



*Strategic
Business
Innovator*

SBI Holdings, Inc.

Financial Results

for the Nine-month Period Ended Dec. 31, 2014

(Fiscal Year Ending March 31, 2015)

January 29, 2015

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. Upon the passage of 15 years of establishing a large scale business, the Company's consolidated results are on the verge of a rapid growth stage**
- 2. Current status and new challenges of the Financial Services companies that have entered a rapid growth stage**
- 3. Transition of 5-ALA related business from the preparation phase to the monetization phase**

- 1. Upon the passage of 15 years of establishing a large scale business, the Company's consolidated results are on the verge of a rapid growth stage**
 - (1) Operating income for the 9 month FY2014 period exceeded the full-year record of the past**
 - (2) Adhere to the ROE-oriented management principle, and improve shareholder returns**
 - (3) Improved stability of SBIH's financial base**

(1) Operating income for the 9 month FY2014 period exceeded the full-year record of the past

- **Operating income for the 9 month FY2014 period achieved JPY 53.4bn, which exceeded the past record high of JPY 49.6bn in FY2005**
- **Profit attributable to owners of the company achieved JPY 35.5bn, significant increase of 75.8% year-on-year**
- **ROE for the 9 Month FY2014 period reached 10.1%, which exceeded the milestone target of 10%**

Achieved a Significant Increase in Each Item Including Record Operating Income

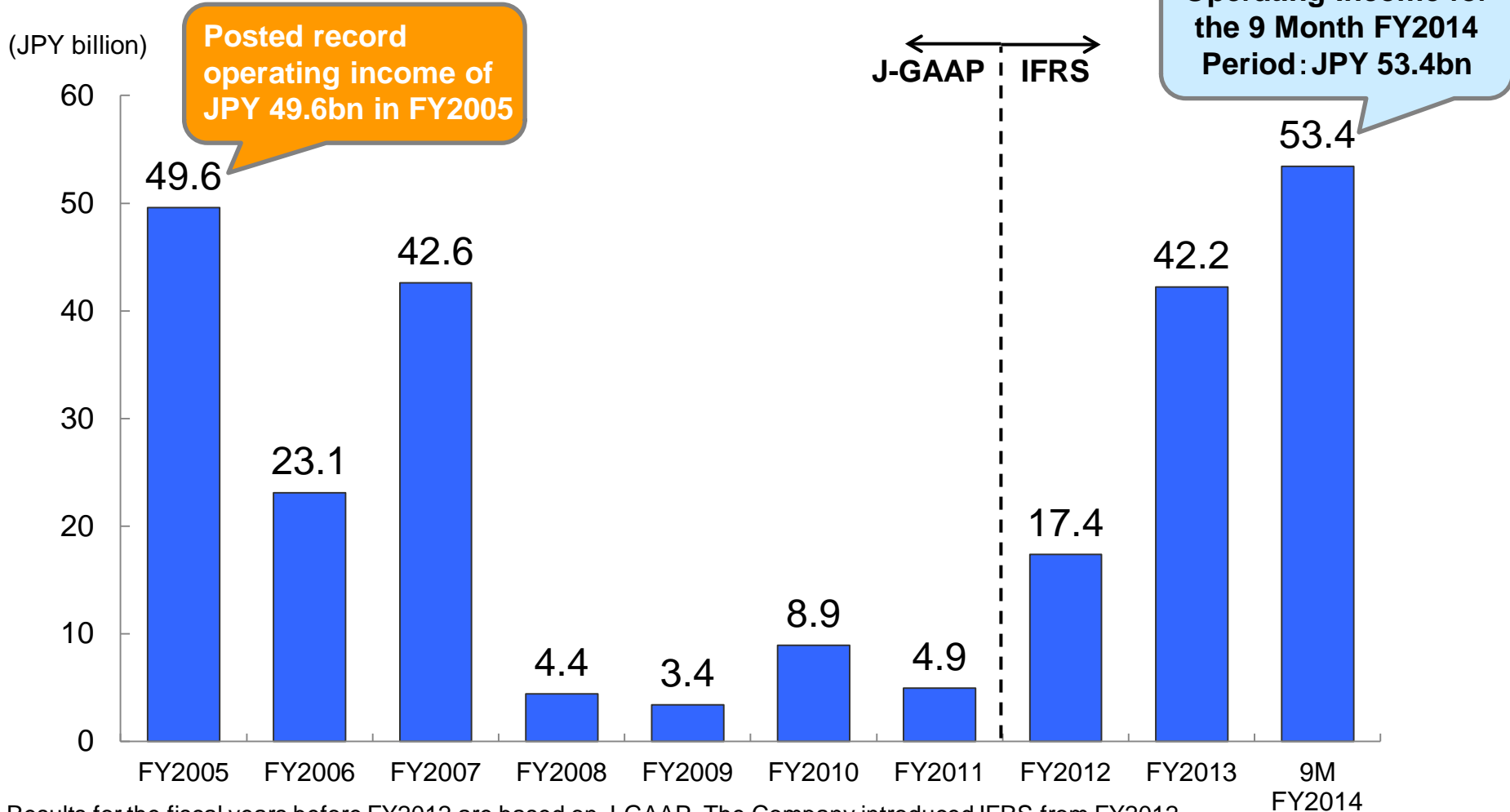
9 Month FY2014 Period Consolidated Performance (IFRS) (Unit: JPY million)

	9 Months FY2013 (Apr. –Dec. 2013)	9 Months FY2014 (Apr. –Dec. 2014)	YoY % change
Operating revenue	177,210	174,265	-1.7
Operating income	39,508	53,440	+35.3
Profit before income tax expense	37,154	49,549	+33.4
Profit for the period	21,062	31,827	+51.1
Profit attributable to owners of the Company	20,185	35,490	+75.8
ROE (%)	6.4	10.1	+3.7p.

* Shows the increase in percentage points

Operating Income for the 9 Month FY2014 Period Exceeded the Full-year Record of the Past

Operating income in the past 10 years



* Results for the fiscal years before FY2012 are based on J-GAAP. The Company introduced IFRS from FY2012.

- **Operating income for the 9 month FY2014 period already exceeds the full-year record of the past**

9 Months FY2014 Operating Revenue by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

	9 Months FY2013 (Apr.–Dec. 2013)	9 Months FY2014 (Apr.–Dec. 2014)	YoY % change
Financial Services Business	109,030	119,817	+9.9
Asset Management Business	59,022	43,206	-26.8
Biotechnology-related Business	2,139	1,605	-25.0
Others (Primarily Housing and Real Estate Business)	8,150	10,286	+26.2

* Figures are before elimination of inter-segment transactions

9 Months FY2014 Profit before Income Tax Expense by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

	9 Months FY2013 (Apr.–Dec. 2013)	9 Months FY2014 (Apr.–Dec. 2014)	YoY % change
Financial Services Business	28,475	53,584	+88.2
Asset Management Business	12,945	2,286	-82.3
Biotechnology- related Business	-1,332	-2,360	—
Others (Primarily Housing and Real Estate Business)	2,289	1,415	-38.2

* Figures are before elimination of inter-segment transactions

[Business Overview by Segment]

① Financial Services Business

- **While other online securities companies experienced profit decreases amid a 27.6% year-on-year decline in average daily individual stock brokerage trading value, SBI SECURITIES' 9 months FY2014 profit before income tax expense increased to a record high**
- **SBI Japannext, SBI FXTRADE, Morningstar Japan (consolidated), SBI MONEY PLAZA and SBI Sumishin Net Bank (shares of results of associates using the equity method) achieved record highs in profit before income tax expense for the 9 month FY2014 period, respectively**
- **Performance markedly improved at SBI Insurance, SBI Card, and other loss-making companies as well**

Profit Before Income Tax Expense of Major Financial Services Business Companies (i)

[Profit before income Tax Expense]

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

	FY2013	FY2014				YoY Change
	9 month period (Apr.-Dec. 2013)	1Q	2Q	3Q	9 month period (Apr.-Dec. 2014)	
SBI SECURITIES	24,908	6,692	8,484	10,056	25,232 Record high	+324
SBI Japannext	766	260	268	304	832 Record high	+66
SBI Liquidity Market	1,230	502	613	1,166	2,282	+1,052
SBI FXTRADE	794	203	311	642	1,156 Record high	+362
SBI Insurance	-2,432	135 Achieved quarterly profitability	-411	55 Achieved quarterly profitability	-221 Significant Improvement	+2,211

Profit Before Income Tax Expense of Major Financial Services Business Companies (ii)

[Profit before income Tax Expense]

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

	FY2013	FY2014				YoY Change
	9 month period (Apr.-Dec. 2013)	1Q	2Q	3Q	9 month period (Apr.-Dec. 2013)	
SBI MONEY PLAZA	880	241	461	497	1,198 Record high	+318
Morningstar Japan (includes its subsidiary, i.e. SBI Asset Management)	772	335	228	226	790 Record high	+17
SBI Card	-2,257	-294	-273	-287	-854 Significant Improvement	+1,403
SBI Sumishin Net Bank (Shares of results of associates using the equity method)	87*	232	1,595	3,742	5,569 Record high	+5,482

* SBI Sumishin Net Bank recorded profit/loss on revaluation of securities based on IFRS, due to the change in the valuation of treasuries held. Therefore the amount are different from that based on J-GAAP.

② Asset Management Business

- **14 IPOs or M&As of SBI Group investee companies are expected in FY2014**
- **SBI Savings Bank recorded profit before income tax expense of approx. JPY 12.0bn, and the soundness of the bank's loans improved**

Quarterly Financial Results of the Asset Management Business

[Asset Management Business]

(IFRS, JPY billion)

	FY2013				FY2014		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating Revenue	39.0	10.9	9.1	13.7	9.9	15.2	18.0
Profit before income tax expense	21.9	-3.7	-5.3	-4.0	-2.3	1.7	2.8
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	-0.8	-0.1
SBI Savings Bank	0.8	1.2	1.1	1.0	5.0	2.7	4.4
Others*	-1.7	-0.1	-1.0	-1.8	-1.7	-0.2	-1.5

*Others include the SG&A of the Asset Management Business and profits and losses of consolidated investee companies

IPO and M&A Deals Prospect for FY2014

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

* 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.

In FY2014, 9 companies have already conducted an IPO, and 4 companies were M&A'd

EXIT Date	Company	Market (Country)
Apr. 2	Smart Navi Co.,Ltd.	M&A
June 16	NEWTON FINANCIAL CONSULTING, Inc.	TSE JASDAQ
July 23	Nippon View Hotel Co., Ltd.	TSE 2 nd Section
Aug. 5	WH Group Limited	HKEx Main Board
Aug. 11	Pandora TV Co., Ltd	KONEX (Korea)
Sept. 15	GCS HOLDINGS, INC.	GTSM (Taiwan)
Sept. 25	RIBOMIC Inc.	TSE Mothers
Oct. 1	YAPPA Corporation	M&A
Oct. 1	Kakao Corp.	M&A
Oct. 22	Ceres inc.	TSE Mothers
Dec. 25	Tokyo Board Industries Co., Ltd	TSE 2nd Section
Dec. 29	Yest Co., Ltd.	KONEX (Korea)
Jan. 1, 2015	Uphills, Inc.	M&A

SBI Savings Bank Recorded Profit before Income Tax Expense of Approx. JPY 12.0bn, Contributing to the Asset Management Business' Results

9 Months FY2014 Results

(SBIH's consolidated accounts basis; IFRS)

(JPY million)

	9 Months FY2013	9 Months FY2014	YoY % change
Operating revenue	28,274	29,751	+5.2
Operating income	3,558	12,418	+249.0
Profit before income tax expense	3,038	12,030	+296.0

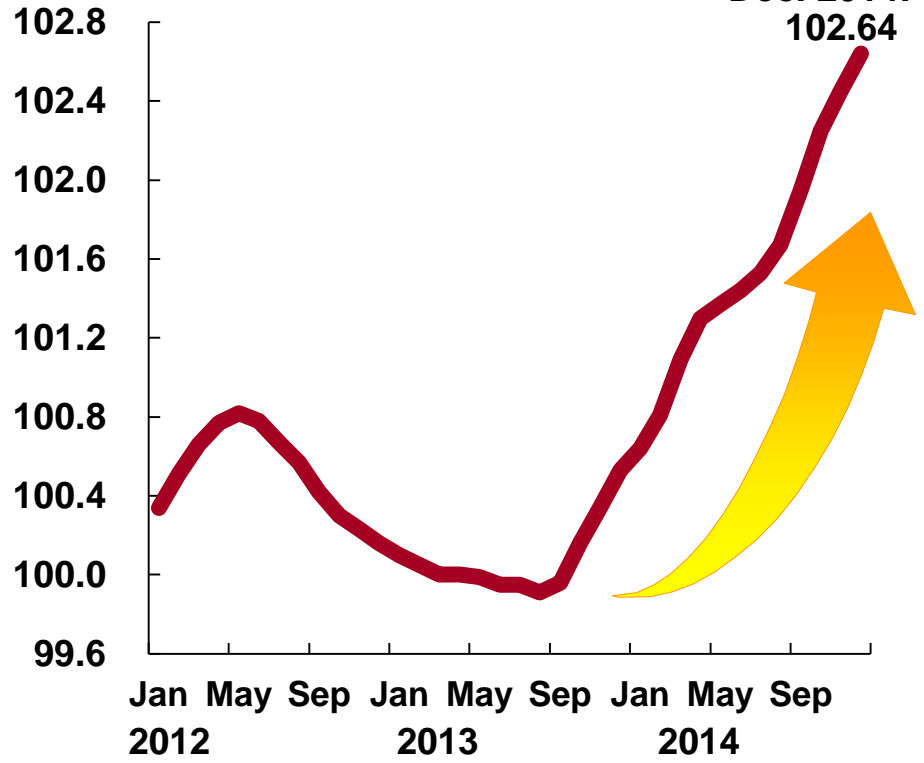
- With the backdrop of a firm real estate market, profits were recorded through substantive collection efforts that resulted in loan collections exceeding book values
- Prospectively may achieve quarterly profit in the Oct.-Dec. 2014 period on a K-GAAP basis, with capital adequacy ratio of over 10%

Grew to become a profit driver of the Asset Management Business

The Tailwind of SBI Savings Bank's Improved Business Environment

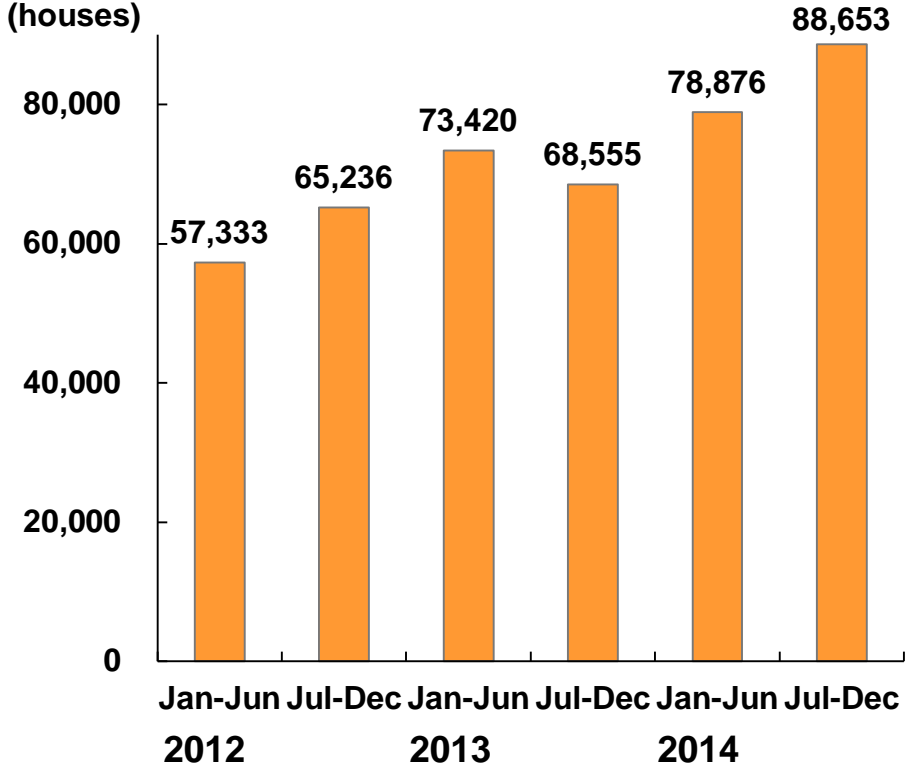
South Korean Housing Purchase Price Index

(Nationwide; Mar. 2013 = 100) Dec. 2014: 102.64



Source: The Bank of Korea

Average Monthly Transaction Amount of Home Sales in South Korea

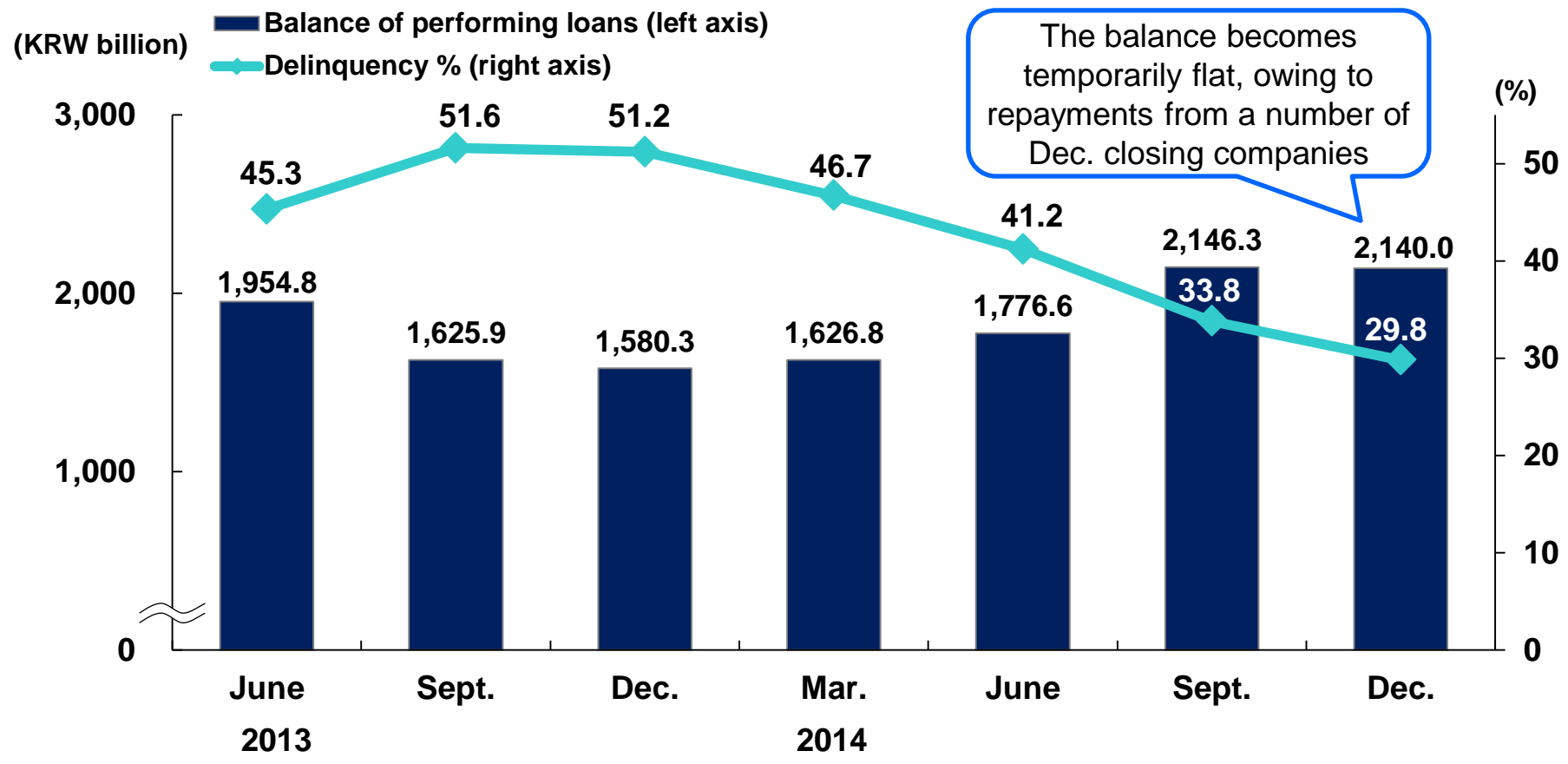


Source: Ministry of Land, Infrastructure and Transport (Korea)

- Real estate transaction stimulation policies of the South Korean government have succeeded, and housing prices continue to recover rapidly
- Transaction amount of home sales is steadily firming, compared with the previous year
- From Oct. 2014, the Bank of Korea cut its benchmark interest rate to 2.0%, a 4-year low, with the expectations of supporting economic activities.

Performing Loans and Delinquency Ratio

- Balance of performing loans continued to be in an underlying upward trend, and new credits were acquired quarterly at a pace of KRW 600bn (approx. JPY 66bn*)
- Delinquency ratio declined, and soundness of loans improved



* Converted at KRW 1 =JPY 0.11 18

To Become the No.1 Savings Bank, Both in Name and Actuality

After implementing mergers and integration between SBI Savings Bank and its three affiliated banks, effective Oct. 31, 2014, SBI Savings Bank has become the only savings bank whose assets exceed KRW 3tn (approx. JPY 330bn) in South Korea, and SBI Savings Bank will endeavor to strengthen its brand.

[Efforts to pursue more sustainable revenue]

- ◆ Endeavoring to acquire new customers, and increase new credits by utilizing placement agents
- ◆ Planning to develop auto-loan business within this year, as a part of service diversification
- ◆ Promoting aggressive purchase of loans from other banks
- ◆ Promoting online banking services by riding the momentum created by deregulation



Targeting an IPO in 2-3 years

SBI Investment KOREA Expands the Management of Funds from South Korean Government Agencies ①

Future Creation M&A Fund

Commitment amount: KRW 50.0bn (approx. JPY 5.5bn*), of which KRW 20.0bn was invested by South Korean government agencies

Mission: To support mid-sized South Korean companies conducting M&A and to enter the ASEAN region

KONEX Market Vitalization Fund

Commitment amount: KRW 60.0bn (approx. JPY 6.6bn*), of which KRW 25.0bn will be invested by South Korean government agencies

Mission: To support the vitalization of the KONEX market, an emerging market in South Korea

Overseas Expansion Platform Fund

Commitment amount: KRW 60.0bn (approx. JPY 6.6bn*), of which KRW 30.0bn will be invested by South Korean government agencies

Mission: To support mid-sized and venture companies in South Korea to expand into the ASEAN region

SBI Investment KOREA Expands the Management of Funds from South Korean Government Agencies ②

Digital Contents Fund

Commitment amount: KRW 25.0bn (approx. JPY 2.7bn*), of which KRW 12.5bn will be invested by South Korean government agencies

Mission: To support the integration of South Korean contents industry and IT industry, both of which are expected to play a key role in Korea's future economic growth

2014 KIF Fund

Commitment amount: KRW 30.0bn (approx. JPY 3.3bn*), of which KRW 17.0bn will be invested by South Korean government agencies

Mission: To develop South Korean venture companies involved in the Telecommunications and IT industries



- SBI Investment KOREA was selected to manage a total of 5 funds, **with the aggregate commitment amount of KRW 225.0bn (approx. JPY 24.7bn*)**, from Jan. 2014.
- In addition, currently endeavoring to be selected to manage an additional 2 funds (the aggregate commitment amount of KRW 600bn (approx. JPY 66bn*)) this year.

* Converted at KRW 1 = JPY 0.11

③ Biotechnology-related Business

- **Consolidated loss posted by the Biotechnology-related Business for the 9 month FY2014 period increased year-on-year primarily because extraordinary factors boosted profit in FY2013**
- **Airing of TV commercials, efforts to increase the number of prescription pharmacies and other stores and offering an expanded range of products produced results, and shipment volumes of health foods and cosmetics containing 5-ALA increased substantially**

Profit before Income Tax Expense of the Biotechnology-related Business for 9 Months FY2014 (IFRS)

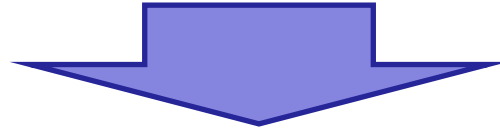
(JPY million)

Profit before income tax expense	9 Months FY2013 (Apr. –Dec. 2013)		9 Months FY2014 (Apr. –Dec. 2014)
Total of the Biotechnology-related Business	-1,332		-2,360
of which, SBI Biotech	-396	Increase in deficit	-613
Quark Pharmaceuticals	-94	Increase in deficit	-761
SBI Pharmaceuticals	-842	Decrease in deficit	-809
SBI ALApromo	-35	Increase in deficit	-356

- SBI Biotech discontinued a drug discovery project that was considered to have little prospect for a commercialization, and as such recorded future charges related to the discontinuance
- Quark Pharmaceuticals led to a year-on-year increase in loss in FY2014 due to the extraordinary factors that boosted profit in FY2013 (such as the transfer of seeds for future drug development activities to a Japanese company)
- SBI ALApromo is actively engaging in promotion in FY2014, and SG&A expenses have increased.

Current State of IPO Readiness of SBI Biotech ① [Management Structure]

The previous representative director of SBI Biotech resigned because of poor health, and a change of representative directors occurred on Sept. 30, 2014



Although SBI Biotech delayed a planned 2014 IPO, following the general meeting of shareholders in late Mar. 2015, the company plans to increase corporate value by appointing a person with specialized in the drug discovery field and management experience in venture firm as outside director. Once current managing director Takeshi Irie assumes office as representative director and president, the company will resume IPO preparations. (Lead manager: Mizuho Securities)



Current State of IPO Readiness of SBI Biotech ②

[Pipeline Drugs that is an IPO Requirement]

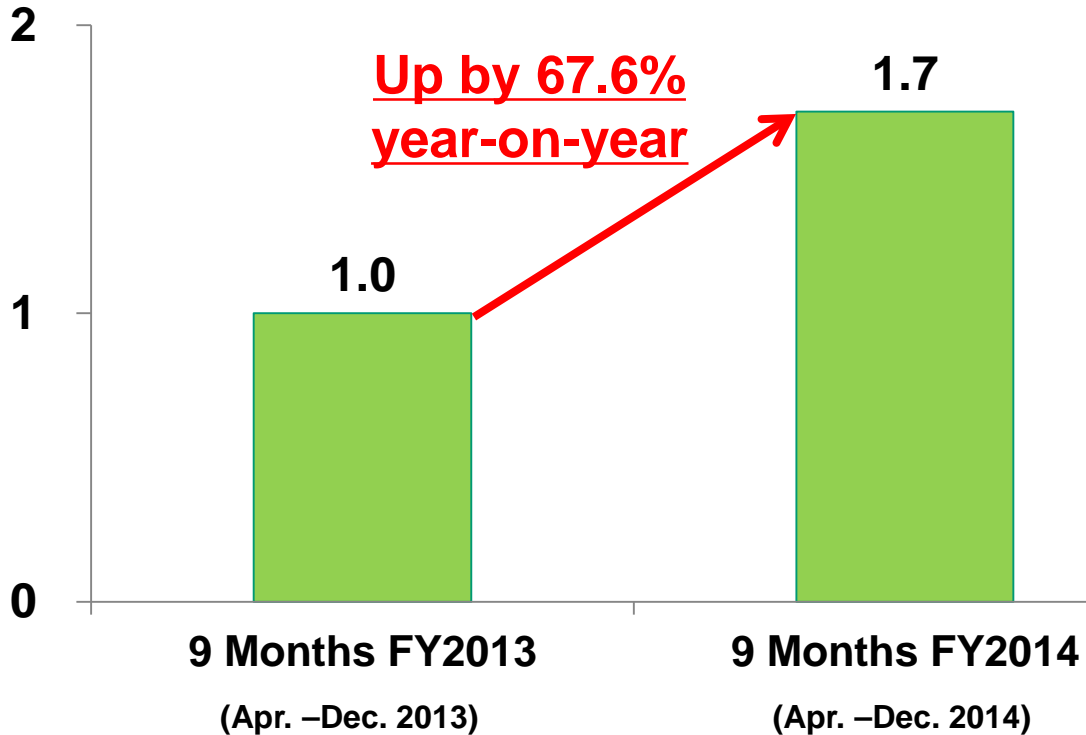
In light of favorable results of a Phase II clinical trial for a therapeutic agent for prevention of impairment of organ function after kidney transplantation from subsidiary Quark Pharmaceuticals (exclusive worldwide license option for development and commercialization granted to Novartis), an IPO requirement, **the plan is to initiate a Phase III trial in the U.S.** by around autumn at the latest.

	Licensing partner	Adaptation disease	Pre-clinical	Phase I	Phase II	Phase III
① QPI-1002	Novartis International AG	Kidney Transplantation (DGF)				Planning to start at the latest by the fall of 2015
② PF-655	Pfizer Inc.	Diabetic macular edema (DME)			Completed Phase II a	
		Glaucoma			Preparing for Phase II a	
③ Anti-ILT 7 antibody	MedImmune, Inc. (Subsidiary of AstraZeneca)	Autoimmune diseases	Pre-clinical			

Large Increase in Shipment Volumes of Health Foods and Cosmetics Containing 5-ALA

Comparison of shipment volumes (SBI ALApromo)

* 9 Months FY2013 = 1



FY2014 (Apr.-Dec. 2014) cumulative shipment volumes surpassed FY2013 full-year total

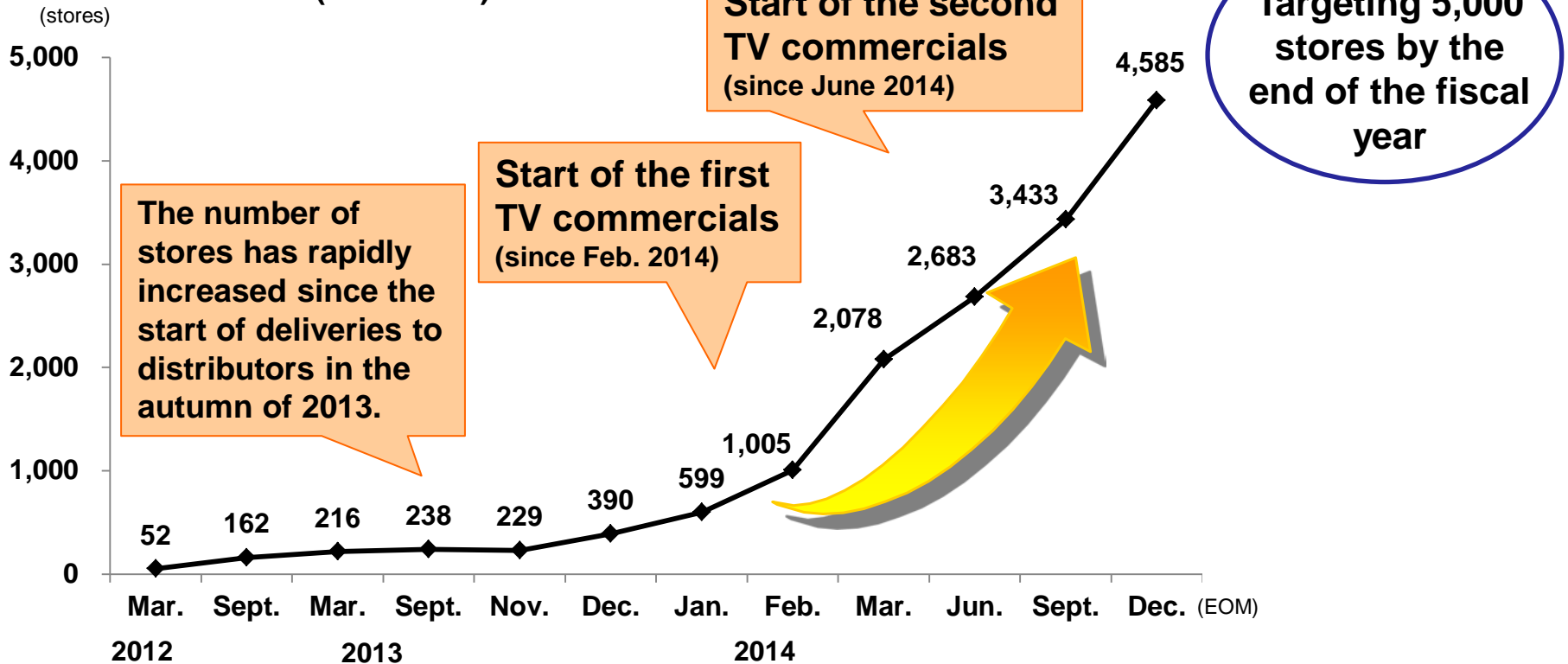
- <Supplements>
ALAPlus, ALAPlus GOLD, ALAPlus GOLD 1day, Natu-ALA BCAA, Natu-ALA Bio, ALAPlus Biotin, ALAPlus CoQ10, etc.
- <Cosmetics>
ALAPlus (moisturizing cream, Essential lotion), etc.

Scheduled to release a full-body moisturizing cream (planned product name: ALAPi) as a new product in Mar.

Consulting Pharmacies and Drugstores Nationwide that Offer SBI ALApromo Products Amount to 4,585 Stores (As of the end of Dec. 2014)

Promotion including TV commercials and POP display at drugstores of the ALAPlus series featuring singer Hiromi Go stepped up

Change in the number of stores that offer SBI ALApromo products (Mar. 2012-)



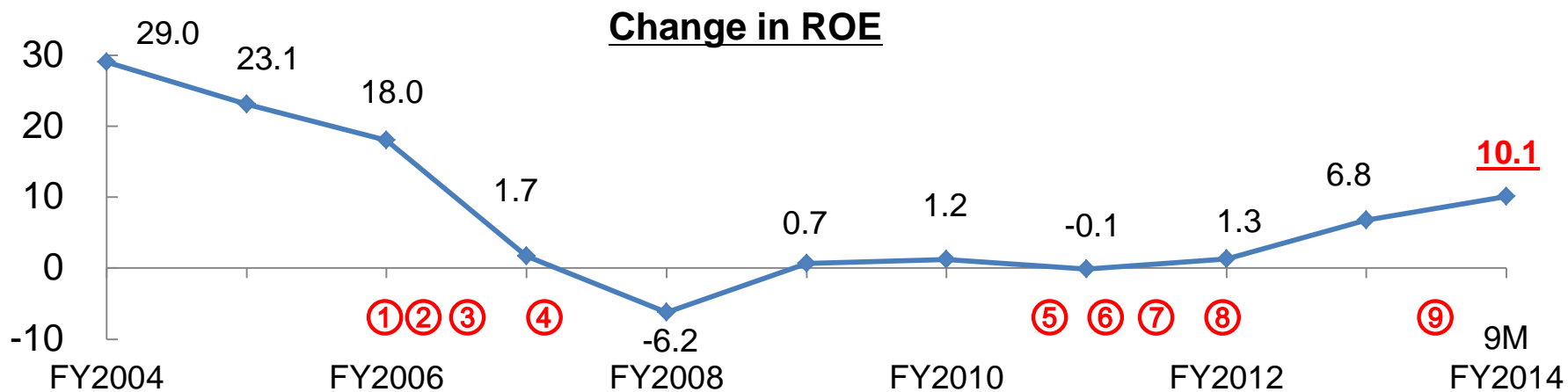
(2) Adhere to the ROE-oriented management principle, and improve shareholder returns

- ① Cumulative ROE for 9 Months FY2014 reached 10.1%, which exceeded the milestone target of 10%**
- ② Generation of cash flow through further "Selection and Concentration," for use in measures that will further improve ROE, such as stock repurchase**
- ③ Enhance shareholder return through measures such as dividend increases and shareholder benefits**

① Improving ROE:



While Current ROE Exceeded the Milestone Target of 10%, Endeavoring to Further Improve ROE



Business environment

Suspension of investment funds by BNP Paribas The Livedoor shock	Collapse of Lehman Brothers Inauguration of G20 summit	Exposure of Greece debt problem European debt crisis Recurrence of Greece debt problem	Abenomics Economic deterioration in developing countries
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Business strategy



Specific measures

- | | |
|--|---|
| ① Aug. 2007 SBI Japannext began operation of PTS
② Sept. 2007 SBI Sumishin Net Bank commenced business
③ Jan. 2008 SBI Insurance commenced business
④ Nov. 2008 SBI Liquidity Market started operations | ⑤ Mar. 2012 Sale of the former SBI VeriTrans
⑥ May 2012 SBI FXTRADE started operations
⑦ Sept. 2012 Consolidated SBI Japannext
⑧ Mar. 2013 Consolidated current SBI Savings Bank
⑨ Aug. 2014 Sale of SBI Mortgage |
|--|---|

Improving ROE through Further Generation of Cash Flow

- Through the sales of non-core businesses, IPOs and intra-group reorganizations basically accomplished, recovered JPY 45bn through sales of subsidiaries, including partial sales since Mar. 2012
- Also, for FY2014, sales amount of the real estate holdings is expected to be approx. JPY 18bn

- Generated cash will be appropriated to strengthen businesses with high return on invested capital, and to improve various financial ratios
- Share repurchases will also be considered appropriately

Endeavoring to improve ROE

③ Strengthening Shareholder Return:

Based on the Strong Financial Results, Year-end Dividend for FY2014 is Expected to Increase

- ① Ordinary dividend: JPY 20 per share in consideration of the positive results for 1H FY2014
- ② Commemorative dividend: JPY 5 per share in commemoration of the Company's 15th anniversary



Forecasts JPY 25 per share, up JPY 5 from the previous year

[Dividend forecast (results) per share]

(Unit: JPY)	End of 2Q	Year-end	Full-year
FY2014 (forecast)	—	25 (Ordinary dividend: 20) (Commemorative dividend: 5)	25 (Ordinary dividend: 20) (Commemorative dividend: 5)
FY2013 (results)	—	20	20

In the event that the 4Q FY2014 results continues its steady growth path, positively considering a further increase of the ordinary dividend

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

Further Strengthen Shareholder Benefits

[Details of shareholder benefits]

*Shareholders listed or recorded in the shareholder register as of Mar. 31, 2015 are eligible.

