



Representative Director,
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Entering a New Phase

The Group has Transitioned into a New Development Stage, Having Entered into the Most Dramatic Growth Phase since its Founding

The SBI Group has completed the establishment of the domestic Internet-based financial services business ecosystem, which it has endeavored to achieve since its founding, in FY2015. On the other hand, with the acceleration of new technological developments on a global scale in fields such as cryptocurrency, IoT, AI, big data and so on, the SBI Group has introduced various new technologies ahead of its competitors to establish a new ecosystem with blockchain technology as its core, in order to transition into a new dramatic growth phase. The Group will also actively invest in promising FinTech-related companies through the investment business, and will immediately utilize FinTech technologies within the Group's financial services businesses through collaborations with promising venture companies and other players in these new technology fields, in order to further maximize its competitiveness. Meanwhile, the Biotechnology-related Business has finally moved into a stage of full-scale growth as well, so the Group will endeavor to unerringly conduct strategic moves to take maximum advantage of this favorable opportunity to pursue a sustainable expansion of corporate value.

The SBI Group Achieved Record High Revenue for Two Consecutive Fiscal Years, with Improved Profit Generating Capacity Progressing in Each Business Segment.

The fiscal year ended March 31, 2016 (FY2015) was a year in which the Group experienced further synergies and mutual evolution invigoration that created a virtuous cycle, as it entered into a new growth phase that is the most dramatic since its founding.

Reflecting on the economic environment that enveloped the SBI Group during FY2015, the stock markets in Japan, which have a significant impact on the investment business and the securities-related business, performed well at the beginning of the fiscal year as expectations for positive corporate business performance and the enhancement of shareholder returns increased, along with the strengthening trend of a weaker yen and stronger dollar that provided a favorable tailwind for the export-related stocks. However, from August onward, a simultaneous worldwide decline in stocks that reflected concerns about the slowing of the Chinese economy, a sense of uncertainty about the U.S. monetary policy, and a rapid and dramatic strengthening of the yen led to a greater risk avoidance. Consequently, the stock markets softened and the Nikkei Stock Average fell sharply. However, even in this difficult environment, the number of domestic IPOs (excluding TOKYO PRO Market listings) remained firm, with 94 companies completing IPOs, for an increase of 8 companies as compared to the previous fiscal year.

Meanwhile, overseas, with the movement toward a monetary policy normalization in the U.S., along with the economic uncertainties that surrounded the emerging economies, including China, the major countries' stock market conditions weakened and led to a decline in the number of overseas IPOs. Nevertheless, encouraging signs have begun to appear, such as the continuing gradual recovery of the U.S. economy.

In such an economic environment, the SBI Group's FY2015 consolidated financial results on an International Financial Reporting Standards (IFRSs)

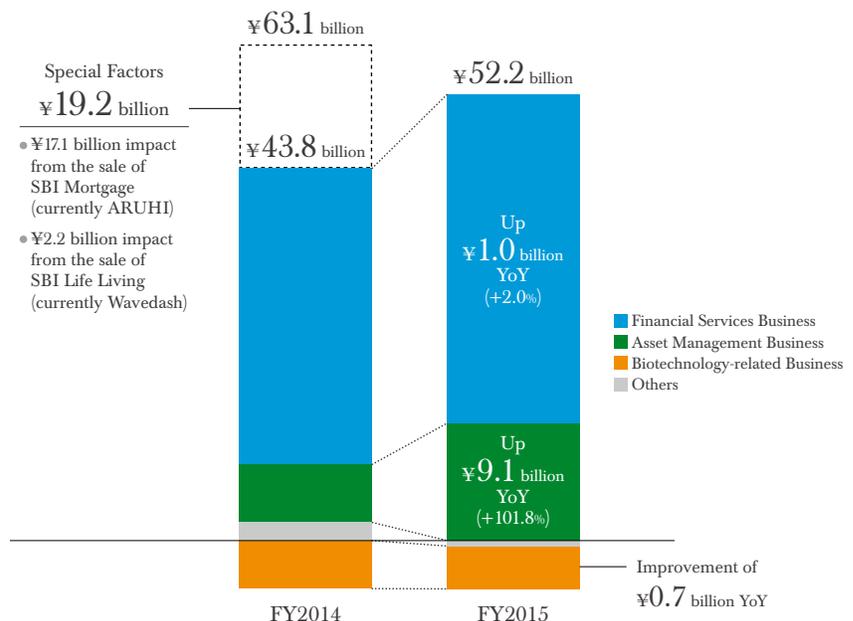
basis recorded a year-on-year revenue increase of 5.8%, for a record high ¥261.7 billion. Although profit before income tax expense fell 17.2% year-on-year to ¥52.2 billion, and profit for the year attributable to owners of the Company fell 25.4% year-on-year to ¥34.1 billion, with the decreases attributable to the inclusion of special factors, such as gains of ¥19.2 billion on the sale of SBI Mortgage (currently ARUHI) and SBI Life Living (currently Wavedash) in the FY2014 results. When the effect of these one-time items are excluded, profit before income tax expense rose 19.1% year-on-year.

