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]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>121,284</td>
<td>141,679</td>
<td>+16.8</td>
</tr>
<tr>
<td>Profit before income tax expense</td>
<td>17,286</td>
<td>27,737</td>
<td>+60.5</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>10,109</td>
<td>19,108</td>
<td>+89.0</td>
</tr>
<tr>
<td>Profit attributable to owners of the Company</td>
<td>14,194</td>
<td>20,385</td>
<td>+43.6</td>
</tr>
</tbody>
</table>

(Unit: JPY million)
# 1H FY2017 Revenue by Segment (IFRS)

## [Year-on-year]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Services Business</strong></td>
<td>84,945</td>
<td>102,742</td>
<td>+21.0</td>
</tr>
<tr>
<td><strong>Asset Management Business</strong></td>
<td>34,945</td>
<td>38,188</td>
<td>+9.3</td>
</tr>
<tr>
<td><strong>Biotechnology-related Business</strong></td>
<td>2,027</td>
<td>1,860</td>
<td>-8.2</td>
</tr>
</tbody>
</table>

(Unit: JPY million)

* Figures are before elimination of the inter-segment transactions.
# 1H FY2017 Profit before Income Tax Expense by Segment (IFRS)

[Year-on-year]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services Business</td>
<td>25,264</td>
<td>29,642</td>
<td>+17.3</td>
</tr>
<tr>
<td>Asset Management Business</td>
<td>2,912</td>
<td>11,579</td>
<td>+297.6</td>
</tr>
<tr>
<td>Biotechnology-related Business</td>
<td>-5,178</td>
<td>-8,604</td>
<td>-3,426</td>
</tr>
</tbody>
</table>

* Figures are before elimination of the inter-segment transactions.
Changes in SBI Holding’s Key Management Indicators

Changes in PER and PBR

Changes in ROE

*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

Based on closing price of Mar. 31, 2014: 279.4bn

Based on closing price of Nov. 29, 2017: 429.4bn

Source: Bloomberg
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%.

**Shareholder Composition**

<table>
<thead>
<tr>
<th>(EOM)</th>
<th>Individuals</th>
<th>Other domestic companies</th>
<th>Domestic financial institutions</th>
<th>Foreign institutions and individuals</th>
<th>Others *</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 2014</td>
<td>36.7</td>
<td>18.3</td>
<td>31.3</td>
<td>1.0</td>
<td>6.7</td>
<td>100</td>
</tr>
<tr>
<td>Mar. 2015</td>
<td>43.3</td>
<td>19.0</td>
<td>20.0</td>
<td>0.6</td>
<td>5.7</td>
<td>100</td>
</tr>
<tr>
<td>Mar. 2016</td>
<td>41.2</td>
<td>20.0</td>
<td>27.8</td>
<td>0.6</td>
<td>7.1</td>
<td>100</td>
</tr>
<tr>
<td>Mar. 2017</td>
<td>43.8</td>
<td>19.3</td>
<td>23.8</td>
<td>0.4</td>
<td>12.7</td>
<td>100</td>
</tr>
<tr>
<td>Sept. 2017</td>
<td>49.1</td>
<td>20.7</td>
<td>22.7</td>
<td>0.4</td>
<td>7.1</td>
<td>100</td>
</tr>
</tbody>
</table>

* “Others” include treasury stock (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

<table>
<thead>
<tr>
<th></th>
<th>End of 2Q</th>
<th>Year-end</th>
<th>Full-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2017</td>
<td>JPY 15</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>FY2016</td>
<td>JPY 10</td>
<td>JPY 40</td>
<td>JPY 50</td>
</tr>
</tbody>
</table>
(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]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>42,437</td>
<td>52,880</td>
<td>+24.6</td>
</tr>
<tr>
<td>Net Operating Revenue</td>
<td>39,473</td>
<td>48,198</td>
<td>+22.1</td>
</tr>
<tr>
<td>Operating Income</td>
<td>17,797</td>
<td>22,949</td>
<td>+29.0</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>17,834</td>
<td>22,973</td>
<td>+28.8</td>
</tr>
<tr>
<td>Profit attributable to owners of the Company</td>
<td>13,880</td>
<td>15,970</td>
<td>+15.1</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>2Q FY2017 (July - Sept. 2017)</th>
<th>(Unit: JPY million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Nomura Holdings (US-GAAP)</td>
<td>51,850 (-8.8)</td>
</tr>
<tr>
<td>2 Daiwa Securities Group</td>
<td>31,906 (+64.5)</td>
</tr>
<tr>
<td>3 SMBC Nikko</td>
<td>14,365 (-0.9)</td>
</tr>
<tr>
<td>4 Mizuho</td>
<td>11,868 (+125.2)</td>
</tr>
<tr>
<td>5 SBI</td>
<td>8,363 (+10.0)</td>
</tr>
<tr>
<td>6 MUFJ</td>
<td>7,930 (-19.2)</td>
</tr>
<tr>
<td>7 Tokai Tokyo Financial Holdings *1</td>
<td>3,814 (-71.2)</td>
</tr>
<tr>
<td>8 Rakuten</td>
<td>2,903 (-8.5)</td>
</tr>
<tr>
<td>9 Matsui</td>
<td>2,790 (+0.4)</td>
</tr>
<tr>
<td>10 GMO Financial Holdings</td>
<td>2,024 (+23.4)</td>
</tr>
<tr>
<td>11 Monex Group (IFRS)</td>
<td>1,573 (+256.7)</td>
</tr>
<tr>
<td>12 kabu.com</td>
<td>1,167 (-18.0)</td>
</tr>
<tr>
<td>13 Okasan Securities Group</td>
<td>24 (-98.2)</td>
</tr>
</tbody>
</table>

*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.

