

SBI Holdings, Inc. 2017 Information Meeting

November 21

Osaka

November 27

Nagoya

November 30

Tokyo

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

Today's Program

**Part I: Explanations for the
Key Questions**

Part II: Q&A

Part I: Key Questions

- 1. Summary of 1H FY2017 consolidated financial results**
- 2. What is the progress of SBI's initiatives to transition toward FinTech 1.5 - 2.0?**
- 3. What are SBI's strategies for the development for the cryptocurrency potential and its market development?**
- 4. The mobile-based financial ecosystem, to be newly established**
- 5. Regarding the alliance strategies with companies outside the Group, to further expand the Group's 3 financial ecosystems**
- 6. What is the progress of the efforts toward the actualization of intrinsic corporate value?**

Q1. Summary of 1H FY2017 consolidated financial results

1H FY2017 Consolidated Performance (IFRS)

[Year-on-year]

(Unit: JPY million)

	1H FY2016 (Apr. 2016 – Sept. 2016)	1H FY2017 (Apr. 2017 - Sept. 2017)	YoY % change
Revenue	121,284	141,679	+16.8
Profit before income tax expense	17,286	27,737	+60.5
Profit for the period	10,109	19,108	+89.0
Profit attributable to owners of the Company	14,194	20,385	+43.6

1H FY2017 Revenue by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

	1H FY2016 (Apr. 2016 – Sept. 2016)	1H FY2017 (Apr. 2017 - Sept. 2017)	YoY % change
Financial Services Business	84,945	102,742	+21.0
Asset Management Business	34,945	38,188	+9.3
Biotechnology-related Business	2,027	1,860	-8.2

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

1H FY2017 Profit before Income Tax Expense by Segment (IFRS)

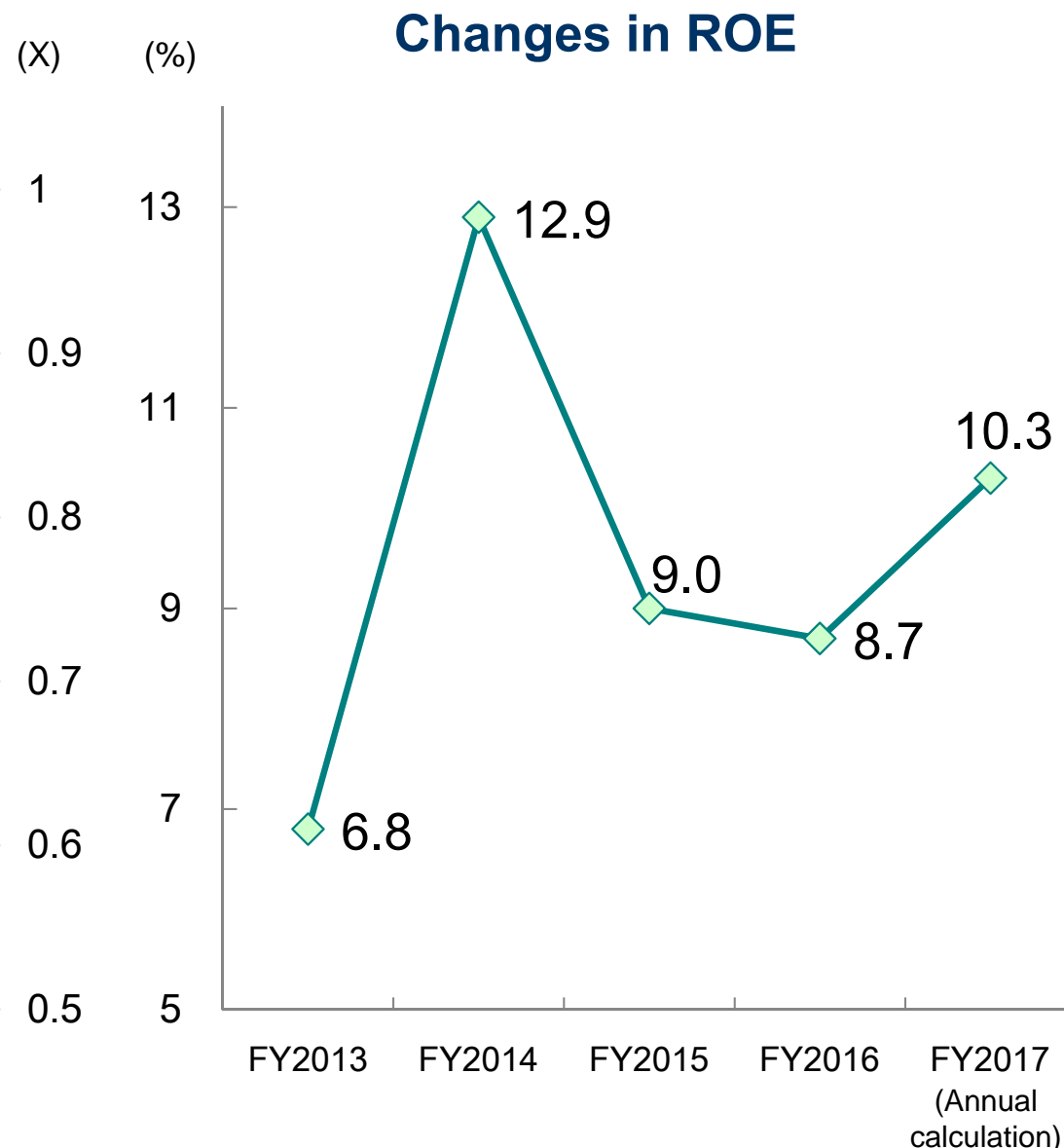
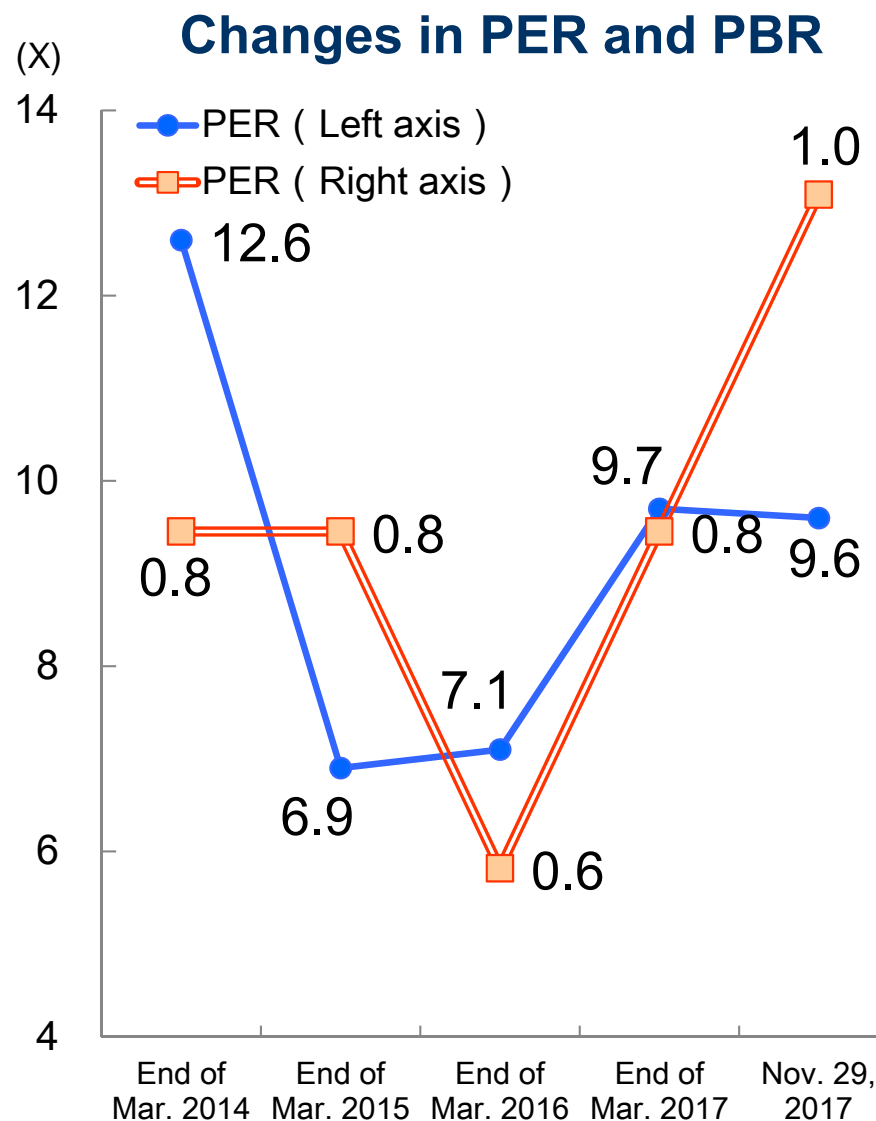
[Year-on-year]

(Unit: JPY million)

	1H FY2016 (Apr. 2016 – Sept. 2016)	1H FY2017 (Apr. 2017 - Sept. 2017)	YoY change (% change / amount)
Financial Services Business	25,264	29,642	+17.3
Asset Management Business	2,912	11,579	+297.6
Biotechnology-related Business	-5,178	-8,604	-3,426

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

Changes in SBI Holding's Key Management Indicators



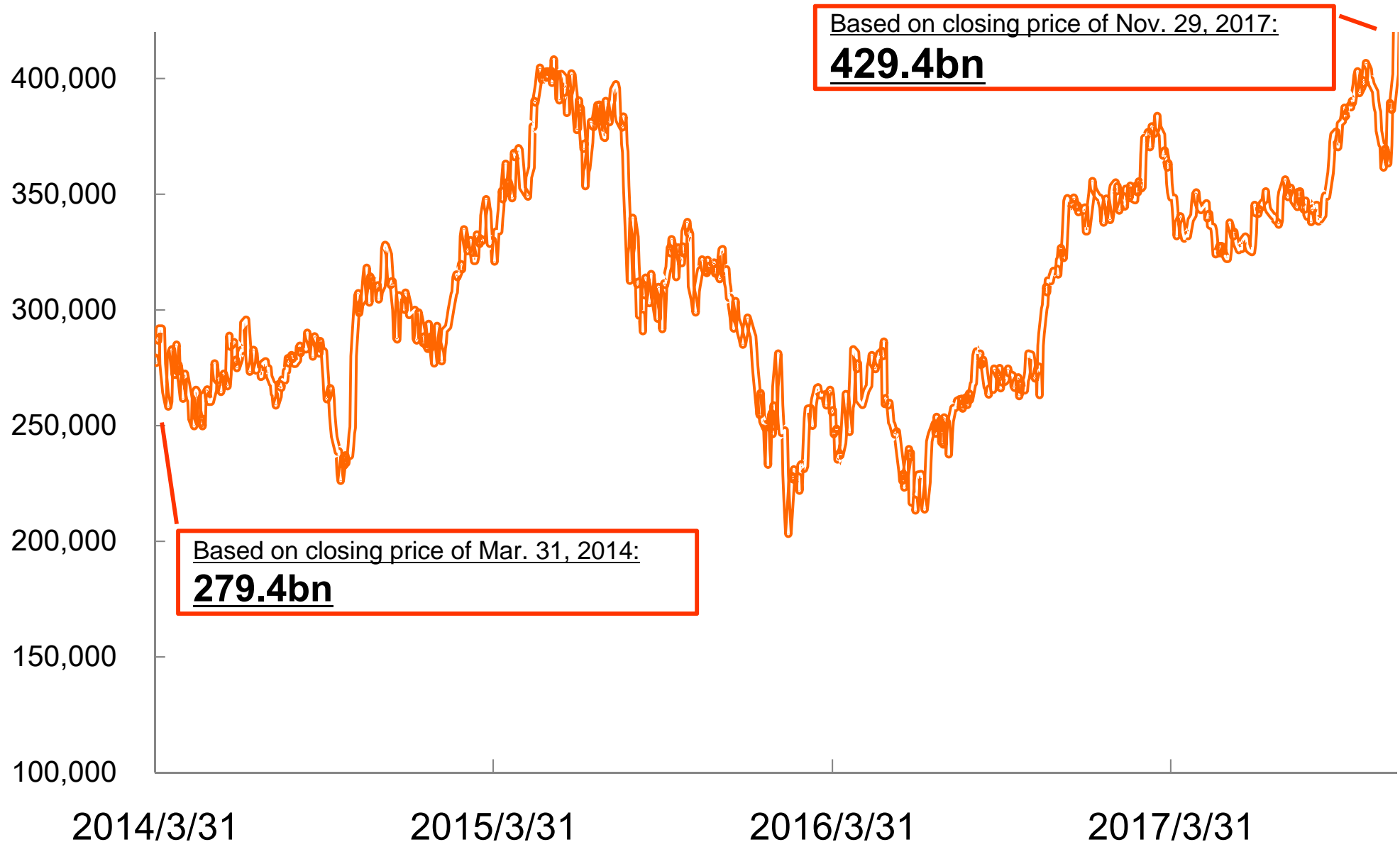
*1 Nov. 29, 2017 PER and PBR are calculated based on doubled EPS of 1H FY2017 (JPY 99.98) and BPS at the end of 2Q FY2017.

*2 ROE (annual calculation) for FY2017 is calculated based on doubled profit for the year attributable to owners of the company of 1H FY2017.

SBI Holding's Market Capitalization

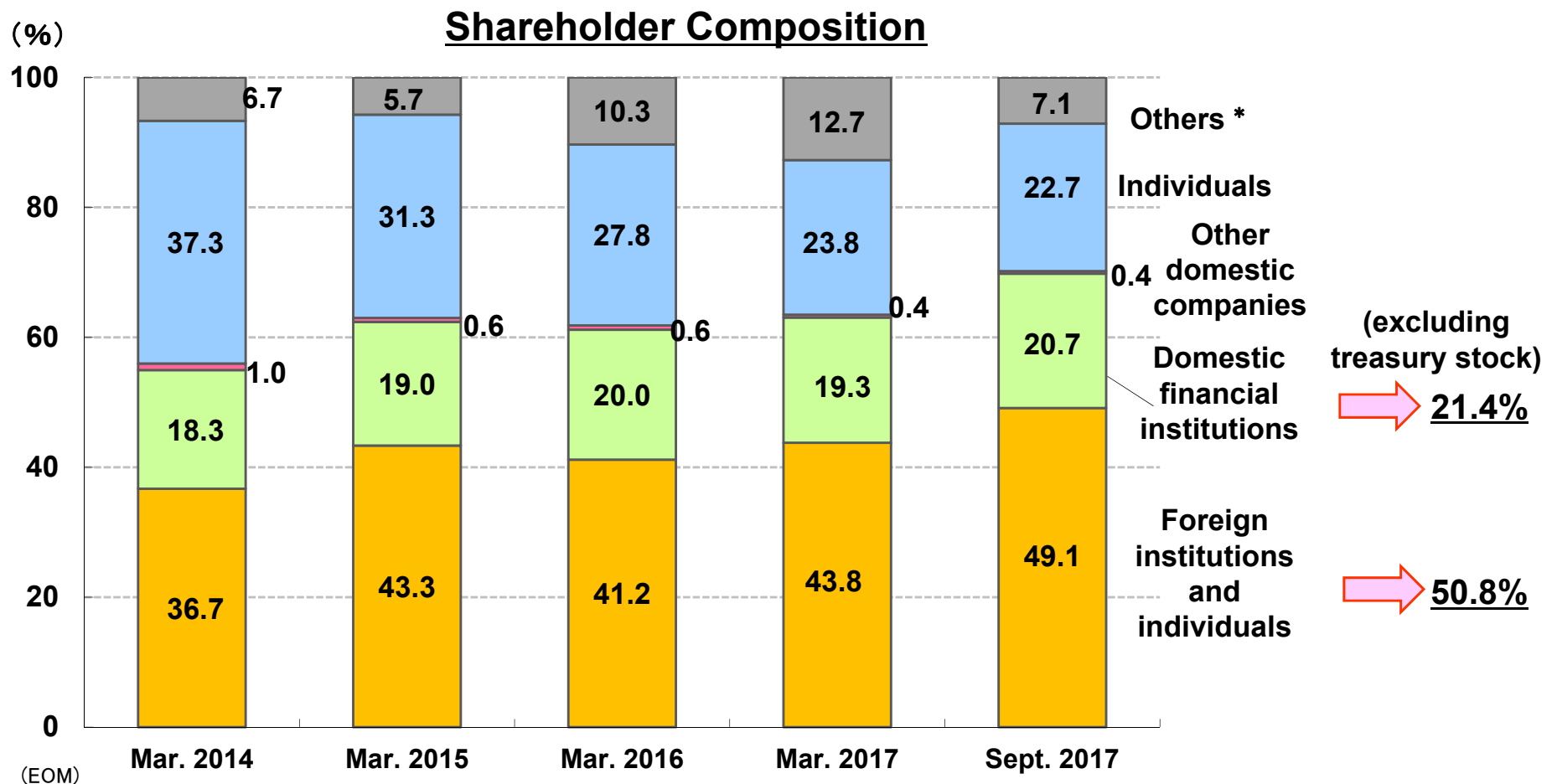
Market Capitalization (Based on closing price of Nov. 29, 2017) **429.4bn**

(JPY million)



SBI Holdings' Shareholder Composition

- ◆ The total number of shareholders is 128,246, of which the number of shareholders who hold 1 unit or more is 76,902
- ◆ Shareholding ratio of domestic and foreign institutional investors is 69.8%, and the substantive shareholding ratio of domestic and foreign institutional investors, excluding treasury stock, is at 72.2%
- ◆ Appropriation of treasury stock to convert convertible bonds issued in 2013, reduced the treasury stock ratio from 9.3% (as of March 31, 2017) to 3.3%.



Owing to Steady Earnings, an Interim Dividend of JPY 15 Per Share was Declared, for an Increase of JPY 5

[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**

■ Dividend forecast (result) per share

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

(1) Business overview of each segment

- ① Securities-related business**
- ② Banking-related business**
- ③ Insurance-related business**

① Securities-related business

SBI SECURITIES 1H FY2017

Consolidated Results (J-GAAP)

-Operating revenue and all the profit items recorded historical highs on a half-year basis-

[Year-on-year]

(Unit: JPY million)

	1H FY2016 (Apr. 2016 – Sept. 2016)	1H FY2017 (Apr. 2017 - Sept. 2017)	YoY % change
Operating Revenue	42,437	52,880	+24.6
Net Operating Revenue	39,473	48,198	+22.1
Operating Income	17,797	22,949	+29.0
Ordinary Income	17,834	22,973	+28.8
Profit attributable to owners of the Company	13,880	15,970	+15.1

Oct. 2017 operating income (cons.) was JPY 4.7bn, an historical high

(Up 22.3% compared to JPY 3.8bn, the monthly average operating income (cons.) of 1H FY2017)

Positioning of SBI SECURITIES in the Securities Industry

(Net income; J-GAAP)

2Q FY2017 (July - Sept. 2017)

(Unit: JPY million)

1	Nomura Holdings (US-GAAP)	51,850	(-8.8)
2	Daiwa Securities Group	31,906	(+64.5)
3	SMBC Nikko	14,365	(-0.9)
4	Mizuho	11,868	(+125.2)
5	SBI	8,363	(+10.0)
6	MUFJ	7,930	(-19.2)
7	Tokai Tokyo Financial Holdings *1	3,814	(-71.2)
8	Rakuten	2,903	(-8.5)
9	Matsui	2,790	(+0.4)
10	GMO Financial Holdings	2,024	(+23.4)
11	Monex Group (IFRS)	1,573	(+256.7)
12	kabu.com	1,167	(-18.0)
13	Okasan Securities Group	24	(-98.2)

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

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






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

*4 Year-on-year % changes are shown in the parentheses.

Competition with Online Securities Companies is Finished

-SBI SECURITIES is No.1 in the share of individual stock trading value, number of accounts, deposits and profitability-

[1H FY2017 results]

	Share of individual stock trading value (%)		Number of accounts (thousand)	Deposit assets (JPY trillion)	Operating income (JPY million)
		of which, individual margin trading			
SBI (cons.)	 34.8	 35.9	 4,005	 12.0	 22,949
Rakuten *1 (cons.)	16.2	16.4	2,372	4.6	8,931
Matsui	11.9	14.9	1,113	2.5	7,996
kabu.com	8.8	10.4	1,068	2.3	2,856
Monex *2 (cons.)	5.4	3.7	1,726	4.1	3,100

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

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

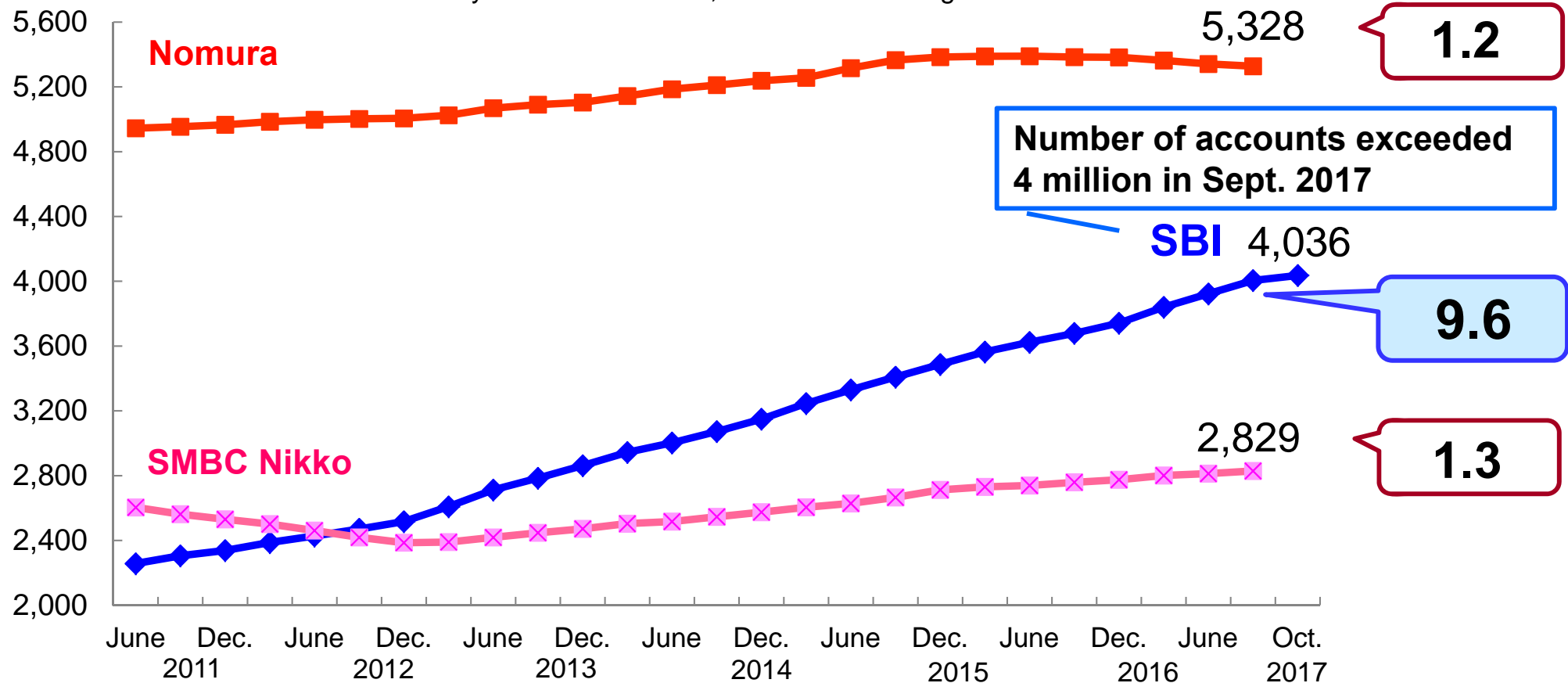
SBI SECURITIES overtook Daiwa Securities' number of accounts in June 2017

Number of Accounts of SBI SECURITIES and 3 Major Face-to-face Securities Companies
(June 2011 – Oct. 2017)

CAGR: %
(June 2011 – Sept. 2017)

(Thousand accounts)

* As of only SBI SECURITIES, the chart shows figures until Oct. 2017



As of the end of Mar. 2017, Daiwa Securities' number of accounts totaled 3,866 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

Through the diversification of products and the expansion of business domains, transitioning to a new phase to fully compete with the major face-to-face securities companies

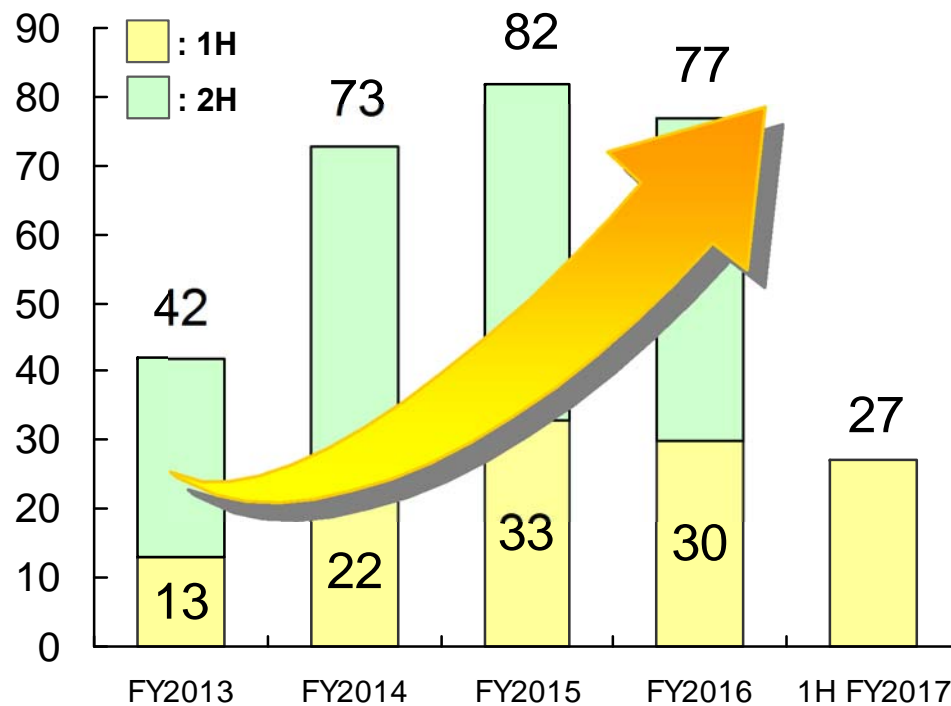
- (i) Further enhancing the corporate business**
 - **Continually expand the underwriting business for equities and bonds**
 - **Through the Financial Institutional Sales Dept., advancing business opportunities with the financial institutions**
 - **Enhancing new business opportunities with regional financial institutions**
- (ii) Firmly strengthening the iDeCo business that promotes the flow “from savings to asset formation”**
- (iii) Initiated the trading of Japanese Government Bonds on PTS**
- (iv) To realize a “zero stock brokerage commission fee,” bringing about a “Platform Revolution” in the securities-related business**

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

-Underwriting share of 96% is an industry leading figure-

Number of IPOs Underwritten by
SBI SECURITIES

(No. of companies)



Lead underwriting

5 **8** **8** **13** **3**

Lead underwriting ranking (Ratio)

No. 3 (9.4%) **No. 5 (9.3%)** **No. 5 (8.5%)** **No. 5 (14.9%)** **No. 5 (10.7%)**

* 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.

IPO Underwriting Ranking (Apr. 2017 – Sept. 2017)

28 companies were listed during the period

Company name	No. of cases	Underwriting share (%)
SBI	27	96.4
SMBC Nikko	20	71.4
Mizuho	16	57.1
Ace	14	50.0
Iwai Cosmo	12	42.9
Monex	11	39.3
Ichiyoshi	11	39.3

* 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.

SBI SECURITIES' Financial Institutional Sales Dept. is Endeavoring to Increase the Number of Customer Financial Institutions, and to Expand Transactions



[SBI SECURITIES]

Financial Institutional Sales Dept.

SBI SECURITIES has been promoting self-origination of structured bonds, and originated and distributed a total amount of JPY 15bn *(Dec. 2015 – Sept. 2017)

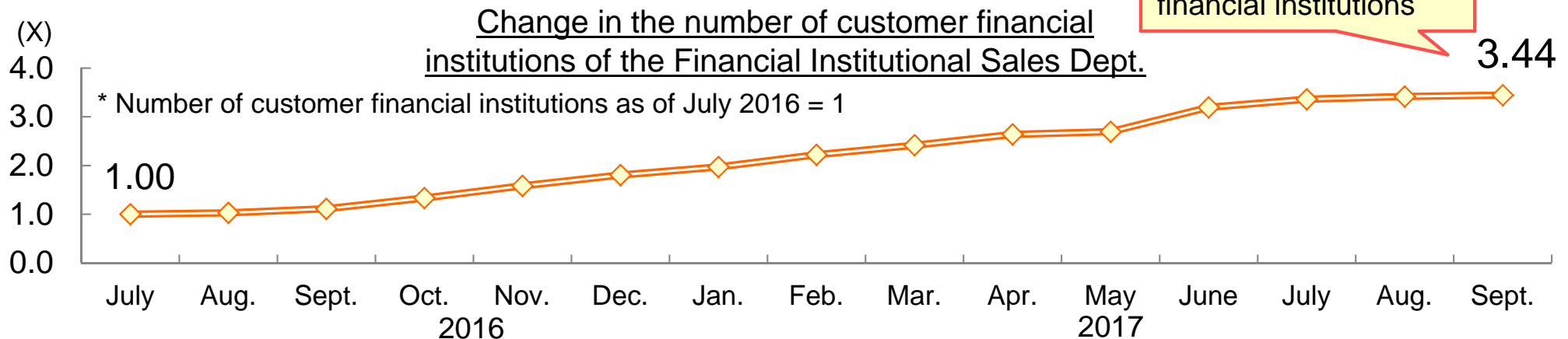
* Includes structured bonds toward retail customers

Distribution of structured bonds, domestic and overseas investment trusts, as well as bond transactions



Financial institutions

Distributed financial instruments to 124 financial institutions



[Results of strengthening the business structure for financial institutions, including the establishment of the Financial Institutional Sales Dept.]

- SBI SECURITIES' underwriting share of Japan Post's follow-on equity offering significantly increased to 1.04% as compared to that of 0.39% at the timing of Japan Post's IPO
- 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 SECURITIES Provides Financial Instruments Intermediary Services to Regional Financial Institutions, in Order to Correspond to the Asset Formation Needs of Regional Customers



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”

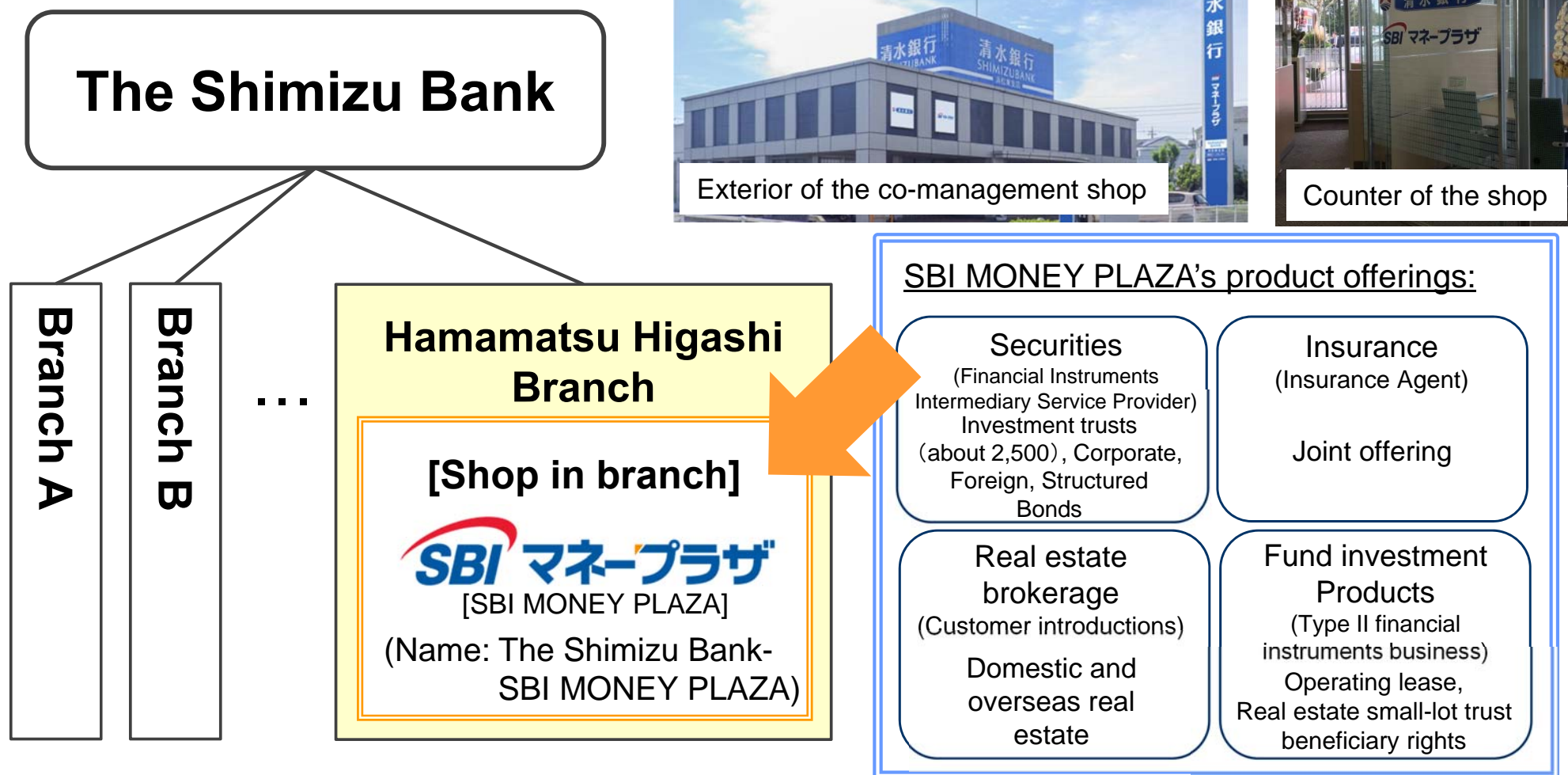


- Started providing financial instruments intermediary services with The Shimizu Bank (Mar. 2017)
SBI SECURITIES' first alliance case with a regional bank for intermediary brokerage services
- Started providing financial instruments intermediary services with The Ehime Bank (July 2017)
- Started providing financial instruments intermediary services with CHIKUHO BANK and The Keiyo Bank (Oct. 2017)
- Will start providing financial instruments intermediary services with The Tokyo Tomin Bank (Dec. 2017(scheduled))
- Started providing financial instruments intermediary services with The Aomori Bank (Dec. 2017(scheduled))

➡ Planning to form alliances with a total of 25 regional banks by Mar. 2018, with a continuous focus on the development of regional customers

