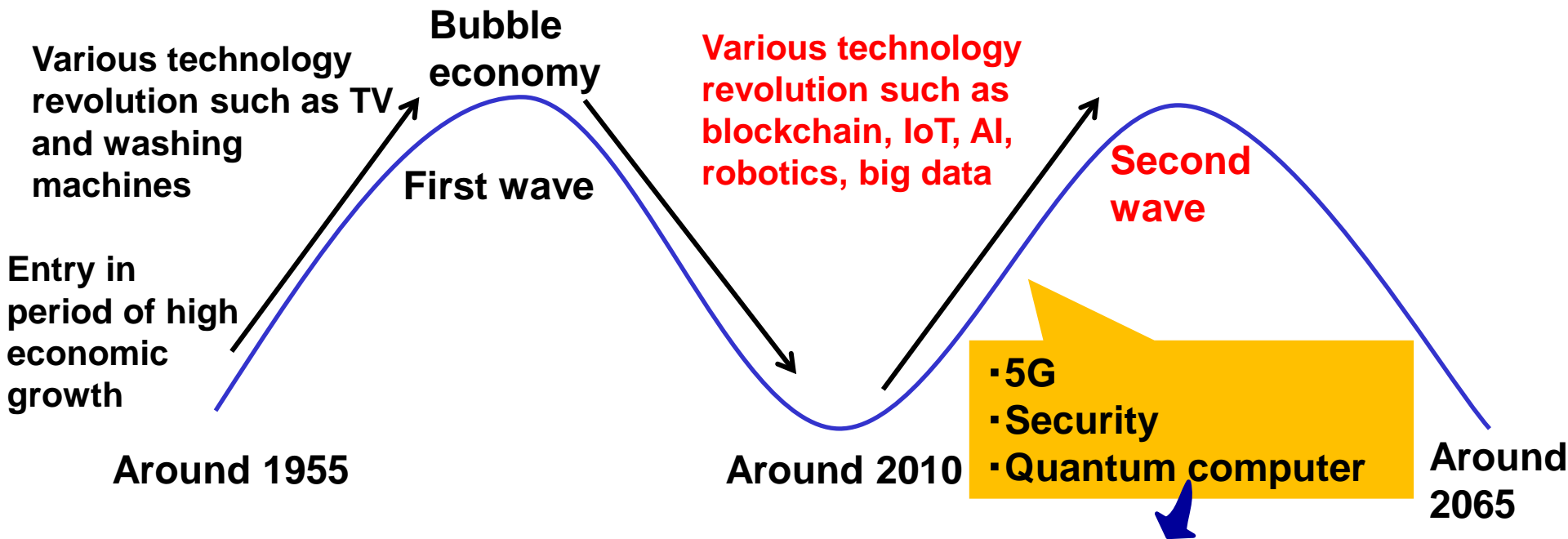


(3) The SBI Group continues to strongly promote its slogan of “Focusing on Finance to Transcend Finance”

Rapidly Progressing Technological Innovations will Change Various Industries, Not Limited to Finance

In the Kondratieff cycle*, it is considered that a new cycle of innovations have currently been entered into

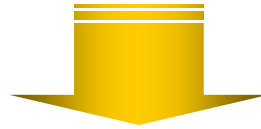
* Economic business cycle of 50-60 years primarily due to technology revolution



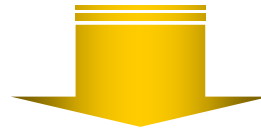
By engaging new technologies, such as big data, AI, IoT, 5G, blockchain, and quantum computing, and by utilizing such technologies in non-financial industries, the SBI Group's business domain will expand dramatically

The SBI Group Continues to Strongly Promote its Slogan of “Focusing on Finance to Transcend Finance”

“Financial Innovator”



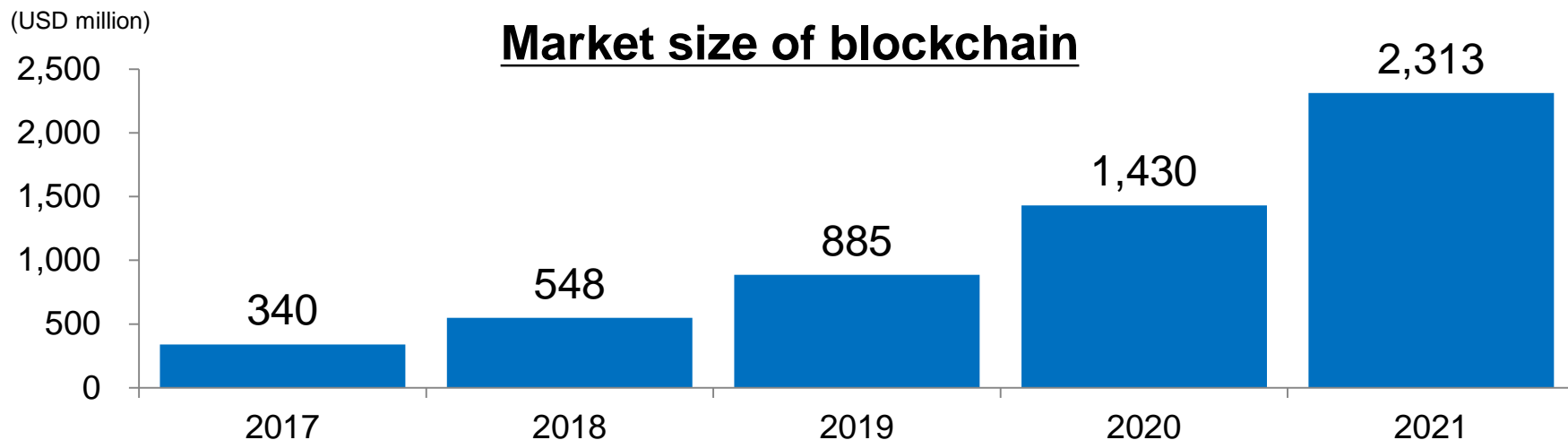
“Focusing on Finance to Transcend Finance”



