



*Strategic
Business
Innovator*

SBI Holdings, Inc. 2017 Information Meeting

May 25

Osaka

May 29

Tokyo

June 1

Nagoya

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

Today's Program

**Part I: Explanations for the
Key Questions**

Part II: Q&A

Part I: Key Questions

- 1. FY2016 consolidated financial results, and the summary of the past years**
- 2. There seems to be a major wave of changes coming upon the financial industry, so how will the SBI Group respond to such changes?**
- 3. What are SBI's initiatives to substantively promote the flow "from savings to asset formation" that seemingly has not yet gained momentum, and in turn contribute to "Regional Revitalization," which is a national strategy?**
- 4. In addition to the 5-ALA-related business, which has entered into a full-scale monetization phase, what is the general progress of the Biotechnology-related Business?**
- 5. What are management's thoughts on SBI Holdings' share price and shareholder returns?**

1. FY2016 consolidated financial results, and the summary of the past years

[FY2016 consolidated financial results]

-Highlights of the consolidated financial results-

- **FY2016 revenue achieved historical high**
- **While the individual stock brokerage trading value floundered after peaking in FY2013, the Company continuously recorded profit attributable to owners of the Company of over JPY 30bn for three consecutive fiscal years from FY2014, improving its resistance to stock market declines**

FY2016 Consolidated Performance (IFRS)

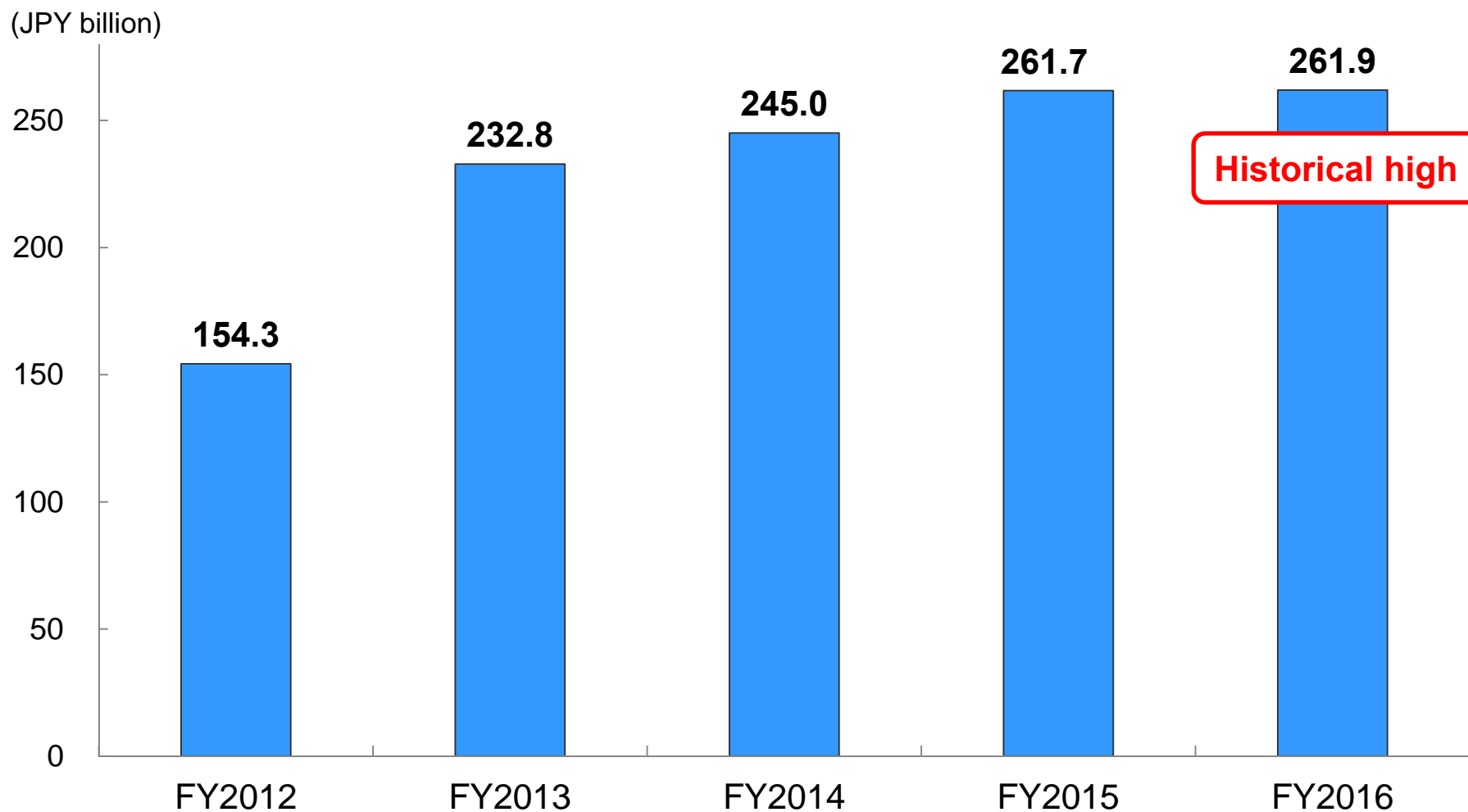


[Year-on-year]

(Unit: JPY million)

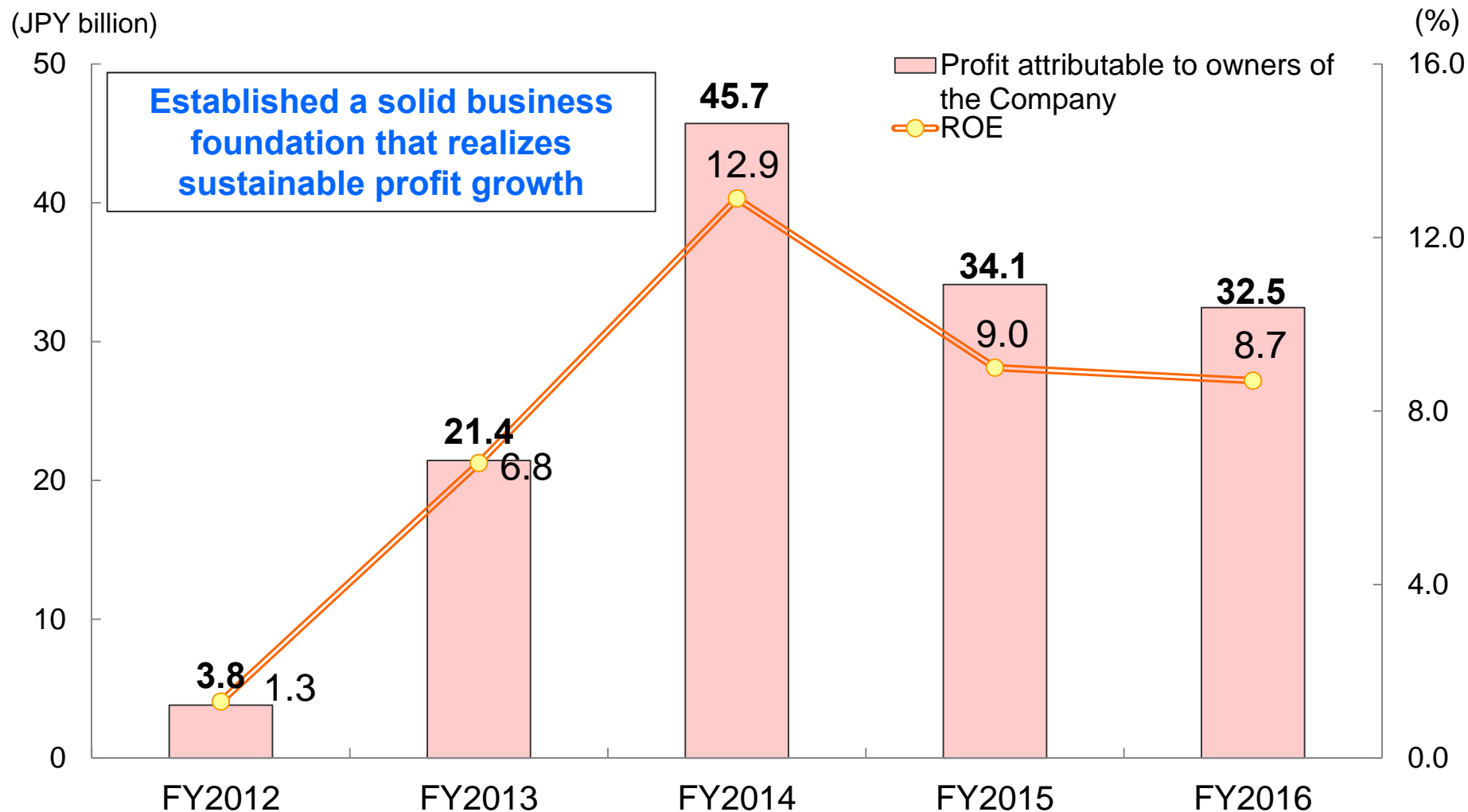
	FY2015 (Apr. 2015 - Mar. 2016)	FY2016 (Apr. 2016 - Mar. 2017)	YoY % change
Revenue	261,744	261,939 Historical high	+0.1
Profit before income tax expense	52,227	43,139	-17.4
Profit for the period	36,666	28,303	-22.8
Profit attributable to owners of the Company	34,115	32,455	-4.9
ROE (%)	9.0	8.7	-0.3pt

Consolidated Financial Results for the Past Five Fiscal Years (IFRS) [Revenue]



Consolidated Financial Results for the Past Five Fiscal Years (IFRS)

[Profit attributable to owners of the Company / ROE]



[Segment overview]

-FY2016 segment result highlights-

- In the Financial Services Business, owing to the increase in the FX and insurance businesses' financial results, FY2016 profit before income tax expense declined by only 3.8% year-on-year, despite the fact that the individual stock brokerage trading value declined by 16.4% year-on-year. On the other hand, as both businesses continued to expand, revenue increased by 6.5% year-on-year, achieving a record high
- In the Asset Management Business, despite adverse factors such as a sluggish stock market and yen appreciation trend, SBI SAVINGS BANK of South Korea established a stable revenue base, owing to a significant accumulation of performing loans balance, to support the entire segment's results
- In the Biotechnology-related Business, the losses widened, owing to an increase in cost due to the steady progress in multiple clinical trials at Quark, including two Phase III pipeline drugs.
On the other hand, owing to milestone payments and out-licensing revenues, both SBI Biotech and SBI Pharmaceuticals achieved their first full-year profitability since their establishment

FY2016 Revenue by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

	FY2015 (Apr. 2015 - Mar. 2016)	FY2016 (Apr. 2016 - Mar. 2017)	YoY % change
Financial Services Business	166,208	176,989 Historical high	+6.5
Asset Management Business	91,543	80,392	-12.2
Biotechnology- related Business	4,021	5,530	+37.5

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

FY2016 Profit before Income Tax Expense by Segment (IFRS)



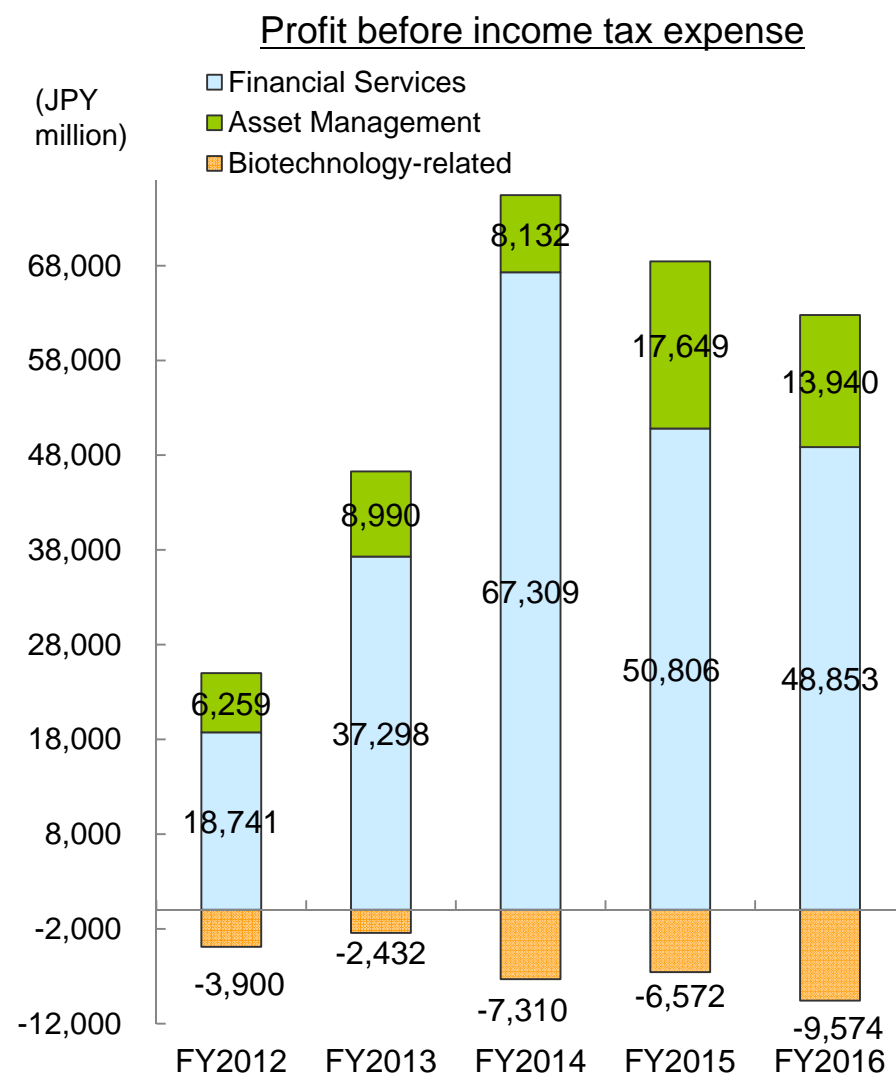
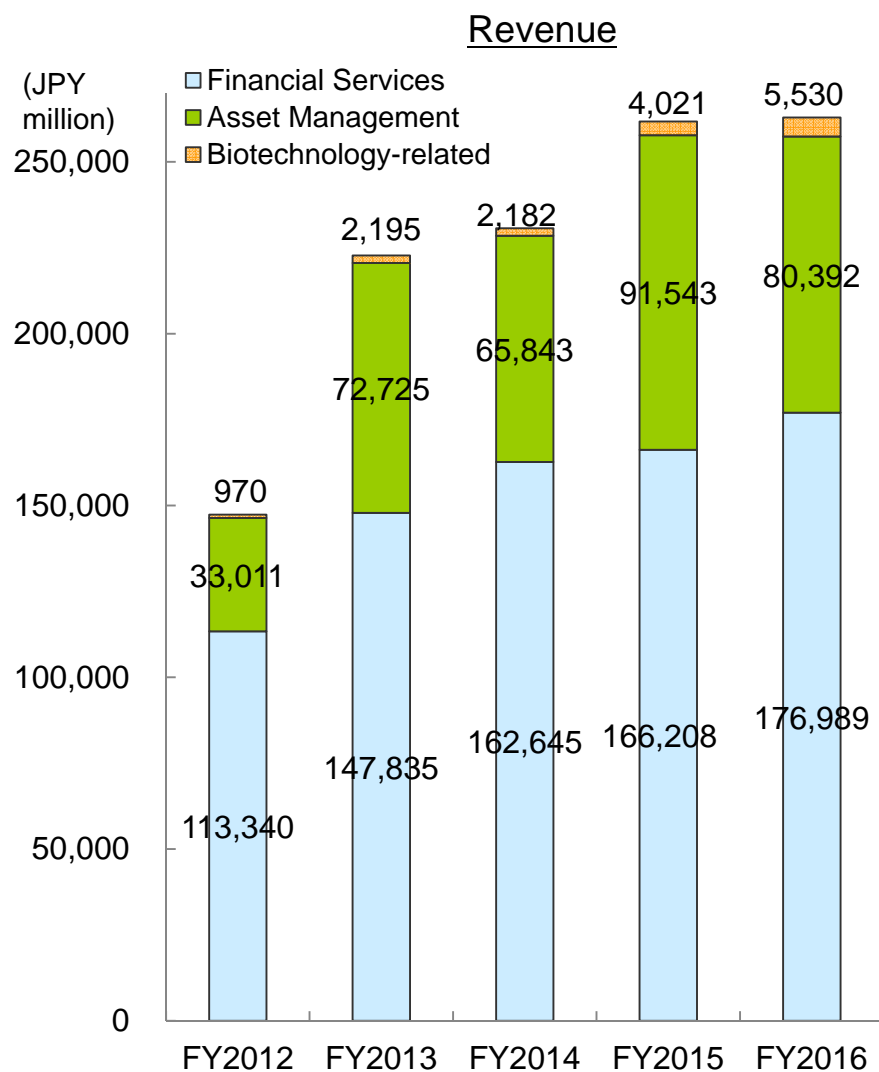
[Year-on-year]

(Unit: JPY million)

	FY2015 (Apr. 2015 - Mar. 2016)	FY2016 (Apr. 2016 - Mar. 2017)	YoY change (% change / amount)
Financial Services Business	50,806	48,853	-3.8%
Asset Management Business	17,649	13,940	-21.0%
Biotechnology- related Business	-6,572	-9,574	-3,002

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

Segment Performance Trend (IFRS)



* Abovementioned figures are before elimination of the inter-segment transactions. Also, since there are Group companies that have been transferred from one segment to another, the abovementioned figures reflect disclosed figures during each fiscal year, therefore, there may be some discrepancies

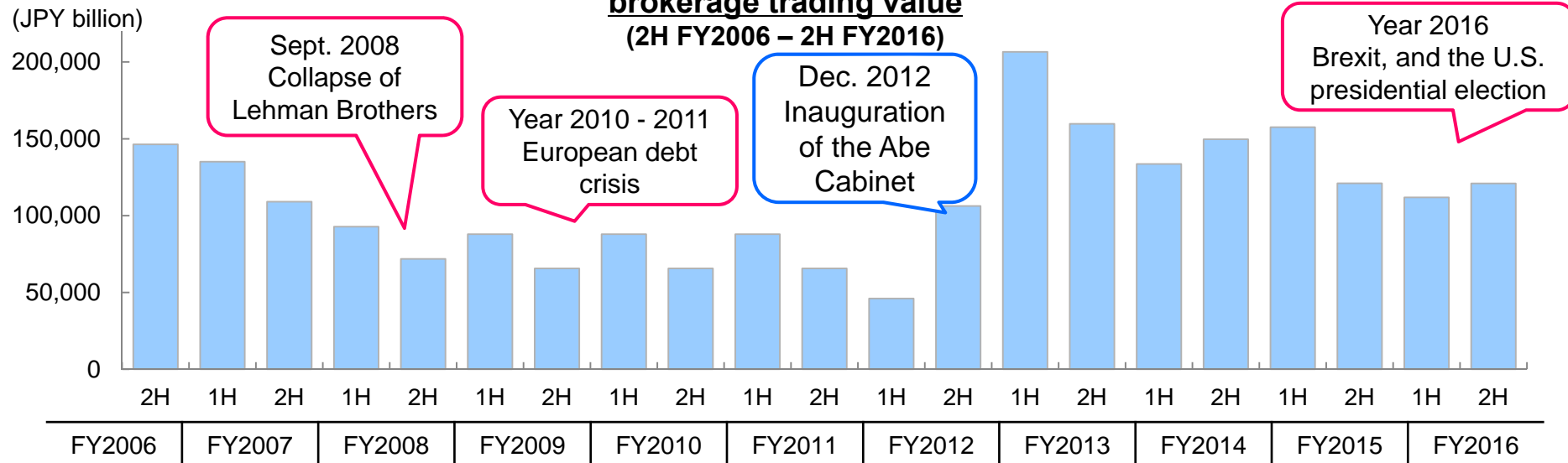
(1) Financial Services Business

- **In order to shift to a profit structure that is more resistant to a recessionary environment in a declining stock market phase, a steady business diversification was promoted for the past 10 years**
- **Other non-securities financial services businesses, including banking, insurance and FX have steadily grown**
- **With the exception of subsidiaries that have been established within the past two years, all of the companies have achieved profitability and have further strengthened their profit growth trend**

The SBI Group's Business Portfolio Diversification Progression



3 Market total (Tokyo, Osaka, Nagoya), semiannual individual stock brokerage trading value (2H FY2006 – 2H FY2016)



* Japanese stocks listed on Tokyo Stock Exchange, Osaka Stock Exchange and Nagoya Stock Exchange (Including TSE Mothers, JASDAQ and NSE Centrex)

Source: Compiled by SBIH from disclosed data from TSE

-Major initiatives implemented in the Financial Services Business-

Sept. 2007	Launch of SBI Sumishin Net Bank	Aug. 2014	Sold former SBI Mortgage
Jan. 2008	Launch of SBI Insurance	Feb. 2015	Acquired current SBI Life Insurance
Nov. 2008	Launch of SBI Liquidity Market	July 2015	Established SBI BITS
May 2012	Launch of SBI FXTRADE	Feb. 2016	Started new sales at SBI Life Insurance
June 2012	Launch of SBI MONEY PLAZA	May 2016	Established SBI Ripple Asia
Mar. 2013	Acquired current SBI IKI IKI SSI	Sept. 2016	Acquired Nihon SSI
		Nov. 2016	Established SBI Virtual Currencies

As the Business Platform of Each Financial Business Company has been Completed, the Phase of Large Scale Investments to Expand the Business Platform has also been Completed



Amount of previous capital investments for Group companies to expand their business platforms
(Amount of capital based on the SBI Group's shareholding as of the end of Mar. 2017)

住信SBIネット銀行



(Started operation in Sept. 2007)



23.5bn



Insurance (Started operation in Jan. 2008)



29.1bn



[SBI Life Insurance]

(Started operation in Feb. 2016)



8.0bn

Other Non-securities Financial Services Businesses, Including Banking, Insurance and FX have Steadily Grown



Profit before income tax expense of major Financial Services Business companies (IFRS)

(JPY million)

	FY2012	FY2013	FY2014	FY2015	FY2016
SBI SECURITIES (non-cons.)	11,623	33,344	34,828	37,850	33,043
FX business (SBI LM, SBI FXT)	1,369	3,160	4,741	5,200	5,734
SBI Sumishin Net Bank*	1,622	2,062	5,196	3,385	3,185
Net profit based on J-GAAP	4,779	7,116	9,998	8,413	9,873
Insurance business	-5,105	-3,601	28	265	1,920

[Total loss amount incurred by unprofitable subsidiaries (excluding those established within the past 2 years)]

(JPY billion)

	FY2012	FY2013	FY2014	FY2015	FY2016
Total loss amount	-8.9	-9.2	-3.0	-1.1	0.0

SBI FXT: Full-year profitability

SBI Card: Disposal
SBI Insurance, SBI Remit: Full-year profitability

SBI Social Lending: Full-year profitability

* Presents equity in earnings of affiliates.

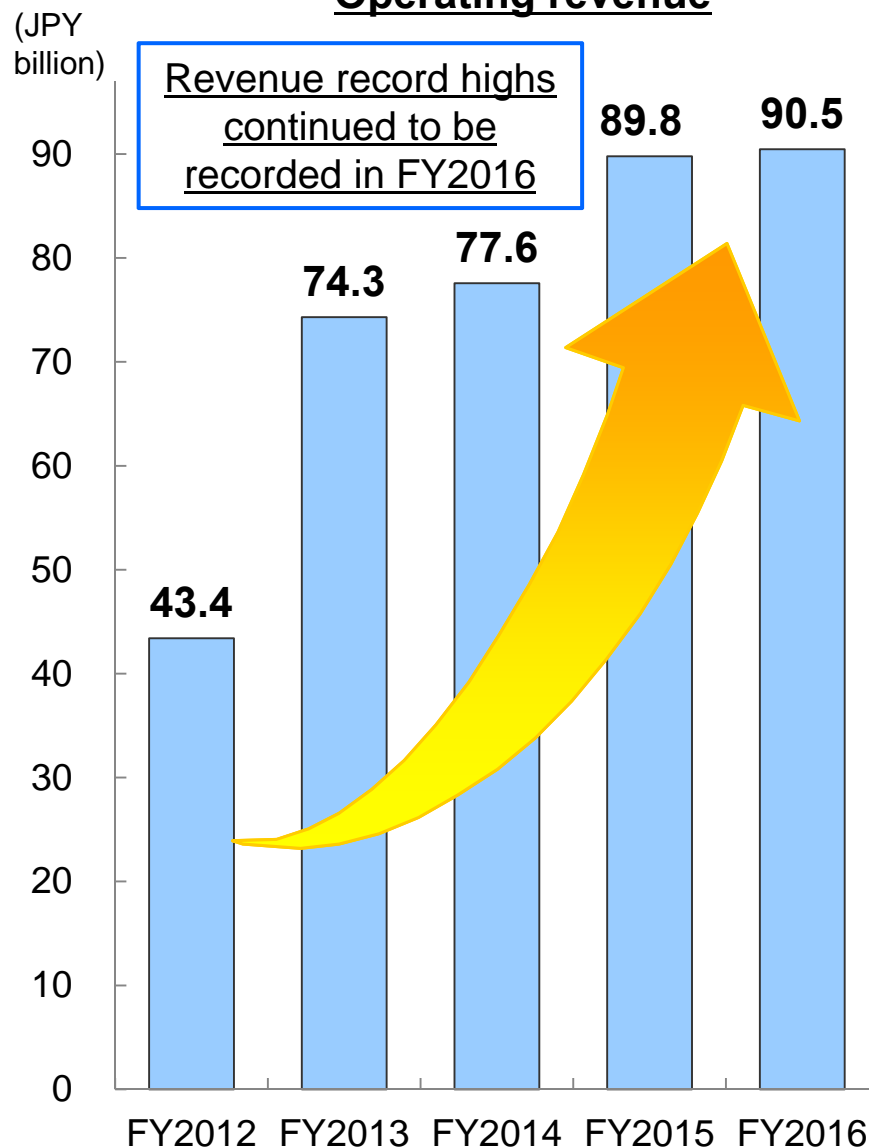
Owing to the difference in IFRS and J-GAAP for asset assessment criteria, the figures differ from that disclosed based on J-GAAP.

