



*Strategic
Business
Innovator*

- Daiwa Investment Conference Tokyo 2017 -

SBI Holdings' 17 Year Performance Since Its Establishment, and the Business Strategy for the Transition Toward a New Paradigm

March 1, 2017

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**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 SBI Group's profile**
- II. The SBI Group's business strategy for the transition toward a new paradigm**

I. The SBI Group's profile

Since its inception in 1999, led Japan's development of the Internet finance

SBI Holdings' Comparison to Its Time of Establishment

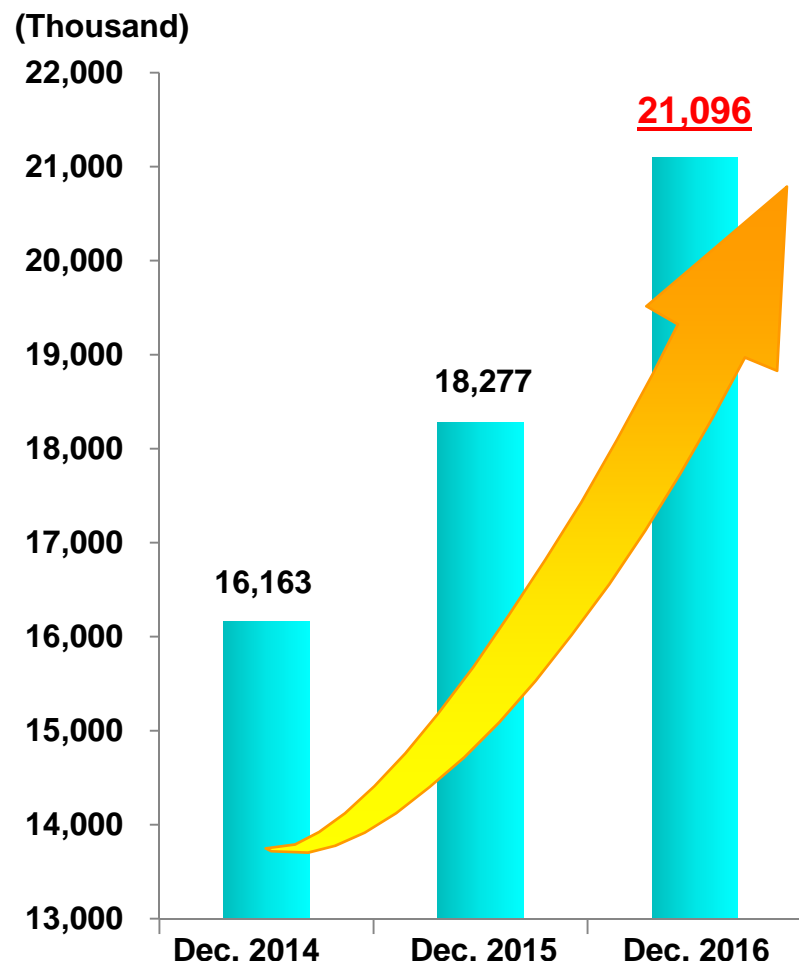
(Established on July 8, 1999)



	Establishment 1999	End of December 2016
Employees (cons.)	55	4,476
Revenues (cons.)	0	JPY 261.7bn (FY2015) Historical High
Consolidated subsidiaries	0	156
Publicly owned companies	0	6 (including SBIH) Peak time (FY2007): 11
Capital	JPY 50m	JPY 81.7bn
Net assets	JPY 50m	JPY 407.4bn

The SBI Group's Customer Base

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



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

(Thousand)

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

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

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

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

Principal SBI Group Companies



Financial Services Business

SBI FINANCIAL SERVICES
[Intermediate Holding Company]

SBI証券 (SBI SECURITIES) [Comprehensive online securities]	SBI Japannext [Proprietary trading system]
住信SBIネット銀行 SBI Sumishin Net Bank [Internet bank]	SBI Liquidity Market [Provision of market infrastructure to FX trading]
SBI Ripple Asia [Settlement platform provider]	SBI FXTRADE [Pure-play FX broker]
SBI SBI損保 (SBI Insurance) [Internet nonlife insurance]	SBI いきいき少短 (SBI IKIKI SSI) [Small-amount, short-term Insurance]
SBI 生命 (SBI Life Insurance) [Life insurance]	SBI マネープラザ (SBI MONEY PLAZA) [Operation of face-to-face shops]

A diversified line of financial services

Asset Management Business

SBI Capital Management
[Intermediate Holding Company]

SBI Investment
[Venture capital fund management]

SBI Ven Capital
[Singaporean subsidiary]

SBI SAVINGS BANK
[Korean savings bank]

**Overseas bases,
GP of overseas funds,
Overseas financial
institutions, Investee
companies**

Venture capital, Overseas
financial services businesses

**SBI Global Asset
Management**
[Intermediate Holding
Company]

MORNINGSTAR
[Investment trusts ratings]

SBI Asset Management
[Investment advisory]

**MORNINGSTAR
ASSET MANAGEMENT**
[Investment advisory]

SBI Bond Investment Management
**SBI Bond Investment
Management**
[Investment management]

The Group's asset
management

Biotechnology-related Business

SBI ALA Hong Kong
[Intermediate Holding
Company]

SBI Pharma
[Development of 5-ALA-
related products
(pharmaceutical business)]

SBI ALApromo
[Sales of 5-ALA-related
products]

photonamic
[5-ALA-related
pharmaceutical firm in
Germany]

**SBI Biotech
Quark**
[R&D of pharmaceuticals]






Development, manufacturing
and sales of pharmaceuticals,
health foods and cosmetics

Attained No. 1 Position in Various Financial Businesses – SBI SECURITIES



-SBI SECURITIES is the No.1 in the share of individual stock trading value, number of accounts, deposits and profitability-

[9M FY2016 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 (cons.)	 34.9	 36.2	 3,742	 10.3	 28,195
Rakuten *1 (cons.)	15.0	15.0	2,124	3.9	12,830
Matsui	13.0	16.3	1,680	2.3	11,133
kabu.com	8.7	10.0	1,036	2.1	5,180
Monex *2 (cons.)	5.0	3.7	1,082	3.8	506

*1 The number of accounts for Rakuten is the figure as of the end of Sept. 2016.

*2 The amount of "Operating Income" is "The amount equivalent to operating income" disclosed by Monex.

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



Attained No. 1 Position in Various Financial Businesses – SBI Sumishin Net Bank

-No. 1 in deposit balance and balance of loans among the pure-play Internet banks-



[9M FY2016 results]

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.)	Sept. 2007	 <u>4,006.2</u>	 <u>2,191.5</u>	<u>2,745</u>	<u>10.4</u>
Daiwa Next	May 2011	3,235.8	565.1	1,194	2.6
Sony Bank (cons.)	June 2001	2,114.3	1,504.4	1,190	3.3
Rakuten (cons.)	July 2001	1,564.7	587.3	5,686	13.9
Jibun	July 2008	773.7	269.2	2,346	1.5
The Japan Net	Oct. 2000	684.2	58.8	3,410	2.4

Note: Amounts are rounded to the nearest 100 million yen or thousand accounts. The number of accounts is as of the end of Dec. 2016.
The number of accounts for Sony Bank is as of the end of Sept. 2016.

Attained No. 1 Position in Various Financial Businesses

– 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	FY2009	FY2014		9M FY2016	
Sony Assurance	Sept. 1999	59,849	Sony Assurance	81,585	Sony Assurance	66,563
AXA GENERAL INSURANCE	July 1999	32,054	AXA	44,235	AXA	36,896
Mitsui Direct	June 2000	30,689	Zurich	35,363	Mitsui Direct	27,092
Zurich Insurance	July 1986*1	27,945	Mitsui Direct	34,483	Zurich	26,679
American Home Direct	Dec. 1960	17,365	SBI Insurance	25,595	SBI Insurance	23,953
Sonpo 24	Mar. 2001	9,820	SAISON	17,404	SAISON	22,679
SAISON AUTO-MOBILE&FIRE	Apr. 1983	8,202	E.design	16,934	E.design	18,641
SBI Insurance	Jan. 2008	4,713	Sonpo 24	14,002	Sonpo 24	9,899
E.design Insurance	June 2009	1,100	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)

* Establishment of Japan Branch

* American Home Direct is excluded from the list, since it stopped sales activities for new contracts on Apr. 1, 2016

II. The SBI Group's business strategy for the transition toward a new paradigm

-The Three Transitioning Processes Toward the New Paradigm-

- 1. The domestic financial ecosystem (FinTech 1.0) that was completed in 2016 is now transitioning to the FinTech 1.5-2.0 era, along with the new technology developments**
- 2. Transitioning from a stage of expanding the domestic financial ecosystem through the pursuit of synergies primarily between the Group companies, to a stage of expanding the business ecosystem through the strengthening of alliances with companies outside of the Group, both from an online and face-to-face perspective**
- 3. From a phase focused on the expansion of business value to complete the business ecosystem, going forward, upon the completion of the business ecosystem, the SBI Group will transition to a phase of actualizing its intrinsic corporate value**

Paradigm shift strategy 1

FinTech 1.0



FinTech 1.5-2.0 era

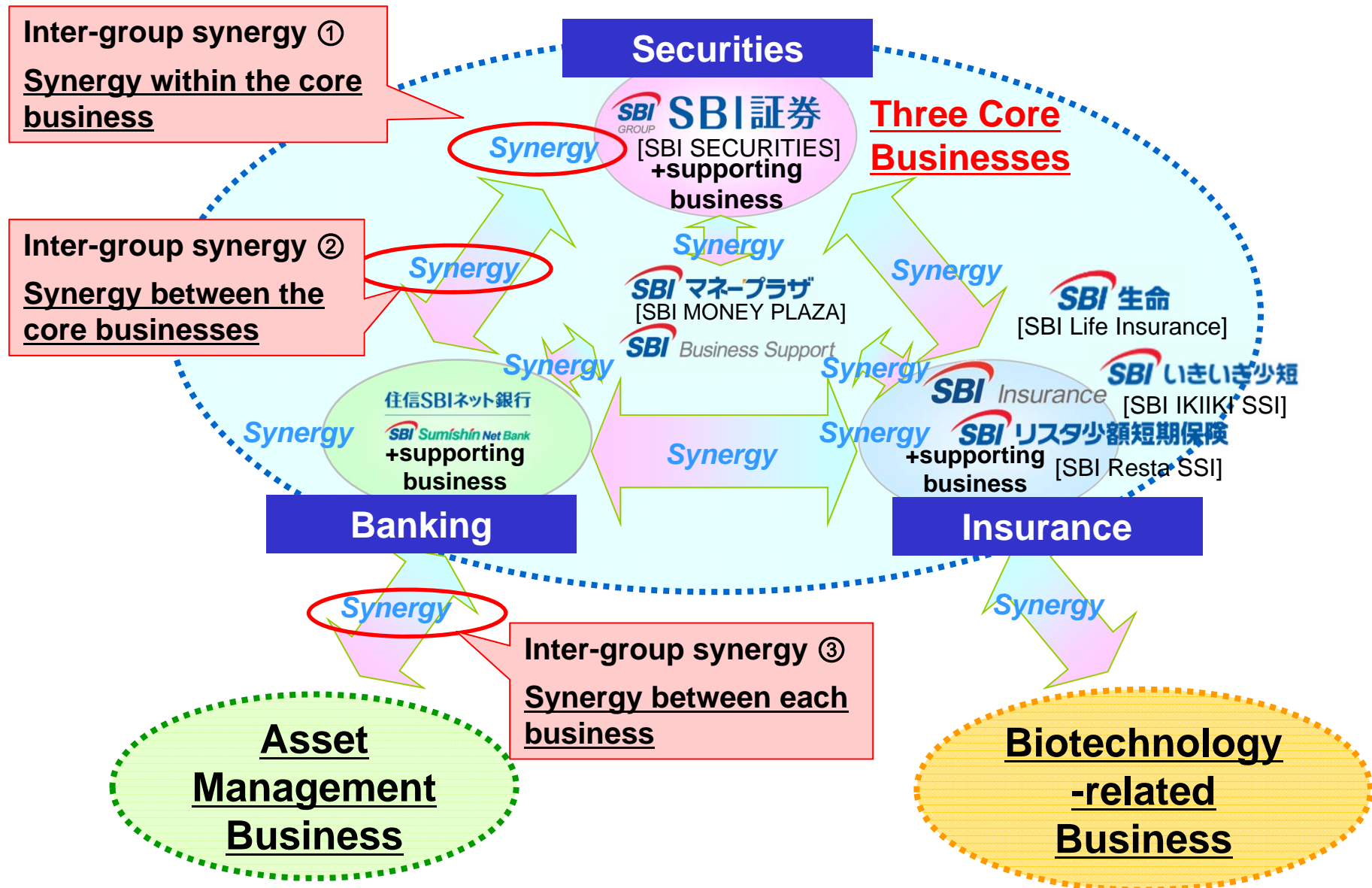
- (1) Through synergistic effects and mutual evolution within the Group, FinTech 1.0 has brought about a dramatic growth for the SBI Group**
- (2) Along with the innovations in various elemental technologies that surround FinTech, the SBI Group will evolve its business ecosystem to FinTech 1.5-2.0, and create new financial businesses**

(1) Establishing FinTech 1.0 and pursuing Group synergies:

The SBI Group Pursues Various Inter-group Synergies



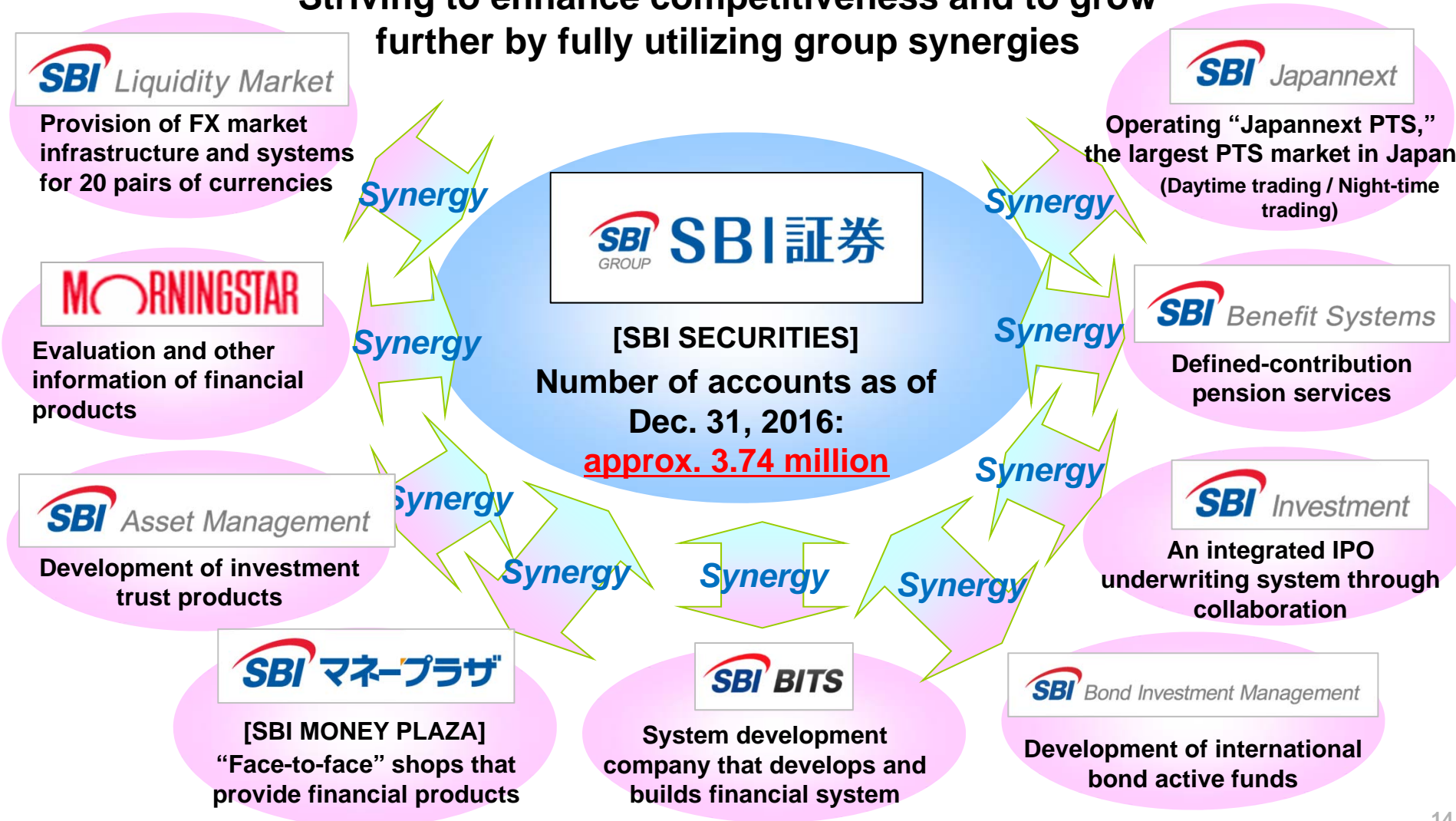
“Financial Ecosystem” in the Financial Services Business



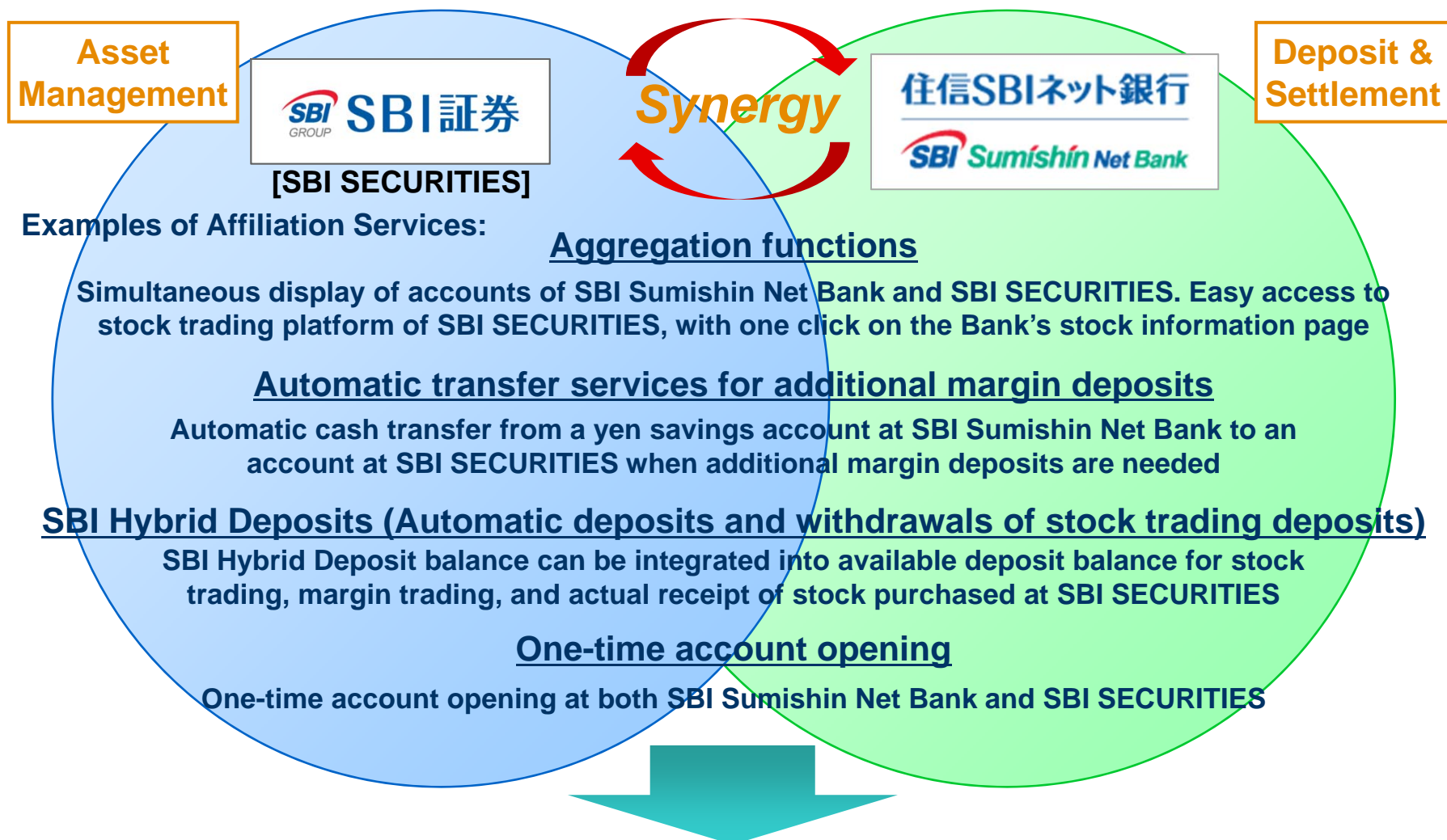
Group Synergy with Core Business and Its Various Supporting Companies