Source: Compiled by SBIH from the information on the website of each company
### 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]

<table>
<thead>
<tr>
<th></th>
<th>Share of individual stock trading value (%)</th>
<th>Number of accounts (thousand)</th>
<th>Deposit assets (JPY trillion)</th>
<th>Operating income (JPY million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>of which, individual margin trading</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SBI (cons.)</td>
<td>34.8</td>
<td>35.9</td>
<td>4,005</td>
<td>12.0</td>
</tr>
<tr>
<td>Rakuten *1 (cons.)</td>
<td>16.2</td>
<td>16.4</td>
<td>2,372</td>
<td>4.6</td>
</tr>
<tr>
<td>Matsui</td>
<td>11.9</td>
<td>14.9</td>
<td>1,113</td>
<td>2.5</td>
</tr>
<tr>
<td>kabu.com</td>
<td>8.8</td>
<td>10.4</td>
<td>1,068</td>
<td>2.3</td>
</tr>
<tr>
<td>Monex *2 (cons.)</td>
<td>5.4</td>
<td>3.7</td>
<td>1,726</td>
<td>4.1</td>
</tr>
</tbody>
</table>

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

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

Source: Complied by SBIH from the information on websites of each company
Securities-related business: SBI SECURITIES

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)

* 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
(i) Expansion of the corporate 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

<table>
<thead>
<tr>
<th>Year</th>
<th>1H</th>
<th>2H</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013</td>
<td>13</td>
<td>42</td>
</tr>
<tr>
<td>FY2014</td>
<td>22</td>
<td>73</td>
</tr>
<tr>
<td>FY2015</td>
<td>33</td>
<td>82</td>
</tr>
<tr>
<td>FY2016</td>
<td>30</td>
<td>77</td>
</tr>
<tr>
<td>1H FY2017</td>
<td>27</td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Company name</th>
<th>No. of cases</th>
<th>Underwriting share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI</td>
<td>27</td>
<td>96.4</td>
</tr>
<tr>
<td>SMBC Nikko</td>
<td>20</td>
<td>71.4</td>
</tr>
<tr>
<td>Mizuho</td>
<td>16</td>
<td>57.1</td>
</tr>
<tr>
<td>Ace</td>
<td>14</td>
<td>50.0</td>
</tr>
<tr>
<td>Iwai Cosmo</td>
<td>12</td>
<td>42.9</td>
</tr>
<tr>
<td>Monex</td>
<td>11</td>
<td>39.3</td>
</tr>
<tr>
<td>Ichiyoshi</td>
<td>11</td>
<td>39.3</td>
</tr>
</tbody>
</table>

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

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

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

Financial Institutional Sales Dept.

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

**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**

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

- Number of customer financial institutions as of July 2016 = 1
- Distributed financial instruments to 124 financial institutions

![Graph showing the change in the number of customer financial institutions of the Financial Institutional Sales Dept.](image-url)
(i) Expansion of the corporate business

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

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

- Started providing financial instruments intermediary services with **The Shimizu Bank** (Mar. 2017)
- 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))

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.

(i) Expansion of the corporate business

Considering the establishment of co-managed shops with multiple regional financial institutions
(ii) Strongly promoting the iDeCo pension business

Further Strengthening the Individual Defined Contribution (iDeCo) Pension Business

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

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

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.

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Cumulative number of SBI Benefits Systems’ subscribers for DC (individual & corporate)

Balance of investment trust for 401k (individual & corporate type) distributed by SBI SECURITIES

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(Thousands of persons)


(FY2017: 241)

(FY2017: 102)

(JPY billion)
(ii) Strongly promoting the iDeCo pension business

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

![Graph showing the ceiling for periodic investment trust setting amount from Mar. 2013 to Oct. 2017.](image)

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

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

- **Total setting amount in NISA accounts**
  - **2013:** JPY 8,008 million
  - **2015:** JPY 6,000 million

- **Total setting amount in specified and general accounts**
  - **2013:** JPY 1,000 million
  - **2015:** JPY 4,000 million

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- **Legend:**
  - Green bar: Total setting amount in NISA accounts
  - Blue bar: Total setting amount in specified and general accounts

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- **Graph Key:**
  - Mar.: March
  - Sept.: September
  - EOM: End of Month

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- **Data Table:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Setting Amount (JPY million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>8,008</td>
</tr>
<tr>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>
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

SBI Prime Securities
(Established in Aug. 2017)
- Expecting to receive approval for registration by the end of Jan. 2018
- Targeting the commencement of business in the early part of FY2018
(iv) Bringing about a “Platform Revolution”

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

**Change in equity in earnings of affiliates**

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

Deposits as of the End of Oct. 2017 was Approx. JPY 4.5tn, and on Nov. 14, 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

<table>
<thead>
<tr>
<th>Date</th>
<th>Deposits (JPY billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 2014</td>
<td>3,076.7</td>
</tr>
<tr>
<td>Mar. 2015</td>
<td>3,446.5</td>
</tr>
<tr>
<td>Mar. 2016</td>
<td>4,006.1</td>
</tr>
<tr>
<td>Mar. 2017</td>
<td>4,311.2</td>
</tr>
<tr>
<td>Sept. 2017</td>
<td>4,474.9</td>
</tr>
<tr>
<td>Oct. 2017</td>
<td>4,311.2</td>
</tr>
</tbody>
</table>

