



*Strategic
Business
Innovator*

SBI Holdings, Inc.
First Quarter Financial Results
(Fiscal Year Ending March 31, 2015)

July 30, 2014

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

- 1. 1Q FY2014 Consolidated Financial Results**
- 2. FY2014 Full Year Outlook**
- 3. Current State and Future Efforts for Each Business Segment**

1. 1Q FY2014 Consolidated Financial Results

1Q FY2014 Consolidated Performance (IFRS)

(Unit: JPY million)

| | 1Q FY2013 (Apr. 2013-June 2013) | 1Q FY2014 (Apr. 2014-June 2014) | YoY % change |
|--|------------------------------------|------------------------------------|--------------|
| Operating revenue | 80,105 | 44,413 | -44.6 |
| Operating income | 31,278 | 5,195 | -83.4 |
| Profit before income tax expense | 30,457 | 4,166 | -86.3 |
| Profit for the period | 17,829 | 2,312 | -87.0 |
| Profit attributable to owners of the Company | 16,269 | 6,908 | -57.5 |

1Q FY2014 Operating Revenue by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

| | 1Q FY2013 (Apr. 2013-June 2013) | 1Q FY2014 (Apr. 2014-June 2014) | YoY % change |
|--|------------------------------------|------------------------------------|--------------|
| Financial Services Business | 38,480 | 33,242 | -13.6 |
| Asset Management Business | 38,990 | 9,940 | -74.5 |
| Biotechnology-related Business | 1,272 | 177 | -86.1 |
| Others (Primarily Housing and Real Estate Business) | 1,738 | 1,584 | -8.9 |

* Figures are before elimination of inter-segment transactions

1Q FY2014 Profit Before Income Tax Expense by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

| | 1Q FY2013 (Apr. 2013-June 2013) | 1Q FY2014 (Apr. 2014-June 2014) | YoY % change / amount |
|---|------------------------------------|------------------------------------|--------------------------|
| Financial Services Business | 9,921 | 9,534 | -3.9 |
| Asset Management Business | 21,925 | -2,304 | -24,230 |
| Biotechnology- related Business | 71 | -1,248 | -1,319 |
| Others (Primarily Housing and Real Estate Business) | 201 | 311 | +54.7 |

* Figures are before elimination of inter-segment transactions

[Key Points for 1Q FY2014 Consolidated Results]

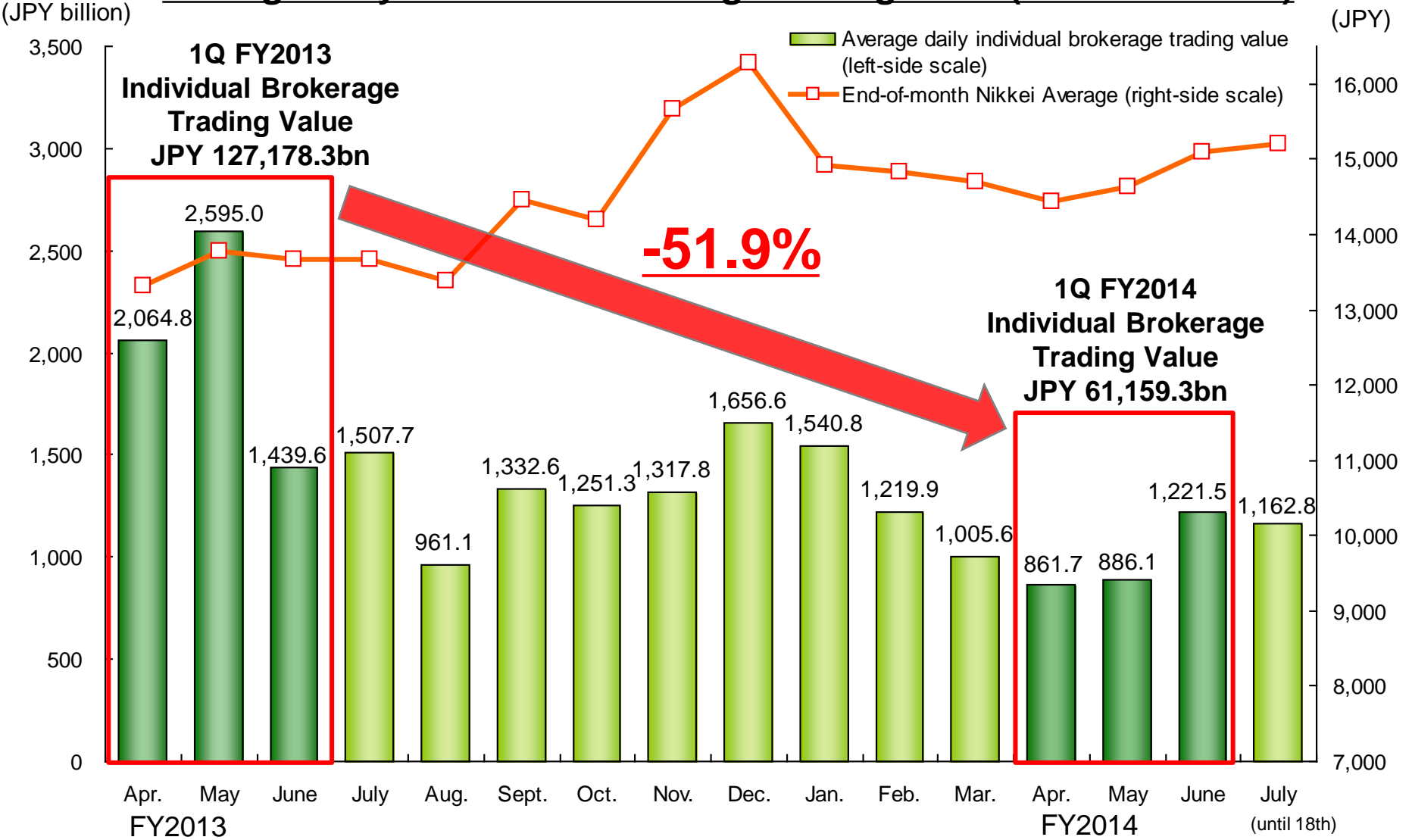
- (1) Upon Initiating the Establishment of a Profit Structure that is not Solely Dependent on the Stock Market, in this Fiscal Year, Primarily in the Financial Services Business the Signs of Success are Becoming Evident**
- (2) Along with the Strengthening of the Profitable Businesses, the Unprofitable Businesses' Results have Significantly Improved, owing to the Success of the "Brilliant Cut Initiative" which was Initiated in 2010**
- (3) Continued Thorough Business Selection and Concentration**

- (1) Upon Initiating the Establishment of a Profit Structure that is not Solely Dependent on the Stock Market, in this Fiscal Year, Primarily in the Financial Services Business the Signs of Success are Becoming Evident**
- ① In the Financial Services Business, revenue generation increased from the banking and insurance businesses, which are not affected by the stock market, and in combination with the diversification of the revenue sources of the securities business, a steady decline in stock market dependence is being affected**
 - ② In the Asset Management Business, results were affected by the quarterly profit/loss reporting of the change in fair value valuation of the listed portfolio securities, as mandated by IFRS, but going forward, SBI Savings Bank is expected to increase its contributions to earnings to help underpin the results**
 - ③ In the 5-ALA related businesses, in order to increase future sales, the domestic promotional efforts of the health foods and cosmetics will be enhanced**

- ① In the Financial Services Business, revenue generation increased from the banking and insurance businesses, which are not affected by the stock market, and in combination with the diversification of the revenue sources of the securities business, a steady decline in stock market dependence is being affected**
- i) The Financial Services Business, which has reduced its reliance on the stock market**
 - ii) SBI SECURITIES' diversifying earnings sources**
 - iii) SBI Insurance achieved its first quarterly profitability since its launch**

Average Daily Individual Brokerage Trading Value Trended Lower as Compared to FY2013

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

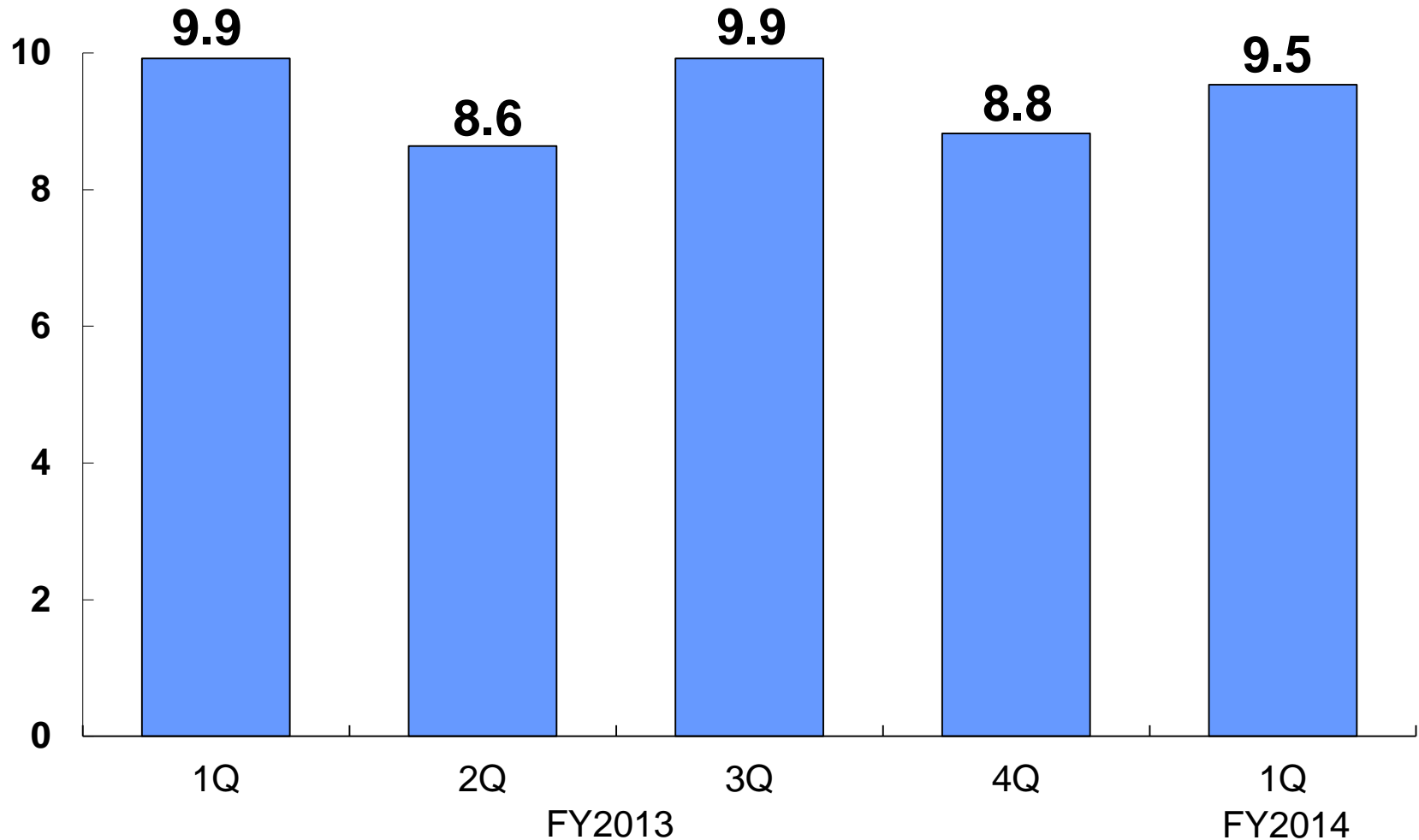


*Japanese Stocks listed on Tokyo Stock Exchange and Nagoya Stock Exchange (Including TSE Mothers, JASDAQ and NSE Centrex)

Despite the Weakness in the Stock Market, the Decline in Profit Before Income Tax Expense of the Financial Services Business was Limited

Profit before income tax expense of the Financial Services Business
(IFRS based)

(JPY billion)



SBI SECURITIES 1Q FY2014 Results (J-GAAP)

[Year-on-year comparison]

(Unit: JPY million)

| | 1Q FY2013 (Apr. 2013-June 2013) | 1Q FY2014 (Apr. 2014-June 2014) | YoY % change |
|-----------------------|------------------------------------|------------------------------------|--------------|
| Operating Revenue | 21,040 | 15,929 | -24.3 |
| Net Operating Revenue | 19,865 | 14,987 | -24.6 |
| Operating Income | 9,768 | 6,543 | -33.0 |
| Ordinary Income | 9,738 | 6,591 | -32.3 |
| Net Profit | 6,056 | 3,811 | -37.1 |

* Since SBI SECURITIES has sold off its sole consolidated company, SBI Benefit Systems, in FY2013, it discloses its financial results on a non-consolidated basis from the current fiscal year. Also the results for 1Q FY2013 presented above are non-consolidated figures.

Performance Comparison of Major Online Securities Companies (J-GAAP)

(Unit: JPY million)

| | Operating Revenue | YoY % change | Operating Income | YoY % change | Income before Income Taxes | YoY % change |
|--|-------------------|--------------|--|--------------|----------------------------|--------------|
| SBI | 15,929 | -24.3 | 6,543 | -33.0 | 6,166 | -36.7 |
| Monex (*1) (cons.) (preliminary figures) | 10,800 | -36.0 | Announcement scheduled on July 31 | | 800 | -90.5 |
| Rakuten (*2) (cons.) | 9,237 | -32.2 | 3,754 | -48.7 | 3,572 | -49.3 |
| Matsui | 7,490 | -43.0 | 4,633 | -51.7 | 4,531 | -51.5 |
| kabu.com | 5,041 | -29.6 | 1,632 | -56.9 | 1,617 | -55.4 |

*1 From full year FY2012, Monex adopted IFRS, so the relevant figures above are based on IFRS. Because Monex has not officially announced its financial results of 1Q FY2014, the figures presented above are the preliminary figures announced by the company.

*2 Although the figures of 1Q FY2014 disclosed by Rakuten are non-consolidated figures, the year-on-year % changes are calculated using the consolidated results of 1Q FY2013.

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

Performance Comparison of Brick-and-mortar Securities Companies (J-GAAP)

(Unit: JPY million)

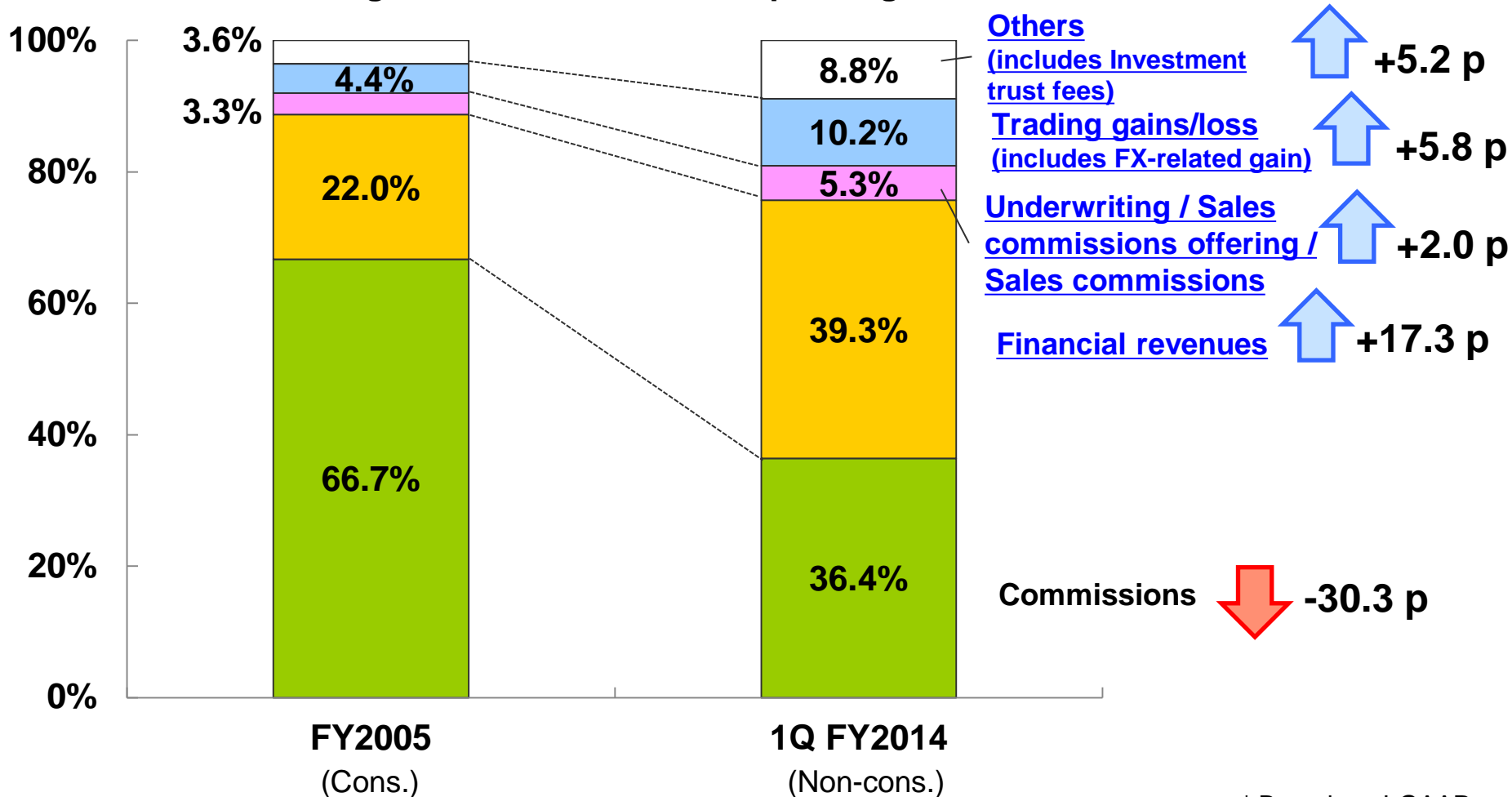
| | Operating Revenue | YoY % change | Operating Income | YoY % change | Income before Income Taxes | YoY % change |
|-------------------------------|-------------------|--------------|------------------|--------------|----------------------------|--------------|
| SBI | 15,929 | -24.3 | 6,543 | -33.0 | 6,166 | -36.7 |
| Nomura (*) (cons.) | 462,154 | -8.5 | — | — | 51,674 | -54.4 |
| Daiwa (cons.) | 148,701 | -18.8 | 34,326 | -44.9 | 39,728 | -39.3 |
| SMBC Nikko (cons.) | 73,804 | -33.2 | 13,918 | -66.7 | 14,431 | -65.8 |
| Tokai Tokyo (cons.) | 19,266 | -37.2 | 5,241 | -58.2 | 6,244 | -55.6 |
| IwaiCosmo (cons.) | 4,331 | -45.3 | 466 | -85.3 | 576 | -81.3 |

* Figures for Nomura are based on US-GAAP.

Diversification of SBI SECURITIES' Earnings Sources

Owing to the diversification of earnings sources, revenue from stable revenue generating products such as financial revenue and investment trust fees contributed to support the financial results.

Changes in SBI SECURITIES' Operating Revenue Structure



Achieved Its First Quarterly Profitability Since Its Establishment in January 2008


[Quarter on quarter]

(Unit: JPY billion)

| | FY2013 1Q | 2Q | 3Q | 4Q | FY2014 1Q |
|---|--------------|-------------|-------------|-------------|--------------|
| Operating Income | 6.0 | 5.9 | 6.0 | 6.2 | 6.8 |
| Profit before income tax expense | -0.7 | -1.1 | -0.7 | -1.4 | 0.1 |
| Profit for the period | -0.7 | -1.1 | -0.7 | -1.5 | 0.1 |

Progressing Smoothly to a Full Year Profitability

Owing to various measures to increase profitability since 2011, the combined ratio was less than 100%, and business results also improved

| | FY2012 | FY2013 | FY2014 | FY2015 |
|--|--------------|---------------------------|---|--|
| Combined ratio (%) | 103.1 | 98.8 (1Q: 95.6) | Continuous reduction expected  (1Q: 94.9) | |
| Profit before income tax expense (IFRS) (JPY billion) | -5.0 | -3.9 | Achieved quarterly profitability in 1Q | Targeting full-year profitability |

Increase in policy renewal ratio and fall in claims ratio leads to full-term profitability in FY2015

* Combined ratio: An index reflecting profitability of nonlife insurance companies. The ratio of the sum of insurance premium payment and expense to insurance premium income.

Measures to Increase Profitability

To increase profitability, continuously executed various measures such as strengthening sales, diversifying profit sources and reviewing the cost structure.

Examples of measures in progress

1. Improvement of target marketing skills

- Further tightening filtering function
- Promotions specific to the Internet

3. Strengthening sales of cancer insurance

- Enhanced sales centering on outbound calling through a tie-up with Newton Financial Consulting, an SBI portfolio company
- Strengthening the face-to-face sales agency operations such as at SBI MONEY PLAZA

2. Periodic review of premiums and product details

- Prompt reflection in premiums of changes in loss rates
- Studying development of new product and expansion of products handled

4. Cost reduction through improved efficiency

- Streamline back office work through greater use of the Web for policy changes, etc.
- Periodic review of outsourcing vendors

Profit Contribution from Banking and Insurance Businesses that Do Not Rely Upon the Stock Market is Expected Going Forward

[Profit before Income Tax Expense]

(Based on IFRS, Unit: JPY billion, Amounts are rounded to the nearest JPY 100 million)

| | 1Q FY2013 (Apr. 2013- June 2013) | 2Q FY2013 (July 2013- Sept. 2013) | 3Q FY2013 (Oct. 2013- Dec. 2013) | 4Q FY2013 (Jan. 2014- Mar. 2014) | 1Q FY2014 (Apr. 2014- June 2014) |
|--|--|---|--|--|--|
| SBI SECURITIES | 9.6 | 7.3 | 8.2 | 8.3 | 6.7 |
| SBI Sumishin Net Bank (Shares of results of associates using the equity method) * | -0.8 | 0.6 | 0.3 | 2.0 | 0.2 |
| SBI Insurance | -0.7 | -1.1 | -0.7 | -1.4 | 0.1 |
| SBI MONEY PLAZA | 0.5 | 0.1 | 0.3 | 0.2 | 0.2 |

* For 1Q FY2013, SBI Sumishin Net Bank recorded loss on revaluation of securities based on IFRS, due to the devaluation of treasuries held. Therefore the amount are different from that based on J-GAAP.

**Achieved quarterly profitability
for the first time since its
launch in Jan. 2008**

- ② In the Asset Management Business, results were affected by the quarterly profit/loss reporting of the change in fair value valuation of the listed portfolio securities, as mandated by IFRS, but going forward, SBI Savings Bank is expected to increase its contributions to earnings to help underpin the results**
 - i) Recorded fair value valuation loss from a decline in the share prices of listed portfolio companies, primarily of bio-related companies**
 - ii) SBI Savings Bank significantly contributed to 1Q FY2014 results**

Quarterly Financial Results of the Asset Management Business

Although fair value valuation loss was recorded from 2Q FY2013, owing to a decline in the prices of listed portfolio stocks, primarily of bio-related companies, South Korea's SBI Savings Bank generated stable profits

[Asset Management Business]

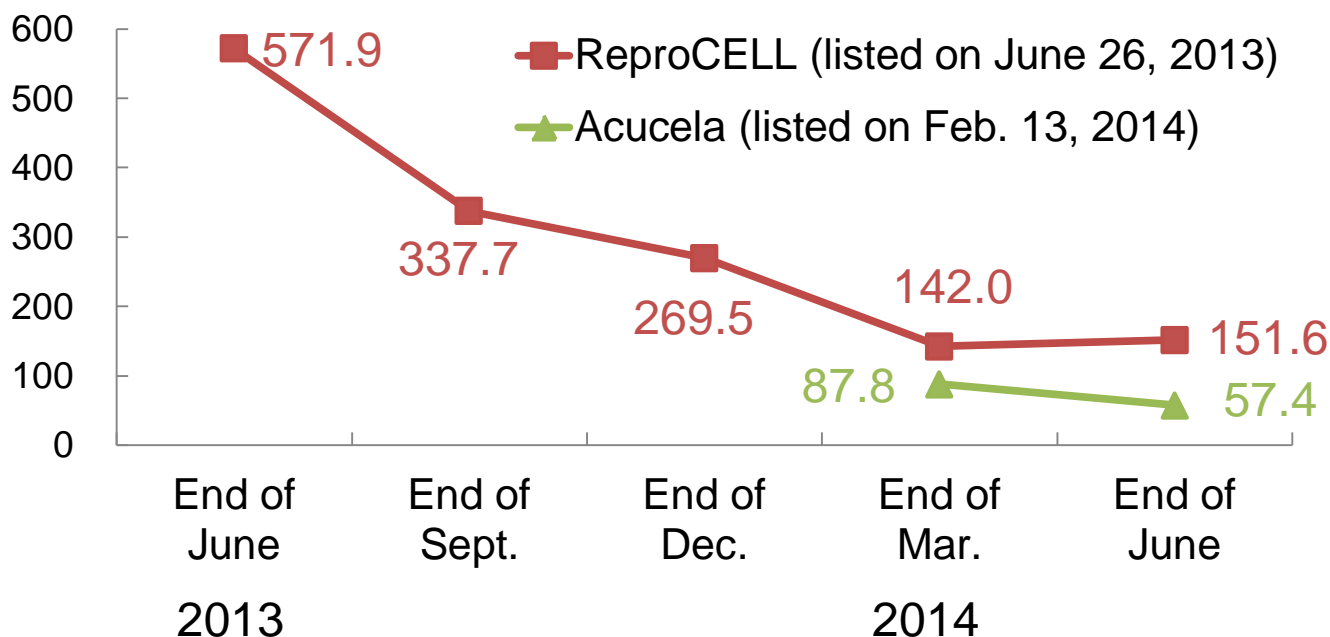
(IFRS, JPY billion)

| | FY2013 | | | | FY2014 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 1Q (Apr. 2013–June 2013) | 2Q (July 2013–Sept.2013) | 3Q (Oct. 2013–Dec. 2013) | 4Q (Jan. 2014–Mar. 2014) | 1Q (Apr. 2014–June 2014) |
| Operating Income | 39.0 | 10.9 | 9.1 | 13.7 | 9.9 |
| Profit before Income tax expense for Asset Management Business | 21.9 | -3.7 | -5.3 | -4.0 | -2.3 |
| Profit/loss from the change in fair value and profit/loss on sales of investment securities | 22.8 | -4.8 | -5.4 | -3.2 | -5.6 |
| ReproCELL | 20.7 | -7.7 | -2.0 | -3.9 | 0.3 |
| Acucela | — | — | — | -1.5 | -3.6 |
| Others | 2.1 | 2.9 | -3.4 | 2.2 | -2.3 |
| SBI Savings Bank | 0.8 | 1.2 | 1.1 | 1.0 | 5.0 |
| Others | -1.7 | -0.1 | -1.0 | -1.8 | -1.7 |

After 2Q FY2013, the Share Prices of the Bioventure Stocks Held Declined Precipitously

| | 2013 | | | 2014 | |
|---|--------------------|------------------|------------------|------------------|-----------------|
| | End of June | End of Sept. | End of Dec. | End of Mar. | End of June |
| ReproCELL (Public offering price = 100) | 571.9 (+471.9)* | 337.7 (-41.0) | 269.5 (-20.2) | 142.0 (-47.3) | 151.6 (+6.7) |
| Acucela (Public offering price = 100) | — | — | — | 87.8 (-12.2) | 57.4 (-34.7) |

* Figures in parentheses represent QoQ changes (%)



SBI Savings Bank Recorded Profit before Income Tax Expense of Approx. JPY 5bn, Owing to an Increase in the Large Scale Debt Collection in a Strong Real Estate Market

1Q FY2014 Results

(SBIH's consolidated accounts basis; IFRS)

JPY million

| | 1Q FY2013 | 1Q FY2014 | YoY % change |
|----------------------------------|--------------|--------------|-----------------|
| Operating revenue | 10,361 | 9,582 | -7.5 |
| Operating income | 949 | 5,139 | +441.5 |
| Profit before income tax expense | 794 | 4,981 | +527.3 |

Operating Receivables

(As of June 30, 2014; IFRS)

JPY billion

| | |
|-------------------------|-------|
| Operating receivables | 329.5 |
| Allowance for bad debt | 116.0 |
| Bad debt provisioning % | 35.2% |

(Reference)

Provisioning % in the past

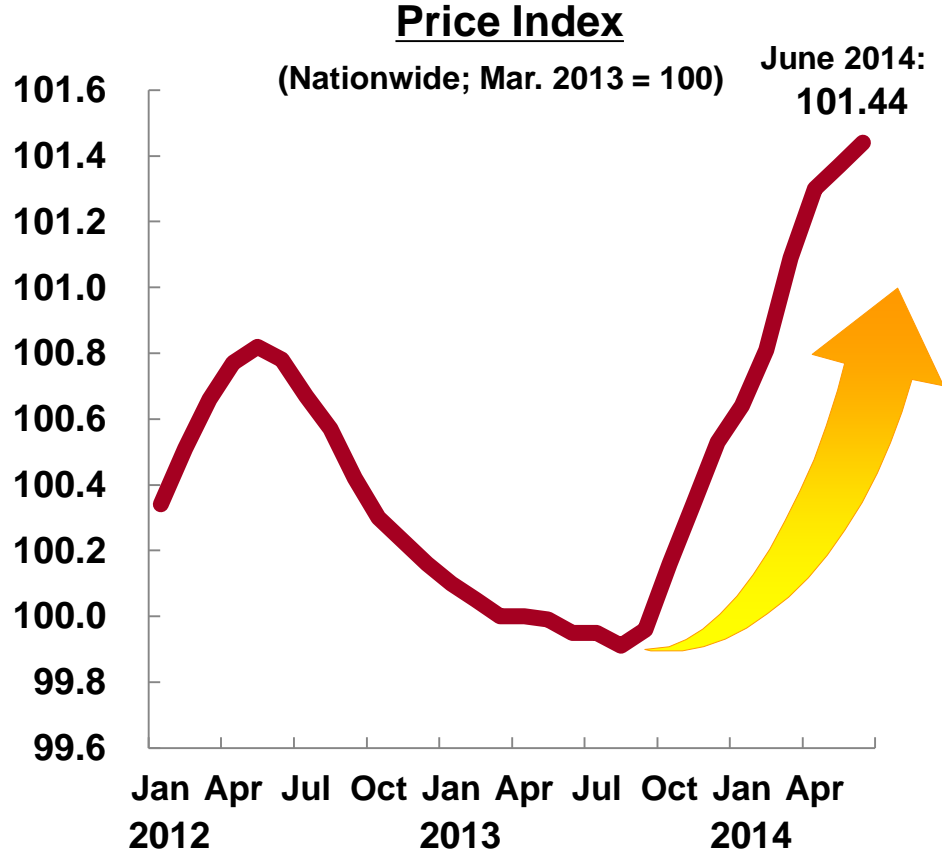


| | |
|---------------|-------|
| Mar. 31, 2014 | 40.0% |
| Mar. 31, 2013 | 45.7% |



