



*Strategic
Business
Innovator*

SBI Holdings, Inc.

Financial Results

for the Three-month Period Ended June 30, 2016

(Fiscal Year Ending March 31, 2017)

July 28, 2016

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. Summary of 1Q consolidated financial results**
- 2. Overview of each segment and presently focused initiatives**
- 3. The SBI Group's three major strategies to be undertaken in the medium- and long-term**

1. Summary of 1Q consolidated financial results

- **The Financial Services Business’ profit before income tax expense remained at an equivalent profit level as that of the previous corresponding period, despite the sluggish stock market**
- **For the Asset Management Business, owing to the conservative evaluation of its portfolio, based on the deterioration of the market environment and “Brexit,” a U.K. referendum decision to leave the EU, the business weakened as compared to the previous corresponding period**
- **In the Biotechnology-related Business, the losses widened owing to the increase in cost due to the steady progress in multiple clinical trials at Quark, including two Phase III pipeline drugs. On the other hand, SBI Biotech and 5-ALA-related business remained on a favorable trend**
- **After due consideration of the recent weak condition of the stock market and the Company’s current share price performance, the Company resolved to conduct repurchase of its own shares**

1Q FY2016 Consolidated Performance (IFRS)

[Year-on-year]

(Unit: JPY million)

	1Q FY2015 (Apr. - June 2015)	1Q FY2016 (Apr. - June 2016)	YoY % change
Revenue	66,735	63,966	-4.1
Profit before income tax expense	14,861	10,134	-31.8
Profit for the period	11,619	5,135	-55.8
Profit attributable to owners of the Company	11,555	7,722	-33.2

1Q FY2016 Revenue by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

	1Q FY2015 (Apr. - June 2015)	1Q FY2016 (Apr. - June 2016)	YoY % change
Financial Services Business	42,510	41,342	-2.7
Asset Management Business	22,740	22,712	-0.1
Biotechnology-related Business	482	308	-36.1
Others	1,509	87	-94.2

* Figures are before elimination of the inter-segment transactions

1Q FY2016 Profit before Income Tax Expense by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

	1Q FY2015 (Apr. - June 2015)	1Q FY2016 (Apr. - June 2016)	YoY % change
Financial Services Business	13,482	13,269	-213 (-1.6)
Asset Management Business	4,382	3,132	-1,250 (-28.5)
Biotechnology-related Business	-1,070	-3,530	-2,460 (—)
Others	-21	-390	-369 (—)

* Figures are before elimination of the inter-segment transactions

Resolved Repurchase of SBIH Shares, Owing to the Recent Weak Condition of the Stock Market and its Current Share Price Performance

[Details of SBIH share repurchase]

- Number of shares to be repurchased

Up to **7,000,000 shares**

*3.37% of total issued shares outstanding, excluding treasury stock

- Total cost of shares to be repurchased

Up to **JPY 8.0bn**

- Period for share repurchase

From Aug. 3, 2016 to Sept. 23, 2016

**Planning to achieve a shareholder return ratio, as calculated
by the sum of dividend payouts and share repurchase costs,
of about 40% for the fiscal year-end**

2. Overview of each segment and presently focused initiatives

(1) Financial Services Business

- ① Securities-related business**
- ② Banking-related business**
- ③ Insurance-related business**

① Securities-related business

- i. Business overview of the 1Q FY2016**
- ii. Presently focused initiatives to achieve further growth and strengthened earnings capacity**

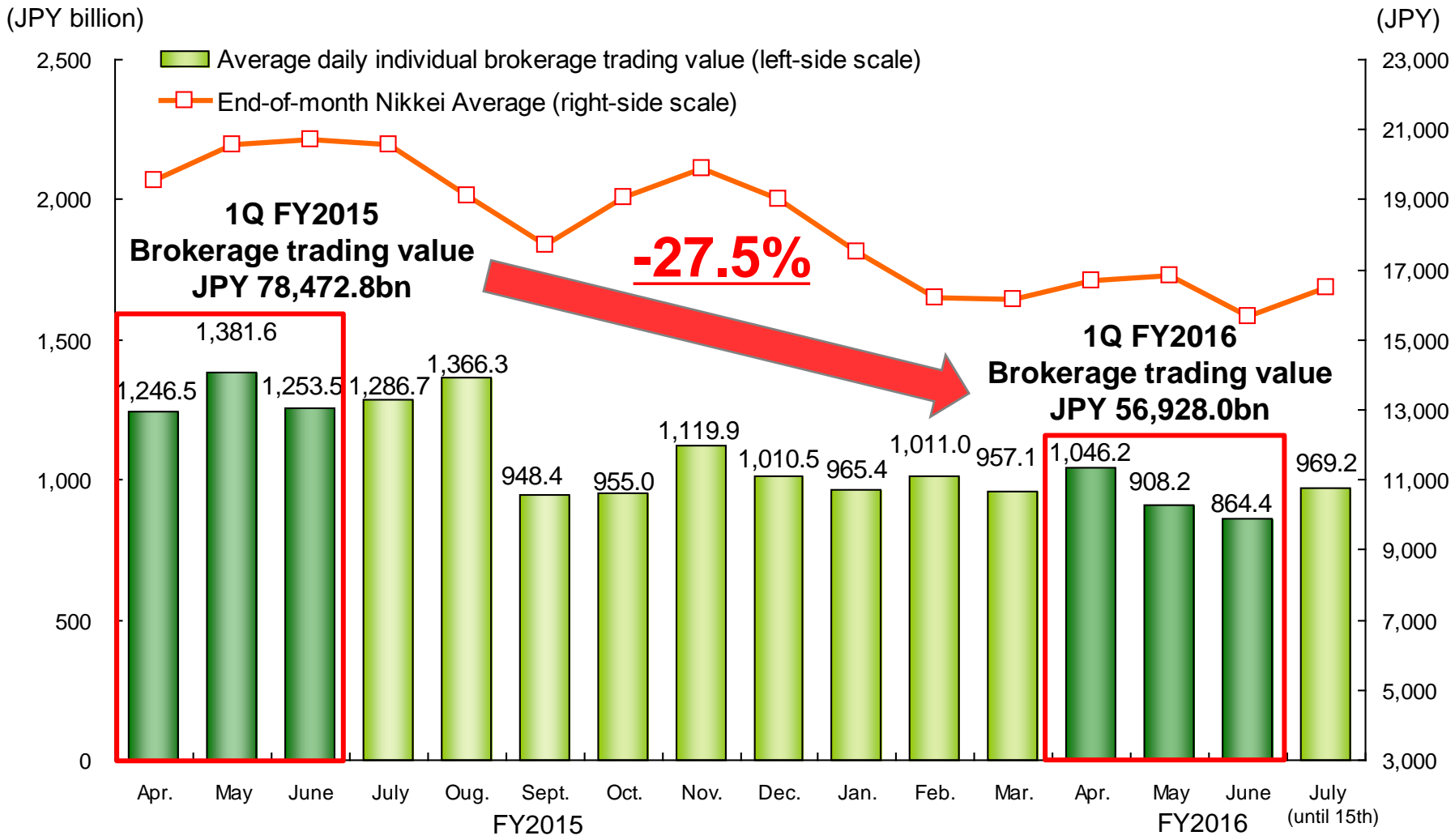
i. Business overview of the 1Q FY2016

- **Despite the fact that the individual stock brokerage trading value of the Tokyo and Nagoya stock markets decreased 27.5% year-on-year, that of SBI SECURITIES decreased by only 8.8% year-on-year.**
On the other hand, trading gains increased by 92.9% year-on-year, resulting the operating income for 1Q FY2016 to rise 2.8% year-on-year
- **SBI Liquidity Market's operating income before allocation for 1Q FY2016 was approx. JPY 3.9 billion, up 24.3% year-on-year, recording a quarterly historical high**
- **Along with the SBI SECURITIES' number of accounts, customers' deposit assets and the share of individual stock brokerage trading value, the Group's FX trading accounts and deposit assets ranked No. 1 in the industry as well, overwhelmingly surpassing its competitors**

①-i. Securities-related business:

Trend of the Average Daily Individual Brokerage Trading Value

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



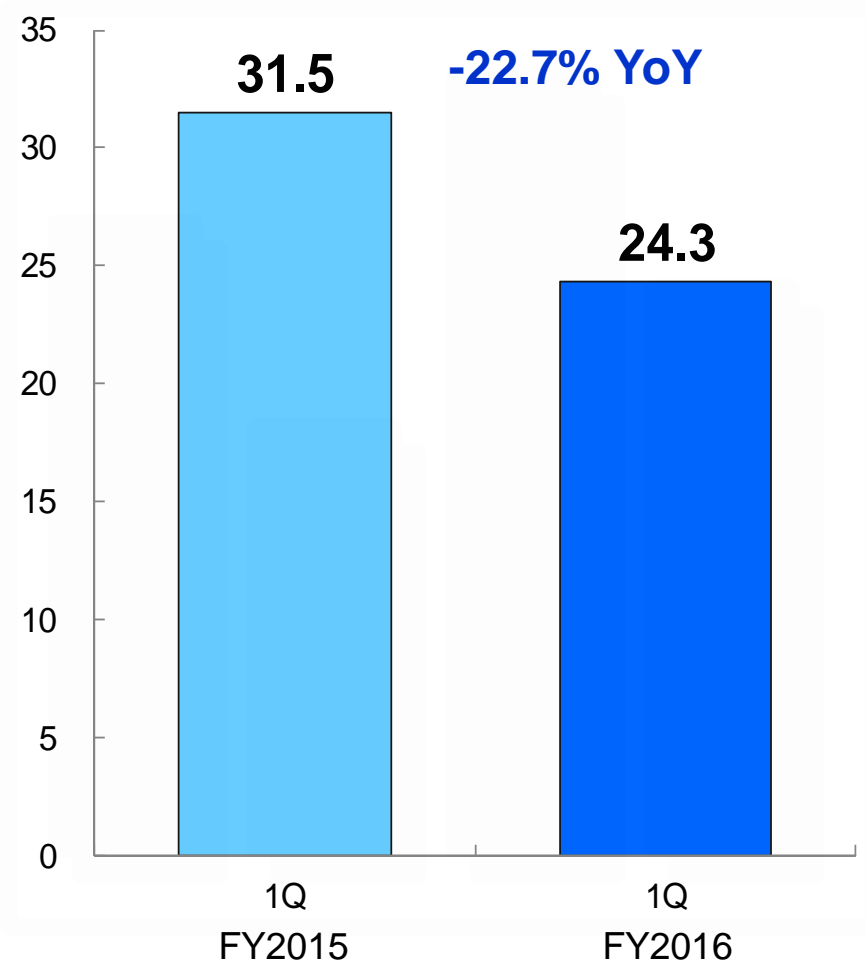
* Japanese stocks listed on Tokyo Stock Exchange and Nagoya Stock Exchange (Including TSE Mothers, JASDAQ and NSE Centrex)

Source: Compiled by SBIH from disclosed data from TSE

SBI SECURITIES' Stock Brokerage Trading Value and Commissions

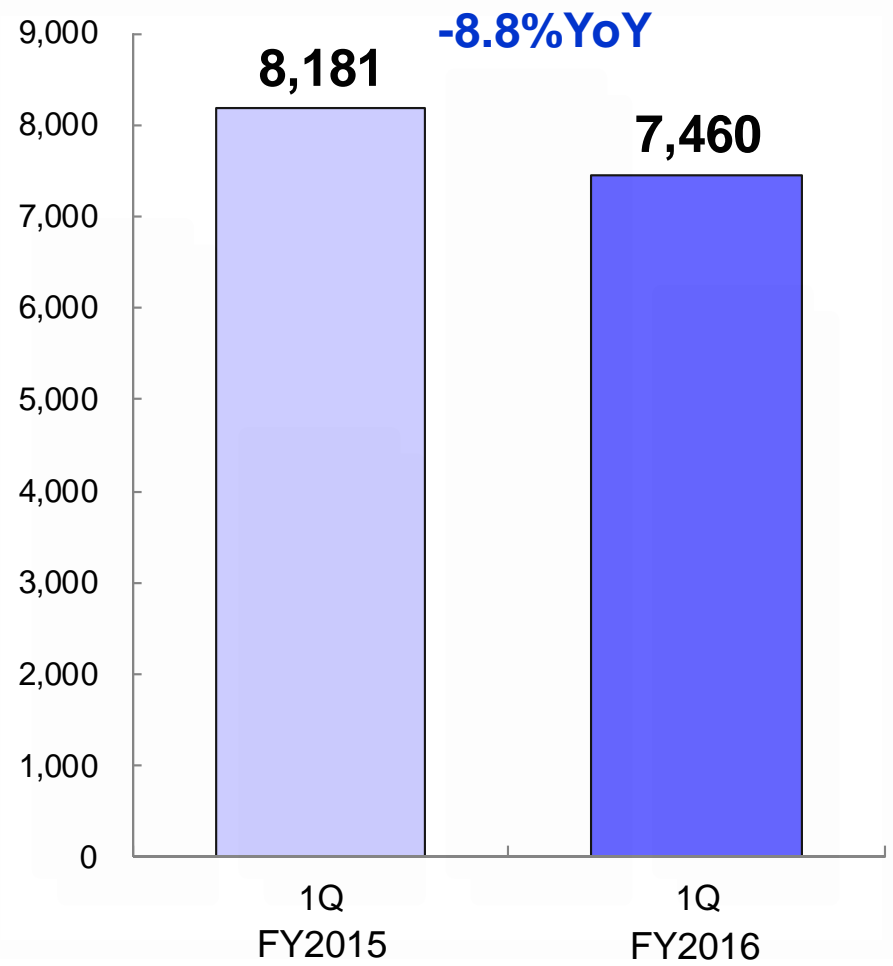
Stock Brokerage Trading Value

(JPY trillion)



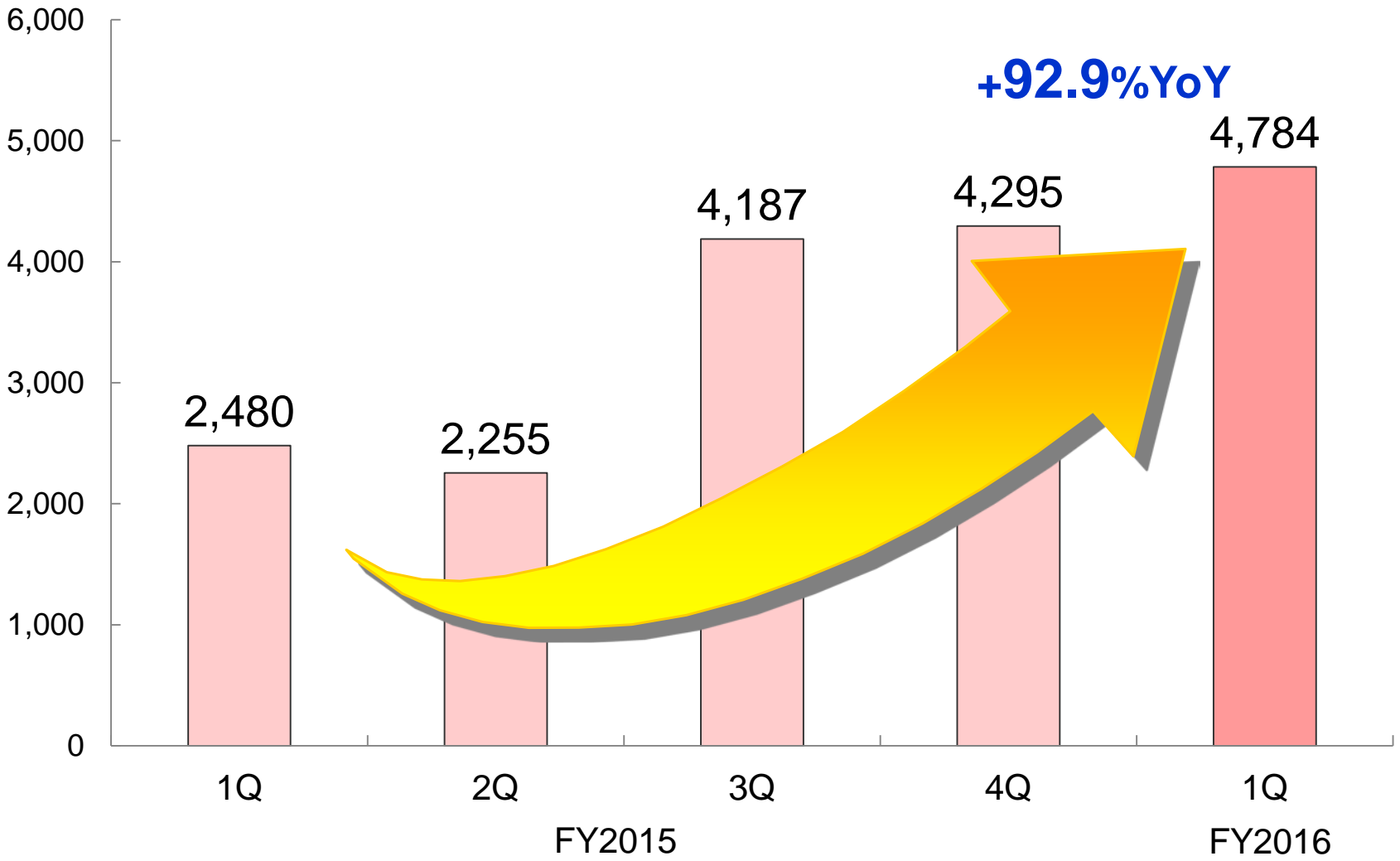
Commissions*

(JPY million)



SBI SECURITIES' Trading Gains and Loss Trend

(Unit: JPY million)



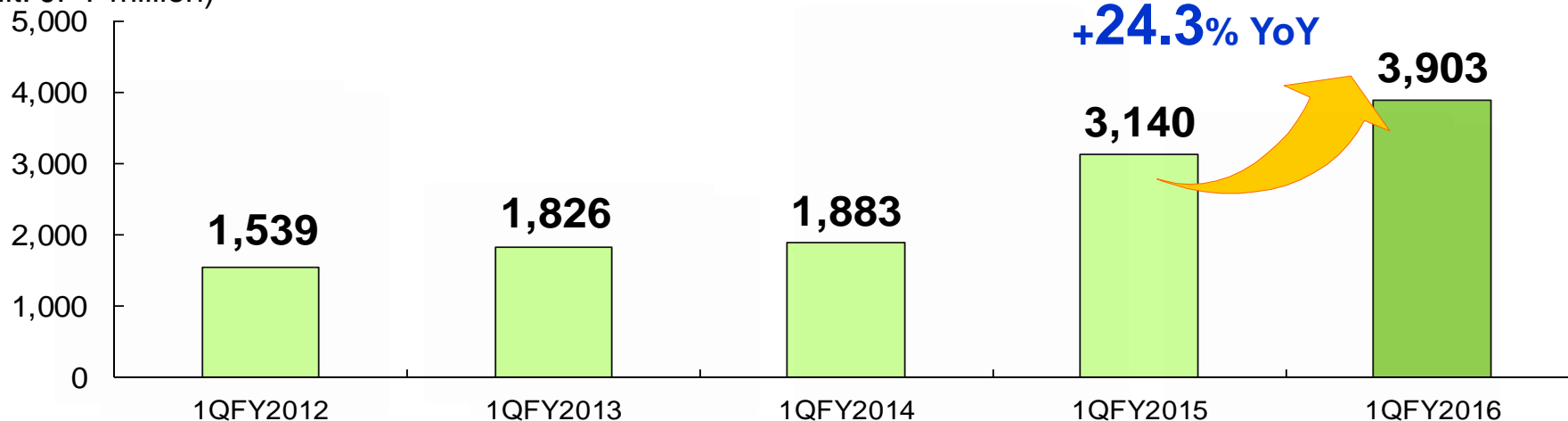
SBI Liquidity Market's Operating Income Before Allocation Achieved Record High

(Unit: JPY million)

	Establishment	Number of accounts	Deposits (JPY billion)	Operating income (J-GAAP)		YoY % change
				1Q FY2015	1Q FY2016	
SBI Group *1	Nov. 2008 [SBI LM]	791,392 (June 2016)	145.9 (June 2016)	3,140	3,903	+24.3
(SBI FXT)	May 2012	142,856 (June 2016)	31.7 (June 2016)	532	805	+51.3

Change of the SBI Liquidity Market's Operating Income before allocation *2

(Unit: JPY million)



*1 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

*2 Operating income before allocation of the SBI Liquidity Market is 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

SBI SECURITIES 1Q FY2016

Consolidated Results (J-GAAP)

[Year-on-year]

(Unit: JPY million)

	1QFY2015 (Apr. 2015 –June 2015)	1QFY2016 (Apr. 2016 –June 2016)	YoY % change
Operating Revenue	22,330	22,320	-0.0
Net Operating Revenue	20,416	20,903	+2.4
Operating Income	9,946	10,225	+2.8
Ordinary Income	9,972	10,270	+3.0
Profit attributable to owners of the Company	6,116	8,660	+41.6

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

(Unit: JPY million)

		1Q FY2015 (Apr. - June 2015)	1Q FY2016 (Apr. - June 2016)	YoY % change
Online securities	SBI (cons.)	9,946	10,225	+2.8
	Monex *1 (cons.)	2,443	516	-78.9
	Rakuten *2 (cons.)	6,131	5,155	-15.9
	Matsui	6,017	4,028	-33.0
	kabu.com	3,072	2,002	-34.8
Face-to-face	Nomura *3 (cons.)	106,012	62,765	-40.8
	Daiwa (cons.)	59,088	28,019	-52.6
	SMBC Nikko (cons.)	24,552	14,870	-39.4

*1 Since Monex adopts IFRS, the relevant figures above are based on IFRS. The amount of "Operating Income" is "The amount equivalent to operating income" disclosed by Monex.

*2 Rakuten disclosed its financial results for 1Q 2015 on a non-consolidated basis; therefore the figure for 1Q FY2015 and the year-on-year changes are based on the corresponding figure.

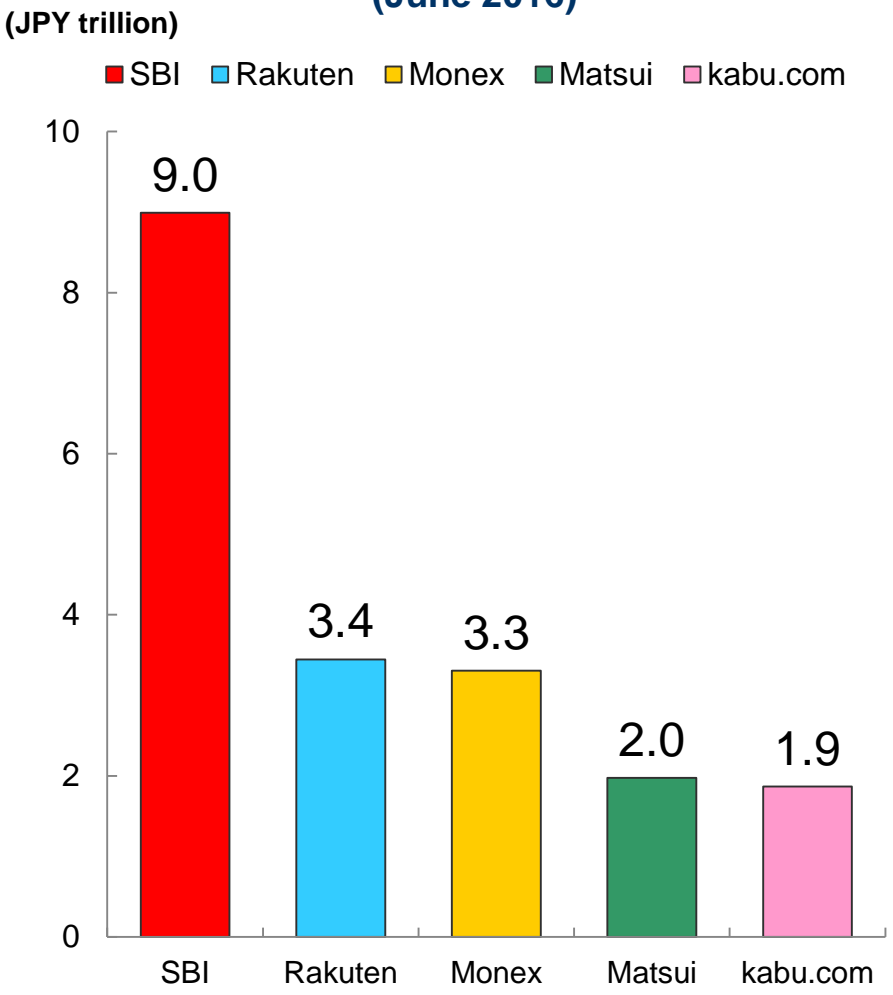
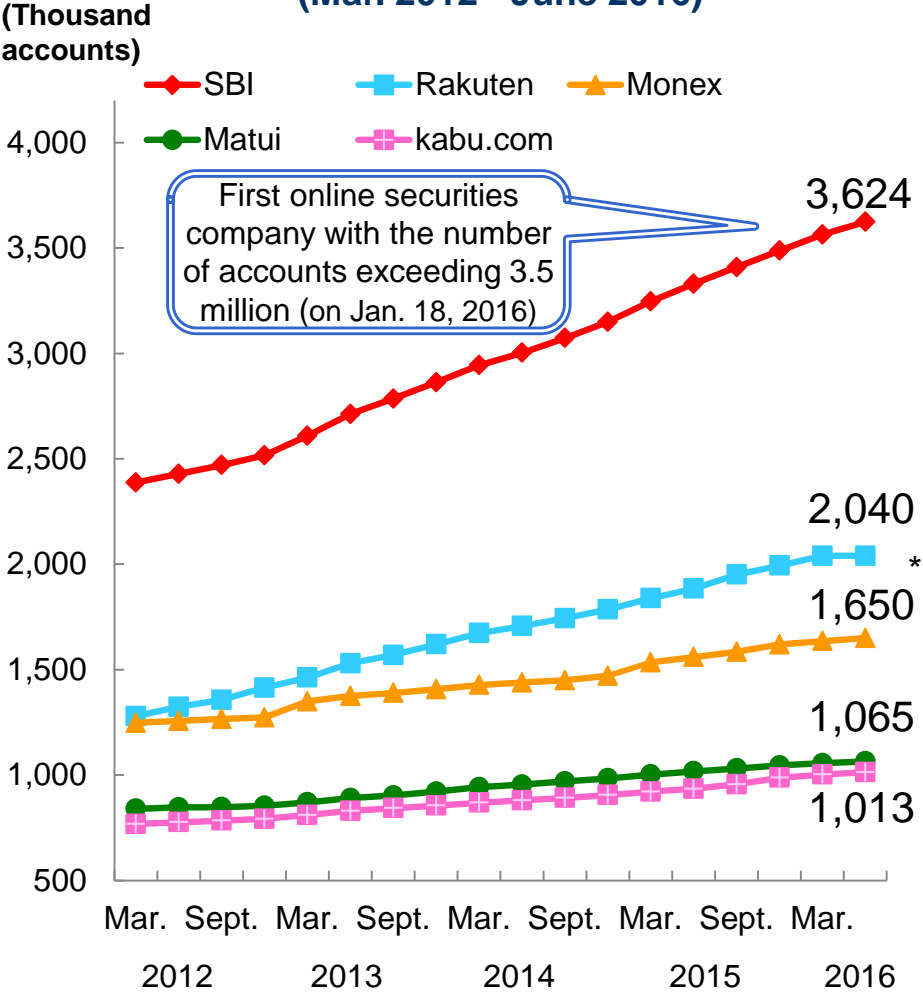
*3 Figures for Nomura are based on US-GAAP, presenting the "profit before income tax expense" for convenience

SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

Customer Accounts of 5 Major Online Securities Companies (Mar. 2012 - June 2016)

Customers' Deposit Assets of 5 Major Online Securities Companies (June 2016)



* The figure of Rakuten is that of the end of Mar. 2016 since the figure as of the end of June is not disclosed.

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

Succeeded at Attaining New Customers through NISA

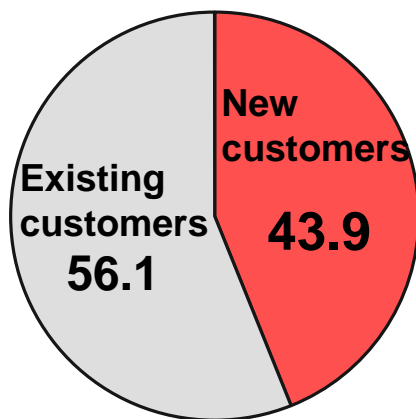
(June 2016)	SBI	kabu.com	Matsui	Nomura	Daiwa
No. of NISA accounts	<u>ca. 870,000</u>	ca. 130,000	ca. 110,000	ca. 1,670,000	ca. 760,000

* The number of accounts are as of the end of June 2016, compiled by SBIH from the information on websites of each company. As for Nomura, the number of accounts are as of the end of Mar. 2016.

As of July 27, 2016, SBI SECURITIES has approx. 880,000 accounts, and deposits of JPY 442.5bn

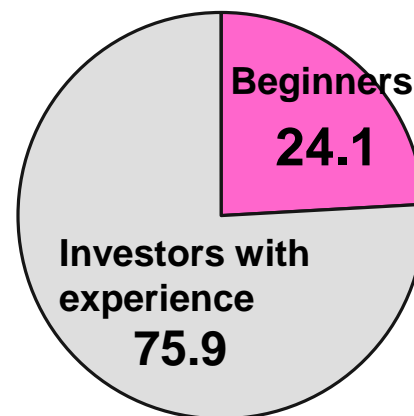
Comparison of Customer Attributes (as of the end of Mar. 2016)

SBI SECURITIES(%)



Number of new customers opening NISA accounts account for 44%, and within that 66.6% are beginner investors

Entire Securities Industry (%)



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

Source: JSDA

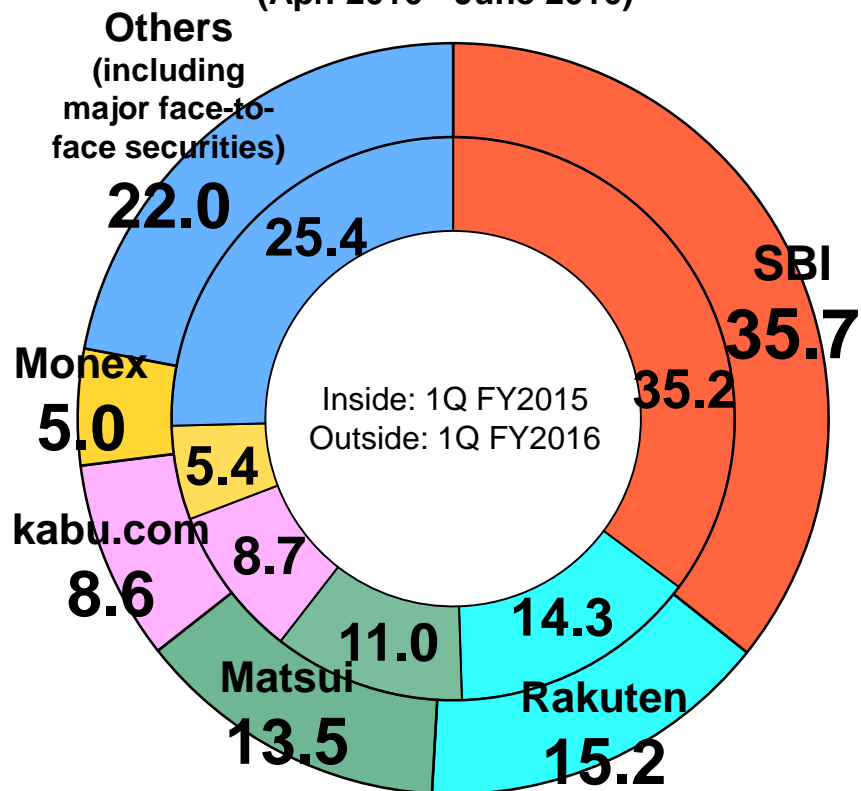
■ Active account ratio of 63.7% (Among the entire securities industry, the ratio is 58.1%)

SBI SECURITIES' Share of Individual Stock Trading

Share of Individual Stock Trading Value (%)

1Q FY2016

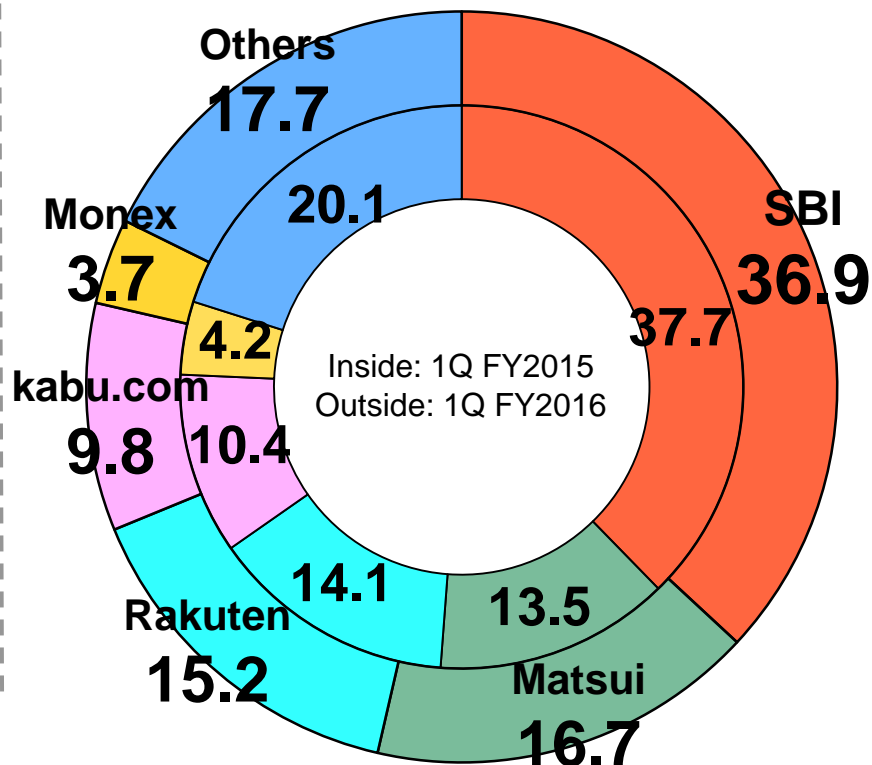
(Apr. 2016 - June 2016)



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

1Q FY2016

(Apr. 2016 - June 2016)



<From 1Q FY2016, shares are calculated with the individual stock trading value and individual margin trading value of both the 1st and 2nd sections of the Tokyo and Nagoya Stock Exchanges, including that of ETF and REIT trading value, respectively>

* Shares are calculated by dividing each company's individual stock trading value or individual margin trading value with the whole individual stock trading value and individual margin trading value of the 1st and 2nd section of the Tokyo and Nagoya Stock Exchange, including that of ETF and REIT trading value, respectively

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

①-i. Securities-related business: SBI Liquidity Market, SBI FXTRADE

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

Number of FX Trading Accounts (May 2016)

No.	Company name	Number of accounts
1	SBI Group	778,359
2	DMM.com	513,930
3	GMO CLICK	441,830
4	Gaitame.com	419,514
5	YJFX	305,126
6	MONEY PARTNERS	278,360
7	Traders Securities	268,714
8	Monex Securities	225,666
9	Hirose FX	203,587
10	FX PRIME by GMO Corporation	169,543
11	Central Tanshi FX	161,071
12	MONEY SQUARE JAPAN	96,801
13	FXTrade Financial	60,244
14	Ueda Harlow	52,993
	Other (1 company)	60,330
	Total	4,036,068

Customers' Deposit Assets Raking (May 2016)

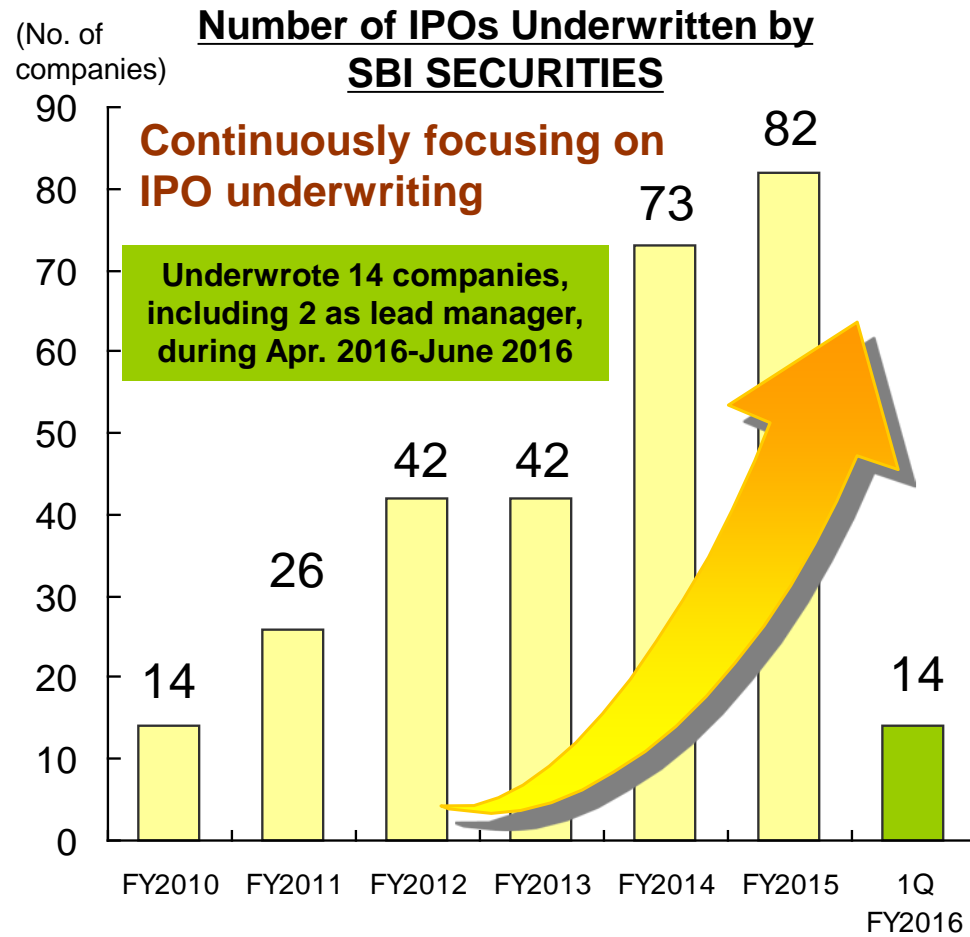
No.	Company name	Amount (JPY million)
1	SBI Group	161,055
2	GMO CLICK	119,012
3	Gaitame.com	115,034
4	DMM.com	96,883
5	YJFX	96,001
6	Central Tanshi FX	66,376
7	MONEY SQUARE JAPAN	65,326
8	MONEY PARTNERS	59,478
9	Hirose FX	33,738
10	FX PRIME by GMO Corporation	15,134
11	Traders Securities	13,109
12	Ueda Harlow	11,883
	Other (2 company)	9,488
	Total	862,517

Source: Yano Research "Monthly Research on 17 Major FX Trading Companies."