SBI SECURITIES and its various supporting companies

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

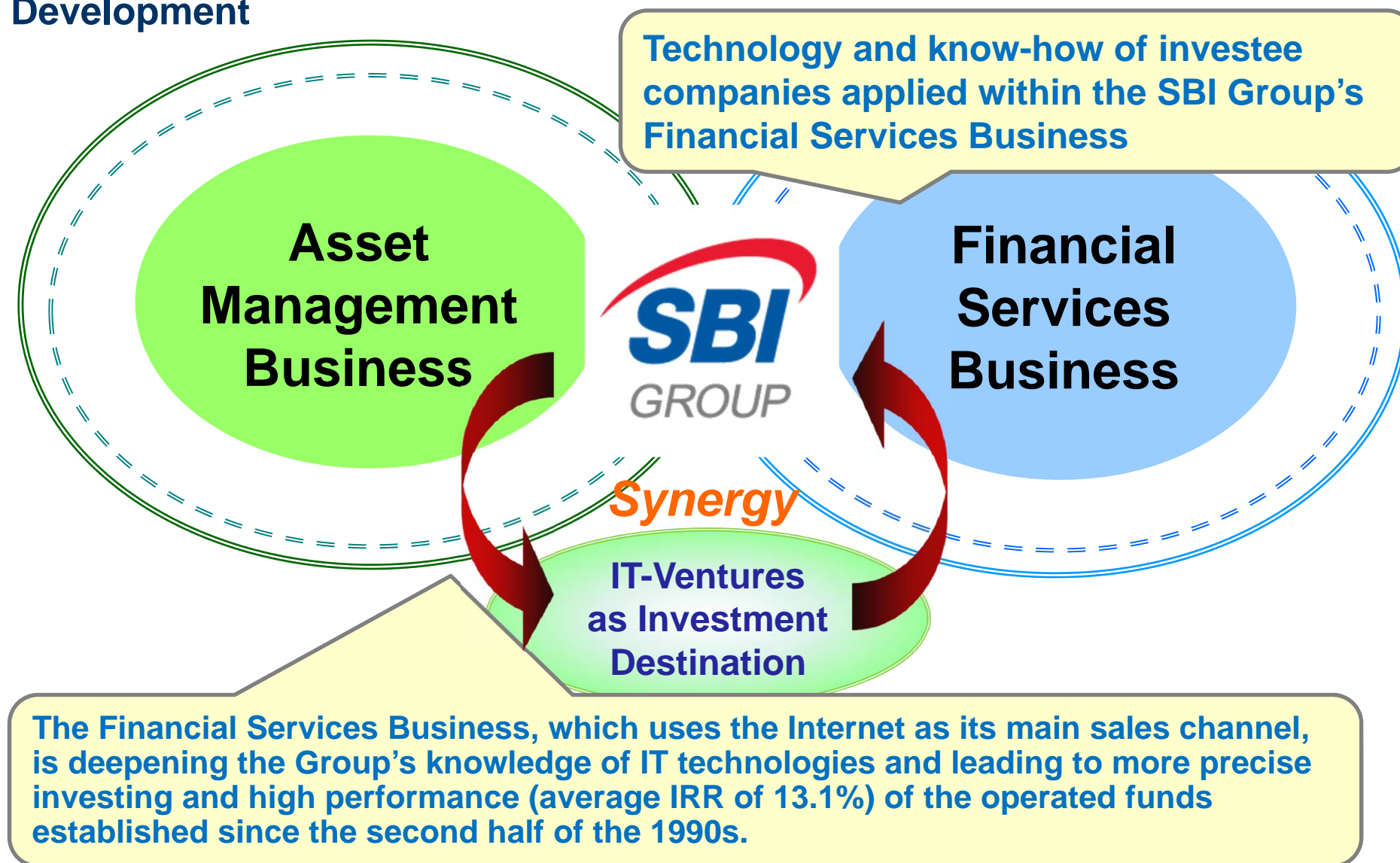


Example of Group Synergy at SBI SECURITIES and SBI Sumishin Net Bank



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

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



(1) Establishing FinTech 1.0 and pursuing Group synergies:



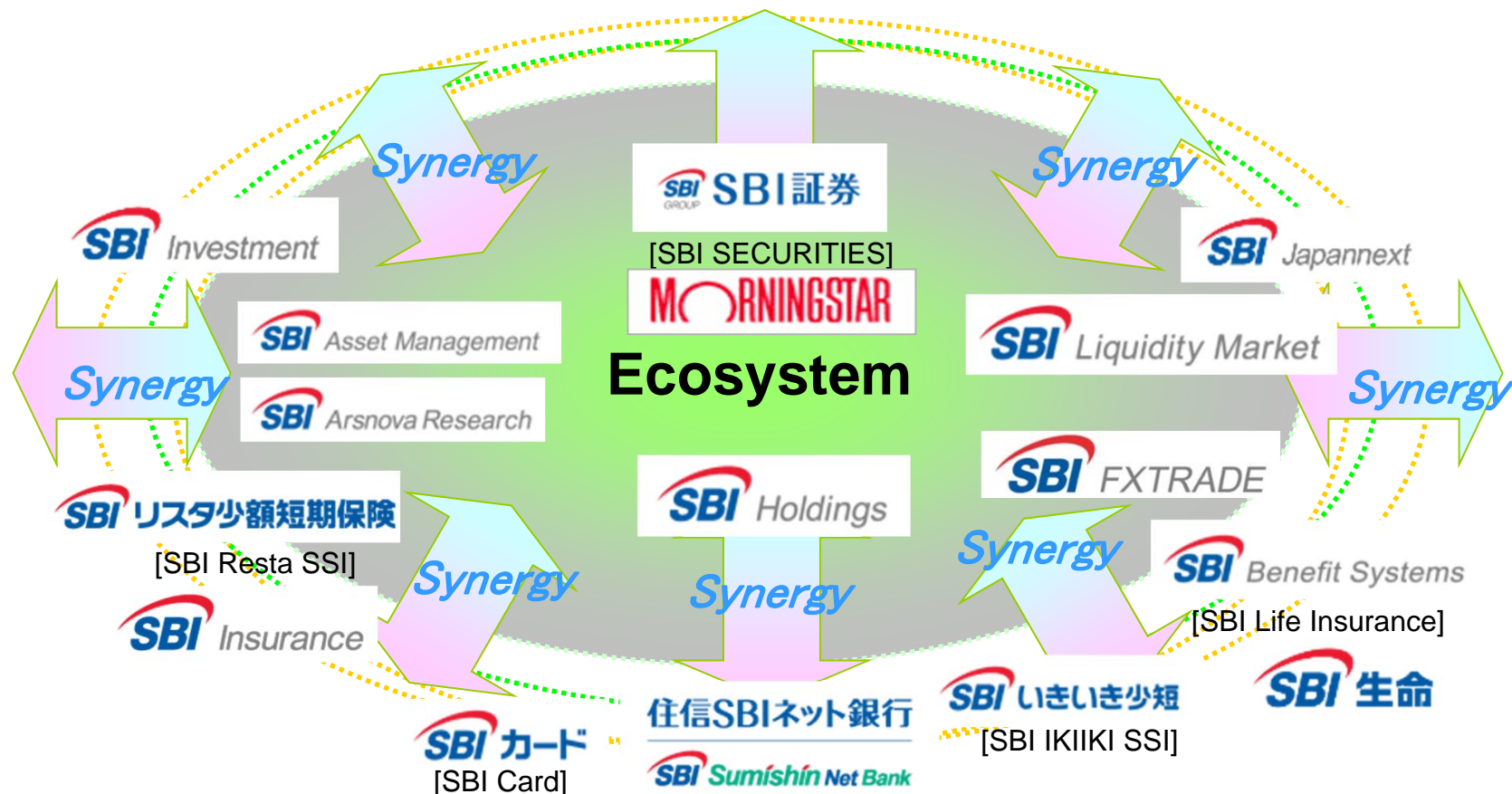
Completed the Establishment of a Globally Unique Internet-based Financial Conglomerate (FinTech 1.0) in 16 Years Since Its Inception

Oct. 1999: SBI SECURITIES commenced online trading service

Sept. 2007: SBI Sumishin Net Bank commenced business

Jan. 2008: SBI Insurance commenced business

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



(2) Along with the innovations in various elemental technologies that surround FinTech, the SBI Group will evolve its business ecosystem to FinTech 1.5-2.0, and create new financial businesses

- ① The birth of FinTech venture companies with various elemental technologies**
- ② Promptly introduce technological innovations related to the Financial Services Business, ahead of competitors**

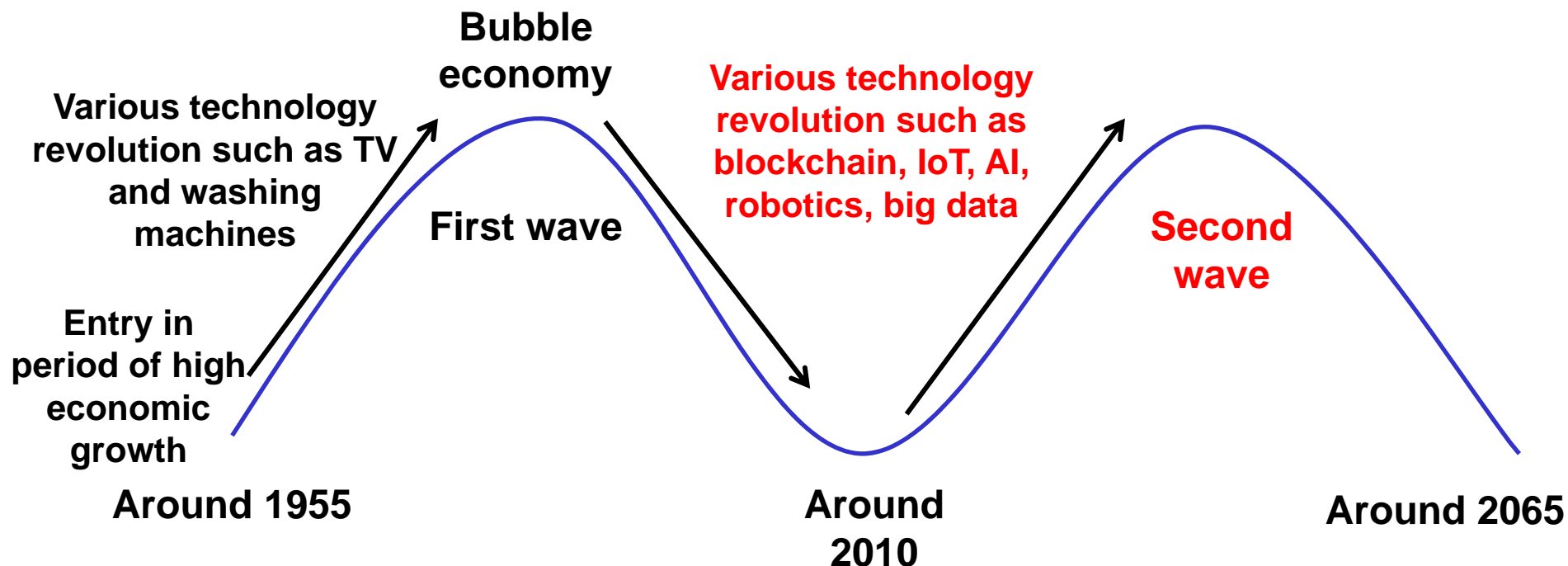
① The birth of FinTech venture companies with various elemental technologies

Kondratieff Cycle and the Technology Innovation

New technology development of blockchain technology, which is a core technology of FinTech, as well as IoT, AI, robotics, big data, etc., is blossoming

In the Kondratieff cycle*, it is considered that a new cycle of innovations have currently been entered into

* Economic business cycle of 50-60 years primarily due to technology revolution



Innovations are Incubated by Venture Companies

1970's U.S.:



Microsoft



Venture companies, including Intel, Sun Microsystems, Microsoft and Apple Computer, were growing, with investment funds from venture capitals

Afterward, Yahoo and Google in the late 1990's , and Facebook and twitter in the 2000's started their business, supported by investment funds from venture capitals

Rise of the FinTech venture companies

From around 2013, venture companies have been playing a major role in advancing the innovation in financial technology, owing to the development in technologies, such as blockchain, which is the core technology of FinTech, IoT, AI, big data, and etc.

In 2015, Established “FinTech Fund,” the Industry’s First FinTech Fund, that Aggressively Invests in FinTech-related Companies

FinTech Business Innovation LPS

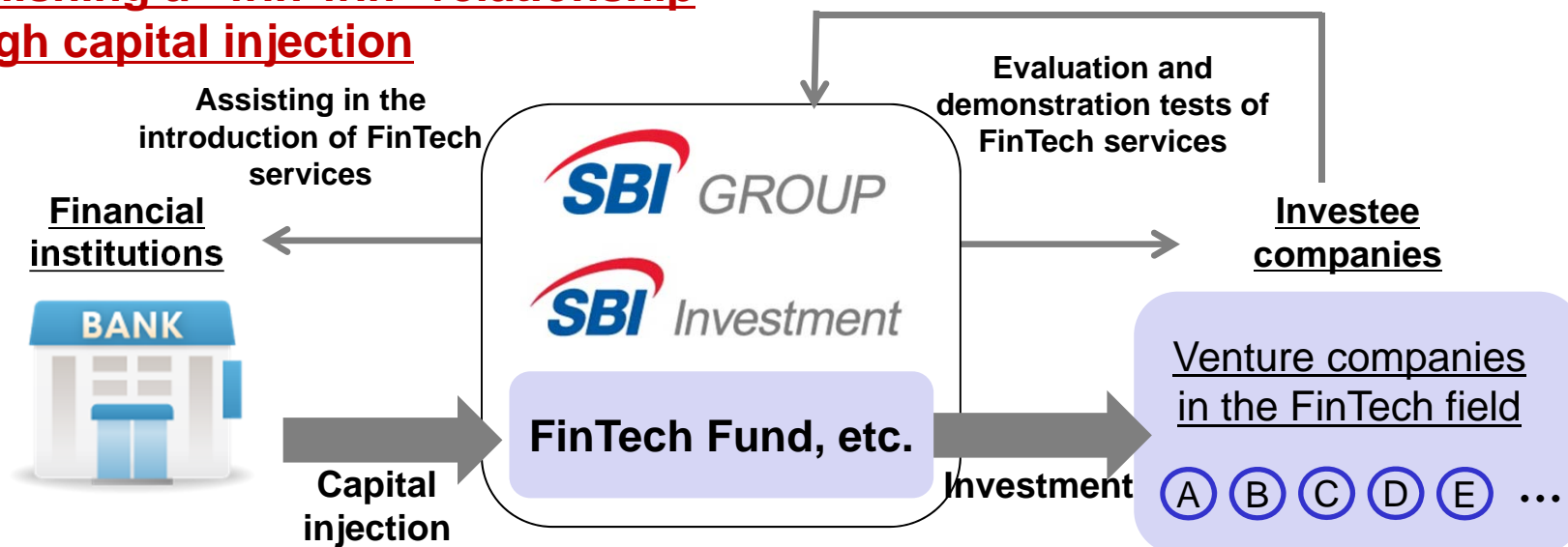
- Total commitment amount is JPY 30bn
- Fund investor: 28 regional banks including Bank of Yokohama, Ashikaga Bank, San-in Godo Bank and Kiyo Bank, as well as Mizuho Bank and SoftBank invested
- Investment destination: Anticipating investing in 100 or more venture companies with superior technology in the FinTech field

Already decided on investments into 41 companies

(Total investment amount to be over

JPY 12.1bn through the FinTech Fund and over JPY 10.8bn by SBI Holdings)

Establishing a “win-win” relationship through capital injection



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

Blockchain



Robo-advisor



IoT (Internet of Things)



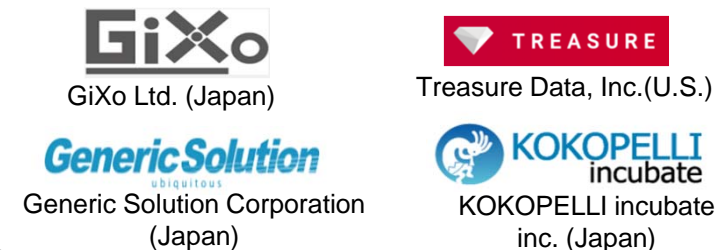
Payment



Crowd-funding



Big data



Accounting



PFM



AI



Remittance



Security



Other FinTech



Will continue to aggressively invest into this field

- ② Promptly introduce technological innovations related to the Financial Services Business, ahead of competitors**
 - i. Examples of new technology introductions in the FinTech 1.5 era, such as AI, big data, IoT, robotics, etc., and the expansion of new businesses**
 - ii. Creation of new financial businesses through the utilization of blockchain, a core technology of the FinTech 2.0 era**

What is FinTech 2.0?

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

-FinTech 1.0-

- Utilizing elemental technologies such as AI (Artificial Intelligence), big data, IoT, robotics, etc., within the established online financial ecosystem
- Utilizing blockchain with the conventional web-based online financial ecosystem

→ Pre-stage to the completion of the Blockchain
Financial Ecosystem (FinTech 2.0)

-FinTech 1.5-

Provide innovative financial services, with blockchain as a core technology

→ Completion of the Blockchain Financial Ecosystem

-FinTech 2.0-

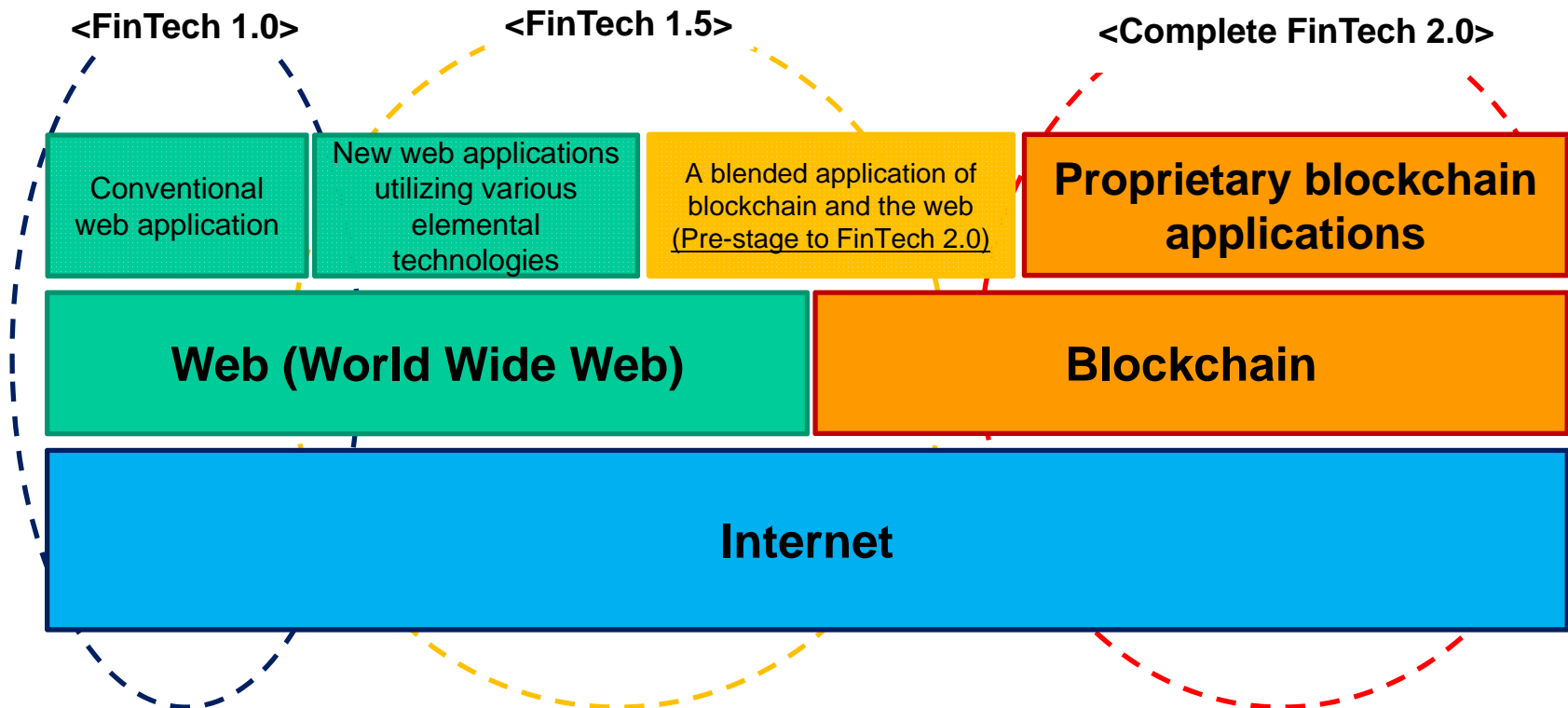
The World of FinTech 2.0 is Entirely Different from the World of FinTech 1.0 & 1.5

FinTech 1.0 & 1.5

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

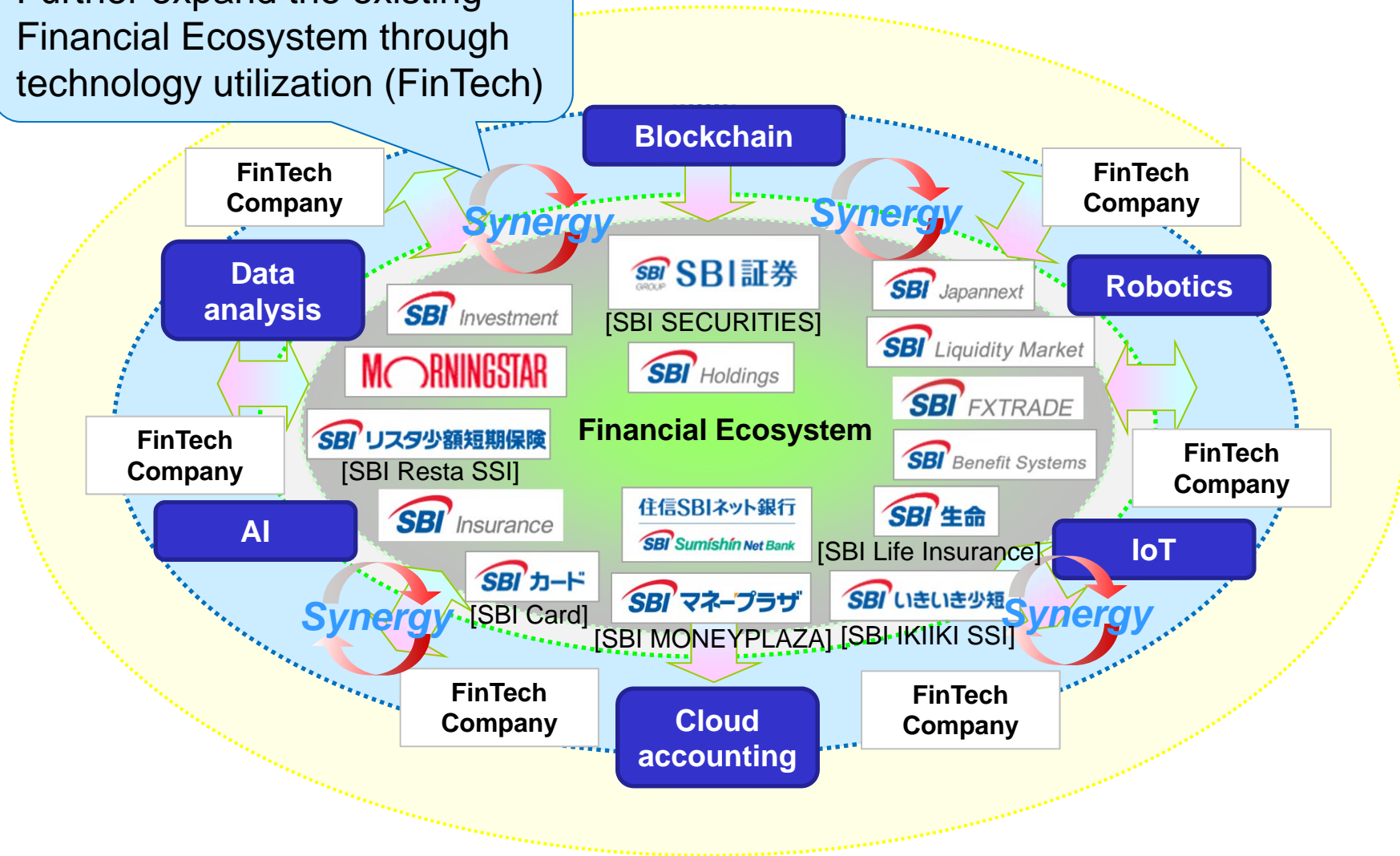
FinTech 2.0

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



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

Further expand the existing
Financial Ecosystem through
technology utilization (FinTech)