As a “Strategic Business Innovator”

**Bringing about revolutionary social changes
by investing into innovative technologies, and
by diffusing new technologies across various
industries, beyond the financial sector as a
Strategic Business Innovator**

As Blockchain will be Utilized in Non-financial Fields as well, the Market Size is Expected to Continue to Expand



Source: statista

Examples of utilization of blockchain

Industry		Examples
Financial		Cryptocurrency, cloud funding, remittance, stock trading, and etc.
Non financial	Medical	Electric carte, genomic data
	Judicial	Smart contract
	Real estate	Registration management, lease contract
	Retail	Supply chain management, pre-paid card, reward (point system)
	Administration	Personal identifier, family register management, voting, and etc.

Utilization of Blockchain will Rapidly Spread into Other Industries



Real estate

- Through the mechanism of sharing highly reliable information utilizing blockchain, the recording and management of real estate information will be facilitated, optimizing real estate contracts with smart contracts and simplifying trade by the tokenization of real estate



Retail

- Many players, including trading companies, warehouses, wholesalers, restaurants, etc., are involved in the process from production to disposal of food
- By ensuring the legitimacy and consistency of the content through blockchain, it will become impossible to conduct acts of forgery in production areas



Medical

- Medical data is complicated and very confidential
- By linking data between medical institutions, it will lead to improvements in the overall healthcare system's capabilities, such as accurate diagnosis, effective treatment reviews and cost-effective medical provision

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

-Moving forward, focus on investing in venture companies that contribute to the creation of real demand in the cryptocurrency market-

SBI AI&Blockchain LPS

- Investment activities began on the scale of JPY 20bn initially. Total amount of ultimate investment commitment will be expanded to about JPY 50bn (JPY 42.3bn as of June 28*)
- Investors: Besides more than 40 regional financial institutions, financial institutions including overseas companies, corporations, institutional investors, etc.
- Investment target: Promising venture companies mainly in AI and blockchain fields

*Including those already privately consented to



Already decided to invest approx. JPY 7.8bn into 17 companies through SBI AI&Blockchain Fund

(Including SBI Holdings' investment, the total investment amounts to approx. JPY11.9bn)

Application Example of Blockchain in Non-Financial Sector



OBook (Taiwan)

(SBI's shareholding: 20%)

In addition to the world's first blockchain-based hotel management system (HMS) in Europe, the U.S. and Asia, centered in Taiwan, developed a food tracking system for the supply chain

Hotel Management System (HMS)

- The reservation reception at the hotel requires a reservation engine and a channel control system (consistency management to prevent double booking), in addition to the hotel management system
- A consistent HMS utilizing blockchain (smart contract) enables the hotel to considerably reduce its cost (in the case of a hotel with more than 100 rooms, the cost is calculated to be less than 50%)

Food tracking system

- World's first blockchain-based food tracking system
- In the supply chain where a large number of players interact, by tracking and sharing the food production data, etc., with the management system using blockchain, prevents mislabeling, etc.

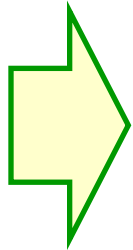
OBook operates its business globally



III. Actualizing SBI Holdings' Intrinsic Corporate Value

Accelerating Initiatives to Actualize SBI Holdings' Intrinsic Corporate Value -Promoting IPOs of Group companies-

1. Quark is preparing for its FY2018 IPO



- With its listing, Quark will be positioned to raise further capital independently, thereby reducing the need for funds from SBI
- If the clinical trial of the Phase III drug pipeline (licensing partner is Novartis International AG) proceeds favorably, the receipt of a total contingency fee of USD 670m (includes partial payment already received) will be expected in the future years

Quark, which has been negatively affecting not only the Biotechnology-related Business, but also the Company's overall performance, will positively contribute to the Company's stock price through an IPO and the receipt of a contingency fee

2. SBI Insurance Group the insurance holding company in preparation for IPO

3. Promoting listing of multiple Group companies including equity method affiliates

e.g. 1: Actualizing the intrinsic corporate value by listing two intermediate holding companies (SBI Capital Management, SBI ALApharma)

e.g. 2: SBI will also promote the listing of equity method affiliates, such as SBI Sumishin Net Bank

4. Established an asset management company within the Group, by separating the asset management-related division. The company will aggressively promote M&A to promptly increase its AUM, toward a future IPO

1. U.S.-Based Quark

(Economic shareholding of the SBI Group: 95.5%)

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

-Drug discovery pipeline progress-


	Licensing partner	Adaptation disease	Progress	
QPI-1002	Novartis International AG	Delayed graft function in kidney transplantation (DGF)	Phase III	Conducting final clinical trials at 75 institutions, mainly in the U.S., as well as in Canada, Germany, Brazil and other countries.
		Acute kidney injury (AKI)	Phase II was completed and Phase III will start	<u>Preparing for start of Phase III is completed, including approval by US Food and Drug Administration (FDA). Clinical trials will start soon</u>
QPI-1007	Biocon Ltd of India	Non-arteritic anterior ischemic optic neuropathy (NAION)	Phase III	Conducting final Phase III clinical trials at 66 institutions, mainly in the U.S. and Europe.
PF-655	Pfizer Inc.	Glaucoma, Diabetic macular edema (DME) and Age-related macular degeneration (AMD)	Phase IIa (Completion)	Preparing clinical trial for the next step

Total milestone payments: USD 670m (including pre-receipt)

Quark in Preparations for Listing

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

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



In addition to the above, preparation for the start of Phase III for acute kidney injury (AKI) is completed, including approval from the U.S. FDA. Clinical trials will start soon.

