



*Strategic  
Business  
Innovator*

**SBI Holdings, Inc.**

**First Quarter Financial Results**

**(Fiscal Year Ending March 31, 2016)**

**July 30, 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. 1Q FY2015 Consolidated Financial Results**
- 2. The Company's Outlook for FY2015 Based on the Current Business Environment**
- 3. Measures to Promote the Actualization of SBIH's Corporate Value**

# 1. 1Q FY2015 Consolidated Financial Results

- From this fiscal year, partially changing the financial results presentation by eliminating the operating income category, and presenting the profit before income tax expense as a criteria instead
- 1Q FY2015 consolidated financial results achieved increases in both revenue and profits
- Results for all three major businesses, the Financial Services Business, the Asset Management Business and the Biotechnology-related Business, achieved increases in both revenue and profits, or improved their losses
- Interest-bearing debt ratio of 97.6%, and SBIH's financial base remains stable
- Based on the strong financial results, planning for an interim dividend of JPY 10 per share

# Eliminating Operating Income Category Starting FY2015

Since there are instances where a clear differentiation between operating income and non-operating income items may not be made, a difference of opinion may occur, and so upon consultation with an auditor the operating income and non-operating income categories were eliminated

**⇒ Upon elimination of operating income items, profit before income tax expense will become a criteria for the financial results**

The summary of the change of the method to express the financial results, as an example of consolidated statements of Income for 1Q FY2014 (Unit: JPY million)

<b>Before</b>	Operating revenue	44,413	
	Operating expense	(39,255)	
	Share of the profit of associates and joint ventures accounted for using the equity method	37	
	<b>Operating income</b>	5,195	
	Other financial income	85	
	Other financial cost	(1,114)	
	<b>Profit before income tax expense</b>	4,166	

**Difficulty in the classification of items to the operating income or others categories**

<b>After</b>	Revenue	44,498	← 44,413 (Operating revenue)+ 85 (Other financial income)
	Expense	(40,369)	← 39,255 (Operating expense)+ 1,114 (Other financial cost)
	Share of the profit of associates and joint ventures accounted for using the equity method	37	
	<b>Profit before income tax expense</b>	4,166	

**Integrating into “Revenue” and “Expense”, and eliminating operating income category**

\*There is no change of expression on and after Profit before income tax expense

# Achieved Significant Increases Both in Revenue and Profits, Owing to a Company-wide Strengthening of the Revenue Base, and a Buoyant Stock Market

1Q FY2015 Consolidated Performance (IFRS: year-on-year)

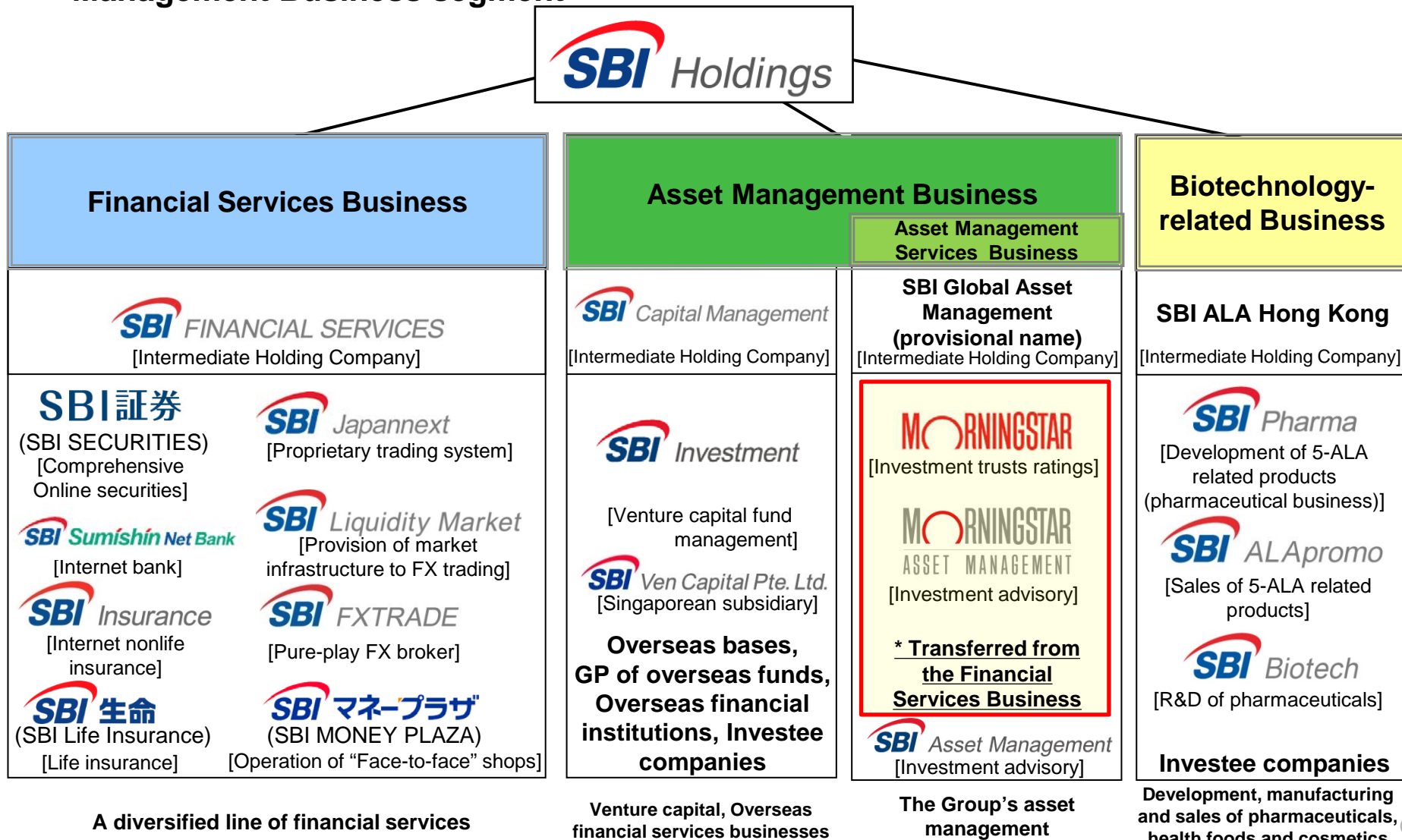
(Unit: JPY million)

	1Q FY2014 (Apr. 2014-June 2014)	1Q FY2015 (Apr. 2015-June 2015)	YoY % change
<b>Revenue</b>	<b>44,498</b>	<b>66,735</b>	<b>+50.0</b>
Profit before income tax expense	4,166	14,861	+256.7
Profit for the period	2,312	11,619	+402.5
Profit attributable to owners of the Company	6,908	11,555	+67.3
<b>R O E (%)</b>	<b>2.1</b>	<b>3.0</b>	<b>+0.9p.</b>
<b>R O E (%) (%, annualized)</b>	<b>8.4</b>	<b>12.0</b>	<b>+3.6p.</b>

\* Shows the increase in percentage points

# Change in Business Segmentation Starting FY2015

- ① Newly Established Asset Management Services Business within the Asset Management Business
- ② Transferred Morningstar Japan from the Financial Services Business to the Asset Management Business segment



# 1Q FY2015 Revenue by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

	1Q FY2014 (Apr. 2014 –June 2014)	1Q FY2015 (Apr. 2015 –June 2015)	YoY % change
Financial Services Business	32,151	40,715	+26.6
Asset Management Business	11,253	24,454	+117.3
Biotechnology-related Business	177	482	+172.3
Others (Primarily Housing and Real Estate Business)	1,584 <sup>*2</sup>	1,509	-4.7

\*1 Figures are before elimination of inter-segment transactions

\*2 Revenue for 1Q FY2015 includes SBI Life Living's revenue of JPY 1,164m, which was sold in Feb. 2015

\*3 Revenue for 1Q FY2015 decreased by JPY 1,113m in the Financial Services Business, and increased by JPY 1,207m in the Asset Management Business, owing to the segment transfer of Morningstar Japan and other companies from the Financial Services Business to the Asset Management Business segment (Difference of JPY 94m is eliminated as inter-segment transactions)



# 1Q FY2015 Profit before Income Tax Expense by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

	1Q FY2014 (Apr. 2014 –June 2014)	1Q FY2015 (Apr. 2015 –June 2015)	YoY change (YoY % change)
Financial Services Business	9,120	13,444	+4,324 (+47.4)
Asset Management Business	-1,890	4,420	+6,310 ( - )
Biotechnology-related Business	-1,248	-1,070	+178 ( - )
Others (Primarily Housing and Real Estate Business)	311 *2	-21	-332 ( - )

\*1 Figures are before elimination of inter-segment transactions

\*2 Profit before income tax expense for 1Q FY2015 includes SBI Life Living's profit of JPY 318m, which was sold in Feb. 2015

\*3 Profit before income tax expense for 1Q FY2015 has decreased by JPY 414m in the Financial Services Business, and increased by JPY 414m in the Asset Management Business, owing to the segment transfer of Morningstar Japan and other companies from the Financial Services Business to the Asset Management Business segment

# Consolidated Financial Indicators of SBI Holdings

**Substantive figures after deducting the customer asset and liability accounts associated with the securities company \*1** (Unit: %)

	Mar. 2014	Mar. 2015	June 2015
Ratio of profit before income tax expense to total assets (ROA; annualized)	3.5 (FY2013)	5.2 (FY2014)	4.7 (FY2015)
Interest-bearing Debt Ratio *2	135.2	97.7	97.6
Ratio of Equity Attributable to Owners of the Company *3	22.2	22.2	21.4

**[Average ROA by Industry]**  
(Disclosure material of TSE for FY2014)  
**Banking: 0.7%**  
**Securities: 1.2%**  
**All industry: 2.3%**

**[Reference] Figures including the abovementioned customer asset and liability accounts  
 (Interest-bearing Debt Ratio is the same as above)**

**Decreased temporarily, owing to shareholder returns totaling approx. JPY 17.6bn**

Ratio of profit before income tax expense to total assets (ROA; annualized)	1.4 (FY2013)	2.0 (FY2014)	1.7 (FY2015)
Ratio of Equity Attributable to Owners of the Company	11.3	11.3	10.5

\*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

# Cash Flow for 1Q FY2015

(Unit: JPY million)

	1Q FY2014 (Apr. 2014 –June 2014)	1Q FY2015 (Apr. 2015 –June 2015)	YoY change
<b>Net cash generated from operating activities</b>	<b>2,574</b>	<b>35,069</b>	<b>+32,495</b>
<b>Profit before income tax expense</b>	<b>4,166</b>	<b>14,861</b>	<b>+10,695</b>
<b>Increase/decrease in assets/liabilities related to securities business</b> (*Primarily owing to the increase of margin trading of SBI SECURITIES)	<b>6,247</b>	<b>-7,540</b>	<b>-13,787</b>
<b>Others</b>	<b>-7,839</b>	<b>27,748<sup>*</sup></b>	<b>+35,587</b>
<b>Net cash generated from investing activities</b>	<b>1,606</b>	<b>2,657</b>	<b>+1,051</b>
<b>Net cash used in financing activities</b>	<b>-36,368</b>	<b>-22,957</b>	<b>+13,411</b>

\* Primarily owing to the increase of deposit withholding tax withheld from the customers of SBI SECURITIES

# Based on the Strong Financial Results, Considers to Pay an Interim Dividend

The Company's basic dividend policy is to pay a minimum annual dividend of JPY 10 per share, and endeavor to increase the dividend when it has determined that a further return of profits is possible, after a comprehensive consideration of the appropriate level of internal reserves required for sustained growth, along with a consideration of the ongoing business performance. Meanwhile, the Company basically pays only year-end dividends, and does not pay interim dividends.



**In the light of the favorable 1Q FY2015 financial results, the Company decided to pay the interim dividend since FY2007 of JPY 10 per share**

**[Dividend forecast (results) per share]**

	End of 2Q	Year-end	Full-year
FY2015 (forecast)	<b><u>JPY 10</u></b>	TBD	TBD
FY2014 (results)	—	<b>JPY 35</b> (Ordinary dividend: 30) (Commemorative dividend: 5)	<b>JPY 35</b> (Ordinary dividend: 30) (Commemorative dividend: 5)

**Annual year-end dividend will be determined based upon the business performance for full-year FY2015**

# **[Key Points for Each Segment's 1Q FY2015 Results]**

## ① Financial Services Business

- **SBI SECURITIES' 1Q FY2015 profit before income tax expense achieved a significant increase**
- **SBI Japannext, SBI Liquidity Market, SBI FXTRADE, SBI MONEY PLAZA and SBI Sumishin Net Bank (shares of results of associates using the equity method) and others also achieved significant growth, respectively**
- **Despite the effect from a significant insurance payment and the increase in cost of reinsurance, SBI Insurance achieved quarterly profitability**

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

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

[Profit before income tax expense]

	<b>1Q FY2014</b> (Apr. 2014 – June 2014)	<b>1Q FY2015</b> (Apr. 2015 – June 2015)	<b>YoY change</b> (YoY % change)
<b>SBI SECURITIES</b>	<b>6,692</b>	<b>9,971</b>	<b>+3,279</b> (+49.0)
<b>SBI Japannext</b>	<b>260</b>	<b>315</b>	<b>+55</b> (+21.3)
<b>SBI Liquidity Market</b>	<b>502</b>	<b>849</b>	<b>+346</b> (+68.9)
<b>SBI FXTRADE</b>	<b>203</b>	<b>532</b>	<b>+329</b> (+161.8)

\* Owing to the difference in IFRS and J-GAAP for asset assessment criteria, the figures are different from that disclosed by each company

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

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

[Profit before income tax expense]

	<b>1Q FY2014</b> (Apr. 2014 – June 2014)	<b>1Q FY2015</b> (Apr. 2015 – June 2015)	<b>YoY change</b> (YoY % change)
<b>SBI MONEY PLAZA</b>	<b>241</b>	<b>488</b>	<b>+247</b> (+102.6)
<b>SBI Insurance</b>	<b>135</b>	<b>30</b>	<b>-105</b> (-77.6)
<b>SBI Card</b>	<b>-294</b>	<b>-328</b>	<b>-34</b> (-)
<b>SBI Sumishin Net Bank</b> (Shares of results of associates using the equity method)	<b>232</b>	<b>609</b>	<b>+377</b> (+162.3)

\* SBI Life Insurance's financial results based on J-GAAP is scheduled to be announced around Aug. 10

\* Owing to the difference in IFRS and J-GAAP for asset assessment criteria, the figures differ from that disclosed by each company



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

[Profit before income tax expense]

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

	1Q FY2014 (Apr. 2014 – June 2014)	1Q FY2015 (Apr. 2015 – June 2015)	YoY change (YoY % change)
<b>SBIH Comparison Website Business</b>	<b>423</b>	<b>518</b>	<b>+95</b> (+22.4)
<b>SBI Remit</b>	<b>-41</b>	<b>10</b>	<b>+50</b> (—)
<b>SBI Benefit Systems</b>	<b>40</b>	<b>45</b>	<b>+5</b> (+13.5)

## ➤ **SBI Comparison Website Business**

(Operation of financial comparison, search and quotation websites)

Along with the promotion of an increase in the product offerings, and an increase in the partner financial institutions, the media business has been developed and improvements in operational efficiency have been made, and together with the successful diversification of business, this has led to a steady growth in performance

## ➤ **SBI Remit (International remittance business)**

Achieved its first quarterly profitability, and transitioned into an organization that can earn stable revenues. Expects to achieve full-year profitability in FY2015

## ➤ **SBI Benefit Systems (Operational management of defined-contribution pension)**

Steadily increasing the investment trust balance of the corporate 401k plan

## **[State of the Major Financial Services Business Companies]**

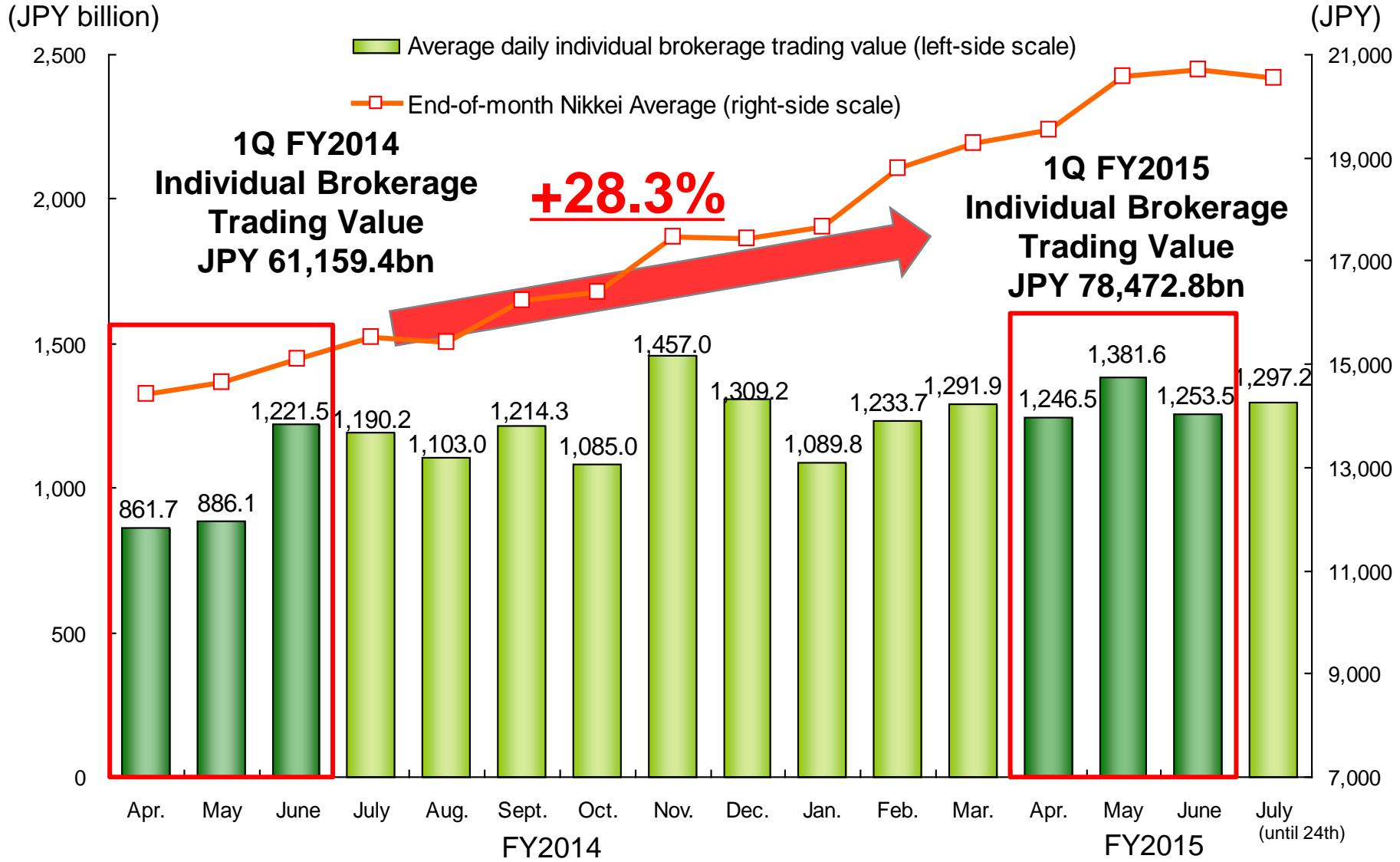
- ① SBI SECURITIES**
- ② SBI Japannext (PTS)**
- ③ SBI Liquidity Market, SBI FXTRADE**
- ④ SBI Sumishin Net Bank**
- ⑤ Insurance Business**
- ⑥ SBI MONEY PLAZA**

## ① SBI SECURITIES

- Owing to the 28% year-on-year increase in average daily individual stock brokerage trading value on the Tokyo and Nagoya markets, SBI SECURITIES achieved significant increases in both operating income and profits
- Share of individual stock trading value continued to increase by 2.5 percentage points year-on-year to 40.1%
- As a result of focusing on the sales of stable revenue generating products, investment trust balance recorded an historical high. Additionally, financial revenue rose 34.5% year-on-year, owing to a significant increase in the open interest credit balance.

# Average Daily Individual Brokerage Trading Value Trended Higher as Compared to 1Q FY2014

**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 1Q FY2015 Consolidated Results (J-GAAP)

[Year-on-year]

(Unit: JPY million)

	1Q FY2014 (Apr. 2014 –June 2014)	1Q FY2015 (Apr. 2015 –June 2015)	YoY % change
Operating Revenue	<b>15,929</b>	<b>22,330</b>	<b>+40.2</b>
Net Operating Revenue	<b>14,987</b>	<b>20,416</b>	<b>+36.2</b>
Operating Income	<b>6,543</b>	<b>9,946</b>	<b>+52.0</b>
Ordinary Income	<b>6,591</b>	<b>9,972</b>	<b>+51.3</b>
Net Income	<b>3,811</b>	<b>6,116</b>	<b>+60.5</b>

\* Associated with the consolidation of Book Field Capital, SBI SECURITIES discloses its financial results on a consolidated basis from FY2015. (Impact regarding the consolidation is minimal.)  
Also the figures and YoY changes presented above are based on the non-consolidated results for 1Q FY2014

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

[Year-on-year]

(Unit: JPY million)

	Operating Revenue	YoY % Change	Operating Income	YoY % Change
<b>SBI</b> (*1) (cons.)	<b>22,330</b>	<b>+40.2</b>	<b>9,946</b>	<b>+52.0</b>
<b>Monex</b> (*2) (cons.) (preliminary figures)	<b>14,100</b>	<b>+30.3</b>	Scheduled to be announced on July 31	
<b>Rakuten</b>	<b>13,318</b>	<b>+44.2</b>	<b>6,131</b>	<b>+63.3</b>
<b>Matsui</b>	<b>9,236</b>	<b>+23.3</b>	<b>6,017</b>	<b>+29.9</b>
<b>kabu.com</b>	<b>6,752</b>	<b>+33.9</b>	<b>3,072</b>	<b>+88.2</b>

\*1 SBI SECURITIES discloses its financial results on a consolidated basis from FY2015. Also the figures and YoY changes presented above are based on the non-consolidated results for 1Q FY2014.

\*2 From full-year FY2012, Monex adopted IFRS, so the relevant figures above are based on IFRS.

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

[Quarter-on-quarter]

(Unit: JPY million)

	Operating Revenue	QoQ % Change	Net Income	QoQ % Change
<b>SBI</b> (*1) (cons.)	<b>22,330</b>	<b>+3.4</b>	<b>6,616</b>	<b>+11.4</b>
<b>Monex</b> (*2) (cons.) (preliminary figures)	<b>14,100</b>	<b>+1.3</b>	<b>1,700</b>	<b>+5.4</b>
<b>Rakuten</b>	<b>13,318</b>	<b>+5.0</b>	<b>3,782</b>	<b>+6.7</b>
<b>Matsui</b>	<b>9,236</b>	<b>+4.1</b>	<b>4,066</b>	<b>-13.9</b>
<b>kabu.com</b> (*3)	<b>6,752</b>	<b>+8.4</b>	<b>2,693</b>	<b>+12.0</b>

\*1 SBI SECURITIES discloses its financial results on a consolidated basis from FY2015. Also the figures and YoY changes presented above are based on the non-consolidated results for 1Q FY2014.

\*2 From full-year FY2012, Monex adopted IFRS, so the relevant figures above are based on IFRS.

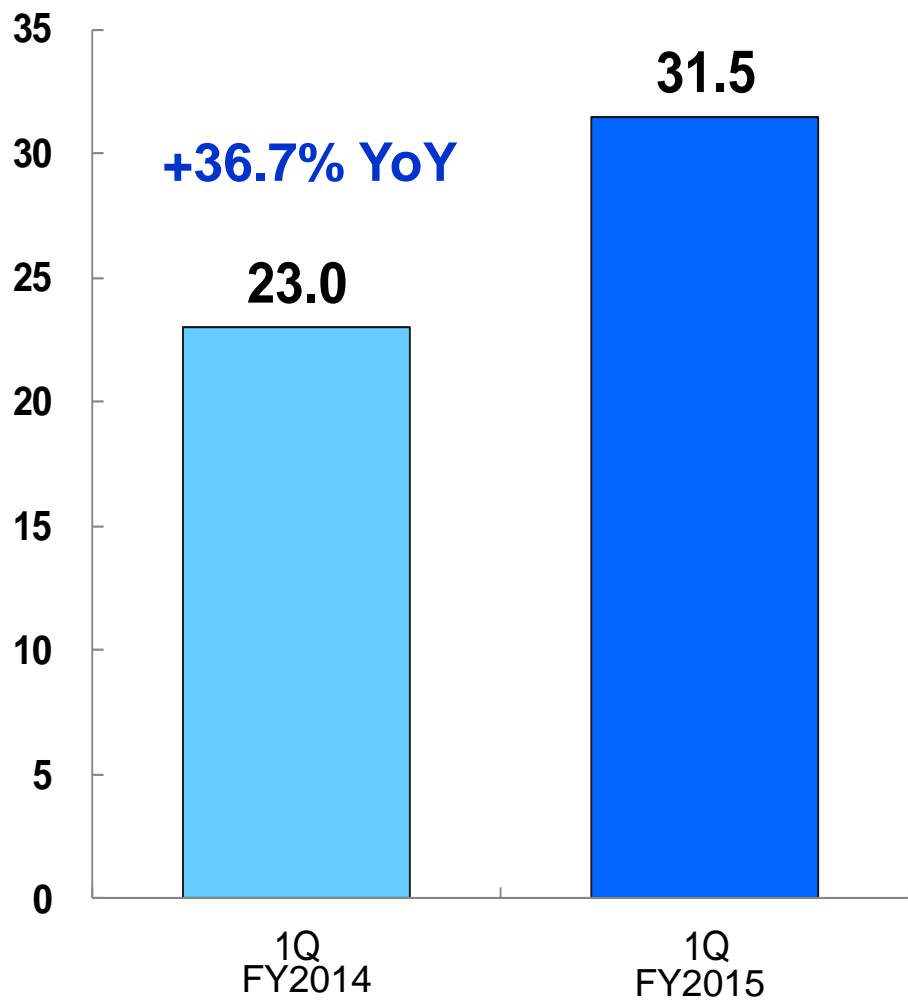
\*3 kabu.com recorded gain on sale of investment securities of JPY 1,038m as extraordinary income.

Source: Compiled by SBIH from the information on websites of each company 22

# SBI SECURITIES' Stock Brokerage Trading Value and Commissions Dramatically Increased

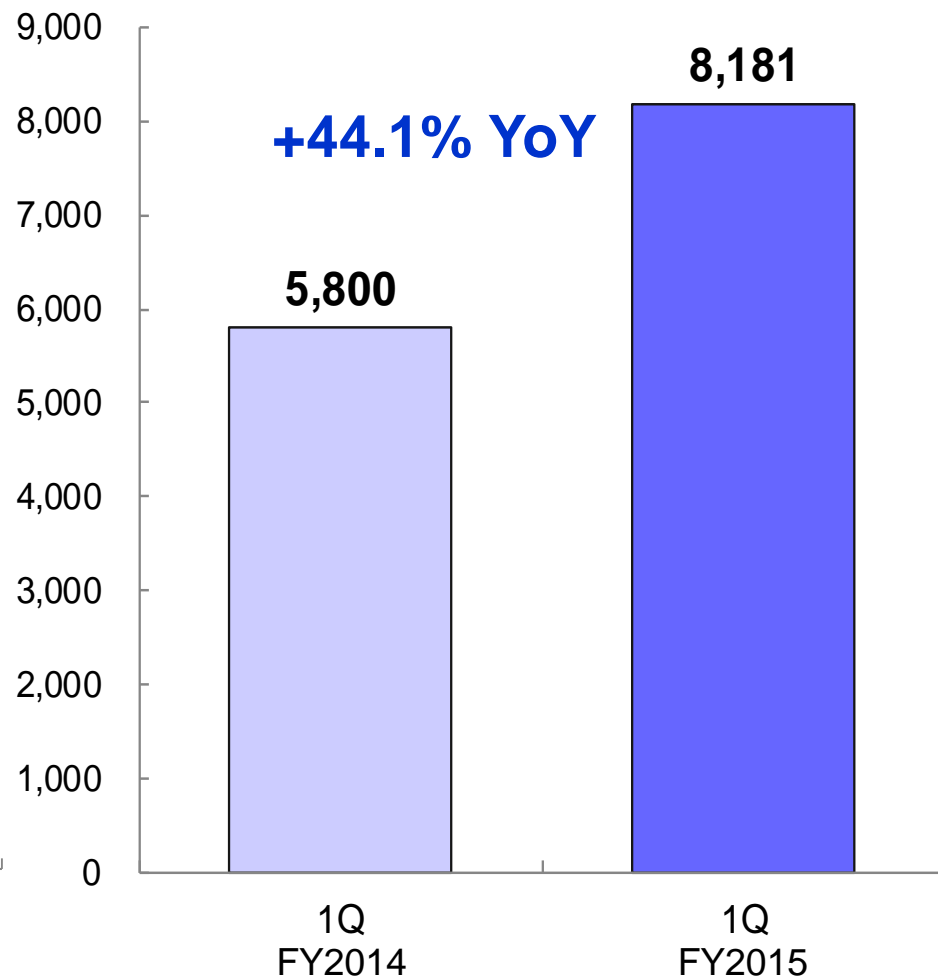
Stock Brokerage Trading Value

(JPY trillion)



Commissions\*

(JPY million)



\* SBI SECURITIES discloses its financial results on a consolidated basis from the current fiscal year. The year-on-year amounts and changes is based on comparison with non-consolidated financial results of 1Q FY2014.



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

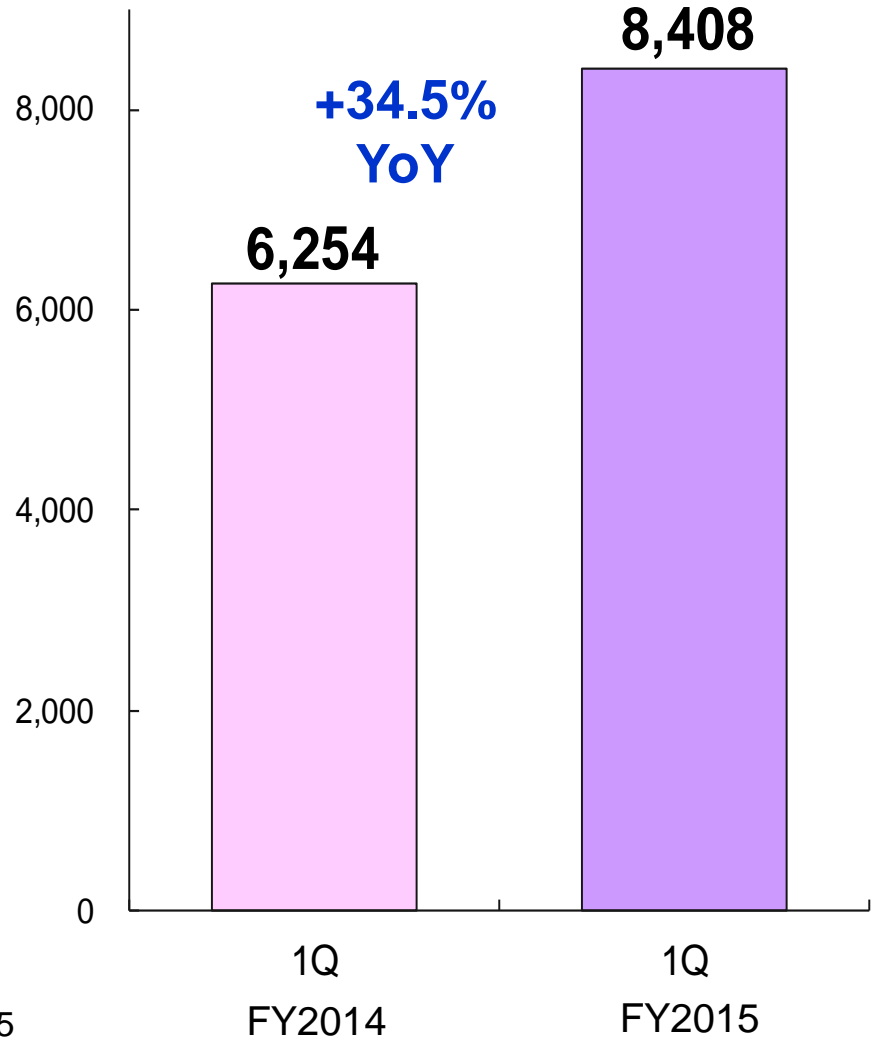
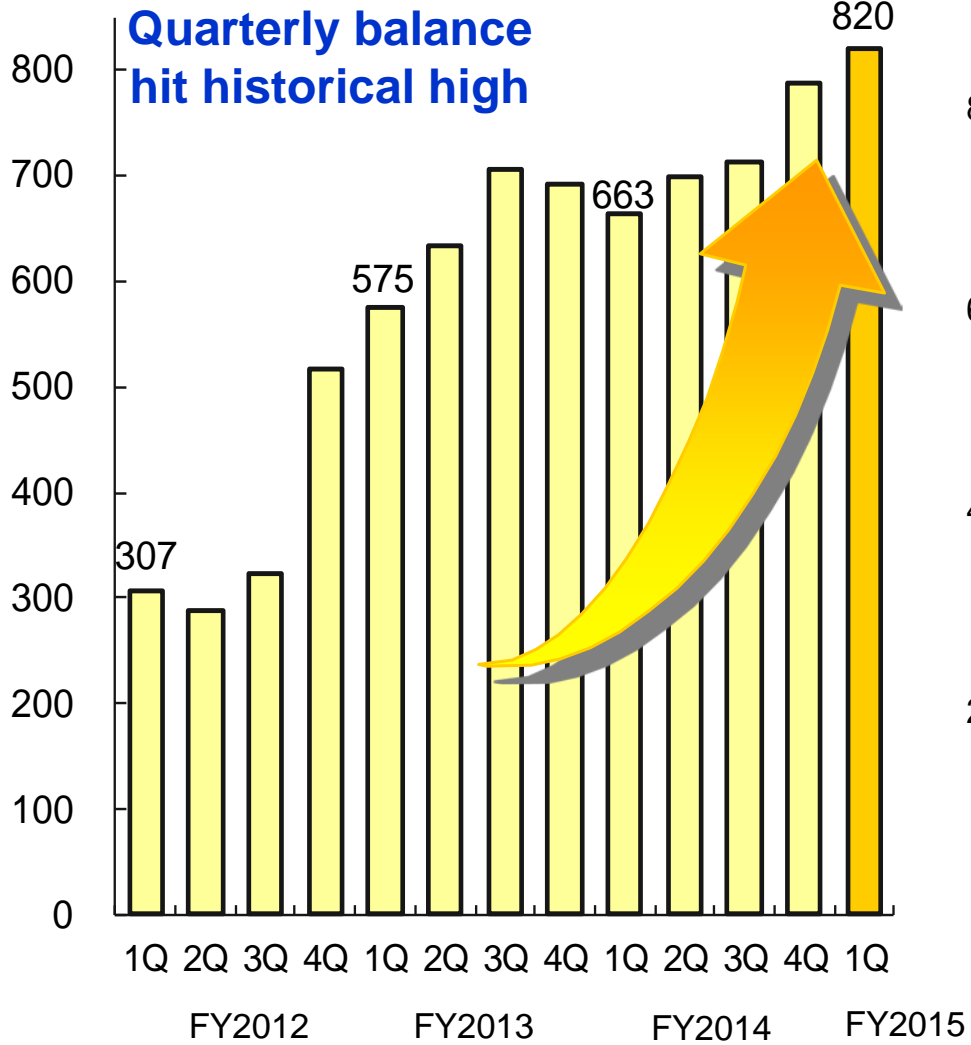
### Open Interest Credit Balance

### Financial Revenue\*

(JPY billion)

(EOM)

(JPY million)



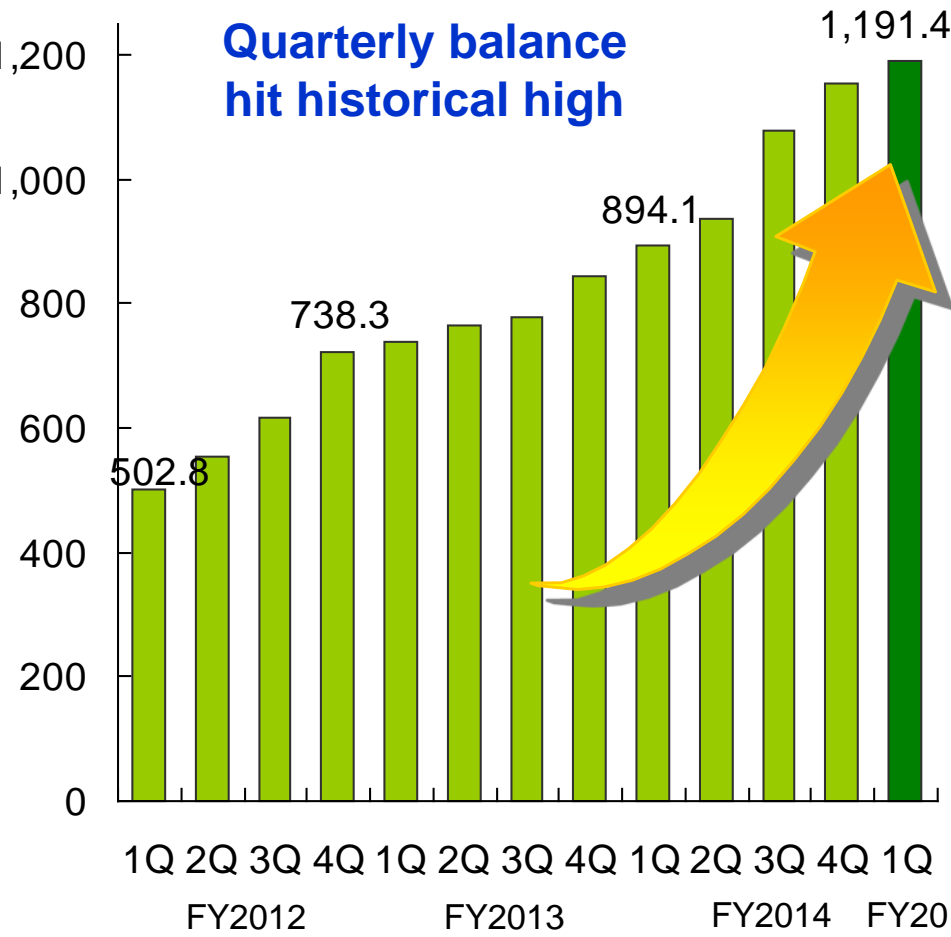
\* The year-on-year amounts and changes is based on comparison with non-consolidated financial results of 1Q FY2014.

