



*Strategic
Business
Innovator*

SBI Holdings, Inc.

Financial Results

for the Six-month Period Ended Sept. 30, 2015

(Fiscal Year Ending March 31, 2016)

October 29, 2015

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

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

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

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

- 1. 1H FY2015 Consolidated Financial Results**
- 2. The Current Business Environment is Being Seized Upon as Another Rapid Growth Stage Since the Company's Inception, to Embody the Strengthening of Its Continued Growth and Profitability**

1. 1H FY2015 Consolidated Financial Results

- 1H FY2015 revenue increased +1.5% YoY to JPY 115,183m and profit before income tax expense decreased 38.7% YoY to JPY 19,906m. However, excluding the effect from the sales of ARUHI (formerly SBI Mortgage) and SBI Life Living in FY2014, profit before income tax expense increased +36.7% YoY.
- The Financial Services Business achieved increases in both revenue and profits, with a revenue increase of +20.5% YoY, and profit before income tax expense increase of +21.4% YoY, when the effect from the sale of ARUHI (formerly SBI Mortgage) is excluded
- In the Asset Management Business, a significant recognition of fair value loss was recorded, owing to the China Shock, specifically the consequent stock market correction and a strong JPY toward the end of Sept. due to the devaluation of the RMB
- The Biotechnology-related Business achieved a significant increase in its revenues and reduced its losses, owing to receiving an upfront fee of USD 20m for the drug discovery pipeline of Quark Pharmaceuticals, Inc., a wholly-owned subsidiary of SBI Biotech
- Planning an interim dividend of JPY 10 per share, and the achievement of a total return ratio of 40% for the fiscal year-end

1H FY2015 Consolidated Performance (IFRS)

(Unit: JPY million)

	1H FY2014 (Apr.-Sept. 2014)	1H FY2015 (Apr.-Sept. 2015)	YoY % change
Revenue	113,467	115,183	+1.5
Profit before income tax expense	32,498	19,906	-38.7
Profit for the period	20,609	13,215	-35.9
Profit attributable to owners of the Company	25,787	13,162	-49.0

1H FY2015 Profit Before Income Tax Expense Increased +36.7% YoY, in Comparison with Figures Excluding the Effect from the Sales of ARUHI (formerly SBI Mortgage) and SBI Life Living

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

(Unit: JPY million)

		1H FY2014 (Apr.-Sept. 2014)	1H FY2015 (Apr.-Sept. 2015)	YoY % change
	Revenue	113,467	115,183	+1.5
	① Performance contribution from the 2 companies	7,294	-	-
	② Gain from sales of the 2 companies*	15,983	-	-
Revenue excluding ① and ②		90,190	115,183	+27.7
	Profit before income tax expense	32,498	19,906	-38.7
	① Performance contribution from 2 the companies	1,951	-	-
	② Gain from sales of the 2 companies*	15,983	-	-
Profit before income tax expense excluding ① and ②		14,564	19,906	+36.7

* JPY 515m of gain from the sales of SBI Life Living is not included in 1H FY2014, but is recognized in 4Q FY2014

1H FY2015 Revenue by Segment (IFRS) ^{*1}

[Year-on-year]

(Unit: JPY million)

	1H FY2014 (Apr.-Sept. 2014)	1H FY2015 (Apr.-Sept. 2015)	YoY % change
Financial Services Business	82,171 ^{*2}	74,513	-9.3
Figures excluding the effect from the sale of ARUHI (formerly SBI Mortgage)	61,849	74,513	+20.5
Asset Management Business	27,732 ^{*2}	36,784	+32.6
Biotechnology-related Business	827	3,341	+304.0
Others (Primarily Housing and Real Estate Business)	3,787	1,759	-53.6
Figures excluding the effect from the sale of SBI Life Living	833 ^{*3}	1,759	+111.2

*1 Figures are before elimination of inter-segment transactions

*2 Revenue for 1H FY2015 decreased by JPY 2,135m in the Financial Services Business, and increased by JPY 2,332m 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 197m is eliminated as inter-segment transactions)

*3 JPY 515m of gain from the sales of SBI Life Living is not included in 1H FY2014, but is recognized in 4Q FY2014

1H FY2015 Profit before Income Tax Expense by Segment (IFRS) ^{*1}

[Year-on-year] (Unit: JPY million)

	1H FY2014 (Apr.-Sept. 2014)	1H FY2015 (Apr.-Sept. 2015)	YoY change (YoY % change)
Financial Services Business	37,581 ^{*2}	24,908	-12,673 (-33.7)
Figures excluding the effect from the sale of ARUHI (formerly SBI Mortgage)	20,515	24,908	+4,393 (+21.4)
Asset Management Business	128 ^{*2}	-111	-239 (-)
Biotechnology-related Business	-1,751	-242	+1,509 (-)
Others (Primarily Housing and Real Estate Business)	646	-345	-992 (-135.5)
Figures excluding the effect from the sale of SBI Life Living	-222 ^{*3}	-345	-124 (-)

*1 Figures are before elimination of inter-segment transactions

*2 Profit before income tax expense for 1H FY2015 has decreased by JPY 685m in the Financial Services Business, and increased by JPY 685m 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

*3 JPY 515m of gain from the sales of SBI Life Living is not included in 1H FY2014, but is recognized in 4Q FY2014

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	Sept. 2015
Ratio of profit before income tax expense to total assets (ROA; annualized)	3.5 (FY2013)	5.2 (FY2014)	6.4 (FY2015)
Interest-bearing Debt Ratio *2	135.2	97.7	115.6
Ratio of Equity Attributable to Owners of the Company *3	22.2	22.2	20.1

[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)	2.3 (FY2015)
Ratio of Equity Attributable to Owners of the Company	11.3	11.3	11.0

*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

An Interim Dividend of JPY 10 per share Planned, Owing to the Steady Performance of the Core Financial Services Business

[Dividend forecast (results) per share]

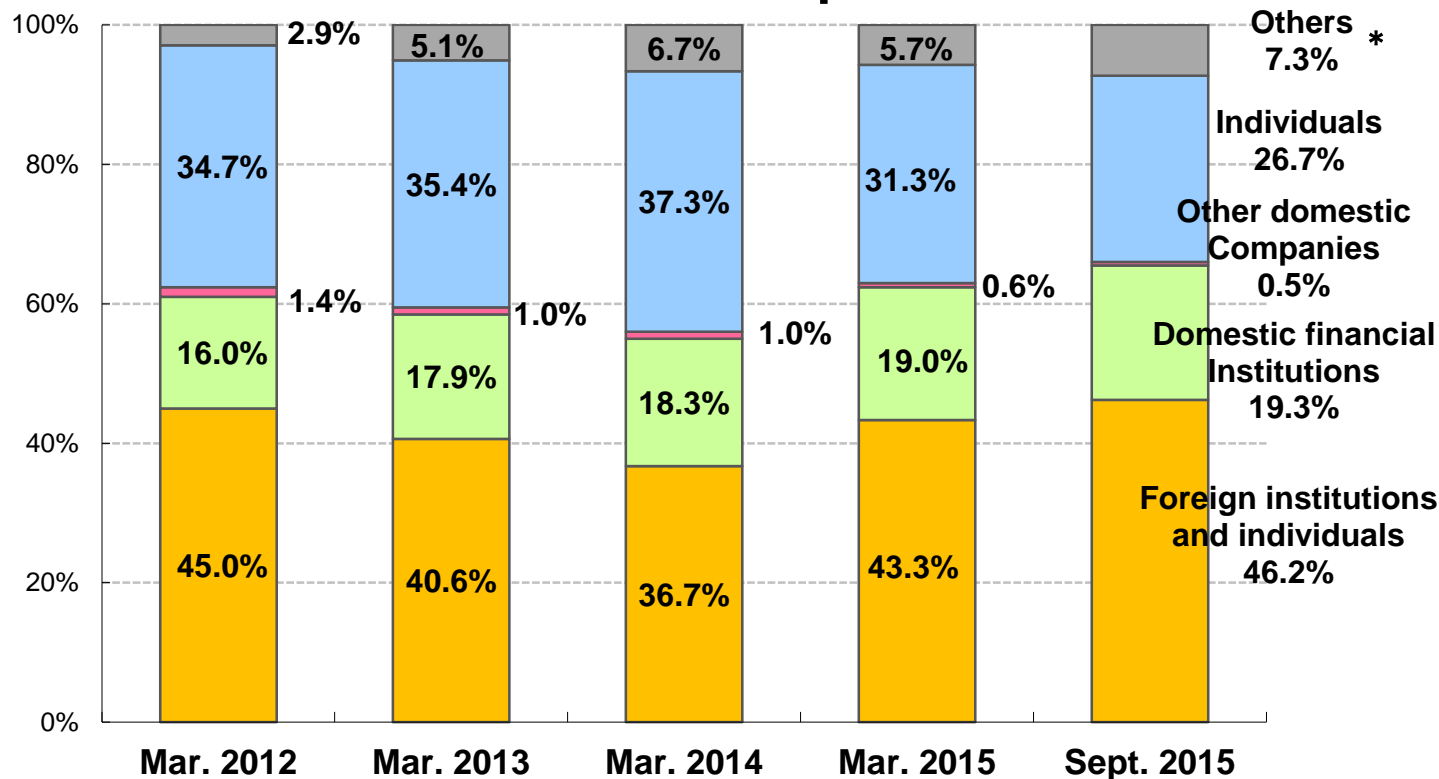
	End of 2Q	Year-end	Full-year
FY2015 (forecast)	<u>JPY 10</u>	TBD	TBD
FY2014 (results)	—	JPY 35 (Ordinary dividend: 30) (Commemorative dividend: 5)	JPY 35 (Ordinary dividend: 30) (Commemorative dividend: 5)

Endeavoring to achieve a total return ratio of 40% for the fiscal year-end

Institutional Investors' Shareholding Ratio Remained at a High Level of 65.5%

- The total number of shareholders is 144,390, and the number of shareholders who hold 1 unit or more is 87,274.
- Shareholding ratio of domestic and foreign institutional investors at the end of Sept. 2015 was 65.5%, a 3.2 percentage points increase as compared to that at the end of Mar. 2015.

Shareholder Composition



* "Others" include treasury stock (5.5%) 10

[Key Points for Each Segment's 1H FY2015 Results]

(1) Financial Services Business

- **SBI SECURITIES' 1H FY2015 profit before income tax expense achieved a significant increase and recorded an historical high for half-year results**
- **SBI Liquidity Market, SBI FXTRADE, SBI Japannext, SBI MONEY PLAZA, SBIH Comparison Website Business, SBI Remit and SBI Benefit Systems also achieved significant growth and recorded a historical high, respectively**
- **SBI Insurance's deficit increased, owing to substantive insurance payments, as well as from adverse typhoon effects and increased accidents during the prolonged "Silver Week" holidays**

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

[Profit before income tax expense (IFRS)]

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

	1H FY2014 (Apr. 2014-Sept. 2014)	1H FY2015 (Apr. 2015-Sept. 2015)	YoY change (YoY % change)
SBI SECURITIES	15,176	20,055 Historical high	+4,879 (+32.1)
SBI Liquidity Market	1,115	1,826 Historical high	+711 (+63.8)
SBI FXTRADE	514	1,094 Historical high	+579 (+112.7)
SBI Japannext	528	700 Historical high	+172 (+32.6)
SBI MONEY PLAZA	702	948 Historical high	+246 (+35.0)

* 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)

[Profit before income tax expense (IFRS)]

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

	1H FY2014 (Apr. 2014-Sept. 2014)	1H FY2015 (Apr. 2015-Sept. 2015)	YoY change (YoY % change)
SBI Insurance	-276	-786	-510 (-)
SBI Sumishin Net Bank (Shares of results of associates using the equity method)	1,827	1,144	-683 (-37.4)
SBIH Comparison Website Business	824	968 Historical high	+143 (+17.4)
SBI Remit	-75	26 Historical high	+101 (-)
SBI Benefit Systems	74	89 Historical high	+15 (+20.1)

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

[State of the Major Financial Services Business Companies]

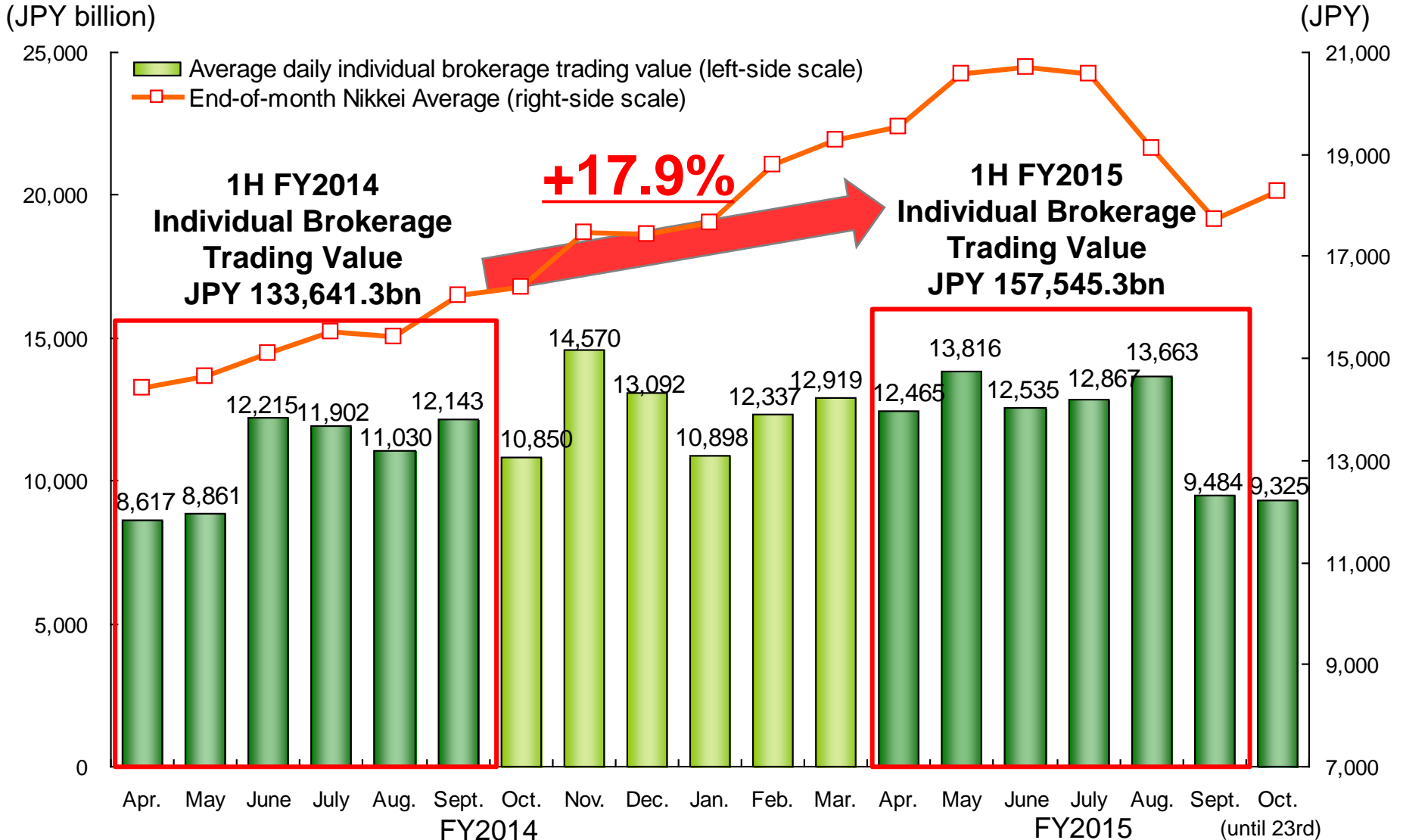
- ① SBI SECURITIES**
- ② SBI Liquidity Market, SBI FXTRADE**
- ③ SBI Japannext (PTS)**
- ④ SBI Sumishin Net Bank**
- ⑤ Insurance Business**
- ⑥ SBI MONEY PLAZA**

① SBI SECURITIES

- While the individual stock brokerage trading value of the Tokyo and Nagoya stock markets increased 17.9%, that of SBI SECURITIES increased 28.3% year-on-year, leading to an achievement of significant increases in both operating revenue and profits, to record historical highs for its half-year results
- Share of individual stock trading value continued to increase by 4.9 percentage points year-on-year to 41.7%.
Of which share of individual margin trading value further increased by 7.3 percentage points year-on-year to 45.7% (51.4% for single month in Sept. 2015)
- As a result of focusing on the sales of stable revenue generating products, investment trust balance recorded an historical high. Additionally, financial revenue rose 22.8% year-on-year, owing to a significant increase in the open interest credit balance.

Trend of the Average Daily Individual Brokerage Trading Value

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



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

SBI SECURITIES 1H FY2015

Consolidated Results (J-GAAP)

Operating revenue and all profit categories recorded an historical high for half-year results

[Year-on-year]

(Unit: JPY million)

	1H FY2014 (Apr. 2014 –Sept. 2014)	1H FY2015 (Apr. 2015 –Sept. 2015)	YoY % change
Operating Revenue	35,055	44,368	+26.6
Net Operating Revenue	32,549	40,829	+25.4
Operating Income	14,990	20,127	+34.3
Ordinary Income	15,034	20,121	+33.8
Profit attributable to owners of the Company	8,737	12,302	+40.8

* 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 1H FY2014

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

[Year-on-year]

(Unit: JPY million)

	Operating Revenue	YoY % Change	Operating Income	YoY % Change
SBI (*1) (cons.)	44,368	+26.6	20,127	+34.3
Monex (*2) (cons.)	28,967	+26.8	5,656	+151.3
Rakuten (cons.)	27,309	+33.1	11,770	+35.0
Matsui	18,540	+13.7	12,159	+18.0
kabu.com	13,246	+24.7	6,129	+45.7

*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 1H FY2014.

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

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

[Quarter-on-quarter]

(Unit: JPY million)

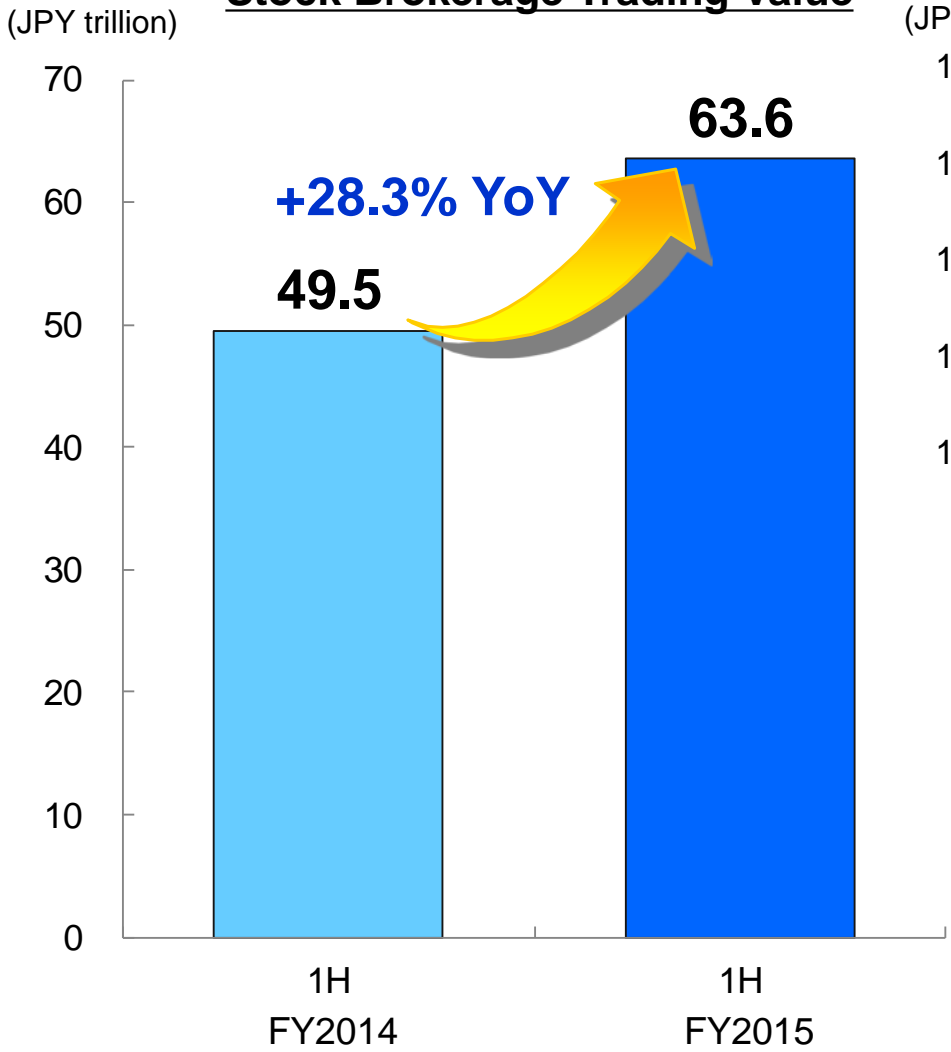
		1Q FY2015 (Apr.-June 2015)	2Q FY2015 (July-Sept. 2015)	QoQ % Change
Online securities	SBI (cons.)	9,946	10,181	+2.4
	Monex *1 (cons.)	2,443	3,213	+31.5
	Rakuten (cons.)	6,131	5,639	-8.0
	Matsui	6,017	6,143	+2.1
	kabu.com	3,072	3,056	-0.5
Face-to-face	Nomura *2 (cons.)	106,012	19,877	-81.3
	Daiwa (cons.)	59,088	32,297	-45.3
	SMBC Nikko (cons.)	24,552	13,410	-45.4

*1 Figures for Monex are based on IFRS, which are "The amount equivalent to operating income" disclosed by Monex

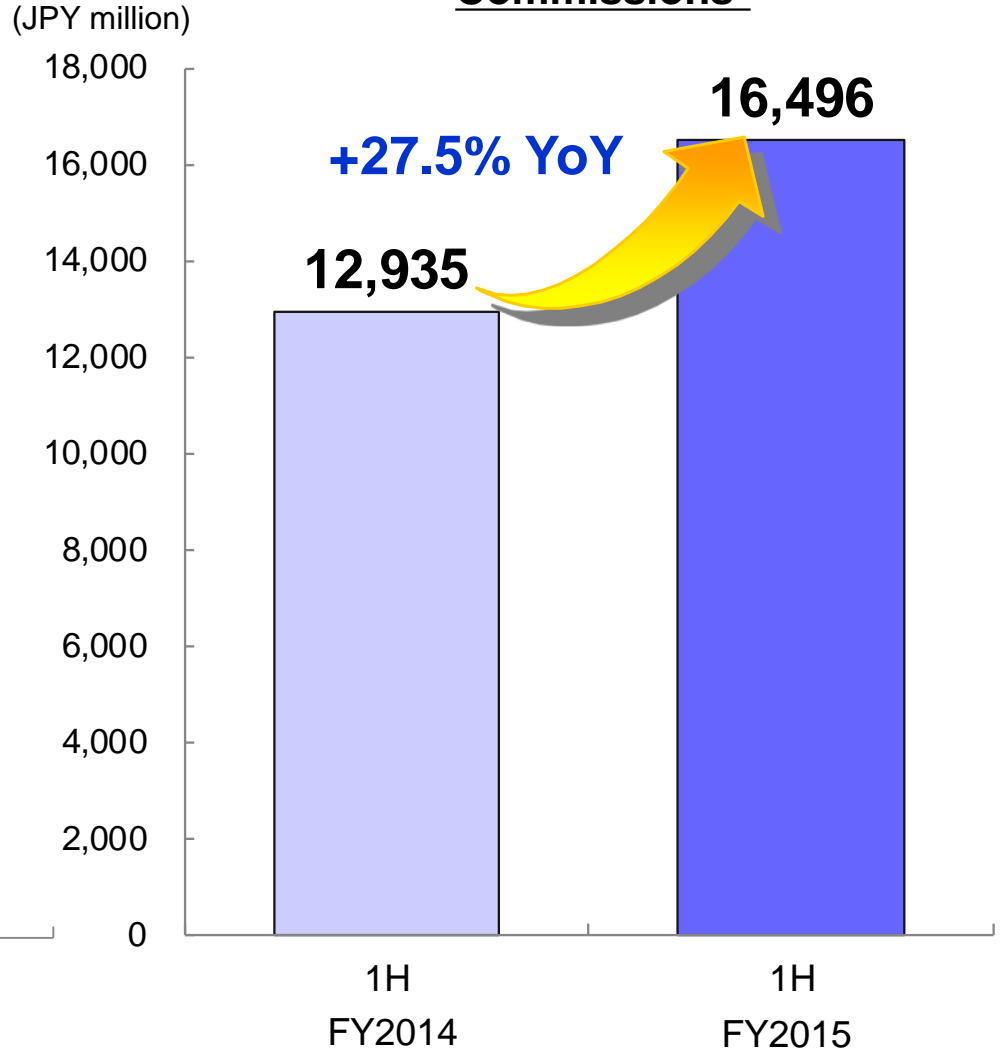
*2 Figures for Nomura are based on US-GAAP, presenting the "profit before income tax expense."

SBI SECURITIES' Stock Brokerage Trading Value and Commissions Dramatically Increased

Stock Brokerage Trading Value



Commissions*

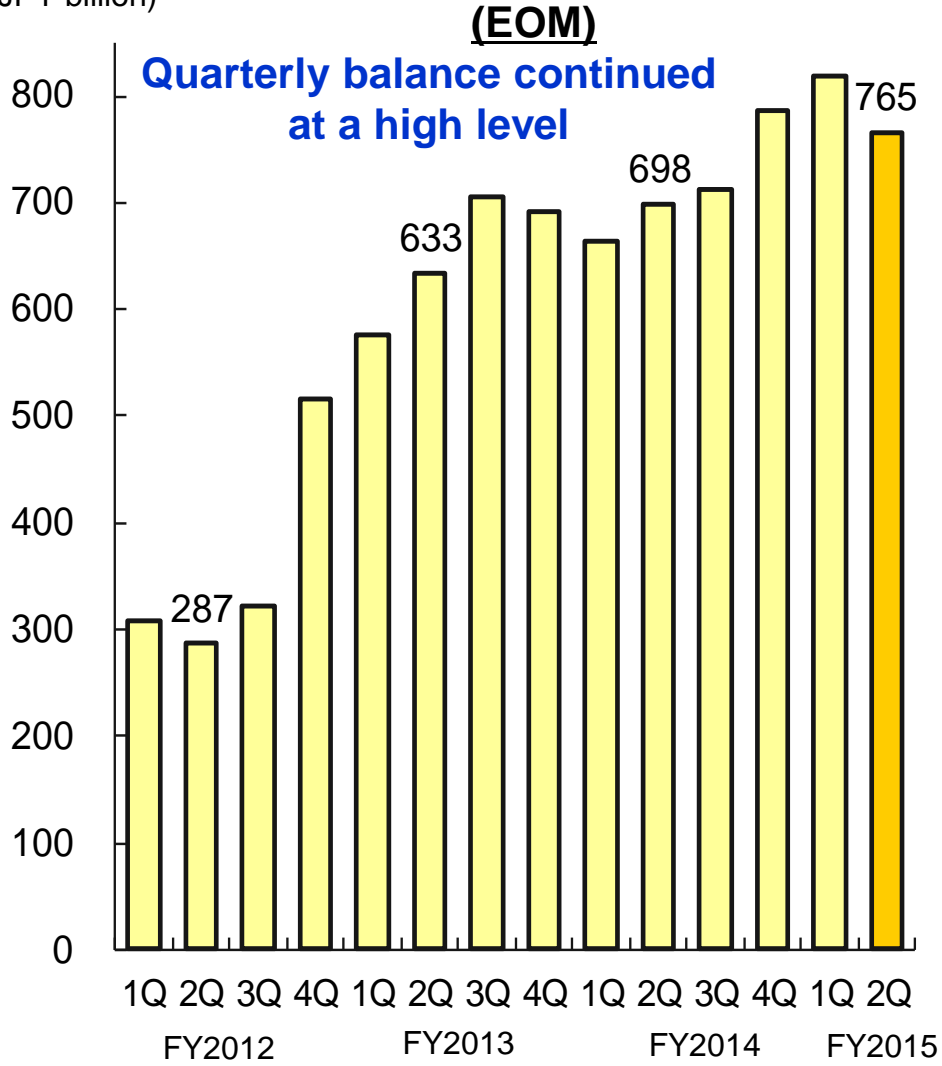


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SBI SECURITIES' Financial Revenue and Open Interest Credit Balance

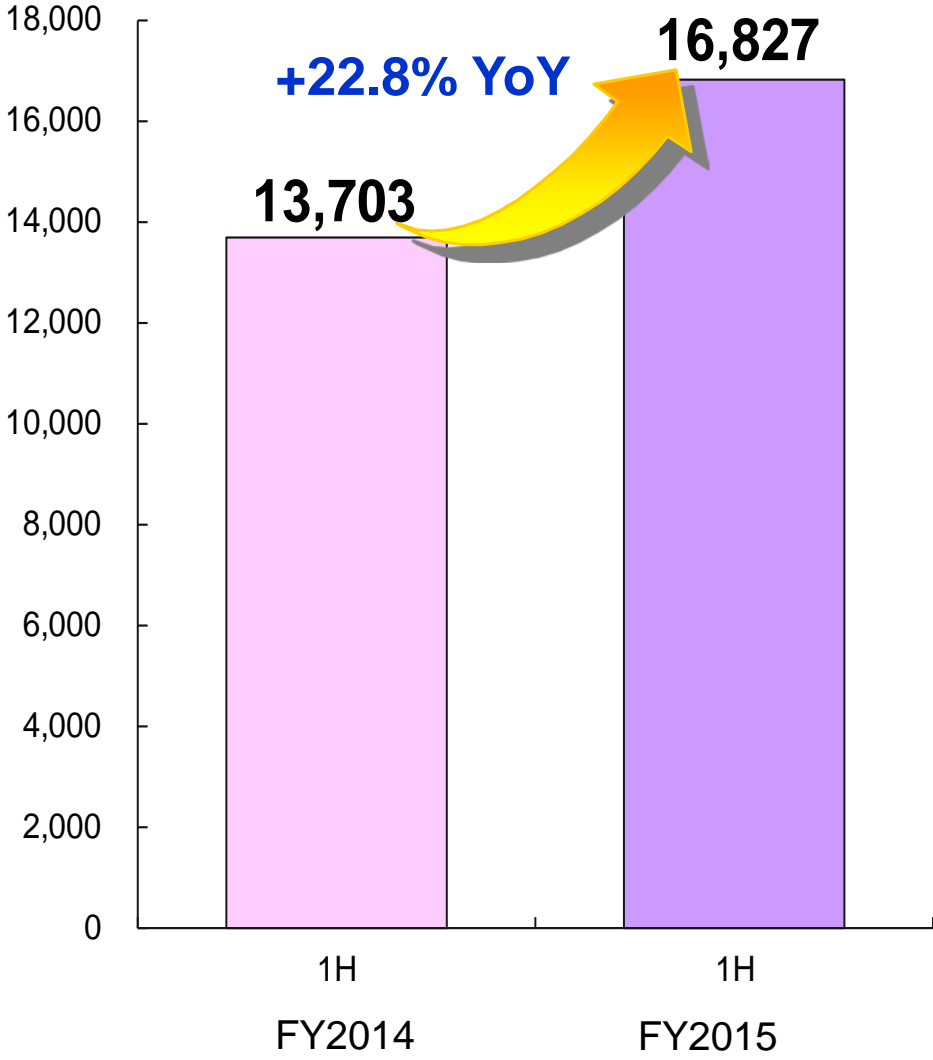
Open Interest Credit Balance

(JPY billion)



