



*Strategic
Business
Innovator*

SBI Holdings, Inc.

Financial Results

for the Six-month Period Ended September 30, 2016

(Fiscal Year Ending March 31, 2017)

October 27, 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. 1H FY2016 consolidated financial results**
- 2. Overview of each segment**
- 3. Initiatives to realize sustainable growth over the medium to longer term**
- 4. Efforts toward the actualization of intrinsic corporate value through IPOs**

1. 1H FY2016 consolidated financial results

(1) Highlights of 1H FY2016 results

(2) Summary of 1H FY2016 consolidated financial results

(1) Highlights of 1H FY2016 results

➤ Financial Services Business

With the exception of those Financial Services Business companies established within the past 1-2 year period, nearly all of the companies have established a profit structure that enables sustained profitability.

Moreover, the strengthening of earnings capacity is becoming more evident as the years pass since their establishment

➤ Asset Management Business

Fund raising for the domestic and overseas funds is proceeding smoothly, and going forward, the operating performance of the funds, centering on the FinTech Fund, is expected to further improve

➤ Biotechnology-related Business

There is steady progress in the enhancement of the drug pipeline, with each company's clinical trials moving along smoothly, leading to high expectations for the future. Furthermore, the 5-ALA-related business is forecasted to achieve its first full-year profitability this fiscal year

(2) Summary of 1H FY2016 consolidated financial results

- **The Financial Services Business' profit before income tax expense increased 1.0% year-on-year, owing to the sound growth of FX, banking and insurance businesses, despite the sluggish stock market, as compared to the previous corresponding period**
- **For the Asset Management Business, SBI SAVINGS BANK's stable revenue base, resulting from the accumulation of performing loans balance, contributed to the increase in the business' profit before income tax expense year-on-year**
- **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 the 5-ALA-related business achieved profitability in the 1H FY2016, respectively**
- **Following the previous fiscal year, an interim dividend of JPY 10 per share will be paid**

1H FY2016 Consolidated Performance (IFRS)



[Year-on-year]

(Unit: JPY million)

	1H FY2015 (Apr. – Sept. 2015)	1H FY2016 (Apr. – Sept. 2016)	YoY % change
Revenue	115,183	121,284	+5.3
Profit before income tax expense	19,906	17,286	-13.2
Profit for the period	13,215	10,109	-23.5
Profit attributable to owners of the Company	13,162	14,194	+7.8
ROE (%) (annualized)	3.5 (7.0)	3.9 (7.8)	+0.4p. (+0.8p.)

1H FY2016 Revenue by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

	1H FY2015 (Apr. – Sept. 2015)	1H FY2016 (Apr. – Sept. 2016)	YoY % change
Financial Services Business	78,154	83,563	+6.9
Asset Management Business	33,297	36,327	+9.1
Biotechnology-related Business	3,341	2,027	-39.3
Others	1,759 *1	353	-79.9

*1 In the Housing and Real Estate Business, which the Group has been exiting, recorded gain on sales of real estate holdings.

*2 Figures are before elimination of the inter-segment transactions.

1H FY2016 Profit before Income Tax Expense

by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

	1H FY2015 (Apr. – Sept. 2015)	1H FY2016 (Apr. – Sept. 2016)	YoY % change
Financial Services Business	25,059	25,298	+239 (+1.0)
Asset Management Business	-262	2,877	+3,139 (—)
Biotechnology-related Business	-242	-5,178	-4,936 (—)
Others	-345 *1	-542	-197 (—)

*1 In the Housing and Real Estate Business, which the Group has been exiting, recorded gain on sales of real estate holdings.

*2 Figures are before elimination of the inter-segment transactions.

Cash Flow for 1H FY2016

(Unit: JPY million)

	1H FY2015 (Apr. – Sept. 2015)	1H FY2016 (Apr. – Sept. 2016)	YoY % change
Net cash generated from operating activities	-64,594	44,476	+109,070
Profit before income tax expense	19,906	17,286	-2,620
Increase/decrease in assets/liabilities related to securities business	-111,666	20,386	+132,052
Others	27,166	6,804	-20,362
Net cash generated from investing activities	34,874	3,697	-31,177
Net cash used in financing activities	31,485	3,535	-27,950

Following the Previous Fiscal Year, an Interim Dividend of JPY 10 Per Share will be Paid

[Dividend forecast (result) per share]

	End of 2Q	Year-end	Full-year
FY2016 (forecast)	<u>JPY 10</u>	TBD	TBD
FY2015 (result)	JPY 10	JPY 35	JPY 45

Implemented a share repurchase of approx. JPY 8.0bn, during Aug. 3 to Sept. 5, 2016, of SBI shares

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

2. Overview of each segment

(1) Financial Services Business

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

① Securities-related business

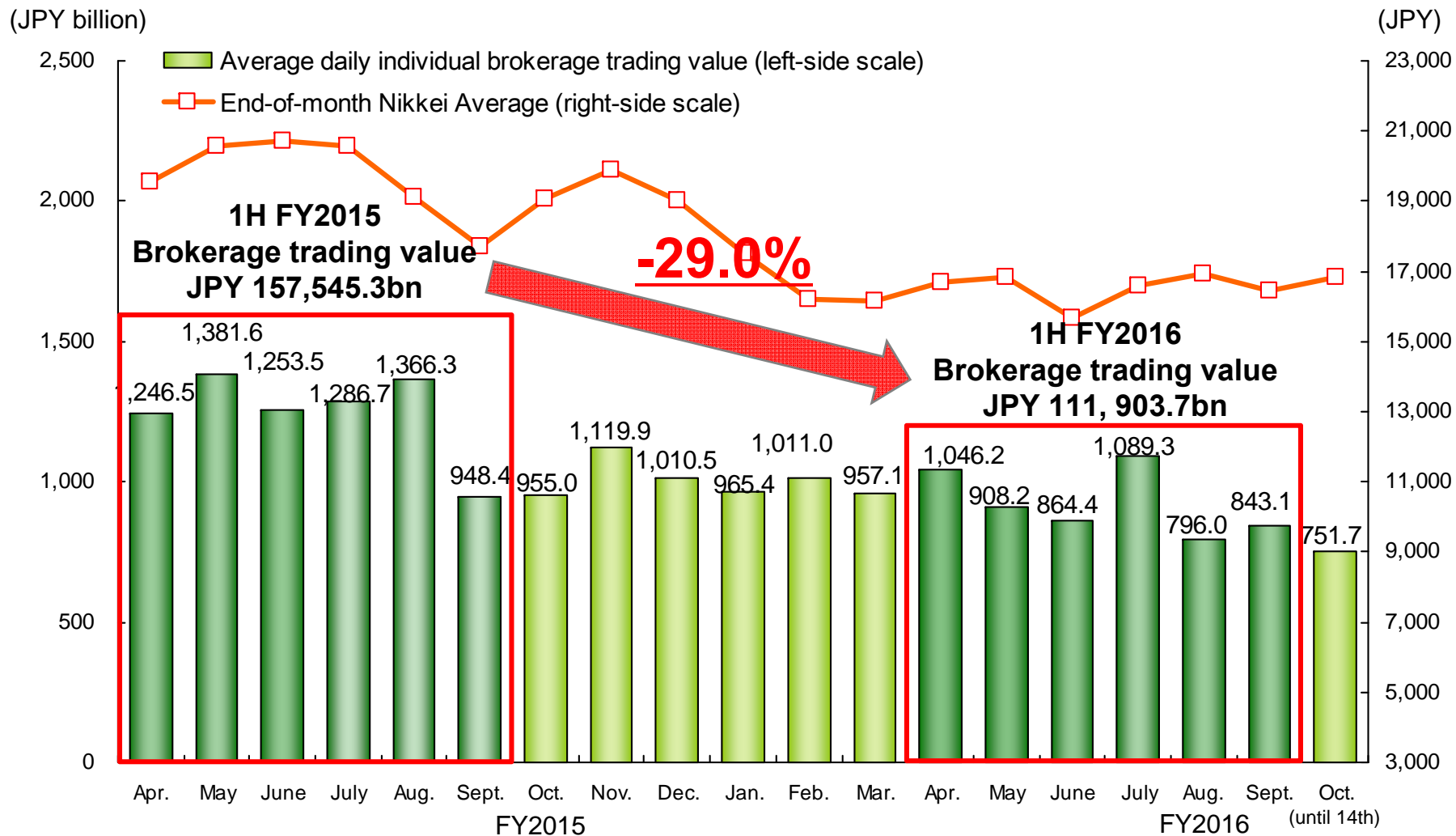
- Despite the fact that the individual stock brokerage trading value of the Tokyo and Nagoya stock markets decreased 29.0% year-on-year, that of SBI SECURITIES' commissions decreased by only 15.7% year-on-year. On the other hand, profit attributable to owners of the Company for 1H FY2016 increased by 12.8% year-on-year due to the favorable increase of trading gains
- SBI Liquidity Market's operating income before allocation for 1H FY2016 was approx. JPY 6.8bn, up 1.9% year-on-year, recording a half-year 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 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 1H FY2016 Consolidated Results (J-GAAP)

[Year-on-year]

(Unit: JPY million)

	1H FY2015 (Apr. 2015 – Sept. 2015)	1H FY2016 (Apr. 2016 – Sept. 2016)	YoY % change
Operating Revenue	44,368	42,437	-4.4
Net Operating Revenue	40,829	39,473	-3.3
Operating Income	20,127	17,797	-11.6
Ordinary Income	20,121	17,834	-11.4
Profit attributable to owners of the Company	12,302	13,880	+12.8

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

(Unit: JPY million)

		1H FY2015 (Apr. – Sept. 2015)	1H FY2016 (Apr. – Sept. 2016)	YoY % change
Online securities	SBI (cons.)	12,302	13,880	+12.8
	Monex *1 (cons.) (QE)	3,548	-100	—
	Rakuten *2 (cons.)	7,000	6,805	-2.8
	Matsui	8,625	5,105	-40.8
	kabu.com	5,034	3,077	-38.9
Face-to-face	Nomura *3 (cons.)	115,301	108,005	-6.3
	Daiwa (cons.)	69,183	Scheduled to be announced on Oct. 28	
	SMBC Nikko (cons.)	29,497	22,031	-25.3

*1 Since Monex adopts IFRS, the relevant figures above are based on IFRS, presenting the “Profit attributable to owners of the Company” disclosed by Monex.

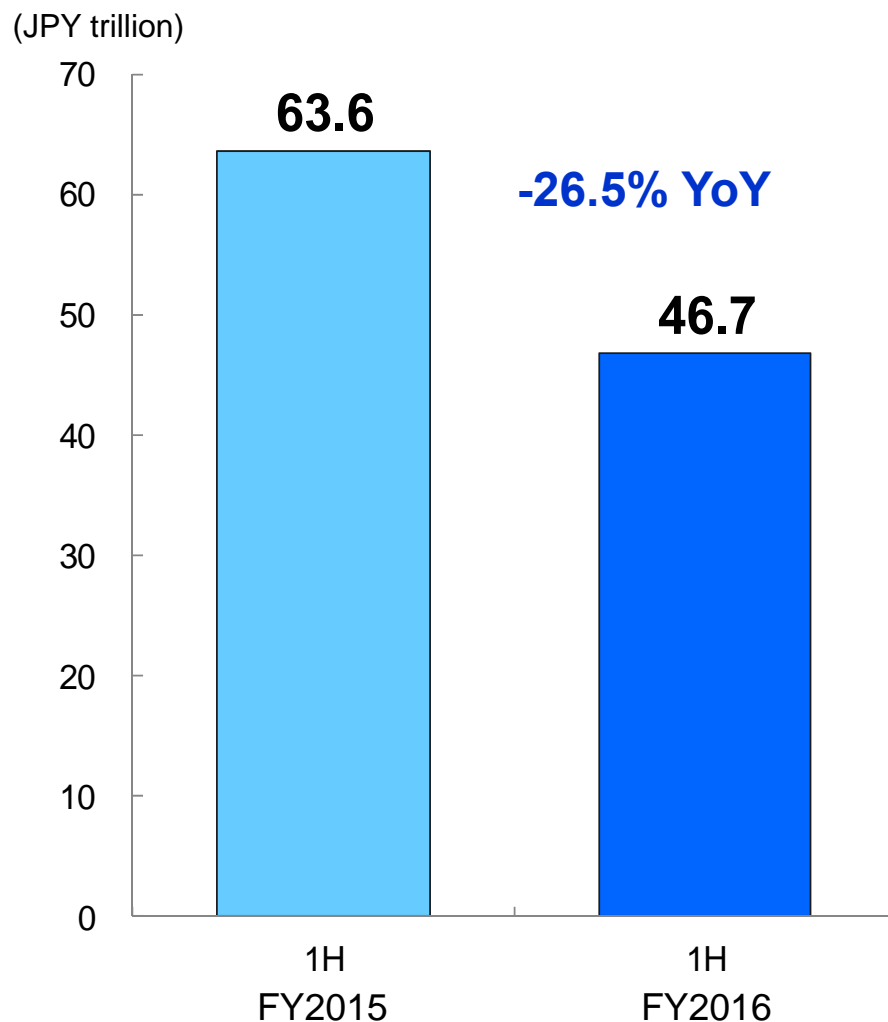
*2 Rakuten disclosed its financial results for 1H 2015 on a non-consolidated basis; therefore the figure for 1h FY2015 and the year-on-year change are based on the corresponding figure.

*3 Figures for Nomura are based on US-GAAP, presenting the “Profit attributable to owners of the Company”

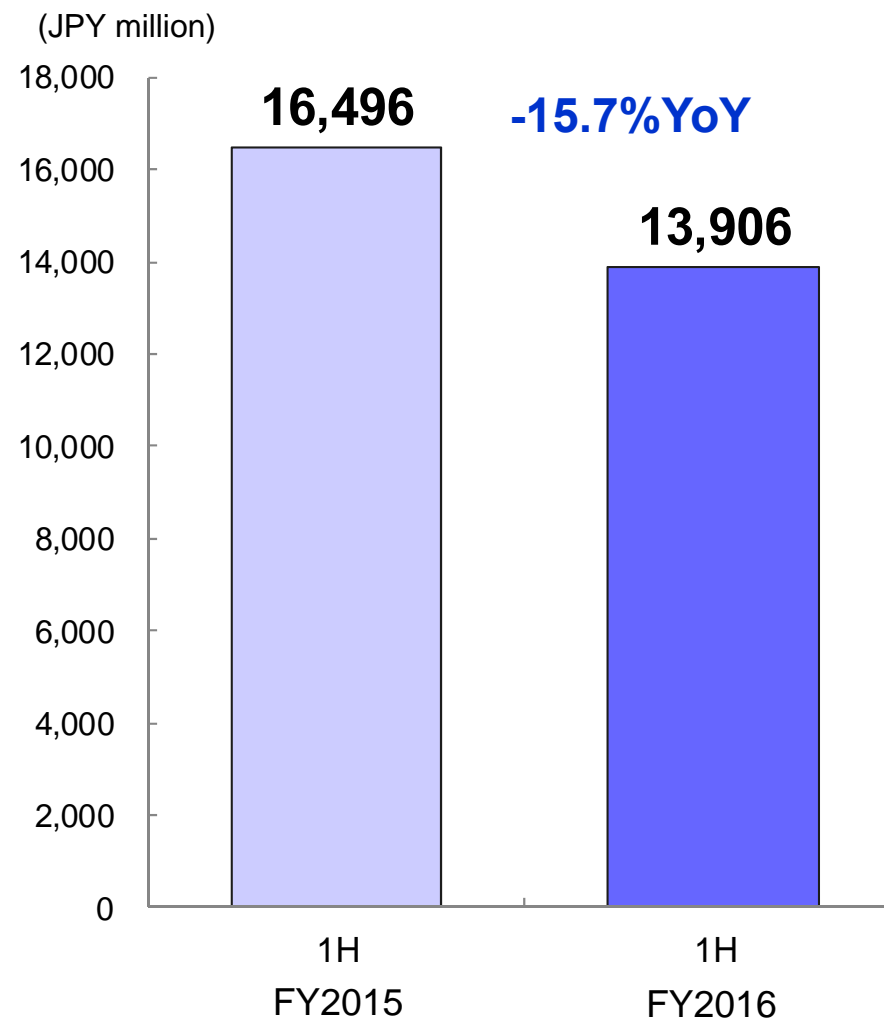
Source: Compiled by SBIH from the information on the website of each company 16

SBI SECURITIES' Stock Brokerage Trading Value and Commissions

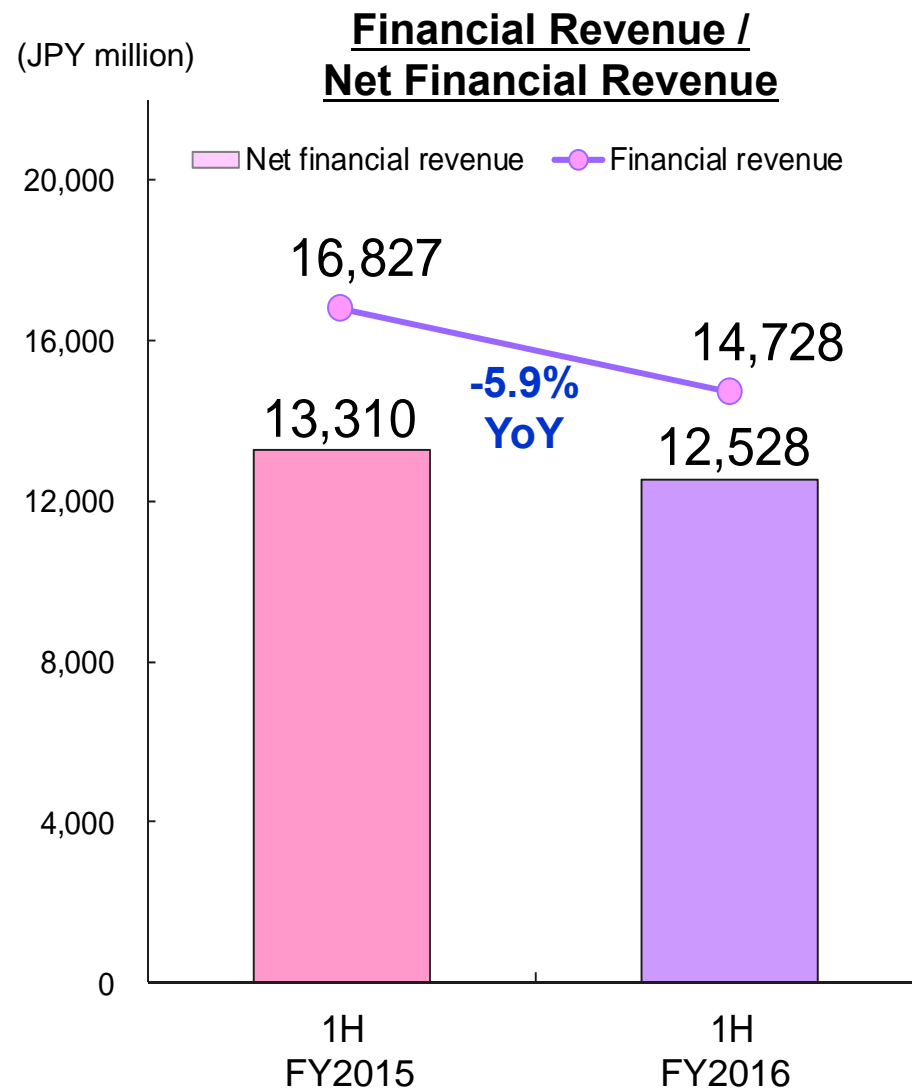
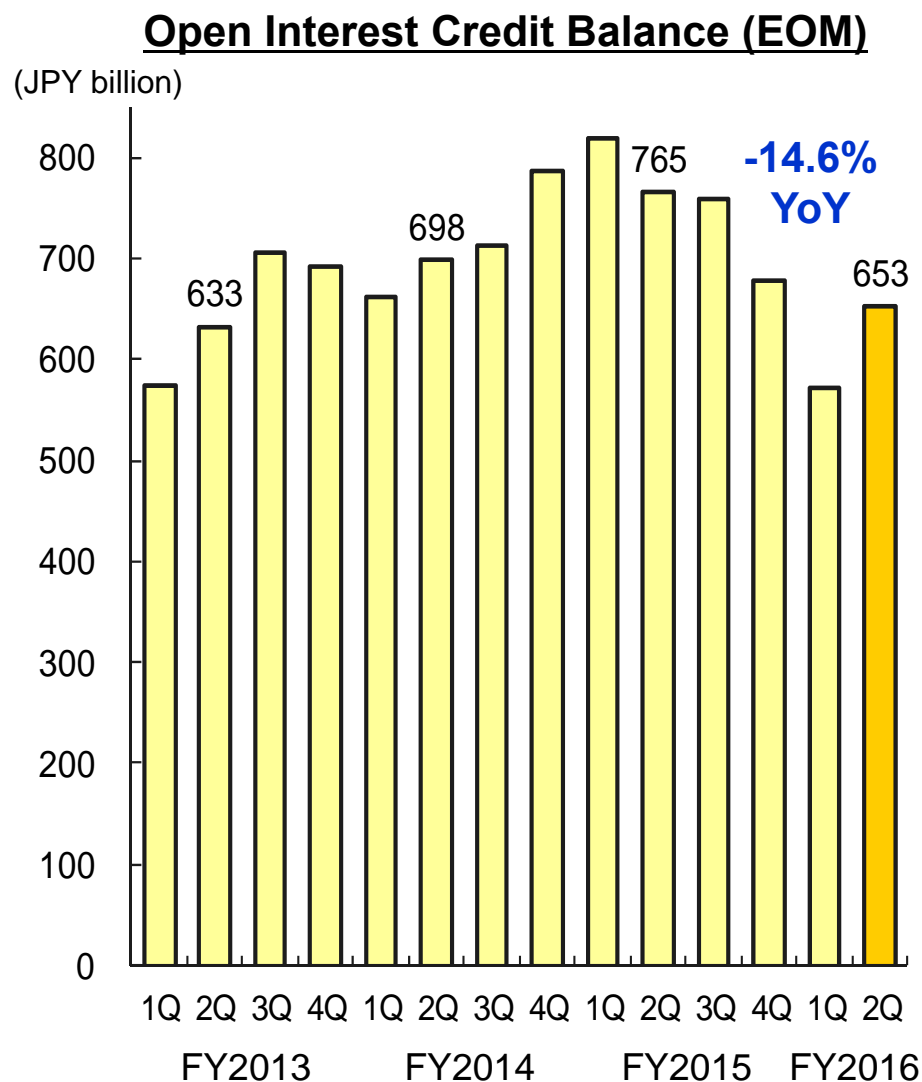
Stock Brokerage Trading Value



Commissions

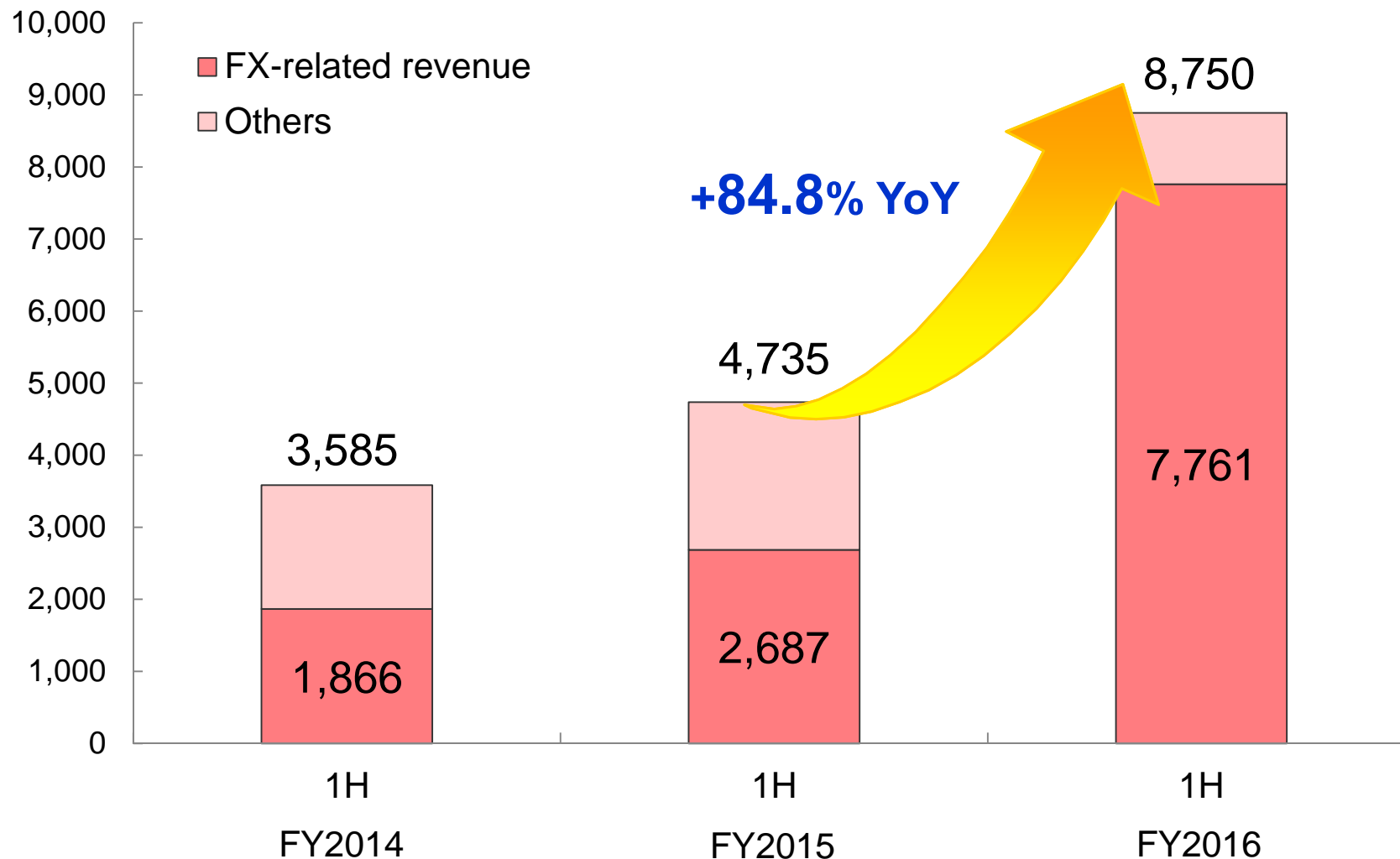


SBI SECURITIES' Interest Credit Balance and Financial Revenue / Net Financial Revenue



SBI SECURITIES' Trading Gains and Loss Trend

(Unit: JPY million)



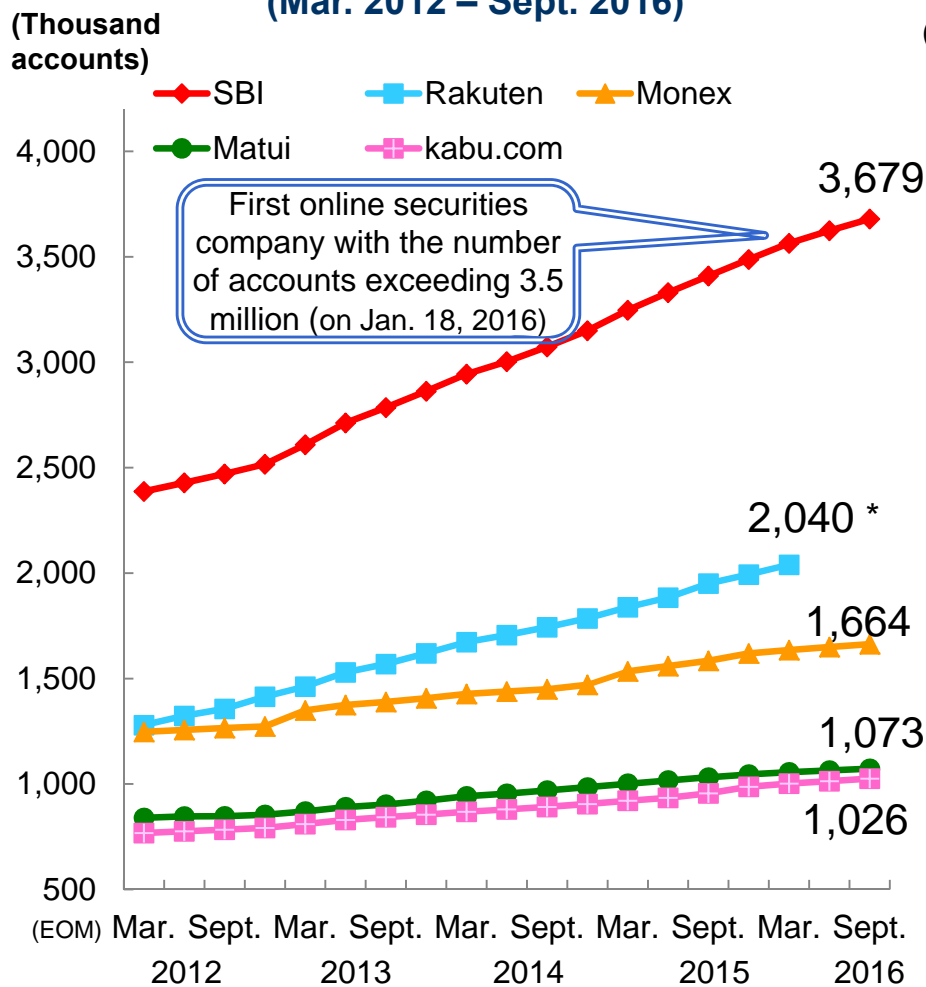
① Securities-related business: SBI SECURITIES



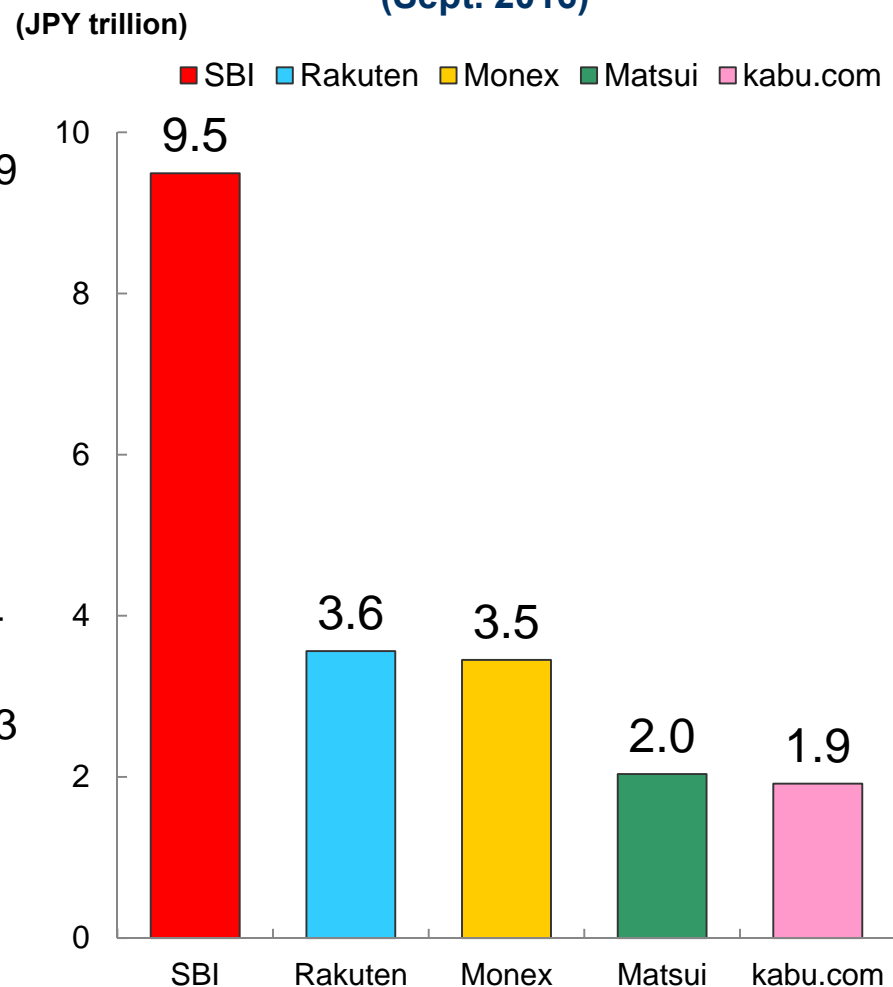
SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

Customer Accounts of 5 Major Online Securities Companies
(Mar. 2012 – Sept. 2016)



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



* Rakuten has not disclosed its figures beyond Mar. 31, 2016.

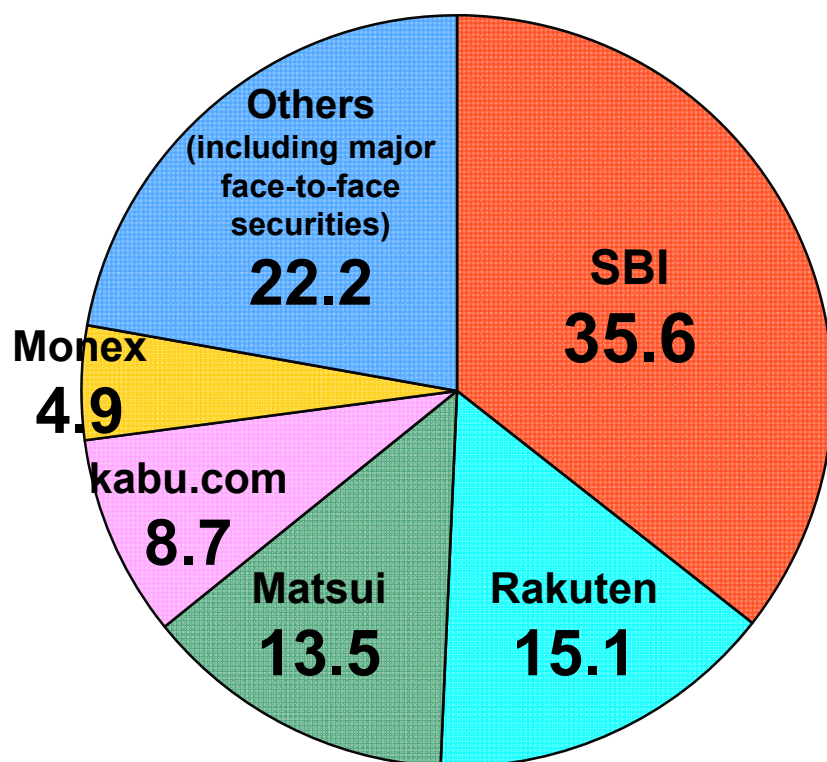
Source: Compiled by SBIH from the information on websites of each company.

SBI SECURITIES' Share of Individual Stock Trading

Share of Individual Stock Trading Value (%)

1H FY2016

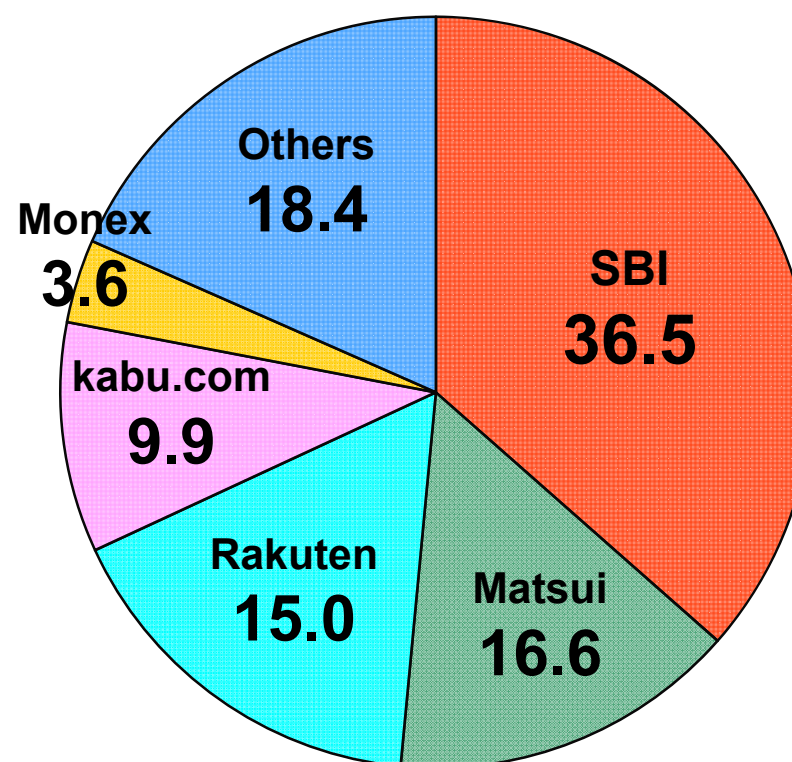
(Apr. 2016 – Sept. 2016)



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

1H FY2016

(Apr. 2016 – Sept. 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.