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

### Investment Trust Balance

(JPY billion)

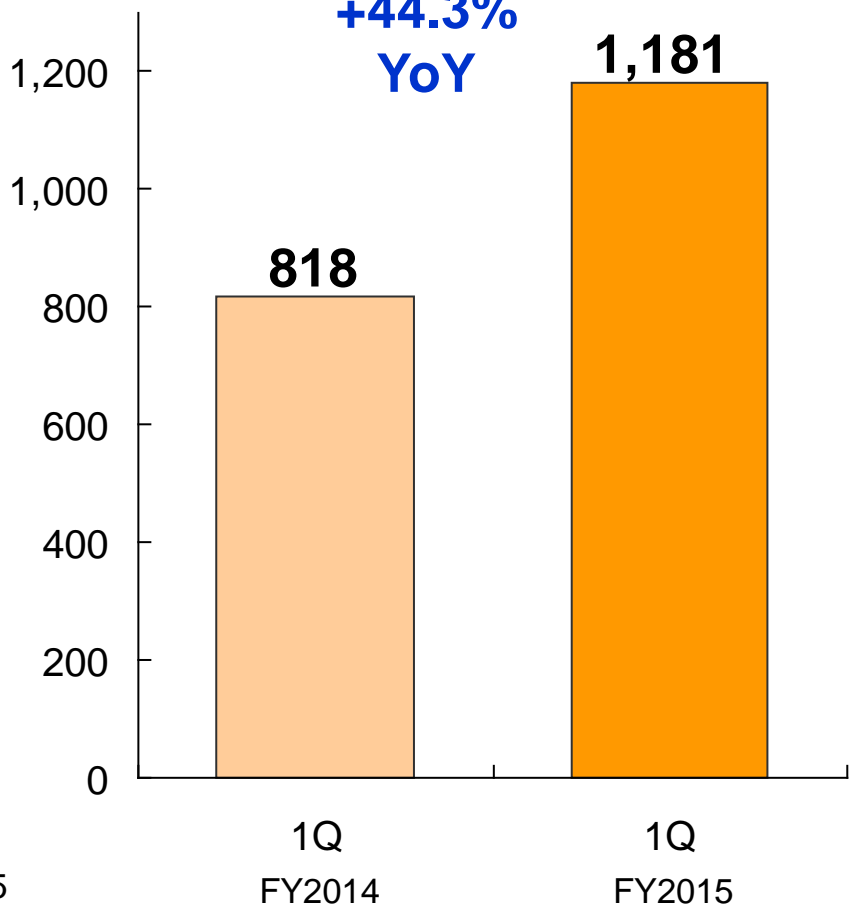
**Quarterly balance hit historical high**



### Investment Trust Fees

(JPY million)

**+44.3% YoY**



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

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

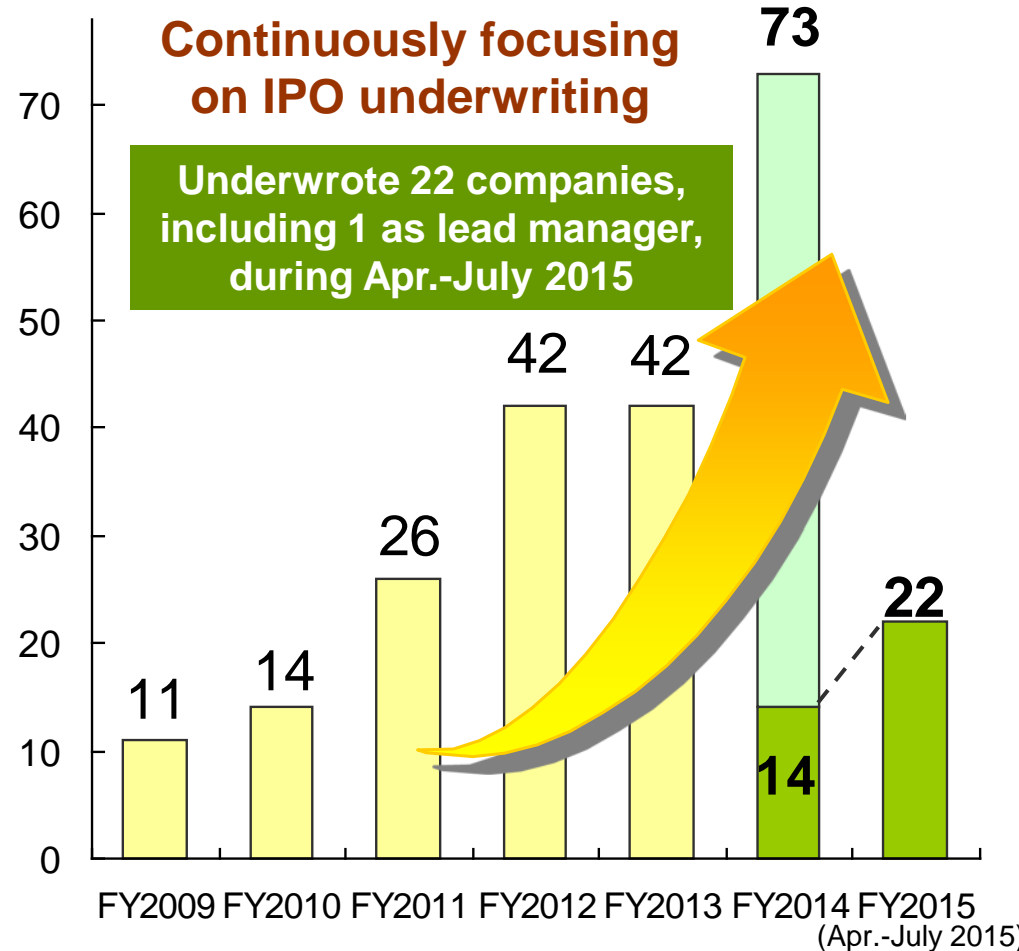
\* Trust fee excludes MRF.

① SBI SECURITIES:

# SBI SECURITIES has Steadily Expanded Its IPO Underwriting Business, and is Continuously One of the Leaders of the Industry in Terms of the Number of IPOs Underwritten

**Number of IPOs Underwritten by SBI SECURITIES**

(No. of companies)



**IPO Underwriting Ranking (Apr.-July 2015)**

28 companies were listed during the period

Company name	No. of cases	Underwriting share (%)
<b>SBI</b>	<b>22</b>	<b>78.6</b>
<b>Nikko</b>	<b>21</b>	<b>75.0</b>
<b>Mizuho</b>	<b>20</b>	<b>71.4</b>
<b>Nomura</b>	<b>17</b>	<b>60.7</b>
<b>Okasan</b>	<b>16</b>	<b>57.1</b>
<b>Monex</b>	<b>13</b>	<b>46.4</b>
<b>Daiwa</b>	<b>13</b>	<b>46.4</b>
<b>Ace</b>	<b>13</b>	<b>46.4</b>

\* 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.

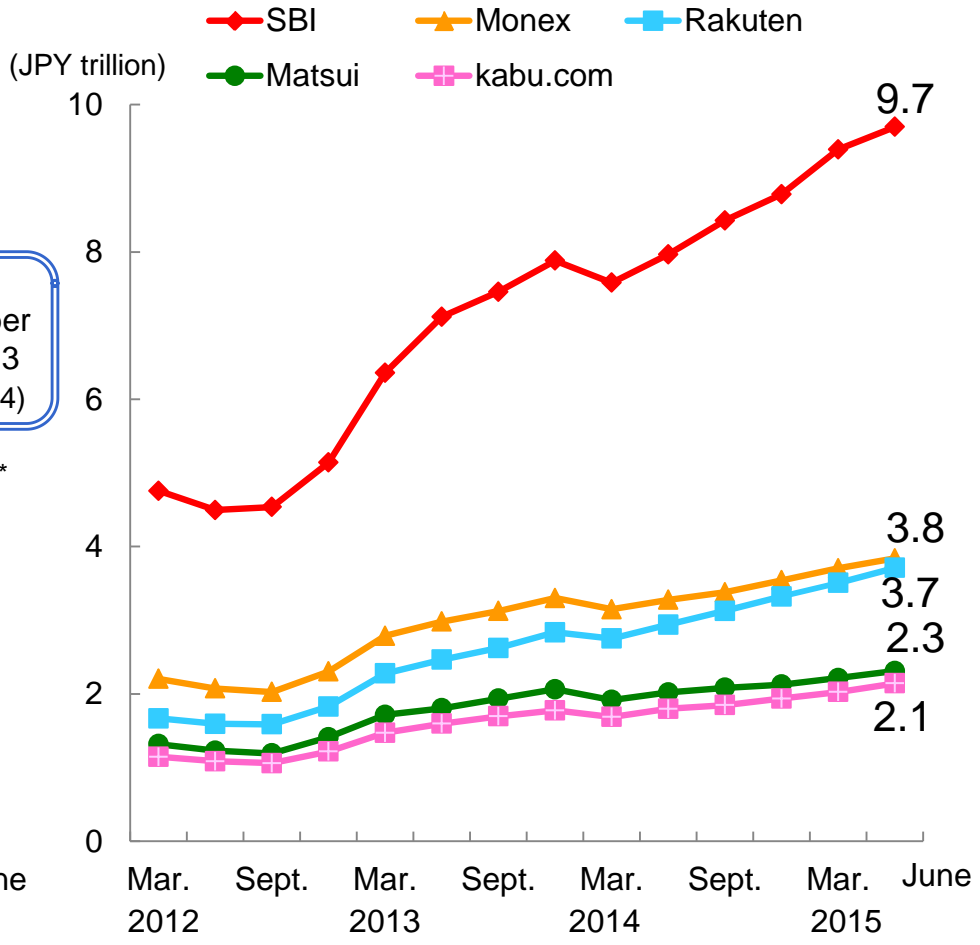
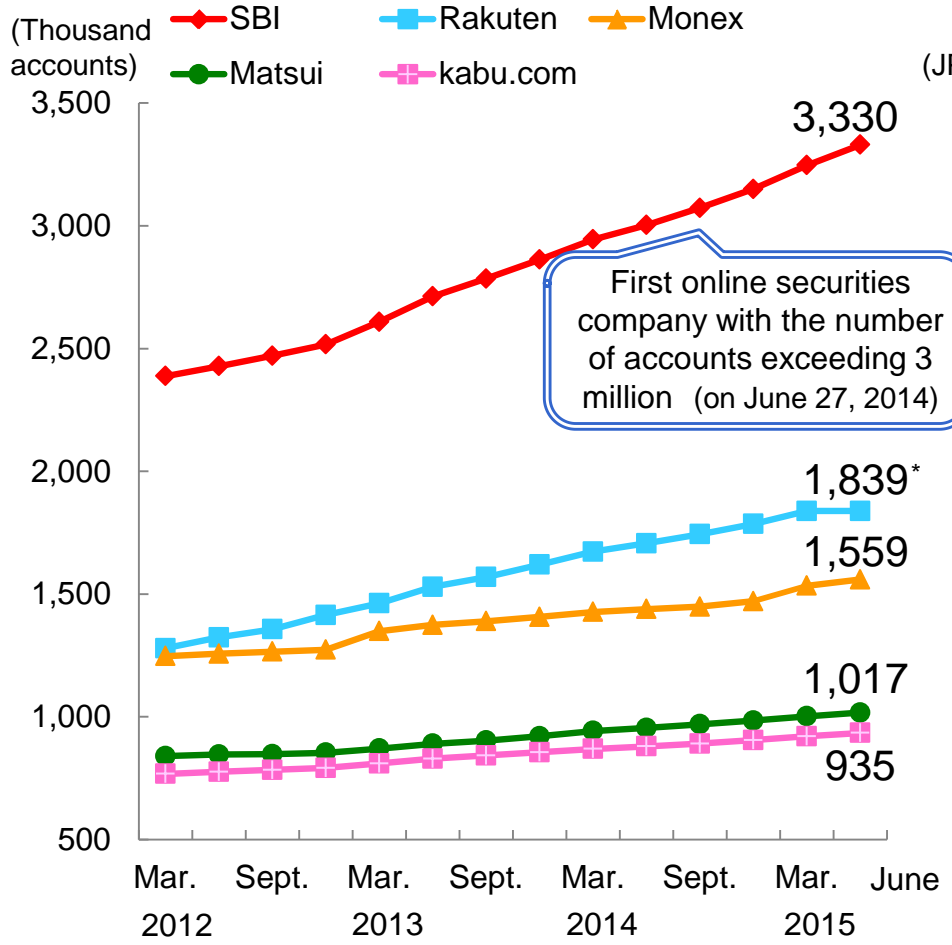
\* The above IPOs represent issues underwritten in Japan only and do not include additional secondary offerings or overseas issues.  
 \* The number of underwritten issues represents both lead managed underwritings and syndicate participation.  
 \* The data was compiled by SBIH based on each company's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

# SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

### Customer Accounts of 5 Major Online Securities Companies (Mar. 2012-June 2015)

### Customers' Deposit Assets of 5 Major Online Securities Companies (Mar. 2012-June 2015)

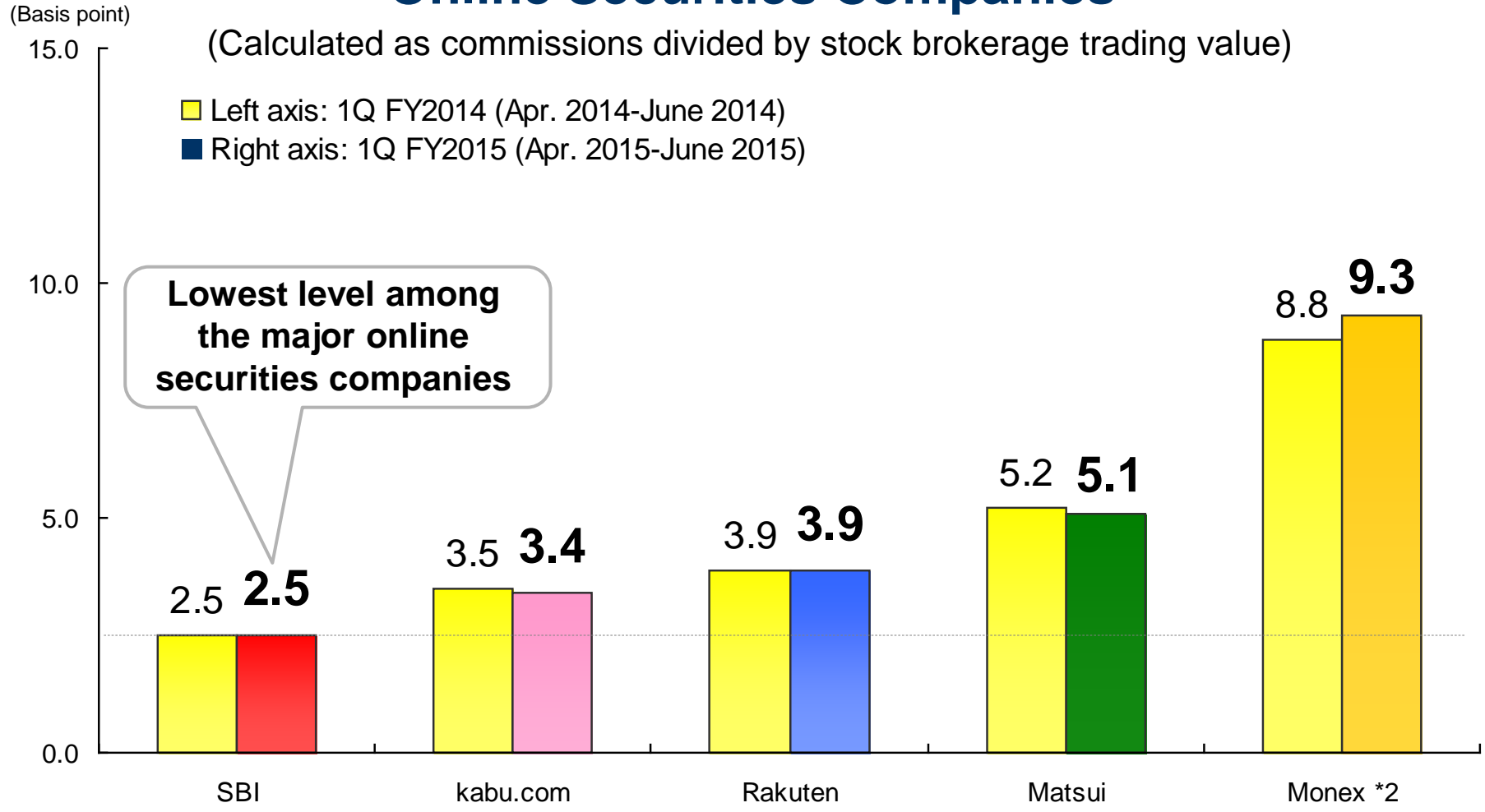


\* The figure of Rakuten is that of the end of Mar. 2015. The figure as of the end of June is not disclosed.

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

# Commission Rate Comparison Between the Major Online Securities Companies

(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

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

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

Commissions are from earnings briefings.

# SBI SECURITIES' Share of Individual Stock Trading is Continuously Expanding

Share of Individual Stock Trading Value (%)

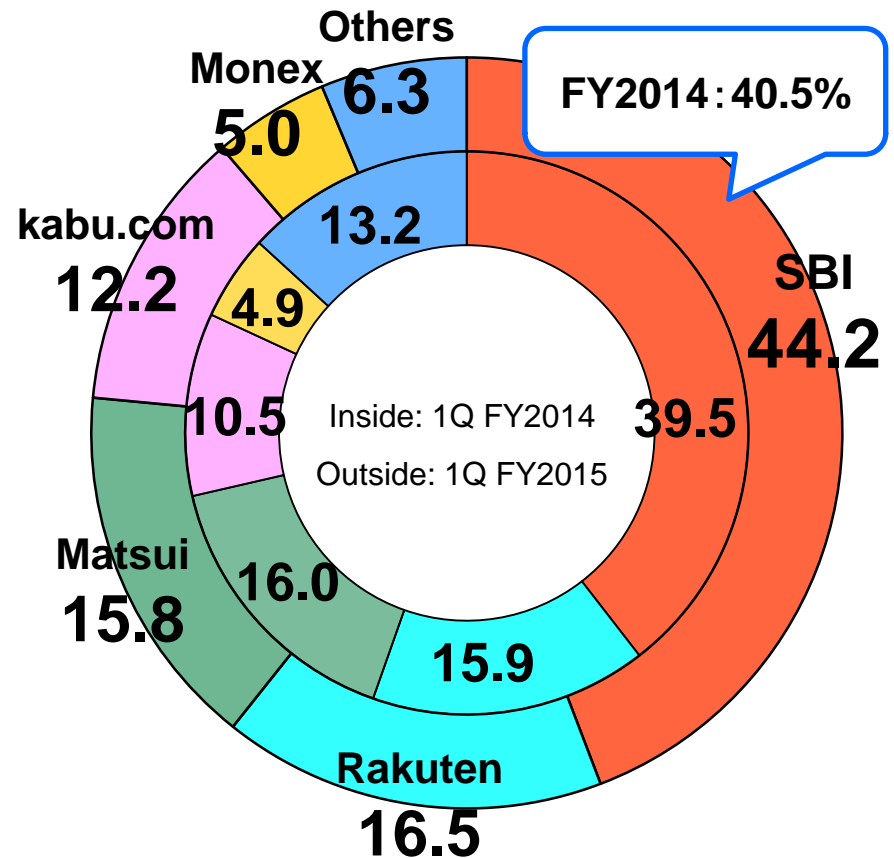
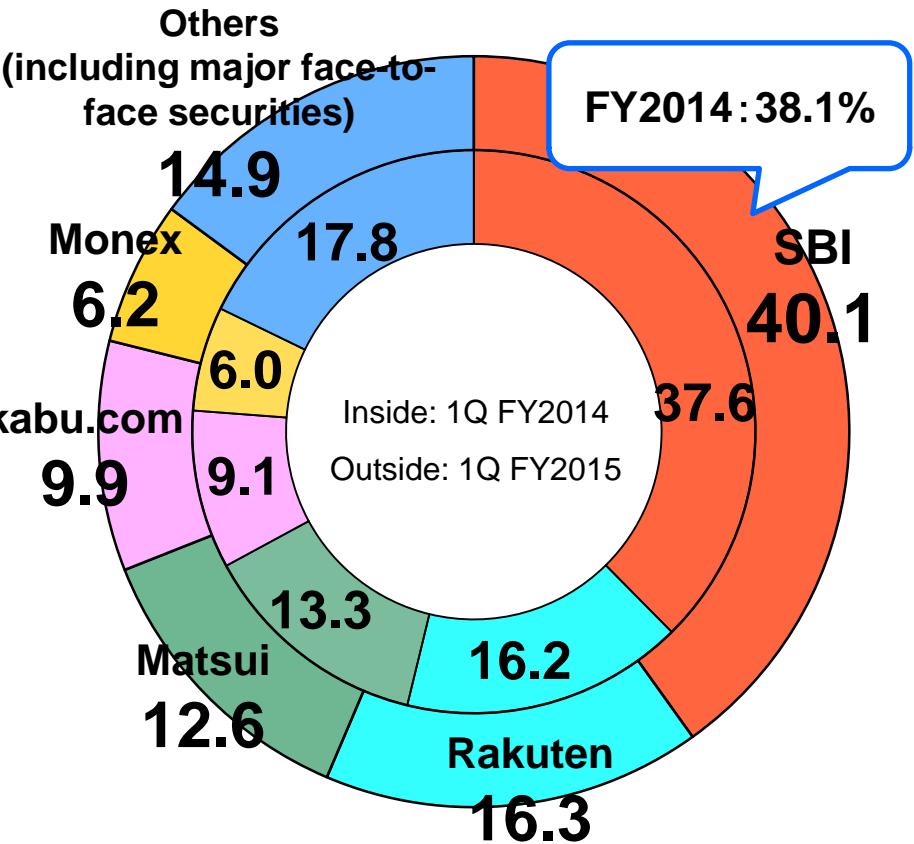
1Q FY2015

(Apr. 2015-June 2015)

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

1Q FY2015

(Apr. 2015-June 2015)



Source: Compiled by SBIH based on Tokyo Stock Exchange materials, and from information on each company's website.  
 \* Calculated using each company's individual trading value plus the individual margin trading value of the 1st and 2nd sections of the Tokyo and Nagoya Stock Exchange (excluding trading value of ETFs).  
 \* As for SBI SECURITIES' individual stock trading value or individual margin trading value, includes that for ETF.

# SBI SECURITIES Continuously Achieving a High Customer Satisfaction Assessment



**1<sup>st</sup>**

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

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

**For 8 years!!**



**1<sup>st</sup>**

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

## 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” (11<sup>th</sup> Contact Center Award)  
Received the highest award for “Best Operation” category**

**For 4 years!!  
First ever**

## Official Website



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

**5<sup>th</sup> time  
4 years in a row!!**

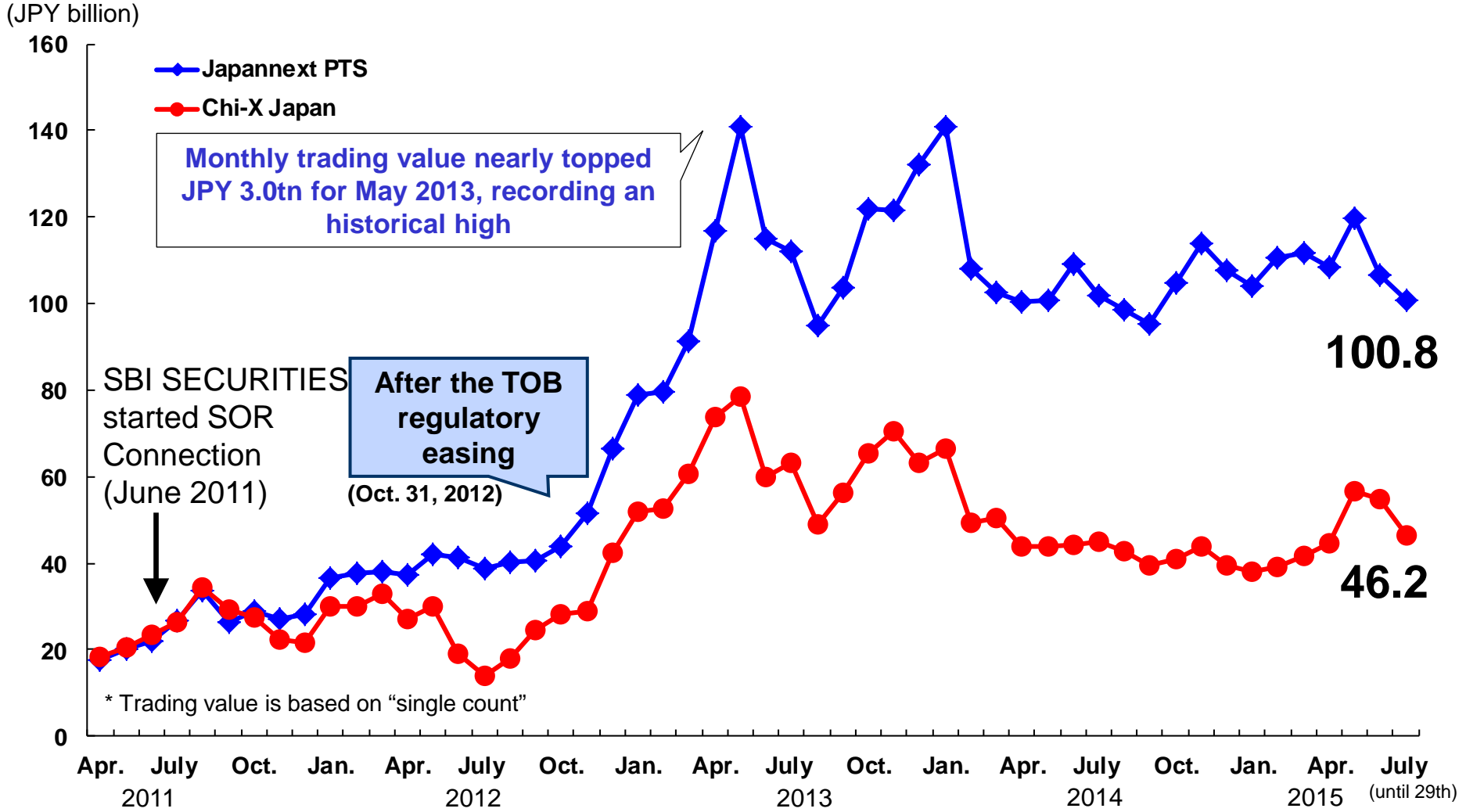
## ② SBI Japannext (PTS)

- SBI Japannext's operating income for 1Q FY2015 increased by 18.1% year-on-year



② SBI Japannext (PTS):

# Average Daily Trading Value at Japannext PTS



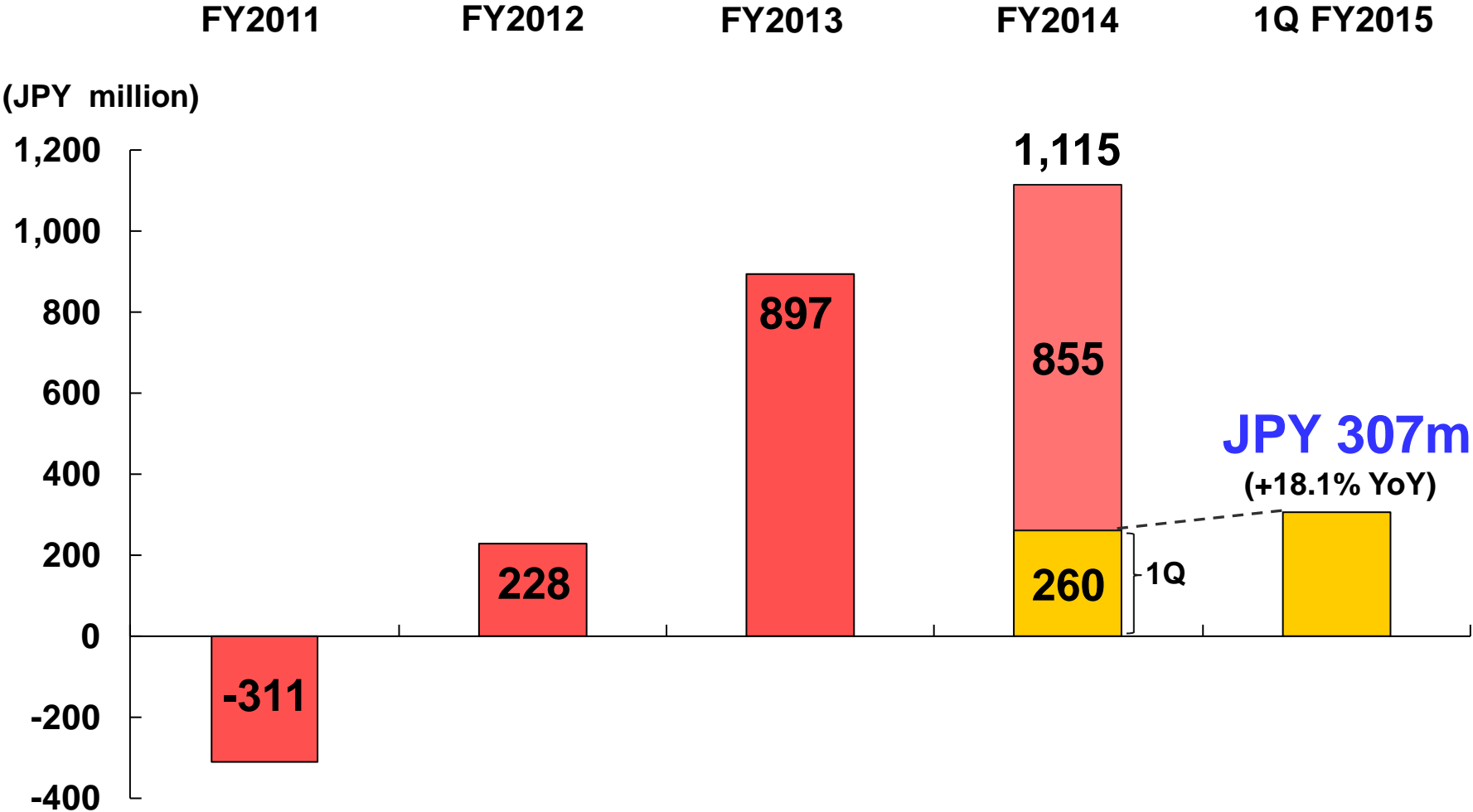
**TOB (take-over-bid) regulation**

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

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

# Change in SBI Japannext's Operating Income

(Consolidated in Sept. 2012)



\* Based on J-GAAP.