Financial Revenue *

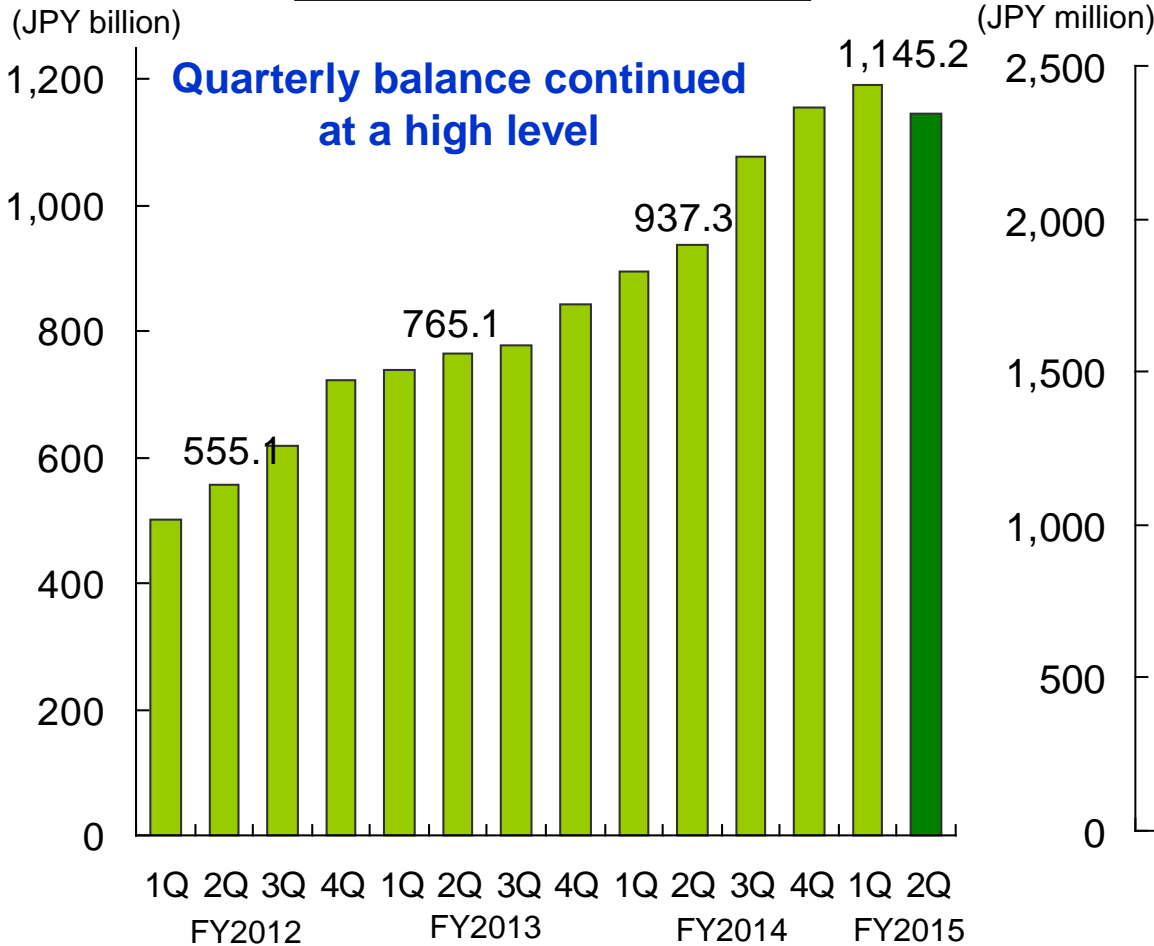
(JPY million)



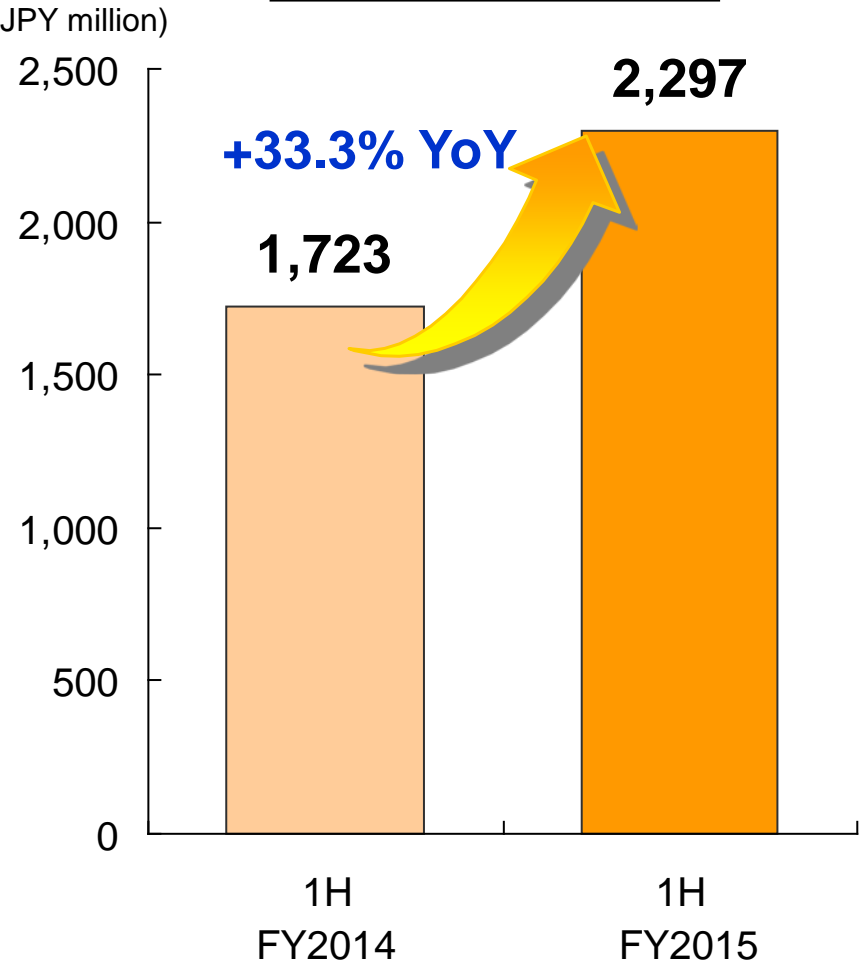
* SBI SECURITIES discloses its financial results on a consolidated basis from FY2015. Also the figures and YoY changes presented above are based on the non-consolidated results for 1H FY2014

Both SBI SECURITIES' Investment Trust Balance and Investment Trust Fees were at Record High Levels

Investment Trust Balance



Investment Trust Fees



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

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

* Trust fee excludes MRF.

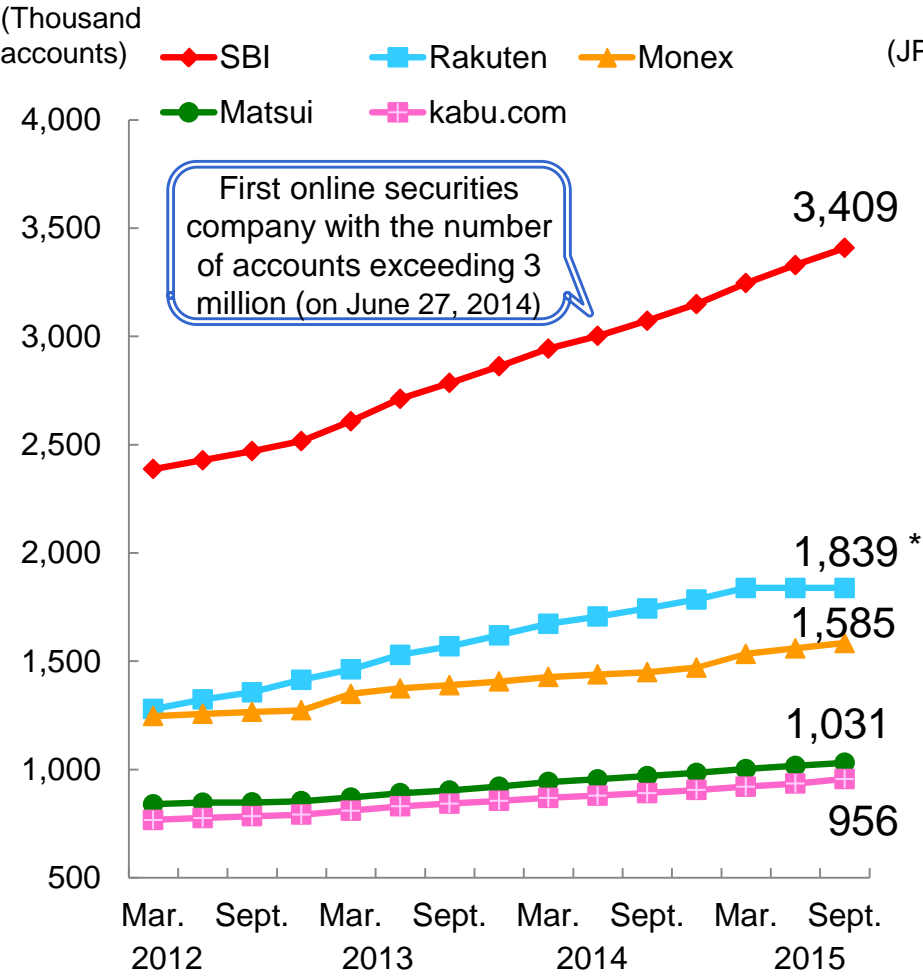
* SBI SECURITIES discloses its financial results on a consolidated basis from FY2015. Also the figures and YoY changes presented above are based on the non-consolidated results for 1H FY2014

① SBI SECURITIES:

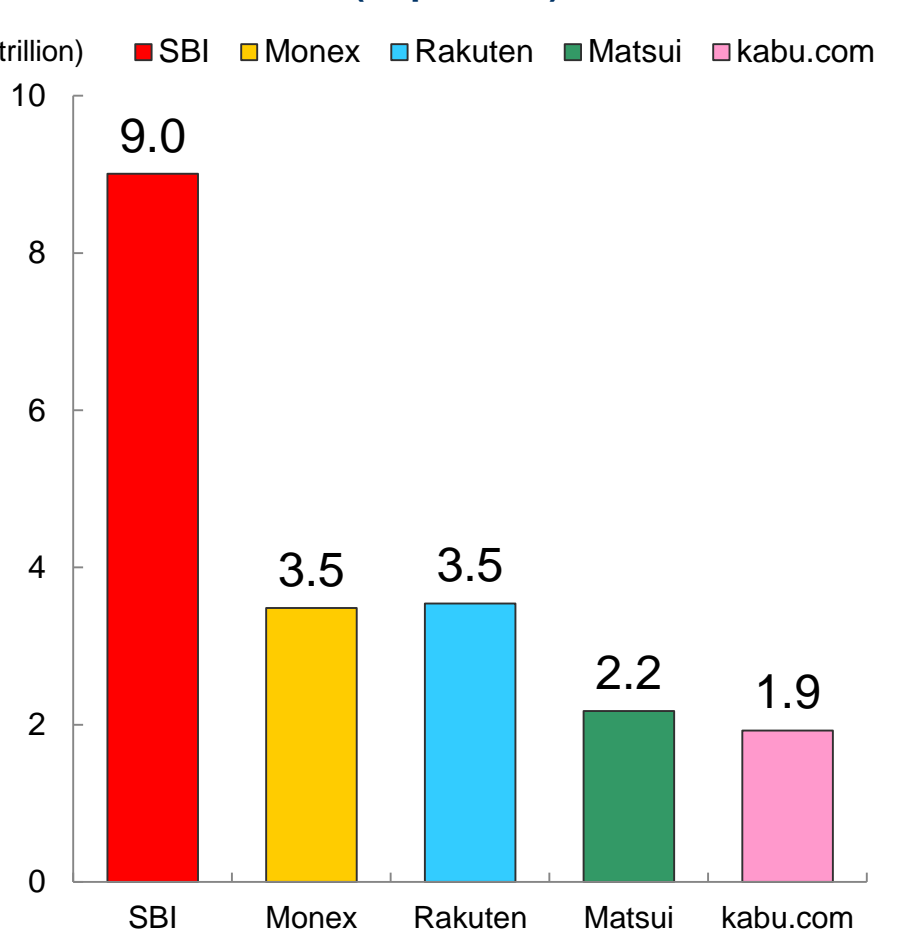
SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

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



Customers' Deposit Assets of 5 Major Online Securities Companies
(Sept. 2015)

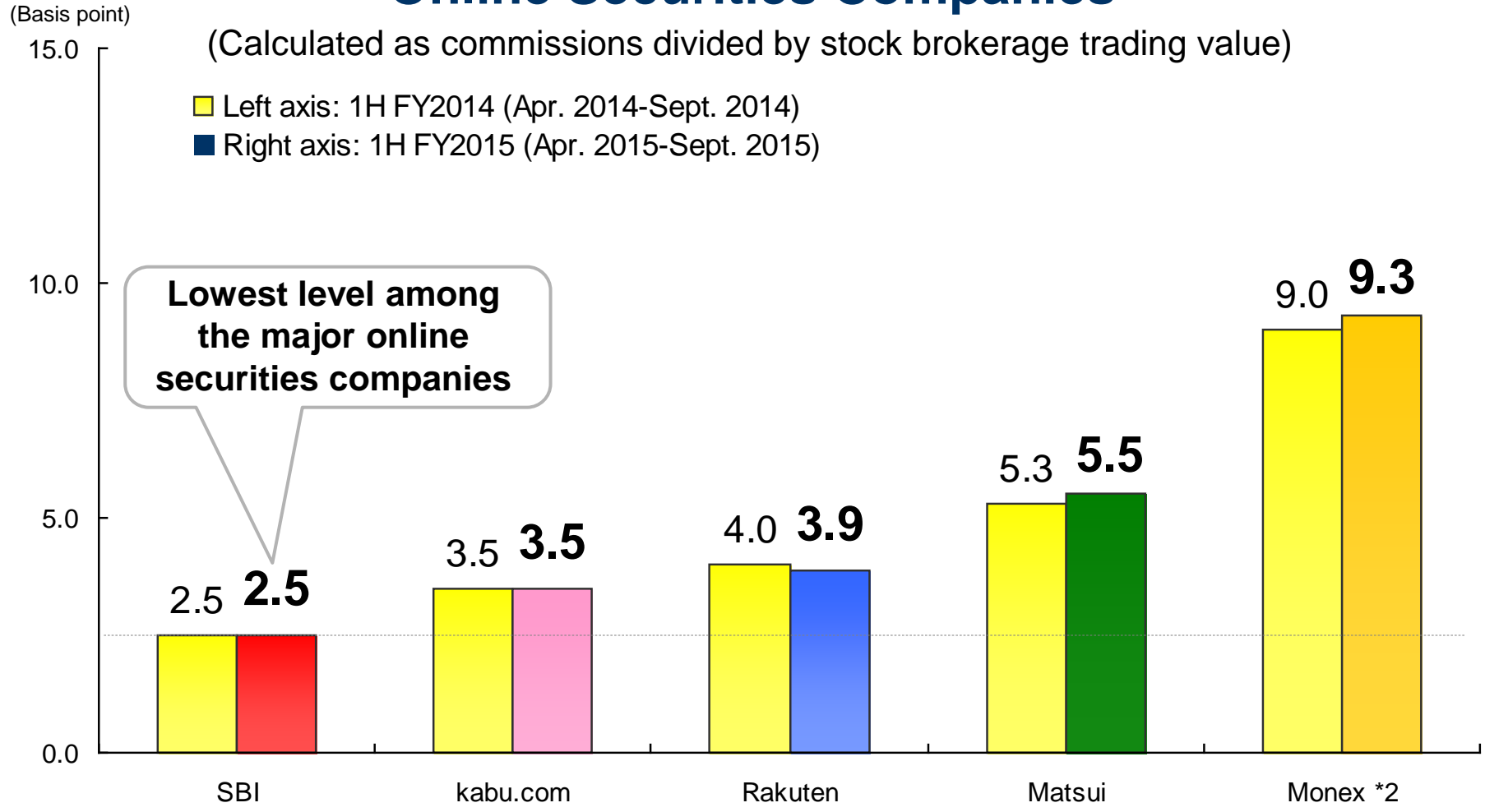


* The figure of Rakuten is that of the end of Mar. 2015 since the figure as of the end of Sept. is not disclosed.

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

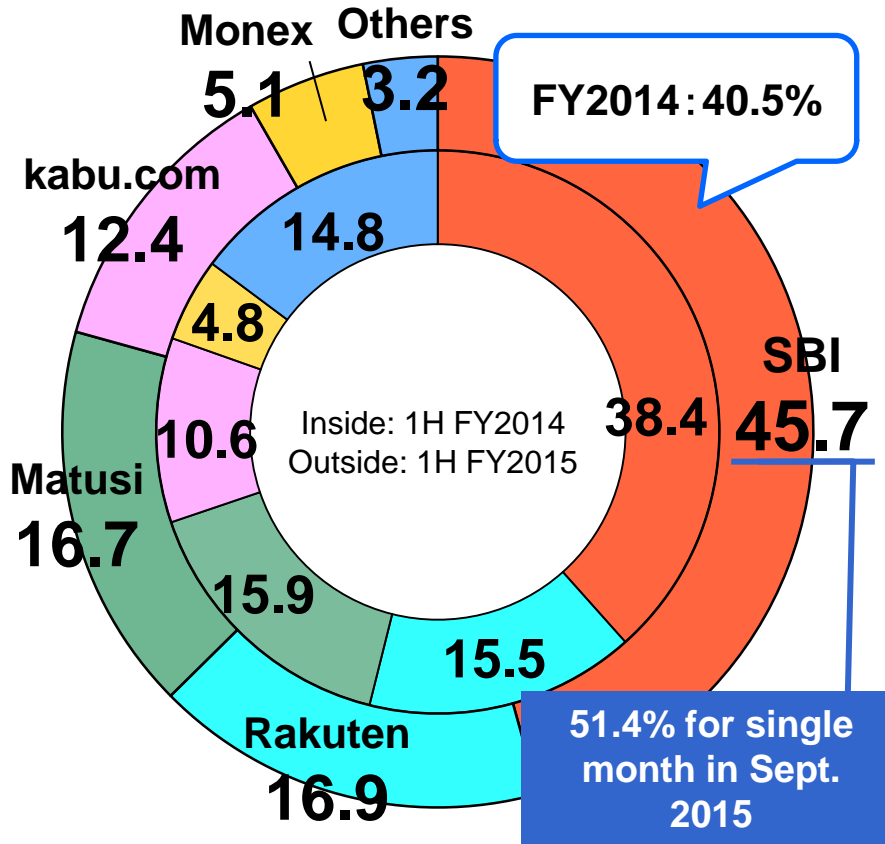
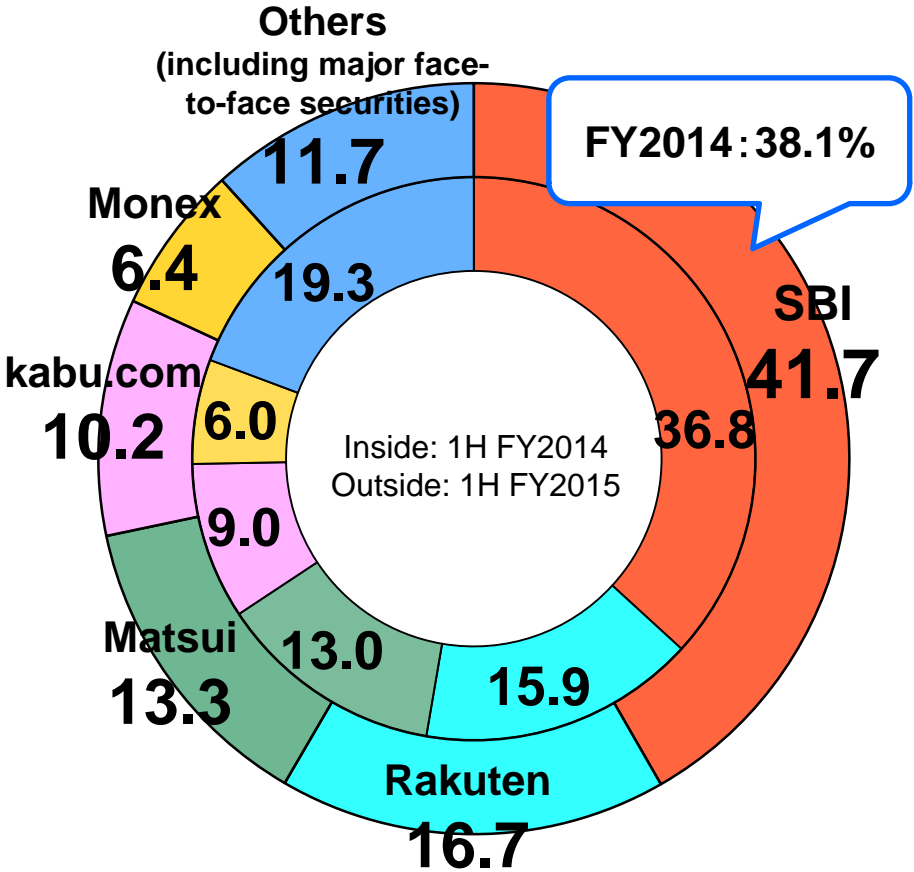
Source: Compiled by SBI SECURITIES from financial results announcement materials and monthly disclosure reports of each company.

Commissions are from earnings briefings.

SBI SECURITIES' Share of Individual Stock Trading Continues to Expand

Share of Individual Stock Trading Value (%)
1H FY2015
(Apr. 2015-Sept. 2015)

(of which) Share of Individual Margin Trading Value (%)
1H FY2015
(Apr. 2015-Sept. 2015)



51.4% for single month in Sept. 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.

② 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 1H FY2015 was approx. JPY 6.7bn, up 56.2% year-on-year, which achieved a record high for 1H results
- SBI FXTRADE continuously increased its customer base and customer deposit assets strongly, and its operating income rose 2.1 times year-on-year

② 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 (Aug. 2015)

No.	Company name	Number of accounts
1	SBI Group	672,747
2	DMM.com	472,457
3	GMO CLICK	413,160
4	Gaitame.com	399,023
5	YJFX	279,577
6	MONEY PARTNERS	265,521
7	Traders Securities	253,580
8	Hirose FX	188,876
9	FX PRIME by GMO Corporation	163,108
10	Central Tanshi FX	156,308
11	MONEY SQUARE JAPAN	88,793
12	Ueda Harlow	53,060
	Other (1 company)	59,106
	Total	3,465,316

Customers' Deposit Assets Raking (Aug. 2015)

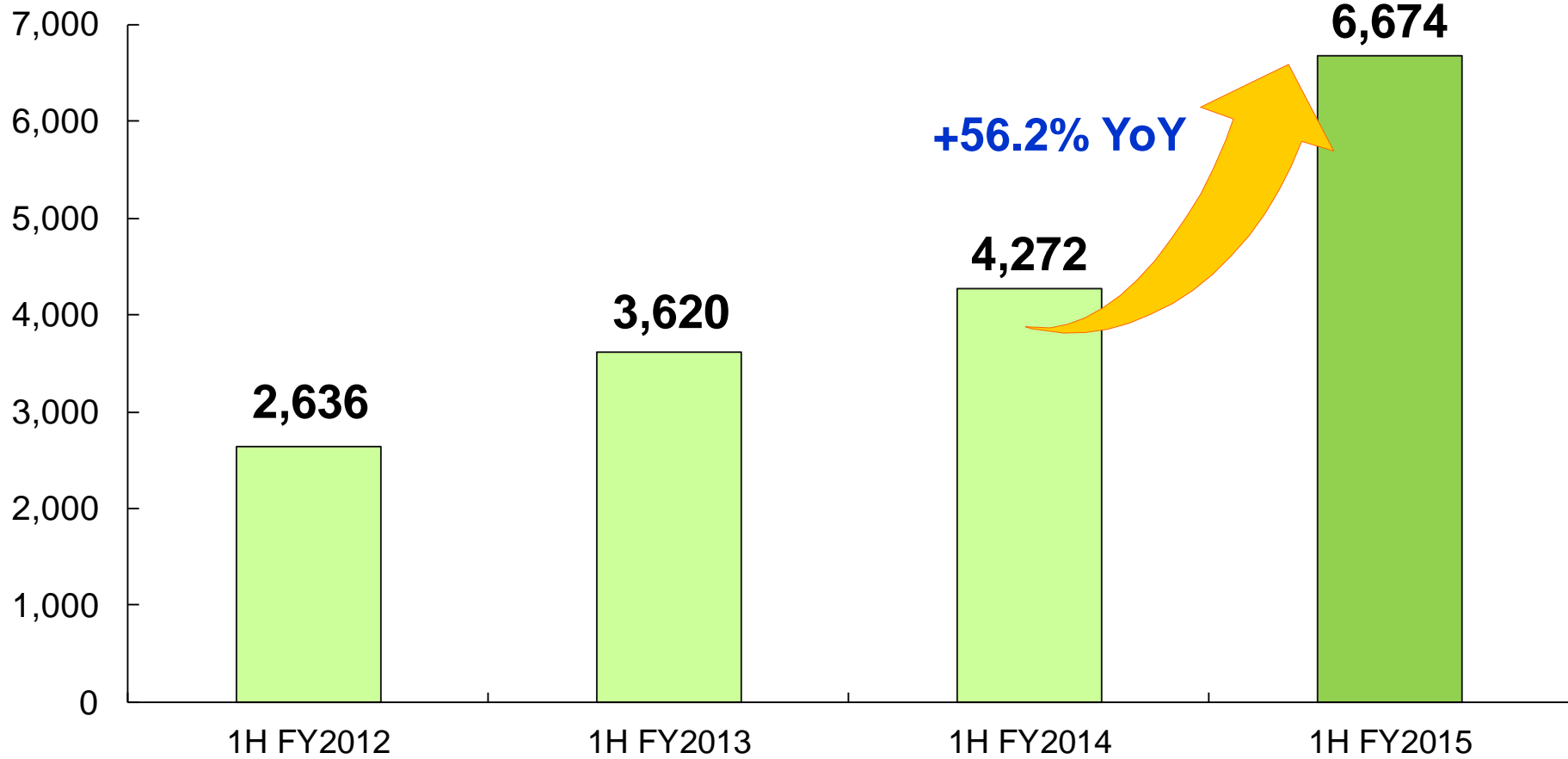
No.	Company name	Amount (JPY million)
1	SBI Group	172,786
2	GMO CLICK	119,952
3	Gaitame.com	108,869
4	YJFX	96,319
5	DMM.com	94,697
6	Central Tanshi FX	66,636
7	MONEY SQUARE JAPAN	65,021
8	MONEY PARTNERS	48,253
9	Hirose FX	27,395
10	FX PRIME by GMO Corporation	15,896
11	Traders Securities	13,570
12	Ueda Harlow	11,675
	Other (1 company)	8,032
	Total	849,101

Financial Results of SBI Liquidity Market

Operating income before allocation achieved a record high for 1H results

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
				1H FY2014	1H FY2015	
SBI Group *	July 2008 [of SBI LM]	685,708 (Sept. 2015)	171.1 (Sept. 2015)	4,272	6,674	+56.2
(SBI FXT)	May 2012 [Service launch]	104,481 (Sept. 2015)	30.6 (Sept. 2015)	512	1,090	+112.8
MONEY SQUARE	Oct. 2002	89,735 (Sept. 2015)	67.5 (Sept. 2015)	461	Scheduled to be announced on Nov. 5	
Money Partners	June 2005	267,463 (Sept. 2015)	52.8 (Sept. 2015)	206	Scheduled to be announced on Oct. 30	

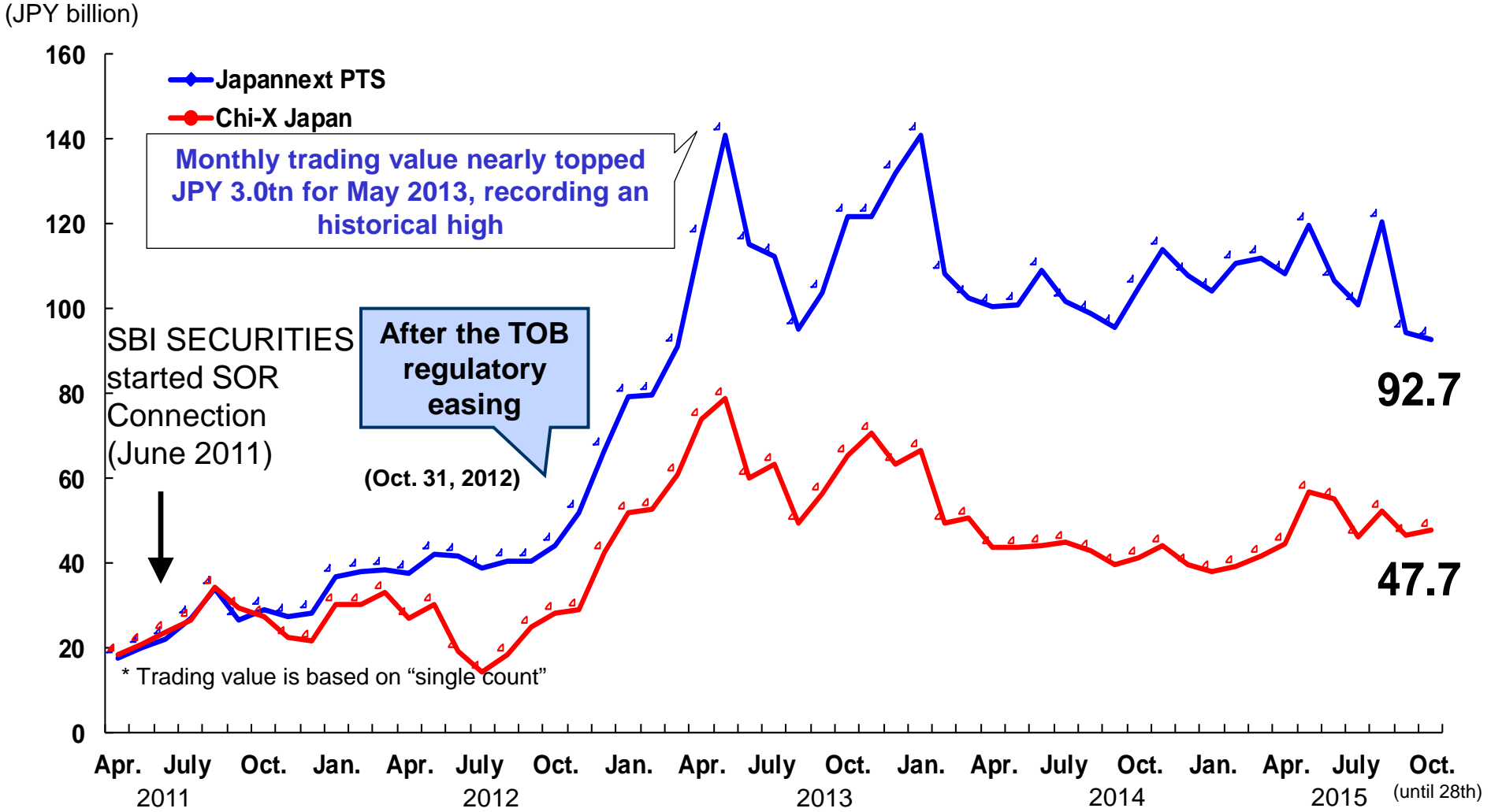
* Operating income of the SBI Group is SBI Liquidity Market's operating income before allocation which represents the amount before its allocation of profits to affiliated companies: SBI SECURITIES, SBI Sumishin Net Bank and SBI FXTRADE

③ SBI Japannext (PTS)

- SBI Japannext's operating income for 1H FY2015 increased by 32.7% year-on-year, to achieve record high.