- ii. **Presently focused initiatives to achieve further growth and strengthened earnings capacity**
- a. **Expanding the corporate business through the enhancement of the equity and bond underwriting businesses, and selling various asset management products to financial institutions through the newly established Financial Institutional Sales Dept.**
 - b. **Owing to the legal changes scheduled for 2017, positioning for the acquisition of demand for Defined Contribution Pension (Individual type)**
 - c. **Proactively promoting global asset allocation with diversified asset management products leveraged by the alliances with overseas financial institutions, as well as the Group's overseas network**
 - d. **Improving profitability by significantly reducing system costs through the in-house system development by SBI BITS**
 - e. **Advancing demonstration tests to promptly deploy blockchain technologies in the securities-related business**

ii- a. Expansion of the corporate 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



* 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.

IPO Underwriting Ranking (Apr. - June 2016)
 17 companies were listed during the period

Company name	No. of cases	Underwriting share (%)
SBI	14	82.4
Nikko	13	76.5
Mizuho	11	64.7
Daiwa	8	47.1
Monex	6	35.3
Okasan	6	35.3
Iwai	5	29.4

* 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.

Endeavoring to expand the corporate business by continuing to expand the IPO and PO underwriting businesses

In Order to Enhance the Business with Financial Institutions, Newly Established the Financial Institutional Sales Dept. in July 2015

By thoroughly utilizing the Group's network, **strengthening the sales structure to financial institutions, including insurance companies and regional financial institutions**



[Example of the products to be provided (plan)]

- Publicly offered active bond fund developed by SBI Bond Investment Management
 - Products developed by the joint venture with SYZ Asset Management
 - Real-time gold trading service
- ... etc.

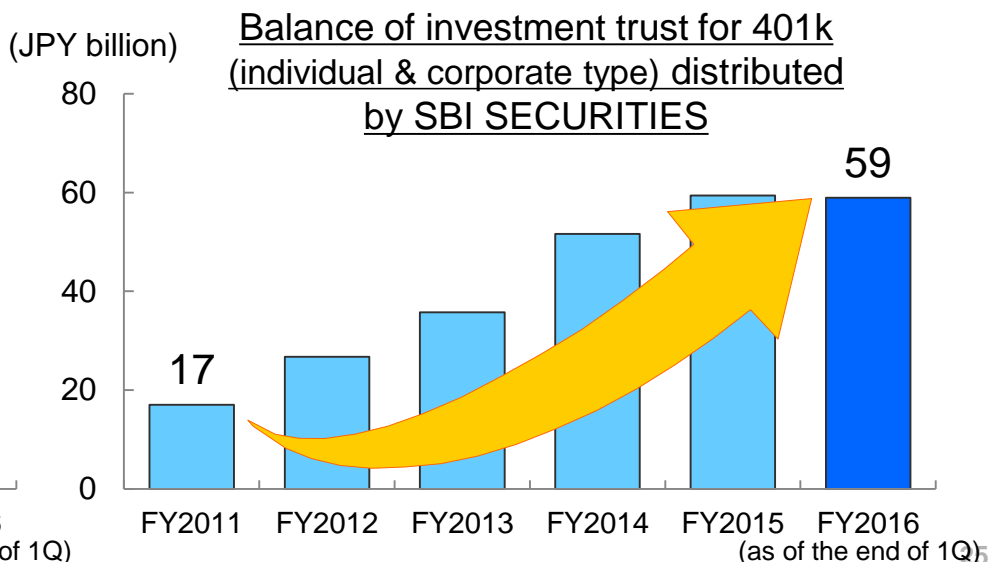
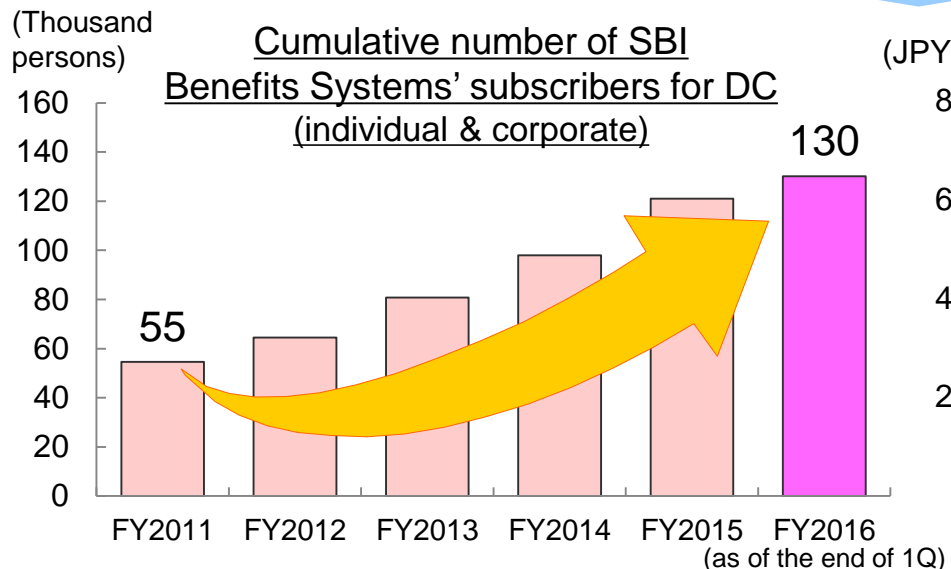
ii- b. Positioning for the acquisition of demand for defined contribution pension (individual type):
Positioning for the Acquisition of Demand for Defined Contribution Pension (individual type) that is Expected to Expand, Owing to a Revision in the Legal System Scheduled in 2017



- ▶ Established in 2001. Japan's only operational management institution that conducts management-related services, with a defined contribution pension plan record keeping system developed on its own
- ▶ Proactively involved in the popularization of the DC system
- ▶ One of the major companies in the DC pension (individual type) field

According to the **expansion** of targets, which is now limited to self-employed individuals, its family members and employees of companies without corporate pension plans, will now be open to the **entire working generation** that joins the National Pension Plan, which is expected to **further promote the utilization of the Defined Contribution Pension (individual type)**

A need for this tax sheltered pension system to save funds for use upon retirement is increasing



c. Proactively promoting global asset allocation with diversified asset management products leveraged by the alliances with overseas financial institutions, as well as the Group's overseas network

- (1) Strengthening the sales of the international bond active fund, which was developed through a partnership with PIMCO, the world's largest bond management company
- (2) Toward the diversification of asset management products, concluded a memorandum to establish a joint venture with SYZ Asset Management of Switzerland, whose strength is asset allocation
- (3) Offering a real-time gold trading service, which is also an effective hedge against inflation, to domestic individual investors through an alliance with Gold Bullion International of the U.S.
- (4) SBI SECURITIES will provide more convenient services, in order to encourage the expansion of foreign stock trading
- (5) Following SBI FXTRADE, SBI SECURITIES is considering the provision of the "Leveraged Foreign-currency Recurring Trading" service that fully utilizes the advantage of FX trading
- (6) By promoting an Asian deployment of the FX-related business, will endeavor to establish the world's most liquid OTC market
- (7) SBI SECURITIES, through a collaboration with First Guardian Equities, a Sri Lankan securities company, is considering the sales of Sri Lankan government bonds, as an high-yield bond product
- (8) SBI Japannext is preparing to offer Japanese government bond on its PTS, by utilizing its know-how obtained from operating its Japanese stock market PTS

Structuring the System of Global Asset Allocation

Utilizing the Group's overseas network to promote global asset allocation, in order to strengthen profitability

Planning to establish a joint venture with SYZ Asset Management of Swiss

Planning to establish a joint venture with Gold Bullion International, which is the world's leading gold distribution company



Acquiring 25% of the shares of First Guardian Equities in Sri Lanka

Alliance financial institutions

Various overseas asset management products

Various overseas asset management products in the Group

Institutional investors in and outside the Group



Asset management companies of the Group

- SBI Asset Management
- MORNINGSTAR ASSET MANAGEMENT
- SBI Bond Investment Management
- iam International Asset Management(affiliate).. etc.

By strengthening the Group's investment acumen, establishing a global asset allocation structure

ii- c.- (1) Strengthening the sales of the international bond active fund

Strengthening the Sales of the International Bond Active Fund, which was Developed through a Partnership with PIMCO, the World's Largest Bond Management Company

▶ Selling SBI-PIMCO Japan Better Income Fund, an International Bond Active Fund (short name: Beta-In)



Individual investors

Beta-In's initial fund amount totaled JPY 10.9bn, as the result of a thorough distribution

Fund management company: SBI Bond Investment Management

SBI GROUP X PIMCO

Offering low-cost, simple and highly qualified investment fund to the SBI Group's customers, through synergy between PIMCO's high-level capability in actively managed bond funds and the SBI Group's Internet financial expertise

■ The ranking of new funds' initial amount between Apr. to June 2016 (Bond category)

	The name of funds	Fund management company	Amount (JPY million)	Trust fee (%)
1	SBI-PIMCO Japan Better Income Fund	SBI Bond Investment Management	10,922	0.572
2	Nissay / BEA Union Investment Asia Bond Selection (quarter settlement type)	Nissay AM	3,067	1.641
3	GS Focus Yield Bond (monthly settlement type)	Goldman Sachs AM	990	0.977

(Complied by SBI Bond Investment Management based of data of the Investment Trust Association, Japan)

➔ The total assets, including that being managed by SBI Bond Investment Management and assets of the SBI Group, entrusted to PIMCO is JPY 51bn (as of July 22, 2016)

ii- c.- (2) Promoting the diversification of asset management products, through a partnership with SYZ Asset Management



Concluded an Memorandum on Establishment of Joint Venture Company with SYZ Asset Management (Switzerland) Ltd. whose Strength is Asset Allocation

Products developed for individual investors and institutional investors in Japan will be distributed through sales companies, such as SBI SECURITIES

SYZ Asset Management (Switzerland) Ltd. (SYZ AM):
Provides investment solutions to Swiss and international institutional investors, such as pension funds, insurance companies and investment funds, with assets under management of EUR 18bn, and the knowledge and unique know-how of various asset classes, with strengths in global asset allocation

SBI GROUP
60%
shareholding



SYZ AM
40%
shareholding

Joint venture company providing asset allocation advisory services

Providing the SBI Group's asset management companies with asset allocation advisory services that are necessary to develop investment products through optimal risk diversification

Offering a Real-time Gold Trade Service to Domestic Individual Investors

Demand for gold is rising as an asset without credit risk, and gold has become an effective asset to hedge against inflation, with the Bank of Japan having set an inflation target



- ◆ Planning to establish a joint venture with Gold Bullion International, which is the world's leading gold distribution company
- ◆ Providing a platform function enabling real-time 24-hour spot physical gold trading to individual investors in Japan
- ◆ Planning to expand services for institutional investors, whose gold holding ratios are increasing

Gold Bullion International LLC.:

GBI provides a platform enabling investors to trade assets in the form of precious metals at optimal prices in its unique market through precious metal dealers. In addition to such trading system. In addition, GBI provides integrated services from storage and delivery to insurance and audit of gold, and GBI's platform has a proven track record of being adopted by major financial institutions all over the world, such as The Royal Mint, UBS, and Merrill Lynch, as their gold trading platforms.

In Order to Encourage the Expansion of Foreign Stock Trading in SBI SECURITIES, the More Convenient Service will be Provided

Motivated by LINE's simultaneous dual listing on both Japan and the U.S. stock markets in July 2016, Japanese IT and biotechnology ventures may consider listing or dual listing on the U.S. stock market, which is trending very favorably, are likely to increase going forward



Customers may trade foreign stocks of 9 countries, which is the largest coverage among the major online securities companies

 Expanding the coverage of foreign stock trading centering on U.S. stocks

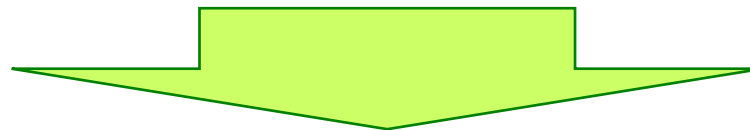
- ▶ In response to the global investment needs of individual investors, substantially reduced U.S. equity commissions in July 2016, to the industry's lowest level
- ▶ In order to provide new revenue opportunity to customers, planning to launch a U.S. stock lending service in late Aug. 2016
 - Moving forward, will consider stock lending services for the other 8 country stocks

Following SBI FXTRADE, SBI SECURITIES Considers to Provide the “Leveraged Foreign-currency Recurring Trading” Service that Fully Utilizes the Advantage of FX Trading

Feature of Leveraged Foreign-currency Recurring Trading

- ◆ **Make foreign currency investments while diversifying risk and timing through scheduled foreign-currency trading with leverage using the dollar cost averaging method (selectable daily, weekly, or monthly frequency)**
- ◆ **In addition to trading in scheduled purchases of foreign currencies, it is possible to purchase and sell foreign currencies at any time**
- ◆ **Limiting leverage prevents excessive risk-taking**

Funds related to Leveraged Foreign-currency Recurring Trading deposited by customers is protected through trust schemes provided by FX Clearing Trust

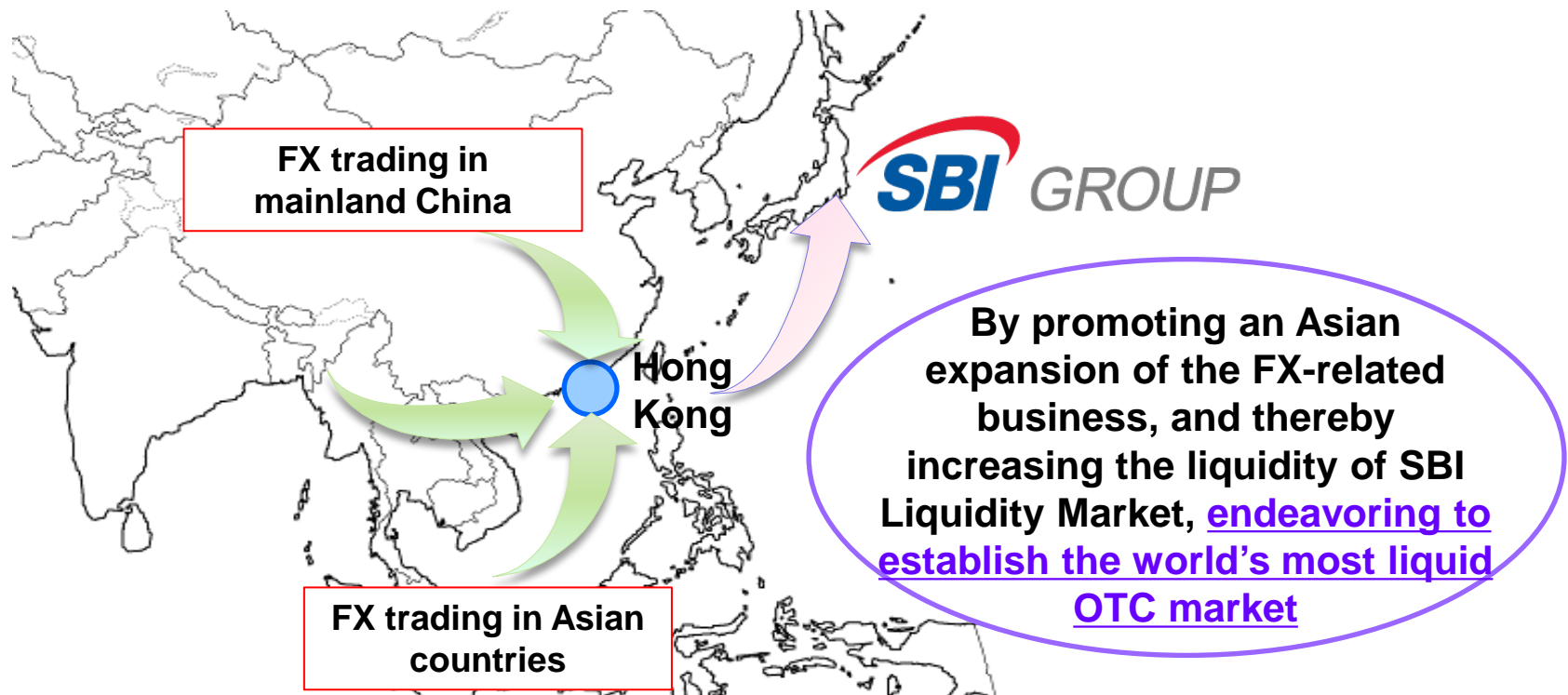


Following SBI FXTRADE, SBI SECURITIES is now also preparing to provide the service, in order to enhance its product and service offerings

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

In order to acquire FX liquidity from Asian countries, including China, by way of Hong Kong, SBI FX, a Hong Kong subsidiary established in May 2015, acquired an operating license in Hong Kong in July 2016

Will provide trading systems and business know-how to local FX trading companies, along with considering the launch of a commodity trading operation



In SBI SECURITIES, Considering the Sales of Sri Lankan Government Bonds through the Collaboration with First Guardian Equities, a Sri Lankan Securities Company, as a High-yield Bond Product



—————→
25%
shareholding
(planned)



First Guardian Equities

One of the premier stockbrokers in Sri Lanka. Obtains a license from the Colombo Stock Exchange to carry on the business of a Stock Broker and a Stock Dealer.



Going forward, through an alliance with First Guardian Equities, planning to sell asset management products centering on short-term Sri Lankan government bonds with an high-yield of approx. 10%, to individual investors

SBI Japannext is Preparing to Offer Japanese Government Bond on Its PTS, by Utilizing Its Know-how Obtained from Operating Its Japanese Stock Market PTS

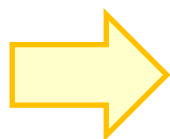


SBI Japannext is the only PTS operator that offers its services, both during the day and in the evening in the Japanese stock market, with a participant of 30 securities companies (as of July 20, 2016)

SBI Japannext is preparing for trading of Japanese government bonds using its proprietary trading system (PTS) to leverage its expertise in PTS operation in stock markets with the goal of providing fair trading opportunities for all participants in the Japanese government bond market (institutional investors, foreign investors, brokers, etc.)

- ✓ Execution in real time**
- ✓ Provision of high liquidity compared to conventional trading**
- ✓ Assurance of price and transaction transparency**

*Although trading via electronic platforms accounts for a majority of secondary market transactions in the U.S. government bond market, over-the-counter trading is the norm in Japan.



Subject to an approval from relevant authorities, planning the start of services in 4Q FY2016

ii- d. Reducing system costs in order to increase profitability:

Reducing System Costs through the Establishment of an In-house System Development Company, to Promote the Development of the SBI Group's Unique System for Internal and External Use



In anticipation of a business expansion in China and Hong Kong, established a Hong Kong subsidiary

- ◆ Systems company that develops and structures online financial systems for the internal and external use
- ◆ Of the 209 employees, [149 are highly skilled foreign IT section staff](#) (as of June 30, 2016), responsible for the advanced in-house system development
- ◆ Closely cooperating with SBI SECURITIES by mutually dispatching executives

* "BITS" stands for [Better IT Solutions](#)

- **SBI SECURITIES is reducing the number of various system vendors by [sequentially switching the current vendors to SBI BITS](#)**

31 vendors (as of the end of Mar. 2016)  **Reduced to half: 15 vendors** (as of the end of June 2016)


- Through the utilization of SBI BITS, further promote the in-house system development, including [developing successor trading tools to HYPER SBI](#) that possess a high degree of customer convenience, within this fiscal year

SBI SECURITIES will endeavor to [reduce its system cost to major external system vendors by about 20% within a two year period](#), by sequentially aggregating the systems' commissions to SBI BITS

Advancing Demonstration Tests that Strives for Prompt Introduction of Blockchain Technologies into Securities-related Business



- Participating in the demonstration tests conducted to utilize blockchain technology in the stock market by the Japan Exchange Group, in collaboration with IBM, NRI



Endeavoring to discovery the possibility of the technology and early apply to business, through the adoption of two points of view of “Technical verification” and “Improvement of business operations”

- For the operating process of bonds, from issuance to redemption, preparing demonstration tests toward the utilization of blockchain technology in collaboration with a leading IT vendor

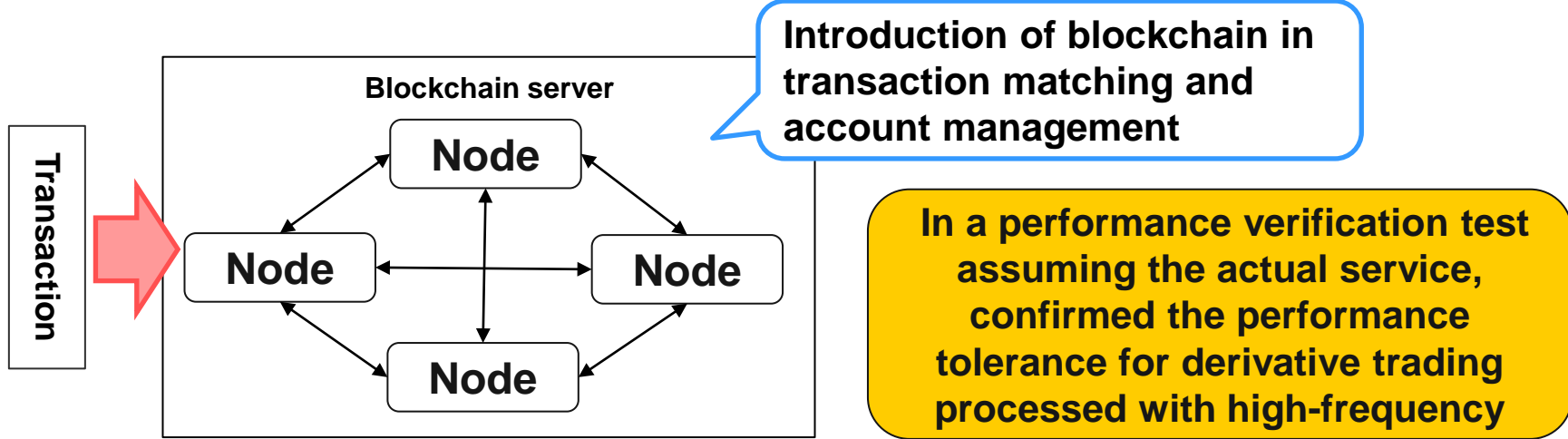
Example of an Introduction of Blockchain Technology for New Product Development at SBI Liquidity Market



Progressing the consideration of a derivative trading service utilizing blockchain technology, toward a possible launch in FY2016



In conjunction with SBI BITS, a system development company, verified the possibility of a trading infrastructure utilizing blockchain technology



② Banking-related business

- i. Business overview of the 1Q FY2016**
- ii. Presently focused initiatives to achieve further growth and strengthened earnings capacity**

i. Business overview of the 1Q FY2016

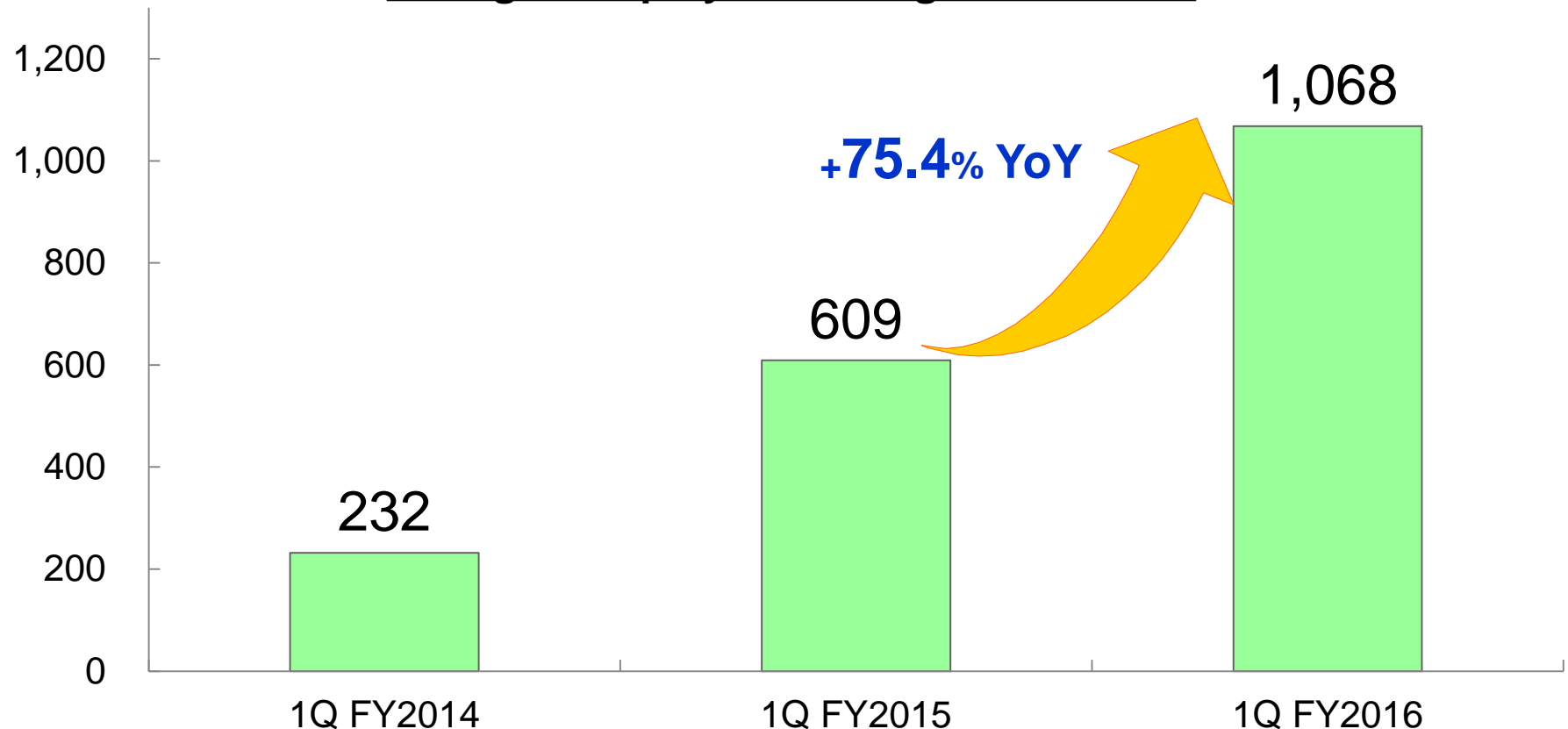
- **SBI Holdings' equity in earnings of SBI Sumishin Net Bank based on IFRS for 1Q FY2016 was JPY 1,068m**
 - * 1Q FY2016 financial results announcement is scheduled for July 29, 2016
- **As of the end of June 2016, accounts steadily increased to approx. 2.64 million accounts, with deposits of approx. JPY 3.6tn**
- **While the balance of housing loans continues to steadily expand, primarily with the “Internet Exclusive Housing Loan” product, further improved customer convenience with the launch of the Internet conclusion type application service for group credit life insurance**
- **Balance of card loans products surpassed JPY 100bn in Oct. 2015. Specific purpose loans products also steadily contributed to the balance, advancing the diversification of investment sources**

Change in SBI Sumishin Net Bank's Financial Results (IFRS)

SBI Holdings' equity in earnings of SBI Sumishin Net Bank based on IFRS for 1Q FY2016 was JPY 1,068m was JPY 1.1bn, up 75.4% year-on-year

(JPY million)

Change in equity in earnings of affiliates



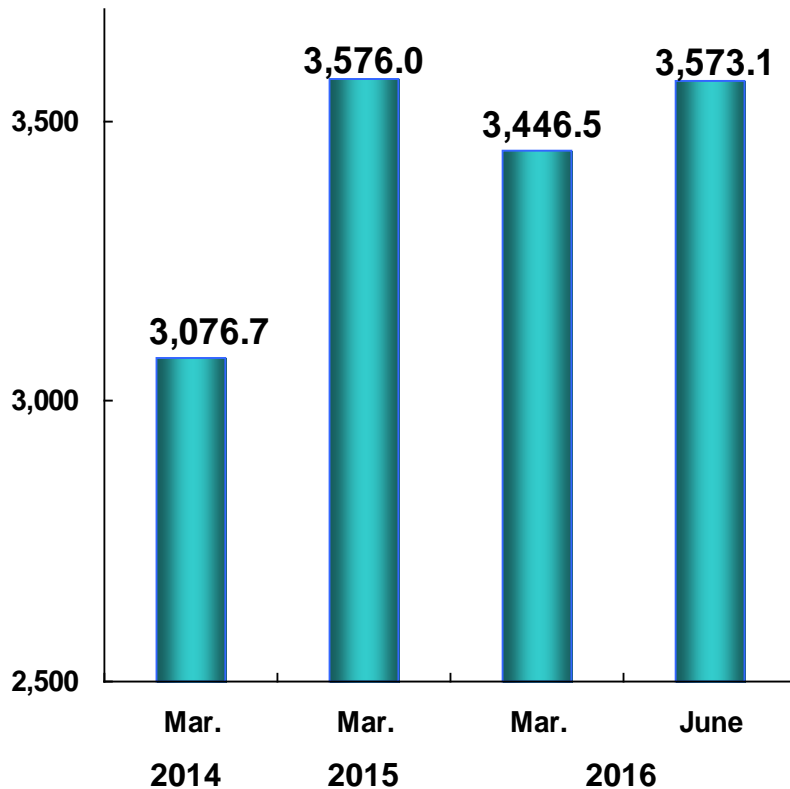
Note: Owing to the difference in IFRS and J-GAAP for asset assessment criteria, the figures differ from that disclosed based on J-GAAP.