### ③ SBI Liquidity Market, SBI FXTRADE

- **Group's total FX trading accounts and deposit assets have overwhelmingly surpassed that of its competitors**
- **SBI Liquidity Market's operating income before allocation for 1Q FY2015 was approx. JPY 3.1bn, up 66.7% year-on-year**
- **SBI FXTRADE continuously increased its customer base and customer deposit assets strongly, and its operating income rose 2.6 times year-on-year**

### ③ SBI Liquidity Market, SBI FXTRADE

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

#### Number of FX Trading Accounts (May 2015)

No.	Company name	Number of accounts
1	<b>SBI Group</b>	<b>634,373</b>
2	DMM.com	453,830
3	GMO CLICK	401,965
4	Gaitame.com	393,584
5	YJFX	270,277
6	MONEY PARTNERS	259,825
7	Traders Securities	249,080
8	Hirose FX	183,960
9	FX PRIME by GMO Corporation	160,416
10	Central Tanshi FX	154,713
11	MONEY SQUARE JAPAN	85,558
12	Ueda Harlow	53,013
	Other (1 company)	58,322
	<b>Total</b>	<b>3,358,916</b>

#### Customers' Deposit Assets Raking (May 2015)

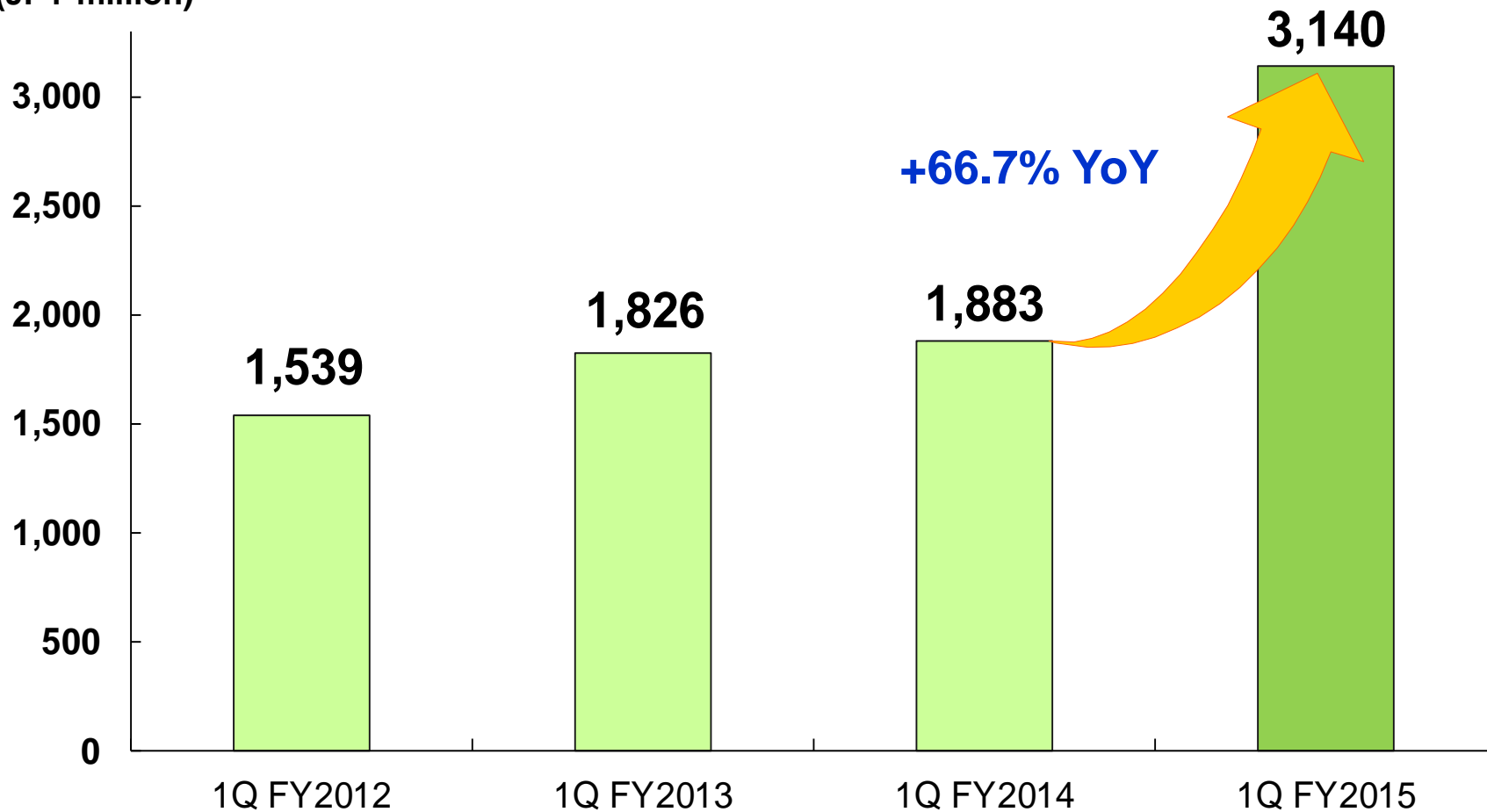
No.	Company name	Amount (JPY million)
1	<b>SBI Group</b>	<b>184,376</b>
2	GMO CLICK	126,417
3	Gaitame.com	109,671
4	DMM.com	103,223
5	YJFX	99,775
6	Central Tanshi FX	68,077
7	MONEY SQUARE JAPAN	62,524
8	MONEY PARTNERS	48,707
9	Hirose FX	26,560
10	FX PRIME by GMO Corporation	16,421
11	Traders Securities	14,196
12	Ueda Harlow	12,049
	Other (1 company)	9,193
	<b>Total</b>	<b>881,189</b>

# Financial Results of SBI Liquidity Market

## Operating Income Before Allocation

(JPY million)

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



\* Based on J-GAAP

# Comparison with Listed Pure-play FX Trading Services Providers

(Unit: JPY million)

	Establishment	Number of accounts	Deposits (JPY billion)	Operating income (J-GAAP)		YoY % change
				1Q FY2014	1Q FY2015	
<b>SBI Group *</b>	<b>July 2008</b> [of SBI LM]	<b>647,305</b> (June 2015)	<b>185.3</b> (June 2015)	<b>188.3</b>	<b>314.0</b>	<b>+66.7</b>
<b>of which, SBI FXT</b>	<b>May 2012</b> [Service launch]	<b>92,333</b> (June 2015)	<b>28.3</b> (June 2015)	<b>20.3</b>	<b>53.2</b>	<b>+161.7</b>
<b>MONEY SQUARE</b>	<b>Oct. 2002</b>	<b>86,746</b> (June 2015)	<b>63.5</b> (June 2015)	<b>14.4</b>	Scheduled to announced on Aug. 6	
<b>Money Partners</b>	<b>June 2005</b>	<b>261,736</b> (June 2015)	<b>50.1</b> (June 2015)	<b>3.8</b>	<b>38.1</b>	<b>+893.4</b>

\* Operating income of the SBI Group is SBI Liquidity Market's operating income before allocation.

## ④ SBI Sumishin Net Bank

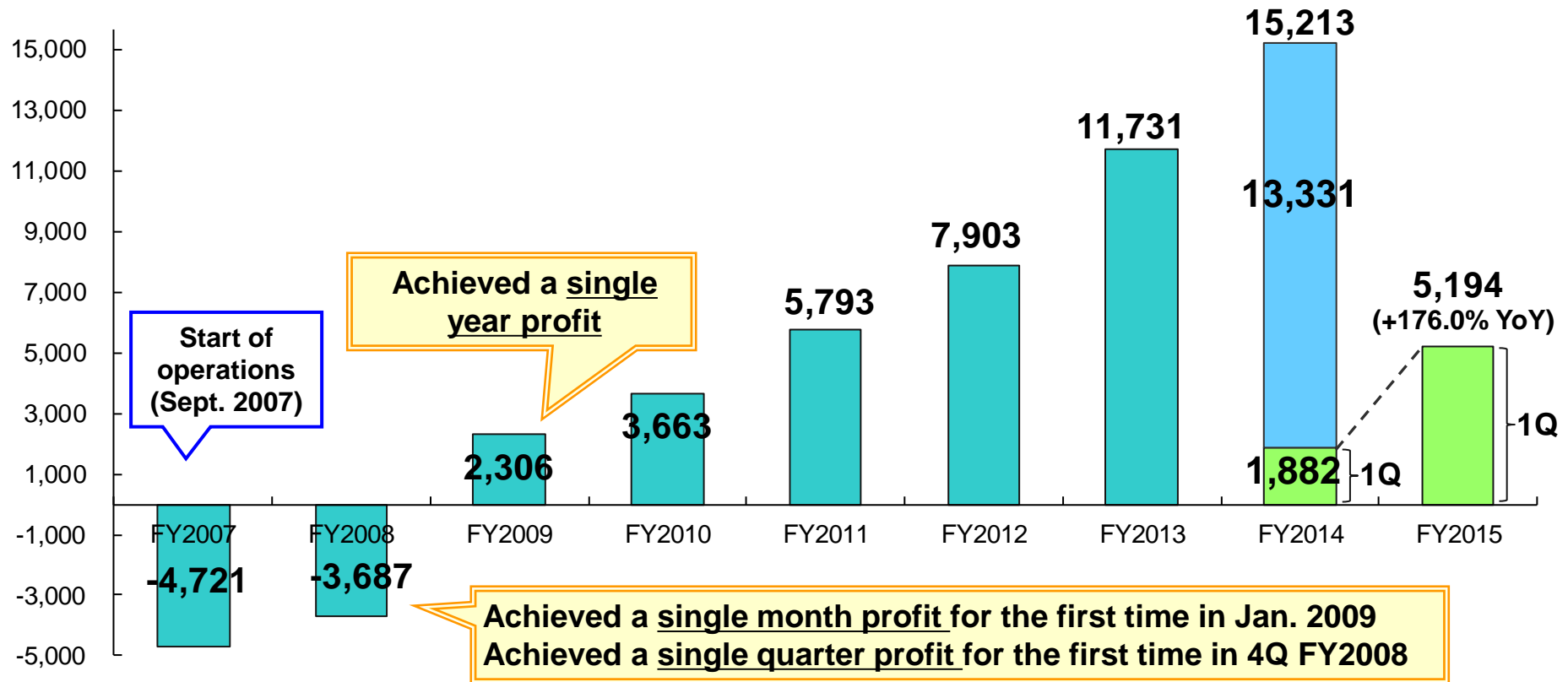
- SBI Sumishin Net Bank's ordinary income for 1Q FY2015 increased 2.8 times year-on-year to JPY 5.2bn
- As of the end of June 2015, there were approx. 2.39 million accounts, with deposits approaching to JPY 3.7tn, and a steadily expanding business base
- With the “MR. Housing Loan” product, specific purpose loan products and card loans revised in July 2014 contributing to the balance, the diversification of investment sources continues

# SBI Sumishin Net Bank Steadily Expands its Ordinary Income

**Ordinary income for 1Q FY2015 achieved JPY 5.2bn, an increase of 176.0% year-on-year**

## 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**



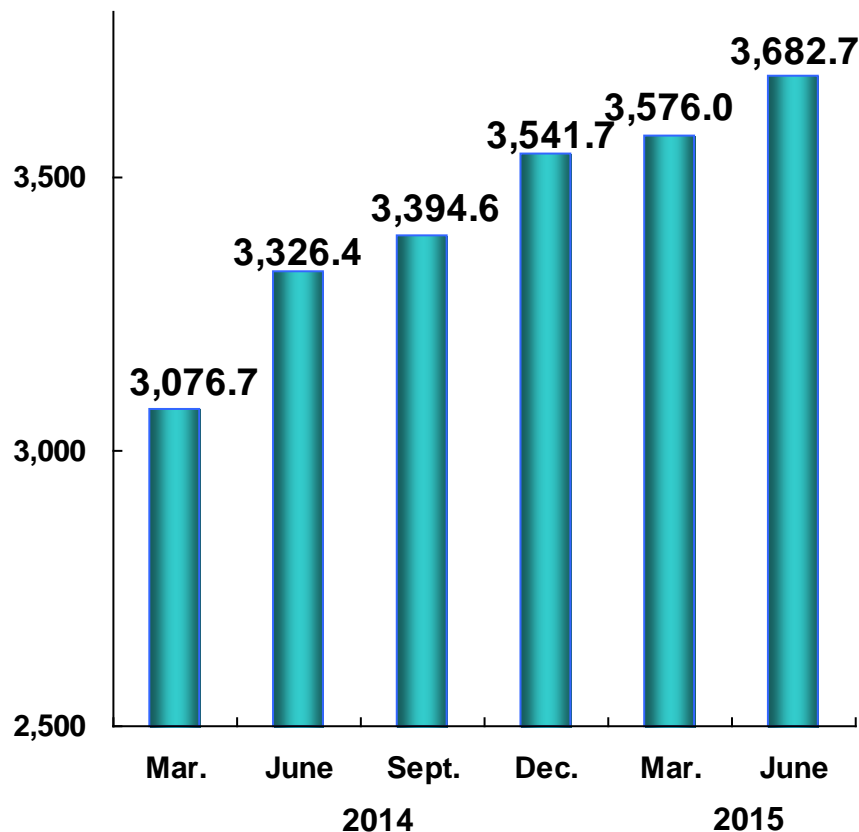
# Deposit Balance Steadily Increasing

~ Deposits as of the end of June 2015 approaching to JPY 3.7tn ~

**Number of accounts: 2,393,709 / Deposits: JPY 3,682.7bn**  
 (as of the end of June 2015)

**Change in SBI Sumishin Net Bank's Deposits**

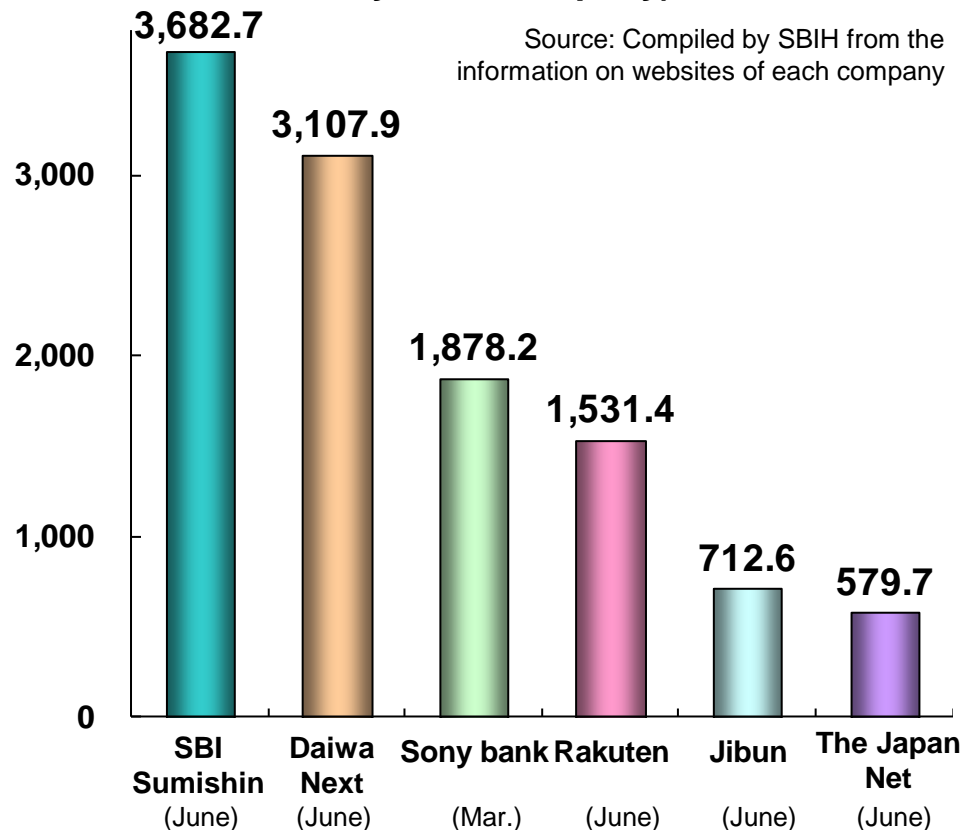
(JPY billion)



**Deposits of 6 Internet Banks**

(JPY billion)

(Based on the latest data disclosure by each company)

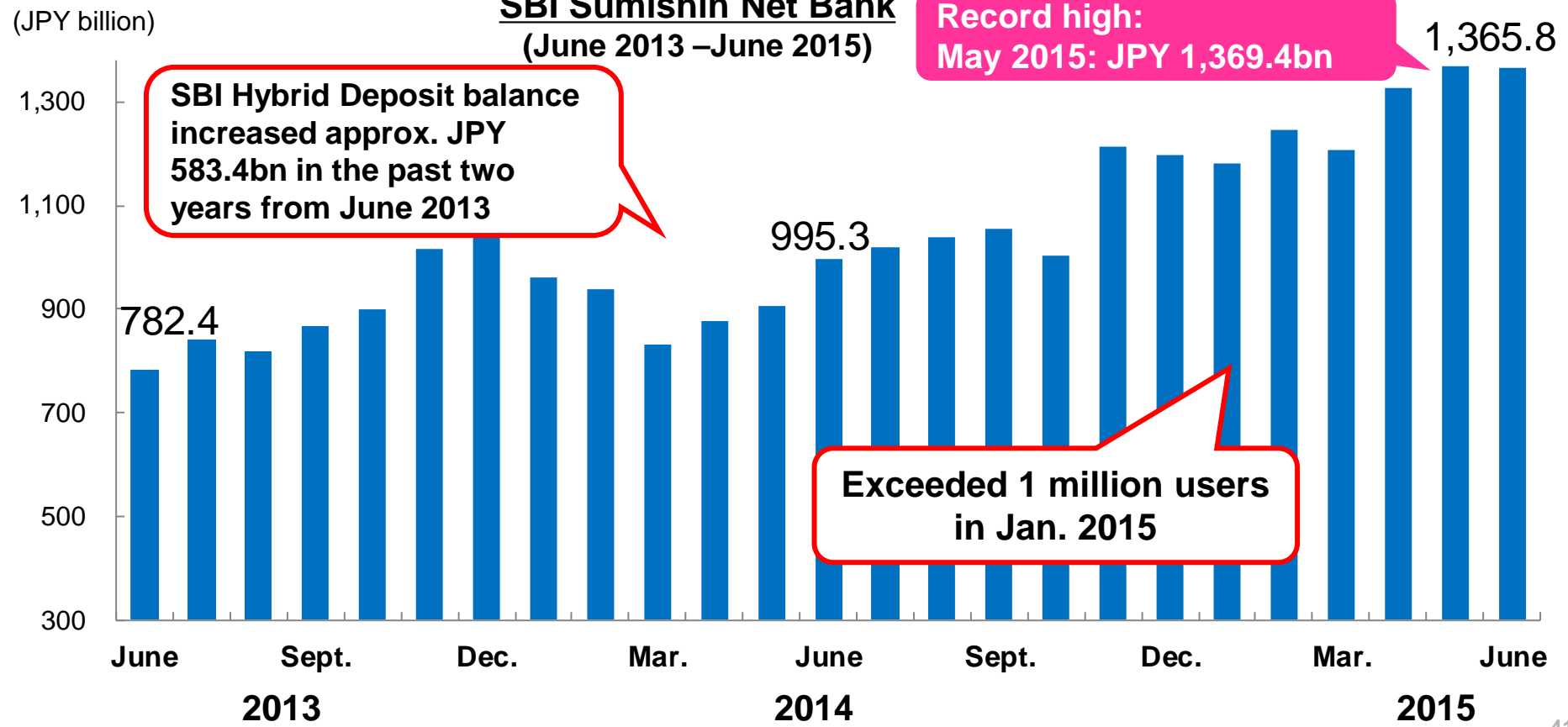


\* Amounts are rounded to the nearest JPY 100 million.

# Synergies between SBI SECURITIES and SBI Sumishin Net Bank have 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

**Change in SBI Hybrid Deposits of SBI Sumishin Net Bank (June 2013 – June 2015)**

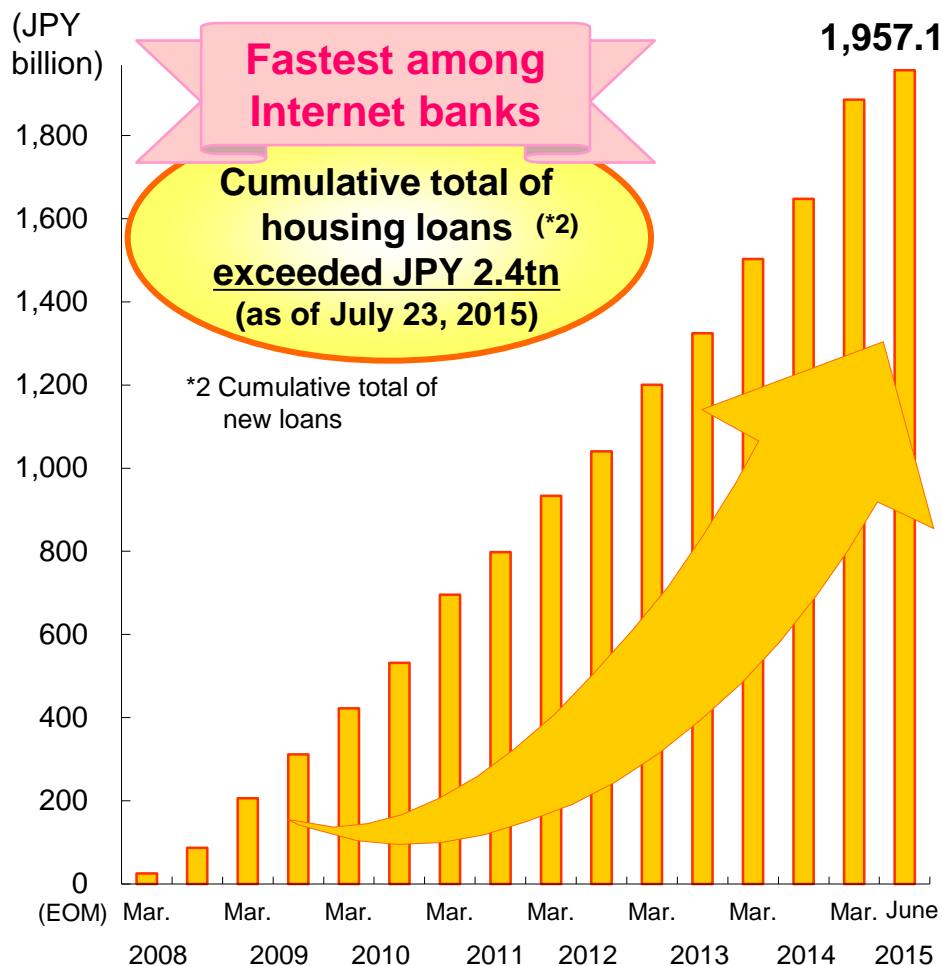


# Diversification of Loans with Deposits Accumulating

## Change in Balance of Housing Loans \*1 (Mar. 2008 – June 2015)

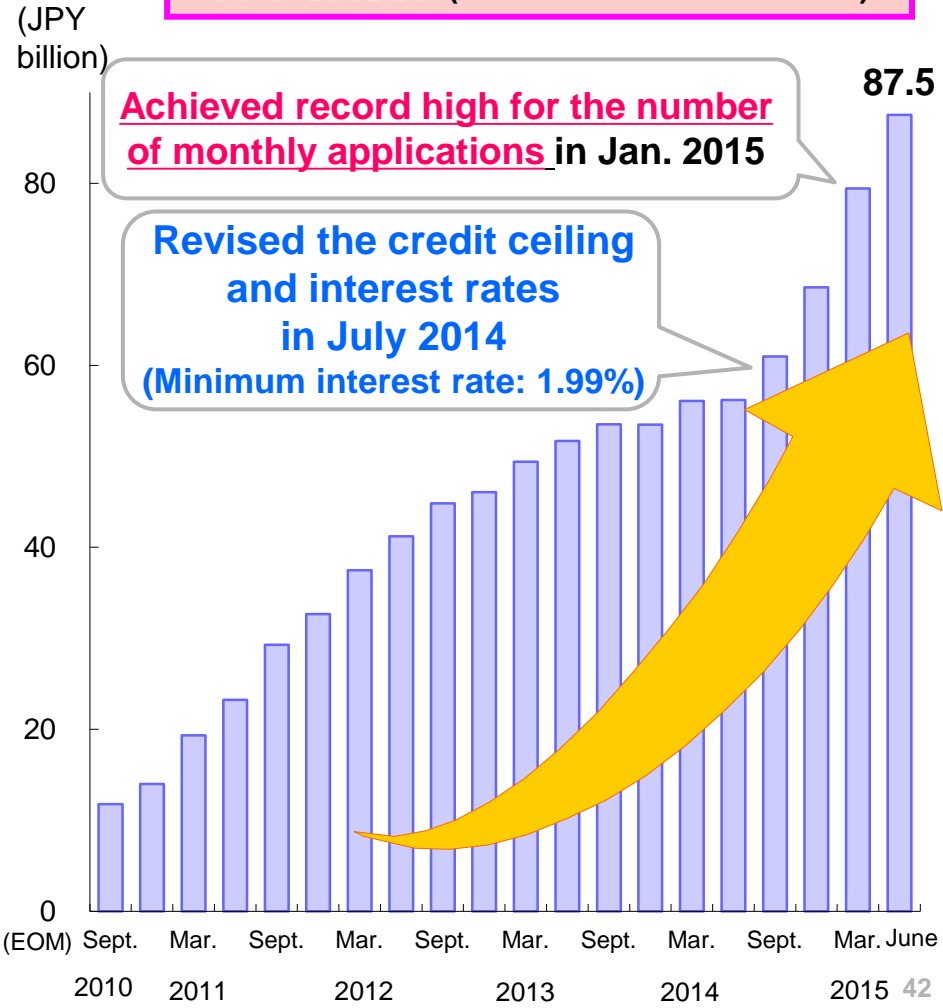
\*1 Deducts repayments from the cumulative total of new loans. Includes housing loans extended as a banking agency of Sumitomo Mitsui Trust Bank.

**JPY 1,957.1bn** (as of the end of June 2015)



## Changes in the Balance of Card Loans (Sept. 2010 – June 2015)

**JPY 87.5bn** (as of the end of June 2015)



# No. 1 in Deposit Balance and Balance of Loans Among the Pure-play Internet Banks

## ~Pure-play Internet Banks' Financial Results for 1Q FY2015~

Unit: JPY billion

The number of accounts is in thousands.

	Date of operation started	Deposit amount	Balance of loans	Number of accounts	Ordinary income/loss
<b>SBI Sumishin</b> (cons.)	<u>Sept. 2007</u>	<u>3,682.7</u>	<u>1,886.6</u>	<b>2,394</b>	<u>5.2</u>
<b>Daiwa Next</b>	May 2011	<b>3,107.9</b>	<b>151.8</b>	<b>1,046</b>	<b>3.8</b>
<b>Sony Bank</b> (cons.)	June 2001	Scheduled to be announced on Aug. 7			
<b>Rakuten</b> (cons.)	July 2001	Scheduled to be announced on Aug. 6			
<b>Jibun</b>	July 2008	<b>712.6</b>	<b>96.3</b>	<b>1,965</b>	<b>0.4</b>
<b>The Japan Net</b>	Oct. 2000	<b>579.7</b>	<b>43.7</b>	<b>2,945</b>	<b>1.5</b>

Note: Amounts are rounded to the nearest 100 million yen or thousand accounts. The number of accounts is as of the end of June 2015.

## SBI Sumishin Net Bank Achieved a High Customer Satisfaction Assessment Continuously

-  **1<sup>st</sup>** “Oricon customer satisfaction ranking” of 2015 [Online banking] 
-  **1<sup>st</sup>** “Oricon customer satisfaction ranking” of 2015 [Card loan]  

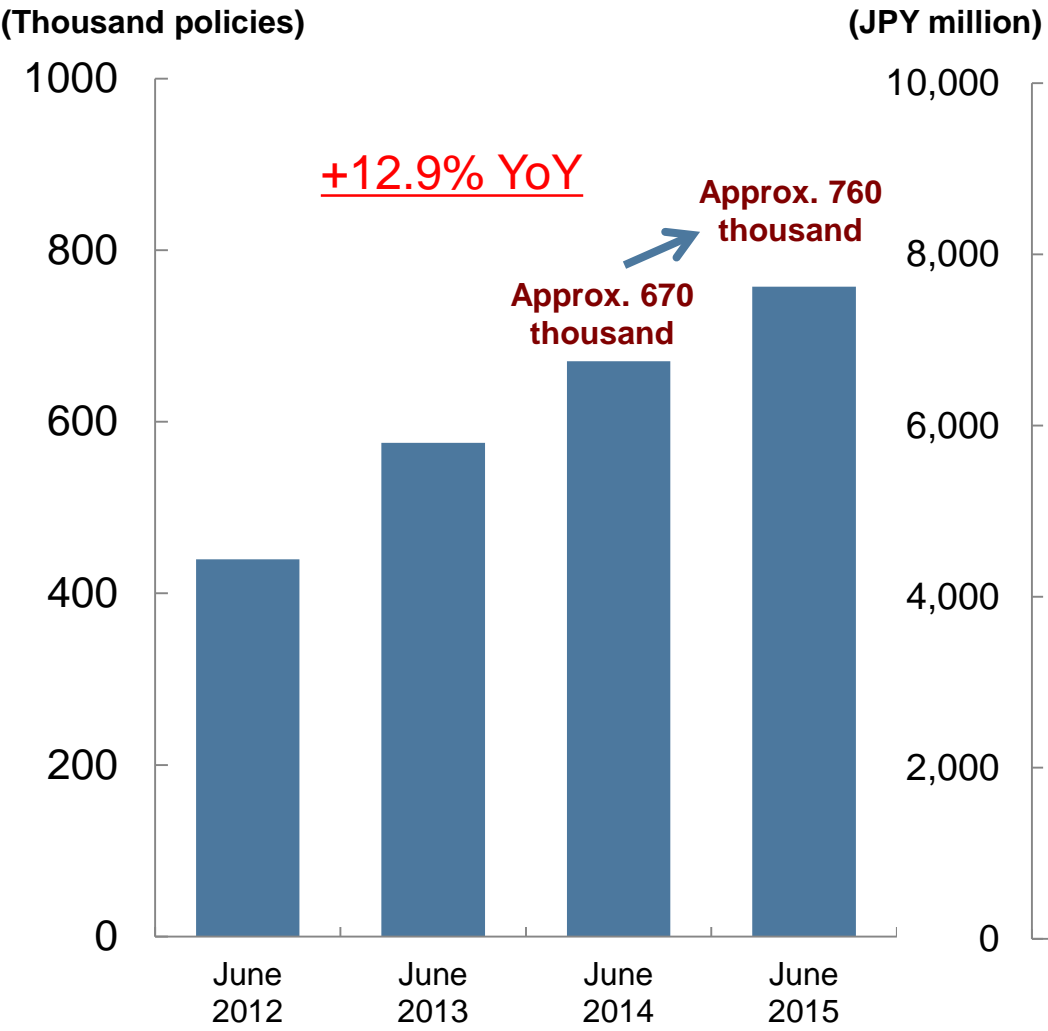
<Evaluations by item>  
Voted No.1 in “Interest rate” and “Lending procedures” , and in the age ranking, won first place for the 30s and 40s age group
-  **1<sup>st</sup>** JCSI Customer Satisfaction Survey (Japanese Customer Satisfaction Index) of 2015 Banking industry 
-  **1<sup>st</sup>** “11th Nikkei Financial Institution Ranking” Customer Satisfaction by area, in the Tokyo area and the Kinki area 

## ⑤ Insurance Business

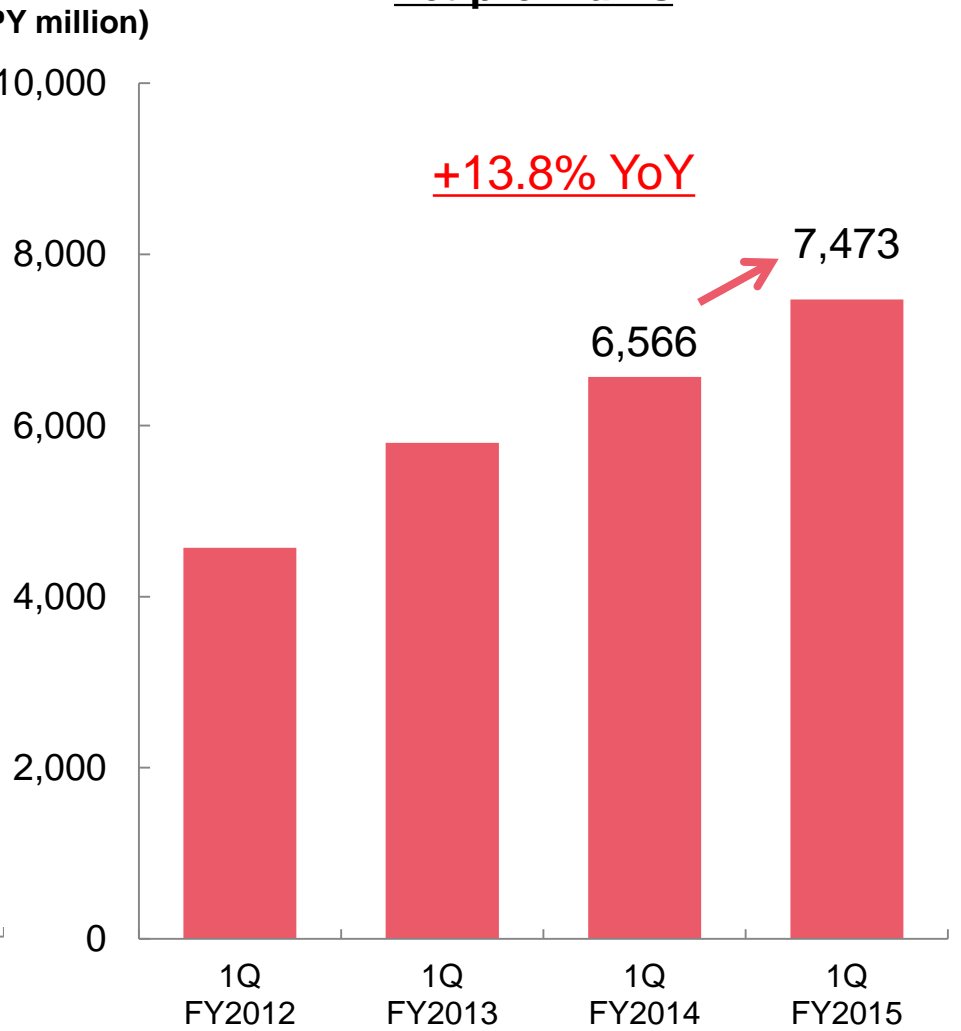
- **SBI Insurance's auto insurance business continues to rapidly expand with the number of contracts up 12.9%, and direct net premiums up 13.8% year-on-year, respectively**
- **SBI Insurance achieved profitability in 1Q FY2015 (based on IFRS), as well as in the same period of the previous year. SBI Insurance is progressing smoothly toward a FY2015 full-year profitability, with its combined ratio at 89.7% for 1Q FY2015**
- **SBI Life Insurance implements various measures to resume the procurement of new contracts**
- **Number of contracts at SBI SSI and SBI IKIKI SSI steadily increases**

# Change in SBI Insurance's Number of Auto Insurance Contracts and Direct Net Premiums

### Number of contracts\*



### Change in direct net premiums



\* Includes new contracts that were paid by the end of the month, but becomes effective the following month or later