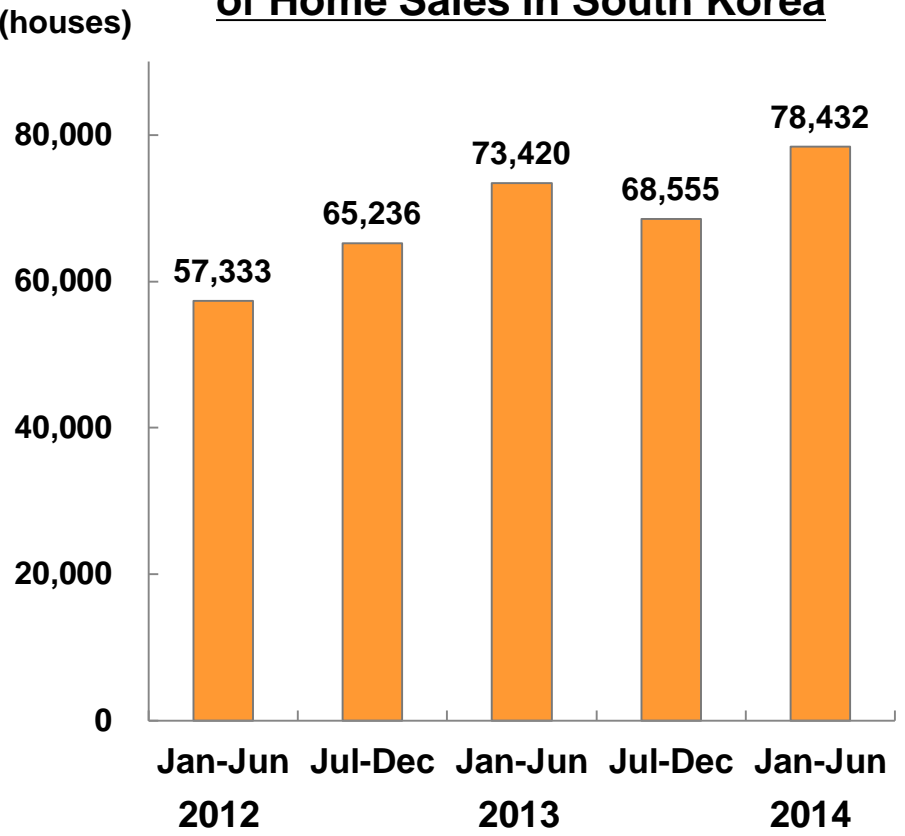
Continued Improvement of SBI Savings Bank's Business Environment

South Korean Housing Purchase Price Index



Source: The Bank of Korea

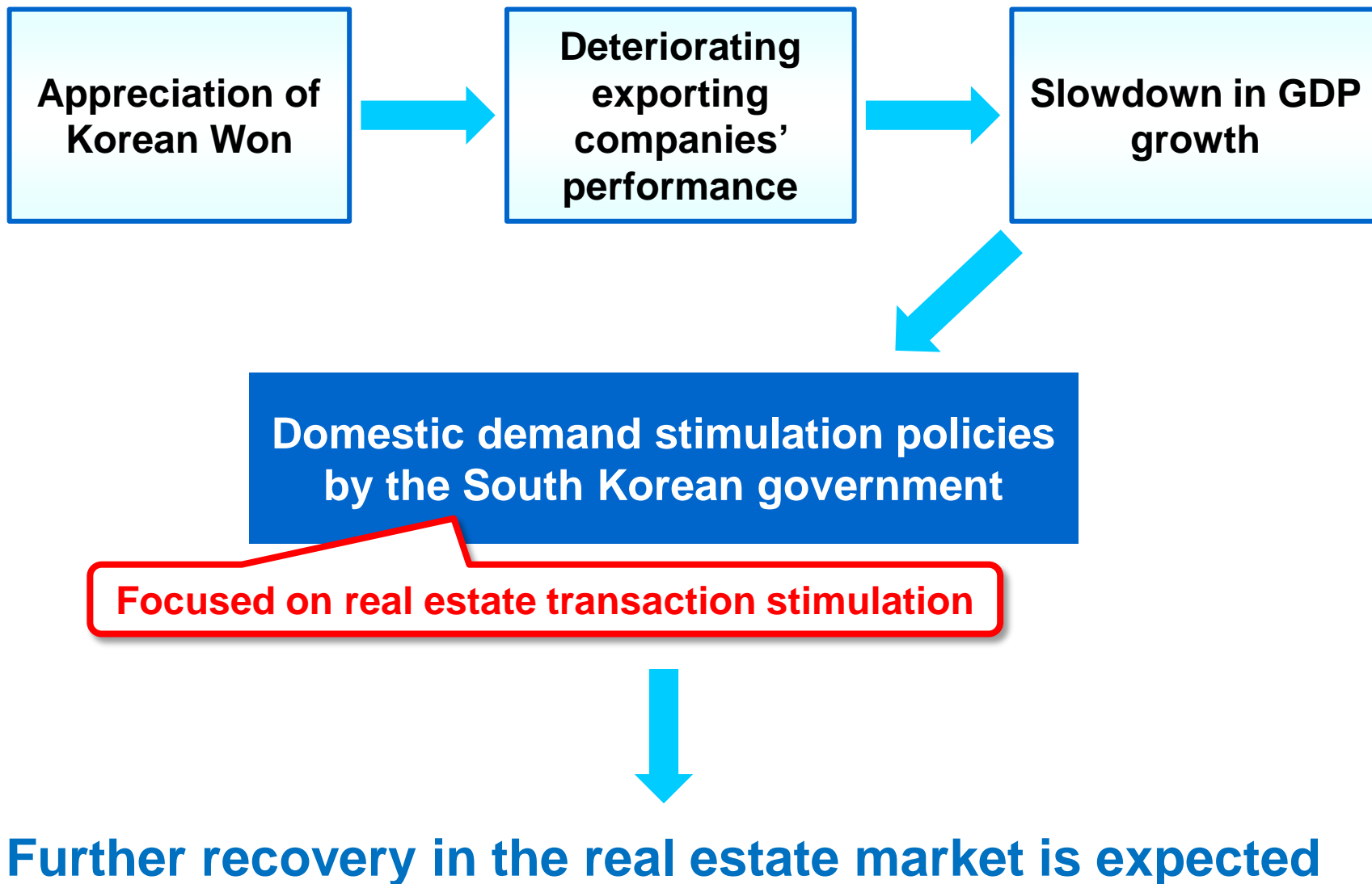
Average Monthly Transaction Amount of Home Sales in South Korea



Source: Ministry of Land, Infrastructure and Transport (Korea)

- Lowering of the real estate acquisition tax rate and other real estate transaction stimulation policies of the Korean government have succeeded, and housing prices continue to recover rapidly.
- Transaction amount of home sales is steadily firming, compared with a year earlier.

South Korean Real Estate Market is Expected to Continue Its Recovery Supported by the Government



Since Mar. 2013, when SBI Savings Bank was Converted into a Consolidated Subsidiary, Focused Efforts Produced Steady Progress in Restoring the Bank's Soundness

- ✓ Upon the fulfillment of the self-funding opportunity in South Korea, KRW 130bn (approx. JPY13bn, converted at KRW 1 = JPY 0.100) was raised from local institutional investors, including a major life insurance company
- ✓ South Korean financial authorities' examination was conducted in June, and was completed without any difficulties
- ✓ Capital adequacy ratio far exceeded the required level of the South Korean financial authorities as of the end of June 2014

| | | SBI 1 Savings Bank | SBI 2 Savings Bank | SBI 3 Savings Bank | SBI 4 Savings Bank |
|---------------|-----------------------|--------------------|--------------------|--------------------|--------------------|
| June 30, 2013 | Results | -16.87% | -13.31% | -10.16% | -3.94% |
| June 30, 2014 | Outlook as of June 27 | Over 8% | Over 10% | Over 10% | Over 10% |
| | Results | 9.47% | 11.44% | 11.46% | 12.71% |

Owing to the Progress in Restructuring, Adopting an Aggressive Management Approach to Strengthening Sales Activities

- ◆ Planning to implement mergers and integration between SBI 1 Savings Bank, the parent company, and its three affiliated banks by the end of Sept. 2014, subject to an approval from the supervisory authorities, in order to increase management efficiency. Additionally, planning to promote online banking services.
- ◆ Considering a launch of several branches to promote business development, subject to an approval from the supervisory authorities
- ◆ In the retail space, we have added to the consumer finance business by starting sales of home collateral loans in May and introducing offerings of mid interest-rate products in July in the 10–20% range, in service of a broad set of customer needs.
- ◆ Targeting an IPO within 3 years



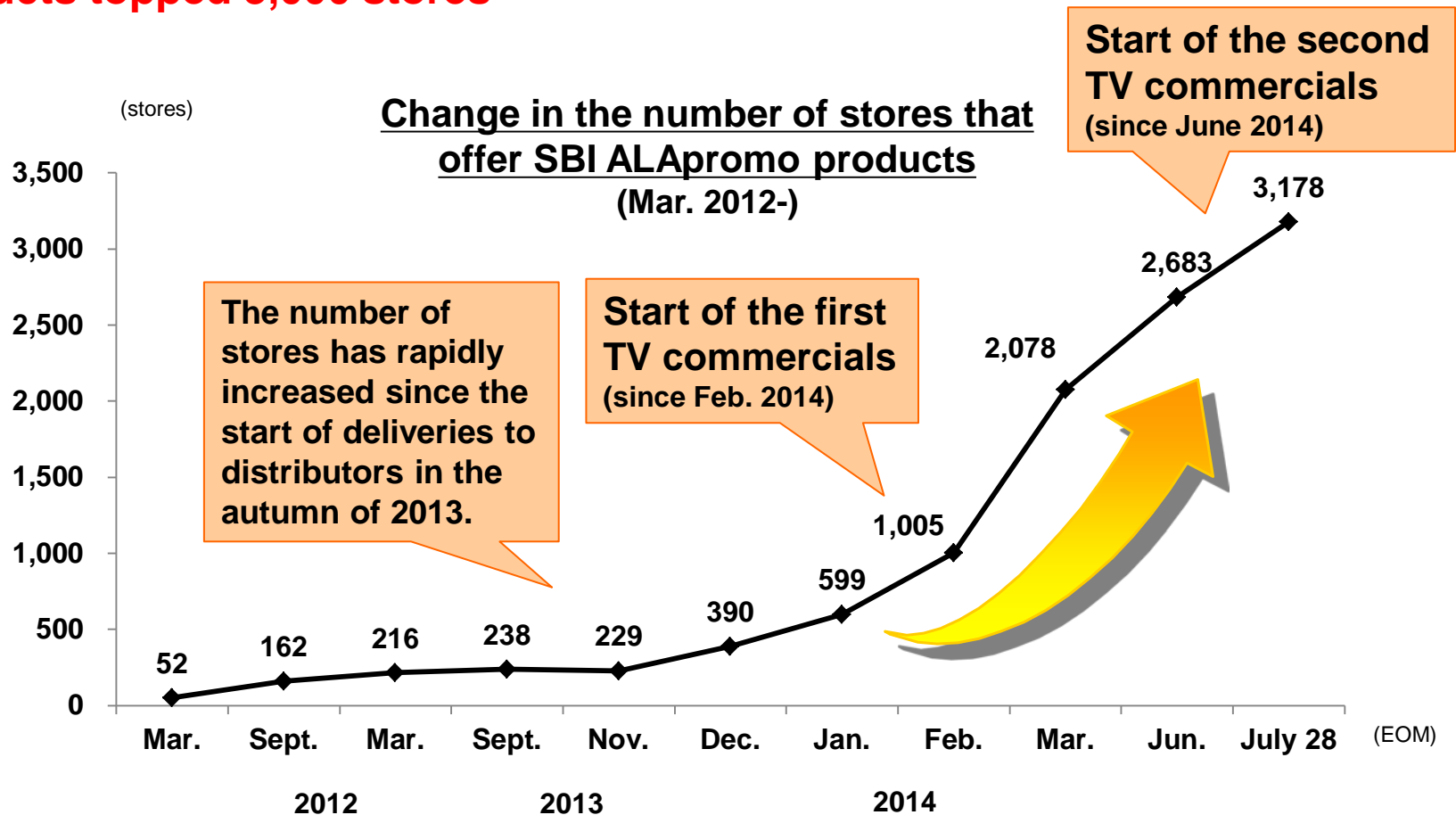
To become the No. 1 savings bank both in name and reality

③ In the 5-ALA related businesses, in order to increase future sales, the domestic promotional efforts of the health foods and cosmetics will be enhanced

To Drive Sales Growth in 5-ALA Related Businesses, Enhance Promotion of Health Foods and Cosmetics for the Domestic Market (i)

Promotion including TV commercials and POP display at drugstores of the ALAplus series featuring singer Hiromi Go stepped up from the end of Feb. 2014

Consulting pharmacies and drugstores nationwide that offer SBI ALApromo products topped 3,000 stores



To Drive Sales Growth in 5-ALA Related Businesses, Enhance Promotion of Health Foods and Cosmetics for the Domestic Market (ii)



In Apr. 2014, two new exclusive mail order only products were introduced into the lineup

Supplements

(e.g.)



**ALAPlus
GOLD**



ALAPlus

Latest release (From Apr. 2014):

ALAPLUS Beauty Series



ALAPlus CoQ10
(Containing 5-ALA and
CoQ10)



ALAPlus Biotin
(Containing 5-ALA and
Biotin)

Cosmetics

ALAPlus series



**Essential
lotion**



**Moisturizing
cream**

Other companies released products containing SBI Pharmaceuticals' 5-ALA

Bi Chocola Enrich
(Exclusive Supplement
for mail-order by Eisai
Co., Ltd



**L'ala Solomon
series**
(Cosmetics)



**Genostyle
series**
(Cosmetics)



Taiyo Co., Ltd., where Mr. Ken Hayashibara, former president of Hayashibara Biochemical Labs., Inc., is involved, also launched new supplements containing trehalose, other ingredients and 5-ALA



Product name: [WASREN]



[PLANEN]



[AsA-G Tablet]

(2) Along with the Strengthening of the Profitable Businesses, the Unprofitable Businesses' Results have Significantly Improved, owing to the Success of the “Brilliant Cut Initiative” which was Initiated in 2010

Improvement in the Profitability of the Unprofitable Companies/Divisions through the Promotion of the “Brilliant Cut Initiative”



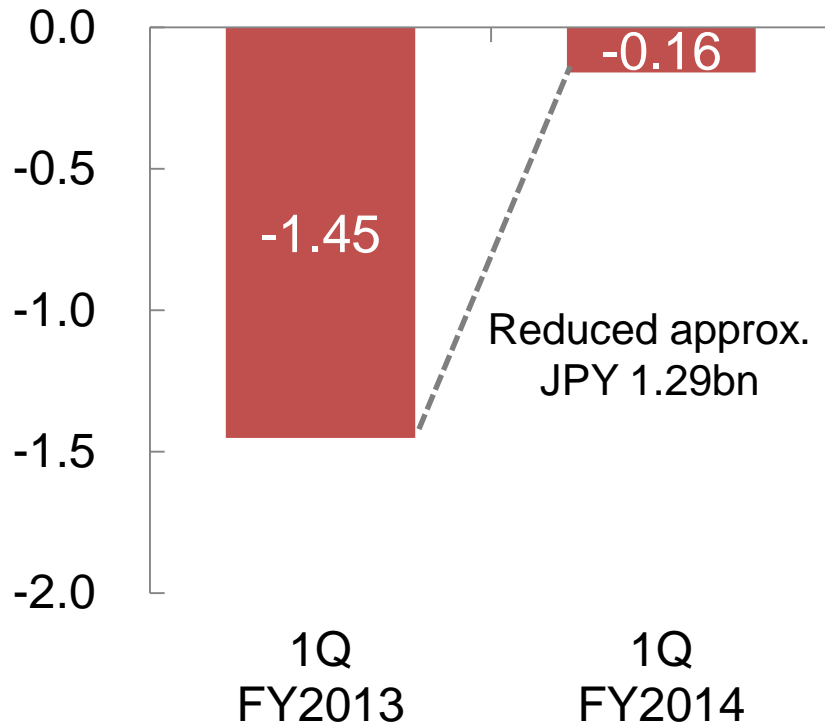
Compared to 1Q FY2013, the total sum of the loss before income tax expense of the major unprofitable companies in the Financial Services Business was reduced by JPY 1.29bn.

Change in the total sum of loss before income tax expense of the major unprofitable subsidiaries (IFRS)

Change in the amount of profit/loss at each company

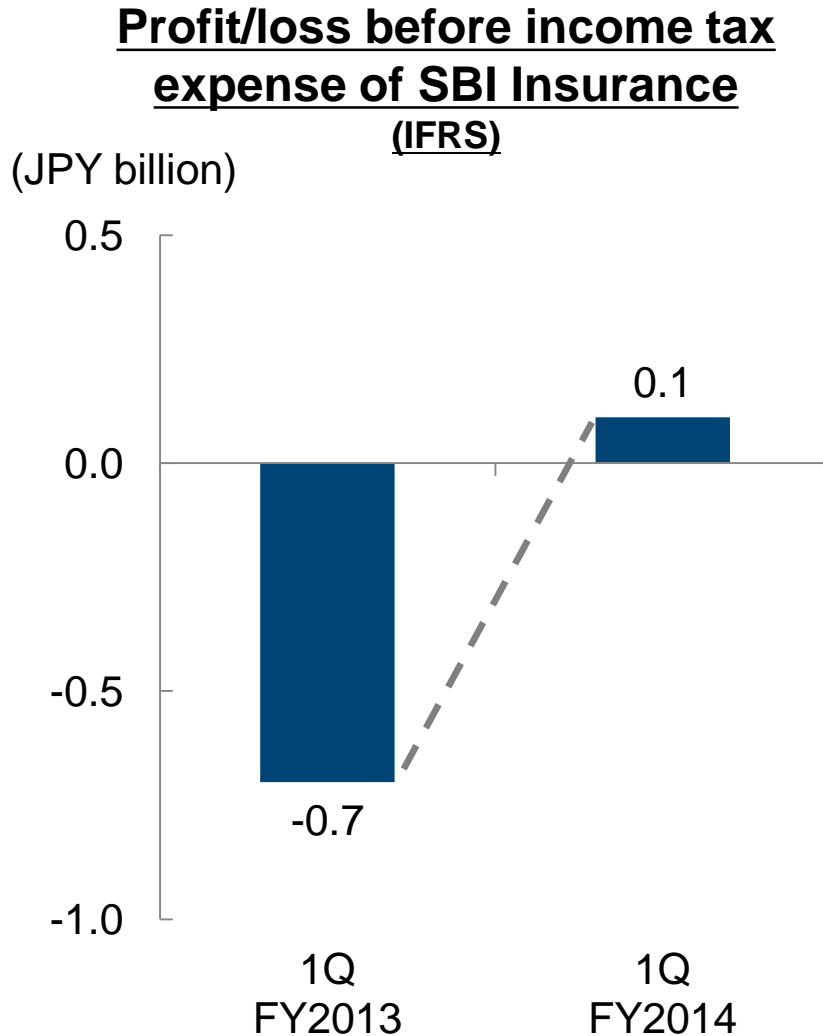
(JPY billion)

(JPY billion)



| | 1Q FY2013 | 1Q FY2014 |
|---------------|-----------|-----------|
| SBI Insurance | -0.71 | +0.13 |
| SBI Card | -0.74 | -0.29 |

SBI Insurance Achieved Its First Quarterly Profitability and Targets Full-year Profitability in FY2015



[Since 2011]

Executed various measures to increase profitability including drastic overhaul of reinsurance and outsourcing



[1Q FY2014]

Achieved its first quarterly profitability

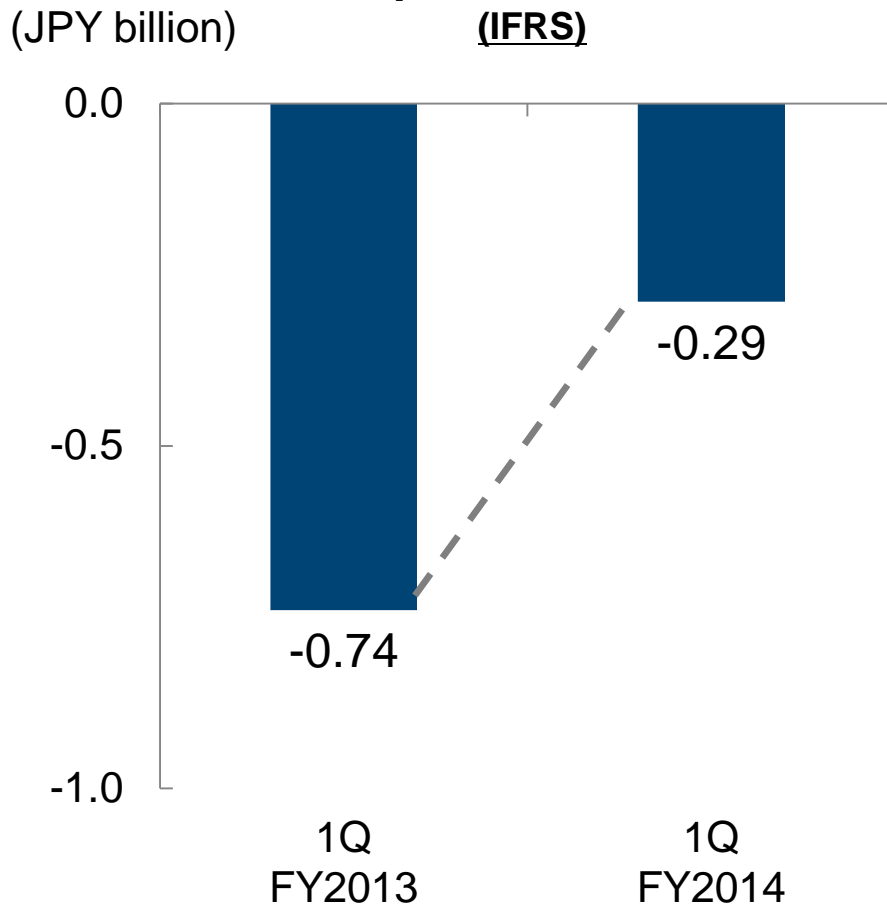


[FY2015]

Targeting full-year profitability in FY2015 on an IFRS consolidated base

SBI Card's Deficit Decreased Significantly and Various Measures will be Enacted to Promote Further Improvement in Its Profitability

Profit/loss before income tax expense of SBI Card



Owing to the termination of SBI Card Plus, system operations cost and operational loss decreased significantly



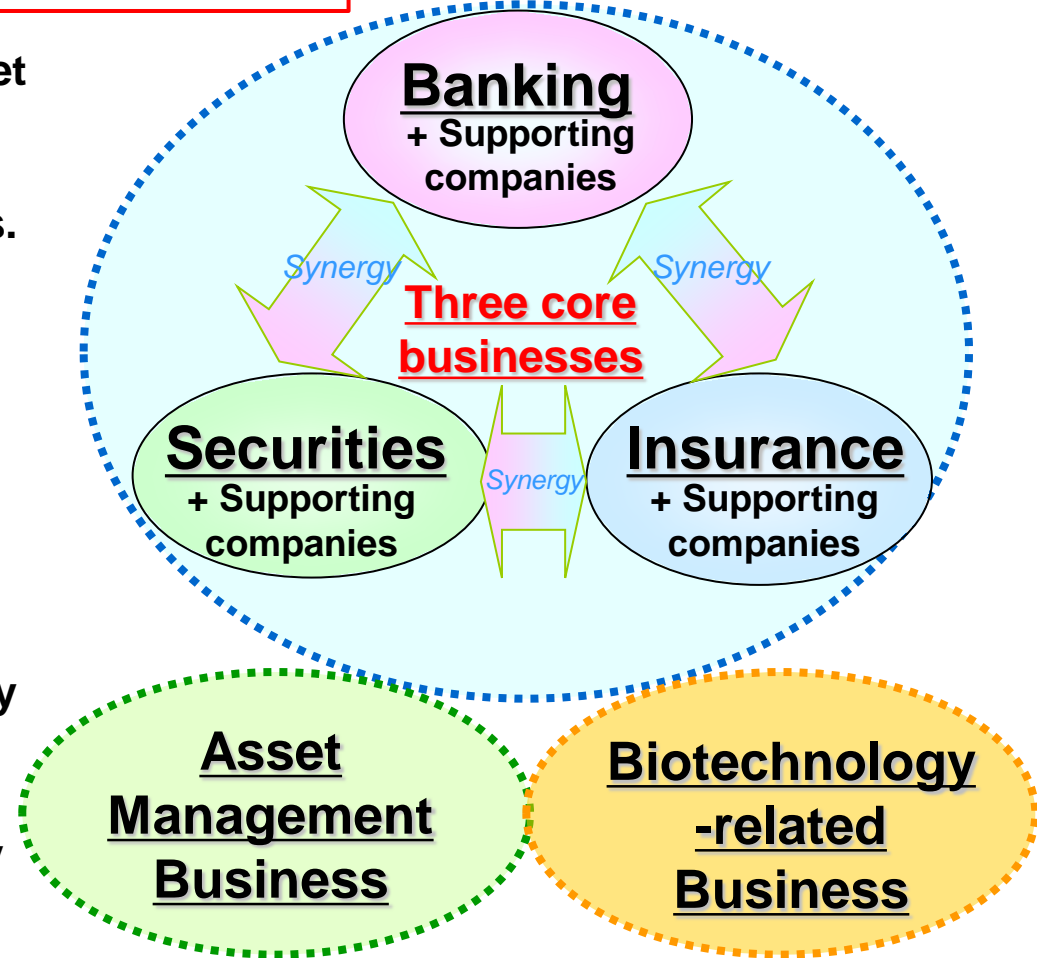
SBI Card will improve its profitability by increasing the number of its credit card holders, effectively utilizing the SBI point system and increasing the sales of the prepaid card, "Vanilla Visa Online"

(3) Continued Thorough Business Selection and Concentration

Generating Cash Flow and Improving the Financial Condition through Business “Selection and Concentration” 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.
- Overlapping businesses will generally be consolidated




Further pursue business “Selection and Concentration” through EXITs of investee companies that are currently consolidated subsidiaries

Generating Cash Flow and Improving the Financial Condition through Business “Selection and Concentration” 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

Interest-bearing Debt Ratio: **135.2%**  **104.7%**
(as of Mar. 31, 2014) (as of June 30, 2014)

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

Share repurchases will also be considered on a timely basis.

Examples of Generating Cash Flow through “Selection and Concentration” – (i)

- 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 AXES (SBI Group's share: 75.0%)**

* 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 consolidated SBI Asset Management as its subsidiary and will absorb SBI Searchina (scheduled in Sept. 2014)**

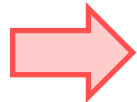
Examples of Generating Cash Flow through “Selection and Concentration” – (ii)

The SBI Group decided to tender its entire stake in SBI Mortgage, in response to a tender offer by The Carlyle Group

■ Overview of the tender offer

| | |
|---|---|
| (1) Ownership ratio of voting rights before subscription (consolidated basis) | 66.50% |
| (2) Share transfer price (consolidated basis) | KRW 284,182m (approx. JPY 28.4bn*, KRW 18,000 per share) |
| (3) Period of purchase | From July 1, 2014 to Aug. 12, 2014 |
| (4) Date of result announcement | Aug. 13, 2014 |

* Converted at KRW 1 = JPY 0.100



Expected to post a gain on sale of shares of approx. JPY 14bn as operating income on a consolidated basis for 2Q FY2014

■ Reasons for subscribing to the tender offer

- Concluded that the best way to further enhance SBI Mortgage's corporate value was to privatize and leverage the management resources of The Carlyle Group
- Received an offer of a 19.21% (rounded to the second decimal place) premium on the closing price of KRW 15,100 of SBI Mortgage's KDR in the KOSPI market, as of June 27, 2014
- Upon completion of the tender offer, SBIH is planning to invest JPY 2bn in CSM Holdings Co., Ltd., the tender offeror, and will continue providing support so that SBI Mortgage can further enhance its corporate value by using the SBI Group's brand and business base.

2. FY2014 Full Year Outlook

- (1) Recognition of the Business Environment Surrounding the SBI Group**
- (2) FY2014 Full Year Outlook Based on the 1Q Results and the Current Business Environment**

(1) Recognition of the Business Environment Surrounding the SBI Group

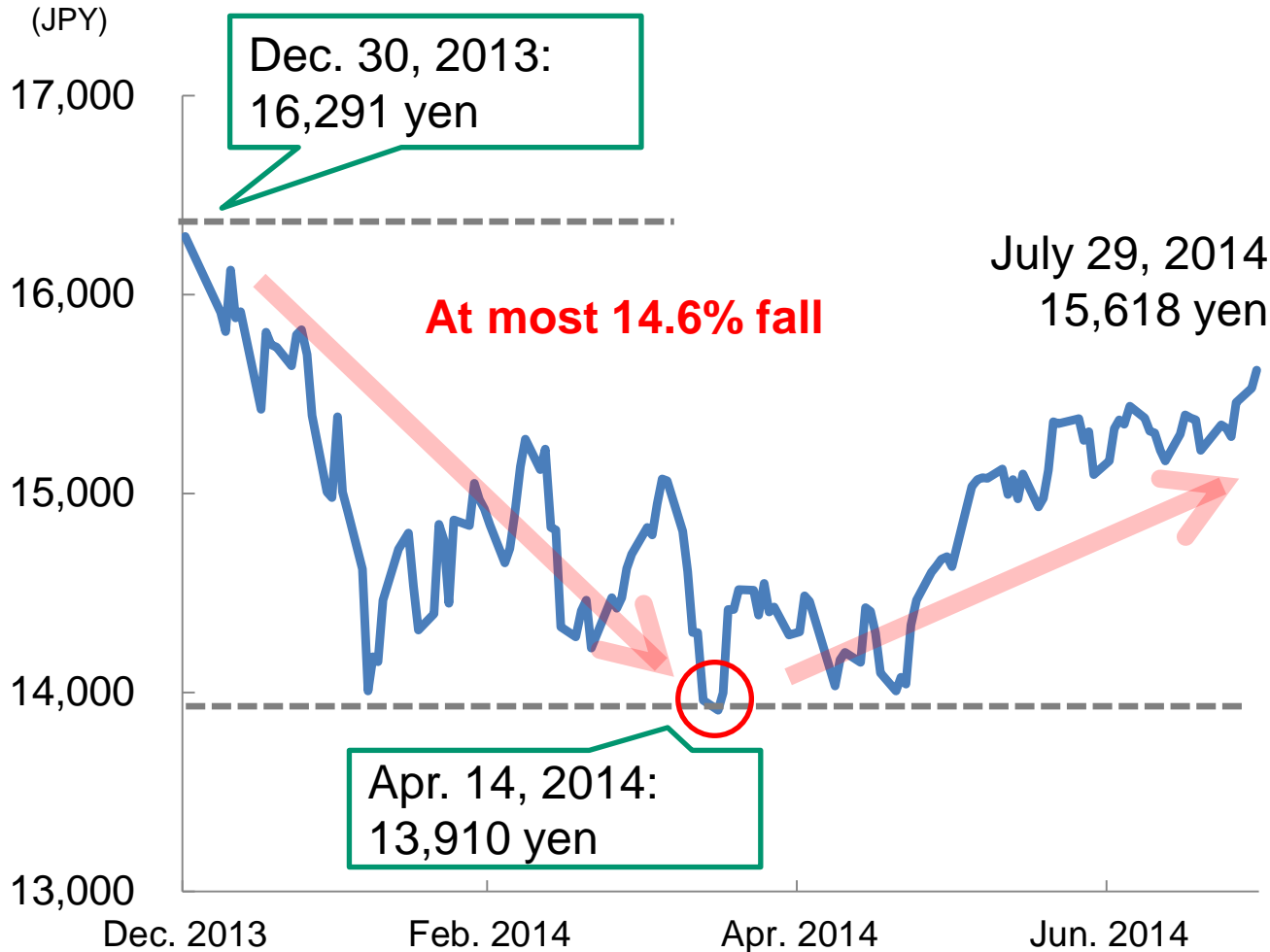
Japanese Economy Escapes Deflation

- Unemployment rate (seasonally-adjusted) in June 2014 was 3.7%, and the active job openings-to-applicants ratio (seasonally-adjusted) was 1.10, a 22-year high. Japan's labor market continues to improve.
- The core consumer price index (CPI), excluding fresh food price, rose 3.3% YoY in June 2014. The CPI growth rate after excluding the effect of the consumption tax increase (2.0%: estimation by the Bank of Japan) was 1.3%; an inflation rate of over 1.0% has continued for the 8th consecutive month.
- The output gap decreased to 0.2% in Jan.-Mar. 2014 from 1.7% in Oct.-Dec. 2013.