Deposits of 6 Internet Banks
(Based on the latest data disclosure by each company, as of the end of Sept. 2017)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Deposits (JPY billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI Sumishin</td>
<td>4,311.2</td>
</tr>
<tr>
<td>Daiwa Next</td>
<td>3,406</td>
</tr>
<tr>
<td>Sony</td>
<td>2,165.2</td>
</tr>
<tr>
<td>Rakuten</td>
<td>1,927.4</td>
</tr>
<tr>
<td>Jibun</td>
<td>839.0</td>
</tr>
<tr>
<td>The Japan Net</td>
<td>712.9</td>
</tr>
</tbody>
</table>

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

* Amounts are rounded to the nearest JPY 100 million.
Cumulative Total of Housing Loans has Rapidly Increased, Owing to Attractive Interest Rates and Highly Beneficial Customer Services


* Cumulative total of new loans

- Exceeded JPY 1tn in Mar. 2012
- Exceeded JPY 2tn in Oct. 2014
- Exceeded JPY 3tn in Aug. 2016
- Exceeded JPY 3.8tn in Oct. 2017

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

- Sept. 2007
- 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.
“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
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
③ Insurance-related business

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

**SBI Insurance Financial Results for 1H FY2017**

![Graph showing financial results](image)

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

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

**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

Number of Contracts*

Started sales of cancer insurance from Aug. 2011

CAGR from the end of Sept. 2011 to the end of Sept. 2017 is 12%

Started sales of fire insurance from Oct. 2016

Approx. 970 thousand

Approx. 480 thousand

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

<table>
<thead>
<tr>
<th>(Unit: JPY million)</th>
<th>SBI Life Insurance</th>
<th>Rakuten Insurance</th>
<th>Lifenet Insurance</th>
<th>AXA Direct Life Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary profit and loss</td>
<td>1,625</td>
<td>1,357</td>
<td>-2,031</td>
<td>-3,633</td>
</tr>
<tr>
<td>Total assets</td>
<td>131,484</td>
<td>34,661</td>
<td>31,934</td>
<td>9,324</td>
</tr>
</tbody>
</table>

*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

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)

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

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

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

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)
(iii) Small-amount, short-term insurance business

**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 リスタ少額短期保険**
[SBI Resta SSI: Earthquake indemnity insurance]
2nd category

Number of Contracts of Earthquake Indemnity Insurance Resta: 15,258

---

**SBI いきいき少額短期保険**
[SBI IKIIKI SSI: Death insurance, Medical insurance, Pet insurance]
All categories

Number of contracts: 63,445

---

**日本少額短期保険株式会社**
[Nihon SSI: Home content insurance, Vehicle insurance, Reform insurance, Building cost insurance]
2nd category

Number of contracts: 524,155

---

**Trend of premium income**

* Simply sum of 1H financial results of each SSI company
(iii) Small-amount, short-term insurance business

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

Steadily increasing the number of contracts in each SSI companies

**SBI Resta SSI**

- Acquired in Mar. 2012
- * Number of Contracts of Earthquake Indemnity Insurance Resta

**SBI IKIIKI SSI**

- Acquired in Mar. 2013

**Nihon SSI**


+6.6% YoY

+21.1% YoY

+6.6% YoY
SBI IKIIKI 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 IKIIKI SSI policyholders (Dec. 2016 to Jan. 2017)
*2 SBI IKIIKI 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)

<table>
<thead>
<tr>
<th></th>
<th>1H FY2016</th>
<th>1H FY2017</th>
<th>YoY % change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>34.9</td>
<td>38.2</td>
<td>+9.3</td>
</tr>
<tr>
<td>Profit before income tax expense</td>
<td>2.9</td>
<td>11.6</td>
<td>+297.6</td>
</tr>
</tbody>
</table>

### Trend of profit before income tax and expense

(IFRS, JPY billion)

<table>
<thead>
<tr>
<th></th>
<th>1H FY2015</th>
<th>2H FY2015</th>
<th>1H FY2016</th>
<th>2H FY2016</th>
<th>1H FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.1</td>
<td>18.1</td>
<td>2.9</td>
<td>11.1</td>
<td>11.6</td>
</tr>
</tbody>
</table>
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

Established the FinTech Fund

Established CVC funds with 3 companies, including Nikon and Intage

Established CVC funds with 3 companies, including MITSUI KINZOKU

* Converted at USD 1 = JPY 110, KRW 1 = JPY 0.1, RMB 1 = JPY 17
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)

* Converted at KRW 1 = JPY 0.10
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

<table>
<thead>
<tr>
<th>Public offering price</th>
<th>Initial share price</th>
<th>High price (Until Nov. 29, 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPY 1,550</td>
<td>JPY 3,000</td>
<td>JPY 3,540</td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

Balance of Performing Loans*

(KRW billion)

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

<table>
<thead>
<tr>
<th>Month</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar.</td>
<td>843.4</td>
<td>1,025.1</td>
<td>2,662.1</td>
<td>4,488.6</td>
</tr>
<tr>
<td>June</td>
<td>802.7</td>
<td>1,194.6</td>
<td>3,000.4</td>
<td>4,301.3</td>
</tr>
<tr>
<td>Sept.</td>
<td>846.3</td>
<td>1,137.9</td>
<td>2,425.5</td>
<td>4,488.6</td>
</tr>
<tr>
<td>Dec.</td>
<td>947.6</td>
<td>2,258.4</td>
<td>2,662.1</td>
<td>4,488.6</td>
</tr>
</tbody>
</table>