③ SBI Japannext (PTS):

Average Daily Trading Value at Japannext PTS



TOB (take-over-bid) regulation

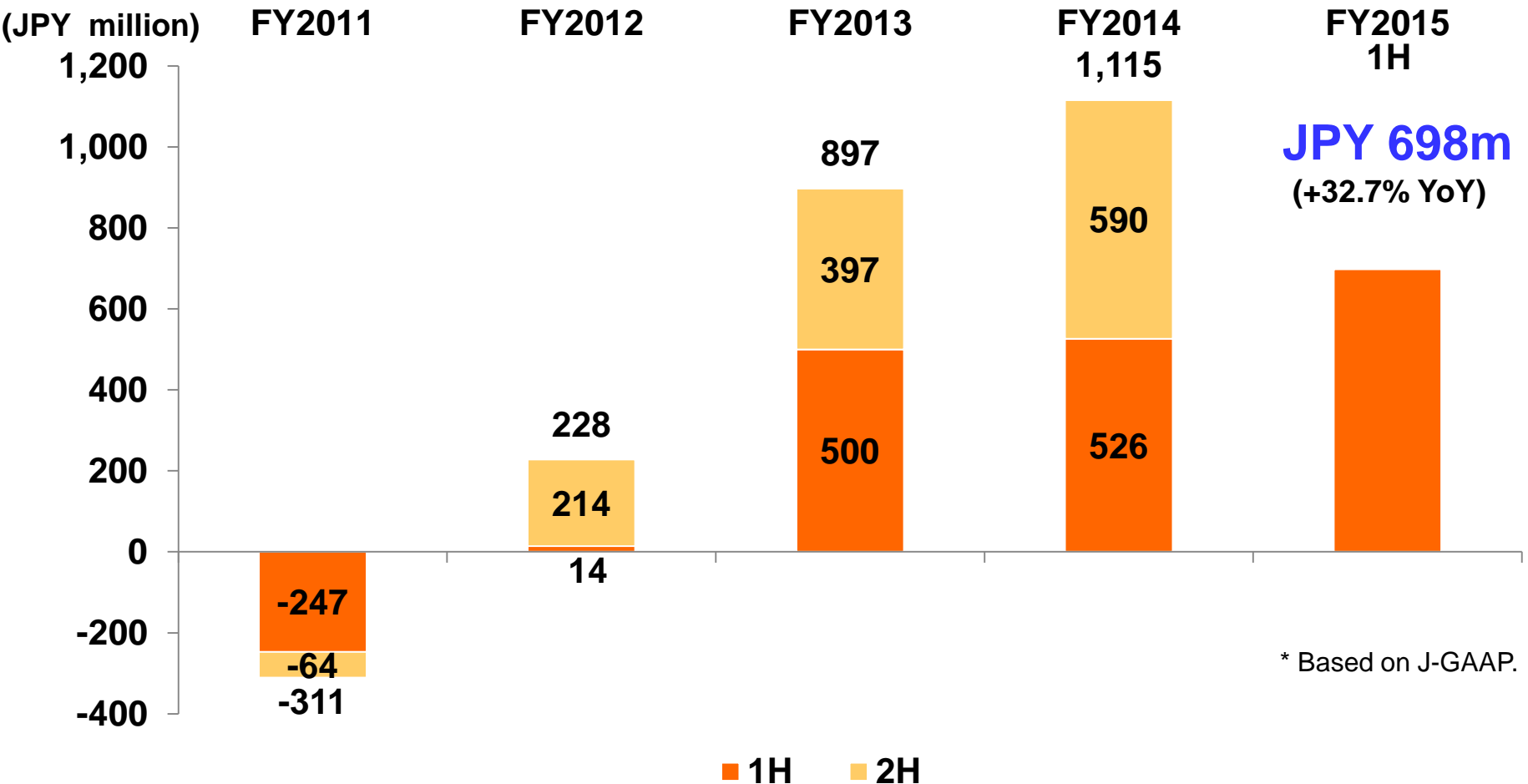
The regulation obliges investors who acquire more than 5% of a company through off-exchange transactions, or for investors who already own more than 5% that decide to increase their holdings, to conduct a takeover bid. This had hindered large institutional investors from utilizing the PTS.

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

SBI Japannext's Operating Income for 1H FY2015

Achieved a Record High of JPY 698m, up 32.7% Year-on-year

Change in SBI Japannext's Operating Income (Consolidated in Sept. 2012)



④ SBI Sumishin Net Bank

- As of the end of Sept. 2015, there were approx. 2.46 million accounts, with deposits of approx. JPY 3.5tn, and a steadily expanding business base
- While the balance of housing loans continues to steadily expand, primarily with the “MR. Housing Loan” product, in order to expand the housing loans product offering, started a full-scale offering of “Flat 35”
- Balance of card loans surpassed JPY 100bn in Oct. 2015. Specific purpose loan products also steadily contributed to the balance, advancing the diversification of investment sources
- 1H FY2015 financial results announcement is scheduled on Nov. 12, 2015

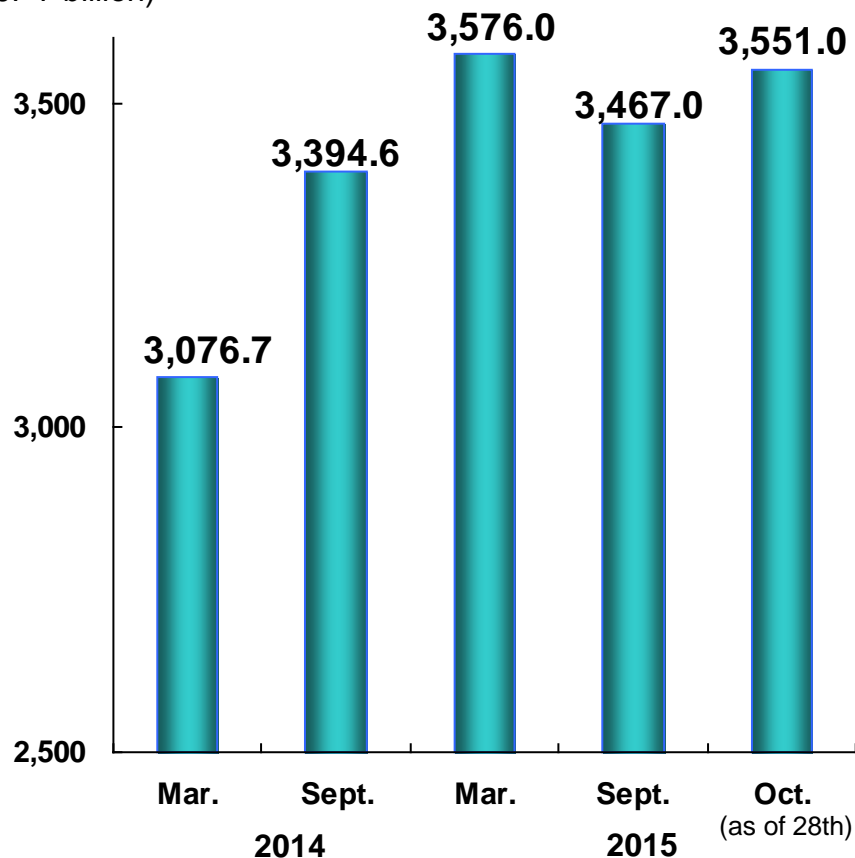
Deposit Balance Steadily Increasing

~ Deposits as of the end of Sept. 2015: Approx. JPY 3.5tn ~

**Number of accounts: 2,458,391 / Deposits: JPY 3,467.0bn
(as of the end of Sept. 2015)**

Change in SBI Sumishin Net Bank's Deposits

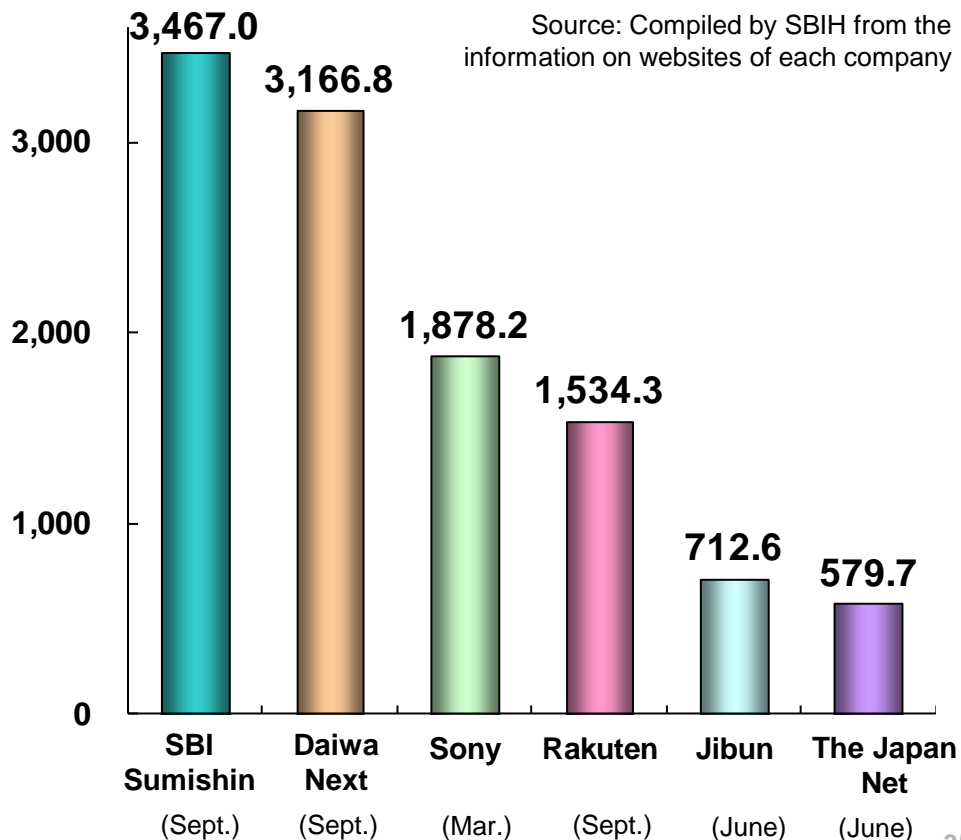
(JPY billion)



Deposits of 6 Internet Banks

(Based on the latest data disclosure by each company)

(JPY billion)



* Amounts are rounded to the nearest JPY 100 million.

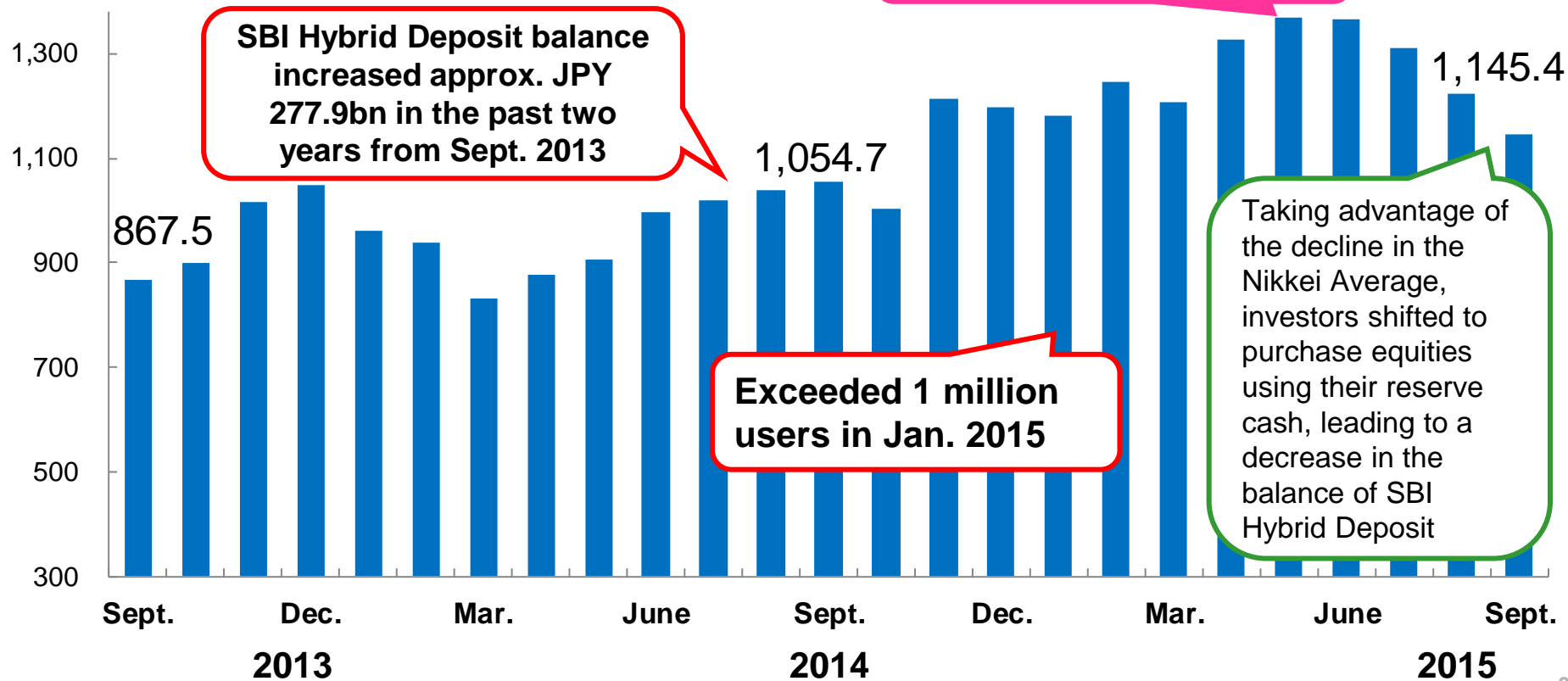
Synergies between SBI SECURITIES and SBI Sumishin Net Bank have become a Differentiation Factor (SBI Hybrid Deposit)



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 (Sept. 2013 –Sept. 2015)

(JPY billion)



Diversification of Loans with Deposits Accumulating

Change in Balance of Housing Loans *1 (Mar. 2008 – Sept. 2015)

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

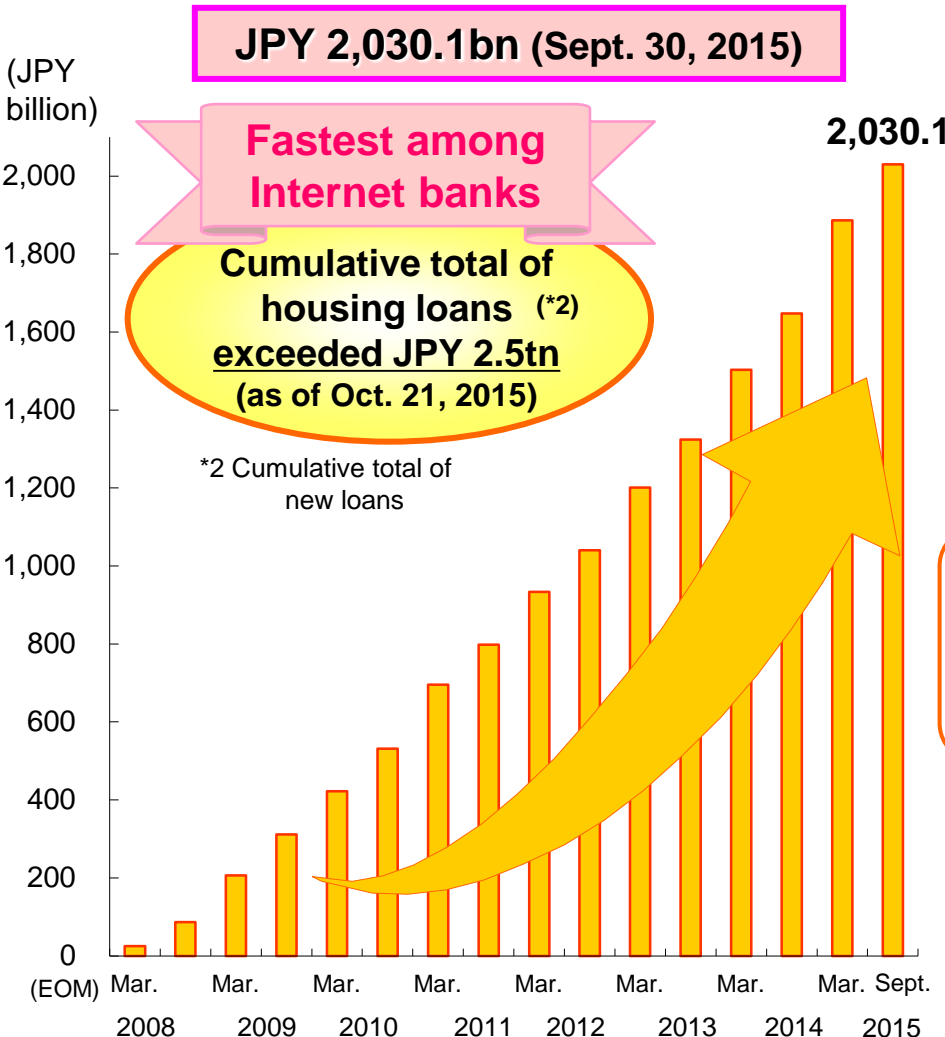
SBI Sumishin Net Bank's housing loans business:

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



In order to expand the housing loans product offering, started a **full-scale offering of "Flat 35," a long-term fixed-rate product** from Sept. 2015

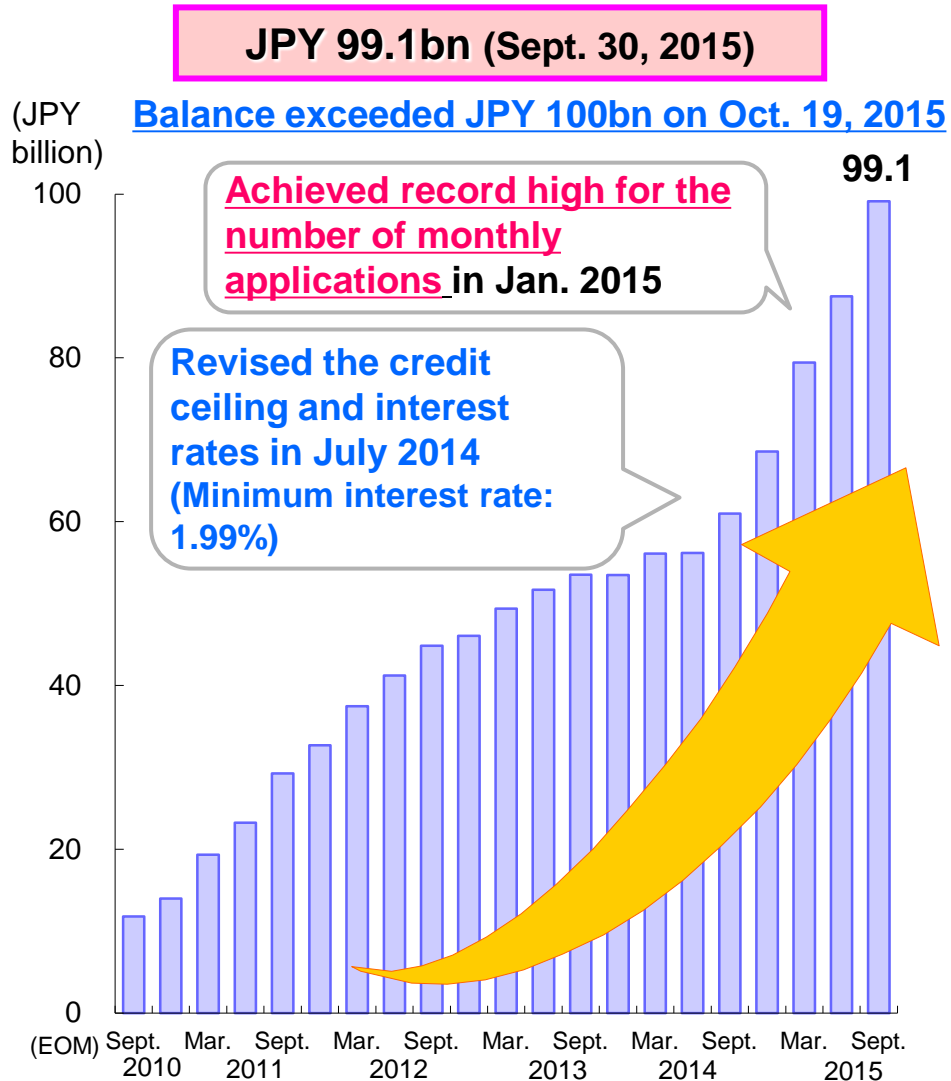
Provisional applications via the Internet was more than expected. In order to accommodate a further increase in the number of applications, promoting an increase in the number of alliance partners



SBI Suminshin Net Bank's Loan Offerings, Such as Card Loans and Specific Loans Steadily Expanding

Changes in the Balance of Card Loans

(Sept. 2010-Sept. 2015)



Other asset management lineup:

Specific purpose loans (as of the end of Sept. 2015)

➡ Service launched in May 2013
Balance: JPY 11.1bn
Balance of loans increased 1.5 times YoY

Auto loans

(as of the end of Sept. 2015)
 ➡ **Balance: JPY 119.4bn**

In addition to the card loans, which topped a balance of JPY 100bn, the specific purpose loan balance is also steadily increasing

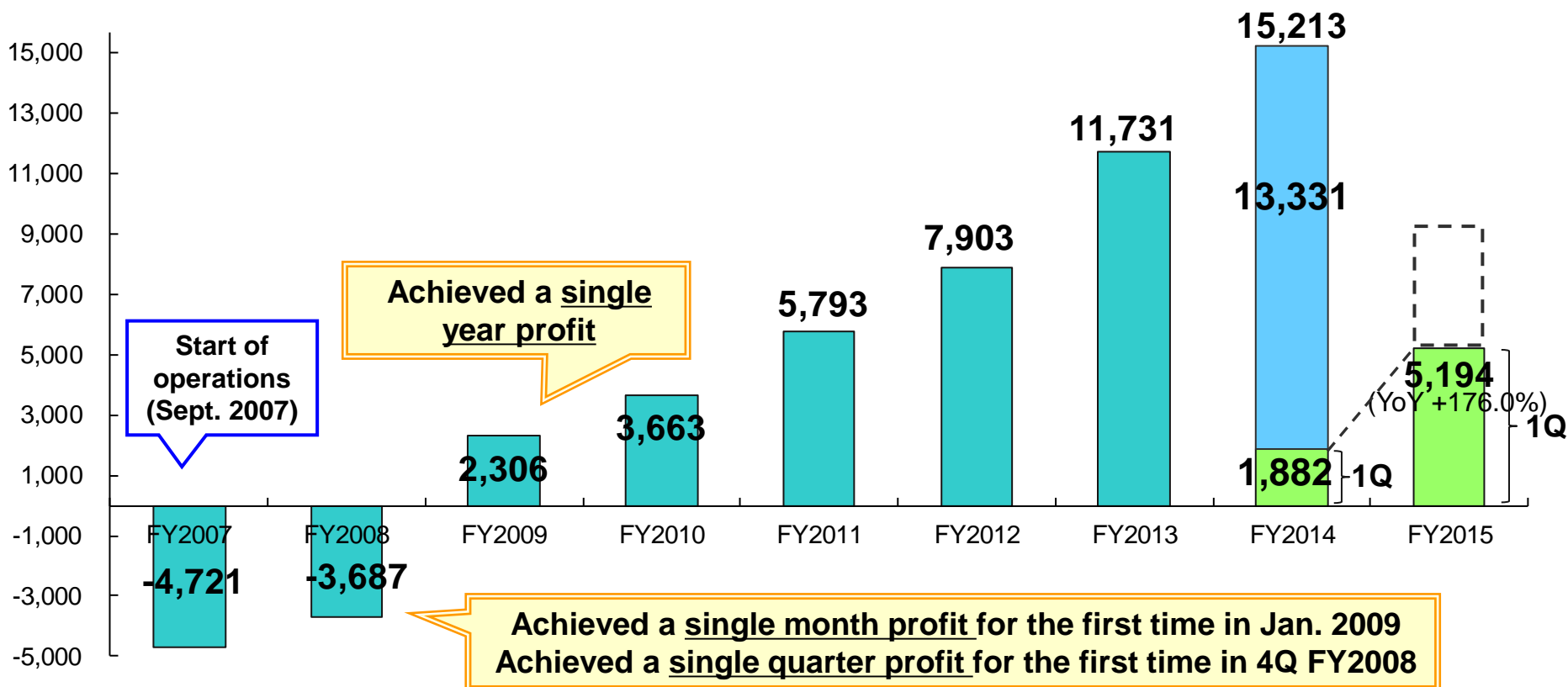
SBI Sumishin Net Bank Steadily Expands its Ordinary Income

1H FY2015 financial results announcement is scheduled on Nov. 12, 2015

Change in Ordinary Income after Start of Operations

* Consolidated since FY2009; J-GAAP

(JPY million)



⑤ Insurance Business

- SBI Insurance's auto insurance business continues to rapidly expand with the number of contracts up 12.9%, and direct premiums written up 12.3% year-on-year
- SBI Insurance's combined ratio (based on direct figures) steadily decreased to 91.4%
- SBI Insurance's loss expanded, owing to natural disasters in 2Q of FY2015 (July to Sept.), but by implementing various measures in 2H, a full-year profitability is expected
- 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

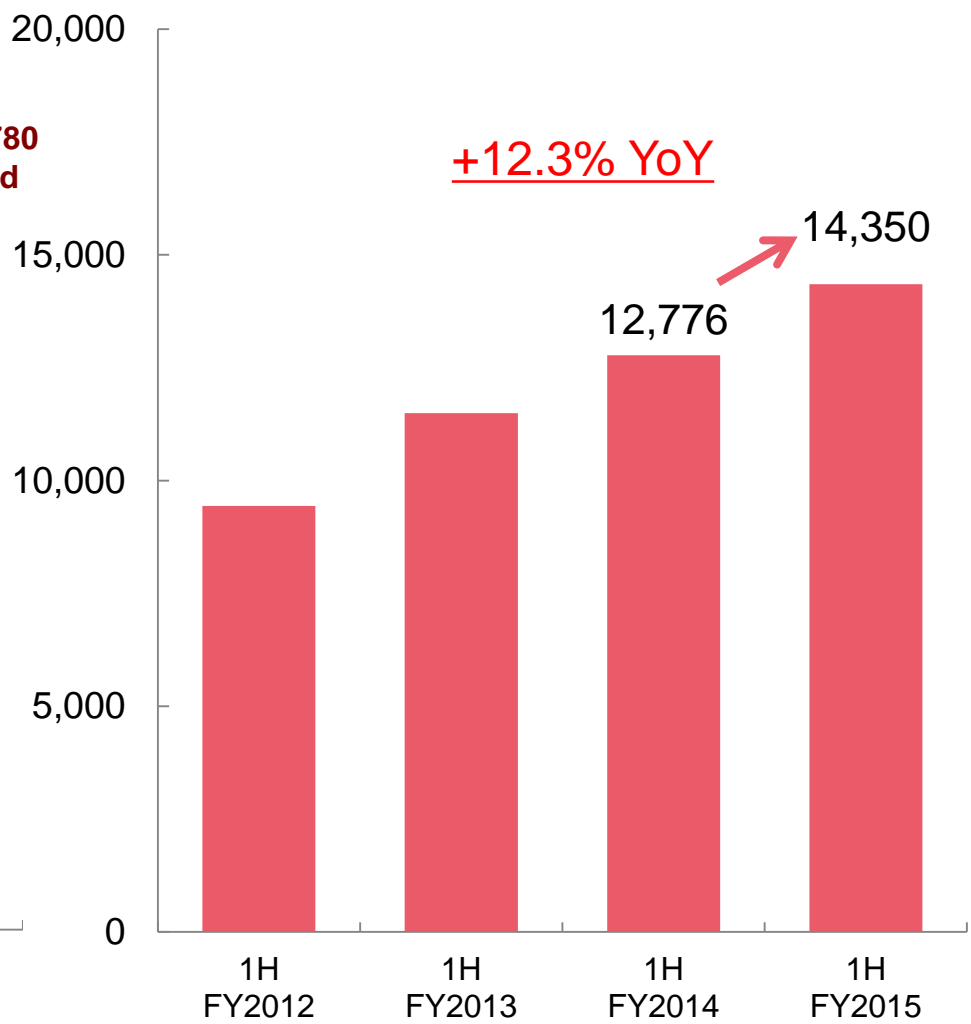
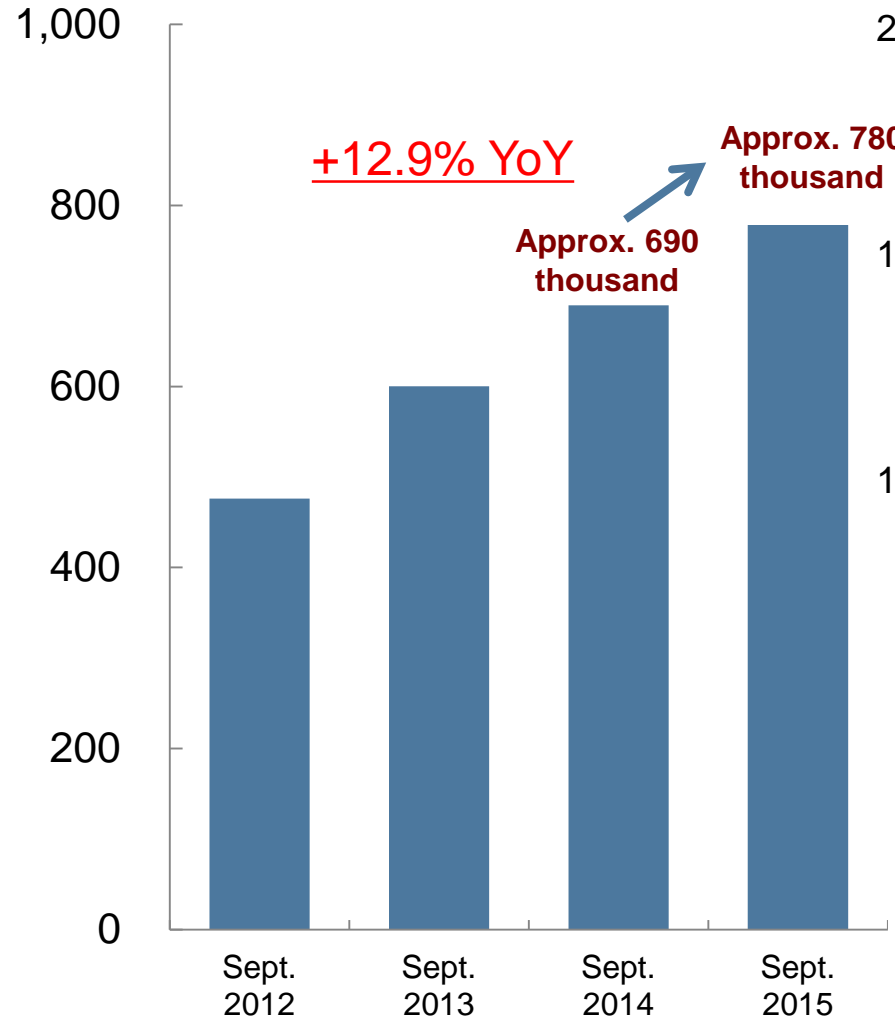
Change in SBI Insurance's Number of Auto Insurance Contracts and Direct Premiums Written

Number of contracts*

Change in direct premiums written

(Thousand policies)

(JPY million)



* 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) continues to decrease

(Unit: %)	1H FY2014	1H FY2015	YoY Change
Loss ratio^{*1}	74.9	<u>70.6</u>	<u>-4.3</u>
Operating expenses ratio^{*2}	22.9	<u>20.8</u>	<u>-2.1</u>
Combined ratio	97.8	<u>91.4</u>	<u>-6.4</u>

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

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

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

Factors that Increased the Deficit, and Measures of in 2H FY2015 for Full-year Profitability

(Unit: JPY million)

	1H FY2014	1H FY2015	YoY change
Profit before income tax expense (IFRS)	-276	-786	-510

Factors that increased the deficit

- Tropical Storm Etau and Typhoon Goni, and a rise in the number of accidents during Silver Week
- Several significant insurance payments

Measures have been implemented in 2H FY2015 to achieve profitability for the full-year

- Reviewing the premium structure to strengthen profitability
- Increase reinsurance contracts
- Further cost reductions

SBI Life Insurance has Maintained Steady Results, and Preparations for a Resumption of the Procurement of New Contracts is Proceeding Smoothly

Results (1H FY2015)

Ordinary Profit (preliminary figure: based on J-GAAP) : approx. JPY 1.2bn

* SBI Life Insurance's 1H FY2015 earnings announcement is scheduled for late Nov.

* In 2H FY2015, it is expected to post costs to streamline its business structure, in preparation for the resumption of procuring new contracts. (e.g. system development costs, marketing costs, etc.)