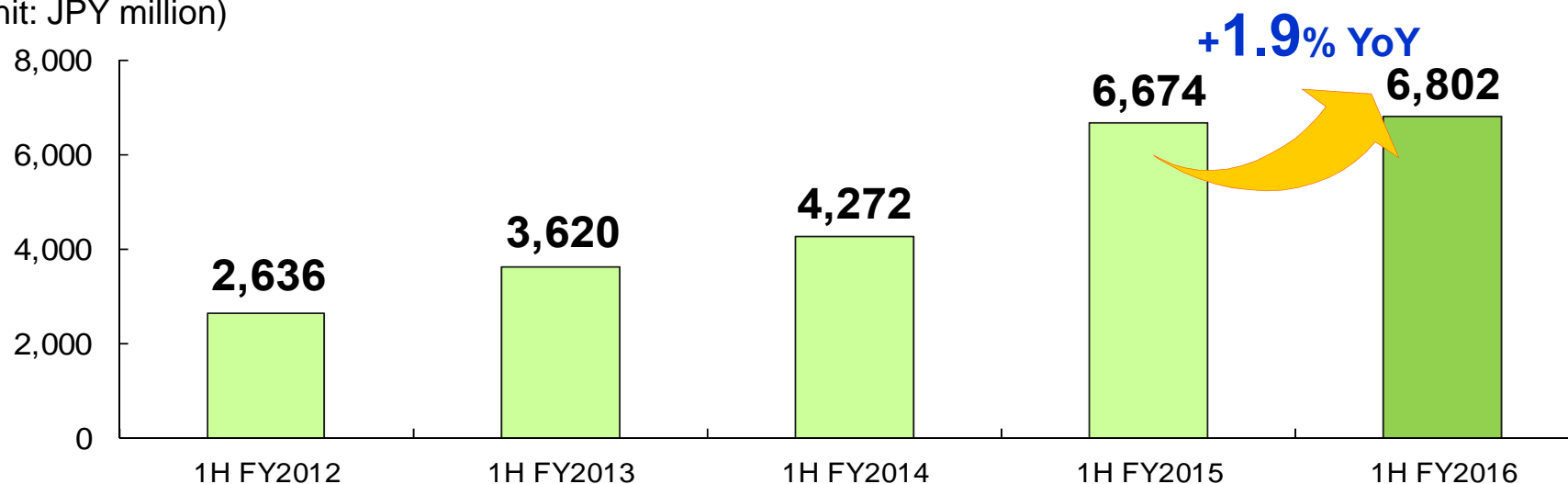
SBI Liquidity Market's Operating Income Before Allocation Achieved Record High

(Unit: JPY million)

	Establishment	Number of accounts	Deposits (JPY billion)	Operating income (J-GAAP)		YoY % change
				1H FY2015	1H FY2016	
SBI Group *1	Nov. 2008 [SBI LM]	824,540 (Sept. 2016)	1,548 (Sept. 2016)	6,674	6,802	+1.9
(SBI FXT)	May 2012	156,035 (Sept. 2016)	338 (Sept. 2016)	1,090	1,349	+23.7

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

① 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 (Aug. 2016)

No.	Company name	Number of accounts
1	SBI Group	813,083
2	DMM.com	528,167
3	GMO CLICK	452,222
4	Gaitame.com	427,840
5	YJFX	311,014
6	MONEY PARTNERS	284,866
7	Traders Securities	274,756
8	Monex Securities	228,697
9	Hirose FX	210,071
10	FX PRIME by GMO Corporation	168,316
11	Central Tanshi FX	162,890
12	MONEY SQUARE JAPAN	99,489
13	FXTrade Financial	63,127
14	Ueda Harlow	53,019
	Other (1 company)	60,859
	Total	4,138,416

Customers' Deposit Assets Raking (Aug. 2016)

No.	Company name	Amount (JPY million)
1	SBI Group	156,677
2	GMO CLICK	115,478
3	Gaitame.com	111,164
4	YJFX	93,783
5	DMM.com	92,588
6	Central Tanshi FX	69,530
7	MONEY SQUARE JAPAN	65,556
8	MONEY PARTNERS	58,715
9	Hirose FX	35,109
10	FX PRIME by GMO Corporation	15,278
11	Ueda Harlow	12,049
12	Traders Securities	12,034
	Others (2 company)	10,196
	Total	848,157

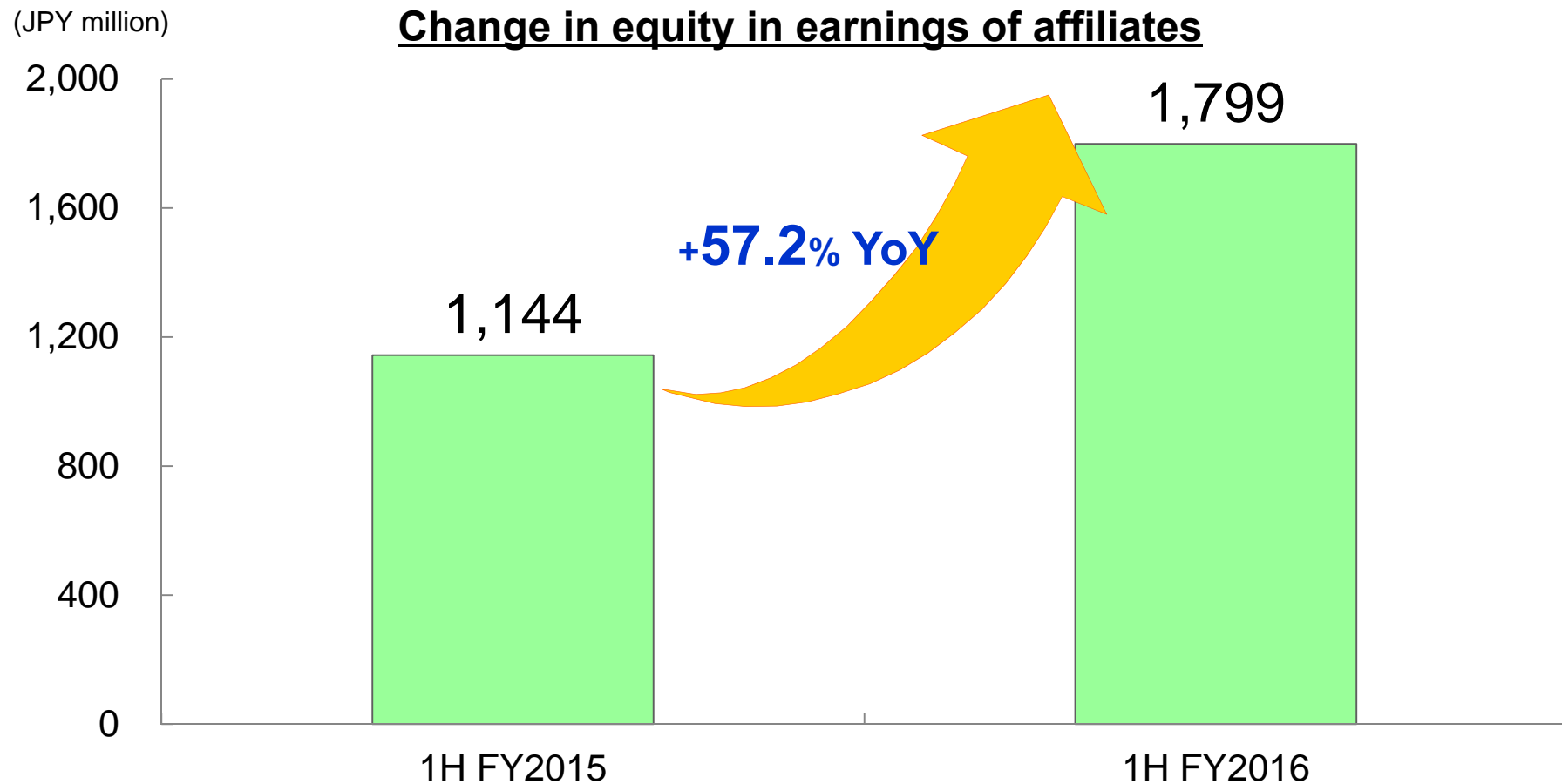
Source: Yano Research "Monthly Research on 17 Major FX Trading Companies.

② Banking-related business

- **SBI Holdings' equity in earnings of SBI Sumishin Net Bank based on IFRS for 1H FY2016 was JPY 1,799m**
 - * 1H FY2016 financial results announcement is scheduled for Nov. 11, 2016
- **As of the end of Sept. 2016, accounts steadily increased to approx. 2.69 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 grew favorably with the reduced minimum interest rate in June 2016, and 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 1H FY2016 was JPY 1.8bn, up 57.2% year-on-year

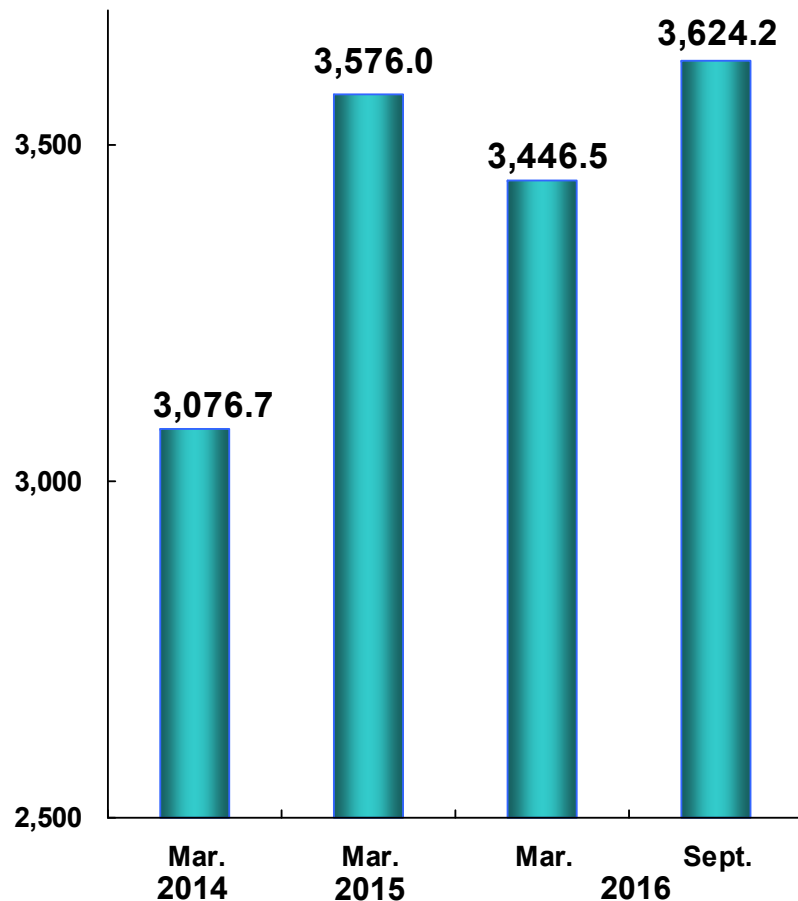


Note: Owing to the difference in IFRS and J-GAAP for asset assessment criteria, the figures differ from that disclosed based on J-GAAP.

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

Change in SBI Sumishin Net Bank's Deposits

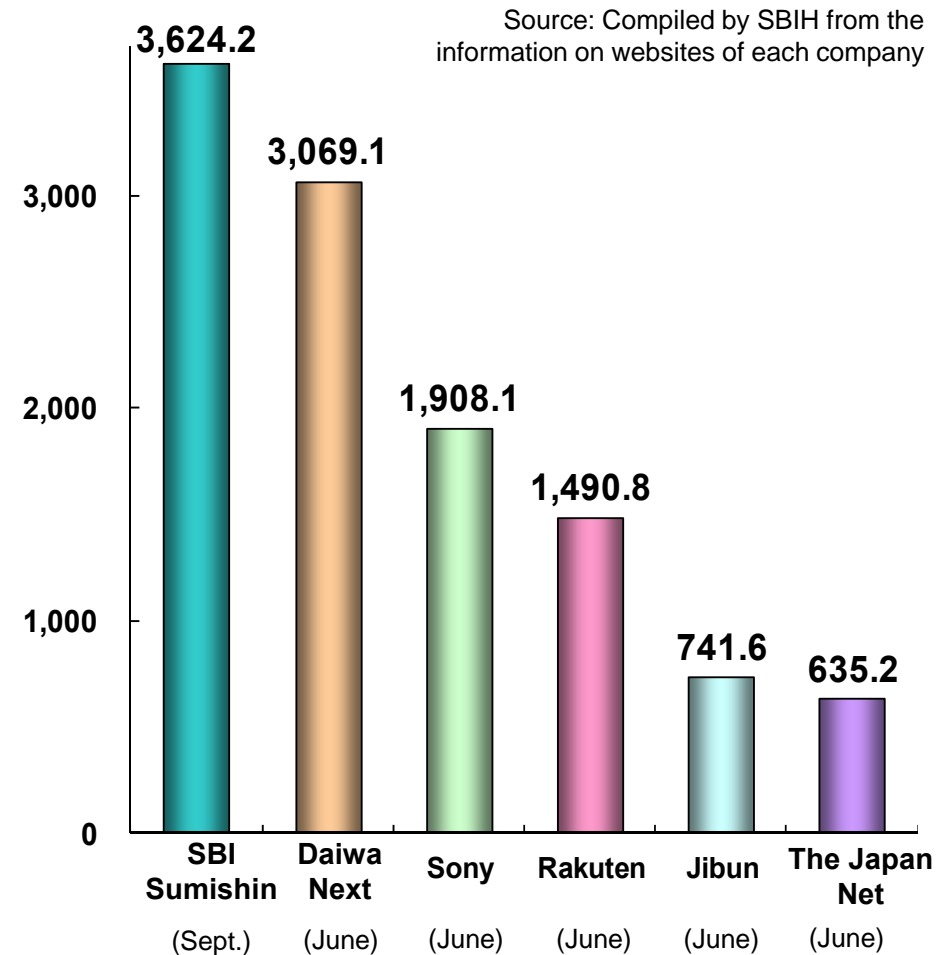
(JPY billion)



* Amounts are rounded to the nearest JPY 100 million.

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

(JPY billion)

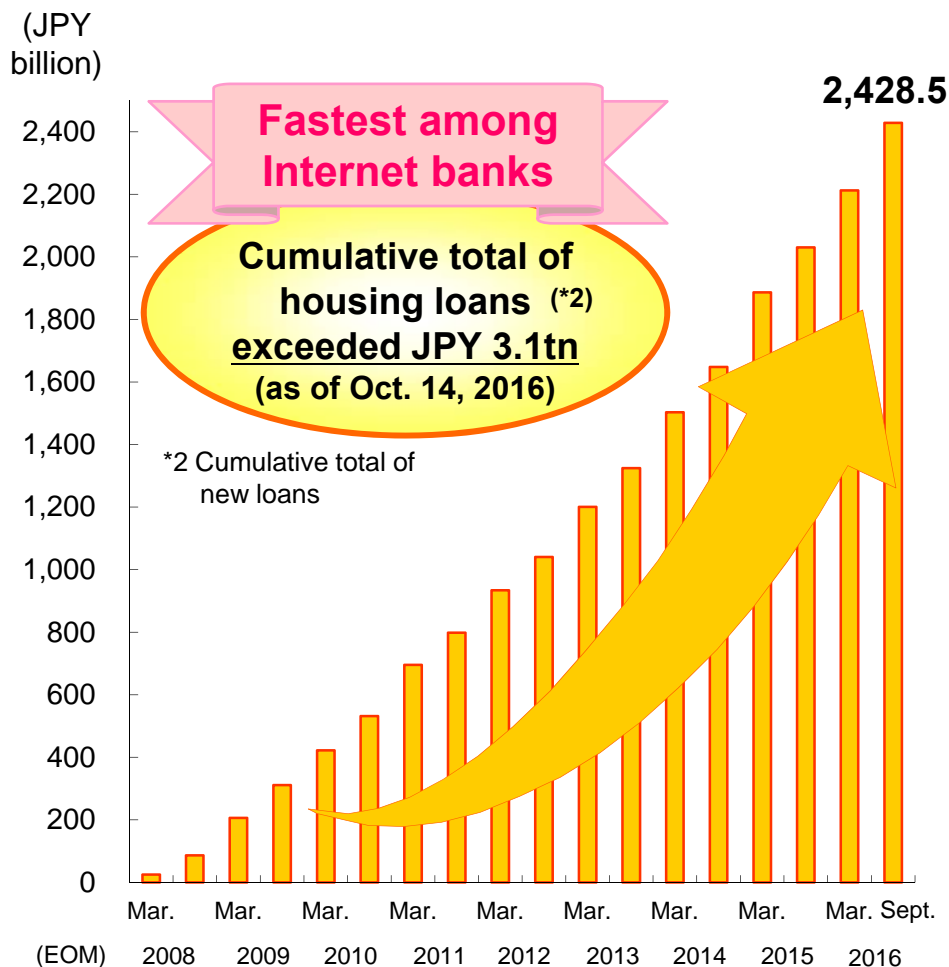


Source: Compiled by SBIH from the information on websites of each company

Diversification of Loans with Deposits Accumulating

Change in Balance of Housing Loans *1 (Mar. 2008 - Sept. 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:

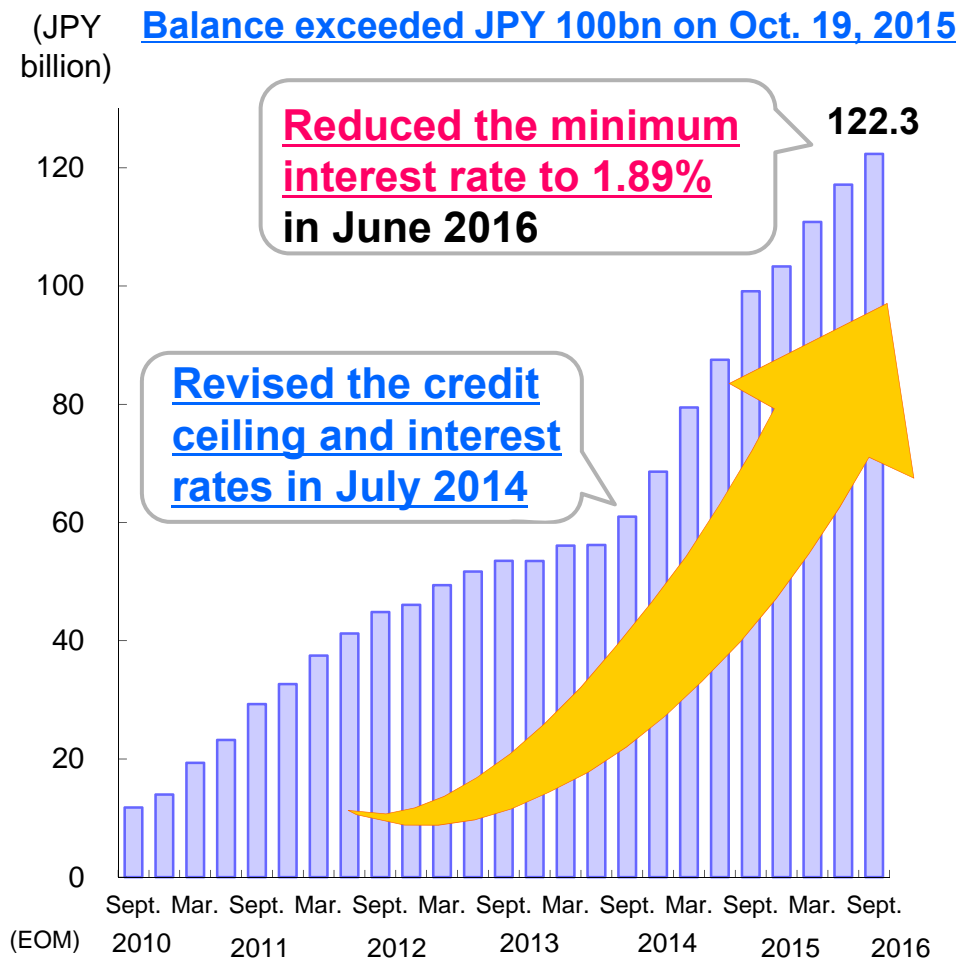
- ① **Housing loans processed directly by SBI Sumishin Net Bank**
 - Via alliance with real estate companies (from Sept. 2007)
 - Banking agency specialized product "MR. Housing Loan REAL" (from Mar. 2015)
- ② **Banking agency business for Sumitomo Mitsui Trust Bank "Internet Exclusive Housing Loan" (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 - Sept. 2016)



Specific purpose loans

(as of the end of Sept. 2016)

Service launched in May 2013



Balance: JPY 14.5bn

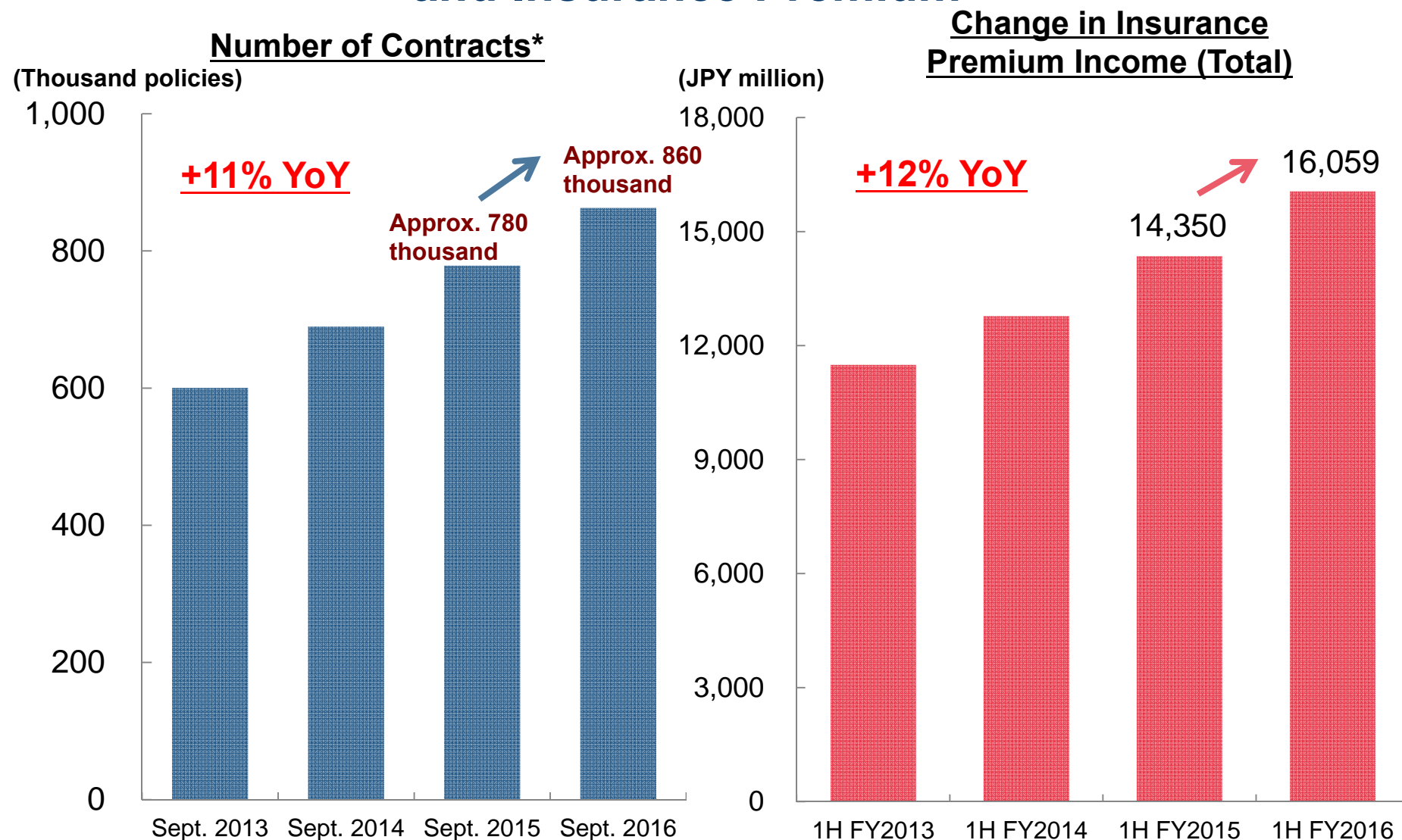
Balance of loans increased 1.3 times YoY

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

③ Insurance-related business

- **SBI Insurance's auto insurance business continues to rapidly expand with the number of contracts up 11%, and direct premium written up 12% year-on-year, respectively**
- **SBI Insurance's profit before income tax expense based on IFRS was JPY 54m**
- **SBI Insurance's combined ratio (based on direct figures) greatly decreased to 86.8%**
- **SBI Life Insurance has sustained a strong business performance**
- **Number of contracts at small-amount, short-term insurance companies steadily increases**

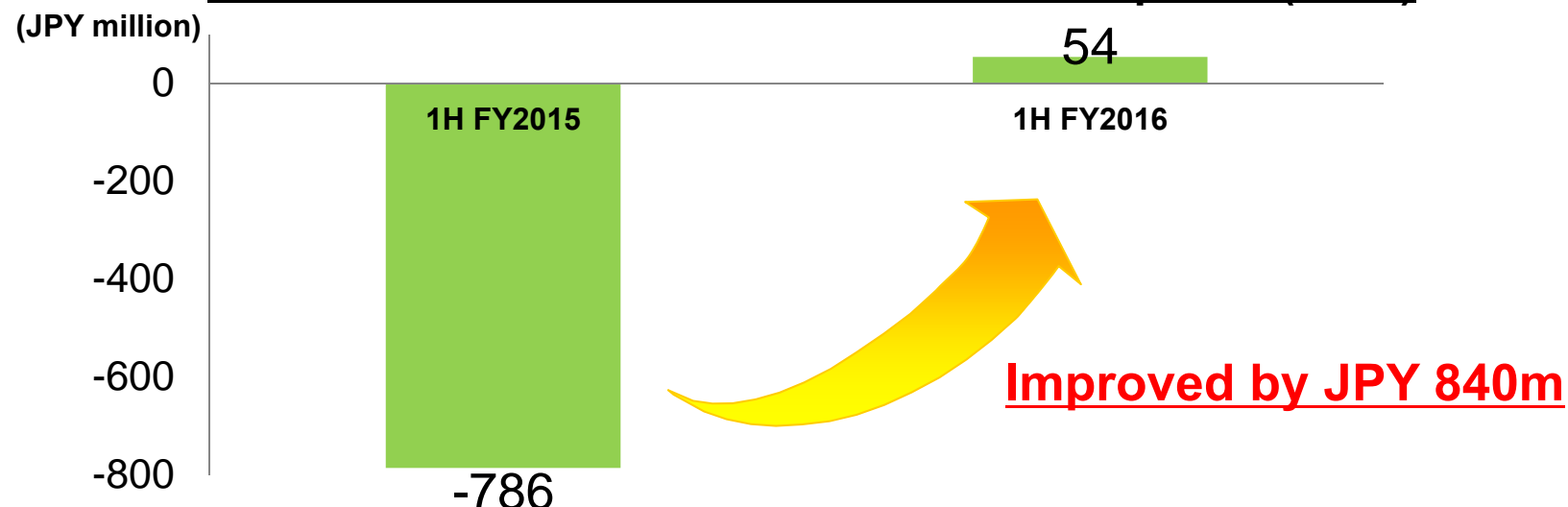
SBI Insurance's Number of Auto Insurance Contracts and Insurance Premium



* 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 1H FY2016

SBI Insurance Profit before Income Tax Expense (IFRS)



Combined Ratio (Based on Direct Figures)

(Unit: %)	1H FY2015	1H FY2016	YoY Change
Loss ratio^{*1}	70.6	<u>68.4</u>	<u>-2.2</u>
Operating expenses ratio^{*2}	20.8	<u>18.4</u>	<u>-2.4</u>
Combined ratio	91.4	<u>86.8</u>	<u>-4.6</u>

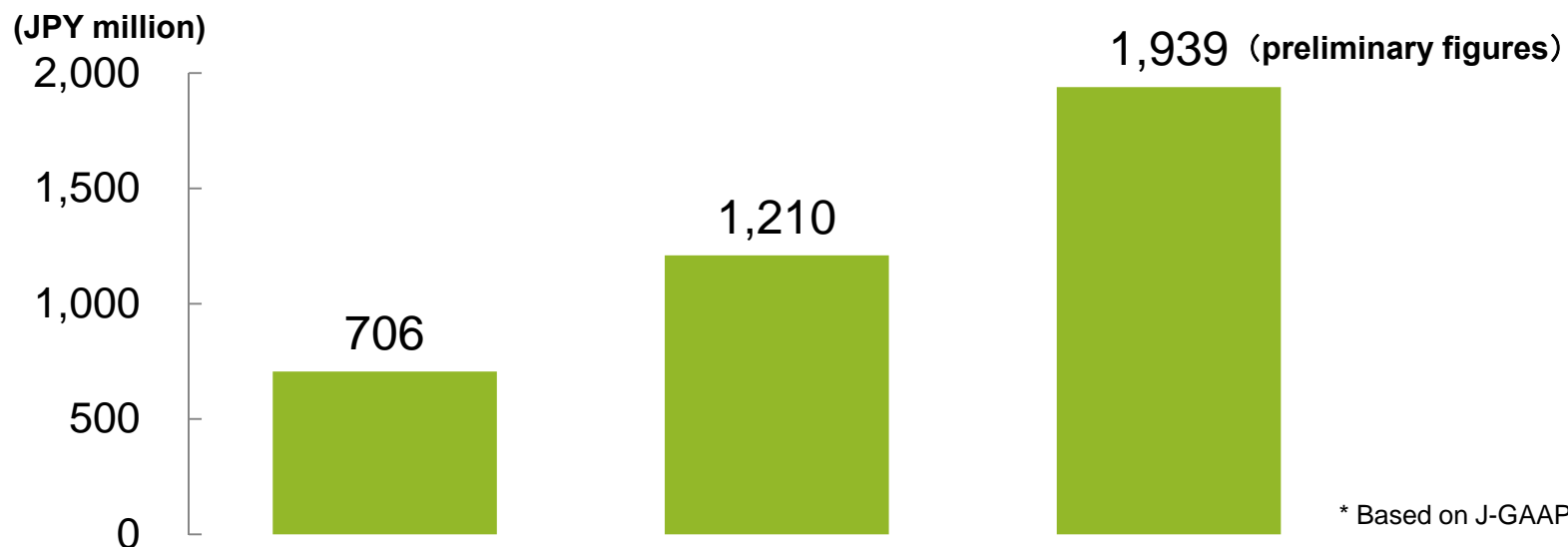
*1 Loss ratio (%) = (Direct net insurance payment + Loss adjustment expenses) / Direct premium written X 100

*2 Operating expenses ratio (%) = (Operating expenses except for reinsurance commissions) / Direct premium written X 100

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

SBI Life Insurance Financial Results for 1H FY2016

The Trend of Ordinary Income*



Solvency margin ratio(%)	1H FY2014	1H FY2015	1H FY2016
	1,130.5	1,418.4	1,331.0 <small>*As of June. 30, 2016</small>

The number of contracts: approx. 110 thousand
(annualized premium: JPY 8,357m)

*As of Sept. 30, 2016

③ Insurance-related business: Small-amount, short-term insurance



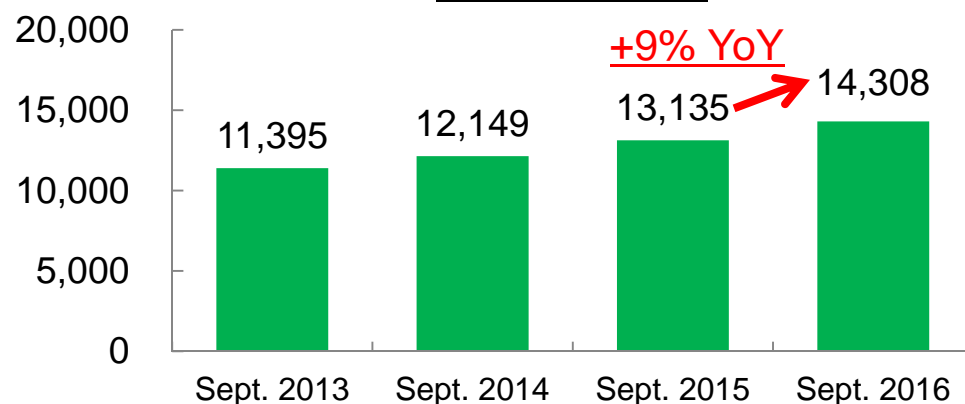
Number of Contracts of the Small-amount, Short-term Insurance Companies



[SBI Resta SSI: Earthquake indemnity insurance]

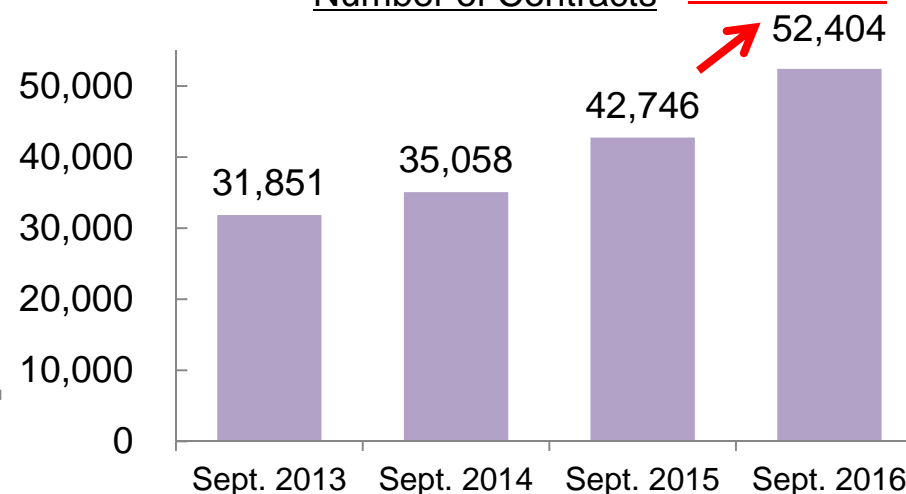
* SBI SSI plans to change its registered name to SBI Resta SSI on Nov. 1, 2016

Number of Contracts of Earthquake Indemnity Insurance Resta



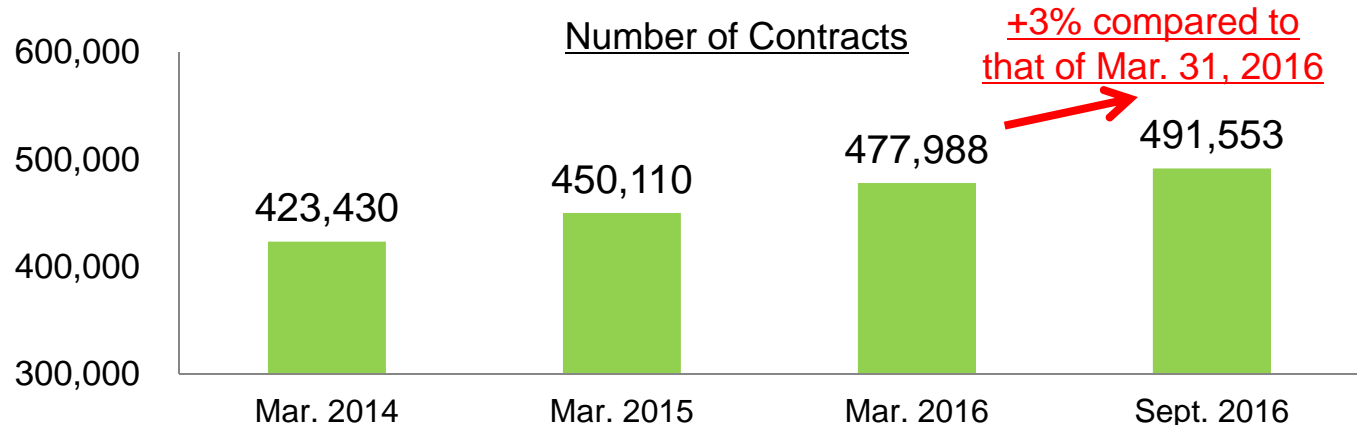
[SBI IKI IKI SSI: Death insurance, Medical insurance]

Number of Contracts **+23% YoY**



Nihon Small amount & Short term Insurance Co., Ltd.