## Change in Combined Ratio

**Combined ratio (based on direct figures) remains below 100%**

(Unit:%)

	1Q FY2014	1Q FY2015
<b>Loss ratio<sup>*1</sup></b>	75.2	<u>69.2</u>
<b>Operating expenses ratio<sup>*2</sup></b>	23.1	<u>20.5</u>
<b>Combined ratio</b>	98.2	<u>89.7</u>

\*1 Loss ratio (%) = (Direct net insurance payment + Loss adjustment expenses) / Direct net premium X 100

\*2 Operating expenses ratio (%) = (Operating and general administrative expenses + Agency commission and brokerage) / Direct net premium X 100

\*3 Percentages in the table above are based on direct figures



# SBI Insurance on a Favorable Start Toward Achieving Full-year Profitability

## SBI Insurance Profit before tax Expense (IFRS)

(Unit: JPY million)

	FY2014	FY2015
1Q (Apr. – June)	135	30

Although quarterly profit decreased compared with the same period in previous fiscal year, owing to the effect from a significant insurance payment and the increase in cost of reinsurance (amount of financial impact: JPY -111 million), SBI insurance is on a favorable start in 1Q toward achieving a full-year profitability in FY2015

## SBI Life Insurance Implements Various Measures to Resume the Procurement of New Contracts

### ➤ Organization of sales structure



Along with the preparations to conclude an agency agreement with the SBI Group companies, preparations are also underway for the SBI Life Insurance website to handle sales

### ➤ New product development by a company-wide project team

### ➤ Increasing staff to support the procurement of new contracts



While maximally reducing the personnel and non-personnel expenses, absorbing the approximate 30% increase in personnel cost related to the resumption of the procurement of new contracts\*

\* Although other additional expenses, such as system development expenses will be incurred, these measures will complete the structure of procuring new contracts

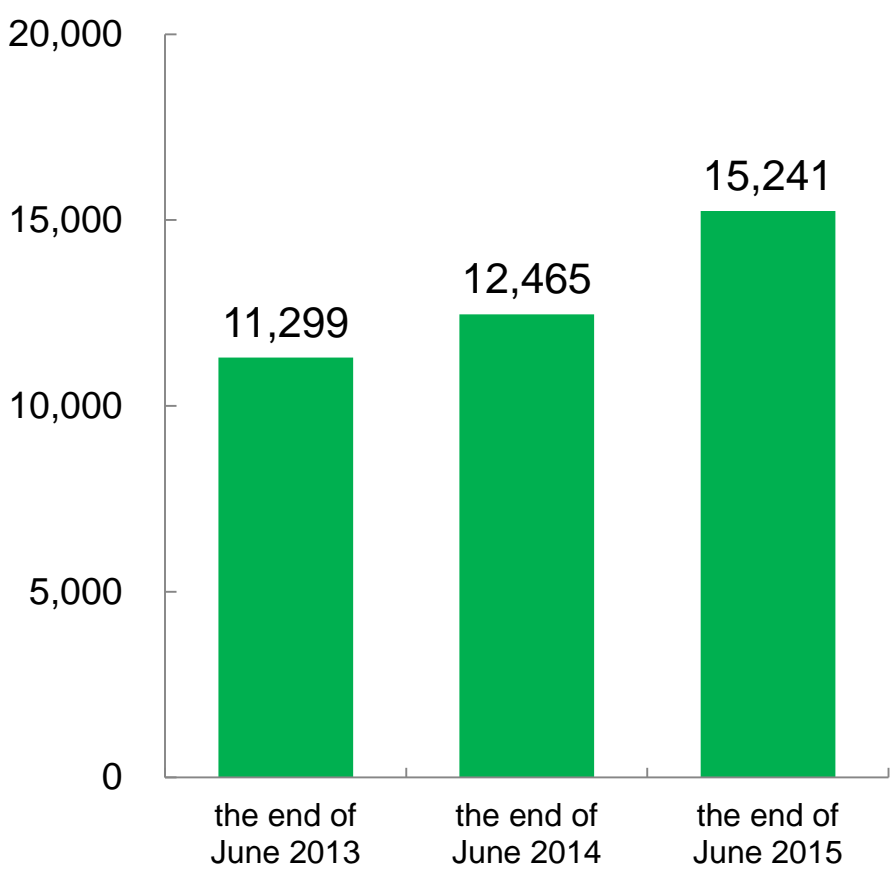
SBI Life Insurance's financial results based on J-GAAP is scheduled to be announced around Aug. 10

# Change in Numbers of Contracts of Two Small-amount, Short-term Insurance Companies



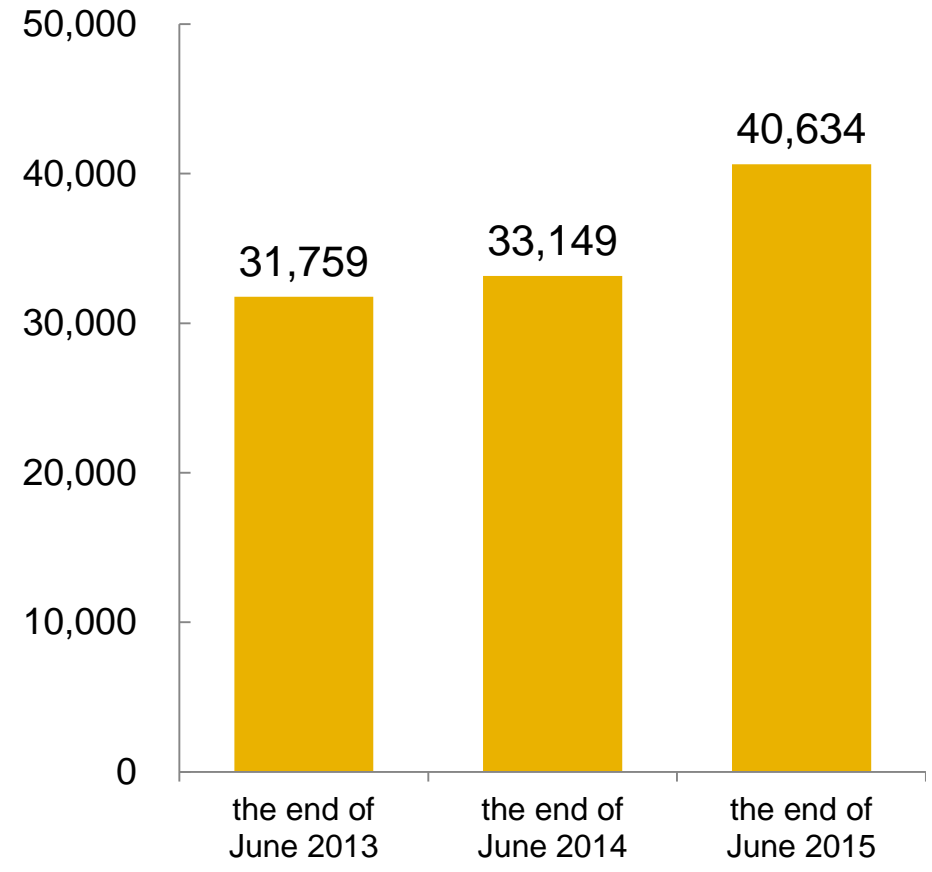
[SBI SSI] (Acquired in Mar. 2012)  
[Earthquake indemnity insurance]

(No. of contracts)



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

(No. of contracts)



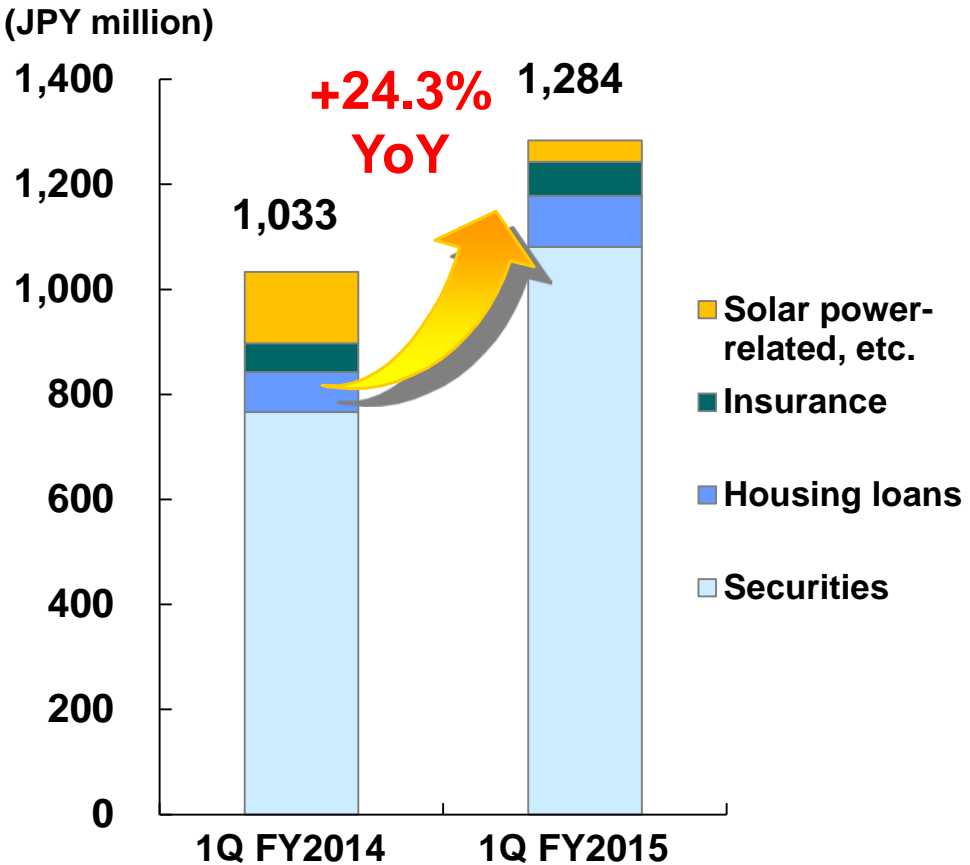
## ⑥ SBI MONEY PLAZA

- Recorded operating income (J-GAAP) of JPY 484m for 1Q FY2015, which doubled the JPY 239m for 1Q FY2014
- Customers' deposit assets and the number of accounts continues to increase steadily, with customers' deposit assets having exceeded JPY 570bn
- Promoting the diversification of revenue sources, and pursuing growth with an emphasis on balance among each business
- Steady progress in the preparations for an early stage IPO

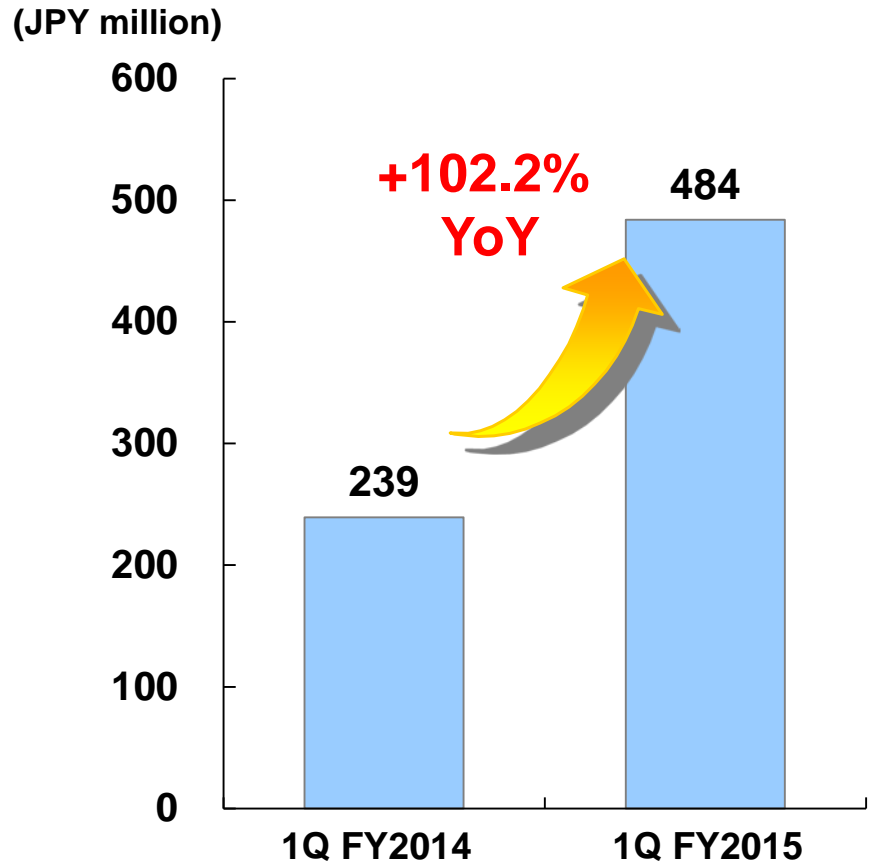
# Operating Income Doubled, Owing to the Successful Strengthening of the Revenue Base (Customer Deposit Assets Exceeded JPY 570bn) and Diversification of Revenue Sources

The diversification of revenue sources is steadily progressing, with revenue growth realization in the core securities division, as well as the housing loan and insurance divisions

### Operating Revenue



### Operating Income



## ② Asset Management Business

- For 1Q FY2015, owing to the recovery in the share prices of securities held, recorded profit before income tax expense of JPY 4.4bn, for an improvement of JPY 6.3bn from 1Q FY2014
- SBI Savings Bank of South Korea, on a K-GAAP basis that is adopted by unlisted companies in South Korea, achieved a full-year profitability for the first time since its consolidation
- Morningstar Japan achieved increases in both sales and profits, and recorded an historical high in operating income and ordinary income, on a quarterly basis

# Profit/loss Related to Fair Value Improved by JPY 8.9bn, Owing to the Recovery in the Prices of Securities Held

(IFRS, JPY billion)

	1Q FY2014	1Q FY2015
Revenue	11.3	24.5
Profit before income tax expense	-1.9	4.4
<u>Profit/loss from the change in fair value and profit/loss on sales of investment securities</u>	-5.6	3.3



Details of profit/loss from the change in fair value and profit/loss on sales of investment securities in 1Q FY2015 (JPY billion)

	1Q FY2015
<u>Unlisted Securities</u>	0.1
<u>Listed Securities</u>	3.2

<Reference>

Unrealized gains of JPY 6.5bn versus acquisition cost

# SBI Savings Bank of South Korea Achieved the First Full-year Profitability since becoming a Consolidated Subsidiary

(On a K-GAAP basis, which applies to unlisted companies in South Korea)

## Fiscal Year Ended June 30, 2015 Result

(KRW billion)

	1Q* (July -Sept. 2014)	2Q* (Oct.-Dec. 2014)	3Q (Jan.-Mar. 2015)	4Q* <sup>2</sup> (Apr.-June 2015)	Full-year* <sup>2</sup> (July 2014-June 2015)
Operating Revenue	111.3	110.0	116.1	127.3	464.7
Operating Income	-16.1	14.5	24.0	19.4	41.9
Profit before income tax expense	-19.9	10.1	27.4	8.6	26.2

\*1 Results for the four-month period from July to October are the sum of the pre-merger non-consolidated results of the former SBI 1 Savings Bank and three affiliated banks, which is adjusted by eliminating the equity method profit/loss among the banks. In the results announced separately from SBI Savings Bank, the above mentioned results for the four-month period from July to October is the non-consolidated results of the former SBI 1 Savings Bank

\*2 The results for 4Q and full-year are preliminary results, which are not subject to an audit by the auditor

### Change in Capital Adequacy Ratio (K-GAAP basis)

As of the end of Mar. 2015: 11.31% → As of the end of June 2015: 11.46%  
(Improved by 0.15 percent points from the previous quarter)



# 1Q FY2015 Consolidated Results Achieved a Significant Increase in Revenue and Profit

**Net sales and operating income achieved historical highs on a quarterly basis**

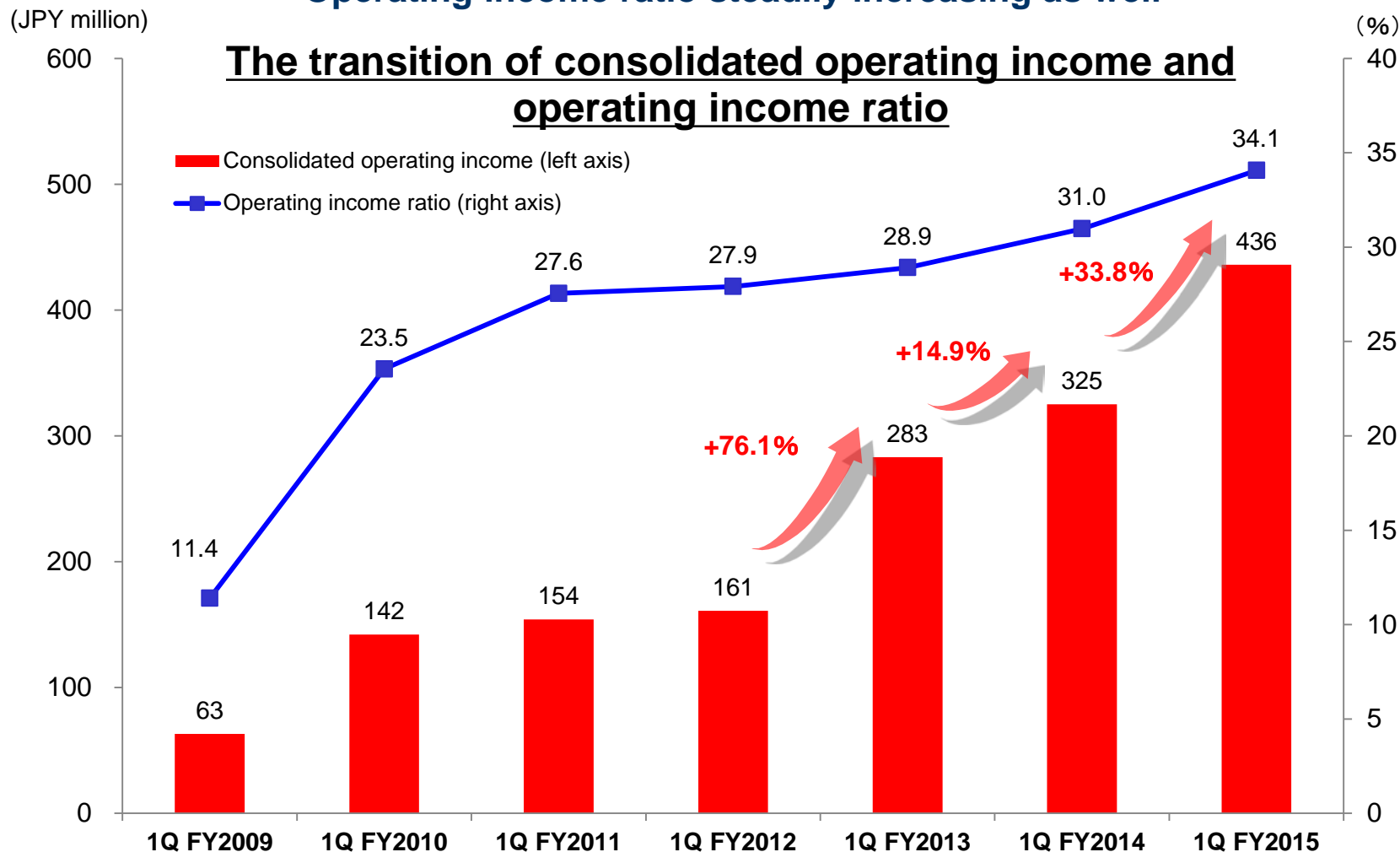
Consolidated Results (J-GAAP)

(Unit: JPY million)

	1Q FY2014		1Q FY2015		YoY % change
	Amount	Income margin (%)	Amount	Income margin (%)	
Net Sales	1,051	-	1,280	-	21.7
Operating Income	325	31.0	Historical high (on a quarterly basis) 436	34.1	33.8
Ordinary Income	335	31.9	Historical high (on a quarterly basis) 438	34.2	30.6
Net Profit	221	20.1	289	22.6	36.5

# Trend of 1Q Consolidated Operating Income

Achieved record operating income for the sixth consecutive year.  
 Increased operating income by 2.7x that of FY2012, and 6.9x that of 1Q FY2009  
 Operating income ratio steadily increasing as well



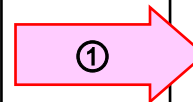
## ③ Biotechnology-related Business

- Loss before income tax expense of SBI Biotech (cons.) for 1Q FY2015 improved slightly year-on-year. Also, SBI ALA promo reduced its deficit through higher sales of health foods and cosmetics containing 5-ALA, and curtailed its SG&A expenses
- Loss improved substantially year-on-year in the Biotechnology-related Business
- Along with the increase in the number of pharmacies that handles its products and the successfully expansion of the product range offering, resulting in a significant increase in the shipment volumes of health foods and cosmetics containing 5-ALA

# Profit before Income Tax Expense of the Biotechnology-related Business for 1Q FY2015 (IFRS)

(JPY million)

		1Q FY2014	1Q FY2015
<b>Total of the Biotechnology-related Business</b>		<b>-1,248</b>	<b>-1,070</b>
	<b>SBI Biotech (cons.)</b>	<b>-760</b>	<b>-723</b>
	<b>SBI Pharmaceuticals</b>	<b>-295</b>	<b>-298</b>
	<b>SBI ALApromo</b>	<b>-226</b>	<b>-46</b>

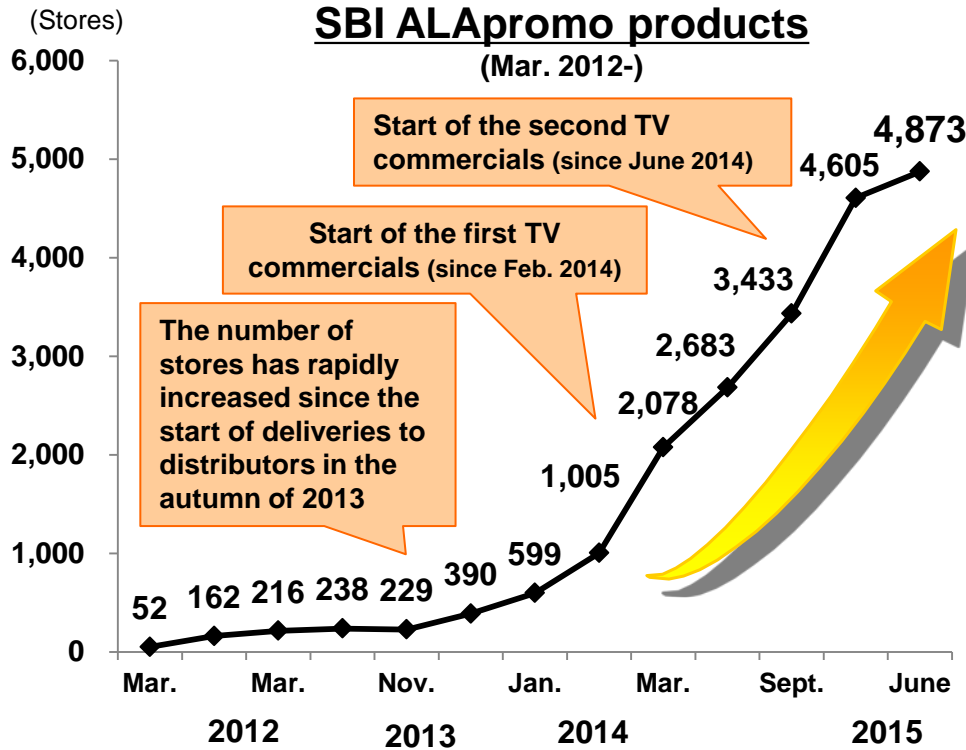


① Even as SBI ALApromo achieved a sales increase through retail stores and other channels, it cut SG&A expenses by implementing more efficient promotions and thereby reduced the deficit year-on-year.

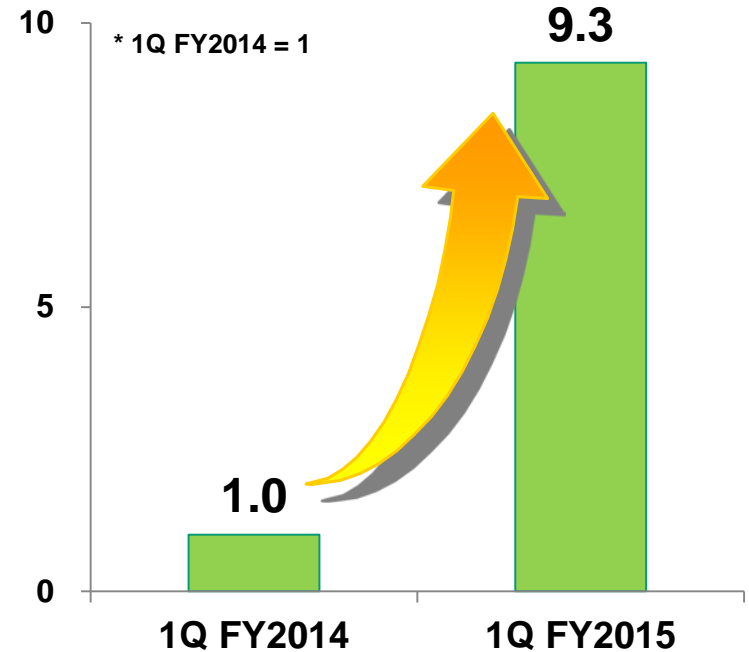
# Significant Increase in Shipment Volumes of Health Foods and Cosmetics Containing 5-ALA as well as Consulting Pharmacies and Drugstores Offering SBI ALApromo Products

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**



**Comparison of shipment volumes (SBI ALApromo)**



Product offering expanded with the launch of ALAPi a full-body moisturizing cream in Mar. 2015

## **2. The Company's Outlook for FY2015 Based on the Current Business Environment**

- (1) Recognition of the Current Business Environment Surrounding the SBI Group**
- (2) Impact of Recent Changes in the Environment on the FY2015 Financial Results, and the Immediate Efforts in Each Business Segment**
- (3) Continuing Promotion of Business “Selection and Concentration”**
- (4) The Outlook for FY2015 Based on 1Q FY2015 Consolidated Financial Results and the Current Business Environment**

# **(1) Recognition of the Current Business Environment Surrounding the SBI Group**

# Two Problems that had a Major Impact on Stock Markets

## Greek debt crisis

The bailout program for Greece expired at the end of June, and Greece went into default. Subsequently, on July 5 Greece held a national referendum on the financial austerity measures demanded by the EU and other creditors, and opponents of the measures won. **Concerns about a Greek withdrawal from the eurozone heightened, causing temporary turmoil in stock markets.**

At a July 13 meeting of EU leaders, it was decided to start procedures for support measures exceeding EUR 82.0bn over three years predicated on passage of a fiscal reform bill by the Greek parliament. The fiscal reform bill safely passed, **Greek insolvency was avoided for the present, and European stock markets headed toward recovery.**

## China's stock plunge

The SSE Composite Index, which had increased approximately 2.5x from the summer of 2014 until June 2015, peaked on June 12, 2015 and plummeted by more than 30% in about four weeks.

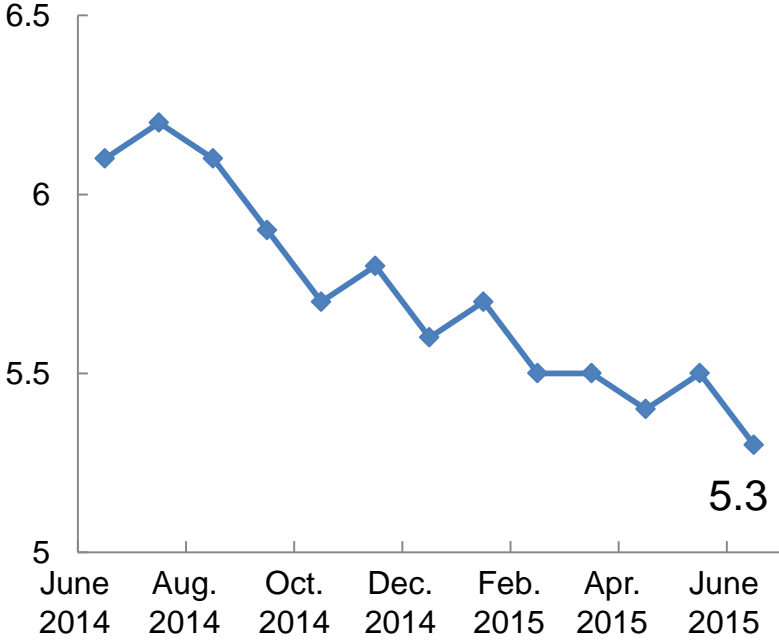
Owing to the Central Bank's interest rate cuts and provision of liquidity, share purchases by the securities companies, a ban on stock sales for large shareholders, a short selling restriction, and various other measures being flexibly implemented, **the stock market is expected to gradually stabilize and resume its upward trend.**



# Recognition of the Current Condition and Forecast of the U.S. Economy

With the backdrop of strong economic indicators in the U.S., the probability of a federal funds rate hike within the year is increasing

(%) Unemployment Rate in the U.S.



Federal Reserve Chairperson Yellen's testimony for the U.S. House of Representatives Financial Services Committee on July 15, 2015

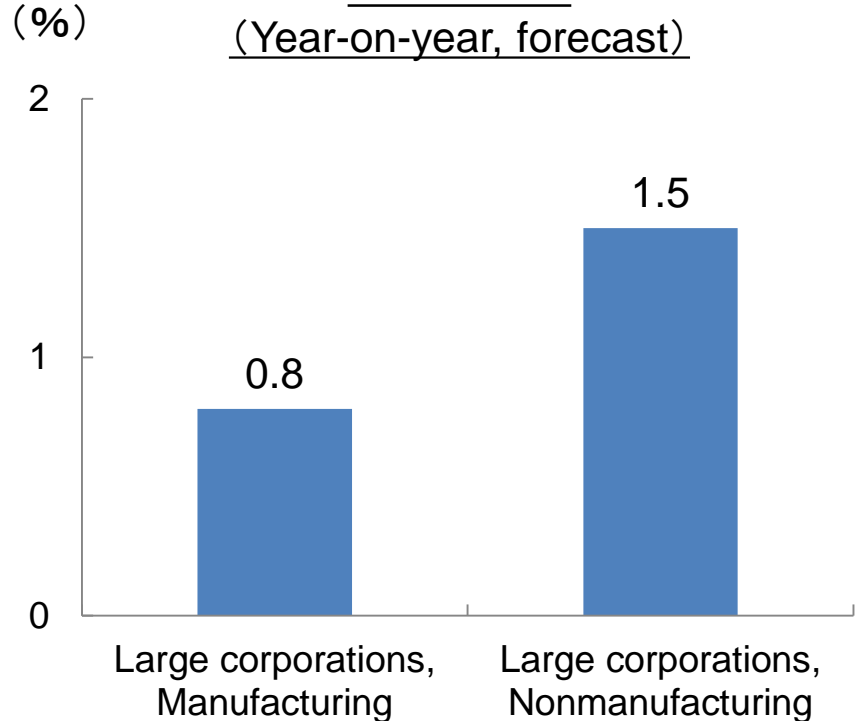
“If the economy evolves as we expect, economic conditions likely would make it appropriate at some point this year to raise the federal funds rate target, thereby beginning to normalize the stance of monetary policy.”

# Recognition of the Current Condition and Forecast of the Japanese Economy

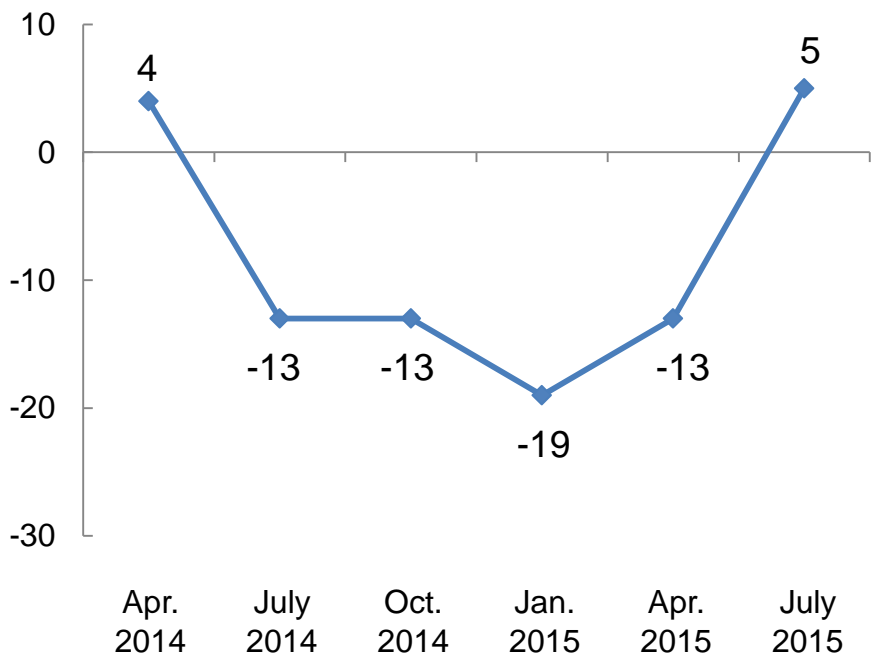
While there are destabilizing factors, such as foreign economic conditions and the movement of crude oil prices, the domestic corporate earnings are expected to remain firm centering on large corporations for this fiscal year, and consumption is also showing an improving trend

## Rate of change in ordinary Income in FY2015

(Year-on-year, forecast)



## The Nikkei Consumption Diffusion Index\*

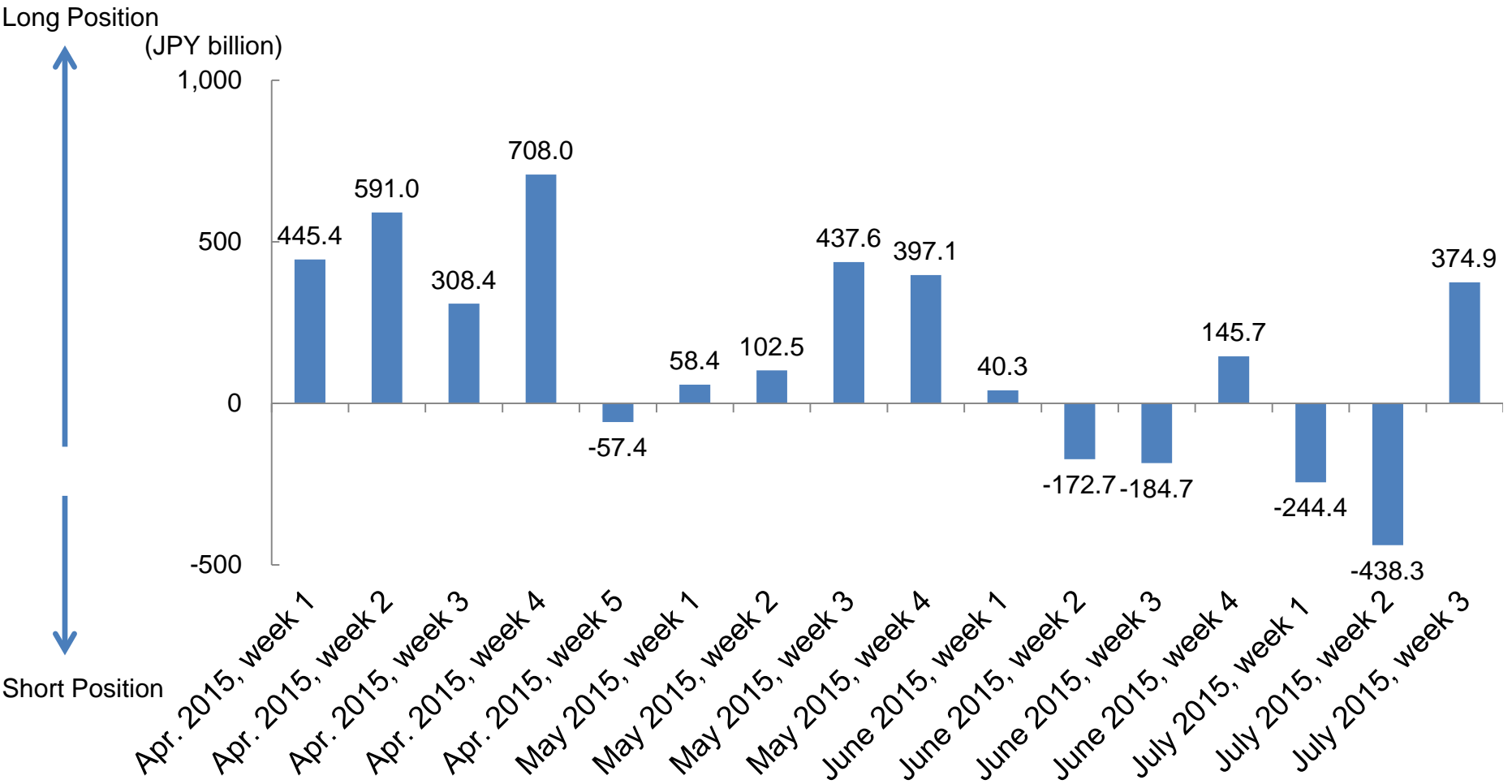


Source: Tankan (announced in July 2015)

\*Indicator which shows business sentiment in retail companies released by Nihon Keizai Shimbun, Inc.

