



*Strategic
Business
Innovator*

SBI Holdings, Inc.

FY2018 Financial Results

(Fiscal Year Ended March 31, 2019)

April 26, 2019

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

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

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

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

- I. FY2018 Consolidated Performance (IFRS)**
- II. Business Overview of Each Segment**
- III. Promotion of the SBI Group's Basic Policy in Establishing Business Strategies and the Overall and Individual Strategies Based on that Policy**

I. FY2018 Consolidated Performance (IFRS)

-Consolidated Performance Highlights-

- FY2018 revenue increased 4.3% year-on-year to JPY 351.4bn, profit before income tax expense increased by 15.6% year-on-year to JPY 83.0bn and profit attributable to owners of the Company was JPY 52.5bn, up 12.6% year-on-year, which all achieved historical highs, since the adoption of IFRS in FY2012
- Recorded historical highs, in spite of the booking of impairment losses of JPY 7.4bn in the Biotechnology-related Business and JPY 2.3bn in the Others category, in order to reduce future potential operational risks, as in the previous fiscal year
- Aggressive shareholder returns will be implemented with an annual dividend of JPY 100 per share, including JPY 5 for the 20th anniversary commemorative dividend
(Total shareholder return ratio: 80.7%, Dividend payout ratio: 43.2%)

FY2018 Consolidated Performance (IFRS)



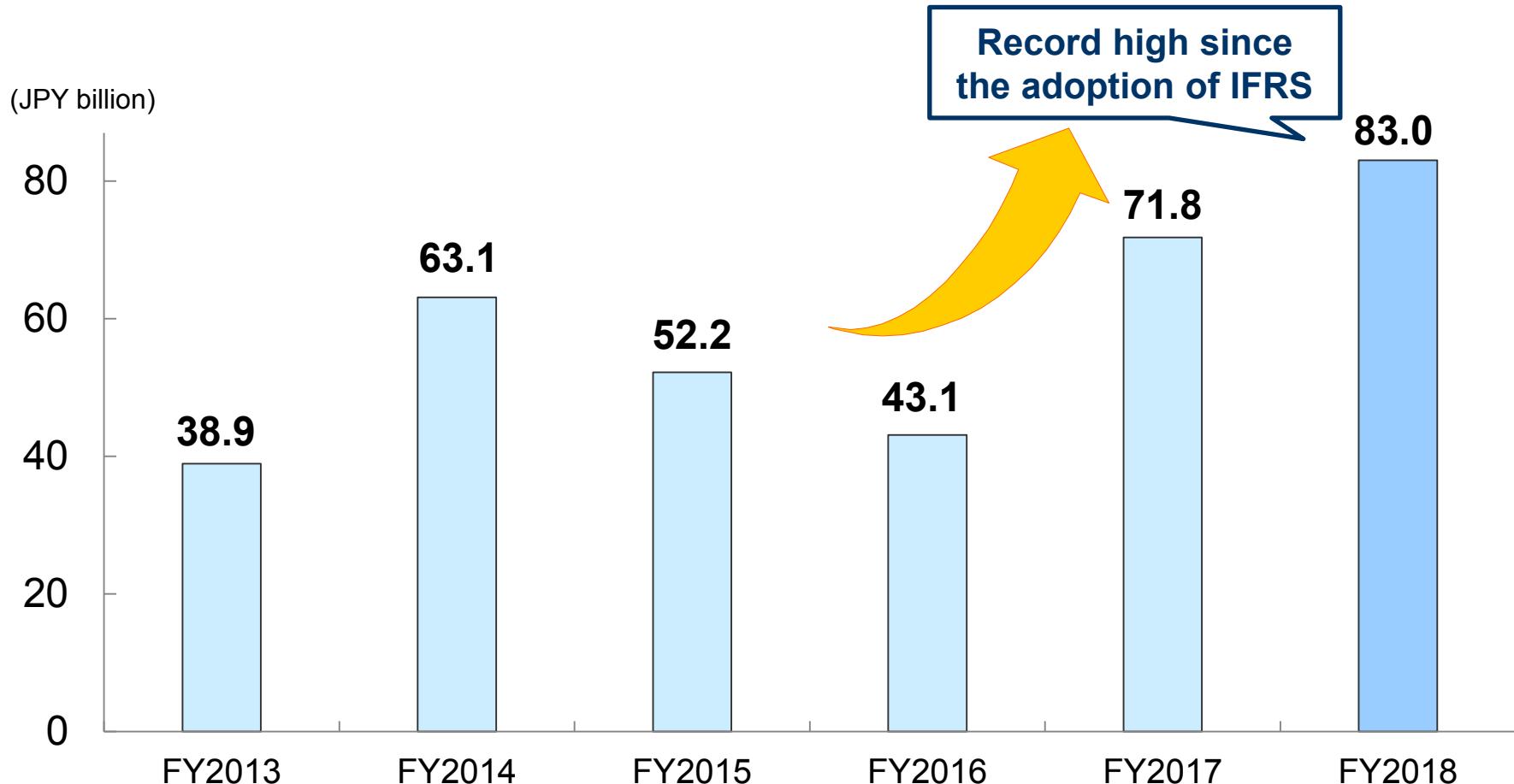
-Achieved historical highs since the adoption of IFRS in FY2012-

[Year-on-year comparison]

(Unit: JPY million)

	FY2017 (Apr. 2017 – Mar. 2018)	FY2018 (Apr. 2018 – Mar. 2019)	YoY % change
Revenue	337,017	351,411 Record high	+4.3
Profit before income tax expense	71,810	83,037 Record high	+15.6
Profit for the period	55,958	67,277 Record high	+20.2
Profit attributable to owners of the Company	46,684	52,548 Record high	+12.6
ROE (%)	11.6	11.9	+0.3

Consolidated Profit before Income Tax Expense (IFRS) for the Past Six Years



In FY2018, following the previous fiscal year, while booking impairment losses of JPY 7.4bn in the Biotechnology-related Business and JPY 2.3bn in the Others category, in order to reduce future potential operational risks, recorded historically high profits since the adoption of IFRS

Implements Aggressive Shareholder Returns, with a Total Shareholder Return Ratio of 80.7% and Dividend Payout Ratio of 43.2%

[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 per share

	End of 2Q	Year-end	Full-year	Payout ratio (%)
FY2018	<u>JPY 20</u> (Ordinary dividend: JPY 20)	<u>JPY 80</u> (Ordinary dividend: JPY 75) (Commemorative dividend: JPY 5)	<u>JPY 100</u> (Ordinary dividend: JPY 95) (Commemorative dividend: JPY 5)	<u>43.2</u>
FY2017	<u>JPY 15</u> (Ordinary dividend: JPY 15)	<u>JPY 70</u> (Ordinary dividend: JPY 70)	<u>JPY 85</u> (Ordinary dividend: JPY 85)	<u>38.5</u>

■ Share repurchase

Conducted share repurchase of approx. JPY 19.4bn (8 million shares)
from Nov. 28, 2018 to Jan. 9, 2019

Shareholder Return Results for the Past Five Fiscal Years



		FY2014	FY2015	FY2016	FY2017	FY2018
Dividend	Full-year dividend per share	JPY 35	JPY 45	JPY 50	JPY 85	JPY 100
	Payout ratio (%)	16.6	28.0	31.4	38.5	43.2
	Sum of dividend payouts (JPY bn)	7.6	9.4	10.2	18.7	23.0
Share repurchase amount (JPY bn)		10.0	5.0	8.0	—	19.4
Total shareholder return amount (JPY bn)		17.6	14.4	18.2	18.7	42.4
Total shareholder return ratio (%)		38.5	42.2	55.9	40.1	80.7

Following the Previous Fiscal Year, will Conduct Shareholder Benefits for FY2018

[Details of shareholder benefits] * Shareholders listed or recorded in the shareholder register as of Mar. 31, 2019 are eligible.

Details	Qualified shareholders	Shareholders who have <u>held shares for more than 1 year</u> and who hold <u>1,000 (10 units) or more shares</u> as of Mar. 31, 2019	For shareholders other than the left column, those who hold <u>100 shares (1 unit) or more</u> , as of Mar. 31, 2019
ALA PLUS Gold (90 capsules)	<u>One</u>	<u>One</u>	
ALA PLUS Karada Shape (20 packages)	<u>One</u>	<u>One</u>	
“Hatsugagenmai no Sokojikara” (160g)	<u>Three</u>	<u>Three</u>	
ALA PLUS Gold (270 capsules)	<u>One</u>		—
ALA PLUS Cosmetic Series (ALA PLUS Moisturizing Cream, ALA PLUS Essential Lotion, ALA PLUS Deep Cleansing Gel, ALA PLUS Pure Clay Wash, ALA PLUS Body Cream Alapi)		<u>One each</u>	—

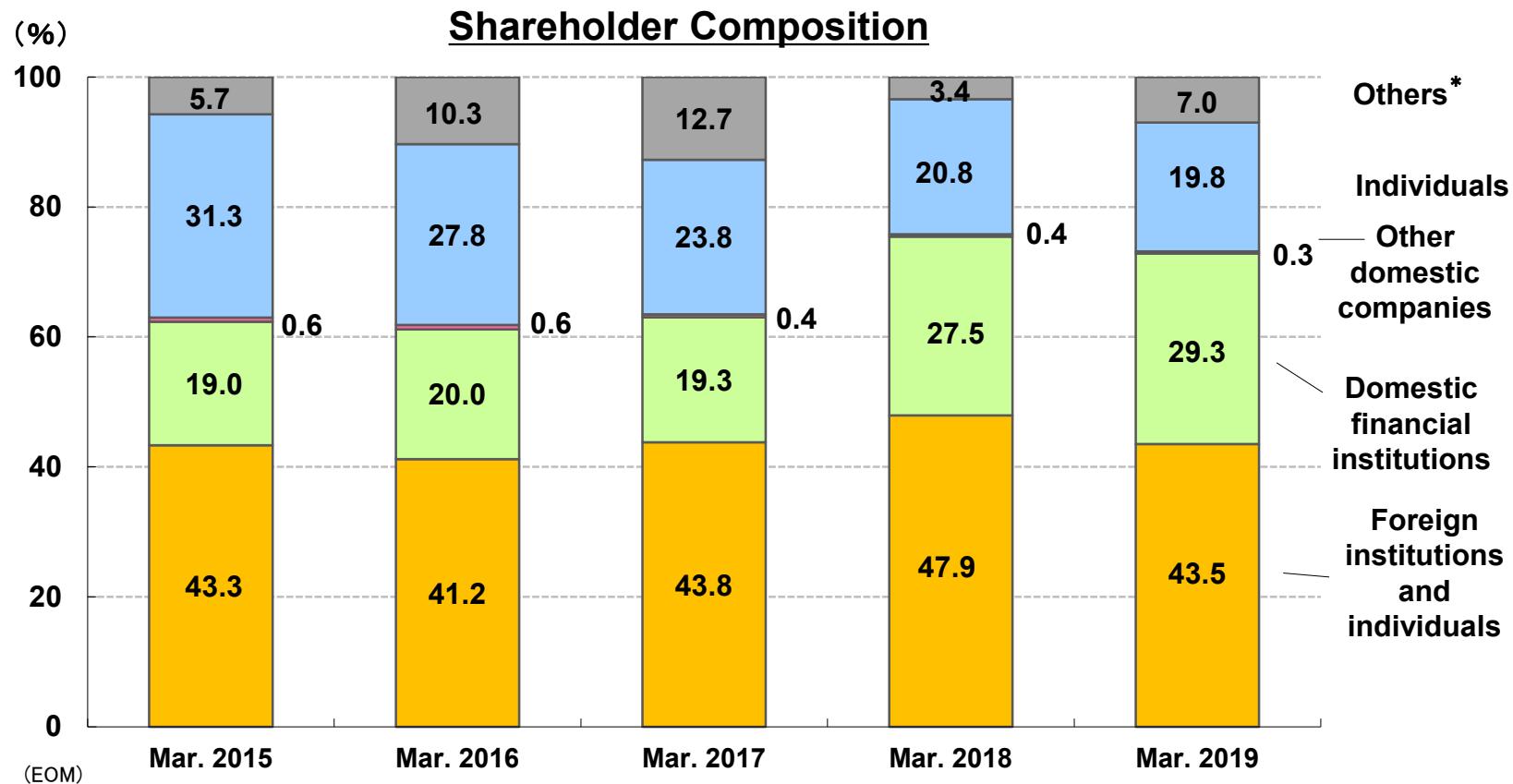
				
ALA PLUS Gold (90 capsules)	ALA PLUS Karada Shape (20 packages)	“Hatsugagenmai no Sokojikara” (160g)	ALA PLUS Gold (270 capsules)	ALA PLUS Cosmetic Series

With the diversification in the Company's shareholder composition, since there are some shareholders who decline to receive shareholder benefits, considering the donation of a portion of a amount partially equivalent to that through a fund planned to be established by the JSDA

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

SBI Holdings' Shareholder Composition

- ◆ The total number of shareholders is 121,424, of which the number of shareholders who hold 1 unit or more is 51,814
- ◆ Shareholding ratio of domestic and foreign institutional investors is 72.8%, and the substantive shareholding ratio of domestic and foreign institutional investors, excluding treasury stock, is at 75.5%



II. Business Overview of Each Segment

-Segment Result Highlights-



[Financial Services Business]

- Both the securities-related and banking-related businesses recorded historically high profits, owing to a steady increase in profits.
Profit before income tax expense significantly increased by 4.2% year-on-year, to be JPY 66.6bn

[Asset Management Business]

- Owing to a significant profit increase from SBI SAVINGS BANK of South Korea, as well as the recording of valuation gains from investments in the Fintech Fund, etc., recorded profit before income tax expense of over JPY 50bn for two consecutive fiscal years

[Biotechnology-related Business]

- At Quark and Kubota Pharmaceutical Holdings, an equity method affiliate, owing to a review of the respective pipeline development plans, realized an impairment loss of JPY 7.4bn, to reduce future potential operational risks
- Quark continues to advance its clinical trials as a promising bio-venture, with multiple Phase III drugs in its pipeline, along with a pipeline drug that is under discussion with the U.S. FDA to transition into NDA procedures, and is also contemplating an IPO timing
- SBI ALApromo and photonamic increased the sales of their self-developed products, where SBI ALApromo and photonamic increased their profit before income tax expense by 6.5 and 7.4 times, respectively, on a year-on-year basis, making a great progress toward the segment's future profitability

[Others]

- SBI Virtual Currencies achieved a full-year profitability
- An impairment loss of JPY 2.3bn was recorded in certain businesses, in order to reduce potential risks and expenses in the future, for the purpose of achieving an early profitability in the near future

FY2018 Performance by Segment (IFRS)

[Year-on-year comparison]

(Unit: JPY million)

Revenue

	FY2017 (Apr. 2017– Mar. 2018)	FY2018 (Apr. 2018– Mar. 2019)	YoY % change
Financial Services Business	217,272	229,239	+5.5
Asset Management Business	117,572	118,631	+0.9
Biotechnology-related Business	4,199	3,729	-11.2

Profit before Income Tax Expense

	FY2017 (Apr. 2017– Mar. 2018)	FY2018 (Apr. 2018– Mar. 2019)	YoY % change / YoY change
	63,888	66,568	+4.2
	56,491	51,107	-9.5
	-37,252	-19,179	+18,073

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

1. Financial Services Business

- (1) Securities-related business
(SBI SECURITIES)**
- (2) Banking-related business
(SBI Sumishin Net Bank)**
- (3) Insurance-related business
(SBI Insurance Group)**

(1) Securities-related business (SBI SECURITIES)

- FY2018 consolidated financial results is as follows: While the individual brokerage trading value of the two markets combined decreased by 16.3% as compared to the same period of the previous fiscal year, achieved record highs in operating income and in all other profit categories due to the steady expansion of businesses other than stock brokerage commissions, such as underwriting and sales commissions offering, and trading income
- As SBI SECURITIES' number of accounts, customers' deposit assets and the share of individual stock brokerage trading value has significantly surpassed its online brokerage competitors, transitioning to a new phase to fully compete with the major face-to-face securities companies

SBI SECURITIES FY2018

Consolidated Results (J-GAAP)

-Operating revenue and all the profit items recorded historical highs-

[Year-on-year comparison]

(Unit: JPY million)

	FY2017 (Apr. 2017 – Mar. 2018)	FY2018 (Apr. 2018 – Mar. 2019)	YoY % change
Operating Revenue	116,716	Record high 122,537	+5.0
Net Operating Revenue	106,997	Record high 114,402	+6.9
Operating Income	53,570	Record high 55,349	+3.3
Ordinary Income	53,798	Record high 55,404	+3.0
Profit attributable to owners of the Company	36,812	Record high 37,865	+2.9

Comparison of Major Securities Companies' Operating Income (J-GAAP; YoY)

(Unit: JPY million)

		FY2017 (Apr. 2017 – Mar. 2018)	FY2018 (Apr. 2018 – Mar. 2019)	YoY % change
Online securities	SBI (cons.)	53,570	55,349	+3.3
	Rakuten *1 (cons.)	20,643	18,810	-8.9
	Matsui	18,532	13,451	-27.4
	kabu.com	7,934	5,881	-25.9
	Monex *2 (cons.)	9,302	2,727	-70.7
Face-to-face	Nomura *3 (cons.)	328,158	-37,701	—
	Daiwa (cons.)	135,058	67,326	-50.1
	SMBC Nikko (cons.)	89,690	42,743	-52.3

*1 Since Rakuten changed the term of its fiscal year from FY2018, the figures above are for the corresponding period of Apr. 2018-Mar. 2019

*2 Since Monex adopts IFRS, the relevant figures above are based on IFRS. The amount of "Operating income" represented above is "The amount equivalent to operating income" disclosed by Monex.

*3 Figures for Nomura are based on US-GAAP, and "profit before income tax expense" are presented for the purpose of convenience

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

(1) SBI SECURITIES:

Performance Comparison of Major Securities Companies



(Unit: JPY million, %)

FY2017 Net Income (J-GAAP)

Nomura *1 (cons.)	219,343	(-8.5)
Daiwa (cons.)	110,579	(+6.3)
SMBC Nikko (cons.)	63,705	(+35.7)
Mitsubishi UFJ (cons.)	43,193	(-12.0)
SBI (cons.)	36,812	(+32.4)
Mizuho (cons.)	35,751	(-81.0)
Tokai Tokyo (cons.)	25,397	(+111.8)
Rakuten (cons.)	13,102	(+9.1)
Matsui	12,908	(+20.7)
GMO (cons.)	6,922	(+12.4)
Monex *2 (cons.)	6,730	(+2,158.4)
kabu.com	6,355	(+5.5)
Okasan (cons.)	5,852	(-44.2)
Ichiyoshi (cons.)	4,994	(+128.8)
Iwai Cosmo (cons.)	4,726	(+41.5)

FY2018 Net Income (J-GAAP)

Daiwa (cons.)	63,813	(-42.3)
SBI (cons.)	37,865	(+2.9)
SMBC Nikko (cons.)	34,700	(-45.5)
Mitsubishi UFJ (cons.)	25,141	(-41.8)
Rakuten *3 (cons.)	12,066	(-7.9)
Matsui	9,562	(-25.9)
GMO *4 (cons.)	6,555	(-5.3)
Mizuho (cons.)	4,377	(-87.8)
kabu.com	4,295	(-32.2)
Iwai Cosmo (cons.)	4,148	(-12.2)
Ichiyoshi (cons.)	1,674	(-66.5)
Monex *2 (cons.)	1,181	(-82.5)
Tokai Tokyo (cons.)	1,079	(-95.7)
Okasan (cons.)	853	(-85.4)
Nomura *1 (cons.)	-100,442	(—)

*1 Figures for Nomura are based on US-GAAP *2 Figures for Monex are based on IFRS

*3, 4 Since they changed the term of its fiscal year from FY2018, the figures above are for the period of Apr. 2018-Mar. 2019, respectively.

*5 Previous YoY % change are shown in the parentheses.

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

SBI SECURITIES' Overwhelming Position

[FY2018 results]

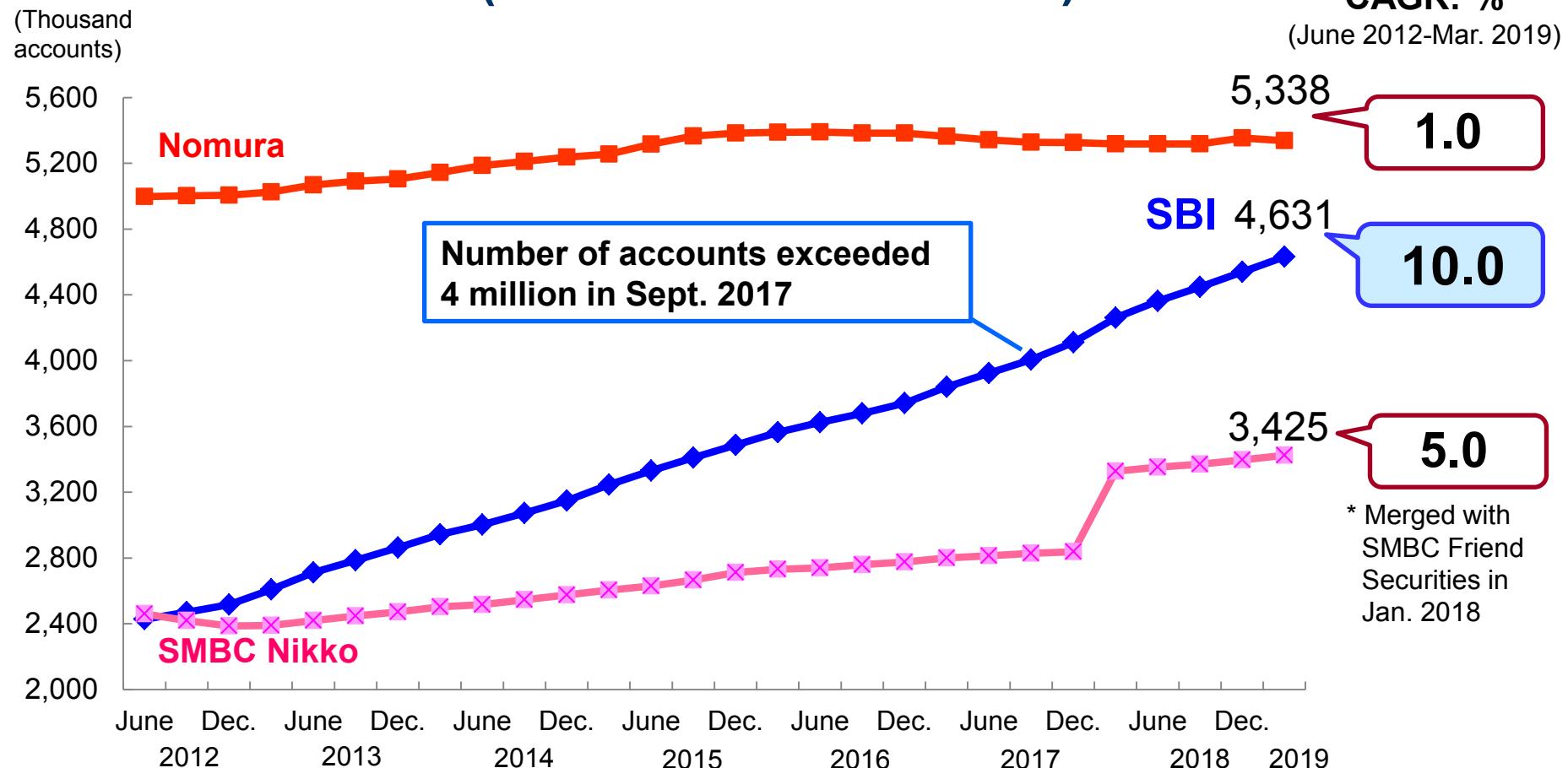
	Share of individual stock trading value (%) <small>of which, individual margin trading</small>	Number of accounts (thousand)	Deposit assets (JPY trillion)	Operating income (JPY million)	
SBI (cons.)	 36.2	 37.1	 4,631	 13.0	 55,349
Rakuten *1 (cons.)	19.2	20.2	3,017	5.6	18,810
Matsui	10.3	12.5	1,184	2.3	13,451
kabu.com	8.9	10.4	1,118	2.2	5,881
Monex *2 (cons.)	5.2	4.1	1,818	4.1	2,727

*1 Since Rakuten changed the term of its fiscal year from FY2018, the figure above is for the corresponding period of Apr. 2018-Mar. 2019.

*2 The amount of "Operating income" represented above is "The amount equivalent to operating income" disclosed by Monex.

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

Number of Accounts of SBI SECURITIES and 2 Major Face-to-face Securities Companies (June 2012 – Mar. 2019)



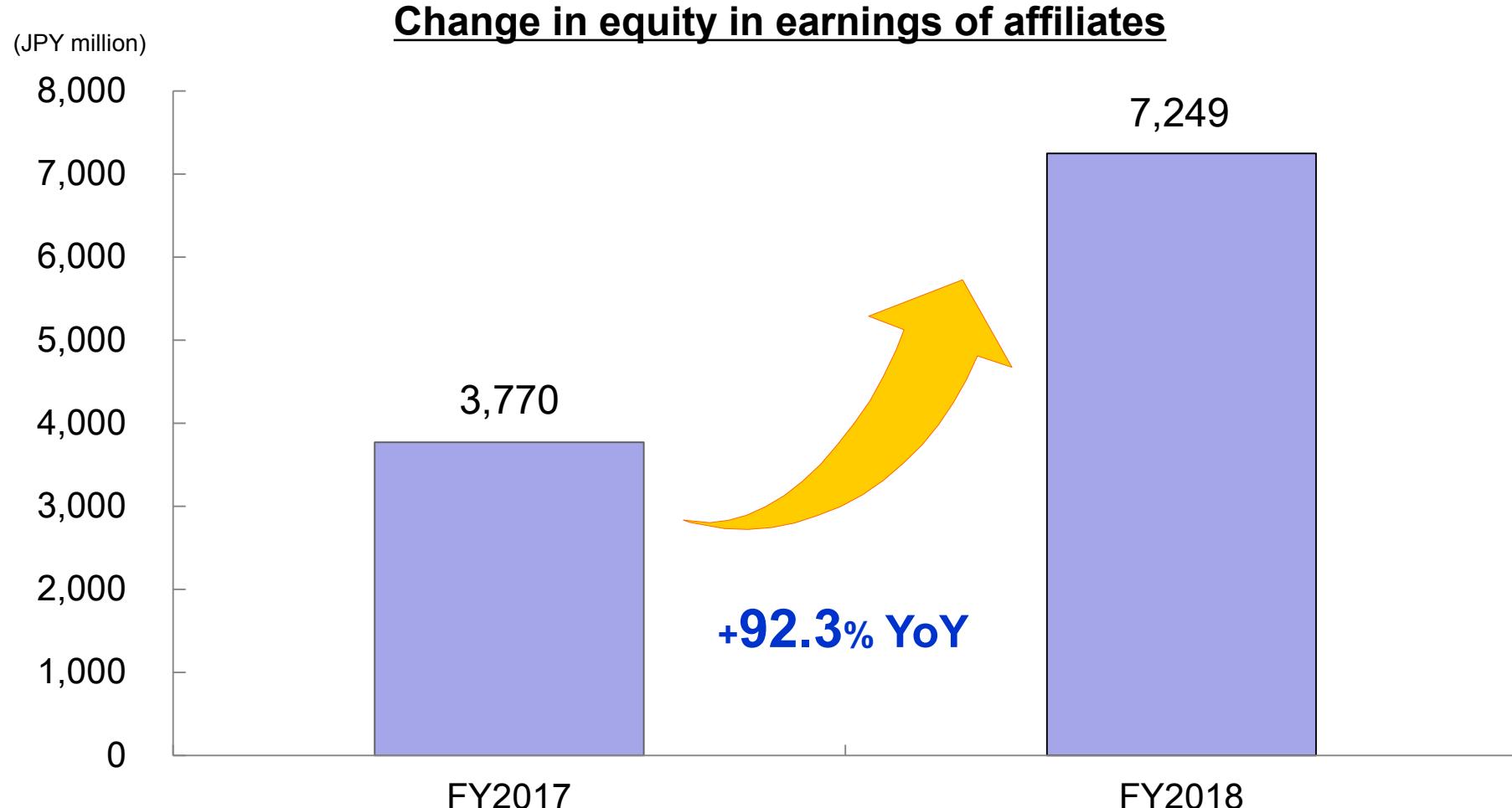
As of the end of Mar. 2017, Daiwa Securities' number of accounts totaled 3,886 thousand accounts, with a CAGR at 2.5% during the period from June 2012 to Mar. 2017

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

(2) Banking-related business (SBI Sumishin Net Bank)

- **SBI Holdings' equity in earnings of SBI Sumishin Net Bank, based on IFRS for FY2018 was JPY 7,249m, up 92.3% year-on-year, owing to the expansion of the housing loans and profits through investment of bond investments, etc.**
* FY2018 financial results announcement (based on J-GAAP) is scheduled for May 17, 2019
- **As of the end of Mar. 2019, accounts steadily increased to approx. 3.54 million accounts, with the balance of deposits exceeding JPY 5tn on Apr. 12, 2019, to overwhelmingly surpass its competitors**

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

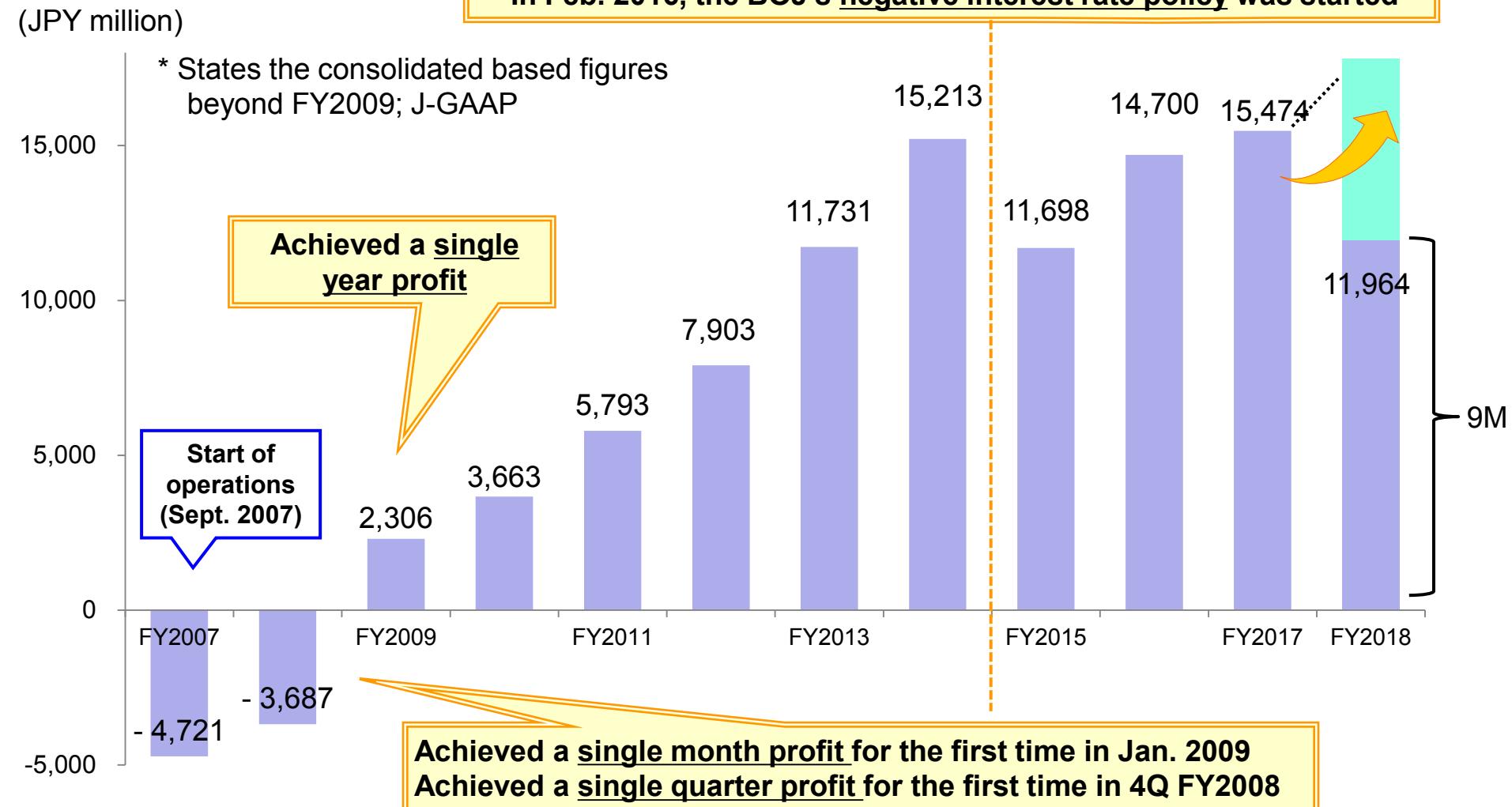


Note: Owing to the difference in IFRS and J-GAAP for asset assessment criteria, the figures differ from that disclosed based on J-GAAP.

From FY2018, the deferred period for mortgage loan execution fees were changed according to the ensuing situation.

Change in SBI Sumishin Net Bank's Ordinary Income (J-GAAP) after Start of Operations

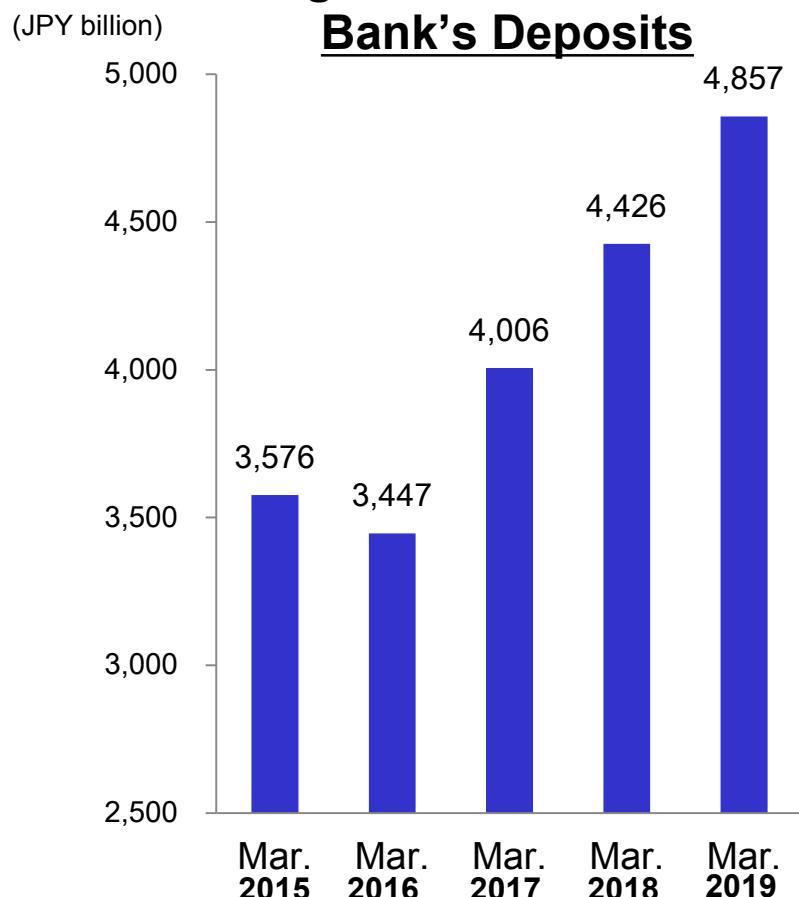
FY2018 financial results announcement is scheduled for May 17, 2019



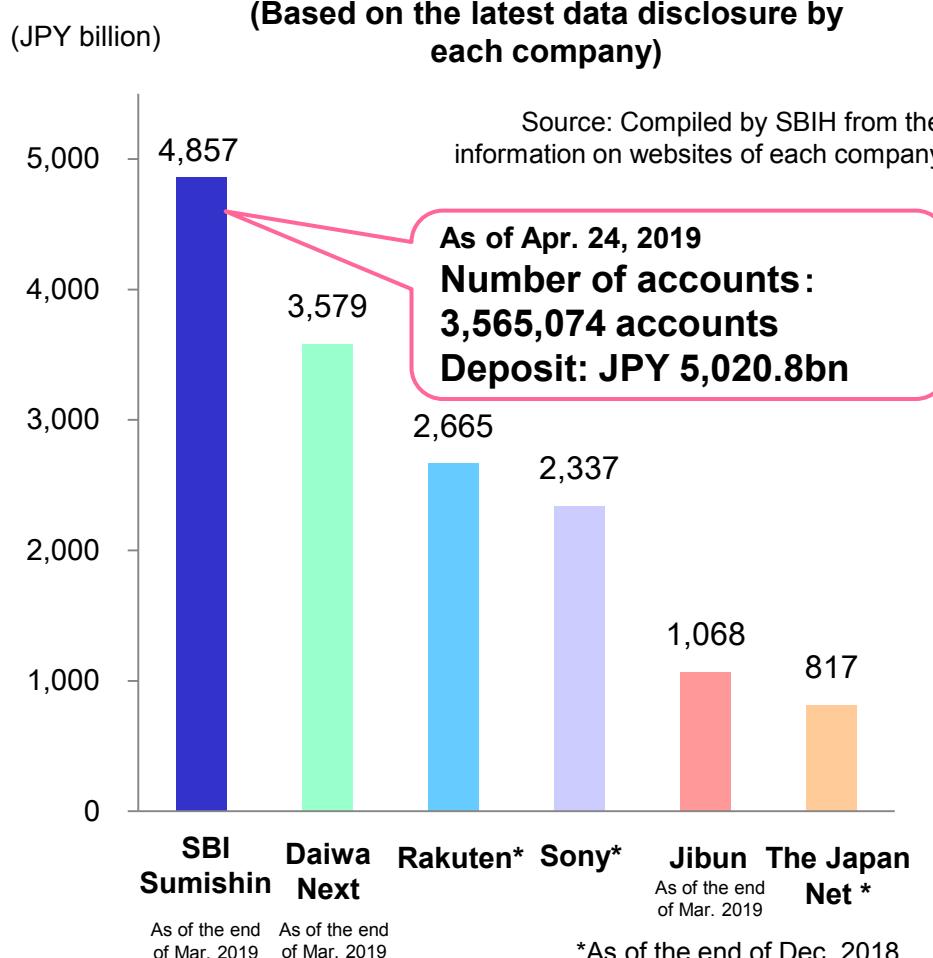
Deposits as of the End of Mar. 2019 was Approx. JPY 4.9tn, to Significantly Surpass its Competitors

**Number of accounts: 3,542,980 / Deposits: JPY 4,857.1bn
(as of the end of Mar. 2019)**

Change in SBI Sumishin Net
Bank's Deposits



Deposits of 6 Internet Banks
(Based on the latest data disclosure by each company)



* Amounts are rounded to the nearest JPY 100 million.