[Nihon SSI: Home content insurance, Bike insurance, Bicycle insurance, Reform insurance]



(2) Asset Management Business

- **Profit before income tax expense of the 1H FY2016 for the Asset Management Business increased JPY 3,139 million year-on-year**
- **SBI SAVINGS BANK of South Korea's profitability for the period increased steadily through the accumulation in the balance of performing loans, and the improvement in the delinquency ratio**
- **Morningstar Japan's operating income, ordinary income and net income achieved an increase for seven consecutive periods**
- **Promoting the establishment of new funds, such as the CVC (Corporate Venture Capital) Fund, in Japan and abroad**

Asset Management Business' Financial Results Breakdown

(IFRS, JPY billion)

	1H FY2015	1H FY2016
Revenue	33.3	36.3
Profit before income tax expense	-0.3	2.9
Profit/loss from the change in fair value and profit/loss on sales of investment securities	-1.5	-2.9



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

(JPY billion)

	1H FY2016
<u>Domestic Securities</u>	2.1
<u>Overseas Securities</u>	-5.0

FY2016 Prospective IPO and M&A Deals

15 Investee IPO and M&A deals are expected in the 2H

	Full-year FY2015	Full-year FY2016 prospects
IPO·M&A deals	16	19

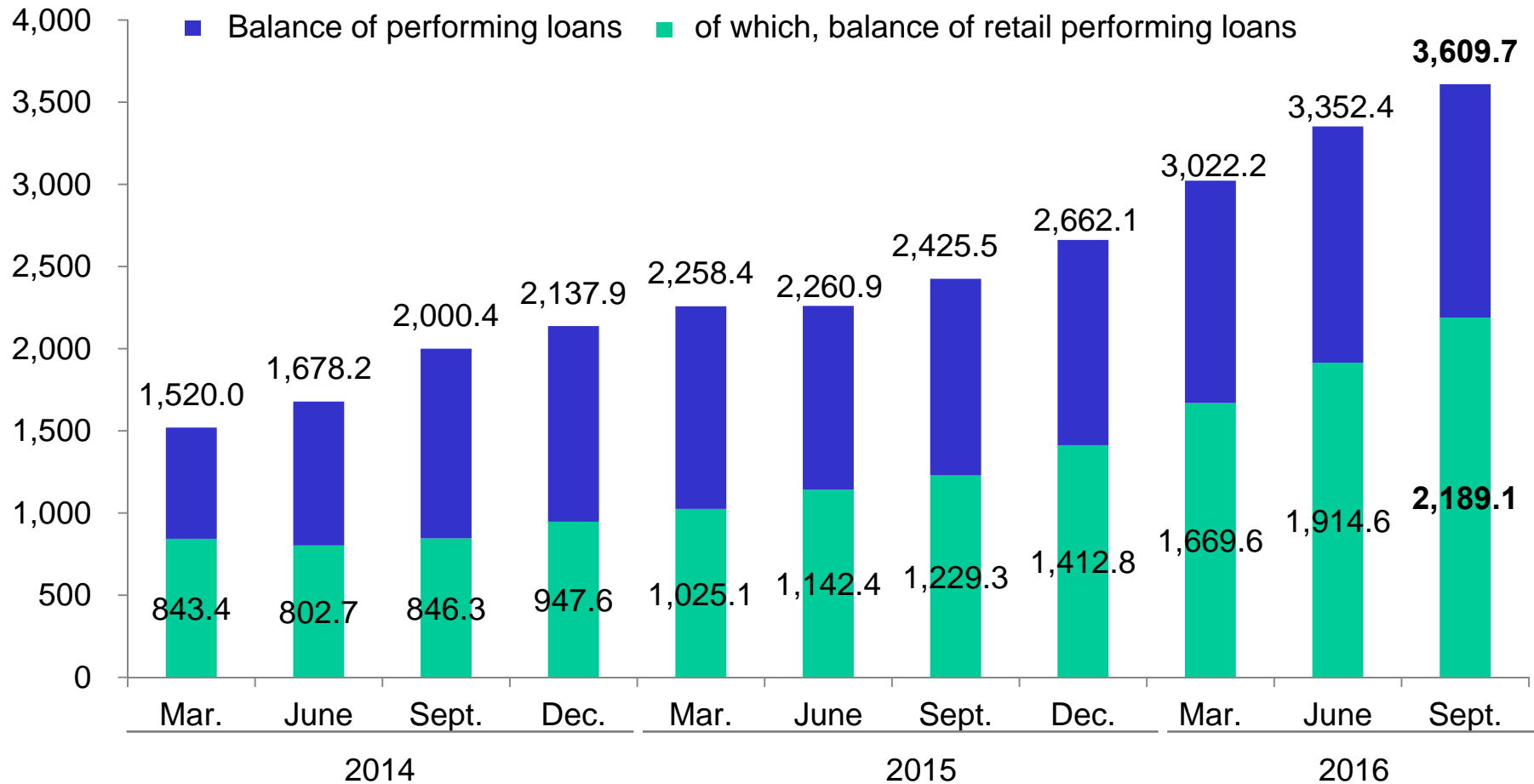
In FY2016, 2 companies were IPO'd and 2 companies were M&A'd

EXIT Date	Company	Market (Country)
July 25	SKCS	KONEX (South Korea)
Aug. 1	Kadmon Holding LLC	NYSE (U.S.)
Aug. 8	Carver Korea	M&A
Sept. 19	GL Pharm Tech	M&A

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

Balance of Performing Loans*

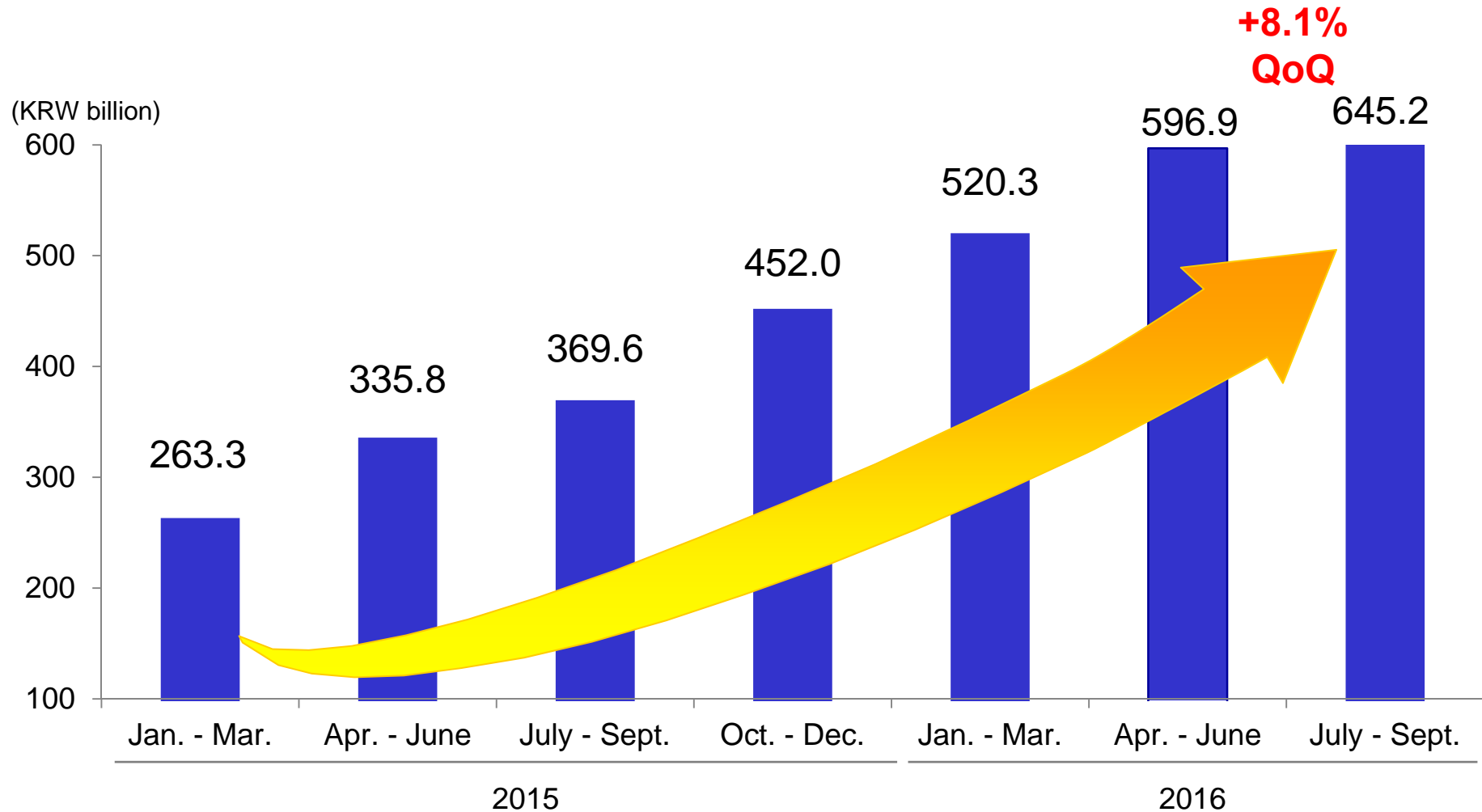
(KRW billion)



* Based on K-GAAP

Change in Retail Credits Since Jan. 2015*

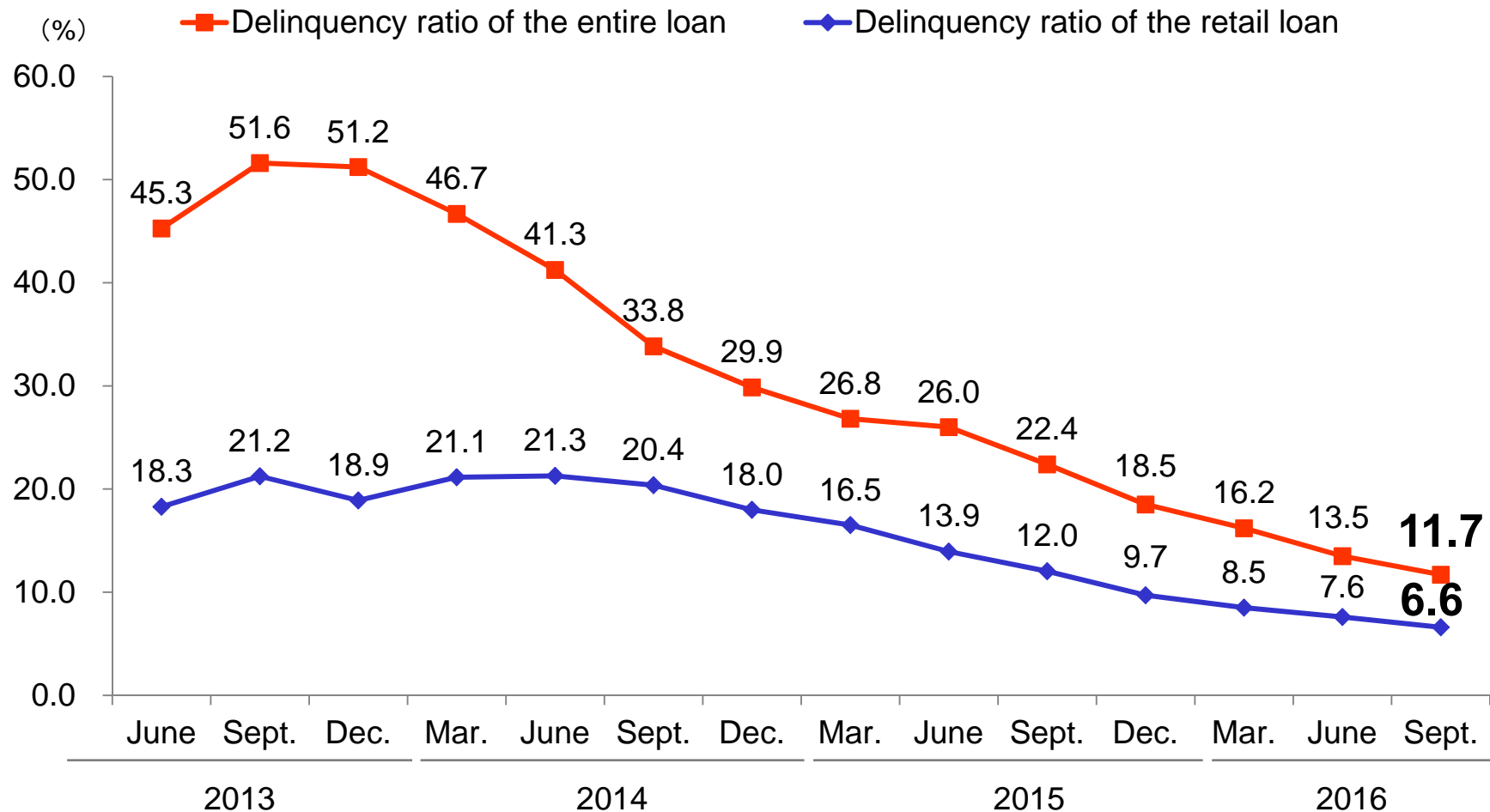
~Medium interest rate credit loan product “Cyder (interest rates: 6.9%~13.5%),” released in Dec. 2015, increased steadily~



* Based on K-GAAP

Change in Delinquency Ratio

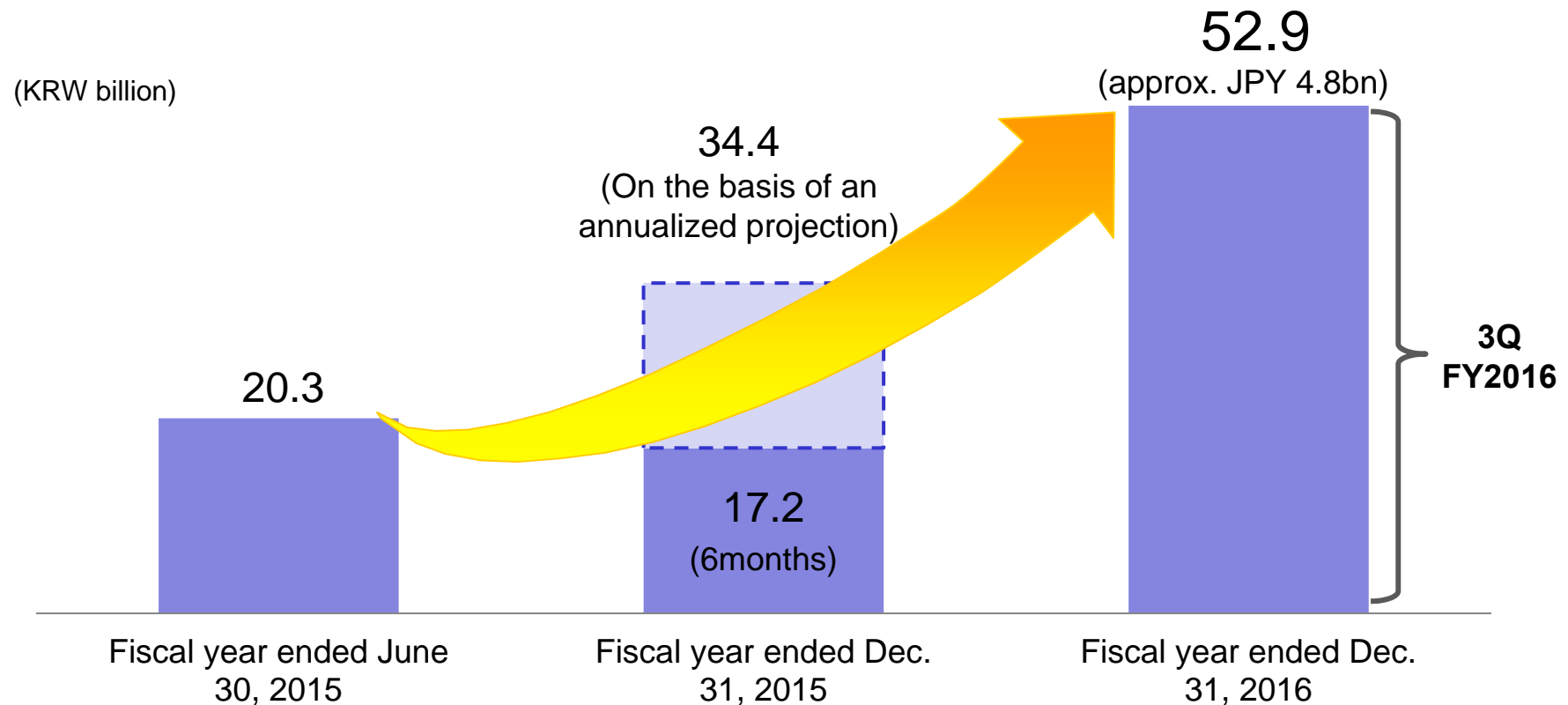
Endeavoring to reduce the overall delinquency ratio to less than 10% by the end of 2016



* Based on K-GAAP

Profitability for the Period Increased Steadily through the Accumulation of the Balance of Performing Loans and Improvement of Delinquency Ratio

Trend of profit for the period based on K-GAAP



*1 The result for 3Q FY2016 is preliminary results, which is 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

* Converted at KRW 1 = JPY 0.09

Morningstar Japan's Financial Results for 1H FY2016

Net sales increased for five consecutive years, and each item of income achieved an increase for seven consecutive years.

Operating income and ordinary income for 1H FY2016 achieved an historical high for five consecutive years

Consolidated Results (J-GAAP)

(Unit: JPY million)

	1H FY2015 (Apr. 2015 – Sept. 2015)		1H FY2016 (Apr. 2016 – Sept. 2016)		YoY % change
	Amount	Income margin (%)	Amount	Income margin (%)	
Net Sales	2,337	-	2,347	-	+0.4
Operating Income	760	32.5	804	34.3	+5.7
Ordinary Income	762	32.6	821	35.0	+7.8
Net Income	502	21.5	553	23.6	+10.1

Joint Establishment of a CVC Fund (Total of up to JPY 25bn)

Vitalization of operating companies to promote the development of new businesses through investments in venture companies with potential business synergies

○ Nikon (announced on July 4, 2016)

Jointly establishing a private fund “Nikon-SBI Innovation Fund”

Management company: SBI Investment

Investment target: Promising venture companies in Nikon’s current business and new service areas

Fund size: up to JPY 10bn

○ Intage Holdings (announced on Oct. 17, 2016)

Jointly establishing a private fund “INTAGE Open Innovation Fund”

Management company: SBI Investment

Investment target: Promising venture companies in Intage’s current business, new service areas and intra-venture businesses

Fund size: up to JPY 5bn

Also, a JPY 10bn scale CVC Fund was established in June 2016

SBI Investment KOREA Expands the Management of Funds in South Korea

SBI Investment Korea is already managing funds that total KRW 145.0bn (JPY 13.0bn) in 2016, and including funds that are in the process of being established, the cumulative total will amount to up to KRW 337.0bn (JPY 30.3bn)

SBI Cross-Border Advantage Fund

Total commitment amount: up to KRW 80.0bn (approx. JPY 7.2bn)

Investment target: Venture companies in South Korea, which are endeavoring to expand overseas

SBI Growth Strategy M&A Fund

Total commitment amount: up to KRW 100.0bn (approx. JPY 9.0bn)

Investment target: Medium-sized companies in South Korea, which are endeavoring to grow through M&A

SBI-KIS Venture Fund No.1

Total commitment amount: up to KRW 12.0bn (approx. JPY 1.1bn)




Investment target: Venture companies in South Korea

* Converted at KRW 1 = JPY 0.09

(3) Biotechnology-related Business

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

(JPY million)

		1H FY2015		1H FY2016
Total of the Biotechnology-related Business		-242		-5,178
SBI Biotech		-157	① →	550 
Quark Pharmaceuticals (“Quark”)		496	② →	-5,084
5-ALA-related business		-689		54 
	SBI Pharmaceuticals	-557	③ →	299 
	SBI ALApromo	-54		-162
	photonamic *Consolidated in Jan. 2016	-		-21
	SBI ALA Hong Kong	-1		-34
	Suzhou Yian Biotech	-77		-28
Others/consolidation adjustments		108		-697

- ① **SBI Biotech achieved profitability on a quarterly basis in 2Q FY2016, as well as in 1Q, resulting in a profitability for 1H FY2016, owing to milestone payments that resulted from progress in clinical trials, among other factors**
- ② **Quark recorded a year-on-year increase in 1H 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 1.2bn) due to the strong yen**
- ③ **SBI Pharmaceuticals achieved profitability, owing to milestone payments from the out-licensing of diabetes and malaria therapeutics**

About Quark, a Wholly-owned Subsidiary of SBI Biotech since Dec. 2012

Quark has two products at the Phase III stage in its drug discovery pipeline

- QPI-1002: Kidney transplantation (DGF) (Licensing partner: Novartis International AG)→Phase III scheduled to end by Dec. 2019 (Total milestone payments: USD 670m, *approx. JPY 70bn)
- QPI-1007: Non-arteritic anterior ischemic optic neuropathy (NAION) (Licensing partner: Biocon Ltd of India)→Phase III scheduled to end by July 2019 (Earning royalties after marketing)

R&D expenses will peak in FY2017 and is expected to decrease afterward

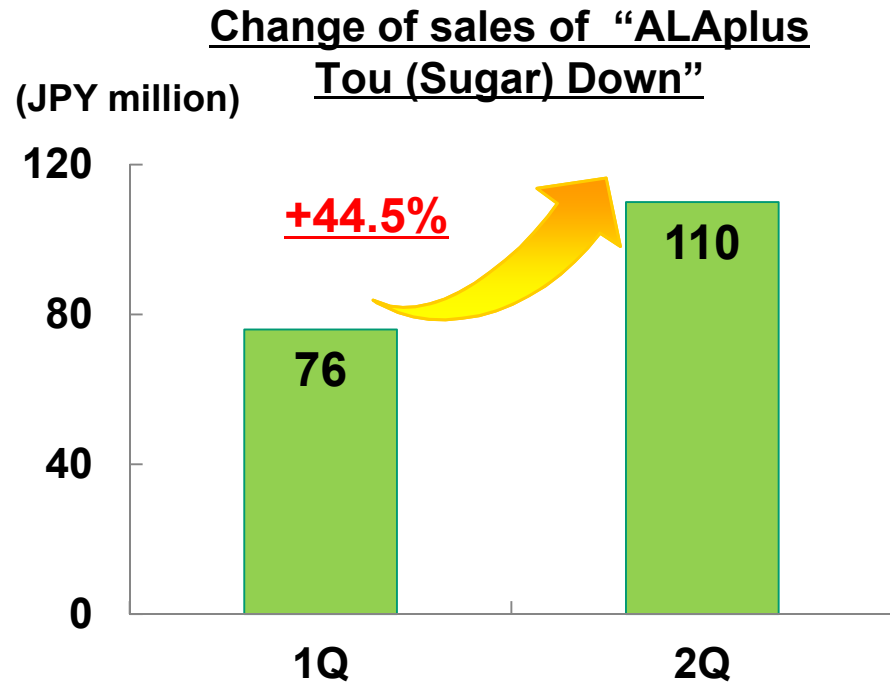
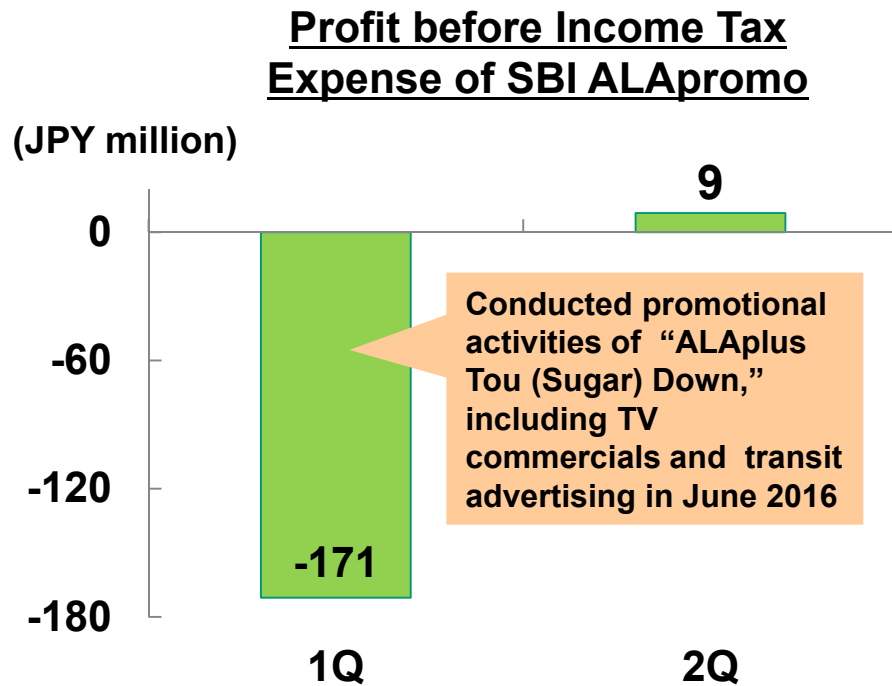
<Expected R&D expenses
after FY2017>

FY2017	FY2018	FY2019
approx. USD 72m	approx. USD 62m	approx. USD 37m

Considering the restructuring of SBI Biotech and Quark for individual listings

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

SBI ALApromo Expects to Achieve Profitability on a Single-year Basis in This Fiscal Year



Among the 474 foods with function claims received by the Consumer Affairs Agency, “ALAplus Tou (Sugar) Down” (30 capsules) was ranked 25th and 10 capsules was ranked 26th in sales, in Aug. 2016 (Published in the Oct. 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

**<Business overview of the SBI Group companies
endeavoring to enhance profitability>**

- 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	
MEDI7734 (Anti-ILT7 antibody)	MedImmune, LLC. (Subsidiary of AstraZeneca)	Autoimmune diseases (Dermatomyositis, Polymyositis, Sjogren's Syndrome, Systemic Lupus Erythematosus (SLE), Systemic Scleroderma)	Phase I (Beginning of dosage)	MedImmune initiated Phase I clinical trial. SBI Biotech received an allotted milestone payment in 2Q FY2016 (undisclosed amount)
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) *Maximum subsidy: JPY 200m per fiscal year
SBI 3150/9674	Independently	Autoimmune diseases	Non-public	In the final out-licensing negotiation process
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 (in June 2016). Further receipt of milestone payments in accordance with development progress at Carna Biosciences is also expected

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

ii. Quark

Progress in Principal Drug Pipelines of Quark

	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. Total milestone payments: USD 670m (including pre-receipt)
		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. Started first patient dosing in India (Announced on June 23, 2016)
		Acute angle closure glaucoma	Phase II (Completion)	Completion in June 2015 of a small-scale clinical trial (46 patients) conducted in Vietnam and Singapore
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

iii. 5-ALA-related business

iii. 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 III) 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 nephropathy	An investigator-led trial (Phase II) at Saitama Medical University as a therapeutic for cancer chemotherapy-induced anemia was successfully completed. Moving forward, the clinical trial purpose was changed from a focus on anemia therapeutics to nephropathy therapeutics, in order to meet medical needs. <u>Preparations for a corporate trial (Phase II) are underway</u>
Drug to treat mitochondrial diseases	<u>An investigator-led trial (Phase II)</u> based on a Phase II and III trial plan was <u>completed</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 soon be judged
Preventing cardiac ischemia-reperfusion injury	<u>Application for an investigator-led trial (Phase II)</u> planned to be conducted jointly by Oxford University and Birmingham University Hospital in the U.K. <u>has been submitted to The Medicines and Healthcare products Regulatory Agency (MHRA), and the project is at the stage of responding to questions</u>
Photodynamic therapy (PDT) for brain tumors	<u>Planning an investigator-led trials</u> at pediatric neurosurgery centers in Muenster and Munich, Germany and 4 hospitals in Japan. SBI Pharmaceuticals and photonamic are cooperating in the development of this new technology

iii. 5-ALA-related business:



Concluded an Exclusive License Agreement with Neopharma LLC., a Manufacturer and Distributor in the U.A.E (on Therapeutic Drugs for Diabetes and Malaria Infection)



نيوفارما
neopharma

Concluded an exclusive license agreement for therapeutic drugs for diabetes and malaria infection, utilizing 5-ALA

- A manufacturer and distributor in the U.A.E
- Its corporate group includes promising enterprises such as NMC Health PLC (listed on the London Stock Exchange), currently operating the largest private hospital in Abu Dhabi, where over 3 million patients visit per year



SBI Pharmaceuticals will receive an upfront payment soon, and milestone payments through the progression of future developments

- The efficacies of 5-ALA have already been confirmed in cultured cells and animal models in the development for the therapeutic drugs to treat diabetes and malaria infection. The Phase I study conducted in the U.K. was completed and the safety in healthy subject has been confirmed
- Malaria treatment drugs will be developed at the National Institute of Malaria Research in India, and Phase II/III clinical trials for drugs to treat diabetes will be conducted at other overseas medical institutions

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

Patents Held by SBI Pharmaceuticals in Japan (Total of 37 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 37 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.
Nuclear magnetic resonance diagnostic agent, and method for detecting or diagnosing state of cell, tissue or organ in subject using same	Aug. 5, 2016	Kumamoto Univ. and Univ. of Occupational and Environmental Health

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



Among the 37 Patents Obtained in Japan, 20 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) *including atopic dermatitis	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., Korea and other 1 country
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., China and other 1 country
16	Prophylactic/therapeutic agent for influenza virus infection (Tokushima University)	U.S.
17	Treatment for allergic rhinitis (National Hospital Organization)	China
18	Agent for preventing and/or treating veisalgia (Single application)	Russia
19	An agent for the treatment and prevention of chronic kidney disease (Single application)	U.S.
20	Erythropoietin production accelerator (Tohoku Univ.)	U.S. Taiwan

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

Research Paper on the Safety and Usefulness of 5-ALA Published in the “Journal of Diabetes Research”



**Bahrain Defense Force
Hospital/Royal Medical Services**

SBI Pharmaceuticals and Bahrain Defense Force Hospital/Royal Medical Services conducted a food intervention test using the nutritional supplement comprising 5-ALA and sodium ferrous citrate (SFC), which is already on market with the approval of Bahrain National Health Regulatory Authority (NHRA), at high doses of 5-ALA (up to 200mg per day) and SFC (up to 229.42mg per day) in the patients living in Bahrain with type 2 diabetes mellitus who are taking concomitant antidiabetic medications

The abstract :

- **The safety is confirmed to prescribe 5-ALA up to 200mg per day in 2 divided doses for the patients with type 2 diabetes mellitus who are taking concomitant antidiabetic medications**
- **HbA1c, which is supposed to be closely related to diabetes, showed in the group of 5-ALA and SFC a steady gradual decline during the study, and decreased by 0.8% at week 12; whereas in the group of placebo taking only existing medications for type 2 diabetes mellitus, HbA1c gradually decreased until week 6, but then turned to increase, causing the overall decrease by 0.5% at week 12**
- **In a group of patients unable to successfully control their blood glucose levels while being administered a sulfonylurea that promotes insulin secretion, HbA1c decreased by 0.95% as a result of administration of 5-ALA and SFC, and a combined effect was suggested**

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**

(Example of technology out-licensing discussions: PDD for carcinoma vesicae)

Number of Stores that Offer 5-ALA-related Health Foods are Increasing Steadily

Consulting pharmacies and drugstores that offer SBI ALApromo products:

10,681 stores

Stores offering “ALApplus Tou (Sugar) Down” :

9,065 stores

Continuously conducting efficient promotional activities, including intensive TV commercials for new sales areas

Since Aug. 2016



10 LAOX's stores, an electronics store, started selling 5-ALA products

→To capture increasing inbound consumption

The leading drug store chains also started selling 5-ALA products:

e.g.

- **Welcia** approx. **910** stores
- **Tsuruha Holdings** approx. **1,310** stores
- **Sundrug** approx. **830** stores
- **cocokara fine** approx. **760** stores

In addition, Matsumoto Kiyoshi will start to sell 5-ALA products at 40 stores, with sequential expansion expectations

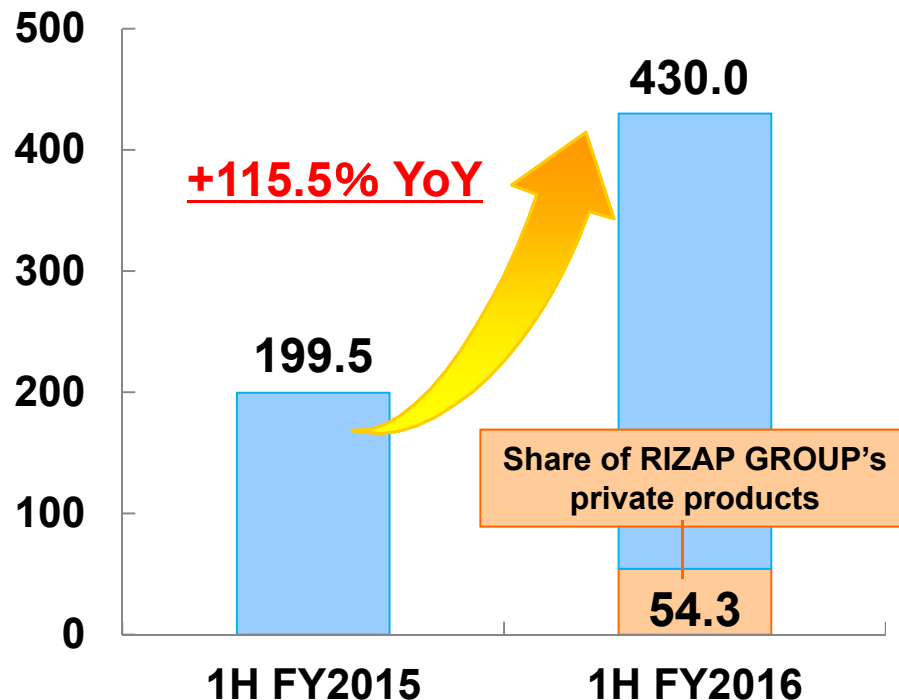
Collaborating with the RIZAP GROUP to Expand the Market for 5-ALA Products



RIZAP GROUP

Change of sales of SBI ALApromo

(JPY million)



- Launched a supplement containing 5-ALA, namely "ACTIVE," jointly developed by RIZAP and SBI ALApromo, for the members of RIZAP from July 2016
- PRISTY (an aging care supplement for women), a supplement containing 5-ALA, will be launched on Oct. 28, 2016 as the second jointly developed product. Promotion by means of announcements and advertising directed at the RIZAP GROUP's 1.39 million direct sales customers is planned

Achieving 70% awareness of 5-ALA within 3 years

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 “ALApplus 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.)