① Securities-related business

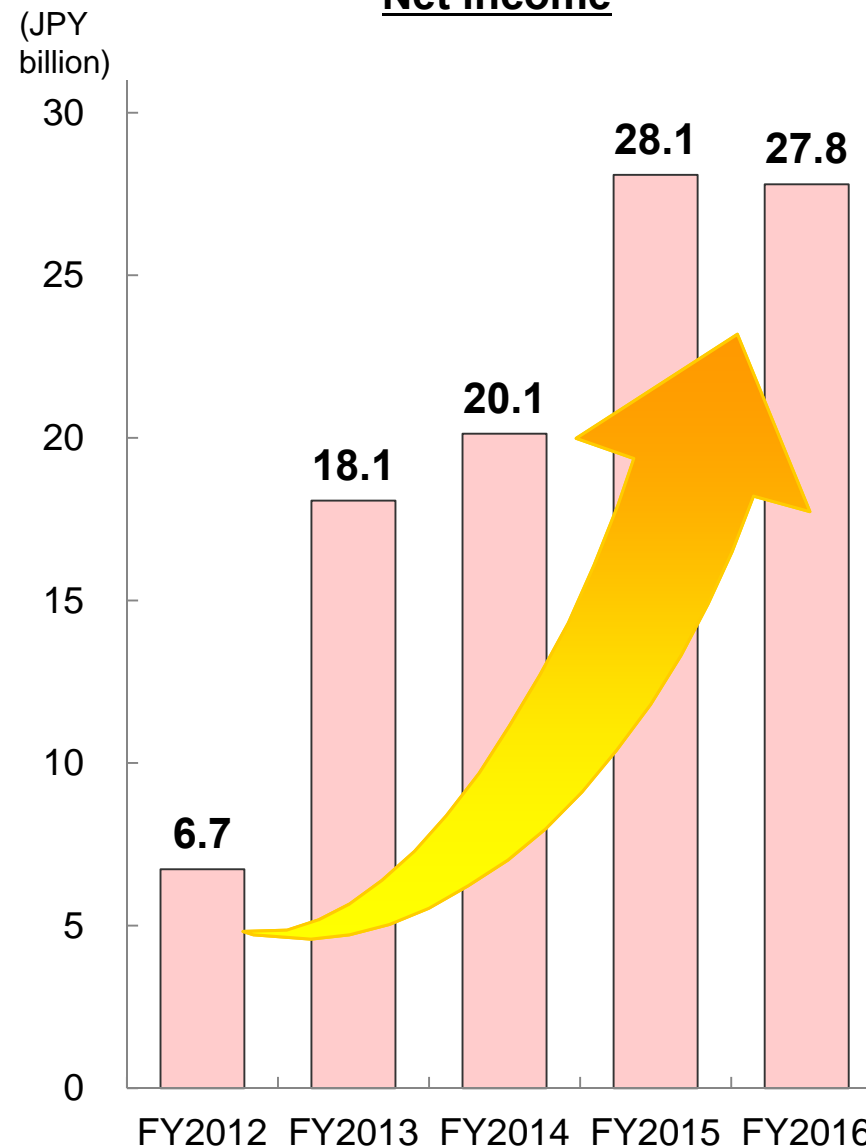
- Despite the fact that the individual stock brokerage trading value of the Tokyo and Nagoya stock markets decreased 16.4% year-on-year, SBI SECURITIES' commissions decreased by only 9.1% year-on-year. FY2016 operating revenue achieved an historical high of JPY 90.5bn. Moreover, profit attributable to owners of the Company for FY2016 decreased by only 1.0% year-on-year, owing to a favorable increase in trading gains
- Compared to that of five fiscal years ago, profit from other than flow-type business was successfully expanded, owing to the diversification of profit-making sources. As the dependence on stock brokerage commissions declined, sustained a strong profit level in spite of adverse business conditions
- SBI Liquidity Market's operating income before allocation for FY2016 was approx. JPY 13.0bn, up 3.9% year-on-year, recording a historical high
- Along with the SBI SECURITIES' number of accounts, customers' deposit assets and the share of individual stock brokerage trading value, the Group's FX trading accounts and deposit assets ranked No. 1 in the industry as well, overwhelmingly surpassing its competitors

SBI SECURITIES' Financial Results (J-GAAP)

Operating revenue

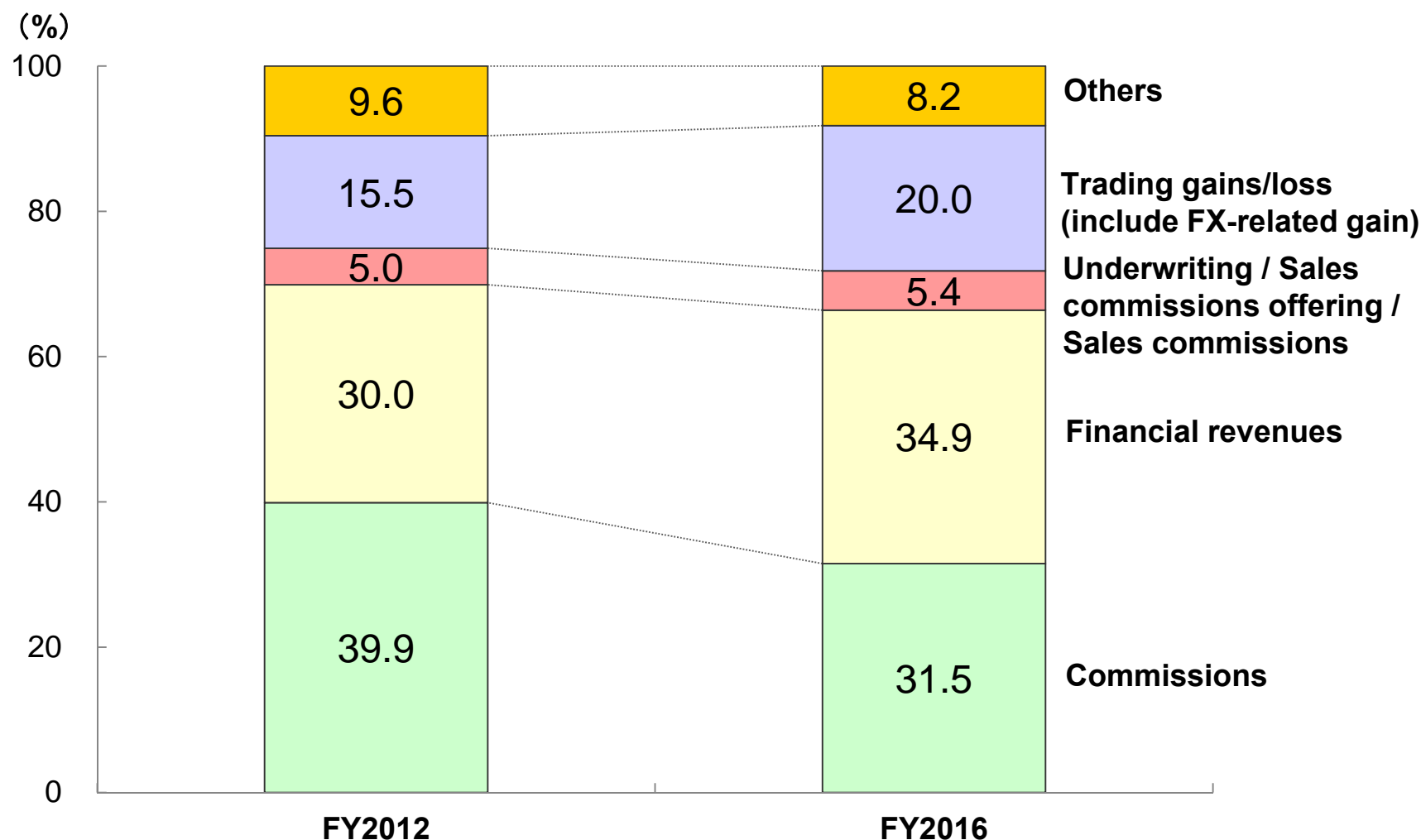


Net income



Changes in SBI SECURITIES' Operating Revenue Structure

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



(Based on J-GAAP)

Positioning of SBI SECURITIES in the Securities Industry (FY2016; J-GAAP)



Net Income Ranking (FY2016)

(Unit: JPY billion)

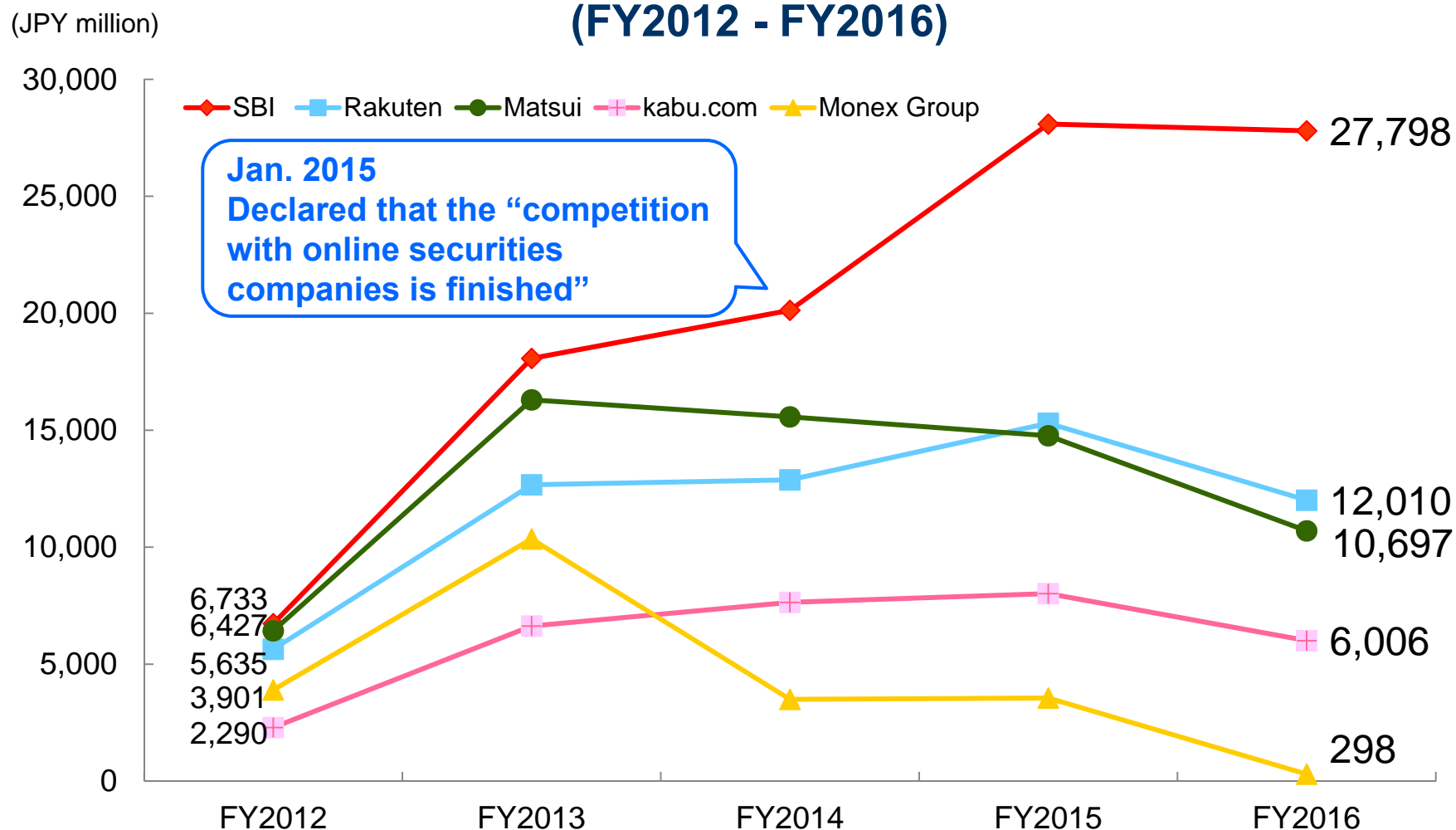
1	Nomura (US-GAAP)	239.6 (+82.1)
2	Mizuho *1	188.6 (+208.3)
3	Daiwa	104.1 (-10.9)
4	MUFJ	49.1 (+13.5)
5	SMBC Nikko	46.9 (+11.5)
6	SBI	27.8 (-0.1)
7	Rakuten	12.0 (-21.5)
8	Tokai Tokyo	12.0 (-3.5)
9	Matsui	10.7 (-27.5)
10	Okasan	10.5 (-5.3)
11	GMO CLICK	6.2 (-4.6)
12	kabu.com	6.0 (-25.1)
13	Kyokuto	4.7 (+63.5)
14	IwaiCosmo	3.3 (-4.5)
15	Ichiyoshi	2.2 (-15.4)
16	Aizawa	1.1 (-44.8)
17	Mito	1.0 (-51.5)
18	Marusan	0.8 (-71.0)
19	SMBC Friend	0.8 (-76.8)
20	Toyo	0.7 (-58.6)
21	Monex (IFRS)	0.3 (-91.6)

*1 As for Mizuho, owing to the reorganization of Group companies in the U.S., recorded JPY 118.3bn of extraordinary income.

*2 Year-on-year % changes are shown in the parentheses.

Source: Compiled by SBIH from the information on websites of each company.²⁰

Net Income of SBI SECURITIES and 5 Online Securities Companies based on J-GAAP (FY2012 - FY2016)



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

*2 Rakuten disclosed its financial results for FY2015 on a non-consolidated basis; therefore the figure for FY2015 is based on the corresponding figure.

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

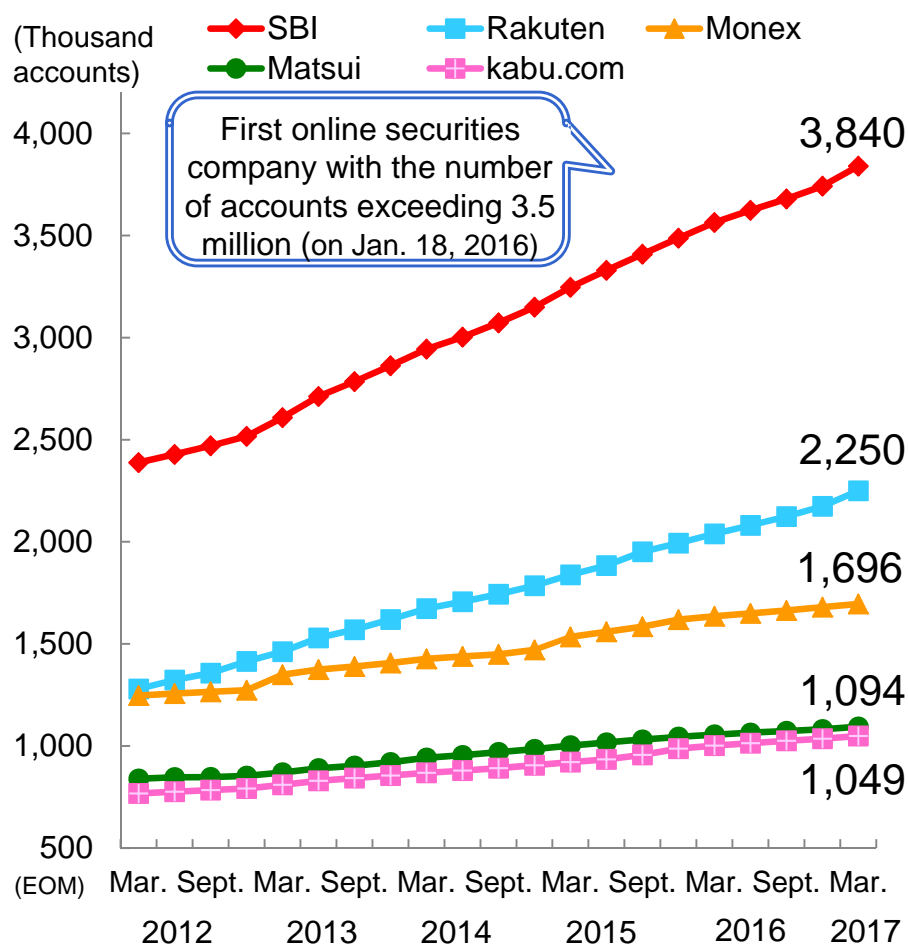
SBI SECURITIES Attains an Overwhelming Customer Base



[Number of Accounts and Amount of Customer Asset]

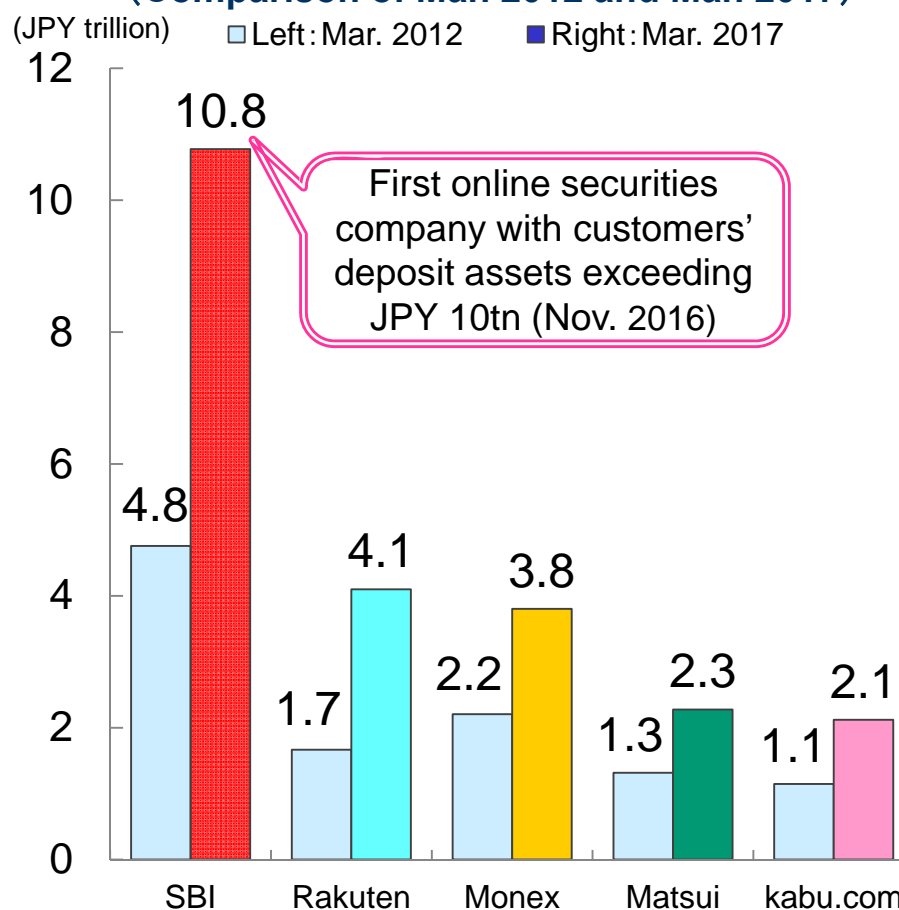
Customer Accounts of 5 Major Online Securities Companies

(Mar. 2012 – Mar. 2017)

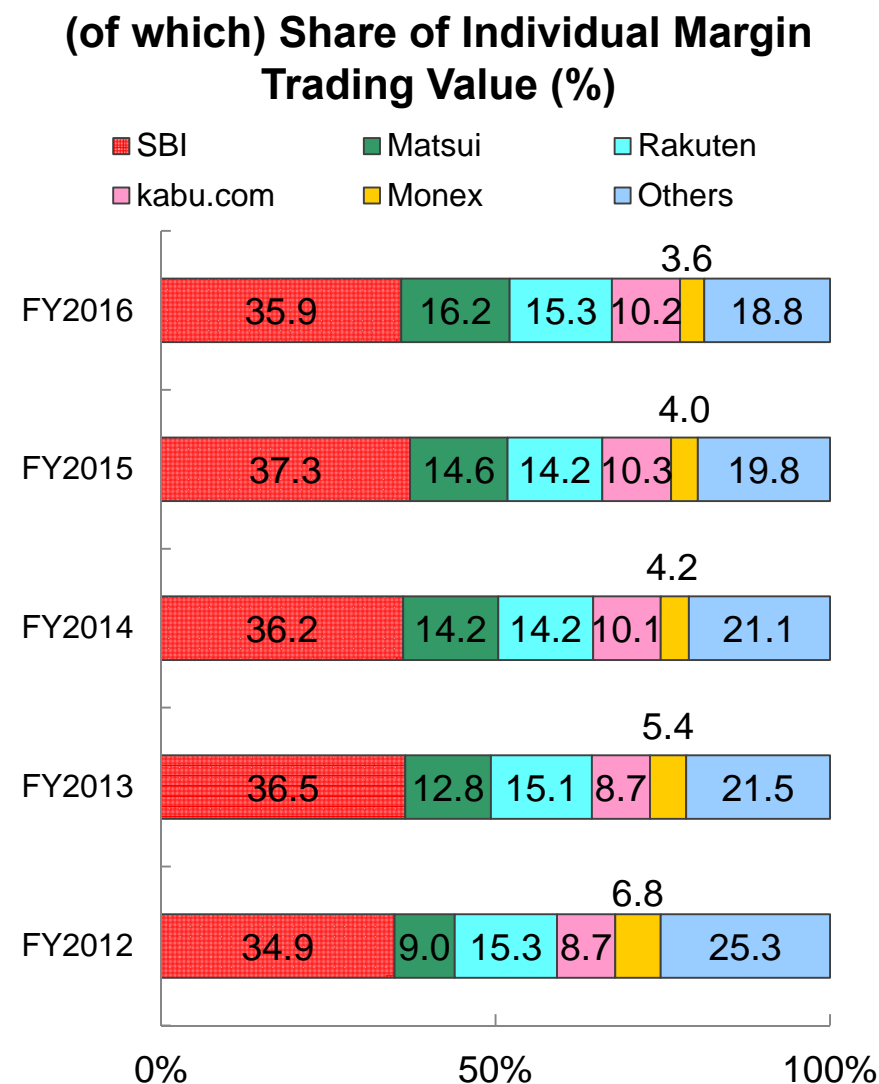
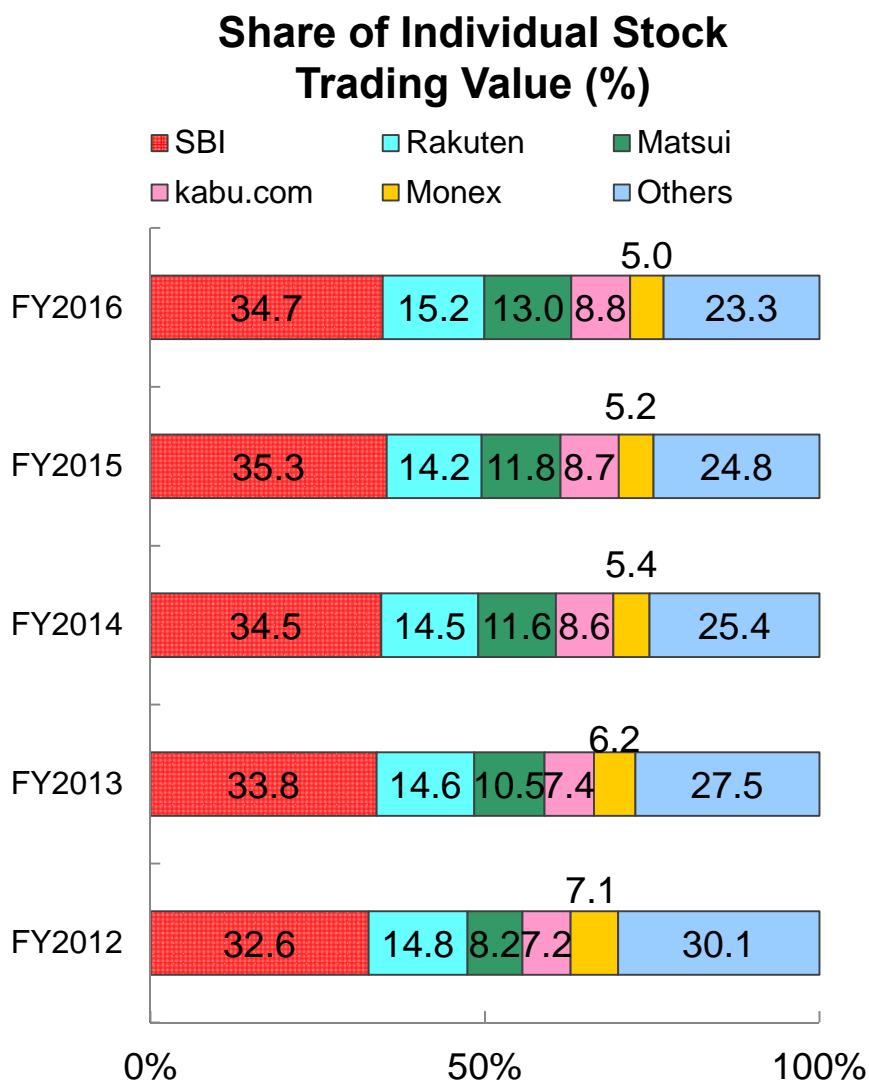


Customers' Deposit Assets of 5 Major Online Securities Companies

(Comparison of Mar. 2012 and Mar. 2017)



Online Securities Companies' Share of Individual Stock Trading Value



* Shares are calculated by dividing each company's individual stock trading value or individual margin trading value with the whole individual stock trading value and individual margin trading value of the 1st and 2nd section of the Tokyo and Nagoya Stock Exchange, including that of ETF and REIT trading value, respectively

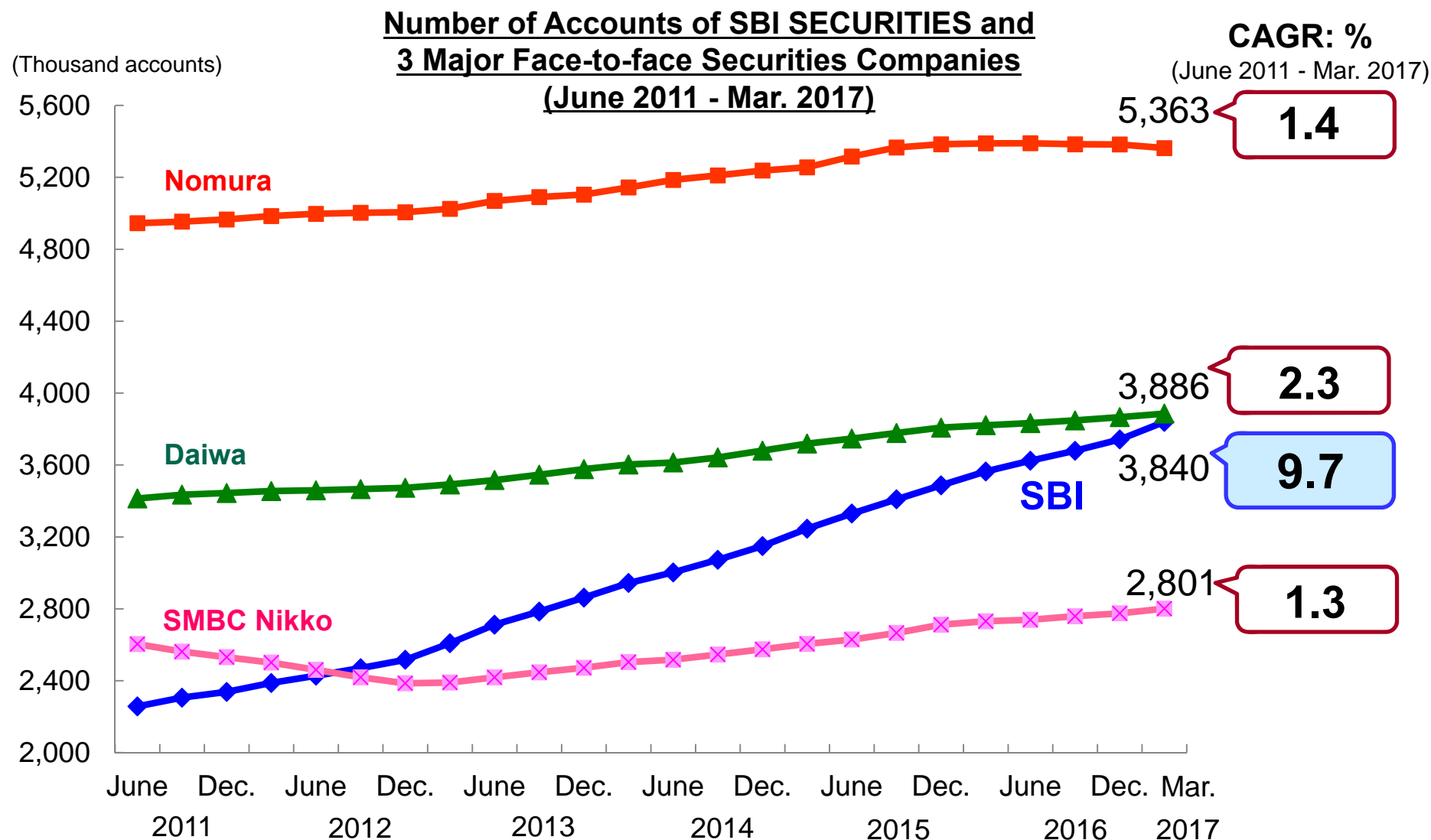
Source: Compiled by SBI SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and websites of each company.