- i. Examples of new technology introductions in the FinTech 1.5 era, such as AI, big data, IoT, robotics, etc., and the expansion of new businesses**

SBI SECURITIES has Enhanced Its Robo-advisor Services in Collaboration with WealthNavi, a FinTech Venture Investee Company



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

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

- Since the launch of the service, in just 20 business days, the number of account applications have exceeded 6,000
- Customer deposit assets reached JPY 2.5bn

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

SBI Liquidity Market and SBI FXTRADE are Partnering with Microsoft Japan to Develop a FX Trading Service Utilizing AI



Microsoft Japan

Joint development of an AI that automatically responds to inquiries from SBI FXTRADE's service users

With Microsoft Japan's AI know-how, will complement and improve the current customer support services through a real-time response to customers' various inquiries, by introducing a chatbot* that is equipped with deep learning functions

*** Chatbot: A computer program which conducts automated conversations with the users**



Endeavoring to realize a response level similar to that of humans, which will also be available in the evenings and on holidays

②-i. Innovative financial businesses in the FinTech 1.5 era: Provision of asset formation services by robo-advisor



SBI Sumishin Net Bank, in a Partnership with WealthNavi, is Preparing for the Provision of Asset Formation Services by Robo-advisors



WEALTHNAVI

(Venture investee company of the FinTech Fund)

[Content of alliance]

- Started the provision of instant settlement service from Dec. 21, 2016
Enables money transfers to “WealthNavi,” a robo-advisor asset management service provided by WealthNavi
- Launched “WealthNavi for SBI Sumishin Net Bank,” a customized robo-advisors service on Feb. 28, 2017
Implementation of a direct login from SBI Sumishin Net Bank’s website to WealthNavi’s website through SSO (Single Sign-On).
As the first Japanese bank, provides a prompt identity confirmation that utilizes API

In preparations to offer smart phone apps, along with the development of Japan's first small amount asset management service in conjunction with the settlement process of Visa debit with cash cards

②-i. Innovative financial businesses in the FinTech 1.5 era: Provision of a business loan service



SBI Sumishin Net Bank Undertook a Full-scale Provision of a Business Loan Service, Based on Accounting Transactions, in Cooperation with Settlement Agencies and Cloud Accounting Service Companies, Both Within and Outside of the Group



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

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

Insurance Business Promotes Concrete Initiatives in Order to Develop Personalized Insurance Products

[Life insurance]



FiNC inc.
A technology venture company
specializing in mobile health

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

[Auto insurance]



IoT・Automated
driving

In collaboration with companies that possess superior technology related to IoT, such as telematics and automated driving, promoting the further development of such technologies

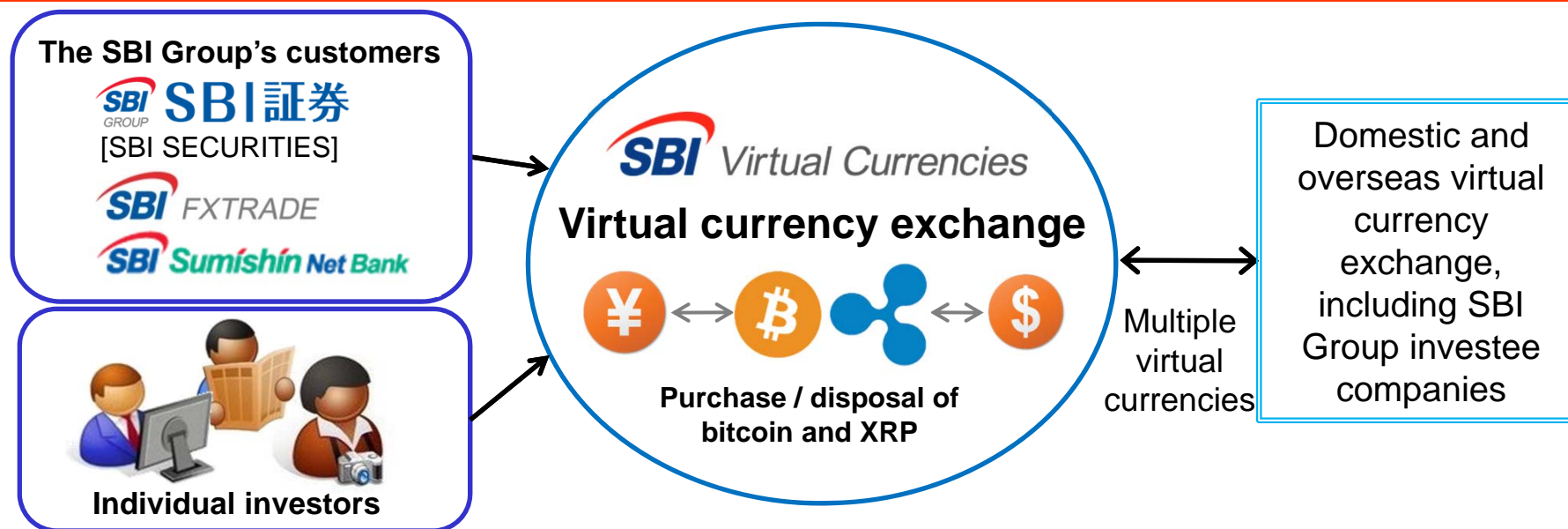
Further promoting to develop personalized insurance products, where premiums are tailored and calculated according to each policy holder's risk and characteristics, by utilizing advanced technology, such as telematics technology and wearable devices

- ii. Creation of new financial businesses through the utilization of blockchain, a core technology of the FinTech 2.0 era**

②-ii. Innovative financial businesses in the FinTech 2.0 era: Provision of services using various VCs
**In Cooperation with Domestic and Overseas Virtual Currency
 Exchanges, Including FinTech Fund Investee Companies, Preparing
 the Provision of Services Utilizing Various Virtual Currencies**

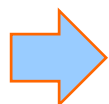


In anticipation of the enforcement of the Payment Services (Amendment) Act, considering the **provision of services utilizing various virtual currencies, including bitcoin and Ripple's XRP**, by sequentially advancing the cooperation between virtual currency exchanges domestically and overseas



[Offering services (planned)]

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



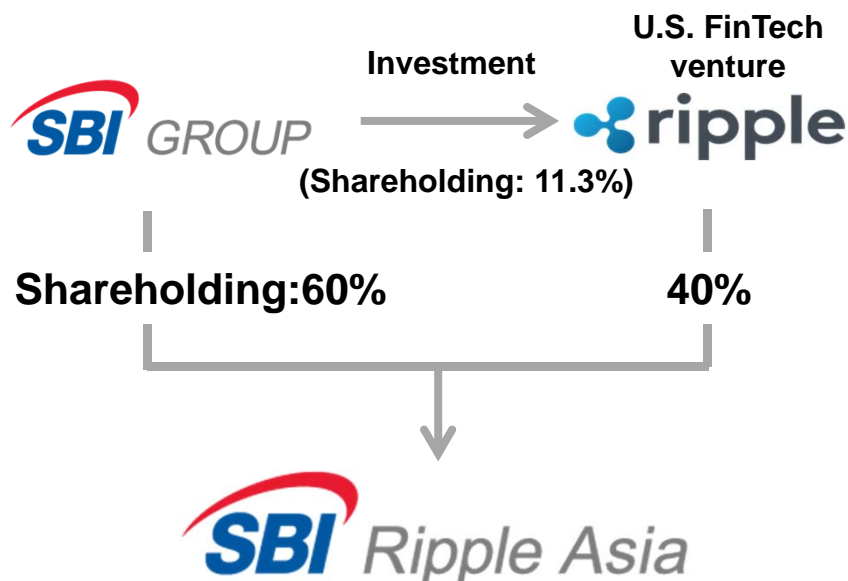
Considering the handling, not only of virtual currencies with floating exchange rates, but also of coins with exchange values of 1 JPY or 1 USD

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

②-ii. Innovative financial businesses in the FinTech 2.0 era: Establishing a next generation remittance system



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



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

<About Ripple Labs Inc.>

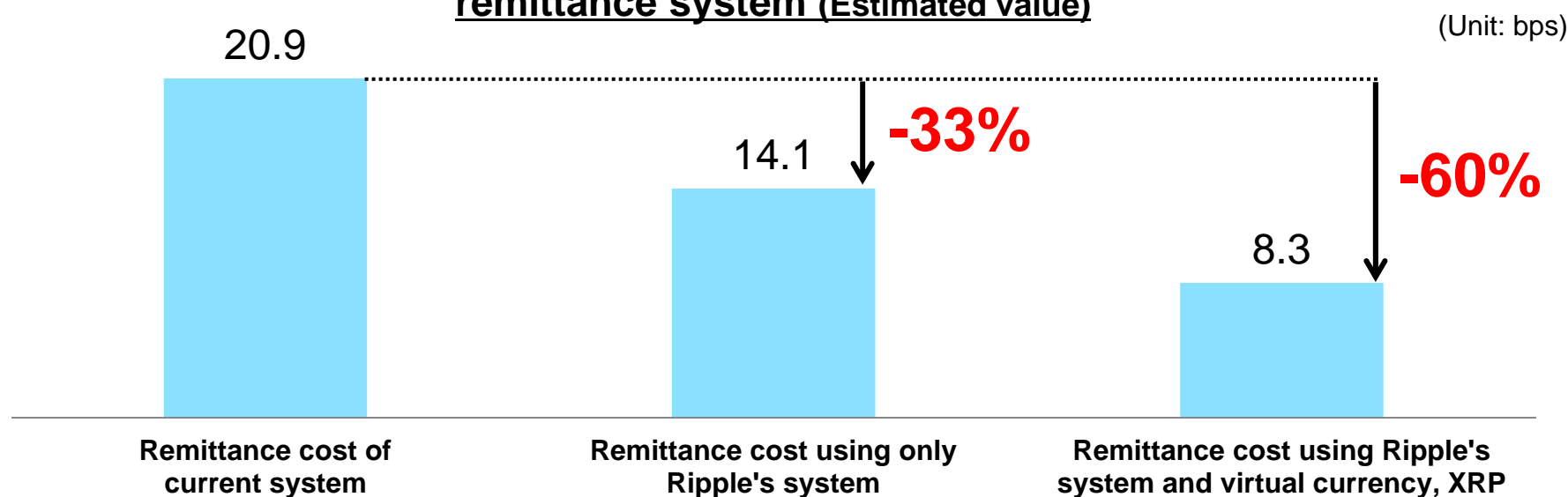
June 2016	Ripple received New York's BitLicense, a license to engage in virtual currency activity
Oct.	R3, international blockchain consortium, trials interbank cross-border payments with Ripple's digital asset XRP with 12 banks
	Through the creation of GPSG(*), a consortium with Bank of America Merrill Lynch, Santander, UniCredit, Standard Chartered, Westpac Banking Corporation, and Royal Bank of Canada, using Ripple, have initiated discussions that include transaction rules using blockchain
Jan. 2017	Bitstamp, one of the world's leading digital asset exchanges in U.K., launched trading of XRP
Feb.	The National Bank of Abu Dhabi (NBAD) launched a cross-border payments system using Ripple within the NBAD network

*GPSG: Abbreviation for Global Payments Steering Group

Drastic Reduction of Remittance Cost in International Remittance System Utilizing Ripple's Settlement Platform

Generally, international remittance is 20.9 bps against the settlement amount, whereas international remittance utilizing XRP through Ripple's system is 8.3 bps, or a 60% cost reduction

Example of cost reduction by Ripple's international remittance system (Estimated value)



* Source: Ripple Insight (Feb. 23, 2016)

* Remittance costs include the spread, currency hedging, operation costs and settlement costs

②-ii. Innovative financial businesses in the FinTech 2.0 era: Establishing a next generation remittance system



“Remittance Revolution” by Establishing a Next Generation Remittance System

- With the new participation of the Fukui Bank in Dec. 2016, participating financial institutions in “The Japan Bank Consortium to Central Provide Domestic and Cross-border Payment” became 43 banks (president bank: Resona Bank, secretariat: SBI Ripple Asia, SBI Holdings) Increased to 47 banks by the end of Feb. In the consortium, discussions on the tasks required for domestic and cross-border payment are underway both in terms of technology and operation, and is proceeding with trials targeting for the completion in Mar. 2017 and various kinds of verification for commercial use that follows.
- The SBI Group started a trial for cross-border payments with Mizuho Financial Group

Participating Financial Institutions (43 banks):

Reginal banks & Second-tier regional banks (31 banks)		Online banks (5 banks)	Others (7 banks)
Regional banks (27 banks)	The second-tier regional banks (4 banks)		
Aomori Bank, Ashikaga Bank, The Awa Bank, The Senshu Ikeda Bank, THE IYO BANK, The Gunma Bank, San-in Godo Bank, The Shikoku Bank, 77bank, The Shimizu Bank, The Juroku Bank, The Daishi Bank, The Chiba Bank, The Chugoku Bank, Tsukuba Bank, THE TOHO BANK, THE NISHI-NIPPON CITY BANK, THE HACHIJUNI BANK, Hiroshima Bank, The Fukui Bank, Hokuriku Bank, The Michinoku Bank, The Musashino Bank, The Yamagata Bank, Bank of Yokohama, Bank of The Ryukyus, Other (1 bank)	The Keiyo Bank, THE TOCHIGI BANK, North Pacific Bank, The Yachiyo Bank	AEON Bank, SBI Sumishin Net Bank, Seven Bank, Sony Bank, Daiwa Next Bank,	ORIX Bank, Shinkin Central Bank, Shinsei Bank, Mizuho Bank, Sumitomo Mitsui Trust Bank, The Nomura Trust and Banking, Resona Bank

Paradigm shift strategy 2

**Synergy-pursuit primarily among
the Group companies**

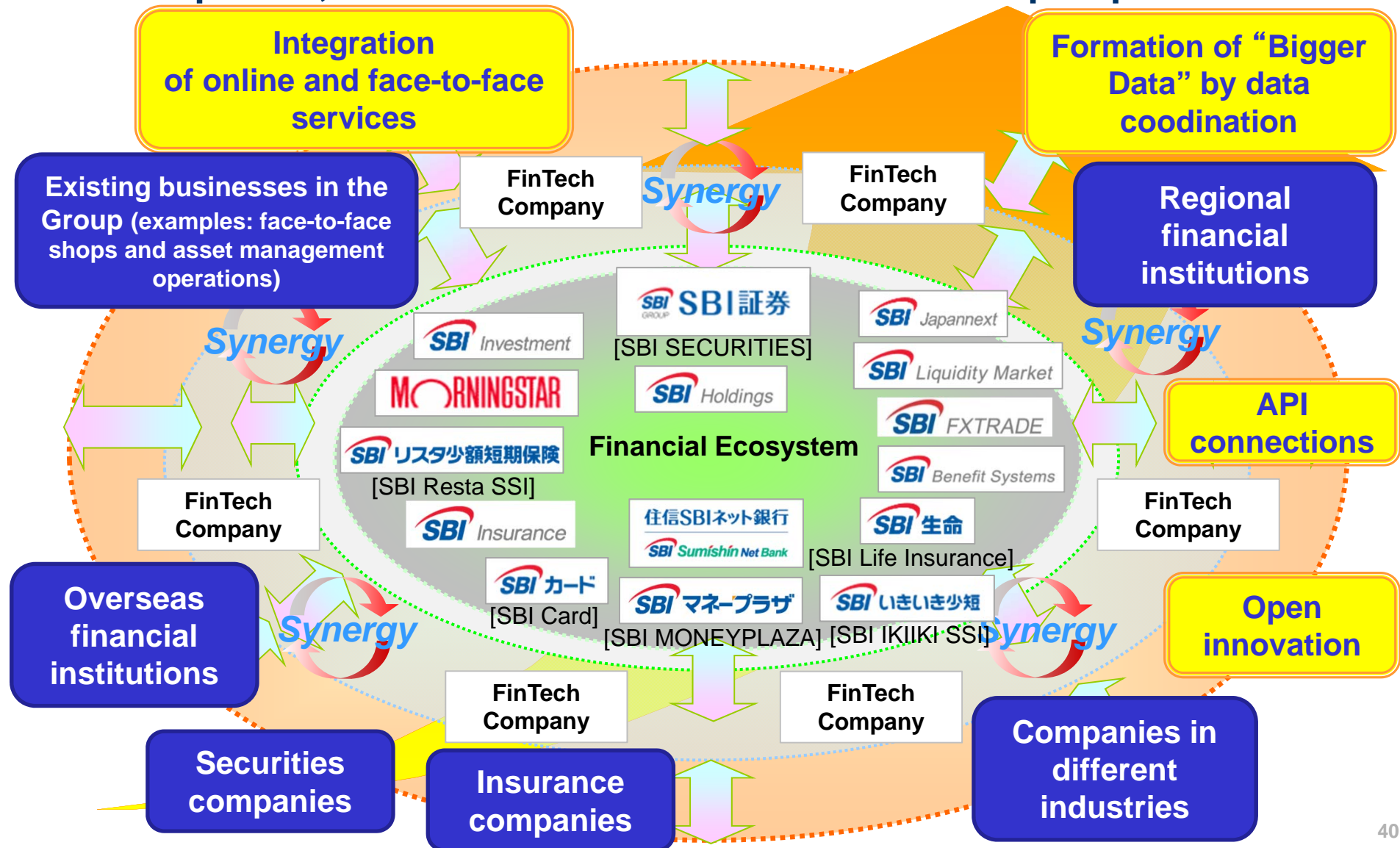


Expanding the business ecosystem by strengthening alliances with companies outside of the Group, both from an online and face-to-face perspective

- (1) Establishing a business ecosystem that encompasses companies outside of the Group, by further promoting the integration of the online and face-to-face business platforms within the Group**
- (2) Further expand the business ecosystem through the strengthening of various alliances with companies outside of the Group, including industry peers, both from an online and face-to-face perspective**

Toward the Further Expansion of the SBI Group's Business Ecosystem

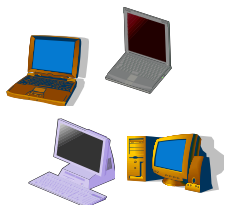
-Strengthening alliances within the Group and with external companies, both from an online and face-to-face perspective-



- (1) Establishing a business ecosystem that encompasses companies outside of the Group, by further promoting the integration of the online and face-to-face business platforms within the Group**
- ① Strengthening the sales power of the Group's products through face-to-face shops (SBI MONEY PLAZA)**
- ② Utilizing both the online and face-to-face channels to sell life insurance products**
- ③ Strengthening the sales of insurance products by utilizing Group synergies**
- ④ Expanding the retail business through IFAs at SBI SECURITIES and SBI MONEY PLAZA**
- ⑤ Expanding SBI SECURITIES' corporate business through the strengthening of the sales force**
- ⑥ Strengthening asset management structure to develop and distribute new products**

Business Structure Utilizing the Strengths of Both Online and Face-to-face Channels

Online

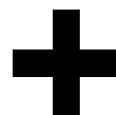


Strength: Ability to attract customers
(Stock trading/Deposit/Mortgage loan/Auto insurance, etc.)