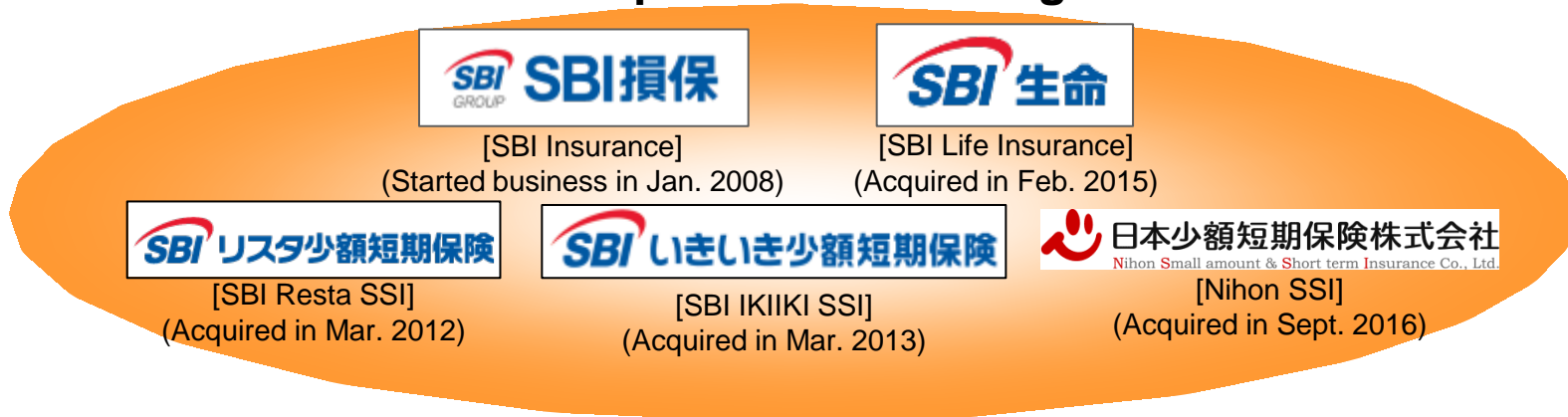
If Quark has three products at the Phase III stage in its drug discovery pipeline, it will satisfy the conditions for a NASDAQ Market public listing, therefore it is currently in preparation for an IPO on the U.S. NASDAQ Market

→Planning to be listed on the NASDAQ Market within FY2018

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

2. SBI Insurance Group is Preparing to List as an Insurance Holding Company

SBI Insurance Group has the following 5 subsidiaries



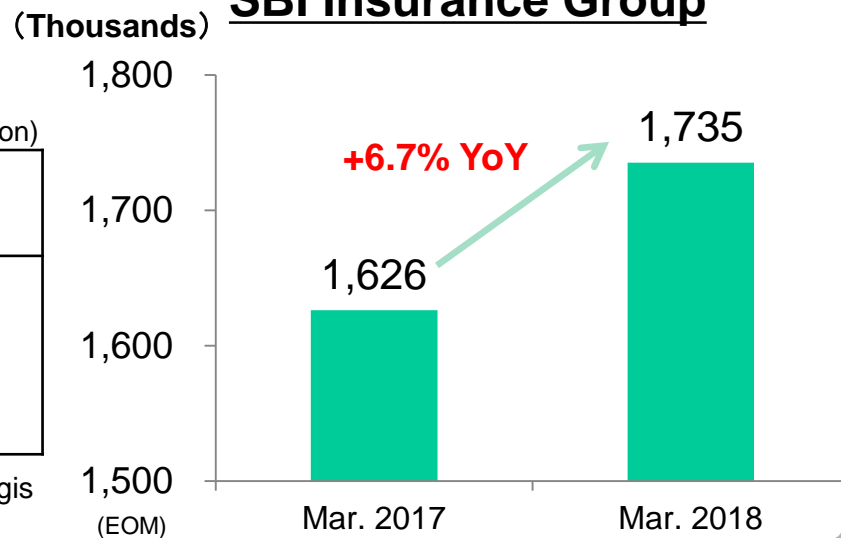
SBI Insurance Group's financial results (IFRS)

(Unit: JPY million)

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

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

The number of contracts in SBI Insurance Group



3. Intermediate holding company (SBI Capital Management):

As Soon as Preparations are Completed, SBI Capital Management's IPO will be Considered, an Intermediate Holding Company of the Asset Management Business



Representative Director and President: Katsuya Kawashima

(Representative Director, Senior Executive Vice President & Co-COO of SBI Holdings)

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

Primary subsidiary companies (plan):