① Securities-related business: SBI SECURITIES



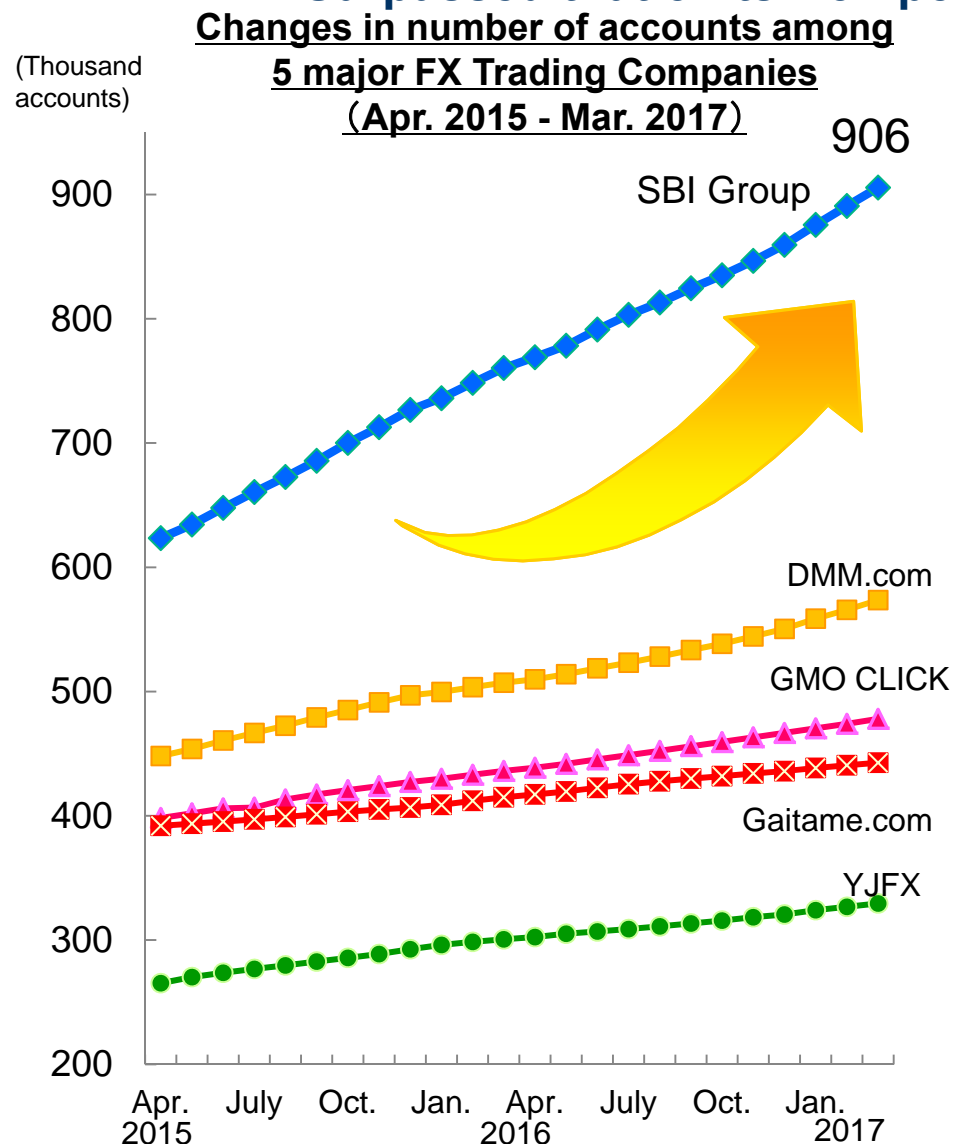
Number of Accounts have Reached a Level that is Competitive with Major Face-to-face Securities Companies

Is it possible to overtake Daiwa's number of brokerage accounts in June 2017?



① Securities-related business: SBI Liquidity Market, SBI FXTRADE

The SBI Group's (SBI SECURITIES, SBI FXTRADE and SBI Sumishin Net Bank) Total Number of Accounts and Customer Deposit Assets have Overwhelmingly Surpassed that of Its Competitors in the OTC FX Industry



Customers' Deposit Assets Raking (Mar. 2017)

No.	Company name	Amount (JPY million)
1	SBI Group	171,373
2	GMO CLICK	122,430
3	Gaitame.com	111,802
4	DMM.com	100,619
5	YJFX	94,454
6	Central Tanshi FX	61,605
7	MONEY PARTNERS	60,325
8	Hirose FX	40,242
9	FX PRIME by GMO Corporation	15,971
10	Traders Securities	12,284
11	Ueda Harlow	11,362
	Others (2 companies)	11,878
	Total	814,345

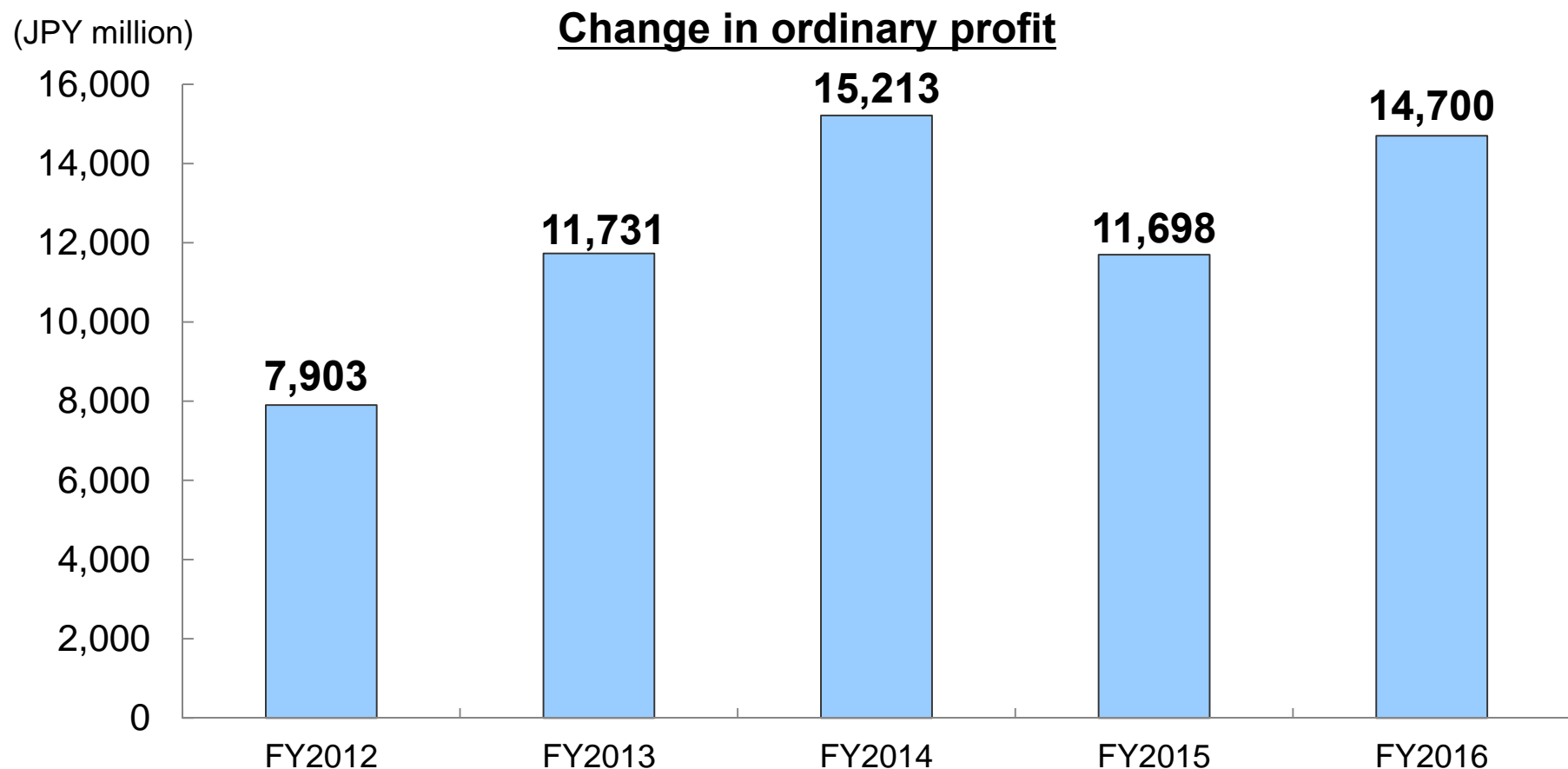
* Source: Yano Research "Monthly Research on 16 Major FX Trading Companies."

② Banking-related business

- SBI Holdings' J-GAAP based FY2016 ordinary income increased by 25.6% year-on-year to be JPY 14.7bn
 - * SBI Sumishin Net Bank's equity in earnings of SBI Sumishin Net Bank based on IFRS for FY2016 was JPY 3,185m
- As of the end of Mar. 2017, accounts steadily increased to approx. 2.83 million accounts, with deposits exceeding JPY 4.0tn, overwhelmingly surpassing its competitors

Change in SBI Sumishin Net Bank's Financial Results (J-GAAP)

-FY2016 ordinary profit was JPY 14.7bn, up 25.6% year-on-year



**SBI Holdings' equity in earnings of SBI Sumishin Net Bank based
on IFRS for FY2016 was JPY 3,185m**

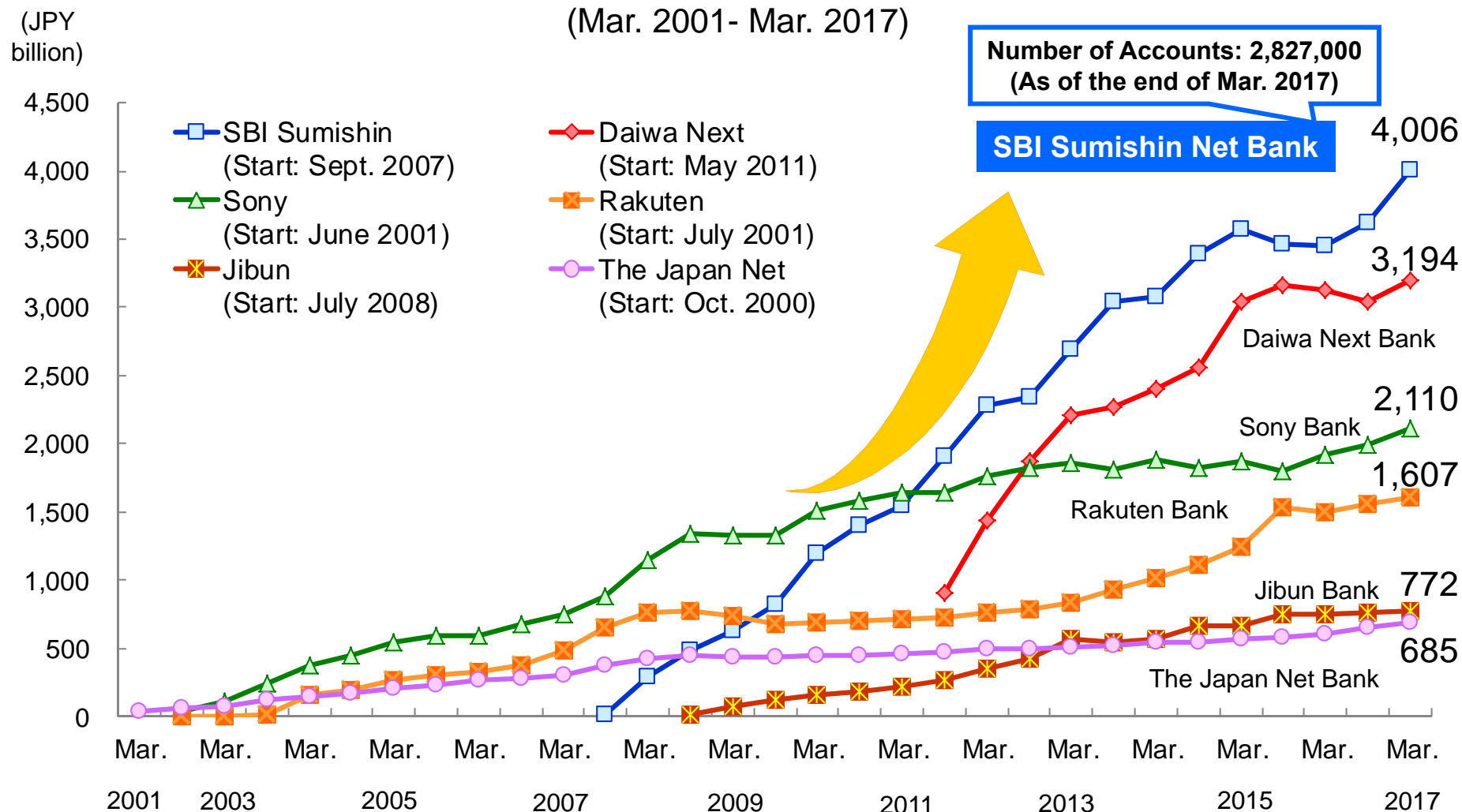
Note: Owing to the difference in IFRS and J-GAAP for asset assessment criteria, the figures differ from that disclosed based on J-GAAP.

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



Pure-play Internet Banks' Deposits Since Establishment (*)

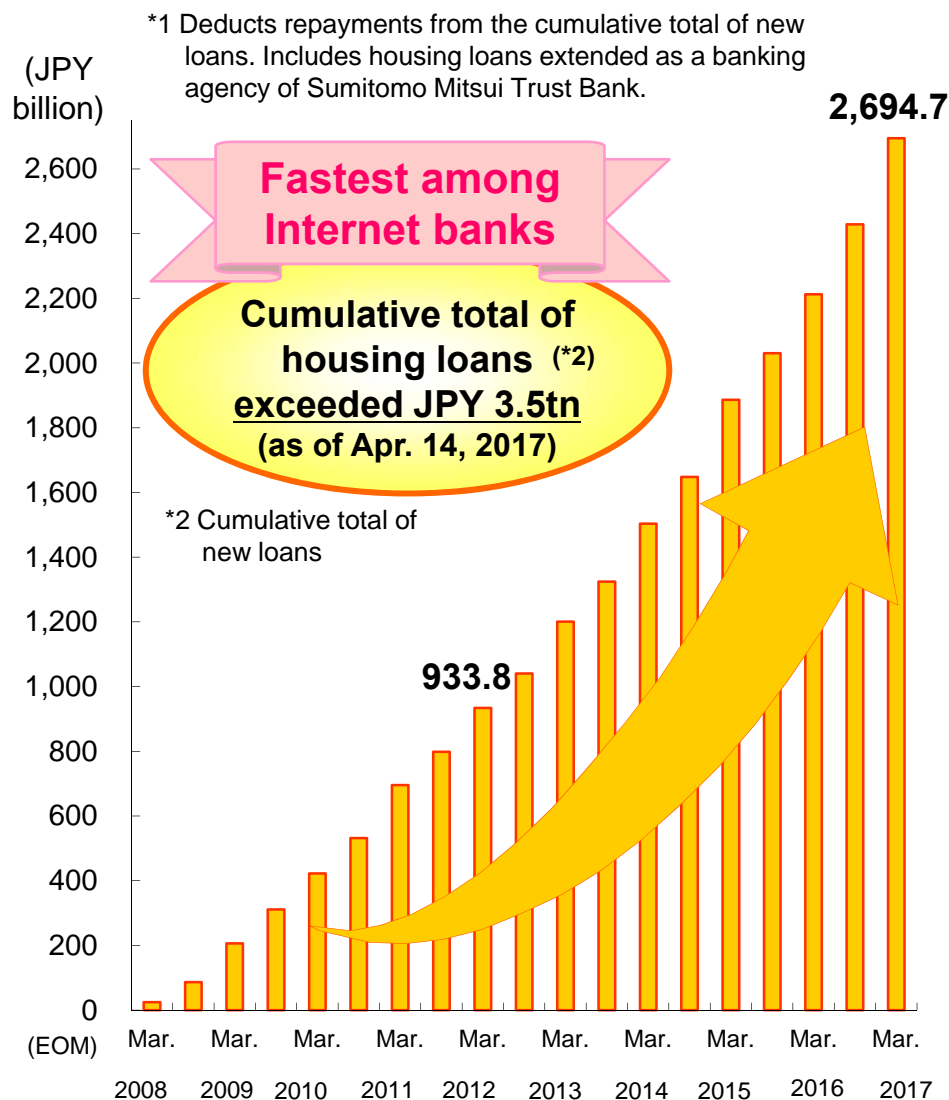
(Mar. 2001 - Mar. 2017)



* 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.

Diversification of Loans with Deposits Accumulating

Change in Balance of Housing Loans *1 (Mar. 2008 - Mar. 2017)

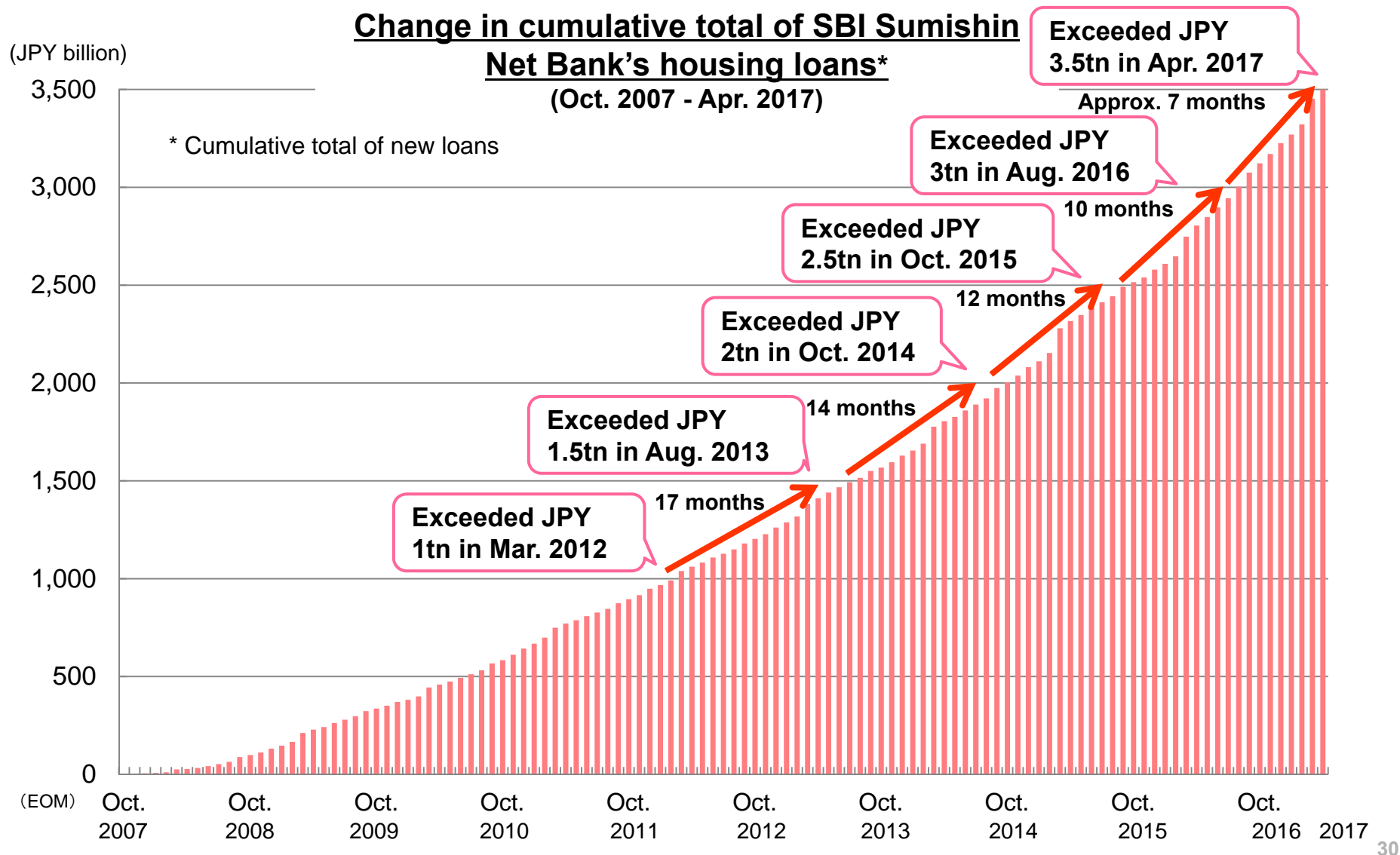


SBI Sumishin Net Bank's housing loans business:

- ① **Housing loans processed directly by SBI Sumishin Net Bank**
 - Via alliance with real estate companies (from Sept. 2007)
 - Banking agency specialized product "MR. Housing Loan REAL" (from Mar. 2015)
- ② **Banking agency business for Sumitomo Mitsui Trust Bank "Internet Exclusive Housing Loan" (from Jan. 2012)**
- ③ **Long-term fixed rate product "Flat 35" (from Sept. 2015)**

Further improved customer convenience with the **launch of the Internet conclusion type application service for group credit life insurance** directed to "Internet Exclusive Housing Loan" applicants in June 2016

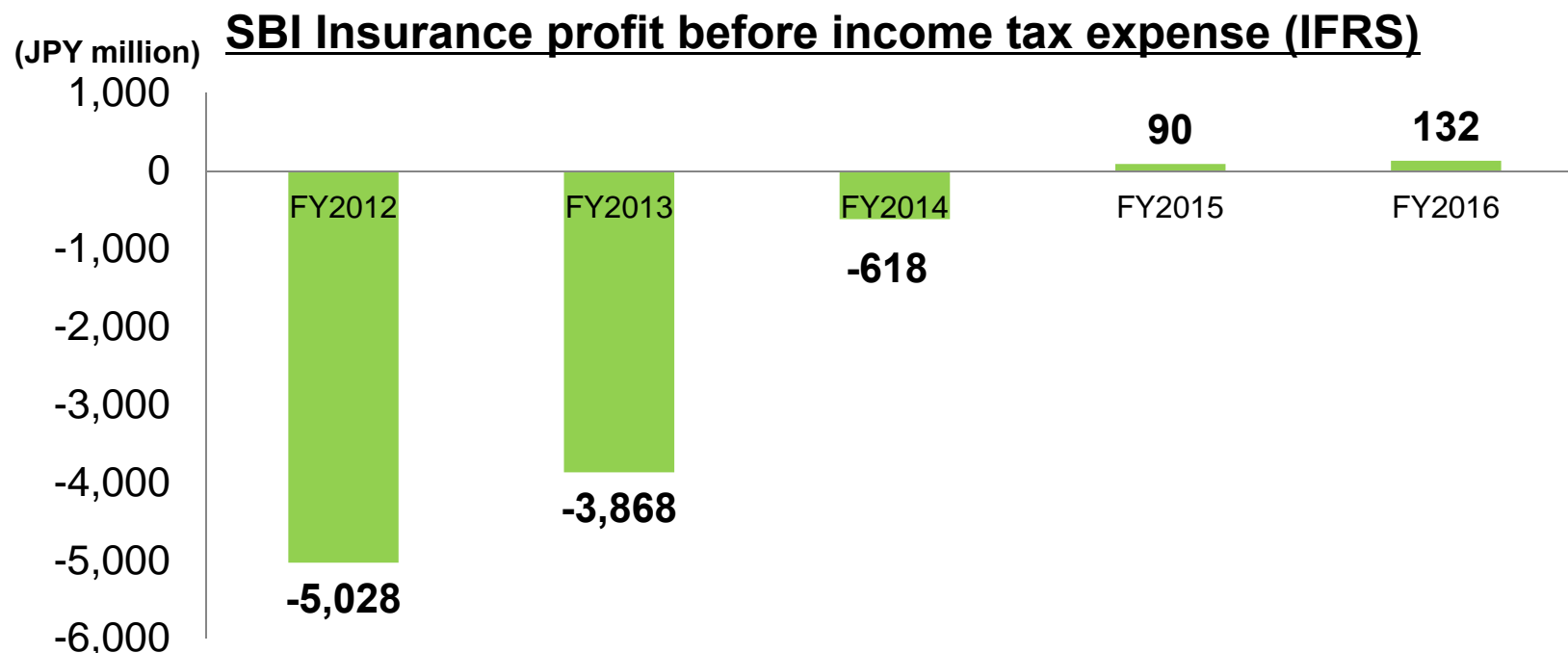
Cumulative Total of Housing Loans has Rapidly Increased, Owing to Attractive Interest Rates and Highly Beneficial Customer Services



③ Insurance-related business

- SBI Insurance's profit before income tax expense improved by more than JPY 5bn (IFRS basis), from a deficit record in fiscal year five years ago.
Both the number of contracts and direct premiums written maintained a double digit growth, as well as a profitable trend, even accounting for the reasonable premium reserves
- The combined ratio (underwriting basis) of SBI Insurance declined by 4.4 percentage points year-to-year to 91.2%
- Upon SBI Life Insurance's consolidation as a subsidiary, despite factors such as the added cost of new product sales, owing to the results of cost reduction and stable operations, a steady business performance resulted
- Small-amount, short-term insurance business has steadily increased its number of contracts after acquisition

SBI Insurance Financial Results for Five Fiscal Years



Combined ratio (based on direct figures)

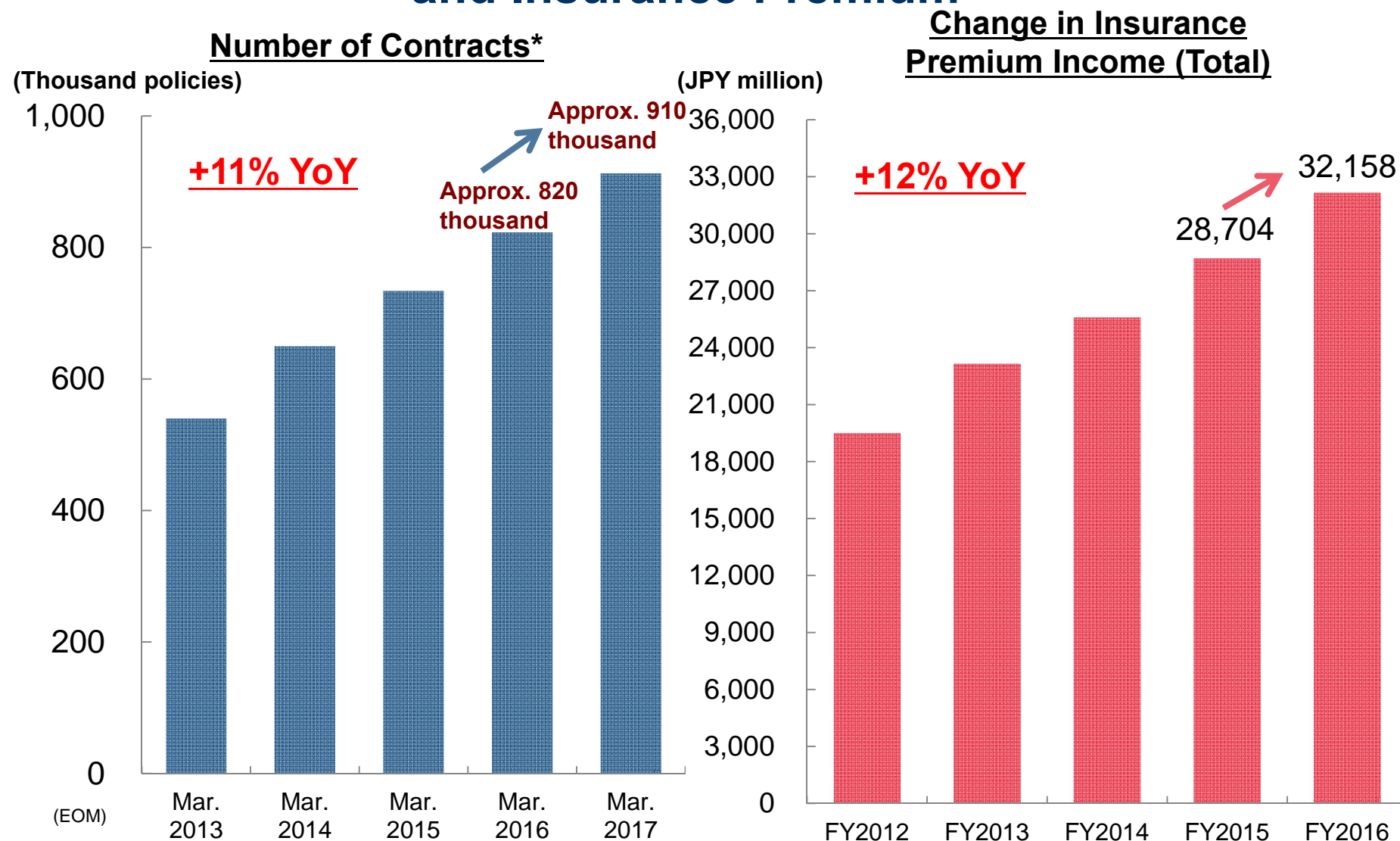
(Unit: %)	FY2012	FY2013	FY2014	FY2015	FY2016
Loss ratio* ¹	73.6	74.1	76.1	74.7	<u>71.8</u>
Operating expenses ratio* ²	29.3	26.2	23.3	20.8	<u>19.4</u>
Combined ratio	102.8	100.3	99.4	95.6	<u>91.2</u>