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

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



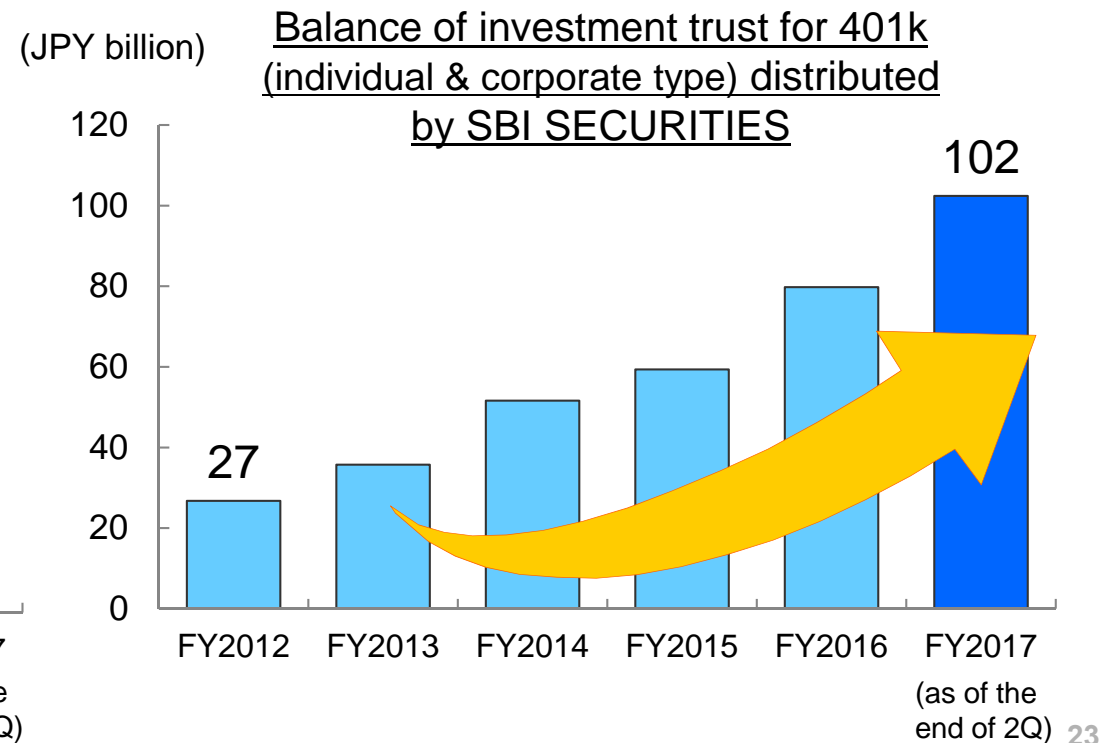
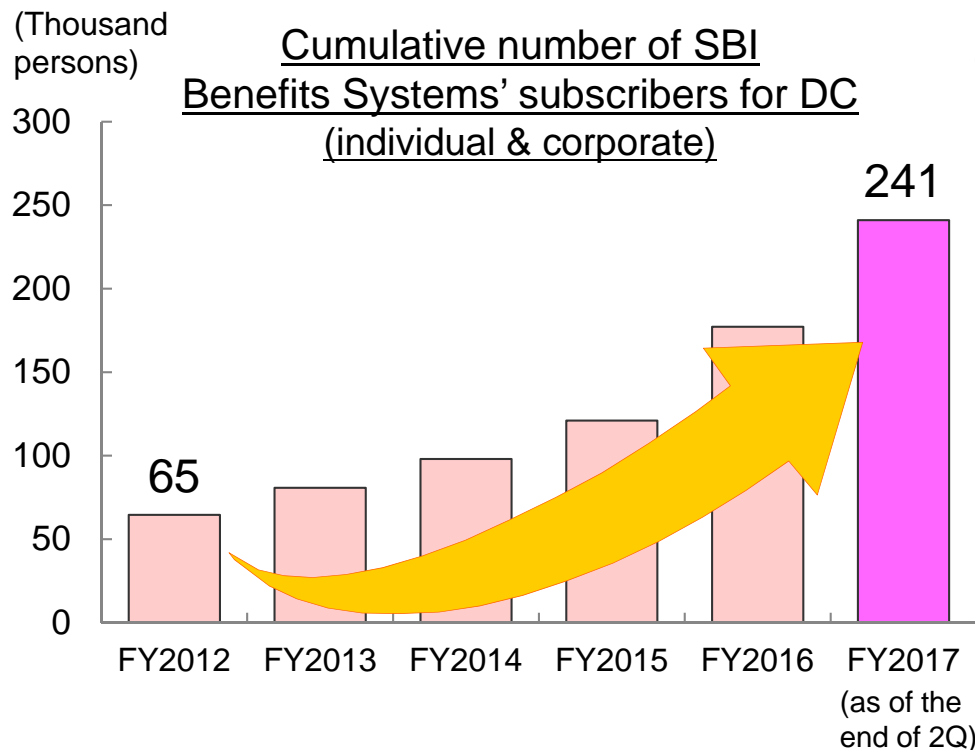
Considering the establishment of co-managed shops with multiple regional financial institutions

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

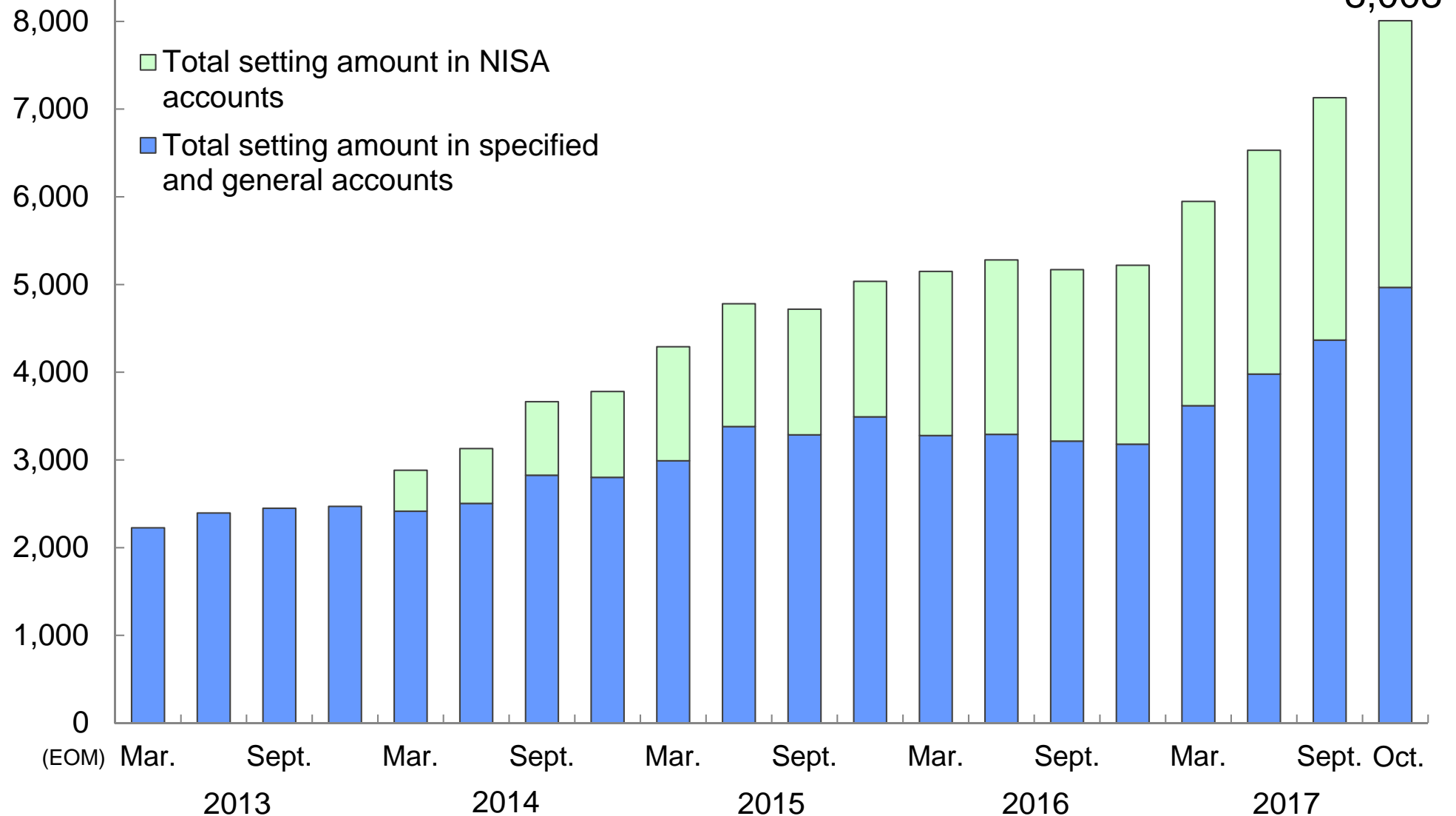
➡ SBI SECURITIES' monthly average number of acquired subscribers and transfers from June to Aug. 2017 was 7,600 accounts, approx. 1.3x that of May 2017, which leads the industry



SBI SECURITIES' Monthly Total Periodic Investment Trust Setting Amount Reached JPY 8bn in Oct. 2017

Ceiling for Periodic Investment Trust Setting Amount (as of the end of each month; Mar. 2013 – Oct. 2017)

(JPY million)



SBI Japannext, through the Launch of a Japanese Government Bond PTS, Endeavors to Enhance Functions as an Alternative Market



- ◆ The only PTS operator that provides daytime and nighttime trading in the Japanese stock market
- ◆ The number of participating securities companies totaled 30 (as of Sept. 30, 2017)
- Started operations of the proprietary trading system (PTS) “B-market” for Japanese Government Bonds
- Enables executions that are faster, cheaper, and more transparent than the traditional OTC market
- Major securities companies have already completed their connections to the PTS system, with expectations of other connections to the system going forward

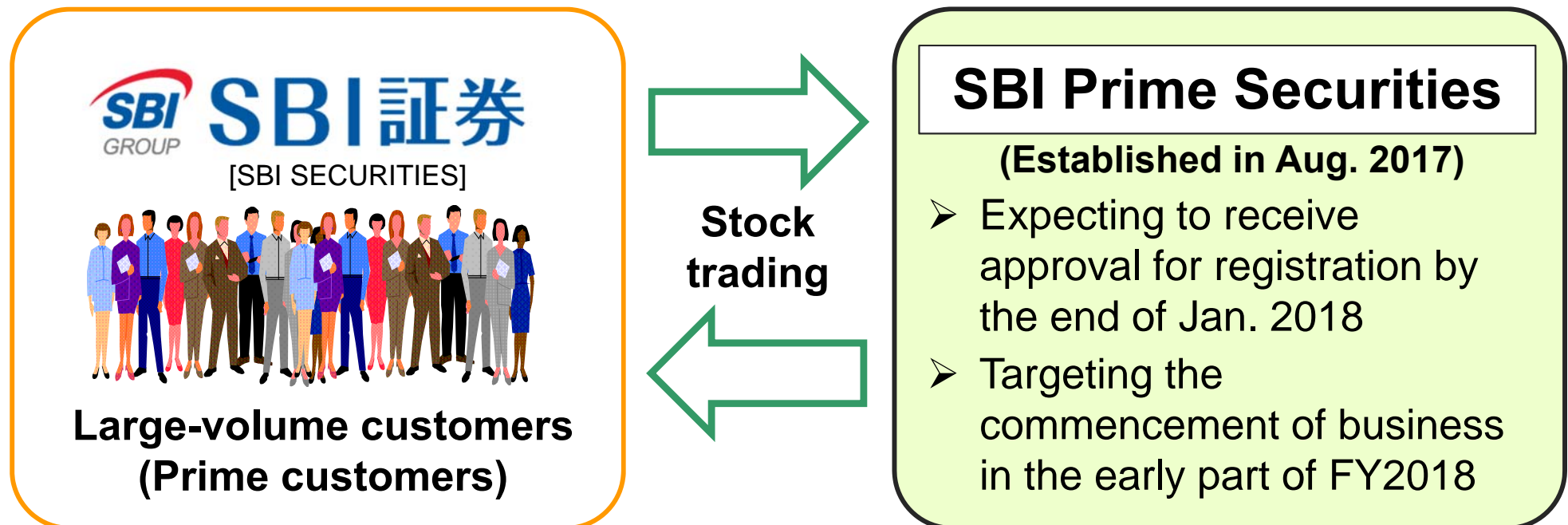
<Lifting of the Ban on Margin Trading of Stocks on the PTS>

- ✓ SBI Japannext is awaiting agreements between exchanges and securities companies, after having taken the initiative to offer the most beneficial scheme for investors
- ✓ Details of business regulations are under discussion with the authorities
- ✓ Major online securities companies including Rakuten Securities have begun connection procedures to the PTS, in anticipation of the lifting of the ban on margin trading of stocks on the PTS

Established SBI Prime Securities to Provide Prime Brokerage Services at SBI SECURITIES

Through a platform provided by SBI Prime Securities, will offer prime brokerage services for SBI SECURITIES' large-volume customers

➡ Stock brokerage commissions charged to large-volume customers will be eliminated



Providing an Innovative Service with High Customer Benefits, by Investing in and Collaborating with a U.S.-based Company

Individual investors



DriveWealth of the U.S.

A company offering an easy-to-use fractional share investing service through mobile devices for individual investors

- Completed investment in DriveWealth
- Planning establishment of two joint ventures
 - JV in Japan (Shareholding: SBI 60%, DriveWealth 40%)
 - JV in Asia (Shareholding: SBI 50%, DriveWealth 50%)

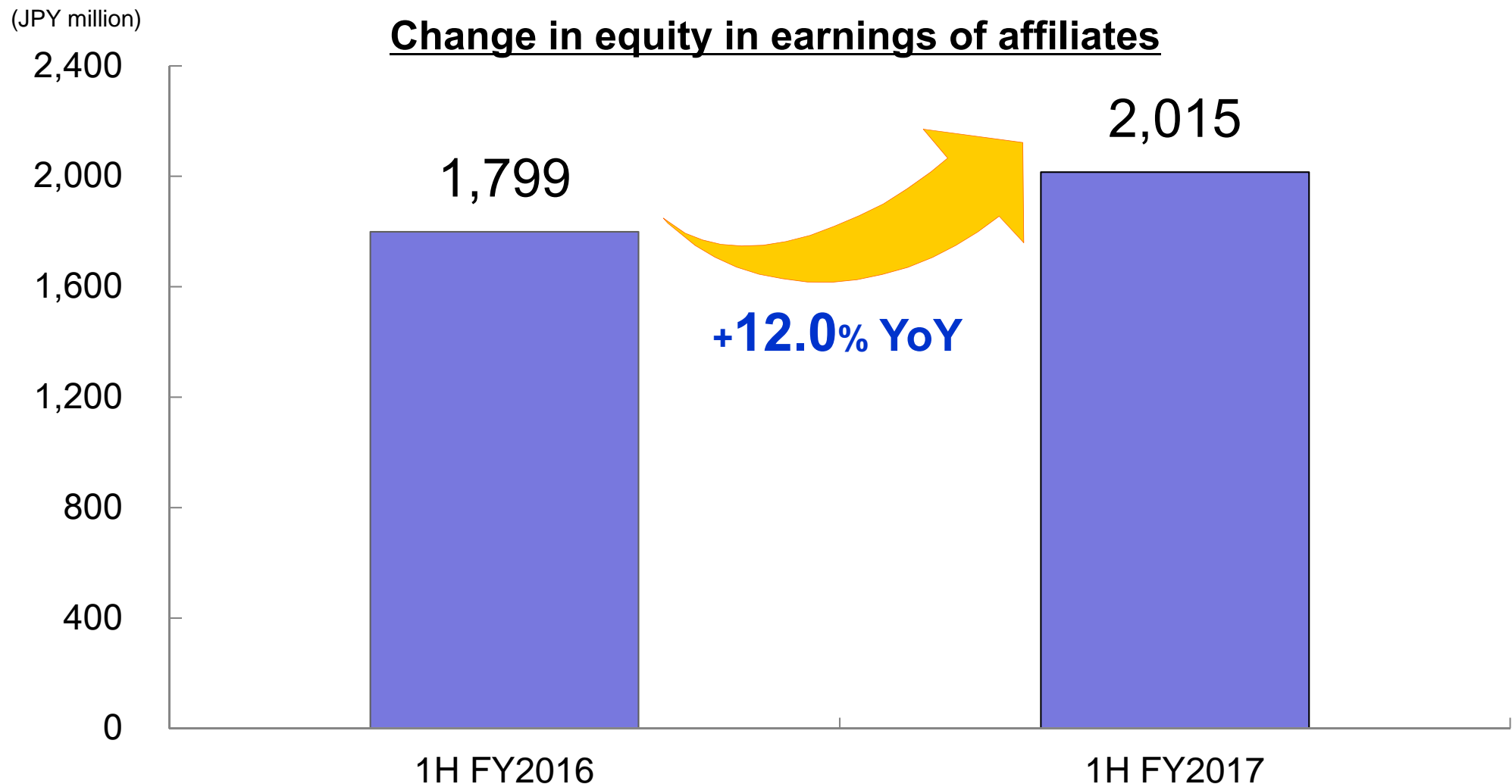
Endeavoring to **realize a fractional share and foreign exchange investing service**, an easily available anytime-anywhere service that uses mobile devices, **at low cost**

② Banking-related business

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

SBI Holdings' equity in earnings of SBI Sumishin Net Bank based on IFRS for 1H FY2017 was JPY 2.0bn, up 12.0% year-on-year

*** J-GAAP based 1H FY2017 ordinary income was JPY 7,063m**



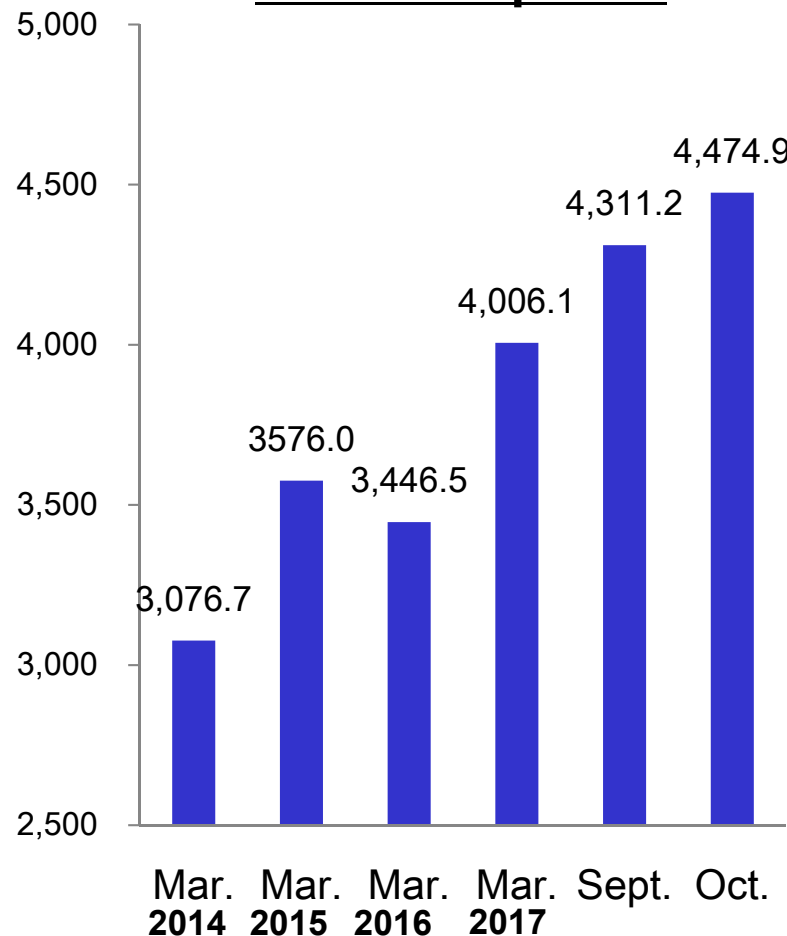
Note: Owing to the difference in IFRS and J-GAAP for asset assessment criteria, the figures differ from that disclosed based on J-GAAP.

**Deposits as of the End of Oct. 2017 was Approx. JPY 4.5tn,
and on Nov.14, the, the Number of Accounts Reached 3 million**

**Number of accounts: 2,988,856 / Deposits: JPY 4.5tn
(as of the end of Oct. 2017)**

Change in SBI Sumishin Net Bank's Deposits

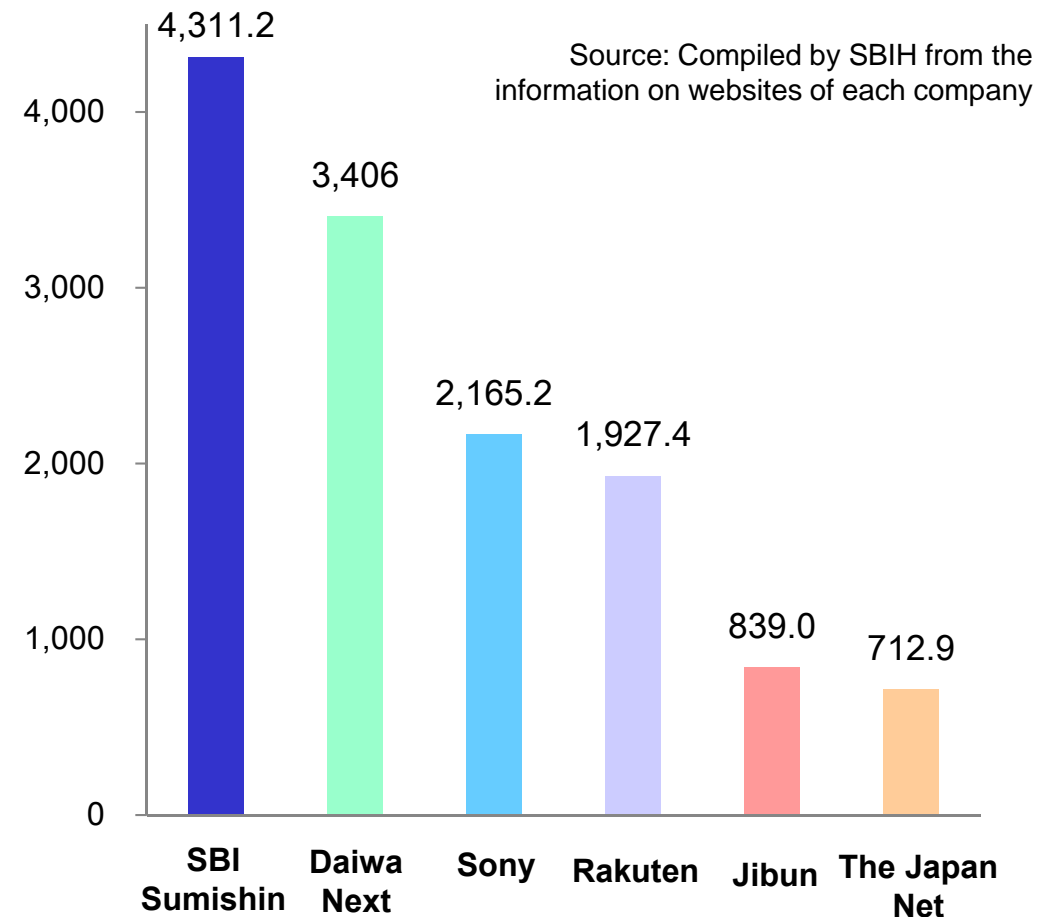
(JPY billion)



Deposits of 6 Internet Banks

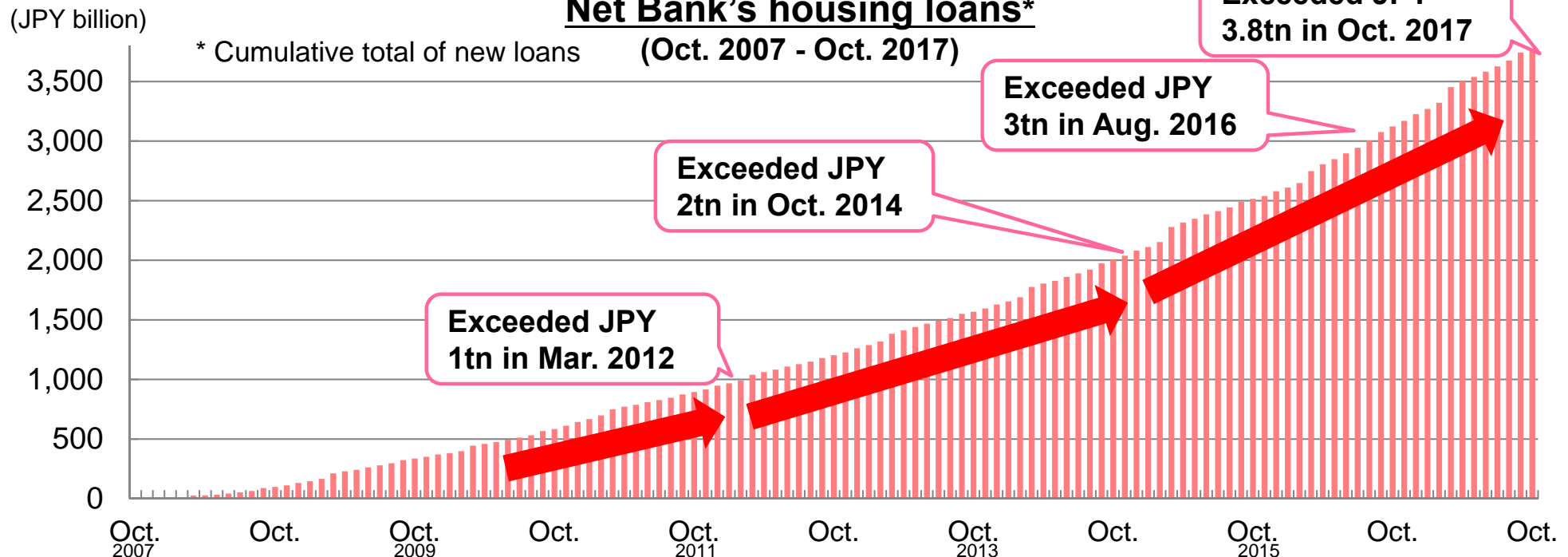
**(Based on the latest data disclosure by
each company, as of the end of Sept. 2017)**

(JPY billion)



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

Change in cumulative total of SBI Sumishin Net Bank's housing loans*



**Sept.
2007**

Housing loans processed directly
by SBI Sumishin Net Bank
Via alliance with real estate companies

**Jan.
2012**

Banking agency business for Sumitomo Mitsui Trust Bank
“Internet Exclusive Housing Loan”

**Mar.
2015**

Banking agency
specialized product
“MR. Housing Loan REAL”

**Sept.
2015**

Long-term fixed rate
product “Flat 35”

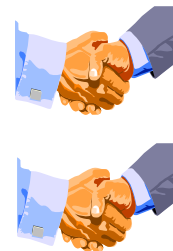
Further improved customer convenience with the **launch of the Internet conclusion type application service for group credit life insurance** directed to “Internet Exclusive Housing Loan” applicants in June 2016

In the Banking-related Business, Further Strengthening Housing Loans Business through the Expansion of the Sales Channel at Face-to-face Shops

- ◆ “Shinjuku Loan Plaza,” a face-to-face shop operated by Good Mortgage, started the sales of banking agency specialized housing loans product “MR. Housing Loan REAL,”^{*1} and the sales of the long-term fixed rate product “Flat 35,”^{*2} and on Nov. 2, 2017, Good Mortgage opened “Otemachi Loan Plaza.”
- ◆ From Oct. 26, 2017, “Ikebukuro Loan Plaza”, a face-to-face shop operated by MX Mobiling, also started the sales of these housing loans.

^{*1} From, Jan. 26, 2017 ^{*2} From Feb. 1, 2017

住信SBIネット銀行 



Good Mortgage

MX Mobiling

MR. 住宅ローンREAL

“MR. Housing Loan REAL”

The sales of the long-term fixed rate product

“Flat 35”

Sales



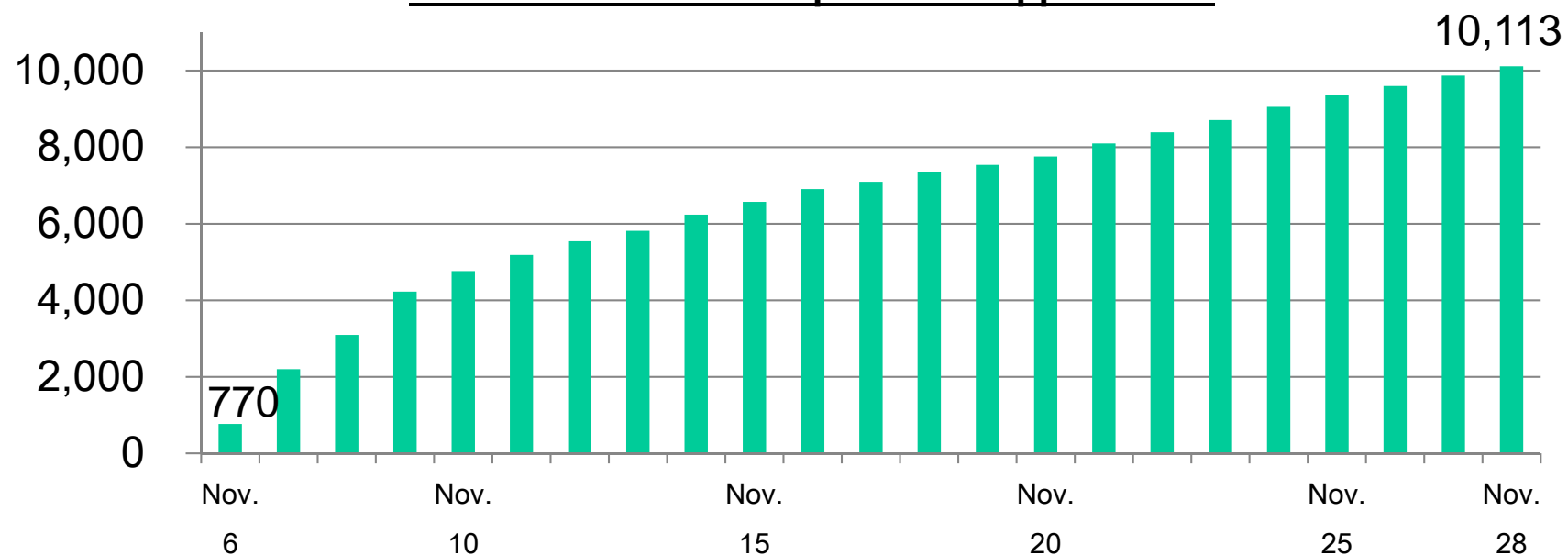
Face-to-face customers

The Number of Applications for MIRAINO CARD, Card's of which Applications are being Newly Accepted, is Increasing Steadily



- Started receiving applications from Nov. 6, 2017
- Depending on the usage level, may be eligible for free transfer fees and ATM fees, through the “Smart Program,” subject to a ranking judgment

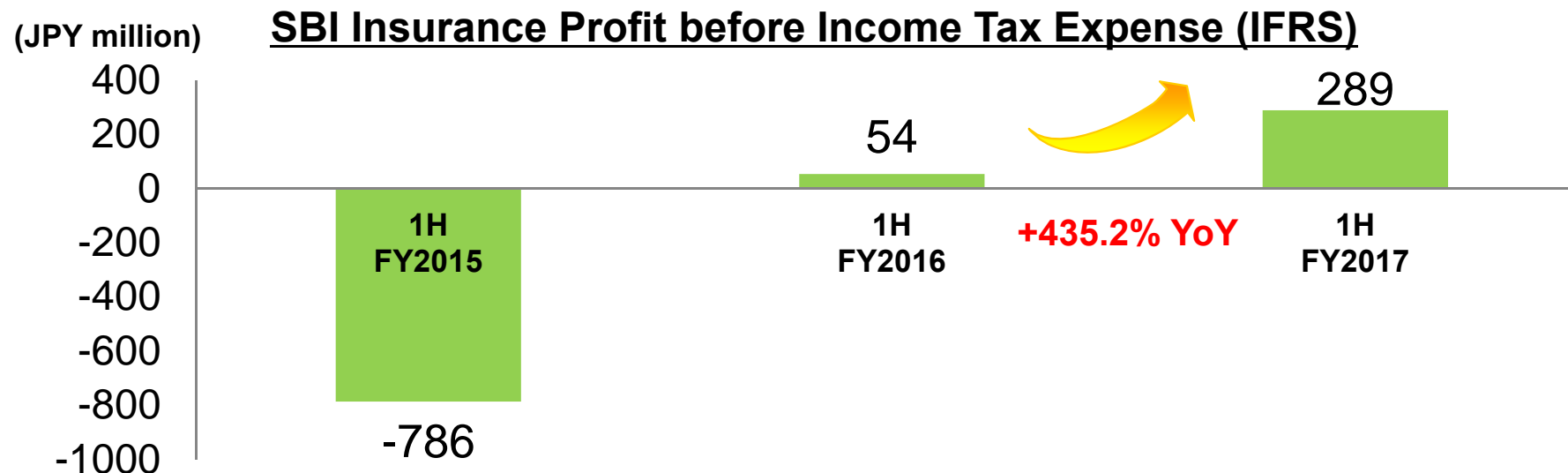
The Number of Applications for MIRAINO CARD, since the Start of Acceptance of Applications



③ Insurance-related business

- (i) SBI Insurance**
- (ii) SBI Life Insurance**
- (iii) Small-amount, short-term insurance business**

SBI Insurance Financial Results for 1H FY2017



Combined Ratio (Based on Direct Figures)

(Unit: %)	1H FY2015	1H FY2016	1H FY2017
Loss ratio*1	70.6	68.4	<u>69.2</u>
Operational cost ratio*2	20.8	18.4	<u>18.7</u>
Combined ratio	91.4	86.8	<u>87.9</u>

Reasons for the rise in the combined ratio

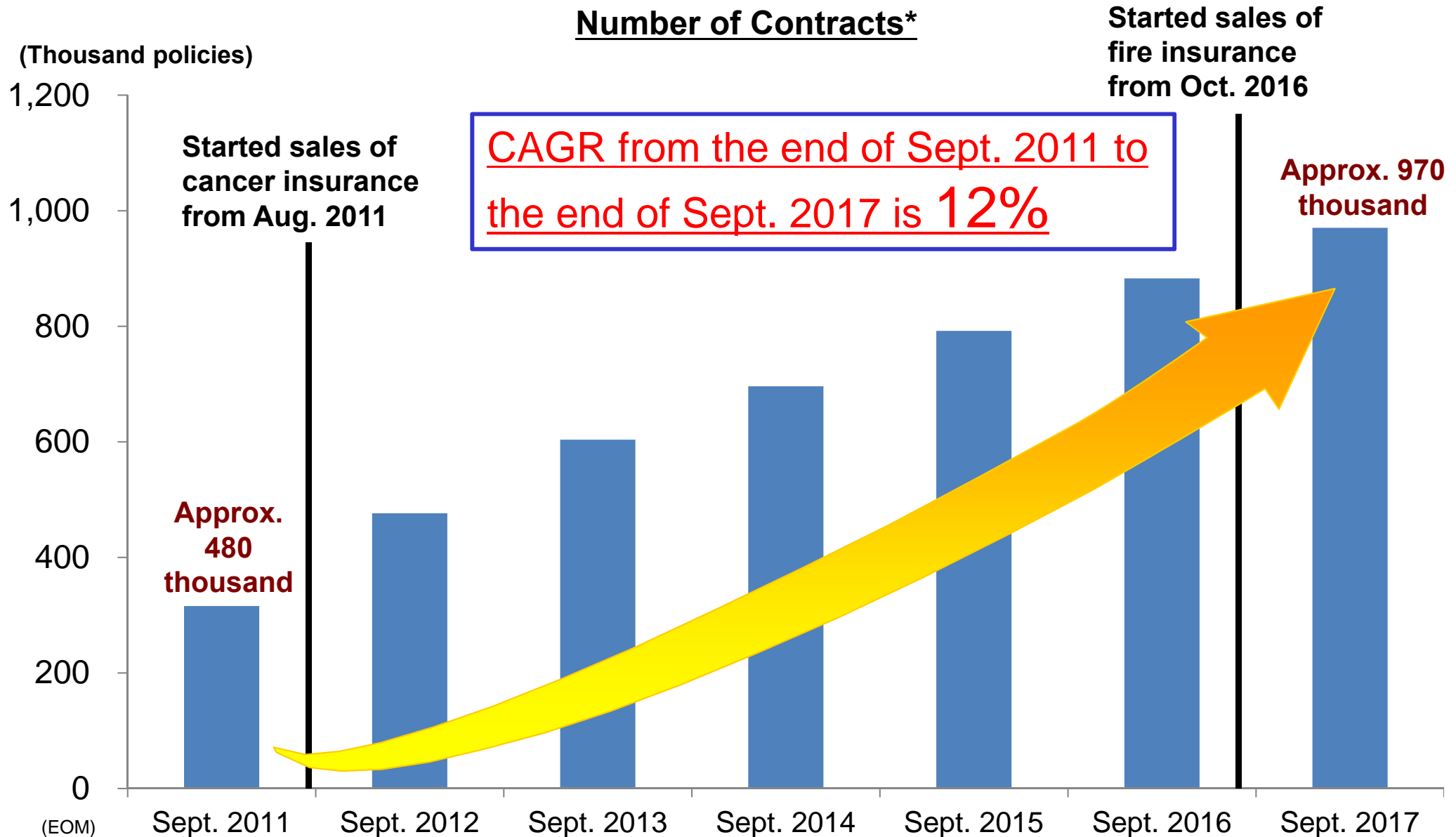
- **Loss ratio: Payments for major insurance claims**
- **Operational cost ratio: Newly included operational expenses for fire insurance, sales of which started in Oct. 2016**

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

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

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

The Number of SBI Insurance's Contracts Steadily Increases



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

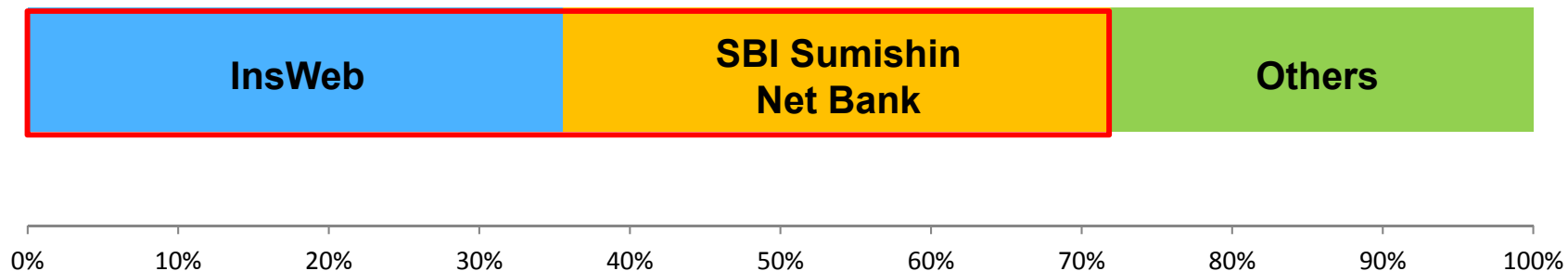
Started Sales of SBI Insurance's Fire Insurance as a New Products Offering