Scheduled for
application as foods
with function claims

Around Aug. 2017

FY2017

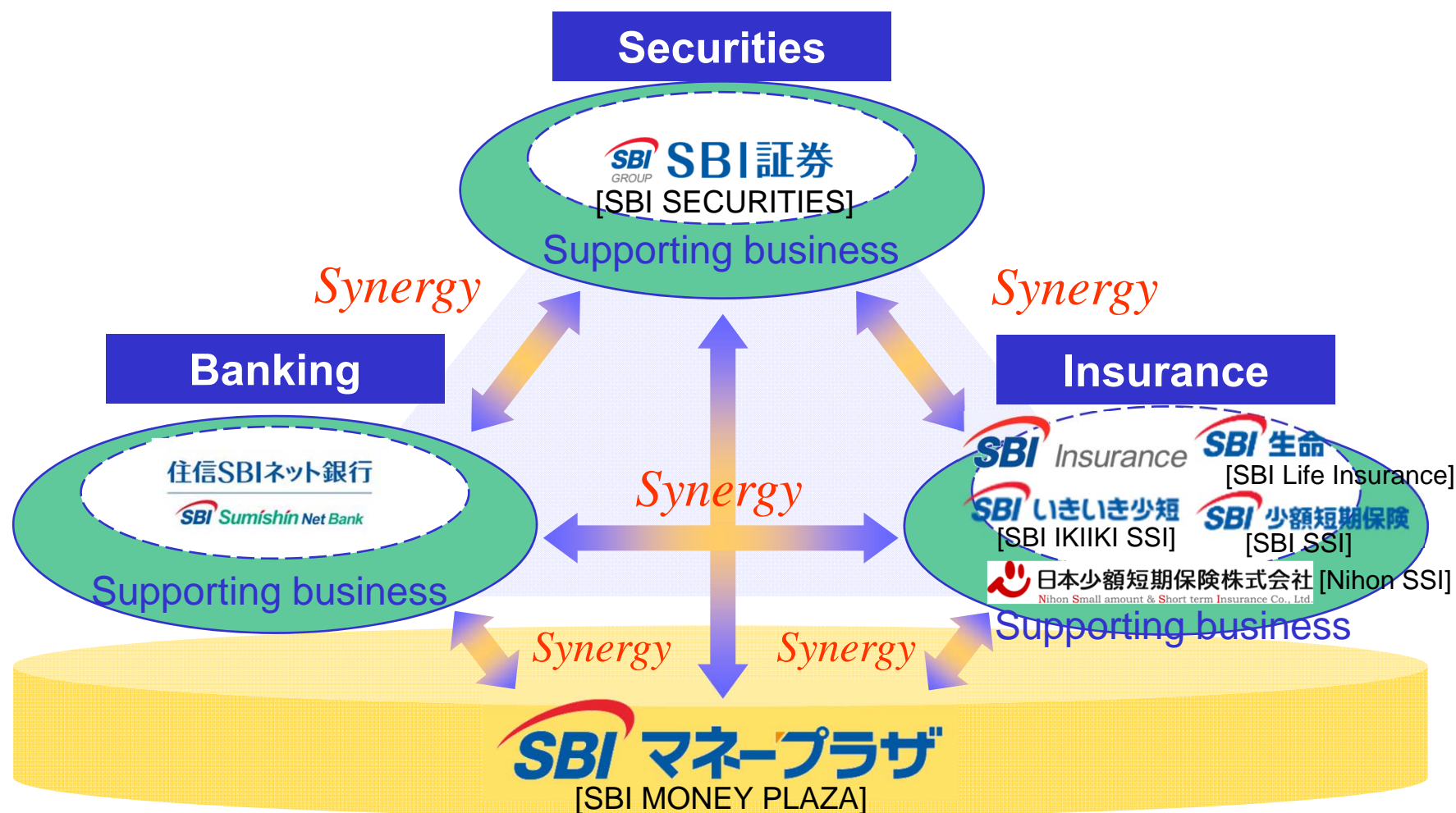
FY2018

3. Initiatives to realize sustainable growth over the medium to longer term

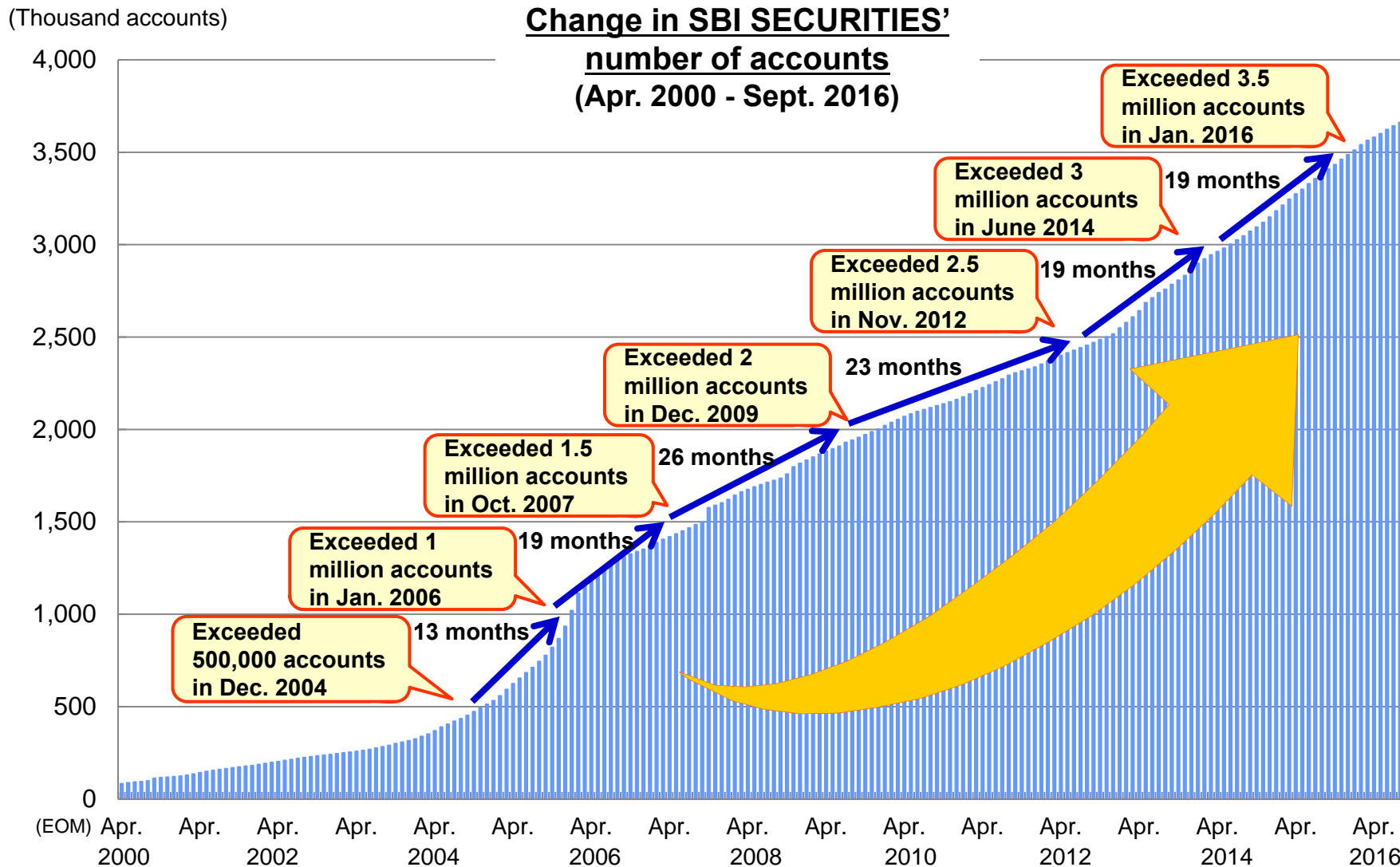
- (1) Further promoting the transition to an earnings structure that is not overly dependent on the stock market**
- (2) Promote the establishment of the “New FinTech Ecosystem” by promptly adopting the technological innovations in finance**
- (3) The SBI Group and regional financial institutes contribute to regional revitalization through strengthened alliances**

- (1) Further promoting the transition to an earnings structure that is not overly dependent on the stock market**
- ① In the Financial Services Business, owing to inter-Group synergies and mutual evolutions through the establishment of the financial ecosystem, a rapid growth of the customer base and a transition to an earnings structure that is not overly dependent on the stock market has progressed on a parallel path**
 - ② In order to achieve further growth and strengthened earnings capacity, promoting the product and service diversification of each of the businesses**

① In the Financial Services Business, Owing to Inter-Group Synergies and Mutual Evolutions through the Establishment of the Financial Ecosystem, a Rapid Growth of the Customer Base and a Transition to an Earnings Structure that is not Overly Dependent on the Stock Market has Progressed on a Parallel Path



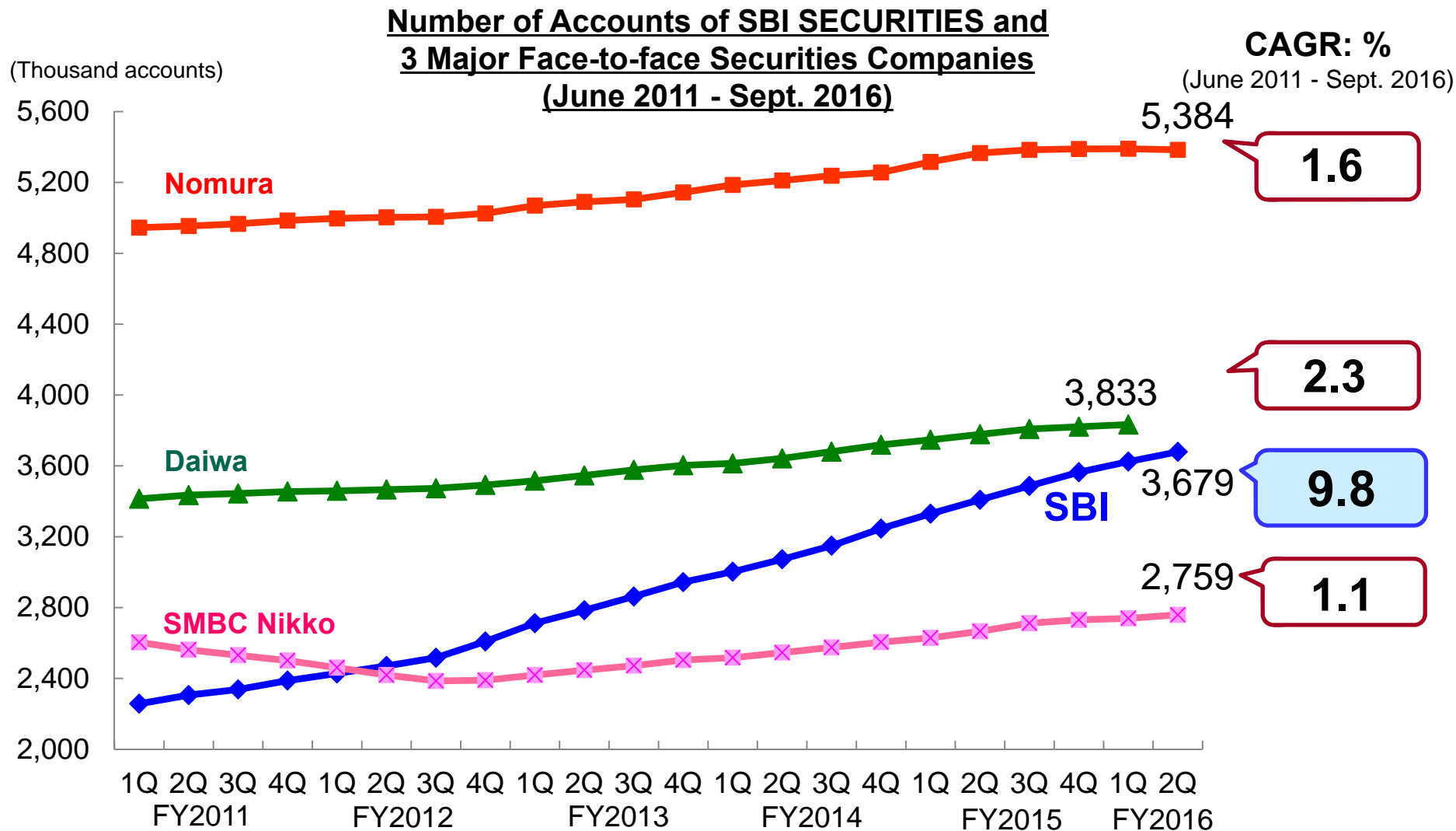
Accelerated Growth of Customer Base, Owing to Synergies and Mutual Evolution Created within the Established Financial Ecosystem – ① SBI SECURITIES



SBI SECURITIES is Chasing Major Face-to-face Securities in the Number of Accounts



Is it possible to overtake Daiwa's number of brokerage accounts within FY2017?



* Since Daiwa's latest figure as of Sept. 2016 is not disclosed yet, CAGR is calculated based on the period of June 2011 to June 2016

Succeeded at Attaining New Customers through NISA

(Sept. 2016)	SBI *1	kabu.com	Matsui *1	Nomura *1	Daiwa *2
No. of NISA accounts *3	<u>900,000</u>	130,000	110,000	1,710,000	760,000

*1 Includes the number of Junior NISA accounts

*2 The number of accounts are as of the end of Sept. 2016, compiled by SBIH from the information on website of each company. As for Daiwa, the number of accounts is as of the end of June 2016.

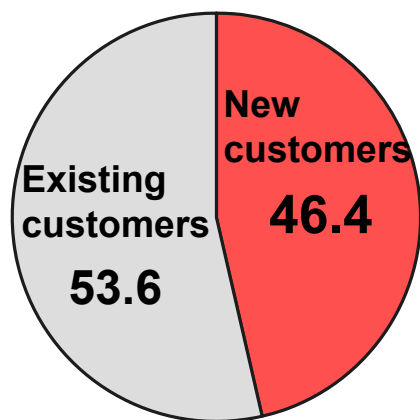
*3 Amounts are rounded to the nearest JPY 10 thousand.

SBI SECURITIES' number of Junior NISA accounts reached 20 thousand accounts as of Sept. 2016, accounting for about 1/3 of Japan's entire Junior NISA accounts

Comparison of Customer Attributes

SBI SECURITIES (%)

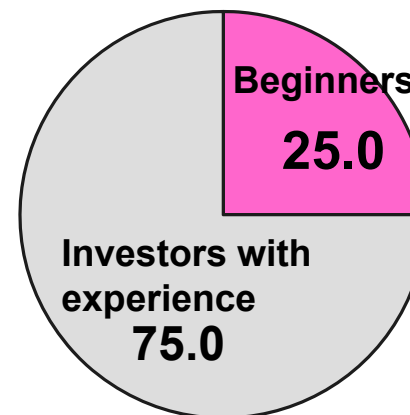
(As of the end of Sept. 2016)



Number of new customers opening NISA accounts account for **46%**, and within that **66.6%** are beginner investors

Entire Securities Industry (%)

(As of the end of June 2016)



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

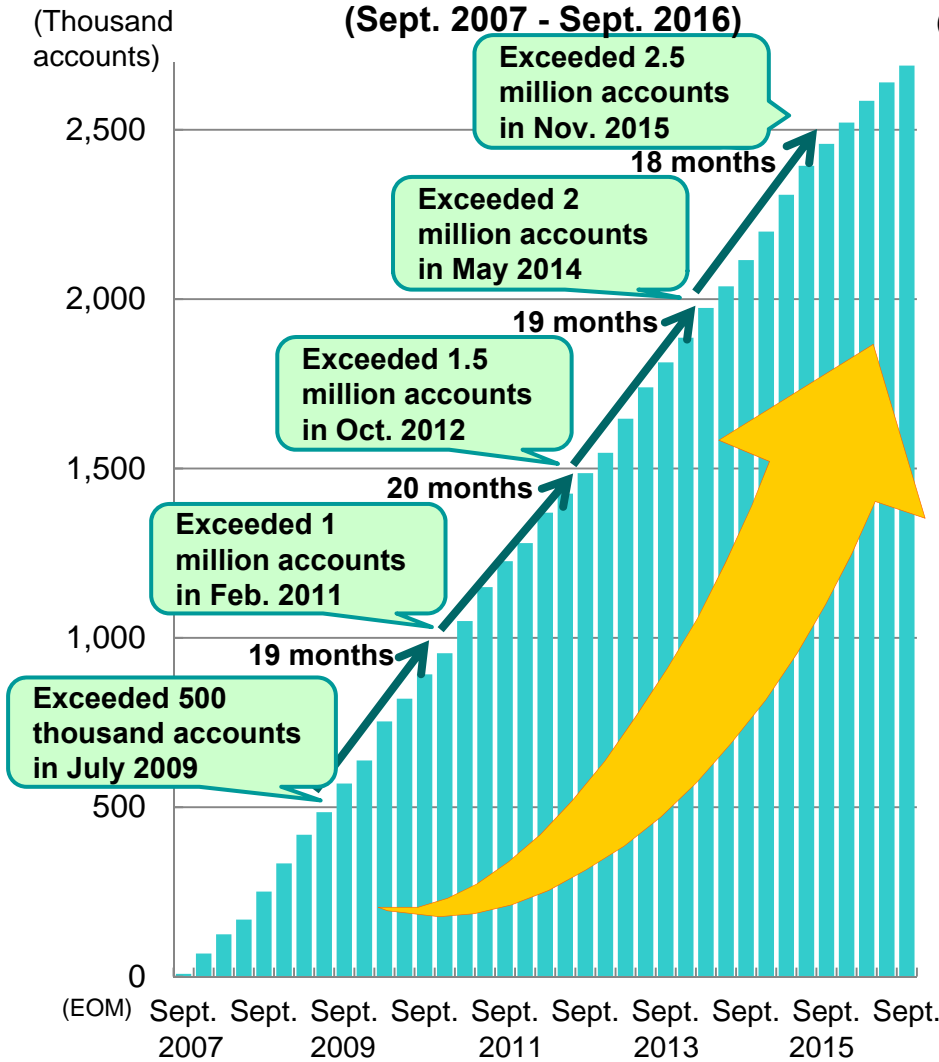
Source: JSDA

■ Active account ratio of **65.0%** (Among the entire securities industry, the ratio is **59.1%**)

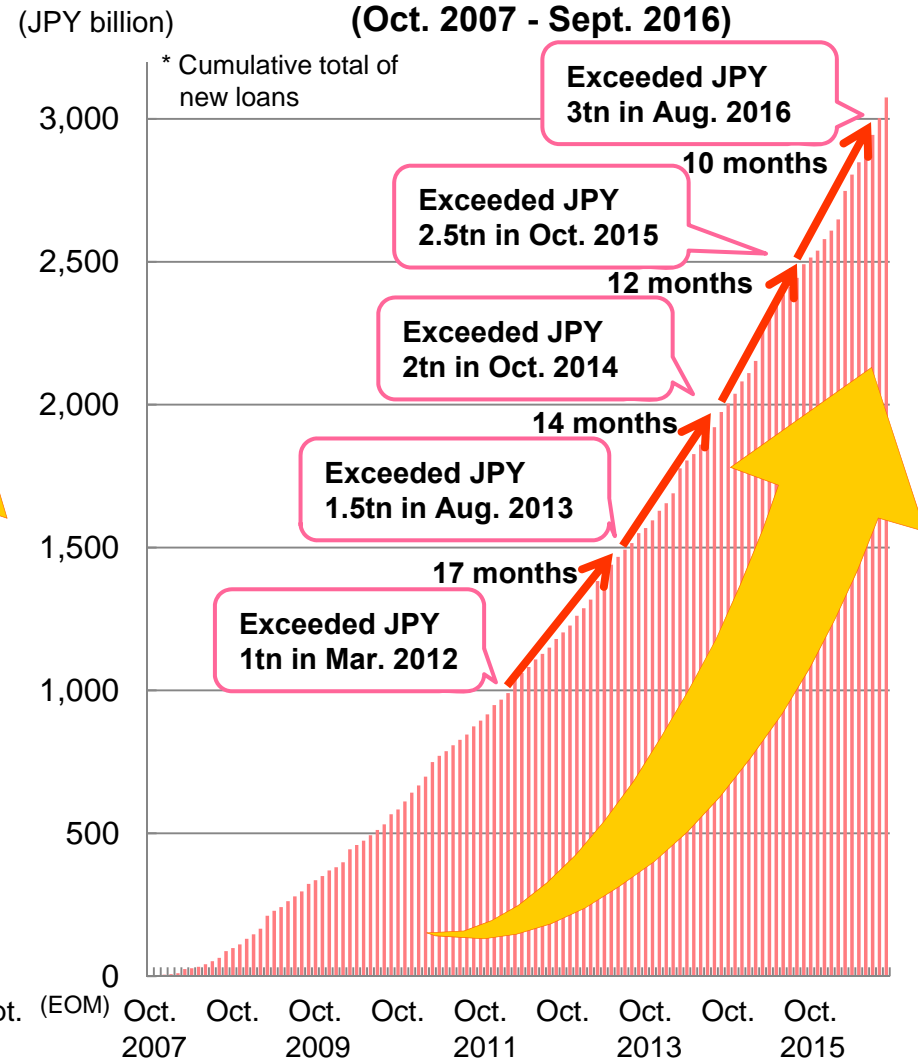
Accelerated Growth of Customer Base, Owing to Synergies and Mutual Evolution Created within the Established Financial Ecosystem – ② SBI Sumishin Net Bank



**Change in SBI Sumishin Net Bank's number of accounts
(Sept. 2007 - Sept. 2016)**



**Change in cumulative total of SBI Sumishin Net Bank's housing loans*
(Oct. 2007 - Sept. 2016)**

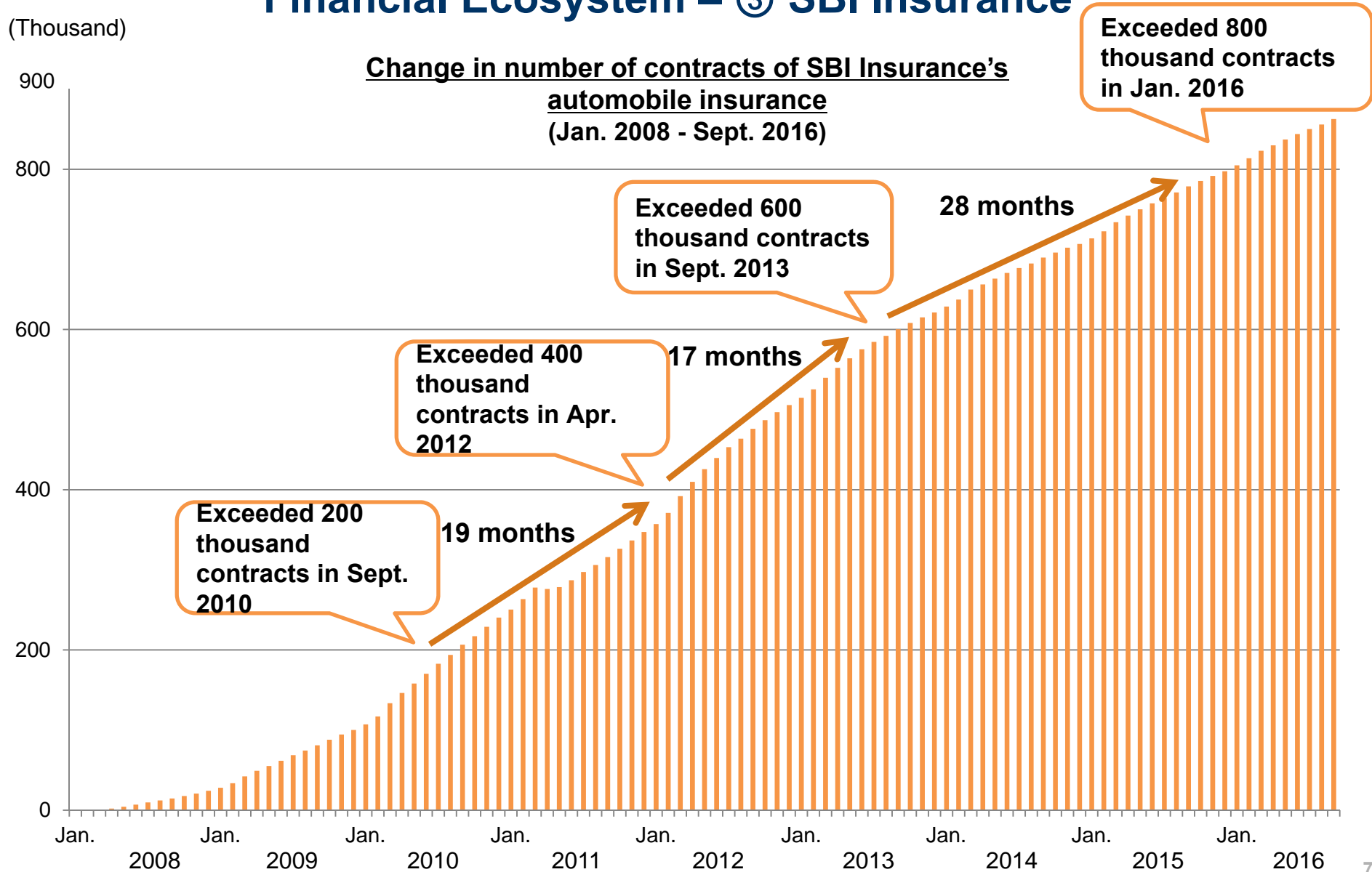


Accelerated Growth of Customer Base, Owing to Synergies and Mutual Evolution Created within the Established Financial Ecosystem – ③ SBI Insurance



(Thousand)

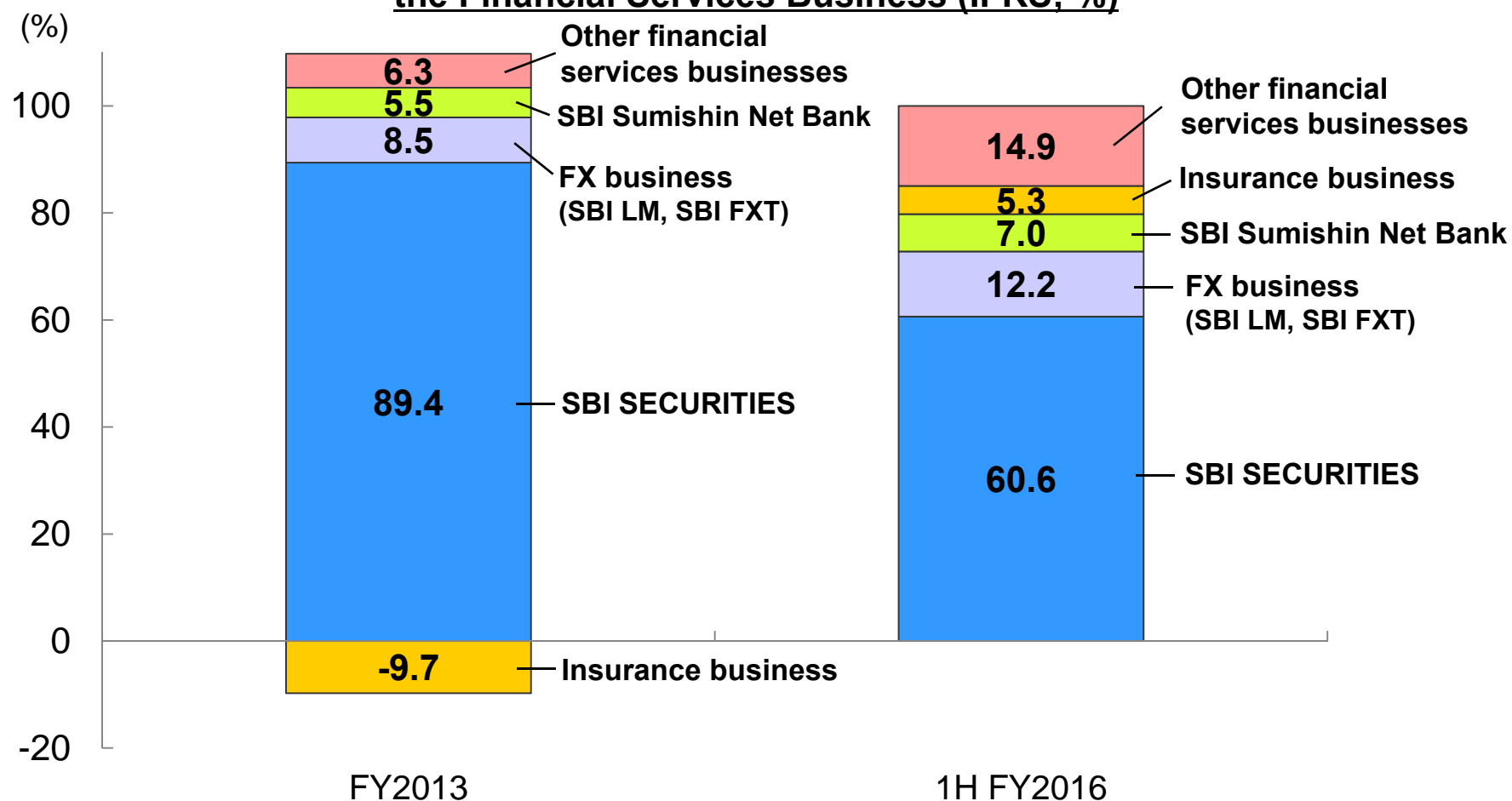
Change in number of contracts of SBI Insurance's automobile insurance (Jan. 2008 - Sept. 2016)



Establishing a Financial Business Portfolio that is not Overly Dependent on the Stock Market

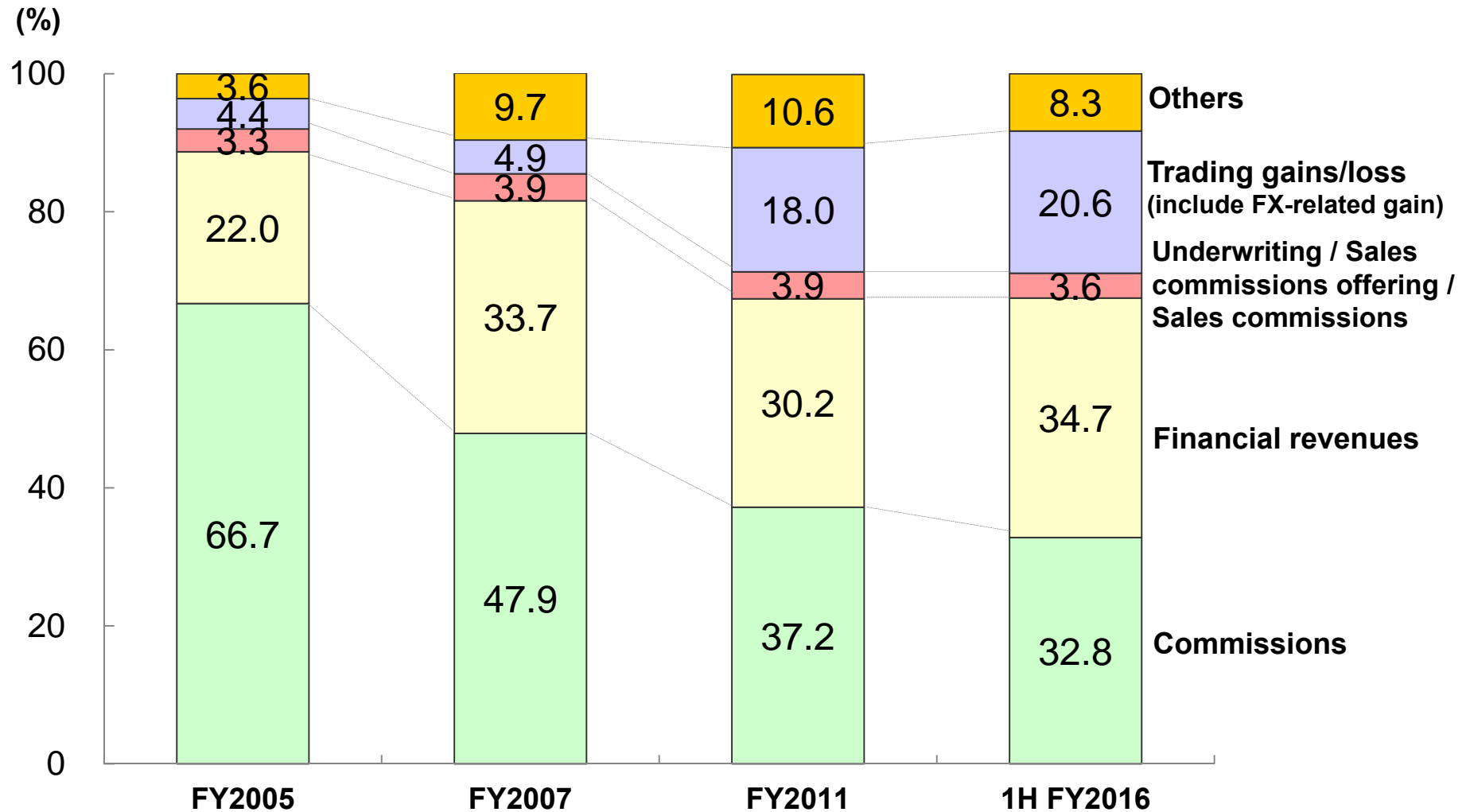
Other non-securities financial services businesses, including banking, insurance and FX have steadily grown

Composition ratio of profit before income tax expense of the Financial Services Business (IFRS; %)



Changes in SBI SECURITIES' Operating Revenue Structure

Owing to the diversification of its earnings sources, dependence on stock brokerage commissions halved



(Based on J-GAAP)

- ② In order to achieve further growth and strengthened earnings capacity, promoting the product and service diversification of each of the businesses**
 - i. Securities-related business**
 - ii. Banking-related business**
 - iii. Insurance-related business**

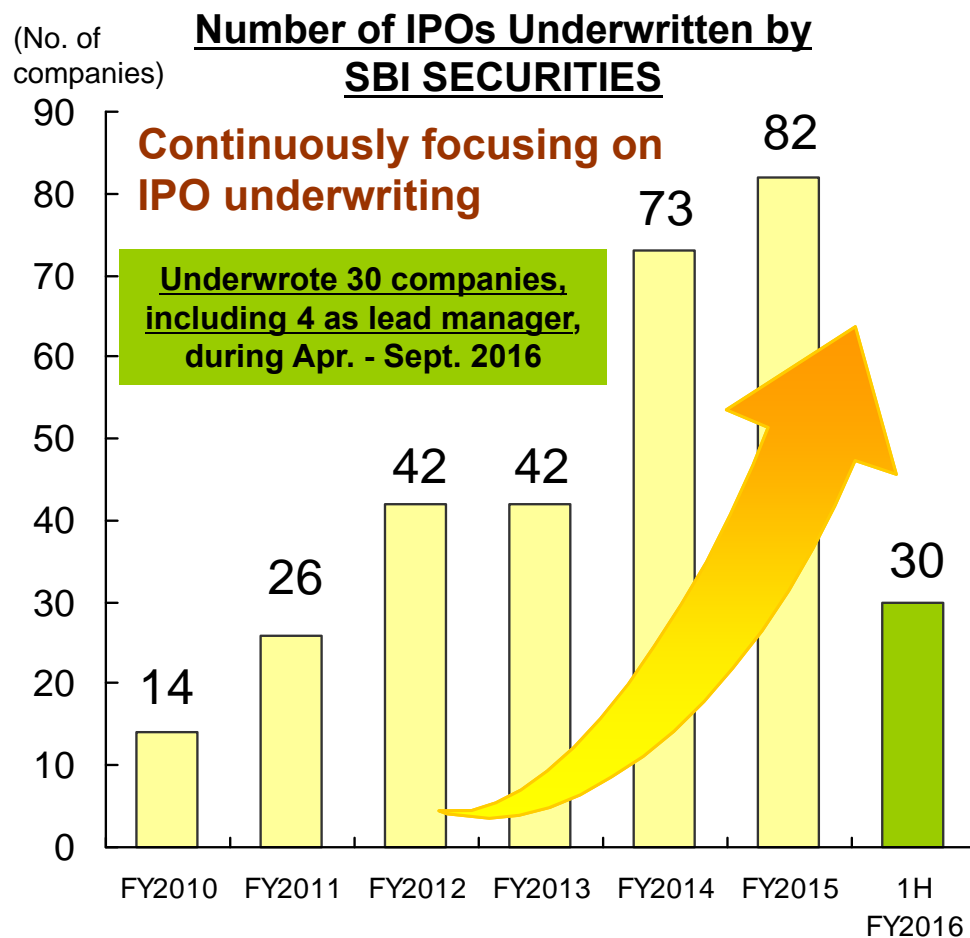
i. Securities-related business

- a. Expanding the corporate business through continuous enhancement of the equity and bond underwriting businesses**
- b. Owing to the legal changes scheduled for 2017, promoting the utilization of Defined Contribution Pension (Individual type) that is expected to expand**
- c. SBI Japannext is advancing initiatives to enhance the convenience of its PTS trading**
- d. Improving profitability by significantly reducing system costs through the in-house system development by SBI BITS**
- e. 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**
- f. Strengthening the sales of various investment trusts, including the international bond active fund, which was developed through a partnership with PIMCO**
- g. Offering a real-time gold trading service to domestic individual investors through a JV with Gold Bullion International of the U.S**

i- a. Expansion of the corporate business:



SBI SECURITIES is an Industry Leader in Terms of the Number of IPOs Underwritten



IPO Underwriting Ranking (Apr. - Sept. 2016)

33 companies were listed during the period

Company name	No. of cases	Underwriting share (%)
SBI	30	90.9
SMBC Nikko	27	81.8
Mizuho	22	66.7
Daiwa	15	45.5
Monex	13	39.4
Okasan	12	36.4

* The above figures do not include consignments. Based on listing date. The figures exclude brokerage sales and REITs.