Deposits as of the End of June 2016: Approx. JPY 3.6tn

**Number of accounts: 2,639,956 / Deposits: JPY 3,573.1bn
(as of the end of June 2016)**

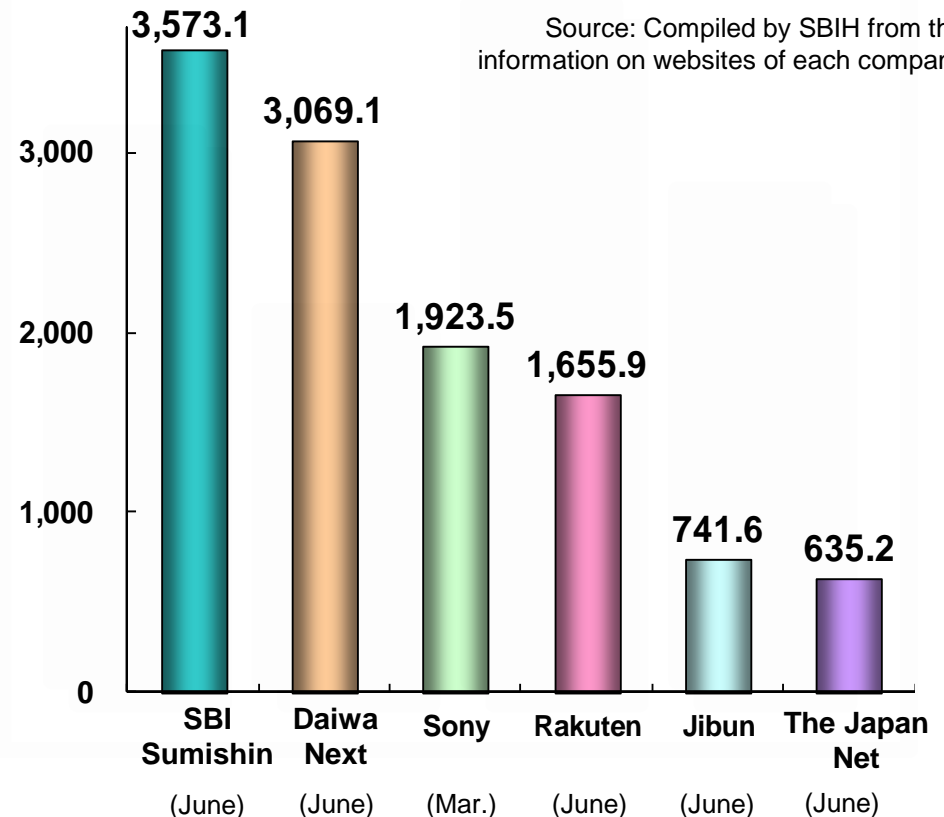
Change in SBI Sumishin Net Bank's Deposits

(JPY billion)



**Deposits of 6 Internet Banks
(Based on the latest data disclosure by each company)**

(JPY billion)



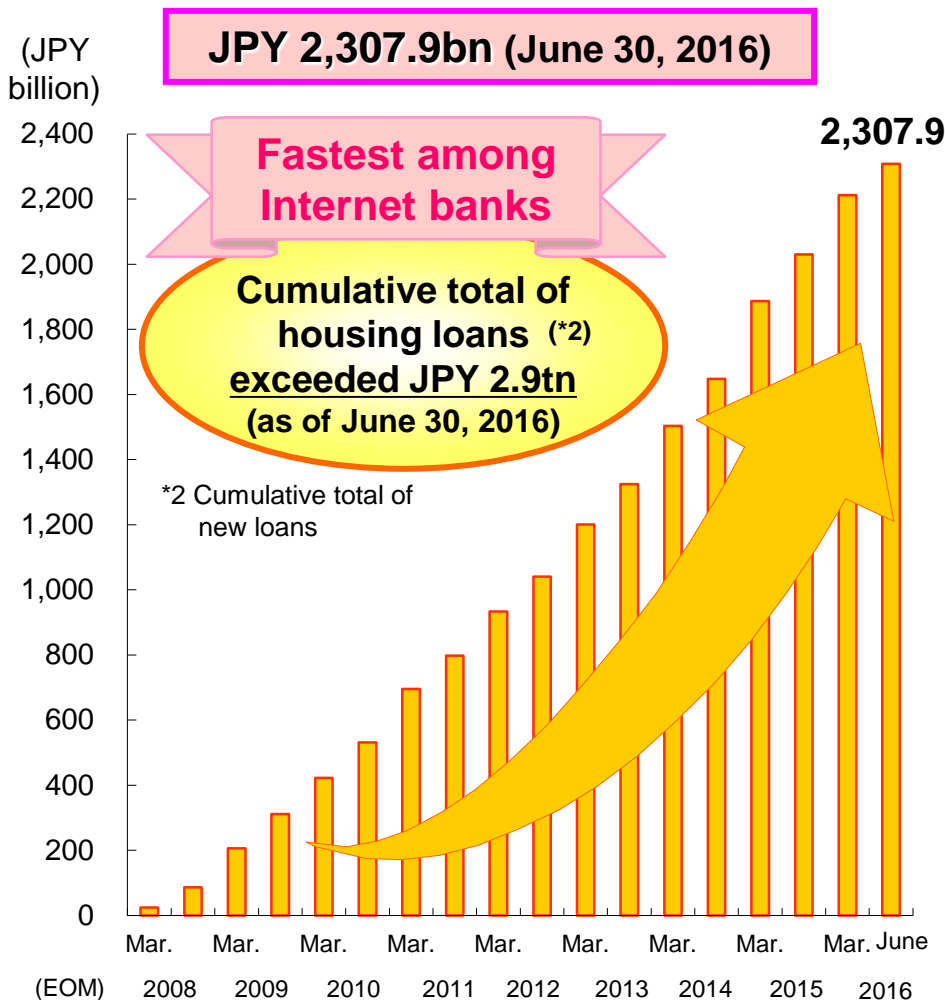
Source: Compiled by SBIH from the information on websites of each company

* Amounts are rounded to the nearest JPY 100 million.

Diversification of Loans with Deposits Accumulating

Change in Balance of Housing Loans *1 (Mar. 2008 – June 2016)

*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)
 - Banking agency specialized product "MR. Housing Loan REAL" (from Mar. 2015)
- ② Banking agency business for Sumitomo Mitsui Trust Bank "Internet Exclusive Housing Loan" (from Jan. 2012)
- ③ Long-term fixed rate product "Flat 35" (from Sept. 2015)

Further improved customer convenience with the launch of the Internet conclusion type application service for group credit life insurance directed to "Internet Exclusive Housing Loan" applicants in June 2016

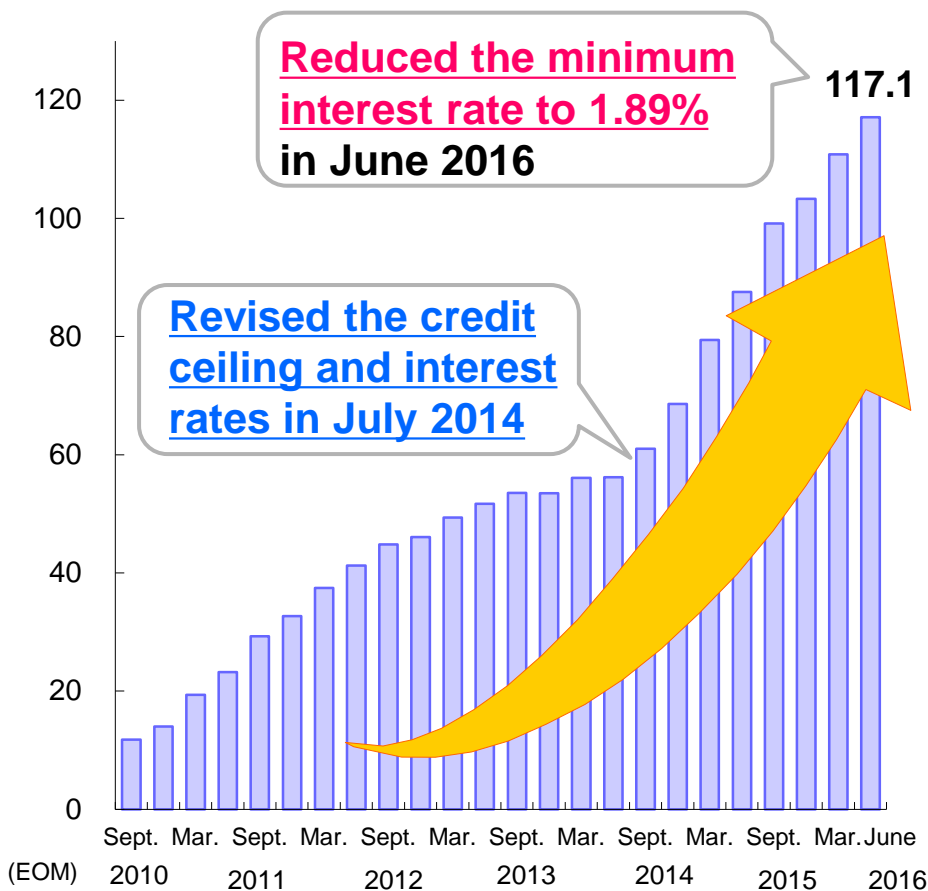
SBI Sumishin Net Bank's Loan Offerings, Such as Card Loans and Specific Purpose Loans Steadily Expanding

Changes in the Balance of Card Loans

(Sept. 2010-June 2016)

JPY 117.1bn (June 30, 2016)

(billion) Balance exceeded JPY 100bn on Oct. 19, 2015



Specific purpose loans

(as of the end of June 2016)

Service launched in May 2013



Balance: JPY 13.9bn

Balance of loans increased 1.3 times YoY

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

- ii. Presently focused initiatives to achieve further growth and strengthened earnings capacity**
 - a. Focuses on capturing the escalating housing loan refinancing demand upon the announcement of negative interest rate policy**
 - b. In credit card business, improving the profitability through revised offerings and utilization promotion measures in order to achieve profitability within this fiscal year**
 - c. Newly entered into the credit card merchant acquiring business as a new earnings source**
 - d. With the adoption of the FinTech-related new technologies, advances new services development and operational efficiencies**

ii- a. Capturing the increasing housing loans refinancing demand :

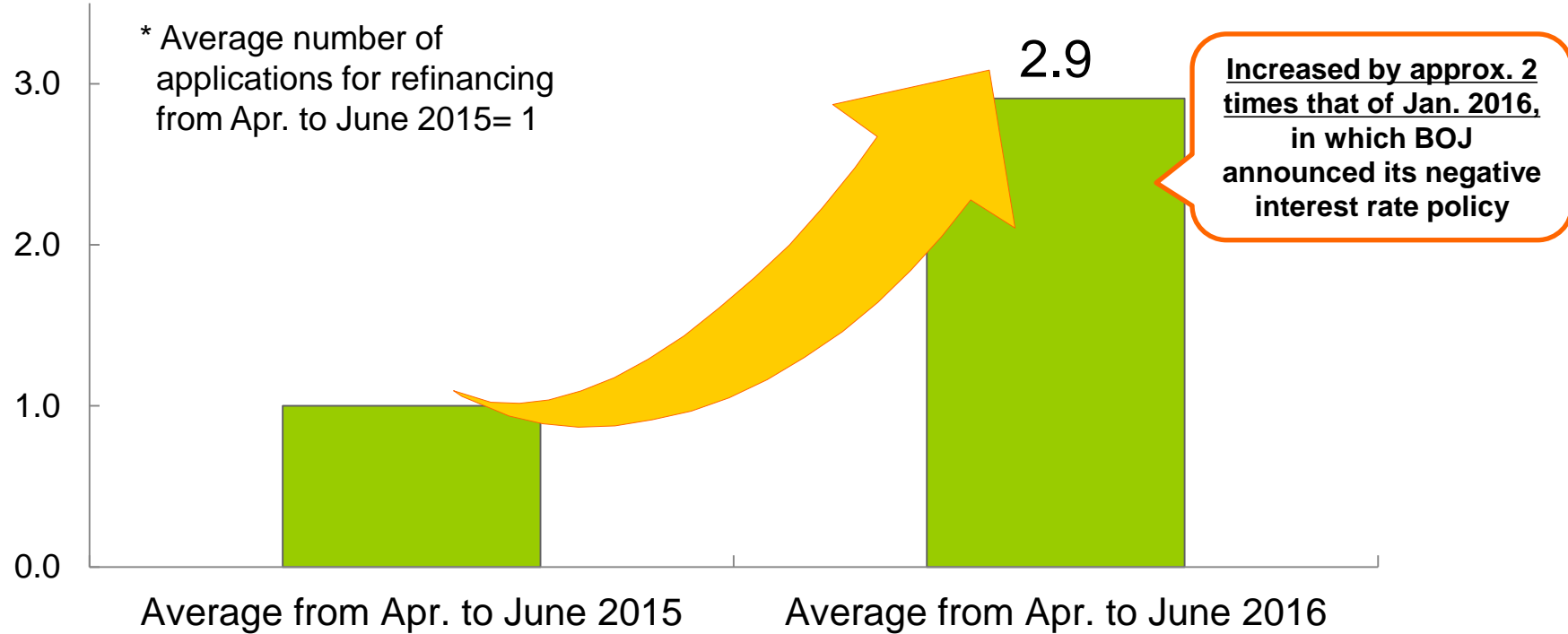
Capturing the Increasing Housing Loans Refinancing Demand, Upon the Announcement of the Negative Interest Rate Policy

Since its establishment, SBI Sumishin Net Bank has focused its business on housing loans, and is now capturing the increasing housing loans refinancing demand, upon the BOJ's announcement of its negative interest rate policy



Average number of applications for housing loans refinancings from Apr. to June 2016, upon the BOJ's announcement of negative interest rate policy, grew by 2.9 times YoY

Change in the number of applications for housing loans refinancings



ii- b. Improving the earnings structure of credit card business:

In Order to Achieve Profitability in the Credit Card Business within this Fiscal Year, Improving the Earnings Structure through the Implementation of Product Revision and Utilization Promotion Measures



Development of products and services with high affinity for SBI Sumishin Net Bank's card loans

Acquisition of new customers

Utilization promotion measures

- Implemented **product revision of the gold card**, such as reduction of the annual fee in June 2016
- Promotion of marketing measures such as campaigns

- Increase the card usage rate by conducting campaigns such as large-purchase campaigns during the twice-yearly bonus seasons and a double points campaign for weekend use

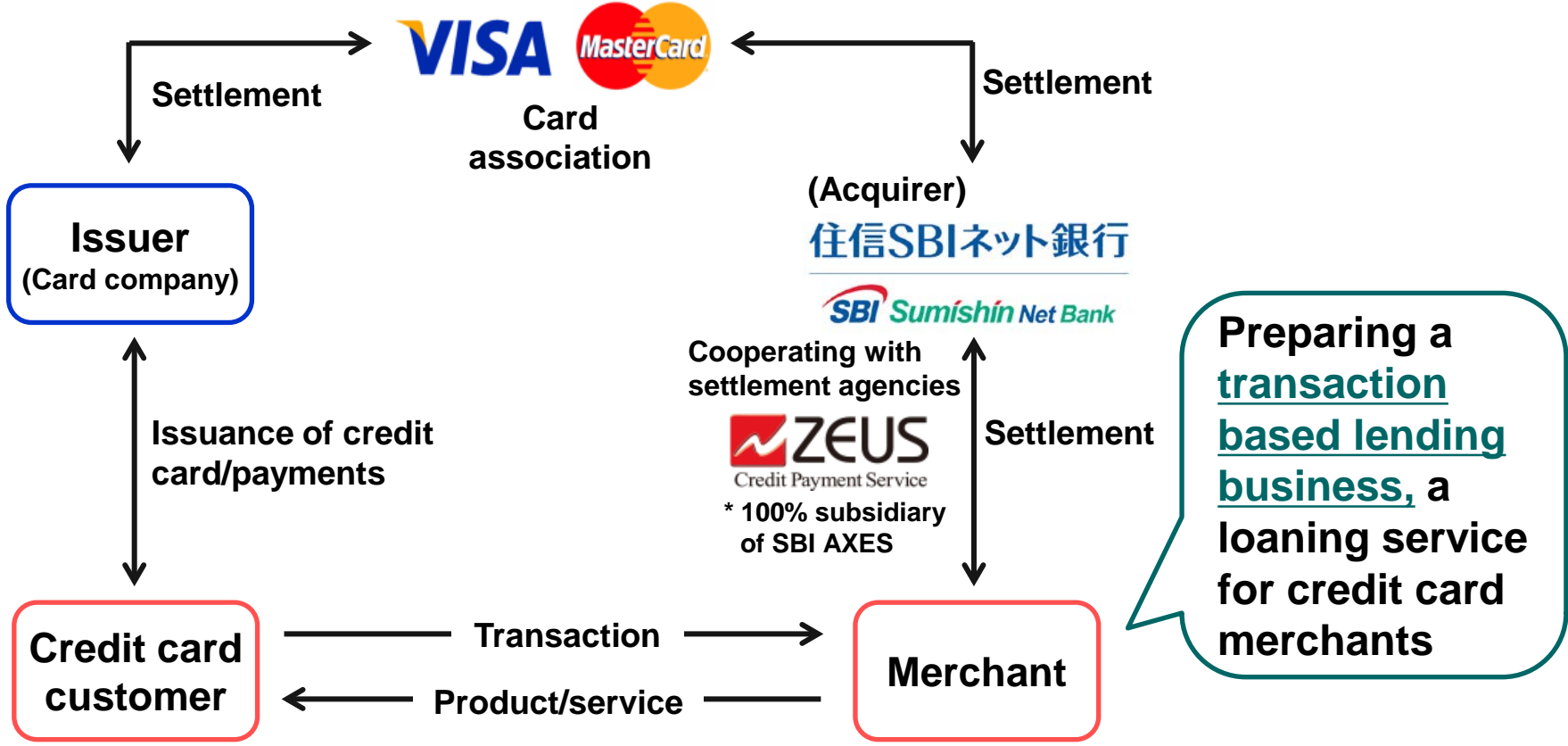
Improving the earnings structure through revised offerings, and fundamental overhaul of the business flow

Japan's first **Visa debit cash card** equipped with Visa payWave* launched in Jan. 2016 **increased steadily**

* Contactless settlement solution provided by Visa Worldwide

Newly Entered into the Credit Card Merchant Acquiring Business

-As a new earnings source, endeavoring to launch the business around Oct. 2016-
[Overview of the credit card merchant acquiring business]



In order to provide settlement measures that will respond to inbound demand from Chinese travelers, embarked on the procurement of merchants utilizing Alipay, an online payment solution provided by the Alibaba Group, China's giant e-commerce company

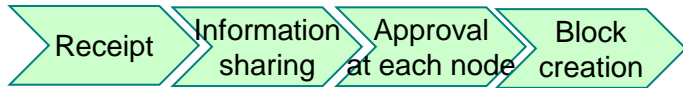
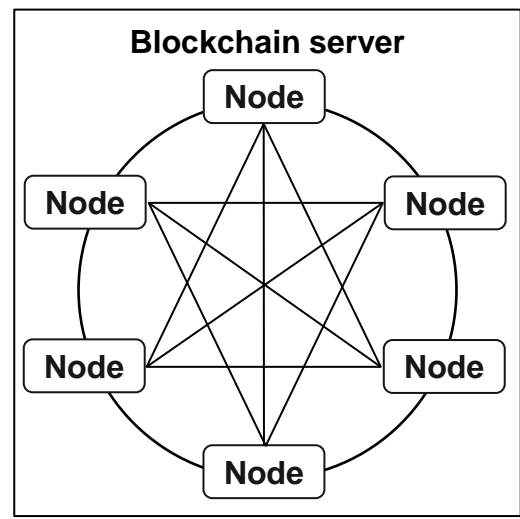
- d. With the adoption of the FinTech-related new technologies, advances new services development and operational efficiencies**
- (1) Promoting efforts to enhance operational efficiency through demonstration tests for the utilization of blockchain technology**
 - (2) Considering the utilization of blockchain technology for international remittance services with a R3 consortium member company**
 - (3) Started the development of a transaction based lending business for SMEs and sole proprietors, by utilizing the settlement agency services and cloud accounting services offered by partner FinTech companies**
 - (4) Embarked on the development of a new auto loans product utilizing IoT**
 - (5) Initiating efforts to introduce a masquerading identification solution that detects unauthorized logins and illegal transfers through big data analysis**

In SBI Sumishin Net Bank, Promoting Efforts to Enhance Operational Efficiency by Utilizing Blockchain Technology

Succeeded in Japan's first blockchain demonstration test for accounting operations



- Banking transactions**
- Transfer
 - Deposits and withdrawals
 - Balance inquiry
 - Account activity statement



[Verification points of the test]

Tolerance to stress

Without servers going down, responded to an assumed mass transaction amount from 2.5 million accounts

Tolerance to falsification

High tolerance to data falsification

Cost-effectiveness

Potential of cost reduction in the areas of procuring infrastructure equipment, establishing middleware and maintenance

Estimated cost reduction effect: 9~15%

Moving forward, through various peripheral application functions outside of blockchain technology, will support the next generation accounting system that the SBI Group is jointly developing with partner FinTech companies, in order to minimize development costs

Planning the initiation of demonstration tests to utilize blockchain technology for the authentication and settlement systems within the year, in collaboration with Sumitomo Mitsui Trust Bank and Escrow Agent Japan, in order to eliminate the administrative workload related to payment and settlement operations

Launched a Joint Trial of Cross-Border Payments with MHFG as the First Collaborative Project with the R3 Consortium* in Japan

To promote the application of blockchain technology to financial services with MHFG

R3 member



R3 member

(Invested in the SBI Group's FinTech fund)

Mizuho Financial Group (MHFG)

MHFG and SBI are planning international remittance trials utilizing Ripple Connect cross-currency settlement technology from Ripple Labs, Inc., a U.S. based company in which the SBI Group has invested, with expected completion of this set of trials between MHFG branches, which have been dubbed the “Sora Project,” by the end of the year

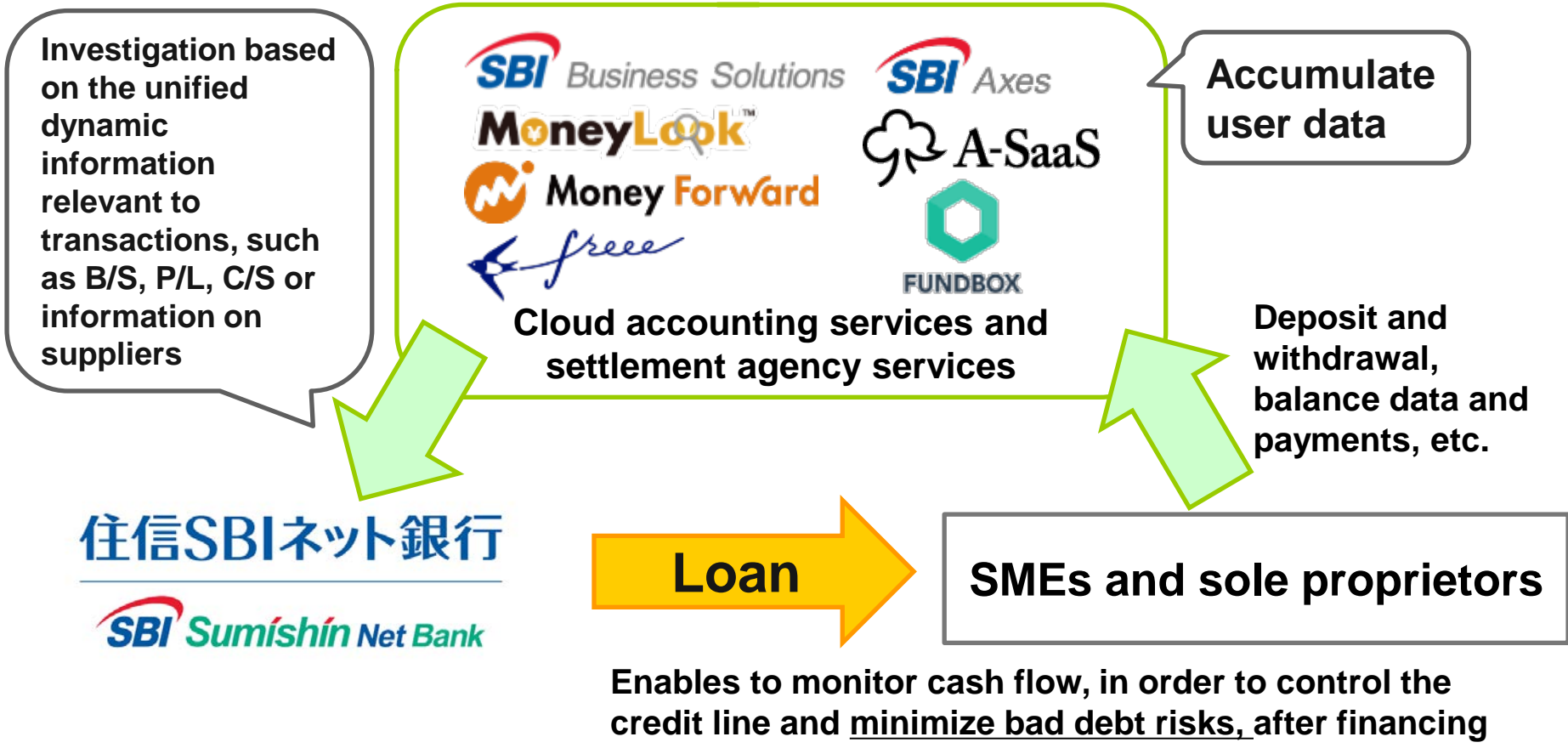


Also considering to expand the trial to include cross-border payments and other transactions with other financial institutions in the R3 Consortium

* R3 Consortium:

- U.S. FinTech company R3 CEV LLC led blockchain consortium
- Consortium partnership with over 50 of the world's leading financial institutions (as of June 30, 2016)

Started the Development of a Transaction Based Lending Business for SMEs and Sole Proprietors, by Utilizing the Settlement Agency Services and Cloud Accounting Services Offered by Partner FinTech Companies



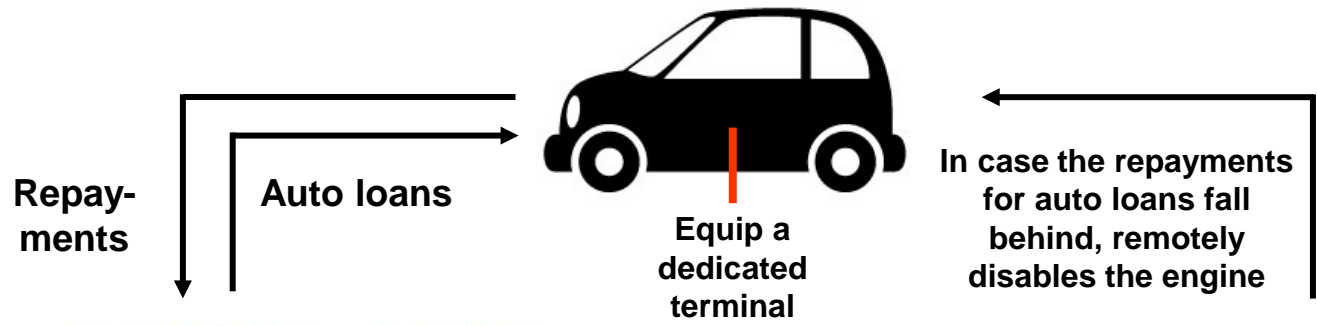
By advancing the established scheme through the addition of alliance partners, expanding the business as a new earnings source

Embarked on the Development of a New Auto Loans Product Utilizing IoT



Jointly advancing the development of a new auto loans product by utilizing the innovative IoT terminal MCCS* developed by GMS

[Image of the new auto loans]



Endeavoring to develop a product that further meets vehicle purchase needs, by not only screening the applicant's income, but also increasing the certainty of debt collection



* GMS's IoT terminal MCCS enables vehicle remote control, as well as measurement of information required for the usage of vehicles on a real time basis, such as reckless driving detection and driving situation tracking.

Initiating Efforts to Introduce a Masquerading Identification Solution that Detects Unauthorized Logins and Illegal Transfers through Big Data Analysis

住信SBIネット銀行

 **SBI** Sumishin Net Bank



Cacco inc.

First financial institution to initiate efforts toward the introduction of O-motion service, a new service that prevents unauthorized logins and illegal remittances, offered by Cacco

Utilizing big data analysis of user behavior, O-motion discerns whether the actual registered user is logging in to transfer money, in order to prevent fraudulent transfers through third-party identity theft that are not prevented by previous anti-phishing and anti-malware measures

By proactively incorporating the FinTech technology, further strengthening countermeasures against illegal activities, to ensure customers' secure transaction environment

③ Insurance-related business

- i. Business overview of the 1Q FY2016**
- ii. Presently focused initiatives to achieve further growth and strengthened earnings capacity**

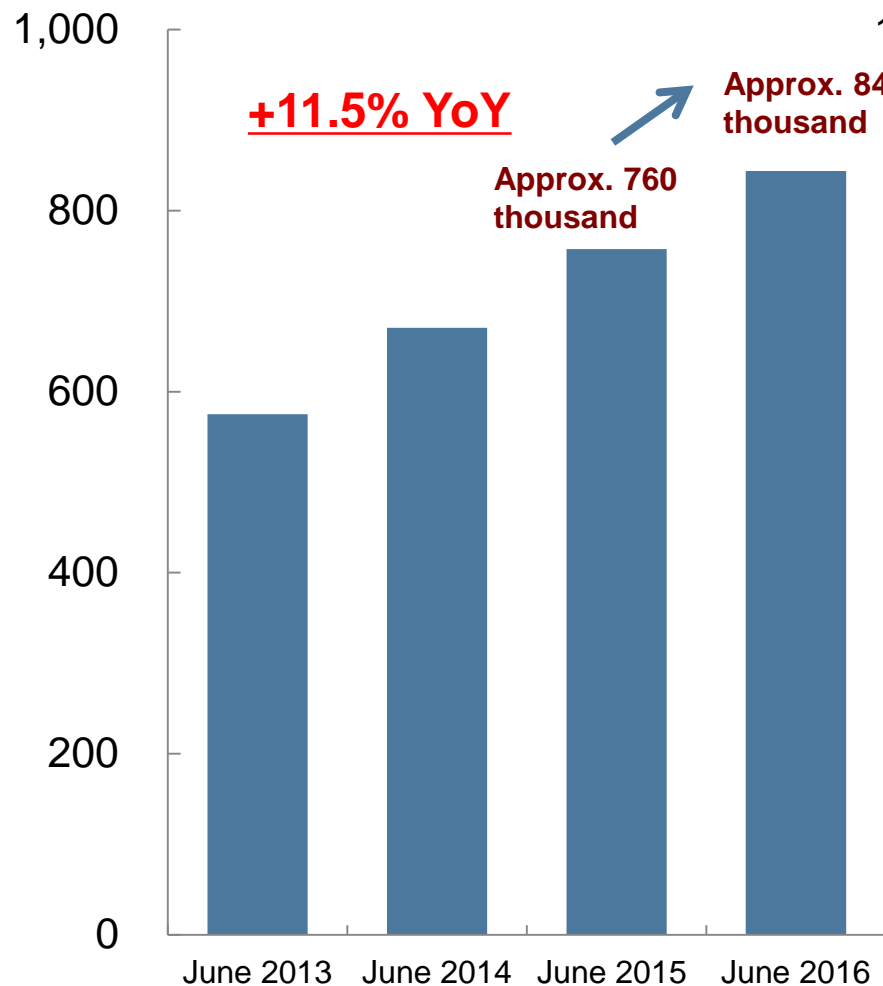
i. Business overview of the 1Q FY2016

- **SBI Insurance's auto insurance business continues to rapidly expand with the number of contracts up 11.5%, and direct premium written up 12.8% year-on-year, respectively**
- **SBI Insurance's profit before income tax expense based on IFRS was JPY 378m, 12.5-fold year-on-year**
- **SBI Insurance's combined ratio (based on direct figures) steadily decreased to 81.5%**
- **SBI Life Insurance has sustained a strong business performance**
- **Number of contracts at SBI SSI and SBI IKIIKI SSI steadily increases**

SBI Insurance's Number of Auto Insurance Contracts and Insurance Premium

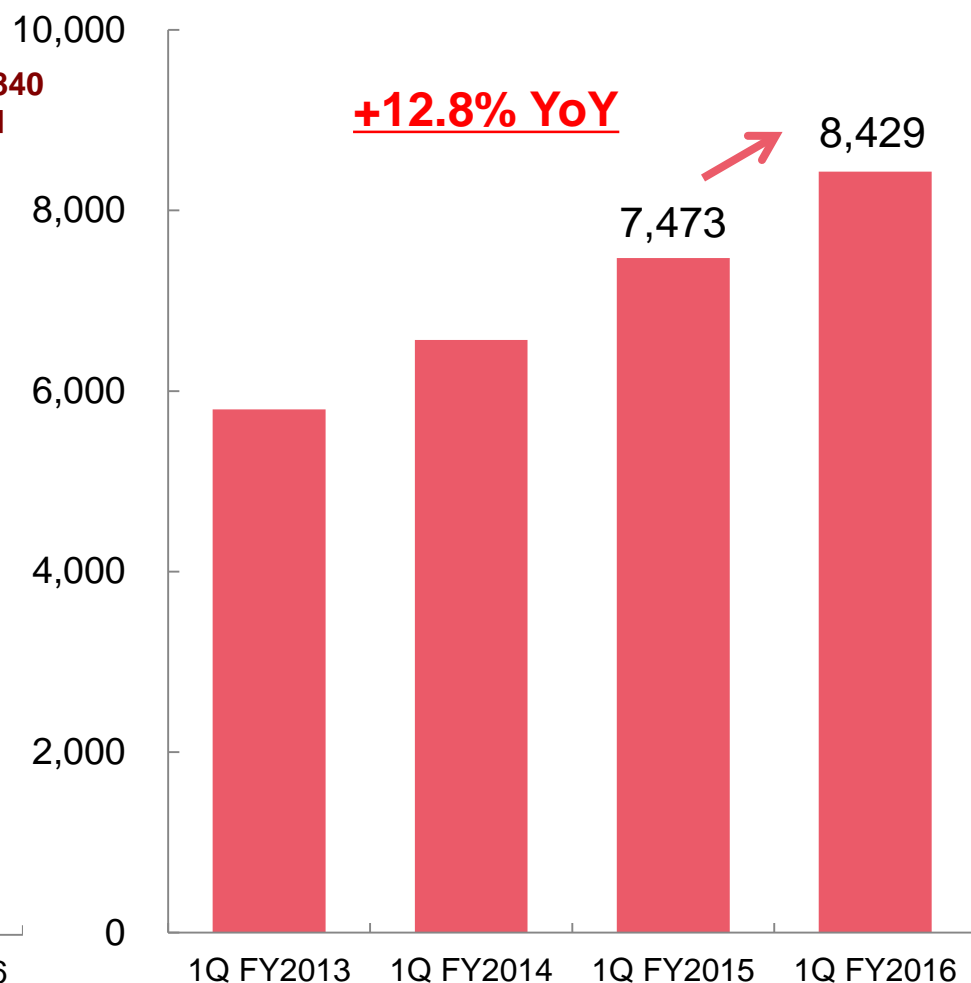
Number of Contracts*

(Thousand policies)