Operate and manage venture capital funds

GP of overseas funds

Operate and manage overseas venture capital funds

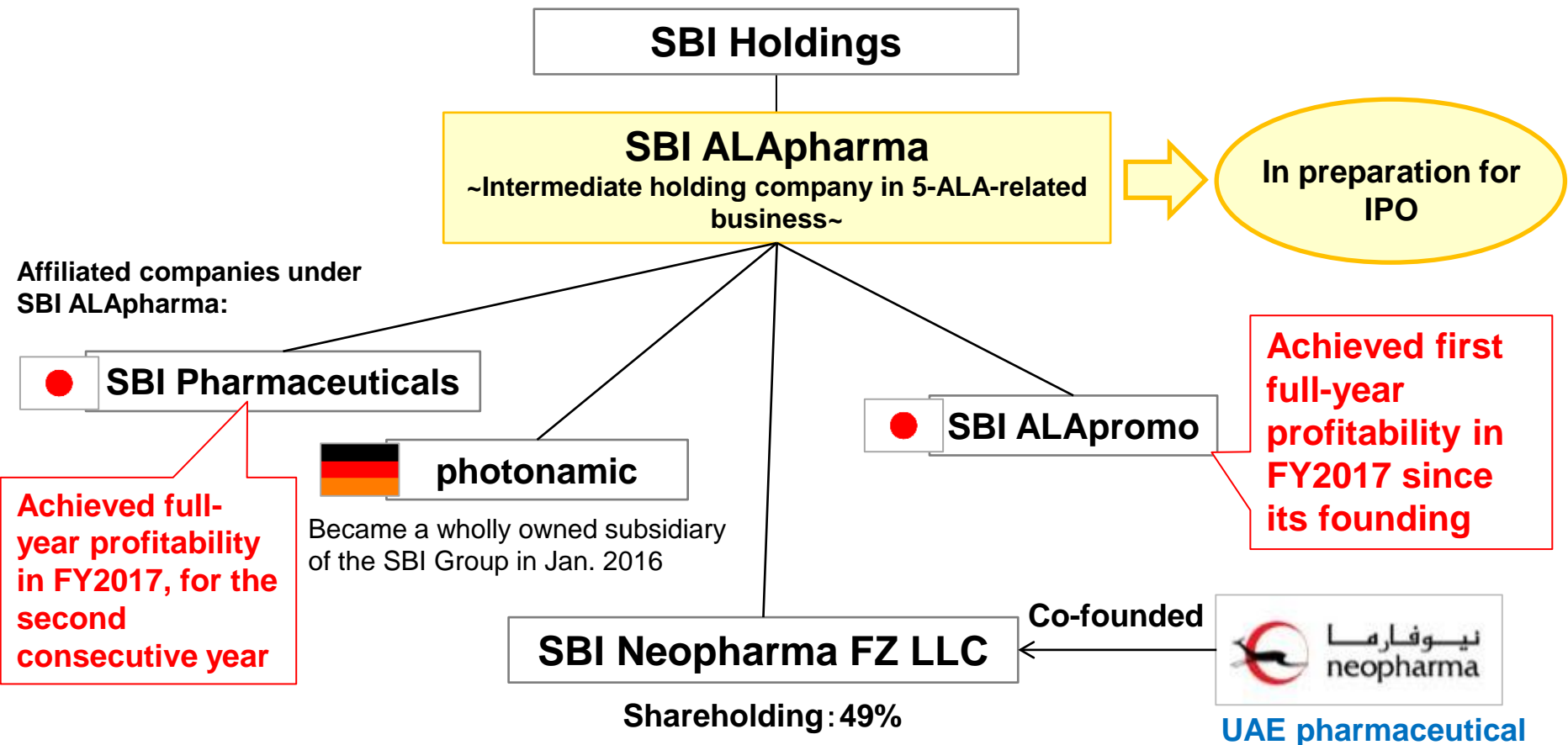
Overseas financial institutions

SBI Savings Bank etc

3. Intermediate holding company (SBI ALApharma):

SBI ALApharma, an Intermediate Holding Company Involved in the 5-ALA-related Business, is Targeting an IPO within 3 Years

- 5-ALA-related business achieved its first full-year profitability in FY2017
- Expecting further earnings increase through the introduction of new 5-ALA-related products (pharmaceuticals, health foods, foods with functional claims) in Japan and abroad




To strengthen the overseas sales activities for 5-ALA-related products

3. Intermediate holding company (SBI ALApharma):

Drug Pipelines utilizing 5-ALA under the SBI Group

Launch and Out-licensing by SBI Pharmaceuticals (Total 5 cases) :