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

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

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

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

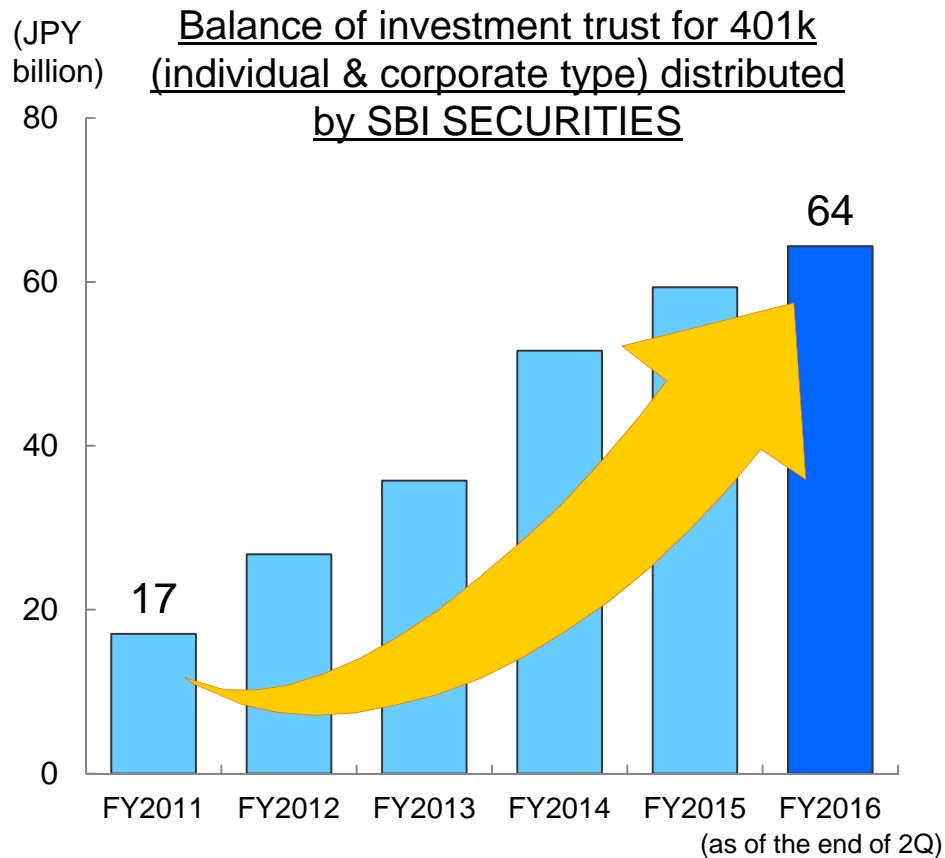
Endeavoring to expand the corporate business by continuing to expand the IPO and PO underwriting businesses

i- b. Promoting the utilization of defined contribution pension (individual type):



Promoting the Utilization of Individual Type Defined Contribution Pension (iDeCo) that is Expected to Expand, Owing to a Revision in the Legal System Scheduled in 2017

Targets, which is now limited to self-employed individuals, its family members and employees of companies without corporate pension plans, will be expanded to the entire working generation that joins the National Pension Plan from 2017



From Apr. 2016
Significantly expanded the investment products for individual-type pension plan

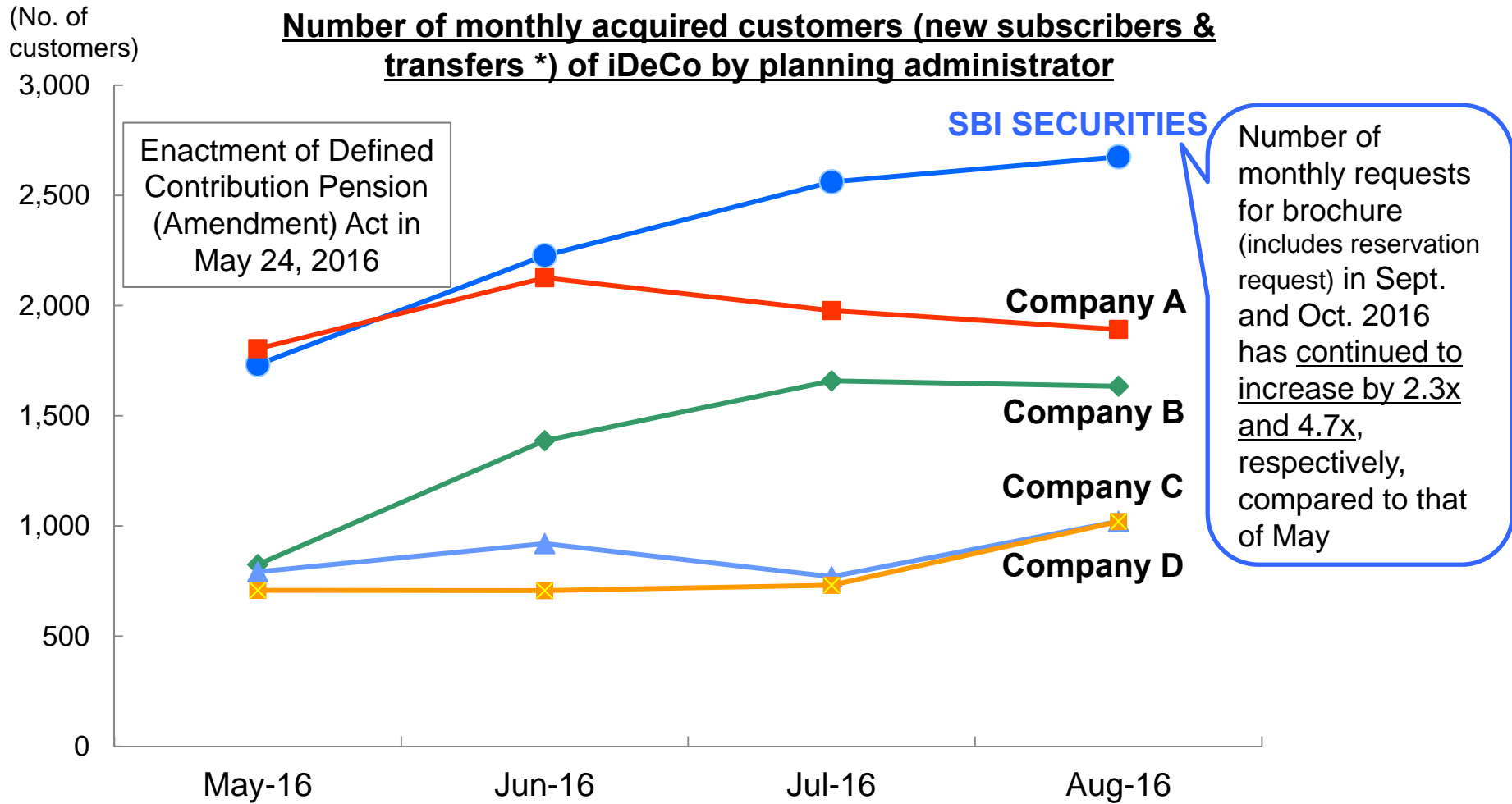
From Sept. 2016
Start of a campaign that waives account management fees, the enrollment fee, fund transfer fees and the fee for changing planning administrators

From Nov. 2016
Scheduled expansion of investment products for individual-type defined contribution pension plans (iDeCo)

i- b. Promoting the utilization of defined contribution pension (individual type):



SBI SECURITIES has become an Industry Leader in Terms of the Number of New Customers Acquired for Individual-type Defined Contribution Pension Plans (iDeCo)



* Cumulative total number of new subscribers and transfers announced by the National Pension Fund Association, which include overlapping persons who has newly subscribed and also transferred to iDeCo.

Source: Briefing paper of the National Pension Fund Association (partially includes estimates by SBI)

SBI Japannext is Promoting Efforts to Improve Convenience in 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 Sept 30, 2016)

- Preparing for an extension of night-time trading session from Feb. 2017, by moving the starting time forward from 7pm to 4:30pm
- Preparing for the trading of Japanese government bonds on the proprietary trading system (PTS), by utilizing the PTS expertise garnered from the stock market PTS operations. Subject to an approval from relevant authorities, planning the start of services from Mar. 2017

In addition, there is movement toward lifting the ban on margin trading of stocks on PTSs, and the convenience of PTSs is expected to further increase

The Financial Services Agency is “moving in the direction of lifting the ban on margin trading on proprietary trading systems (PTSs) independently operated by securities companies. Margin trading is currently permitted only on securities exchanges.”

Newspaper article

(Aug. 26, 2016 The Nihon Keizai Shimbun (morning edition))

i- 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



* "BITS" stands for
Better IT Solutions

- ◆ Systems company that develops and structures online financial systems for the internal and external use
- ◆ Of the 235 employees, 140 are highly skilled foreign IT section staff (as of Sept. 30, 2016), responsible for the advanced in-house system development
- ◆ Closely cooperating with SBI SECURITIES by mutually dispatching executives
- ◆ In anticipation of a business expansion in China, established a Hong Kong subsidiary, and is considering to acquire tradeWin DALIAN, subject to permission and authorization granted by relevant authorities

- **SBI SECURITIES is reducing the number of various system vendors by sequentially switching the current vendors to SBI BITS**

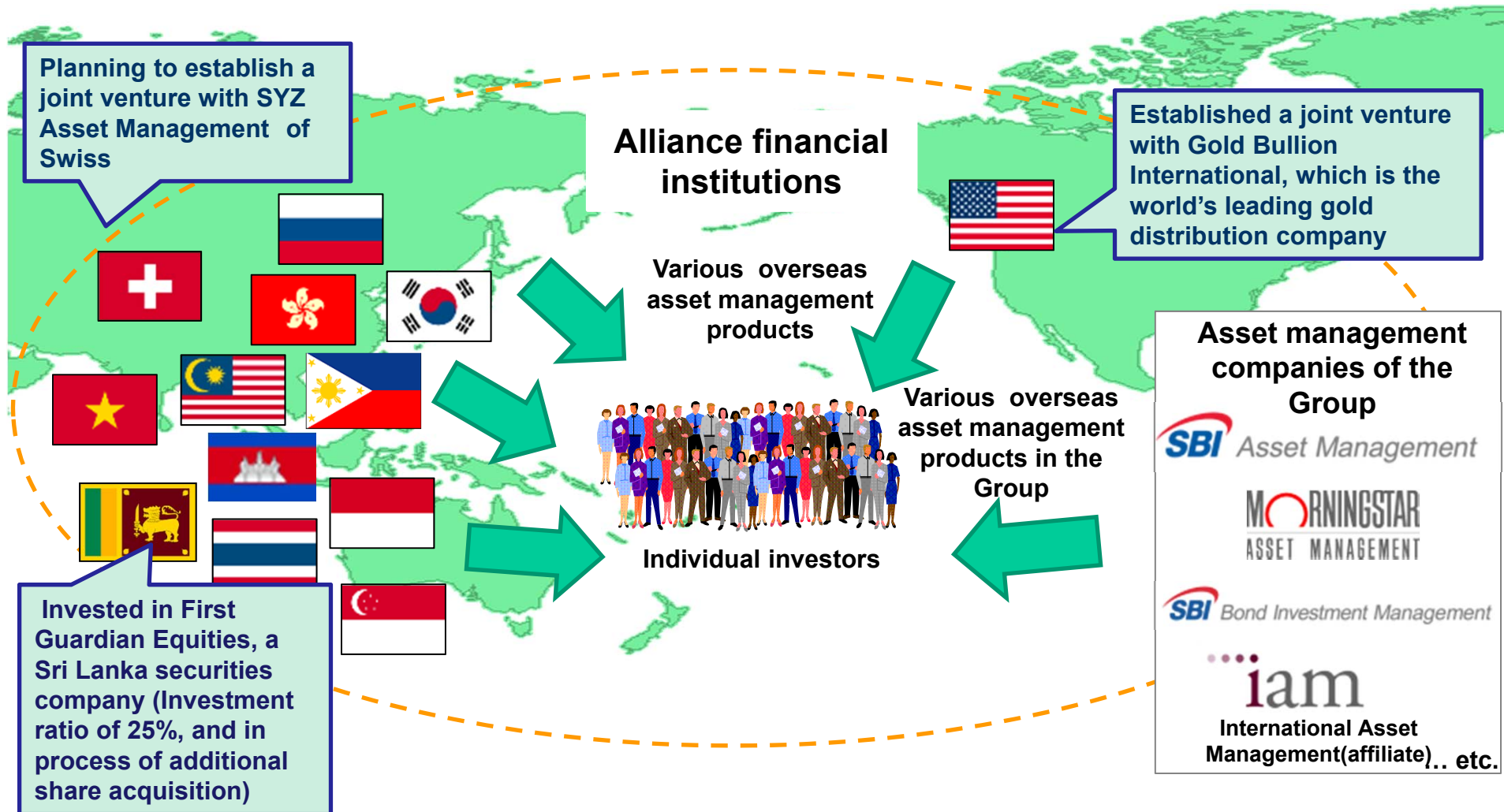
15 vendors  **Presently has reduced to 6 vendors**
(as of the end of June 2016)

- 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 the next fiscal year

SBI SECURITIES will endeavor to **reduce its system cost to major external system vendors by at least 20% within a two year period**, by sequentially aggregating the systems' commissions to SBI BITS

Structuring the System of Global Asset Allocation

~Utilizing the Group's overseas network in order to strengthen profitability~



With the introduction of margin transaction in SBI Thai Online, promoting the interest rate arbitrage between Japan and abroad

i- f. Strengthening the sales of investment trusts:

Establishing SBI Bond Investment Management, a Joint Venture with PIMCO, the World's Largest Bond Management Company



Bond Investment Management (Established in Dec. 2015)

- Developing a low-cost active corporate bond fund by applying the high active bond management capabilities of PIMCO and technology of the SBI Group
- The total assets of the SBI Group, entrusted to PIMCO is JPY 50bn (as of Sept. 30, 2016)

○Establishing and managing SBI-PIMCO Japan Better Income Fund

- The objective is to secure stable returns by investing in foreign-exchange-hedged foreign-currency-denominated bonds expected to provide comparatively high yields among corporate bonds issued by Japanese companies with high credit ratings
- The fund's trust fee of 0.572% are substantially lower than the average of 1.01% for the international bond active fund category (based on Morningstar data)

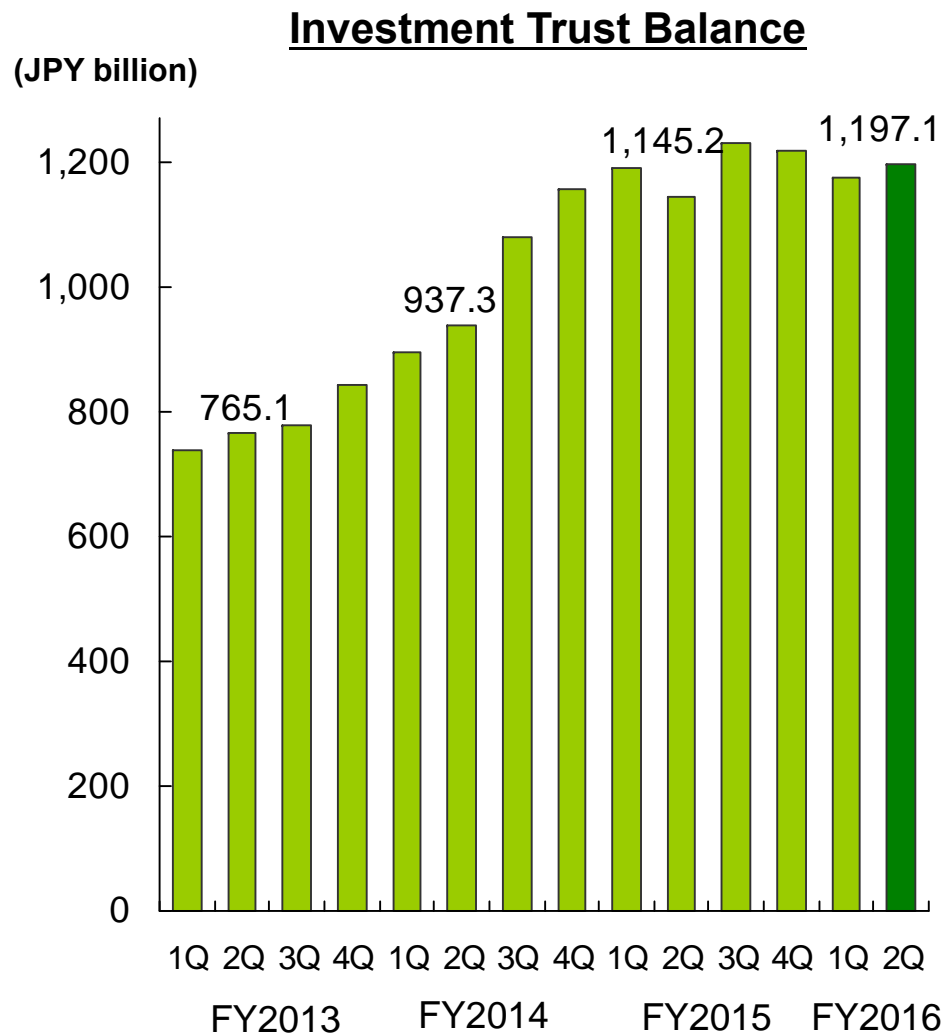
○Establishing and managing of Japan's first* foreign currency-denominated domestic investment trust (privately placed) * Compiled by SBIH

- Establishing of Japan's first foreign currency-denominated domestic investment trust and planned provision to qualified institutional investors
- Alleviating the cost and information gathering burden on investors and addressing to the expanding investor needs for foreign currency-denominated assets
- In the future, exploring the potential for establishing a privately placed foreign currency-denominated investment trust for individual investors

○Establishing and managing of a privately placed fund for regional banks that invests mainly in Canadian provincial bonds

- Currency-hedged investments in highly rated (AA and above), low-risk Canadian provincial bonds
- Maintaining attractive yield levels at a time of declining yields net of currency hedge costs on U.S. dollar-denominated bonds due to rising currency hedge costs

SBI SECURITIES' Investment Trust Balance was JPY 1,197.1bn as of the End of Sept. 2016



- Balance of “SBI Global Wrap-up Fund (sobriquet: My Wrap)” **exceeded JPY 10bn within approx. 3 months** upon its initial offering
- Balance of SBI-PIMCO Japan Better Income Fund, an International Bond Active Fund (sobriquet : Beta-In) **exceeded JPY 10bn within approx. a month** upon its initial offering

**SBI SECURITIES' ETF balance:
Approx. JPY 292.6bn
(as of the end of Sept. 2016)**

i- g. Offering a real-time gold trade service to domestic individual investors:

Establishing SBI Gold, to Offer a Real-time Gold Trading Service



Establishing a joint venture with Gold Bullion International, which is the world's leading gold distribution company, and planning to offer a real-time gold trading service, in the midst of rising demand for gold as an asset without credit risk



SBI Gold

Established on Oct. 27, 2016

- ◆ A joint venture with Gold Bullion International, which is the world's leading gold distribution company
- ◆ Planning to provide a platform function enabling real-time 24-hour spot physical gold trading for 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, 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.

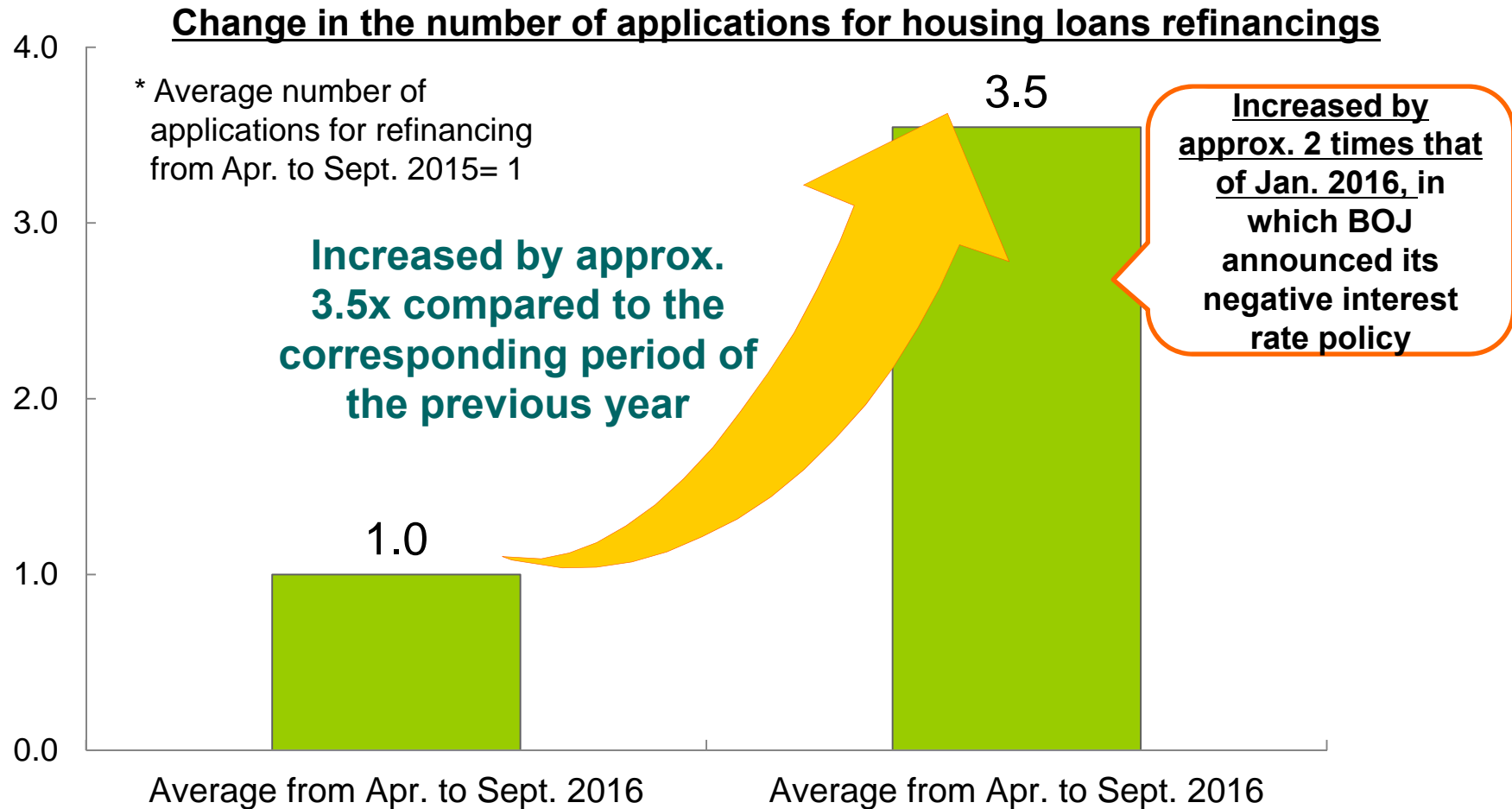
ii. Banking-related business

- a. Focuses on capturing the escalating housing loan refinancing demand upon the announcement of negative interest rate policy**
- b. Newly entered into the credit card merchant acquiring business as a new earnings source**

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



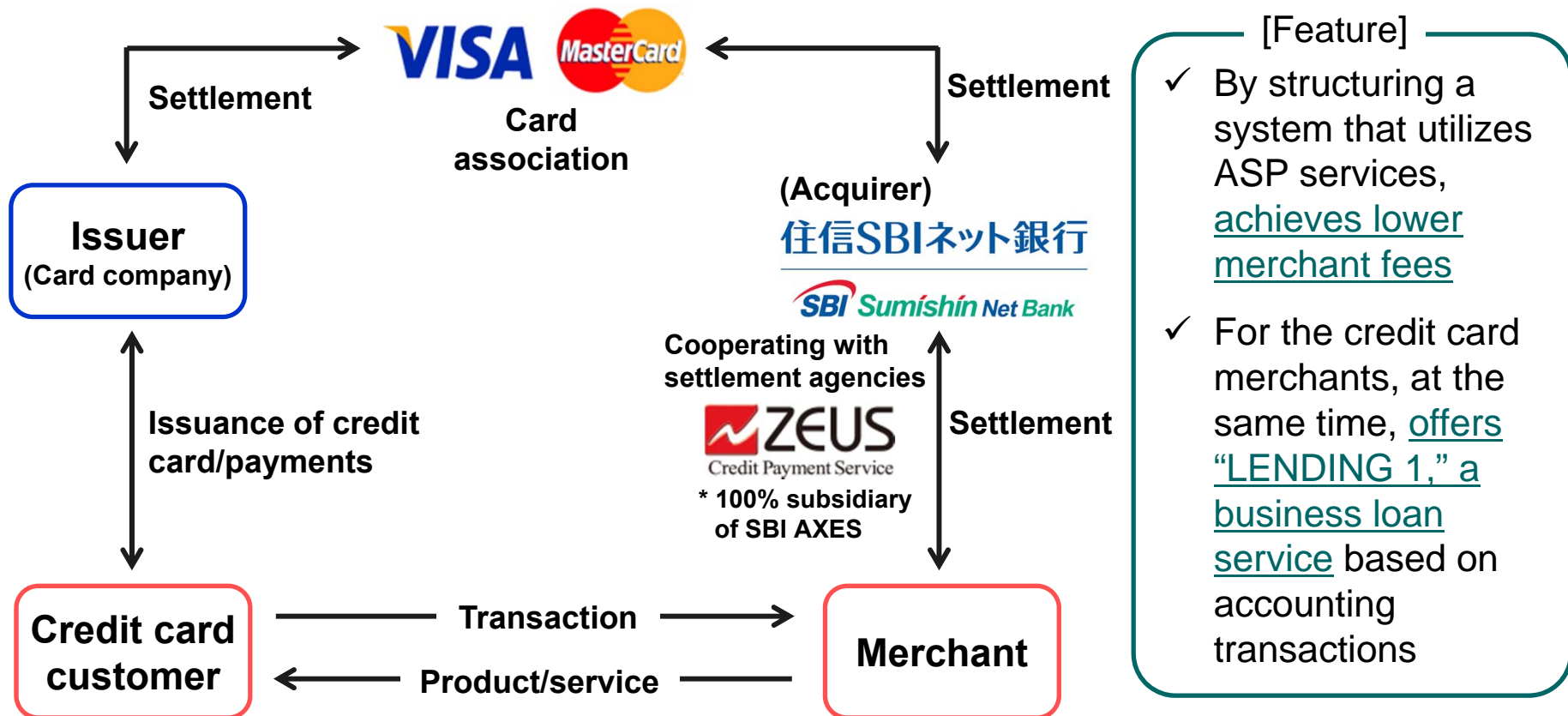
ii- b. Newly entering into the credit card merchant acquiring business



Newly Entered into the Credit Card Merchant Acquiring Business

-As a new earnings source, launched the business in 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

iii. Insurance-related business

- a. SBI Insurance initiated the sales of a new fire insurance product**
- b. SBI Life is expanding its sales initiatives by thoroughly utilizing the Group channels, and is also expanding the development of new services and products**
- c. Further expanding the SSI business through the acquisition of Nihon SSI**
- d. Strengthening profitability of the entire insurance business by the establishment of the reinsurance company**

iii- a. Insurance business:



SBI Insurance Allows a Free Choice for the Contents of Compensation for the “SBI Fire Insurance,” which Became Available for Purchase from Oct.

Since it is possible to choose only the required contents of compensation from an extensive range of options based on individual needs, when compared with the conventional package-type of fire insurance, it becomes possible to keep premiums at minimal levels*

* Differing in terms of contracts and contents of compensation



- It's possible to freely choose and customize contents of compensation from an extensive range of options, in addition to essential compensation, including fire, lightning and explosion coverage
- Unique discounts are available, such as a non-smoker discount and all-electric housing discount

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

SBI Sumishin Net Bank

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

Total number : 110,464

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

: 16,900

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

ARUHI

Total number :

approx. 140,000

SBI Group's shareholding*:
10.32%)

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

approx. 20,000

* 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 Sept. 2016)

iii- b. Life insurance business:



SBI Life Insurance is Expanding its Sales Initiatives by Thoroughly Utilizing the Group Channels, and is also Expanding the Development of New Services and Products

New product development

- Considering the provision of a health management app from FiNC, for insurance policyholders, as an incentive to join the insurance, as well as for disease prevention
- Proceeding with the development of new products utilizing Group synergies

Sales promotions

- Improving the accessibility of application services, by renewing the website for PCs and smartphones
- Keeping to expand sales promotions by utilizing Group's face-to-face and online channels

	[Online channel]	[Face-to-face channel]	
Group companies	SBI証券 [SBI SECURITIES] Number of accounts: 3,679 thousand	住信SBIネット銀行 [SBI Sumishin Net Bank] Number of accounts: 2,689 thousand	<div style="background-color: #4a69bd; color: white; padding: 5px; text-align: center; font-weight: bold;">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損保 [SBI Insurance] Number of contracts: 883 thousand	保険の窓口 [Insweb] Number of customers: 8,264 thousand	
	SBI いきいき少額短期保険 [SBI IKIKI SSI] Number of contracts: 52 thousand	SBI リスタ少額短期保険 [SBI Resta SSI] Number of customers: 14 thousand	
	日本少額短期保険株式会社 [Nihon SSI] Nihon Small amount & Short term Insurance Co., Ltd. Number of customers: 492 thousand	<div style="background-color: #4a69bd; color: white; padding: 5px; text-align: center; font-weight: bold;">Call center</div> NEWTON FINANCIAL CONSULTING, Inc. (SBI's shareholding percentage: 20.03%) Financial Agency Inc. (SBI's shareholding percentage: 37.93%)	

*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 Sept. 30, 2016)

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

iii- c. Small-amount, short-term insurance :



Further Expanding the SSI Business through the Acquisition of Nihon SSI (Sept. 2016)

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

 リスタ少額短期保険

[SBI Resta SSI: Earthquake indemnity insurance]

地震補償保険 **Re.sta**

* SBI SSI plans to change its registered name to SBI Resta SSI on Nov. 1, 2016

Number of contracts of earthquake indemnity insurance Resta*: 14,308

 いきいき少短

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

お葬式代程度に備える

SBIいきいき少短の **死 亡 保 険**

入院や手術に備える

SBIいきいき少短の **医 療 保 険**

Number of contracts*: 52,404

 日本少額短期保険株式会社
Nihon Small amount & Short term Insurance Co., Ltd.

[Nihon SSI: Home content insurance, Bike insurance, Bicycle insurance, Reform insurance]

みんなの部屋保険 **G2**

HARLEY | 車両 + 盗難保険™

みんなのバイク保険

BICYCLE保険

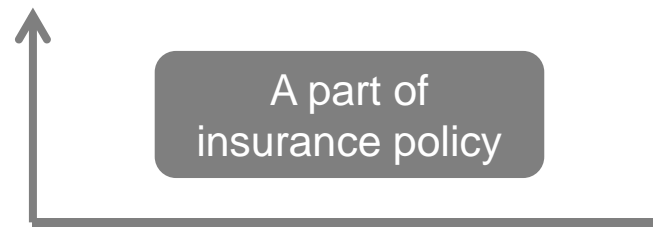
Number of contracts*: 491,553

* As of Sept. 30

Implementing initiatives toward further growth, by the pursuit of synergies, including the three SSI companies' sales alliances

Strengthening Profitability of the Entire Insurance Business by the Establishment of the Reinsurance Company

 *Worldwide Reinsurance SPC, LTD.*



 *Insurance*

 生命

[SBI Life Insurance]

- 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) Promote the establishment of the “New FinTech Ecosystem” by promptly adopting the technological innovations in finance

- ① Through the FinTech Fund, promote investments into FinTech venture companies that are standard-bearers of the new technological innovations**
- ② Proactively utilize new technologies possessed by the investee venture companies into the Financial Services Business, for the establishment of the “New FinTech Ecosystem”**

- ① **Through the FinTech Fund, promote investments into FinTech venture companies that are standard-bearers of the new technological innovations**

“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 27 companies, including investments already made in freee, BitFlyer and Cacco (Total investment amount to be JPY 7.0bn through the FinTech Fund and JPY 7.0bn by SBI Holdings)



As for the FinTech Fund, will also realize a virtuous cycle within the Asset Management Business and the Financial Services Business, to endeavor an early exit for the FinTech investee companies



<Planned EXIT schedule of FinTech investee companies >
2017: 3 2018: 4 2019: 5 After 2020: 11 TBD: 4

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

Blockchain technology



Orb, Inc. (Japan)



Ripple Labs Inc. (U.S.)



QUOINE Pte. Ltd. (Japan)



bitFlyer, Inc. (Japan)



Coinplug, Inc (Korea)

IoT (Internet of Things)



Argus CyberSecurity Ltd. (Israel)



Indegy Ltd. (Israel)



Global Mobility Service, Inc. (Japan)

Big data



GiXo Ltd. (Japan)



Generic Solution Corporation (Japan)



KOKOPELLI incubate inc. (Japan)

Payment



infcurion group, Inc. (Japan)



BASE, Inc. (Japan)



Omise Co., Ltd. (Thailand)



Exchange Corporation Holdings Ltd. (Japan)

Crowd-funding



Music Securities, Inc. (Japan)

Robo-advisor



WealthNavi Inc.

Other FinTech



Money Forward, Inc. (Japan)



free K.K. (Japan)



FUNDBOX LTD.(U.S.)