It should be noted that the accounting item "operating income" has been eliminated from the consolidated results of FY2015. This reflects the reality of the wide-ranging scope of the Group's income

earning activities, where a clear classification has become difficult, so the Company has changed to a method of presenting revenue and expenses without presenting operating income.

By segment, in the Financial Services Business, SBI SECURITIES, which has been diversifying its revenue sources, recorded an historical high in profit before income tax expense for three consecutive fiscal years, and the other major financial services companies also recorded historical highs as well. In addition, earning capacity increased substantially as companies that had previously operated at a loss, namely SBI Insurance and SBI Remit, a company operating an international remittance business, achieved full-year profitability for the first time. Although profit before income tax

Year-on-year Comparison of Profit Before Income Tax Expense Excluding Special Factors



* Total profit before income tax expense for FY2014 and FY2015 includes profit or loss not allocated to specific business segments and inter-segment eliminations.

expense from the Financial Services Business declined 24.2% year-on-year to ¥50.5 billion, when the one-time impact from the sale of SBI Mortgage (currently ARUHI) is excluded, profit before income tax expense rose 2.0% year-on-year.

In the Asset Management Business, the business performance at SBI SAVINGS BANK of South Korea, which completed its business revitalization efforts, developed favorably due to factors including a steady increase in performing loans and a gradual decrease in the delinquency ratio. The recording of valuation gains, primarily in listed stocks held, due to the change in fair value evaluation, also contributed

to the Asset Management Business performance. In addition, Morningstar Japan, which has been moved from the Financial Services Business segment to the Asset Management Business segment beginning in FY2015, achieved substantial increases in revenue and profit. As a result of these developments, profit before income tax expense from the Asset Management Business increased 101.8% year-on-year to ¥18.0 billion.

The Biotechnology-related Business achieved a substantial increase in revenue and moved steadily forward toward profitability. The U.S.-based Quark Pharmaceuticals, a wholly owned subsidiary of

SBI Biotech, received an upfront fee in the second quarter from a renewal of an option agreement for a drug discovery pipeline asset that advanced to the next development phase. Furthermore, on the occasion of the launch of ALAplus Tou (Sugar) Down, the first food with function claims containing 5-Aminolevulinic Acid (5-ALA), in December 2015, SBI ALA-promo stepped up promotional activities focused on TV commercials, which led to a surge in the number of outlets handling 5-ALA-related products, along with a growth in sales.

Key Policies and Measures Going Forward

The SBI Group, while Capturing the Trend of a New Era, will Pursue Sustainable Growth and Profitability Improvement in Each of its Businesses.

The SBI Group aspires to realize sustainable high growth over the medium- and long-term, as well as to continue to create new value at all times. To actualize this vision for the future, the Group will make the following strategic moves in its business segments.

Financial Services Business

Fintech and Other New Technologies as a Driving Force

With the addition of the life insurance business as one of the pillars of the insurance business, the SBI Group has now completed the development of its Internet-based financial ecosystem in Japan, encompassing the three core businesses of securities, banking and insurance. The Group has focused its attention on the limitless potential of the Internet and the high affinity between the Internet and financial services. Since its founding in 1999, it has expanded its business domain into diverse Internet-based financial services centered on the securities business, and has grown into a corporate group with a customer base of nearly 19 million. Today, with the acceleration of the development of numerous new technologies, the SBI Group is excited about the possibilities for its dramatic growth, which is comparable to the potential that existed

when the Group was established.

