



*Strategic
Business
Innovator*

Current Management Information Briefing

June 26, 2015

Yoshitaka Kitao

Representative Director, President & CEO

SBI Holdings, Inc.

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 . The Company's Basic Business Model
Building Concepts and the Resulting
Progress**
- II . Business Strategy for the New Phase
that the SBI Group has Entered in Its
17th Year since Its Establishment**

I . The Company's Basic Business Model Building Concepts and the Resulting Progress

- 1. Achieved dramatic growth by riding the trend of the time**
- 2. Established a competitive advantage in the Internet era through the establishment of a business ecosystem**

- 1. Achieved dramatic growth by riding the trend of the time**
 - (1) The continued Internetization of the financial business**
 - (2) Dawn of Asian era**
 - (3) Toward a post-industrial society, changes in Japan's industrial structure is rapidly progressing**

Major Trends that Encompassed the SBI Group Since Its Founding in 1999

(1) The continued Internetization of the financial business

- Japanese Financial Big Bang
 - Lifting of ban on financial holding companies
 - Deregulation of stock commissions, ...etc.
- Internet Revolution
 - Widespread use of PC
 - Promotion of broadband, ...etc.



Rapid growth in Japan's online financial business

(2) Dawn of Asian era

(3) Toward a post-industrial society, changes in Japan's industrial structure is rapidly progressing

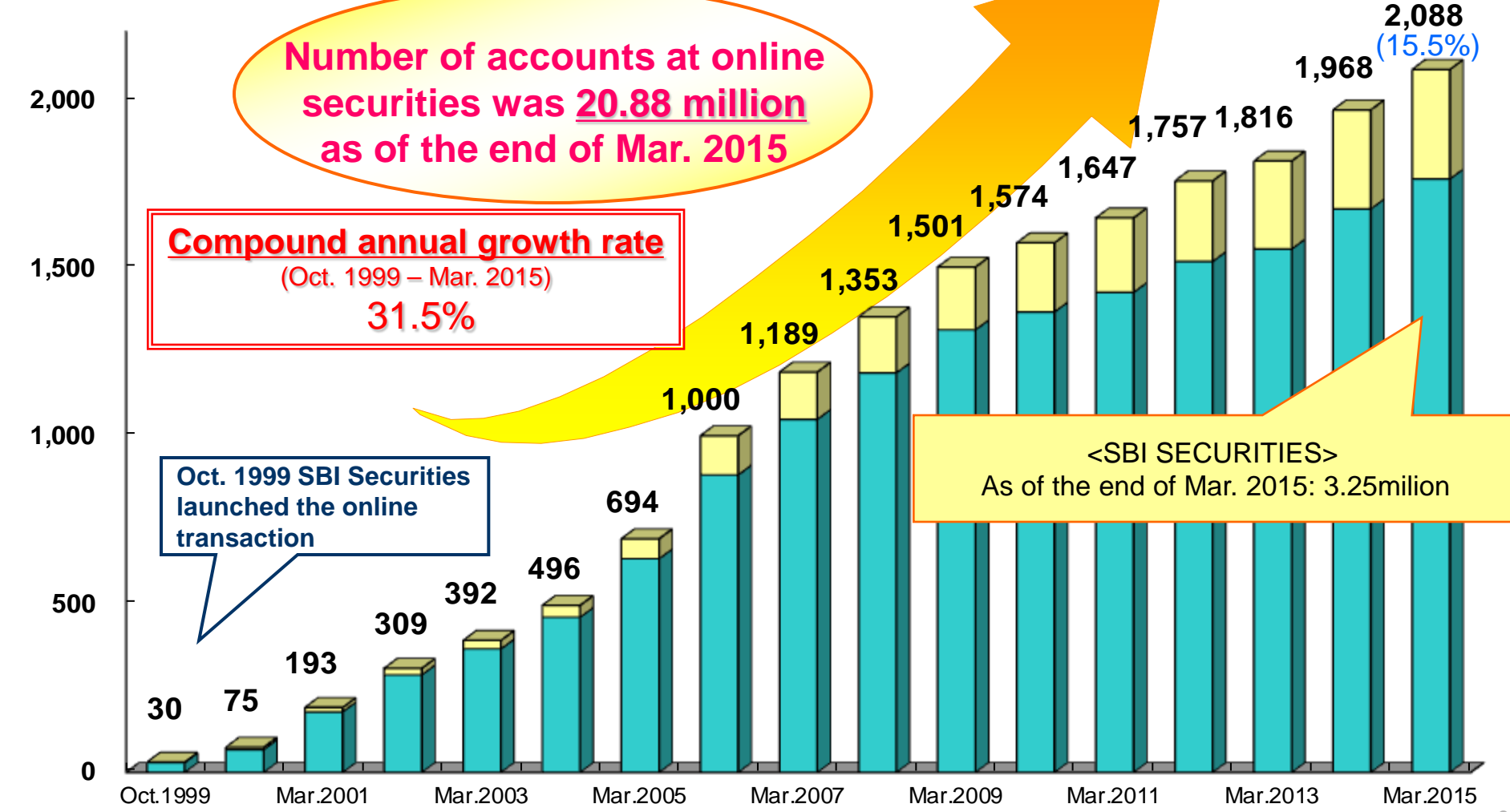
Rapid Expansion of the Internet Finance Sector (Securities)

Transition of the Number of Accounts of the Online Securities

(Oct.1999 – Mar. 2015)

(): Proportion of SBI
SECURITIES

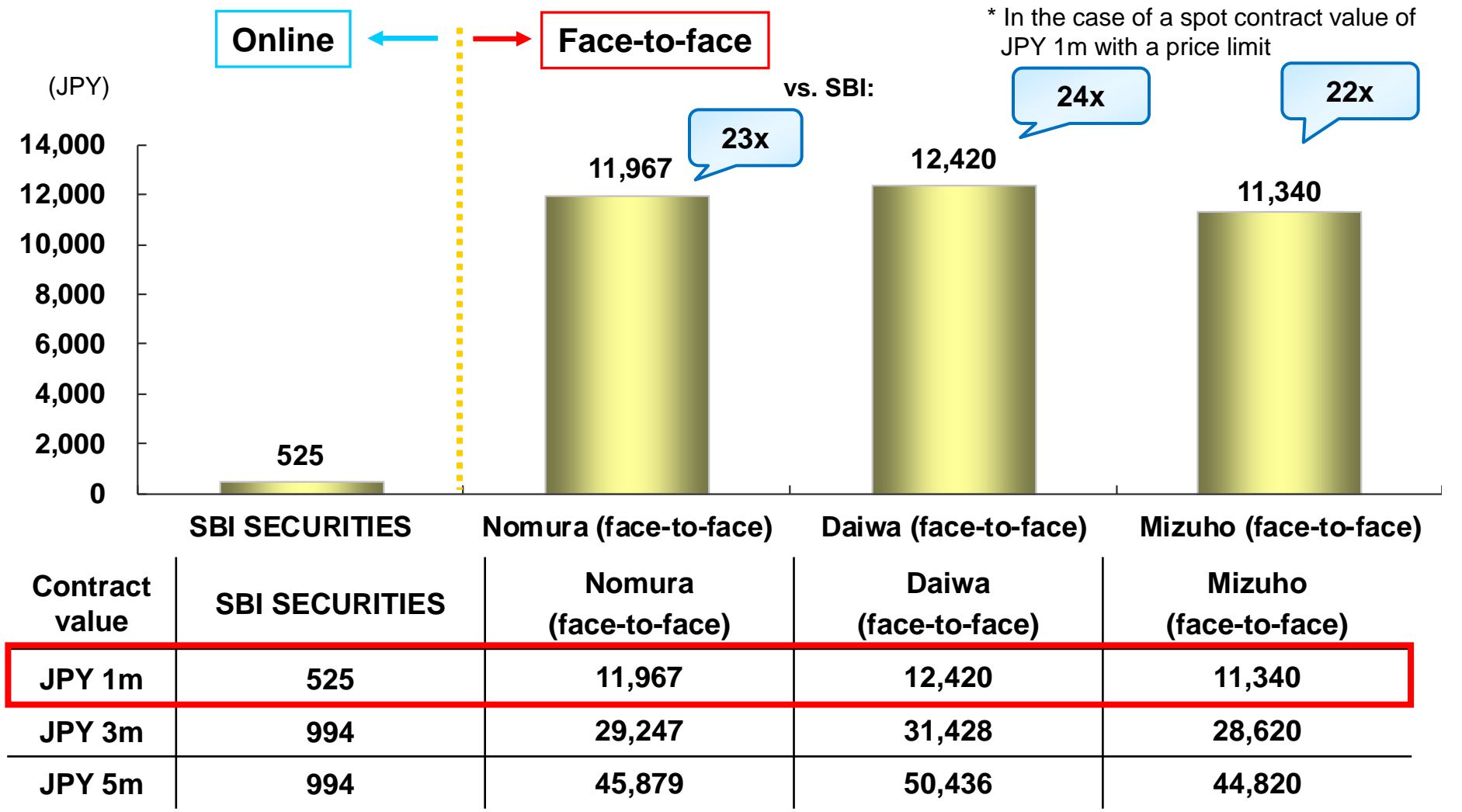
(ten thousands)



Source: Japan securities dealers association, "Survey of Online Trading" (Mar. 2015), records began in Oct.1999

Utilization of the Internet Allowed Dramatic Reduce of Commissions

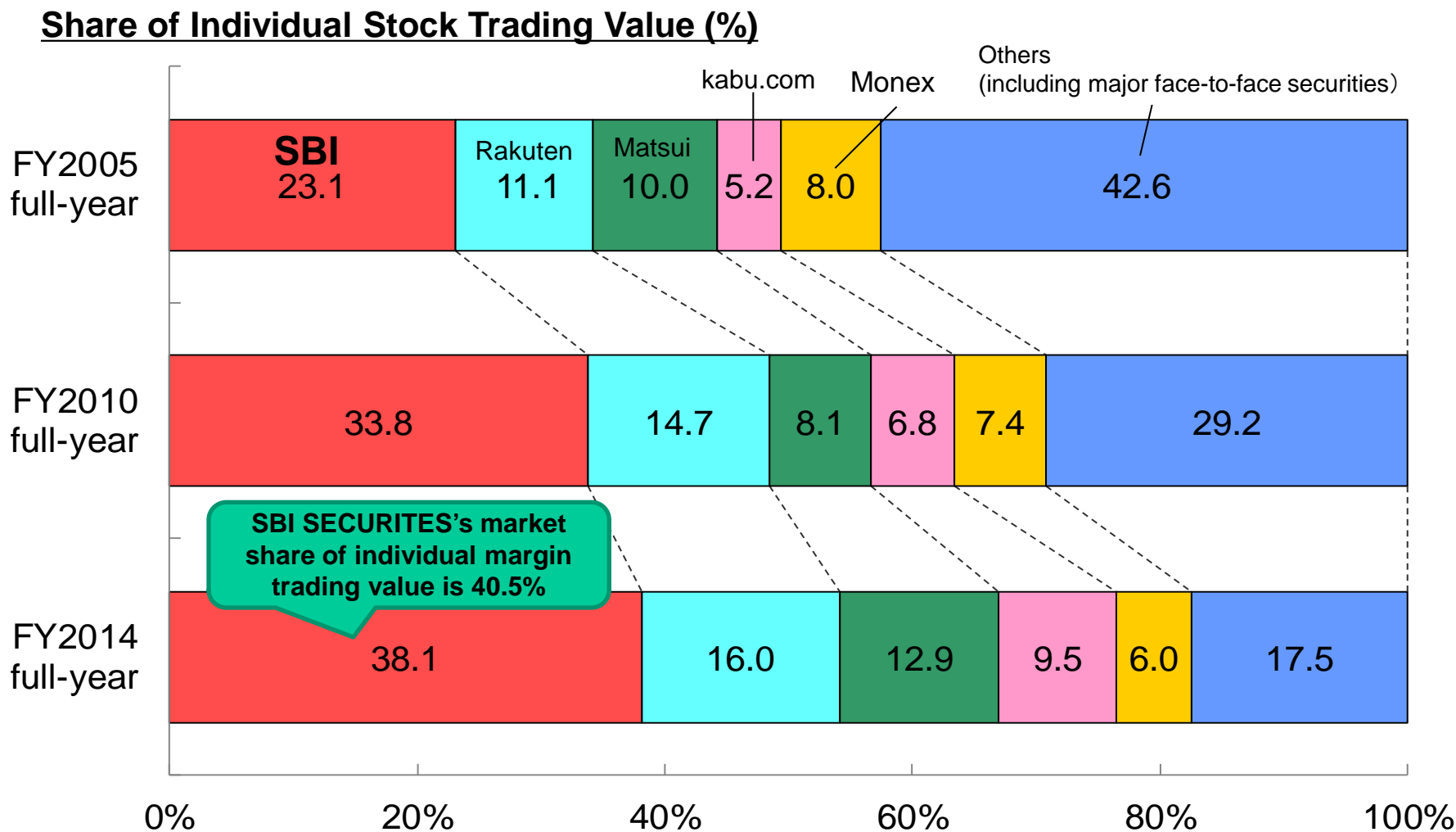
Comparison of the Stock Brokerage Commissions (Spot and Limit Orders)



* 1. The above figures represent commissions on the contracted amount per order in a spot trade with a price limit.
2. Special promotional commissions are not included.
3. Commission systems differ depending on each firm. Figures above are just an example of them.

(as of the end of May 2015)

Retail Business is Dominated by the 5 Major Online Securities Companies (The Market Share is Over 80%)

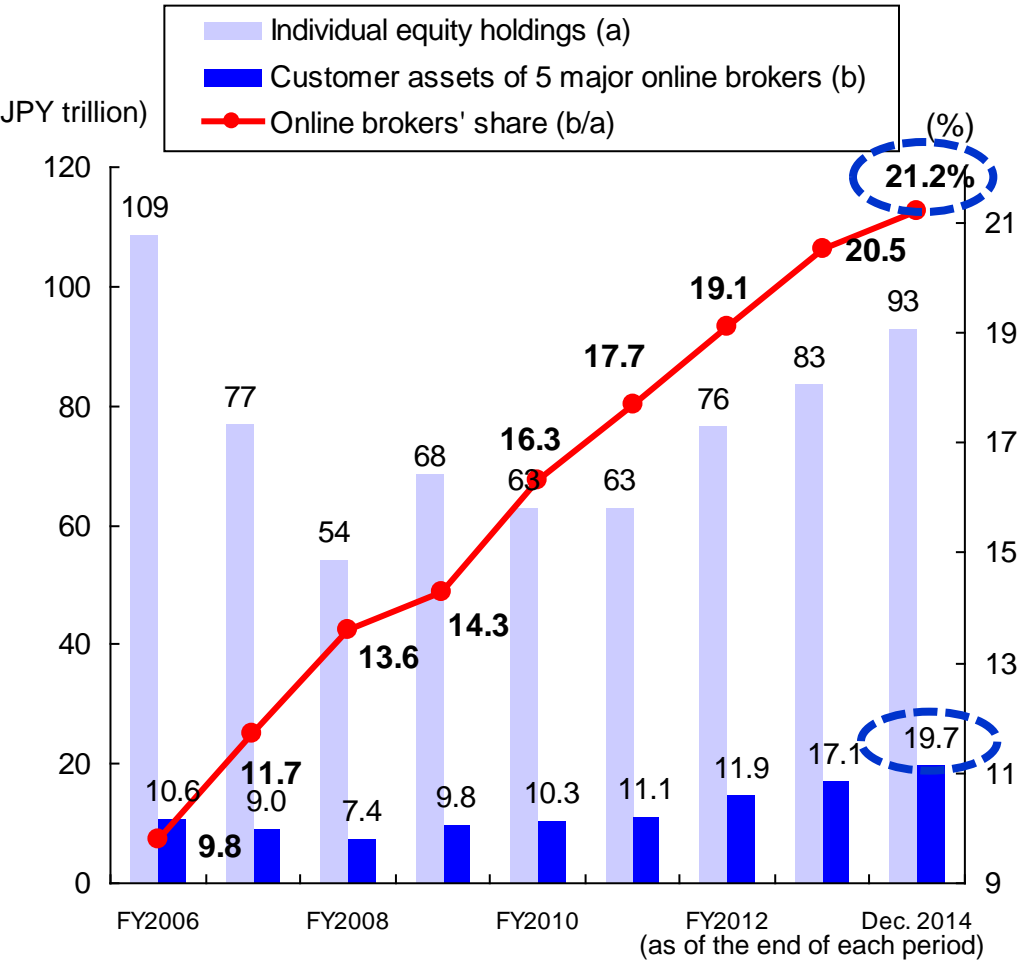


Source: Compiled by SBIH based on Tokyo Stock Exchange and JASDAQ materials and websites of each company

* The whole individual stock trading value and individual margin trading value are the sum of 1st and 2nd section of the Tokyo and Nagoya Stock Exchange, respectively.

Five Major Online Securities Companies' Market Share in Terms of Deposit Assets

Change in the share of individual equity holdings (stock)



5 major online securities companies handle an overwhelming share of the flow of stock trades, which stands at over 80%



Assets of customer accounts of the five major online securities companies is gradually increasing and totaled JPY 19.7tn, as of the end of Dec. 2014, but this represents a mere 21.2% of the total shares (SBI SECURITIES accounts for 9.5% of the total shares) held by individuals in Japan

Source: Compiled by SBIH based on disclosed data from each company websites, and Bank of Japan "Flow of Funds"

SBI's share of individual equity holdings has steadily increased along with the passage of time, but relationships with emerging companies will need to be strengthened in order to expand further growth

The Internet Immersed Generation is Coming of Age

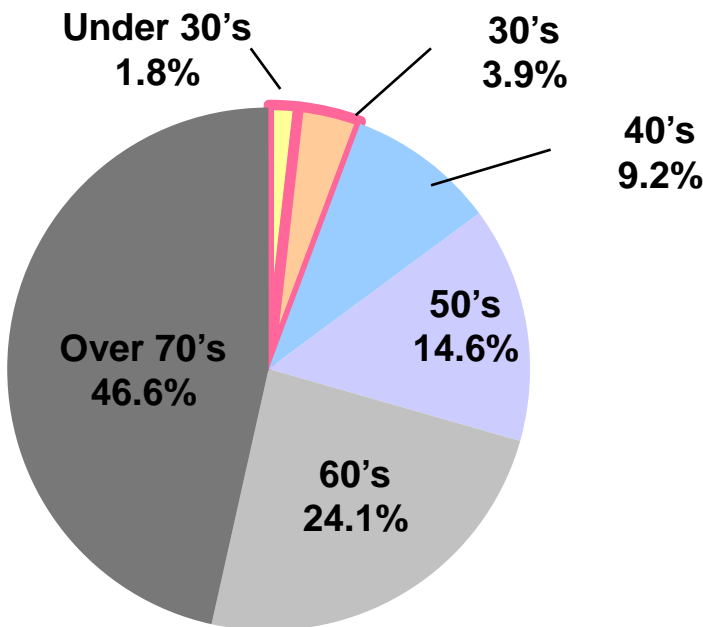
Start of commercial Internet in Japan: 1992



The generation immersed in the Internet since childhood have started full-scale purchases and financial activities from around 2010

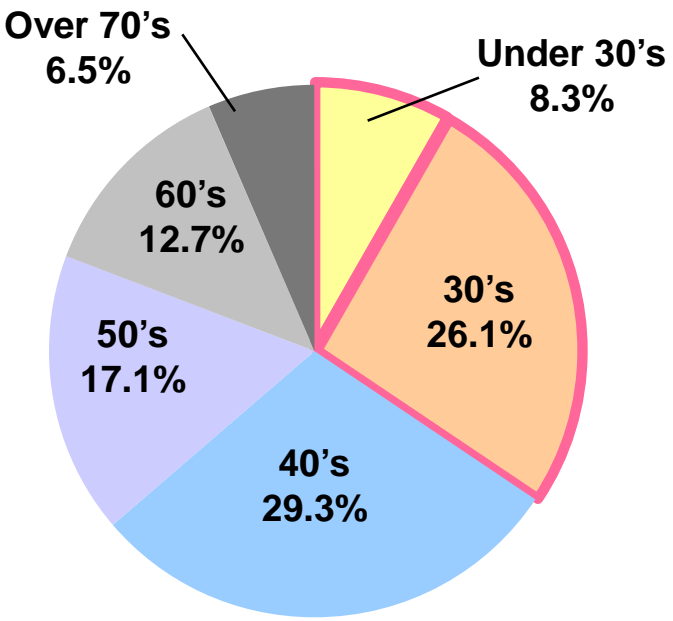
Breakdown of SBI SECURITIES' customers' age by channel (as of the end of Mar. 2015)

■ Face-to-face (SBI MONEY PLAZA)



The older generation as a percentage of customers of face-to-face channels is generally higher.

■ Online



The percentage of the current 20's and 30's that will **carry out a full-scale asset building**, as time goes by, is high.

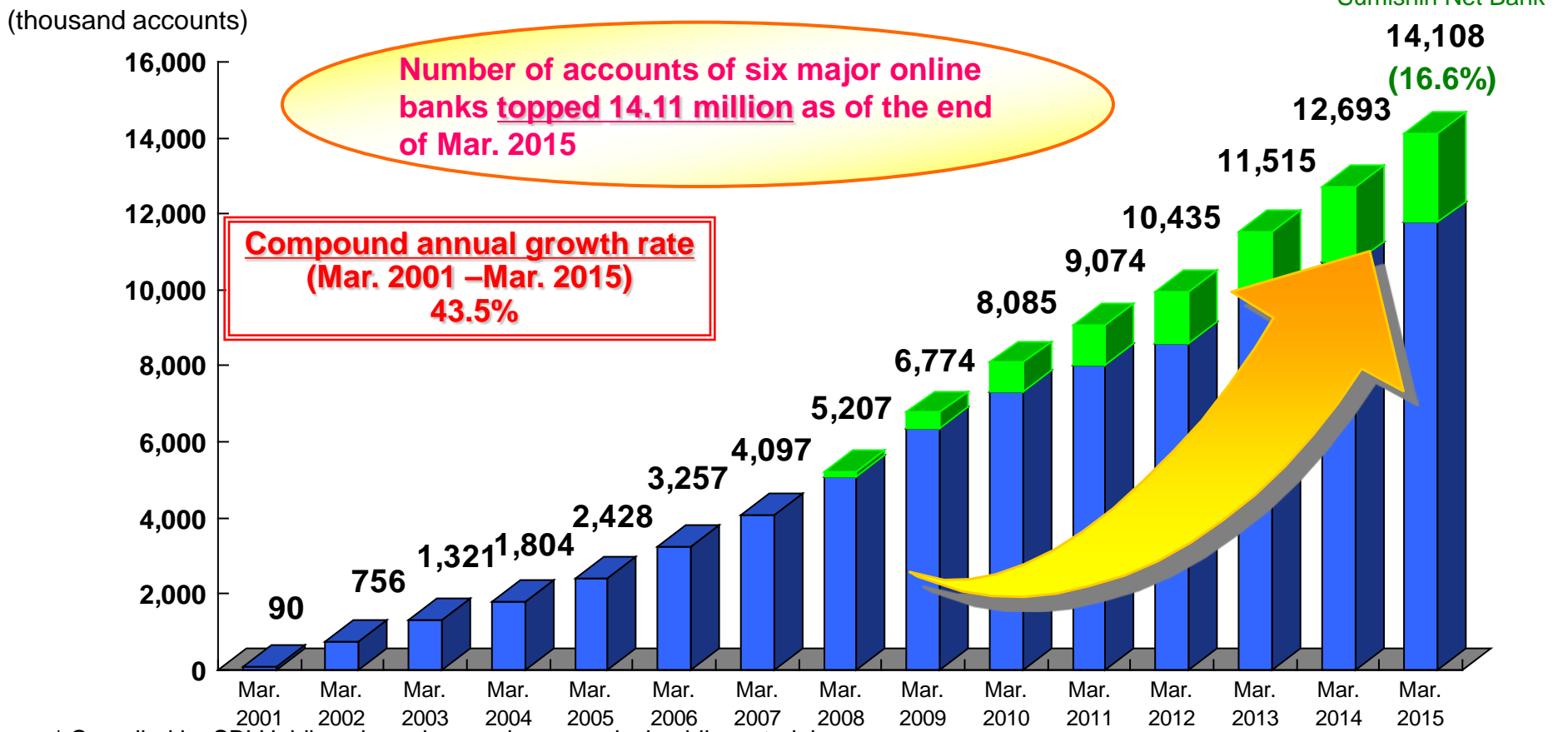
* Corporate accounts are not included

Rapid Expansion of the Internet Finance Sector (Banking)

In Japan, Sumitomo Mitsui Banking Corporation started online banking service in Jan. 1997, followed by other financial institutions launching online services. In the 2000s, pure-play Internet banks entered the market.

Transition of the Number of Accounts of 6 Pure-play Internet Banks* in Japan
(end of Mar. 2013 – end of Mar. 2015)

(): Proportion of SBI Sumishin Net Bank

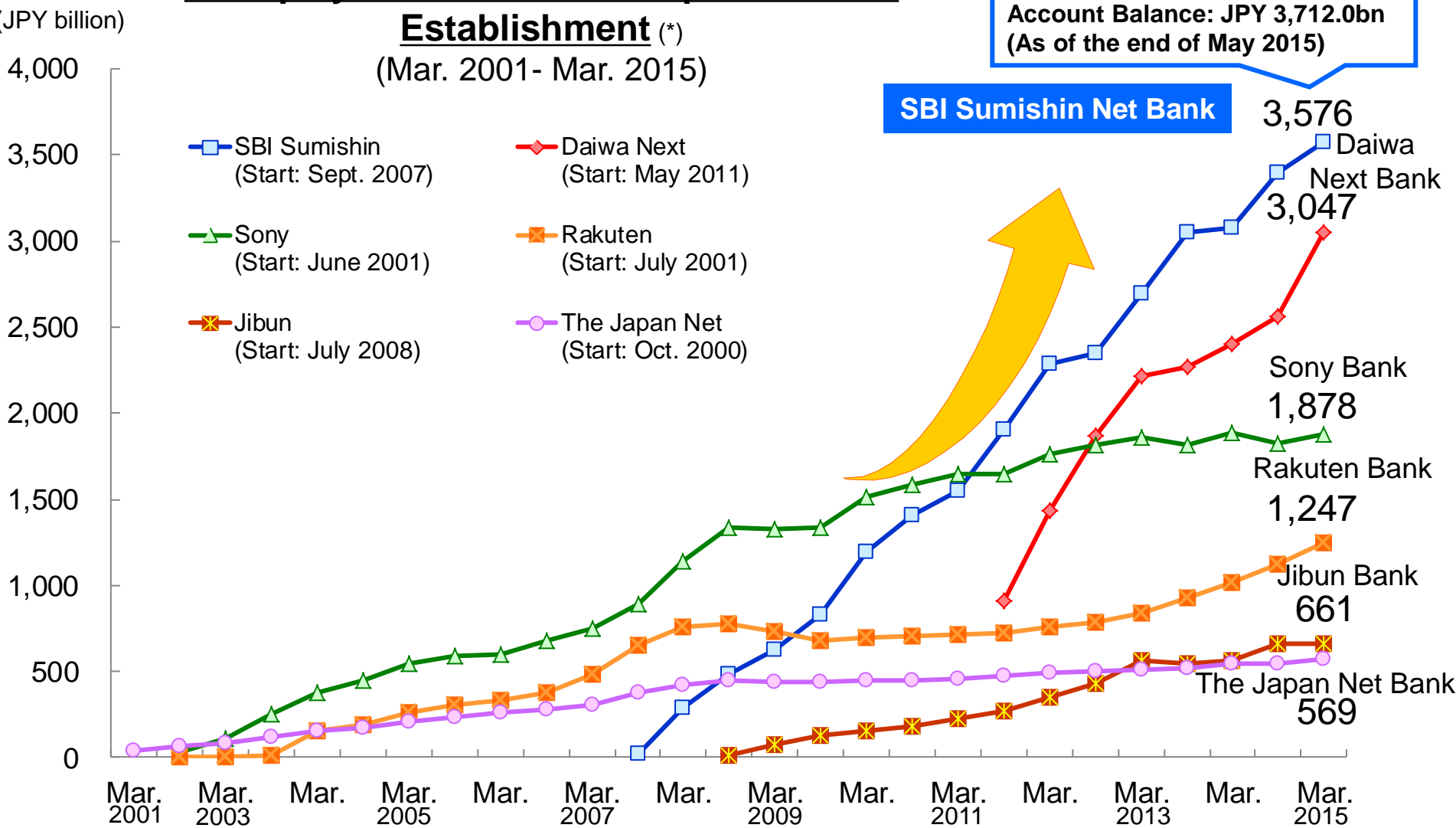


* Compiled by SBI Holdings based on each companies' public materials.
Pure-play-internet Banks are SBI Sumishin Net Bank, Japan Net Bank, Sony Bank, Rakuten Bank, Jibun Bank, and Daiwa Next Bank

SBI Sumishin Net Bank's Customer Base is Increasing at an Accelerating Pace

Pure-play Internet Banks' Deposits Since Establishment (*)
(Mar. 2001- Mar. 2015)

Number of Accounts: 2,367,082
Account Balance: JPY 3,712.0bn
(As of the end of May 2015)

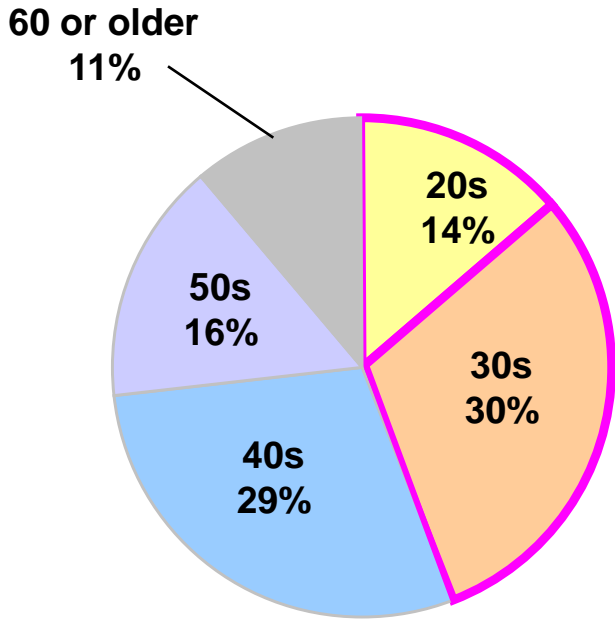


* Compiled by SBIH from the published materials of the noted banks, with each origin denoting the earliest available data of deposit balance amount, since the establishment of the respective banks.

Implications for Future Growth Based on Current Customer Characteristics

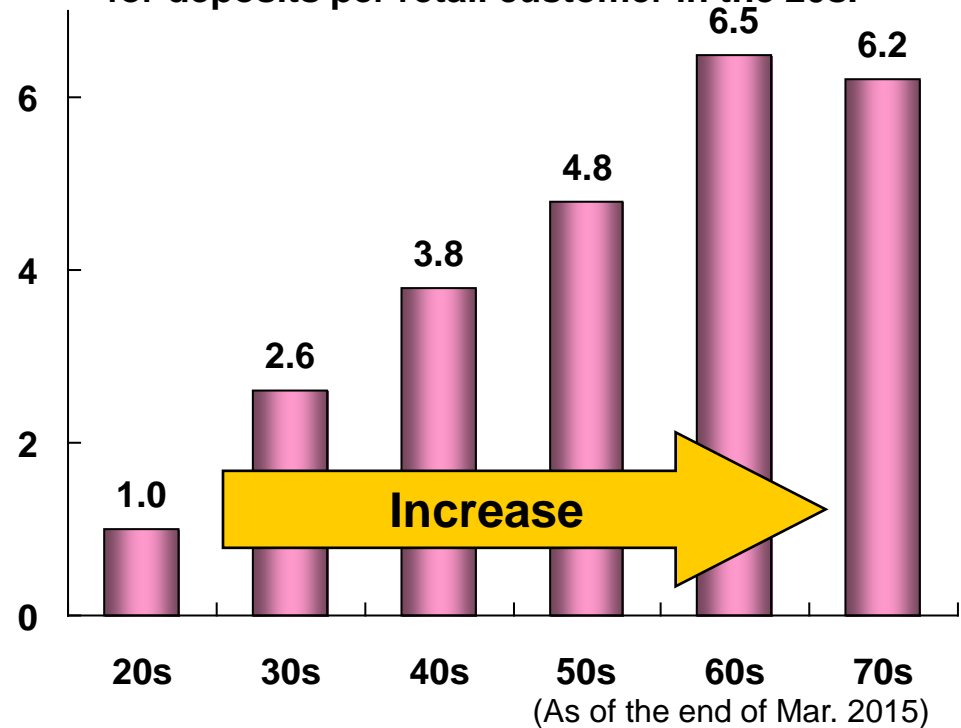
Customers of SBI Sumishin Net Bank

■ Retail Customer Age Brackets



■ Deposit Per Customer

* Indexed figures assuming a base value of 1 for deposits per retail customer in the 20s.

