



*Strategic
Business
Innovator*

- Daiwa Investment Conference Tokyo 2014 -

**SBI Holdings' 15 Year Achievements
Since Its Establishment, and the
Next Phase Growth Strategy**

March 5, 2014

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**Representative Director, President & CEO
SBI Holdings, Inc.**

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

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

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

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

- I. SBI Holdings' 15 Year Achievements Since Its Establishment**
- II. SBI Group's Next Phase Growth Strategy**

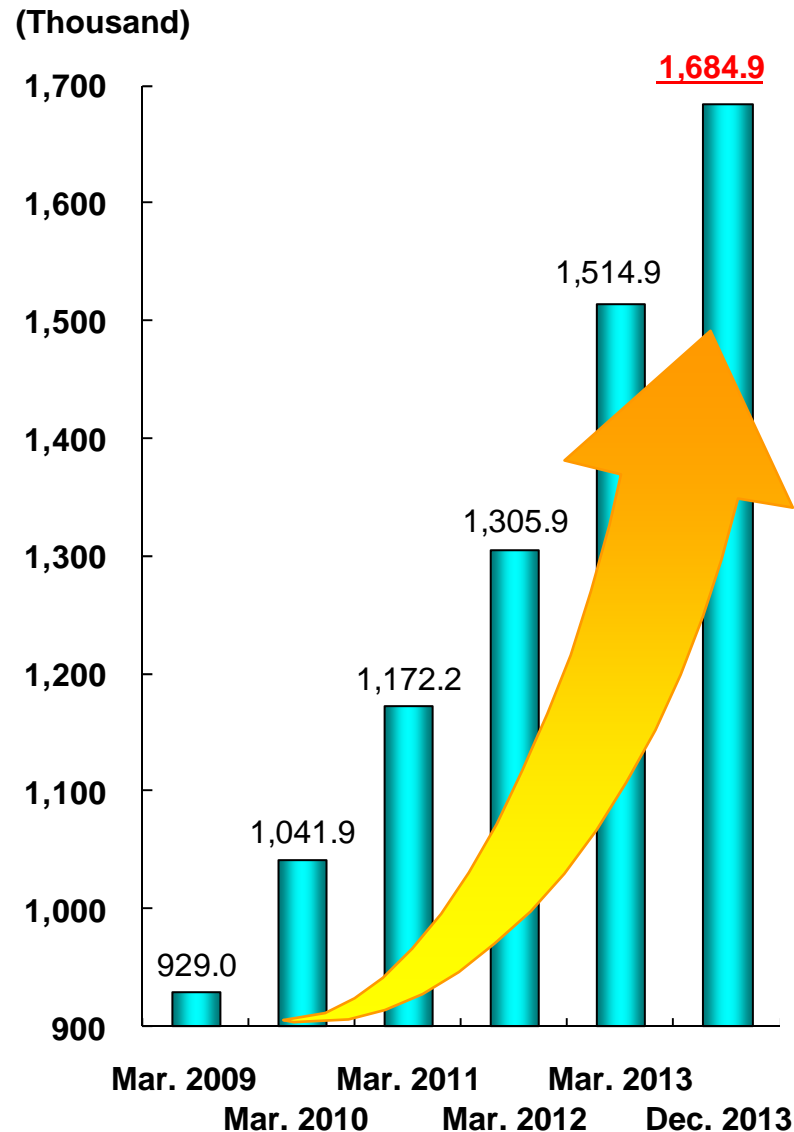
I. SBI Holdings' 15 Year Achievements Since Its Establishment

SBI Holdings Today



	Establishment 1999	End of Dec. 2013
Officers and employees (cons.)	55	5,309
Operating revenues (cons.)	0	9M FY2013: JPY 177.2bn Peak time (FY2007): JPY 222.6bn
Consolidated subsidiaries	0	141 companies
Publicly owned companies	0	7 companies (including SBIH) Peak time: 11 (FY2007)
Capital	JPY 50m	JPY 81.7bn
Net assets	JPY 50m	JPY 394.2bn

The SBI Group's Customer Base



Breakdown of the Customer Base

(As of the end of Dec. 2013)

(Thousand)

SBI SECURITIES	(Accounts)	2,862
SBIH InsWeb	(No. of customers)	5,854
E-LOAN	(No. of customers)	1,473
Other financial websites	(No. of customers)	26
MoneyLook	(Total no. of customer registrations)	839
Morningstar Japan	(New portfolio customer registrations)	115
SBI Card	(Valid cards issued)	69
SBI Sumishin Net Bank	(Accounts)	1,886
SBI Insurance	(Total no. of contracts)	626
Autoc one	(Total no. of service users in 2012)	950
Lifestyle-related websites (Ticket Ryutsu Center, muSBI.net)	(Total no. of customer registrations)	1,307
Others (SBI Mortgage, etc.)		842
Total		16,849

* Repetition customers between Group companies are counted double while it is omitting repetition in each service site when it can be recognized as a unique user.

* The total number of contracts of SBI Insurance excludes continuing contracts, expiring contracts and early-withdrawal

What SBI has Realized in the 15 Years Since Its Establishment, and Future Themes



The SBI Group's achievements

1. Based on fundamental business building concepts, dramatic growth was achieved in various financial businesses
 - (1) Established a financial ecosystem and thoroughly pursued Group synergies
 - (2) Earned high customer satisfaction through the adherence to the "Customer-centric Principle"
 - (3) Attained No. 1 position in a diversity of businesses by implementing (1) and (2)
2. Made concentrated investments into growth industries of the 21st century as a "new industry creator," and developed a number of IT and bio venture companies
3. Made the commitment to transform itself from "Japan's SBI to the World's SBI," and accelerated the development of overseas businesses primarily in rapidly growing Asia, establishing a global investment structure

Future priorities to achieve further dramatic growth

1. Initiate the life insurance business to complete the domestic financial ecosystem, as well as to collaborate with the Group's Asset Management Business and with the Biotechnology-related Business
2. Significantly increase the customer base through the strategic utilization of "Big Data" and the consequent appeal of the "Network Value"
3. Implement an online-to-offline strategy primarily at SBI MONEY PLAZA, in the quest to become Japan's largest financial products distributor
4. Realize an early stage profitability in the Biotechnology-related Business, and accelerate overseas development of 5-ALA related business
5. Endeavor to actualize SBI's business value

- 1. Based on fundamental business building concepts, dramatic growth was achieved in various financial businesses**

The SBI Group's Fundamental Business Building Concepts

- (i) Formation of “Business Ecosystem” and Establishment of “Structural Differentiation”**
- (ii) Adherence to the “Customer-centric Principle”**
- (iii) Creation of a “Network Value”**

**(1) Established a financial ecosystem
and thoroughly pursued Group
synergies**

The Business Ecosystem

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

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



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

Organizational View Based on Complexity Knowing

Two complexity propositions

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

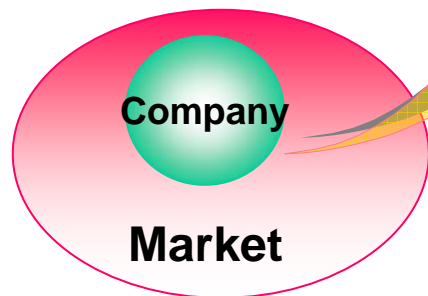


A single-role enterprise cannot achieve its growth potential. To achieve growth potential through synergy effects and co-evolution, an enterprise must build a new type of organizational ecosystem.

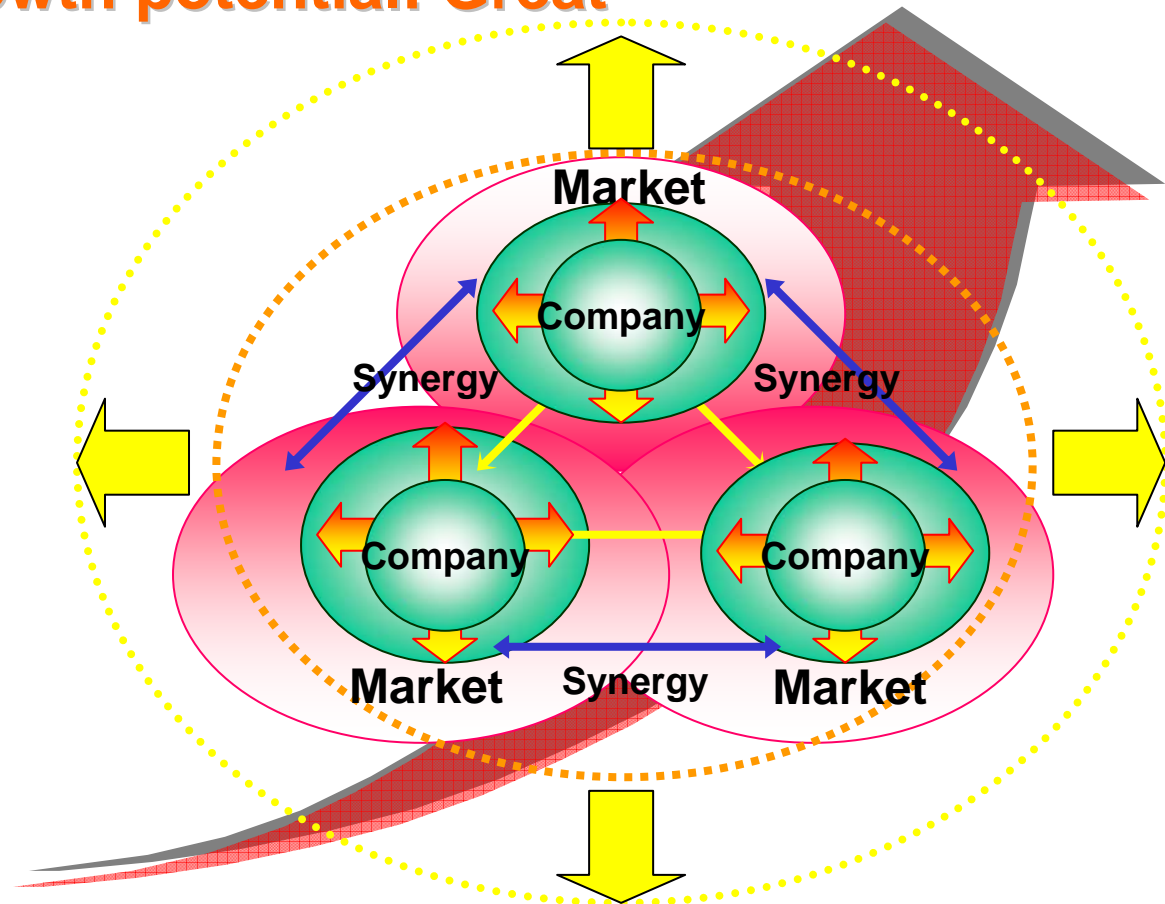
Assembling and Expanding the Business Ecosystem Produces Positive Synergies among the Constituent Companies. This Process Also Creates a Mutual Evolution Process in Each Company's Market to Support Rapid Growth.

Growth potential: Great

Growth potential: Small



A company as a single economic entity

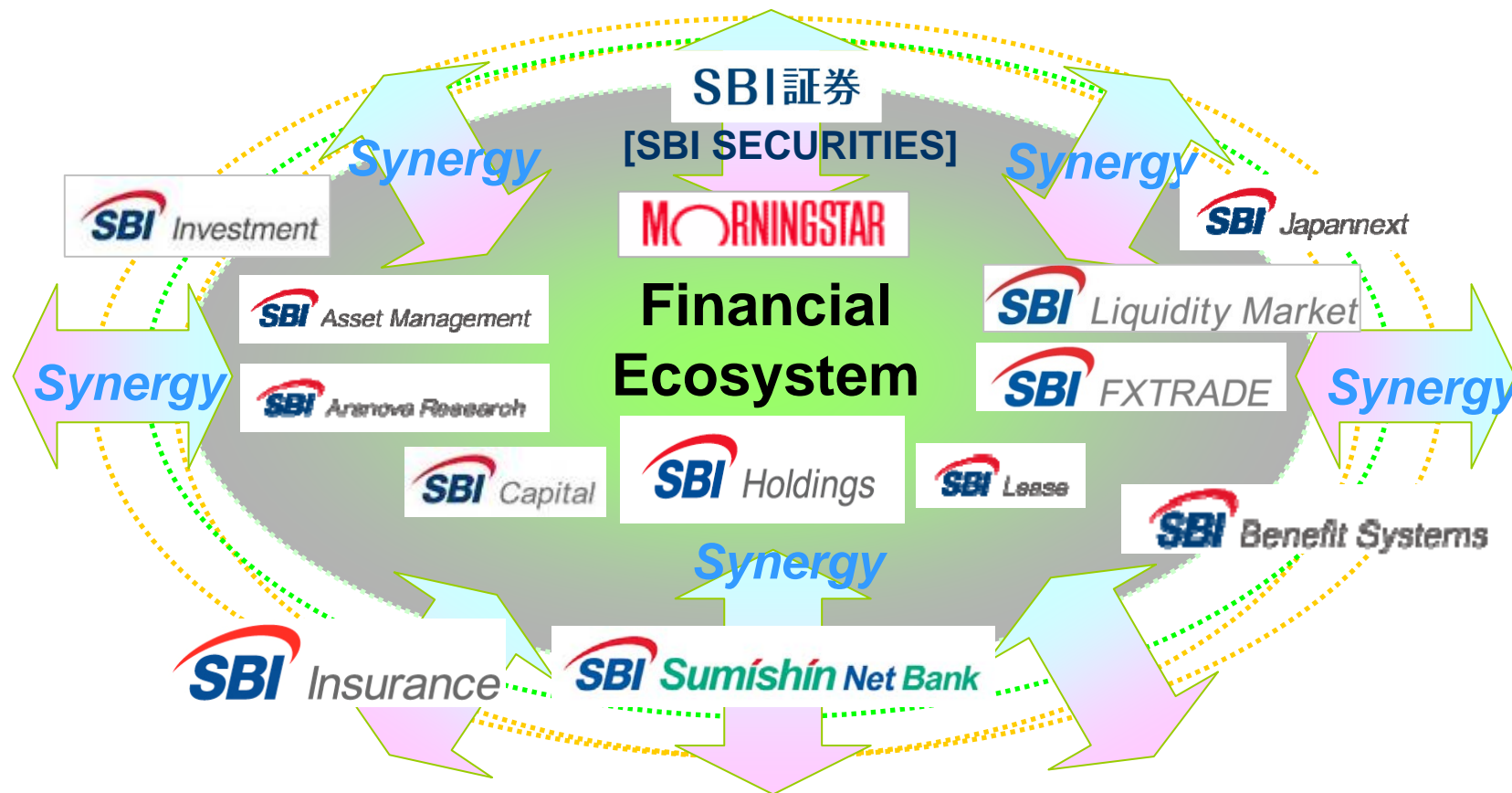


A “business ecosystem” in which a variety of constituent companies work together to achieve mutual evolution

SBI Group's Establishment of a Financial Ecosystem

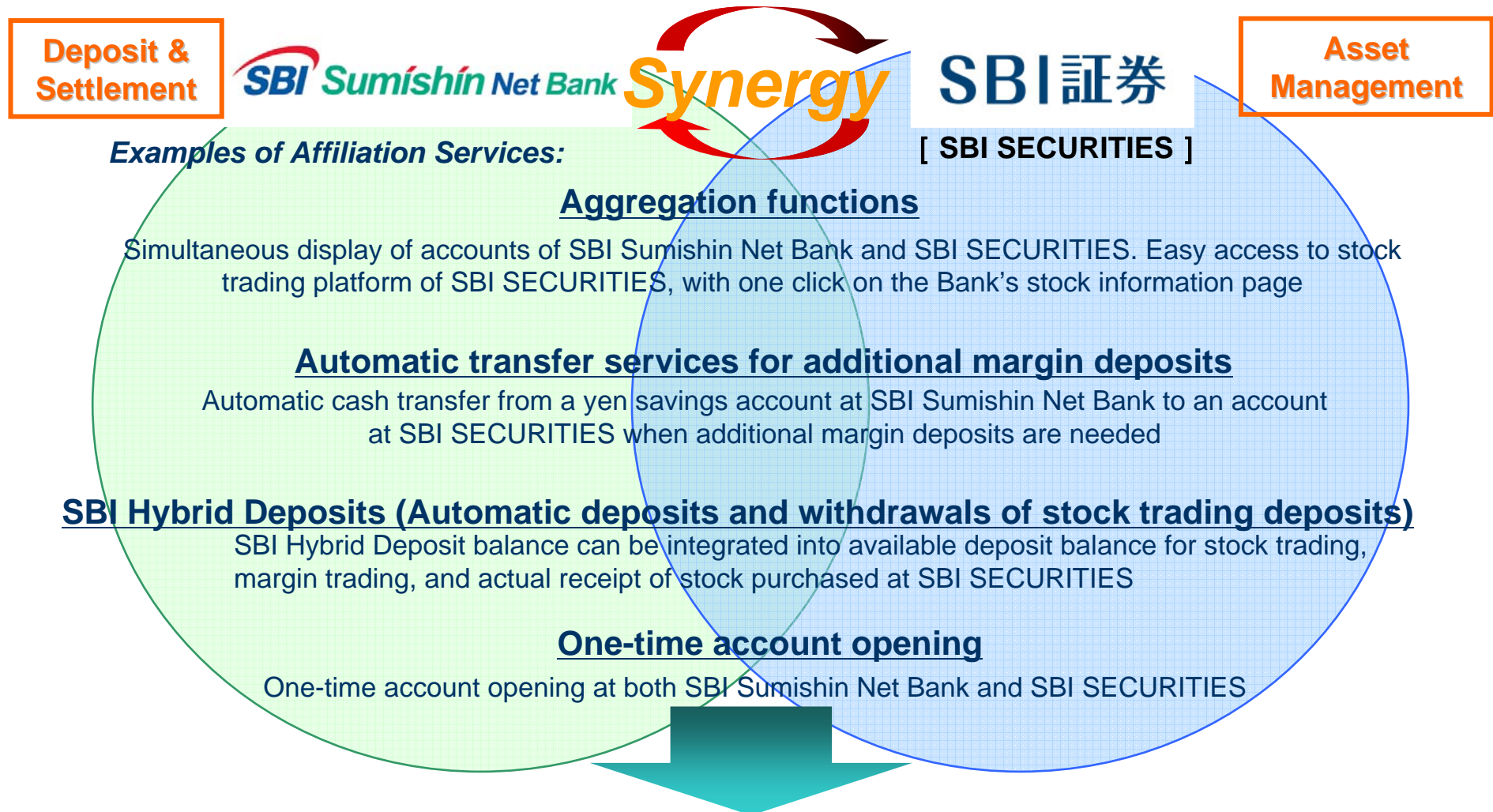


The SBI Group established a financial ecosystem by launching a variety of businesses, starting with the securities business and the establishment of joint ventures with prominent partners in the financial sector



➔ A globally unique Internet-based financial conglomerate that offers a one-stop service is established

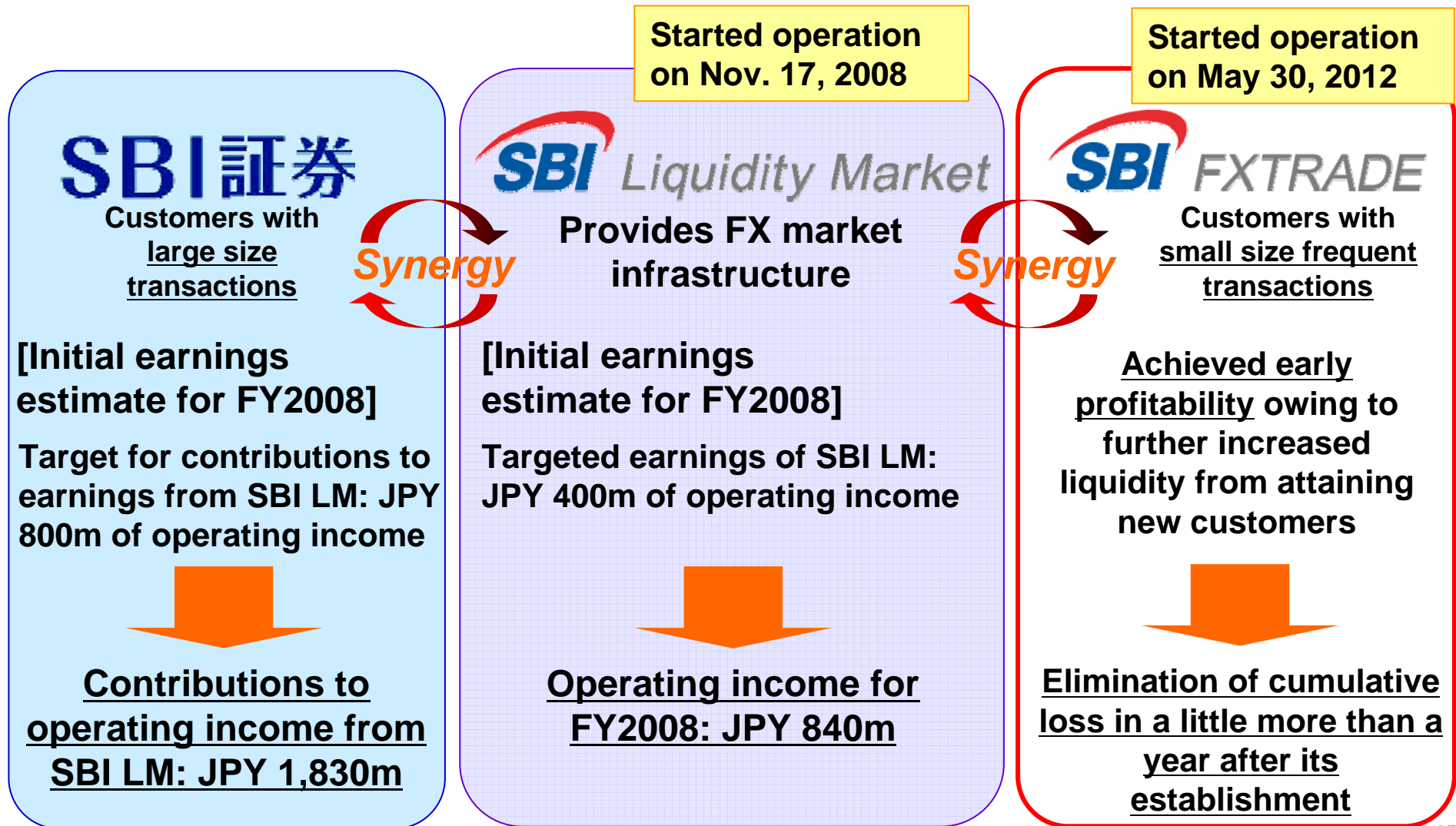
SBI Sumishin Net Bank and SBI SECURITIES' Synergy as an Example