FinTech technologies, such as blockchain technology, IoT, AI, big data and other new technologies that have attracted attention in recent years can be effectively employed to expand the SBI Group's Financial Services Business, which utilizes the Internet as its main business channel. In order to take advantage of this favorable opportunity for growth, the SBI Group will actively utilize these new technologies at Group companies to further increase its competitiveness by pursuing differentiation from its competitors.

Asset Management Business

Increasing Investments into the FinTech Field, and Enhancing the Asset Management Services Business

In the venture capital business, the SBI Group will increase investments in FinTech-related venture companies through

the FinTech Fund (fund name: FinTech Business Innovation LPS), of ¥30 billion total commitment, established in December 2015, and will endeavor to implement the practical use of innovative financial services by establishing a new FinTech ecosystem in collaboration with such promising venture companies.

In the asset management services business, SBI GLOBAL ASSET MANAGEMENT was established in November 2015, to consolidate the SBI Group's asset management functions for the purpose of effectively managing the Group's rapidly increasing assets under management. The Group plans to promote global asset allocation through collaboration with asset management companies in Japan and overseas, and to further increase earning capacity through means including arbitraging of interest rate differentials between Japan and other countries, by utilizing the Group's network of overseas partner financial institutions.

Biotechnology-related Business

Promoting Global Development of the 5-ALA-related Business to Expand the Revenue Base

In the 5-Aminolevulinic Acid (5-ALA)-related business, which is primarily operated by SBI Pharmaceuticals, the Group is promoting a global development of

R&D, marketing and out-licensing by taking advantage of the acquisition of photonamic, a Germany-based pharmaceutical company, with future plans calling for a realization of global-scale synergies centered on SBI ALA Hong Kong, the Group's intermediate holding company for the 5-ALA-related business. SBI ALApromo, which markets health foods and cosmetics containing 5-ALA in Japan, is placing an emphasis on its foods

with function claims as one of its key strategies, and is now addressing the development of those products.

SBI Biotech, the other pillar of the Biotechnology-related Business, which has multiple promising drug discovery pipeline assets targeting the treatment of cancer and autoimmune disorders, will promote the monetization of its pipelines through out-licensing (including joint research) with a view to realizing a future IPO.

Major Topics for the Year

2015

April

- SBI SECURITIES acquired Book Field Capital to accelerate efforts to internally originate structured bonds.

May

- Share repurchase of up to ¥10.0 billion was implemented (completed on June 17).
- Information Meetings (briefings for individual shareholders) held in Tokyo, Osaka and Nagoya.

July

- SBI BITS, a system development company was established.

August

- The Company was selected to be part of the composition stock of the JPX-Nikkei Index 400.
- ALAplus Drink, a new beauty supplement containing 5-ALA was launched.



- SBI Sumishin Net Bank started business partnership with Money Forward.



October

- SBI Thai Online Securities, the first pure-play online securities company in Thailand commenced its operations



- SBI Card became a subsidiary of SBI Sumishin Net Bank.

- SBI Liquidity Market became a subsidiary of SBI SECURITIES.

- Partnership with RIZAP and the RIZAP GROUP was announced.

November

- With the founding of SBI ENERGY, entered into the renewable energy business.

- With the establishment of SBI GLOBAL ASSET MANAGEMENT, the Group promotes internal restructuring toward the strengthening of its asset management structure.

- 5-ALA's safety and effectiveness was confirmed in treating type 2 diabetes patients in food intervention trial in Bahrain.

December

- Information Meetings (briefings for individual shareholders) held in Tokyo, Osaka and Nagoya.



- SBI Sumishin Net Bank initiated Japan's first demonstration test to examine the possibility of applying blockchain technology for accounting operation.

- ALAplus Tou (Sugar) Down, the first food with function claims containing 5-ALA was launched.



- FinTech Fund, a venture capital fund targeting FinTech-related companies was established.

- SBI Bond Investment Management, a joint venture with the world-class global bond investment management firm PIMCO was established.

2016

January

- German-based pharmaceutical company, photonamic, which deals with 5-ALA-related pharmaceuticals in Europe, became a subsidiary of the SBI Group.

- Completed memorandum of understanding on investing and establishing a joint venture with Ripple Labs, Inc., developer of Ripple Connect, a next-generation settlement platform based on blockchain technology.