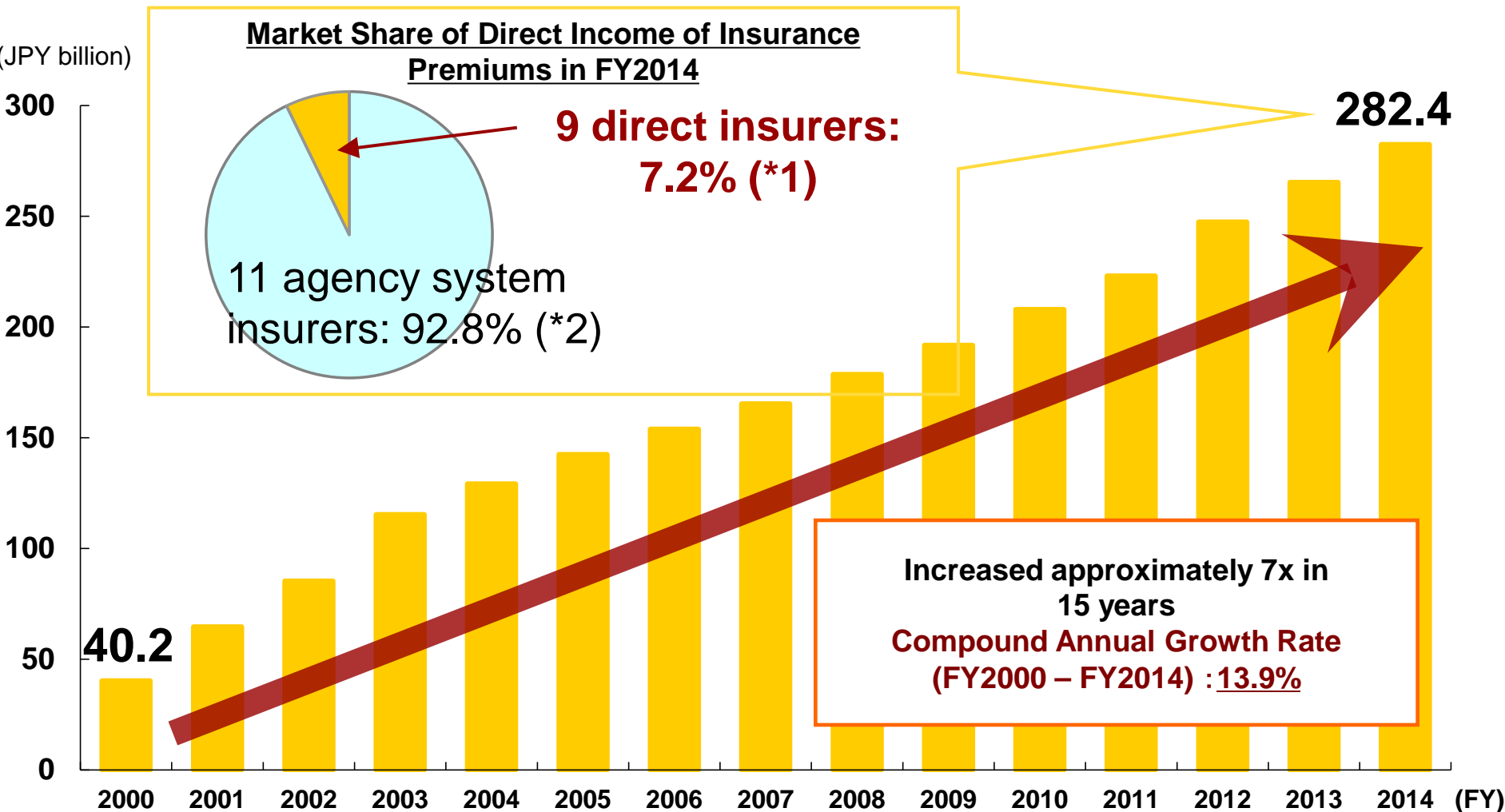


SBI Sumishin Net Bank’s customers consist largely of the younger generation, whose assets are likely to increase as income rises and inheritances are obtained through the passage of time

(1) The continued Internetization of the financial business: Insurance

Direct Nonlife Insurance Sales Continue to Increase Steadily in Japan

Change in Direct Income of Insurance Premiums at 9 Direct Insurers



(*1) 8 direct insurers: Sony Insurance, Mitsui Direct, Sonpo 24, E. design, Zurich, AXA, American Home, SAISON AUTOMOBILE&FIRE INSURANCE, SBI Insurance
 (*2) 11 agency system insurers: Tokio Marine & Nichido Fire Insurance, Sompo Japan, Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, NIPPONKOA Insurance, Nisshin Fire & Marine Insurance, THE FUJI FIRE AND MARINE INSURANCE, Kyoei Fire & Marine Insurance, SECOM General Insurance, ASAHI FIRE & MARINE INSURANCE, Daido Fire Insurance. (Source) Compiled by SBIH from information disclosed by each company.

SBI Insurance Steadily Growing to become No.1 in Auto Insurance Premiums among the Major Direct Insurance Companies

[Auto Insurance Premium Comparison]

(JPY million)

	Date of operation started	FY2010
Sony Assurance	Sept. 1999	65,516
AXA GENERAL INSURANCE	July 1999	33,271
Mitsui Direct	June 2000	32,688
Zurich Insurance	July 1986*1	27,894
American Home Direct	Dec. 1960	17,143
Sonpo 24	Mar. 2001	10,697
SBI Insurance	Jan. 2008	10,069
SAISON AUTO-MOBILE&FIRE	Apr. 1983	7,755
E.design Insurance	June 2009	2,856

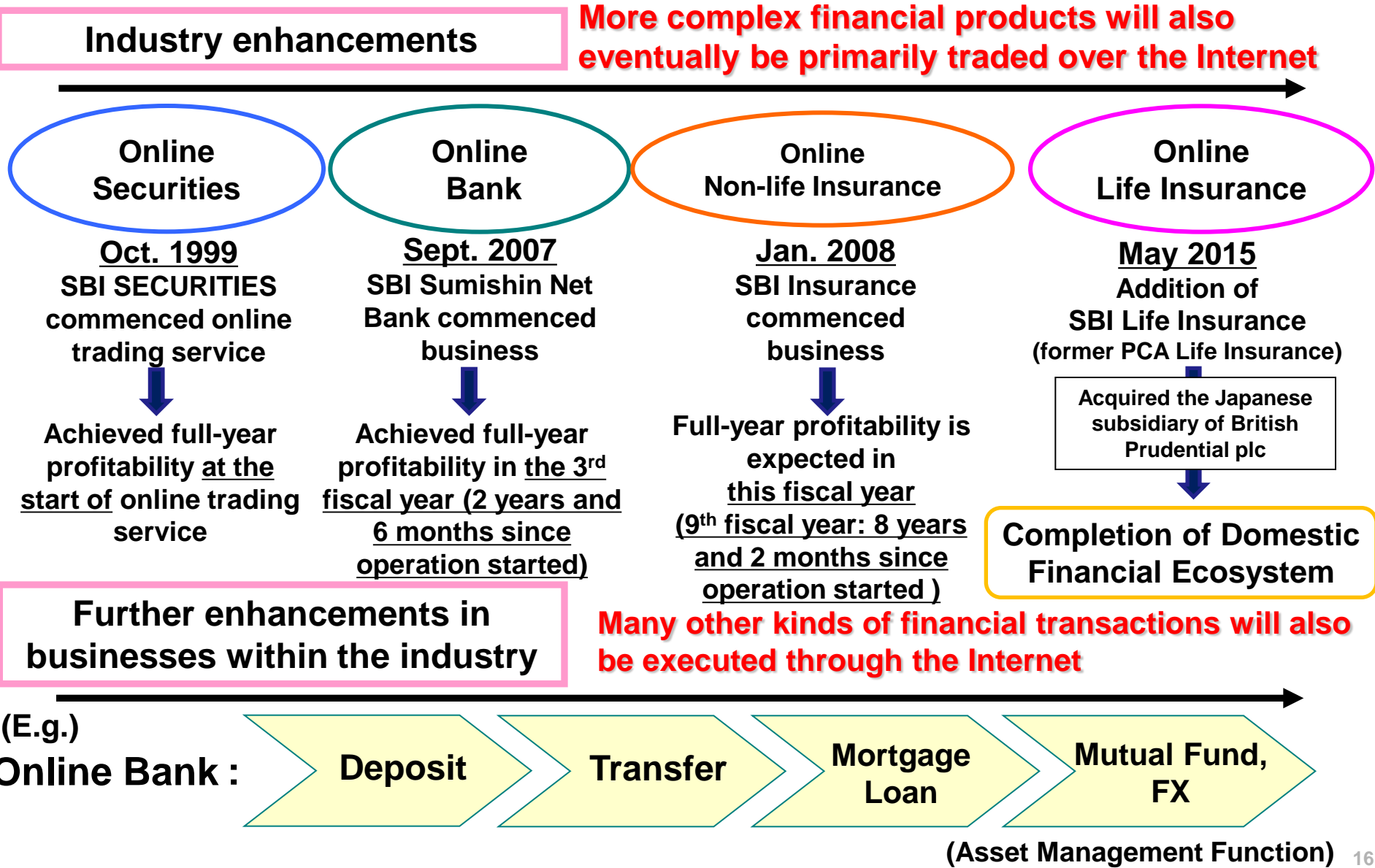
FY2012	
Sony Assurance	74,406
AXA	38,136
Mitsui Direct	34,735
Zurich	31,337
SBI Insurance	19,501
American Home	15,078
Sonpo 24	12,890
SAISON	10,893
E.design	10,523

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

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

*1 Establishment of Japan Branch

The Evolution of Internet Finance is Enhancing



(2) Dawn of Asian era

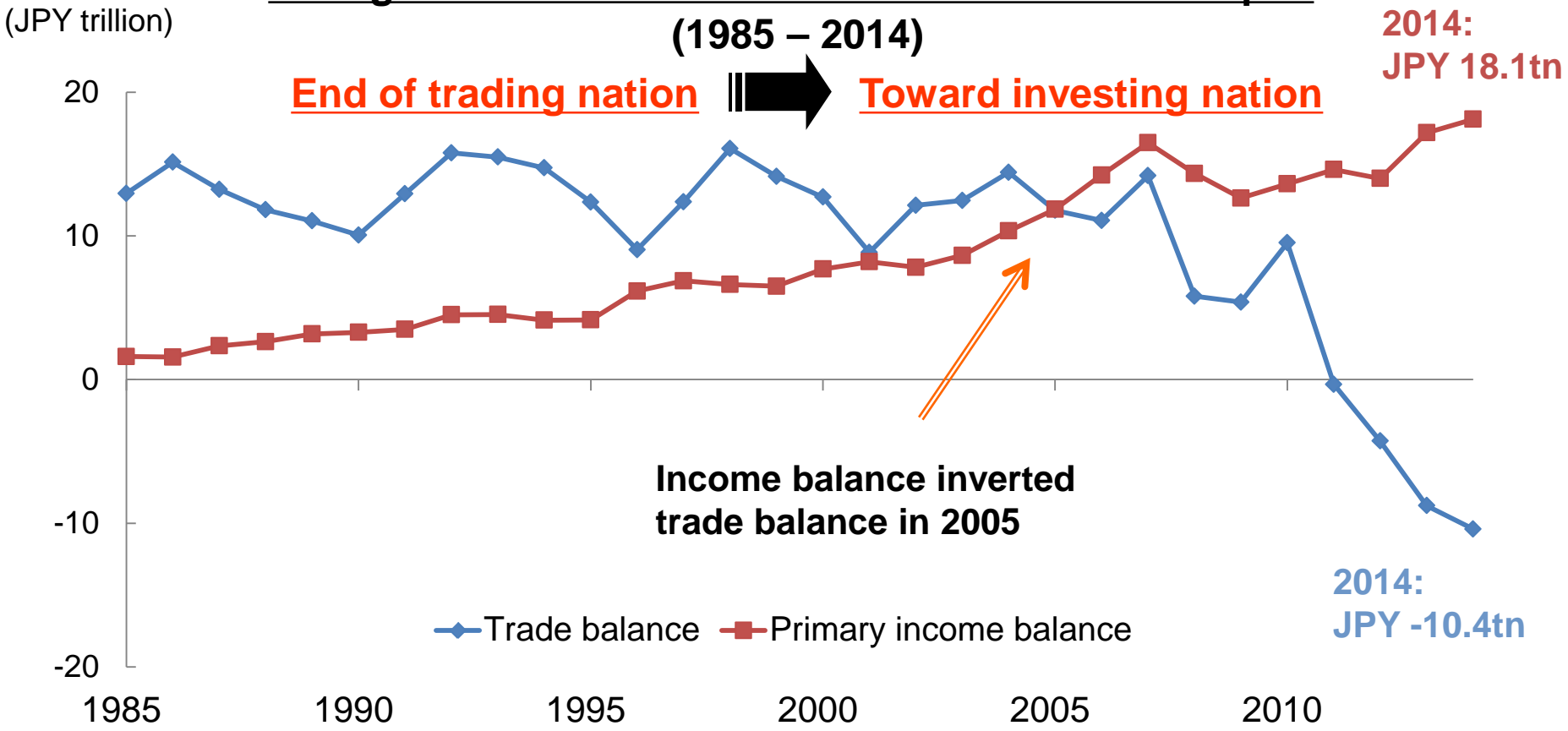


Focused Strategy:

In the investment and financial services businesses, accelerating overseas development with a focus on rapidly growing Asia, to endeavor to transition from “Japan's SBI” to become the “World's SBI”

Japan Entering the Era of Profiting from Investing Rather than from Trade

Change in trade balance and income balance of Japan
(1985 – 2014)



Source: Compiled by SBIH from Ministry of Finance Japan “Japan's Balance of Payments”
* Pre-1995 numbers are figures that are based on the Fifth Edition of the IMF's Balance of Payments Manual, released by the Ministry of Finance, Japan

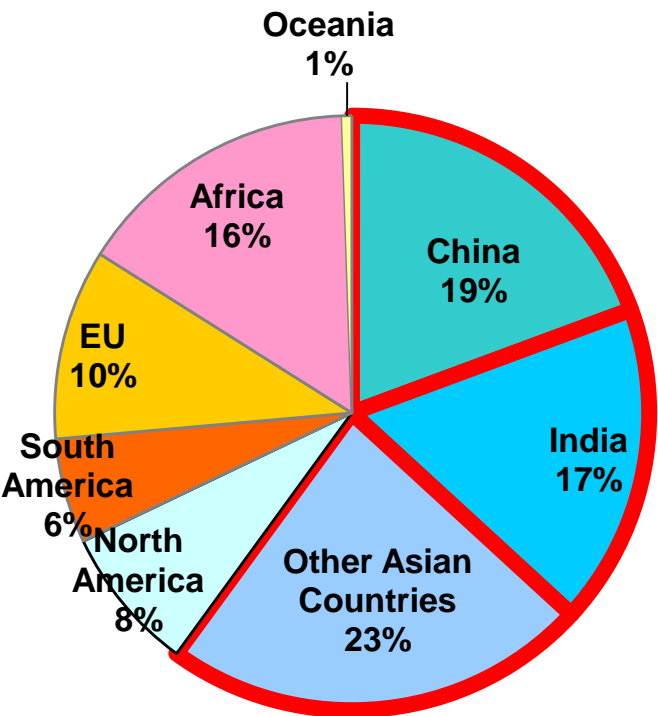
Accelerated overseas development, owing to the occurrence of the inversion of income balance over trade balance in 2005

The Asian Century

Since the global economic crisis, the Asian economies have outperformed the rest of the world in both scale and growth potential

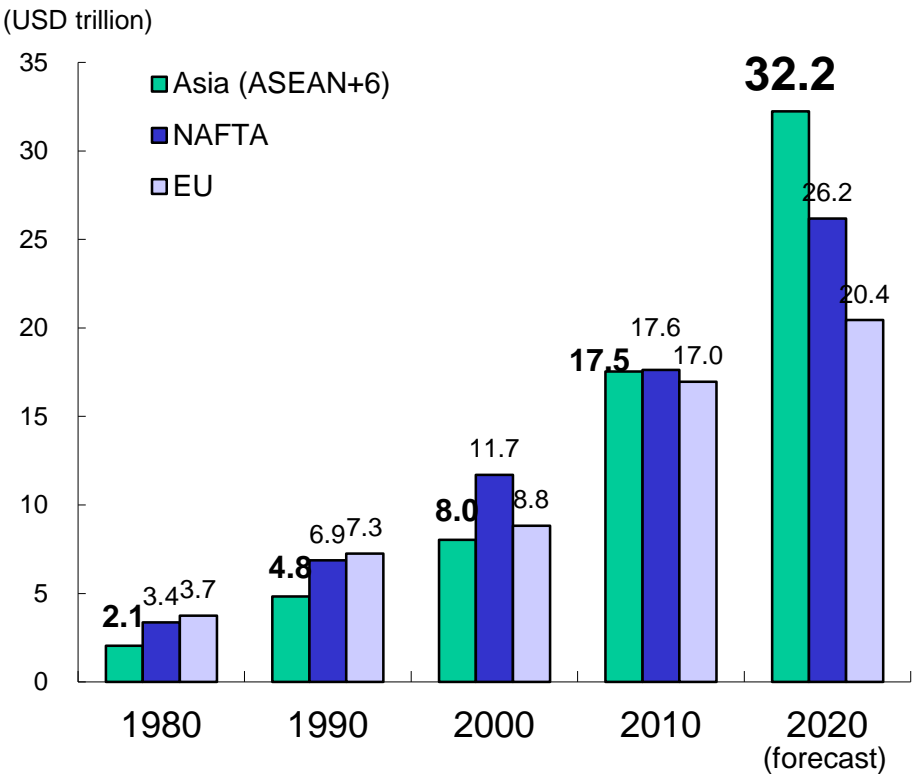
Population by Country and Region (2014)

With populous countries such as China (1.4bn) and India (1.3bn), Asia accounts for around **approx. 60% of the world's population**



Nominal GDP by Economic Region

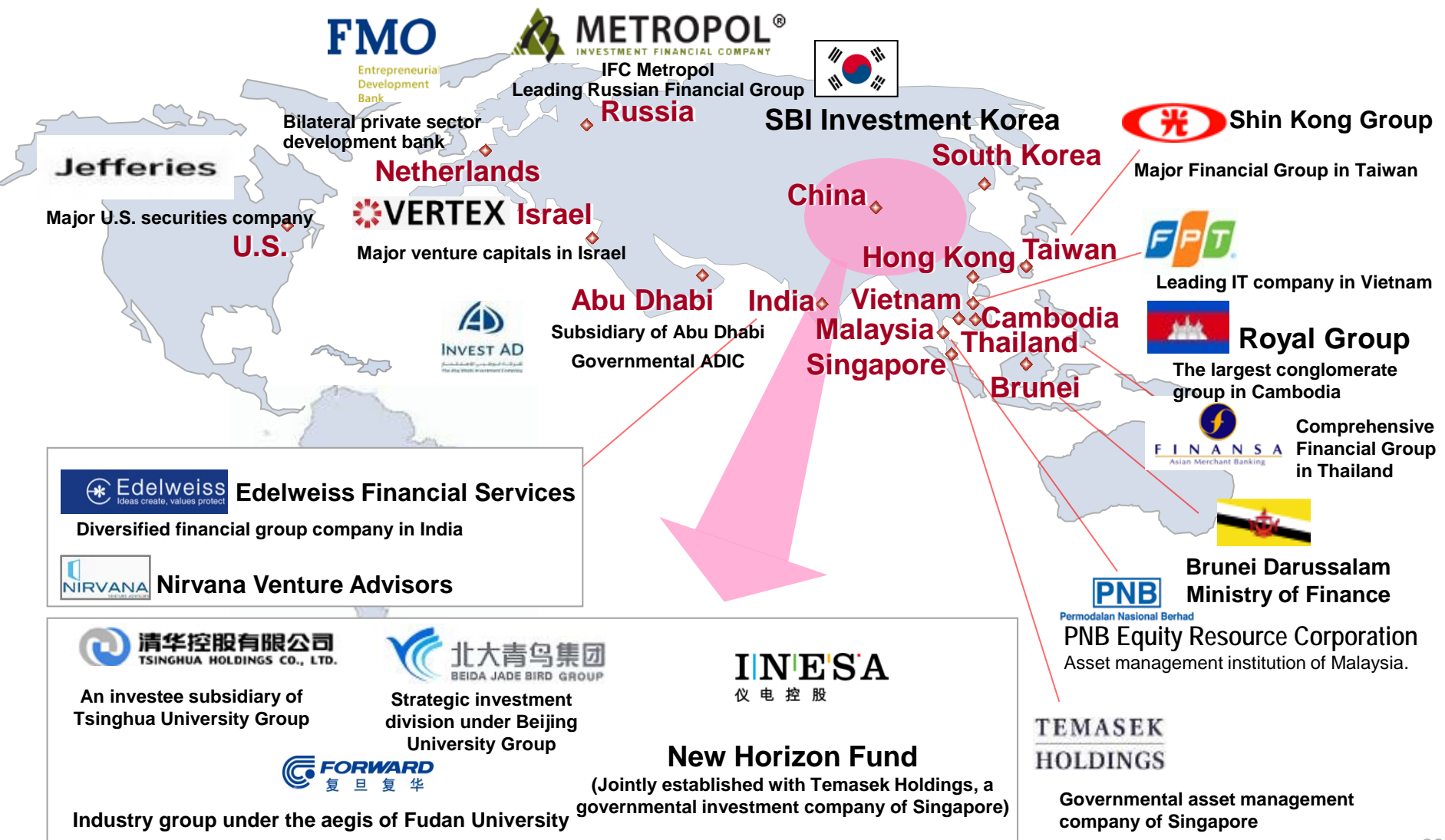
Asia is forecasted to grow to approx. USD 32.2tn economic region by 2020, surpassing NAFTA and the EU as **the world's largest economic region**



Source: Compiled by SBIH based on Statistics Bureau, Ministry of Internal Affairs and Communications "World's Population and Age Composition"

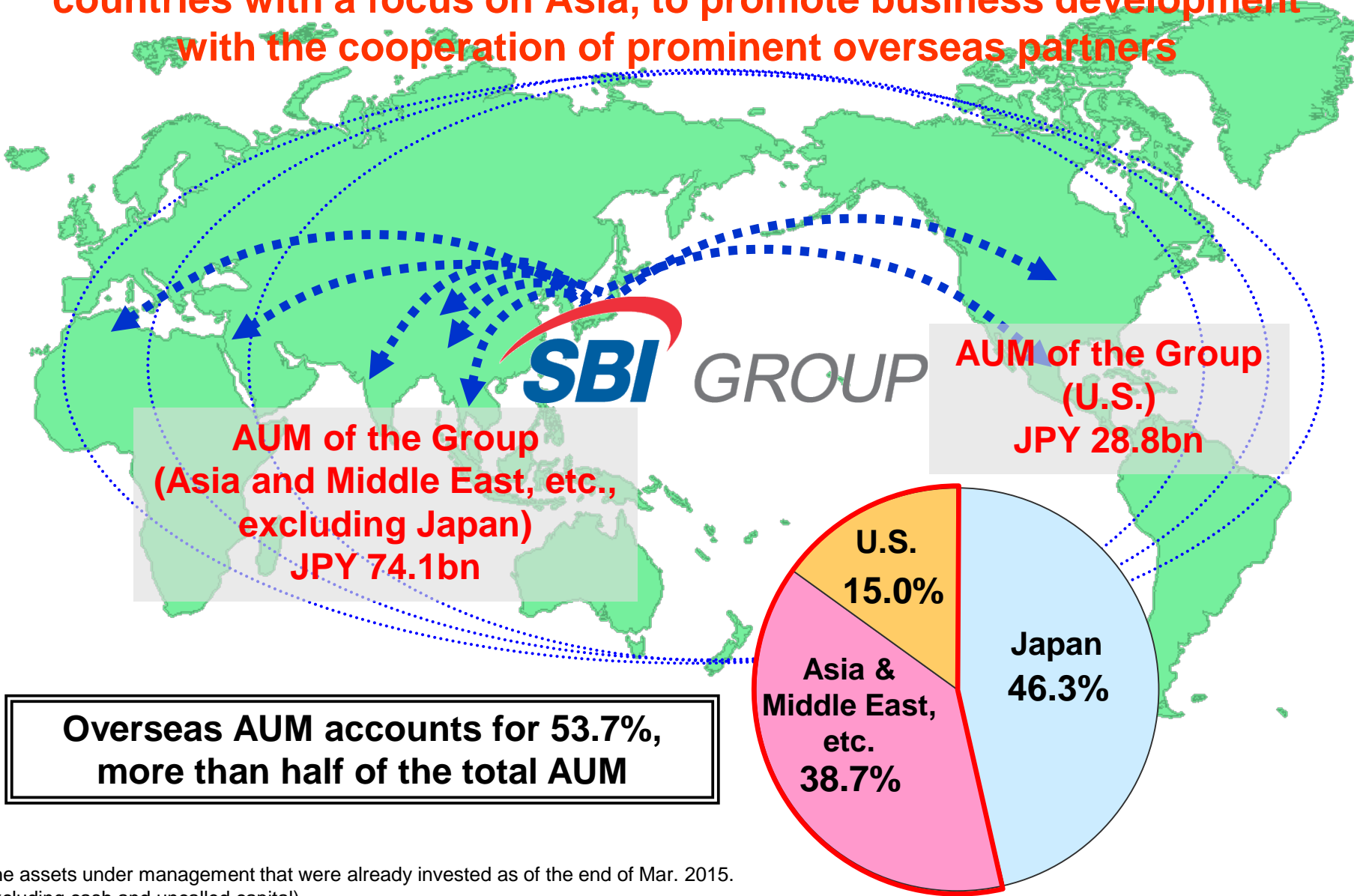
Establishment of Global Investment Structure Centering on Asia

Established global investment structure through formation of JV funds with local partners such as financial institutions, government agencies and universities



From “Japan’s SBI” to the “World’s SBI”

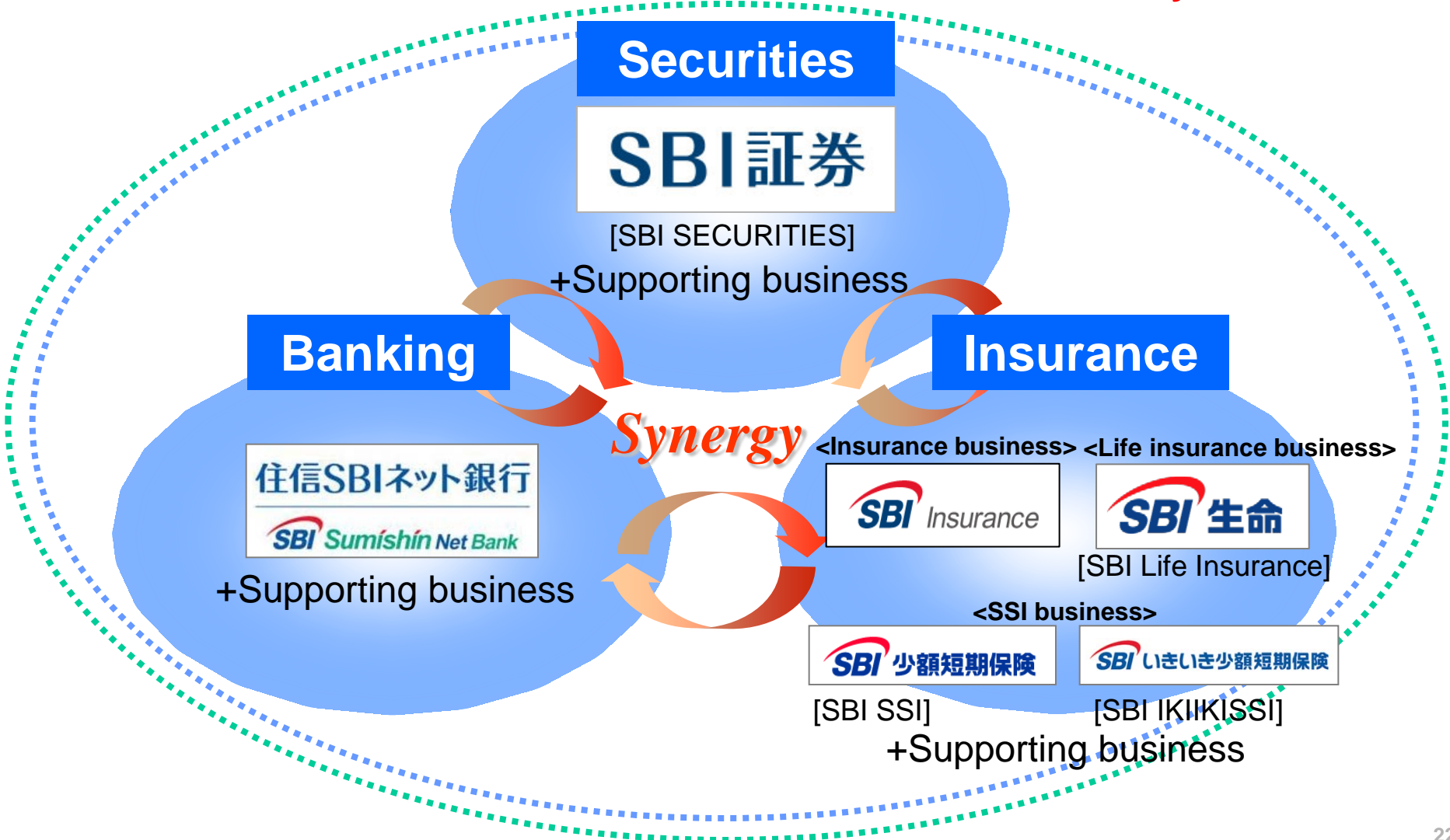
To become a global company, concentrating on developing countries with a focus on Asia, to promote business development with the cooperation of prominent overseas partners