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

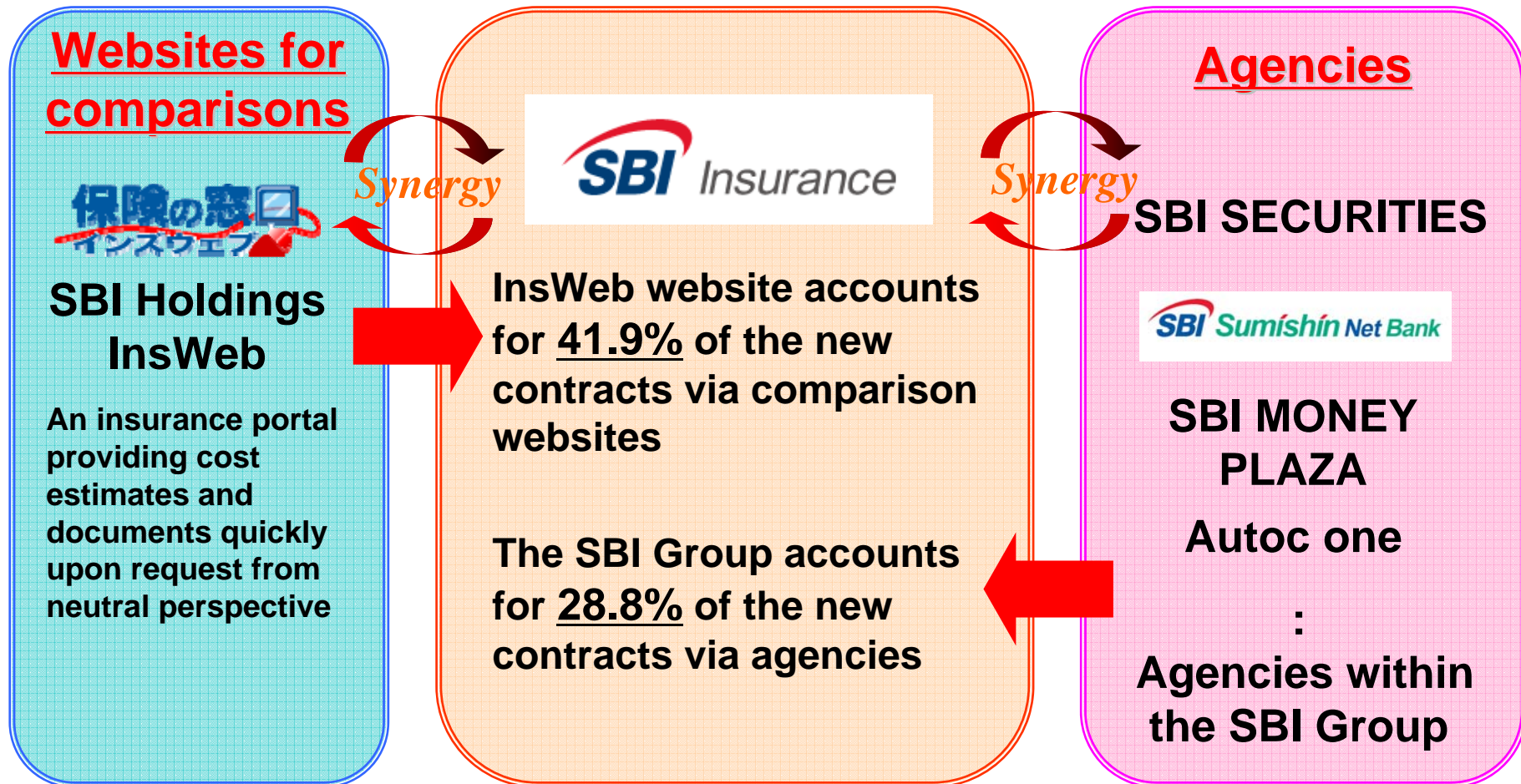
Synergies Generated Soon After Start of Operations

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



Positive Synergies within the Group that Positively Affects SBI Insurance

The insurance comparison website, the online securities business, and other SBI Group companies, with their respective customer bases, become sales channels that exert synergy effects.



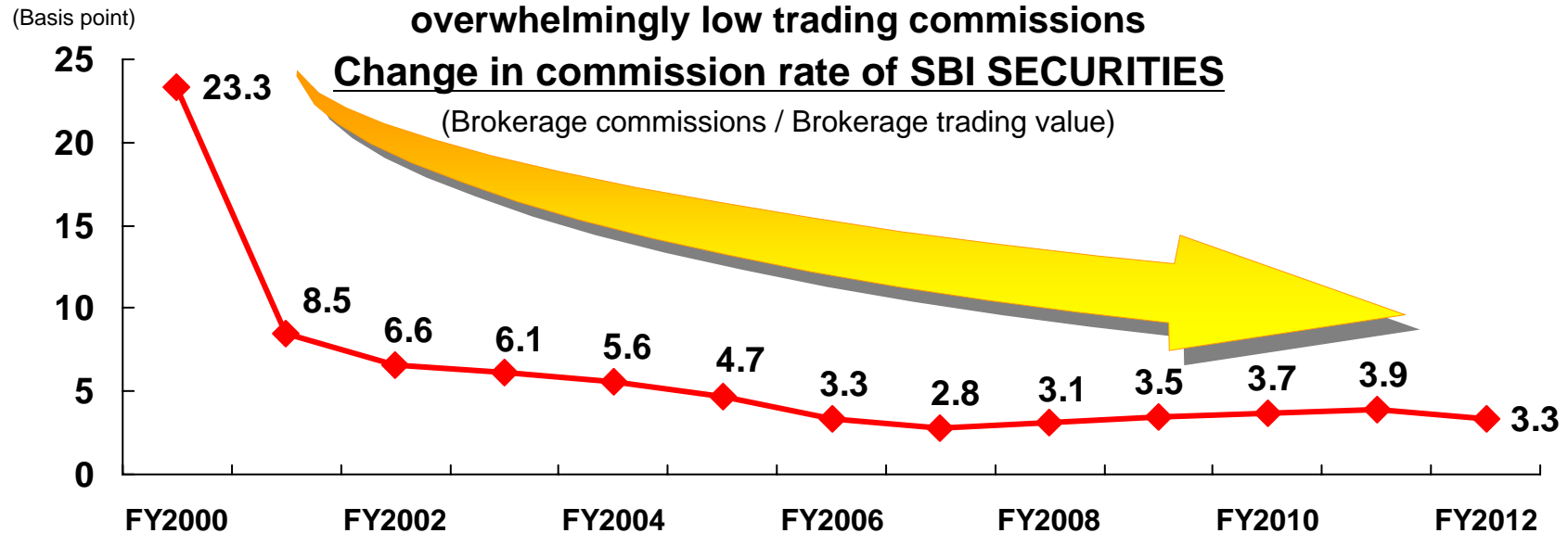
(2) Earned high customer satisfaction through the adherence to the “Customer-centric Principle”

Adherence to the “Customer-centric Principle” – SBI SECURITIES

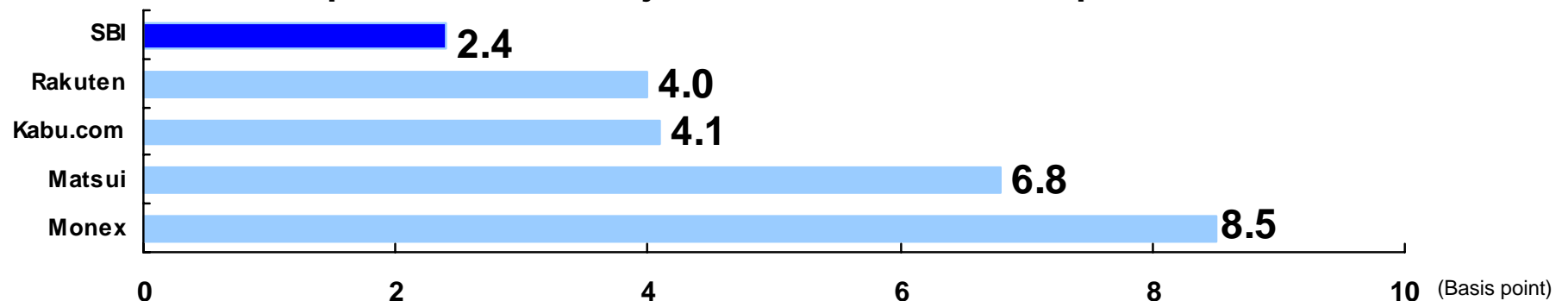


~Momentous Reduction of Brokerage Commissions~

SBI SECURITIES realized a momentous reduction of brokerage commissions by offering overwhelmingly low trading commissions



Commission rate comparison of five major online securities companies in 9 Months FY2013



Source: Compiled by SBI SECURITIES from financial results announcement materials and monthly disclosure reports of each company. Commissions are from earnings briefings.

*1 Major online securities companies refer to SBI SECURITIES, Rakuten Securities, kabu.com Securities, Monex and Matsui Securities

*2 Figures of Monex are based on commissions of Monex, Inc.'s commission figures

Adherence to the “Customer-centric Principle” – SBI Sumishin Net Bank



~Offering Favorable Interest Rates~

Owing to lower personnel and operating costs as compared to major city banks that operate branches nationwide, favorable interest rates can be offered

Example: Comparison of term deposit interest

Average of 3 major city banks

	Less than JPY 3 million			Over JPY 3 million		
Term of deposit (year)	1	3	5	1	4	5
Interest (%)	0.025	0.030	0.037	0.025	0.030	0.047



↓ 10 times

	Less than JPY 3 million			Over JPY 3 million		
Term of deposit (year)	1	3	5	1	4	5
Interest (%)	0.250	0.140	0.160	0.250	0.140	0.160

(*) Yearly rate, before taxes. As of Feb. 24, 2014. Based on SBIH's research


Adherence to the “Customer-centric Principle” – SBI Insurance



~Outstanding Price Competitiveness~

In auto insurance premium rankings published in Mar. 2013, SBI Insurance ranks highest for representative examples of generations: age 26 (grade 6, new policy), age 35 (grade 6, new policy) and age 60 (grade 14, renewal).

The Diamond Weekly “Auto Insurance Premium Ranking” (35-year-old, 6th class, New contracts)

	: Direct insurance company
#	: Started operation after 1998

	Company	Car insurance premium (JPY)*
1	SBI Insurance #	<u>31,350</u>
2	Saison Automobile & Fire Insurance	36,250
3	American Home Direct	36,510
4	Secom General Insurance	37,130
5	E.Design Insurance #	38,540
6	Mitsui Direct #	39,350

7	AXA GENERAL INSURANCE #	43,210
8	Zurich Insurance	46,560
9	Sonpo 24 #	47,600
10	Sony Assurance #	53,810
11	Mitsui Sumitomo Insurance	55,320
12	Aioi Nissay Dowa Insurance	55,910

(Source: Excerpt from “The Diamond Weekly Mar. 9, 2013”)

*Insurance Premium Terms and Conditions

•Vehicle type: Toyota Prius / Model: ZVW30 (new vehicle discount applied) •Policy start date: Mar. 1, 2013 (1-year policy, lump-sum payment) •Policyholder: individual (male) •Age/grade conditions: age of insured person: 35 (compensation for age 35 and above), gold driver's license, grade 6, new policy •Purpose of use: daily use/leisure •Annual driving distance: 10,000 km •Bodily injury/property damage coverage: unlimited (zero deductible) •Vehicle damage: not covered •Personal injury: 50 million yen, accidents outside the vehicle also compensated •Passenger injury: not covered (additional coverage of 5 million yen for Zurich only) •Drivers: policyholder and spouse only (spouse's age and driver's license color the same as those of the policyholder) •Discounts: Long-term discount and user restriction discount not applied •Other: Tokyo residence, no accident in past 5 years

*Application of Internet discount: SBI, American Home, Secom, Saison, Mitsui Direct, E-design, Zurich, AXA, Sony *Application of policy non-issuance discount: SBI, American Home, Secom, Saison, E-design, Zurich, NIPPONKOA, Sony *Application of prior-year accident discount: E-design, Saison, Sonpo24, Mitsui Direct *Refusal to answer: Asahi Fire & Marine Insurance, Kyoei Fire & Marine Insurance, ZENROSAI, Daido Fire & Marine, Nissin Fire & Marine, The Fuji Fire & Marine, AIU, National Mutual Insurance Federation of Agricultural Cooperatives

Customer Satisfaction Assessment (SBI SECURITIES)

	1st	“Oricon customer satisfaction ranking” of 2014 [Online securities comprehensive ranking]	For 8 years!!
<Evaluation item> 12 items, such as “commissions & dealing cost,” “easy account opening,” “variety of products,” “provision of Information” and “analytics tools,” etc.			

Customer Service Center

	HDI (Help Desk Institute) Certification in 2013 [Securities Industry] “Call-center Contact Ranking” Achieved the highest rank “three stars”	For 4 years!!	
	Highest Award for the Category	“CCJA 2013” (10th Call Center Award) Received the highest award for “Best Operation” category	For 3 years!!
	Award for Excellence	Japan Telecom Users Association 17th Corporate Telephone Response Contest in 2013	

Official Website

	HDI (Help Desk Institute) Certification in 2013 [Securities Industry] “Support Portal Raking (Official Website)” Achieved the highest rank “three stars”	4th time 3 years in a row!!
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Customer Satisfaction Assessment (SBI Sumishin Net Bank)



1st

**JCSI Customer Satisfaction Survey
(Japanese Customer Satisfaction Index)
Banking industry**

**For
5 years!**



1st

**J.D. Power “Japan Investor Satisfaction
Study” Self-Directed Bank Segment ***

**For
2 years!**

* Source: J.D. Power Asia Pacific 2013 Japan Investor Satisfaction StudySM

This result was obtained from 3,224 respondents who uses investment services of Self-Directed Bank Segment.
japan.jdpower.com



1st

**“10th Nikkei Financial Institution Ranking“
Customer Satisfaction by generations, 20s
and 30s**





**For
2 years!**

“The wide selection of loan products and other products contributes to the high rating. The bank’s most favorable interest rate on fixed-rate housing loans is 1.28% (offered in January), the industry’s lowest. The bank also offers many original services unique to an Internet bank, such as advanced repayment with no fees starting from one yen.” (Source: *Nikkei Veritas*, Issue 307)


307)

Customer Satisfaction Assessment (SBI Insurance)

SBI損保の自動車保険 Auto Insurance

	1st Diamond Weekly <small>* In the Mar. 9, 2013 special issue</small> “Auto Insurance Premium Ranking”	For 5 years !
	1st Rakuten Insurance / Ranking of Most Popular Auto Insurance the First Half of FY2013	For 5 years !
	1st Oricon customer satisfaction ranking FY2014 Auto Insurance Category “Auto Insurance Premium Ranking”	For 5 years !
	1st Kakaku.com / Auto Insurance Satisfaction Ranking (2013) Premium Section	For 4 years !

Official Website

	HDI-Japan HDI’s Call-center Customer Satisfaction Ratings 2013 Top “three-star” rating in the Support Portal (Official Website) Category	For 2 years !
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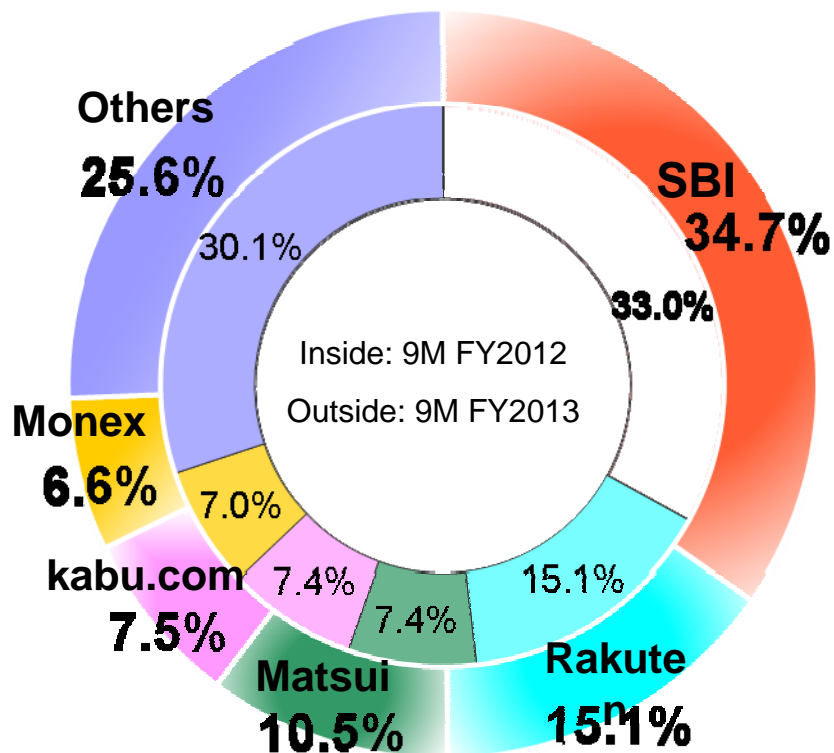
(3) Attained No. 1 position in a diversity of businesses by implementing (1) and (2)

Attained No. 1 Position in a Diversity of Businesses – SBI SECURITIES

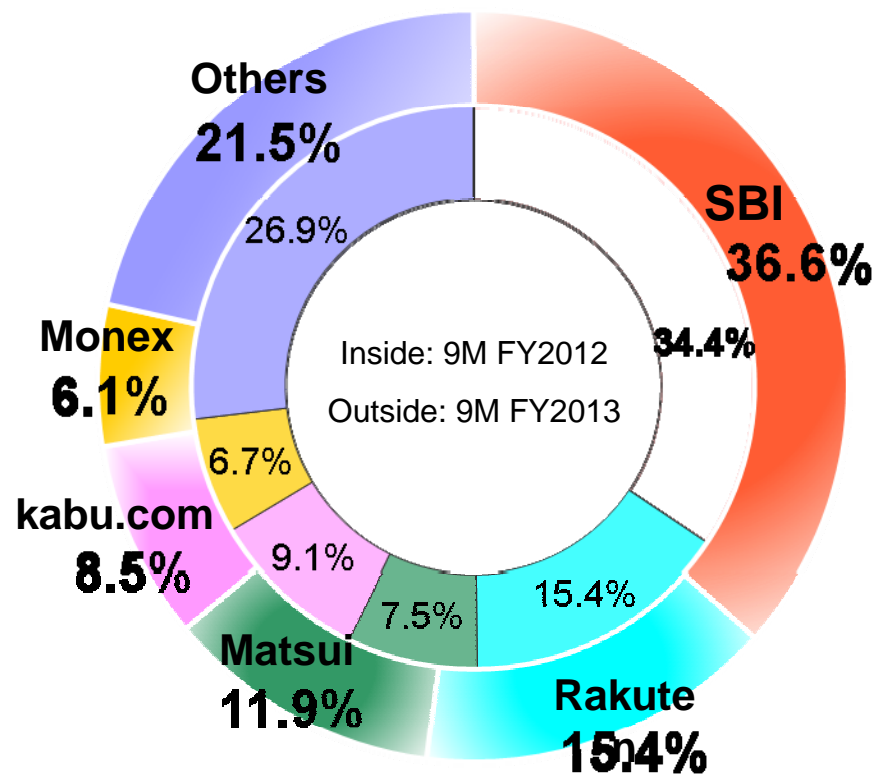


~Secured an overwhelming No. 1 ranking in the share of individual stock trading~

Share of Individual Stock Trading Value (%)
9 months FY2013
(Apr.-Dec. 2013)



(of which) Share of Individual Margin Trading Value (%)
9 months FY2013
(Apr.-Dec. 2013)



Source: Compiled by SBI SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and websites of each company
* The whole individual stock trading value and individual margin trading value are the sum of 1st and 2nd section of the Tokyo and Nagoya Stock Exchange, respectively.