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

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

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

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



* Includes new contracts that were paid by the end of the month, but becomes effective the following month or later

Comparison of Auto Insurance Premiums among Direct Insurance Companies

[Auto insurance premium comparison]

(JPY million)

	Date of operation started	FY2009		FY2012		9M FY2016
Sony Assurance	Sept. 1999	59,849	Sony Assurance	70,712	Sony Assurance	66,563
AXA GENERAL INSURANCE	July 1999	32,054	AXA	35,261	AXA	36,896
Mitsui Direct	June 2000	30,689	Mitsui Direct	33,830	Mitsui Direct	27,092
Zurich Insurance	July 1986*1	27,945	Zurich Insurance	30,126	Zurich	26,679
American Home Direct	Dec. 1960	17,365	American Home Direct	16,594	SBI Insurance	23,953
Sonpo 24	Mar. 2001	9,820	SBI Insurance	14,288	SAISON	22,679
SAISON AUTO-MOBILE&FIRE	Apr. 1983	8,202	Sonpo 24	11,810	E.design	18,641
SBI Insurance	Jan. 2008	4,713	SAISON AUTO-MOBILE&FIRE	7,990	Sonpo 24	9,899
E.design Insurance	June 2009	1,100	E.design Insurance	5,140		

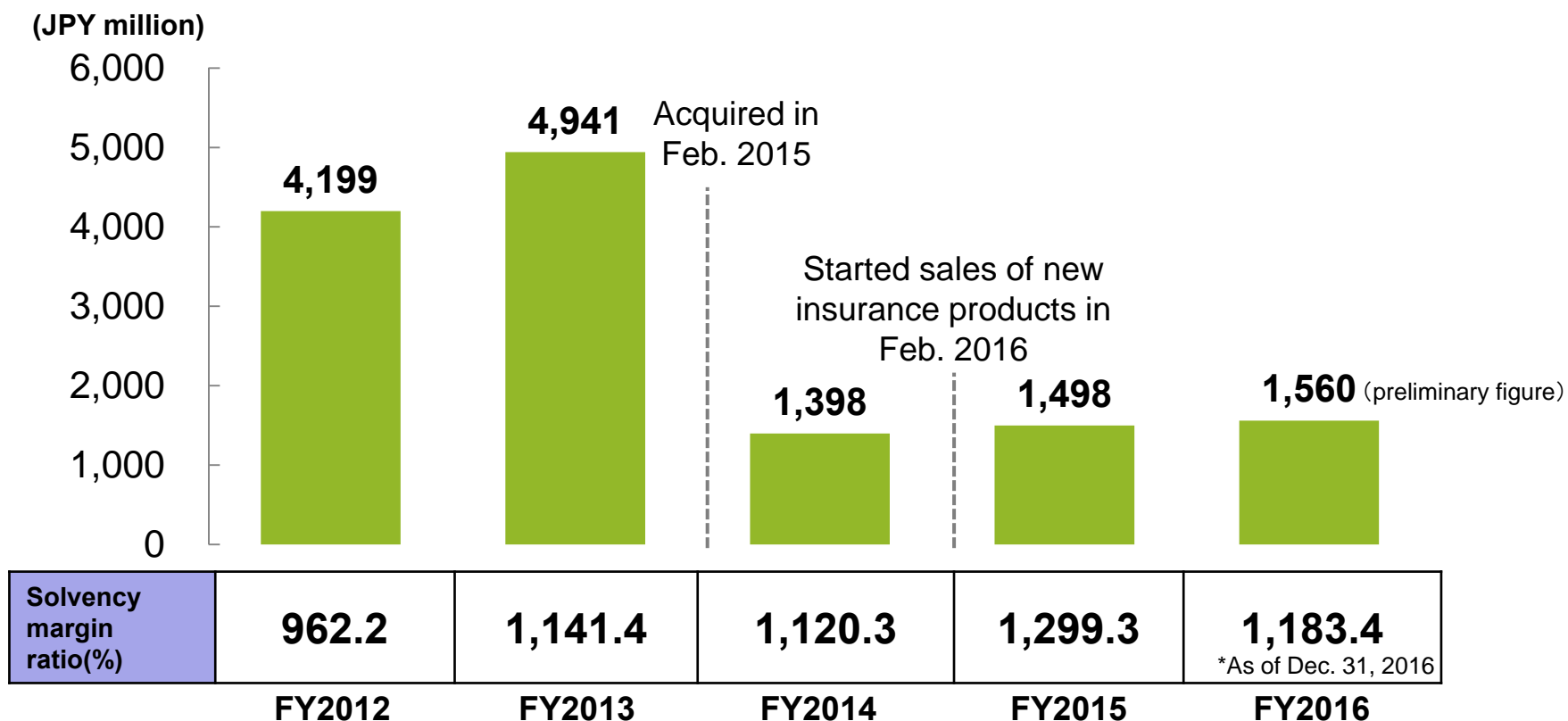
* Figures for E.design are net premiums written, those of others are direct net premiums written. (Source: Disclosure from each company)

* Establishment of Japan Branch

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

SBI Life Insurance's Ordinary Income (based on J-GAAP)

SBI Life Insurance suspended sales activities and only managed its assets prior to acquisition, but resumed such activities upon acquisition (meaning there was an increase in cost, along with the increase in premium reserves)

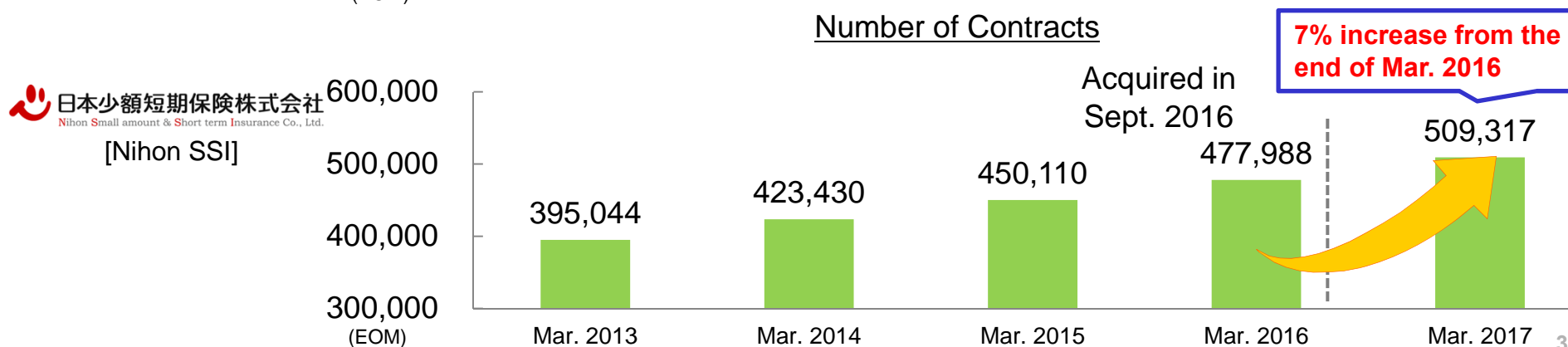
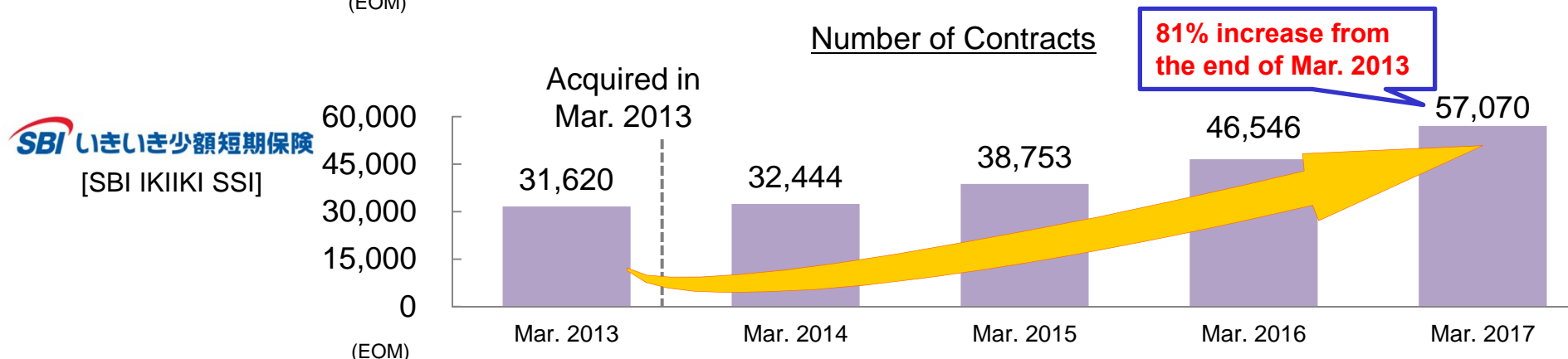
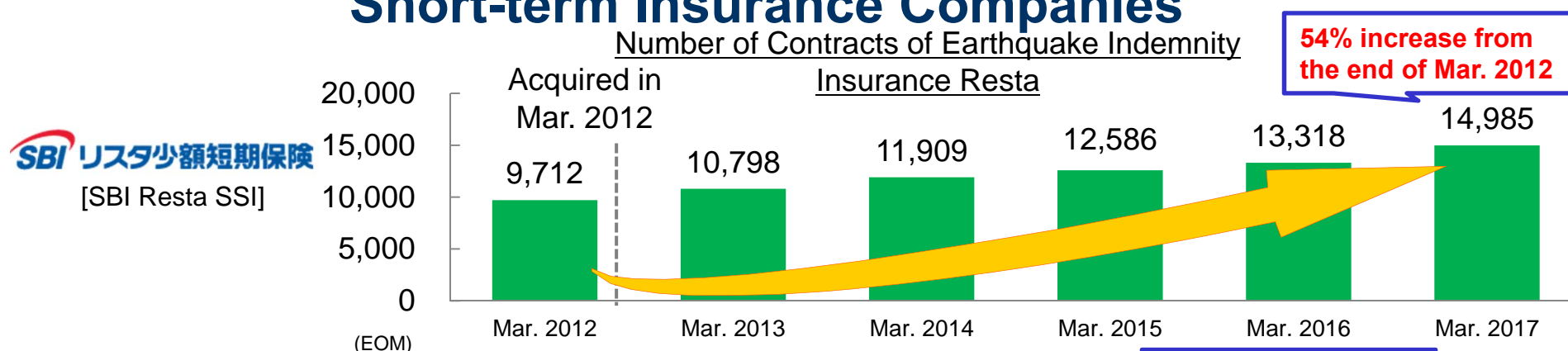


The number of contracts: approx. 110 thousand
(annualized premium: JPY 7,799m)

*As of Mar. 31, 2017

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

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



(2) Asset Management Business

- **The Asset Management Business' FY2016 profit before income tax expense (IFRS basis) was JPY 13.9bn**
- **In FY2016, among the investee companies, 10 companies were IPO'd and 4 companies were M&A'd**
- **The Group's portion of overseas assets under management expanded to 65%**
- **Since becoming a subsidiary of the Group, SBI SAVINGS BANK of South Korea's business performance improved significantly, to now support the financial results of the Asset Management Business**

Asset Management Business' Financial Results Breakdown



(IFRS, JPY billion)

	FY2012	FY2013	FY2014	FY2015	FY2016
Revenue	33.0	72.7	65.8	91.5	80.4
Profit before income tax expense	6.3	9.0	8.1	17.6	13.9
Profit/loss from the change in fair value and profit/loss on sales of investment securities	9.1	9.4	-4.3	16.1	6.8

(Reference) 5 Major venture capitals' FY2016 consolidated financial results (JPY billion)

(All except SBIH are based on J-GAAP)	Top line	Bottom line
SBI Holdings	80.4	13.9
JAFECO	27.8	11.0
Dream Incubator	14.5	0.1
Japan Asia Investment Company	4.6	0.5
Future Venture Capital	0.3	-0.4

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



	Full-year FY2012	Full-year FY2013	Full-year FY2014	Full-year FY2015	Full-year FY2016	Full-year FY2017 prospects
IPO・M&A deals	12	12	14	16	14	20

In FY2016, 10 companies were IPO'd and 4 companies were M&A'd

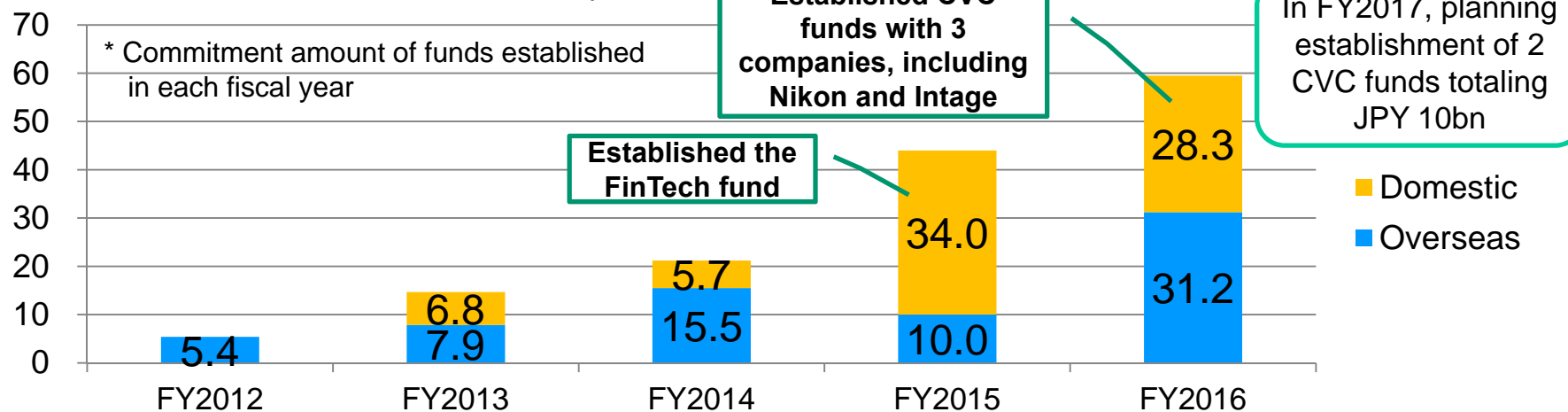
EXIT Date	Company	Market (Country)	EXIT Date	Company	Market (Country)
July 25	SKCS	KONEX (South Korea)	Nov. 29	Sinqi	China GEM (China)
Aug. 1	Kadmon Holding LLC	NYSE (U.S.)	Dec. 16	Sincere	TSE Mothers
Aug. 8	Carver Korea	M&A	Dec. 20	Renet Japan Group	TSE Mothers
Sept. 19	GL Pharm Tech	M&A	Dec. 21	GRACE TECHNOLOGY	TSE Mothers
Sept. 21	Taraashna Services Private Limited	M&A	Jan. 10	CIS	M&A
Sept. 29	YOUCEL	KONEX (South Korea)	Jan. 24	Eubiologics	KOSDAQ (South Korea)
Nov. 11	SUGENTECH	KONEX (South Korea)	Feb. 23	RENOVA	TSE Mothers

The SBI Group's Trend in Assets Under Management



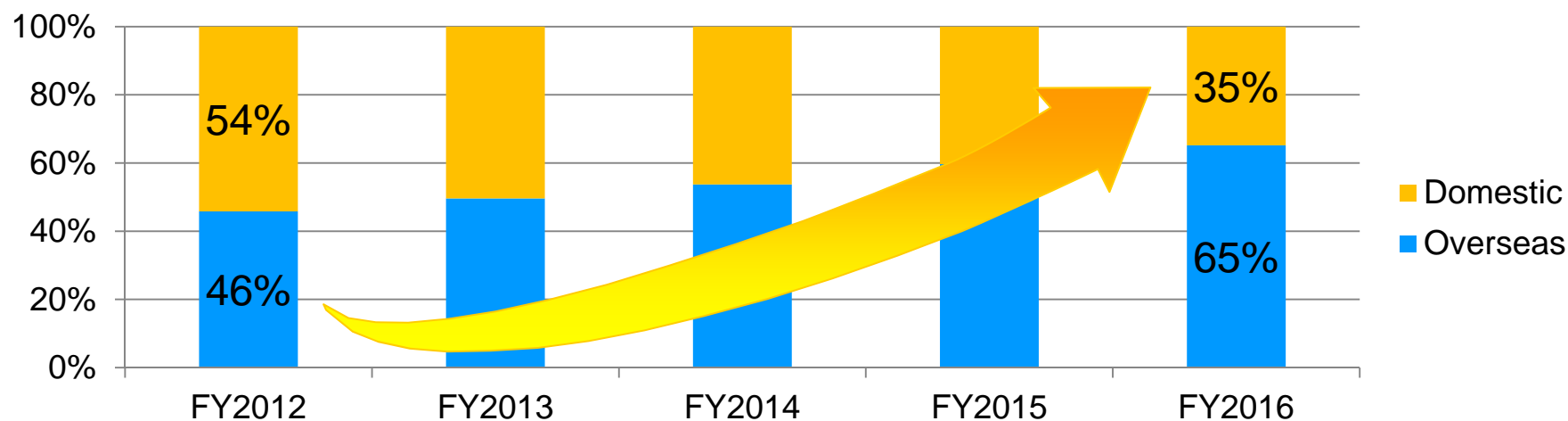
Proactively rearranged PE business portfolio in FY2016, to recover over JPY 14bn in capital through the sale of securities, and invested over JPY 32bn

(Trend in total commitment amount; JPY billion)



* Converted at USD 1 = JPY 110, KRW 1 = JPY 0.1

(Trend in percentage of domestic and overseas assets under management)



* Calculated by the exchange rate as of the end of Mar. 2017

An increase in the percentage of overseas assets under management

SBI SAVINGS BANK's Net Income Trend (Based on K-GAAP)

-Business performance improved dramatically after consolidation in Mar. 2013-

(KRW billion)

	Fiscal year ended June 30 2013	Fiscal year ended June 30 2014	Fiscal year ended June 30 2015	Fiscal year ended Dec. 31, 2015 (irregular financial results for six months)	Fiscal year ended Dec. 31 2016
SBI	-529.2	-329.2	20.2	17.2	74.0
OK	-5.7^{*1}	-8.1	-16.0	5.9	9.2
HK	9.0	21.3	57.3	30.1	10.5
JT Chinae	-27.6	-27.0	1.4	7.1	25.2
Welcome	-2.4^{*2}	-12.6	15.7	19.5	35.2
Hyundai	-59.2	-9.5	35.3	56.5	37.5

- **FY 2016 profit before income tax expense attributable to SBI Holdings based on IFRS was JPY 5.6bn**
- **1Q FY2017 net income based on K-GAAP was KRW 20.4bn**

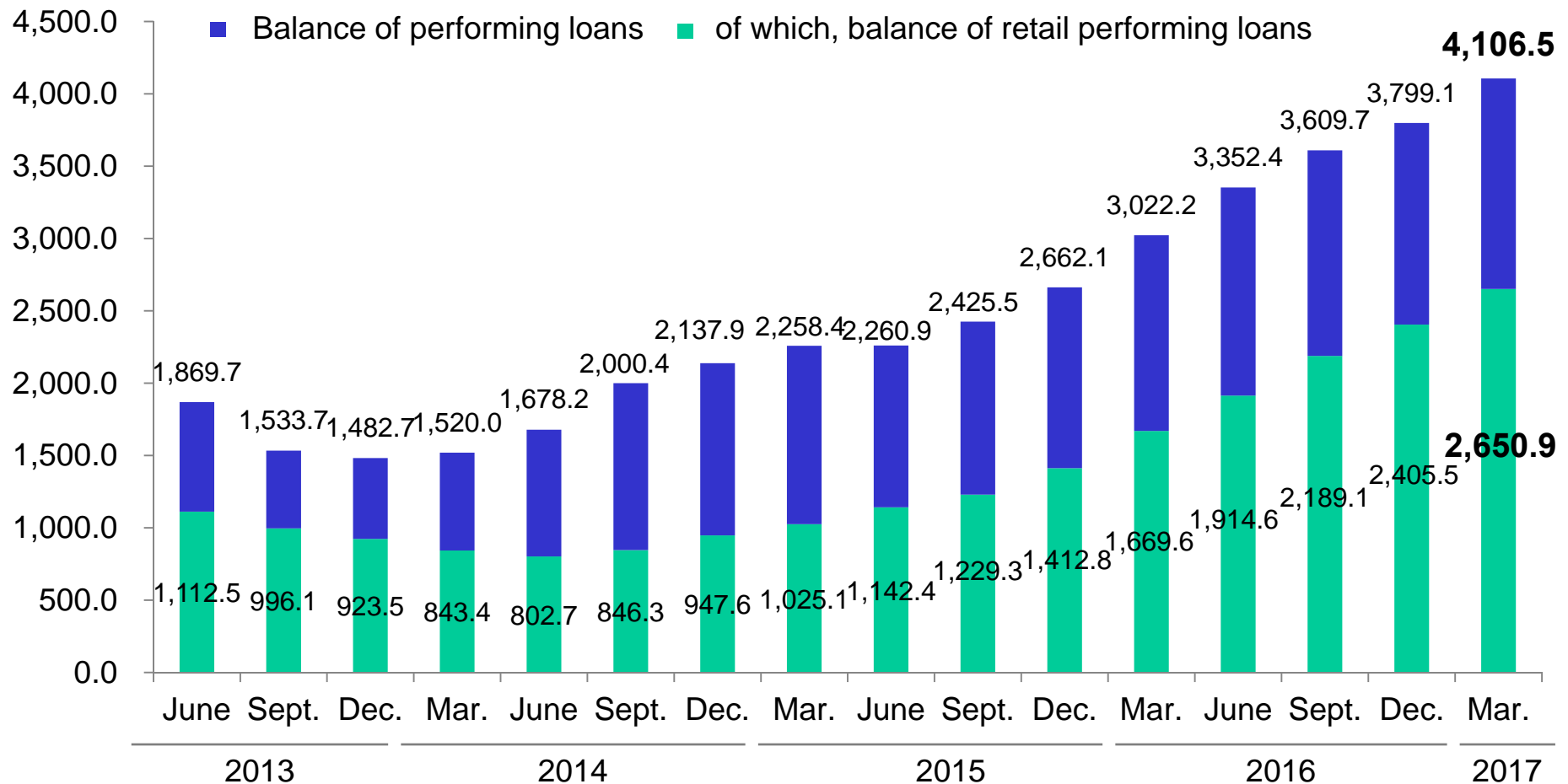
*1 Irregular financial results for four months, owing to establishment on Feb.15 2013

*2 Irregular financial results for two months, owing to establishment on Apr.12 2013

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

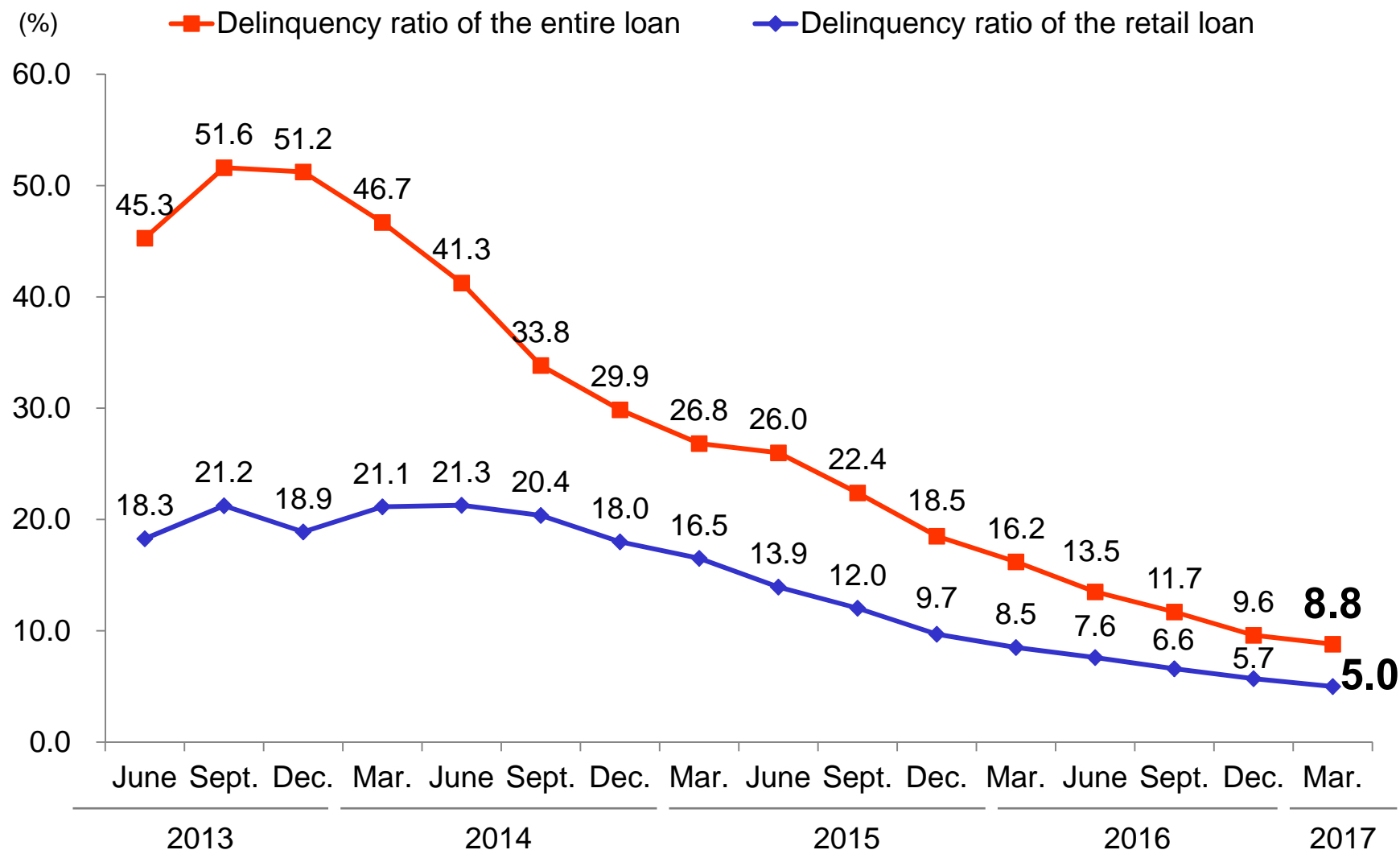
Balance of Performing Loans*

(KRW billion)