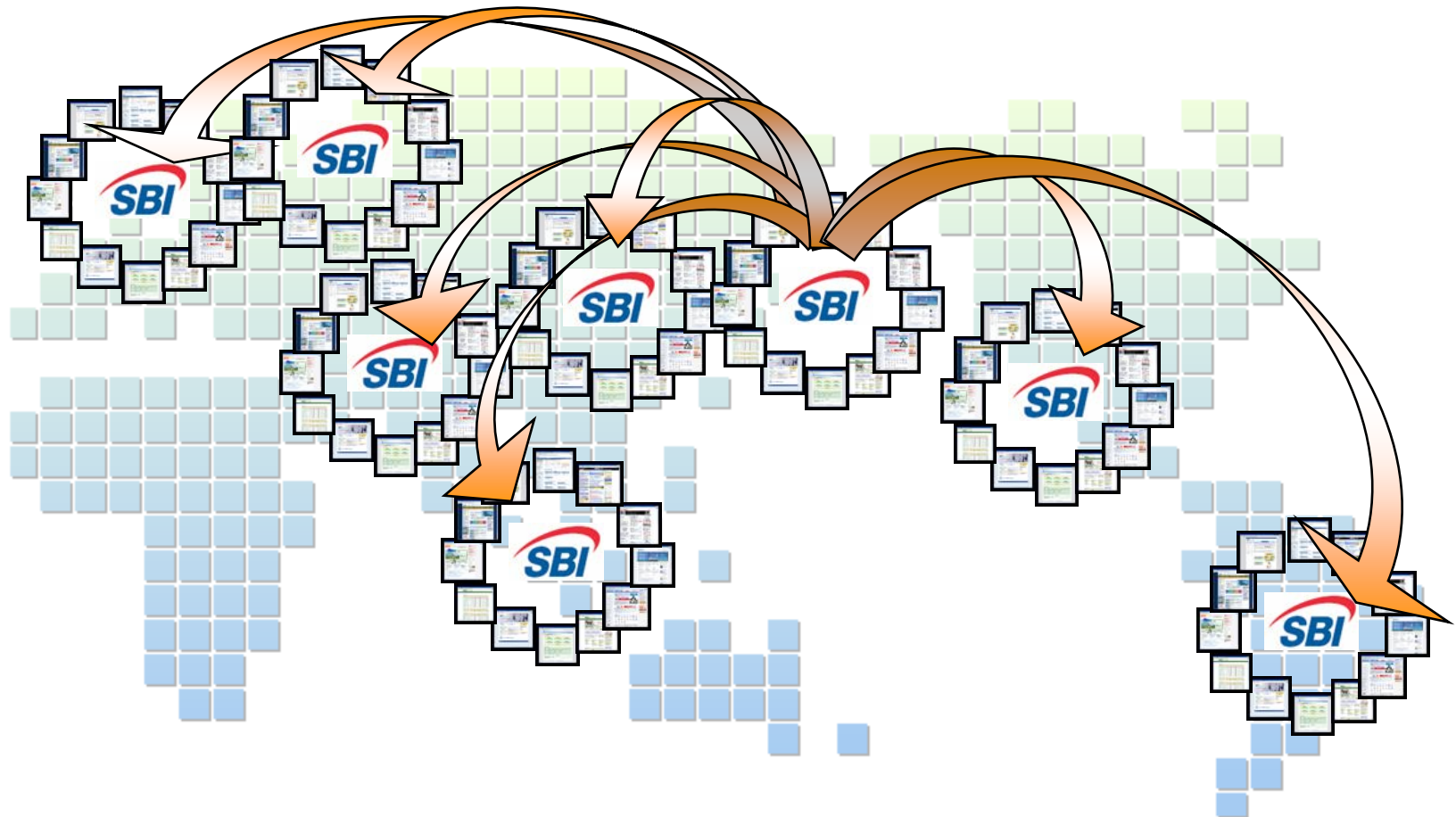
*The assets under management that were already invested as of the end of Mar. 2015.
(Excluding cash and uncalled capital)

Completion of Domestic Financial Ecosystem, which Includes 3 Core Businesses of Securities, Banking and Insurance

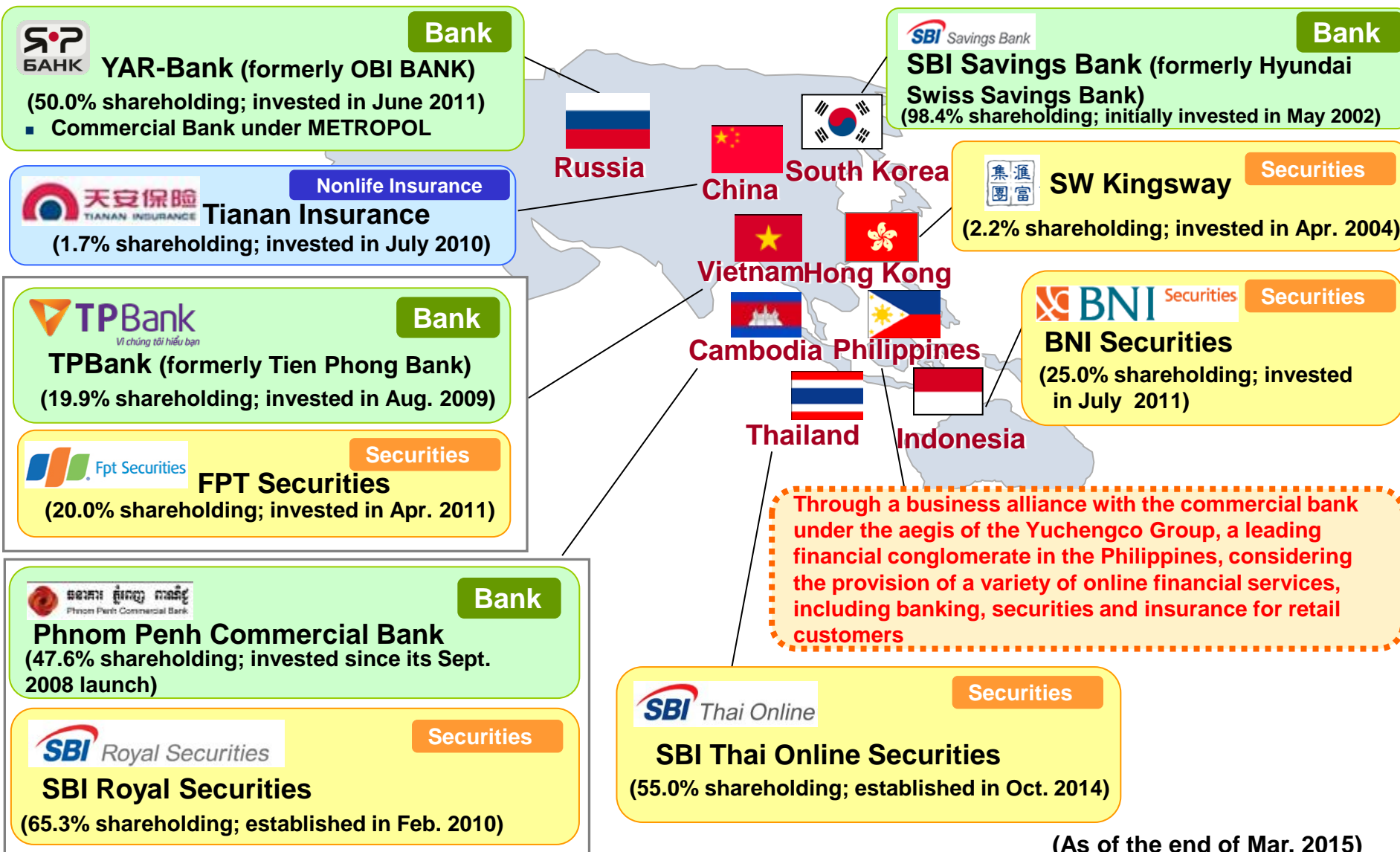
~Investment to domestic financial service business is nearly ended~



Transferring the SBI Group's Internet Based Financial Ecosystem to Emerging Markets in Asia and Elsewhere, Utilizing Partnerships Built through the Establishment of Overseas JV funds



The Financial Services Business' Overseas Expansion, Centering on Asia



(As of the end of Mar. 2015)

(3) Toward a post-industrial society, changes in Japan's industrial structure is rapidly progressing



Focused Strategy:

Focused investments into the growth industries of the 21st century, namely the IT/mobile and biotechnology fields, toward the advent of the post-industrial society

“New Industry Creator” Initiatives

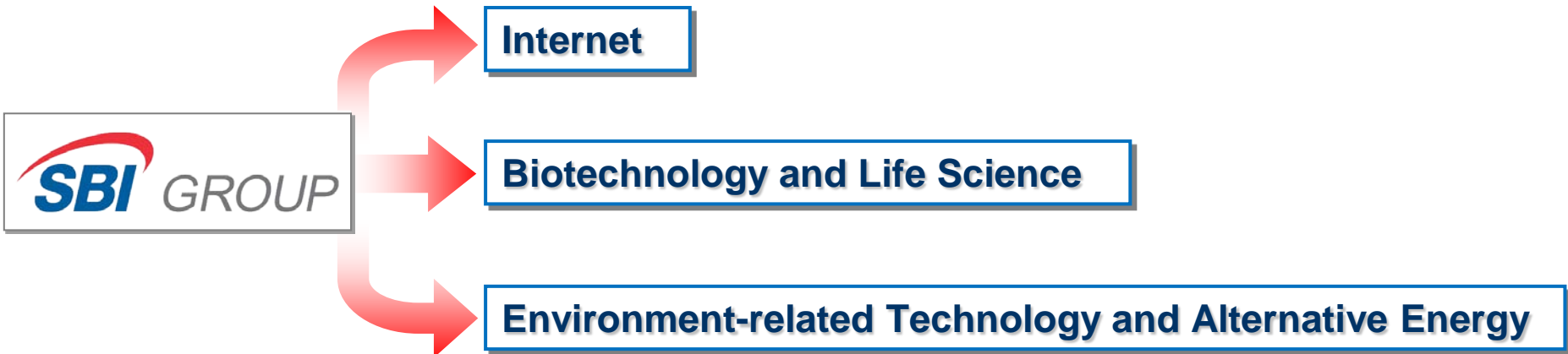
~Focused Investments into Growth Industries of the 21st Century~

Cumulative number of investments, and the companies EXITed through IPOs and M&As
(Investees operated and managed by the Group from July 1999 to Mar. 2015)

Cumulative Investments			EXITs (IPO, M&A)				
No. of Companies Invested in	Japan	Overseas	No. of Companies EXITed:	Japan		Overseas	
				IPO	M&A	IPO	M&A
	702	341		84	22	56	22
1,043			184				

(As of the end of Mar. 2015)

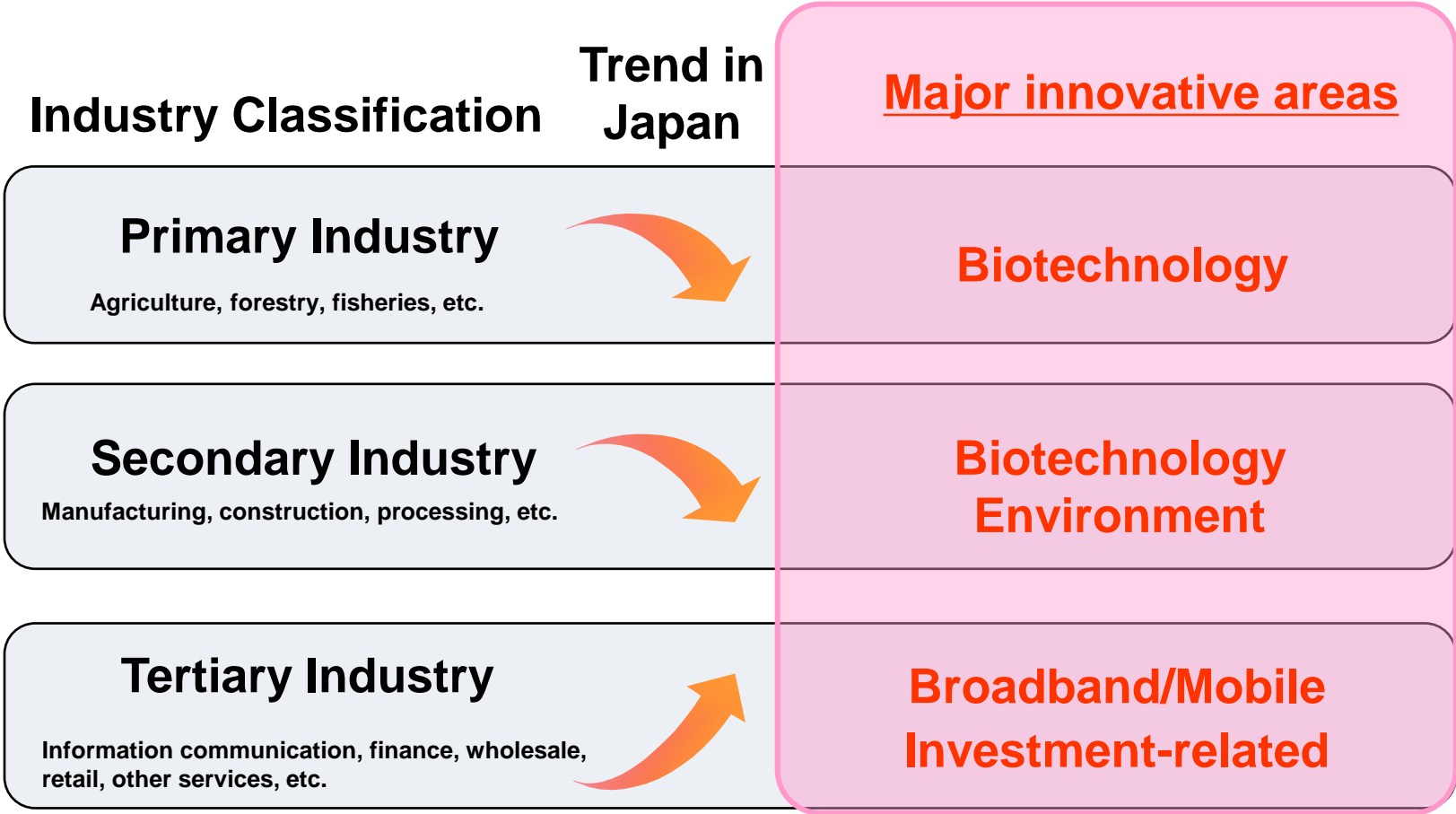
Established funds with over JPY 393.4bn(*1) in commitments, for focused investments into the following growth areas



- EXIT ratio is **17.6%** (SBI Investment’s EXIT ratio is 20.3%)
- Average IRR of funds matured since 2000 is **17.7%** (*2)

*1: Based on aggregate commitment amount of domestic funds managed by the SBI Group since its establishment in 1999
*2: Simple average for each fund. One fund with negative IRR is excluded from the calculation

Advent of the Post-industrial Society and the Growth of the Biotechnology Industry



Dr. Shinya Yamanaka, MD, PhD of Kyoto University, who generated iPS cells that led to the realization of regenerative medicine for the first time, won the 2012 Nobel prize in Physiology/Medicine, as the establishment of many bioventure companies continues in Japan

Focused Investments into Biotechnology as a New Growth Field

Since its establishment, through the operation of VC funds, SBI has endeavored to invest in and incubate numerous venture companies focused on the IT and Biotechnology sectors

[Major bio-venture investee companies]

① euglena Co., Ltd. (Listed on TSE Mothers on Dec. 20, 2012)

(Shares held by funds, including non-consolidated funds, managed by the SBI Group (at its listing): 16.3%, the second largest shareholder) *

A bio-venture company that researches, develops, produces and markets microalgae, with a strong focus on euglena.

② ReproCELL Inc. (Listed on JASDAQ on June 26, 2013)

(Shares held by funds, including non-consolidated funds, managed by the SBI Group (at its listing): 18.1%, the largest shareholder) *

Japan's first venture company involved with iPS cells

③ Acucela Inc. (U.S.) (Listed on TSE Mothers on Feb. 13, 2014)

(Shares held by funds, including non-consolidated funds, managed by the SBI Group (at its listing): 21.8%, the second largest shareholder)

A clinical-stage biotechnology company that specializes in discovering and developing novel therapeutics to treat and slow the progression of sight-threatening ophthalmic diseases impacting millions of individuals worldwide

*Source: Securities report of each company

2. Established a competitive advantage in the Internet era through the establishment of a business ecosystem

- (1) Defining a business ecosystem**
- (2) Synergy effects resulting from the business ecosystem**
- (3) Competitive advantages derived from mutual synergy effect and mutual evolution**

(1) Defining a business ecosystem

Organizational View Based on Complexity Knowledge

Two complexity propositions

- The whole is greater than the sum of the parts.
- The whole has new qualities that an individual part cannot perceive.

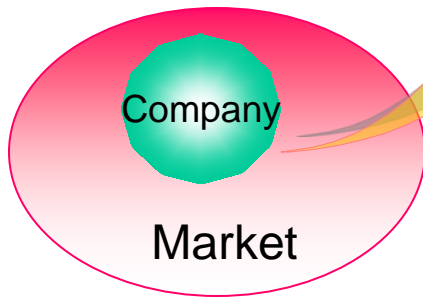


In order to realize a high growth potential, there are synergy effects and mutual evolutionary effects that a single-role enterprise cannot achieve, that will require the establishment of a new organizational form, the “business ecosystem.”
Such a business ecosystem will function most effectively and provide competitive advantages in the Internet era

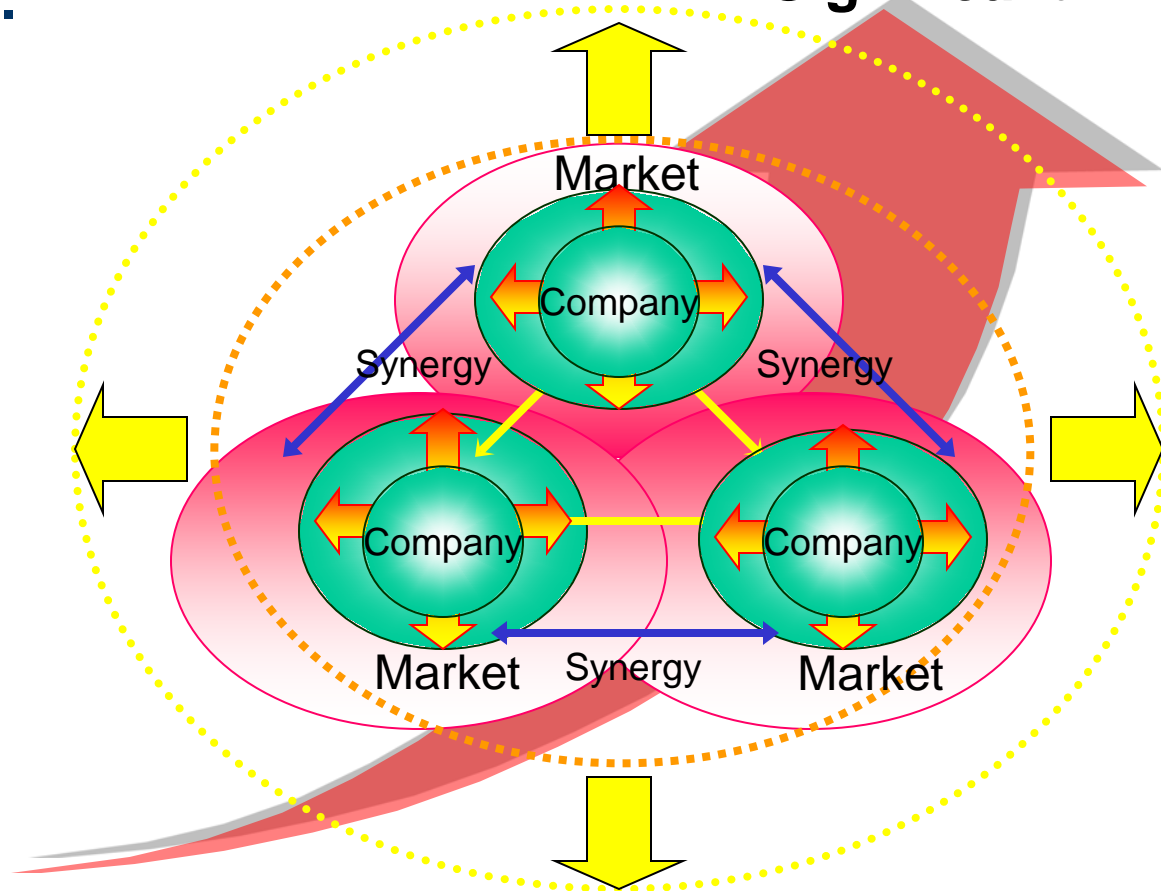
Assembling and Expanding the Business Ecosystem Produces Positive Synergies among the Constituent Companies. This Process Also Creates a Mutual Evolution Process in Each Company's Market to Support Rapid Growth.

**Growth potential:
Significant**

Growth potential: Small



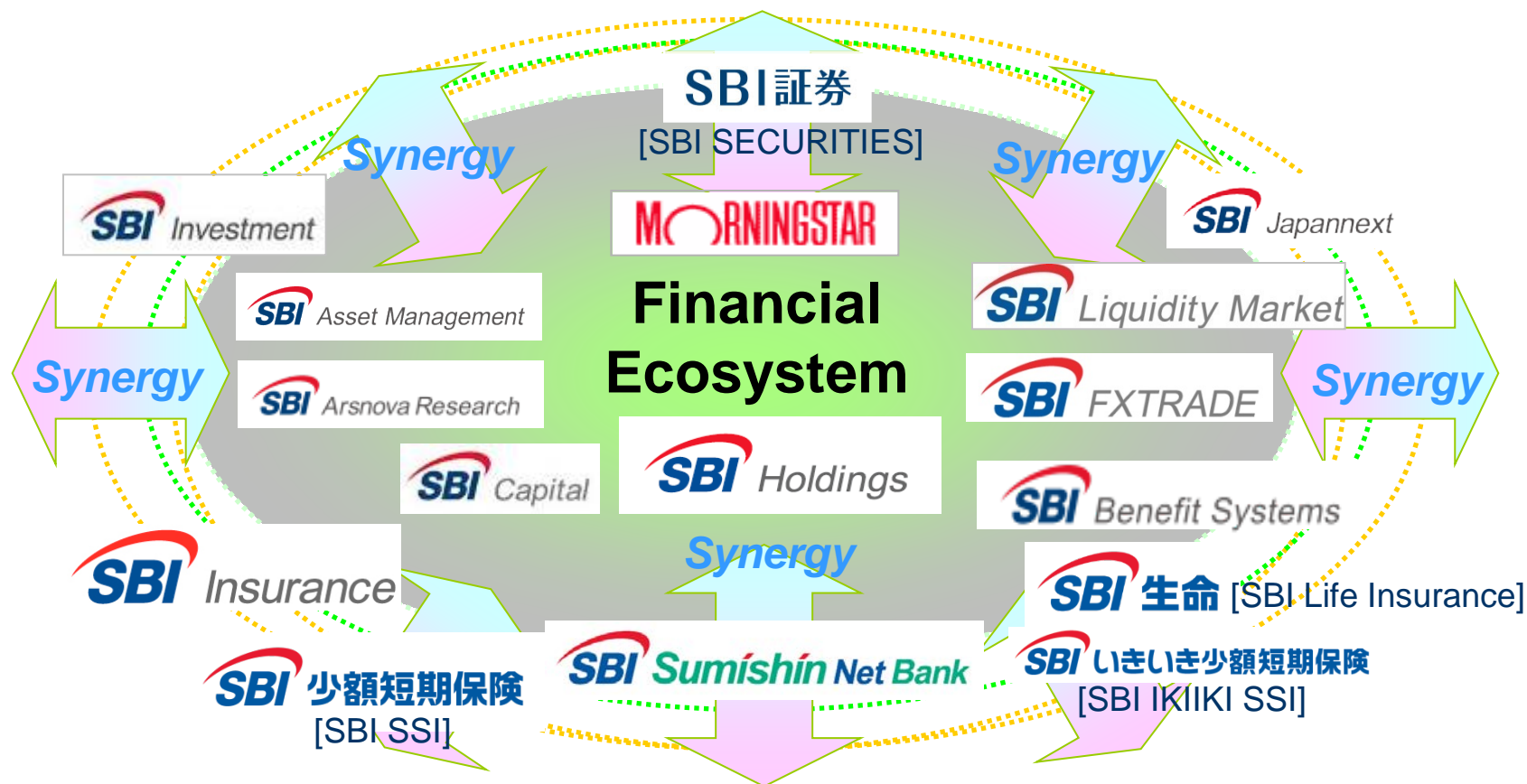
A company as a single economic entity



A "business ecosystem" in which a variety of constituent companies work together to achieve mutual evolution

SBI Group's Establishment of the World's First Internet-based Financial Conglomerate

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

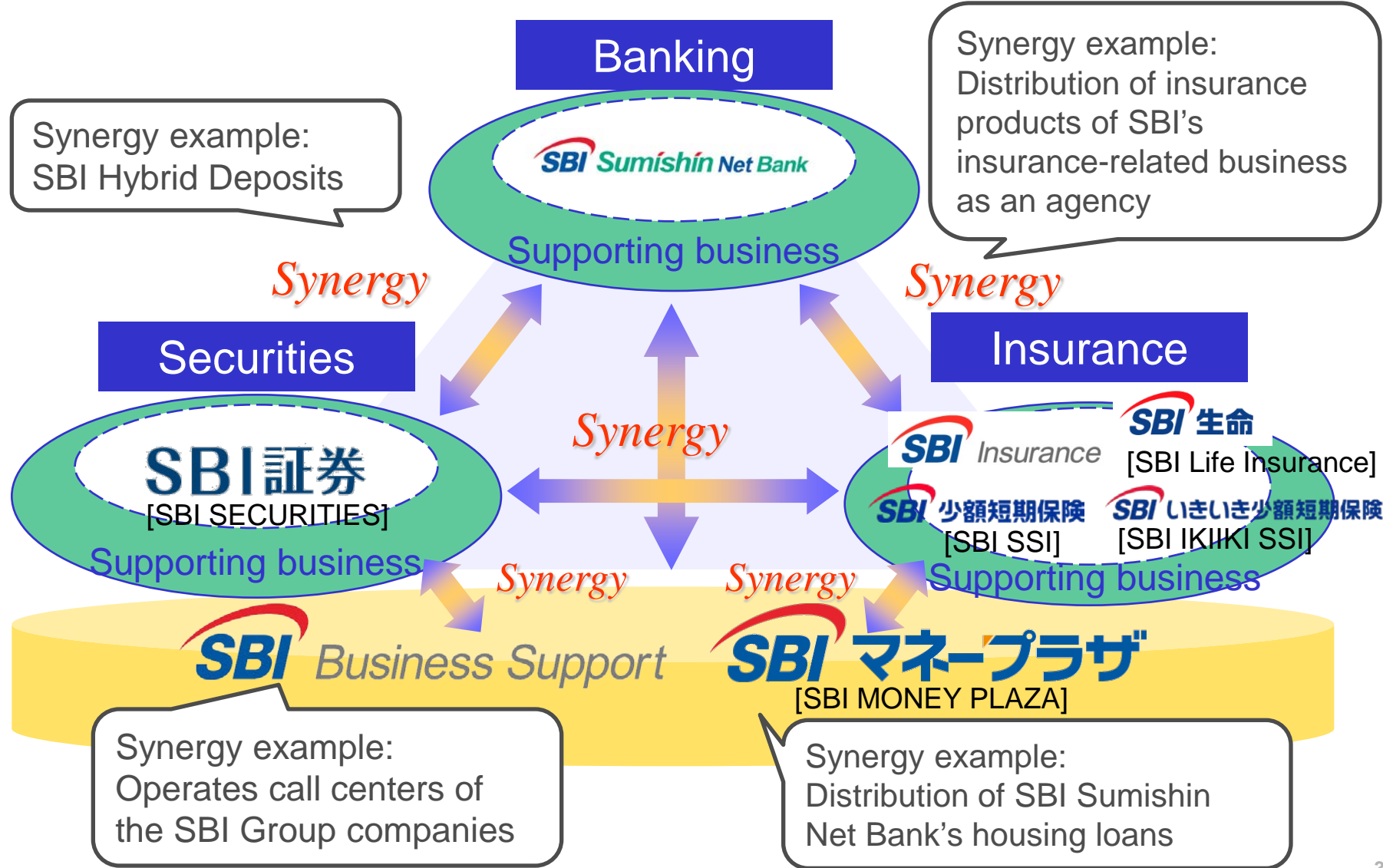


(2) Synergy effects resulting from the business ecosystem

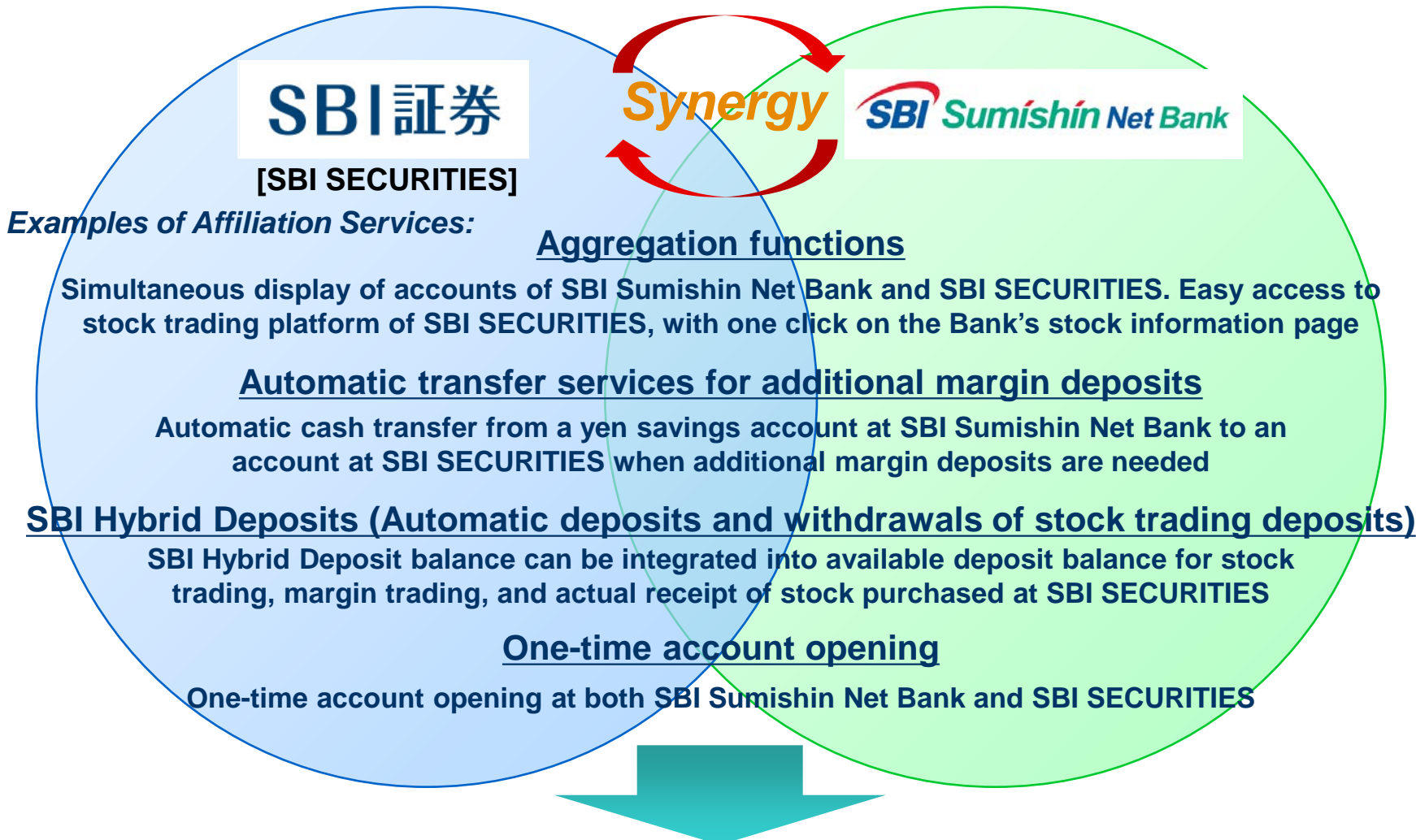
- ① Synergies between core businesses**
- ② Synergies between core businesses and the supporting businesses**

