



*Strategic
Business
Innovator*

SBI Holdings, Inc.

Financial Results

for the Nine-month Period Ended December 31, 2016

(Fiscal Year Ending March 31, 2017)

January 31, 2017

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

- I. 9 Month FY2016 Period
Consolidated Financial Results**

- II. The SBI Group's Priority
Management Issues and the
Evolution of Business Strategies
Since Its Establishment in 1999**

I. 9 Month FY2016 Period Consolidated Financial Results

- 1. Summary of 9M FY2016 consolidated financial results**
- 2. Segment Overview**

1. Summary of 9M FY2016 consolidated financial results

-Highlights of the consolidated financial results-

- **9 Month FY2016 period revenue increased 8.0% year-on-year to JPY 193,570m, profit before income tax expense increased by 8.9% year-on-year to be JPY 33,405m and profit attributable to owners of the Company was JPY 25,134m, up 24.1% year-on-year, which achieved increase in both revenue and profit**
- **ROE for 9 Month FY2016 period rose 1.3 percentage points year-on-year to be 6.8%**
- **Following the previous fiscal year, continuously plans to conduct shareholder returns with a target of total shareholder return ratio of 40%, as a minimum**

9M FY2016 Consolidated Performance (IFRS)

[Year-on-year]

(Unit: JPY million)

	9M FY2015 (Apr.–Dec. 2015)	9M FY2016 (Apr.–Dec. 2016)	YoY % change
Revenue	179,179	193,570	+8.0
Profit before income tax expense	30,661	33,405	+8.9
Profit for the period	20,414	21,877	+7.2
Profit attributable to owners of the Company	20,254	25,134	+24.1
ROE (%)	5.5	6.8	+1.3p.

Cash Flow for 9M FY2016

(Unit: JPY million)

	9M FY2015 (Apr.–Dec. 2015)	9M FY2016 (Apr.–Dec. 2016)	YoY change
Net cash generated from operating activities	-5,469	25,408	+30,877
Profit before income tax expense	30,661	33,405	+2,744
Increase/decrease in assets/liabilities related to securities business	-69,256	1,743	+70,999
Others	33,126	-9,740	-42,866
Net cash generated from investing activities	27,104	5,157	-21,947
Net cash used in financing activities	-27,078	5,406	+32,484

Following the Previous Fiscal Year, an Interim Dividend of JPY 10 per Share will be Paid for FY2016

[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 total shareholder return ratio of 40%, as calculated by the sum of dividend payouts and share repurchase costs, as a minimum, for the fiscal year

Following the Previous Fiscal Year, will Conduct Shareholder Benefits for FY2016

[Details of FY2016 shareholder benefits]

* Shareholders listed or recorded in the shareholder register as of Mar. 31, 2017 are eligible.

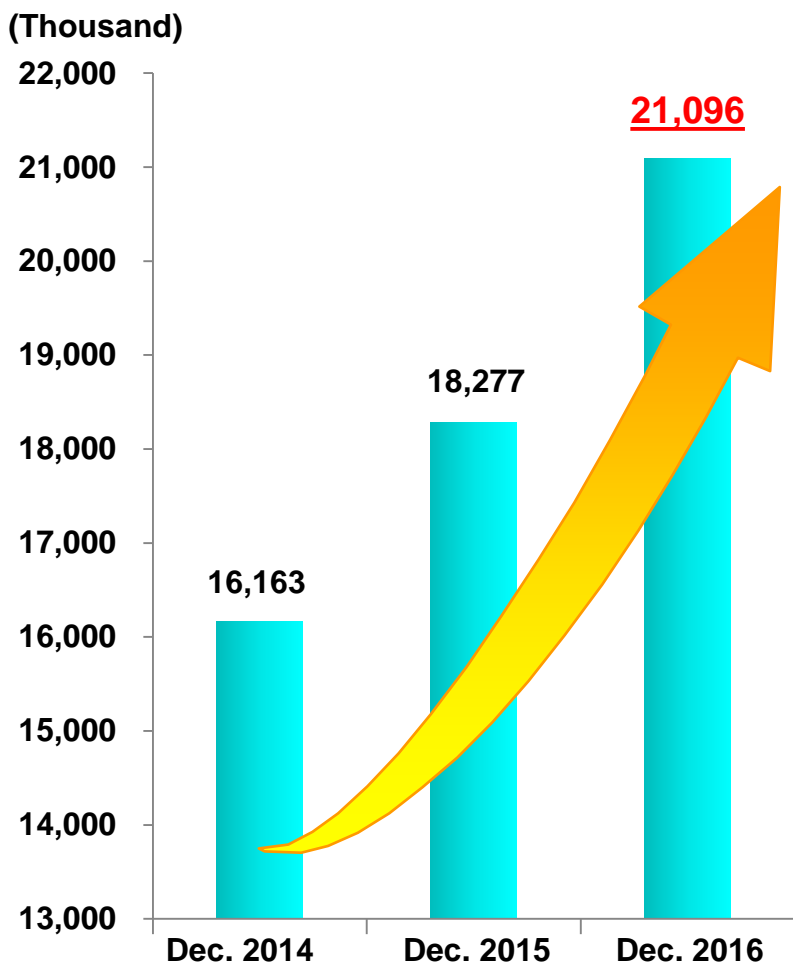
<p>Details</p> <p>Qualified shareholders</p>	 <p>“ALApplus GOLD (90 capsules)” (priced at JPY 9,800 (incl. tax))</p>	 <p>“ALApplus Tou (Sugar) Down (10 capsules)” (priced at JPY 1,944 (incl. tax))</p>	 <p>“ALApplus GOLD (270 capsules)” (priced at JPY 24,300 (incl. tax))</p>	 <p>ALApplus Moisturizing Cream (priced at JPY 12,000 (incl. tax))</p>
<p>Shareholders who have <u>held shares for more than 1 year</u> and who hold <u>1,000 (10 units) or more shares</u> as of Mar. 31, 2017</p>	<p><u>1 pack</u></p>	<p><u>2 packs</u></p>	<p><u>1 pack</u></p>	<p><u>1 pack</u></p>
<p>For shareholders other than the above, those who hold <u>100 shares (1 unit) or more</u>, as of Mar. 31, 2017</p>	<p><u>1 pack</u></p>	<p><u>1 pack</u></p>	<p>—</p>	<p>—</p>

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

The SBI Group's Customer Base

Breakdown of the Customer Base

(As of the end of Dec. 2016)^{*1,2}



		(Thousand)
SBI SECURITIES	(No. of accounts)	3,742
SBIH InsWeb	(No. of customers)	8,364
E-LOAN	(No. of customers)	2,144
MoneyLook	(Total no. of customer registrations)	936
Morningstar Japan	(Total no. of service users) ^{*3}	681
SBI Card	(Valid cards issued)	71
SBI Sumishin Net Bank	(No. of accounts)	2,746
SBI Insurance	(Total no. of contracts) ^{*4}	905
SBI Life Insurance	(Total no. of contracts)	109
Others (SBI Point etc.)		1,399
Total		21,096

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

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

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

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

Number of Companies and Consolidated Employees of the SBI Group

Number of Group companies

	Mar. 31, 2016	Dec. 31, 2016
Consolidated subsidiaries (companies)	147	156
Consolidated partnerships (partnerships)	31	26
Total consolidated subsidiaries (companies)	178	182
Equity method companies (companies)	33	36
Total Group companies (companies)	211	219

Number of consolidated employees

	Mar. 31, 2016	Dec. 31, 2016
Total employees (persons)	5,480	4,476*

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

2. Segment Overview

-Segment result highlights-

- In the Financial Services Business, despite the decline in securities-related business' revenue and operating income due to the weakness in the stock market, where the individual stock brokerage trading value of the Tokyo and Nagoya stock markets decreased 20.6% year-on-year, the growth in the FX, banking and insurance businesses supplemented the segment performance. As a result, revenue increased by 7.3%, and profit before income tax expense slightly declined by 0.8% year-on-year, respectively
- For the Asset Management Business, SBI SAVINGS BANK's achievement of record high net income for FY2016 (based on K-GAAP), 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 an increase in cost due to the steady progress in multiple clinical trials at Quark, including two Phase III pipeline drugs.
On the other hand, owing to milestone payments and out-licensing revenues, both SBI Biotech and SBI Pharmaceuticals maintained profitability

9M FY2016 Revenue by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

	9M FY2015 (Apr. – Dec. 2015)	9M FY2016 (Apr. – Dec. 2016)	YoY % change
Financial Services Business	120,468	129,315	+7.3
Asset Management Business	54,921	60,058	+9.4
Biotechnology-related Business	3,633	4,805	+32.3
Others	2,001 *1	674	-66.3

*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.

9M FY2016 Profit before Income Tax Expense by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

	9M FY2015 (Apr. – Dec. 2015)	9M FY2016 (Apr. –Dec. 2016)	YoY change (YoY % change)
Financial Services Business	37,736	37,426	-310 (-0.8)
Asset Management Business	2,598	9,622	+7,024 (+270.3)
Biotechnology-related Business	-2,453	-5,947	-3,494 (—)
Others	-662 *1	-693	-31 (—)

*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.

(1) Financial Services Business

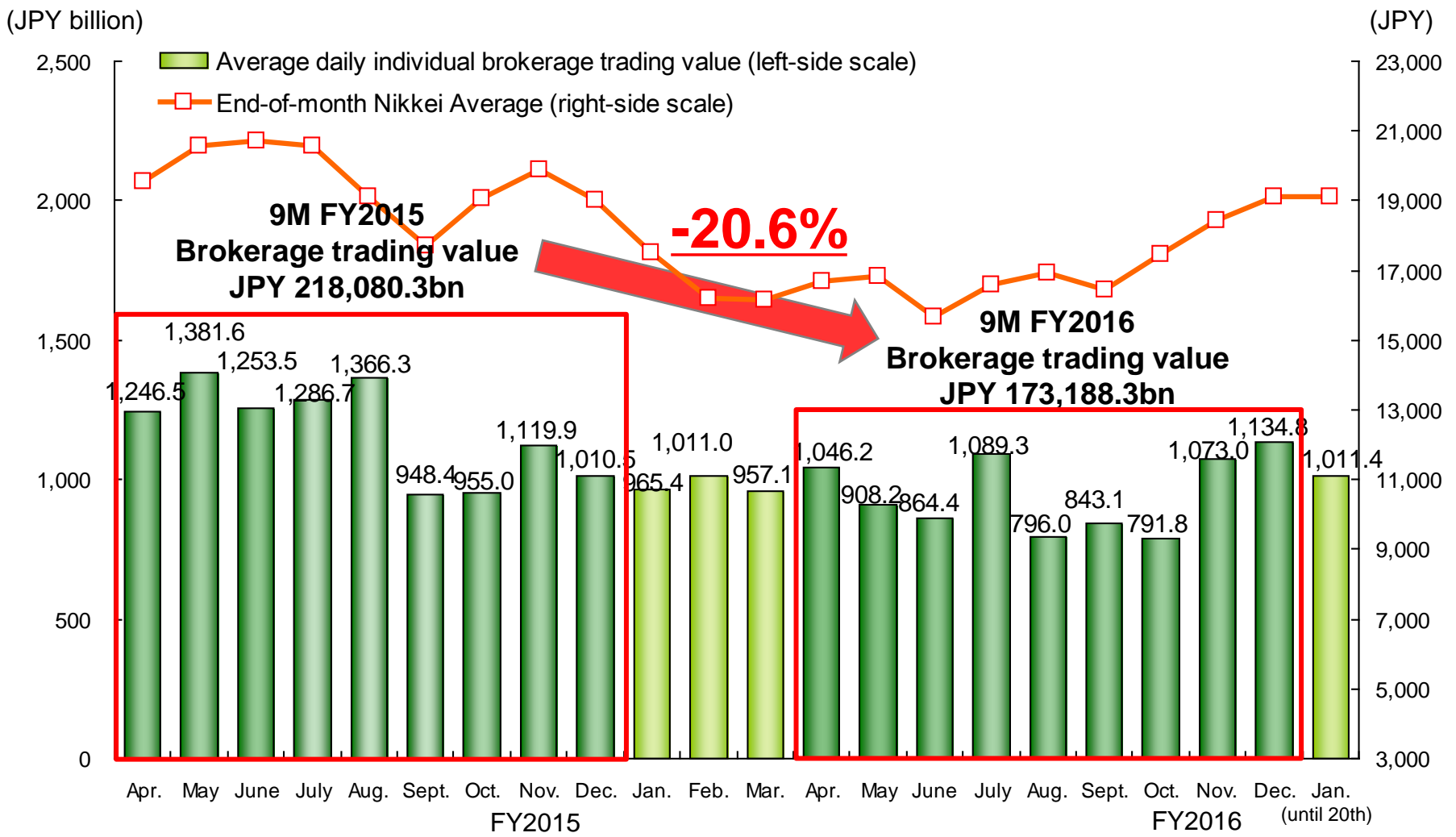
- ① Securities-related business**
- ② Banking-related business**
- ③ Insurance-related business**

① Securities-related business

- Despite the fact that the individual stock brokerage trading value of the Tokyo and Nagoya stock markets decreased 20.6% year-on-year, SBI SECURITIES' commissions decreased by only 10.6% year-on-year
- Profit attributable to owners of the Company for 9M 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 9M FY2016 was approx. JPY 10.2bn, up 7.5% year-on-year, recording a 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

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 9M FY2016

Consolidated Results (J-GAAP)

[Year-on-year]

(Unit: JPY million)

	9M FY2015 (Apr. 2015 – Dec. 2015)	9M FY2016 (Apr. 2016 – Dec. 2016)	YoY % change
Operating Revenue	67,221	66,541	-1.0
Net Operating Revenue	62,033	61,753	-0.5
Operating Income	30,205	28,195	-6.7
Ordinary Income	30,199	28,179	-6.7
Profit attributable to owners of the Company	18,613	20,988	+12.8

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

[Year-on-year]

(Unit: JPY million)

		9M FY2015 (Apr. – Dec. 2015)	9M FY2016 (Apr. – Dec. 2016)	YoY % change
Online securities	SBI (cons.)	18,613	20,988	+12.8
	Monex *1 (cons.)	3,200	401	-87.5
	Rakuten *2 (cons.)	10,335	9,672	-6.4
	Matsui	11,898	7,778	-34.6
	kabu.com	6,604	4,657	-29.5
Face-to-face	Nomura *3 (cons.)	150,703	178,351	+18.3
	Daiwa (cons.)	95,537	81,708	-14.5
	SMBC Nikko (cons.)	40,137	26,311	-34.4

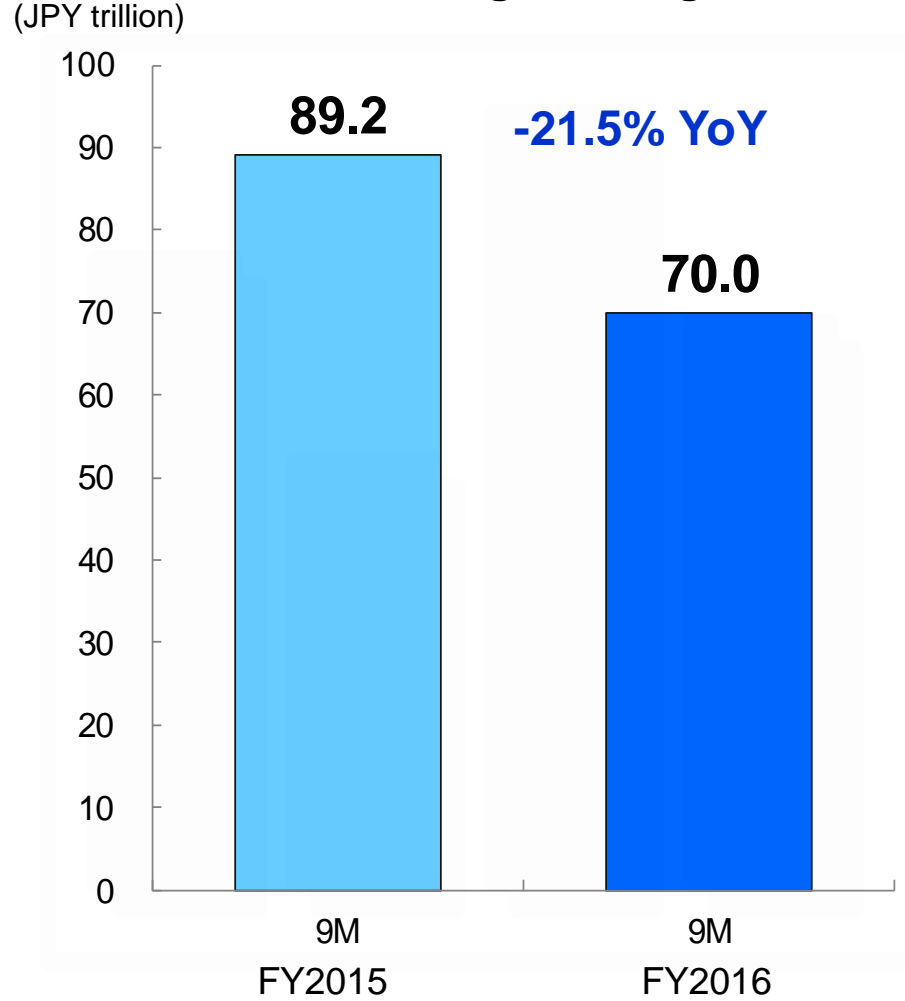
*1 Since Monex adopts IFRS, the relevant figures above are based on IFRS, presenting the “Profit attributable to owners of the Company” disclosed by Monex.

*2 Rakuten disclosed its financial results for 9M 2015 on a non-consolidated basis; therefore the figure for 9M FY2015 and the year-on-year change are based on the corresponding figure.

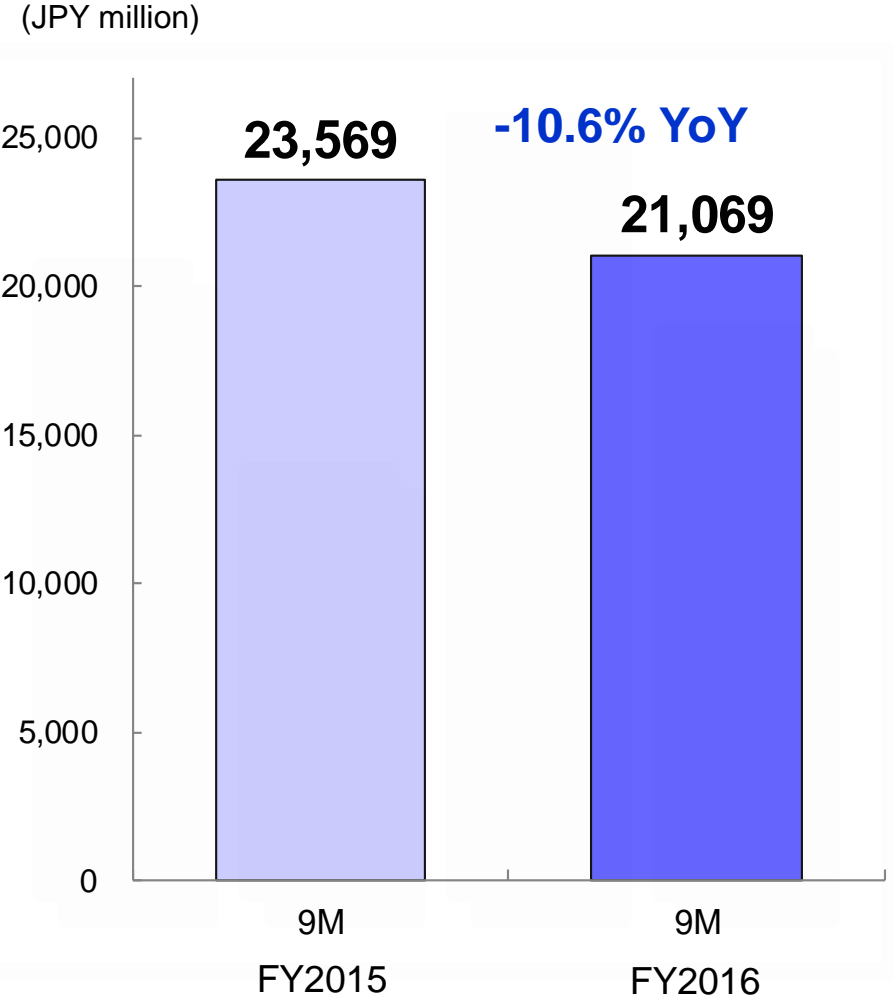
*3 Figures for Nomura are based on US-GAAP, presenting the “Profit attributable to owners of the Company”

SBI SECURITIES' Stock Brokerage Trading Value and Commissions

Stock Brokerage Trading Value



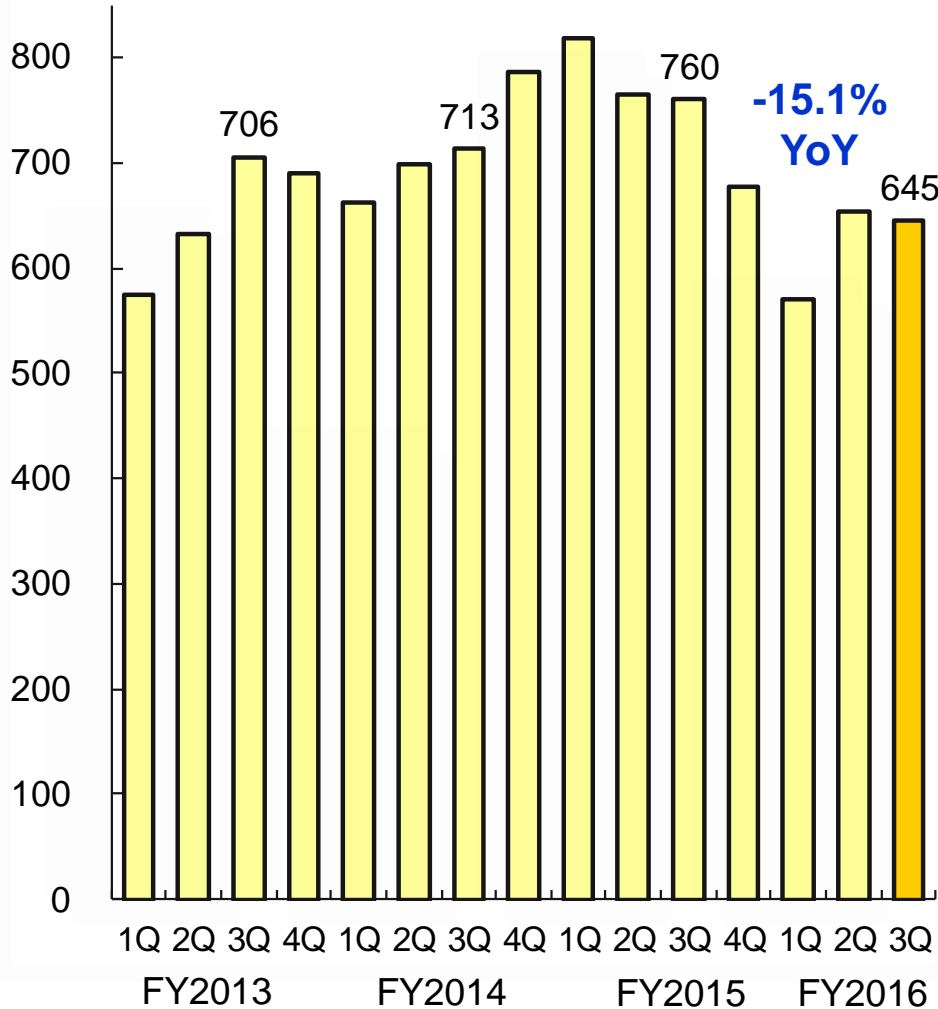
Commissions



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

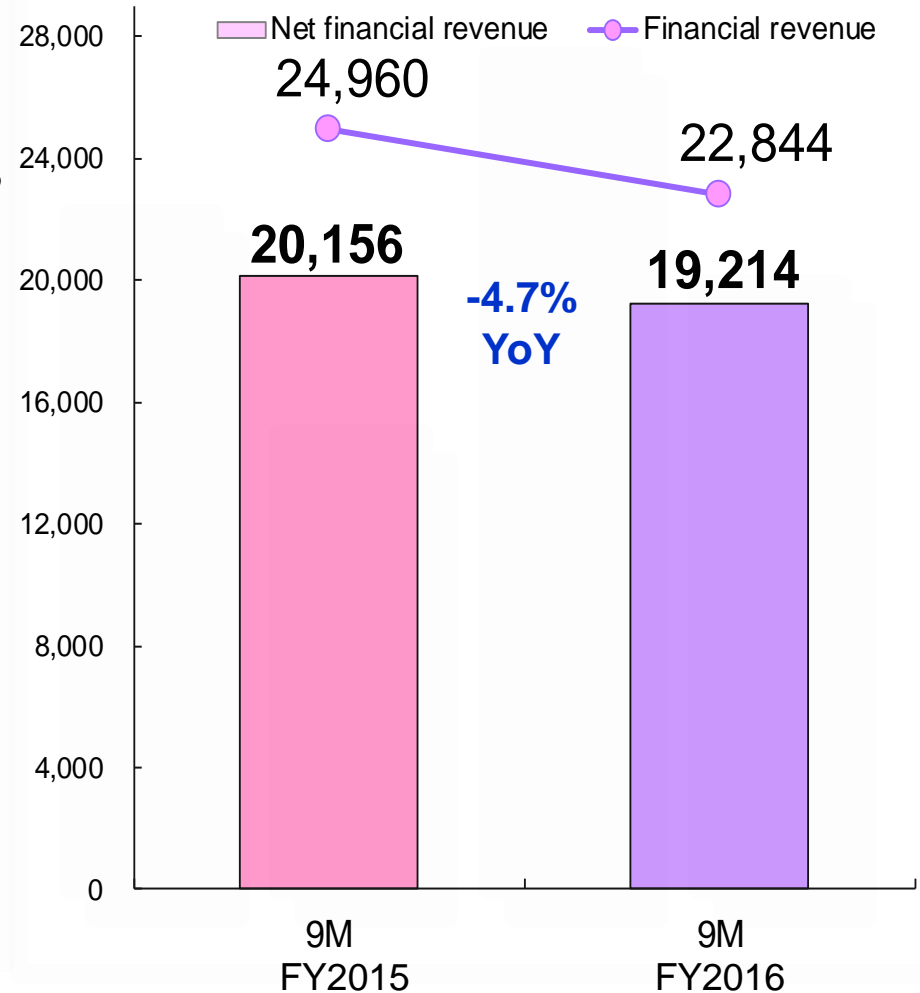
Open Interest Credit Balance (EOM)

(JPY billion)



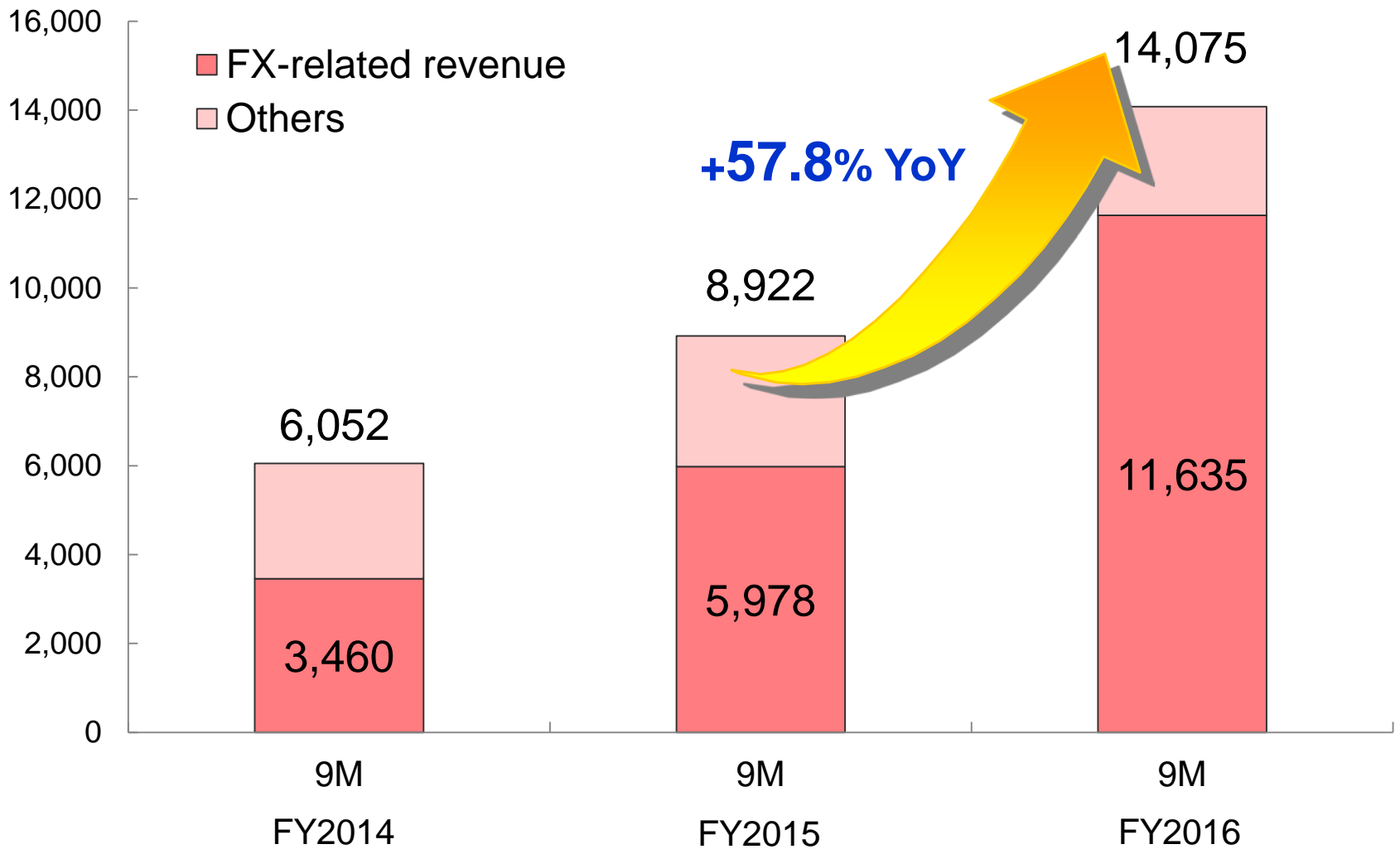
Financial Revenue / Net Financial Revenue

(JPY million)



SBI SECURITIES' Trading Gains and Loss Trend

(Unit: JPY million)



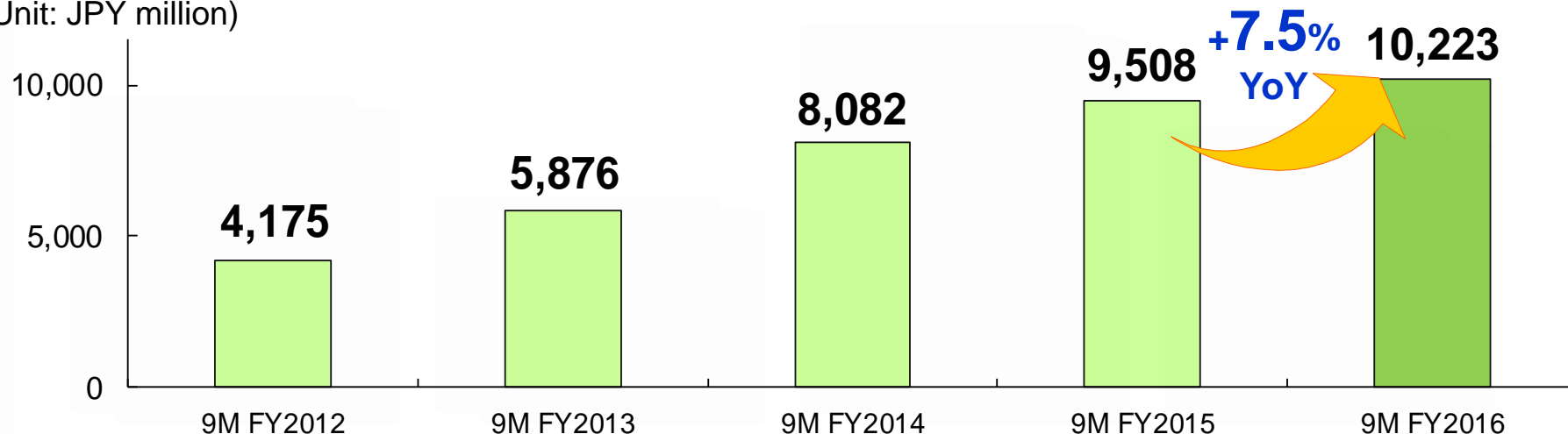
SBI Liquidity Market's Operating Income Before Allocation Achieved Record High

(Unit: JPY million)

	Establishment	Number of accounts	Deposits (JPY billion)	Operating income (J-GAAP)		YoY % change
				9M FY2015	9M FY2016	
SBI Group *1	Nov. 2008 [SBI LM]	859,536 (Dec. 2016)	169.7 (Dec. 2016)	9,508	10,223	+7.5
(SBI FXT)	May 2012	169,836 (Dec. 2016)	35.7 (Dec. 2016)	1,440	2,072	+43.9

Change of the SBI Liquidity Market's operating income before allocation *2

(Unit: JPY million)



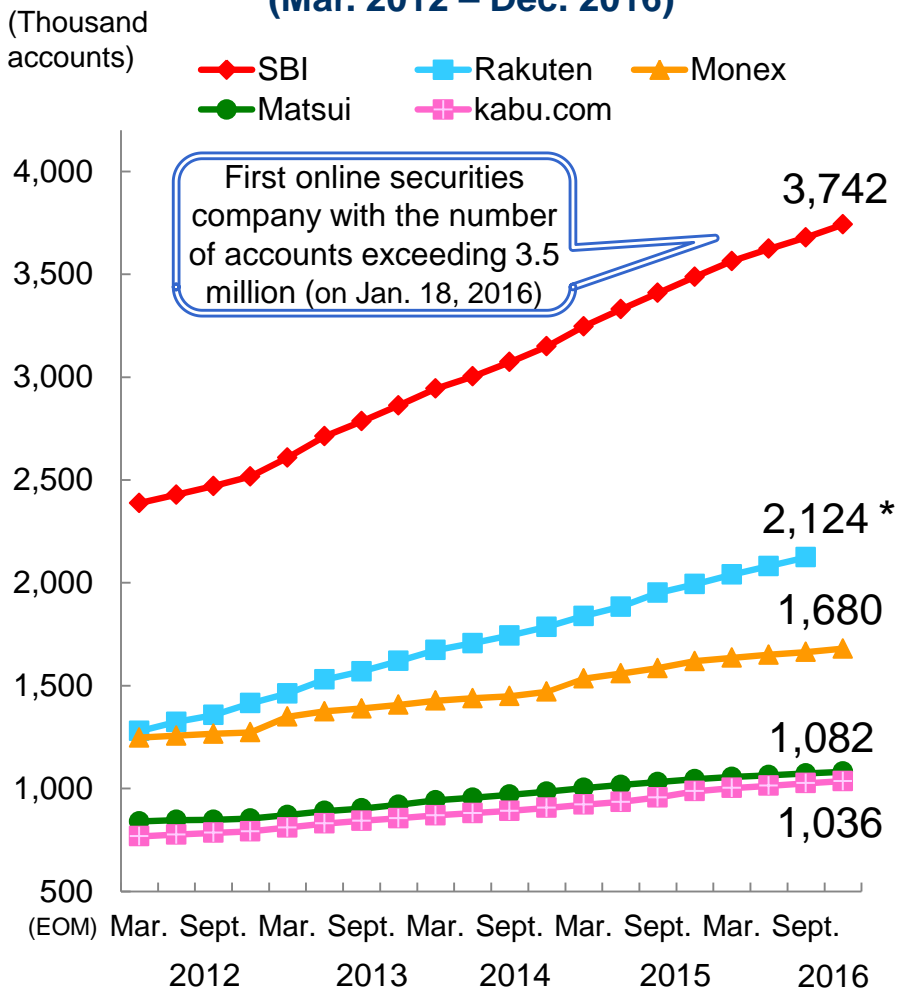
*1 Operating income of the SBI Group is SBI Liquidity Market's operating income before allocation which represents the amount before its allocation of profits to affiliated companies: SBI SECURITIES, SBI Sumishin Net Bank and SBI FXTRADE

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

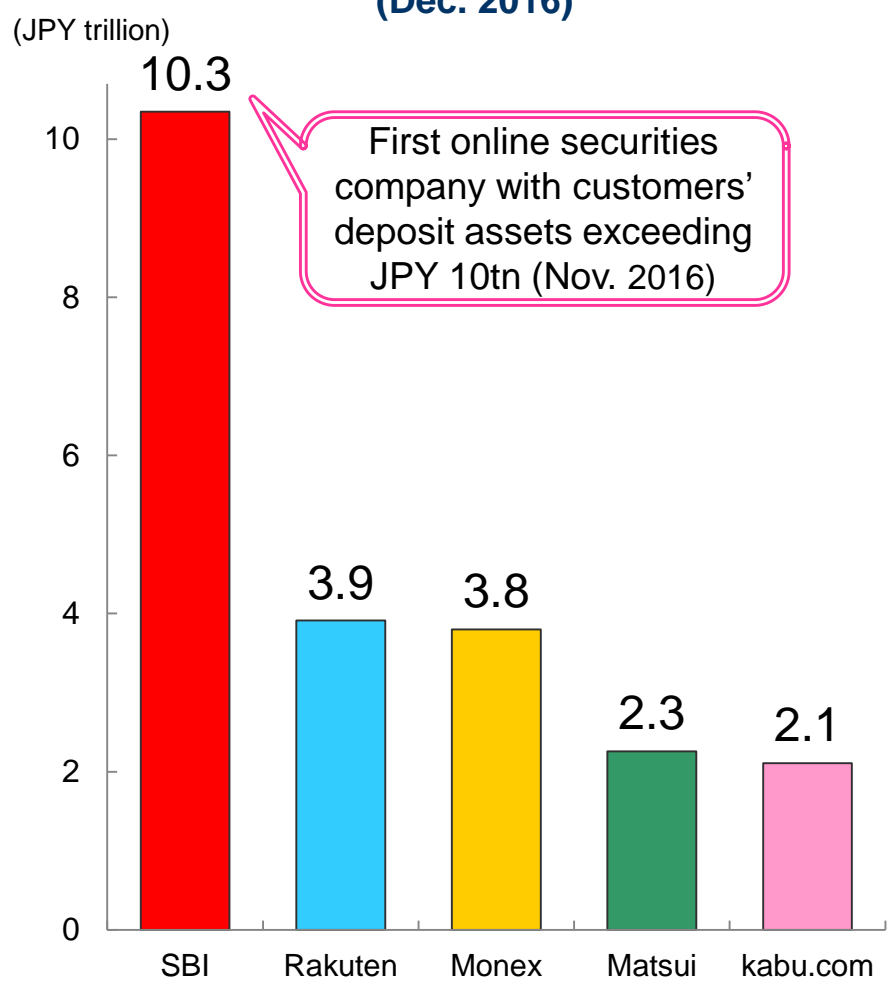
SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

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



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

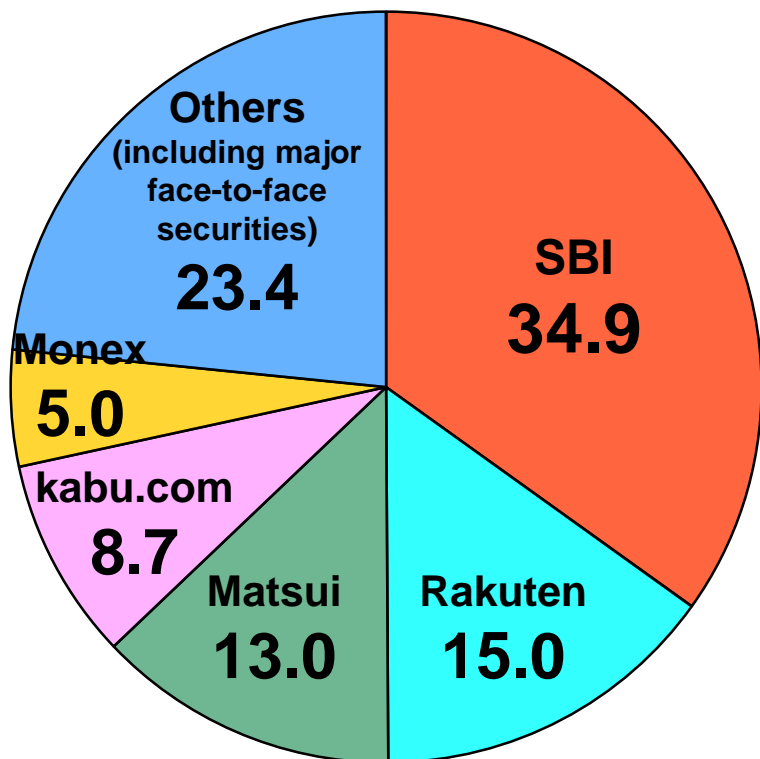


* Rakuten has not disclosed its figures beyond Sept. 30, 2016.
Source: Compiled by SBIH from the information on websites of each company.