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The Balance of Deposits is 23rd Among 76 Banks, which Includes Regional Banks and New Entrant Banks

Balance of deposits increased by JPY 431bn from that of the end of Mar. 2018, to improve the ranking by 5 spots

Ranking by deposits

(JPY billion)
(Regional Banks, New Entrant Banks and Pure-play Internet Banks) (*As of the end of Sept. 2018.)

Rank	Bank name	Deposits	Change ^{*1}
1	Bank of Yokohama	13,804.1	+31.1
2	Chiba Bank	12,032.2	+15.2
3	Bank of Fukuoka	10,066.3	-116.8
4	Shizuoka Bank	9,681.3	+141.5
5	Joyo Bank	8,557.3	+48.3
6	Nishi-Nippon City Bank	7,826.3	+153.1
7	77 Bank	7,322.2	-150.8
8	Hiroshima Bank	7,158.7	-24.8
9	Bank of Kyoto	6,985.1	+97.0
10	Gunma Bank	6,658.9	-10.2
11	Hachijuni Bank	6,619.5	+21.2
12	Hokuriku Bank	6,416.8	+22.4
13	Chugoku Bank	6,383.2	-40.5
14	Shinsei Bank	5,785.8	-3.5
15	Ashikaga Bank	5,549.1	+19.3

Rank	Bank name	Deposits	Change
16	Juroku Bank	5,526.1	+72.0
17	Iyo Bank	5,057.8	-41.8
18	Toho Bank	5,047.6	-182.2
19	Yamaguchi Bank	4,959.6	+110.1
20	Senshu Ikeda Bank	4,944.5	-9.5
21	Ogaki Kyoritsu Bank	4,935.7	+26.4
22	Nanto Bank	4,904.8	+77.9
23	SBI Sumishin Net Bank	4,857.1	+431.1
24	Hyakugo Bank	4,772.8	+49.9
25	Shiga Bank	4,745.5	+55.8
26	Hokkaido Bank	4,691.9	+43.0
27	Daishi Bank	4,598.0	-43.4
28	Kiraboshi Bank *2	4,588.1	-
29	Higo Bank	4,423.6	-160.8
30	Musashino Bank	4,030.4	-5.7

Rank	Bank name	Deposits	Change
31	Hyakujuishi Bank	4,018.7	+55.3
32	Kiyo Bank	3,923.3	+33.8
33	San-in Godo Bank	3,850.2	-159.1
34	Daiwa Next Bank	3,578.9	+72.9
35	Kagoshima Bank	3,438.6	-5.0
36	Suruga Bank	3,415.9	-673.7
37	Hokkoku Bank	3,395.1	+26.5
38	Kinki Osaka Bank	3,346.2	+96.2
39	Aozora Bank	2,955.5	+99.2
40	Bank of Iwate	2,909.7	-170.4

As of Apr. 24, 2019
Deposit: JPY 5,020.8bn

*1 Change in deposit balance from the end of Mar. 2018

*2 On May 1, 2018, Tokyo Tomin Bank and ShinGinko Tokyo were merged with Yachiyo Bank as a successor bank under the name Kiraboshi Bank.

* The deposits of SBI Sumishin Net Bank and Daiwa Next Bank are as of the end of Mar. 2019.

* Amounts are rounded to the nearest JPY 100 million
(Source: Websites of each company)

(3) Insurance-related business (SBI Insurance Group)

- **SBI Insurance Group's consolidated ordinary revenue for FY2018 (preliminary figures on a J-GAAP basis), increased 6.8% year-on-year to JPY 66,388m, along with a 17.6% year-on-year increase in profit attributable to owners of the Company to JPY 851m, despite the impact of natural disasters, etc., at the non-life insurance business**
* Final consolidated figures for FY2018 will be released on May 13
- **SBI Insurance Group's total number of inforce contracts continued to steadily increase, with an annual average growth rate (CAGR) calculated from Mar. 2014 of 22.2%**

SBI Insurance Group's Performance (Preliminary Figures)

* Final consolidated figures for FY2018 will be released on May 13, 2019

Consolidated results for FY2018 (J-GAAP)

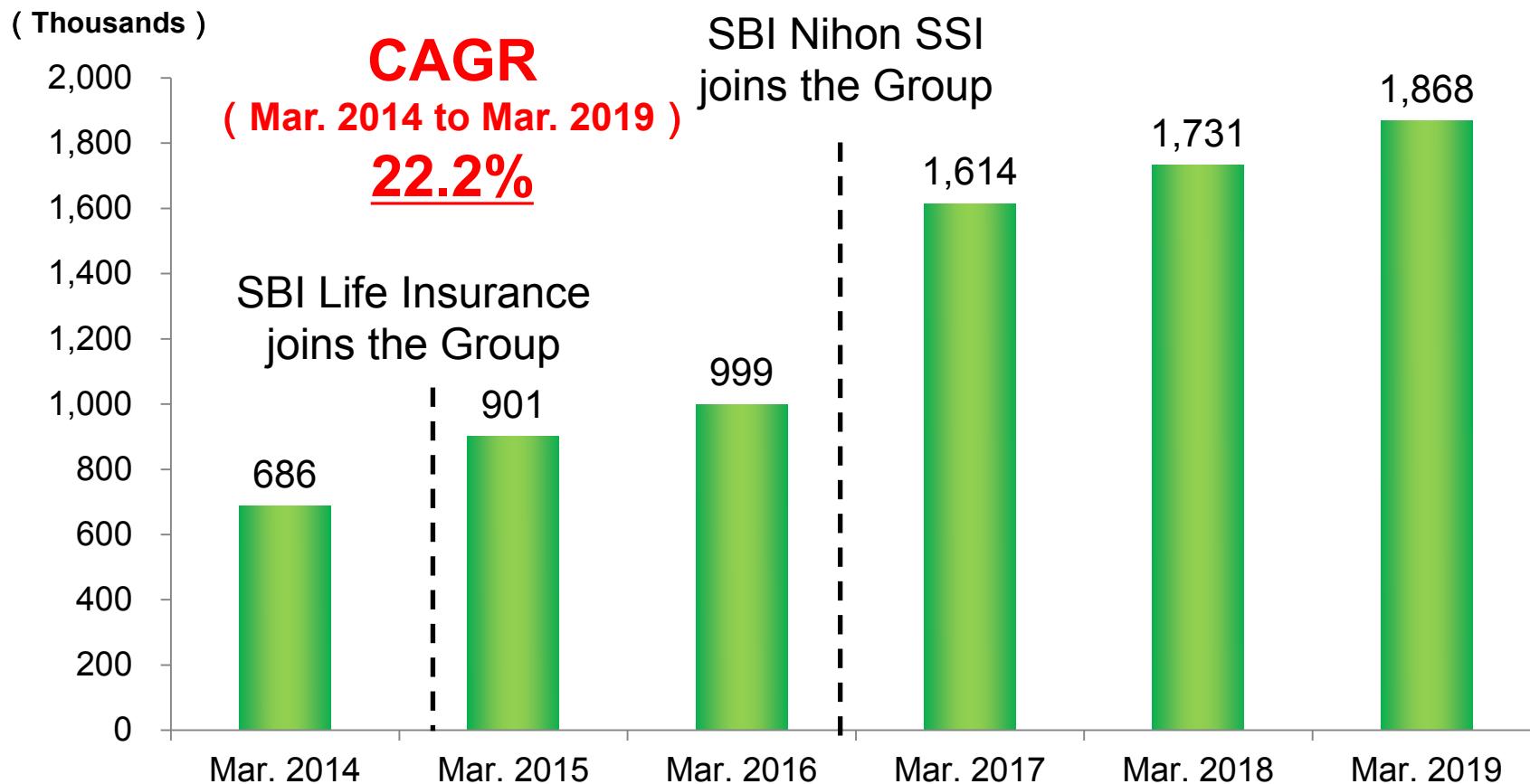
(Unit: JPY million)

	FY2017 (Result) (Apr. 1, 2017 to Mar. 31, 2018)	FY2018 (Preliminary) (Apr. 1, 2018 to Mar. 31, 2019)	YoY % change
Ordinary revenue	62,186	66,388	+6.8
Ordinary profit	1,059	2,131	+101.2
Profit attributable to parent of the Company*	724	851	+17.6

* As SBI Life Insurance's Group Credit Life Insurance sales increased, provision for reserve for dividends to policyholders increased, and the level of net income attributable to shareholders of the parent company remained low as compared to ordinary income

SBI Insurance Group's Total Number of Inforce Contracts Steadily Increased

SBI Insurance Group's trend in the number of contracts



2. Asset Management Business

- **Gains and losses from the change in the fair value evaluation of investees, from funds such as the Fintech Fund and SBI A&B Fund, etc., remain at a high level, as in the previous fiscal year**
- **SBI SAVINGS BANK of South Korea's profit before income tax expense (based on IFRS incorporation at SBI Holdings) increased by 24.6% year-on-year to JPY 17.5bn**

Asset Management Business' Financial Results for FY2018

(IFRS, JPY billion)

	FY2017	FY2018	YoY % change
Revenue	117.6	118.6	+0.9
Profit before income tax expense	56.5	51.1	-9.5
SBI SAVINGS BANK	14.0	17.5	+24.6
Profit/loss from the change in fair value and profit/loss on sales of investment securities	44.4	33.7	-24.1



Details of profit/loss from the change in fair value
and profit/loss on sales of investment securities in FY2018

	FY2018
Listed Securities	14
Unlisted Securities	323

IPOs and M&As of the SBI Group Investee Companies

	Full-year FY2017	Full-year FY2018	
IPO·M&A deals	13	20	For FY 2019, IPOs and M&A deals are expected to remain at or higher levels

In FY2018, 19 companies were IPO'd and one was M&A'd

EXIT Date	Company	Market	EXIT Date	Company	Market
Apr. 19, 2018	TienPhong Commercial Joint Stock Bank	HOSE	Nov. 9, 2018	Cellivery Therapeutics, Inc.	KOSDAQ
June 7, 2018	Powernet Technology Corp.	KOSDAQ	Nov. 14, 2018	Novarex Co., Ltd.	KOSDAQ
June 19, 2018	Writeup	TSE Mothers	Nov. 21, 2018	PharmAbcine Inc.	KOSDAQ
June 27, 2018	IPS	TSE Mothers	Nov. 28, 2018	Neofect Co., Ltd.	KOSDAQ
July 24, 2018	Bank of Innovation	TSE Mothers	Dec. 20, 2018	WYSIWYG STUDIOS CO., LTD.	KOSDAQ
Sept. 13, 2018	Mullion	JASDAQ	Dec. 21, 2018	PORT	TSE Mothers
Sept. 21, 2018	GTG wellness Co., Ltd.	KOSDAQ	Dec. 25, 2018	VELTRA	TSE Mothers
Sept. 26, 2018	BroadBand Security	JASDAQ	Jan. 31, 2019	Neosem, Inc.	M&A
Sept. 27, 2018	SBI Insurance Group	TSE Mothers	Feb. 11, 2019	Chunbo Co., Ltd.	KOSDAQ
Oct. 19, 2018	LogicBio Therapeutics, Inc.	NASDAQ	Mar. 19, 2019	Minkabu The Infonoid Co Ltd	TSE Mothers

* In the case where an investee company conducts a share exchange or a merger with a public company, it is described as "M&A."

* Subsidiary IPOs and M&As are also included.

Exit Results and Planned IPO Schedule of 67 Investee companies of the Fintech Fund, etc.

-Monetization Phase in Progress-

<Exit results>

Already IPO'd: 4

Already exited through an equity sale to third party: 3

<Planned IPO schedule>

Year 2019: 4 Year 2020: 18 After Year 2021: 23

Scheduled exits by sales to third party: 4

TBD: 11

3. Biotechnology-related Business

Profit before Income Tax Expense of the Biotechnology-related Business (IFRS)

(JPY million)

	FY2017	FY2018
SBI Biotech	-432	-166
Quark Pharmaceuticals (“Quark”)	-7,902	-8,193
Related business 5-ALA-	SBI Pharmaceuticals	42
	SBI ALApromo	40
	photonamic	55

- SBI Biotech decreased the deficit in FY2018, owing to the receipt of the final year subsidy from AMED, etc.
- Quark recorded development costs such as clinical trial expenses in accordance with the advancement of pharmaceutical research and development
- SBI Pharmaceuticals recorded loss before income tax expense of approximately JPY 1.4bn, owing to a decrease in milestone income and an increase in late-stage development costs, along with the advancement of pharmaceutical research and development
- SBI ALApromo achieved full-year profitability for the second consecutive year, owing to an increase in 5-ALA-related product sales, etc.
- photonamic’s sales of “Alacare,” a drug that treats actinic keratosis, and “Giolan®,” a diagnostic agent for resection of brain cancer (malignant glioma), increased significantly, to contribute to a profit before income tax expense of 7.4 times the previous year

Reduce Potential Risks to Improve Future Profitability

-Recorded impairment loss owing to review of pipeline development plans, etc.-

Profit before Income Tax Expense of the Biotechnology-related Business for FY2018 (IFRS)

(JPY million)

	FY2017	FY2018
Total of the Biotechnology-related Business	-37,252	-19,179
Of which was drug pipeline impairment loss	-26,985	-7,417

Major factors:

- Quark : Approx. JPY 5.7bn
- Kubota Pharmaceutical Holdings (Equity method associate) : Approx. JPY 21.1bn

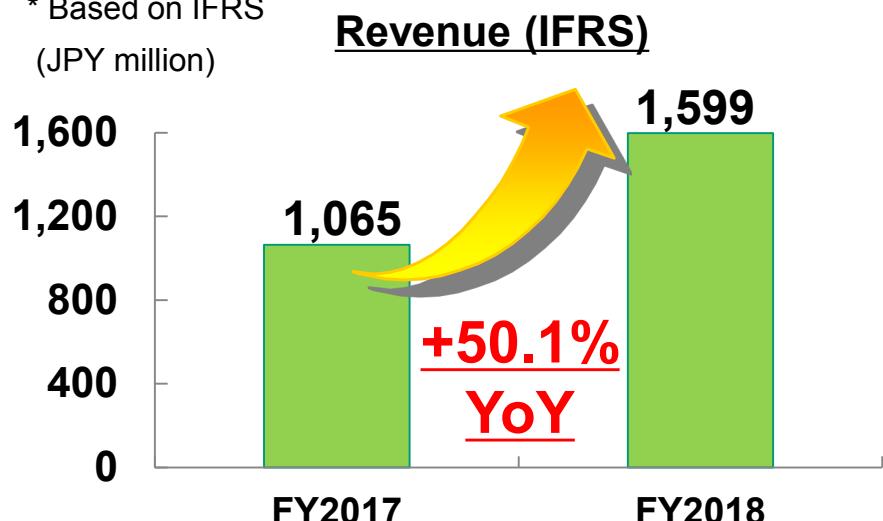
Major factors:

- Quark : Approx. JPY 2.9bn
- Kubota Pharmaceutical Holdings (Equity method associate) : Approx. JPY 4.6bn

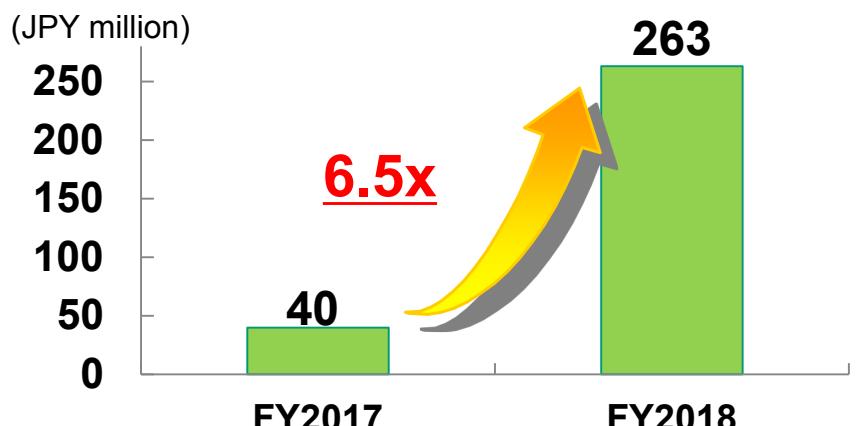
In the Biotechnology-related Business, from the viewpoint of business selection and concentration, sold shares of Kubota Pharmaceutical Holdings (shareholding as of Apr. 18, 2019: 9.27%)

Sales of Four Foods with Functional Claims Including “ALA PLUS Tou (Sugar) Down,” Germinated Brown Rice, Health Foods and Cosmetics Continued to be Strong

* Based on IFRS
(JPY million)



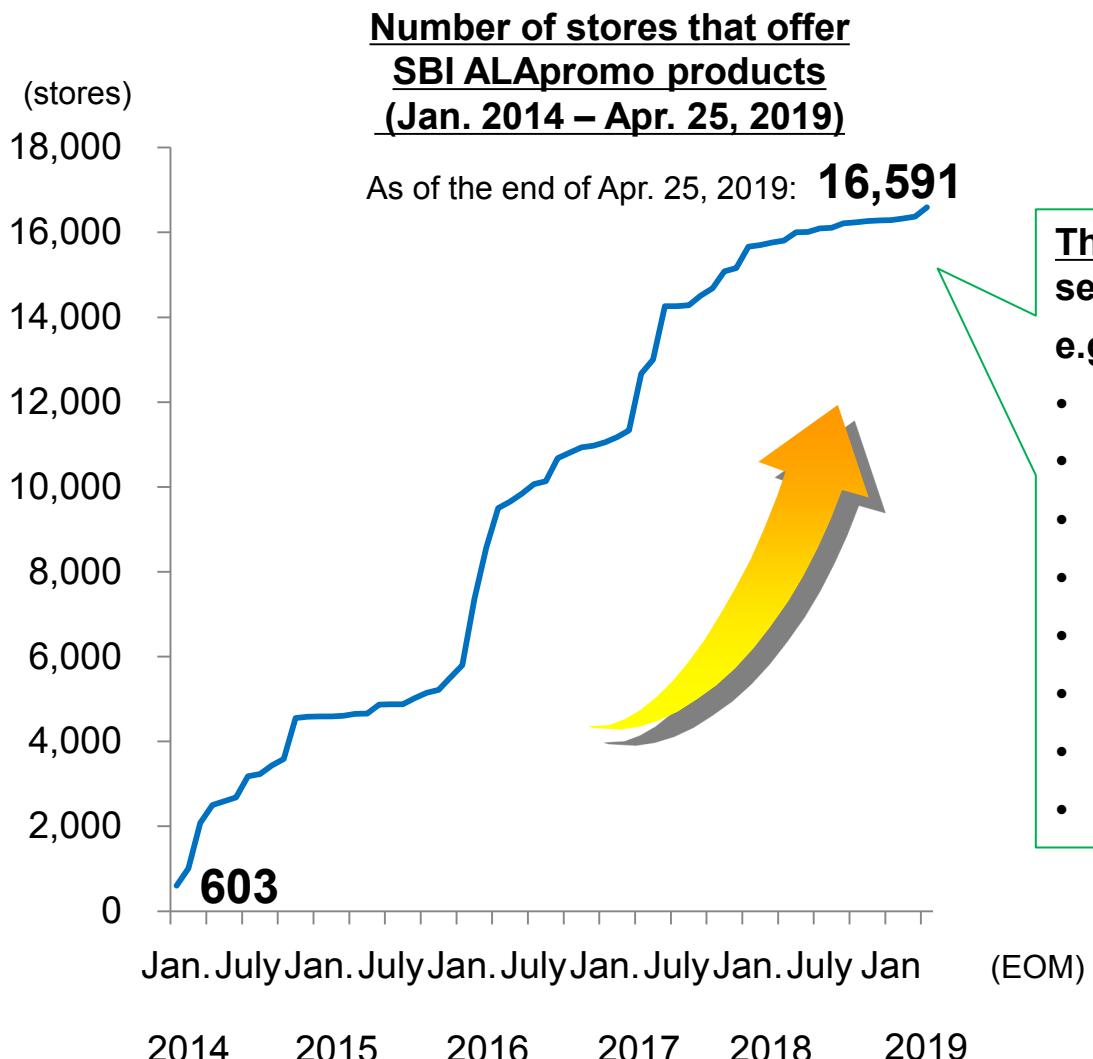
Profit before Income Tax Expense (IFRS)



-SBI ALApromo's offering products-

Foods with Functional Claims (4 items)
<ul style="list-style-type: none"> • ALA PLUS Tou (Sugar) Down • ALA PLUS Tou (Sugar) Down Rich • ALA PLUS Fukai Nemuri • SBI Ichoha
Health Foods (4 items)
<ul style="list-style-type: none"> • ALA PLUS Gold • ALA PLUS CoQ10 • ALA PLUS Sports High Performance • ALA PLUS Karada Shape
Cosmetics (4 items)
ALA PLUS Cosmetic Series <ul style="list-style-type: none"> • Deep Cleansing Gel • Pure Clay Wash • Essential Lotion • Moisturizing cream
Germinated Brown Rice (1 items)
Hatsugagenmai no Sokojikara

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



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

e.g.

- Welcia 1,602 stores
- Tsuruha Holdings 1,430 stores
- Matsumoto Kiyoshi 1,191 stores
- cocokara fine 1,062 stores
- COSMOS Pharmaceutical 969 stores
- FUJIYAKUHIN approx. 890 stores
- Sundrug approx. 820 stores
- SUGIYAKUHIN 799 stores

[Progress of the SBI Group's Vision]

Progress of the SBI Group' Vision ①

- Develop the Financial Services, Asset Management and Biotechnology-related Businesses, so that the profit before income tax expense composition by segment in three years will be 5:4:1, while that in five years will be 5:3:2, respectively.

*Revised on April 26, 2018

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

FS business	AM business	Biotechnology-related
66.6 (Composition: 7)	51.1 (Composition: 5)	-19.2 (Composition: -2)

Segment forecast beyond FY2019

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

High profit level is expected by full-scale exit such as IPOs of fintech companies invested from the Group funds

While recording impairment losses, in order to reduce future potential risks, significant progress toward profitability of the entire segment is envisioned by expanding sales of 5-ALA-related products in Japan and abroad.
Keys are FDA (US) approval to move to new drug application (NDA) of Quark's QPI-1002 for DGF and results of Phase III clinical trials of QPI-1007 for NAION

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

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

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

Progress of the SBI Group' Vision ②

- Targeting consolidated profit before income tax expense of over JPY 100bn within the next year or two
 - ▶ FY2018 consolidated profit before income tax expense (IFRS):
JPY 83.0bn

- Maintain ROE above 10%
 - ▶ Achieved 11.9% in FY2018.
Beyond FY2019, will endeavor to realize ROE over 10%

- Annual dividend to the level of JPY 100 per share
 - ▶ The annual dividend for FY2018 is JPY 100 per share, including a commemorative dividend of JPY 5 for the 20th anniversary since the founding

- Will endeavor to achieve a market cap of JPY 1tn, by actualizing intrinsic corporate value
 - ▶ **JPY 575.5bn**
(Based on the closing price on Apr. 25, 2019)
 - ▶ **Peak market cap: JPY 800.6bn**
(The closing price on Oct. 1, 2018: JPY 3,565)

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

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

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

III. Promotion of the SBI Group's Basic Policy in Establishing Business Strategies and the Overall and Individual Strategies Based on that Policy

Basic Policy 1: Strengthening recession resistance and realizing high profit growth

- (1) Promote business selection and concentration
- (2) Review the business portfolio from the perspective of resiliency to recessions and profit growth
- (3) Expand customer base through diversification of operations, products and services, expansion of alliances, etc.

Basic Policy 2: Further strengthen competitiveness in each business

- (1) Promoting product diversification and business process efficiency through the adoption of new fintech technologies
- (2) The SBI Group accelerates technological evolution by accelerating the process of investment, adoption and diffusion
- (3) Promoting the acquisition of younger generation customers by pursuing synergies between businesses of small-amount stock trading, FX trading, crypto-asset (cryptocurrency) transactions, and small-amount P2P remittances

Basic Policy 3: In addition to concretely implementing important measures going forward, will endeavor toward the further evolution of various measures

- (1) The Regional Revitalization Projects promoted by the SBI Group will move to a new phase
- (2) New efforts for quick monetization of the ecosystem based on digital assets
- (3) Working on a project to integrate innovative technologies inside and outside the SBI Group to promote next-generation security services in Japan and abroad
- (4) Several Group companies are preparing for market changes and initial public offerings, in order to actualize intrinsic corporate value

Basic Policy 1: Strengthening recession resistance and realizing high profit growth

[Overall strategy based on the basic policy]

- (1) Promote business selection and concentration**
- (2) Review the business portfolio from the perspective of resiliency to recessions and profit growth**
- (3) Expand customer base through diversification of operations, products and services, expansion of alliances, etc.**

Overall Strategy 1-(1)

Promote business selection and concentration

Various Past Measures of “Selection and Concentration” of Business ①

Promoting the “Brilliant Cut Initiative”

Brilliant Cut: Designed to be the most beautiful and brilliant type of diamond.
Diamond glitters most when polished in 58 facets

Focusing more on higher profitability rather than expansion of group scale, 58 vital entities were selected from over 100 entities

First Phase (from July 2010):

The primary goal was each company's turning profitable in operating income, and companies that failed to achieve the goal in 3 years were to be liquidated or sold

Second Phase (from Apr. 2011):

Examined each company's earnings capacity by taking into account B/S, C/F situation as well as changes in operating income

Third Phase (from Mar. 2012):

Examine each company's synergy with the three core businesses (securities, banking and insurance business), in Financial Services Businesses, in addition to the earnings capacity, and concentrate resources solely on those businesses with strong synergies

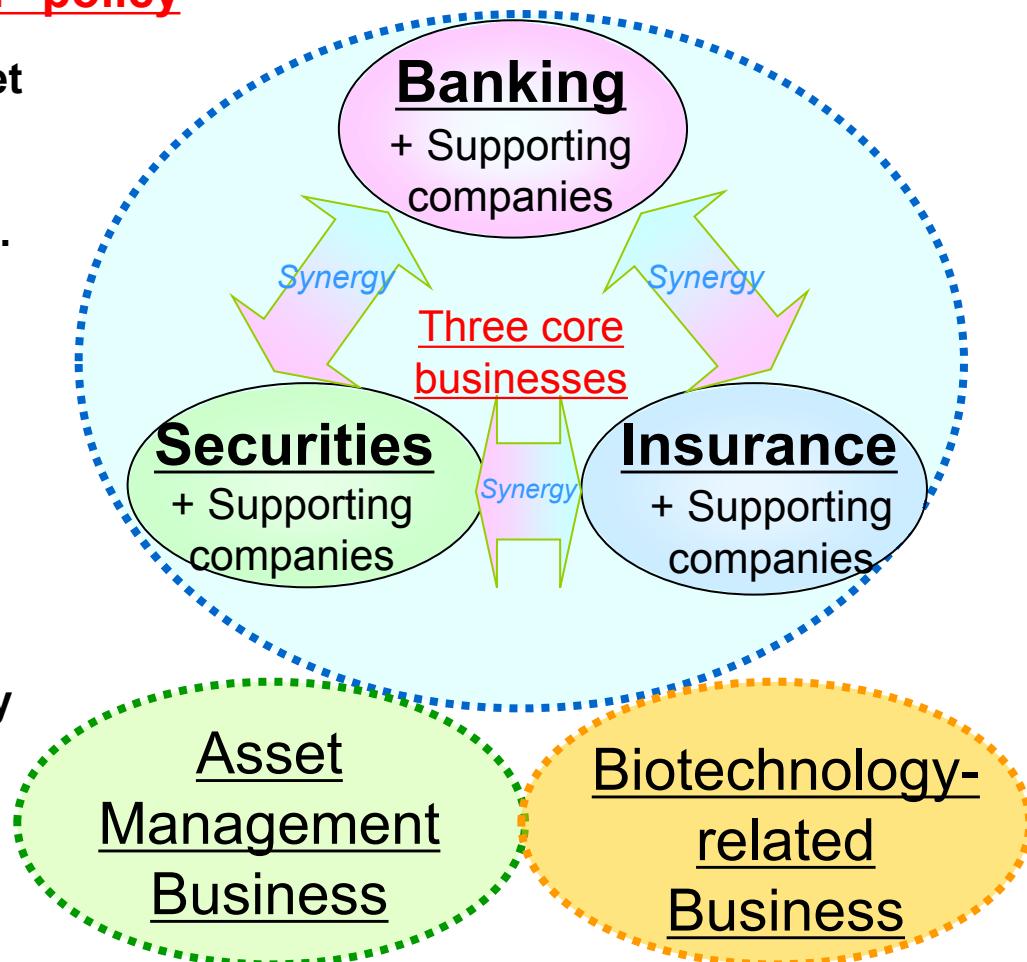
Various Past Measures of “Selection and Concentration” of Business ②

From Apr. 2012, shifting to a Group organizational structure that mainly will be comprised of the Financial Services Business, the Asset Management Business and the Biotechnology-related Business

Basic “Selection and Concentration” policy

- The Financial Services Business, Asset Management Business and Biotechnology-related Business are defined as the three major businesses. As a general rule, regardless of their profitability, businesses and companies involved in other fields should be sold, integrated with other Group companies, or IPO'd.
- Basic “Selection and Concentration” policy for the Financial Services Business is based on whether a business provides meaningful synergy with one of the core businesses of securities, banking or insurance.
- Overlapping businesses will generally be consolidated

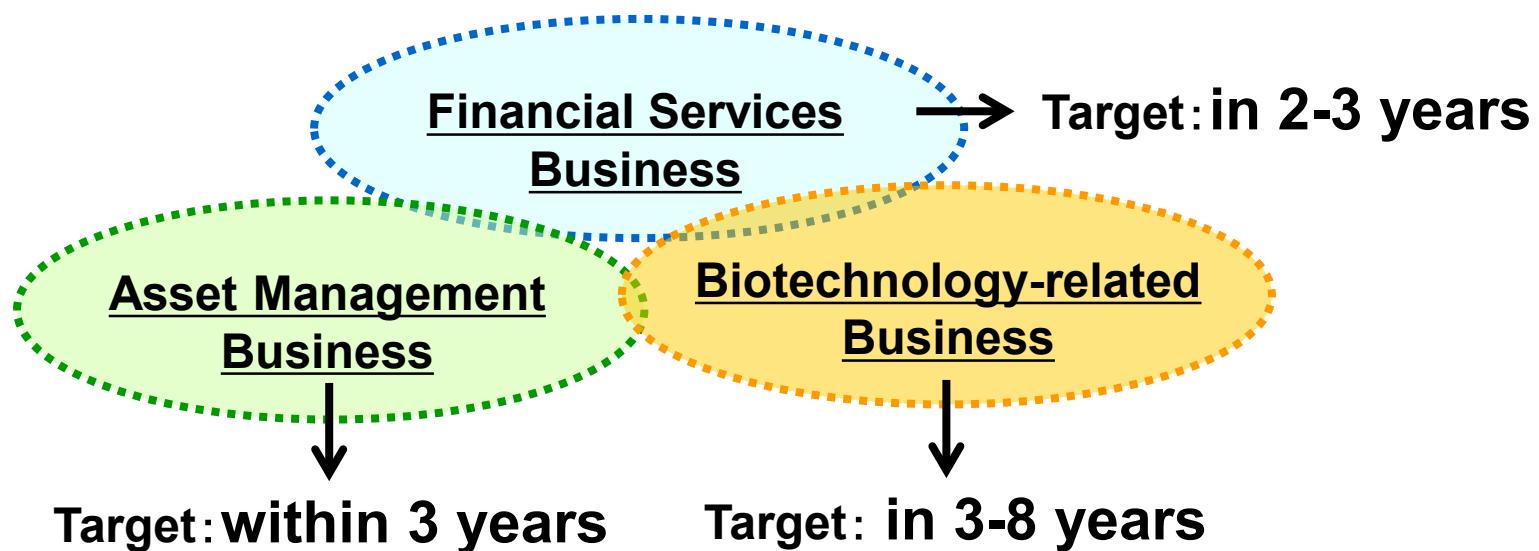
Financial Services Business



Future Basic “Selection and Concentration” Policy

- Setting a time span for each company in the business portfolio of the three major businesses, to determine the business continuity or early withdrawal, from the viewpoint of cash flow, return on invested capital (ROI), return on equity (ROE) and level of synergies between group companies
- Also, for previous strategic investments, the determination will be made on whether to continue holding or selling shares
- For newly established companies and acquired companies, continuity determinations, IPOs or withdrawals from the businesses will be determined in the following time span

Three Major Businesses of the SBI Group



Overall Strategy 1-(2)

Review the business portfolio from the perspective of resiliency to recessions and profit growth

[Individual strategies in each business domain]

- ① Financial Services Business**
- ② Asset Management Business**
- ③ Biotechnology-related Business**

Review of Business Portfolio in the Securities-related Business

-Implemented an organizational restructuring, in order to establish a business structure that is less affected by the external environment-

- **SBI SECURITIES absorbed SBI Liquidity Market and SBI FXTRADE as subsidiaries in Oct. 2015**
 - Enhancing synergy effects with SBI Liquidity Market, in order to create a dynamic business collaboration to further strengthen and expand the FX trading services
- **SBI SECURITIES absorbed SBI Benefit Systems as a subsidiary in Oct. 2016**
 - By establishing an integrated business management system, will further strengthen the defined contribution pension business focused on iDeCo
- **SBI SECURITIES absorbed SBI MONEY PLAZA as a subsidiary in June 2017**
 - Endeavoring to expand SBI SECURITIES' corporate business through the maximum utilization of SBI MONEY PLAZA's sales network, centering on high-net-worth customers



 **SBI** Liquidity Market
 **SBI** FXTRADE
 -FX-related business-

 **SBI** Benefit Systems

-Defined-contribution pension business-

 **SBI** マネープラザ
 [SBI MONEY PLAZA]

-Wealth management business-

Focus Investments on High Growth Fields

<Venture Capital Business>

- Since the founding, has concentrated investments in the growth fields of the 21st century

Internet

Biotechnology
and Life Science

Environment-related
Technology and
Alternative Energy

Fintech

<Overseas Financial Services Business>

- Primarily focused management resources in the high-growth banking industry of Asia

- Acquired a 19.9% stake in TP Bank, which was established in 2008 by FPT, Vietnam's largest IT company (as of Aug. 2009)
- SBI SAVINGS BANK of South Korea, which was one of our venture investments since 2002, was converted into a consolidated subsidiary (as of Mar. 2013)
- Russia's commercial bank SBI Bank (Former YAR Bank) became a wholly owned subsidiary (as of Aug. 2017)

③ Biotechnology-related Business

- (i) SBI Biotech
- (ii) U.S.-based Quark
- (iii) SBI Pharmaceuticals
- (iv) Germany-based photonamic
- (v) SBI ALA Promo

(i) SBI Biotech

With out-licensed pipelines progressing well, SBI Biotech expects to strengthen the revenue base by newly out-licensing pipelines to achieve and maintain full-year profitability

	Licensing partner (timing)	Adaptation disease	Progress	
VIB7734 (Anti-ILT7 antibody)	Viela Bio* (Sept. 2008)	Systemic lupus erythematosus, Cutaneous lupus erythematosus, Sjogren's syndrome, Scleroderma, Dermatomyositis	NEW!! Phase Ib	Phase Ib (multiple dose study) is in progress following Phase Ia (single dose study). It will end in Sept. 2019. Further receipt of milestone payments in accordance with development progress is expected
SBI-9674	Kyowa Hakko Kirin (Dec. 2016)	Autoimmune diseases	Pre-clinical	Kyowa Hakko Kirin is conducting development. Further receipt of milestone payments in accordance with development progress is expected
Cdc7 inhibitor	Carna Biosciences (May 2014)	Colorectal cancers	Phase I / II (plan)	Development is in progress at Sierra Oncology, which out-licensed with Carna Biosciences. Submitted its IND to FDA. Further receipt of milestone payments in accordance with development progress is expected
GNKS356	Independently	Psoriasis, Various fibrosis, Non-alcoholic steatohepatitis	Pre-clinical	Received subsidies from AMED (Japan Agency for Medical Research and Development) drug discovery promotion project, and acquired various data. Promoting R&D, out-licensing and tie-ups for optimization of target diseases based on the research results
SBI-3150	Independently	Autoimmune diseases (Various diseases caused by pDC / activated B cells)	Pre-clinical	Acquisition of various data showing the superiority of Dual targeting Concept targeting pDC and activated B cells is in progress. Continuously engages in negotiating with several companies for out-licensing

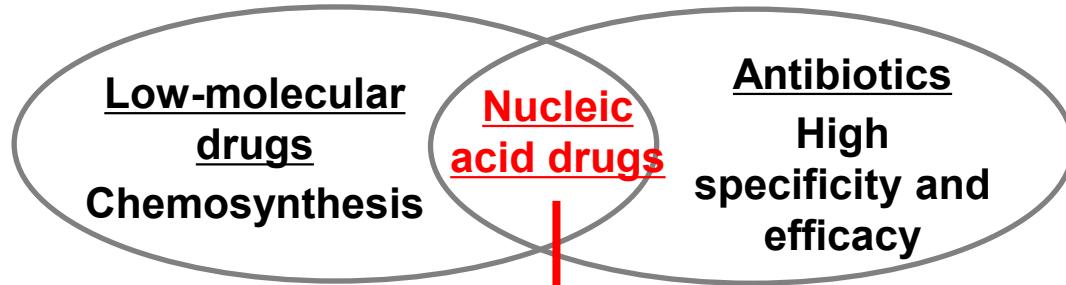
*A new company specializing in inflammation and autoimmune disease, spun out from MedImmune, LLC., a subsidiary of AstraZeneca

(ii) U.S.-based Quark (SBI Group's economic shareholding interest is 95.5%)

Developing nucleic acid drugs (siRNA)

Nucleic acid drugs: Enables drug discovery for target molecules (e.g. RNA and DNA) that was not possible for conventional low-molecular drugs and antibiotics

Nucleic acid drugs: Benefits



High specificity and efficacy similar to antibiotics is promising; at the same time, can be manufactured by chemosynthesis, similar to low-molecular drugs

- New mechanism for **direct action on genes** that are the cause of a disease
- Targeting **hard-to-treat illnesses**, e.g. cancer, infections, and hereditary ailments
- Prospects for **fewer side effects and higher efficacy** than conventional drugs
- Can be manufactured at **lower cost** than today's mainstream antibiotics

Hopes for becoming the next-generation molecularly targeted drugs to succeed antibiotics

Reference: "Why nucleic acid drugs now: the next drug-making modality," Journal of Experimental Medicine (Jikkan Igaku), Vol. 37, No. 1, Jan. 2019