* Based on K-GAAP



Overall Delinquency Ratio Decreased Dramatically



* Based on K-GAAP

(3) Biotechnology-related Business

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

		FY2015	FY2016	(JPY million)
Total of the Biotechnology-related Business		-6,572	-9,574	
SBI Biotech		-297	 737	Profitable for the first time since its founding
Quark Pharmaceuticals (“Quark”)		-2,572	-8,270	
5-ALA-related business		-3,471	-298	
	SBI Pharmaceuticals	-1,425	 91	Profitable for the first time since its founding
	SBI ALApromo	-587	-233	
	photonamic *Consolidated in Jan. 2016	38	-41	
	SBI ALA Hong Kong	-65	-69	
	Suzhou Yian Biotech	-1,432	-46	
Others/consolidation adjustments (including foreign exchange/equity method investment loss, etc.)		-72	-1,744	

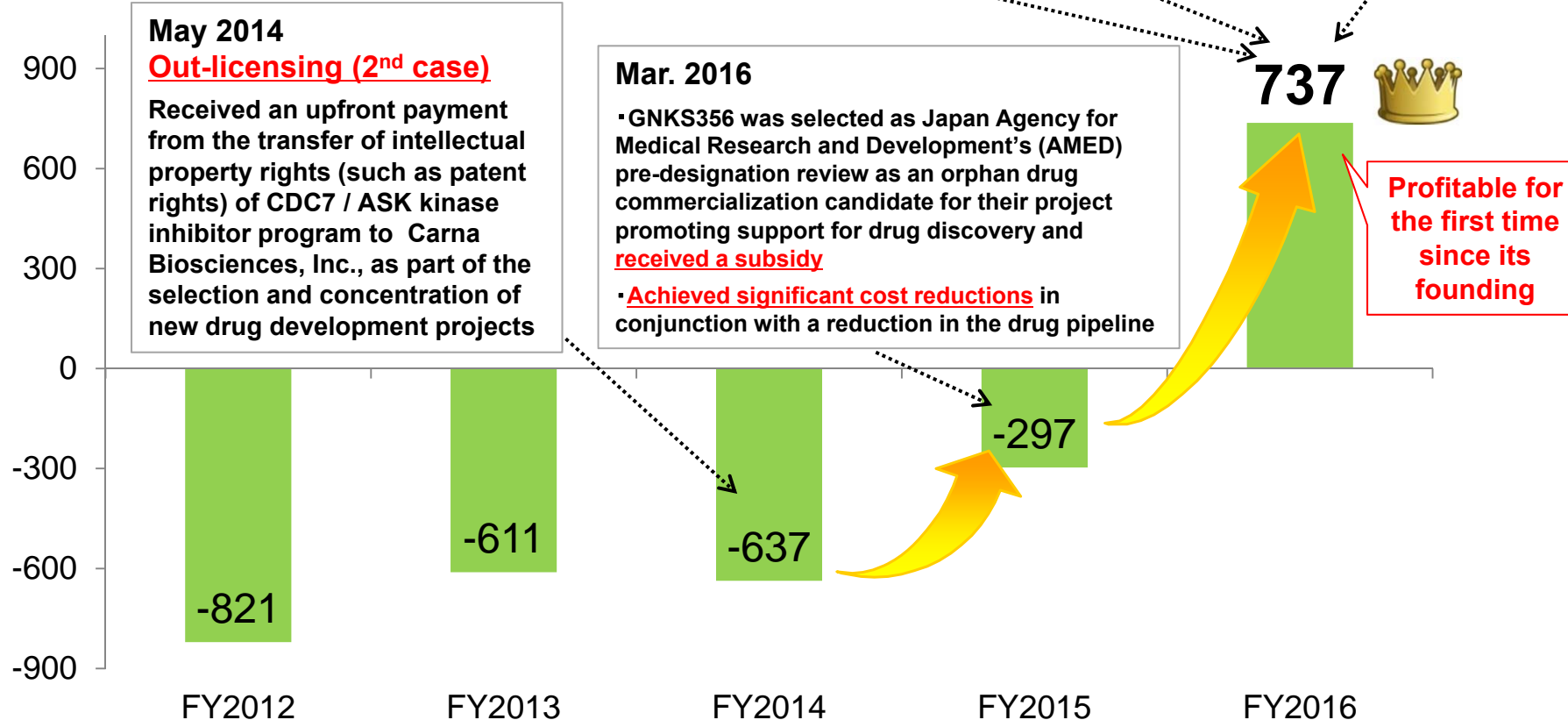
- Quark recorded a year-on-year increase in FY2016 loss before income tax expense, owing to significantly higher expenses for the steady progress of several clinical trials, including two Phase III trials since Mar. 2016
- SBI ALApromo expanded sales by approx. 2.3 times year-on-year, owing to an increase in the number of stores that offer a food with function claims, “ALApplus Tou (Sugar) Down,” and regular customers for direct sales, and an increase in OEM sales (e.g., 2 products jointly developed with RIZAP GROUP)
- photonamic will record milestone payments and other licensing payments in FY2017, that were scheduled to be paid from partner companies in FY2016. Meanwhile, photonamic achieved a full-year profitability for its own fiscal year term, which was from Jan. to Dec. 2016, and is also expected to achieve profitability for the fiscal year ending Dec. 2017

5 Years Transition of Biotechnology-related Business ①

(SBI Biotech, established in 2007)

Profit before income tax expense (IFRS):

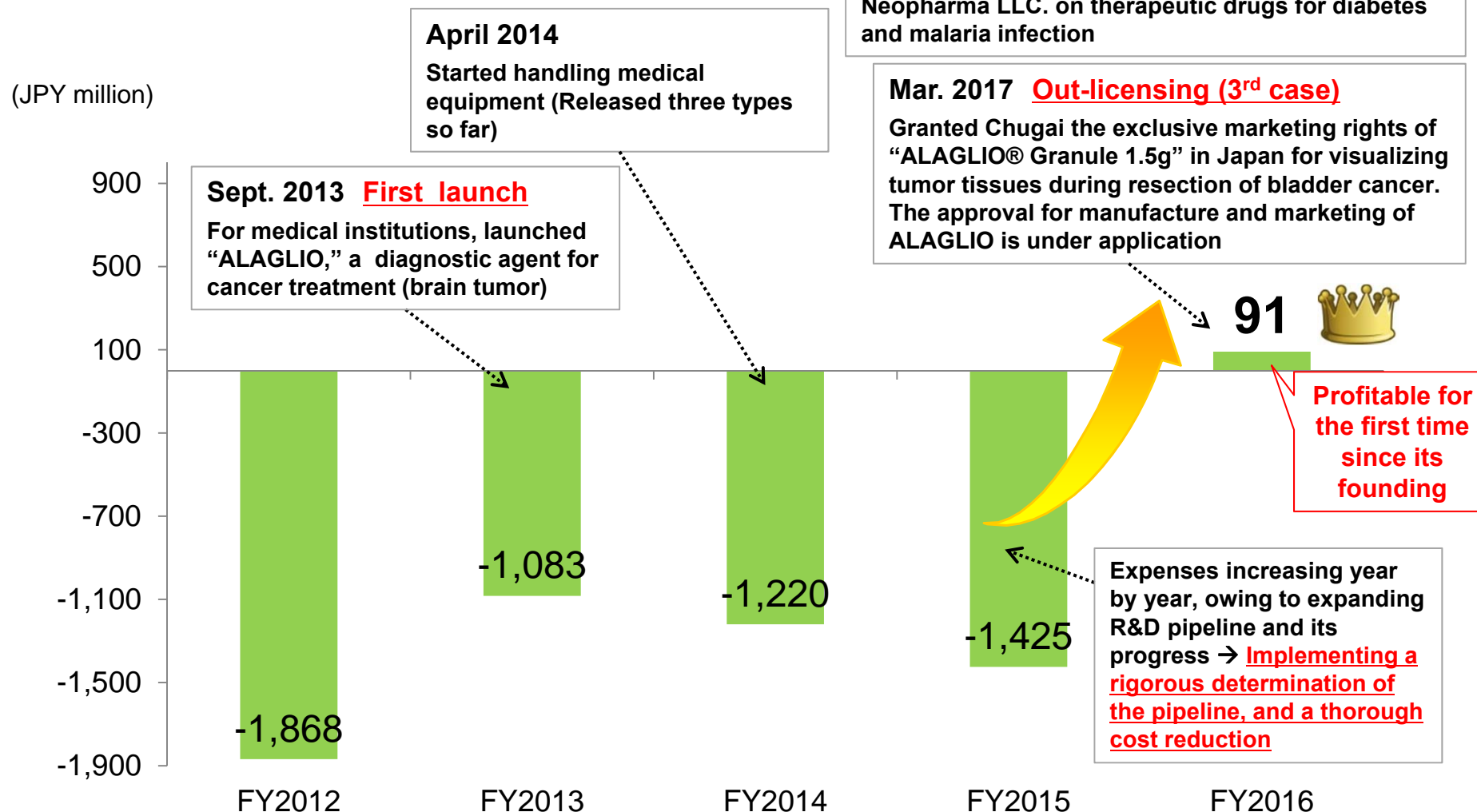
(JPY million)



5 Years Transition of Biotechnology-related Business ②

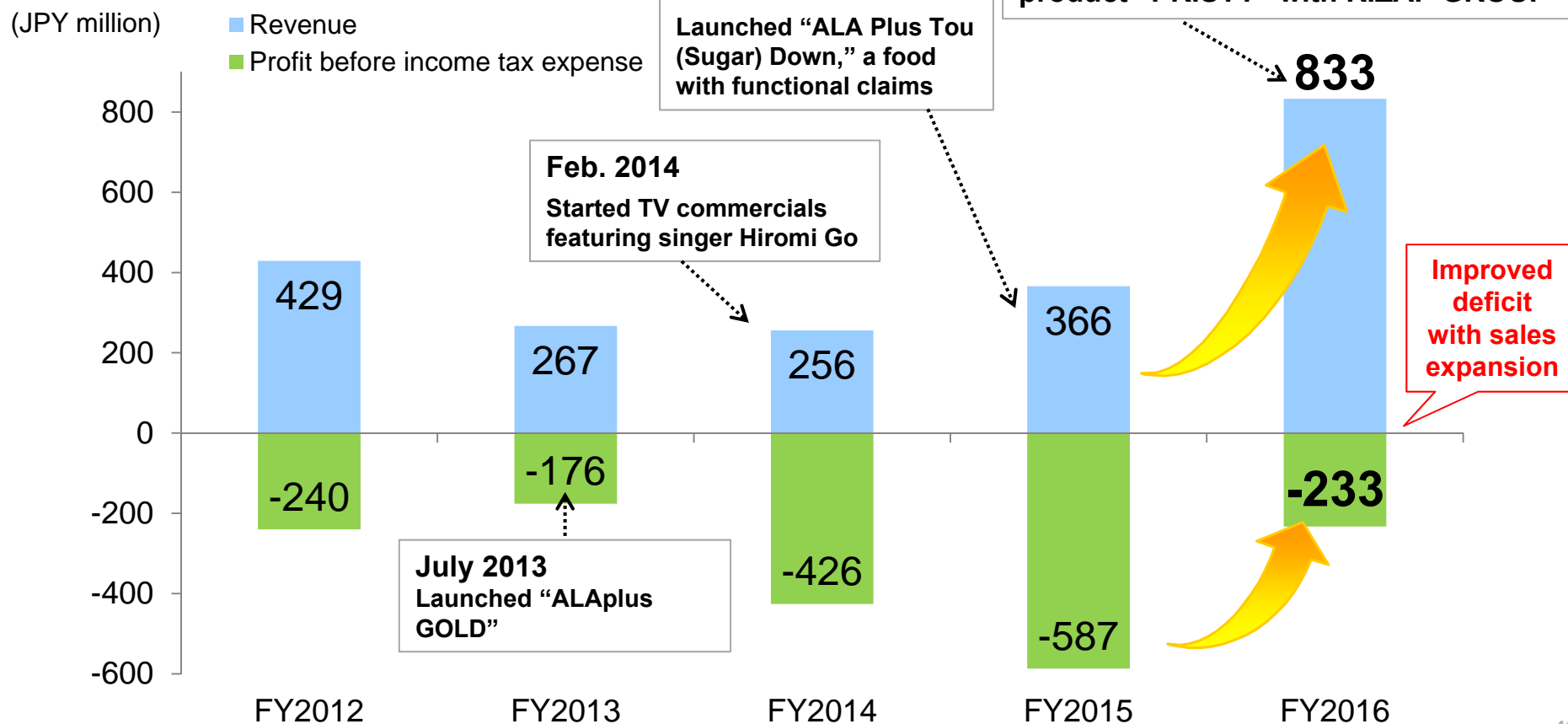
(SBI Pharmaceuticals, established in 2008)

Profit before income tax expense (IFRS):



5 Years Transition of Biotechnology-related Business③ (SBI ALApromo, established in 2012)

Revenue / Profit before income tax expense (IFRS):



R&D Expenses and Investments of the Biotechnology-related Business

- **R&D expenses of Quark will peak in FY2017 and is expected to decrease afterward**

[Trend of expected R&D expenses]

FY ending Dec. 2016*	FY ending Dec. 2017	FY ending Dec. 2018	FY ending Dec. 2019
approx. USD 60m	approx. USD 72m	approx. USD 62m	approx. USD 37m

- **For the entire Biotechnology-related Business, will distinguish between “must have” and “nice to have” pipeline developments, according to medical needs and progress in R&D, to actualize a thorough cost reduction**
- **Moving forward, the SBI Group will avoid making new investments into new fields as much as possible, and instead focus on the existing high growth potential businesses, such as in SBI Biotech and the 5-ALA-related business**

*The result for FY2016 is preliminary results, which is not subject to an audit by the auditor

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)



In the process of spinning off Quark from SBI Biotech, for an independent listing of each entity

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

**SBI Pharmaceuticals Provided Chugai the Exclusive Marketing Rights of “ALAGLIO® Granule 1.5g (“ALAGLIO”),” a Diagnostic Agent for Cancer (Carcinoma Vesicae) Treatment
-Received an Upfront Payment in 4Q FY2016-**

Granting Chugai the exclusive marketing rights of “ALAGLIO® Granule 1.5g (“ALAGLIO”)” in Japan for visualizing tumor tissues during resection of bladder cancer. The approval for manufacture and marketing of ALAGLIO is under application.



By orally administering ALAGLIO to a patient three hours before surgery and shedding a blue excitation light on the lesion during the surgery, the cancerous portion emits red fluorescence, thereby making it easier to distinguish between cancer and normal tissues

Presented at the 105th Annual Meeting of the Japanese Urological Association on Diagnostic Agent for Cancer (Carcinoma Vesicae) Treatment

This Agent is the world-first orally administered formulation for photodynamic diagnosis (PDD) for the purpose of visualizing tumor tissue at the operation of the transurethral resection of bladder tumor (TURBT), a resection method of bladder cancer therapy. (Applying for production approval)

Presentation content: The resection* of bladder cancer by using this Agent showed higher sensitivity than the conventional method by using white light only in the patients of non-muscle invasive bladder cancer, which accounts for 70-80% of all types of bladder cancer, in its Phase III clinical trial

*The method to visualize cancer cells by red fluorescence excited by emission of blue light after administration of this Agent

- The primary evaluation point of sensitivity: 54.1% by the conventional method by using white light ⇔ 79.6% by the method to visualize cancer cells by fluorescence by using this Agent
- Number of specimens of tumor positive that could be detected: This Agent could detect 46 specimens (25.4%) which could not be detected by the conventional method

The Phase III clinical trial using this Agent was conducted at the respective medical institutions of Kochi University, Nara Medical University, Hamamatsu University School of Medicine, Yamaguchi University and Saitama Medical University International Medical Center

Showed significantly
high sensitivity

Following the Receipt of the Minister of Economy, Trade and Industry Award, at the 10th Japan Bioventure Awards, SBI Pharmaceuticals Received the “Invention Award” of the Seiichi Tejima Memorial Research Prize, with Professors of the Tokyo Institute of Technology



Memorial Research Prize of Seiichi Tejima* “Invention Award”

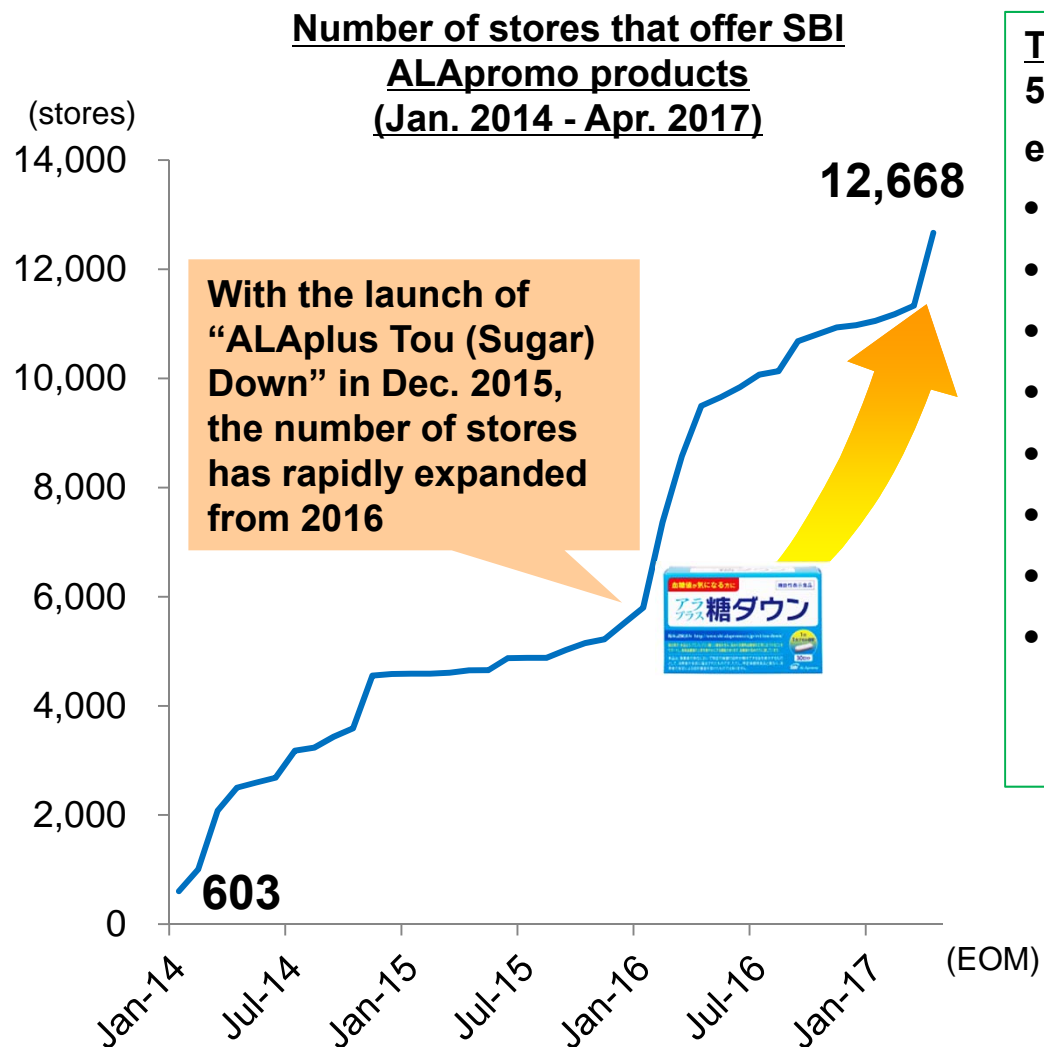
*It was established to encourage research at the science and engineering university, and is awarded to stakeholders of Tokyo Institute of Technology. In addition to the Invention Award, there is the Research Dissertation Award, the Doctoral Dissertation Award, the International Student Research Award, the Young Researcher Award, and the Writing Award.

Award-winning theme: Discovery of Photodynamic Therapy or Diagnostic Agents by Means of Infrared Region Radiation

Award received jointly with Tokyo Institute of Technology School of Life Science and Technology Professor Hideya Yuasa and Associate Professor Shun-ichiro Ogura for photodynamic therapy (PDT) by means of infrared-region radiation using 5-ALA and lanthanide nanoparticles

A technology that converts near-infrared radiation (one type of infrared region radiation that penetrates deep into biological tissue) into higher-energy wavelengths for utilization in cancer therapy through the combined use of lanthanide nanoparticles and 5-ALA. It is expected to be used in treatment of deep-seated cancers, which has been difficult until now.

Number of Domestic Stores that Offer Health Foods Containing 5-ALA are Increasing Steadily, and Now Exceed 12,000



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

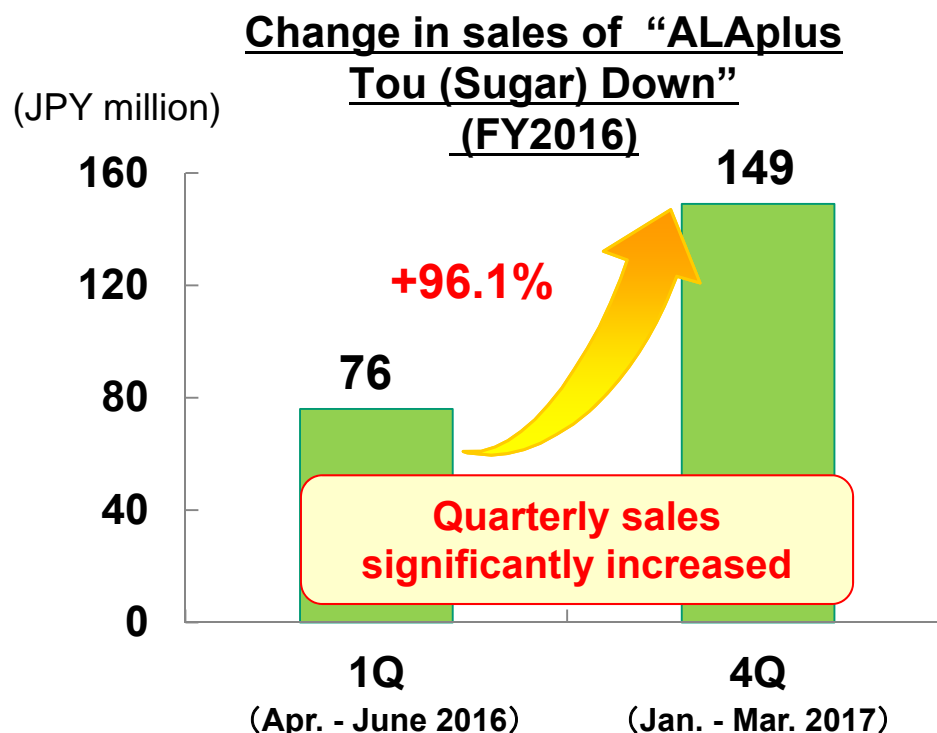
e.g.

- Tsuruha Holdings approx. 1,310 stores
- Welcia approx. 1,300 stores
- cocokara fine 973 stores
- FUJIYAKUHIN approx. 890 stores
- Sundrug approx. 820 stores
- COSMOS Pharmaceutical 802 stores
- SUGIYAKUHIN 138 stores
- Matsumoto Kiyoshi 56 stores

→ Will start to sell 5-ALA products at over 200 stores

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

Sales of Foods with Function Claims “ALAplus Tou (Sugar) Down” Increasing Steadily



Recent prizes received by “ALAplus Tou (Sugar) Down”:

- The 29th Hit Products and Spotlight Products Awards
Won the “Excellence Award for the Hit Item Awards (in the category of health foods/supplements)”
(announced in Jan. 2017)
- The 1st Foods with Function Claims / Market Contribution Grand Prize
Received “Award for the shining naming and promotion”
(announced in Dec. 2016)

Among the 892 foods with function claims received by the Consumer Affairs Agency, “ALAplus Tou (Sugar) Down” (30 capsules) was ranked 16th and 10 capsules was ranked 30th in sales, in Mar. 2017 (Published in the May 2017 issue of the monthly magazine “H&B Retail”)* **Ranked in for 12 consecutive months since Apr. 2016**

*Source: “TRUE DATA” by CUSTOMER COMMUNICATIONS, Ltd. “TRUE DATA” is a standard database, taking statistics about information on consumer purchase in drugstores and supermarkets in Japan, which consists of purchase information on approx. 50 million people in Japan, covering gender and age span

[Summary of the past years (1)]

Financial Services Business

- **With the completion of the establishment of the Internet-based financial ecosystem and thorough pursue of “Customer-centric Principle,” all subsidiaries and business divisions achieved profitability, with the exception of subsidiaries that have been established within the past two years. Also, owing to synergies and mutual evolution exerted among the ecosystem component companies, FY2016 revenue achieved an historical high, growing to a business segment capable of high profit levels in spite of adverse market conditions**

Asset Management Business

- **Owing to Morningstar Japan’s sustainable profit growth and SBI SAVINGS BANK’s rapid business turnaround, a constant profit source that underpins this business segment has been established**
- **Through the continued establishment of new funds, both domestically and abroad, such as the FinTech Fund, established a structure that will bear future fruit**
- **Realize the transition from Japan’s SBI to the World’s SBI through investments, where the overseas assets under management has become significantly greater than that of the domestic market**

[Summary of the past years (2)]

Biotechnology-related Business

- **SBI Biotech and SBI Pharmaceuticals successfully achieved profitability on a non-consolidated basis, owing to the out-licensing of their drug pipeline**
 - **Quark, a subsidiary of SBI Biotech, has two products at the Phase III stage in its drug discovery pipeline, along with a significantly increased cost for clinical trials, but those costs will peak in FY2017, subside in FY2018 and shrink significantly in FY2019**
 - **SBI ALA Hong Kong (consolidated basis) is the intermediate holding company of the 5-ALA-related business, and expects a steady increase in the sales of foods with function claims, along with other health foods and cosmetics, and a steady progress of its drug pipeline clinical trials for peritoneal dissemination of gastric cancer, mitochondrial diseases and cardiac ischemia-reperfusion injury**
- ➔ Progressing steadily toward profitability in the Biotechnology-related Business**

2. There seems to be a major wave of changes coming upon the financial industry, so how will the SBI Group respond to such changes?

Changes in Trends Surrounding the SBI Group

The SBI Group developed within two major trends that encompassed its inception in 1999

Financial Deregulation

**Japanese
Financial
Big Bang**
since Nov. 1996

- ✓ In pursuit of free, fair and global financial markets
- ✓ However, pro forma fairness was rampant, with companies considering information disclosure alone sufficient

Internet Revolution

- ✓ Wiser, smarter selection of products and services requiring little bother, time, or cost is possible for customers, thanks to the breaking down of the asymmetric nature of information and elimination of arbitrariness

Financial Administration's Policy Change

- Major reforms in asset management
 - ✓ Inculcation of a customer-oriented business operations (as a fiduciary duty) in the interest of stable asset formation for the Japanese people
 - ✓ Establishment of the Stewardship Code and demand for measures that place the highest priority on the interests of final beneficiaries on the part of institutional investors
- Regulatory reform for nurturing of new businesses
 - ✓ Easing of regulations on investment in FinTech-related companies through amendment of the Banking Act
 - ✓ Temporary freezing of relevant laws and regulations by ministries and agencies, the Japanese version of "regulatory sandbox" guidelines to make possible speedy testing of innovations nationwide

FinTech Revolution

- Expansion of new technologies such as blockchain, IoT, AI, robotics and big data
- Emergence of FinTech ventures that provide a variety of financial functions such as remittance, asset management, settlement and lending

And more...