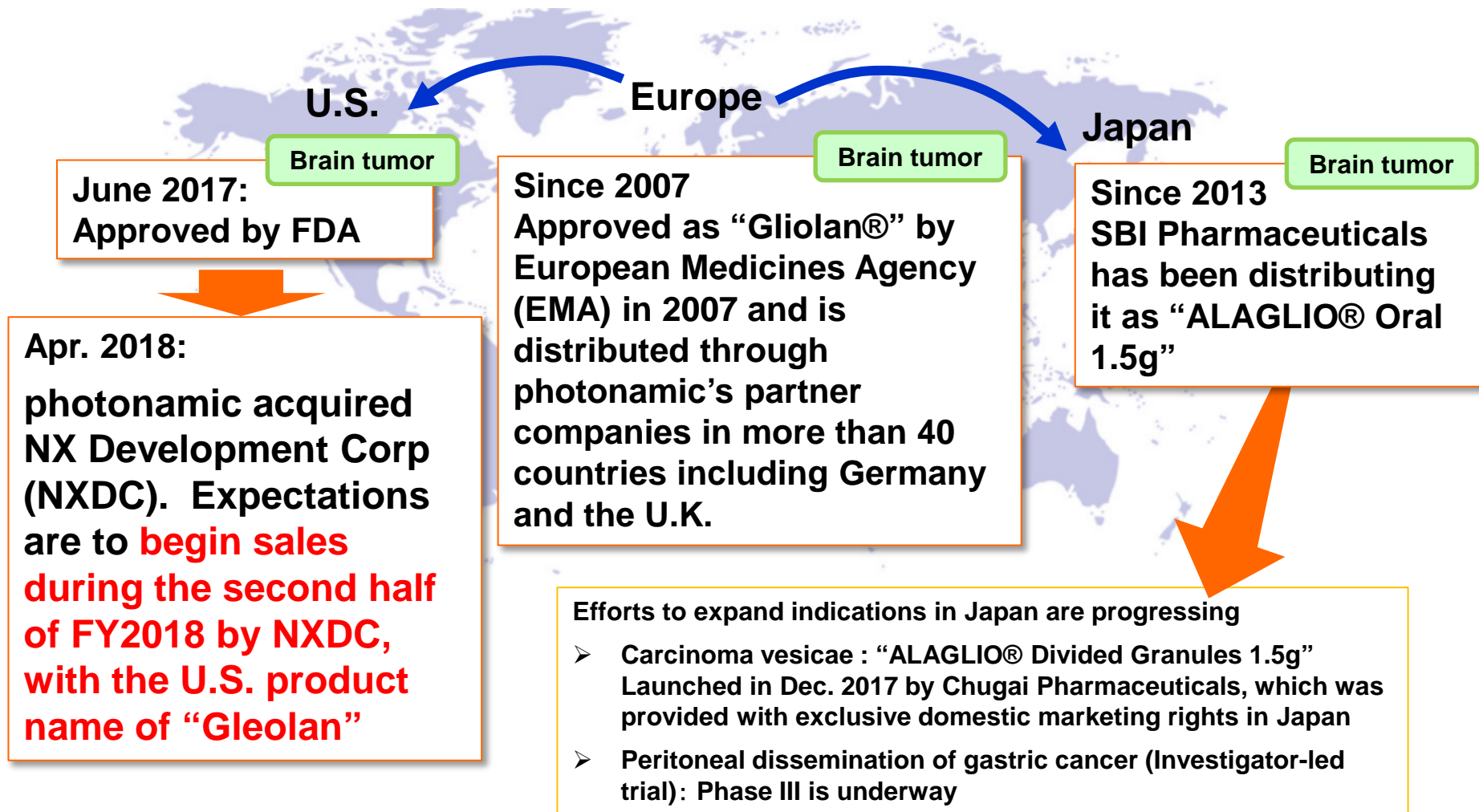
- ✓ “ALAGLIO® Oral 1.5g,” diagnostic agent for cancer treatment (Malignant Glioma) (Launched in Sept. 2013)
- ✓ Therapeutic drugs for diabetes and malaria infection (to Neopharma, UAE pharmaceutical company, in Oct. 2016)
- ✓ “ALAGLIO® Divided Granules 1.5g,” diagnostic agent for cancer treatment (carcinoma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

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

*Investigator-led trial

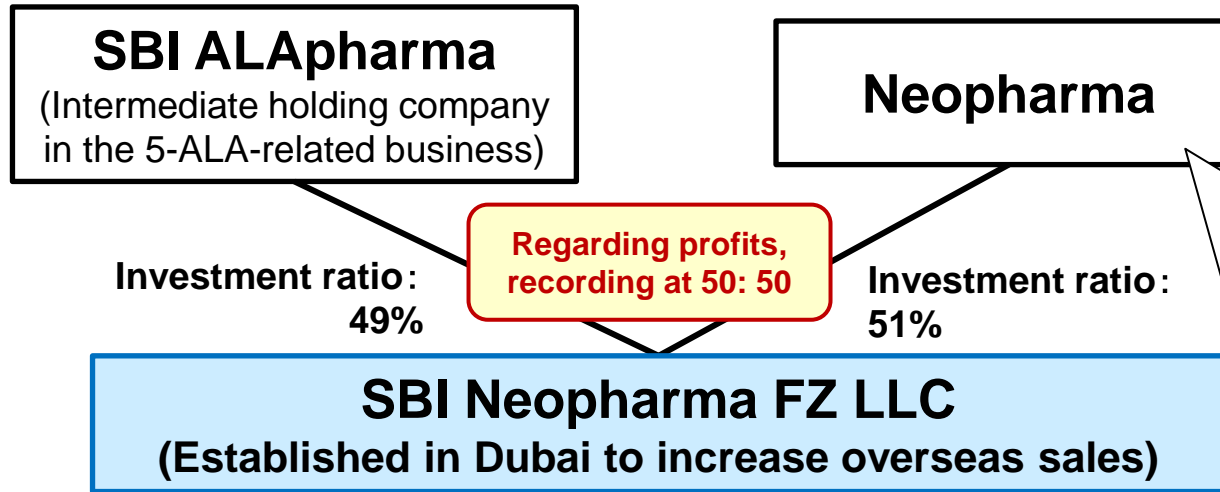
3. Intermediate holding company (SBI ALApharma): photonamic

“Gliolan®” Developed by photonamic, a Wholly Owned German-Based Subsidiary of SBI ALApharma, will be Launched by NXDC in the U.S. in the Second Half of FY2018



3. Intermediate holding company (SBI ALApharma): SBI Neopharma

In FY2018, SBI Neopharma Plans to Launch the Health Food “NatuALA” in More than 20 Countries Worldwide