SBI SECURITIES' Share of Individual Stock Trading

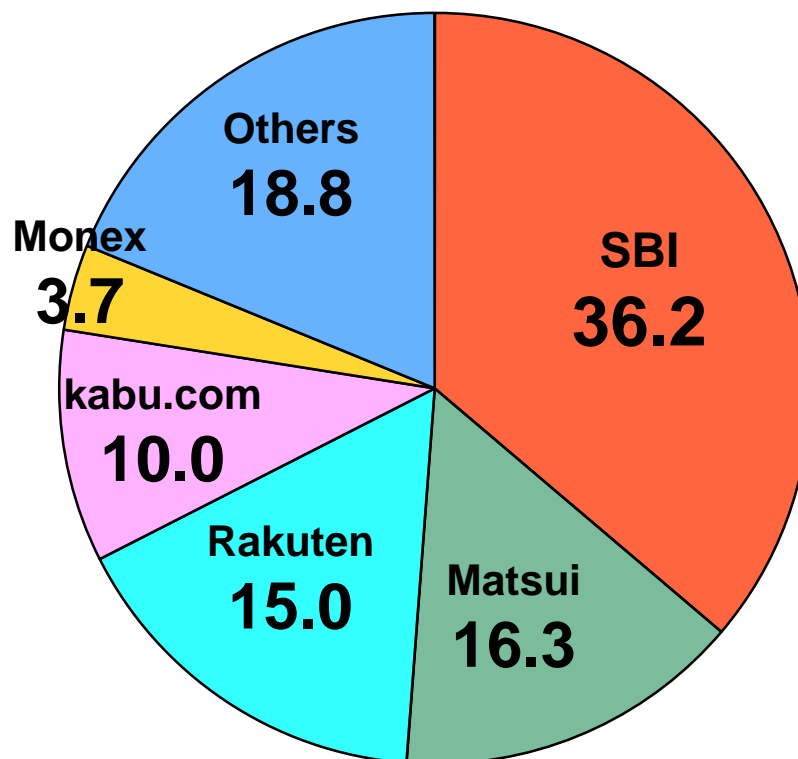
Share of Individual Stock Trading Value (%)

9M FY2016
(Apr. 2016 – Dec. 2016)



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

9M FY2016
(Apr. 2016 – Dec. 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.

Succeeded at Attaining New Customers through NISA

(Dec. 2016)	SBI *1	kabu.com	Matsui *1	Nomura *1	Daiwa
No. of NISA accounts *2	<u>930,000</u>	130,000	120,000	1,730,000	770,000

*1 Includes the number of Junior NISA accounts *2 Amounts are rounded to the nearest JPY 10 thousand.

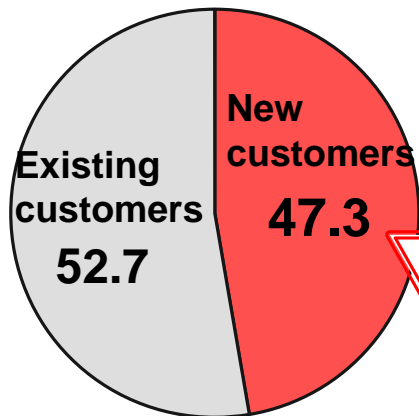
*3 The number of accounts are as of the end of Dec. 2016, compiled by SBIH from the information on website of each company.

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

Comparison of Customer Attributes

SBI SECURITIES(%)

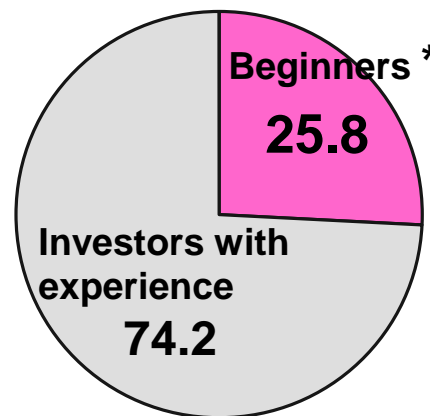
(As of the end of Dec. 2016)



Number of new customers opening NISA accounts account for 47%, and within that 66.5% are beginner investors

Entire Securities Industry (%)

(As of the end of Sept. 2016)



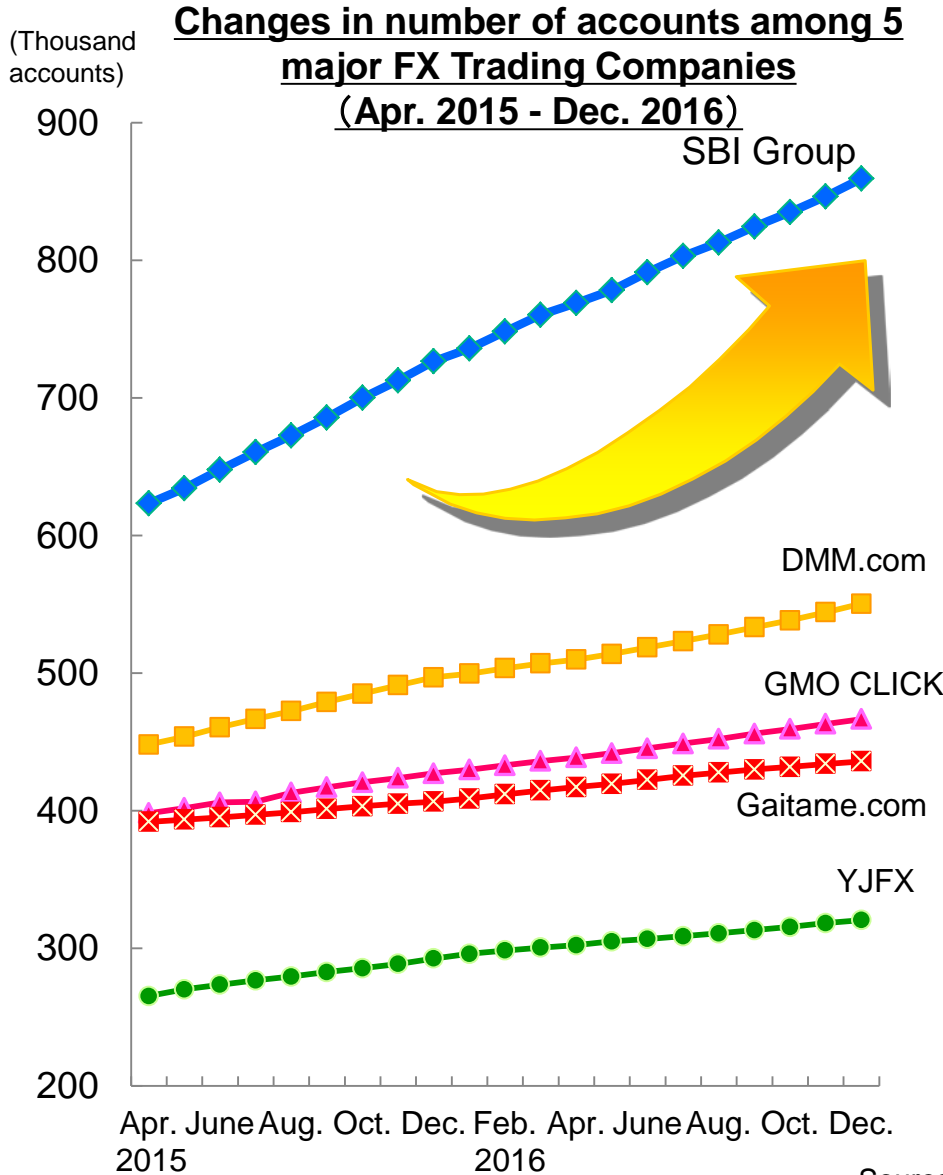
* "Beginners" represent investors who opened their accounts after Apr. 2013

Source: JSDA

■ Active account ratio of 65.4% (Among the entire securities industry, the ratio is 59.8%)

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



Customers' Deposit Assets Raking (Dec. 2016)

No.	Company name	Amount (JPY million)
1	SBI Group	169,704
2	GMO CLICK	117,141
3	Gaitame.com	110,530
4	DMM.com	95,015
5	YJFX	92,131
6	Central Tanshi FX	63,757
7	MONEY PARTNERS	61,201
8	Hirose FX	38,288
9	FX PRIME by GMO Corporation	15,306
10	Traders Securities	11,743
11	Ueda Harlow	11,545
	Others (3 company)	75,429
	Total	861,790

SBI FXTRADE Offers Stable Pricing, Even During the Occurrence of Events that may Significantly Impact the FX Market

e.g. ①: FX trading companies' trading status during the time "Brexit" intentions became evident (June 24, 2016)

	Trading status
SBI FXTRADE * Up to 1m currency unit	Spread of USD/JPY: JPY 0.18 at most Spread of GBP/JPY: JPY 1.85 at most
Company A	Disconnection of rate delivery for approx. 1 minute and a half
Company B	Spread of USD/JPY: JPY 3 at most Spread of GBP/JPY: JPY 8 at most
Company C	Delay in updating the rates for approx. 2 minutes

e.g. ②: FX trading companies' trading status after the U.S. presidential election (Nov. 9, 2016)

	Trading status
SBI FXTRADE * Up to 1m currency unit	Spread of USD/JPY: JPY 0.058 at most
Company A	Spread of USD/JPY: JPY 0.073 at most
Company B	Spread of USD/JPY: JPY 0.141 at most



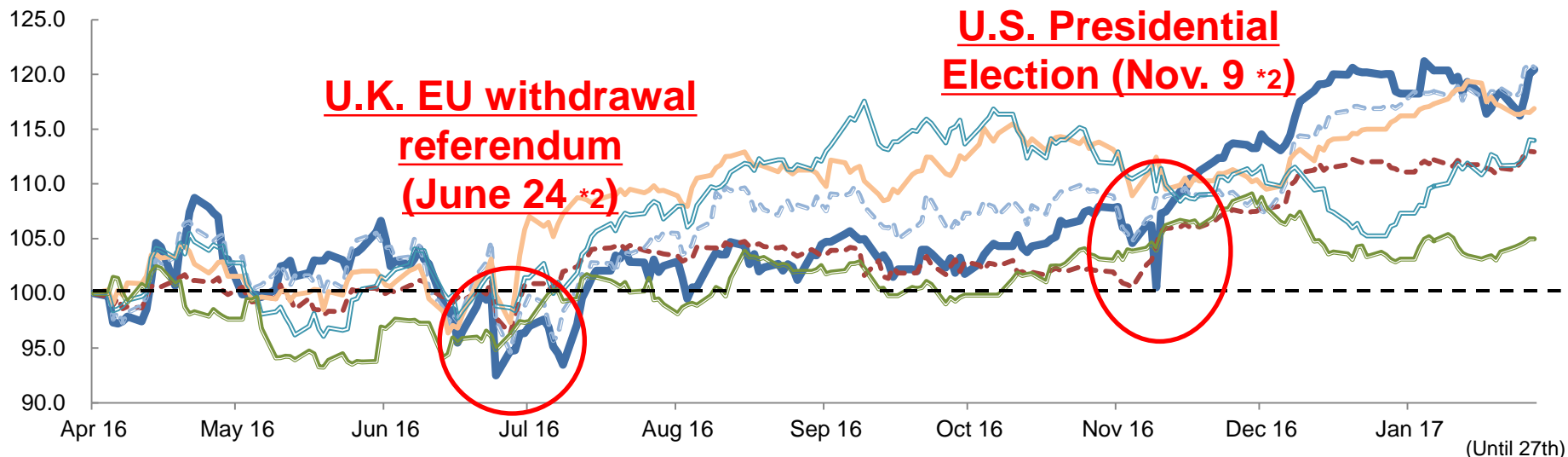
Through SBI Liquidity Market, continuing to provide trading opportunities with a commitment to stable pricing, by thoroughly pursuing the "Customer-centric Principle" which is directly linked to the expansion of the customer base and revenues

[Increased volatility contributes to a performance boost]

Examples of Increase in Volatility Contributing to the Rise in the Financial Results – (i) SBI SECURITIES

Major country stock market index trends *1

- Nikkei Average(Japan) - - - Dow-Jones Average - - - Deutsche Aktien Index
- FTSE100(UK) — Hong Kong Hang Seng Index — SSE Composite Index



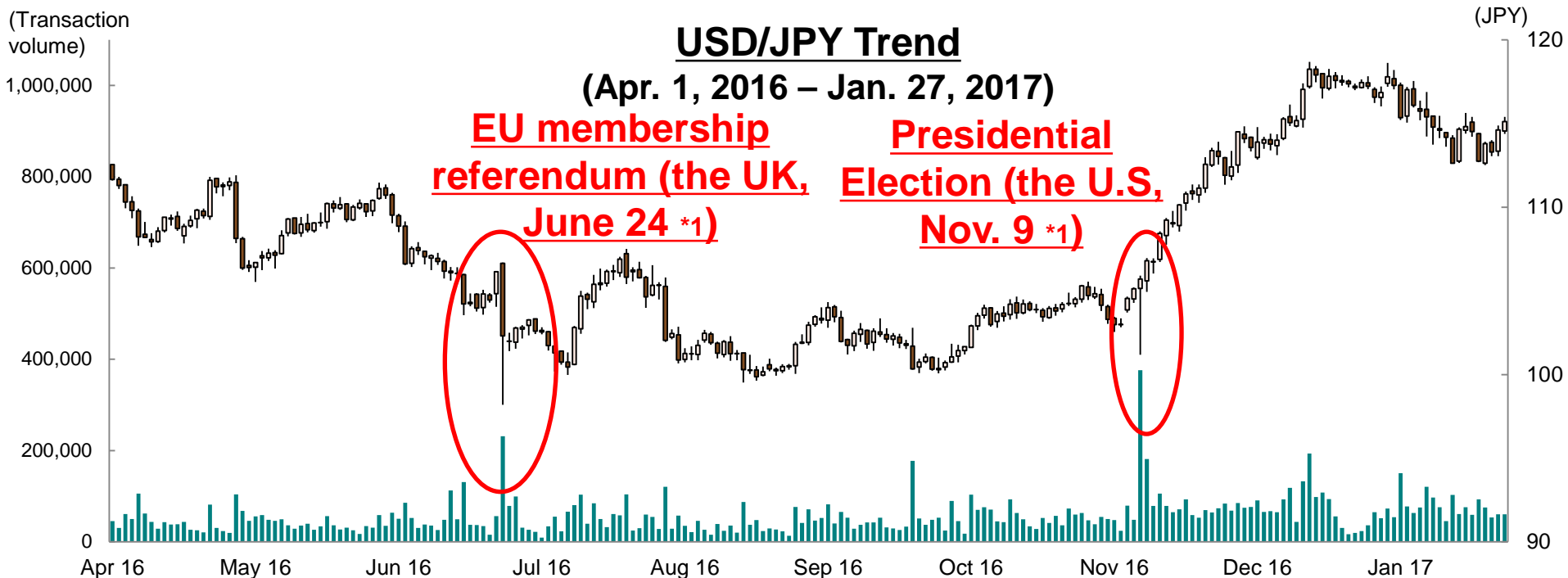
	Average of 1Q FY2016	Average of 2Q FY2016	Average of 3Q FY2016
Operating income (cons.*3)	JPY 10.2bn	JPY 7.6bn	JPY 10.4bn
Monthly trading value of SBI SECURITIES	JPY 8.1tn	JPY 7.5tn	JPY 7.8tn

*1 An index of the value at Apr. 1, 2016 indexed as 100

*2 Reflects dates when results became known

*3 Based on J-GAAP

Examples of Increase in Volatility Contributing to the Rise in the Financial Results – (ii) FX-related Business



(Source: Quoted from published data of Click 365) *1 Reflects dates when results became known

**Average of
1Q FY2016**

**Average of
2Q FY2016**

**Average of
3Q FY2016**

**SBI LM's operating
income before
allocation**

JPY 3.9bn

JPY 2.9bn

JPY 3.4bn

**SBI FXT's operating
income**

JPY 0.8bn

JPY 0.5bn

JPY 0.7bn

*2 Based on J-GAAP

Major Events in 2017 that are Anticipated to Significantly Influence the Stock Market and Foreign Exchange Rates

Jan. 24: U.K. Supreme Court ruling on lawsuit on parliamentary approval for Brexit

→ **The Supreme Court ruled that parliamentary approval is necessary for the notification of withdrawal from the EU. In response, the U.K. Government is prepared to promptly obtain parliamentary approval.**

The Supreme Court on the 24th handed down a decision that parliamentary approval is necessary to give notice to the EU of intention to withdraw. Prime Minister Theresa May intends to promptly seek a vote in Parliament. There is still deeply rooted opposition to the “hard Brexit” route of withdrawal from the EU single market that the government advocates, and uncertainty remains about whether approval can be smoothly obtained. (Jan. 25, 2017 The Nihon Keizai Shimbun (morning edition))

With regard to the invocation of Article 50 of the Lisbon Treaty to formally initiate the EU withdrawal process, Prime Minister Theresa May will maintain her initial Mar. 31 deadline, as previously planned. The bill was announced on the 26th, and the **House of Commons will begin deliberations on Jan. 31. The House of Commons’ final voting will be held on Feb. 8**, and if approved, the bill will be sent to the House of Lords, which consists of non-elected officials (Jan. 27, 2017 Bloomberg)

Mar.: Lower house election in the Netherlands

→ **The Party for Freedom (far-right anti-Islam), led by Geert Wilders, is expected to surge into the position of leading party.**

In the Netherlands, the Party for Freedom, led by Geert Wilders, is expected to gain a major advance in the lower house (150 seats) election to be held in March of next year. The party calls for a stop to immigration from Islamic countries. (Dec. 30, 2016 Yomiuri Shimbun (morning edition))

Apr. to May: Presidential election in France

→ **Marine Le Pen, head of the Front National (FN), a far-right party that advocates opposition to the European Union, is vying for the top spot in approval ratings.**

Ms. Marine Le Pen, head of FN, is leading in major public opinion surveys. Ms. Le Pen has garnered 25% and 26% of support in surveys conducted by two organizations, higher than the 23% and 25% for former Prime Minister François Fillon of the Republic Party. In mid-December last year, Mr. Fillon and Ms. Le Pen had approval ratings of approximately 28% and 25%, respectively. (Jan. 19, 2017 Bloomberg)

June: National Assembly election in France

→ **The results of the National Assembly election will be affected by the course of the presidential election.**

Aug. to Oct.: German Federal elections to the Bundestag

→ **Although Chancellor Angela Merkel’s approval ratings are trending down, she is maintaining support exceeding 30% and her party is expected to maintain its lead position. However, trouble in the Bundestag is expected to result from expansion of the influence of the nationalist Alternative for Germany (AfD) party.**

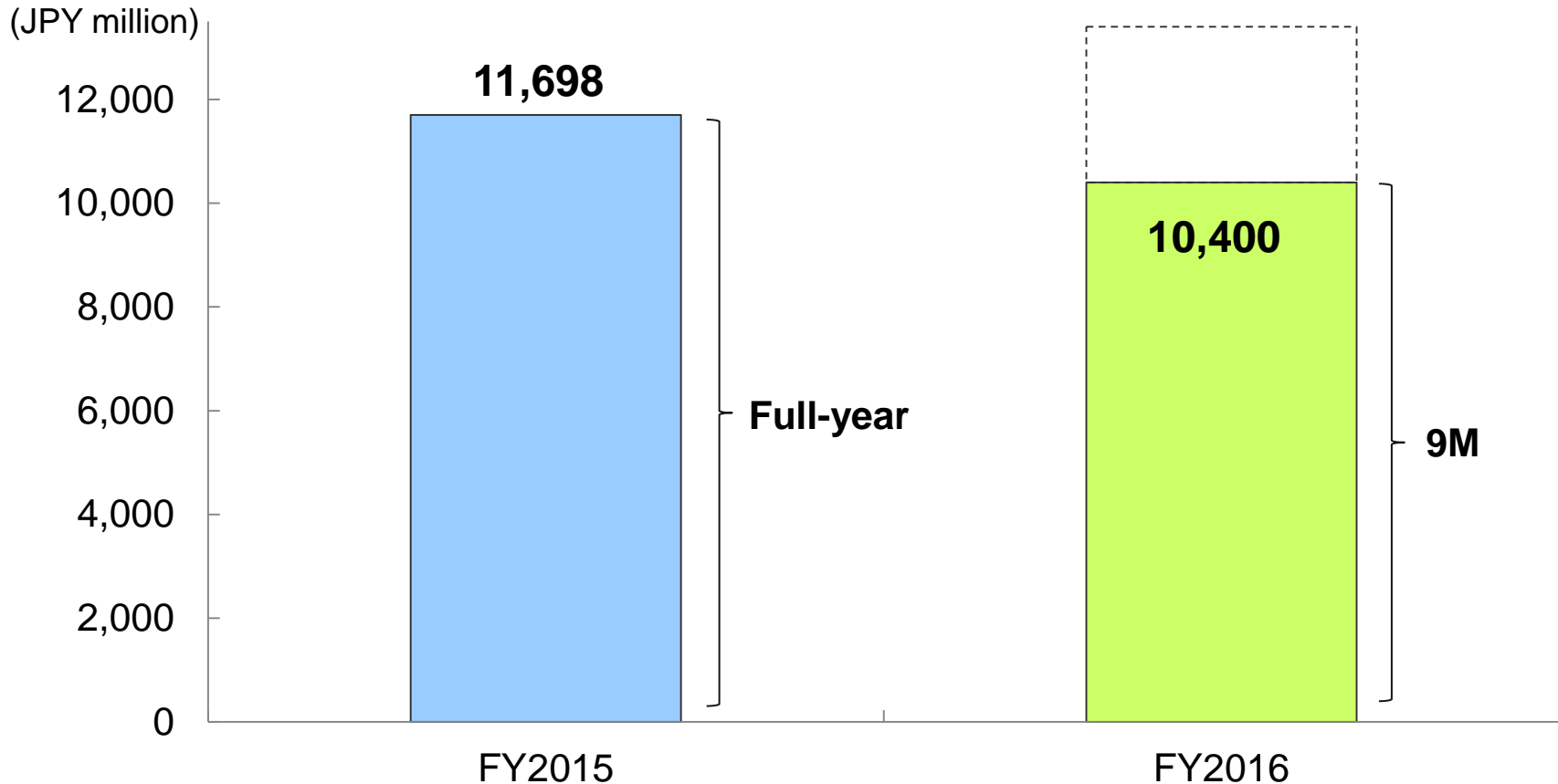
The party approval rating of the nationalist Alternative for Germany (AfD) has risen to 15%, making it the third most influential party after the Christian Democratic Union (37%) and Christian Social Union (20%), the coalition that supports Ms. Merkel’s government. AfD advocates exclusionism and protectionism and is critical of the European Union (EU). Expansion of the AfD’s influence may further widen fissures in German society. (Jan. 22, 2017 The Nihon Keizai Shimbun (morning edition))

② Banking-related business

- SBI Sumishin Net Bank's 9M FY2016 ordinary profit (based on J-GAAP) was JPY 10.4bn
 - * SBI Holdings' equity in earnings of SBI Sumishin Net Bank based on IFRS for 9M FY2016 was JPY 2,260m
- As of the end of Dec. 2016, accounts steadily increased to approx. 2.75 million accounts, with deposits exceeding JPY 4.0tn
- 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 since 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 (J-GAAP)

-9M FY2016 ordinary profit was JPY 10.4bn-



SBI Holdings' equity in earnings of SBI Sumishin Net Bank based on IFRS for 9M FY2016 was JPY 2,260m, up 12.7% 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.

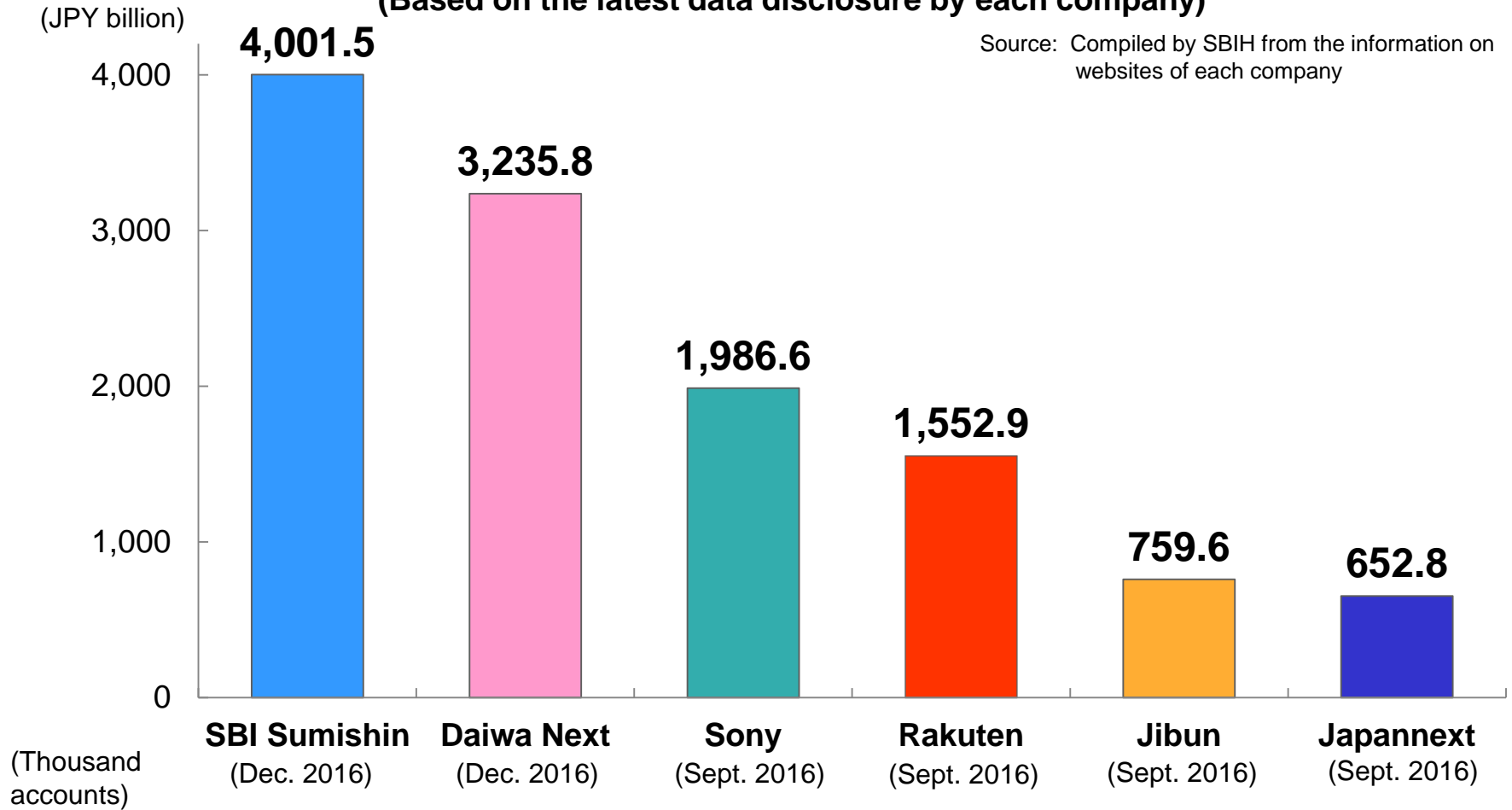
Deposits as of the End of Dec. 2016 Exceeded JPY 4.0tn

Deposits of 6 Internet Banks

(Based on the latest data disclosure by each company)

(JPY billion)

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

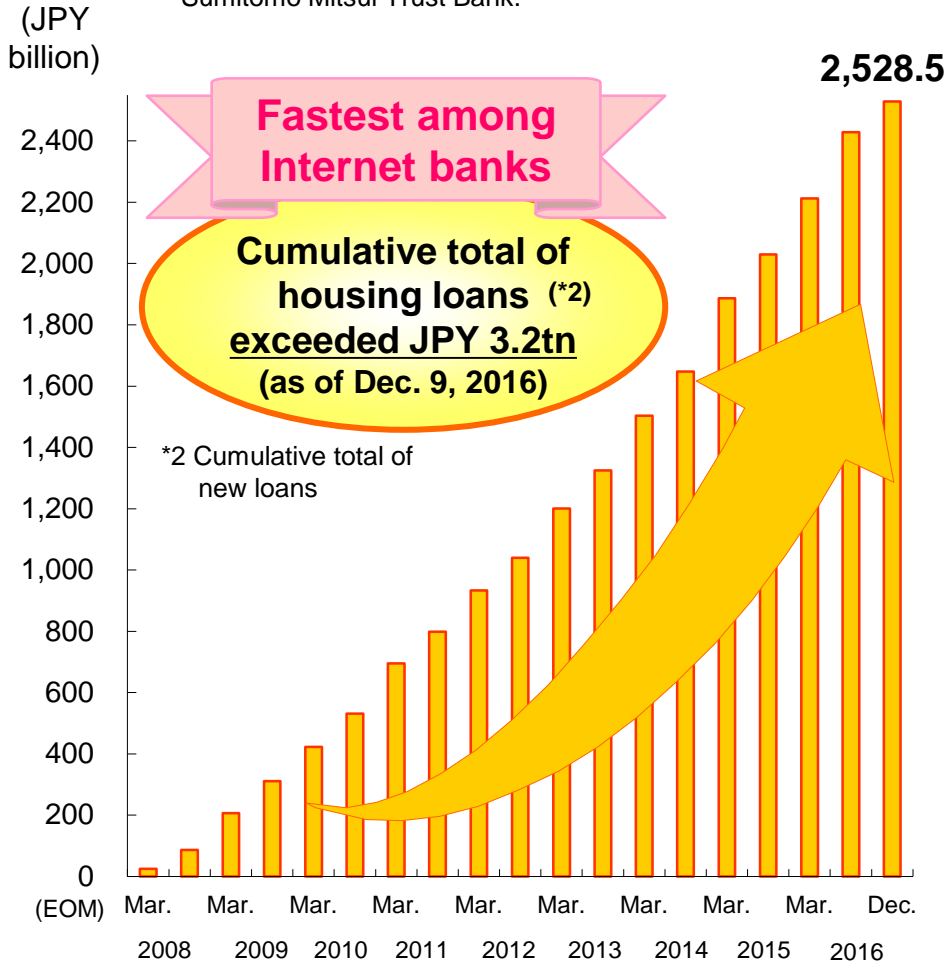


* Amounts are rounded to the nearest JPY 100 million.