# Trading Value by Foreigners

Total trading value of stocks by foreigners  
(Tokyo and Nagoya markets)



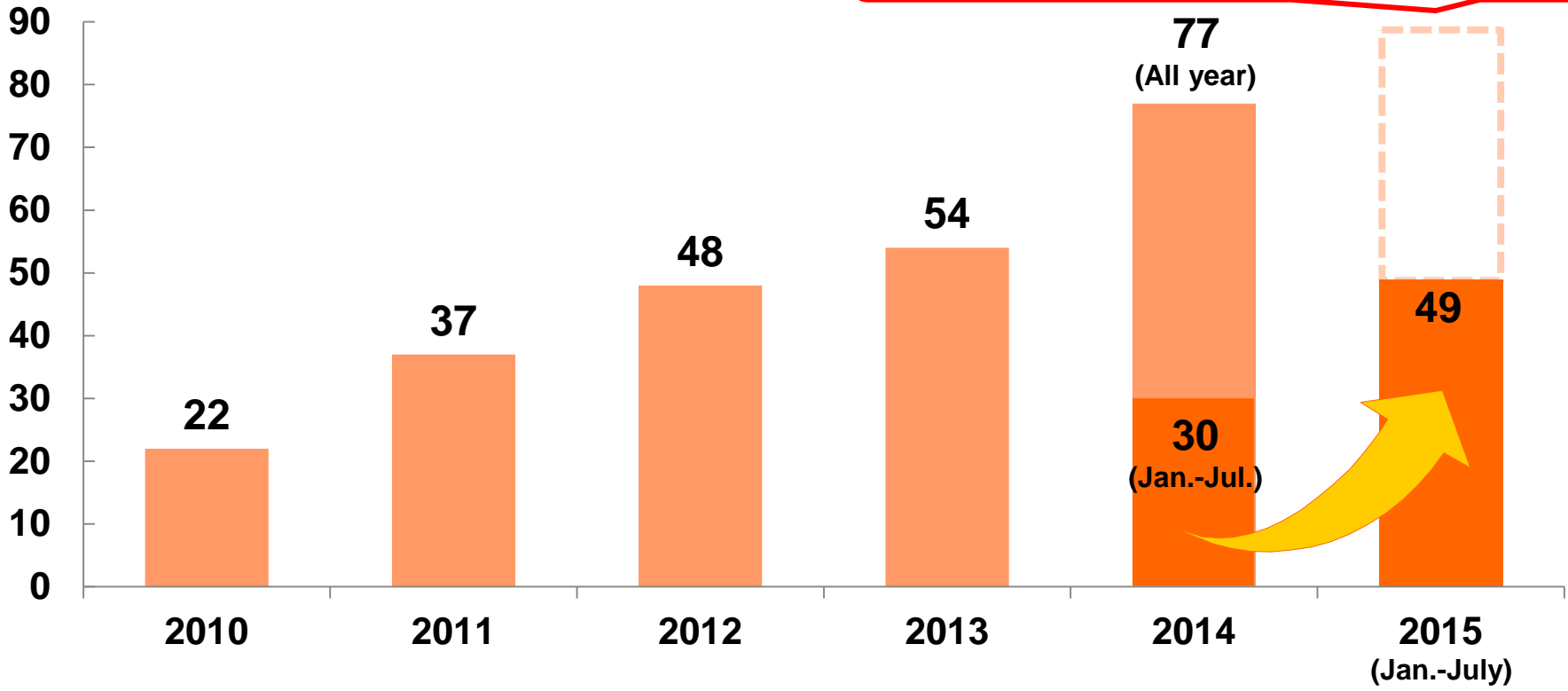
Source: JPX, "Trading by Type of Investors"

# Change in the Number of Domestic IPOs

- 49 companies conducted IPOs from Jan. to July 2015, while 30 companies conducted IPOs from Jan. to July 2014, and the underlying upward trend continues
- The ratio of initial price divided by public offering price\*1 in the domestic market was 1.31x from Jan. to July 2015, which exceeded the 1.07x from Jan. to July 2014, indicating a positive initial price formation for IPO companies

The number of IPOs in 2015 is expected to reach a higher level than the previous year

(Number of companies)



\*1 Calculated as the ratio of the sum of market cap of IPOs based on initial price to the sum of market cap based on public offering price.

## **(2) Impact of Recent Changes in the Environment on the FY2015 Financial Results, and the Immediate Efforts in Each Business Segment**

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

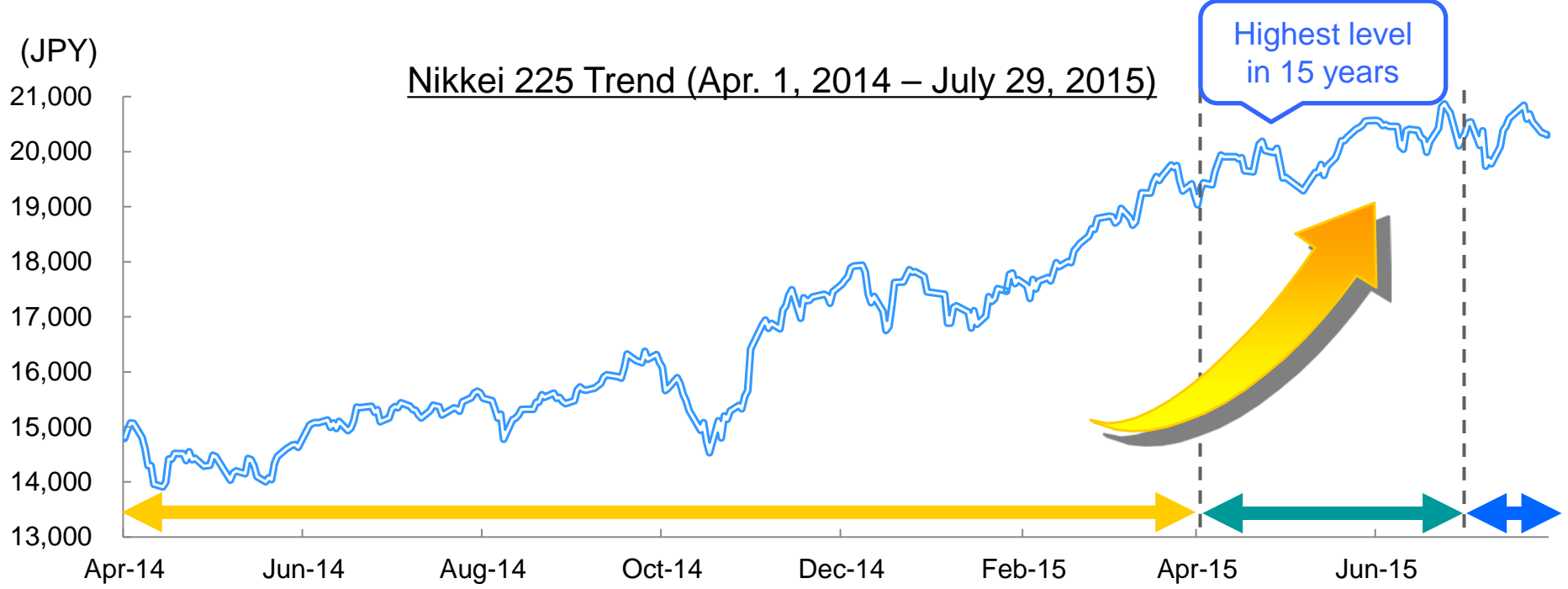
# ① **Financial Services Business**

- (i) Securities-related Business**
- (ii) Banking-related Business**
- (iii) Insurance-related Business**

## **(i) Securities-related Business**

- a. Owing to the recent increase in stock market volatility, transactions have increased even more in July as compared to 1Q FY2015**
- b. Number of accounts are steadily increasing, and is now approaching the secondary position in the securities industry to Nomura Securities**
- c. With an increase in the balance of products such as investment trusts that generate stable revenues, the dependence on commission fees declined further**
- d. Endeavoring to expand product offerings, and to reduce cost by promoting the self-origination of structured bonds**
- e. Further reducing cost through the establishment of the system development company, SBI BITS**

# SBI SECURITIES' Condition through July 29



Quarterly average of FY2014

1Q FY2015

Operating income

: **JPY 8.67bn** **JPY 9.95bn**  
 Monthly average of FY2014      Monthly average of 1Q FY2015      July 2015\*

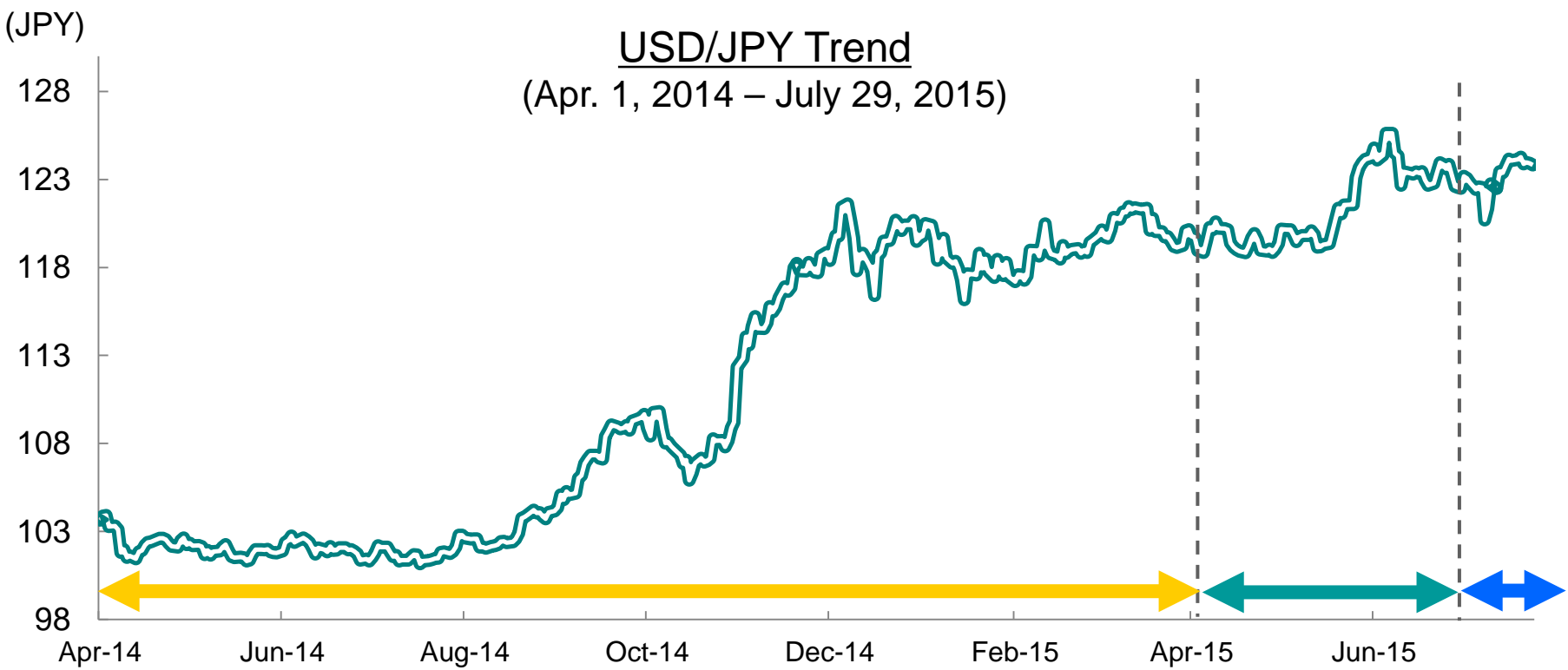
SBI SECURITIES' average daily trading value

: **JPY 440.8bn** **JPY 516.3bn** **JPY 522.5bn**  
 vs FY2014 +18.5%  
 vs 1Q FY2015 +1.2%

\* Average daily trading value of July 2015 is calculated based on the total trading value as of July 29.



# SBI Liquidity Market's Condition through July 29



Monthly average of FY2014

Monthly average of 1Q FY2015

July 2015 \*

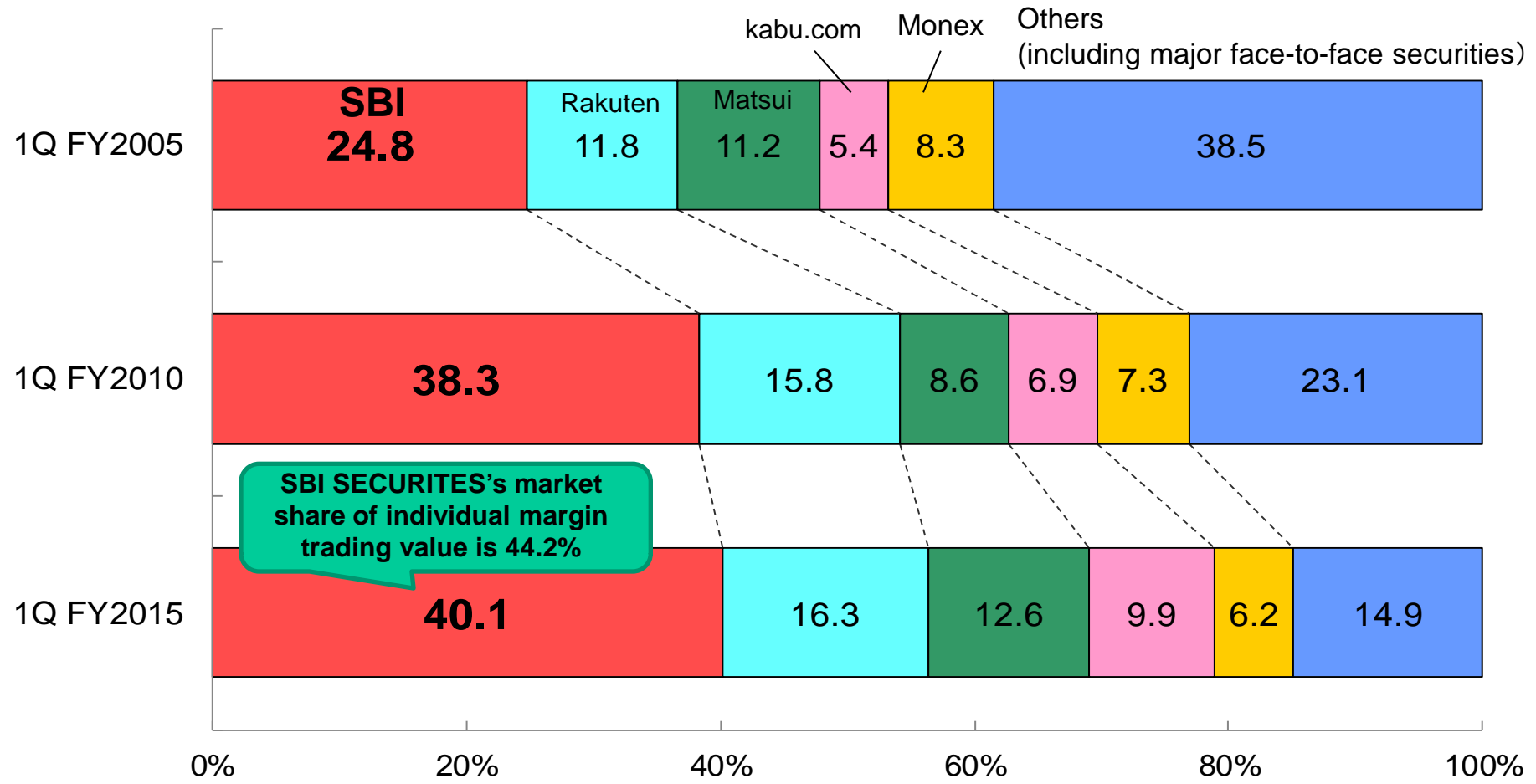
Operating income before allocation

■ **JPY 0.92bn** → **JPY 1.05bn** → **JPY 1.10bn**  
 (vs FY2014 +19.0%)  
 (vs 1Q FY2015 +5.1%)

\* Operating income before allocation of July 2015 is the estimated amount as of July 29.

# Retail Business is Dominated by the 5 Major Online Securities Companies (The Market Share is Over 80%)

Share of Individual Stock Trading Value (%)



Source: Compiled by SBIH based on Tokyo Stock Exchange materials, and from information on each company's website.

\* Calculated using each company's individual trading value plus the individual margin trading value of the 1st and 2nd sections of the Tokyo and Nagoya Stock Exchange (excluding trading value of ETFs).

\* As for SBI SECURITIES' individual stock trading value or individual margin trading value, includes that for ETF.

# Succeeded at Attaining New Customers through NISA

Despite initiating the customer acquisition process at the same time, the gap with online peers is conspicuous. Currently approaching Daiwa Securities' number of accounts

(June 2015)	SBI	Matsui	kabu.com	Nomura	Daiwa
No. of NISA accounts	<u>ca. 690,000</u>	ca. 90,000	ca. 100,000	ca. 1,560,000	ca. 710,000

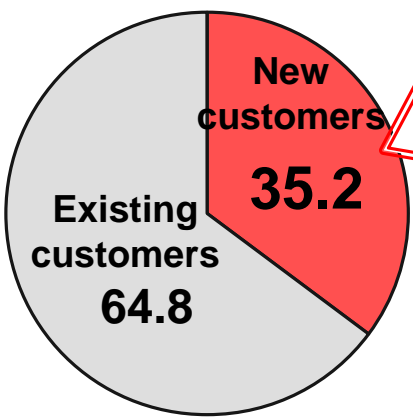
\* The number of accounts are as of the end of June 2015, compiled by SBIH from the information on websites of each company.

As of July 29, 2015, SBI SECURITIES has approx. 710,000 accounts, and deposits of JPY 311.9bn

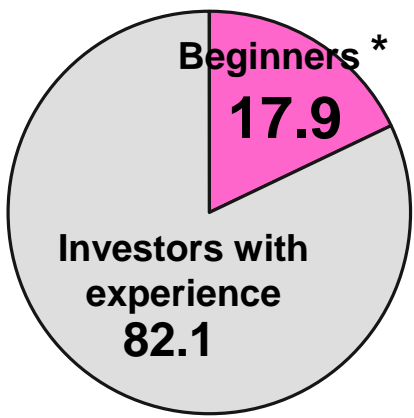
Comparison of Customer Attributes (as of the end of Mar. 2015)

**SBI SECURITIES (%)**

**Entire Securities Industry (%)**



Number of new customers opening NISA accounts account for over 35%, and within that 66.6% are beginner investors



\* "Beginners" represent investors who opened their accounts after Apr. 2013; equivalent to SBI SECURITIES' "New customers".

Source: JSDA

■ Active account ratio of 58.6% (Among the entire securities industry, the average ratio is 48.4%)

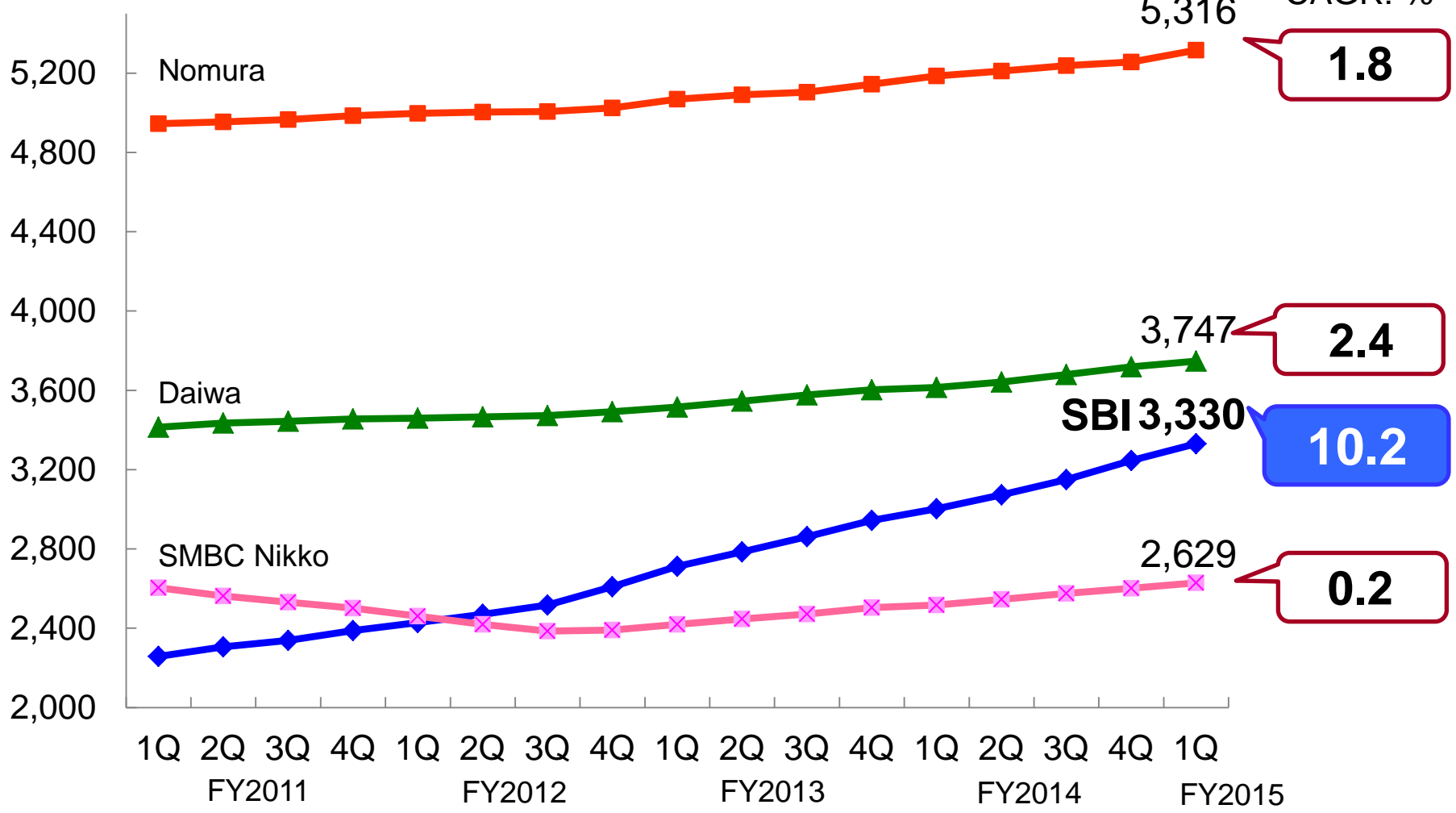
The tax-exempt investment ceiling increases to JPY 1.2m annually and the Junior NISA program will start in 2016, so the focus on attaining new customers will continue to be pursued

(i)-b. Expansion of customer base: SBI SECURITIES



# Number of Accounts of SBI SECURITIES and 3 Major Face-to-face Securities Companies

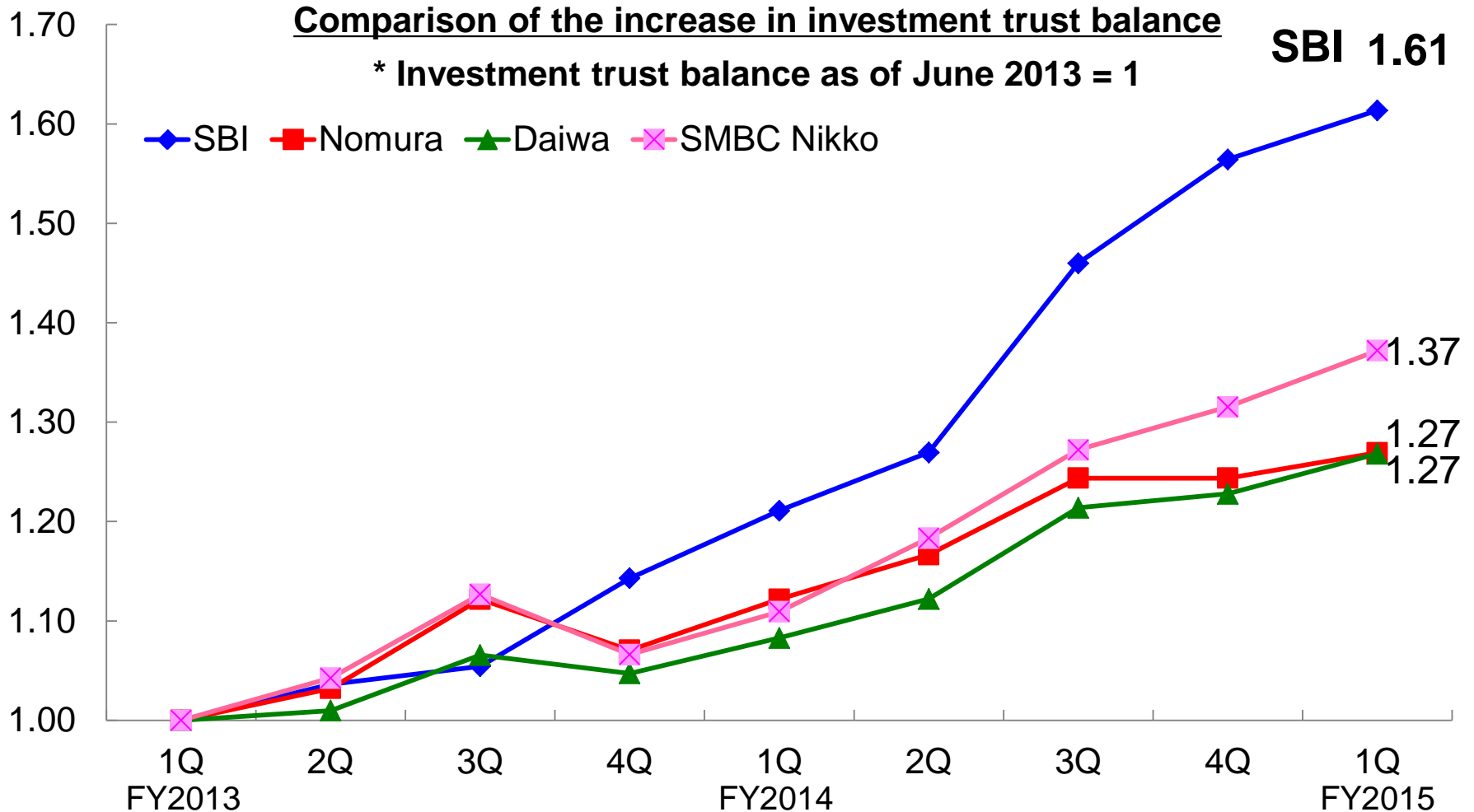
(Thousand accounts)



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

# Growth in Investment Trust Balance Surpasses the Major Face-to-face Securities Companies

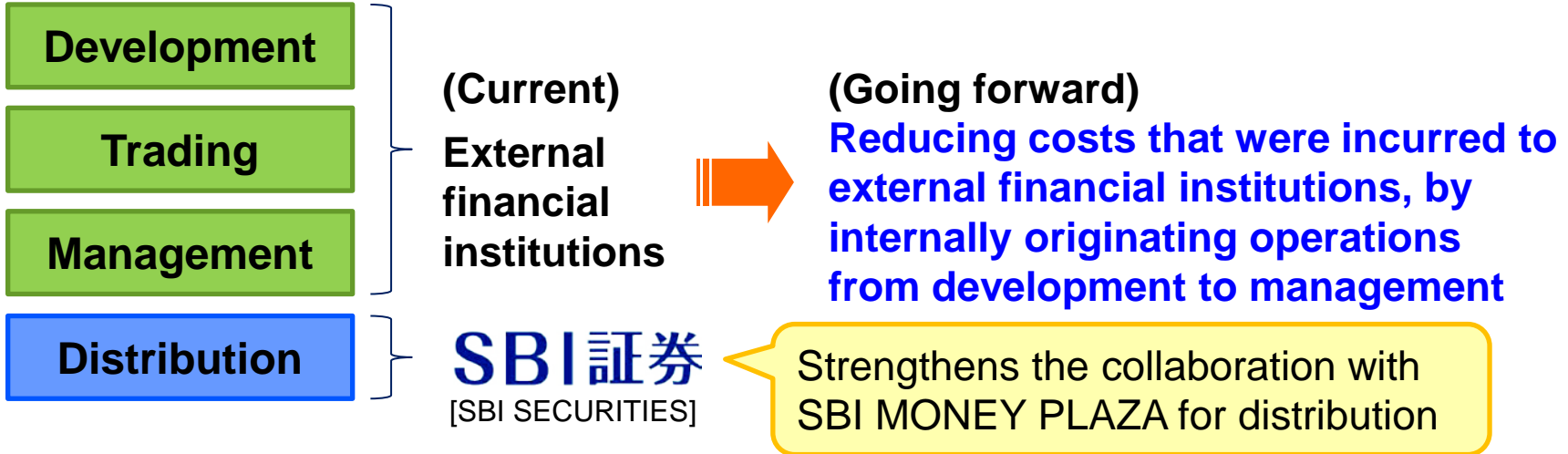
By increasing the investment trust balance, expanding revenue from stable revenue generating products



# Accelerating the Efforts for Self-origination of Structured Bonds

- By internally originating structured bonds that are currently purchased from third parties, strives to reduce cost and share the benefits to its customers

[Structured bonds' inherent operations from development to distribution]



- In order to accelerate the efforts to internally originate structured bonds, SBI SECURITIES acquired Book Field Capital, which possesses such expertise, on Apr. 1, 2015

**In order to establish a structure to originate structured bonds in a flexible and prompt manner, established a Hong Kong subsidiary in June 2015**

**Establishing the structure within the year, with plans to originate structured bonds equivalent to JPY 25bn next year**

(i)-e. Establishment of a system development company:

## Further Reducing System Costs through the Establishment of a System Development Company to Promote the Development of SBI Group's Unique Online System for Internal and External Use



**Established SBI BITS, a systems company that develops and structures online systems, primarily for the internal and external securities business in July 2015, which will commence operations in Aug. 2015**

\* "BITS" stands for Better IT Solutions

**Through the establishment of SBI BITS, promoting the internal development of systems-related business, with the intention of further integrating the systems development know-how, as well as further reducing systems cost that account for approximately JPY 13.0bn annually (System cost for FY2014: JPY 12.6bn)**

For the future, will endeavor to broadly provide systems development for not only domestic securities business, but also banking and insurance businesses, as well as for the securities business overseas, by leveraging the accumulated expertise

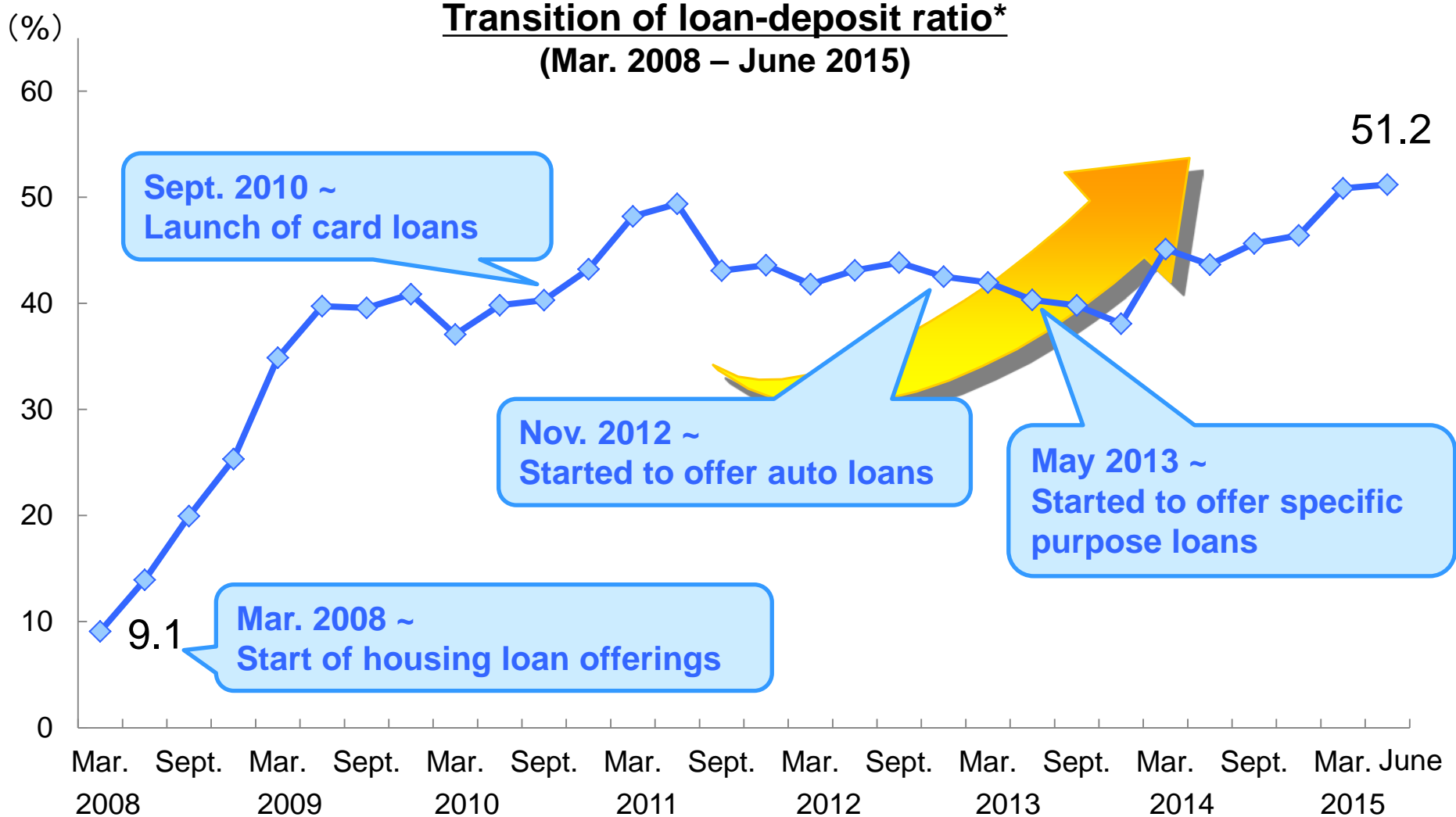
## **(ii) Banking-related Business**

- a. An improvement in the loan-deposit ratio, resulting from a diversification of loans**
- b. Expanding the settlement services, through the full-fledged entry into the credit card business**