**It appears that the Japanese economy has
escaped from deflation**

Nikkei 225 Recovery



% change in stock indices since the end of last year
(As of July 29, 2014)

| | |
|---------------|------|
| NIKKEI 225 | -4.1 |
| Dow Jones | +2.0 |
| DAX | +1.1 |
| SSE Composite | +3.2 |

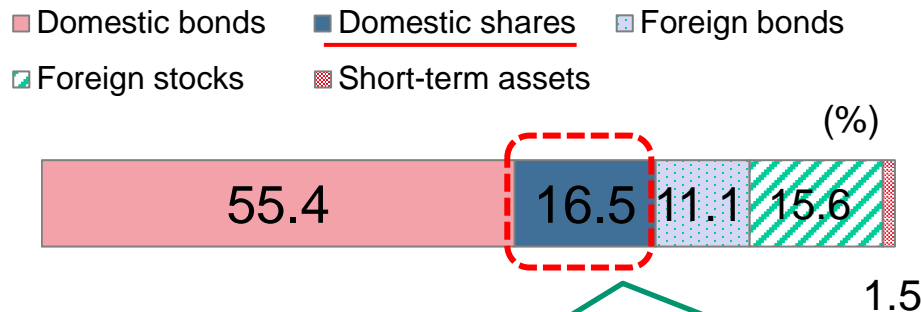
Although fear factors such as geopolitical risk still remain, the Japanese stock market that experienced a temporary setback has regained its momentum since late May

Policy Measures that are Expected to Support the Domestic Stock Market

① Revision of asset allocation in the Government Pension Investment Fund (GPIF)

In the latter half of the fiscal year, it is expected that a revision in the asset allocation of the Government Pension Investment Fund (GPIF) will be enacted, which will further support the stock market

The operating asset portfolio of GPIF
(total asset amount: JPY 126tn)
(As of Mar. 2014)



An increase in the ratio is being considered

The basic asset portfolio of GPIF (%)
(As of the end of June, 2014)

| | |
|-------------------|----|
| Domestic bonds | 60 |
| Domestic stocks | 12 |
| Foreign bonds | 11 |
| Foreign stocks | 12 |
| Short-term assets | 5 |

The chairman of the GPIF investment committee expressed his intention to consider raising the domestic stock allocation to 20%

If the ratio of the domestic stocks increases by 1%,
JPY 1.3tn would flow into the stock market

Policy Measures that are Expected to Support the Domestic Stock Market

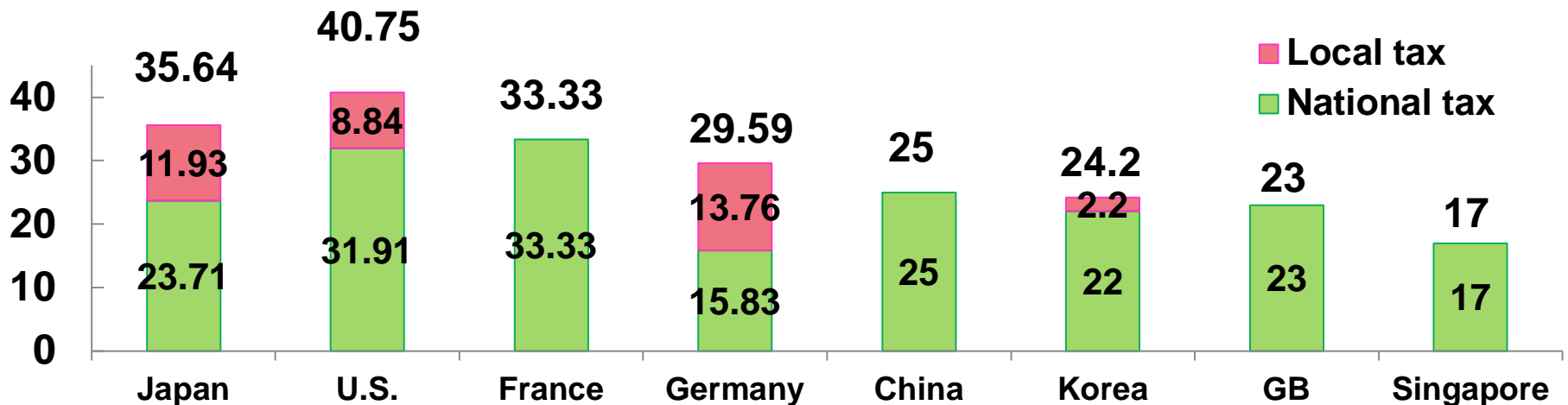
② Lowering the effective corporate tax rate

The Basic Policies for Economic and Fiscal Management (“big-boned policy”) included a policy of lowering the effective corporate tax rate to less than 30% in stages from FY2015

Private member of the assembly advocated that a cut of the effective corporate tax rate should be **at least 2% in FY2015, the first fiscal year of the tax reduction,** at Council on Economic and Fiscal Policy

As the specific percentage of the corporate tax cut was proposed, will the stock market factor in the potential corporate tax cut?

Effective corporate tax rates comparison between countries



* The figures of Japan, the U.S., Germany and Korea are based on those of Tokyo, California, a German average and Seoul, respectively.

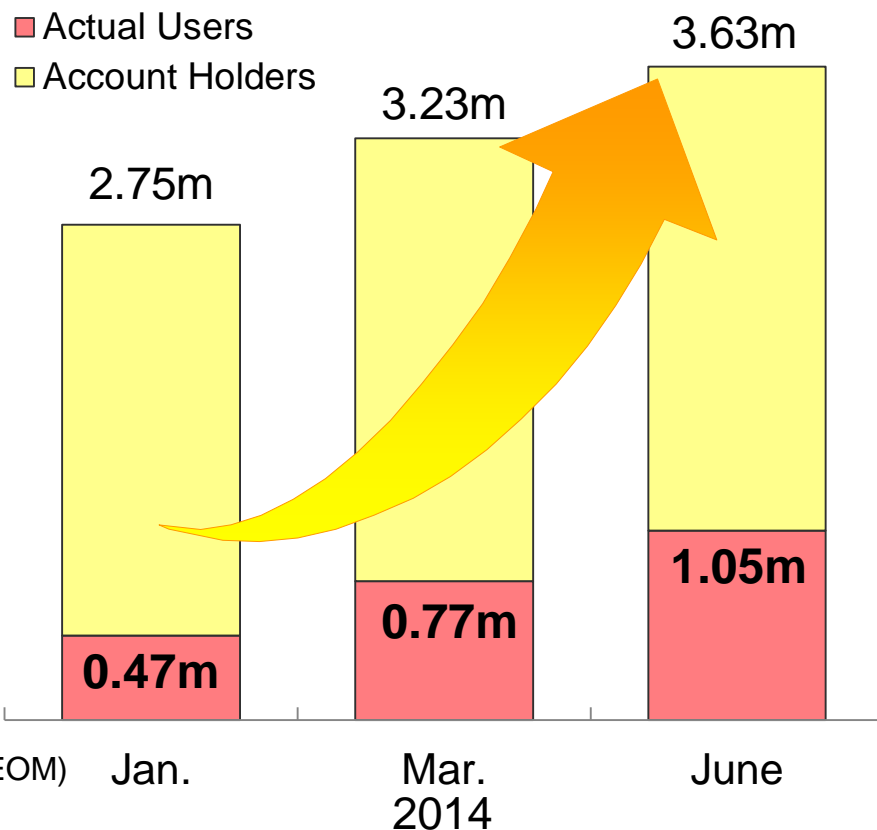
*Source: Ministry of Finance Japan (As of the end of Mar. 2014)

Policy Measures that are Expected to Support the Domestic Stock Market

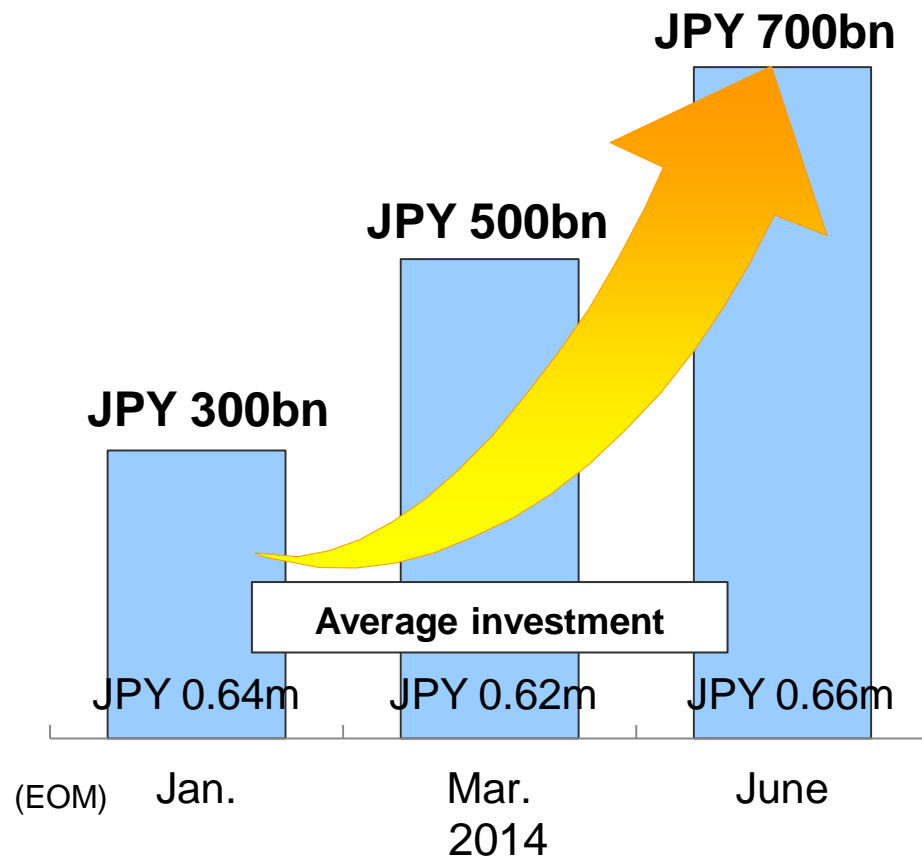
③ Expansion of system for NISA – (i)

Individual investors who have opened NISA accounts and actually conducted transactions of stocks and investment trusts during the first six months rose to 1.05 million investors (up 0.28 million investors compared to Mar. 31, 2014)

Number of account holders and actual users



Investment amount (Inflow of cash)



* Based on a hearing investigation conducted by Nikkei covering 10 major securities firms

Excerpt from the Nikkei newspaper morning edition on July 25, 2014

Policy Measures that are Expected to Support the Domestic Stock Market

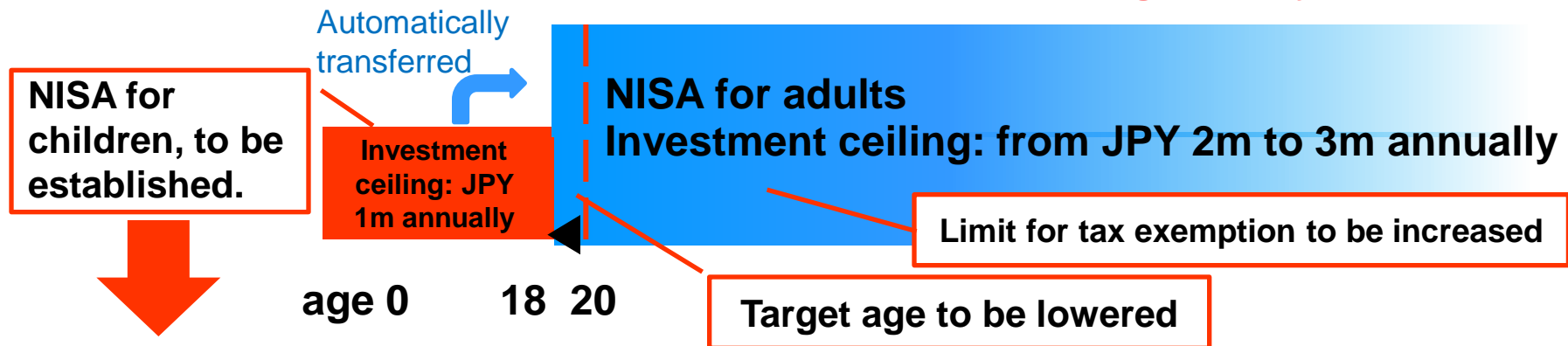
③ Expansion of system for NISA – (ii)

- Pillars for the expansion measures: ① Establish NISA for children in 2016;
② Increase the tax exemption on adult NISA to between JPY 2m to 3m;
③ Gradually extend the tax exemption period

[Present] Tax exemption period: 5 years



[Expansion plan] Tax exemption period: **to be expanded gradually**



NISA to be available for all generations!

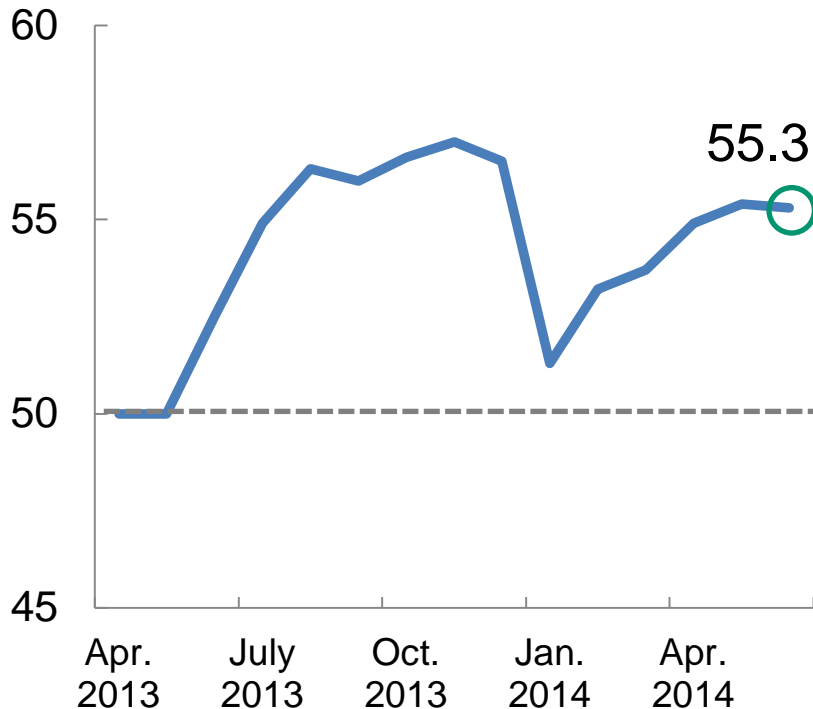
Source: Excerpt from The Nikkei newspaper on July 13, 2014

Chief Cabinet Secretary Yoshihide Suga said in a press conference on the 24th, (Abbrev) regarding measures to extend the Nippon Individual Saving Account (NISA), “While examining the cost-effectiveness, we would like to positively consider raising the limits and extending the system to more people.” (Abbrev) Regarding NISA for children, he said “That will be included in our deliberations.” (The Nikkei newspaper morning edition on July 25, 2014)

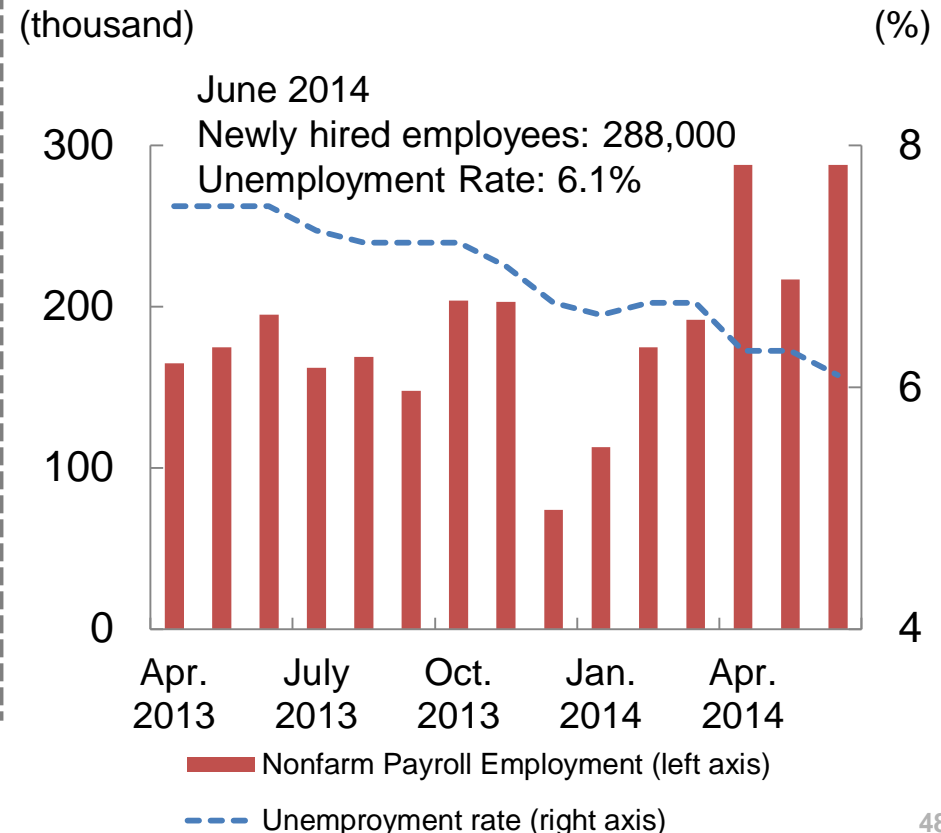
The U.S. is Expected to Achieve Stable Growth

Since the beginning of 2014, economic indicators in the U.S. have recovered, and stable growth is expected

U.S. ISM Manufacturing index

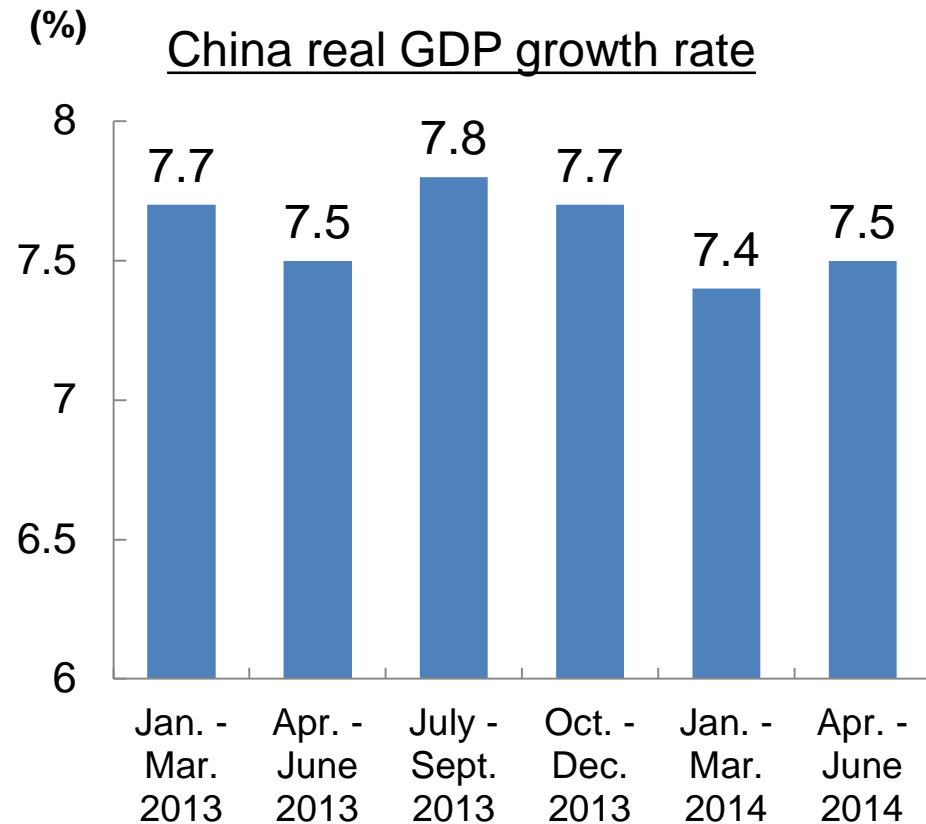


U.S. Unemployment Rate/Nonfarm Payroll Employment



Concerns for the Chinese Economy are Fading

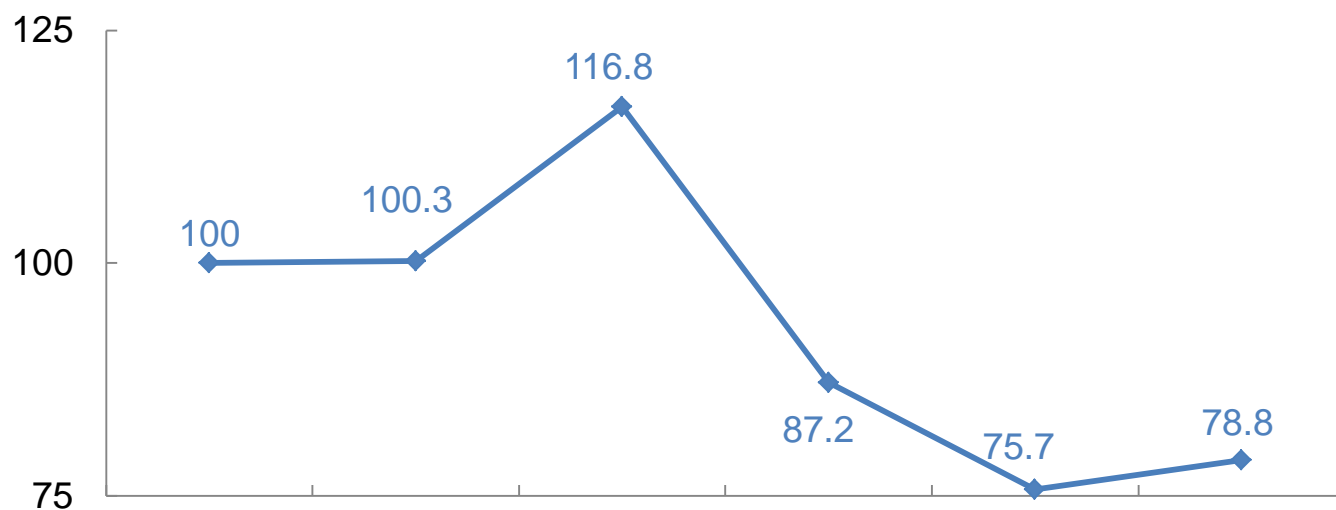
As economic indicators in China are firm, it appears that the economic environment in China is not that bad, and so China is expected to reach an annual economic growth rate of 7.4-7.5%



The Stock Prices of Domestic Bioventures Show Signs of Bottoming Out

| | 2013 | | | | 2014 | |
|---|-------------|--------------------|-------------------|-----------------|-----------------|----------------|
| | End of Mar. | End of June | End of Sept. | End of Dec. | End of Mar. | End of June |
| The average stock price of Bioventures that conducted IPOs from Jan. 2010 to Mar. 2013 *2 (Indexation based on the figure of Mar. 31, 2013 = 100) | 100 | 100.3 (+0.3) *1 | 116.8 (+16.45) | 87.2 (-25.3) | 75.7 (-13.2) | 78.8 (+4.1) |

*1 Figures in parentheses represent QoQ changes (%)



*2 Bioventures that conducted IPOs from Jan. 2010 to Mar. 2013: CellSeed Inc., RaQualia Pharma Inc., Symbio Pharmaceuticals Limited, 3-D Matrix, Ltd., Chiome Bioscience Inc., Gene Techno Science Co. Ltd., UMN Pharma Inc., MEDRx Co., Ltd and euglena Co.,Ltd

Summary of Portfolio Stocks that are Listed

| | Public offering price | Highest price | Lowest price | Current price (As of July 29) | Change from public offering price (%) |
|---|--------------------------------|---|---|----------------------------------|---------------------------------------|
| ReproCELL | 640 (Split adjusted) | 3,360 (June 28, 2013) | 648 (May 19, 2014) | 880 | +37.5 |
| Auto Server (in TWD) | 105 | 120 (Jan. 15, 2014) | 82.9 (July 29, 2014) | 82.9 | -21.0 |
| Acucela | 1,800 | 2,380 (Feb. 25, 2014) | 545 (May 19, 2014) | 856 | -52.4 |
| NEWTON FINANCIAL CONSULTING | 3,320 | 3,180 (June 16, 2014) | 2,494 (July 15, 2014) | 2,535 | -23.6 |
| Average of the stock prices that conducted IPOs in FY2013 (Public offering price =100) | 100 | 288 (average of highest prices) | 71 (average of lowest prices) | 169.9 | +69.9 |

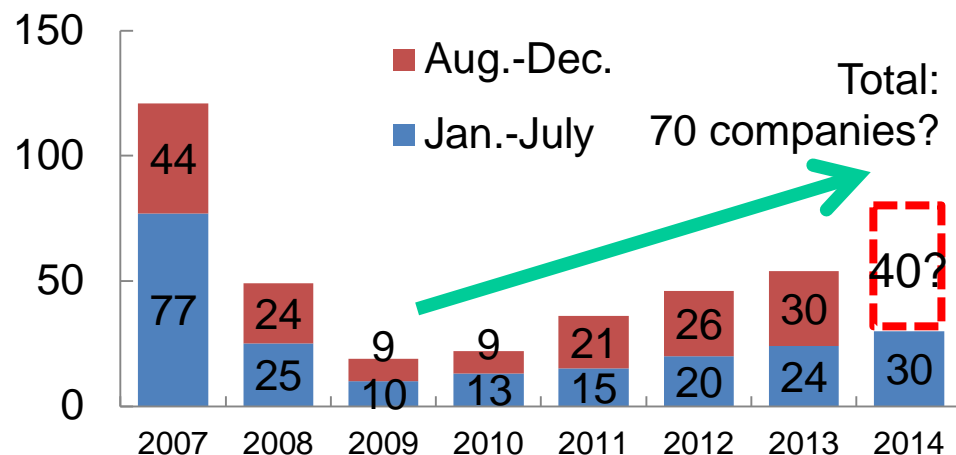
Domestic and Overseas IPO Markets Continue to be Firm

Domestic

The number of companies that conducted IPOs from Jan. to July was 30 companies, which exceeded the pre-Lehman crisis term of Jan. to July 2008, of 25 companies.

Moreover, 40 companies are expected to conduct IPOs in Aug. to Dec., with the total number of IPOs reaching 70 companies in 2014.

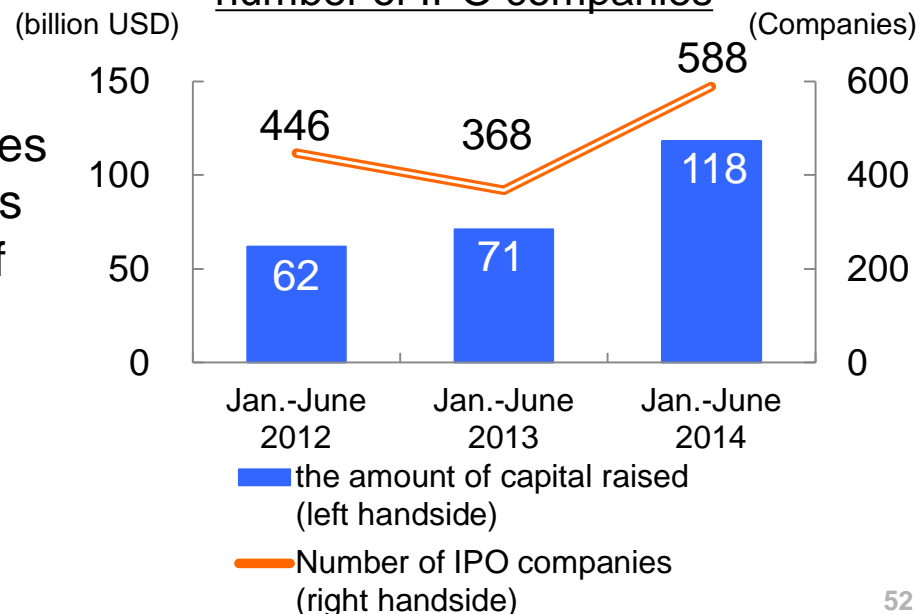
Change in the number of IPOs



Overseas

With a solid pipeline of IPO-ready businesses across a broad range of geographic markets and from multiple sectors in the second half of 2014, there is no shortage of supply.

The amount of capital raised and the number of IPO companies



(2) FY2014 Full Year Outlook Based on the 1Q Results and the Current Business Environment

[Financial Services Business]

- ❑ Owing to an improvement in the unprofitable businesses since FY2013 and the expansion of the revenue base, as well as a favorable transition to an earnings structure that does not rely on the stock market, operating income for 1Q was JPY 9.5bn.
- ❑ With the anticipation of an improving business environment surrounding the SBI Group, and a stock market that is expected to steadily improve, conservatively JPY 9.0bn in operating income on a quarterly basis is expected from the 2Q going forward.
- ❑ A gain of JPY 14.0bn on the sale of SBI Mortgage shares is scheduled to be recorded as operating income in 2Q. As a result, full year operating income for the Financial Services Business is expected to significantly exceed JPY 37.3bn of FY2013.

Full Year FY2014 Operating Income Outlook ②

[Asset Management Business]

- ❑ At SBI Savings Bank, due to an increase in the large scale debt collection in a strong real estate market, recorded JPY 5.1bn in operating income for 1Q. Owing to the expansion of its operations to restore soundness and to bolster profitability, operating income is expected to steadily grow from 2Q going forward, toward the attainment of the JPY 10.0bn full year target.
- ❑ Regarding the profit/loss from a change in the fair value valuation, it is expected that the possibility of a further decline in the share prices of the listed portfolio biotech companies is minimal, and rather that a recovery in their share prices is more likely.