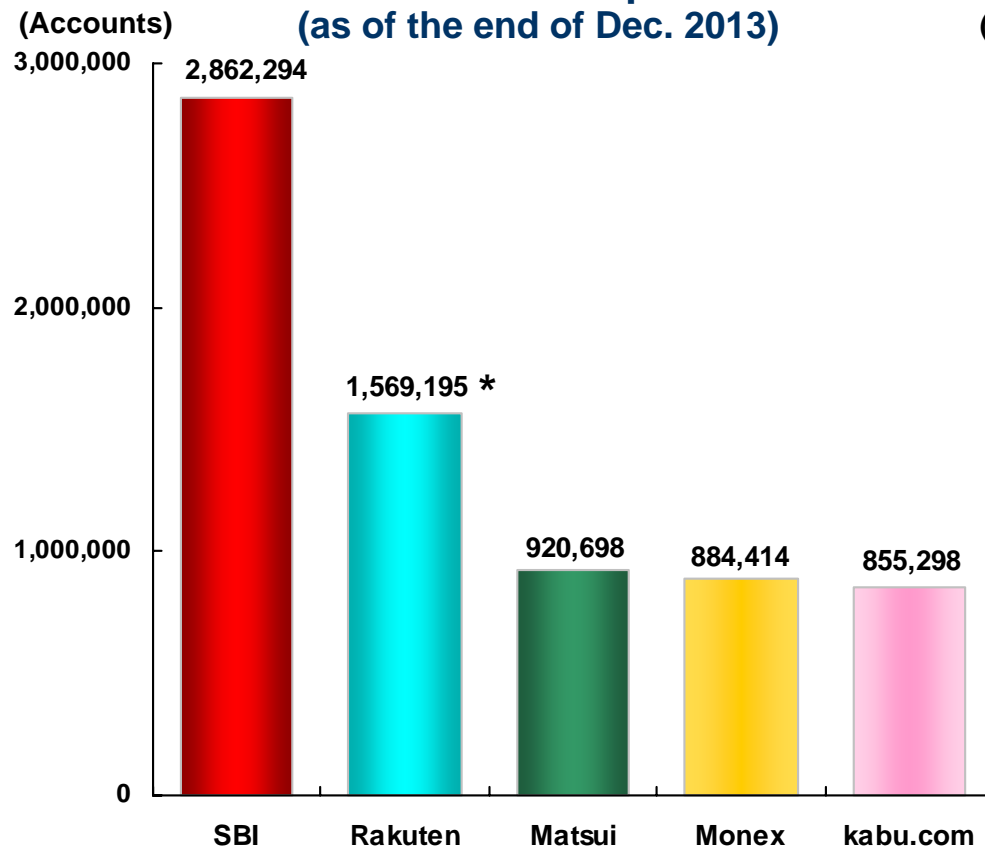
SBI SECURITIES:

Attained No. 1 Position in a Diversity of Businesses – SBI SECURITIES

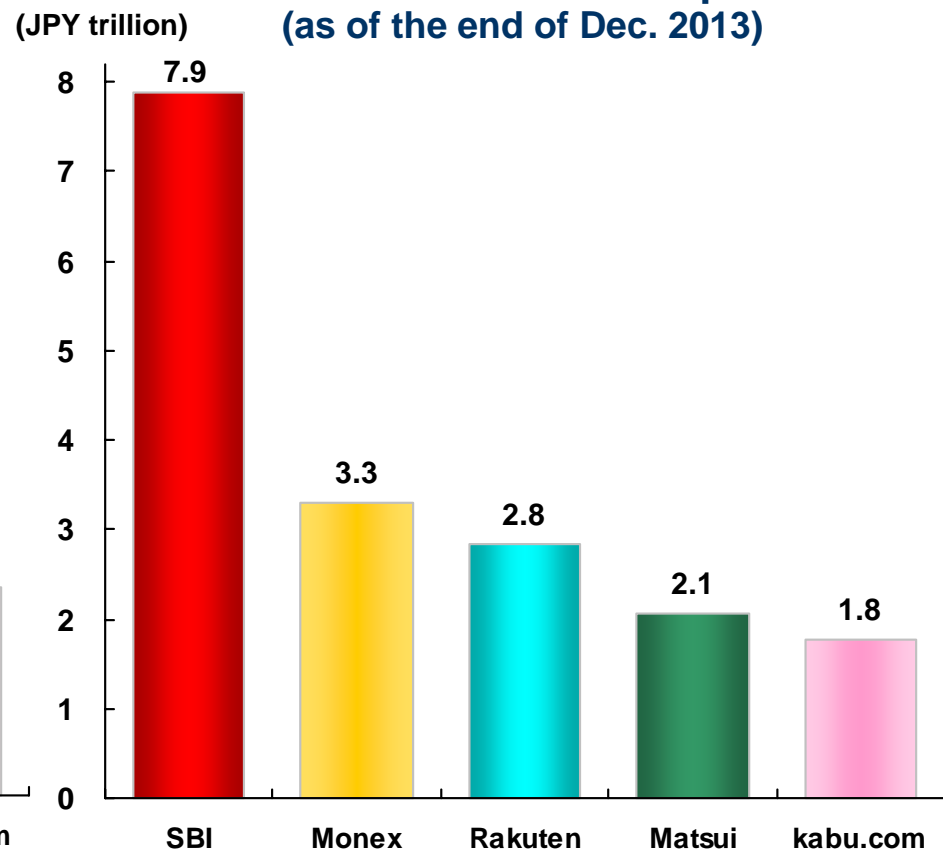


~No. 1 in number of accounts and total customer assets
among the 5 major online securities companies~

Customer Accounts of 5 Online
Securities Companies
(as of the end of Dec. 2013)



Customers' Deposit Assets of
5 Online Securities Companies
(as of the end of Dec. 2013)



* The figure of Rakuten is that of the end of Sept. 2013. The figure as of the end of Dec. is not disclosed.




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

Attained No. 1 Position in a Diversity of Businesses – SBI Sumishin Net Bank

~No. 1 in deposit balance and balance of loans among the
pure-play Internet banks~

Pure-play Internet Banks' Financial Results for 9 Months FY2013

JPY billion; parenthetical figures are YoY % change.
The number of accounts is in thousands.

	Date of operation started	Deposit amount	Balance of loans	Number of accounts	Ordinary income/loss
SBI Sumishin (cons.)	Sept. 2007	 3,306.0	 1,259.0	1,886 (22.0)	 8.1 (63.5)
Daiwa Next	May 2011	2,357.6	98.3	865 (29.7)	3.1 (40.6)
Sony Bank (cons.)	June 2001	1,857.4	1,025.1	940 (3.3)	5.3 (82.6)
Rakuten (cons.)	July 2001	1,008.8	239.5	4,506 (8.0)	5.5 (-20.6)
Jibun	July 2008	560.0	69.4	1,595 (8.9)	1.5 (13.3)
The Japan Net	Oct. 2000	541.0	32.3	2,563 (5.2)	4.1 (179.3)

Note: Amounts are rounded to the nearest 100 million yen or thousand accounts. The number of accounts is as of the end of Dec. 2013.
The number of accounts for Sony Bank is as of the end of Sept. 2013.

Attained No. 1 Position in a Diversity of Businesses – SBI Insurance

~Steadily growing to become No. 1 in auto insurance premiums
among the major direct insurance companies~

[Comparison of Auto Insurance Premium Income]

(JPY million)

	Date of operation started	FY2010		FY2011		FY2012
Sony Assurance	Sept. 1999	65,516	Sony Assurance	70,712	Sony Assurance	74,406
AXA GENERAL INSURANCE	July 1999	33,271	AXA	35,261	AXA	38,136
Mitsui Direct	June 2000	32,688	Mitsui Direct	33,830	Mitsui Direct	34,735
Zurich Insurance *1	July 1986	27,931	Zurich Insurance	30,126	Zurich Insurance	31,364
American Home Direct	Dec. 1960	17,143	American Home	16,594	SBI Insurance	19,501
Sonpo 24	Mar. 2001	10,697	SBI Insurance	14,288	American Home	15,078
SBI Insurance	Jan. 2008	10,069	Sonpo 24	11,810	Sonpo 24	12,890
E.design Insurance	June 2009	2,856	E.design	5,213	E.design	10,893

*Direct net premiums written. (Source: Disclosure from each company)

*1 Figures for Zurich Insurance are of Japan Branch, including underwritten reinsurance premium. *2 Figures for E.design are net premiums written.

Attained No. 1 Position in a Diversity of Businesses – SBI Liquidity Market

~No.1 in customer deposit assets and the number of accounts within the
OTC FX industry (Total of SBI SECURITIES, SBI FXTRADE and SBI Sumishin Net Bank)~

Customers' Deposit Assets (JPY million)

No.	Company name	Amount	MoM change
1	SBI Group	130,874	2,026
2	Gaitame.com	101,688	-2,747
3	GMO CLICK	92,868	250
4	CyberAgent FX	79,902	-578
5	DMM.com	76,321	-78
6	Central Tanshi FX	53,336	-435
7	MONEY SQUARE JAPAN	50,312	1,113
8	MONEY PARTNERS	43,797	-382
9	Hirose FX	21,475	-238
10	FX PRIME by GMO Corporation	15,059	-49
11	Traders Securities	13,471	-52
12	Ueda Harlow	12,045	-56
	Others (2 companies)	54,826	742
	Total	745,974	-484

Number of FX Trading Accounts (Accounts)

No.	Company name	Number of accounts	MoM change
1	SBI Group	438,473	11,349
2	Gaitame.com	374,816	1,502
3	DMM.com	363,087	3,865
4	GMO CLICK	323,646	3,285
5	CyberAgent FX	272,512	2,685
6	MONEY PARTNERS	230,717	1,513
7	Traders Securities	213,646	1,408
8	Hirose FX	158,344	1,108
9	FX PRIME by GMO Corporation	143,805	850
10	Central Tanshi FX	141,591	416
11	MONEY SQUARE JAPAN	63,728	830
12	Ueda Harlow	48,913	39
	Others (2 companies)	288,340	2,005
	Total	3,061,618	30,855

- 2. Made concentrated investments into growth industries of the 21st century as a “new industry creator,” and developed a number of IT and bio venture companies**

Initiatives as a “New Industry Creator”



~Concentrated Investments into Growth Industries of the 21st Century~

(i) Internet

Investing a total of over JPY 292.5bn* in 457 companies through IT-related VC funds.

(ii) Biotechnology and Life Science

Investing a total of over JPY 25.7bn* in 59 companies through Biotechnology and Life Science-related VC funds.

(iii) Environment-related Technology and Alternative Energy

Establishing Energy & Environment Investment, Inc. as a joint venture with Mizuho Securities, creating an investment fund targeting the environment and energy sectors. Investing a total of over JPY 14.5bn* in 28 companies.

(* Based on commitment amount of funds managed by the SBI Group since its establishment in 1999)

Cumulative Investment

No. of Companies Invested in	Japan	Overseas
928	663	265

EXITs (IPO, M&A)

No. of Companies EXITed:	Japan		Overseas	
	IPO	M&A	IPO	M&A
158	75	15	47	21

(As of the end of Mar. 2013)

- EXIT ratio is **17.0%**
- Average IRR of funds matured since 2000 is **17.7%**

Focused Investments into Biotechnology as a New Growth Field



Since its establishment, through the operation of VC funds, SBI has endeavored to invest in and incubate numerous venture companies focused on the IT and Biotechnology sectors

[Major bio-venture investee companies]

① euglena Co., Ltd. (Listed on TSE Mothers on Dec. 20, 2012)

(Shares held by funds, including non-consolidated funds, managed by the SBI Group (at its listing): 16.3%, the second largest shareholder) *

A bio-venture company that researches, develops, produces and markets microalgae, with a strong focus on euglena.

Invested: JPY 0.27bn → Sales proceeds: JPY 1.8bn

② ReproCELL Inc. (Listed on JASDAQ on June 26, 2013)

(Shares held by funds, including non-consolidated funds, managed by the SBI Group (at its listing): 18.1%, the largest shareholder) *

Japan's first venture company involved with iPS cells

Invested: JPY 0.23bn
→ Sales proceeds + market value of remaining shares: JPY 10.8bn (as of Feb. 28, 2014)

③ Acucela Inc. (U.S.) (Listed on TSE Mothers on Feb. 13, 2014)

(Shares held by funds, including non-consolidated funds, managed by the SBI Group (at its listing): 21.8%, the second largest shareholder)

A clinical-stage biotechnology company that specializes in discovering and developing novel therapeutics to treat and slow the progression of sight-threatening ophthalmic diseases impacting millions of individuals worldwide

Invested: JPY 3.0bn → Current market value of shares held: JPY 17.8bn (as of Feb. 28, 2014)

SBI Itself Enters into the Biotechnology Business, a Designated Next Generation Growth Sector

Biotechnology venture firms were established in and after 2007, and subsequently directly involved in the biotechnology business

Jan. 2007~

**Enters drug
creation business**



Joint drug creation bio-venture firm with partners across Japan, the U.S., China, South Korea and Israel

**In preparation for
an IPO in 2014**

Apr. 2008~

**5-ALA (5-aminolevulinic acid)
related businesses**



The world's first pharmaceutical company engaged in the development of drugs, and the manufacturing and sales of cosmetics and health foods using 5-ALA.



Distributor of cosmetics, health foods using 5-ALA
(Apr. 2012~)

Clinical studies and trials with leading alliance partners both inside and outside of Japan have made progresses. SBI Pharmaceuticals endeavors to provide pharmaceuticals that satisfy the unmet medical needs of as many people as possible around the world.

Development of 5-ALA Related Businesses

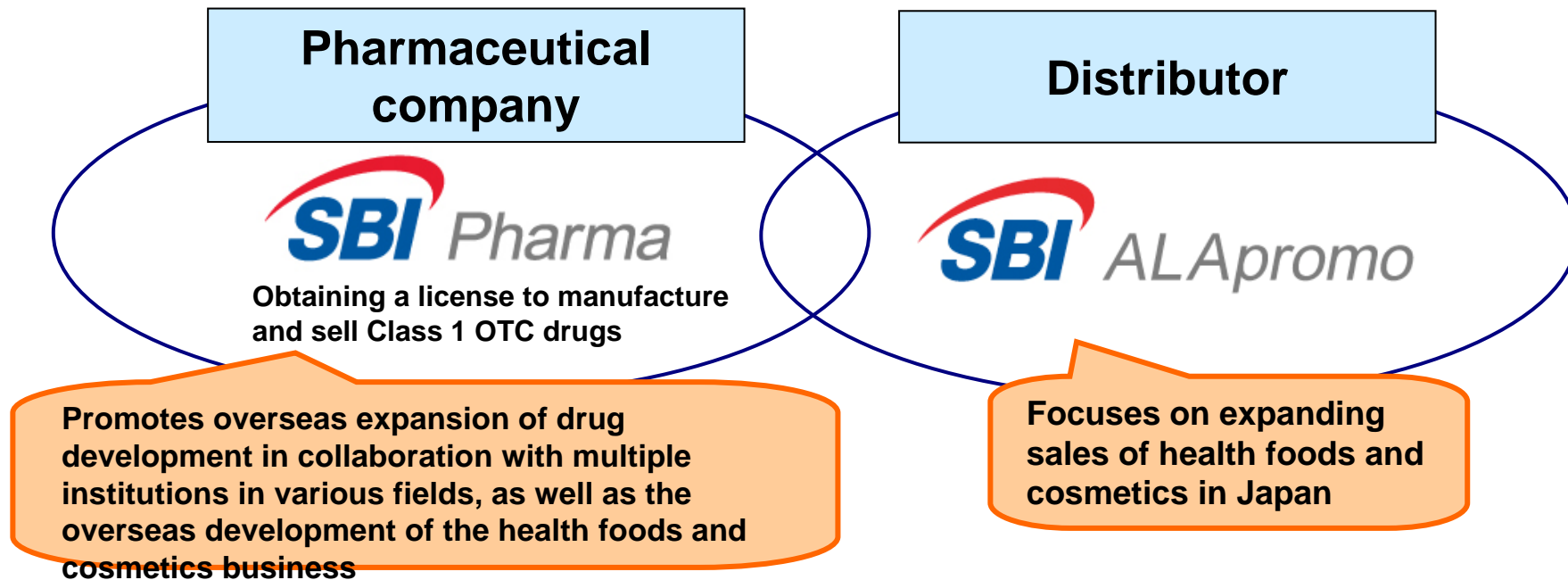


The 5-ALA Related Business that the SBI Group is Exclusively Developing Globally (Drugs, Health Food and Cosmetics)

5-ALA = 5-aminolevulinic acid (a type of amino acid)

5-ALA is an important element in the biosynthesis of chlorophyll, which is necessary for photosynthesis in plants, as well as in the biosynthesis of hemoglobin in the red blood cells of humans and animals. 5-ALA is essential for mitochondrial energy production inside cells.

<Organizational system for the 5-ALA related business>

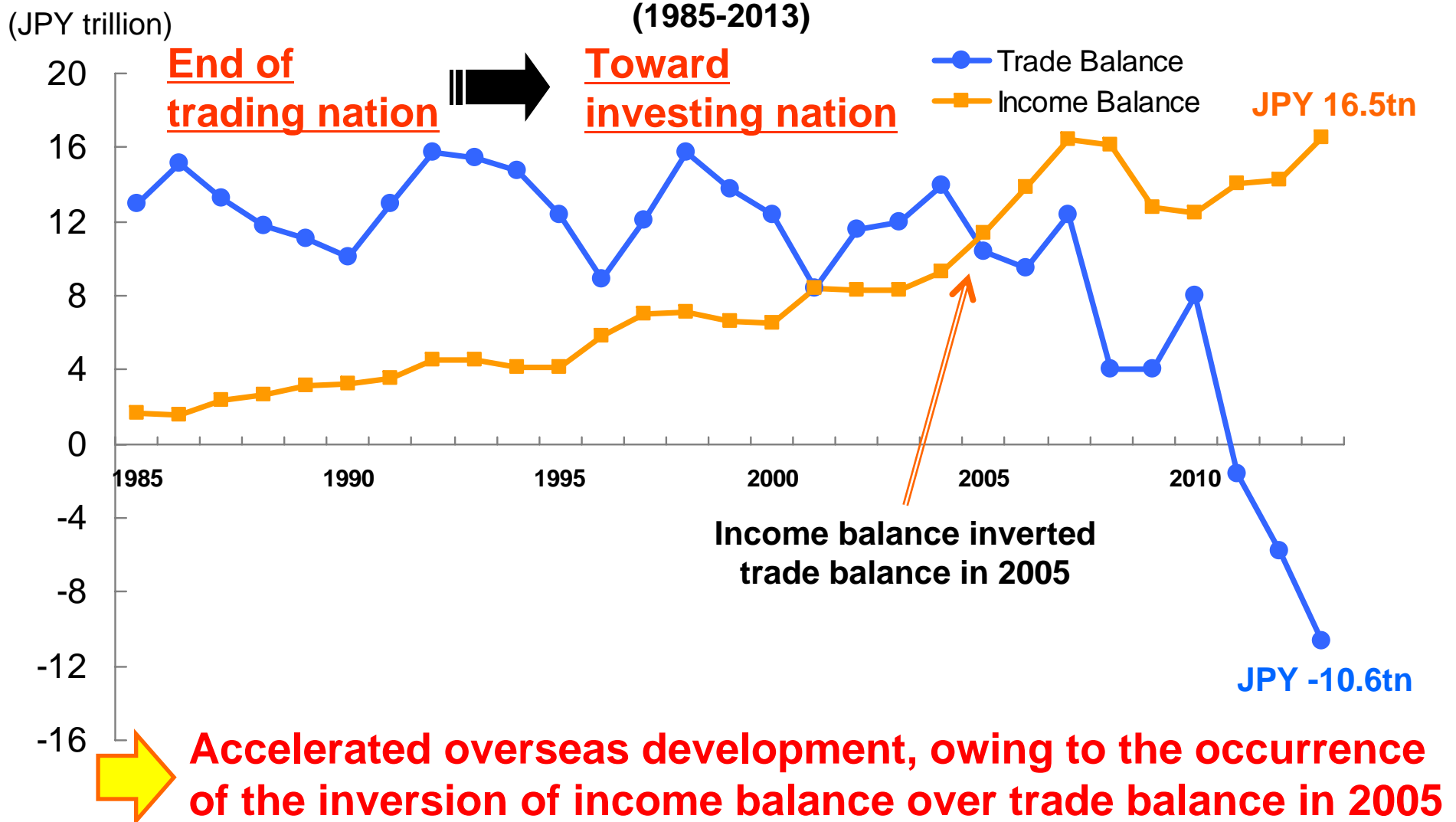


In the medical area utilizing 5-ALA, launched an intraoperative diagnostic agent for malignant glioma in Sept. 2013