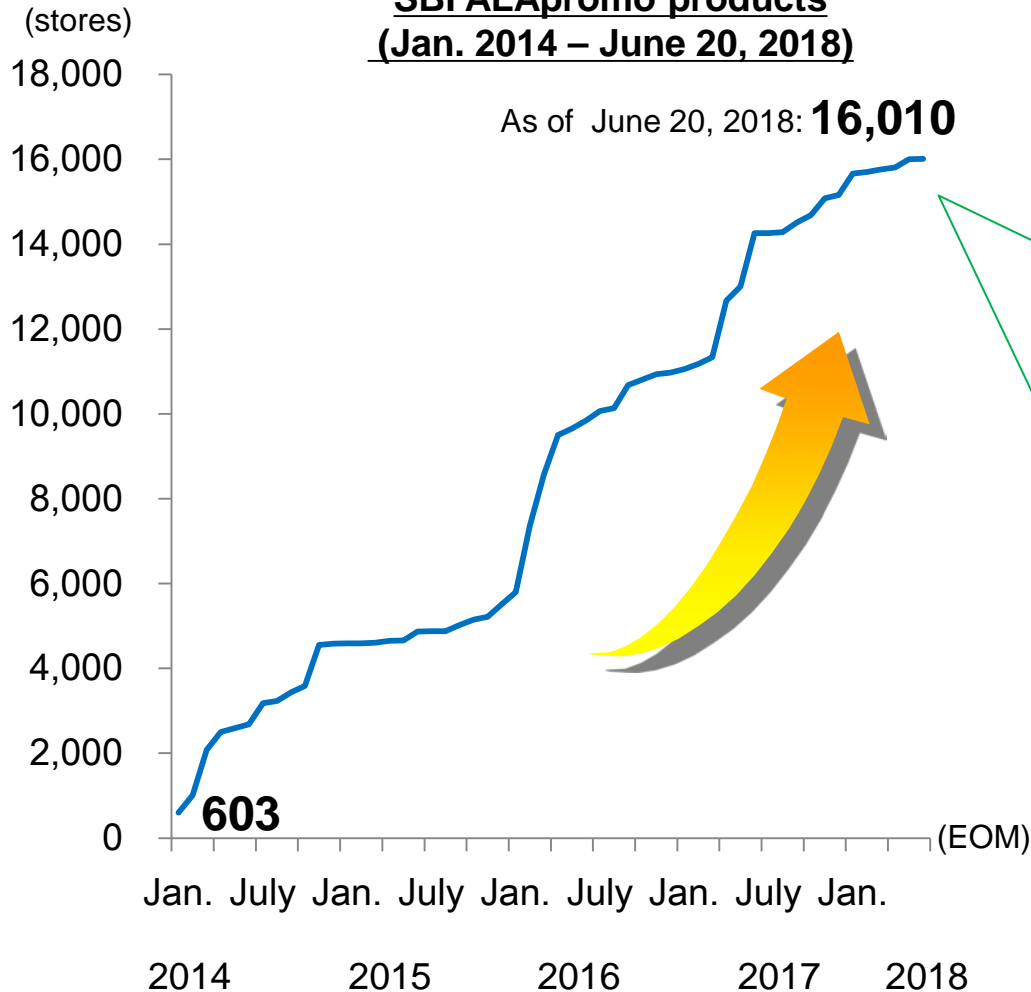
- A corporation established in U.A.E. in 2003 to manufacture and market pharmaceuticals. Presently Neopharma is one of the largest pharmaceutical company in the MENA region with presence in over 50 countries
- Neopharma has production bases for generic drugs in Abu Dhabi, Bangladesh, Egypt, Brazil, Japan,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

Scope of products :

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

Number of Domestic Stores that Offer Health Foods Containing 5-ALA are Increasing Steadily, and Now Became Over 16,000 Stores

**Number of stores that offer
SBI ALApromo products
(Jan. 2014 – June 20, 2018)**



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

e.g.

- Tsuruha Holdings 1,424 stores
- Welcia 1,552 stores
- Matsumoto Kiyoshi 1,191 stores
- cocokara fine 1,062 stores
- FUJIYAKUHIN approx. 890 stores
- COSMOS Pharmaceutical 929 stores
- Sundrug approx. 820 stores
- SUGIYAKUHIN 791 stores

Accelerating the Development of New Foods with Functional Claims

SBI ALApromo's offering of foods with functional claims

On sale

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

Cognitive improvement

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

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

Under development

First submitted to the Consumer Affairs Agency in Mar. 2018

Premium product utilizing high levels of 5-ALA

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

Improvement in the quality of sleep (Hawaii Univ.)

Plan to launch in Oct. 2018

Plan to launch in FY2019

Plan to launch in Feb. 2019

Planning submission to the Consumer Affairs Agency in FY2018

Recovery from fatigue (Hiroshima Univ.)

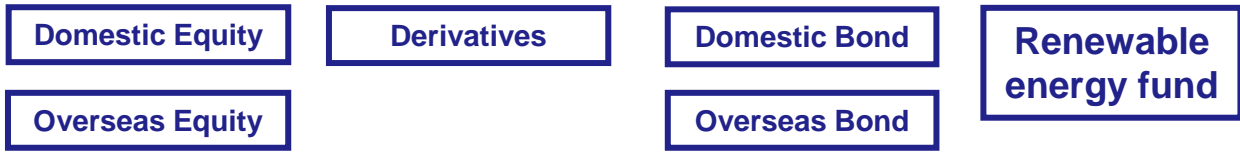
Fatigue reduction after exercising (Juntendo Univ.)

Male menopause improvement (Juntendo Univ.)