[Biotechnology-related Business]

- ❑ In the 5-ALA related business, will continue to aggressively conduct promotional activities targeting a future sales expansion.
- ❑ Potential receipt of a license fee for drug development in either 2Q or 3Q is presumable.

Full year operating income of FY2014 may record a historical high (??)

3. Current State and Future Efforts for Each Business Segment

- (1) In the Financial Services Business, Further Enhance Profitability by Diversifying the Customer Base and Profit Sources of Each Sector**
- (2) In the Asset Management Business, Also Focus on the Expansion and Enhancement of the Overseas Financial Services Business**
- (3) In the 5-ALA Related Business, which is Pursuing an Early Profitability, Promote the Sales of 5-ALA Products (Health Foods, etc.), and Accelerate the Research and Development of Pharmaceuticals**

(1) In the Financial Services Business, Further Enhance Profitability by Diversifying the Customer Base and Profit Sources of Each Sector

① SBI SECURITIES

② SBI Japannext

③ SBI Liquidity Market, SBI FXTRADE

④ SBI Sumishin Net Bank (Equity method company)

⑤ Insurance Business

⑥ SBI MONEY PLAZA

① SBI SECURITIES

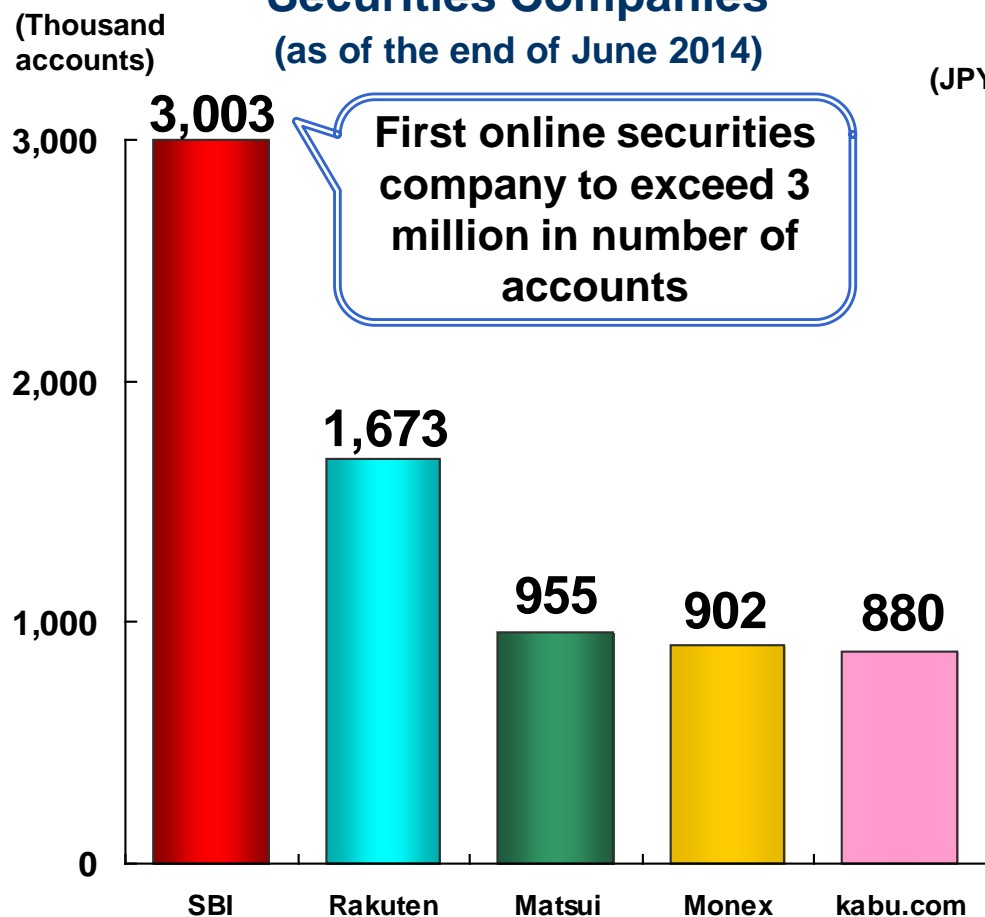
- **Share of individual stock trading value of the overall trading, including that of the margin trading, significantly increased by 3 percentage points year-on-year, respectively**
- **Improved its earnings capacity through further diversification of earning sources and expansion of sales of stock-oriented products.**
Financial revenue rose 8.6% year-on-year due to the favorable increase of open interest credit balance. Also, the investment trust balance continued at record levels.

Customer Base of SBI SECURITIES

[Number of Accounts and Amount of Customer Asset]

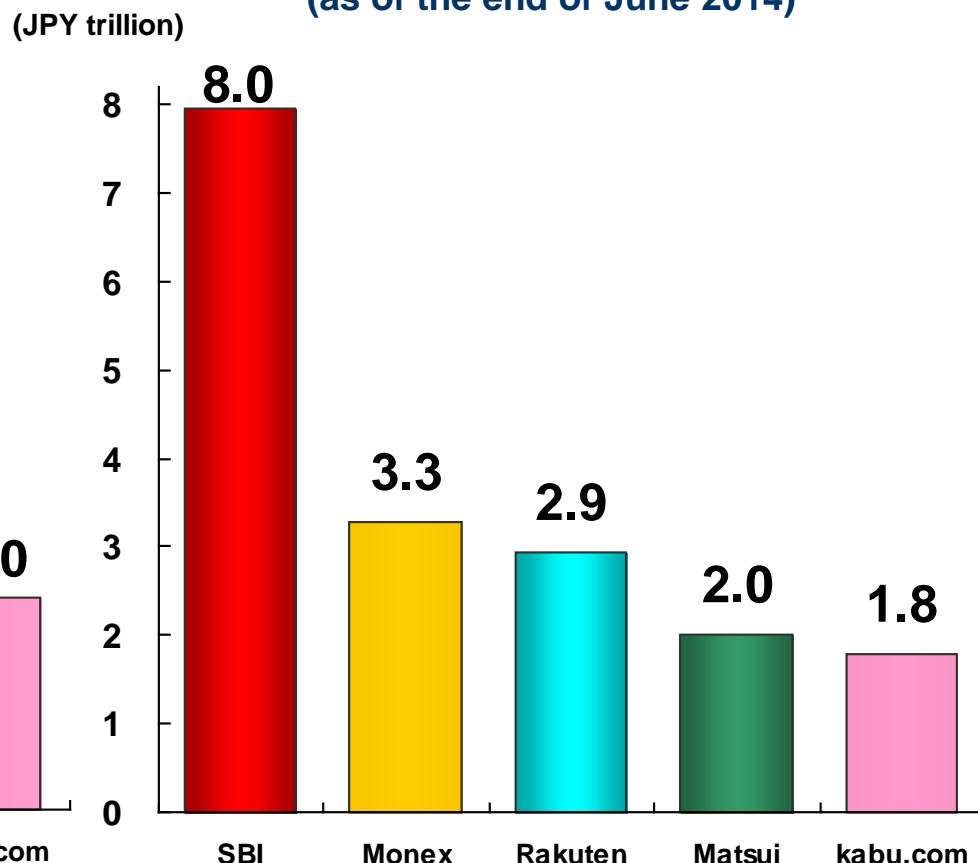
Customer Accounts of 5 Online Securities Companies

(as of the end of June 2014)



Customers' Deposit Assets of 5 Online Securities Companies

(as of the end of June 2014)



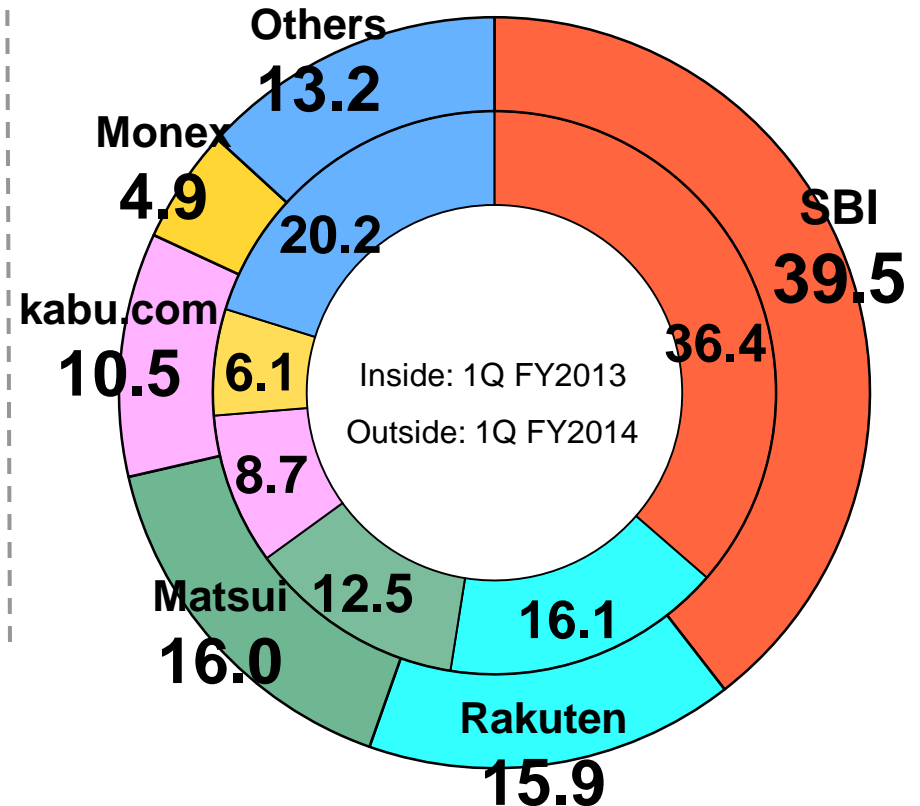
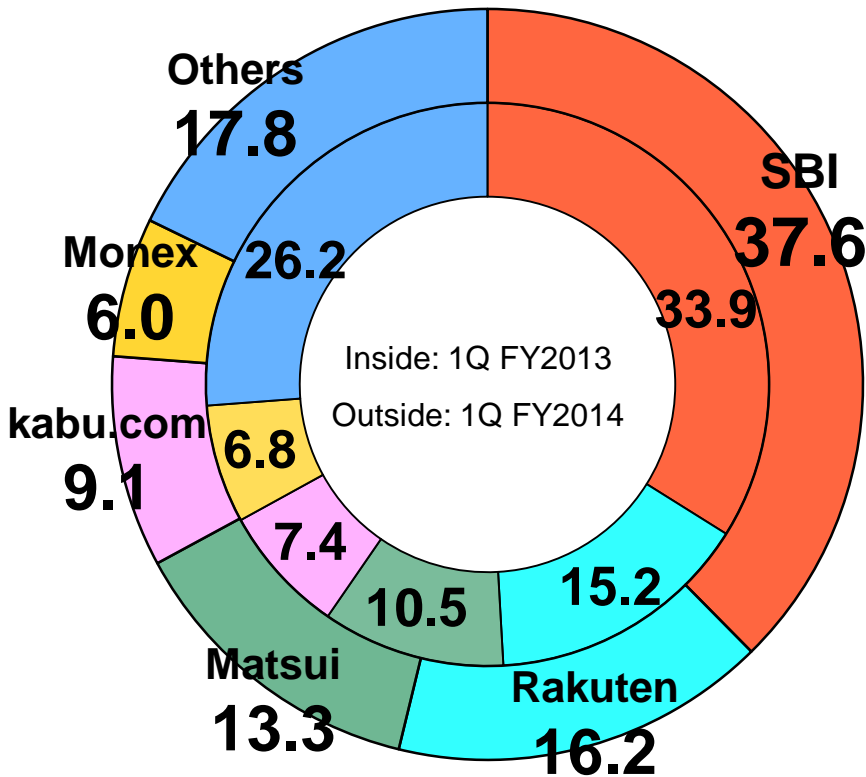
* The figure of Rakuten is that of the end of Mar. 2014. The figure as of the end of June is not disclosed.

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

SBI SECURITIES' Share of Individual Stock Trading Value Significantly Increased

Share of Individual Stock Trading Value (%)
1Q FY2014
 (Apr. 2014-June 2014)

(of which) Share of Individual Margin Trading Value (%)
1Q FY2014
 (Apr. 2014-June 2014)

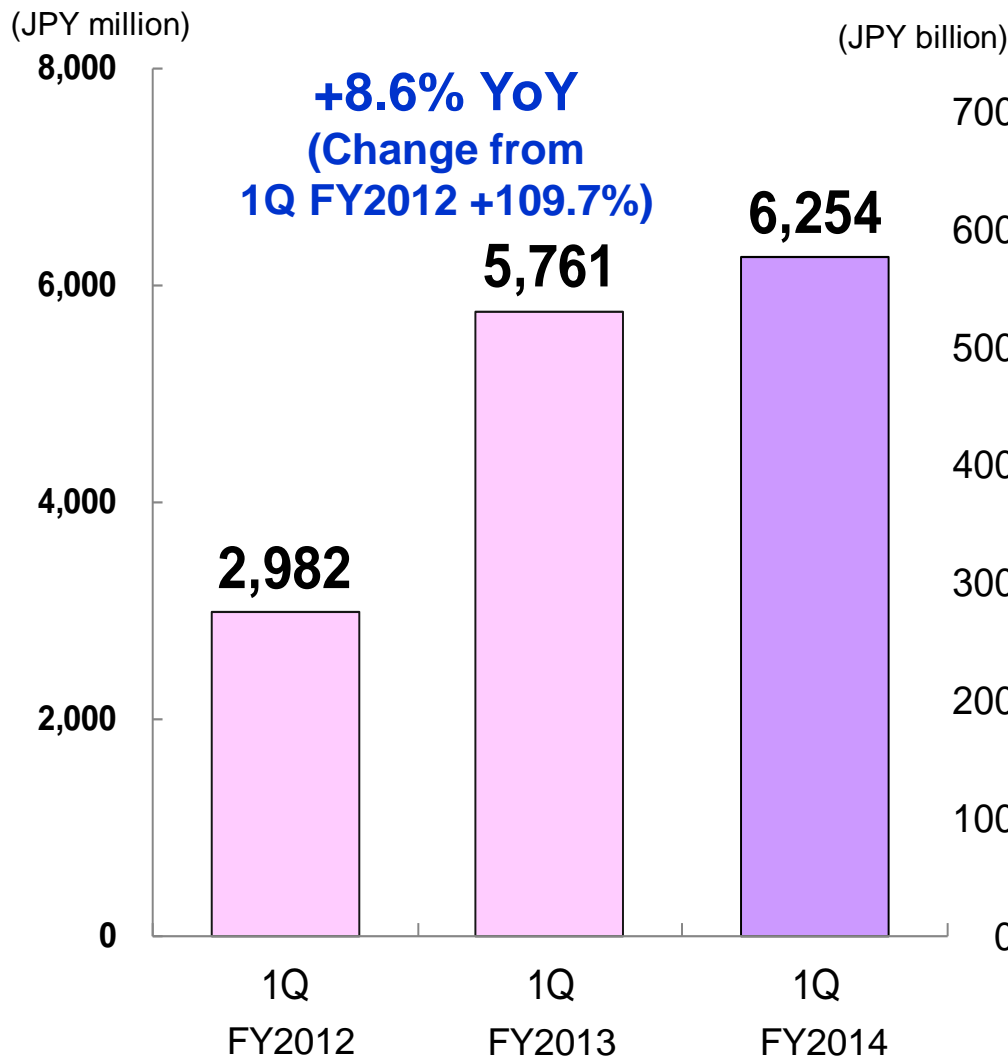


Source: Compiled by SBI SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and websites of each company

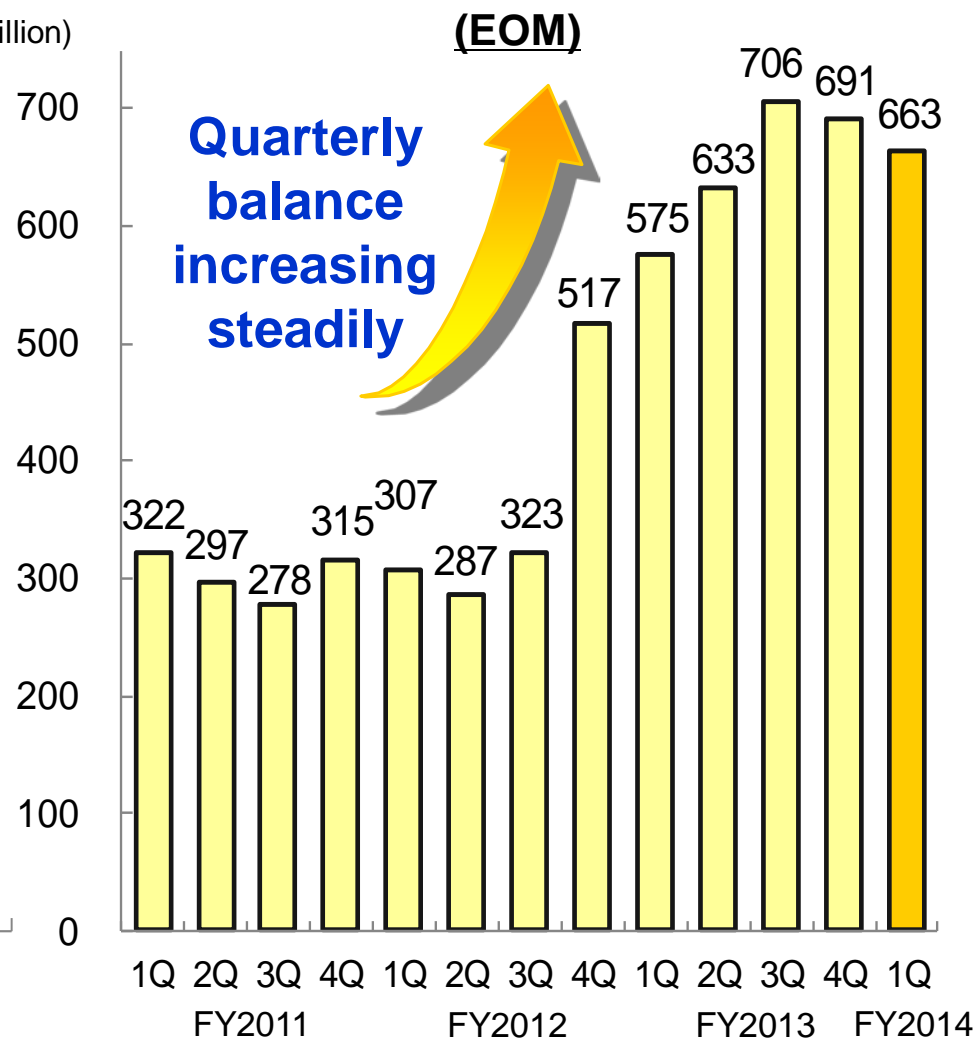
* The whole individual stock trading value and individual margin trading value are the sum of 1st and 2nd section of the Tokyo and Nagoya Stock Exchange, respectively.

SBI SECURITIES' Financial Revenue and Open Interest Credit Balance Increased

Financial Revenue



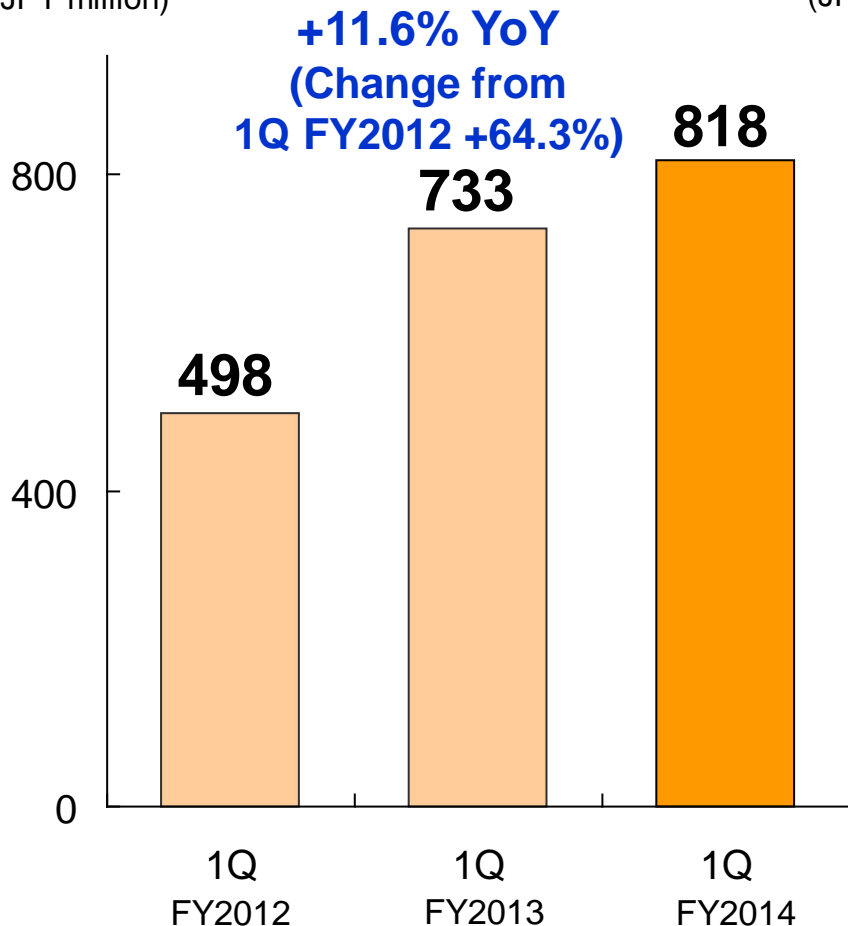
Open Interest Credit Balance



SBI SECURITIES' Investment Trust Fees and Investment Trust Balance Both Hit a Record High Without Regard to the Stock Market

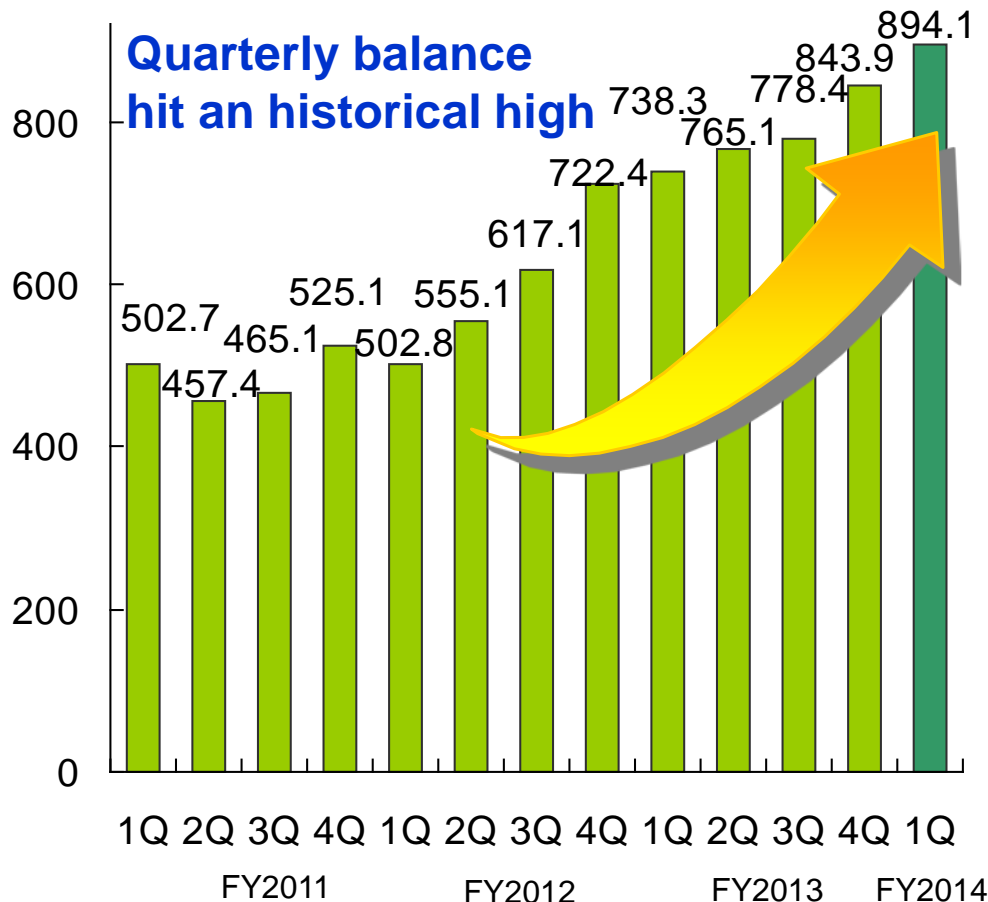
Investment Trust Fees

(JPY million)



Investment Trust Balance

(JPY billion)



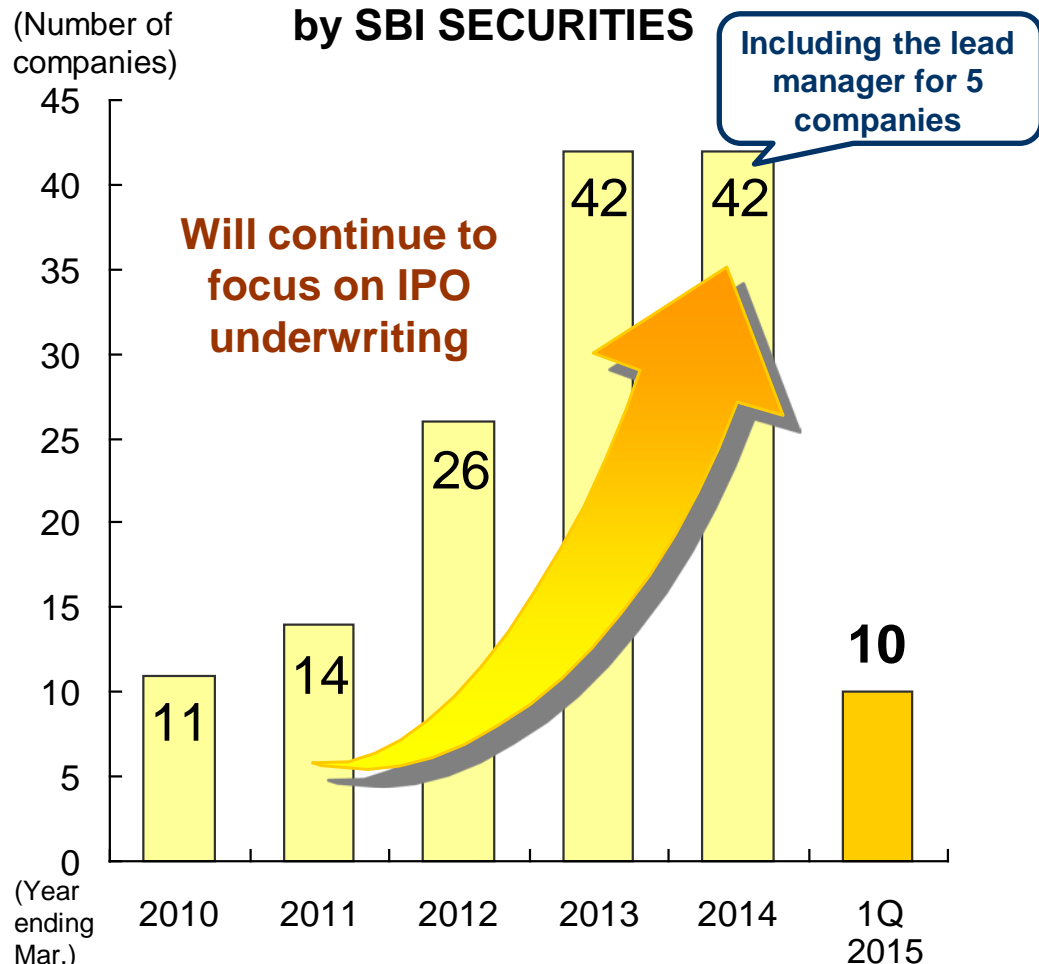
* Includes MMF, deposits of Chinese Fund and deposits of face-to-face accounts

* Investment trust fees is included in "Other commission received"

* Trust fee excludes MRF

Continuously the Industry Leader in IPO Underwriting for 1Q FY2014

Number of IPOs Underwritten by SBI SECURITIES



IPO Underwriting Ranking (1Q FY2014)

14 companies were listed during the period

| Company name | No. of cases | Underwriting share (%) |
|--------------|--------------|------------------------|
| SBI | 10 | 71.4 |
| Nomura | 10 | 71.4 |
| Mizuho | 10 | 71.4 |
| Monex | 9 | 64.3 |
| SMBC Nikko | 8 | 57.1 |
| Ichiyoshi | 7 | 50.0 |
| Mitsubishi | 6 | 42.9 |
| Daiwa | 6 | 42.9 |

* 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 SBI SECURITIES based on each company's published information.

* The above figures do not include consignments. Based on listing date.

The figures exclude brokerage sales and REITs.

* The number of IPOs does not include issues listed on TOKYOAIM.