Quark's Ongoing Drug Discovery Pipeline at the Phase III Stage

	Licensing partner	Adaptation disease	Progress	
QPI-1002	Novartis International AG	Delayed Graft Function in Kidney Transplants (DGF)	NEW!! Phase III (completed)	While providing additional information to the U.S. FDA (Food and Drug Administration), by following a suggestion from the FDA, continuing discussions with the FDA on the transition to an NDA (New Drug Application) process. It is likely that the FDA's decision to move to an NDA procedure will be made within the next 6 month period
		Acute kidney injury (AKI)	Phase III	Started Phase III clinical trials in July 2018. Planning expansion of clinical trials to 115 facilities worldwide
QPI-1007	Biocon Ltd of India	Non-arteritic anterior ischemic optic neuropathy (NAION)	Phase II/III	Phase III clinical trials are underway at 66 centers in the U.S. and Europe. <u>The FDA approved the shortening of the follow-up period after administration to the final subject from 12 months to 6 months, so the final results will become known in Apr. 2020</u>

With regard to DGF, in discussions with the FDA since late Mar. 2019 for the possibility of shifting to an NDA procedure, while Quark continues with its full-scale preparations for an IPO. Additionally, upon the determination of the NDA, a partial or complete sale of the shares of Quark or an IPO will be considered

(iii) SBI Pharmaceuticals

-Progress of the main drug pipelines utilizing 5-ALA-

Fields	Pipeline projects	Current status			
		Phase I	Phase II	Phase III	Application
Diagnostic agent (PDD)	1 Peritoneal dissemination of gastric cancer*	Phase III is underway		Scheduled to complete in Oct. 2019	
Drug to treat	2 Cisplatin nephropathy protection	Phase II is underway		Scheduled to complete in Sept. 2020	
	3 Mitochondrial diseases*	Phase III is underway		Scheduled to complete in Jan. 2021	
	4 Cardiac ischemia-reperfusion injury*	Under preparation for Phase II		Scheduled by each university hospitals of Oxford, Leicester, Birmingham, Cambridge in the U.K.	
Photodynamic therapy (iPDT)	5 Brain tumors* (by photonomic)	Under preparation for Phase II			

*Investigator-led trial

(iv) Germany-based photonamic

-In the U.S. market, sales have been steady since the release in Oct. 2018-

photonamic:

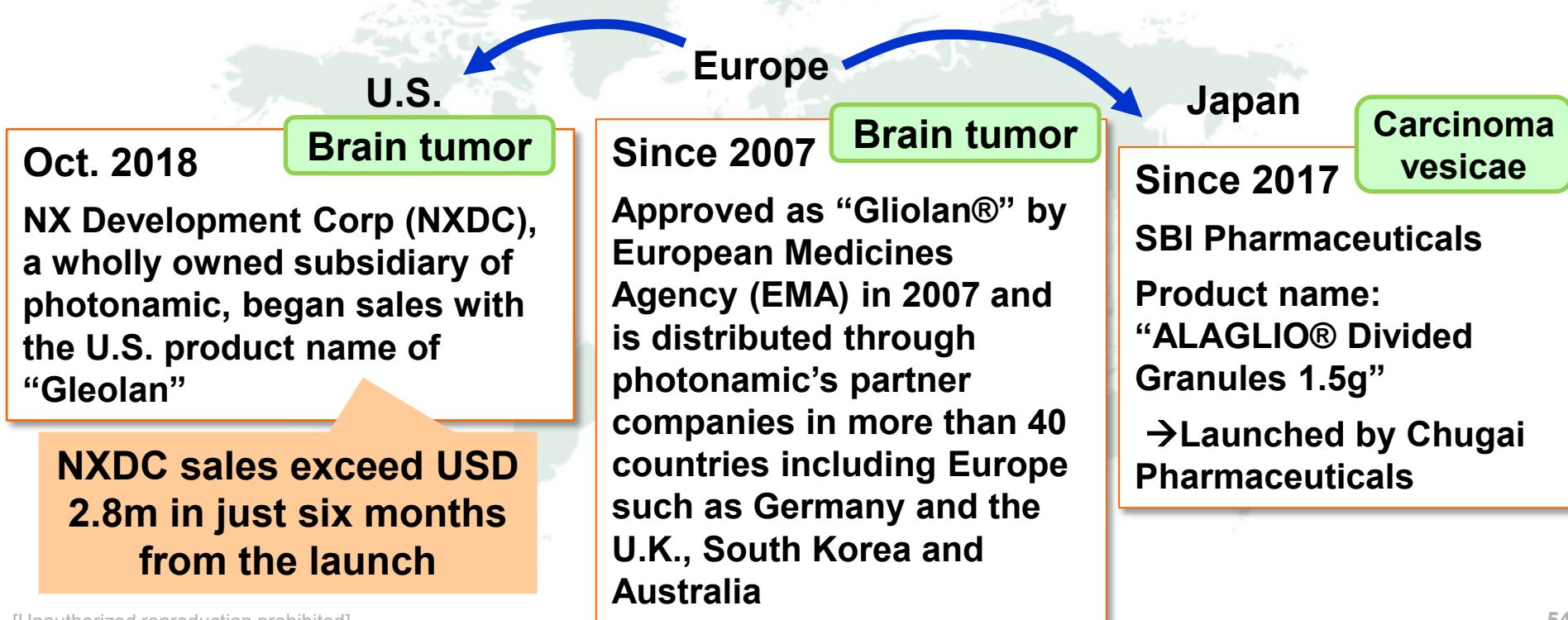
- ✓ Established in Mar. 2002 (Head office : Germany)
- ✓ Business: Development and sales of diagnostic and therapeutic drugs that use 5-ALA, primarily in Europe
- ✓ A wholly owned subsidiary of SBI ALApharma



Products launched by photonamic:

- ① “Gliolan®,” a diagnostic agent for resection of brain tumor (malignant glioma)
- ② “Alacare,” a drug that treats actinic keratosis

Global expansion of diagnostic agent to visualize cancer:



(v) SBI ALA promo

-Accelerating the Development of new foods with functional claims-

Offering of foods with functional claims:

On sale

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

- “ALA PLUS Tou (Sugar) Down” utilizing 5-ALA (10 and 30 day supplies) (Launched in Dec. 2015)
- “ALA PLUS Tou (Sugar) Down Rich” utilizing high levels of 5-ALA (Launched in Nov. 2018)

Cognitive improvement

“SBI Ichoha” utilizing gingko bilboa
(Launched in Dec. 2017)

Improvement in the quality of sleep

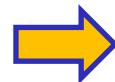
“ALA PLUS Fukai Nemuri” utilizing 5-ALA (Launched in Mar. 2019)

Under development

Accepted by Consumer Affairs Agency

Improvement in the exercise capacity

Product name: “ALA PLUS Karada Genki”



Scheduled to launch in Sept. 2019

Planning submission in FY2019

Recovery from fatigue

(Hiroshima Univ.)

Male menopause improvement

(Juntendo Univ.)

Fatigue reduction after exercising

(Juntendo Univ.)

ALA + salacia-derived salacinol

Increase metabolism while suppressing sugar absorption

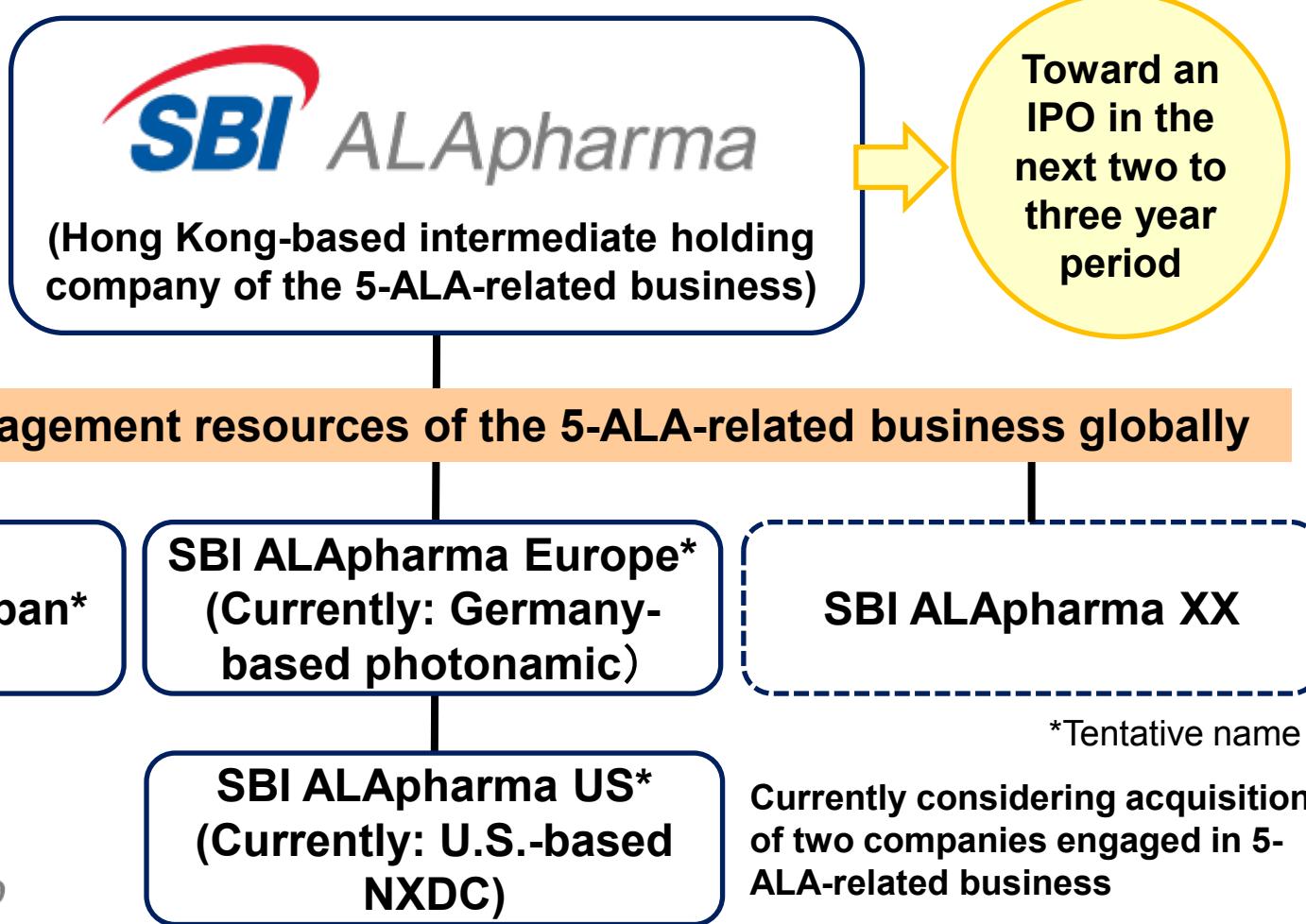
(Hiroshima Univ.)

In 5-ALA-related Business, Restructuring the Organizational Structure for an IPO in the Next Two to Three Year Period



Also considering strategic alliances and acquisitions with and of Western companies, to accelerate business expansion and to secure human resources

(Image)



Overall Strategy 1-(3)

Expand customer base through diversification of operations, products and services, expansion of alliances, etc.

[Individual strategies in each business domain]

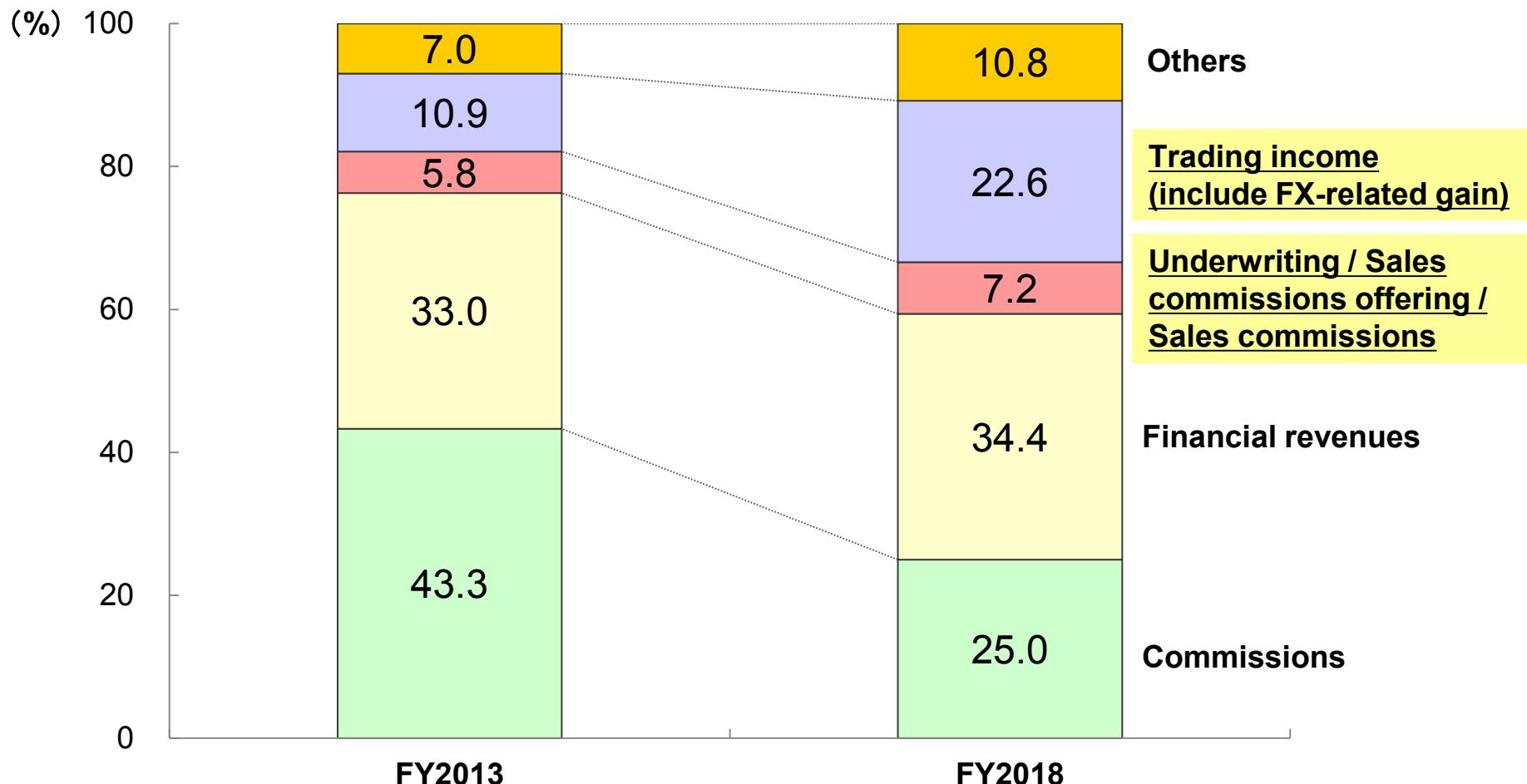
- ① Securities-related business**
- ② Banking-related business**
- ③ Insurance-related business**
- ④ Asset Management Business**

① Securities-related business

- (i) Diversification of operations contributed to a sustainable business growth less affected by the external environment
 - a. Growth of FX-related business from the development of competitively advantaged services
 - b. Expanding the corporate business by focusing on the equity and bond underwriting businesses for both primary and secondary market issuances, leveraging the formidable dominance within the retail business
- (ii) Through the Financial Institutional Sales Dept., expand brokerage services to financial institutions
- (iii) Strengthening the sales of NISA and iDeCo, which are national strategic products

Changes in SBI SECURITIES' Operating Revenue Structure

Owing to the diversification of its revenue stream, dependence on stock brokerage commissions significantly declined compared to 5 fiscal years ago, and businesses other than stock brokerage commissions, such as underwriting and sales commissions offering due to the expansion of the corporate business, and trading income centered on the FX-related revenue have expanded



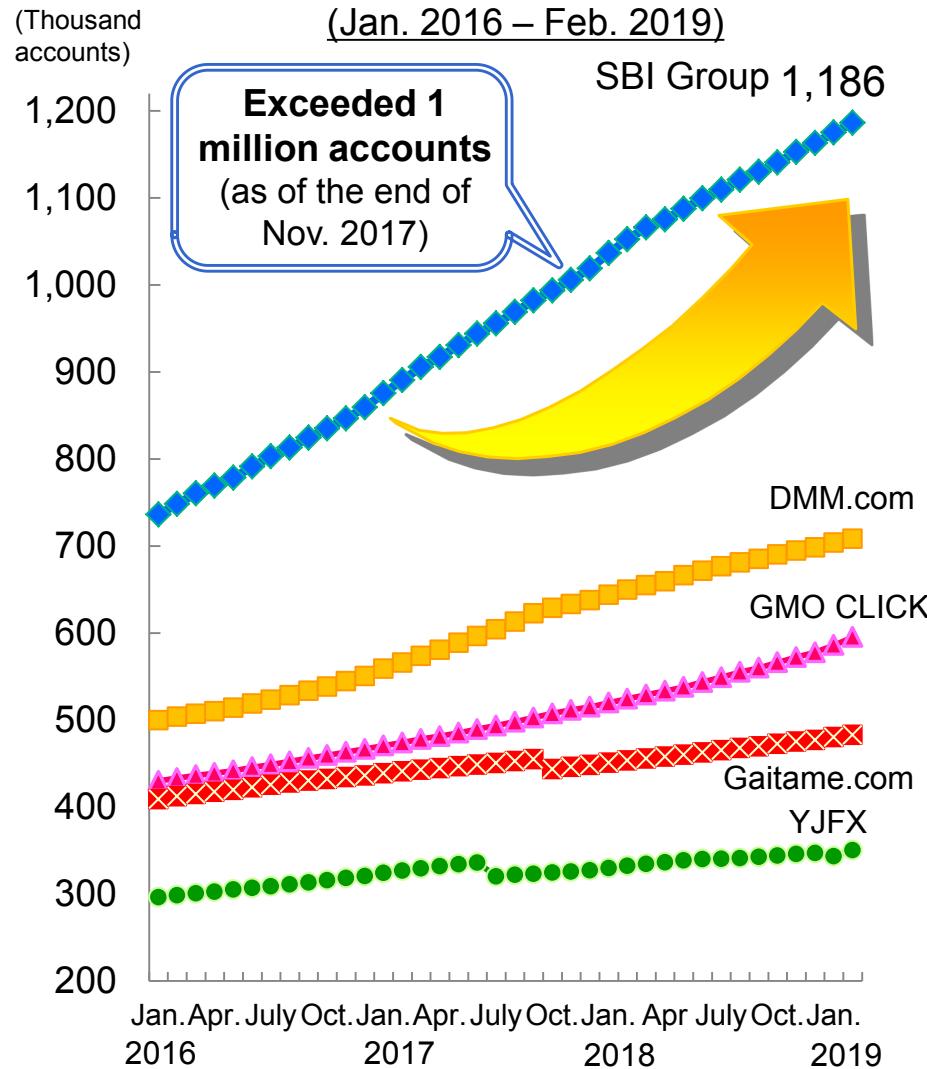
①-(i)-a. Expansion of the FX-related business

The SBI Group's (SBI SECURITIES, SBI FXTRADE and SBI Sumishin Net Bank) Total Number of Accounts and Customer Deposit Assets have Overwhelmingly Surpassed that of Its Competitors in the OTC FX Industry



Changes in number of accounts among 5 major FX Trading Companies

(Jan. 2016 – Feb. 2019)



Customers' Deposit Assets Ranking (Feb. 2019)

No.	Company name	Amount (JPY million)
1	SBI Group	230,447
2	GMO CLICK	152,418
3	DMM.com	120,678
4	Gaitame.com	109,952
5	YJFX	106,571
6	MONEY PARTNERS	61,685
7	Central Tanshi FX	59,000
8	Hirose Tusyo	44,417
9	Traders Securities	29,830
10	FX PRIME by GMO Corporation	17,650
11	Ueda Harlow	10,293
	Others (2 companies)	11,975
	Total	954,916

* Source: Yano Research "Monthly Research on 16 Major FX Trading Companies". 60

SBI Liquidity Market's Performance Significantly Increased to Achieve Record Highs

[Year-on-year comparison (J-GAAP; consolidated base)]

(Unit: JPY million)

	FY2017 (Apr. 2017 – Mar. 2018)	FY2018 (Apr. 2018 – Mar. 2019)	YoY % change
Operating revenue	14,770	Record high 20,732	+40.3
Operating income before allocation	10,632	Record high 16,310	+53.4
Operating income	4,831	Record high 7,728	+59.9
Profit before income tax expense	5,184	Record high 7,805	+59.7
Net income	3,408	Record high 5,412	+58.1

* Operating income before allocation represents the amount before its allocation of profits to participating companies of SBI Liquidity Market's OTC market: SBI SECURITIES, SBI Sumishin Net Bank and SBI FXTRADE

SBI Group's Global Deployment of the FX Business

By proactively incorporating the overseas FX trading liquidity into the Group, will endeavor to establish the world's most liquid OTC market

SBI Liquidity Market provides FX trading services to three South Korean firms, namely Korea Investment & Securities, SHINHAN INVESTMENT and KIWOOM Securities

Hong Kong



Business commenced in Feb. 2017

Provision of FX-related services to overseas institutional investors

Japan



Liquidity Market

FXTRADE

Cayman Islands



Business commenced in Sept. 2018

Provision of FX and CFD products, such as royal metals, oil and stock price indices to overseas individual investors

- BYFX's number of accounts, trading volume and customer assets as of Apr. 2019 rapidly increased by 13x, 40x and 878x, respectively, compared to that of Nov. 2018, to show a steady increase in its business
- By redeveloping the Group's in-house developed system to one that is tailored to overseas investors' needs, providing a stable trading environment
- Given the trading volume of currency pairs not against the yen comprising over 90%, and with the provision of CFD products, including royal metals, oil and stock price indices, realized diversification in liquidity

Enhancing the Corporate Business to Further Strengthen the Comprehensive Capacity of the Securities Business, by Focusing on the Equity and Bond Underwriting Businesses for Both Primary and Secondary Market Offerings

Underwriting share of 94.7% is an industry leading figure

IPO Underwriting Ranking (Apr. 2018–Mar. 2019)

95 companies were listed during the period

Company name	No. of cases	Underwriting share (%)
SBI	90	94.7
Mizuho	69	72.6
SMBC Nikko	66	69.5
Okasan	45	47.4
Monex	42	44.2
Ace	42	44.2
Nomura	38	40.0
Ichiyoshi	38	40.0

* 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.

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- Co-led the underwriting of SoftBank's communications subsidiary IPO in Dec. 2018
- During the Apr.-Mar. 2019 period, SBI SECURITIES underwrote 11 companies as lead manager (*FY2017: 6 companies)

PO underwriting business

Owing to 20 POs, including one as lead underwriting manager, the underwriting amount for FY2018 was at the same level as that of FY2017



Will endeavor to strengthen the PO underwriting business by continuously focusing on acquiring lead underwriting mandates

Corporate bond underwriting business

With the underwriting of 21 corporate bonds in total, including that of SoftBank, the underwriting amount for FY2018 increased by 2.3x year-on-year



Will focus on underwriting newly-issued public bonds, including utilities bonds

Through SBI SECURITIES' Financial Institutional Sales Dept., Expanded Brokerage Services to Its Customer Financial Institutions, which Total 265 Companies*1



[SBI SECURITIES]

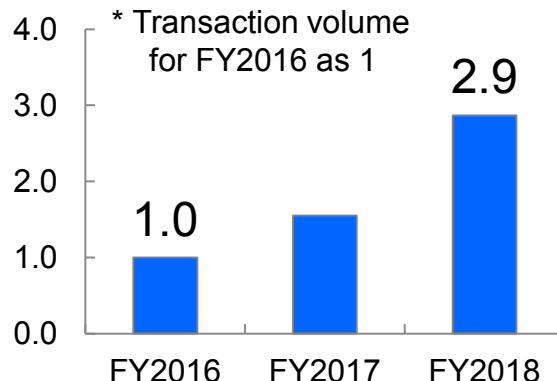
Institutional investors sales division, including Financial Institutional Sales Dept.

SBI SECURITIES is strengthening the distribution of structured bonds (self-origination and distributed a total amount of JPY 67.0bn*2 (Dec. 2015 – Mar. 2019)), domestic and overseas investment trusts, as well as bond transactions

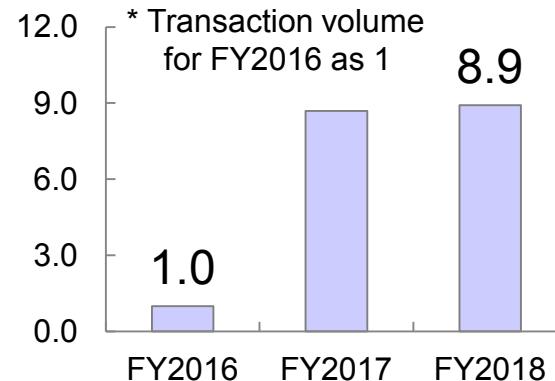
*1 As of the end of Mar. 2019 *2 Includes structured bonds toward retail customers

-Transaction volume for FY2018 with financial institutions-

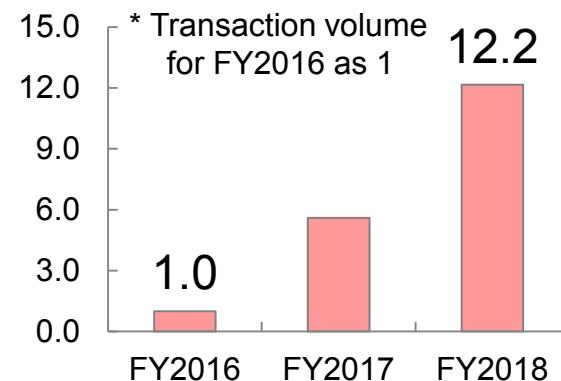
Equity trading



Investment trusts



Newly-issued and existing bond transactions



- ◆ Strengthening equity and investment trust sales for domestic and overseas institutional investors
- ◆ Structured bond and foreign bond transactions with regional financial institutions are steadily increasing

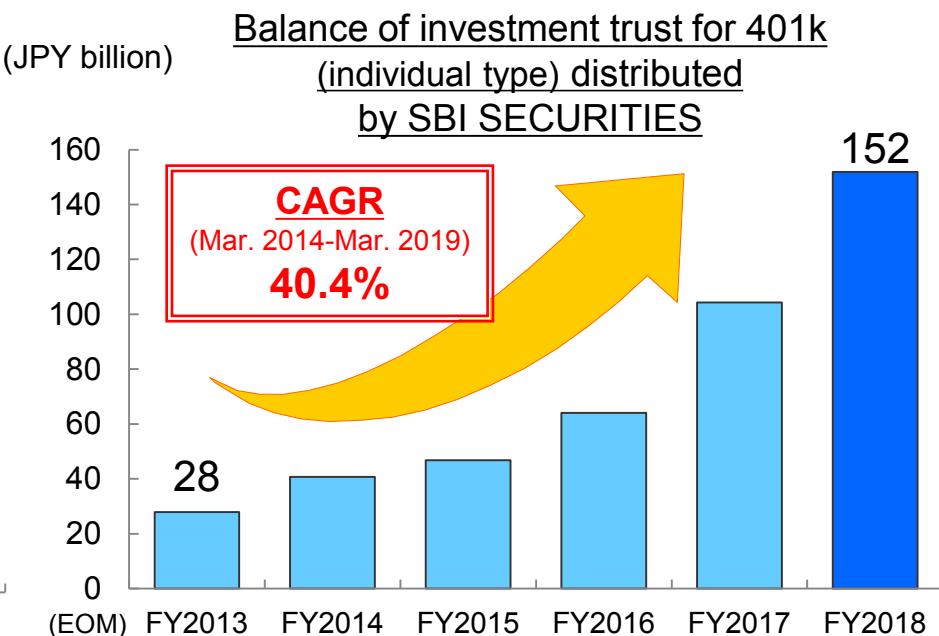
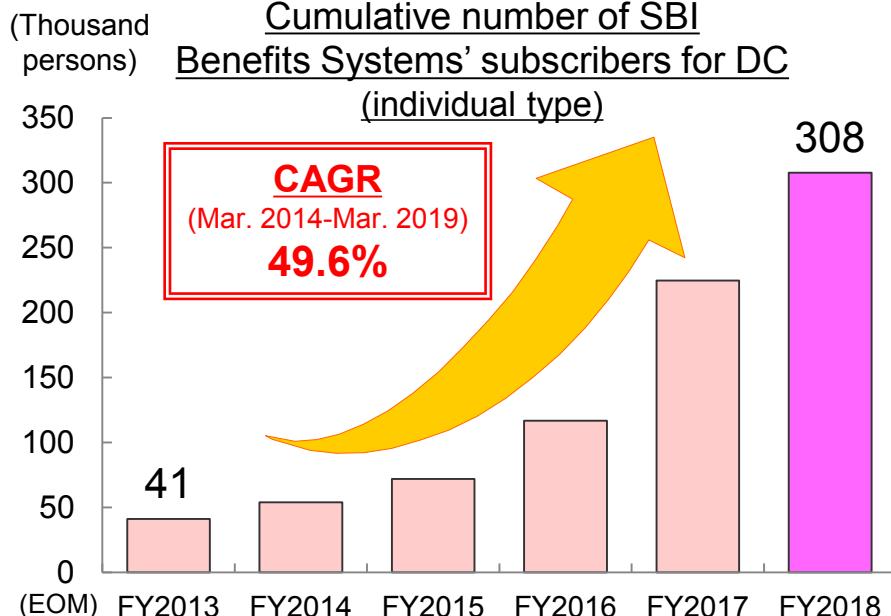
Further Strengthening the Individual Defined Contribution (iDeCo) Pension Business

The SBI Group has been focused on the Individual Defined Contribution (iDeCo) pension business, well before the expectations for the market size expansion as a result of revisions in the regulation as of Jan. 2017, through SBI Benefit Systems, which was established in 2001

- ◆ SBI SECURITIES' administrative fees are completely free of charge from May 19, 2017, as to further expand iDeCo business



At the end of Feb. 2019, the number of iDeCo accounts totaled 267,071, which is approx. 2.2x larger than that of the end of May 2017



SBI SECURITIES Steadily Increased the Number of New Customers Acquired for Individual-type Defined Contribution Pension Plans (iDeCo), and became the Cumulative Industry Leader in Oct. 2018

(No. of thousand customers)

300

250

200

150

100

50

0

Cumulated number of customers (subscribers & transfers*)of iDeCo by planning administrator

(Nov. 2017 – Feb. 2019)

SBI SECURITIES**Company A**

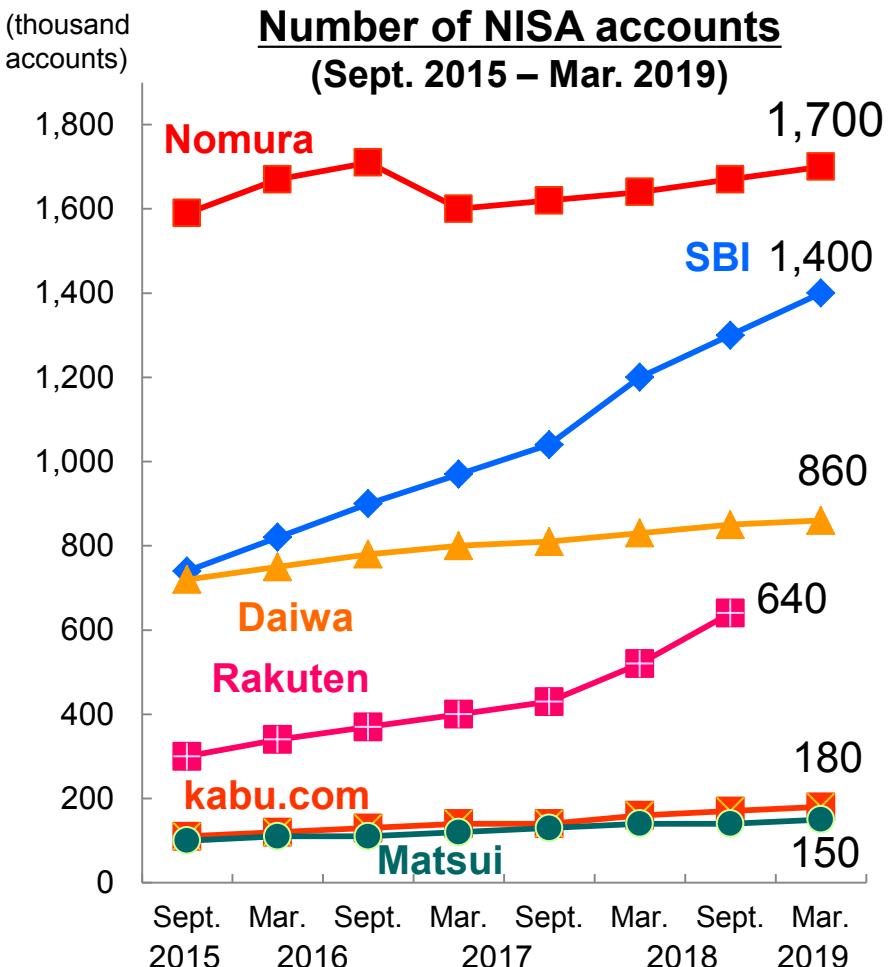
In Oct. 2018, overtook Company A,
the then industry leader

Company B**Company C**
Company D

Nov. Dec. Jan. Feb. Mar. Apr. May June July Aug. Sept. Oct. Nov. Dec. Jan. Feb.
2017 2018 2019

* Cumulative total number of subscribers and transfers announced by the National Pension Fund Association
 Source: Briefing paper of the National Pension Fund Association (partially includes estimates by SBI)

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

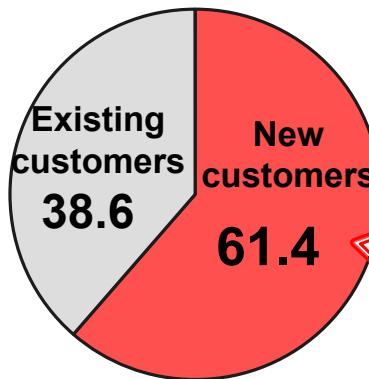


*1 Includes the number of Junior NISA accounts

*2 Amounts are rounded to the nearest JPY 10 thousand.

*3 The number of accounts are as of the end of Mar. 2019, compiled by SBIH from the information on website of each company. As for Rakuten, the number of accounts is as of the end of Sept. 2018.