* Based on K-GAAP

*Converted at KRW 1 = JPY 0.10
Overall Delinquency Ratio Decreased Dramatically

Delinquency ratio of the entire loan

Delinquency ratio of the retail loan

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

KRW 52.9bn (JPY 5.3bn)

KRW 71.7bn (JPY 7.2bn)

+36%

*Converted at KRW 1 = JPY 0.10
(3) Biotechnology-related Business

① SBI Biotech
② Quark
③ 5-ALA-related business
## Drug discovery pipeline progress

<table>
<thead>
<tr>
<th>Licensing partner(timing)</th>
<th>Adaptation disease</th>
<th>Progress</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEDI7734 (Anti-ILT7 antibody)</td>
<td>MedImmune, LLC. (Subsidiary of AstraZeneca) (Sept. 2008)</td>
<td>Autoimmune diseases (Systemic Lupus Erythematosus (SLE), Sjogren's Syndrome, Dermatomyositis, etc.)</td>
<td>Phase I</td>
</tr>
<tr>
<td>SBI-9674</td>
<td>Kyowa Hakko Kirin Co., Ltd (Dec. 2016)</td>
<td>Autoimmune diseases</td>
<td>Pre-clinical (Kyowa Hakko Kirin promoting development)</td>
</tr>
<tr>
<td>Cdc7 inhibitor</td>
<td>Carna Biosciences, Inc. (May 2014)</td>
<td>Cancers</td>
<td>Pre-clinical (plan to apply for clinical trial in 2017)</td>
</tr>
<tr>
<td>GNKS356</td>
<td>Independently</td>
<td>Autoimmune diseases (Psoriasis / Systemic Lupus Erythematosus (SLE))</td>
<td>Pre-clinical</td>
</tr>
<tr>
<td>SBI-3150</td>
<td>Independently</td>
<td>Autoimmune diseases (Various diseases caused by pDC / activated B cells)</td>
<td>Pre-clinical</td>
</tr>
</tbody>
</table>
## 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**

<table>
<thead>
<tr>
<th>Licensing partner</th>
<th>Adaptation disease</th>
<th>Progress</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>QPI-1002</strong></td>
<td>Novartis International AG</td>
<td>Kidney Transplantation (DGF)</td>
<td><strong>Phase III</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Acute kidney injury (AKI)</td>
<td><strong>Phase II (Completion)</strong></td>
</tr>
<tr>
<td><strong>Total milestone payments:</strong> USD 670m (including pre-receipt)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>QPI-1007</strong></td>
<td>Biocon Ltd of India</td>
<td>Non-arteritic anterior ischemic optic neuropathy (NAION)</td>
<td><strong>Phase II / III</strong></td>
</tr>
<tr>
<td><strong>PF-655</strong></td>
<td>Pfizer Inc.</td>
<td>Glaucoma, Diabetic macular edema (DME) and Age-related macular degeneration (AMD)</td>
<td><strong>Phase Ila (Completion)</strong></td>
</tr>
</tbody>
</table>
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


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

<table>
<thead>
<tr>
<th>Licensing partner</th>
<th>Adaptation disease</th>
<th>Progress</th>
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<tr>
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</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of the Biotechnology-related Business</td>
<td>-5,178</td>
<td>-8,604</td>
</tr>
<tr>
<td>Of which, partial write-down of Quark’s pipeline</td>
<td></td>
<td>-3,103</td>
</tr>
</tbody>
</table>
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
Establishing a worldwide sales network of 5-ALA-based intraoperative diagnostic agent for cancer

Since 2007
Approved as “Gliolan” by European Medicines Agency (EMA) in 2007 and is distributed through photonamic’s partner companies in more than 25 countries including Germany and the UK

June 2017: Approved by FDA

Plans to start selling in the U.S. in the next fiscal year

Since 2013 SBI Pharmaceuticals has been distributing it as “ALAGLIO Oral 1.5g”

Efforts to expand indications in Japan are progressing

- Carcinoma vesicae: Obtained the manufacturing and marketing approval and listed on the NHI reimbursement price list on Nov. 22, 2017
  → Scheduled to be released within the year by Chugai Pharmaceuticals, which was provided with exclusive domestic marketing rights in Japan
- Peritoneal dissemination of gastric cancer (Investigator-led trial): Phase III is underway
③ 5-ALA-related business:

(iii) SBI Neopharma

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

SBI ALA Hong Kong
(Intermediate holding company in 5-ALA-related business)

Investment ratio: 49%

Regarding profits, recording at 50:50

Neopharma

Investment ratio: 51%

SBI Neopharma FZ LLC
(Established in Dubai)

- Overseas production and sales of the pharmaceuticals using 5-ALA (therapeutic drugs for diabetes and malaria infection) and the production and sales of diagnostic agent for cancer treatment in India (plan), to be developed by Neopharma
- Overseas sales of all the 5-ALA-related products including the health foods, cosmetics, feeds and fertilizers containing 5-ALA to be developed by SBI Pharmaceuticals and Neopharma