Succeeded at Attaining New Customers through NISA



| | End of Mar. 2014 | End of June 2014 |
|-------------------------|------------------|------------------------|
| Number of NISA accounts | approx. 410,000 | <u>approx. 470,000</u> |
| Deposits | JPY 77,531m | <u>JPY 105,772m</u> |

[Number of accounts of peers] (as of June 2014)

- ◆ Matsui 69,332
- ◆ kabu.com 78,616

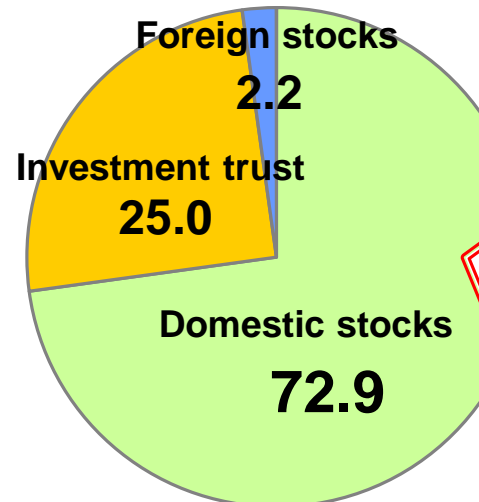
Usage situation of SBI SECURITIES' NISA accounts (as of the end of June 2014)

Breakdown by customer (%)



Over one-fourth of customers opening NISA accounts are new customers, and among those, 65.9% are beginner investors

Breakdown by product (%)



Of the entire deposits in the NISA account, 73% consists of domestic stocks and 25% consists of investment trusts

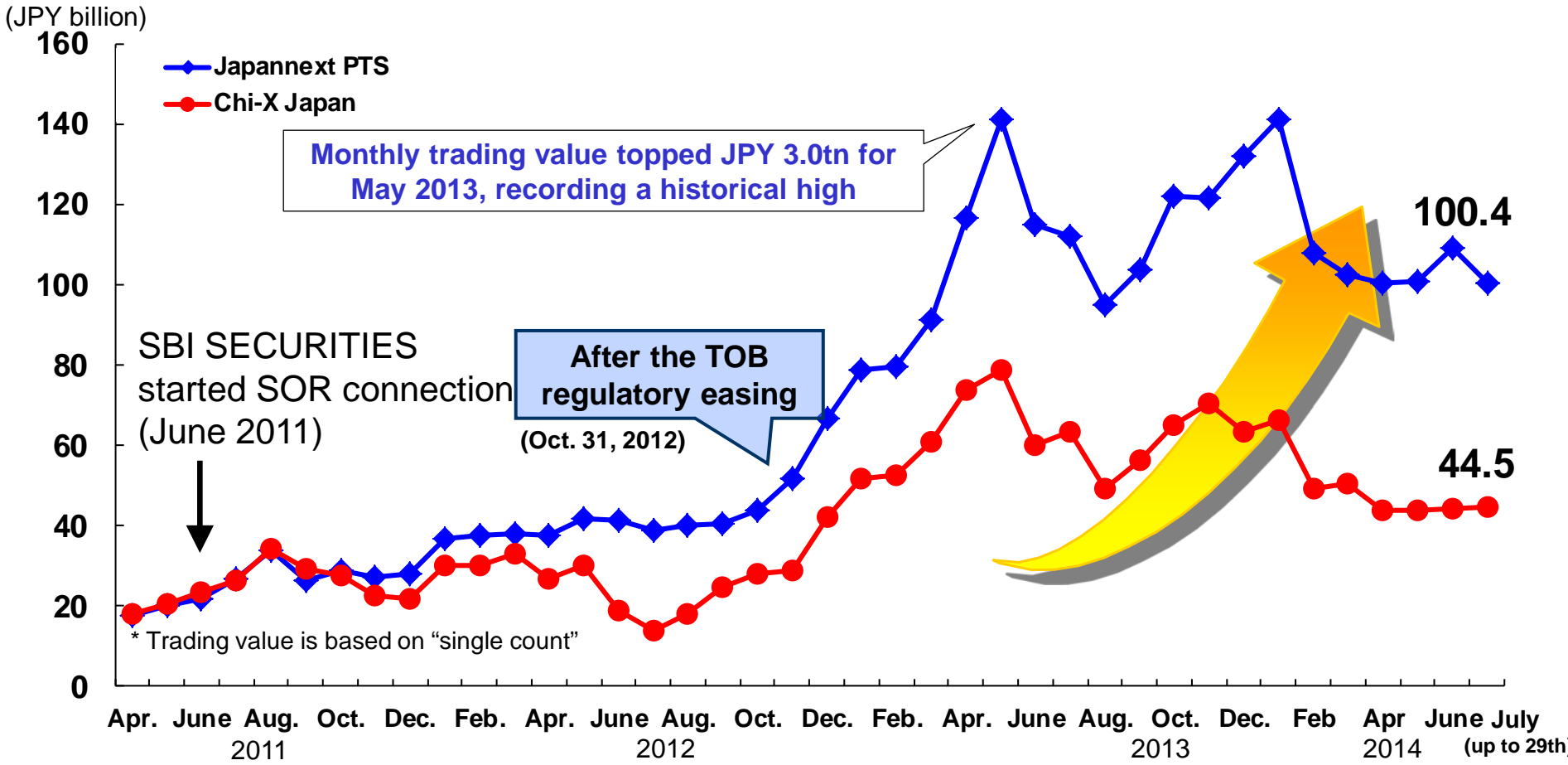
- Persons age 20 to 49 make up 57.6% of customers opening NISA accounts (Among the major 10 securities companies, nearly 60% is over age 60 *)
- Active account ratio of 43.6% (Among the major 10 securities companies, the ratio is 29%*)

② SBI Japannext

- **Despite the weakness in the stock market, trading value increased steadily, and the decrease in 1Q FY2014 operating income was limited to only 7.0% year-on-year**
- **As a system vendor, launched software for SBI SECURITIES**
- **Preparing for the launch of derivatives trading service in late Sept.**
- **With Daiwa Securities as its lead manager, progressing smoothly toward a targeted 2015 IPO**

Average Daily Trading Value at Japannext PTS Surged

Ratio of Japannext PTS to 1st section of the TSE (%)
4.1 (FY2012) → **4.9** (FY2013) → **5.3** (6 month period; Jan.-June. 2014)



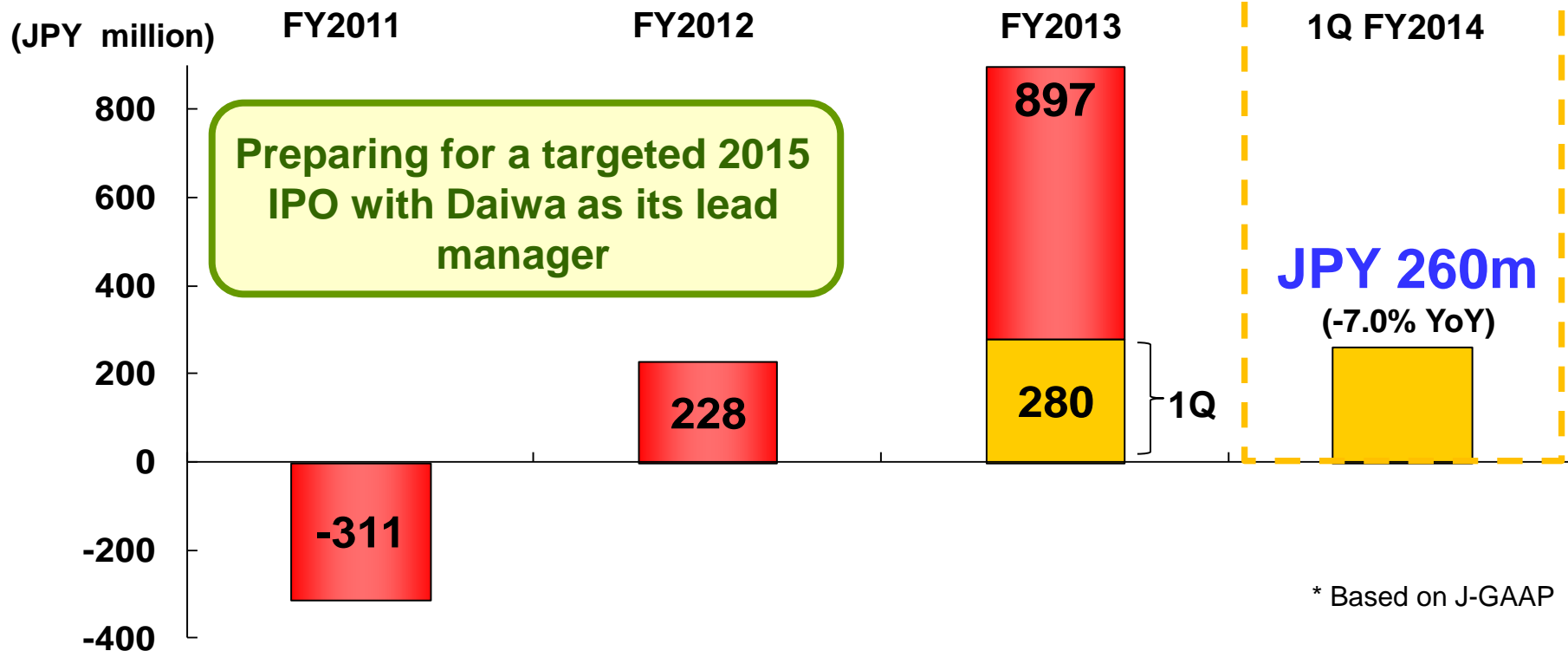
TOB (take-over-bid) regulation
 The regulation obliges investors who acquire more than 5% of a company through off-exchange transactions, or for investors who already own more than 5% that decide to increase their holdings, to make a takeover bid. This has hindered large institutional investors from utilizing the PTS.

Change in SBI Japannext's Financial Results

(Consolidated in Sept. 2012)

In comparison to 1Q FY2013, when the trading value hit an historical high, operating income only declined by 7%

Change in Operating Income/Loss



- As a system vendor, launched software for SBI SECURITIES
- Preparing for the launch of derivatives trading service in late Sept.

③ SBI Liquidity Market, SBI FXTRADE

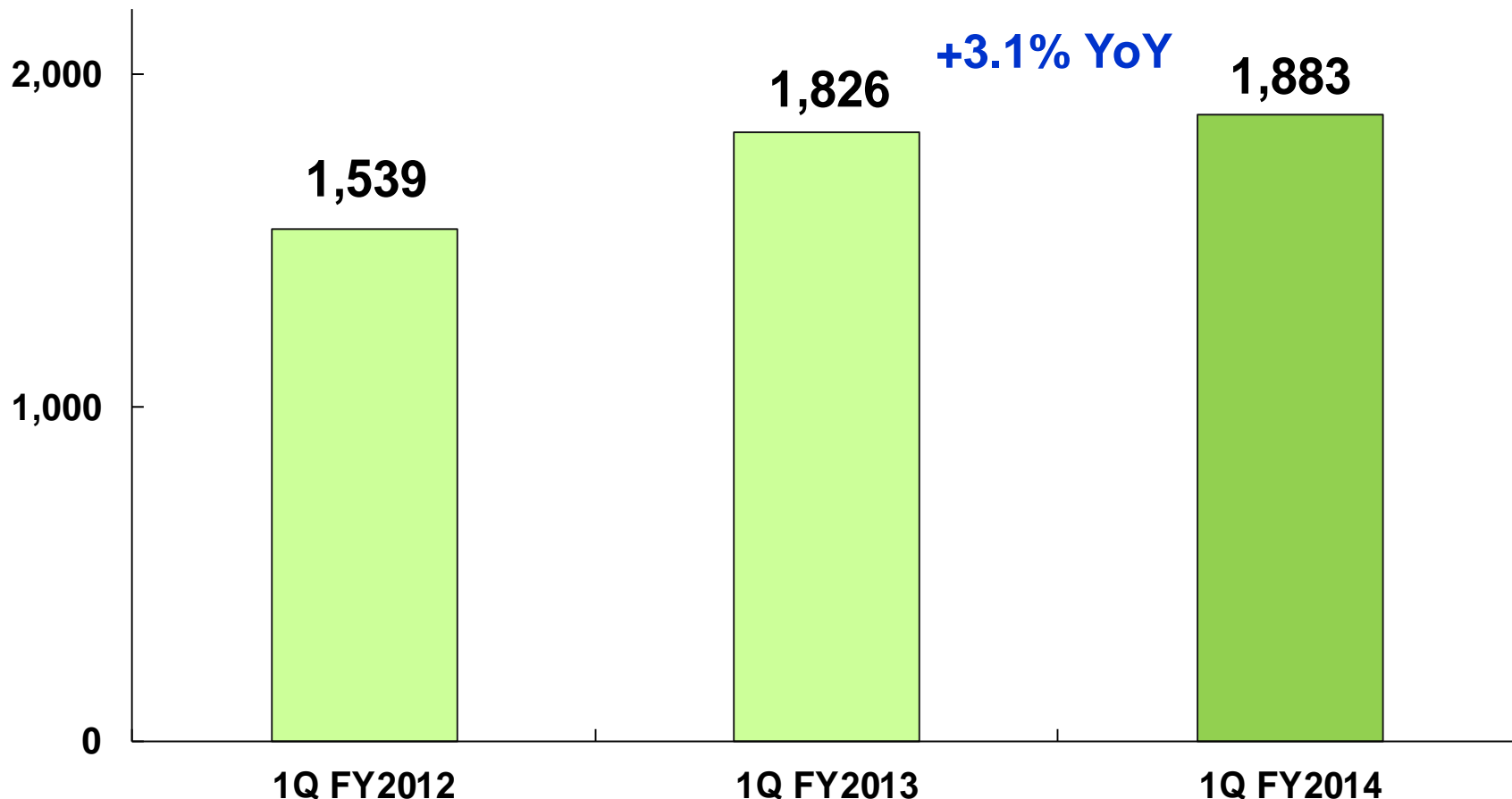
- **SBI Liquidity Market's operating income before allocation for 1Q FY2014 was JPY 1.9bn, up 3.1% year-on-year**
- **SBI FXTRADE continuously increased its customer base and customer deposit assets, and its operating income rose 101.5 times year-on-year**
- **The SBI Group has grown its customer base and customer deposit assets to become one of the largest in the OTC FX industry**

Financial Results of SBI Liquidity Market

Operating Income Before Allocation

(JPY million)

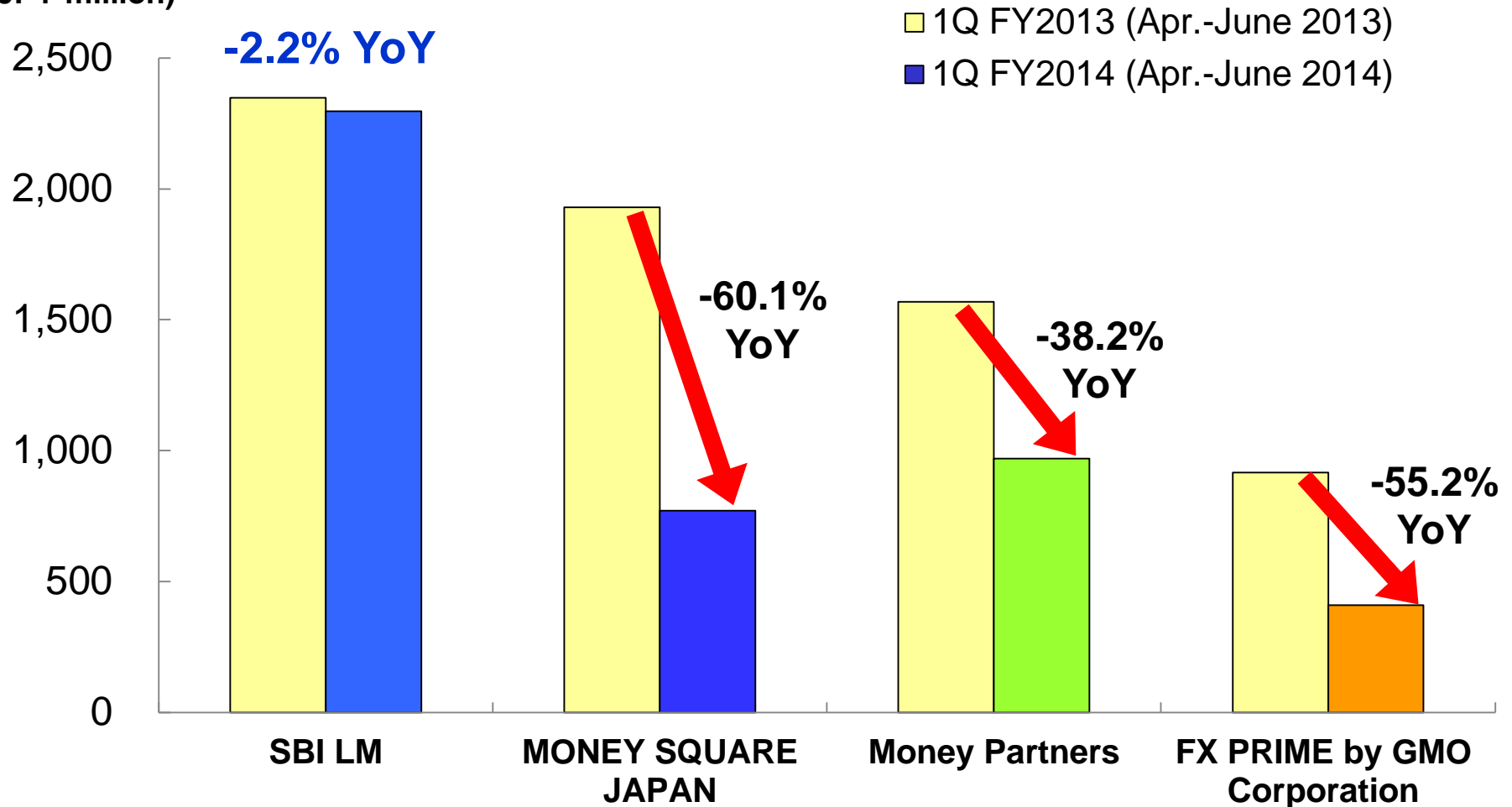
SBI Liquidity Market's "Operating Income Before Allocation" represents the amount before its allocation of profits to affiliated companies: SBI SECURITIES, SBI Sumishin Net Bank and SBI FXTRADE



* Based on J-GAAP

Operating Revenue of Listed Pure-play FX Trading Services Providers (J-GAAP)

(JPY million)

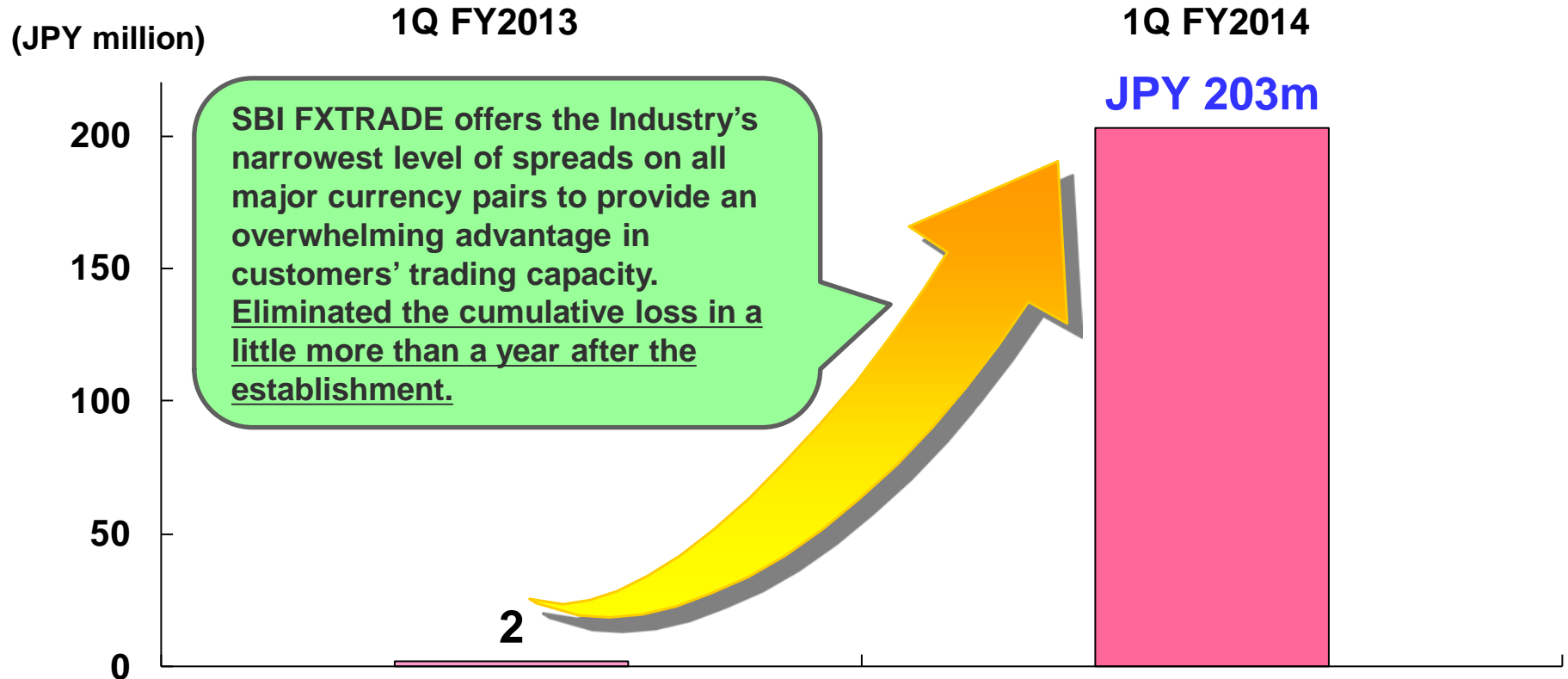


Financial Results of SBI FXTRDAE

(Started its business on May 30, 2012)

Operating income for 1Q FY2014 rose 101.5 times year-on-year

Change in Operating Income

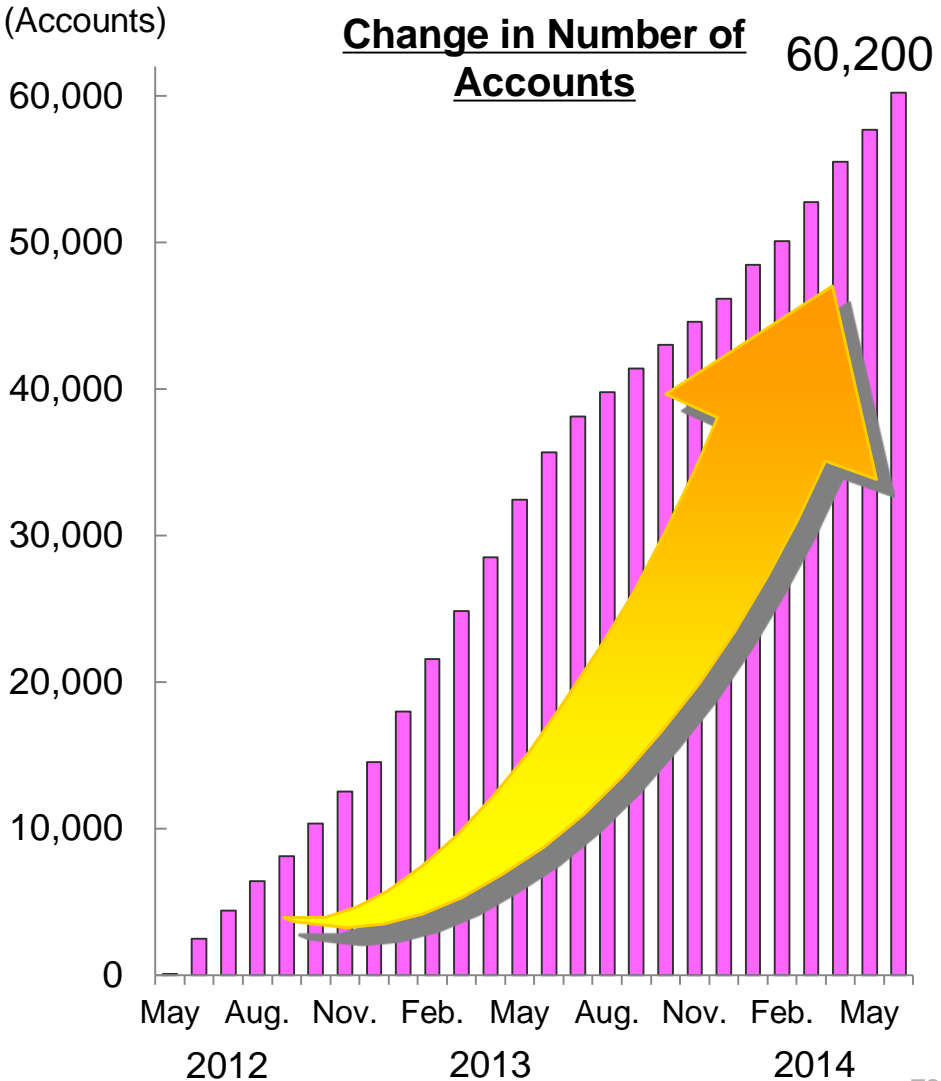
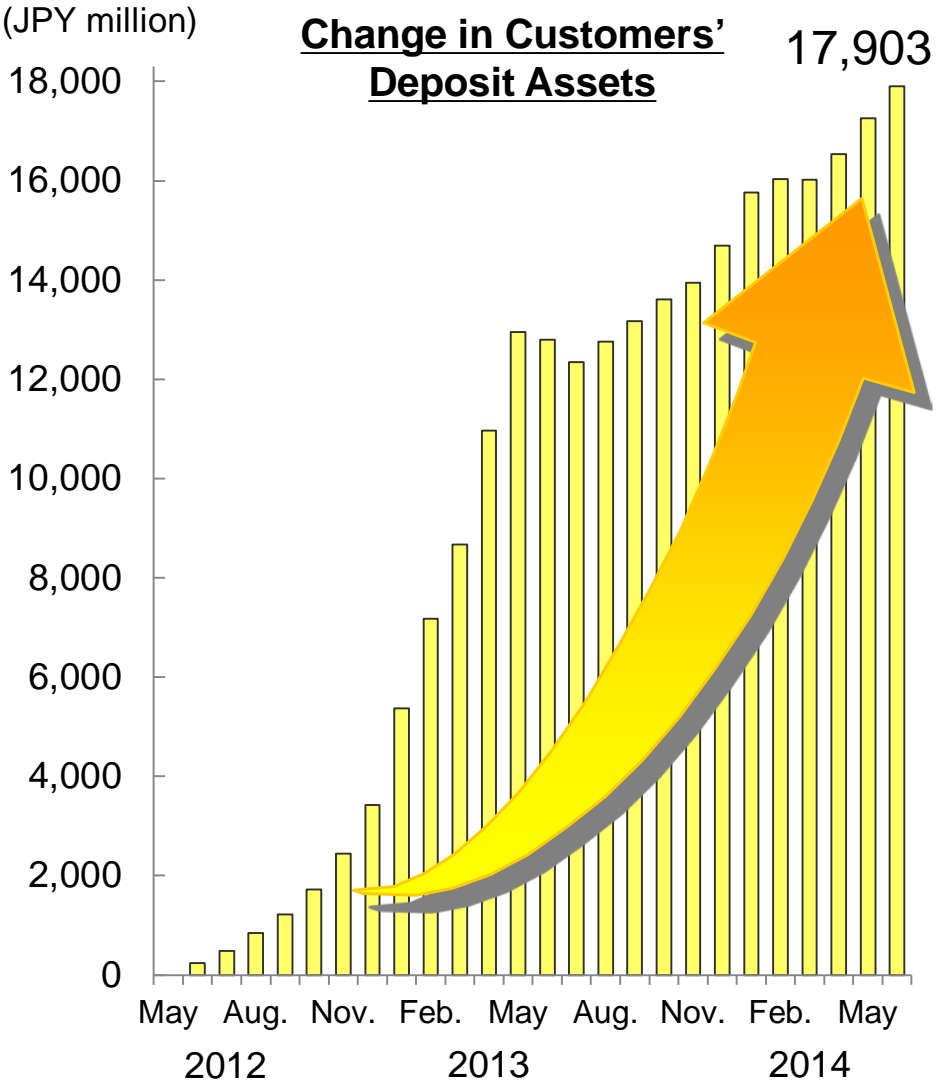


* Based on J-GAAP



SBI FXTRADE's Deposit Assets and Number of Accounts Significantly Increased

(Started its business on May 30, 2012)



③ SBI Liquidity Market, SBI FXTRADE:

The SBI Group's (SBI SECURITIES, SBI FXTRADE and SBI Sumishin Net Bank) Total Number of Accounts and Customer Deposit Assets are One of the Largest in the OTC FX Industry

Number of FX Trading Accounts (Accounts)

| No. | Company name | Number of accounts | MoM change |
|-----|-----------------------------|--------------------|---------------|
| 1 | SBI Group | 486,770 | 7,598 |
| 2 | DMM.com | 389,276 | 4,623 |
| 3 | Gaitame.com | 380,014 | 570 |
| 4 | GMO CLICK | 341,331 | 3,720 |
| 5 | YJFX | 286,218 | 2,923 |
| 6 | MONEY PARTNERS | 238,815 | 1,475 |
| 7 | Traders Securities | 222,766 | 2,614 |
| 8 | Hirose FX | 164,808 | 1,311 |
| 9 | FX PRIME by GMO Corporation | 148,408 | 785 |
| 10 | Central Tanshi FX | 147,779 | 1,267 |
| 11 | MONEY SQUARE JAPAN | 70,173 | 1,309 |
| 12 | Ueda Harlow | 49,604 | 308 |
| | Others (2 companies) | 299,164 | 2,123 |
| | Total | 3,225,126 | 30,626 |

Customers' Deposit Assets (JPY million)

| No. | Company name | Amount | MoM change |
|-----|-----------------------------|----------------|--------------|
| 1 | SBI Group | 136,581 | 1,370 |
| 2 | Gaitame.com | 101,918 | 133 |
| 3 | GMO CLICK | 100,194 | 1,917 |
| 4 | YJFX | 83,752 | 1,181 |
| 5 | DMM.com | 83,504 | 1,853 |
| 6 | Central Tanshi FX | 56,997 | 663 |
| 7 | MONEY SQUARE JAPAN | 52,958 | 67 |
| 8 | MONEY PARTNERS | 44,098 | -79 |
| 9 | Hirose FX | 23,847 | 718 |
| 10 | FX PRIME by GMO Corporation | 15,554 | -19 |
| 11 | Traders Securities | 13,808 | -82 |
| 12 | Ueda Harlow | 11,721 | -126 |
| | Others (2 companies) | 57,443 | 806 |
| | Total | 782,375 | 8,402 |

④ SBI Sumishin Net Bank

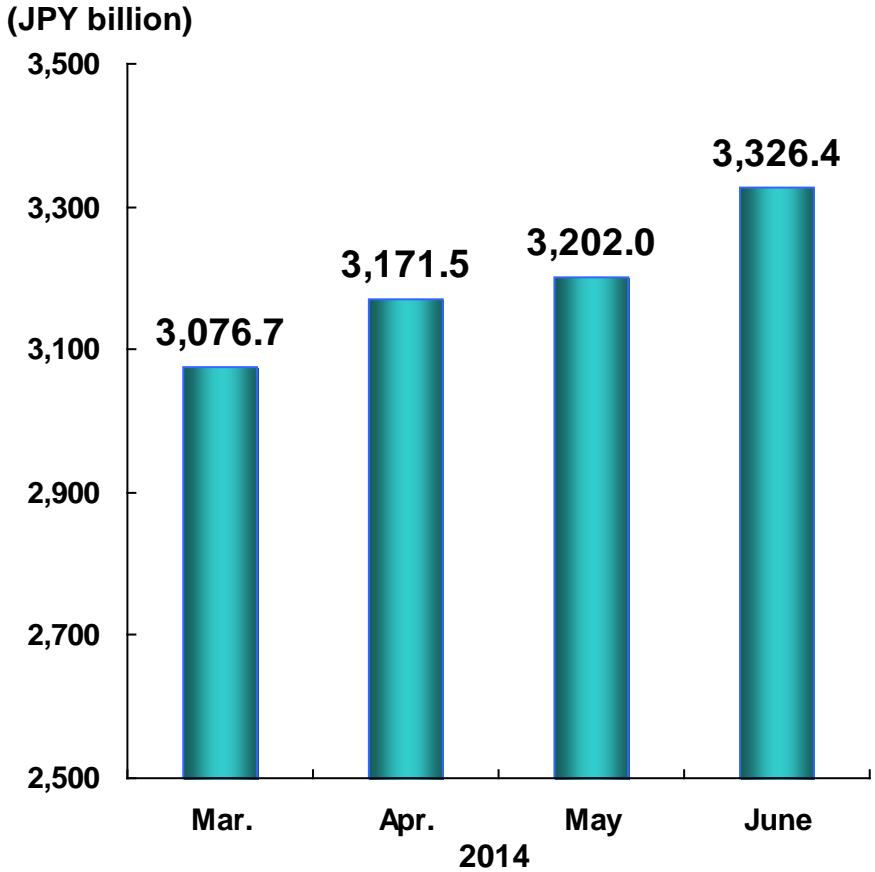
- **As of the end of June 2014, the number of accounts was approx. 2.04 million and deposits was JPY 3.3tn; the business base continues to steadily expand**
- **Specific purpose loan products and “Mr. Housing Loan” product launched in the previous fiscal year are steadily growing. Continuing a successful diversification of its fund management methods**
- **Expanding settlement services**
- **1Q FY2014 financial results announcement is scheduled for July 31, 2014**