Thorough Pursuit of Various Synergies within the Group

Synergies between core businesses



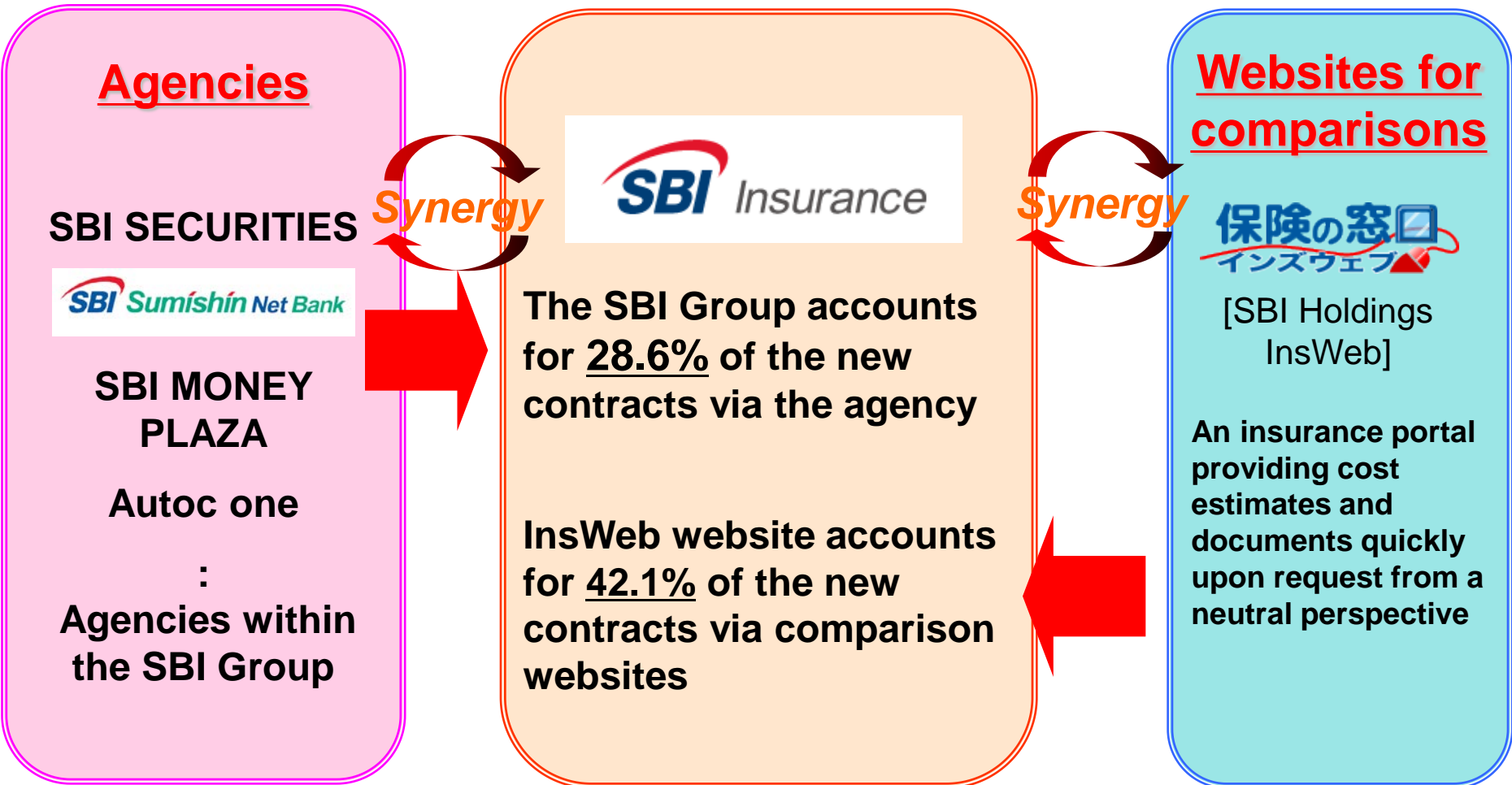
SBI Sumishin Net Bank Succeeds in Affiliating Banking and Securities Services



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

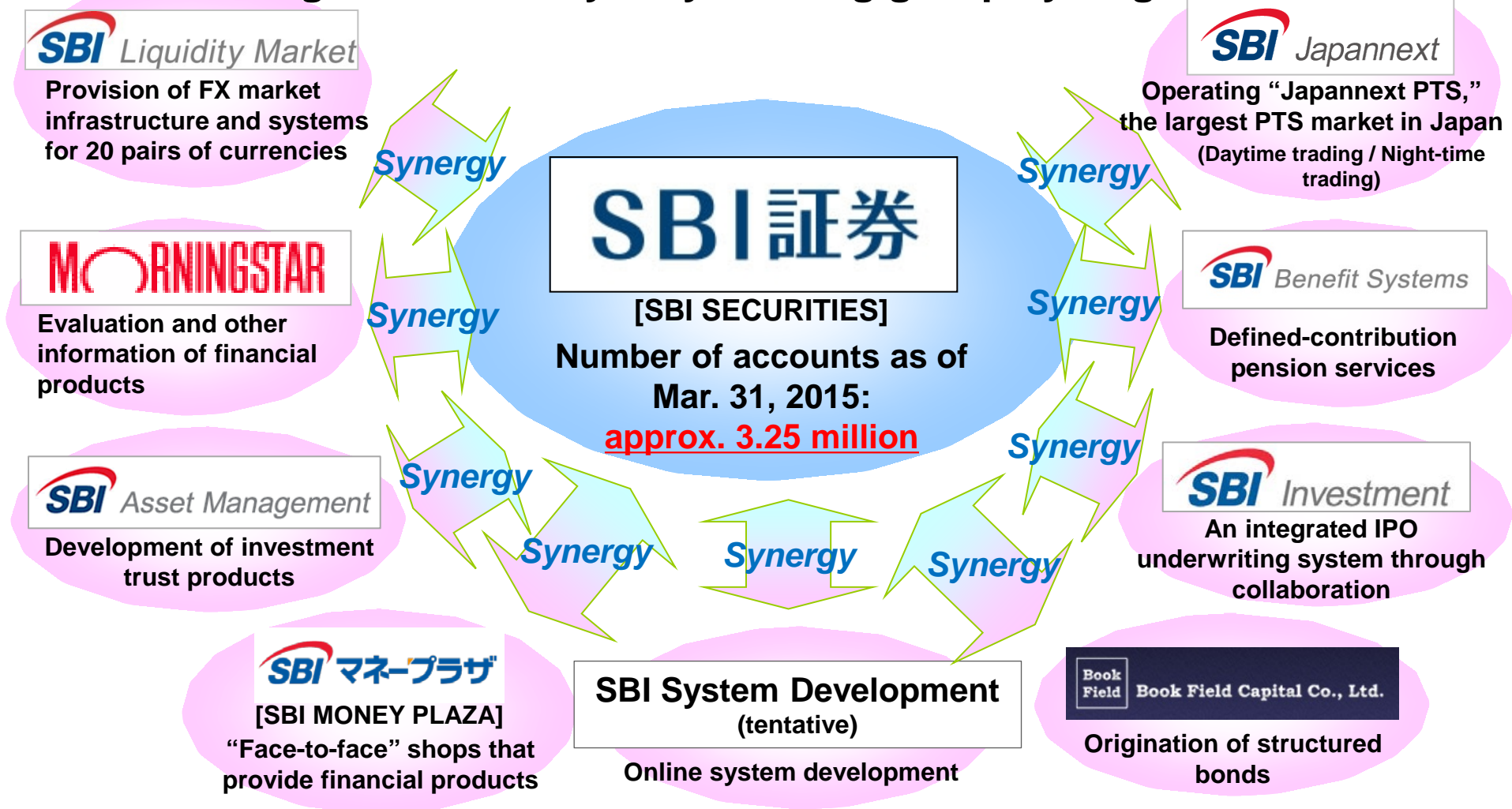
Synergies between SBI Insurance and the Group Companies

SBI Group companies, including SBI SECURITIES and the insurance comparison website “InsWeb,” through their respective customer bases, become a sales channel that exerts synergy effects that contribute to SBI Insurance’s business expansion.



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

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



Synergies between SBI Liquidity Market and Group Companies (SBI SECURITIES, SBI FXTRADE and SBI Sumishin Net Bank)

Customers' Deposit Assets Raking (Apr. 2015)

Started operation on Nov. 17, 2008
Achieved profitability in the first operating year

SBI Liquidity Market
Provides FX market infrastructure



SBI証券
[SBI SECURITIES]

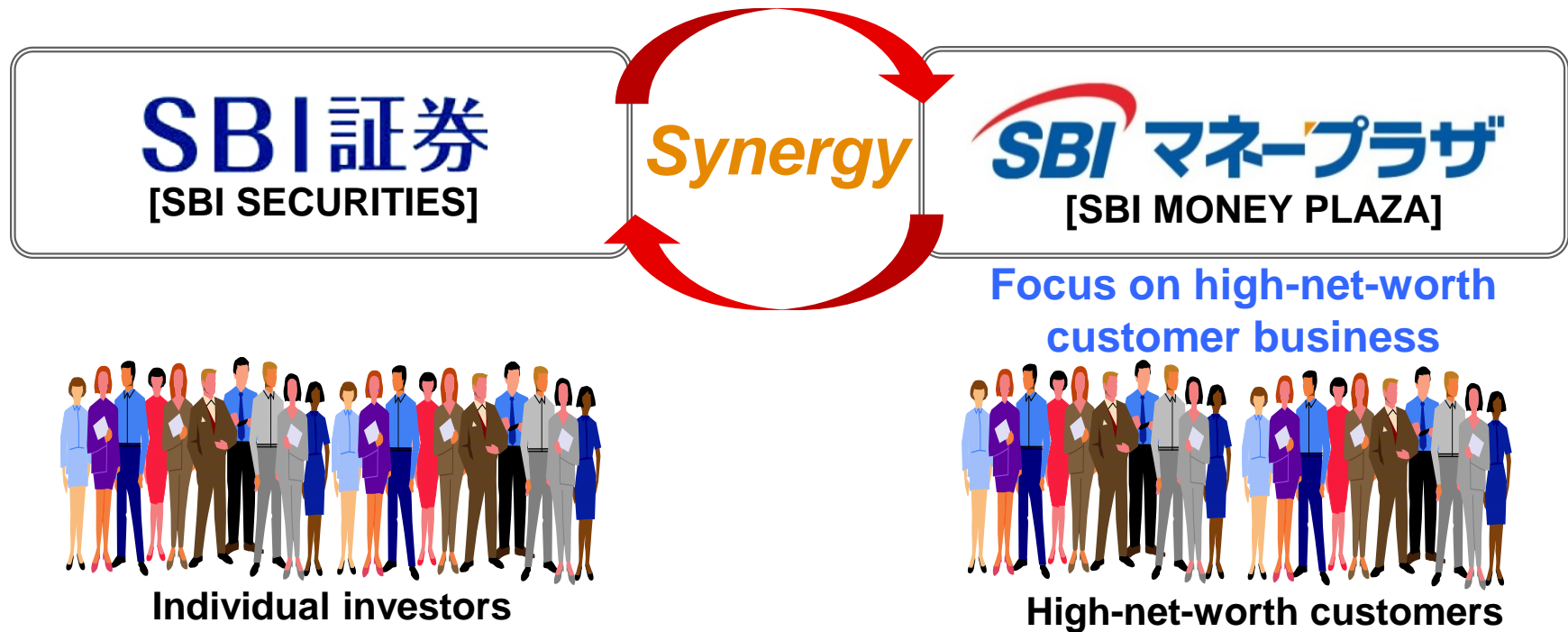
SBI Sumishin Net Bank

SBI FXTRADE

Provides FX trading opportunities
to individual investors

No.	Company name	Amount (JPY million)
1	SBI Group	178,843
2	GMO CLICK	126,007
3	Gaitame.com	108,364
4	DMM.com	100,675
5	YJFX	99,406
6	Central Tanshi FX	67,059
7	MONEY SQUARE JAPAN	62,159
8	MONEY PARTNERS	48,896
9	Hirose FX	26,328
10	FX PRIME by GMO Corporation	16,303
11	Traders Securities	14,395
12	Ueda Harlow	12,004
	Others (1 companies)	8,815
	Total	869,254

Synergies between SBI SECURITIES and SBI MONEY PLAZA



Through close collaboration with SBI MONEY PLAZA, which meet client needs for business succession and inheritance/donation services, and strengthen businesses targeting high-net-worth individuals, acquisition of additional high-net-worth customers at SBI SECURITIES will become possible, and the diversification of customer base and strengthening of the sales force will proceed

(3) Competitive advantages derived from mutual synergy effects and mutual evolution

① Realization of early profitability

② Rapid expansion of customer base

Pure-play Internet Securities Companies' Time Period Required to Reach Profitability

	Start of online trading	Single-quarter profit recorded	Quarters required *1 (Months since online trading started)	FY profitability	FY required *1 (Months since online trading started)
SBI SECURITIES	Oct. 1999	3Q FY1999	1 quarter (2 months)	FY1999	1st FY (5 months)
Matsui	May 1998	N/A *2		FY1998	1st FY (10 months)
Monex	Oct. 1999	1Q FY2003	15 quarters (3 years and 8 months)	FY2003	5th FY (4 years and 5 months)
Rakuten	June 1999	1Q FY2001	9 quarters (2 years)	FY2001	3rd FY (2 years and 9 months)
kabu.com	Feb. 2000	1Q FY2002	10 quarters (2 years and 3 months)	FY2002	4th FY (3 years)






*1 Quarters and FY required are calculated based on the start of online trading.

*2 Quarters required is not available because Matsui started their disclosure of quarterly results from FY2002.

*3 Compiled by SBIH from information disclosed by each company

Conclusion of the Competition with Online Securities Companies

[FY2014 results]

	Share of Individual Stock Trading Value (%)		Number of accounts (thousand)	Deposit assets (JPY trillion)	Operating income (JPY million)
		of which, individual margin trading			
SBI	 38.1	 40.5	 3,246	 9.4	 34,680
Rakuten	16.0	15.9	1,839	3.5	20,417
Matsui	12.9	15.9	1,002	2.2	22,087
kabu.com	9.5	11.4	921	2.0	10,120
Monex (cons.)	6.0	4.7	1,534	3.7	8,066

Pure-play Internet Banks' Time Period Required to Reach Profitability

	Start of operations	Single-quarter profit recorded	Quarters required *1 (Months since operation started)	FY profitability	FY required *1 (Months since operation started)
SBI Sumishin	Sept. 2007	4Q FY2008	7 quarters (1 year and 6 months)	FY2009	3rd FY (2 years and 6 months)
Sony Bank	June 2001	4Q FY2004	16 quarters (3 years and 9 months)	FY2005	5th FY (4 years and 9 months)
Rakuten	July 2001	4Q FY2003	11 quarters (2 years and 8 months)	FY2005	5th FY (4 years and 8 months)
Jibun	July 2008	1Q FY2012	16 quarters (3 years and 11 months)	FY2012	5th FY (4 years and 8 months)
The Japan Net	Oct. 2000	1Q FY2004	15 quarters (3 years and 8 months)	FY2004	5th FY (4 years and 5 months)




*1 Quarters and FY required are calculated based on the start of operation.

*2 Compiled by SBIH from information disclosed by each company

SBI Sumishin Net Bank is No. 1 in Deposit Balance and Balance of Loans Among the Pure-play Internet Banks

~Pure-play Internet Banks' Financial Results for FY2014~

JPY billion; parenthetic figures are YoY % change.
The number of accounts is in thousands.

	Date of operation started	Deposit amount	Balance of loans	Number of accounts	Ordinary income/loss
SBI Sumishin (cons.)	<u>Sept. 2007</u>	 3,576.0	 1,748.9	2,308	 15.2
Sony Bank (cons.)	June 2001	1,878.3	1,187.2	1,050	7.3
Rakuten (cons.)	July 2001	1,246.8	354.4	4,963	11.3
Jibun	July 2008	661.5	90.7	1,913	1.3
The Japan Net	Oct. 2000	569.0	42.2	2,856	3.2

Note: Amounts are rounded to the nearest 100 million yen or thousand accounts. The number of accounts is as of the end of Mar. 2015.

Pure-play Internet Insurance Companies' Time Period Required to Reach Profitability

	Start of operations	Single-quarter profit recorded	Quarters required *1 (Months since operation started)	FY profitability	FY required *1 (Months since operation started)
SBI Insurance	Jan. 2008	1Q FY2014	26 quarters (6 years and 5 months)	FY2015 (Forecast)	9th FY (8 years and 2 months)
Mitsui Direct	June 2000	1Q FY2008	37 quarters (9 years)	FY2010	11th FY (10 years and 9 months)
AXA GENERAL INSURANCE	July 1999	N/A *2		FY2008	10th FY (9 years and 8 months)

*1 Quarters and FY required are calculated based on the start of operation.

*2 Quarters term is not available because AXA GENERAL INSURANCE started their disclosure of quarterly results from FY2008.

*3 Compiled by SBIH from information disclosed by each company

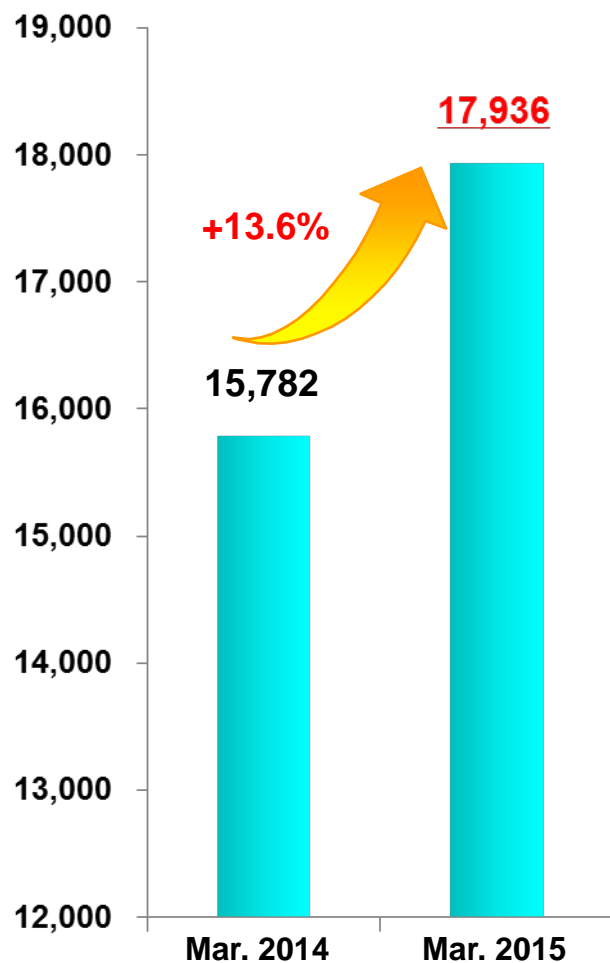
SBI Group's Customer Base Expanding to Approx. 18 Million

Customer Base of the Group Companies

(Thousand)

[Year-on-year]

(Thousand)



		Mar. 31, 2014	Mar. 31, 2015	YoY % change
SBI SECURITIES	(Accounts)	2,944	3,246	+10.3
SBIH InsWeb	(No. of customers)	6,104	6,938	+13.7
E-LOAN	(No. of customers)	1,529	1,745	+14.1
MoneyLook	(Total no. of customer registrations)	894	915	+2.3
Morningstar Japan	(New portfolio customer registrations)	119	134	+12.6
SBI Card	(Valid cards issued)	71	83	+16.9
SBI Sumishin Net Bank	(Accounts)	1,974	2,308	+16.9
SBI Insurance	(Total no. of contracts)	655	746	+13.9
SBI Life Insurance	(Total no. of contracts)	—	117	—
Autoc one	(Total no. of service users in 2014)	950	1,030	+8.4
Others (SBI Point etc.)		542	674	+24.4
Total		15,782	17,936	+13.6

* Repetition customers between Group companies are counted double while it is omitting repetition in each service site when it can be recognized as a unique user.

* The total number of contracts of SBI Insurance excludes continuing contracts, expiring contracts and early-withdrawal

* Customer numbers for Group companies excluded from consolidation during FY2014 due to reorganization are not included in the figures for Mar. 31, 2014.

II. Business Strategy for the New Phase that the SBI Group has Entered in Its 17th Year since Its Establishment

- 1. Future efforts to achieve sustainable expansion of corporate value**
- 2. Shifting from expansion of scale to the pursuit of quality, which promotes a management emphasis on profitability and shareholder returns**
- 3. The Company's medium- and long-term future vision**

- 1. Future efforts to achieve sustainable expansion of corporate value**
 - (1) Financial Services Business**
 - (2) Asset Management Business**
 - (3) Biotechnology-related Business**
 - (4) With the increase in AUM, the Group's asset management structure will be restructured and strengthened**

(1) Financial Services Business

- **Securities-related Business**
- **Banking-related Business**
- **Insurance-related Business**

[Securities-related Business]

① SBI SECURITIES

~Concluded competition with online securities companies, and entered the phase of challenging major face-to-face securities companies~

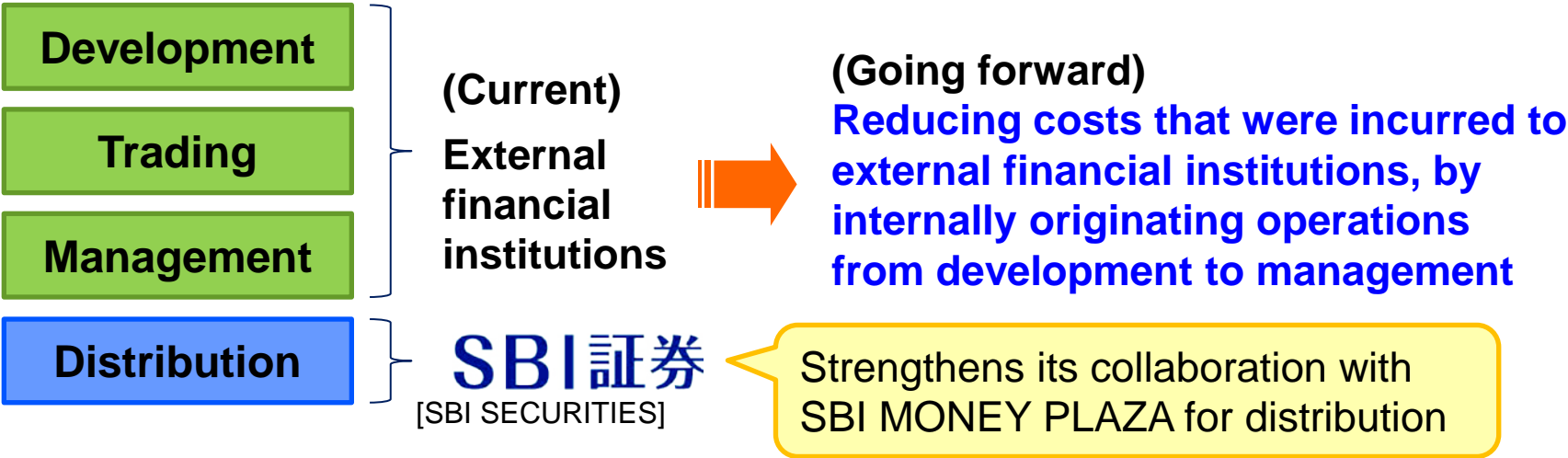
- (i) Further enhancing the retail business that is clearly superior to the face-to-face securities companies**
- (ii) With a significantly growing retail business as a foundation, expanding the corporate business to rank among the major face-to-face securities companies**
- (iii) Establishment of SBI System Development (tentative), to endeavor to further reduce systems-related costs**

② SBI Liquidity Market, SBI FXTRADE

- Promoting the overseas development of the FX-related business in Asia in order to further increase liquidity**

Promoting Self-origination of Structured Bonds

- By internally originating structured bonds that are currently from third parties, endeavoring to reduce cost and share the benefits with customers
[Structured bonds' inherent operations from development to distribution]



- In order to accelerate the efforts to internally originate structured bonds, SBI SECURITIES acquired Book Field Capital, which possesses such expertise, on Apr. 1, 2015

[Outline of Book Field Capital]

Establishment	Apr. 6, 2005
Capital	JPY 50m
Total assets	JPY 197m (as of Nov. 30, 2014)



➡ Establishing the structure within the year, with plans to originate structured bonds equivalent to JPY 25bn next year

①-(ii) Expanding the corporate business

From the Perspective of Competing with the Major Face-to-face Securities Companies, SBI SECURITIES must Further Strengthen Its Underwriting, Sales and Trading Businesses

Comparison of Net Operating Revenue (excluding Financial Expenses) with Nomura in FY2014

(Unit: JPY billion)	SBI	Nomura (cons.)*
Retail business	70.7	476.5
of which, Commission income	28.6	92.0
Net financial revenue	23.5	6.9
Acquisition commission of investment trust	3.9	104.8
Trading gains/loss (primarily FX-related gain)	8.4	—
Corporate business	1.4	789.9
of which, Underwriting commission	1.4	49.2
Trading gains/loss	—	531.4
Others (including Asset Management business)	0.0	337.9
Net operating revenue	72.2	1,604.2

1: Gap between Nomura is merely 3.2 times

2: SBI exceeds Nomura by 3.4 times

3: Gap between Nomura is 35.1 times, indicating the sizable gap in corporate business

* Complied by SBI based on the disclosed material

1: Whereas the difference in stock brokerage commission with Nomura is approx. 23 times, the gap in commission income is merely 3.2 times

➡ SBI SECURITIES' share of individual stock trading value is an overwhelmingly 38.1%

2: SBI SECURITIES' net financial revenue exceeds Nomura by 3.4 times

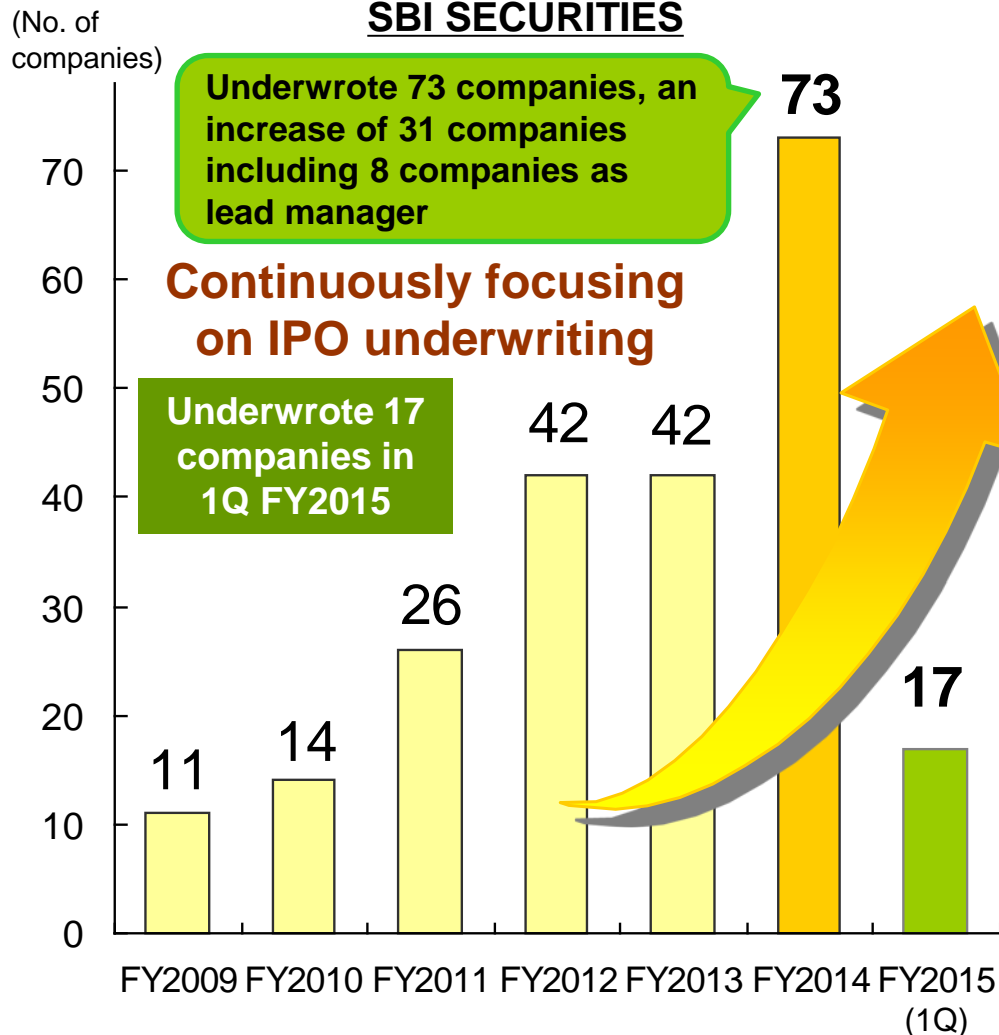
➡ SBI SECURITIES' share of individual margin trading value is an overwhelmingly 40.5%

3: As for the corporate business, there is a sizable gap between Nomura and SBI SECURITIES

➡ Assets of customer accounts of the five major online securities companies is a mere 21.2% of the total shares held by individuals in Japan

SBI SECURITIES has Steadily Expanded Its IPO Underwriting Business, and is Continuously One of the Leaders of the Industry in Terms of the Number of IPOs Underwritten

Number of IPOs Underwritten by SBI SECURITIES



IPO Underwriting Ranking (FY2014)

86 companies were listed in FY2014

Company name	No. of cases	Underwriting share (%)
SBI	73	84.9
SMBC Nikko	62	72.1
Mizuho	58	67.4
Nomura	47	54.7
Monex	44	51.2
Daiwa	40	46.5
Ichiyoshi	35	40.7
Okasan	34	39.5

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

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

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

* The above figures do not include consignments. Based on listing date.

The figures exclude brokerage sales and REITs.

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

Number of IPOs Underwritten by SBI SECURITIES as Lead Manager is Increasing

Number of IPOs underwritten by SBI SECURITIES as lead manager

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015 (E)
Lead Manager	0	1	5	5	8	10+

Underwrote 8 companies as lead manager in FY2014

Forecasting a lead managed underwriting for over 10 companies in FY2015

IPO Date	Company Name	Market
Sept. 11, 2014	Japan Investment Adviser	TSE Mothers
Sept. 19, 2014	AMBITION	TSE Mothers
Oct. 22, 2014	Ceres	TSE Mothers
Dec. 11, 2014	B-Lot	TSE Mothers
Dec. 16, 2014	MarkLines	TSE JASDAQ
Feb. 19, 2015	ALBERT	TSE Mothers
Mar. 24, 2015	RS Technologies	TSE Mothers
Mar. 26, 2015	Mobile Factory	TSE Mothers
Apr. 24, 2015	Rentracks	TSE Mothers

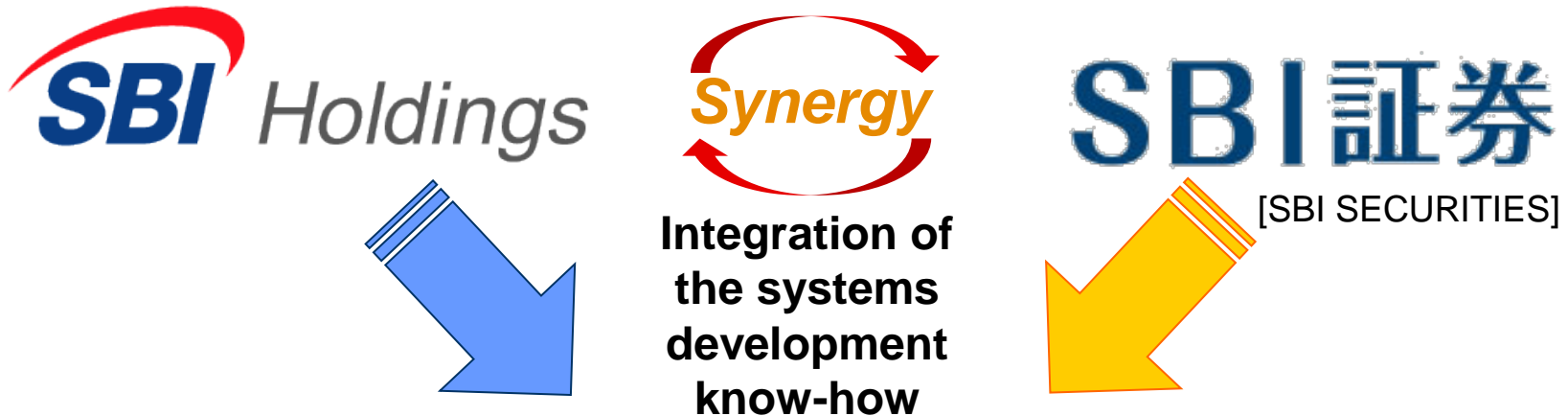
Already underwrote 1 company as lead manager in Apr. 2015



By maximally utilizing SBI MONEY PLAZA's customer base and sales network, a further expansion of the PO underwriting business will also be implemented


①-(iii) Further reducing system-related costs: Establishment of a system development company

Further Reducing System Costs through the Establishment of a System Development Company to Promote the Development of SBI Group's Unique Online System for Internal and External Use



Establishment of SBI System Development (tentative), a system development company

Preparing for the establishment of a system company that develops and structures online systems primarily for the internal and external securities business, during this coming summer

 **SBI SECURITIES estimates that the expenses which were paid to vendors will be decreased by approx. JPY 1.4bn per year**

For the future, will endeavor to broadly provide systems development for internal and external banking and insurance businesses, as well as for the securities business, by leveraging the accumulated expertise

Considering the Overseas Development of the FX-related Business in Asia in Order to Further Increase Liquidity

In order to acquire liquidity from China and the Asian countries by way of Hong Kong, SBI Liquidity Market established a [Hong Kong subsidiary](#) in May 2015.