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

- Neopharma has production bases for generic drugs in Abu Dhabi, Bangladesh, Egypt, Brazil, Japan, Russia, etc., and also produce licenses with six mega pharma companies
- Its corporate group includes promising enterprises such as NMC Health PLC (listed on the London Stock Exchange), currently operating the largest private hospital in Abu Dhabi, where over 4 million patients visit per year
- Established Neopharma Japan as a Japan base of Neopharma group in 2016
③ 5-ALA-related business:

(iv) SBI ALApromo

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

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

Among approx. 1000 foods with functional claims received by the Consumer Affairs Agency, “ALAplus 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”

* Sales in July 2017 (Launch month) = 1

Launched on July 12, 2017

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:

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

- Improvement in the exercise capacity for the elderly (Shinshu Univ.)
- Improvement in the quality of sleep (Hawaii Univ.)
- Recovery from fatigue (Hiroshima Univ.)
- Improvement of sports training effect (Juntendo Univ.)
- Male menopause improvement (Juntendo Univ.)

Planning submission to the Consumer Affairs Agency in FY2018

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

- Cognitive improvement
  Plans to launch the “SBI Gingko Bilboa” utilizing gingko bilboa, in Dec. 2017

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

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

3  5-ALA-related business (SBI ALApromo):

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

<table>
<thead>
<tr>
<th>Investor</th>
<th>Rank</th>
<th>Select Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI Holdings</td>
<td>1</td>
<td>Orb, R3, Ripple, Coinplug, Veem, Wirex, bitFlyer,</td>
</tr>
<tr>
<td>Google</td>
<td>2</td>
<td>Storj Labs, Blockchain, Ripple, LedgerX, Buttercoin, veem</td>
</tr>
<tr>
<td>Overstock.com</td>
<td>3</td>
<td>Settlemint, Factom, Ripio, Symbiont, Bitt, Peernova</td>
</tr>
<tr>
<td>Citi</td>
<td>4</td>
<td>Digital Asset, R3, Axoni, Conbalt, Chain</td>
</tr>
<tr>
<td>Goldman Sachs</td>
<td>5</td>
<td>Digital Asset, R3, Axoni, Circle</td>
</tr>
</tbody>
</table>

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
### 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)


- 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

**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

The number of duplicative customers will be limited

Minimum investment amount:
- JPY 300,000
- The balance of customer assets:
  - JPY 5.8bn
  - Approx. 4,300 accounts (accounts with balance)

Minimum investment amount:
- JPY 10,000
- The balance of customer assets:
  - JPY 0.9bn
  - Approx. 1,500 accounts (accounts with balance)

* The balance of customer assets are as of Nov. 28, 2017. Amounts are rounded to the nearest JPY 100 million.
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

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

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
Money Forward’s “Shiratama” is an automatic savings service that enables effortless and reliable automatic savings through data cooperation between SBI Sumisin Net Bank’s account and household accounting services, “Money Forward for SBI Sumishin Net Bank” and “Money Forward.”
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)

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

\*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

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

SBI Sumishin Net Bank:

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.

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**Diagram Description**

1. **Identity verification documents**
2. **Registration of identity verification documents**
3. **New account opening**
4. **Permission for identity verification documents usage**
5. **Identity verification documents linkage**
6. **Identity verified**

**Distributed Ledger Technology (DLT)**

As for the purpose of opening a new account, by using the existing KYC (Know Your Customer) certified identity verification information at Bank A, the KYC authentication will be easily done.

**AML/CTF information**

**Sharing of blacklist**
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):

<table>
<thead>
<tr>
<th>City banks and others (13 banks)</th>
<th>Online banks (5 banks)</th>
<th>Reginal banks &amp; Second-tier regional banks (43 banks)</th>
</tr>
</thead>
</table>

*Alphabetical order in the Japanese language / as of Oct. 26, 2017*

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

- Ripple is a U.S. FinTech venture and Ripple’s global payments network currently has the participation of more than 100 of the world’s major financial institutions including the SBI Group (the SBI Group’s Shareholding: 10.5%)

- A provider of a settlement platform utilizing Ripple’s distributed financial technology in Asia including Japan


Targets of “The Japan Bank Consortium”:

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

Market capitalization of major 4 currencies (2017)

- Bitcoin: 18379.6
- Ethereum: 5166.2
- Bitcoin Cash: 3055.0
- XRP: 1098.9

Total market cap of the 4 major currencies expanded by 15x, since the beginning of the year

As of Nov. 28 Source: coinmarketcap.com
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 Hodings (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)

Worldwide funds raised via ICO

- USD 39m (approx. JPY 4.4bn) ~2015
- USD 256m (approx. JPY 28.9bn) 2016
- USD 3,775m (approx. JPY 422.8bn) As of Nov. 2017

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)

- **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)

  (SankeiBiz, Jan. 14, 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, XRPsls, 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
Development Status of Cryptocurrency in 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

- **Bitcoin data upper limit of 1MB**
- **Upper limit of 1MB**
  - Without changing size of ledger, streamline data
  - Soft-forked

- **SegWit (Aug. 24)**
  - Hard-fork

- **Bitcoin Cash launched (Aug. 1)**
  - Upper limit of 1MB
  - Increased block-size
  - Same data-size

- **Block size of 2MB**
  - Increase ledger and streamline data
  - Incompatible with conventional bitcoin owing to block size

- **Bitcoin Gold launched (Oct. 24)**
  - Upper limit of 1MB
  - Mining algorithm changed
  - For the purpose of limiting ASIC mining