Thoroughly pursuing Group synergies, with SBI Sumishin Net Bank, which handles a significant amount of housing loans, and InsWeb which is an insurance comparison site



- 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

Sept. 2017 Acquisition ratio of fire insurance through sales channel



Approx. 70% of fire insurance applications in Sept. 2017 were accounted for from the inflows of the above Group company or service

SBI Life Insurance Financial Results for 1H FY2017 (J-GAAP)

Financial Results (1H FY2017)

Owing to the cost of launching the sales of a group credit life insurance product, temporarily recorded a deficit in the previous quarter, but still recorded ordinary profit for the first half

- **Solvency margin ratio: 1,212.6%** *As of June 30, 2017
- **The number of contracts: approx. 114 thousand**

(Reference) Comparison of financial results for FY2016

(Unit: JPY million)	SBI Life Insurance	Rakuten Insurance	Lifenet Insurance	AXA Direct Life Insurance
Start of operation	Feb. 2016	Oct. 2008 ^{*1}	May 2008	Apr. 2008 ^{*2}
Ordinary profit and loss	1,625	1,357	-2,031	-3,633
Total assets	131,484	34,661	31,934	9,324

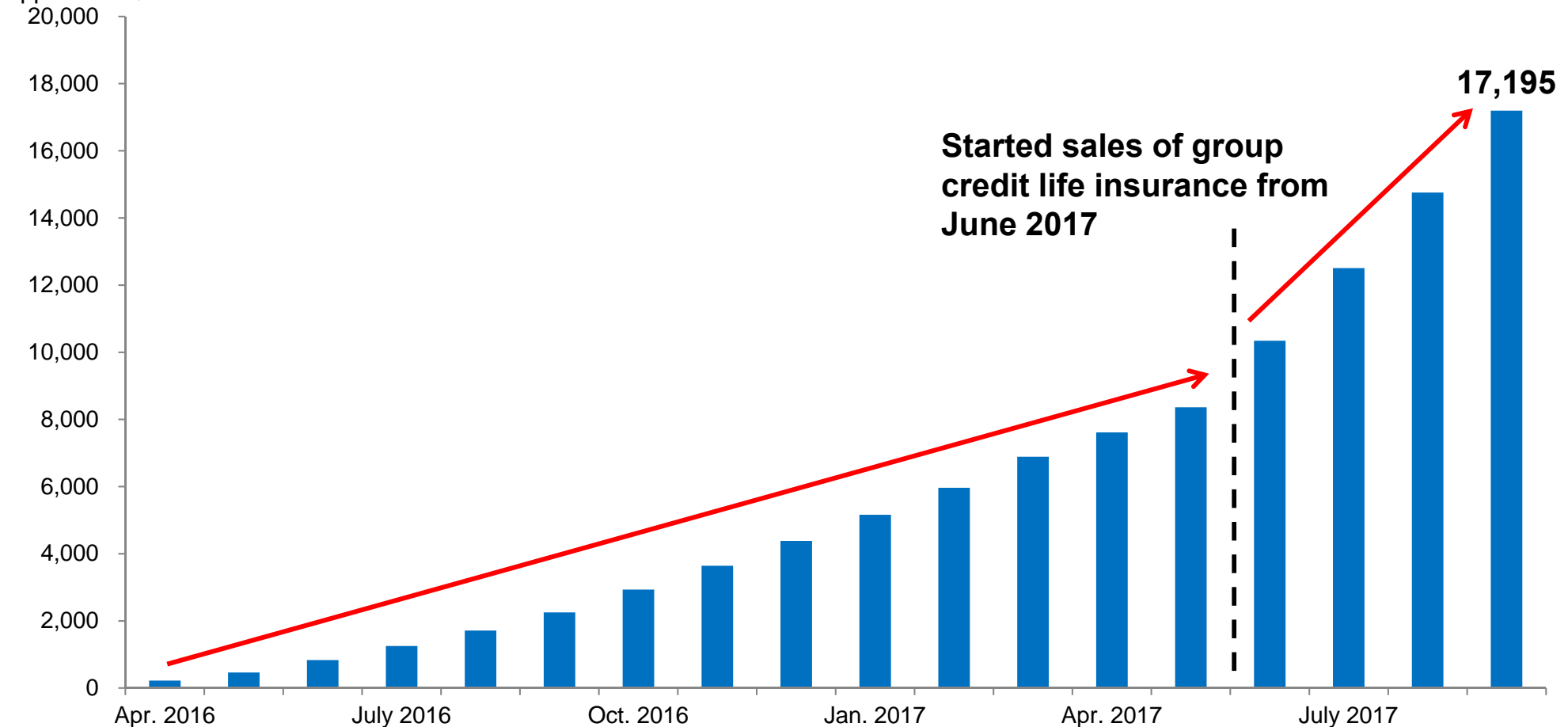
*1 Start of operation of AIRIO Life Insurance, which was succeeded to business from a voluntary mutual aid, and opened as a new life insurance company

*2 Start of operation of SBI AXA Life Insurance

SBI Life Insurance's Number of Applications Accelerated for New Products, Owing to the Launch of the Group Credit Life Insurance

(The number of applications)

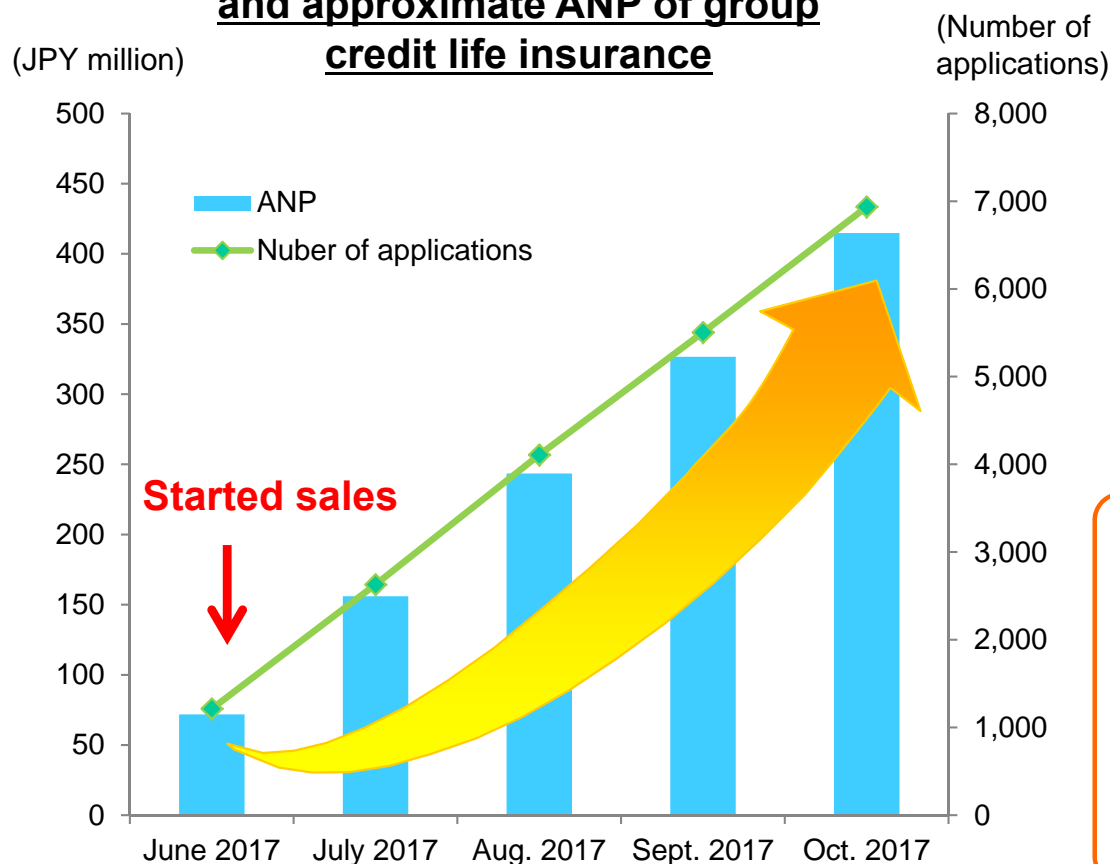
SBI Life Insurance's total number of insurance applications



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

SBI Sumishin Net Bank's Housing Loan is Accompanied by SBI Life's Advanced Medical Treatment Special Contract and the Group Credit Disability Income Insurance with All Disease Security, which are Both Selling Well (Sales launched in June 2017)

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



Housing loans that SBI Sumishin Net Bank underwrites

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

Totals as of Oct. 2017 * based on applications

Total number: 6,936 (increased 26.0% MoM)

Approximate ANP (annualized premium):

Approx. JPY 415m
(increased 27.0% MoM)

Proactively promoting business activities with regional financial institutions, with multiple companies concretely considering introductions in the next fiscal year

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: 15,258



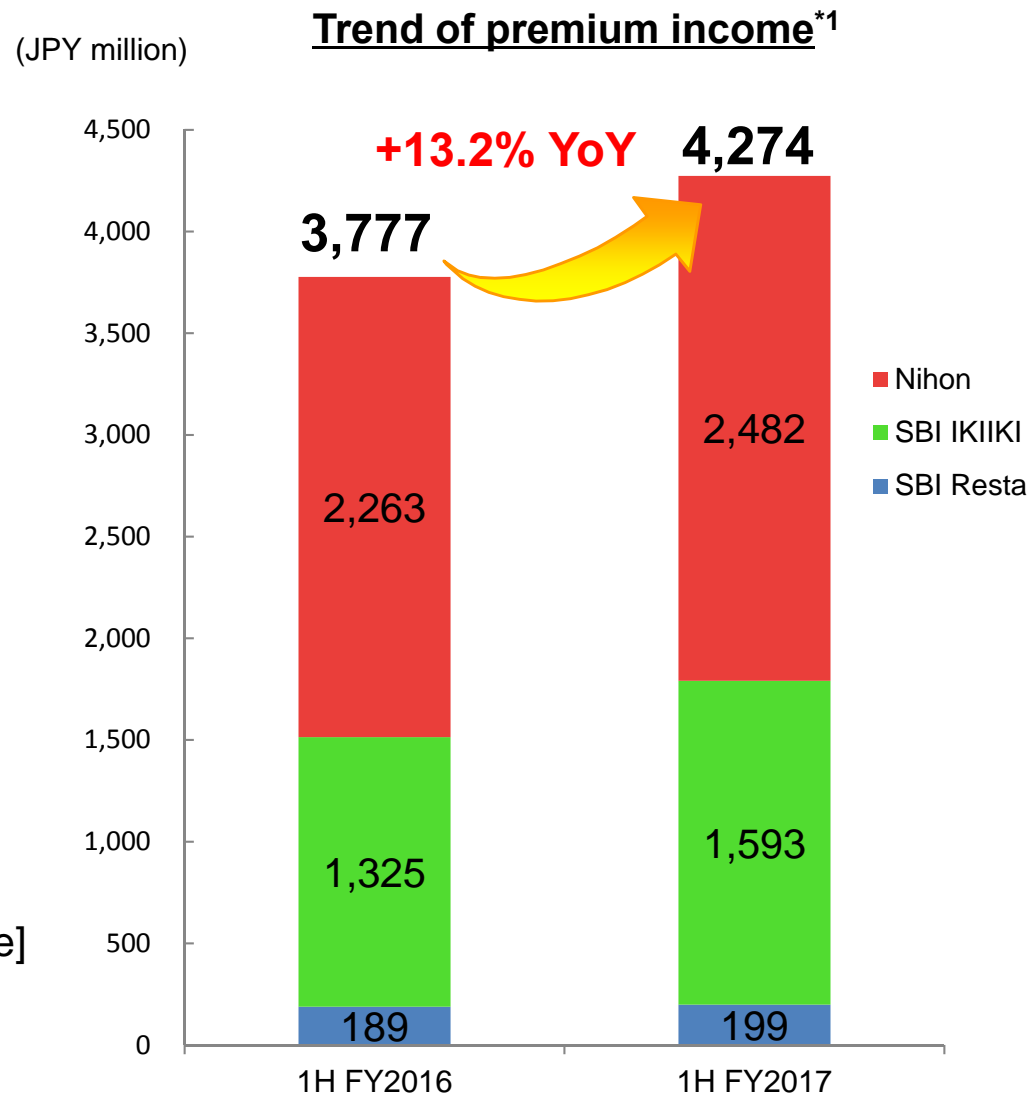
[SBI IKI IKI SSI: Death insurance, Medical insurance, Pet insurance]
All categories

Number of contracts: 63,445



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

**Number of contracts:
524,155**



* Simply sum of 1H financial results of each SSI company

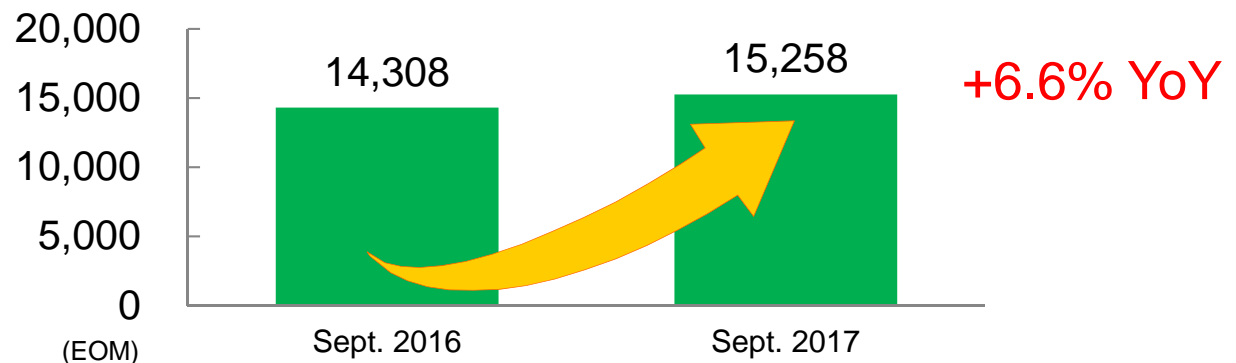
Number of Contracts of the Small-amount, Short-term Insurance Companies

Steadily increasing the number of contracts in each SSI companies

SBI リスタ少額短期保険
[SBI Resta SSI]

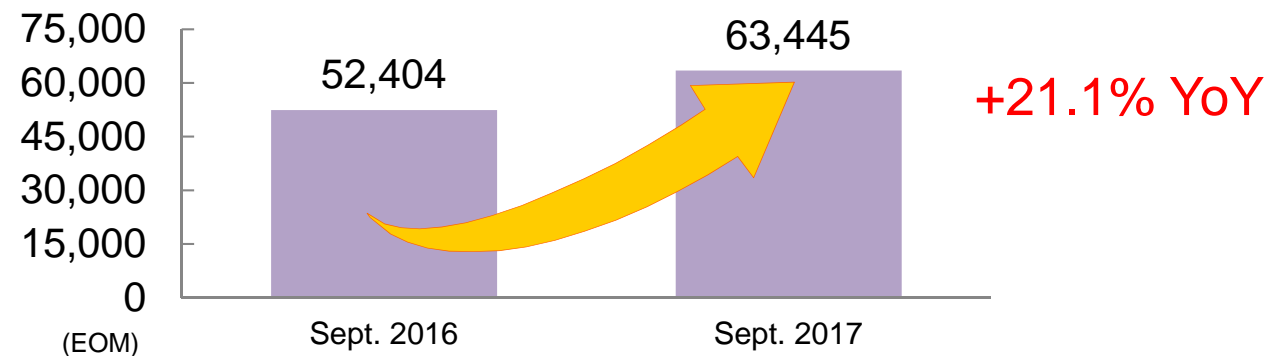
Acquired in
Mar. 2012

* Number of Contracts of
Earthquake Indemnity Insurance Resta



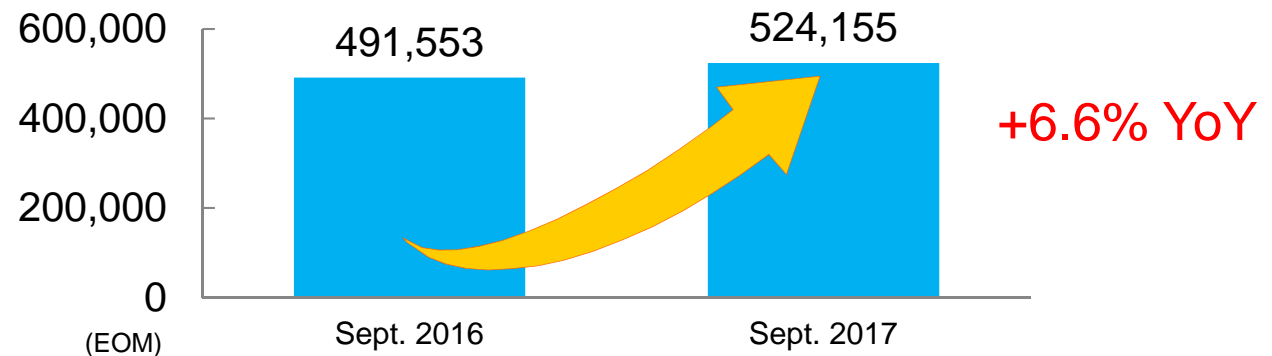
SBI いきいき少額短期保険
[SBI IKIKI SSI]

Acquired in
Mar. 2013



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

Acquired in
Sept. 2016



SBI IKI KI SSI Started Sales of Pet Insurance, with the SSI Industry's Lowest Premiums, from Sept. 19, 2017

- 85.6% of pet owners answered, "A pet is like a family member." ^{*1}
- On the other hand, in Japan the penetration rate of pet insurance is approx. 6%. ^{*2}
 - ➔ This is low compared to the penetration rate of 25% in the U.K. (based on The Small Amount & Short Term Insurance Association of Japan data).

The need to provide considerate medical care, even to pets is growing.



- Comprehensive policy includes coverage of inpatient, surgery, and outpatient service medical costs, no limit on the number of benefit payments, and no maximum amount per day.
- Insurance can be continued for the pet's lifetime, and premiums do not increase from age 12 onward.

Through the use of the Internet, dramatically reduced costs to realize the SSI industry's lowest premiums^{*3}



SBI Insurance responded to various needs, and started handling pet insurance from the launch date, in order to pursue Group synergies

^{*1} Questionnaire survey of SBI IKI KI SSI policyholders (Dec. 2016 to Jan. 2017)

^{*2} SBI IKI KI SSI estimate calculated by dividing the combined sums of policies in-force at the end of fiscal 2016 of two non-life insurers offering pet insurance and The Small Amount & Short Term Insurance Association by the number of dogs and cats owned according to Japan Pet Food Association data

^{*3} In comparison with dog (toy poodle) and cat pet insurance products of nine insurance companies and other providers that can be purchased online and for which the following terms and conditions are comparable, as of Sep. 1, 2017

(2) Asset Management Business

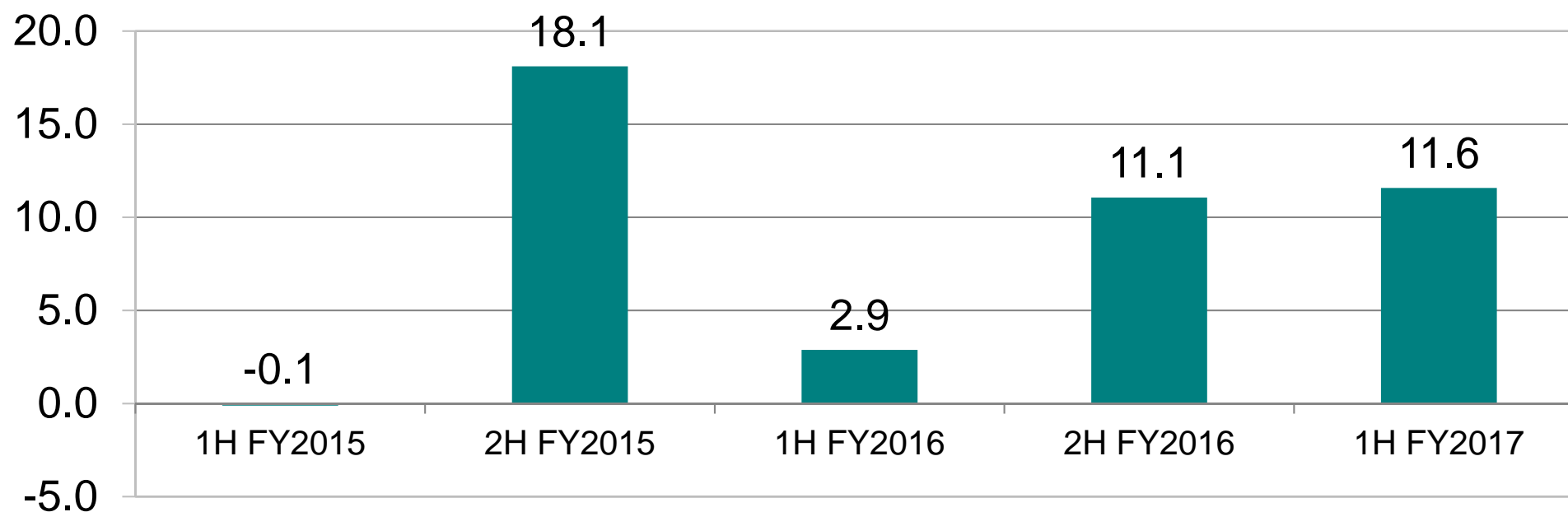
Asset Management Business' Financial Results

(IFRS, JPY billion)

	1H FY2016	1H FY2017	YoY % change
Revenue	34.9	38.2	+9.3
Profit before income tax expense	2.9	11.6	+297.6

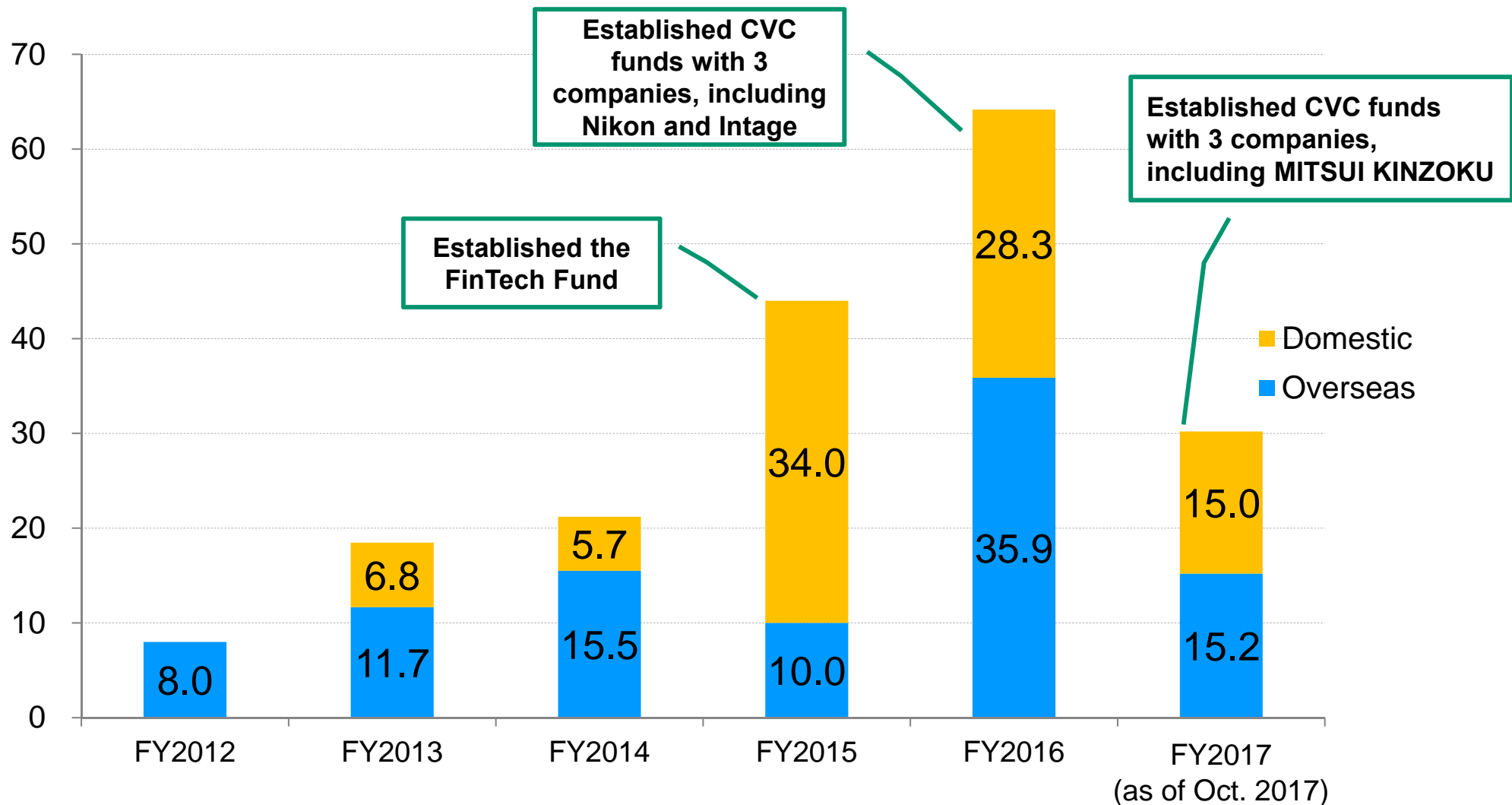
(IFRS, JPY billion)

Trend of profit before income tax and expense



Through the Establishment of the FinTech Fund and CVC Funds, Strengthening the Investment Structure with a View Toward Future Harvest

(JPY billion) **Commitment amount of funds established in each fiscal year**



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

Owing to the Revitalized Venture Investing by Business Companies, Strengthening the Support System of the CVC Fund

○ Nikon (announced on July 4, 2016)

Jointly establishing a private fund “Nikon-SBI Innovation Fund”

Investment target: Promising venture companies in Nikon’s current business
and new service areas

Fund size: up to JPY 10bn

○ Intage Holdings (announced on Oct. 17, 2016)

Jointly establishing a private fund “INTAGE Open Innovation Fund”

Investment target: Promising venture companies in Intage’s current business,
new service areas and intra-venture businesses

Fund size: up to JPY 5bn

○ MITSUI KINZOKU (announced on Sept. 1, 2017)

Jointly establishing a private fund “Mitsui Kinzoku-SBI Material Innovation Fund”

Investment target: Promising material related venture companies in Japan and
abroad, with expected synergies with MITSUI KINZOKU’s current business

Fund size: up to JPY 5bn

SBI Investment established a specialized department for CVC funds in Apr. 2016, in order to strengthen the support system for CVC funds, and in the previous fiscal year a fund of JPY 10bn was established, along with two JPY 5bn CVC funds which were established in the current fiscal year

SBI Investment KOREA Expands the Management of Funds in South Korea

- **For funds that were established in 2016, the total amount of capital commitment for the funds on a cumulative basis reached approx. KRW 334.9bn (approx. JPY 33.49bn)**
- **Continuing promotional efforts for the entrustment of fund management from the government agencies of South Korea**

SBI-Growth Ladder Konex Vitalization Fund No.2

(Established in Sept. 2017)

Total commitment amount: KRW 36.4bn (approx. JPY 3.64bn)

SBI KwangMyung 1st Private Equity Fund

(Established in Sept. 2017)

Total commitment amount: KRW 15.6bn (approx. JPY 1.56bn)

Money Forward was Listed on TSE Mothers, and Argus, a Venture Company in Israel, was Sold, Manifesting that the Investments in the Technology Innovation Field is Moving into the Monetization Phase



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

Public offering price	Initial share price	High price (Until Nov. 29, 2017)
JPY 1,550	JPY 3,000	JPY 3,540 (As of Nov. 28, 2017)

The initial share price exceeded the public offering price by 94%, reflecting the high expectations for FinTech stocks



Development and provision of specialized auto cyber security solutions



The company was sold for approx. 5.3 times the investment amount to Continental in Germany, the world’s largest tire and automobile parts maker

FinTech Investee Companies are Planning IPOs, One After Another

[Planned EXIT schedule of FinTech investee companies]

Already decided on investments into **61** companies

(Total investment amount to be approx. **JPY 20bn** through the FinTech Fund and approx. **JPY 12bn** by SBI Holdings)

Year 2017: 1; Year 2018: 5; Year 2019: 14; After Year 2020: 29; TBD: 12

FY2017 Prospective IPOs of the SBI Group

Investee Companies

	Full-year FY2016	Full-year FY2017 prospects
IPO・M&A deals	14	21

In 1H FY2017, 8 companies were IPO'd and 3 companies were M&A'd

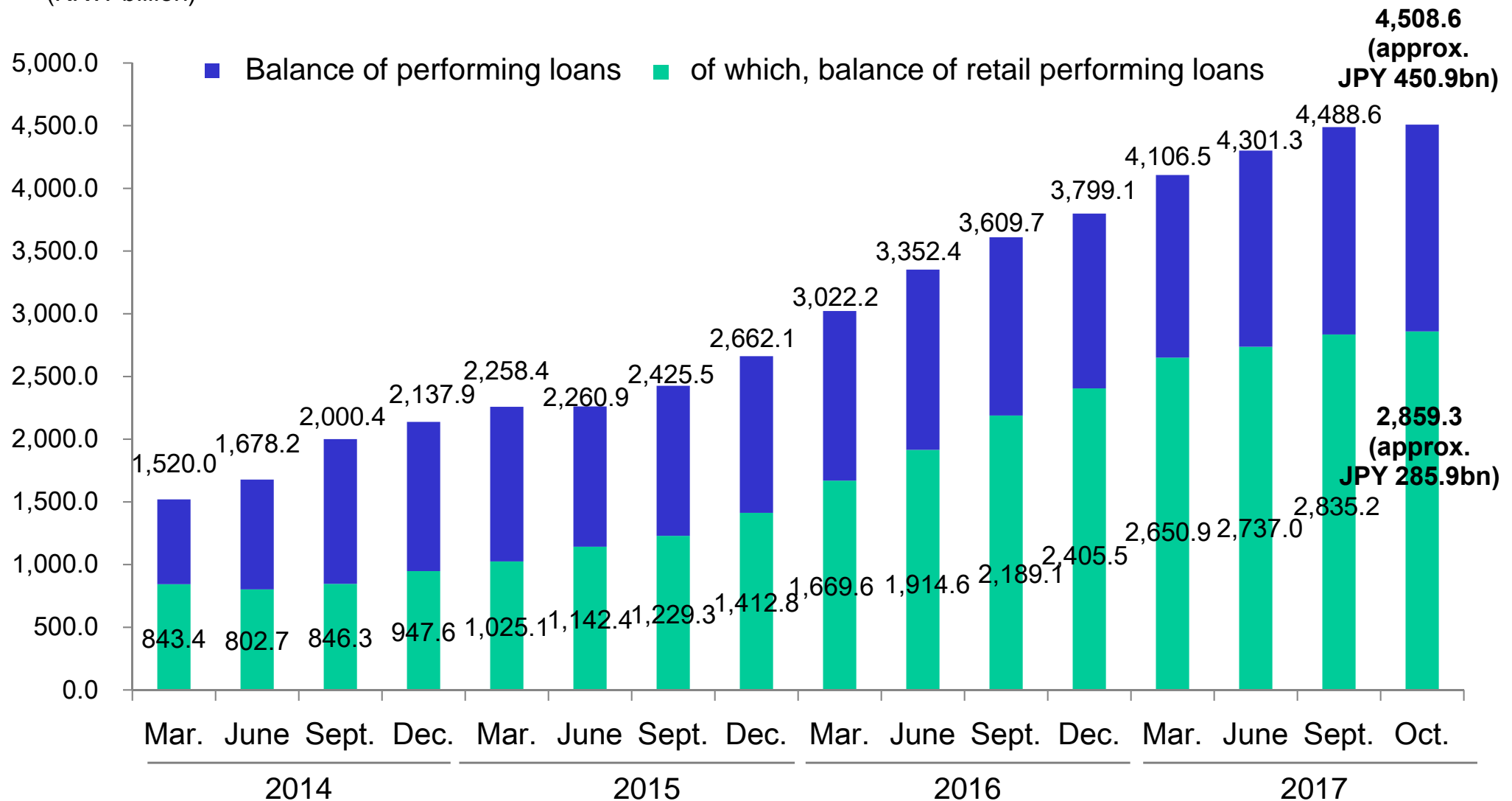
EXIT Date	Company	Market (Country)
Apr. 11	ChemOn	M&A
Apr. 18	Toebox Korea	M&A
July. 20	Crossfor	TSE JASDAQ
Aug. 3	SHARINGTECHNOLOGY	TSE Mothers
Aug. 4	Motrex	KOSDAQ
Sept. 14	Pearl Abyss	KOSDAQ
Sept. 15	SAMCO	KOSDAQ
Sept. 19	Global Tax Free	M&A
Sept. 27	UTI Korea	KOSDAQ
Sept. 29	Money Forward	TSE Mothers
Sept. 29	YAS	KOSDAQ

*When the investee company performs stock exchange or merger with the public company, it is described as M & A

SBI SAVINGS BANK's Balance of the Retail Performing Loans Increased Significantly

Balance of Performing Loans*

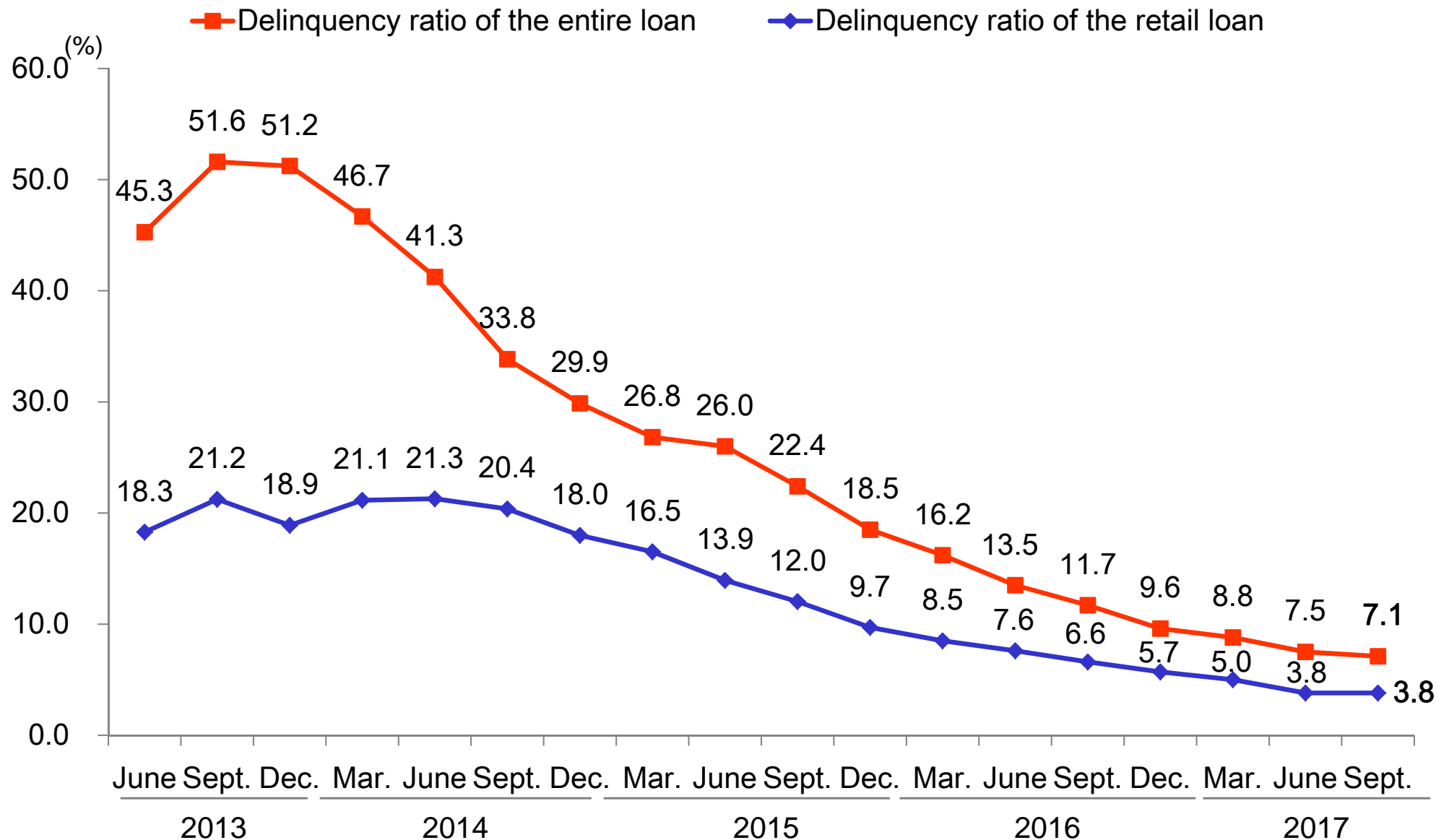
(KRW billion)