<p>Details</p> <p>Qualified shareholders</p>	 <p>ALAPlus (priced at JPY 2,980 (incl. tax))</p>	 <p>ALAPlus GOLD (priced at JPY 9,800 (incl. tax))</p>	 <p>ALAPlus Essential Lotion (priced at JPY 8,400 (incl. tax))</p>
<p><u>Shareholders who have held shares for more than 1 year and who hold 1,000 (10 units) or more shares as of Mar. 31, 2015</u></p>	<p><u>2 packs</u></p>	<p><u>2 packs</u></p>	<p><u>1 pack</u></p>
<p>Other shareholders who hold 100 shares (1 unit) or more</p>	<p><u>2 packs</u></p>	<p>—</p>	<p>—</p>

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

(3) Improved stability of SBIH's financial base

Summary of Cash Flows for the 9 Month FY2014 Period



(Unit: JPY million)

	9 Months FY2014
Net cash generated from operating activities	71,481
Profit before income tax expense	49,549
Increase in assets/liabilities related to securities business <i>(*Positive contribution primarily owing to the increase in deposit assets of SBI SECURITIES)</i>	32,798
Others <i>(*Negative contribution primarily owing to the acquirement of loans of SBI Savings Bank)</i>	-10,866
Net cash generated from investing activities <i>(*Positive contribution primarily owing to disposal of investment securities and shares of SBI Mortgage)</i>	60,699
Net cash used in financing activities <i>(*Negative contribution primarily owing to redemption of bonds and repayment of borrowings)</i>	-23,921
Net increase in cash and cash equivalents	108,259

**Aggressively promoting collection of investments
and reducing liabilities**

SBI Holdings' Stable Financial Base



Consolidated Financial Indicators of SBI Holdings (%)

Substantive figures after adjusting for asset and liability accounts associated specifically with the securities company *1

	Mar. 31, 2014	Dec. 31, 2014
Interest-bearing Debt Ratio *2	135.2	97.0
Ratio of Equity Attributable to Owners of the Company *3	22.2	23.1

*1 Assets related to securities business = cash segregated as deposits + margin transaction assets + other assets related to securities business

Liabilities related to securities business = margin transaction liabilities + guarantee deposits received + deposits from customers + other liabilities related to securities business

*2 Interest-bearing Debt / Equity Attributable to Owners of the Company. Interest-bearing Debt does not include Margin Transaction Liabilities.

*3 Equity attributable to owners of the Company/Total Assets

2. Current status and new challenges of the Financial Services companies that have entered a rapid growth stage

- (1) Securities-related businesses**
- (2) Insurance-related businesses**
- (3) Banking-related businesses**

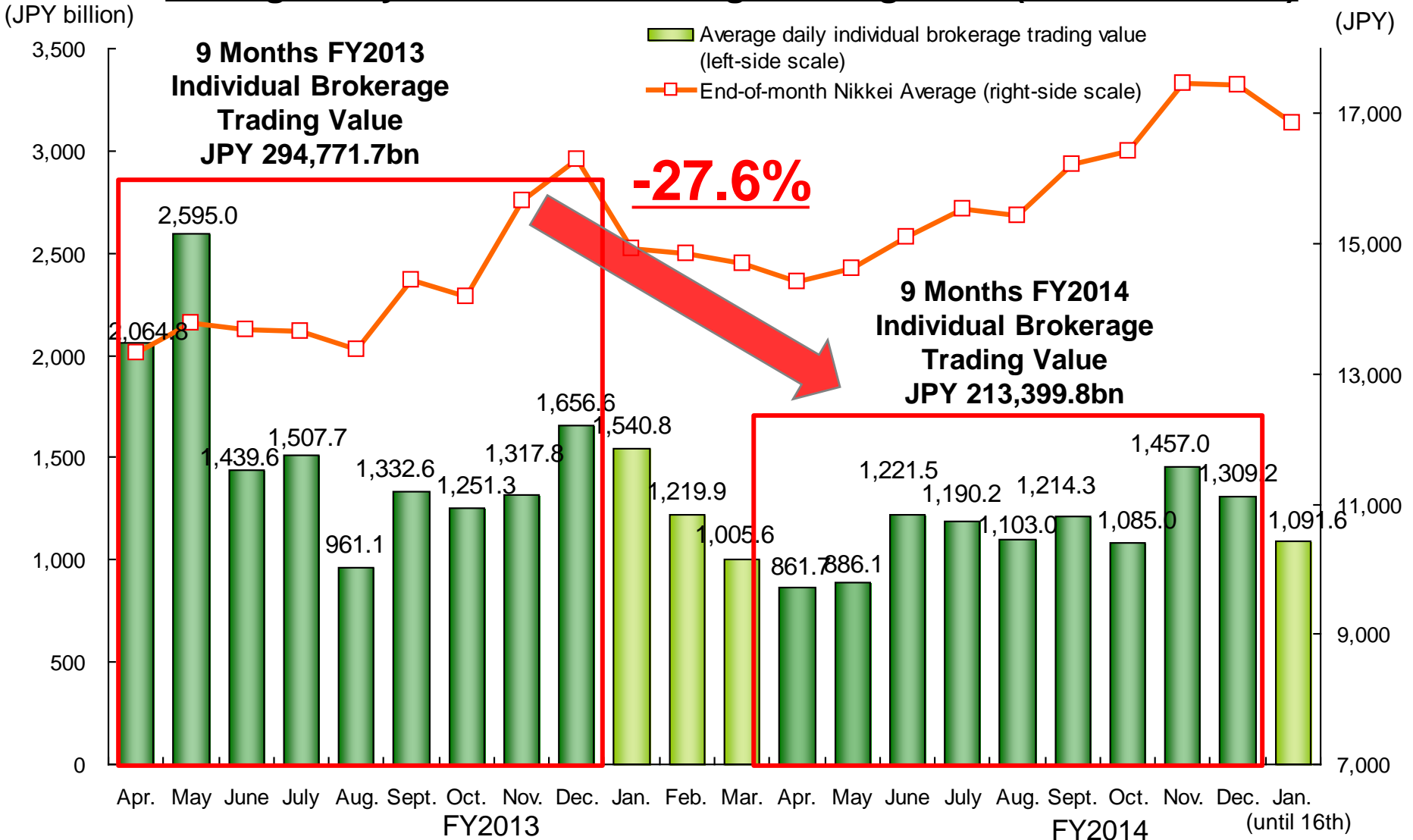
(1) Securities-related Businesses

- ① In an environment where a 27.6% year-on-year decline in average daily individual stock brokerage trading value led to a decline in profits for its industry peers, SBI SECURITIES' operating income for the 9 month FY2014 period achieved a 0.3% increase year-on-year
All income categories recorded a record-high
- ② Competition with the online securities companies has concluded
- ③ Current business strategy for the securities-related businesses
 - ~ Structuring a business foundation to compete with major face-to-face securities companies ~

- ① In an environment where a 27.6% year-on-year decline in average daily individual stock brokerage trading value led to a decline in profits for its industry peers, SBI SECURITIES' operating income for the 9 month FY2014 period achieved a 0.3% increase year-on-year
All income categories recorded a record-high

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)

SBI SECURITIES 3Q FY2014

Consolidated Results (J-GAAP)

- Owing to the contribution of financial income in lieu of the decrease in brokerage commissions, operating revenue decreased merely 0.3% year-on-year
- All income categories recorded a record high, owing to factors such as the diversification of earnings sources
- On the other hand, net operating revenue decreased by 1.5% year-on-year, owing to the increase in financial expense related to the increase in financial revenue

[Year-on-year]

(Unit: JPY million)

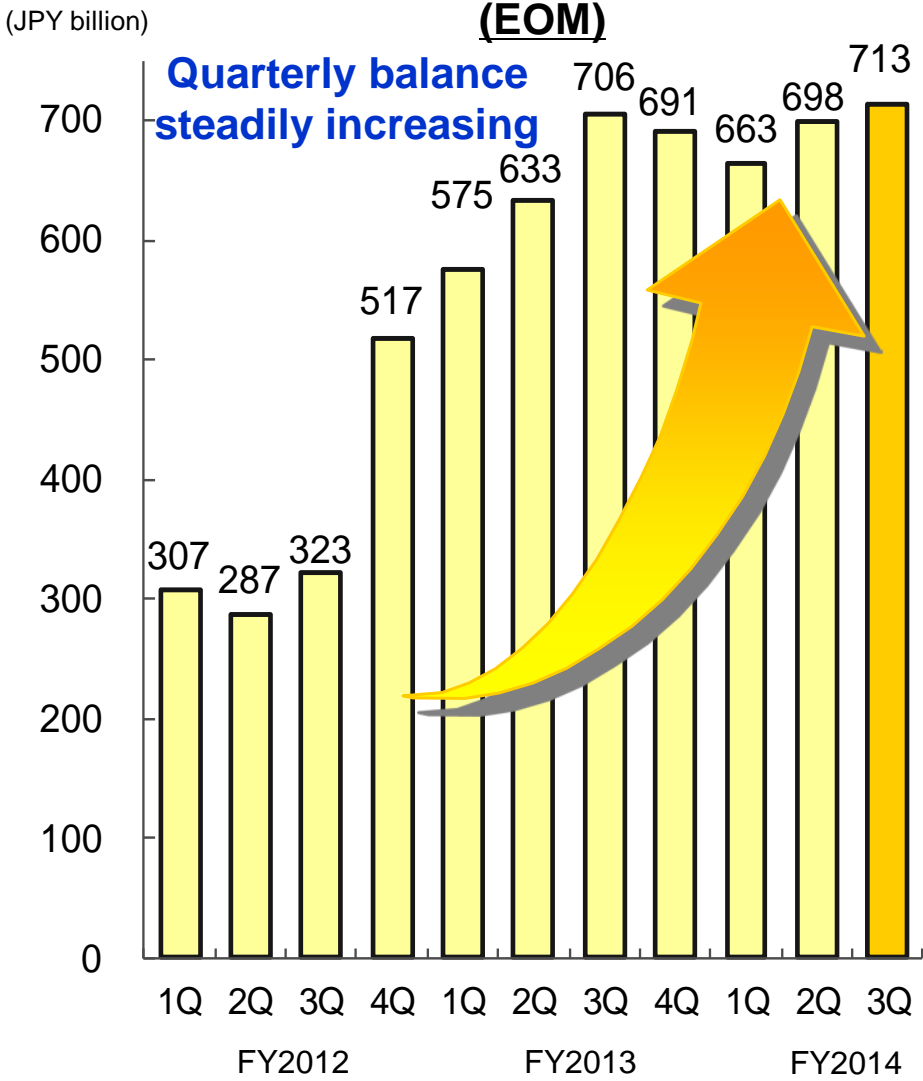
	9 Months FY2013 (Apr.-Dec. 2013)	9 Months FY2014 (Apr.-Dec. 2014)	YoY % change
Operating Revenue	56,139	55,974	-0.3
Net Operating Revenue	53,062	52,290	-1.5
Operating Income	24,907	24,976	+0.3
Ordinary Income	24,927	25,039	+0.5
Net Income	13,610	14,635	+7.5

* Since SBI SECURITIES has sell 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 the 9 monts FY2013 presented above are non-consolidated figures.

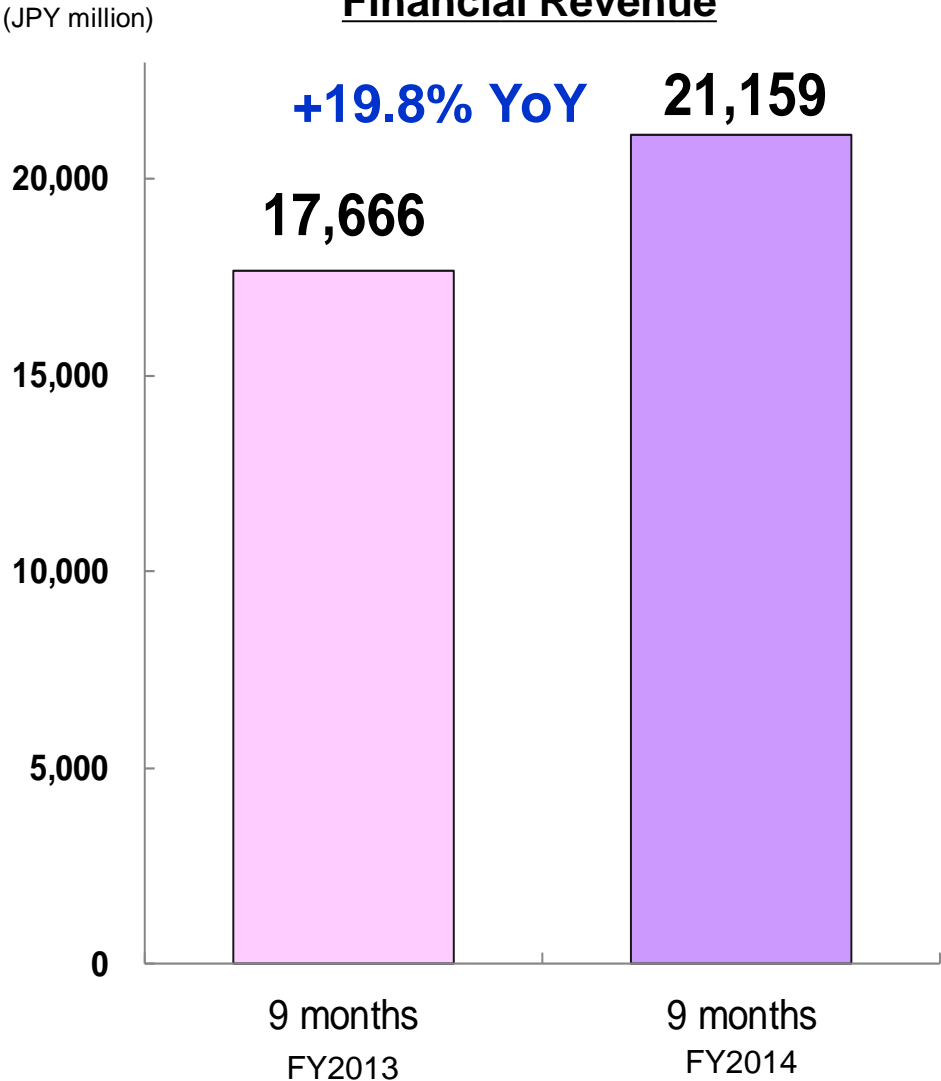


SBI SECURITIES' Financial Revenue and Open Interest Credit Balance Significantly Increased

Open Interest Credit Balance



Financial Revenue



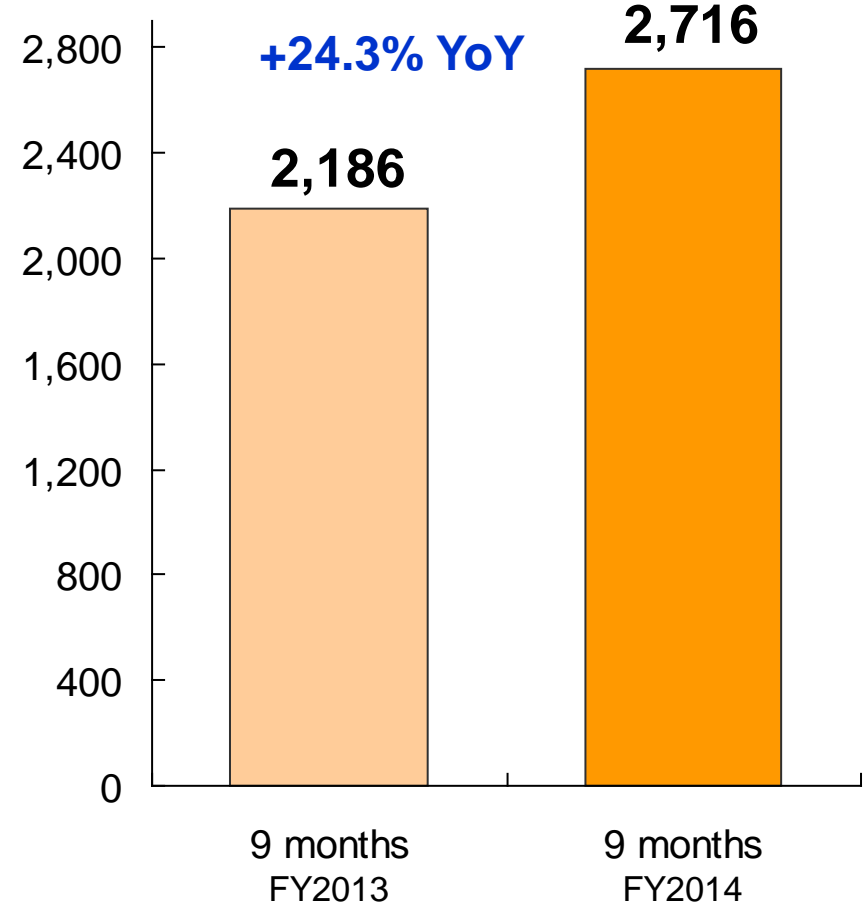
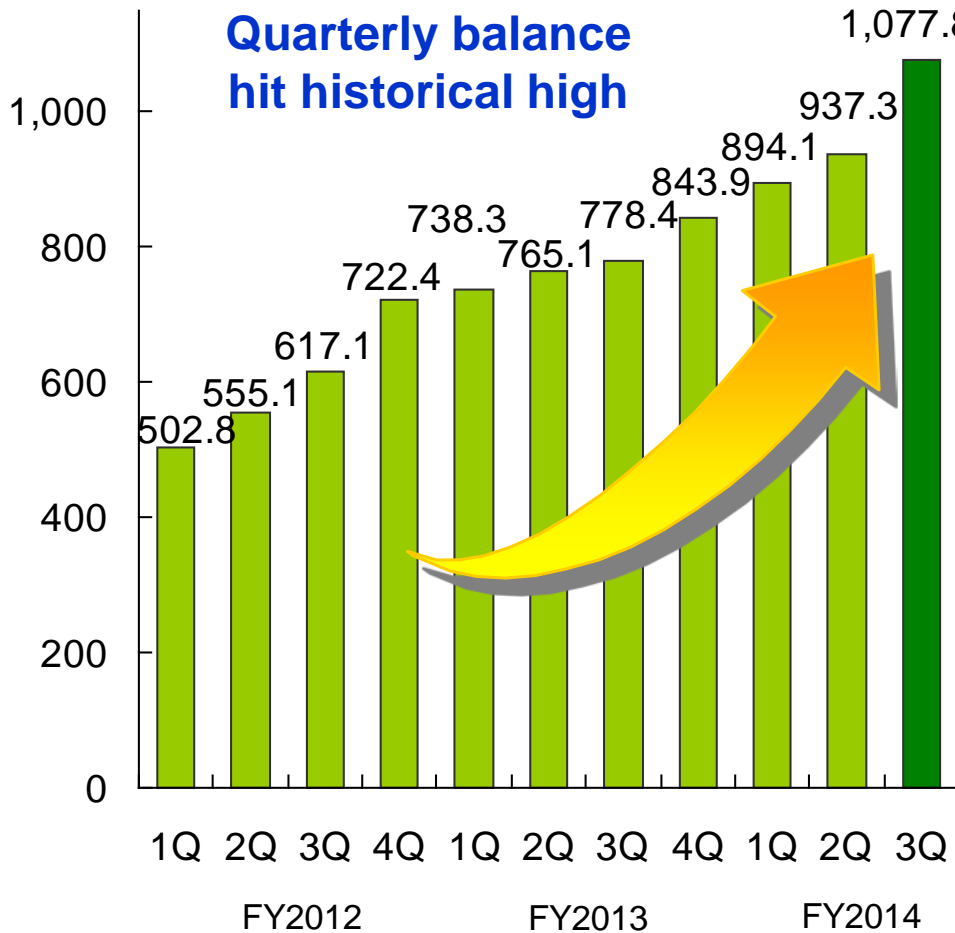
SBI SECURITIES' Investment Trust Fees and Investment Trust Balance Both Hit a Record

Investment Trust Balance

Investment Trust Fees

(JPY billion)

(JPY million)



* 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

② Competition with the online securities companies has concluded

- I. Disparity among online securities companies in profitability, customer base, and shares of individual stock brokerage trading value continues to widen.**
- II. Reasons for widening of the disparity with other online securities companies**
 - a. Achievement of high customer satisfaction due to the offering of overwhelmingly low trading commissions**
 - b. Realization of Group synergies through development of a financial ecosystem**
 - c. “Winner Takes All” principle applicable to the securities industry**

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

(Unit: JPY million)

	Operating Revenue	YoY change (%)	Operating Income	YoY change (%)
SBI	55,974	-0.3	24,976	+0.3
Monex (*1) (Cons.)	36,977	-13.3	5,465	-58.0
Rakuten (*2)	33,027	-5.4	14,522	-17.1
Matsui	25,438	-18.9	16,367	-24.5
kabu.com	17,145	-5.1	7,144	-20.7

*1 From full -ear FY2012, Monex adopted IFRS, so the relevant figures above are based on IFRS. The amount of "Operating Income" is "The amount equivalent to operating income" disclosed by Monex

*2 Although the figures of 9 months FY2014 disclosed by Rakuten are non-consolidated figures, the year-on-year % changes are calculated using the consolidated results of 9 months FY2013.



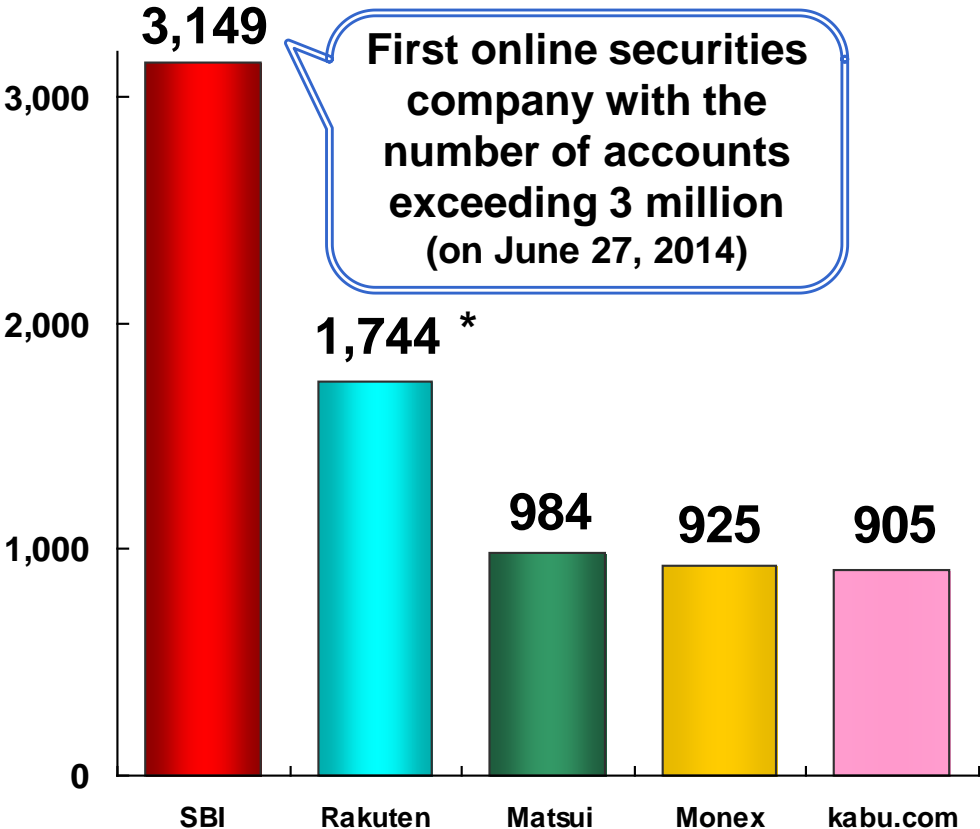
SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

Customer Accounts of 5 Major Online Securities Companies

(as of the end of Dec. 2014)

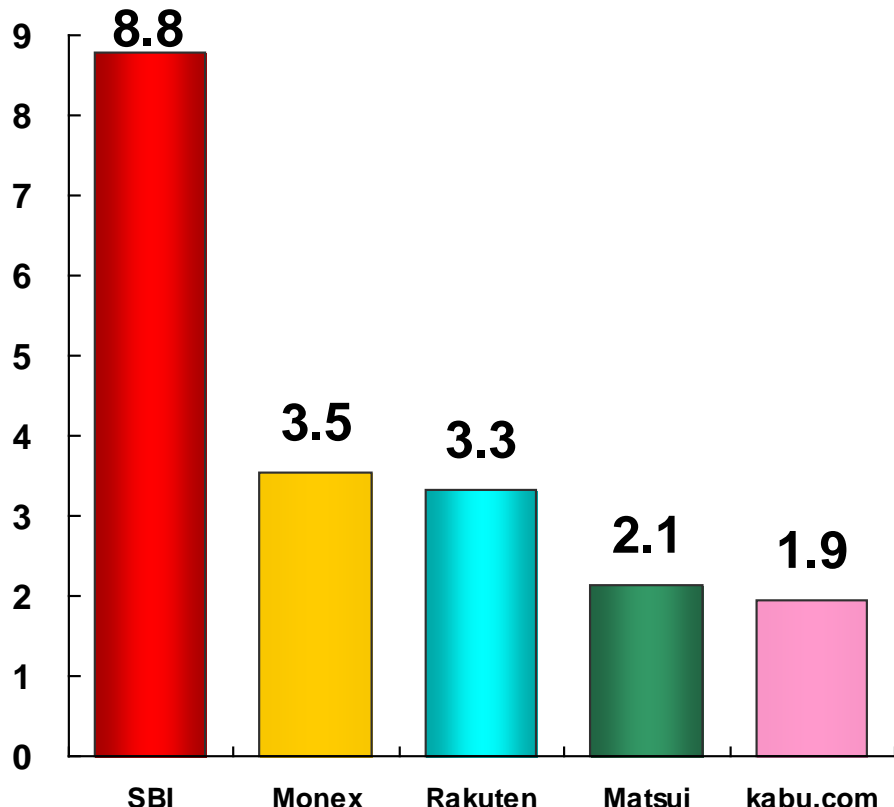
(Thousand accounts)



Customers' Deposit Assets of 5 Major Online Securities Companies

(as of the end of Dec. 2014)

(JPY trillion)



* The figure of Rakuten is that of the end of Sept. 2014. The figure as of the end of Dec. is not disclosed.

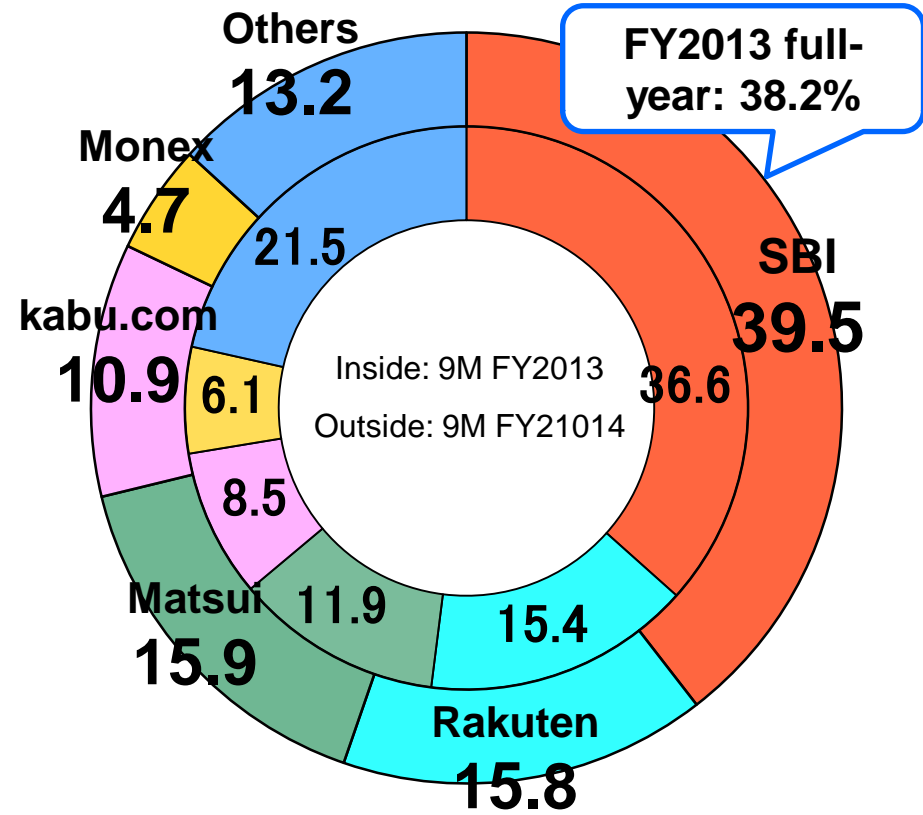
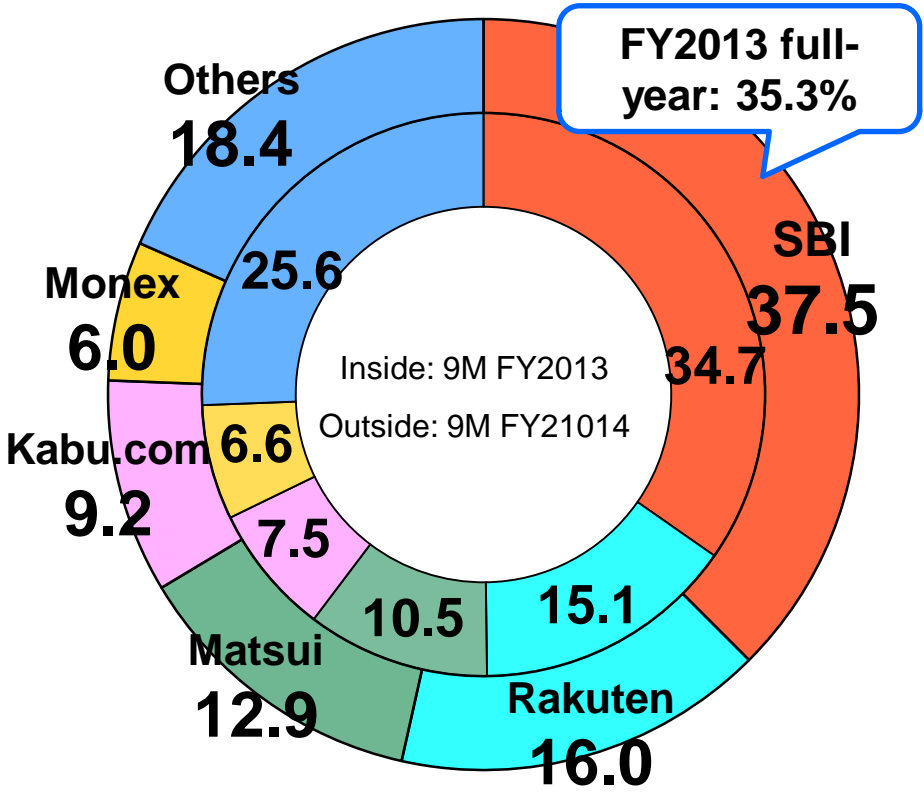
Source: Compiled by SBIH from the information on websites of each company.



SBI SECURITIES' Share of Individual Stock Trading is Continuously Expanding

Share of Individual Stock Trading Value (%)
9M FY2014
(Apr. 2014-Dec. 2014)

(of which) Share of Individual Margin Trading Value (%)
9M FY2014
(Apr. 2014-Dec. 2014)

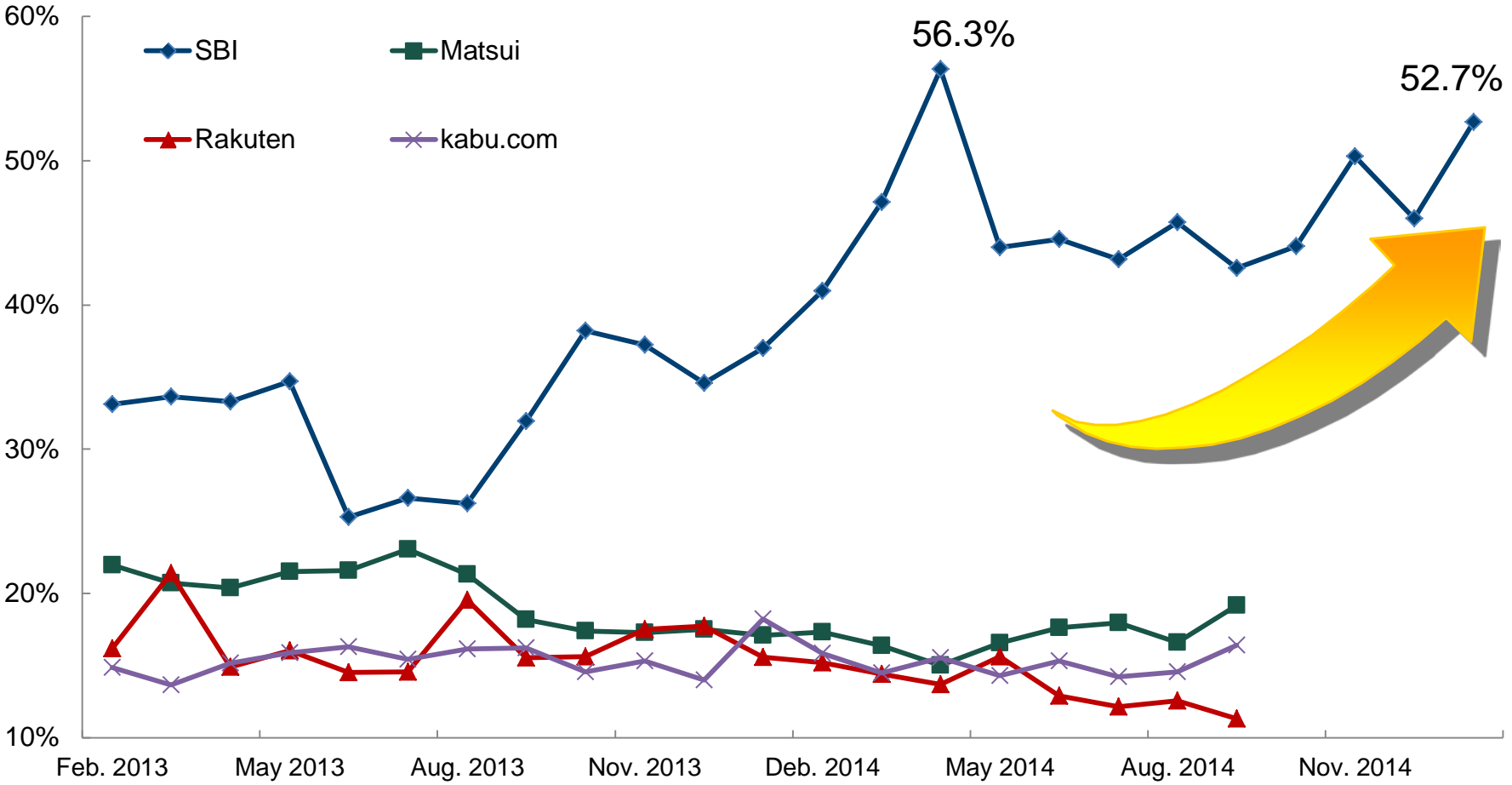


Source: Compiled by SBI SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and websites of each company

* 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' Overwhelming Share of the Nikkei 225 Options

Share of individual Nikkei 225 option trading



Based on the disclosure of individual brokerage trading value announced by OSE. As for Jan. 2015, the figure is calculated by the amount up to the second week of Jan.