NISA's customer attribute of SBI SECURITIES (%)



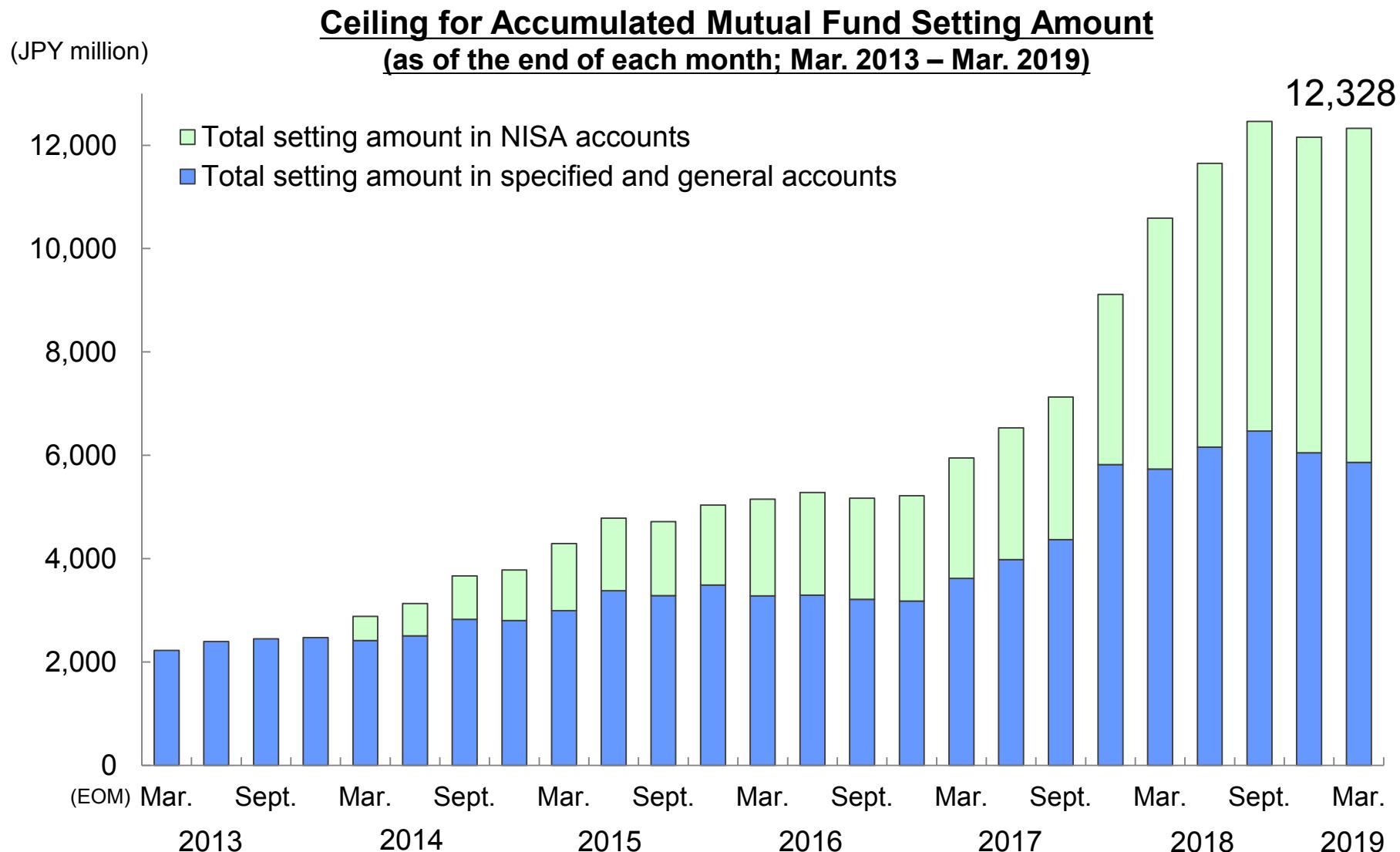
Number of new customers opening NISA accounts account for **61.4%**, and within that 68.3% are beginner investors

■ **SBI SECURITIES' number of Junior NISA accounts reached **62 thousand accounts**, accounting for approx. 30% of the entire securities industry's Junior NISA accounts**

■ **SBI SECURITIES' active NISA account ratio: **30.0%****

* Active account ratio is calculated based on the total accounts since Jan. 2019

SBI SECURITIES' Monthly Total Accumulated Mutual Fund Setting Amount in Mar. 2019 was JPY 12.3bn



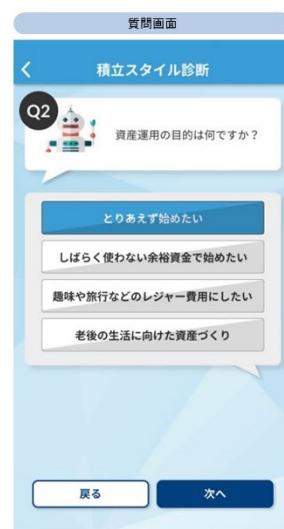
Launch of “Kantan Tsumitate App,” a Smartphone App Dedicated for the Accumulation of Mutual Funds

-Enables the management of accumulated mutual funds, including “funded NISA,” through smartphones-

- ◆ Through the app, total earnings and gains/losses of the held investment trusts may be easily confirmed, and new purchase settings and changes in funding methods are available
- ◆ With a “funding style diagnosis,” funding options designed to match the customer’s risk tolerance is available

 **Investment novices can also easily utilize the accumulated mutual fund services**

-Asset status can be confirmed from the home screen-



-With the “funding style diagnosis,” multiple investment trusts that corresponds to the customer’s risk tolerance can be collectively purchased-

By Thoroughly Adhering to the “Customer-centric Principle,” will Endeavor to Further Provide Products and Services with Greater Customer Benefits

Reduction of trading costs

- ◆ Reduction of domestic stock brokerage commissions
- ◆ Usage of PTS (SOR), provision of best execution services, including prime brokerage services and J-NET Cross in futures and options
- ◆ Majority of no-load investment trusts (1,363 trusts)
- ◆ Minimum fund purchase amount lowered to JPY 100
- ◆ Purchase commission for accumulated mutual fund substantially free of charge
- ◆ Administrative fees of iDeCo completely free of charge

Provision of new services

- ◆ Robo-advisor
- ◆ Small amount-themed investment service
- ◆ Expanding special orders for domestic stocks and designated period ordering
- ◆ Provision of block sale trust / off-order book trading
- ◆ Investment trusts with daily accumulation plus greater variation of accumulation date settings
- ◆ Handling of accumulation-type NISAs
- ◆ New iDeCo plans
- ◆ A US stock & ETF fixed-term purchase service
- ◆ Accumulation-type FX
- ◆ Adding FX currency pairs (now handling 28 pairs in total)
- ◆ Enhanced capability for product offerings through insourcing of structured debt
- ◆ Handling of gold, silver and platinum
- ◆ Handling of “kome” e-warrants (for rice futures)

Strengthening of information delivery

- ◆ Expansion of trading channels tailored to multiple trading styles, such as smartphone apps
- ◆ Information delivery via iDeCo online, provision of SBI-iDeCo robo, launch of an inheritance dedicated web site

[Future initiatives]

**Preferred customer program
(holders of “funded NISA” and
iDeCo accounts)**

**Purchase fees for accumulated
mutual fund**

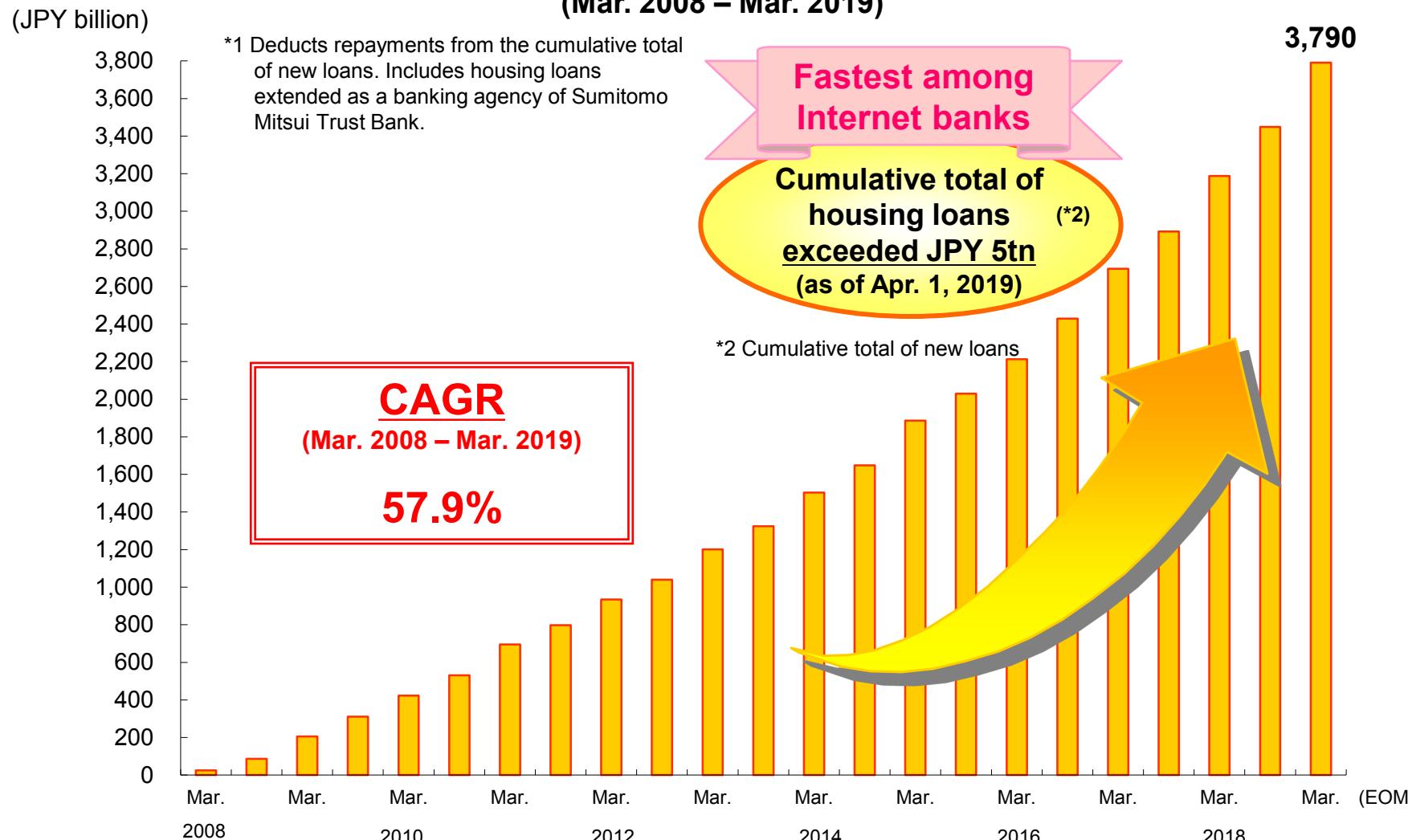
- **Get points back for 1-month portion of trading commissions**
- **Added ranking criteria for SBI Sumishin Net Bank’s “smart program”**
- **Permanent waiver of purchase fees for accumulated mutual funds**

② Banking-related business

- (i) Providing housing loans with attractive merchantability through multiple sales channels
- (ii) Strengthening the payment business with the acquisition of payment gateway's company, expansion of the acquiring business, etc.
- (iii) Efficient expansion of its customer base through the alliance with various companies

Owing to Attractive Interest Rates and Highly Beneficial Customer Services, the Cumulative Total of Housing Loans has Steadily Increased ①

Change in Balance of Housing Loans *1 (Mar. 2008 – Mar. 2019)



Owing to Attractive Interest Rates and Highly Beneficial Customer Services, the Cumulative Total of Housing Loans has Steadily Increased ②

SBI Sumishin Net Bank's product offerings of housing loans

① Housing loans processed directly by SBI Sumishin Net Bank

- Via alliance with real estate companies (from Sept. 2007)
 - On Feb. 6, 2019, launched “Hi Loan,” a housing loan with total illness insurance, in alliance with Asahi Kasei Homes Corporation and SBI Sumishin Net Bank
 - Banking agency specialized product “MR. Housing Loan REAL” (from Mar. 2015)

② Banking agency business for Sumitomo Mitsui Trust Bank “Internet Exclusive Housing Loan”

(from Jan. 2012)

Renewed the Internet Exclusive Housing Loan's merchantability in Oct. 2018

- Interest rate reduction when opening an account at Sumitomo Mitsui Trust Bank
- Abolished additional various cost interest rates
- Introduction of examination method using AI technology

③ Long-term fixed rate product “Flat 35” (from Sept. 2015)

Expanding the Sales Channel through the Face-to-face Shops of Partner Companies



住信SBIネット銀行  *Sumishin Net Bank*




Good Mortgage
From Jan. 2017

MX Mobiling
From Oct. 2017

I.F.CREATE
From Mar. 2018

Yoshida Tsushin
From Sept. 2018

SBI MONEY PLAZA
 *SBI マネープラザ*

ARUHI

- ◆ In order to improve customer convenience, established shops near train terminal stations, such as Otemachi Station, Ikebukuro Station and Shinjuku Station, which are also open for business on weekends
- ◆ On a face-to-face basis, customer inquiries will be answered and procedures will be followed

To Strengthen the Payment Business, Planning on the Complete Acquisition of NetMove Corporation, which Provides Payment Gateway Services

住信SBIネット銀行

SBI Sumishin Net Bank



NetMove Corporation

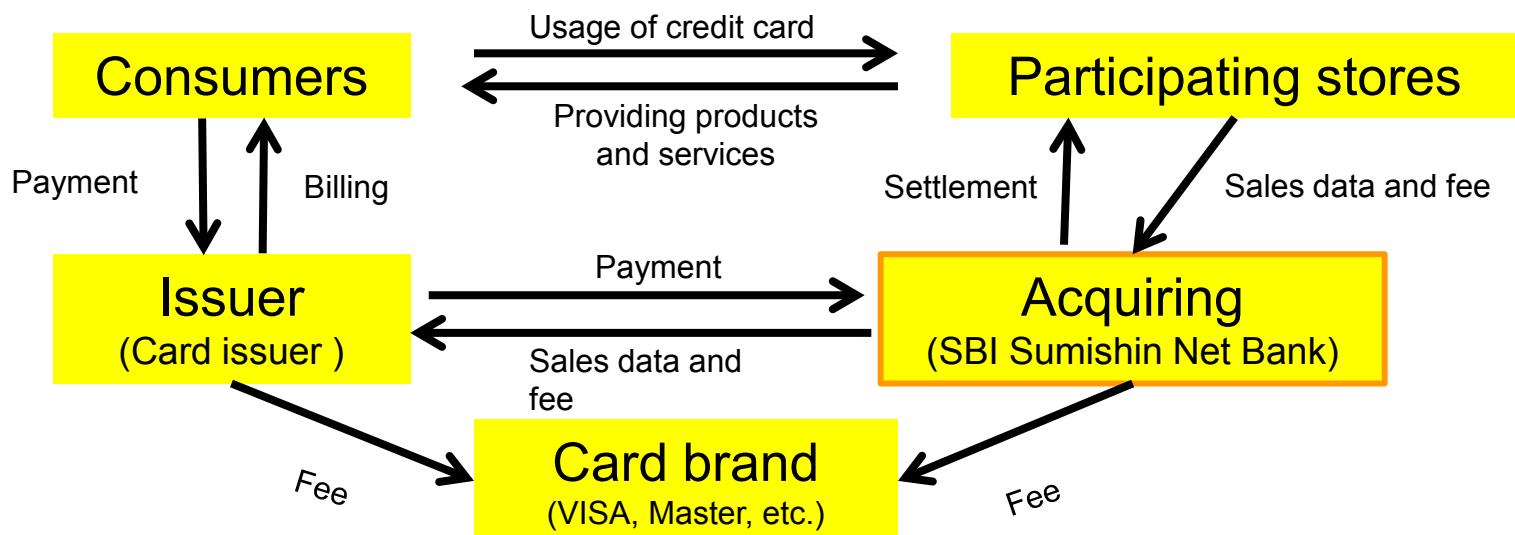
- NetMove Corporation possesses advanced system design and development capabilities for settlement and security services, etc.
- NetMove Corporation provides highly secure payment services, such as acquiring the first provider certification in Japan of “PCIP2PE solution,” and “PCIP2PE component,” as defined by “PCISSSC,” the credit card industry security standardization organization

Primary objectives of acquisition

- Creation of added value by combining SBI Sumishin Net Bank’s banking services utilizing advanced technologies, such as API and AI screening model, etc., with NetMove’s highly secure payment gateway service
- Improve SBI Sumishin Net Bank’s settlement service and infrastructure system
- Creation of SBI Sumishin Net Bank’s new security and communications-related services

In the Acquiring Operations Business, the Number of Participating Stores Increased to Approx. 15,000 Stores. Continue to Promote Synergy with Settlement Companies and Expand Sales Activities

- Expanding the acquiring operations, which make advance payments for product charges to merchant members based on vouchers for card usage at merchant outlets
- Commission income is up as merchants grow in tandem with the addition of new partners
- From Apr. 2019, cultivation of merchants is being enhanced in the run-up to start of the cashless transaction and consumer point redemption system following the consumption tax hike in Oct.
- Linked transaction data from merchant outlets is put to use in transaction lending, setting lending terms (available borrowing amounts and borrowing ratios) based on daily sales



Issued a Prepaid Card, “JAL Global WALLET” that can be Used Safely and Conveniently Overseas

住信SBIネット銀行

SBI Sumishin Net Bank

Providing financial functions

Joint holding company **JAL SBI FinTech**
Established on Sept. 1, 2017

SBI Holdings



Create new value added services

Approx. 25.2 million customer base
(as of the end of Mar. 2019)

Approx. 31.7 million customer base

Provide new services to each customer

Japan Airlines (JAL)



Collaborating on new airline-related businesses, including mileage, etc.

Established a JV with 3 companies

Joint venture JAL Payment Port Established on Sept. 19, 2017
Contribute to the provision of advanced fintech services

- On Nov. 29, 2018, JAL Payment Port started to accept the new JAL Global WALLET card, which adds a MasterCard prepaid card function for JAL Mileage Bank members and it has started offering advice to general customers on opening a SBI Sumishin Net Bank account
- Holders of an SBI Sumishin Net Bank account can use a real-time electronic funds transfer function and make charges to JAL Global WALLET more conveniently than before

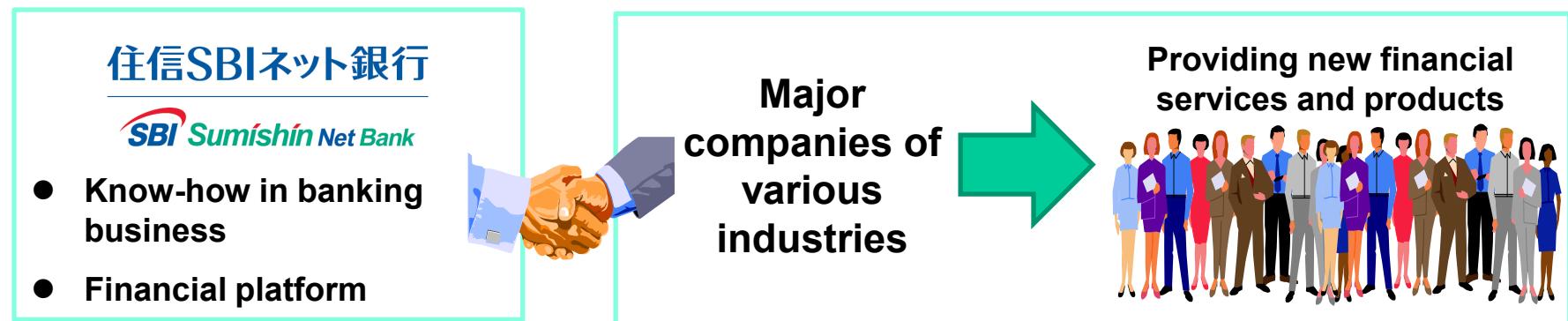


The image of JAL Global WALLET card design

SBI Sumishin Net Bank Promotes Neo Bank Initiatives to Provide Banking Functions to External Major Companies as a Financial Platform

-In addition to the preceding joint venture with JAL, in discussions with several other major companies-

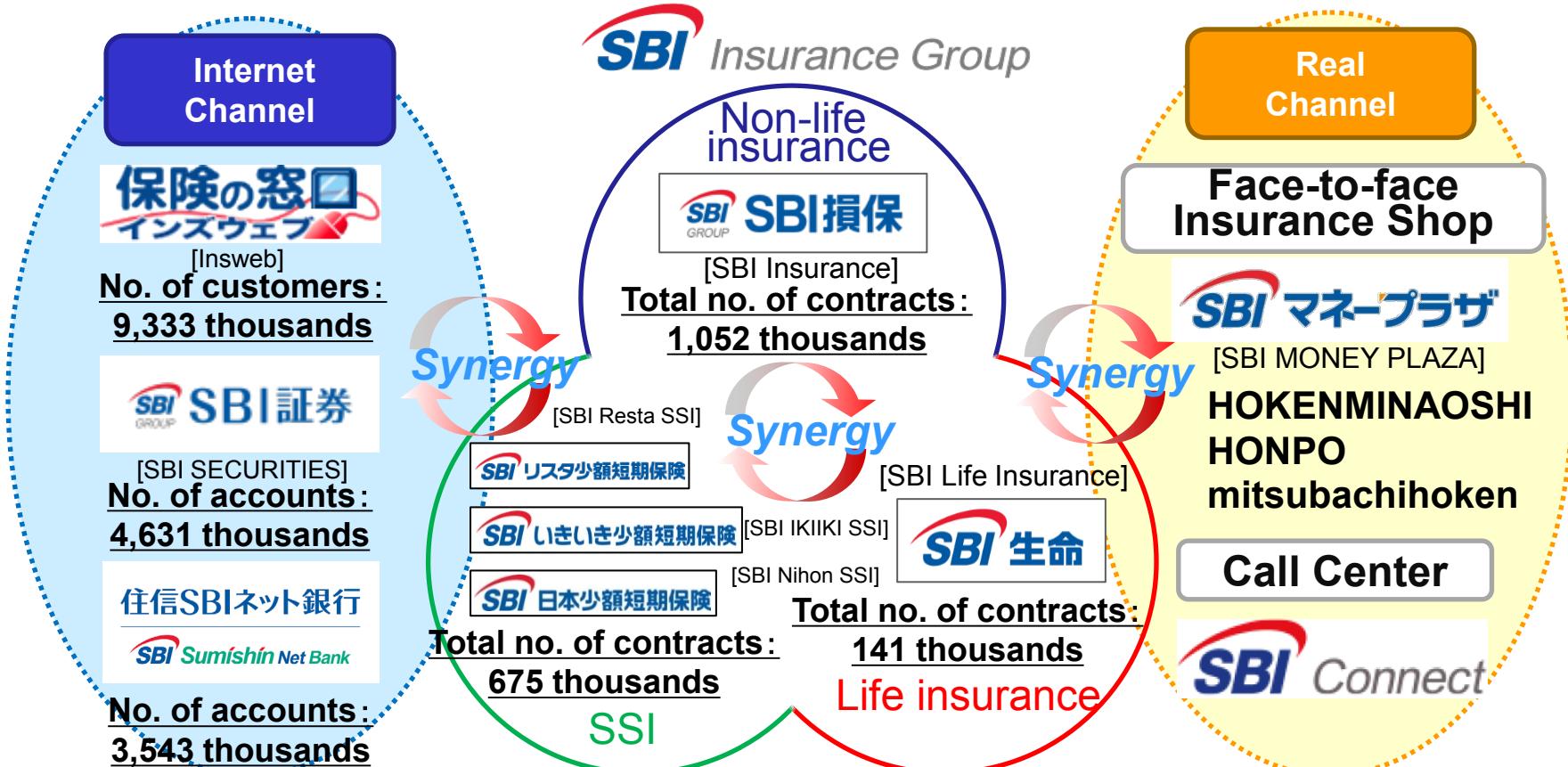
- ◆ Established Neo Bank Department in Oct. 2018
- ◆ Planning to provide a banking function, or banking as a service (BaaS), to large outside corporations to promote unbundling
- ◆ Creating new services that can not be handled by banks alone through forming alliances with a variety of operators
- ◆ Discussions on concrete ideas being held with large vendors



③ Insurance-related business

- (i) **Expand sales of insurance products by leveraging the SBI Group's diverse sales channels and big data**
- (ii) **Promote discontinuous business expansion by pursuing Group synergies, and implementing efficient management with acquired companies through M&A deals**

(i) Expand Sales of Insurance Products by Leveraging the SBI Group's Diverse Sales Channels and Big Data



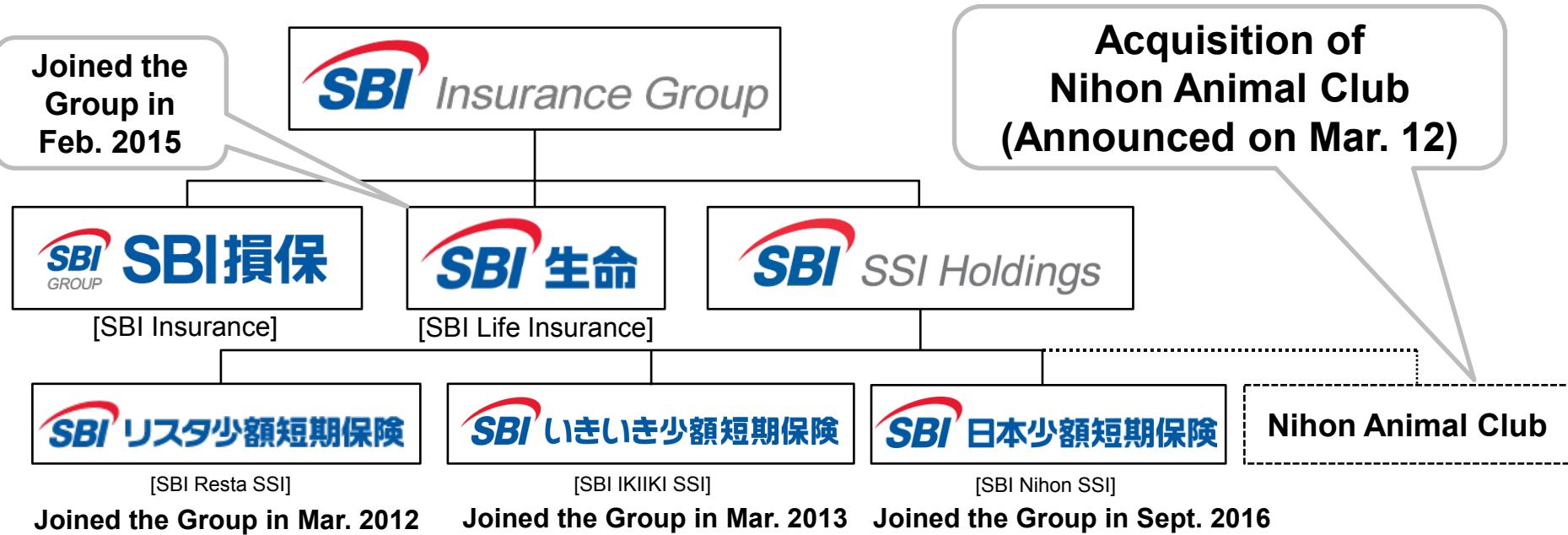
About 70% of the applications for “SBI Insurance’s Fire Insurance” in FY2018 were from SBI Group companies and services

* The number of retained customer information, the number of accounts and the number of inforce contracts, are as of the end of Mar. 2019

* In cases where the customer is not identified as the same person at each service site and overlapping customers within the Group companies, are double counted

(ii) Promote Discontinuous Business Expansion by Pursuing Group Synergies and Implementing Efficient Management with Acquired Companies Through M&A Deals

[Structure of the SBI Insurance Group]



Nihon Animal Club is a small-amount, short-term insurance company which has approximately 1,000 agencies and specializes in selling insurance products face-to-face at pet shops, etc. Sales through the Internet and real channels will be promoted going forward

④ Asset Management Business

- (i) In the overseas financial services business, owing to contributions from the SBI SAVINGS BANK of South Korea and the TP Bank of Vietnam, among others, contributed significantly to raising the segment's profits, through the expansion of assets and the promotion of efficient management
- (ii) The Group's assets under management, consisting of various financial products, such as private equity, investment trusts, listed stocks, CBs, etc., will be further expanded to create a stable source of earnings for the future

SBI SAVINGS BANK of South Korea Ranks First, in Terms of Both Total Assets and Net Income in the Industry

(KRW billion)

Comparison of Financial Results of Savings Banks for FY2018 (K-GAAP)

	Total Asset	Net Income
SBI	7,510.1	131.0
OK	5,362.2	95.7
Korea Investment	2,888.7	56.3
Eugene	2,438.0	38.3
Pepper	2,403.1	8.5
Welcome	2,390.8	63.3
JT Chiae	2,389.8	26.4
OSB	2,164.8	24.0
Acuon	2,142.4	17.6
Moa	1,796.1	48.6

Comparison of Financial Results of Regional Banks for FY2018 (K-GAAP)

	Total Asset	Net Income
Busan	52,611.9	346.4
Kyongnam	37,937.0	169.0
Kwangju	23,029.2	153.3
Jeonbuk	17,412.8	100.5
Jeju	5,968.2	27.4

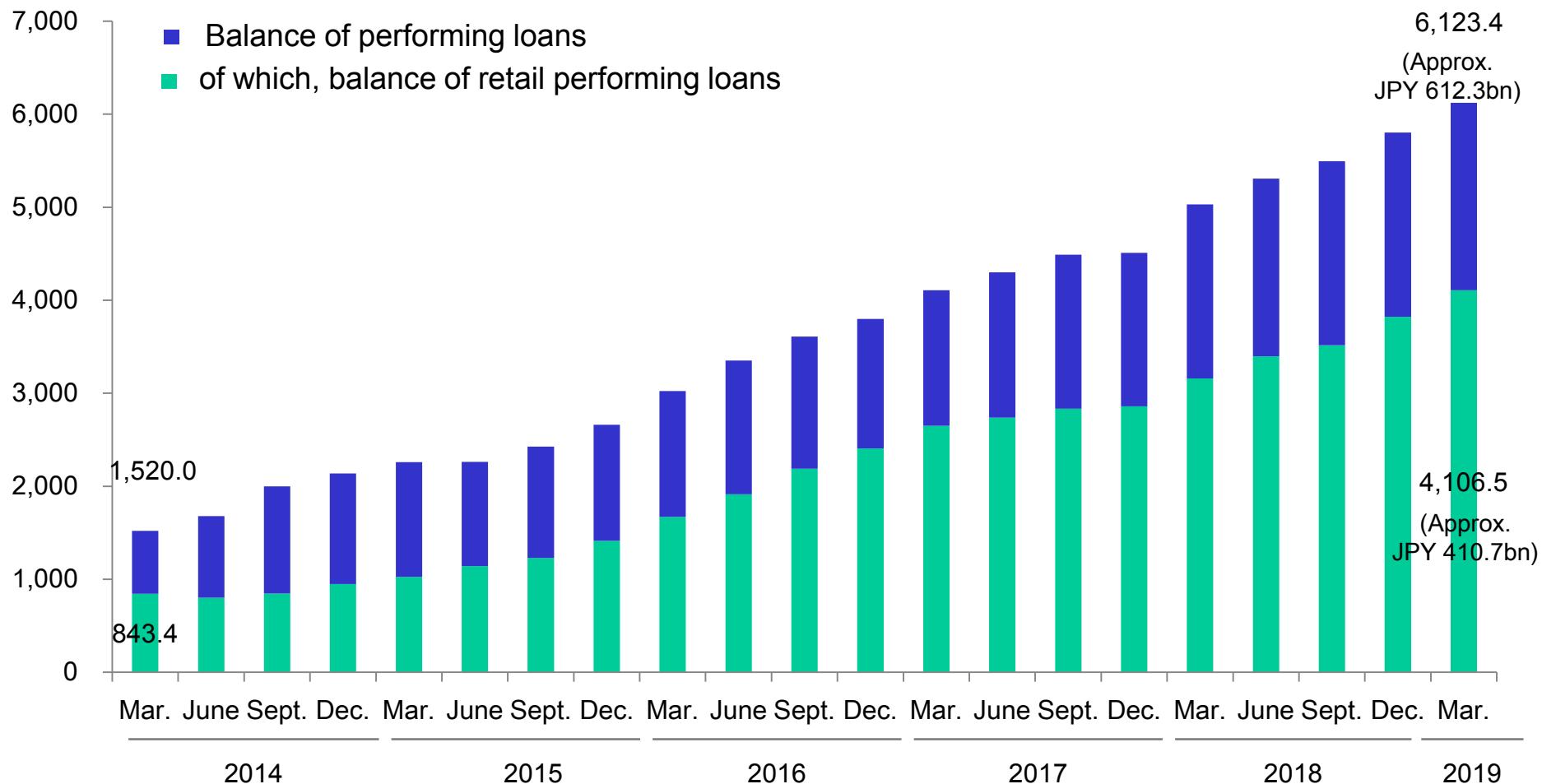
Comparison of Financial Results of Internet Banks for FY2018 (K-GAAP)

	Total Asset	Net Income
Kakao	12,126.7	-20.9
K Bank	2,184.6	-79.6

Balance of Performing Loans (Based on K-GAAP)

- Steadily expanding balance of performing loans centered on retail loans**
- The delinquency rate of the entire loan is low at 3.9% (3.8% for retail loan)**

(KRW billion)

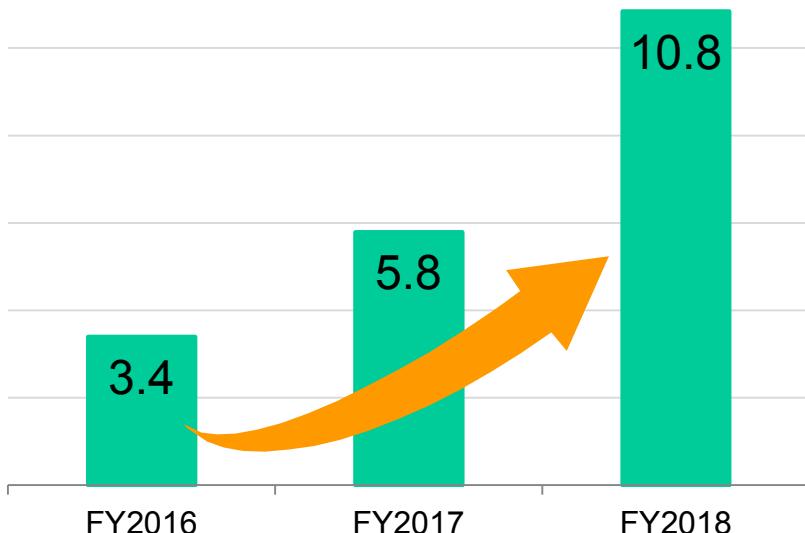


TP Bank in Vietnam Continues Its Growth Trend



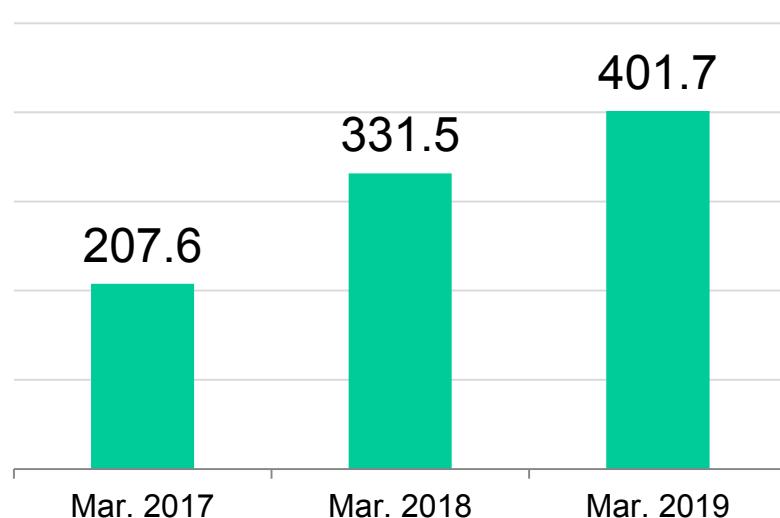
- Invested in Aug. 2009 (SBI Group's shareholding: 19.9%)
- The market capitalization is approx. JPY 89.8bn (as of Apr. 19, 2019)
- Introducing cutting-edge technologies, to rapidly expand its business, which is focused on the retail business
- Starting fingerprint recognition-based self-service cash withdrawal at LiveBank, a 24-hour/365-day unattended banking service

<Trend of profit before income tax expense>



<JPY billion>

<Trend of Loans Balance>



<JPY billion>

* Converted at VND 1 = JPY 0.0048

The Fintech Fund Established in Dec. 2015, has Already Decided to Invest Approx. JPY 25bn, and the Investment Phase was Completed

FinTech Business Innovation LPS

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

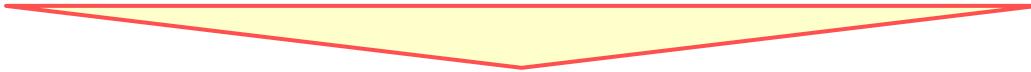


Already decided on investments into 67 companies
(Total investment amount to be approx. JPY 25bn through the Fintech Fund and approx. JPY 19bn by SBI Holdings)

**“SBI AI&Blockchain Fund” (common name
“SBI A&B Fund”) Established in Jan. 2018, Accelerates
Investments in Promising Startup Companies
-SBI A&B Fund has Decided to Invest Approx. JPY 33bn-**

SBI AI&Blockchain LPS

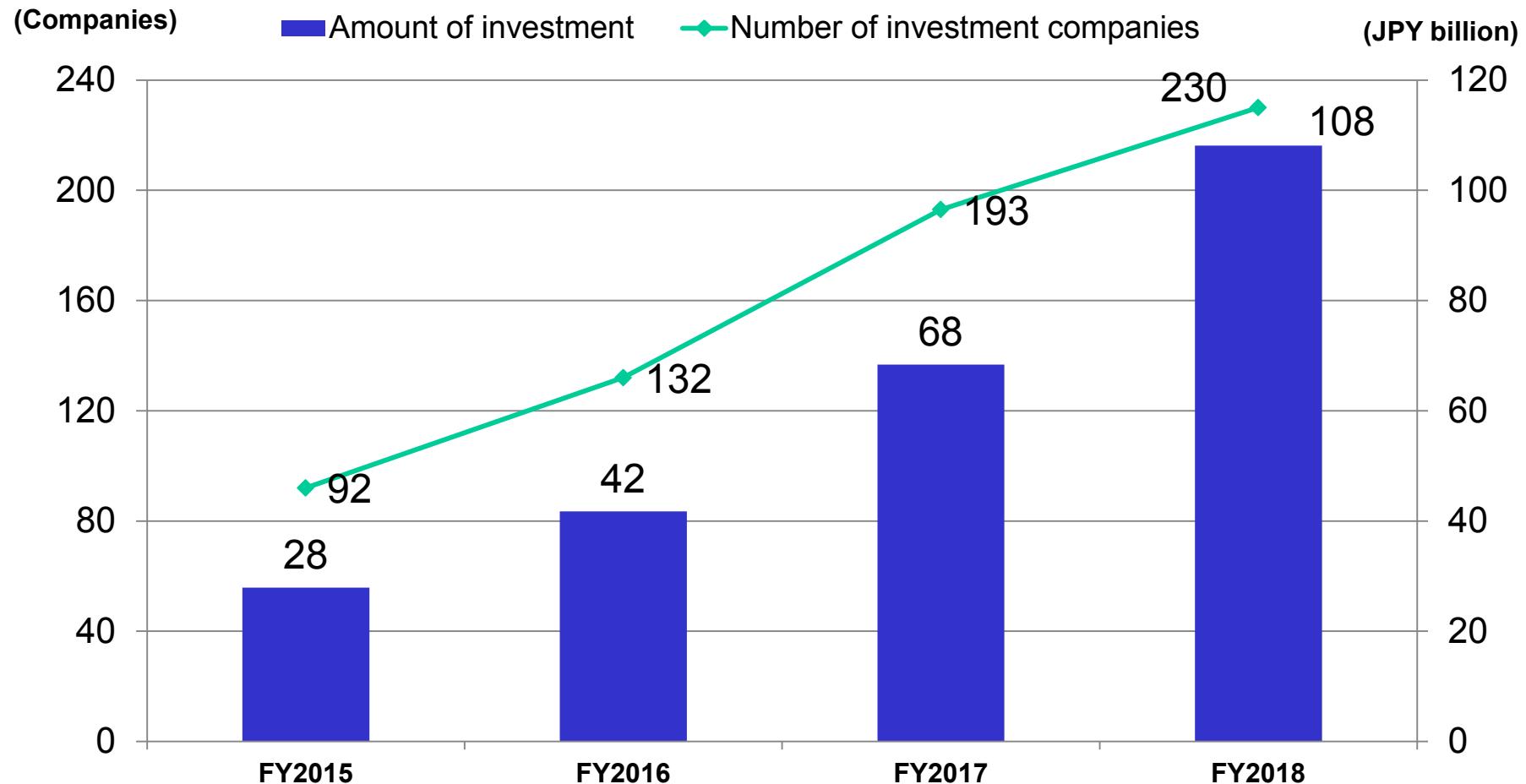
- Initially started investing with JPY 20bn. JPY 60bn in investment capital was raised, to complete the investor solicitation process
- Investors: Approx. 130 companies, including 56 regional financial institutions, institutional investors, major financial institutions, and corporate pension funds, etc.
- Investment target: Promising startup companies mainly in AI and blockchain fields



**The SBI AI&Blockchain Fund has already committed to investing
about JPY 33.5bn in a total of 75 companies
(approx. JPY 44bn, when including investments by SBI Holdings)**

Since FY2015, Invested a Total of More Than JPY 240bn, in Order to Contribute to Profits Over the Medium- to Long-term

<Change in number of investment companies and amount of investment>



Assets Under Management of the SBI Group

(As of the end of Mar. 2019)

Private equity, etc. JPY 355.7bn^{(*)1} (Excluding JPY 113.3bn of both cash and commitment amount to be paid in)^{(*)2}

Breakdown of operating investment securities by Industry	Amount
Internet/AI/IoT	86.2
Fintech services	43.0
Digital Asset/Blockchain	48.6
Finance	43.9
Biotechnology/Health/Medical	11.7
Environmental/Energy	3.4
Machine/Automobile	6.3
Services	7.0
Retail/Food	1.3
Materials/Chemicals	3.9
Construction/Real estate	1.3
Others	1.1
Equity interests in external and non-consolidated funds	25.0
Total	282.6

Breakdown of operating investment securities by region	Amount
Japan	107.3
China	23.0
Korea	4.3
Southeast Asia	50.0
India	1.3
U.S.	50.0
Europe	19.4
Others	27.3
Total	282.6

Investment from non-consolidated Group management funds	Amount
Corporate venture capital (CVC)	8.5
Others (Oversea JV fund, etc.)	64.6
Total	73.1

Investment trusts, etc. JPY 1,302.8bn^{(*)3}

Investment trusts	969.4
Investment advisory	333.4

*1 Private equity investment balance comes from the balance for operating investment securities included in consolidated reporting plus the investment balance from funds (such as CVC funds) removed from consolidation due to the SBI Group's low investment ratios in the corresponding funds, which the SBI Group run as the GP.

*2 Composed of cash in funds and unpaid capital which is to be paid on a capital call.