Plan to launch in FY2018

Plan to launch in FY2019

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



Individual Investors
both within and outside the Group

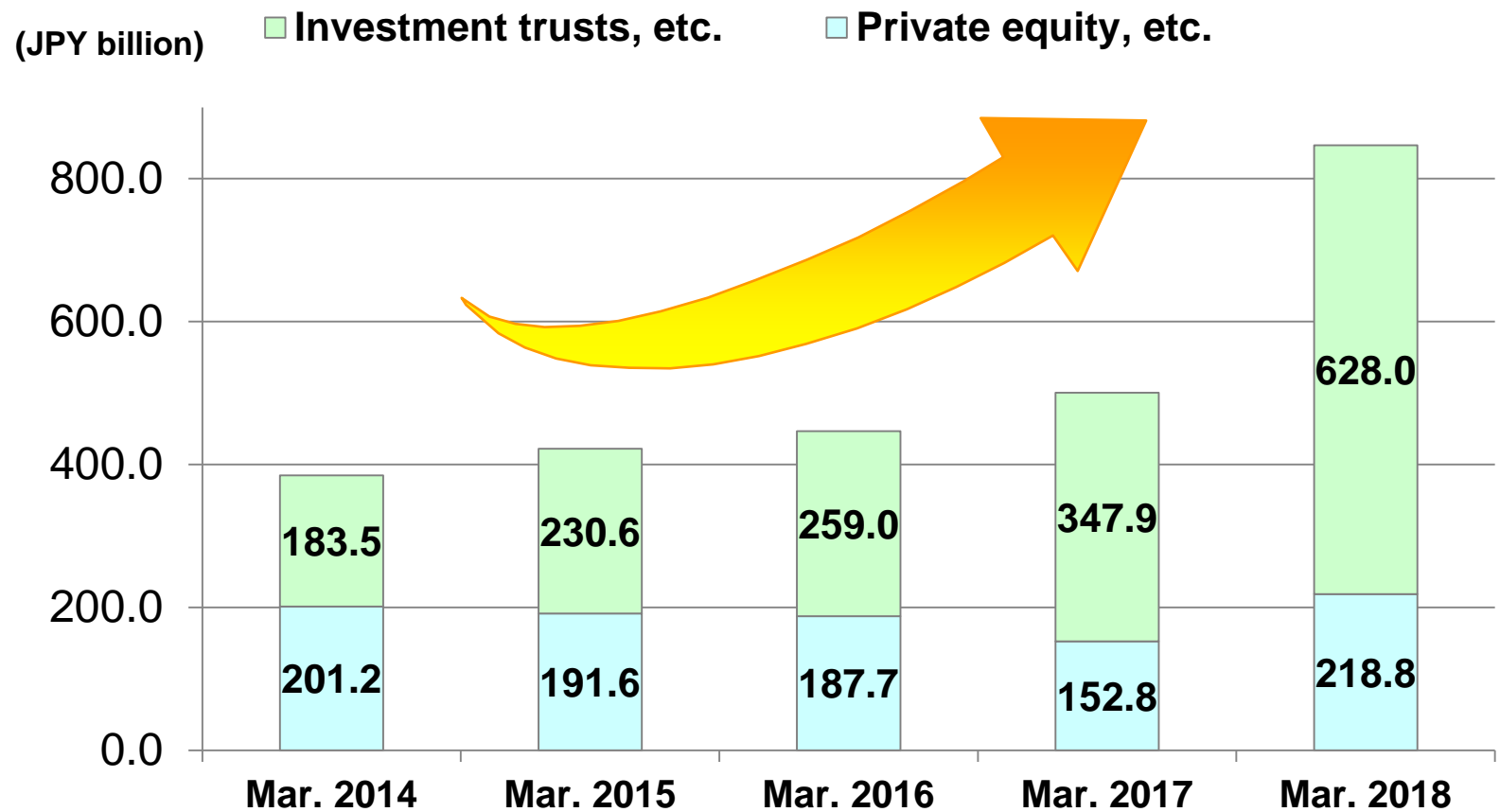


Institutional Investors
both within and outside the Group

4. Asset Management Companies

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

Target: JPY 1tn within 1year, JPY 5tn level within 3 years



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

*2 Amounts are rounded to the nearest JPY 100m

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

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

IV. Modification to the SBI Group's Vision, Announced on July 27, 2017

Owing to favorable FY2017 results, modifying the following points

- ① Prospect of profit before income tax expense composition by segment**
- ② Target time to achieve consolidated profit before income tax expense**
- ③ Target market cap**

Progress of the SBI Group's Vision (announced on July 27, 2017) ①

Modification ① Prospect of profit before income tax expense composition by segment

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

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

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

Includes JPY 27.0bn of impairment loss on intangible fixed assets

Segment forecast beyond FY2018

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

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

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

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

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

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

Progress of the SBI Group's Vision (announced on July 27, 2017) ②

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

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

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

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

- **Maintain ROE above 10%**

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

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

▶ **The annual dividend for FY2017 is JPY 85 per share**

Modification ③ Target market cap

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

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

▶ **JPY 657.3bn**

(Based on the closing price on June 1, 2018)

▶ **Peak market cap. : JPY 726.5bn**

(Year's intraday high: JPY 3,235 *as of May 21, 2018)

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

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

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

Shareholder return

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

[Basic policy for shareholder return]

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

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

■ Dividend per share

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

* Reference: Dividend forecast per share for FY2017

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

Shareholder Return Results for the Past Six Fiscal Years

Continuously returning high level shareholder returns, by implementing dividend increases for the fifth consecutive year, based on profits

		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Dividend	Full-year dividend per share	JPY 10	JPY 20	JPY 35	JPY 45	JPY 50	JPY 85
	Sum of dividend payouts (JPY bn)	2.2	4.3	7.6	9.4	10.2	18.7
Share repurchase amount (JPY bn)		—	—	10.0	5.0	8.0	—
Total shareholder return amount (JPY bn)		2.2	4.3	17.6	14.4	18.2	18.7
Total shareholder return ratio (%)		56.9	20.2	38.5	42.2	55.9	40.1

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

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

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

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

[Details of shareholder benefits]