Efforts toward the resumption of the procurement of new contracts

- **Product: Company-wide project team developing new products**
- **Personnel: Recruited virtually all necessary personnel to resume the procurement of new contracts**
- **Systems-related: Constructing a new product procurement system, and a dedicated sales site**
- **Sales agency: For the resumption of the procurement of new contracts, preparing to utilize existing sales agencies, centering on SBI Group companies in order to pursuit group synergies.**

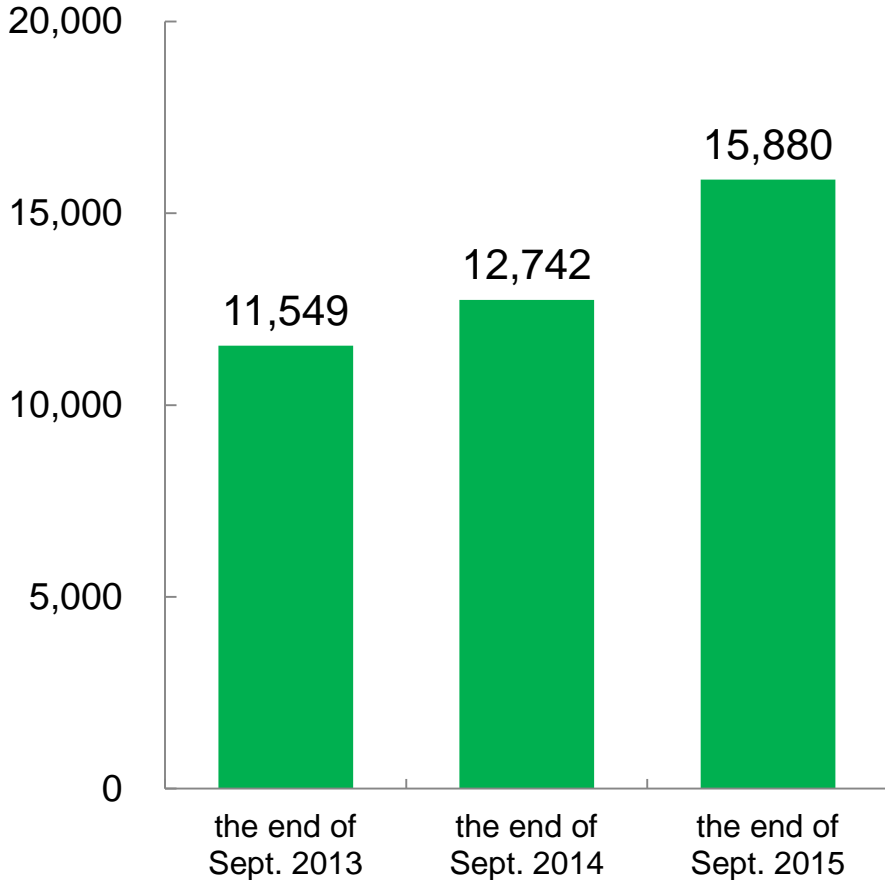
Additionally, preparations for the back office section, such as legal, accounting and actuarial services have progressed smoothly

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



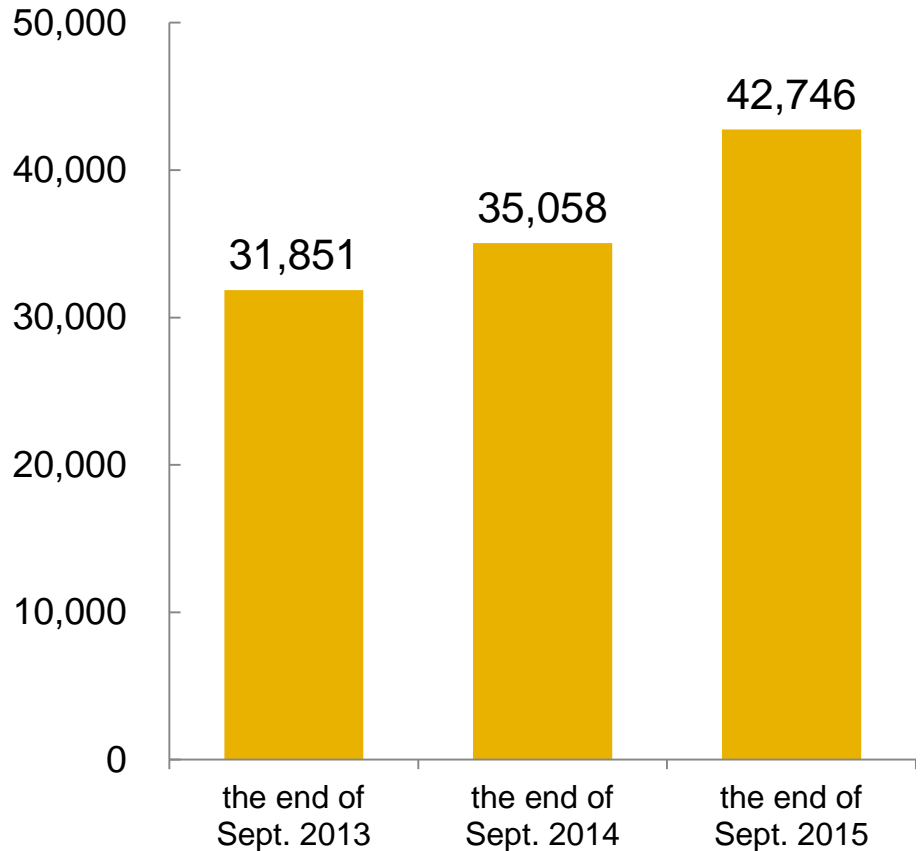
[SBI SSI] (Acquired in Mar. 2012)
[Earthquake indemnity insurance]

Number of contracts



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

Number of contracts



⑥ SBI MONEY PLAZA

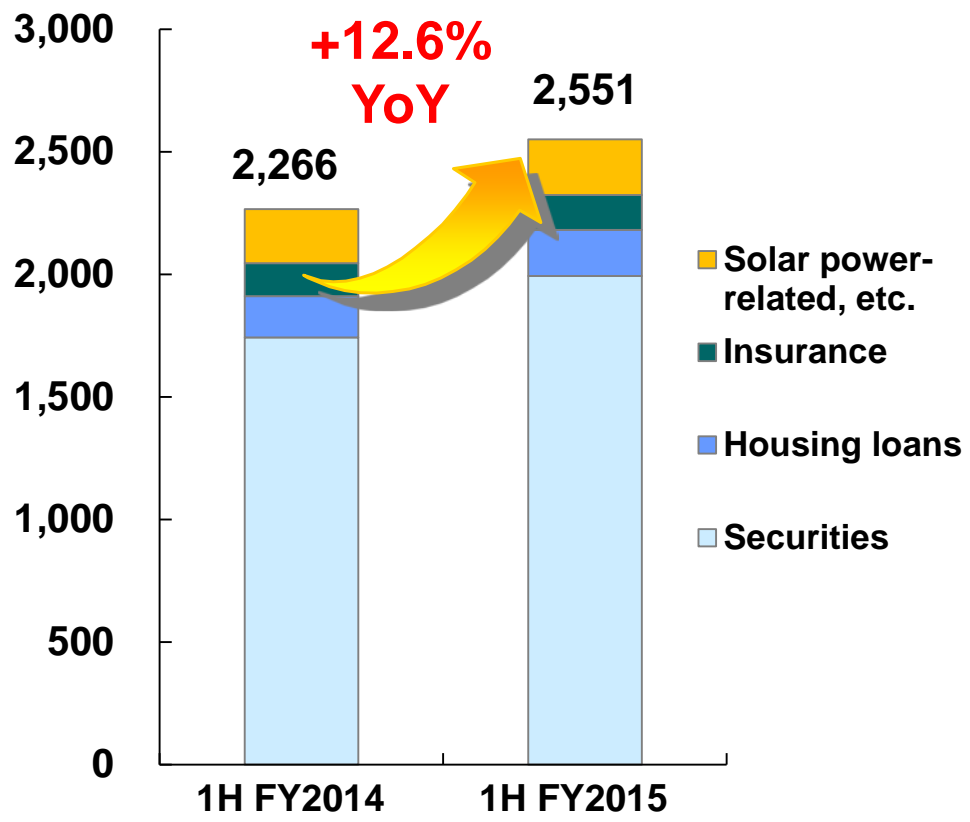
- Recorded operating income (J-GAAP) of JPY 945m for 1H FY2015, which was a 34.9% increase from the JPY 701m for 1H FY2014
- The number of accounts reached 68,108 accounts as of Sept. 30, 2015 and continues to increase steadily, with customers' deposit assets totaling JPY 543.7bn
- Promoting the diversification of revenue sources, and pursuing growth with an emphasis on balance among each business
- Steady progress in the preparations for an early stage IPO

Achieved Increases in Both Revenue and Profits, Owing to the Successful Strengthening of the Revenue Base (Customer Deposit Assets Exceeded JPY 543.7bn) 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 loans and insurance divisions

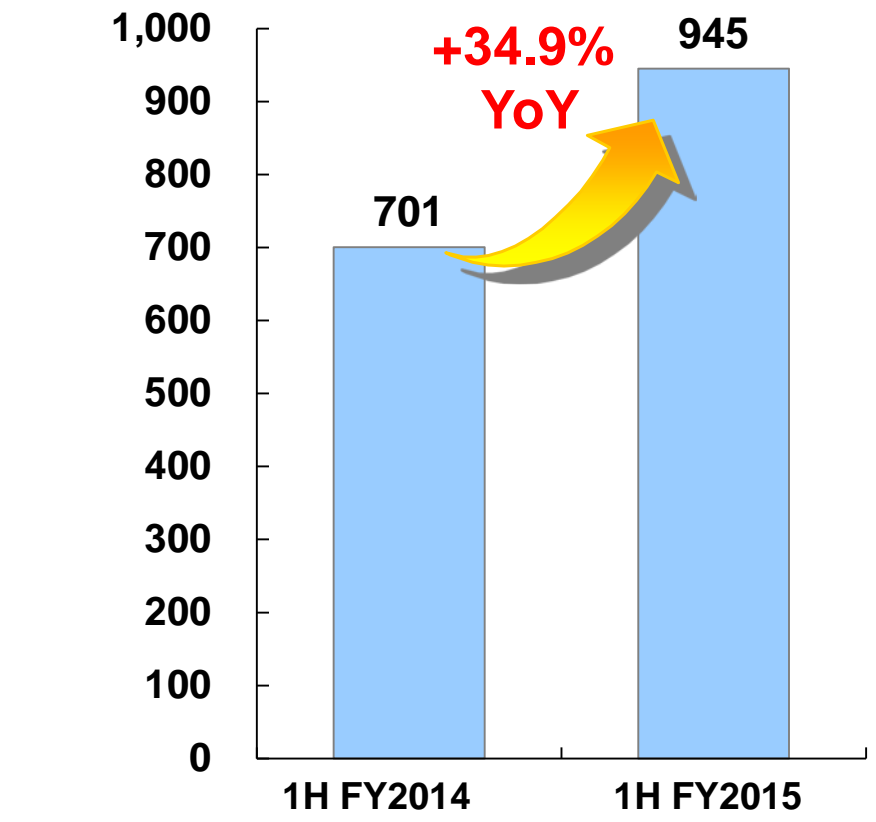
Operating Revenue

(JPY million)



Operating Income

(JPY million)



(2) Asset Management Business

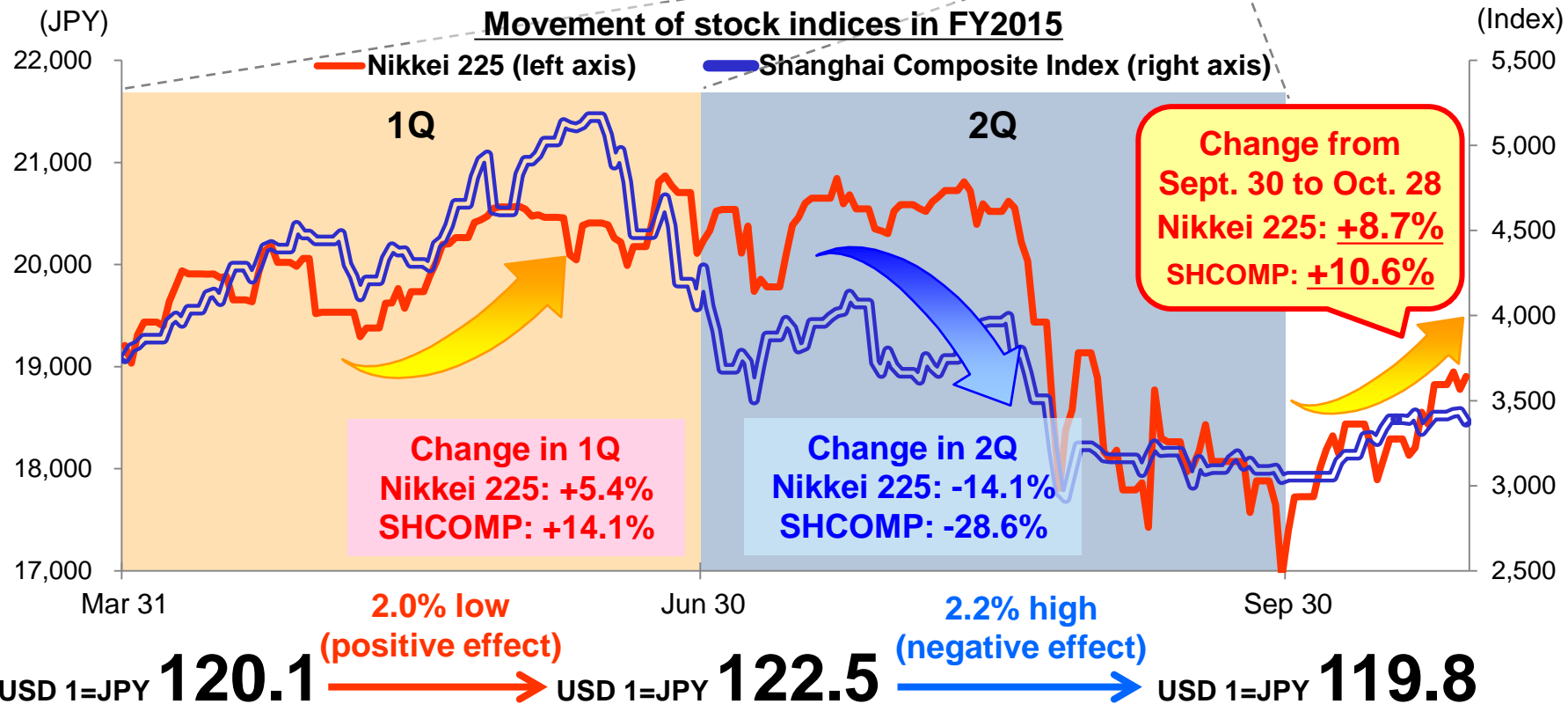
- **2Q FY2015 (July-Sept.) results were affected by a strong JPY and the stock market correction effected by the China Shock, which led to a significant recognition of fair value loss on listed securities held**
- **SBI Savings Bank of South Korea's 2Q (July-Sept.) results declined owing to an extraordinary cause (losing a trial), but its earnings capacity expanded through the improvement in the quality and quantity of its loans**
- **Morningstar Japan's 1H FY2015 results achieved a significant increase in both revenue and profit, and exceeded its historical highs in terms of operating income, ordinary income and net income**
- **Twenty IPOs or M&As of the SBI Group investee companies are expected for FY2015.**

Affected by a Strong JPY and the Stock Market Correction Effected by the China Shock, there was a Significant Recognition of Fair Value Loss on Listed Securities Held

Quarterly profit/loss related to fair value in FY2015 (IFRS, JPY billion)

	1Q (Apr.-June 2015)	2Q (July-Sept. 2015)
Profit/loss from the change in fair value and profit/loss on sales of investment securities	3.3	-4.8
Unlisted Securities	0.1	3.3
Listed Securities	3.2	-8.1

<Reference>
Unrealized gains of **JPY 3.4bn** versus acquisition cost



SBI Savings Bank of South Korea's Quarterly Profit for 2Q FY2015 Declined Quarter-on-quarter, Owing to an Extraordinary Cause (Losing a Trial)

2Q FY2015 Results

(SBIH's consolidated accounts basis; IFRS)

(JPY million)

	1Q FY2015 (Apr. 2015-June 2015)	2Q FY2015 (July 2015-Sept. 2015)
Revenue	11,451	8,274
Expense	-9,431	-6,929
Profit before income tax expense	2,020	1,345

Recorded a provision etc. of approx.
JPY 1.0bn, owing to causes such as
losing a court trial case

On a K-GAAP Basis, which is Applied to Unlisted Companies in South Korea, 1Q FY2015 Profits Increased Year-on-year

1Q FY2015 Results (K-GAAP basis)

(KRW billion)

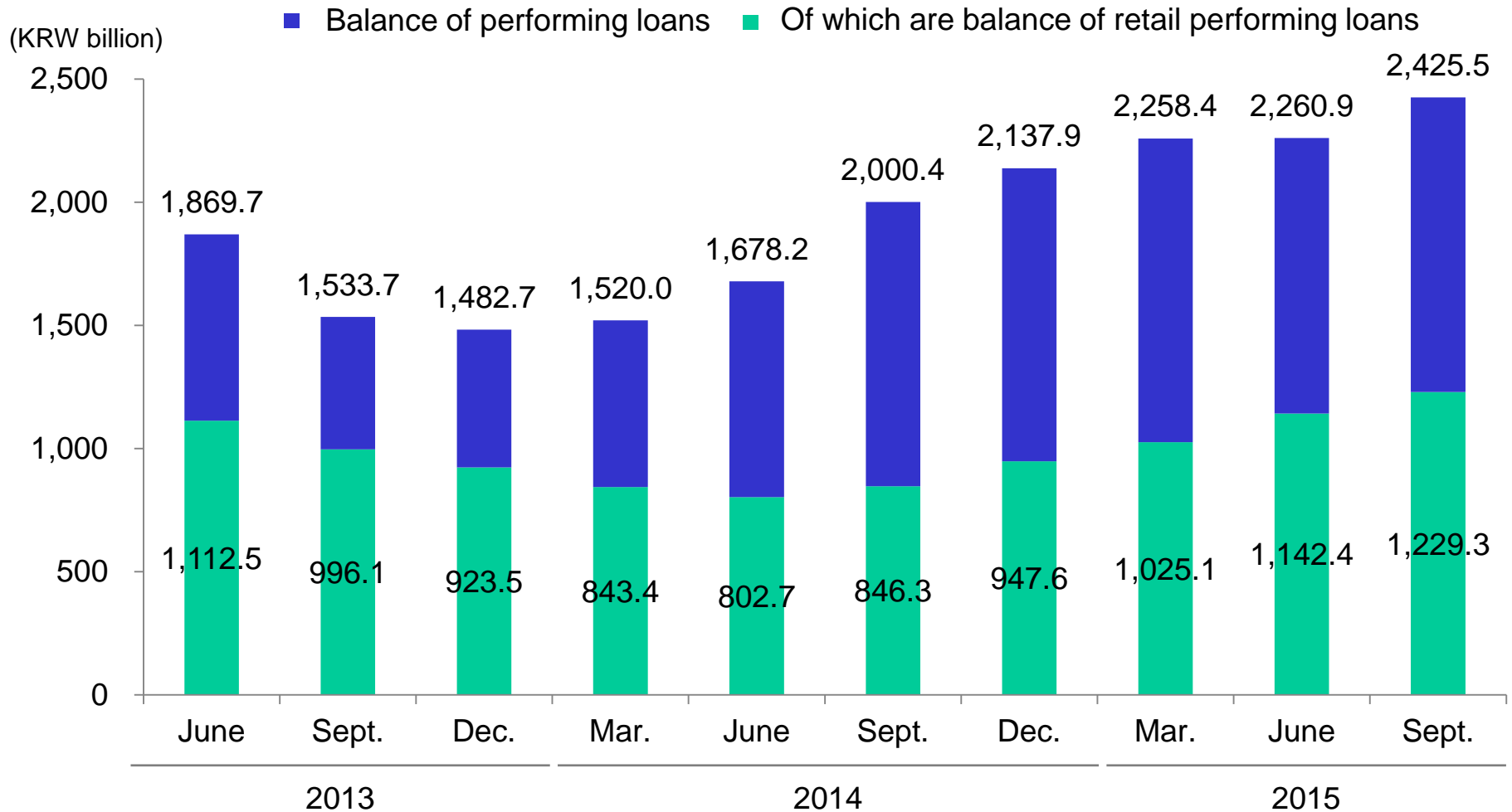
	1Q FY2014* (July 2014-Sept. 2014)	1Q FY2015* (July 2015-Sept. 2015)
Operating revenue	111.3	110.0
Operating income	-16.1	13.8
Profit before income tax expense	-19.9	5.9

*1 Result for 1Q FY2014 is 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 result for 1Q 2014 is the non-consolidated results of the former SBI 1 Savings Bank

*2 The results for 1Q FY2015 is preliminary results, which are not subject to an audit by the auditor

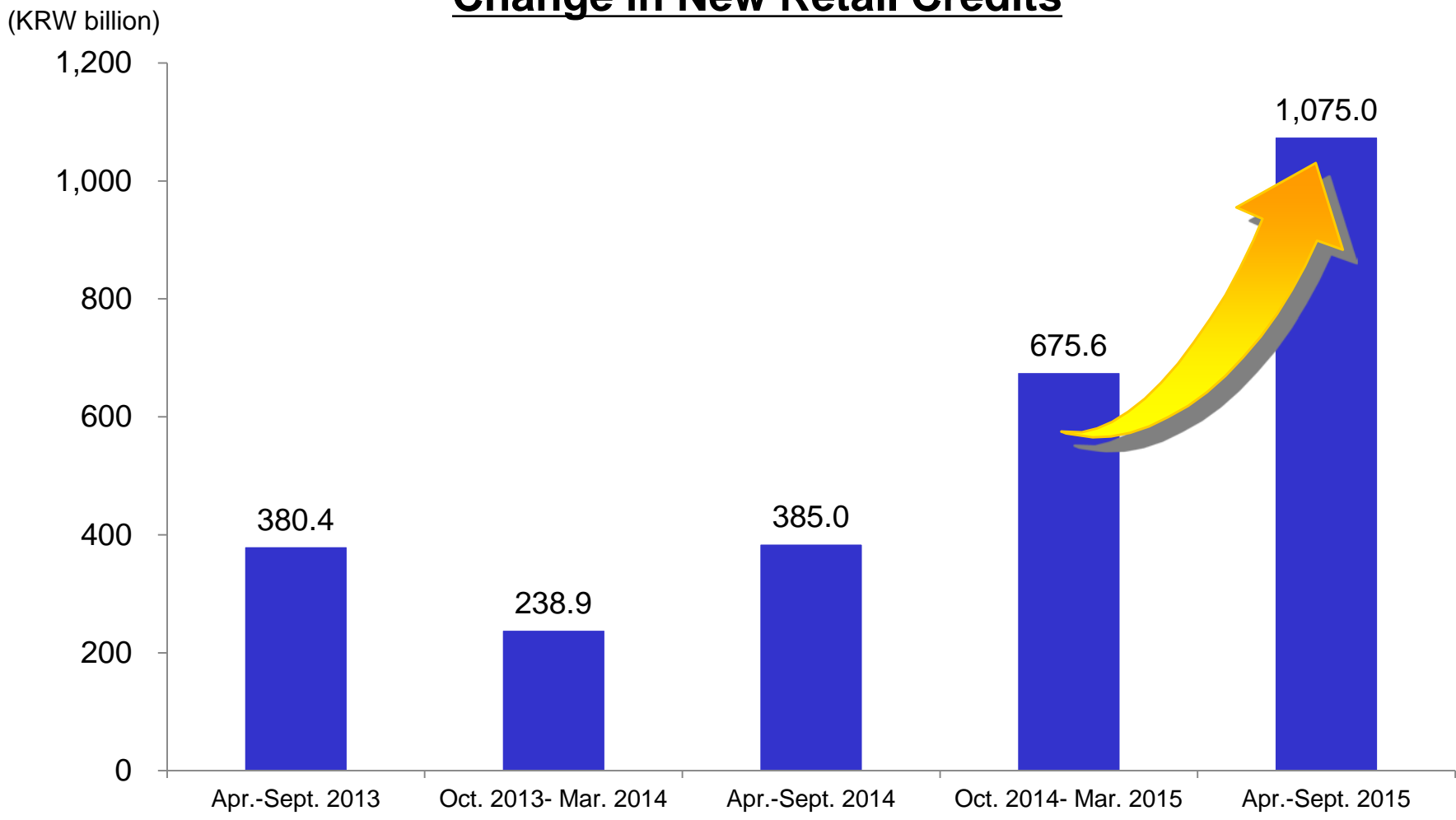
SBI Savings Bank's Balance of Performing Loans Mainly Increased in the Retail Loans

Balance of Performing Loans (K-GAAP Basis)



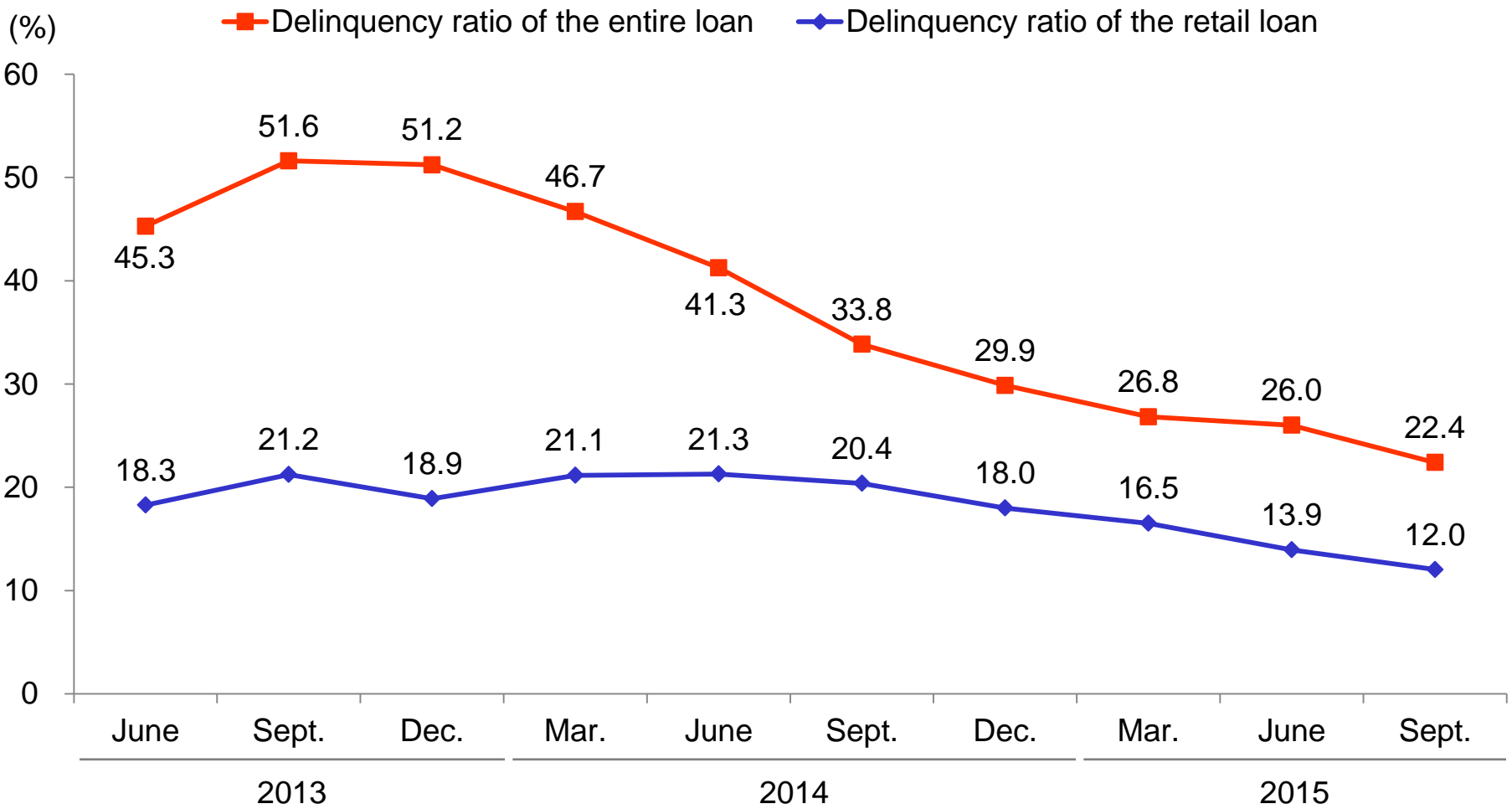
Through the Strengthening of Sales Activities and the Launch of New Products, New Credit Acquisition Amount in the Retail Sector Increased Significantly

Change in New Retail Credits



SBI Savings Bank's Loan Quality Improved Significantly, with the Retail Loan Delinquency Ratio Declining to 12% at the End of Sept.

Change in Delinquency Ratio (K-GAAP Basis)



Plans to Release a New Medium Interest Rate Product in Response to a Government Request for Savings Banks to Lower Interest Rates on Loans

- ◆ **Since some Korean savings banks make loans at high interest rates exceeding 30%, a proposed law amendment to lower the legal maximum interest rate (34.9% per year) is being deliberated in the Korean National Assembly. The maximum interest rate is expected to be lowered before the end of the year following passage of the bill.**
- ◆ **SBI Savings Bank has been working to optimize interest rate levels by utilizing the SBI Group's experience and expertise cultivated in the financial industry in Japan, since becoming a consolidated subsidiary of the SBI Group. Since average interest rate of retail loans at SBI Savings Bank is currently around 16%, the impact of this matter on the bank will be minor.**

Planning to release a new medium interest rate product (10% level per year)

Morningstar Japan's 1H FY2015 Operating Income, Ordinary Income and Net Income Achieved Historical Highs

Consolidated Results (J-GAAP)

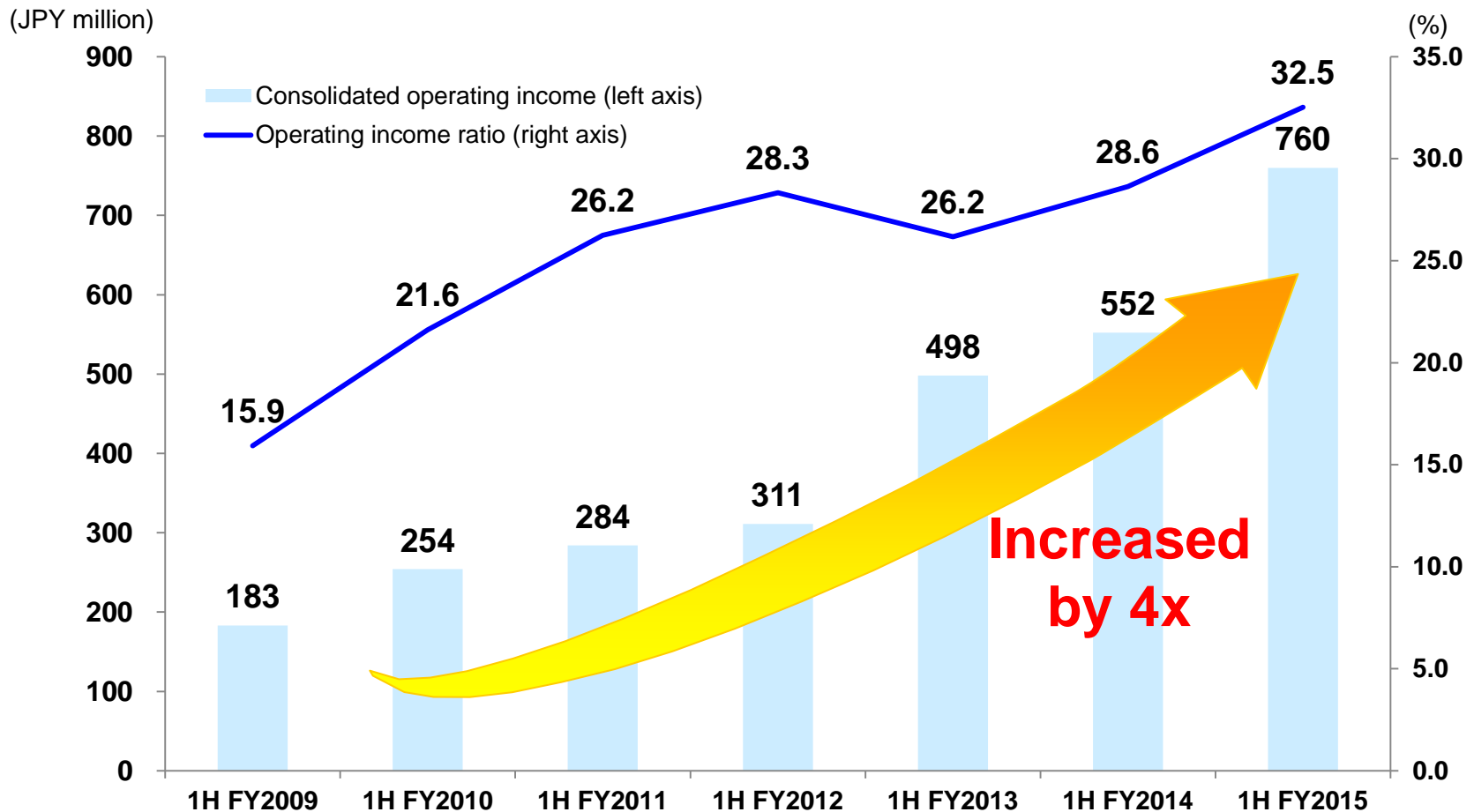
(Unit: JPY million)

	1H FY2014 (Apr.-Sept. 2014)		1H FY2015 (Apr.-Sept. 2015)		YoY % change
	Amount	Income margin (%)	Amount	Income margin (%)	
Net Sales	1,930	-	2,337	-	21.1
Operating Income	552	28.6	Historical high 760	32.5	37.5
Ordinary Income	563	29.2	Historical high 762	32.6	35.2
Net Income	353	18.3	Historical high 502	21.5	42.0

(Note) Operating income, ordinary income and net income exceeded the past historical highs on a half-yearly basis including 2H.