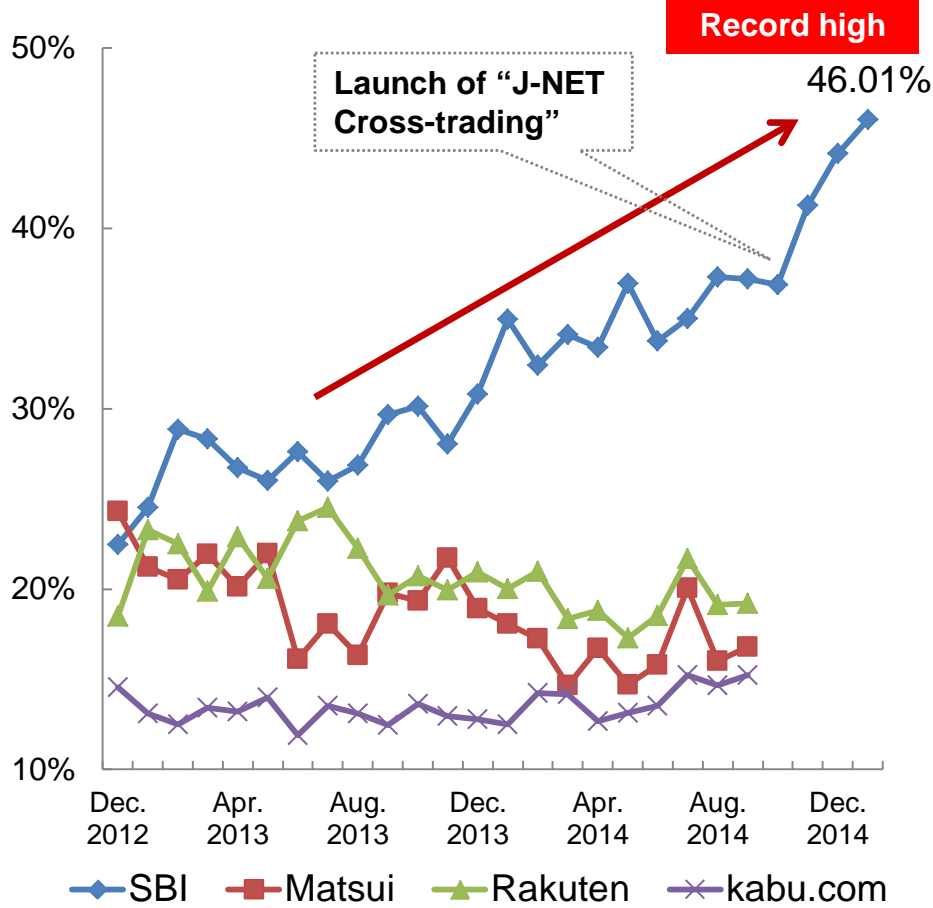
②-(i) Widening of the Disparity with Other Online Securities Companies



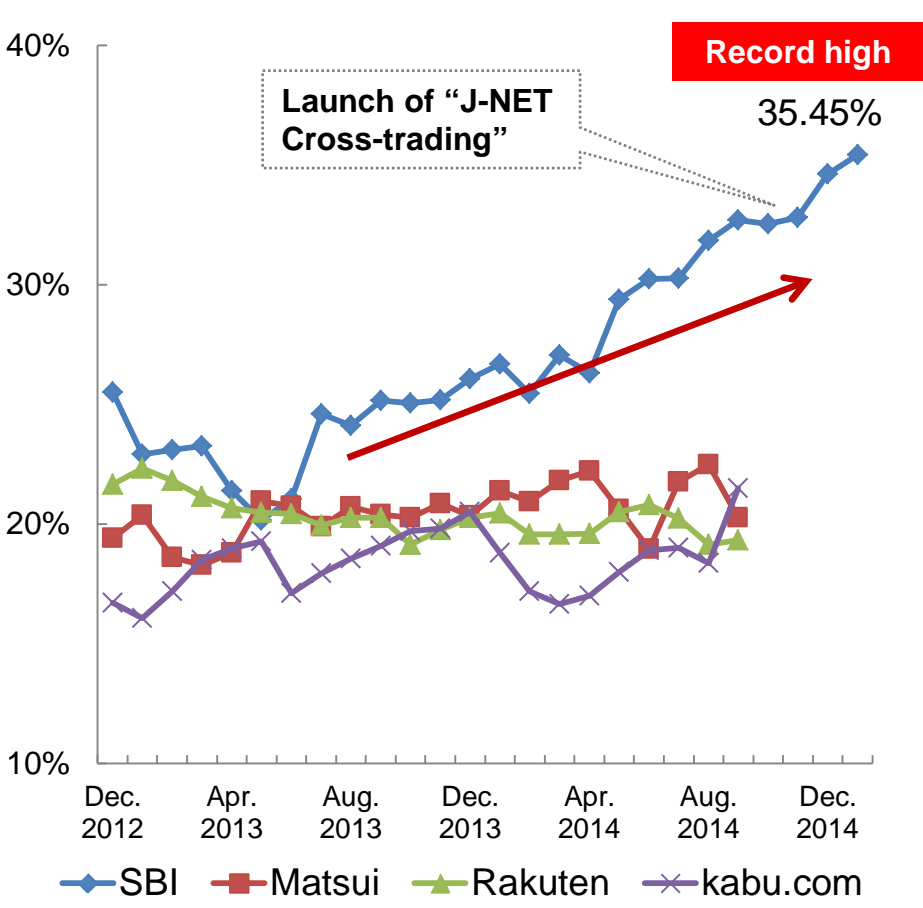
SBI SECURITIES' Share of Nikkei 225 Futures Hit a Record High

Individual investor share of Nikkei 225 futures is steadily increasing. The expansion trend has accelerated since the start of the J-NET Cross-trading Service in Oct. 2014. SBI has captured an overwhelmingly high share, and set new records through the differentiation of a service that provides opportunities to trade at more favorable prices than floor trading.

Share of Nikkei 225 Futures "Large" Individual Brokerage



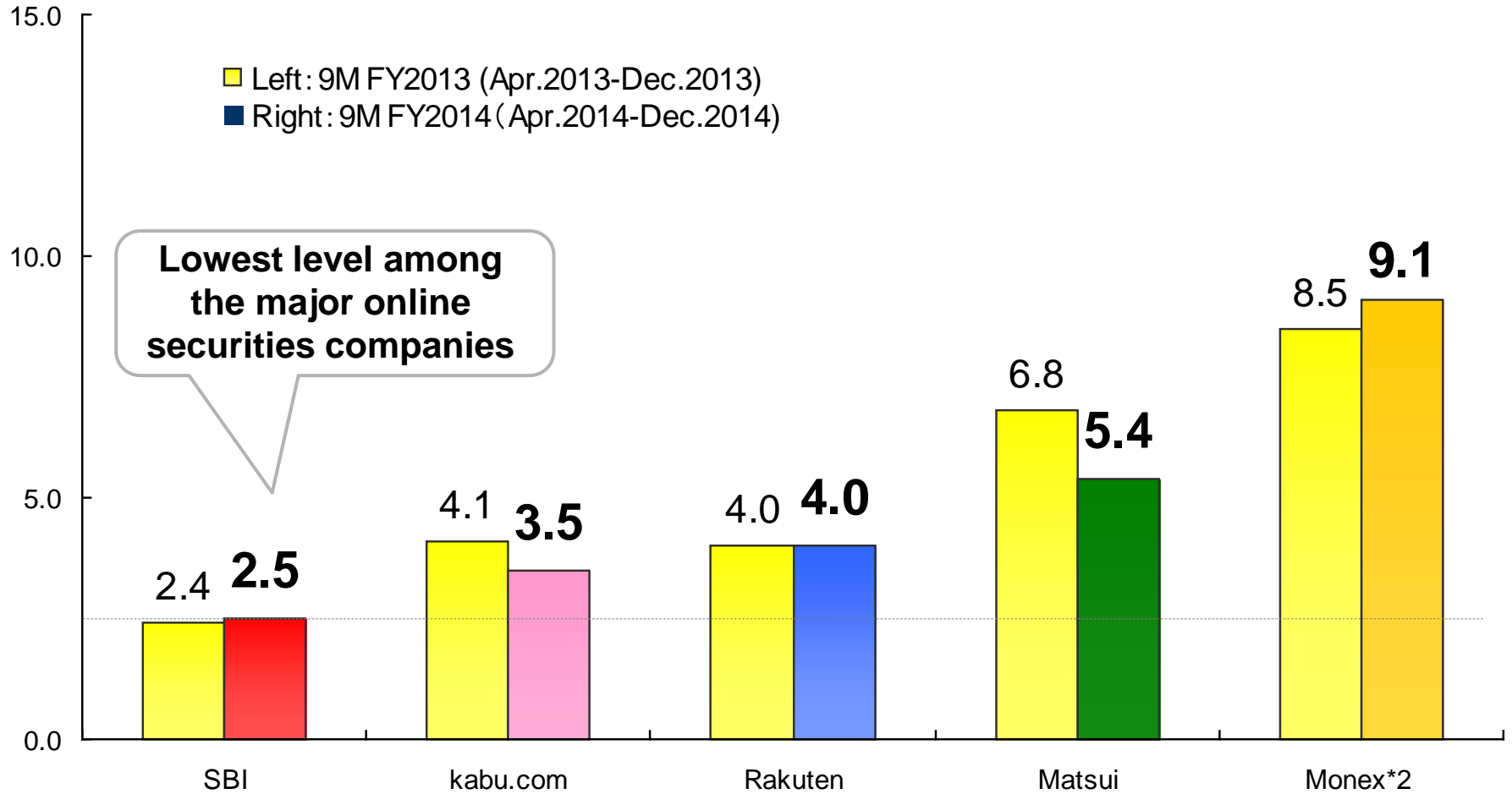
Share of Nikkei 225 Futures "Mini" Individual Brokerage



Based on the disclosure of individual brokerage trading value announced by OSE. As for Jan. 2015, the figure is calculated by the amount up to the second week of Jan.

Overwhelmingly Low Trading Commissions of SBI SECURITIES

(Basis point) (Calculated as commissions divided by stock brokerage trading value)



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

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

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

Commissions are from earnings briefings.

By Leveraging Japannext PTS, Earned Higher Customer Loyalty by Significantly Lowering the Transaction Fees



SBI証券

[SBI SECURITIES]

SOR system automatically chooses the most favorable market and places an order

(Started SOR connection from June 2011)



Japannext PTS

[Trading hours]

08:20-16:00 (daytime) &
19:00-23:59 (night-time)

[The only market in Japan providing night-time trading]

Stock Exchanges (TSE etc.)

- When deals are executed on PTSs, the commission is approx. 5% cheaper than on the exchanges
- SBI SECURITIES' customers' investment performance will be enhanced through this benefit



Synergy created with SBI Japannext leads to a competitive advantage

Collaboration with SBI Japannext Securities' IT Dept., that Leads to SBI SECURITIES' Significant Cost Reduction (Consolidation of Data Centers)



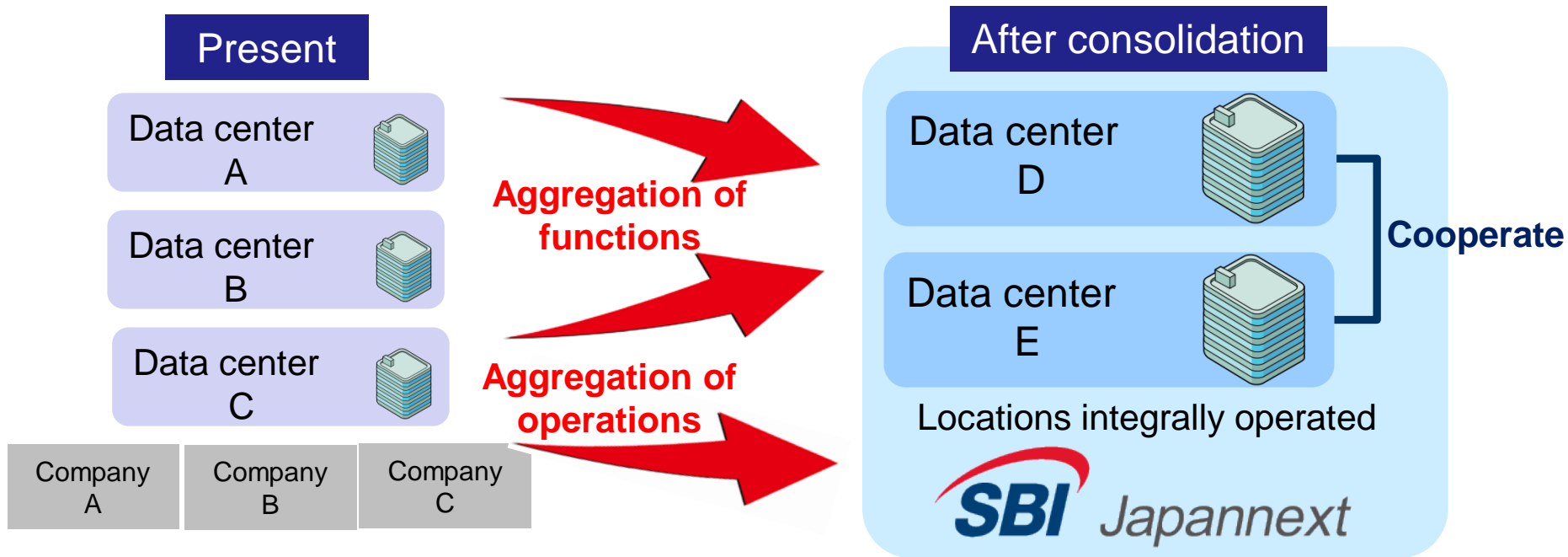
SBI証券
[SBI SECURITIES]



SBI Japannext

In the IT section, 48 persons that account for nearly 80% are highly skilled foreign staff

Pursue to consolidate the current data centers with decentralized functions

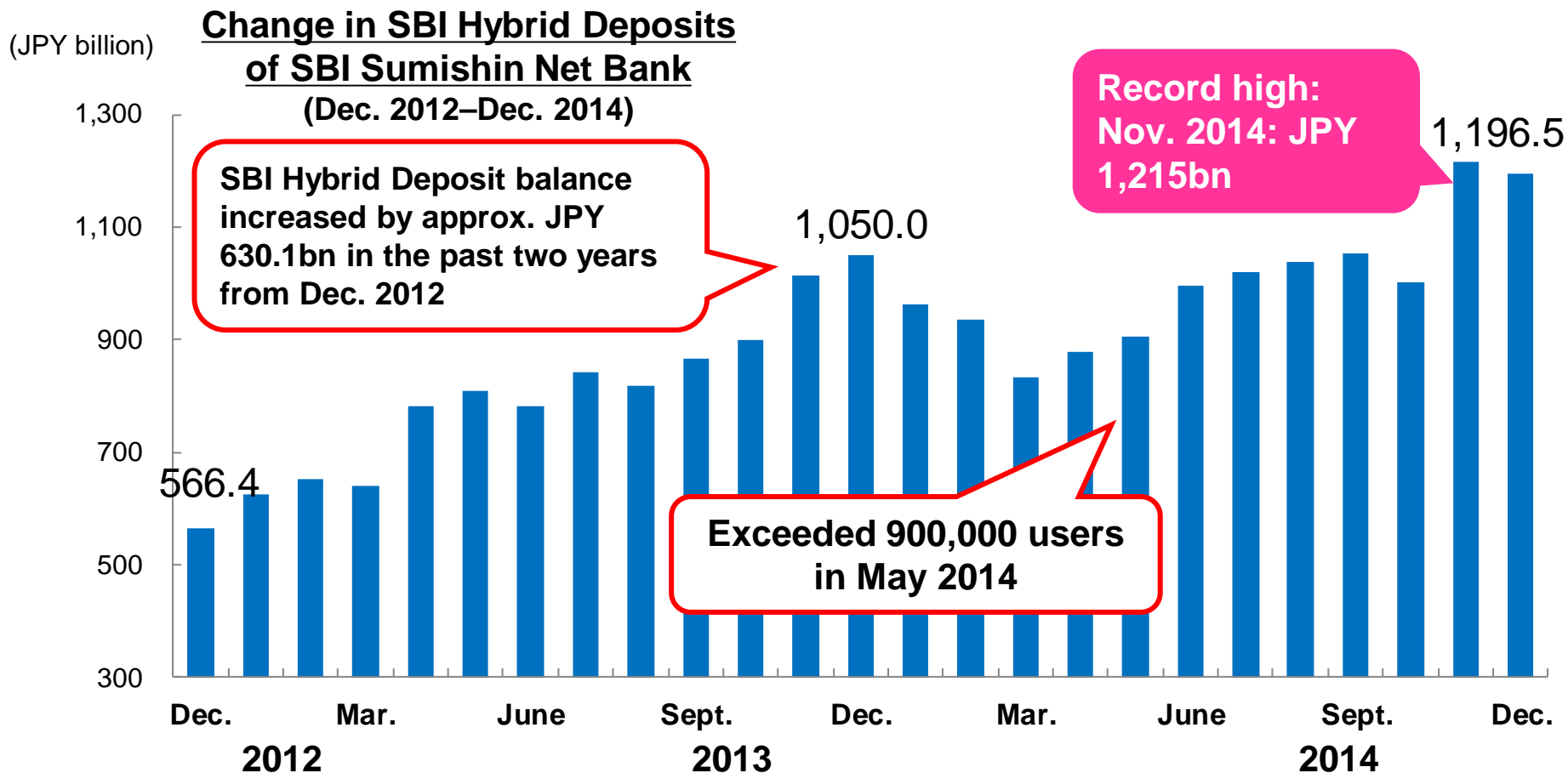


SBI証券
[SBI SECURITIES]

- Substantial cost reduction through efficiency improvement
- Stable operation through load balancing and enhanced service continuity in times of disaster

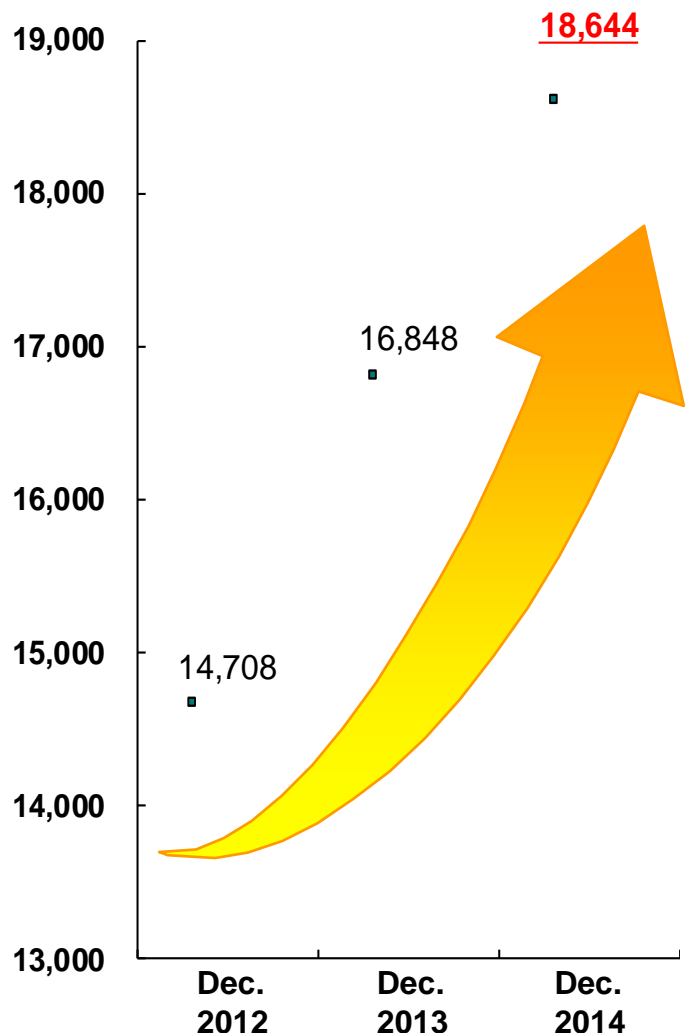
Synergy between SBI SECURITIES and SBI Sumishin Net Bank has become a Differentiation Factor (SBI Hybrid Deposit)

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



Maximum Utilization of Rapidly Increasing Customer Base for Further Pursuit of Synergies

(Thousand)



Breakdown of the Customer Base

(As of the end of Dec. 2014) (Thousand)

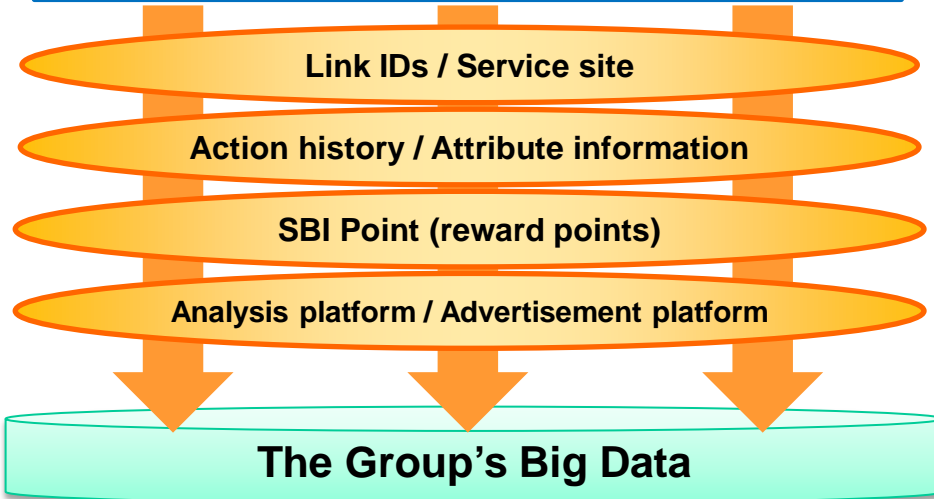
SBI SECURITIES	(Accounts)	3,149
SBIH InsWeb	(No. of customers)	6,673
E-LOAN	(No. of customers)	1,685
MoneyLook	(Total no. of customer registrations)	909
Morningstar Japan	(New portfolio customer registrations)	130
SBI Card	(Valid cards issued)	79
SBI Sumishin Net Bank	(Accounts)	2,200
SBI Insurance	(Total no. of contracts)	716
Autoc one	(Total no. of service users in 2014)	960
Others (SBI Point etc.)		2,143
Total		18,644

* 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.

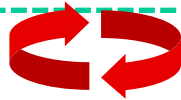
* The total number of contracts of SBI Insurance excludes continuing contracts, expiring contracts and early-withdrawal

Pursuit of Group Synergies through the Strategic Utilization of “Big Data” Derived from a Significant Customer Base

The SBI Group’s various services



Extensive data through the Group’s approx. 18 million customers and approx. 650 million page views per month (as of Dec. 2014)



Formation of “Bigger Data” through partnerships with external companies

Big Data held by partner companies in other industries

Establishment of “Group’s big data”

- From the first half of 2015, on an organization-wide basis, planning the use of a common ID platform, service site and advertising base
- Through the cooperative utilization of data, customer analysis based on action history, history, hobbies, and ideas
- Customer loyalty program utilizing SBI Point
- Organization-wide marketing strategy cooperation to increase efficiency

Utilization of “Group’s big data”

- Providing optimized services on a one-to-one basis
- Establishment of an organization that aggregates personnel who utilize the Group’s data, and the sharing of each company’s expertise
- Data-driven decision making through cross-sectional data management
- Advertisement based on statistical analysis
- Establishment of analysis platform utilizing distributed environment (Hadoop)

Actualizing aggregation and enhancement of the Group’s customer base with a focus on linking IDs, and the creation of “network value” by utilizing the Group’s big data

Succeeded at Attaining New Customers through NISA

Despite initiating the customer acquisition process at the same time, the gap with the online peers is conspicuous

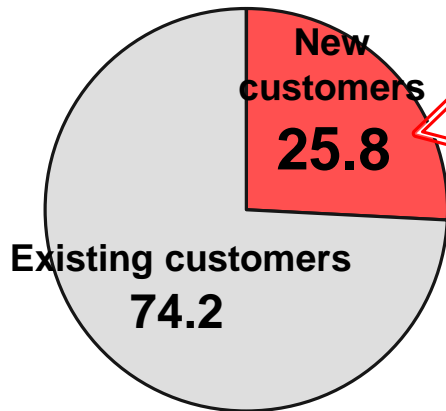
(Dec. 2014)	SBI	Matsui	kabu.com	Nomura*	Daiwa*
No. of NISA accounts	<u>ca. 570,000</u>	ca. 80,000	ca. 90,000	ca. 1,350,000	ca. 640,000

* As of Nomura and Daiwa, the number of accounts are as of the end of Sept. 2014 (Source: Kinyu Keizai Shimbun)

Currently, SBI SECURITIES has approx. 590,000 accounts, and deposits of JPY 234.4bn (as of Jan. 28, 2015)

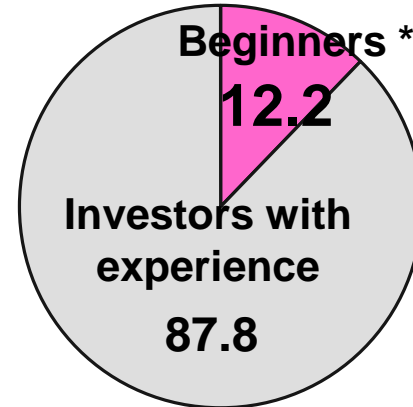
Comparison of Customer Attribute (as of the end of June 2014)

SBI SECURITIES(%)



Over 25% of the number of new customers opening NISA accounts, 65.9% are beginner investors

Entire Securities Industry (%)



*1: “Beginners” represent investors who opened their accounts after Apr. 2013; equivalent to SBI SECURITIES’ “New customers”

Source: JSDA

- Persons age 20 to 49 make up 59.6% of customers opening NISA accounts (Regarding major 10 securities companies and 4 major banks, persons age over 60 make up 54%*2)
- Active account ratio of 57.9% (Among the major 10 securities companies and 4 major banks, the ratio is 44.8%*2)

③ Current business strategy for the securities-related businesses

~ Structuring a business foundation to compete with major face-to-face securities companies ~

- (i) Expansion of the corporate business on the basis of a retail business clearly superior to face-to-face securities companies**
- (ii) Through an alliance between SBI SECURITIES and SBI MONEY PLAZA, strengthening the customer base and sales capacity to enhance the PO underwriting business**
- (iii) Through an alliance between SBI SECURITIES and SBI Liquidity Market, further expanding FX trading business**
- (iv) Through strengthening of the relationship between SBI SECURITIES and SBI Japannext, launching a trading business**

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

(Unit: JPY million)

	Operating Revenue	YoY % change	Income before Income Tax	YoY % change
SBI	55,974	-0.3	23,570	+1.8
Nomura (*) (cons.)	1,420,583	+2.9	241,803	-11.4
Daiwa (cons.)	Scheduled to be announced on Jan. 30, 2015			
SMBC Nikko (cons.)	257,541	-6.9	69,356	-19.4
Ichiyoshi (cons.)	15,017	-23.2	4,077	-51.1
Iwai Cosmo (cons.)	15,005	-21.2	3,496	-41.4

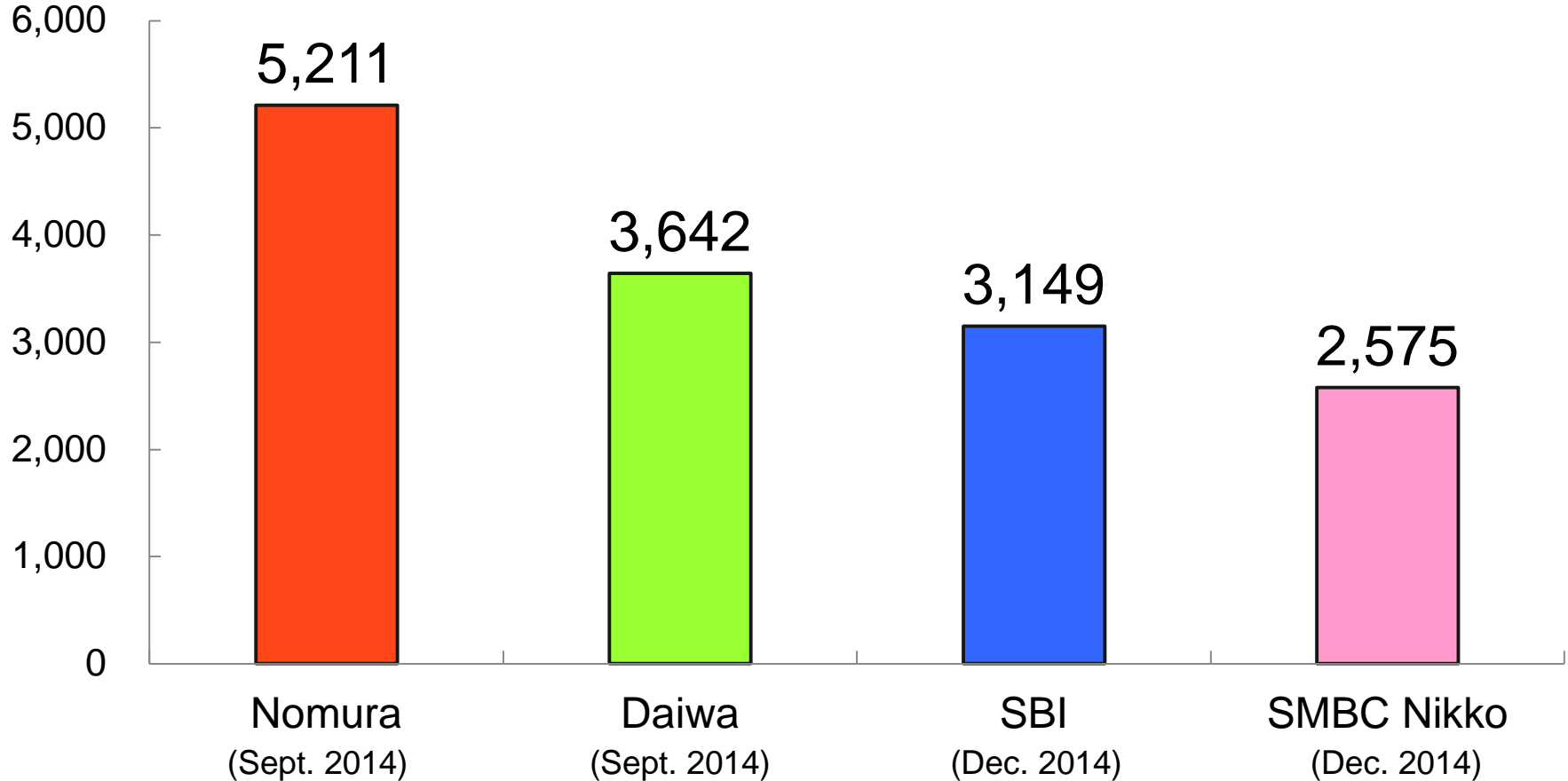
* Figures for Nomura are based on US-GAAP.