* Based on K-GAAP

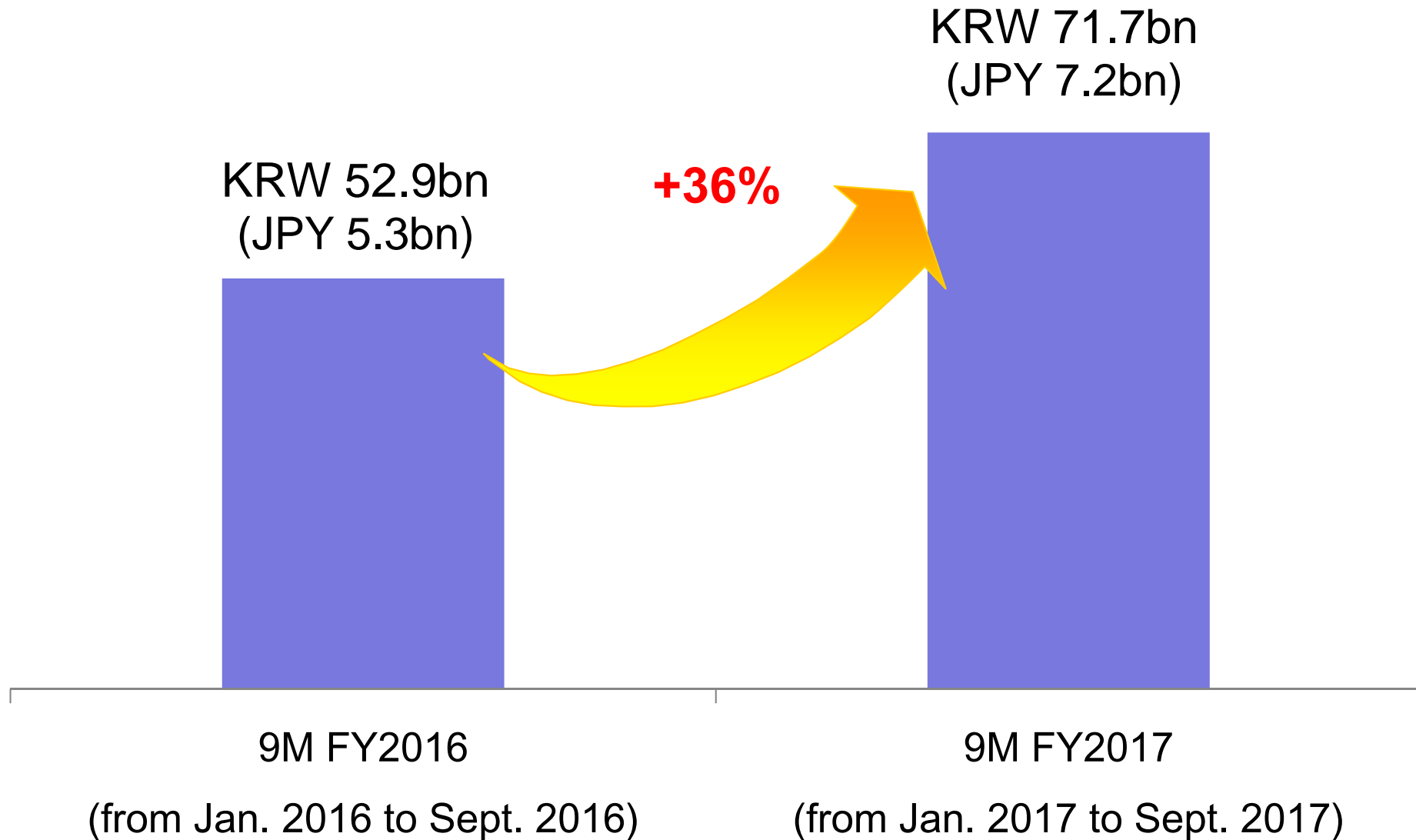
*Converted at KRW 1 = JPY 0.10

Overall Delinquency Ratio Decreased Dramatically



*Based on K-GAAP

SBI SAVINGS BANK's Net Income Trend (Based on K-GAAP)



(3) Biotechnology-related Business

- ① SBI Biotech**
- ② Quark**
- ③ 5-ALA-related business**

-Drug discovery pipeline progress-

	Licensing partner(timing)	Adaptation disease	Progress	
MEDI7734 (Anti-ILT7 antibody)	MedImmune, LLC. (Subsidiary of AstraZeneca) (Sept. 2008)	Autoimmune diseases (Systemic Lupus Erythematosus (SLE), Sjogren's Syndrome, Dermatomyositis, etc.)	Phase I	MedImmune is conducting Phase I clinical trial.
SBI-9674	Kyowa Hakko Kirin Co., Ltd (Dec. 2016)	Autoimmune diseases	Pre-clinical (Kyowa Hakko Kirin promoting development)	Further receipt of milestone payments in accordance with development progress is also expected
Cdc7 inhibitor	Carna Biosciences, Inc. (May 2014)	Cancers	Pre-clinical (plan to apply for clinical trial in 2017)	Carna Biosciences entered into an out-licensing agreement with Sierra Oncology. Further receipt of milestone payments in accordance with development progress is also expected
GNKS356	Independently	Autoimmune diseases (Psoriasis / Systemic Lupus Erythematosus (SLE))	Pre-clinical	Selected as Japan Agency for Medical Research and Development's (AMED) project of promoting support for drug discovery on orphan drugs (from FY2015 to FY2017). Received subsidies (up to JPY 200m per fiscal year) and promoting R&D →We are engaged in discussing with several companies for out-licensing
SBI-3150	Independently	Autoimmune diseases (Various diseases caused by pDC / activated B cells)	Pre-clinical	Using the advantages of the development concept, we are engaged in discussing with several companies for out-licensing

② Quark

- SBI Biotech acquired a 100% ownership in Dec. 2012, to make Quark a wholly owned subsidiary
- Even at the latest, a separation from SBI Biotech at the beginning of next year is planned

-Drug discovery pipeline progress-

	Licensing partner	Adaptation disease	Progress	
QPI-1002	Novartis International AG	Kidney Transplantation (DGF)	Phase III	Conducting final clinical trials at 75 institutions, mainly in the U.S., as well as in Canada, Germany, Brazil and other countries.
		Acute kidney injury (AKI)	Phase II (Completion)	Complemented clinical trials at 40 institutions, mainly in the U.S. and Germany <u>QPI-1002 meets primary & multiple secondary endpoints</u>
Total milestone payments: USD 670m (including pre-receipt)				
QPI-1007	Biocon Ltd of India	Non-arteritic anterior ischemic optic neuropathy (NAION)	Phase II / III	Conducting final Phase III clinical trials at 66 institutions, mainly in the U.S. and Europe.
PF-655	Pfizer Inc.	Glaucoma, Diabetic macular edema (DME) and Age-related macular degeneration (AMD)	Phase IIa (Completion)	Preparing clinical trial for the next step

Results from a Phase II Study of QPI-1002 for the Prevention of Acute Kidney Injury (AKI) Following Cardiac Surgery

Points of the results from a Phase II study

- **QPI 1002 meets primary & multiple secondary endpoints**
- **A statistically significant reduction in AKI incidence following cardiac surgery was demonstrated**
- **First multicenter Phase II clinical study with an investigational drug for the prevention of AKI to meet primary endpoint**
- **QPI-1002 appears to be well tolerated with no safety issues identified**

Dr. Bruce A. Molitoris, Distinguished Professor of Medicine and Cellular and Integrative Physiology Indiana University School of Medicine and past president of the American Society of Nephrology, said:

“AKI is one of the major complications following cardiac surgery and is associated with increased hospitalization, development of chronic kidney disease and higher post-surgical mortality. There is currently no approved treatment for the prevention of AKI. The results of the Quark QRK-209 study are encouraging and bring us closer to having a treatment that would reduce AKI incidence which represents a significant advance in patient care.”

Advanced Medical Care Focused on the Kidney Attracts Attention

**-NHK Special “Jintai (The Human Body)”-
“Kidney” decides your life span
(broadcasted on Oct. 1, 2017)**

Excerpts from the program:

- ✓ The kidneys receive information from various organs and exquisitely control the blood constituents. It is exactly what is called the key of the “human body network”
- ✓ One study analyzing medical papers around the world showed that one in five out of all hospitalized patients developed “Acute Kidney Injury (AKI),” and was exposed to the risk of life



Regarding the developed siRNA compound “QPI-1002” (Quark granted an exclusive worldwide license option to Novartis International AG, Switzerland), Quark successfully completed a Phase II study to evaluate the efficacy and safety of QPI-1002, for the prevention of acute kidney injury (AKI) following major cardiac surgery

For the Consolidated Financial Results, Recorded a Temporary Loss, Owing to an Asset Revaluation on One of Quark's Pipeline Drugs, PF-655

	Licensing partner	Adaptation disease	Progress	
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

For PF-655, there is a possibility of substitution with age-related macular degeneration (AMD), so Quark is reviewing its development plans, since candidate substances with expected higher effects have been found. Therefore, a temporary loss (approx. JPY 3.1bn) was recorded for the consolidated financial results, owing to a revaluing of a part of the intangible assets that were previously recorded

Profit before Income Tax Expense of the Biotechnology-related Business for 1H FY2017 (IFRS)

	1H FY2016 (Apr. – Sept. 2016)	1H FY2017 (Apr. – Sept. 2017)
Total of the Biotechnology-related Business	-5,178	-8,604
Of which, partial write-down of Quark's pipeline		-3,103

(JPY million)

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

Obtained the manufacturing and marketing approvals for a photodynamic diagnostic agent for carcinoma vesicae, “ALAGLIO Divided Ganules 1.5g,” listed on the National Health Insurance (NHI) reimbursement price list on Nov. 22, 2017
-Scheduled to be released by Chugai Pharmaceuticals within this year-

Photodynamic diagnostic agent for carcinoma vesicae:

The world-first orally administered formulation for photodynamic diagnosis (PDD) for the purpose of visualizing the non-muscle invasive bladder cancer at the operation of the transurethral resection of the bladder tumor (TURBT)

*Designated as an orphan drug, calculated drug price: JPY 74,873.70 (1.5g 1 pack)

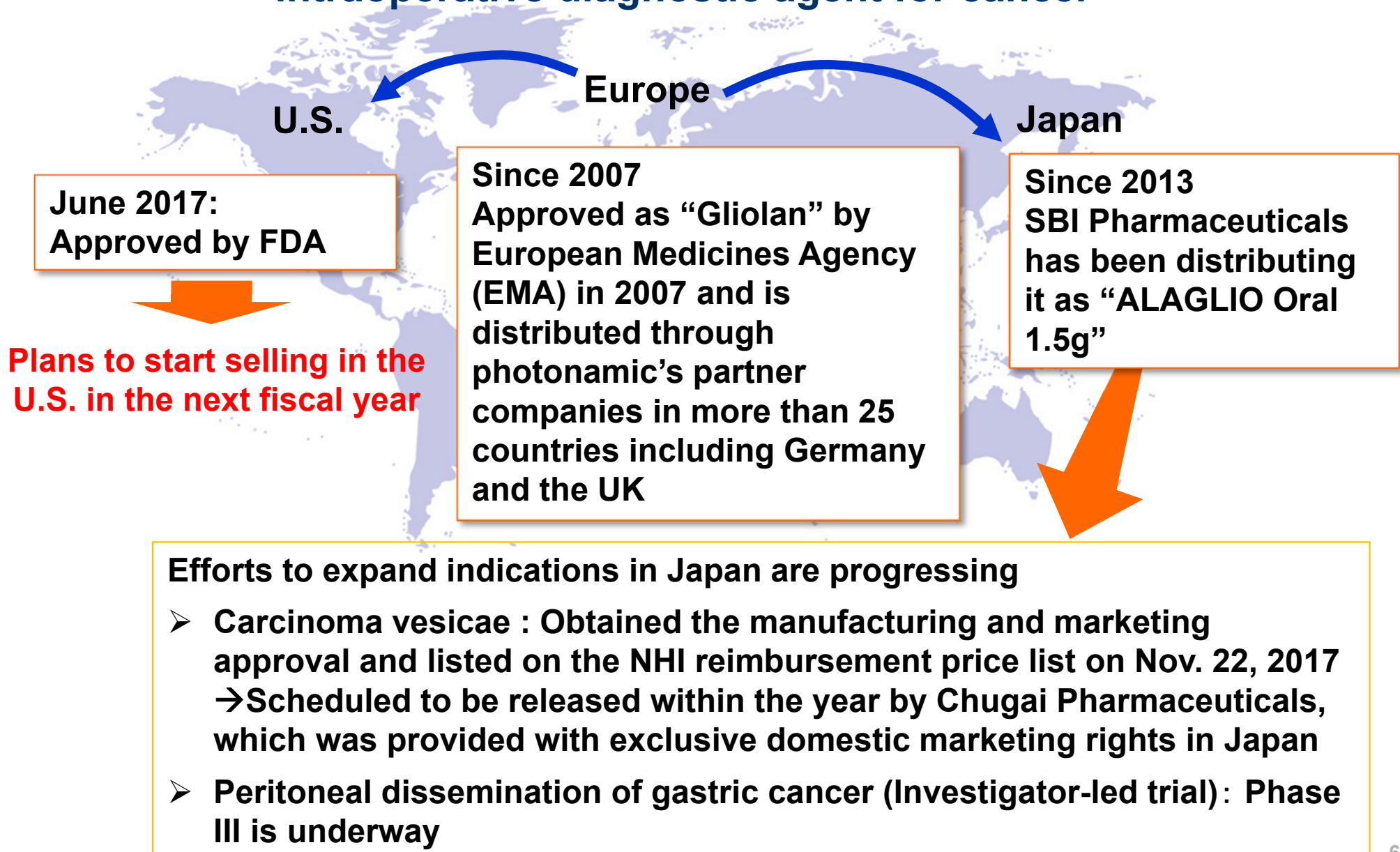
This Agent is dissolved in water and orally administered to the patient 3 hours (range: 2 - 4 hours) before the insertion of a cystoscope to the bladder

Then blue light is irradiated inside the bladder and this procedure emits red fluorescence at the site of tumor lesion and elevates the visibility of the lesion

- This is thought to make it easy to distinguish even minute cancer and flat cancer that cannot easily be visible by the conventional method with white light source only
- Resecting tumor lesion as much as possible at the initial treatment of the non-invasive bladder cancer is expected to be clinically useful to prevent progression and recurrence of bladder cancer after the operation

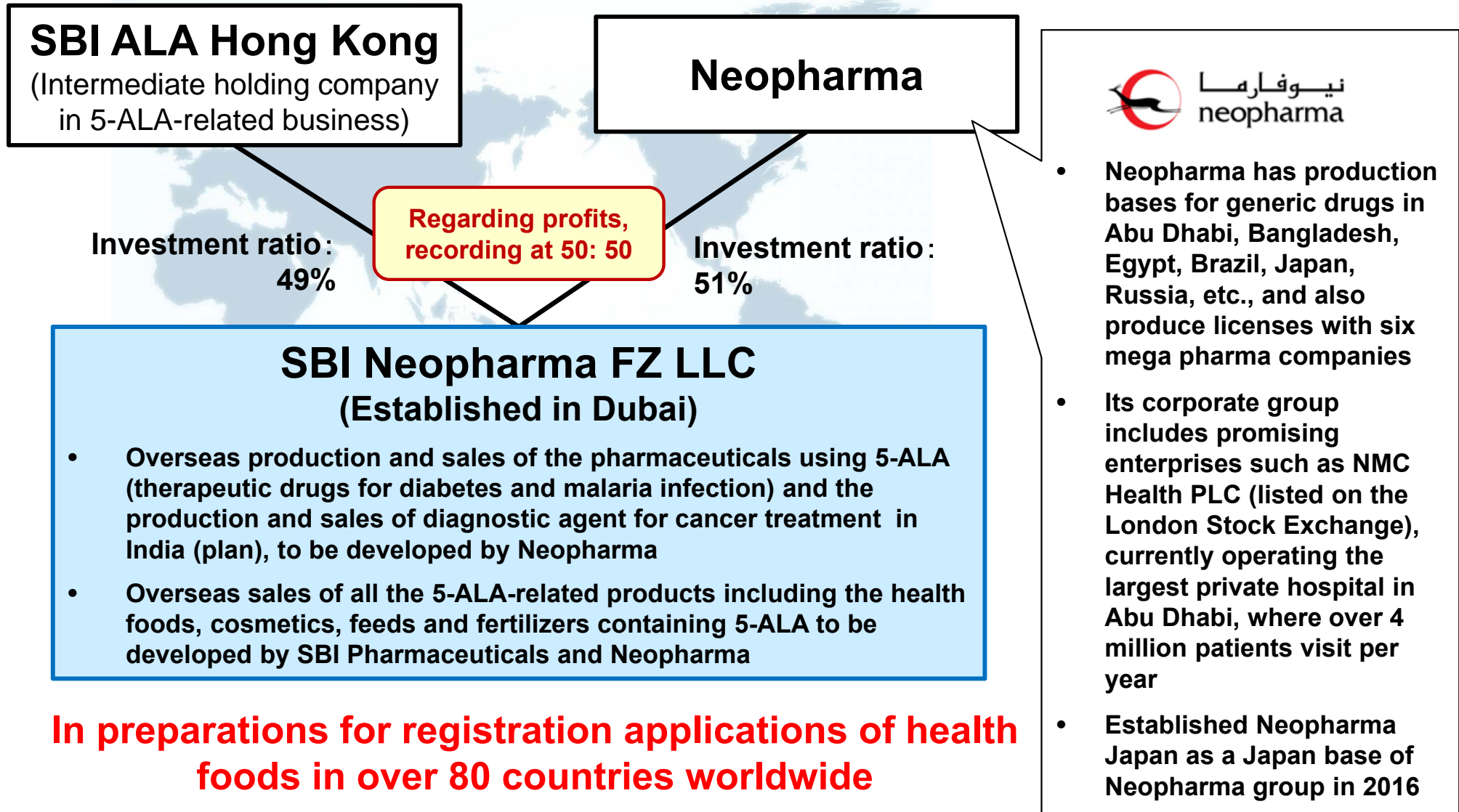
(ii) photonamic

Establishing a worldwide sales network of 5-ALA-based intraoperative diagnostic agent for cancer



(iii) SBI Neopharma

**Launched the sales of 5-ALA-related health foods
in the Middle East from May 2017**



**In preparations for registration applications of health
foods in over 80 countries worldwide**

 **In FY2018, it is expected to sell in more than 10 countries
worldwide**

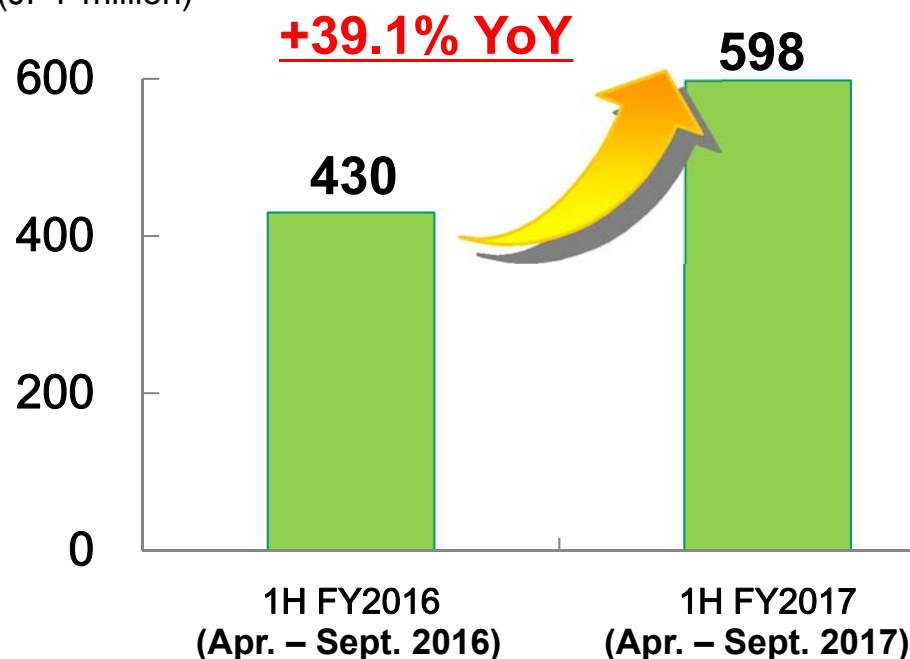
(iv) SBI ALApromo

Achieved profitability on a half-year basis in 1H FY2017

*Distributor of 5-ALA-related products including supplements and cosmetics

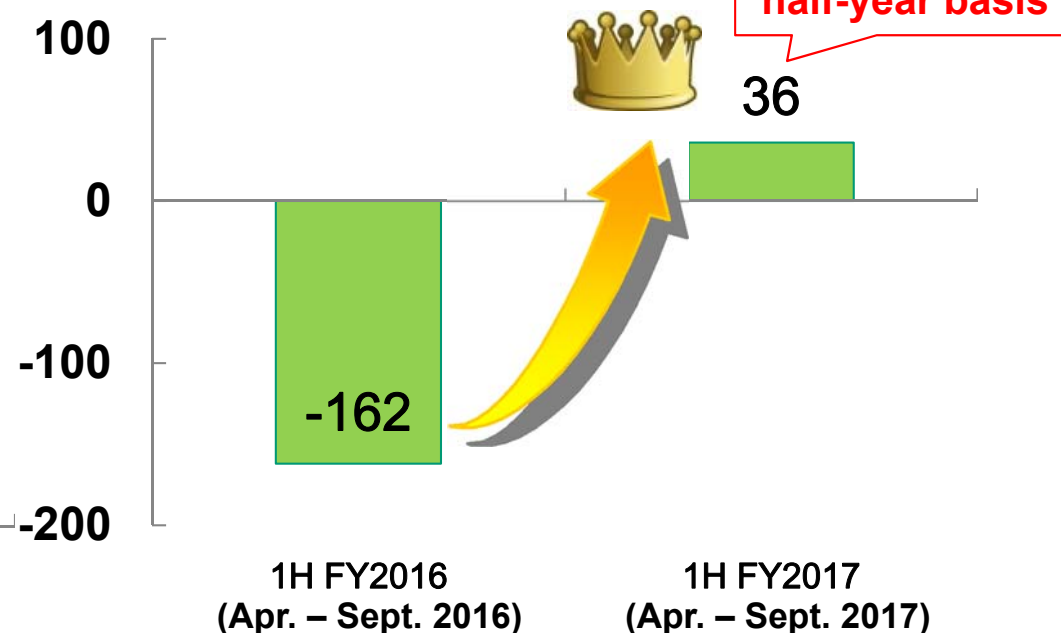
Revenue

(JPY million)



Profit before Income Tax Expense(IFRS)

(JPY million)



Among approx. 1000 foods with functional claims received by the Consumer Affairs Agency, “ALApplus Tou (Sugar) Down” (30 capsules) was ranked 9th in sales, in Sept. 2017. (Published in the Nov. 2017 issue of the monthly magazine “H&B Retail”)* Ranked in for 19 consecutive months since Mar. 2016

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

Steadily Enhancing SBI ALApromo's Product Offerings

Products launched in FY2017:

➤ ALAplus Meno.Stop (since May)

A supplement containing a high concentration of 20 nutrient ingredients in 5 tablets and capsules (1 packet)

*Product name derivation: menopause



➤ ALAplus 75 (since May)

A supplement containing higher levels of 5-ALA, only available in clinics

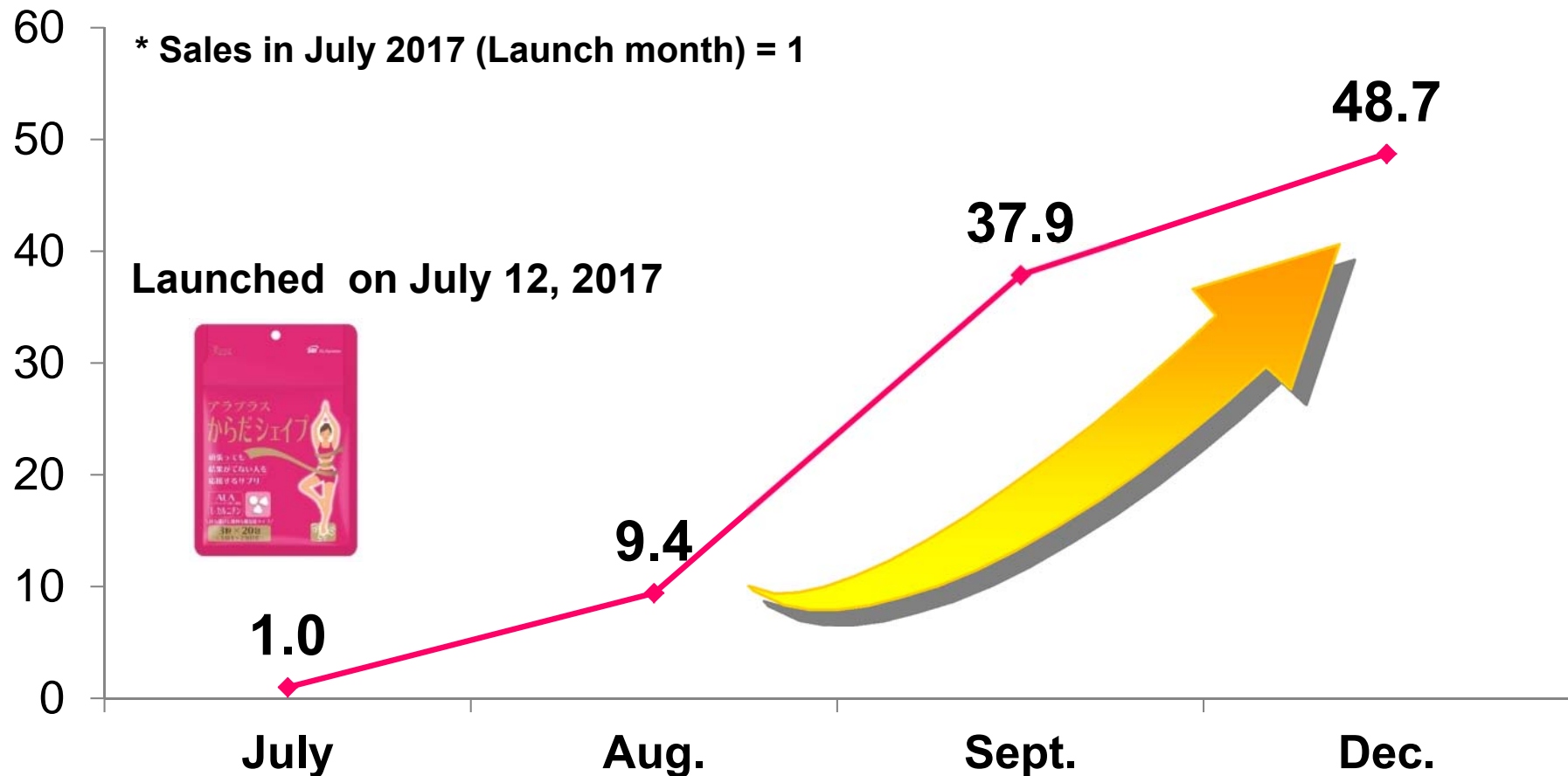
➤ ALAplus Body Shape (since July)

Contains carefully selected ingredients beneficial in creating an ideal body, including L-Carnitine, selected for fat-burning capacity, α -lipoic acid, salacia, and lactoferrin



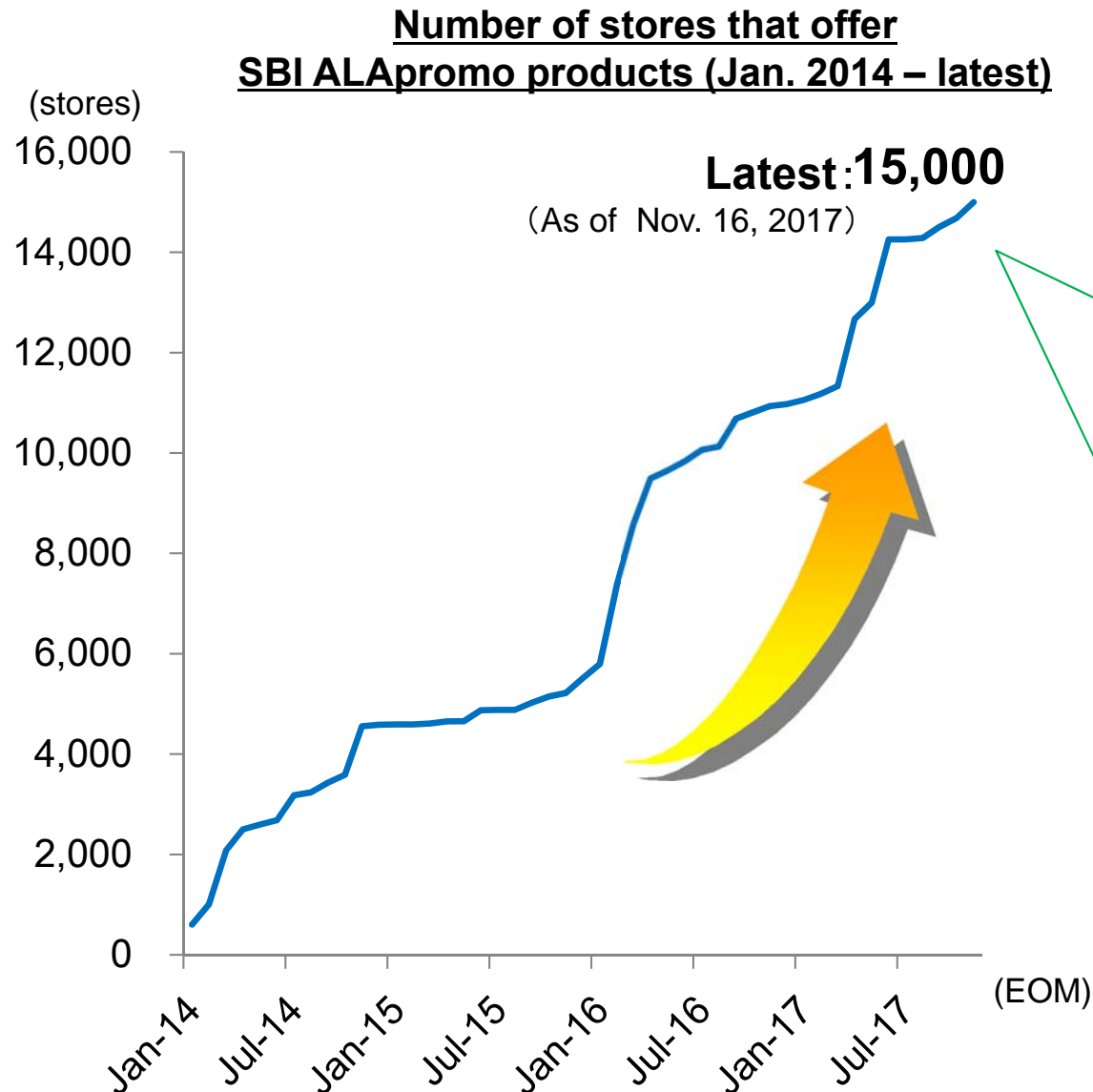
The Sales of New Products are Also Strong

Changes in the sales of “ALAplus Body Shape”



The number of introduction store of “ALAplus Body Shape” has topped 4,000 stores

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



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

e.g.

- Tsuruha Holdings approx. 1,424 stores
- Welcia 1,552 stores
- Matsumoto Kiyoshi 1,114 stores
- cocokara fine 973 stores
- FUJIYAKUHIN approx. 890 stores
- COSMOS Pharmaceutical 844 stores
- Sundrug approx. 820 stores
- SUGIYAKUHIN 385 stores

Accelerating Development of Foods with Functional Claims, for Continued Product Diversification

Foods with functional claims utilizing ingredients other than 5-ALA:

Cognitive improvement
Plans to launch the “SBI Ginkgo Bilboa” utilizing ginkgo bilboa, in Dec. 2017

Accepted by
Consumer
Affairs Agency
(Oct. 25, 2017)

**Started R&D on germination
brown rice from Apr. 2017**

Foods with functional claims containing 5-ALA, under development:

Preparing for submission to the Consumer Affairs Agency in FY2017

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

**Improvement in the
quality of sleep
(Hawaii Univ.)**

Planning submission to the Consumer Affairs Agency in FY2018

**Recovery from fatigue
(Hiroshima Univ.)**

**Improvement of
sports training effect
(Juntendo Univ.)**

**Male menopause
improvement
(Juntendo Univ.)**

Q2. What is the progress of SBI's initiatives to transition toward FinTech 1.5 - 2.0?

- (1) The birth of FinTech venture companies with various elemental technologies and the establishment of the FinTech Fund**
- (2) Examples of new technology introductions in the FinTech 1.5 era and the expansion of new businesses**
- (3) Establishment of a blockchain-based financial ecosystem in the FinTech 2.0 era**

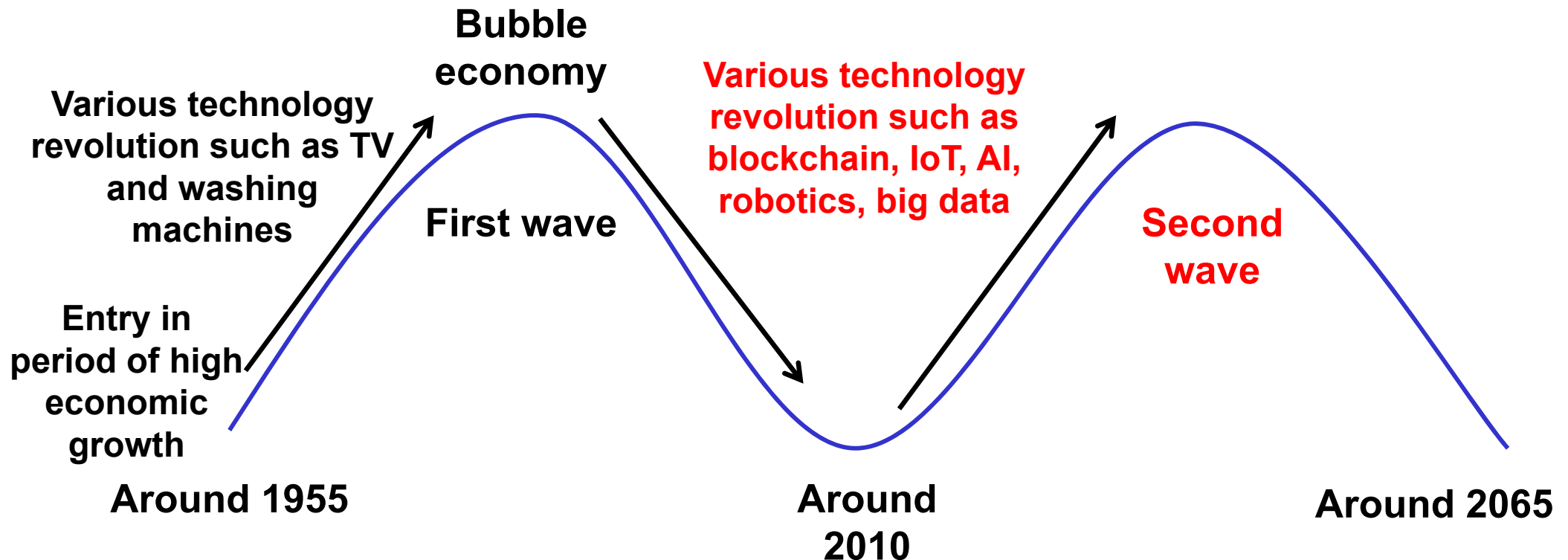
(1) The birth of FinTech venture companies with various elemental technologies and the establishment of the FinTech Fund

Kondratieff Cycle and the Technology Innovation

New technology development of blockchain technology, which is a core technology of FinTech, as well as IoT, AI, robotics, big data, etc., is blossoming

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



Innovations are Incubated by Venture Companies

1970's U.S.:



Microsoft



Venture companies, including Intel, Sun Microsystems, Microsoft and Apple Computer, were growing, with investment funds from venture capitals

Afterward, Yahoo and Google in the late 1990's , and Facebook and twitter in the 2000's started their business, supported by investment funds from venture capitals

Rise of the FinTech venture companies

From around 2013, venture companies have been playing a major role in advancing the innovation in financial technology, owing to the development in technologies, such as blockchain, which is the core technology of FinTech, IoT, AI, big data, and etc.