Individual investors



High synergy



High synergy

Face-to-face



Strength: Sales force

Face-to-face counter
Corporate business team

**Strength: Fund-raising capability
Investment acumen**

Investment management unit
such as dealers

① Strengthening the sales power of the Group's products through face-to-face shops

SBI MONEY PLAZA is Expanding Its Handling of Products, in Order to Meet Various Needs



The Group companies



[SBI SECURITIES]

住信SBIネット銀行

SBI Sumishin Net Bank

Synergy



SBI 生命

[SBI Life Insurance]

SBI 少額短期保険

[SBI SSI]

Synergy

SBI いきいき少短

[SBI IKI IKI SSI]

Synergy

SBI Investment

SBI Bond Investment Management

SBI Estate Finance

Synergy

SBI Business Solutions

SBI Wellness Bank



SBI MONEY PLAZA's

examples of their products

Securities

(Financial Instruments
Intermediary Service Provider)
Securities, IPO, PO,
Investment trusts
(about 2,000), (Corporate,
Foreign, Structured) Bond

Insurance

(Insurance Agent)
Life Insurance:
14 companies
Non-life insurance:
14 companies
SSI: 3 companies

Bank deposit

(Bank Agency Service)

Ordinary deposit,
Fixed deposit,
SBI hybrid deposit

Housing loan

(Bank Agency Service)

Floating interest rate
loan, Long-term loan
with a fixed low interest
rate

Testamentary trusts Real estate brokerage

(Concurrent trust business and
customer introductions)
Estate liquidation,
Domestic and
overseas real estate

Real estate collateralized loans

Real estate business
loans
Real estate utilization
loans

Fund investment products

(Type II financial instruments business)
Solar power
generation funds,
Ship leasing

Partners' network
across the country

388 bases
(including 18 directly-
managed shops)



Offering solutions
to various needs
with one-stop
service

② Utilizing both the online and face-to-face channels to sell life insurance products



SBI Life Insurance Fully Utilizes Group Synergies, such as the Face-to-face Channel, to Sell Whole Medical Insurance and Term Insurance

	[Internet channel]	[Face-to-face channel]
Group companies	<p> SBI証券 [SBI SECURITIES] Number of accounts: 3,742 thousand</p> <p> SBI損保 [SBI Insurance] Number of contracts: 905 thousand</p> <p> SBI いきいき少額短期保険 [SBI IKI IKI SSI] Number of contracts: 55 thousand</p> <p> 日本少額短期保険株式会社 Nihon Small amount & Short term Insurance Co., Ltd. [Nihon SSI] Number of contracts: 498 thousand</p> <p> 住信SBIネット銀行 <i>Sumishin Net Bank</i> Number of accounts: 2,746 thousand</p> <p> 保険の窓口 インスウェブ [InsWeb] Number of customers: 8,364 thousand</p> <p> SBI リスタ少額短期保険 [SBI Resta SSI] Earthquake indemnity insurance contracts by Resta: 14 thousand</p>	<p>Face-to-face insurance shop</p> <p> SBI マネープラザ [SBI MONEY PLAZA] Hoken Minaoshi Honpo (Operated by the subsidiary of NEWTON FINANCIAL CONSULTING, Inc.) Mitsubachihoken (SBI's shareholding percentage of its operating company: 25.76%)</p> <p>Call center</p> <p>NEWTON FINANCIAL CONSULTING, Inc. (SBI's shareholding percentage: 20.03%) Financial Agency Inc. (SBI's shareholding percentage: 37.93%)</p>
Specific measures	<ul style="list-style-type: none"> ➤ Utilize their mail magazine ➤ Publish introductory content on their HP ➤ Implement cold call (SBI Insurance, SBI IKI IKI SSI) 	<ul style="list-style-type: none"> ➤ Hold seminars (SBI MONEY PLAZA) ➤ Raise sales agents' product recognition through training, etc.

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

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

③-1 Strengthening the sales of insurance products by utilizing Group synergies



Strengthening the Sales of “SBI Fire Insurance,” by Thoroughly Pursuing Group Synergies with SBI Sumishin Net Bank

住信SBIネット銀行 SBI Sumishin Net Bank

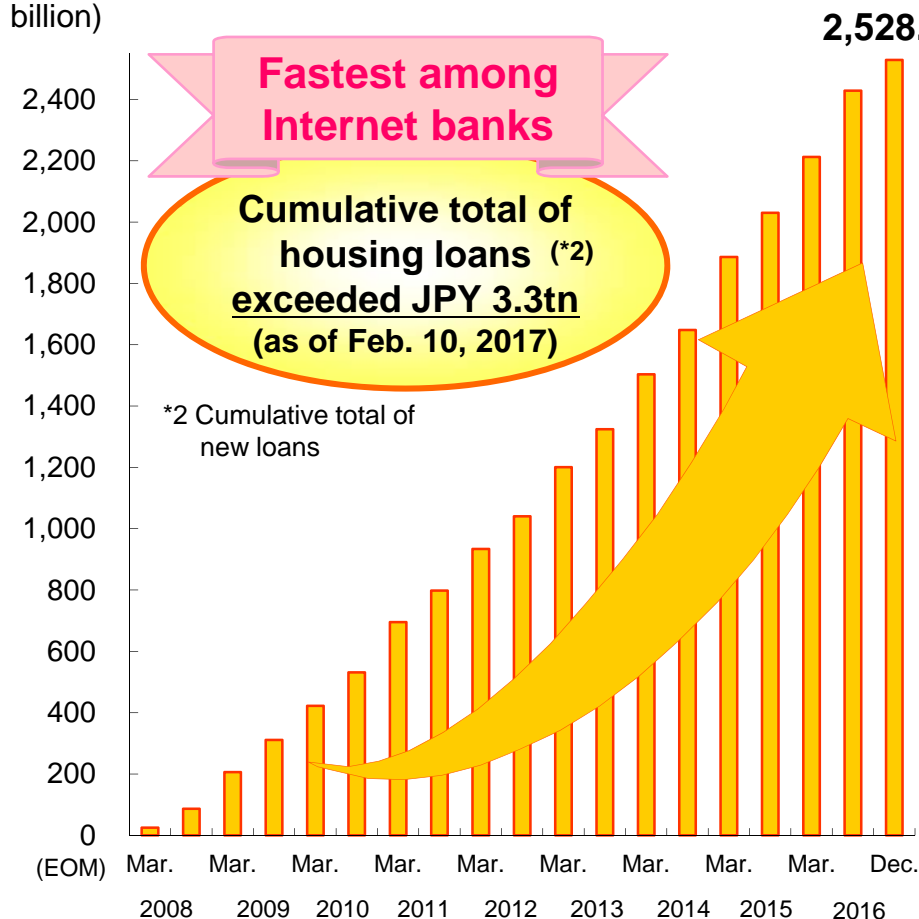
SBI Insurance

Change in Balance of Housing Loans *1

(Mar. 2008 - Dec. 2016)

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

(JPY billion)



- **Planning full-scale sales at SBI Sumishin Net Bank**, which handles a significant amount of housing loans
- **At the same time, thoroughly pursuing synergies with ARUHI (former SBI Mortgage) that handles mortgage loans, along with other Group channels**

[Reference]

ARUHI (SBI Group's shareholding*: 10.32%)

Results of housing loans

(July 2001- Mar. 2016)

Total number : approx. 140,000

Number of newly acquired

(Apr.-Mar. 2016)

approx. 20,000

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

SBI Life Insurance Strengthens Its Collaboration with SBI Sumishin Net Bank, which Handles a Significant Number of Housing Loans, to Utilize the Group Credit Life Insurance as a Pillar of New Revenue Source



- ◆ Preparing a full-fledged sales of group credit life insurance, which was developed as an important product for the future.
- ◆ SBI Life Insurance plans to assume half of the insurance premiums to be underwritten for the residential mortgages of SBI Sumishin Net Bank



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

④ Strengthening the retail business through the IFA



Strengthening the Retail Business through the Utilization of the Face-to-face Channels and the Enhancement of the IFA (Independent Financial Advisor) Business



In Mar. 2016, an “IFA Online” portal site was launched, a site dedicated to the propagation of IFA, in order to increase the awareness, understanding and the diffusion of IFA

As a website dedicated to IFA-related information, reports on IFA are widely disseminated, and with SBI SECURITIES having acquired IFA as an affiliated securities company, the network will be expanded nationwide



In Feb. 2017 an employee IFA system was created, as an endeavor to improve the IFA business environment and to provide satisfactory asset management services

In recognition of the low level of awareness of IFA's activities and the high hurdles to become an independent IFA, by hiring IFAs as employees to support a stable base of activities, leads to an acquisition of excellent financial advisors who provide high quality and satisfying asset management services

Strengthens the face-to-face consulting functions for the asset management of high net worth customers, through the extensive sales network that is acquired through the expansion of the IFA business

⑤ Expansion of SBI SECURITIES' corporate business through the strengthening of the sales force



Advancing Business Expansion with Financial Institutions through the Establishment of the Financial Institutional Sales Dept. and Strengthened Cooperation with SBI Investment



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

Financial Institutions



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

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



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

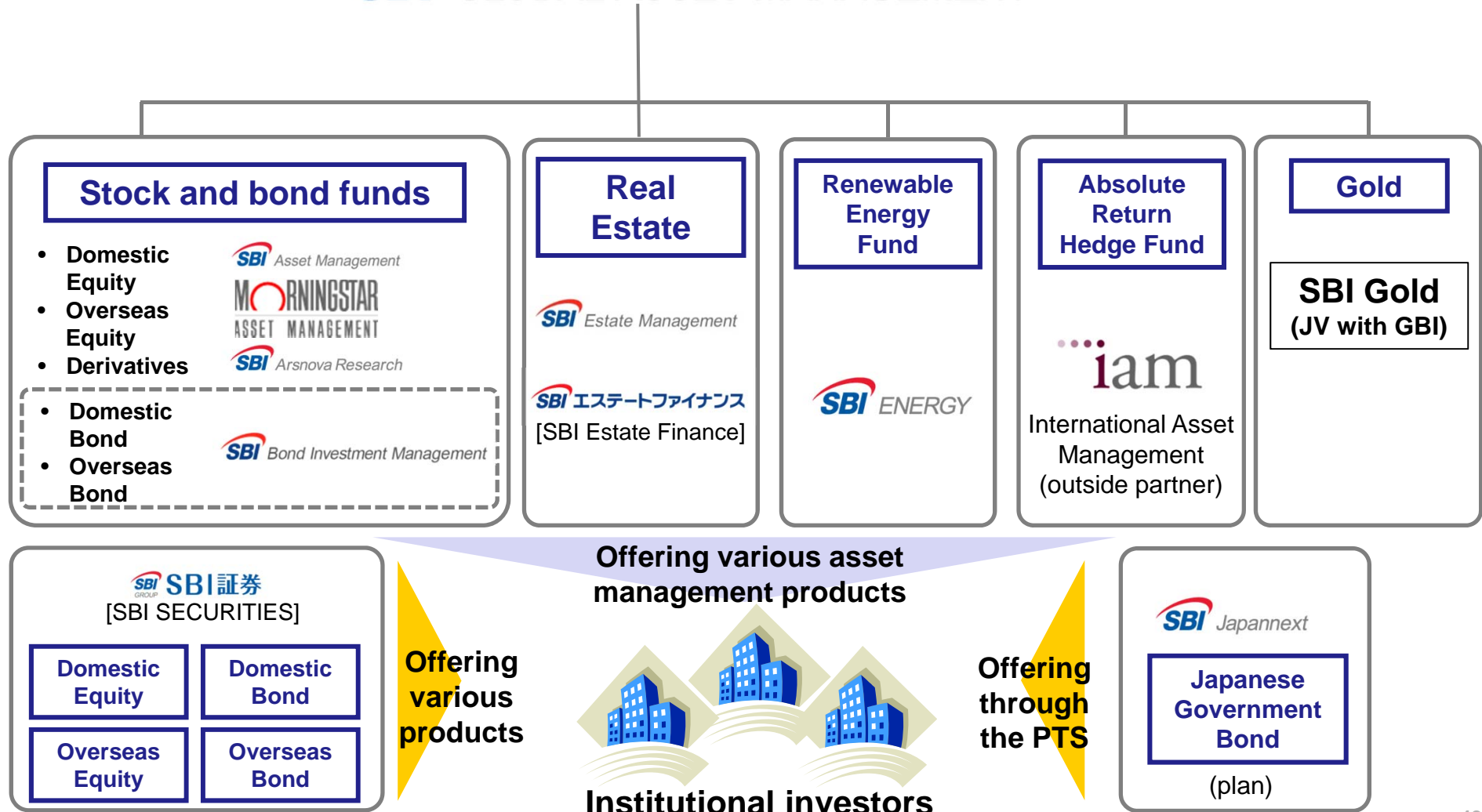
By thoroughly utilizing the Group's network, **strengthening the sales of products toward financial institutions partners, who are FinTech Fund and SBI Regional Bank Value Creation Fund's equity investors, as well as investee regional financial institutions**

⑥-1: Strengthening asset management structure to develop and distribute new products

Asset Management Services Business has Nearly Completed the Construction of its Business Structure, to Further Promote the Diversification of Investment Products

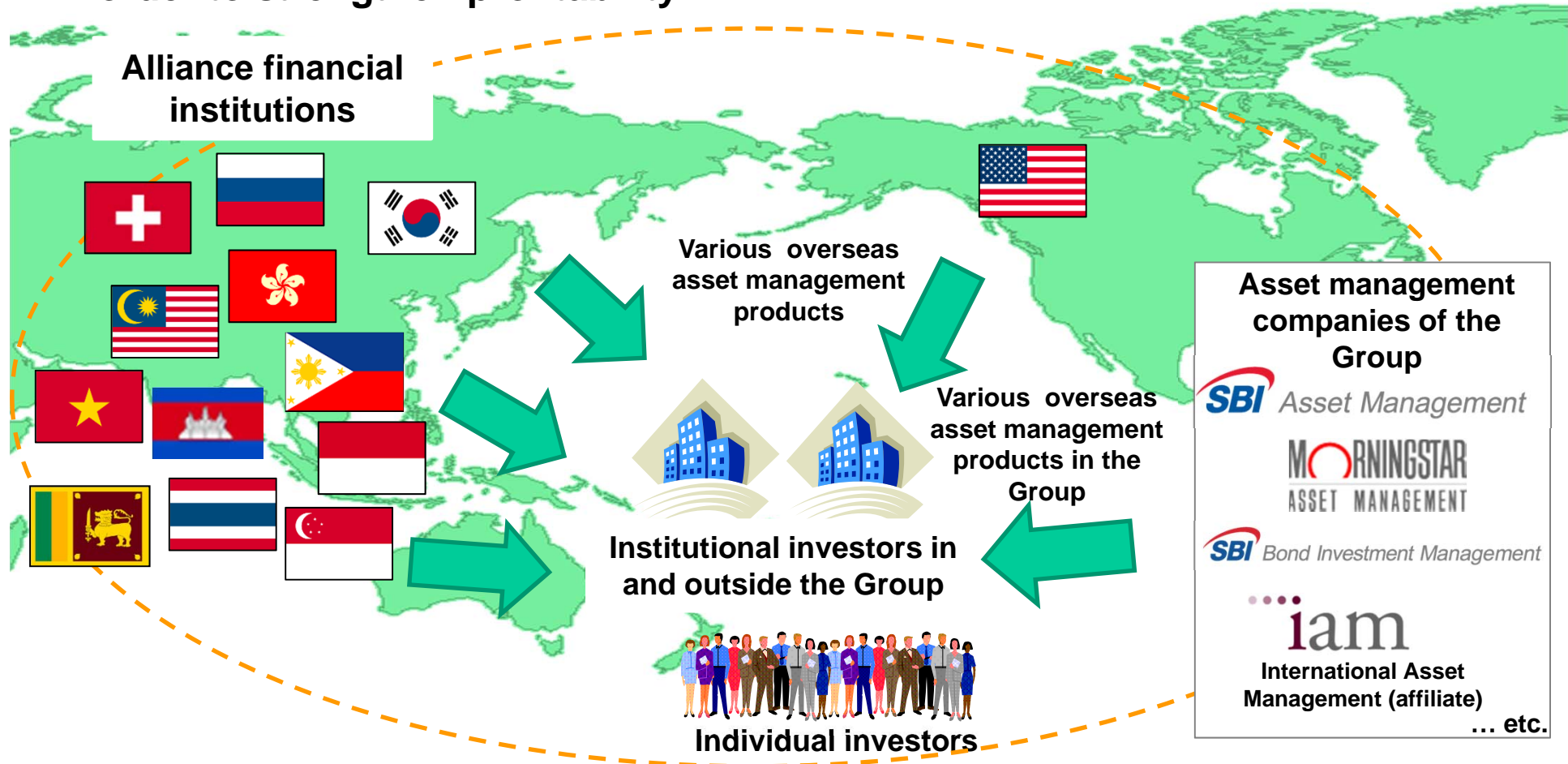


SBI GLOBAL ASSET MANAGEMENT



Promotion of Global Asset Allocation

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



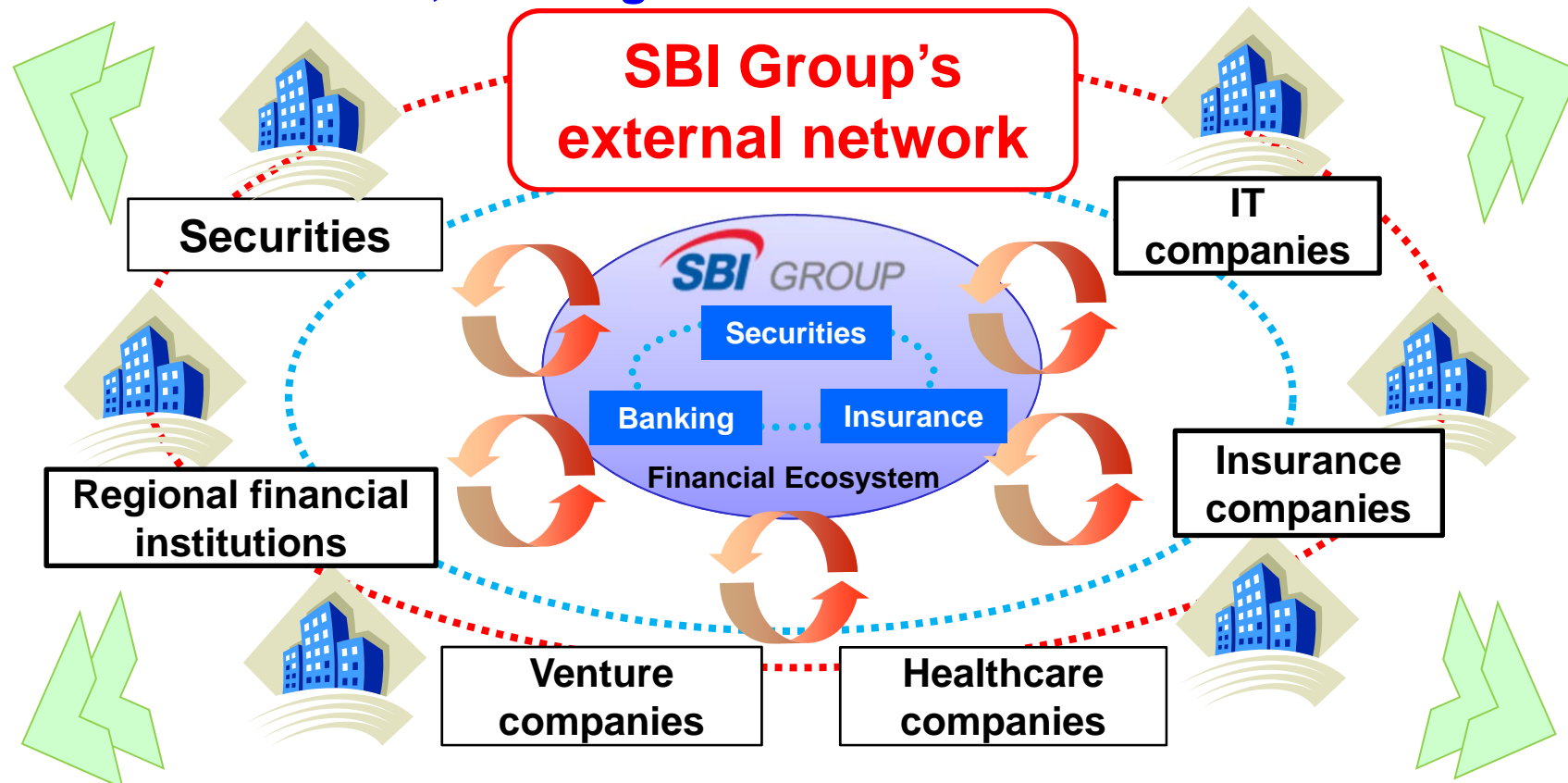
By strengthening the Group's investment acumen, establishes a global asset allocation structure

(2) Further expand the business ecosystem through the strengthening of various alliances with companies outside of the Group, including industry peers, both from an online and face-to-face perspective

- ① Expanding the API Economy in collaboration with external companies**
- ② Developing products and services with high customer benefits by utilizing the resources, such as sales capacity and the customer base, of the companies outside of the Group, including industry peers**
- ③ Strengthening relationships with regional financial institutions through the newly establishing “SBI Regional Bank Value Creation Fund”**
- ④ Structuring a “Bigger Data” through partnerships with companies outside of the Group, including industry peers**

Strengthening Alliances with Companies Outside of the SBI Group, Whether Inside or Outside of the Industry, Both from an Online and Face-to-face Perspective

By comprehensively providing high customer benefits, such as information, goods and services to internal and external customers, creating added value for such customers



Further expanding the "Network Value"