Diversification of Loans with Deposits Accumulating

Change in Balance of Housing Loans *1 (Mar. 2008 - Dec. 2016)

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



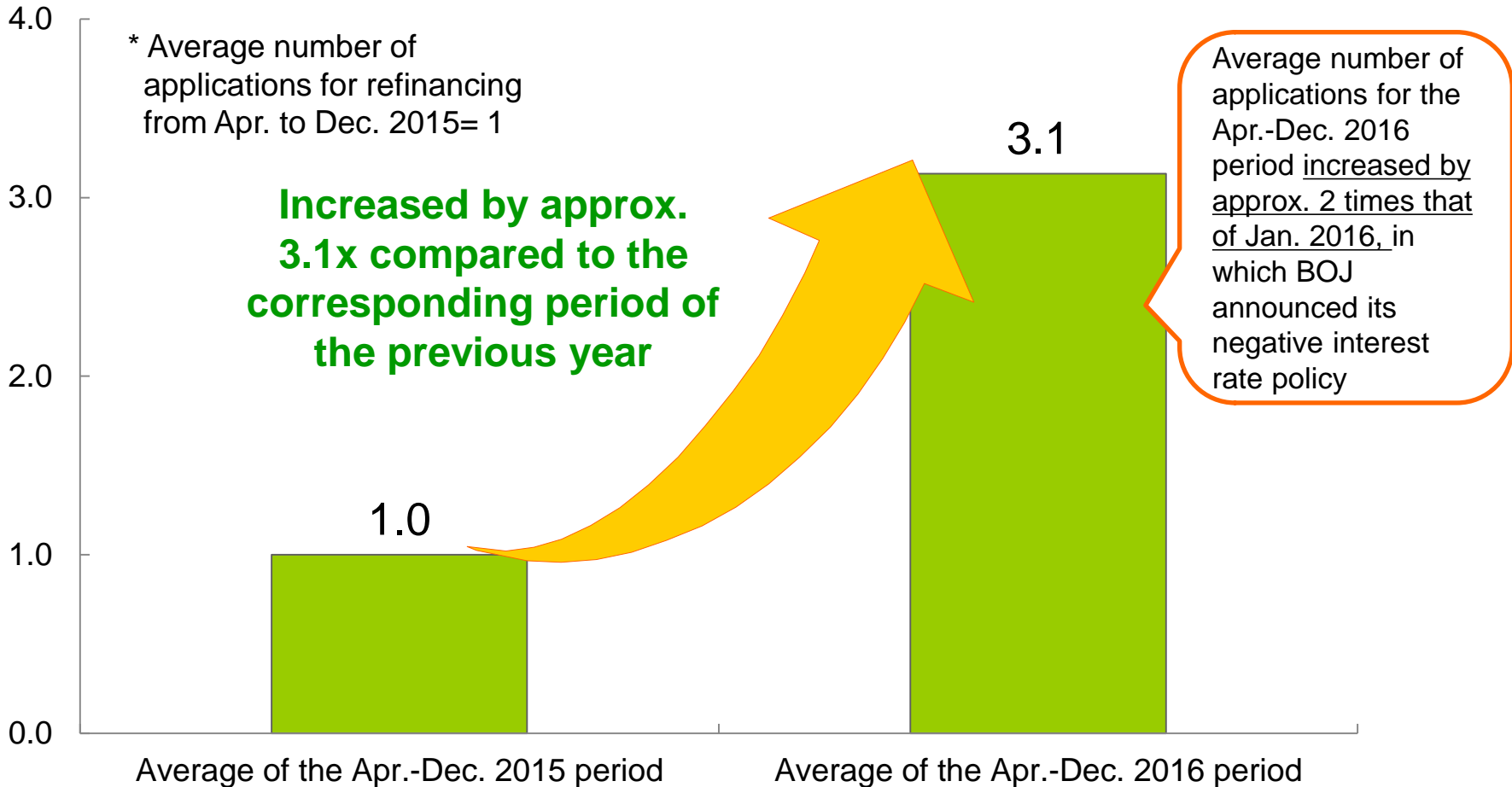
SBI Sumishin Net Bank's housing loans business:

- 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

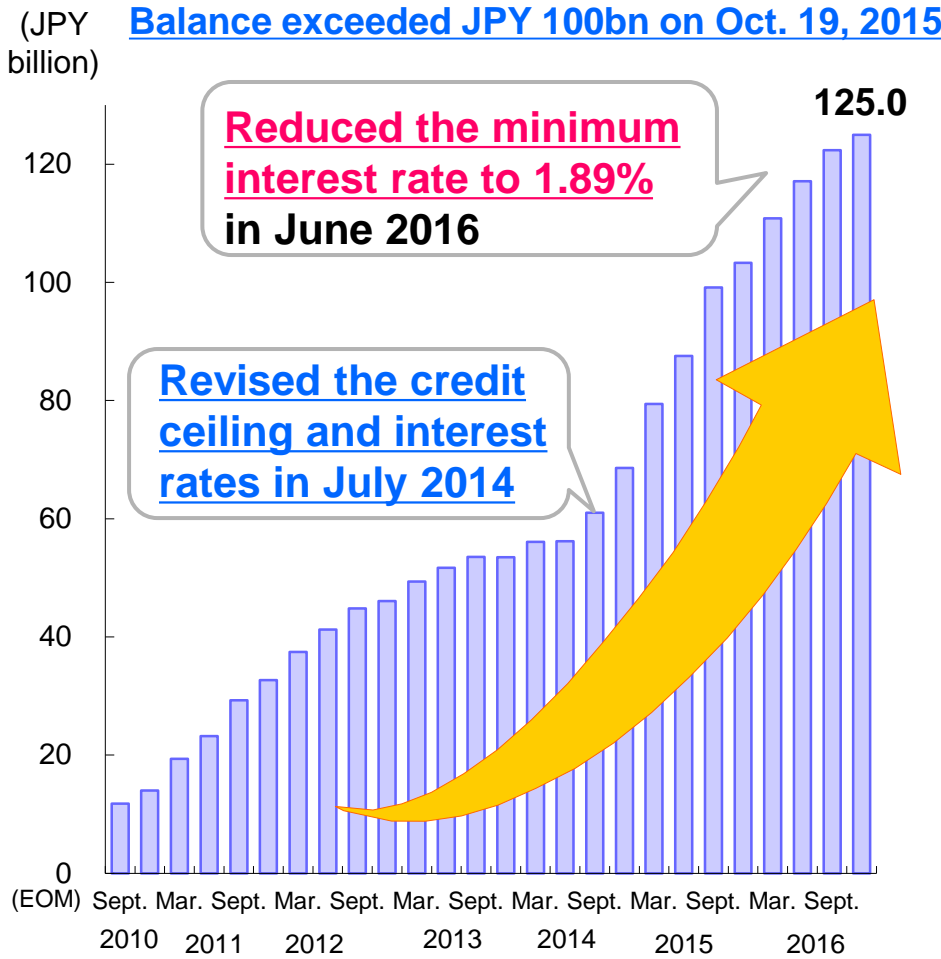
Capturing the Increasing Housing Loans Refinancing Demand, Upon the Announcement of the Negative Interest Rate Policy

Change in the number of applications for housing loans refinancings



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

Change in the Balance of Card Loans (Sept. 2010 - Dec. 2016)



Specific purpose loans

(as of the end of Dec. 2016)

Service launched in May 2013



Balance: JPY 14.6bn

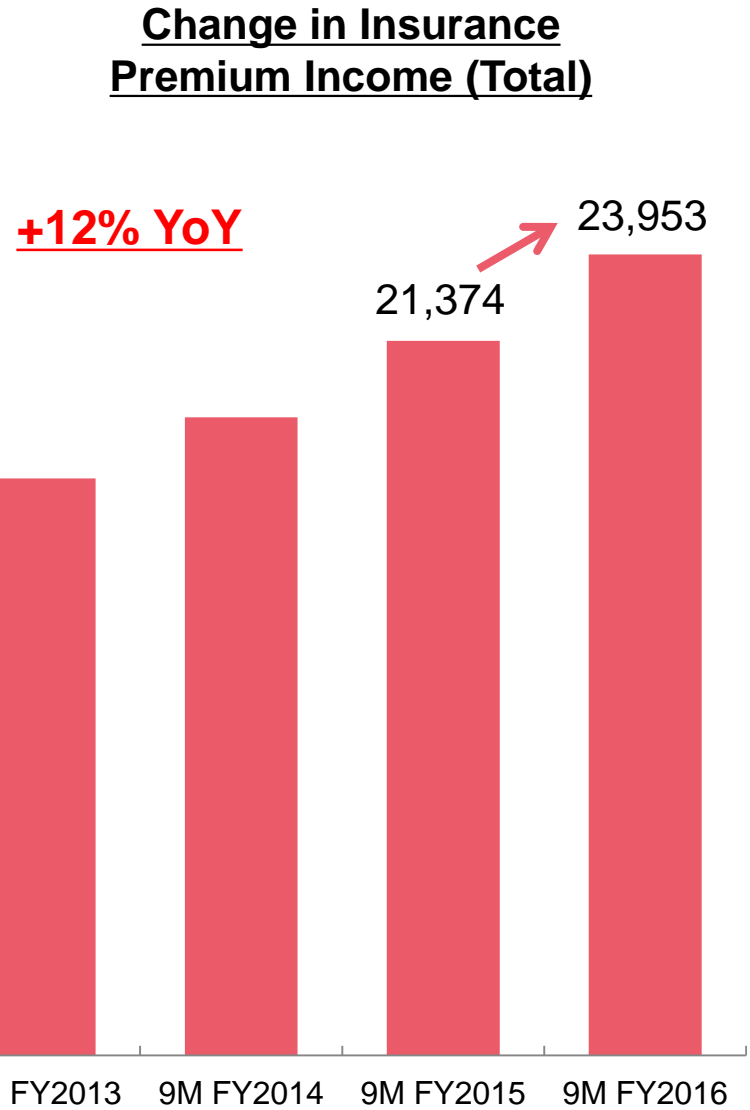
Balance of loans increased 1.2 times YoY

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' number of contracts increased by 11%, and direct premiums written were up 12% year-on-year, respectively, both showing a double-digit growth**
- **SBI Insurance's profit before income tax expense based on IFRS was JPY 139m**
- **SBI Insurance's combined ratio (underwriting basis) was 88.9%, a significant year-on-year decrease of 5.8 percentage points**
- **SBI Life Insurance has sustained a strong business performance**
- **Number of contracts at small-amount, short-term insurance companies steadily increases**

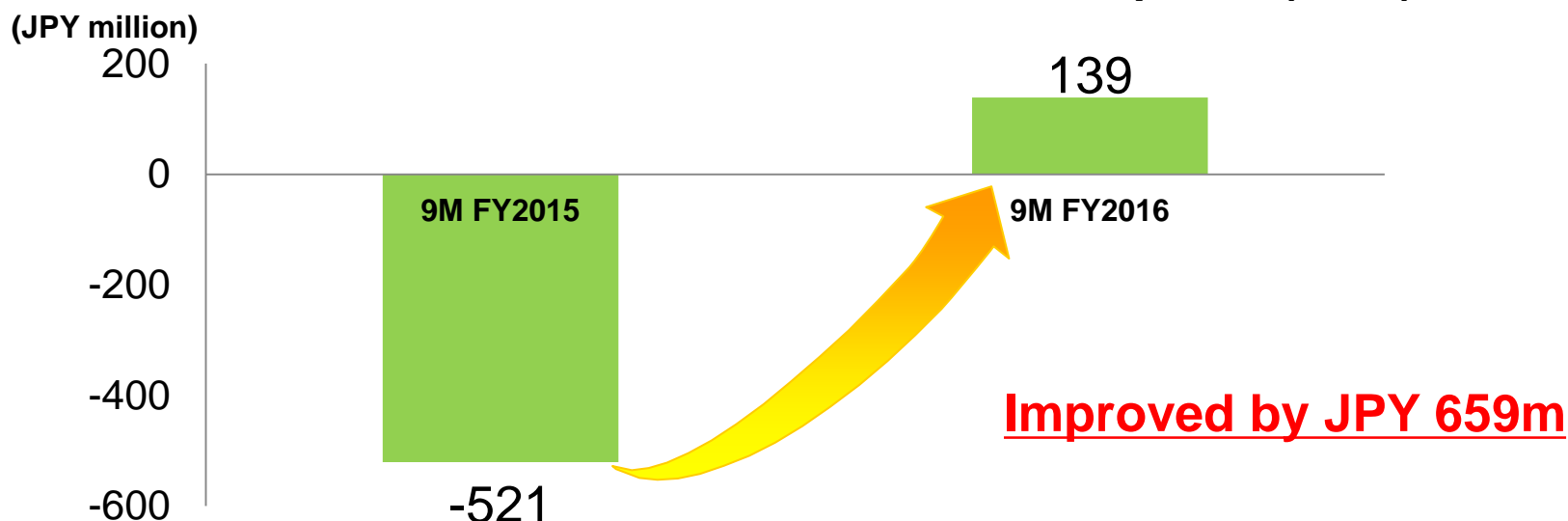
SBI Insurance's Number of Auto Insurance Contracts and Insurance Premium



* 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 9M FY2016

SBI Insurance Profit before Income Tax Expense (IFRS)



Combined Ratio (Based on Direct Figures)

(Unit: %)	9M FY2015	9M FY2016	YoY Change
Loss ratio^{*1}	74.0	<u>70.1</u>	<u>-3.9</u>
Operating expenses ratio^{*2}	20.7	<u>18.7</u>	<u>-2.0</u>
Combined ratio	94.7	<u>88.9</u>	<u>-5.8</u>

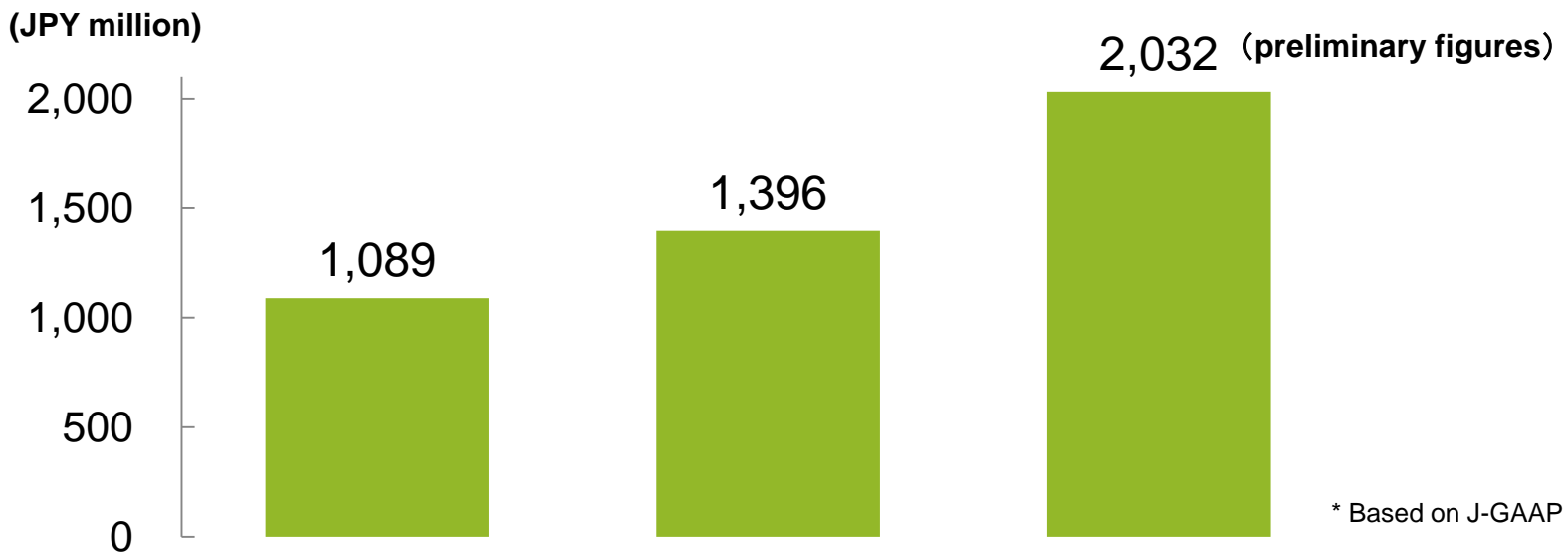
*1 Loss ratio (%) = (Direct net insurance payment + Loss adjustment expenses) / Direct premium written X 100

*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 9M FY2016

The Trend of Ordinary Income*



* Based on J-GAAP

Solvency margin ratio(%)	1,136.6	1,296.5	1,221.5 <small>*As of Sept. 30, 2016</small>
	9M FY2014	9M FY2015	9M FY2016

The number of contracts: approx. 110 thousand
(annualized premium: JPY 8,112m)

*As of Dec. 31, 2016

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

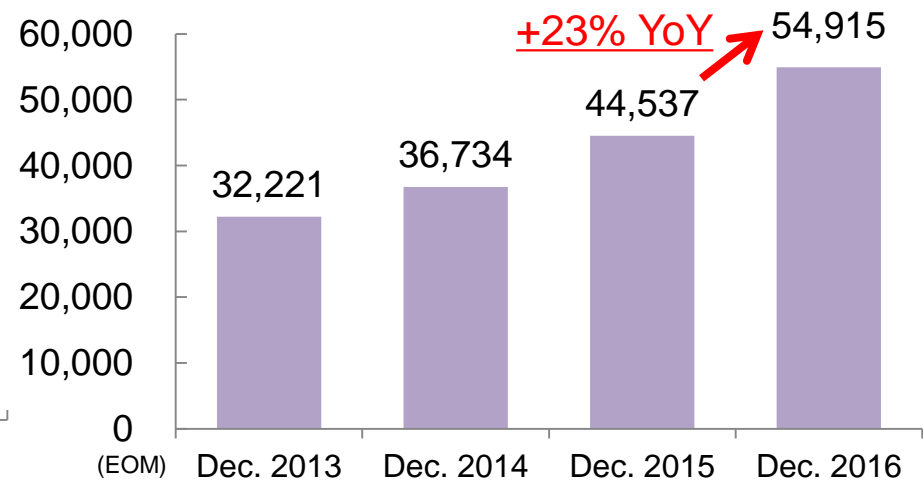
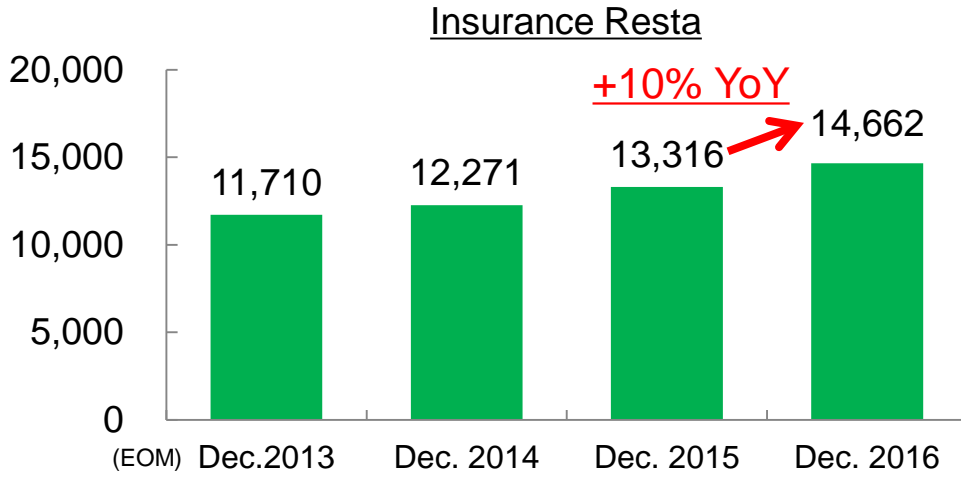
Number of Contracts of the Small-amount, Short-term Insurance Companies

SBI リスタ少額短期保険 (Acquired in Mar. 2012)
 [SBI Resta SSI: Earthquake indemnity insurance]

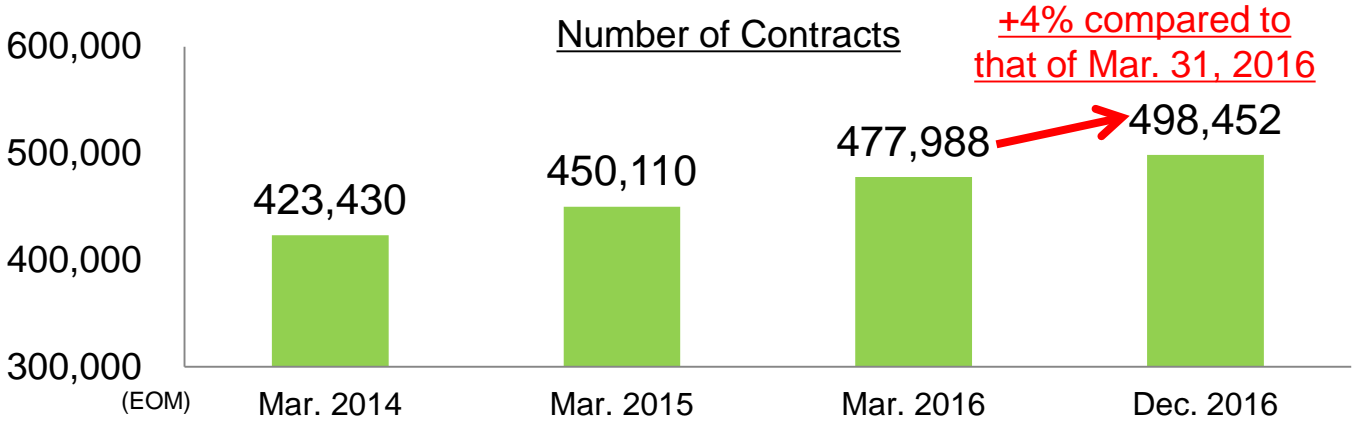
SBI いきいき少額短期保険 (Acquired in Mar. 2013)
 [SBI IKI IKI SSI: Death insurance, Medical insurance]

Number of Contracts of Earthquake Indemnity

Number of Contracts



日本少額短期保険株式会社 (Acquired in Sept. 2016)
 [Nihon SSI: Home content insurance, Bike insurance, Bicycle insurance, Reform insurance]



(2) Asset Management Business

- 9M FY2016 profit before income tax expense for the Asset Management Business increased JPY 7,024m year-on-year
- SBI SAVINGS BANK of South Korea's net income based on K-GAAP achieved an historical high, including the period before consolidation
- Morningstar Japan achieved a net sales increase for five consecutive years, and both operating income and net income recorded an increase for seven consecutive years, as well as an ordinary income increase of eight consecutive years

Asset Management Business' Financial Results Breakdown

(IFRS, JPY billion)

	9M FY2015	9M FY2016
Revenue	54.9	60.1
Profit before income tax expense	2.6	9.6
Profit/loss from the change in fair value and profit/loss on sales of investment securities	0.1	3.4



**Details of profit/loss from the change in fair value
and profit/loss on sales of investment securities in 9M FY2016**

(JPY billion)

	9M FY2016
<u>Domestic Securities</u>	5.2
<u>Overseas Securities</u>	-1.8

FY2016 Prospective IPOs and M&As of the SBI Group Investee Companies

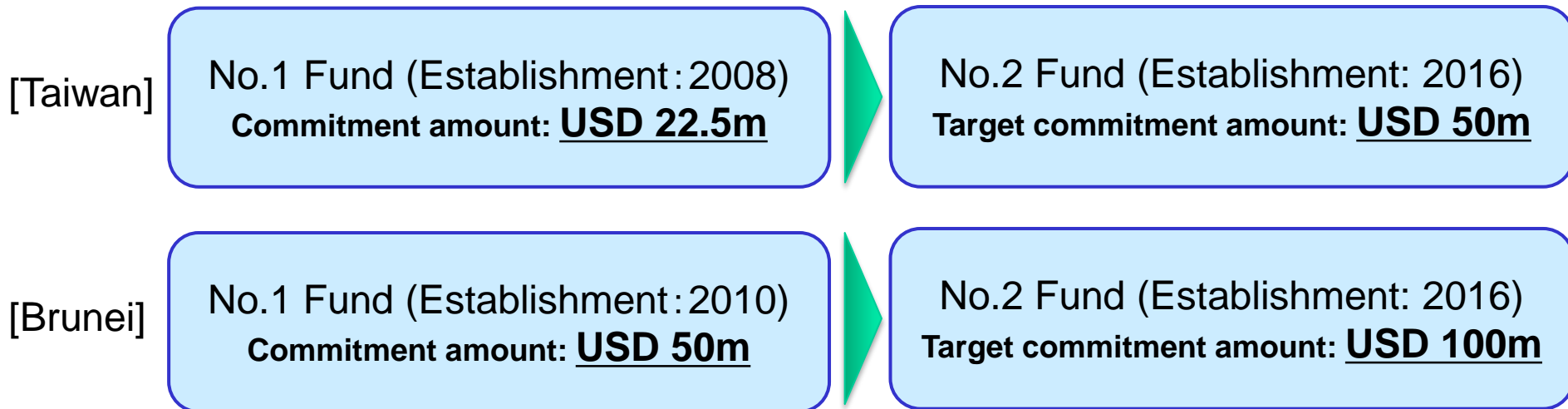
	Full-year FY2015	Full-year FY2016 prospects
IPO·M&A deals	16	17

In FY2016, 8 companies were IPO'd and 3 companies were M&A'd

EXIT Date	Company	Market (Country)	EXIT Date	Company	Market (Country)
July 25	SKCS	KONEX (South Korea)	Nov. 11	SUGENTECH	KONEX (South Korea)
Aug. 1	Kadmon Holding LLC	NYSE (U.S.)	Nov. 29	Sinqi	China GEM (China)
Aug. 8	Carver Korea	M&A	Dec. 16	Sincere	TSE Mothers
Sept. 19	GL Pharm Tech	M&A	Dec. 20	RenetJapanGroup	TSE Mothers
Sept. 21	Taraashna Services Private Limited	M&A	Dec. 21	GRACE TECHNOLOGY	TSE Mothers
Sept. 29	YOUCEL	KONEX (South Korea)			

In the Investment Business, Expanding the Operational Scale of Funds Primarily in the Asian Region

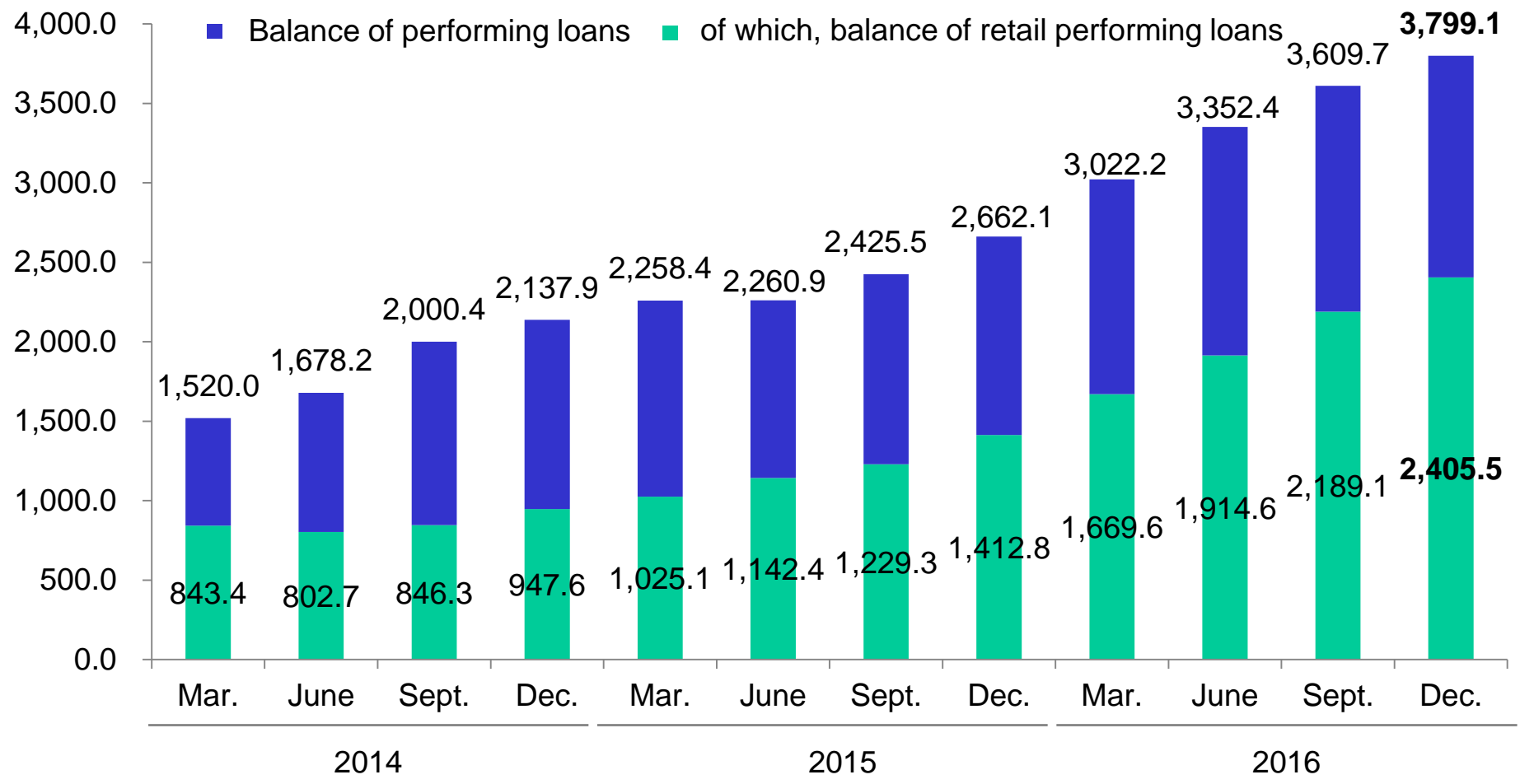
- **SBI Investment KOREA of South Korea, determined in 2016 to establish funds which amounts up to KRW 346.0bn (approx. JPY 31.1bn), and is already managing funds that total KRW 231.0bn (approx. JPY 20.7bn), as of Dec. 2016** * Converted at KRW 1 = JPY 0.09
- **In Taiwan and Brunei, established the No.2 fund that is larger in size than the No.1 fund, respectively**



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

Balance of Performing Loans*

(KRW billion)

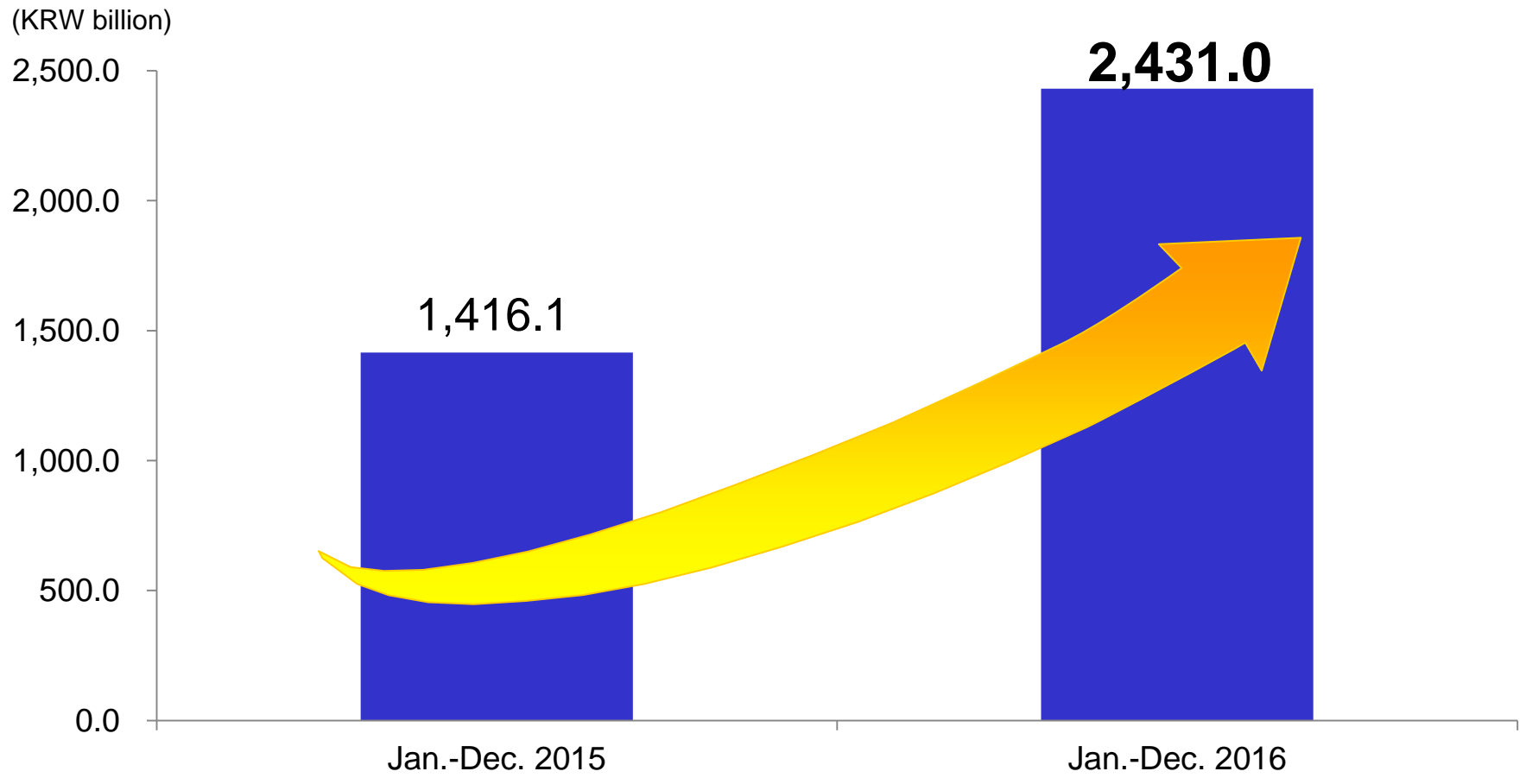


* Based on K-GAAP

The New Retail Credits Increased 71.7% Year-on-year

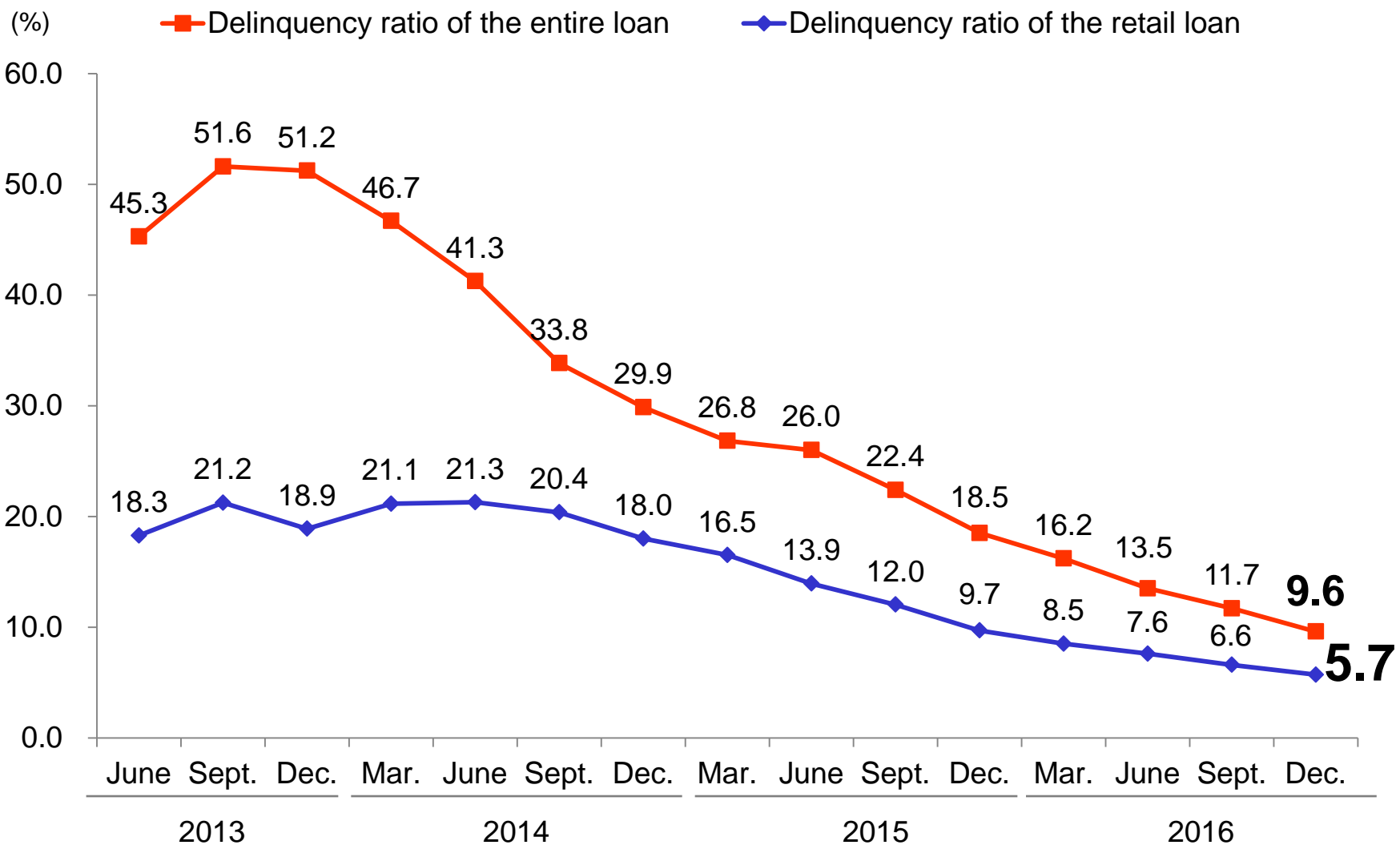
-Medium interest rate credit loan product