- **Nov. 8: SegWit 2x postponement announced**

- **Nov. 13**
  - Hard-fork's algorithm modification on mining difficulty

- **~ Dec. 31**
  - Futures listed on U.S. CME

- **Nov. 24**: Bitcoin Diamond launched

- **Upper limit of 8MB**
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**

(i) Utilization for remittance
Drastic Reduction of Remittance Cost in International Remittance System Utilizing Ripple’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)

![Bar chart showing cost reduction](chart)

- Remittance cost of current system: 20.9 bps
- Remittance cost using only Ripple’s system: 14.1 bps (-33%)
- Remittance cost using Ripple’s system and virtual currency, XRP: 8.3 bps (-60%)

* 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

<table>
<thead>
<tr>
<th></th>
<th>Bitcoin</th>
<th>XRP</th>
<th>Compared with Bitcoin:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Time for settlement</strong></td>
<td>About an hour</td>
<td>3 sec</td>
<td>1/1,200</td>
</tr>
<tr>
<td><strong>Transactions per second</strong></td>
<td>8</td>
<td>1,500</td>
<td>187.5x</td>
</tr>
<tr>
<td><strong>Average transaction cost</strong></td>
<td>USD 1.88</td>
<td>USD 0.0001</td>
<td>~1/18,800</td>
</tr>
</tbody>
</table>

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

SBI Ripple Asia

A joint venture with Ripple in the U.S.

- Offering innovative remittance solutions for financial institutions, primarily in Japan and other Asian countries

DAYLI Intelligence

A FinTech company associated with South Korea investee company Yello Mobile

- Possesses abundant knowledge and advanced technologies, including blockchain, with a domestic track record 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

SBI Remit

Providing lower fees than ever before in the remittance industry

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

Siam Commercial Bank

Major Private Commercial Bank in Thailand

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

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

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

SBI Remit, a subsidiary of SBI FinTech Solutions, has the know-how for marketing to foreign residents, as well as a network with Asian financial institutions, etc.

Coinplug, Inc. (Korean company)

- Venture investee company of the FinTech Fund
- Coinplug holds advanced FinTech-related technologies on cryptocurrencies, blockchain and etc.

SBI Cosmoney

- Established on Aug. 1, 2017
- Expecting to start the service as soon as registration of a small sum money exchange and transfer business is completed
(ii) Utilization for settlement/payment

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 GROUP)
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
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

SBI Holdings

- Expanding various businesses for organizing new financial ecosystem related to cryptocurrencies

BCause LLC

- A FinTech startup in the U.S.
- Offering a service related to cryptocurrency derivatives in the U.S.

Investing in 40%

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.
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

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)

(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**

---

**Source of fees (earnings)**

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

**Provision of rapid finance**

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

**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
(ii) Operation of the cryptocurrency exchange platform in Japan and overseas

Domestic Cryptocurrency Exchange Platform

Cryptocurrency Exchange Registration achieved (Sept. 29, 2017)

The SBI Group’s customers
[SBI SECURITIES]
[SBI FXTRADE]
[SBI Sumishin Net Bank]

Individual investors

Cryptocurrency exchange

Multiple crypto currencies

Domestic and overseas cryptocurrency exchange, including SBI Group investee companies

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

Preventing for opening in Hong Kong for Jan. 2018

Domestic exchange market

Exchange
Service
Digital Asset Management
Product

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

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

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

- Rating information of ICO tokens and exchange platforms
  Morningstar Japan
  In preparation

- Cryptocurrency derivative market
  Morningstar Japan
  In preparation

- Cryptocurrency mining
  SBI Crypto (established in Aug. 2017)

- ICO and cryptocurrency bonds issuance by companies specialized in cryptocurrency finance
  SBI CapitalBase (established Oct. 11th)
  SBI CapitalSupport (established Oct. 23rd)

- Cryptocurrency related portal site
  Morningstar Japan

- Transaction utilizing cryptocurrency
  SBI Wirex Asia (JV with UK Wirex)

- Remittance utilizing cryptocurrency
  SBI Ripple Asia

- Cryptocurrency hedge fund
  - Planning investment in U.S. CoVenture Asset Management, as well as in its cryptocurrency funds
  - Establish a JV, SBI CoVenture Asset Management, to support cryptocurrency funds
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

SBI Cryptocurrency Holdings (tentative name)

- **SBI Crypto**
  - SBIG: 100%

- **SBI Virtual Currencies**
  - SBIG: 100%

- **SBI Capital Base**
  - SBIG: 100%

- **SBI Wirex Asia**
  - SBIG: 60%
  - Wirex: 40%

- **BCause (U.S.)**
  - SBIG: 40%

- **Digital Asset Exchange (HK)**
  - (tentative name)
  - SBIG: 100%

---

- **Business assembly** (Planned)
  - Cryptocurrencies mining
  - Service and system of exchange and trade of cryptocurrencies
  - A management platform of finance, including ICO, and business
  - A platform of payment and remittance using cryptocurrencies for consumers
  - Derivatives related to cryptocurrencies for individuals and institutions
  - A exchange of cryptocurrencies

*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

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

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

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile phone subscribers</td>
<td>24,969</td>
<td>28,081</td>
<td>30,732</td>
<td>31,830</td>
<td>33,633</td>
<td></td>
</tr>
<tr>
<td>Mobile phone diffusion rate</td>
<td>61.0%</td>
<td>66.8%</td>
<td>71.2%</td>
<td>71.8%</td>
<td>73.8%</td>
<td></td>
</tr>
</tbody>
</table>