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 (Oct. 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"

Preparing the Establishment of a New Fund which Invests Primarily in the AI and Blockchain Categories

Scheduled to establish a successor fund to the FinTech Fund, which will be named the SBI AI & Blockchain Fund (common name: SBI A&B Fund), during this fiscal year

- ✓ **Against a backdrop of increased investment in AI ventures overseas, there is an uptrend in the number of venture companies that provide AI solutions for financial services, which are highly compatible with AI and expected to have many business opportunities**
- ✓ **The market size of Japan’s IoT sector is forecast to increase from approx. JPY 520bn in FY2015 to JPY 3.2tn in FY2022** (Source: Nomura Research Institute)
- ✓ **The size of the blockchain market is forecast to increase about eightfold in the coming five years to approx. USD 2.3bn (approx. JPY 250bn) as utilization, even in non-financial sectors, progresses** (Source: statista)



Investments from “A&B Venture” will include AI, IoT and healthcare, sharing economy, and robotics categories

The Utilization of Blockchain also Extends to Non-financial Industries

Real estate industry

Sekisui House

- Organizing a system which manages real estate information utilizing blockchain
- Collaborate with bitFlyer, to utilize blockchain for the first time in Japan's real estate industry

LIFULL

- Utilize blockchain for the management of real estate information
- Started demonstration experiments from Sept. 2017, in collaboration with Tech Bureau, for eventual commercialization purposes

Music industry

Spotify, a major company offering an online music distribution service

- Acquired Mediachain, a startup involved in blockchain
- In the future, planning to pay royalties to a wide range of music rights holders, utilizing blockchain

Medical industry

Focused on accuracy and advanced security level. Through information utilization, optimal treatment for each patient becomes possible. According to an IBM survey, 90% of medical institutions will make some investment related to blockchain in 2018.

(2) Examples of new technology introductions in the FinTech 1.5 era and the expansion of new businesses

- ① SBI SECURITIES**
- ② SBI Sumishin Net Bank**
- ③ Morningstar Japan**
- ④ SBI Savings Bank**

In Collaboration with FinTech Venture Companies, Providing Robo-advisor Services, to Support Investors' Asset Formation Process

-Since the launch of the service, customer assets and the number of accounts have increased significantly-

■ WEALTHNAVI (Venture investee company of the FinTech Fund)



WealthNavi for SBI SECURITIES

Partnering with WealthNavi, launched “WealthNavi for SBI SECURITIES,” a customized robo-advisors service on Jan. 31, 2017

- ✓ A leading-edge asset management service for investors who desire medium- and long-term stable asset growth that automates all asset management processes based on a highly objective and transparent financial algorithm
- ✓ The handling fee is low, levied at an annual rate of 1% of the account balance, and simple, with no other fees required

Customer assets: JPY 19.8bn (as of Nov. 28, 2017)

Approx. 29,000 accounts

■ お金のデザイン [MONEY DESIGN] (Venture investee company of the FinTech Fund)

Partnering with MONEY DESGN, provides “THEO+ SBI SECURITIES,” a customized robo-advisors service from July 26, 2017

Customer assets: JPY 2.6bn, Number of accounts: approx. 11,000
(as of Nov. 28, 2017)

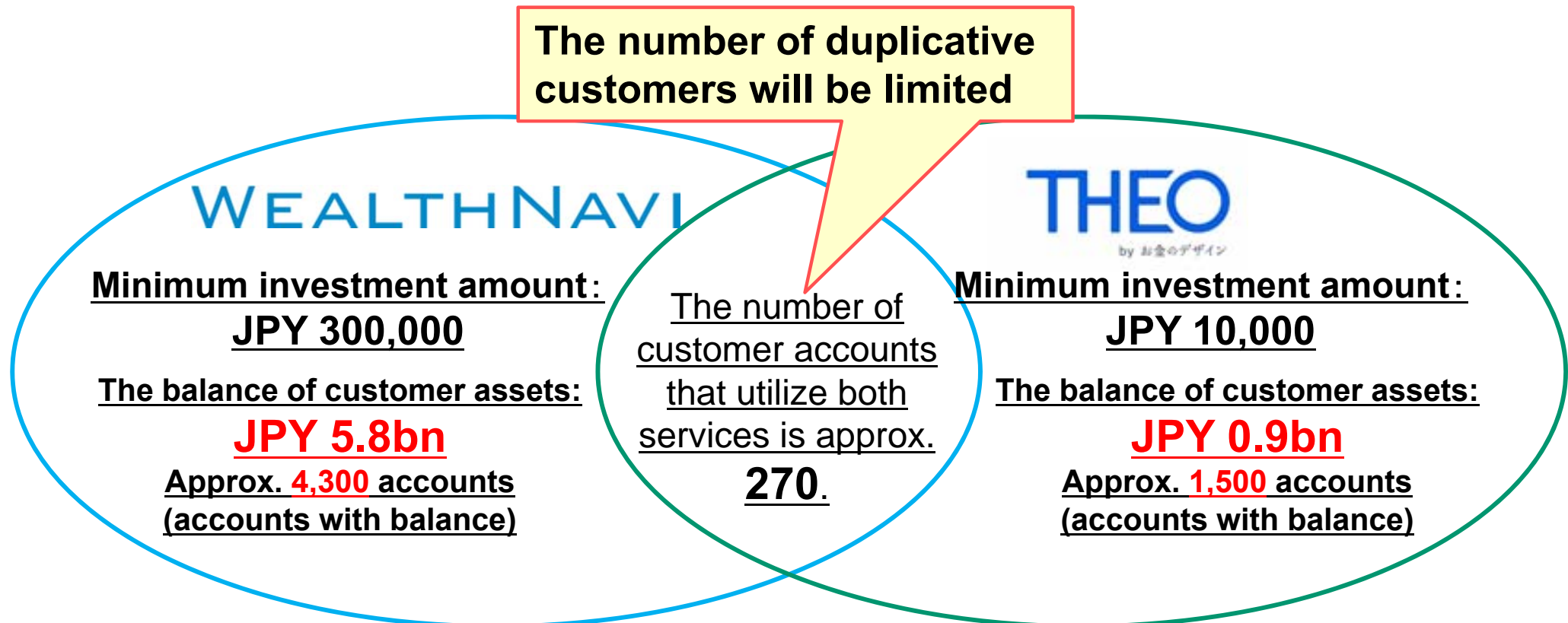
THEO+SBI SECURITIES and THEO+SBI Sumishin Net Bank together opened over 10,000 accounts (Oct. 10, 2017) in about two months after the service was launched

Also at SBI Sumishin Net Bank, Expanding Asset Formation Services with Robo-advisors

Launched “WealthNavi for SBI Sumishin Net Bank,” a customized robo-advisors service on Feb. 28, 2017

- ◆ As the first Japanese bank, provides a prompt identity confirmation that utilizes API

Provides “THEO+ SBI Sumishin Net Bank,” a customized robo-advisors service by MONEY DESIGN Co., LTD. from July 26, 2017

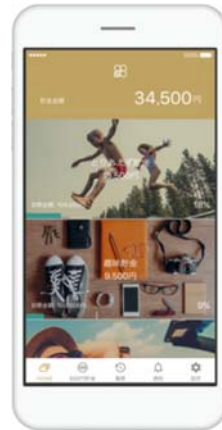


Provision of Automatic Savings Services, and Asset Management Services Using Change from Daily Spending for Individual Customers, to Support Effortless Asset Formation ①

From Nov. 2016



Started a collaborative service using Japan's first upgraded API*



- NestEgg's "finbee" is an automatic savings service that enables effortless and reliable automatic savings
- As each user sets a savings goal, with their determination of how much to deposit and the timing (e.g. credit card settlements), it becomes possible to automatically deposit money into their SBI Sumishin Net Bank linked savings account

From May 2017



"Mametasu"



- WealthNavi's "Mametasu" is an asset management service through automatically accumulated funds that are the equivalent to change resulting from daily spending

* Currently available only to customers who have a "WealthNavi for SBI Sumishin Net Bank" account, and have registered for the automatic funding

* API (Application Programming Interface)

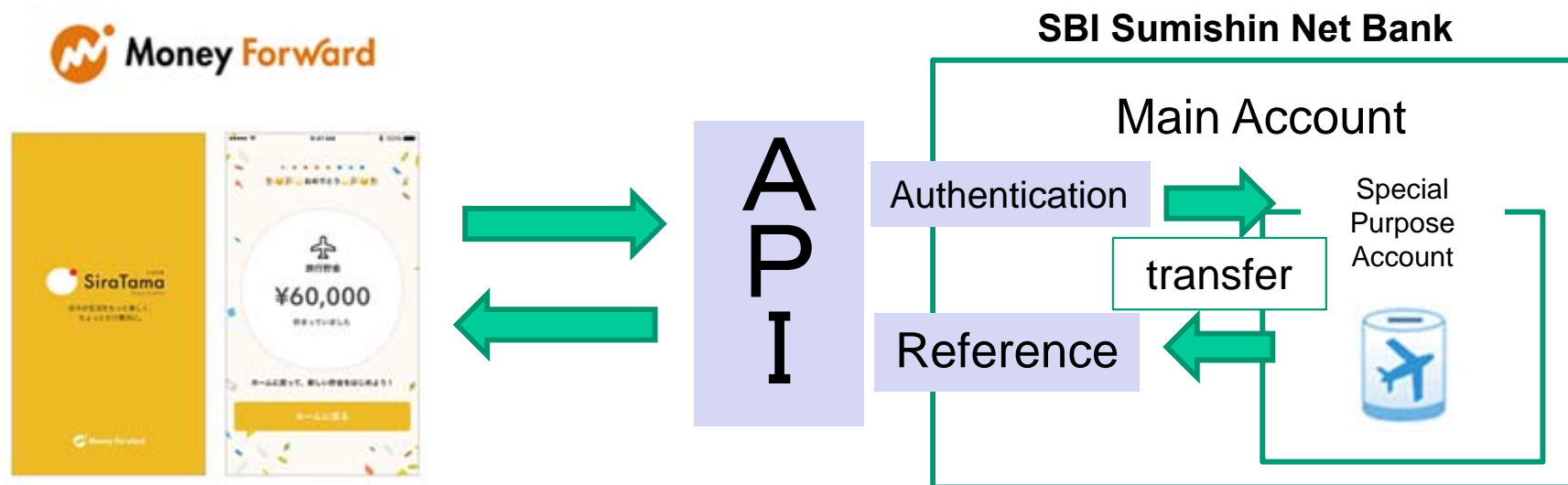
Mechanism to enable the managing of data and software functions from an outside program source. An upgraded API is a connection method between systems that enables transactions, such as transfers, between a primary account and a specific-purpose account without service providers having access to the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

Provision of Automatic Savings Services, and Asset Management Services Using Change from Daily Spending for Individual Customers, to Support Effortless Asset Formation ②

From Sept. 2017



• Money Forward's "Shiratama" is an automatic savings service that enables effortless and reliable automatic savings through data cooperation between SBI Sumishin Net Bank's account and household accounting services, "Money Forward for SBI Sumishin Net Bank" and "Money Forward."



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

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

Examples of service receivers

**SBI SECURITIES, Mizuho Bank,
GAIA, ASATSU-DK (defined
contribution pension)**



SBI SECURITIES



ASATSU-DK

A service for members of
defined contribution pensions

By 2020, it is predicted that the outstanding balance of robo-advisors worldwide will amount to **JPY 242tn(^{*1}), with expectations of continued future business expansion**

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

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

^{*3} Converted at USD 1 = JPY 110

SBI SAVINGS BANK Collaborated with SBI's Investee Company DAYLI Financial Group to Prevent Bad Debts, and has Utilized a New Screening Model Based on FinTech Technology from Apr. 2017



SBI SAVING BANK



A digital financial service company composed of many FinTech start-ups in South Korea, with an affiliated subsidiary that provides big data solutions for financial institutions through the utilization of machine learning technology

- Through the utilization of machine learning technology, it becomes possible to further discriminate customer creditworthiness.
- By back data testing, it was confirmed that there were customers who can be extracted as potentially good customers, who were previously not able to get a loan based on the existing screening model

According to the new screening model, there was a KRW 4.8bn (+2.5%) credit increase, and of the additionally approved credits, the ratio of delinquencies was low at 0.2%

(3) Establishment of a blockchain-based financial ecosystem in the FinTech 2.0 era

- ① Promoting demonstration tests at each financial services company to achieve the practical use of blockchain**
- ② “Remittance Revolution” by “The Japan Bank Consortium”**

① Promoting demonstration tests at each financial services company to achieve the practical use of blockchain

To Promote Blockchain on a Full-scale Basis to the Securities Business, Advancing Demonstration Tests and In-house Developments



Collaborating with IBM Japan for the verification of the applicability of blockchain to the financial market infrastructure for bond processing operations

[Challenges toward the practical use]

- Short-term: Technology immaturity, discovery of appropriate application for business
- Medium-term: Formulation of standardized specifications and industry-wide review of business operations
- Long-term: Review of regulations, establishment of governance of distributed systems

[Anticipated effects]

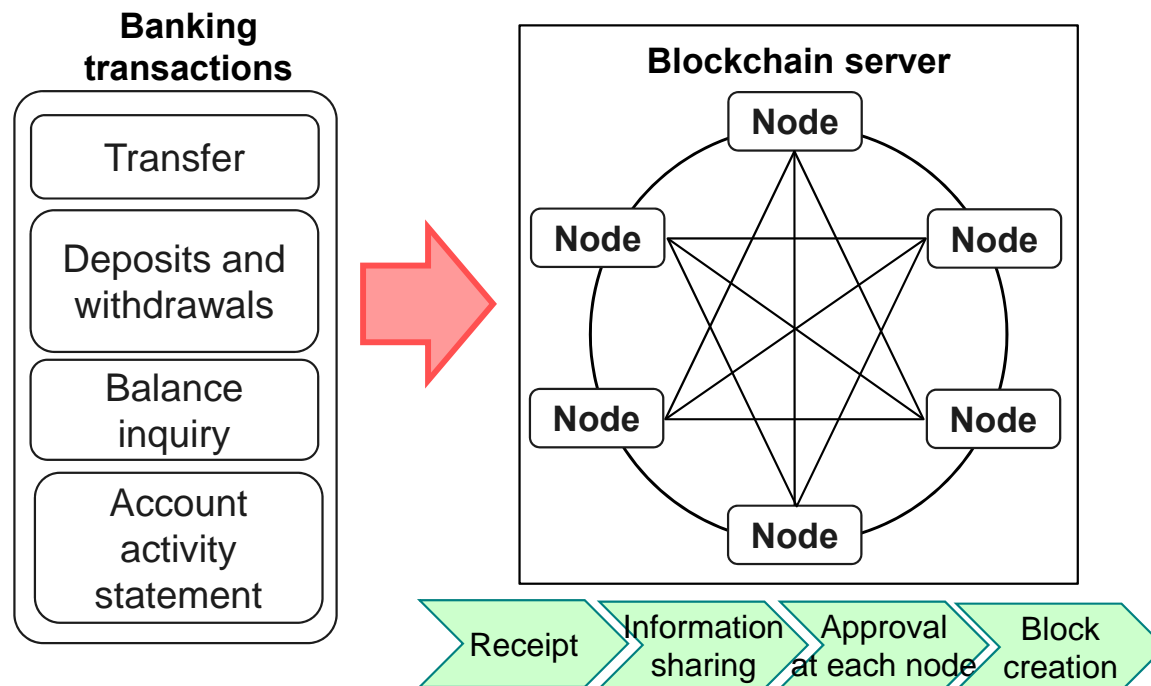
- Business automation and efficiency improvement through distributed systems premised on integration of business operations
- Cost reduction from construction of a business model that eliminates intermediaries that exist in current business
- Inexpensive systems infrastructure realized through rejection of over-specification and acceptance of a new approach

Considering applying multiple technologies, including blockchain,
by utilizing verification results, know-how, etc., gained from the
abovementioned demonstration tests, in the financing process of
venture companies

Utilization of Blockchain is Expected to Improve Operational Efficiencies, Such as Cost Reduction

住信SBIネット銀行 

Succeeded in Japan's first blockchain demonstration test for accounting operations



[Verification points of the test]

Tolerance to stress


Without servers going down, responded to an assumed mass transaction amount from 2.5 million accounts

Tolerance to falsification

High tolerance to data falsification

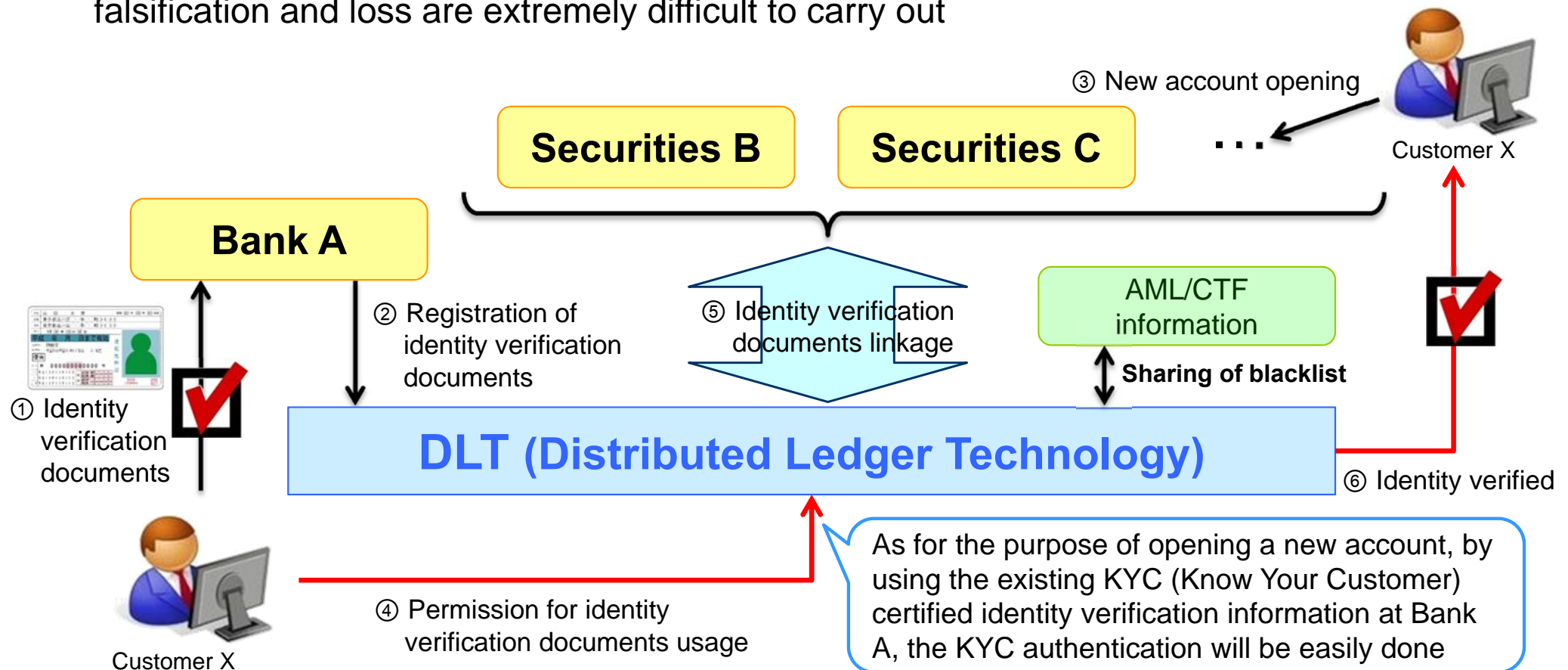
Cost-effectiveness

Potential of cost reduction in the areas of procuring infrastructure equipment, establishing middleware and maintenance

 **Estimated cost reduction effect: 9-15%**

Partnering with NEC, the SBI Group Conducts Demonstration Tests that Target the Application of Blockchain for Know Your Customer (“KYC”) Operations

- ◆ 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



② “Remittance Revolution” by “The Japan Bank Consortium”

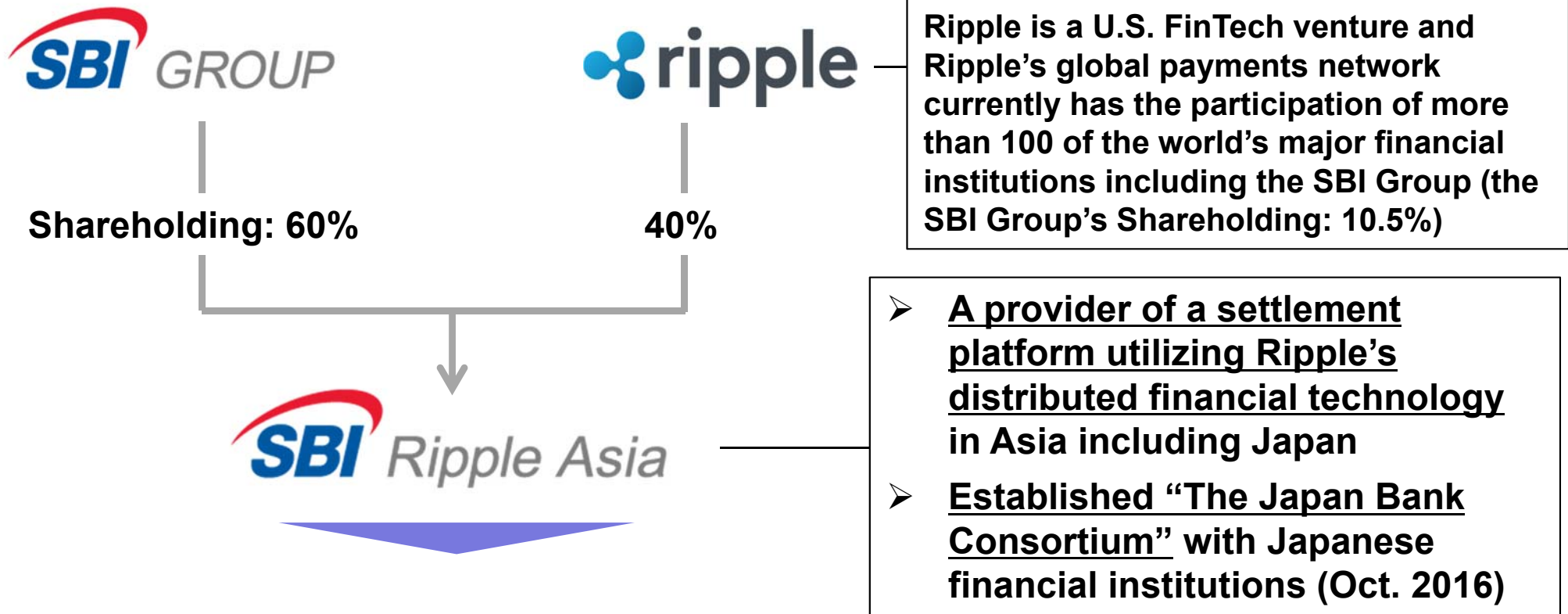
Participating Financial Institutions in “The Japan Bank Consortium,” Established Primarily by the SBI Group

-Participating financial institutions in “The Japan Bank Consortium” increased to 61 banks-

Participating Financial Institutions (61 banks):

City banks and others (13 banks)	Online banks (5 banks)	Reginal banks & Second-tier regional banks (43 banks)
ORIX Bank, The Shoko Chukin Bank, Shinkin Central Bank, Shinsei Bank, The Norinchukin Bank, The Nomura Trust and Banking, Mizuho FG, Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, The Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking Corporation, Japan Post Bank, Resona Bank	AEON Bank, SBI Sumishin Net Bank, Seven Bank, Sony Bank, Daiwa Next Bank	Aomori Bank, THE AKITA BANK, Ashikaga Bank, The Awa Bank, The Senshu Ikeda Bank, THE IYO BANK, The Bank of Iwate, The Ehime Bank, Oita Bank, The Bank of Okinawa, The Gunma Bank, The Keiyo Bank, San-in Godo Bank, THE SHIGA BANK, The Shikoku Bank, 77bank, The Shimizu Bank, The Juroku Bank, Suruga Bank, The Daishi Bank, The Chiba Bank, The Chiba Kogyo Bank, The Chugoku Bank, Tsukuba Bank, The Tokyo Star Bank, THE TOHO BANK, The Towa Bank, THE TOCHIGI BANK, The Bank of Nagoya, THE NISHI-NIPPON CITY BANK, THE HACHIJUNI BANK, The Hyakugo Bank, Hiroshima Bank, The Fukui Bank, North Pacific Bank, Hokuriku Bank, The Michinoku Bank, The Musashino Bank, The Yachiyo Bank, The Yamagata Bank, The Yamaguchi Bank, Bank of Yokohama, Bank of The Ryukyus

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



Targets of “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

Schedule for Commercial Use in “The Japan Bank Consortium”

Pilot project by domestic financial institutions participating in “The Japan Bank Consortium”

Mar. 2017 Completion of construction of RC Cloud

Confirmed that participating financial institutions were able to execute domestic and cross-border money transactions on RC Cloud, which is powered by xCurrent (formerly “Ripple Solution”), in a pilot environment

<Schedule for commercial use>

Within FY2017:

- Start of commercial use for cross-border payments

Commercial use of cross-border payments between domestic financial institutions participating in “The Japan Bank Consortium” and overseas financial institutions joining Ripple’s global remittance network will be starting within FY2017

- Initial launch of commercial use for domestic payments

After that: Expansion of commercial use for domestic payments

Q3. What are SBI's strategies for the development for the cryptocurrency potential and its market development?

- (1) Regarding the potential of cryptocurrencies**
- (2) SBI Group's efforts to solve the issues within the cryptocurrency and its markets**
- (3) Establishment of a new financial ecosystem based on cryptocurrency**

(1) Regarding the potential of cryptocurrencies

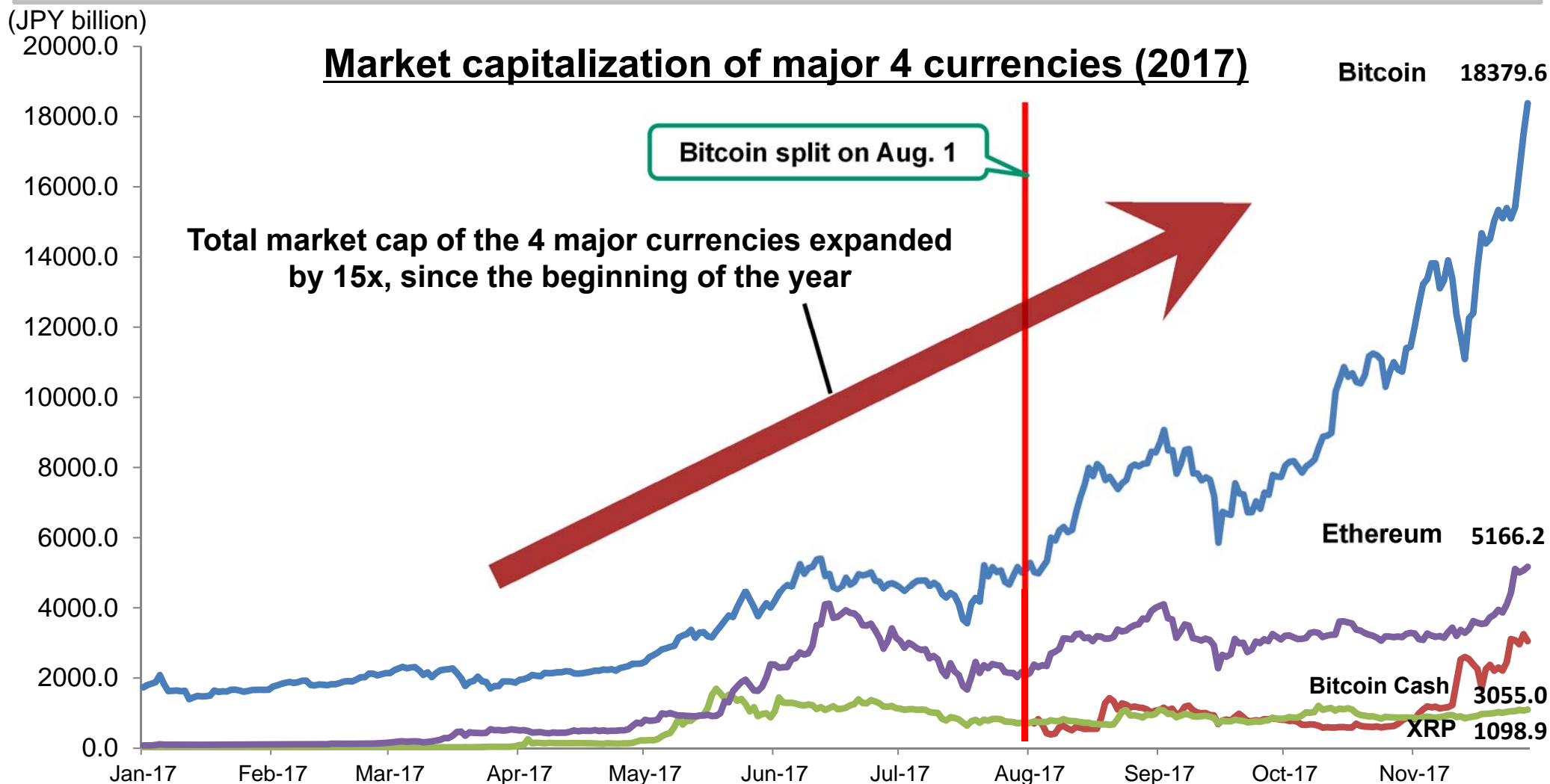
- ① Market expansion owing to speculative demand**
- ② Expansion of actual demand (remittance, settlement)**
- ③ Various countries' national regulatory stance**

① Market expansion owing to speculative demand

① Market expansion owing to speculative demand

The Cryptocurrency Market is Expanding Rapidly, Owing to Rampant Speculative Demand, Despite Temporary Stagnation Owing to Market Tumult and the Actions of National Authorities

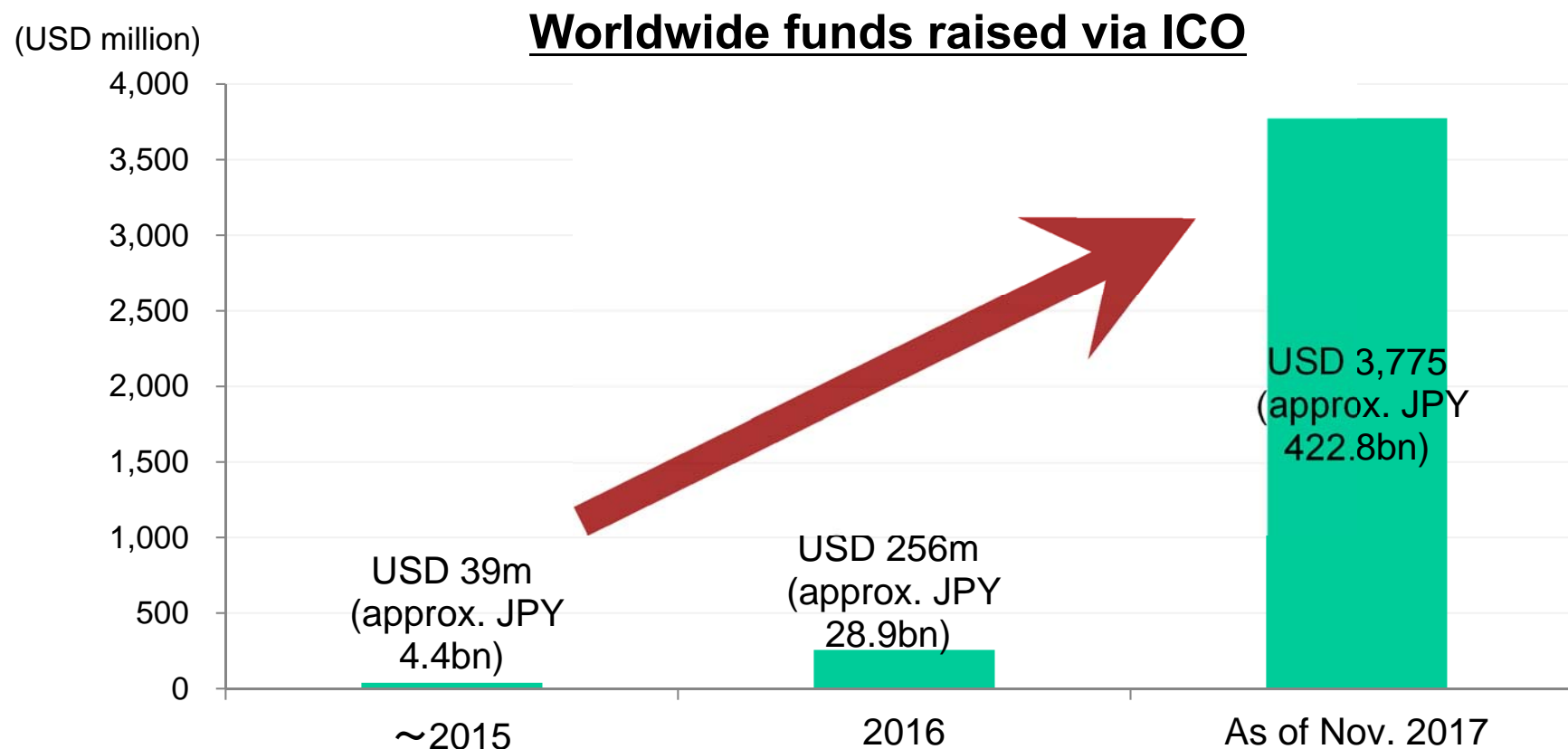
- The cryptocurrency market in 2017 is about USD 310bn (approx. JPY 35tn)
- The major 4 currencies (BTC, ETH, BCH, XRP) account for over 77% of the market



Expansion of ICO (Initial Coin Offering) Market

ICO's features

- As compared to an IPO, it is possible to raise funds in a shorter period of time and at a lower cost
- In June, Omise Holdings (an investee company) raised funds equivalent to USD 25m (approx. JPY 2.8bn), through the issuance of an original coin “OMG” (the current market cap is about JPY 95bn)



Source: Coindesk

② Expansion of actual demand (remittance, settlement)

Expansion of Bitcoin Use for Settlements

BicCamera Inc. decided to accept bitcoin payments nationwide, since the usage was greater than expected during the pilot introduction that started in April (summary)

From July 26, bitcoin settlements became possible at all 59 stores, with the exception of some stores in Kojima and Sofmap

(Mynavi News, June 25, 2017)

Newspaper article

The Nikkei, June 11, 2017

Newspaper article

Usage by foreign tourists, such as from China, is also expected, and bitcoin usable stores are expanding from souvenir shops and cafeterias, to traditional performing arts, costumes and ornamental water mills (summary)

Nikkei Veritas No. 504, Nov. 5, 2017

The number of bitcoin usable stores has expanded by 4.6x, during 2016 (approx. 4,200 stores), and further growth is expected in 2017. SankeiBiz, Jan. 14, 2017

Utilization of Cryptocurrency for Remittances

■ Actual remittance overseas by financial institutions using XRP as a bridge currency has started (Reuters, Oct. 12, 2017)

- Mexican financial institution Cuallix became the first financial institution to successfully accomplish an international remittance, between the U.S. and Mexico, using U.S. Ripple's XRP as a bridge currency. This was a first step for real money transfers between international markets by financial institutions using XRP.
- Cuallix endeavors to solve liquidity issues, by utilizing XRP to shorten remittance time and reducing remittance costs. Cuallix's remittance from the U.S. to Mexico was the first cross-border remittance using XRP, but international remittances using XRP are beginning to attract widespread attention

■ American Express joins U.S. Ripple's Blockchain Network (Ripple Insight, Nov. 16, 2017)

- Joined the network on Nov. 16, 2017. First, American Express FX International Payments (FXIP) will partner with Santander UK, to realize a real-time B-to-B remittance between the U.S. and the U.K.
- FXIP will be able to provide real-time transaction information (remittance status, cost) to its customers, while maintaining the existing security levels

U.S. Ripple announced that in Oct. 2017, financial institutions participating in the company's blockchain network exceeded 100 companies, with prospects for a continued increase going forward

③ Various countries' national regulatory stance

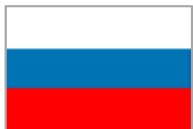
The Stance of Each Country's Regulatory Authorities Over Cryptocurrency ①



U.S.

- Internal Revenue Service ruled the tax treatment of Bitcoin as a capital asset, not currency (in 2014)
- With the ICO in mind, the SEC issued an investigative report concluding that DAO (Decentralized Autonomous Organization) tokens, a digital asset, were securities, and may violate the Federal Securities Laws (July 2017)

Bitcoin IRA, which offers an individual retirement account (IRA), a form of an individual retirement plan in the U.S., receives approval from the IRS to handle bitcoins, XRP, etc.