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



[Banking-related Business]

- ① Full-fledged entry into the credit card business in SBI Sumishin Net Bank in order to further improve profitability**
- ② Endeavoring to further improve profitability in banking business with the start of bank agency business at SBI MONEY PLAZA**

Full-fledged Entry into the Credit Card Business

SBI Sumishin Net Bank's Acquisition of SBI Card (Announced on Apr. 21, 2015)



- Through a unified operation, including the development of products with a high affinity for SBI Sumishin Net Bank's card loans, cultivate the credit card business as one of the bank's core businesses
- In order to move forward to an early profitability of the credit card business, along with the enhancement of the card issuance process both within and outside of the Group, established a committee composed of members from affiliated companies, and strengthened the Group company activities to cooperate in areas such as marketing strategies.

Along with improving revenue sources through the enhancement of systems and functions as a subsidiary of the bank, promoting a full-scale acquisition of new customers.

Endeavoring to Further Improve Profitability in Banking Business with the Start of Bank Agency Business at SBI MONEY PLAZA



[SBI MONEY PLAZA's new offerings]

Ordinary
deposit

Term deposit

“Mr. Housing
Loan Real” *

* Dedicated product for bank agencies;
offered only at 7 directly-managed SBI
MONEY PLAZA shops

In order to further improve profitability, SBI Group's financial ecosystem continues to be fully utilized, such as with the thorough pursuit of synergies with SBI MONEY PLAZA

[Insurance-related Business]

- ① SBI Insurance is developing fire insurance in addition to auto insurance, and will promote sales through the utilization of the Group structure**
- ② Along with the establishment of “SBI Life Insurance,” the SBI Group’s life insurance company, organizing a sales structure to resume the procurement of new contracts**
- ③ Ongoing efforts of insurance-related business**
 - a. Contemplating a foray into the reinsurance business in order to further improve profitability of each insurance company, and the establishment of an insurance holding company to improve the efficiency of the insurance business**
 - b. Development of personalized insurance products utilizing telematics technology and wearable devices**

Proceeds to Expand on Its Product Offering

➤ **Consideration of fire insurance**



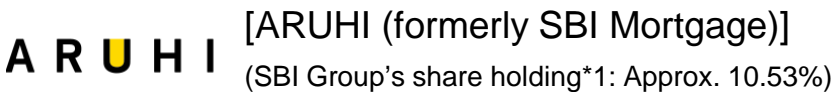
Fire insurance (under consideration)



Upon the launch of a fire insurance product, synergies with SBI Sumishin Net Bank and ARUHI (formerly SBI Mortgage), both of which deal in housing loans, will be thoroughly pursued



Results of housing loans (Oct. 2007 – Mar. 2015)
Total amount : JPY 2,279.6bn
Total number : 93,560
Number of newly acquired
(Apr. 2014 - Mar. 2015) :19,152



Results of housing loans (Oct. 2007 – Mar. 2015)
Total amount : approx. JPY 2,900bn
Total number*2 : approx. 120,000
Number of newly acquired*2
(Apr. 2014 - Mar. 2015) : approx. 19,000

*1 Ratio of voting rights for ARUHI Group Co., Ltd., the holding company of ARUHI. SBI Group's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group. (As of the end of Mar. 2015)

*2 The number of loans backed, excluding package loans and loans for expenses related to housing acquisition

“SBI Life Insurance”, the SBI Group’s Life Insurance Company, is Established

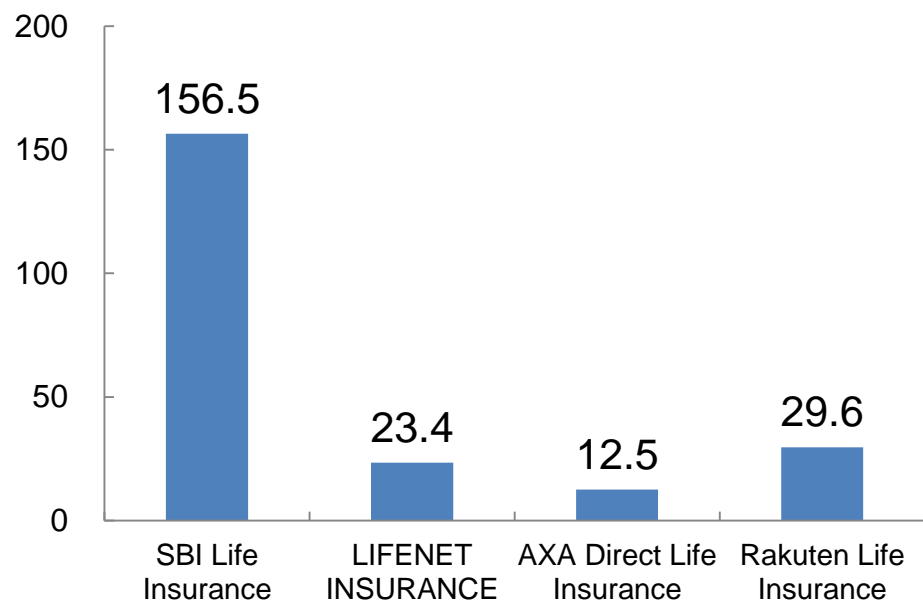
- Implementation of corporate name change (May 1, 2015)



Implementation of corporate name change to SBI Life Insurance for the purpose of clarifying its position as a SBI Group company, and to enhance its public awareness

- About SBI Life Insurance

(JPY billion) Comparison of total assets
(As of the end of Mar. 2015)



- Holds more than 110 thousand in-force life policies as of Mar. 31, 2015
- Ceased writing new policies from Feb. 2010, and has since dedicated their resources to support and conserve in-force life policies
- Its solvency margin ratio is 1,120.3% (as of Mar. 31, 2015), which is trustworthy for their payment ability

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

SBI Life Insurance Implements Various Measures to Resume the Procurement of New Contracts

- Initiating a recruiting process to prepare for the resumption of the procurement of new contracts



Will achieve the necessary approx. 30% increase in personnel to resume the procurement of new contracts at a slight increase in costs relating to personnel and non-personnel expenses by maximizing the efficiency of the said cost *

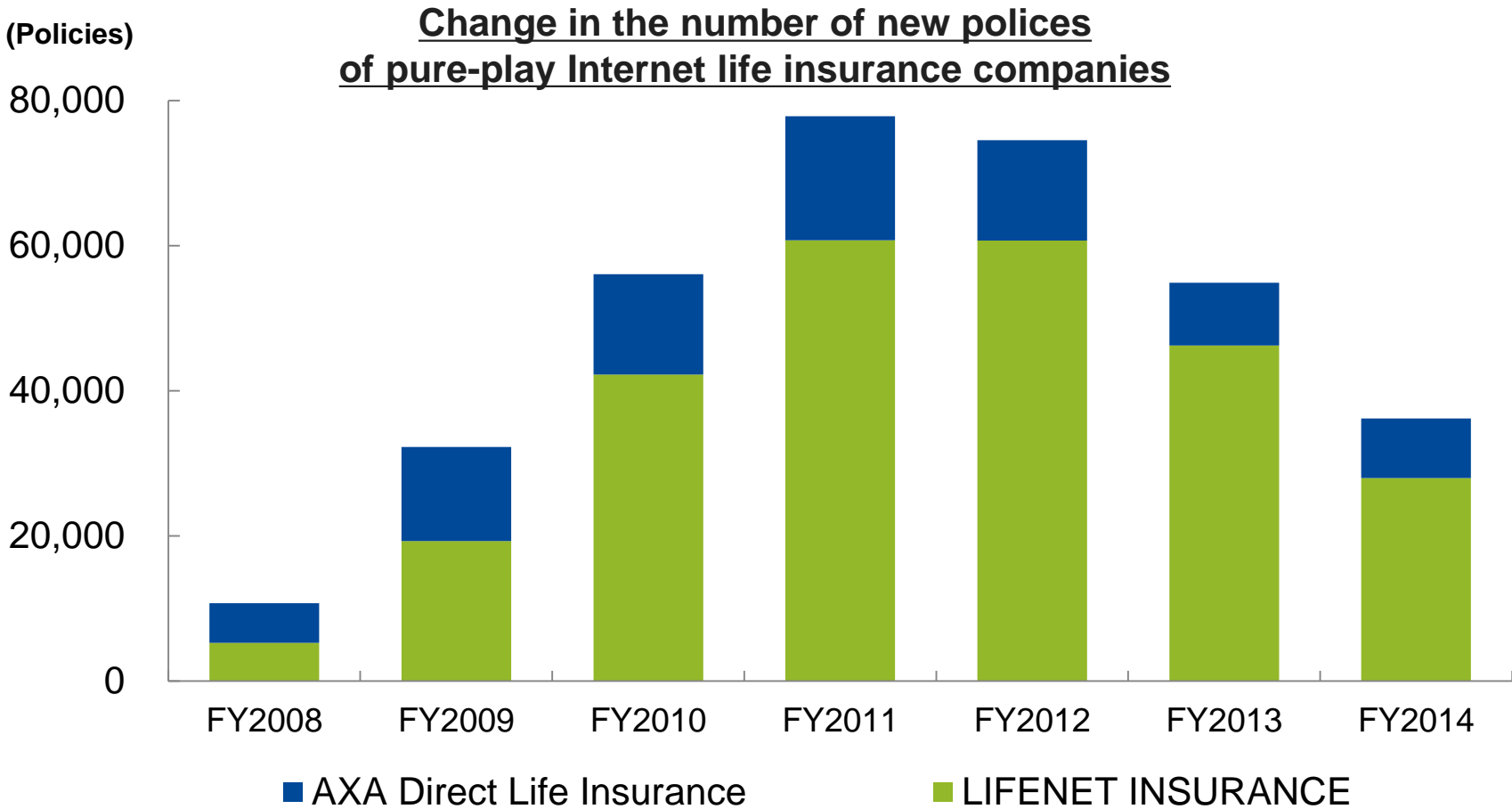
- Organizing a sales structure to resume the procurement of new contracts
- A company-wide project team inaugurated for product development

* Although other additional expenses, such as system development expenses will be incurred, these measures will complete the structure of procuring new contracts

Although new costs will be incurred for the development of new products and the system development for new underwritings, the profit before income tax expense (based on IFRS) for FY2015 is expected to significantly exceed that of the two month period after the consolidation in FY2014 (JPY 0.55bn), with additional marketing expense for new contract acquisitions to be incurred after FY2015

Limitations in the Pure-play Internet Life Insurance Business Model

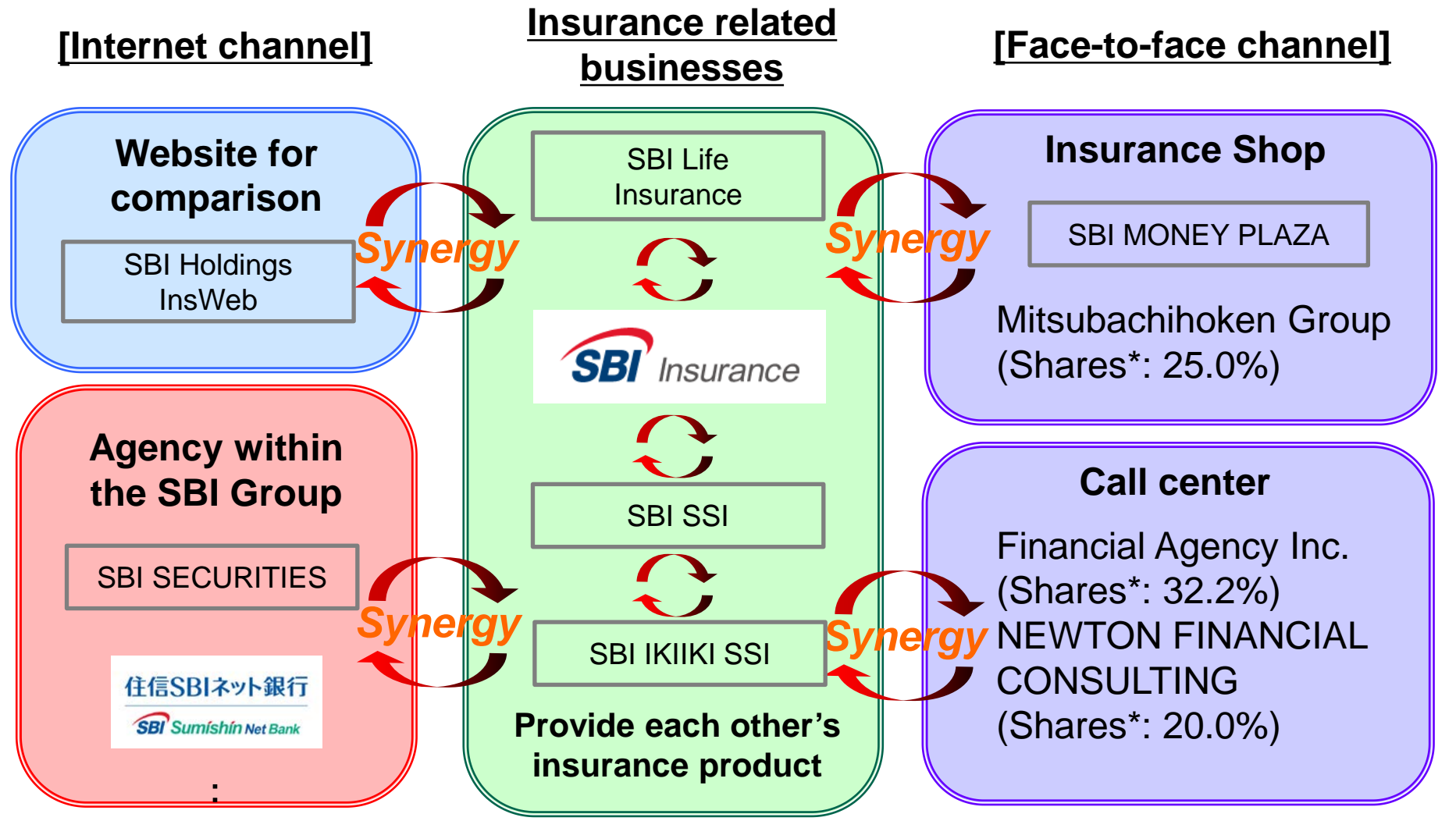
~Establishing a distribution network that includes a face-to-face channel is key~



Compiled by SBIH from the information on websites of each company

Thorough Pursuit of Synergies between Insurance-related Businesses and Each Group Company

Maximally utilize the Group synergies, such as group customer base and marketing channels, to expand the business scale of the insurance-related businesses



* Shares: SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group. (As of Mar. 31, 2015)

Contemplating a Foray into the Reinsurance Business and the Establishment of an Insurance Holding Company

➤ Foray into the reinsurance business to strengthen the profitability structure of the insurance companies

Finalized the selection of the domicile and service vendor of the reinsurance company
Advancing a feasibility study in order to establish a reinsurance company in FY2015



By aggregating the reinsurance premiums paid to external reinsurance companies by the insurance company subsidiaries to the newly established reinsurance company, endeavoring to reduce the Group's total reinsurance premiums paid to external sources

➤ Through the establishment of an insurance holding company, efficiency enhancement and maximization of Group synergies will be endeavored

- Efficient use of insurance business related resources, such as asset management, risk management, information, know-how, and human resources
- Strengthen synergies between insurance companies



Development of Personalized Insurance Products Utilizing Telematics Technology and Wearable Devices

Nonlife insurance

➤ **Contemplating the development of “Telematics insurance”**

Contemplating the development of more personalized auto insurance through the collection and utilization of big data that is based on historical driving records, where an alliance with other companies may be considered

*Telematics: Providing a service that connects a communications system to a mobile vehicle, such as an automobile

Life insurance

➤ **Researching the potential of personalized life insurance products that utilize wearable devices**

Researching the possibility of utilizing wearable devices to collect and analyze the policy holder’s health information, to offer more personalized life insurance products

(2) Asset Management Business

- ① Venture capital business**
- ② SBI Savings Bank of South Korea**

Venture Capital Business Continues to Raise Funds① (Domestic)

- Domestically, SBI Investment established a JPY 15bn flagship fund that targets next-generation companies

→ This provides SBI Investment with fee income as the fund operator

- Management fee: **approx. JPY 380m per year** (2.5% of total capital commitment)

SBI VENTURE FUND INVESTMENT LPS



- Total commitment amount:
JPY 15.0bn
- Investment target:
Investment in promising unlisted companies in Japan and overseas engaged in IT, environment and energy, health care, services, materials and parts, and other promising businesses

Establish funds larger than the above

Preparing establishment of three funds of similar scale during FY2015

An establishment fee of 1.0% and management fee of 2.5% of committed capital are planned

Venture Capital Business Continues to Raise Funds② (Overseas)

- Overseas, where funds jointly established with existing partners are steadily delivering results, **preparations are underway to form No. 2 funds that will be larger than the No. 1 funds by securing capital contributions from outside investors.**

Current No.1 Funds

Received dividend for USD 4.35m in June 2015

(Malaysia)

PNB-SBI ASEAN Gateway Fund Ltd. P.
Commitment amount:
approx. JPY 5.3bn

Received dividend for SGD 4.65m in Mar. 2015

(Brunei)

SBI Islamic Fund (Brunei) Limited
Commitment amount:
approx. JPY 6.2bn

Will receive dividend for total of USD 2.12m until July 2015

(Taiwan)

SBI & Capital 22 JV Fund,L.P.
Commitment amount:
approx. JPY2.4bn

Preparing Establishment of No.2 Funds

(Malaysia)

Target commitment amount:
maximum approx. JPY 18.0bn
Establishment fee: 1%
Management fee: 2%

(Brunei)

Target commitment amount:
maximum approx. JPY 24.0bn
Establishment fee: 1%
Management fee: 2%

(Taiwan)

Target commitment amount:
maximum approx. JPY 12.0bn
Establishment fee: undecided
Management fee: 2.5%

The IPO and M&A pipeline is steady, with 8 IPOs or M&As of the SBI Group's overseas portfolio companies expected in FY2015, as compared to 5 in FY2014

Established SBI Finansa Private Equity Partners, a Joint Investment Company with Finansa, a Comprehensive Financial Group in Thailand



The SBI Group and the Finansa Group will each own 50% of the Joint Venture Company and the company's main investment targets of the Joint Venture Company will be unlisted companies in Thailand, Vietnam, Myanmar, Cambodia, and Laos. In the future, the Joint Venture Company will endeavor to establish a private equity fund with capital commitments of at least USD 50m (approximately JPY 6bn) by seeking investments from third parties.

Finansa Group:

A comprehensive financial group having under its aegis investment banking, securities, and asset management companies. Finansa has been fully engaged in the fund management business since 1994 and has an extensive track record in private equity investments in Thailand and Vietnam

The SBI Group's AUM is Now Over JPY 500bn

(As of the end of Mar 2015)

Private equity, etc. JPY 294.7bn (Including JPY 103.1bn of both cash and commitment amount to be paid in) (*3)

Breakdown by Industry	Amount
IT/Internet	25.8
Biotechnology/Health/Medical	45.2
Services	18.6
Materials/Chemicals	2.2
Environmental/Energy	20.6
Retail/Food	16.1
Construction/Real estate	1.6
Machine/Automobile	8.3
Finance	36.3
Others	16.7
Total	191.6

Breakdown by region	Amount
Japan	88.7
China	29.3
Korea	25.2
Taiwan	2.0
Southeast Asia	11.5
India	2.8
U.S.	28.8
Others	3.3
Total	191.6

Investment trusts, etc. JPY 230.6bn (*4)

Investment trusts	128.0
Investment advisory	98.8
Investment companies	3.8

*1 Calculated by the exchange rate as of the end of Mar. 2015

*2 Amounts are rounded to the nearest JPY 100m

*3 Composed of cash in funds and unpaid capital which is to be paid on a capital call.

*4 For funds that SBI Asset Management provides investment instruction to, if Morningstar Asset Management provides investment advisory services, assets are recorded in both "Investment trusts" and "Investment advisory," respectively, and such overlapping amounts totaled JPY 24bn

IPO and M&A Deals are Expected to Increase in FY2015

	Up to FY2013	FY2014 full year	FY2015 full year prospect
IPO and M&A deals*	181	14	20

* Includes portfolio companies (FY2009: 3 companies, FY2010: 6 companies, FY2013: 2 companies) of New Horizon Capital, the second fund, in which SBIH invests as a limited partner.

In FY2014, 10 companies have conducted IPOs, and 4 companies were M&A'd

EXIT Date	Company	Market (Country)
Apr. 2, 2014	Smart Navi Co.,Ltd.	M&A
June 16	NEWTON FINANCIAL CONSULTING, Inc.	TSE JASDAQ
July 23	Nippon View Hotel Co., Ltd.	TSE 2 nd Section
Aug. 5	WH Group Limited	HKEx Main Board
Aug. 11	Pandora TV Co., Ltd	KONEX (Korea)
Sept. 15	GCS HOLDINGS, INC.	GTSM (Taiwan)
Sept. 25	RIBOMIC Inc.	TSE Mothers
Oct. 1	YAPPA Corporation	M&A
Oct. 1	Kakao Corp.	M&A

EXIT Date	Company	Market (Country)
Oct. 22, 2014	Ceres inc.	TSE Mothers
Dec. 25	Tokyo Board Industries Co., Ltd	TSE 2nd Section
Dec. 29	Yest Co., Ltd.	KONEX (Korea)
Jan. 1, 2015	Uphills, Inc.	M&A
Mar. 26	Mobile Factory, Inc.	TSE Mothers

[The track record of this fiscal year]

Apr. 8	SanBio Company Limited	TSE Mothers
Apr. 21	CRE, Inc.	TSE 2nd Section

Completed Business Revitalization of SBI Savings Bank of South Korea

Achieved cumulative profit in the July 2014-Mar. 2015 period, as well as a quarterly profit in the Jan.-Mar. 2015, on a K-GAAP basis*.
Also, capital adequacy ratio improved steadily, and the financial condition is now sound

* SBI Savings Bank prepares and discloses its financial statements on a K-GAAP basis, not IFRS, since it is an unlisted company.

9 Month Ended Mar. 31, 2015 Result (K-GAAP basis)

(Announced on May 12, 2015)

(KRW billion)

	1Q* (July -Sept. 2014)	2Q* (Oct.-Dec. 2014)	3Q (Jan.-Mar. 2015)	9 Months (July 2014-Mar. 2015)
Operating Revenue	111.3	110.0	116.1	337.5
Operating Income	-16.1	14.5	24.0	22.4
Profit before income tax expense	-19.9	10.1	27.4	17.6

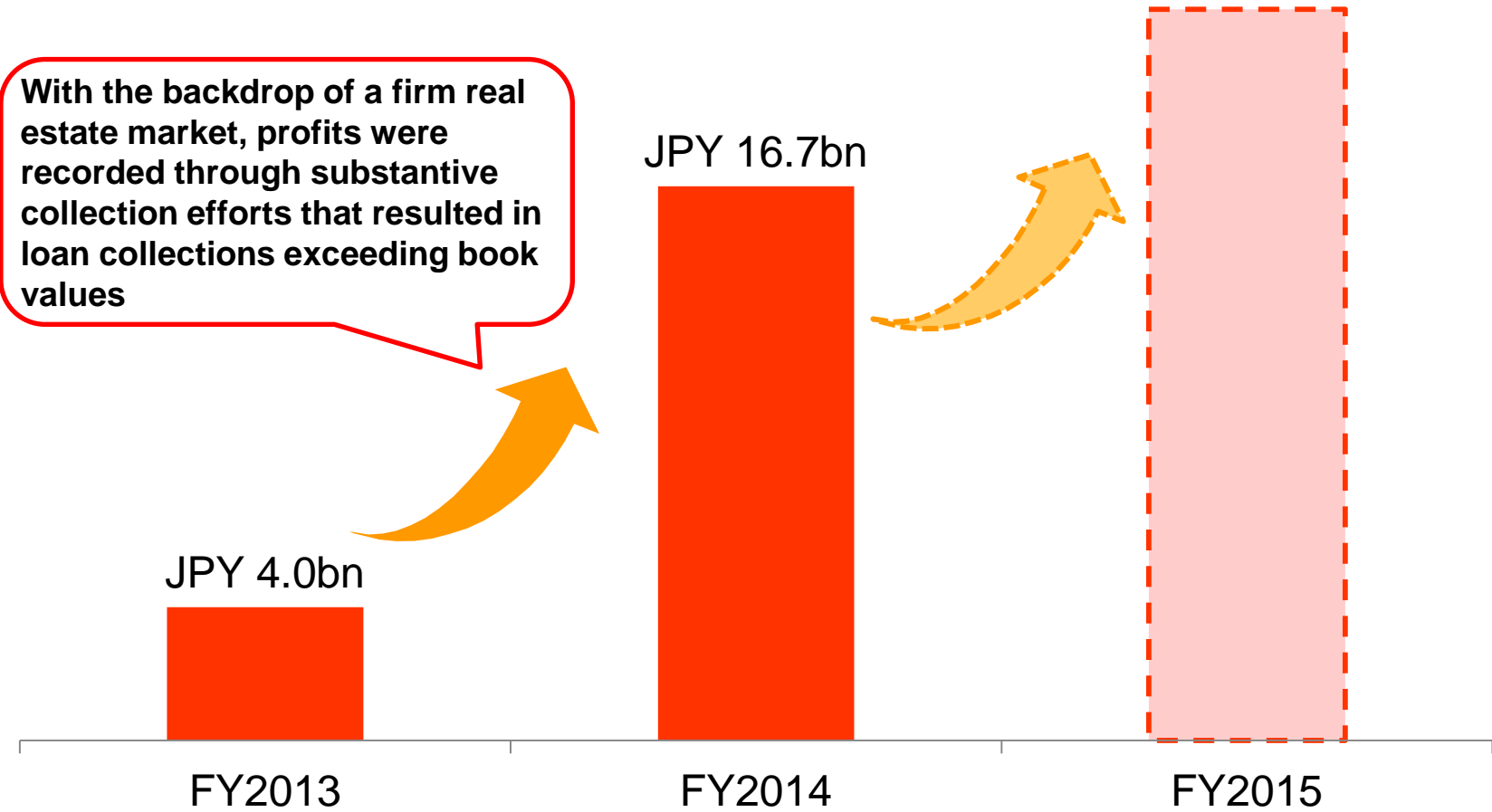
*Results for the four-month period from July to Oct. are equity-method income or loss adjusted from the sum of the pre-merger non-consolidated results of the former SBI 1 Savings Bank and three subsidiary banks.

Change in Capital Adequacy Ratio (K-GAAP basis)

As of the end of Dec. 2014: 10.69% → As of the end of Mar. 2015: 11.31%
(Improved by 0.62 percent points from the previous quarter)

The Results Based on IFRS have Remained Positive since the Beginning of the Consolidation in Mar. 2013, and Growth Efforts will be Made to Achieve a Targeted Profit Before Income Tax Expense of JPY 20bn

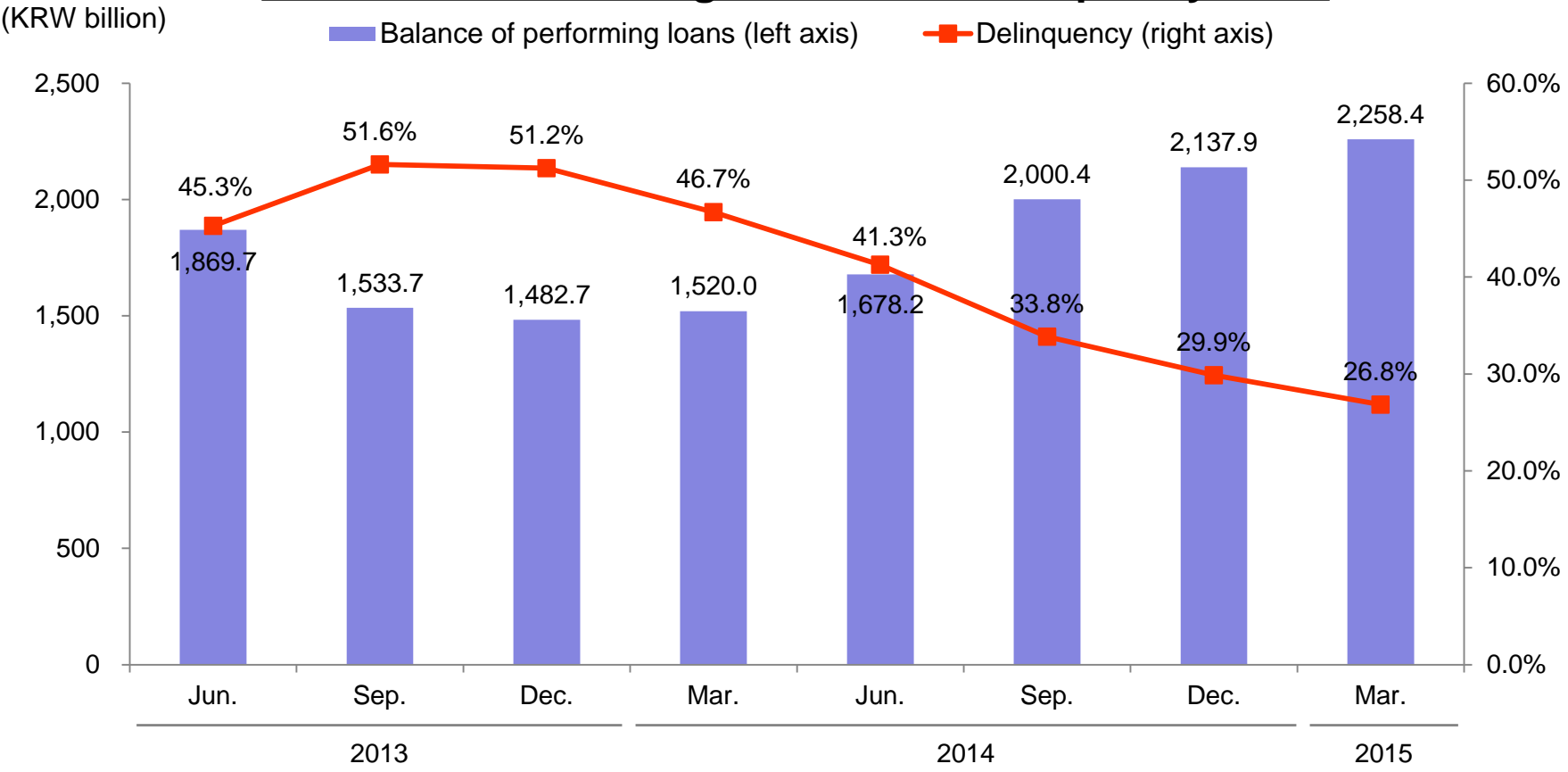
**Change in profit before income tax expense since consolidation
(SBIH's consolidated accounts basis; IFRS)**



SBI Savings Bank’s Loan Quality and Quantity Continues to Improve

Performing loans increased steadily from 2014.
Delinquency ratio continued to decline, and soundness of loans improved dramatically.

Balance of Performing Loans and Delinquency Ratio



* Balance of performing loans is based on K-GAAP

Strategies for Further Growth of SBI Savings Bank of South Korea

■ Management structure change that will allow for a leap forward in the new business stage

- Mr. Hideo Nakamura, who is very knowledgeable of the banking business in Japan, was appointed Representative Director, as the bank entered a turning point to aggressively deploy its business expansion initiatives.*¹
- Along with Mr. Lim Jin Koo*², who will assume office as Co-Representative and the management team in Korea, a collective concerted effort will be made to further expand the business and to drive the industry growth as Korea's No.1 savings bank.

*¹ Previous title: Director & Executive Vice President. Assumed office as Representative Director on Apr. 16, 2015

*² Current title: Senior Managing Director. Scheduled to assume office upon approval at the Ordinary General Meeting of Shareholders scheduled to be held in Sept. 2015

■ Promoting efforts to increase new credits

- Endeavoring to acquire new customers by utilizing placement agents
- Planning to develop auto-loan business within this year, as a part of service diversification
- Promoting aggressive purchase of loans including performing loans from other banks
- Promoting online banking services by riding the momentum created by deregulation

Targeting the realization of an early IPO

(3) Biotechnology-related Business

- ① Pharmaceuticals and medical equipment field**
- ② Health foods and cosmetics field**
- ③ Ongoing efforts toward early profitability**

SBI Itself Enters into the Biotechnology Business, a Designated Next Generation Growth Sector

Biotechnology venture firms were established in and after 2007, and subsequently directly involved in the biotechnology business

Jan. 2007~
Enters drug creation business



Joint drug creation bio-venture firm with partners across Japan, the U.S., China, South Korea and Israel

Apr. 2008~
5-ALA (5-aminolevulinic acid) related businesses



The world's first pharmaceutical company engaged in the development of drugs, and the manufacturing and sales of cosmetics and health foods using 5-ALA.