Trend of 1H Consolidated Operating Income and Operating Income Ratio

Operating income increased for the sixth consecutive year, and achieved a record high that was 4x that of FY2009, with the operating income ratio reaching 32.5%



IPO and M&A Deals Prospect for FY2015

	Up to FY2013	Full-year FY2014	Full-year FY2015 prospect
IPO·M&A deals	170	14	20

In FY2015, 11 companies have conducted IPOs

EXIT Date	Company	Market (Country)	EXIT Date	Company	Market (Country)
Apr. 8	SanBio	TSE Mothers	July 9	Natural FNP	KONEX (Korea)
Apr. 21	CRE	TSE 2nd Section	July 28	Plumblin Life Sciences	KONEX (Korea)
May 29	GENOFOCUS	KOSDAQ (Korea)	Aug. 17	Fine-tech	KOSDAQ (Korea)
June 26	Corestem	KOSDAQ (Korea)	Sept. 11	Boditechmed	KOSDAQ (Korea)
June 29	Bio-core	KONEX (Korea)	Sept. 17	Brangista	TSE Mothers
June 30	Utech	KOSDAQ (Korea)			

An IPO of a promising U.S. biotech investee company on the NASDAQ is planned in SBI's 4Q FY2015 (Jan.-Mar. 2016)

Through the Funds Managed by SBI Investment, Investments will be Made into the Next Generation Venture Companies with Significant Growth Prospects

Robot

Rapyuta Robotics Co., Ltd

(Announced on a Jan. 26, 2015)

- A company engaged in the development of low-cost robots, using the Rapyuta cloud robotics platform to operate robots via the Internet, a leading-edge endeavor in the Internet of Things (IoT) field
- Launched by key members of Raffaello D'Andrea's research laboratory at the Swiss Federal Institute of Technology in Zurich, site of the world's most advanced robot technology

Space

Axelspace Corporation

(Announced on a Sept. 16, 2015)

- A company designing and developing micro satellites and providing solutions utilizing space and micro-satellites
- Launched primarily by members who succeeded in the launch of micro satellites in CubeSat project conducted by the University of Tokyo and Tokyo Institute of Technology

Cyber Security

Argus Cyber Security Ltd.

(Announced on a Sept. 24, 2015)

- An Israeli company developing and providing cyber security solution suite for automobiles that secures the vehicle's core
- Launched primarily by the former members of the Israeli IDF intelligence unit 8200 that is identified as the top intelligence corps

SBI Investment KOREA of South Korea was Selected to Manage Funds by South Korean Government Investment Agencies, Leading to Further Expand Its Operational Scale

- From Jan. 2014 to Sept. 2015, 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*)
- SBI Investment KOREA was newly selected to manage a fund by KTOA (Korea Telecommunications Operators Association), which is affiliated with the Ministry of Science, ICT and Future Planning of South Korea (Oct. 28). Fund formation by the end of 2015 will be endeavored.

Entrusted Fund Overview

- Total commitment amount

KRW 70.0bn (approx. JPY 7.7bn)

- Investment Target

Investments will be made in private equity of various industries, primarily into the portfolio companies of other venture funds that are maturing

(3) Biotechnology-related Business

- **Within the drug discovery pipeline of Quark Pharmaceuticals, Inc., a wholly-owned subsidiary of SBI Biotech, received an upfront fee of USD 20m, resulting in a significant reduction of a deficit in the Biotechnology-related Business**
- **SBI ALApromo reduced its deficit through higher sales of health foods and cosmetics containing 5-ALA, and curtailed its SG&A expenses**

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

(JPY million)

		1H FY2014		1H FY2015
Total of the Biotechnology-related Business		-1,751		-242
	SBI Biotech (cons.)	-971	① →	339
	SBI Pharmaceuticals	-518		-557
	SBI ALApromo	-307	② →	-54

- ① Within the drug discovery pipeline of Quark Pharmaceuticals, Inc., a wholly-owned subsidiary of SBI Biotech, SBI Biotech has received an upfront fee of USD 20m, resulting in an improvement from a loss in 1H FY2015
- ② While 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.

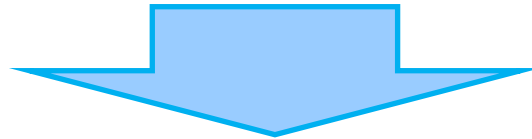
Progress of SBI Biotech's Principal Drugs Pipeline

	Licensing partner	Adaptation disease	Progress	
QPI-1002	Novartis International AG	Kidney Transplantation (DGF)	Phase III	Near completion of preparations for a clinical trial at 70 institutions, primarily in the U.S., as well as in Canada, Germany, Brazil and other countries. First administration to patients expected in Dec. 2015
		Acute kidney injury (AKI)	Phase II	Near completion of preparations for a clinical trial at 50 institutions, primarily in the U.S. and Germany. First administration to patients expected in Dec. 2015
QPI-1007	Biocon Ltd (India's Major Pharmaceutical Company)	Non-arteritic anterior ischemic optic neuropathy (NAION)	Phase II / III	Completion of preparations for a clinical trial in the U.S. Beginning to recruit patients, first administration to patients expected in Nov. 2015 Planned start of a clinical trial in China and India as well depending on regulatory approval
		Acute angle closure glaucoma	Phase II	Completion in June 2015 of a small-scale clinical trial (46 patients) conducted in Vietnam and Singapore. Planned completion of a final results report around Feb. 2016
PF-655	Pfizer Inc.	Glaucoma	Phase Iia	Start of Phase II a protocol finalization
		Diabetic macular edema (DME)	Completed Phase IIa	Planned start of development plan revision following initiation of a clinical trial for glaucoma
Anti-ILT7 antibody	MedImmune, LLC. (Subsidiary of AstraZeneca)	Autoimmune diseases	Pre-clinical	Development proceeding with no particular problems

Current Status of Quark Pharmaceuticals, Inc., a Wholly-owned Subsidiary of SBI Biotech

Since Quark has two products at the Phase III stage in its drug discovery pipeline*, it has satisfied the conditions for a public offering on the NASDAQ market.

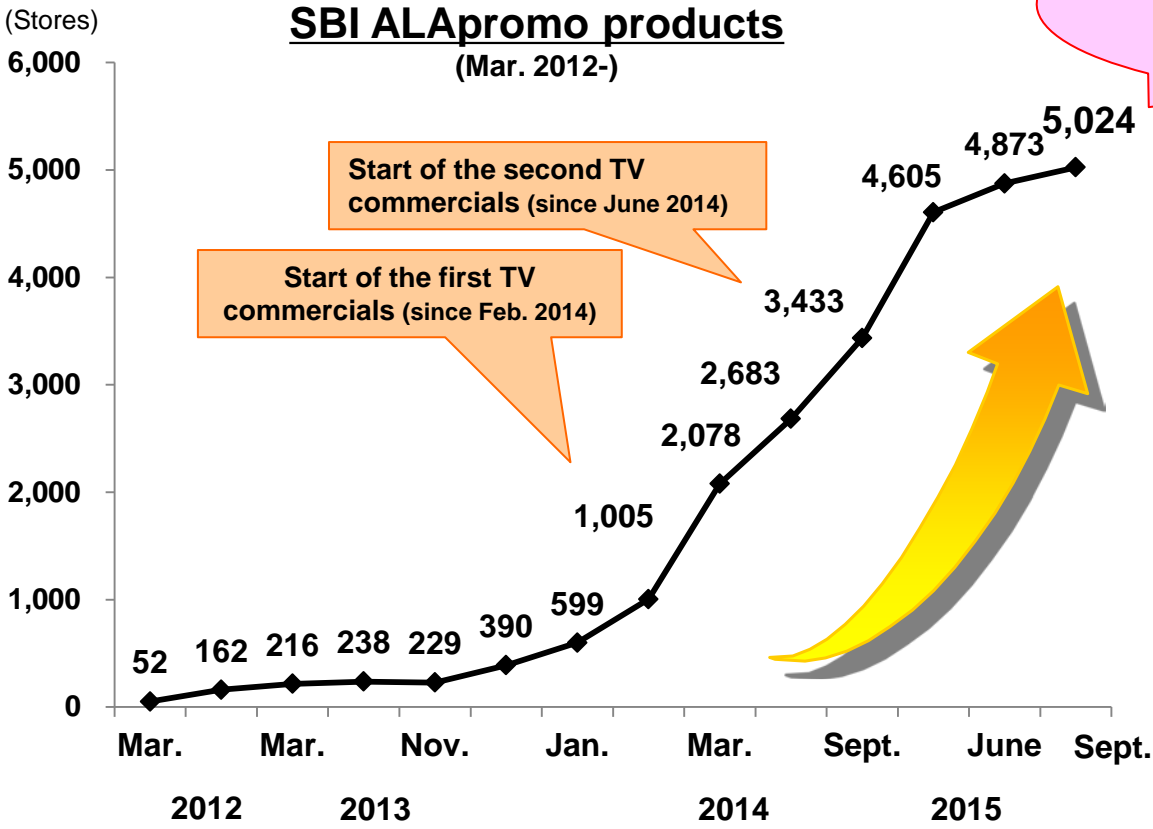
***QPI-1002: Kidney Transplantation (DGF) (Licensing partner: Novartis International AG)
QPI-1007: Non-arteritic anterior ischemic optic neuropathy (NAION) (Licensing partner: Biocon Ltd of India)**



Because of the current situation, interest in Quark in the drug discovery industry is increasing, and several companies, primarily listed companies in Europe and North America, have indicated strong interest in an acquisition or merger. Two of these companies have agreed to enter into concrete discussions at a preliminary valuation of USD 300m and are proceeding with due diligence.

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

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



The number of stores that offer SBI ALApromo products topped 5,000

“ALApplus Drink,” a beauty drink, which was launched in Aug. 2015, has secured orders for its first production batch (approx. 80,000 bottles)

Main sales channel : Pharmacies, drugstores and beauty salons



2. The Current Business Environment is Being Seized Upon as Another Rapid Growth Stage Since the Company's Inception, to Embody the Strengthening of Its Continued Growth and Profitability

- (1) Promoting “W FinTech” strategy by strengthening FinTech-related alliances**
- (2) Domestic financial services business strengthening its efforts to enhance synergies and further improve its earnings capacity**
- (3) Asset Management Business promotes a strategy of capturing the trend of the times both domestically and abroad**
- (4) Asset management service business will promote an expansion of its product offerings to increase its operational scale**
- (5) Toward the realization of an early profitability, the 5-ALA business also establishes various alliance strategies**
- (6) Along with the continued promotion of the business “Selection and Concentration” process, strengthening profitability**
- (7) Focus on securing and developing human resources, who will shoulder future growth**

Business Environment During SBI Group's Inception

[Two big trends underling the rapid growth of the SBI Group during its inception in 1999]

Internet Revolution

- Widespread use of PC
- Promotion of broadband, ...etc.

Financial Deregulation








- Lifting of ban on financial holding companies
- Deregulation of stock commissions, ...etc



The SBI Group has achieved a rapid growth that spans 16 years since its inception, by providing a highly convenient and low-cost financial services as a "FinTech" company by utilizing the Internet

SBI Holdings' Transition Since Its Founding

(Established on July 8, 1999)

	Establishment 1999	End of Sept. 2015
Employees (cons.)	55 	5,464
Operating revenues (cons.)	0 	JPY 245.0bn (FY2014) Historical high
Consolidated subsidiaries	0 	138
Publicly owned companies	0 	5 (including SBIH) Peak time (FY2007): 11
Capital	JPY 50m 	JPY 81.7bn
Net assets	JPY 50m 	JPY 410.5bn
Group's customer base	0 	18,951 thousand

SBI SECURITIES, SBI Sumishin Net Bank and SBI Insurance have Maintained a Rapid Growth Pace Since the Commencement of their Operations

	Start date of operations	Number of accounts (The figure for SBI Insurance is the number of contracts) (As of the end of Sept. 2015)	Compound annual growth rate of the number of accounts (The figure for SBI Insurance is the number of contracts) (%) *2
SBI SECURITIES	Oct. 1999*1	Approx. 3.41 million	28.1
SBI Sumishin Net Bank	Sept. 2007	Approx. 2.46 million	51.7
SBI Insurance	Jan. 2008	Approx. 780 thousand	196.0

*1: Date of launch of SBI SECURITIES' online transaction operations

*2: The compound annual growth rate, from the end of the first fiscal year when each company started their operations to Mar. 2015

The Rising Global Interest in FinTech Companies and New Technology Development

“Global investment in fintech ventures tripled to \$12.21 billion in 2014, clearly signifying that the digital revolution has arrived in the financial services sector. ... (Abbrev) ... established financial services players are starting to take bold steps to engage with emerging innovations.”

Accenture. “The Future of Fintech and Banking”



The opportunity is upon the SBI Group, which has been providing innovative services as a FinTech company with a spectrum of financial institutions, such as securities, banking and insurance under its aegis, to take a considerable leap forward

Overseas, Movements by Financial Authorities to Actively Promote Internet and Mobile Financial Services has Begun

Examples of government (financial authority) promotion of the above

China

- The Chinese government's finance-related department announced their first guidelines for the sound development and strengthened supervision of Internet financial services (July 18)
- At the Standing Committee of the State Council of the People's Republic of China, Li Keqiang, Premier of the People's Republic of China, articulated that further financial reforms will be promoted for the Shanghai Pilot Free Trade Zone (Oct. 21)

South Korea

- 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 (June 18)
- The Financial Services Commission announced that three companies, including KT (largest telecom carrier), Daum Kakao (major IT company) and INTERPARK (major online shopping company), organized a consortium and submitted a preliminary approval application for a pure-play Internet bank (Oct. 1)

Thailand

- SBI Thai Online Securities received the securities business license and commenced operations on Oct. as the first pure-play internet securities (Oct.16)

Current Trends Surrounding the Company (III)-1

With the Enactment of Abenomics, the Government Introduced Various Policies that are Expected to Positively Influence the Company's Business



Jan. 2014

NISA Started

June 2014

**Announced Japan Revitalization Strategy
(Revised in 2014)**

- The establishment of a taxation system to facilitate companies to invest into venture funds
- The promotion of a growth strategy for each region, with the innovation of SMEs and micro enterprises (regional revitalization), etc.

Oct. 2014

**Raising upper limit amount of Defined
Contribution Pension (corporate type)**

Nov. 2015

Listing of the Japan Post Group's stocks on TSE

Jan. 2016

**Expansion of the maximum
annual tax-free amount of NISA (yearly JPY 1.2m)
and start of Junior NISA**

2017~

**Expansion of targets for Defined Contribution
Pension (individual type)**

Current Trends Surrounding the Company (III)-2

Expressed Strengthening Growth Strategy and Fiscal Reconstruction in “Three New Arrows” Policies of Abenomics, which are Exposed to Severe Views

Overview of “Three New Arrows” policies

The first arrow

~Strong Economy~
GDP to JPY 600tn

- Boosting nominal GDP from JPY 490tn of FY2014 to JPY 600tn
- Increasing employment for women, the elderly and handicapped people, and vitalizing the local economy

Strengthening growth strategy

If the economy continues to grow 3% nominally, it will be achieved within 5~6 years.

The second arrow

~Child-rearing Assistance~
Birth rate to 1.8

(by around 2025)

- Reducing the financial burden on child-rearing
- Offering free early-child education and supporting marriage and infertility treatment

Increasing GDP by enhancing the working rate of women by reforming the social security system

The third arrow

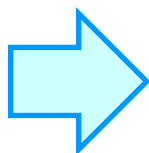
~Social Security System~
No one needs to leave their job to care for elderly parents

- Increasing the opportunities for the willing elderly to work

Reforming social security through fiscal reconstruction

With the Listing of Japan Post Group's Shares, Interest in Equity Investments by Individuals is Heightened

- Ahead of the listing of the Japan Post Group's three companies on Nov. 4, [the number of account openings at the securities companies have increased since Sept. 2015](#)
- [Individual investors have a high level](#) of interest in the privatization of high-profile large scale companies, and the three companies that comprise the Japan Post Group will raise about JPY 1.4tn from the market



	Japan Post Holdings	Japan Post Bank	Japan Post Insurance
Public offering price (PBR)	JPY 1,400 (0.4)	JPY 1,450 (0.5)	JPY 2,200 (0.7)

Based on the Government's intention for a wide range of citizens to hold the Japan Post Group's shares, 80% of the share on offer will be allocated to domestic investors, with 95% of the domestically offered shares to be sold to individuals.



With the listing of the Japan Post Group's shares, there are individuals who are beginning their stock investment experience, accelerating the shift "from savings to investments," which in turn will lead to the expectation of a stimulation of the Japanese capital markets.

Initiating Promotion Efforts to Utilize NISA Accounts

[The status of NISA accounts at major securities companies (5 major face-to-face and 5 major online securities companies)]

	The end of Sept. 2014	The end of Sept. 2015
The total number of NISA accounts	3,867,157	4,608,891
The ratio of activating accounts	35.4%	52.8%
The total purchasing amount for investments through NISA accounts (JPY billion)	977.7	2,768.4
The total purchasing amount for investment trusts (JPY billion)	44.5	159.4

Resource: Japan Securities Dealers Association "Chairman's press conference material"

While the utilization of NISA accounts is steadily expanding, in Jan. 2016 as a new promotion, [the rise in the tax-exempt investment ceiling](#) is scheduled

Junior NISA

- It starts in Jan. 2016 as a new NISA scheme.
- Minors will be able to open a NISA account with an annual tax-free amount of JPY 0.8m, expected to be used to save funds for education.
- It is attracting attention as an inheritance measure, since assets can be transferred up to the gift tax limit.

Workplace Savings NISA

- It is a service that enables executives and employees of companies, which have concluded agreements with financial institutions offering NISAs, to purchase stocks and investment trusts up to the NISA account investment limit through salary or bonus deduction or direct debit.
- It is planned to be adopted by the Financial Services Agency in 2016.

- (I) The global increase in the interest in FinTech companies, and the acceleration of the development of new technologies in the field**
- (II) In the overseas, the local governments (financial authorities) are aggressively promoting the Internet and mobile financial services**
- (III) Government-led initiatives for stock market revitalization in Japan**

A large, light blue downward-pointing arrow shape, pointing from the list of factors towards the concluding text.

All of these factors are basically a tailwind for the SBI Group's business development, allowing for the possibility of a new dramatic growth by riding the trend

(1) Promoting “W FinTech” strategy by strengthening FinTech-related alliances

[“W FinTech” Strategy that the SBI Group is Promoting]

1st Stage: The establishment of an Internet financial ecosystem

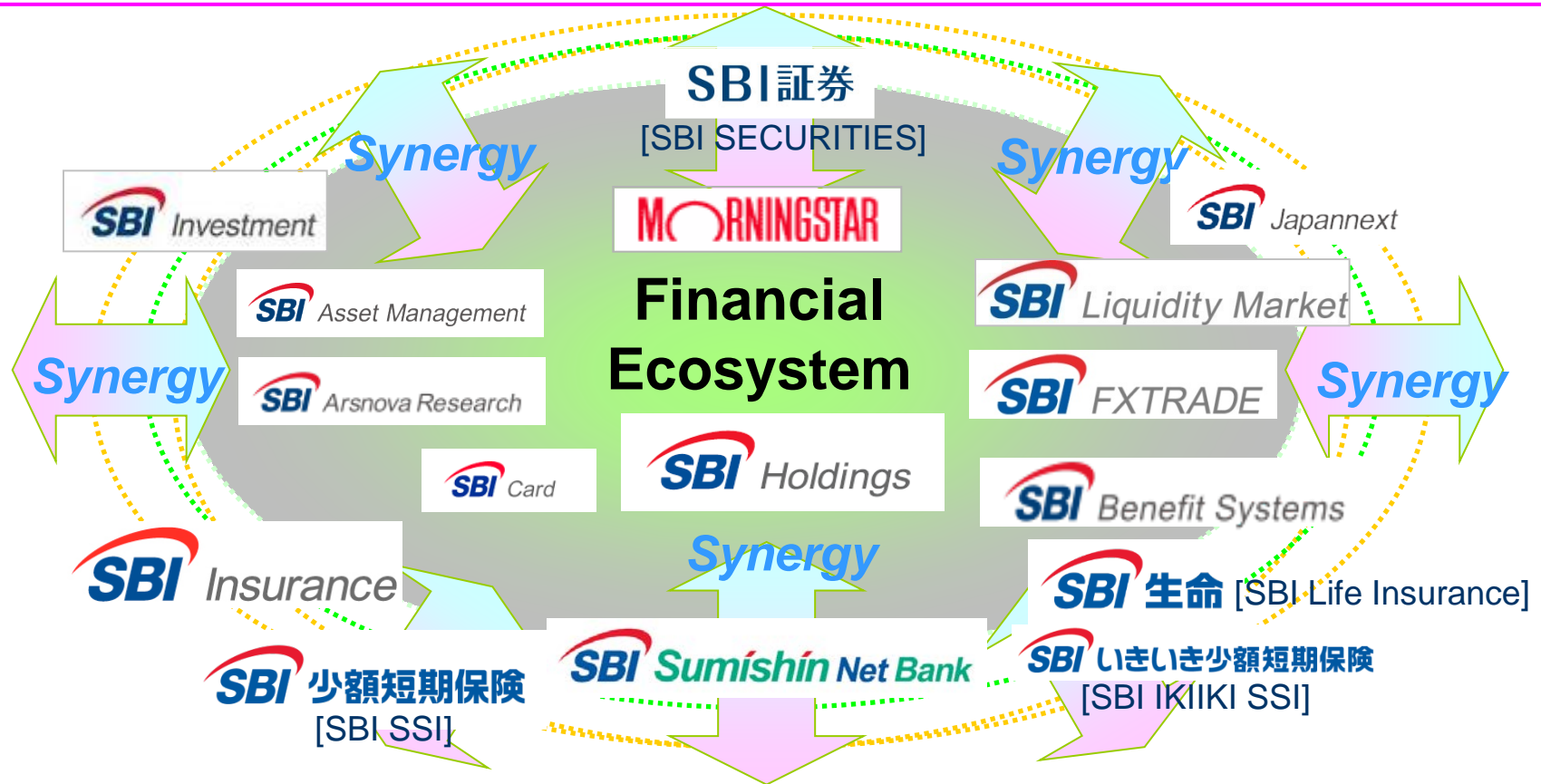
2nd Stage: Realization of synergies within the ecosystem

3rd Stage: Enhancing the business ecosystem through the cooperation with FinTech companies in Japan and abroad

4th Stage: The acceleration of growth through the integration of FinTech companies within the SBI Group

SBI Group's Establishment of the World's First Internet-based Financial Conglomerate in 16 Years Since Its Inception

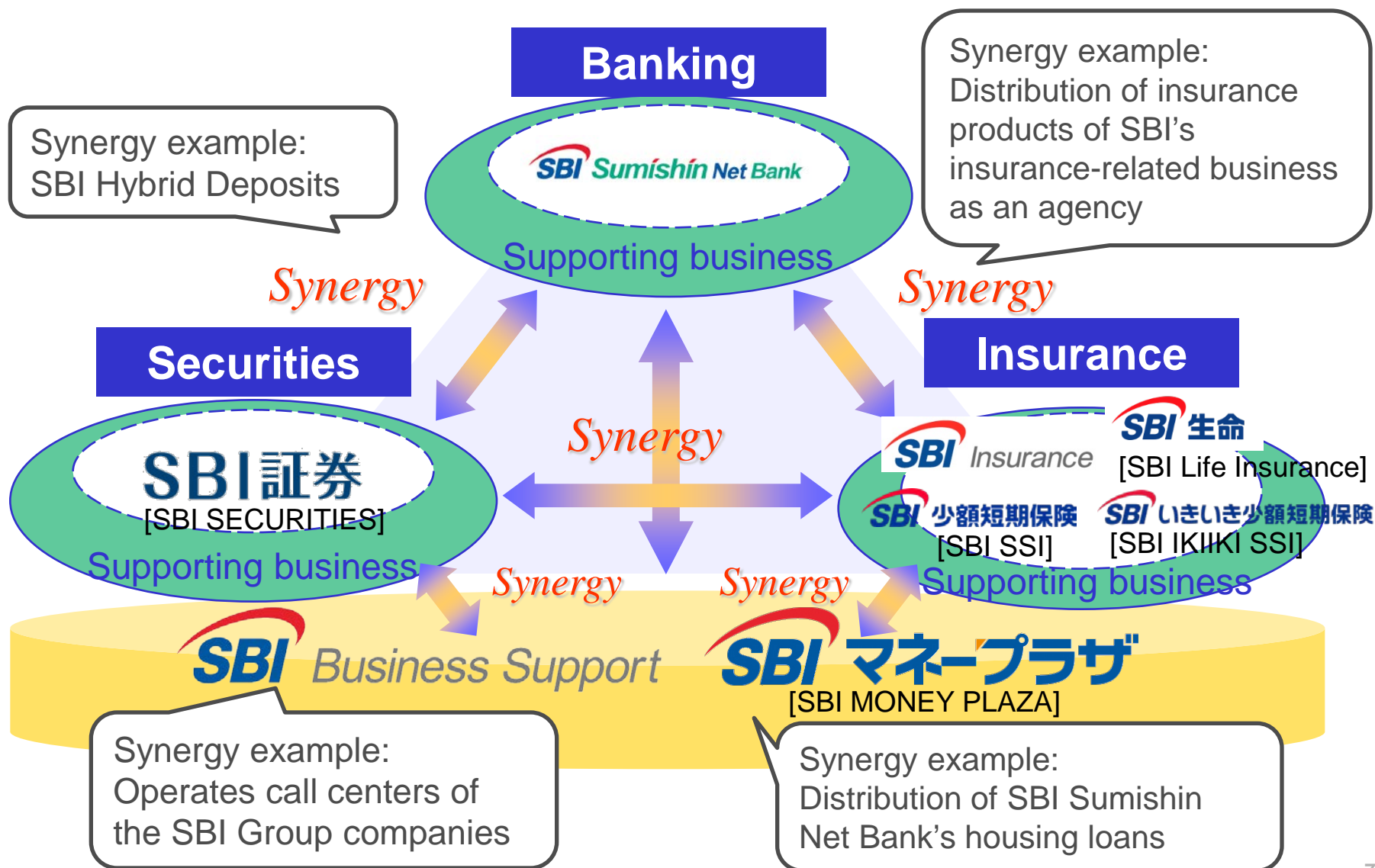
Oct. 1999: SBI SECURITIES commenced online trading service Sept. 2007: SBI Sumishin Net Bank commenced business
Jan. 2008: SBI Insurance commenced business Feb. 2015: Acquisition of PCA Life Insurance (Currently SBI Life Insurance)



Through the Group companies' creation of synergy and mutual evolution, realizing competitive advantages

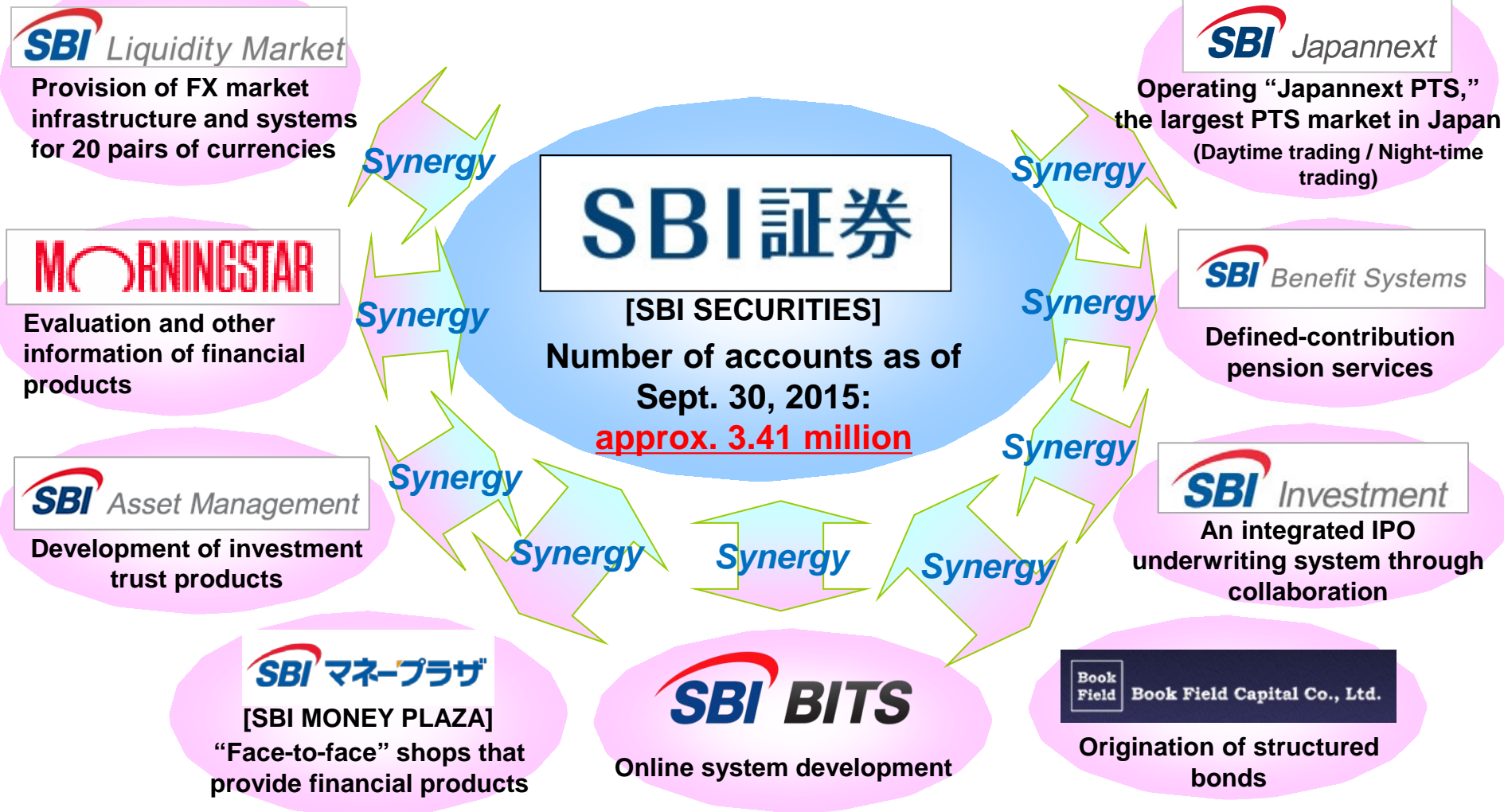
Thorough Pursuit of Various Synergies within the Group

Synergies between core businesses



Example: SBI SECURITIES and its Various Securities-related Supporting Companies

Striving to enhance competitiveness through differentiation and to grow further by fully utilizing group synergies



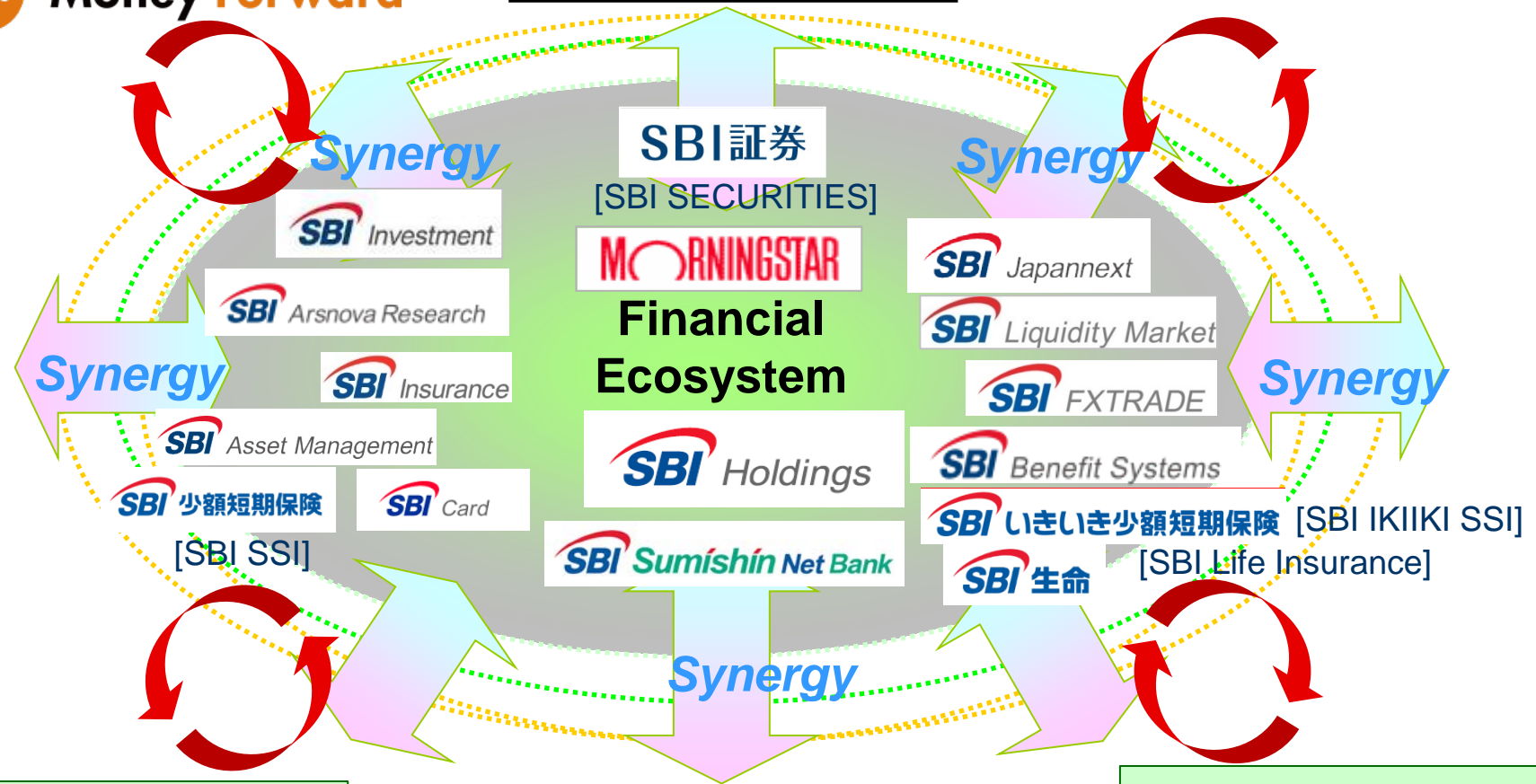
With the Growth of Internet and Mobile Technology Companies, Promoting “W FinTech Strategy” that Enhances the Business Ecosystem and Further Improves Customer Convenience, through Collaborations with External FinTech companies and SBI Group Companies