# An Improvement in the Loan-deposit Ratio, Resulting from a Diversification of Loans

(ii)-a. An improvement in the loan-deposit ratio, resulting from a diversification of loans:



\* Calculation for the ratio: Dividing the loan balance by deposits balance as of each period

# Promoting Measures to Achieve Early Profitability in the Credit Card Business

## SBI Sumishin Net Bank's Acquisition of SBI Card

(Planned in Oct. 2015)



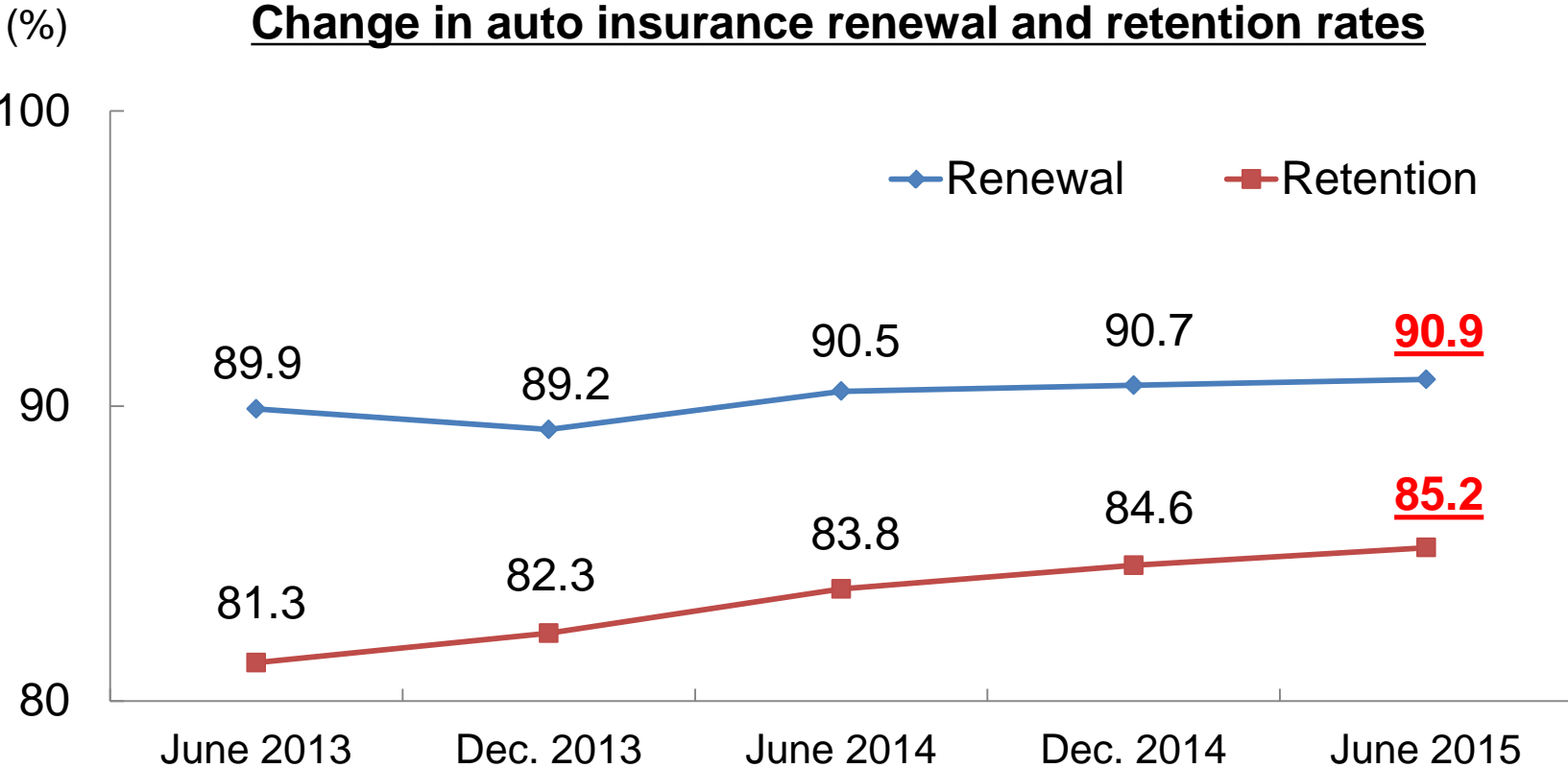
- Through a unified operation, including the development of products with a high affinity for SBI Sumishin Net Bank's card loans, cultivates the credit card business as one of the bank's core businesses
  - In order to move forward to an early profitability of the credit card business:
    - Promoting a full-scale acquisition of new customers, both within and outside of the Group, by strengthening the Group company activities to cooperate in areas such as marketing strategies.
    - Improving the earnings structure through revised offerings, and fundamental overhaul of the business flow
- ➔ Considering preferential treatment for annual fees and bonus point grants, based on customer's usage, and will endeavor to continuously provide thoroughly attractive services and products

### **(iii) Insurance-related Business**

- a. Both renewal and retention rates increased at SBI Insurance**
- b. Considering the development of fire insurance, and in order to develop personalized insurance products, partnering with ZMP Inc.**
- c. In response to the growing need for reinsurance within the Group, considering a foray into the reinsurance business, along with the establishment of an insurance holding company**

# Increase in Renewal and Retention Rates

The renewal rate in the auto insurance business has increased, and the retention rate has also risen, owing to an incidental rate increase in the “Bicycle Accident Compensation Authorization”



Renewal (%) = The number of renewal policy / The number of expiry policy which start its contract period from the same month a year ago X 100

Retention (%) = Premium incomes of renewal policy / Premium incomes of the contracts which start its contract period from the same month a year ago X 100

# SBI Insurance Proceeds to Expand on Its Product Offering




## ➤ Consideration of fire insurance



**Fire insurance** (under consideration)



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



**Results of housing loans** (Oct. 2007 – June 2015)  
**Total amount : JPY 2,385.6bn**  
**Total number : 97,610**  
**Number of newly acquired**  
 (Apr. 2014 - June 2015) : **4,050**

**A R U H I** [ARUHI (formerly SBI Mortgage)]  
 (SBI Group's share holding\*1: Approx. 10.53%)

**Results of housing loans** (July 2001 – Mar. 2015)  
**Total amount : approx. JPY 2,900bn**  
**Total number\*2 : approx. 120,000**  
**Number of newly acquired\*2**  
 (Apr. 2014 - Mar. 2015) : **approx. 19,000**

\*1 Ratio of voting rights for ARUHI Group Co., Ltd., the holding company of ARUHI. 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 June 2015)

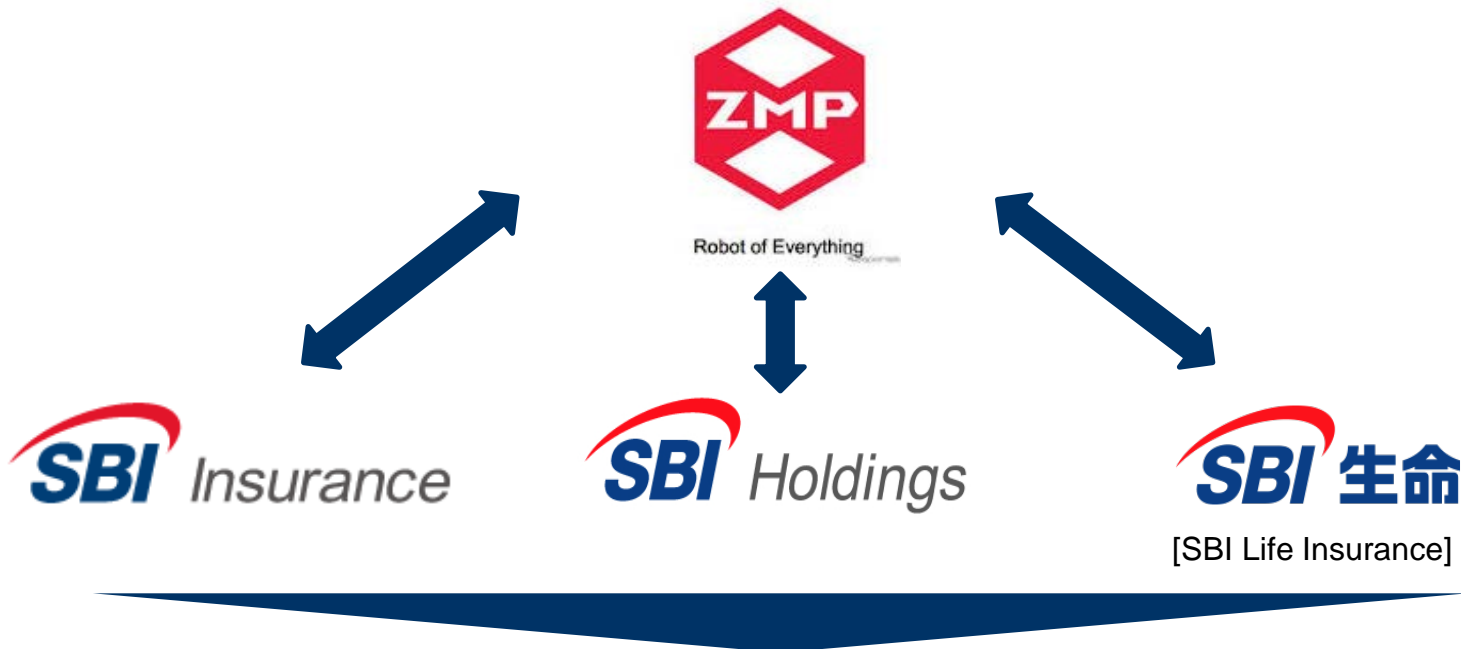
\*2 The number of loans backed, excluding package loans and loans for expenses related to housing acquisition

(iii) - b. Expansion into new products:



# In Cooperation with ZMP Inc., a Robotics Venture Company, for the Development of Personalized Insurance Products

## Promoting the development of personalized insurance products utilizing telematics technology and wearable devices



### Development of Personalized Insurance Product

\* Personalized insurance product refers to insurance in which premiums are tailored according to each policy holder’s risk and characteristics. As an example, at another insurance company’s auto insurance case, a dedicated measurement equipment was installed in the policy holder’s automobile to calculate mileage and driving behavior, and the policyholder’s premiums were set according to the results obtained.

\* ZMP is a company that was established in 2001, to offer an “autonomous mobile platform,” which combines hardware and software through the utilization of robotics technology. The company is gaining prominence for having started the telematics and robot taxi businesses.

(iii)- c. The reinsurance business and insurance holding company :

## Contemplating a Foray into the Reinsurance Business and the Establishment of an Insurance Holding Company

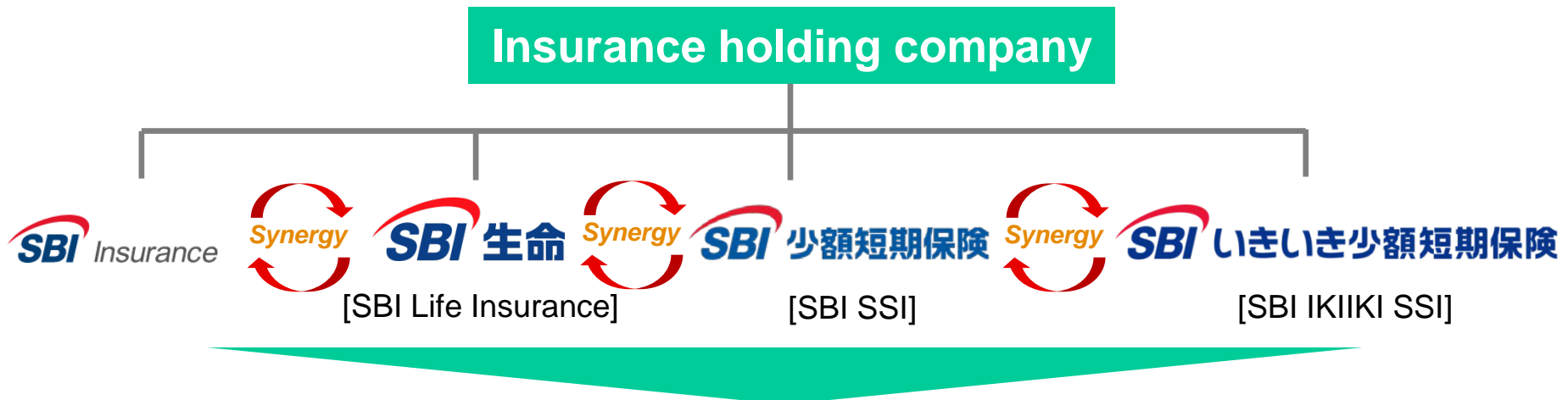
- Foray into the reinsurance business to strengthen the profitability structure of the insurance companies

Finalized the selection of the domicile and service vendor of the reinsurance company advancing a feasibility study in order to establish a reinsurance company in FY2015



In response to the growing needs for reinsurance within the Group, will gradually aggregate the reinsurance into the newly established reinsurance company to reduce the Group's total reinsurance premiums paid to external sources

- Through the establishment of an insurance holding company, business efficiency and maximization of Group synergies will be endeavored



For 1Q FY2015, the total ordinary income for the four companies (preliminary figures based on J-GAAP) was approx. JPY 580m

## **② Asset Management Business**

**(i) Venture Capital Business**

**(ii) Financial Services Business Overseas**

**(iii) Asset Management Services Business**



## **(i) Venture Capital Business**

- a. The Company's risk with respect to the decline of Chinese listed securities is limited**
- b. Major listed securities held by the Company bottomed-out in the previous fiscal year, and are in a recovery trend**
- c. Domestically, further expanding operational scale by promoting the establishment of new funds**
- d. In ASEAN countries and South Korea, expanding operational scale by promoting the raise of more funds**
- e. For this fiscal year, 18 IPO and/or M&A deals are expected among the Group's investee companies**

## Breakdown of Investment Balance Based on Investee Companies' Country Listings

(JPY billion)

	Amount as of the end of June 2015 (JPY billion)	Percentage of total AUM (%)
Japan	20.6	10.7
Korea*	15.5	8.1
Taiwan	4.2	2.2
Europe	3.7	1.9
Hong Kong	0.9	0.5
Southeast Asia	0.8	0.4
Others (ex. India and U.S.)	0.5	0.3
<b>Total of listed stocks</b>	<b>46.2</b>	<b>24.1</b>
<b>Total Group AUM</b>	<b>192.0</b>	<b>-</b>

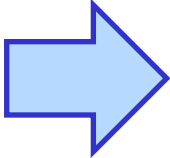
\* Of which approximately half of the amount of JPY 7.5bn is the amount of funds operated by SBI Investment Korea, an equity method associate of SBIH. The impact on the consolidated financial statement is insignificant, considering SBIH's share.

- **For the investment business in China, the Company has been progressively recouping its investments and liquidating funds, thereby limiting its China-based equity risk**

(i)-b. Price changes in listed securities held by the Company

## Price of Listed Securities Held by the Company Bottomed-out in the Previous Fiscal Year, and are in a Recovery Trend

### Profit/loss related to FVTPL in listed securities held by the Company

Full-year FY2014		1Q FY2015
JPY -5.0bn		JPY +3.2bn

Regarding the price of listed securities held by the Company, having bottomed-out in the previous fiscal year, the profit/loss from the change in fair value is expected to be positive for this fiscal year

## Promoting the Establishment of New Funds Domestically to Expand the Operational Scale

- Domestically, SBI Investment established a JPY 15bn flagship fund that targets next-generation companies

### SBI VENTURE FUND INVESTMENT LPS

- Total commitment amount: JPY 15.0bn  
(Management fee: approx. JPY 380m per year; 2.5% of total capital commitment)
- Investment target:  
Investment in promising unlisted companies in Japan and overseas engaged in IT, environment and energy, health care, services, materials and parts, and other promising businesses

**Plans to newly establish larger funds to further expand operational scale**

### FinTech Business Innovation LPS

- Preparations are underway toward the establishment of the fund by Dec. 1, 2015
- Planning to invest in the FinTech field, which is expected to rapidly grow going forward
- The SBI Group, as a pioneer of the FinTech field, will maximize its “Superior Judgment” and “Development Ability,” to return as much as possible to its investors on both an investment and business basis
- Currently, primarily raising funds from financial institutions and IT vendors who are expected to generate synergies within the FinTech field

# Endeavoring to Expand the Operational Scale by Promoting Further Fund-raising in the ASEAN countries

- In Malaysia, Brunei and Taiwan, where funds jointly established with existing partners are steadily delivering results, preparations are underway to form No. 2 funds that will be larger than the No. 1 funds by securing capital contributions from outside investors.

## No.2 Funds which are preparing to form\*

### Malaysia

Target commitment amount:  
maximum approx. JPY 18.0bn  
 (No.1 fund: approx. JPY 5.3bn)  
Establishment fee: 1%  
Management fee: 2%

### Brunei

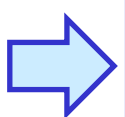
Target commitment amount:  
maximum approx. JPY 24.0bn  
 (No.1 fund: approx. JPY 6.2bn)  
Establishment fee: 1%  
Management fee: 2%

### Taiwan

Target commitment amount:  
maximum approx. JPY 12.0bn  
 (No.1 fund: approx. JPY 2.4bn)  
Establishment fee: Undecided  
Management fee: 2.5%

\*Since preparations are underway to form No.2 funds, both establishment and management fee are planned numbers

- In Thailand, Established SBI Finansa Private Equity Partners, a Joint Investment Company with Finansa, which has an extensive track record in private equity investments in Thailand and Vietnam



The SBI Group and the Finansa Group will each own 50% of the Joint Venture Company and the company's main investment targets of the Joint Venture Company will be unlisted companies in Thailand, Vietnam, Myanmar, Cambodia and Laos. In the future, the Joint Venture Company will endeavor to establish a private equity fund with capital commitments of at least USD 50m (approximately JPY 6bn) by seeking investments from third parties.

## SBI Investment KOREA Expands the Management of Funds in South Korea

- From Jan. 2014, as the chart below depicts, a total of 5 funds were commissioned by government agencies to be managed by SBI Investment KOREA, leading to **a successful fund raise of an investment commitment total of over KRW 200.0bn (approx. JPY 22.0bn\*)**
- In recognition of this success, **awarded the “Best Fund Raising House Award” from the “2015 Korea Venture Capital Awards” and “Creative Management Award” from the “TV Chosun 2015 Management Awards”**

	Commitment amount	Mission
Future Creation M&A Fund	KRW 50.0bn (approx. JPY 5.5bn*)	To support mid-sized South Korean companies conducting M&A and to enter the ASEAN region
KONEX Market Vitalization Fund	KRW 40.0bn (approx. JPY 4.4bn*)	To support the vitalization of the KONEX market, an emerging market in South Korea
Overseas Expansion Platform Fund	KRW 60.0bn (approx. JPY 6.6bn*)	To support mid-sized and venture companies in South Korea to expand into the ASEAN region
Digital Contents Fund	KRW 25.0bn (approx. JPY 2.7bn*)	To support the integration of South Korean content industry and IT industry, both of which are expected to play a key role in Korea’s future economic growth
2014 KIF Fund	KRW 30.0bn (approx. JPY 3.3bn*)	To develop South Korean venture companies involved in the Telecommunications and IT industries

# IPO and M&A Deals Prospect for FY2015

	Up to FY2013	Full-year FY2014	Full-year FY2015 prospect
IPO and M&A deals	<b>170</b>	<b>14</b>	<b>18</b>

In FY2015, 6 companies have conducted IPOs

EXIT Date	Company	Market(Country)
Apr. 8	SanBio	TSE Mothers
Apr. 21	CRE	TSE 2nd Section
May 29	GENOFOCUS	KOSDAQ (Korea)
June 26	Corestem	KOSDAQ (Korea)
June 29	Bio-core	KONEX (Korea)
June 30	Utech	KOSDAQ (Korea)

## **(ii) Financial Services Business Overseas**

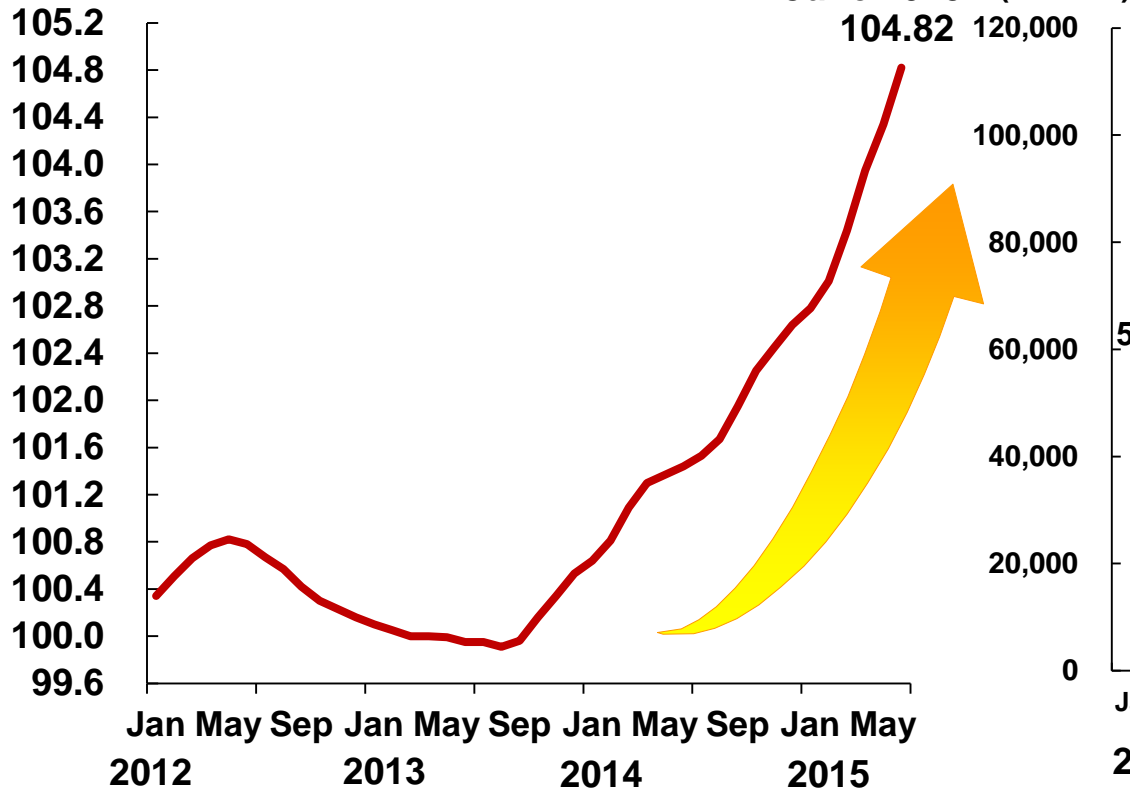
- a. SBI Savings Bank of South Korea, having completed its corporate revitalization, is aggressively promoting initiatives to further expand its revenues**
- b. By capturing the timing of deregulation, endeavoring to develop Internet financial services in China and South Korea**
- c. Promoting the development of the FX-related business in Asia**



# The Tailwind of SBI Savings Bank of South Korea's Improved Business Environment

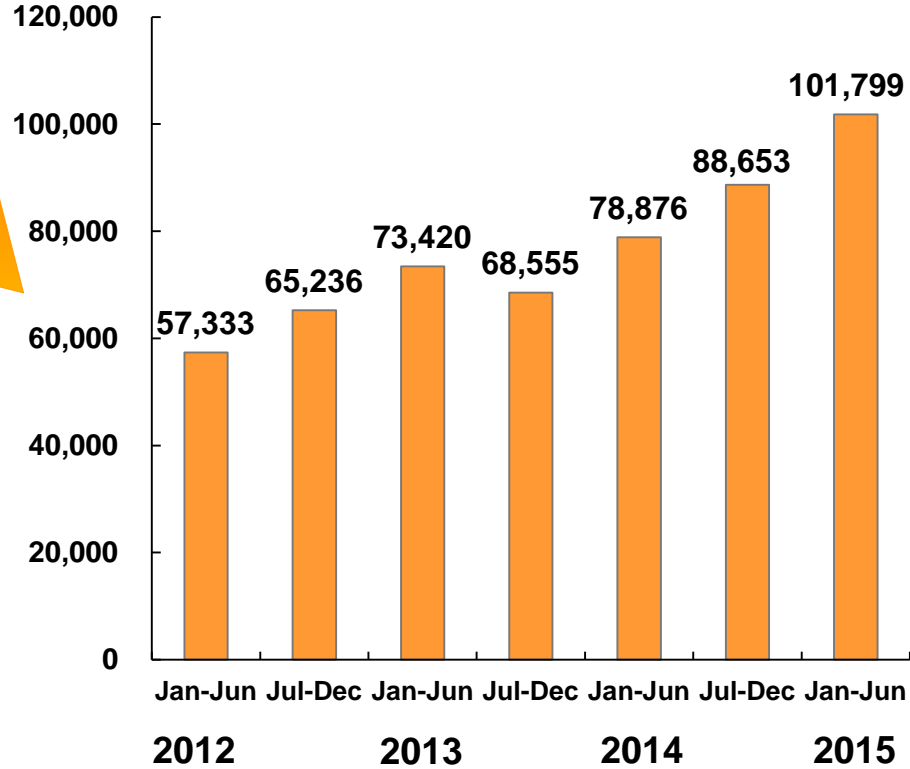
## South Korean Housing Purchase Price Index

(Nationwide; Mar. 2013 = 100)



Source: The Bank of Korea

## Average Monthly Transaction Amount of Home Sales in South Korea

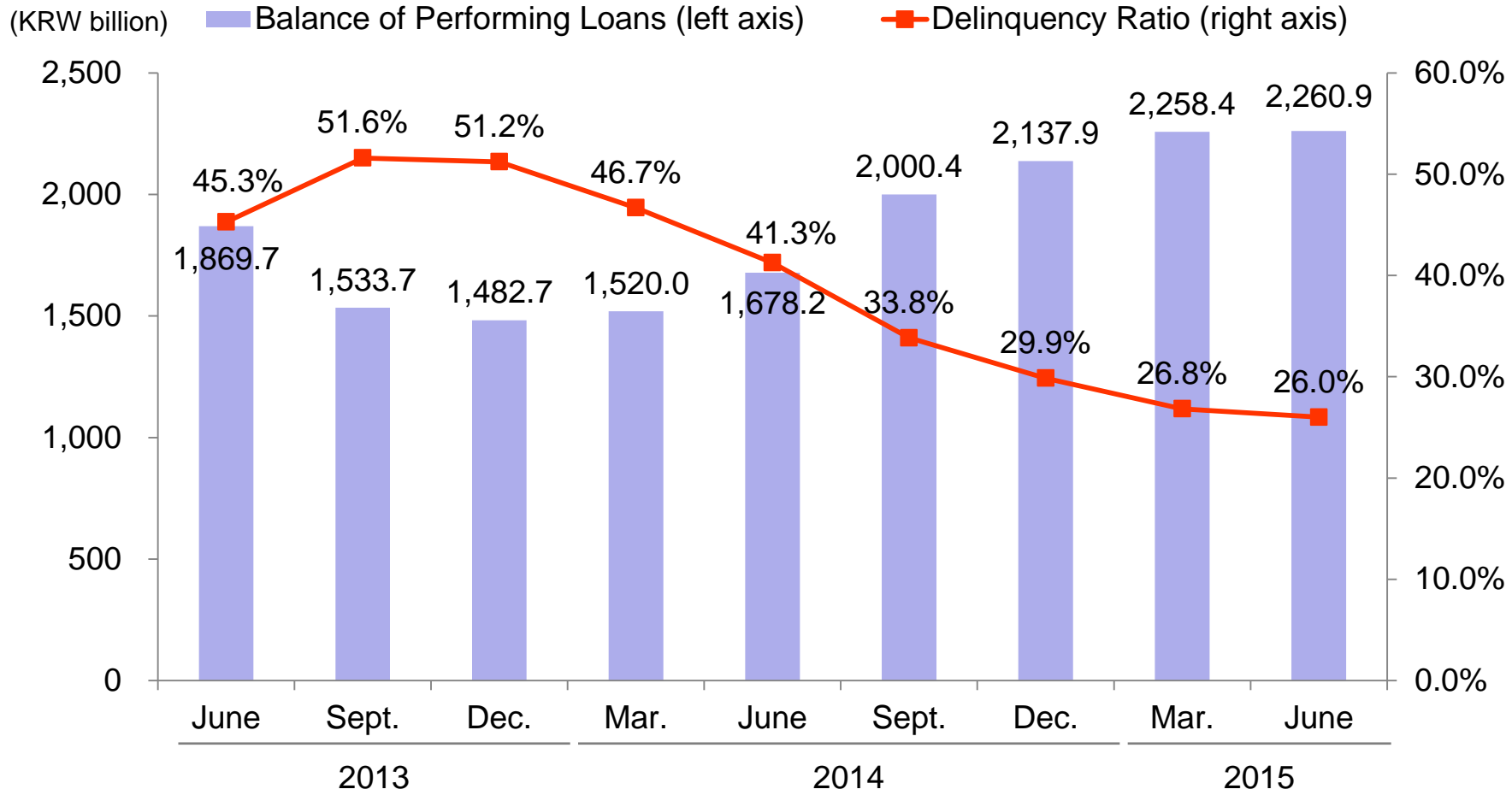


Source: Ministry of Land, Infrastructure and Transport (Korea)

- 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

# SBI Savings Bank of South Korea's Performing Loans are Accumulating Steadily

## Balance of Performing Loans and Delinquency Ratio



\* Balance of performing loans is based on K-GAAP

## **SBI Savings Bank of South Korea's Initiatives for Revenue Expansion**

- ◆ **Promoting revenue diversification by adding a new category of products**
  - **Started the development of new products from July 2015**
    - **Home equity loans through the Internet**
      - ➔ **A first for a Korean Savings Bank**
    - **Auto loans for used cars**
- ◆ **Promoting Internet-based banking services by riding the momentum created by deregulation**



**Preparing for an early IPO by  
aggressively promoting revenue  
expansion initiatives**


## Considering a Full-scale Development of the Internet Financial Services Business in China and South Korea

### China (July 18, 2015)

- The Chinese government's finance-related department announced their first guidelines for the sound development and strengthened supervision of Internet financial services

### South Korea (June 18, 2015)

- Toward the establishment of pure-play Internet banks, the Financial Services Commission, which is a national government agency, introduced a draft proposal that includes the deregulation of the current Banking Act

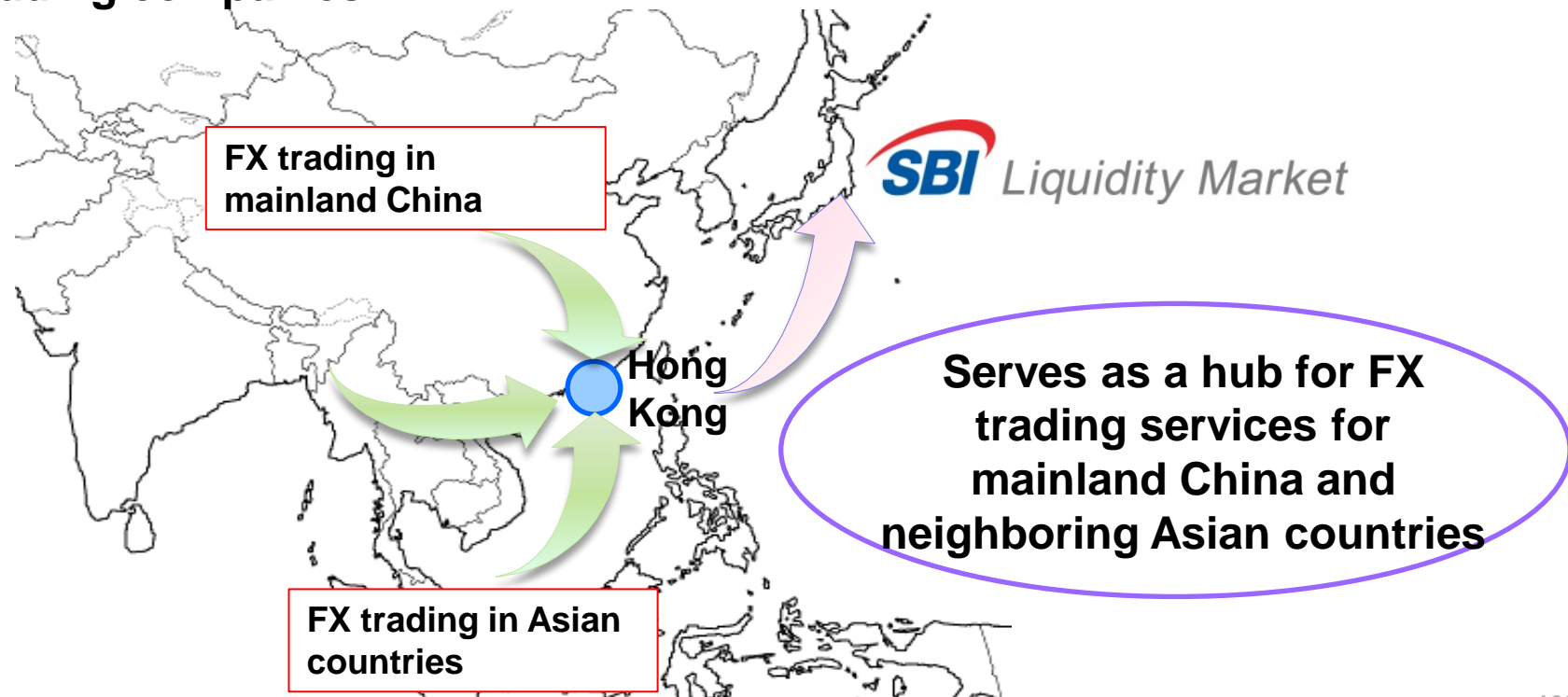


**To capture the movement toward the lifting of the ban on Internet financial services, endeavoring a full-scale development of Internet financial services in China and South Korea**

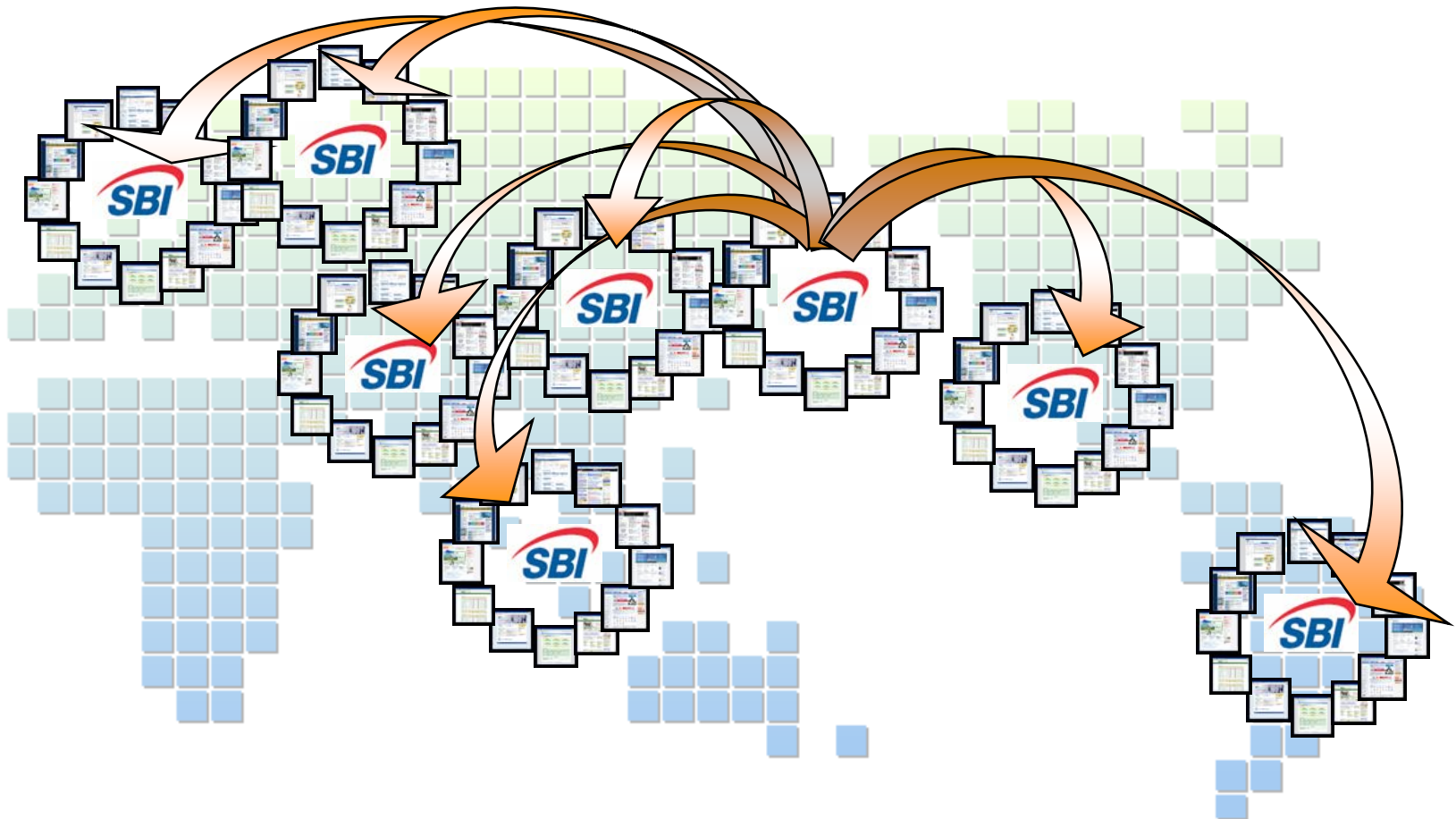
## Promoting the Development of the FX-related business in Asia in Order to Further Increase Liquidity

In order to acquire liquidity from China and the Asian countries by way of Hong Kong, has established a [Hong Kong subsidiary](#) in May 2015.