(JPY million)

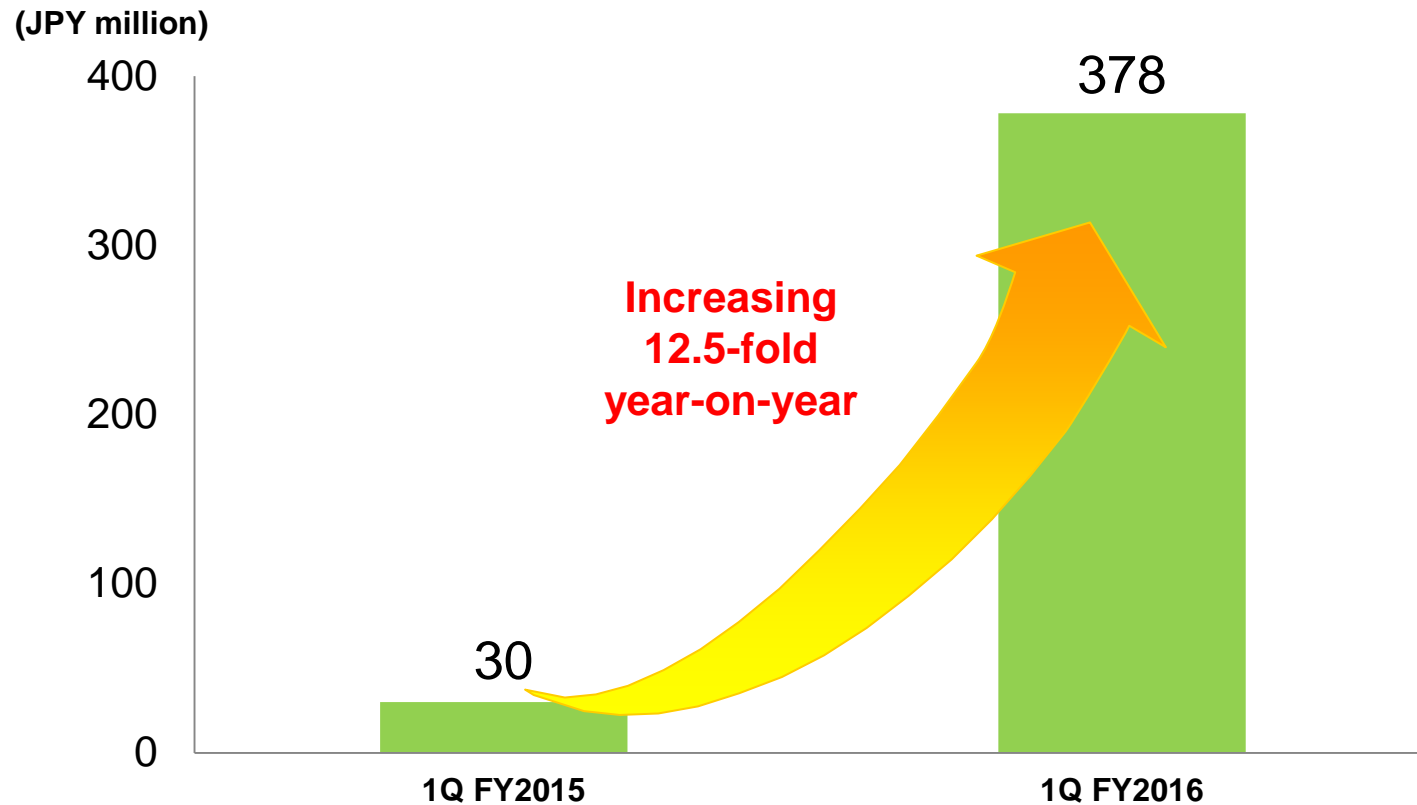
Change in Insurance Premium Income (Total)



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

SBI Insurance Financial Results for 1Q FY2016

SBI Insurance Profit before Income Tax Expense (IFRS)



Combined Ratio (Based on Direct Figures) Continues to Decrease

(Unit: %)	1Q FY2015	1Q FY2016	YoY Change
Loss ratio ^{*1}	69.2	<u>63.6</u>	<u>-5.6</u>
Operating expenses ratio ^{*2}	20.5	<u>17.9</u>	<u>-2.6</u>
Combined ratio	89.7	<u>81.5</u>	<u>-8.2</u>

The results of other insurance companies for FY2015

(Unit: %)	Sony Insurance	Mitsui Direct	SAISON
Loss ratio ^{*1}	58.7	79.9	62.0
Operating expenses ratio ^{*2}	27.5	22.1	41.7
Combined ratio	86.2	102.0	103.7

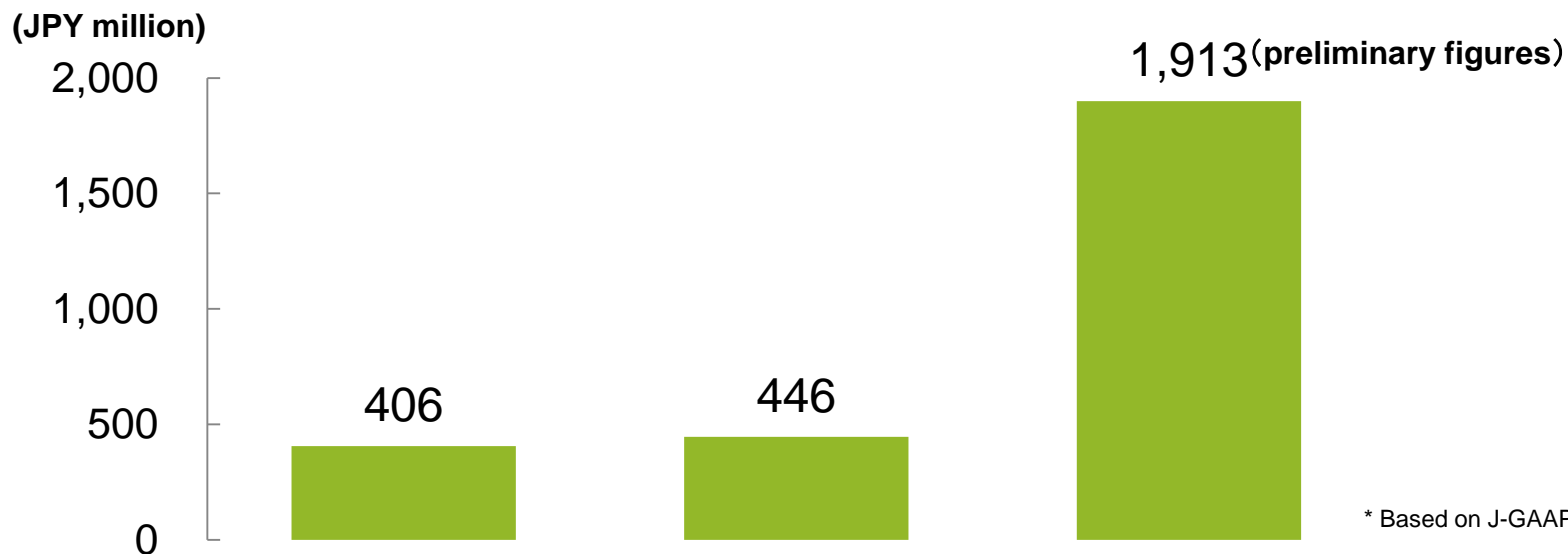
*1 Loss ratio (%) = (Net insurance payment - Reinsurance proceeds + Loss adjustment expenses) / Direct premium written X 100

*2 Operating expenses ratio (%) = (Net commissions and brokerage fees - Reinsurance commission fee + Operating, general and administrative expenses regarding insurance underwriting) / Direct premium written X 100

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

SBI Life Insurance Selling New Products since Feb. 2016

The trend of ordinary income*



Solvency margin ratio(%)	1Q FY2014	1Q FY2015	1Q FY2016
	1,120.3	1,104.6	1,299.3 <small>*As of Mar. 31, 2016</small>

The number of contracts: 110 thousand (annualized premium: JPY 8,569m)

*As of June 30, 2016

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

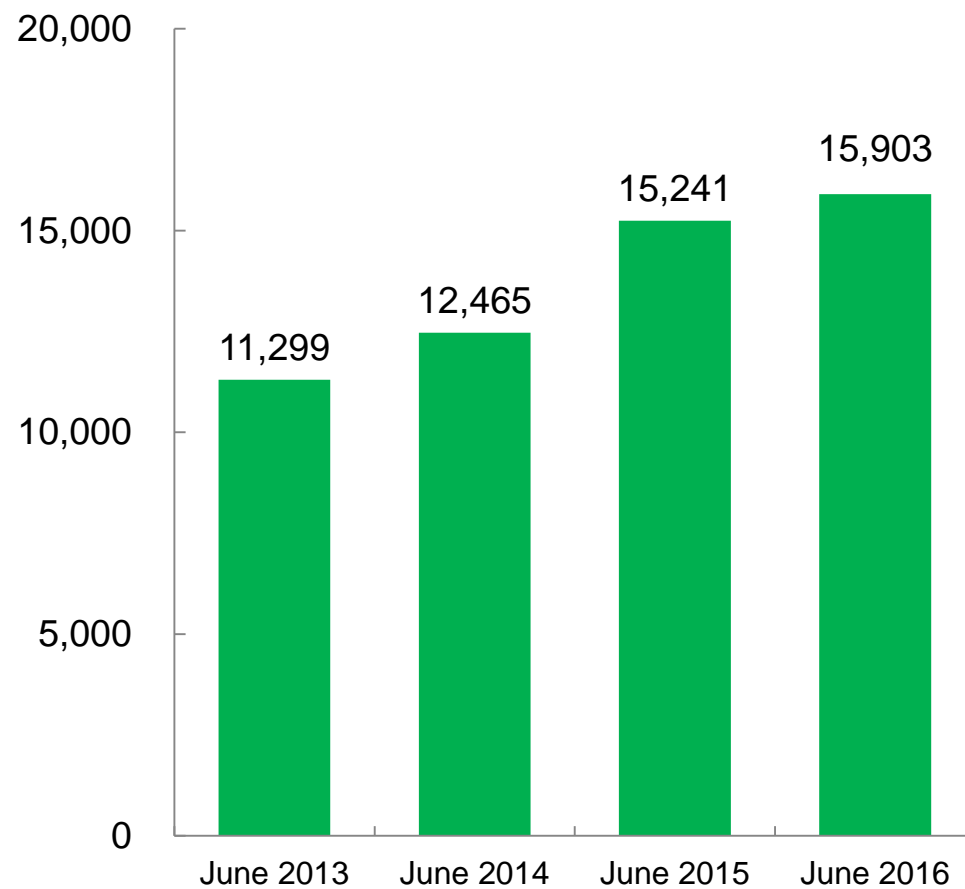
 少額短期保険

[SBI SSI: Earthquake indemnity insurance]

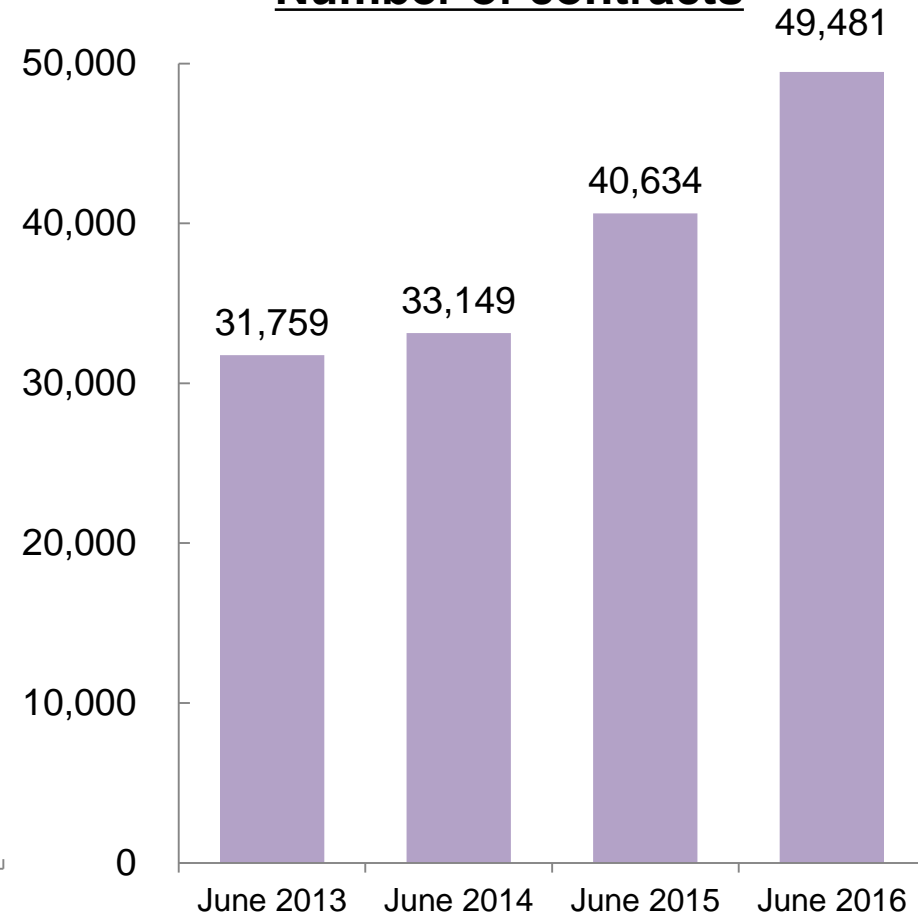
 いきいき少額短期保険

[SBI IKI IKI SSI: Death insurance, Medical insurance]

Number of contracts



Number of contracts



- ii. Presently focused initiatives to achieve further growth and strengthened earnings capacity**
 - a. SBI Insurance prepares lower-premium fire insurance**
 - b. SBI Life expands its sales promotions by thoroughly utilizing Group synergies. Also developing personalized insurance products**
 - c. Expanding the SSI business through the acquisition of Nihon SSI, subject to an approval from the relevant authorities**
 - d. Strengthening profitability of the entire insurance business by entering into the reinsurance business**

SBI Insurance Prepares Lower-premium Fire Insurance in October, to Initiate an Insurance Premium Revolution

Developing a low-premium fire insurance, and its sales cost will be reduced drastically by fully utilizing the synergies with SBI Sumishin Net Bank and ARUHI (former SBI Mortgage), both of which are materially involved in housing loans



住信SBIネット銀行



Results of housing loans (Oct. 2007- Mar. 2016)

Total number : 110,464

Number of newly acquired (Apr.-Mar. 2016)

: 16,900

ARUHI

SBI Group's shareholding*: 10.32%

Results of housing loans (July 2001- Mar. 2016)

Total number :

approx. 140,000

Number of newly acquired (Apr.-Mar. 2016)

approx. 20,000

Through the utilization of the Group's face-to-face channels, such as the Financial Agency, endeavoring to promote an insured rate, owing to outbound sales to loan contractors

* Ratio of voting rights for ARUHI Group Co., Ltd., the holding company of ARUHI. SBI Group's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group. (As of the end of Mar. 2016)

SBI Life Insurance Spreads Sales Promotion Utilizing the Group Synergies Thoroughly

	[Internet channel]	[Face-to-face channel]
Group companies	SBI証券 [SBI SECURITIES] Number of accounts: <u>3,624 thousand</u>	住信SBIネット銀行 [SBI Sumishin Net Bank] Number of accounts: <u>2,640 thousand</u>
	SBI損保 [SBI Insurance] Number of contracts: <u>866 thousand</u>	保険の窓口 インズウェブ [Insweb] Number of customers: <u>8,042 thousand</u>
	SBI いきいき少額短期保険 [SBI IKI IKI SSI] Number of contracts: <u>49 thousand</u>	<div style="background-color: #4a69bd; color: white; padding: 5px; text-align: center;">Face-to-face Insurance shop</div> SBI マネープラザ [SBI MONEY PLAZA] Hoken Minaoshi Honpo (Operated by a subsidiary of NEWTON FINANCIAL CONSULTING, Inc.) Mitsubachihoken (SBI's shareholding percentage of its operating company: 25.76%)
	SBI 少額短期保険 [SBI SSI] Number of contracts: <u>16 thousand</u>	
		<div style="background-color: #4a69bd; color: white; padding: 5px; text-align: center;">Call center</div> NEWTON FINANCIAL CONSULTING, Inc. (SBI's shareholding percentage: 20.03%) Financial Agency Inc. (SBI's shareholding percentage: 38.74%)

*1: SBI's shareholding percentage corresponds to a total percentage, which include dilutive shares, based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group (As of Mar. 31, 2016)

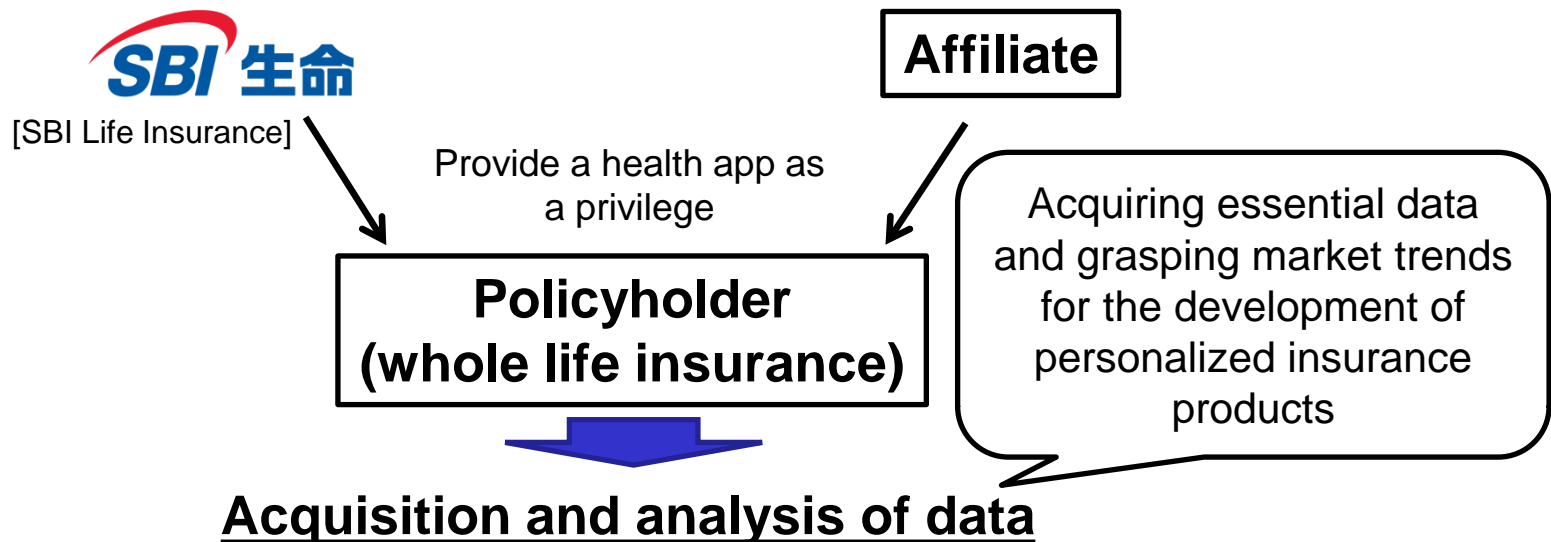
*2: The numbers of accounts, contracts and customers are as of the end of June 2016

Proceeding with the development of a new product utilizing Group synergies

Promoting the Development of Personalized Insurance Products through the Combination of Insurance Business and IoT Technology



As a first step in the development of personalized insurance products, considering the provision of a health management app as a benefit



Planning to carry out as incentive of the entry of insurance or initiatives of disease prevention

Expanding the SSI Business through the Acquisition of Nihon SSI, Subject to an Approval from the Relevant Authorities



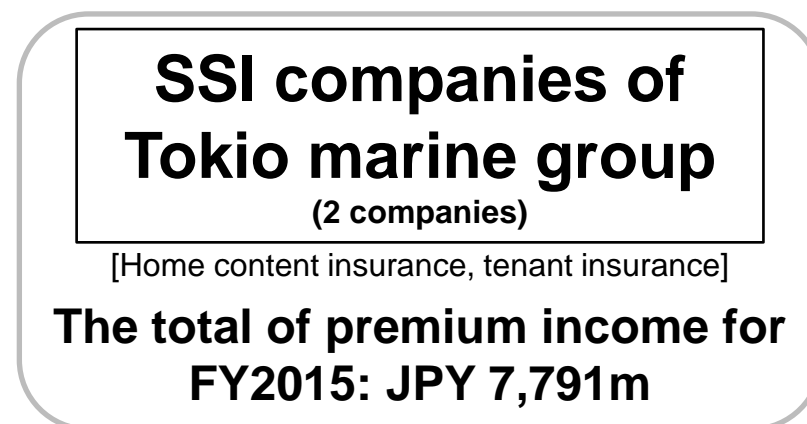
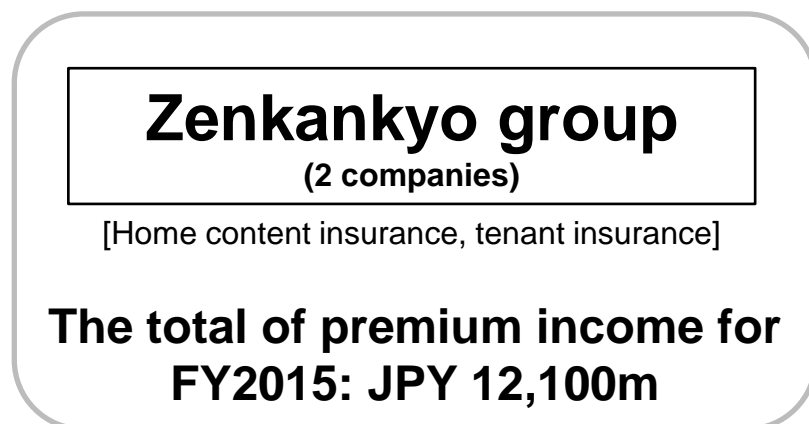
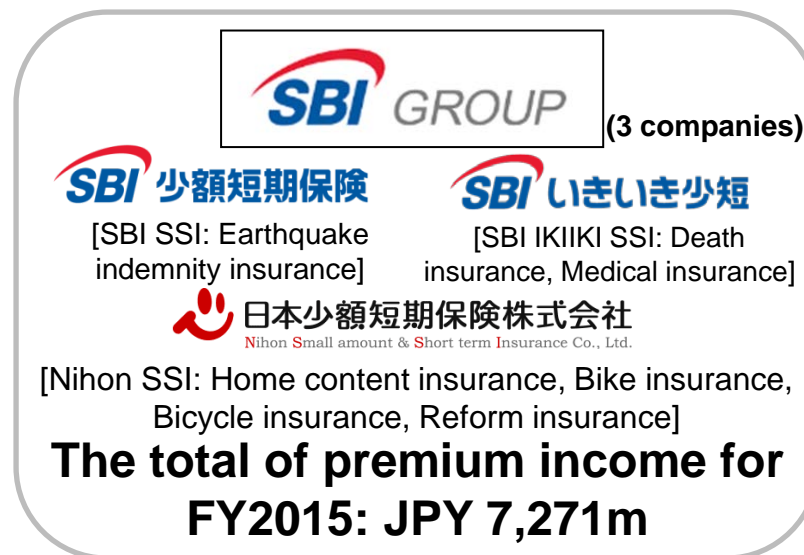
- Started SSI business in 2008, selling household goods insurance to rental tenants
- Premium income for FY2015 was JPY 4,612m, and the number of contracts totaled approx. 480 thousand

【Sales products】

 <p>みんなの部屋保険(Gr2) Home contents insurance</p>	 <p>HARLEY 車両 + 盗難保険™ Motor vehicle insurance</p>
 <p>みんなのバイク保険 Motor vehicle insurance</p>	 <p>BICYCLE保険 Bicycle insurance</p>

Implementing initiatives toward further growth, not only through the existing sales channels, but by the pursuit of synergies that leverage the Internet and face-to-face channels, as well as through the three SSI companies' sales alliances

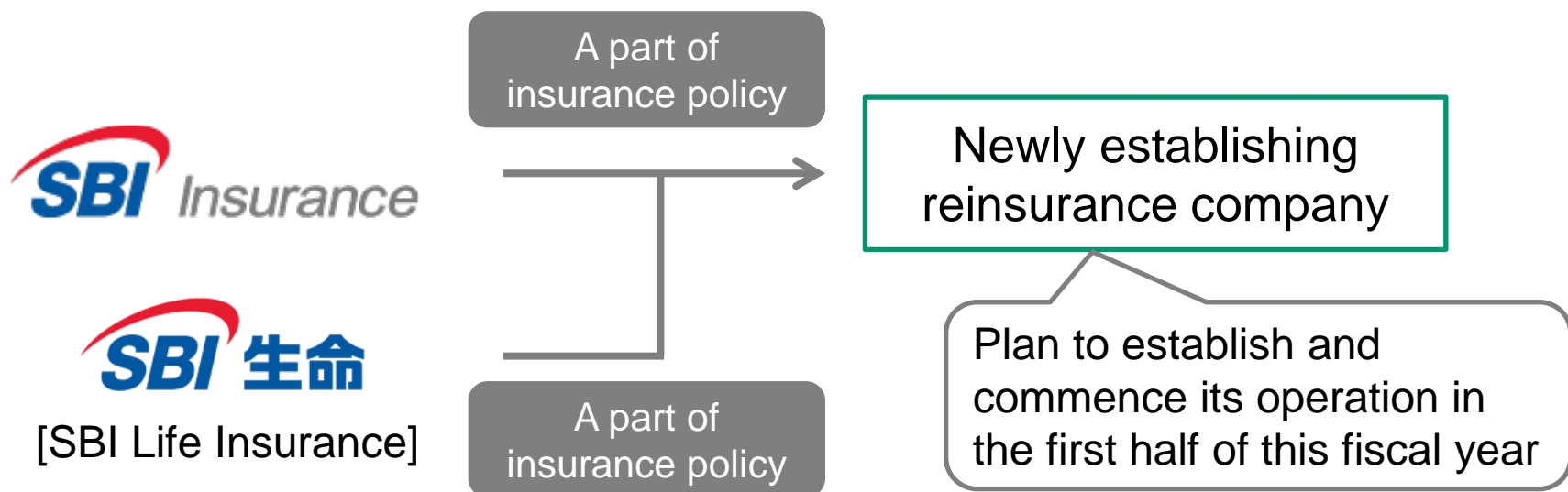
Owing to the Acquisition of Nihon SSI, Listed Corporate Name as Part of Major SSI Group



In comparison to other groups, offering a variety of products from the 1st to 3rd categories, with advantageous capabilities for a more expansive strategy

Strengthen Profitability of the Entire Insurance Business by Entering into the Reinsurance Business

- Reinsurance license of the Cayman Islands acquired in May 2016
- Through a step-by-step aggregation process of portions of insurance policies that SBI Insurance and SBI Life Insurance currently cedes to an external reinsurance company, to the newly established reinsurance company, some costs, such as the reinsurance premiums paid to non-Group companies, will be curtailed
- Taking advantage of the Cayman Islands' easy access to the international reinsurance market, will acquire and utilize risk shifting methods such as retrocession



(2) The Asset Management Business

- ① Business overview of the 1Q FY2016**
- ② Presently focused initiatives to achieve further growth and strengthened earnings capacity**

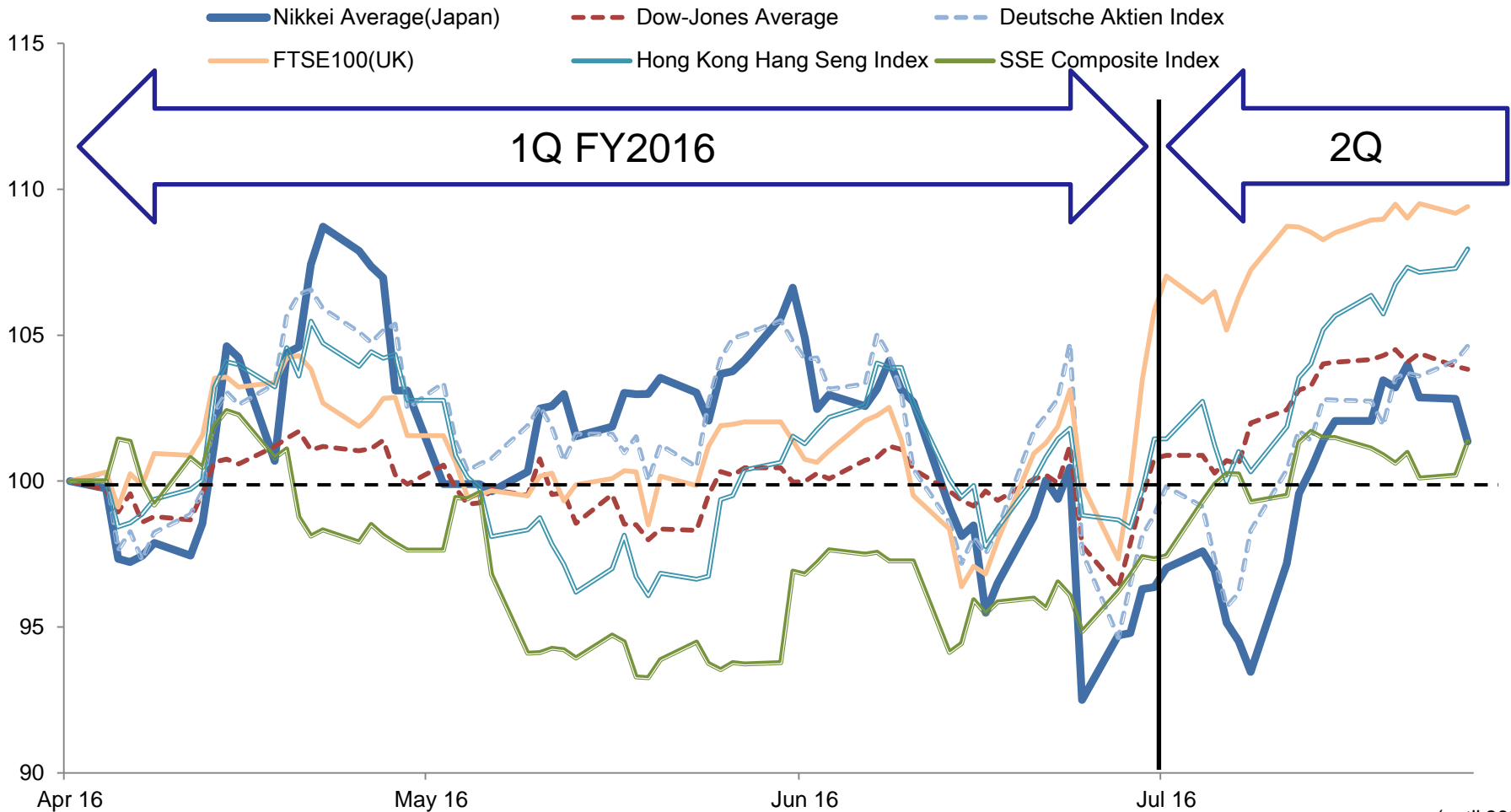
① Business overview of the 1Q FY2016

- **Owing to the conservative evaluation of its portfolio, based on the deterioration of the market environment, profit before income tax expense for the Asset Management Business decreased 29% year-on-year**
- **Both operating revenue and profit for the period of SBI SAVINGS BANK of South Korea increased steadily through the accumulation of the balance of performing loans and improvement of loan quality**
- **Morningstar Japan's operating income, ordinary income and net income achieved double-digit growth, and both sales and profits increased for seven consecutive periods**

Owing to Various Factors such as Brexit, Major Countries' Stock Markets in 1Q were Stagnant, and the JPY Appreciated Significantly Versus the USD, by as much as 8.6%

USD/JPY Trend
 Mar. 31, 2016 : JPY112.69
 June 30, 2016 : JPY102.96

Major countries' stock market index trend*



* An index of the value at Apr. 1, 2016 indexed as 1

Asset Management Business' Financial Results Breakdown

~Negatively impacted by the strong JPY and sluggish stock market~

(IFRS, JPY billion)

	1Q FY2015	1Q FY2016
Revenue	22.7	22.7
Profit before income tax expense	4.4	3.1
Profit/loss from the change in fair value and profit/loss on sales of investment securities	3.3	-0.9



Details of profit/loss from the change in fair value and profit/loss on sales of investment securities in 1Q FY2016

(JPY billion)