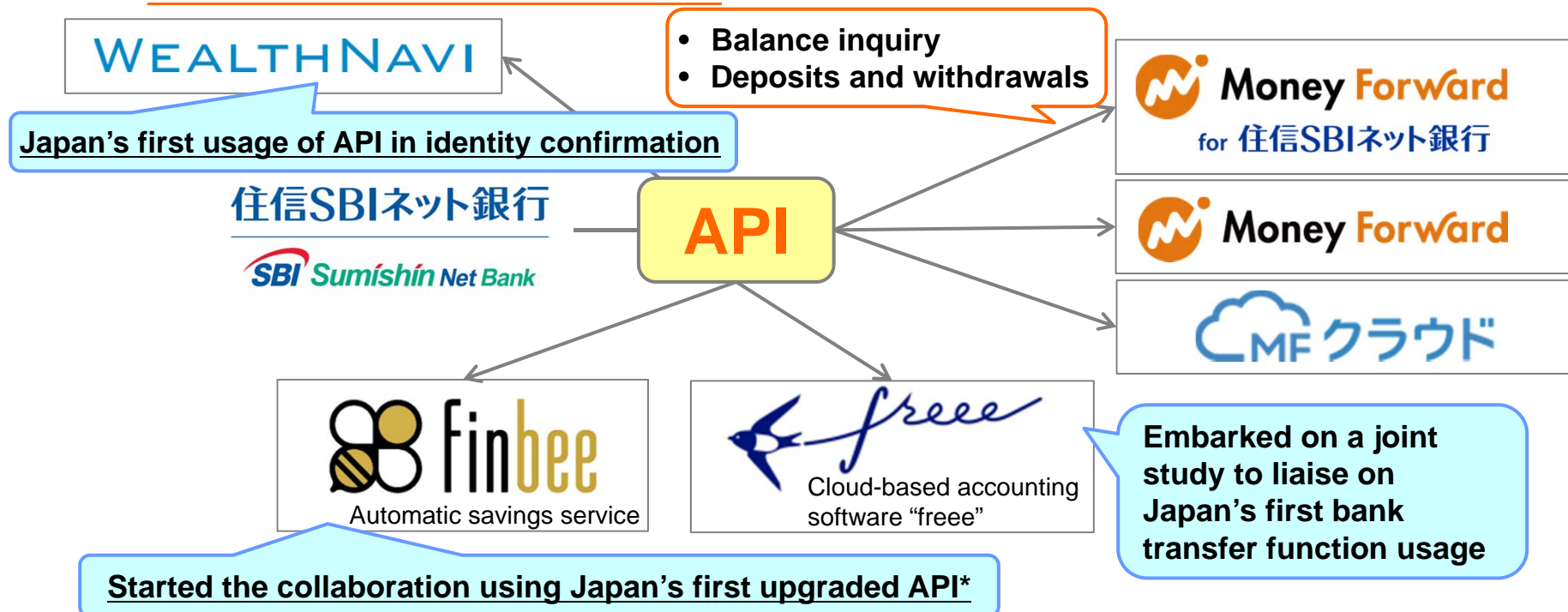
① Expanding the API Economy in Collaboration with External Companies

-Case example of SBI Sumisin Net Bank-

API (Application Programming Interface)

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

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



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

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

- ② **Developing products and services with high customer benefits by utilizing the resources, such as sales capacity and the customer base, of the companies outside of the Group, including industry peers**

In the Securities-related Business, by Partnering with the Daiwa Securities Group, will Further Strengthen the iDeCo Business, which is Expected to Substantively Promote a Flow from Savings to Asset Formation

In the full-fledged flow “from savings to asset formation,” endeavors to further expand the Japanese iDeCo market, whose market size is expected to reach approx. JPY 6tn in the next ten year period from approx. JPY 1.2tn as of the end of Mar. 2016, by offering products with high customer benefits, and through the integration of the management resources of the Daiwa Securities Group and the SBI Group



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



Daiwa Securities Group

- ◆ Know-how as a face-to-face general securities firm
- ◆ Broad sales structure centering on face-to-face shops across the nation

[Content of the alliance]

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

In the Banking-related Business, Further Strengthening Housing Loans Business through the Expansion of the Sales Channel at Good Mortgage's Face-to-face Shops

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

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

住信SBIネット銀行  SBI Sumishin Net Bank



Good Mortgage

MR.住宅ローンREAL [MR. Housing Loan REAL]

Sales



Face-to-face customers

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

Insurance-related business:



In the Life Insurance Business, Contributing to Insurance Policy Holders' Health Promotion, in Cooperation with Healthcare Companies, Including the RIZAP Group

In partnership with the RIZAP Group, considering the development of life insurance services, such as personalized insurance products, where premiums are tailored and varies according to each policy holder's health condition



RIZAP Group

Possesses a development and distribution infrastructure
of life insurance products

Possesses IT technologies and a healthcare big data of
over 70 thousand members

In addition, considering collaborations with multiple healthcare companies that contribute to health promotions



Along with expanding insurance services for members of partner companies, endeavoring to contribute to the health maintenance and improvement for insurance policy holders of the company, for the reduction of insurable risk as a mandate of an insurance company

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



RIZAP GROUP

- Launched a supplement containing 5-ALA, namely “ACTIVE,” jointly developed by RIZAP and SBI ALApromo, for the members of RIZAP from July 2016
- PRISTY (an aging care supplement for women), a supplement containing 5-ALA, was launched in Oct. 2016 as the second jointly developed product
- Continuously conducting promotional activities including TV programs, and in-train advertisements

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

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

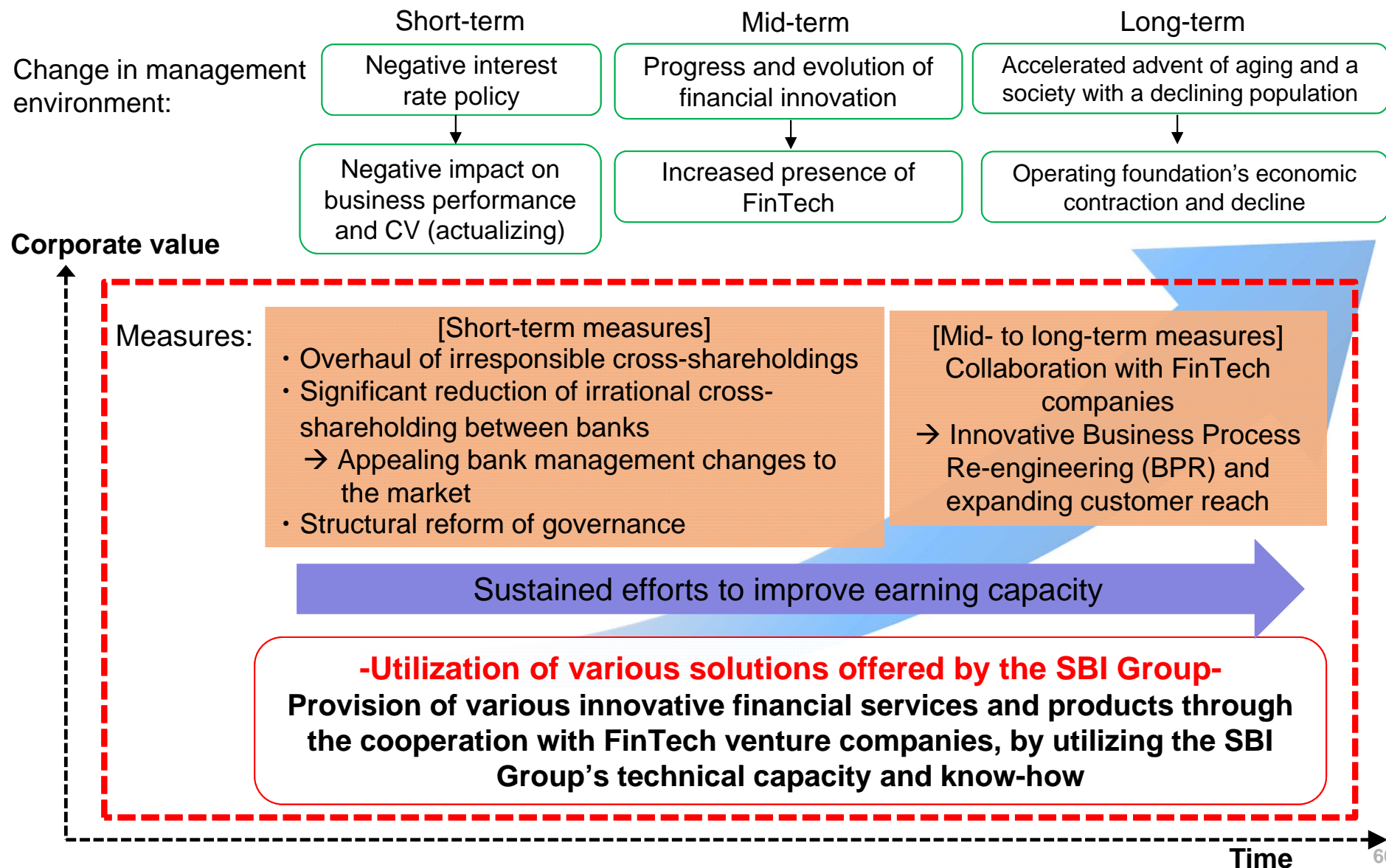
* Survey via the Internet

With the goal of achieving 20% awareness of 5-ALA by Mar. 2017, and achieving a 70% awareness within 3 years

- ③ **Strengthening relationships with regional financial institutions through the newly establishing “SBI Regional Bank Value Creation Fund”**

Purpose of Establishing the SBI Regional Bank Value Creation Fund ①

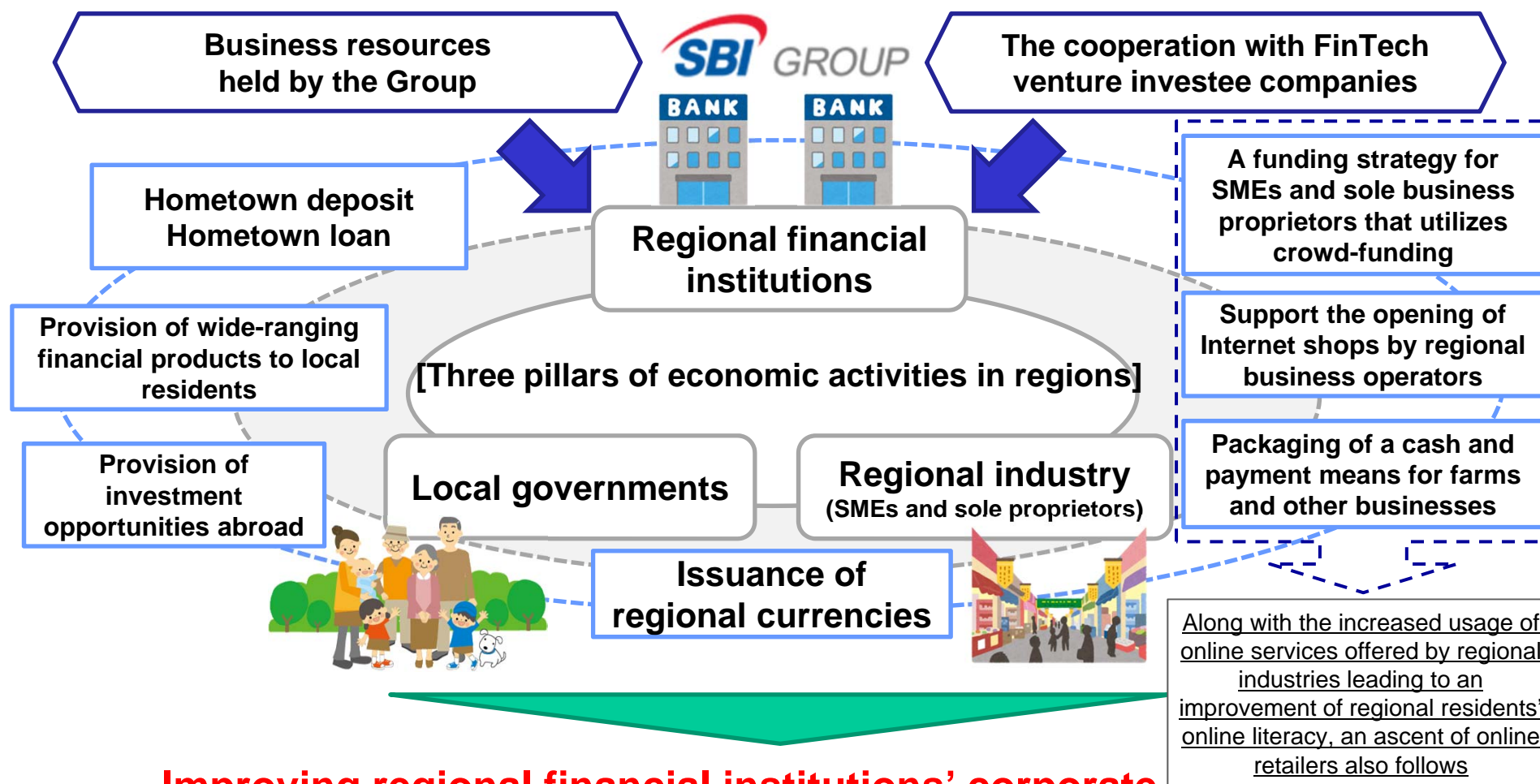
Roadmap for regional financial institutions' corporate value enhancement



Purpose of Establishing the SBI Regional Bank Value Creation Fund ②

-Promoting initiatives to realize regional revitalization, a national strategy-

Regional revitalization utilizing various solutions provided by the SBI Group



Improving regional financial institutions' corporate value, and vitalizing regional economic activities

Toward Further Strengthening the Relationships with Regional Financial Institutions

Planning the establishment of a new fund (target fund size: JPY 100bn)
for regional financial institutions, to increase their corporate value

- ✓ Raising capital from financial institutions for a new fund, in order to invest in promising regional financial institutions that are capable of improving corporate governance and increasing corporate value, through the provision of FinTech support by the SBI Group
- ✓ By utilizing the fund to eliminate interbank cross-shareholdings, an effective utilization of capital becomes possible



(Schedule to be established as a privately placed investment trust on Mar. 2017)

Settlor company: SBI Asset Management
Sales company: SBI SECURITIES

Through the SBI Regional Bank Value Creation Fund, Simultaneously, Solutions for Various Issues that Regional Financial Institutions Confront can be Applied, along with a Strengthening of the SBI Group's Profitability



[Effect of strengthened relationship between the SBI Group and the regional financial institutions]

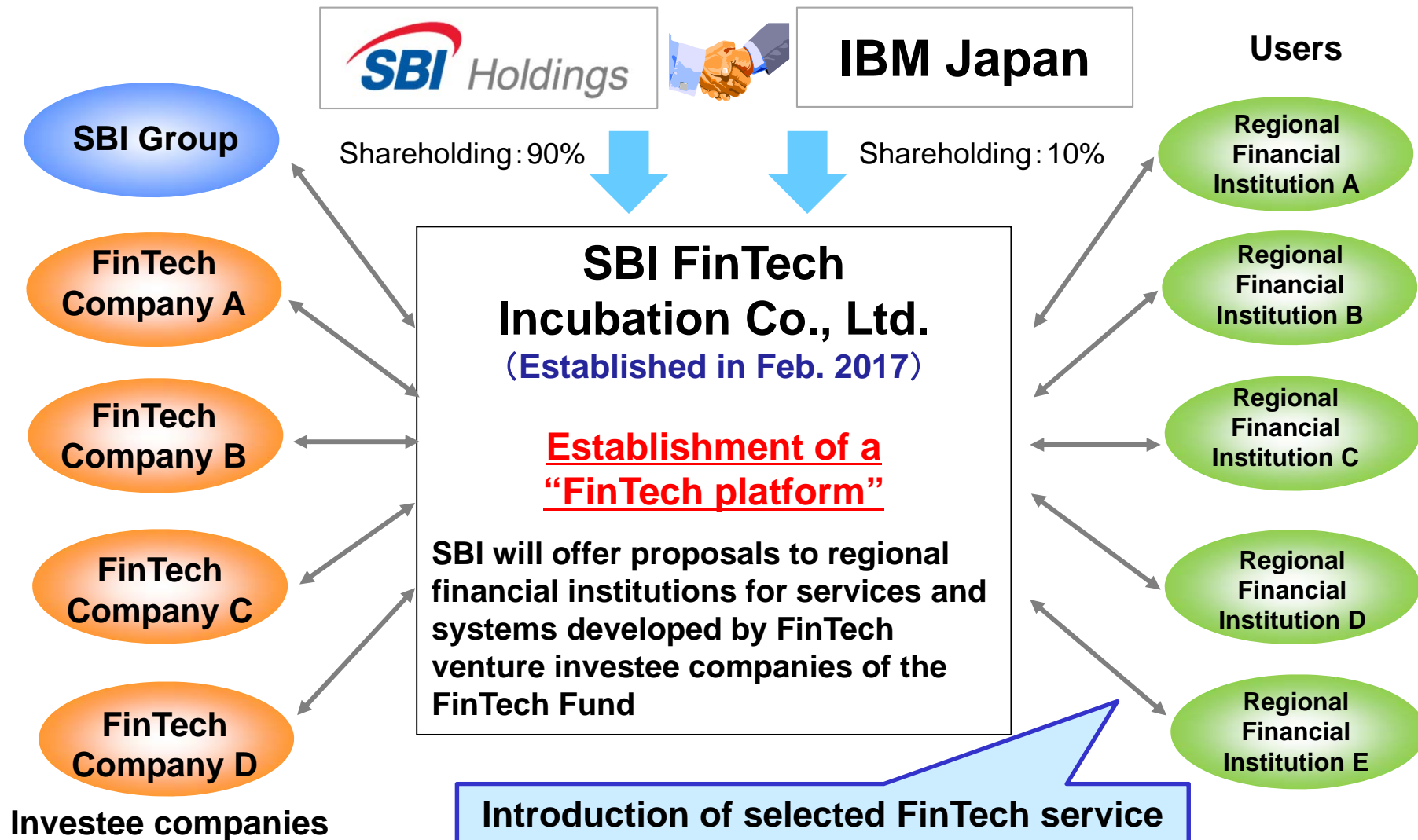
- i. Promote the introduction of new financial businesses utilizing FinTech technologies to the regional financial institutions, including an open innovation collaboration with IBM Japan**
- ii. Through the introduction of FinTech technologies, simultaneously increase the corporate values of both the regional financial institutions and the Group's FinTech venture investee companies**
- iii. Through a collaboration between SBI MONEY PLAZA and the regional financial institutions, the development of a new customer base and the provision of the Group's various financial products on a one-stop basis becomes possible**
- iv. Expanding investment and financing to financial institutions in the Asia region in collaboration with regional financial institutions, to expand the overseas financial ecosystem**

③-i. Promoting open innovation for regional financial institutions:



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

Minimizing introductory costs through joint developments



③-i. Promoting open innovation for regional financial institutions:

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



Examples of the assorted services



Blockchain

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



Payment

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



Crowd-funding

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



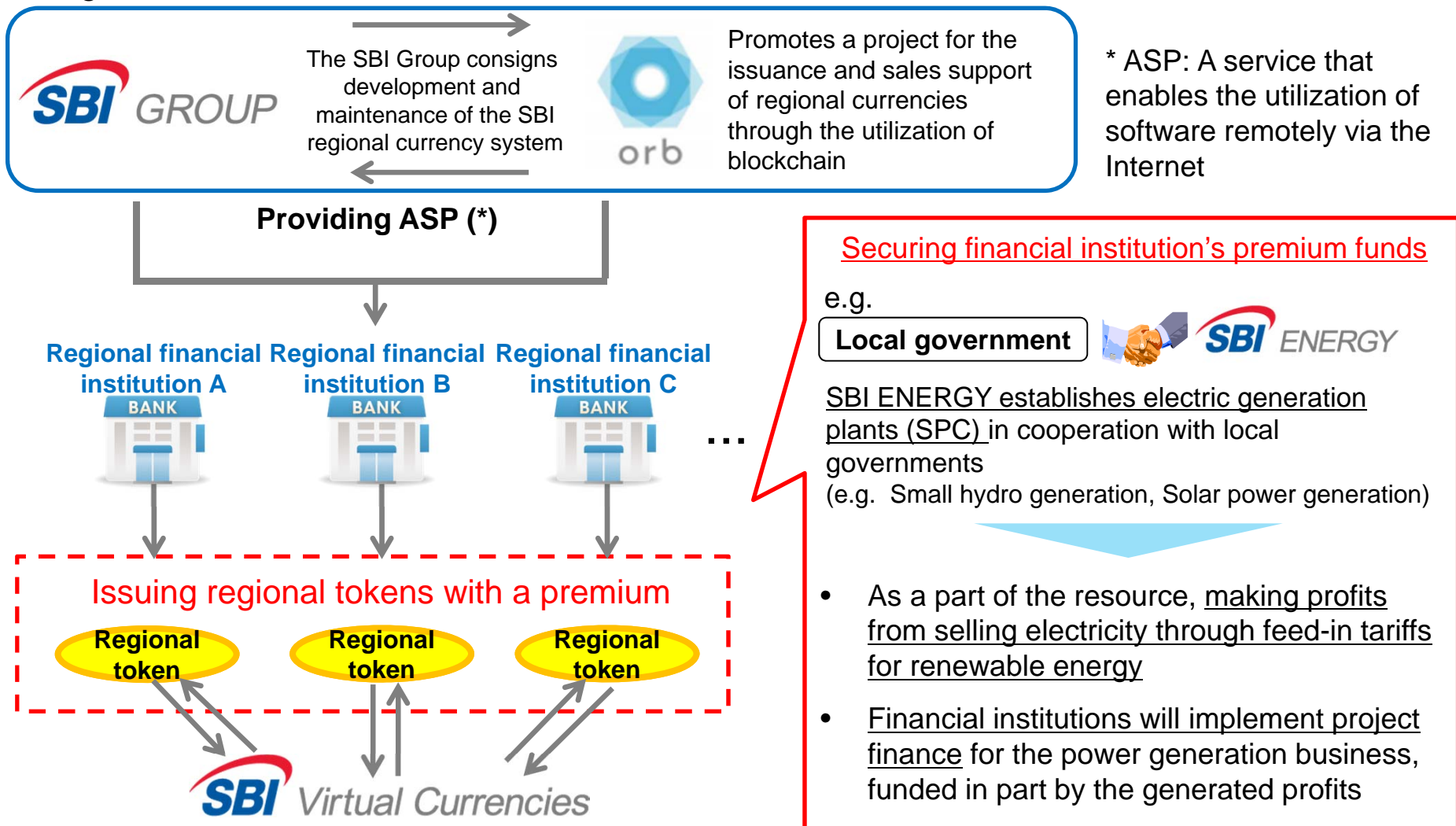
Other FinTech

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

③-i. Promoting open innovation for regional financial institutions:

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

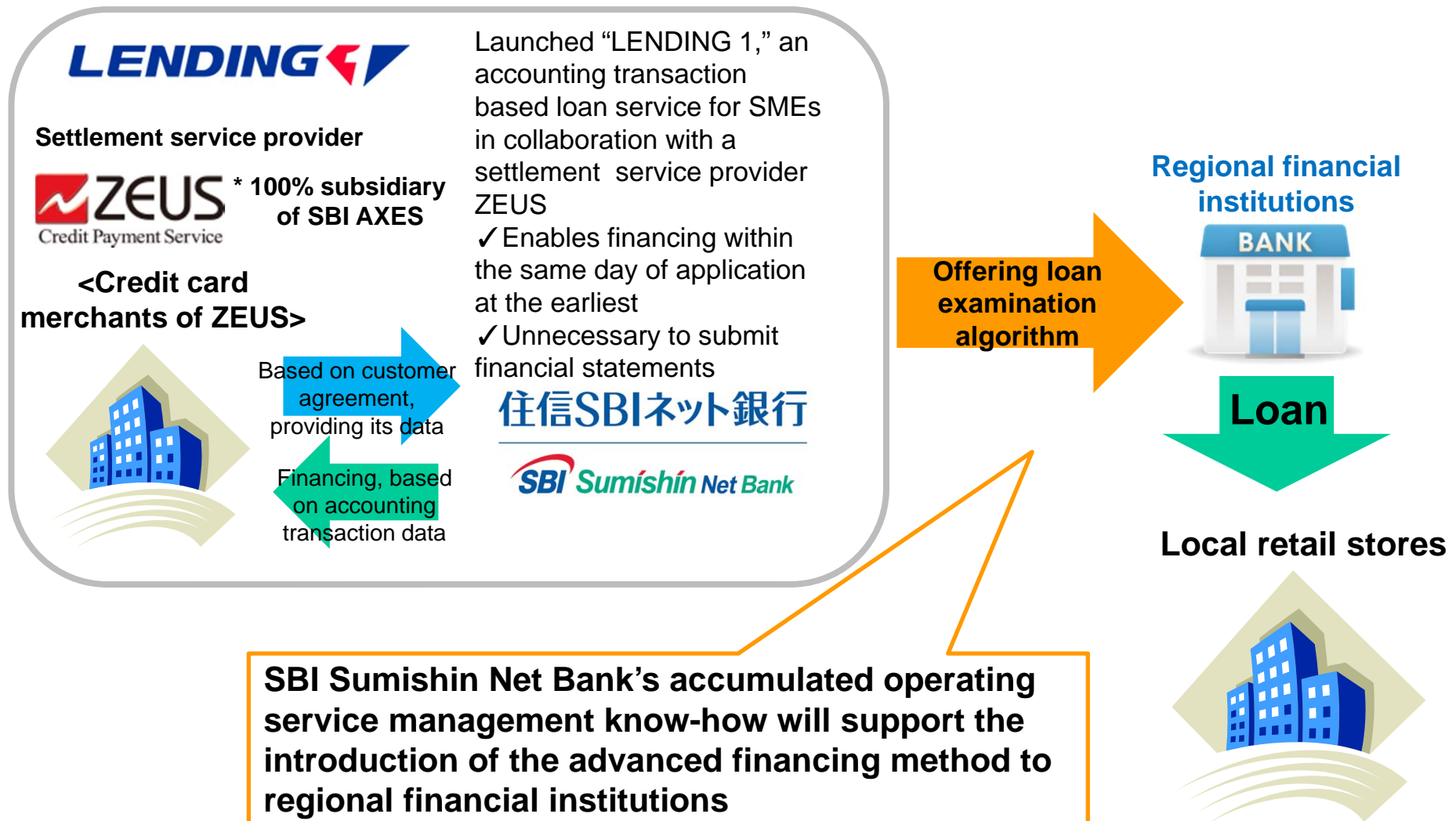
Image:



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

③-i. Promoting open innovation for regional financial institutions:

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

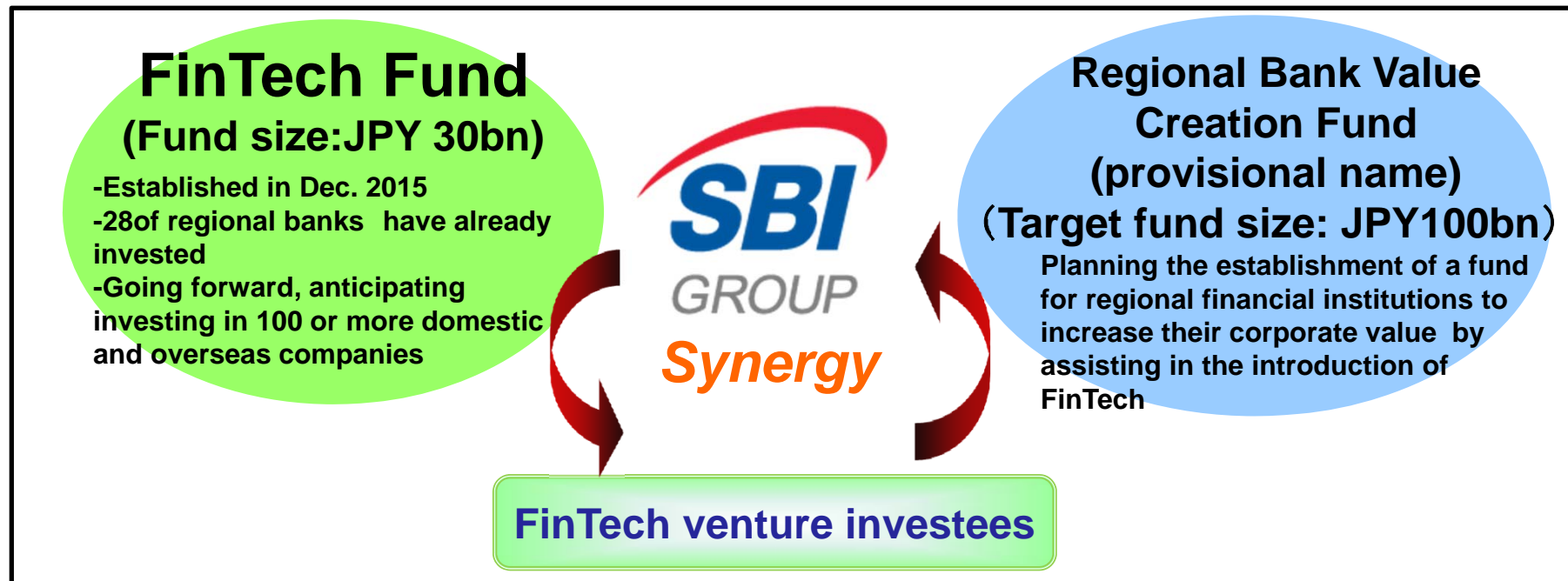


③-ii. Realization of a higher management fund performance:



By Supporting the Introduction of FinTech, Realize an Increase in the Regional Financial Institutions' and the SBI Group's FinTech Investees' Corporate Values

-Will lead to the realization of a higher management fund performance-



Enhance profitability of regional financial institutions by utilizing FinTech

FinTech ventures' revenue will increase as the number of users of their services increase

Through an increase in the corporate value of the investee companies, will realize a higher management fund performance

③-iii. Cooperating with SBI MONEY PLAZA :

SBI MONEY PLAZA will Endeavor to Build a “Win-win” Relationship through the Strengthening of Its Relationships with the Regional Financial Institutions



[Customers in the city center]

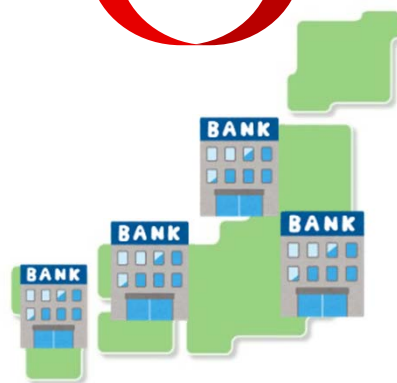


Operates 388 bases nationwide, including 18 directly-managed shops centering on urban areas

By jointly managing the “**Internet-based branches (SBI MONEY PLAZA branch)**” of the regional financial institutions, an effortless approach to customers in the urban areas becomes possible



By jointly running the SBI MONEY PLAZA’s “**Shop in branch,**” it becomes possible to provide customers with a one-stop shop with the availability of various financial products



[Regional financial institutions]



[Customers in the region]

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

Among the 105 total regional banks, currently only 61 pure-play online branches are provided, with limited financial products offered

Examples of financial product offerings:

	Deposit	Investment Trust	Bond	Stock	Life Insurance	Non-life Insurance	Foreign Exchange
Bank A	○ Ordinary, fixed and foreign currency deposits	○ 104 types	×	×	×	×	×
Bank B	○ Ordinary, fixed and foreign currency deposits	×	×	×	×	×	×
Bank C	○ Ordinary, fixed and foreign currency deposits	○ 88 types	×	×	×	×	×
Bank D	○ Ordinary and fixed deposits	×	×	×	×	×	×

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

③-iii. Cooperating with SBI MONEY PLAZA :

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



Of the 105 regional banks, 18 have a securities subsidiary under their aegis, but with limited online capabilities

The number of regional banks with a securities subsidiary:

	The number of regional banks with a securities subsidiary
First-tier regional banks	18 banks of all 64 banks
Second-tier regional banks	0 bank of all 41 banks

The number of SBI SECURITIES' investment trust offerings :
Publicly offered investment trusts number over 2,451, including over 1,110 no-load investment trusts.
Both are the largest in Japan.
(as of Feb. 9, 2017)

Examples of products offered:

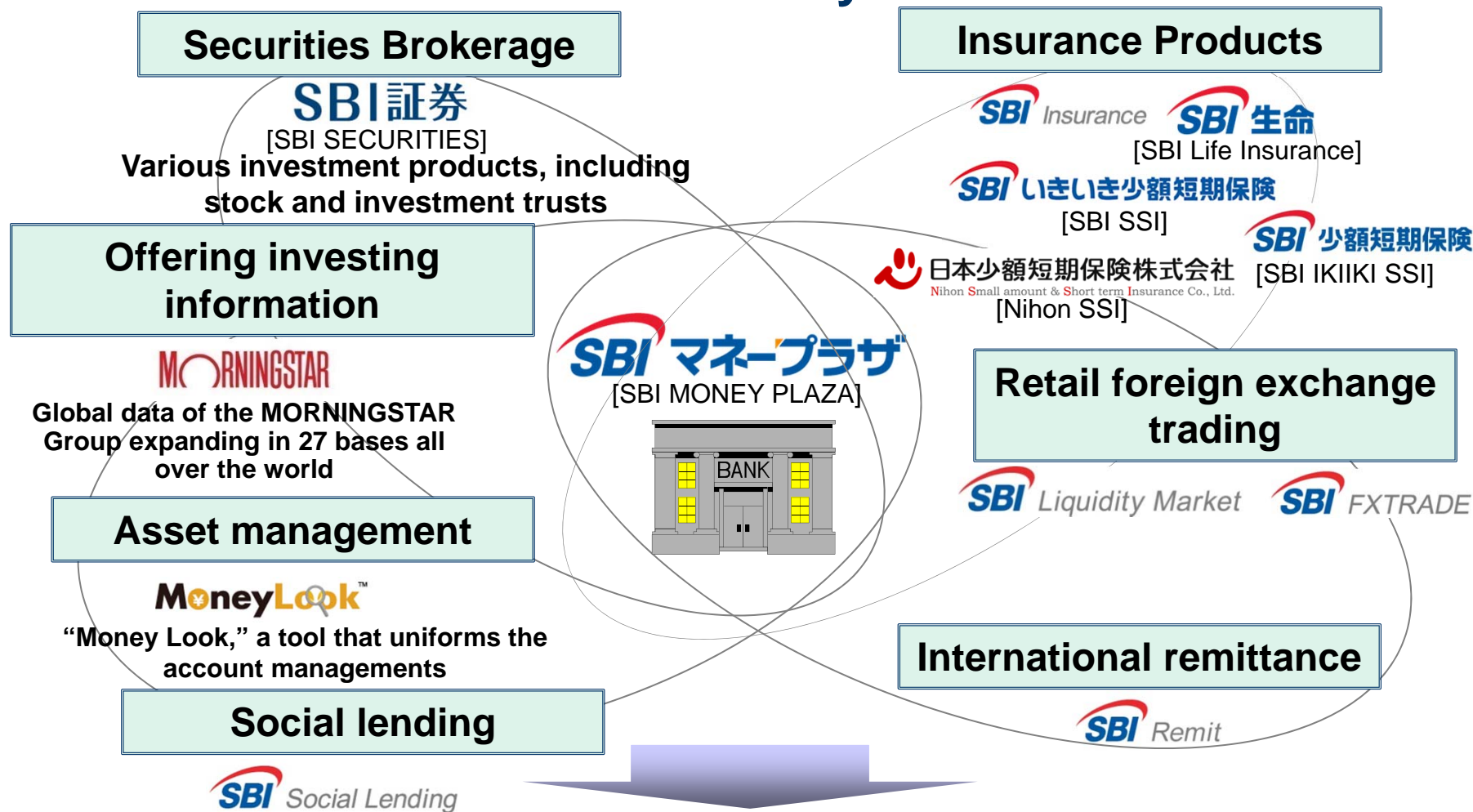
	Able to trade via the Internet	The number of investment trusts	Able to buy IPO stocks
Securities A	○ (necessary to apply at face-to-face shops)	336	○
Securities B	○	107	○
Securities C	○	136	○
Securities D	○ (necessary to apply at face-to-face shops)	184	×

* As of the end of Jan. 2017

③-iii. Cooperating with SBI MONEY PLAZA :



SBI MONEY PLAZA Can Offer Various Lines of Products and Services through the SBI Group's Business Ecosystem

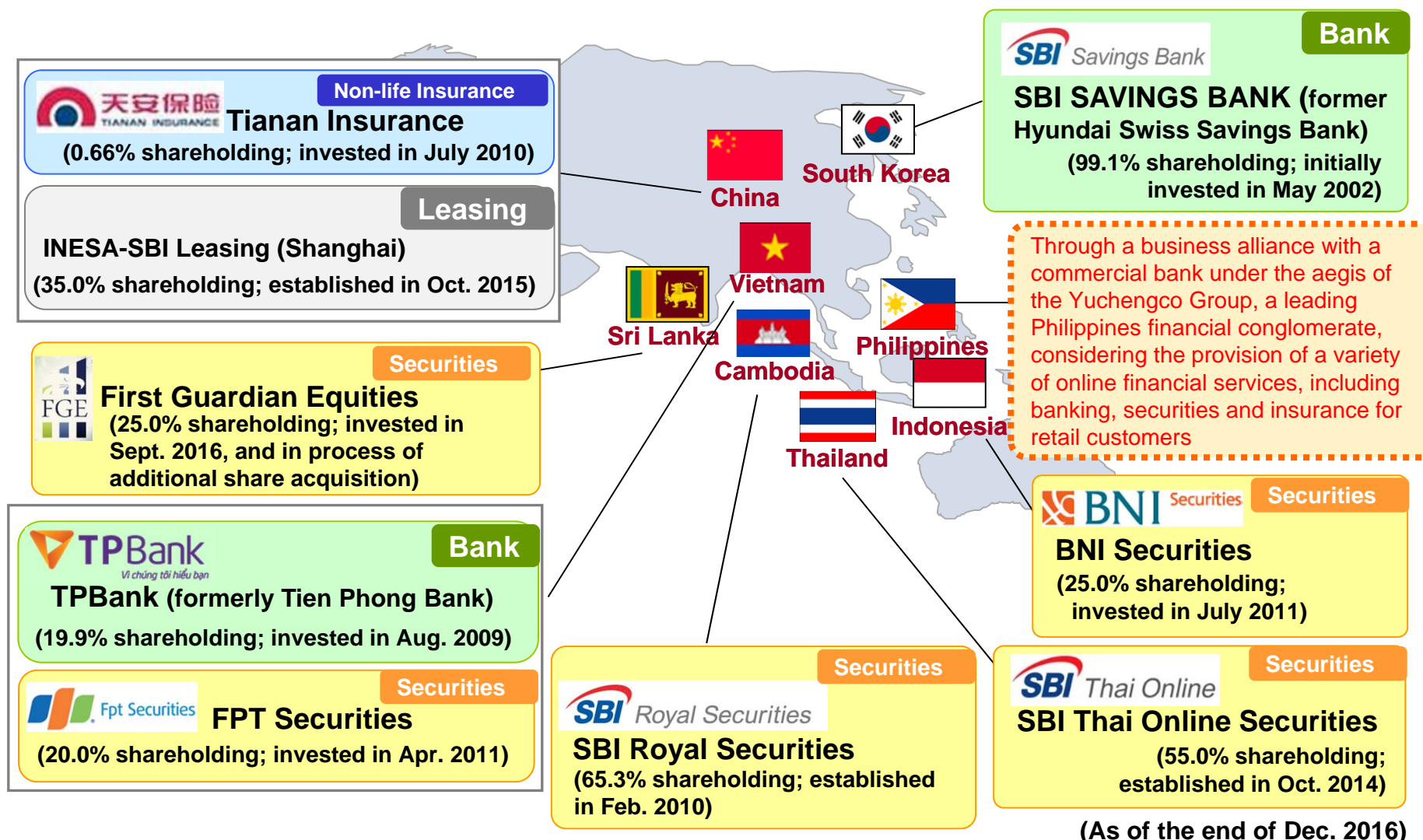


By cooperating with SBI MONEY PLAZA, implementing the expansion of innovative services, and the enhancement of earnings power at regional financial institutions

③-iv. Jointly investing into overseas financial institutions with regional financial institutions:



The SBI Group has an Extensive Investment Track Record in Overseas Financial Institutions

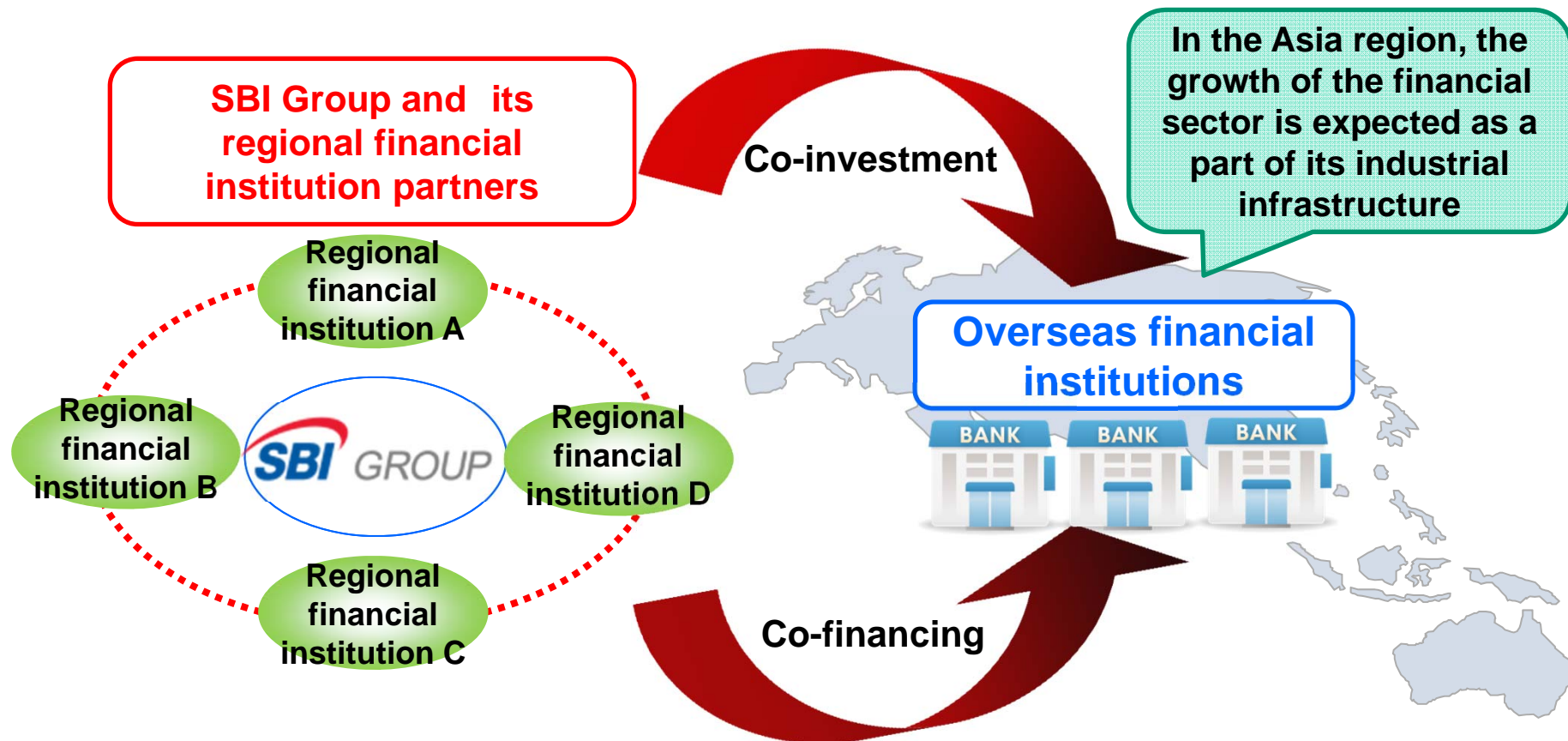


* SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group

③-iv. Jointly investing into overseas financial institutions with regional financial institutions:



By Utilizing the SBI Group's Expertise in Overseas Investment and Financing, in Collaboration with Regional Financial Institutions will Invest or Finance in Overseas Financial Institutions, Primarily in Asia, to Expand the Overseas Financial Ecosystem