Distributor of cosmetics, health foods using 5-ALA
(Apr. 2012~)

Clinical studies and trials with leading alliance partners both inside and outside of Japan have made progresses. SBI Pharmaceuticals endeavors to provide pharmaceuticals that satisfy the unmet medical needs of as many people as possible around the world.

SBI Biotech’s R&D Pipeline

Renewal of Novartis Pharmaceuticals’ license option for ①QPI-1002 has been completed. A Phase III trial in the U.S. will be initiated by autumn at the latest, and the expectation is for a receipt of an upfront fee of USD 20m in early August.

Submission of minutes of a meeting with the European Medicines Agency (EMA) to be held in July is required as the final condition for renewal of the abovementioned license option. A similar meeting, a Type-C meeting with the US Food and Drug Administration (FDA), whose criteria are considered more rigorous than the EMA’s approval conditions, has already been completed.

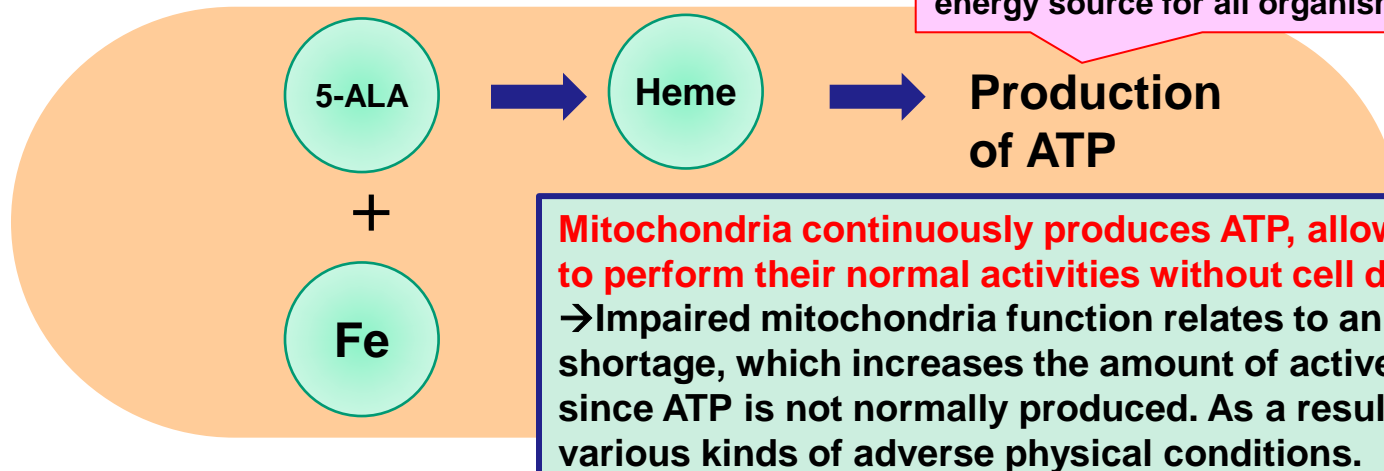
	Licensing partner	Adaptation disease	Pre-clinical	Phase I	Phase II	Phase III
① QPI-1002	Novartis International AG	Kidney Transplantation (DGF)		Plans to receive an upfront fee of USD 20m in early August from a renewal of license option		Planning to start Phase III trial at the latest by the autumn of 2015
		Acute kidney injury (AKI)			Planning to start Phase II in this year	
② PF-655	Pfizer Inc.	Diabetic macular edema (DME)	Compensation for damages sought from the CRO, and partial damages already collected. R&D to continue.		Completed Phase II a	
		Glaucoma			Start of Phase II a protocol finalization	
③ Anti-ILT7 antibody	MedImmune, Inc. (Subsidiary of AstraZeneca)	Autoimmune diseases	Pre-clinical			

SBI Pharmaceuticals' Development of Drugs, Health Foods and Cosmetics Using 5-ALA, which is Essential for Energy Production

5-ALA=chemical name : "5-Amino Levulinic Acid"

5-ALA and energy generation in mitochondria

ATP(Adenosine Triphosphate): A common energy source for all organisms



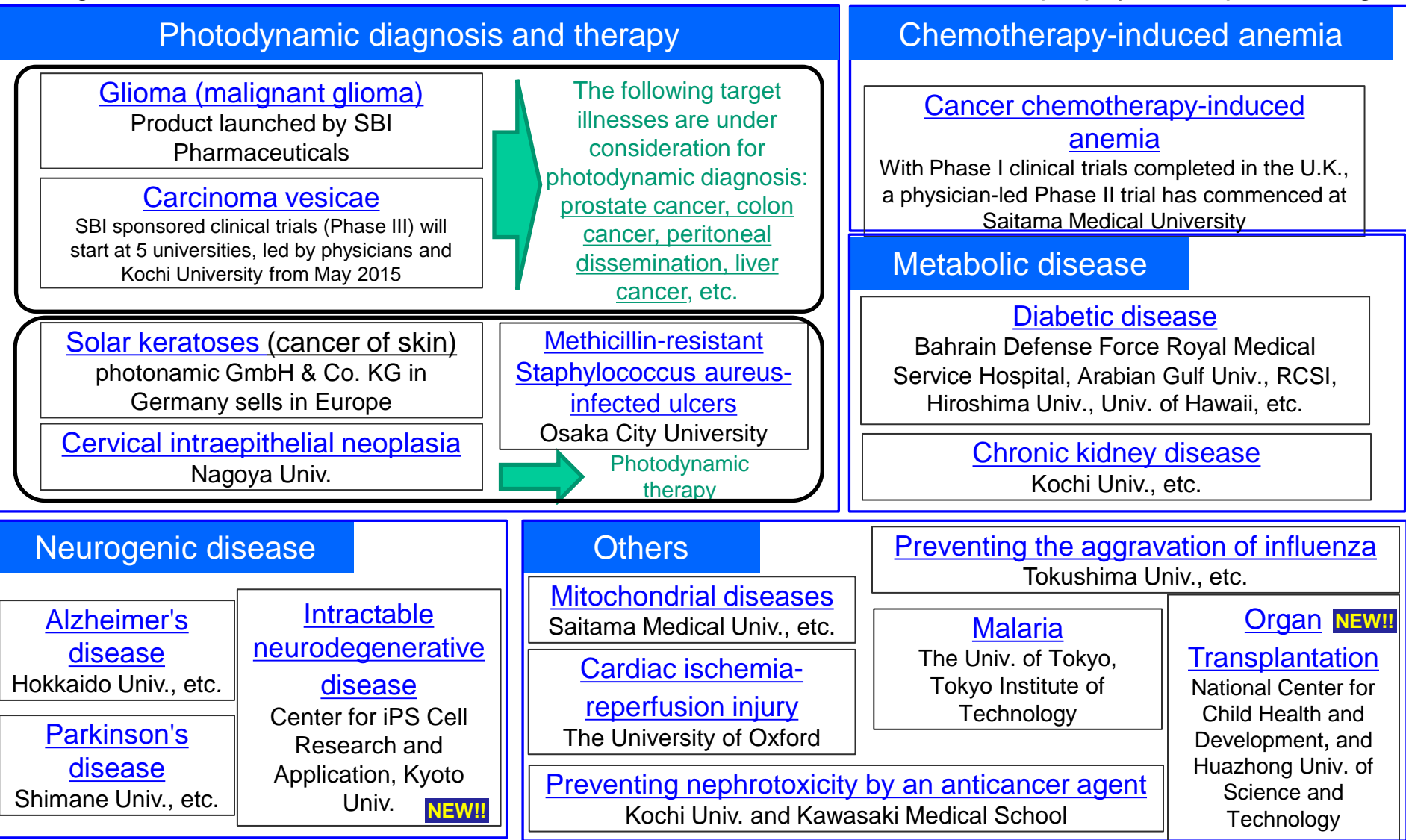
5-ALA, a natural amino acid, is contained in all organisms. It is a precursor of heme, which is very important for energy production, and a fundamental substance of life



With reference to 5-ALA, while basic research on drugs to cure various diseases are proceeding, it is also being utilized in health foods and cosmetics. Also, with the elucidation of the physiological functions of 5-ALA, it is gaining attention for applications in a wide range of areas

SBI Pharmaceuticals' 5-ALA Research Network

Target illnesses for which basic research and clinical research of 5-ALA and porphyrin are proceeding



(Reference: Compiled by SBIH from research related material by 5-ALA and Porphyrin Research Society)

Patents Held by SBI Pharmaceuticals in Japan (Total of 21 Patents)

The name of the invention	Registration date	Co-applicants
Composition for peeling	June 15, 2007	Single application
External preparation for the skin	July 27, 2007	Single application
Antioxidation function improver	Sept. 2, 2011	Cosmo Oil
Health function improver	Sept. 2, 2011	Cosmo Oil
Immune function improver	Sept. 2, 2011	Cosmo Oil
Tumor diagnostic agent	July 13, 2012	Single application
Mitochondrial damage brain disorder treatment and diagnostic agent	Oct. 5, 2012	Single application
Urinary tract tumor determination system	Mar. 22, 2013	Kochi University
Photolesion alleviator	June 21, 2013	Single application
Automatic tumor identification device and automatic tumor location identification method	Feb. 7, 2014	Single application
Bladder cancer detection method	Feb. 14, 2014	Kochi University
Urothelial cancer detection method	Feb. 21, 2014	Kochi University
Male infertility treatment	Mar. 14, 2014	Single application
Cancer thermotherapy action enhancer	Apr. 18, 2014	Tokyo University of Agriculture
Mitochondrial fluorescence staining method	July 11, 2014	Okayama University/Kochi University
Antimalarial drug whose active ingredient is 5-aminolevulinic acid or a derivative thereof	July 25, 2014	The University of Tokyo
Cancer prophylactic and/or improving agent whose active ingredient is 5-aminolevulinic acid or a derivative thereof or a salt thereof	Sept. 12, 2014	Single application
Alaremycin derivative	Nov. 14, 2014	Tokyo Institute of Technology
Adult disease prophylactic and/or improving agent whose active ingredient is 5-aminolevulinic acid or a derivative thereof or a salt thereof	Dec. 19, 2014	Single application
Antimalarial drug whose active ingredient is alaremycin or a derivative thereof	Dec. 26, 2014	Tokyo Institute of Technology
Treatment for allergic rhinitis	Mar 20, 2015	National Hospital Organization
Selective removal technique on residual iPS cells	Patent pending	ReproCELL

Most Recent Patents Obtained by SBI Pharmaceuticals

Obtained on Sept. 12, 2014
Obtained a patent for cancer prophylactic and/or improving agent whose active ingredient is 5-ALA or a derivative thereof or a salt thereof

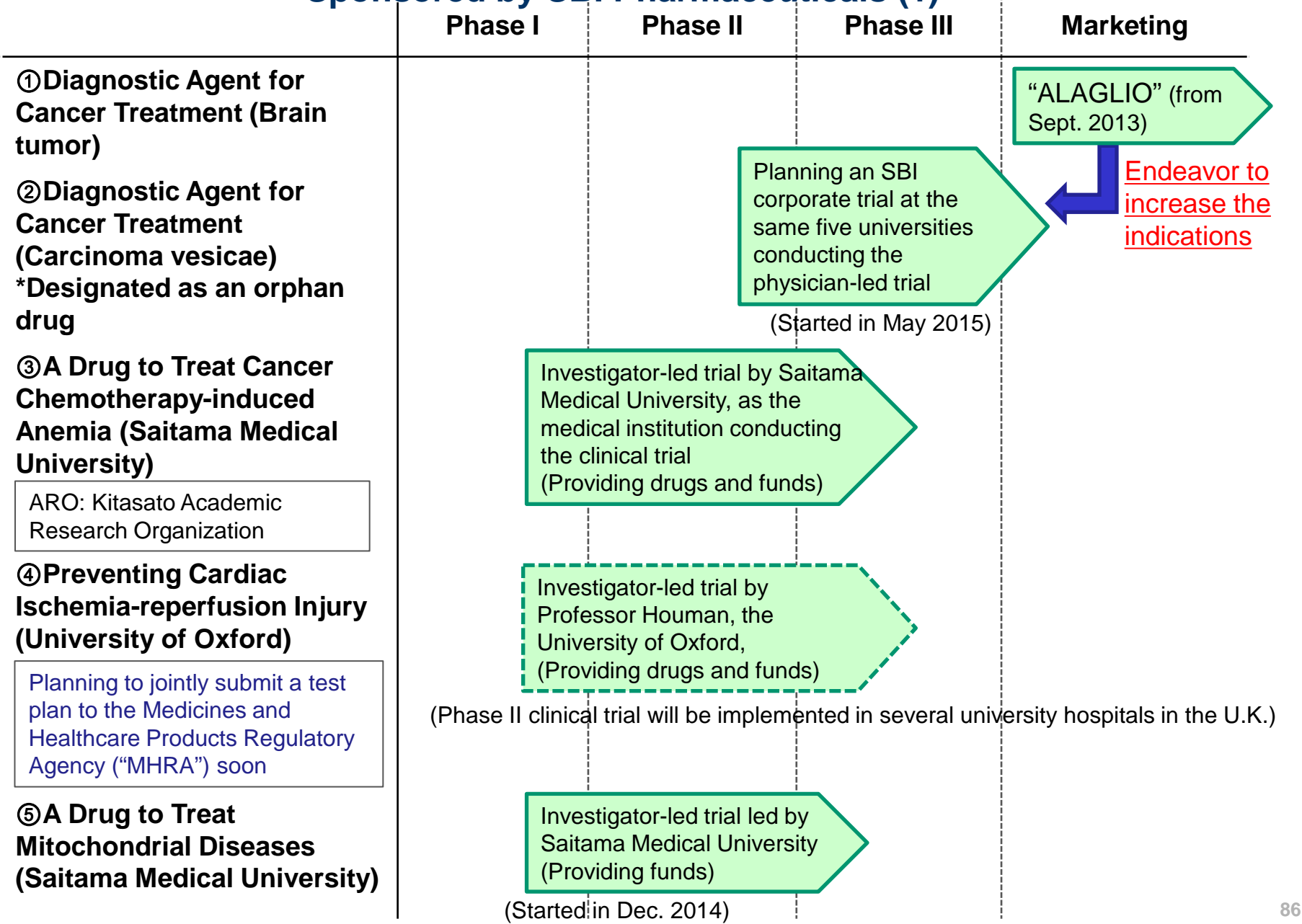


Although 5-ALA itself is not photosensitive, when metabolically activated by protoporphyrin IX within the cell, and irradiated by a laser light after direct accumulation into a tumor tissue, the light excitation is said to cause a degeneration and necrosis of the cell

Obtained on Dec. 19, 2014
Obtained a patent for a prophylactic/ameliorating composition containing 5-ALA as an active ingredient, for one or more adult diseases selected from a group consisting of hyperlipidemia, diabetes, hypertension, shoulder stiffness, postmenopausal disorders, gray hair, wrinkles, obesity, poor circulation, and constipation



Published research papers on the results of clinical studies conducted jointly with Hiroshima University, University of Hawaii, and the Institute of Medical Science, the University of Tokyo



R&D Progress in the Pharmaceutical Field
Sponsored by SBI Pharmaceuticals (2)

Start of a investigator-led trial of a therapeutic agent provided by SBI Pharmaceuticals for mitochondrial disease

Newspaper article

Start of an investigator-led trial by a nationwide network of pediatrics departments for a therapy involving administration of 5-aminolevulinic acid (5-ALA) and sodium ferrous citrate (SFC)

From the *Nikkan Kogyo Shimbun* column “Exploration and Leading-Edge Research”

5-aminolevulinic Acid Therapy with an additional dosage of a biological material

Use in treatment of mitochondrial disease

“The advantage of 5-ALA is that it is smoothly incorporated into the cytoplasm since no foreign synthetic material enters the cells...”

Trial leader Professor Akira Ohtake of the Saitama Medical University Pediatrics Department stresses, “Administration of 5-ALA/SFC may become an essential therapy for increasing the activity of the mitochondrial respiration chain.””

(Feb. 27, 2015 Nikkan Kogyo Shimbun)

[Reference] The mother of a one-year-old child with mitochondrial disease described the child’s growth process in a blog

***Comments are the personal opinion of the guardian on a blog, and is not a medical assessment**

Two Types of Medical Light Source Devices Developed and Sold by SBI Pharmaceuticals

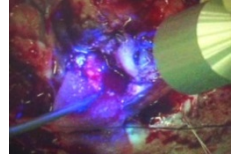
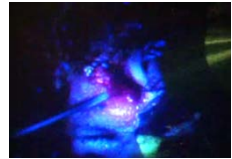
*Business license for the sale and leasing of specially controlled medical devices obtained in Japan (Sept. 2013)



LED light source

Started sales of the bicolor medical LED light source Aladuck LS-DLED (from Apr. 2014)

Aladuck LS-DLED is the first medical device that SBI Pharmaceuticals sells in Japan



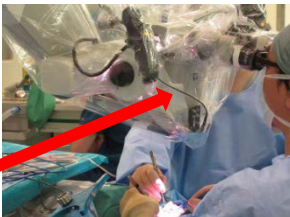
Clinical images(photo to the right): Examples of use as light source for diagnosis of cancer



Laser light source

Started sales of the violet LD light source Alcedo LS-VLD (from Feb. 2015)

Alcedo LS-VLD is the second medical device that SBI Pharmaceuticals sells in Japan
Use in combination with a surgical microscope possible



Clinical image (photo to the right): Example of use as an auxiliary light source in cancer diagnosis. The Alcedo is installed on the tip of the laser fiber (not shown)

Newly developed green light source was selected for the Innovation Commercialization Venture Support Project.



“Development of Green Light Source Device for Use in ALA-PDT” was selected for the Innovation Commercialization Venture Support Project of the New Energy and Industrial Technology Development Organization (NEDO). During the term of the project, SBI pharmaceuticals developed a green light source device and demonstrated through animal testing and other means that it is more effective in PDT than the conventional red light source devices. The project objective was nearly 100% achieved.

Clinical Study on the Utilization of 5-ALA in the Photodynamic Diagnosis in Bahrain

[Partner institutions for clinical study]

- The hospital affiliated with Arabian Gulf University Hospital

Performed the first successful surgical removal of bladder cancer in the world using 5-ALA as an intraoperative diagnostic drug, along with medical devices of SBI Pharmaceuticals. **Ten surgeries have already been successfully completed, and an academic paper has been submitted. Furthermore, preparations are underway for clinical research on extirpative surgery for prostate cancer.**

- King Hamad University Hospital

The first case of extirpative surgery for bladder cancer performed using the system has been completed without incident.

Establishment of Production Systems for 5-ALA-related Products

- Development of SBI Pharmaceutical's business base for an integrated system extending from production to sales

Establish a manufacturing base and ensure a stable supply of 5-ALA-related products globally by concluding a patent licensing agreement with Cosmo Oil and developing our business base for an integrated system extending from production to sales of pharmaceuticals, health foods, and cosmetics containing 5-ALA

- Also preparing for the start of production in China

The product license for health foods containing 5-ALA that Suzhou Yian Biotech Co., Ltd (SBI Group shareholding of 40%) will be distributing passed a review by the Food and Drug Administration of Zhejiang province, and an application to the Chinese Food and Drug Administration (CFDA) was also accepted, and now an answer from their Technical Committee is being awaited. The construction of the health food manufacturing plant has already been completed, and with the equipment installation already in progress, preparations are well underway for the start of production once the product licenses are obtained

An Intervention Trial is being Conducted in Bahrain

[Partner institutions for clinical study on the utilization of 5-ALA in the photodynamic diagnosis]

- **Diabetes Department of the Bahrain Defense Force Royal Medical Service Hospital (An Intervention Trial is being Conducted)**

Received approval from the National Health Regulatory Authority (“NHRA”) in Bahrain to conduct intervention test on type 2 diabetes at the Bahrain Defense Force Royal Medical Service Hospital, and **completed the registration of all 53 subjects
**June: Test will be completed → July-Aug: Results will be clear →
Within Aug: A thesis will be submitted****

- **Arabian Gulf University Hospital**
- **Royal College of Surgeons in Ireland - Medical University of Bahrain (RCSI) etc.**

Toward the Realization of an Early Profitability in the Biotechnology-related Business through the Utilization of the Health Food Sector's Earnings as a Source of Revenue



➤ Expanding the product offering

Preparations are underway for an Aug. launch of a new “food with function claims” product (targeting people with high blood sugar)



➤ Out-licensing in the field of health foods

Seeking to accelerate product development and increase earnings by licensing technology to major players in the health foods field. Presently discussing out-licensing with certain domestic and overseas companies such as food product manufacturers, toward an agreement conclusion in this summer

➤ Expanding the health food distribution area

The prospects for obtaining a license to manufacture and sell health foods containing 5-ALA from the authorities in Jordan are good. Strengthening the sales of health foods in the Middle East region by expanding the sales area beyond Bahrain and the United Arab Emirates, where licenses have already been obtained.

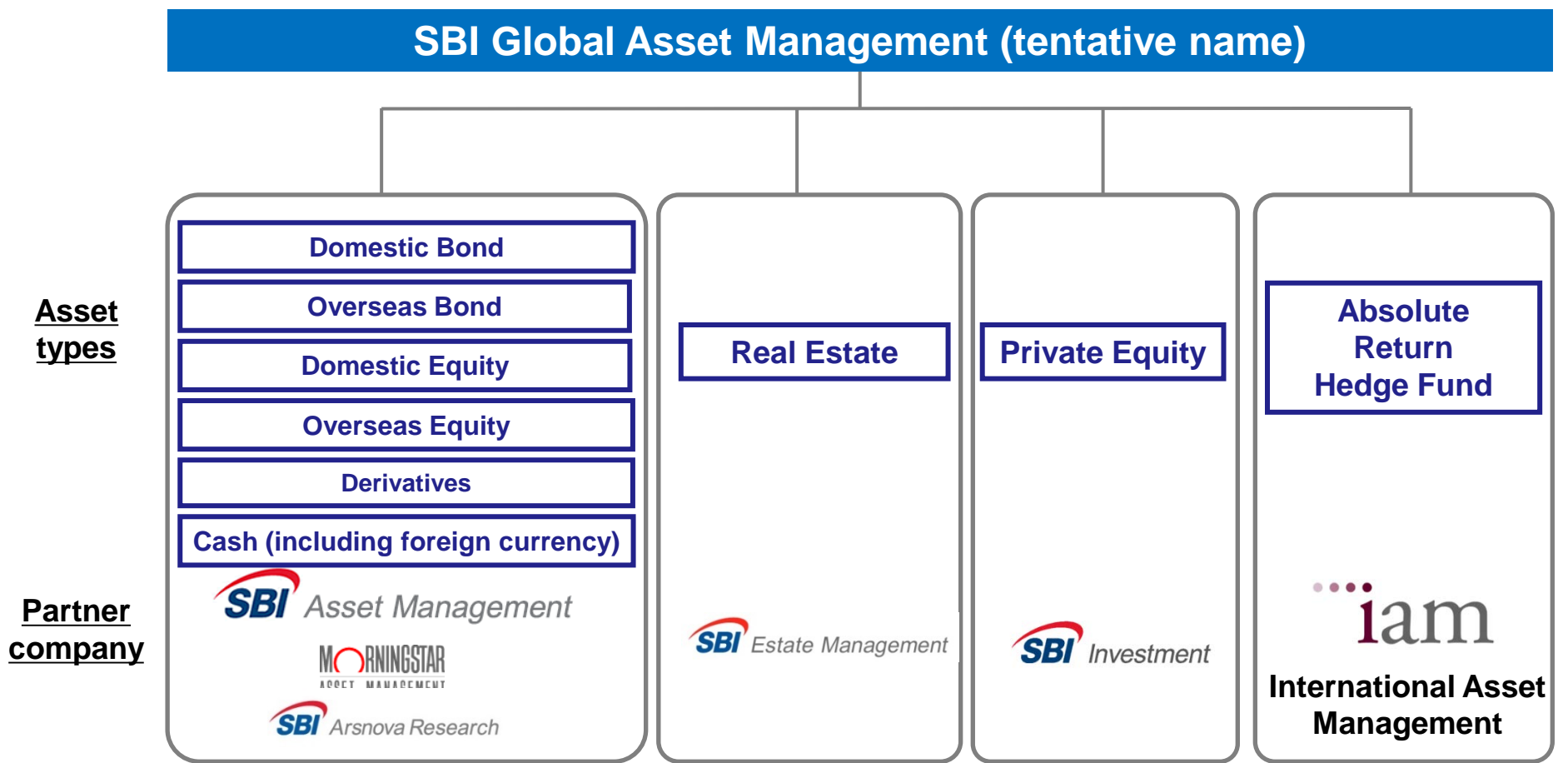
(4) With the increase in AUM, the Group's asset management structure will be restructured and strengthened

(4) With the increase in AUM, the Group’s asset management structure will be restructured and strengthened

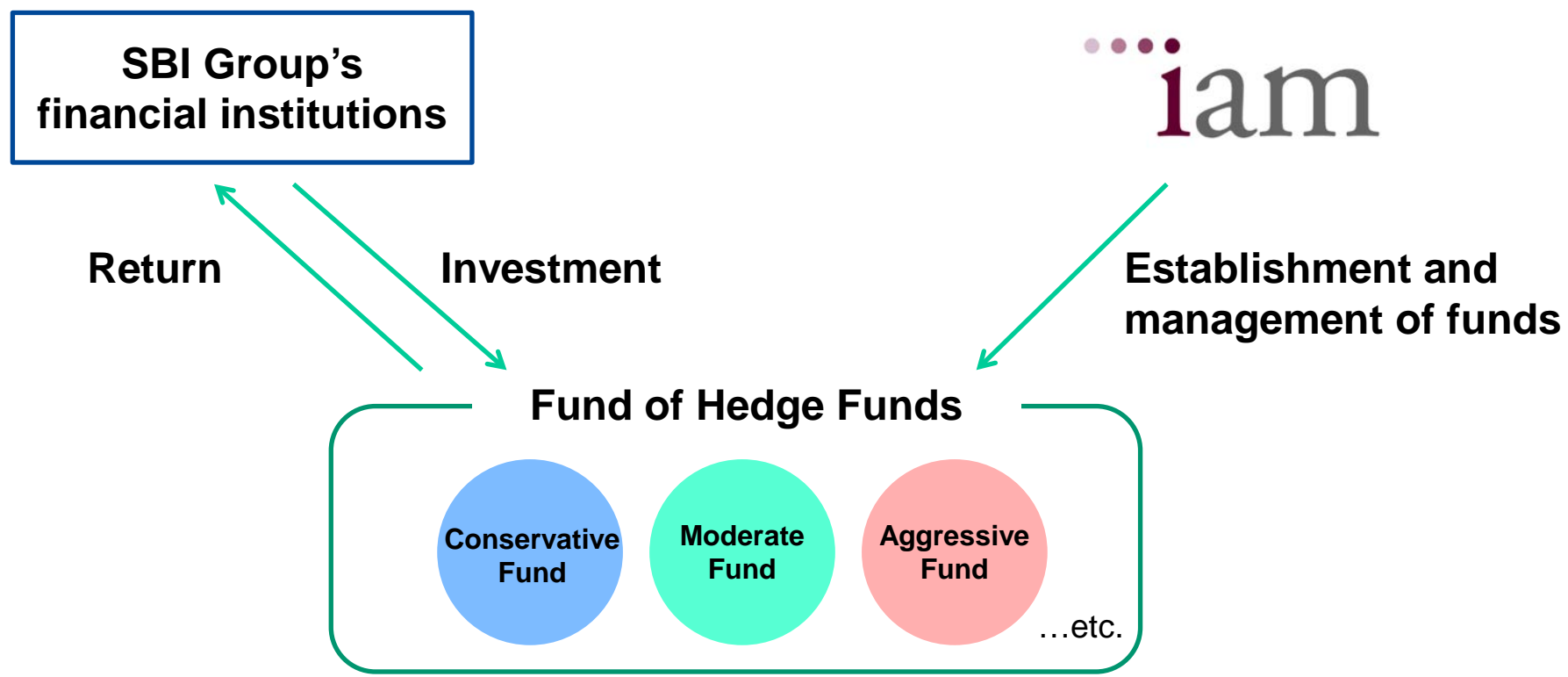


Establishment of a Company Presiding over Asset Management

The AUM of the SBI Group’s institutional investors will increase correspondingly, consequently SBI Group’s Asset Management Division will be restructured and strengthened through the establishment of “SBI Global Asset Management.” (tentative name)



Signed a MOU with International Asset Management Limited, a leading U.K.-based hedge fund management company, to offer hedge fund investment products



International Asset Management:
An U.K.-based leading hedge fund manager, with AUM of approx. USD 4.15bn (as of end of Mar. 2015), with 17 portfolio managers engaged in fund management, as well as investing on a fund-of-funds basis, by utilizing a database of nearly 8,300 hedge fund managers.

(4) With the increase in AUM, the Group's asset management structure will be restructured and strengthened

SBI Holdings

Synergies through Restructuring and Strengthening of the Asset Management Division

The restructured and strengthened Asset Management Division will be expected to generate synergies with the Group's institutional investors, such as the bank and insurance companies, along with the generation of synergies with companies that distribute financial products, such as SBI SECURITIES.