Russia

- Russian Central Bank issues a statement on the risk of cryptocurrencies and ICOs (Sept. 2017)
- While the Russian President Vladimir Putin said “the use of cryptocurrencies bears serious risks, including money laundering, tax evasion and funding for terrorism,” the Russian Finance Minister Anton Siluanov indicated that a bill to regulate cryptocurrencies will be formulated before the end of the year (Oct. 2017)
- On the other hand, the media reported that President Putin called for the issuance of Russia’s own cryptocurrency, “cryptoruble” (Oct. 2017)

The Stance of Each Country's Regulatory Authorities Over Cryptocurrency ②



South Korea

- The Financial Services Commission announced that margin trading of cryptocurrency will be banned, and as well as all forms of initial coin offering (Sept. 2017)



Singapore

- Issued taxation guidelines for Bitcoin (2014)
- Monetary Authority of Singapore (MAS) announced its determination of regulating ICO tokens as securities subject to the Securities Futures Act (Aug. 2017)



Australia

- To remove the double taxation of cryptocurrency, it decided not to subject it to the GST (Goods and Services Tax) (July 2017)
- Australian Securities and Investments released guidance on ICO, in order to promote ICO issuer compliance. (Oct. 2017)



Estonia

- Considering the issuance of its own cryptocurrency “Estcoin” (Aug. 2017)
→ President Draghi of the EU rejected the possibility of Estonia introducing its own currency in the Euro area



The cryptocurrency market moves in a direction that does not contradict the monetary policy of each country



Japan

Enforcement of the Amended Fund Settlement Act (Apr. 2017)

- Position as a means of payment for Consumption Tax Act
- Consumption tax is exempted when transferring cryptocurrency
- Clarified tax treatment of profits earned from bitcoin trading (early Sept. 2017)

As a rule, classified as miscellaneous income (profit and loss cannot be aggregated)

[Future Trends]

Accounting for cryptocurrency is being considered by Accounting Standards Board of Japan

- Around Nov. 2017 – Guidelines on accounting treatment of cryptocurrency
- By Dec. 2017 - Final standardization of guidelines on tax effect accounting
- By Mar. 2017 - Final standardization of accounting for Revenue Recognition

Going forward, will begin an examination of the accounting standards for financial instruments and fair value measurements



There is a need for unified rules on trust preservation of cryptocurrencies, although there are cases of voluntary exchange market implementations

There is the necessity of establishing an universal framework, including accounting standards, to support cryptocurrency as an international currency

(2) SBI Group's Efforts to Solve the Problems within the Cryptocurrency and its Markets

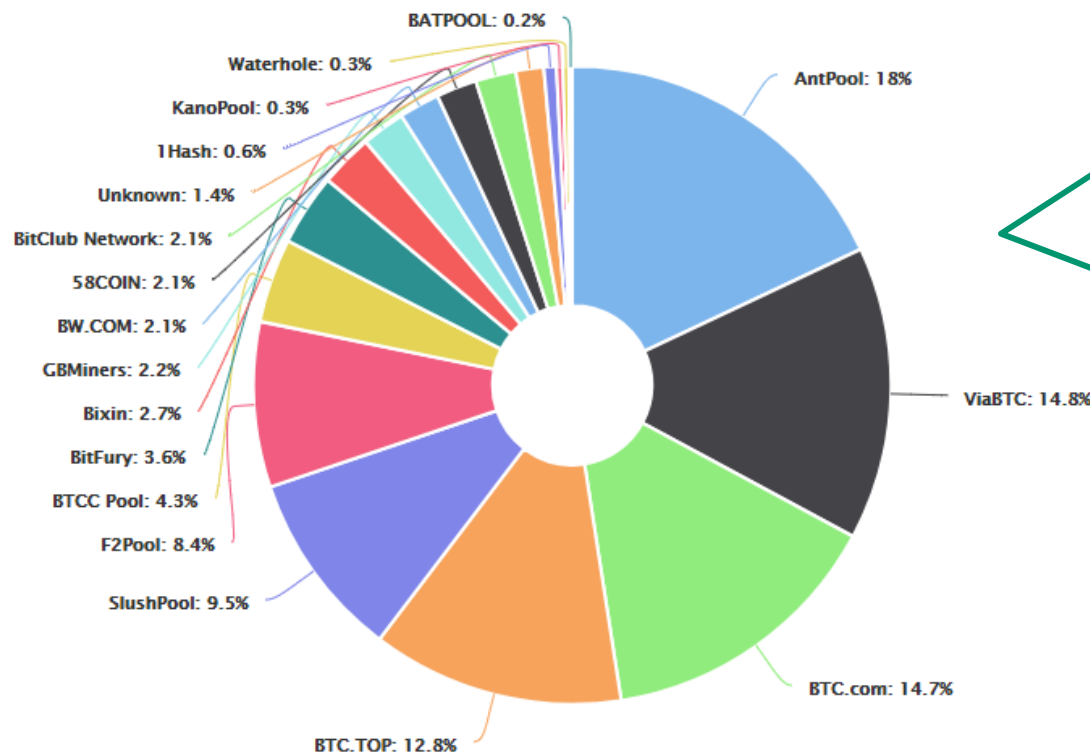
- ① Entering into cryptocurrency mining, an activity unevenly distributed in China**
- ② Establishing means of cryptocurrency utilization that satisfies actual demand, to stabilize its volatility**
- ③ Contributing to market stabilization by providing new trading opportunities in cryptocurrency for institutional investors**
- ④ Contribution to the creation of sound market structure**
- ⑤ Establishment of a dominant cryptocurrency exchange platform, amid other platforms, based on the "Customer-centric Principle"**

- ① **Entering into cryptocurrency mining, an activity unevenly distributed in China**

Market Stabilization by Entering into Cryptocurrency Mining Business

SBI Crypto (established in Aug. 2017)
In preparations for Bitcoin Cash mining overseas

- For cryptocurrencies (such as bitcoins, etc.) adopting the Proof of Work algorithm, there is a “51% attack” risk, from a malicious group of miners who control the majority of the network’s mining power
- Presence of a cryptocurrency “stable shareholder” will stabilize the market
- **The SBI Group will acquire cryptocurrency share through mining, in order to stabilize the market**

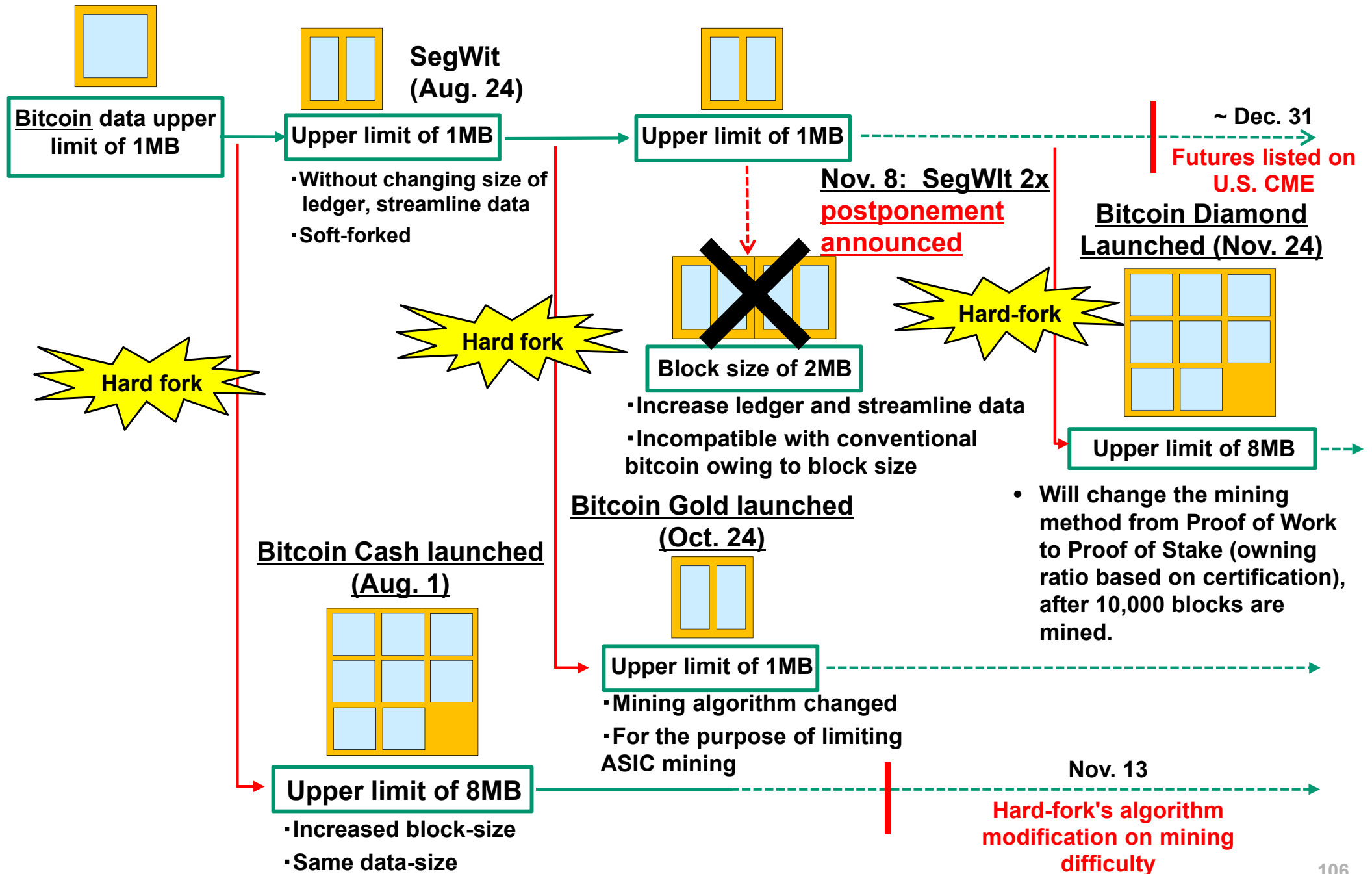


About the 51% attack

- 5 out of 6 top Bitcoin mining pools are China-based, and the share totals over 60%
- Eliminating market instability is essential for the stable development of the cryptocurrency market

Source: Blockchain.info, as of Nov. 28

Bitcoin Breakup Caused by Delay in the Processing Speed, Owing to an Increase in Transactions



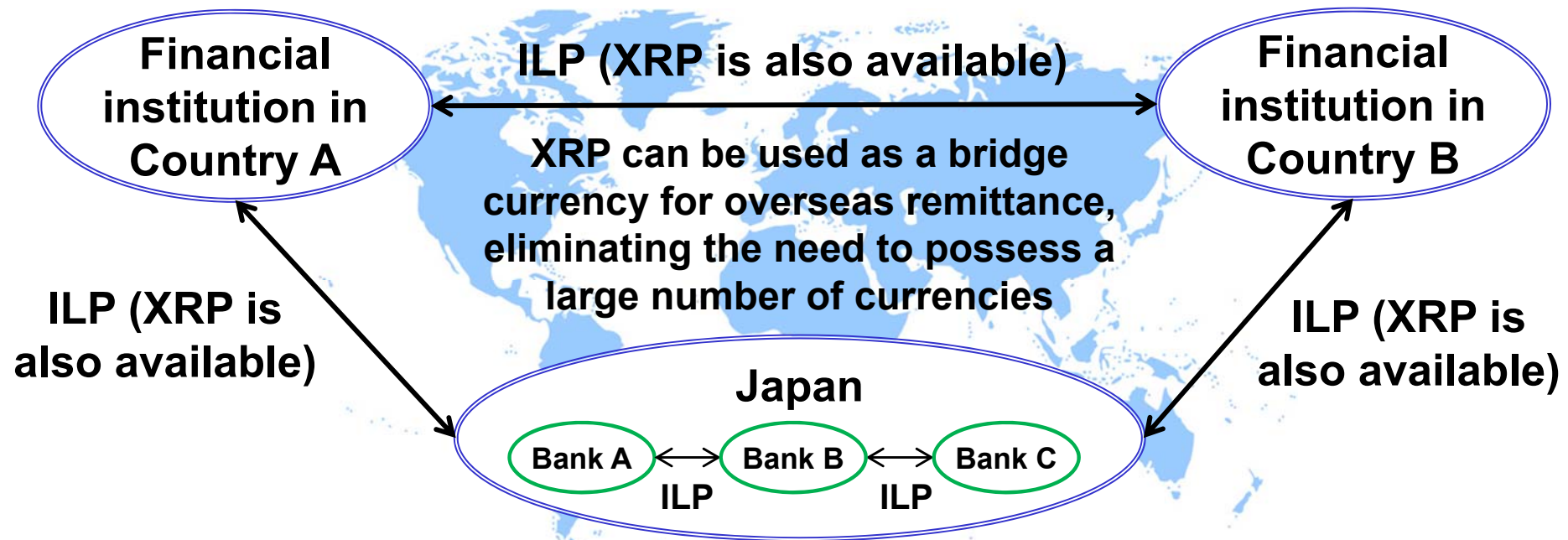
- ② Establishing means of cryptocurrency utilization that satisfies actual demand, to stabilize its volatility**
 - (i) Utilization for remittance**
 - (ii) Utilization for settlement/payment**

Ripple Provides a Hybrid Technology that Combines ILP and XRP Ledger

Ripple's technology base

- **XRP Ledger**: It does not have a mining (PoW: proof of work) mechanism like bitcoin, and approves consensus (transaction approval) between distributed ledgers only at a specific node, where transactions are confirmed at a speed that can also be used for financial transactions
- **ILP (Interledger Protocol)**: A payment system that connects the ledgers, which can further advance interbank settlements more closely

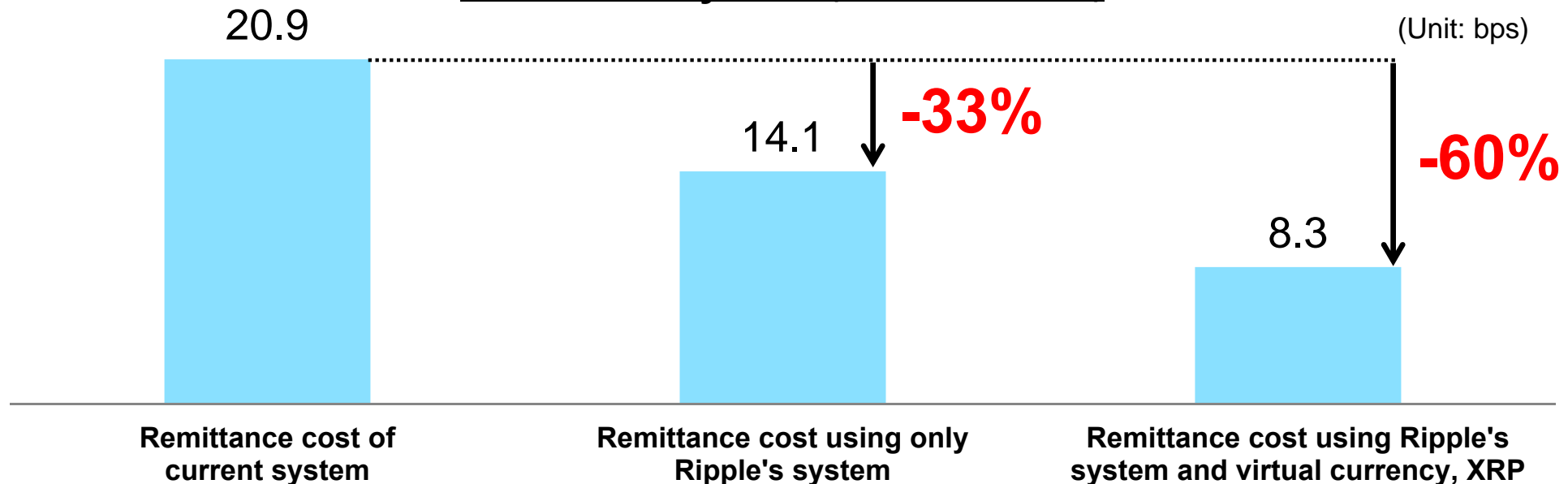
Ripple can build an hybrid-type remittance system, that combines ILP and XRP Ledger



Drastic Reduction of Remittance Cost in International Remittance System Utilizing Rpple's Cryptocurrency, XRP

Generally, international remittance is 20.9 bps against the settlement amount, whereas international remittance utilizing XRP, Ripple's cryptocurrency, through Ripple's system is 8.3 bps, or a 60% cost reduction

Example of cost reduction by Ripple's international remittance system (Estimated value)



* Source: Ripple Insight (Feb. 23, 2016)

* Remittance costs include the spread, currency hedging, operation costs and settlement costs

Comparison of XRP of Ripple and Bitcoin

	Bitcoin	XRP	Compared with Bitcoin:
Time for settlement	About an hour	3 sec	1/1,200
Transactions per second	8	1,500	187.5x
Average transaction cost	USD 1.88	USD 0.0001	~ 1/18,800

Source: Ripple

Launch Full-scale Sales Expansion of Remittance Solution Utilizing DLT for Financial Institutions in South Korea

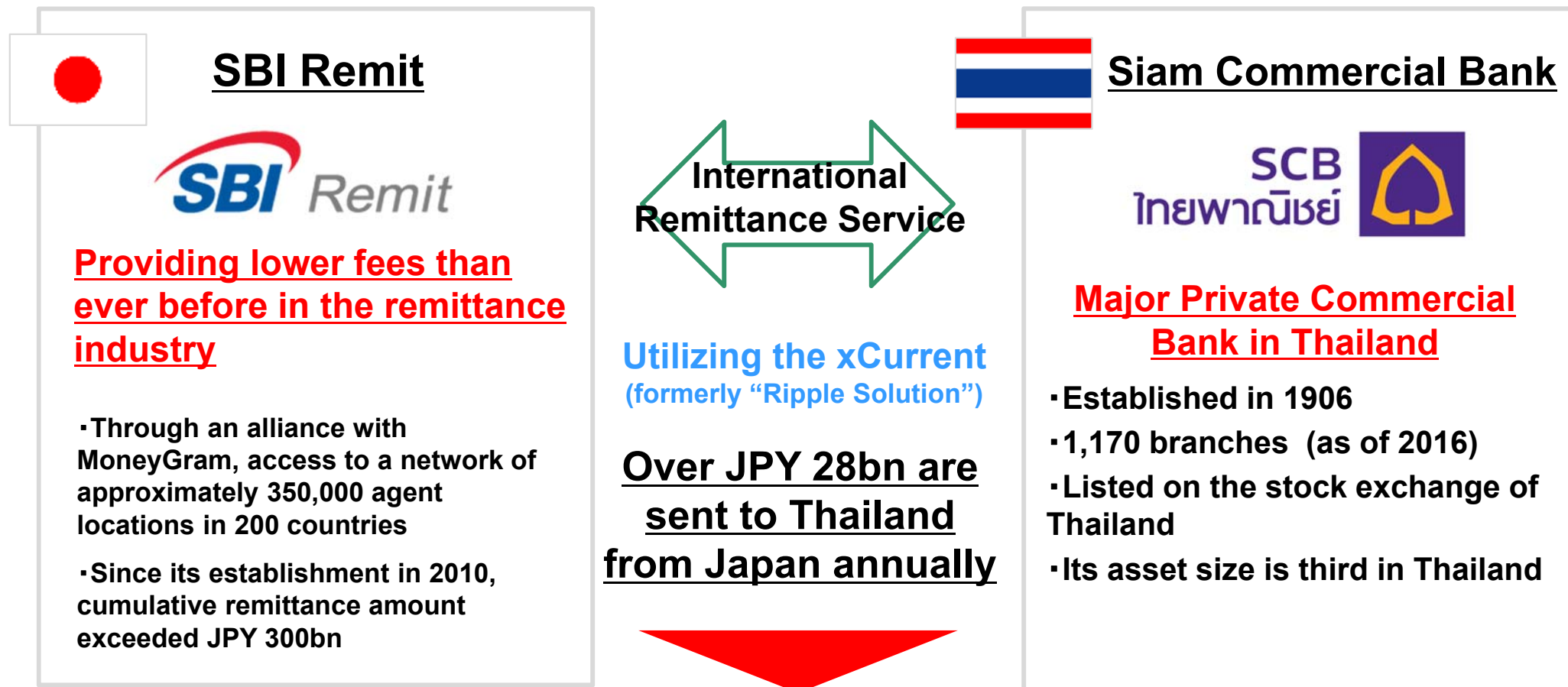


Will endeavor the realization of efficient international remittances between Japan and South Korea, and between South Korea and other countries

DAYLI Intelligence's track record

- An **independent technology partner** of the finance and investment industry's blockchain commercialization consortium, in which 25 Korean securities companies participate
- A **project in which DAYLI Intelligence is involved was adopted for a pilot blockchain project** selected by South Korea's Ministry of Science, ICT and Future Planning (the equivalent of Japan's Ministry of Education, Culture, Sports, Science and Technology)
- Conclusion of a business cooperation agreement concerning issuance of a digital currency with Woori Bank, a major Korean bank

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

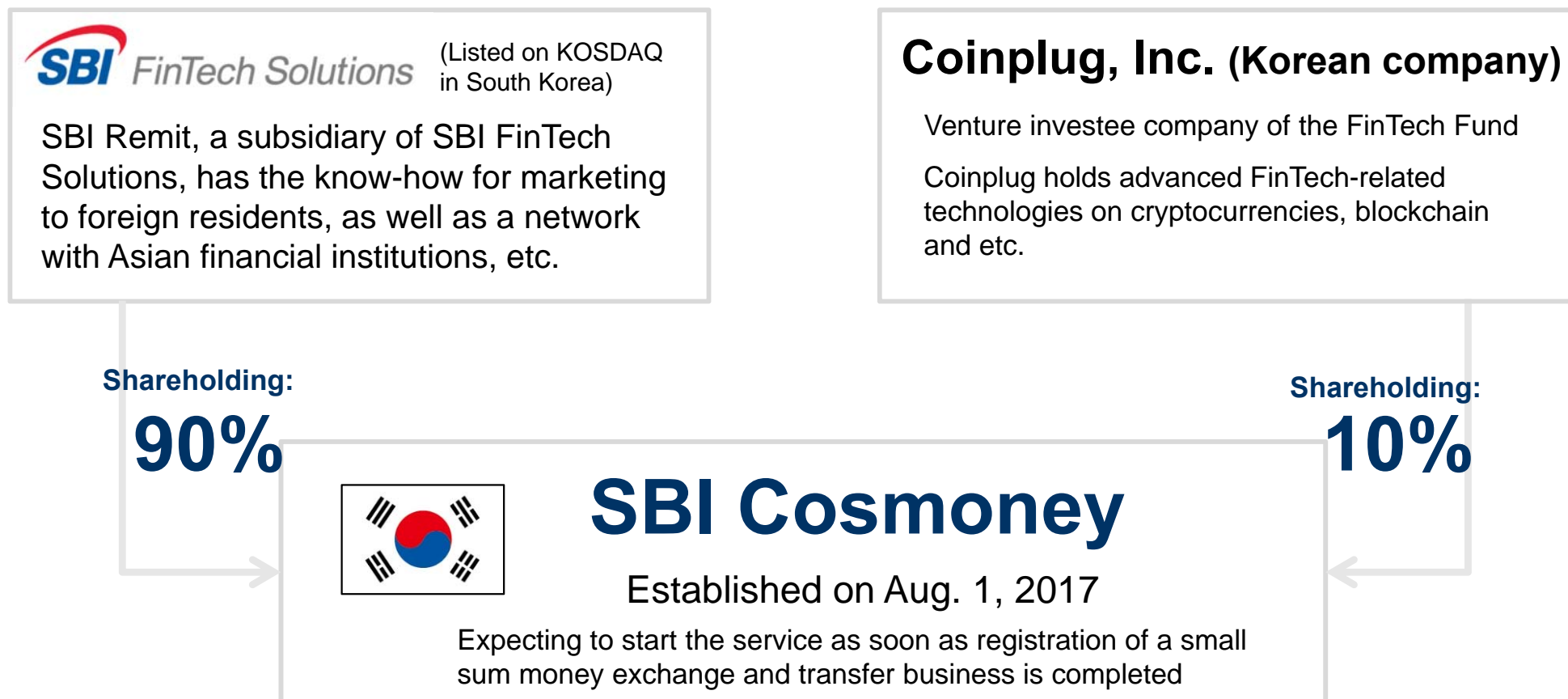


The first case of international remittance utilizing blockchain-related technology in Japan

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

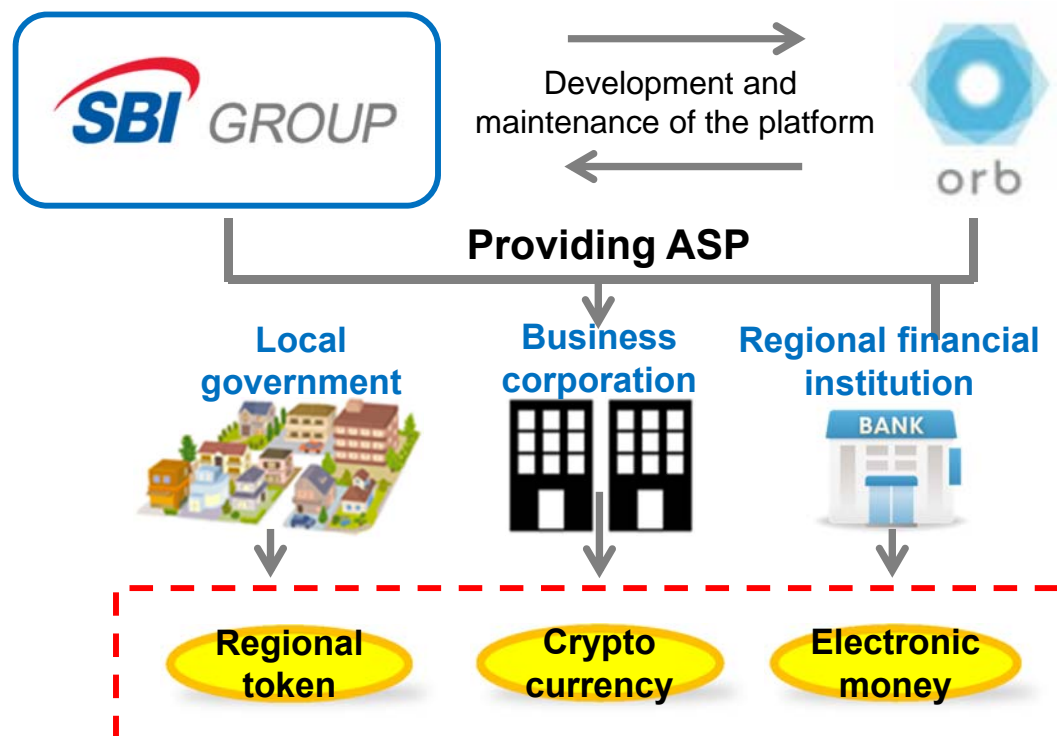
SBI FinTech Solutions Established a JV, which Provides International Remittance Services between Korea and Other Countries of the World, with a Venture Investee Company of the FinTech Fund

- On July 18, Korea's legal revision allowed entry into the international remittance business with the registration of a Small Sum Money Exchange and Transfer Business.
- With more than 2 million foreigners in Korea, the size of the potential international remittance market is over JPY 1.2tn



Development of the “S Coin Platform,” an Original Coin Issuing Platform that is to be used by Local Governments, Business Companies, Regional Banks, etc.

- S Coin Platform can be used to issue many types of digital coins to be used as settlement method, including cryptocurrency or prepaid electronic money
- Settlement platform striving to **reduce settlement cost and the use of cash significantly by providing original settlement coin**



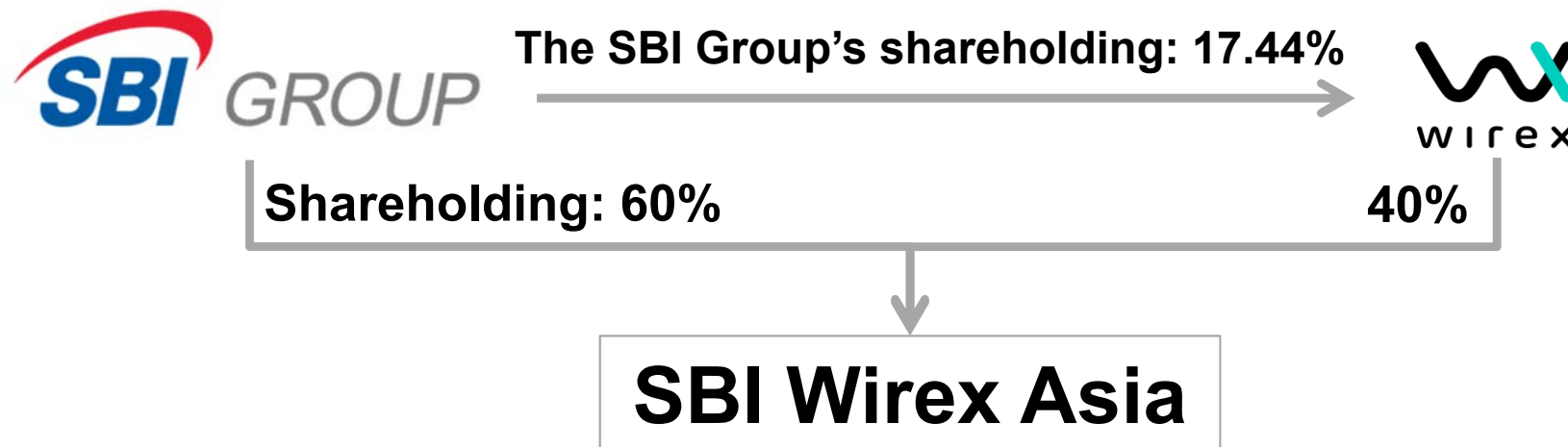
Orb
Offering a new platform of finance and commerce market, utilizing blockchain

The issuer designs and publishes a unique payment coin in accordance with their needs

SBI Virtual Currencies
(Cryptocurrency exchanges)

Cryptocurrency Utilization for Settlements/Payments

Establishing a joint venture company “SBI Wirex Asia,” with a U.K. FinTech venture company “Wirex,” which provides cryptocurrency payments



Wirex

- This payment service enables the user to instantly exchange cryptocurrencies to legal tenders, including U.S. dollars or Euros, on a Wirex application, and with the “Wirex Card,” which is issued by Wirex, the user can use such legal tenders on the Visa Card networks around the world, including ATMs and credit card merchants
- Wirex’s transaction reached over USD 1bn, and its service had over 900 thousand customers in 130 countries across the world

SBI Wirex Asia

- In Japan, in addition to issuing cryptocurrency payment cards that can exchange cryptocurrency and the Japanese yen, joint businesses in the fields of cryptocurrencies, DLT and settlements will be developed

- ③ Contributing to market stabilization by providing new trading opportunities in cryptocurrency for institutional investors**
 - (i) Management of cryptocurrency hedge funds**
 - (ii) Creation of cryptocurrency derivative market**

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

In order to stabilize the volatility in cryptocurrencies, the participation of institutional investors who make long term investments, are expected

CoVenture Holding Company



CoVenture Holding Company, LLC:

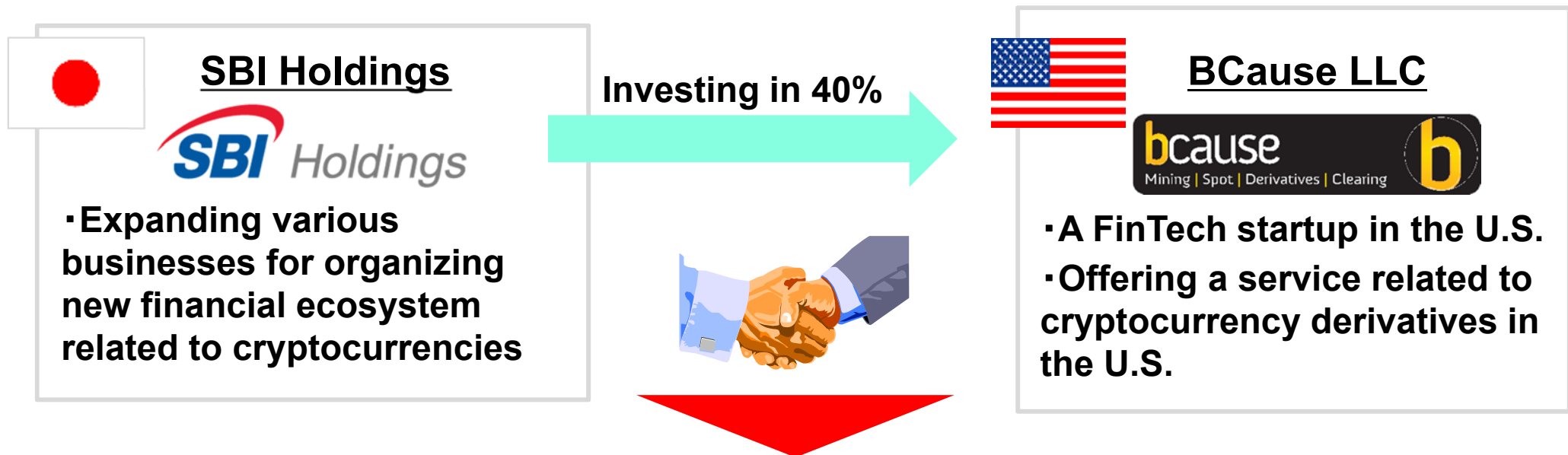
The company is a boutique asset management company focused on investments in emerging asset classes, and has delivered **significant performance in venture company investments, and in direct lending funds.**

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.**

Going forward, in collaboration with CoVenture, will establish fund business under the following three points

- ◆ Capital investment in CV
- ◆ Capital investment in a management company of cryptocurrency funds to be set up by CV
- ◆ Establishment of a joint venture, which name is “SBI CoVenture Asset Management,” that will set up cryptocurrency funds and provide investment advisory and intermediary services, including marketing, in Japan

Entering the Cryptocurrency Derivative Market



Will endeavor to provide a sound development of the cryptocurrency market, by supplying cryptocurrency derivatives to individuals and institutional investors

About BCause

- **Organizing cryptocurrency's ecosystem in the U.S. market**, including an exchange for spot trading of cryptocurrencies, a platform for bitcoin mining, and the management of an association of derivatives clearing
- Proceeding with an application for the acquisition of a Designated Contract Market (DCM) for a derivatives exchange to the Commodity Futures Trading Commission (CFTC), and if it is realized, it is expected to become the **first retail cryptocurrency derivatives exchange in the U.S.**

- ④ Contributing to the creation of a sound market structure**
 - (i) Management of cryptocurrency portal site that provides cryptocurrency-related and ICO rating information**
 - (ii) Promotion of the issuance of ICO and cryptocurrency bonds by companies specialized in cryptocurrency finance**

Morningstar Japan's Cryptocurrency Portal Website

- Aggregated information on countless existing cryptocurrencies and domestic cryptocurrency exchange platforms for investors
- Launched on Oct. 19, 2017, and the information will become more enhanced

Market cap. ranking of cryptocurrencies
JPY denominated, USD denominated
switching, sorting function, etc.

**Price comparison of major domestic
exchange platforms (Bid, Ask)**
comparison of price, transaction fees

No.	通貨名	時価総額(億円)	取引所平均価格(円)	前日比(24H) %	前週比 %	供給量	シンボル
1	Bitcoin	73,232	441,833.12	+7.24	-6.8	16,574,662	BTC
2	Ethereum	30,107	31,790.95	+3.28	-5.37	94,703,721	ETH
3	Bitcoin Cash	8,738	52,662.06	+7.98	-13.53	16,593,250	BCH
4	Ripple	7,933	20.69	+1.73	-14.77	99,994,523,265	XRP
5	Litecoin	3,177	5,995.24	+6.81	-21.05	52,996,332	LTC
6	Dash	2,731	36,096.33	-1.35	+0.28	7,566,056	DASH
7	NEM	2,393	26.58	+12.17	-7.34	8,999,999,999	XEM
8	IOTA	1,802	64.84	+6.65	-3.99	2,779,530,283	MIOTA
9	Monero	1,643	10,877.32	+0.75	-14.26	15,102,011	XMR
10	Ethereum Classic	1,240	1,295.94	+9.71	-22.84	95,650,433	ETC
11	OmiseGO	1,152	1,171.53	+2.14	-15.22	140,245,398	OMG
12	NEO	1,110	2,220.91	-1.62	-11.44	100,000,000	NEO
13	BitConnect	882	13,099.29	+6.42	-8.17	7,764,511	BCC
14	Link	793	705.00	+10.24	-8.01	112,428,275	LSK

取引所	出来高 (24H)	Bid	Ask	取引手数料	信用取引レバレッジ	先物取引レバレッジ
bitFlyer	118,822BTC	436,351.00円	436,500.00円	0.01~0.15%	最大15倍	最大15倍
coincheck	39,158BTC	438,581.00円	438,725.00円	0%	最大5倍	なし
Zaif	4,540BTC	436,645.00円	437,000.00円	-0.01%	最大7.77倍	最大25倍
BTCBOX	2,014BTC	431,660.00円	432,325.00円	0.2%	最大3倍	なし
QUOINEX	1,851BTC	437,752.57円	437,972.80円	0%	最大25倍	
kraken	5BTC	435,345.00円	439,001.00円	0~0.26%		
bitbank	17BTC	435,503.00円	439,750.00円	BTC/JPY -0.05~0.05% アルトコイン -0.05~0.25%	なし	20倍

**Eliminate information asymmetry, and increase
investors by lowering participation hurdles in the market**

Morningstar Japan Initiating Japan's First ICO (Initial Coin Offering) Rating Business (Service launch expected in Dec. 2017)

What is an initial coin offering (ICO)?