“Cyder (interest rates: 6.9%-13.5%)” increased steadily-



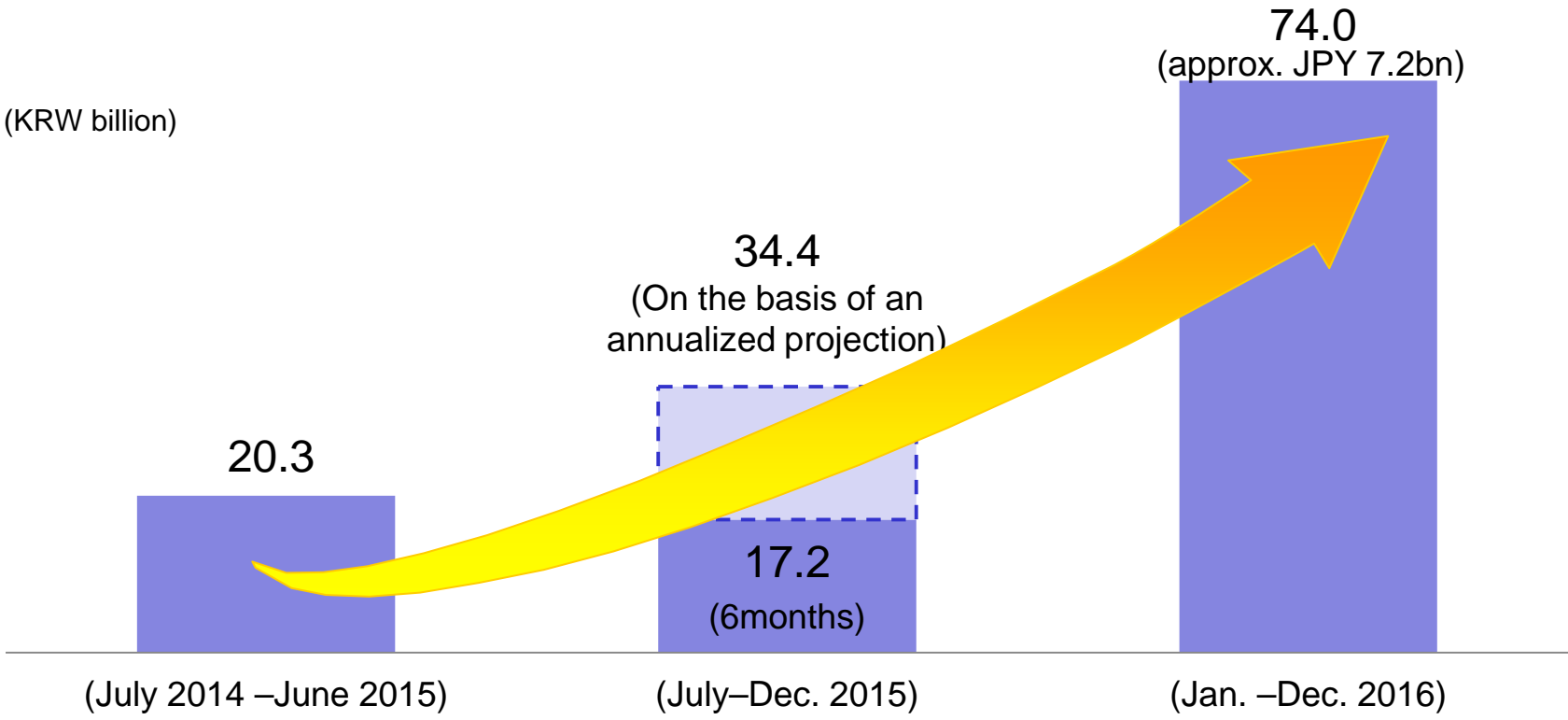
* Based on K-GAAP

The Overall Delinquency Ratio Decreased to Less Than 10% as Promised



* Based on K-GAAP

Net Income Achieved an Historical High, Including the Period before Consolidation, Based on K-GAAP



Will improve the earnings capacity and expand corporate value, and a partial sale of equity or an IPO in the future will be considered

*1 The result for 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

Morningstar Japan's Financial Results for 9M FY2016

In addition to the fifth consecutive net sales increase, operating income and net income both increased for the seventh consecutive year, with ordinary income increasing for the eighth consecutive year, and operating income and ordinary come achieving record highs for the fifth consecutive year




Consolidated Results (J-GAAP)

(Unit: JPY million)

	9M FY2015 (Apr. 2015 – Dec. 2015)		9M FY2016 (Apr. 2016 – Dec. 2016)		YoY % change
	Amount	Income margin (%)	Amount	Income margin (%)	
Net Sales	3,483	-	3,500	-	+0.5
Operating Income	1,028	29.5	1,151	32.9	+12.0
Ordinary Income	1,030	29.6	1,189	34.0	+15.5
Net Income	678	19.5	802	22.9	+18.3

(3) Biotechnology-related Business

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

	9M FY2015 (Apr. –Dec. 2015)	9M FY2016 (Apr. –Dec. 2016)	(JPY million)
Total of the Biotechnology-related Business	-2,453	-5,947	
SBI Biotech	-249	 758	①
Quark Pharmaceuticals (“Quark”)	-672	-5,232	②
5-ALA-related business	-1,276	-240	
SBI Pharmaceuticals	-940	 49	③
SBI ALApromo	-239	-208	
photonamic *Consolidated in Jan. 2016	-	 1	④
SBI ALA Hong Kong	-1	-53	
Suzhou Yian Biotech	-96	-29	
Others/consolidation adjustments	-256	-963	

- ① SBI Biotech achieved profitability on a quarterly basis for the third consecutive quarters, and expects to achieve profitability on a single fiscal year basis as well, owing to the receipt of an upfront payment from the conclusion of a license agreement with Kyowa Hakko Kirin Co., Ltd., among other factors
- ② Quark recorded a year-on-year increase in 9M 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
- ③ SBI Pharmaceuticals maintained its profitability, owing to upfront payments in 2Q FY2016, from the out-licensing of diabetes and malaria therapeutics
- ④ photonamic will record milestone payments that were scheduled to be paid from partner companies in 3Q, and other licensing payments in 4Q

SBI Biotech Concludes an Exclusive License Agreement with Kyowa Hakko Kirin Co., Ltd for SBI-9674 -Receives an upfront payment recorded in 3Q-

SBI grants Kyowa Hakko Kirin an exclusive license for SBI-9674, a therapeutic agent for autoimmune diseases, for the development, manufacture, distribution, etc., on a worldwide basis



Kyowa Hakko Kirin Co., Ltd

Research and development of immunotherapeutic drugs for cancer and autoimmune diseases

Placing "Immunity / Allergy" category as one of the cores of its research and development

SBI Biotech received an upfront payment from Kyowa Hakko Kirin. Going forward, SBI Biotech will receive royalties from development and distribution milestones, as well as from product sales by Kyowa Hakko Kirin

Maximize the value, and accelerate the development and commercialization of SBI-9674

SBI Pharmaceuticals Received the Minister of Economy, Trade and Industry Award, at the 10th Japan Bioventure Awards -Sponsored by Fuji Sankei Business i (Nihon Kogyo Shimbun)-



Japan Bioventure Awards:

This award is conferred on advanced venture companies that commercialize and forge ahead with management of creative bio-related technologies, products and services. Leading-edge, original bio-businesses are recognized through impartial judging of the novelty, originality, marketability, social characteristics, global reach and other aspects of their businesses, products and technologies.

It appears that the award received was **the result of a material evaluation of the various research and development projects conducted utilizing 5-ALA**

Examples:

- **Practical application of photodynamic diagnosis (PDD) used for visualization of tumor tissue**
- **Progress in photodynamic therapy (PDT) for cancers, etc., in cooperation with domestic and overseas research institutions**
- **Discovery of the effect on diabetes, and the out-licensing of therapeutic drugs for diabetes and malaria infection to Neopharma, an UAE pharmaceutical company**

SBI ALApromo's "ALAplus Tou (Sugar) Down"

(Launched in Dec. 2015) **Won Several Awards**



The 29th Hit Products and Spotlight Products Awards

(announced in Jan. 2017)

Won the **"Excellence Award for the Hit Item Awards (in the category of health foods/supplements)"**

"Hit Products and Spotlight Products Awards":

Selected by the voting of 56 drugstore chain companies nationwide, including 12 companies of Yachiyokai's wholesale company and the sponsorship of the Japan Chain Drug Store Association



The 1st Foods with Function Claims / Market Contribution Grand Prize (announced in Dec. 2016)

Received **"Award for the shining naming and promotion"**

"Foods with Function Claims / Market Contribution Grand Prize ":

Health Business Magazine established the award to honor hit products that contribute to the cognitive enhancement of foods with function claims, and the awareness of health information to consumers

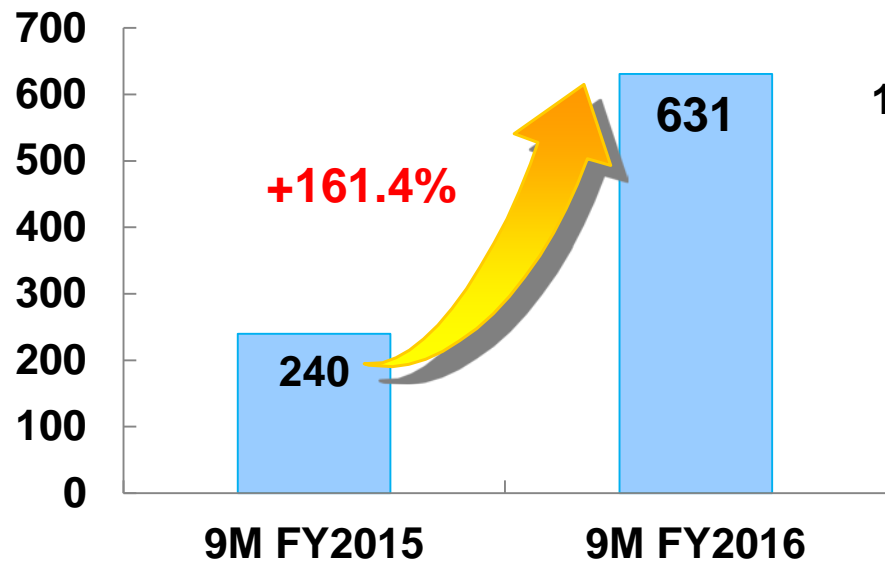
Reason for the selection of "Award for the shining naming and promotion":

An award given to products that excited the market with attractive naming and promotions

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

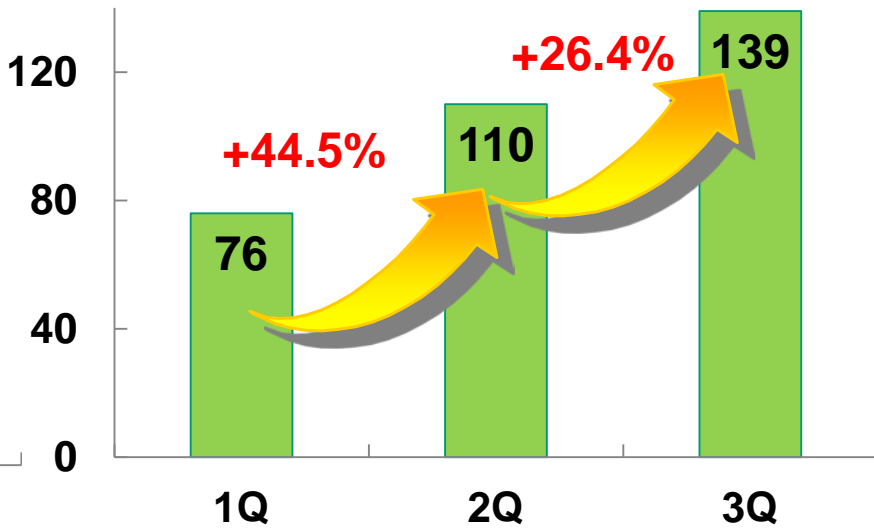
Change of sales of SBI ALApromo

(JPY million)



Change of sales of "ALAplus Tou (Sugar) Down"

(JPY million)



Among the 619 foods with function claims received by the Consumer Affairs Agency, "ALAplus Tou (Sugar) Down" (30 capsules) was ranked 14th and 10 capsules was ranked 25th in sales, in Nov. 2016 (Published in the Jan. 2017 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

II. The SBI Group's Priority Management Issues and the Evolution of Business Strategies Since Its Establishment in 1999

-Achieving dramatic growth since its establishment by forming a precise structure-

The SBI Group's Priority Management Issues and the Evolution in Business Strategies for Resolution ①

Priority management issues

- 1. Enhancing customer satisfaction and competitive advantages to establish an overwhelming customer base**
- 2. Achieving sustainable growth in revenue and profit**

Business strategies for resolution

- (1) Establishing a “Financial Ecosystem” (FinTech 1.0) throughout various financial services businesses, and thoroughly pursuing Group synergies**
-FinTech 1.0 completed in 2016-
- (2) Creating new businesses for the FinTech 1.5-2.0 era**

<Initiatives in the Financial Services Business>

- (1) Significantly reduce the reliance on stock brokerage trading value of the securities-related business**
- (2) Enter and expand the banking and insurance businesses, which are less affected by the effects of the stock market**

<Initiatives out of the Financial Services Business>

- (3) Advance into the Biotechnology-related Business, which is a defensive industry**
- (4) Through a global business expansion, diversify earnings sources and the associated risk**

The SBI Group's Priority Management Issues and the Evolution in Business Strategies for Resolution ②

Priority management issues

3. Expanding the network value

Business strategies for resolution

- (1) Collaborating with regional financial institutions through the establishment of the “FinTech Fund,” and collaborating with investee venture companies in the FinTech field
- (2) Strengthening relationships with regional financial institutions through the newly established “SBI Regional Bank Value Creation Fund”
- (3) Promoting an open innovation in collaboration with IBM Japan
- (4) Creating a next generation remittance system through “The Japan Bank Consortium to Central Provide Domestic and Cross-border Payment,” which was established with 43 Japanese banks
- (5) Expanding the API Economy in collaboration with external companies

The SBI Group's Priority Management Issues and the Evolution in Business Strategies for Resolution ③

Priority management issues

Business strategies for resolution

4. Thorough cost reduction

- (1) Promote “Brilliant Cut Initiative” and thoroughly utilize “Selection and Concentration” principle
- (2) Endeavor to significantly reduce system costs through the establishment of an in-house system development company, and to promote the development of a system unique to the SBI Group, for internal and external use

5. Actualizing intrinsic corporate value, and endeavoring to further enhance shareholder returns

- (1) Promote the IPOs of Group subsidiary companies, to actualize intrinsic corporate value
- (2) Change of the fundamental policy for shareholder returns to further enhance shareholder returns



Endeavoring to become a lead runner in each field by resolving abovementioned issues, as well as by being fully equipped with the new technologies of the FinTech 1.5-2.0 era

1. Enhancing customer satisfaction and competitive advantages to establish an overwhelming customer base

- (1) Establishing a “Financial Ecosystem” (FinTech 1.0) throughout various financial services businesses, and thoroughly pursuing Group synergies**
 - FinTech 1.0 completed in 2016-**
- (2) Creating new businesses for the FinTech 1.5-2.0 era**

**(1) Establishing a “Financial Ecosystem”
(FinTech 1.0) throughout various
financial services businesses, and
thoroughly pursuing Group synergies
-FinTech 1.0 completed in 2016-**

The Business Ecosystem

The most desirable form of an organization that possesses the requisite efficiency and competitiveness

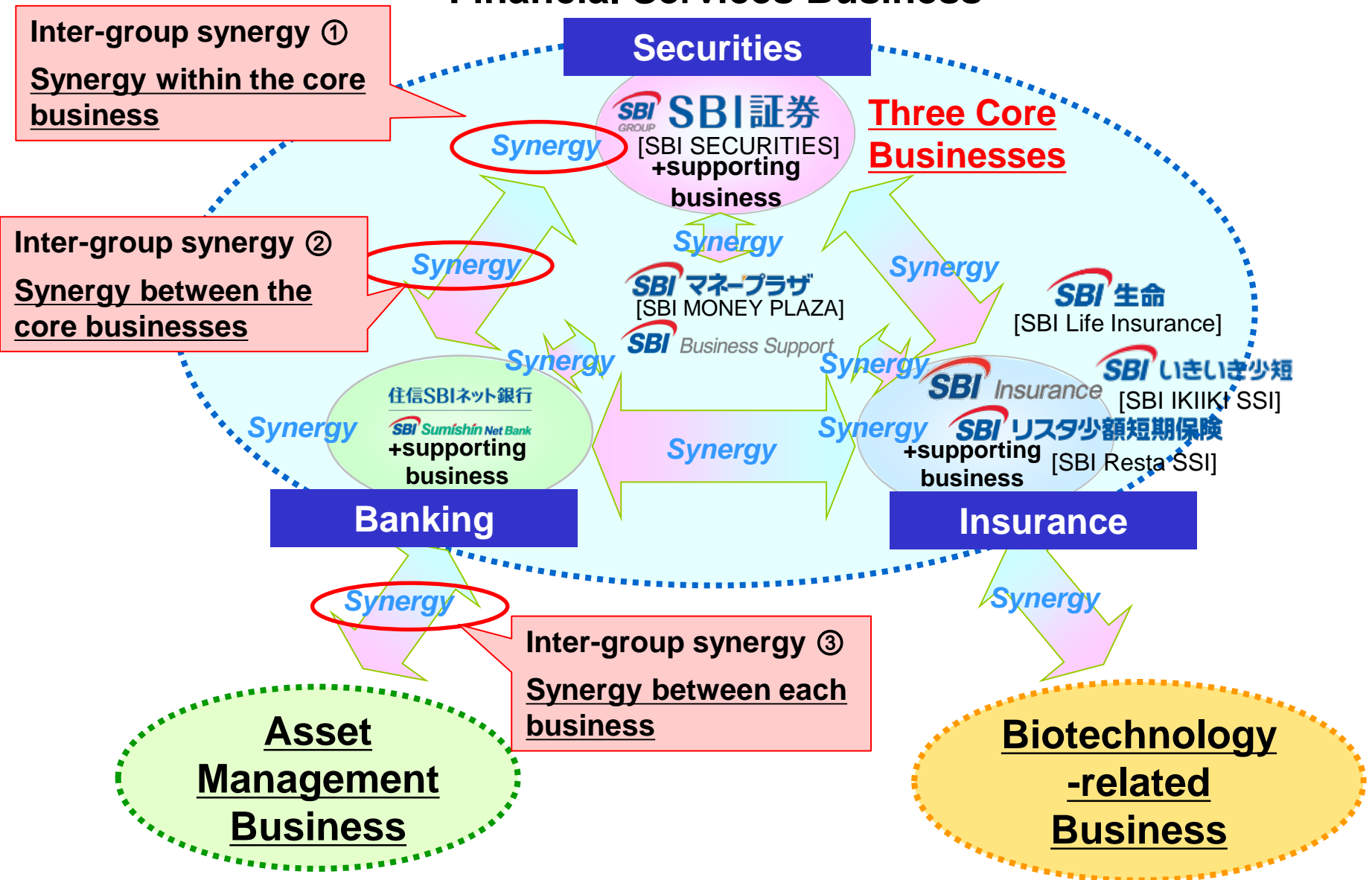
A business ecosystem is an economic community based on the interaction of organizations and individuals



In a business ecosystem, a company is not a member of one industry, but a company belongs to diverse industries. This relationship activates synergies and stimulates mutual growth.

The SBI Group Pursues Various Inter-group Synergies **SBI** Holdings

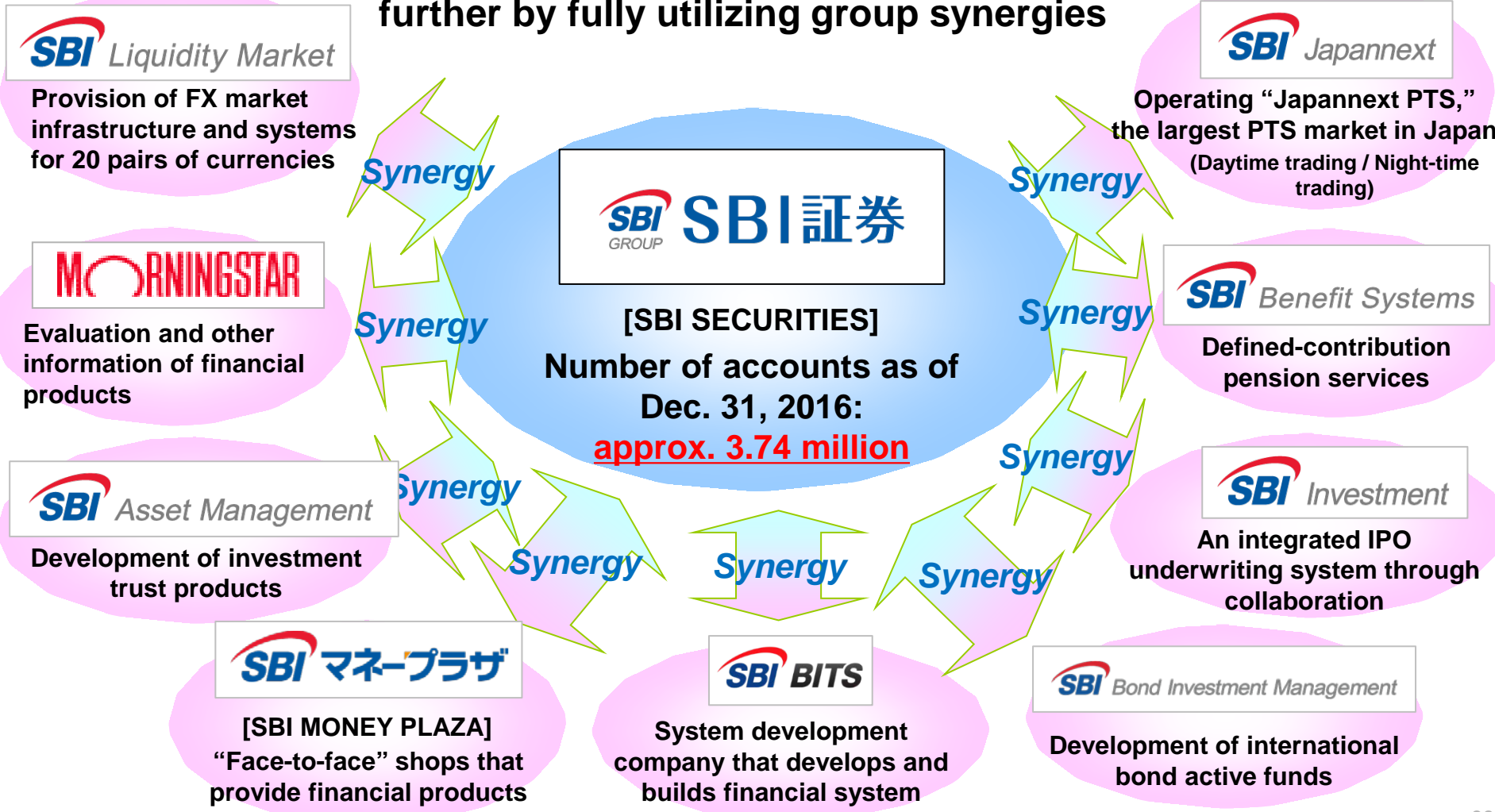
“Financial Ecosystem” in the Financial Services Business



Group Synergy with Core Business and Its Various Supporting Companies

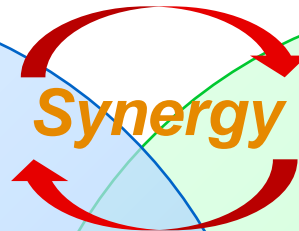
SBI SECURITIES and its various supporting companies

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



Example of Group Synergy at SBI SECURITIES and SBI Sumishin Net Bank

Asset
Management



Deposit &
Settlement

Examples of Affiliation Services:

Aggregation functions

Simultaneous display of accounts of SBI Sumishin Net Bank and SBI SECURITIES. Easy access to stock trading platform of SBI SECURITIES, with one click on the Bank's stock information page

Automatic transfer services for additional margin deposits

Automatic cash transfer from a yen savings account at SBI Sumishin Net Bank to an account at SBI SECURITIES when additional margin deposits are needed

SBI Hybrid Deposits (Automatic deposits and withdrawals of stock trading deposits)

SBI Hybrid Deposit balance can be integrated into available deposit balance for stock trading, margin trading, and actual receipt of stock purchased at SBI SECURITIES

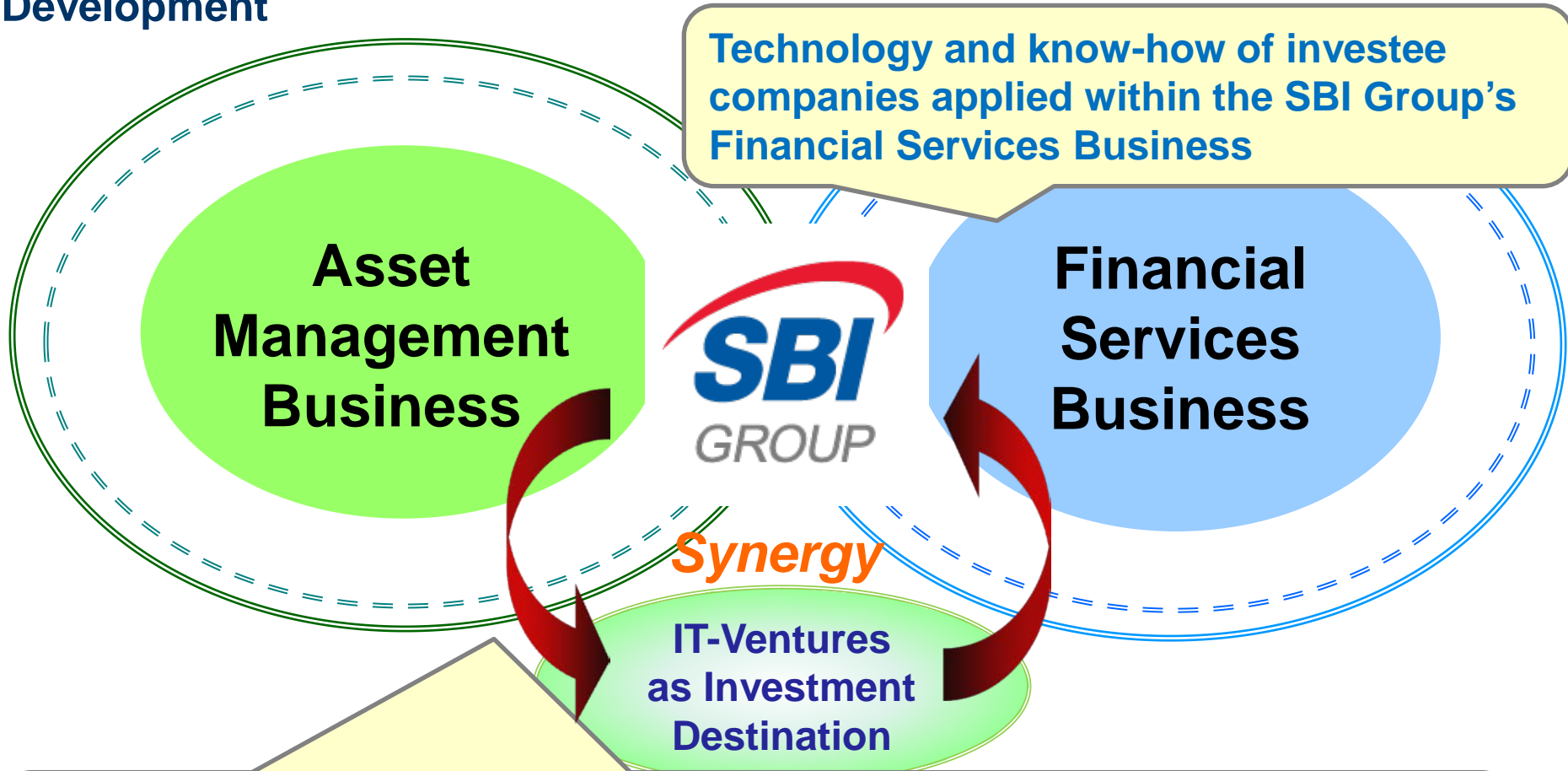
One-time account opening

One-time account opening at both SBI Sumishin Net Bank and SBI SECURITIES



Solid customer base of SBI SECURITIES contributes to an increase in the number of accounts and deposit amount at SBI Sumishin Net Bank

IT Focused Investments Positively Impacted Both the Asset Management Business and the Financial Services Business, and Contributed to their Development



Technology and know-how of investee companies applied within the SBI Group's Financial Services Business

Asset Management Business

Financial Services Business

SBI GROUP

Synergy

IT-Ventures as Investment Destination

The Financial Services Business, which uses the Internet as its main sales channel, is deepening the Group's knowledge of IT technologies and leading to more precise investing and high performance (average IRR of 13.1%) of the operated funds established since the second half of the 1990s.

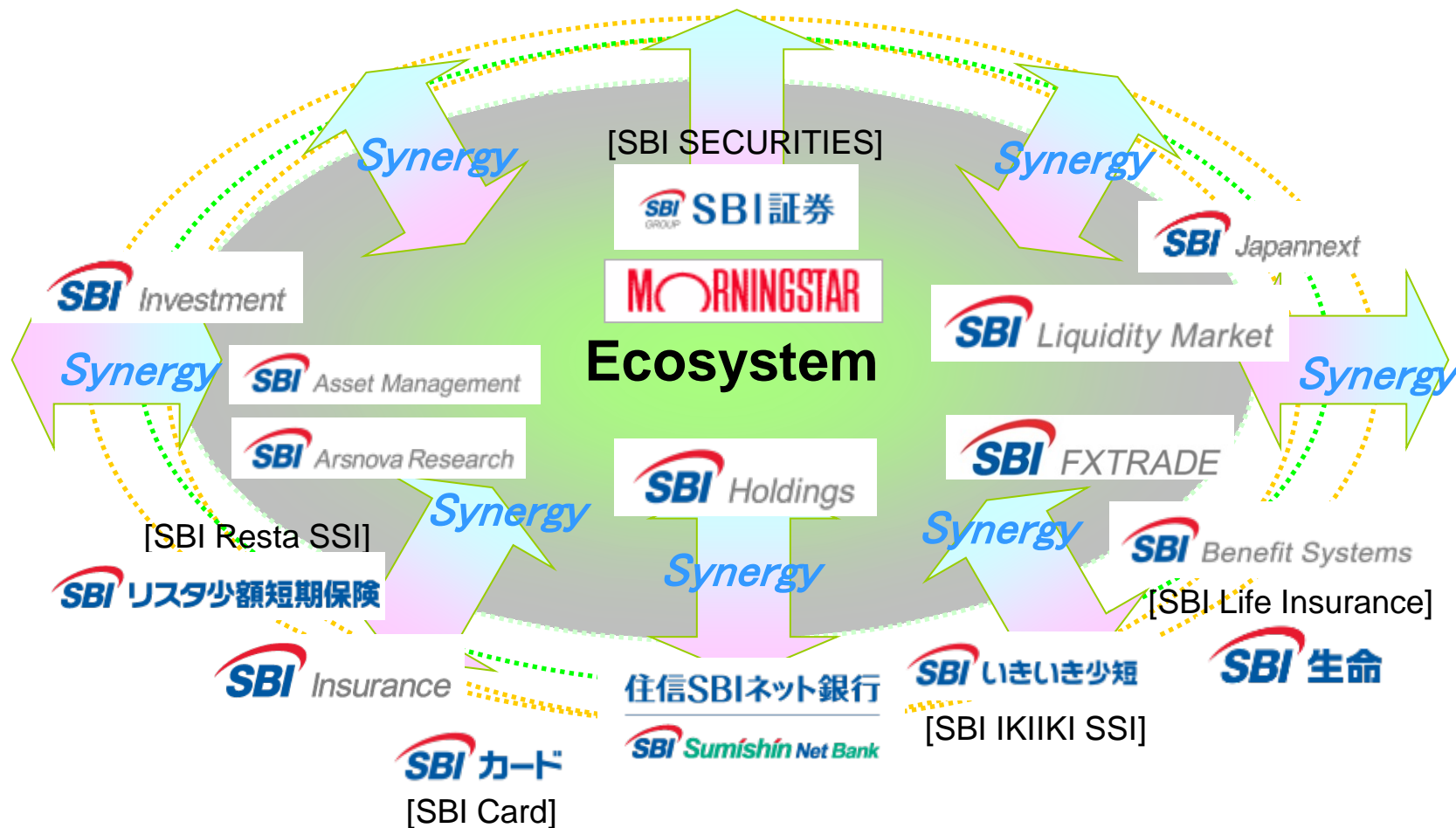
Established a Globally Unique Internet-based Financial Conglomerate (FinTech 1.0) in 16 Years Since Its Inception

Oct. 1999: SBI SECURITIES commenced online trading service

Sept. 2007: SBI Sumishin Net Bank commenced business

Jan. 2008: SBI Insurance commenced business

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



(2) Creating new businesses for the FinTech 1.5-2.0 era

- ① Organizational response to the FinTech 1.5-2.0 era**
- ② Examples of new technology introductions in the FinTech 1.5 era, and the expansion of new businesses**
- ③ Establishment of an international network based on a global standard**
- ④ Creation of new businesses, and the improvement of operational efficiencies through the utilization of blockchain, a core technology of the FinTech 2.0 era**

What is FinTech 2.0?