Policy Change of the Financial Administration by Financial Services Agency of Japan (JFSA)

Japanese financial institutions will be asked to make major changes

July 2015 – (After Mr. Nobuchika Mori assumes the office of the Commissioner of the Financial Services Agency):

Previous financial administration :

The JFSA places a greater emphasis on “banking soundness” while focusing on capital adequacy ratio and the nonperforming loan ratio → **Maintaining the soundness of financial institutions was top priority**

The first policy change since 1998 when the predecessor Financial Supervisory Agency was established

2015-2016 Strategic Directions and Priorities (published Sept. 2015)

The JFSA “aims to realize a better flow of funds in order to contribute to the sustainable growth of the economy” and will set a goal for the “business and economic growth and asset formation,” as the highest priority

-A first mention of FinTech in this policy-

2016-2017 Strategic Directions and Priorities (published Oct. 2016)

Calls on financial institutions to “pursue the best way to provide financial products and services that serve customer interests,” and to promote a customer-oriented business operation (as a fiduciary duty)

The Financial Services Agency (FSA) Comprehensively Examines the Posture of the Financial Institutions Toward the Customer-oriented Approach



e.g.1 FSA requests disclosure of commissions on insurance products that banks sell as a distribution point

Newspaper article

(Mar. 20, 2016; The Nihon Keizai Shimbun)

e.g.2 FSA requests financial institutions for routine disclosures of whether they are selling appropriate investment products from a customer-oriented approach, from various angles

Newspaper article

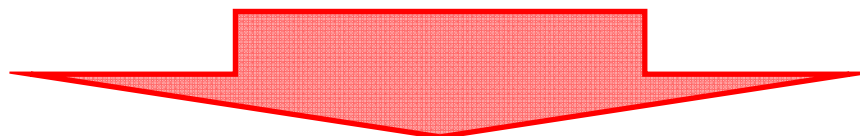
(Apr. 9, 2017; Nikkei Veritas)

A customer-oriented business operation (as a fiduciary duty)

“Fiduciary duty” refers to the obligation borne by fiduciaries under trust agreements and other agreements in common law. It is important for all financial institutions that engage in the sale of financial instruments, advice, product development, asset management, investment to recognize their respective roles and strive for customer-oriented business operations in the interest of stable asset formation for Japanese customers. It is considered problematic that this is not necessarily the reality of the business operations of Japanese financial institutions

**Since Its Inception, SBI has Thoroughly
Implemented the Values that Places Customer
Interests as a Top Priority**

Adherence to the “Customer-centric Principle”



**Thorough pursuit of services from a truly
customer perspective**

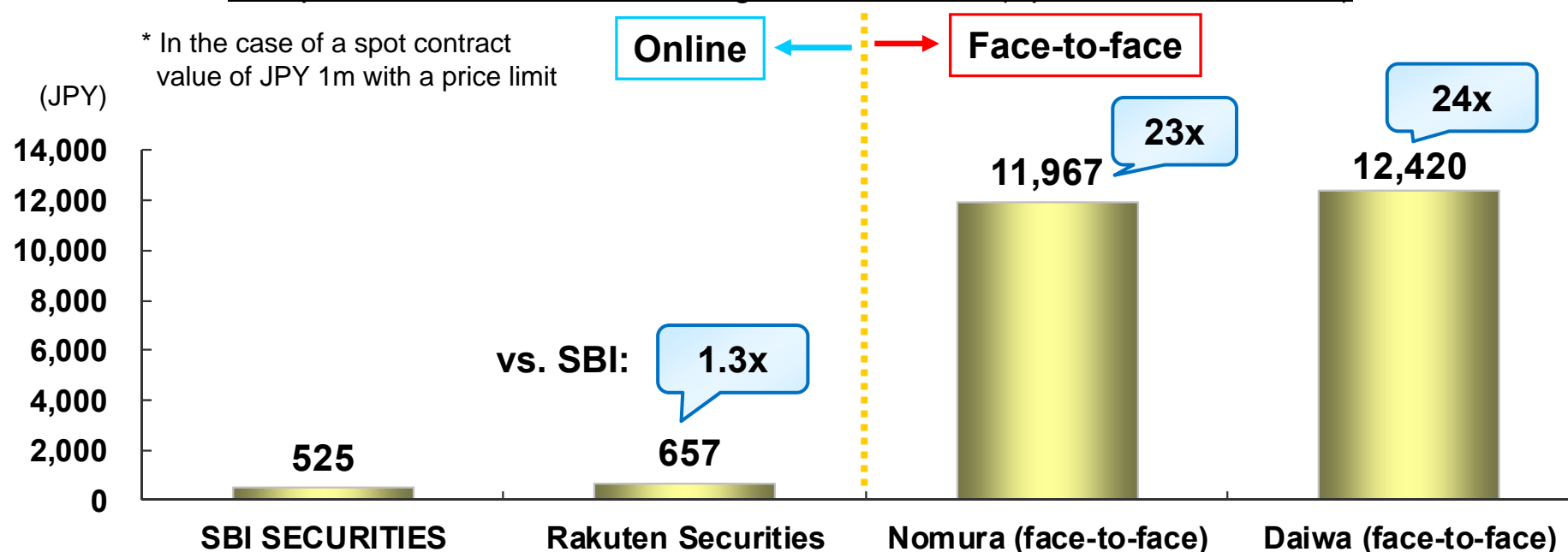
- ① **Services with low commissions and favorable interest rates**
- ② **Services that enables convenient comparison of financial products**
- ③ **Services with cost transparency for customers**
- ④ **Services with high security and reliability**
- ⑤ **Provision of abundant and high quality financial products from a neutral position**
- ⑥ **Provision of attractive investment opportunities ... etc.**

Adherence to the “Customer-centric Principle” ①

-SBI SECURITIES’ Momentous Reduction of Brokerage Commissions-

SBI SECURITIES realized a momentous reduction of brokerage commissions by offering overwhelmingly low trading commissions

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



Contract value	SBI SECURITIES	Rakuten Securities	Nomura (face-to-face)	Daiwa (face-to-face)
JPY 1m	525	657	11,967	12,420
JPY 3m	994	1,244	29,247	31,428
JPY 5m	994	1,244	45,879	50,436

* 1. The above figures represent commissions on the contracted amount per order in a spot trade with a price limit. As for Rakuten, the commissions are for “one shot course.”

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 May 17, 2017) 63

Adherence to the “Customer-centric Principle” ①

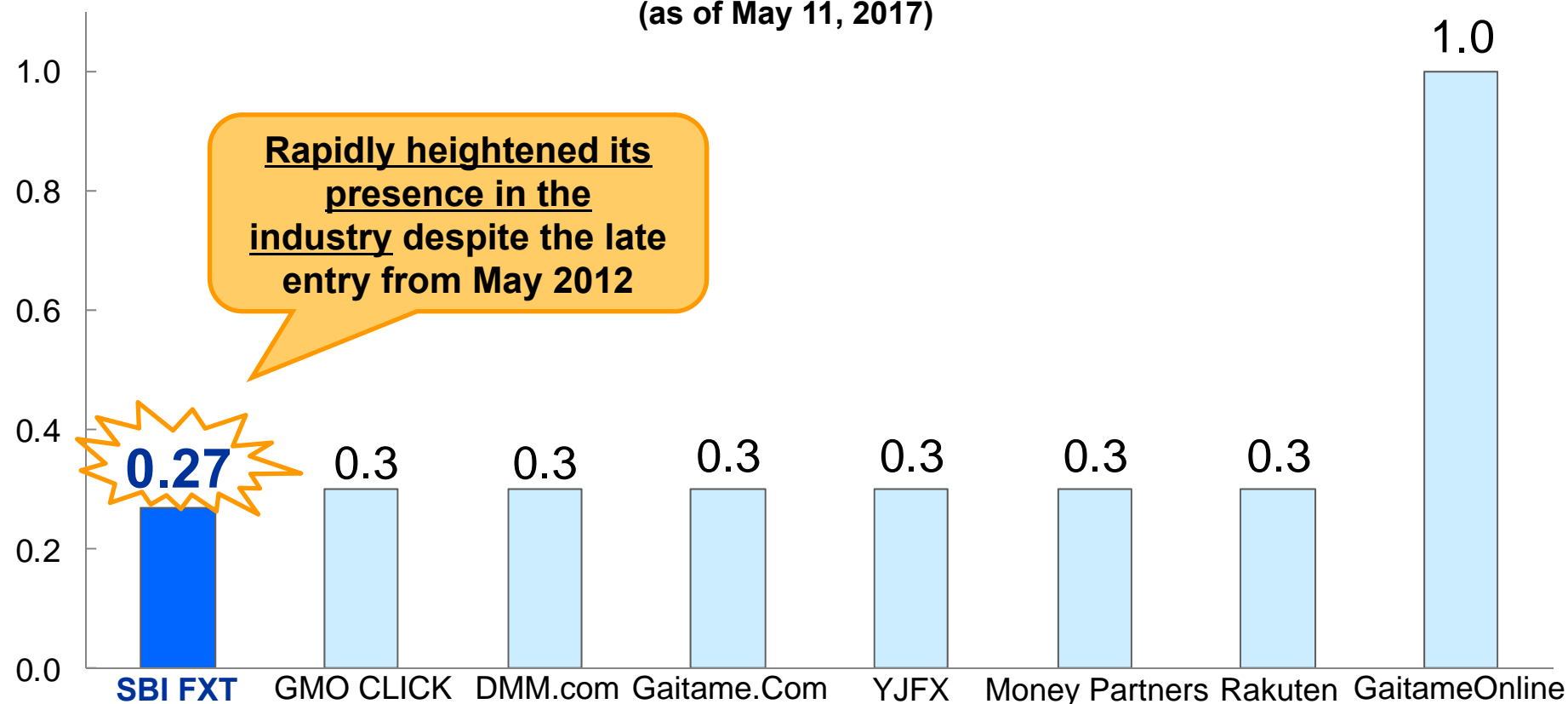


-SBI FXTRADE Offers the Industry’s Narrowest Level of Spreads-

Comparison of the Spread for USD/JPY Pair with Major FX Companies (under 10 thousand currency unit)

(Unit: JPY 0.01)

(as of May 11, 2017)



* Spread of SBI FXTRADE differs depending on order lot. (When loss-cut is executed, the narrowing spread will be applied.)

* Spreads are basically fixed, but there are some cases that actual spread differs from indicated ones due to market's sudden change and other external factors. However, the change in SBI FXT's spread is the industry's minimum level .

Adherence to the “Customer-centric Principle” ①

-SBI Sumishin Net Bank Offers Favorable Interest Rates-



Owing to lower personnel and operating costs, favorable interest rates can be offered, as compared to major city banks that operate branches nationwide

Example: Comparison of term deposit interest rates

Average of 3 major city banks

	Less than JPY 3m			JPY 3m or more		
Term of deposit	1 year	3 years	5 years	1 year	3 years	5 years
Interest (%)	0.010	0.010	0.010	0.010	0.010	0.010

住信SBIネット銀行

2 times

	Less than JPY 3m			JPY 3m or more		
Term of deposit	1 year	3 years	5 years	1 year	3 years	5 years
Interest (%)	0.020	0.020	0.020	0.020	0.020	0.020

(*) Yearly rate, before taxes. As of May 17, 2017. Based on SBIH's research

Adherence to the “Customer-centric Principle” ①



-SBI Insurance Offers Lower Premium Insurance to Maximize Customers' Merit-

The Diamond weekly “Auto Insurance Premium Ranking”
(35-years-old, Gold licence, 6th class, New contracts)

□ : Direct insurance product

: Started operation after 1998

	Company	Car insurance premium (JPY)*
1	<u>SBI Insurance #</u>	<u>30,580</u>
2	Zurich Insurance	31,700
3	AXA GENERAL INSURANCE #	31,910
4	E.design Insurance #	32,450
5	Saison Automobile & Fire Insurance	36,080
6	Sony Assurance #	36,420

7	Mitsui Direct #	36,830
8	Secom General Insurance	37,250
9	Asahi Fire & Marine Insurance	44,290
10	Sonpo 24 #	47,500
11	Sompo Japan Nipponkoa Insurance	51,230
12	Tokio Marine & Nichido Fire Insurance	51,460

*Insurance Premium Terms and Conditions

•Vehicle type: Honda N-BOX G-L Package (4WD) (model: DBA-JF2) new vehicle, equipped with immobilizer. New vehicle discount and immobilizer discount applied if available, road assistance service included. Ordinary vehicle with deductible of ¥50,000 (first claim) / ¥100,000 (second claim and after), total loss incidental expense attached. •Policy start date: Apr. 1, 2017 •First year registration: March 2017 •Policyholder: individual (male, Tokyo resident) •Purpose of use: daily use/leisure •Annual driving distance: 5,000 km •Driver's license color: gold •Bodily injury (to others)/property damage coverage: no limit (zero deductible) •Personal injury: 50 million yen (only while in the insured vehicle) •Vehicle damage: not covered •Passenger injury: not covered •Drivers: unlimited •Attorney expense rider: applied if available •Payment method: lump sum •Insurance period: 1 year

•Discounts: Automatically applied discounts such as prior year no-claims discount applied •Internet discount, no-instrument discount, early signing discount, and other discounts available to everyone applied

*Internet discount applied: AXA Non-Life, Mitsui Direct, E.design Insurance, Saison Automobile, Sonpo 24, Zurich Insurance, Secom General Insurance, SBI Insurance, Sony Assurance

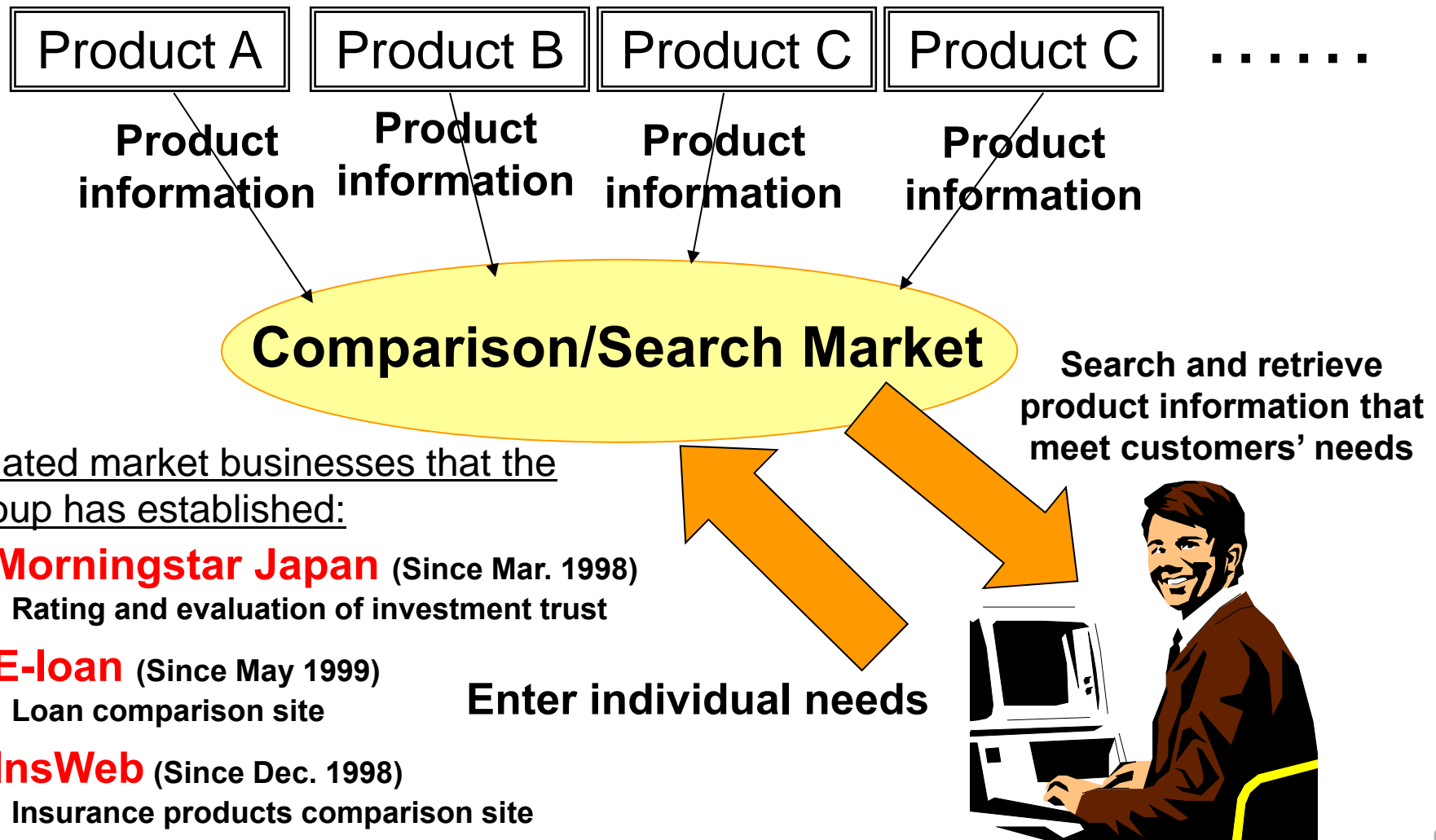
*No-instrument discount applied: Mitsui Direct, E.design Insurance, Saison Automobile, Zurich Insurance, Secom General Insurance, SBI Insurance, Sony Assurance

*Early signing discount applied: Saison Automobile, Zurich Insurance, Sonpo 24

(Source: Excerpt from “The Diamond Weekly Apr. 29/May 6, 2017”)

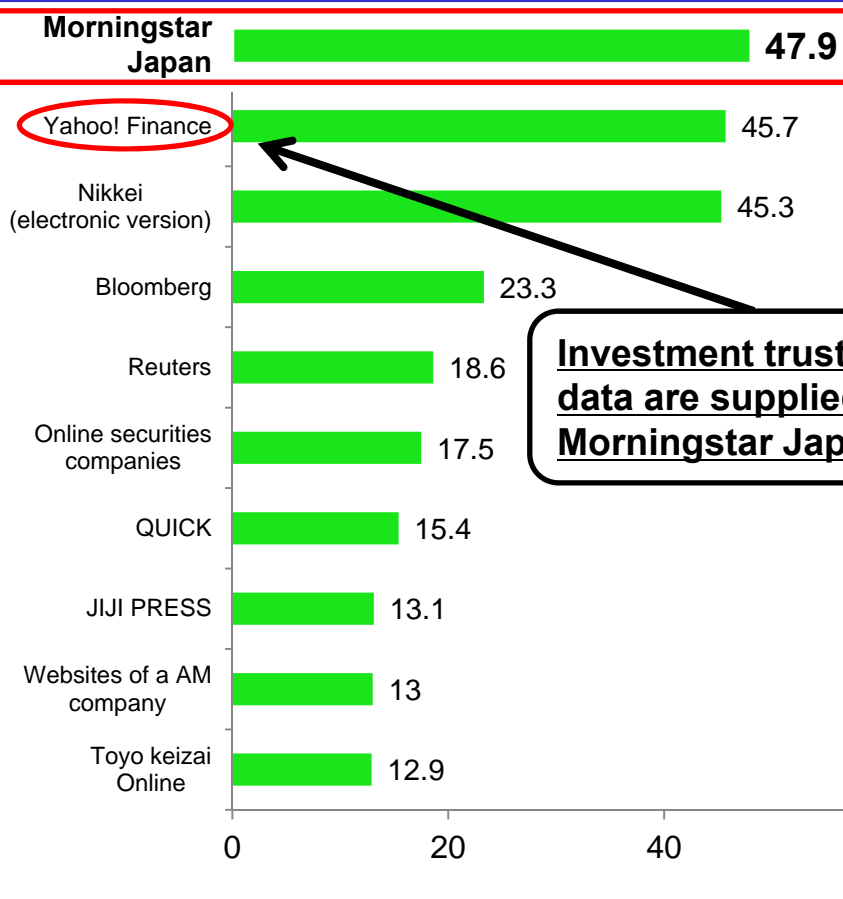
Adherence to the “Customer-centric Principle” ②

-Established Comparison/Search Market on the Internet-
By offering an objective comparison/evaluation information service as a neutral third party, provides customers with the opportunity of selecting products and services that meet their own needs

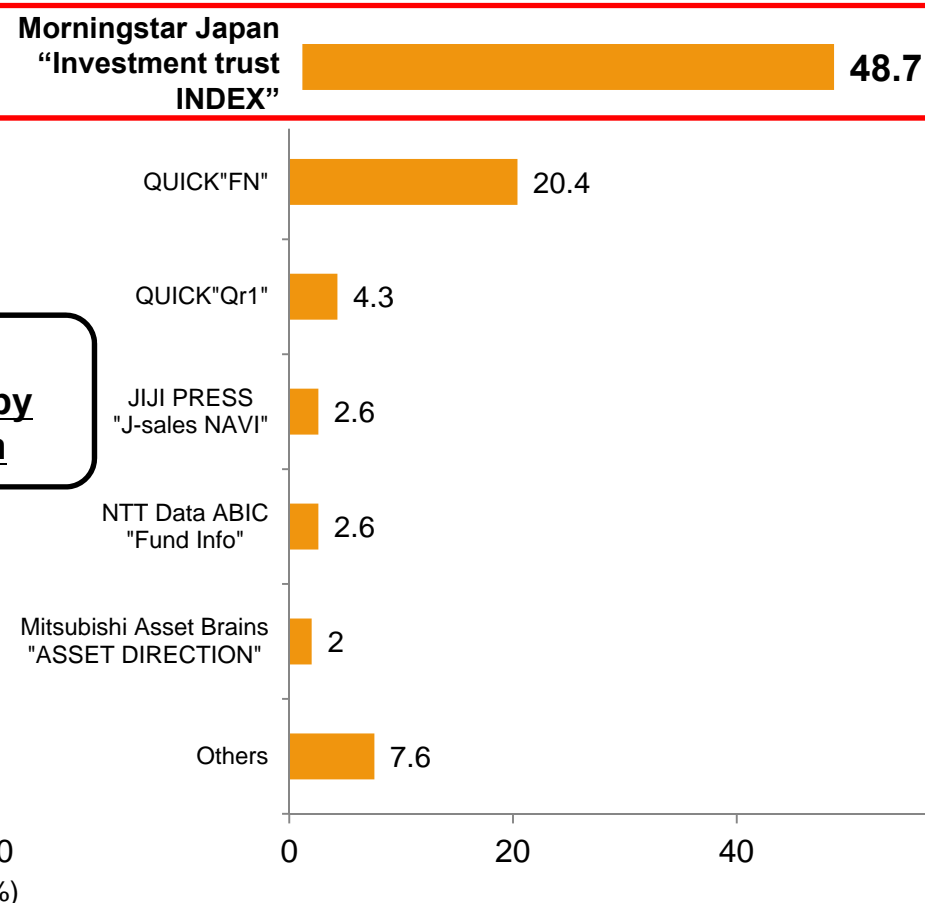


Morningstar Japan's Information Tool Receives Industry's No.1 Ranking

Smartphone application that investment trustees use to collect financial information



Tablet application that investment trustees use on the site



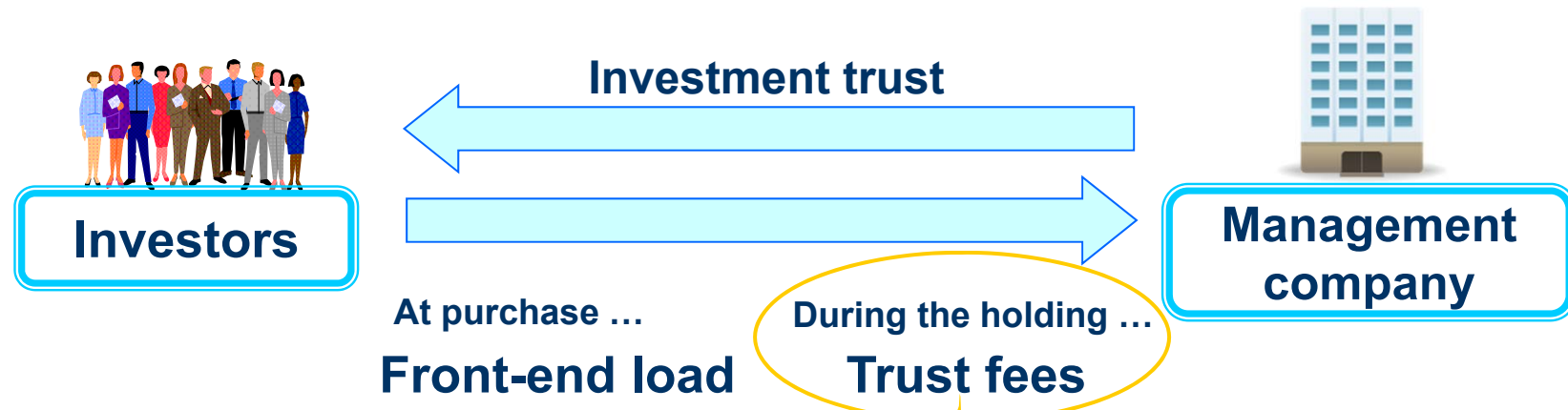
Investment trusts' data are supplied by Morningstar Japan

Source: The Institute of Financial Literacy "Survey on investment trustees' utilization situation of smartphone and tablet"

• Research period: Mar. 2 - Mar. 24 in 2017 • Research target: Sales companies of investment trusts (banks, post offices, credit unions, and securities companies) • Number of valid respondents: 493

Adherence to the “Customer-centric Principle” ③

-SBI SECURITIES Implements “Visualization” Initiative for Investment Trust Costs-



Payment of trust fees increases along with a lengthened holding period, affecting the investor's ultimate investment returns

In 2007, advocated the “**Commission Fee Revolution**,” and through the former SBI Fund Bank, by offering indices focused on cost borne by customers, such as “Zero-return principal*₁” and “Cost ratio*₂,” **implemented the cost “visualization” initiative**

Currently at SBI SECURITIES, 2,495 investment trusts are available, which is Japan's largest product offering of investment trusts, of which **1,131 are no-load funds** (as of May 9, 2017)

*1 Indicates how much of the initial principal (100) will decrease when the fund is redeemed after several years due to major costs borne by customers, including the purchasing fee, trust fee, and trust asset reserve, with the presumption of the daily return on assets as zero

*2 Indicates the rate of decline of zero-return principal on an annual basis by holding period

Adherence to the “Customer-centric Principle” ④



-SBI FXTRADE Offers Stable Pricing, Even During the Occurrence of Events that may Significantly Impact the FX Market-
Through SBI Liquidity Market, [continuing to provide trading opportunities with a commitment to stable pricing](#), demonstrating superior competitiveness even in a volatile market environment