Cacco Inc. (Japan)



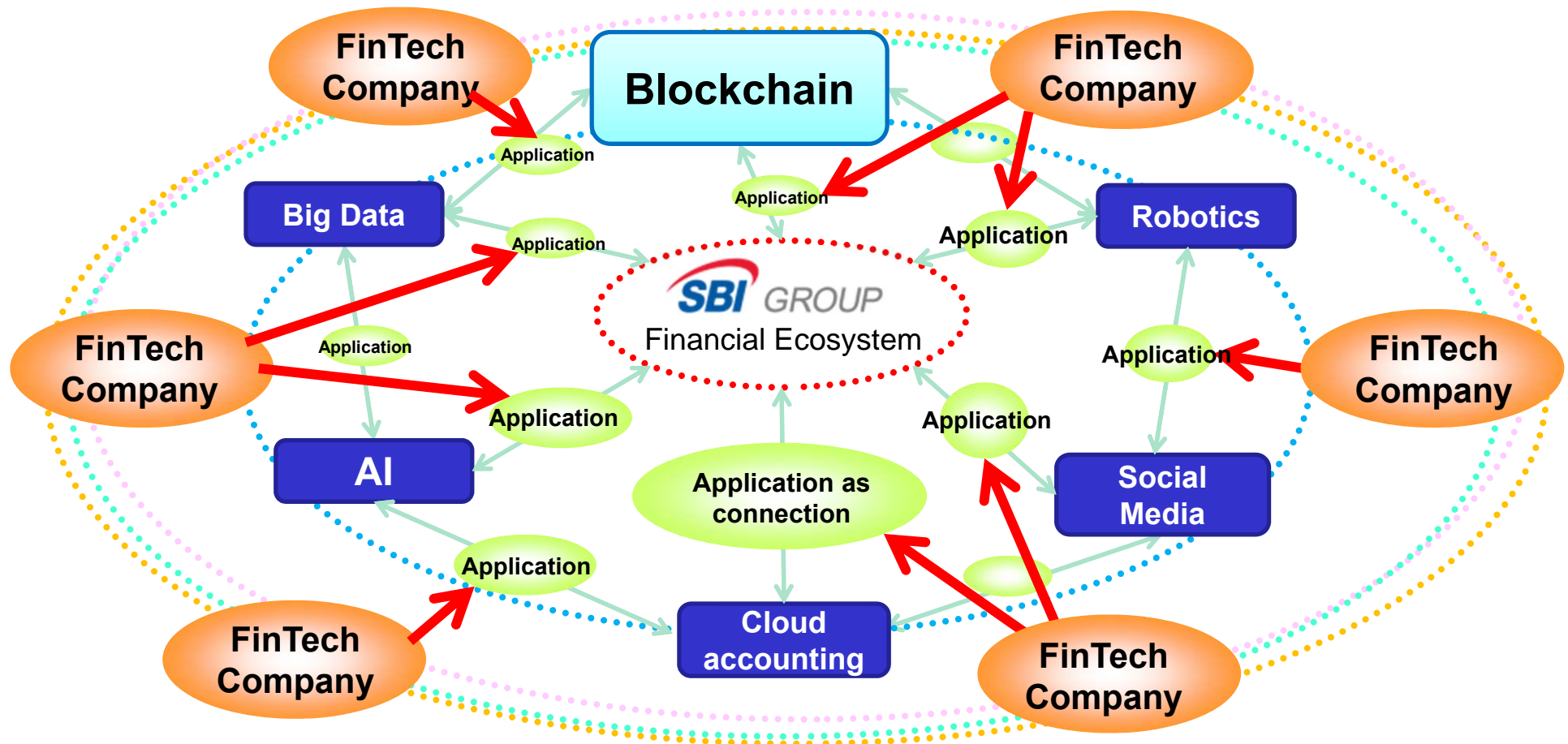
Food Innovators' Platform

Planet Table Inc. (Japan)

Will continue to aggressively invest into this field

Responding to the Era of FinTech 2.0 vs 1.0

~Establishment of the New FinTech Eco System within 3 years~



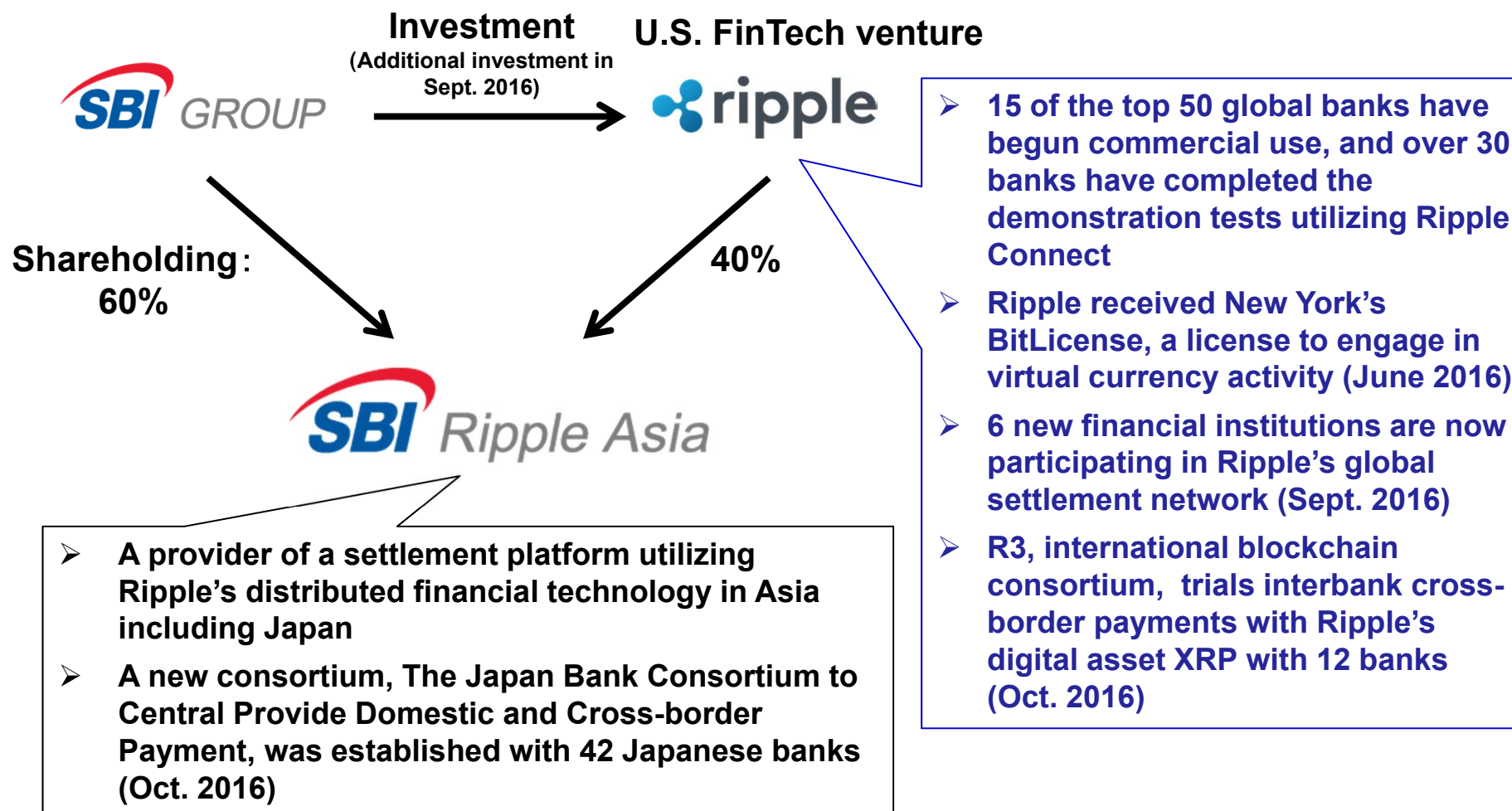
The “New FinTech Ecosystem” will utilize blockchain technology as its core, to endeavor in providing innovative financial services through a joint development of applications with FinTech companies, which connect with conventional financial systems

② Proactively utilize new technologies possessed by the investee venture companies into the Financial Services Business, for the establishment of the “New FinTech Ecosystem”

[The SBI Group’s utilization of FinTech technologies in its services will begin immediately upon the completion of demonstration tests]

Established SBI Ripple Asia on May 18, 2016, with Ripple Labs, Inc., which is Developing a Next Generation Settlement Platform

- Aggressively working on “Beyond Blockchain”-



Examples of the Introduction of FinTech in the SBI Group Companies – (i) SBI SECURITIES



- Participated in the demonstration tests conducted to utilize blockchain technology in the stock market by the Japan Exchange Group, in collaboration with IBM Japan and NRI
- For the operating process of bonds, from issuance to redemption, initiated demonstration tests toward the utilization of blockchain technology in collaboration with IBM Japan
- Launched “SBI-FundRobo,” a supporting tool in selecting investment trusts, on July 21, 2016



The individual's answers to queries, such as age, investment experience and risk-taking behavior, as well as the country and financial product he/she is interested in



Morningstar Japan's latest evaluation data



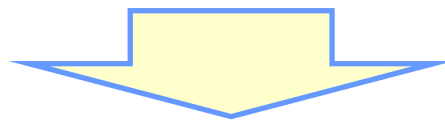
Proposes an investment trust that suits the individual's investment style

Partnered with WealthNavi, which Supports the Neophyte Investors' Asset Formation



WEALTHNAVI

- **Approx. 80%** of SBI SECURITIES' new customer accounts are **neophyte investors** (Aggregated data for Apr. - Sept. 2016)
- According to a questionnaire, **the majority** of SBI SECURITIES' customers **answered that they would like to use robo-advisors**



[Examples of partnership]

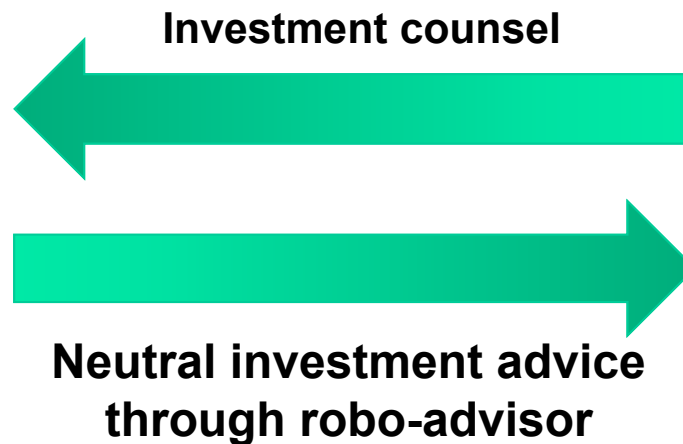
- Planning the implementation of a direct login from SBI SECURITIES' website to WealthNavi's website through SSO (Single Sign-On)
Revenue generated by the SSO will be split with WealthNavi at a valid ratio
- Planning to provide WealthNavi's smartphone app to SBI SECURITIES' customers, as well as to create a cross-linkage (link installed) between both companies' smartphone app

Examples of the Introduction of FinTech in the SBI Group Companies – (ii) Morningstar Japan



Japan's first offering of an investment advisory service utilizing a robo-advisor for defined contribution pension plans

MORNINGSTAR
Investment Information & rating data
MORNINGSTAR
ASSET MANAGEMENT
Registered investment advisory



Companies adopting defined contribution pension

Subscribers

Including appropriate asset allocation of subscribers' premiums and deposits, as well as selection of specific products



Robo-advisor suggests appropriate allocation and various funds

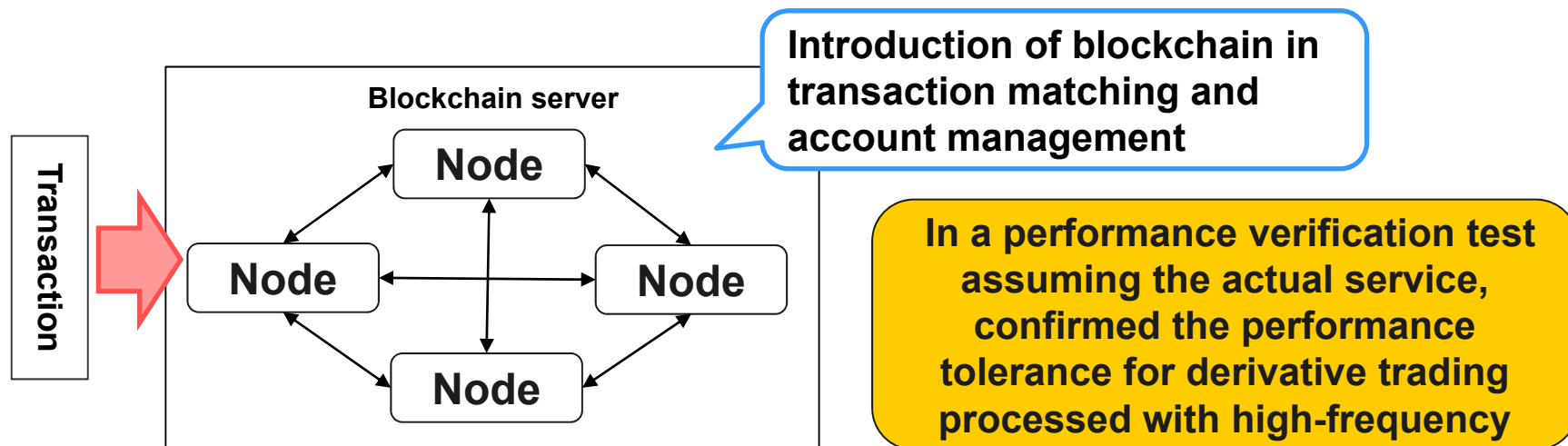
An asset management tool utilizing a robo-advisor offered by Morningstar Japan has already been **introduced to major city banks and online securities**, in addition to companies adopting defined contribution pension plans

Examples of the Introduction of FinTech in the SBI Group Companies – (iii) SBI Liquidity Market



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

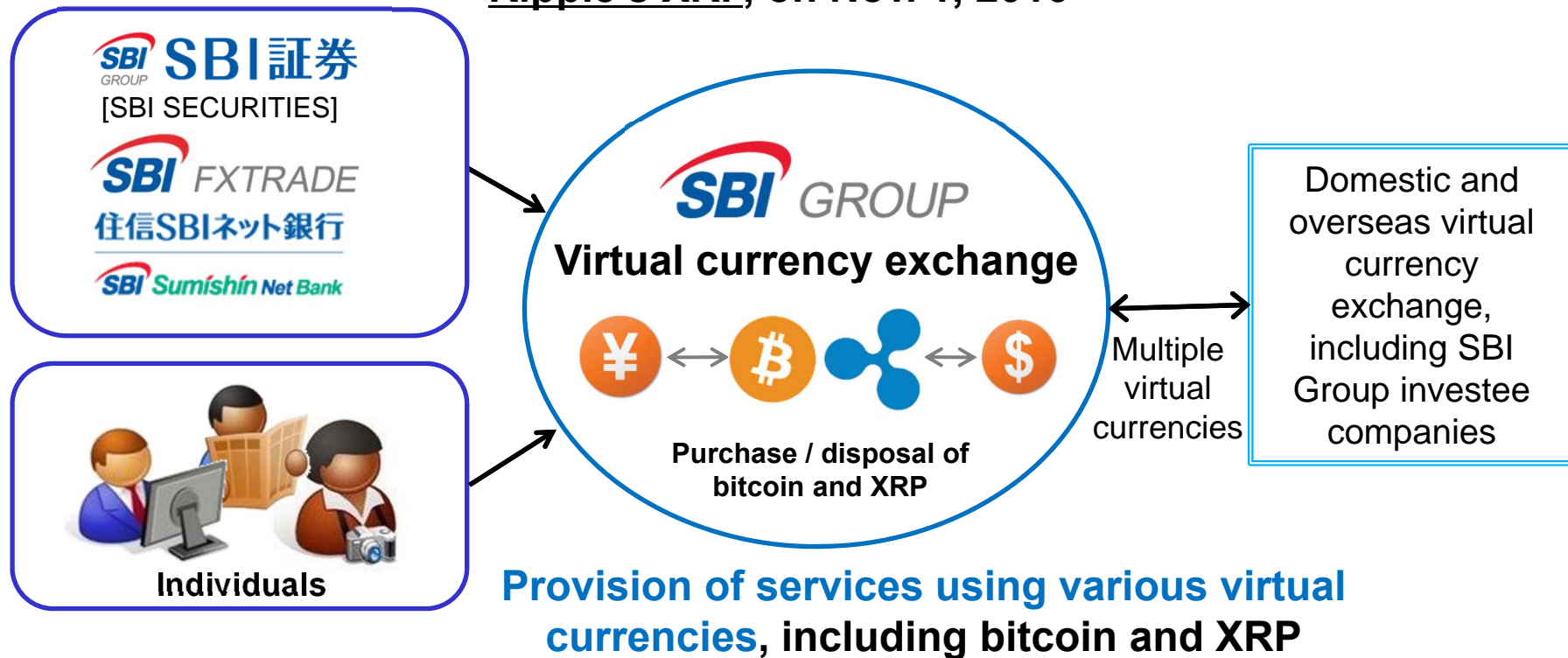
In conjunction with SBI BITS, a system development company, verified the possibility of a **trading infrastructure utilizing blockchain technology**



Examples of the Introduction of FinTech in the SBI Group Companies – (iv) SBI Virtual Currencies



Scheduled to establish SBI Virtual Currencies, a company providing exchange and trading services of virtual currencies, including bitcoin and Ripple's XRP, on Nov. 1, 2016

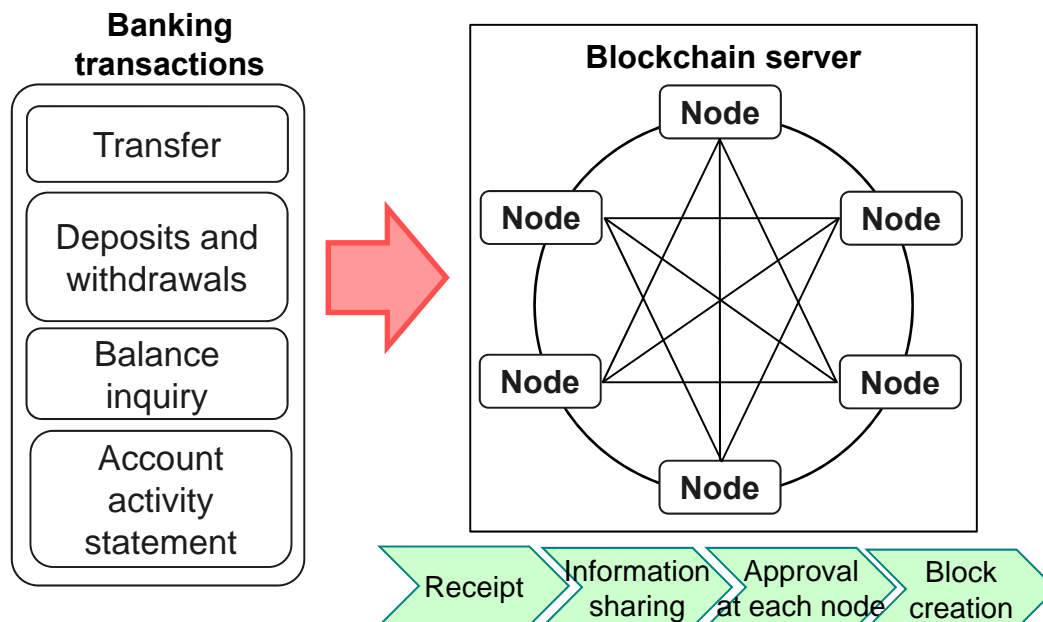


In anticipation of the enforcement of the Payment Services (Amendment) Act, with reference to the service offerings for the SBI Group companies, considering the establishment of an exchange structure that offers liquidity for various virtual currencies, by sequentially advancing the cooperation between virtual currency exchanges domestically and overseas

Examples of the Introduction of FinTech in the SBI Group Companies – (v) SBI Sumishin Net Bank

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

住信SBIネット銀行 SBI Sumishin Net Bank



[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

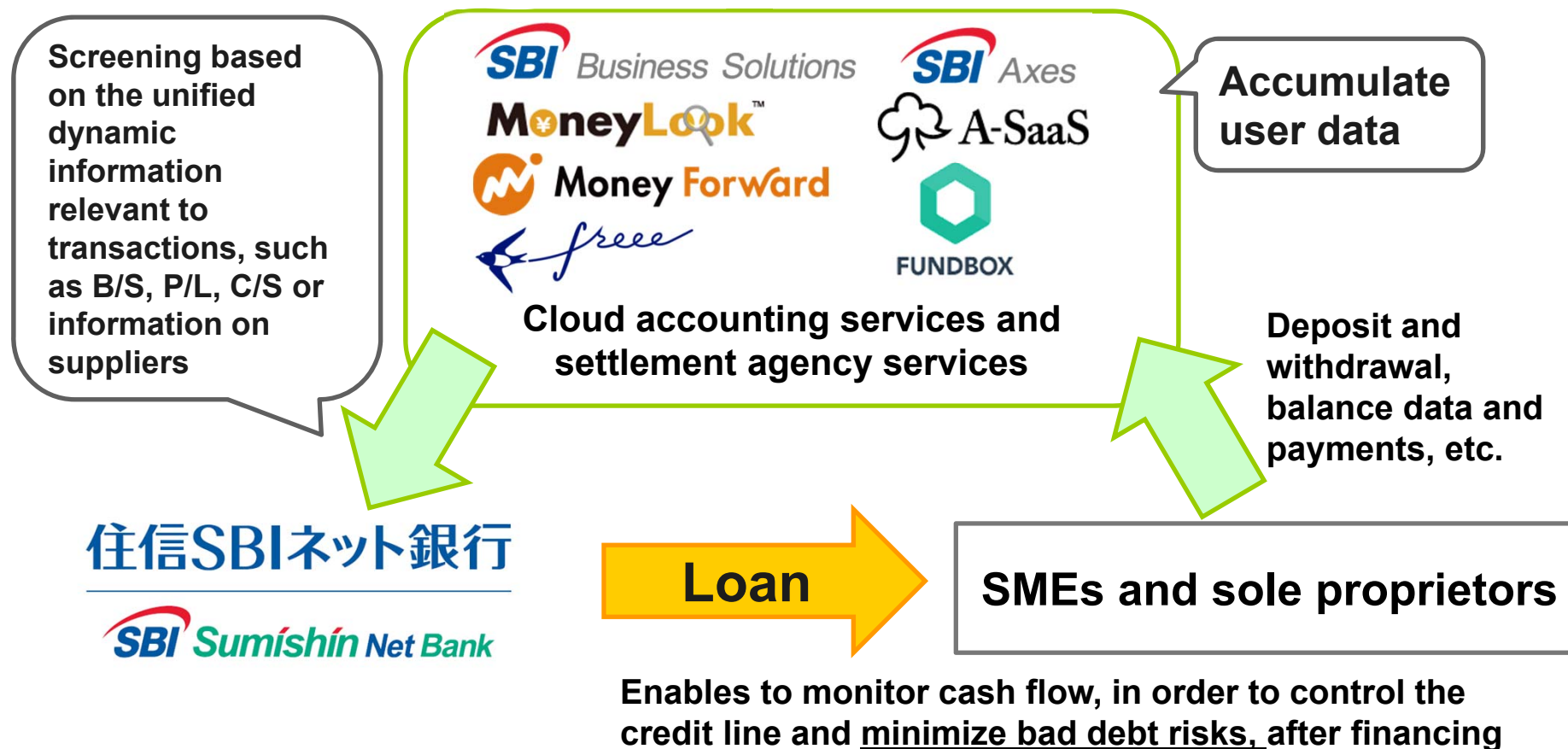
Potential of cost reduction in the areas of procuring infrastructure equipment, establishing middleware and maintenance

➡ **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

Advancing the Development of an Accounting Transaction Based Loan Business for SMEs and Sole Proprietors, by Utilizing the Settlement Agency Services and Cloud Accounting Services Offered by Partner FinTech Companies



Considering the development of a new credit line model which incorporates big data analysis and AI, based on user data of partner FinTech companies

(v) SBI Sumishin Net Bank



Launched “LENDING 1,” the Bank’s First Accounting Transaction Based Loan Service for SMEs in Collaboration with SBI AXES

~From Oct. 3, 2016, offering the service to 7,263 credit card merchants that apply credit card settlement services of ZEUS~

住信SBIネット銀行

SBI Sumishin Net Bank



SBI Axes

Settlement service provider

ZEUS
Credit Payment Service

* 100% subsidiary of SBI AXES

The number of merchants :
7,263 (As of Sept., 2016)

LENDING 1

Business loan service “LENDING 1”



ZEUS’s credit card merchant clients



Online application



Screening of loans based on daily accounting transaction data



Loan of money

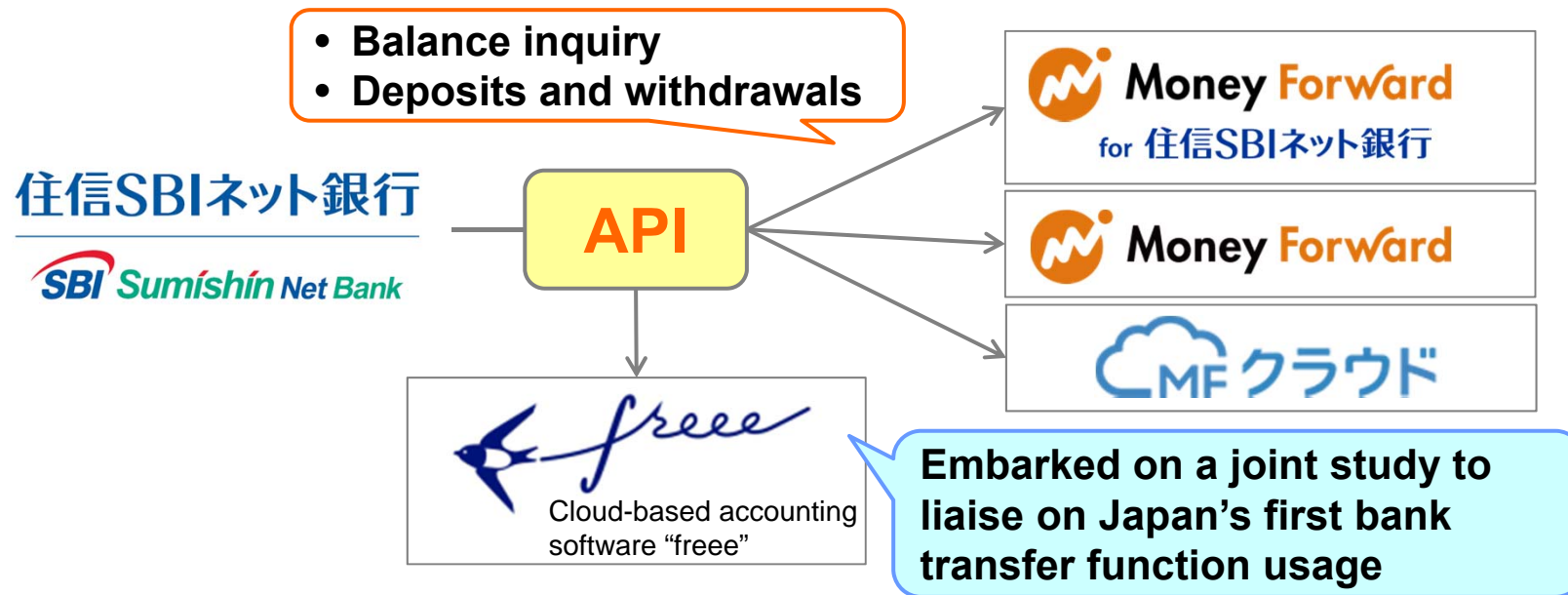
Since the service is processed completely online, from application to execution within one day at the earliest, a quick and prompt response can be applied to the financing needs arising from the credit card merchants’ aggressive business expansion

SBI Sumishin Net Bank's Growth of the API Economy, a Key Component for Further Acceleration of FinTech

API (Application Programming Interface)

Mechanism to enable the managing of data and software functions from an outside program source

➤ Official start of the API connection with Money Forward and free



➤ Advancing the development and provision of an automatic savings service utilizing the API foundation, in collaboration with the infcurion group



Supporting Customers' Asset Formation in Cooperation with WealthNavi

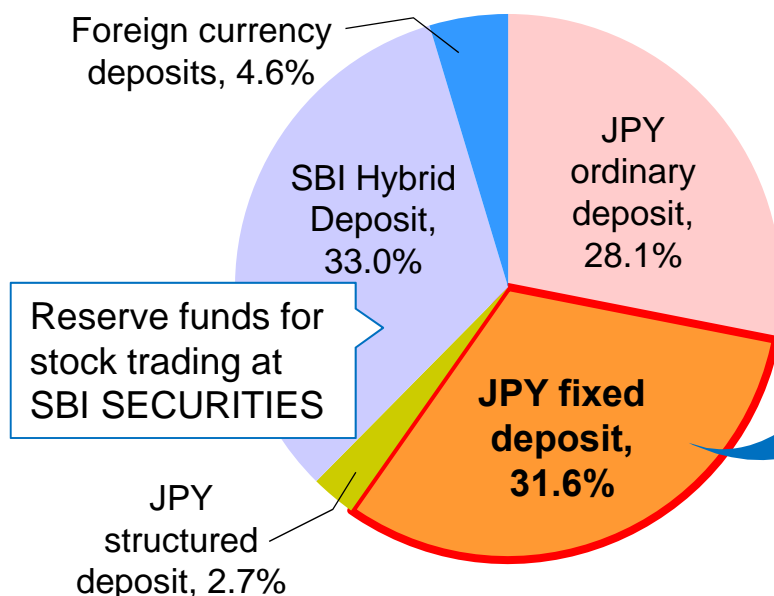
住信SBIネット銀行

SBI Sumishin Net Bank



WEALTHNAVI

Breakdown of SBI Sumishin Net Bank's deposits



Provision of asset formation services by robo-advisor



Balance of fixed deposit: JPY 1,146.8bn
(as of the end of Sept. 2016)

Promote a shift from savings to investments

SBI Sumishin Net Bank, in a partnership with WealthNavi, will provide smartphone apps, and is considering the development of Japan's first small-amount asset management service in conjunction with settlements of Visa debit with cash cards

* Subject to permission and authorization granted by relevant authorities in Japan

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

住信SBIネット銀行

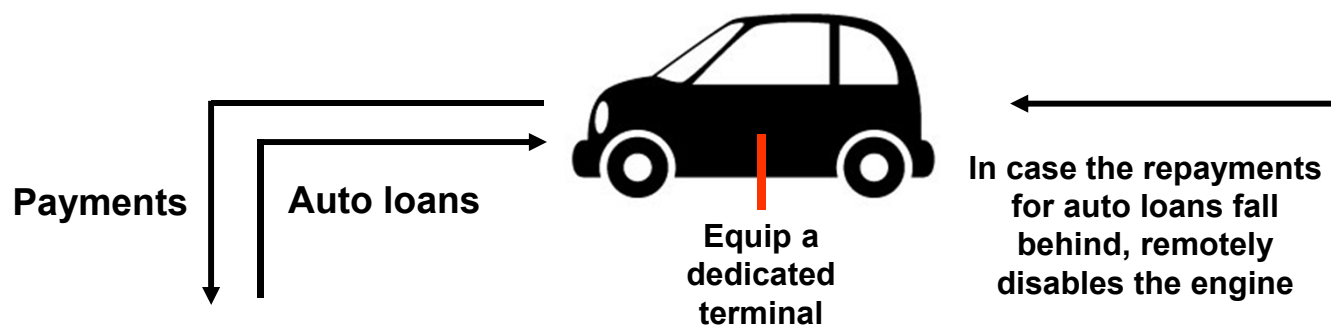
SBI Sumishin Net Bank



(Mobility IoT venture)

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

住信SBIネット銀行

SBI Sumishin Net Bank



Considering a cooperation with SBI AutoSupport for debt collections

* 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.

In Cooperation with Hitachi, SBI Sumishin Net Bank has Initiated a Demonstration Test for Advanced Loan Screening Methods that Utilizes AI and Statistics such as GIS (Geographical Information System)

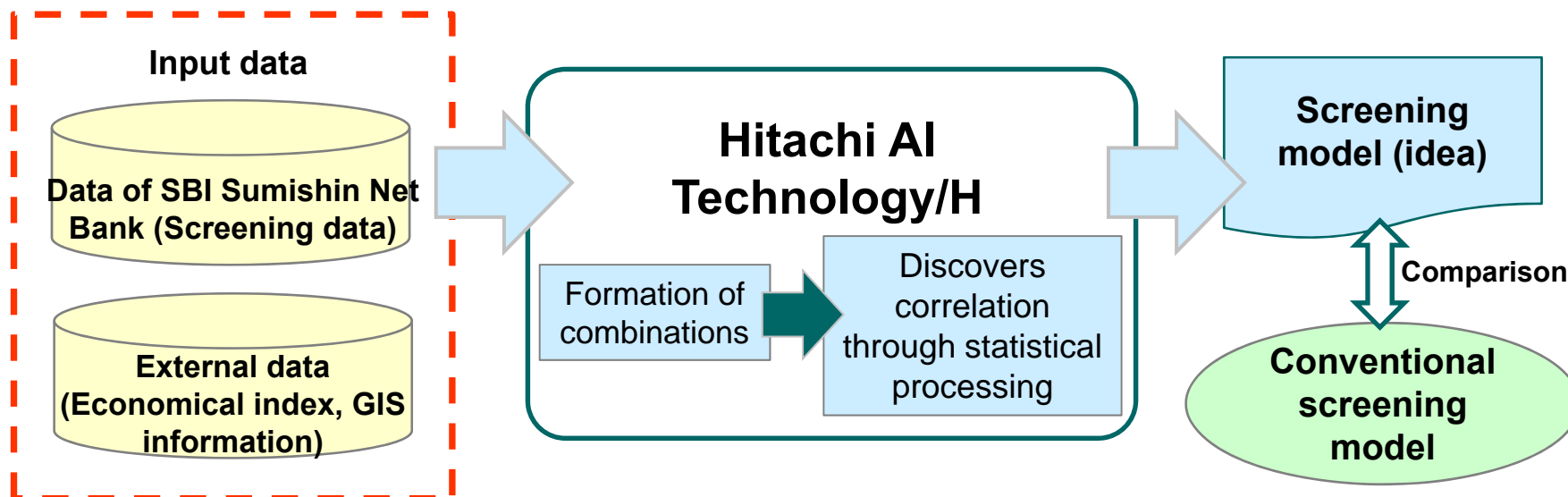
住信SBIネット銀行

SBI Sumishin Net Bank



HITACHI
Inspire the Next

Endeavors to increase the speed and accuracy of loan screening by using Hitachi's AI, Hitachi AI Technology/H, to analyze information such as regional economic indicators and chronological change in various data, in addition to previously used data such as customer age and income



Examples of the Introduction of FinTech in the SBI Group Companies – (vi) Insurance Business (SBI Insurance & SBI Life Insurance)



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

Example of SBI Insurance:



Through a cooperation with ZMP and GMS, developing a personalized insurance product to calculate premiums according to mileage and driving behavior results

Example of SBI Life Insurance:

Considering the provision of a health management app for insurance policyholders, as an incentive to join the insurance, as well as for disease prevention



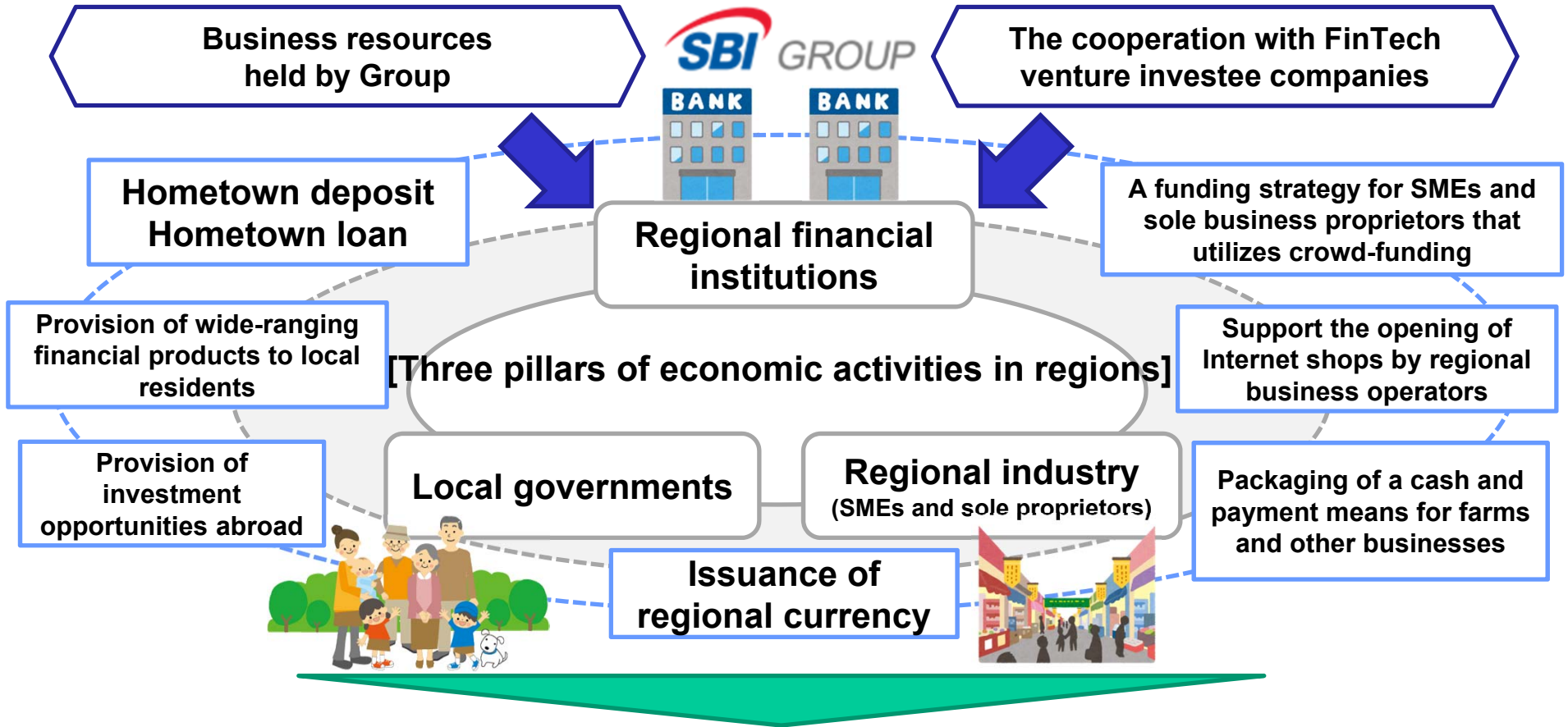
By obtaining and analyzing data that is necessary to develop personalized insurance products, and through the continued monitoring of the individual's health status, will endeavor to achieve an evolution in insurance products

(3) The SBI Group and regional financial institutes contribute to regional revitalization through strengthened alliances

Promoting Initiatives to Realize Regional Revitalization through Collaboration between the SBI Group and Regional Financial Institutions