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

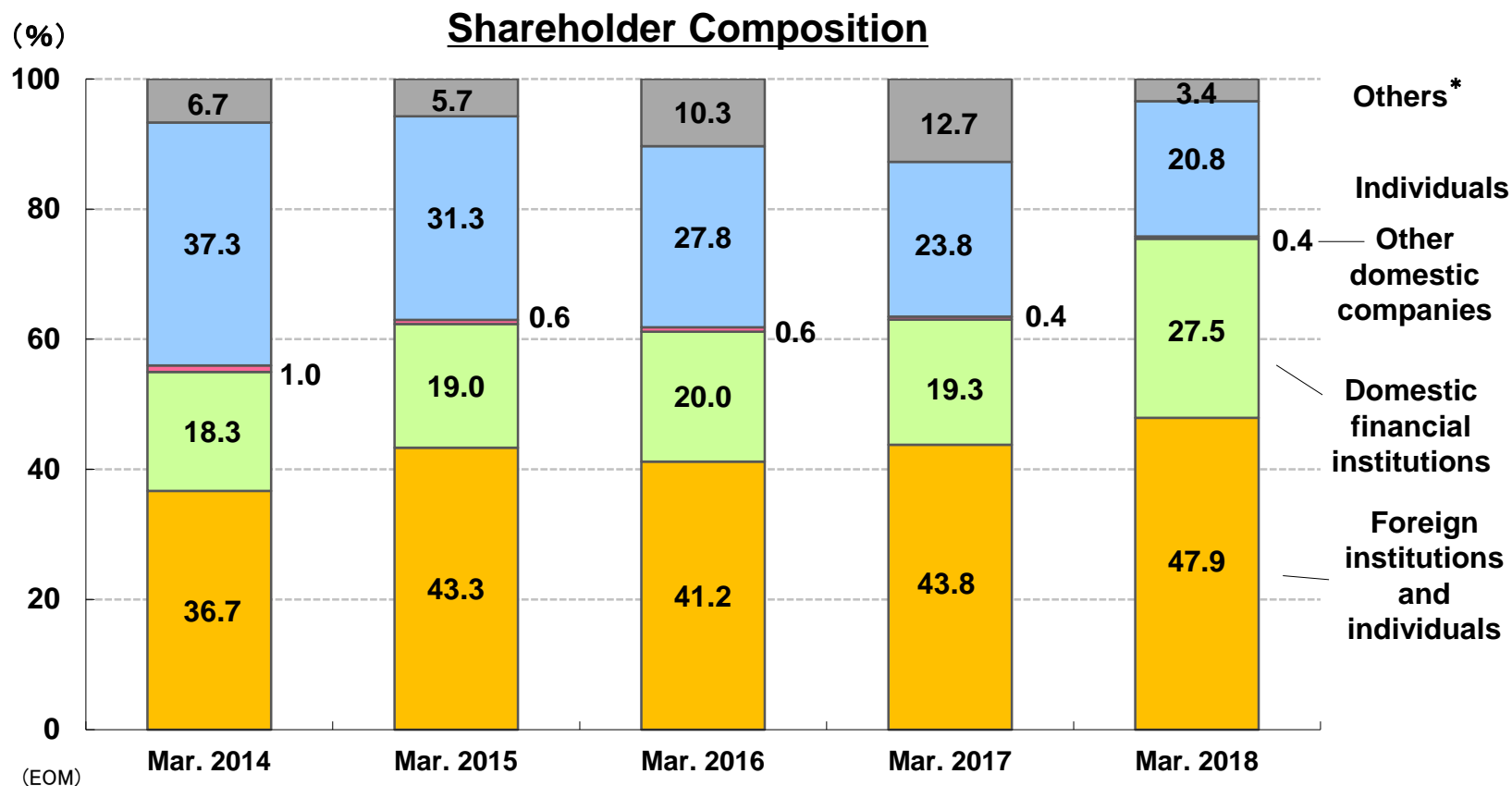
Details	Qualified shareholders	Shareholders who have <u>held shares for more than 1 year</u> and who hold <u>1,000 (10 units) or more shares</u> as of Mar. 31, 2018	For shareholders other than the left column, those who hold <u>100 shares (1 unit) or more</u> , as of Mar. 31, 2018
ALApplus GOLD (90 capsules)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

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

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

SBI Holdings' Recent Shareholder Composition

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



* "Others" include treasury stock (1.7%) 177

Background of the Rise in Shareholding Ratio of Domestic and Foreign Institutional Investors

-As of the end of Mar. 2018, increased to as high as 75.4%-

Factors that are evaluated by institutional investors

◆ Establishment of domestic ecosystem in the Financial Services Business

- Each company in the Financial Services Business, starting with SBI Securities, has established an overwhelming position by pursuit of group synergies within the domestic financial ecosystem, centered on through practice of the “Customer-centric Principle” in securities, banking, and insurances.



Established a framework that seeks to capture share from large embedded incumbents in each field

◆ Biotechnology-related businesses transform into earnings contributors

- As it heads towards IPO, Quark Pharmaceuticals has good prospects of receiving performance fees for the progress of clinical trials on the drug pipeline, **a plus for overall earnings**
- The 5-ALA-related business achieved its first full-year profit in FY2017, along with expectations for further continued profit growth

◆ Aggressive expansion into the digital asset domain, including cryptocurrency which is expected to undergo a worldwide expansion

- Through such news as Goldman Sachs’s April hiring of a cryptocurrency trader as its Vice President for Digital Asset Marketing within its securities division, a full-scale expansion by even the major financial players into cryptocurrencies is looking likely
- The SBI Group established the first-in-its-field FinTech Fund in 2015 and has invested aggressively in various FinTech startups with desired technology and services. Further, **it has been accelerating its expansion into the digital asset domain since 2016.**

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