- The number of accounts at SBI SECURITIES surpassed 3.5 million, the first among online securities companies.

February

- SBI Life Insurance started to sell new products in whole life medical and term insurance.



- Agreement to transfer all shares of Phnom Penh Commercial Bank was concluded.

- Share repurchase of up to ¥5.0 billion was implemented (completed on March 17).

March

- SBI Holdings participates in R3 CEV's blockchain consortium, as the world's first financial group whose main channel is the Internet.

Sustainable Expansion of Corporate Value

The SBI Group will Strive for Sustainable High Growth of its Businesses and Endeavor to Expand its Corporate Value by Actively Increasing Shareholder Returns.

The SBI Group believes that the creation of customer value, which is the intrinsic value of goods and services a company provides to its customers, is the foundation of corporate value and that customer value, shareholder value and human capital value are mutually interconnected, and increases over time in a virtuous cycle. Increasing customer value through close adherence to the “Customer-centric Principle” on a group-wide basis contributes to improvements in business performance, and an increase in shareholder value. This makes it possible to recruit and retain talented personnel, which leads to an increase in human capital value. The ability to recruit and retain talented personnel enables the creation of better products and services, which further increases customer value. The Group will continue to engage in various measures to create this virtuous cycle.

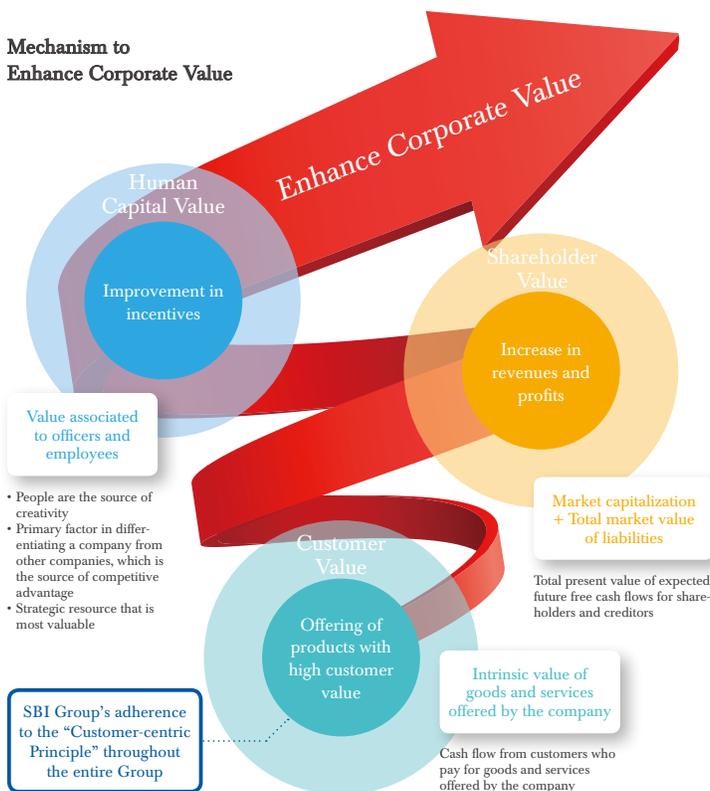
Increasing shareholder value, which is to say enhancing shareholder returns, is an important management policy. Accordingly, the Company increased the annual dividend for FY2015 by ¥10 per share to ¥45, including the interim dividend of ¥10. In addition, the Company repurchased shares worth approximately ¥5.0 billion in February and March 2016. As a result, total shareholder returns, including dividends and share repurchases, were approximately ¥14.4 billion, and the total shareholder return ratio was 42.2%. The Group will continue its efforts to realize sustainable high growth and provide shareholder returns with a target total shareholder return ratio of about 40%.

As such, with the SBI Group embarking on a new growth phase by continuing to embrace new challenges in step with the changing times, along with the concomitant expectations, the continued support of all shareholders will be greatly appreciated.

Yoshitaka Kitao

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Mechanism to Enhance Corporate Value



Basic Concept of Shareholder Returns

- Basic Policies**
- Pay a minimum annual dividend of ¥10 per share.
 - Endeavor to achieve a total shareholder return ratio, which is the portion of the sum of dividend payouts and share repurchase amount to profit for the year attributable to the owners of the Company, of around 40%.