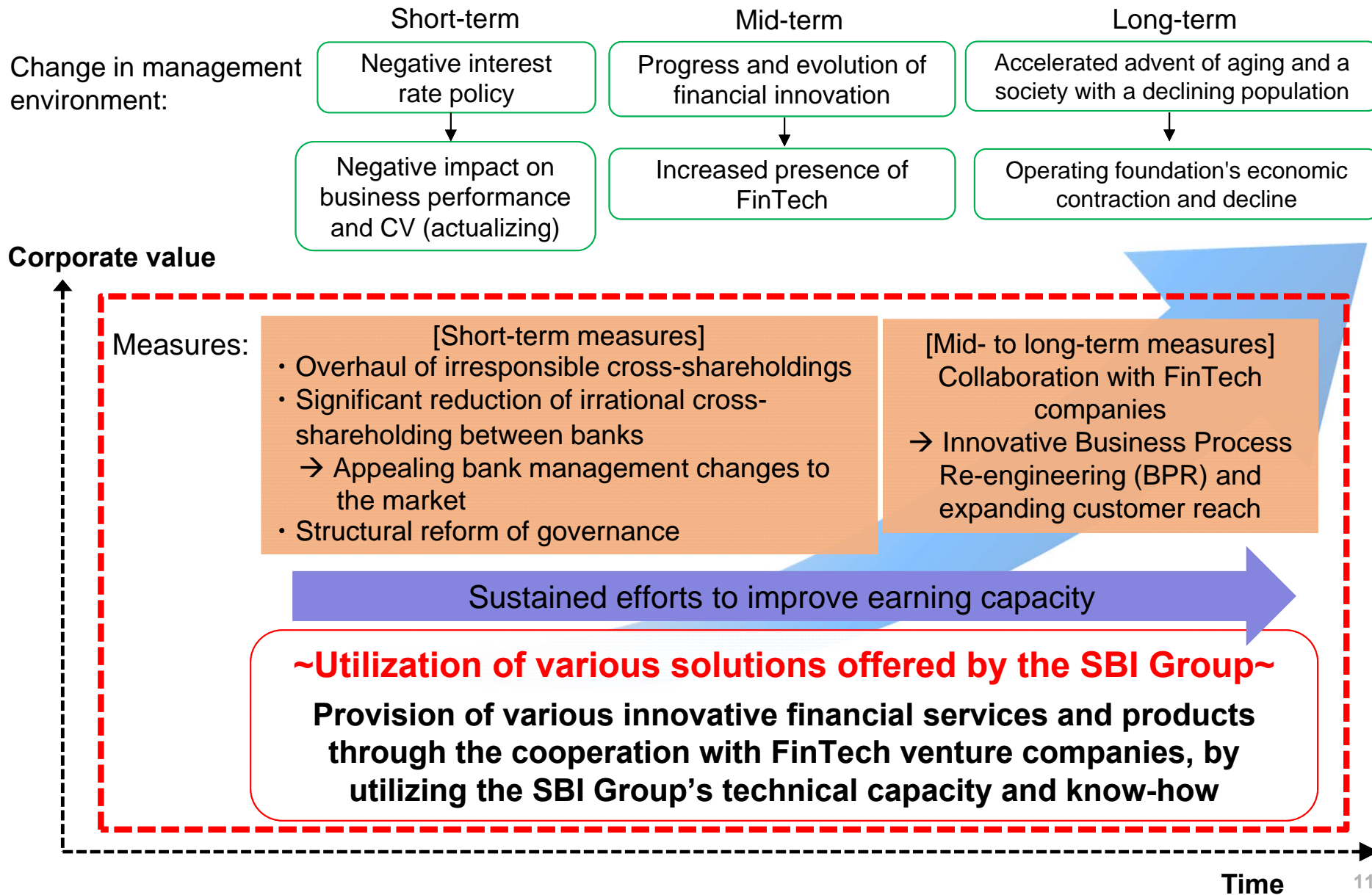


Regional revitalization utilizing various solutions provided by the SBI Group



Improving profitability for regional financial institutions, and vitalizing regional economic activity

Roadmap for Regional Financial Institutions' Corporate Value Enhancement



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

[The SBI Group's solution proposals for regional financial institutions (examples)]

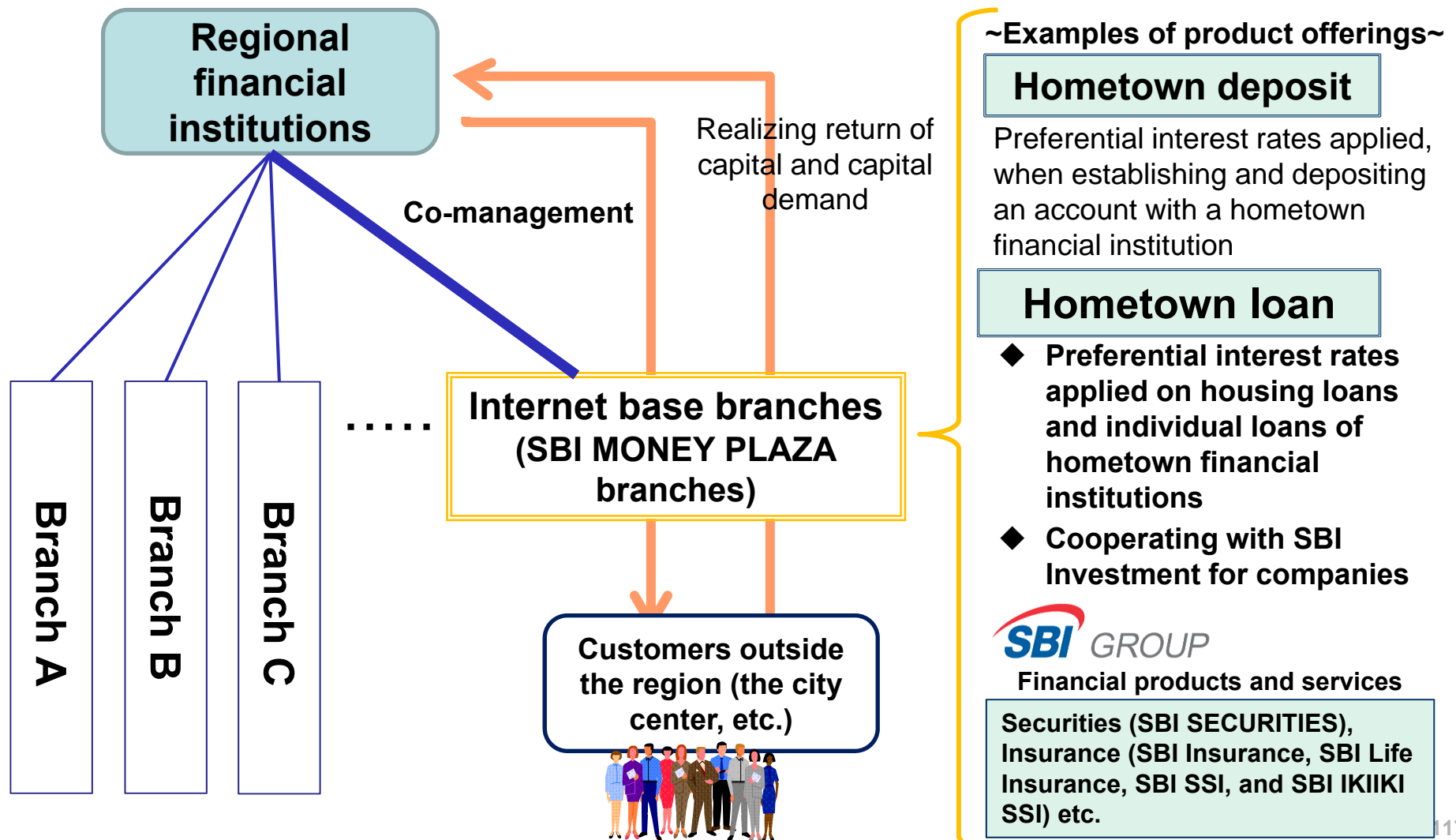
- ① By partnering with SBI MONEY PLAZA, it becomes possible to develop a new customer base, and to provide various financial products on a one-stop basis**
- ② Through the establishment of the “Regional Bank Value Creation Fund” (provisional name), proposing a solution to the dissolution of cross-shareholding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

① Cooperating with SBI MONEY PLAZA (i):



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

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

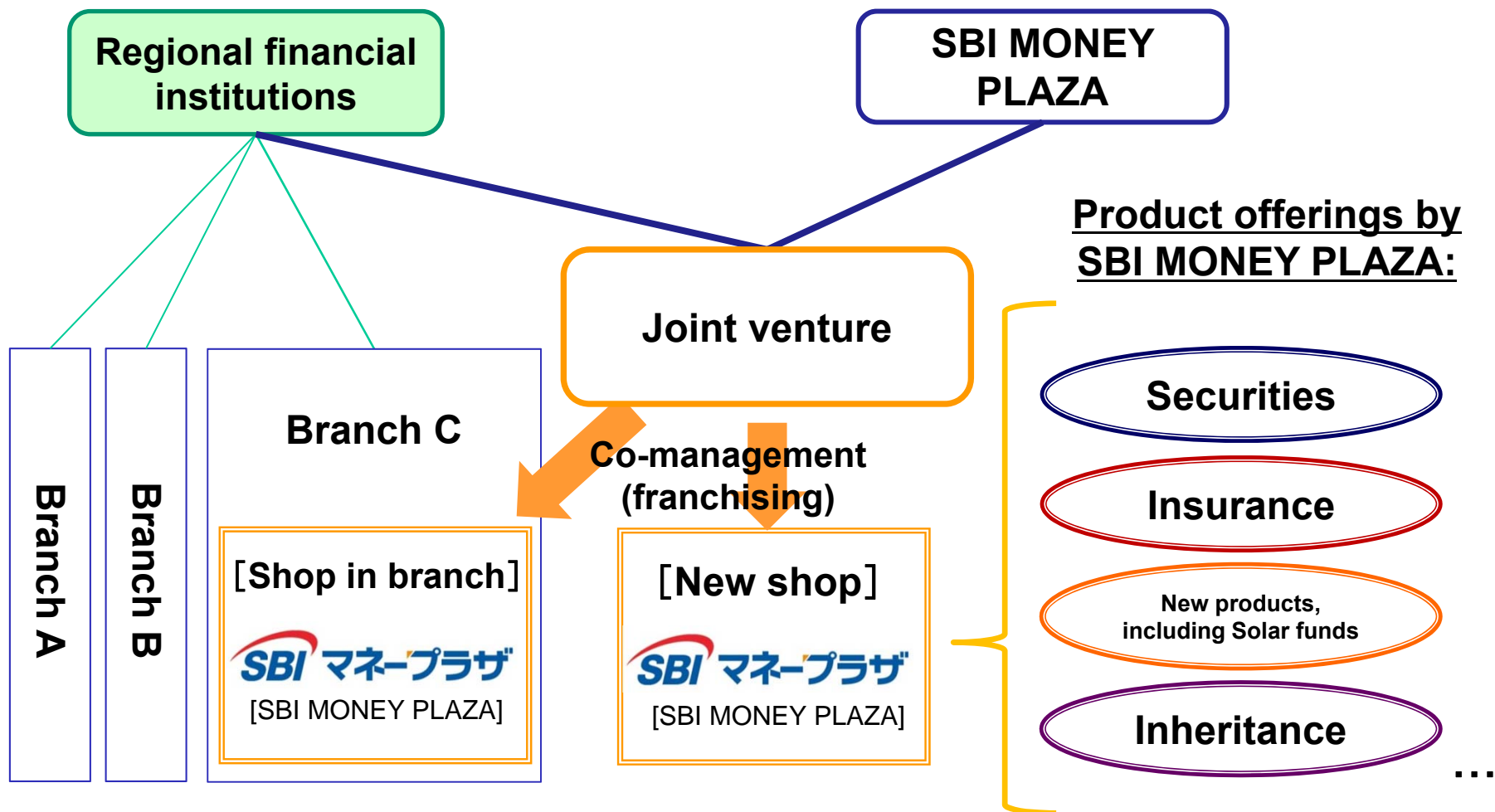


① Cooperating with SBI MONEY PLAZA (ii):



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 61 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	○ 71 types	×	×	×	×	×
Bank B	○ Ordinary, fixed and foreign currency deposits	×	×	×	×	×	×
Bank C	○ Ordinary, fixed and foreign currency deposits	○ 82 types	×	×	×	×	×
Bank D	○ Ordinary and fixed deposits	×	×	×	×	×	×

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

① Cooperating with SBI MONEY PLAZA (iii)-2:



The Regional Financial Institutions' Current Situation Regarding their Asset Management Business

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 2,366, including over 1,050 no-load investment trusts. Both are the largest in Japan. (as of Sept. 23, 2016)

Examples of products offered:

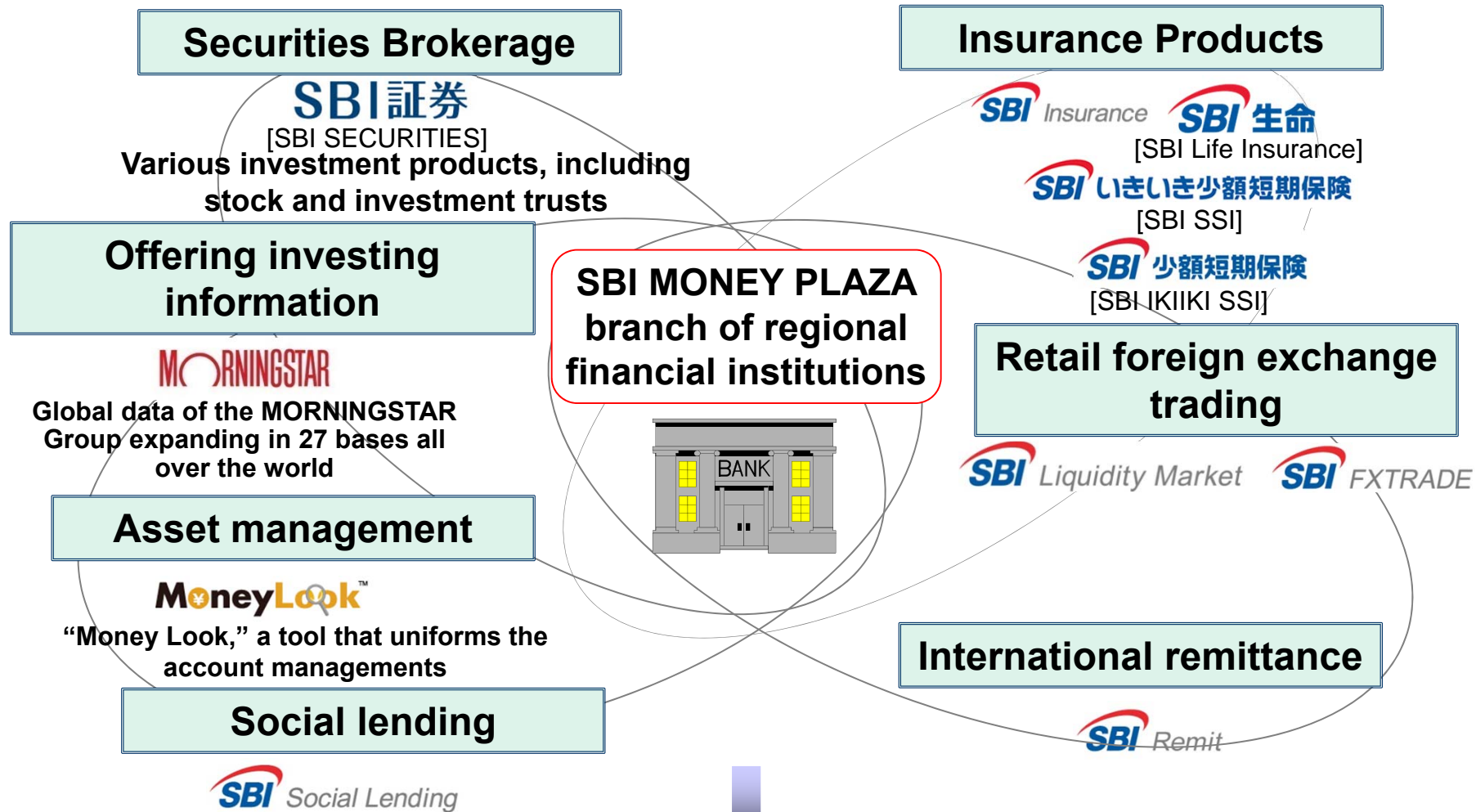
	Able to trade via the Internet	The number of investment trusts	Able to buy IPO stocks
Securities A	○ (necessary to apply at face-to-face shops)	351	○
Securities B	○	102	○
Securities C	○	132	○
Securities D	○ (necessary to apply at face-to-face shops)	178	×

* As of the end of Sept. 2016

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

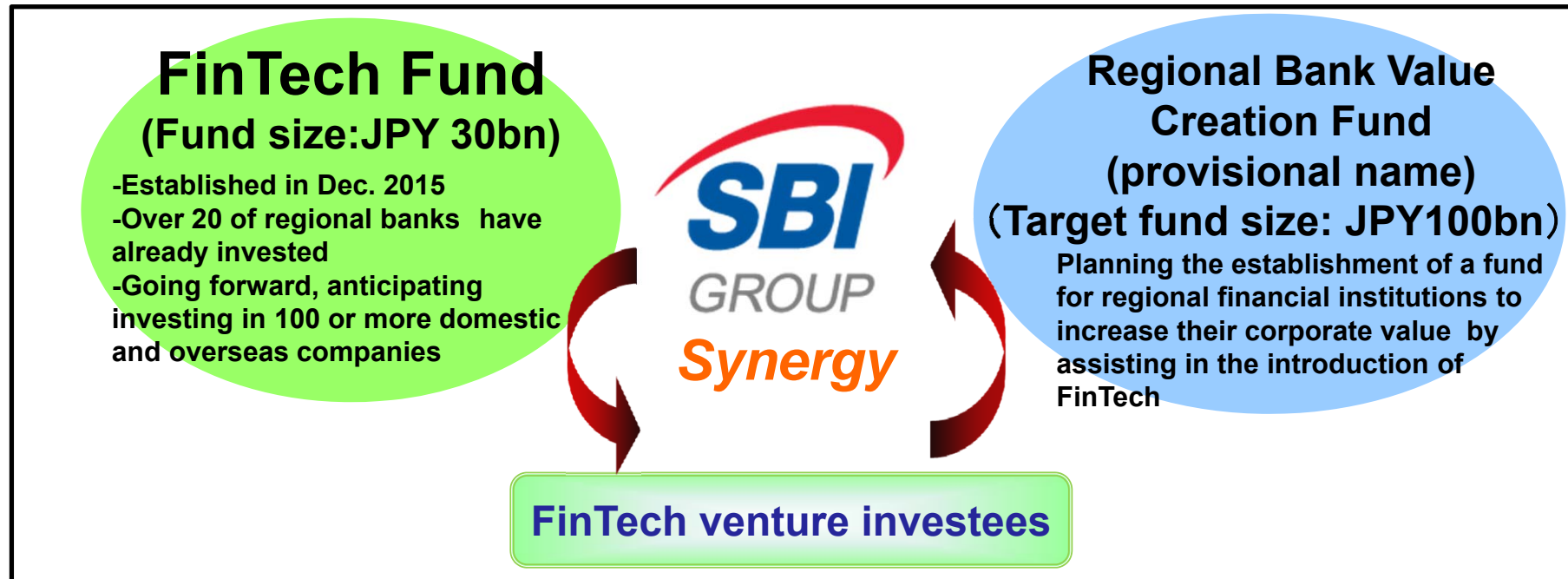


Implementing the expansion of innovative services, and the enhancement of earnings power at financial institutions

② Increasing financial institutions' corporate value through new funds (i):



By Introducing an Advanced Banking Model through the New Fund, Endeavoring an Enhancement of the Regional Financial Institutions' Corporate Value



Providing SBI Group's FinTech solutions on a package basis

Eliminating cross-shareholdings by utilizing the fund, and promoting the effective utilization of capital

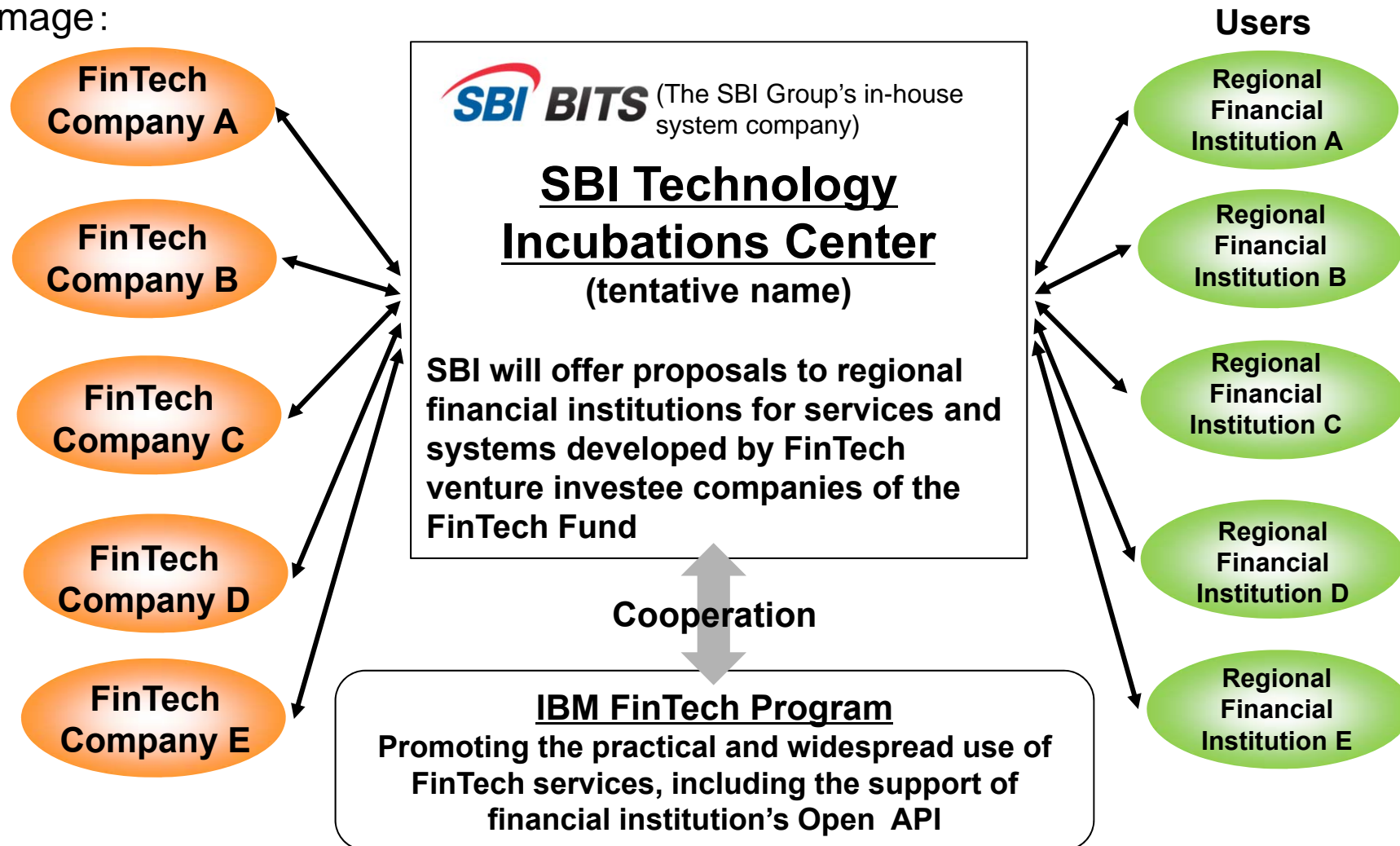
Promoting the region's economic growth

- ② Increasing financial institution's corporate value through new funds (ii) Promoting introduction of FinTech technologies:

Promote the Introduction of FinTech Services to Regional Financial Institutions through the Establishment of a Support System

Minimizing introductory costs through joint developments

Image:



- ② Increasing financial institution's corporate value through new funds (ii) Promoting introduction of FinTech technologies:



E.g. 1) In an Effort to Promote Financial Institutions' FinTech Services, SBI will Propose Assorted Services Developed by the Group's Investee FinTech Companies



Examples of the assorted services



Blockchain technology

Promotes a project for the issuance and sales support of regional currencies through the utilization of blockchain technology



Payment

Providing a platform (EMALL) that easily enables local businesses to launch an online shop



Crowd-funding

Introducing a service that supports financing for businesses, which plays a role in the local economy, by regional financial institutions and local municipalities

Other FinTech



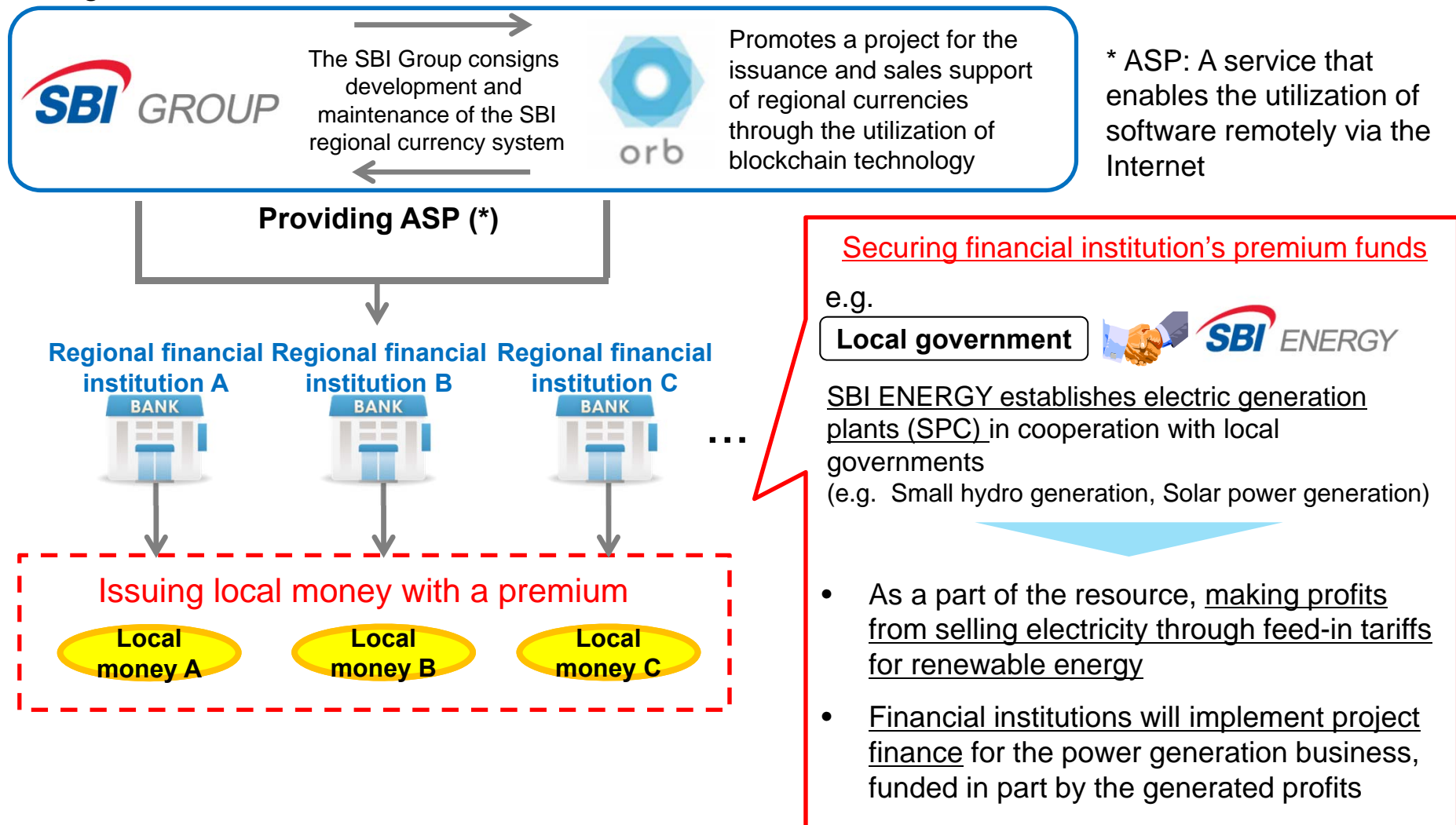
Considering the launch of a combined service for cash and payment measures for the agriculture and product distribution sectors, which are major businesses in the local economy

② Increasing financial institution's corporate value through new funds (ii) Promoting introduction of FinTech technologies:



**E.g. 2) Promoting the Realization of Financial Businesses
Contributing to Regional Revitalization, by Providing a Platform
for Issuing Regional Currencies**

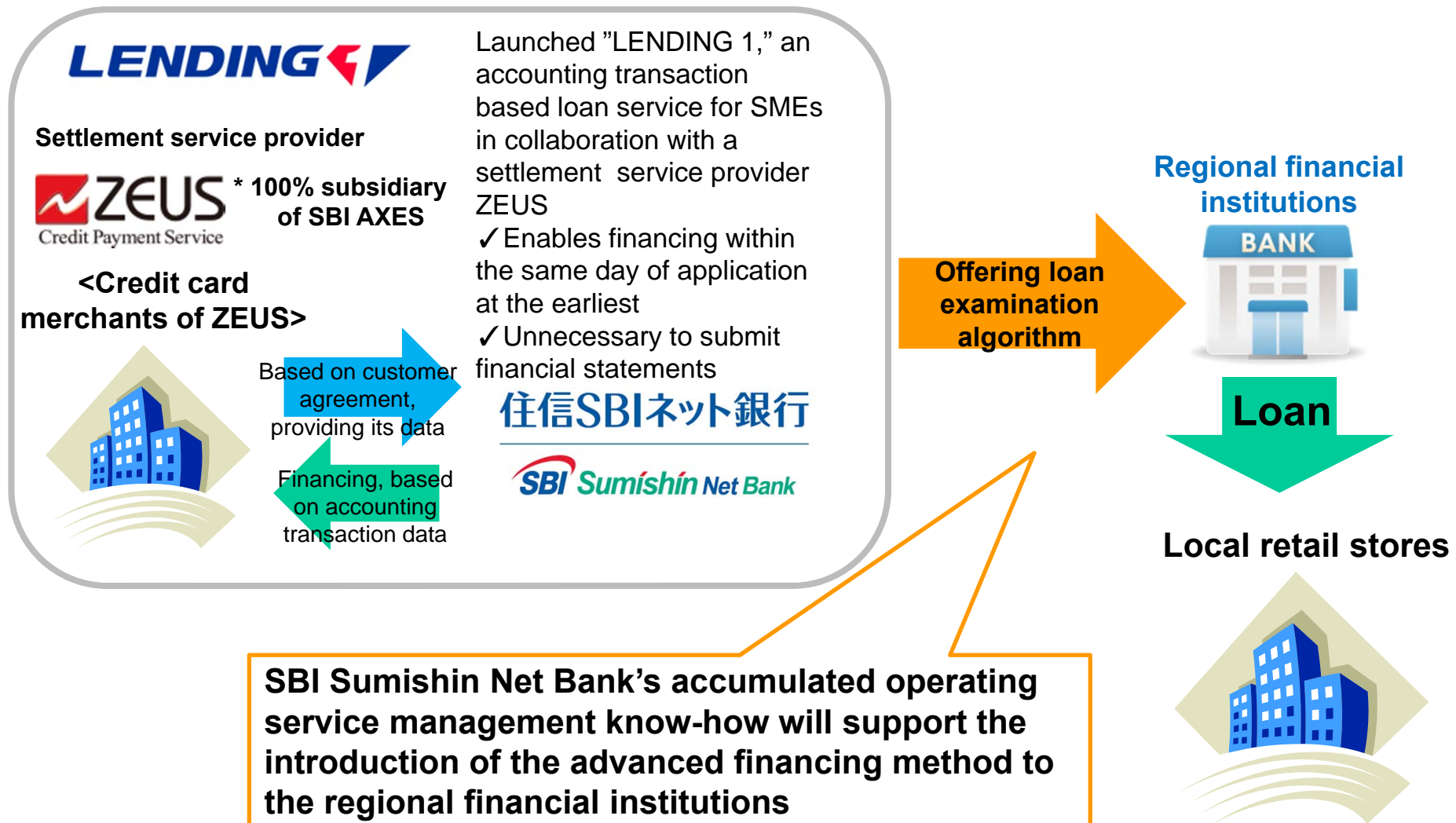
Image:



- ② Increasing financial institution's corporate value through new funds (iii) Promoting introduction of FinTech technologies:



E.g. 3) Providing the Know-how for Advanced Financing Methods, such as Accounting Transaction Based Loan Services to Regional Financial Institutions



③ Significant reduction of the domestic exchange transactions (bank transfers, etc.) fees :



Regional Financial Institutions, by Significantly Reducing the Domestic Exchange Transactions (Bank Transfers, etc.) Fees by Utilizing the Next Generation Remittance System that the SBI Group will Develop, will Ensure their Competitive Advantage

[Comprehensive transfer fees for 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 Significant reduction of the domestic exchange transactions (bank transfers, etc.) fees :



“Remittance Revolution” by Establishing a Next Generation Remittance System

- The SBI Group started a trial for cross-border payments with Mizuho Financial Group
- A new consortium was established in Oct. 2016 with 42 banks, including The Bank of Yokohama and SBI Sumishin Net Bank, **to centralize domestic and foreign exchange utilizing blockchain**

Highlights of the Consortium that centralizes domestic and foreign exchange utilizing blockchain:

- ✓ **Centralizing domestic and foreign payments**, by replacing the current exchange network using Zengin System and SWIFT with a strategy utilizing Ripple’s platform
- ✓ Enables **transfers on a 24 hours a day, 365 days a year real-time basis**, in advance of the planned latter half 2018 introduction of Zengin’s “More Time System”
- ✓ **Developing a new market** for super low value (less than JPY 1,000) payments, and **as a counter to non-bank payment methods**

Centralize domestic and foreign payments
Reducing operation costs

Settlement on a real-time basis, 24 hours a day

Reducing payment infrastructure costs
Reducing Banks’ payment costs

Reducing customers’ commission fees

③ Big reduction of commission of domestic payments (bank transfer and etc.):



“The Japan Bank Consortium to Central Provide Domestic and Cross-border Payment” Participating Financial Institutions

A new consortium, whose secretariat is SBI Ripple Asia, was established in Oct. 2016, originally with 42 banks, including The Bank of Yokohama and SBI Sumishin Net Bank.