- 3. Made the commitment to transform itself from “Japan’s SBI to the World's SBI,” and accelerated the development of overseas businesses primarily in rapidly growing Asia, establishing a global investment structure**

Japan's Trend Toward Monetization from Income Balance Rather Than from Trade Balance

Change in Trade Balance and Income Balance of Japan



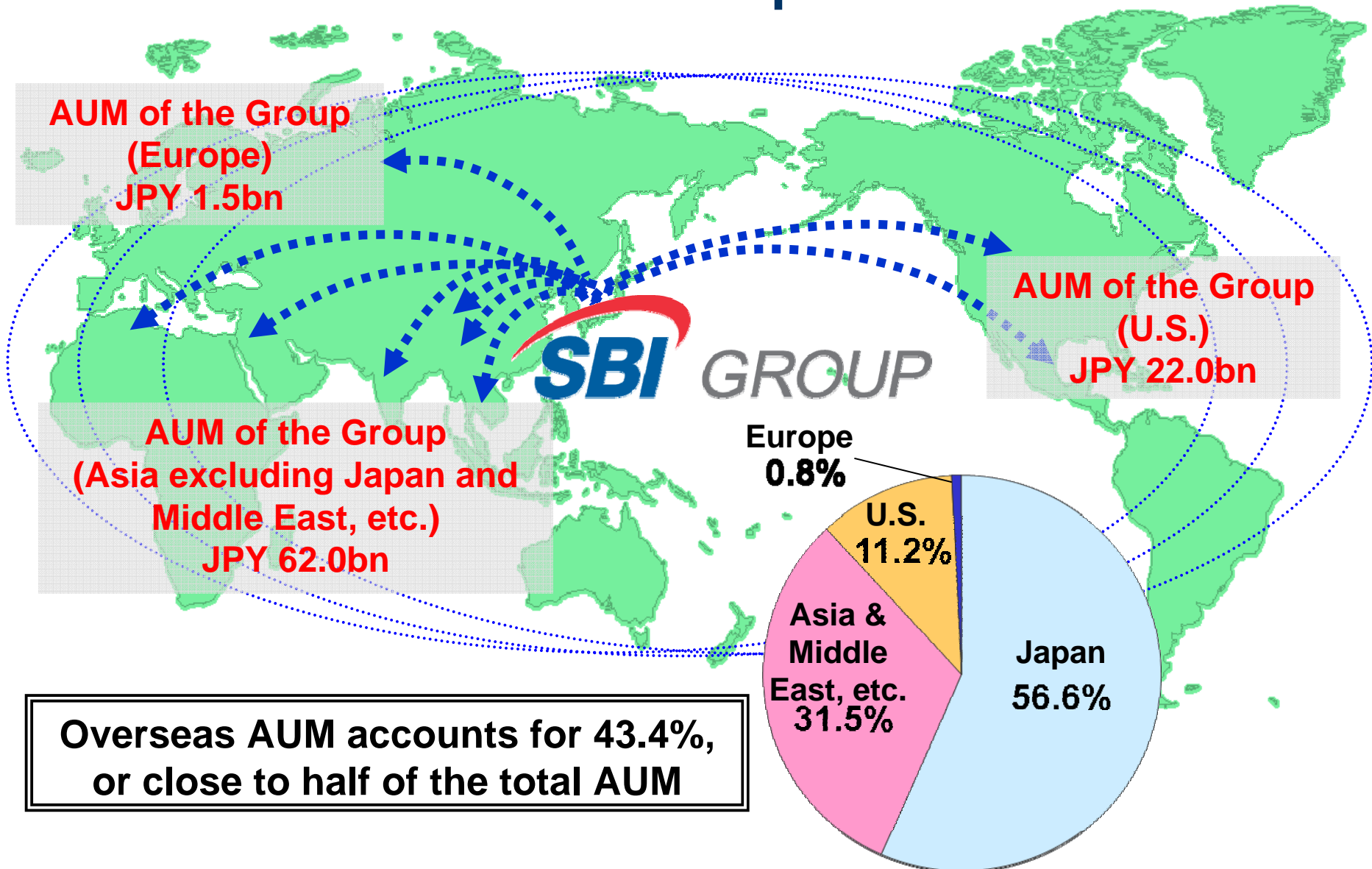
Establishment of Global Investment Structure Centering on Asia



Established global investment structure through formation of JV funds with local partners such as financial institutions, government agencies and universities



Globally Diversified AUM in Asia, the U.S. and Europe



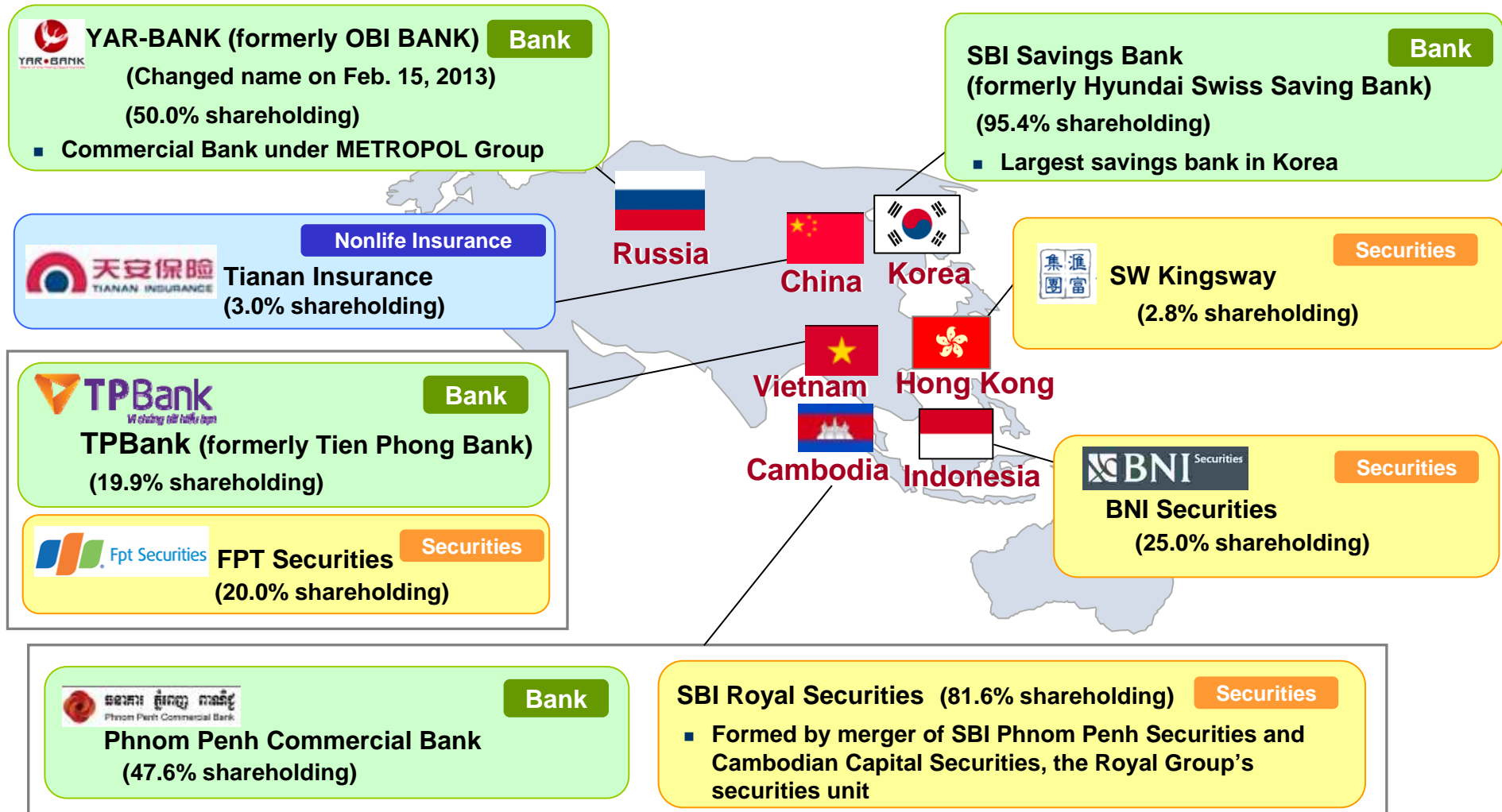
*The asset under management that is already invested as of the end of Dec. 2013. (Excluding cash and uncalled capital)

Under the Alliances with Prominent Local Partners, the SBI Group Has Advanced the Overseas Development of Its Various Financial Services



Investments in overseas financial institutions primarily in Asia*

*as of the end
of Jan. 2014



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

II. SBI Group's Next Phase Growth Strategy

“Future priorities to achieve further dramatic growth”

“Future Priorities to Achieve Further Dramatic Growth”

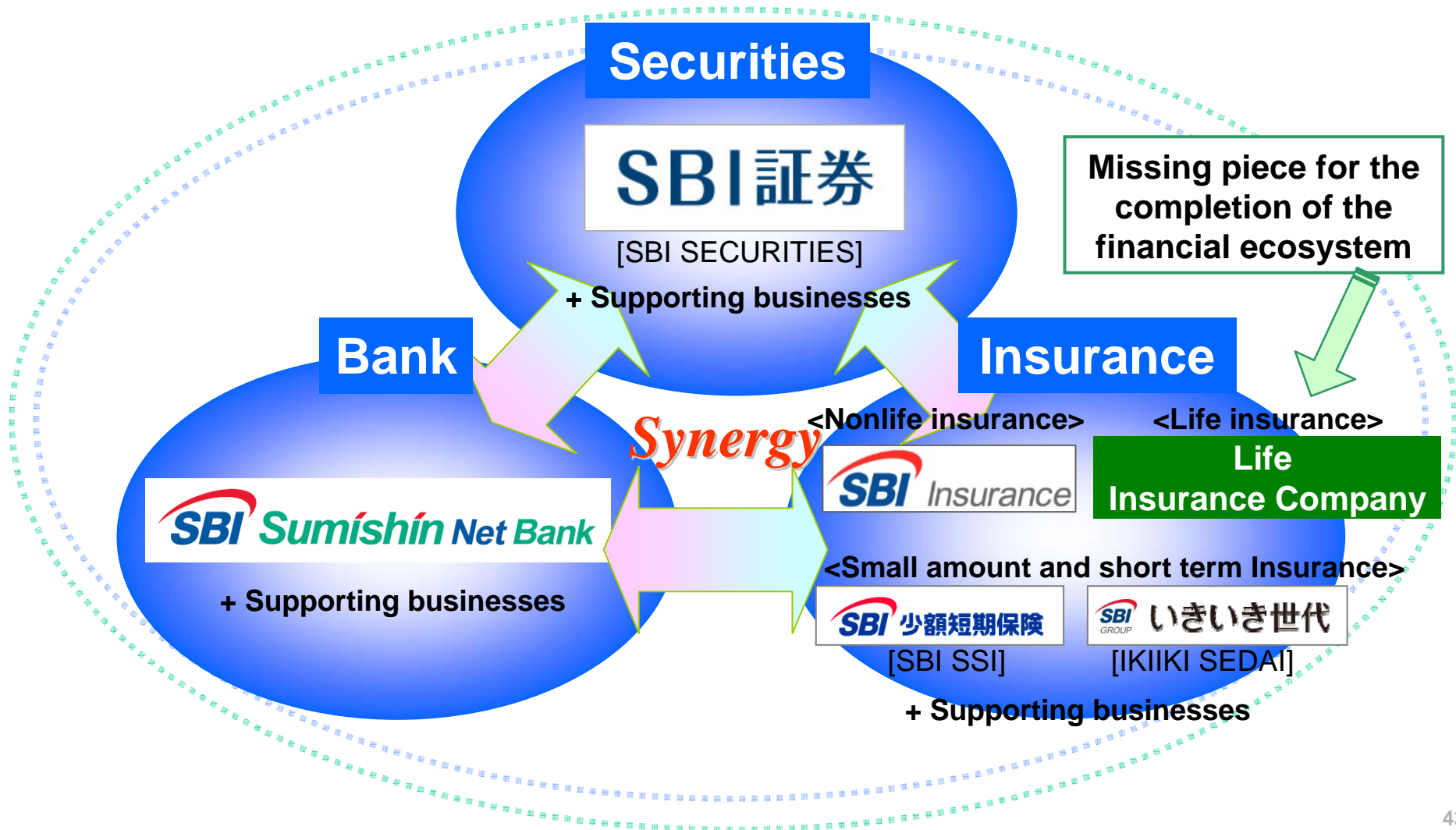
- 1. Initiate the life insurance business to complete the domestic financial ecosystem, as well as to collaborate with the Group’s Asset Management Business and with the Biotechnology-related Business**
- 2. Significantly increase the customer base through the strategic utilization of “Big Data” and the consequent appeal of the “Network Value”**
- 3. Implement an online-to-offline strategy primarily at SBI MONEY PLAZA, in the quest to become Japan’s largest financial products distributor**
- 4. Realize an early stage profitability in the Biotechnology-related Business, and accelerate overseas development of 5-ALA related business**
- 5. Endeavor to actualize SBI’s business value**

- 1. Initiate the life insurance business to complete the domestic financial ecosystem, as well as to collaborate with the Group's Asset Management Business and with the Biotechnology-related Business**
 - (1) By Undertaking the Life Insurance Business, the Financial Ecosystem will be Completed**
 - (2) Enhancing Asset Management Capacity**
 - (3) Implementing collaborations with the Biotechnology-related Business primarily in 5-ALA Related Business**

(1) By Undertaking the Life Insurance Business, the Financial Ecosystem will be Completed



Establishing a financial ecosystem, composed of the three core businesses of securities, banking and insurance, that thoroughly pursues Group synergies



(1) By Undertaking the Life Insurance Business, the Financial Ecosystem will be Completed

Announced Share Acquisition of PCA Life Insurance



The total share acquisition of PCA Life Insurance, the Japanese arm of Prudential plc, for USD 85m was announced on July 16, 2013, subject to the authorization or permission to be granted by the relevant authorities in Japan.

PCA Life Insurance

- Offer various life insurance products, including health insurance, annuities, and death insurance.
- Writing of new policies has been suspended since February 2010.

[Business results]

(JPY million)	FY2010	FY2011	FY2012
Ordinary revenues	30,240	32,363	30,828
Ordinary profit	1,292	2,348	4,199
Net income	775	2,147	4,088

(Reference) Comparison with other insurers that use the Internet as their main sales channel

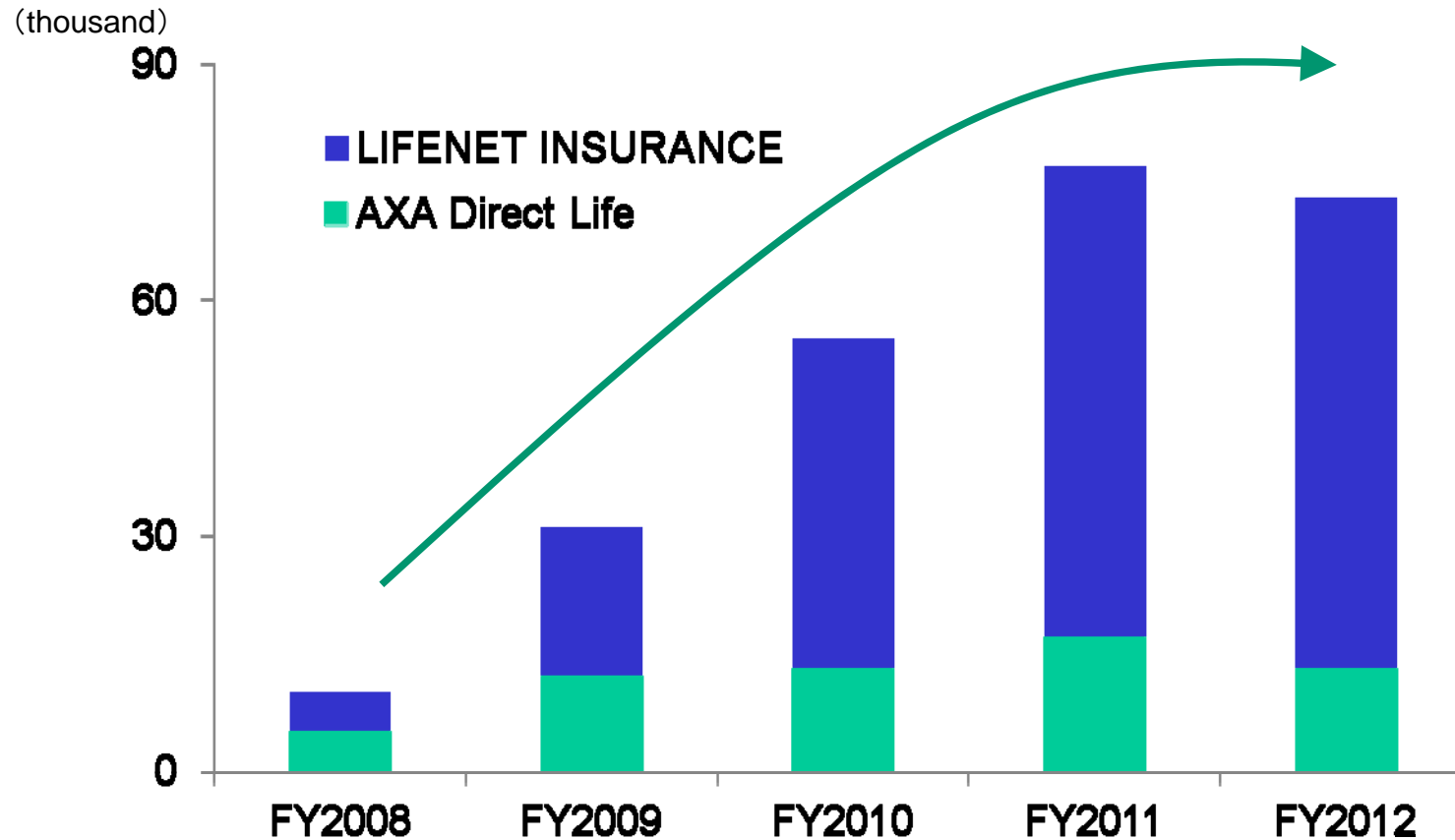
FY2012 (Source: Disclosure from each company)

(JPY million, thousand contracts)	PCA Life	LIFENET	AXA Direct Life	Rakuten Insurance
Ordinary profit	4,199	-23	-1,700	2,090
Total assets	170,397	20,450	12,858	27,433
Number of insurance contracts	130	170	50	660

(1) By Undertaking the Life Insurance Business, the Financial Ecosystem will be Completed



The Number of New Contracts at Two Pure-Play Internet Insurance Companies Reaches the Limit



(Source: Disclosure from each company)

- LIFENET began insurance solicitation through affiliated agencies in Feb. 2013.
- AXA Direct Life has partnered with several regional banks and began sequentially selling insurance at bank service counters from Jan. 2014.

(1) By Undertaking the Life Insurance Business, the Financial Ecosystem will be Completed

Scenario for Expansion into the Life Insurance Business*

*Assuming approval and licensing by the authorities



Since operating as a pure-play Internet insurer would limit potential to sustain growth, the expansion scenario assumes utilization of both Internet and face-to-face sales channels from the start.

Maximum Utilization of Each of the Group's Sales Channels

Internet channel

Website for comparisons



[SBI Holdings
InsWeb]

Agencies within the SBI Group

SBI Sumishin Net Bank

SBI Insurance

[SBI SECURITIES]

[IKI IKI SEDAI]

[SBI SSI]

Call Center

SBI Business Support

NEWTON FINANCIAL
CONSULTING

(Shares by the SBI Group: 29.1%)

Financial Agency (Shares: 34.4%)

Insurance Shop

SBI MONEY PLAZA

MITSUBACHI HOKEN GROUP

(Shares by the SBI Group: 45.6%)

IRRC Corporation (Shares: 32.0%)

WebCrew (SBIH's business partner)

* SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group. As of the end of Dec. 2013.