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

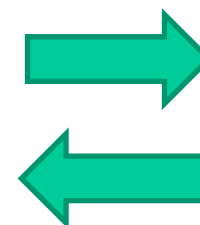
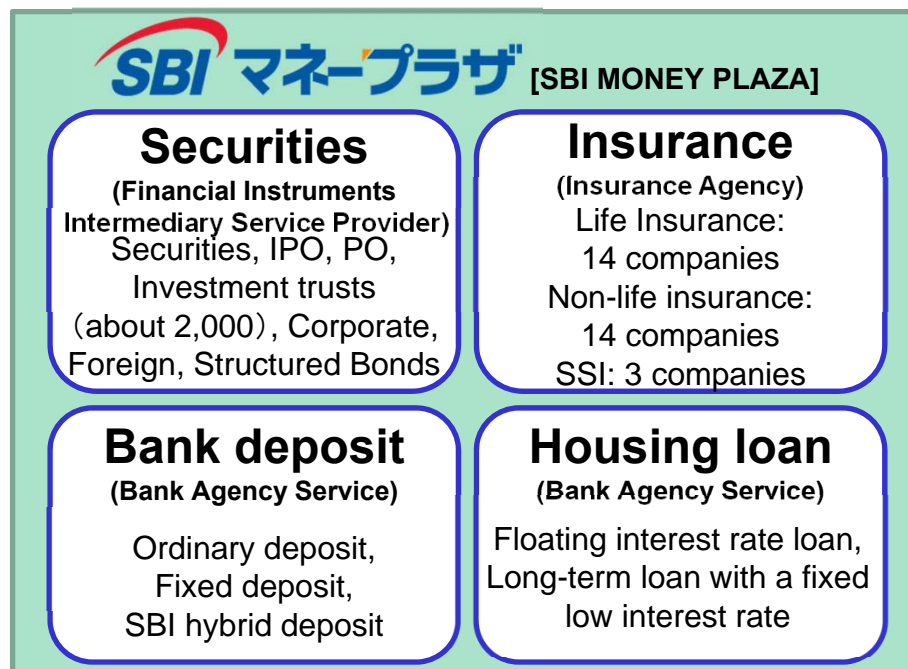
	Trading status
SBI FXTRADE * Up to 1m currency unit	Spread of USD/JPY: JPY 0.18 at most Spread of GBP/JPY: JPY 1.85 at most
Company A	Disconnection of rate delivery for approx. 1 minute and a half
Company B	Spread of USD/JPY: JPY 3 at most Spread of GBP/JPY: JPY 8 at most
Company C	Delay in updating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

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

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

Adherence to the “Customer-centric Principle” ⑤

-SBI MONEY PLAZA Offers Various Financial Products from Both Within and Outside of the Group from a Neutral Standpoint-



In response to various customer needs, provides an one stop solution



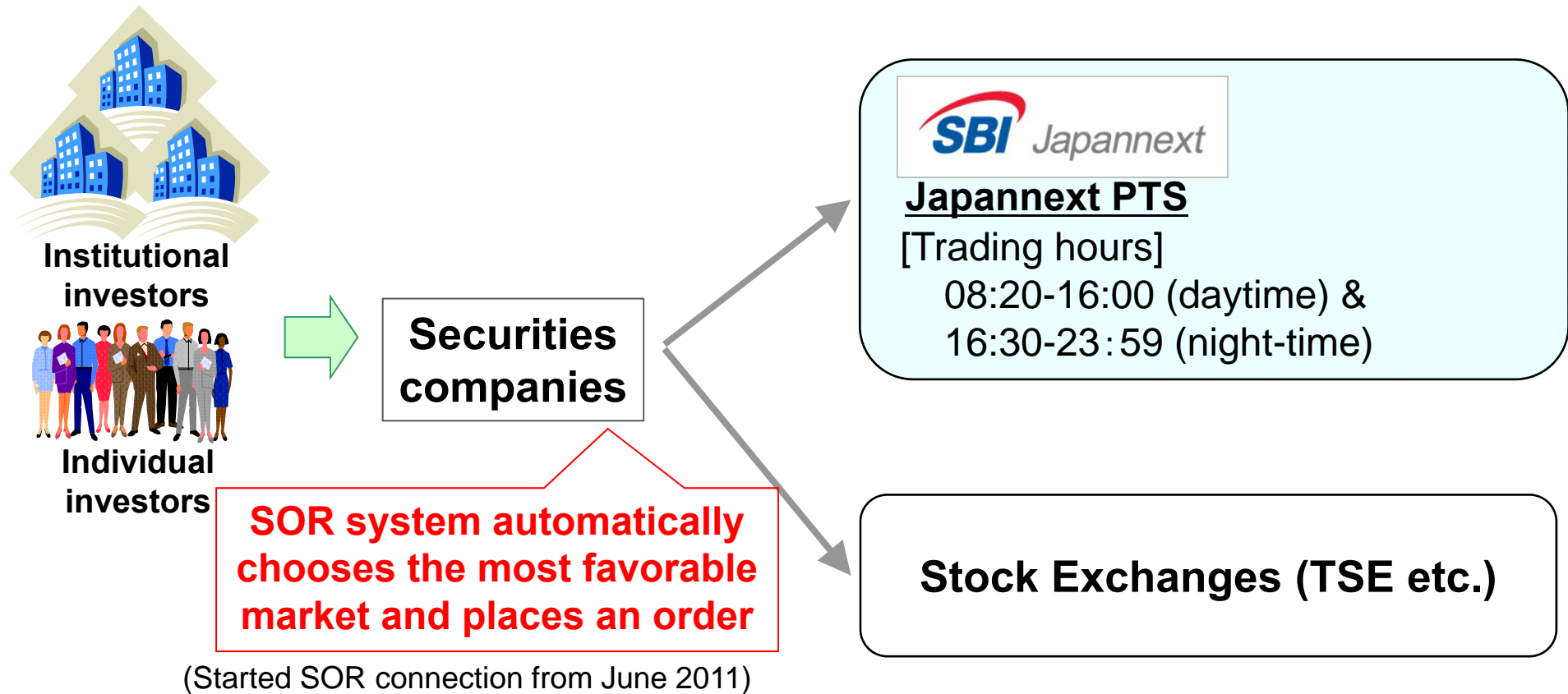
-Endeavoring to provide further customer-centric services, established an in-house IFA system-

As fiduciary duties are becoming more thoroughly required, from the standpoint of independence and neutrality, the role played by the IFA, which advises investment management according to the needs of customers who are investors, is thought to become increasingly important.

At SBI MONEY PLAZA, employee IFAs provide consulting based on the customers' perspective with a high degree of freedom, to establish an environment that will provide more customer-oriented services

Adherence to the “Customer-centric Principle” ⑥

-SBI Japannext Offers an Advantageous Transaction Cost through the Utilization of Its PTS toward Investors-



- When deals are executed on PTSs, the commission is approx. 5% cheaper than on the exchanges
- Customers' investment performance will be enhanced through this benefit

Continuously Achieving a High Customer Satisfaction Assessment [SBI SECURITIES]



1st

**“Oricon customer satisfaction ranking” of 2016
[Online securities comprehensive ranking]
<Evaluation item>**

8 items, such as “ease of trading,” “commissions,” “analytics tools” and
“variety of products”

**For 10
years!
First ever**



**Highest
Award for
the
Category**

**“CCJA 2016”
Received the highest award for “Best Operation” category**

**For 6
years!
First ever**



**Chairman's
Prize**

**Japan Telecom Users Association
20th Corporate Telephone Response Contest in 2016**

**Prized 7
years in a
row!**



**“2016 CRM Best practice award ”
Received “FujiSankei Business I award”**

Continuously Achieving a High Customer Satisfaction Assessment [SBI Sumishin Net Bank]



1st “Oricon customer satisfaction ranking” of 2016
[Online banking]

**6th time
3 years in
a row!**



1st “Oricon customer satisfaction ranking” of 2016
[Bank FX trading]



1st “15th Nikkei Financial Institution Ranking”
Customer Satisfaction by generations 50s



1st JMA Research
“Assessment of Mortgage Products” by mortgage
personnel

**For the
first time!**

Appraised as No. 1 among the 7 banks (*) in all 5 categories, which were: “Mortgage which you want to utilize,” “Mortgage which you want to recommend,” “Mortgage which interest is attractive,” “Mortgage which has best collection of ancillary services,” and “Mortgage which is reliable in an emergency.”

* The comparison among 4 city banks (The Bank of Tokyo-Mitsubishi UFJ, Mizuho Bank, Sumitomo Mitsui Banking Corporation and Resona Bank) and 3 Internet banks (SBI Sumishin Net Bank, Sony Bank and Rakuten Bank)

Continuously Achieving a High Customer Satisfaction Assessment [SBI Insurance]



1st

**“Oricon customer satisfaction ranking” of 2016
Auto Insurance Category
“Auto Insurance Premium Satisfaction”**

**For 8
years !**



1st

**Kakaku.com / Auto Insurance (Satisfaction)
Ranking (2017)
Premium Section**

**For 8
years !**



**HDI-Japan HDI's Call-center Customer Satisfaction
Ratings 2016
Top “three-star” rating in the Support Portal
(Official Website)**

**For 5
years !**

3. What are SBI's initiatives to substantively promote the flow “from savings to asset formation” that seemingly has not yet gained momentum, and in turn contribute to “Regional Revitalization,” which is a national strategy?

Why the Shift “from Savings to Asset Formation” has not Progressed in Japan?

It may be primarily because the customer-oriented financial products have not yet been offered, as most Japanese investment trust management companies are affiliates of securities and banks which sell their own products

(e.g.) Japan and U.S. comparison of well-selling investment trusts

Rank	Primary investment target	Investment type	Settlement periods	Average sales commission (Tax excluded)	Annualized trust fee average (Tax excluded)	The last decade average of annualized rate of returns
Japan	1 US REIT	Active	Monthly	3.20%	1.53%	-0.11%
	2 Global REIT	Active	Monthly			
	3 US REIT	Active	Monthly			
	4 Global stocks	Active	Monthly			
	5 US lower-rated bonds	Active	Monthly			
U.S.	1 US stock index	Index	Quarterly	0.59%	0.28%	5.20%
	2 World stock index (except for the U.S.)	Index	Quarterly			
	3 US stock index	Index	Quarterly			
	4 US stocks	Index	Yearly			
	5 US bond index	Index	Monthly			

Source: FSA

Expectations for Asset Management as a Growth Strategy

-An Earnest Move to Shift “from Savings to Asset Formation”-

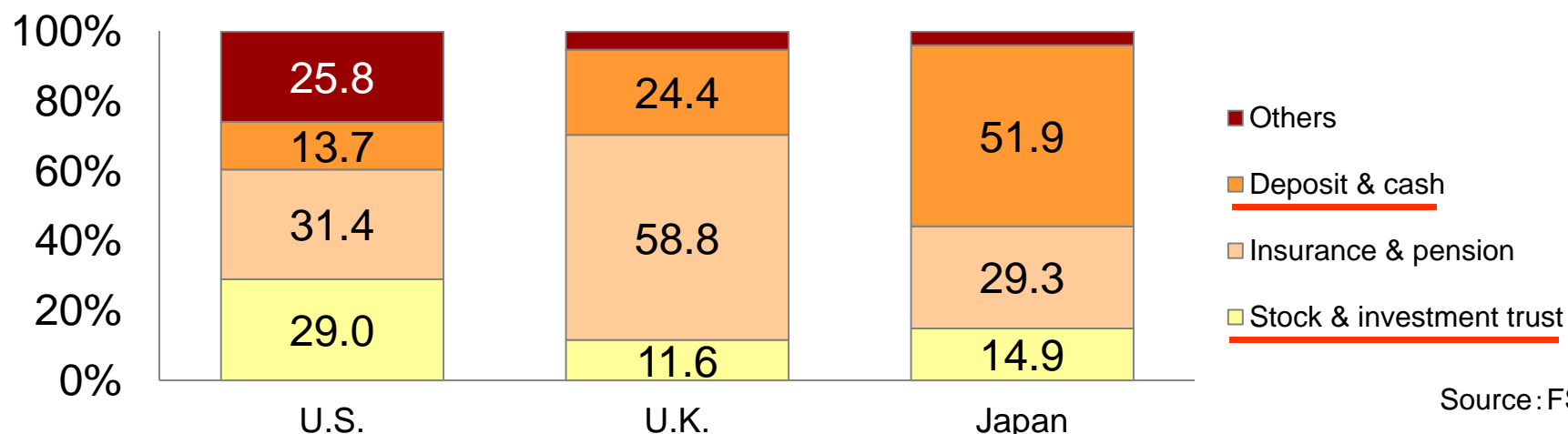
2016-2017 Strategic Directions and Priorities (published Oct. 2016)

Key policies for “increasing the welfare of the Japanese people through the sustainable growth of corporations and the economy and stable asset formation”

- Strive for a “shift to financial flows that realize stable asset formation by the people” and undertake “promotion of long-term, cumulative diversified investments by households” and “establishment and inculcation of customer-oriented business operations by financial institutions, etc. (fiduciary duty).”
- “FinTech developments are expected to substantially change the shape of finance,” and existing financial institutions are expected to “upgrade their settlement infrastructure and utilize new financial technologies” for “transformation of the finance industry and markets through advancement of IT technologies.”

Household financial asset composition ratio of each country

(as of the end of 2015)



As asset management reforms continue, more approaching the asset formation structure of the U.S. and the U.K.

(1) Proactively expand the NISA and iDeCo businesses, which are businesses that the government strongly supports as an accelerator for the stable asset formation of its citizens

Succeeded in Acquiring New Customers for NISA, and Continues a Steady Increase



(Mar. 2017)	SBI * ₁	kabu.com	Matsui * ₁	Nomura * ₁	Daiwa
No. of NISA accounts * ₂	<u>970,000</u>	140,000	120,000	1,750,000	780,000

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

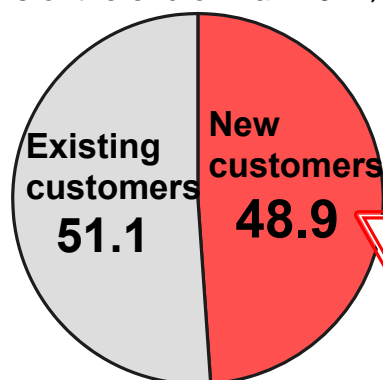
*₃ The number of accounts are as of the end of Mar. 2017, compiled by SBIH from the information on website of each company

SBI SECURITIES' number of Junior NISA accounts reached 26 thousand accounts as of Mar. 2017, accounting for approx. 30% of Japan's entire Junior NISA accounts

Comparison of NISA's Customer Attributes

SBI SECURITIES(%)

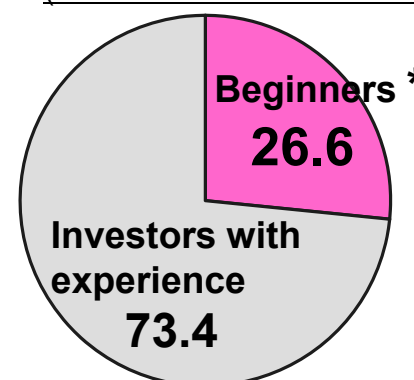
(As of the end of Mar. 2017)



Number of new customers opening NISA accounts account for 49%, and within that 66.5% are beginner investors

Entire Securities Industry (%)

(As of the end of Dec. 2016)



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

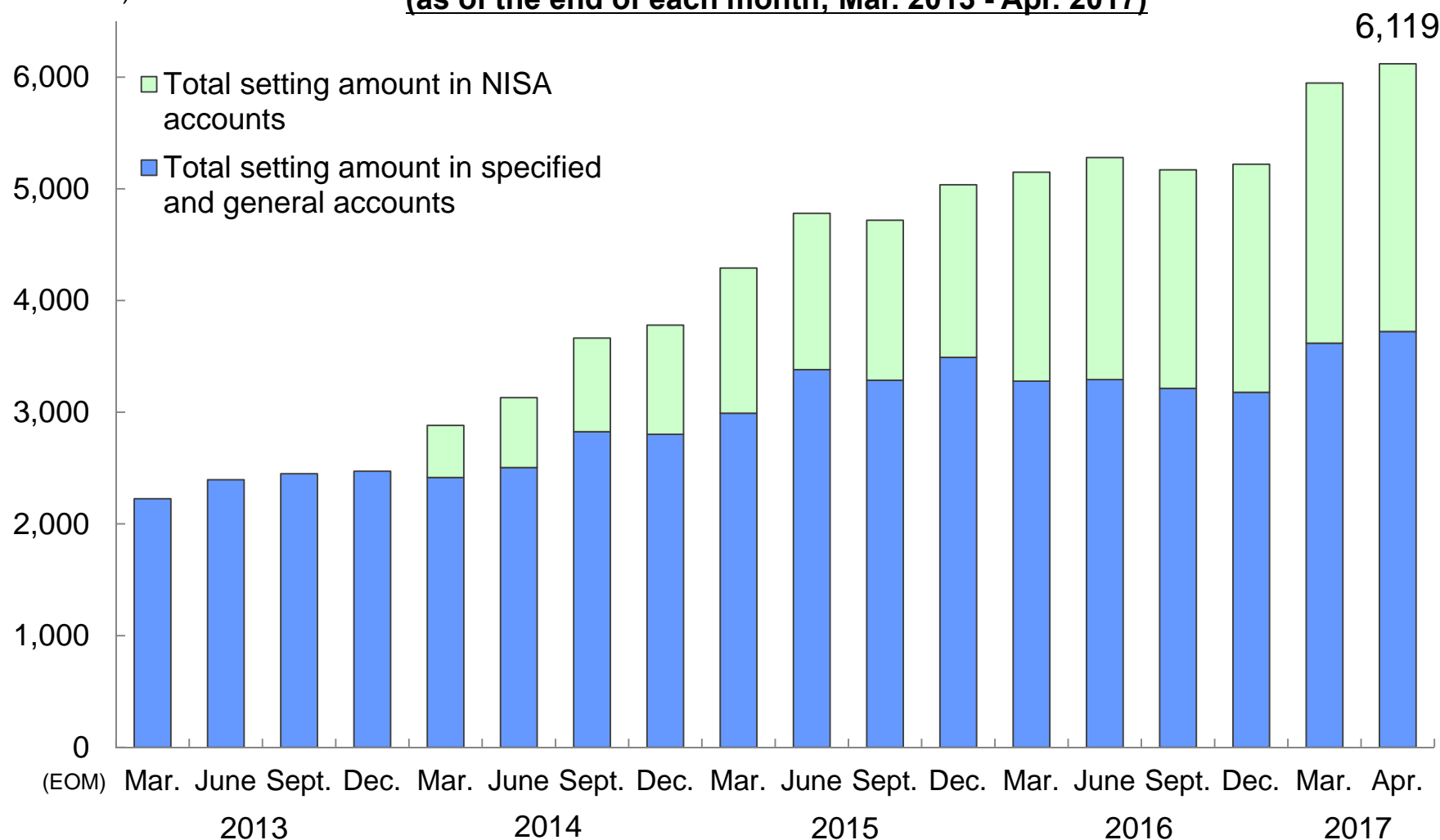
Source: JSDA

■ Active account ratio of 65.3% (Among the entire securities industry, the ratio is 60.7%)

SBI SECURITIES' Monthly Total Periodic Investment Trust Setting Amount Exceeded JPY 6bn in Apr. 2017

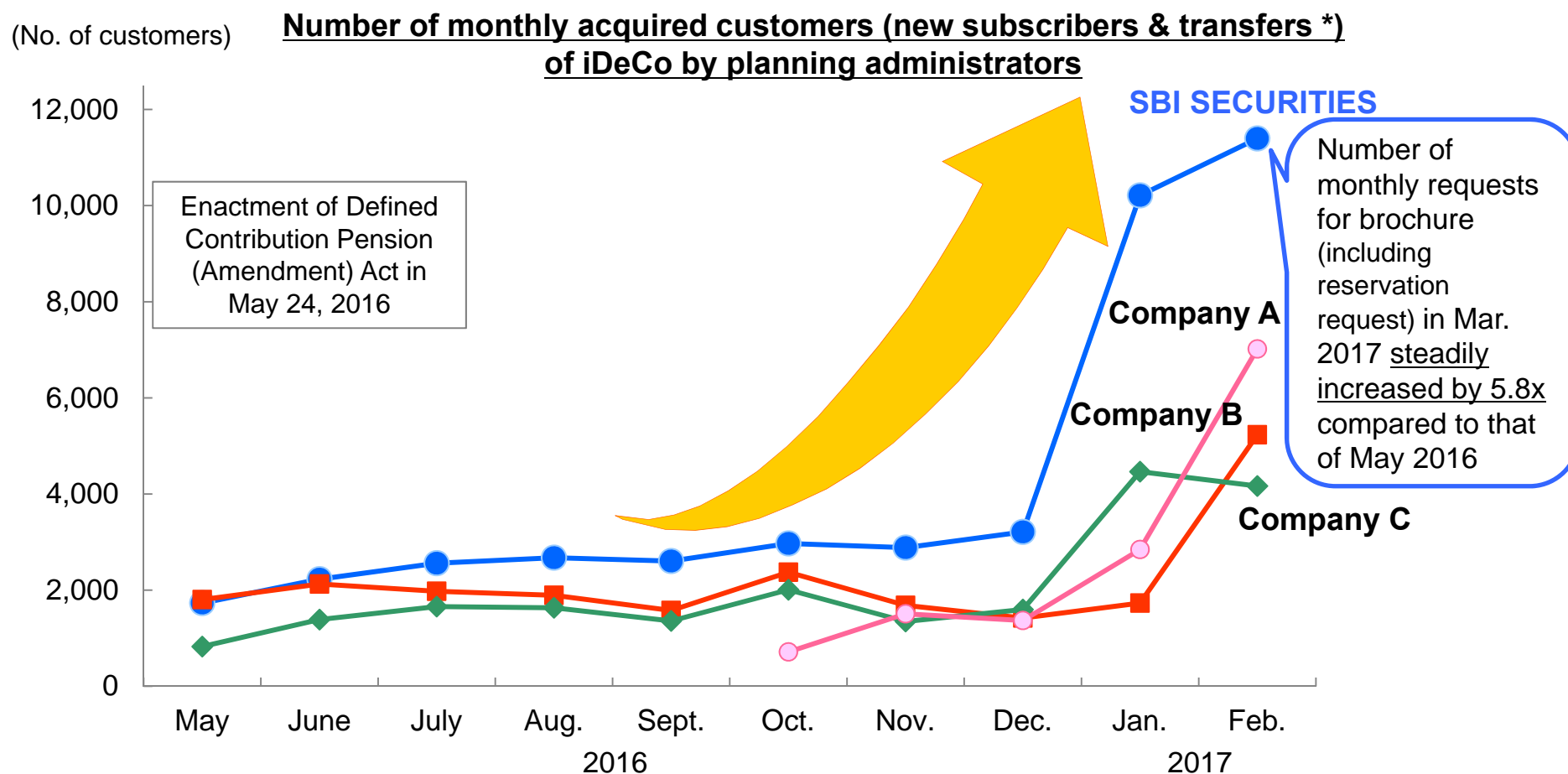
Ceiling for Periodic Investment Trust Setting Amount
(as of the end of each month; Mar. 2013 - Apr. 2017)

(JPY million)



SBI SECURITIES' Presence in the Individual-type Defined Contribution Pension (iDeCo) Business Area is Heightening

The targeted group was expanded to all active generations who have joined the National Pension Plan, since 2017, resulting in an expectation of a significantly expanded market size



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

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

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,” Japanese iDeCo market’s 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 (according to FIL Investments)

- ◆ SBI SECURITIES’ administrative fees are completely free of charge from May 19, 2017

In order to encourage more individual investors to continuously use iDeCo on a low cost basis, SBI SECURITIES waives account management fees, the enrollment fee and fund transfer fees, regardless of the pension assets balance, for all customers

- ◆ In order to further expand the iDeCo market, also offers products with high customer benefits, 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

Establishment of partnership



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

Partnered with WealthNavi, SBI SECURITIES will Support the Neophyte Investors' Asset Formation



- Approx. 80% of SBI SECURITIES' new customer accounts are neophyte investors (Aggregated data for Apr. 2016 - Mar. 2017)
- According to a questionnaire, the majority of SBI SECURITIES' customers answered that they would like to use robo-advisors



WealthNavi for
SBI SECURITIES

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

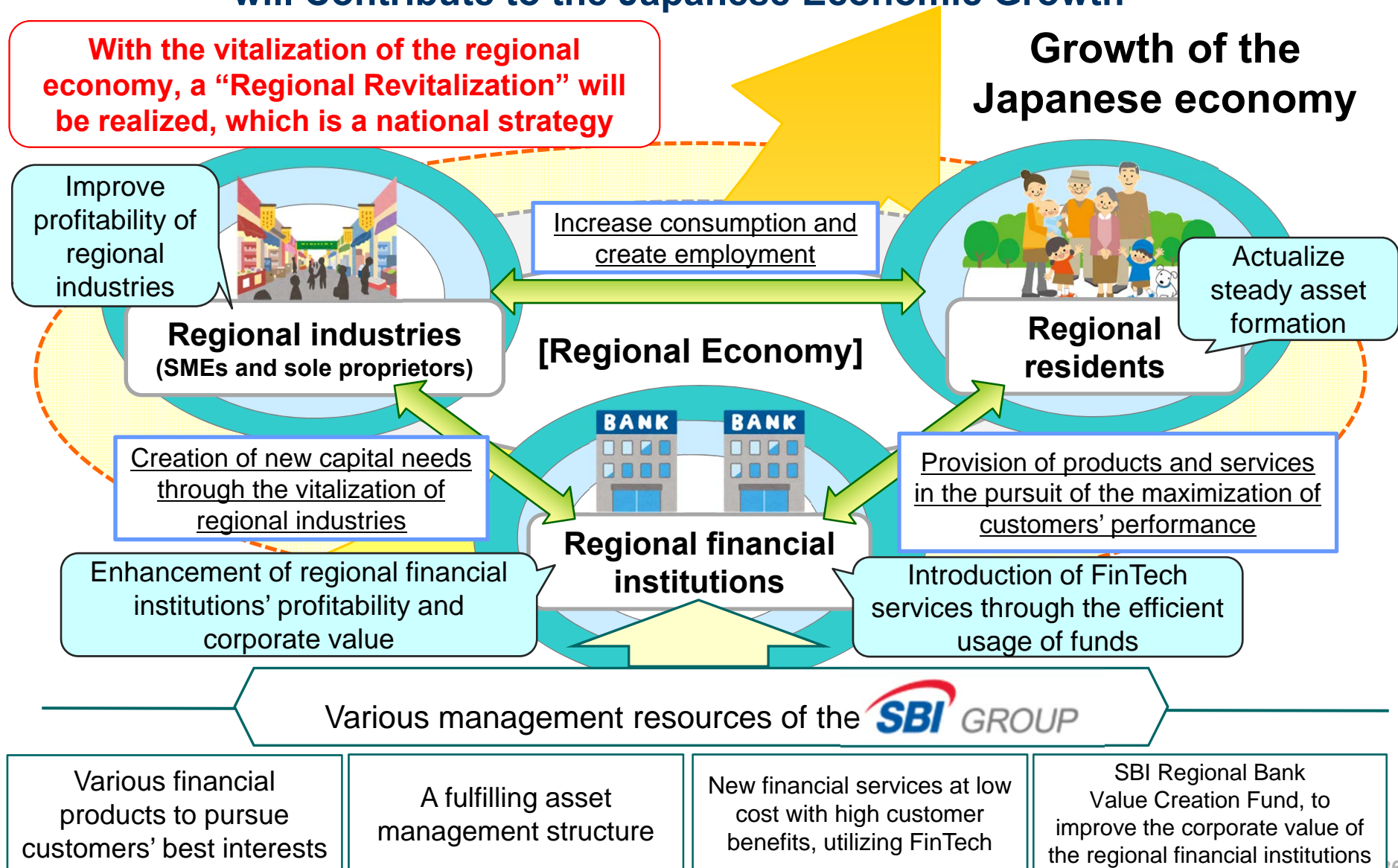
- ✓ A leading-edge asset management service for investors who desire medium- and long-term stable asset growth that automates all asset management processes based on a highly objective and transparent financial algorithm
- ✓ The handling fee is low, levied at an annual rate of 1% of the account balance, and simple, with no other fees required

With approximately 12,000 accounts and customer assets of JPY 6.6bn, evidence of a strong growth in business (as of May 12, 2017)

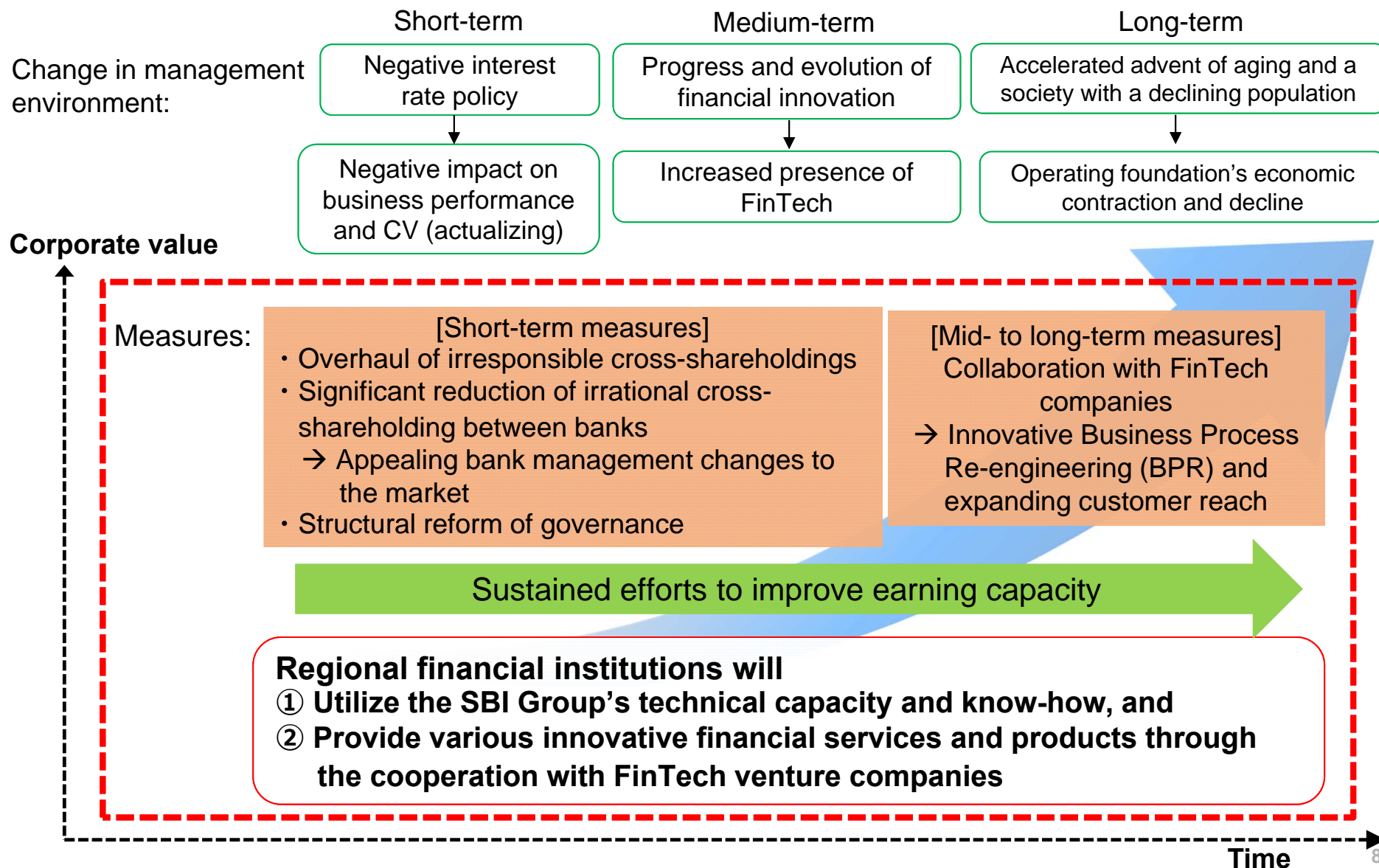
In order to further support the asset formation of neophyte investors, SBI SECURITIES is preparing a partnership with MONEY DESIGN Co., Ltd.