Moving forward, participating financial institutions are expected to increase

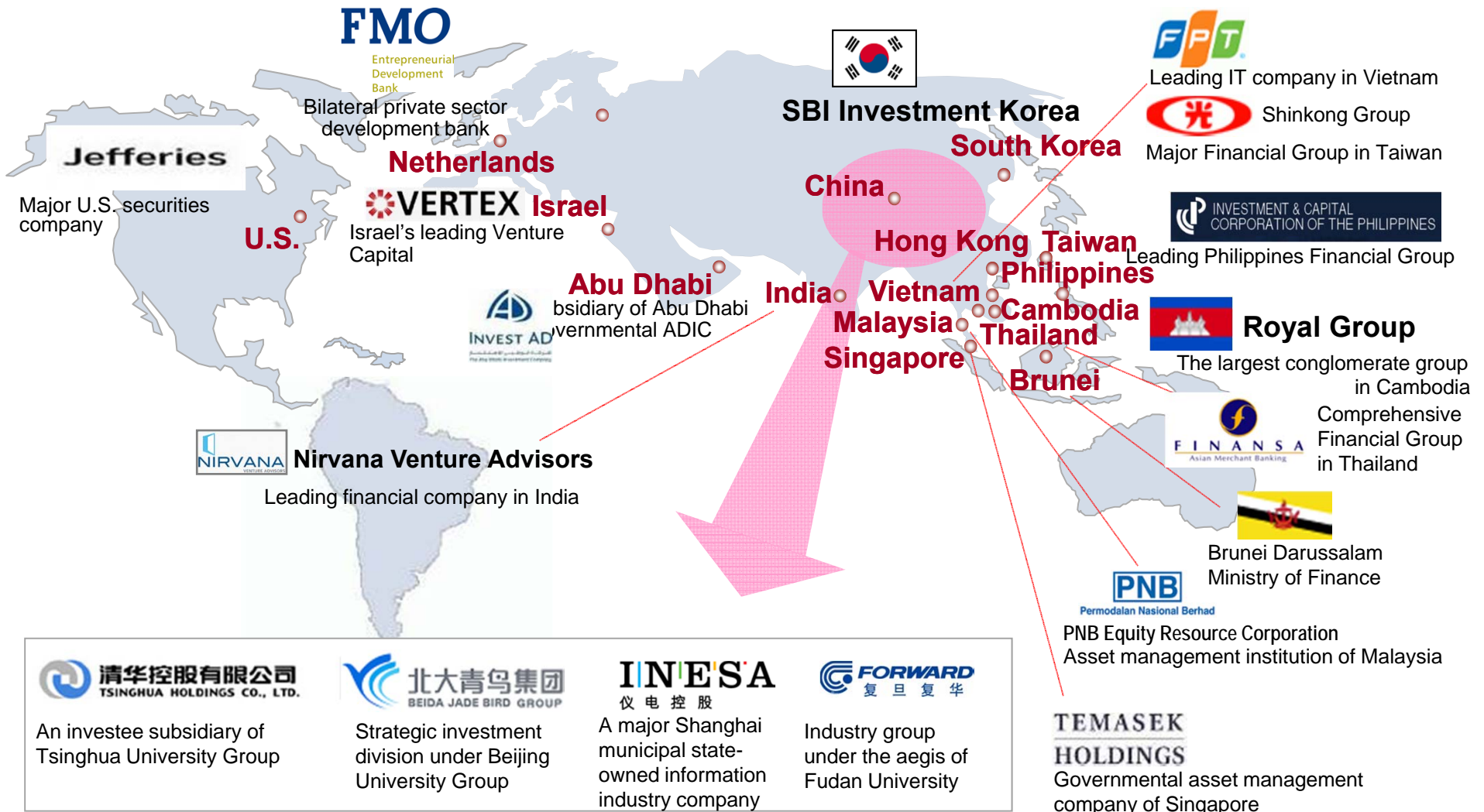
Financial institutions participating at the time of inauguration in Oct. 2016 (42 banks):

Reginal banks & Second-tier regional banks (30 banks)		Online banks (5 banks)	Others (7 banks)
Regional banks (26 banks)	The second-tier regional banks (4 banks)		
Aomori Bank, Ashikaga Bank, The Awa Bank, The Senshu Ikeda Bank, THE IYO BANK, The Gunma Bank, San-in Godo Bank , The Shikoku Bank, 77bank, The Shimizu Bank, The Juroku Bank, The Daishi Bank, The Chiba Bank, The Chugoku Bank, Tsukuba Bank, THE TOHO BANK, THE NISHI-NIPPON CITY BANK, THE HACHIJUNI BANK, Hiroshima Bank, Hokuriku Bank, The Michinoku Bank, The Musashino Bank, The Yamagata Bank, Bank of Yokohama, Bank of The Ryukyus, Other (1 bank)	The Keiyo Bank, THE TOCHIGI BANK, North Pacific Bank and Other (1 bank)	AEON Bank, SBI Sumishin Net Bank, Sony Bank, Daiwa Next Bank, Other (1 bank)	Shinsei Bank, Sumitomo Mitsui Trust Bank, Resona Bank, Others (4 banks)

④ Providing opportunities for overseas investments and lending:



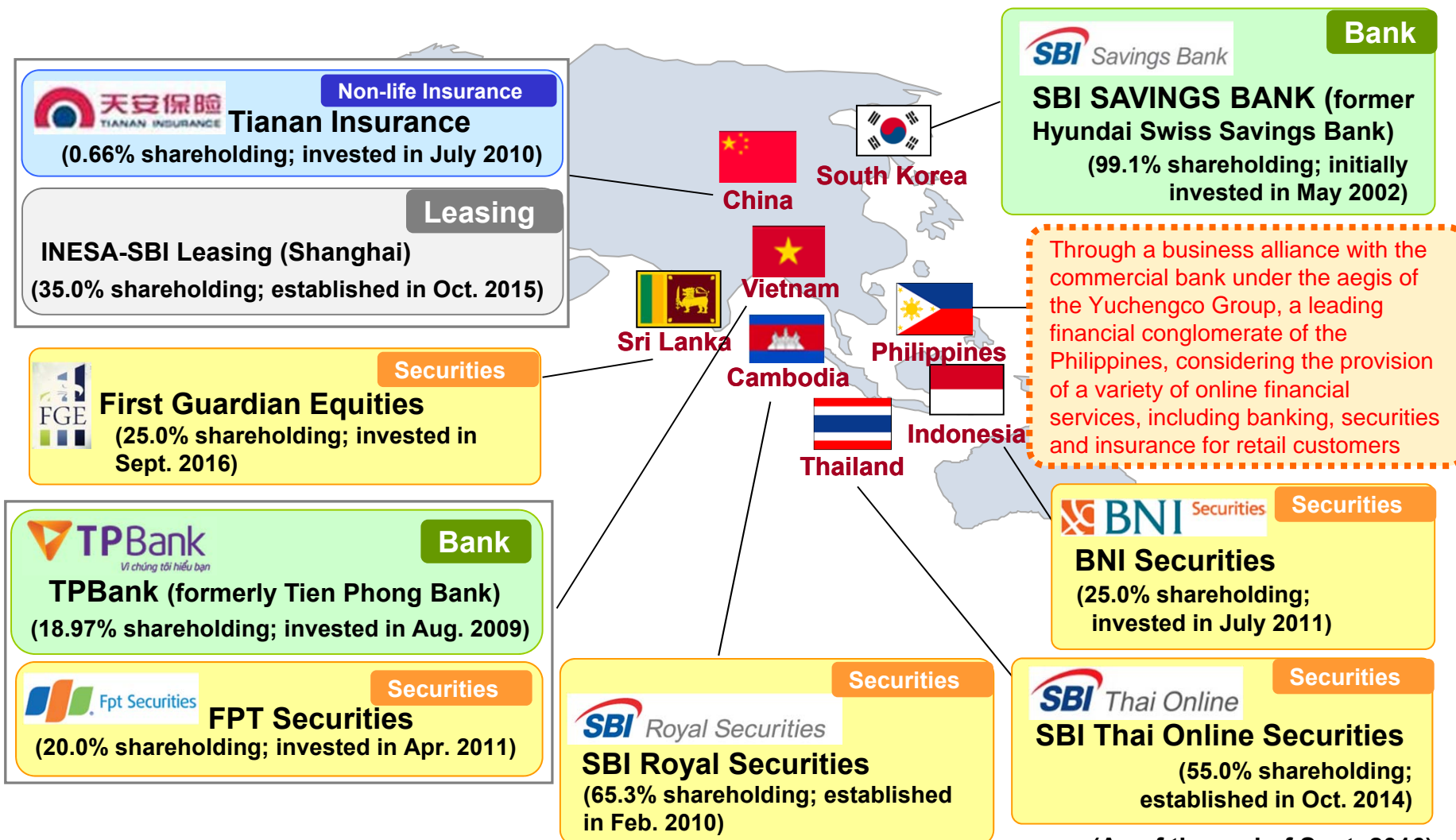
By Utilizing the Group's Global Network, Providing Regional Banks with Overseas Investments and Lending Opportunities



<p>清华控股有限公司 TSINGHUA HOLDINGS CO., LTD.</p>	<p>北大青鸟集团 BEIDA JADE BIRD GROUP</p>	<p>仪电控股 INESA</p>	<p>复旦复华 FORWARD</p>
<p>An investee subsidiary of Tsinghua University Group</p>	<p>Strategic investment division under Beijing University Group</p>	<p>A major Shanghai municipal state-owned information industry company</p>	<p>Industry group under the aegis of Fudan University</p>

④ Providing opportunities for overseas investments and lending:

Partnership with the SBI Group's Affiliated Financial Institutions Centering on Asia



(As of the end of Sept. 2016)

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

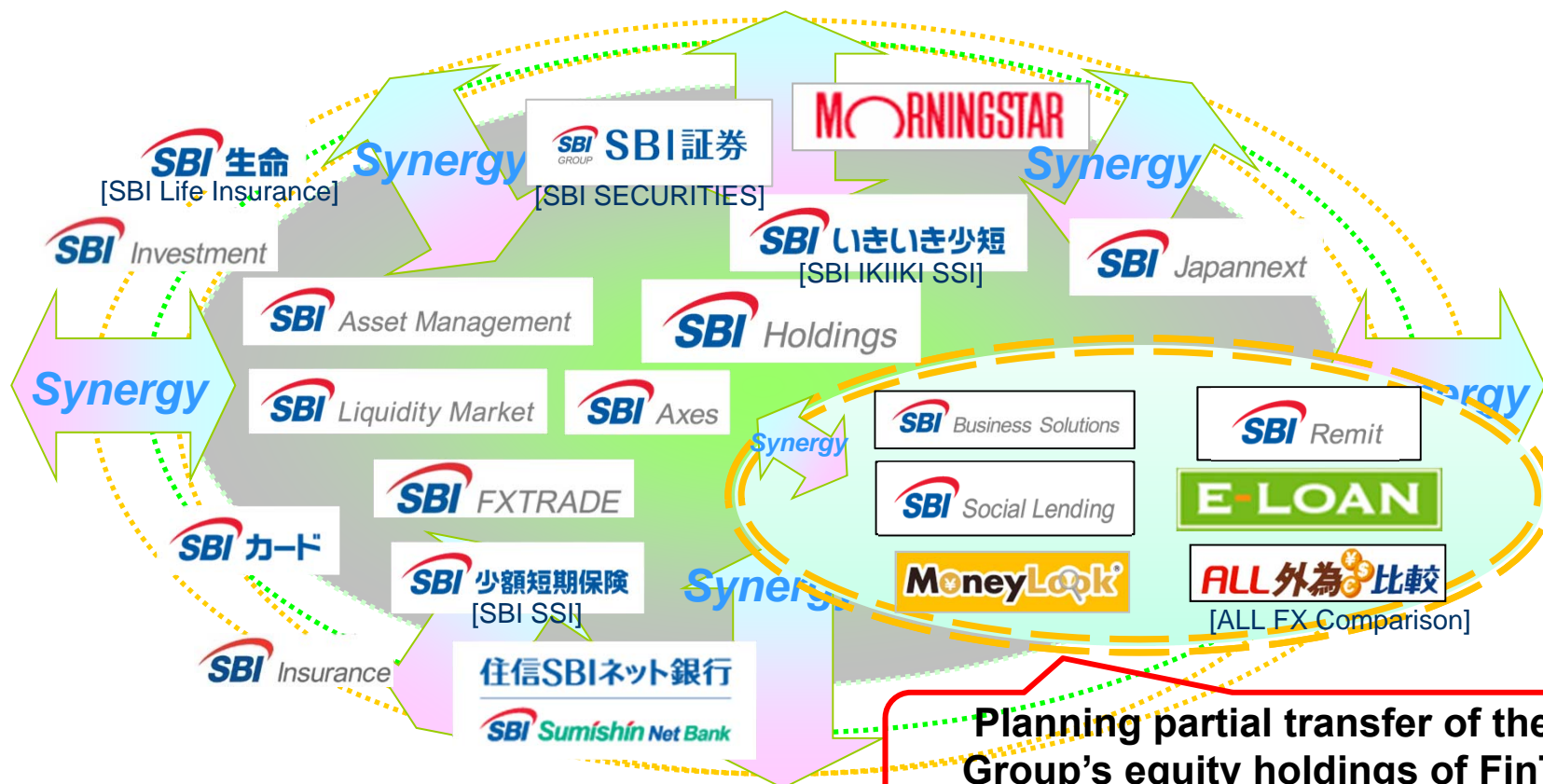
- 4. Efforts toward the actualization of intrinsic corporate value through IPOs**
- (1) SBI FinTech Solutions (tentative name)**
 - (2) SBI Biotech**
 - (3) Insurance holding company**

(1) 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



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

Group companies that can utilize virtual currency and blockchain technology



- Providing extremely low-cost international remittance services



- 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



- Comparison website of FX trading

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



As a part of the listing preparations for SBI Biotech's sole IPO, in the selection process for a lead managing underwriter

(3) Insurance holding company:



Initiating the Preparation of the Establishment and Listing of an Insurance Holding Company, which Centralizes 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

Through a public listing of the shares of the insurance holding company that oversees the insurance business, the SBI Group will be able to operate more flexibly, by selling 50% or more of its shareholdings of the company



In preparations for the establishment of an insurance holding company, established a Group-wide project team for this purpose

[Appendix]

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

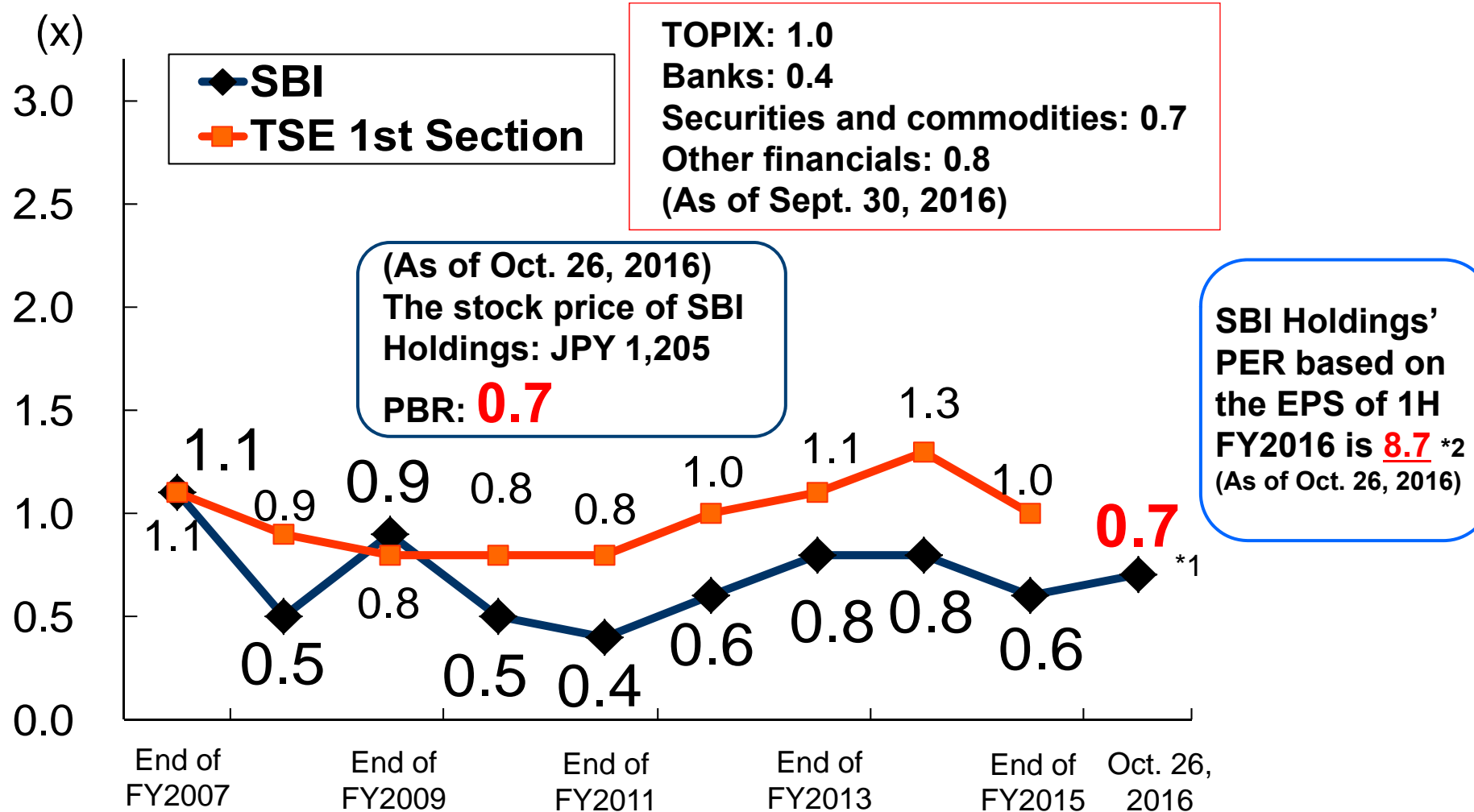
SBI Holding's Recent Stock Price

Market cap (based on the closing price of Oct. 26, 2016): **JPY 270.6bn**



Change in PBR of SBI Holdings

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



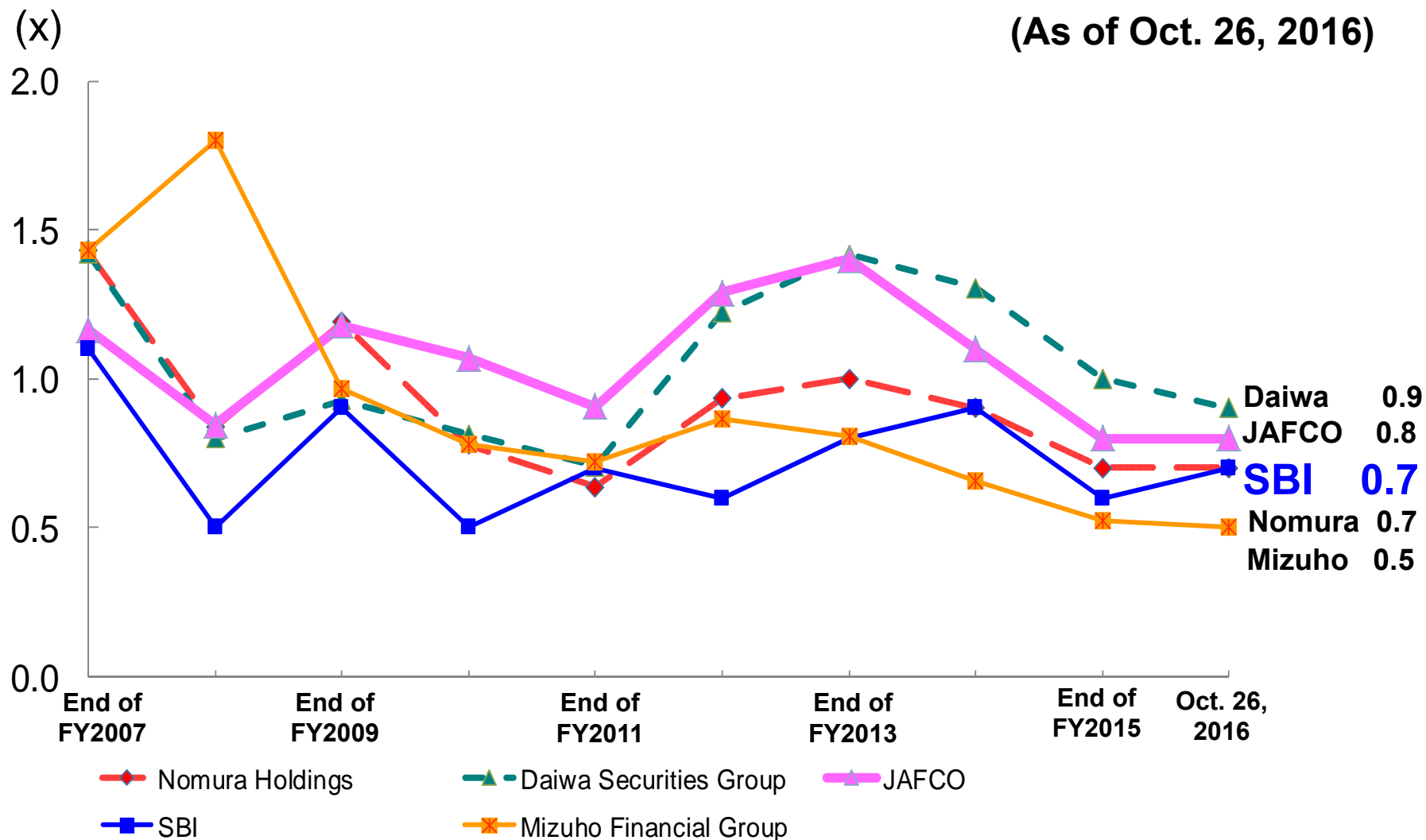
*1 PBR of SBI Holdings for Oct. 26, 2016 is calculated based on the BPS of the end of Sept. 2016.

*2 EPS of 1H FY2016 (JPY 68.92) 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 Oct. 26, 2016 are calculated based on the BPS of the end of Sept. 2016. As for Nomura, Daiwa and Mizuho, the BPSs as of the end of June 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 Oct. 26, 2016) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	486.2
Asset Management	181.0
Biotechnology-related	71.1
Subtotal	738.3 (+)
External Debt (SBIH's non-consolidated-base borrowing recorded on the consolidated B/S as of Sept. 2016)	-233.6
Sum Total	504.7 (+)*

- Business valuation per share: **JPY 3,288**
- Business valuation per share after deduction of external debt: **JPY 2,247**

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 367.7bn

(based on the closing prices of Oct. 26, 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 Sept. 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 Sept. 30, 2016.

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

Valuation by Segment Estimated by SBI

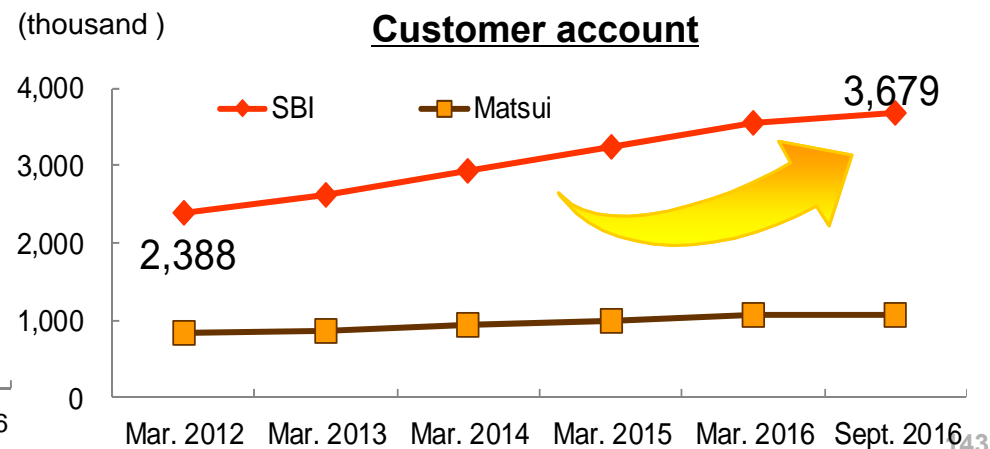
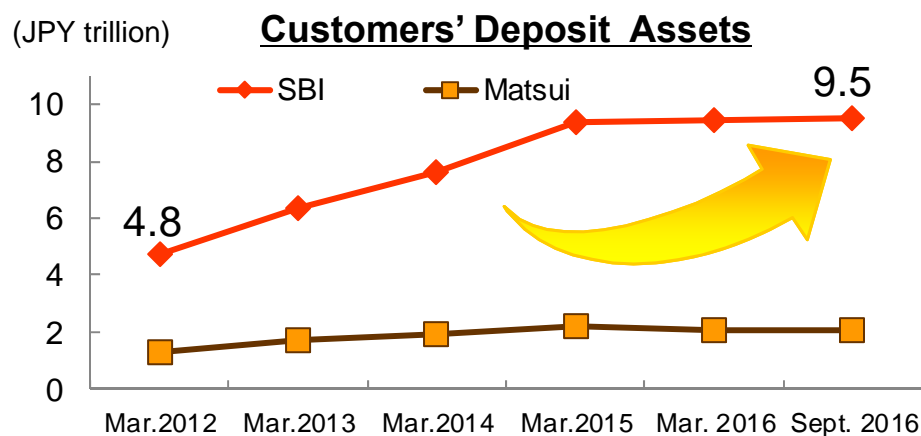
(1) Financial Services Business ① SBI SECURITIES -(ii)

Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES Matsui Securities

*Calculated by the closing prices of Oct. 26, 2016

(1H FY2016)	SBI SECURITIES	Matsui Securities
Valuation (market cap) *	JPY 367.7bn	JPY 216.7bn
Deposit assets (June 2016)	No.1 JPY 9.5tn	JPY 2.0tn
Number of accounts (As of the end of June 2016)	No.1 3.68 million	1.07 million
Share of individual stock brokerage trading value	No.1 35.6%	13.5%
Operating income	No.1 JPY 17.8bn (down 11.6% YoY)	JPY 7.3bn (down 39.8% 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 89.0bn → JPY 44.5bn (based on the closing prices of Oct. 26, 2016)

(Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

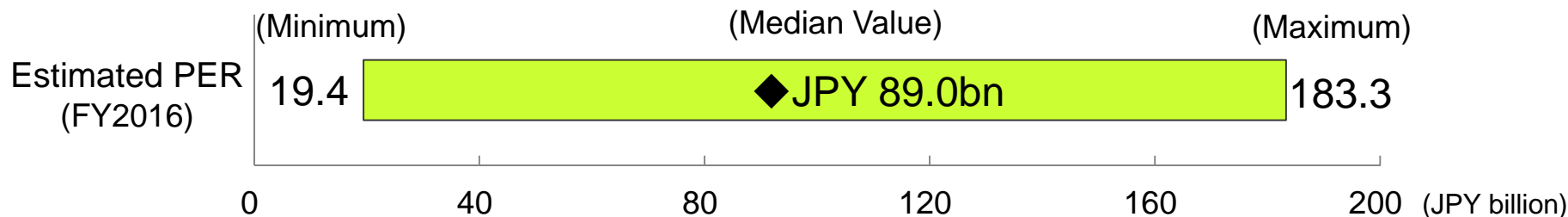
Calculated according to the Comparable Public Company Analysis

Compares the profits of comparable public companies of which the deposit balance exceeds JPY 3tn as of the end of Mar. 2016

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. 2016

[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 40.8bn** (based on the closing price of Oct. 26, 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 7.6bn** (based on the exchange rate as of Oct. 26, 2016)
(Shareholding of the SBI Group: 48.8%)

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 18.1bn** (based on the closing price of Oct. 26, 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

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

* 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	7.8*	5.7
SOLXYZ	23.4	Equity method associate	TSE 1st	7.3	1.7
Sum of the market cap of a listed subsidiary and an equity method associate				15.1	<u>7.4</u>

(Based on the closing price of Oct. 26, 2016. *Calculated by the exchange rate as of Oct. 26, 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 Oct. 26, 2016)

Upon comparison with similar listed companies calculated conservatively as **JPY 367.7bn**

② SBI Sumishin Net Bank

(based on the closing prices of Oct. 26, 2016)

Estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 89.0bn → **JPY 44.5bn** (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market (cons.)

(based on the closing prices of Oct. 26, 2016)

Upon comparison with similar listed companies calculated as **JPY 40.8bn**

④ SBI Japannext

(based on the closing prices of Oct. 26, 2016)

Upon the conservative estimated valuation of USD 150m → **JPY 7.6bn**

(Shareholding of the SBI Group: 48.8%)

⑤ SBI Comparison Website Business

(based on the closing prices of Oct. 26, 2016)

Upon comparison with similar listed companies calculated as **JPY 18.1bn**

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 7.4bn**

(based on the closing prices of Oct. 26, 2016)

Total of the valuation above: **JPY 486.2bn** (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. 148

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -①

Asset Management Business

Valuation for this segment is conservatively estimated at approx. JPY 181.0bn
<Reference>

JAFCO's Market Cap: **JPY 164.0bn** (based on the closing price of Oct. 26, 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 83.7bn

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

(ii) Value of SBI Investment (based on the closing price of Oct. 26, 2016)

(* Valuation excluding assets such as securities hold) Approx. JPY 13.4bn

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

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

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

*PER of JAFCO is calculated by the estimated net income per share for 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 Oct. 26, 2016)

Estimates the valuation of SBI Savings Bank at JPY 68.5bn

→ JPY 67.8bn

(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 Sept. 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 share-holding 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	25.3	12.5
SBI Investment KOREA	43.9	Equity method associate	KOSDAQ of KRX	8.1*	3.6
Sum of the market cap of a listed subsidiary and an equity method associate				33.4	<u>16.1</u>

(Based on the closing price of Oct. 26, 2016. *Calculated by the exchange rate as of Oct. 26, 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 71.1bn

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 Sept. 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	39.7	15.1

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

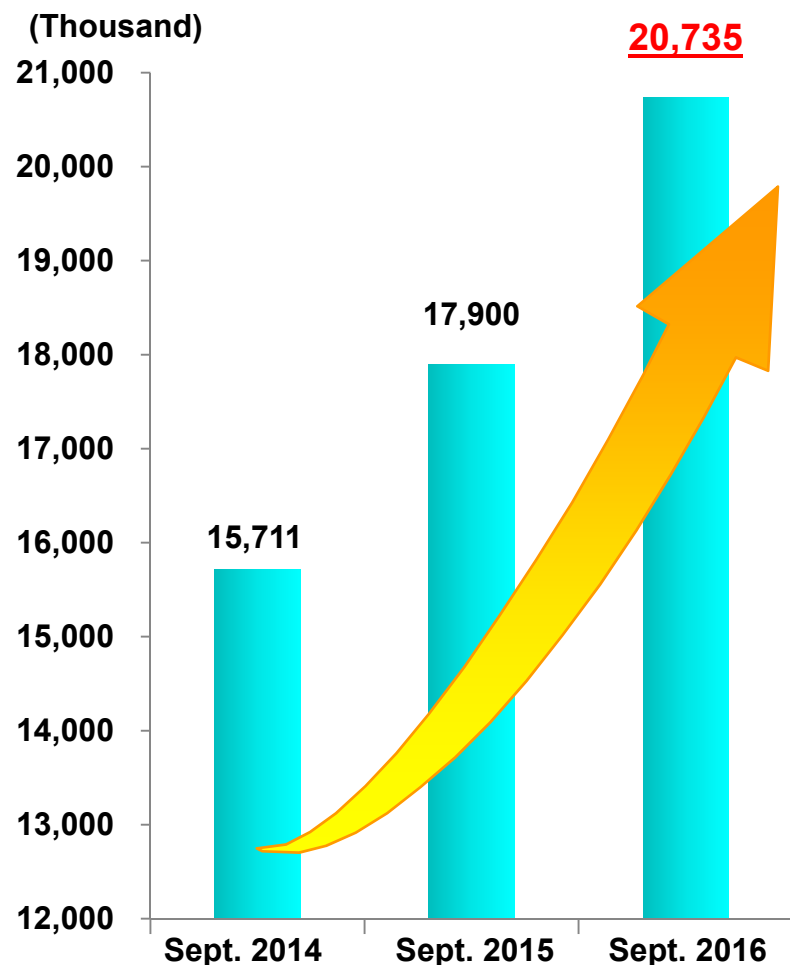
Estimated value based on SBIH's shareholding of paid-in capital

* 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 Sept. 2016)^{*1,2}



		(Thousand)
SBI SECURITIES	(No. of accounts)	3,679
SBIH InsWeb	(No. of customers)	8,264
E-LOAN	(No. of customers)	2,094
MoneyLook	(Total no. of customer registrations)	934
Morningstar Japan	(Total no. of service users) ^{*3}	663
SBI Card	(Valid cards issued)	71
SBI Sumishin Net Bank	(No. of accounts)	2,689
SBI Insurance	(Total no. of contracts) ^{*4}	883
SBI Life Insurance	(Total no. of contracts)	109
Others (SBI Point etc.)		1,348
Total		20,735

*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.

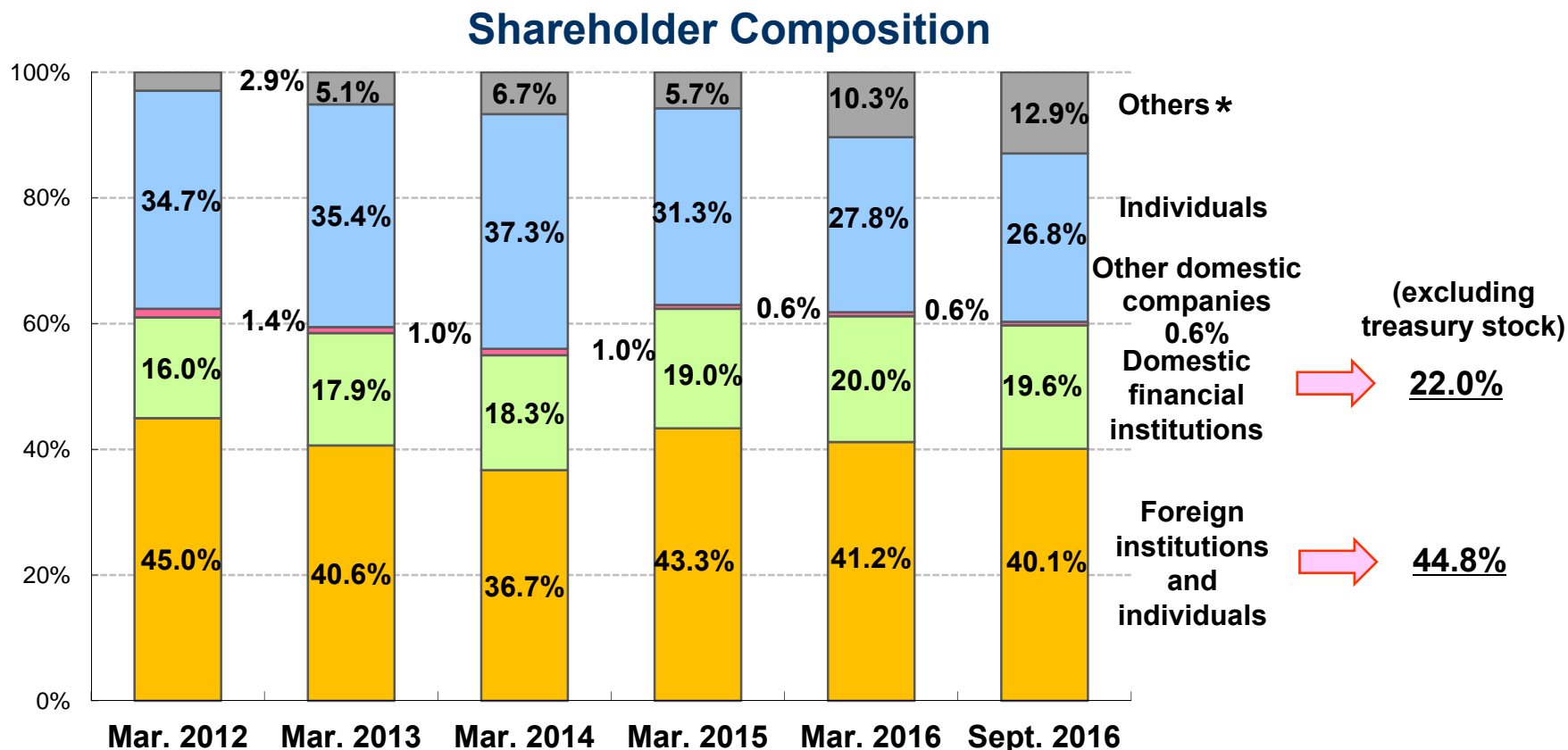
*2 Owing to the reorganization, customer numbers of the Group companies, which were excluded from consolidation, are not included in the figures for the past customer bases.

*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.

SBI Holdings' Shareholder Composition

- ◆ The total number of shareholders is 140,819, of which the number of shareholders who hold 1 unit or more is 86,231
- ◆ Shareholding ratio of domestic and foreign institutional investors is 59.7%, however the shareholding ratio of domestic and foreign institutional investors, excluding treasury stock, is 66.8%, a substantive increase from the 66.1% as of the end of Mar. 2016



* "Others" include treasury stock (10.5%) 155

Number of Companies and Consolidated Employees of the SBI Group



Number of Group companies

	Mar. 31, 2016	Sept. 30, 2016
Consolidated subsidiaries (companies)	147	150
Consolidated partnerships (partnerships)	31	30
Total consolidated subsidiaries (companies)	178	180
Equity method companies (companies)	33	36
Total Group companies (companies)	211	216

Number of consolidated employees

	Mar. 31, 2016	Sept. 30, 2016
Total employees (persons)	5,480	4,324 *

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

Assets Under Management of the SBI Group

(As of the end of Sept. 2016)



Private equity, etc. JPY 224.6bn (Including JPY 84.0bn of both cash and commitment amount to be paid in) (*3)

Breakdown by Industry	Amount
IT/Internet	27.9
Biotechnology/Health/Medical	25.1
Services	10.3
Materials/Chemicals	2.4
Environmental/Energy	12.4
Retail/Food	8.1
Construction/Real estate	2.2
Machine/Automobile	5.7
Finance	35.1
Others	11.6
Total	140.6

Breakdown by region	Amount
Japan	56.5
China	20.1
Korea	28.1
Taiwan	0.9
Southeast Asia	6.1
India	6.3
U.S.	17.7
Others	5.0
Total	140.6

Investment trusts, etc. JPY 264.4bn (*4)

Investment trusts	182.6
Investment advisory	77.5
Investment companies	4.3

*1 Calculated by the exchange rate as of the end of Sept. 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 27.4bn

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