(2) Enhancing Asset Management Capacity

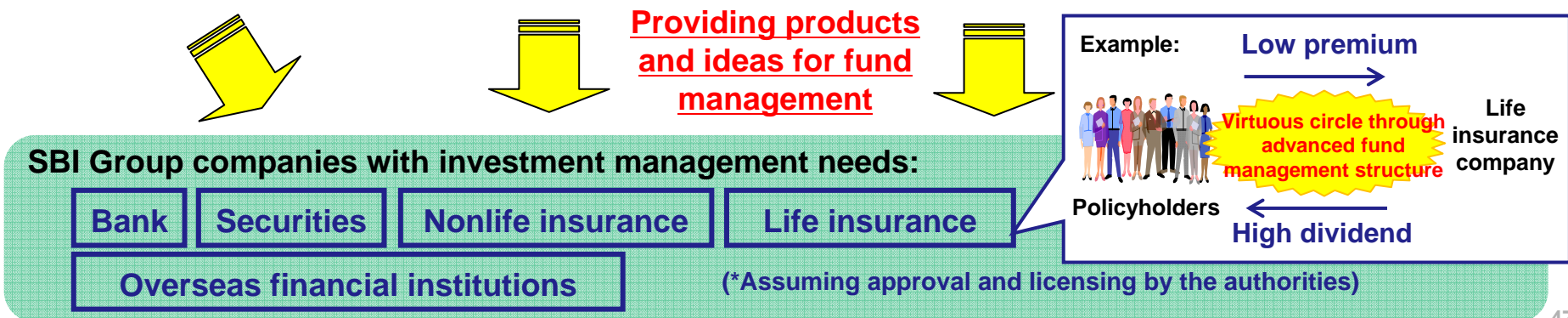


With the alignment of companies within the Group, including the life insurance company (*assuming approval and licensing by the authorities), that requires asset management capabilities, structural changes will be made through the reorganization and the strengthening of the asset management unit, so that sophisticated proprietary products such as structured bonds may be offered.

SBI Group companies that provide know-how and specialists for fund management capabilities:

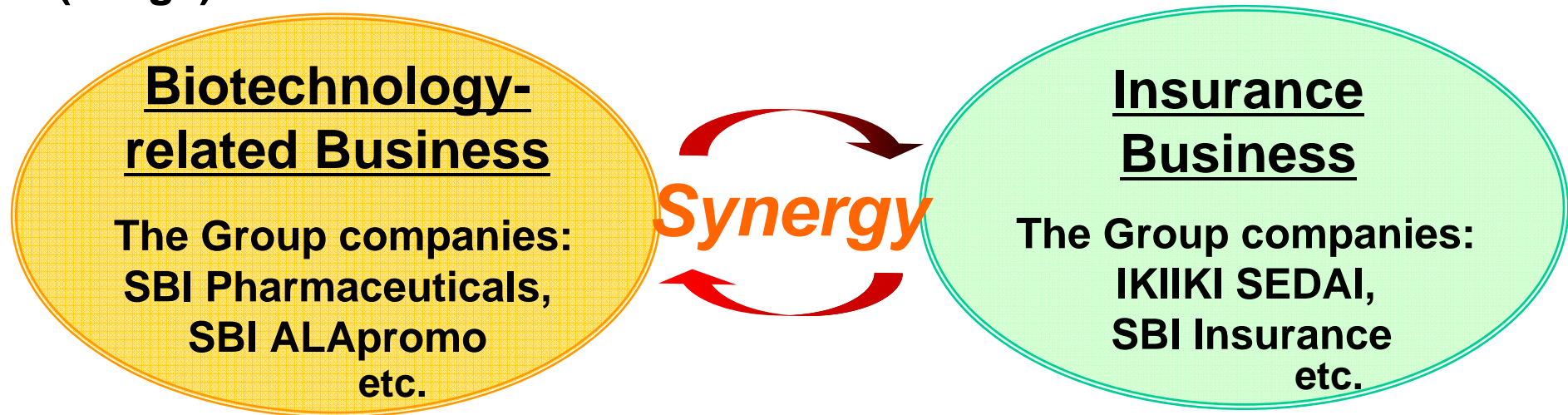


**Primary fund management methods:
Cash / Equity / Debt / Real estate / Alternative investments**



(3) Implementing Collaborations with the Biotechnology-related Business Primarily in 5-ALA Related Business

(Image)



An example of services utilizing the synergy:

A bio-technology company offers exclusive services and products to insurance policyholders*

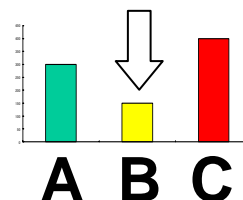


Owing to the Biotechnology-related business' contribution to the health of the insurance policyholders, the insurance companies may reduce insurance payouts, creating the possibility of a win-win situation for both policyholders and the SBI Group

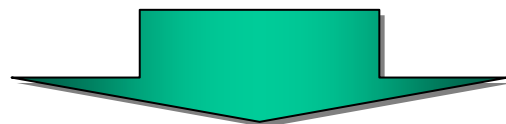
2. Significantly increase the customer base through the strategic utilization of “Big Data” and the consequent appeal of the “Network Value”

From Pursuit of Value to Pursuit of Network Value

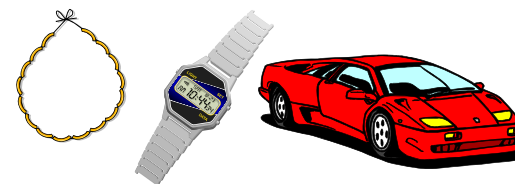
Pursuit of Price



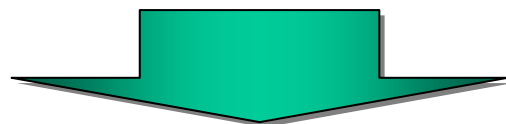
Cheap product
Cheap service



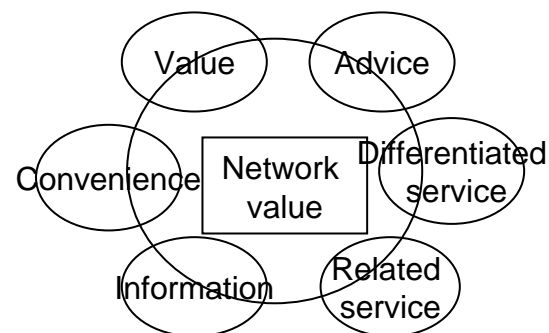
Pursuit of Value



Simple principle value of a product or a service



Pursuit of Network Value



Create added value for customers by offering combined information and asset services

Network Value Creation

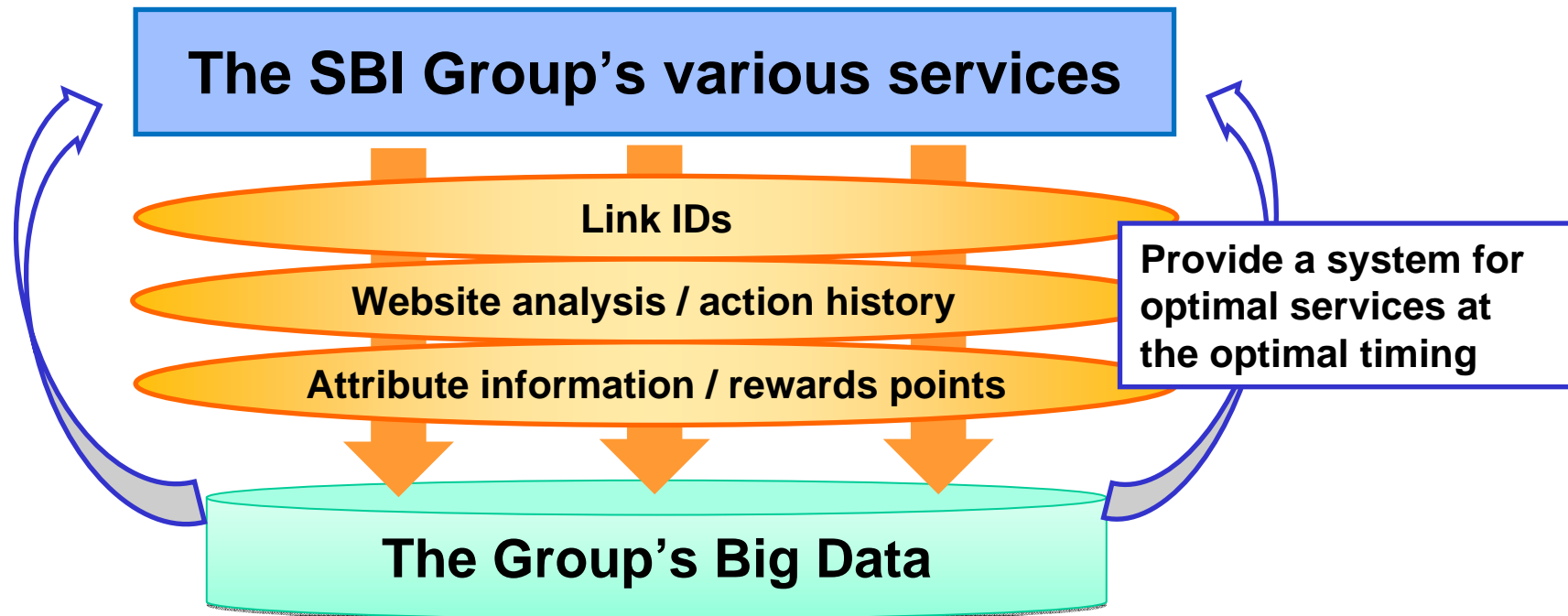
Example: "We want to buy a car"



Strategically enhancing "network value" through effective use of Big Data within the Group, such as reciprocal customer transfers

The “Network Value” Appeal through the Strategic Utilization of Big Data to Thoroughly Pursue Group Synergies

Customers’ data from respective services of the SBI Group will be centralized and analyzed as “Group Big Data” to offer best services and to achieve further customer satisfaction and customer base expansion.



Number of page views by the Group’s 16.85 million customers is 630 million per month (as of Dec. 2013), and a cross-sectional utilization of the Group’s Big Data will become possible through the detailed analysis of this data

Make “Big Data” into “Bigger Data” through Partnerships with Companies in Other Industries



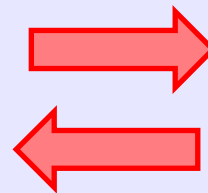
Move forward with inter-industry alliances with companies outside the Group, and through the mutual utilization of the respective customer bases, reciprocal customer transfer and expansion of the customer base will be pursued



A company in another industry

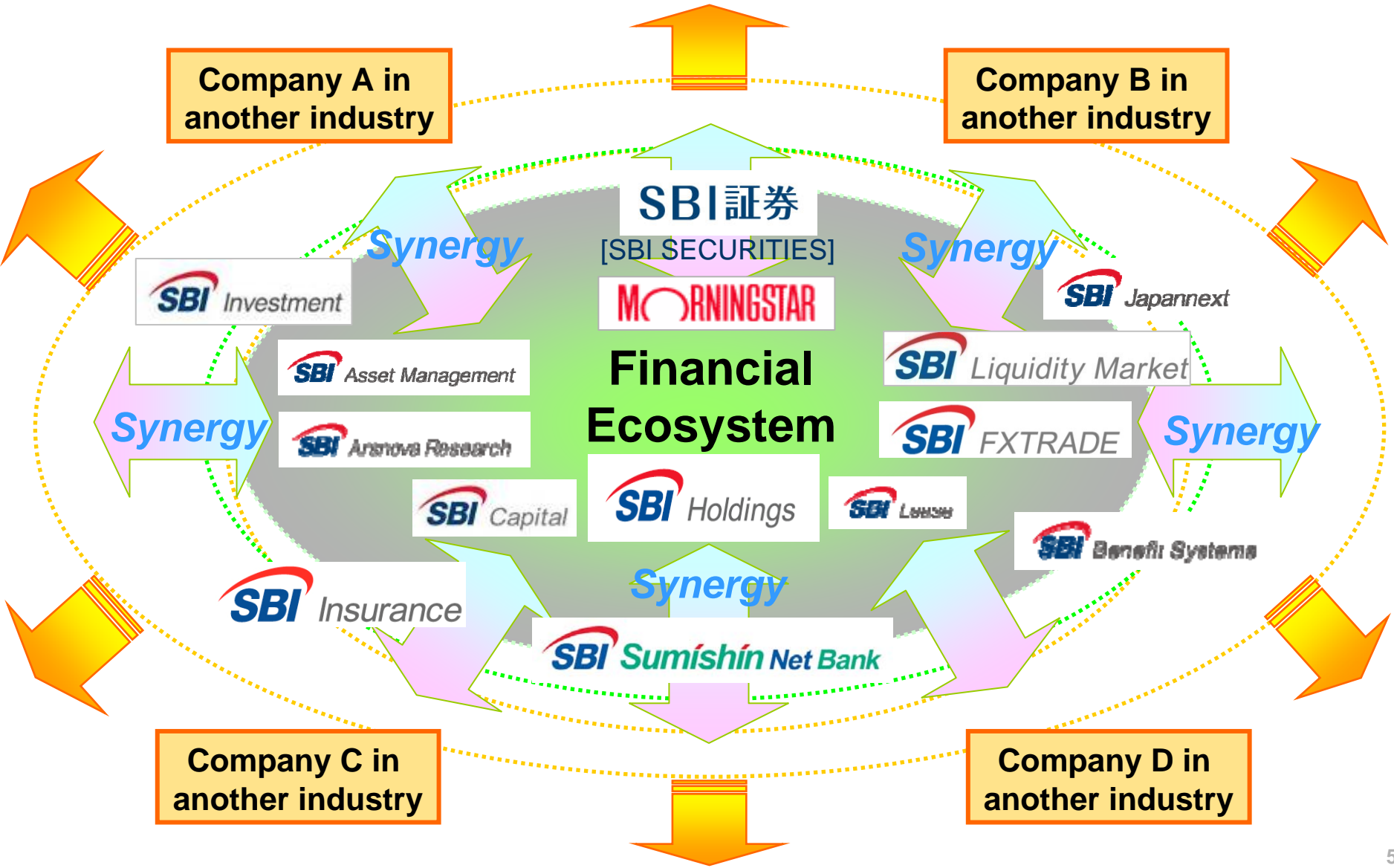


SBI Group's customer base



Partner company's customer base

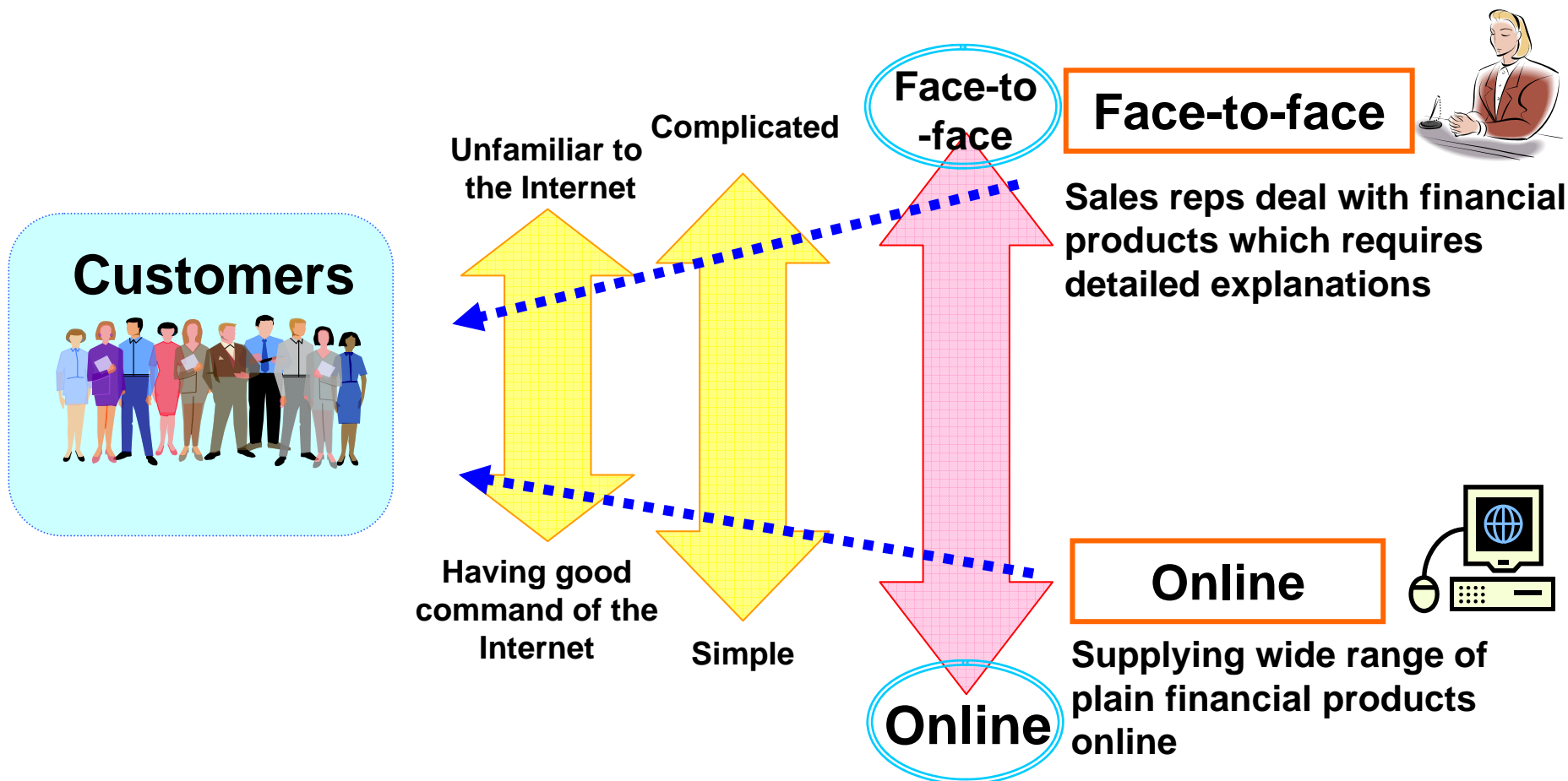
By Utilizing Big Data, Realize a Business Ecosystem that Transcends the Existing Financial Ecosystem



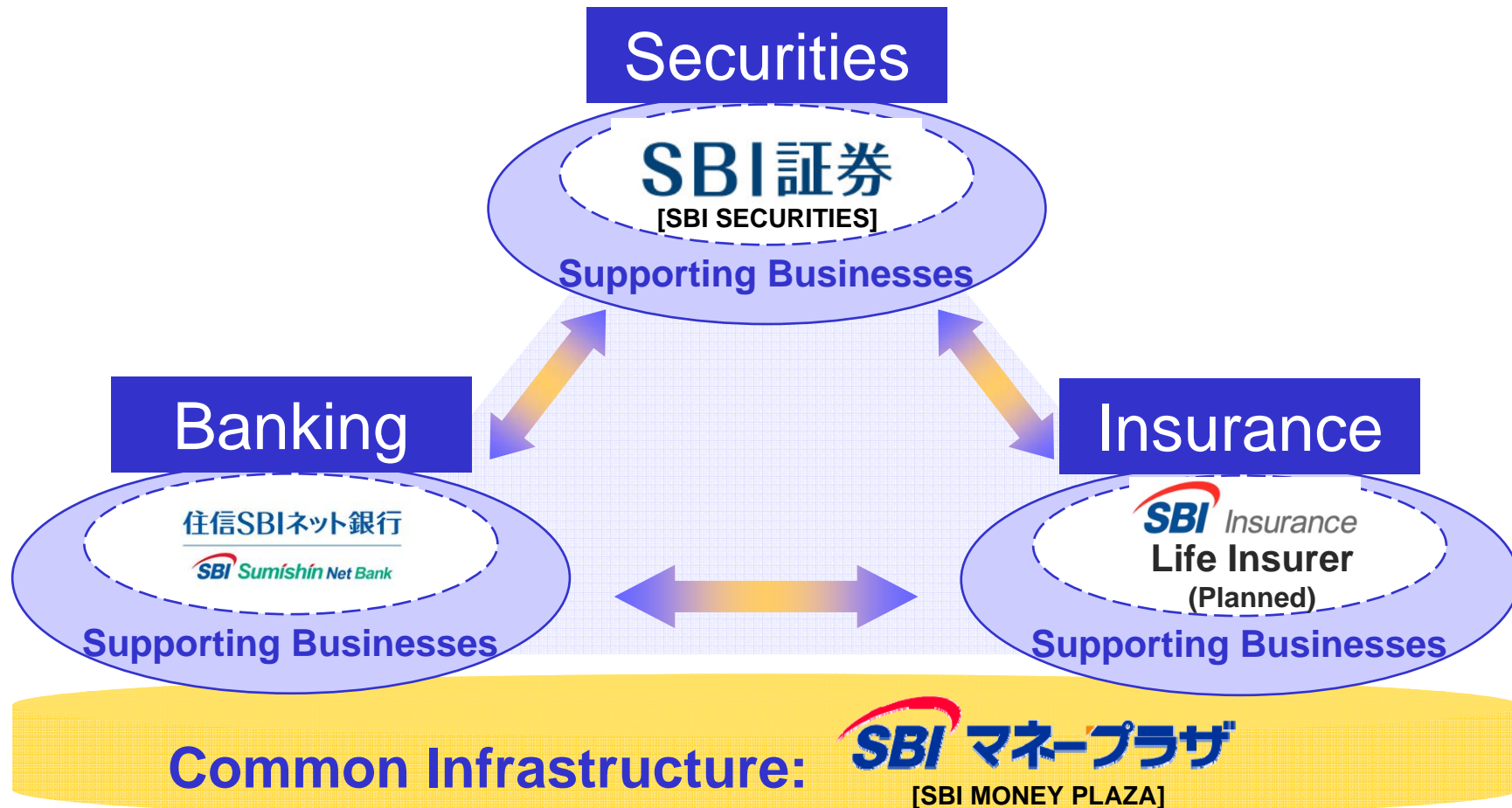
- 3. Implement an online-to-offline strategy primarily at SBI MONEY PLAZA, in the quest to become Japan's largest financial products distributor**

Integration of Online and Face-to-face Services is Essential to Realize the True Customer-centric Principle

There are demands for face-to-face consulting for complicated and high-price financial products and customers unfamiliar to the Internet



Integrating Online and Face-to-face Services to Become Japan's Largest Financial Products Distributor



Implement an online-to-offline strategy with SBI MONEY PLAZA as a common infrastructure, and continue its quest to become Japan's largest financial products distributor that offers products from both within and outside of the Group on a neutral basis.