Along with the explosive expansion of the Internet, the SBI Group established its Financial Ecosystem 16 years after its founding

-FinTech 1.0-

Utilizing elemental technologies such as AI (Artificial Intelligence), big data, IoT, robotics, etc., within the established Financial Ecosystem

-FinTech 1.5-

A joint development of applications with FinTech companies, which connect blockchain with conventional financial systems

→ Pre-stage to completion of the Blockchain Financial Ecosystem

Provide innovative financial services, with blockchain as a core technology

→ Completion of the Blockchain Financial Ecosystem

-FinTech 2.0-

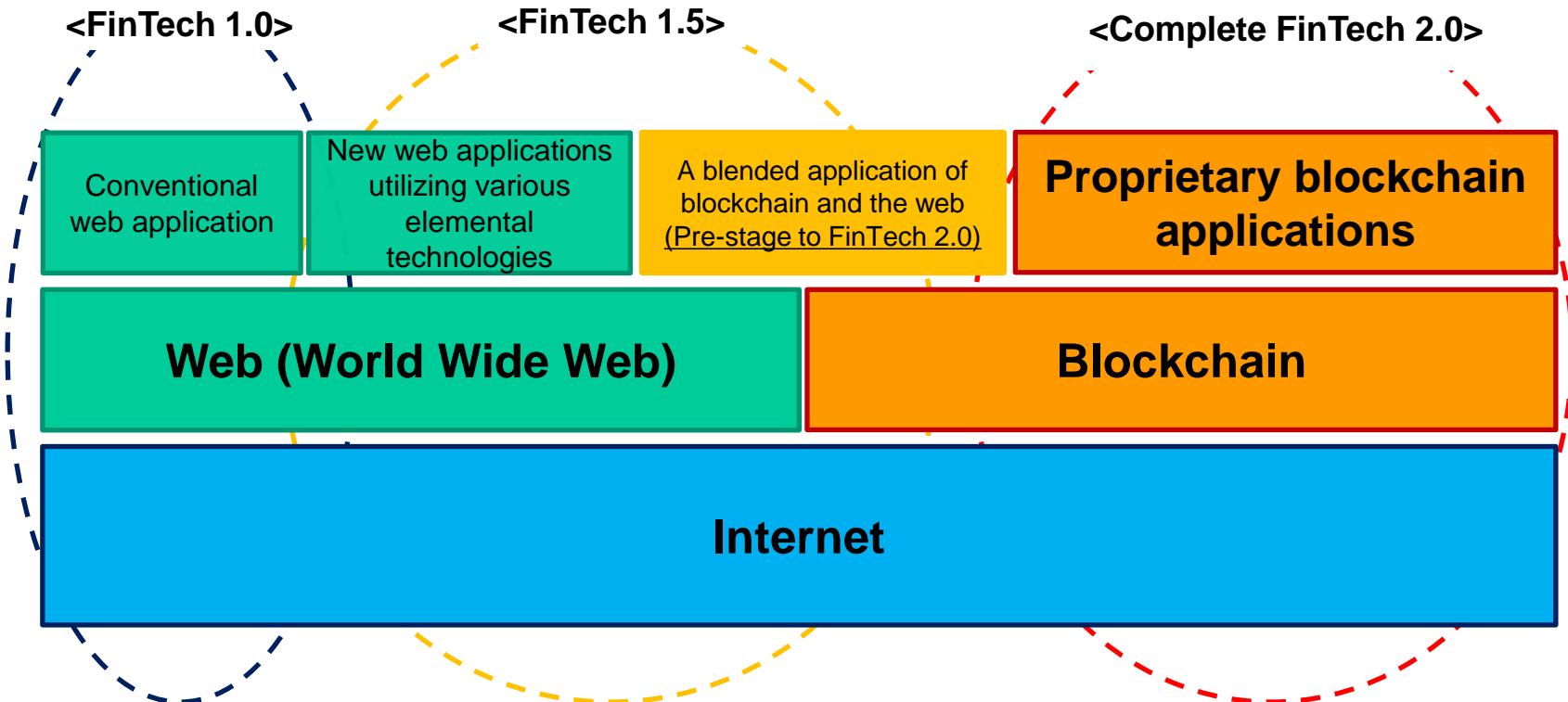
The World of FinTech 2.0 is Entirely Different from the World of FinTech 1.0 & 1.5

FinTech 1.0 & 1.5

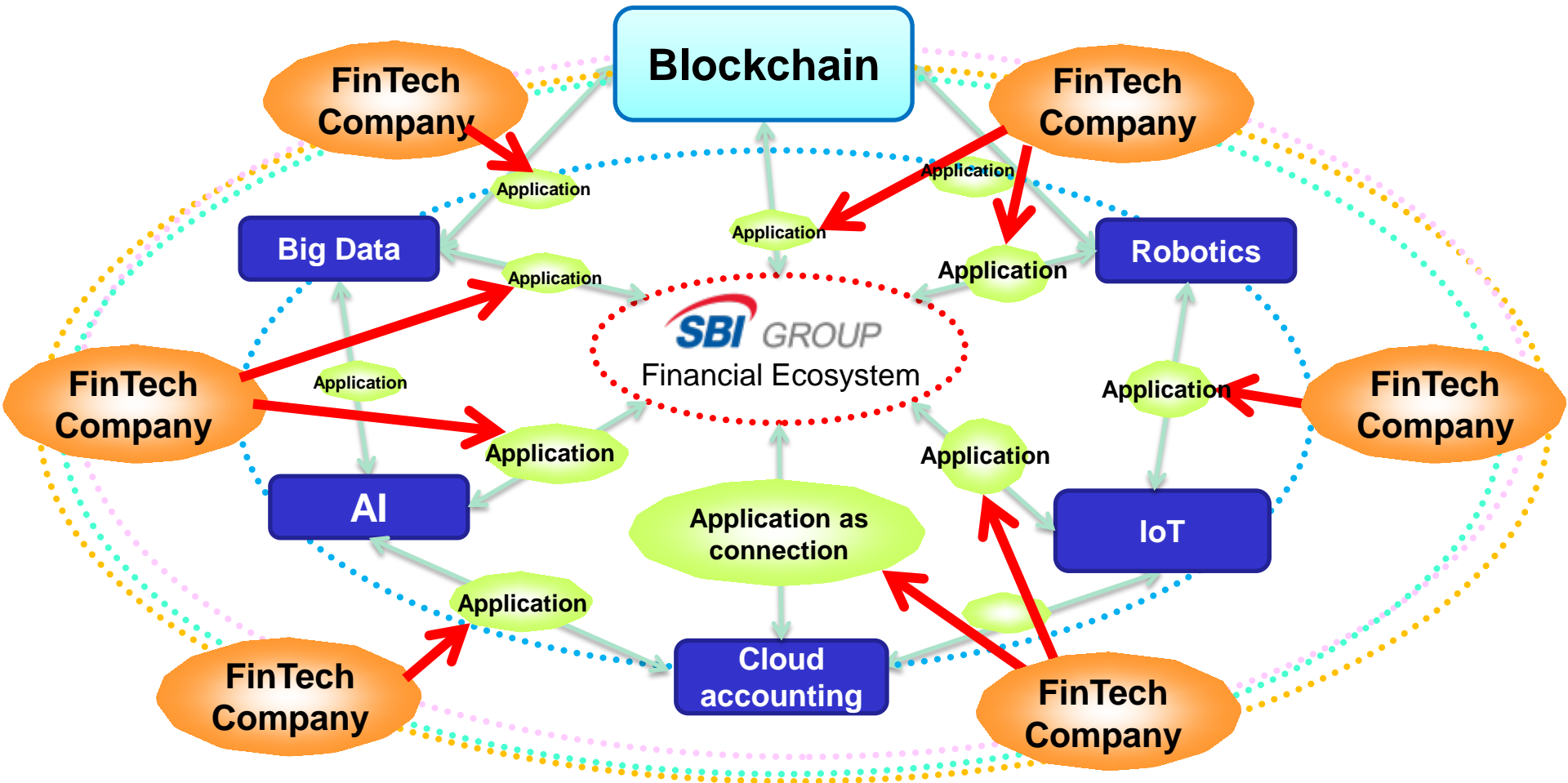
- Web presence is essential
- Exchanging information worldwide through the web
- New solutions for financial services utilizing the web are developed (FinTech 1.5)
- Utilizing the blockchain on the web

FinTech 2.0

- Blockchain is the core technology
- Enables an exchange of value on the Internet
- Web is not necessarily required



Endeavoring to Complete the Transiting Process from the Current FinTech 1.0 Era to the FinTech 1.5-2.0 Era, within 3 Years



① Organizational response to the FinTech 1.5-2.0 era

① Organizational response to the FinTech 1.5-2.0 era

CEO's Office (Big Data) established in Aug. 2012

While taking all possible security measures in the handling of customer information, the Group undertook a cross-organizational collection and analysis of its customer base of over 21 million, a vast amount of customers' transaction history and access logs, etc.

The SBI Group's big data (as of Dec. 2016)

- Examples:
- ✓ Number of page views at Group sites: 570 million PVs per month
 - ✓ 18 companies' advertisement data acquired
 - ✓ 1 billion transaction data
 - ✓ Behavior history: Access logs of 26 websites
 - ✓ Analytical base: 40TB accumulated at Hadoop*

*An open-source software framework

Blockchain Promotion Dept. established in Feb. 2016

Investigation and Research on Blockchain

- Examples:
- ✓ Conducted proof-of-concept tests, and assisted with pilot introduction for technology verification, accompanying the establishment of a joint venture with the U.S.-based Ripple (SBI Ripple Asia)
 - ✓ Supported operation of a domestic foreign exchange unification consortium
 - ✓ Gathered information through participation in the R3 international blockchain consortium, and researched distributed ledger infrastructure
 - ✓ Conducted proof-of-concept tests of Group internal KYC (identity verification) / AML (anti-money laundering) infrastructure, using Hyper Ledger Fabric blockchain

② Examples of new technology introductions in the FinTech 1.5 era, and the expansion of new businesses

- i. **SBI SECURITIES**
- ii. **Morningstar Japan**
- iii. **SBI Sumishin Net Bank**
- iv. **SBI Life Insurance**
- v. **SBI SAVINGS BANK**

② Examples of new technology introductions in the FinTech 1.5 era, and the expansion of new businesses:

i. SBI SECURITIES



Through the enhancement of robo-advisor services, supporting the neophyte investors' asset formation

➤ Partnering with WealthNavi, **launched “WealthNavi for SBI SECURITIES,”** a customized robo-advisors service on Jan. 31, 2017

- 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

➤ Launched **“SBI-FundRobo,”** a supporting tool in selecting investment trusts, in July 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

➔

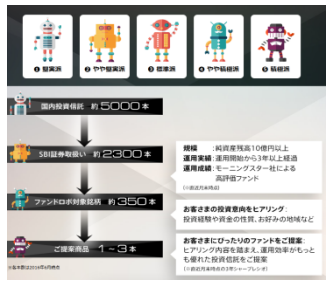
Proposes an investment trust that suits the individual's investment style

ii. Morningstar Japan

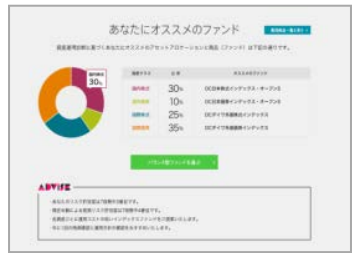
Promoting the introduction of a robo-advisor asset management tool, offered by Morningstar Japan, to major financial institutions, and others

The number of companies using Morningstar Japan's robo-advisor asset management tool increased to 15 companies through the end of the third quarter of FY2016 (Apr. 2016-Dec. 2016), a significant increase as compared to the 6 companies during the same period of the previous year

Examples of service receivers
SBI SECURITIES, Mizuho Bank, GAIA, ASATSU-DK (defined contribution pension)



SBI SECURITIES



ASATSU-DK

A service for members of defined contribution pensions

By 2020, it is predicted that the outstanding balance of robo-advisors worldwide will amount to JPY 242tn^(*1), with expectations of continued future business expansion

*1 Source: A.T.Kearny (2015) Hype vs. Reality: The Coming Waves of "Robo" Adoption
*2 Robo-advisors' outstanding balance includes temporary cash positions, etc
*3 Converted at USD 1 = JPY 110

② Examples of new technology introductions in the FinTech 1.5 era, and the expansion of new businesses:

iii. SBI Sumishin Net Bank

Launched “LENDING 1,” a business loan service based on accounting transactions, for credit card merchants
-From Oct. 3, 2016, offers the service to 7,433 credit card merchants that utilize credit card settlement services of ZEUS-


住信SBIネット銀行

 SBI Sumishin Net Bank



 SBI Axes

Settlement service provider

 **ZEUS** * 100% subsidiary of SBI AXES
 Credit Payment Service The number of merchants :
 7,433 (As of Dec. 2016)

LENDING 

Business loan service “LENDING 1”

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

- ❑ In Dec. 2016, formed a business alliance with Coiney, Inc. that offers a credit card settlement service which uses smartphones and tablet devices, named “Coiney”
- ❑ Expanding alliance partnerships by entering into full-fledged alliances with cloud accounting services such as Money Forward, freee and A-SaaS

② Examples of new technology introductions in the FinTech 1.5 era, and the expansion of new businesses:

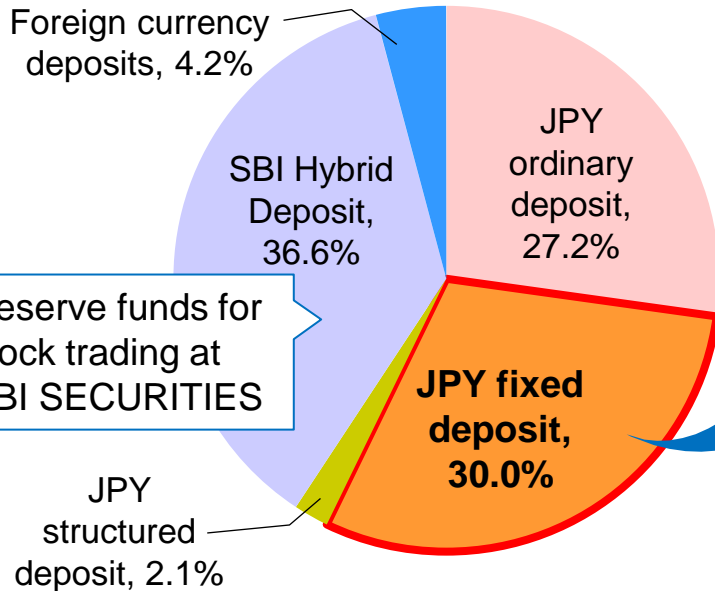
iii. SBI Sumishin Net Bank

SBI Sumishin Net Bank, in a partnership with WealthNavi, has started the provision of instant settlement service from Dec. 2016, and is in preparation for cooperation in smartphone apps along with development of Japan's first small-amount asset management service in conjunction with settlements of Visa debit with cash cards



WEALTHNAVI

Breakdown of SBI Sumishin Net Bank's deposits



Reserve funds for stock trading at SBI SECURITIES

Provision of asset formation services by robo-advisor



Balance of fixed deposit: JPY 1,200.6bn (as of the end of Dec. 2016)

Promote a shift from savings to investments

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

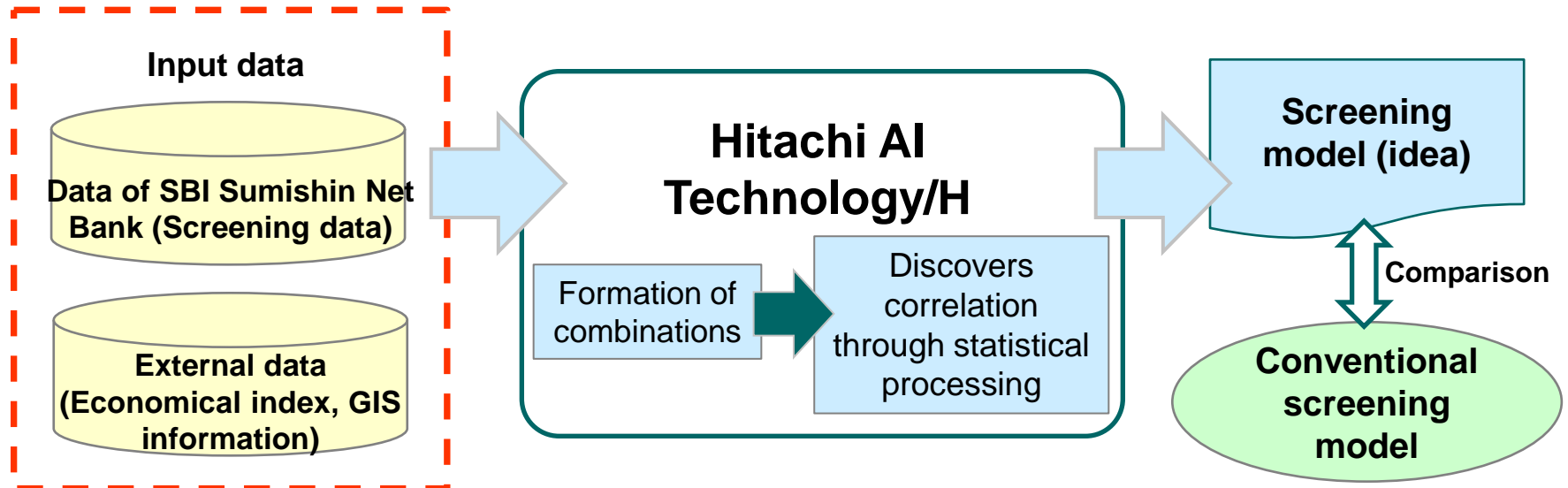
② Examples of new technology introductions in the FinTech 1.5 era, and the expansion of new businesses:

iii. SBI Sumishin Net Bank

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)



SBI Sumishin Net Bank 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



② Examples of new technology introductions in the FinTech 1.5 era, and the expansion of new businesses:

iv. SBI Life Insurance



In a business partnership with FiNC, to develop personalized insurance products, where premiums are tailored and calculated according to each policy holder’s risk and characteristics

Started offering a health management app for policyholders of Whole Life Medical Insurance “MO,” as an incentive to join the insurance, as well as for disease prevention



A technology venture company specializing in mobile health

□ “Know”

Accumulation of life log/ Various tests and analyses based on evidence

□ “Improve”

Implementation of personalized nutrition and exercise programs and solutions

□ “Continue”

Utilization of SNS and chats of experts and celebrities, courteous treatment for gym use, and consulting by expert matching

By acquiring and analyzing data that is necessary to develop personalized insurance products, will endeavor to bring about an evolution in the health monitoring of individuals and in insurance products

v. SBI SAVINGS BANK

Promoting a screening model upgrade project utilizing FinTech technology, in collaboration with the DAYLI Financial Group (formerly: Yello Financial Group), to reduce the delinquency ratio



A digital financial service company composed of many FinTech start-ups in South Korea, with an affiliated subsidiary that provides big data solutions for financial institutions through the utilization of machine learning technology

- **Through the utilization of machine learning technology, it becomes possible to further discriminate customer creditworthiness. By back data testing, it was confirmed that there were customers who can be extracted as potentially good customers, who were previously not able to get a loan based on the existing screening model**
- **The model development has already been completed, and the preparation of the IT environment for the application of the actual examination model is progressing. An early introduction by Mar. 2017 may be possible**

- ③ Establishment of an international network based on a global standard**
 - i. Participated in R3's Blockchain Consortium, as the world's first financial group whose main channel is the internet**
 - ii. Established SBI Ripple Asia on May 18, 2016, with Ripple Labs, Inc., which is developing a next generation settlement platform**

i. Participated in R3's Blockchain Consortium, as the World's First Financial Group whose Main Channel is the Internet

-Strengthening the cooperation to utilize blockchain-

- ◆ This consortium led by the U.S. R3 currently has the participation of more than 75 of the world's major financial institutions
- ◆ This represents the world's largest working group that is endeavoring towards the optimization of the financial markets, utilizing blockchain
- ◆ Currently, proactively incorporating into the operations and validating the technology, along with proceeding with demonstration tests

From Japan, SBI Holdings announced its new participation in the consortium in Mar. 2016, in addition to the 4 major Japanese financial institutions already joining the consortium

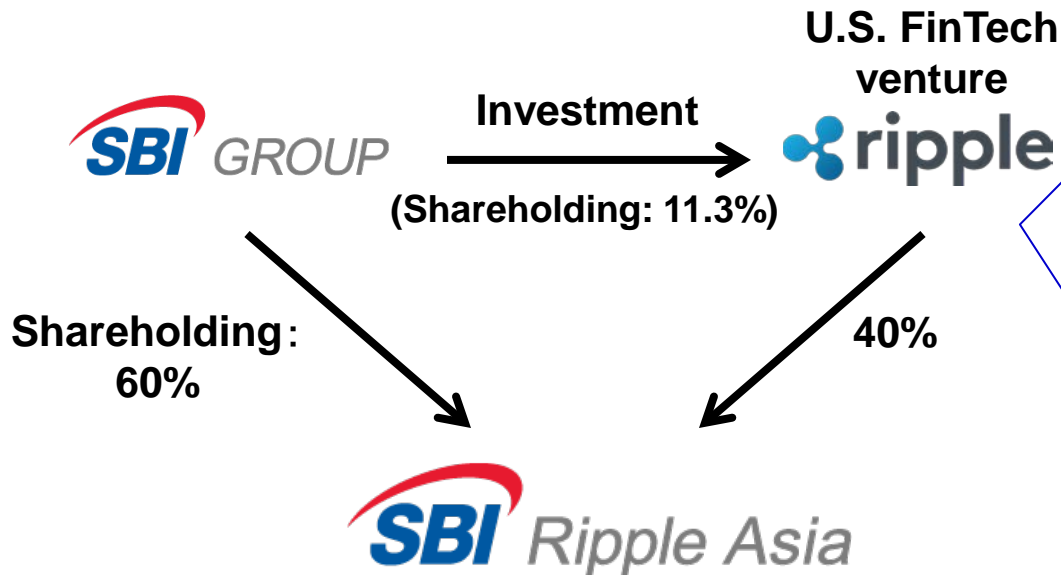
Participating Institutions (Excerpt)

Bank of America, Barclays, BBVA, BNP Paribas, Citi, Commerzbank, Credit Suisse, Deutsche Bank, J.P. Morgan, HSBC, Royal Bank of Scotland, UBS, Hana Financial Group*, Itaú Unibanco Holding*, Ping An Insurance Group*, AIA Group*

Mitsubishi UFJ Financial Group, Sumitomo Mitsui Banking Corporation, Mizuho Financial Group, Nomura Holdings, SBI Holdings, Toyota Financial Services*

* Companies that announced their participation in the R3 consortium, after SBI Holdings' announcement in Mar. 2016

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



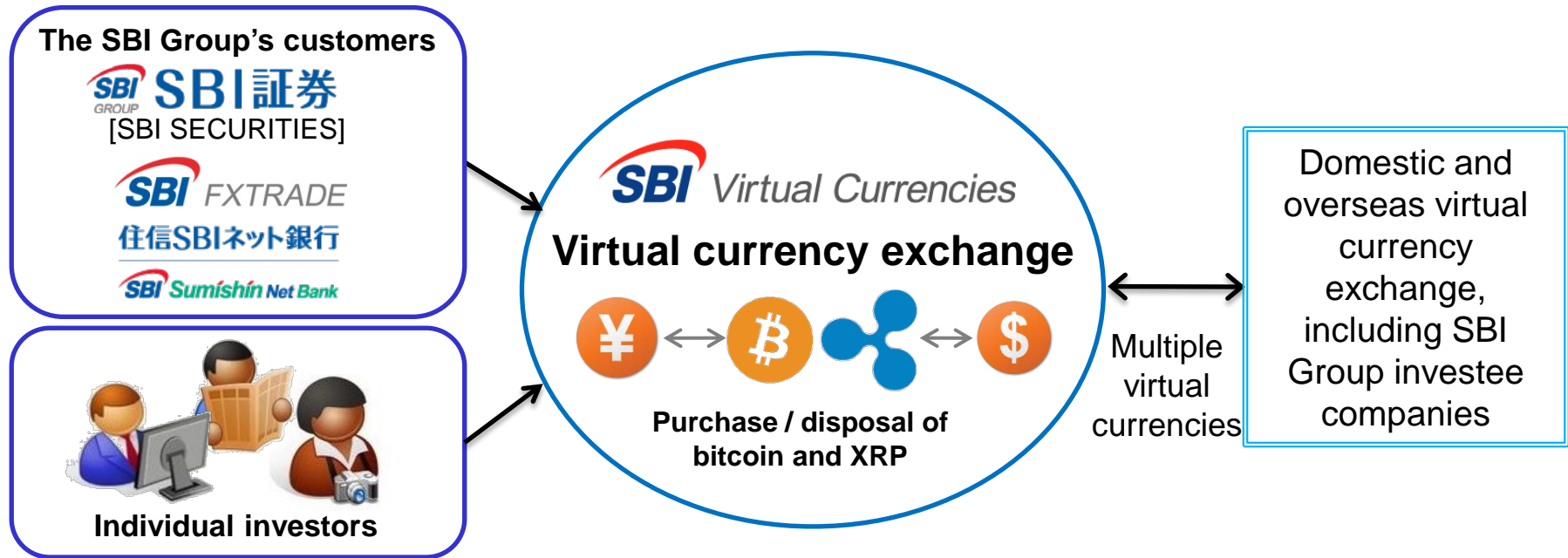
- Over 30 banks have completed the demonstration tests utilizing Ripple Connect and **banks in 9 countries are in production stage**
- Ripple received New York's BitLicense, a license to engage in virtual currency activity (June 2016)
- 6 new financial institutions are now participating in Ripple's global settlement network (Sept. 2016)
- R3, international blockchain consortium, trials interbank cross-border payments with Ripple's digital asset XRP with 12 banks (Oct. 2016)
- Bitstamp, one of the world's leading digital asset exchanges in U.K., launched trading of XRP (Jan. 2017)

- A provider of a settlement platform utilizing Ripple's distributed financial technology in Asia including Japan
- A new consortium, The Japan Bank Consortium to Central Provide Domestic and Cross-border Payment, was established (Oct. 2016)

- ④ Creation of new businesses, and the improvement of operational efficiencies through the utilization of blockchain, a core technology of the FinTech 2.0 era**
 - i. SBI Virtual Currencies**
 - ii. Securities-related business**
 - iii. SBI Sumishin Net Bank**

Established SBI Virtual Currencies, a Company Providing Exchange and Trading Services of Virtual Currencies on Nov. 1, 2016

In anticipation of the enforcement of the Payment Services (Amendment) Act, considering the **provision of services utilizing various virtual currencies, including bitcoin and Ripple's XRP**, by sequentially advancing the cooperation between virtual currency exchanges domestically and overseas



[Offering services (planned)]

- ◆ [Exchange and trading services for various virtual currencies](#), including bitcoin and XRP, [as well as regional tokens](#)
- ◆ [Exchange of SBI Coin](#) (tentative name), which will be developed within the Group, [with various virtual currencies, cash, SBI Points and gold](#)

Considering the provision of services for both virtual currencies with floating exchange rates, and those with minimal JPY and USD price spreads

*Regional token: Substitute currencies, claim receipts and vouchers distributed within the region

SBI Gold, a Provider of a Real-time Gold Trading Service, Prepares to Offer its Services

In addition to building the requisite platform, also preparing a site to support trading, so that anyone may trade with confidence



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 with SBI SECURITIES
- ◆ Planning to expand services for institutional investors, whose gold holding ratios are increasing

Gold Bullion International LLC.:

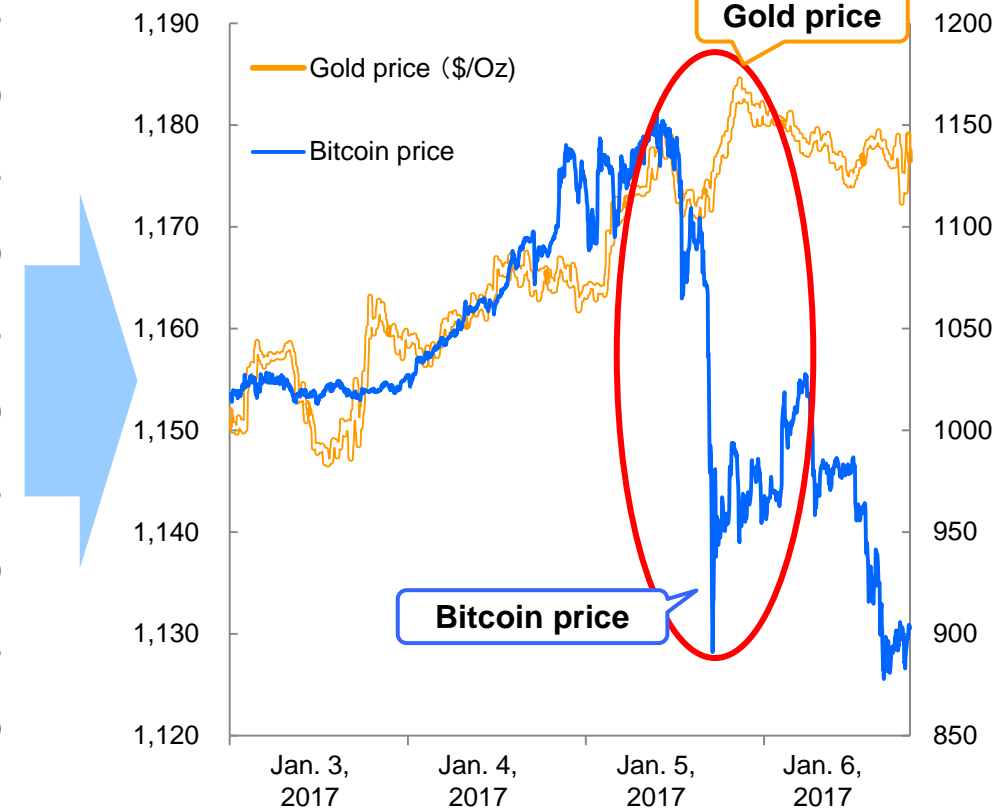
GBI provides a platform enabling investors to trade assets in the form of precious metals at optimal prices in its unique market through precious metal dealers. In addition to such trading system, GBI provides integrated services from storage and delivery to insurance and audit of gold, and GBI's platform 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.

The Correlation of Trends of the Price of Bitcoin and Gold Changes to an Inverse Correlation

<U.S. presidential election timing.>
 → “Positive correlation”



<People's Bank of China inspection timing.>
 → “Inverse correlation”



Bitcoin and gold prices, which were positively correlated at the time of the U.S. presidential election, became inversely correlated when The People’s Bank of China pointed out the risks associated with trading virtual currencies (Jan. 5, 2017).

Promoting Demonstration Tests, in order to Introduce Blockchain in Stock and Exchange Markets

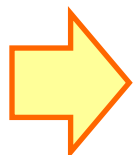


- For the operating process of bonds, from issuance to redemption, initiated demonstration tests toward the utilization of blockchain in collaboration with IBM Japan
- Planning to participate in the demonstration tests to be conducted, utilizing blockchain in the infrastructure of the securities markets, by the Japan Exchange Group, in collaboration with IBM Japan



- Progressing the consideration of a derivative trading service utilizing blockchain, toward a possible launch in FY2017

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

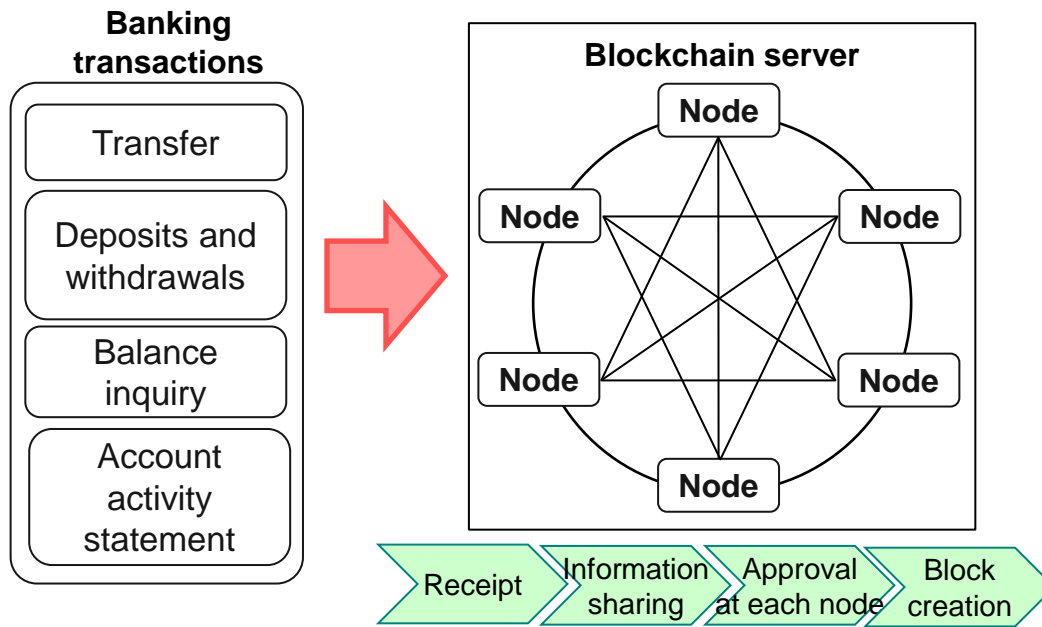


In a performance verification test assuming the actual service, confirmed the performance tolerance for derivative trading processed with high-frequency

Utilization of Blockchain is Expected to Improve Operational Efficiencies, Such as Cost Reduction

住信SBIネット銀行

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



[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%

- 2. Separating from a business structure that is dependent on the stock market, to establish a stable growth of earnings and profits**
 - (1) Significantly reduce the reliance on stock brokerage trading value of the securities-related business**
 - (2) Enter and expand the banking and insurance businesses, which are less affected by the effects of the stock market**
 - (3) Advance into the Biotechnology-related Business, which is a defensive industry**
 - (4) Through a global business expansion, diversify earnings sources and the associated risk**

(1) Significantly reduce the reliance on stock brokerage trading value of the securities-related business



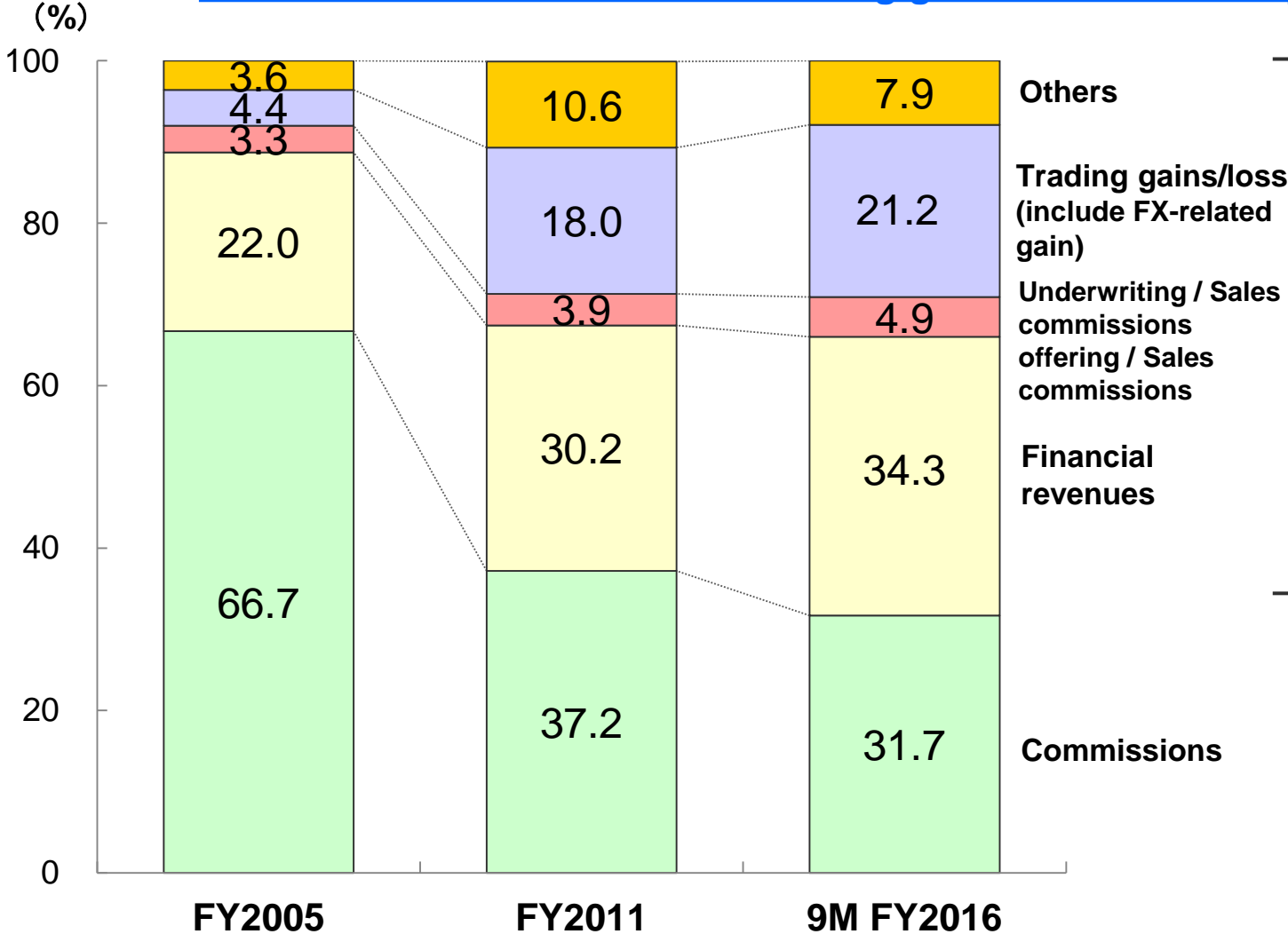
Shifting from a revenue source that significantly depends on commissions associated with stock brokerage trading value