	1Q FY2016
Domestic Securities	1.5
Overseas Securities	-2.4

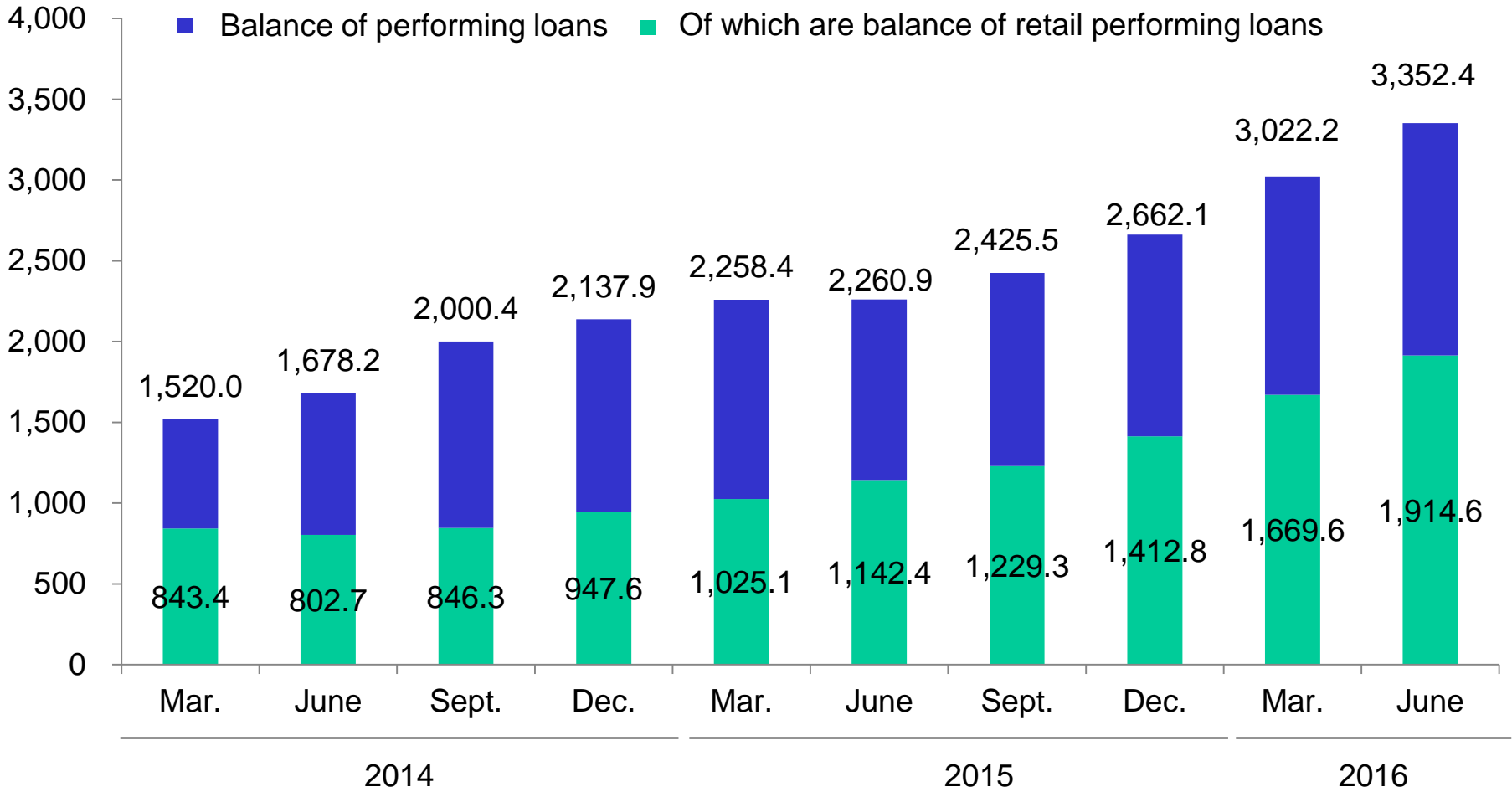
Appreciation of the yen was a major factor

Reference: Number of investee IPO and M&A deals for FY2016 will be 24 (16 investees conducted IPOs in FY2015)

SBI SAVINGS BANK of South Korea's Balance of the Retail Performing Loans Increased Significantly

Balance of Performing Loans*

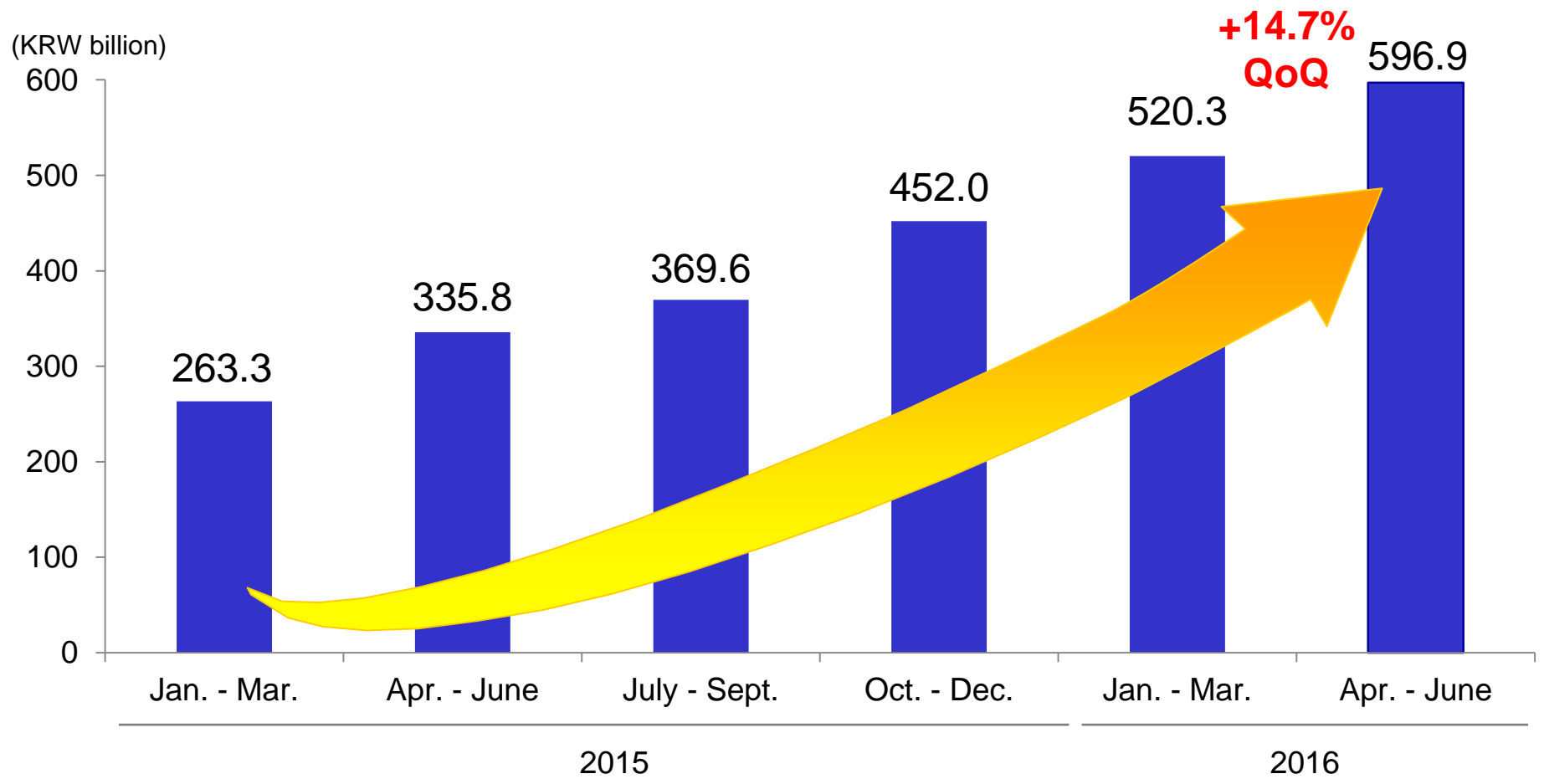
(KRW billion)



* Based on K-GAAP

Change in New Retail Credits Since Jan. 2015*

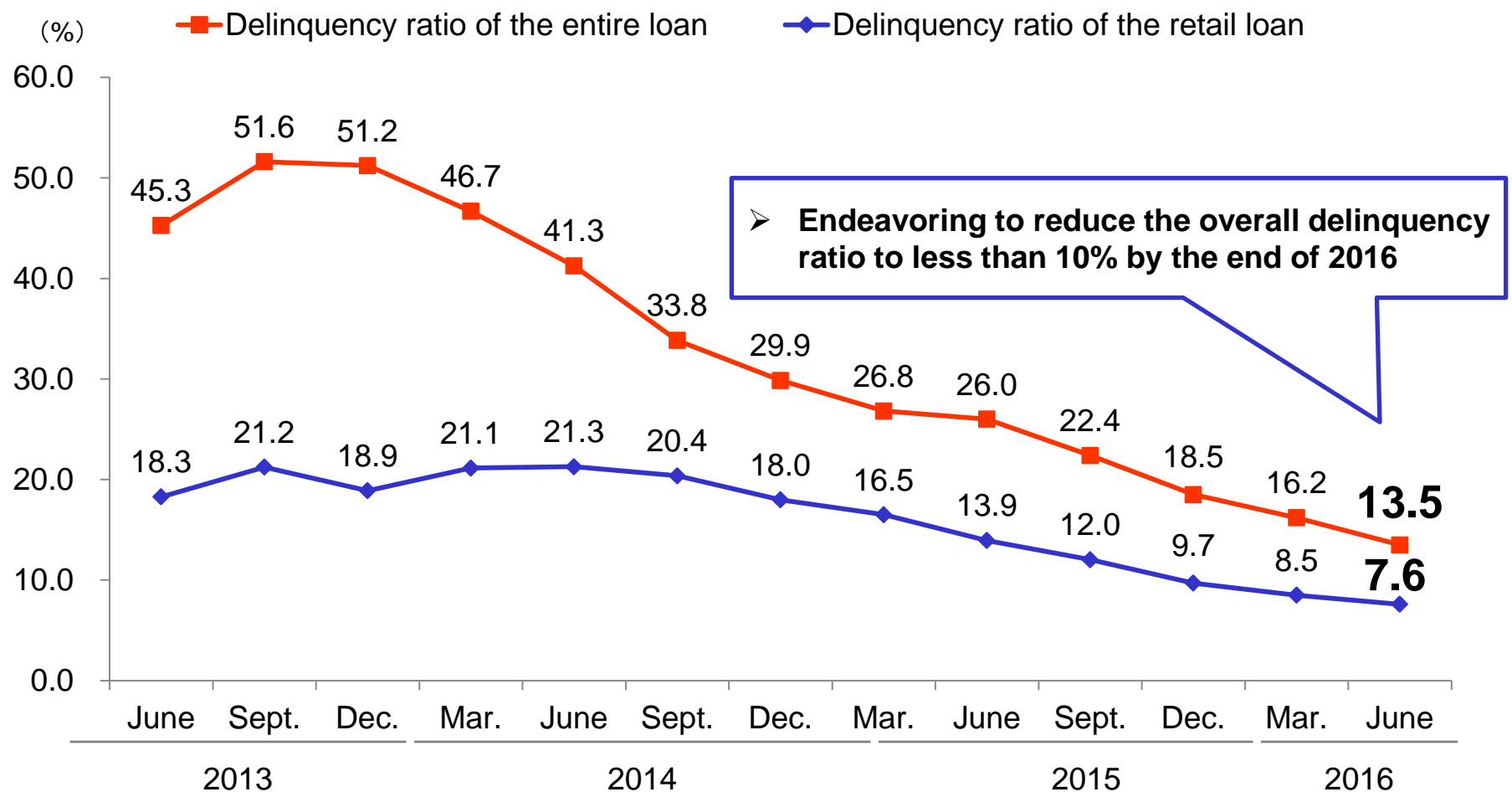
~Retail mobile credit loan product “Cyder,” released in Dec. 2015, increased steadily~



* Based on K-GAAP

Loan Quality Improved Significantly

Change in Delinquency Ratio*



* Based on K-GAAP

Both Operating Revenue and Profit for the Period Increased Steadily through Accumulation of Performing Loans and Improvement of Loan Quality

Quarterly Financial Results based on K-GAAP

(KRW billion)

	July - Sept. 2015 (1Q FY2015)	Oct. - Dec. 2015 (2Q FY2015)	Jan. - Mar. 2016 (1Q FY2016)	Apr. - June 2016 (2Q FY2016)
Operating revenue	110.0	118.8	120.7	141.1
Profit for the period	5.9	11.3	12.9	21.2

*1 The results for 2Q FY2016 are preliminary results, which are not subject to an audit by the auditor

*2 Irregular accounting for 6 months, owing to a change in terms for the fiscal year ended Dec. 2015, because of an amendment to the law

Morningstar Japan's Financial Results for 1Q FY2016

Operating income, ordinary income and net income for 1Q FY2016 achieved double-digit growth, an increase for seven consecutive years, and an historical high

Consolidated Results (J-GAAP)

(Unit: JPY million)

	1Q FY2015 (Apr. 2015 - June 2015)		1Q FY2016 (Apr. 2016 - June 2016)		YoY % change
	Amount	Income margin (%)	Amount	Income margin (%)	
Net Sales	1,280	-	1,280	-	+0.02
Operating Income	436	34.1	496	38.8	+13.8
Ordinary Income	438	34.2	496	38.8	+13.3
Net Income	289	22.6	334	26.1	+15.5

Recovering Capital through the Business “Selection and Concentration”

Divestiture of subsidiaries

- **Phnom Penh Commercial Bank in Cambodia**
- **NARUMIYA INTERNATIONAL**
(Manufacture, processing and sales of children’s wear and related products)

Having received approval from the relevant authorities and having reached an agreement with the concerned parties, will **recover a total of JPY 14bn** through the sales of the two companies mentioned above

- ② Presently focused initiatives to achieve further growth and strengthened earnings capacity**
 - i. Increase investments into the field of new technological innovations such IoT, big data and FinTech including blockchain technology**
 - ii. Strengthening supports for developing CVC (Corporate Venture Capital)**
 - iii. Accelerate establishment of new funds in the overseas investment business**

i Increase investments into the field of new technological innovations such IoT, big data and FinTech including blockchain technology:

In June, Concluded the Offering of the “FinTech Fund,” Established as the Industry’s First Fund to Invest in FinTech-related Companies

FinTech Business Innovation LPS

- Total commitment amount is JPY 30bn
- Fund investor: Over 20 of regional banks including Bank of Yokohama, Ashikaga Bank, San-in Godo Bank and Kiyo Bank, as well as Mizuho Bank and SoftBank invested
- Investment destination: Anticipating investing in 100 or more venture companies with superior technology in the FinTech field (Already decided on investments into 16 companies, including investments already made in free, BitFlyer and Cacco)



- ◆ The financial institutions that have invested may jointly study the feasibility of the technology and services of the FinTech companies, to consider the reduction of an initial investment, as well as an early adoption
- ◆ Establishing the structure to support the adoption of FinTech services and technology, through the cooperation with major IT vendors and FinTech-related companies

i Increase investments into the field of new technological innovations such IoT, big data and FinTech including blockchain technology:

Investments Made in the Field of New Technological Innovations through the FinTech Fund

Blockchain technology



Orb, Inc. (Japan)



bitFlyer, Inc. (Japan)



Ripple Labs Inc. (U.S.)



QUOINE Pte. Ltd. (Japan)



Payward, Inc. (U.S.)

IoT (Internet of Things)



Argus Cyber Security Ltd.



Global Mobility Service, Inc.



Indegy Ltd.

Big data



GiXo Ltd.

Other FinTech



Money Forward, Inc. (Japan)



free K.K. (Japan)



Cacco Inc. (Japan)



Planet Table Inc. (Japan)

Payment



infcurion group, Inc. (Japan)



Omise Co., Ltd. (Thailand)



Exchange Corporation Holdings Ltd.

* Including the company that the SBI Group is currently planning to invest in

Will continue to aggressively invest into this field

Joint Establishment of a Private Fund with Nikon Corporation (Announced on July 4, 2016)



Investment performance and
experience in growth fields



To expand new business operations,
promoting CVC(Corporate Venture
Capital) program

Will jointly establish a private fund “Nikon-SBI Innovation Fund”

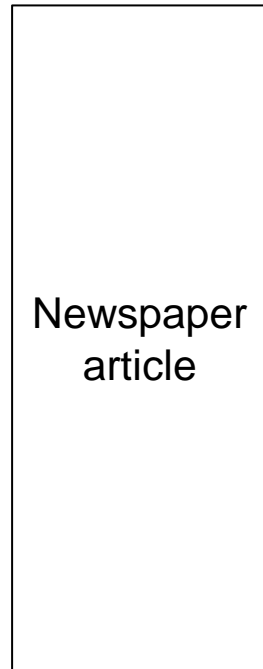
Management company: SBI Investment

**Investment target: Promising venture companies in Nikon’s
current business areas, and in the latest technologies and new
service areas (e.g. IT, AI and robots)**

Fund size: up to JPY 10bn (plan)

Endeavoring to Expand the Operational Scale by Promoting Further Fund Raising in Asian Countries

- In the Philippines, will establish a new fund jointly with a financial group, ICCP, which has invested in Silicon Valley companies, as well as in Asian countries
- In Taiwan, established No.2 fund that is larger in size than the No.1 fund



(June 23, 2016 The Nihon Keizai Shimbun (morning edition))

No.1 Fund (Establishment: 2008)
Commitment amount: USD 22.5m
Gross Return Multiple: 1.55



No.2 Fund (Establishment: 2016)
Target commitment amount:
USD 50m

SBI Investment KOREA Expands the Management of Funds in South Korea

No.2 SBI Digital Content Fund (tentative name)

Total commitment amount: **KRW 15.0bn (approx. JPY 1.4bn)**

Investment target: Digital content venture companies in South Korea, which are endeavoring to expand overseas

Global Gateway Fund

Total commitment amount: **KRW 40.0bn (approx. JPY 3.6bn)**

Investment target: Venture companies in South Korea, which are endeavoring to expand to the U.S.

Establishing new funds to further increase investments

* Converted at KRW 1 = JPY 0.09

Assets Under Management of the SBI Group

(As of the end of June 2016)

Private equity, etc. JPY 234.4bn (Including JPY 88.0bn of both cash and commitment amount to be paid in) (*3)

Breakdown by Industry	Amount
IT/Internet	27
Biotechnology/Health/Medical	25.7
Services	9.2
Materials/Chemicals	2.4
Environmental/Energy	12.7
Retail/Food	13.2
Construction/Real estate	2.1
Machine/Automobile	4.8
Finance	37.8
Others	11.4
Total	146.4

Breakdown by region	Amount
Japan	65.8
China	20.3
Korea	26.7
Taiwan	0.9
Southeast Asia	5.5
India	5.9
U.S.	17.8
Others	3.4
Total	146.4

Investment trusts, etc. JPY 250.3bn (*4)

Investment trusts	172.5
Investment advisory	73.5
Investment companies	4.2

*1 Calculated by the exchange rate as of the end of June 2016

*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 25.7bn

(3) Biotechnology-related Business

- ① Business overview of the 1Q FY2016**
- ② Presently focused initiatives to achieve further growth and strengthened earnings capacity**

Profit before Income Tax Expense of the Biotechnology-related Business for 1Q FY2016 (IFRS)

(JPY million)

		1Q FY2015		1Q FY2016
Total of the Biotechnology-related Business		-1,070		-3,490
	SBI Biotech	-25	① →	364
	Quark Pharmaceuticals (“Quark”)	-707	② →	-2,827
	SBI Pharmaceuticals	-298		-215
	SBI ALApromo	-46	③ →	-171

- ① SBI Biotech achieved profitability on a quarterly basis in 1Q FY2016 due to milestone income accompanying progress with clinical trials, among other factors
- ② Quark recorded a year-on-year increase in 1Q FY2016 loss before income tax expense owing to higher expenses at a time of favorable progress with several clinical trials, including two Phase III trials, as well as foreign exchange losses of the JPY dominated loans (approx. JPY 900m) due to the strong yen
- ③ Since the sales of “ALA Plus Tou (Sugar) Down,” a food with function claims increased sharply, SBI ALApromo’s sales for 1Q FY2016 rose approx. 4.1-fold year-on-year. Although loss before income tax expense increased due to increased promotion costs, including advertising on TV, single year profitability is in sight for this fiscal year

② Presently focused initiatives to achieve further growth and strengthened earnings capacity

- i. SBI Biotech**
- ii. Quark Pharmaceuticals (“Quark”)**
- iii. 5-ALA-related business**

i. SBI Biotech

SBI Biotech's Progress of Drug Pipelines

	Licensing partner	Adaptation disease	Progress	
Anti-ILT7 antibody	MedImmune, LLC. (Subsidiary of AstraZeneca)	Autoimmune diseases	Pre-clinical (Completion)	MedImmune scheduled to initiate Phase I clinical trial by Sept. 2016 <u>Upon initiation, an allotted milestone payment is expected</u>
GNKS356	Independently	Psoriasis / Systemic Lupus Erythematosus (SLE)	Pre-clinical	Selected as Japan Agency for Medical Research and Development's (AMED) pre-designation review as an orphan drug commercialization candidate for their project promoting support for drug discovery (from FY2015 to FY2017) <u>*Maximum subsidy: JPY 200m per fiscal year</u>
SBI 3150/9674	Independently	Autoimmune diseases	Non-public	Considering out-licensing
Cdc7 inhibitor	Carna Biosciences, Inc.	Cancers	*	Intellectual property rights assigned to Carna Biosciences in June 2014. Carna Biosciences entered into an out-licensing agreement with ProNai Theapeutics, and accordingly SBI Biotech received a partial milestone payment. <u>Further receipt of milestone payments in accordance with development progress at Carna Biosciences is also expected</u>

SBI Biotech is endeavoring to achieve profitability on a single-year, non-consolidated basis for the first time since its founding by promoting monetization of its drug discovery pipeline, through out-licensing (including joint research)

About Listing of SBI Biotech

Background of SBI Biotech's listing:

- SBI Biotech engages in pharmaceutical development using immunological control, a fast-growing field in the pharmaceutical industry
- SBI Biotech has proprietary technologies concerning plasmacytoid DC (pDC), considered as the “control tower” of the immune system, as its drug discovery target, and through the utilization of these unique technologies the future development of revolutionary cancer and autoimmune disease therapies may be expected
- Out-licensed pipeline assets are expected to sequentially advance to the clinical trial stage, and if drug discovery pipeline monetization steadily progresses, establishment of a value chain will be within range
- These circumstances indicate SBI Biotech's high growth potential, and the company believes that it has good prospects for satisfying the listing requirements



Currently deliberating on the choice of lead managing underwriter, as part of the preparations for an IPO of SBI Biotech itself

ii. Quark

Progress in Principal Drug Pipelines of Quark, a Wholly-owned Subsidiary of SBI Biotech since Dec. 2012

	Licensing partner	Adaptation disease	Progress	
QPI-1002	Novartis International AG	Kidney Transplantation (DGF)	Phase III (Beginning of dosage)	Initiated clinical trials at 75 institutions, mainly in the U.S., as well as in Canada, Germany, Brazil and other countries
		Acute kidney injury (AKI)	Phase II (Beginning of dosage)	Initiated clinical trials at 40 institutions, mainly in the U.S. and Germany
QPI-1007	Biocon Ltd (India's Major Pharmaceutical Company)	Non-arteritic anterior ischemic optic neuropathy (NAION)	Phase II / III (Beginning of dosage)	Initiated clinical trials at 66 institutions, mainly in the U.S. and Europe. <u>Started first patient dosing in India (Announced on June 23, 2016)</u>
		Acute angle closure glaucoma	Phase II (Completion)	Completion in June 2015 of a small-scale clinical trial (46 patients) conducted in Vietnam and Singapore. <u>Completion of the documentation of final results report expected around July 2016</u>
PF-655	Pfizer Inc.	Glaucoma	Phase IIa	Start of Phase IIa protocol finalization
		Diabetic macular edema (DME)	Completed Phase IIa (Completion)	Upon the initiation of clinical trials for glaucoma, the launch of a revised development plan will be expected

About Quark, 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

Products at the Phase III stage in its drug discovery pipeline:

- QPI-1002: Kidney Transplantation (DGF) (Licensing partner: Novartis International AG)

The largest ever Phase II clinical study (326 subjects) conducted by Quark. Quark has received Orphan Drug status by the FDA and the EMA for this indication.

- QPI-1007: Non-arteritic anterior ischemic optic neuropathy (NAION) (Licensing partner: Biocon Ltd of India)

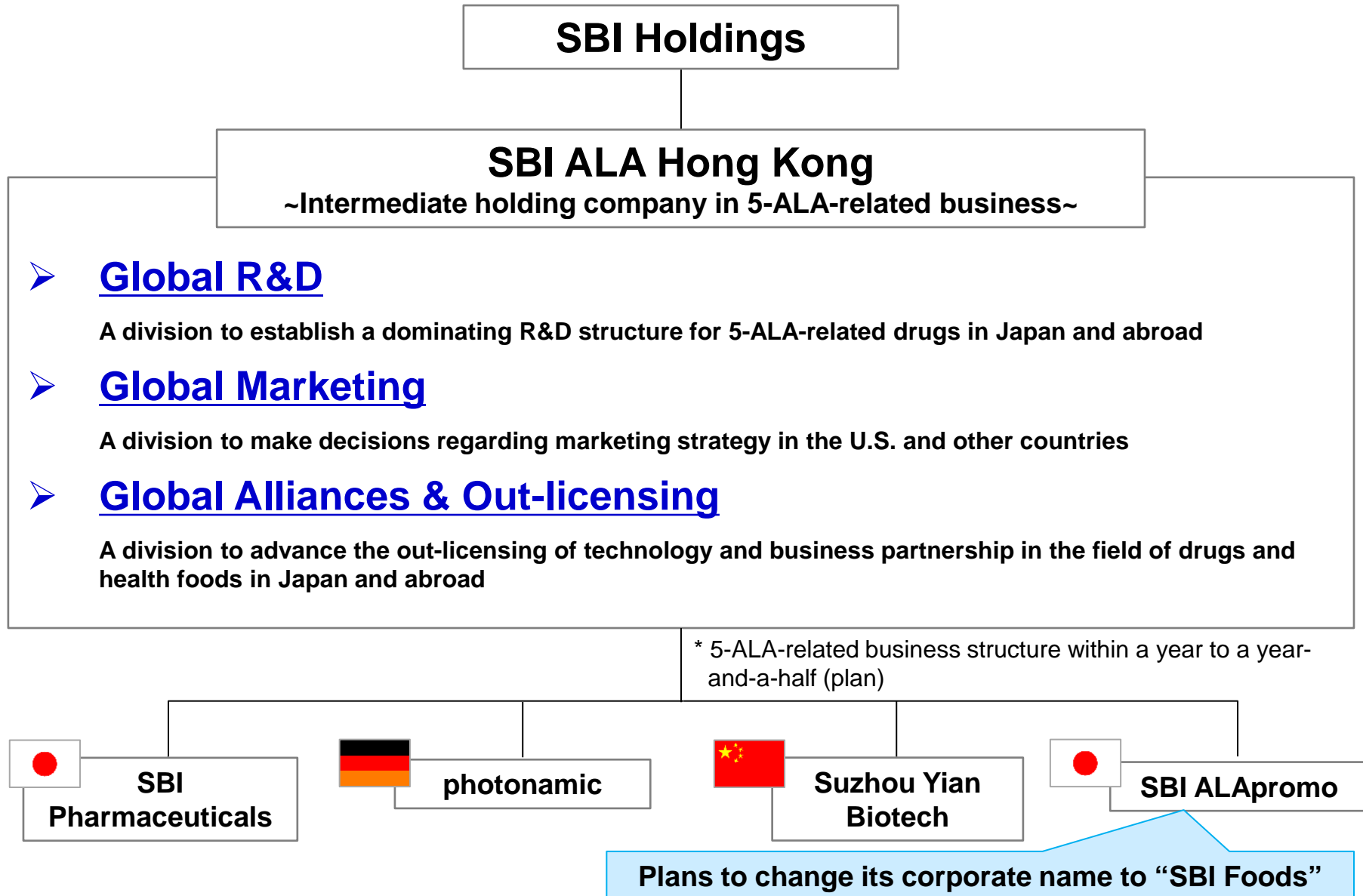
Quark received Orphan Drug status from the FDA on this indication. It is the first time that a siRNA molecule was approved by the Indian (DCGI) and Chinese (CFDA) health authorities to be used in humans in clinical studies



Continuing discussions with several securities firms in preparation for an IPO on the U.S. NASDAQ market, including preparations such as IPO application documentation

iii. 5-ALA-related business

Global Structure of the 5-ALA-related Business



Drug Pipelines Including Ethical Pharmaceuticals Utilizing 5-ALA under the SBI Group

Already Launched: Diagnostic agent for cancer treatment (Brain tumor) “ALAGLIO” (by SBI Pharmaceuticals) and “Gliolan” (by photonamic, *a wholly-owned subsidiary of the SBI Group), and drug for treating actinic keratosis “Alacare” (by photonamic)

Pipeline drugs	Progress
Diagnostic agent for cancer treatment (carcinoma vesicae)	Completion of an SBI corporate trial (Phase II) and <u>planning to submit for approval</u> in FY2016
Diagnostic agent for cancer treatment (peritoneal dissemination of gastric cancer)	<u>An investigator-led trial (Phase II)</u> led by Osaka Univ. <u>is underway</u>
Drug to treat cancer chemotherapy-induced anemia	<u>An investigator-led trial (Phase II)</u> by Saitama Medical Univ., <u>completed</u> . Scheduled to conduct corporate trial (Phase II)
Drug to treat mitochondrial diseases	<u>An investigator-led trial (Phase II)</u> based on a Phase II and III trial plan <u>is underway</u> at Saitama Medical University, and is in the process of analyzing the explorative trial result. Based on this result, start of a confirmatory study (Phase III) will be judged
Preventing cardiac ischemia-reperfusion Injury	<u>Planning to submit an investigator-led trial (Phase II)</u> jointly implemented in University of Oxford and Birmingham university hospital in the U.K. <u>to the Medicines and Healthcare Products Regulatory Agency (“MHRA”)</u>
Photodynamic therapy (PDT) for brain tumors	<u>Planning clinical trials</u> at leading pediatric neurosurgery centers in Germany. SBI Pharmaceuticals and photonamic are cooperating in the development of this new technology

iii. 5-ALA-related business (SBI Pharmaceuticals) :

Patents Held by SBI Pharmaceuticals in Japan (Total of 36 Patents) - (i)

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 ALA
Health function improver	Sept. 2, 2011	COSMO ALA
Immune function improver	Sept. 2, 2011	COSMO ALA
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 Univ.
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 Univ.
Urothelial cancer detection method	Feb. 21, 2014	Kochi Univ.
Male infertility treatment	Mar. 14, 2014	Single application
Cancer thermotherapy action enhancer	Apr. 18, 2014	Tokyo Univ. of Agriculture
Mitochondrial fluorescence staining method	July 11, 2014	Okayama Univ. /Kochi Univ.
Antimalarial drug whose active ingredient is 5-aminolevulinic acid or a derivative thereof	July 25, 2014	The Univ. 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

iii. 5-ALA-related business (SBI Pharmaceuticals) :

Patents Held by SBI Pharmaceuticals in Japan (Total of 36 Patents) - (ii)

The name of the invention	Registration date	Co-applicants
Adult disease prophylactic and/or improving agent whose active ingredient is 5-aminolevulinic acid or a derivative thereof, or a salt thereof	Dec. 19, 2014	Single application
Antimalarial drug whose active ingredient is alaremycin or a derivative thereof	Dec. 26, 2014	Tokyo Institute of Technology
Treatment for allergic rhinitis	Mar. 20, 2015	National Hospital Organization
Agent for preventing and/or treating veisalgia	Sept. 18, 2015	Single application
Treatment agent and/or prophylactic agent for side effects of cancer drugs	Oct. 9, 2015	Kochi Univ.
Erythropoietin production accelerator	Oct. 9, 2015	Tohoku Univ.
Tumor diagnostic agent	Nov. 13, 2015	Single application
Photodynamic therapy or diagnostic agent, using infrared-spectrum light	Dec. 18, 2015	Tokyo Institute of Technology
An agent for treating and preventing cancer anemia	Feb. 12, 2016	Single application
An agent for the treatment and prevention of chronic kidney disease	Feb. 12, 2016	Single application
Photodynamic diagnosis agent and photobleaching-prevention agent	Feb. 12, 2016	Tokyo Institute of Technology
Photodynamic therapy using a photosensitizer or 5-ALAs	Feb. 19, 2016	Single application
Device to identify cancer metastasis in the sentinel lymph node	Feb. 26, 2016	Single application
Immune tolerance inducer	Mar. 25, 2016	National Center For Child Health And Development
Enhancer of survival of transplanted organ	Apr. 1, 2016	National Center For Child Health And Development
Prophylactic/therapeutic agent for influenza virus infection	Apr. 22, 2016	Tokushima Univ.
Prophylactic and/or therapeutic agent for radiation damage	Apr. 22, 2016	The Univ. of Tokyo
PDT effect enhancing agent	May 20, 2016	Kanazawa Univ. and Tokushima Univ.

iii. 5-ALA-related business (SBI Pharmaceuticals) :

Among the 36 Patents Obtained in Japan, 16 Patents has been Obtained Overseas as well

Obtained patents overseas:

	The name of the invention (Co-applicants)	International registration (countries)
1	Composition for peeling (Single application)	German, Canada and other 2 countries
2	External preparation for the skin (Single application)	U.S., China and other 12 countries
3	Health function improver (Cosmo Oil)	U.S., China and other 11 countries
4	Tumor diagnostic agent (Single application)	U.S., China and other 7 countries
5	Mitochondrial damage brain disorder treatment and diagnostic agent (Single application)	U.S., China and other 5 countries
6	Bladder cancer detection method (Kochi University)	U.S.
7	Male infertility treatment (Single application)	U.S., China and other 8 countries
8	Cancer thermotherapy action enhancer (Tokyo University of Agriculture)	U.S., German and other 4 countries
9	Antimalarial drug whose active ingredient is 5-aminolevulinic acid or a derivative thereof (The University of Tokyo)	U.S., Canada and other 2 countries
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)	U.S. and Korea
11	Urothelial cancer detection method (Kochi University)	German U.K. and other 2 countries
12	Antimalarial drug whose active ingredient is alaremycin or a derivative thereof	U.S., German and other 3 countries
13	Photodynamic therapy or diagnostic agent, using infrared-spectrum light (Tokyo Institute of Technology)	China
14	Photodynamic therapy using a photosensitizer or 5-ALAs (Single application)	U.S.
15	Enhancer of survival of transplanted organ (National Center For Child Health And Development)	U.S.
16	Prophylactic/therapeutic agent for influenza virus infection (Tokushima University)	U.S.