Deposit Balance Surpassed JPY 3tn and Continues to Increase

**Number of accounts: 2,038,035 / Deposits: JPY 3,326.4bn
(as of the end of June 2014)**

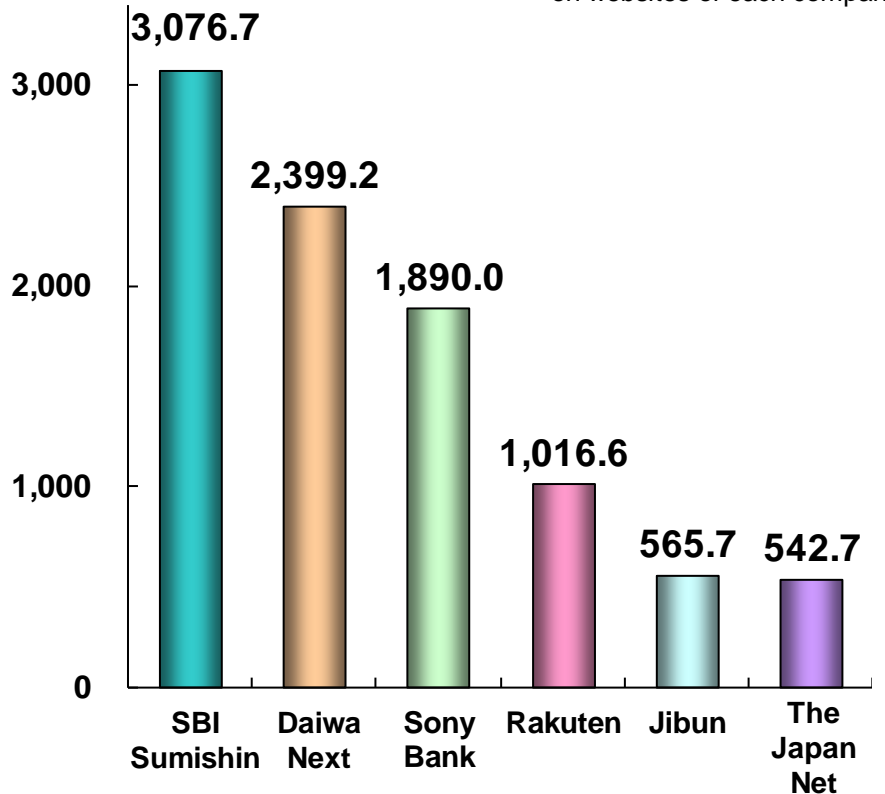
Change in Deposits



Deposits of 6 Internet Banks

(JPY billion) (as of the end of Mar. 2014)

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

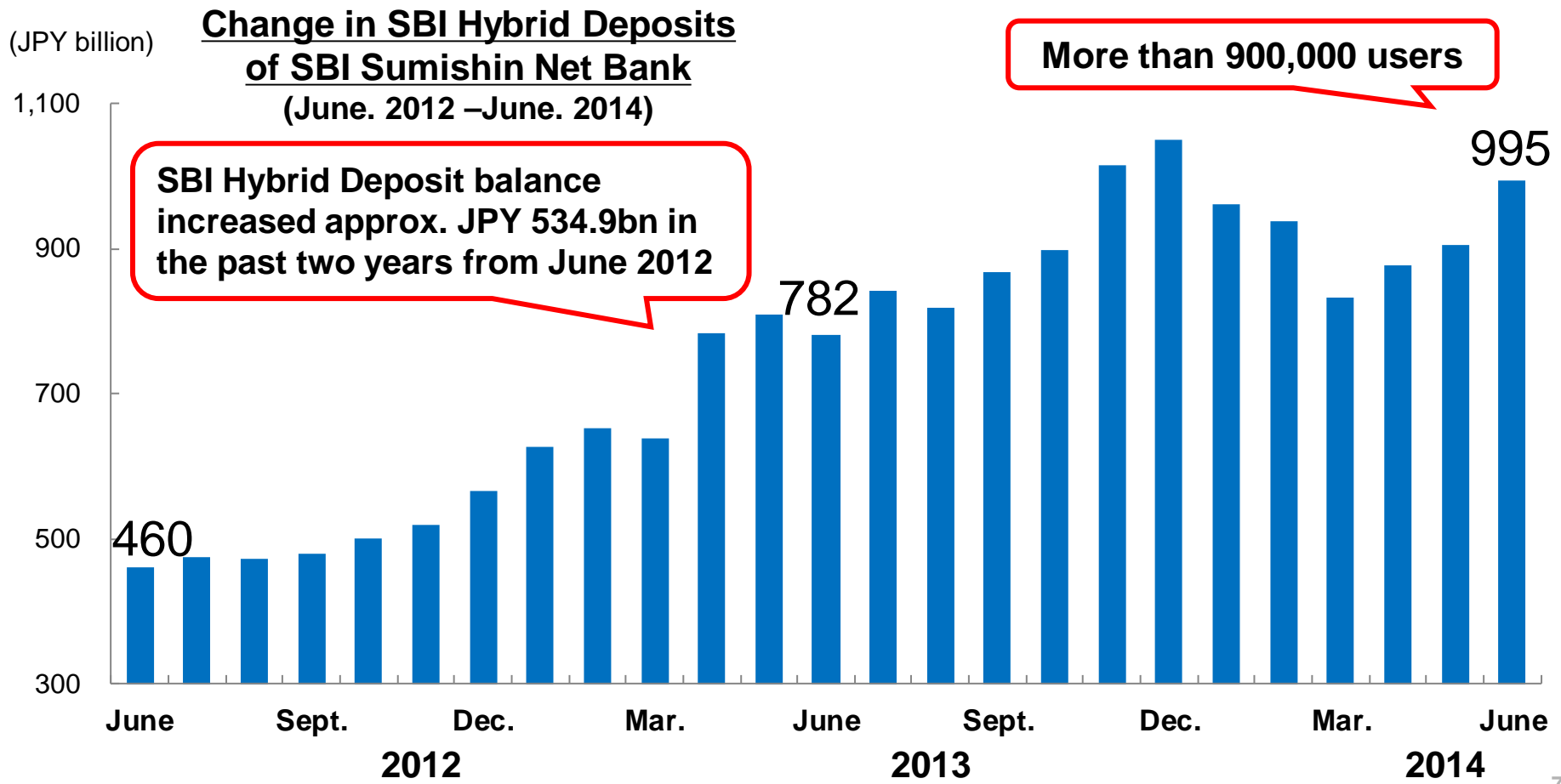


* Amounts are rounded to the nearest JPY 100 million



Synergy with SBI SECURITIES Contributed to the (SBI Hybrid Deposit) Growth of Deposits

SBI Hybrid Deposits (Automatic deposits and withdrawals of stock trading deposits) :
SBI Hybrid Deposit balance can be integrated into available deposit balance for stock trading, margin trading, and actual receipt of stock purchased at SBI SECURITIES

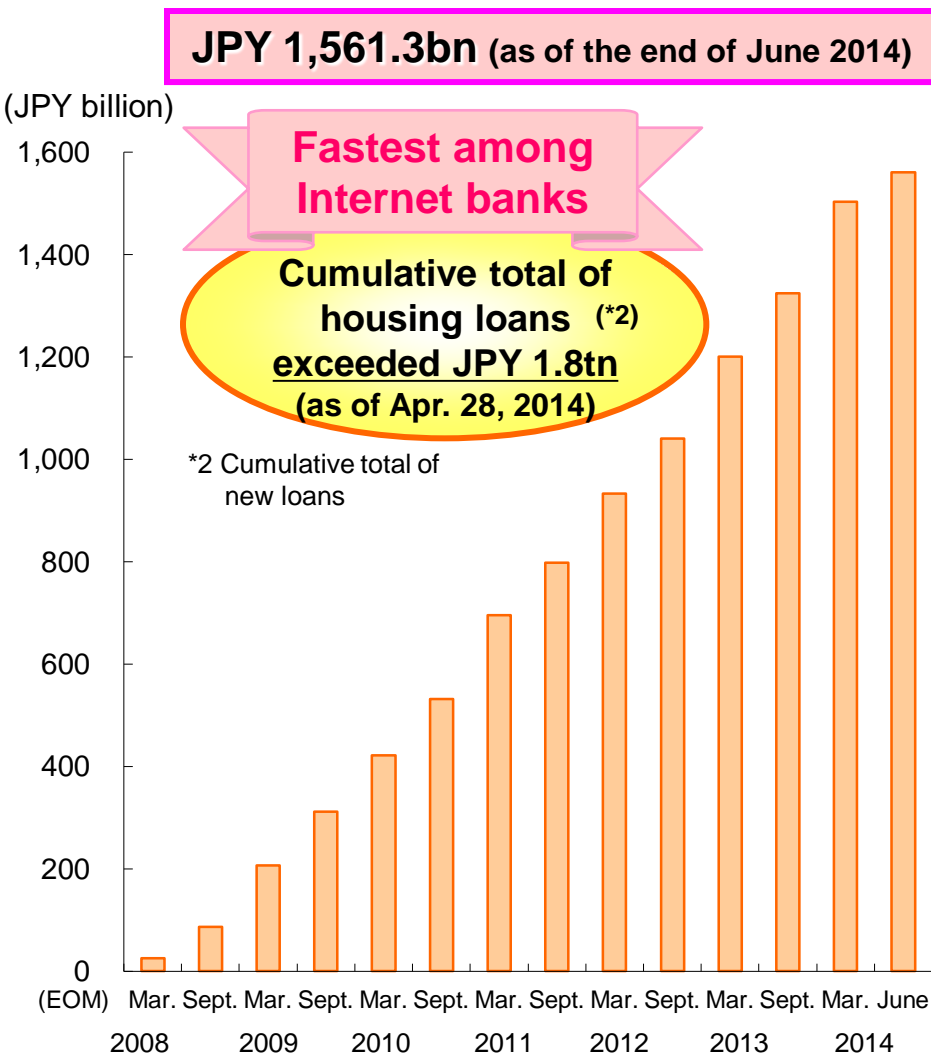


Diversification of Loans with Deposits Accumulating

Cumulative total of auto loan (JPY 248.2bn*) and balance of net loan (JPY 56.2bn*) also expanded * as of the end of June

Change in Balance of Housing Loans *1 (Mar. 2008 – June 2014)

*1 Deducts repayments from the cumulative total of new loans. Include housing loans as a banking agency of Sumitomo Mitsui Trust Bank



SBI Sumishin Net Bank's housing loans business:

- ① Housing loans processed directly by SBI Sumishin Net Bank
 - Via alliance with real estate companies (from Sept. 2007)
 - "Mr. Housing Loan" (from Nov. 2013)
- ② Banking Agency Business for Sumitomo Mitsui Trust Bank (from Jan. 2012)

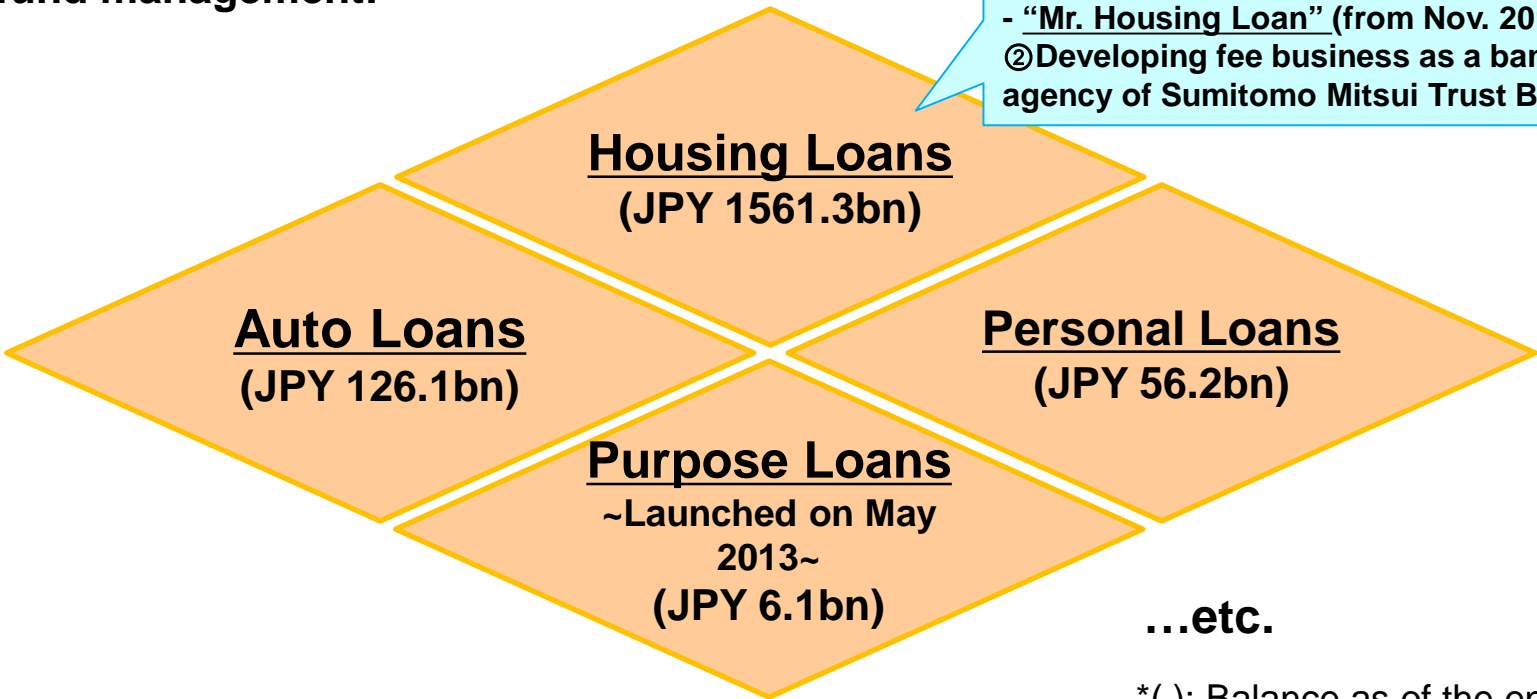


Owing to the increase in new loans for "Mr. Housing Loan," the balance of new housing loans for ① of 1Q FY2014 increased 96.9% YoY

The Banking Business Endeavors to Increase Profitability Through Enhanced Product Offerings and Fund Management Diversification

Examples of the current lineup of its fund management:

- ① Housing loans processed directly by SBI Sumishin Net Bank
 - Via alliance with real estate companies
 - “Mr. Housing Loan” (from Nov. 2013)
- ② Developing fee business as a banking agency of Sumitomo Mitsui Trust Bank



*(): Balance as of the end of June. 2014



The bank is considering an entry into the credit card business and expansion of corporate business.

Expansion of Settlement Service and Launch of Pure Gold Saving Service

Settlement Service

Alliance partners: nearly 70 companies

- Business partners include securities companies such as SBI SECURITIES, as well as SBI FXTRADE and other specialty FX trading services providers, e-SHINBUN site operator Business Information Technology, JAL and ANA, etc.

Pursue sequential expansion of the business partner network and further expand and upgrade the service.

Pure Gold Saving Service "Mr. Pure Gold Savings"

First pure-play Internet bank in offering

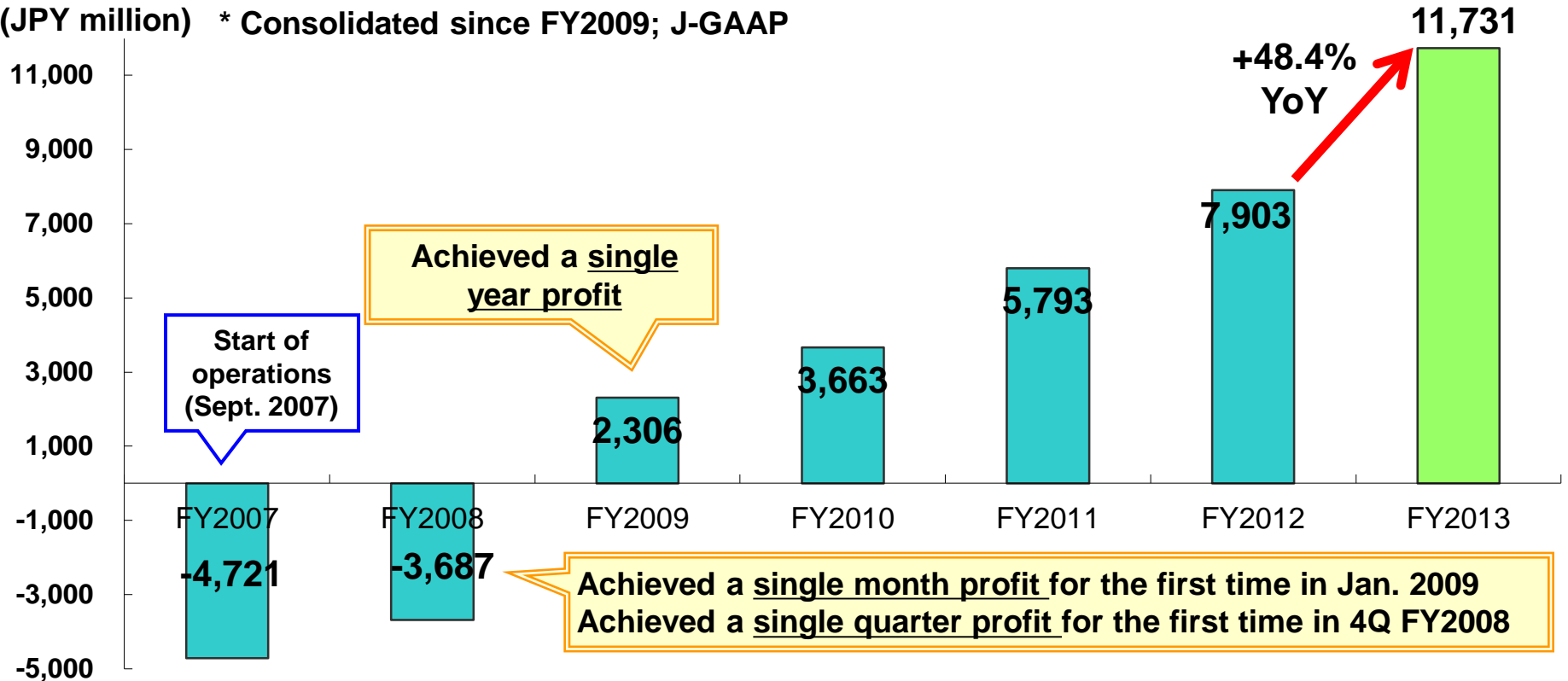
- Monthly withdrawal of fixed amount from customer's account to purchase and accumulate physical gold.
- Within the shift from a deflationary to an inflationary economy, meets the needs for an anti-inflationary plan, and provides a solid asset building measure

SBI Sumishin Net Bank Steadily Expands its Ordinary Income

1Q FY2014 financial results announcement is scheduled for July 31, 2014

Change in Ordinary Income after Start of Operations

(JPY million) * Consolidated since FY2009; J-GAAP






Ordinary income for FY2013 significantly increased to JPY 11.7bn, up 48.4% year-on-year

Financial Results Comparison of New Entrant Banks

~Pure-play Internet Banks' Financial Results for 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 |  3,076.7 |  1,559.5 | 1,974 (19.8) |  11.7 (48.4) |
| Daiwa Next | May 2011 | 2,399.2 | 128.8 | 901 (25.3) | 5.7 (13.3) |
| Sony Bank (cons.) | June 2001 | 1,890.0 | 1,057.4 | 970 (5.4) | 5.6 (26.5) |
| Rakuten | July 2001 | 1,016.6 | 258.5 | 4,602 (8.2) | 7.5 (-9.1) |
| Jibun | July 2008 | 565.7 | 71.2 | 1,625 (7.8) | 1.6 (-14.5) |
| The Japan Net | Oct. 2000 | 542.7 | 34.4 | 2,621 (6.2) | 4.7 (82.4) |

Note: Amounts are rounded to the nearest 100 million yen or thousand accounts. The date of operation started indicates to the month each started business. The number of accounts is as of the end of Mar. 2014.

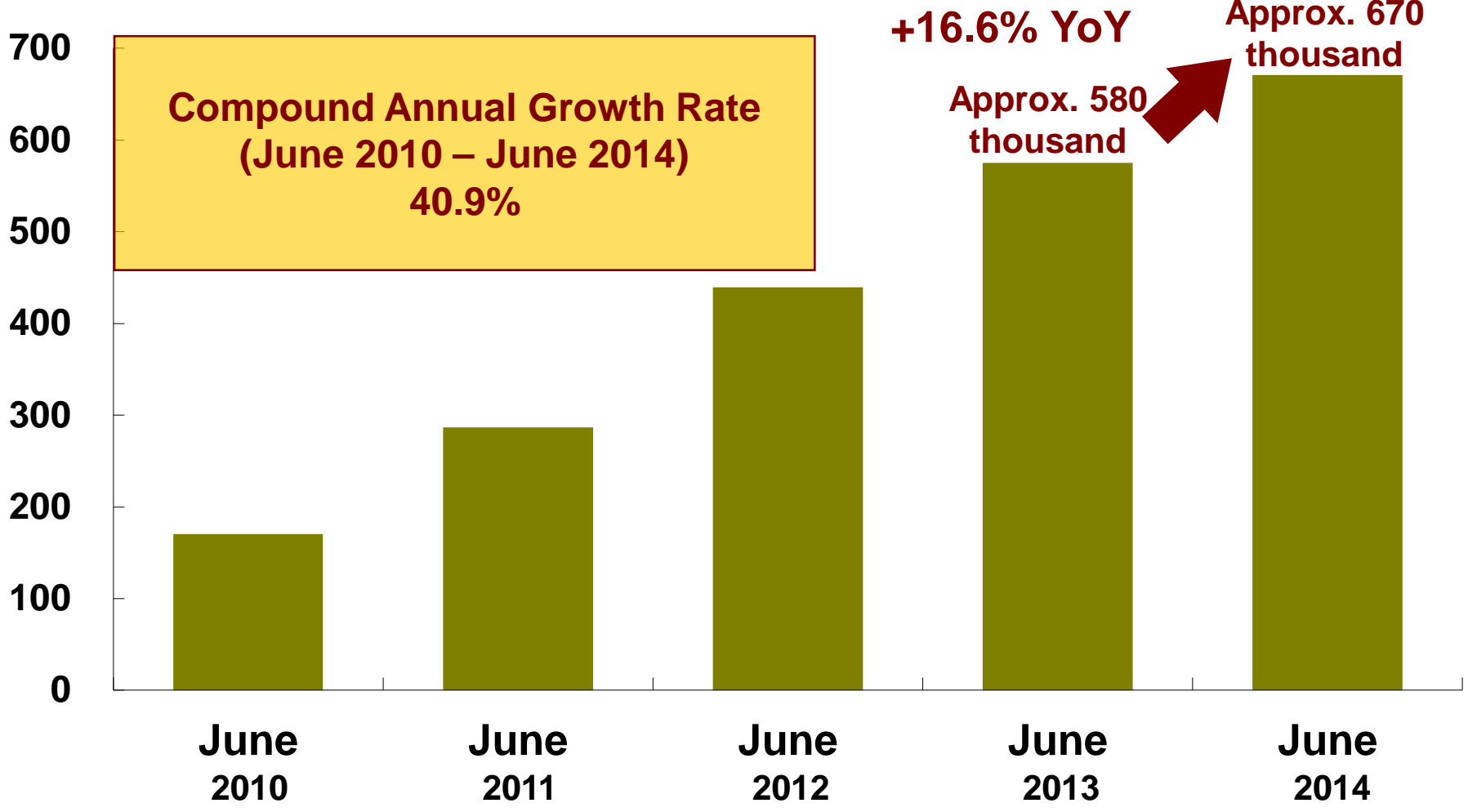
⑤ Insurance Business

- **SBI Insurance's auto insurance business continues to expand with the number of contracts up 16.6% and insurance premiums up 13.3% year-on-year.**
- **Both SBI SSI and IKIKI SEDAI has continued steady growth.**

SBI Insurance's Number of Auto Insurance Contracts

Number of Auto Insurance Contracts (Written Basis*)

(thousand policies)



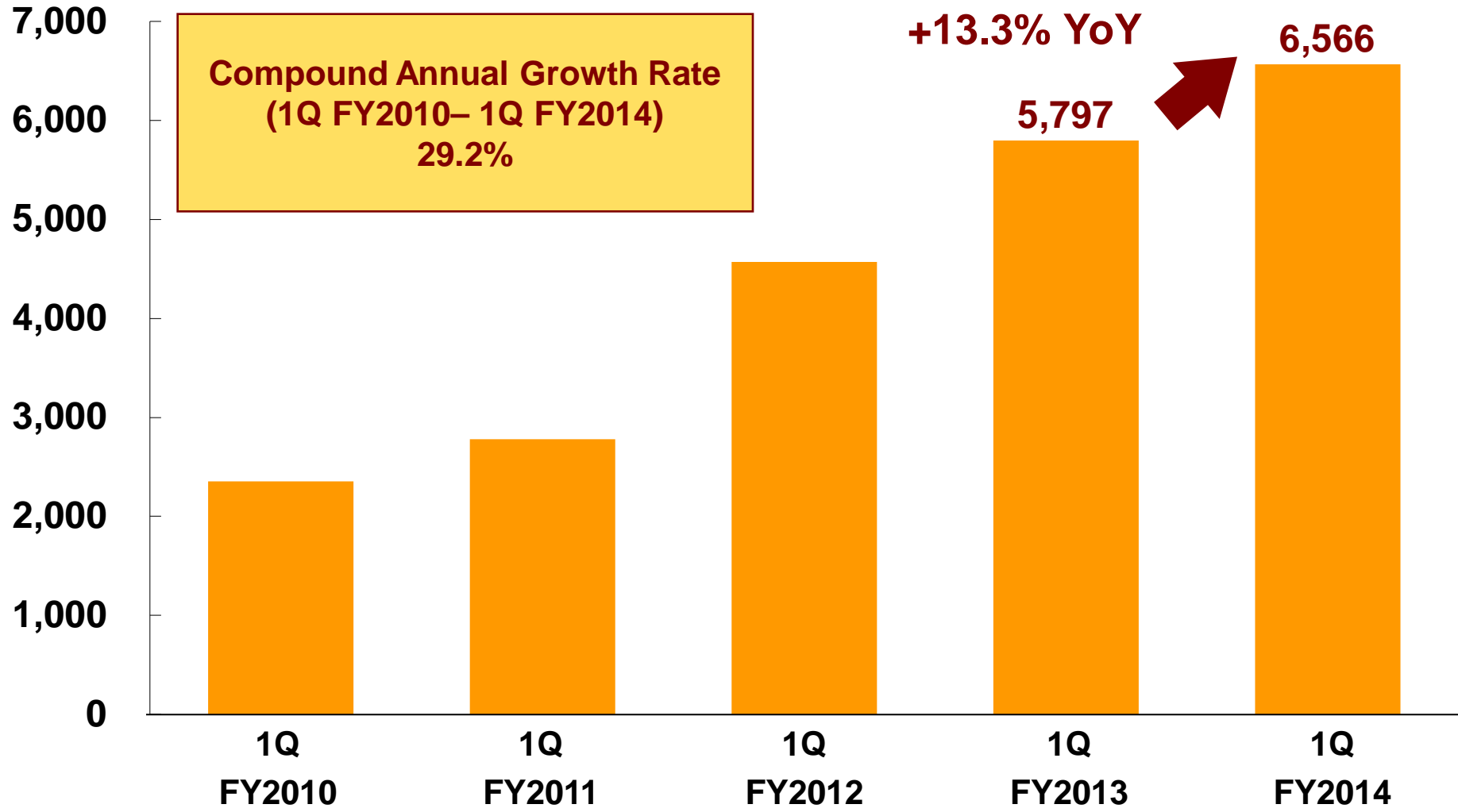
(EOM)

* Written basis: completion of receipt of insurance premium, excluding continuing contracts, expired continuing contracts and cancelled contracts.

Insurance Premium of SBI Insurance's Auto Insurance



Change in Insurance Premium Income (JPY million)



Comparison of Auto Insurance Premium Income at Major Direct Insurance Companies

[Comparison of Auto Insurance Premium Income]

(JPY million)

| | Date of operation started | FY2011 |
|------------------------|---------------------------|--------|
| Sony Assurance | Sept. 1999 | 70,712 |
| AXA GENERAL INSURANCE | July 1999 | 35,261 |
| Mitsui Direct | June 2000 | 33,830 |
| Zurich Insurance | July 1986*1 | 27,326 |
| American Home Direct | Dec. 1960 | 16,594 |
| SBI Insurance | Jan. 2008 | 14,288 |
| Sonpo 24 | Mar. 2001 | 11,810 |
| SAISON AUTOMOBILE&FIRE | Apr. 1983 | 7,990 |
| E.design Insurance | June 2009 | 5,213 |

| | FY2012 |
|------------------|--------|
| Sony Assurance | 74,406 |
| AXA | 38,136 |
| Mitsui Direct | 34,735 |
| Zurich Insurance | 31,259 |
| SBI Insurance | 19,501 |
| American Home | 15,078 |
| Sonpo 24 | 12,890 |
| SAISON | 10,893 |
| E.design | 10,523 |

| | FY2013 |
|------------------|--------|
| Sony Assurance | 78,735 |
| AXA | 40,824 |
| Mitsui Direct | 34,998 |
| Zurich Insurance | 32,954 |
| SBI Insurance | 23,156 |
| E.design | 14,269 |
| Sonpo 24 | 13,646 |
| American Home | 13,405 |
| SAISON | 13,329 |

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

*1 establishment of Japan Branch *2 Figures for Zurich and E.design are net premiums written.