*3 For funds that SBI Asset Management provides investment instruction to, if Morningstar Asset Management provides investment advisory services, assets are recorded in both "Investment trusts" and "Investment advisory," respectively, and such overlapping amounts totaled JPY 43.6bn

*4 Calculated by the exchange rate as of the end of Mar. 2019

*5 Amounts are rounded to the nearest JPY 100m

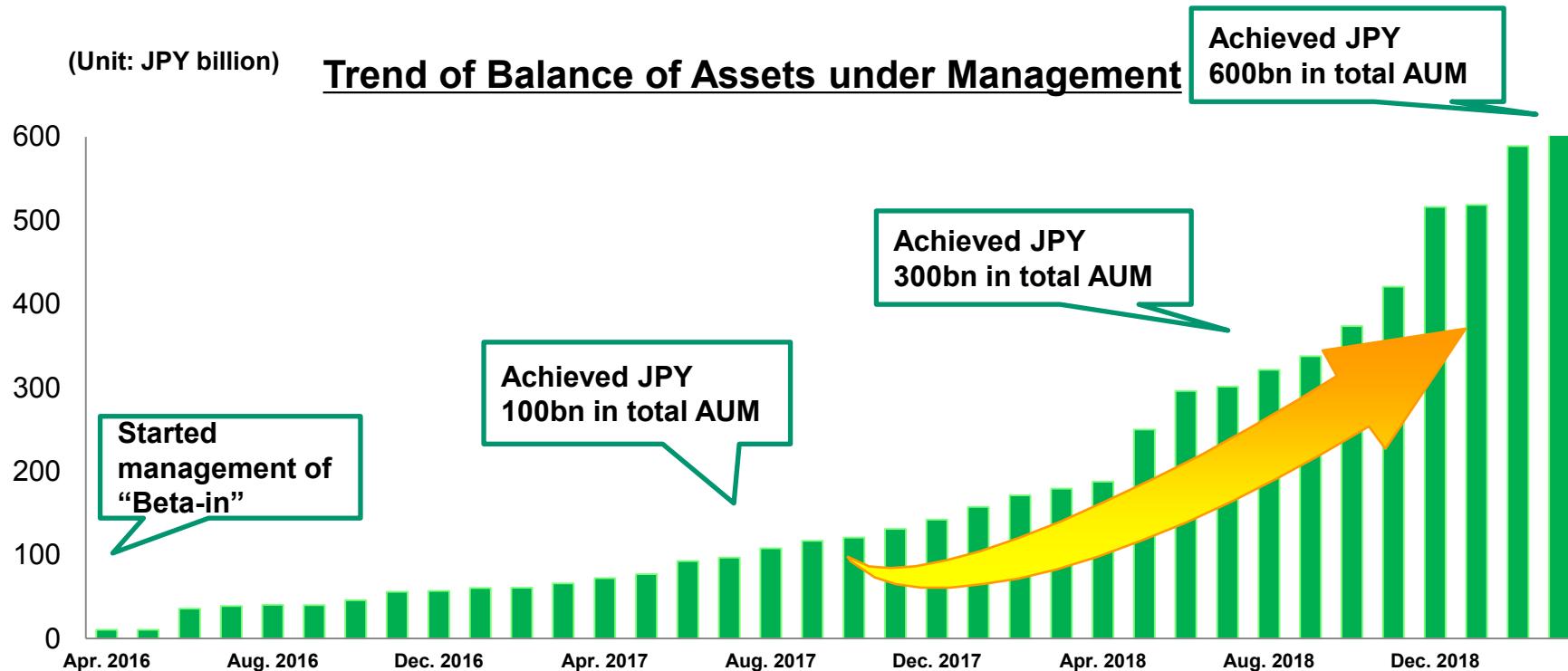
SBI Bond Investment Management, a Joint Venture with Pimco, One of the World's Largest Bond Management Companies, Achieved a Full-Year Profit

-Assets under management increased by more than JPY 400bn
in 1 year to a total of more than JPY 600bn-



Bond Investment Management (Established in Dec. 2015)

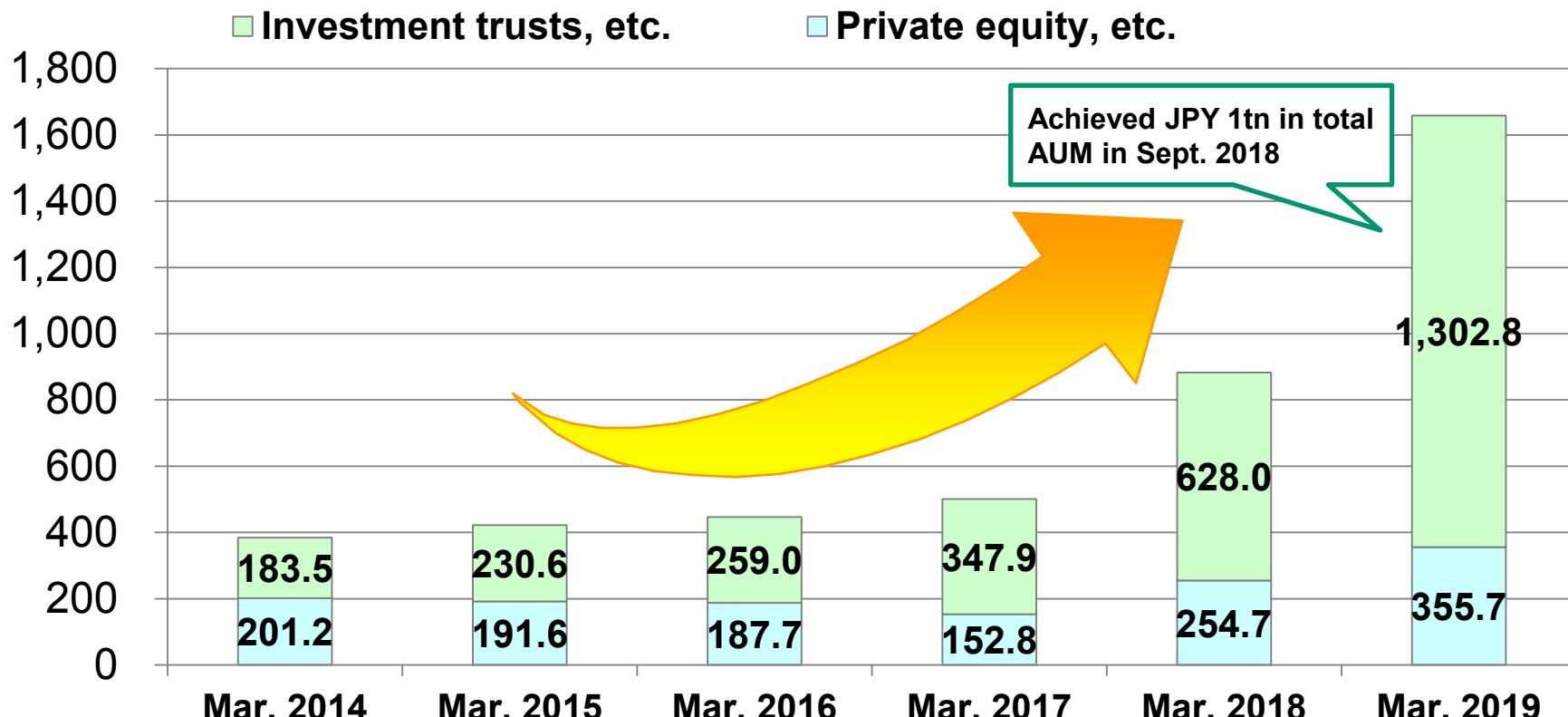
- Developing a low-cost active corporate bond fund by applying the highly active bond management capabilities of PIMCO and the technology of the SBI Group
- Despite the continued difficult bond investment environment, owing to high exchange hedging costs, SBI Bond Investment Management has consistently provided low cost simple products



SBI Group's Assets Under Management Continues to Steadily Increase

-Endeavoring to increase assets under management to JPY 5tn within 2 to 3 years-

(JPY billion)



*1 Calculated by the exchange rate as of the end of each month *2 Amounts are rounded to the nearest JPY 100m

*3 "Private equity, etc." includes neither cash nor commitment amount to be paid in. Through Mar. 2017, unlisted stocks invested from investment partnerships and other entities, which had no market prices, were estimated at cost (impairment prices are applied for the stocks for which impairment losses have been recorded). After Mar. 2018, however, these stocks have been estimated at fair value.

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

Basic Policy 2: Further strengthen competitiveness in each business

[Overall strategy based on the basic policy]

- (1) Promoting product diversification and business process efficiency through the adoption of new fintech technologies**
- (2) The SBI Group accelerates technological evolution by accelerating the process of investment, adoption and diffusion**
- (3) Promoting the acquisition of younger generation customers by pursuing synergies between businesses of small-amount stock trading, FX trading, crypto-asset (cryptocurrency) transactions, and small-amount P2P remittances**

Overall Strategy 2-(1)

Promoting product diversification and business process efficiency through the adoption of new fintech technologies

[Individual strategies in each business domain]

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

At SBI SECURITIES, Provides a Robo-adviser Asset Formation Service



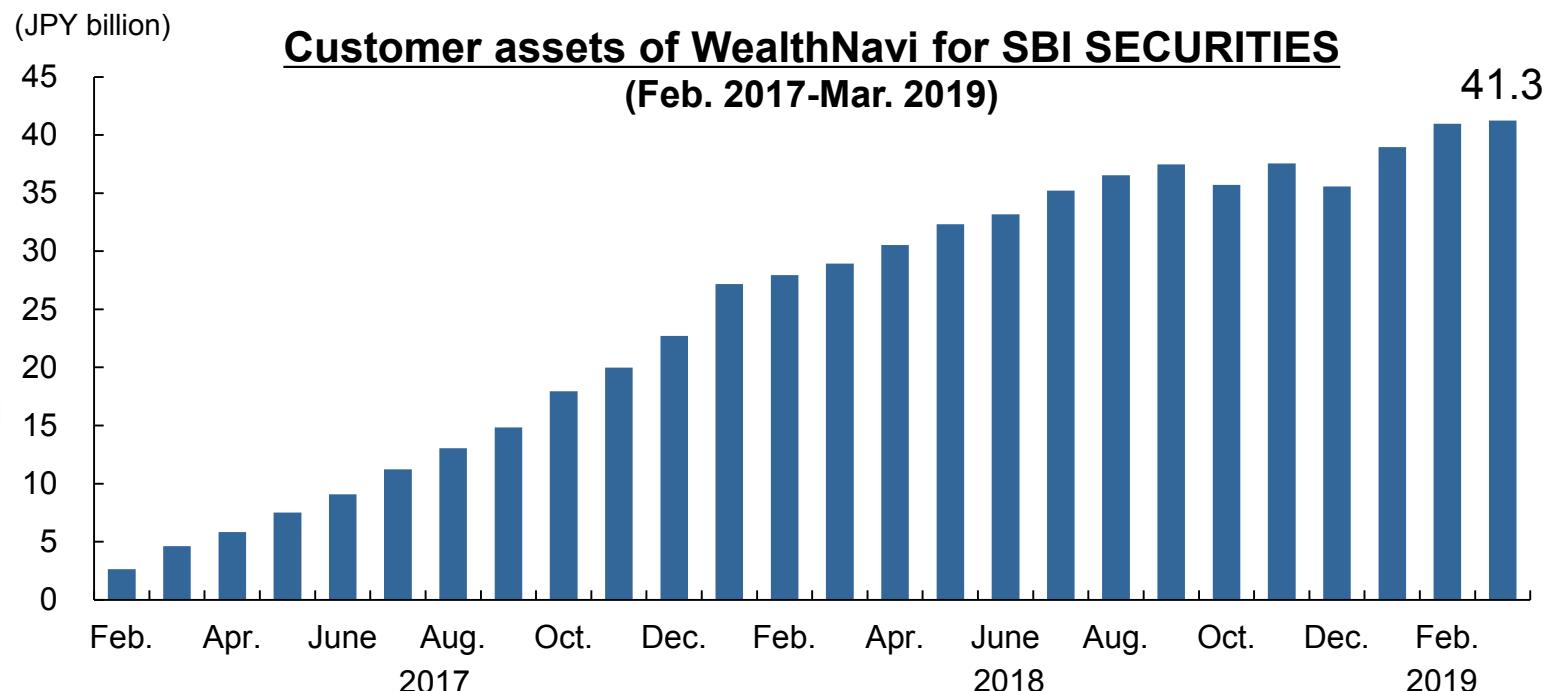
Provision of “**WealthNavi for SBI SECURITIES**” that customizes WealthNavi’s robo-advisor service

Customer assets: JPY 42.5bn (as of Apr. 24, 2019)

Number of account:
approx. 55 thousand



WealthNavi for
SBI SECURITIES



At SBI SECURITIES, Promoting the Utilization of Advanced Technologies, Including AI, Blockchain and RPA

AI

- ◆ Conducted demonstration tests with NEC regarding application of AI for the trade review operation for stocks, etc.
- ◆ Started Know Your Customer (“KYC”) operations related to “My Number,” using OCR (Optical Character Reading System) equipped with AI provided by Double Standard
- ◆ Introduced a speech recognition and text mining tool utilizing AI for call center operations
- ◆ Jointly developed an AI chatbot to respond automatically to inquiries from users of FX trading service with Microsoft Japan

Blockchain

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

RPA

- ◆ Incorporated RPA for back office work of customer relations and compliance related matters

(Estimated cost reduction: JPY 83m/year; Estimated time saving reduction: 27,540 hours/year)

Co-developed AI Using Alternative Data^{*1} will be Adopted by SBI Liquidity Market in its Risk Management of Exchange Rate Fluctuations, and Put to Use in Sophisticated FX Services within Each Group Company

- As a cross-Group project in Aug. 2012, the SBI Group established the Big Data Office within SBI Holdings (CEO's Office is currently spearheading Big Data). Under the current structure, an office in charge of big data is placed within each Group company and SBI Holdings' business division having a customer base
- In a project utilizing bigger data^{*2} across the SBI Group, AI has been developed for FX forecasts that incorporate market sentiment indicators
- Starting with this AI, risk management operations concerned with currency fluctuations are being introduced by SBI Liquidity Market and put to use in sophisticated foreign exchange operations within each Group company

*1 Data provided by Refinitiv Japan showing market sentiment indicators that quantify how the markets are feeling about financial assets. Market sentiment indicators transform online news and text in social media into indicators and express the market perspective and mood of market participants.

*2 Data combining SBI Group's big data and external data

External data will be actively expanded in the future, and the planning and development of AI that uses bigger data will be promoted throughout the entire Financial Services and Asset Management Businesses

The Utilization of Advanced Technologies at SBI Sumishin Net Bank

Robo-adviser Service

- ◆ Provision of “WealthNavi for SBI Sumishin Net Bank,” WealthNavi’s robo-advisor service

Customer assets: JPY 18.7bn,
Number of accounts: approx. 20 thousand
(as of Apr. 24, 2019)

AI

- ◆ In collaboration with NEC, a monitoring system for countermeasures against unauthorized transfers, utilizing NEC’s AI technology, was introduced (Apr. 2018)
- ◆ Initiated review and adoption of online identity verification (KYC) procedure, utilizing Liquid’s AI and face authentication technology (July 2018)
- ◆ Introduction of examination method using AI technology for the Internet exclusive housing loans (Oct. 1, 2018)
- ◆ MOU signed for the establishment of a JV to provide an AI screening service with Hitachi (Jan. 29, 2019)

Preparing the Establishment of a JV to Provide an High-performance AI Screening Service for Financial Institutions with Hitachi

住信SBIネット銀行



Credit administration know-how

- Personal loans (Housing and Cards)
- Business loans (Transaction lending service)



Hitachi, Ltd.

Advanced AI Technology

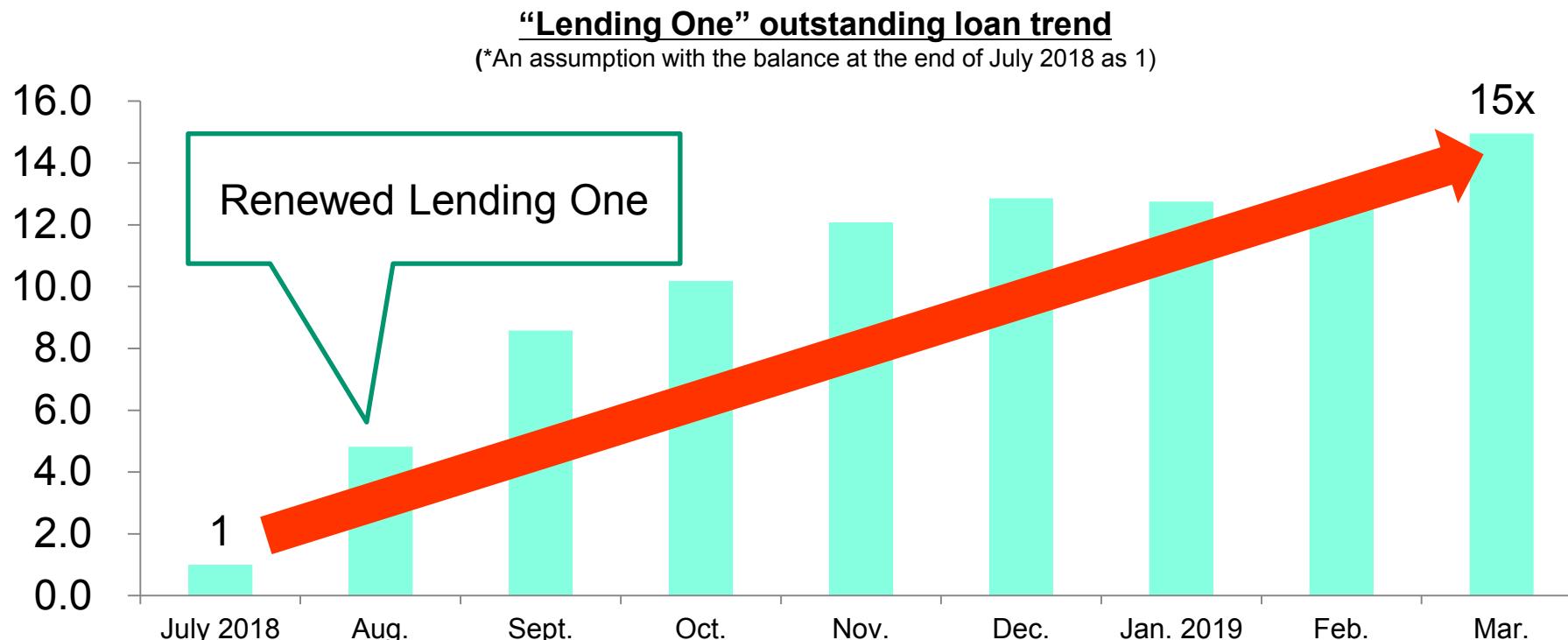
- Mechanism to avoid over-learning
- Avoiding “black box syndrome”

Establishment of a JV to provide high-performance AI screening service

- On Jan. 29, Hitachi and SBI Sumishin Net Bank entered a basic agreement to form a joint venture providing AI screening services, which combine the technology and know-how of Hitachi’s new AI “Hitachi AI Technology/Prediction of Rare Case” with SBI Sumishin Net Bank’s data handling technology
- From Oct. 2019, planning to provide high-performance AI screening service for mortgages to multiple financial institutions. Within 2 to 3 years, expect to service dozens of other financial institutions, as well as starting sales activities
- Plans to expand applicable fields for AI screening services, such as the transaction lending service that supports advance screening based on fund settlement information, and detailed screening of card loans to avoid borrowers with multiple debts

Expanding the “Lending One” Transaction Lending Service, Built on a Recommendation Model that Automatically Communicates Borrowing Terms

- Renewed the transaction lending service, Lending One, from Aug. 2018. The first service by a bank to send monthly notices about borrowing terms according to usage conditions at corporate accounts
- Able to complete closings online and borrow on the same day at the earliest without need for in-person talks or paper settlement documents



Promoting the Improvement of Operational Efficiency by the Aggressive Introduction of RPA (Robotic Process Automation)

-Developed robots have improved efficiency by reducing 6,970 hours of monthly work-

Task reduction status through the utilization of RPA *As of Mar. 2019

	Estimated cost reduction (JPY million / 1 year)	Estimated time saving reduction (Hour / 1 year)
Processes related to housing loans	165	55,068
Processes related to card loans	27	8,964
Processes related to client work	14	4,716
Processes against financial crime	18	5,880
Others	27	9,012
Total	251	83,640

SBI Insurance Promotes RPA and Digitization

RPA

- ◆ Adopted to customer-oriented office work and compliance-related clerical work
(Estimated cost reduction: JPY 34m/year, Estimated time saving reduction: 11,573 hours/year)

Digitization

- ◆ Adopted to automobile accident reception service on Line talk, enabling accurate information transmission through photo transmission and location information of the accident site
- ◆ Began testing telematics service, utilizing device developed by Bosch Corporation of Germany
- ◆ Adopted a service that allows users to check the time and location of load services
- ◆ By the adoption of the “receipt on ATM,” a certain amount of insurance claims, etc., may be received 24 hours, 365 days a year at the ATM of Seven Bank, or at the cash register of Seven Eleven Japan
- ◆ Adoption of OCR scanning system for the “accident certificate” issued by the Japan Safe Driving Center, which reads QR codes and automatically registers it to the damage survey system

SBI Insurance Began Testing Telematics Services Based on Driving Behavior Data in Cooperation with External Companies



SB C&S Corp.

SoftBank Technology Corp.

Bosch Corporation



Devices developed by
Bosch Corporation
“Telematics eCall*¹ Plug”



GPS	加速度
<ul style="list-style-type: none"> 現在地 条件例 <ul style="list-style-type: none"> 概算速度 運転方向 運転エリア範囲 地上、地下判定 	<ul style="list-style-type: none"> 3軸加速度データ 条件例 <ul style="list-style-type: none"> 交通事故 運転技量判定 特定のアクション <ul style="list-style-type: none"> 急ブレーキ 急発進 急旋回 停車 駐車 渋滞 ハンドル操作 自動車の傾き <ul style="list-style-type: none"> 横転、坂道など

Considering the development of innovative services that improve safety and convenience, such as **telematics services**, through the utilization of a 3-axis acceleration sensor, **along with driving behavior data**, the use of the “Telematics eCall Plug,” that can **detect collision accidents**, and the “IoT Core Connect*²”, that collects and accumulates data for analysis

*1 Vehicle emergency call system that enables automatic reporting to emergency telephone numbers in the event of a vehicle collision

*2 Platform services provided by SoftBank Technology Corp. that connect the services necessary for IoT utilization

SBI Life Insurance will Endeavor to Create New Products through an Investment into TANITA HEALTH LINK, and the Subsequent Utilization of AI and Pertinent Database

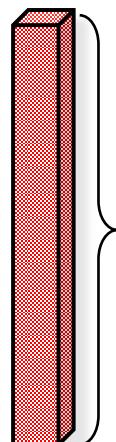
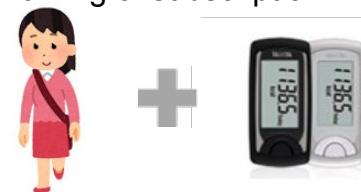


株式会社 タニタヘルスリンク

◆ Health-group life insurance linked to data from health management devices

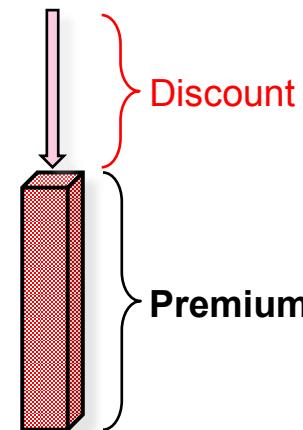
Health information gathered from traditional data and devices

Premium assessed at the timing of subscription



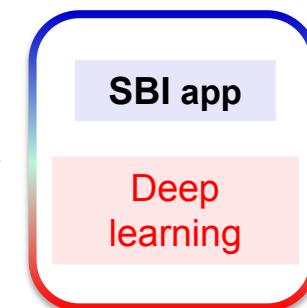
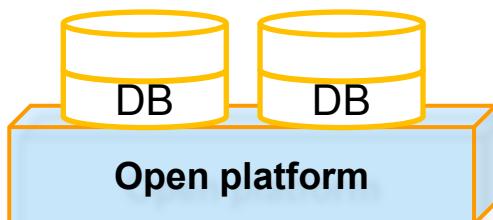
Premium discounts revised annually based on continual collection of health data

Building a premiums scheme tied closely to health



◆ Rolling out insurance products & services using open platforms

Medically rooted data on the platform



Optimized insurance product options

Health advice

Potential customers for platform



Overall Strategy 2-(2)

**Accelerating the process of investing,
adopting and diffusing, to quickly
incorporate technological advancements**

The SBI Group Accelerates the Process of Investing, Adopting and Diffusing, to Quickly Incorporate Technological Advancements



Three processes of the SBI Group's basic strategy

1. Investment

Investment in promising startup companies

Already committed to investing approx. JPY 88bn in fields of technological innovation mainly from the Fintech Fund and SBI A&B Fund

2. Adoption

Technology evaluation and utilization within the SBI Group

3. Diffusion

Diffusion of technology across industry

Mechanism within the SBI Group

Investment business in private equity business centered on SBI Holdings and SBI Investment

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

Financial Services Business

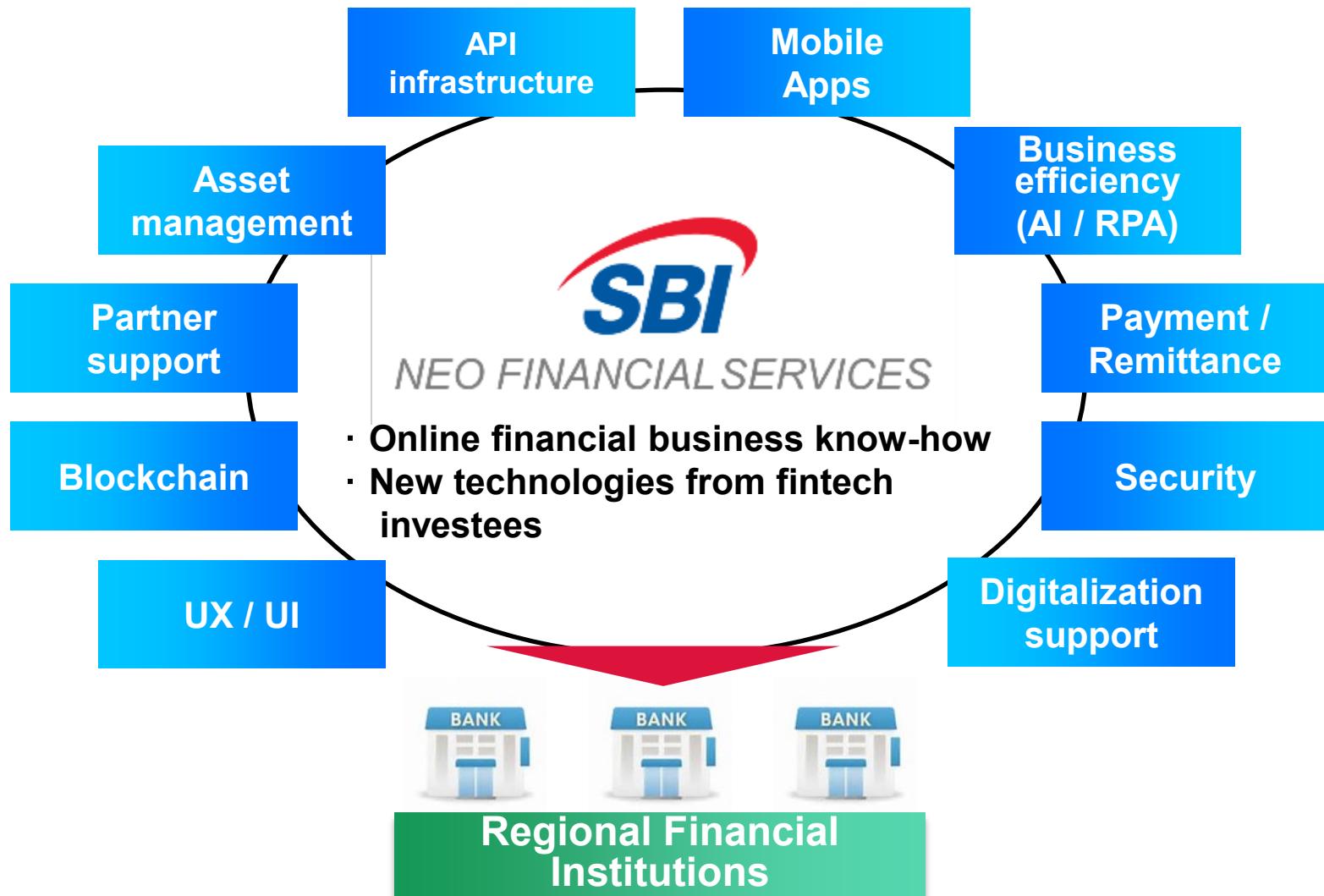
- Fintech 1.5: Start utilizing Web-based blockchain by leveraging the existing corporate ecosystem
- Fintech 2.0: Develop proprietary blockchain applications

All businesses in the SBI Group

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

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

Established SBI Neo Financial Services to Revamp the Business Model of Regional Financial Institutions, through the Use of New Technologies



Overall Strategy 2-(3)

Promoting the acquisition of younger generation customers by pursuing synergies between businesses of small-amount stock trading, FX trading, crypto-asset (cryptocurrency) transactions, and small-amount P2P remittances

SBI Neo Mobile Securities, which Targets Investment Novices and the Younger Generation, Commenced Its Business in Apr. 2019



X CCC MARKETING

Developing a marketing business based on data of T-Point, a common point service



Feature of ネオモバ [Neo-Moba]

Japan's first *1 stock trading using **T-Points** is available

Trading of a single share of stock is possible (Odd-lot shares)

Unlimited transactions for a monthly charge of **JPY 200~ (before tax) *2**
① 200pts of T-Point granted
② 1pt of T-Point granted per usage fee of JPY 100 (before tax)

“WealthNavi for Neo-Moba,” a fully automated asset formation service can be afforded from JPY 10,000

Targeting the acquisition of 500 thousand accounts at an early stage

*1 Compiled by T-Point Japan (as of Mar. 31, 2019) *2 When the monthly trading value is under JPY 500,000

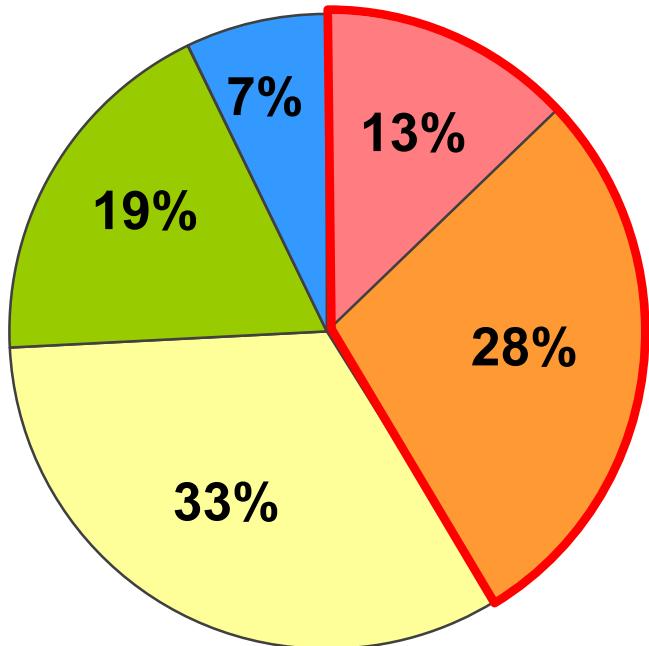


Endeavors to Expand the “SBI+T-Point Economic Zone,” with SBI Neo Mobile Securities as Its Focal Point



SBI Neo Mobile Securities and SBI FXTRADE Both Possess a Customer Base Centered on the Younger Generation

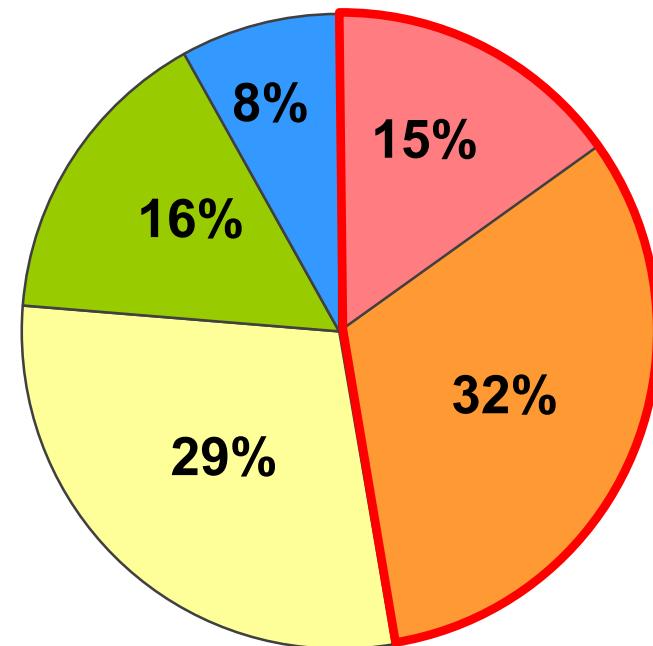
SBI Neo Mobile's customer base



■ 20's ■ 30's ■ 40's ■ 50's ■ Over 60's



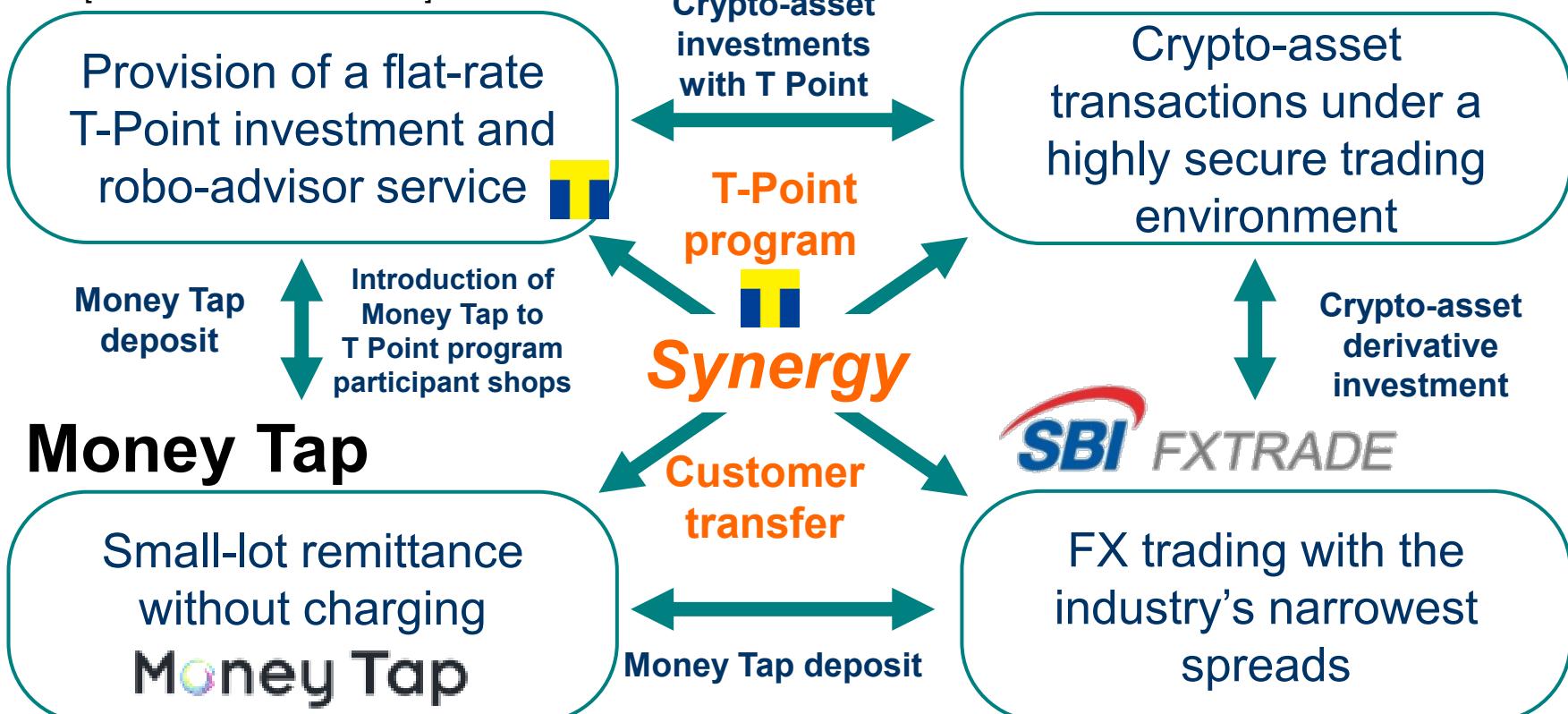
SBI FXTRADE's customer base



■ 20's ■ 30's ■ 40's ■ 50's ■ Over 60's

- Age group between the 20's and 30's comprise over 40% of the total
- The proportion of customers in their 20's is relatively large as compared to the other SBI Group customers

Will Thoroughly Pursue Group Synergies, in Order to Acquire New Customers, Especially the Younger Generation



Endeavoring the development of mutual customer transfers between each business, and service collaborations as mentioned above

Basic Policy 3: In addition to concretely implementing important measures going forward, will endeavor toward the further evolution of various measures

[Foreseeable important initiatives]

- 1. Accelerating the transition to Fintech 1.5-2.0**
- 2. Contributing to regional revitalization through collaboration with regional financial institutions**
- 3. Establishment of a new ecosystem based on digital assets**
- 4. Expanding worldwide sales of the SBI Group's security solutions, through alliances and such, with internal and external partners that have sales capabilities in software, devices, etc.**
- 5. Promotion of “Mobile First”**
- 6. Effective expansion of customer base through alliances with various companies**
- 7. Actualization of the intrinsic corporate value**

[Overall strategy based on the basic policy]

- (1) The Regional Revitalization Projects promoted by the SBI Group will move to a new phase
- (2) New efforts for quick monetization of ecosystem based on digital assets
- (3) Working on a project to integrate innovative technologies inside and outside the SBI Group to promote next-generation security services in Japan and abroad
- (4) Several Group companies are preparing for market changes and initial public offerings, in order to actualize intrinsic corporate value

Overall Strategy 3-(1)

The Regional Revitalization Projects promoted by the SBI Group will move to a new phase

Co-creating value with regional financial institutions at a new phase

Phase 1

Contributing to the enhancement of corporate value of regional financial institutions through the utilization of products and services of the SBI Group's existing financial entities

Phase 2

Support the restructuring of regional financial institutions' business model, primarily through the newly established SBI Neo Financial Services

Phase 3

New!

Establishing a joint holding company fully supported by the SBI Group, for the nationwide expansion of regional financial institutions, and developing a system in an integrated way to manage some operations, such as development and introduction of a common system for KYC and AML, joint introduction of fintech and sharing of financing opportunities in Japan and abroad, etc.