Management Policies on SBI Pharmaceuticals Toward the Realization of an Early Profitability

- In light of factors such as medical needs and progress in R&D, rigorously divide projects in the development pipeline into “must have” and “nice to have” items and undertake rigorous cost reduction
- Progressing the out-licensing of technology in the fields of the pharmaceutical and food



**Endeavoring to reach profitability this fiscal year,
owing to the plurality of out-licensing deals**

(Examples of of technology out-licensing discussions:

Company A: Malaria and diabetes, Company B: PDD for carcinoma vesicae)

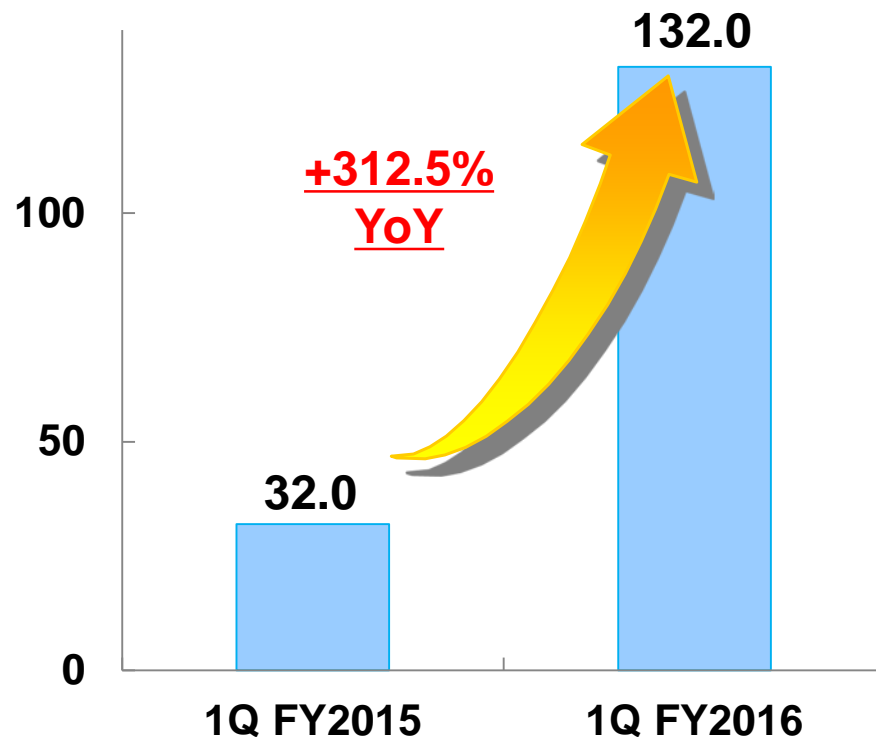
Upon the enterprise evaluation by a number of evaluation organizations under several major auditing firms, received corporate value calculation results of approx. JPY 90bn, for SBI Pharmaceuticals

SBI ALApromo's Sales Rapidly Increased, Led by "ALA Plus Tou (Sugar) Down," a Food with Function Claims

Of the 10,054 consulting pharmacies and drugstores that offer SBI ALApromo products, 8,654 stores are offering "ALA Plus Tou (Sugar) Down" (As of July 25, 2016)

Comparison of sales of SBI ALApromo

(JPY million)



Of the 92 foods with function claims, "ALA Plus Tou (Sugar) Down" (30 capsules) was ranked 18th in sales, in May 2016 (Published in the July 2016 issue of the monthly magazine "H&B Retail")*

*Source: "TRUE DATA" by CUSTOMER COMMUNICATIONS, Ltd. "TRUE DATA" is a standard database, taking statistics about information on consumer purchase in drugstores and supermarkets in Japan, which consists of purchase information on approx. 50 million people in Japan, covering gender and age span

Profitability in sight for this fiscal year

Development of Foods with Function Claims as a Key Strategy Category in 5-ALA-related Business

SBI ALApromo is preparing for the development of new foods with function claims, following “ALA Plus Tou (Sugar) Down” for the domestic market

Candidates for development:

Helping relieve hangovers and fatigue (Hiroshima Univ.)

Male menopause and fertility improvement (Juntendo Univ.)

Improvement in the exercise capacity (Juntendo Univ. *planned)

Scheduled for application as foods with function claims



Around August 2017

FY2017

FY2018

Clinical trials expected to start in 2016

Collaborating with the RIZAP GROUP to Expand the Market for 5-ALA Products

Held a joint press conference with the RIZAP GROUP

Speakers: CEO Kitao of SBI Group, President Seto of the RIZAP Group, Professor Mitsuhiro Watanabe of Keio Univ. and Senior Managing Director Nakajima of SBI Pharmaceuticals



Launched a supplement containing 5-ALA, namely “RIZAP ACTIVE,” jointly developed by SBI ALApromo and RIZAP, for the members of RIZAP from July 1, 2016

→President Seto of the RIZAP GROUP said :

“Sold out on the same day”

“RIZAP GROUP commits to cultivate the market size of 5-ALA to be JPY 10bn.”



Achieving 70% awareness of 5-ALA within 3 years

3. The SBI Group's three major strategies to be undertaken in the medium- and long-term

- (1) Evolution of the completed financial ecosystem into the “New FinTech Ecosystem”**
- (2) Strengthening the alliances with external financial institutions, including regional financial institutions**
- (3) Actualizing the intrinsic corporate value**

(1) Evolution of the completed financial ecosystem into the “New FinTech Ecosystem”

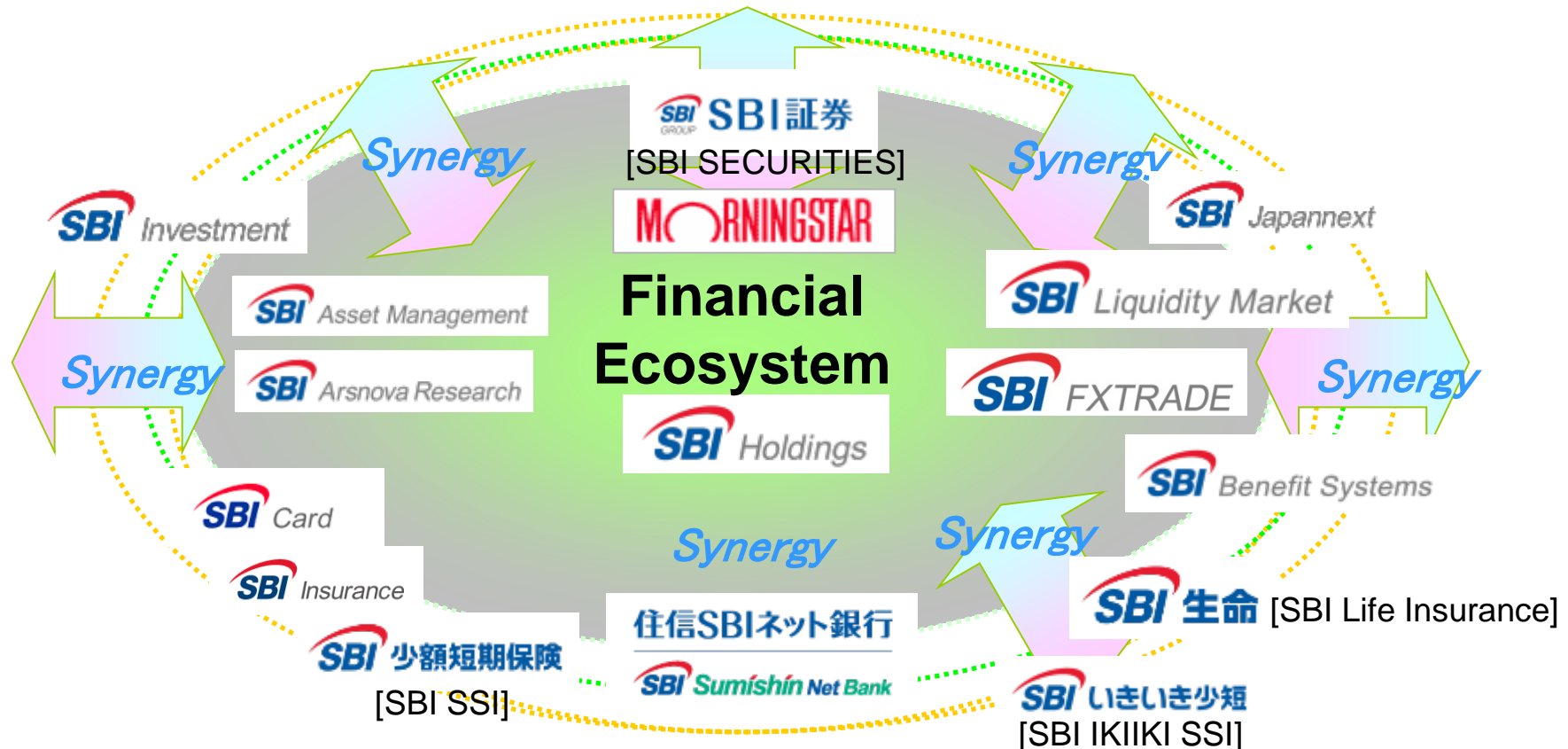
Completed a Globally Unique Internet-based Financial Conglomerate in 16 Years Since Its Inception

Oct. 1999: SBI SECURITIES commenced online trading service

Sept. 2007: SBI Sumishin Net Bank commenced business

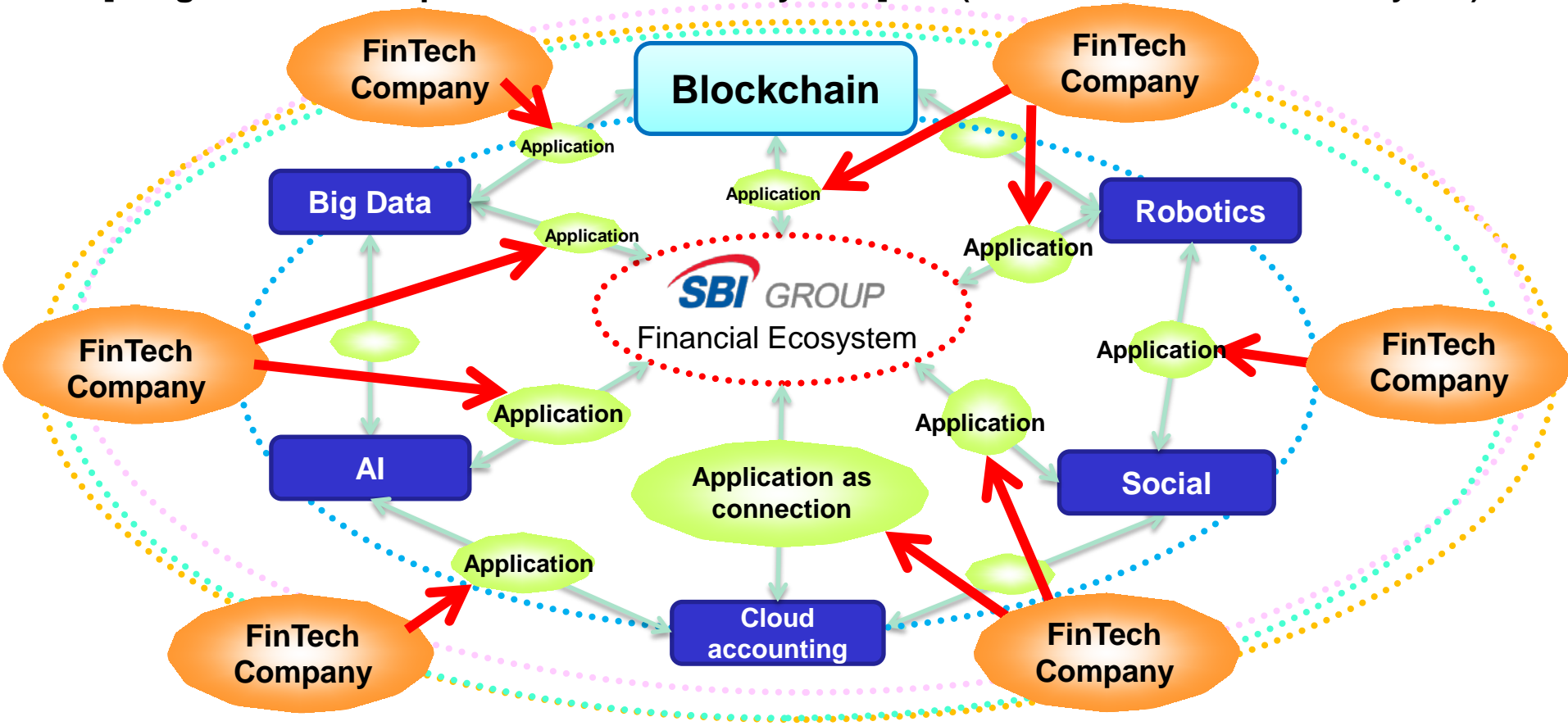
Jan. 2008: SBI Insurance commenced business

Feb. 2016: SBI Life Insurance launches the sales of its products



The “New FinTech Ecosystem” will Utilize Blockchain Technology as Its Core, to Endeavor in Providing Innovative Financial Services through a Joint Development of Applications, which will Connect FinTech Companies and Conventional Financial Systems

[Image of SBI Group’s new FinTech ecosystem] (Plan: Establishment within 5 years)

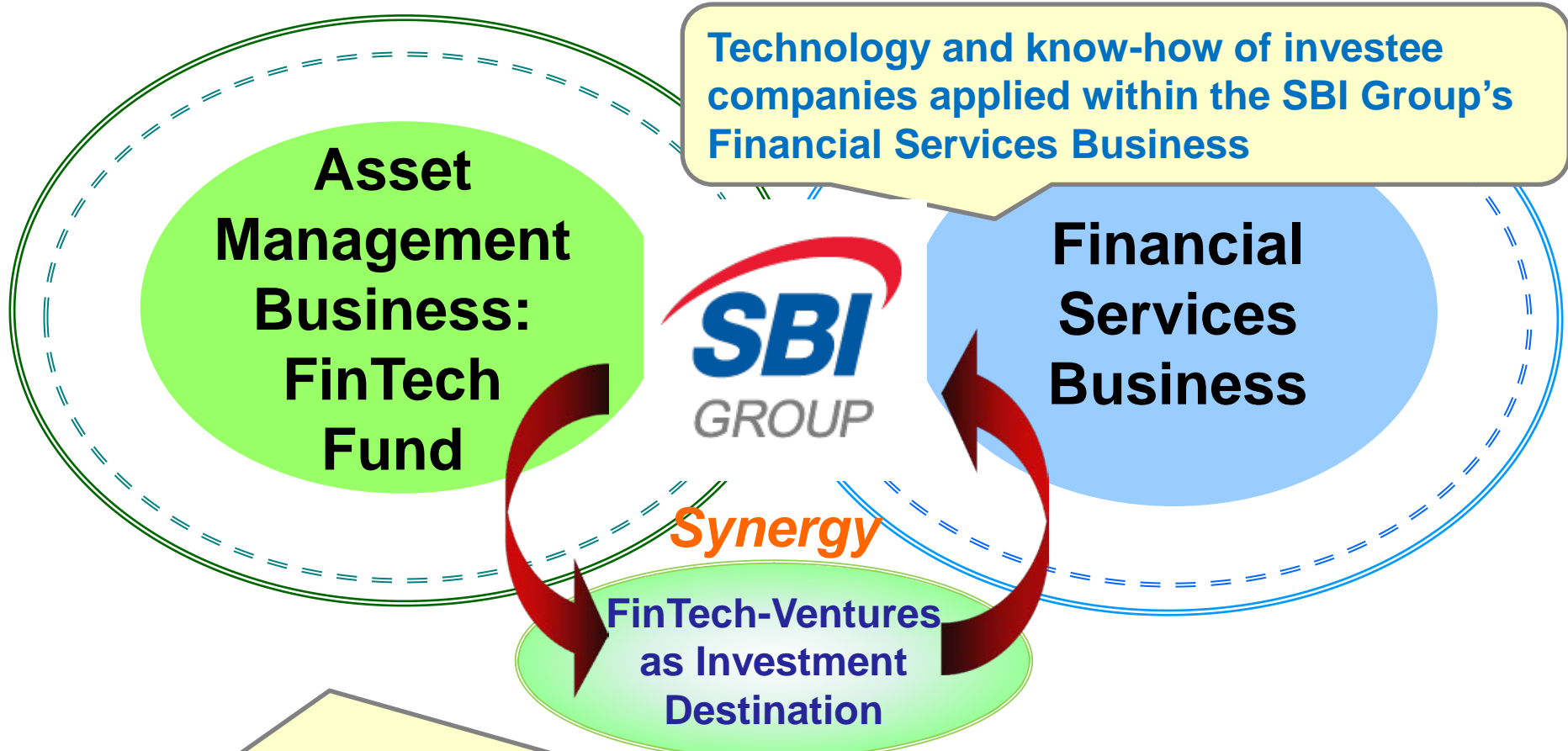


Through the optimal utilization of the SBI Group network, the external distribution of the realized financial services of the FinTech companies will be fully supported

[Measures to establish the “New FinTech Ecosystem” at low cost]

- ① By fully utilizing the Asset Management Business sector’s FinTech fund in various ways, realize a virtuous cycle in the Financial Services Business**
- ② The establishment of “SBI FinTech Consortium”**
- ③ By promoting alliances between participating Consortium companies, will endeavor to combine the leading technology of each of the companies to commercialize a product**
- ④ In cooperation with SBI’s prominent overseas partners, develop Japan-origin FinTech technologies, to further reduce deployment costs**

① By Fully Utilizing the Asset Management Business Sector's FinTech Fund in Various Ways, Realize a Virtuous Cycle in the Financial Services Business

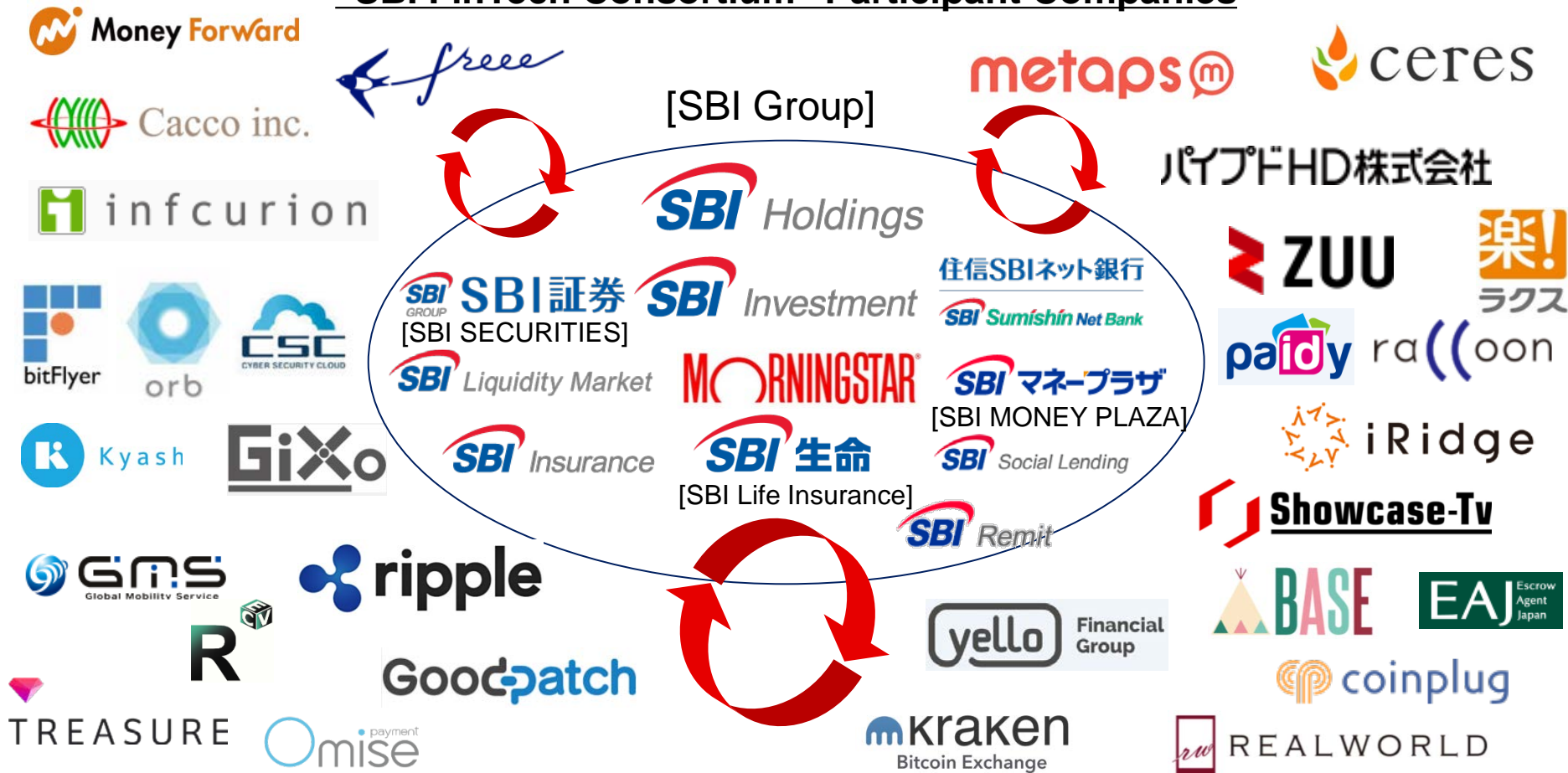


By not only identifying and investing in FinTech ventures, but also by actively utilizing their technology, the SBI Group will endeavor to contribute to the business enhancement of the investee companies, and as a result realize higher performance for the operated funds

② The Establishment of “SBI FinTech Consortium”

~Further strengthening cooperation with domestic and foreign FinTech companies~

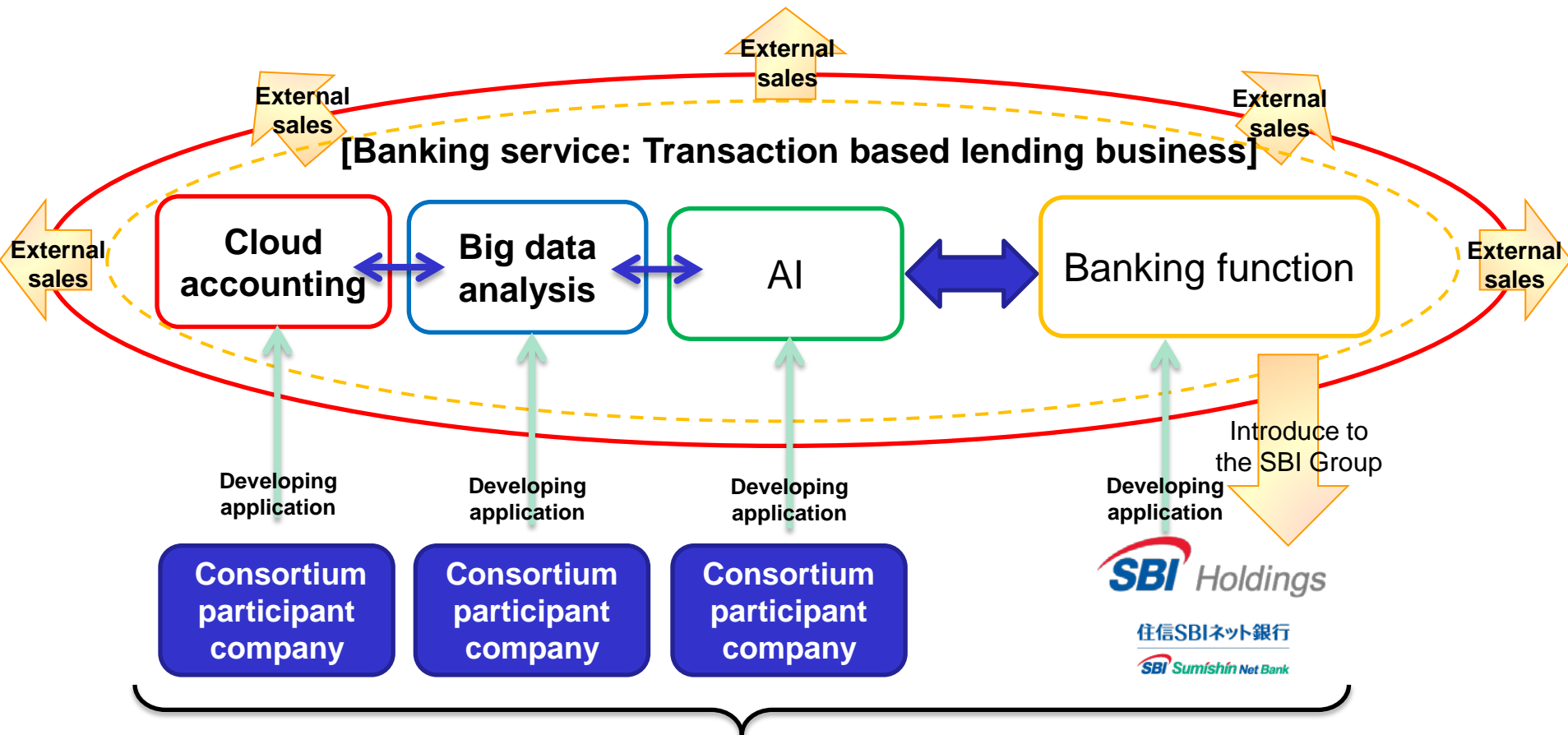
“SBI FinTech Consortium” Participant Companies



* Including companies expected to participate

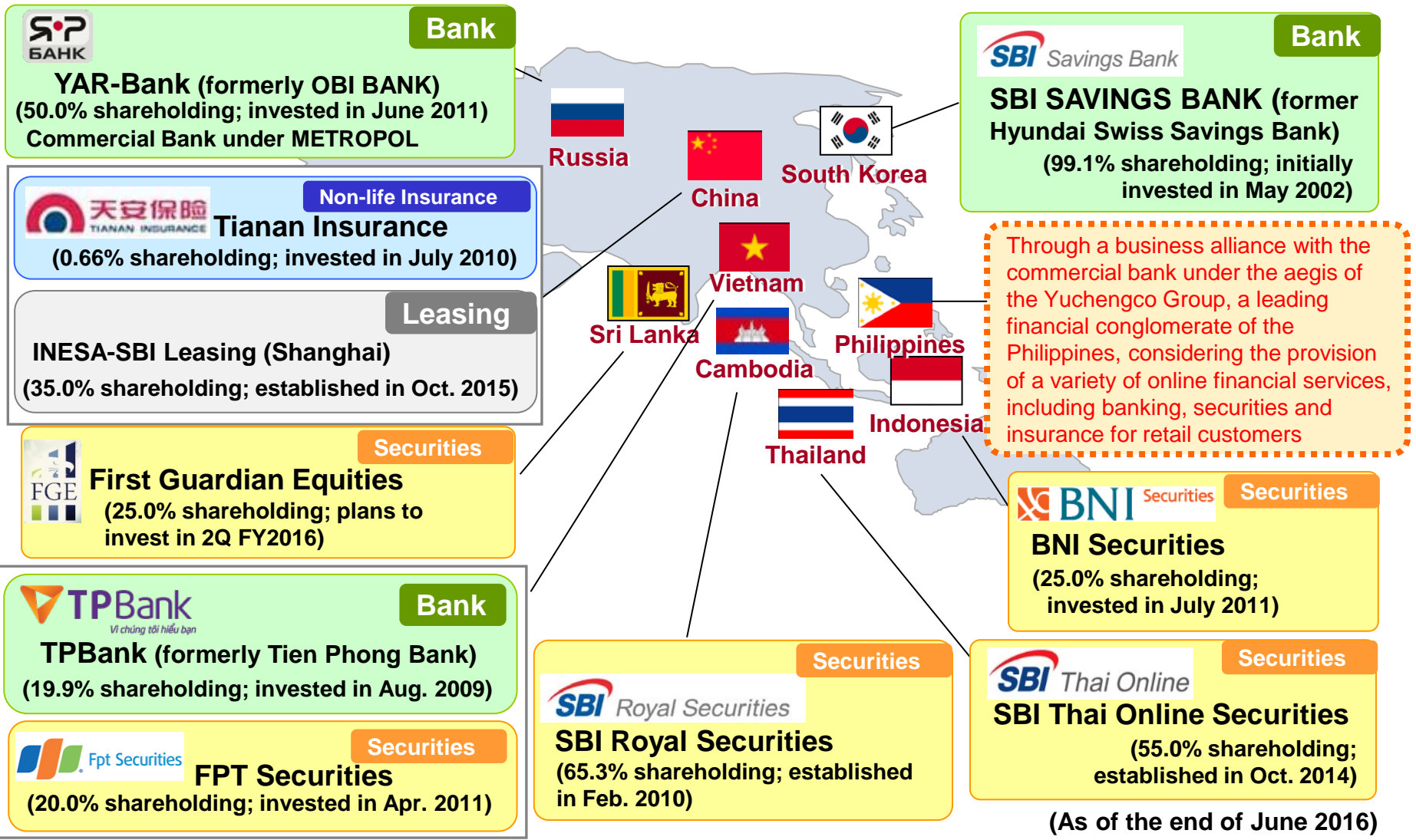
③ By Promoting Alliances between Participating Consortium Companies, will Endeavor to Combine the Leading Technology of Each of the Companies to Commercialize a Product

~Jointly developing application software for new connections between FinTech technologies of each FinTech company and the Group's financial ecosystem~



Minimizing introductory costs through joint development

④ In Cooperation with SBI's Prominent Overseas Partners, Develop Japan-origin FinTech Technologies, to Further Reduce Deployment Costs

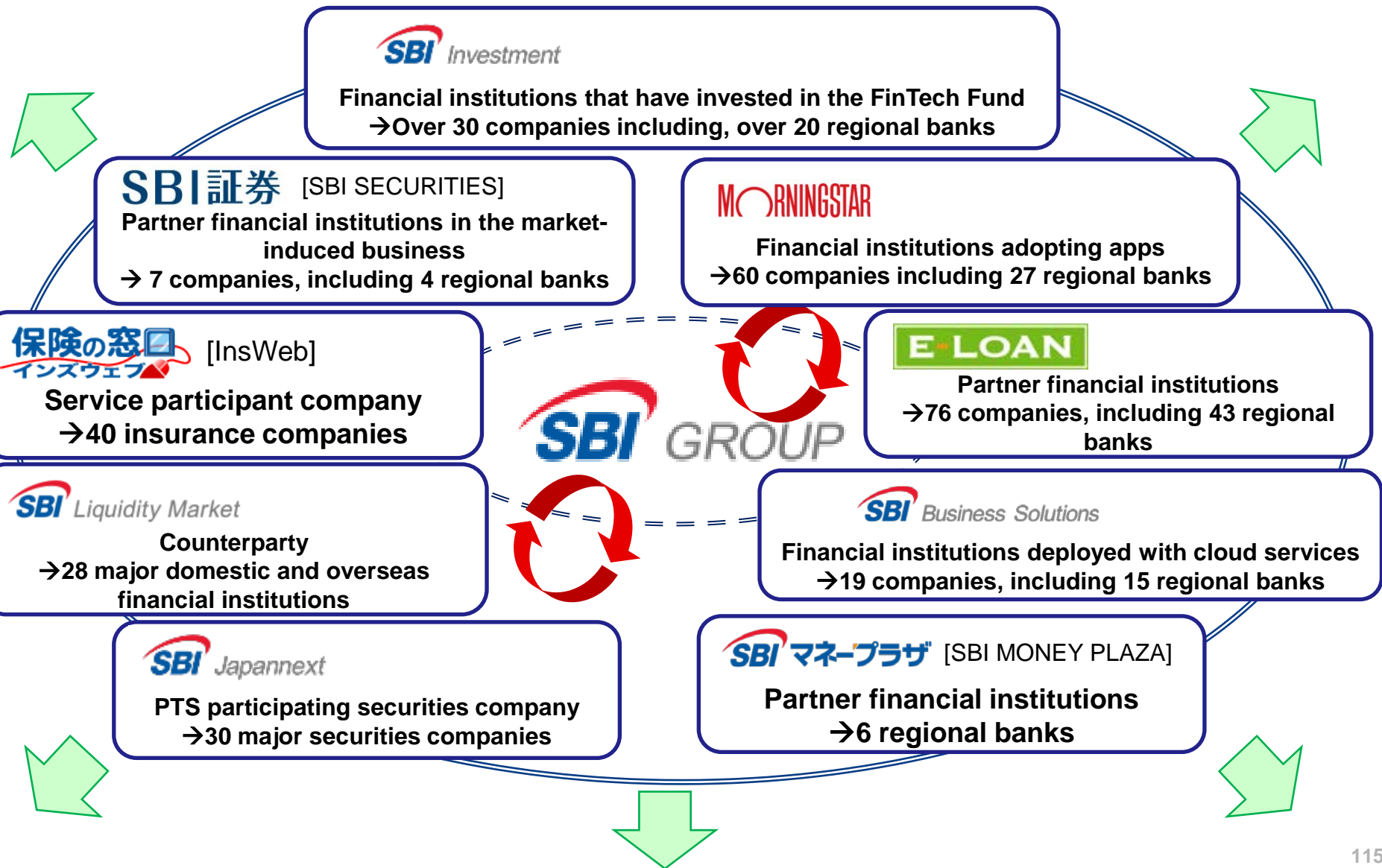


(As of the end of June 2016)

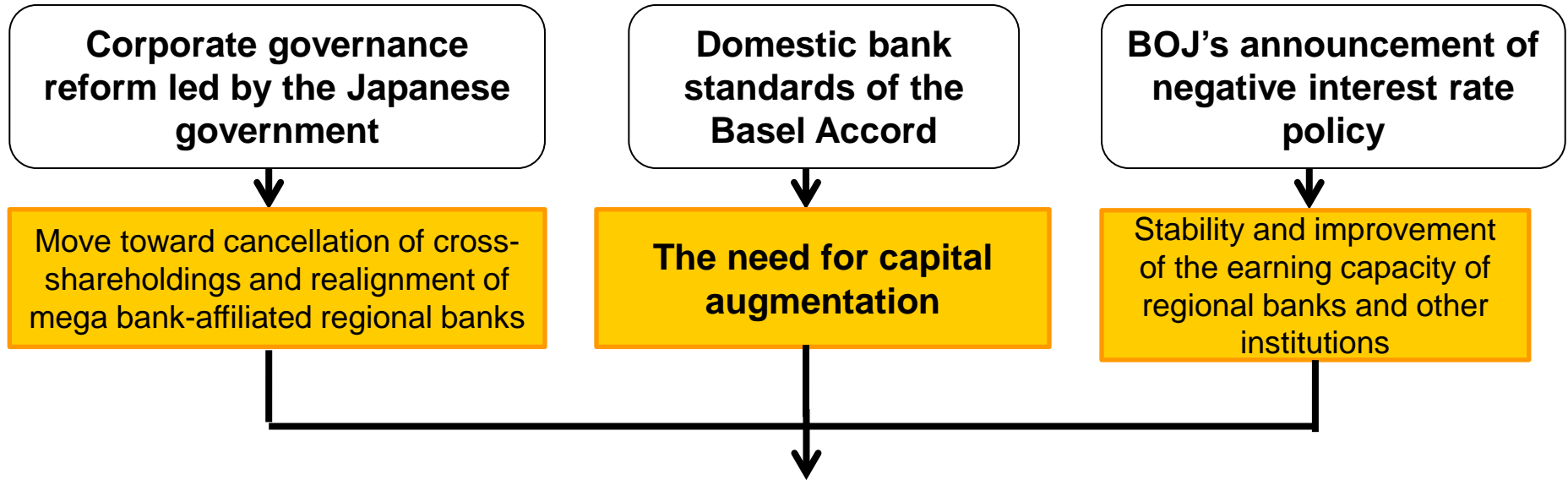
* SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group

(2) Strengthening the alliances with external financial institutions, including regional financial institutions

The SBI Group Companies are Already Collaborating with Many Domestic and Overseas Financial Institutions, and will Endeavor to Further Strengthen Their Relationships and Partnerships, Moving Forward



The Regional Financial Institutions will Better Solve Various Issues that They will Face, by Strengthening Their Relationship with the SBI Group

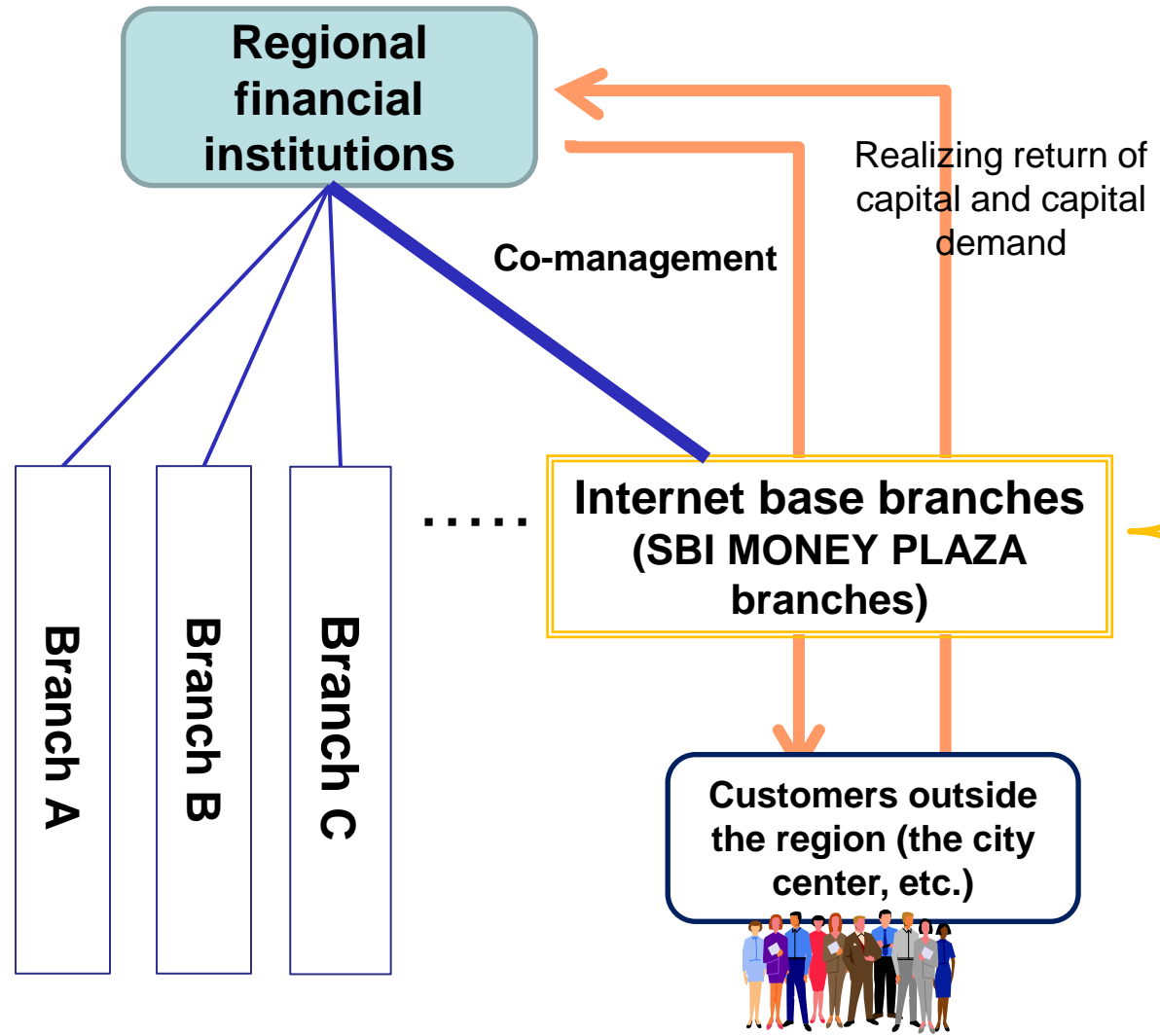


[The SBI Group's proposed solutions for issues faced by the financial institutions (e.g.)]