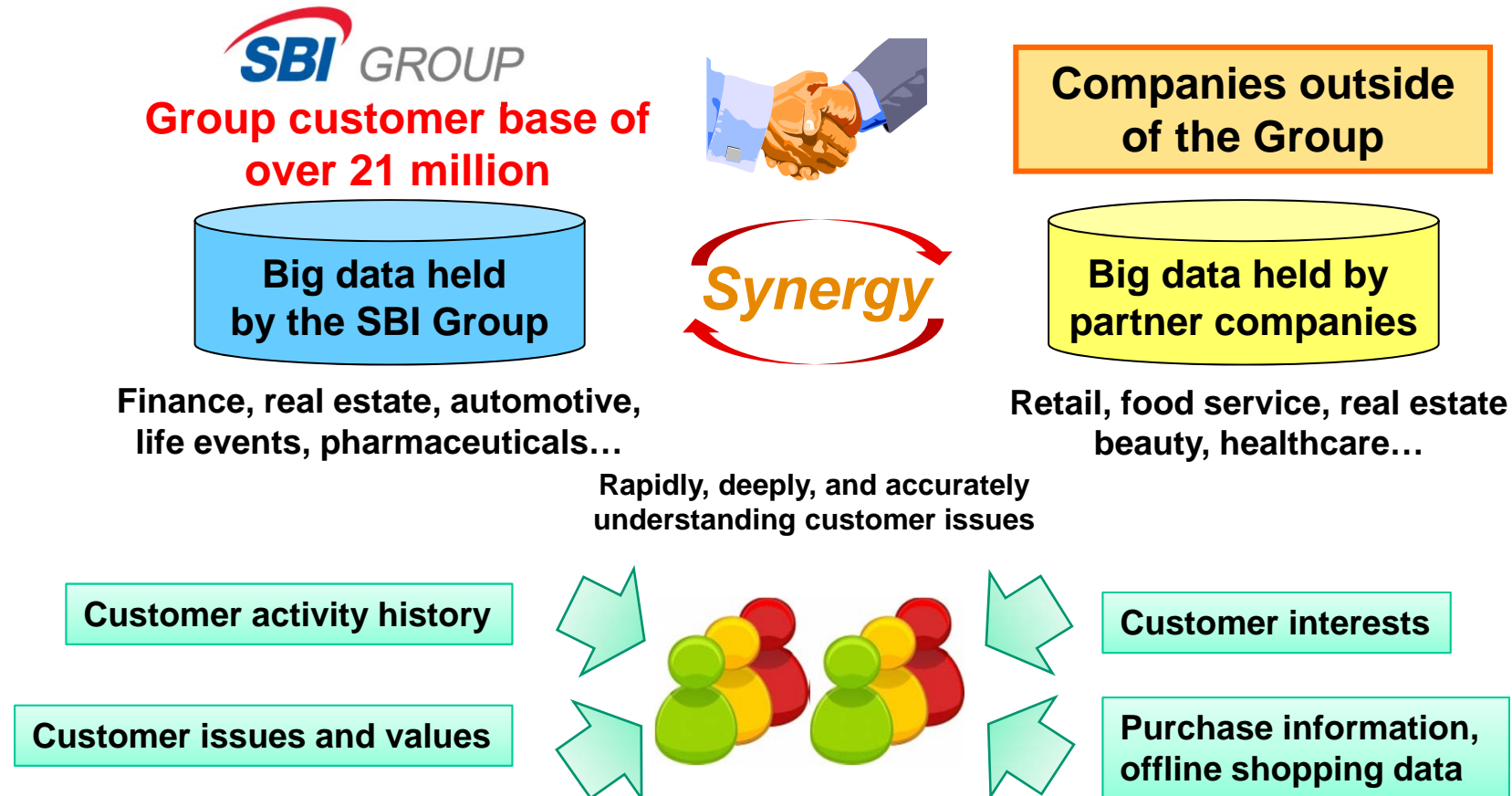


- ✓ By leveraging the SBI Group's overseas network, will provide regional financial institutions with overseas investment and financing opportunities
- ✓ Through the alliance with regional financial institutions, expanding the Group's businesses on a global basis

④ Structuring a “Bigger Data” through Partnerships with Companies Outside of the Group, Including Industry Peers

-Making “Big Data” into “Bigger Data”-

Construct “Bigger Data” through collaboration with data held by companies from different industries and strive for a higher level of database marketing and new business creation



Paradigm shift strategy 3

A phase focusing on an increase in business value toward the completion of the business ecosystem




Along with the completion of the business ecosystem, a phase to actualize intrinsic corporate value


- (1) The phase for large scale investments to increase the business value of the entire Group has been completed**
- (2) The Company's current stock price, and its estimated corporate value**
- (3) Actualizing intrinsic corporate value by promoting IPOs of Group subsidiary companies, and further enhancing shareholder returns to increase shareholder value**


(1) The Phase for Large Scale Investments to Increase the Business Value of the Entire Group has been Completed

Examples of current capital investments for Group companies to expand their business platforms

(e.g. 1) Amount of capital investments within the financial ecosystem (FinTech 1.0)
(Amount of capital based on the SBI Group's shareholding)

 **SBI Sumishin Net Bank** (Started operation in Sept. 2007) ➡ **JPY 23.5bn**

 **SBI Insurance** (Started operation in Jan. 2008) ➡ **JPY 29.1bn**

 **SBI 生命** (Started operation in Feb. 2016) ➡ **JPY 8bn**
[SBI Life Insurance]

(e.g. 2) Amount of capital investments within the Biotechnology-related Business
(Amount of capital based on the SBI Group's shareholding)

 **SBI Pharma** ➡ **JPY 14.9bn**
(Established in Apr. 2008)

 **SBI Biotech** ➡ **JPY 17.1bn**
(Established in Jan. 2007)

 **SBI ALApromo** ➡ **JPY 2.5bn**
(Established in Apr. 2012)

Quark Pharmaceuticals (Wholly owned subsidiary since Dec. 2012)
➡ **JPY 7.2bn**

As the business platform of each Group company has been completed, large scale investments to increase the entire Group's business value has been completed

**(2) The Company's current stock price,
and its estimated corporate value**

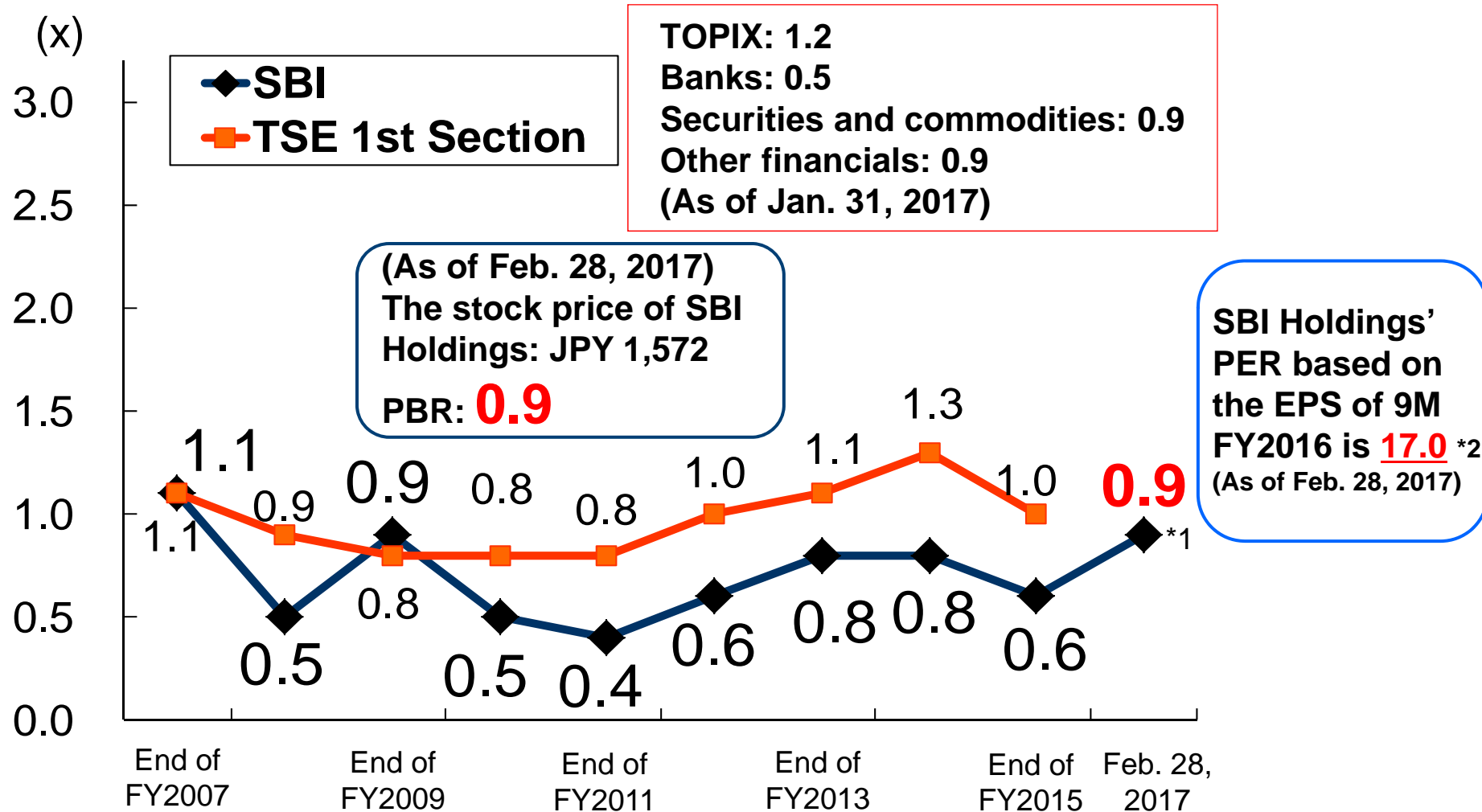
SBI Holding's Recent Stock Price

Market cap (based on the closing price of Feb. 28, 2017): **JPY 353.0bn**



Change in PBR of SBI Holdings

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



*1 PBR of SBI Holdings for Feb. 28, 2017 is calculated based on the BPS of the end of Dec. 2016.

*2 EPS of 9M FY2016 (JPY 123.09) is used to calculate SBI Holdings' PER.

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

Source: TSE website

Corporate Value by Business Segment Valuation

Each Business Segment Valuation is Conservatively Estimated



■ Sum of the values by segment (as of Feb. 28, 2017) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	547.1
Asset Management	204.9
Biotechnology-related	75.6
Subtotal	827.6 (+)
External Debt (SBIH's non-consolidated-base borrowing recorded on the consolidated B/S as of Dec. 2016)	-247.6
Sum Total	580.0 (+)*

- Business valuation per share: **JPY 3,685**

- Business valuation per share after deduction of external debt: **JPY 2,583**

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

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

(3) Actualizing intrinsic corporate value by promoting IPOs of Group subsidiary companies, and further enhancing shareholder returns to increase shareholder value

- ① Promote the IPOs of Group subsidiary companies**
- ② Change of the fundamental policy for shareholder returns to further enhance shareholder returns**

- ① **Promote the IPOs of Group subsidiary companies**
 - i. **SBI Biotech**
 - ii. **Quark Pharmaceuticals (Quark)**
 - iii. **SBI ALA Hong Kong (Intermediate holding company)**
 - iv. **SBI FinTech Solutions (tentative; planned for estb.)**
 - v. **Insurance Holding Company (planned for estb.)**
 - vi. **SBI Capital Management (Intermediate holding company)**

Subsidiary Company Listing Strategy Trend

-12 companies listed since the establishment of the Group-

1999-2007

Policy: Promoting listing of subsidiary companies to ensure growth funds

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

2007-2015

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

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

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

2015-

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

Started to reconsider the IPOs of subsidiary companies

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

[Basic policy on IPO strategies of subsidiary companies]

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

[List of subsidiaries that are considering listing]

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

SBI Biotech's Listing Considerations

-Expects to achieve profitability on a single-year non-consolidated basis in this fiscal year for the first time since its founding-

- SBI Biotech has proprietary platforms concerning plasmacytoid DC (pDC), considered as the “control tower” of the immune system, as its drug discovery target, and through the utilization of these unique technologies the future development of revolutionary cancer and autoimmune disease therapies may be expected
- Already succeeded in out-licensing three pipeline products to pharmaceutical companies at an early stage
 - ① MEDI7734 (Anti-ILT7 antibody) : Out-licensing to MedImmune, LLC., a subsidiary of AstraZeneca
 - ② SBI-9674 : Out-licensing to Kyowa Hakko Kirin Co., Ltd
 - ③ Cdc7 inhibitor : Out-licensing to Carna Biosciences, Inc.
- Out-licensed pipeline assets are expected to sequentially advance to the clinical trial stage, and if drug discovery pipeline monetization steadily progresses, establishment of a value chain will be within range



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

Also Preparing for an IPO of Quark, a Wholly Owned Subsidiary of SBI Biotech Since Dec. 2012

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

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

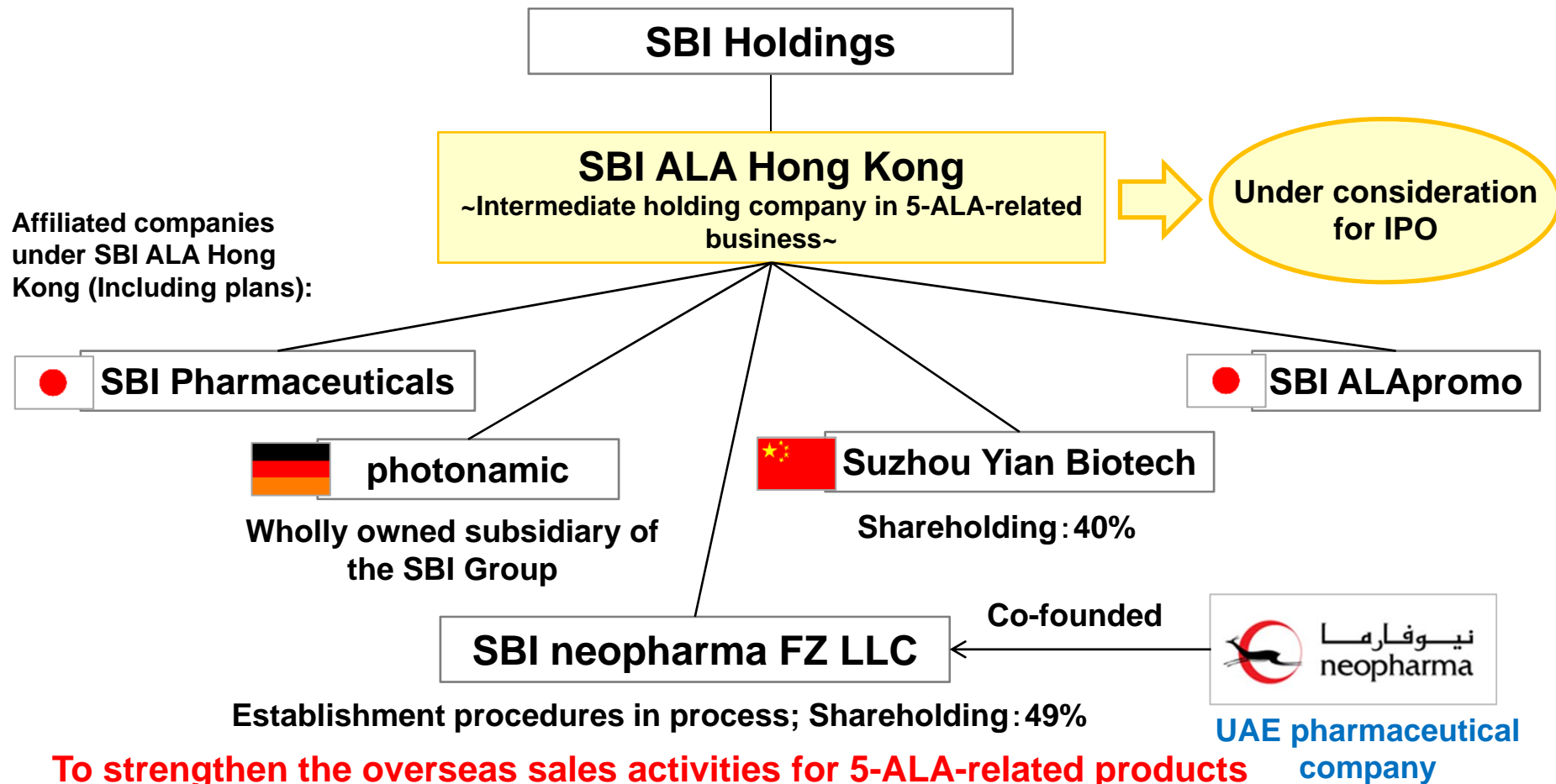


Considering the spin-off of Quark from SBI Biotech for an independent listing

Since Quark has two products at the Phase III stage in its drug discovery pipeline, it has satisfied the conditions for a public offering on the NASDAQ market. Continuing discussions with several securities firms in preparation for an IPO on the U.S. NASDAQ market, including preparations such as IPO application documentation

iii. SBI ALA Hong Kong (Intermediate holding company)

Global Structure of the 5-ALA-related Business



Business Line:

- Overseas sales of the pharmaceuticals using 5-ALA (therapeutic drugs for diabetes, malaria infection and diagnostic agent for cancer treatment (plan)) to be developed by Neopharma
- Overseas sales of all the 5-ALA-related products including the health foods, cosmetics, feeds and fertilizers containing 5-ALA to be developed by SBI Pharmaceuticals and Neopharma

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

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

*Investigator-led trial

Out-licensing:

- ✓ Therapeutic drugs for diabetes and malaria infection (to Neopharma, UAE pharmaceutical company)

Already launched:

- ✓ Diagnostic agent for cancer treatment (Brain tumor) "ALAGLIO" (by SBI Pharmaceuticals)
- ✓ Same as above, "Gliolan" (by photonamic)
- ✓ Drug for treating actinic keratosis "Alacare" (by photonamic)

Under negotiations:

- ✓ Out-licensing of PDD for carcinoma vesicae (final adjustments in progress)

iii. SBI ALA Hong Kong (SBI Pharmaceuticals):



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

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

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

The name of the invention	Registration date	Co-applicants
Treatment for allergic rhinitis	Mar. 20, 2015	National Hospital Organization
Agent for preventing and/or treating veisalgia	Sept. 18, 2015	Single application
Treatment agent and/or prophylactic agent for side effects of cancer drugs	Oct. 9, 2015	Kochi Univ.
Erythropoietin production accelerator	Oct. 9, 2015	Tohoku Univ.
Tumor diagnostic agent	Nov. 13, 2015	Single application
Photodynamic therapy or diagnostic agent, using infrared-spectrum light	Dec. 18, 2015	Tokyo Institute of Technology
An agent for treating and preventing cancer anemia	Feb. 12, 2016	Single application
An agent for the treatment and prevention of chronic kidney disease	Feb. 12, 2016	Single application
Photodynamic diagnosis agent and photobleaching-prevention agent	Feb. 12, 2016	Tokyo Institute of Technology
Photodynamic therapy using a photosensitizer or 5-ALAs	Feb. 19, 2016	Single application
Device to identify cancer metastasis in the sentinel lymph node	Feb. 26, 2016	Single application
Immune tolerance inducer	Mar. 25, 2016	National Center For Child Health And Development
Enhancer of survival of transplanted organ	Apr. 1, 2016	National Center For Child Health And Development
Prophylactic/therapeutic agent for influenza virus infection	Apr. 22, 2016	Tokushima Univ.
Prophylactic and/or therapeutic agent for radiation damage	Apr. 22, 2016	The Univ. of Tokyo
PDT effect enhancing agent	May 20, 2016	Kanazawa Univ. and Tokushima Univ.
Nuclear magnetic resonance diagnostic agent, and method for detecting or diagnosing state of cell, tissue or organ in subject using same	Aug. 5, 2016	Kumamoto Univ. and Univ. of Occupational and Environmental Health
Medicinal composition for promoting synthesis of protoporphyrin ix	Dec. 2, 2016	Osaka City Univ.
Treatment agent and/or prophylactic agent for side effects of cancer drugs	Dec. 2, 2016	Kochi Univ.
Prophylactic agent and/or therapeutic agent for sepsis	Dec. 9, 2016	Nihon Univ.