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

Number of Accounts of SBI SECURITIES and Major Face-to-face Securities Companies

(Based on latest data disclosed by each company)

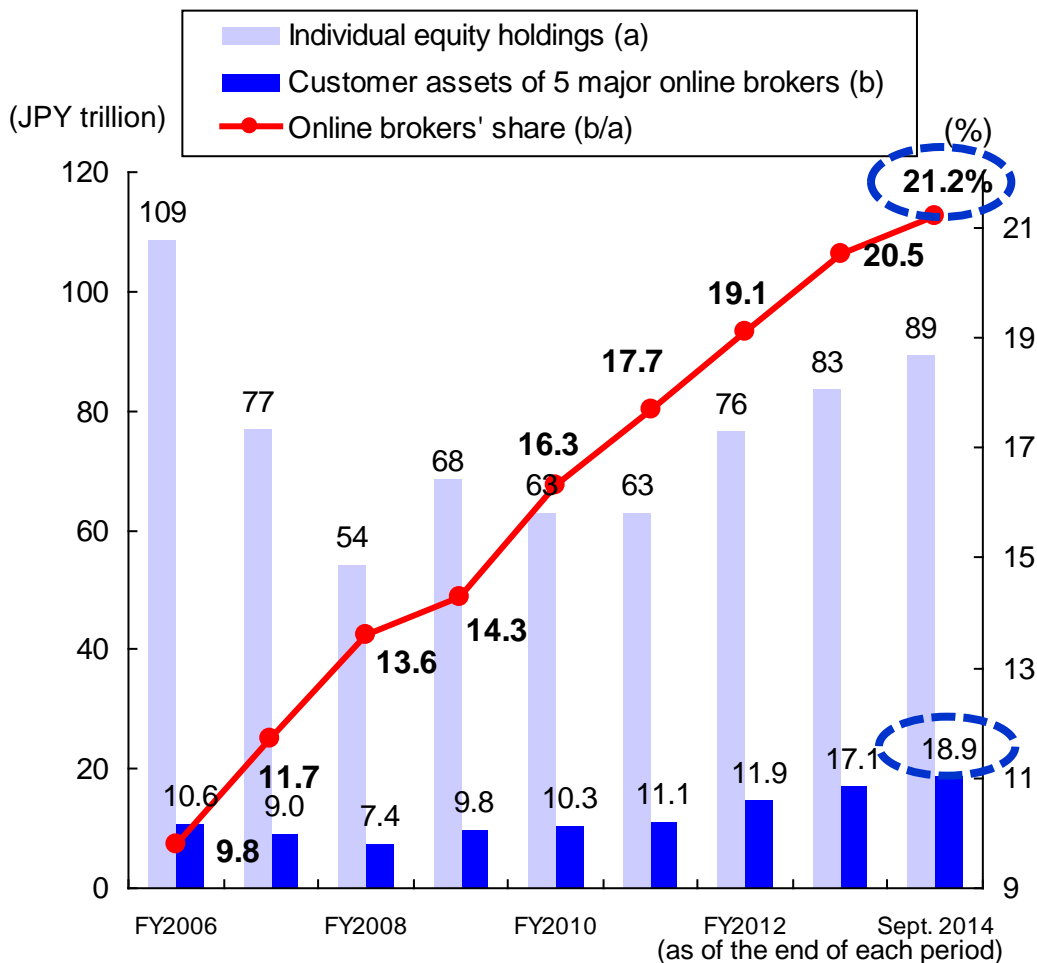
(Thousand accounts)



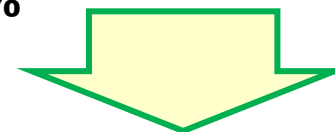
SBI SECURITIES is ranked No. 3 in customer base, following Nomura and Daiwa

Five Major Online Securities Companies' Market Share in Terms of Deposit Assets

Change in the share of individual equity holdings (stock)



5 major online securities companies handle an overwhelming share of the flow of stock trades, which stands at over 80%



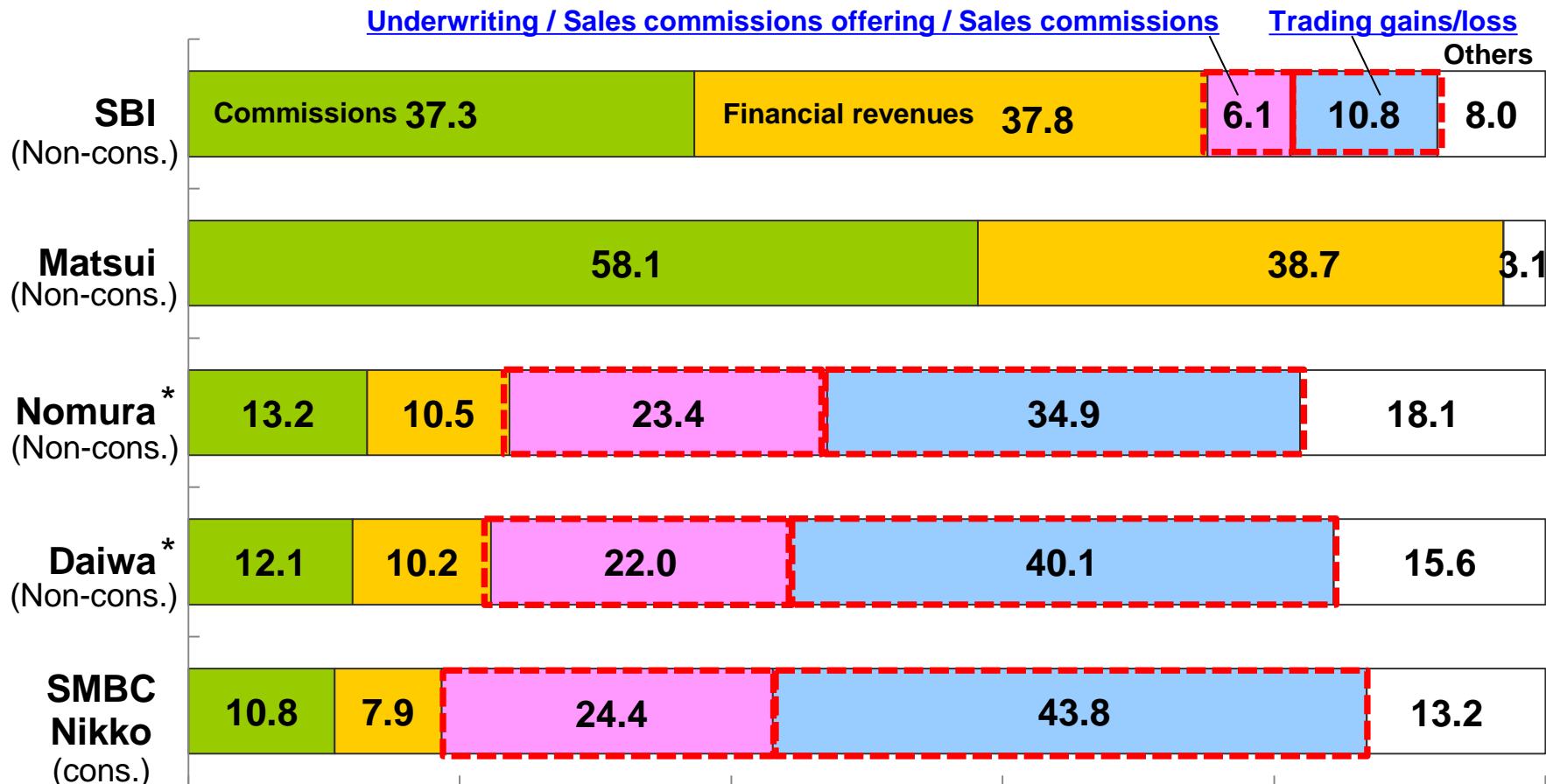
Assets of customer accounts of the five major online securities companies is gradually increasing and totaled JPY 18.9tn, as of the end of Sept. 2014, but this represents a mere 21.2% of the total shares held by individuals in Japan

Source: Compiled by SBI based on disclosed data from each company websites, and Bank of Japan "Flow of Funds"

Share of individual equity holdings has steadily increased along with the passage of time, but relationships with emerging companies will need to be strengthened in order to expand further growth

Comparison in Earnings Sources with Major Face-to-face Securities Companies

Operating Revenue Structure of Matsui and Face-to-face Securities Companies in 9M FY2014 (%)



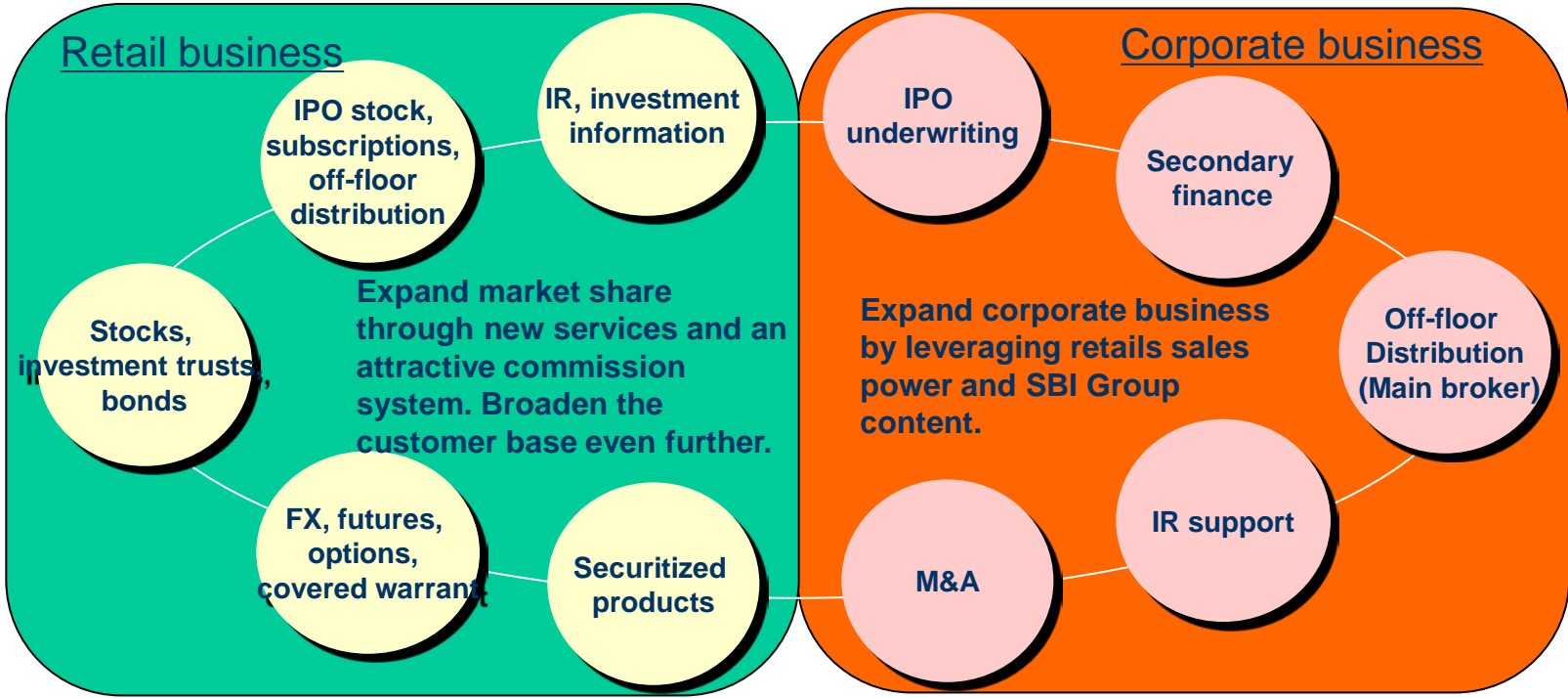
From the perspective of competing with the major face-to-face securities companies, SBI SECURITIES must further strengthen its underwriting, sales and trading businesses

* The figures of Nomura and Daiwa are calculated based on their 1H FY2014 results



Expansion of the Corporate Business on the Basis of a Retail Business Clearly Superior to Face-to-face Securities Companies

A model of entering the wholesale business after having dominated in the retail business by leveraging low cost and an overwhelming ability to attract customers, strengths unique to online securities companies, will be decisive in competition



SBI's Face-to-face Securities Business, Based on the Online Securities Business Model, is a Surefire Winning Strategy

	Online broker	Face-to-face broker
Strong point	<ul style="list-style-type: none"> • Low cost • Overwhelming drawing power • Overwhelming transaction volume 	<ul style="list-style-type: none"> • Community based • Face-to-face sales power • Customers can be differentiated
Weak point	<ul style="list-style-type: none"> • Highly dependent on brokerage • Low profitability due to commission price competition and the cost of continuous system investment • Impossible to respond to detailed customer needs 	<ul style="list-style-type: none"> • High cost (personnel, property) • Weak drawing power • Small transaction volume

Along with the maximum utilization of the advantages of an online securities company, in the physical presence of the SBI MONEY PLAZA shops where a low-cost structure is maintained, present the meritoriousness of face-to-face sales

Three Models that Cannot Survive Intense Competition

Reasons are for ...

× Independent online securities model



Depends heavily on the stock market

- Competition in commission rates and system investment requirements among internet securities companies places continuous pressure on earnings
- Internet securities have a limit to selling products that require detailed explanation. It is not possible to offer differentiated services to affluent customers
- The reliance on brokerage is high, which makes it difficult (except in the case of IPOs) to expand underwriting operations

× Independent face-to-face securities model



Invites the weakening of the retail business which is essential to the brokerage business

- Earnings through brokerage turnover are strongly influenced by the inroads of internet securities companies
- With the emergence of bank-affiliated securities, the underwriting business of already weakened face-to-face securities companies is eroding further

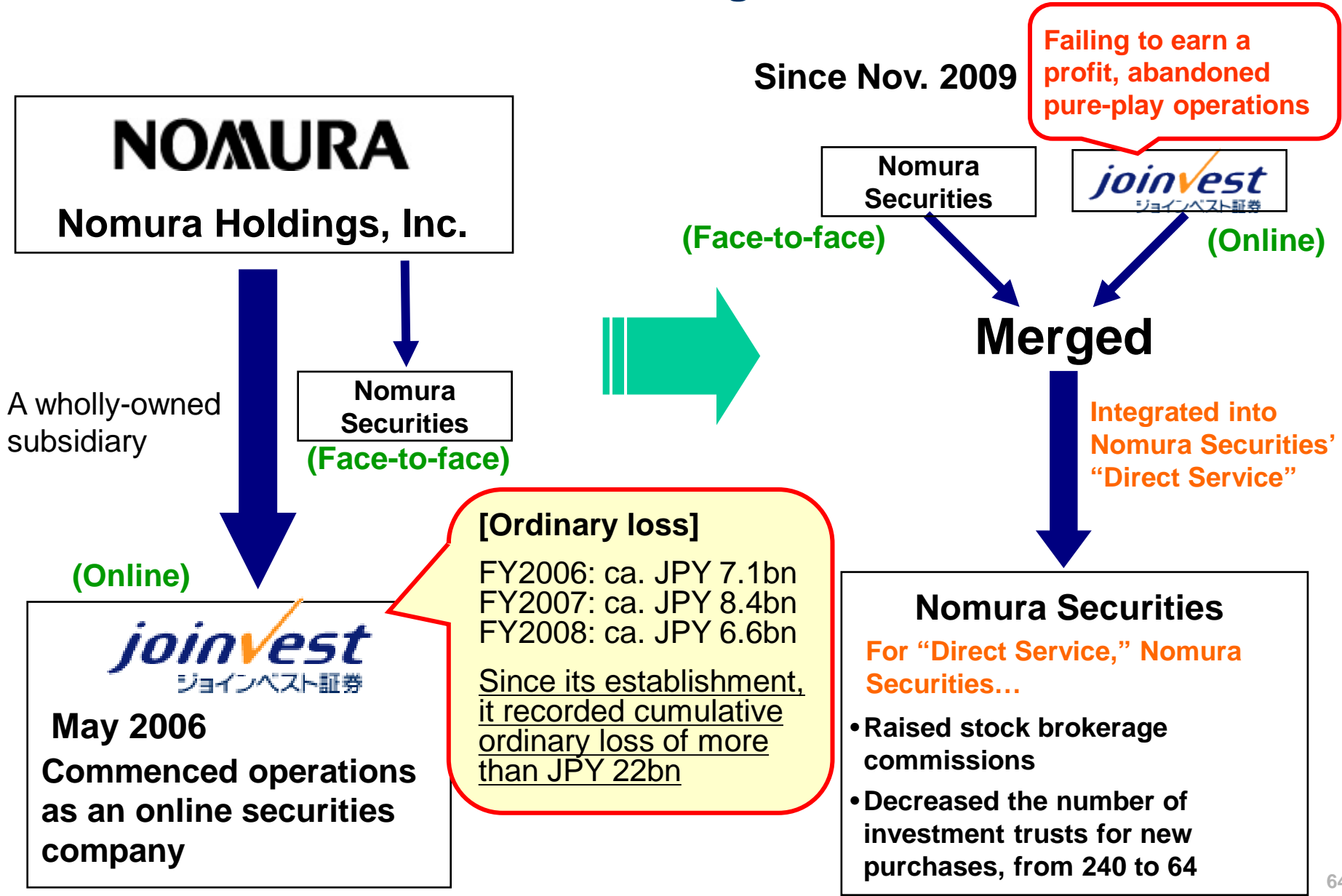
× Face-to-face model-based online securities



Cannibalism occurs

- Customers obtained through the face-to-face division migrate to the subsidiary internet division where commission fees are much cheaper
- As a result, commissions from the face-to-face securities division decline, which puts pressure on the cost of maintaining the fleet of business offices and sales staff

Example of Failure: The Nomura Group's Venture into Online Securities Business through JOINVEST Securities

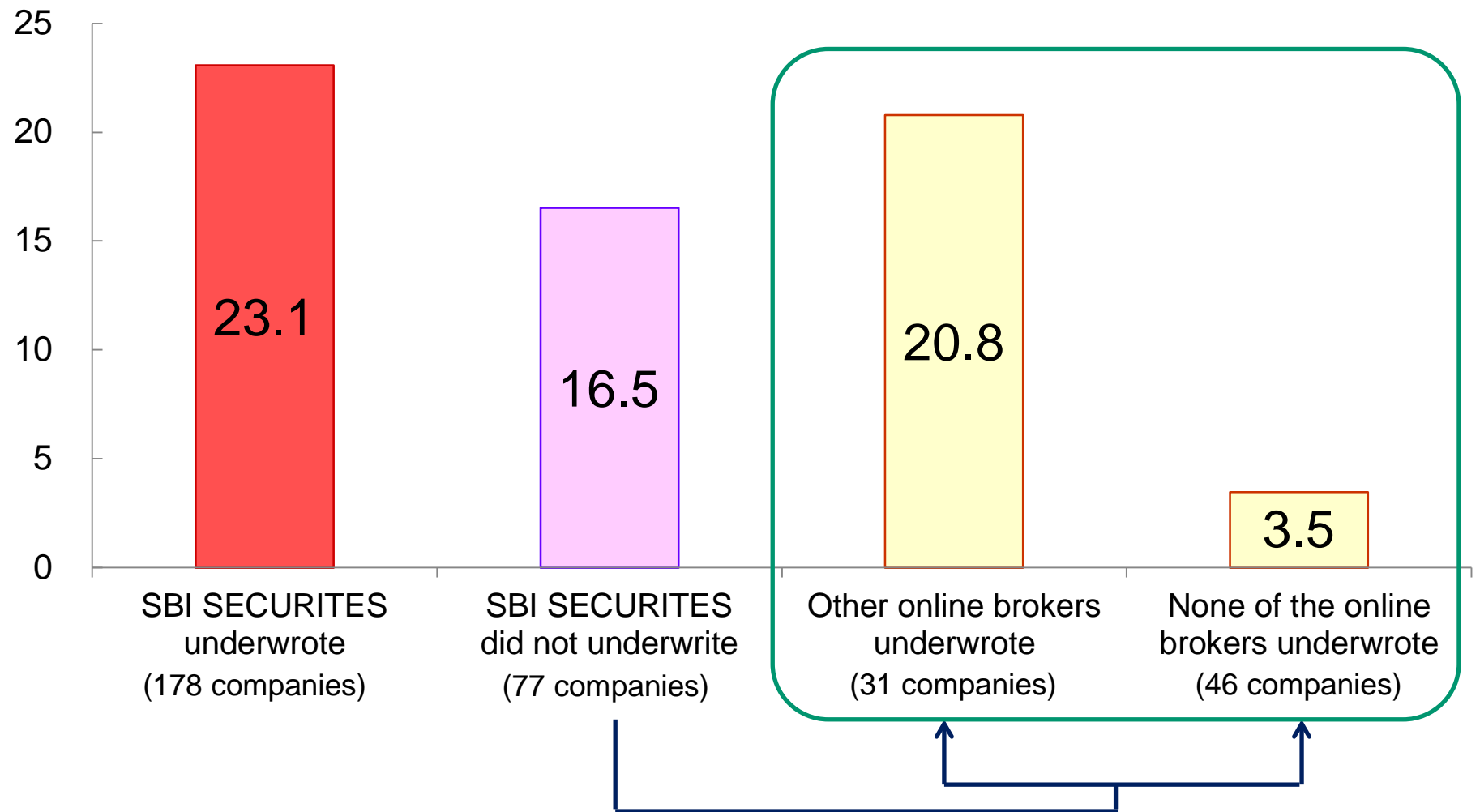




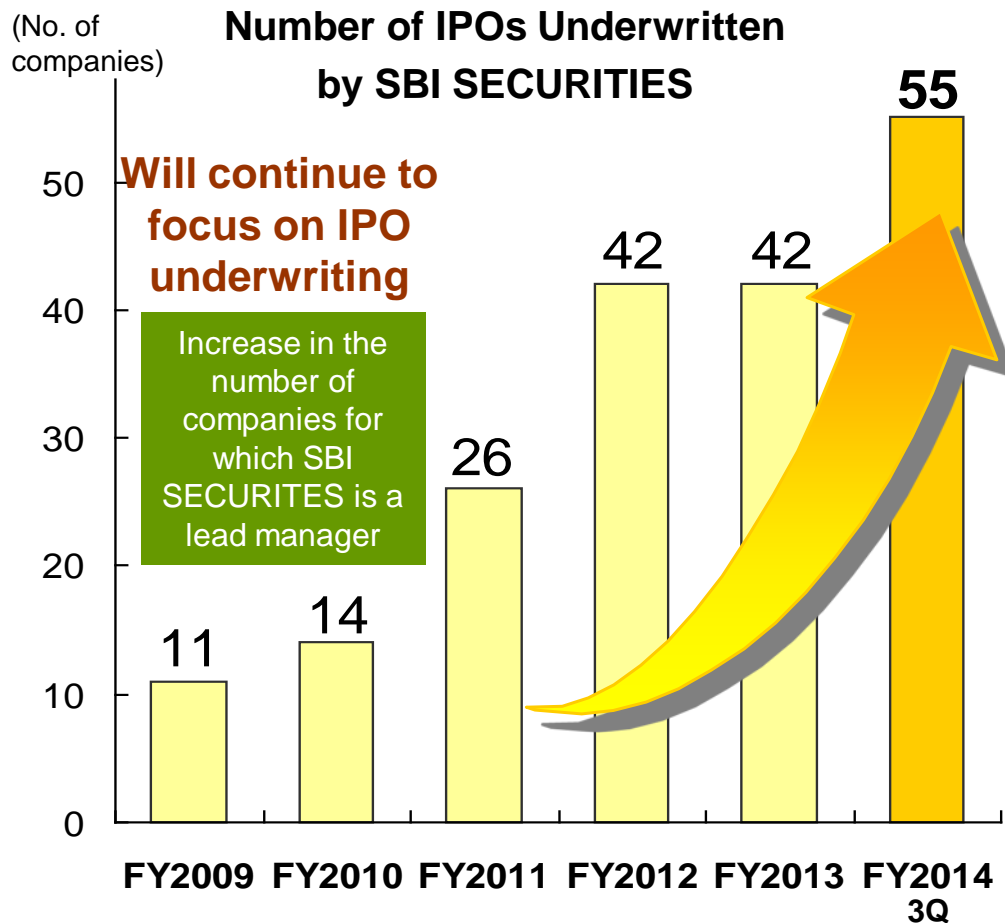
Post-IPO Share Turnover Ratio

(Calculated as total trading volume during the first month after listing divided by the number of publicly traded shares)

(Times) [255 companies in total from 2008 to Sept. 2014]



SBI SECURITIES Enhances its IPO Underwriting Business and is Continuously the Industry Leader in IPO Underwriting



IPO Underwriting Ranking (9M FY2014)

65 companies were listed in 9 months FY2014

Company name	No. of cases	Underwriting share (%)
SBI	55	84.6
Mizuho	45	69.2
SMBC Nikko	44	67.7
Nomura	40	61.5
Daiwa	36	55.4
Monex	33	50.8
Ichiyoshi	30	46.2
Okasan	23	35.4

Lead Managers	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 3Q
	1	0	1	5	5	5

* 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.

* The above IPOs represent issues underwritten in Japan only and do not include additional secondary offerings or overseas issues.

* The number of underwritten issues represents both lead managed underwritings and syndicate participation.

* The data was compiled by SBIH based on each company's published information.

Focus on PO Underwriting as well as IPO Underwriting

In calendar 2014, rose in ranking and won 2 lead manager positions

PO Underwriting Amount Ranking

[2013]

No.	Name	Amount (JPY bn)	Share (%)
1	Nomura	378.1	27.6
2	Daiwa	291.1	21.3
3	MUFJ	180.7	13.2
4	SMBC Nikko	174.1	12.7
5	Mizuho	173.9	12.7
6	Goldman	30.7	2.2
7	Citi Group	27.0	2.0
8	Tokai Tokyo	17.2	1.3
9	Okasan	13.1	1.0
:			
19	SBI	2.5	0.2

* Excludes the amount for overseas issues and REITs

* Excludes the amount for over allotment

[2014]

No.	Name	Amount (JPY bn)	Share (%)
1	Nomura	327.7	37.1
2	Daiwa	147.9	16.7
3	SMBC Nikko	132.2	15.0
4	MUFJ	120.6	13.6
5	Mizuho	115.2	13.0
:			
9	SBI	4.7	0.5



Major Leader case 1 S TRUST

- Launch: July 25
- Mothers Market → TSE 1st
- No. of shares offered: 1,150,000 shares
- Amount financed: approx. JPY 0.7bn
- Acquired 1,545 shareholders via SBI SECURITIES

PO Underwriting Ranking

[2014]

No.	Name	No. of cases
1	Nomura	32
2	Daiwa	22
3	SMBC Nikko	17
4	Mizuho	15
5	MUFJ	8
6	SBI	2
6	Ichiyoshi	2

* Excludes the amount for overseas issues and REITs

* Includes the amount for over allotment



Major Leader case 2 Vector

- Launch: Nov. 7
- Mothers Market → TSE 1st
- No. of shares offered: 2,931,000 shares
- Amount financed: approx. JPY 4.9bn
- Acquired 1,829 shareholders via SBI SECURITIES

PO underwriting amount

2013 2014

Ranking 19 → 9

Amount JPY 2.5bn → JPY 4.7bn

SBI SECURITIES' Bond Sales Increasing Steadily (i)

**2014 Yen Bond Underwriting Amount Ranking
(Jan.-Dec. 2014)**

**2014 EB Sales Amount Ranking
(Jan.-Dec. 2014)**

No.	Name	Amount (JPY bn)	Share (%)
1	Mizuho	2,175.6	25.6
2	Mitsubishi UFJ	1,586.2	18.6
3	Nomura	1,572.2	18.5
4	SMFG	1,377.0	16.2
5	Daiwa	1,275.2	15.0
6	Goldman	100.8	1.2
7	Merrill Lynch	90.2	1.1
⋮	⋮	⋮	⋮
11	SBI *	42.9	0.8

No.	Name	Amount (JPY bn)	Share (%)
1	Okasan	129.2	23.6
2	Nomura	96.3	17.6
3	Tokai Tokyo	95.5	17.5
4	IwaiCosmo	40.1	7.3
5	SMBC Friend	36.6	6.7
6	Mizuho	35.9	6.6
7	SBI	27.6	5.1
8	Naito	18.2	3.3
9	Imamura	14.0	2.6

* SBI SECURITIES' underwriting amount would be JPY 67.5bn, if the amount for corporate bonds issued by SoftBank in Feb. 2015 were included

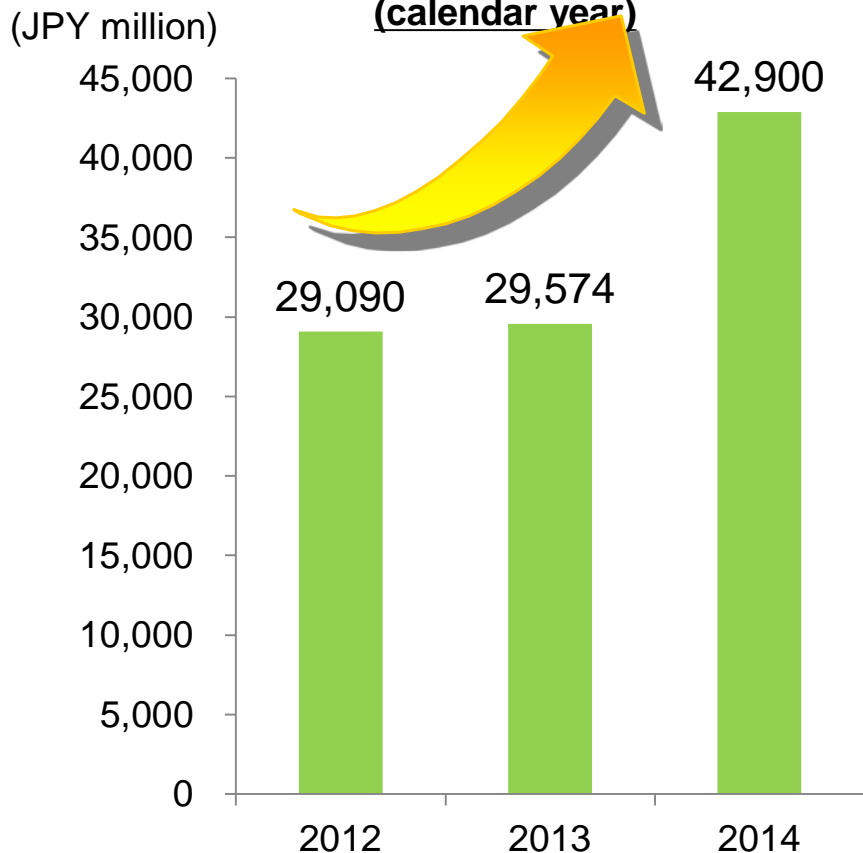
[2013] No.12: SBI - JPY 29.5bn (share 0.3%)

[2013] No.8: SBI - JPY 21.0bn (share 3.1%)

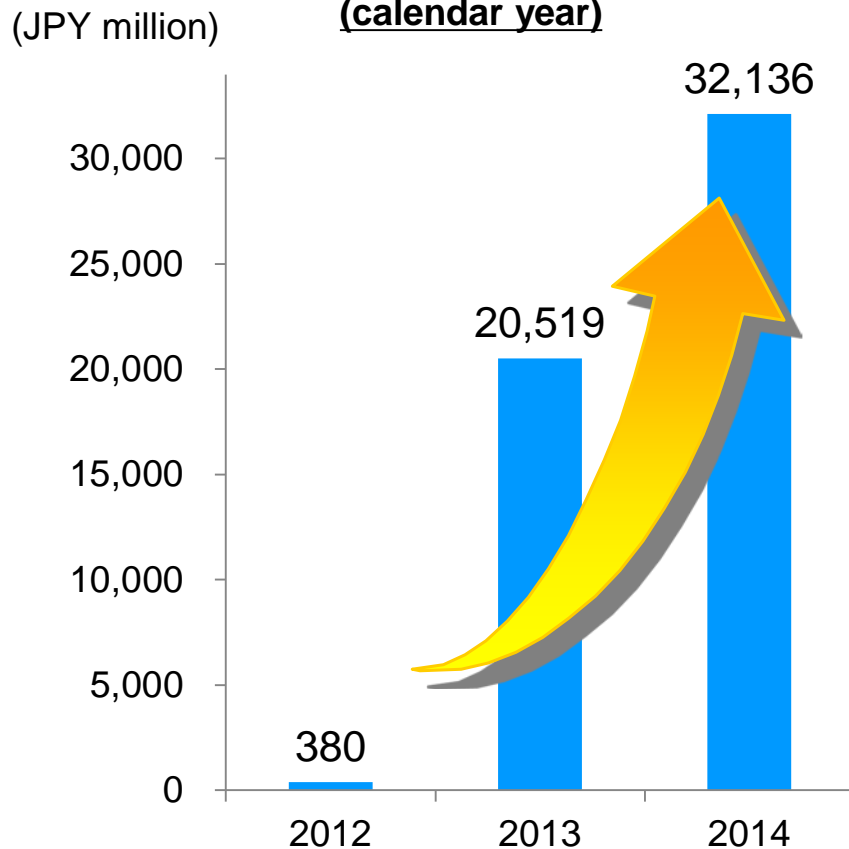
SBI SECURITIES' Bond Sales Increasing Steadily (ii)

Sales amount of Exchangeable Bonds increased from JPY 380m in 2012 to JPY 32.14bn in 2014, an 85-fold increase

Yen Bond Underwriting Amount
(calendar year)



EB Underwriting Amount
(calendar year)



* Includes non-public offering of EB



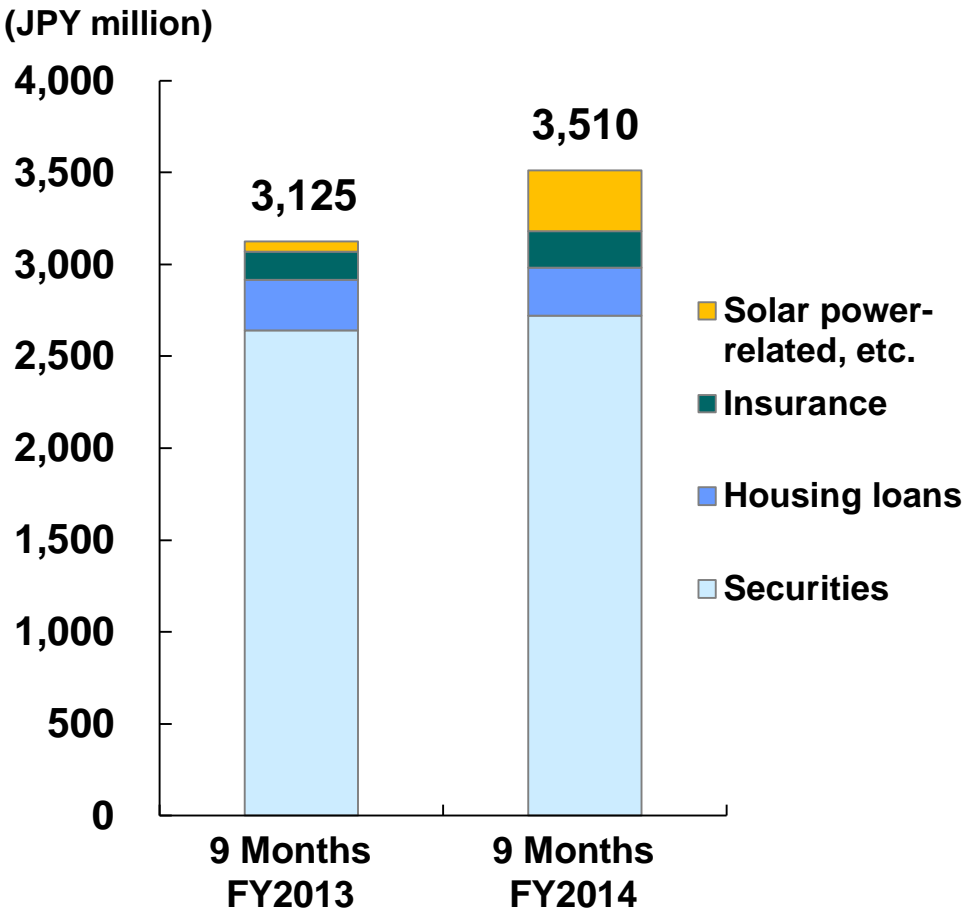
By maximally utilizing SBI MONEY PLAZA's customer base and sales network, a further expansion of the PO underwriting business may be implemented



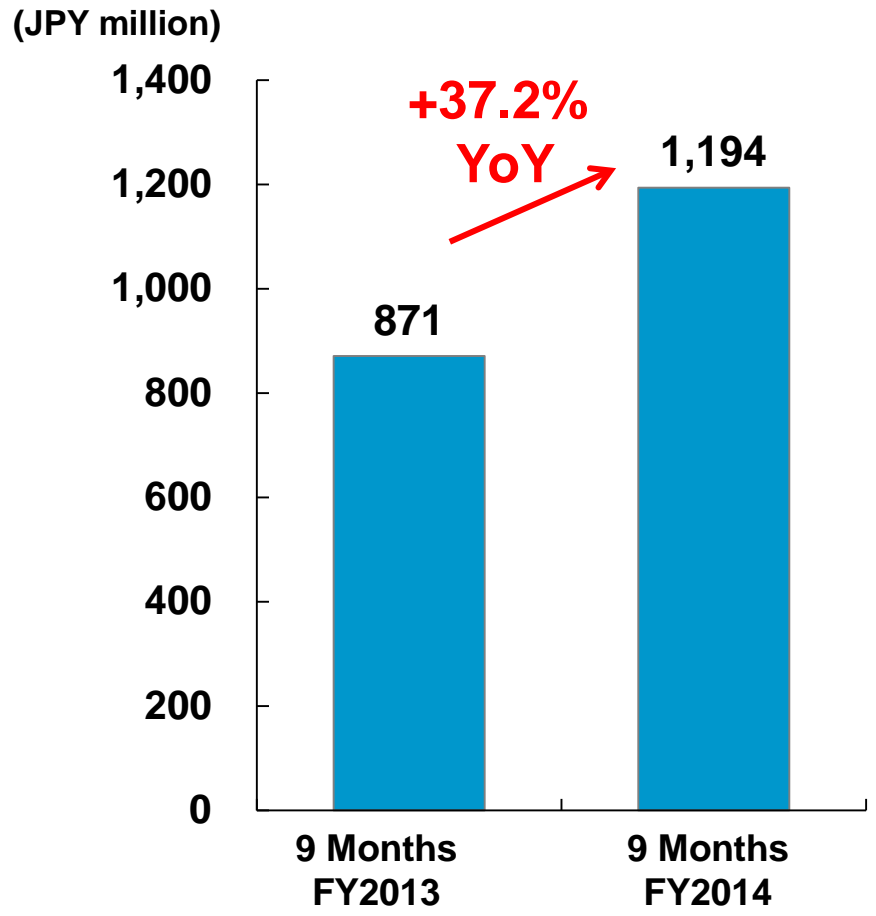
SBI MONEY PLAZA Steadily Expands Its Business