[Example of Alliance]



FinTech × FinTech

FinTech Companies

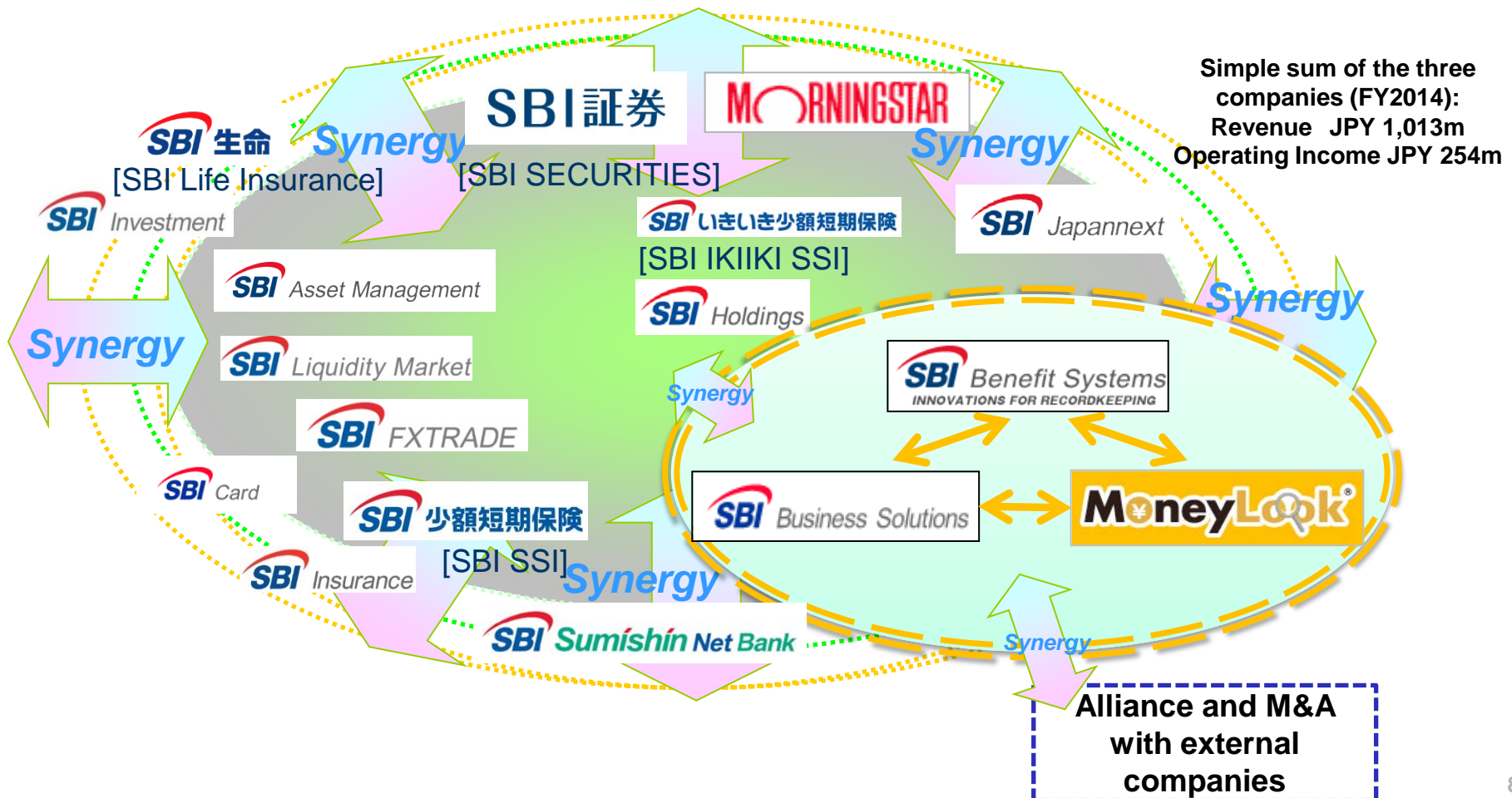


FinTech Companies

FinTech Companies

Accelerating the Growth by Merging and Integrally Operating the FinTech Companies within the SBI Group as SBI FinTech Solutions (tentative name)

Synergies will be pursued between group companies having high affinity in areas such as “Client attributes,” “Product offerings” and “Providing means,” leading to the creation of a company that will become exchange listed, but may also consider alliances and/or M&A with external companies



(2) Domestic financial services business strengthening its efforts to enhance synergies and further improve its earnings capacity

- ① In the Securities-related Business, accurately capturing the shifts from savings to investment, as well as transforming to a business structure that generate high revenue despite the stock market condition**
- ② In the Banking-related Business, implementing Group-wide measures in order to develop the credit card business into a primary revenue source**
- ③ In the Insurance-related Business, along with the objective of improving profitability through a foray into the reinsurance business, pursuing the development of innovative insurance products through alliances with outside companies possessing advanced technological capabilities and expertise**

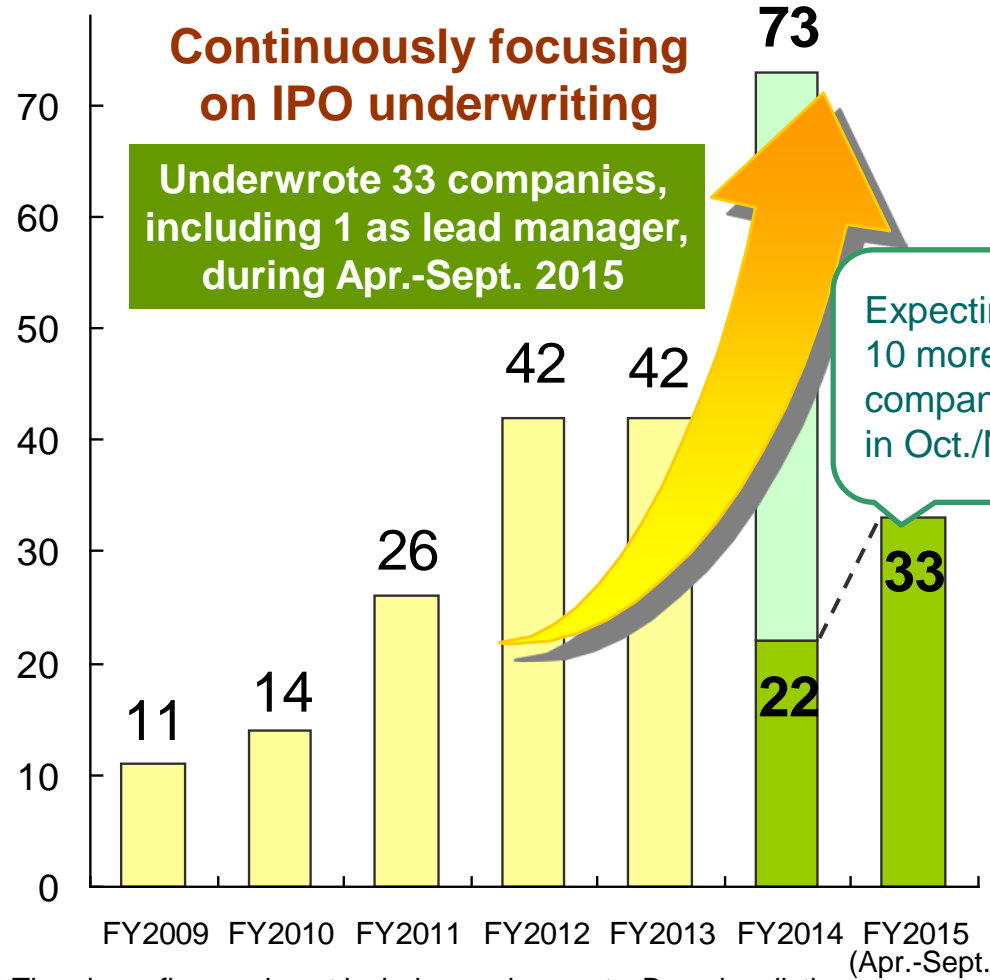
- ① In the Securities-related Business, accurately capturing the shifts from savings to investment, as well as transforming to a business structure that generate high revenue despite the stock market condition**
- i. Endeavoring to further expand the corporate business by continuously focusing on IPO underwriting**
 - ii. Focusing on attaining new customers with the tailwind of the new NISA system**
 - iii. Strengthening SBI SECURITES' earning capacity through the acquisition of SBI Liquidity Market**
 - iv. Established a Hong Kong subsidiary of SBIH, with the expectation of establishing the world's most liquid FX OTC Market**
 - v. Accelerating the efforts for self-origination of structured bonds**
 - vi. By leveraging SBI BITS, the Group's system development company, significantly reducing the system cost and promoting the development of an online financial system for internal and external use**

①-i. Expanding IPO underwriting business

SBI SECURITIES is an Industry Leader in Terms of the Number of IPOs Underwritten, and will Continue to be Focused on Expanding the IPO Underwriting Business

Number of IPOs Underwritten by SBI SECURITIES

(No. of companies)



IPO Underwriting Ranking (Apr.-Sept. 2015)

44 companies were listed during the period

Company name	No. of cases	Underwriting share (%)
SBI	33	80.5
Nikko	33	80.5
Mizuho	30	73.2
Nomura	25	61.0
Okasan	21	51.2
Monex	20	48.8
Daiwa	18	43.9
Ace	18	43.9

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

* The above figures do not include consignments. Based on listing date. The figures exclude brokerage sales and REITs.
 * The number of IPOs does not include issues listed on TOKYOAIM.

Succeeded at Attaining New Customers through NISA

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

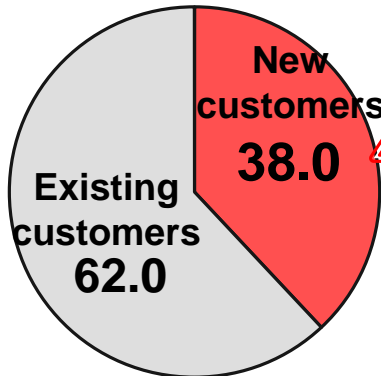
(Sept. 2015)	SBI	Matsui	kabu.com	Nomura	Daiwa
No. of NISA accounts	<u>ca. 740,000</u>	ca. 100,000	ca. 110,000	ca. 1,590,000	ca. 720,000

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

As of Oct. 28, 2015, SBI SECURITIES has approx. 750,000 accounts, and deposits of JPY 317.3bn

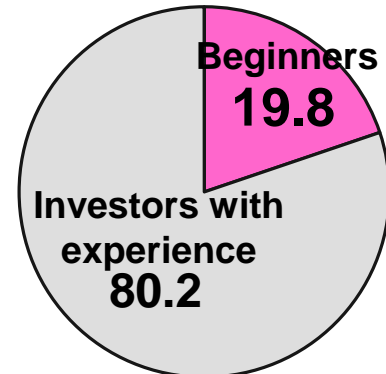
Comparison of Customer Attributes (as of the end of June 2015)

SBI SECURITIES (%)



Number of new customers opening NISA accounts account for 38%, and within that 66.7% are beginner investors

Entire Securities Industry (%)



* "Beginners" represent investors who opened their accounts after Apr. 2013

Source: JSDA

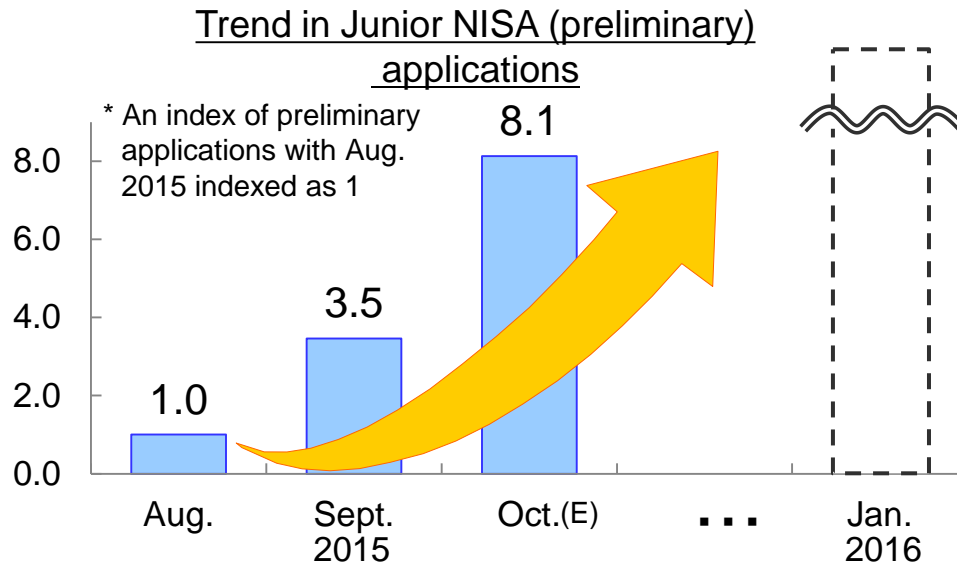
■ **SBI SECURITIES' active account ratio: 59.5%** (Among the entire securities industry, the average ratio is 51.1%)

Continuously Focusing on Attaining New Customers with the Tailwind of the New NISA System Starting January 2016

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 through the implementation of measures such as free transaction fees

■ SBI SECURITIES' approach regarding the start of Junior NISA

- Began the acceptance of preliminary applications for Junior NISA, as the first online securities company, from Aug. 14, 2015
- Since the start of the Aug. 2015 acceptance, the number of applications rapidly increased



A waiver of commission fees for domestic equities and overseas ETF transactions conducted during 2016 was determined

In order to obtain the “Workplace Savings NISA” business, which is geared toward officers and employees, SBI SECURITIES is conducting sales activities toward approximately 100 counterparty companies, focusing on those for which it served as the lead manager

Endeavoring to Further Reinforce and Enhance the Group's FX Trading Services

SBI SECURITIES' Acquisition of SBI Liquidity Market (Oct. 14, 2015)

While maintaining SBI Liquidity Market's business independence, enhancing the synergy effects to allow flexible business cooperation in order to expand the FX trading services.

Also endeavoring to encourage customers of SBI FXTRADE, a subsidiary of SBI LM, to open new accounts and to start trading at SBI SECURITIES.

No. of FX trading accounts: 515,463
Deposits: JPY 125.6bn
(as of the end of Sept. 2015)



SBI証券

[SBI SECURITIES]

[Provides FX trading opportunities to individual investors with large size transactions]



No. of accounts: 104,481
Deposits: JPY 30.6bn
(as of the end of Sept. 2015)

SBI Liquidity Market
[Provides FX market infrastructure]

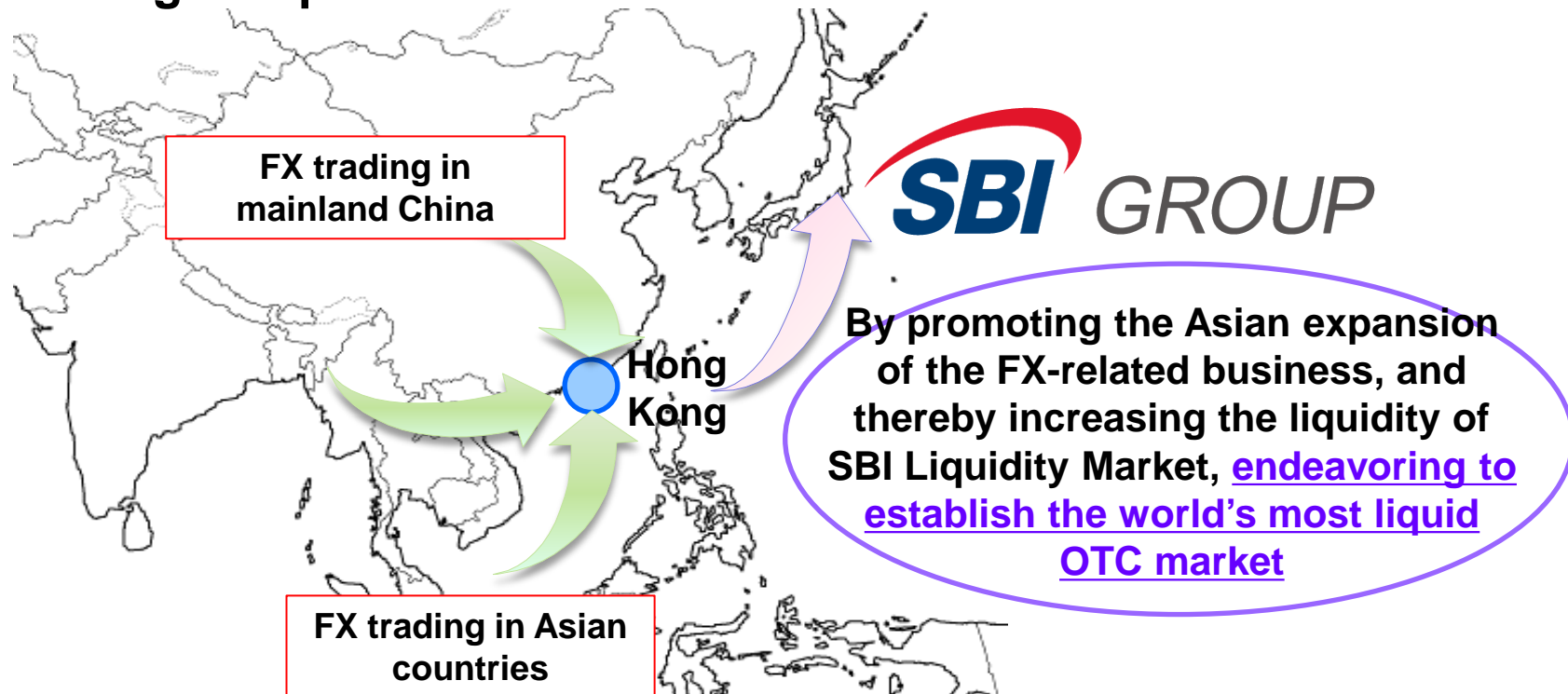
SBI FXTRADE
[Provides FX trading opportunities to individual investors with small size frequent transactions]

①-iv. Acquisition of the world's largest amount of liquidity through overseas development of the FX-related business in Asia

By Promoting an Asian Deployment, Endeavoring the Establishment of the World's Most Liquid OTC Market

In order to acquire liquidity from the Asian countries, including China by way of Hong Kong, established a Hong Kong subsidiary in May 2015

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



Accelerating the Efforts for Self-origination of Structured Bonds

With a goal of starting the origination of structured bonds within the 2015 year-end, planning on the origination and distribution of structured bonds equivalent to JPY 25.0bn during 2016

[Structured bonds' inherent operations from development to distribution]




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

①-vi. Cost reduction through the 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



Along with the aggregation of the current 36 vendors to about half, SBI SECURITIES will implement an internal systems development effort by sequentially developing trading tools through the utilization of SBI BITS

- 
- SBI SECURITIES strives to reduce its system costs that account for approx. JPY 13.0bn annually by 20% in two year's time
 - For the future, will 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

**② In the Banking-related Business,
implementing Group-wide measures in
order to develop the credit card business
into a primary revenue source**

Promoting Measures to Achieve Early Profitability in the Credit Card Business

SBI Sumishin Net Bank's Acquisition of SBI Card

(Oct. 1, 2015)

住信SBIネット銀行

 SBI Sumishin Net Bank



 SBI カード

[SBI Card]

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

Endeavoring to achieve profitability in the credit card business in FY2016, by focusing the Group's full-scale efforts

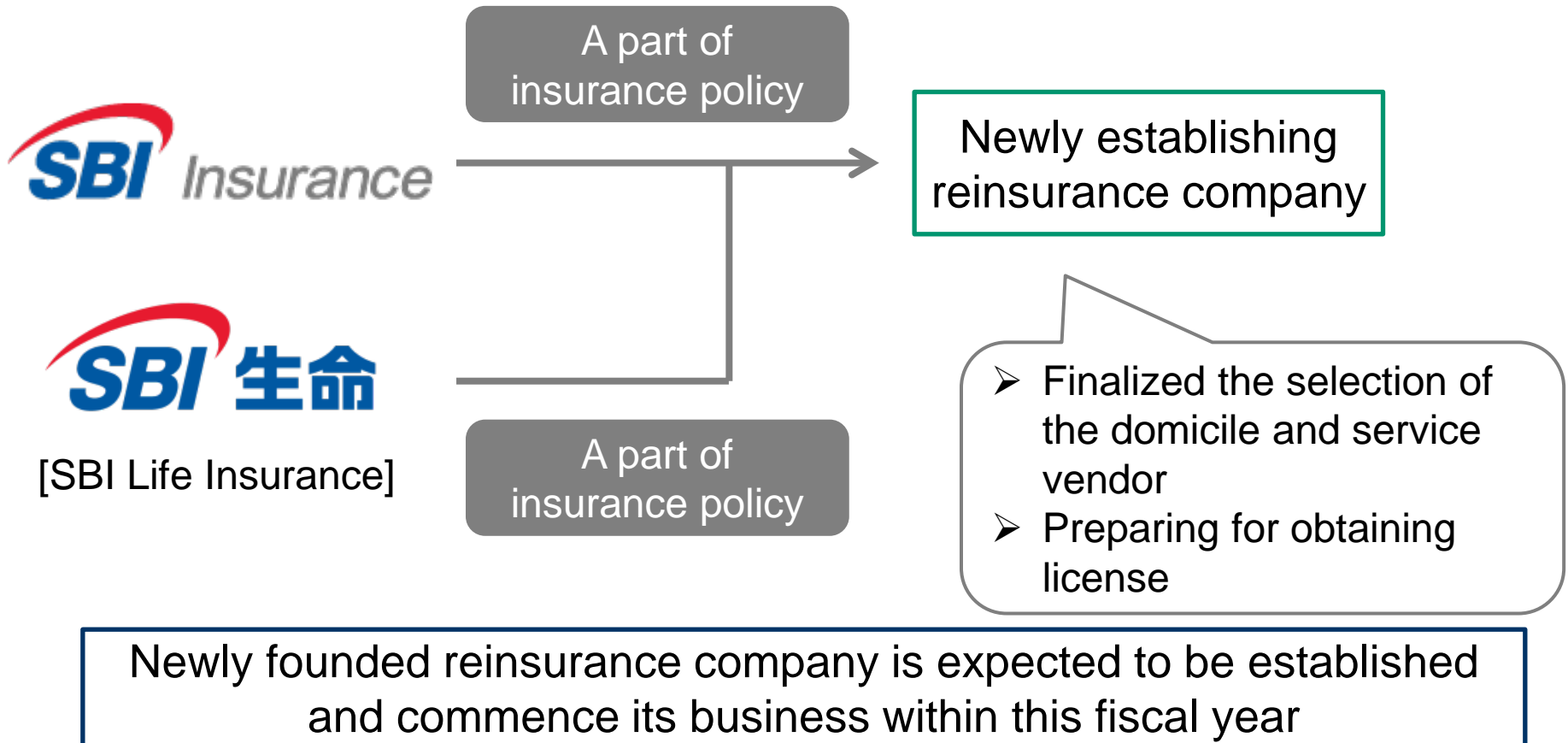
- Promoting a full-scale acquisition of new customers, both within and outside of the Group
 - Started the service of accepting applications for credit cards in conjunction with the opening of an account at SBI Sumishin Net Bank
 - Promotion of marketing measures such as campaigns directed at current SBI Sumishin Net Bank customers
- 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

- ③ In the Insurance-related Business, along with the objective of improving profitability through a foray into the reinsurance business, pursuing the development of innovative insurance products through alliances with outside companies possessing advanced technological capabilities and expertise**
 - i. Foray into the reinsurance business**
 - ii. In cooperation with both ZMP Inc., and Argus, developing more personalized insurance products**

Foray into the Reinsurance Business to Strengthen the Profitability of the Insurance Companies

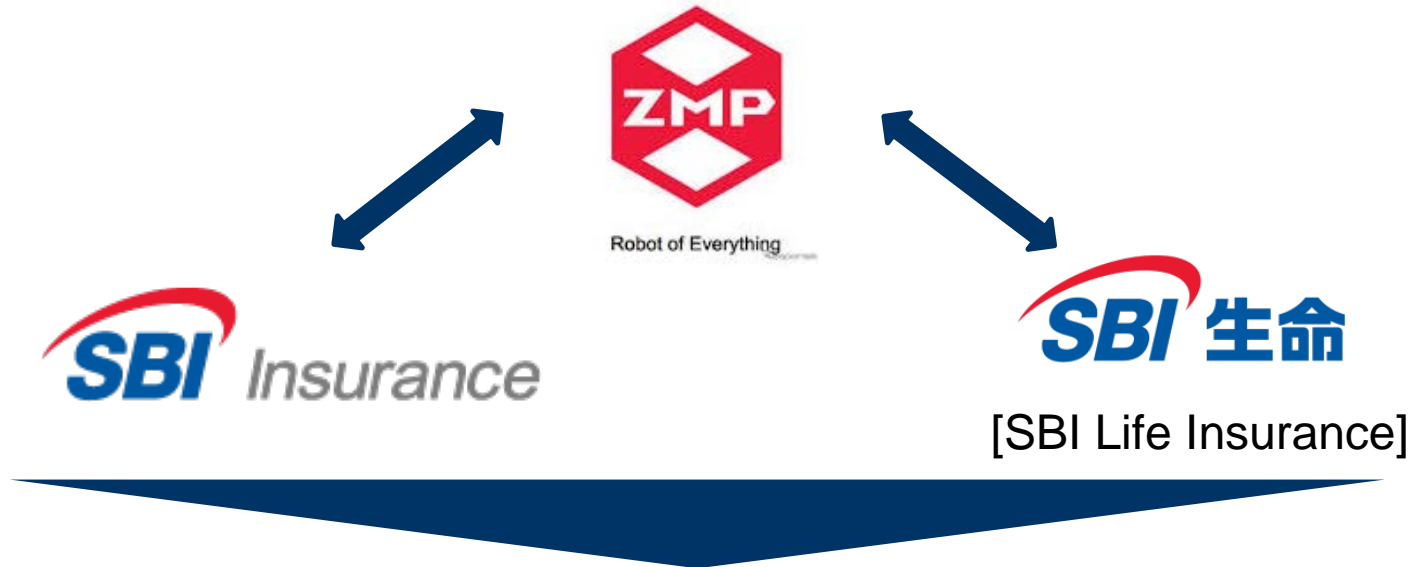
Through a step-by-step aggregation process of a portion of insurance policies that SBI Insurance and SBI Life Insurance currently cedes to an external reinsurance company, with the newly established reinsurance company the reinsurance premiums paid to non-Group companies will be curtailed, which will lead to a compression of the capital necessary to underwrite new insurance contracts



- ③-ii. Development of personalized insurance products through cooperation with ZMP Inc., and Argus

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

Promoting the development of personalized insurance products, where premiums are tailored and calculated according to each policy holder's risk and characteristics, by utilizing telematics technology and wearable devices



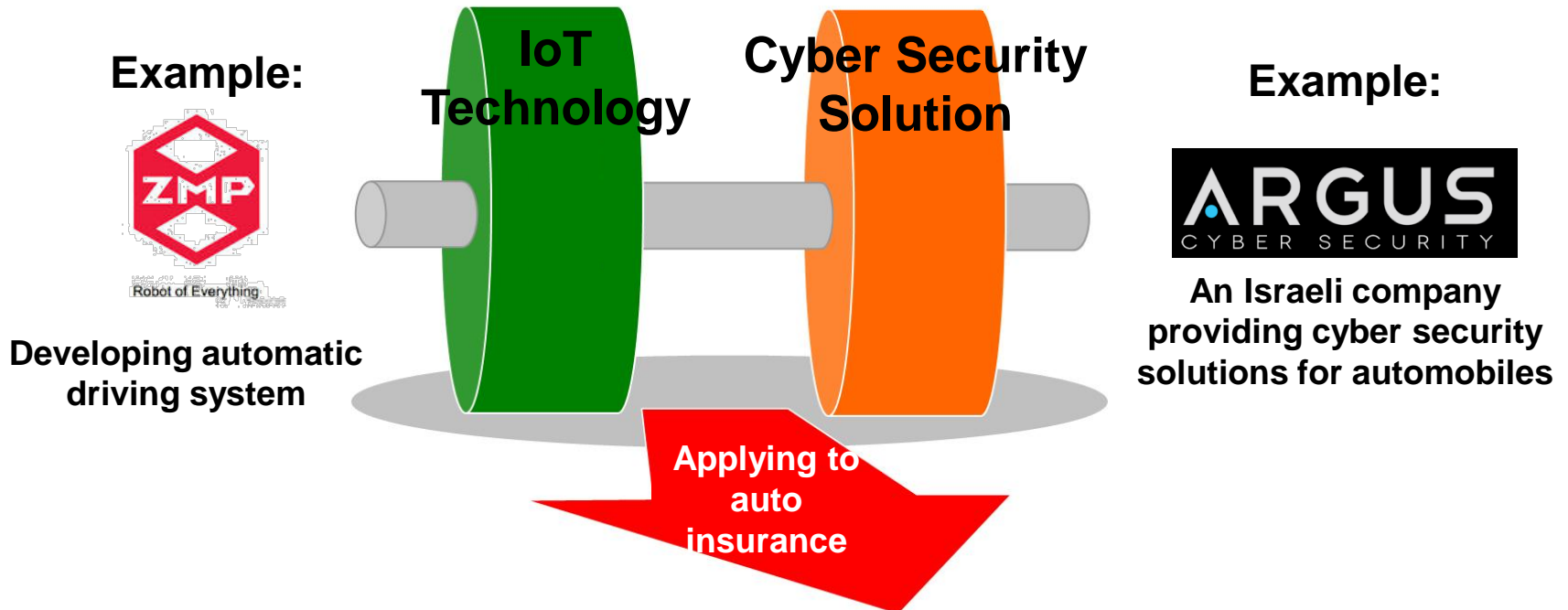
Development of Personalized Insurance Product

ZMP Inc.:

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.