The term refers to a means for companies to raise funds for the purpose of developing cryptocurrencies or a sale conducted for the purpose of circulating to investors the new cryptocurrency (token) after it is generated.

Although an ICO resembles a stock IPO (initial public offering), since no listing screening is performed by an exchange or securities company, it is possible for the issuing company to quickly raise funds.

Although the number of investors participating in ICOs is increasing because participation is simple, there is no safety net and few reliable information sources. In addition, scam ICOs exist, and the current situation is not conducive to accurate investment decisions.



To meet ICO needs, will commence rating of cryptocurrencies and ICOs



- ◆ Provide cryptocurrency ratings based on neutral and objective analytical evaluation
- ◆ Rate not only ICOs, but also cryptocurrencies that are already traded
- ◆ Evaluate management personnel, products, and the like using unique evaluation methods* based on issuer white papers.

*Application of investment trust and bond rating evaluation methods and expertise

**To support the investment judgment of domestic
and overseas investors**

Supporting SME's Finance Utilizing FinTech, Including ICO (Initial Coin Offering)

SBI CapitalBase (Established on Oct. 11, 2017)

- Seeks to propose optimal funding plans adapted to company growth stages, activate the venture ecosystem, and nurture new industries through development and operation of a fundraising platform for venture companies and SMEs.

ICOs

Provision of a new fundraising method that utilizes cryptocurrencies
Planned start around spring 2018

Bonds (private placement bonds)

Fundraising that makes possible stock dilution and maintenance of the founder's ownership interest

Angel investor matching platform

A pre-VC round fundraising environment

Crowd funding, M&As

SBI GROUP **Group collaboration**

Direct customers (corporations)

Source of fees (earnings)

- Venture companies/SMEs
- VC, CVC, and other funds
- Large listed companies
- Securities companies, banks, etc.

SBI CapitalBase Co., Ltd.

Provision of rapid finance

- Angel investor matching
- Private placement bond platform
- M&A platform
- ICO/CF platform
- Human resources, data, others

Indirect customers (individuals)

B2B2C indirect customers

- Angel investors
- Individual investors (private placement bonds)
- Individual investors (ICOs)
- Venture company career changers



Considering the support of ICO utilizing S Coin by the SBI Group

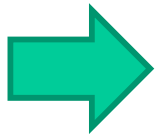
- ⑤ Establishment of a dominant cryptocurrency exchange platform, amid of other platforms, based on the “Customer-centric Principle”**
 - (i) Preparing for the launch of a large-scale cryptocurrency exchange platform**
 - (ii) Management of the cryptocurrency exchange both domestically and abroad**

Taking Thorough Measures to Ensure that Secure and Safe Services will be Provided



System maintenance

- The cryptocurrency market has dramatically expanded, with the total market capitalization of the four largest cryptocurrencies of bitcoin, ethereum, ripple (XRP) and bitcoin cash, having grown 8.6x since the beginning of the year
- A system maintenance that can cope with a rapid increase in trading volume is indispensable



■ Korea's largest exchange Bithumb

Nov. 12, 2017: Exchange server went down for a long duration, greatly affecting the market

→ Raising the possibility of a class action lawsuit for opportunity losses



Security measures

- Cryptocurrency exchange platforms suffer from DDos / cyber attacks globally, so advanced security is essential
- The role of the wallet function, with a high level of robustness becomes important for the prevention of cryptocurrency theft

■ Ethereum wallet parity

June 20, 2017: Vulnerability on wallet exposed, approx. JPY 3.4bn was stolen

June 7, 2017: Another vulnerability was found on the upgraded wallet, freezing JPY 18.5bn, mainly of corporate customers' assets

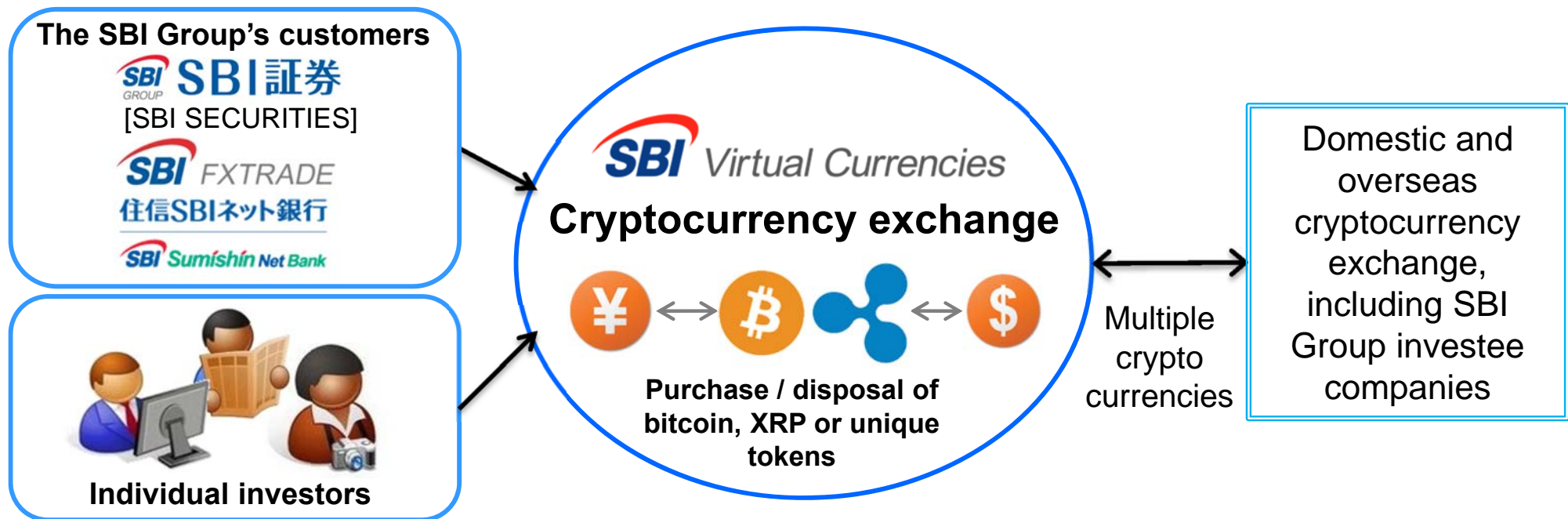
→ There are calls for hard-fork to solve the problem (reference: Nikkei Sangyo Shimbun, Nov. 15, 2017)



Establishing an environment in which all participants can trade with peace of mind is of the utmost importance

Domestic Cryptocurrency Exchange Platform

Cryptocurrency Exchange Registration achieved (Sept. 29, 2017)



Upon gaining sufficient conviction in factors such as the necessary progress in SBI Crypto's mining, an increase in exchange facilities (servers, etc.) and safety measure for the wallet, the operations will commence at that stage

Pursuing Convenience and Public Interest that is Lacking in Conventional Financial Service, by Developing and Proposing Services which Utilizes Cryptocurrencies' Features



Preparing to sequentially provide services, including cryptocurrency trading services, in conjunction with the development of use cases of cryptocurrencies

◆ Cryptocurrencies

Following the enforcement of the Payment Services (Amendment) Act, considering the **provision of services utilizing various cryptocurrencies, including bitcoin and Ripple's XRP**, by sequentially advancing the cooperation between cryptocurrency exchanges domestically and overseas

◆ Regional tokens

Exchange and trading services for various cryptocurrencies, including bitcoin and XRP, as well as regional tokens*



Considering the handling, not only of cryptocurrencies with floating exchange rates, but also of coins with exchange values of JPY 1 or USD 1

◆ Group coin

Exchange of Tokens issued using S Coin Platform, with various cryptocurrencies, such as cash, SBI Points and gold

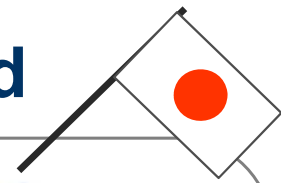
→ Token issued using S Coin Platform: Plans to play a role as a **bridge currency for various digital assets** and inter-business settlements

*Regional token: Substitute currencies, claim receipts and vouchers distributed within the region



By undertaking the development of services with high public interest, will propose an ideal form of cryptocurrency

Preparing the Establishment of a Cryptocurrency Exchange Platform in Hong Kong that Enables the Exchange and Trading Services of Various Cryptocurrencies Distributed Around the World



Global cryptocurrency exchange market

New cryptocurrency exchange

Digital Asset Exchange (tentative)

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

Preparing for opening in Hong Kong for Jan. 2018

Domestic exchange market

SBI Virtual Currencies

Exchange

Service

Digital Asset Management

Product

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

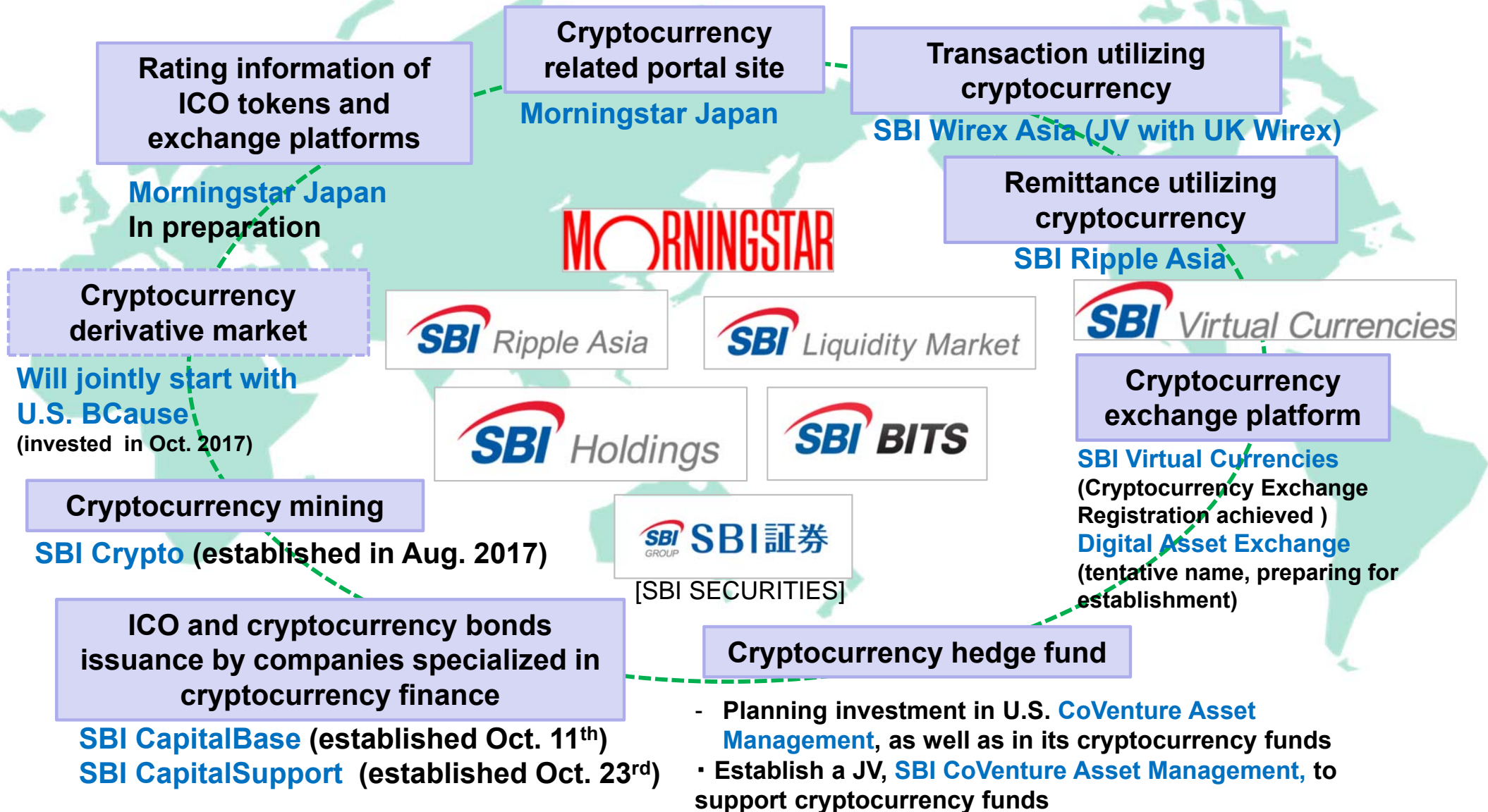


Investors around the world, including Japan

(3) Establishment of a new financial ecosystem based on cryptocurrency

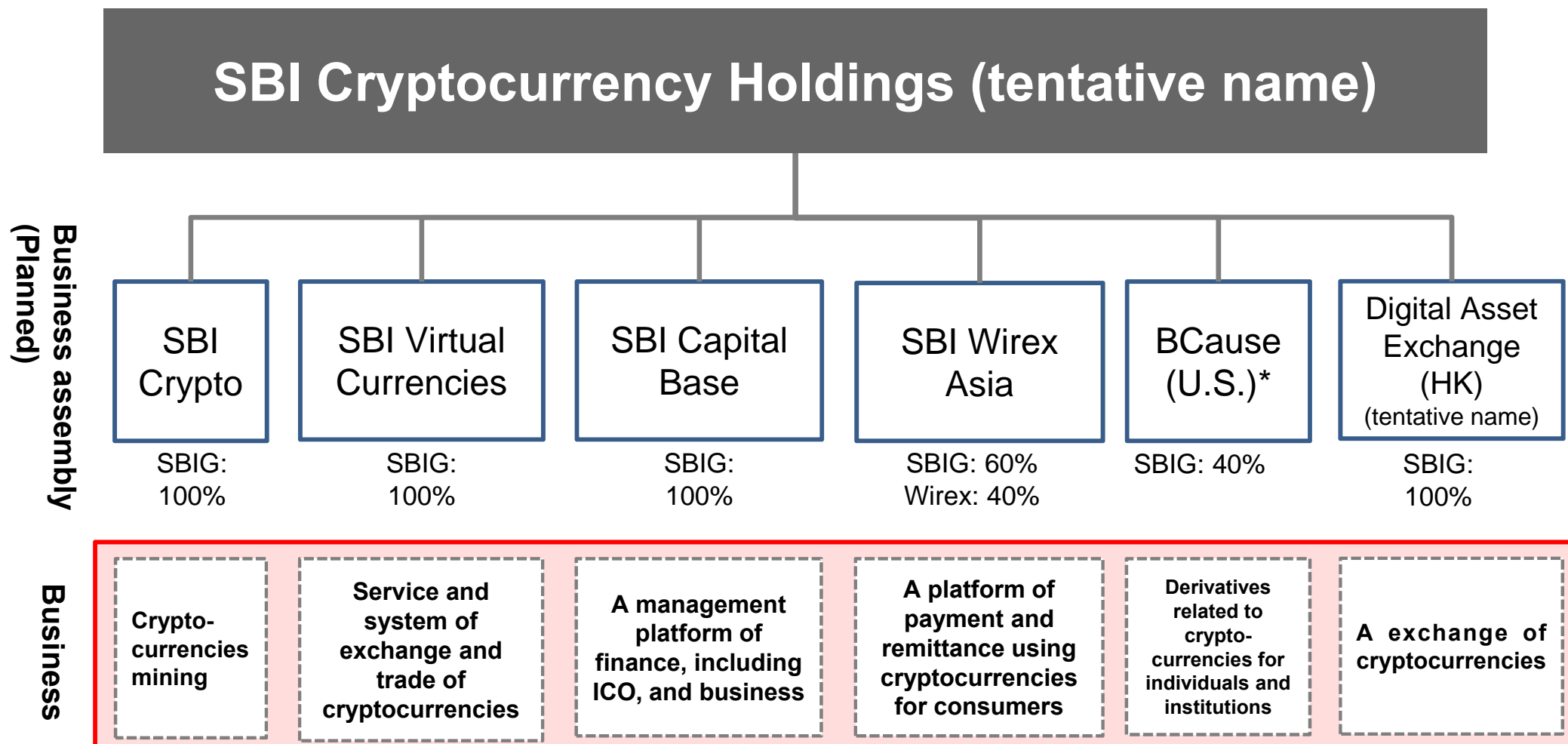
Establishment of a New Financial Ecosystem Based on Cryptocurrency

Each Business will be developed simultaneously to
pursue synergy and mutual evolution



Organizing an Efficient Structure of Business Management, by Assembling Cryptocurrencies-related Business

Established SBI Cryptocurrency Holdings as an intermediate holding company of this business, and started full-scale establishment of cryptocurrency ecosystem



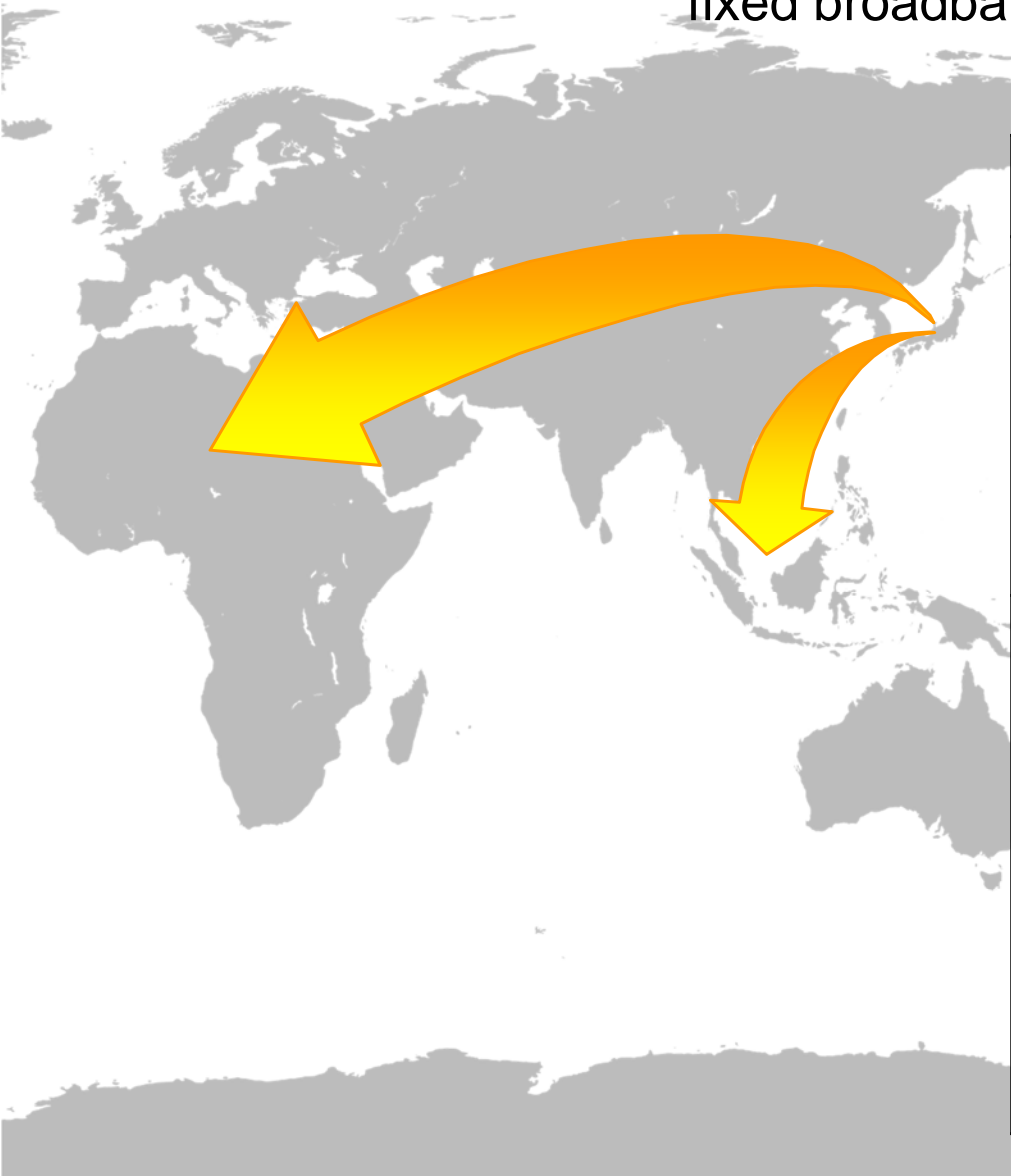
* Planning to invest via SPC, which will be established in the U.S. because the company is LLC

**Q4. The mobile-based financial ecosystem,
to be newly established**

Establishing a Mobile-based Financial Ecosystem and Exporting it to Asian and African Regions

Exporting mobile-based financial ecosystem to Asian and African regions with underdeveloped IT and communications infrastructure provided through fixed broadband connections

Mobile subscriptions and fixed broadband subscriptions by country (%)



Region	Country	Mobile	Fixed broadband
Africa	Egypt	113.7	5.2
	Kenya	81.3	0.3
	Zimbabwe	83.2	1.1
	Nigeria	81.8	0.0
	Nigeria	158.5	2.9
	South Africa	142.4	2.8
Asia-Pacific	India	87.0	1.4
	Indonesia	149.1	1.9
	Cambodia	124.9	0.6
	Sri Lanka	118.5	4.1
	Thailand	172.7	10.7
	Bangladesh	77.9	3.8
	Philippines	109.2	5.5
	Vietnam	128.0	9.9
	Malaysia	141.2	8.7

Source: ITU World Telecommunication/ICT Indicators Database, 2017

Mobile Financial Services Continues to Diffuse Overseas



Mobile settlement service using SMS, established by Kenyan telecom company Safaricom and Vodacom of the Republic of South Africa in 2007.

- As of June 2017, approximately 30 million users through 287,400 agents in 10 nations, with 6 billion transactions in 2016
- Approximately 76.8% of mobile phone subscribers, amounting to 27.74 million people, use mobile money services

Mobile phone diffusion rate in Kenya

2010	2011	2012	2013	2014	2015
Mobile phone subscribers	24,969	28,081	30,732	31,830	33,633
Mobile phone diffusion rate	61.0%	66.8%	71.2%	71.8%	73.8%

ITU World Telecommunication/ICT Indicators Database, 2015



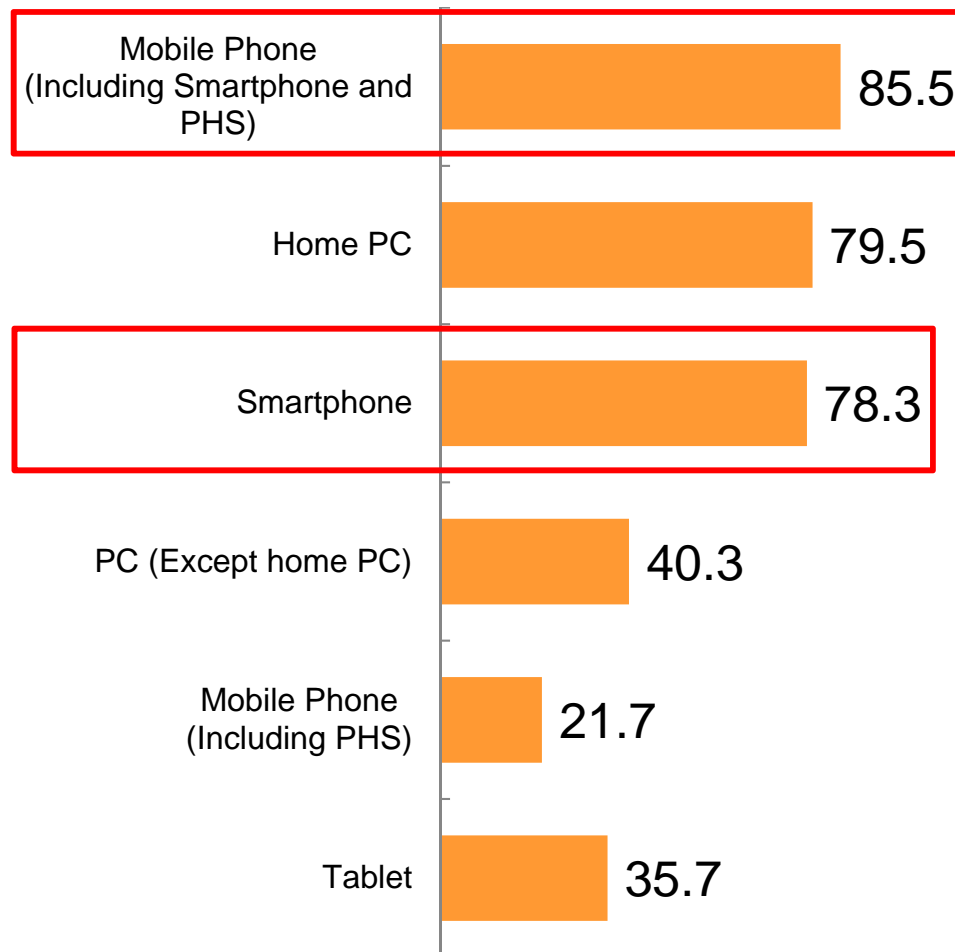
Established in the U.S. in 2011, as the world's first mobile dedicated bank, commenced operations in 2013

- There is no real channel, including cash cards, with NFC as the only settlement service
- Does not hold a banking license, but operates as a bank agent, substituting for the front end only

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



 **SBI証券**
[SBI SECURITIES]

Percentage of trades utilizing Smartphones

9.9% (the end of Mar. 2014) → **30.1%** (the end of Sep. 2017)




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

21.5% (the end of Mar. 2014) → **52.3%** (the end of Sep. 2017)



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

34.4% (the end of Mar. 2015) → **63.5%** (the end of Sep. 2017)



Percentage of loan applications through Smartphone

45.4% (FY2014) → **54.5%** (FY2016)


[InsWeb.]

Percentage of estimate requests for multiple automobile insurance policies through Smartphones

27.2% (FY2014) → **40.6%** (FY2016)

SBI Group and Decentralized Mobile Applications, which Provides PayKey, a Mobile Banking Transfer Service, Plan to Establish a JV



Decentralized Mobile Applications

(Israel)

Investee company of the FinTech Fund

SBI PayKey Asia

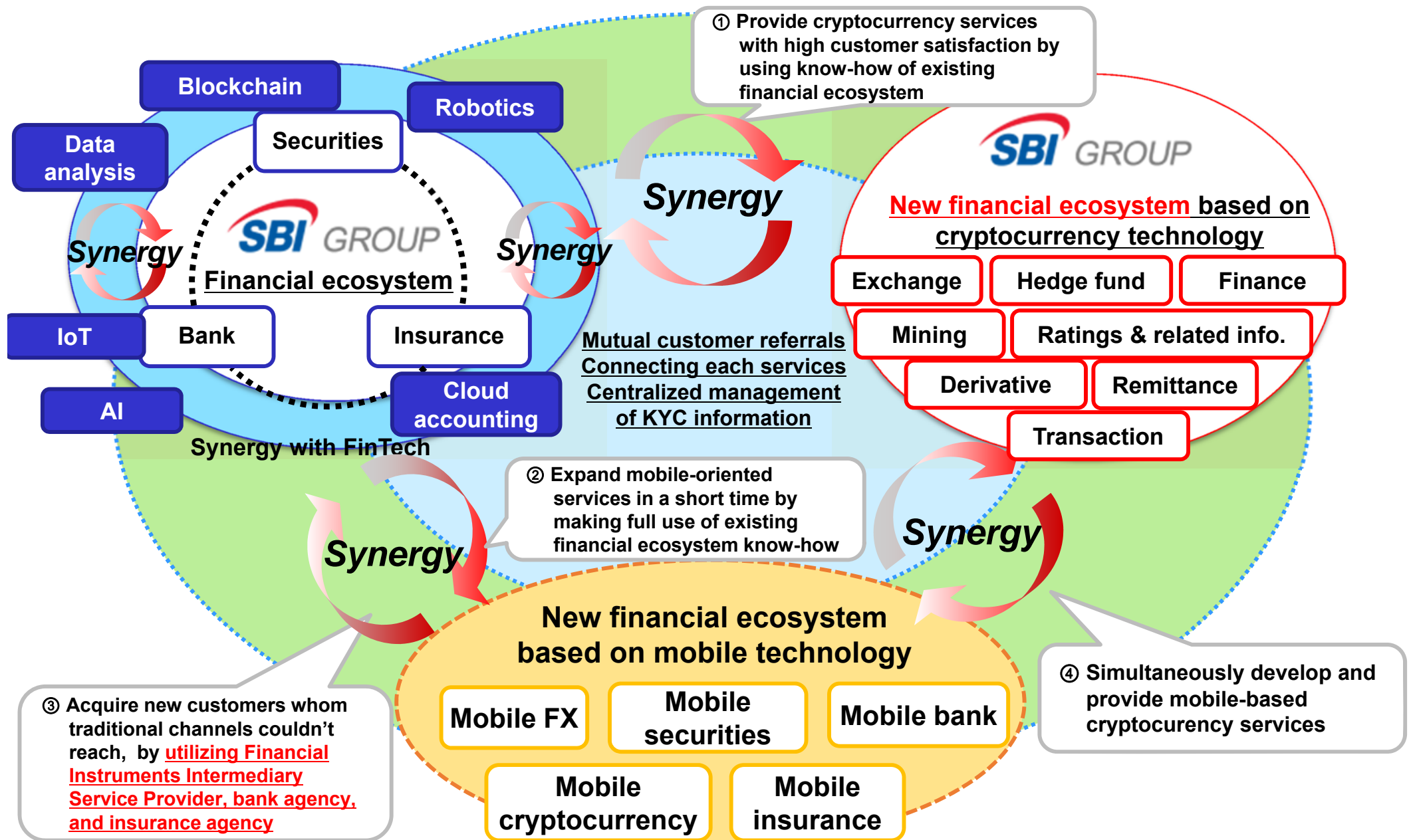
Decentralized Mobile Application

- Provides app PayKey, the only service that enables users to make seamless payments on a messenger service platform using a keyboard app
- For various messenger services utilized daily by the millennial generation, the remittance function for mobile banking that can be utilized for 24 hours can be conveniently provided, and the service has already been adopted by six major banks, including Westpac Banking Corporation, one of the four major commercial banks in Australia, and Garanti Bank in Turkey

SBI PayKey Asia

- Planning to promote the introduction of PayKey to Japanese financial institutions, and by utilizing the marketing experience in Japan throughout Asia as well

Endeavoring to Create Organic Synergies between Existing Financial Ecosystem and Two New Financial Ecosystems

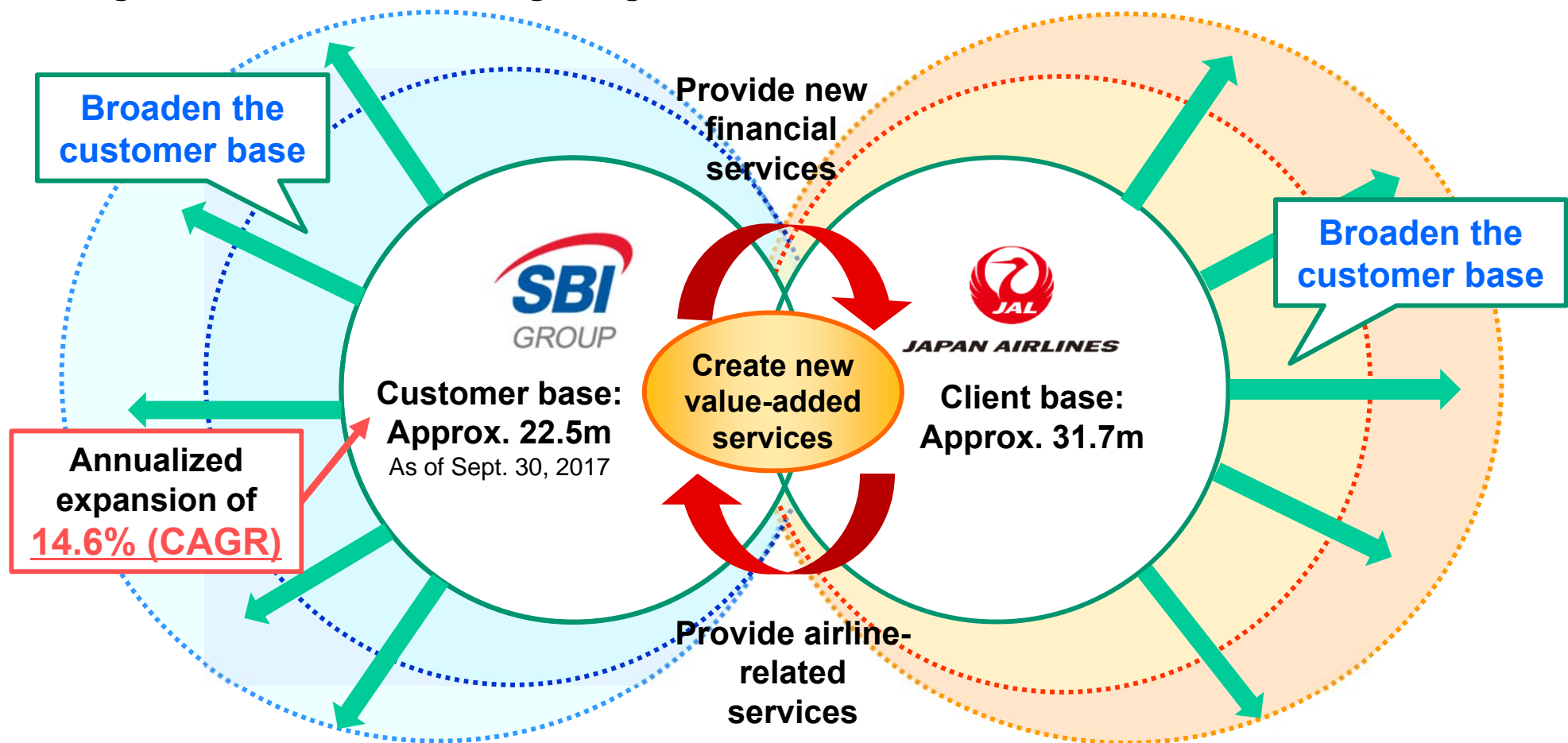


Q5. Regarding the alliance strategies with companies outside the Group, to further expand the Group's 3 financial ecosystems

- (1) Collaborating with Japan Airlines (JAL), to dramatically expand the customer base of both companies, through joint projects, etc.**
- (2) Through the “SBI Regional Bank Value Creation Fund” (tentative name), expect to vitalize regional financial institutions that play a role in regional revitalization**

Long-term Dramatic Expansion of Both Companies' Customer Base

Dramatically expand the customer bases of both companies over the long-term and contribute to the further growth of their respective core businesses by utilizing their strengths and customer bases and providing options that enable the customers of both companies to conveniently and simply use the combined products and services through such features as single sign-on.