Mobile phone diffusion rate in Kenya

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

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

<table>
<thead>
<tr>
<th>Internet Usage through Information and Communication Devices (2016: %)</th>
<th>Percentage of trades utilizing Smartphones</th>
</tr>
</thead>
</table>
| Mobile Phone (Including Smartphone and PHS) | 85.5%
| Home PC | 79.5%
| Smartphone | 78.3%
| PC (Except home PC) | 40.3%
| Mobile Phone (Including PHS) | 21.7%
| Tablet | 35.7%

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

① Provide cryptocurrency services with high customer satisfaction by using know-how of existing financial ecosystem

② Expand mobile-oriented services in a short time by making full use of existing financial ecosystem know-how

③ Acquire new customers whom traditional channels couldn’t reach, by utilizing Financial Instruments Intermediary Service Provider, bank agency, and insurance agency

④ Simultaneously develop and provide mobile-based cryptocurrency services

New financial ecosystem based on mobile technology

Mobile FX  Mobile securities  Mobile bank
Mobile cryptocurrency  Mobile insurance

New financial ecosystem based on cryptocurrency technology

Exchange  Hedge fund  Finance
Mining  Ratings & related info.
Derivative  Remittance  Transaction

Mutual customer referrals
Connecting each services
Centralized management of KYC information
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
(1) Cooperating with JAL:

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.

- Customer base: Approx. 22.5m
  As of Sept. 30, 2017
  Annualized expansion of 14.6% (CAGR)

- Client base: Approx. 31.7m

- Provide airline-related services
- Provide new financial services
- Create new value-added services

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

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.

Settlor company: SBI Asset Management
Sales company: SBI SECURITIES
Realization of “Sampo Yoshi” (Benefit for All Three Sides) for Regional Financial Institutions, FinTech Ventures and the SBI Group

(2) Establishment of the “SBI Regional Bank Value Creation Fund” (tentative name):

- **FinTech Fund**
  - Established in Dec. 2015
  - 28 of regional banks have already invested
  - Going forward, anticipating investing in 100 or more domestic and overseas companies

- **Synergy**

- **SBI Regional Bank Value Creation Fund** (tentative name)
  - Planning the establishment of a fund for regional financial institutions to increase their corporate value by assisting in the introduction of FinTech

- FinTech venture investees

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

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

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

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

- Mar. 31, 2017: Announcement of absorption of 3 companies as subsidiaries
- Nov. 29, 2017: The closing price KRW 8,040, The market capitalization JPY 20.4bn

* KRW 1 = JPY 0.103 (As of Nov. 29, 2017), Rounded to 3 decimal places.
(1) Enhance the corporate value of SBI FinTech Solutions through a restructuring:

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**

- **89** (1H FY2016)
- **130** (1H FY2017)
- +46% YoY

**SBI Social Lending**

- **56** (1H FY2017)
- Achieved profitability on a single-year basis in FY2016, for the first time since its founding

(1) enhance the corporate value of SBI FinTech Solutions through a restructuring
(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 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
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.

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]

Start investigations for IPO with Mizuho Securities as lead manager

[SBI Life Insurance]

[SBI Resta SSI] [SBI IKIIKI SSI] [Nihon SSI]
② SBI Insurance Group (insurance holding company):

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)

<table>
<thead>
<tr>
<th></th>
<th>1H FY2016</th>
<th>1H FY2017</th>
<th>Increasing rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before income tax expense</td>
<td>1,400</td>
<td>1,798</td>
<td>+28.4</td>
</tr>
</tbody>
</table>

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

The number of contracts in insurance business

- The end of Sept. 2016: 1,550
- The end of Sept. 2017: 1,684
  + 8.6% YoY

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 ALA promo, 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)

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>Valuation of each segment (theoretical value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
<td>671.4</td>
</tr>
<tr>
<td>Asset Management</td>
<td>223.5</td>
</tr>
<tr>
<td>Biotechnology-related</td>
<td>71.6</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>966.6 (+)</strong></td>
</tr>
<tr>
<td><strong>External Debt</strong></td>
<td><strong>-303.1</strong></td>
</tr>
<tr>
<td>(SBIH's non-consolidated-base borrowing recorded on the consolidated B/S as of Sept. 2017)</td>
<td></td>
</tr>
<tr>
<td><strong>Sum Total</strong></td>
<td><strong>663.5 (+)</strong></td>
</tr>
</tbody>
</table>

- 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

\[
\begin{align*}
(A) & \quad \text{Matsui’s PER} \ (\text{\*1}) \times \text{SBI SECURITIES’s Net Income} \ (\text{FY2016}) \\
(B) & \quad \text{Matsui’s PBR} \ (\text{\*2}) \times \text{SBI SECURITIES’s Net Asset} \ (\text{\*3}) \ (\text{as of Sept. 30, 2017})
\end{align*}
\]

*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
Is SBI SECURITIES’ valuation reasonable?