Operating income increased 37.2% YoY, owing to the diversification of revenue sources, along with an expansion of the customer base

Operating Revenue



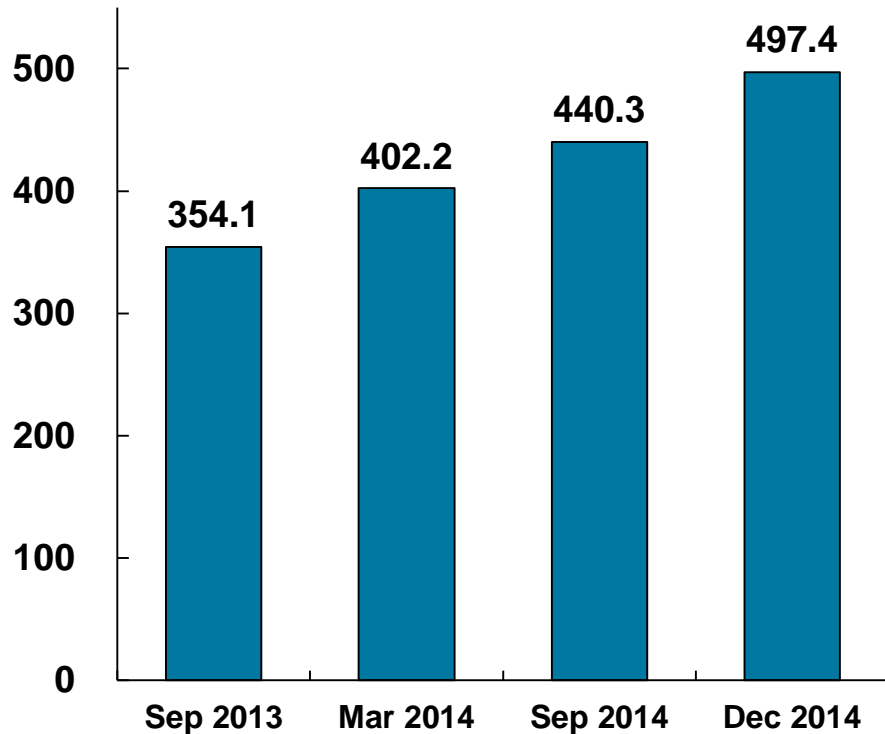
Operating Income



Customer Base Rapidly Increasing

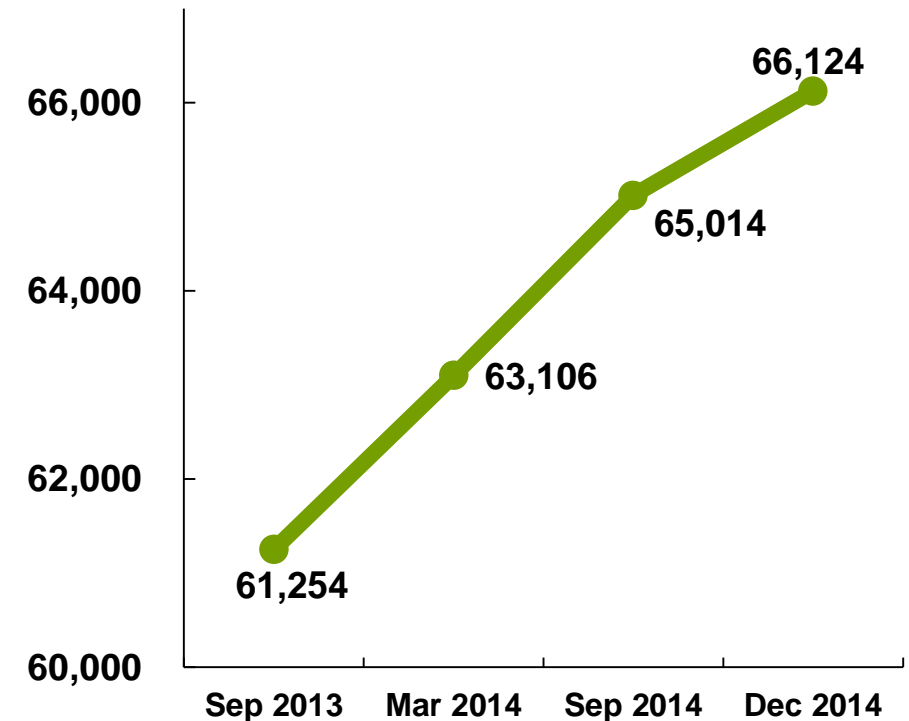
Customers' Deposit Assets

(JPY billion)



Number of Accounts

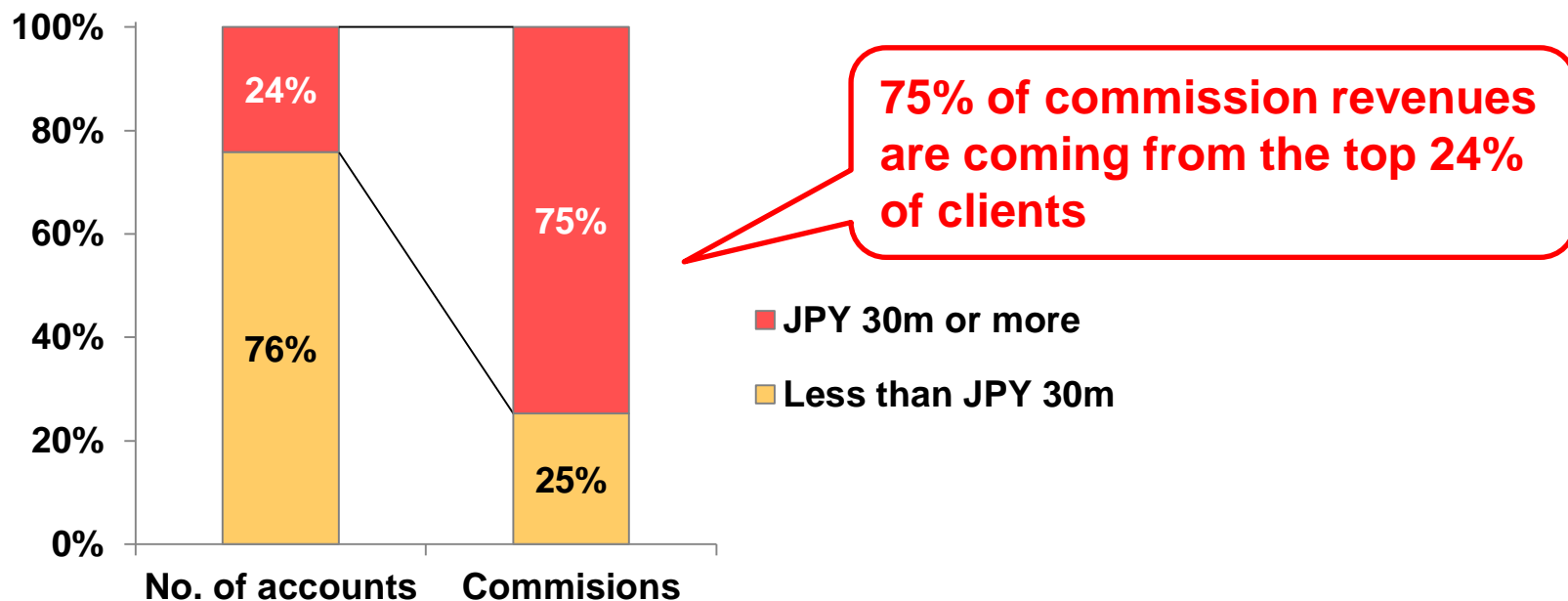
(accounts)



- Number of SBI MONEY PLAZA shops totaled 402 shops as of Dec. 31, 2014
- With the intention of establishing 500 shops nationwide, planning to open stores in prime major city locations, as well as considering the opening of shops within regional bank premises
- Also, through the elimination and consolidation of the existing shops, enhancing sales activities and the "quality" of existing shops

SBI MONEY PLAZA Strengthens Services for High-net-worth Individuals in Collaboration with Group Companies

SBI MONEY PLAZA: Share by Registered Financial Assets
(Securities business, 9 Months FY2014)



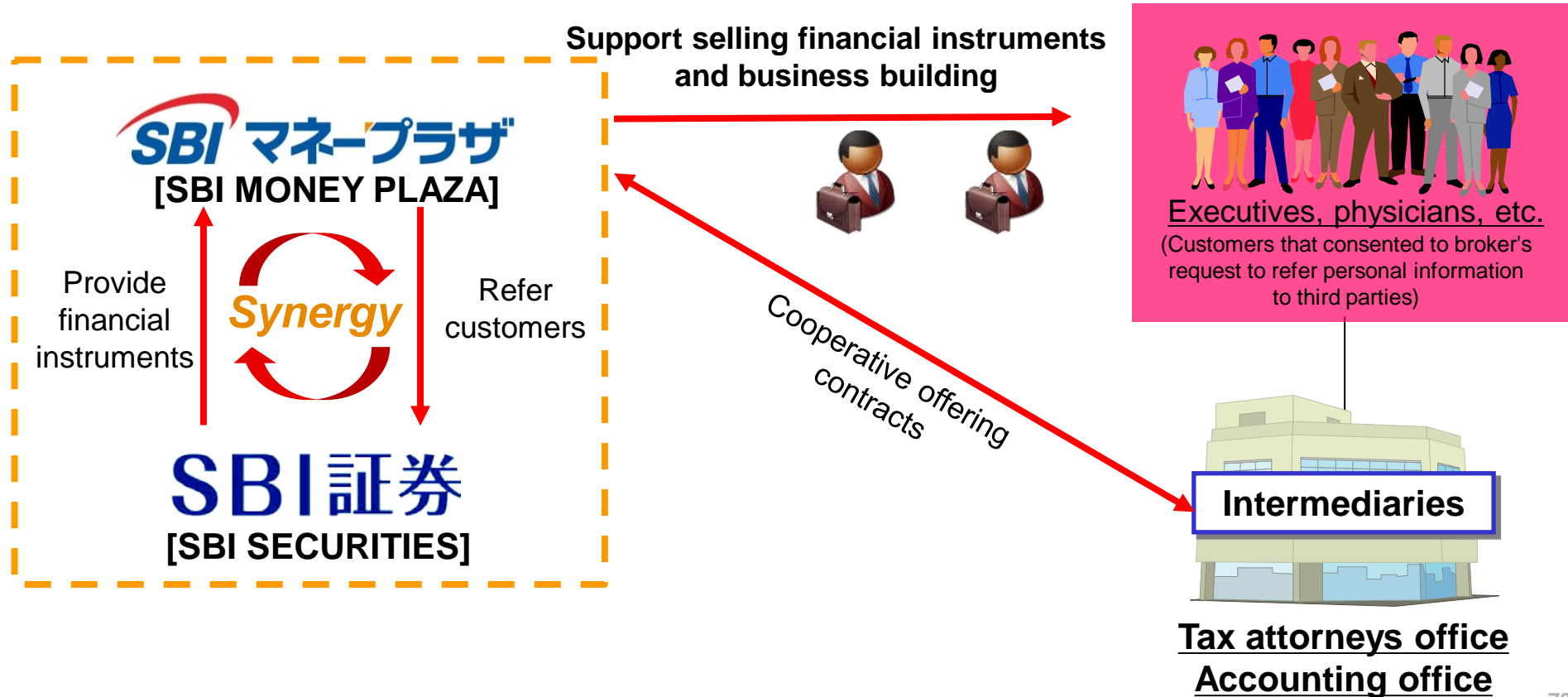
Initiatives to Strengthen Businesses Targeting High-net-worth Individuals

SBI MONEY PLAZA meets needs that cannot be completely met by online services only, such as needs for consultation about investments, inheritance, and donations. It is working to attract customers from Group companies through seminars and individual consultation.

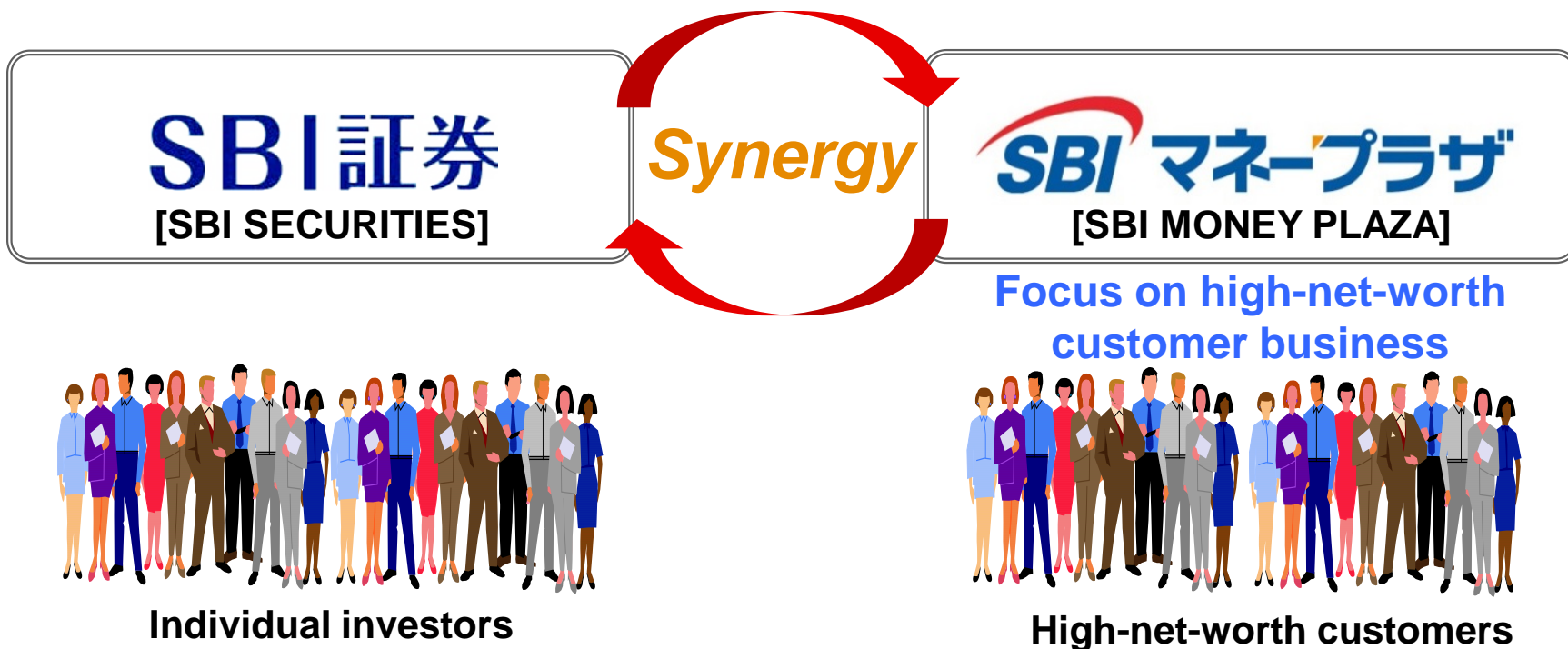
③-(ii) Cooperation with SBI MONEY PLAZA:

Thorough Development of the High-net-worth Customer Base through the Utilization of Intermediaries such as Tax Attorneys and Accountants

- SBI MONEY PLAZA will thoroughly develop high-net-worth customers and refer to SBI SECURITIES, by approaching high-net-worth executives and physicians in private practice who are clients of tax attorneys and accounts



In Cooperation with SBI MONEY PLAZA, Focus on the Strengthening of the Customer Base and Sales Force



Meet client needs for business succession and inheritance/donation services, and strengthen businesses targeting high-net-worth individuals.

Through close collaboration with SBI MONEY PLAZA, acquisition of additional high-net-worth customers at SBI SECURITIES will become possible, and the diversification of customer base will proceed



Maximum utilization of SBI MONEY PLAZA's sales network will increase the ability to sell products offered by SBI SECURITIES, and as a result, SBI SECURITIES underwriting capability will be enhanced. This will lead to expansion of corporate businesses such as public offering (PO) underwriting, an area targeted for future emphasis.



Example of Customer Expansion at SBI SECURITIES through Collaboration with SBI MONEY PLAZA and Product Diversification

—Sale of structured bonds originated at SBI SECURITIES, through SBI MONEY PLAZA

SBI証券
[SBI SECURITIES]

Structured bonds

Planning to originate structured bonds, which are currently purchased from third parties

- Coupon High
- Profitability High

SBI マネープラザ
[SBI MONEY PLAZA]

School corporations



Religious corporations



Owners of public companies



Medical corporations



③-(iii) Cooperation between SBI SECURITIES and SBI Liquidity Market:

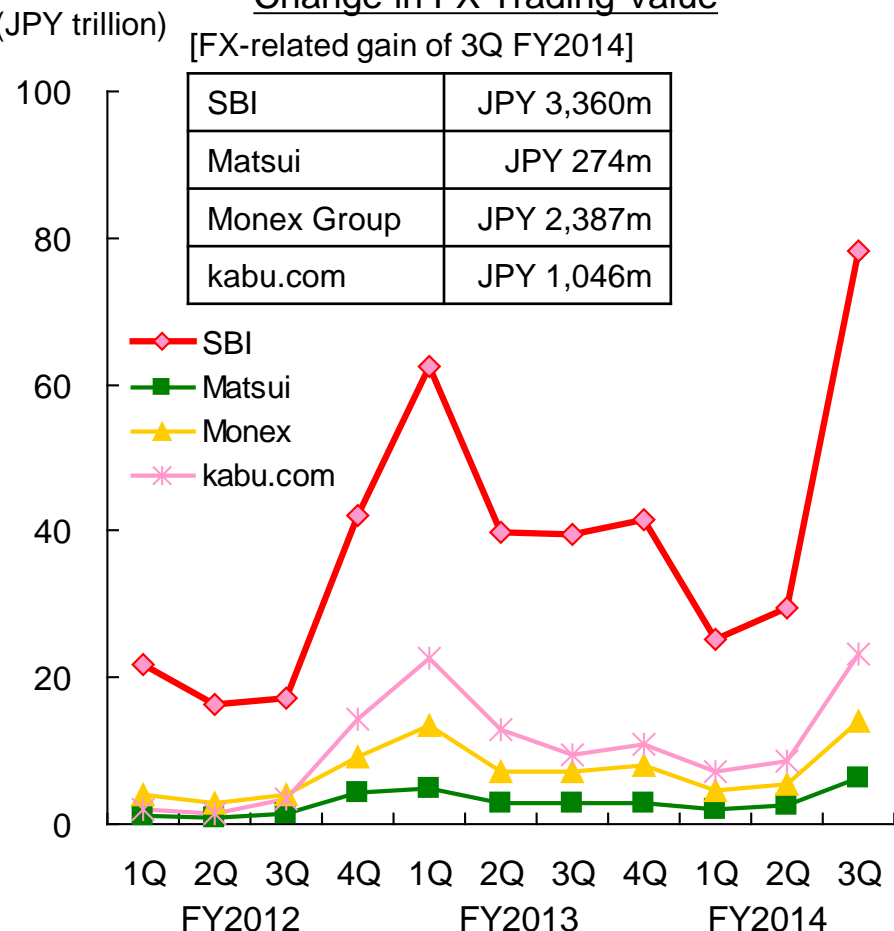
Through an Alliance of SBI SECURITIES and SBI Liquidity Market, FX Trading Business Expanded

~ Unlike SBI SECURITIES, the major face-to-face securities companies do not provide an integrated stock and FX trading platform ~

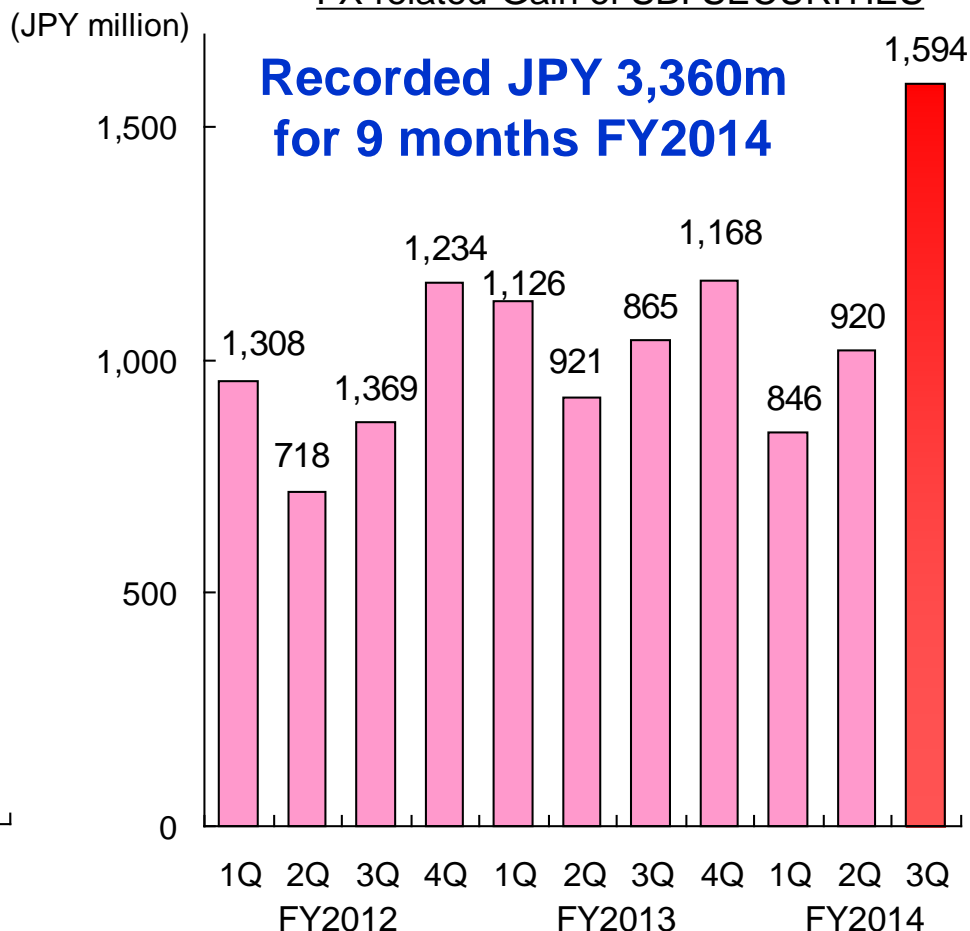
Change in FX Trading Value

[FX-related gain of 3Q FY2014]

SBI	JPY 3,360m
Matsui	JPY 274m
Monex Group	JPY 2,387m
kabu.com	JPY 1,046m



FX-related Gain of SBI SECURITIES



As an integrated service, SBI SECURITIES' FX trading provides a share certificate collateral service, that currently accounts for approx. 7% of the total customer assets related to FX trading

③-(iii) Cooperation between SBI SECURITIES and SBI Liquidity Market:

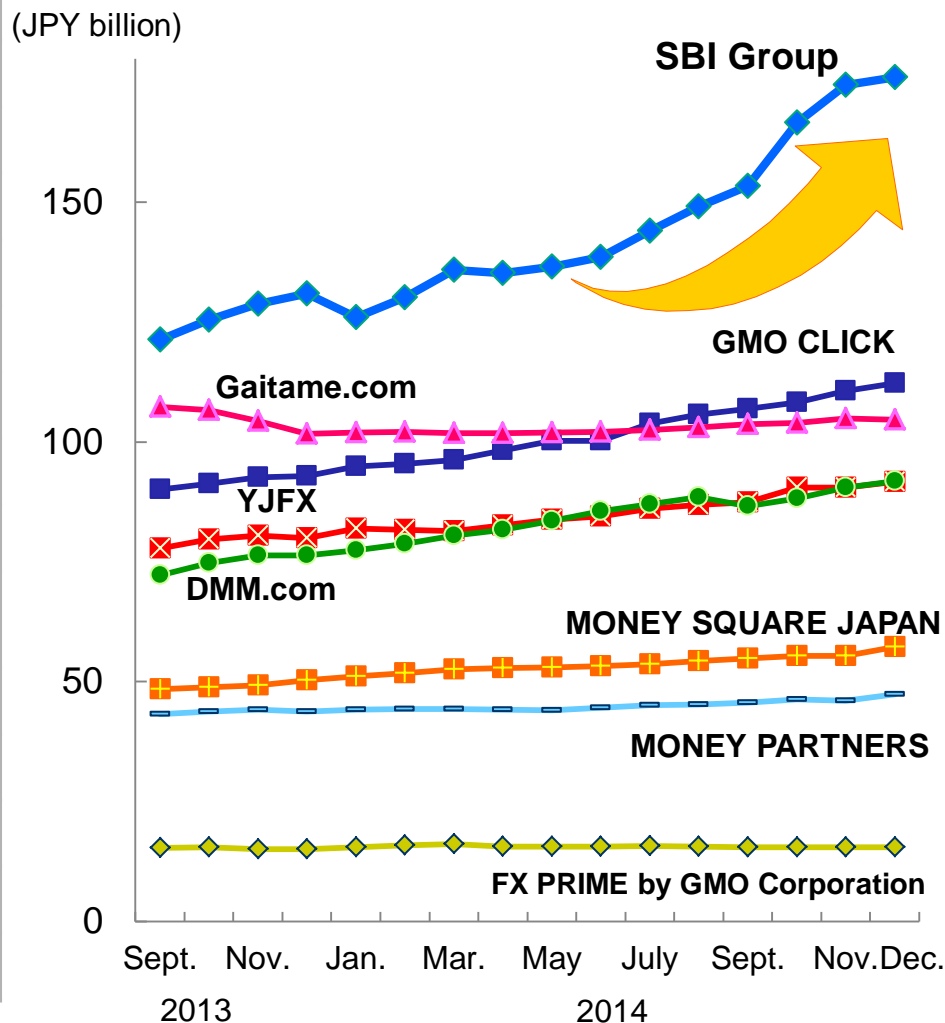
The SBI Group's (SBI SECURITIES, SBI FXTRADE and SBI Sumishin Net Bank) Total **SBI Holdings** Number of Accounts and Customer Deposit Assets are the Largest in the OTC FX Industry

Number of FX Trading Accounts (as of the end of Dec.)

No.	Company name	Number of accounts
1	SBI Group	530,461
2	DMM.com	421,319
3	Gaitame.com	386,646
4	GMO CLICK	378,872
5	YJFX	304,693
6	MONEY PARTNERS	251,189
7	Traders Securities	239,337
8	Hirose FX	176,878
9	FX PRIME by GMO Corporation	155,391
10	Central Tanshi FX	152,094
11	MONEY SQUARE JAPAN	79,303
12	Ueda Harlow	52,342
	Other (1 company)	57,261
	Total	3,185,786

Changes in Deposit Assets among 8 major FX Trading Companies

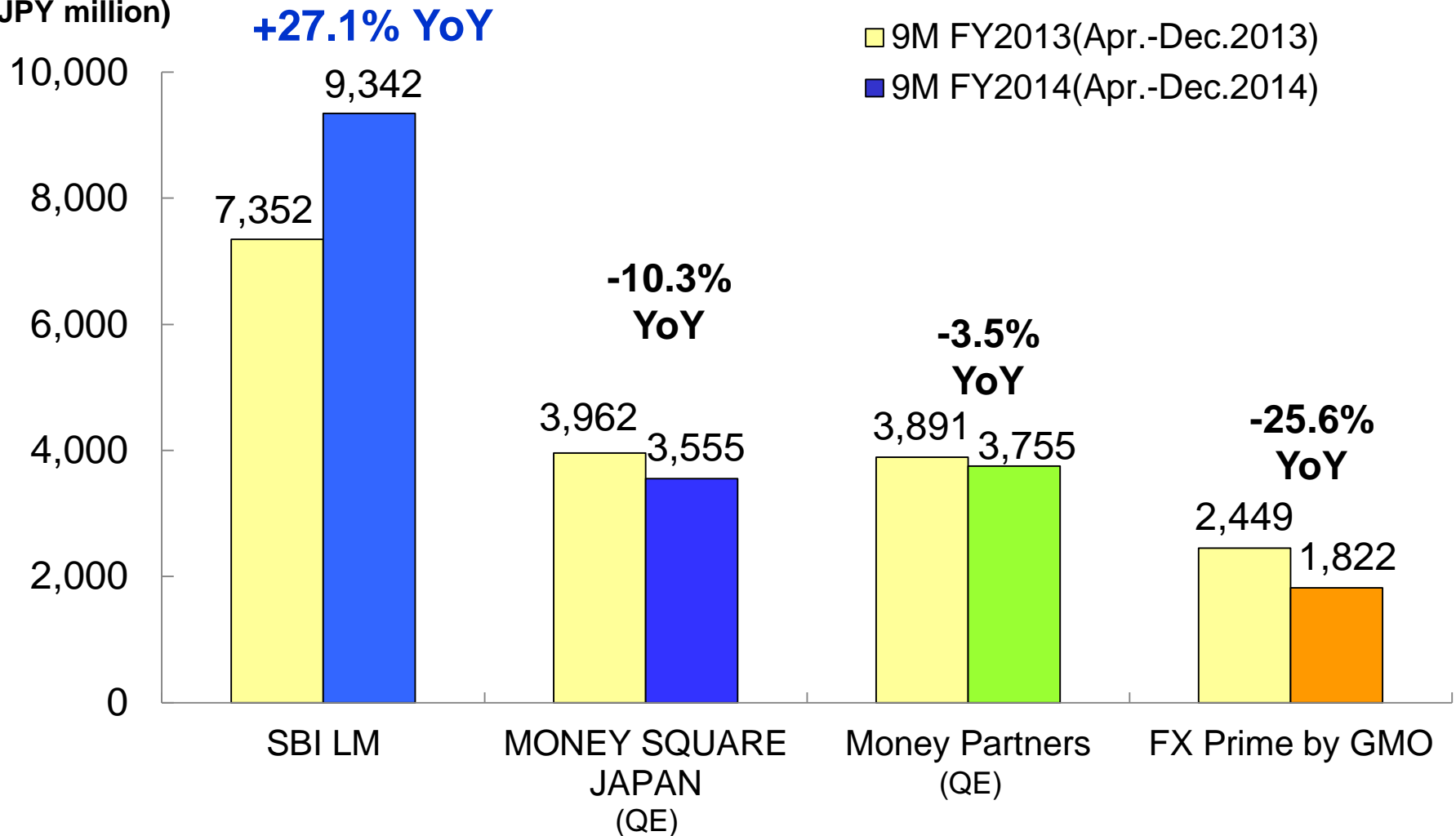
(Sept. 2013 - Dec. 2014)





Comparison of Operating Revenue among Listed Pure-play FX Trading Services Providers (9 Months FY2014-J-GAAP)

(JPY million)



Through Strengthening of the Relationship between SBI SECURITIES and SBI Japannext, Launching a Trading Business

SBI証券
[SBI SECURITIES]



SBI Japannext

Example of new services

Launch of **J-NET Cross-trading Service** for futures and options trading

Provision of opportunities to trade at more favorable prices than floor trading by utilizing the J-NET (off-hours market) trading system for Nikkei 225 Futures and Nikkei 225 mini (beginning Oct. 14, 2014)

First-ever in Japan!!

* Compiled by SBIH as of Jan. 7, 2015



SBI SECURITIES' customer

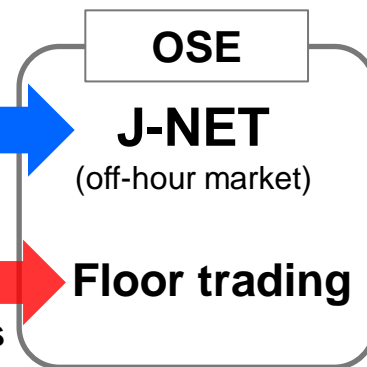
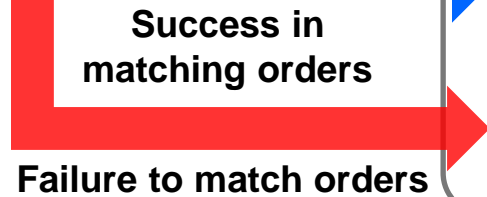


Reviews whether order matching is possible

SBI証券
[SBI SECURITIES]



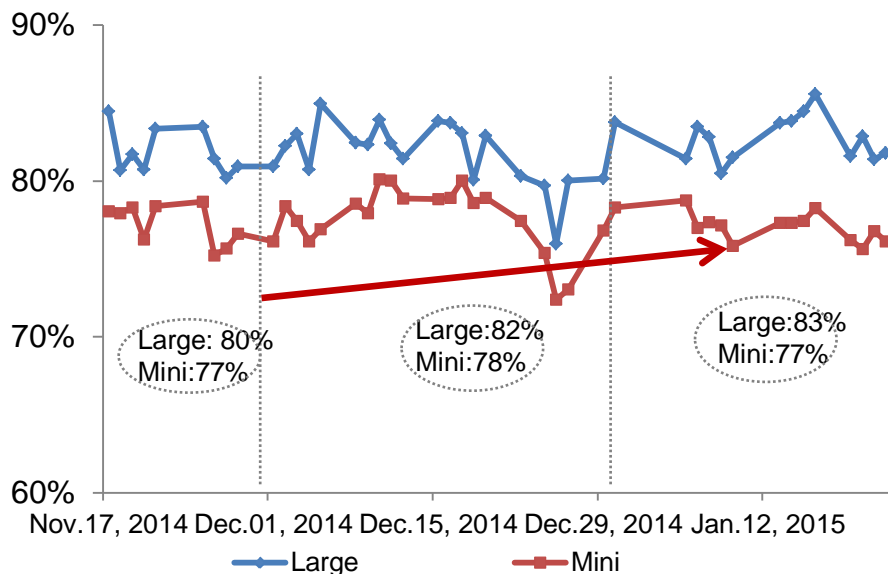
SBI Japannext



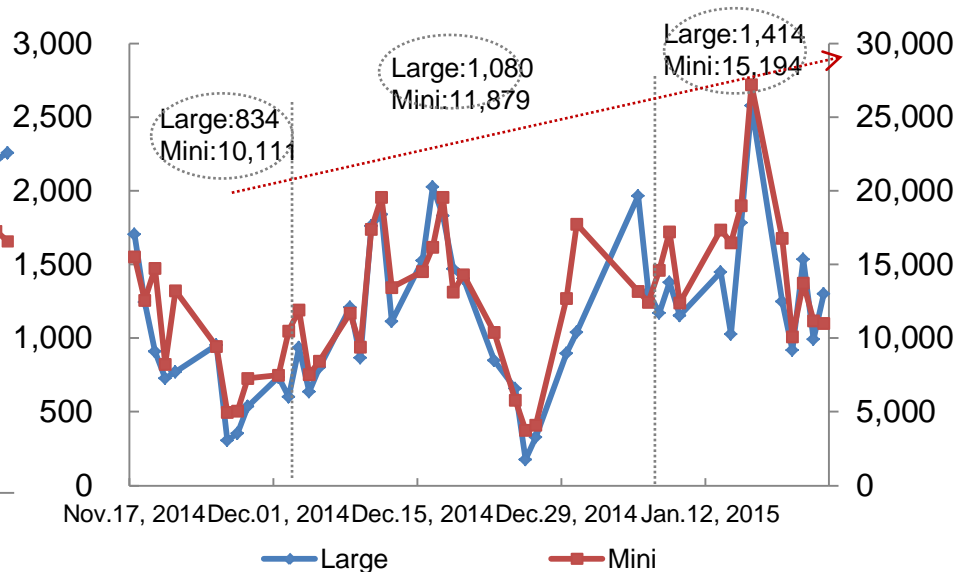
J-NET Cross-trading Service

- Oct. 14, 2014 start of J-NET Cross-trading Service
Provision of opportunities to trade Nikkei 225 futures (large/mini) at the same prices or more favorable prices than floor trading on the Osaka Exchange
- Reduced futures trading commissions campaign being conducted since Dec. 30 to increase awareness and promote use
- Addition of TOPIX futures (large/mini) and JPX Nikkei 400 futures since Jan. 13
- As a second campaign, planned offering of Nikkei 225 futures J-NET trading commissions of JPY 250 for large contracts and JPY 25 for mini contracts beginning on the night of Jan. 30

① J-NET Cross Transactions - Selected ratios' trend (active accounts)



② J-NET Cross Executed Contracts Trend



* The percentage figures presented above in the chart are the average during the period

(2) Insurance-related Businesses

- ① SBI Insurance achieved quarterly profitability in 1Q and 3Q, and endeavoring to become a profit contributing entity in the near term**
- ② Both of the small-amount, short-term insurance companies have grown steadily**
- ③ Current business strategy for the insurance-related businesses**

- ① **SBI Insurance achieved quarterly profitability in 1Q and 3Q, and endeavoring to become a profit contributing entity in the near term**

Achieved Quarterly Profitability in Q1 and Q3, and endeavoring to become a profit contributing entity in the near term

~There is a Possibility of Full-year Profitability in this Fiscal Year~

SBI Insurance Profit before Income Tax Expense (IFRS) (Unit: JPY billion)

	FY2013	FY2014
1Q (Apr. – June)	-0.7	0.1
2Q (July – Sept.)	-1.1	-0.4
3Q (Oct. – Dec.)	-0.7	0.1
4Q (Jan. – Mar.)	-1.4	—

[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

Profitability achieved in 1Q and 3Q and there is a possibility of full-year profitability in FY2014 - a year ahead of plan

Combined Ratio Continued at Below 100%, and is in a Declining Trend

	FY2012	FY2013	9M FY2014
Combined ratio*¹ (%)	103.1	98.8	<u>95.2</u>
Net operating expenses ratio*² (%)	33.4	26.4	<u>22.6</u>

(EOM)	Mar. 2013	Mar. 2014	Dec. 2014
E/B loss ratio*³ (%)	78.9	75.5	<u>68.0</u>

*1 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.