- ① By partnering with SBI MONEY PLAZA, it becomes possible to develop a new customer base, and to provide various financial products on a one-stop basis
- ② Through the establishment of the "Regional Bank Value Creation Fund" (provisional name), proposing a solution to the dissolution of cross-shareholding and a new financial business that utilizes FinTech technology
- ③ By providing the SBI Group's various asset management products, improve the fund management capabilities of the regional financial institutions
- ④ By leveraging the SBI Group's overseas network, provide overseas investment and lending opportunities

Approaching New Customers through the Co-management of Internet Based Branches Established Inside Regional Financial Institutions

Realizing the capital and capital demands flowing back from urban areas, through preferential interest rate measures, such as “hometown deposit” and “hometown loan”



~Examples of product offerings~

Hometown deposit

Preferential interest rates applied, when establishing and depositing an account with a hometown financial institution

Hometown loan

- ◆ Preferential interest rates applied on housing loans and individual loans of hometown financial institutions
- ◆ Cooperating with SBI Investment for companies

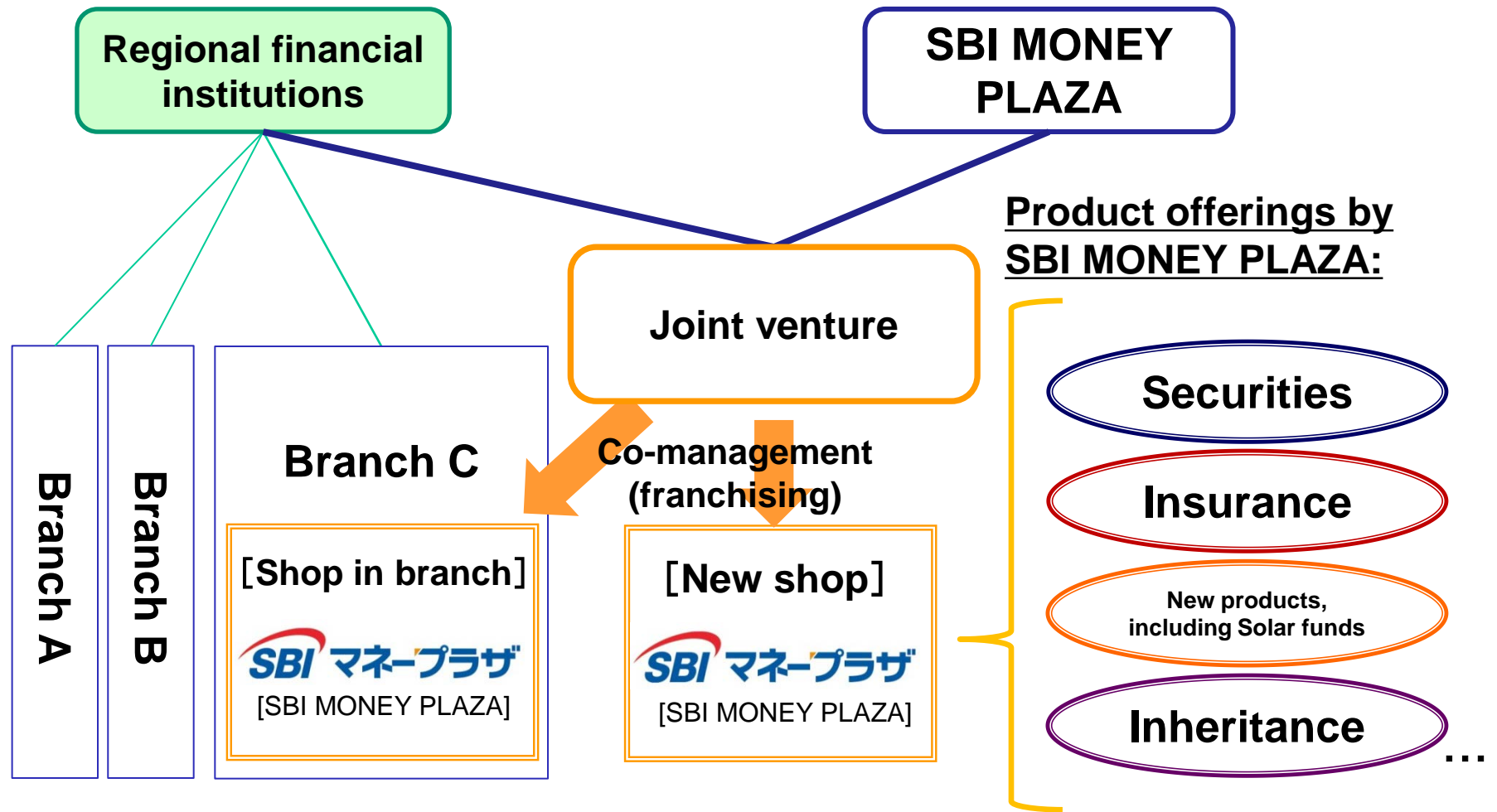


Financial products and services

Securities (SBI SECURITIES), Insurance (SBI Insurance, SBI Life Insurance, SBI SSI, and SBI IKIKI SSI) etc.

Expanding Financial One-stop Shop, SBI MONEY PLAZA, through a Joint Venture

Through a joint venture, which will be a face-to-face shop that offers, along with the securities-related and insurance products handled by SBI MONEY PLAZA, various other products such as solar-related products, it becomes possible to provide customers with a one-stop shop with a variety of financial products



The Regional Financial Institutions' Current Situation Regarding Pure-play Online Branches

Among the 105 total regional banks, currently only 58 pure-play online branches are provided, with limited financial products offered

Examples of financial product offerings:

	Deposit	Investment Trust	Bond	Stock	Life Insurance	Non-life Insurance	Foreign Exchange
Bank A	○ Ordinary, fixed and foreign currency deposits	○ 103 types	○ Japanese Government bond and municipal bonds for individuals	×	×	×	×
Bank B	○ Ordinary, fixed and foreign currency deposits	×	×	×	×	×	×
Bank C	○ Ordinary, fixed and foreign currency deposits	○ 60 types	○ Japanese Government bond and municipal bonds for individuals	×	×	×	×
Bank D	○ Ordinary and fixed deposits	×	×	×	×	×	×

Diversification of financial product offerings is essential in improving profit per customer and customer satisfaction

* As of July 28, 2016

The Regional Financial Institutions' Current Situation Regarding their Securities Subsidiaries

Of the 105 regional banks, 16 have a securities subsidiary under their aegis, but with limited online capabilities

The number of regional banks with a securities subsidiary:

	The number of regional banks with a securities subsidiary
First-tier regional banks	16 banks of all 64 banks
Second-tier regional banks	0 bank of all 41 banks

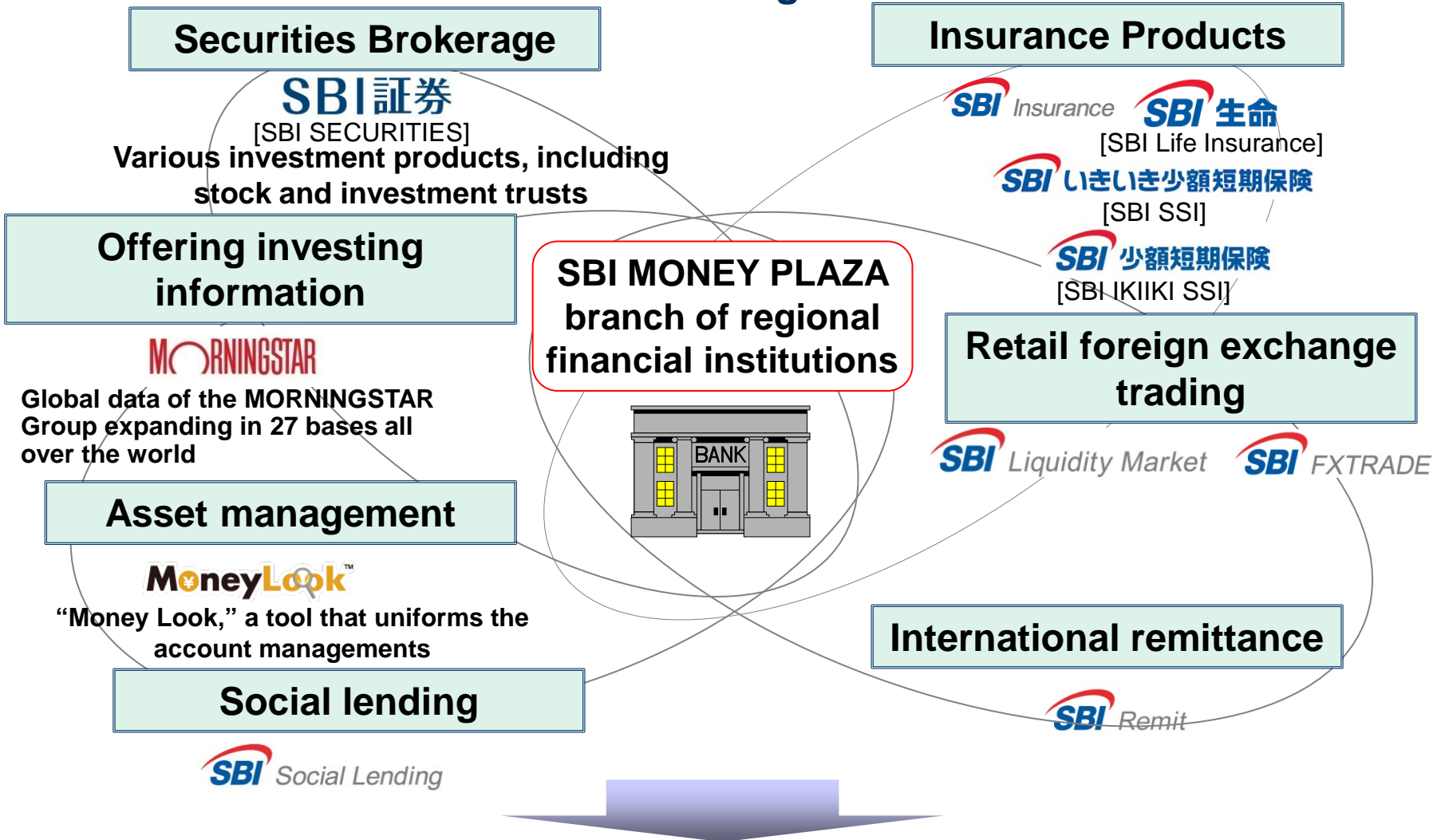
The number of SBI SECURITIES' investment trust offerings :
Publicly offered investment trusts number over 2,300, including over 1,000 no-load investment trusts.
Both are the largest in Japan.
 (as of July 17, 2016)

Examples of products offered:

	Able to trade via the Internet	The number of investment trusts	Able to buy IPO stocks
Securities A	○ (necessary to apply at face-to-face shops)	331	○
Securities B	○	98	○
Securities C	○	132	○
Securities D	○ (necessary to apply at face-to-face shops)	178	×

① Cooperating with SBI MONEY PLAZA (iii)-3:

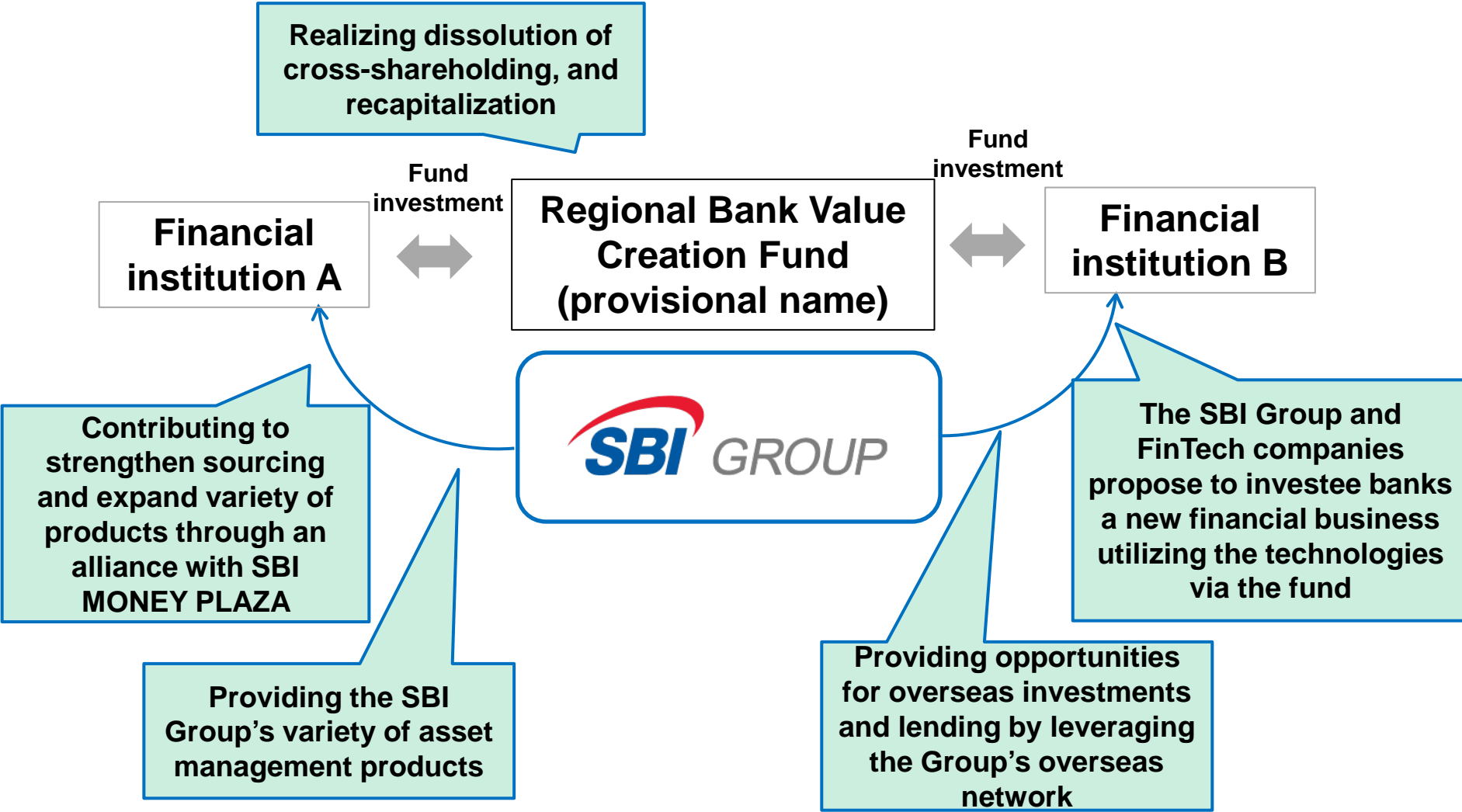
Various Lines of Products and Services through the SBI Group's Business Ecosystem Enables the Enhancement of Competitiveness of SBI MONEY PLAZA Branch of Regional Financial Institutions



Implementing the expansion of innovative services, and the enhancement of earnings power at local financial institutions

② Increasing regional banks' corporate value through new funds (i):

Planning the Establishment of a New Fund (Commitment Amount Expected to be at Least JPY 50bn) for Regional Financial Institutions, to Increase their Corporate Value



② Increasing regional banks' corporate value through new funds (ii):

Joint Development of Packaged Software with FinTech Ventures, and Supporting the Introduction of FinTech Services to Regional Financial Institutions

FinTech Fund

- Established in Dec. 2015
- Total commitment amount: JPY 30bn
- Over 20 of regional banks have already invested
- Going forward, anticipating investing in 100 or more domestic and overseas companies



Regional Bank Value Creation Fund (provisional name)

Planning the establishment of a fund for regional financial institutions to increase their corporate value

Synergy

FinTech venture investee companies

IT vendors such as IBM and FinTech Fund investee companies

Cooperation

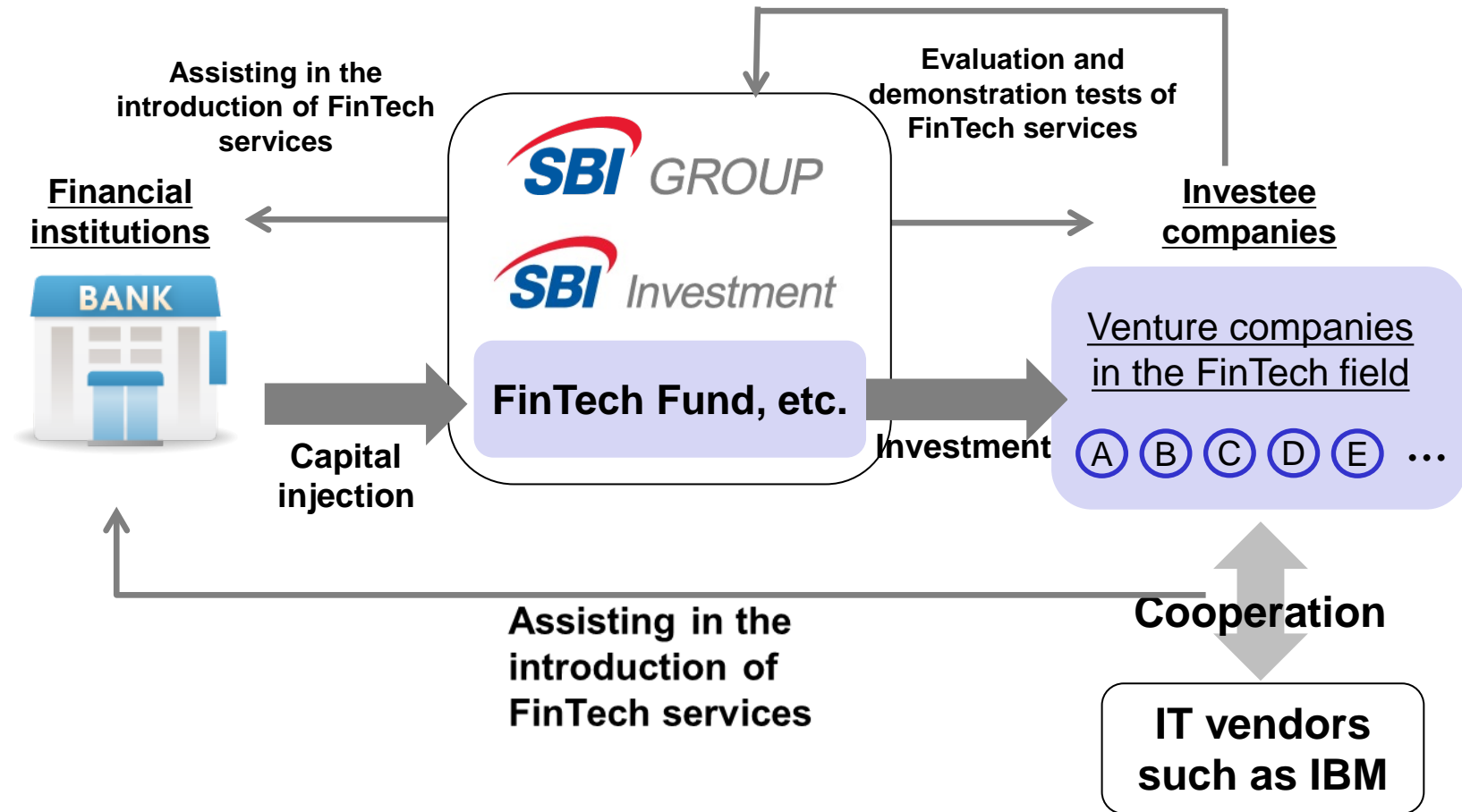
Cooperation

IT vendors such as IBM and FinTech Fund investee companies

Propose an introduction to regional financial institutions of packaged software, which the SBI Group and FinTech companies jointly develop in cooperation with IT vendors, such as IBM

Promoting Introduction of FinTech Services to Regional Financial Institutions Utilizing Major IT Vendors such as IBM

By also utilizing the resources of major IT vendors such as IBM, who have deep relationships with the financial institutions, an early and smooth adoption of the services provided by the FinTech venture companies becomes possible



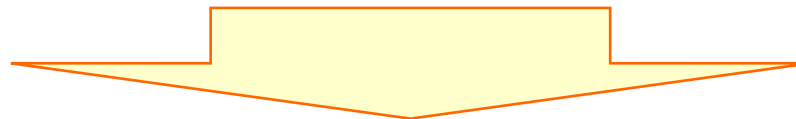
② Increasing regional banks' corporate value through new funds (iv):

Partner Financial Institutions, by Significantly Reducing the Domestic Exchange Transactions (Bank Transfers, etc.) Fees by Utilizing the Blockchain Technology that the SBI Group will Develop, will Ensure Their Competitive Advantage

【Comprehensive transfer fees by corporations (per 1, including tax)】 (As of July 20, 2016)

(Unit: JPY)	Addressed to other banks		Addressed to head and branches of own bank	
	Average of 3 major mega banks	(Reference) SBI Sumishin Net Bank	Average of 3 major mega banks	(Reference) SBI Sumishin Net Bank
Less than 30,000	<u>576</u>	165	216	<u>51</u>
30,000 or more	<u>792</u>	258	432	<u>51</u>

Low-cost strategy is one of SBI Sumishin Net Bank's differentiating factors versus other banks



Contribute to the improvement of the services of partner financial institutions, by significantly reducing the domestic transaction fees through the utilization of blockchain technology

③ Improving asset management capabilities of regional financial institutions :

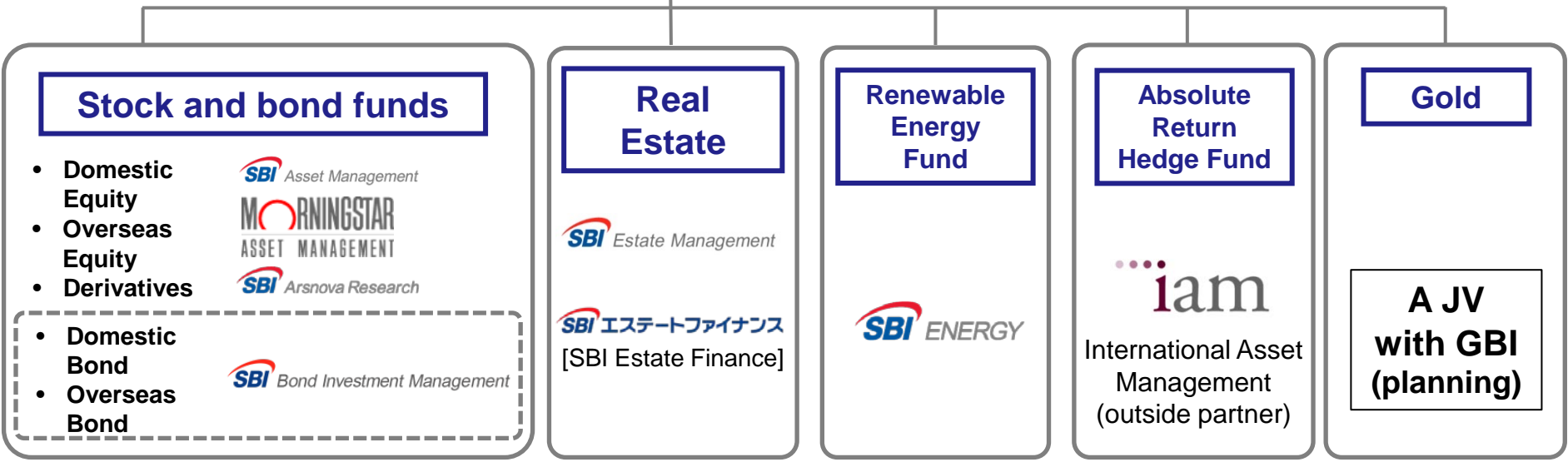
By Offering the SBI Group's Various Investment Products, will Endeavor to Improve the Asset Management Capabilities of the Regional Financial Institutions

SBI GLOBAL ASSET MANAGEMENT



A JV with SYZ AM (planning)

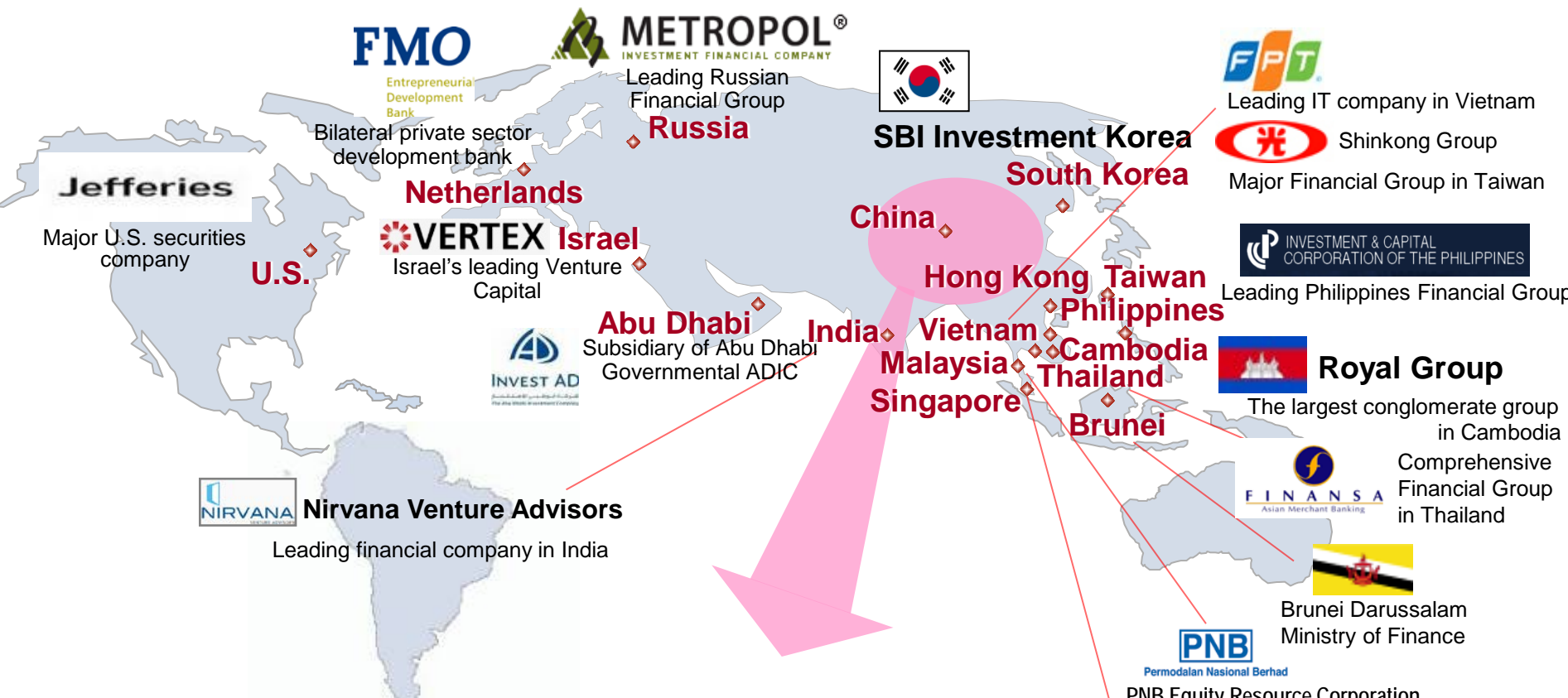
Advising asset allocation



④ Providing opportunities for overseas investments and lending:



By Utilizing the Group's Global Network, Providing Regional Banks with Overseas Investments and Lending Opportunities



清华控股有限公司
TSINGHUA HOLDINGS CO., LTD.
An investee subsidiary of Tsinghua University Group

北大青鸟集团
BEIDA JADE BIRD GROUP
Strategic investment division under Beijing University Group

INEISA
仪电控股
A major Shanghai municipal state-owned information industry company

FORWARD
复旦复华
Industry group under the aegis of Fudan University

TEMASEK HOLDINGS
Governmental asset management company of Singapore

(3) Actualizing the intrinsic corporate value

- ① Listing of some of the intermediate holding companies**
- ② Listing of SBI FinTech Solutions (tentative name)**
- ③ Listing of an insurance holding company**

Consideration of the Company's Corporate Value

Why does SBIH's current market capitalization not seem to fully reflect its potential corporate value?

[Voice of some institutional investors]

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

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

Actualizing the Intrinsic Corporate Value through Group Subsidiary Companies' Listings

[Basic policy on IPO strategies of subsidiary companies]

- If it is preferable to actualize the intrinsic corporate value by listing the company toward the visualization of major businesses' value
→ ① [Intermediate Holding Company](#)
- If it is necessary for the company to improve its IT infrastructure and other largescale capital investments on an ongoing basis, or to increase its capital due to a business that requires a large amount of working capital → ② [SBI FinTech Solutions \(tentative name\)](#)
- In the development of domestic banking and insurance businesses through subsidiaries, if a flexible establishment of an operational system is necessary to preserve managerial freedom under the Japanese legal system → ③ [Insurance holding company](#)
- If the company is required to maintain a neutral position in the business that it conducts → (e.g.) Morningstar Japan: Listed on NASDAQ Japan (currently TSE JASDAQ) in June 2000
- When the company creates little synergies between itself and other Group companies, and from the perspective of the Group's overall business portfolio, if it would be beneficial for the company to publicly offer its shares so that its shareholder value could be actualized, or if the company's significance in the overall Group strategy has deteriorated

Subsidiary Company Listing Strategy Trend (i)

1999~2007

Policy: Promoting listing of subsidiary companies to ensure growth funds

Develop Group subsidiaries into companies capable of launching IPOs as soon as possible. As autonomous, independent companies, subsidiaries that complete IPOs fully utilize their own financing capabilities to undertake self-propagation without placing financial demands on the parent company.