Comparison of SBI SECURITIES and Matsui Securities  
*Calculated by the closing prices of Nov. 29, 2017

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

**Chart 1:** Comparison of Customers’ Deposit Assets and Customer Accounts

**Chart 2:** Comparison of Operating Income

Customer accounts

- SBI: 4,005
- Matsui: 1,110

Operating income

- SBI: JPY 22.9bn (up 29.0% YoY)
- Matsui: 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

<table>
<thead>
<tr>
<th>Valuation</th>
<th>(Minimum)</th>
<th>(Median Value)</th>
<th>(Maximum)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>85.6</td>
<td><strong>JPY 121.7bn</strong></td>
<td>224.7</td>
</tr>
</tbody>
</table>

156
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

\[
\frac{\left(\text{Money Partner’s PER} + \text{Hirose FX’s PER}\right)}{2} \times \text{Net Income of SBI Liquidity Market (cons.) (FY2016)}
\]

* 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

<table>
<thead>
<tr>
<th>SBI’s shareholding pct. (%)</th>
<th>Classification</th>
<th>Listed market</th>
<th>Market cap (JPY billion)</th>
<th>SBI’s equity interest of market cap (JPY billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>77.5</td>
<td>Consolidated subsidiary</td>
<td>KOSDAQ of KRX</td>
<td>20.5*</td>
<td>15.9</td>
</tr>
</tbody>
</table>

(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)

<table>
<thead>
<tr>
<th>Business lineups</th>
<th>Profit before income tax expense for FY2016 (JPY billion)</th>
<th>SBI's shareholding pct. (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI MONEY PLAZA: Insurance agency, financial instruments intermediary service provider, housing loan agency</td>
<td>2.0</td>
<td>100.0</td>
</tr>
<tr>
<td>SBI Life Insurance *1: Life insurance</td>
<td>1.6</td>
<td>100.0</td>
</tr>
<tr>
<td>SBI Remit: International money remittance service</td>
<td>0.3</td>
<td>100.0</td>
</tr>
</tbody>
</table>

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.
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*

JAFCO’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, JAFCO

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 × JAFCO’s PER (*)

*PER of JAFCO 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.*
(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

\[
\text{Median value of PBR of listed savings banks and local banks in Korea}^{*1} \times \text{Balance of SBI SAVINGS BANK's substantive equity}^{*2} \\
\text{(As of the end of Sept. 2017)}
\]

---

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

<table>
<thead>
<tr>
<th></th>
<th>SBI’s shareholding pct. (%)</th>
<th>Classification</th>
<th>Listed market</th>
<th>Market cap (JPY billion)</th>
<th>SBI’s equity interest of market cap (JPY billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Morningstar Japan</strong></td>
<td>49.5</td>
<td>Consolidated subsidiary</td>
<td>TSE JASDAQ</td>
<td>29.7</td>
<td>14.7</td>
</tr>
<tr>
<td><strong>SBI Investment KOREA</strong></td>
<td>43.9</td>
<td>Equity method associate</td>
<td>KOSDAQ of KRX</td>
<td>18.4*</td>
<td>8.1</td>
</tr>
<tr>
<td><strong>Sum of the market cap of a listed subsidiary and an equity method associate</strong></td>
<td></td>
<td></td>
<td></td>
<td>48.1</td>
<td><strong>22.8</strong></td>
</tr>
</tbody>
</table>

(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]

<table>
<thead>
<tr>
<th></th>
<th>Business lineup</th>
<th>Profit before income tax expense for FY2016 (JPY billion)</th>
<th>SBI’s shareholding pct. (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SBI Estate Finance</strong></td>
<td>Real estate secured loans</td>
<td></td>
<td>0.4</td>
</tr>
</tbody>
</table>
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:

\[
\text{Market value at the point of partial transference of former SBI ALA promo's shares} \times \text{Number of shares issued} \times \text{SBIH's equity interest (excluding external holdings)}
\]

*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

<table>
<thead>
<tr>
<th></th>
<th>SBI’s shareholding pct. (%)</th>
<th>Classification</th>
<th>Listed market</th>
<th>Market cap (JPY billion) (as of Nov. 29, 2017)</th>
<th>SBI’s equity interest of market cap (JPY billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kubota Pharmaceutical HD</td>
<td>38.2</td>
<td>Equity method associate</td>
<td>TSE Mothers</td>
<td>20.1</td>
<td>7.7</td>
</tr>
</tbody>
</table>

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

Breakdown of the Customer Base
(As of the end of Sept 2017)*1,2 (Thousand)

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

*1 The cases that customers who are not identified as the same person within each service website and overlapping customers among the Group companies are double counted.
*2 Owing to the reorganization, customer numbers of the Group companies, which were excluded from consolidation, are not included in the figures for the past customer bases.
*3 Includes the number of smartphone app downloads, as provided by Morningstar.
*4 The total number of contracts of SBI Insurance excludes continuing contracts, expiring contracts and early-withdrawals.
### Number of Group companies

<table>
<thead>
<tr>
<th></th>
<th>Mar. 2017</th>
<th>Sept. 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated subsidiaries (companies)</td>
<td>166</td>
<td>169</td>
</tr>
<tr>
<td>Consolidated partnerships (partnerships)</td>
<td>21</td>
<td>19</td>
</tr>
<tr>
<td>Total consolidated subsidiaries (companies)</td>
<td>187</td>
<td>188</td>
</tr>
<tr>
<td>Equity method companies (companies)</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Total Group companies (companies)</td>
<td>223</td>
<td>224</td>
</tr>
</tbody>
</table>

### Number of consolidated employees

<table>
<thead>
<tr>
<th></th>
<th>Mar. 2017</th>
<th>Sept. 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employees (persons)</td>
<td>4,455</td>
<td>5,070</td>
</tr>
</tbody>
</table>
http://www.sbigroup.co.jp/english/