*2 Net operating expenses ratio (%) = (Operating and general administrative expenses + Agency commission and brokerage) / Net premium Income X 100

*3 E/B loss ratio: A loss ratio calculated on the basis of premiums earned during the past year that indicates the occurrence of more substantive losses

E/B loss ratio (%) = (Premiums paid during the past year + Year-on-year change in reserve for outstanding claims) / Premium income during the past year x 100

[reference] Net loss ratio (%) = (Net claims paid + Loss adjustment expenses) / Net premium Income X 100

Auto Insurance with Bicycle Specified Policy and Cancer Insurance Increased Dramatically

[Bicycle Accident Compensation Treaty]
(Launched in Apr. 2013)

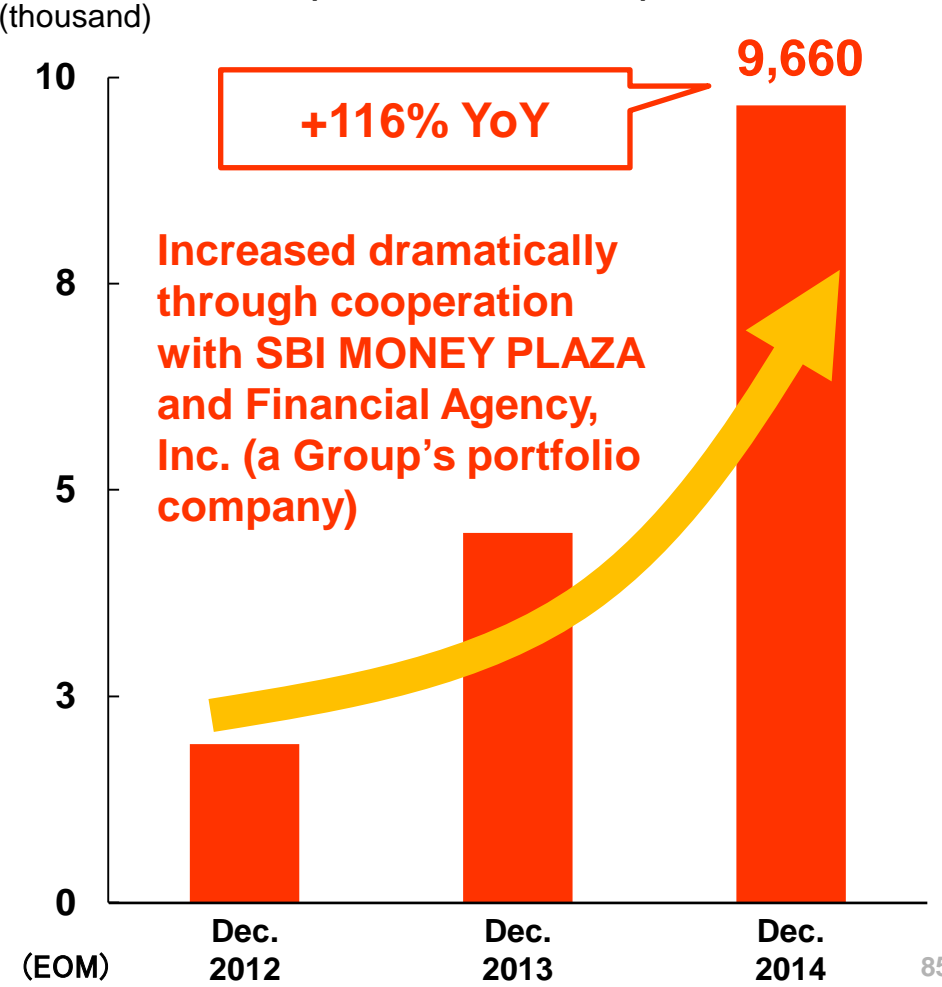
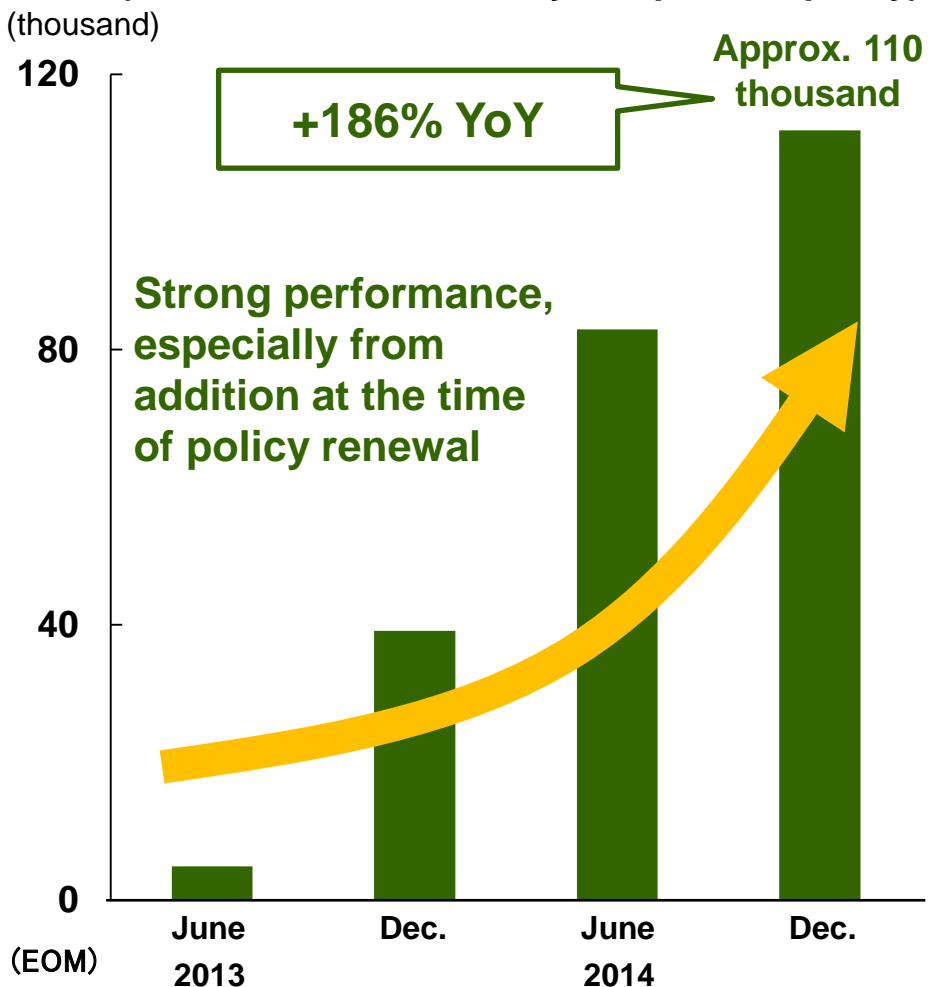
[Cancer Insurance]
(Launched in Aug. 2012)

Number of Contracts

Number of Contracts

(Auto insurance with bicycle specified policy)

(Cancer insurance)



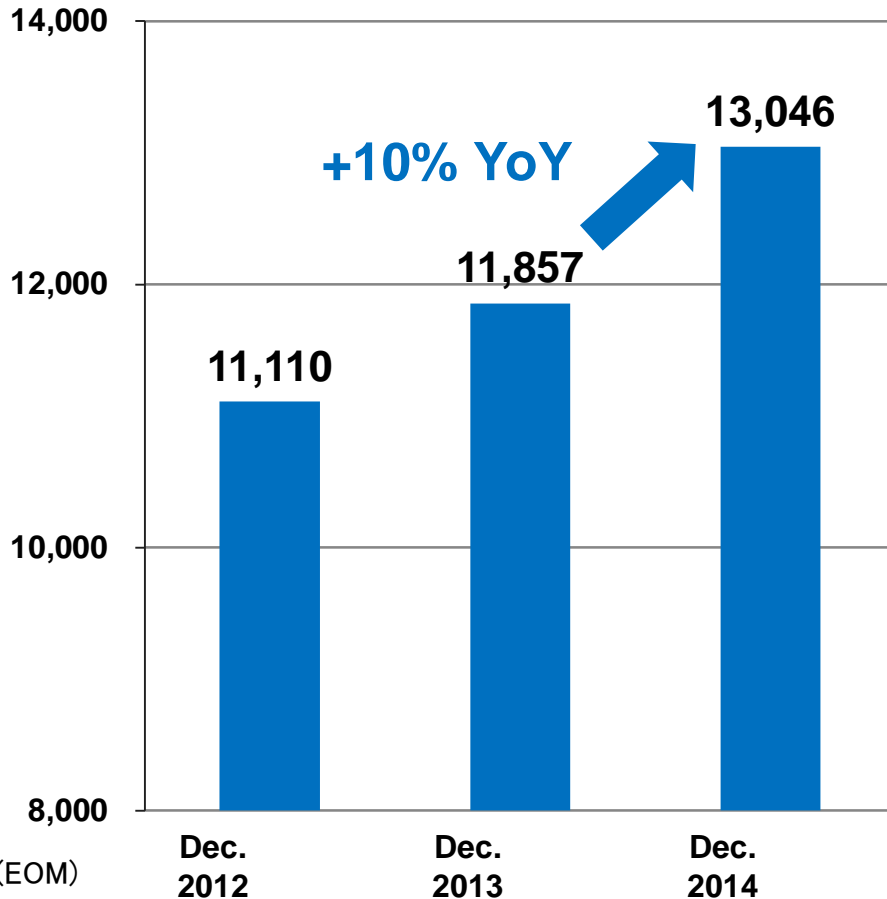
② Both of the small-amount, short-term insurance companies have grown steadily

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

SBI 少額短期保険

[SBI SSI] (Acquired in Mar. 2012)
[Earthquake indemnity insurance]

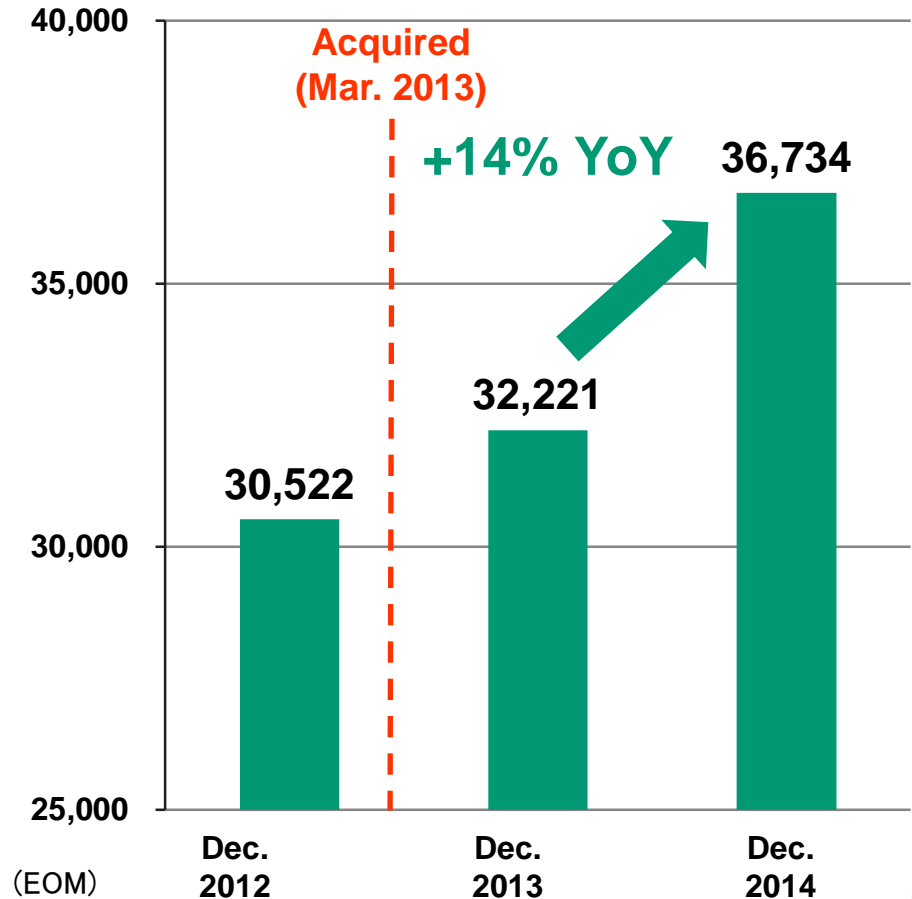
(Number of Contracts)



SBI いきいき少額短期保険

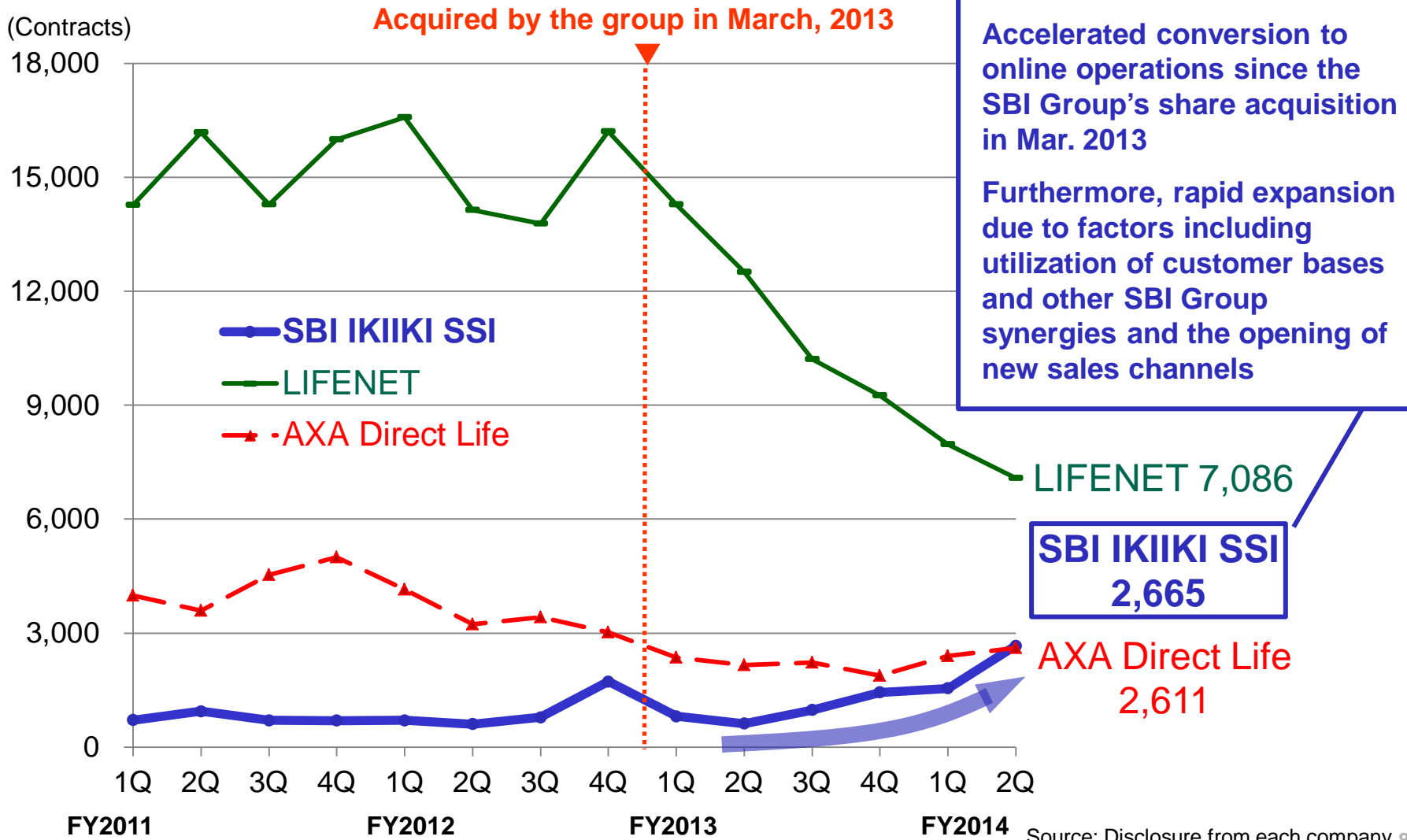
[SBI IKIKI SSI] (Acquired in Mar. 2013)
[Death insurance, Medical insurance]

(Number of Contracts)



Since the Group's Acquisition of Shares, SBI IKI IKI SSI Continues to Grow

Quarterly Number of Newly Acquired Contracts



③ Current business strategy for the insurance-related businesses

- (i) SBI Insurance's expansion of product offerings**
- (ii) Reentry into the Life Insurance Business**
- (iii) Pursue for Synergies between insurance-related business and the Group companies**
- (iv) Restructure and reinforce the Group's asset management division to sophisticate its ability**
- (v) Considering the establishment of an insurance holding company**

SBI Insurance's Expansion of Product Offerings

SBI Insurance's profitability is in sight, centering on its core auto and cancer insurance products, and is now in the process of considering fire insurance as a new core product



Fire insurance (under consideration)



Upon the launch of a fire insurance product, synergies with SBI Sumishin Net Bank and SBI Mortgage, both of which deal in housing loans, will be thoroughly pursued

住信SBIネット銀行



Results of housing loans (Oct. 2007- Dec. 2014)

Total amount : JPY 2,081.1bn

Total number : 86,264

Number of newly acquired (Apr.-Dec. 2014)
: 11,856



(SBI Group's shareholding*1
Approx. 11%)

[SBI MONEY PLAZA]

Results of housing loans (Jul. 2001 – Dec. 2014)

Total amount : JPY 2,707.6bn

Total number : 109,866 *2

Number of newly acquired (Apr.-Dec. 2014)
: 12,435 *2

*1 Ratio of voting rights for CSM Holdings Co., Ltd., the holding company of SBI Mortgage. SBI Group's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group. (As of the end of Dec. 2014)

*2 The number of loans backed, excluding package loans and loans for expenses related to housing acquisition

Reentry into the Life Insurance Business

Obtained approval of the Insurance Major Shareholder from the Financial Services Agency on Jan. 26, 2015, and plan to acquire all outstanding shares of PCA Life Japan on Feb. 5, 2015.

- **USD 68m to be paid on the share transfer execution date (Since nearly all of the funds for compensation have been held in US dollars for a long time, the impact of the recent depreciation of yen is limited.)**
- **The total transfer amount will be a minimum of USD 68m (the amount to be paid on the share transfer execution date) and a maximum of USD 85m. JPY 1,987m (fixed at an exchange rate agreed with the seller), equivalent to the difference of USD 17m, will be paid only in the event that the state of progress of PCA LIFE Japan's business satisfies certain conditions agreed with the seller.**

PCA Life Japan

- **Japanese arm of Prudential plc**
- **Ceased writing new policies from Feb. 2010, and has since dedicated their resources to support and conserve in-force life policies**
- **Provides broad types of insurances such as term life insurance, whole life insurance, medical insurance and individual variable annuity insurance**
- **Holds more than 120 thousand in-force life policies as of Sept. 30, 2014**
- **Its solvency margin ratio is 1,130.5% (as of Sept. 30, 2014), which is trustworthy for their payment ability**

Current Status of PCA Life Japan

PCA Life Japan has ceased writing new policies from Feb. 2010

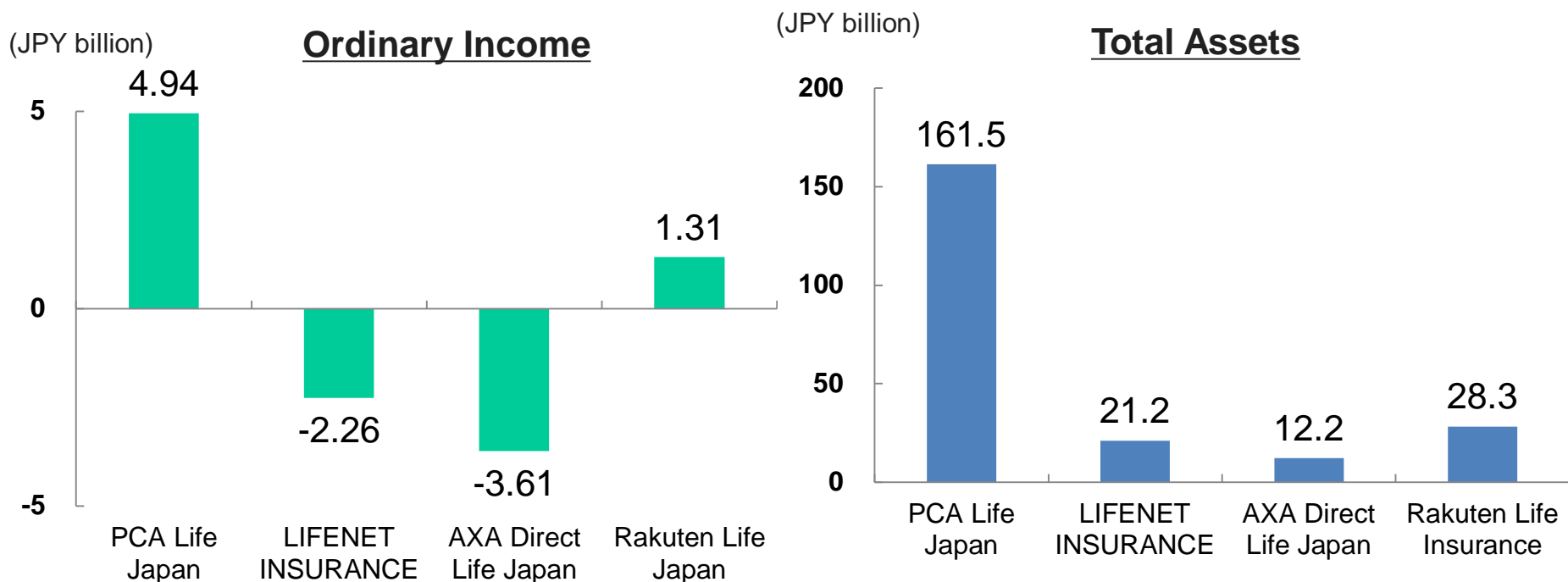
[Business Performance]

(JPY million)

	FY2010	FY2011	FY2012	FY2013
Ordinary Revenue *	30,240	32,363	30,828	33,530
Net Income	775	2,147	4,088	4,578

*equivalent to sales in ordinary operating company

[Comparison of ordinary income and total assets with other companies (FY2013)]



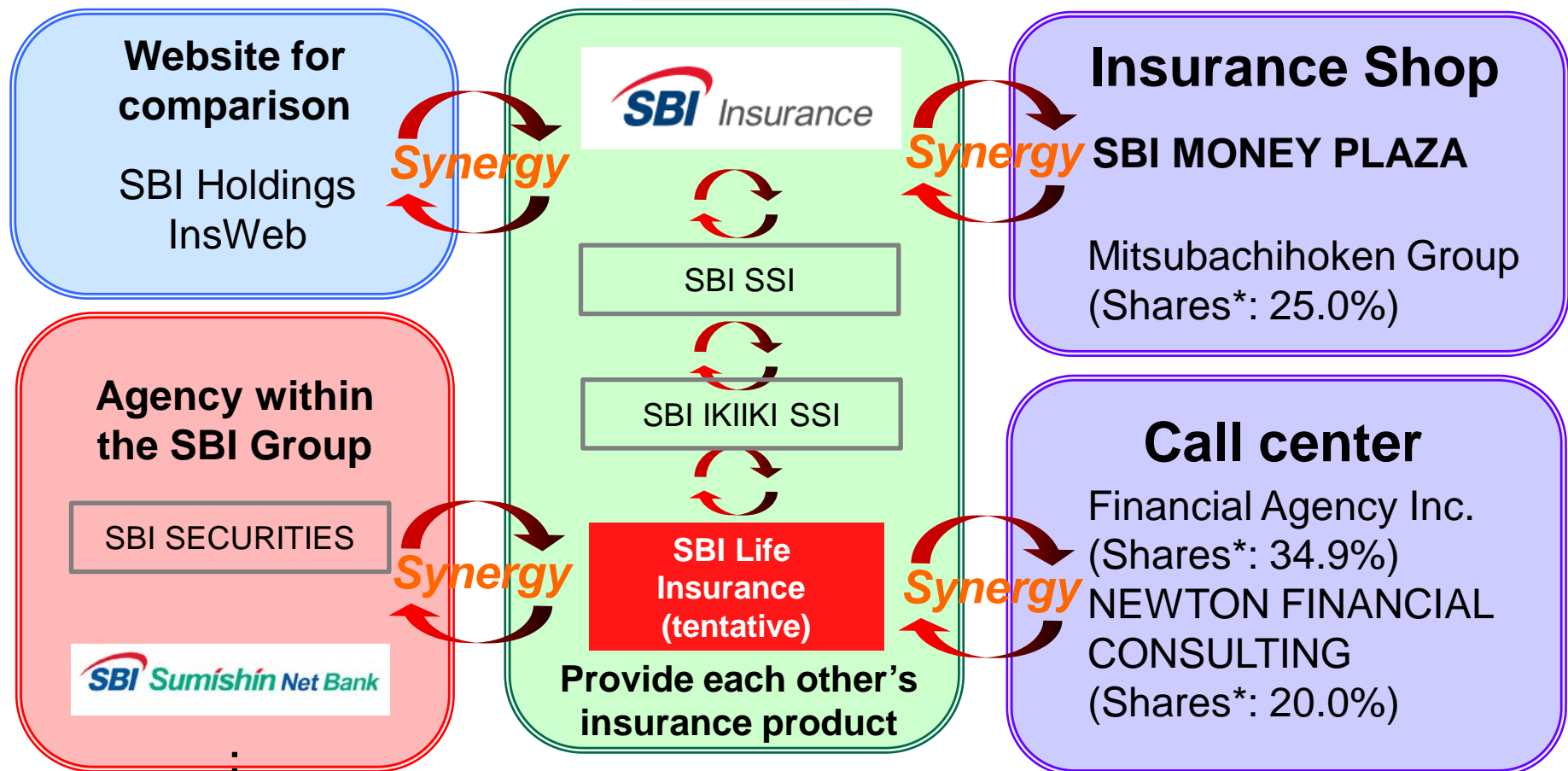
Thorough Pursuit of Synergies between Insurance-related Businesses and Each Group Company

Maximally utilize the Group synergies, such as group customer base and marketing channels, to expand the business scale of the insurance-related businesses

[Internet channel]

Insurance related businesses

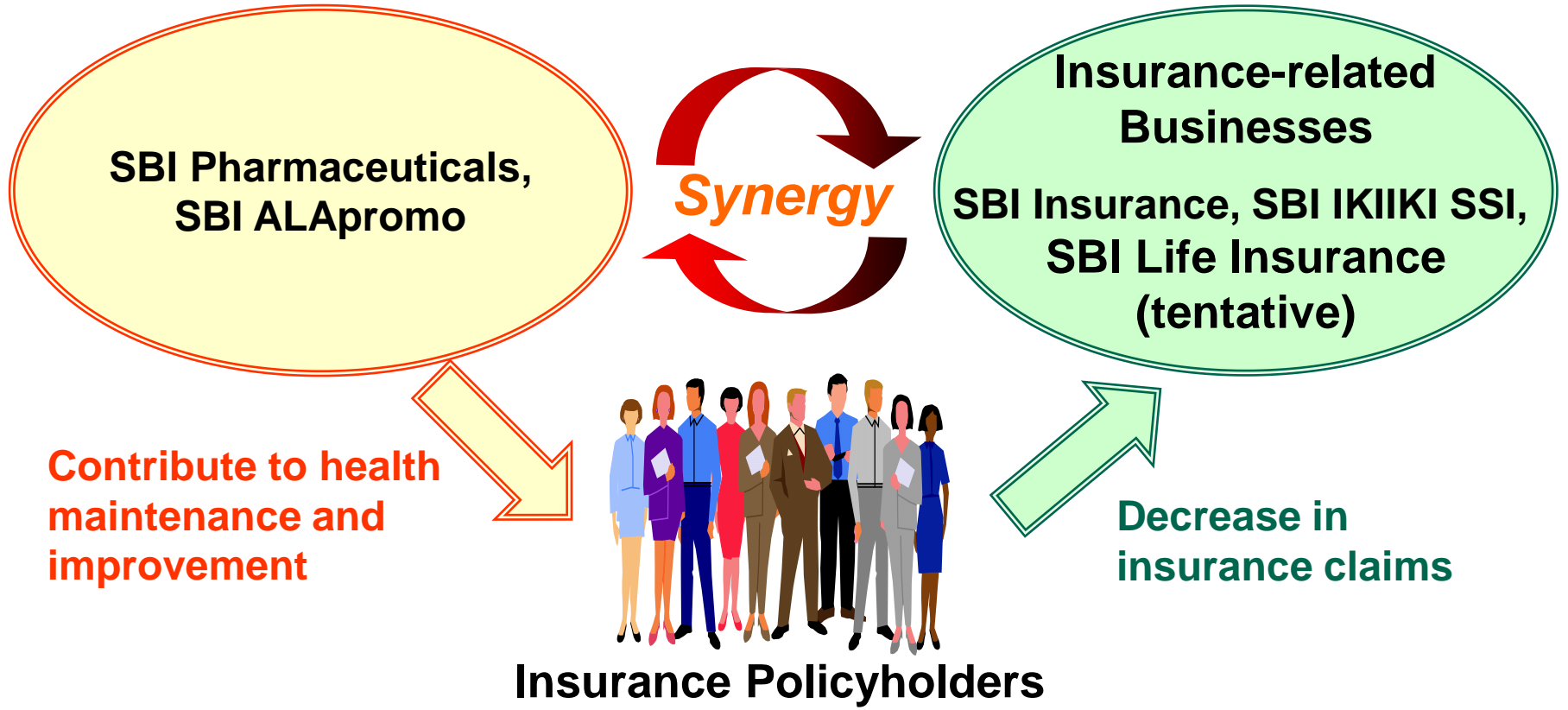
[Face-to-face channel]



* Shares:
SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group.
(As of Dec. 31, 2014)

Synergy of 5-ALA Related Business and Insurance-related Businesses

As the 5-ALA Related Business contributes to the health of the insurance policyholders, the insurance companies may reduce insurance payouts. Additionally, SBI will be able to create a possible win-win situation for both policyholders and the SBI Group





Owing to the Reentry into the Life Insurance Business, the AUM will Dramatically Increase, So the Group's Asset Management Division will be Restructured and Reinforced to Form a Sophisticated Asset Management Division

[Asset Management Division of the SBI Group]



Investment adviser



Equity and real estate investment



Overseas financial products



Investment management



Investment in unlisted and listed companies



Alternative investment

Restructured and reinforced to form a sophisticated Asset Management Division



The New Asset Management Division will Utilize Multiple Asset Types to Handle Various Investment Policies

Form a sophisticated asset management group that can handle diversified asset management policies

Restructured and reinforced Asset Management Division

Asset types

Domestic Bond	Overseas Bond	Domestic Equity	Overseas Equity
Real Estate	Private Equity	Cash(including foreign currency)	Derivatives

Life Insurance

Non-life Insurance

Funds managed by SBI Asset Management

Make a differentiation from competing companies through raised asset management performance

Asset management which seek high returns

Considering the Establishment of an Insurance Holding Company

With the insurance-related business, the establishment of a holding company that aggregates and reorganizes the related business to enhance efficiency and maximize Group synergies, may be considered

- Efficient use of insurance business related resources, such as asset management, risk management, information, know-how, and human resources
- Strengthen cooperation between insurance companies, and create related synergies
- Along with the expansion in business scope, diversification of financing methods to raise further capital



SBI Life Insurance (tentative)

Additionally, for the involved companies' risk hedging purposes and the optimization of the corresponding risk capital, considering a foray into the reinsurance business

(3) Banking-related Businesses

- ① **At SBI Sumishin Net Bank, as of the end of Dec. 2014, customer accounts numbered approx. 2.2 million, and deposits totaled over JPY 3.5tn, and the business base continues to steadily expand. Diversification of the asset management methods has progressed, along with the substantive growth in deposits (9 months FY2014 financial results announcement is scheduled on Jan. 30, 2015)**
- ② **The overseas banking-related business continues to steadily expand**
- ③ **Current business strategy for the banking-related businesses**
 - (i) **Endeavoring to improve profitability through the thorough pursuit of synergies between the SBI Group companies**
 - (ii) **Based on the accumulated know-how and experience in the banking-related business garnered to this day, forming a support system for the improvement in the earnings capacity of the regional banks**