A Vision of “SBI MONEY PLAZA”

Developed a financial one-stop service at bricks-and-mortar shops, which handles various financial products both within and outside of the SBI Group (from 2007)

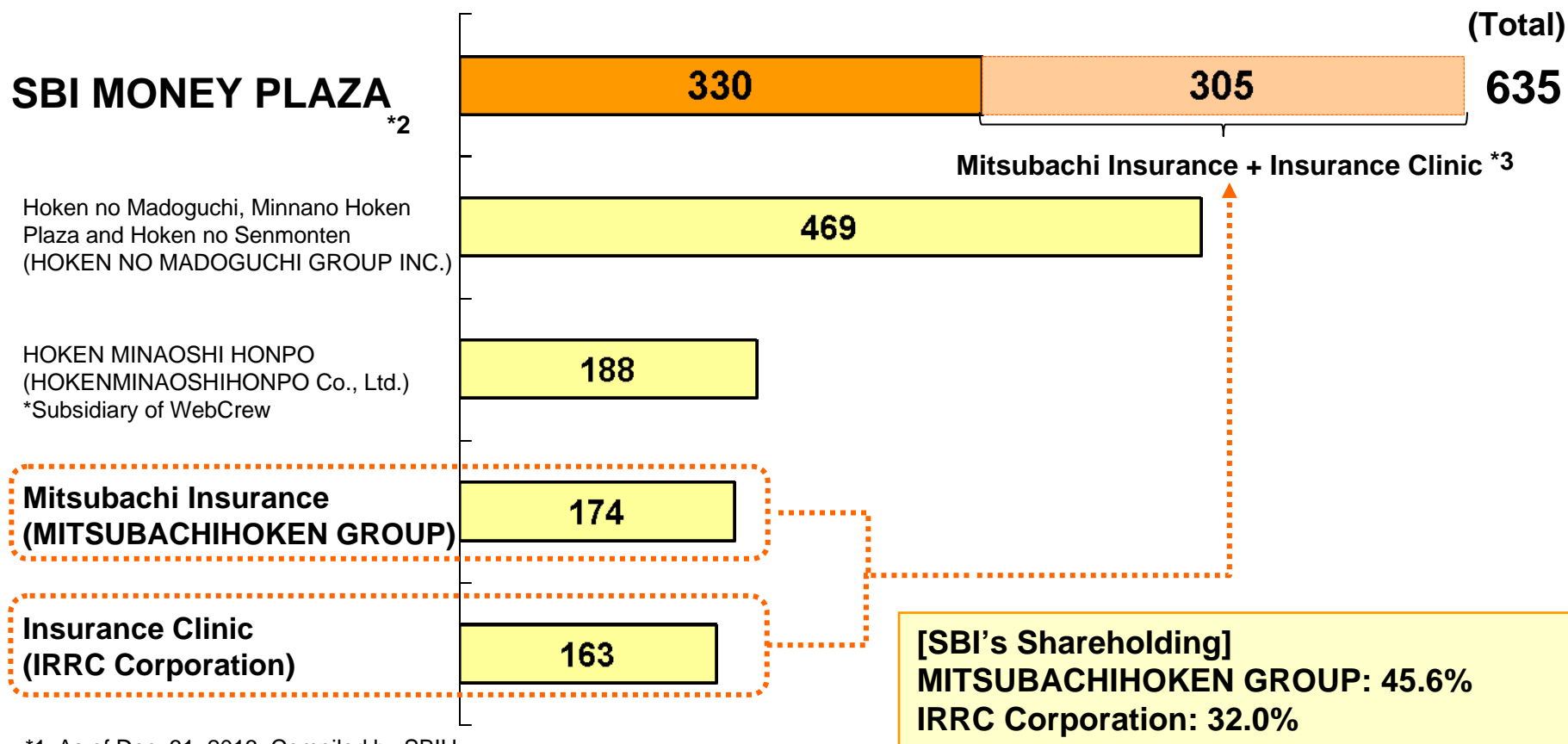


Targeting expansion of shops network to 500
(Currently 330 shops as of Dec. 31, 2013)

SBI MONEY PLAZA Shops Network



Making Mitsubachi Insurance and Insurance Clinic shops, both operated by SBI Group's portfolio companies, to SBI MONEY PLAZA shops sequentially, thereby further expanding shops network



*1 As of Dec. 31, 2013. Compiled by SBIH.

*2 SBI MONEY PLAZA includes shops that are not insurance dealers.

*3 The number of Mitsubachi Insurance shops are added after subtracting the number of shops that already carry the SBI MONEY PLAZA brand (32 shops as of Dec. 31, 2013).

4. Realize an early stage profitability in the Biotechnology-related Business, and accelerate overseas development of 5-ALA related business

(1) SBI Biotech

(2) 5-ALA Related Business

SBI Biotech's R&D Progress in the Medical Field

(Shares: 77.25%)



~Planning to go public in 2014 (Lead manager: Mizuho Securities)~

Drug or project code (partners)	Adaptation disease	Current status
GNKG168 (CN Huapu)	B cell chronic lymphocytic leukemia	P1 Clinical Trial
Immuno-cell therapy (US Baylor Research Institute)	Cancers	US: P2 Clinical Trial JPN: Pre-Clinical Trial was safely conducted for melanoma patients at Kyoto University Hospital /Preparing for Clinical Trial
Anti-ILT-7 antibody	Autoimmune diseases	Gave development and commercialization rights to the subsidiary of AstraZeneca
Below are the pipelines of Quark Pharmaceuticals, SBI Biotech's subsidiary		
①PF-655 (Pfizer Inc.)	Diabetic macular edema (DME) Wet age-related macular degeneration	P2b Clinical Trial
②QPI-1002 (Novartis Pharmaceuticals Corp.)	Kidney Transplantation (DGF) Acute Kidney Injury (AKI)	P2a Clinical Trial
③QPI-1007	Non-arteritic Anterior Ischemic Optic Neuropathy (NAION)	P2 Clinical Trial

①Potential contingency fee (total): USD 713m (approx. JPY 67.2bn)

✓Received so far: USD 28.35m

✓Scheduled for receiving USD 25.8m at the conclusion of Phase 2b

*Based on the premise of an acceptance by Pfizer Inc.

②Potential contingency fee (total): USD 670m (approx. JPY 63.1bn)

✓Not yet received, but will receive USD 8m at the conclusion of Phase2a

*Based on the premise of an acceptance by Novartis Pharmaceuticals Corp.

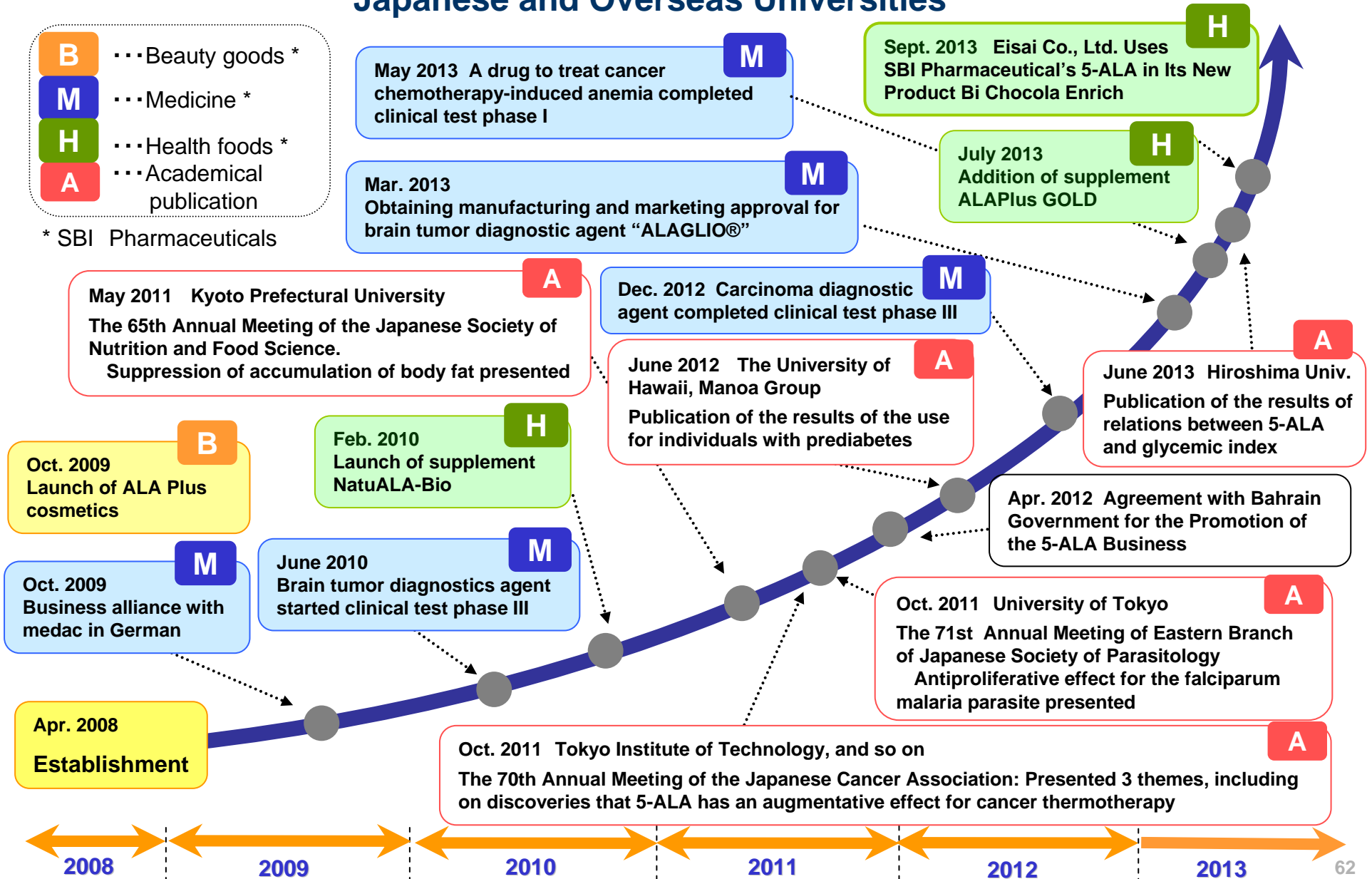
③Conclusion of an out-licensing and technical cooperation agreement with Biocon, a leading pharmaceuticals company in India (announced on Dec. 2013) and planned receipt of a total of USD 1.5m by Oct. 2014.
✓Already, the SBI Group has received USD 0.5m

*Calculated by the exchange rate as of the end of Mar. 2013

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

(2) 5-ALA Related Business:

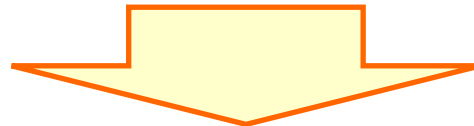
The 5-ALA Related Business is Progressing Favorably, Boosted by a Tailwind from Academic Papers Concerning 5-ALA from Japanese and Overseas Universities



Toward Rapid Achievement of Profitability in the 5-ALA Related Business

◆ Expanding domestic sales of health foods containing 5-ALA

Promotion including TV commercials of the ALAplus series featuring singer Hiromi Go stepped up from the end of Feb. 2014



Sequential launch at approximately 600* dispensing pharmacies, consulting pharmacies, and drugstores nationwide that offer SBI ALA promo products

Goal of availability at 1,000 stores in FY2013

ALAPLus GOLD



Price: JPY 9,800 (including tax)

◆ Drug development research

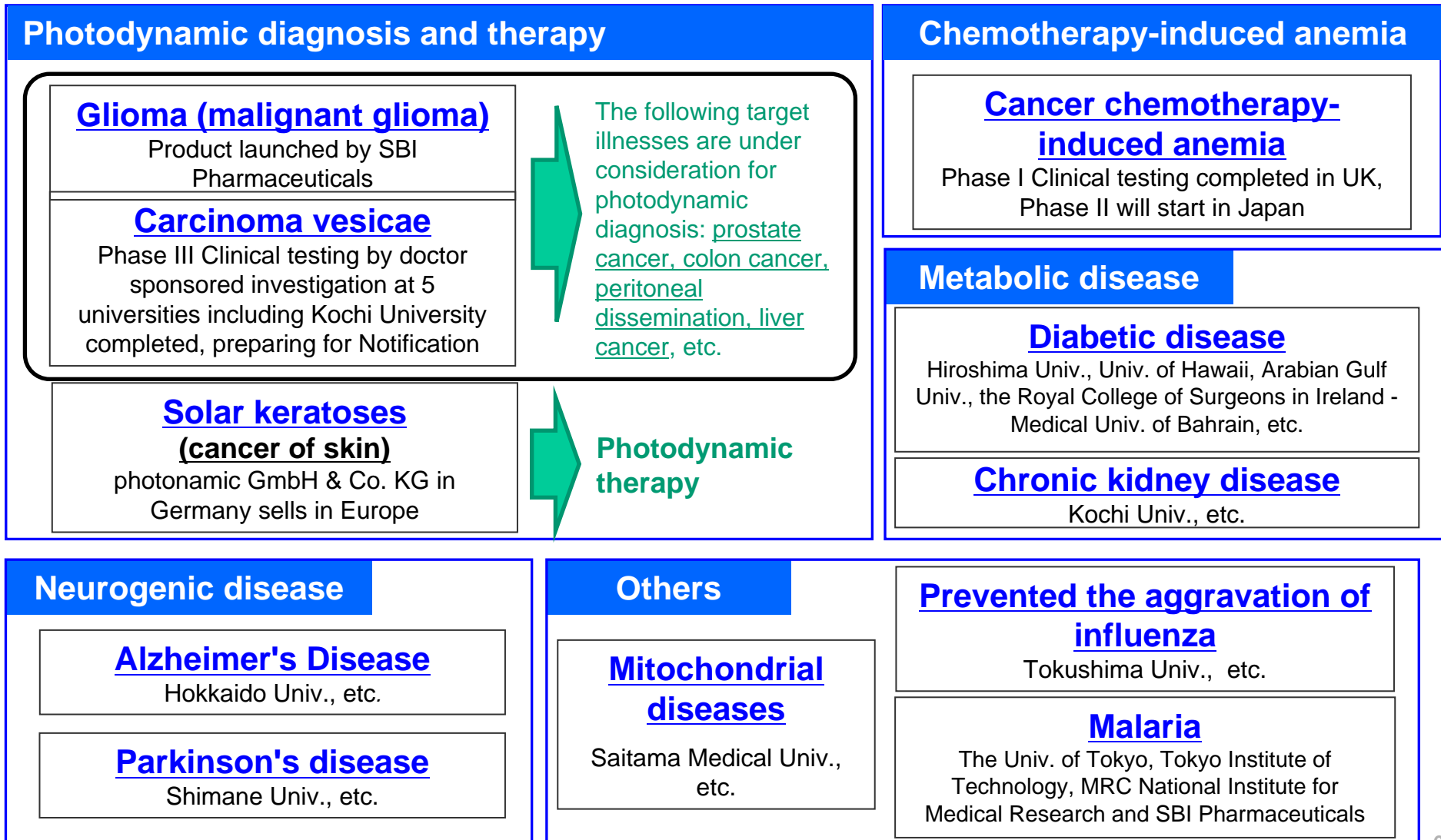
Will implement out-licensing of pipelines that conclude Phase 2 clinical trials

(2) 5-ALA Related Business:

Research on the Effects of 5-ALA on Various Target Illnesses is Proceeding through the Utilization of the Global Academic Network



Target illnesses for which clinical research and basic research of 5-ALA and porphyrin are proceeding (Reference: Research related material by 5-ALA and Porphyrin Research Society)



Expanding 5-ALA Related Business in Middle East

~Why expanding in the Middle East?~

Middle East



Areas where there is no mandatory health insurance plan, nor insurance premium contributions by employers, and the entire medical payment is at the government's expense. Citizens can receive medical care without any financial burden.



As the nation faces heavy financial burdens, controlling medical cost is an issue

Initiation of multiple clinical research projects involving 5-ALA started with the field of diabetes

Background

High diabetes prevalence in the MENA such as Bahrain (%)

In the MENA	Bahrain	Qatar	Kuwait	Saudi Arabia
Diabetes patients rate	15.4	15.4	14.6	16.8
In major advanced country	U.S.	U.K.	German	Japan
Diabetes patients rate	10.3	3.6	8.9	5.0

(2) 5-ALA Related Business:

Bahrain as a Base for the 5-ALA Related Business in the Middle East①
(Drug Development Research, Clinical Research, Manufacturing, Export, etc.)



Drug Development Research, Clinical Research

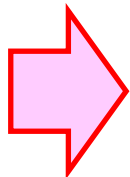
<Partner institutions for clinical study on diabetes by using 5-ALA>

Diabetes Department of the Bahrain Defense Force Royal Medical Service Hospital / the Arabian Gulf University Hospital / the Royal College of Surgeons in Ireland - Medical University of Bahrain, etc.

AGU is working to establish a clinical development structure that complies with GCP (Good Clinical Practice, which is a standard for performing clinical tests on pharmaceutical products) to support Arabic people in the region. And to help treat diabetic patients, the university has chosen a supplement containing 5-ALA as its first model of clinical research

<Partner institutions for clinical study on the use of 5-ALA in the photodynamic diagnosis of colorectal cancer>

KING HAMAD UNIVERSITY HOSPITAL / the Royal College of Surgeons in Ireland - Medical University of Bahrain



In Jan. 2014, King Abdulla Medical City, a medical center of Arabian Gulf University performed the first successful surgical removal of bladder cancer in the world using 5-ALA as an intraoperative diagnostic drug and medical devices of SBI Pharmaceuticals.

Future plans call for performing photodynamic diagnosis of prostate cancer using 5-ALA.

(2) 5-ALA Related Business:

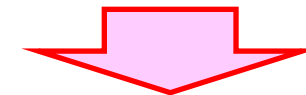
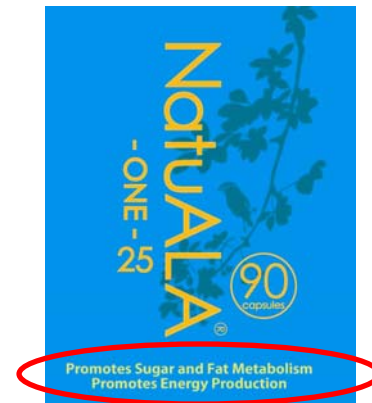
Bahrain as a Base for the 5-ALA Related Business in the Middle East^②
(Drug Development Research, Clinical Research, Manufacturing, Export, etc.)



Sale of Health Foods and Cosmetics

- Established a joint venture company concerning local marketing of health foods and cosmetics with **Dawani Group Holdings**, a major local distributor.
- In addition to health foods for which approval for sale in Bahrain had already been obtained, **approval for sale of health foods containing 25 mg of 5-ALA (label at right) obtained (Jan. 2014). Distribution as a mainstay product is planned.**
- “Promotes Sugar and Fat Metabolism”
“Promotes Energy Production” are listed on labels of the health foods containing 25 mg 5-ALA planned to be sold in Bahrain

Label design of the health foods planned to be sold in Bahrain



Promotes Sugar and Fat Metabolism
Promotes Energy Production

* Currently, the SBI Group has no plans to sell health foods containing 25 mg of 5-ALA in Japan

Accelerating 5-ALA Related Business in China

- ✓ 5-ALA manufactured by Suzhou Yian Biotech Co., Ltd. (SBI Group's shareholding ratio: 40%) has already passed the safety and toxicity tests of a state designated institution and meets national standards in China.
 - The objective is to obtain a health food license as soon as possible after obtaining a materials license.
 - Planned operation of a food products production plant during 2014
- ✓ Agreeing to form a Strategic Alliance with New Hope Group and Fudan Forward for sales of 5-ALA products in China (Nov. 2013)
 - Preparations underway for establishment of an import and sales company, which imports 5-ALA products and other products from Japan, in the Shanghai Free Trade Zone. This spring, the registration procedure is scheduled to be completed, after which a business license will be applied for.
- ✓ New Hope Group in China plans to sell fertilizers and forages containing 5-ALA
 - Supply structure: Imports of finished products from Japan and production at Yian Biotech are planned
 - Will strengthen sales of various crops at each priority area
- ✓ It is estimated (Journal of the American Medical Association (JAMA)) that there are 113.93 diabetic patients in China, and that one in two adults, or about 493.4 million people are at risk of contracting diabetes. The SBI Group has donated RMB 2m (approx. JPY 33m) to an education fund at Fudan University in China, for the research of the efficacy of 5-ALA on the diabetic mechanism at the Fudan University School of Life Science.