Will provide trading systems and business know-how to local FX trading companies



# Transferring the SBI Group's Internet Based Financial Ecosystem to Emerging Markets in Asia and Elsewhere, Utilizing Partnerships Built through the Establishment of Overseas JV Funds



## **(iii) Asset Management Service Business**

**With the increase in AUM, the Group's asset management structure will be restructured and strengthened**

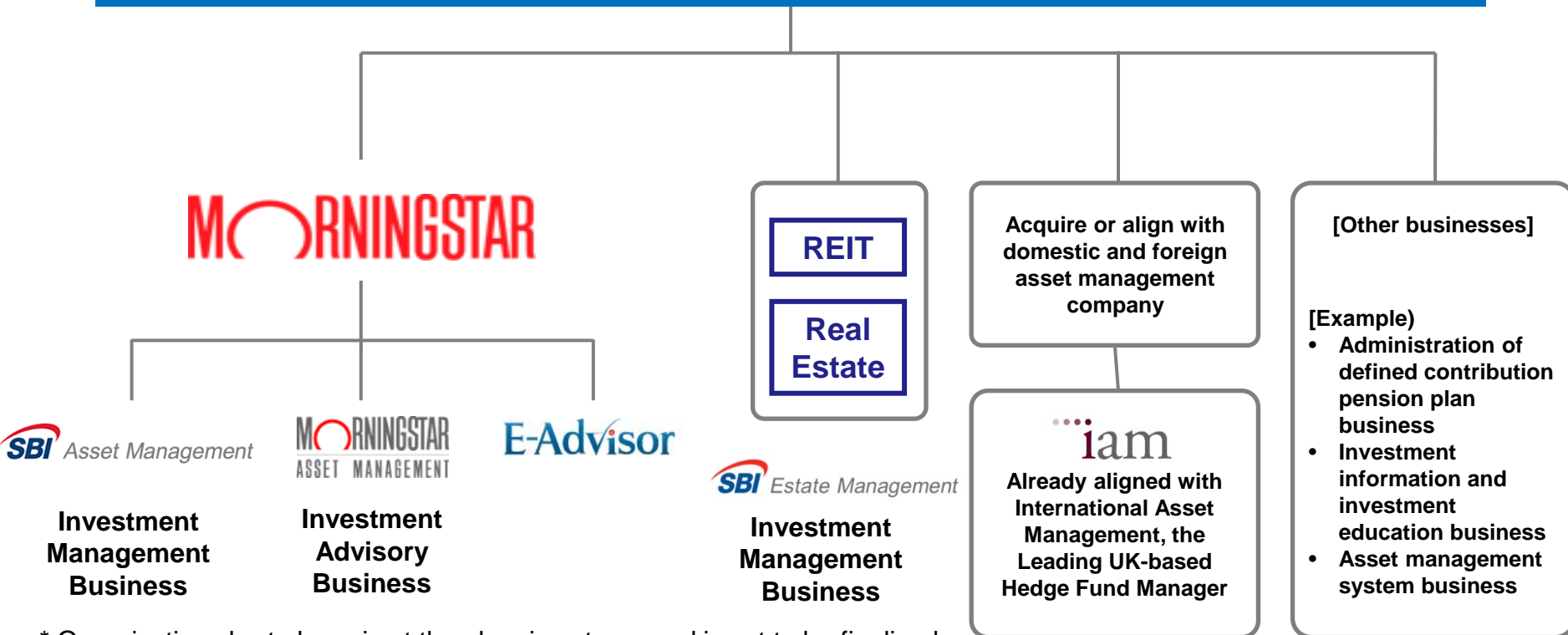
(iii) With the increase in AUM, the Group's asset management structure will be restructured and strengthened

## Establishment of a Company Presiding over Asset Management

Taking the opportunity of the increase in AUM of the SBI Group's institutional investors, aggregating asset management-related companies into the "Asset Management Services Business," and establishing SBI Global Asset Management (tentative name) as the presiding company

### Organization Chart of Asset Management Services Business (plan)

## SBI Global Asset Management (tentative name)



\* Organization chart above is at the planning stage, and is yet to be finalized



## **③ Biotechnology-related Business**

**(i) SBI Biotech**

**(ii) 5-ALA-related Business**

## **(i) SBI Biotech**

**Within the drug discovery pipeline, expecting the receipt of an upfront fee of USD 20m this summer**

# Progress of SBI Biotech’s Principal Pipeline Drugs

Regarding ① QPI-1002, a meeting with the European Medicines Agency (EMA) was completed, and a license option renewal agreement with Novartis Pharma AG was previously signed, **thereby awaiting on an upfront fee of USD 20m. A Phase III trial in the U.S. will be initiated** by 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)	Awaiting on the receipt of an upfront fee of USD 20m from the renewal of a license option			Planning to start at the latest by the autumn of 2015
		Acute kidney injury (AKI)			Planning to start Phase II in this year	
② PF-655	Pfizer Inc.	Diabetic macular edema (DME)			Completed Phase II a	
		Glaucoma			Start of Phase II a protocol finalization	
③ Anti-ILT7 antibody	MedImmune, Inc. (Subsidiary of AstraZeneca)	Autoimmune diseases	Pre-clinical			

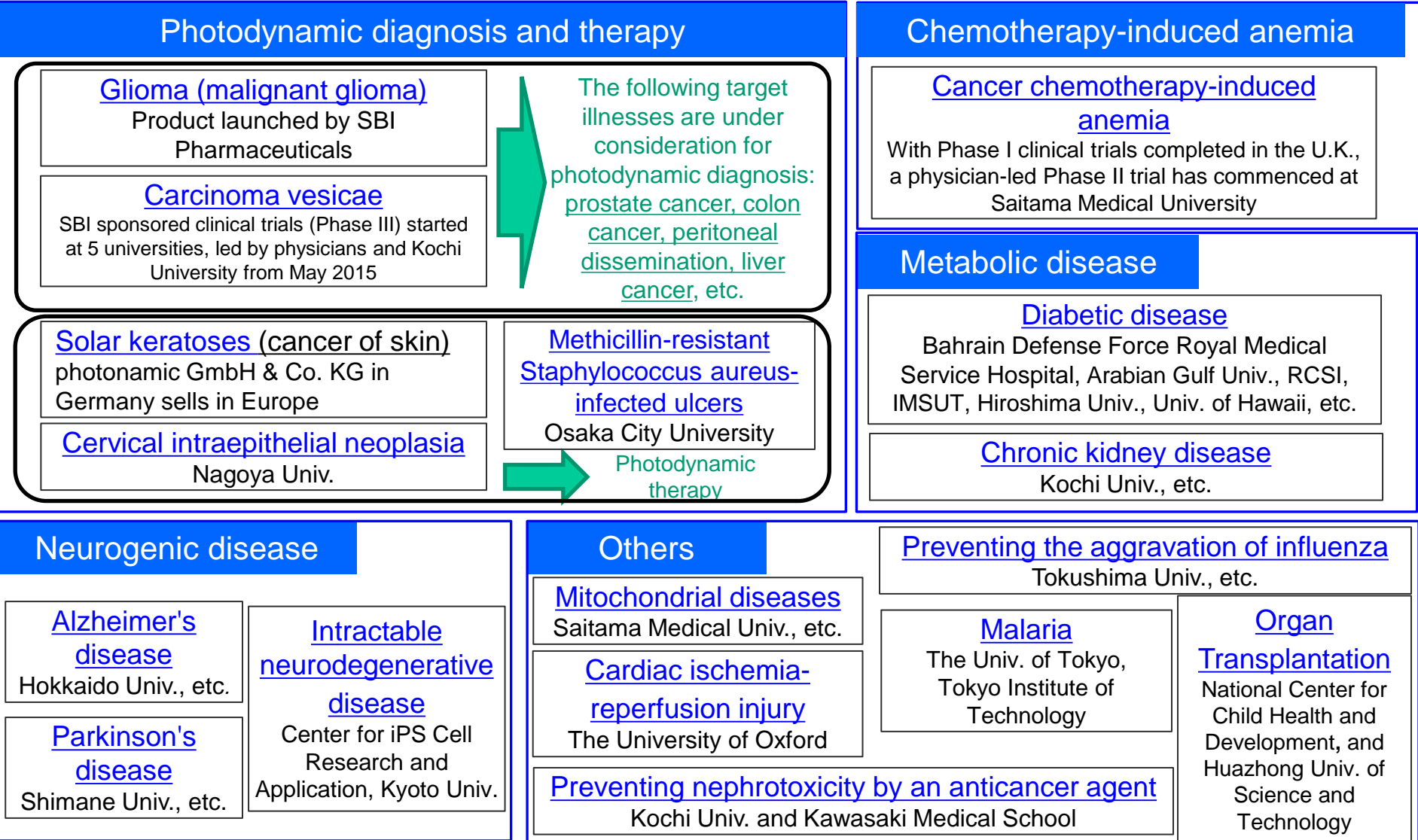
## **(ii) 5-ALA-related Business**

- a. As a result of collaboration with more than 90 research organizations in Japan and overseas, basic and other research concerning 5-ALA is advancing in various fields.**
- b. SBI Pharmaceuticals has already obtained 21 patents in Japan and is gradually obtaining patents overseas as well (10 patents has been obtained overseas so far).**
- c. Clinical trials for the development of pharmaceuticals containing 5-ALA are progressing in Japan and overseas (one product introduced, one Phase III trial and three Phase II trials).**
- d. Establishment of production structures for 5-ALA-related products in Japan and China**
- e. For the development of health foods for overseas distribution, a food inspection trial was completed in Bahrain, and analyzing the results from the prospective of effectiveness and efficacy**
- f. Future business strategy for the early profitability realization**

(ii)-a. Research progress on the effects of 5-ALA on various target illnesses

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

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



# ReproCELL and SBI Pharmaceuticals Develop Selective Removal Technology of Residual iPS Cells from iPS Derived-differentiated Cells

**SBI Pharmaceuticals and ReproCELL collaboratively developed a selective removal technology of residual iPS cells that cause tumors from iPS derived-differentiated cells, through a joint research project using 5-ALA, a safe amino acid that is suitable for regenerative medicine**

Newspaper article

**Development of a technique for removing iPS cells that pose carcinogenic risk**

**“Although iPS cells can differentiate into the cells of various organs, such as the heart or retina, there was a problem whereby transplantation of undifferentiated cells caused tumors.”**

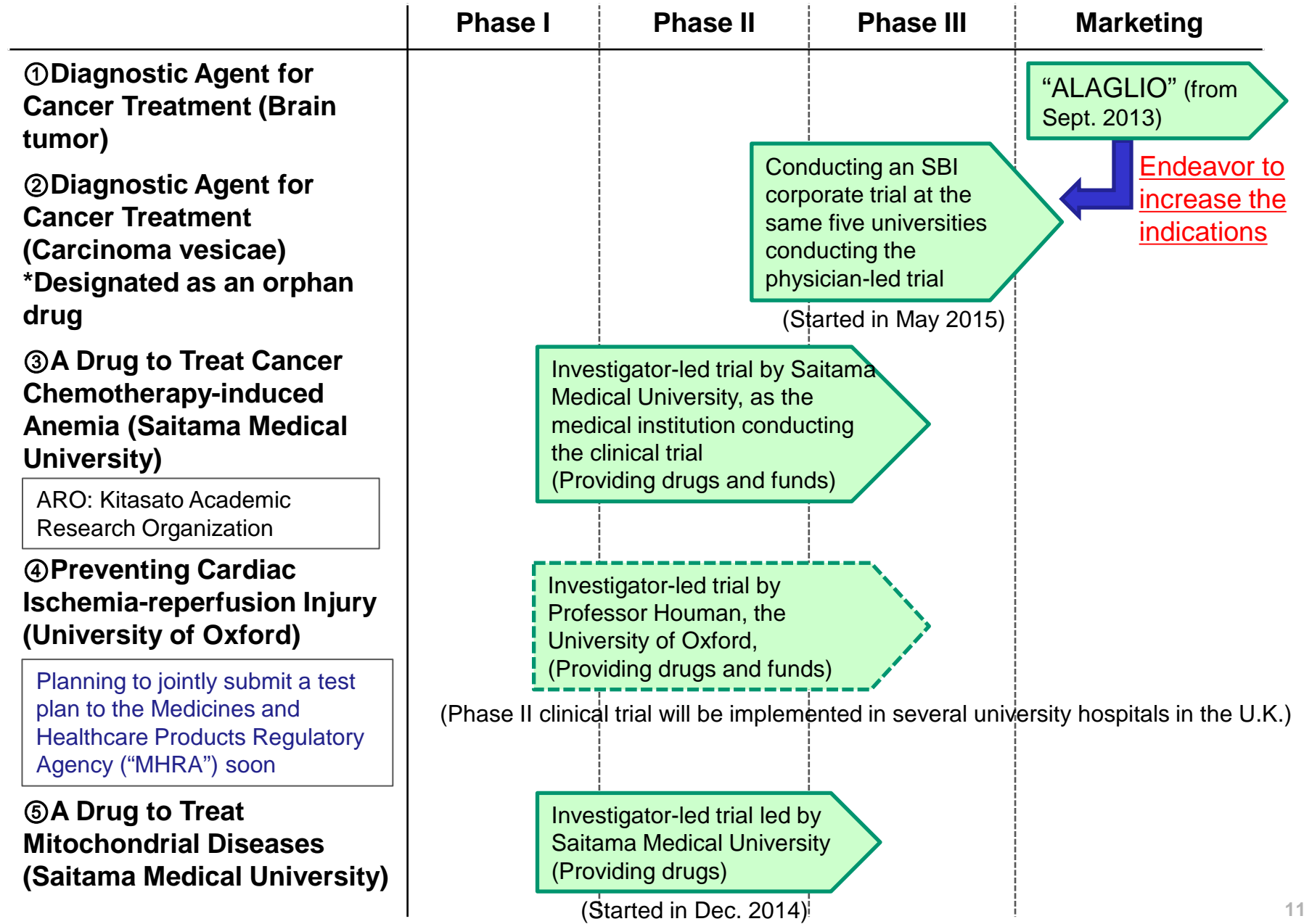
**“ReproCELL and SBI Pharmaceuticals have discovered that undifferentiated iPS cells have the property of assimilating 5-ALA. Since iPS cells that have assimilated 5-ALA die when exposed to light of a certain wavelength, undifferentiated iPS cells can be safely removed.”**

(June 8, 2015 The Nikkei)

# Patents Held by SBI Pharmaceuticals in Japan (Total of 21 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
Treatment for allergic rhinitis	Mar 20, 2015	National Hospital Organization
Selective removal technology of residual iPS cells	Patent pending	ReproCELL

# R&D Progress in the Pharmaceutical Field Sponsored by SBI Pharmaceuticals





## Establishment of Production Structures for 5-ALA-related Products

- **Development of SBI Pharmaceutical's business base for an integrated system extending from production to sales**

**Establish a manufacturing base and ensure a stable supply of 5-ALA-related products globally** by concluding a patent licensing agreement with Cosmo Oil and developing our business base for an integrated system extending from production to sales of pharmaceuticals, health foods and cosmetics containing 5-ALA

- **Also preparing for the start of production in China**

The product license for health foods containing 5-ALA that Suzhou Yian Biotech Co., Ltd (SBI Group shareholding of 40%) will be distributing **passed a review by the Food and Drug Administration of Zhejiang province, and an application to the Chinese Food and Drug Administration (CFDA) was also accepted**, and now an answer from their Technical Committee is being awaited. The construction of the health food manufacturing plant has already been completed, and with the equipment installation already in progress, preparations are well underway for the start of production once the product licenses are obtained

## **A Food Intervention Trial was Completed in Bahrain**

**[Partner institutions for clinical study on the utilization of 5-ALA in diabetic disease]**

- **Diabetes Department of the Bahrain Defense Force Royal Medical Service Hospital (A food intervention trial was completed)**

**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 completed the registration of all 53 subjects**

- **July: Test was completed**
- **Since the safety of administration of highly concentrated 5-ALA has already been confirmed in this study, in Aug. and Sept. further analysis of the study results from the perspective of effectiveness and efficacy will be implemented and publication of a paper are planned**

- **Arabian Gulf University Hospital**
- **Royal College of Surgeons in Ireland - Medical University of Bahrain (RCSI) etc.**

(ii)-f. Future business strategy for further enterprise value growth:

## Toward the Realization of an Early Profitability in the Biotechnology-related Business through the Utilization of the Health Food Sector's Earnings as a Source of Revenue

### *ALPromo*

➤ **Expanding the product offering**

Preparations are underway for a summer launch of **a new nutrition drink containing 5-ALA**. Expecting to secure orders for the first production batch.

### *Pharma*

➤ **Out-licensing in the field of health foods and drugs**

**In discussions for the out-licensing of technology in the health food and pharmaceutical fields**

**Additionally, discussing a more comprehensive business alliance with major pharmaceutical companies involving both pharmaceuticals and health foods, including the possibility of a capital alliance**

➤ **Expanding the health food distribution area**

To obtain a license to manufacture and sell health foods containing 5-ALA from the authorities in Jordan is expected. **Strengthening the sales of health foods in the Middle East region by expanding the sales area** beyond Bahrain and the United Arab Emirates, where licenses have already been obtained.

## **(3) Continuing Promotion of Business “Selection and Concentration”**

# Continuing Promotion of Business “Selection and Concentration” for this Fiscal Year and beyond

## Transfer of business

- Will transfer SBI Card to SBI Sumishin Net Bank (announced in Apr. 2015; share transfer will be executed in Oct. 2015)
  - ➔ Recovering JPY 4.0bn, and a positive improvement effect of several hundred millions of JPY is anticipated compared to the previous fiscal year

## Considered sales

- Considering sales of Phnom Penh Commercial Bank (Cambodia), of which SBI Group’s shareholdings is at 47.6% (shareholdings including dilutive shares is 91.0%)
  - ➔ On the basis of a sale of at least USD 100m, will recover approx. JPY 10bn, for a potential profit of approx. JPY 4bn
- Additionally, sales of CEM Corporation (Real estate secured loans), NARUMIYA INTERNATIONAL (manufacture, processing and sale of children’s wear and related products), and Autoc one (support for automobile purchaser )
  - ➔ Endeavoring to recover JPY 10-plus bn in total
- Through the sales of real estate holdings, expecting to recover JPY 4.2bn, of which approx. JPY 1.2bn has already been recovered

## Subsidiaries and divisions preparing for IPO for this, next fiscal year and beyond

SBI Biotech, SBI MONEY PLAZA and SBI Japannext

Newly considering: SBIH Comparison Website Business, SBI FXTRADE

## In Addition to the Generation of Cash Flow, Reducing Interest Expense through Refinance and Repayment

### Refinance

- In order to reduce interest expense, preparations are progressing toward the refinancing of interest-bearing debt that was incurred in the past as a means to establish the business structure at lower interest rates
- ➔ **The refinancing will potentially result in a positive effect of several hundred millions of JPY**

### Repayment

- Additionally, considering further interest expense reduction through the allotment of funds recovered through the “Selection and Concentration,” as well as utilizing a portion of the acquired profits toward the repayment of interest-bearing debt

## **(4) The Outlook for FY2015 Based on 1Q FY2015 Consolidated Financial Results and the Current Business Environment**

# Major Factors that may Affect the Outlook for Profit Before Tax Expense for FY2015 ①

## [Financial Services Business]

- Owing to the Greek crisis and the sharp decline in China's stock market, and the consequent increase in market volatility, SBI SECURITIES and SBI Liquidity Market's revenues increase → Especially in July
- SBI Sumishin Net Bank increases the loan balances and improves loan-deposit ratio, owing to the diversification of loans
- SBI Insurance is expected to achieve full-year profitability in this fiscal year, from JPY -0.6bn of previous fiscal year
- Through the sale of SBI Card to SBI Sumishin Net Bank, JPY 4bn is expected to recover and anticipates to improve its profitability by several hundred millions of JPY, compared to the previous fiscal year



# Major Factors that may Affect the Outlook for Profit Before Tax Expense for FY2015 ②

## [Asset Management Business]

- **Prices of listed securities held by the Company bottomed-out, and profit/loss from the change in fair value will be in a positive trend**
- **Preparations are underway toward establishing larger funds to further expand operational scale. Upon such establishment, the Company will receive establishment fees and management fees for the first year, a total of several hundred millions of JPY**
- **SBI Savings Bank completed its revitalization, and will expand its product offerings and strengthen its sales promotion efforts, to realize further revenue growth**

# Major Factors that may Affect the Outlook for Profit Before Tax Expense for FY2015 ③

## [Biotechnology-related Business]

- **Within the drug discovery pipeline of Quark Pharmaceuticals, a subsidiary of SBI Biotech, expecting the receipt of an upfront fee of USD 20m this summer**
- **Toward the realization of an early profitability in the 5-ALA-related Business, including an application for “food with function claims” product, expanding the product offering and the sales of health foods and cosmetics containing 5-ALA**
- **SBI Pharmaceuticals pursuing out-licensing in the field of health foods and pharmaceuticals. Also, discussing comprehensive business alliances encompassing both the health food and pharmaceutical fields with major pharmaceuticals, including possible capital alliances**

### **3. Measures to Promote the Actualization of SBIH's Corporate Value**

# Consideration of the Company's Corporate Value

## Are PBR and PER of the Company undervalued compared to the competitors?

### [Voice of some institutional investors]

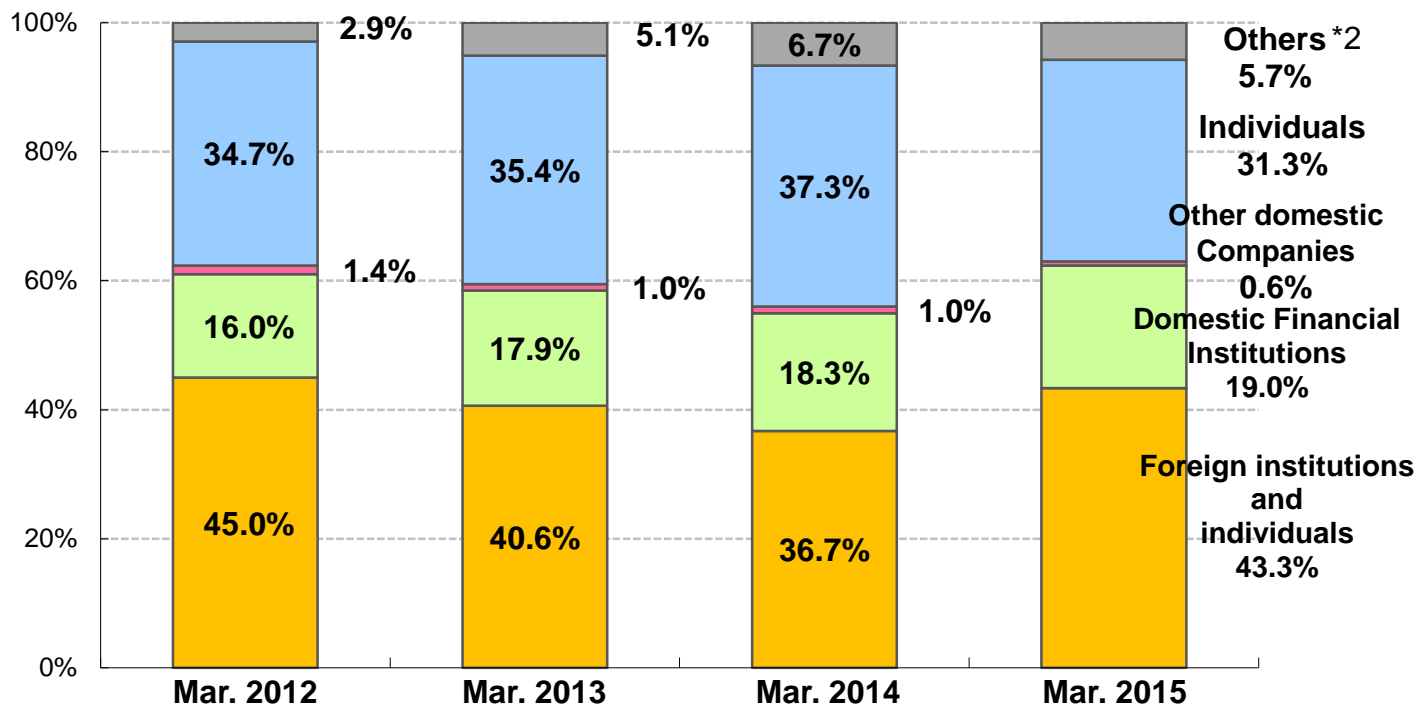
- ◆ Since the Company is engaged in wide range of businesses, including the financial services business, the venture capital business and the biotechnology-related business, it is difficult to understand the Company
- ◆ Owing to the Company's wide range of businesses, it cannot be followed by one analyst, but must be followed by multiple analysts, and as such, a final evaluation among multiple analysts is difficult to be agreed upon. Therefore, coverage by sell-side analysts is limited to 2 foreign-affiliated securities companies, Deutsche Securities and Morgan Stanley MUFG Securities
- ◆ Since SBI SECURITIES, the largest online securities company, is under the aegis of the Company, Japanese securities companies will not issue reports on the Company
- ◆ Although each is an attractive business, perhaps a conglomerate discount\* is applied, owing to the wide range of the Company's businesses ...etc.

\* Conglomerate discount : When comparing the entire company's corporate value to the simple sum of the intrinsic value of each business, the problem is that the entire corporate value would be less than the sum of each business value

# Shareholding Ratio of Institutional Investors Remained at a High Level of 62.3%

- Shareholding ratio of institutional investors who have the capacity to analyze the detail of businesses is high.
- Shareholding ratio of foreign investors (43.3%) ranked 62nd\*<sup>1</sup> among 3,598 listed companies in Japan.
- Shareholding ratio of domestic and foreign institutional investors at the end of Mar. 2015 was 62.3%, a 7.3 percent points increase year-on-year.

## Shareholder Composition (as of the end of Each Fiscal Year)



\*1 Excluded listed companies that are subsidiaries of foreign companies etc.

Estimated by the company from the database of "Kabunushi Pro" (<http://www.kabupro.jp/>).

\*2 "Others" include treasury stock (3.4%).

# Decisive Solution for the Actualization of SBIH's Corporate Value

## Actualization of SBIH's corporate value through the listing of intermediate holding companies

While maintaining the Tokyo Stock Exchange listing for SBI Holdings, the intermediate holding companies (SBI Capital Management, SBI Global Asset Management (tentative name) and SBI ALA Hong Kong) will be listed on the overseas stock markets, in order to actualize SBI Holdings' corporate value



Upon clearing a number of issues, including tax issues, expect realization within three years

# Corporate Value Visualization Initiatives to Date

## Nov. 2010

- Established an intermediate holding company in each business segment, and determined the policy that the visualization of SBIH's corporate value will be realized through the listing of those entities

## Apr. 14, 2011

- The first Japanese company to be listed on the Hong Kong Stock Exchange  
This listing made it possible for other Japanese companies to overcome the technical difficulties involved in listing on the Hong Kong Stock Exchange  
(Followed by the listing of Group companies and other on various Asian exchanges (main board of the Hong Kong Stock Exchange, KOSPI of Korea and TPEX of Taiwan), as the first Japanese company to be listed on those exchanges, thereby allowing the exploration of candidate markets)

## Since Mar. 2012

- Toward the enhancement of the earnings capacity and the implementation of the structure noted above, aggressively promoted the business "Selection and Concentration"

## Since FY2012

- The first Japanese financial firm, and the sixth listed company in Japan to apply IFRS (beginning with the first quarter results announcement)  
This brings a marked improvement of transparency regarding the Group's results and an expanded a margin for choice of listing on overseas markets is expanded
- Establishment of intermediate holding companies for the three major businesses
  - SBI FINANCIAL SERVICES (Financial Services Business)
  - SBI Capital Management (Asset Management Business)
  - SBI ALA Hong Kong (Biotechnology-related Business)

## FY2015

- In addition to the three intermediate holding companies, SBI Global Asset Management (tentative name) will be newly established in the Asset Management Business as an intermediate holding company

# The SBI Group's Listings on Overseas Exchanges

Hong Kong	<b>Main board</b> <b>First Japanese company listed</b>	SBI Holdings	In Apr. 2011, became the first Japanese company to be listed on the main board of the Hong Kong Stock Exchange (Delisted in June 2014)
	<b>Main board</b>	VeriTrans (formerly SBI VeriTrans)	Preparations for listing were being made before the sale to Digital Garage, and intermediate holding company, econtext Asia, was listed in Dec. 2013 after the sale. (Delisted in June 2015)
Korea	<b>KOSPI</b> <b>First Japanese company listed</b>	ARUHI (formerly SBI Mortgage)	In Apr. 2012, became the first Japan-based company to be listed on the KOSPI (Delisted in Jan. 2015)
	<b>KOSDAQ</b>	SBI AXES	Listed in Dec. 2012
Taiwan	<b>TPEX (former GTSM)</b> <b>First Japanese company listed</b>	Auto Server	Listed in Jan. 2014 as the first primary listing on the former GTSM by a Japanese company

The SBI Group has been the first Japanese company to undertake listings on several overseas exchanges, a track record that should pave the way for overseas listings of the intermediate holding companies.

Listings on the Shanghai Stock Exchange will be considered, depending on progress with deregulation in China.