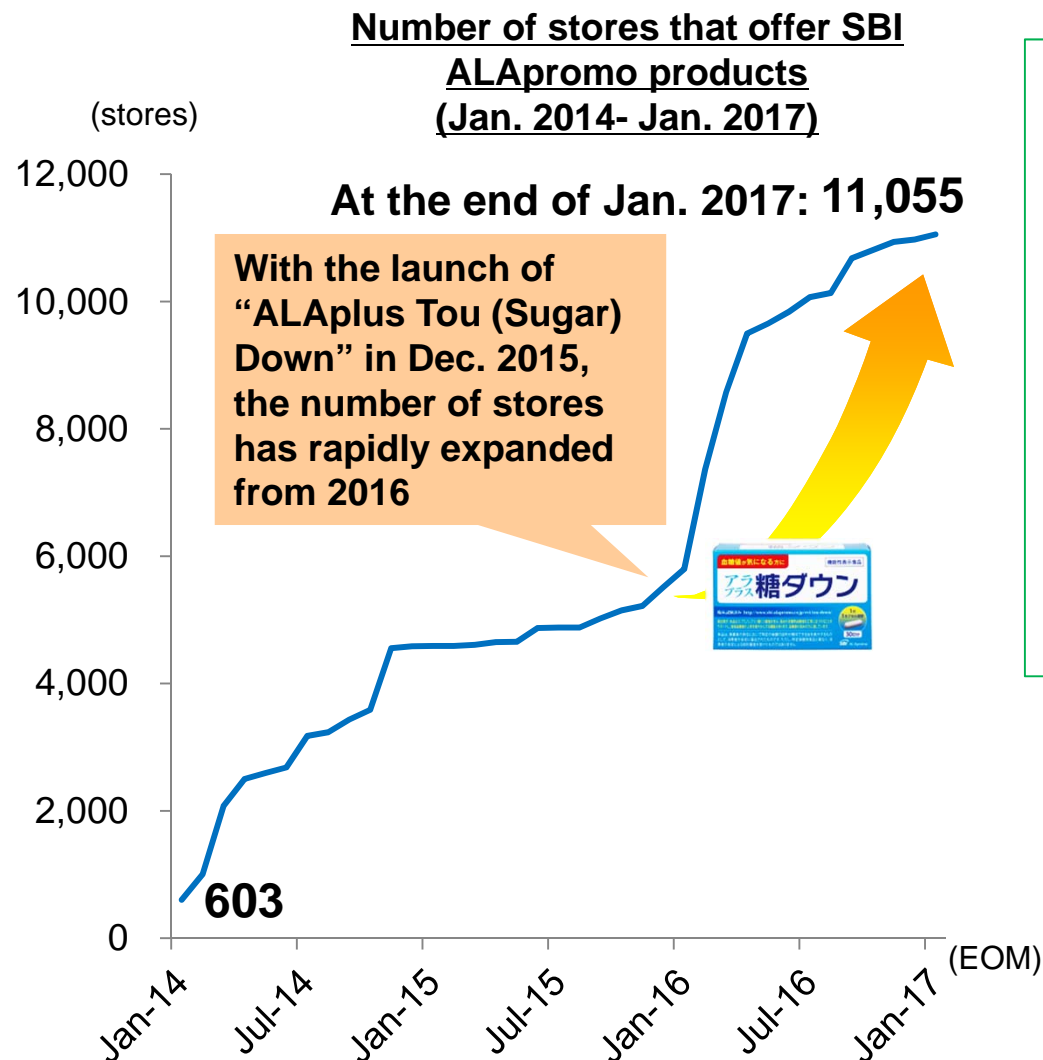
iii. SBI ALA Hong Kong (SBI Pharmaceuticals):

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



	The name of the invention (Co-applicants)	International registration (countries)
1	Composition for peeling (Single application)	German, Canada and other 2 countries
2	External preparation for the skin* (Single application) *including atopic dermatitis	U.S., China and other 12 countries
3	Health function improver (Cosmo Oil)	U.S., China and other 11 countries
4	Tumor diagnostic agent (Single application)	U.S., China and other 7 countries
5	Mitochondrial damage brain disorder treatment and diagnostic agent (Single application)	U.S., China and other 6 countries
6	Bladder cancer detection method (Kochi University)	U.S.
7	Male infertility treatment (Single application)	U.S., China and other 8 countries
8	Cancer thermotherapy action enhancer (Tokyo University of Agriculture)	U.S., German and other 4 countries
9	Antimalarial drug whose active ingredient is 5-aminolevulinic acid or a derivative thereof (The University of Tokyo)	U.S., Canada and other 2 countries
10	Adult disease prophylactic and/or improving agent whose active ingredient is 5-aminolevulinic acid or a derivative thereof or a salt thereof (Single application)	U.S., Korea and other 1 country
11	Urothelial cancer detection method (Kochi University)	German, U.K. and other 2 countries
12	Antimalarial drug whose active ingredient is alaremycin or a derivative thereof	U.S., German and other 4 countries
13	Photodynamic therapy or diagnostic agent, using infrared-spectrum light (Tokyo Institute of Technology)	China
14	Photodynamic therapy using a photosensitizer or 5-ALAs (Single application)	U.S.
15	Enhancer of survival of transplanted organ (National Center For Child Health And Development)	U.S., China and other 1 country
16	Prophylactic/therapeutic agent for influenza virus infection (Tokushima University)	U.S., Australia
17	Treatment for allergic rhinitis (National Hospital Organization)	China
18	Agent for preventing and/or treating veisalgia (Single application)	German, U.K. and other 3 countries
19	An agent for the treatment and prevention of chronic kidney disease (Single application)	U.S.
20	Erythropoietin production accelerator (Tohoku Univ.)	U.S. Taiwan
21	Tumor diagnostic agent (Single application)	U.S.
22	Immune tolerance inducer (National Center For Child Health And Development)	U.S.
23	Prophylactic agent and/or therapeutic agent for sepsis (Nihon Univ.)	U.S.
24	Photodynamic diagnosis agent and photobleaching-prevention agent (Tokyo Institute of Technology)	U.S.
25	An agent for treating and preventing cancer anemia (Single application)	U.S.

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



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

e.g.

- Tsuruha Holdings approx. 1,310 stores
- Welcia approx. 1,100 stores
- cocokara fine approx. 970 stores
- FUJIYAKUHHIN approx. 890 stores

In addition, Matsumoto Kiyoshi will start to sell 5-ALA products at 50 stores, with sequential expansion expectations

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

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

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

Candidates for development:

**Helping relieve
hangovers and fatigue
(Hiroshima Univ.)**

**Male menopause
and fertility
improvement
(Juntendo Univ.)**

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

Scheduled for
application as foods
with function claims



Around Oct. 2017



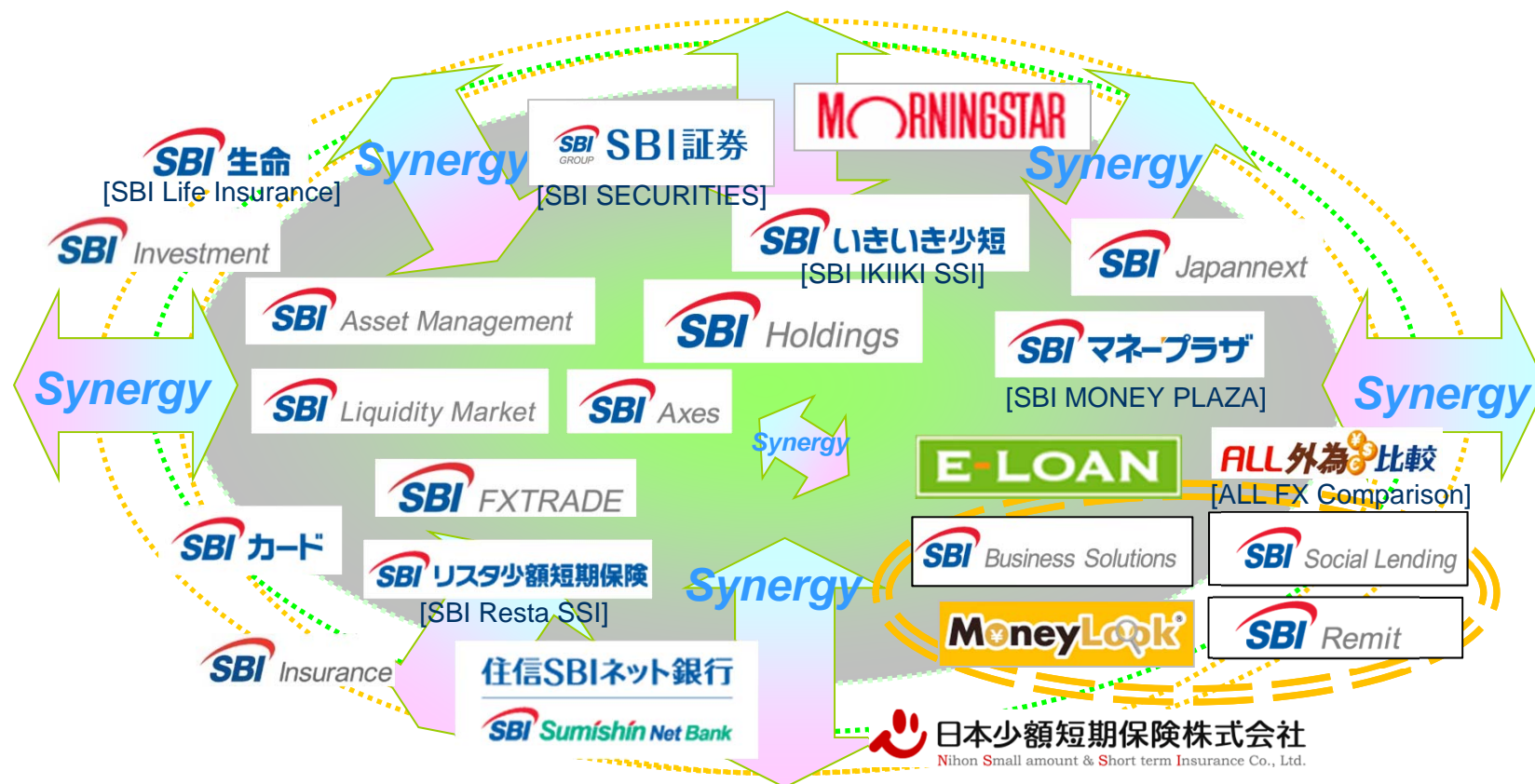
FY2017



FY2018

SBI FinTech Solutions (tentative name) that Integrates FinTech-related Companies within the SBI Group

Synergies will be pursued between Group companies having high affinity in areas such as “Client attributes,” “Product offerings” and “Providing means,” leading to the creation of a company that will become exchange listed, but may also consider alliances and/or M&A with external companies



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

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



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

As Soon as Preparations are Completed, SBI Capital Management's IPO will be Considered, an Intermediate Holding Company of the Asset Management Business



Representative Director and President: Katsuya Kawashima

(Representative Director, Senior Executive Vice President & Co-COO of SBI Holdings)

Business overview: Specializing in the Group's asset management business, with an efficient and central management of funds and foreign exchange for the said business

Primary subsidiary companies (plan):



Operate and manage venture capital funds

GP of overseas funds

Operate and manage overseas venture capital funds

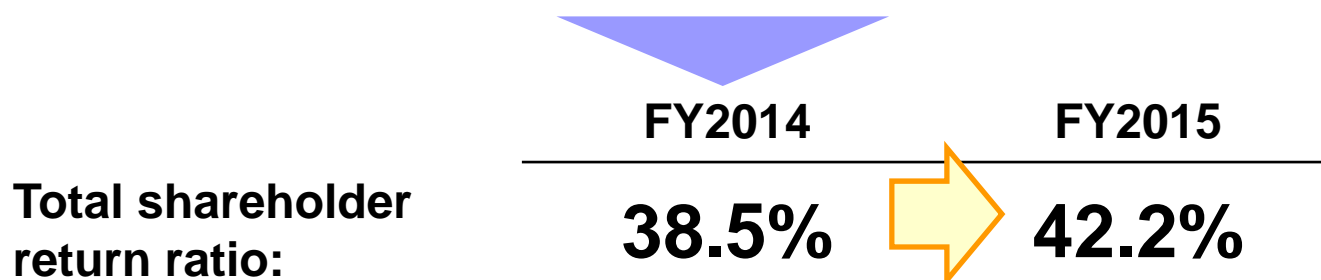
Overseas financial institutions

SBI Savings Bank etc

② Change of the Fundamental Policy for Shareholder Returns to Further Enhance Shareholder Returns

[Current basic policy for shareholder return]

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



[Revised basic policy for shareholder return]

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

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

[Appendix]
**The method in calculating the Company's estimated
corporate value**

Valuation by Segment Estimated by SBI

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

① SBI SECURITIES

Valuation is conservatively estimated at JPY 415.6bn

(based on the closing prices of Feb. 28, 2017)

Estimation of the valuation is as follows:

Calculated according to the Comparable Public Company Analysis

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

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

Matsui's PER (*1) × SBI SECURITIES's Net Income (FY2015) ... (A)

Matsui's PBR (*2) × SBI SECURITIES's Net Asset (*3) (as of Dec. 31, 2016) ... (B)

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

*2 PBR of Matsui is calculated by its BPS as of Dec. 31, 2016.

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

Valuation by Segment Estimated by SBI

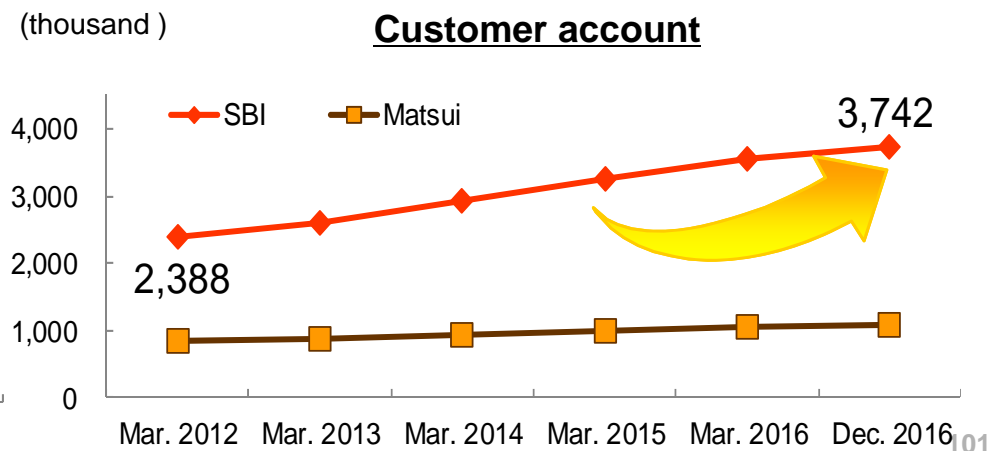
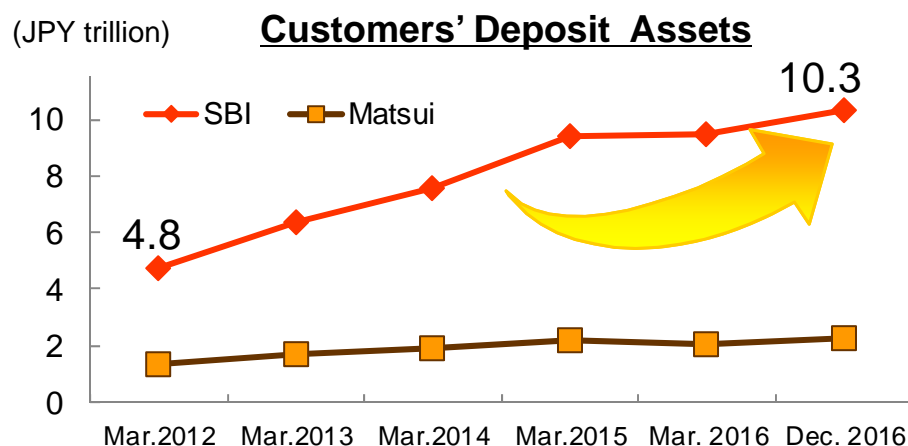
(1) Financial Services Business ① SBI SECURITIES -(ii)

Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES Matsui Securities

*Calculated by the closing prices of Feb. 28, 2017

(9M FY2016)	SBI SECURITIES	Matsui Securities
Valuation (market cap) *	JPY 415.6bn	JPY 239.0bn
Deposit assets (Dec. 2016)	No.1 JPY 10.3tn	JPY 2.3tn
Number of accounts (As of the end of Dec. 2016)	No.1 3.74 million	1.08 million
Share of individual stock brokerage trading value	No.1 34.9%	13.0%
Operating income	No.1 JPY 28.2bn (down 6.7% YoY)	JPY 11.1bn (down 35.2% YoY)



Valuation by Segment Estimated by SBI

(1) Financial Services Business ② SBI Sumishin Net Bank

② SBI Sumishin Net Bank

Estimates the valuation of SBI Sumishin Net Bank with high growth potential in terms of profitability and scale at

JPY 103.6bn → JPY 51.8bn (based on the closing prices of Feb. 28, 2017)
(Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

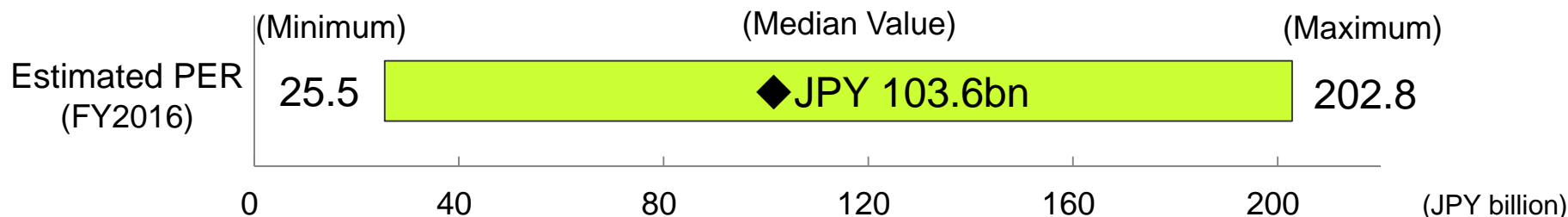
Calculated according to the **Comparable Public Company Analysis**

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

Median value of estimated PERs of listed local banks of which the deposit balance exceeds JPY 3tn (*) × SBI Sumishin Net Bank's Net Income (FY2015)

* Compiled by the Company from the materials disclosed by the listed local banks of which the deposit balance exceeds JPY 3tn as of the end of Mar. 2016

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



Valuation by Segment Estimated by SBI

(1) Financial Services Business ③ SBI Liquidity Market

③ SBI Liquidity Market (including SBI FXTRADE)

Valuation is estimated at JPY 45.1bn (based on the closing price of Feb. 28, 2017)

Estimation of the valuation is as follows:

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

Compares the market cap and profits of comparable public companies, namely Money Partners, and Hirose FX

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

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

④ SBI Japannext

Conservatively estimates the valuation of SBI Japannext at

USD 150m → JPY 8.2bn (based on the exchange rate as of Feb. 28, 2017)
(Shareholding of the SBI Group: 48.8%)

Valuation by Segment Estimated by SBI

(1) Financial Services Business



⑤ SBIH Comparison Website Business / ⑥ Other Financial Services Business

⑤ SBIH Comparison Website Business

Valuation is estimated at **JPY 18.5bn** (based on the closing price of Feb. 28, 2017)

Estimation of the valuation is as follows:

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

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

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

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

⑥ Other listed subsidiary and an equity method company in this business segment

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
SBI AXES	73.8	Consolidated subsidiary	KOSDAQ of KRX	8.3*	6.2
SOLXYZ	23.4	Equity method associate	TSE 1st	7.4	1.7
Sum of the market cap of a listed subsidiary and an equity method associate				15.7	7.9

(Based on the closing price of Feb. 28, 2017. *Calculated by the exchange rate as of Feb. 28, 2017.)

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

Valuation by Segment Estimated by SBIH

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

① SBI SECURITIES

(based on the closing prices of Feb. 28, 2017)

Upon comparison with similar listed companies calculated conservatively as **JPY 415.6bn**

② SBI Sumishin Net Bank

(based on the closing prices of Feb. 28, 2017)

Estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 103.6bn → **JPY 51.8bn** (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market (cons.)

(based on the closing prices of Feb. 28, 2017)

Upon comparison with similar listed companies calculated as **JPY 45.1bn**

④ SBI Japannext

(based on the exchange rate of Feb. 28, 2017)

Upon the conservative estimated valuation of USD 150m → **JPY 8.2bn**

(Shareholding of the SBI Group: 48.8%)

⑤ SBI Comparison Website Business

(based on the closing prices of Feb. 28, 2017)

Upon comparison with similar listed companies calculated as **JPY 18.5bn**

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

The market cap of SBI AXES and SOLXYZ (Shareholding of the SBI Group) **JPY 7.9bn**

(based on the closing prices of Feb. 28, 2017)

Total of the valuation above: **JPY 547.1bn** (The sum according to the SBI Group's shareholding)

Valuation by Segment Estimated by SBIH



(1) Financial Services Business

⑦ Other Financial Services Businesses (Profitable Entities)

There are many other profitable business entities in this segment

	Business lineup	Profit before income tax expense for FY2015 (JPY billion)	SBI's shareholding pct. (%)
SBI MONEY PLAZA	Insurance agency, financial instruments intermediary service provider, housing loan agency	1.8	100.0
SBI Life Insurance *1	Life insurance	1.5	100.0
SBI Benefit Systems	Operational management of defined-contribution pension	0.3	87.0

Based on the “Selection and Concentration” policy for the Financial Services Business, regardless of profit contributions, a sale, an IPO or reorganizations within the Group of non-core businesses will be accelerated, though a judgment of the existence or strength of synergies with one of the three core businesses



Proceeds generated may be appropriated to strengthen the three core businesses

*1 Considering the particularity of life insurance business, presents the recurring income based on J-GAAP, not that of based on IFRS.

*2 SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group. 106

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -①

Asset Management Business

Valuation for this segment is conservatively estimated at approx. JPY 204.9bn

<Reference>

JAFCO's Market Cap: **JPY 185.5bn** (based on the closing price of Feb. 28, 2017)

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

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

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

(ii) Value of SBI Investment (based on the closing price of Feb. 28, 2017)

(* Valuation excluding assets such as securities hold) Approx. JPY 17.8bn

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

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

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

*PER of JAFCO is calculated by the estimated net income per share for FY2016.

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

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -②



(iii) Value of SBI SAVINGS BANK (based on the closing price of Feb. 28, 2017)

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

(Shareholding of the SBI Group: 99.0%)

Estimation of the valuation is as follows:

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

Compares the asset sizes of comparable public companies, including savings banks and local banks in Korea

Median value of PBR of listed savings banks and
local banks in Korea^{*1}

×

Balance of SBI SAVINGS BANK's
substantive equity^{*2}
(As of the end of Dec. 2016)

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

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

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

Valuation by Segment Estimated by SBIH

(2) Asset Management Business- ③



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

	SBI's share-holding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
Morningstar Japan	49.6	Consolidated subsidiary	TSE JASDAQ	28.8	14.3
SBI Investment KOREA	43.9	Equity method associate	KOSDAQ of KRX	9.3*	4.2
Sum of the market cap of a listed subsidiary and an equity method associate				38.1	<u>18.4</u>

(Based on the closing price of Feb. 28, 2017. *Calculated by the exchange rate as of Feb. 28, 2017.)

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

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

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

Valuation by Segment Estimated by SBIH

(3) Biotechnology-related Business



Biotechnology-related Business

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

Total valuation of the Biotechnology-related Business is estimated at approx. JPY 75.6bn

① SBI Pharmaceuticals

Estimation of the valuation is as follows:

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



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

② Acucela

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
Kubota Pharmaceutical HD	38.2	Consolidated subsidiary	TSE Mothers	33.8	12.9

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

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

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

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