2007~2015

Securities exchanges signal a suppressive stance toward parent-subsubsidiary listings in “TSE stance on the listing of companies that have parent companies,” announced by the Tokyo Stock Exchange in June 2007, and “Securities exchanges’ stance related to the listing of core subsidiaries,” announced jointly by stock exchanges in Oct. 2007.

Changed the policy and decided basically not to list subsidiary companies conducting core businesses, in order to promote financial conglomerate management

SBI SECURITIES became a wholly owned subsidiary, and is the largest “cash cow” of the Financial Services Business (Aug. 2008)

2015~

Parent-child listing of Japan Post Group (Nov. 2015)

Considering IPO of subsidiary companies



Subsidiary Company Listing Strategy Trend (ii)

~12 companies listed since the establishment of the Group~

- June 2000 Morningstar Japan K.K. listed on NASDAQ Japan
- Sept. E*TRADE Japan K.K. (currently SBI Holdings) listed on NASDAQ Japan
⇒Merged with SOFTBANK INVESTMENT in June 2003
- Dec. SOFTBANK INVESTMENT (currently SBI Holdings) listed on NASDAQ Japan
- Aug. 2001 SOFTBANK FRONTIER Securities listed on NASDAQ Japan
⇒Merged with SBI SECURITIES in Oct. 2007
- Feb. 2002 SOFTBANK INVESTMENT (currently SBI Holdings) listed on First Section of Tokyo Stock Exchange
- Sept. 2003 Finance ALL listed on Hercules market of the Osaka Securities Exchange
⇒Merged with SBI Holdings in Dec. 2005
- Oct. 2004 VeriTrans listed on Hercules market of the Osaka Securities Exchange
⇒Sold in Mar. 2012
- Nov. E*TRADE SECURITIES(formerly SBI SECURITIES) listed on NASDAQ Japan
⇒SBI Holdings made SBI SECURITIES a wholly-owned subsidiary in Aug. 2008
- May 2006 SBI Futures listed on Hercules market of the Osaka Securities Exchange
⇒Merged with SBI SECURITEIS in Apr. 2010
- Aug. Gomez Consulting listed on Hercules market of the Osaka Securities Exchange
⇒Morningstar Japan K.K. made Gomez Consulting a wholly-owned subsidiary in Apr. 2011
- Feb. 2007 E TRADE ·KOREA listed on the KOSDAQ market in South Korea
⇒Sold in Apr. 2008
- Apr. 2011 SBI Holdings listed on the Main Board of the Hong Kong Stock Exchange
⇒Delisted in June 2014
- Apr. 2012 SBI Mortgage listed on the KOSPI market in South Korea ⇒ Sold in Aug. 2014
- Dec. SBI AXES listed on the KOSDAQ market in South Korea

① Listing of some of the intermediate holding companies

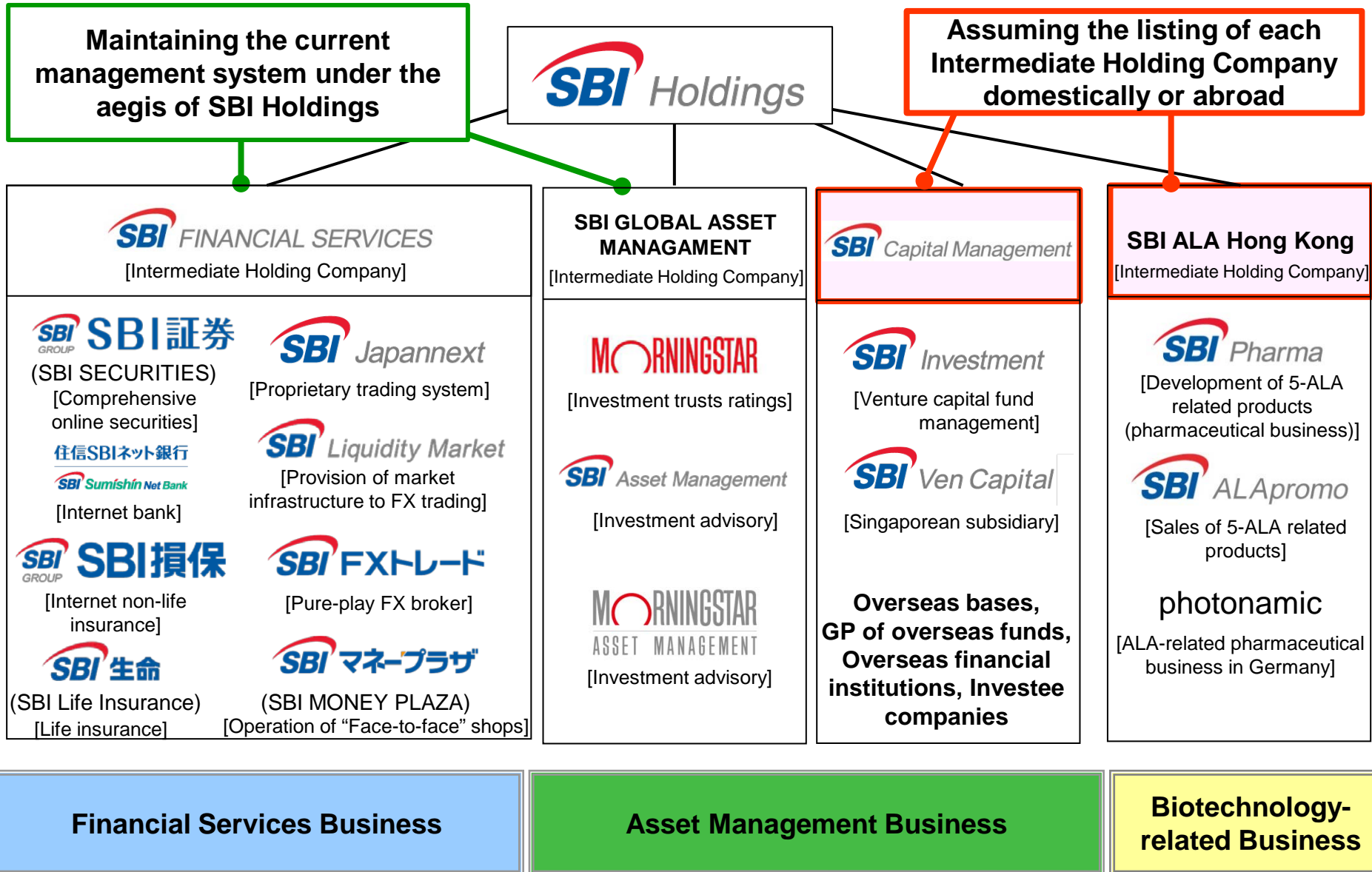
Actualization of SBIH's Corporate Value through the Listing of Intermediate Holding Companies

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



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

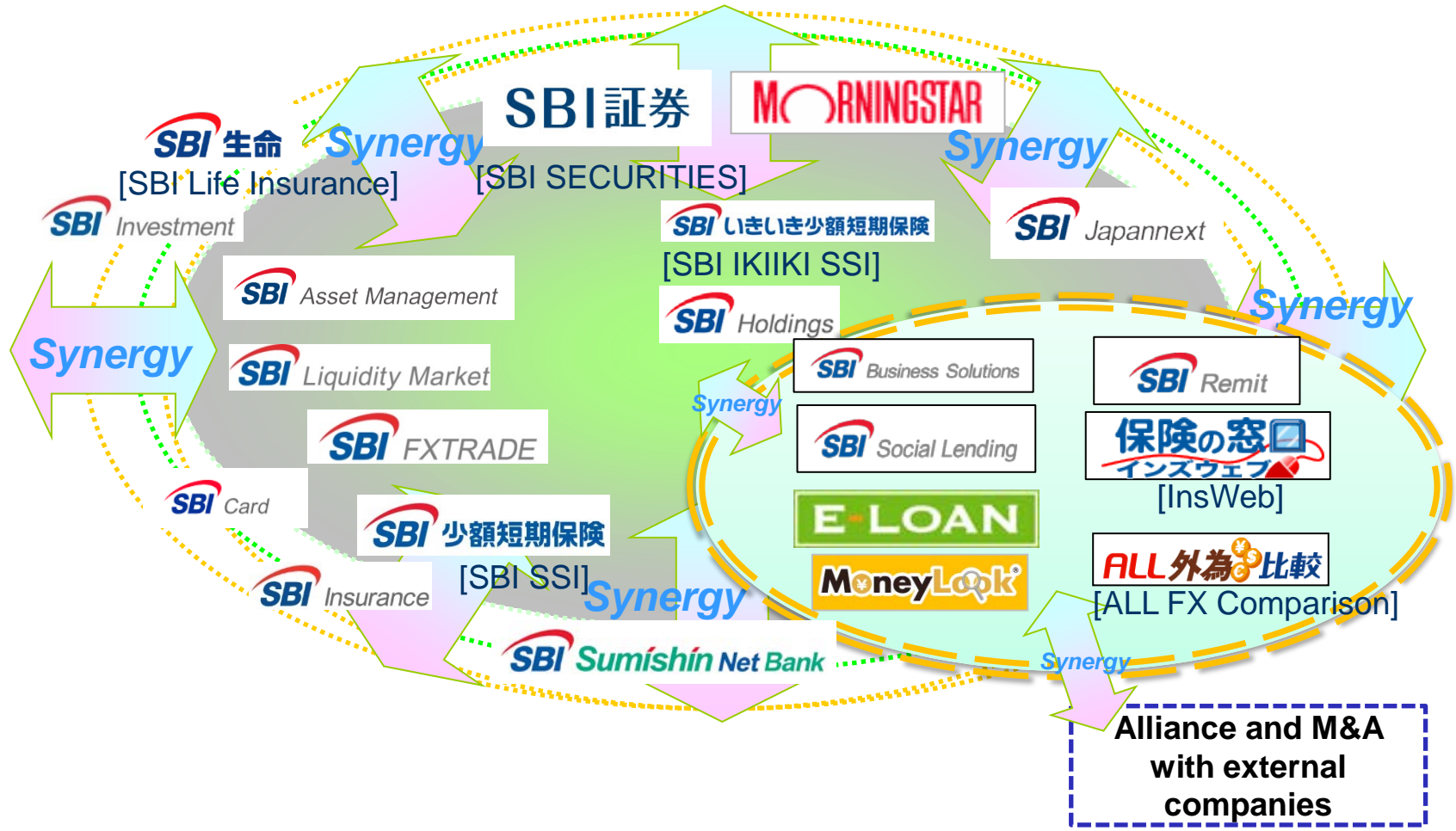
Current Business Structure of the SBI Group



② Listing of SBI FinTech Solutions (tentative name)

SBI FinTech Solutions (tentative name) will Integrate FinTech-related Companies within the SBI Group

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 Listing of SBI FinTech Solutions (tentative name):

Group Companies and Businesses that Compose SBI FinTech Solutions (Tentative Name)

Group companies that can utilize virtual currency and blockchain technology



- Providing international remittance service that can complete remittances in 10 minutes at shortest



- Providing a service that ties borrowers and investors via the Internet

Group companies providing other FinTech-related service



- Providing cloud service for accounting and settlement of expenses



- Account aggregation software corresponding to over 1,530 financial institutions

SBIH's business division which requires neutrality, and can utilize big data technology



- Providing research, comparison and application services for various loan products, from one of Japan's largest available loan data bases



- One of the largest insurance marketplaces in Japan that provides services such as quotes on multiple automobile insurance policies at once, and requests informational materials from multiple life insurance companies



[ALL FX Comparison]

- Comparison website of FX trading

③ Listing of an insurance holding company

③ Listing of an insurance holding company:

Considering the Listing of an Insurance Holding Company, which Unifies the Group's Insurance Business

If SBI Holdings is applied as an Insurance Holding Company (holding company as defined in the Anti-Monopoly Law), there will be **many limitations on its business imposed by the Insurance Business Law**, which will adversely affect the other businesses of the Group

- An insurance holding company cannot engage in businesses other than management of subsidiaries and incidental businesses.
 - Approval of the prime minister is required to consolidate subsidiary companies other than banks, specialized funds transfer companies, and specialized securities companies.
 - Approval of the prime minister is required before mergers, demergers, or business transfers pertaining to insurance holding companies to come into force.
- etc.

Through the listing an insurance holding company that unifies the Group's insurance business or SBI SSI Holdings, and by selling a part of the equity held by the Group, the SBI Group will be able to operate more flexibly as its shareholding ratio becomes less than 50%



[Appendix]

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

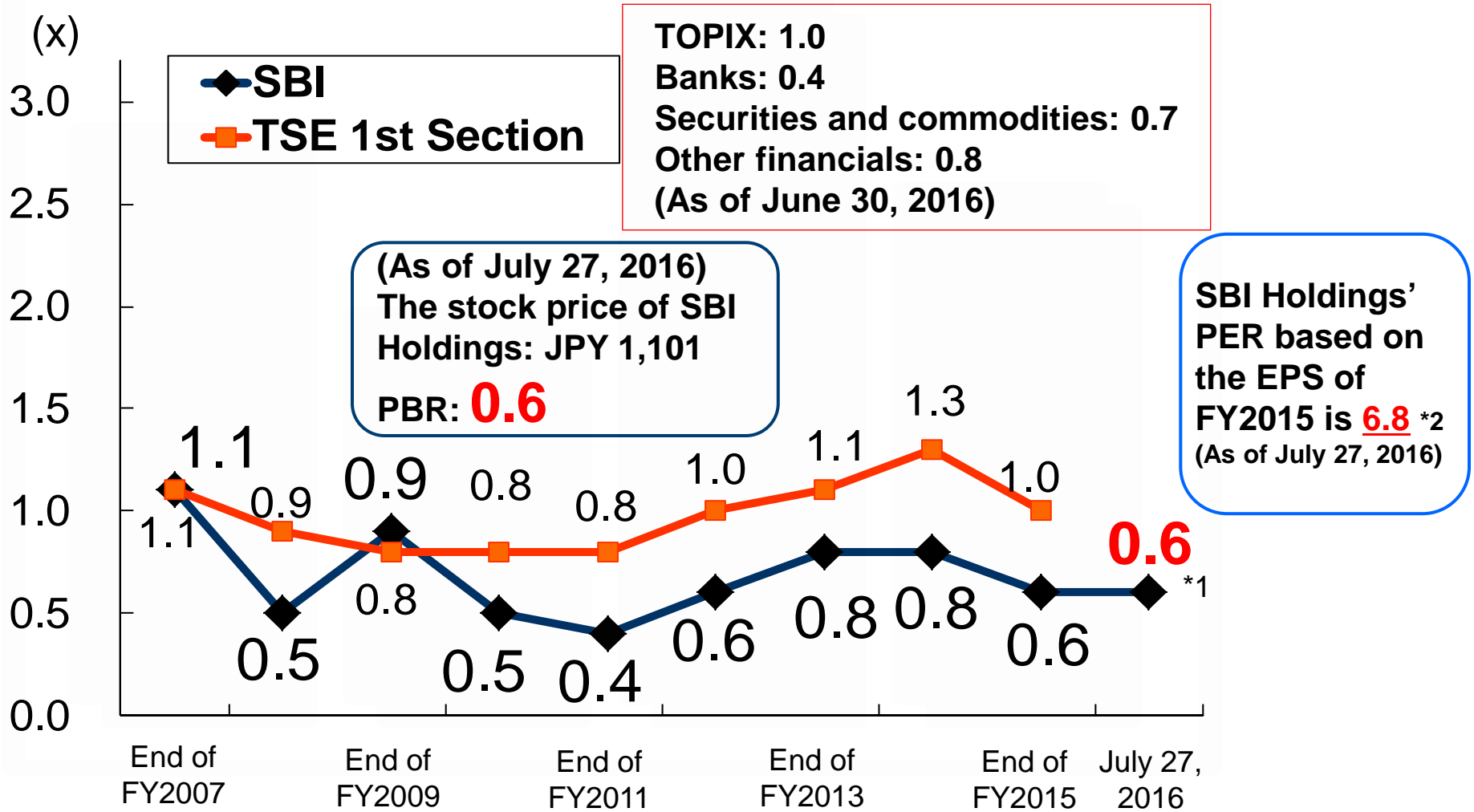
SBI Holding's Recent Stock Price

Market cap (based on the closing price of July 27, 2016): [JPY 247.2bn](#)



Change in PBR of SBI Holdings

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



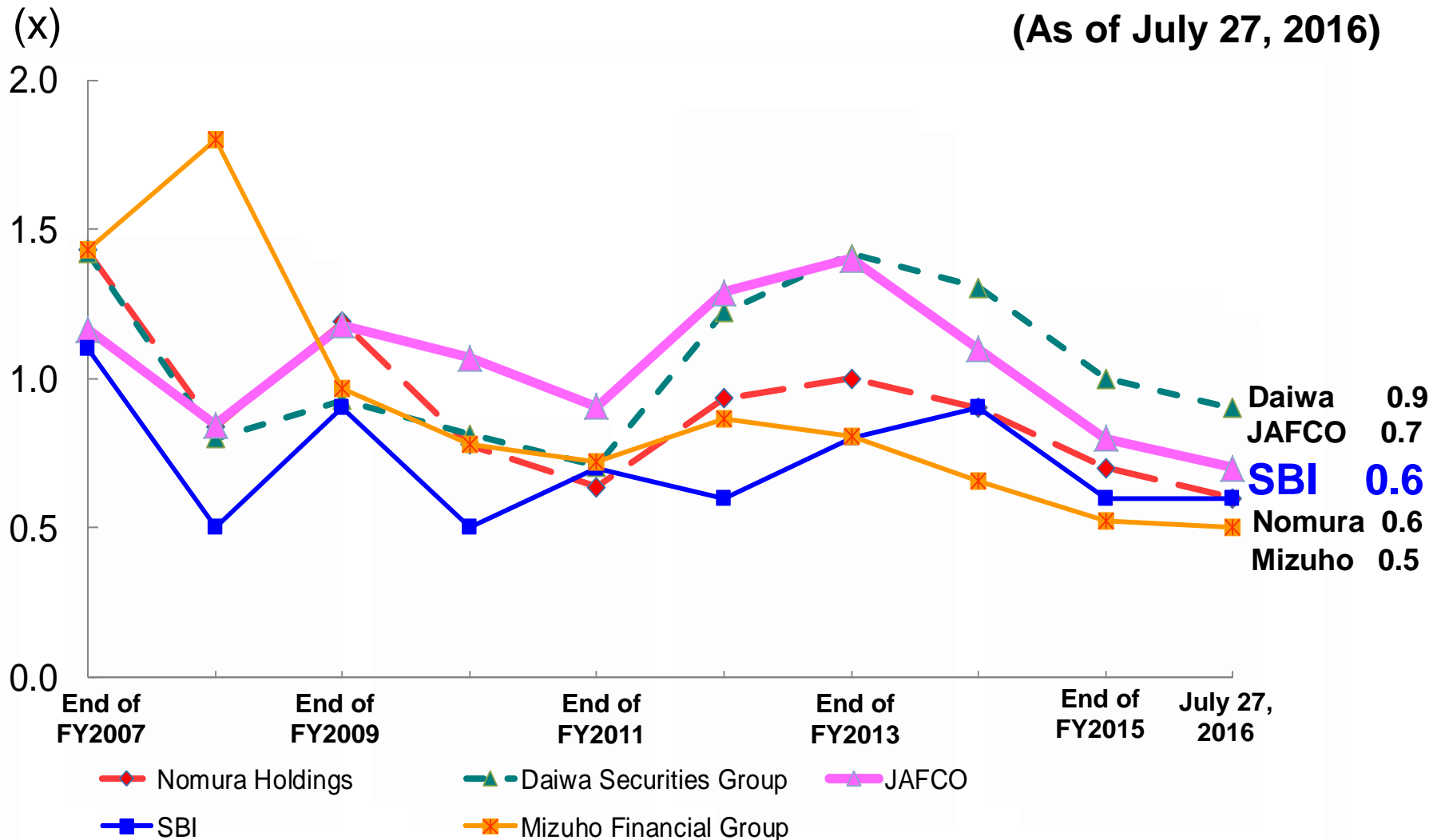
*1 PBR of SBI Holdings for July 27, 2016 is calculated based on the BPS of the end of June 2016.

*2 EPS of FY2015 (JPY 160.83) 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



*PBR for July 27, 2016 is calculated based on the BPS of the end of June 2016. As for Nomura and Mizuho, the BPSs as of the end of Mar. 2016 are used for the calculation.

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

Corporate Value by Business Segment Valuation

Each Business Segment Valuation is Conservatively Estimated

■ **Sum of the values by segment** (as of July 27, 2016) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	530.4
Asset Management	167.5
Biotechnology-related	75.1
Subtotal	773.0 (+)
External Debt (SBIH's non-consolidated-base borrowing recorded on the consolidated B/S as of June 2016)	-240.1
Sum Total	533.0 (+)*

- Business valuation per share: **JPY 3,442** ←

- Business valuation per share after deduction of external debt: **JPY 2,373** ←

Of the major Group companies, 11 are profitable companies that are not included in the above calculations (Total FY2015 Profit before Income Tax Expense: approx. JPY 3.0bn)

* 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.

Valuation by Segment Estimated by SBI

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

① SBI SECURITIES

Valuation is conservatively estimated at JPY 420.2bn

(based on the closing prices of July 27, 2016)

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 (FY2015) ... (A)

Matsui's PBR (*2) × SBI SECURITIES's Net Asset (*3) (as of June 30, 2016) ... (B)

*1 PER of Matsui is calculated by its net income per share for FY2015.

*2 PBR of Matsui is calculated by its BPS as of June 30, 2016.

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

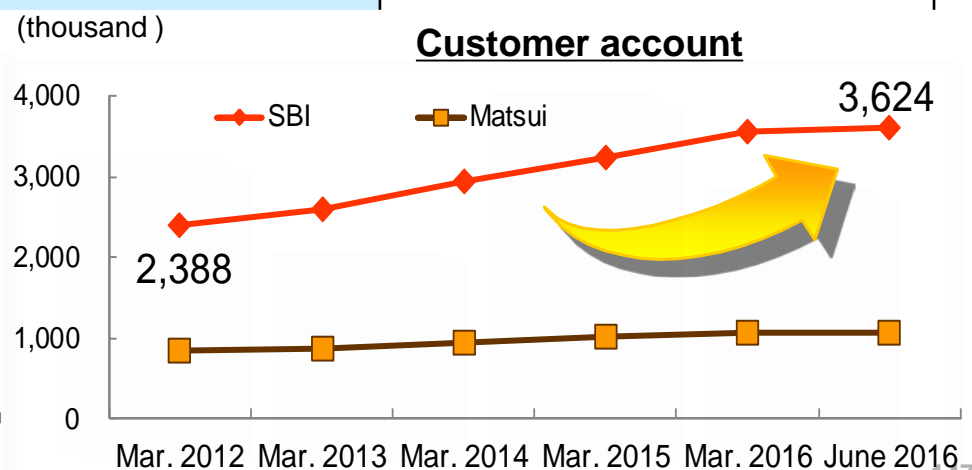
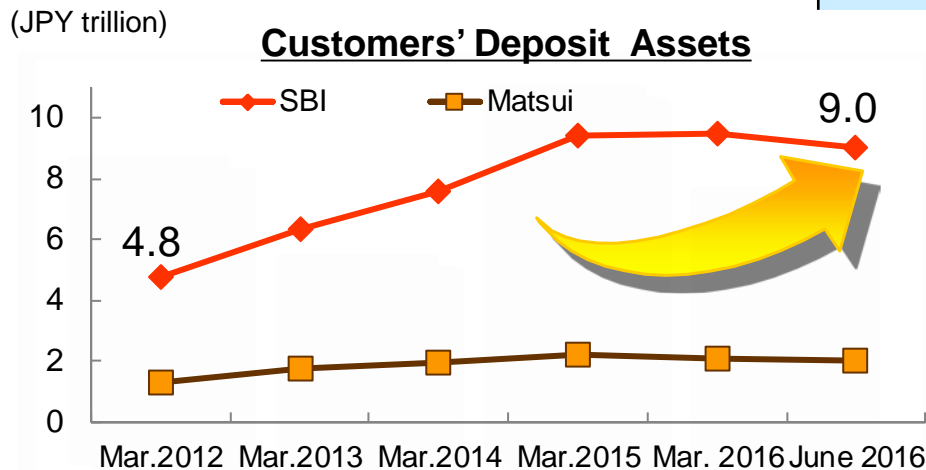
Valuation by Segment Estimated by SBI

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

Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES Matsui Securities *Calculated by the closing prices of July 27, 2016

(1Q FY2016)	SBI SECURITIES	Matsui Securities
Valuation (market cap) *	JPY 420.2bn	JPY 240.1bn
Deposit assets (June 2016)	No.1 JPY 9.0tn	JPY 2.0tn
Number of accounts (As of the end of June 2016)	No.1 3.62 million	1.06 million
Share of individual stock brokerage trading value	No.1 35.7%	13.5%
Operating income	No.1 JPY 10.2bn (up 2.8% YoY)	JPY 4.0bn (down 33.0% 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 72.5bn → JPY 36.3bn (based on the closing prices of July 27, 2016)

(Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

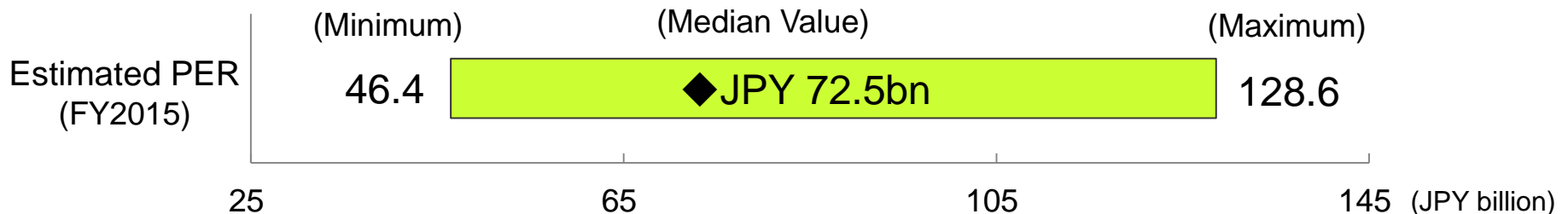
Calculated according to the **Comparable Public Company Analysis**

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 (FY2015)

* 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 37.1bn** (based on the closing price of July 27, 2016)

Estimation of the valuation is as follows:

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

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

$$\frac{\{(Money Partner's PER + MONEY SQUARE JAPAN's PER)\}^{(*)}}{2} \times \text{Net Income of SBI Liquidity Market (cons.) (FY2015)}$$

* PER of Money Partners, MONEY SQUARE JAPAN and INVAST Securities is calculated by its net income per share for FY2015.

④ SBI Japannext

Conservatively estimates the valuation of SBI Japannext at

USD 150m → **JPY 8.3bn** (based on the exchange rate as of July 27, 2016)
(Shareholding of the SBI Group: 52.8%)

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 20.1bn** (based on the closing price of July 27, 2016)

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

$$\frac{\{(\text{Kakaku.com's PER} + \text{NEWTON FINANCIAL CONSULTING' PER})\}^{(*)}}{2} \times \text{Provisional amount of net Income of SBIH Comparison Website Business (FY2015)}$$

* PER of Kakaku.com and NEWTON FINANCIAL CONSULTING is calculated by their estimated net income per share for FY2016.

⑥ Other listed subsidiary and an 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)
SBI AXES	73.8	Consolidated subsidiary	KOSDAQ of KRX	9.0*	6.6
SOLXYZ	23.4	Equity method associate	TSE 1st	7.4	1.7
Sum of the market cap of a listed subsidiary and an equity method associate				16.4	8.3

(Based on the closing price of July 27, 2016. *Calculated by the exchange rate as of July 27, 2016.)

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

Valuation by Segment Estimated by SBIH

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

① SBI SECURITIES

(based on the closing prices of July 27, 2016)

Upon comparison with similar listed companies calculated conservatively as **JPY 420.2bn**

② SBI Sumishin Net Bank

(based on the closing prices of July 27, 2016)

Estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 72.5bn → **JPY 36.3bn** (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market (cons.)

(based on the closing prices of July 27, 2016)

Upon comparison with similar listed companies calculated as **JPY 37.1bn**

④ SBI Japannext

(based on the closing prices of July 27, 2016)

Upon the conservative estimated valuation of USD 150m → **JPY 8.3bn**

(Shareholding of the SBI Group: 52.8%)

⑤ SBI Comparison Website Business

(based on the closing prices of July 27, 2016)

Upon comparison with similar listed companies calculated as **JPY 20.1bn**

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

The market cap of SBI AXES and SOLXYZ (Shareholding of the SBI Group) **JPY 8.4bn**

(based on the closing prices of July 27, 2016)

Total of the valuation above: JPY 530.4bn (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 FY2015 (JPY billion)	SBI's shareholding pct. (%)
SBI MONEY PLAZA	Insurance agency, financial instruments intermediary service provider, housing loan agency	1.8	100.0
SBI Life Insurance *1	Life insurance	1.5	100.0
SBI Benefit Systems	Operational management of defined-contribution pension	0.3	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 recurring income based on J-GAAP, not that of 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. 152

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -①

Asset Management Business

Valuation for this segment is conservatively estimated at approx. JPY 167.5bn

<Reference>

JAFCO's Market Cap: **JPY 130.9bn** (based on the closing price of July 27, 2016)

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

(i) Value of holding securities (at the end of June 2016) Approx. JPY 79.9bn

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

(ii) Value of SBI Investment (based on the closing price of July 27, 2016)

(* Valuation excluding assets such as securities hold) Approx. JPY 8.2bn

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 FY2016.

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

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -②

(iii) Value of SBI Savings Bank (based on the closing price of July 27, 2016)

Estimates the valuation of SBI Savings Bank at JPY 63.5bn

→ JPY 62.8bn

(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 June 2016)

*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	49.6	Consolidated subsidiary	TSE JASDAQ	24.1	11.9
SBI Investment KOREA	43.9	Equity method associate	KOSDAQ of KRX	10.5*	4.6
Sum of the market cap of a listed subsidiary and an equity method associate				34.6	<u>16.6</u>

(Based on the closing price of July 27, 2016. *Calculated by the exchange rate as of July 27, 2016.)

* 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.

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

	Business lineup	Profit before income tax expense for FY2015 (JPY billion)	SBI's shareholding pct. (%)
SBI Estate Finance	Real estate secured loans	0.3	100.0

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 75.1bn

① SBI Pharmaceuticals

Estimation of the valuation is as follows:

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



Based on SBIH's equity interest (excluding external holdings) as of the end of June 2016, the amount is calculated to be approx. JPY 49.6bn

② Acucela

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
Acucela	37.9	Consolidated subsidiary	TSE Mothers	50.2	19.0

③ SBI Biotech (SBI's shareholding percentage*: 39.2%)

Estimated value based on SBIH's shareholding of paid-in capital

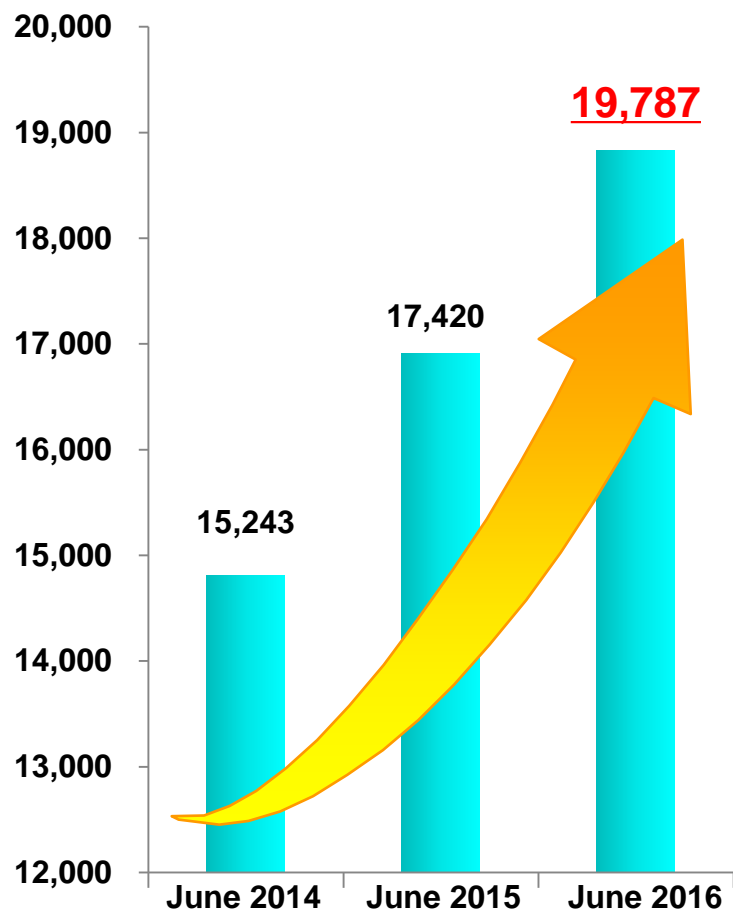
* SBI's shareholding percentage corresponds to a figure based on the IFRS criteria that excludes a percentage of outside shareholder's interest of subsidiary companies and subsidiary funds of the Group.

(2) State of the Company

The SBI Group's Customer Base

Breakdown of the Customer Base (As of the end of June 2016)^{*1,2}

(Thousand)



(Thousand)

SBI SECURITIES	(No. of accounts)	3,624
SBIH InsWeb	(No. of customers)	8,042
E-LOAN	(No. of customers)	2,036
MoneyLook	(Total no. of customer registrations)	934
Morningstar Japan	(Total no. of service users) ^{*3}	646
SBI Card	(Valid cards issued)	70
SBI Sumishin Net Bank	(No. of accounts)	2640
SBI Insurance	(Total no. of contracts) ^{*4}	866
SBI Life Insurance	(Total no. of contracts)	110
Others (SBI Point etc.)		820
Total		19,787

*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 Includes the number of smartphone app downloads, as provided by Morningstar

*4 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, 2016	June 30, 2016
Consolidated subsidiaries (companies)	147	146
Consolidated partnerships (partnerships)	31	30
Total consolidated subsidiaries (companies)	178	176
Equity method companies (companies)	33	33
Total Group companies (companies)	211	210

Number of consolidated employees

	Mar. 31, 2016	June 30, 2016
Total employees (persons)	5,480	4,103 *

* Since NARUMIYA INTERNATIONAL was excluded from the Group, the number of employees decreased by 1,486 persons.

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