**5. Endeavor to actualize SBI's business value
"Targeting pre-Lehman Shock level ROE"**

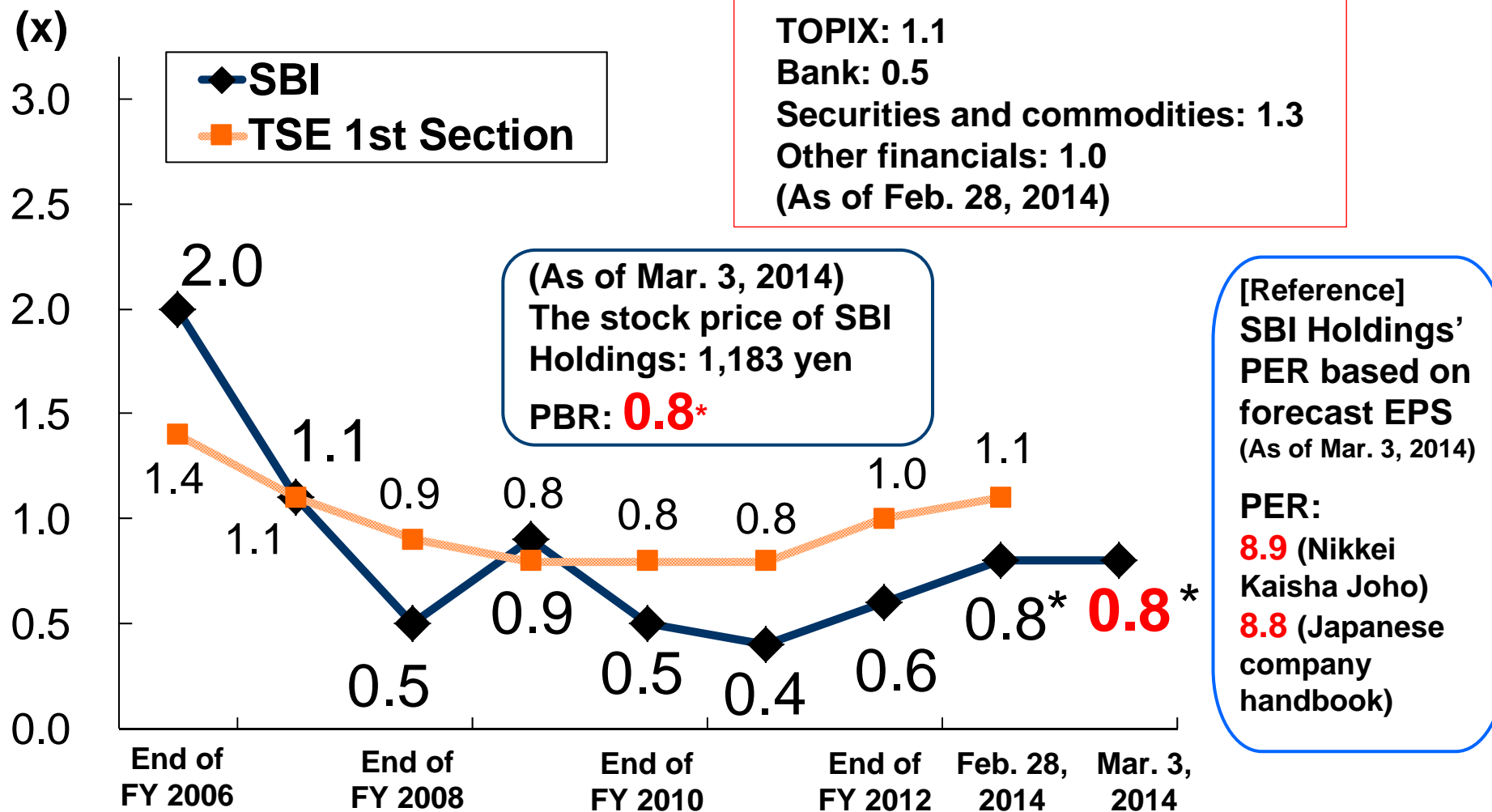
SBI Holding's Recent Stock Price

Market cap (actual value as of Mar. 3, 2014): [JPY 265.7bn](#)



Change in PBR of SBI Holdings

PBR = Closing price at the end of FY / Net assets per share at the end of FY



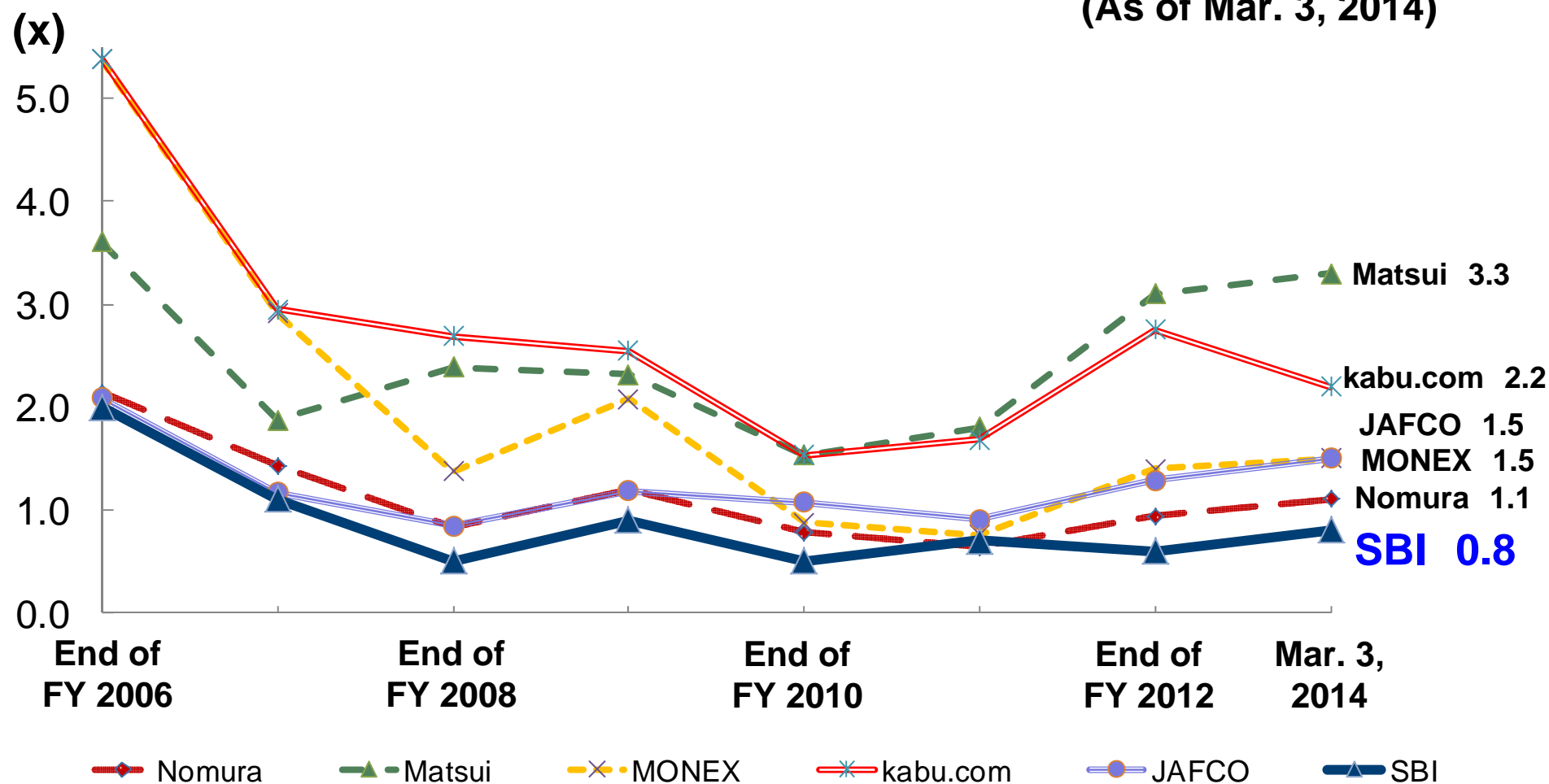
*PBR of SBI Holdings for Feb. 28, 2014 and Mar. 3, 2014 are calculated based on the BPS of the end of Dec. 2013.

*PBR of SBI Holdings prior to FY2011 is calculated based on J-GAAP BPS.

PBR Comparison with Competitors

PBR = Closing price at the end of FY / Net assets per share at the end of FY

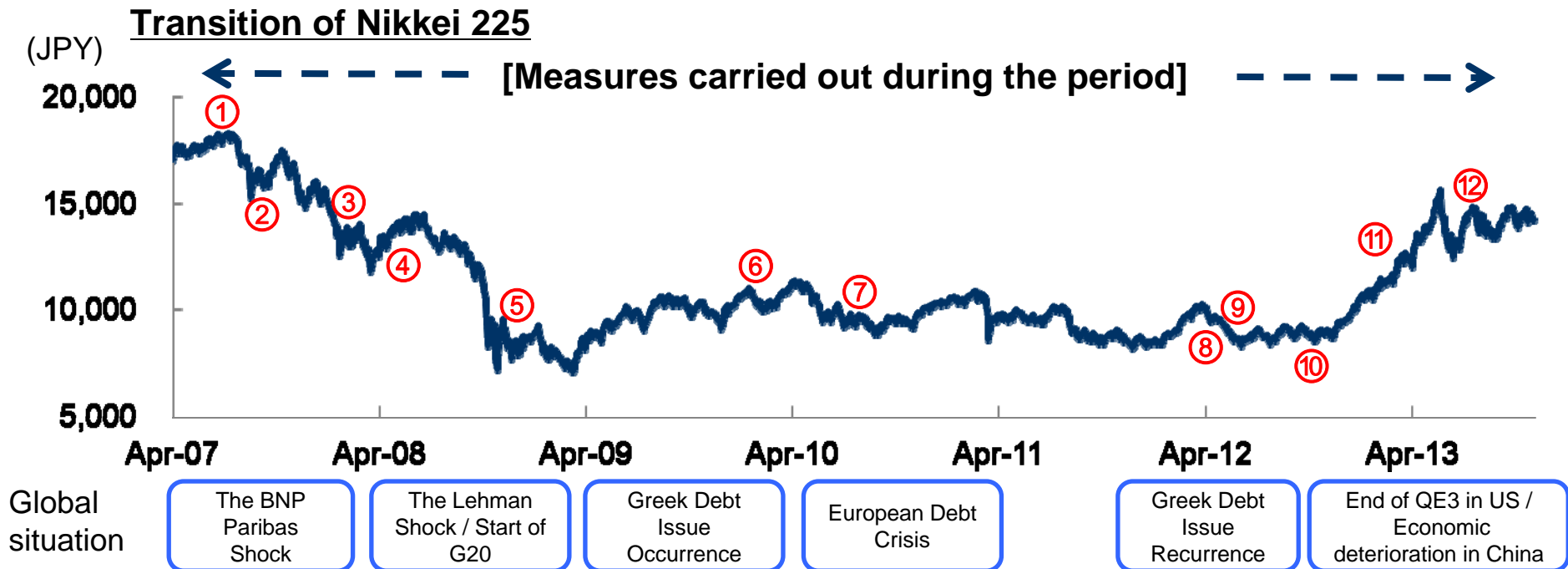
(As of Mar. 3, 2014)



*PBR for Mar. 3, 2014 is calculated based on the BPS of the end of Dec. 2013.

*PBR of Monex and SBI Holdings prior to FY2011 are calculated based on J-GAAP BPS.

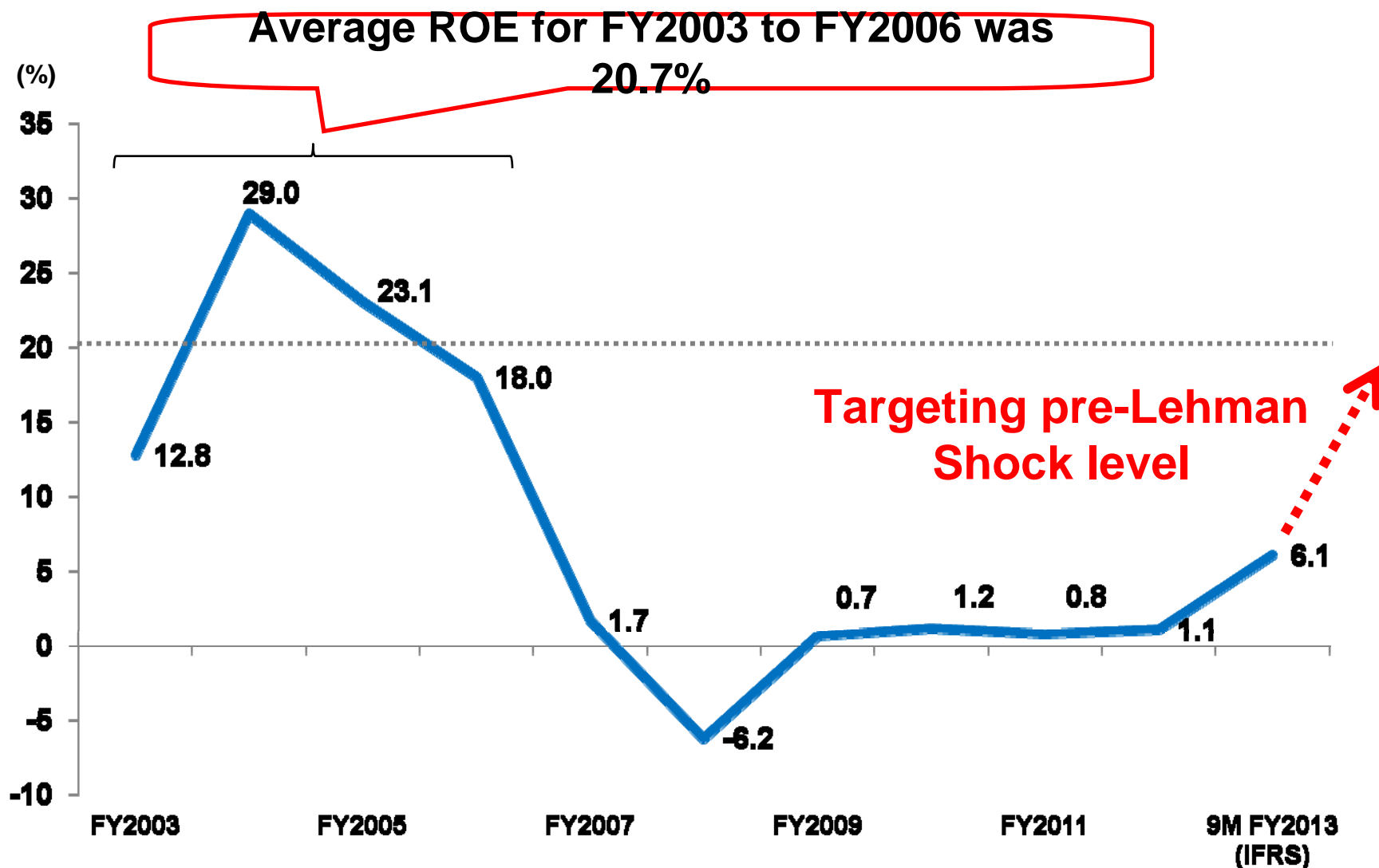
Pursued a Forward-looking Business Strategy in a Prolonged Adverse Business Environment



- ① Aug. 2007 [SBI Japannext began operation of PTS](#)
- ② Sept. 2007 [SBI Sumishin Net Bank commenced business](#)
- ③ Jan. 2008 [SBI Insurance commenced business](#)
- ④ Apr. 2008 [SBI AXA Life Insurance commenced business](#)
- ⑤ Nov. 2008 [SBI Liquidity Market started operations](#)
- ⑥ Feb. 2010 [Transferred all shares of SBI AXA Life Insurance](#)
(posted JPY0.8bn as extraordinary income)

- ⑦ July 2010 [Announcement of "Brilliant Cut Initiative" and promotion of "selection and concentration"](#)
- ⑧ May 2012 [SBI FXTRADE started operations](#)
- ⑨ June 2012 [Established an intermediate holding company for FS and AM Businesses](#)
- ⑩ Sept. 2012 [Consolidated SBI Japannext](#)
(posted JPY 2.8bn as gain on step acquisition associated with the consolidation)
- ⑪ Mar. 2013 [Consolidated current SBI Savings Bank](#)
- ⑫ July 2013 [Agreed on an acquisition of 100% equity interest in PCA Life Insurance](#)
(Assuming approval and licensing by the authorities)

Endeavoring to Improve ROE



* Figures for the fiscal years up until FY2011 are based on J-GAAP. The Company introduced IFRS from FY2012.

Continued Focus on Shareholder Return



Past dividend per share (results) and total amount of dividends

	Full-year (incl. commemorative dividend)	Total amount of dividends (JPY million)
FY2012 (IFRS) *	JPY 10	2,170
FY2011	JPY 100	2,207
FY2010	JPY 120	2,391
FY2009	JPY 100	1,676
FY2008	JPY 100	1,673
FY2007	JPY 1,200	13,579
FY2006	JPY 1,200	13,514
FY2005	JPY 600	7,337
FY2004	JPY 350	2,985
FY2003	JPY 770	1,784

* Figures for the fiscal years up until FY2011 are based on J-GAAP. The Company introduced IFRS from FY2012. The Company executed a split of its shares at a ratio of 10 shares to 1 shares on October 1, 2012.

For Shareholders of Record as of the End of Mar. 2014, Forecasting a Year-end Dividend Payout of JPY 20 Per Share, a Doubling from the Previous Year

[Basic Dividend Policy]

Minimum annual dividend payout of 10 yen per share, and endeavor to increase dividends when it is determined that a further return of profits is possible.

 **Considering a profit allocation depending on its financial results**

Dividend forecast (results) per share

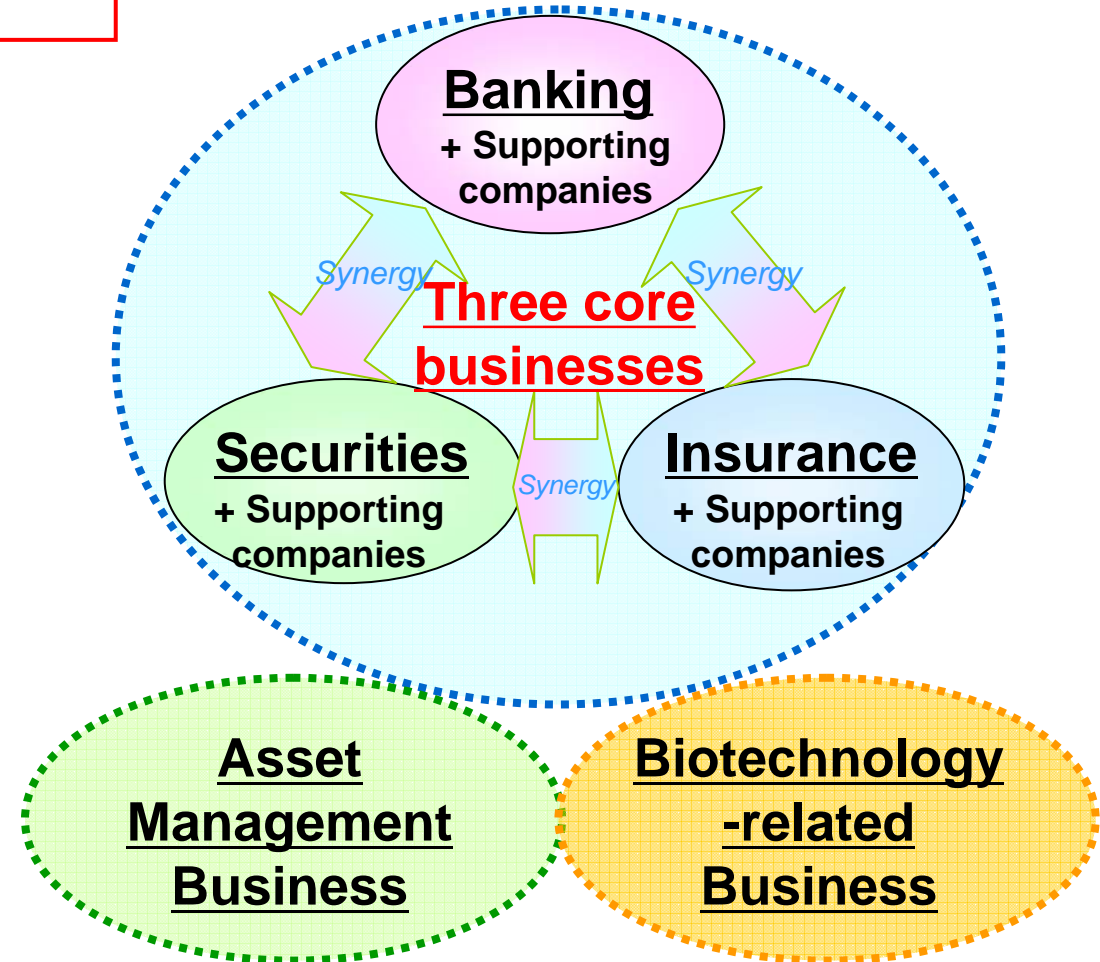
	End of 2Q	Year-end	Full-year
FY2013 (forecast)	—	<u>JPY 20</u>	<u>JPY 20</u>
FY2012 (results)	—	<u>JPY 10</u>	<u>JPY 10</u>

Note: The dividend forecast shown above is an estimate made as of the current date. Actual dividend payments may differ from these forecasts due to various reasons.