③-ii. Development of personalized insurance products through cooperation with ZMP Inc., and Argus

Considering the Development of an Insurance Business in Cooperation with Argus Corporation, a SBI Investment Investee Company that Provides Automotive Cyber Security Solutions



Developing automatic driving system

- With the spread of IoT technology, while everything, including automobiles, in the world is now being connected through the Internet, the risk of cyberattacks on those things connected through the Internet increases at the same time
- Auto insurance must respond to the increase in security risk, in addition to utilizing superior technology in the IoT field such as telematics

Also Considering the Development of a Domestic Auto Insurance Business with Investee Company Argus

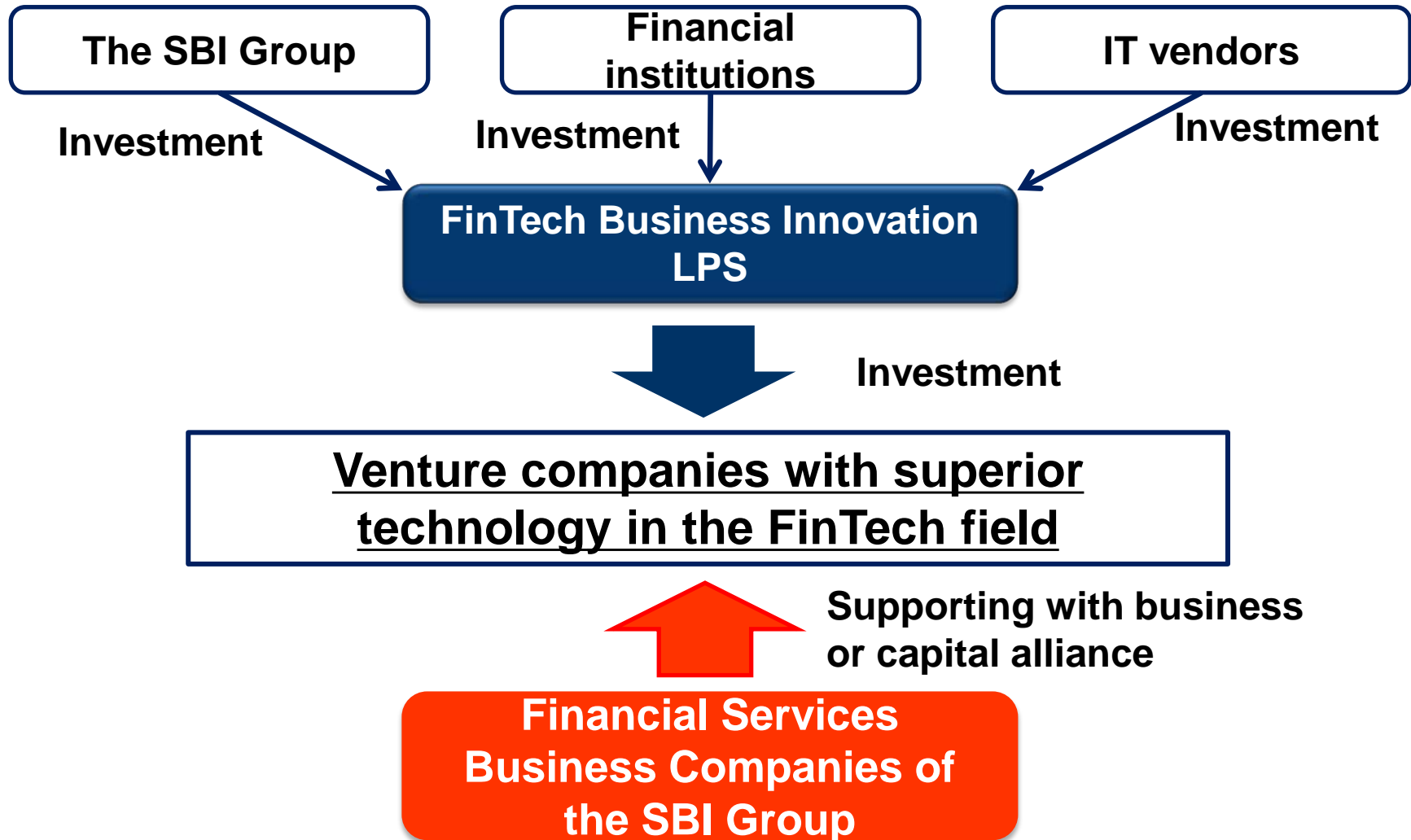
(3) Asset Management Business promotes a strategy of capturing the trend of the times both domestically and abroad

- ① Venture capital business promotes alliance strategies between FinTech-related companies and SBI Group Companies, as well as invests them**
- ② Overseas financial services business expands its business domain through the strengthening of its cooperation with local partners**

① Venture capital business promotes alliance strategies between FinTech-related companies and SBI Group companies, as well as invests them

Through SBI Investment's Collaboration in Fund Investments, Introducing Technology of FinTech-related Companies

SBI Investment in preparations for the establishment of FinTech funds



② Overseas financial services business expands its business domain through the strengthening of its cooperation with local partners

Establishment of a Joint Venture Leasing Company with INESA (Group) Co., Ltd. in the China (Shanghai) Pilot Free Trade Zone



- Acquiring business license from the China (Shanghai) Pilot Free Trade Zone on Oct. 2015, and is scheduled to commence business in Jan. 2016
- Endeavoring to explore China's growing leasing market through the integration of SBI's extensive financial know-how and expert knowledge with the business resources of INESA

INESA (Group) Co., Ltd. :

INESA is the major Shanghai municipal state-owned information industry company that is authorized by the State-owned Assets Supervision and Administration Commission of the Shanghai Municipal Government, affiliating INESA Electron Co., Ltd., an electronics components manufacturer.

As the First Ever Pure-play Online Securities Business in Thailand, SBI Thai Online Securities Started Its Operations



- Started its business as the first ever pure-play online securities business in Thailand on Oct. 16.
- Offering useful and secure securities services with minimum level brokerage in the industry, with trading tools that are equipped with various ordering functions, and includes a high security system which is as safe as that in Japan

Finansia Syrus Securities :

Finansia Syrus Securities is one of the major securities companies that has high share of Individual stock trading in Thailand, and it also conducts investment banking business, such as mediation of M&A and IPO underwriting.

Overseas Financial Services Business Expands through Its Cooperation with Local Partners

Bank
YAR-Bank (formerly OBI BANK)
 (50.0% shareholding; invested in June 2011)
 ■ Commercial Bank under METROPOL



Bank
SBI Savings Bank (formerly Hyundai Swiss Savings Bank)
 (99.1% shareholding; initially invested in May 2002)



Nonlife Insurance
Tianan Insurance
 (1.7% shareholding; invested in July 2010)



Leasing
INESA-SBI Leasing (Shanghai)
 (35.0% shareholding; established in Oct. 2015)

Vietnam

Securities
BNI Securities
 (25.0% shareholding; invested in July 2011)

Philippines

Bank
TPBank (formerly Tien Phong Bank)
 (19.9% shareholding; invested in Aug. 2009)

Cambodia

Through a business alliance with the commercial bank under the umbrella of the Yuchengco Group, a leading financial conglomerate in the Philippines, considering the provision of a variety of online financial services, including banking, securities and insurance for retail customers

Securities
FPT Securities
 (20.0% shareholding; invested in Apr. 2011)

Thailand

Indonesia

Securities
SBI Royal Securities
 (65.3% shareholding; established in Feb. 2010)

Securities
SBI Thai Online Securities
 (55.0% shareholding; established in Oct. 2014)

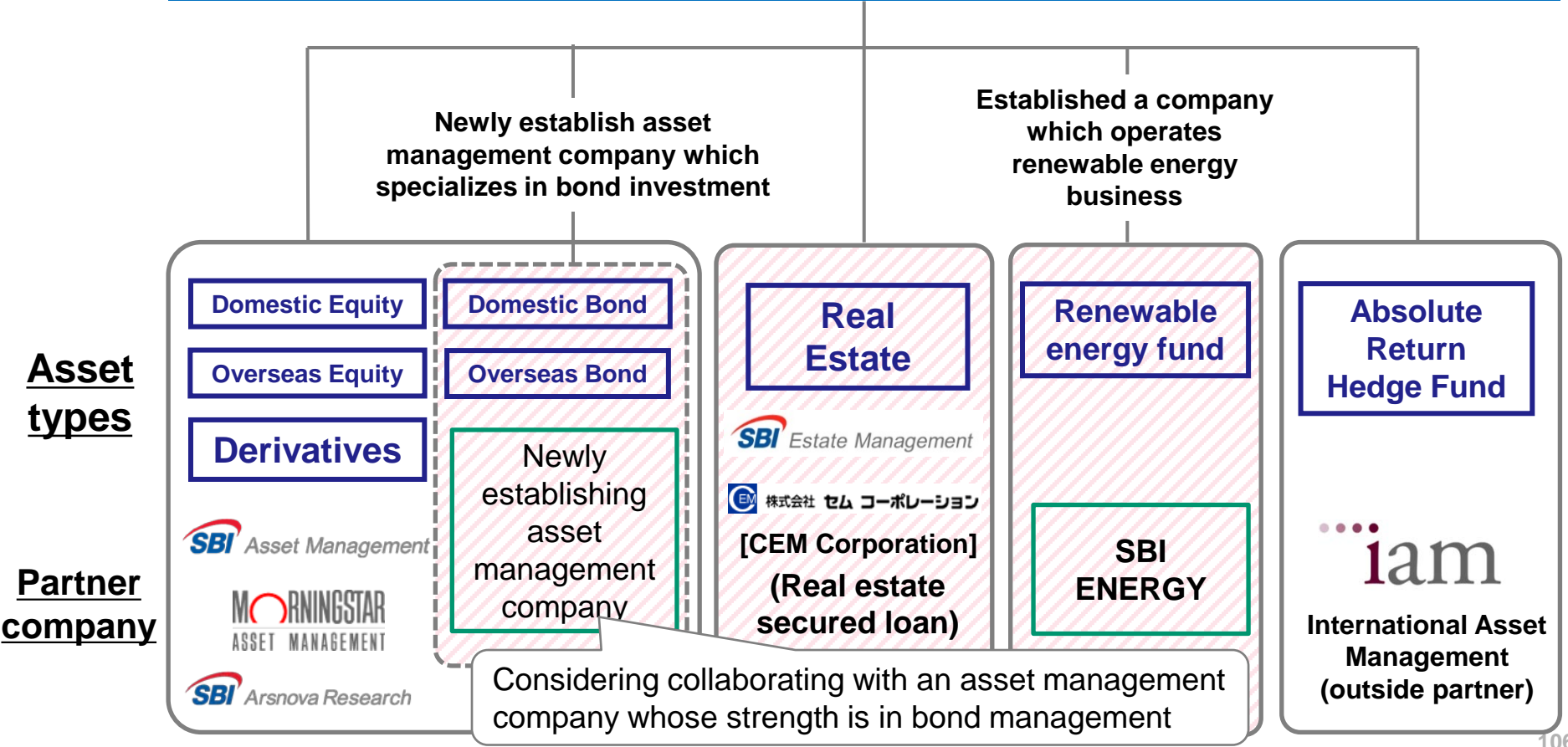
(As of the end of Sept. 2015)

**(4) Asset Management Service Business
will promote an expansion of its
product offerings to increase its
operational scale**

Improvement of Asset Management Service Business Structure

SBI Global Asset Management (tentative name), a company to be newly established, will play a central role in expanding and upgrading investment product lines and increasing business scale in order to meet the needs of all investors, including individuals and financial institutions.

SBI Global Asset Management (tentative name)



Along with a Corporate Name Change from CEM Corporation to "SBI Mortgage Finance Co., Ltd. (tentative name), the Company is Promoting a Powerful Business Development

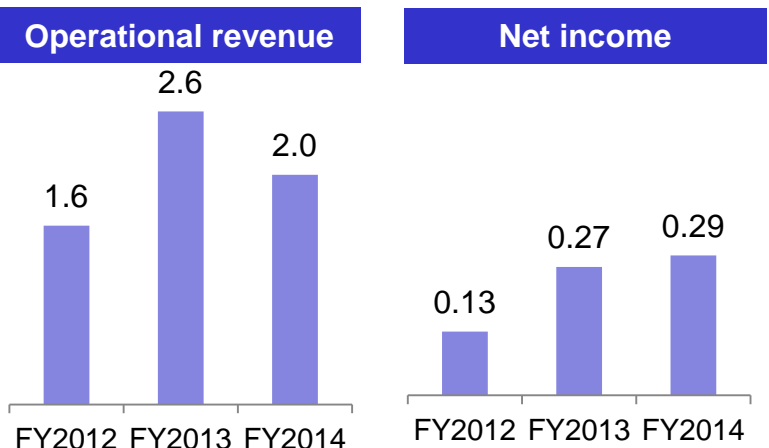


Year of investment: 2007
 SBI Group's shareholding*: 79.7% (as of Sept. 30, 2015)

- Providing collateralized real estate loans primarily in the Tokyo area (Tokyo, Kanagawa, Chiba, Saitama)
- Temporarily sluggish business performance after Lehman Shock
- Treated as a consolidated subsidiary for accounting purposes, although held as an investment

Going forward, by thoroughly utilizing the SBI Group's know-how and resources, will endeavor to increase its value through increased loans and additional capital

[Financial results (JGAAP)] (Unit: JPY billion)



(Unit: JPY billion)

	FY2012	FY2013	FY2014
Total assets	16.4	20.1	19.4
Loans	12.1	15.8	15.8

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

Establishing Renewable Energy Funds (tentative name) as a New Investment Product

- Established “SBI ENERGY,” which operates a power generation business, utilizing renewable energy, including solar, small hydroelectric, biomass, and geothermal generation
- Provides a new and attractive investment product, by offering an investment fund that gains returns from the sales of electric power from power generating facilities, through SBI SECURITIES and SBI MONEY PLAZA

SBI ENERGY



Power generation business and management of investment funds

SBI Renewable Energy Fund (tentative name)

Seeking high investment returns from the sales of electric power

SBI証券
[SBI SECURITIES]

SBI マネープラザ
[SBI MONEY PLAZA]

Sales

Sales



Individual investors



Institutional investors

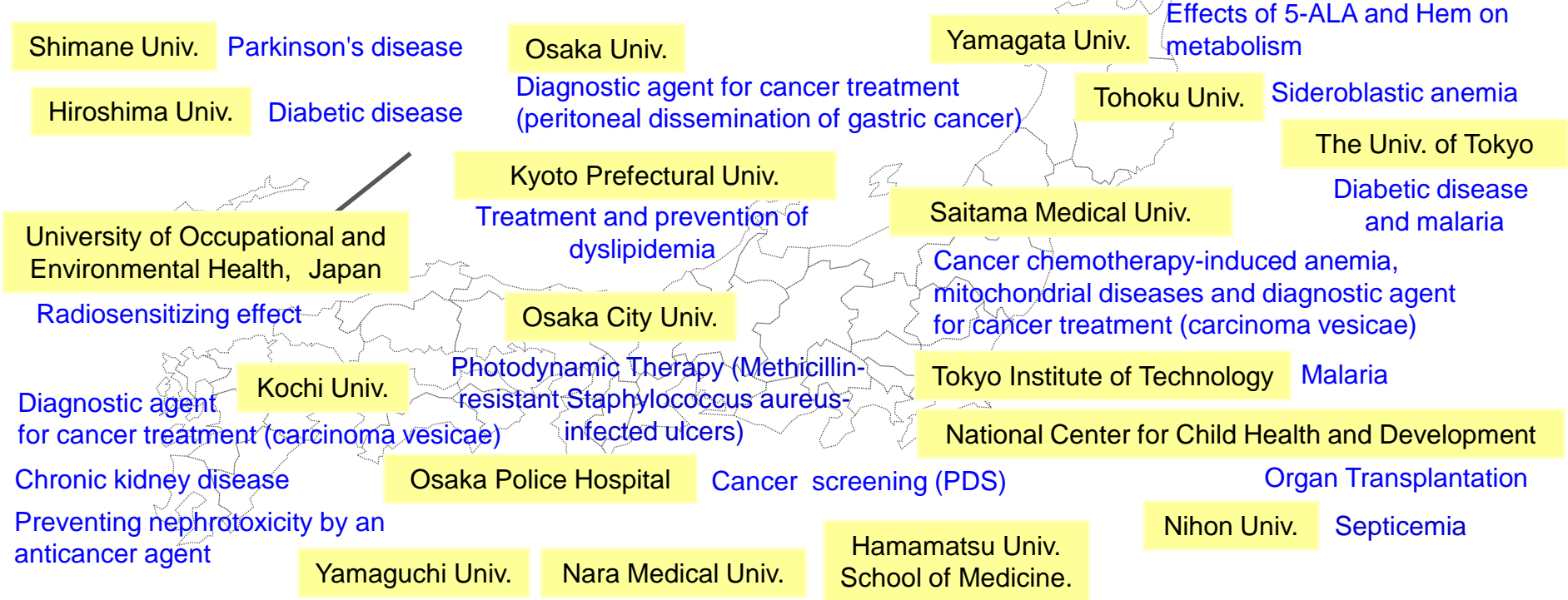
(5) Toward the realization of an early profitability, the 5-ALA business also establishes various alliance strategies

- ① As a result of collaboration with more than 130 research organizations in Japan and overseas, basic and other clinical research concerning 5-ALA is advancing in various fields.
- ② SBI Pharmaceuticals has already domestically obtained 21 patents, and is also steadily obtaining patents overseas (among the domestically obtained patents, 10 have also been patented overseas thus far. A diabetes patent was also obtained in the U.S. in Aug.)
- ③ Clinical trials for the development of pharmaceuticals containing 5-ALA are progressing in Japan and overseas (one product introduced, one Phase III trial and four Phase II trials).
- ④ In cooperation with Professor Kiyoshi Kita (graduate School of medicine, The University of Tokyo), SBI Pharmaceuticals treated mice infected with malaria parasites and announced the demonstrated preventive effects in the publication, *Antimicrobial Agents and Chemotherapy*
- ⑤ Establishment of a production system for 5-ALA-related products in China
- ⑥ For the development of health foods for overseas distribution, a food intervention trial that complied with GCP* was successfully completed in Bahrain
- ⑦ Future business strategy for the early profitability realization

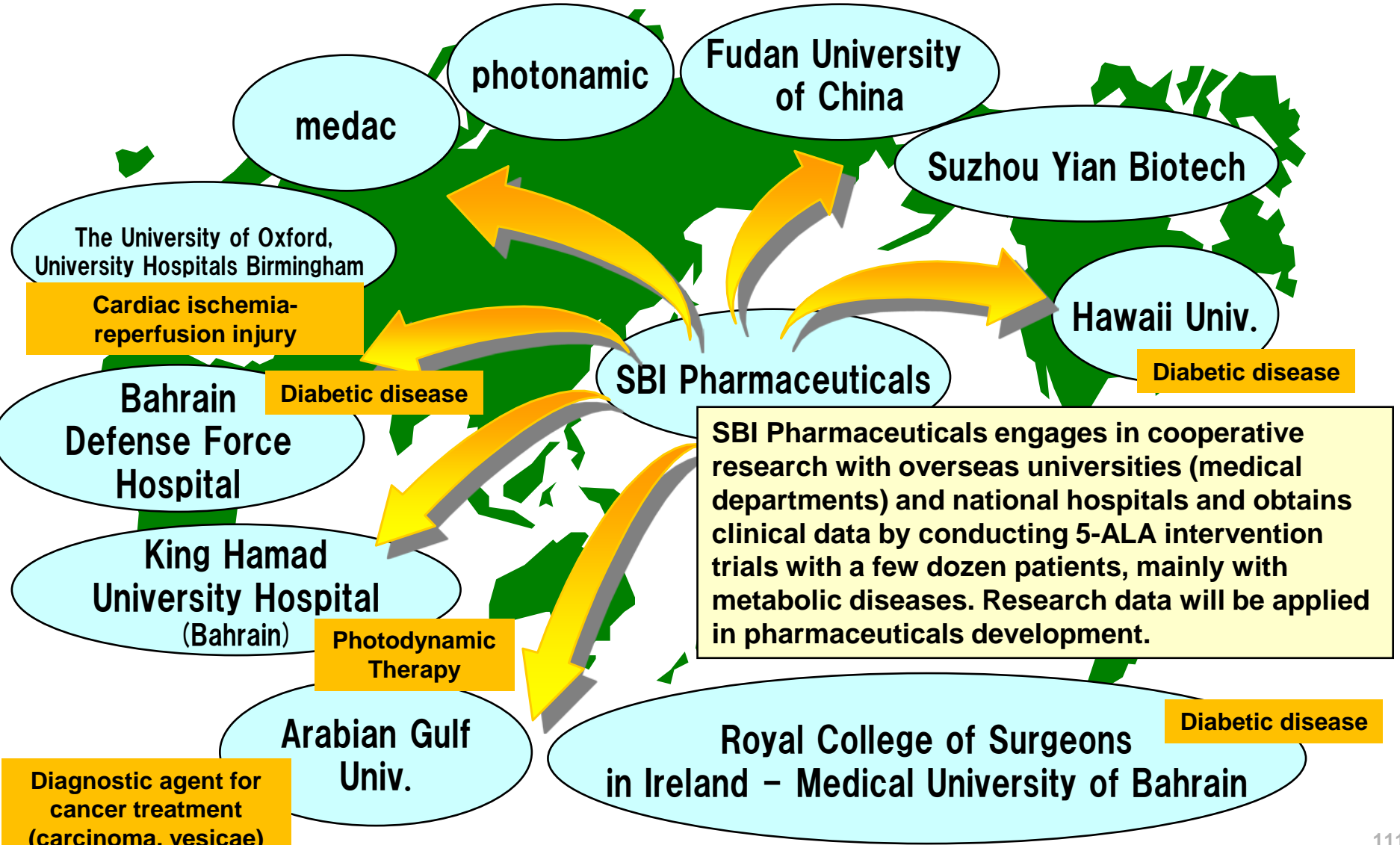
(5)-① Research progress on the effects of 5-ALA on various target illnesses

Research Using 5-ALA is Advancing at 67 Universities and Hospitals

- Published **“Functional Amino Acid; Science and Medical Applications of 5-Aminolevulinic acid (Chemistry Today, special edition 45) ~Focused on diagnosis and treatment of cancer~”** (ALA and Porphyrin Research Society) in Oct. This journal contains various research papers on 5-ALA by 48 leading research scientists
- The paper on **reduction of oxygen consumption and carbon emissions, as well as suppression for lactic acid value elevation in blood during exercise by taking 5-ALA** will be published in the **“Journal of Applied Physiology,”** an American Physiological Society publication.
 - * Joint paper by professor Hiroshi Nose (Department of Sports Medical Sciences, Shinshu University Graduate School of Medicine) and Nakajima CSO (SBI Pharmaceuticals), and others



Expanding Co-Researchers and Business Partners in the World



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 → Granted related patent in U.S.	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

Patents Held by SBI Pharmaceuticals Overseas

SBI Pharmaceuticals has already obtained 21 patents in Japan and is gradually obtaining patents overseas as well. Among the patents obtained in Japan, 10 patents has been obtained overseas so far (20 countries). The patent relating diabetes has been obtained as well as in U.S. in Aug.

	The name of the invention (Co-applicants)	International registration (countries)
1	Composition for peeling (Single application)	Canada, Germany, Norway, Sweden
2	External preparation for the skin (Single application)	China, Korea, Australia, Canada, Indonesia, India, Mexico, New Zealand, Philippine, Russia, Singapore, South Africa
3	Health function improver (Cosmo Oil)	U.S., U.K., China, Korea, Australia, Canada, Switzerland, Germany, France, Sweden, Spain, Indonesia
4	Tumor diagnostic agent (Single application)	China, Korea, Australia, Canada
5	Mitochondrial damage brain disorder treatment and diagnostic agent (Single application)	U.S., China, Korea, Australia, New Zealand, Russia
6	Bladder cancer detection method (Kochi University)	U.S.
7	Male infertility treatment (Single application)	U.S., U.K., Philippine, Switzerland, Germany, France, Canada
8	Cancer thermotherapy action enhancer (Tokyo University of Agriculture)	U.S., U.K., Korea, Germany, France, Switzerland
9	Antimalarial drug whose active ingredient is 5-aminolevulinic acid or a derivative thereof (The University of Tokyo)	Australia, Canada, New Zealand
10	Adult disease prophylactic and/or improving agent whose active ingredient is 5-aminolevulinic acid or a derivative thereof or a salt thereof (Single application)	Korea, U.S.(only diabetes)

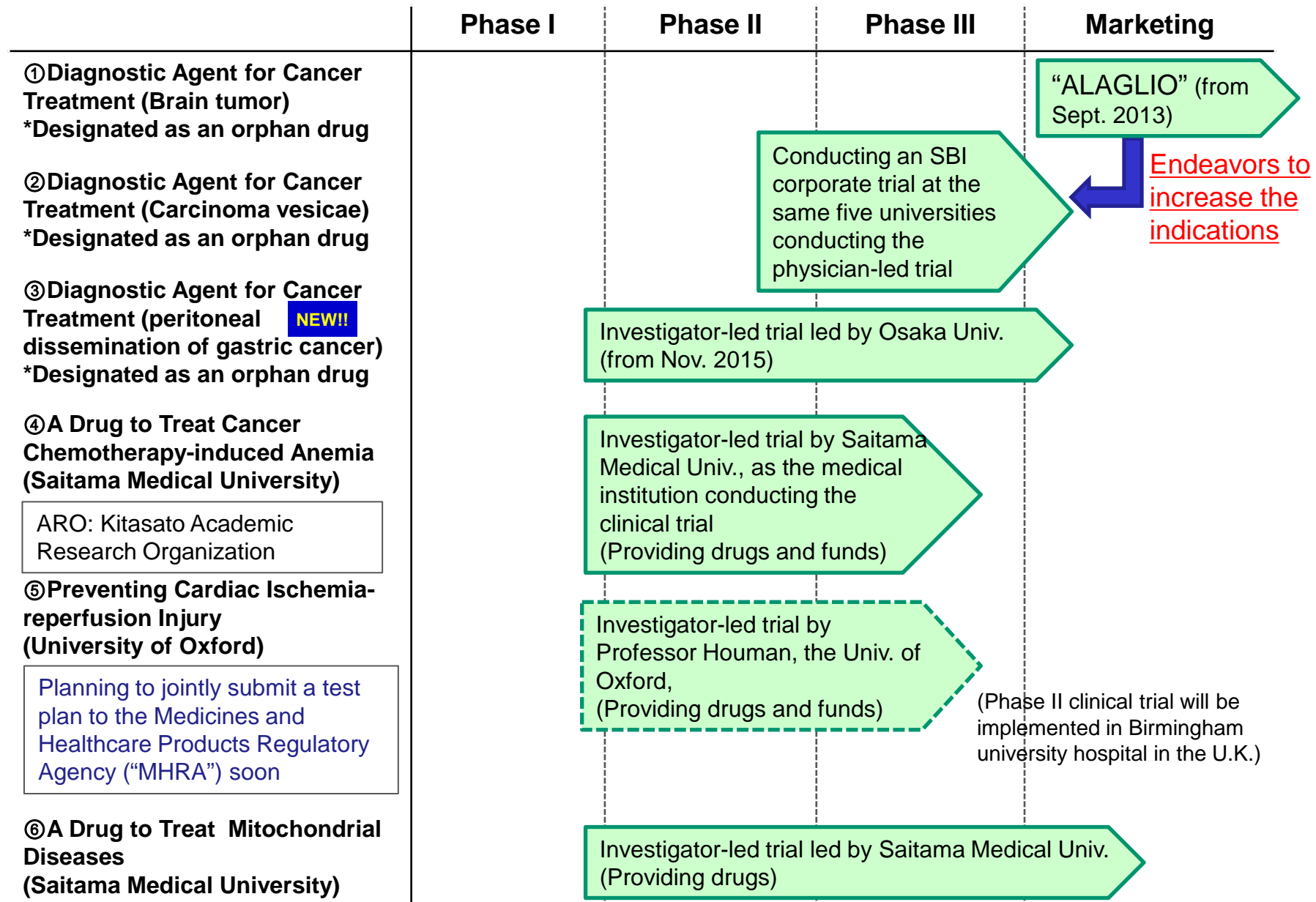
Acquisition of a Patent for a Method to Treat Diabetes Containing 5-ALA as an Active Ingredient in the U.S.

*Already obtained related patent in Japan

<Newly granted patent in the U.S. >

Patent number	US 9,095,165 B2
Name of discovery	Prophylactic/ameliorating agent for adult diseases comprising 5-aminolevulinic acid, derivative of 5-aminolevulinic acid, or salt of 5-aminolevulinic acid or the derivative of 5-aminolevulinic acid as active ingredient
Claims	<p><u>Method to treat diabetes through the administration of 5-ALA and its derivative</u></p> <p>A method to treat an adult disease, comprising of administration of a composition consisting essentially of 5-aminolevulinic acid (ALA), its ester derivative or acyl derivative, or a salt thereof to a subject in need thereof, wherein the adult disease is diabetes.</p>
Patent owner	SBI Pharmaceuticals Co., Ltd.
Filing date	October 27, 2009
Registration date	August 4, 2015

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



Publishing a Research Paper on the Treatment and Preventive Effects on Malaria Parasite Infection, through the Combined Use of 5-ALA and Iron, with Professor Kiyoshi Kita (Graduate School of Medicine, The University of Tokyo), and Others

Although Chinese scientist Ms. Tu Youyou was awarded the 2015 Nobel Prize for medicine for her discovery of artemisinin, a drug that has markedly decreased the death rate of patients infected with malaria, artemisinin resistance has already appeared, and the development of a new malaria treatment is an urgent global imperative.

Key Points of the Findings

- ◆ Using mice infected with a virulent malaria parasite under fatal conditions, SBI Pharmaceuticals assessed the possibility that the combined use could be treated as anti-malaria medication. The results showed curative effects were observed for 60% of mice that received combined medication of 5-ALA and SFC
- ◆ It became clear that mice cured of infections showed tolerance to re-infections from the same parasites even 230 days or more after treatment, acquiring long-term immunity to them. An increase in the antibody levels specific to these parasites was observed in the serum of cured mice, possibly contributing to their tolerance

Publishing paper: *Antimicrobial Agents and Chemotherapy*

Title: *In vivo* curative and protective potential of orally administered 5-aminolevulinic acid plus ferrous iron against malaria

Establishment of a Production System for 5-ALA-related Products in China

As a part of obtaining the product license for health foods containing 5-ALA that Suzhou Yian Biotech Co., Ltd (SBI Group shareholding of 40%) will be distributing, an application for registration as a new resources food to the Chinese Ministry of Health is under consideration in their Technical Committee .

*New resources food registration: Foods for which no dietary habit exists in China and food raw materials resulting from new technology are subject to examination by the Chinese Ministry of Health (the counterpart to Japan's Ministry of Health, Labour and Welfare).



A food product license is expected to be obtained after a public information period of two to three months (equivalent to Japan's public comment system) following deliberation by experts.

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 that Complied with GCP(*) Standards was Successfully Completed in Bahrain

(*)GCP: An abbreviation for Good Clinical Practice, which is a standard for performing clinical tests on pharmaceutical products.

- The clinical study for type 2 diabetes for food intervention trials at the Bahrain Defense Force Royal Medical Service Hospital was completed in July, and a final report is being prepared
- In the trial, the safety of administration of highly concentrated 5-ALA to Arab patients with type 2 diabetes was confirmed, and it was confirmed that HbA1c (hemoglobin A1c), which is directly related to diabetes, decreased significantly as a result of ingestion of test meals for 12 weeks.



Planning an announcement of the detailed results of this trial at a press conference to be held by the Bahrain Defense Force Royal Medical Service Hospital on Nov. 1, 2015, along with a scheduled publication of an academic paper in related journals

(Presenting members: Bahrain's Minister of Health, the director of the Bahrain Defense Force Royal Medical Service Hospital (Sh. Khalid), Japanese Ambassador to Bahrain, and others)

(5)-⑦ Future business strategy for further enterprise value growth:

Various Measures Toward the Realization of an Early Profitability (i) ~In the Field of Foods including Health Foods, Cosmetics, Feeds~

1. Expanding the product offering

Based on the labeling system for foods with functional claims, applying for a new product “ALApplus Suger-Down” targeting people with high blood sugar

2. Business alliance with Kenkou Corporation and RIZAP

Jointly conducting a promotion to increase the recognition of 5-ALA, and the sales expansion of health foods and cosmetics containing 5-ALA

3. In discussions for the out-licensing of technology and business partnership in the food fields

< Example of alliances >

Company A: Out-licensing of technology in the food field

*Group companies with a pharmaceutical division under their aegis

Company B and C: Business partnership for overseas expansion of the food sales (Middle East)

4. Registration of 5-ALA as a new resources food is under consideration at Suzhou Yian Biotech

5. Demonstration tests of livestock feeds containing 5-ALA initiated

In Mexico, there is a movement to eliminate the use of antibiotics from livestock feeds, so a demonstration test of livestock feeds containing 5-ALA was initiated with a local company. A mid-term report is expected in early Dec.