Phase 1

Contributing to the enhancement of corporate value of regional financial institutions through the utilization of products and services of the SBI Group's existing financial entities

Example of Partnership Between SBI Group Companies and Regional Financial Institutions ①

-Securities-related fields-

 <p>[SBI SECURITIES]</p>	<ul style="list-style-type: none"> Through the Financial Institutional Sales Dept., provides various financial instruments, such as investment trusts, as well as equity and bond transactions, to its customer financial institutions, which total 265 companies* <small>(*As of the end of Mar. 2019)</small> <small>(Self-originated and distributed structured bonds amounted in a <u>total of JPY 67.0bn</u> (Dec. 2015 – Mar. 2019))</small> Provides financial instruments intermediary services to 33 regional financial institutions, in order to support the asset formation of each regional customers, through the provision of various financial products and services with high customer benefits <small>(Other than the above, five regional financial institutions have internally decided to form an alliance)</small>
 <p>[SBI MONEY PLAZA]</p>	<ul style="list-style-type: none"> Established six co-managed shops with The Shimizu Bank, CHIKUHO BANK, etc., which proposes and offers SBI MONEY PLAZA's various financial instruments, such as securities-related and insurance products, on an one-stop basis to regional customers <small>(Under discussion to establish co-managed shops with three other regional banks)</small> Through business alliances with <u>57 regional financial institutions</u>, provides accounting measures and inheritance preparation products for corporations and wealthy individuals

Example of Partnership Between SBI Group Companies and Regional Financial Institutions ②

-Insurance-related field-

 <p>[SBI Insurance]</p>	<ul style="list-style-type: none"> The Okazaki Shinkin Bank started handling “SBI Insurance’s Fire Insurance” on its website THE TAIKO BANK started handling “SBI Insurance’s Cancer Insurance” on its website AEON Bank started handling “SBI Insurance’s Auto Insurance” on its website UCS started handling “UCS actual amount guaranteed cancer insurance” 33 companies, including the financial institutions mentioned above, decided to adopt SBI Insurance’s products, and plans are for sales to start shortly
 <p>[SBI Life Insurance]</p>	<ul style="list-style-type: none"> 10 banks have decided to adopt, or have started sales of SBI Life Insurance’s Group Credit Life Insurance (Hanno Shinkin Bank, TOYOTA SHINKIN Bank, The Kanagawa Shinkin Bank, The Yamaguchi Bank, Momiji Bank, THE KITAKYUSHU BANK, The Bank of Okinawa, Kyoei Credit Union, Nagano Shinkin Bank, SEIBU SHINKIN BANK) Continuing to proactively promote the sales of the Group Credit Life Insurance to regional financial institutions, with over 10 institutions currently considering adoption, with 4 already having decided to adopt

Example of Partnership Between SBI Group Companies and Regional Financial Institutions ③

-Investment and asset management-related fields-

	<ul style="list-style-type: none"> • 28 regional financial institutions invested in the Fintech Fund • 56 regional financial institutions have invested in the SBI AI&Blockchain Fund, which is the successor fund to the Fintech Fund
	<ul style="list-style-type: none"> • The tablet app “Investment Trust INDEX” has been provided to a total of 257 companies, including 60 regional financial institutions, with the cumulative total number of offered units reaching 73,164, as of the end of Mar. 2019
	<ul style="list-style-type: none"> • Established “SBI Regional Bank Value Creation Fund” that invests in regional financial institutions which are likely to improve their corporate values
SBI Regional Revitalization Asset Management	<ul style="list-style-type: none"> • Established through a joint investment with regional banks, with the total investment participation reaching 35 banks

Phase 2

Support the restructuring of regional financial institutions' business model, primarily through the newly established SBI Neo Financial Services

- ① **Providing a platform (API Platform) to support the adoption of fintech startup companies' services and systems to financial institutions**
- ② **To encourage the adoption of advanced solutions of overseas fintech companies to internal and external financial institutions, promoting the localization of such products through the establishment of JVs and business alliances**
- ③ **Strengthening the business succession support services to regional small and medium business owners, through the establishment of a business succession fund**

① Providing a Platform (API Platform) to Support the Adoption of Fintech Startup Companies' Services and Systems to Financial Institutions



5 companies have adopted, and
6 companies are in the process of adoption

Financial institution A Financial institution B Financial institution C Financial institution D Financial institution E

Connect ↓ ↑ Utilize Connect ↓ ↑ Utilize Connect ↓ ↑ Utilize Connect ↓ ↑ Utilize Connect ↓ ↑ Utilize

“Fintech Platform” (API Platform)

Managed by SBI FinTech Incubation

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

↑ Connect ↑ Connect ↑ Connect ↑ Connect ↑ Connect ↑ Connect ↑ Connect

Money Tap

SBI Investment

Fintech companies

Front-end application

Blockchain

Lending

Big data

Settlement

AI

Authentication / Security

住信SBIネット銀行 SBI Sumishin Net Bank

SBI 証券
[SBI SECURITIES]

SBI Liquidity Market

MORNINGSTAR

SBI Insurance

SBI 生命
[SBI Life Insurance]

SoftBank

TOPPAN

IBM Japan

Also planning to offer a white label mobile app with a wealth of menus

- ② To encourage the adoption of advanced solutions of overseas fintech companies to internal and external financial institutions, promoting the localization of such products through the establishment of JVs and business alliances

SBI wefox Asia Optimizes Its Customers' Financial Portfolios by Providing a Customer-oriented Insurance Platform

-Several companies are already considering adoption-



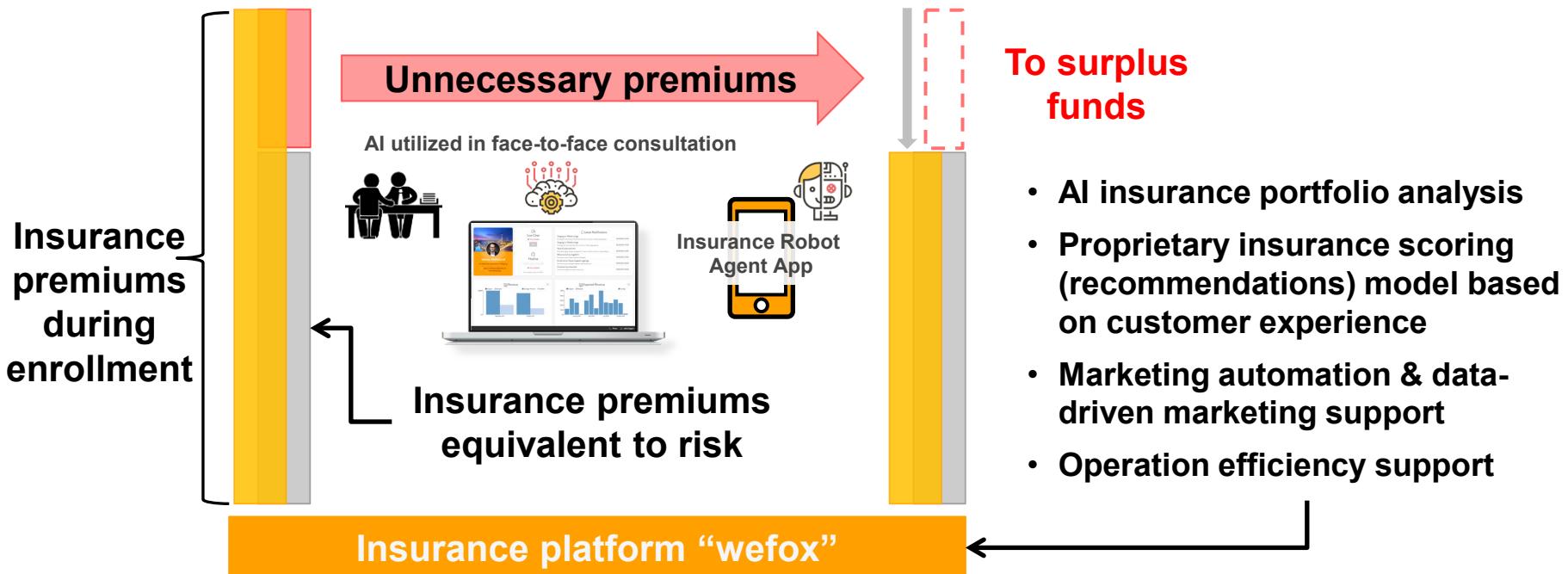

Subsidiary of Finance App AG in Swiss,
an investee company of the Fintech Fund

Overview of Insurance Agent Business (image)

Challenge: Surplus insurance conditions

By rebalancing the portfolio of the customer's whole financial assets:

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



List of Overseas Fintech Companies Promoting Localization through Establishment of Joint Ventures and Business Partnerships

EVERSPIN



World's first dynamic security

Runs different source codes each time

Established SBI EVERSPIN in Nov. 2018



金融壹账通
one connect



IT technology platform

Provides a comprehensive fintech platform installed by 2,700 financial institutions in China

SBI OneConnect Japan, which was established in Mar. 2019, will soon become a joint venture

ANTWORKS™



Reimagine • Rethink • Recreate

Business process automation platform by AI and RPA
Enhancing business efficiency

Converted SBI Antworks Asia to a joint venture in Apr. 2019



LendingHome



Automation of housing loan process

Automate the procedures from preliminary examination to loan application

Planning to establish a joint venture in May 2019



PayKey



Keyboard banking function

Banking services on keyboard

Proceeding final adjustment

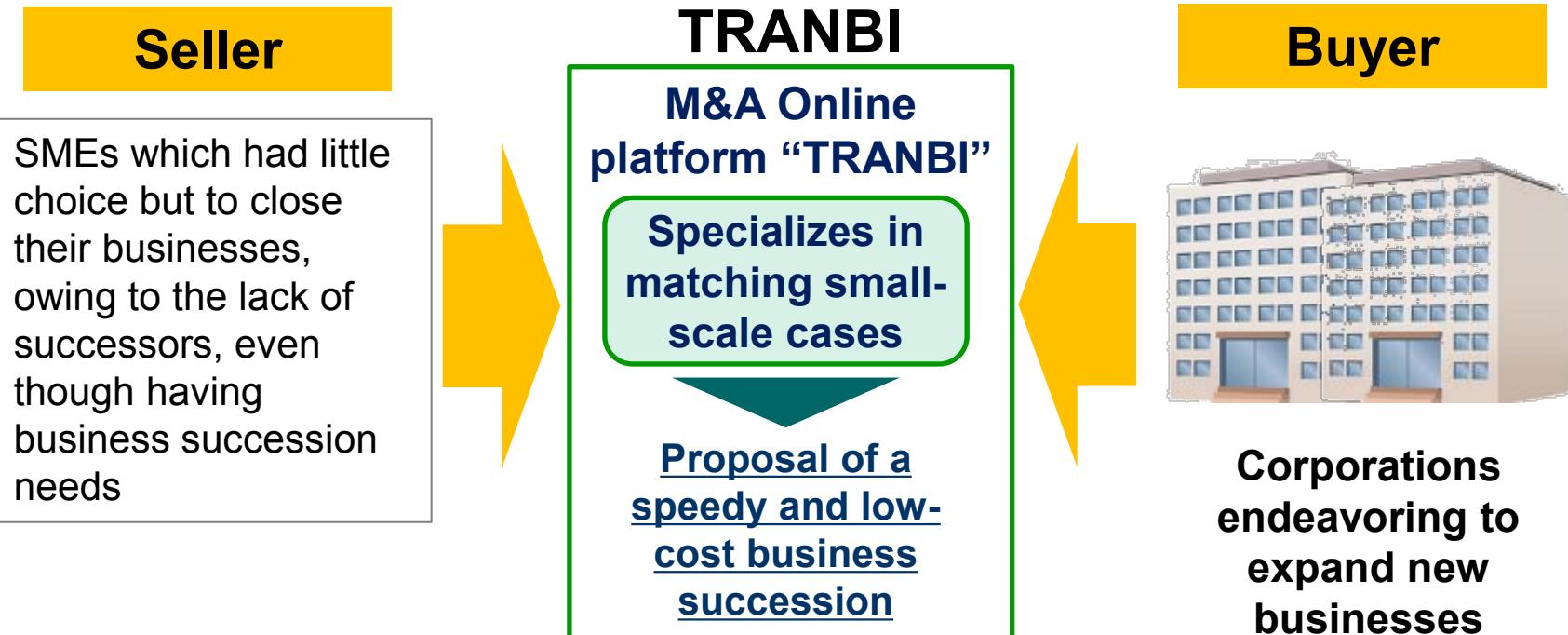
③ **Strengthening the business succession support services to regional small and medium business owners, through the establishment of a business succession fund**

In Collaboration with TRANBI, which Operates an M&A Matching Platform “TRANBI,” will Provide a Wide Range of Business Succession and M&A Opportunities

-Strengthen the business succession support service to SMEs’ executive management-



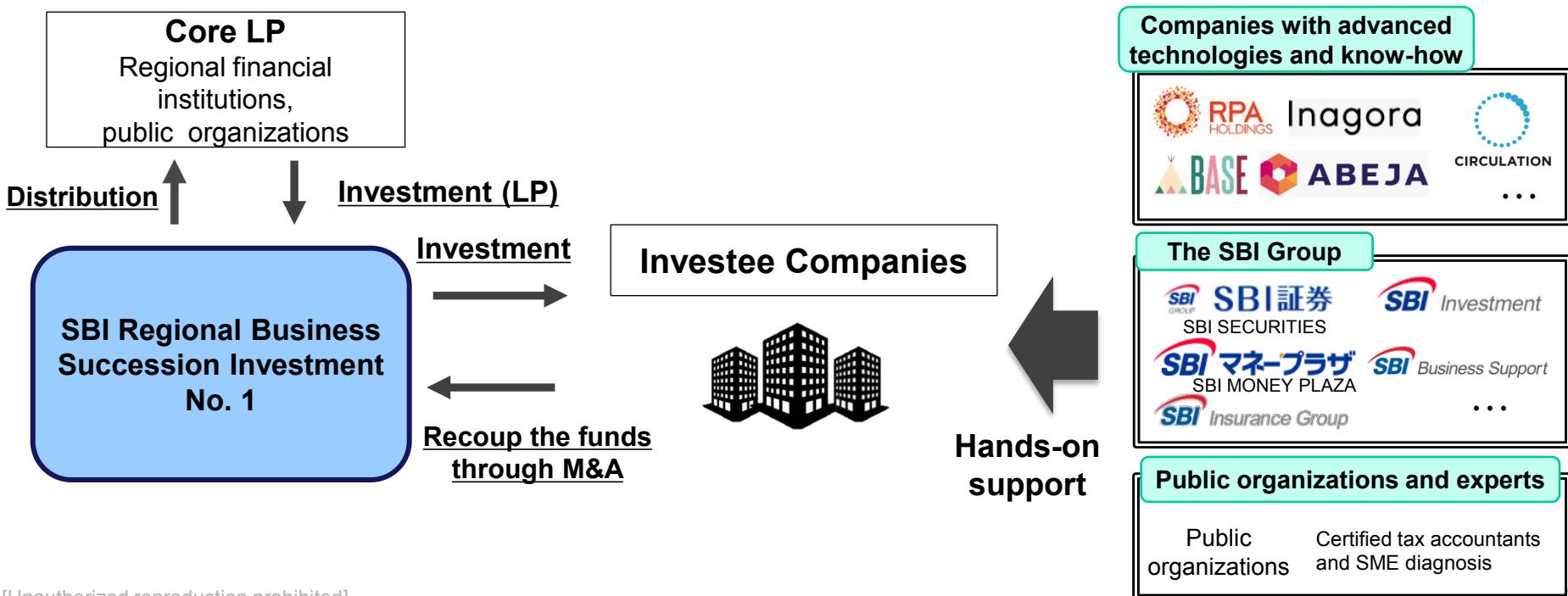
Business Succession Advisory Office, Investment Banking Dept.



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

Established SBI Regional Business Investment as a Fund Management Company, and Initiated Fund Raising for the Business Succession Fund, in Order to Support Business Succession Nationwide

- Support for business succession of midsize or smaller companies in Japan, regardless of region
- Support for raising corporate value of various companies by leveraging the SBI Group and SBI network
- Aiding coordination and integration that extends beyond the local region of portfolio companies
- SBI Regional Business Succession Funds may also acquire management rights of investee companies



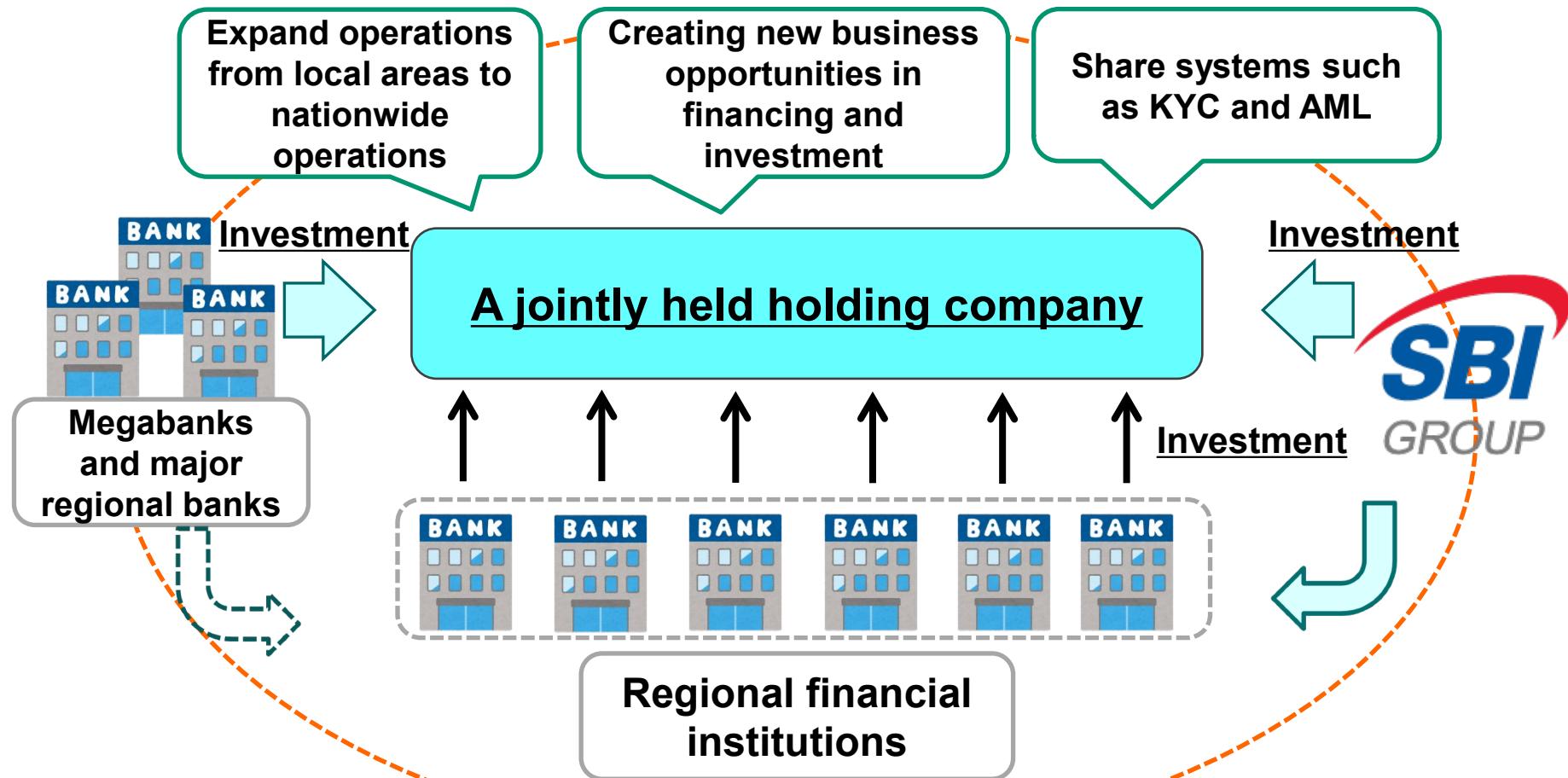
Phase 3

Establishing a joint holding company fully supported by the SBI Group, for the nationwide expansion of regional financial institutions, and developing a system in an integrated way to manage some operations, such as development and introduction of a common system for KYC and AML, joint introduction of fintech and sharing of financing opportunities in Japan and abroad, etc.

Establish a Jointly Held Holdings Company, to Develop a System to Manage Regional Financial Institutions as One Community

-Aggressively contribute to improve the corporate value of regional financial institutions-

<Image of the new company>

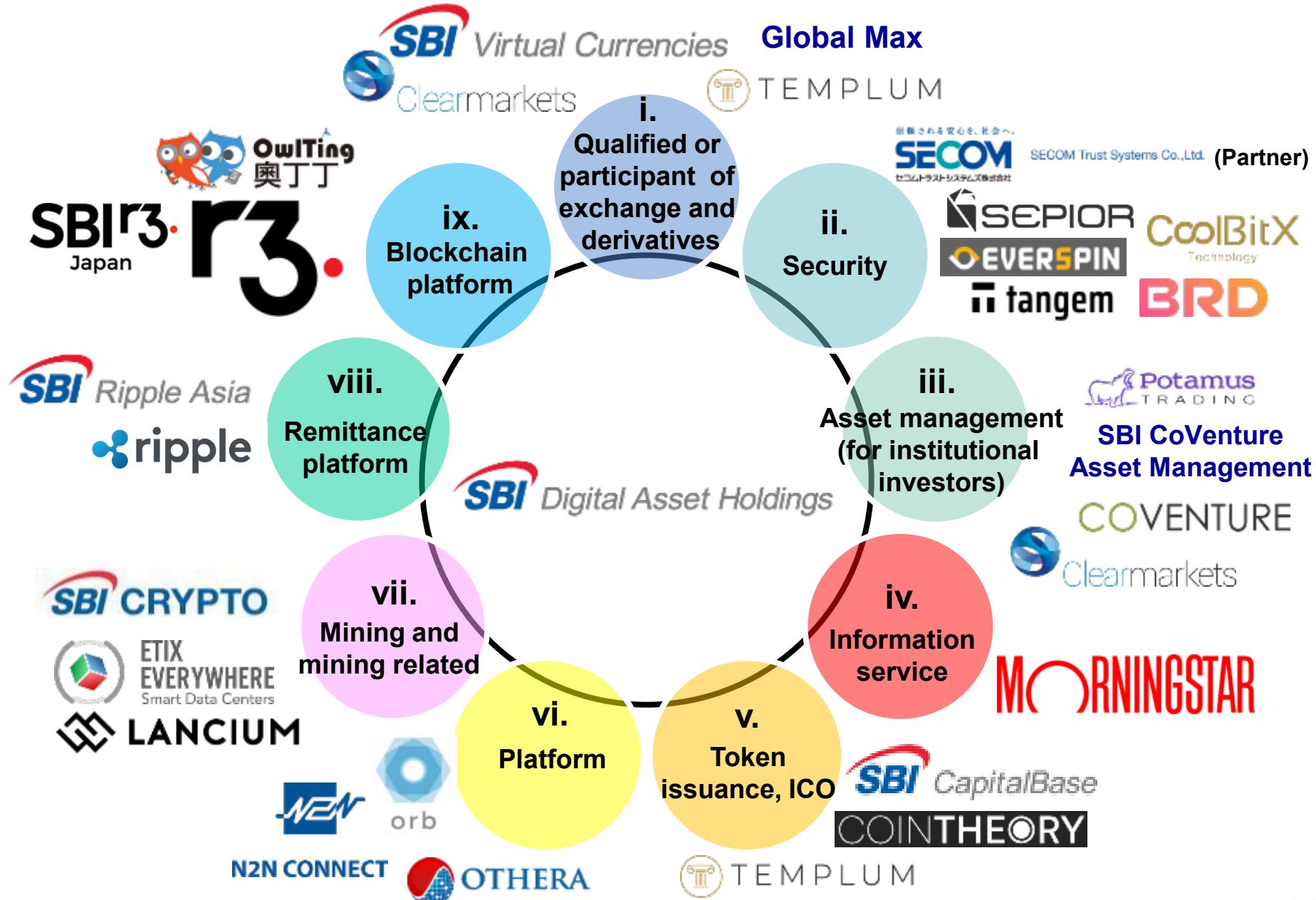


Overall Strategy 3-(2)

New efforts for quick monetization of the ecosystem based on digital assets

- ① The digital asset related businesses launched in 2016 are growing steadily
- ② New business that is in preparation to launch soon after the revisions in the crypto-asset-related regulations are announced

The SBI Group has Established a New Financial Ecosystem Based on a Wide Range of Digital Assets, Including Exchanges and Security



① The digital asset related businesses launched in 2016 are performing steadily

- (i) Future initiatives for SBI Virtual Currencies that achieved a full-year profitability
- (ii) Established a mining chip manufacturing company for full-scale crypto-asset mining
- (iii) Thoroughly promote Money Tap as an innovative service with high customer benefits for financial institutions
- (iv) Full-scale efforts towards increasing financial services using Ripple's XRP and R3's Corda

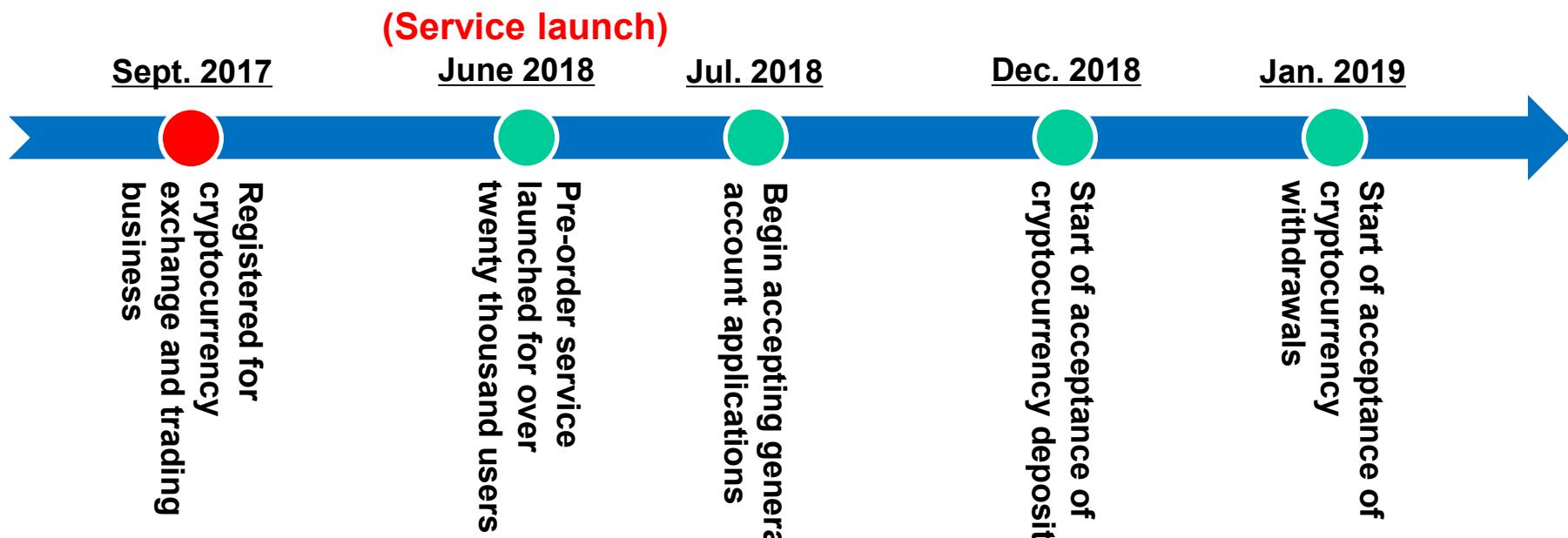
(i) Future initiatives for SBI Virtual Currencies that achieved a full-year profitability

SBI Virtual Currencies has Achieved a Full-year Profitability in the Initial Launch Year, by Thoroughly Utilizing Group Synergies



Achieved profitability in FY2018

(Profit before income tax expense of approx. JPY 360m)



Services that SBI Virtual Currencies will Begin Immediately after Changes of Crypto-asset-related Laws and Regulations

Exchange service

In addition to complying with various regulations under the new law, private clouds will be introduced to enhance security. Therefore, the scheduled start date was changed from Mar. 2019 to July 2019

Listing currency

Listing currencies are decided upon internal rules including:

- Market capitalization of more than JPY 500bn. (Small-size currencies are under risk of fraudulent transactions by 51% attack)
- Does not have prospects of noxious hard-forks
- Other factors including liquidity, safety and profitability

Make decision as a Group upon provision of leverage trading (OTC derivatives trading) service, that is expected to be treated under Type I Financial Instruments Business

Prioritizing customer asset protection, and continuously improving services

Wallets, Receipt & Delivery of Crypto-asset at VCTRADE

- Receipt service: VCTRADE allows users to receive crypto-asset from other crypto-asset exchange service wallets, etc.
 - Delivery service: Can send cryptocurrencies from VCTRADE to limited address of a **hardware wallet that is specified by SBI Virtual Currencies**
- From an AML/CFT perspective, linking users and specified wallets

Image of a hardware wallet “Cool X Wallet (CXW)”



Services of CXW

CXW service

Provision of CXW associated with customer address

CXW crypto-asset recovery service

Seed management service, reproduction of CXW's private key and recovery of crypto-asset, in the event of loss or failure of CXW (requires CXW re-issuance)



A service expansion campaign was launched on Apr. 1, in order to strengthen this initiative that contributes to measures against money laundering

(ii) Established a mining chip manufacturing company for full-scale crypto-asset mining

Established SBI Mining Chip for the Development and Manufacturing of Mining Chips and Systems

Location & power resources



[Data center management, [Mining by clean energy,
an SBI investee company] an SBI investee company]



Expanding business in Europe, the U.S., Asia and other regions where electricity rates are low

→ Through the diffusion of 5G and IoT going forward, the demand owing to the rapid increase of data transmission and reception is also expected

Development & manufacture

SBI Mining Chip Co., Ltd.

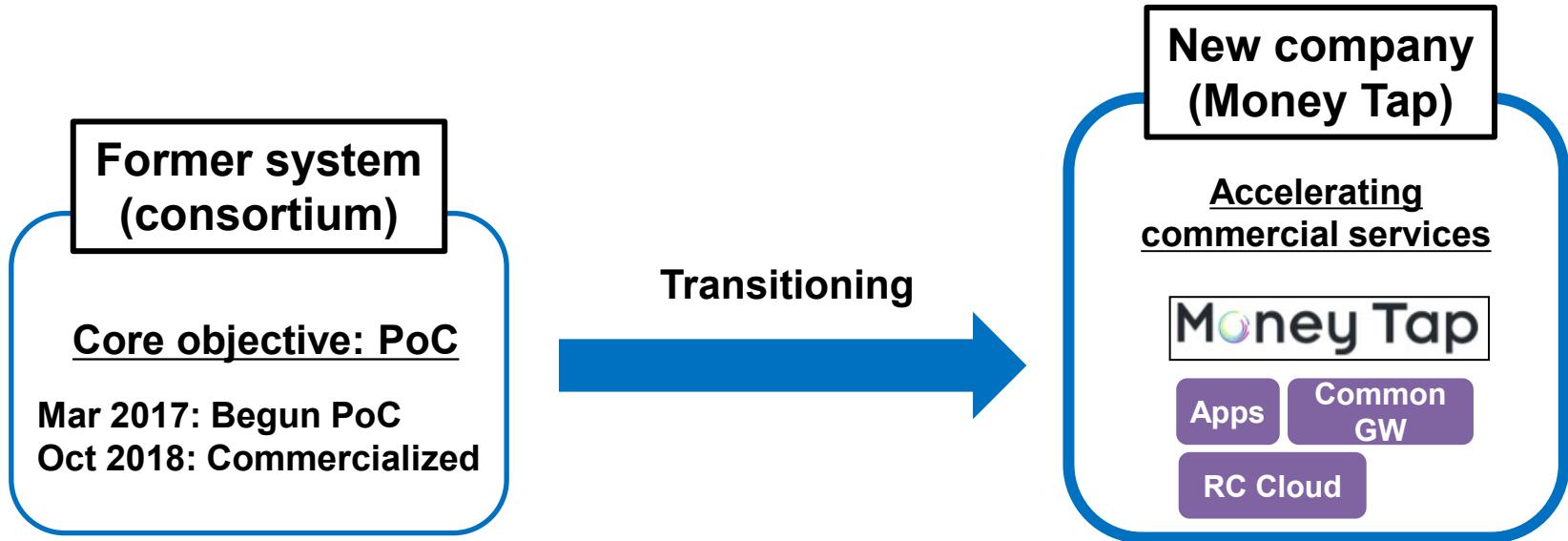
 Established solely to engage in mining chips/systems

Alliance with a major U.S. leading semiconductor company with a track record in this field

Through efficient, reliable and sustainable mining operations, the SBI Group will endeavor to gain a 30% hash rate to develop a sound and solid crypto-asset market

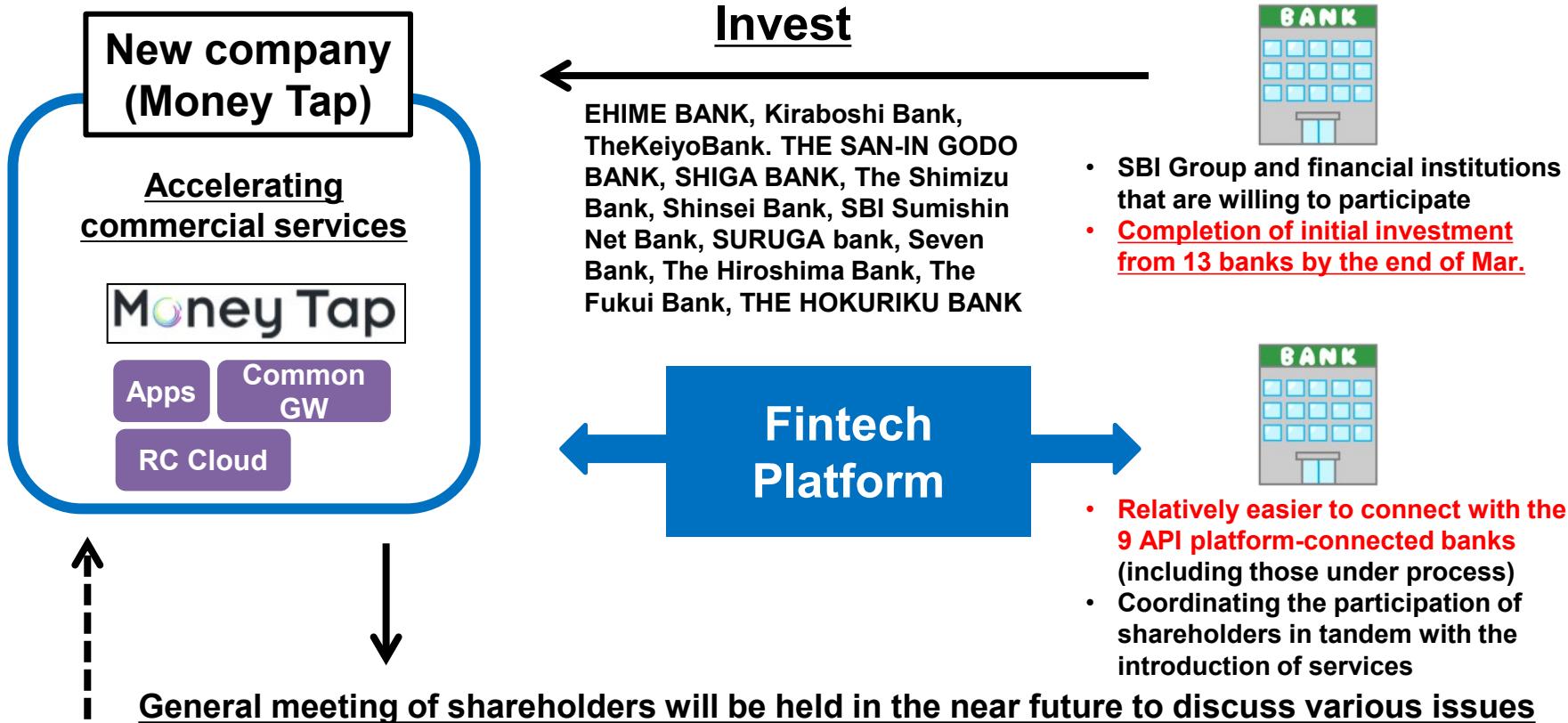
(iii) Thoroughly promote Money Tap as an innovative service with high customer benefits for financial institutions

In Order to Proactively Promote the Money Tap Business, the Consortium is Transitioning to a Company Structure ①



By providing Money Tap solutions to as many financial institutions as possible at a low cost, will dramatically improve customer benefits

In Order to Proactively Promote the Money Tap Business, the Consortium is Transitioning to a Company Structure ②



At a stage where the acceptance of investments from domestic financial institutions has been completed, Money Tap will now consider accepting an investment from U.S. Ripple, in order to strengthen technical cooperation and the promotion of initiatives related to international remittances

Money Tap's Superiority (Financial Institution Side)

-Future Scalability and Feature-

Transfer of existing banking transactions in addition to new demand

- Can easily transfer money between one's bank accounts, which has been done at ATMs up until now

Initiatives led by banks / electronic settlement agents

- High external safety and reliability, owing to the banks being the main players
- Business scalability through banking license, including payroll and FX transfers

Low structural cost since there is no need to charge or make account transfers

- Other companies' services that require pre-charging by credit card before use would cost high
- In the case of bank account linkage, most banks use online banking, and the cost is about JPY 5 -10 per transaction

Big data × Greater points of contact

- Settlement network utilizing Ripple's DLT "xCurrent" that does not require high maintenance costs, as with CAFIS
- Providing low-cost payment network 24/365 will significantly reduce payments by cash, which will save costs for banks by eliminating the need for ATMs
- No fee policy for small amount remittances (depending on the policy of each interconnecting bank)

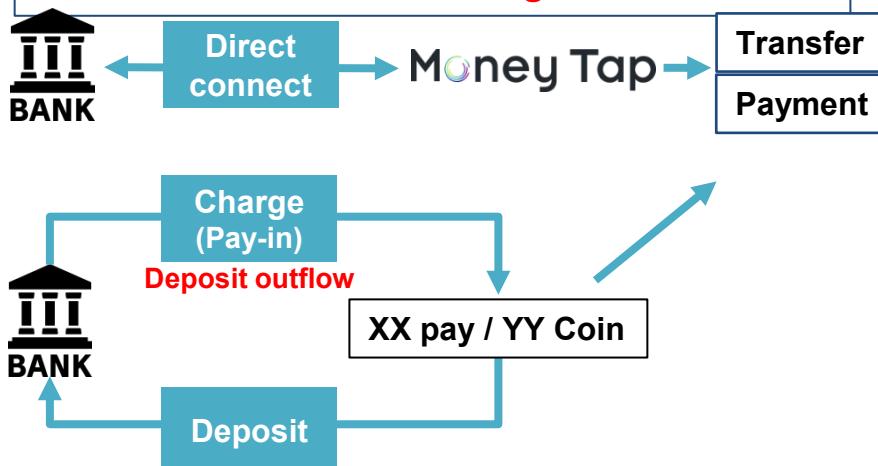
Money Tap's Superiority (User Side)