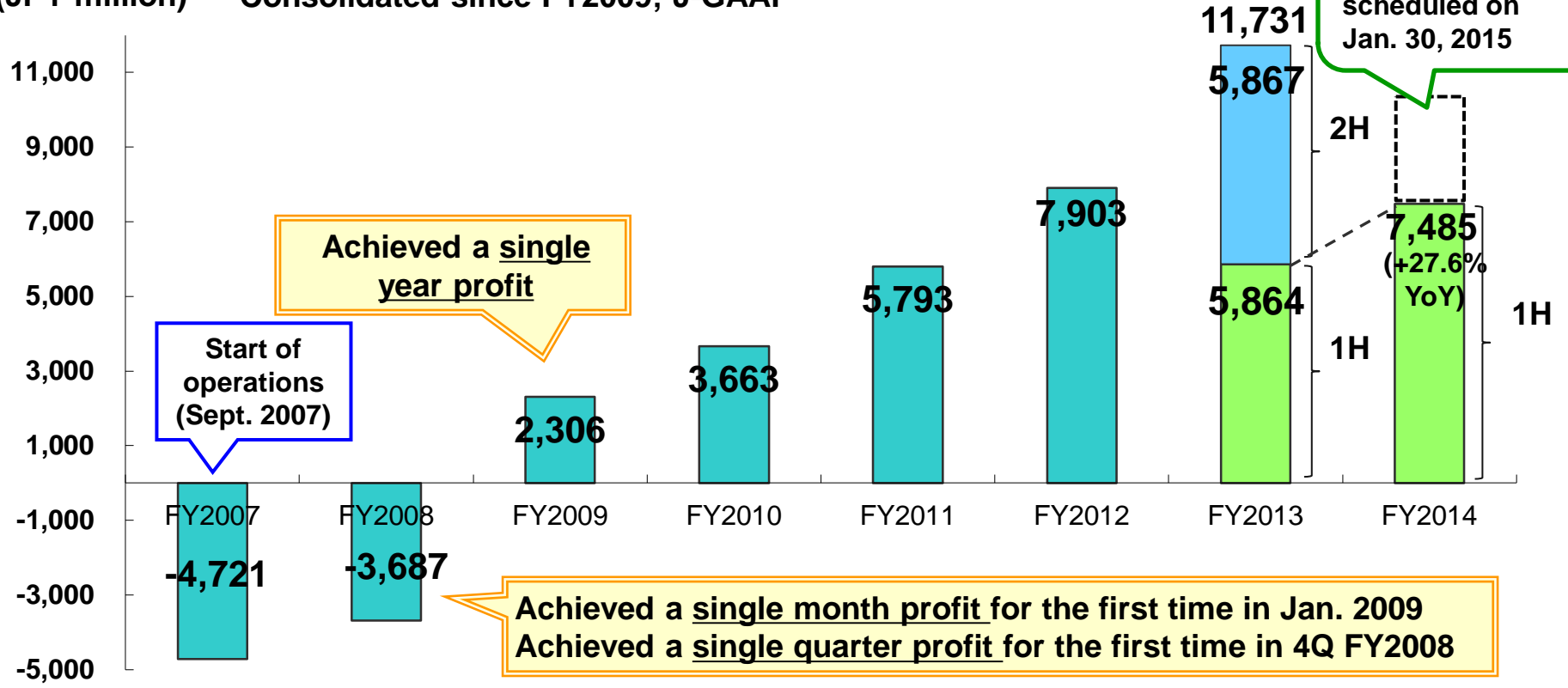
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SBI Sumishin Net Bank Steadily Expands its Ordinary Income

9M FY2014 financial results announcement is scheduled on Jan. 30, 2015

Change in Ordinary Income after Start of Operations

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



To prepare for rapid changes in the market environment, will consider the appropriate flexible sales of securities held

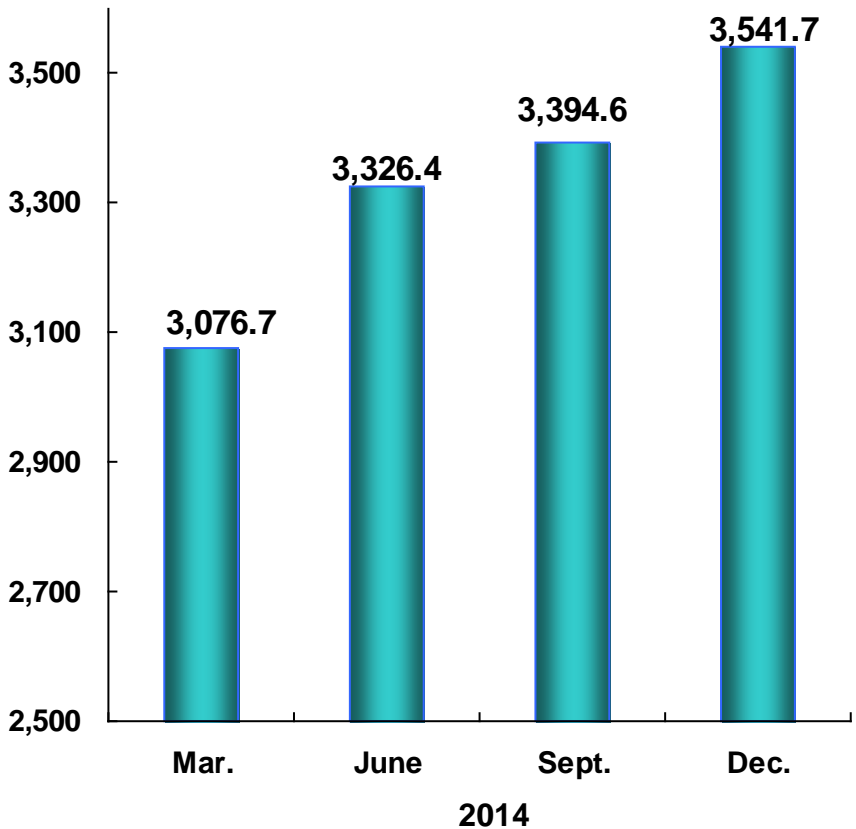


Deposit Balance Exceeded JPY 3.5tn

**Number of accounts: 2,199,615 / Deposits: JPY 3,541.7bn
(as of the end of Dec. 2014)**

Change in Deposits

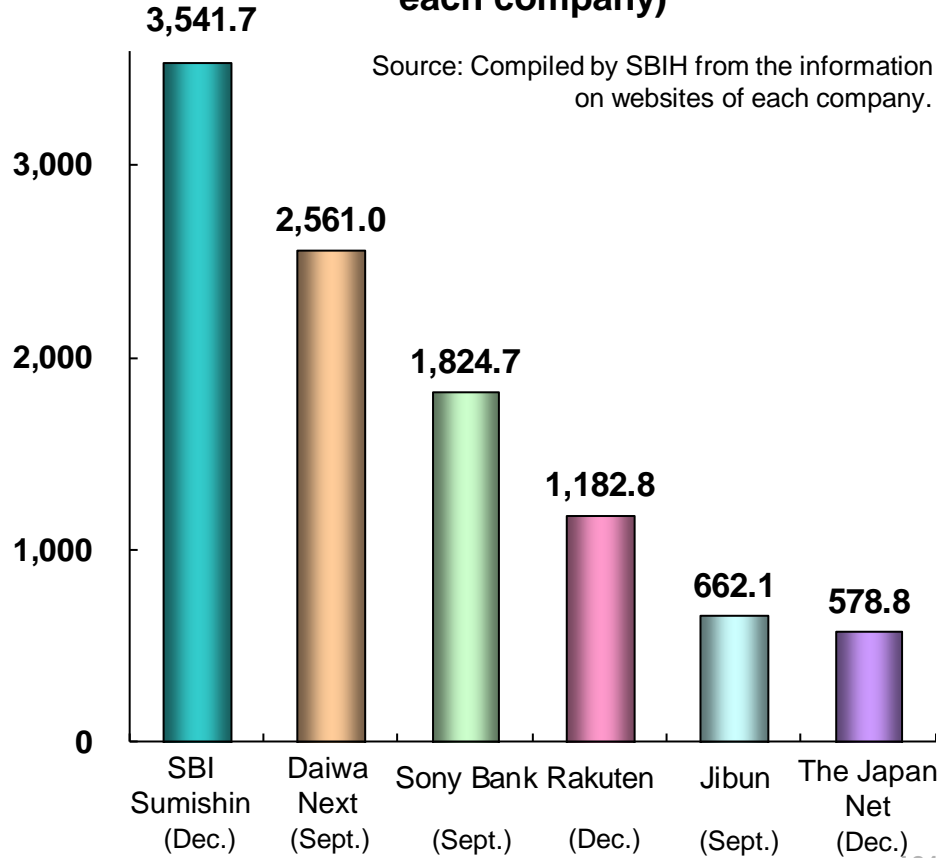
(JPY billion)



Deposits of 6 Internet Banks

(JPY billion)

(Based on latest data disclosed by each company)



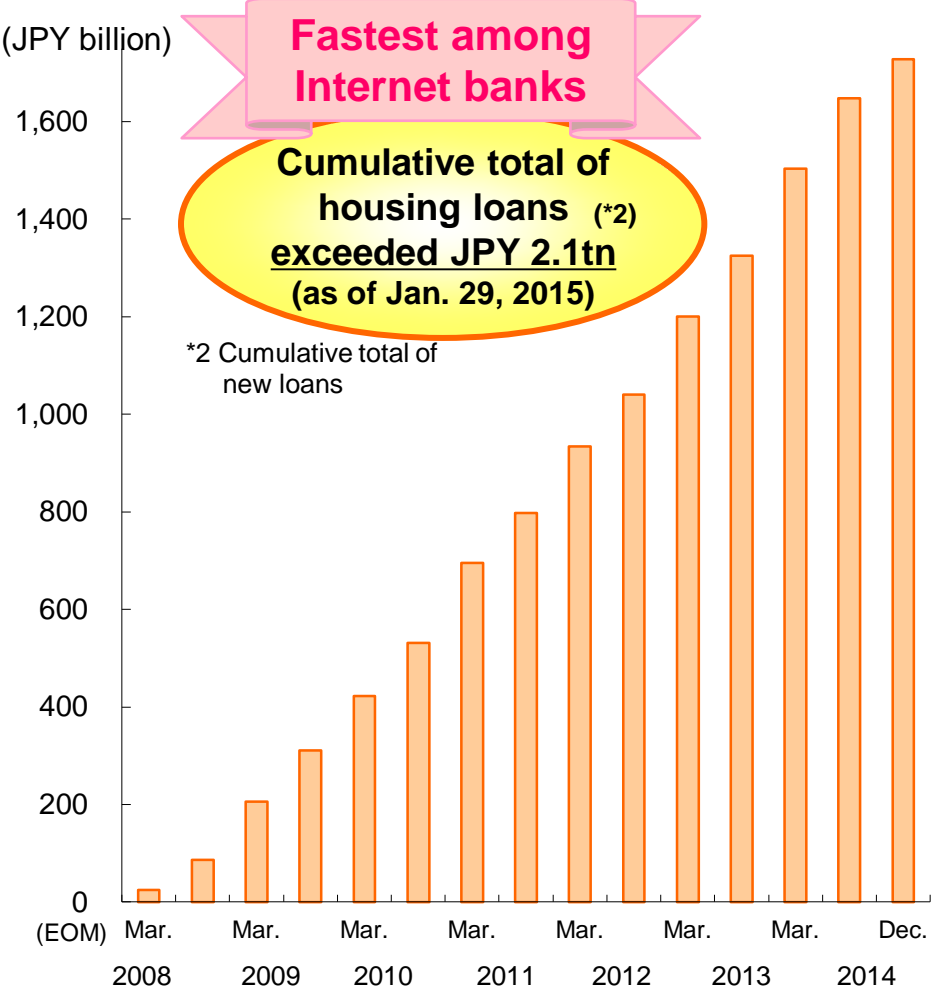
* Amounts are rounded to the nearest JPY 100 million

Diversification of Loans with Deposits Accumulating

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

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

JPY 1,728.5bn (as of the end of Dec. 2014)



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 9 Months FY2014 increased 109.9% YoY

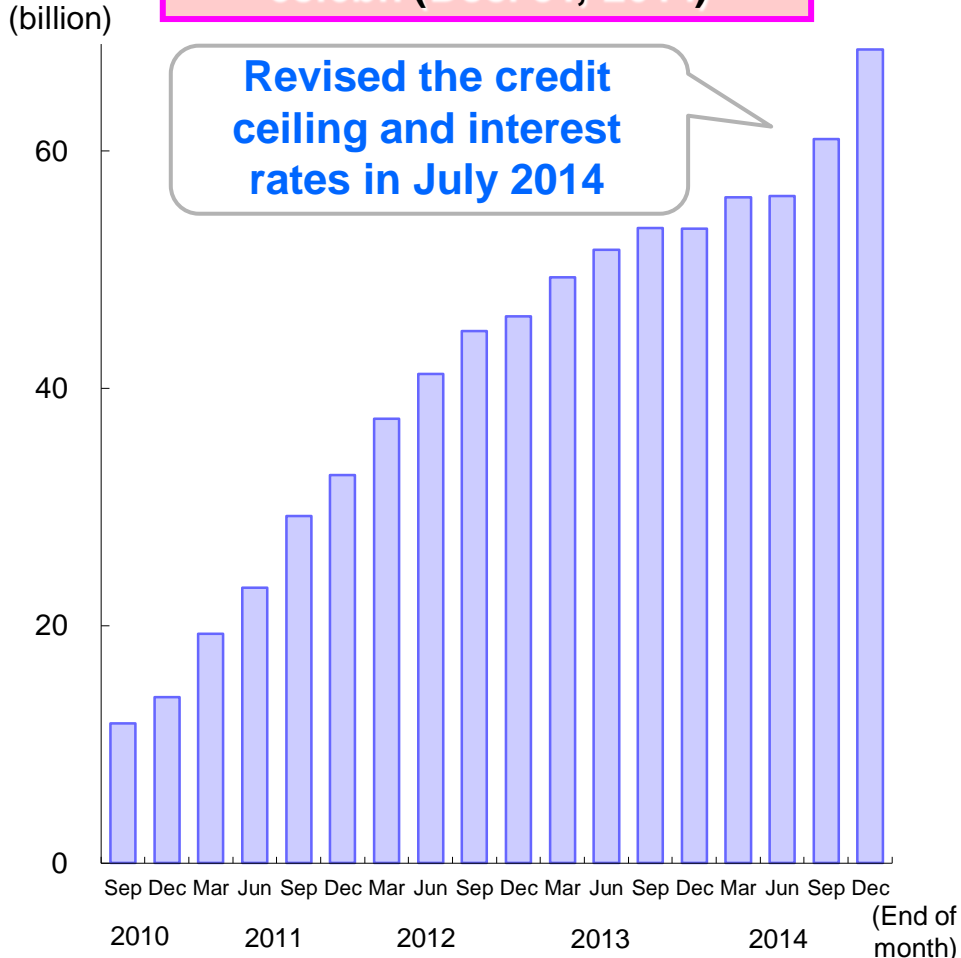
SBI Sumishin Net Bank Planning a Full-fledged Entry into the Credit Card Business

Changes in the Balance of Card Loans

(Sept. 2010-Dec. 2014)

68.6bn (Dec. 31, 2014)

Revised the credit ceiling and interest rates in July 2014



Other asset management lineup:

Specific purpose loans

(as of the end of Dec. 2014)



Service launched from May 2013

Balance of loans increased 2.9 times YoY

SBI Sumishin Net Bank steadily accumulates the balance of specific purpose loans in addition to card loans



Going forward, planning a full-fledged entry into the credit card business, for the creation of new synergies

**② Overseas banking-related
business steadily expanding**

Overseas Banking-related Business is also Steadily Expanding (Example 1)



Cambodia: Phnom Penh Commercial Bank



ធនាគារ ភ្នំពេញ កាណ័ន្ទ
Phnom Penh Commercial Bank

(SBI Group's shareholding: 47.6%) *As of the end of Dec. 2014

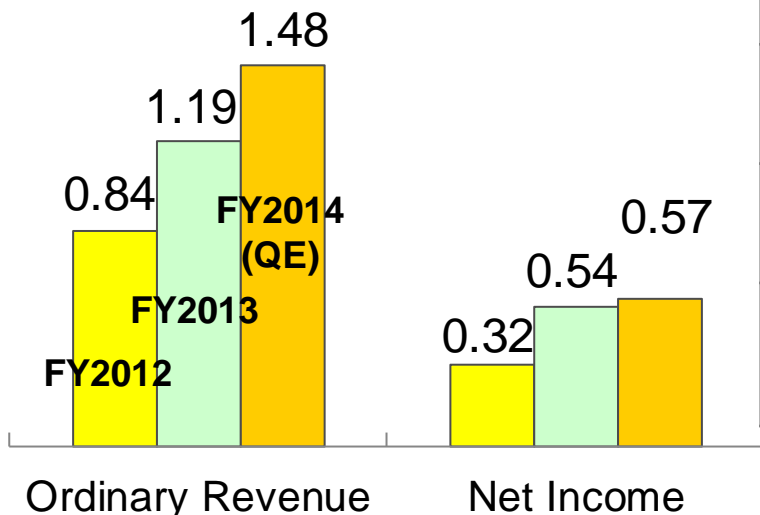


SBI Group's shareholding, including dilutive shares: 91.0%

- ◆ Invested in Phnom Penh Commercial Bank when it opened in Sept. 2008
- ◆ Operates 10 branches throughout the country: 8 branches are in Phnom Penh, one branch is in Siem Reap and another in Battambang.

[Financial results for 3 fiscal years]

Unit: JPY billion



Unit: JPY billion	FY2010	FY2011	FY2012	FY2013	FY2014 (QE)
Total assets	9.4	12.0	14.8	24.5	34.9
Deposits	4.7	7.1	9.5	18.6	21.8
Loans	3.5	5.1	8.2	14.3	19.8

* Converted at USD 1 = JPY 117.85

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

Overseas Banking-related Business is also Steadily Expanding (Example 2)



Vietnam: TPBank

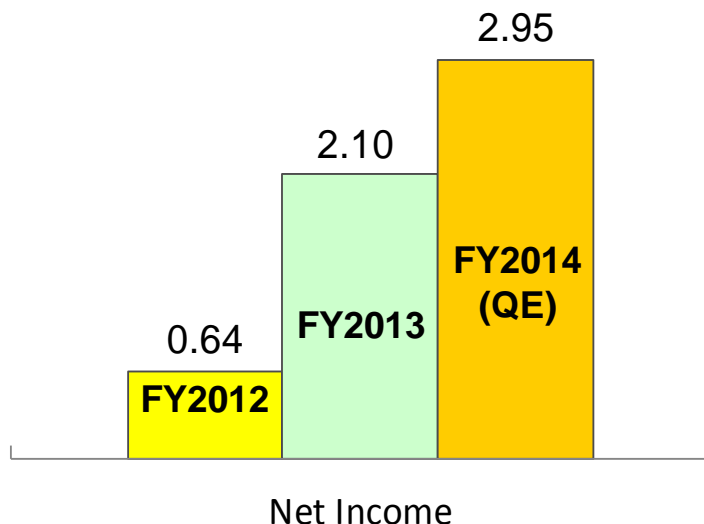


(SBI Group's shareholding: 19.9%) *As of the end of Dec. 2014

- ◆ Acquired shares in Aug. 2009
- ◆ Operates 38 branches throughout the country, including the central branch in Hanoi

[Financial results for 3 fiscal years]

Unit: JPY billion



Unit: JPY billion	FY2012	FY2013	FY2014 (QE)
Total assets	83.2	176.5	283.3
Deposits	51.0	78.8	118.9
Loans	32.9	64.9	107.7

* Converted at VND 1 = JPY 0.0055

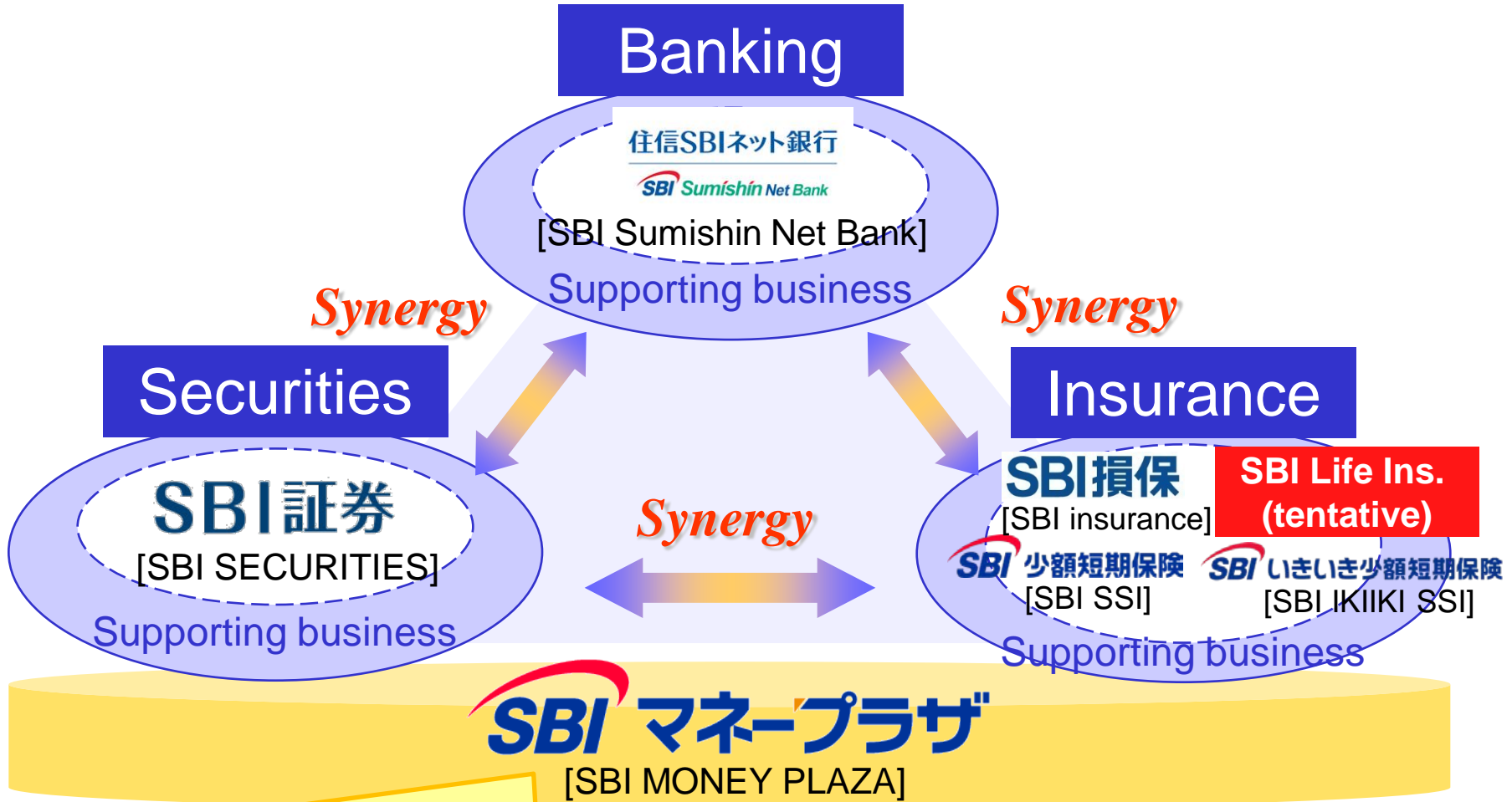
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③ Current business strategy for the banking-related businesses

- (i) Endeavoring to improve profitability through the thorough pursuit of synergies between the SBI Group companies**
- (ii) Based on the accumulated know-how and experience in the banking-related business garnered to this day, forming a support system for the improvement in the earnings capacity of the regional banks**

Endeavoring to Improve Profitability through the Thorough Pursuit of Synergies between the SBI Group Companies

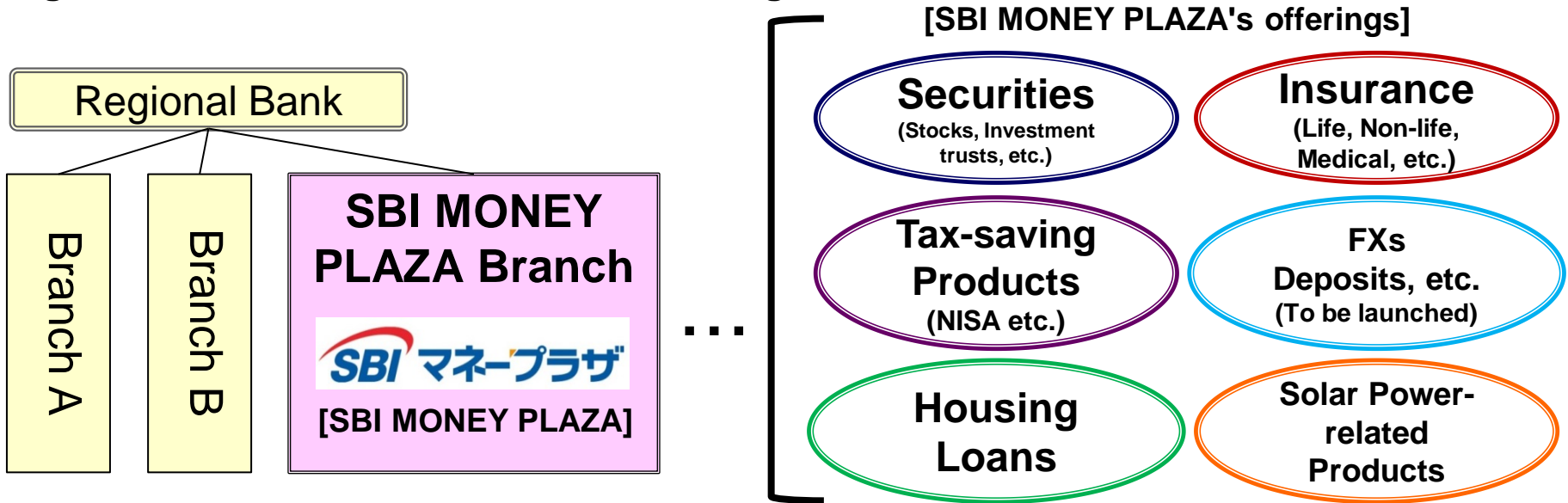
[Making maximal use of SBI's financial ecosystem]



Securities, insurance, housing loans, solar power-related, tax-saving, ordinary deposits, term deposits (under consideration)...

Forming a New Support System to Improve the Earnings Capacity of the Regional Banks (Example 1)

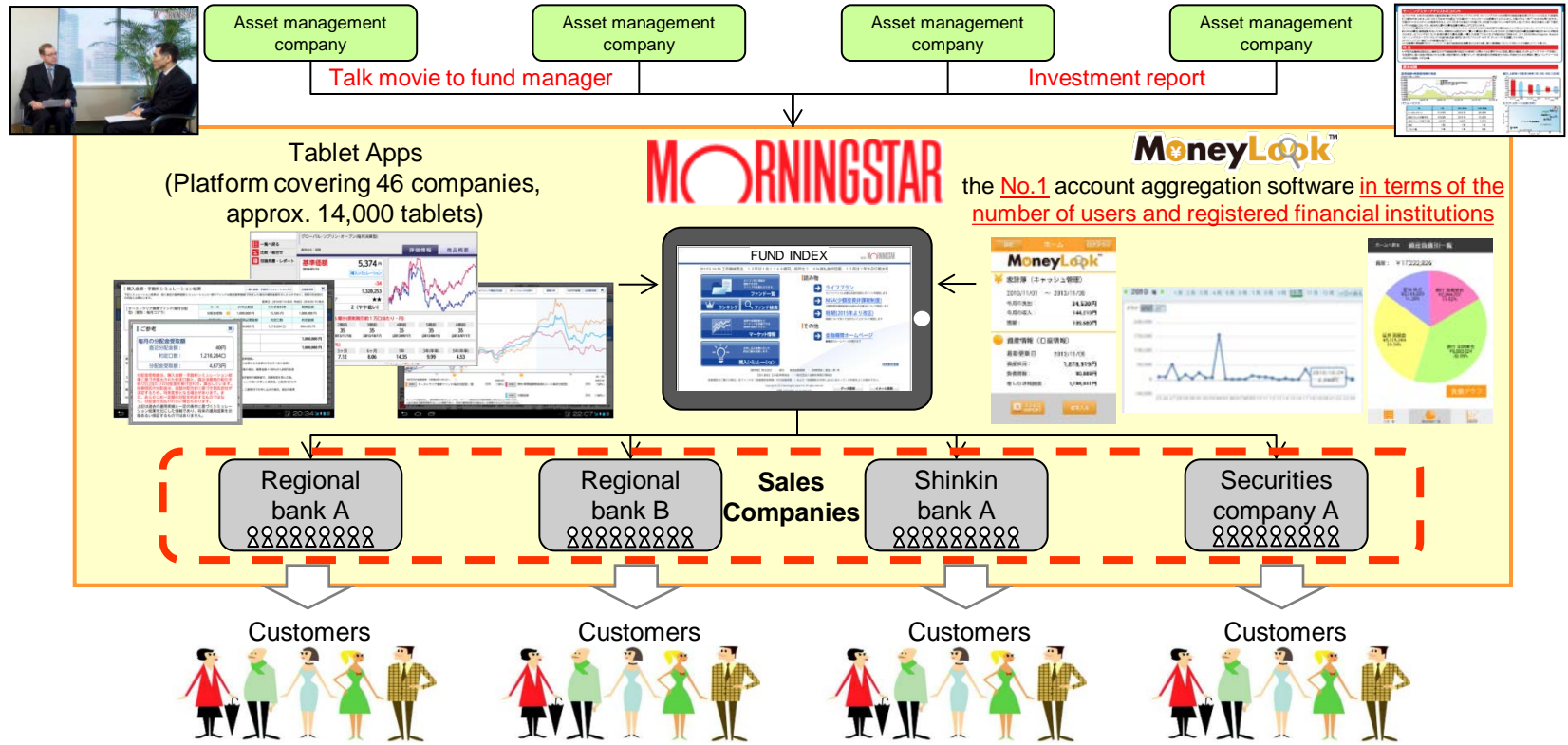
Building on the past track record of having established the former Suruga Bank SOFTBANK Branch, planning to establish "SBI MONEY PLAZA Branch" at various regional financial institutions, such as at regional banks, etc.



- SBI MONEY PLAZA, by opening branches at various regional financial institutions, will position itself to reach new customers and earn commission fees
- On the other hand, the regional financial institutions' own product offering will be supplemented by SBI MONEY PLAZA's broad product offerings, leading to a heightened satisfaction per customer visit
- Also, by SBI MONEY PLAZA becoming a bank agent, regional financial institutions can reach customers on a nationwide basis through the SBI MONEY PLAZA shops
- SBIH will hold a seminar for regional financial institutions in Feb. 2015

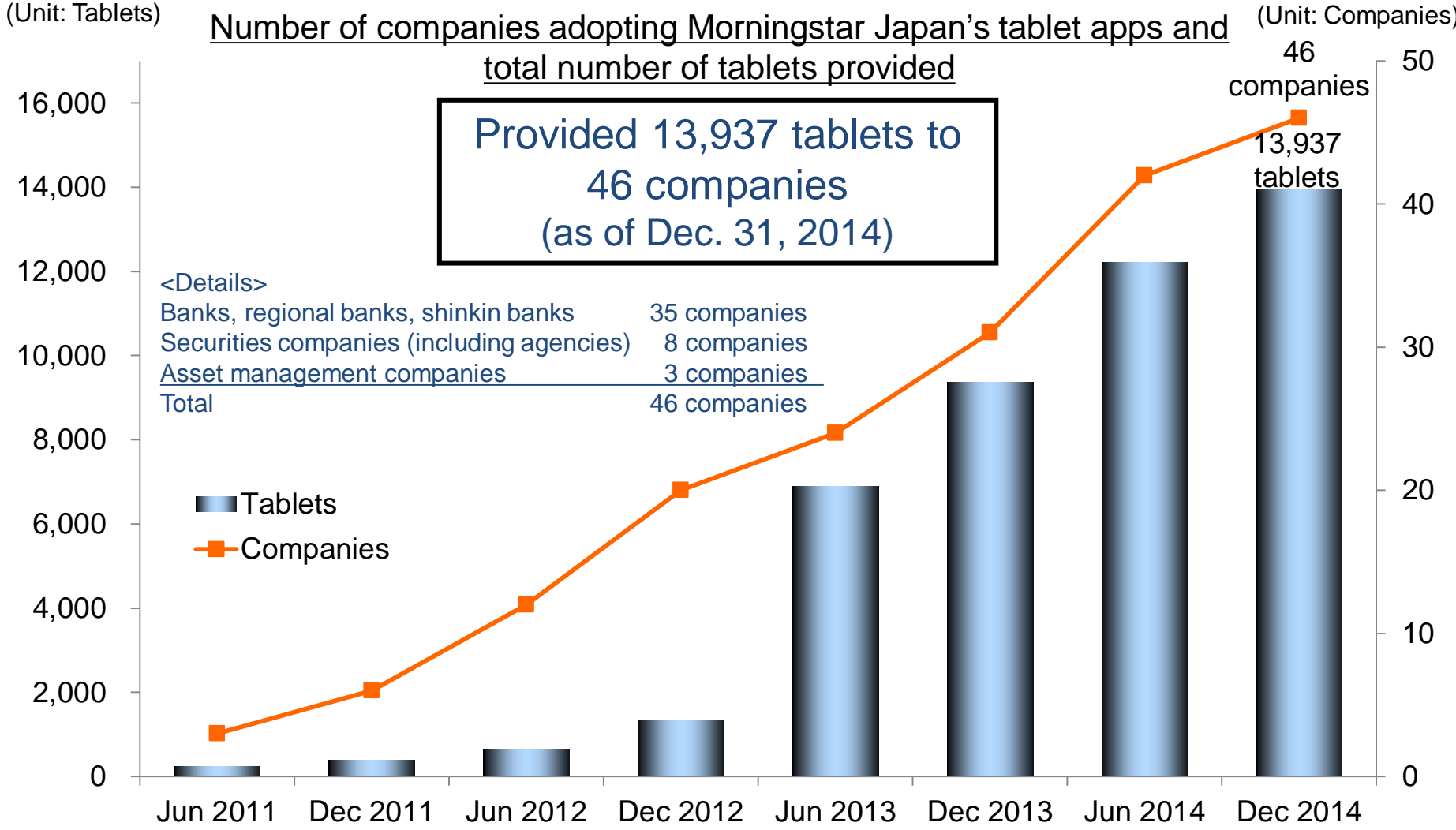
Forming a New Support System to Improve the Earnings Capacity of the Regional Banks (Example 2)

Tablet apps provided by Morningstar Japan:
 Morningstar Japan provides tablet apps for investment information with an emphasis on investment trusts. As a powerful tool for selling investment trusts, it was incorporated into 13,937 tablets, at 46 companies focused on investment trust sales. Going forward, the company is considering providing MoneyLook, as well as a transaction order function to SBI SECURITIES on the app, to create added value as a comprehensive asset management and sales tool.



Forming a New Support System to Improve the Earnings Capacity of the Regional Banks (Example 2)

Number of Morningstar Japan's tablet apps provided both in terms of companies and tablets increasing steadily



3. Transition of 5-ALA related businesses from the preparation phase to the monetization phase

- (1) Total of 20 patents obtained by SBI Pharmaceuticals**
- (2) Progress in 5-ALA related medical research in various fields**
- (3) Conclusion of a patent licensing agreement with Cosmo Oil and development of an integrated system extending from product development to production and sales**
- (4) 5-ALA Business progressing overseas in Bahrain and China**
- (5) Future business strategy for the Biotechnology-related Business**

Patents Held by SBI Pharmaceuticals (Total of 20 Patents)



The name of the invention	Registration date	Co-applicants
Composition for peeling	June 15, 2007	Single application
External preparation for the skin	July 27, 2007	Single application
Antioxidation function improver	Sept. 2, 2011	Cosmo Oil
Health function improver	Sept. 2, 2011	Cosmo Oil
Immune function improver	Sept. 2, 2011	Cosmo Oil
Tumor diagnostic agent	July 13, 2012	Single application
Mitochondrial damage brain disorder treatment and diagnostic agent	Oct. 5, 2012	Single application
Urinary tract tumor determination system	Mar. 22, 2013	Kochi University
Photolesion alleviator	June 21, 2013	Single application
Automatic tumor identification device and automatic tumor location identification method	Feb. 7, 2014	Single application
Bladder cancer detection method	Feb. 14, 2014	Kochi University
Urothelial cancer detection method	Feb. 21, 2014	Kochi University
Male infertility treatment	Mar. 14, 2014	Single application
Cancer thermotherapy action enhancer	Apr. 18, 2014	Tokyo University of Agriculture
Mitochondrial fluorescence staining method	July 11, 2014	Okayama University/Kochi University
Antimalarial drug whose active ingredient is 5-aminolevulinic acid or a derivative thereof	July 25, 2014	The University of Tokyo
Cancer prophylactic and/or improving agent whose active ingredient is 5-aminolevulinic acid or a derivative thereof or a salt thereof	Sept. 12, 2014	Single application
Alaremycin derivative	Nov. 14, 2014	Tokyo Institute of Technology
Adult disease prophylactic and/or improving agent whose active ingredient is 5-aminolevulinic acid or a derivative thereof or a salt thereof	Dec. 19, 2014	Single application
Antimalarial drug whose active ingredient is alaremycin or a derivative thereof	Dec. 26, 2014	Tokyo Institute of Technology

Most Recent Patents Obtained by SBI Pharmaceuticals



Obtained on Dec. 19, 2014

Obtained a patent for **a prophylactic/ameliorating composition** containing 5-ALA as an active ingredient, **for one or more adult diseases** selected from a group consisting of hyperlipidemia, diabetes, hypertension, shoulder stiffness, postmenopausal disorders, gray hair, wrinkles, obesity, poor circulation, and constipation.