The Small-amount, Short-term Insurance Business has Grown Steadily

SBI 少額短期保険

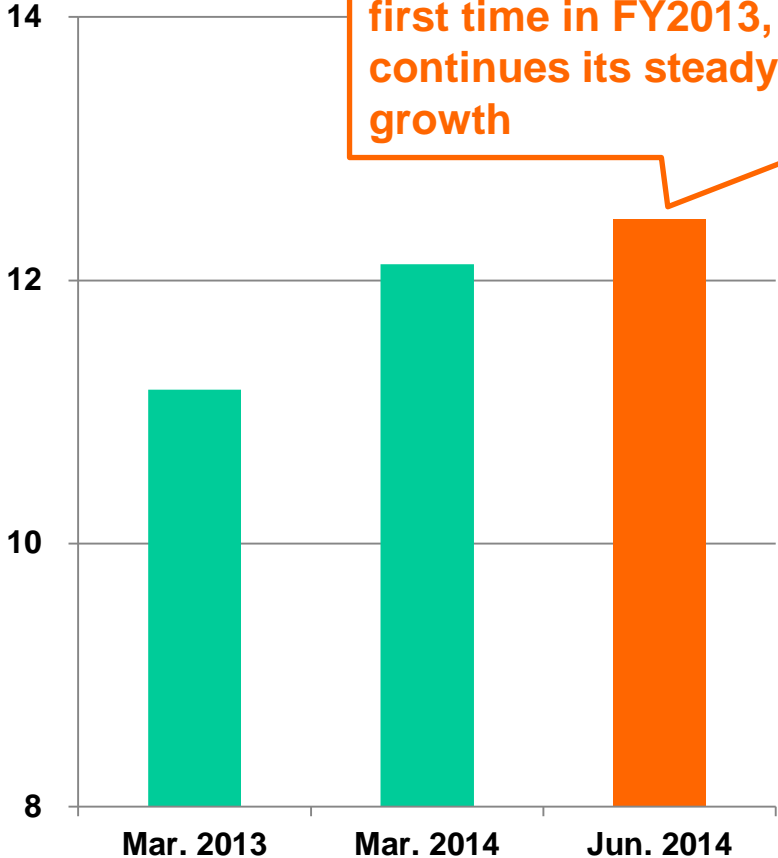
[SBI SSI] (Acquired in Mar. 2012)

SBI いきいき少額短期保険

[SBI IKIIKI SSI] (Acquired in Mar. 2013)

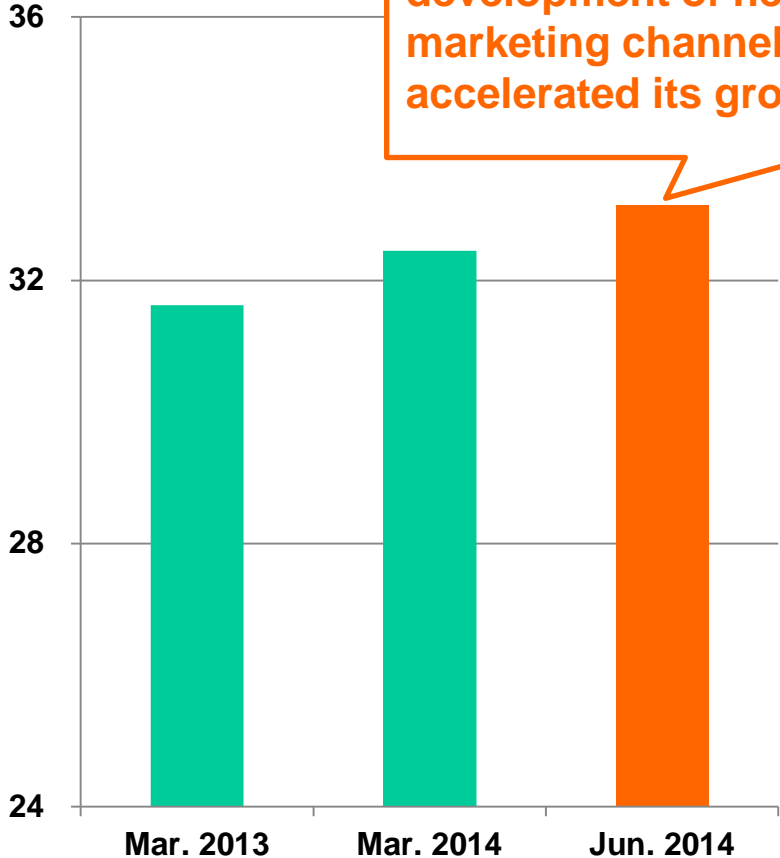
(Number of Contracts: thousand)

After achieving a full-year profitability for the first time in FY2013, it continues its steady growth



(Number of Contracts: thousand)

Measures such as the development of new marketing channels accelerated its growth.



The Domestic Insurance Business will Pursue Greater Business Efficiency and Synergies, through Considerations such as Consolidation into a Holding Company, or Restructuring, to Target an Early Stage IPO

[Measures to Increase Profitability]

- Efficient use of resources related to the insurance business, including the information and know-how on fund management and risk management information as well as human resources.
- Strengthening cooperation and creating synergies between insurance companies.
- Diversifying the financing means for implementing a capital increase following business expansion.



⑥ SBI MONEY PLAZA

(Launched on June 15, 2012)

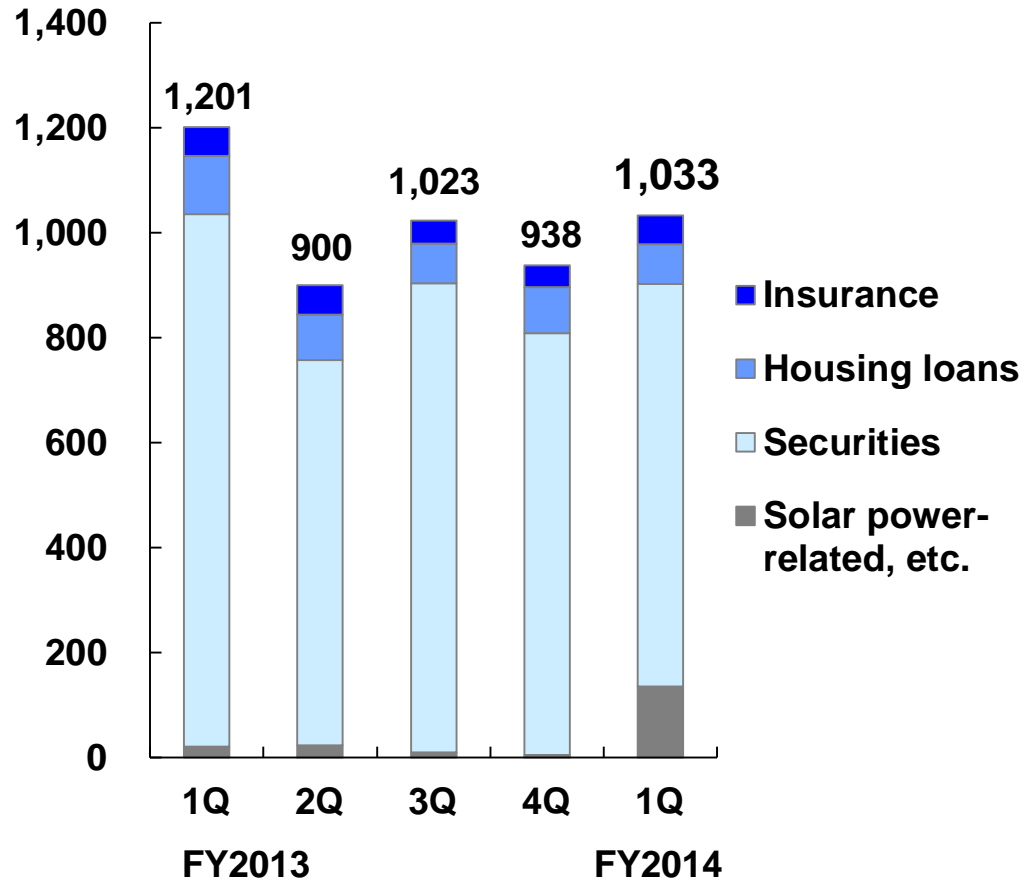
- Recorded operating income (J-GAAP) of JPY 239m for 1Q FY2014, up 30.8% quarter-on-quarter
- Pursuing well-balanced growth in each business, and revenues from the solar power-related business is significantly increasing this current fiscal year
- Customers' deposit assets and the number of accounts have increased rapidly
- Targeting an early stage IPO

SBI MONEY PLAZA's 1Q FY2014 Financial Results (J-GAAP)

Steady performance of insurance business, housing loan business and solar power-related business, etc., compensated for a sales decrease in the securities business. As a result, recorded operating income (J-GAAP) of JPY 239m for 1Q FY2014, up 30.8% QoQ

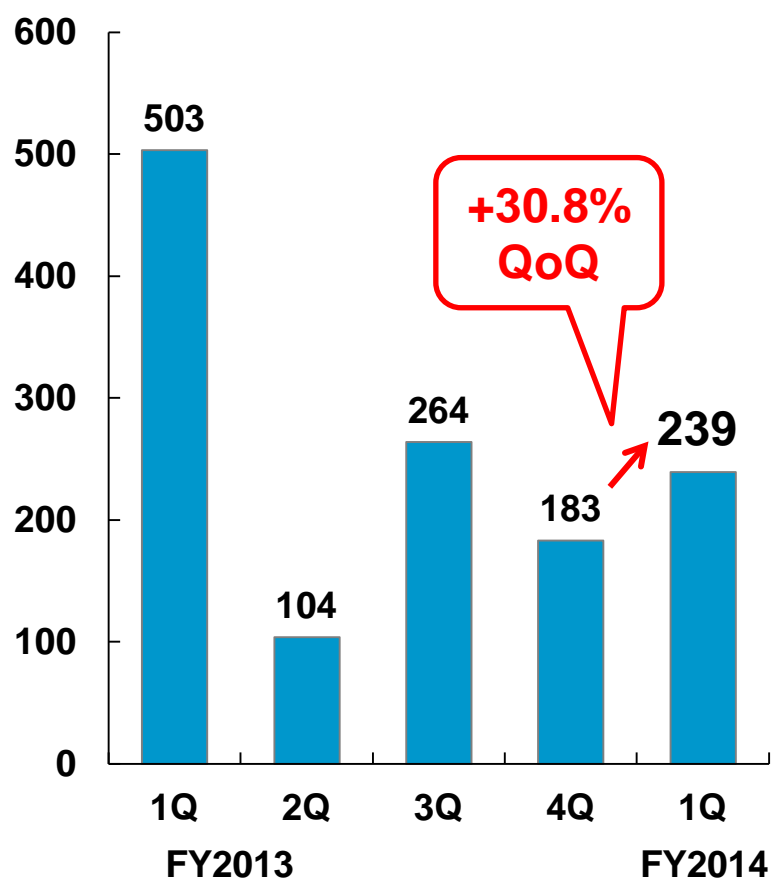
Operating Revenue

(JPY million)



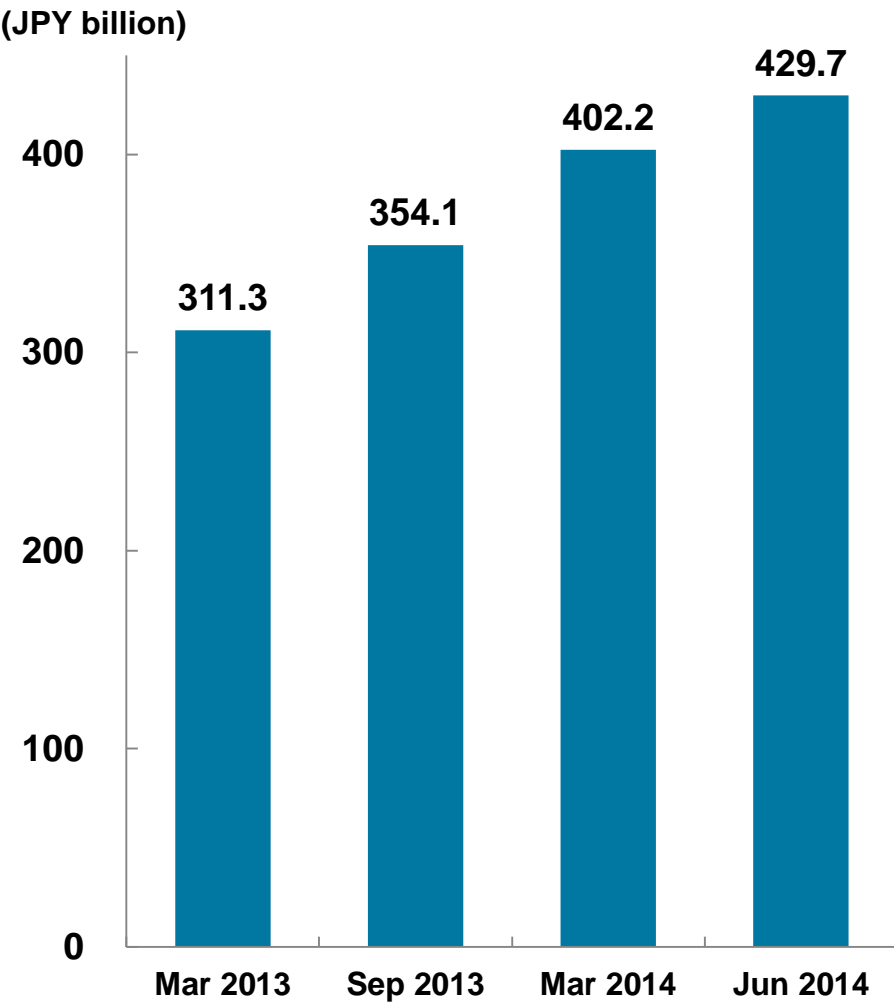
Operating Income

(JPY million)

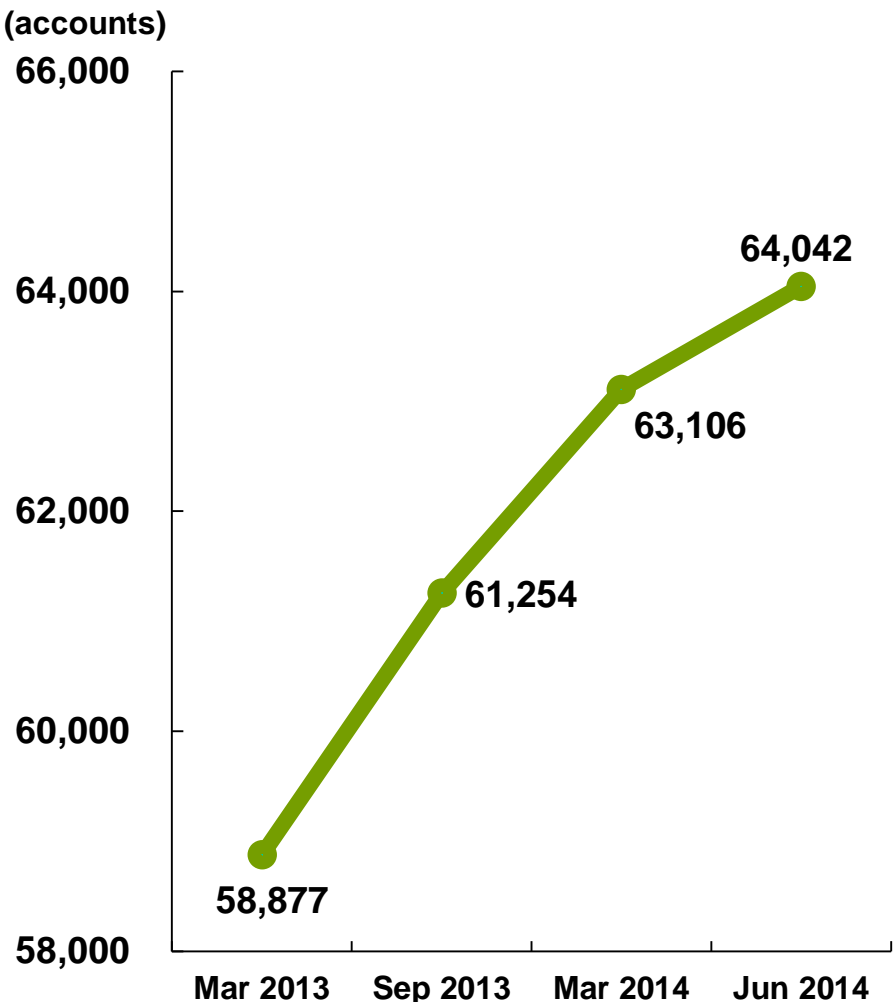


Rapidly Increasing Customer Base

Customers' Deposit Assets



Number of Accounts

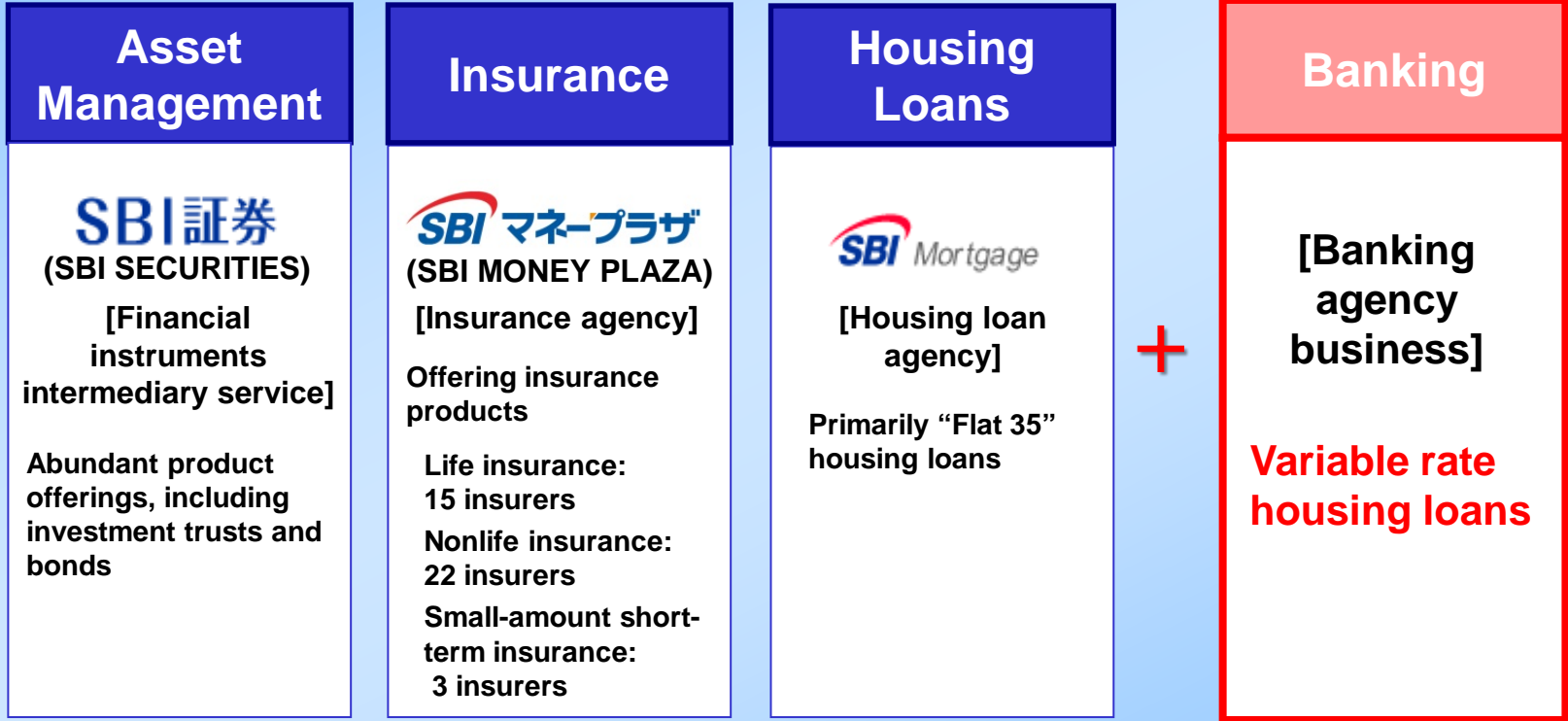


The number of SBI MONEY PLAZA Shops is 413 as of June 30, 2014;
Targeting early stage expansion of shops network to 500 shops

Considering Launch of Banking Agency Business

Currently considering launching a bank agency business in the 2nd half of this fiscal year, to evolve into a face-to-face sales channel in all of the three core businesses of the Financial Services Business, including securities, insurance and banking.

SBI MONEY PLAZA's Product Offerings



**(2) In the Asset Management Business,
Also Focus on the Expansion and
Enhancement of the Overseas
Financial Services Business**

IPO and M&A Deals Prospect in the Asset Management Business for FY2014 ①

| | Up to FY2012 | FY2013 full year | FY2014 full year prospect |
|--------------------|--------------|------------------|---------------------------|
| IPO and M&A deals* | 167 | 14 | 17 |

* Includes portfolio companies (FY2009: 3 companies, FY2010: 6 companies, FY2013: 2 companies) of New Horizon Capital, the second fund, in which SBIH invests as a limited partner.

M&A for one company has already been conducted

Smart Navi

M&A conducted on Apr. 2

- ✓ Provider of solutions such as sales support, customer management, and sales promotion using tablets

Two companies have already IPO'd

Listed on JASDAQ market on June 16

NEWTON FINANCIAL CONSULTING

- ✓ Insurance policy distributor that operated one of the best outbound telemarketing centers in Japan

NIPPON VIEW HOTEL

Listed on the second section of the Tokyo Stock Exchange on July 23

- ✓ Operates accommodations such as hotels, provides consultation for operation or FC deployment, and operates amusement parks.

IPO and M&A Deals Prospect in the Asset Management Business for FY2014 ②

Promising Portfolio Companies Expected to IPO in FY2014

Japan

ELIYPower (SBI's shareholding: 5.97%) *

- ✓ Mass production of high-capacity lithium-ion batteries and development and manufacture of batteries and peripheral equipment and systems
- ✓ Standard equipment in the smart houses of a leading housing company

Overseas

Scheduled to be listed on Hong Kong main board in early August

WH Group (formerly Shuanghui International) (SBI's shareholding: 0.67%) *

- ✓ Headquartered in China, world's largest pork producer and processor
- ✓ Controlling shareholder of Shenzhen-listed Henan Shuanghui Investment & Development (Market cap as of July 22: approx. JPY 1.2tn, converted at RMB 1 = JPY 16.3)
- ✓ Acquired Smithfield (U.S.), the largest pork producer in the world, for USD 4.7bn in Sept. 2013

* 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.

Preparing for Development of an Online Financial Ecosystem in China in Collaboration with the Lujiazui Group and the New Hope Group



Lujiazui Group:

Founded in 1990, the Lujiazui Group is a large state-owned company directly managed by the Shanghai Municipal Government and the only comprehensive financial and real estate group that falls under the jurisdiction of the Shanghai Municipal Government. Its group companies include Shanghai Lujiazui Finance & Trade Zone Development (listed on China's A-share market), Aijian Securities and Lujiazui International Trust Corporation.

New Hope Group:

The New Hope Group, established in 1982, is China's largest agribusiness operator. The Group is the top shareholder of China Minsheng Banking Corp., the largest privately owned bank in China, and has been the shareholder of Minsheng Life Insurance since its inception. The Group has more than 400 affiliated companies and over 60,000 employees.



- On Mar. 24, 2014, established Shanghai New Successful Way Investment Consulting Co., Ltd., a preparation company for joint development of an online financial services business in China.
- The preparation company will promote the launch of a company engaged in the online financial services business by carrying out system development, license applications and other related operations.

Further Enhancing the Overseas Financial Services Business

Actively transferring management know-how and knowledge of the financial services business that the SBI Group has accumulated, to further enhance and strengthen the overseas partners' network, as well as investing directly into overseas financial institutions.



Russia

[Encouraging YAR-BANK \(formerly OBIBANK\) to launch an online banking service](#)



The SBI Group invested in the commercial bank of the METROPOL Group, a major financial conglomerate in Russia, with a 50% shareholding of the joint venture company.

Launched its service in June 2014



Indonesia

[BNI Securities started to offer an Internet trading system from the end of Feb. 2014, in collaboration with SBI SECURITIES which participated in the design and development of the system](#)



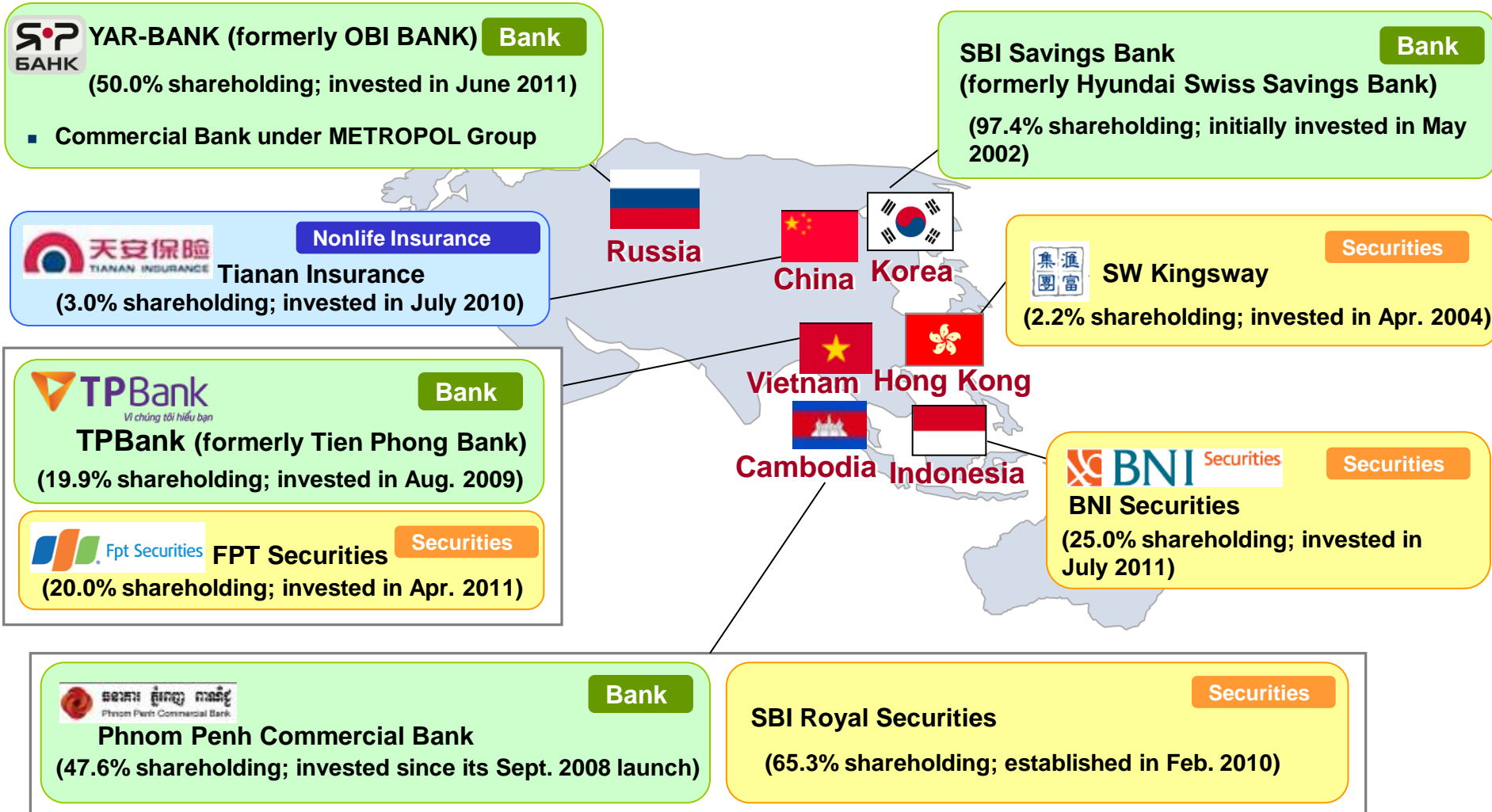
(SBI: 25.0% shareholding)

By dispatching individuals with the appropriate experience in Japan to BNI Securities, and in cooperation with the parent company, BNI Bank, promoting the development of a rationalized management structure and an Internet trading system.

By connecting to BNI Securities, real time transactions of Indonesian stocks have been available at SBI SECURITIES from Apr. 23, 2012

Financial Services Business Proliferating Primarily in Asia

(As of the end of June 2014)



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

(3) In the 5-ALA Related Business, which is Pursuing an Early Profitability, Promote the Sales of 5-ALA Products (Health Foods, etc.), and Accelerate the Research and Development of Pharmaceuticals

Applications of ALAGLIO, intraoperative diagnostic agent for malignant glioma (brain tumor), are to be expanded to bladder cancer. Clinical trials in multiple types of diseases are in progress both in and outside Japan.

Advancement of R&D in Diagnostic Agent for Cancer Treatment

Intraoperative diagnostic drug for cancer: Easily discriminates tumors (cancer) from normal tissue, through the oral administration of the drug to patients before the surgical resection of tumors, and by applying a special light during surgery.

Brain tumor

- ✓ We sell a diagnostic agent for malignant glioma, “ALAGLIO®” (from Sept. 2013)

Carcinoma vesicae

Designated as an orphan drug

- ✓ Doctor sponsored investigation has been ongoing at 5 universities, led by Kochi University. They are planning additional Phase III Clinical testing.
→ Scheduled to submit an application for production and marketing approval to the Ministry of Health, Labour and Welfare in 2016
- ✓ Received the patent for mechanism of a diagnostic agent for bladder cancer [Patent applicant] SBI Pharmaceuticals Co., Ltd., Kochi University



Endeavor to increase the indications for ALAGLIO to include bladder cancer and will proceed with preparations for an NDA

The First Successful Surgical Removal of Bladder Cancer in the World Using 5-ALA as an Intraoperative Diagnostic Drug, along with Medical Devices of SBI Pharmaceuticals

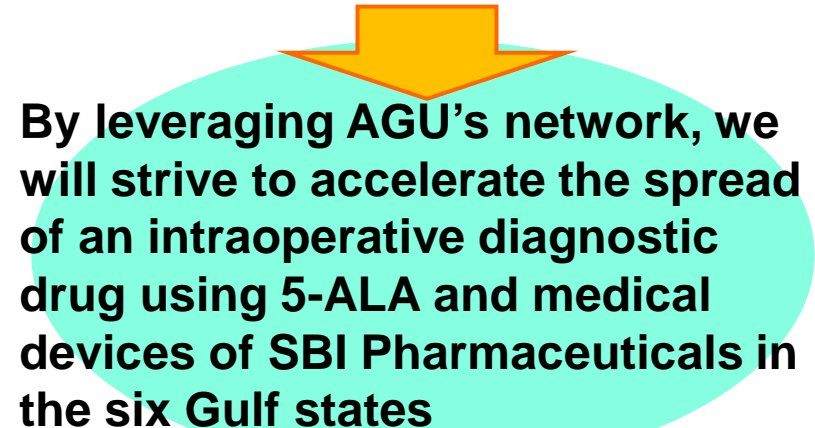
King Abdulla Medical City, a medical center of Arabian Gulf University, a medical university established in Bahrain by the six Gulf states in GCC countries, performed the first successful surgical removal of bladder cancer in the world using 5-ALA as an intraoperative diagnostic drug, along with medical devices of SBI Pharmaceuticals. They have already succeeded in seven surgeries. Additionally, preparations are being made for the surgical removal of the cancer of the prostate.