-Comparison with personal remittance service (XX pay / YY Coin)-

Advantage ①

No charging necessary

- ✓ Compared to the pre-charge service Money Tap is offered **without effort** as it is linked directly to a bank account
- ✓ XX Pay/YY Coin require users to charge their account before they can make a money transfer or payment. **As a result, there will be a greater than necessary outflow from bank savings**



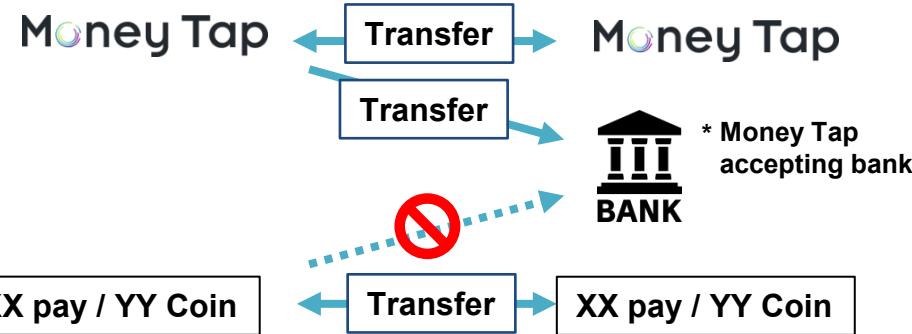
Advantage ②

Counterpart does not need an app

- ✓ Money Tap enables direct money transfers to a bank account* even if the counterpart does not have the app
- ✓ XX Pay/YY Coin can only send money between the same app

Money Tap transfer methods

- Bank account (app required only for 1 side)
- Phone number
- QR code



Promote QR Code Merchant Payment Services Starting from 2019

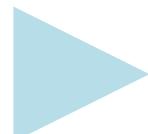
¥ 0

Initial costs



- Only to show the QR code shown at shops
- No need to buy or set up a special device

Deposit as soon as the next day
Sales-deposit cycle



- Auto-deposit as soon as the day after payment
- Credit cards generally have twice-monthly deposits

0.5% ~

Low payment fees



- Credit cards generally charge 3 - 5%
- Private-type QR payments often near 3% ("Free" campaigns also charge fees after campaign ends)
- Portion over 0.5% goes to profits

Eliminates triple difficulties of card payments for the merchants, and benefits SMEs through a cashless process

(iv) Full-scale efforts towards increasing financial services using Ripple's XRP and R3's Corda

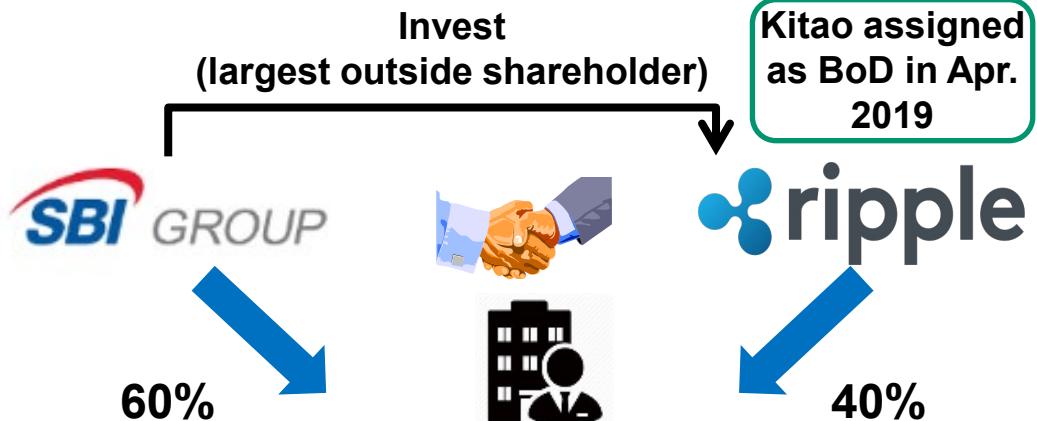
Promoting Collaboration Between Ripple and R3, Companies with Technology Closest to a Global Standard



Money Tap



Providing solutions that has been jointly-developed with financial institutions using DLT



SBI Ripple Asia (established in May 2016)



Corda training program



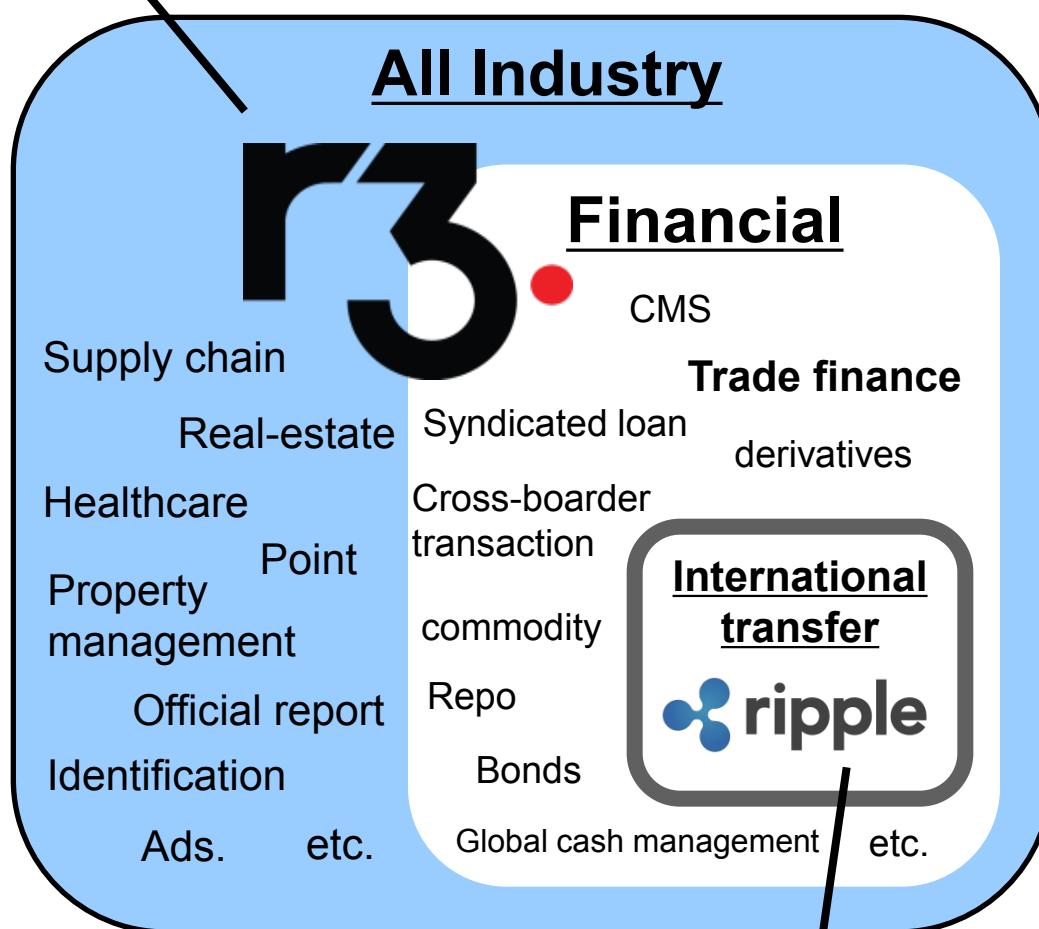
Providing in Japan in lieu of R3 from Nov. 2017



SBI R3 Japan
(signed contract & established in Jan. 2019)

Promote Establishment of Settlement System that Utilize Affinity of Company R3 and XRP

Developing projects that are not limited to the financial industry by using smart contract based technology



Specialized in international remittance

President Kitao's keynote talk at R3's CordaCon Tokyo in Mar. 2018

Declared full-scale efforts to

- Resolving the R3–Ripple legal dispute
- Developing financial services for use with Corda
- Leverage XRP using Corda

Sept. 10, 2018

- Settlement announced between R3 and Ripple

Dec. 5, 2018

- R3 releases XRP Settler that makes full use of XRP Ledger

Jan. 29, 2019

- JV announced between SBI Holdings and R3

R3–Ripple solution:

High potential to become a global standard for financial operations such as international money transfers and trade finance

Promoting Utilization of Corda and XRP

Utilization of R3's Corda

- **Corda Network**, launched in 2019, will allow application of smoother transfer of data and digital assets by connected banks and fintech companies

Global settlements application “Corda Settler”

- **XRP**, as the first crypto-asset supported by Corda Settler, demonstrates a high affinity with Corda
- Preparing transition of S Coin platform to a highly convenient global platform through the introduction of Corda Settler

Future expansion

- Expanding the range of use and planning for adoption at Expo 2025 in Osaka, which will draw in people from around the world

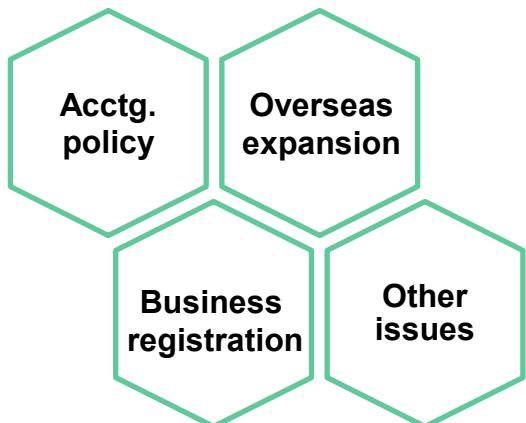
- ② New business that is in preparation to launch soon after the revisions in the crypto-asset-related regulations are announced
 - (i) Considering a funding through a Security Token Offering (STO)
 - (ii) Establishment of crypto-asset fund by a JV between U.S. CoVenture
 - (iii) Preparing the establishment of crypto-asset swap market

Revisions to Crypto-asset-related Laws Expected by June 2019 would Expand Application of the Financial Instruments and Exchange Act to Financing Using Tokens

- Proposed revisions would establish and regulate transferable rights to electronic records (security tokens)
- Handling as a traditional “Paragraph 1 Security” would mean that disclosure rules and business regulations apply

Security Token Offering (STO) would become a valid financial instrument under the new law

Measures addressing issues surrounding STO implementation are clearing up

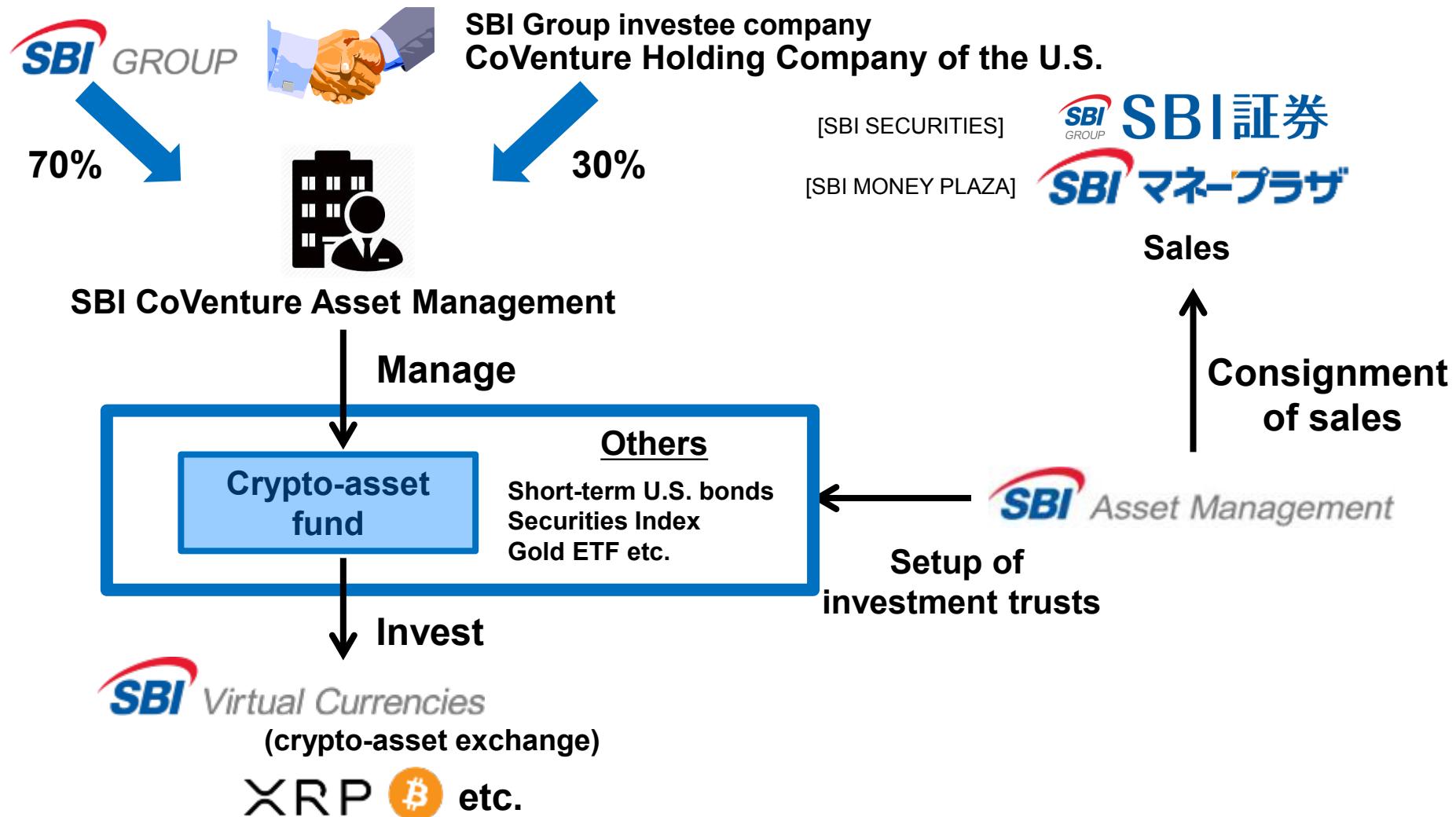


Considering large-scale financing by STO soon after the law revisions

- Overseas markets for tokens
- Solicited and sold by SBI SECURITIES, etc....



Preparations for the Crypto-asset Fund Business Has Been Completed and is Scheduled to Operate soon after the Law is Revised



Accelerating Efforts to Create a Swap Market to Expand Actual Demand for Cryptocurrencies



Increased use and liquidity improvement of crypto-assets and crypto-asset derivatives are expected

Overall Strategy 3-(3)

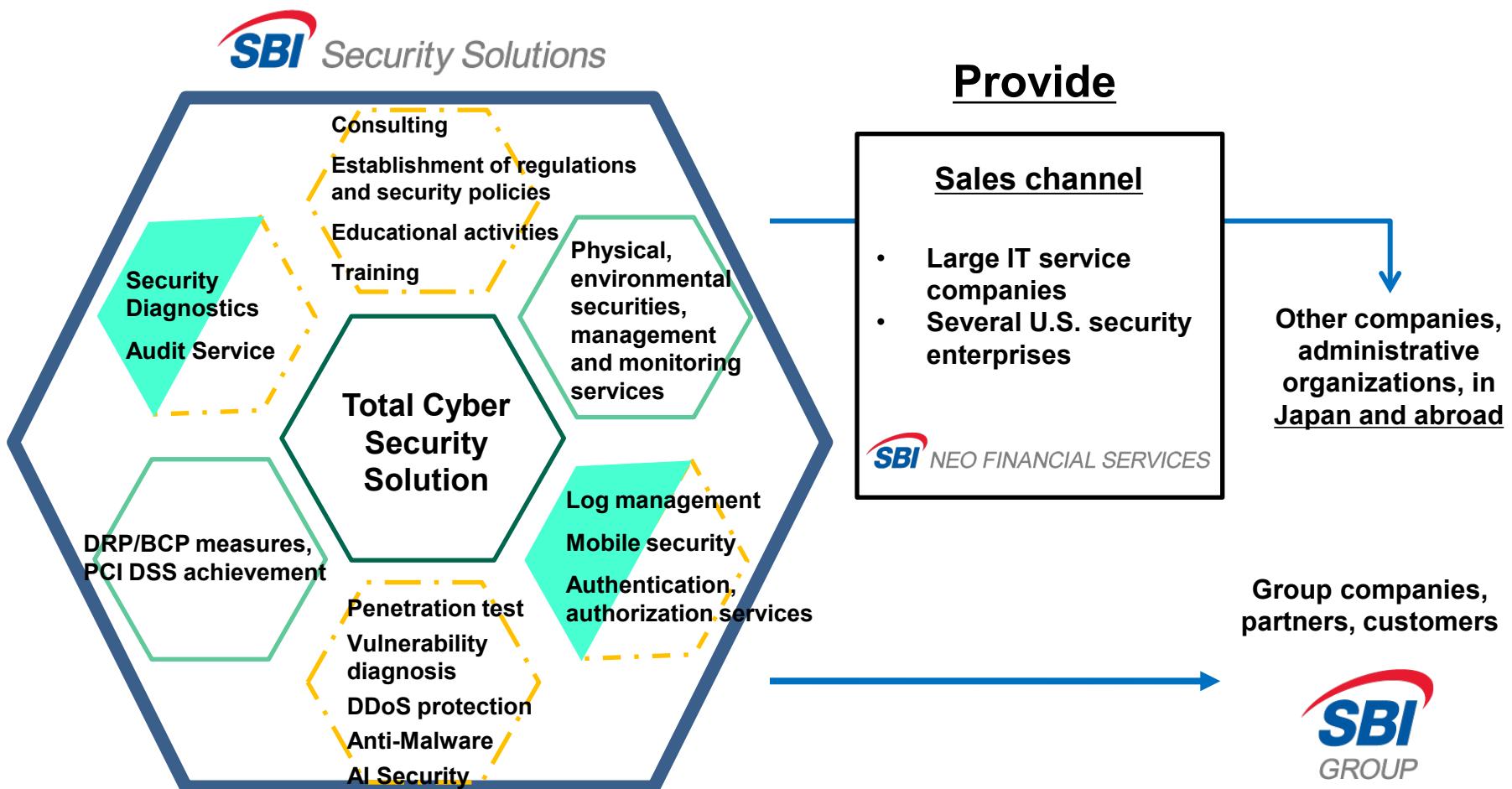
Working on a project to integrate innovative technologies inside and outside the SBI Group to promote next-generation security services in Japan and abroad

-Conducting security audit tests for major financial institutions in advance-

SBI Security Solutions, in Collaboration with Partners, Provides Security Solutions in Japan and Abroad



- ✓ SBI Security Solutions offers products of the SBI Group's investee companies, and develops security solutions utilizing the technologies of such investee companies
- ✓ Planning to begin sales in Japan and abroad with partners that have significant sales forces, this year



① Wallet services

B-to-B-toX services to manage crypto-asset assets of wallet vendors, crypto-asset exchanges, etc.

② KYC (Know Your Customer) services

- Establishing a “common customer base” (tentatively “C³”) where all personal information is managed as a whole, rather than just financial asset information (financial institution balances, statements, etc.) This base will leverage R3’s Corda to design a high resistance to falsification
- For AML/CFT*, provisions of solutions that meet the FATF (Financial Action Task Force) requirement level

*Anti Money Laundering and Combating the Financing of Terrorism

Promoting agency contracts with major U.S. security companies to expand global sales network

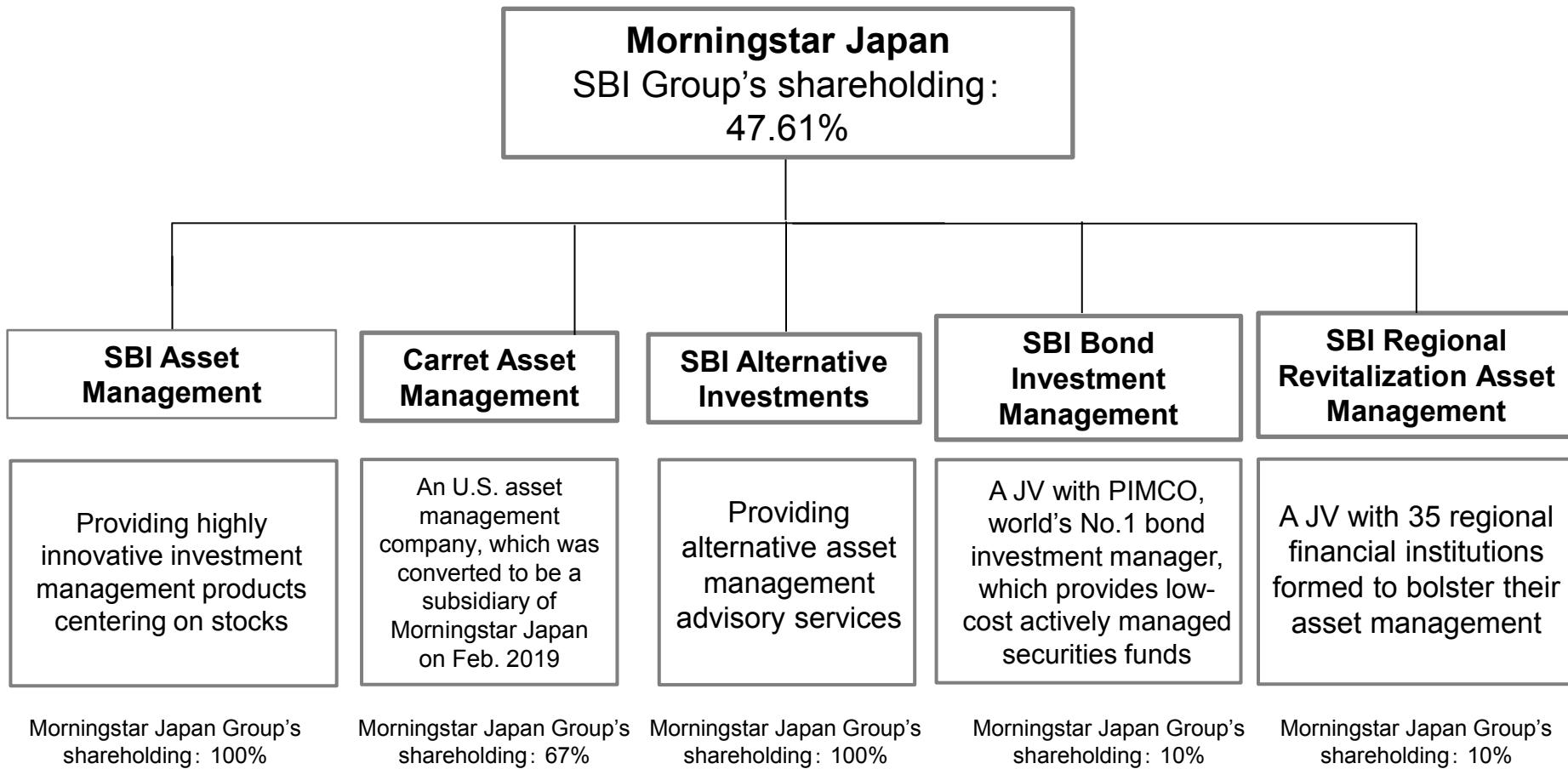
Overall Strategy 3-(4)

Several Group companies are preparing for market changes and initial public offerings, in order to actualize intrinsic corporate value

- ① Morningstar Japan
- ② SBI FinTech Solutions
- ③ Other Group subsidiary companies

Morningstar Japan is Planning a Change from Its Current JASDAQ Listing to a TSE First Section Listing

-Enhances asset management structure as Morningstar Japan Group-



* As of Apr. 26, 2019

SBI FinTech Solutions (Listed on Korea KOSDAQ)

Preparing for Listing in the Tokyo Stock Exchange

Resolved to carry out a new listing preliminary application at the Board of Directors meeting held on Apr. 11

SBI FinTech Solutions, by raising its credit-worthiness and recognition in Japan, centered on business bases, is moving toward an IPO in Japan as it drives business domain expansion, especially with new ventures and through the strengthening of existing businesses

Performance of the Fiscal Year Ended March 2019 (*1) (*2)

(Announced on Apr. 26, 2019)

(JPY million)

	FY 2017 (Apr. 2017 to Mar. 2018)	FY 2018 (Apr. 2018 to Mar. 2019)	YoY % change
Sales	6,567	7,849	+19.5
Operating income	966	1,400	+45.0
Profit before income tax expense	899	1,272	+41.4
Profit attributable to owners of the Owners of the Parent	806	948	+17.6

(*1) The above-mentioned performance is provided before audit by independent auditor and the figures may be modified.

(*2) The consolidated financial statements have been prepared based on the International Financial Reporting Standards (IFRS).

Other Group Subsidiary Companies that are Preparing for Initial Public Offerings, in Order to Actualize Intrinsic Corporate Value

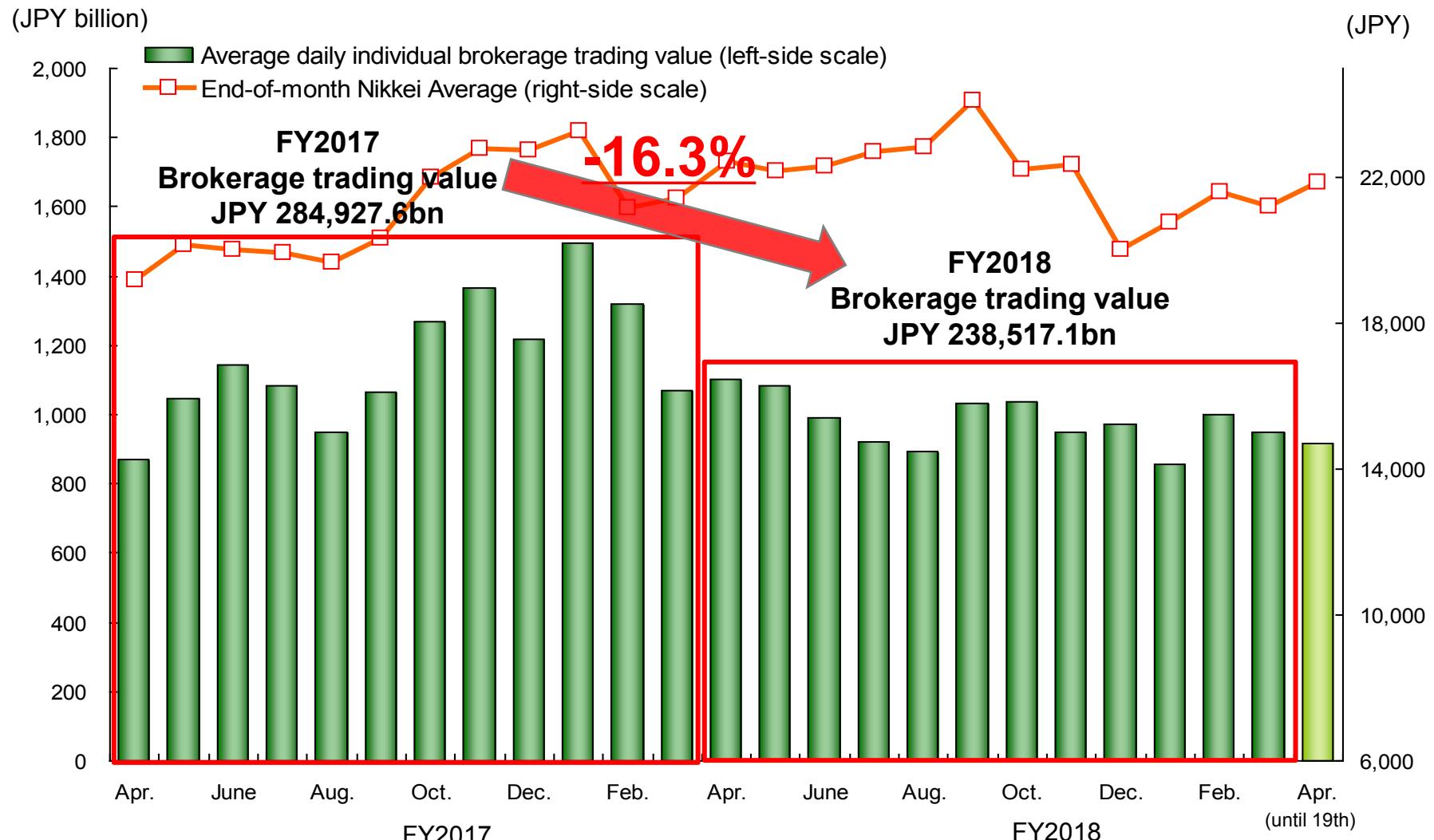
Company name	Business overview
SBI Leasing Service	Operating lease business
SBI Capital Management	Intermediate holding company of the Asset Management Business
SBI Biotech	R&D etc. of pharmaceuticals
Quark Pharmaceuticals	R&D etc. of pharmaceuticals
SBI ALApharma	Intermediate holding company of 5-ALA-related business

[Appendix]

(1) Business foundation of the Financial Services Business

Trend of the Average Daily Individual Brokerage Trading Value

Average daily individual brokerage trading value (2 Market total *)



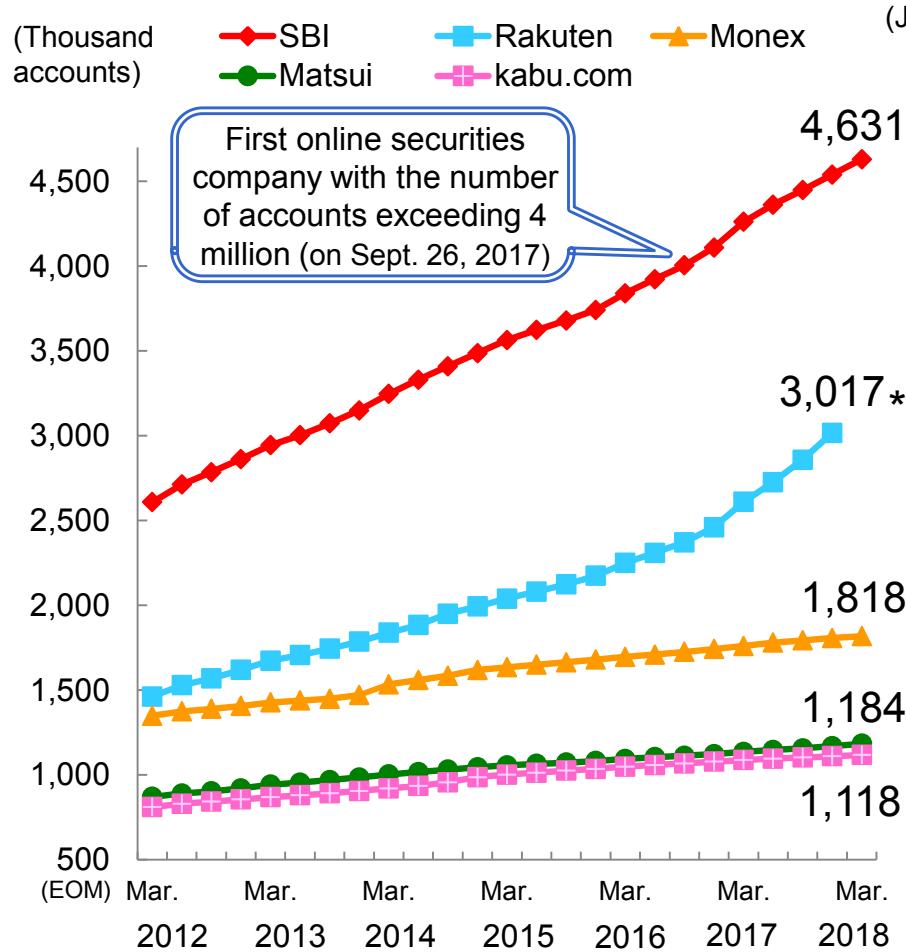
* Japanese stocks listed on Tokyo Stock Exchange and Nagoya Stock Exchange
(Including TSE Mothers, JASDAQ and NSE Centrex)

Source: Complied by SBIH from disclosed data from TSE

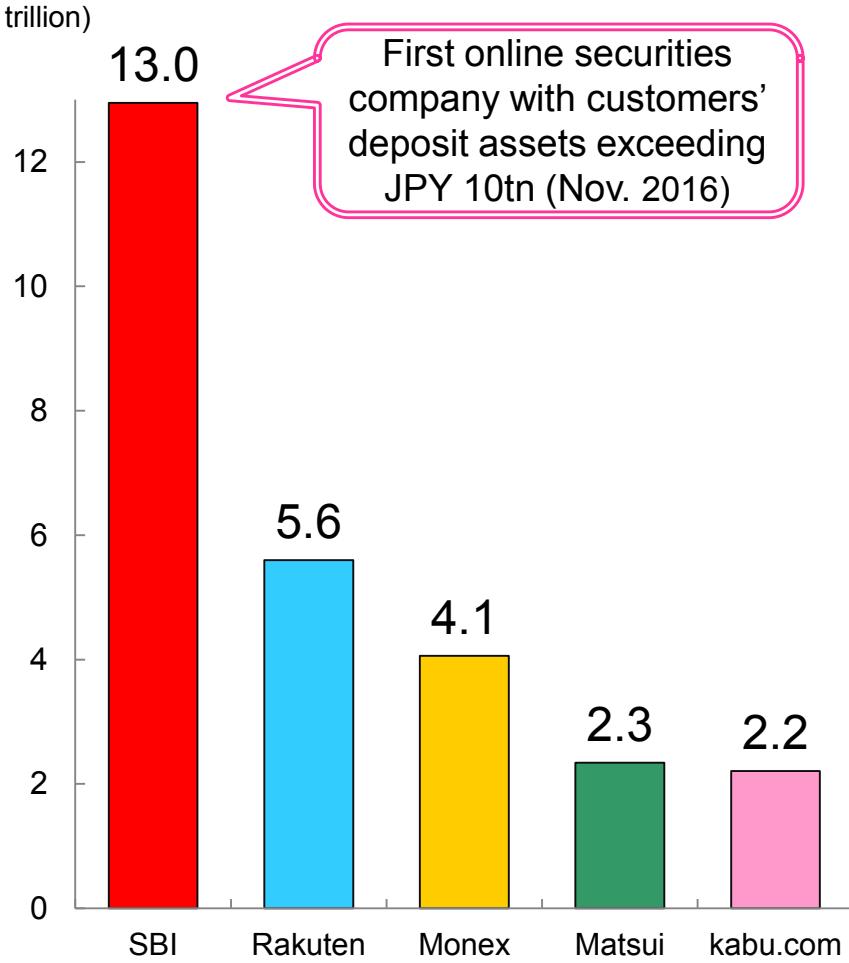
SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

Customer Accounts of 5 Major Online Securities Companies (Mar. 2012 – Mar. 2019)



Customers' Deposit Assets of 5 Major Online Securities Companies (as of the end of Mar. 2019)



* As for the figure of Rakuten, it is as of Dec. 31, 2018.

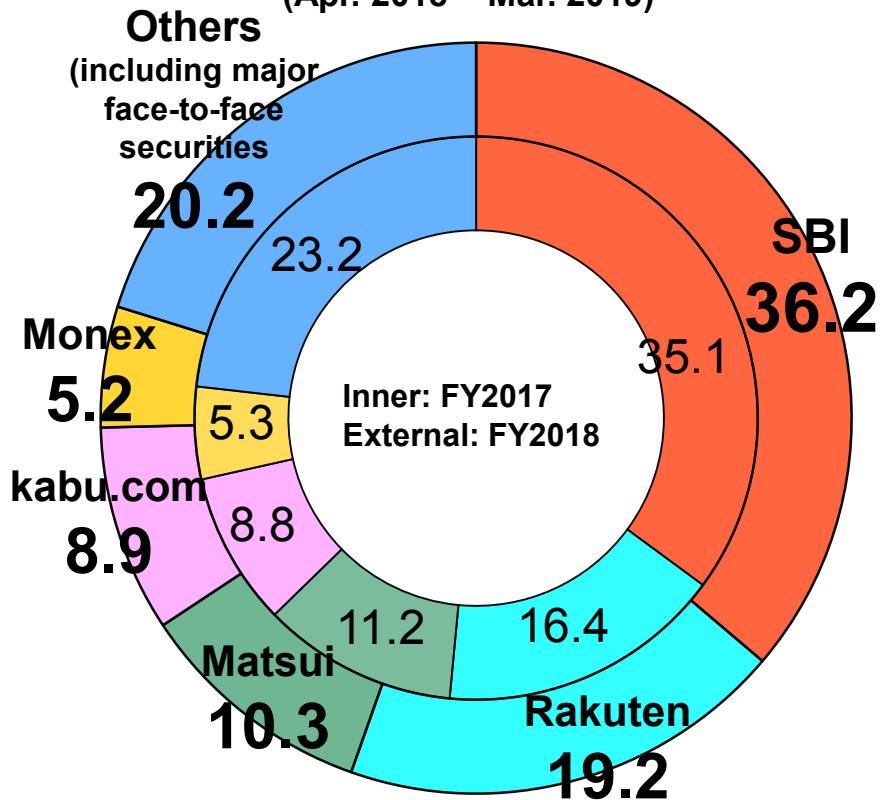
Source: Compiled by SBIH from the information on websites of each company.