Asset Management Division

Provide investment know-how and investment product choices

Provide unique financial products

SBI Global Asset Management
(tentative name)

MORNINGSTAR SBI Asset Management

SBI Estate Management SBI Investment

SBI 生命
[SBI Life Insurance]

SBI 証券
[SBI SECURITIES]

住信SBIネット銀行
SBI Sumishin Net Bank

SBI Insurance

SBI 証券
[SBI SECURITIES]

住信SBIネット銀行
SBI Sumishin Net Bank

SBI マネープラザ
[SBI MONEY PLAZA]

Group's institutional investors

Financial products distribution companies

2. Shifting from expansion of scale to the pursuit of quality, which promotes a management emphasis on profitability and shareholder returns

Management Shift to a Focus on Profitability from Expansion of Scale

For a decade since the founding

Prioritized Expansion of Group Scale

Scale expansion and establishment of business ecosystem were prioritized

- Established the world's first Internet-based financial conglomerate with a variety of financial businesses, starting with the securities business
- Along with the completion of the establishment of a domestic and overseas investment structure, promoted the transference of the financial ecosystem to emerging countries, centering on Asia

From FY2010

Shift to focus on earnings power to increase profitability

- ① Thorough pursuit of "Selection and Concentration" and full-out cost reduction within the Group to increase profitability
- ② Thorough pursuit of efficiency through business restructuring and reorganization
- ③ Clarifying the value of each business, and efficiently continuing with the "Selection and Concentration" process
- Along with becoming the first Japanese company to be listed on the Hong Kong Stock Exchange in Apr. 2011, the Group companies achieved listings as the first Japanese company to be listed on the Korean KOSPI and the Taiwan GTSM exchanges
- Promptly adopted IFRS at an early stage in Japan in FY2012, to ensure business transparency and global comparisons

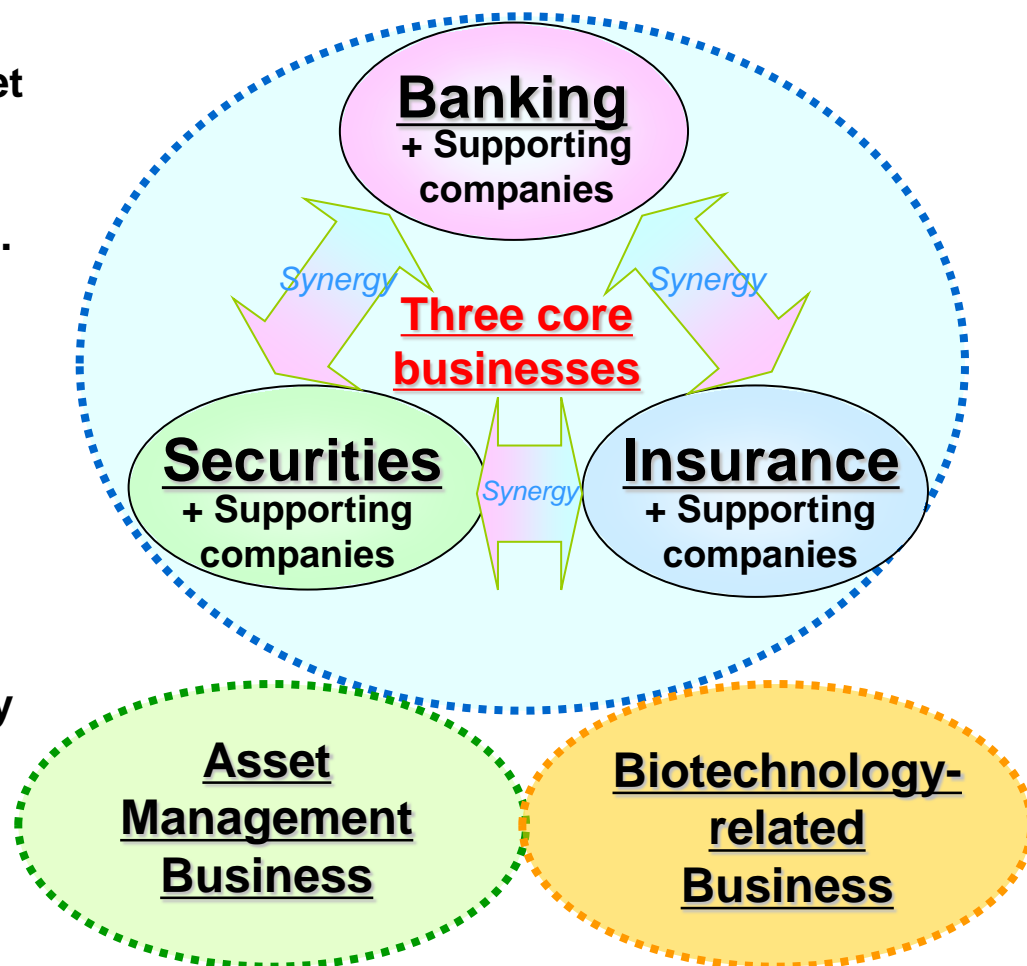


Further promote management emphasis on shareholder returns

Basic “Selection and Concentration” Policy

Basic policy

- The Financial Services Business, Asset Management Business and Biotechnology-related Business are defined as the three major businesses. As a general rule, regardless of their profitability, businesses and companies involved in other fields should be sold, integrated with other Group companies, or IPO’s.
- Basic “Selection and Concentration” policy for the Financial Services Business is based on whether a business provides meaningful synergy with one of the core businesses of securities, banking or insurance.
- Overlapping businesses will generally be consolidated



Further pursue business “Selection and Concentration” through EXITs of investee companies that are currently consolidated subsidiaries

Generation of Cash Flow through the "Selection and Concentration" Process

Sales of non-core subsidiaries

[Major subsidiaries sold from FY2011 to FY2013]

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

[Major subsidiaries sold in FY2014]

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



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

Sales of real estate holdings

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

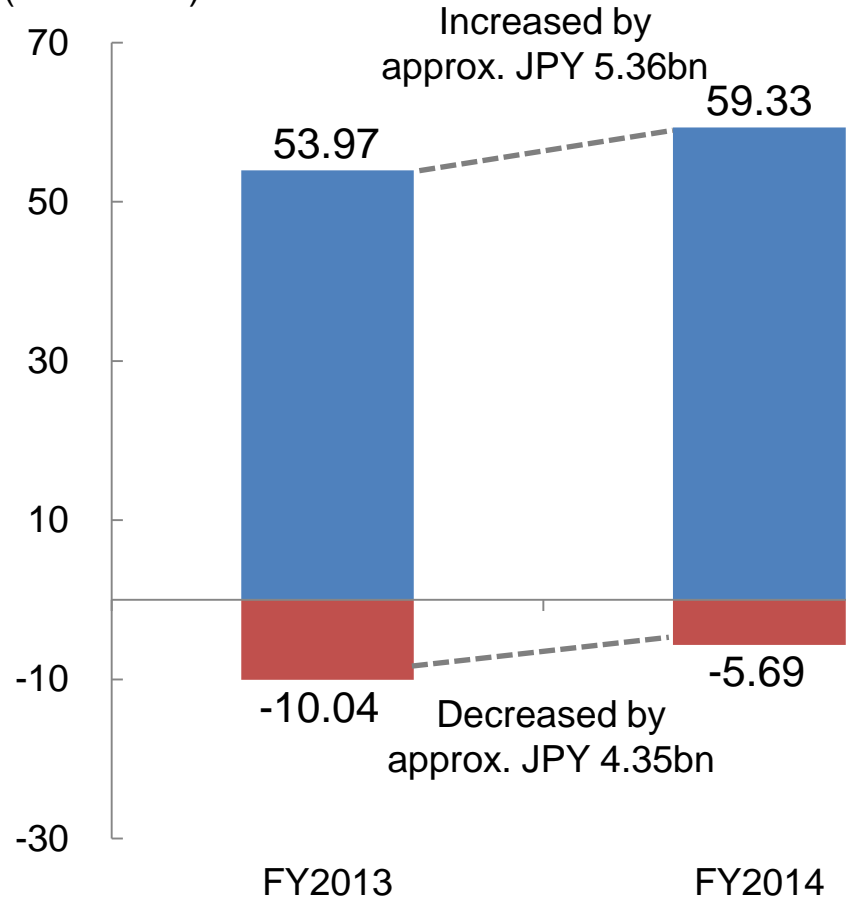
SBI Group’s Profitability Enhancement Realized

Compared to FY2013, the total sum of operating income of profitable companies/divisions of the major business entities (J-GAAP) increased by approx. JPY 5.36bn, whereas the total sum of operating loss of unprofitable companies/divisions was reduced by approx. JPY 4.35bn.

Upon the three major unprofitable companies turning profitable there will be an improvement of JPY 3.0bn, and there will be a further enhancement in profitability through an increase in profits by the profitable companies

Change in the total sum of operating income/loss of the major Group companies/divisions

(JPY billion)



Major unprofitable companies in FY2014, and the total deficit reduction amount
SBI Insurance: approx. JPY 0.6bn (reduced by approx. 3.4bn)

→ Improving steadily toward full-year profitability in FY2015

SBI Card: approx. JPY 1.2bn (reduced by approx. 1.9bn)

Targeting further growth under the aegis of SBI Sumishin Net Bank
(SBI Sumishin Net Bank share transfer planned in Oct. 2015)

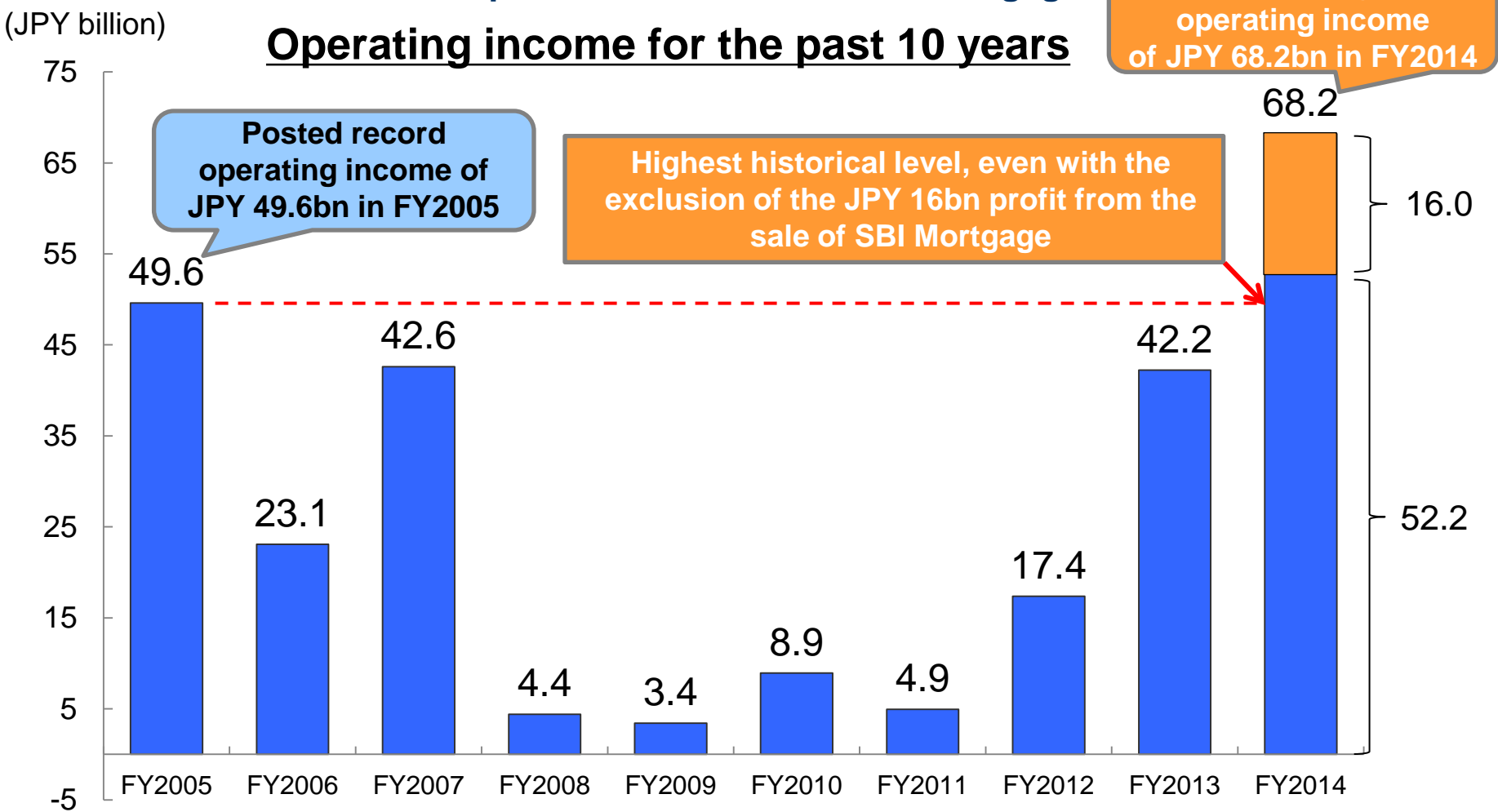
→ Recovered JPY 4.0bn, and is expected to improve by a few hundred million JPY in profit for the period

In addition to the above, SBI Pharmaceuticals (a deficit of approx. JPY 1.2bn in FY 2014) is expected to achieve full-year profitability through a partial out-licensing of technology for pharmaceuticals and health foods in FY2015

Profitability Enhancement has Led to Record-high Operating Profits

Operating income in FY2014 achieved historical record high even with the exclusion of the JPY 16bn profit from the sale of SBI Mortgage

Operating income for the past 10 years



* Results for the fiscal years before FY2012 are based on J-GAAP. The Company introduced IFRS from FY2012.

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

Transfer of business

- Will transfer SBI Card to SBI Sumishin Net Bank (announced in Apr. 2015; share transfer will be executed in Oct. 2015)
 - ➔ Recovering JPY 4bn, and a positive improvement effect of several hundred million of JPY is anticipated

Considered sales

- Sales of CEM Corporation (Real estate secured loans), NARUMIYA INTERNATIONAL (the manufacture, processing and sale of children's wear and related products), and Autoc one (support for automobile purchaser)
 - ➔ Endeavoring to recover JPY 10-plus bn in total
- Additionally, considering sales of Phnom Penh Commercial Bank (Cambodia), of which SBI Group’s shareholdings is at 47.6% (shareholdings including dilutive shares is 91.0%)
 - ➔ On the basis of a sale of at least USD 100m, will recover approx. JPY 10bn, for a potential profit of approx. JPY 4bn
- Expecting sales of real estate holdings that will potentially result in a recovery of JPY 4.2bn (*of which approx. JPY 1.2bn has already been recovered)

Subsidiaries preparing for initial public offering

SBI Biotech and SBI MONEY PLAZA

Phnom Penh Commercial Bank (Cambodia), a Candidates for a Sale



Cambodia: Phnom Penh Commercial Bank



ធនាគារ ភ្នំពេញ ពាណិជ្ជ
Phnom Penh Commercial Bank

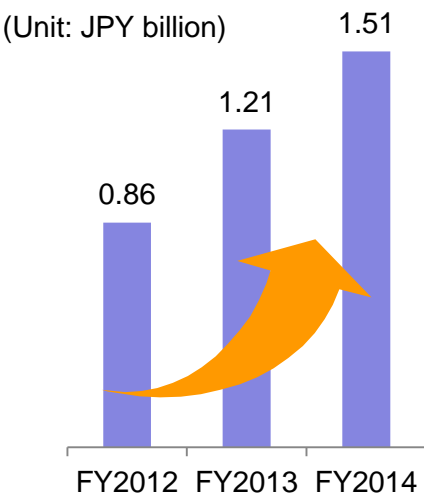
SBI Group’s shareholding: 47.6% *1 (As of the end of Mar. 2015)
SBI Group’s shareholding, including
dilutive shares: 91.0%



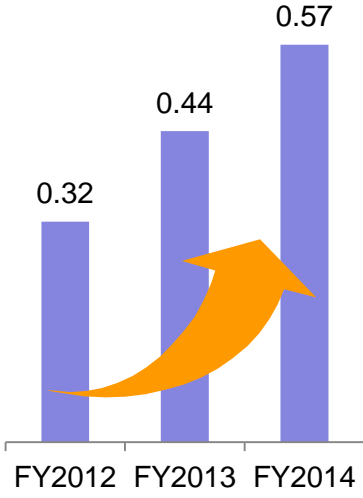
- Invested in Phnom Penh Commercial Bank from the time of opening in Sept 2008
- Operates 10 branches throughout the country: 8 branches are in Phnom Penh, one branch is in Siem Reap and another in Battambang
- Preparing to establish a representative office in Yangon, Myanmar
- Rapid growth in both revenue and income

[Financial results *2]

Ordinary Revenue



Net Income



Unit: JPY billion	FY2010	FY2011	FY2012	FY2013	FY2014
Total assets	7.0	12.2	14.7	25.1	35.7
Deposits	5.0	7.2	9.4	19.0	28.8
Loans	2.9	5.1	8.3	14.6	20.4

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

*2 Converted at USD 1 = JPY 119.90

In Addition to the Generation of Cash Flow, Reducing Interest Expense through Refinance and Repayment

Refinance

- In order to reduce interest expense, preparations are progressing toward the refinancing of interest bearing debt at lower interest rates, which is the debt that was incurred in the past as a means to establish the business structure
- ➔ **The refinancing will potentially result in a positive effect of several hundred millions of JPY**

Repayment

- Additionally, considering further interest expense reduction through the allotment of funds recovered through the “Selection and Concentration” process, as well as utilizing a portion of the acquired profits toward the repayment of interest bearing debt

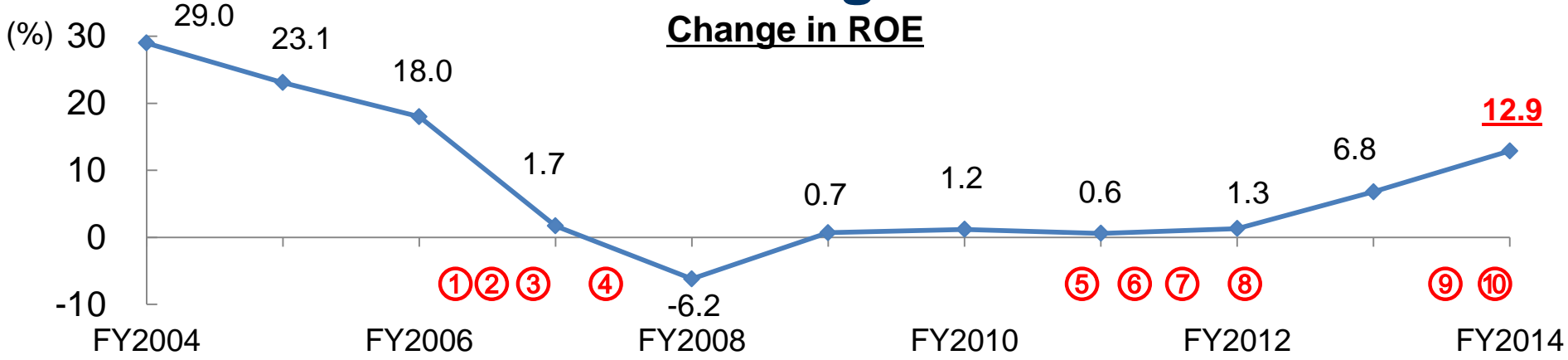
Balanced Allocation of Earnings and Generated Cash Flow to not Only Shareholder Returns, but Also Investment for the Future

- In order to maximize cash flow, non-core businesses will be sold, IPOs will be advanced and Group company reorganizations will be aggressively conducted**
- Earnings power will be strengthened through the concentration of capital into the three major businesses**



In addition to allocating earnings and generated cash flow to shareholder returns in the form of dividend increases and the purchase of treasury stock, concurrently make investments for further business expansion.

ROE Reached 12.9%, Surpassing Milestone Target of 10%

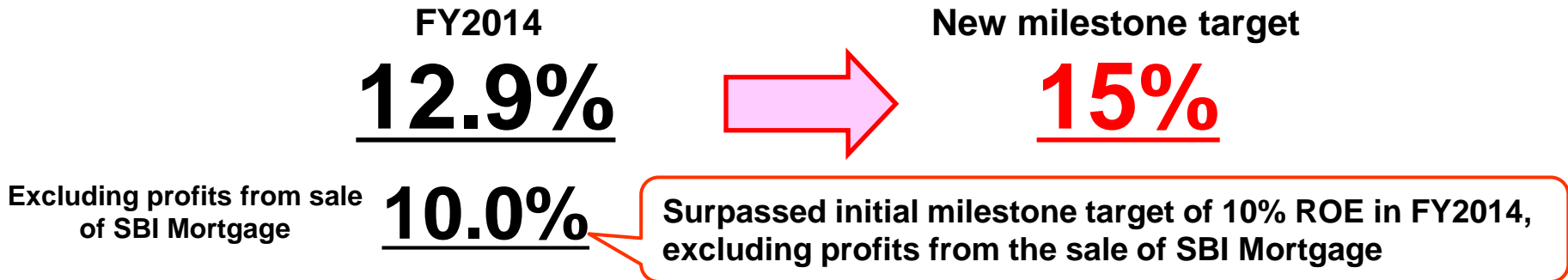


Business environment	Suspension of investment funds by BNP Paribas The Livedoor shock Collapse of Lehman Brothers Inauguration of G20 summit Exposure of Greece debt problem European debt crisis Recurrence of Greece debt problem Abenomics Economic deterioration in developing countries	
Business strategy	Expansion of scale	Emphasis on Profitability (“Selection and Concentration”)
Specific measures	<div>① Aug. 2007 SBI Japannext began operation of PTS</div> <div>② Sept. 2007 SBI Sumishin Net Bank commenced business</div> <div>③ Jan. 2008 SBI Insurance commenced business</div> <div>④ Nov. 2008 SBI Liquidity Market started operations</div>	<div>⑤ Mar. 2012 Sales of the former SBI VeriTrans</div> <div>⑥ May 2012 SBI FXTRADE started operations</div> <div>⑦ Sept. 2012 Consolidated SBI Japannext</div> <div>⑧ Mar. 2013 Consolidated current SBI Savings Bank</div> <div>⑨ Aug. 2014 Sales of SBI Mortgage</div> <div>⑩ Feb. 2015 Consolidated SBI Life Ins (former PCA Life Insurance)</div>

Continued Increase in ROE and Enhancement of Shareholder Returns

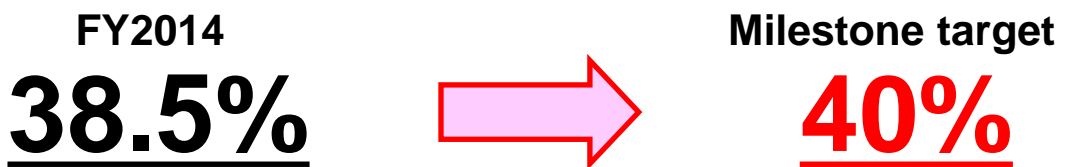
[ROE]

Since surpassing initial milestone target of 10% ROE, targeting 15% as the next stage level accomplishment



[Shareholder return ratio]

A shareholder return ratio, including dividends and share repurchases, of about 40% will be targeted



Shareholder return ratio:

Index that indicates level of shareholder returns, calculated by dividing the sum of dividend payouts and share repurchase costs by current profit

Shareholder return ratio =
$$\frac{\text{Total dividend payouts} + \text{Share repurchase costs}}{\text{Profit attributable to owners of the Company}}$$

Completion of the Repurchase of SBIH's Own Shares

(Announced on June 18, 2015)

[Details of SBIH share repurchase]

- Number of shares repurchased: **5,648,900 shares**
(2.61% of total issued shares outstanding, excluding treasury stock)
- Total cost of shares repurchased: **JPY 9,999,845,700**
(Approx. JPY 10bn)
- Period for share repurchase: May 13, 2015 - June 17, 2015
(based on commitment)

[Past record of share repurchase]

May 2012

- Number of shares repurchased: **377,857 shares**
(1.72% of total issued shares outstanding, excluding treasury stock)
- Total cost of shares repurchased: **JPY 1,999,999,215** (Approx. JPY 2bn)

Nov. 2011

- Number of shares repurchased: **321,373 shares**
(1.44% of total issued shares outstanding, excluding treasury stock)
- Total cost of shares repurchased: **JPY 1,999,999,880** (Approx. JPY 2bn)

3. The Company's medium- and long-term future vision

SBI's Med- and Long-term Vision Topics ①

[Financial Services Business]

Since the commercialization of the Internet in 1992, the younger generation are becoming the mainstream consumers and investors familiar with the Internet. By endeavoring to be in front of the continued development of the Internet and the communications technology, will endeavor to realize a dramatic growth in the Internet financial sector

- Established an overwhelmingly strong position in the rapidly growing online financial sector
- The younger generation customers, whose assets are likely to increase as income rises and inheritances are obtained, are likely to undertake a full-fledged asset building through the convenience and familiarity of the online financial transactions that present low cost and high interest rates

[Asset Management Business]

Domestically, investments into the new growth industries of the 21st century, IT and biotechnology, will be focused upon. Whereas the acceleration of the Internet financial services business overseas will be focused on rapidly growing Asia, in order to transit from “Japan's SBI” to the “World's SBI”

- With the completion of a global investment structure that fully utilizes the established network of prominent local partners, contemplating an increase in the operational scale
- In addition to aggressively investing into the financial services business overseas, centering on Asia, promoting the establishment of an online financial ecosystem overseas

SBI's Med- and Long-term Vision Topics ②

[Biotechnology-related Business]

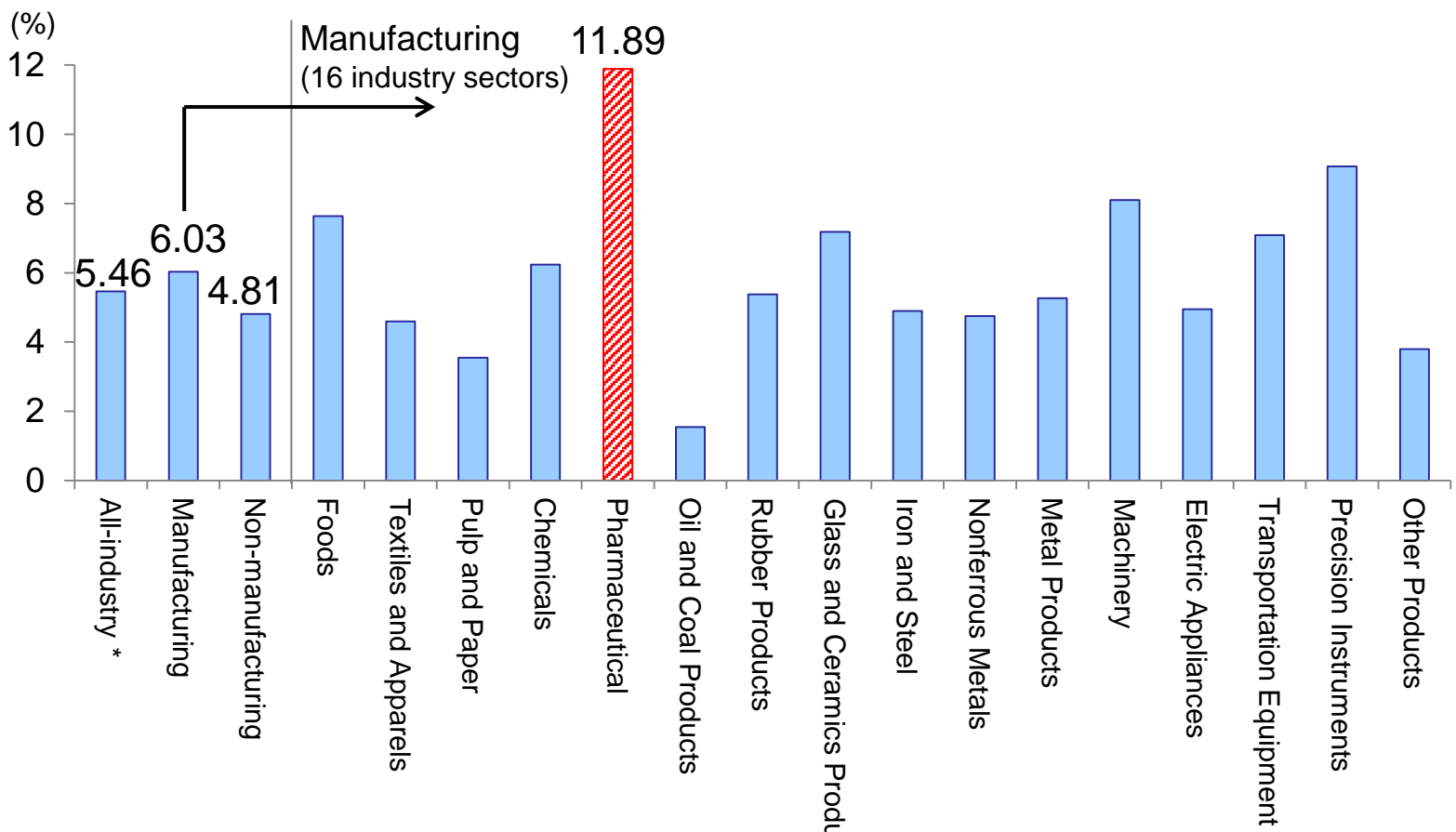
In addition to the health foods and cosmetics that utilize 5-ALA as its principal ingredient, in the pharmaceuticals area various basic research is being conducted, along with clinical studies, to realize profit maximization

- **While the pharmaceutical industry's operating profit margin ranks high within the manufacturing sector, currently, the SBI Group is conducting basic research both domestically and overseas, on drugs that may cure a range of diseases, with the expectation of launching multiple drugs going forward. Additionally, progressing in the establishment of a production system that will significantly reduce manufacturing costs**
- **5-ALA has already been approved as a pharmaceutical drug, and since its efficacy and pharmacology have already been made clear, a related substance called 5-ALA hydrochloride is being used to conduct clinical trial for the diagnosis of bladder cancer and R&D for PDT. Additionally, the combination of 5-ALA and sodium ferrous citrate (SFC) has completed its Phase I clinical trials, and its development will proceed for indications such as mitochondrial disease**
- **SBI Pharmaceuticals has been acquiring patents for the use of 5-ALA both domestically and abroad (21 patents have already been obtained in Japan, of which 10 patents were also obtained in several countries outside of Japan), promoted the expansion of its distribution area, and has out-licensed its health food products, in order for the SBI Group to establish a global monopolistic business foundation**

The Pharmaceutical Business has a Low Correlation to Economic Trends, although High Profit Margins can be Expected

Among the 16 industry sectors of Manufacturing, operating profit margin for Pharmaceuticals ranks at the top, at 11.89%

Operating profit margin by industry sector (FY2013)

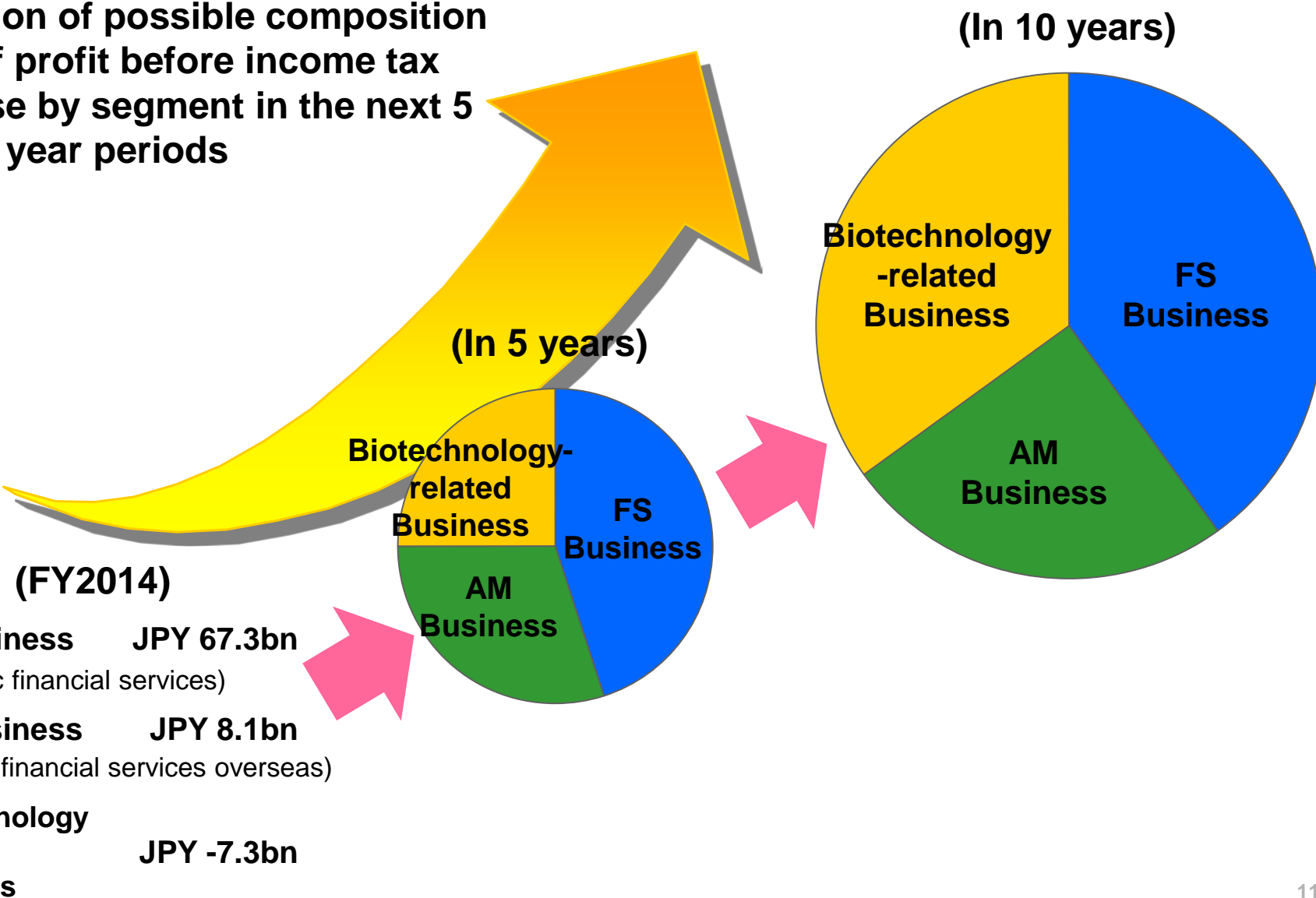


* The aggregated number of all industries is 1,683 companies, which excludes 138 companies belonging to the financial business

SBI's Med- and Long-term Vision

~SBI Group's positioning in the next 5 and 10 year periods~

Depiction of possible composition ratio of profit before income tax expense by segment in the next 5 and 10 year periods



[Reference]

**The Company's current stock price, and our method
in calculating the estimated corporate value**

Corporate Value by Business Segment Valuation

Each Business Segment Valuation is Conservatively Estimated

■ Sum of the values by segment (as of June 25, 2015) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	530.0
Asset Management	122.0
Biotechnology-related	67.0
Sum total	719.1 (+)*

Business valuation per share: **JPY 3,202**

Of the major Group companies, 12 are profitable companies that are not included in the above calculations (Total FY2014 Profit before Income Tax Expense: approx. JPY 20.0bn)

* Since the figure is a simple sum of the values of each segment with interest-bearing liabilities of SBIH not taken into account in the calculation, the abovementioned business valuation per share does not show the theoretical stock price of SBIH.