Joint press conference in Bahrain held by AGU and SBI Pharmaceuticals

Attended by Ambassador Shigeki Sumi of the Embassy of Japan in Bahrain



Bladder cancer is the fourth most common cancer in men and the eighth most common in women in Gulf Cooperation Council (GCC) countries in the Middle East



By leveraging AGU's network, we will strive to accelerate the spread of an intraoperative diagnostic drug using 5-ALA and medical devices of SBI Pharmaceuticals in the six Gulf states

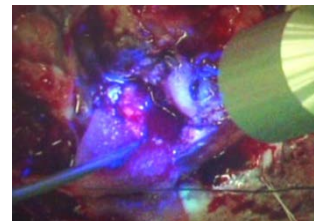
Two Types of Medical Light Source Devices Developed by SBI Pharmaceuticals

LED light source



Started sales of the bicolor medical LED light source Aladuck LS-DLED (from Apr. 2014)

Aladuck LS-DLED is the first medical device that SBI Pharmaceuticals sells in Japan



(Clinical images: Examples of use as light source for diagnosis of cancer)

Laser light source



Completion of registration of medical device, and preparing for sales in Japan

Business license for the sale and leasing of specially controlled medical devices obtained in Japan (Sept. 2013)

Saitama Medical University Started an Investigator-led Phase II Clinical Trial on a Drug to Treat Cancer Chemotherapy-induced Anemia

Dec. 2012 Phase I Clinical testing started in UK



May 2013 Phase I Clinical testing completed



Mar. 2014 Owing to Japan's cost advantages for clinical trials, Phase II clinical trials were initiated in Japan

Saitama Medical University, as the medical institution conducting the clinical trial, has started an investigator-led Phase II clinical trial, with Kitasato Academic Research Organization as the ARO

→ Administration in several cases has already begun at Saitama Medical University, and follow-up is underway

Increasing Partner Medical Institutions for Drug Development Research and Clinical Research in Bahrain

Partner institutions for clinical study of diabetes utilizing 5-ALA

- Diabetes Department of the Bahrain Defense Force Royal Medical Service Hospital

Received approval from the National Health Regulatory Authority (“NHRA”) in Bahrain to conduct clinical studies on type 2 diabetes at the Bahrain Defense Force Royal Medical Service Hospital and started administration on some subjects.

- Arabian Gulf University Hospital
- Royal College of Surgeons in Ireland - Medical University of Bahrain etc.

Partner institutions for clinical study on the utilization of 5-ALA in the photodynamic diagnosis

- Arabian Gulf University Hospital

- Performed the first successful surgical removal of bladder cancer in the world using 5-ALA as an intraoperative diagnostic drug, along with medical devices of SBI Pharmaceuticals. They have already succeeded in seven surgeries.
- Additionally, preparations are being made for the surgical removal of the cancer of the prostate.

- King Hamad University Hospital
- Royal College of Surgeons in Ireland- Medical University of Bahrain (RCSI) etc.

Conclusion of Agreement on Joint Research with the University of Oxford in the United Kingdom (July 2014)

Planning to start an investigator-led phase II clinical trial to assess the effectiveness of 5-ALA in preventing a reduction in cardiac output* after heart bypass surgery

* the volume of blood pumped per stroke

Professor Houman Ashrafian, Associate Professor of Medicine and Head of Experimental Therapeutics, Radcliffe Department of Medicine, University of Oxford, our research partner, has shown the effectiveness of 5-ALA in preventing cardiac ischemia–reperfusion injury through preclinical models in mice, that preoperative administration of 5-ALA inhibits apoptosis of myocardial cells that occurs after ischemia–reperfusion injury. He said 5-ALA had a protective effect on ischemia-reperfusion injury in myocardial cells.



Professor Ashrafian will implement an investigator-led phase II clinical trial in the United Kingdom to assess whether 5-ALA would be effective in preventing ischemia–reperfusion injury related to heart bypass surgery using a pump.

Planning to jointly submit a test plan to the Medicines and Healthcare products Regulatory Agency (“MHRA”) by the end of the fiscal year

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

Target illnesses for which basic research and clinical research of 5-ALA and porphyrin are proceeding

Photodynamic diagnosis and therapy

Glioma (malignant glioma)

Product launched by SBI Pharmaceuticals

Carcinoma vesicae

Doctor sponsored investigation has been ongoing at 5 universities, led by Kochi University. They are planning additional Phase III Clinical testing.

Solar keratoses

(cancer of skin)

photonamic GmbH & Co. KG in Germany sells in Europe



The following target illnesses are under consideration for photodynamic diagnosis: prostate cancer, colon cancer, peritoneal dissemination, liver cancer, etc.



Photodynamic therapy

Chemotherapy-induced anemia

Cancer chemotherapy-induced anemia

Phase I Clinical testing completed in UK, Saitama Medical University has started Phase II

Metabolic disease

Diabetic disease

Bahrain Defense Force Royal Medical Service Hospital, Arabian Gulf Univ, RCSI, Hiroshima Univ., Univ. of Hawaii, etc.

Chronic kidney disease

Kochi Univ., etc.

Neurogenic disease

Alzheimer's Disease

Hokkaido Univ., etc.

Parkinson's disease

Shimane Univ., etc.

Others

Mitochondrial diseases

Saitama Medical Univ., etc.

Prevented the aggravation of influenza

Tokushima Univ., etc.

Malaria

The Univ. of Tokyo, Tokyo Institute of Technology, MRC National Institute for Medical Research and SBI Pharmaceuticals

Accelerating 5-ALA Related Business in China

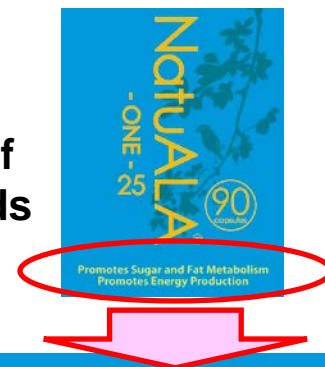
- ✓ Chinese bioventure Suzhou Yian Biotech Co., Ltd. (SBI Group's shareholding: 40%) plans to start operation of a 5-ALA health food manufacturing plant during 2014. The company has applied in China for a materials license to use 5-ALA in food products, as well as a health food manufacturing license.
Agreed to form a Strategic Alliance with the New Hope Group and Fudan Forward for sales of 5-ALA products in China (Nov. 2013)
→ Procedure underway for the establishment of an import and sales company, which imports 5-ALA products and other products from Japan, in the Shanghai Free Trade Zone, after which a business license will be applied for.
- ✓ New Hope Group in China plans to sell fertilizers and forages containing 5-ALA, and collaborative testing is being conducted for potential sales activities.
→ Supply structure: Imports of finished products from Japan and production at Yian Biotech are planned
→ Will strengthen sales of fertilizers containing 5-ALA for various crops at each priority area
- ✓ It is estimated by Journal of the American Medical Association (JAMA) that there are 113.93 million 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.
- ✓ CTO Toru Tanaka and CSO Motowo Nakajima were invited by Fudan University as visiting professors

Start Sales of Health Foods in Bahrain

- 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) was obtained (Jan. 2014). We have started selling them as a mainstay product in pharmacies, etc.**
- “Promotes Sugar and Fat Metabolism” and “Promotes Energy Production” are listed on labels of the health foods containing 25 mg 5-ALA sold in Bahrain with NHRA approval.
- Primarily to increase doctor recommended sales, continuously conducting educational campaigns and seminars for doctors.



Label design of the health foods



Promotes Sugar and Fat Metabolism
Promotes Energy Production

Future Business Development Plans

1. Plan to establish three joint ventures in China

- ① Procedure underway to establish an import and sales company, which imports 5-ALA products and other products from Japan, in the Shanghai Free Trade Zone, with the New Hope Group and Fudan Forward.
- ② Currently considering entering into the pharmaceutical business, such as drug development in China, with the establishment of two joint ventures, each with a Chinese company → Currently in negotiations to license 5-ALA technology for pharmaceutical development to the joint ventures.

2. Currently in negotiations with a pharmaceutical company in the UAE to create a business alliance

Currently in negotiations to establish a joint venture company in the United Arab Emirates (UAE) that will manufacture, sell, and market 5-ALA related products such as medical products and health foods in the Middle East and North Africa (MENA, except for Bahrain), and India by Sept. 30, 2014.

[Reference]

The Company's current stock price, and our method in calculating the estimated corporate value

Corporate Value by Business Segment Valuation

— Each Business Segment Valuation is Conservatively Estimated

■ Sum of the values by segment (as of July 29, 2014) (JPY billion)

| | Valuation of each segment (theoretical value) |
|-------------------------|---|
| Financial Services | 382.7 (+)* |
| Asset Management | 106.4 |
| Biotechnology-related | 61.5 |
| Housing and Real Estate | 27.3 |
| Sum total | 577.9 (+) |

Business valuation per share: 2,574 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 Group companies, 14 are profitable companies that are not included in the above calculations (Total Operating Income: approx. JPY 3.9bn)

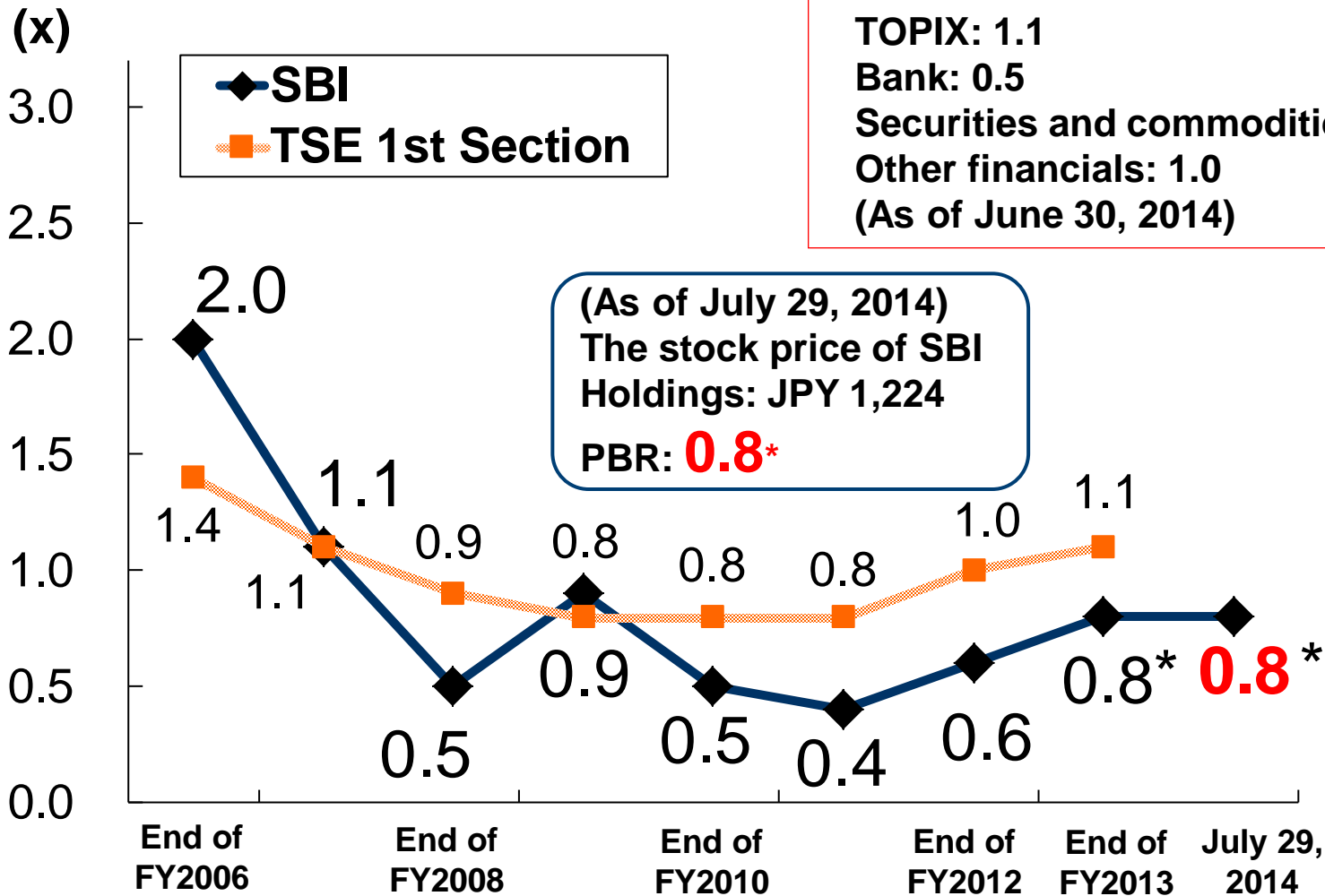
SBI Holding's Recent Stock Price

Market cap (actual value as of July 29, 2014): **JPY 274.9bn**



Change in PBR of SBI Holdings

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



[Reference]
SBI Holdings' PER based on forecast EPS
 (As of July 29, 2014)

PER:
12.5 (Nikkei Kaisha Joho)
16.6 (Japanese company handbook)

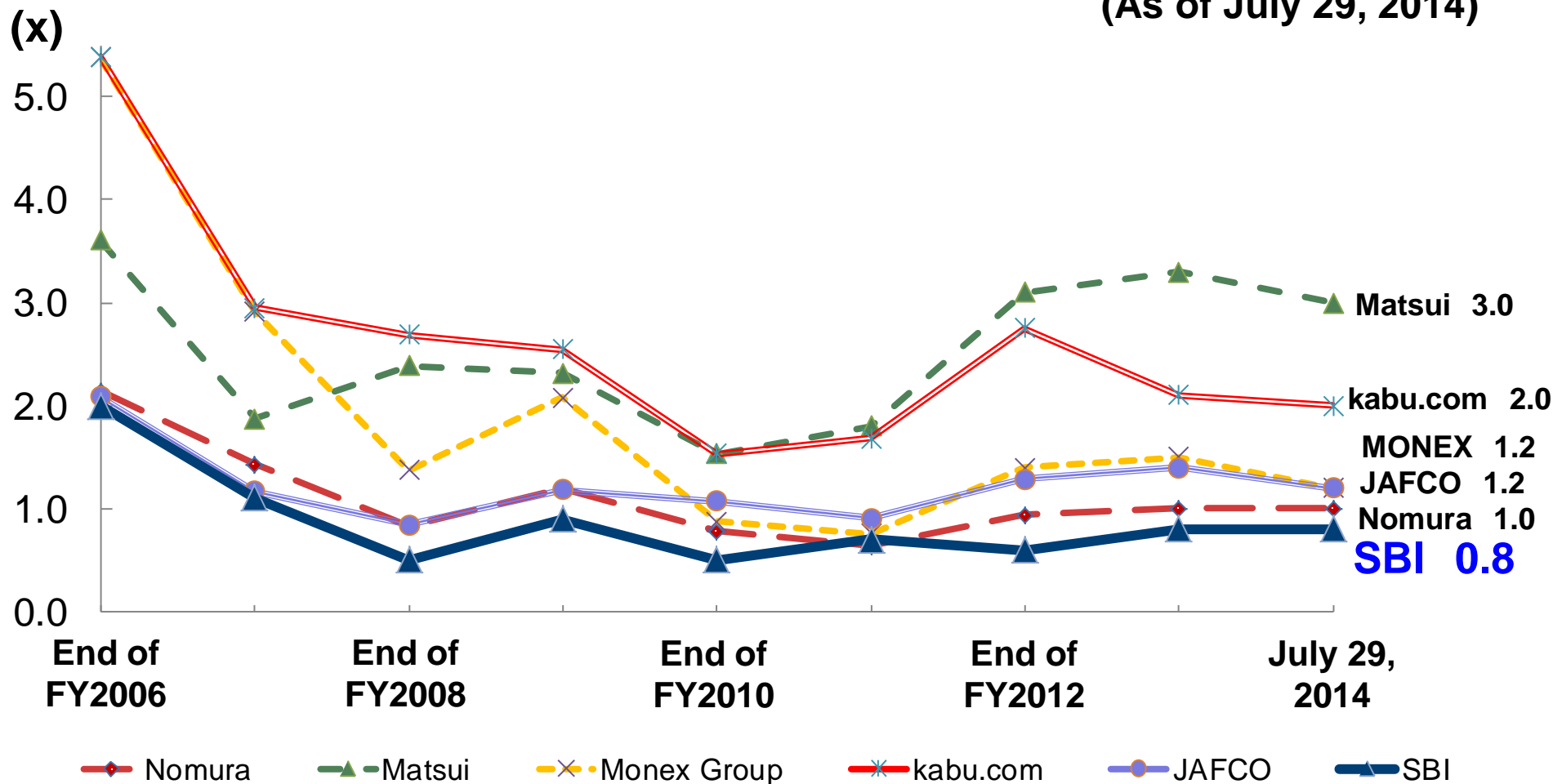
*PBR of SBI Holdings for the end of FY2013 and July 29, 2014 are calculated based on the BPS of the end of Mar. 2014.

*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 July 29, 2014)



*PBR for July 29, 2014 is calculated based on the BPS of the end of Mar. 2014.

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

Valuation by Segment Estimated by SBI

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

① SBI SECURITIES

Valuation is conservatively estimated at JPY 300.3bn

(based on the closing prices of July 29, 2014)

SBIH's market cap as of July 29 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

Matsui's PER (*1) x SBI SECURITIES's Net income (FY2013) ... (A)

Matsui's PBR (*2) x SBI SECURITIES's Net asset (*3) (as of Mar 31, 2014) ... (B)

*1 PER of Matsui is calculated by its net income per share for FY2013.

*2 PBR of Matsui is calculated by its BPS as of Mar. 31, 2014.

*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)

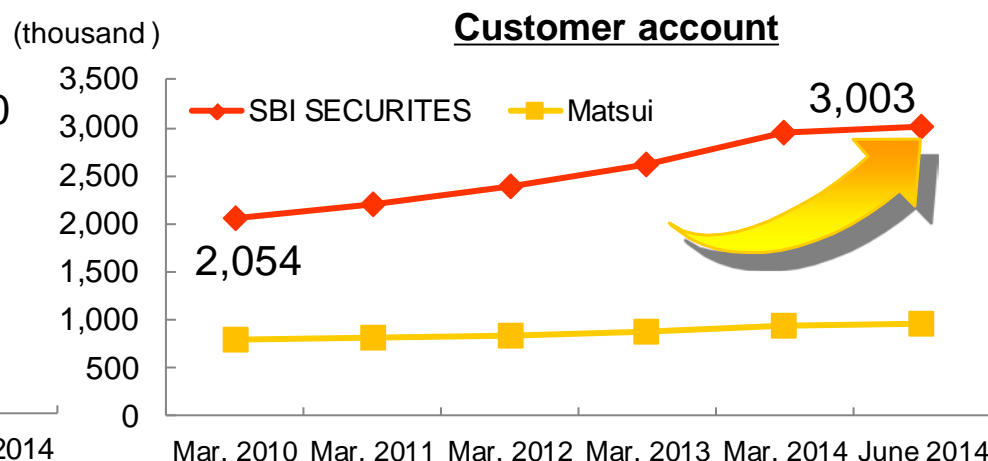
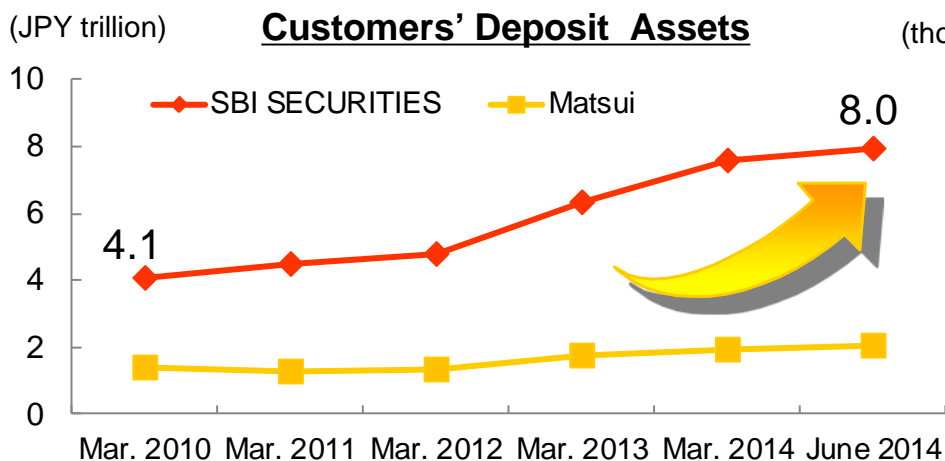


Is SBI SECURITIES' valuation reasonable?

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

*Calculated by the closing prices of July 29, 2014

| (FY2013) | SBI SECURITIES | Matsui Securities |
|--|---|-------------------------------|
| Valuation (market cap) * | JPY 300.3bn | JPY 265.5bn |
| Deposit assets (Mar. 2014) | No.1 JPY 8.0tn | JPY 2.0tn |
| Number of accounts (As of the end of Mar. 2014) | No.1 3 million | 950 thousand |
| Share of individual stock brokerage | No.1 37.6% | 13.3% |
| Operating income | No.1 JPY 6.5bn (down 33.0% YoY) | JPY 4.6bn (down 51.7% YoY) |



Valuation by Segment Estimated by SBI

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

② SBI Sumishin Net Bank

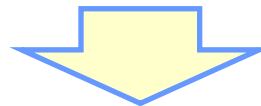
Valuation is conservatively estimated at JPY 51.1bn

(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 FY2013 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, 2014 to the excess earning power.

* Under a calculation based on the ordinary income as JPY 11.7bn, and the profit after tax for the corresponding fiscal year as JPY 7.1bn.



Conservatively estimated the valuation of SBI Sumishin Net Bank with high growth potential in terms of profitability and scale at JPY 102.1bn → JPY 51.1bn

(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 102.1bn)



- Ordinary income for FY2013 (JPY 11.7bn (+48.4% YoY))
- Deposit balance: JPY 3,326.4bn (as of June 30, 2014)

Comparison with listed local banks with equivalent level of scale

Compared by profit

The average market cap of 6 listed local banks with ordinary income of around JPY 12.0bn: approx. JPY 128.0bn

Of which, market cap of local banks with deposit balances larger than JPY 3tn exceeds JPY 140bn

*1 Based on ordinary income and deposit balance of 77 banks including community banks and New Entrant Banks for FY2012 and on Mar. 31, 2013, respectively.

*2 Market cap based on the closing prices of July 29, 2014

Valuation by Segment Estimated by SBI

(1) Financial Services Business ③ SBI Liquidity Market

③ SBI Liquidity Market (including SBI FXTRADE)

Valuation is estimated at **JPY 18.4bn** (based on the closing price of July 29, 2014)

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 companies, namely Money Partners and MONEY SQUARE JAPAN

$$\frac{\{(Money Partner's PER + MONEY SQUARE JAPAN's PER)\}^{(*)}}{2} \times \text{Net profit of SBI Liquidity Market (cons.) (FY2013)}$$

* PER of Money Partners and MONEY SQUARE JAPAN is calculated by its net income per share for FY2013 .

<Reference> Acquisition of CyberAgent FX by Yahoo Japan (Jan. 31, 2013)

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

| CyberAgent FX (FY2011) | | SBI Liquidity Market (FY2013) |
|------------------------|-------------------|-------------------------------|
| JPY 8,498m | Operating revenue | JPY 10,524m |
| JPY 4,021m | Operating income | JPY 1,901m |
| JPY 2,289m | Net Profit | JPY 1,165m |
| JPY 9,067m | Net Asset | JPY 4,087m |

Operating income before allocation to SBI SECURITIES is JPY 8,527m

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 | 22.0 | 10.8 |
| SOLXYZ | 26.3 | Equity-method associate | JASDAQ | 8.0 | 2.1 |
| Sum of the market cap of listed subsidiaries and equity-method associates | | | | 30.0 | <u>12.9</u> |

(Based on the closing price of July 29, 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 300.3bn** (based on the closing prices of July 29, 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 102.1bn
JPY 51.1bn (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market (cons.)

Upon comparison with similar listed companies calculated as **JPY 18.4bn**
(based on the closing price of July 29, 2014)

④ Total market cap upon SBIH's shareholding of other listed subsidiaries and equity-method companies, in total 2 companies, in the FS Business

The sum of market caps of Morningstar Japan and SOLXYZ (Shareholding of the SBI Group) **JPY 12.9bn** (based on the closing prices of July 29, 2014)



Total of the valuation above: **JPY 382.7bn** (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 FY2013 (JPY billion) | SBI's shareholding pct. (%) |
|---------------------------------|--|--------------------------------|--------------------------------|
| SBI Comparison Website Business | Operation of comparison websites for loans and insurances | 1.4 | 100.0 |
| SBI Japannext | Operation of PTS (Proprietary Trading System) | 0.9 | 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 | 0.5 | 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 or strength of synergies.

Proceeds generated may be appropriated to strengthen the three core businesses

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 106.4bn**

<Reference>

JAFCO's Market Cap: **JPY 199.7bn** (based on the closing price of July 29, 2014)

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

(i) Value of holding securities (at the end of June 2014) **Approx. JPY 87.1bn**

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 July 29, 2014)

(* Valuation excluding asset such as securities hold) **Approx. JPY 14.3bn**

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 FY2014.

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 | 5.2* | 2.2 |
| SBI Investment Korea | 43.9 | Equity-method associate | KOSDAQ of KRX | 6.1* | 2.7 |
| Sum of the market cap of listed subsidiaries and equity-method associates | | | | 11.3 | <u>4.9</u> |

(Based on the closing price of July 29, 2014, *Calculated by the exchange rate as of July 29, 2014.)

[Other profitable businesses of the Asset Management Business]

| | | Business lineup | OP for FY2013 (JPY billion) | SBI's shareholding pct. (%) |
|-----------------------------------|--------------------------|-----------------|-----------------------------|-----------------------------|
| Phnom Penh Commercial Bank | Overseas Business | Commercial Bank | 0.5 | 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

Biotechnology-related Business

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

Total valuation of the Biotechnology-related Business is estimated at approx. JPY 61.5bn

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 June 2014, the amount is calculated to be approx. JPY 46.6bn

Besides, the total shareholder value of this 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.

② Other companies in the Biotechnology-related Business

SBI Biotech (SBI's shareholding percentage*: 37.8%)

Considering future strategies, which includes an IPO and M&A on the premise of strategic alliance

* SBI's shareholding percentage corresponds to a figure based on the IFRS criteria that excludes from the total shareholding percentage (77.25%) the percentage of outside shareholder's interest of subsidiary companies and subsidiary funds of the Group.

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 27.3bn**

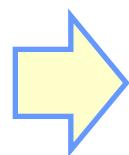
Estimation of the valuation is as follows:

Sum of the calculated value of the commercial real estate properties of SBIH as of the end of June 2014 were calculated, along with SBI Life Living's market cap.

① Value of the commercial real estate properties

Asset Value = Balance of investment real estate + 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 June 2014, valuation is **approx. JPY 20.6bn**

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 | 73.3 | Consolidated subsidiary | TSE Mothers | 9.2 | <u>6.7</u> |

[Appendix]

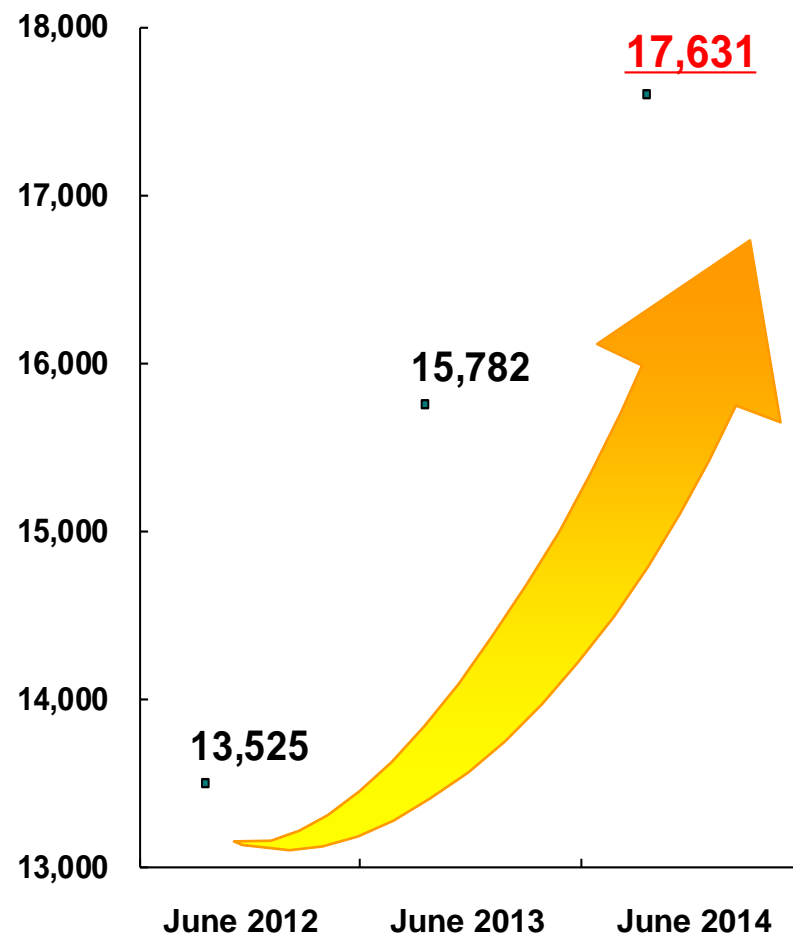
The SBI Group's Customer Base



Breakdown of the Customer Base

(As of the end of June 2014)

(Thousand) (Thousand)



| | | |
|--|--|---------------|
| SBI SECURITIES | (Accounts) | 3,003 |
| SBIH InsWeb | (No. of customers) | 6,303 |
| E-LOAN | (No. of customers) | 1,583 |
| Other financial websites | (No. of customers) | 26 |
| MoneyLook | (Total no. of customer registrations) | 899 |
| Morningstar Japan | (New portfolio customer registrations) | 122 |
| SBI Card | (Valid cards issued) | 73 |
| SBI Sumishin Net Bank | (Accounts) | 2,038 |
| SBI Insurance | (Total no. of contracts) | 677 |
| Autoc one | (Total no. of service users in 2013) | 950 |
| Lifestyle-related websites (Ticket Ryutsu Center, muSBI.net) | (Total no. of customer registrations) | 1,412 |
| Others (SBI Point etc.) | | 546 |
| Total | | 17,631 |

* 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

Number of Consolidated Subsidiaries and Consolidated Employees of the SBI Group

Transition of the number of consolidated subsidiaries

| | Mar. 31, 2014 | June 30, 2014 |
|---------------------------|---------------|---------------|
| Consolidated subsidiaries | 139 | 142 |
| Consolidated partnerships | 36 | 34 |
| Equity-method companies | 38 | 38 |
| Total (companies) | 213 | 214 |

Transition of the number of consolidated employees

| | Mar. 31, 2014 | June 30, 2014 |
|------------------------|---------------|---------------|
| Total (persons) | 5,352 | 5,369 |

Assets Under Management of the SBI Group

Private equity, etc. JPY 290.0bn (Including JPY 93.5bn of both cash and commitment amount to be paid in) (*3)

| Breakdown by Industry | Amount |
|------------------------------|--------------|
| IT/Internet | 26.1 |
| Biotechnology/Health/Medical | 46.4 |
| Services | 20.7 |
| Materials/Chemicals | 2.5 |
| Environmental/Energy | 17.5 |
| Retail/Food | 13.9 |
| Construction/Real estate | 0.9 |
| Machine/Automobile | 8.8 |
| Finance | 34.6 |
| Others | 25.2 |
| Total | 196.5 |

| Breakdown by region | Amount |
|---------------------|--------------|
| Japan | 95.1 |
| China | 34.5 |
| Korea | 20.5 |
| Taiwan | 1.9 |
| Southeast Asia | 9.8 |
| India | 1.2 |
| U.S. | 29.3 |
| Europe | 1.5 |
| Others | 2.6 |
| Total | 196.5 |

Investment trusts, etc. JPY 188.6bn

| | |
|----------------------|-------|
| Investment trusts | 106.4 |
| Investment advisory | 78.8 |
| Investment companies | 3.4 |

*1 Calculated by the exchange rate as of the end of June 2014

*2 Amounts are rounded to the nearest 100 million yen

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

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