SBI SECURITIES' Share of Individual Stock Trading

Share of Individual Stock
Trading Value (%)

FY2018

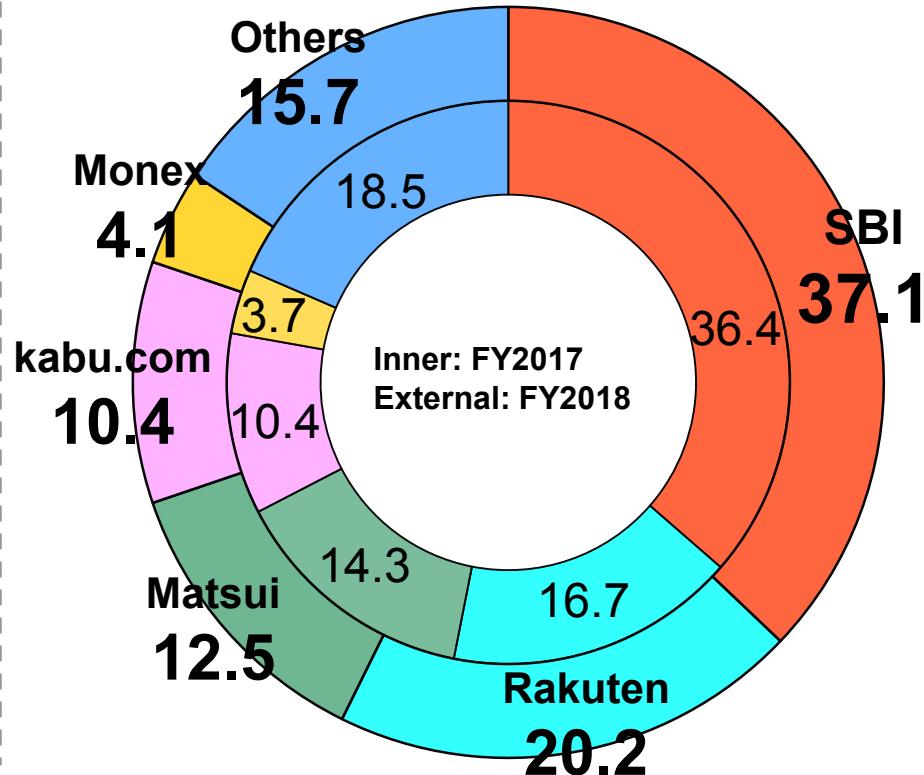
(Apr. 2018 – Mar. 2019)



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

FY2018

(Apr. 2018 – Mar. 2019)



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

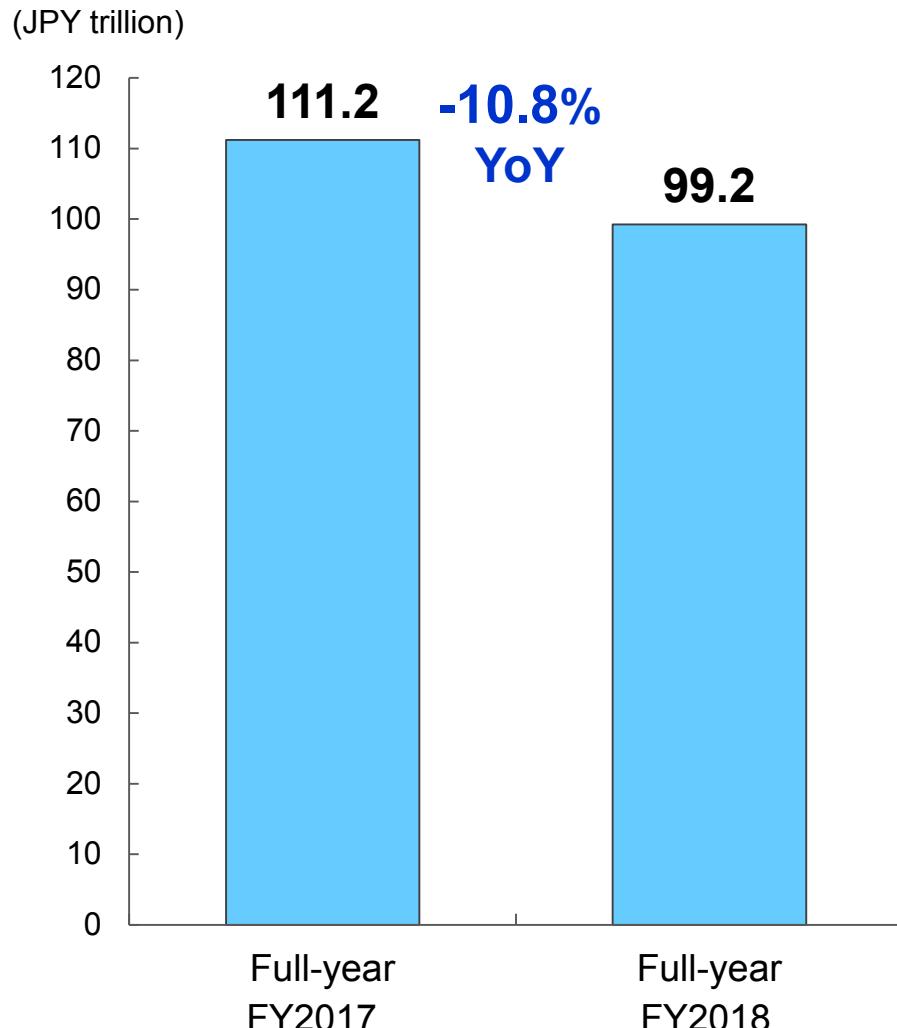
* Shares are calculated by dividing each company's individual stock trading value or individual margin trading value with the whole individual stock trading value and individual margin trading value of the 1st and 2nd section of the Tokyo and Nagoya Stock Exchange, including that of ETF and REIT trading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

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

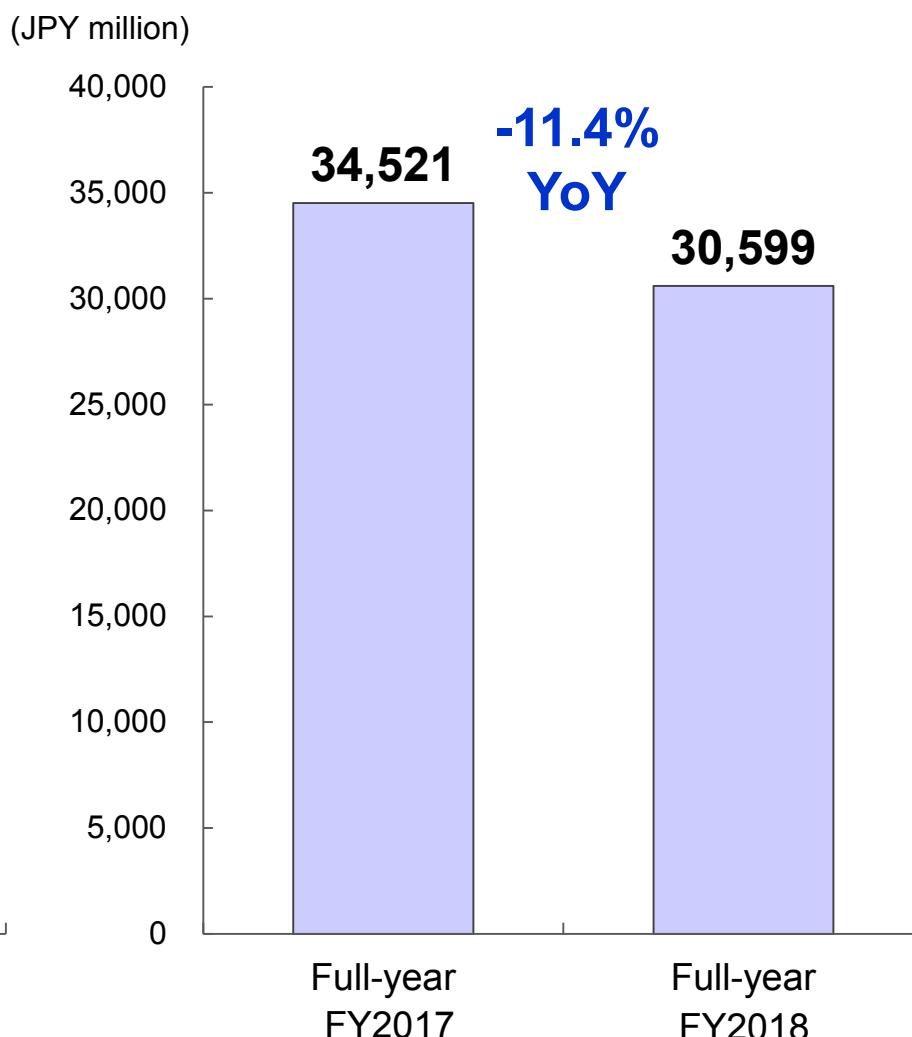
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SBI SECURITIES' Stock Brokerage Trading Value and Commissions

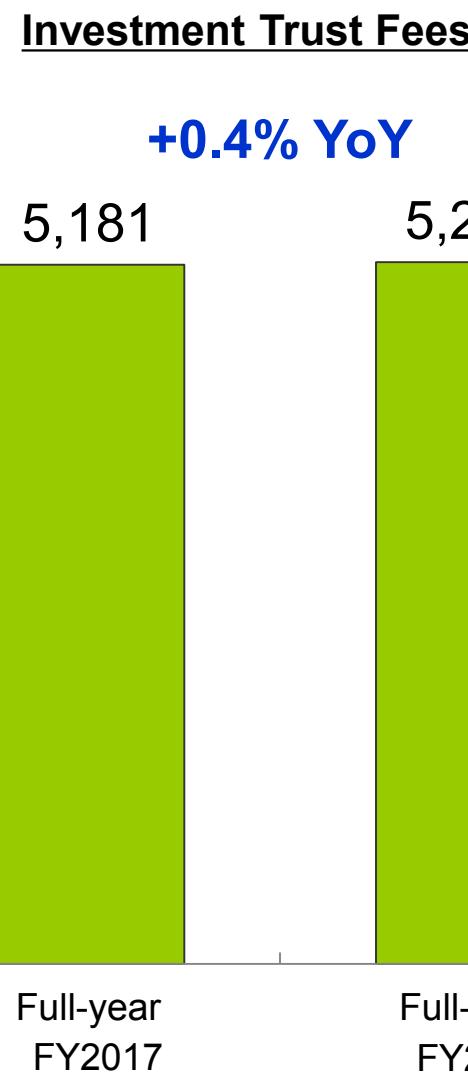
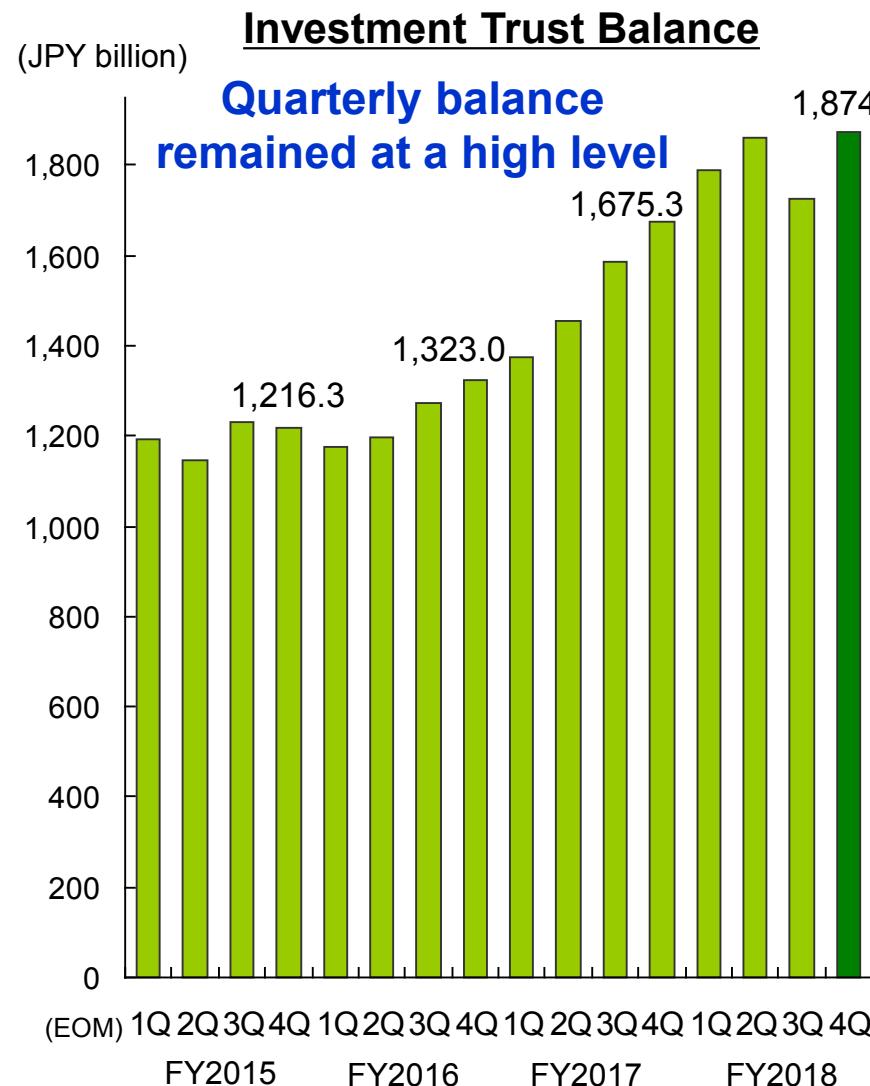
Stock Brokerage Trading Value



Commissions



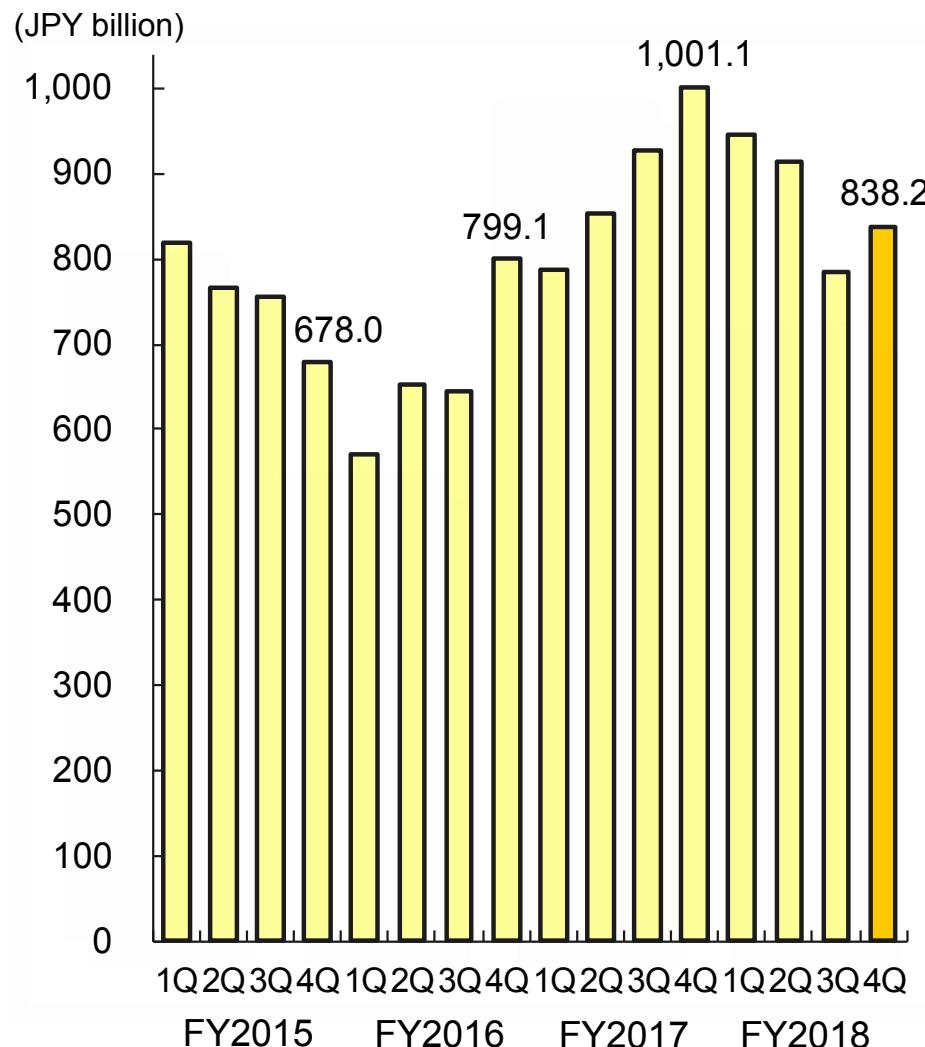
SBI SECURITIES' Investment Trust Balance and Investment Trust Fees are Both Record Level



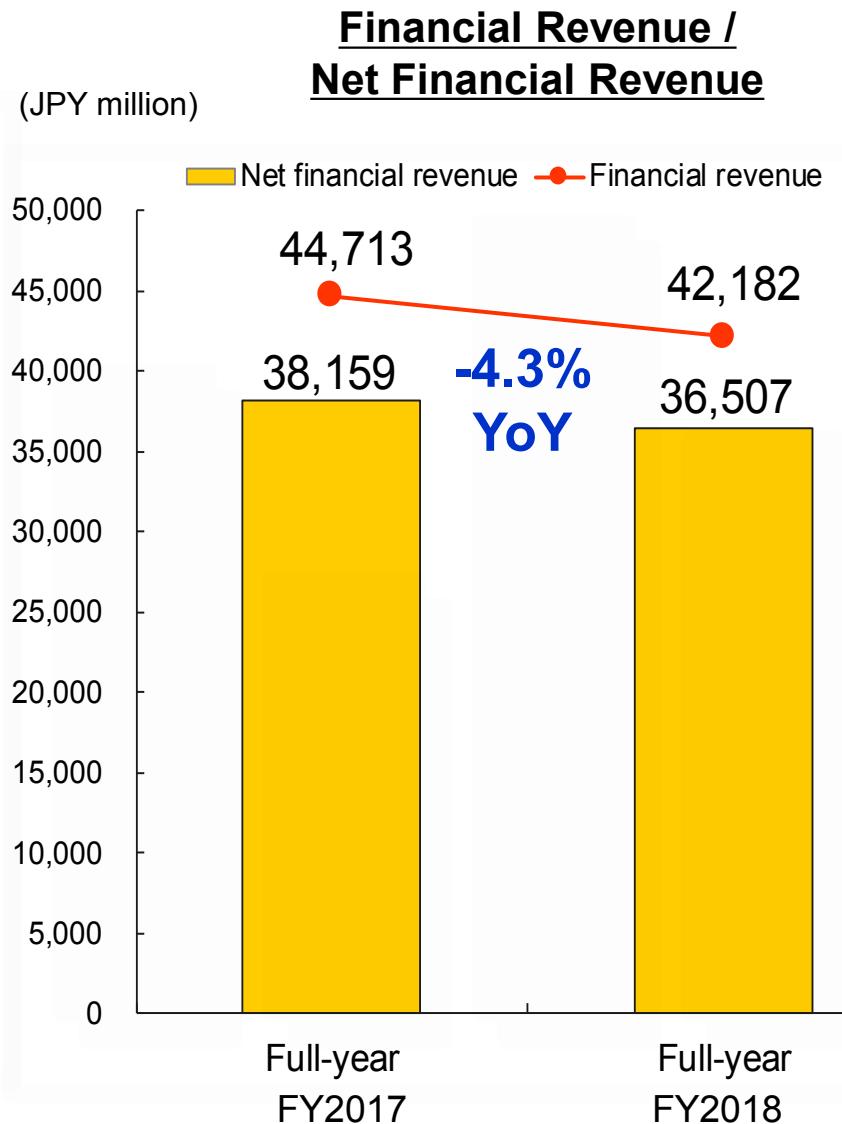
* Includes MMF, deposits of Chinese Fund and deposits of face-to-face accounts.
 * Investment trust fees is included in "Other commission received".
 * Trust fee excludes MRF.

SBI SECURITIES' Interest Credit Balance and Financial Revenue / Net Financial Revenue

Open Interest Credit Balance (EOM)

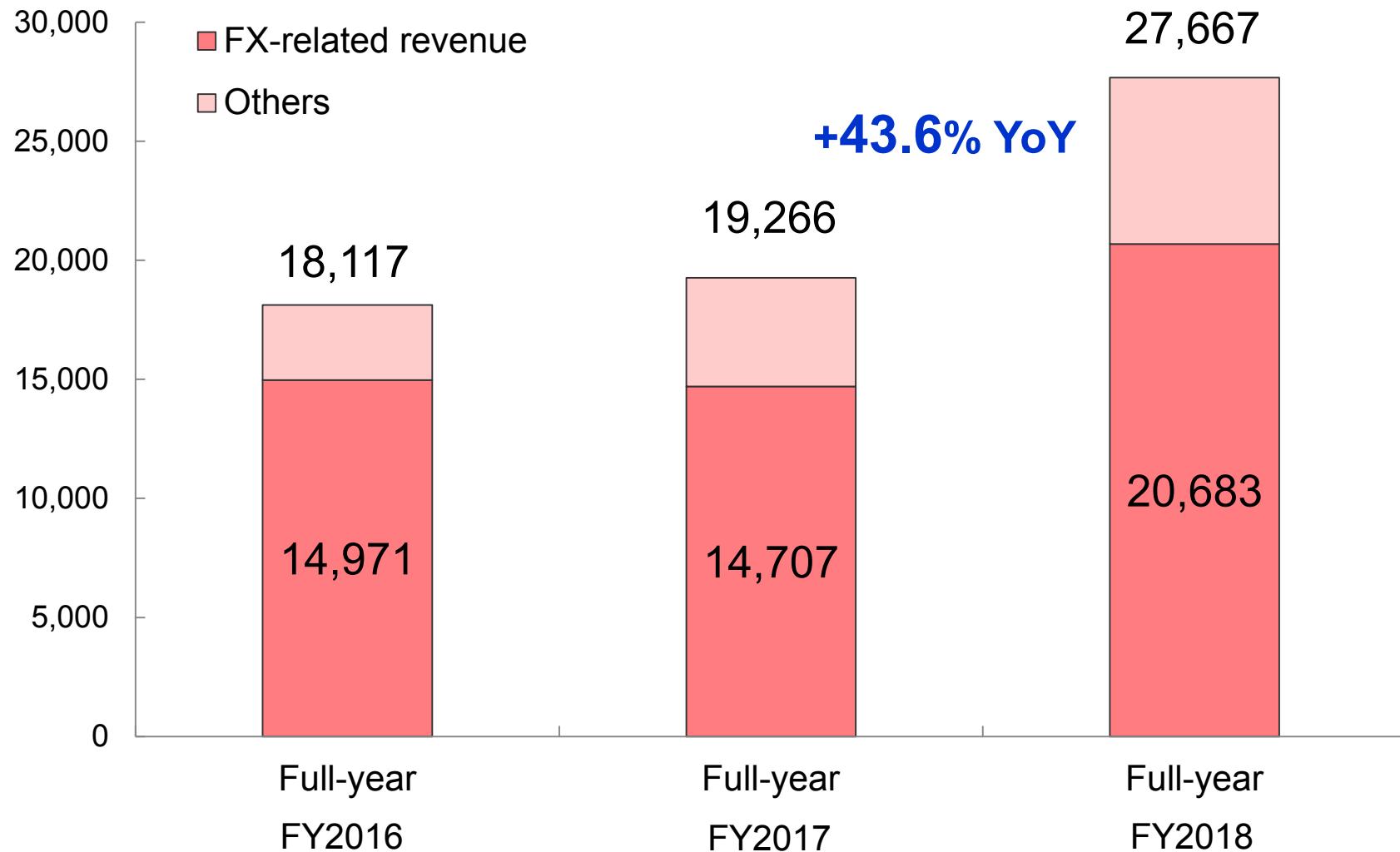


Financial Revenue / Net Financial Revenue

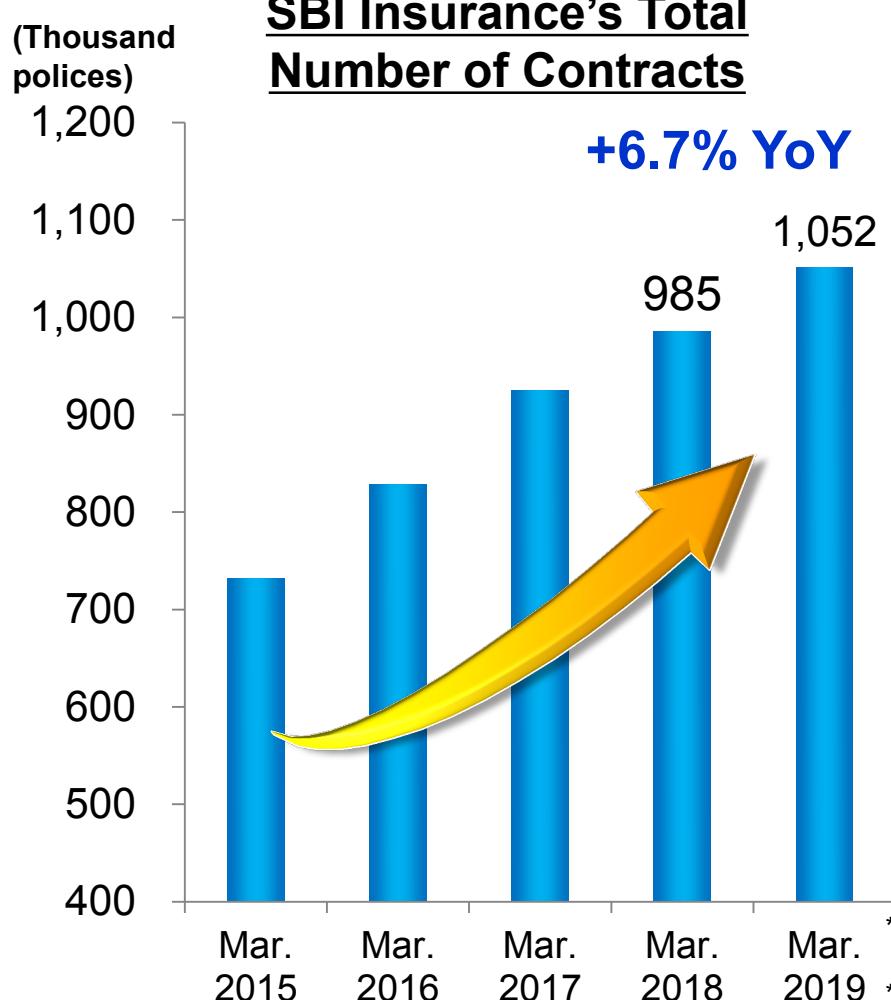


SBI SECURITIES' Trading Gains and Loss Trend

(Unit: JPY million)



SBI Insurance's Total Number of Contracts and Net Combined Ratio



Net Combined Ratio

	FY2016	FY2017	FY2018* ³
Loss ratio ^{*1}	82.5	80.7	<u>84.1</u>
Operating expenses ratio ^{*2}	14.2	11.2	<u>14.3</u>
Combined ratio (Net base)	96.7	91.9	<u>98.4</u>

The combined ratio declined owing to the impact of typhoons and other natural disasters

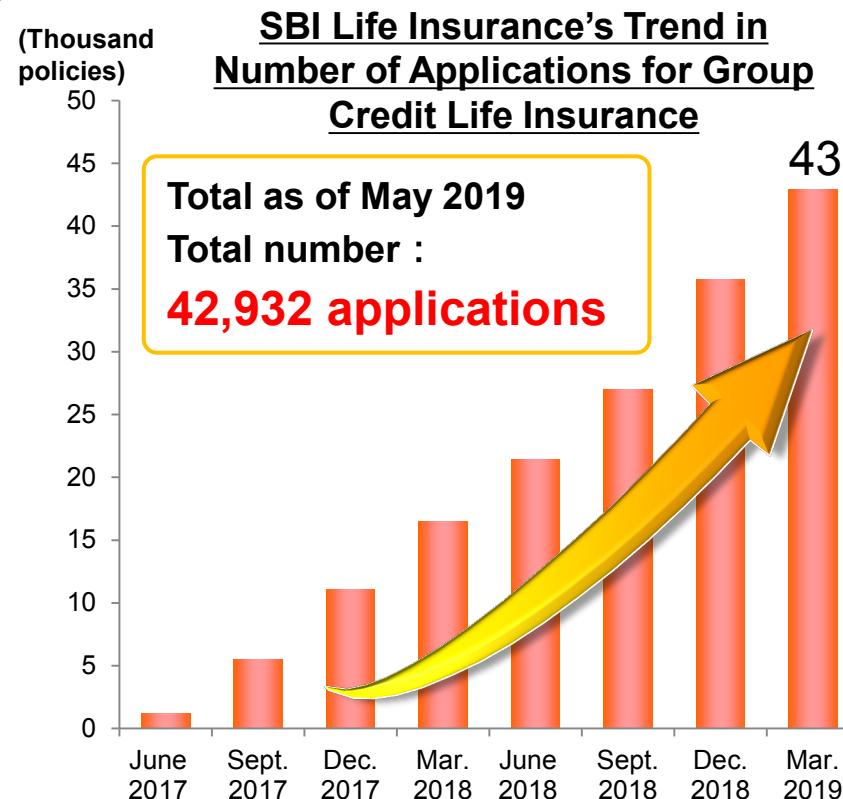
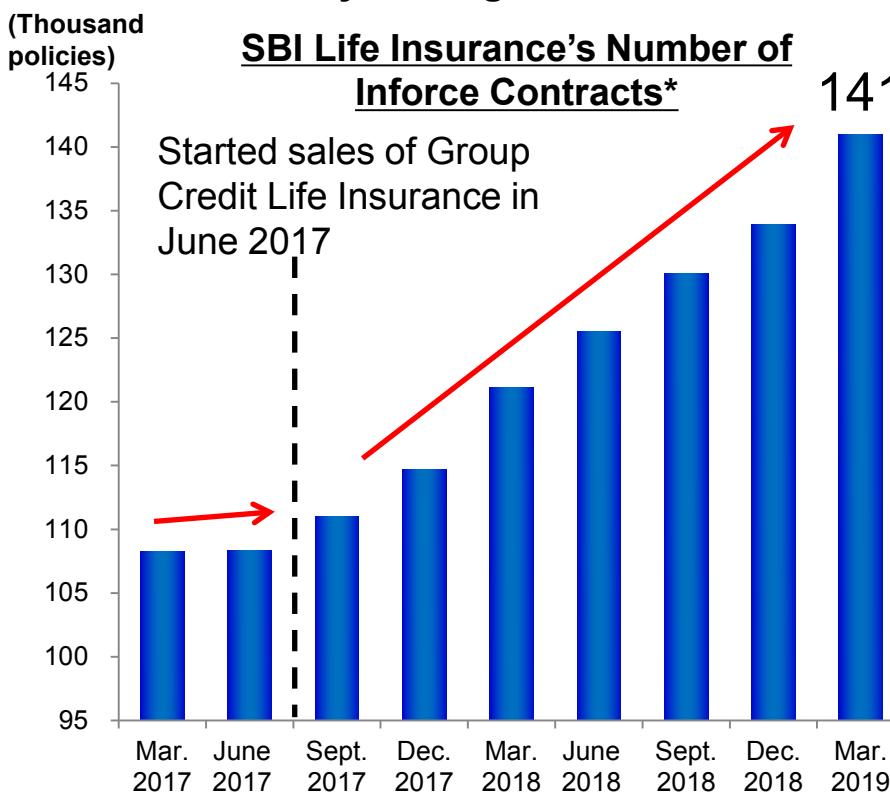
*1 Loss ratio (%) = (Net insurance payment + Loss adjustment expenses) / Net insurance premium written X 100

*2 Operating expenses ratio (%) = (Commissions and Collection costs + Operating expenses and general and administrative expenses related to insurance underwriting) / Net insurance premium income written X 100

*3 Figures for FY2018 are unaudited figures.

SBI Life Insurance's Total Number of Inforce Contracts and Number of Applications for Group Credit Life Insurance

- SBI Life Insurance's total number of inforce contracts recorded a high growth rate of 16.4% on an year-on-year basis
- Group Credit Life Insurance, sales of which began in June 2017, contributed significantly to an increase in the total number of contracts, concomitantly with an expansion in the business by the regional financial institution



* Includes number of applications for Group Credit Life Insurance

(2) The Asset Management Business' Financial Information by Segment

Analysis of Each Segment of the Asset Management Business

-① Private equity investment-

[Consolidated statement of financial position]

(IFRS; JPY billion)

	Mar. 31, 2018	Mar. 31, 2019
Cash and cash equivalents	29.4	24.5
Securities	190.6	262.7
Other assets	18.5	16.4
Total assets	238.5	303.6
Intragroup borrowings	32.7	30.8
Other liabilities	21.0	23.3
Total liabilities	53.7	54.1
Equity capital equivalent	129.9	159.3
Non-controlling interests* ¹ (Mainly interests of external shareholders of consolidated funds)	54.9	90.2
Total equity	184.8	249.5
Total liabilities and equity	238.5	303.6

- Securities held, whether listed or unlisted, are assessed at fair value.
- Non-consolidated funds are assessed at fair value, and only the amount corresponding to the Company's interest is recognized.
- For this reason, the amount of non-controlling interests (outside equity interests) is small.

[Consolidated statement of income]

(IFRS; JPY billion)

	FY2017	FY2018
Revenue	47.2	39.3
Profit / loss related to FVTPL	44.4	33.8
Fee from non-cons. funds*	0.8	1.3
Others (FX gain etc.)	2.0	4.2
Expense (including expense related to allowance etc.)	(5.3)	(7.1)
Profit before income tax expense	40.9	31.9
Profit for the period	33.3	28.6
Attributable to owners of SBIH	23.5	14.4
Non-controlling interests	9.8	14.2

* Only the amount of management commissions, etc. from funds classified as investment securities is recorded as income corresponding to external investors' shareholding

- **Marketable securities account for approximately 40% of overall consolidation (the rest is SBI SAVINGS BANK, SBI Life Insurance, etc.) and nearly all of the profits or losses are recognized upon the change in fair value as FVTPL.**

Analysis of Each Segment of the Asset Management Business

-② Overseas financial services business-

[Consolidated statement of financial position]

(IFRS; JPY billion)

	Mar. 31, 2018	Mar. 31, 2019
Cash and cash equivalents	33.6	63.8
Trade accounts receivable	524.7	615.4
Intangible assets	112.2	109.9
Other assets	56.2	74.7
Total assets	726.7	863.8
Customer deposits	537.0	659.4
Other liabilities	17.7	22.1
Total liabilities	554.7	681.5
Equity capital equivalent	170.5	181.0
Non-controlling interests	1.5	1.3
Total equity	172.0	182.3
Total liabilities and equity	726.7	863.8

[Consolidated subsidiaries]

- SBI SAVINGS BANK (Korea), SBI Royal Securities (Cambodia), SBI Thai Online Securities (Thailand) and SBI Bank (Russia)

[Consolidated statement of income]

(IFRS; JPY billion)

	FY2017	FY2018
Revenue	63.1	72.3
Profit before income tax expense	13.4	17.1
Profit for the period	12.7	22.4
Attributable to owners of SBIH	12.6	22.1
Non-controlling interests	0.1	0.3

- The results of SBI SAVINGS BANK (Korea) are primarily reflected in the financial statements.
- Net interest income, which reflects the earnings of the loan business, equivalent to the difference between interest income from operational loan receivables and interest cost for the customer deposits, resulted JPY 48.7bn (increase of 13.4% YoY) for FY2018, steadily strengthening of the revenue base.

Analysis of Each Segment of the Asset Management Business

-③ Asset management services business-

[Consolidated statement of financial position]

(IFRS; JPY billion)

	Mar. 31, 2018	Mar. 31, 2019
Cash and cash equivalents	10.3	6.5
Financial assets	14.2	18.5
Intangible assets	7.6	9.2
Other assets	3.2	5.8
Total assets	35.3	40.0
Total liabilities	12.7	15.9
Equity capital equivalent	17.8	19.6
Non-controlling interests	4.8	4.5
Total equity	22.6	24.1
Total liabilities and equity	35.3	40.0

- Morningstar Japan and its subsidiaries are the main constituent companies

[Consolidated statement of income]

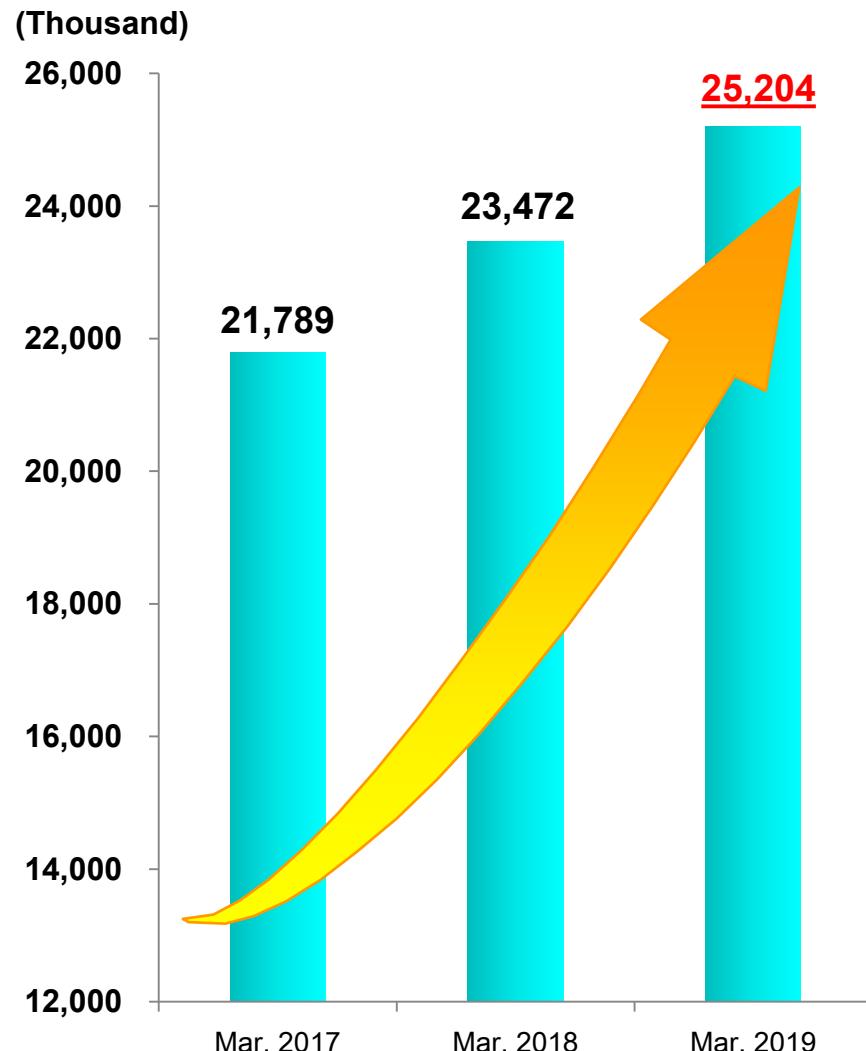
(IFRS; JPY billion)

	FY2017	FY2018
Revenue	7.3	7.2
Profit before income tax expense	2.2	2.1
Profit for the period	1.4	1.4
Attributable to owners of SBIH	0.9	0.8
Non-controlling interests	0.5	0.6

- The results of Morningstar Japan are primarily reflected in the financial statements.
- Centering on SBI Global Asset Management, the Group's asset management operations are expected to be strengthened

(3) 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 Mar. 2019)^{*1,2}

(Thousands)

SBI SECURITIES	(No. of accounts)	4,631
SBIH InsWeb	(No. of customers)	9,333
E-LOAN	(No. of customers)	2,572
MoneyLook	(Total no. of customer registrations)	946
Morningstar Japan	(Total no. of service users) ^{*3}	895
SBI Sumishin Net Bank	(No. of accounts)	3,543
SBI Insurance	(Total no. of contracts) ^{*4}	1,052
SBI Life Insurance	(Total no. of contracts)	141
Others (SBI Point etc.)	-	2,091
Total	-	25,204

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

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

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

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

Number of Companies and Consolidated Employees of the SBI Group

Number of Group companies

	Mar. 2018	Mar. 2019
Consolidated subsidiaries (companies)	180	210
Consolidated partnerships (partnerships)	17	16
Total consolidated subsidiaries(companies)	197	226
Equity method companies (companies)	33	33
Total Group companies (companies)	230	259

Number of consolidated employees

	Mar. 2018	Mar. 2019
Total employees (persons)	5,391	6,439

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