SBI Group and JAL Established a JV, to Promote the Introduction of FinTech-related Innovative Services



Shareholding:

49%



Shareholding:

51%



Joint venture company **JAL SBI FinTech** (established on Sept. 1, 2017)

Contribute to providing advanced FinTech services

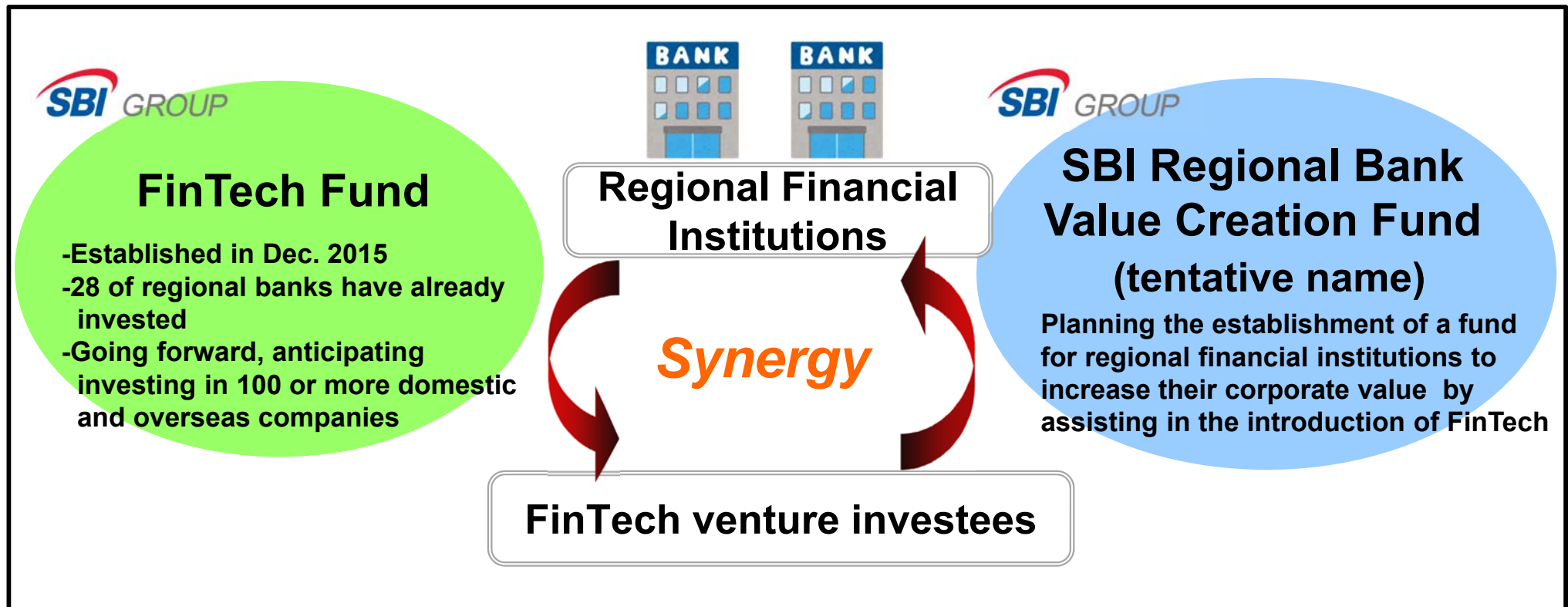
- ◆ Assist with construction of a financial services business as a new earnings pillar for JAL through networking with the SBI Group's approx. 50 FinTech investee companies and collaborating with SBI Group companies.
- ◆ Also considering assistance with API collaboration with the SBI Group's FinTech investee companies

Planning the Establishment of a New Fund to Enhance the Corporate Value of the Regional Financial Institutions

- ✓ By utilizing the fund to eliminate interbank cross-shareholdings, an effective utilization of capital becomes possible
- ✓ Raise capital through cash or in-kind contributions for the new fund from major financial institutions, such as major city banks and major institutional investors, to endeavor to increase the corporate value of the regional financial institutions, of which the Fund has acquired shares, through assisting in the introduction of FinTech and etc. by the SBI Group



Realization of “Sampo Yoshi” (Benefit for All Three Sides) for Regional Financial Institutions, FinTech Ventures and the SBI Group



Enhance profitability of regional financial institutions by utilizing FinTech

FinTech ventures' revenue will increase as the number of users of their services increase

Through an increase in the corporate value of the investee companies, th SBI Group will realize a higher management fund performance

Q6. What is the progress of the efforts toward the actualization of intrinsic corporate value?

- (1) Enhance the corporate value of SBI FinTech Solutions through restructuring that envisages the intrinsic value**
- (2) Promoting the IPO of subsidiaries to actualize intrinsic corporate value**

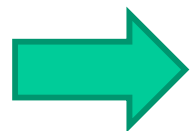
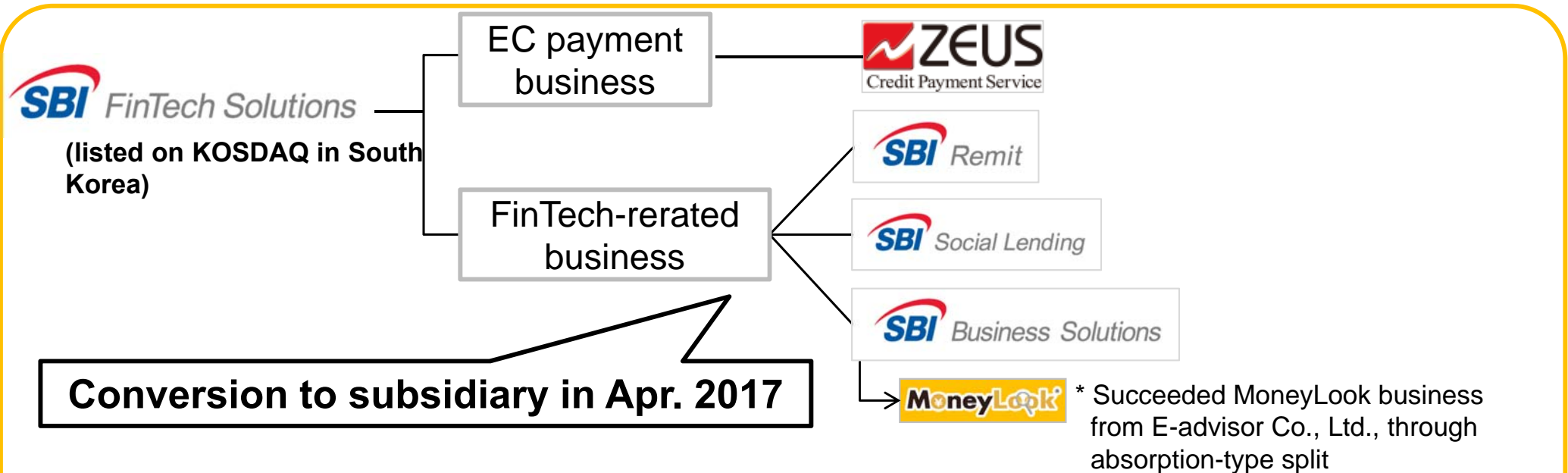
(1) Enhance the corporate value of SBI FinTech Solutions through a restructuring:

Restructured the Company Listed on KOSDAQ in South Korea (formerly SBI AXES) as SBI FinTech Solutions, by Aggregating Three FinTech-related Companies of the SBI Group



Given that the preexisting EC payment business has high affinity with FinTech, the company will expand its business as the newly formed SBI FinTech Solutions

* SBI AXES have changed its corporate name to SBI FinTech Solutions from July 1, 2017



SBI FinTech Solution's subsidiary ZEUS has already commenced FinTech services through a collaboration with SBI Sumishin Net Bank, offering business loan services. Going forward, primarily owing to the consolidation of the three companies, the company will further expand its FinTech business

Subsidiary Companies of SBI FinTech Solutions

-Principal Businesses and FinTech services-

Settlement Business

ZEUS



- ◆ Provides an online settlement service for various settlement methods on an one-stop basis
- ◆ Launched a business loan service, based on accounting transactions, in cooperation with SBI Sumishin Net Bank

Financial Business for Individual Customers

SBI Remit



- ◆ Provides fast, secure international remittance service with low fees, utilizing the Internet
- ◆ Launched a remittance service between Japan and Thailand, with the first utilization in Asia of the solution of Ripple

SBI Social Lending



- ◆ Provides social lending service that connects investors and borrowers through the Internet

Back Office Support Business

SBI Business Solutions



- ◆ Provides back office support services
- ◆ Plan to offer comprehensive transfer service, by utilizing API connection with SBI Sumishin Net Bank

SBI FinTech Solutions' Stock Price Trend (Listed on KOSDAQ in South Korea)

* 1H FY2017 financial results announcement was published on Nov. 14, 2017



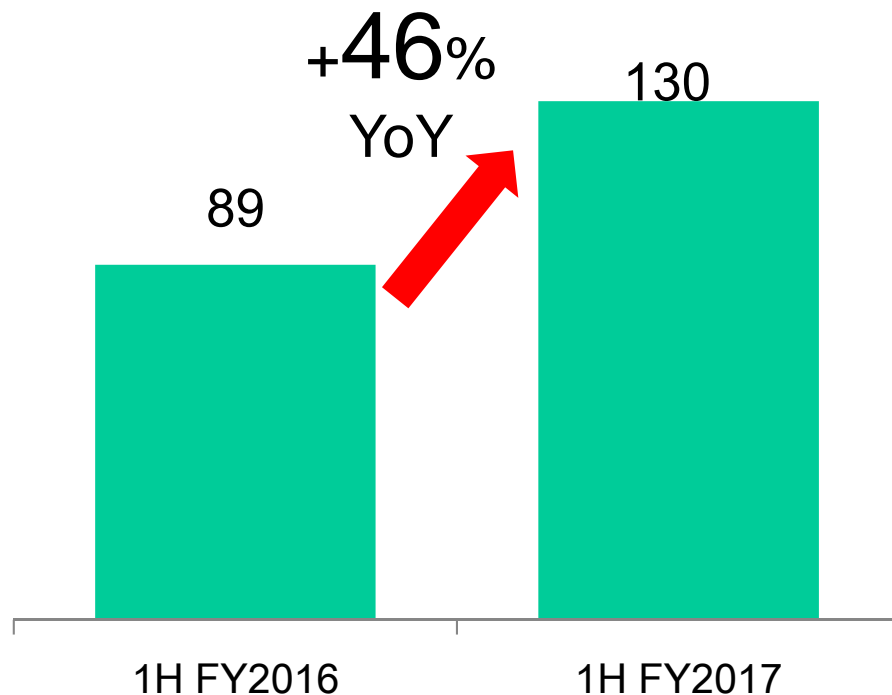
* KRW 1=JPY 0.103 (As of Nov. 29, 2017), Rounded to 3 decimal places.

SBI FinTech Solutions' Converted Subsidiaries, SBI Remit and SBI Social Lending, Expanded Their Respective Business Performances

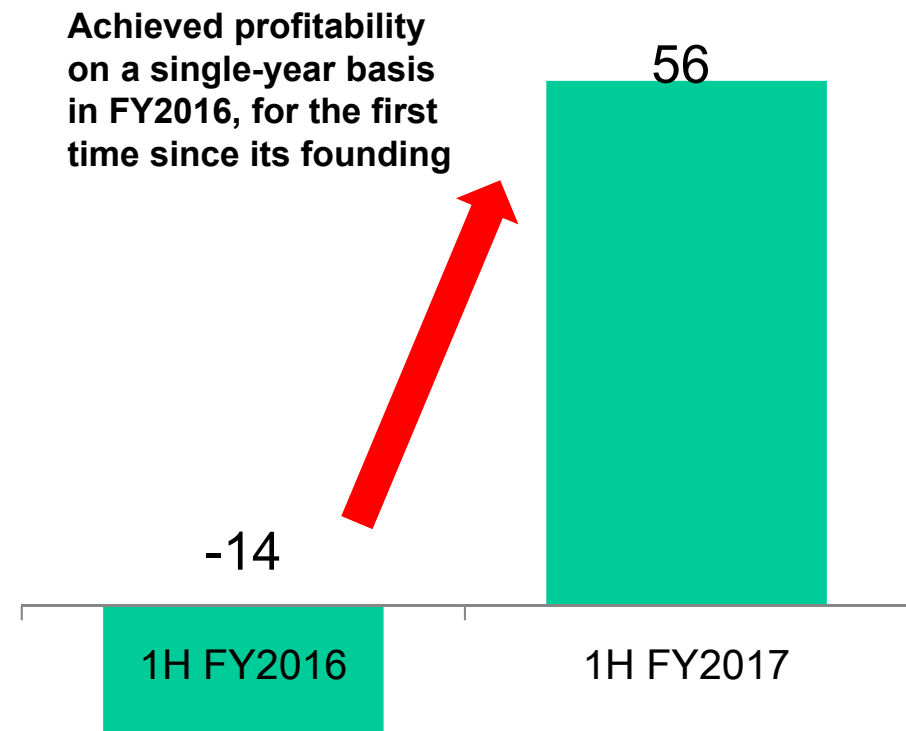
Change in profit attributable to owners of parent company



SBI Remit



SBI Social Lending



(JPY million)

(2) Promoting the IPO of subsidiaries to actualize intrinsic corporate value

- ① Quark**
- ② SBI Insurance Group (Insurance holding company)**
- ③ Other Group subsidiaries that are considering IPOs**

Quark's IPO

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

- QPI-1002: Kidney transplantation (DGF) (Licensing partner: Novartis International AG)
- QPI-1007: Non-arteritic anterior ischemic optic neuropathy (NAION) (Licensing partner: Biocon Ltd of India)



In addition to the above, Phase II for acute kidney injury (AKI) was completed successfully

→Preparing for Phase III

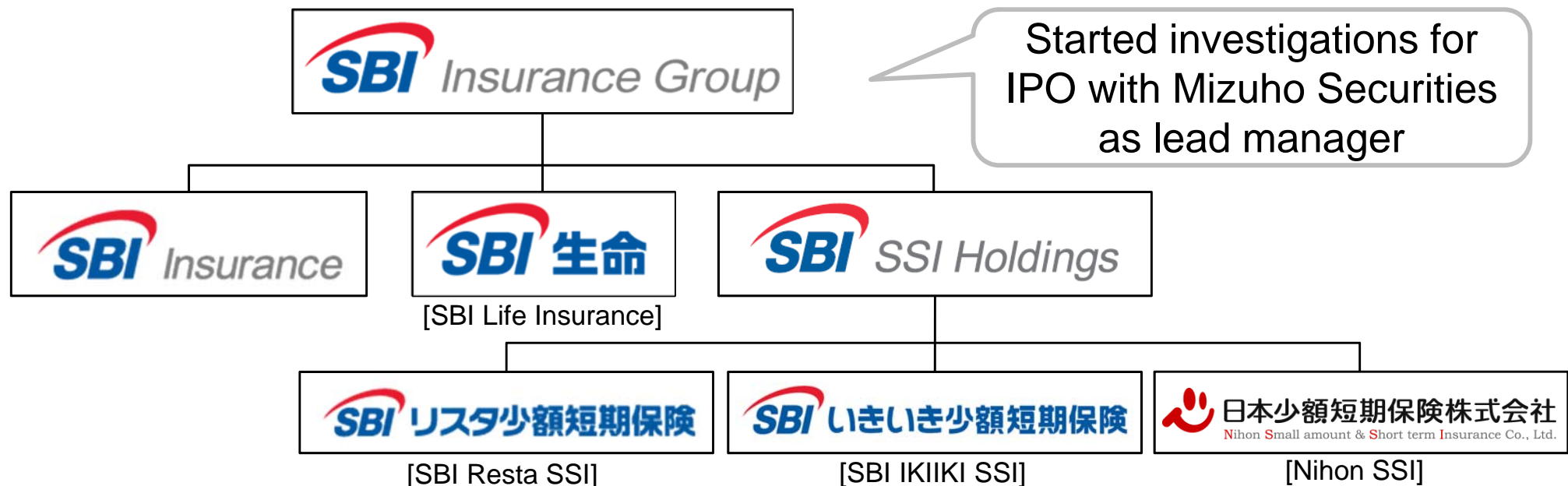
Since Quark has three products at the Phase III stage in its drug discovery pipeline, it has satisfied the conditions for a public offering on the NASDAQ market, and is now in the process of selecting a lead managing underwriter in preparation for an IPO on the U.S. NASDAQ market

→Planning for a spring 2018 listing

SBI Insurance Group Started Its Operations on Mar. 31, 2017, and will Endeavor an Oct. 2018 IPO, as an Insurance Holding Company

SBI Insurance Holding Company Planning Co., Ltd., which was established as a preparatory insurance holding company, obtained approval from the relevant regulators, and was subsequently reorganized on Mar. 31, 2017 with a company name change to SBI Insurance Group Co., Ltd., to start its operations

[Organizational chart of the SBI Group's insurance business]



As an insurance group led by the SBI Insurance Group, will endeavor to become a new era insurance group, by working on measures such as allying with companies outside of the Group and utilizing FinTech, as well as by promoting efficient management

Started Insurance Business with SBI Insurance in 2008, and Continuing to Grow through the Diversification of Insurance Offerings



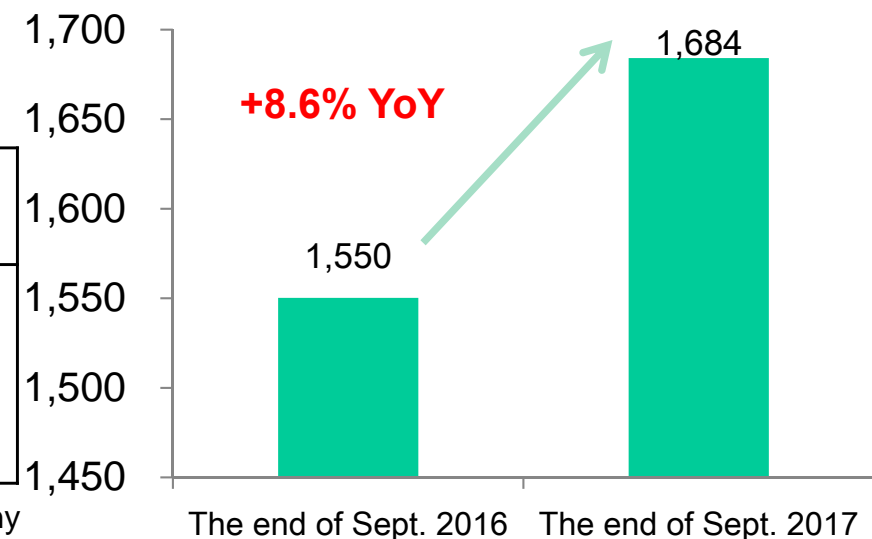
Financial results of the overall Insurance business (IFRS)

(Unit: JPY million)	1H FY2016	1H FY2017	Increasing rate (%)
Profit before income tax expense	1,400	1,798	+28.4

* Simply sum of 1H financial results of each insurance company

The number of contracts in insurance business

(Thousands)



Other Group Subsidiaries that are Preparing for an IPO, in Order to Actualize Intrinsic Corporate Value

[SBI Biotech]

Business overview: R&D of pharmaceuticals

➡ In order to realize SBI Biotech's sole IPO, separating its wholly owned subsidiary Quark, and selecting a lead managing underwriter to initiate listing discussions

SBI ALA Hong Kong

Business overview: Intermediate holding company of the 5-ALA-related business

➡ SBI ALA Hong Kong completed the restructuring of the 5-ALA-related business under the SBI Group, namely SBI Pharmaceuticals, SBI ALApromo, photonamic, Suzhou Yian Biotech and SBI Neopharma, and is preparing for the selection of an audit corporation and a lead managing underwriter

[SBI Capital Management]

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

[Appendix]

**(1) The Company's method in calculating
the estimated corporate value**

Corporate Value by Business Segment Valuation

Each Business Segment Valuation is Conservatively Estimated

■ Sum of the values by segment (as of Nov. 29, 2017) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	671.4
Asset Management	223.5
Biotechnology-related	71.6
Subtotal	966.6 (+)
External Debt (SBIH's non-consolidated-base borrowing recorded on the consolidated B/S as of Sept. 2017)	-303.1
Sum Total	663.5 (+)*

- Business valuation per share: **JPY 4,304** ←
- Business valuation per share after deduction of external debt: **JPY 2,955** ←

Out of the major Group companies, 11 are profitable companies that are not included in the above calculations (Total FY2016 Profit before Income Tax Expense: approx. JPY 4.4bn)

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

Valuation by Segment Estimated by SBI

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

① SBI SECURITIES

Valuation is conservatively estimated at **JPY 512.9bn**

(based on the closing prices of Nov. 29, 2017)

Estimation of the valuation is as follows:

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

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

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

Matsui's PER (*1) × SBI SECURITIES's Net Income (FY2016) ... (A)

Matsui's PBR (*2) × SBI SECURITIES's Net Asset (*3) (as of Sept. 30, 2017) ... (B)

*1 PER of Matsui is calculated by its net income per share for FY2016.

*2 PBR of Matsui is calculated by its BPS as of Sept. 30, 2017.

*3 Represents SBI SECURITIES' balance of net asset excluding short-term loans receivable from SBIH

Valuation by Segment Estimated by SBI

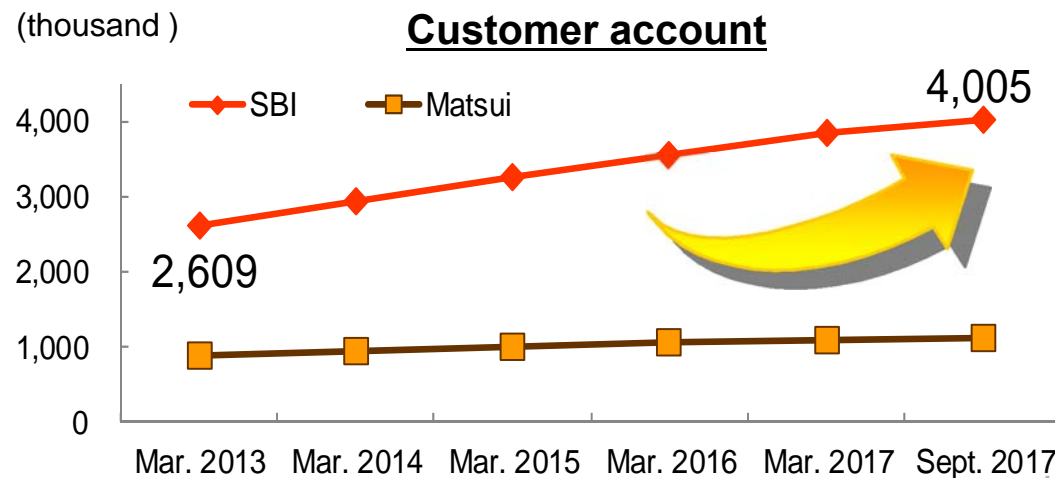
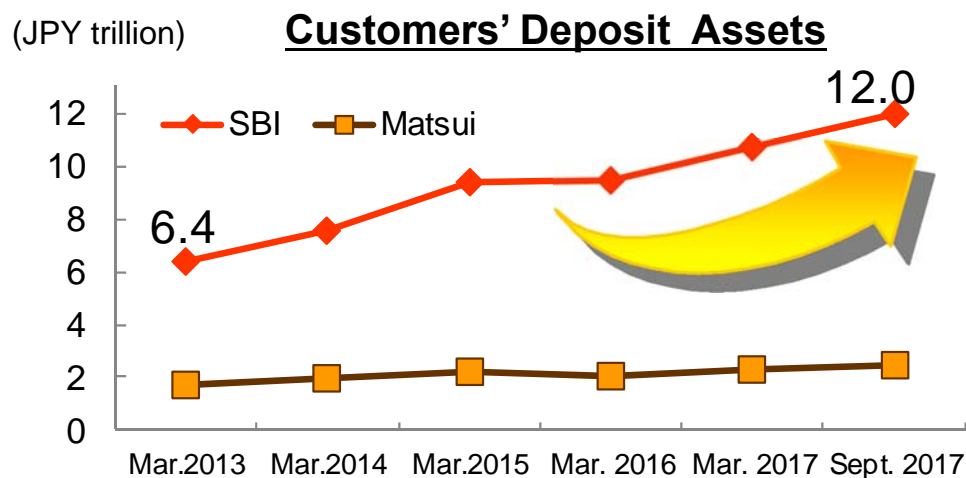
(1) Financial Services Business ① SBI SECURITIES -(ii)

Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES and Matsui Securities

*Calculated by the closing prices of Nov. 29, 2017

(1H FY2017)	SBI SECURITIES	Matsui Securities
Valuation (market cap) *	JPY 512.9bn	JPY 247.3bn
Deposit assets (Sept. 2017)	No.1 JPY 12.0tn	JPY 2.5tn
Number of accounts (As of the end of Sept. 2017)	No.1 4 million	1.11 million
Share of individual stock brokerage trading value	No.1 34.8%	11.9%
Operating income	No.1 JPY 22.9bn (up 29.0% YoY)	JPY 8.0bn (up 9.2% YoY)



Valuation by Segment Estimated by SBI

(1) Financial Services Business ② SBI Sumishin Net Bank

② SBI Sumishin Net Bank

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

JPY 122.5bn → JPY 61.2bn (based on the closing prices of Nov. 29, 2017)

(Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

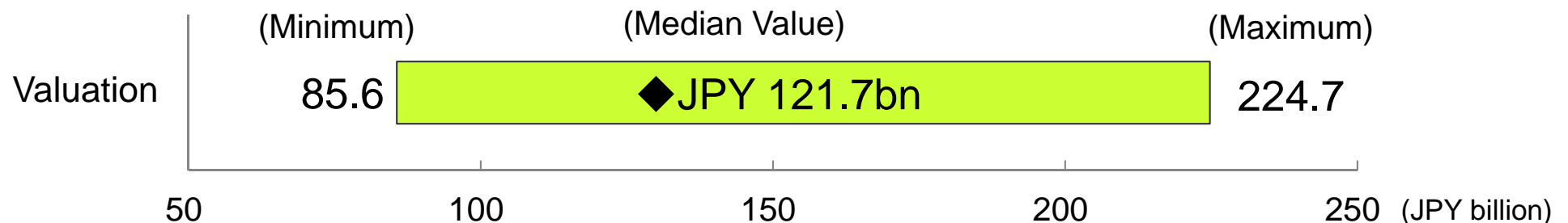
Calculated according to the **Comparable Public Company Analysis**

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

Median value of estimated PERs of listed local banks of which the deposit balance exceeds JPY 4tn (*) × SBI Sumishin Net Bank's Net Income (FY2016)

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

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



Valuation by Segment Estimated by SBI

(1) Financial Services Business

③ SBI Liquidity Market / ④ SBI Japannext



③ SBI Liquidity Market (including SBI FXTRADE)

Valuation is estimated at **JPY 56.8bn** (based on the closing price of Nov. 29, 2017)

Estimation of the valuation is as follows:

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

Compares the market cap and profits of comparable public companies, namely Money Partners, and Hirose FX

$$\frac{\{(Money\ Partner's\ PER + Hirose\ FX's\ PER)\}^{(*)}}{2}$$

× Net Income of SBI Liquidity Market (cons.) (FY2016)

* PER of Money Partners and Hirose FX are calculated by its net income per share for FY2016.

④ SBI Japannext

Conservatively estimates the valuation of SBI Japannext at

USD 150m → **JPY 8.1bn** (based on the exchange rate as of Nov. 29, 2017)
(Shareholding of the SBI Group: 48.8%)

Valuation by Segment Estimated by SBI

(1) Financial Services Business

⑤ SBIH Comparison Website Business / ⑥ SBI FinTech Solutions

⑤ SBIH Comparison Website Business

Valuation is estimated at **JPY 16.4bn** (based on the closing price of Nov. 29, 2017)

Estimation of the valuation is as follows:

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

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

$$\frac{\{(\text{Kakaku.com's PER} + \text{NEWTON FINANCIAL CONSULTING' PER})\}^{(*)}}{2} \times \text{Provisional amount of net Income of SBIH Comparison Website Business (FY2016)}$$

* PER of Kakaku.com and NEWTON FINANCIAL CONSULTING are calculated by their net income per share for FY2016.

⑥ SBI FinTech Solutions

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
SBI FinTech Solutions	77.5	Consolidated subsidiary	KOSDAQ of KRX	20.5*	15.9

(Based on the closing price of Nov. 29, 2017. *Calculated by the exchange rate as of Nov. 29, 2017.)

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

Valuation by Segment Estimated by SBIH

(1) Financial Services Business: Total Valuation of the Businesses

① SBI SECURITIES

(based on the closing prices of Nov. 29, 2017)

Upon comparison with similar listed companies calculated conservatively as **JPY 512.9bn**

② SBI Sumishin Net Bank

(based on the closing prices of Nov. 29, 2017)

Estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 122.5bn → **JPY 61.2bn** (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market (cons.)

(based on the closing prices of Nov. 29, 2017)

Upon comparison with similar listed companies calculated as **JPY 56.8bn**

④ SBI Japannext

(based on the exchange rate of Nov. 29, 2017)

Upon the conservative estimated valuation of USD 150m → **JPY 8.1bn**

(Shareholding of the SBI Group: 48.8%)

⑤ SBI Comparison Website Business

(based on the closing prices of Nov. 29, 2017)

Upon comparison with similar listed companies calculated as **JPY 16.4bn**

⑥ SBI FinTech Solutions

The market cap of SBI FinTech Solutions (Shareholding of the SBI Group) **JPY 15.9bn**

(based on the closing prices of Nov. 29, 2017)

Total of the valuation above: **JPY 671.4bn** (The sum according to the SBI Group's shareholding)

Valuation by Segment Estimated by SBIH

(1) Financial Services Business

⑦ Other Financial Services Businesses (Profitable Entities)

There are many other profitable business entities in this segment

	Business lineup	Profit before income tax expense for FY2016 (JPY billion)	SBI's shareholding pct. (%)
SBI MONEY PLAZA	Insurance agency, financial instruments intermediary service provider, housing loan agency	2.0	100.0
SBI Life Insurance *1	Life insurance	1.6	100.0
SBI Remit	International money remittance service	0.3	100.0

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

 **Proceeds generated may be appropriated to strengthen the three core businesses**

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

*2 SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group. 160

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -①

Asset Management Business

Valuation for this segment is conservatively estimated at approx. JPY 223.5bn
<Reference>

JAFECO's Market Cap: **JPY 189.4bn** (based on the closing price of Nov. 29, 2017)

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

(i) **Value of holding securities** (as of the end of Sept. 2017) Approx. JPY 118.1bn

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

(ii) **Value of SBI Investment** (based on the closing price of Nov. 29, 2017)

(* **Valuation excluding assets such as securities hold**) Approx. JPY 12.0bn

Calculated according to the Comparable Public Company Analysis

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

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

*PER of JAFECO is calculated by the estimated net income per share for FY2017.

The estimated net income per share used in the calculation is the average between that of Japanese company handbook and Nikkei Kaisha Joho.

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -②

(iii) **Value of SBI SAVINGS BANK** (based on the closing price of Nov. 29, 2017)

Estimates the valuation of SBI SAVINGS BANK at JPY 71.4bn

→ **JPY 70.6bn**

(Shareholding of the SBI Group: 99.0%)

Estimation of the valuation is as follows:

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

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

**Median value of PBR of listed savings banks and
local banks in Korea^{*1}**

×

**Balance of SBI SAVINGS BANK's
substantive equity^{*2}
(As of the end of Sept. 2017)**

^{*1} PBR of listed savings banks and local banks in Korea is calculated by recent equity per share

^{*2} Balance of substantive equity is the SBI Savings Bank's equity considering goodwill

^{*3} SBI's shareholding percentage corresponds to a figure based on the IFRS criteria that excludes a percentage of outside shareholder's interest of subsidiary companies and subsidiary funds of the Group.

Valuation by Segment Estimated by SBIH

(2) Asset Management Business- ③

(iv) Total market cap of listed subsidiaries and equity method associates

	SBI's share-holding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
Morningstar Japan	49.5	Consolidated subsidiary	TSE JASDAQ	29.7	14.7
SBI Investment KOREA	43.9	Equity method associate	KOSDAQ of KRX	18.4*	8.1
Sum of the market cap of a listed subsidiary and an equity method associate				48.1	<u>22.8</u>

(Based on the closing price of Nov. 29, 2017. *Calculated by the exchange rate as of Nov. 29, 2017.)

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

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

	Business lineup	Profit before income tax expense for FY2016 (JPY billion)	SBI's shareholding pct. (%)
SBI Estate Finance	Real estate secured loans	0.4	100.0

Valuation by Segment Estimated by SBIH

(3) Biotechnology-related Business

Biotechnology-related Business

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

Total valuation of the Biotechnology-related Business is estimated at approx. JPY 71.6bn

① SBI Pharmaceuticals

Estimation of the valuation is as follows:

Market value at the point of partial transference of former SBI ALApromo's shares × Number of shares issued × SBIH's equity interest (excluding external holdings)



Based on SBIH's equity interest (84.9%; excluding external holdings) as of the end of Sept. 2017, the amount is calculated to be approx. JPY 63.7bn

② Kubota Pharmaceutical HD

	SBI's share-holding pct. (%)	Classification	Listed market	Market cap (JPY billion) (as of Nov. 29, 2017)	SBI's equity interest of market cap (JPY billion)
Kubota Pharmaceutical HD	38.2	Equity method associate	TSE Mothers	20.1	7.7

③ SBI Biotech (SBI's shareholding percentage*: 87.6%)

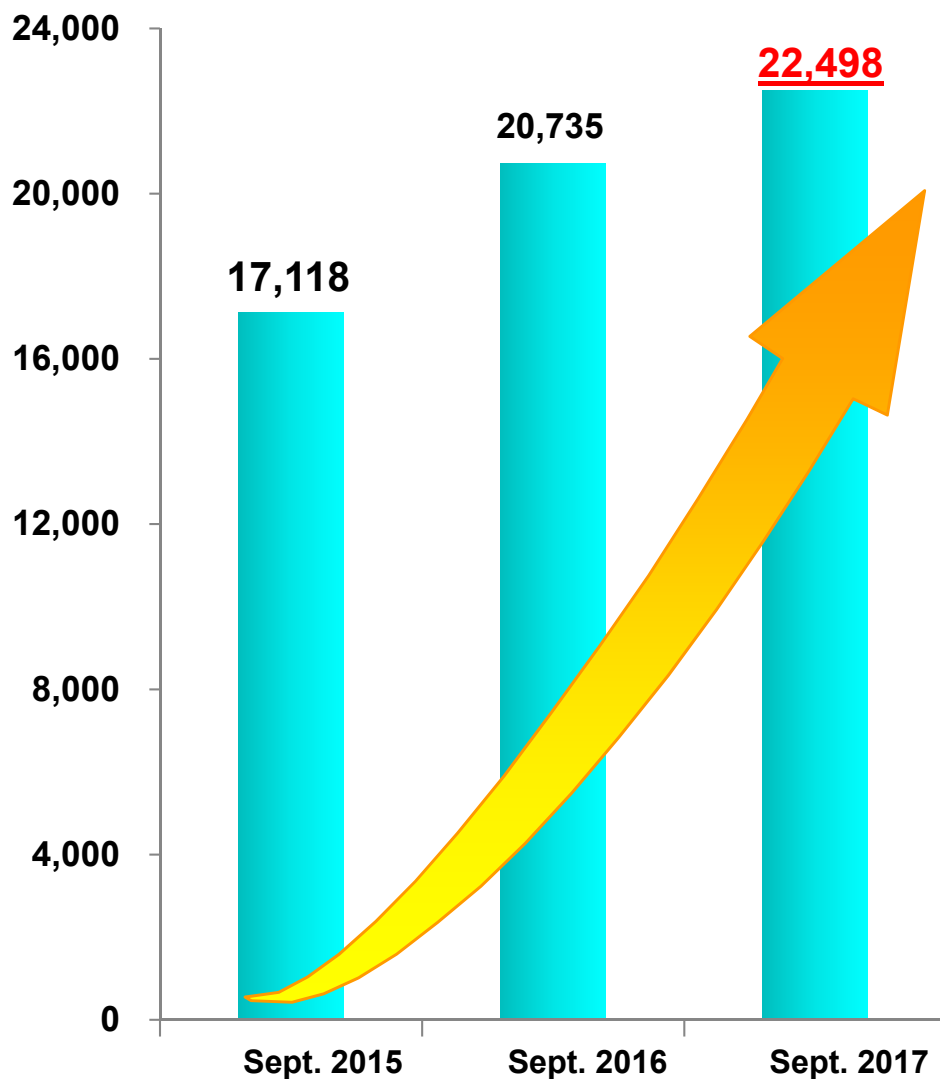
Estimated value based on SBIH's shareholding of paid-in capital

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

(2) State of the Group

The SBI Group's Customer Base, which was Expanded through the Thorough Pursuit of the Customer-centric Principle and Group Synergies

(Thousand)



Breakdown of the Customer Base

(As of the end of Sept 2017)*1,2

(Thousand)

SBI SECURITIES	(No. of accounts)	4,005
SBIH InsWeb	(No. of customers)	8,747
E-LOAN	(No. of customers)	2,305
MoneyLook	(Total no. of customer registrations)	941
Morningstar Japan	(Total no. of service users) *3	745
SBI Sumishin Net Bank	(No. of accounts)	2,964
SBI Insurance	(Total no. of contracts)*4	970
SBI Life Insurance	(Total no. of contracts)	114
3 companies of small-amount, short-term insurance business	(Total no. of contracts)	603
Others (SBI Point etc.)		1,105
Total		22,498

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

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

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

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

Number of Companies and Consolidated Employees of the SBI Group

Number of Group companies

	Mar. 2017	Sept. 2017
Consolidated subsidiaries (companies)	166	169
Consolidated partnerships (partnerships)	21	19
Total consolidated subsidiaries (companies)	187	188
Equity method companies (companies)	36	36
Total Group companies (companies)	223	224

Number of consolidated employees

	Mar. 2017	Sept. 2017
Total employees (persons)	4,455	5,070

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