6. In discussions for the sales of health foods in Thailand

In deliberations to establish a joint venture with a local company that operates large upscale shopping centers in Thailand

7. In Hong Kong, in preparation for the registration of a cosmetic ingredient

Additionally, 5-ALA (hydrochloride and phosphate) is registered for medical-use only, so collaborating with the authorities regarding food-use 5-ALA phosphate, which is already registered in Japan

Business Alliance with Kenkou Corporation and RIZAP

Promoting further collaboration, particularly in various business fields related to health care



Development and marketing of many hit products among beauty and health products

<Consolidated financial forecasts for FY2015>

Net sales: JPY 60.1bn (+54% YoY)

Operating income: JPY 5bn (+137.4% YoY)



Operation of fitness center chain "RIZAP"



Group's customer base: over 18 million



Manufacturing and sales of health foods and cosmetics using 5-ALA



Healthcare services for membership

Examples of alliance:

- Conducting a joint promotion to increase the awareness for 5-ALA, and to expand the sales of health foods and cosmetics containing 5-ALA (Kenkou Corporation agreed to absorb the majority of the promotion cost)
- Joint development of health care services

Various Measures Toward the Realization of an Early Profitability (ii) ~In the Pharmaceutical fields~

1. In discussions for the out-licensing of technology in the pharmaceutical fields

<In discussions for the out-licensing of technology by category>

Company D: Diagnostic Agent for Cancer Treatment (Carcinoma vesicae)

Company E: Mitochondrial diseases/Central Nervous System diseases including Parkinson's disease and Alzheimer's disease

Company F: Discussing the out-licensing of technology to obtain approvals for the sales of intraoperative diagnostic agents that include ALAGLIO, for Malaria in China

Additionally, a discussion with company F is in process for an even more comprehensive business alliance which covers both pharmaceutical and health foods fields, along with the idea of a possibility of a capital alliance

2. Planning to acquire a Germany pharmaceutical company

Planning to acquire a Germany pharmaceutical company that is engaged in the manufacture and sales of intraoperative diagnostics for cancer treatment, and patches for the photodynamic treatment of mild actinic keratosis

**(6) Along with the continued
promotion of the business
“Selection and Concentration”
process, strengthening
profitability**

Generation of Cash Flow through the “Selection and Concentration” Process

Sales of non-core subsidiaries

[Major subsidiaries sold from FY2011 to FY2013]

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

[Major subsidiaries sold in FY2014]

- SBI Mortgage (currently ARUHI; Aug. 2014)
Subscribed to the tender offer made by CSM Holdings Co., Ltd, which belongs to The Carlyle Group
- SBI Life Living (Feb. 2015)
Subscribed to the tender offer made by LL Holdings, Inc., which belongs to a fund to which Advantage Partners, LLP offers services



Recovered over JPY 45bn through sales of subsidiaries, including partial sales since FY2011

Sales of real estate holdings

Recovered approx. JPY 16.6bn in FY2014 through the sales of real estate holdings

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

Sold in FY2015

- **Transferred SBI Card to SBI Sumishin Net Bank**
(announced in Apr. 2015; share transfer was 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**

Considering or preparing sales

- **Sales of Phnom Penh Commercial Bank of Cambodia, SBI Trade Win Tech (system business), Autoc one (support for automobile purchaser), and NARUMIYA INTERNATIONAL (manufacture, processing and sale of children’s wear and related products), and etc.**
 - ➔ **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**

Implementing Bidding Process to Sell Phnom Penh Commercial Bank* of Cambodia

*SBI Group's shareholdings is at 47.6%, and shareholdings including dilutive shares is 91.0%

- 10 companies have already indicated an interest in PPCB and the process to select the buyer will start in Nov. 2015
 - By determining a buyer before the end of 2015, targeting a completion of the sale before the end of Mar. 2016
- On the basis of a sale at a market capitalization of USD 110m, will recover approximately JPY 10bn, for a potential profit before income tax expense of approximately JPY 3bn, including selling expenses

Excerpt of the article about speculation of sales published in "The Korea Economic Daily Oct. 27, 2015"

SBI Savings Bank and SBI Holdings are promoting the sale of Phnom Penh Commercial Bank (PPCB) which was established in Cambodia in 2008. ..(Abbrev)...

Sales value of PPCB is expected to be from KRW 130bn to KRW 150bn level according to financial industry officials. (Approx. USD 1.14bn to USD 1.32bn)*

Investment bank officials said "Even though the Cambodian economy shows a growth rate level of 7% per year, the bank utilization rate is still at a low level," and "So, there is a strong possibility for financial companies to grow their business in Cambodia" ... (Abbrev)...

Financial industry officials said "By acquiring PPCB, the buyer may expand their sales channel for the local people"

(7) Focus on securing and developing human resources, who will shoulder future growth

Securing "Human Capital" which is the Source of Corporate Competitiveness

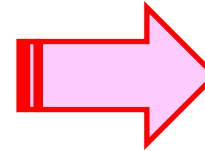
Along with the SBI Group's growth, both mid-career personnel and new graduates were continuously hired, securing a talented pool of employees for the Group

Number of Employees (consolidated basis)

1999
55



The end of
FY2006
1,680

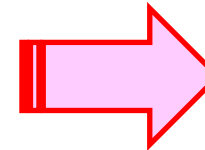


As of Sept.
2015
5,464

Number of New Graduate Recruits (cumulative basis)

FY2006
43

(First New Graduate Recruitment)



FY2015
321

Also, for the first time, new graduate recruiting activities were conducted abroad this fiscal year, and as a result, 4 new graduates in Korea and 5 new graduates in China were hired for positions at the head office

New Graduate Recruitment Objectives

- SBI is recruiting new graduates to ensure that it has a pool of talented individuals to groom as future candidates for positions of responsibility within the Group
- SBI will educate new recruits in the Group corporate culture, and groom human resources for future succession

Personnel Development and Promotion through Training and Other HR Systems

- ① Training conducted at SBI Graduate School, a distance business school
(School of Business Administration, Major in Entrepreneurship)

SBI Graduate School Company Dispatch System

- ✓ **MBA course (approx. 2 years)**

Eligible persons: Officers and regular employees employed at least two years

Graduates are identified as senior management candidates and given preferential consideration in fast-tracking for positions such as officers of newly established Group companies.



45 employees have already earned MBAs.

Executive Management Training

- ✓ Enrollment in compulsory subjects designated by the company from SBI Graduate School courses (examples: Organizational Behavior, Finance, Requirements for leaders Found in Chinese Classics) and elective courses (from the MBA Program) (approx. 1 year)

Eligible persons: regular employees in management positions

Completion of training to be made a requirement for promotion

- ② Early development and fast-tracking of talented young employees for positions such as officers of Group companies

Current youngest president of a Group subsidiary: Age 31

Examples of youngest fast-tracked employees

*Age at the time of appointment and year appointed
President of a listed Group subsidiary: Age 28 (2005)
SBI Holdings director and executive officer: Age 31 (2008)

- ③ The female manager ratio is at 17.8%, with the evaluation process in accordance with ability and without gender bias

- ④ Introduction of a “career opening system” by means including an internal recruiting and self-application program

Implementing Employee Incentives Based on Financial Results

Payment of Special Bonuses (FY2014)

In light of the strong business performance in FY2014, special bonuses totaling approx. JPY 380m were paid, such as a bonus to approx. 1,700 employees of profit-making companies (JPY 200,000 to employees with service of at least one year) and congratulatory money to newly hired graduates.

Issuance of Stock Options (FY2014)

In Nov. 2014 the company issued stock options in exchange for consideration to directors and employees of the company and subsidiaries.

*Treasury stock held by the company will be issued as shares granted upon the exercise of these stock options.

Enhancement of Benefits

- ✓ For corporate officers, payment in full of the cost of a complete physical examination at Tokyo International Clinic, a facility with state-of-the-art facilities founded by SBI Holdings. For SBI Group employees and their families, provision of influenza vaccinations at a specially reduced charge at Tokyo International Clinic
- ✓ Apr. 2015 introduction of a meal subsidy program using lunch chits (excluding some Group companies)
- ✓ Establishment of a company-owned tomb to collectively honor deceased employees at Baisoin Temple (Minato Ward, Tokyo)
*Eligible persons: Officers and employees who have continuously worked at least 20 years, their spouses and children (under 18 years of age)



Expansion of Employment Opportunities

Planned abolishment of the age limit for reemployment after mandatory retirement and development of an environment in which people can continue to work at their own volition if they will be considered to still perform with great power, energy and intellect

[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 Oct. 28, 2015) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	488.9
Asset Management	214.2
Biotechnology-related	67.4
Subtotal	770.6 (+)
External Debt (SBIH's non-consolidated-base borrowing recorded on the consolidated B/S as of Sept. 2015)	-195.4
Sum Total	575.2 (+)*

- Business valuation per share: **JPY 3,432** ←

- Business valuation per share after deduction of external debt: **JPY 2,562** ←

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 4.0bn)

* 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.

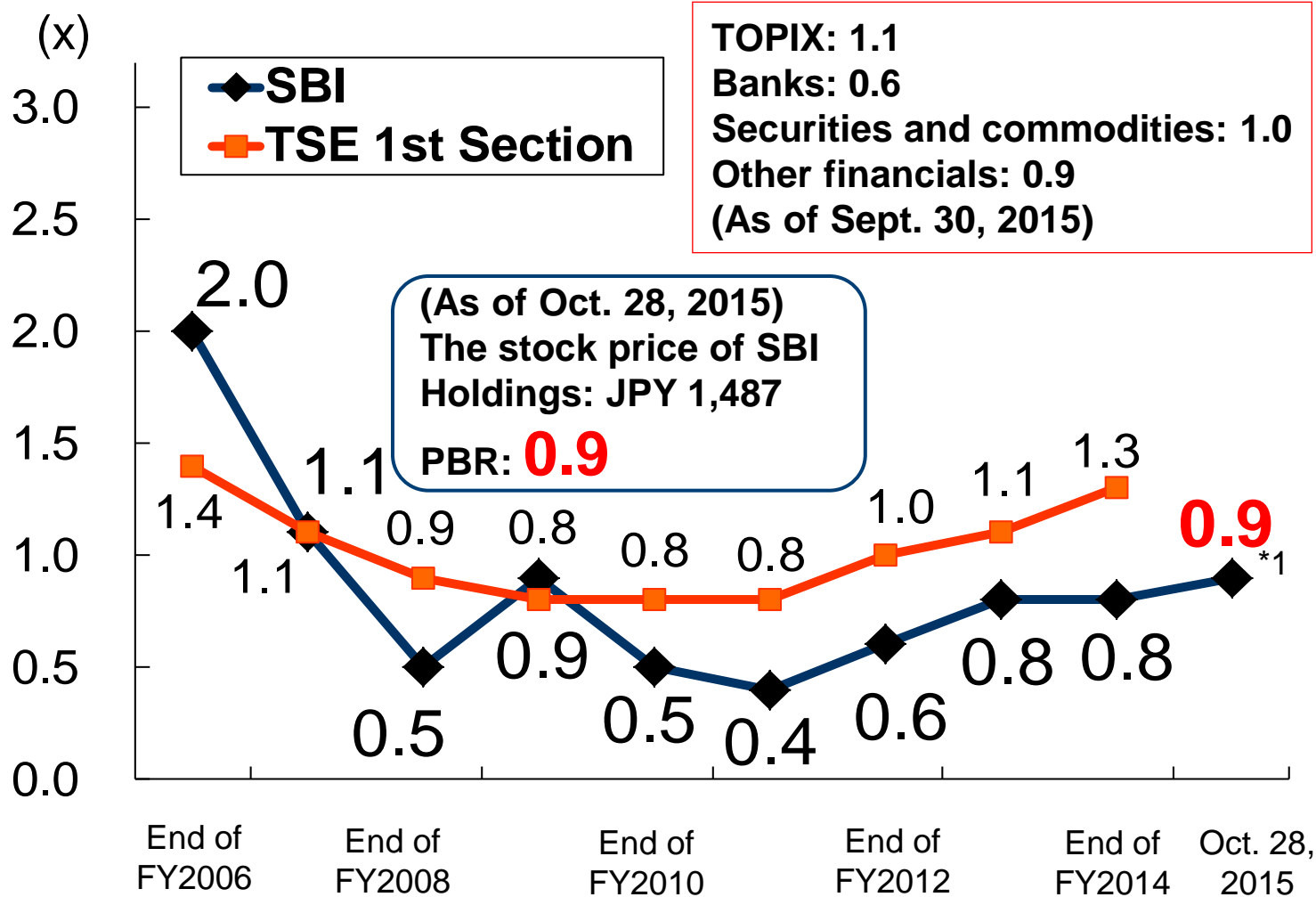
SBI Holding's Recent Stock Price

Market cap (based on the closing price on Oct. 28, 2015): **JPY 333.9bn**



Change in PBR of SBI Holdings

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



SBI Holdings' PER based on the EPS of 1H FY2015 is **12.0**^{*2} (As of Oct. 28, 2015)

*1 PBR of SBI Holdings for Oct. 28, 2015 is calculated based on the BPS of the end of Sept. 2015.

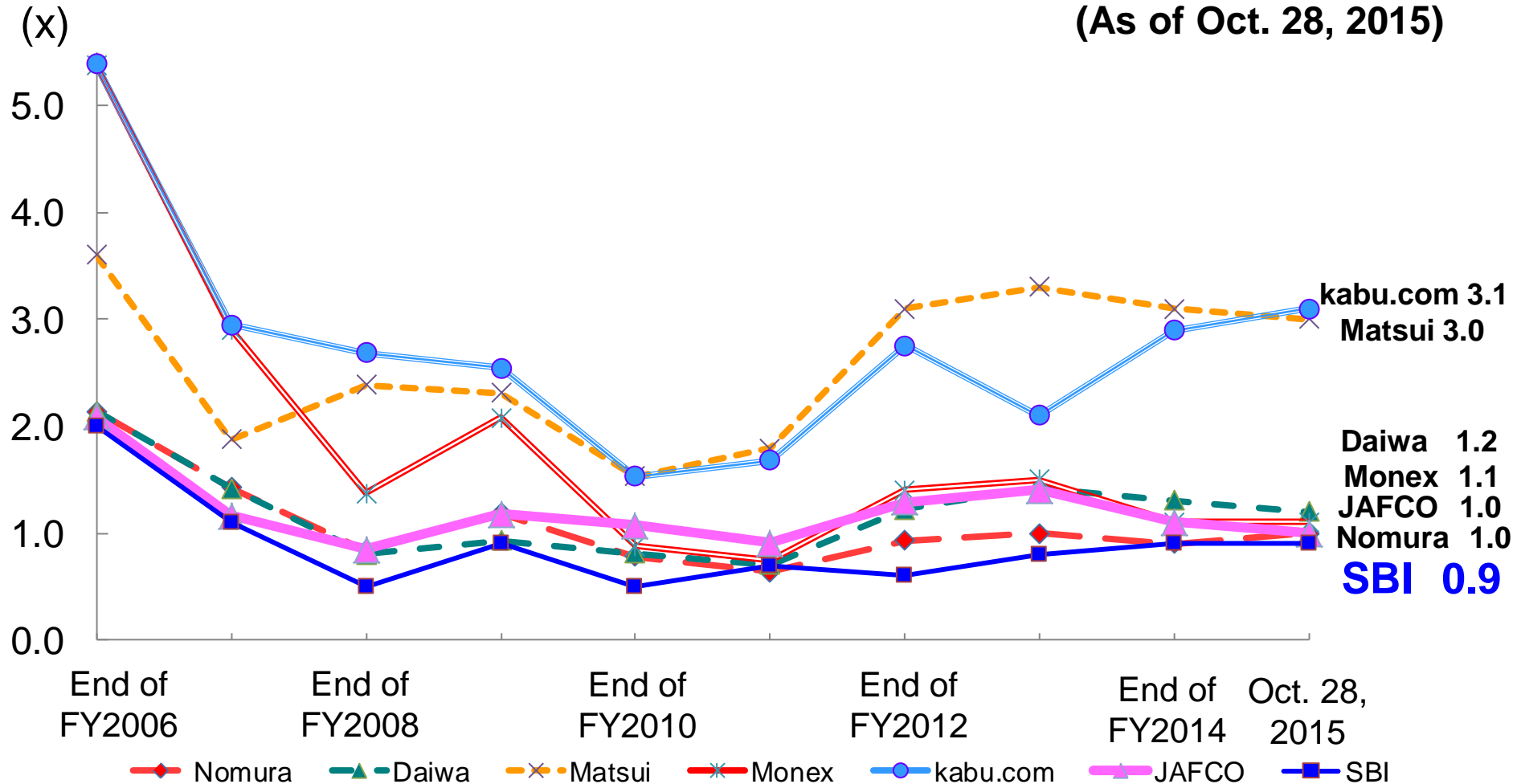
*2 EPS of 1H FY2015 (JPY 61.8) is used to calculate SBI Holdings' PER.

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 Oct. 28, 2015)



*PBR for Oct. 28, 2015 is calculated based on the BPS of the end of Sept. 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 331.1bn

(based on the closing prices of Oct. 28, 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 Sept. 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 Sept. 30, 2015.

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

Valuation by Segment Estimated by SBI

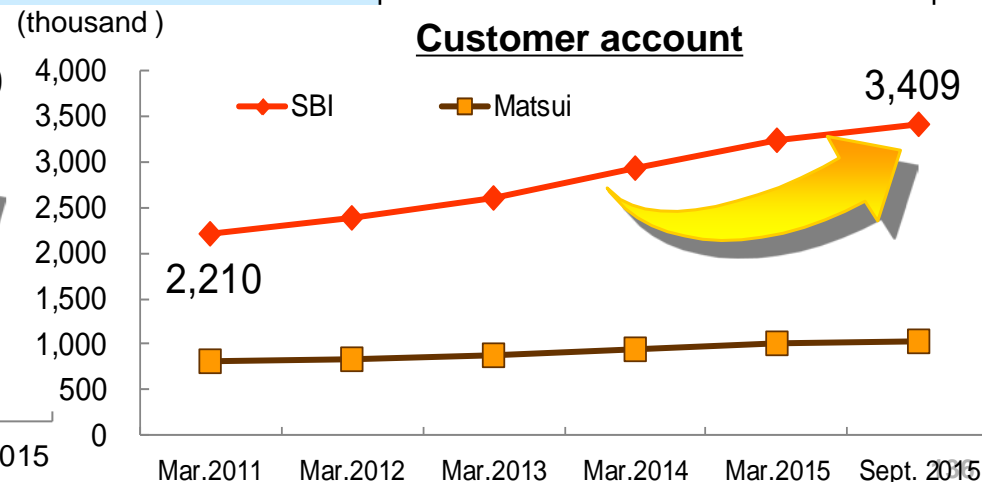
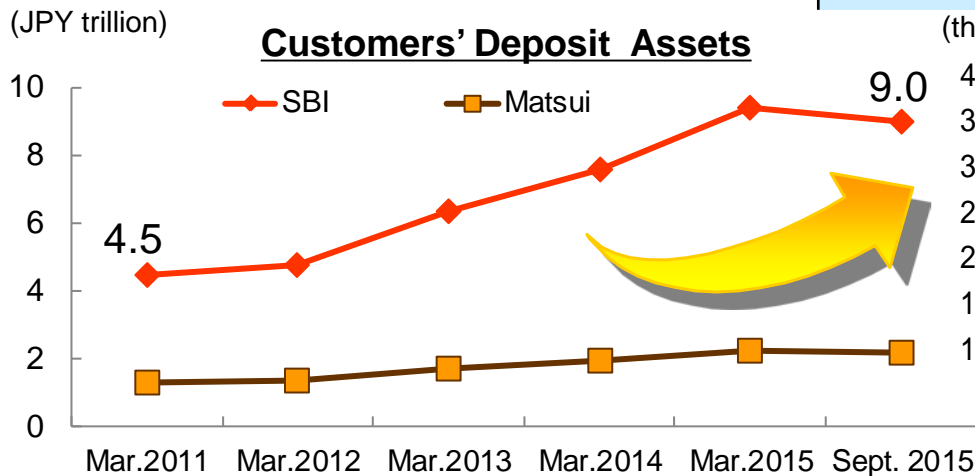
(1) Financial Services Business ① SBI SECURITIES -(ii)

Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES Matsui Securities

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

(1H FY2015)	SBI SECURITIES	Matsui Securities
Valuation (market cap) *	JPY 331.1bn	JPY 288.6bn
Deposit assets (Sept. 2015)	No.1 JPY 9.0tn	JPY 2.2tn
Number of accounts (As of the end of Sept. 2015)	No.1 3.41 million	1.03 million
Share of individual stock brokerage trading value	No.1 41.7%	13.3%
Operating income	No.1 JPY 20.1bn (up 34.3% YoY)	JPY 12.2bn (up 18.0% 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 143.2bn → JPY 71.6bn (based on the closing prices of Oct. 28, 2015)

(Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

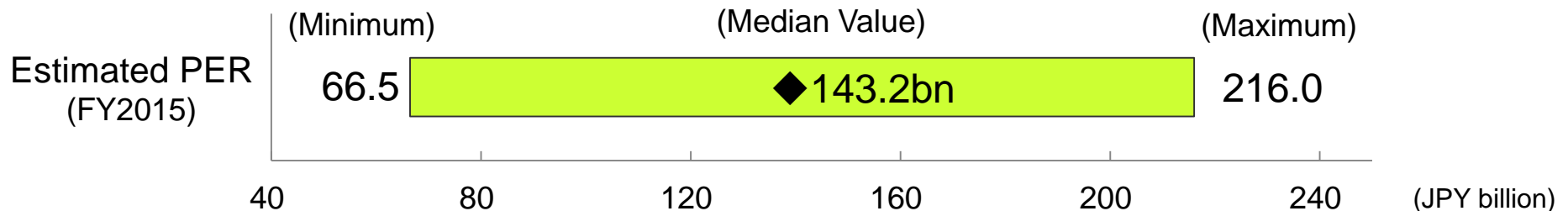
Calculated according to the **Comparable Public Company Analysis**

Compares the profits of comparable public companies of which the deposit balance exceeds JPY 3tn as of the end of Mar. 2015

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 as of the end of Mar. 2015

[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 43.3bn** (based on the closing price of Oct. 28, 2015)

Estimation of the valuation is as follows:

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

Compares the market cap and profits of comparable public companies, namely Money Partners, 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 30.8bn

→ JPY 16.3bn (based on the closing prices of Oct. 28, 2015)

(Shareholding of the SBI Group: 52.8%)

Estimation of the valuation is as follows:

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

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

Japan Exchange Group's PER (*) × SBI Japannext's estimated net income (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 24.9bn** (based on the closing price of Oct. 28, 2015)

Estimation of the valuation is as follows:

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

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

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

* 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)
SOLXYZ	26.3	Equity method associate	JASDAQ	7.4	1.7

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

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

Valuation by Segment Estimated by SBIH

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

① SBI SECURITIES

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

Upon comparison with similar listed companies calculated conservatively as **JPY 331.1bn**

② SBI Sumishin Net Bank

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

Estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 143.2bn → **JPY 71.6bn** (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market (cons.)

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

Upon comparison with similar listed companies calculated as **JPY 43.3bn**

④ SBI Japannext

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

Upon comparison with similar listed companies estimated the valuation at JPY 30.8bn → **JPY 16.3bn** (Shareholding of the SBI Group: 52.8%)

⑤ SBI Comparison Website Business

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

Upon comparison with similar listed companies calculated as **JPY 24.9bn**

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 1.7bn**
(based on the closing prices of Oct. 28, 2015)

Total of the valuation above: JPY 488.9bn (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 *1	Life insurance	1.2	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

*1 Considering the particularity of life insurance business, presents the income before income tax based on J-GAAP, not that based on IFRS.

*2 SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group. 142

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 214.2bn

<Reference>

JAFCO's Market Cap: **JPY 221.4bn** (based on the closing price of Oct. 28, 2015)

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

(i) Value of holding securities (at the end of Sept. 2015) Approx. JPY 85.0bn

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 Oct. 28, 2015)

(* Valuation excluding assets such as securities hold) Approx. JPY 12.0bn

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

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

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

*PER of JAFCO is calculated by the estimated net income per share for 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 Oct. 28, 2015)

Estimates the valuation of SBI Savings Bank at JPY 97.3bn

→ JPY 96.3bn

(Shareholding of the SBI Group: 99.0%)

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^{*1}

×

Balance of SBI Savings Bank's substantive equity^{*2}
(As of the end of Sept. 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)
Morningstar Japan	49.7	Consolidated subsidiary	JASDAQ	25.0	12.4
SBI AXES	42.8	Consolidated subsidiary	KOSDAQ of KRX	8.2*	3.5
SBI Investment KOREA	43.9	Equity method associate	KOSDAQ of KRX	11.4*	5.0
Sum of the market cap of listed subsidiaries and equity method associates				44.6	21.0

(Based on the closing price of Oct. 23, 2015. *Calculated by the exchange rate as of Oct. 28, 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. (%)
Phnom Penh Commercial Bank	Overseas Business	Commercial Bank	0.3	47.6
CEM Corporation		Real estate secured loans	0.5	79.7

* 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 67.4bn

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 Sept. 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

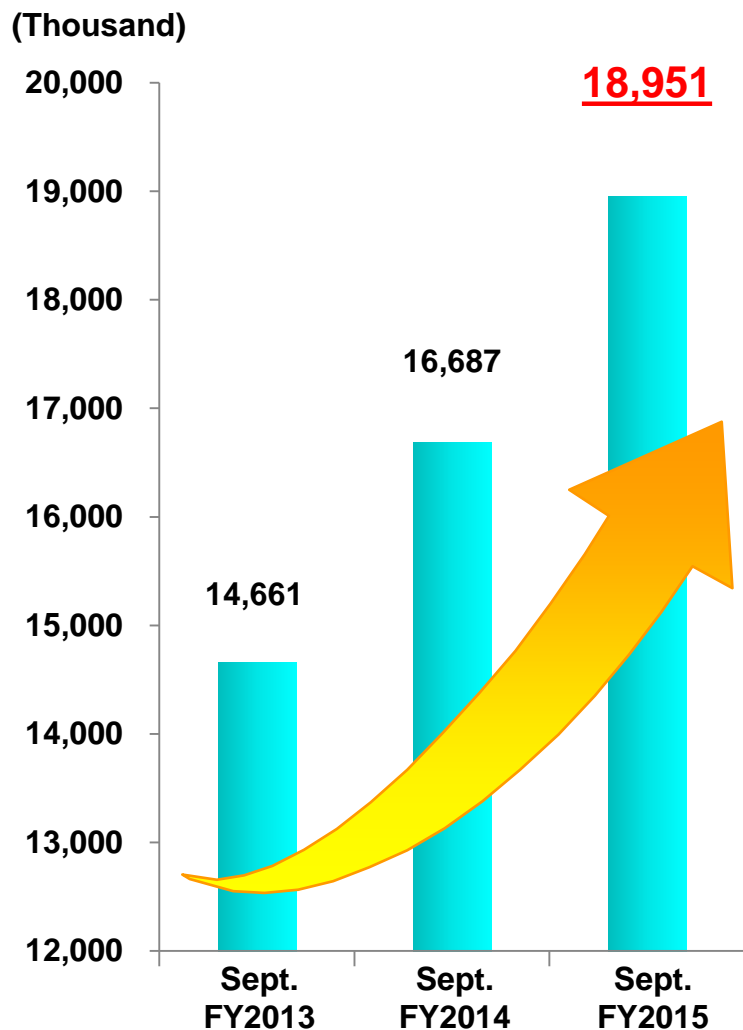
* SBI's shareholding percentage corresponds to a figure based on the IFRS criteria that excludes a percentage of outside shareholder's interest of subsidiary companies and subsidiary funds of the Group.

[Reference]

The SBI Group's Customer Base

Breakdown of the Customer Base

(As of the end of Sept. 2015)^{*1,2}
(Thousand)



SBI SECURITIES	(No. of accounts)	3,409
SBIH InsWeb	(No. of customers)	7,363
E-LOAN	(No. of customers)	1,855
MoneyLook	(Total no. of customer registrations)	924
Morningstar Japan	(New portfolio customer registrations)	142
SBI Card	(Valid cards issued)	70
SBI Sumishin Net Bank	(No. of accounts)	2,458
SBI Insurance	(Total no. of contracts) ^{*3}	794
SBI Life Insurance	(Total no. of contracts)	113
Autoc one	(Total no. of service users in year)	1,053
Others (SBI Point etc.)		770
Total		18,951

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

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

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

Number of Companies and Consolidated Employees of the SBI Group

Number of Group companies

	Mar. 31, 2015	Sept. 30, 2015
Consolidated subsidiaries (companies)	142	138
Consolidated partnerships (partnerships)	31	32
Total consolidated subsidiaries (companies)	173	170
Equity method companies (companies)	39	38
Total Group companies (companies)	212	208

Number of consolidated employees

	Mar. 31, 2015	Sept. 30, 2015
Total employees (persons)	6,094	5,464*

* 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 Sept. 2015)

Private equity, etc. JPY 278.1bn (Including JPY 93.5bn of both cash and commitment amount to be paid in) (*3)

Breakdown by Industry	Amount
IT/Internet	24.6
Biotechnology/Health/Medical	43.5
Services	15.0
Materials/Chemicals	2.4
Environmental/Energy	22.4
Retail/Food	14.2
Construction/Real estate	1.7
Machine/Automobile	6.6
Finance	42.4
Others	11.9
Total	184.6

Breakdown by region	Amount
Japan	79.1
China	23.8
Korea	30.5
Taiwan	1.6
Southeast Asia	11.4
India	4.3
U.S.	30.6
Others	3.3
Total	184.6

Investment trusts, etc. JPY 259.7bn (*4)

Investment trusts	161.1
Investment advisory	95.0
Investment companies	3.6

*1 Calculated by the exchange rate as of the end of Sept. 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 24.4bn

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
- SBI AXES etc.

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	Sept. 30, 2015
Cash and cash equivalents	18.9	24.3
Securities	118.7	105.6
Other assets	27.4	14.4
Total assets	165.0	144.3
Intragroup borrowings	21.4	13.6
Other liabilities	5.9	1.8
Total liabilities	27.3	15.4
Equity capital equivalent	96.7	90.8
Non-controlling interests* ¹ (Mainly interests of external shareholders of consolidated funds)	41.0	38.1
Total equity	137.7	128.9
Total liabilities and equity	165.0	144.3

*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 13.1bn 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)

	1H FY2014	1H FY2015
Revenue	(4.6)	0.1
Profit / loss related to FVTPL	(6.4)	(1.4)
Fee from non-cons. funds* ²	0.6	0.4
Others (FX gain etc.)	1.3	1.1
Expense (including expense related to allowance etc.)	(2.8)	(3.3)
Profit before income tax expense	(7.5)	(3.3)
Profit for the period	(8.0)	(3.3)
Attributable to owners of SBIH	(2.9)	(2.4)
Non-controlling interests	(5.1)	(0.9)

*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	Sept. 30, 2015
Cash and cash equivalents	14.0	15.1
Trade accounts receivable	18.0	15.0
Inventories (products)	2.5	2.5
Intangible assets	11.4	9.7
Other assets	7.2	7.6
Total assets	53.1	49.9
Total liabilities	25.2	25.6
Equity capital equivalent	26.6	22.2
Non-controlling interests	1.3	2.1
Total equity	27.9	24.3
Total liabilities and equity	53.1	49.9

[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)

	1H FY2014	1H FY2015
Revenue	11.7	14.9
Profit before income tax expense	0.2	0.2
Profit for the period	0.1	0.3
Attributable to owners of SBIH	0.1	(0.0)
Non-controlling interests	(0.1)	0.3

- 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	Sept. 30, 2015
Cash and cash equivalents	49.5	26.9
Trade accounts receivable	294.9	285.2
Intangible assets	127.6	116.2
Other assets	60.2	59.9
Total assets	532.2	488.2
Customer deposits	361.1	329.9
Other liabilities	45.5	11.4
Total liabilities	406.6	341.3
Equity capital equivalent	124.6	146.1
Non-controlling interests	1.0	0.8
Total equity	125.6	146.9
Total liabilities and equity	532.2	488.2

- 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)

	1H FY2014	1H FY2015
Revenue	18.9	19.8
Profit before income tax expense	6.8	2.2
Profit for the period	6.8	2.2
Attributable to owners of SBIH	6.4	2.1
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 11.7bn (increase of 37.6% YoY) for 1H 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	Sept. 30, 2015
Cash and cash equivalents	6.6	6.6
Financial assets	1.2	0.9
Intangible assets	4.1	4.1
Other assets	0.3	0.6
Total assets	12.2	12.2
Total liabilities	0.7	0.6
Equity capital equivalent	7.5	7.6
Non-controlling interests	4.0	4.0
Total equity	11.5	11.6
Total liabilities and equity	12.2	12.2

- 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)

	1H FY2014	1H FY2015
Revenue	1.7	2.1
Profit before income tax expense	0.6	0.8
Profit for the period	0.4	0.5
Attributable to owners of SBIH	0.2	0.3
Non-controlling interests	0.2	0.3

- 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/>