# Assuming the Listing of the three Intermediate Holding Companies, other than the Financial Services Business

Maintaining the current management system of the Financial Services Business, under the aegis of SBI Holdings

Assuming the listing of each Intermediate Holding Company abroad



**SBI FINANCIAL SERVICES**  
[Intermediate Holding Company]

<b>SBI証券</b> (SBI SECURITIES) [Comprehensive online securities]	<b>SBI Japannext</b> [Proprietary trading system]
<b>SBI Sumishin Net Bank</b> [Internet bank]	<b>SBI Liquidity Market</b> [Provision of market infrastructure to FX trading]
<b>SBI Insurance</b> [Internet nonlife insurance]	<b>SBI FXTRADE</b> [Pure-play FX broker]
<b>SBI 生命</b> (SBI Life Insurance) [Life insurance]	<b>SBI マネープラザ</b> (SBI MONEY PLAZA) [Operation of "Face-to-face" shops]

**SBI Capital Management**  
[Intermediate Holding Company]

**SBI Investment**  
[Venture capital fund management]

**SBI Ven Capital Pte. Ltd.**  
[Singaporean subsidiary]

**Overseas bases, GP of overseas funds, Overseas financial institutions, Investee companies**

**SBI Global Asset Management (provisional name)**  
[Intermediate Holding Company]

**MORNINGSTAR**  
[Investment trusts ratings]

**SBI Asset Management**  
[Investment advisory]

**MORNINGSTAR ASSET MANAGEMENT**  
[Investment advisory]

**SBI ALA Hong Kong**  
[Intermediate Holding Company]

**SBI Pharma**  
[Development of 5-ALA related products (pharmaceutical business)]

**SBI ALApromo**  
[Sales of 5-ALA related products]

**SBI Biotech**  
[R&D of pharmaceuticals]

**Investee companies**

**Financial Services Business**

**Asset Management Business**

**Biotechnology-related Business**

## **[Reference]**

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

# Corporate Value by Business Segment Valuation

## Each Business Segment Valuation is Conservatively Estimated

■ **Sum of the values by segment** (as of July 29, 2015) (JPY billion)

	Valuation of each segment (theoretical value)
<b>Financial Services</b>	<b>525.3</b>
<b>Asset Management</b>	<b>245.4</b>
<b>Biotechnology-related</b>	<b>67.6</b>
<b>Subtotal</b>	<b>838.4 (+)</b>
<b>External Debt</b> (SBIH's non-consolidated-base borrowing recorded on the consolidated B/S as of June 2015)	<b>-154.4</b>
<b>Sum Total</b>	<b>665.9 (+)*</b>

- Business valuation per share: **JPY 3,734** ←

- Business valuation per share after deduction of external debt: **JPY 2,965** ←

Of the major Group companies, 11 are profitable companies that are not included in the above calculations (Total FY2014 Profit before Income Tax Expense: approx. JPY 0.4bn)

\* Since the figure is a simple sum of the values of each segment with interest-bearing liabilities of SBIH not taken into account in the calculation, the abovementioned business valuation per share does not show the theoretical stock price of SBIH.

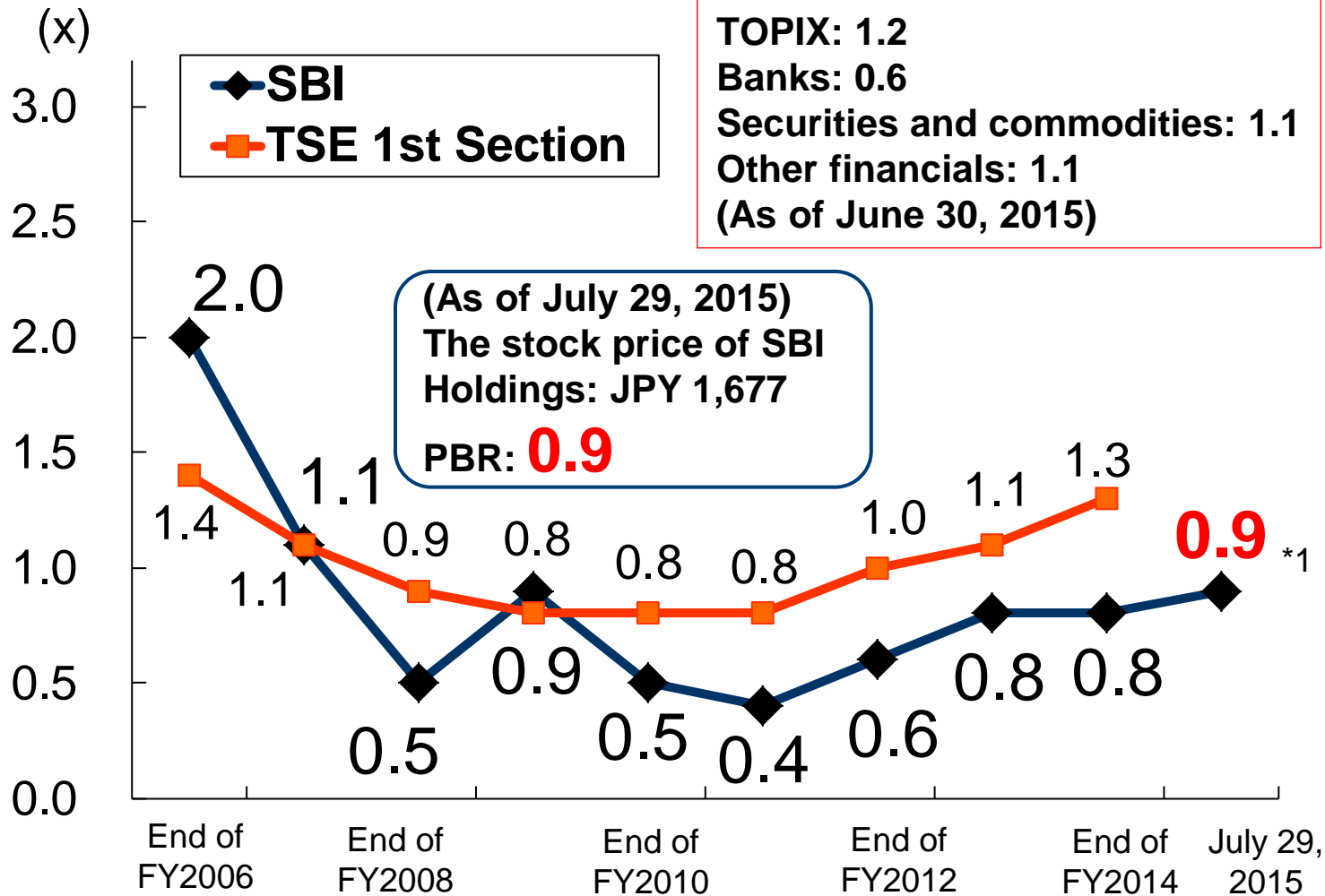
# SBI Holding's Recent Stock Price

Market cap (based on the closing price on July 29, 2015): **JPY 374.3bn**



# 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 FY2014 is **7.9**<sup>\*2</sup> (As of July 29, 2015)

\*1 PBR of SBI Holdings for July 29, 2015 is calculated based on the BPS of the end of Mar. 2015.

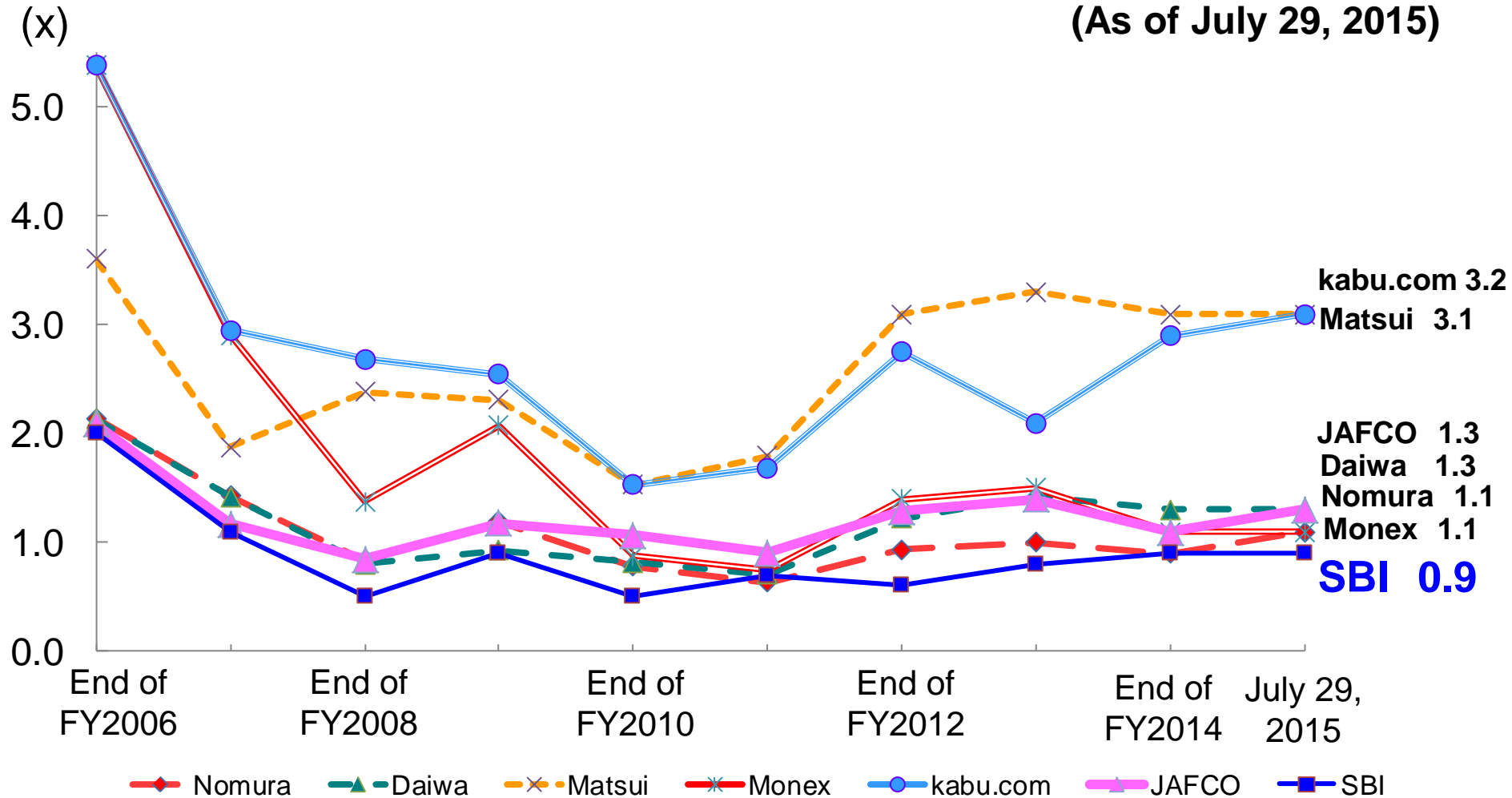
\*2 EPS of FY2014 (JPY 211.18) is used to calculate SBI Holdings' PER.

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 July 29, 2015)



\*PBR for July 29, 2015 is calculated based on the BPS of the end of Mar. 2015.

\*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 347.8bn

(based on the closing prices of July 29, 2015)

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 (FY2014) ... (A)

Matsui's PBR (\*2) × SBI SECURITIES's Net Asset (\*3) (as of June 30, 2015) ... (B)

\*1 PER of Matsui is calculated by its net income per share for FY2014.

\*2 PBR of Matsui is calculated by its BPS as of Mar. 31, 2015.

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

# Valuation by Segment Estimated by SBI

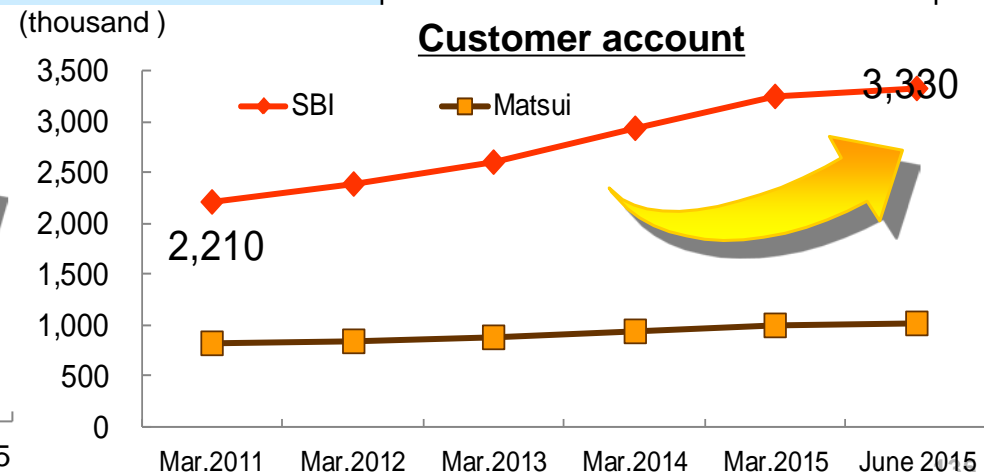
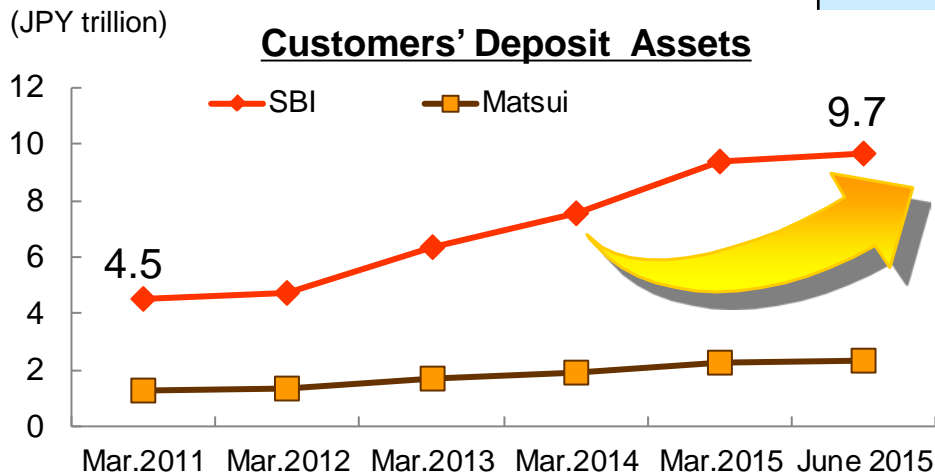
## (1) Financial Services Business ① SBI SECURITIES -(ii)

Is SBI SECURITIES' valuation reasonable?

### Comparison of SBI SECURITIES Matsui Securities

\*Calculated by the closing prices of July 29, 2015

(1Q FY2015)	SBI SECURITIES	Matsui Securities
Valuation (market cap) *	JPY 347.8bn	JPY 300.2bn
Deposit assets (June 2015)	<b>No.1</b> JPY 9.7tn	JPY 2.3tn
Number of accounts (As of the end of June 2015)	<b>No.1</b> 3.33 million	1.02 million
Share of individual stock brokerage trading value	<b>No.1</b> 40.1%	12.6%
Operating income	<b>No.1</b> JPY 9.9bn (up 52.0% YoY)	JPY 6.0bn (down 29.9 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 185.8bn → JPY 92.9bn (based on the closing prices of July 29, 2015)

(Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

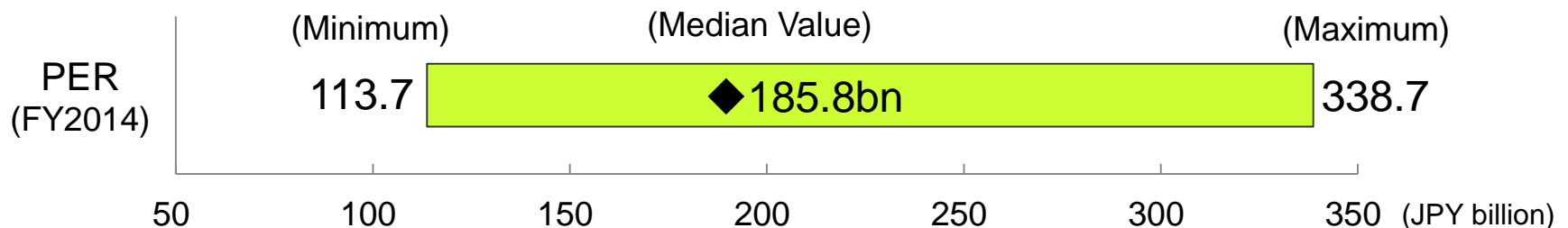
Calculated according to the **Comparable Public Company Analysis**

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 (\*) × SBI Sumishin Net Bank's Net Income (FY2014)

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

[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 44.9bn** (based on the closing price of July 29, 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, MONEY SQUARE JAPAN and INVAST Securities

{(Money Partner's PER + MONEY SQUARE JAPAN's PER

+ INVAST Securities' PER)}(\*)

× Net Income of SBI Liquidity Market (cons.) (FY2014)

3

\* PER of Money Partners, MONEY SQUARE JAPAN and INVAST Securities is calculated by its net income per share for FY2014.

<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 (FY2014)
JPY 8,498m	Operating revenue	JPY 12,885m
JPY 4,021m	Operating income	JPY 3,114m
JPY 2,289m	Net income	JPY 1,947m
JPY 9,067m	Net assets	JPY 6,023m

Operating income before allocation to SBI SECURITIES was JPY 11,096m

# Valuation by Segment Estimated by SBI

## (1) Financial Services Business ④ SBI Japannext

### ④ SBI Japannext

Estimates the valuation of SBI Japannext at JPY 35.9bn

→ JPY 18.9bn (based on the closing prices of July 29, 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 (FY2015)

\* PER of Japan Exchange Group is calculated by the estimated net income per share for FY2015.

# Valuation by Segment Estimated by SBI

## (1) Financial Services Business

### ⑤ SBIH Comparison Website Business / ⑥ Other Financial Services Business

#### ⑤ SBIH Comparison Website Business

Valuation is estimated at **JPY 18.7bn** (based on the closing price of July 29, 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

$$\frac{\{(\text{Kakaku.com's PER} + \text{NEWTON FINANCIAL CONSULTING' PER})\}^{(*)}}{2} \times \text{Provisional amount of net Income of SBIH Comparison Website Business (FY2014)}$$

\* PER of Kakaku.com and NEWTON FINANCIAL CONSULTING is calculated by their estimated net income per share for FY2015.

#### ⑥ Other listed equity method company in this business segment

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
<b>SOLXYZ</b>	<b>26.3</b>	Equity method associate	JASDAQ	<b>7.8</b>	<b>2.0</b>

(Based on the closing price of July 29, 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 July 29, 2015)

Upon comparison with similar listed companies calculated conservatively as **JPY 347.8bn**

### ② SBI Sumishin Net Bank

(based on the closing prices of July 29, 2015)

Estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 185.8bn → **JPY 92.9bn** (Shareholding of the SBI Group: 50.0%)

### ③ SBI Liquidity Market (cons.)

(based on the closing prices of July 29, 2015)

Upon comparison with similar listed companies calculated as **JPY 44.9bn**

### ④ SBI Japannext

(based on the closing prices of July 29, 2015)

Upon comparison with similar listed companies estimated the valuation at JPY 35.9bn → **JPY 18.9bn** (Shareholding of the SBI Group: 52.8%)

### ⑤ SBI Comparison Website Business

(based on the closing prices of July 29, 2015)

Upon comparison with similar listed companies calculated as **JPY 18.7bn**

### ⑥ Total market cap upon SBIH's shareholding of a listed equity method company in this segment

The market cap of SOLXYZ (Shareholding of the SBI Group) **JPY 2.0bn**  
(based on the closing prices of July 29, 2015)

**Total of the valuation above: JPY 525.3bn** (The sum according to the SBI Group's shareholding)

# Valuation by Segment Estimated by SBIH

## (1) Financial Services Business

### ⑦ Other Financial Services Businesses (Profitable Entities)

There are many other profitable business entities in this segment

	Business lineup	Profit before income tax expense for FY2014 (JPY billion)	SBI's shareholding pct. (%)
SBI MONEY PLAZA	Insurance agency, financial instruments intermediary service provider, housing loan agency	1.5	100.0
SBI Life Insurance	Life insurance	0.5	100.0
SBI Benefit Systems	Operational management of defined-contribution pension	0.2	87.0

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 conservatively estimated at approx. JPY 245.4bn

<Reference>

JAFCO's Market Cap: **JPY 265.6bn** (based on the closing price of July 29, 2015)

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

(i) Value of holding securities (at the end of June 2015) Approx. JPY 91.0bn

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

(ii) Value of SBI Investment (based on the closing price of July 29, 2015)

(\* Valuation excluding assets such as securities hold) Approx. JPY 15.4bn

Calculated according to the Comparable Public Company Analysis

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

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

\*PER of JAFCO is calculated by the estimated net income per share for FY2015.

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

(iii) Value of SBI Savings Bank (based on the closing price of July 29, 2015)

Estimates the valuation of SBI Savings Bank at JPY 117.1bn

→ JPY 115.2bn

(Shareholding of the SBI Group: 98.4%)

Estimation of the valuation is as follows:

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

Compares the asset sizes of comparable public companies, including savings banks and local banks in Korea

Median value of PBR of listed savings banks and local banks in Korea<sup>\*1</sup>

×

Balance of SBI Savings Bank's substantive equity<sup>\*2</sup>  
(As of the end of June 2015)

\*1 PBR of listed savings banks and local banks in Korea is calculated by recent equity per share

\*2 Balance of substantive equity is the SBI Savings Bank's equity considering goodwill

\*3 SBI's shareholding percentage corresponds to a figure based on the IFRS criteria that excludes a percentage of outside shareholder's interest of subsidiary companies and subsidiary funds of the Group.



# Valuation by Segment Estimated by SBIH

## (2) Asset Management Business- ③

### (iv) 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)
<b>Morningstar Japan</b>	<b>49.7</b>	Consolidated subsidiary	JASDAQ	<b>27.2</b>	<b>13.5</b>
<b>SBI AXES</b>	<b>42.8</b>	Consolidated subsidiary	KOSDAQ of KRX	<b>7.6*</b>	<b>3.3</b>
<b>SBI Investment KOREA</b>	<b>43.9</b>	Equity method associate	KOSDAQ of KRX	<b>16.1*</b>	<b>7.1</b>
<b>Sum of the market cap of listed subsidiaries and equity method associates</b>				<b>50.9</b>	<b><u>23.8</u></b>

(Based on the closing price of July 29, 2015. \*Calculated by the exchange rate as of July 29, 2015.)

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

		Business lineup	Profit before income tax expense for FY2014 (JPY billion)	SBI's shareholding pct. (%)
<b>Phnom Penh Commercial Bank</b>	<b>Overseas Business</b>	Commercial Bank	<b>0.3</b>	<b>47.6</b>
<b>CEM Corporation</b>		Real estate secured loans	<b>0.5</b>	<b>79.7</b>

\* 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

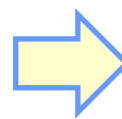
Each bioventure company has multiple promising pipelines, and the Biotechnology-related Business will become a core business that makes a substantial contribution through progress in areas including pharmaceutical clinical research in Japan and overseas.

**Total valuation of the Biotechnology-related Business is estimated at approx. JPY 67.6bn**

#### 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 June 2015, the amount is calculated to be approx. JPY 49.2bn

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\*: 39.2%)**

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 (78.6%) the percentage of outside shareholder's interest of subsidiary companies and subsidiary funds of the Group.

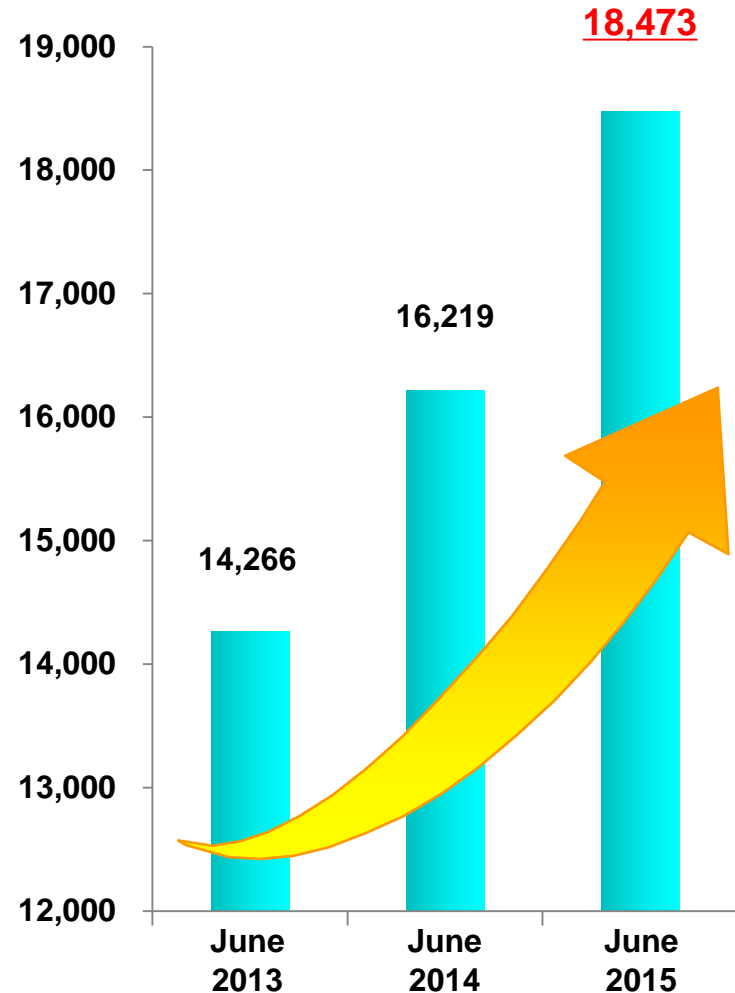
**[Reference]**

# The SBI Group's Customer Base

## Breakdown of the Customer Base (As of the end of June 2015)

(Thousand)

(Thousand)



SBI SECURITIES	(No. of accounts)	3,330
SBIH InsWeb	(No. of customers)	7,152
E-LOAN	(No. of customers)	1,798
MoneyLook	(Total no. of customer registrations)	920
Morningstar Japan	(New portfolio customer registrations)	138
SBI Card	(Valid cards issued)	84
SBI Sumishin Net Bank	(No. of accounts)	2,394
SBI Insurance	(Total no. of contracts)	769
SBI Life Insurance	(Total no. of contracts)	115
Autoc one	(Total no. of service users in 2014)	1,053
Others (SBI Point etc.)		720
<b>Total</b>		<b>18,473</b>

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

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

\* Owing to the reorganization, customer numbers of the Group companies, which were excluded from consolidation during FY2014, are not included in the figures for the past customer bases

# Number of Companies and Consolidated Employees of the SBI Group

## Number of Group companies

	Mar. 31, 2015	June 30, 2015
Consolidated subsidiaries (companies)	142	137
Consolidated partnerships (partnerships)	31	32
Total consolidated subsidiaries (companies)	173	169
Equity method companies (companies)	39	38
Total Group companies (companies)	212	207

## Number of consolidated employees

	Mar. 31, 2015	June 30, 2015
Total employees (persons)	6,094	5,449*

\* Owing to a company that was temporarily consolidated because of a buy-out fund, but was later sold, so there was a decrease of 756 employees.

# Assets Under Management of the SBI Group

## (As of the end of Jun. 2015)

**Private equity, etc. JPY 293.5bn** (Including JPY 101.5bn of both cash and commitment amount to be paid in) (\*3)

Breakdown by Industry	Amount
IT/Internet	24.6
Biotechnology/Health/Medical	47.2
Services	18.8
Materials/Chemicals	1.9
Environmental/Energy	22.3
Retail/Food	14.5
Construction/Real estate	1.7
Machine/Automobile	8.1
Finance	38.6
Others	14.3
<b>Total</b>	<b>192.0</b>

Breakdown by region	Amount
Japan	86.8
China	25.7
Korea	28.7
Taiwan	1.8
Southeast Asia	11.8
India	3.3
U.S.	30.8
Others	3.2
<b>Total</b>	<b>192.0</b>

**Investment trusts, etc. JPY 260.4bn** (\*4)

Investment trusts	155.1
Investment advisory	101.1
Investment companies	4.2

\*1 Calculated by the exchange rate as of the end of Jun. 2015

\*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.

\*4 For funds that SBI Asset Management provides investment instruction to, if Morningstar Asset Management provides investment advisory services, assets are recorded in both "Investment trusts" and "Investment advisory," respectively, and such overlapping amounts totaled JPY 26.5bn

# Structure of the Asset Management Business

- Owing to accounting requirements, the Asset Management Business has three completely different recognitions: fair value, consolidation and equity method
- In addition, a asset management services business was newly established in FY2015

[Structure of the Asset Management Business]

## SBI's Asset Management Business

① **Securities held are measured at fair value**

**Private equity investment**

- SBI Investment and funds under its aegis
- Overseas investment business

② **Recognized through consolidation**

**Consolidated subsidiaries among the companies acquired to manage and consult**

- NARUMIYA INTERNATIONAL etc.
- SBI AXES

③ **Recognized through consolidation or equity method**

**Overseas financial services business**

- SBI Savings Bank
- Phnom Penh Commercial Bank etc.

④ **Recognized through consolidation**

**Asset management services business**

- Morningstar Japan etc.
- SBI Global Asset Management (scheduled)

# Analysis of Each Segment of the Asset Management Business

## -① Private equity investment-

### [Consolidated statement of financial position]

(IFRS; JPY billion)

	Mar. 31, 2015	June 30, 2015
Cash and cash equivalents	18.9	20.4
Securities	118.7	113.0
Other assets	27.4	20.0
<b>Total assets</b>	<b>165.0</b>	<b>153.4</b>
Intragroup borrowings	21.4	14.3
Other liabilities	5.9	2.5
<b>Total liabilities</b>	<b>27.3</b>	<b>16.8</b>
Equity capital	96.7	98.0
Non-controlling interests* <sup>1</sup> (Mainly interests of external shareholders of consolidated funds)	41.0	38.6
<b>Total equity</b>	<b>137.7</b>	<b>136.6</b>
<b>Total liabilities and equity</b>	<b>165.0</b>	<b>153.4</b>

\*1 External investors' shareholding in consolidated funds. External investors' shareholding in funds operated as joint ventures and classified as operational investment securities are not included. Non-controlling interests decrease accompanying payment of dividends.

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

• **While promoting new investments, also realized the recovery of investments through the sales of shares, for a JPY 5.7bn balance decrease**

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

### [Consolidated statement of income]

(IFRS; JPY billion)

	1Q FY2014	1Q FY2015
Revenue	(5.1)	4.1
Profit / loss related to FVTPL	(5.6)	3.3
Fee from non-cons. funds* <sup>2</sup>	0.3	0.3
Others (FX gain etc.)	0.2	0.5
Expense (including expense related to allowance etc.)	(2.1)	(1.9)
<b>Profit before income tax expense</b>	<b>(7.3)</b>	<b>2.2</b>
<b>Profit for the period</b>	<b>(6.6)</b>	<b>2.7</b>
Attributable to owners of SBIH	(1.7)	2.6
<b>Non-controlling interests</b>	<b>(4.9)</b>	<b>0.1</b>

\*2 Only the amount of management commissions, etc. from funds classified as investment securities is recorded as income corresponding to external investors' shareholding



# Analysis of Each Segment of the Asset Management Business

-② Consolidated subsidiaries among the companies acquired to manage and consult-

## [Consolidated statement of financial position]

(IFRS; JPY billion)

	Mar. 31, 2015	June 30, 2015
Cash and cash equivalents	14.0	12.0
Trade accounts receivable	18.0	16.9
Inventories (products)	2.5	2.9
Intangible assets	11.4	9.7
Other assets	7.2	7.4
<b>Total assets</b>	<b>53.1</b>	<b>48.9</b>
<b>Total liabilities</b>	<b>25.2</b>	<b>24.6</b>
Equity capital	26.6	22.5
Non-controlling interests	1.3	1.8
<b>Total equity</b>	<b>27.9</b>	<b>24.3</b>
<b>Total liabilities and equity</b>	<b>53.1</b>	<b>48.9</b>

### [Investee companies consolidated]

- NARUMIYA INTERNATIONAL(apparel company)
- SBI AXES(settlement service company)
- CEM Corporation(Real estate-secured loans)

## [Consolidated statement of income]

(IFRS; JPY billion)

	1Q FY2014	1Q FY2015
Revenue	5.8	7.7
Profit before income tax expense	0.3	0.2
Profit for the period	0.2	0.3
Attributable to owners of SBIH	0.2	0.2
Non-controlling interests	0.0	0.1

- Whereas even pure investees are uniformly consolidated under IFRS, there is an exclusion rule under J-GAAP.
- Although the accounting treatment under IFRS differs from J-GAAP, the impact on the Company's consolidated financial statements is insignificant.

\* CEM Corporation, an operational investee company, was classified as the Real Estate Finance Business within the Financial Services Business, but was transferred to the Asset Management Business, owing to the sale of SBI Mortgage, which was the core company of the Real Estate Finance Business. The FY2014 results are adjusted retroactively, assuming that CEM Corporation was a component of the Asset Management Business from the beginning of FY2014.

# Analysis of Each Segment of the Asset Management Business

## -③ Overseas financial services business-

### [Consolidated statement of financial position]

(IFRS; JPY billion)

	Mar. 31, 2015	June 30, 2015
Cash and cash equivalents	49.5	51.2
Trade accounts receivable	294.9	299.9
Intangible assets	127.6	127.2
Other assets	60.2	63.6
<b>Total assets</b>	<b>5,32.2</b>	<b>541.9</b>
Customer deposits	361.1	368.2
Other liabilities	45.5	30.7
<b>Total liabilities</b>	<b>4,06.6</b>	<b>398.9</b>
Equity capital	124.6	141.8
Non-controlling interests	1.0	1.2
<b>Total equity</b>	<b>125.6</b>	<b>143.0</b>
<b>Total liabilities and equity</b>	<b>532.2</b>	<b>541.9</b>

- SBI Savings Bank (Korea), SBI Royal Securities (Cambodia) are consolidated
- Profit/loss of Phnom Penh Commercial Bank (Cambodia), SBI Thai Online Securities (Thailand), YAR Bank (Russia), etc. are recognized through equity method

### [Consolidated statement of income]

(IFRS; JPY billion)

	1Q FY2014	1Q FY2015
Revenue	9.6	11.5
Profit before income tax expense	4.8	1.6
Profit for the period	4.8	1.6
Attributable to owners of SBIH	4.4	1.5
Non-controlling interests	0.4	0.1

- The results of SBI Savings Bank (Korea) are primarily reflected in the financial statements.
- Net interest income, which reflects the earnings of the loan business, equivalent to the difference between interest income from operational loan receivables and interest cost for the customer deposits, resulted JPY 6.2bn (increase of 50.6% YoY) for 1Q FY2015, steadily strengthening of the revenue base.

# Analysis of Each Segment of the Asset Management Business

## -④ Asset management services business-

### [Consolidated statement of financial position]

(IFRS; JPY billion)

	Mar. 31, 2015	June 30, 2015
Cash and cash equivalents	6.6	6.3
Financial assets	1.2	1.2
Intangible assets	4.1	4.1
Other assets	0.3	0.2
<b>Total assets</b>	<b>12.2</b>	<b>11.8</b>
<b>Total liabilities</b>	<b>0.7</b>	<b>0.5</b>
Equity capital	7.5	7.4
Non-controlling interests	4.0	3.9
<b>Total equity</b>	<b>11.5</b>	<b>11.3</b>
<b>Total liabilities and equity</b>	<b>12.2</b>	<b>11.8</b>

- Morningstar Japan and its subsidiaries are the main constituent companies
- Planning the establishment of SBI Global Asset Management (tentative name) as an intermediate holding company of the business

### [Consolidated statement of income]

(IFRS; JPY billion)

	1Q FY2014	1Q FY2015
Revenue	0.9	1.1
Profit before income tax expense	0.4	0.5
Profit for the period	0.2	0.3
Attributable to owners of SBIH	0.1	0.2
Non-controlling interests	0.1	0.1

- The results of Morningstar Japan are primarily reflected in the financial statements.
- With the establishment of SBI Global Asset Management (tentative name), the Group's asset management operations are expected to be strengthened

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