- ① **Through the diversification of earnings sources, expanded businesses aside from stock brokerage commissions**
- ② **Promoting the utilization of Defined Contribution Pension (Individual type; iDeCo) that is expected to expand owing to the legal changes in Jan. 2017**
- ③ **Expanding the corporate business through the enhancement of the equity and bond underwriting businesses, as well as expansion of businesses with financial institutions**
- ④ **By promoting an Asian deployment of the FX-related business, endeavoring the establishment of the world's most liquid OTC market**
- ⑤ **SBI Japannext is advancing initiatives to enhance the convenience of its PTS trading**

(1)-① Reduction of dependence on stock brokerage commissions:

Changes in SBI SECURITIES' Operating Revenue Structure

Owing to the diversification of its earnings sources, dependence on stock brokerage commissions halved, and businesses other than stock brokerage commissions, such as financial revenues and trading gains/losses have expanded



Through various initiatives, such as the provision of new products and services, endeavors will continue to be made to expand and strengthen each business for further profitability

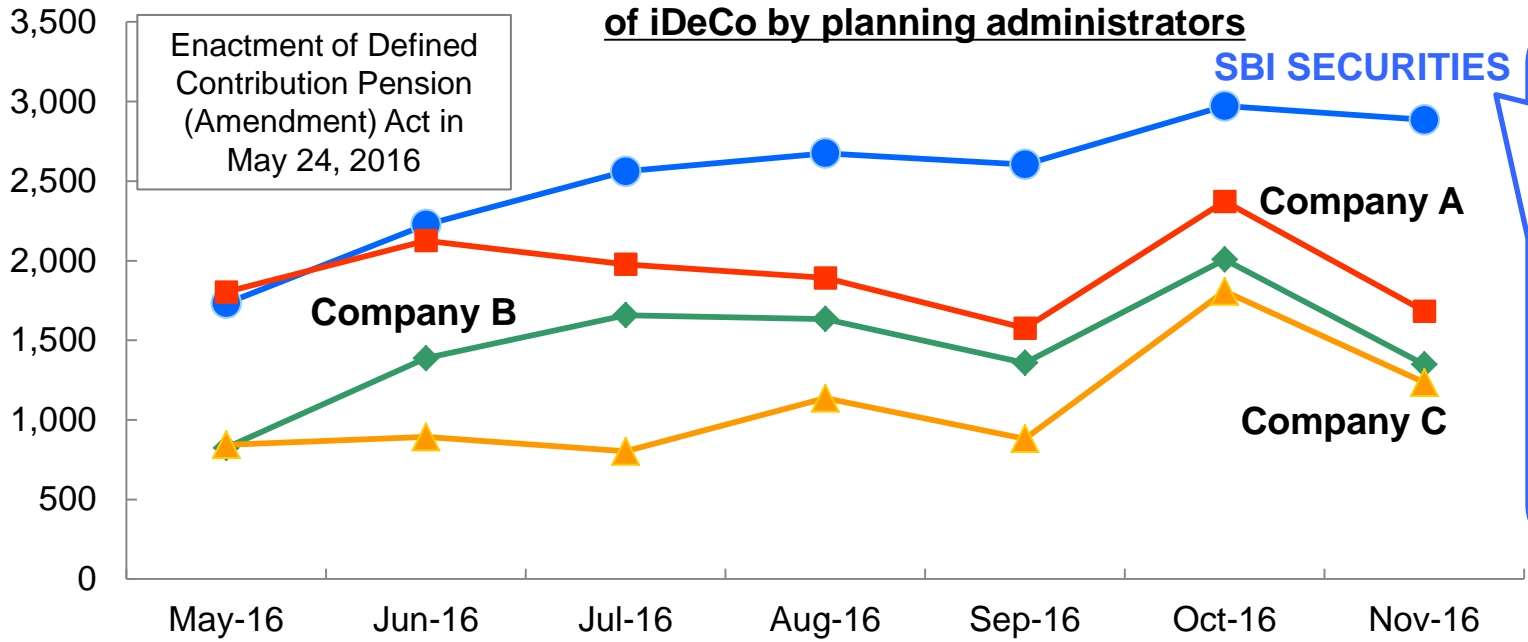
(Based on J-GAAP)

(1)-② 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 the Legal Changes in Jan. 2017

Targets, which were limited to self-employed individuals, its family members and employees of companies without corporate pension plans have become open to the entire working generation that joins the National Pension Plan from 2017

(No. of customers) **Number of monthly acquired customers (new subscribers & transfers *) of iDeCo by planning administrators**



Number of monthly requests for brochure (includes reservation request) in Dec. 2016 steadily increased by 9.4x compared to that of May

With the potentiality of approx. 13 million people newly joining the iDeCo program, a full-fledged flow “from savings to investments” is expected, making the Japanese iDeCo market a promising business area, with the expected market size to reach approx. JPY 6tn in the next ten year period from approx. JPY 1.2tn as of the end of Mar. 2016

* 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), and a briefing paper of FIL Investments

Capital and Business Alliance with Daiwa Securities Group in Order to Further Strengthen the iDeCo Business

(Announced on Jan. 23, 2017)



Track record as the industry's largest company in the acquisition of new iDeCo customers



Daiwa Securities Group

Possesses know-how as a face-to-face general securities firm, as well as a broad sales structure centering on face-to-face shops

[Content of Alliance]

- ◆ Planning the [launch of a new iDeCo plan](#) for Daiwa Securities' customers with SBI Benefit Systems as the record keeping institution, from Apr. 2017
- ◆ [Daiwa Securities Group will acquire 33.4%](#) of SBI Benefit System's shares

Will endeavor to further expand the iDeCo market by offering products with high customer convenience, and through the integration of the management resources of the Daiwa Securities Group and the SBI Group

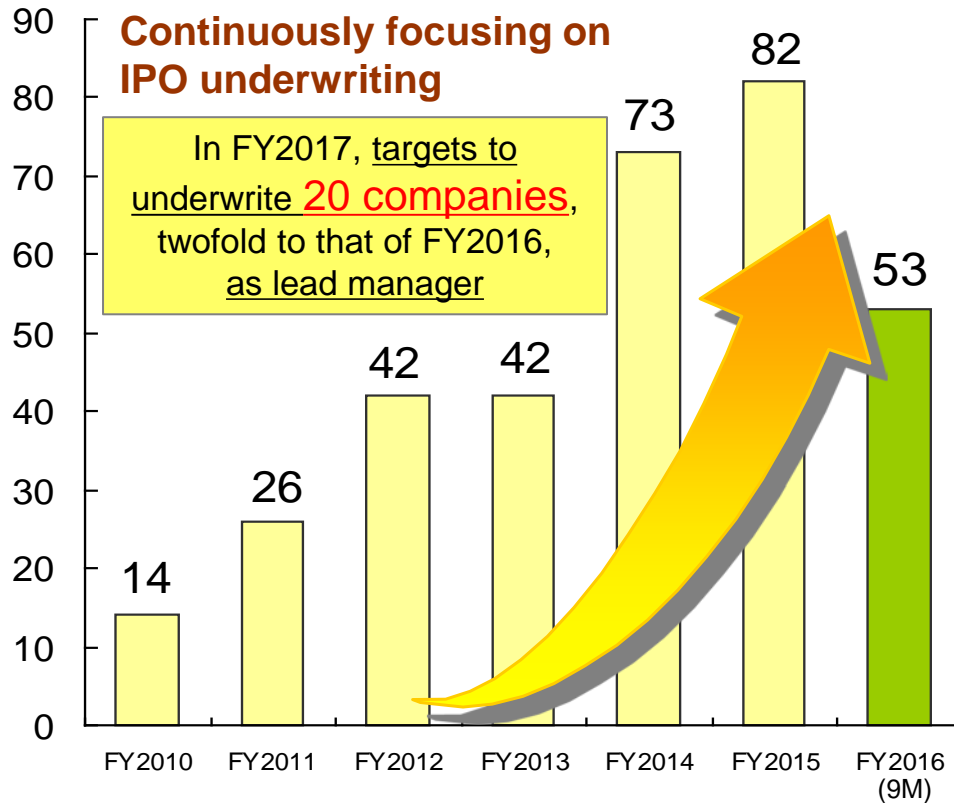
(1)-③ Expanding the corporate business:

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

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

Number of IPOs Underwritten by SBI SECURITIES

(No. of companies)



Continuously focusing on IPO underwriting
 In FY2017, targets to underwrite **20 companies**, twofold to that of FY2016, as lead manager

IPO Underwriting Ranking (Apr. - Dec. 2016)

60 companies were listed during the period

Company name	No. of cases	Underwriting share (%)
SBI	53	88.3
SMBC Nikko	48	80.0
Mizuho	37	61.7
Monex	26	43.3
Daiwa	25	41.7
Ace	22	36.7

Lead manger **0** **1** **5** **5** **8** **8** **10**

* 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.

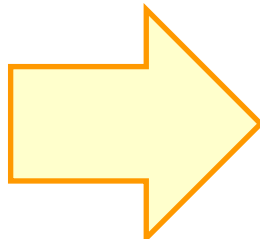
* The number of underwritten issues represents both lead managed underwritings and syndicate participation.

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

Strengthening Cooperation with SBI Investment to Promote Business Expansion with Financial Institutions

SBI 証券
[SBI SECURITIES]
Financial Institutional Sales Dept.

- ◆ Newly Established in July 2016
- ◆ Aggressively hiring active traders, sales personnel and analysts from domestic and foreign-affiliated major securities firms and mega banks, to the increase in number of personnel from the initial 7 to 16 employees



Financial Institutions



SBI Group's regional financial institution partners, equity investors of the Group's funds, etc.



Distribution of structured bonds, domestic and overseas bonds, as well as investment trusts



SBI SECURITIES has been promoting self-origination of structured bonds, and in 2016, originated and distributed a total amount of JPY 6.5bn

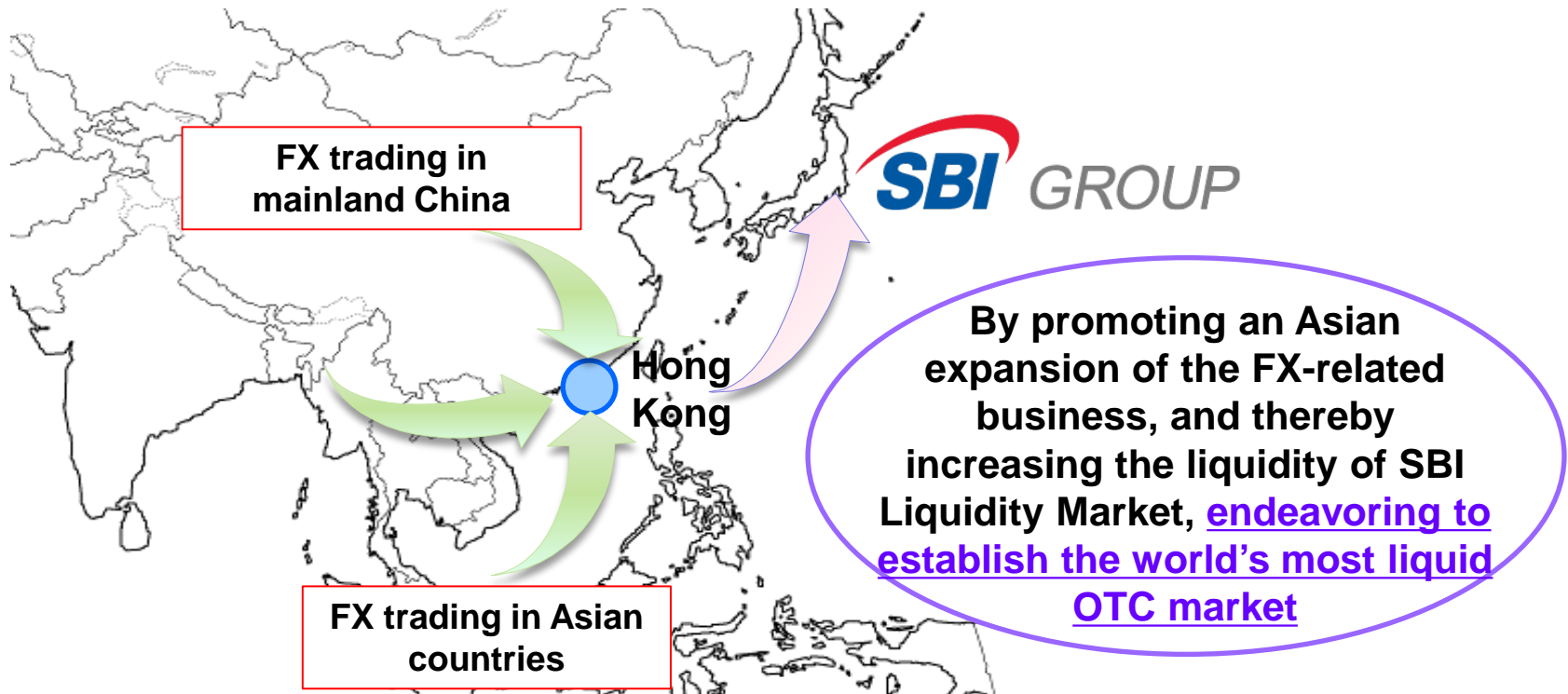
By thoroughly utilizing the Group's network, strengthening the sales of products toward financial institutions partners, who are FinTech Fund and SBI Regional Bank Value Creation Fund's equity investors, as well as investee regional financial institutions

(1)-④ Promoting an Asian deployment of the FX-related business:

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

In order to acquire FX liquidity from Asian countries, including China, by way of Hong Kong, SBI FX, a Hong Kong subsidiary was established. Preparing to commence its B to B business from Feb. 17, 2017

➔ Starting with the provision of trading systems and business know-how to local FX trading companies, will endeavor to launch services for individual investors from this summer, under the premise that relevant authorities' authorization will be granted



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 Dec 31, 2016)

- Beginning an extension of night-time trading session from Feb. 1 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). Subject to an approval from relevant authorities, planning the start of services from Mar. 2017

Lifting of the Prohibition on Margin Trading of Stocks on PTS

- ✓ A policy of permitting margin trading on the PTS was laid out by the Financial System Council's Working Group on Financial Markets in a report issued in Dec. 2016.
- ✓ In response to the report, preparation has begun for developing appropriate trade schemes, etc.
- ✓ There has been a constant stream of requests from various financial institutions to connect to the PTS, and some financial institutions are considering introducing the SOR system and other infrastructure that SBI SECURITIES has already introduced

- (2) Enter and expand the banking and insurance businesses, which are less affected by the effects of the stock market**
- ① By entering into the banking and insurance businesses, steadily decreasing the dependence on the securities business**
 - ② Endeavoring sustainable business growth, by further expanding products and services**

① By entering into the banking and insurance businesses, steadily decreasing the dependence on the securities business

Expand Business in Various Financial Fields, with the Securities Business as the Axis

Sequentially established the business with high affinity for securities business

Securities

Oct. 1999
SBI SECURITIES
commenced online
trading service



Achieved full-year
profitability at the
start of online trading
service

Banking

Sept. 2007
SBI Sumishin Net
Bank commenced
business



Achieved full-year
profitability in the 3rd
fiscal year (2 years and
6 months since
operation started)

Non-life Insurance

Jan. 2008
SBI Insurance
commenced
business



Achieved full-year
profitability in the 9th
fiscal year (8 years
and 2 months since
operation started)

Life Insurance

May 2015
Addition of
SBI Life Insurance
(former PCA Life Insurance)

Acquired the Japanese
subsidiary of British
Prudential plc



**Completion of Domestic
Financial Ecosystem**





Through pursuing the synergy, realized dramatic growth in mutually related financial business fields

Pure-play Internet Banks' Financial Results for 1H FY2016

Unit: JPY billion

The number of accounts is in thousands.

	Date of operation started	Deposit amount	Balance of loans	Number of accounts	Ordinary income
SBI Sumishin (cons.)	<u>Sept. 2007</u>	 <u>3,624.3</u>	 <u>2,155.8</u>	<u>2,689</u>	<u>7.1</u>
Daiwa Next	May 2011	3,043.4	369.4	1,174	1.9
Sony Bank (cons.)	June 2001	1,986.6	1,460.7	1,190	1.8
Rakuten (cons.)	July 2001	1,552.9	548.4	5,569	8.9
Jibun	July 2008	759.6	219.6	2,271	1.0
The Japan Net	Oct. 2000	652.8	56.5	3,335	1.5

Note: Amounts are rounded to the nearest 100 million yen or thousand accounts. The number of accounts is as of the end of Sep. 2016.

Transition of Direct Non-life Auto Insurance Premium Income

[Auto Insurance Premium Comparison]

(JPY million)

	Date of operation started	FY2009
Sony Assurance	Sept. 1999	59,849
AXA GENERAL INSURANCE	July 1999	32,054
Mitsui Direct	June 2000	30,689
Zurich Insurance	July 1986*1	27,945
American Home Direct	Dec. 1960	17,365
Sonpo 24	Mar. 2001	9,820
SAISON AUTO-MOBILE&FIRE	Apr. 1983	8,202
SBI Insurance	Jan. 2008	4,713
E.design Insurance	June 2009	1,100

	FY2014
Sony Assurance	81,585
AXA	44,235
Zurich	35,363
Mitsui Direct	34,483
SBI Insurance	25,595
SAISON	17,404
E.design	16,934
Sonpo 24	14,002
American Home	12,842

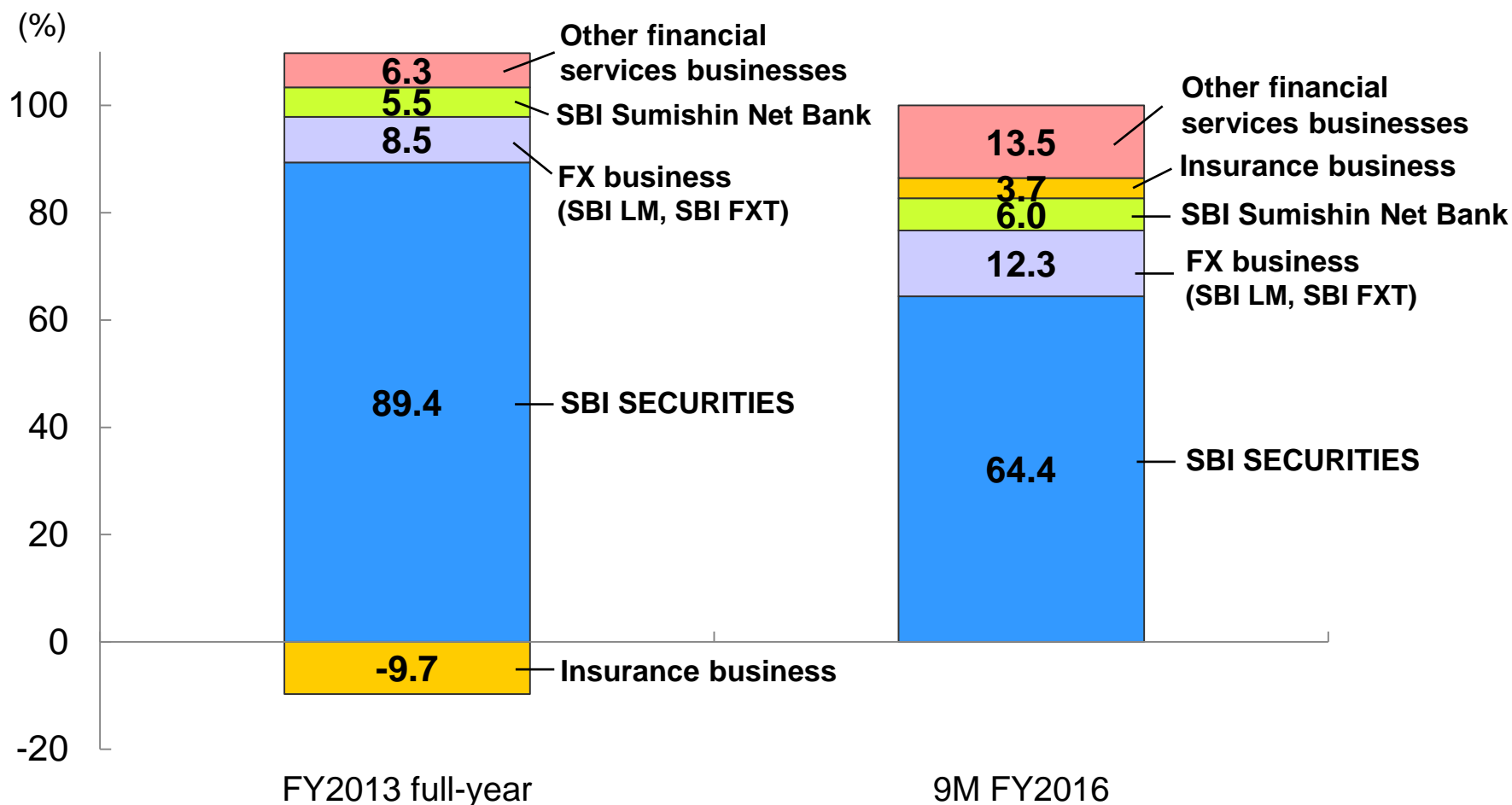
	1H FY2016
Sony Assurance	43,814
AXA	24,962
Mitsui Direct	18,372
Zurich	18,113
SBI Insurance	16,059
SAISON	15,913
E.design	12,139
Sonpo 24	6,497
American Home	4,709

*Figures for E.design are net premiums written, those of others are direct net premiums written. (Source: Disclosure from each company)

*Establishment of Japan Branch

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; %)



- ② Endeavoring sustainable business growth, by further expanding products and services**
 - (i) Banking-related business**
 - (ii) Insurance-related business**

(i) Banking-related business

- **Further strengthening housing loans business by extending the face-to-face market**
- **Newly entered into the credit card merchant acquiring business, as a new earnings source**

(i) Banking-related business: Extending the face-to-face market in housing loans business



Further Strengthening SBI Sumishin Net Bank's Housing Loans Business through the Expansion of the Sales Channel at Face-to-face Shops

Newly developed a face-to-face shop dedicated to SBI Sumishin Net Bank's housing loans, aside from SBI MONEY PLAZA and ARUHI

Started the sales of banking agency specialized housing loans product "MR. Housing Loan REAL" at a face-to-face shop "Shinjuku Loan Plaza" operated by Good Mortgage from Jan. 26, 2017

MR. 住宅ローンREAL [MR. Housing Loan REAL]

SBI マネープラザ [SBI MONEY PLAZA] **A R U H I** **Good Mortgage**



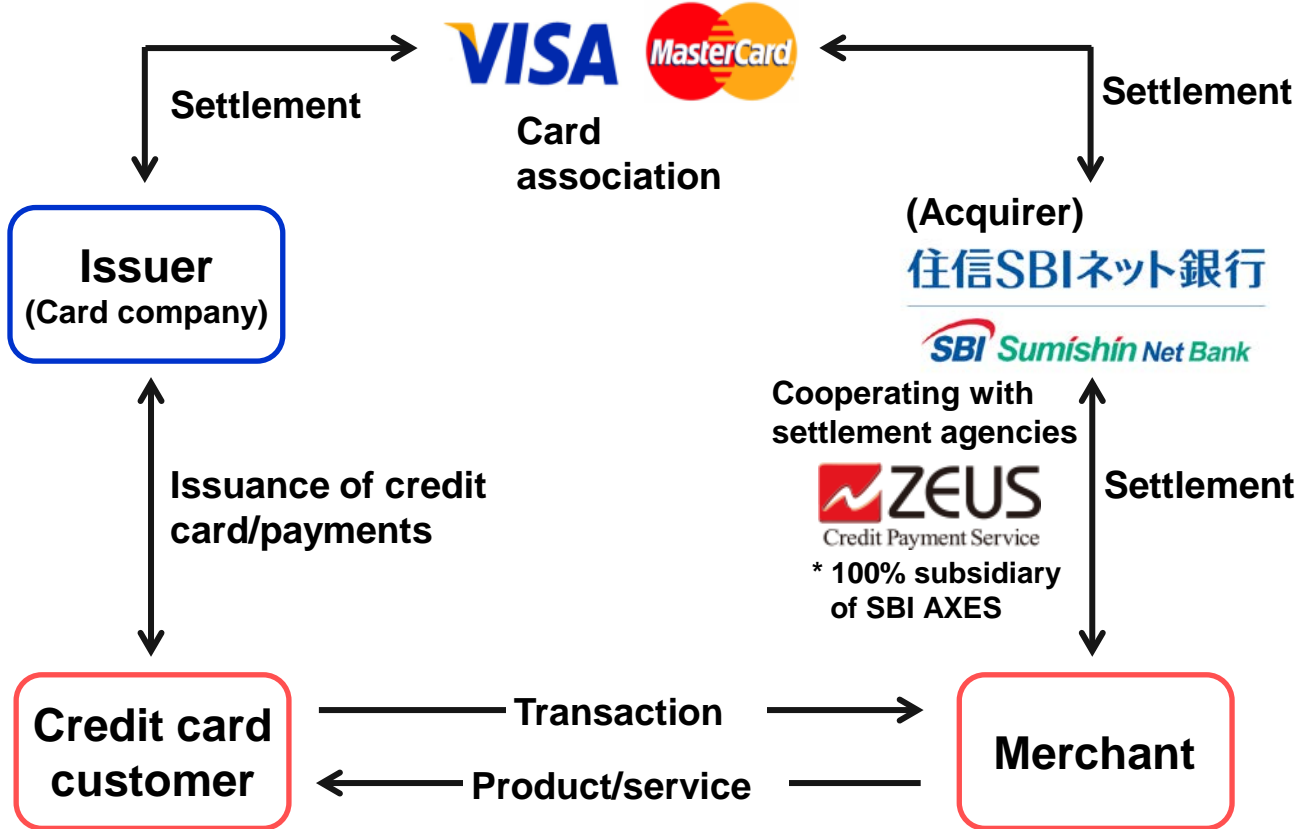
Face-to-face customers

Shinjuku Loan Plaza is also planning the sales of the long-term fixed rate product "Flat 35," which will further strengthen SBI Sumishin Net Bank's housing loans business through the face-to-face market

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]



- [Feature]
- ✓ By structuring a system that utilizes ASP services, achieves lower merchant fees
 - ✓ For the credit card merchants, at the same time, offers "LENDING 1," a business loan service based on accounting transactions

(ii) Insurance-related business

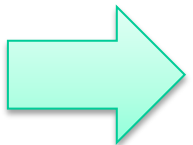
- **SBI Insurance’s “SBI Fire Insurance” sales initiative will be promoted through a thorough pursuit of Group synergies**
- **SBI Life Insurance is newly developing group credit life insurance**
- **SSI Business will expand the product offerings handled by each company, including the development of new products (pet insurance), and mutual cross-selling**
- **In preparations for the establishment of an Insurance Holding Company by the end of the current fiscal year, for cost reduction and enhanced synergy effect purposes in the insurance business**

Strengthening the Sales of “SBI Fire Insurance,” by Thoroughly Pursuing Group Synergies

Planning full-scale sales at SBI Sumishin Net Bank, which handles a significant amount of housing loans

	Results of housing loans (Oct. 2007- Mar. 2016)	Number of newly acquired (Apr.-Mar. 2016)
	Total number: approx. 110,464	approx. 16,900

* Cumulative total of new loans exceeded JPY 3.2tn in Dec. 2016



At the same time, thoroughly pursuing synergies with ARUHI (former SBI Mortgage) in the handling of mortgage loans, along with other Group channels, to further expand sales

ARUHI SBI Group's shareholding*:10.32%	Results of housing loans (July 2001- Mar. 2016)	Number of newly acquired (Apr.-Mar. 2016)
	Total number : approx. 140,000	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 Dec 2016)

[Product summary]



- 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

SBI Life Insurance is Newly Developing Group Credit Life Insurance

Preparing a full-fledged sales of group credit life insurance, which was developed as an important product for the future.

SBI Life Insurance plans to assume half of the insurance premiums to be underwritten for the residential mortgages of SBI Sumishin Net Bank



- From the next fiscal year, it is expected that premium income for about 50 thousand contracts for term insurance will be added
- In the near term, contribution to earnings will be minimal, owing to the policy reserve requirements, but will become a major revenue source in the mid- to long-term

Sales promotion initiatives for existing products are being conducted

- Implementing a business alliance with M3 Doctor Support, Inc., which manages home medical care media “Ishikuru” (announced on Jan. 30, 2017)
 - Promoting the sales of Whole Life medical Insurance, “Mo,” which guarantees home treatment, thereby addressing the increasing recognition and spread of treatment at home, and includes customer referrals through banner postings
- Starting mutual sales with SBI Insurance
 - Going forward, will endeavor the pursuit of Group synergies through mutual sales

Three SSI Companies Expand Product Offerings that Each Company Sells, in Order to Achieve Further Business Growth

By utilizing the advantages of the SSI business, which offers a variety of products from the 1st to 3rd categories, will initiate a **cross-selling** of products between the three SSI companies, as well as to continue the **development of new products**



* Planning to start cross-selling at Nihon SSI from early Feb.

Proceeding with Preparations for the Establishment of an Insurance Holding Company, with Intentions for a Future Public Listing

An Insurance Holding Company that oversees the Group insurance companies will be established to maintain the Group's management flexibility, and to realize an efficiency in management that reduces costs and increases synergies in the insurance business, by engaging in an integrated operation of the non-life, life and small-amount, short-term insurance companies



By advancing FinTech initiatives, will endeavor to establish a new era insurance group

(3) Advance into the Biotechnology-related Business, which is a defensive industry

① SBI Biotech
-Established in Jan. 2007-

SBI Biotech's Progress of Drug Pipelines

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

	Licensing partner	Adaptation disease	Progress	
MEDI7734 (Anti-ILT7 antibody)	MedImmune, LLC. (Subsidiary of AstraZeneca)	Autoimmune diseases (Systemic Lupus Erythematosus (SLE), Sjogren's Syndrome, Dermatomyositis, Polymyositis, etc.)	Phase I (Beginning of dosage)	MedImmune initiated Phase I clinical trial in 2Q FY2016. SBI Biotech received an allotted milestone payment (undisclosed amount)
SBI-9674	Kyowa Hakko Kirin Co., Ltd	Autoimmune diseases	Pre-clinical	Conducted license agreements at the end of 2016→SBI Biotech received an upfront payment and recorded it in 3Q (undisclosed amount)
Cdc7 inhibitor	Carna Biosciences, Inc.	Cancers	Pre-clinical (plan to apply for clinical trial)	Intellectual property rights assigned to Carna Biosciences in June 2014. Carna Biosciences entered into an out-licensing agreement with Sierra Oncology →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
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 Biotech's Listing Considerations

- SBI Biotech has proprietary platforms 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
- Already succeeded in out-licensing three pipeline products to pharmaceutical companies at an early stage
- 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



In order to realize SBI Biotech's sole IPO, separating its wholly-owned subsidiary Quark, and selecting a lead managing underwriter to initiate listing discussions

② Quark Pharmaceuticals (“Quark”)

-A wholly-owned subsidiary of SBI Biotech since Dec. 2012-

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. <u>Total milestone payments: USD 670m (including pre-receipt)</u>
		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 → Results of clinical trials have been reported, and now contemplating next step
PF-655	Pfizer Inc.	Glaucoma, Diabetic macular edema (DME) and	Phase IIa (Completion)	Revising development plan

IPO of 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 spin-off of Quark from SBI Biotech for an independent listing

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.

③ 5-ALA-related business

Start of Phase II Clinical Trial using 5-ALA by University of Oxford and SBI Pharmaceuticals



The Phase II clinical trial using 5-ALA is about to start to evaluate the benefit of 5-ALA in preventing a reduction in cardiac output* after heart bypass surgery. This is an investigator-initiated clinical trial to be performed by the University of Oxford at the hospitals in Oxford and Birmingham

* Volume of blood pumped by heart per stroke

- ✓ In pre-clinical studies, 5-ALA administered before surgery showed a preventive effect against cardiac ischemia-reperfusion injury
- ✓ Based on this knowledge, administration of 5-ALA before surgery is expected to improve the outcome of the surgery by changing the metabolism of myocardial cells, preventing cardiac ischemia-reperfusion injury caused by surgery against myocardial cells, and decreasing the occurrence of low cardiac output syndrome after surgery

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

Fields		Pipeline projects	Current status			
			Phase I	Phase II	Phase III	Application
Diagnostic agent (PDD)	1	Carcinoma vesicae	Underway			
	2	Peritoneal dissemination of gastric cancer*	Underway			
Drug to treat	3	Cancer chemotherapy-induced nephropathy	Preparation for a corporate trial (Phase II) after an investigator-led trial (Phase II) is underway			
	4	Mitochondrial diseases*	Completed Phase II. Considering an out-licensing			
	5	Cardiac ischemia-reperfusion injury*	Preparation for Phase II by Oxford University and Birmingham University Hospital in the U.K. is underway			
Photodynamic therapy (PDT)	6	Brain tumors* (photonamic)	Underway			

*Investigator-led trial

Out-licensing:

- ✓ Therapeutic Drugs for Diabetes and Malaria Infection (to Neopharma, UAE pharmaceutical company)

Already launched:

- ✓ Diagnostic agent for cancer treatment (Brain tumor) "ALAGLIO" (by SBI Pharmaceuticals)
- ✓ Same as above, "Gliolan" (by photonamic, *a wholly-owned subsidiary of the SBI Group)
- ✓ Drug for treating actinic keratosis "Alacare" (by photonamic)

Co-founded a Distribution Company for 5-ALA-related Products, with Neopharma, Inc., an UAE Pharmaceutical Company

To strengthen the overseas sales activities for 5-ALA related products

SBI ALA Hong Kong
(Intermediate holding company in 5-ALA-related business)


Neopharma

Investment ratio:
49%

Regarding profits, recording at 50: 50

Investment ratio:
51%

SBI neopharma FZ LLC
(Preparation for establishment)



- Neopharma has production bases for generic drugs in Bangladesh, Egypt, Brazil, Japan, Russia, etc., and also produce licenses with six mega pharma companies
- 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 4 million patients visit per year

Business Line:

- Overseas sales of the pharmaceuticals using 5-ALA (Therapeutic Drugs for Diabetes, Malaria Infection and Diagnostic agent for cancer treatment (plan)) to be developed by Neopharma
- Overseas sales of all the 5-ALA related products including the health foods, cosmetics, feeds and fertilizers containing 5-ALA to be developed by SBI Pharmaceuticals and Neopharma

Patents Held by SBI Pharmaceuticals in Japan (Total of 40 Patents)

20 patents were acquired by the end of 2014, including those for an external agent for the skin, male infertility treatment, antimalarial drug, whose active ingredient is 5-aminolevulinic acid or a derivative thereof, and adult disease prophylactic and/or improving agent whose active ingredient is 5-aminolevulinic acid or a derivative thereof, or a salt thereof

<Patents obtained after 2015: **20 patents**>

The name of the invention	Registration date	Co-applicants
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
Medicinal composition for promoting synthesis of protoporphyrin ix	Dec. 2, 2016	Osaka City Univ.
Treatment agent and/or prophylactic agent for side effects of cancer drugs	Dec. 2, 2016	Kochi Univ.
Prophylactic agent and/or therapeutic agent for sepsis	Dec. 9, 2016	Nihon Univ.