Cash Flow Management through Business “Selection and Concentration” to Actualize SBI’s Estimated Business Value ①

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.



Cash Flow Management through Business “Selection and Concentration” to Actualize SBI’s Estimated Business Value ②



With regard to non-core businesses, sales, IPOs, and integration with other Group companies will be prioritized, thereby maximizing cash flow

IPOs will be implemented after value is maximally increased through measures including reorganizations within the Group

Generated cash will be appropriated to reduce debt with high interest rates

An improving equity ratio will contribute to an improvement of the financial condition.

Share repurchases will also be considered.

Examples of Generating Cash Flow through “Selection and Concentration”

- ① **Selling subsidiaries that are not expected to generate meaningful synergies with one of the three core businesses**

Principal examples

SBI VeriTrans (currently VeriTrans), Wall Street Journal Japan and SBI Capital Solutions



Recovered more than JPY 20.0bn, on a total basis, since Mar. 2012

- ② **Listing subsidiaries, on either the domestic or foreign markets, deemed not synergistic with one of the three core businesses**

- **SBI Mortgage (SBI Group’s share: 66.5%)**
- **SBI AXES (SBI Group’s share: 75.0%)**

Regarding the HKEx, while SBIH is now in process of delisting, SBIH is proactively considering listing its subsidiaries on this exchange

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

- ③ **Consider reorganizations within the Group to manage businesses that have strong business relevancy**

Principal examples

- **Implementing reorganization of the face-to-face sales business of SBI SECURITIES, with SBI MONEY PLAZA as the managing entity**
- **Morningstar Japan absorbed both SBI Searchina and SBI Asset Management as its subsidiaries**

Corporate Value by Business Segment Valuation

~Each Business Segment Valuation is Conservatively Estimated~

■ **Sum of the values by segment** (as of Mar. 3, 2014) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	397.9 (+)*
Asset Management	126.4
Biotechnology-related	63.5
Housing and Real Estate	29.3
Sum total	617.2 (+)

Business valuation per share: 2,749 yen

* Other business including SBIH's comparison website business, SBI Business Support and so on are also profitable, but these businesses are not included in this valuation estimation.

Of the major 58 Group companies, 18 are profitable companies that are not included in the above calculations (Total Operating Income: approx. JPY 3.4bn)

Continue to Take Firm Measures Against Cases That Undermine the Public Reputation of the SBI Group



Filed two lawsuits against Facta Publishing Ltd. and its representative director Mr. Shigeo Abe, which was a response to certain articles that were published by Facta Publishing on its website “FACTA Online” and its print magazine “FACTA”



Legal courts fully agreed with SBIH’s claims that articles contained baseless statements, and SBIH won lawsuits in both cases

[The First Lawsuit]

- Mar. 7, 2012** Filed a lawsuit
- Jan. 29, 2014** Won a lawsuit in the Tokyo District Court
(Accepted damages: JPY 5m + delayed damages)
- Feb. 18, 2014** Settled on the judgment

[The Second Lawsuit]

- Aug. 30, 2012** Filed a lawsuit
- July 17, 2013** Won a lawsuit in the Tokyo District Court (Facta Publishing appealed)
- Feb. 13, 2014** Won a lawsuit in Tokyo High Court
(Accepted damages: JPY 6m + delayed damages)
- Mar. 4, 2014** Settled on the judgment

[Reference]
**Specific formula for the estimation of
our corporate value**

Valuation by Segment Estimated by SBI

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

① SBI
SECURITIES

Valuation is conservatively estimated at JPY 312.6bn

(based on the closing prices of Mar. 3, 2014)

SBIH's market cap as of Mar. 3 is likely to fall below the estimated valuation of SBI SECURITIES

Estimation of the valuation is as follows

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

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

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

$$\left\{ \begin{array}{l} \text{Matsui's PER (*1)} \quad \times \quad \text{SBI SECURITIES's Net income (FY2012)} \quad \dots \text{ (A)} \\ \text{Matsui's PBR (*2)} \quad \times \quad \text{SBI SECURITIES's Net asset (*3) (as of Dec. 31, 2013)} \quad \dots \text{ (B)} \end{array} \right.$$

*1 PER of Matsui is calculated by its net income per share for FY2012.

*2 PBR of Matsui is calculated by its BPS as of Dec. 31, 2013.

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

Valuation by Segment Estimated by SBI (1) Financial Services Business ① SBI SECURITIES -(ii)

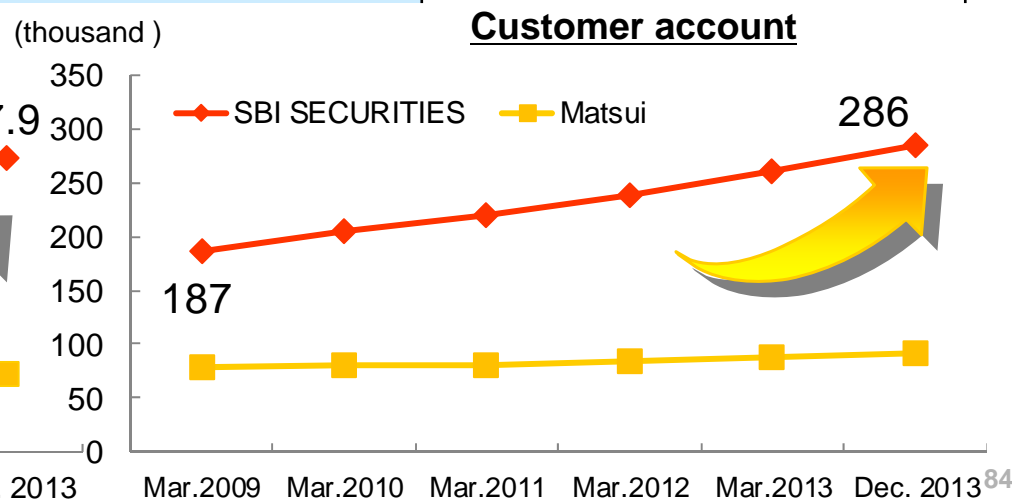
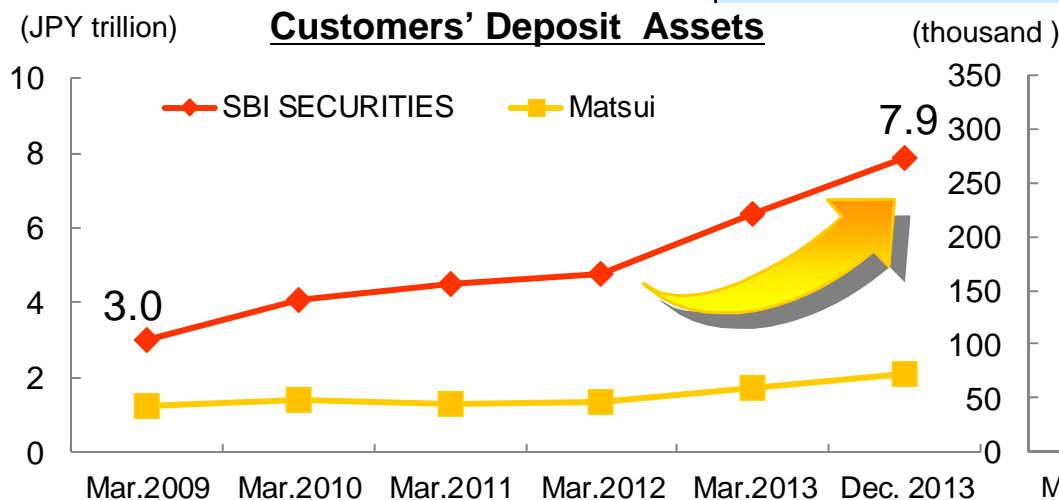


Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES and listed online securities company (Matsui Securities)

*Calculated by the closing prices of Mar. 3, 2014

(3Q FY2013)	SBI SECURITIES	Matsui Securities
Valuation(market cap)*	JPY 312.6bn	JPY 290.8bn
Deposit assets (Dec. 2013)	No.1 JPY 7.9tn	JPY 2.1tn
Number of accounts (As of the end of Dec. 2013)	No.1 2.86 million	920 thousand
Share of individual stock brokerage	No.1 34.7%	10.5%
Operating income	No.1 JPY 24.9bn (up 357.6% YoY)	JPY 21.7bn (up 361.8% YoY)



Valuation by Segment Estimated by SBI (1) Financial Services Business ② SBI Sumishin Net Bank -(i)

② SBI Sumishin Net Bank

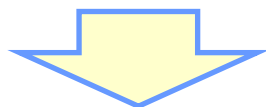
Valuation is conservatively estimated at **JPY 38.6bn**

(Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

The excess earning power of the bank for the five fiscal years beginning in FY2012 is estimated with the assumption that the after-tax income (*) of SBI Sumishin Net Bank will grow 20 percent annually for those five fiscal years. Then, valuation is calculated by adding the bank's net asset of SBIH's shareholding as of Mar. 31, 2013 to the excess earning power.

* Under a calculation based on the ordinary income as JPY 7.9bn, and the profit after tax for the corresponding fiscal year as JPY 4.8bn.



Conservatively estimated the valuation of SBI Sumishin Net Bank with high growth potential in terms of profitability and scale at **JPY 77.2bn** → **JPY 38.6bn**

(Shareholding of the SBI Group: 50.0%)

Valuation by Segment Estimated by SBI

(1) Financial Services Business ② SBI Sumishin Net Bank - (ii)



Consideration of SBI Sumishin Net Bank's valuation (JPY 77.2bn)

住信SBIネット銀行 - Ordinary income for 9 months FY2013 (JPY 8.0bn (+63.5% YoY))

~ Within reach of achieving ordinary income of JPY 10.0bn ~



- Deposit balance topped JPY 3.3tn (as of Dec. 26, 2013)

Ordinary income for FY2012

Local listed banks with ordinary income of nearly JPY 10.0bn

	Ordinary income (JPY billion)	YoY Change (%)	Market Cap (JPY billion)	Ranking*1
Juroku Bank	10.9	-33.5	125.5	15
Chiba Kogyo Bank	10.2	+12.6	32.8	48
Yamanashi Chuo Bank	9.9	+13.4	75.0	40
Nanto Bank	9.9	+7.8	99.0	20
Senshu Ikeda Bank	9.5	+23.0	108.3*	19
Bank of Okinawa	9.3	+10.9	81.4	59
Hokuetsu Bank	9.1	+12.9	49.4	49
Hyakujushi Bank	8.9	-28.5	100.2	33
Oita Bank	8.7	-26.1	59.9	41
Yamagata Bank	8.7	+25.2	66.9	53
Shikoku Bank	8.6	+75.5	46.3	43
Miyazaki Bank	8.0	-25.1	49.4	56

Comparison with listed local banks of a similar scale

Compared by profitability

The average market cap of 12 listed local banks with ordinary income of nearly JPY 10.0bn is approx. JPY 74.5bn

Market cap of local banks with deposit balances greater than JPY 3tn exceeds JPY 100bn

* Market cap is of Sensyu Ikeda Holdings whose main subsidiary is Sensyu Ikeda Bank

*1 Ranking of deposit balance of 75 banks including community banks and New Entrant Banks

*2 Market cap based on the closing prices of Mar. 3, 2014

Valuation by Segment Estimated by SBI

(1) Financial Services Business ③ SBI Liquidity Market

③ SBI Liquidity Market

Valuation is estimated at **JPY 14.5bn**

(based on the closing price of Mar. 3, 2013)

Estimation of the valuation is as follows:

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

Compares the market cap and profits of a comparable public company, MONEY SQUARE JAPAN

MONEY SQUARE JAPAN's PER (*) x Net profit of SBI Liquidity Market (FY2012)

* PER of MONEY SQUARE JAPAN is calculated by its net income per share for FY2012 .

<Reference> Acquisition of CyberAgent FX by Yahoo Japan (Mar. 3, 2013)

Acquired all shares of CyberAgent FX (16,200 shares) at **JPY 21.0bn**

CyberAgent FX (FY2011)		SBI Liquidity Market (FY2012)
JPY 8,498m	Operating revenue	JPY 7,743m
JPY 4,021m	Operating income	JPY 1,512m
JPY 2,289m	Net Profit	JPY 941m
JPY 9,067m	Net Asset	JPY 3,470m

Operating
income before
allocation to
SBI
SECURITIES is
JPY 6.1bn

Valuation by Segment Estimated by SBI (1) Financial Services Business

④ Other Financial Services Business (listed companies)

④ Other listed subsidiaries and equity-method companies in the FS Business

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
Morningstar Japan	49.2	Consolidated subsidiary	JASDAQ	28.1	13.8
SBI Mortgage	60.7	Consolidated subsidiary	KOSPI of KRX	27.8*	16.9
SOLXYZ	26.3	Equity-method associate	JASDAQ	5.6	1.5
Sum of the market cap of listed subsidiaries and equity-method associates				61.6	<u>32.2</u>

(Based on the closing price of Mar. 3, 2014, *Calculated by the exchange rate as of Mar. 3, 2014.)

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

Valuation by Segment Estimated by SBIH

(1) Financial Services Business Total Valuation of the Businesses



① SBI SECURITIES

Upon comparison with similar listed companies calculated conservatively as **JPY 312.6bn** (based on the closing prices of Mar. 3, 2014)

② SBI Sumishin Net Bank

Conservatively estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 77.2bn

JPY 38.6bn (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market

Upon comparison with similar listed companies calculated as **JPY 14.5bn** (based on the closing price of Mar. 3, 2014)

④ Total market cap upon SBIH's shareholding of other listed subsidiaries and equity-method companies, in total 3 companies, in the FS Business

The sum of market caps of Morningstar Japan, SBI Mortgage and SOXYZ

(Shareholding of the SBI Group) **JPY 32.2bn** (based on the closing prices of Mar. 3, 2014)



Total of the valuation above: **JPY 397.9bn** (The SBI Group's total shareholding)

Valuation by Segment Estimated by SBIH

(1) FS Business ⑤Other FS Business (Profitable Entities)

The FS Business also consists of many other profitable business entities

		Business lineup	OP for 9M FY2013 (JPY billion)	SBI's shareholding pct. (%)
SBI Comparison Website Business		Operation of comparison websites for loans and insurances	0.9	100.0
SBI Japannext	Growing Business	Operation of PTS (Proprietary Trading System)	0.8	52.8
SBI Business Support		Contact center business for corporations and a temporary staffing agency	0.1	100.0
CEM Corporation		Real estate secured loans	0.3	79.7

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

 Proceeds generated may be appropriated to strengthen the three core businesses

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

Valuation by Segment Estimated by SBIH

(2) Asset Management Business

① Valuation Measuring Method



Asset Management Business

Valuation for the AM Business is estimated at **JPY 126.4bn**

<Reference>

JAFCO's Market Cap: **JPY 250.2bn** (based on the closing price of Mar. 3, 2014)

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

(i) Value of holding securities (at the end of Dec. 2013) **Approx. JPY 92.1bn**

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

(ii) Value of SBI Investment (based on the closing price of Mar. 3, 2014)

(* Valuation excluding asset such as securities hold) **Approx. JPY 29.4bn**

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

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

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

*PER of JAFCO is calculated by the estimated net income per share for FY2013.

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

Valuation by Segment Estimated by SBIH

(2) AM Business ② Other Profitable Business Entities



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

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
SBI AXES	42.7	Consolidated subsidiary	KOSDAQ of KRX	5.4*	2.3
SBI Investment Korea	43.9	Equity-method associate	KOSDAQ of KRX	6.0*	2.6
Sum of the market cap of listed subsidiaries and equity-method associates				11.4	<u>4.9</u>

(Based on the closing price of Mar. 3, 2014, *Calculated by the exchange rate as of Mar. 3, 2014.)

[Other profitable businesses of the Asset Management Business]

		Business lineup	OP for 9M FY2013 (JPY billion)	SBI's shareholding pct. (%)
Phnom Penh Commercial Bank	Overseas Business	Commercial Bank	0.2	47.6

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

Valuation by Segment Estimated by SBIH

(3) Biotechnology-related Business



① SBI Pharmaceuticals

Biotechnology-related Business

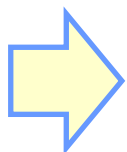
Each bio-venture company has multiple promising pipelines, and the Biotechnology-related Business will become a core business that makes a substantial contribution through progress in areas including pharmaceutical clinical research in Japan and overseas.

Total valuation of the Biotechnology-related Business is estimated at approx. JPY 63.5bn

① SBI Pharmaceuticals

Estimation of the valuation is as follows:

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



Based on SBIH's equity interest (excluding external holdings) as of the end of Dec. 2013, the amount is calculated to be approx. JPY 46.6bn

Beside SBI Pharmaceuticals, the total shareholder value of the Biotechnology-related Business includes the estimated shareholder value of 1 IPO scheduled company and 1 listed company, with the estimation based on SBIH's shareholding of paid-in capital and the market values of operational investment securities that SBIH owns.

Valuation by Segment Estimated by SBIH

(3) Biotechnology-related Business



② Companies reserved for IPO in the Biotechnology-related Business

	SBI's shareholding pct. *2	IPO target	Lead manager
SBI Biotech *1	38.5%	within 2014	Mizuho Securities

*1 Wholly acquired Quark (U.S.) as a subsidiary in Dec. 2012

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

Newly listed drug development bio-venture companies in the last three years

(Unit: JPY billion)

Company name	Listed date	Net profit of the base fiscal year (JPY million)	Market cap by the initial price	Latest market cap
				(Mer. 3, 2014)
CellSeed	Mar. 16, 2010	-650	7.5	11.2
RaQualia Pharma	July 20, 2011	-1,307	19.6	7.2
SymBio Pharmaceuticals	Oct. 20, 2011	-642	8.6	8.9
3-D MATRIX	Oct. 24, 2011	-533	5.4	82.2
Chiome Bioscience	Dec. 20, 2011	-180	5.1	51.8
Gene Techno Science	Nov. 30, 2012	-320	3.0	4.7
UMN Pharma	Dec. 11, 2012	-477	8.3	22.0
MEDRx	Feb. 13, 2013	-433	11.3	9.4
PeptiDream	June 11, 2013	10	118.6	127.1
ReproCELL	June 26, 2013	-22	151.9	46.4

Valuation by Segment Estimated by SBIH

(3) Biotechnology-related Business



②-2 Favorable IPO environment for the biotechnology-related companies

Out of the expected 54 IPOs during the calendar year 2013, initial prices of the 52 IPOs exceeded their public offering prices, and the number of IPOs are expected to increase through the calendar year 2014

	FY2012 (Apr. 2012 – Mar. 2013)	FY2013*1 (Apr. 2013 – Mar. 2014)	
			Particularly Bio-related companies *2
Number of IPOs *3	52 Companies	42 Companies	5 Companies
Initial price / Public offering price	1.7(x)	2.2(x)	2.7(x)

*1: The number of FY2013 is as of Mar. 3, 2014

*2: Bio-related companies:

ReproCELL Incorporated, PeptiDream Inc., Oncolys BioPharma Inc., Human Metabolome Technologies Inc., Acucela Inc.

*3: Except the number of companies that listed on Tokyo PRO market

Although most bio-venture companies are not profitable, many have gone public and have experienced high initial price ratios

Valuation by Segment Estimated by SBIH

(4) Housing and Real Estate Business



Housing and Real Estate Business

Valuation for the Housing and Real Estate Business estimated at **approx. JPY 29.3bn**

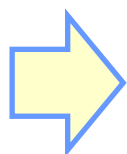
Estimation of the valuation is as follows:

Sum of the calculated value of the commercial real estate properties of SBIH as of the end of Dec. 2013 were calculated, along with SBI Life Living's market cap.

- ① Value of the commercial real estate properties

$$\text{Asset Value} = \text{Balance of investment real estate} + \text{Balance of real estate included in tangible assets}$$

(Balance of investment real estate for SBI Savings Bank and SBI Life Living are excluded)



As of the end of Dec. 2013, valuation is **approx. JPY 24.0bn**

- ② Market cap of a listed subsidiary in the Housing and Real Estate Business

	SBI's share-holding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
SBI Life Living	73.6	Consolidated subsidiary	TSE Mothers	7.3	<u>5.4</u>

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