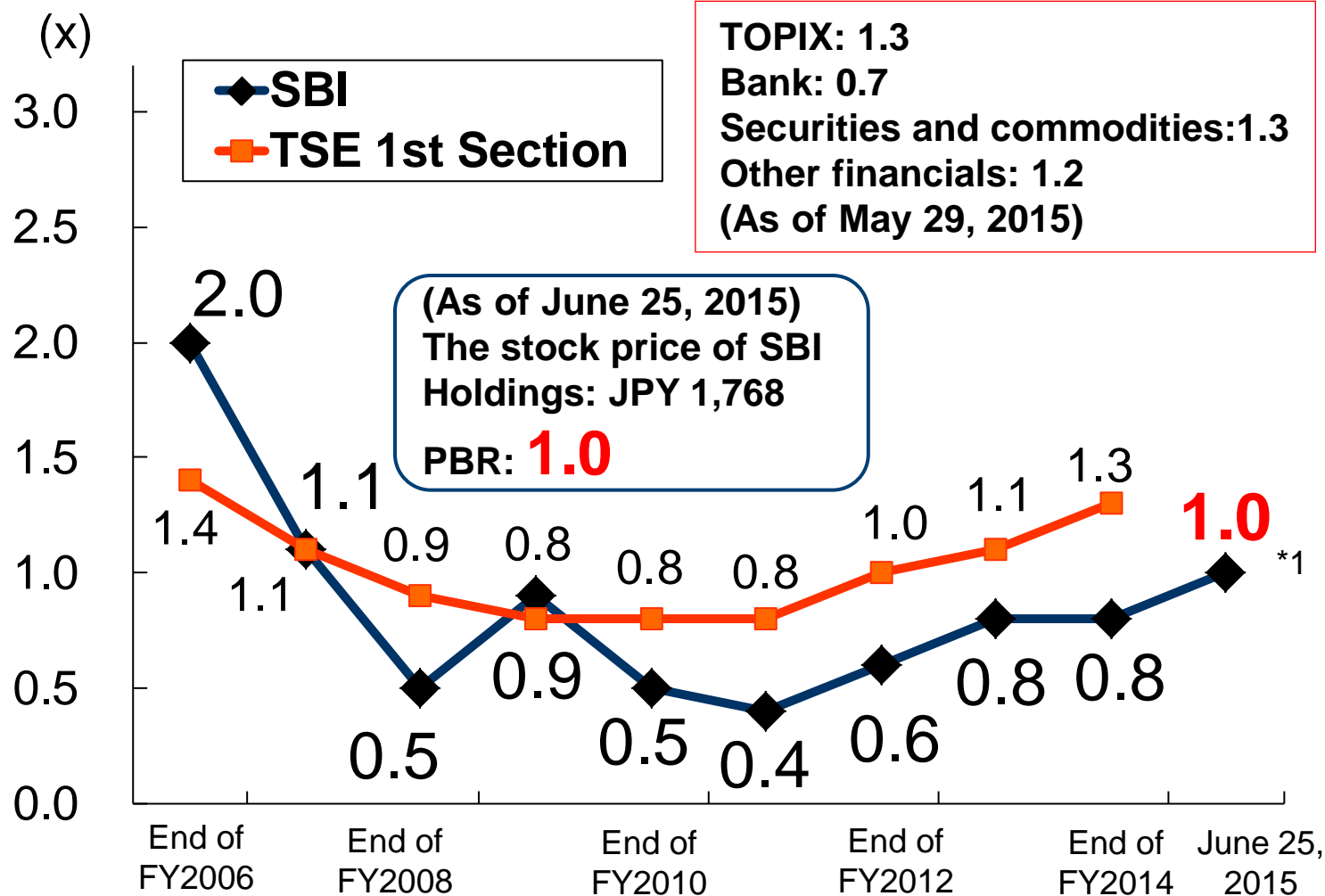
SBI Holding's Recent Stock Price

Market cap (based on the closing price on June 25, 2015): **JPY 397.0bn**



Change in PBR of SBI Holdings

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



SBI Holdings' PER based on the EPS of FY2014 is 8.4 ^{*2}
(As of June 25, 2015)

^{*1} PBR of SBI Holdings for June 25, 2015 is calculated based on the BPS of the end of Mar. 2015.

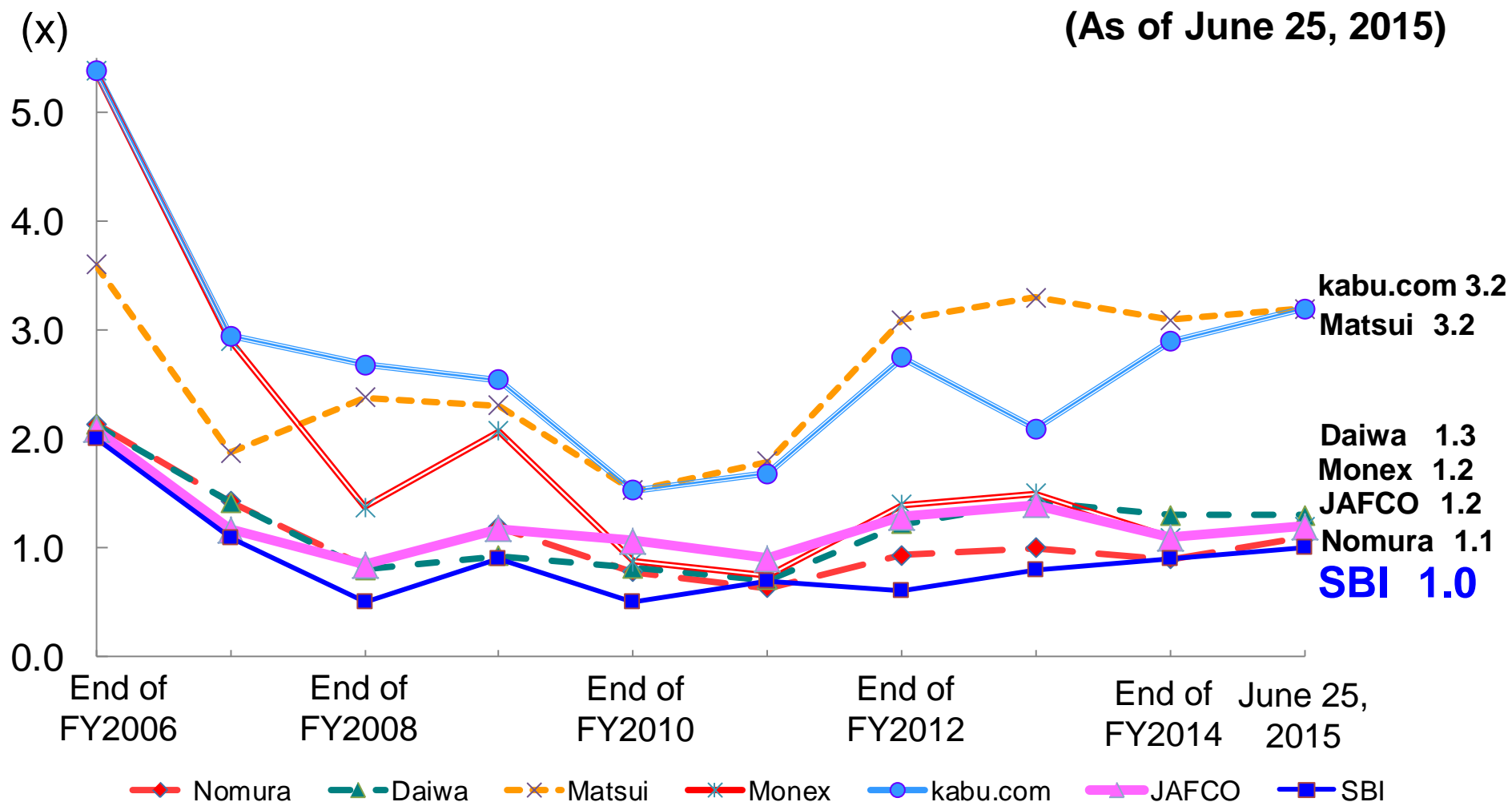
^{*2} EPS of FY2014 (JPY 211.18) is used to calculate SBI Holdings' PER.

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

PBR Comparison with Competitors

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

(As of June 25, 2015)



*PBR for June 25, 2015 is calculated based on the BPS of the end of Mar. 2015.

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

Valuation by Segment Estimated by SBI

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

① SBI SECURITIES

Valuation is conservatively estimated at JPY **328.4bn**

(based on the closing prices of June 25, 2015)

Estimation of the valuation is as follows:

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

Compares the market cap and profits of a comparable public company, Matsui Securities.

Valuation of SBI SECURITIES is calculated as the mean of the two values [(A) and (B)] resulting from the equations below

Matsui's PER (*1) × SBI SECURITIES's Net Income (FY2014) ... (A)

Matsui's PBR (*2) × SBI SECURITIES's Net Asset (*3) (as of Mar 31, 2015) ... (B)

*1 PER of Matsui is calculated by its net income per share for FY2014.

*2 PBR of Matsui is calculated by its BPS as of Mar. 31, 2015.

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

Valuation by Segment Estimated by SBI

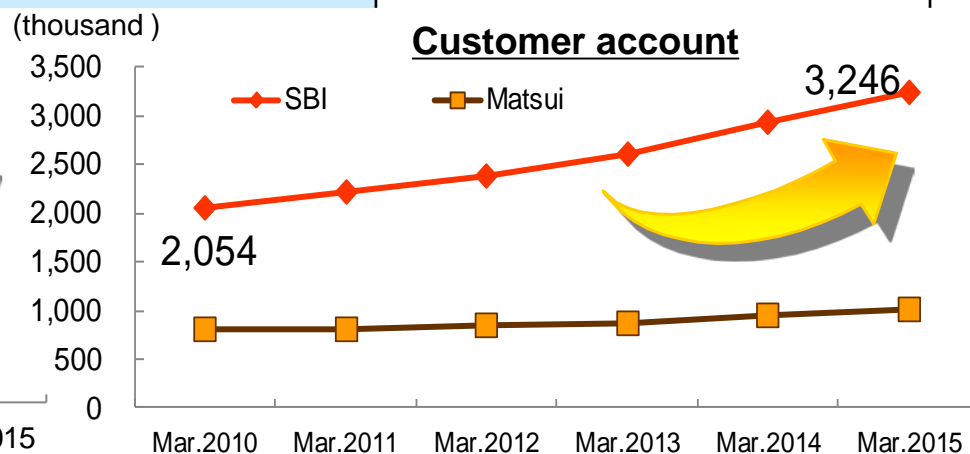
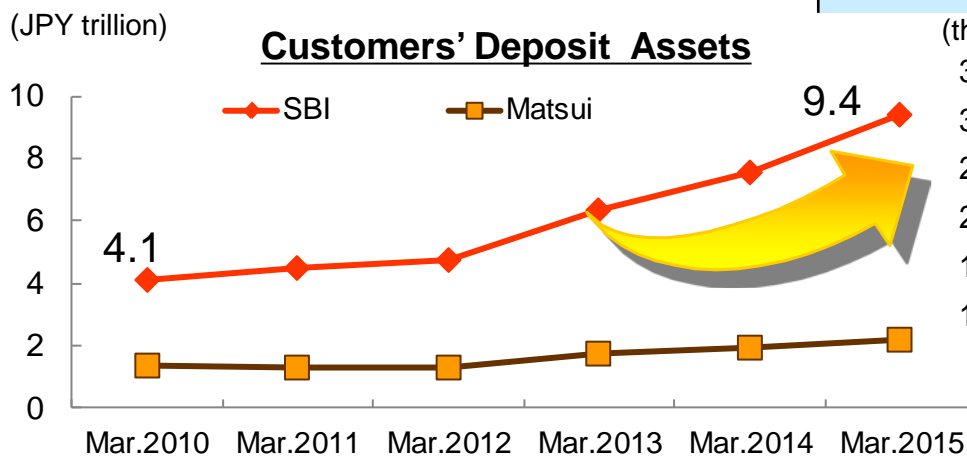
(1) Financial Services Business ① SBI SECURITIES -(ii)

Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES Matsui Securities

*Calculated by the closing prices of June 25, 2015

(FY2014)	SBI SECURITIES	Matsui Securities
Valuation (market cap) *	JPY 328.4bn	JPY 299.4bn
Deposit assets (Mar. 2015)	No.1 JPY 9.4tn	JPY 2.2tn
Number of accounts (As of the end of Mar. 2015)	No.1 3.25 million	1.00 million
Share of individual stock brokerage trading value	No.1 38.1%	12.9%
Operating income	No.1 JPY 34.7bn (up 5.9% YoY)	JPY 22.1bn (down 18.5 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 187.2bn** → **JPY 93.6bn** (based on the closing prices of June 25, 2015)

(Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

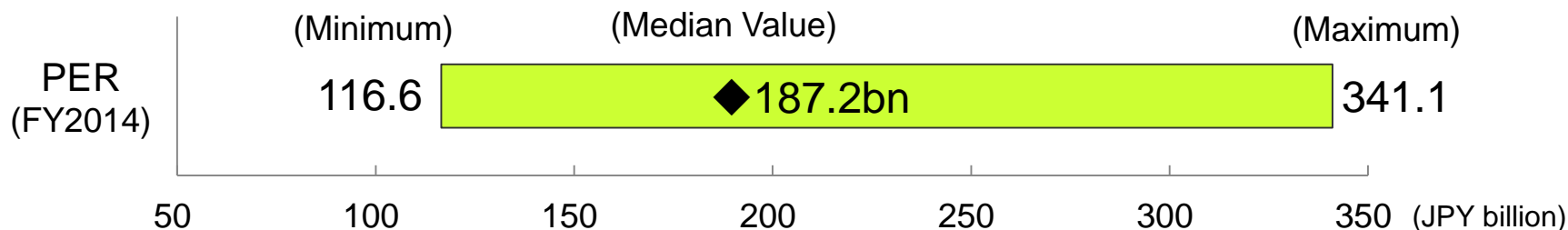
Calculated according to the **Comparable Public Company Analysis**

Compares the profits of comparable public companies of which the deposit balance exceeds JPY 3tn as of the end of Mar. 2014

Median value of estimated PERs of listed local banks of which the deposit balance exceeds JPY 3tn (*) × SBI Sumishin Net Bank's Net Income (FY2014)

* Compiled by the Company from the materials disclosed by the listed local banks of which the deposit balance exceeds JPY 3tn

[Reference] Valuation distribution based on the abovementioned pro forma calculation



Valuation by Segment Estimated by SBI

(1) Financial Services Business ③ SBI Liquidity Market

③ SBI Liquidity Market (including SBI FXTRADE)

Valuation is estimated at **JPY 37.6bn** (based on the closing price of June 25, 2015)

Estimation of the valuation is as follows:

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

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

$$\frac{\{(Money\ Partner's\ PER + MONEY\ SQUARE\ JAPAN's\ PER)\}^{(*)}}{2} \times Net\ Income\ of\ SBI\ Liquidity\ Market\ (cons.)\ (FY2014)$$

* PER of Money Partners and MONEY SQUARE JAPAN is calculated by its net income per share for FY2014.

<Reference> Acquisition of CyberAgent FX by Yahoo Japan (Jan. 31, 2013)

Acquired all shares of CyberAgent FX (16,200 shares) at **JPY 21.0bn**

CyberAgent FX (FY2011)		SBI Liquidity Market (FY2014)
JPY 8,498m	Operating revenue	JPY 12,885m
JPY 4,021m	Operating income	JPY 3,114m
JPY 2,289m	Net income	JPY 1,947m
JPY 9,067m	Net assets	JPY 6,023m

Operating income before allocation to SBI SECURITIES was JPY 11,096m

Valuation by Segment Estimated by SBI

(1) Financial Services Business ④ SBI Japannext

④ SBI Japannext

Estimates the valuation of SBI Japannext at JPY 33.8bn

→ JPY 17.8bn (based on the closing prices of June 25, 2015)

(Shareholding of the SBI Group: 52.8%)

Estimation of the valuation is as follows:

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

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

Japan Exchange Group's PER (*) × SBI Japannext's estimated net income (FY2015)

* PER of Japan Exchange Group is calculated by the estimated net income per share for FY2015.

Valuation by Segment Estimated by SBI

(1) Financial Services Business

⑤ SBI Comparison Website Business / ⑥ Other Financial Services Business

⑤ SBI Comparison Website Business

Valuation is estimated at JPY 36.3bn (based on the closing price of June 25, 2015)

Estimation of the valuation is as follows:

Calculated according to the Comparable Public Company Analysis

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

Kakaku.com's PER (*) × Net Income of SBI Comparison Website Business (FY2014)

* PER of Kakaku.com is calculated by their estimated net income per share for FY2014.

⑥ Other listed subsidiaries and equity method companies in this business segment

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
Morningstar Japan	49.7	Consolidated subsidiary	JASDAQ	28.8	14.3
SOLXYZ	26.3	Equity method associate	JASDAQ	7.7	2.0
Sum of the market cap of listed subsidiaries and equity method associates				36.5	<u>16.3</u>

(Based on the closing price of June 25, 2015)

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

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

① SBI SECURITIES

(based on the closing prices of June 25, 2015)

Upon comparison with similar listed companies calculated conservatively as **JPY 328.4bn**

② SBI Sumishin Net Bank

(based on the closing prices of June 25, 2015)

Estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 187.2bn → **JPY 93.6bn** (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market (cons.)

(based on the closing prices of June 25, 2015)

Upon comparison with similar listed companies calculated as **JPY 37.6bn**

④ SBI Japannext

(based on the closing prices of June 25, 2015)

Upon comparison with similar listed companies estimated the valuation at JPY 33.8bn → **JPY 17.8bn** (Shareholding of the SBI Group: 52.8%)

⑤ SBI Comparison Website Business

(based on the closing prices of June 25, 2015)

Upon comparison with similar listed companies calculated as **JPY 36.3bn**

⑥ Total market cap upon SBIH's shareholding of other listed subsidiaries and equity method companies, in total 2 companies, in this segment

The sum of market caps of Morningstar Japan and SOLXYZ (Shareholding of the SBI Group)

JPY 16.3bn (based on the closing prices of June 25, 2015)

Total of the valuation above: JPY 530.0bn (The sum according to the SBI Group's shareholding)

Valuation by Segment Estimated by SBIH

(1) Financial Services Business

⑦ Other Financial Services Businesses (Profitable Entities)

There are many other profitable business entities in this segment

	Business lineup	Profit before income tax expense for FY2014 (JPY billion)	SBI's shareholding pct. (%)
SBI MONEY PLAZA	Insurance agency, financial instruments intermediary service provider, housing loan agency	1.5	100.0
CEM Corporation	Real estate secured loans	0.5	79.7
SBI Life Insurance	Life insurance	0.5	100.0

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

Valuation by Segment Estimated by SBIH

(2) Asset Management Business

① Valuation Measuring Method

Asset Management Business

Valuation for this segment is conservatively estimated at approx. JPY 122.0bn

<Reference>

JAFCO's Market Cap: **JPY 235.7bn** (based on the closing price of June 25, 2015)

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

(i) Value of holding securities (at the end of Mar. 2015) Approx. JPY 96.4bn

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 June 25, 2015)

(* Valuation excluding assets such as securities hold) Approx. JPY 13.7bn

Calculated according to the Comparable Public Company Analysis

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

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

*PER of JAFCO is calculated by the estimated net income per share for FY2015.

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

Valuation by Segment Estimated by SBIH

(2) Asset Management Business

② Other Profitable Business Entities

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

	SBI's share- holding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
SBI AXES	42.8	Consolidated subsidiary	KOSDAQ of KRX	9.2*	3.9
SBI Investment KOREA	43.9	Equity method associate	KOSDAQ of KRX	18.2*	8.0
Sum of the market cap of listed subsidiaries and equity method associates				27.4	<u>11.9</u>

(Based on the closing price of June 25, 2015. *Calculated by the exchange rate as of June 25, 2015.)

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

		Business lineup	Profit before income tax expense for FY2014 (JPY billion)	SBI's shareholding pct. (%)
Phnom Penh Commercial Bank	Overseas Business	Commercial Bank	0.3	47.6

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

Valuation by Segment Estimated by SBIH

(3) Biotechnology-related Business

Biotechnology-related Business


Each bioventure company has multiple promising pipelines, and the Biotechnology-related Business will become a core business that makes a substantial contribution through progress in areas including pharmaceutical clinical research in Japan and overseas.

Total valuation of the Biotechnology-related Business is estimated at approx. JPY 67.0bn

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 Mar. 2015, the amount is calculated to be approx. JPY 49.2bn

Besides, the total shareholder value of this business includes the estimated shareholder value of 1 IPO scheduled company and 1 listed company, with the estimation based on SBIH's shareholding of paid-in capital and the market values of operational investment securities that SBIH owns.

② Other companies in the Biotechnology-related Business

SBI Biotech (SBI's shareholding percentage*: 38.3%)

Considering future strategies, which includes an IPO and M&A on the premise of strategic alliance

* SBI's shareholding percentage corresponds to a figure based on the IFRS criteria that excludes from the total shareholding percentage (78.2%) the percentage of outside shareholder's interest of subsidiary companies and subsidiary funds of the Group.

[Appendix ①]

**Implementing a system to allow more
effective corporate governance**

The Company's Corporate Governance Structure

Overview of governance structure (Scheduled to be determined officially upon approval at the Ordinary General Meeting of Shareholders scheduled to be held in June 26, 2015)

Configuration	Auditor's company
Number of Directors	17
of which, Outside Directors	<u>7</u> (Ratio of Outside Directors: <u>41.2%</u>)
Director appointments	1 year
Number of Statutory Auditors	4
of which, Outside Statutory Auditors	2
Number of Independent Officers	<u>2</u>
Number of Executive Officers	14 (of which, Executive Directors & Officers: 7, Executive Officers: 7)

The Company initiated the election of Outside Directors since 2008, for the purpose of strengthening the supervisory responsibilities of the Board of Directors, who will reflect their objectivity, wealth of knowledge and experience at the board level

2008

One Outside Director
(Ratio of outside directors: 7.7%)



2015

7 Outside Directors
(Ratio of outside directors: 41.2%)

Outside Directors will Ensure Objectivity and Rationality to Management's Decision Making Process

Outside Directors provide objective and neutral positions without the risk of a conflict of interest with general shareholders. The Outside Directors monitor, audit, advise, and recommend, using the leverage of their respective expertise, along with their wide range of experience and knowledge of high-level management. They are charged in their role and function to ensure the adequacy and appropriateness of the decision making and execution of the responsibilities of the Board of Directors

Reasons for the selection of the Outside Directors, and their board meeting attendance

Name	Reasons for selection	Attendance (% of Attendance) [FY2014]
Kiyoshi Nagano	Formerly President at Jasdaq Securities Exchange, Inc. (currently, Japan Exchange Group, Inc.), Mr. Nagano has extensive experience and accumulated knowledge in his business career	10 (83%)
Keiji Watanabe	Mr. Watanabe has experience and expert knowledge as an accounting professional	10 (83%)
Akihiro Tamaki	Mr. Tamaki has experience and expert knowledge as an accounting professional	10 (83%)
Masanao Marumono	Formerly employed at Sumitomo Mitsui Banking Corporation, Mr. Marumono has extensive experience and accumulated knowledge in his business career	12 (100%)
Teruhide Sato	Mr. Sato has extensive experience and accumulated knowledge in his business career	11 (91%)
Ayako Hirota Weissman*	Ms. Hirota has extensive experience and accumulated knowledge in her business career	-
Yasumine Satake*	Mr. Satake has extensive experience and accumulated knowledge in his business career	-

*Scheduled to be determined officially upon approval at the Ordinary General Meeting of Shareholders scheduled to be held in June 26, 2015

Establishment of Management Advisory Committee

- ❑ As an advisory body to the Representative Directors, established a Management Advisory Committee consisting of experts in various fields, including law, accounting, management, and economy.
- ❑ Heightens soundness and transparency of the SBI Group's management, as well as to strengthen corporate governance

[Committee personnel]

Mr. Takashi Ejiri	Attorney
Mr. Katsuhiko Kumazaki	Attorney
Mr. Noriaki Shimazaki	Management executive, and an expert in accounting
Mr. Heizo Takenaka	Academic expert (former Minister of Economic and Fiscal Policy, former Minister for Financial Services)
Mr. Yoshinari Yajima	Management executive
Mr. Kiyoshi Matsuo	Expert in accounting (CPA)

[Frequency of the Committee]

Held once every quarter

[Recent discussion themes]

- SBI Group's risk management and the risk conditions
- Future course for the organization
- Development of human resources

Ensuring Continued “Aggressive Governance” to Sustain Growth and Enhance Corporate Value for the Med- to Long-term Period

- It is the duty of a listed company to provide a timely and appropriate disclosure of information to its shareholders and investors, as well as an essential corporate governance responsibility
- To this end, by adhering to the following as a basic policy, a highly transparent management practice will be performed through the promotion of IR activities
 - ① Establish an IR framework that encourages a “constructive dialogue” with shareholders
 - ② Thorough and extensive information disclosure
 - ③ Establishment of a timely disclosure system
 - ④ Implementation of material feed back of opinions from shareholders and investors to the management team



Endeavor to enhance corporate value through appropriate cooperation with a wide range of stakeholders, including shareholders, as well as employees, customers, business partners, and the local communities

Aggressively Implemented IR Activities

[IR activities conducted in FY2014]

Activity	Times conducted	Details
Financial results briefing for institutional investors and analysts	4	Financial results briefing held quarterly focused on financial performance and outlook
Meetings for overseas institutional investors	3	Meetings for overseas institutional investors conducted by the president and executive officers
Meetings for individual investors	6	Meetings held semi-annually at Tokyo, Nagoya and Osaka
Current Management Information Briefing for shareholders	1	Briefing held shortly after the General Meeting of Shareholders every June
Individual meetings for institutional investors and analysts	As required	Meetings held as needed upon request from domestic and overseas institutional investors
Uploading of IR materials and videos to the Company website	As required	Posting of financial results and other timely disclosure materials, Annual Reports, business reports, securities reports, and press releases, as well as videos and information on CSR activities

Proactively posts various English translated briefing materials for investors, as well as press releases

As a new endeavor in FY2015, planning to hold Small Meetings for domestic institutional investors on a semi-annual basis

[Appendix ②]

SBI Holdings' Transition Since Its Founding

(Established on July 8, 1999)

	Establishment 1999	End of Mar. 2015
Employees (cons.)	55	6,094
Operating revenues (cons.)	0	JPY 245.0bn (FY2014) Historical high
Consolidated subsidiaries	0	142
Publicly owned companies	0	5 (including SBIH) Peak time (FY2007): 11
Capital	JPY 50m	JPY 81.7bn
Net assets	JPY 50m	JPY 430.6bn

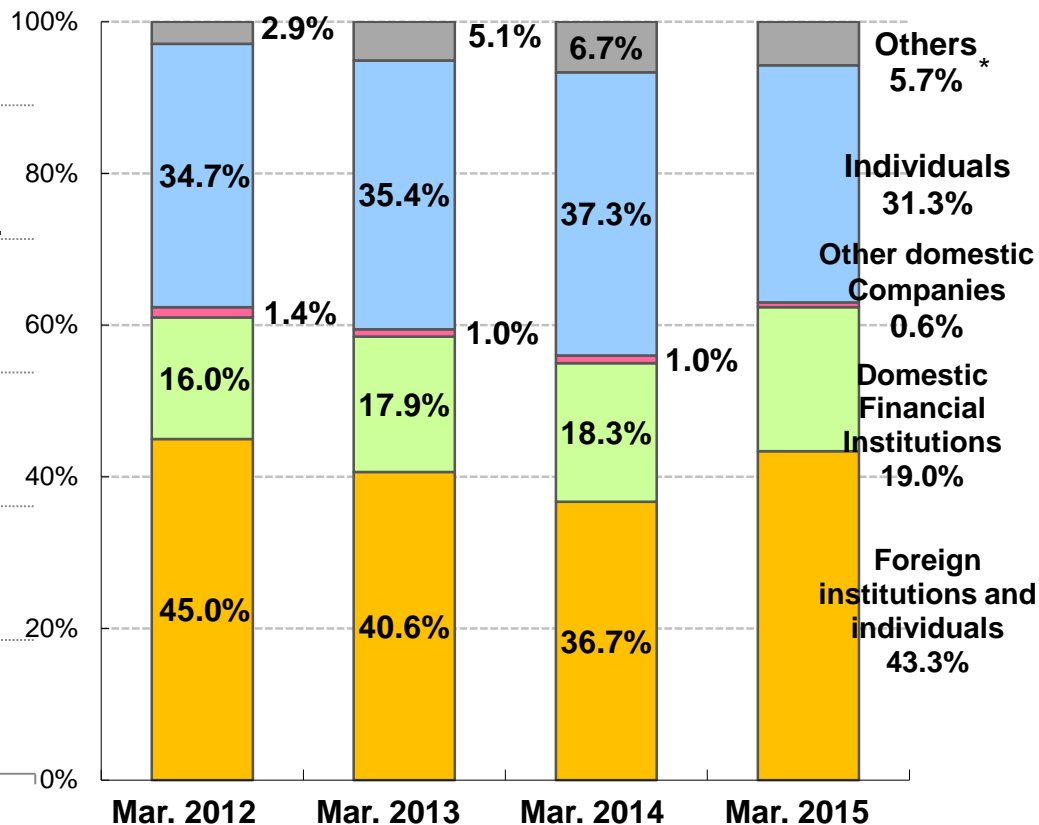
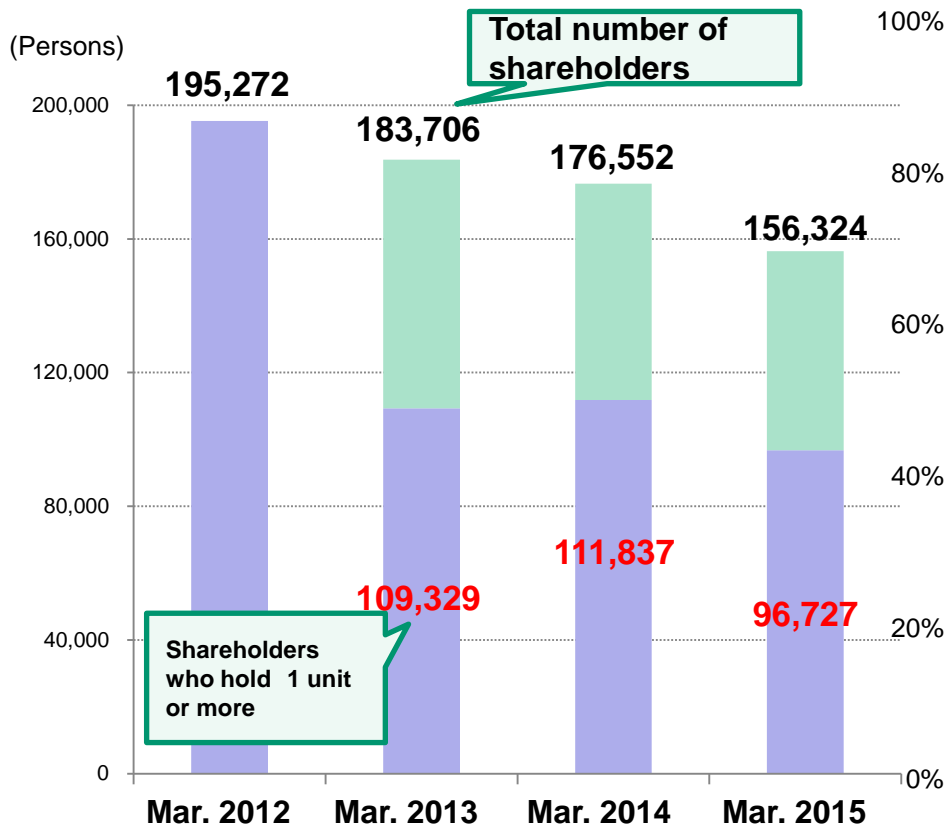
SBI Holdings' Shareholder Composition (as of the end of Each Fiscal Year)

- As of the end of Mar. 2015, foreign share ownership was 43.3%.
- Share holding ratio of domestic and foreign institutional investors at the end of Mar. 2015 was 62.3%, a 7.3 percent points increase year-on-year.

Number of Shareholders

Shareholder Composition

At the time of a 10-for-1 stock split conducted on Oct. 1, 2012, the Company simultaneously adopted a share unit system with a share unit of 100 shares.



* "Others" include treasury stock (3.4%) 139

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