③ 5-ALA-related business (SBI Pharmaceuticals):

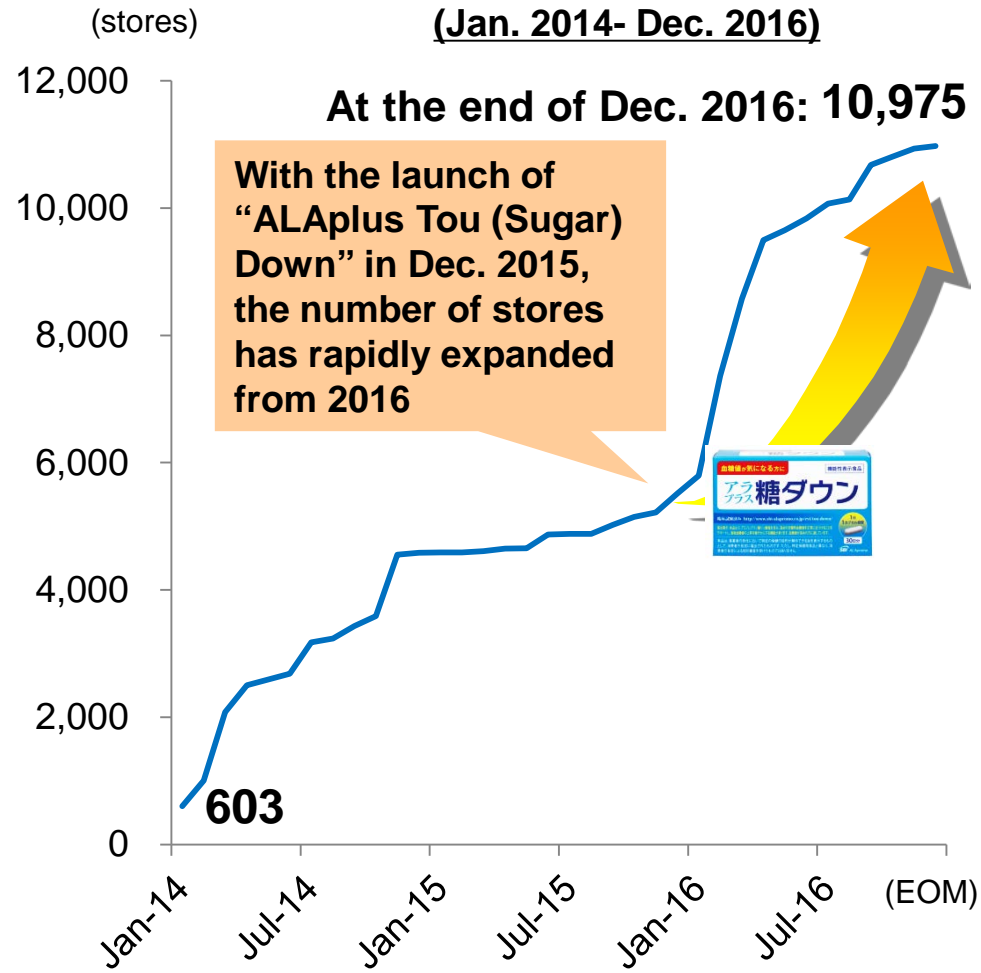
Patents Held by SBI Pharmaceuticals overseas (Total of 25 Patents)



	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 6 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 4 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., Australia
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
21	Tumor diagnostic agent (Single application)	U.S.
22	Immune tolerance inducer (National Center For Child Health And Development)	U.S.
23	Prophylactic agent and/or therapeutic agent for sepsis (Nihon Univ.)	U.S.
24	Photodynamic diagnosis agent and photobleaching-prevention agent (Tokyo Institute of Technology)	U.S.
25	An agent for treating and preventing cancer anemia (Single application)	U.S.

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

Number of stores that offer SBI ALApromo products (Jan. 2014- Dec. 2016)



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

e.g.

- Tsuruha Holdings approx. 1,310 stores
- Welcia approx. 1,100 stores
- cocokara fine approx. 950 stores
- FUJIYAKUHIN approx. 890 stores

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

Expanding sales by offering sales promotion measures and POPs that meet the needs of each drug store, as the occupancy rate of the stores increase

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



RIZAP GROUP

- 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, was launched in Oct. 2016 as the second jointly developed product
- Continuously conducting promotional activities including TV programs, and in-train advertisements

Share of RIZAP GROUP's private products in sales of SBI ALApromo : approx. JPY 82m
July – Dec. 2016 (6 months)

Awareness of 5-ALA :
Increased from 6.0% at the time of the Mar. 2016 survey to 10.6% in Oct. 2016
* Survey via the Internet

With the goal of achieving 20% awareness of 5-ALA by Mar. 2017, and achieving a 70% awareness 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

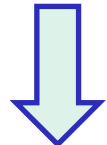
Candidates for development:

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 Oct. 2017



FY2017

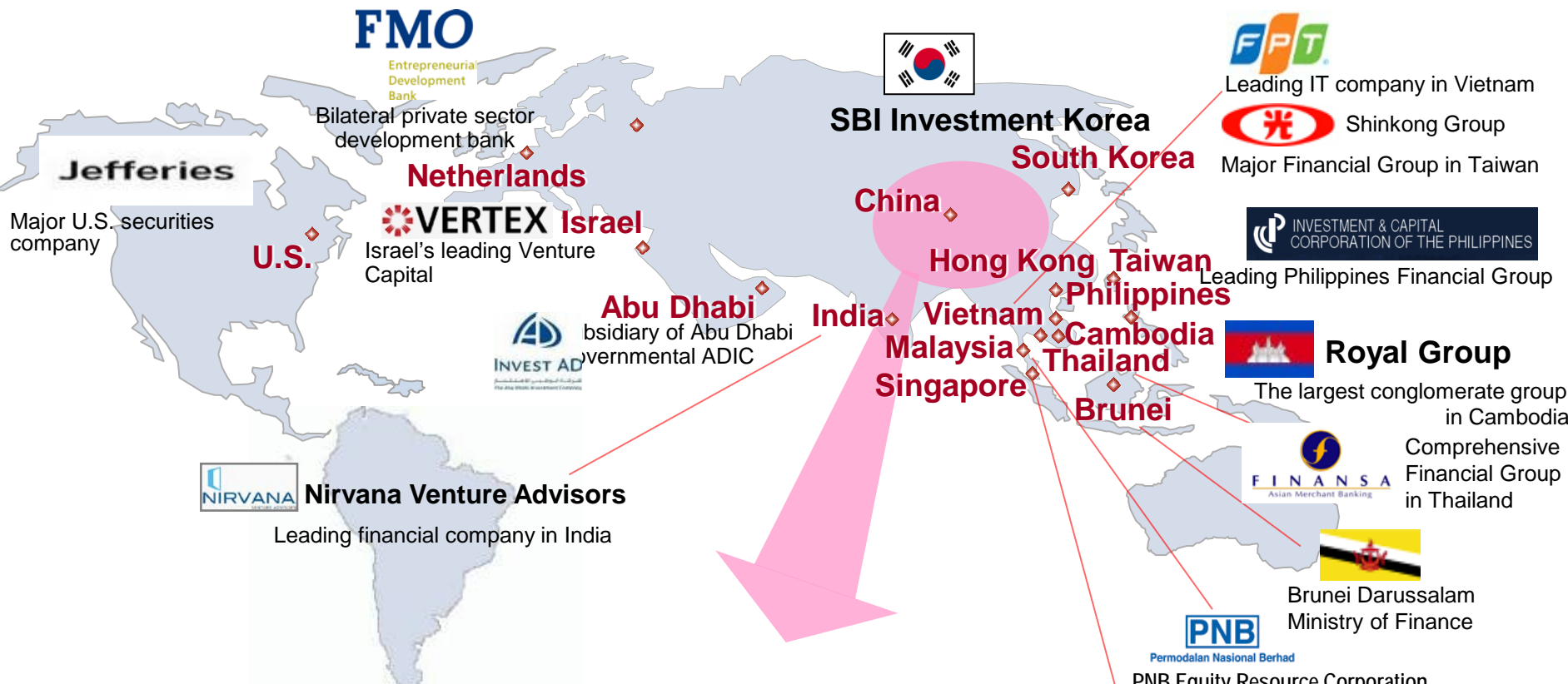


FY2018

(4) Through a global business expansion, diversify earnings sources and the associated risk

- ① Establishing a global network, through the development of the overseas venture capital business and the expansion of the financial services business**
- ② Proactively promoting arbitrage by taking advantage of the disparities in various countries' economic growth and the interest rate spreads between countries**

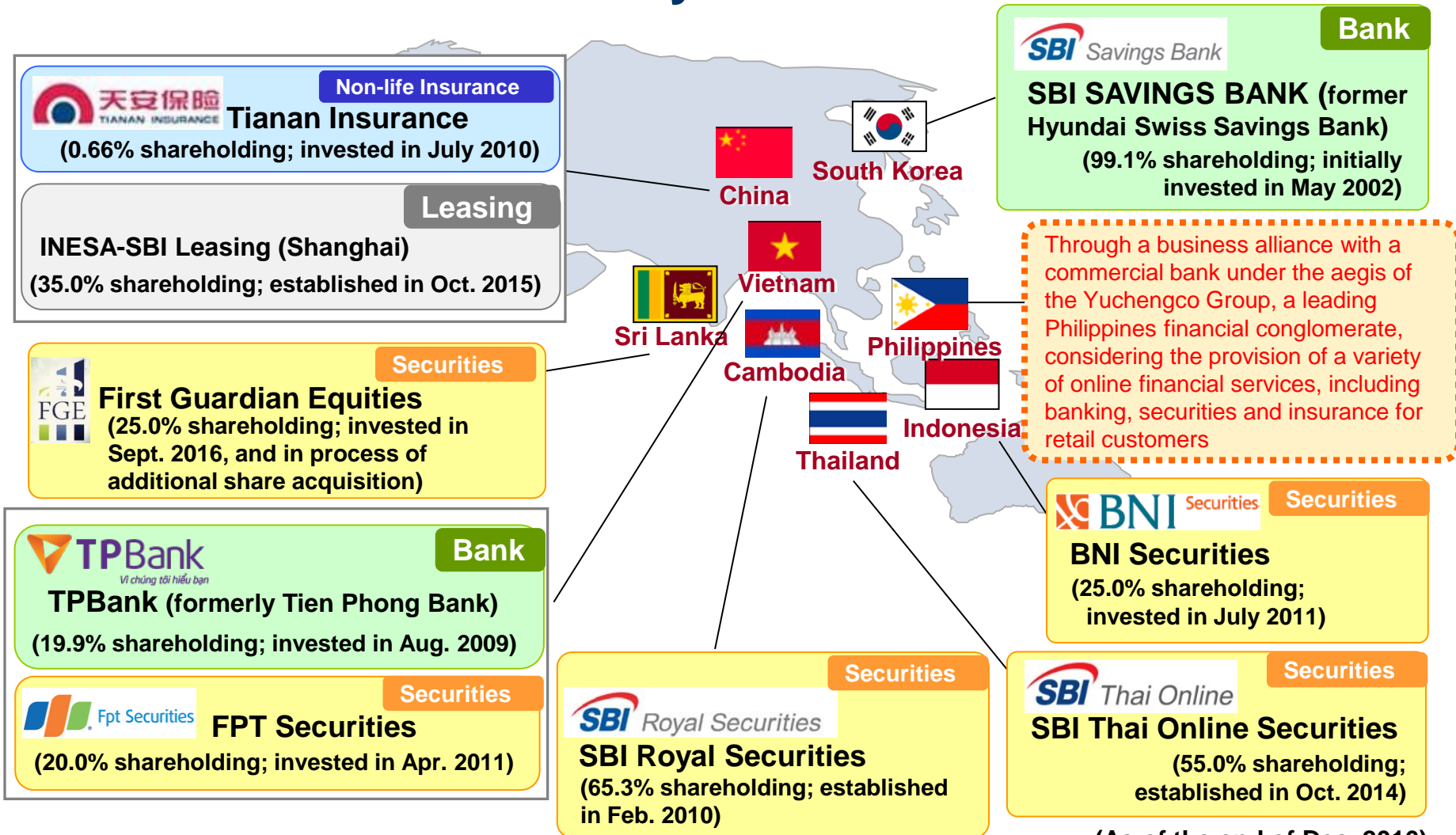
Since 2005, have Promoted the Establishment of a Global Investment Structure Centered on Asia, in Order to Diversify the Group's Risk and to Achieve Higher Growth



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

With the Cooperation of Prominent Overseas Local Partners, Promoting the Establishment of SBI's Financial Ecosystem Overseas



(As of the end of Dec. 2016)

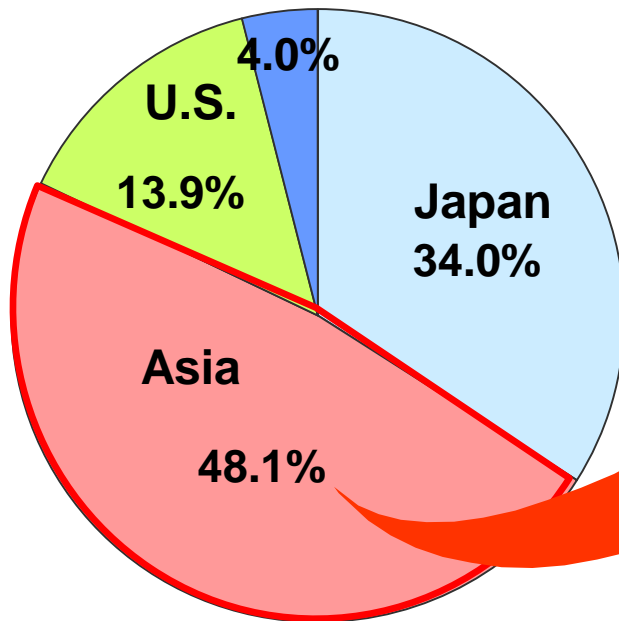
* SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group

Through the Utilization of the Established Global Network, Promoting International Arbitrage for SBI's Investment and Financing Businesses

Revenue expansion through the implementation of investments and financing from mature markets to high economic growth potential markets

- (e.g.) ➤ Low-interest rate market → High-interest rate markets
➤ Low-growth economy → High-growth economies

Europe and others



The SBI Group's AUM is globally diversified in Asia, the U.S. and Europe, with overseas AUM in China and emerging Asian countries accounting for 48.1% of the total AUM

* The assets under management that is already invested as of the end of Dec. 2016. (Excluding cash and uncalled capital)

Promoted global diversification of investments and financing, by establishing a global investment and financing structure, centering on Asia, through the formation of JV funds with prominent local partners around the world

Expanding the Arbitrage Businesses between Japan and Abroad

By utilizing lower interest rate capital in Japan for higher interest rates overseas, even after the consideration of currency hedging costs, will be able to provide higher yielding products to Japanese investors

e.g. 1: SBI SECURITIES started the sales of investment trusts managed with Sri Lankan short-term government bonds, from Dec. 2016



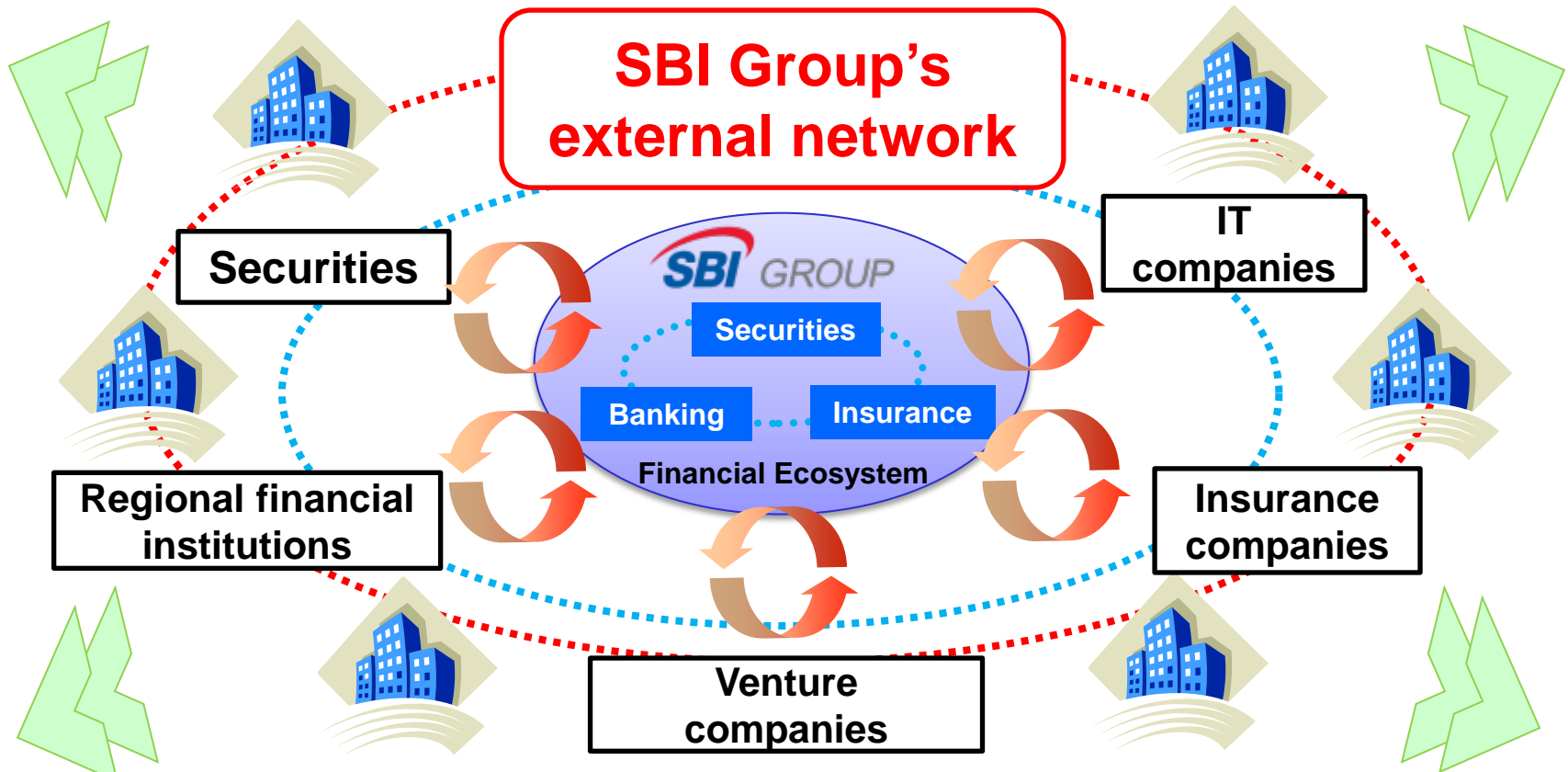
e.g. 2: Introduction of margin transaction in SBI Thai Online



3. Expanding the network value through alliances with external companies

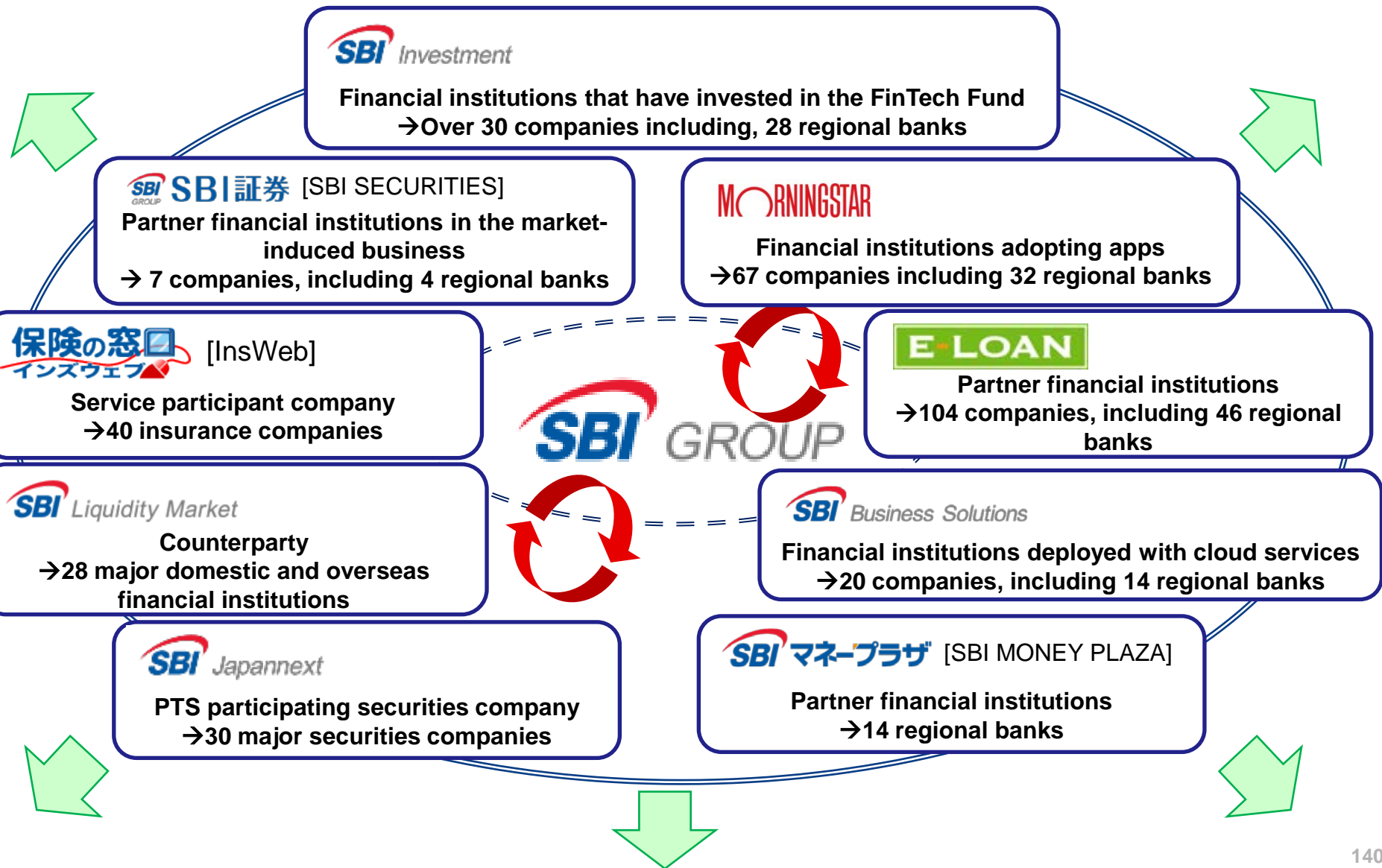
Expanding the “Network Value” through Alliances with Companies Outside of the SBI Group

Creating added value for both internal and external customers, by providing highly convenient information, goods and services to internal and external customers



Further expanding the “Network Value”

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



Efforts to expand the “Network Value”

- (1) Collaborating with regional financial institutions through the establishment of the “FinTech Fund,” and collaborating with investee venture companies in the FinTech field**
- (2) Strengthening relationships with regional financial institutions through the newly established “SBI Regional Bank Value Creation Fund”**
- (3) Promoting an open innovation in collaboration with IBM Japan**
- (4) Creating a next generation remittance system through “The Japan Bank Consortium to Central Provide Domestic and Cross-border Payment,” which was established with 43 Japanese banks**
- (5) Expanding the API Economy in collaboration with external companies**

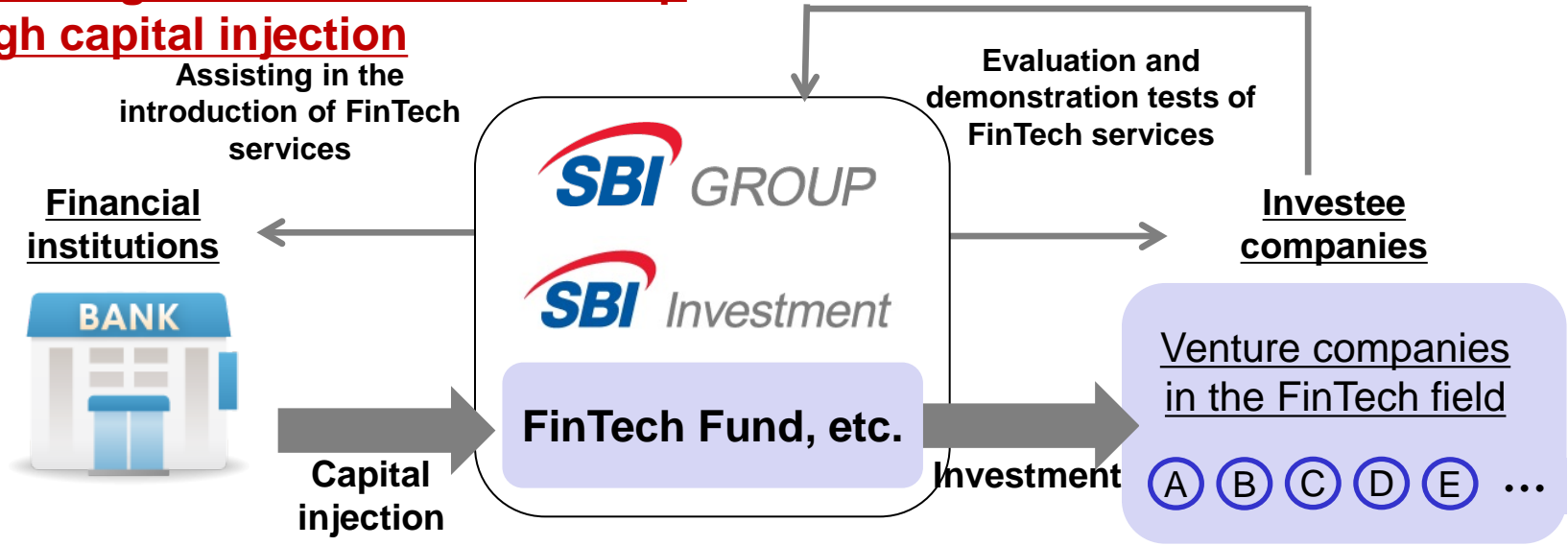
“FinTech Fund,” Funded by 28 Regional Financial Institutions, is Aggressively Investing into FinTech-related Companies

FinTech Business Innovation LPS

- Total commitment amount is JPY 30bn
- **Fund investor: 28 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 36 companies, including investments already made in free, BitFlyer and Cacco (Total investment amount to be over JPY 10.7bn through the FinTech Fund and over JPY 10.0bn by SBI Holdings)

Establishing a “win-win” relationship through capital injection



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

Blockchain



Orb, Inc. (Japan)



bitFlyer, Inc. (Japan)



Ripple Labs Inc. (U.S.)



Coinplug, Inc (Korea)

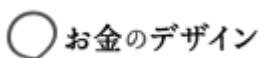


QUOINE Pte. Ltd. (Japan)

Robo-advisor



WealthNavi Inc.(Japan)



MONEY DESIGN Co., Ltd. (Japan)

Crowd-funding



Music Securities, Inc. (Japan)



Crowd Realty, Inc.(Japan)

IoT (Internet of Things)



Argus CyberSecurity Ltd. (Israel)



Indegy Ltd. (Israel)



Global Mobility Service, Inc. (Japan)



unerry, inc.(Japan)

Big data



GiXo Ltd. (Japan)



Generic Solution Corporation (Japan)



Treasure Data, Inc.(U.S.)



KOKOPELLI incubate inc. (Japan)

Payment



infcurion group, Inc. (Japan)



BASE, Inc. (Japan)



Omise Co., Ltd. (Thailand)



Exchange Corporation Holdings Ltd. (Japan)

Other FinTech



Money Forward, Inc. (Japan)



free K.K. (Japan)



solarisBank AG (Germany)



Cacco Inc. (Japan)



FUNDBOX LTD. (U.S.)



Planet Table Inc. (Japan)

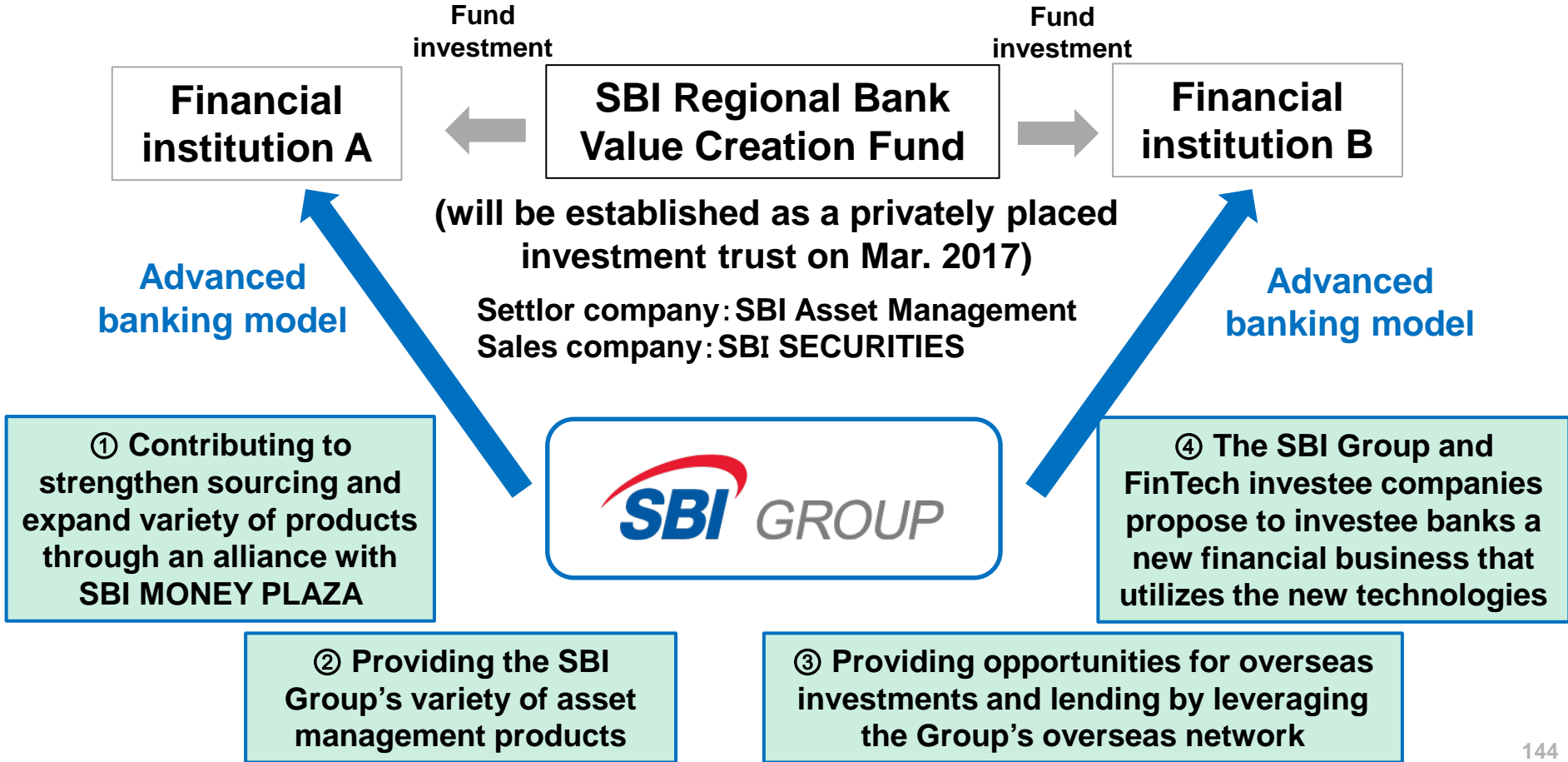
Will continue to aggressively invest into this field

(2) Strengthening relationships through a newly established fund:

Toward Further Strengthening the Relationships with Regional Financial Institutions

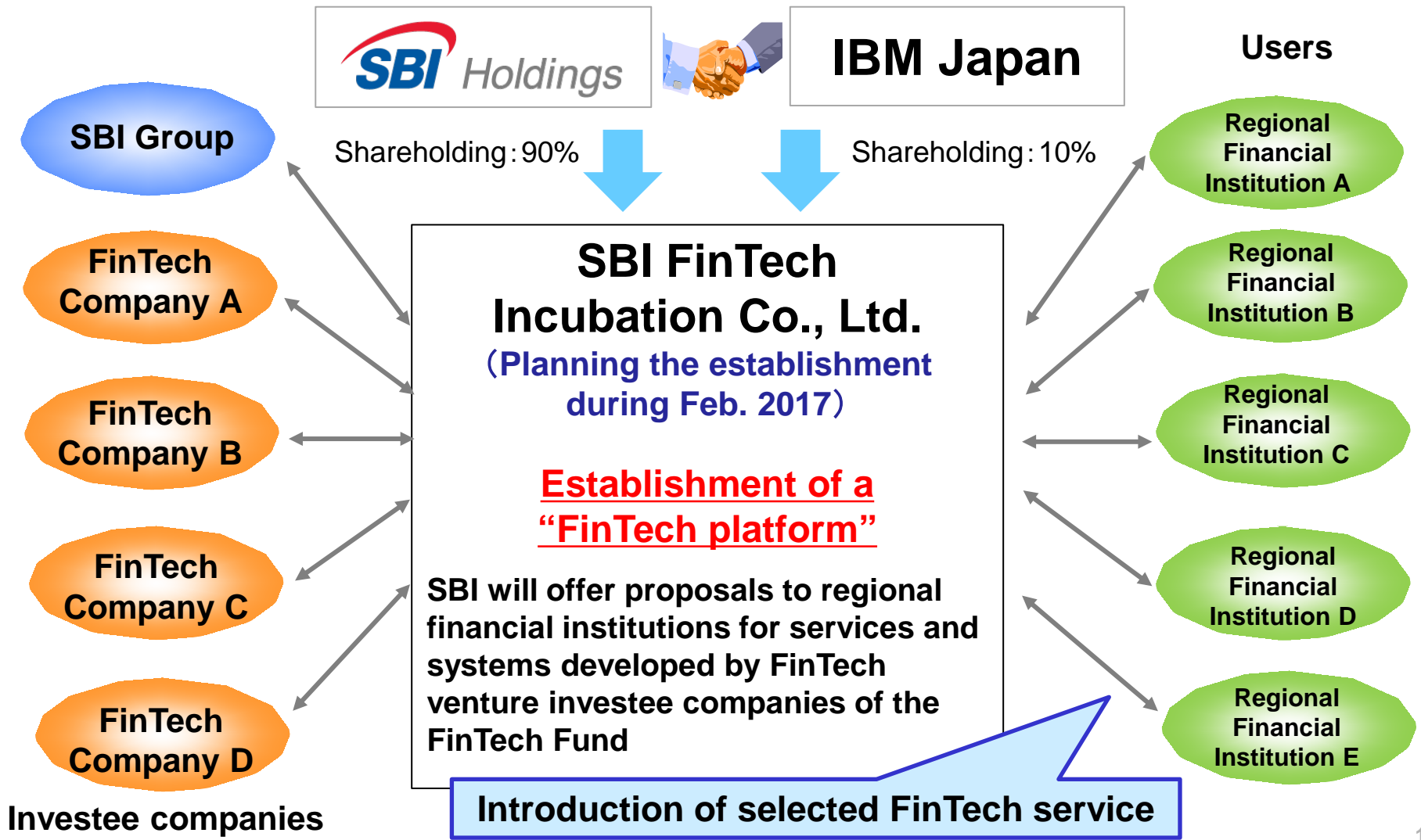
Planning the Establishment of a New Fund (Target fund size: JPY 100bn) for Regional Financial Institutions, to Increase their Corporate Value

Raising capital from financial institutions for a new fund, in order to invest in promising regional financial institutions that are capable of improving corporate governance and increasing corporate value, through the provision of FinTech support by the SBI Group



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

Minimizing introductory costs through joint developments



(3) Promoting open innovation for regional financial institutions:

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



Examples of the assorted services



Blockchain

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



Payment

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



Crowd-funding

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

Other FinTech

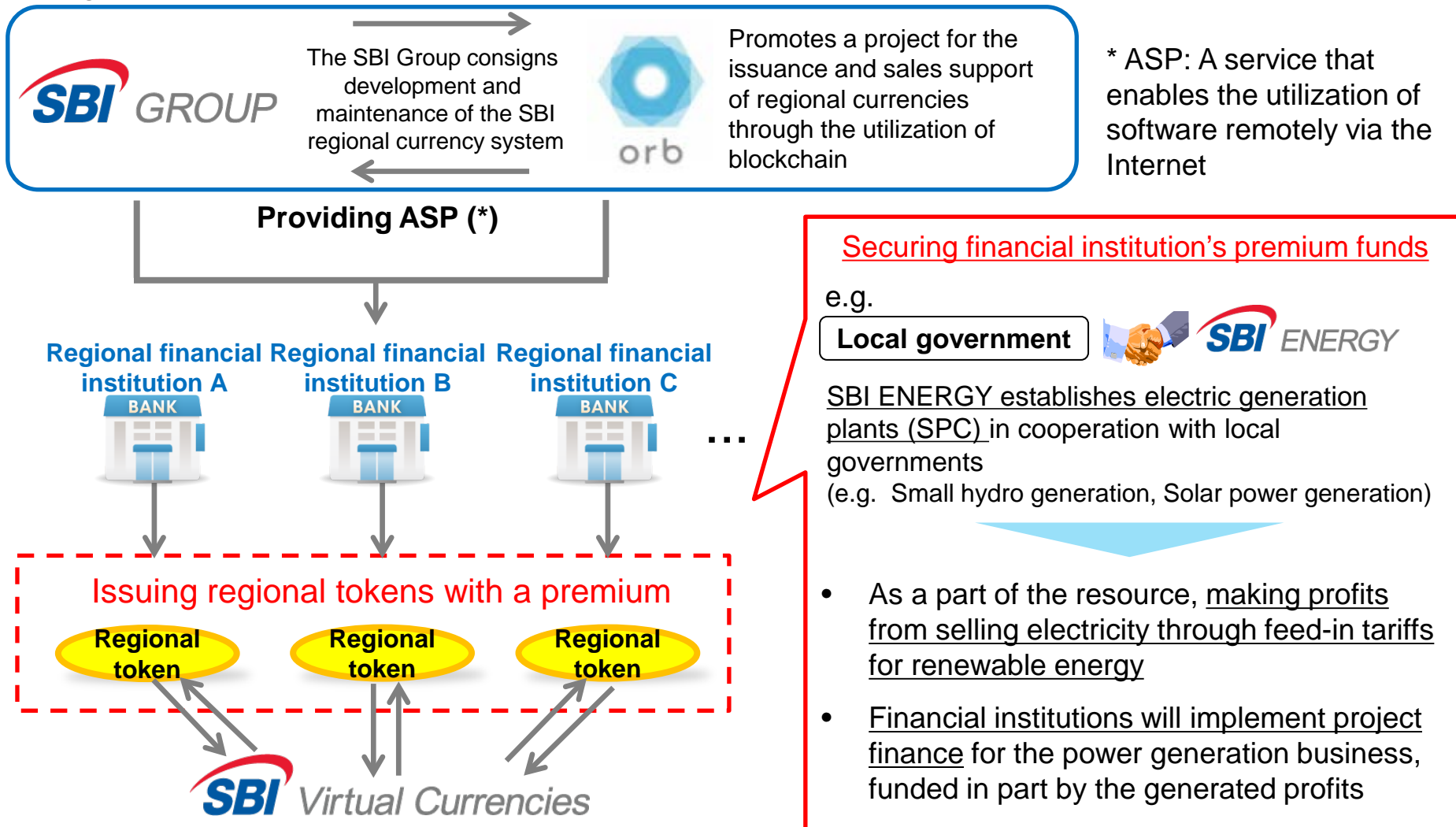


Considering the launch of a combined service for cash and payment measures for the agriculture and product distribution sectors, which are major businesses in the local economy

(3) Promoting open innovation for regional financial institutions:

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

Image:



*Regional token: Substitute currencies, claim receipts and vouchers distributed within the region

(3) Promoting open innovation for regional financial institutions:

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

LENDING

Settlement service provider

ZEUS * 100% subsidiary of SBI AXES
Credit Payment Service

Launched "LENDING 1," an accounting transaction based loan service for SMEs in collaboration with a settlement service provider ZEUS

- ✓ Enables financing within the same day of application at the earliest
- ✓ Unnecessary to submit financial statements

住信SBIネット銀行

SBI Sumishin Net Bank

Based on customer agreement, providing its data

Financing, based on accounting transaction data

Offering loan examination algorithm

Regional financial institutions



Loan

Local retail stores



SBI Sumishin Net Bank's accumulated operating service management know-how will support the introduction of the advanced financing method to regional financial institutions

(4) “The Japan Bank Consortium to Central Provide Domestic and Cross-border Payment,” in cooperation with 43 Japanese banks:

“Remittance Revolution” by Establishing a Next Generation Remittance System

- With the new participation of the Fukui Bank in Dec. 2016, participating financial institutions in “The Japan Bank Consortium to Central Provide Domestic and Cross-border Payment” became 43 banks (president bank: Resona Bank, secretariat: SBI Ripple Asia, SBI Holdings)
In the consortium, discussions on the tasks required for domestic and cross-border payment are underway both in terms of technology and operation, and is proceeding with trials targeting for the completion in Mar. 2017 and various kinds of verification for commercial use that follows.
- The SBI Group started a trial for cross-border payments with Mizuho Financial Group

Participating Financial Institutions (43 banks):

Reginal banks & Second-tier regional banks (31 banks)		Online banks (5 banks)	Others (7 banks)
Regional banks (27 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, The Fukui 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, The Yachiyo Bank	AEON Bank, SBI Sumishin Net Bank, Seven Bank, Sony Bank, Daiwa Next Bank,	ORIX Bank, Shinkin Central Bank, Shinsei Bank, Mizuho Bank, Sumitomo Mitsui Trust Bank, The Nomura Trust and Banking, Resona Bank

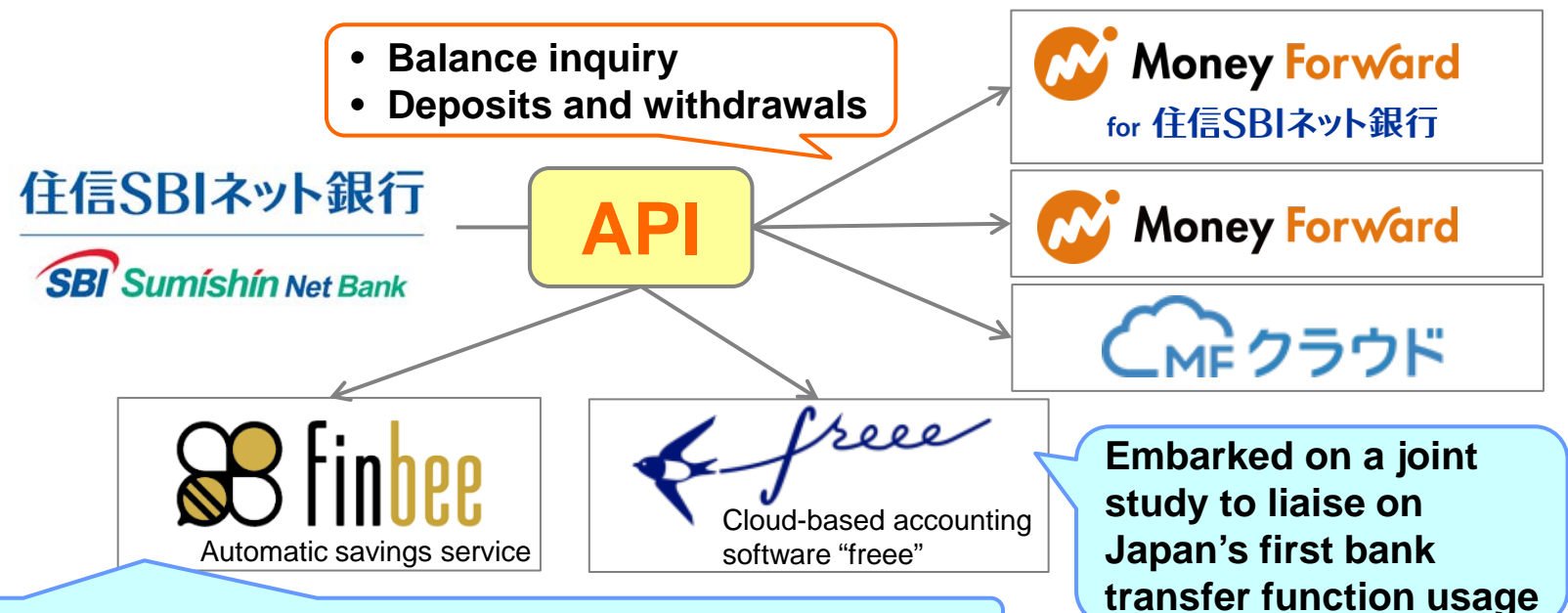
*As of Jan. 2017

(5) Expansion of the API Economy with external companies:

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

➡ **By connecting FinTech venture companies and banks, will create services suitable for individual customers**



Started the collaboration using Japan's first upgraded API*

*A connection method between systems that enables transactions, such as transfers, between a primary account and a specific-purpose account without service providers having access to the user's login ID, password, or personal information.

Considering the possibility of API connections with about 10 technology development companies in the accounting and asset management field

4. Strengthen profitability through a thorough cost reduction throughout the Group

- (1) Promote “Brilliant Cut Initiative” and thoroughly utilize “Selection and Concentration” principle**
- (2) Endeavor to significantly reduce system cost through the establishment of an in-house system development company, and to promote the development of a system unique to the SBI Group, for internal and external use**

(1) Promote “Brilliant Cut Initiative” and thoroughly utilize “Selection and Concentration” principle

What is the SBI Group's "Brilliant Cut Initiative"?

(Announced in July 2010)

Thorough "selection and concentration"

Brilliant Cut: Designed to be the most beautiful and brilliant type of diamond

(Theorized in 1919 by Belgian-born mathematician Marcel Tolkowski)



Diamond glitters most when polished in 58 facets

Apply it to business ecosystem



Focusing more on higher profitability rather than expansion of group scale, 58 vital entities were selected from over 100 entities

Making the SBI Group a "Brilliant Cut Diamond" whose facets sparkles more beautifully, and brilliantly glitters as a whole

In the Brilliant Cut Initiative for the Financial Services Business, after Transitioning through Each Phase, a Thorough Pursuit of Synergies between the Three Core Businesses of Securities, Banking and Insurance is Effectuated

First Phase (from July 2010):

The primary goal was each company's turning profitable in operating income, and companies that failed to achieve the goal in 3 years were to be liquidated or sold.



Second Phase (from Apr. 2011):


Examined each company's earnings capacity by taking into account B/S, C/F situation as well as changes in operating income.



Third Phase (from Apr. 2012):

Examine each company's synergy with the three core businesses, in addition to the earnings capacity, and concentrate resources solely on those businesses with strong synergies.

For FY2016, SBI Insurance and SBI Remit, which were Unprofitable Business Entities, Achieved their First Full-year Profitability since their Establishment

 **SBI損保** (Non-life insurance: Started its business in Jan. 2008)
[SBI Insurance]

- In its ninth year of operation, the company achieved full-year profitability under IFRS for the first time through steady accumulation of insurance contracts, mainly automobile insurance, and rigorous cost reduction

 **Remit** (International money remittance service: Started its business in Dec. 2010)

- Philippines bound remittances increased steadily
- Vietnam and China bound remittances rapidly increased

Profit before income tax expense (IFRS)

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

	FY2014 (Apr. 2014 - Mar. 2015)	FY2015 (Apr. 2015 - Mar. 2016)	YoY change
SBI Insurance	-618	90	+708
SBI Remit	-137	111	+248

Continue to Improve Profitability through Generation of Cash Flow through the “Selection and Concentration” Process

Transfers and sales of non-core subsidiaries

[Major subsidiaries sold after Mar. 2012]

- SBI VeriTrans (currently VeriTrans), Wall Street Journal Japan, SBI Capital Solutions, SBI Mortgage, SBI Life Living, SBI Card and Autoc One

[Major subsidiaries transferred or sold in FY2016]

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



Recovered about JPY 64bn in total through sales of subsidiaries, including partial sales, since FY2011

Sales of real estate holdings

Through the sales of real estate holdings, recovered approx. JPY 17.8bn during the two periods between FY2014 and FY2015. Also, an agreement to sell the remaining approx. JPY 3bn at the beginning of FY2016 has been concluded

(2) Endeavor to significantly reduce system costs through the establishment of an in-house system development company, and to promote the development of a system unique to the SBI Group, for internal and external use

Reducing System Costs by Promoting the In-house System 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 291 employees, 181 are highly skilled foreign IT section staff (as of Dec. 31, 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 has consolidated tradeWin DALIAN, as well

➤ 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

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

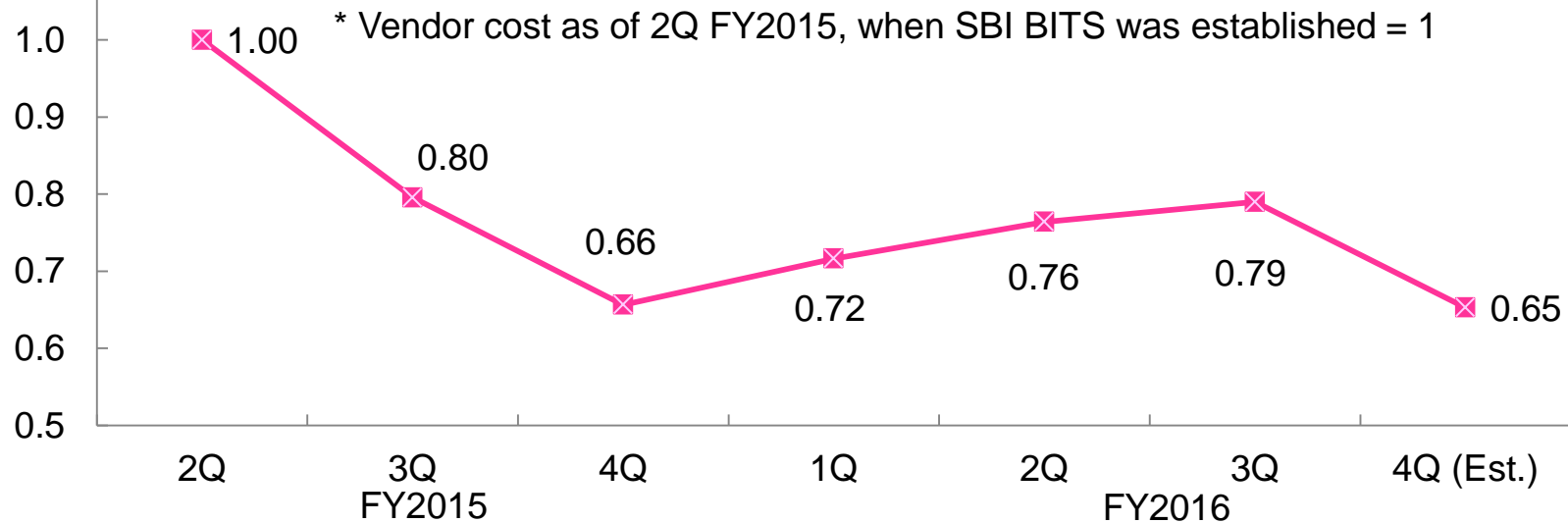
In Order to Reduce System Costs to External System Vendors, SBI SECURITIES is Sequentially Switching the Current System Development Vendors to SBI BITS

Change in SBI SECURITIES' system development vendors

31 vendors (as of the end of Dec. 2015) → **15 vendors** (as of the end of June 2016) → Presently **6 vendors**

Going forward, by leveraging the accumulated expertise, SBI BITS will further reduce costs

Quarterly outsourcing fees to resident system development vendors



SBI SECURITIES will endeavor to reduce its system cost to major external system vendors by at least 20% compared to that of FY2015 within FY2017, by sequentially aggregating the systems' commissions to SBI BITS

5. Actualizing intrinsic corporate value, and endeavoring to further enhance shareholder returns

- (1) Promote the IPOs of Group subsidiary companies, to actualize intrinsic corporate value**
- (2) Change of the fundamental policy for shareholder returns to further enhance shareholder returns**

(1) Promote the IPOs of Group subsidiary companies, to actualize intrinsic corporate value

Subsidiary Company Listing Strategy Trend (i)

1999-2007

Policy: Promoting listing of subsidiary companies to ensure growth funds

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

2007-2015

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

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

SBI SECURITIES, which is the largest “cash cow” of the Group, became a wholly owned subsidiary (Aug. 2008)

2015-

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

Considering IPOs of subsidiary companies



Subsidiary Company Listing Strategy Trend (ii)

-12 companies listed since the establishment of the Group-

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

Actualizing the Intrinsic Corporate Value in Light of the Initial Public Strategies of the Group Subsidiaries

[Basic policy on IPO strategies of subsidiary companies]

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

[List of subsidiaries that are considering listing]

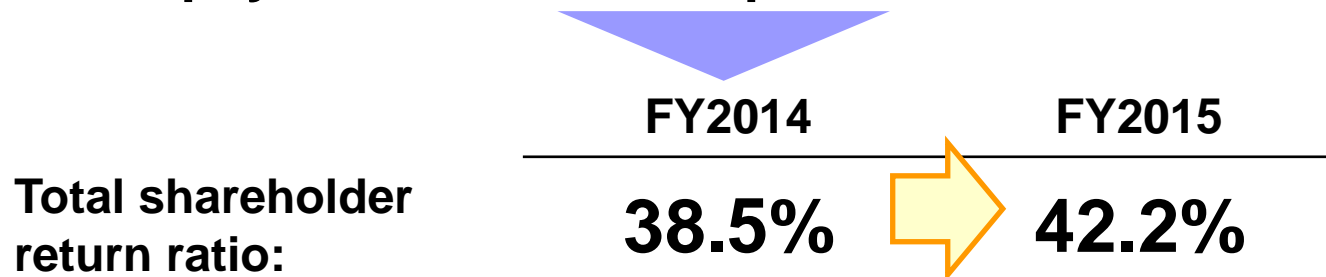
Company name	Business overview
SBI Capital Management	Intermediate holding company of the Asset Management Business
SBI ALA Hong Kong	Intermediate holding company of the Biotechnology-related Business
SBI FinTech Solutions (tentative name, planning the est.)	Aggregate FinTech-related companies within the Group
Insurance Holding Company (planning the est.)	Govern the insurance businesses within the Group
SBI Biotech	R & D etc. of pharmaceuticals
Quark Pharmaceuticals (Quark)	R & D etc. of pharmaceuticals

(2) Change of the fundamental policy for shareholder returns to further enhance shareholder returns

Revision of the Basic Policy for Shareholder Return

[Current basic policy for shareholder return]

Conduct shareholder returns with a target of achieving a total shareholder return ratio, as calculated by the sum of dividend payouts and share repurchase costs, of about 40%



[Revised basic policy for shareholder return]

Conduct shareholder returns with a target of achieving a total shareholder return ratio, as calculated by the sum of dividend payouts and share repurchase costs, of **40% as a minimum**

In FY2016, along with the interim dividend of JPY 10 per share, the Company implemented a share repurchase of approx. JPY 8.0bn, during Aug. and Sept. 2016, of SBI shares

Recent Shareholder Return Results

		FY2014	FY2015
Dividend	Full-year dividend per share	JPY 35 (Ordinary dividend: 30) (Commemorative dividend: 5)	JPY 45 (Ordinary dividend: 45)
	Sum of dividend payouts (JPY bn)	7.6	9.4
Share repurchase amount (JPY bn)		10.0	5.0
Total shareholder return amount (JPY bn)		17.6	14.4
Total shareholder return ratio (%)		38.5	42.2

[Appendix]

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

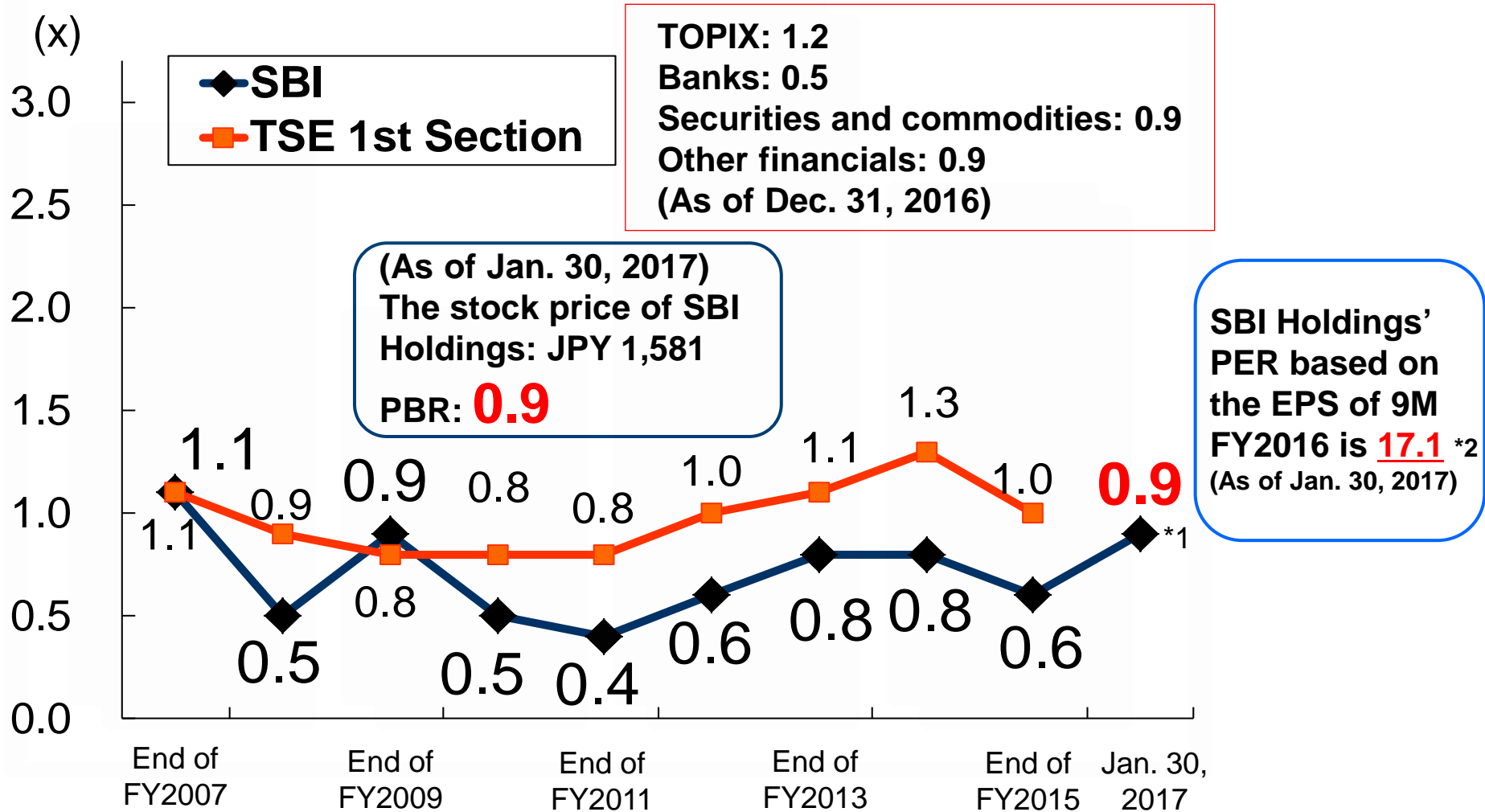
SBI Holding's Recent Stock Price

Market cap (based on the closing price of Jan. 30, 2017): **JPY 355.0bn**



Change in PBR of SBI Holdings

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



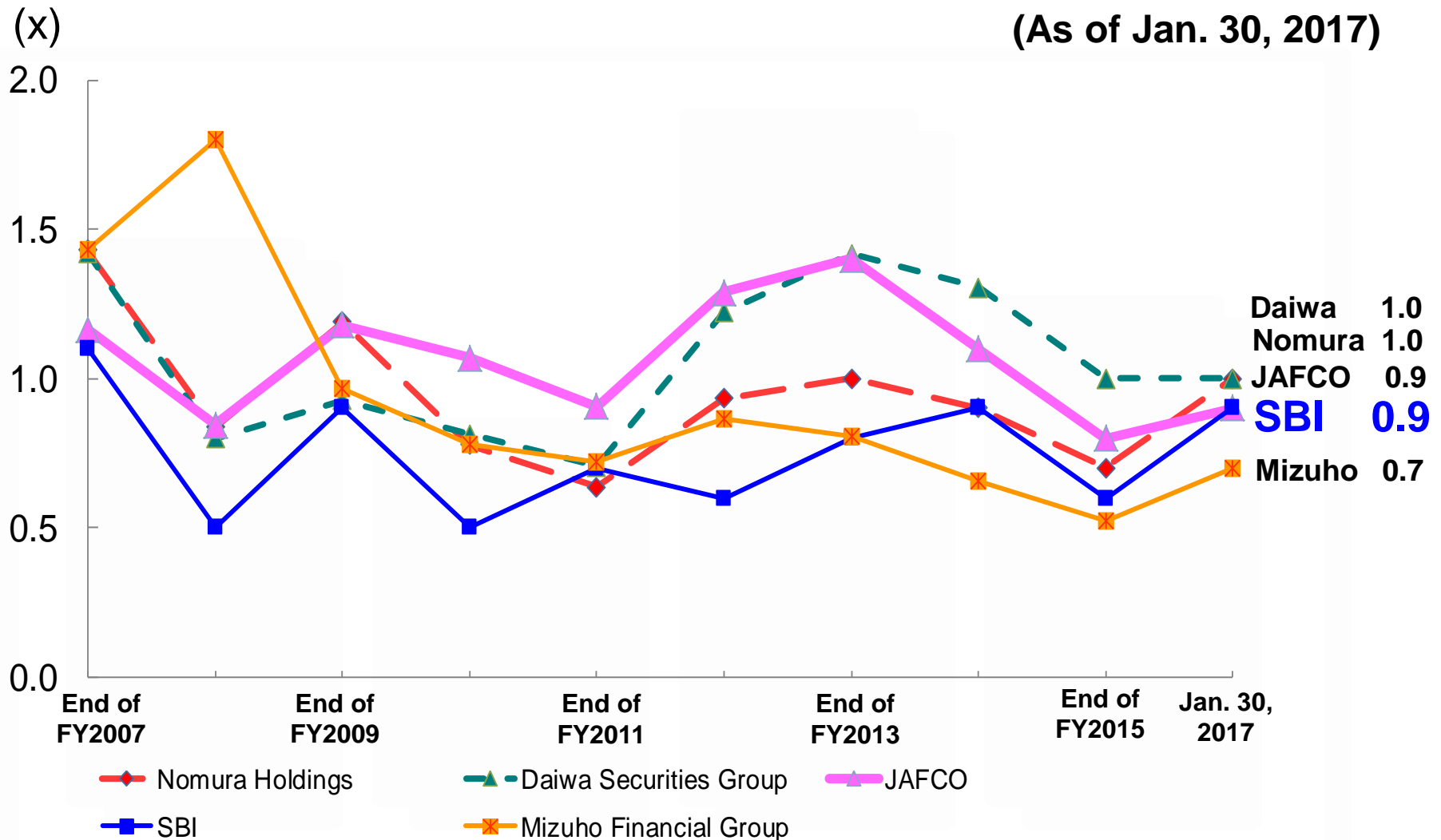
*1 PBR of SBI Holdings for Jan. 30, 2017 is calculated based on the BPS of the end of Dec. 2016.

*2 EPS of 9M FY2016 (JPY 123.09) 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 Jan. 30, 2017 are calculated based on the BPS of the end of Dec. 2016. As for Nomura and Mizuho, the BPSs as of the end of Sept. 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 Jan. 30, 2017) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	582.6
Asset Management	204.1
Biotechnology-related	77.1
Subtotal	863.8 (+)
External Debt (SBIH's non-consolidated-base borrowing recorded on the consolidated B/S as of Dec. 2016)	-247.6
Sum Total	616.2 (+)*

- Business valuation per share: **JPY 3,847**

- Business valuation per share after deduction of external debt: **JPY 2,744**

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 444.4bn

(based on the closing prices of Jan. 30, 2017)

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 Dec. 31, 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 Dec. 31, 2016.

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

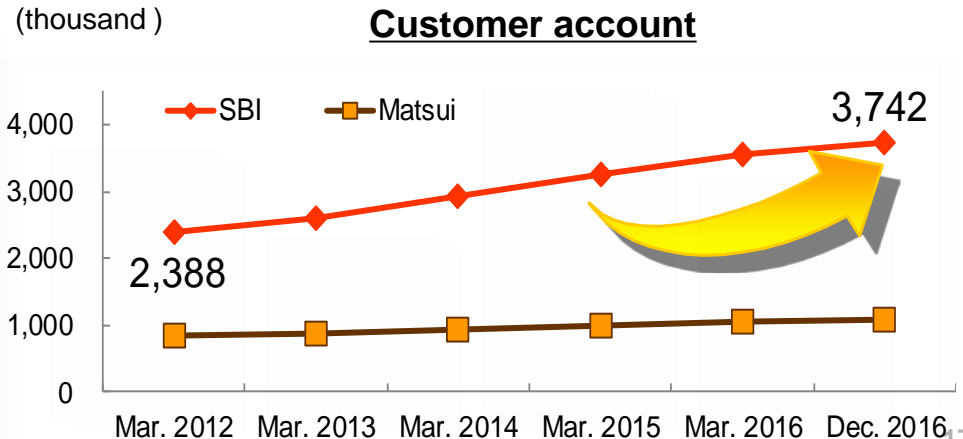
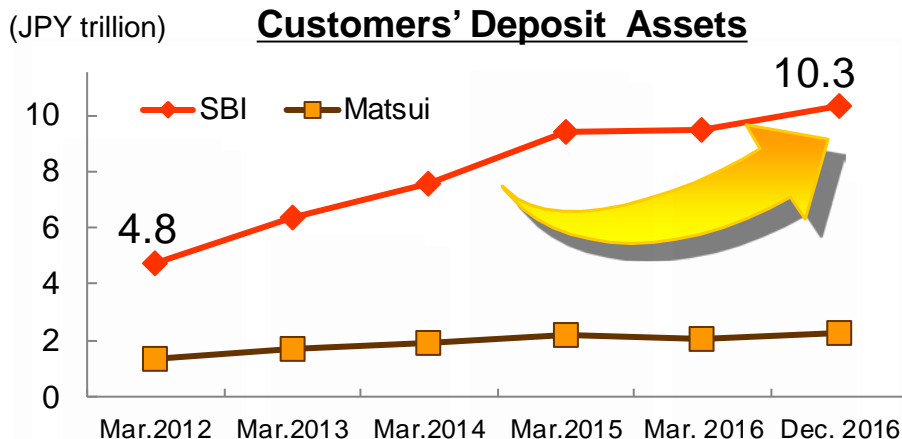
Valuation by Segment Estimated by SBI

(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 Jan. 30, 2017

(9M FY2016)	SBI SECURITIES	Matsui Securities
Valuation (market cap) *	JPY 444.4bn	JPY 255.6bn
Deposit assets (Dec. 2016)	No.1 JPY 10.3tn	JPY 2.3tn
Number of accounts (As of the end of Dec. 2016)	No.1 3.74 million	1.08 million
Share of individual stock brokerage trading value	No.1 34.9%	13.0%
Operating income	No.1 JPY 28.2bn (down 6.7% YoY)	JPY 11.1bn (down 35.2% 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 104.6bn → JPY 52.3bn (based on the closing prices of Jan. 30, 2017)

(Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

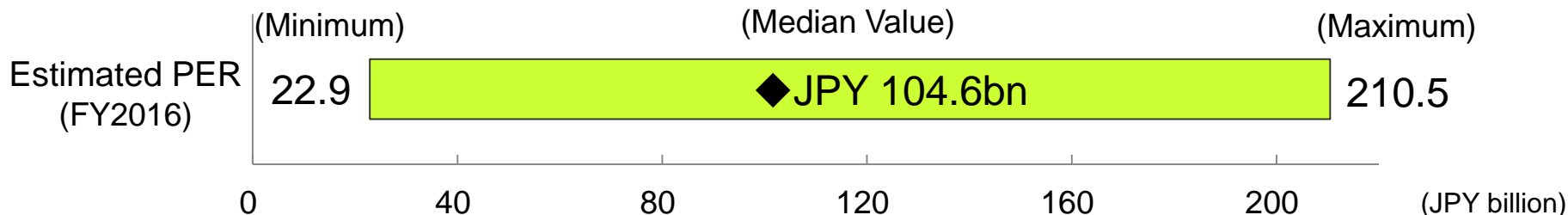
Calculated according to the **Comparable Public Company Analysis**

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 48.7bn** (based on the closing price of Jan. 30, 2017)

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 Hirose FX

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

* PER of Money Partners and Hirose FX are calculated by its net income per share for FY2015.

④ SBI Japannext

Conservatively estimates the valuation of SBI Japannext at

USD 150m → **JPY 8.4bn** (based on the exchange rate as of Jan. 30, 2017)
(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 21.0bn** (based on the closing price of Jan. 30, 2017)

Estimation of the valuation is as follows:

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

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

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

* PER of Kakaku.com and NEWTON FINANCIAL CONSULTING are 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	8.3*	6.1
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				15.6	7.8

(Based on the closing price of Jan. 30, 2017. *Calculated by the exchange rate as of Jan. 30, 2017.)

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

Valuation by Segment Estimated by SBIH

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

① SBI SECURITIES

(based on the closing prices of Jan. 30, 2017)

Upon comparison with similar listed companies calculated conservatively as **JPY 444.4bn**

② SBI Sumishin Net Bank

(based on the closing prices of Jan. 30, 2017)

Estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 104.6bn → **JPY 52.3bn** (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market (cons.)

(based on the closing prices of Jan. 30, 2017)

Upon comparison with similar listed companies calculated as **JPY 48.7bn**

④ SBI Japannext

(based on the exchange rate of Jan. 30, 2017)

Upon the conservative estimated valuation of USD 150m → **JPY 8.4bn**

(Shareholding of the SBI Group: 48.8%)

⑤ SBI Comparison Website Business

(based on the closing prices of Jan. 30, 2017)

Upon comparison with similar listed companies calculated as **JPY 21.0bn**

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 7.8bn**

(based on the closing prices of Jan. 30, 2017)

Total of the valuation above: JPY 582.6bn (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. 179

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -①

Asset Management Business

Valuation for this segment is conservatively estimated at approx. JPY 204.1bn

<Reference>

JAFCO's Market Cap: **JPY 187.1bn** (based on the closing price of Jan. 30, 2017)

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

(i) Value of holding securities (at the end of Dec. 2016) Approx. JPY 104.1bn

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

(ii) Value of SBI Investment (based on the closing price of Jan. 30, 2017)

(* Valuation excluding assets such as securities hold) Approx. JPY 17.9bn

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 Jan. 30, 2017)

Estimates the valuation of SBI SAVINGS BANK at JPY
65.3bn → JPY 64.6bn

(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

<p>Median value of PBR of listed savings banks and local banks in Korea^{*1}</p>	×	<p>Balance of SBI SAVINGS BANK's substantive equity^{*2} (As of the end of Dec. 2016)</p>
--	---	---

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

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

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

Valuation by Segment Estimated by SBIH

(2) Asset Management Business- ③

(iv) Total market cap of listed subsidiaries and equity method associates

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
Morningstar Japan	49.6	Consolidated subsidiary	TSE JASDAQ	27.4	13.6
SBI Investment KOREA	43.9	Equity method associate	KOSDAQ of KRX	8.9*	3.9
Sum of the market cap of a listed subsidiary and an equity method associate				36.3	<u>17.5</u>

(Based on the closing price of Jan. 30, 2017. *Calculated by the exchange rate as of Jan. 30, 2017.)

* 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 77.1bn

① SBI Pharmaceuticals

Estimation of the valuation is as follows:

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



Based on SBIH's equity interest (excluding external holdings) as of the end of Dec. 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)
Kubota Pharmaceutical HD	38.2	Consolidated subsidiary	TSE Mothers	37.6	14.4

③ SBI Biotech (SBI's shareholding percentage*: 79.6%)

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) Investment Status of the Asset Management Business

Assets Under Management of the SBI Group

(As of the end of Dec. 2016)

Private equity, etc. JPY 236.2bn (Including JPY 95.3bn of both cash and commitment amount to be paid in) (*3)

Breakdown by Industry	Amount
IT/Internet	32.2
Biotechnology/Health/Medical	16.3
Services	8.8
Materials/Chemicals	2.0
Environmental/Energy	13.9
Retail/Food	9.2
Construction/Real estate	0.9
Machine/Automobile	6.5
Finance	36.4
Others	14.6
Total	140.9

Breakdown by region	Amount
Japan	47.9
China	21.0
Korea	32.6
Taiwan	1.2
Southeast Asia	7.3
India	5.6
U.S.	19.6
Others	5.6
Total	140.9

Investment trusts, etc. JPY 275.7bn (*4)

Investment trusts	184.8
Investment advisory	86.6
Investment companies	4.4

*1 Calculated by the exchange rate as of the end of Dec. 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 29.6bn

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