Published research papers on the results of clinical studies conducted jointly with Hiroshima University, University of Hawaii, and the Institute of Medical Science, the University of Tokyo

Obtained on Dec. 26, 2014

Obtained a patent for **a prophylactic and/or therapeutic agent for malaria**, consisting of the active ingredient alaremycin or a derivative thereof or a pharmacologically allowable salt thereof (filed jointly with the Tokyo Institute of Technology)



The Tokyo Institute of Technology and SBI Pharmaceuticals predicted a new mechanism of action of antimalarial drugs based on the function of the existing antimalarial drugs and demonstrated that alaremycin shows antimalarial activity as predicted. The patent acquired this time is related to this mechanism.

Research on the Effects of 5-ALA on Various Target Illnesses is Proceeding

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.

Solar keratoses (cancer of skin)

photonamic GmbH & Co. KG in Germany sells in Europe

Cervical intraepithelial neoplasia

Nagoya Univ.



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



Methicillin-resistant Staphylococcus aureus-infected ulcers

Osaka City University

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

Preventing the aggravation of influenza

Tokushima Univ., etc.

Mitochondrial diseases

Saitama Medical Univ., etc.

Cardiac ischemia-reperfusion injury

The University of Oxford

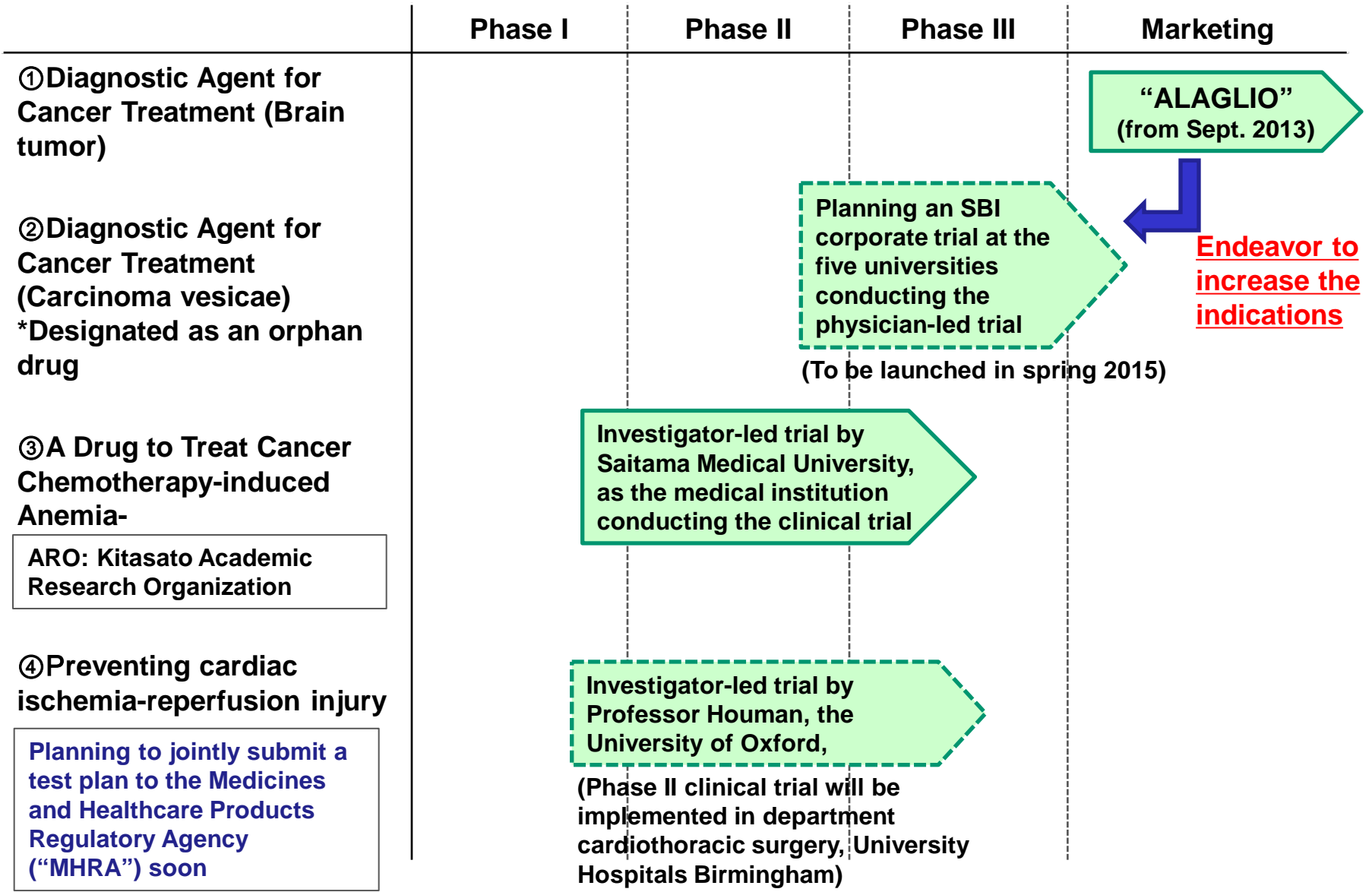
Preventing nephrotoxicity by an anticancer agent

Kochi Univ. and Kawasaki Medical School

Malaria

The Univ. of Tokyo, Tokyo Institute of Technology, and SBI Pharmaceuticals

R&D Progress in the Pharmaceutical Field of SBI Pharmaceuticals

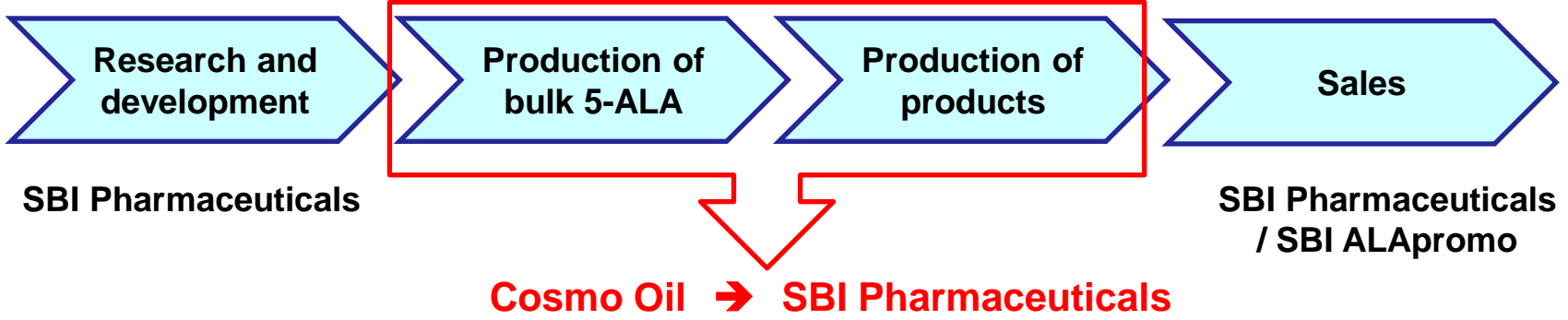


Conclusion of a Patent Licensing Agreement with Cosmo Oil and Development of an Integrated System Extending from Product Development to Production and Sales

The outline of the exclusive license agreement:

- The patent right and the right to obtain a patent related to 5-ALA and its production methods for use in pharmaceuticals, quasi-pharmaceuticals, cosmetics and food products (except for use in hair growth of head and body hair)
- Technical information

Process from development to sales:



Further expansion of 5-ALA related businesses within an integrated system extending from product development to production and sales

Increasing Partner Medical Institutions for Clinical Research on foods and medicines using 5-ALA 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 intervention test 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 (RCSI) 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 ten 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 etc.

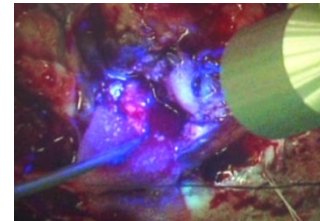
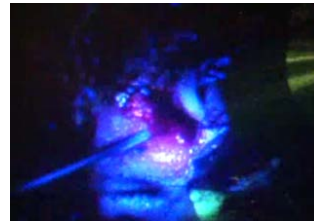
Two Types of Medical Light Source Devices Developed by SBI Pharmaceuticals

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



The violet LD light source Alcedo LS-VLD

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

Launching soon in Japan

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

Accelerating 5-ALA Related Business in China ①

Sept. 2012:

Completion of the investment in Chinese bioventure Suzhou Yian Biotech Co., Ltd. (SBI Group's shareholding ratio: 40%)

Business:

- Manufacture of an active ingredient of 5-ALA
- Production of medicines, health foods and cosmetics that contain 5-ALA

[Progress of the business]

- Steady Progress toward obtaining various licenses in China

The 5-ALA manufactured by Yian has already passed the safety and toxicity tests of a state designated institution, and meets the national standards of China.

(i) Materials license for containing 5-ALA in food products

→ Planning to submit to the Ministry of Health (equivalent to the Ministry of Health, Labour and Welfare in Japan)

SBI Pharmaceuticals to dispatch technical experts to support the response to a Ministry of Health examination

(ii) Product license for health products planned to be sold

→ After efficacy trials, planning to submit to the China Food and Drug Administration (CFDA)

→ Expecting to obtain a products license in the first half of 2015

- Completed construction of health food manufacturing plant

→ Procurement of equipment and materials, and work to install a clean room now in progress



[Exterior of the plant]

Accelerating 5-ALA Related Business in China ②

- Efficacy study of 5-ALA in the diabetes mechanism is moving forward at School of Life Sciences Fudan University. SBI Pharmaceuticals' CTO Toru Tanaka and CSO Motowo Nakajima were invited by Fudan University as visiting professors.
- Procedures underway on-site for the establishment of an import and sales company with the New Hope Group, China's largest agribusiness operator, which exclusively handles 5-ALA containing health foods from Japan, in the Shanghai Free Trade Zone.
- The joint venture with the New Hope Group in China will exclusively manage manufacturing and distribution of forages and fertilizers containing 5-ALA.
 - Currently the efficacy test on fertilizers containing 5-ALA is being conducted by the New Hope Group.

Future Plan:

Now negotiating with a Chinese company to out-license 5-ALA drug development technology as an entry into the pharmaceutical business

(5) Future Business Strategy in Biotechnology-related Business (SBI Biotech and SBI Pharmaceuticals)

- 1) Seek to complete an SBI Biotech IPO (Lead manager: Mizuho Securities) in 2015 and an SBI Pharmaceuticals IPO in three years.**
- 2) Full-scale startup in preparation for establishment of an overseas production base through conclusion of a patent licensing agreement with Cosmo Oil and legal establishment of an integrated system extending from production to sales of pharmaceuticals, health foods, and cosmetics containing 5-ALA**
- 3) SBI Pharmaceuticals will engage in out-licensing in the pharmaceuticals sector. It has already received and is considering approaches from pharmaceutical majors in several fields, including Alzheimer's and ulcerative colitis.**
- 4) Seek to enter into alliances with major suppliers concerning health foods and cosmetics containing 5-ALA.**

[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 Jan. 28, 2015) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	459.7 (+)*
Asset Management	115.6
Biotechnology-related	63.1
Housing and Real Estate	17.1
Sum total	655.5 (+)

Business valuation per share: JPY 2,919

* Other businesses including SBI MONEY PLAZA and SBI Guarantee are also profitable, but these businesses are not included in this valuation estimation.

Of the major Group companies, 12 are profitable companies that are not included in the above calculations (Total FY2013 Operating Income: approx. JPY 1.6bn)

* As for specific formula, refer to the after-mentioned reference part.

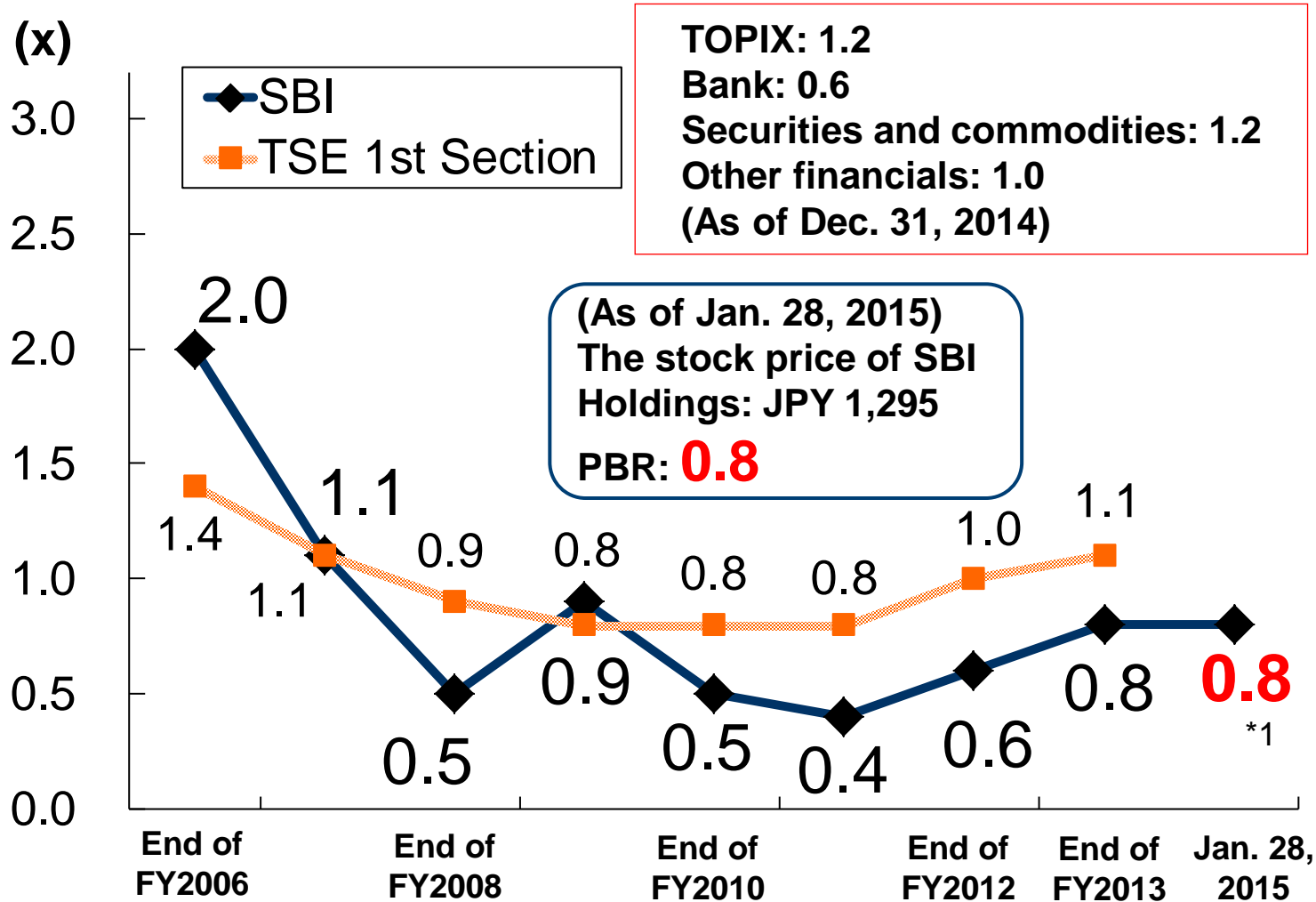
SBI Holding's Recent Stock Price

Market cap (based on the closing price on Jan. 28, 2015): **JPY 290.8bn**



Change in PBR of SBI Holdings

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



SBI Holdings' PER based on the EPS of 1H FY2014 is 10.4^{*2}
(As of Jan. 28, 2015)

[Reference]
SBI Holdings' PER based on forecast EPS

PER:
9.7 (Nikkei Kaisha Joho)
6.2 (Japanese company handbook)

^{*1} PBR of SBI Holdings for Jan. 28, 2015 is calculated based on the BPS of the end of Sept. 2014.

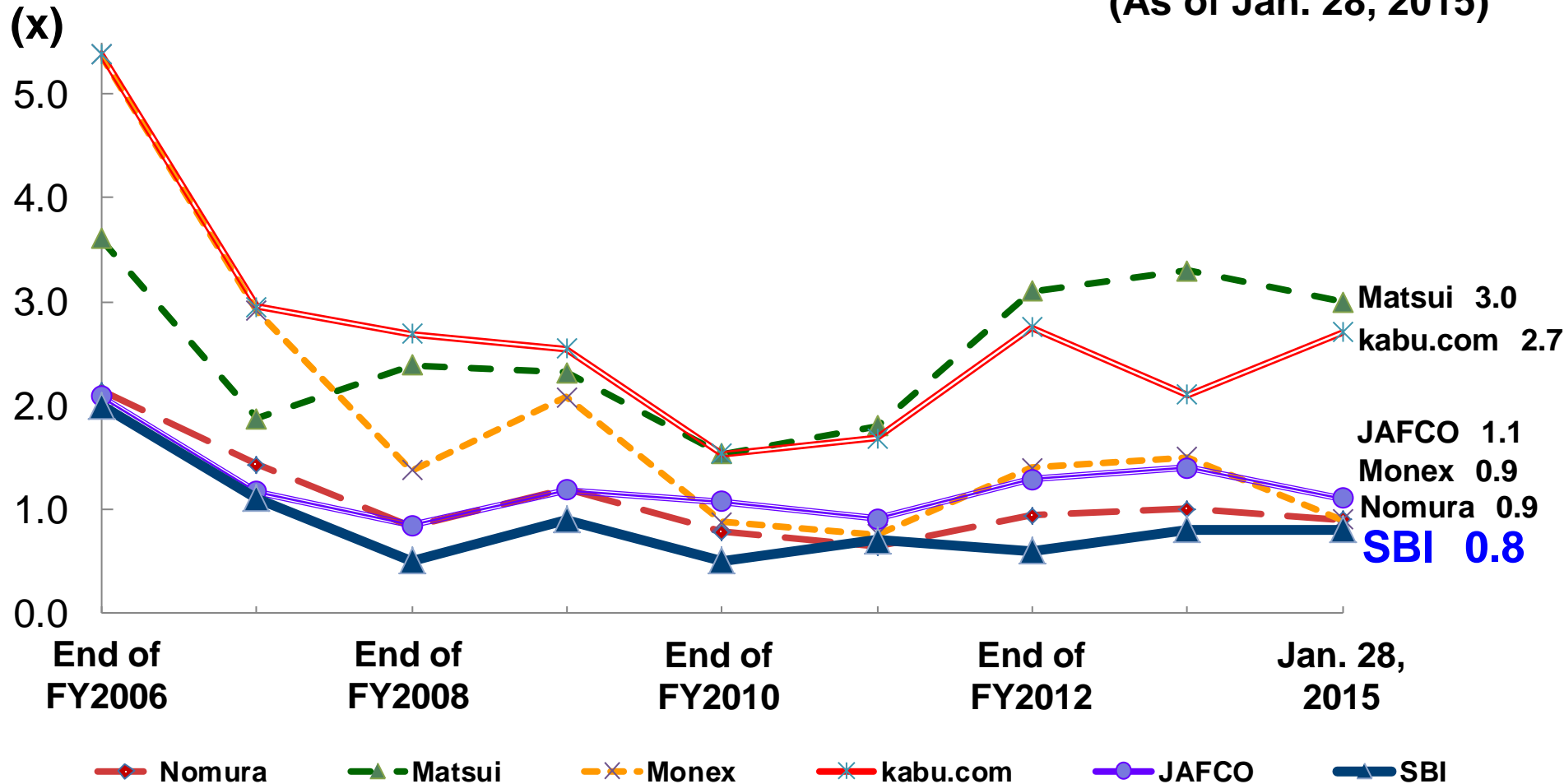
^{*2} For convenience, EPS of 1H FY2014 (JPY 119.11) is used to calculate SBI Holdings' PER.

Note: 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 Jan. 28, 2015)



*PBR for Jan. 28, 2015 is calculated based on the BPS of the end of Sept. 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 **298.2bn**

(based on the closing prices of Jan. 28, 2015)

SBIH's market cap as of Jan. 28 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 a comparable public company, Matsui Securities.

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

Matsui's PER (*1) × SBI SECURITIES's net income (FY2013) ... (A)

Matsui's PBR (*2) × SBI SECURITIES's net asset (*3) (as of Dec. 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 Sept. 30, 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) Holdings

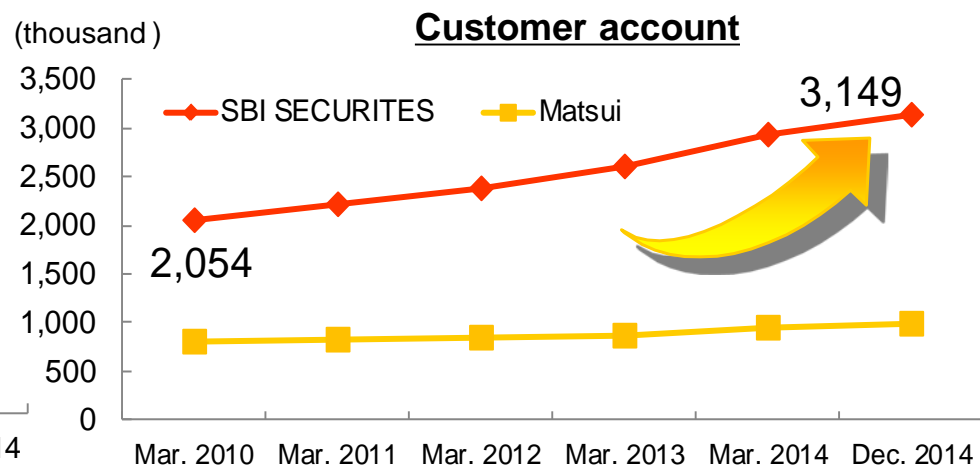
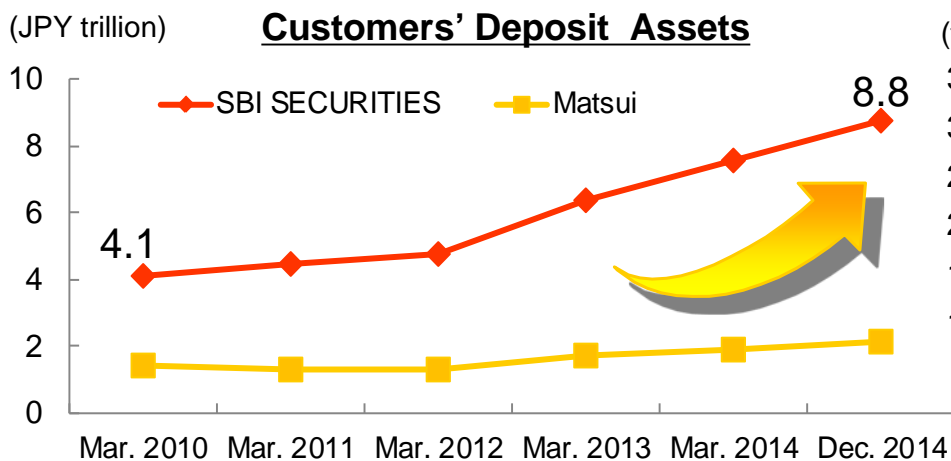


Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES Matsui Securities

*Calculated by the closing prices of Jan. 28, 2015

(9 Months FY2014)	SBI SECURITIES	Matsui Securities
Valuation (market cap) *	JPY 298.2bn	JPY 273.0bn
Deposit assets (Dec. 2014)	No.1 JPY 8.8tn	JPY 2.1tn
Number of accounts (As of the end of Dec. 2014)	No.1 3.15 million	0.98 million
Share of individual stock brokerage trading value	No.1 37.5%	12.9%
Operating income	No.1 JPY 25.0bn (up 0.3% YoY)	JPY 16.4bn (down 24.5% YoY)



Valuation by Segment Estimated by SBI

(1) Financial Services Business ② SBI Sumishin Net Bank

② SBI Sumishin Net Bank

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

JPY 168.9bn → JPY 84.4bn (based on the closing prices of Jan. 28, 2015)
 (Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

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

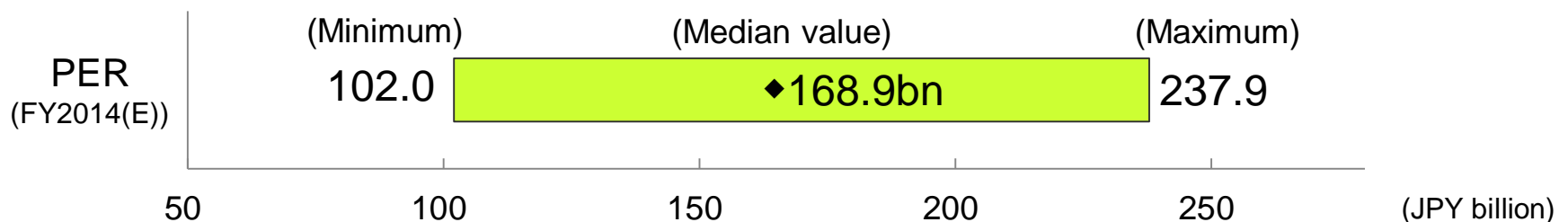
Compares the profits of comparable public companies of which the deposit balance exceeds JPY 3tn as of the end of Mar. 2014

Median value of estimated PERs of listed local banks of which the deposit balance exceeds JPY 3tn (*1) × SBI Sumishin Net Bank's estimated net income (FY2014) (*2)

*1 Compiled by the Company from the materials disclosed by the listed local banks of which the deposit balance exceeds JPY 3tn

*2 Estimated net income for FY2014 is calculated by doubling the 1H FY2014 net income

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



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 26.3bn** (based on the closing price of Jan. 28, 2015)

Estimation of the valuation is as follows:

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

Compares the market cap and profits of comparable public companies, namely Money Partners and MONEY SQUARE JAPAN

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

* 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 income	JPY 1,165m
JPY 9,067m	Net assets	JPY 4,087m

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

Valuation by Segment Estimated by SBI

(1) Financial Services Business ④ SBI Japannext

④ SBI Japannext

Estimates the valuation of SBI Japannext at JPY 34.8bn

→ JPY 18.4bn (based on the closing prices of Jan. 28, 2015)

(Shareholding of the SBI Group: 52.8%)

Estimation of the valuation is as follows:

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

Compares the profit of a comparable public company, namely Japan Exchange Group

Japan Exchange Group's PER (*) × SBI Japannext's estimated net income (FY2014)

* PER of Japan Exchange Group is calculated by the estimated net income per share for FY2014.

Valuation by Segment Estimated by SBI

(1) Financial Services Business

⑤ SBI Comparison Website Business / ⑥ Other Financial Services Business

⑤ SBI Comparison Website Business

Valuation is estimated at **JPY 19.6bn** (based on the closing price of Jan. 28, 2015)

Estimation of the valuation is as follows:

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

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

$\frac{\{(Kakaku.com's\ PER + WebCrew's\ PER)\}}{2} \times \text{Net income of SBI Comparison Website Business (FY2013)}$

2

* PER of Kakaku.com and WebCrew are calculated by their estimated net income per share for FY2014.

⑥ Other listed subsidiaries and equity method companies in this business segment

	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	7.2	1.9
Sum of the market cap of listed subsidiaries and equity method associates				29.2	12.7

(Based on the closing price of Jan. 28, 2015)

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

Valuation by Segment Estimated by SBIH



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

① SBI SECURITIES

(based on the closing prices of Jan. 28, 2015)

Upon comparison with similar listed companies calculated conservatively as **JPY 298.2bn**

② SBI Sumishin Net Bank

(based on the closing prices of Jan. 28, 2015)

Estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 168.9bn → **JPY 84.4bn** (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market (cons.)

(based on the closing prices of Jan. 28, 2015)

Upon comparison with similar listed companies calculated as **JPY 26.3bn**

④ SBI Japannext

(based on the closing prices of Jan. 28, 2015)

Upon comparison with similar listed companies estimated the valuation at JPY 34.8bn → **JPY 18.4bn** (Shareholding of the SBI Group: 52.8%)

⑤ SBI Comparison Website Business

(based on the closing prices of Jan. 28, 2015)

Upon comparison with similar listed companies calculated as **JPY 19.6bn**

⑥ Total market cap upon SBIH's shareholding of other listed subsidiaries and equity method companies, in total 2 companies, in this segment

The sum of market caps of Morningstar Japan and SOLXYZ (Shareholding of the SBI Group) **JPY 12.7bn** (based on the closing prices of Jan. 28, 2015)

Total of the valuation above: JPY 459.7bn (The SBI Group's total shareholding)

Valuation by Segment Estimated by SBIH

(1) Financial Services Business

⑦ Other Financial Services Businesses (Profitable Entities)

There are many other profitable business entities in this segment

	Business lineup	Operating income for FY2013 (JPY billion)	SBI's shareholding pct. (%)
SBI MONEY PLAZA	Insurance agency, financial instruments intermediary service provider, housing loan agency	0.9	100.0
CEM Corporation	Real estate secured loans	0.5	79.7
SBI Guarantee	Various guarantee services including mainly the guarantee of nonpayment of rent	0.1	100.0

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

 Proceeds generated may be appropriated to strengthen the three core businesses

Valuation by Segment Estimated by SBIH



(2) Asset Management Business

① Valuation Measuring Method

Asset Management Business

Valuation for this segment is estimated at approx. JPY 115.6bn

<Reference>

JAFCO's Market Cap: **JPY 192.9bn** (based on the closing price of Jan. 28, 2015)

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

(i) Value of holding securities (at the end of Dec. 2014) Approx. JPY 95.7bn

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 Jan. 28, 2015)

(* Valuation excluding assets such as securities hold) Approx. JPY 13.0bn

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

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

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

*PER of JAFCO is calculated by the estimated net income per share for 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) Asset Management 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	7.2*	3.1
SBI Investment KOREA	43.9	Equity method associate	KOSDAQ of KRX	8.8*	3.8
Sum of the market cap of listed subsidiaries and equity method associates				15.9	<u>6.9</u>

(Based on the closing price of Jan. 28, 2015. *Calculated by the exchange rate as of Jan. 28, 2015.)

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

		Business lineup	Operating income 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 63.1bn

① SBI Pharmaceuticals

Estimation of the valuation is as follows:

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



Based on SBIH's equity interest (excluding external holdings) as of the end of Dec. 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*: 38.3%)

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 (78.2%) 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 17.1bn**

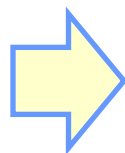
Estimation of the valuation is as follows:

Sum of the calculated value of the commercial real estate properties of SBIH as of the end of Dec. 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 Dec. 2014, valuation is **approx. JPY 7.3bn**

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	13.3	<u>9.8</u>

[Appendix]

Continuously Achieving a High Customer Satisfaction Assessment ① SBI SECURITIES



1st

“Oricon customer satisfaction ranking” of 2014
[Online securities comprehensive ranking]

For 8 years!!

<Evaluation item>

12 items, such as “commissions & dealing cost,” “easy account opening,” “variety of products,” “provision of Information” and “analytics tools,” etc.

Customer Service Center



HDI (Help Desk Institute) Certification in 2014
[Securities Industry]
“Call-center Contact Ranking”
Achieved the highest rank “three stars”

For 5 years!!



Highest Award for the Category

“CCJA 2014” (11th Contact Center Award)
Received the highest award for “Best Operation” category

**For 4 years!!
First ever**



Chairman's Prize

Japan Telecom Users Association
18th Corporate Telephone Response Contest in 2014

Prized 4 years in a row!!

Official Website



HDI (Help Desk Institute) Certification in 2014
[Securities Industry]
“Support Portal Raking (Official Website)”
Achieved the highest rank “three stars”

**5th time
4 years in a row!!**

Continuously Achieving a High Customer Satisfaction Assessment ② SBI Sumishin Net Bank

	1st “Oricon customer satisfaction ranking” of 2014 [Online banking]	4th time
	1st JCSI Customer Satisfaction Survey (Japanese Customer Satisfaction Index) Banking industry	For 6 years!
	1st “10th Nikkei Financial Institution Ranking” Customer Satisfaction by generations, 20s and 30s	For 2 years!
	1st JMA Research “Assessment of Mortgage Products” by mortgage personnel	For the first time!

Appraised as No. 1 among the 7 banks (*) in all 5 categories, which were: “Mortgage which you want to utilize,” “Mortgage which you want to recommend,” “Mortgage which interest is attractive,” “Mortgage which has best collection of ancillary services,” and “Mortgage which is reliable in an emergency.”

* The comparison among 4 city banks (The Bank of Tokyo-Mitsubishi UFJ, Mizuho Bank, Sumitomo Mitsui Banking Corporation and Resona Bank) and 3 Internet banks (SBI Sumishin Net Bank, Sony Bank and Rakuten Bank)

Continuously Achieving a High Customer Satisfaction Assessment ③ SBI Insurance



1st

Diamond Weekly
“Auto Insurance Premium Ranking”

* In the Jan 17, 2015 special issue

“Auto Insurance Premium Ranking: SBI Insurance takes No.1 in the most categories”

For 7 years !



1st

Oricon customer satisfaction ranking FY 2015
Auto Insurance Category
“Auto Insurance Premium Ranking”

For 6 years !



1st

Kakaku.com / Auto Insurance Satisfaction Ranking (2014) Premium Section

For 5 years !



1st

JCSI (Japanese Customer Satisfaction Index)
Customer Satisfaction Survey 2014
Nonlife insurance industry customer satisfaction

For the First Time!

Official Website



HDI-Japan HDI's Call-center Customer Satisfaction Ratings 2014
Top “three-star” rating in the Support Portal (Official Website) Category

For 3 years !

Number of Companies and Consolidated Employees of the SBI Group

Number of Group companies

	Mar. 31, 2014	Dec. 31, 2014
Consolidated subsidiaries (companies)	139	140
Consolidated partnerships (partnerships)	36	34
Total consolidated subsidiaries (companies)	175	174
Equity method companies (companies)	38	38
Total Group companies (companies)	213	212

Number of consolidated employees

	Mar. 31, 2014	Dec. 31, 2014
Total employees (persons)	5,352	5,225

Assets Under Management of the SBI Group

(As of the end of Dec. 2014)



Private equity, etc. JPY 309.6bn (Including JPY 121.5bn of both cash and commitment amount to be paid in) (*3)

Breakdown by Industry	Amount
IT/Internet	25.9
Biotechnology/Health/Medical	42.1
Services	18.8
Materials/Chemicals	2.1
Environmental/Energy	19.7
Retail/Food	14.3
Construction/Real estate	0.6
Machine/Automobile	8.5
Finance	35.4
Others	20.8
Total	188.1

Breakdown by region	Amount
Japan	86.0
China	31.5
Korea	23.4
Taiwan	1.9
Southeast Asia	10.9
India	2.0
U.S.	29.1
Others	3.3
Total	188.1

Investment trusts, etc. JPY 215.1bn

Investment trusts	116.7
Investment advisory	94.8
Investment companies	3.6

*1 Calculated by the exchange rate as of the end of Dec. 2014

*2 Amounts are rounded to the nearest JPY 100m

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

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