(2) By vitalizing the regional financial institutions that is one of the pillars of the regional economies, will bring about changes toward a “Regional Revitalization”

Regional Financial Institutions will Adapt to Environmental Changes, through the Development of a Truly Customer-oriented Business Model, which will in turn Lead to the Creation of a Virtuous Cycle that will Contribute to the Japanese Economic Growth



Roadmap for Regional Financial Institutions' Corporate Value Enhancement



By Fully Utilizing the SBI Group's Business Resources, will Contribute to Regional Revitalization, which is a National Strategy



[Concrete Plan]

- ① Regional financial institutions endeavoring to improve its asset management capabilities by offering various financial products in pursuit of the customer-oriented approach, through the utilization of the SBI Group's substantive asset management systems**
- ② By encouraging collaborations with venture companies of the FinTech Fund, promoting the introduction of new financial businesses with high customer benefits at the regional financial institutions**
- ③ By establishing a next generation remittance system in Japan to bring about a "Remittance Revolution," will contribute to the service improvement of the regional financial institutions**
- ④ Through the newly planned "SBI Regional Bank Value Creation Fund," expect to vitalize regional financial institutions that play a role in regional revitalization**
- ⑤ Expanding investment and financing to financial institutions in the Asia region in collaboration with regional financial institutions**

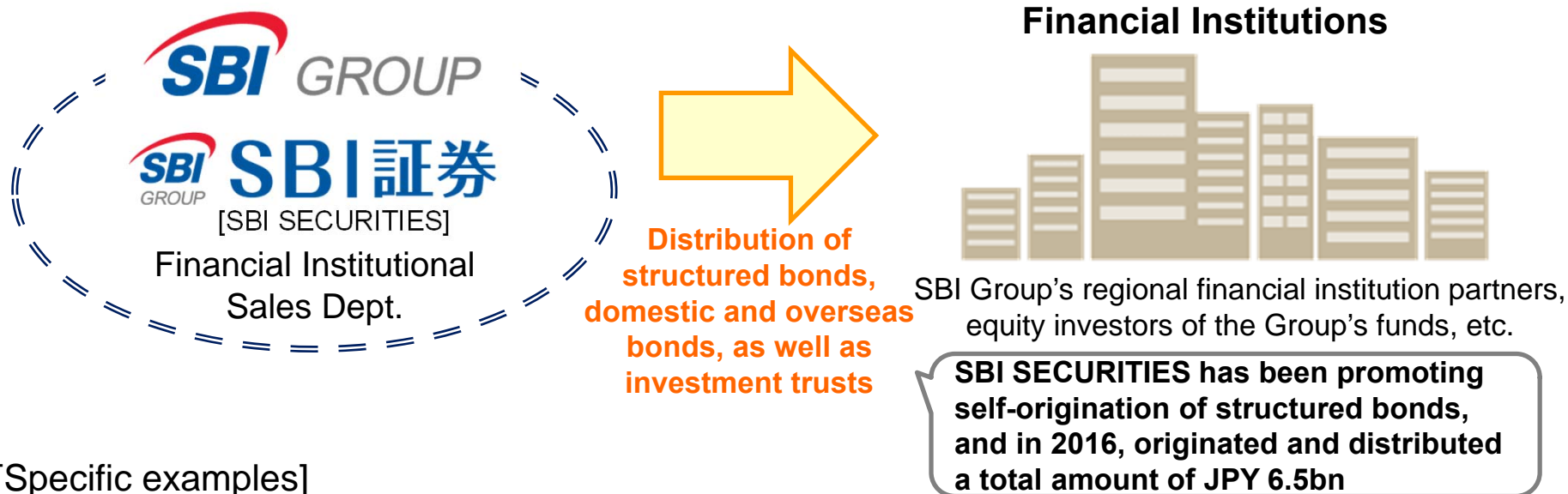
- ① **Regional financial institutions endeavoring to improve its asset management capabilities by offering various financial products in pursuit of the customer-oriented approach, through the utilization of the SBI Group's substantive asset management systems**

SBI SECURITIES' Financial Institution Dept., through the Utilization of the Group's Network, Provides Various Financial Products



Strengthening the sales of products, such as structured bonds, domestic and overseas bonds to financial institutions partners, who are equity investors in the FinTech Fund and the planned SBI Regional Bank Value Creation Fund, as well as to investee regional financial institutions

Planning to sell domestic and overseas bonds, as well as investment trusts to around 50 regional financial institutions



[Specific examples]

- Started providing financial instruments intermediary services with The Shimizu Bank, from Mar. 2017

SBI SECURITIES' first alliance case with a regional bank for intermediary brokerage services, and through further alliances with other regional banks, will proactively develop regional customers

Toward the Investors' Appropriate Asset Formation, Morningstar Japan Supports the Thoroughness of the Financial Institutions' Fiduciary Duty Fulfillment

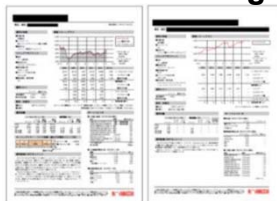
Morningstar Japan will continue to engage in activities ensuring financial institutions' due performance of their fiduciary duty as a priority business—in accordance with the company's business philosophy ever since its founding: “Contribute to investor wealth formation by providing an abundance of unbiased financial information from a neutral, objective perspective.”

Providing optimal products for customers

Analysis of offerings



Fund monitoring



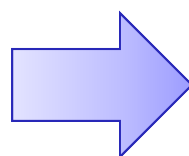
Elimination of information asymmetry with customers

Tablet app “Investment trust INDEX”

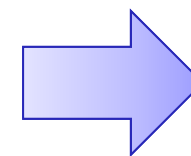


Robo-advisor





Distributing Financial Institutions



Planning and selling
products



Investors

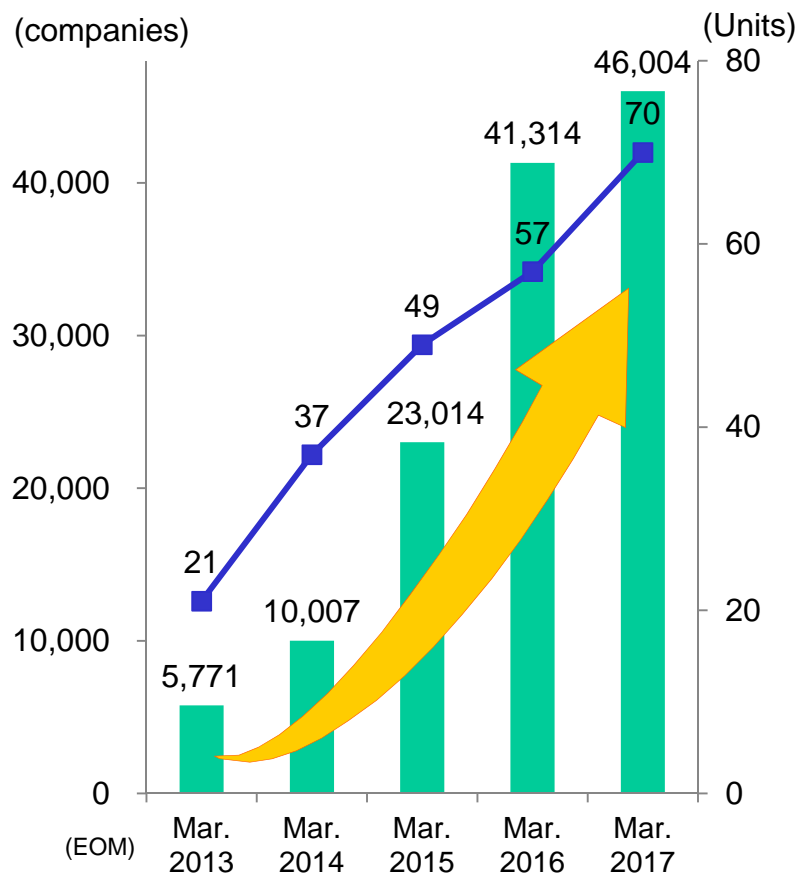
Supporting the provision of thorough fulfillment of fiduciary duty

By strengthening the planning and sales capabilities of products that serve customers' interests, will contribute to the performance improvement of the financial institutions

A Tablet App Offered by Morningstar Japan, on the Back of the Need for Fiduciary Duty Fulfillment

As a tool for financial institutions' asset management advisors to make better proposals to their investors, the tablet app "Investment Trust INDEX" steadily increased the number of providing companies and units

Tablet app trend of providing companies and units



■ Tablet app "Investment Trust INDEX"

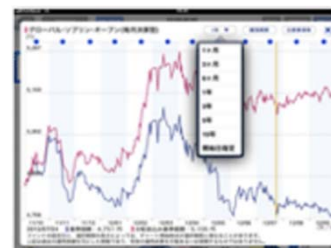


The latest financial information can be carried, additionally it is possible to display charts of portfolios of each fund, and simulations of asset management by touch operation.

Fund outline



Chart function



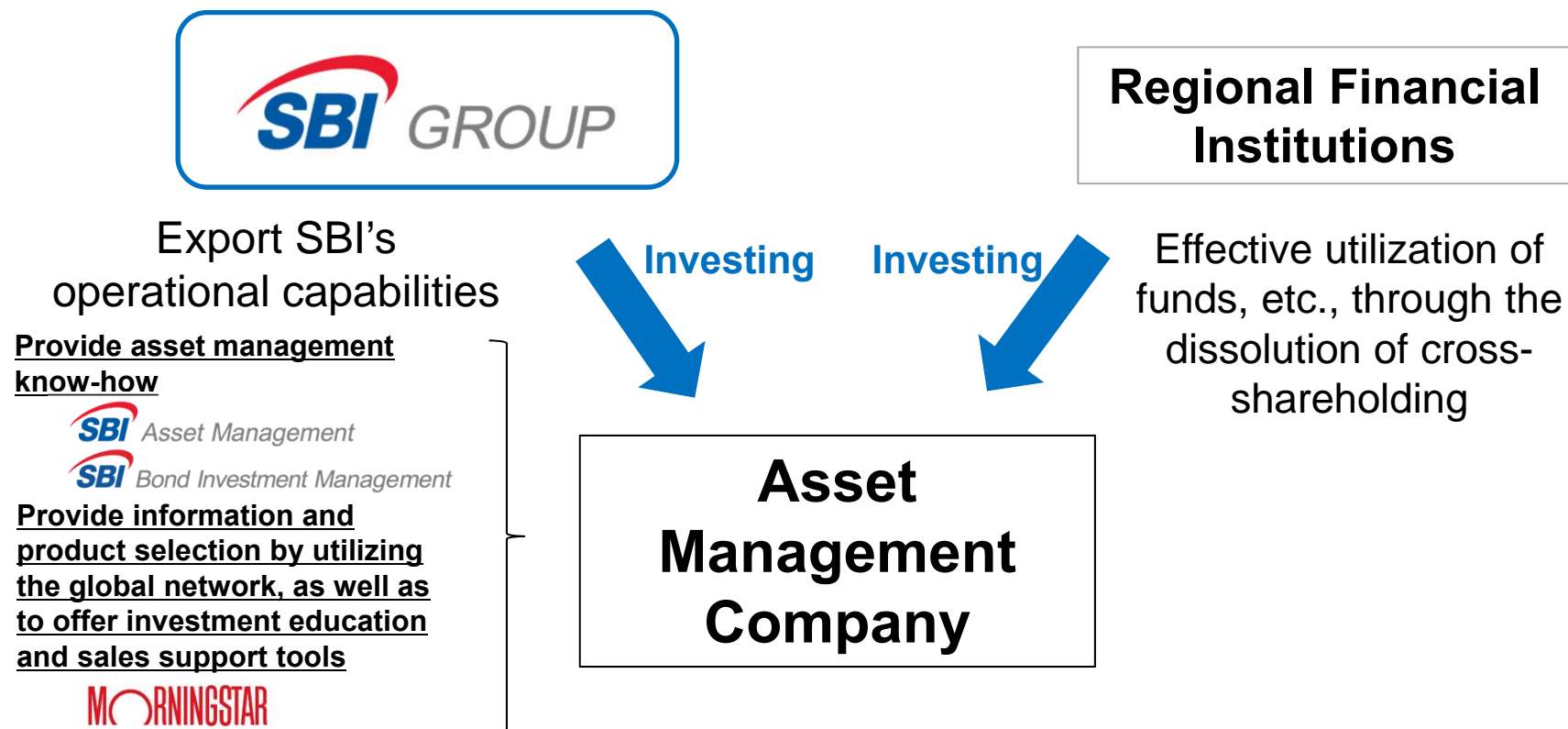
Market information



Fund comparison and combination functions



By Establishing an Asset Management Company that Utilizes the Abundant Investment Know-how that the SBI Group has Cultivated thus far, in Collaboration with Regional Financial Institutions, to Practice Its Fiduciary Duties



By establishing a cooperative framework between the regional financial institutions and the SBI Group, with its extensive know-how and expertise related to asset management, will realize a high capital efficiency and performance to improve the regional financial institutions' asset management capabilities

At SBI Japannext, by Improving the Convenience of Its PTS for Both Institutional and Individual Investors, Expecting to Increase Trading Volume



- ◆ The only PTS operator that provides daytime and nighttime trading in the Japanese stock market
 - ◆ The number of participating transaction securities companies totaled 30 (as of Mar. 31, 2017)
- In preparations for the trading of Japanese government bonds on the proprietary trading system (PTS) for overseas market makers and major brokers, having received an approval from the relevant authorities on Apr. 5, 2017, for the commencement of services planned by Sept. 2017

Lifting of the Ban on Margin Trading of Stocks on the PTS

- ✓ A policy of permitting margin trading on the PTS was articulated by the Financial System Council's Working Group on Financial Markets in a report issued in Dec. 2016.
- ✓ The Working Group on PTS Margin Trading of the Japan Securities Dealers Association is discussing making preparations for off-exchange investor-focused margin trading
- ✓ In addition to the existing participating securities companies, requests from multiple other online securities companies to connect to the PTS were received, resulting in a total of over 30 companies expected to connect to the PTS for the margin trading of stocks



With the lifting of the ban on margin trading, an increase in the trading volume for both institutional and individual investors is expected

- ② By encouraging collaborations with venture companies of the FinTech Fund, promoting the introduction of new financial businesses with high customer benefits at the regional financial institutions**
 - (i) To support regional revitalization, will introduce venture investee companies from the FinTech Fund to regional financial institutions**
 - (ii) In collaboration with IBM Japan, establishing a support system for FinTech services at regional financial institutions**
 - (iii) In order to promote the regional financial institutions' conversion to FinTech, will propose the SBI Group's introductory examples of FinTech services**

- (i) To support regional revitalization, will introduce venture investee companies from the FinTech Fund to regional financial institutions**

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, THE 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 47 companies

(Total investment amount to be approx. JPY 15bn through the FinTech Fund and approx. JPY 11bn by SBI Holdings)

[Planned EXIT schedule of FinTech investee companies]

2017:3; 2018:2; 2019:12; After 2020:20; TBD:10

<Estimated valuation of FinTech-related investee companies of the SBI Group, which were mentioned in the article “Finding Unicorn companies in Japan” by The Nihon Keizai Shimbun>

Company name	Business	Establishment	Valuation
freee	Development of accounting software	2012	JPY 31.5bn
Money Forward	Provision of Personal Financial Management (PFM)	2012	JPY 23.0bn
bitFlyer	Operation of a bitcoin trading website	2014	JPY 20.0bn

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

Blockchain



orb
Orb, Inc. (Japan)



QUOINE
QUOINE Pte. Ltd. (Japan)



bitFlyer
bitFlyer, Inc. (Japan)



ripple
Ripple Labs Inc. (U.S.)



r3
r3 (U.S.)



coinplug
Coinplug, Inc (Korea)

Robo-advisor



WEALTHNAVI
WealthNavi Inc. (Japan)



お金のデザイン
MONEY DESIGN Co., Ltd. (Japan)

IoT/Security



BeaconBank
unerry, inc. (Japan)



GMS
Global Mobility Service, Inc. (Japan)



Cacco inc.
Cacco Inc. (Japan)



ARGUS
Argus CyberSecurity Ltd. (Israel)



COCON
COCON Inc. (Japan)

Remittance/Exchange



veem
Formerly Align Commerce
Veem Inc. (U.S.)



wirex
Wirex Ltd. (U.S.)



Kyash
Kyash Inc. (Japan)



episode six
Episode Six Ltd. (U.S.)

Crowd-funding



Ms music securities
Music Securities, Inc. (Japan)



Crowd Realty
Crowd Realty, Inc. (Japan)

Big data



TREASURE
Treasure Data, Inc. (U.S.)



GiXo
GiXo Ltd. (Japan)

Loan/Factoring



SoFi
Social Finance Inc. (U.S.)



FUND BOX
FUND BOX Ltd (U.S.)



taralite
taralite (Indonesia)

Payment



infcurion group
infcurion, Inc (Japan)



BASE
BASE, Inc. (Japan)



Omise
Omise Co., Ltd. (Thailand)



LIQUID
Liquid, Inc. (Japan)



pafidy
Exchange Corporation Holdings Ltd. (Japan)



ORIGAMI
Origami Inc. (Japan)



Coiney
Coiney Inc. (Japan)

Banking API



solarisBank
solarisBank AG (Germany)



Moneytree
Moneytree K.K. (Japan)

Accounting/PFM



Money Forward
Money Forward, Inc. (Japan)



free
free K.K. (Japan)

Other FinTech



PLANET TABLE
Food Innovators' Platform
Planet Table Inc. (Japan)



Finbee
NestEgg, Inc. (Japan)




Goodpatch
Goodpatch Inc. (Japan)




minkabu
Minkabu, Inc. (Japan)


AI



KOKOPELLI incubate
KOKOPELLI incubate inc. (Japan)



GenericSolution
Generic Solution Corp. (Japan)



COGENT LABS
Cogent Labs (Japan)

Will continue to aggressively invest into this field

Introduction case e.g. 1:

Bank of Yokohama's Collaboration with FinTech Fund's Investee Venture Companies



“HAMAGIN Super Business Loan Service partnering with free”:

With the data provision from free, as the first regional bank, launched a loan service that utilizes data of cloud-based accounting software

Bank of Yokohama



Moneytree

“Issho Tsucho by Moneytree”:

Displays Bank of Yokohama and other multiple bank account information in an integrated fashion



KOKOPELLI incubate



Cacco inc.

KOKOPELLI incubate

Cacco

Organized a Business-Academia consortium toward the realization of a business loan service, based on accounting transactions

SBI Investment has accepted a seconded employee from the Bank of Yokohama since June 2016

Introduction case e.g. 2:

THE SAN-IN GODO BANK and Orb's Demonstration Test for E-money Using Blockchain

With Orb's technical assistance, THE SAN-IN GODO BANK performed a demonstration test for the usage of E-money (Gogin Coin) using blockchain (Announced on Nov. 10, 2016)

**THE SAN-IN
GODO BANK**



(Venture investee company of the FinTech Fund)

[Outline of the demonstration test]

Payments for the bank employees' spending at cafeterias and kiosks of THE SAN-IN GODO BANK's headquarter were conducted by the Gogin Coin



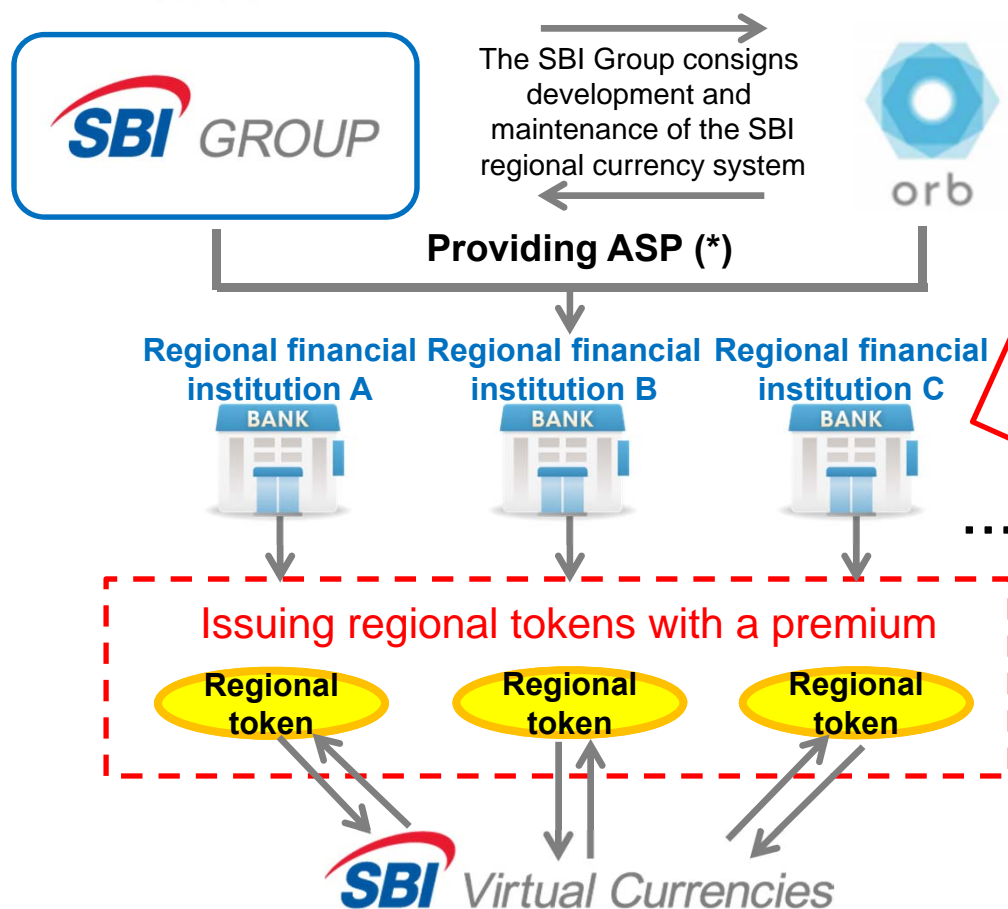
Considering the possibility of applying blockchain for banking operations, such as for settlements and contract administration

Promoting the Realization of Financial Businesses Contributing to Regional Revitalization, by Providing a Platform for Issuing Regional Tokens with Orb



■ **Description of business:** Offering the new platform of finance and commerce market, utilizing blockchain

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



* ASP: A service that enables the utilization of software remotely via the Internet

Securing financial institution's premium funds

e.g.

Local government



SBI ENERGY

SBI Energy establishes electric generation plants (SPC) in cooperation with local governments (e.g. Small hydro generation, Solar power generation)

- As a part of the resource, making profits from selling electricity through feed-in tariffs for renewable energy
- Financial institutions will implement project finance for the power generation business, funded in part by the generated profits

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

Structure of Solar Sharing Implemented by SBI Energy

Can be Utilized as a Part of the Resource of Regional Tokens

-An example of solar sharing in Sosa City, Chiba-

“Solar Sharing (farming type solar power generation)”

Solar sharing is an arrangement for erecting a support framework on farmland and mounting photovoltaic power generation equipment to engage in solar power generation, while continuing to farm. It is attracting attention as a model that contributes to solving the nationwide problem of abandoned fields and helps to promote agriculture, while producing energy for local consumption and vitalizing local economies

Sosa Solar Sharing Limited Liability Company (a power generation operator)

Members: SBI Energy, Johnan Shinkin Bank, regional companies, and etc.

Returning a part of revenue from sales of electric power to the region as a support fund



Local governments



Farmers



Sosa City, Chiba

This project's expected annual output is **approx. 1,424 MWh (20-year average)**, sufficient to serve **approx. 288 households^{*1}**. It will contribute to CO₂ reduction of approx. **718t-CO₂/kWh^{*2}**.

^{*1} Estimated taking average annual power consumption of an average household as 4,936 kWh, based on Japan Photovoltaic Energy Association Labeling Guidelines

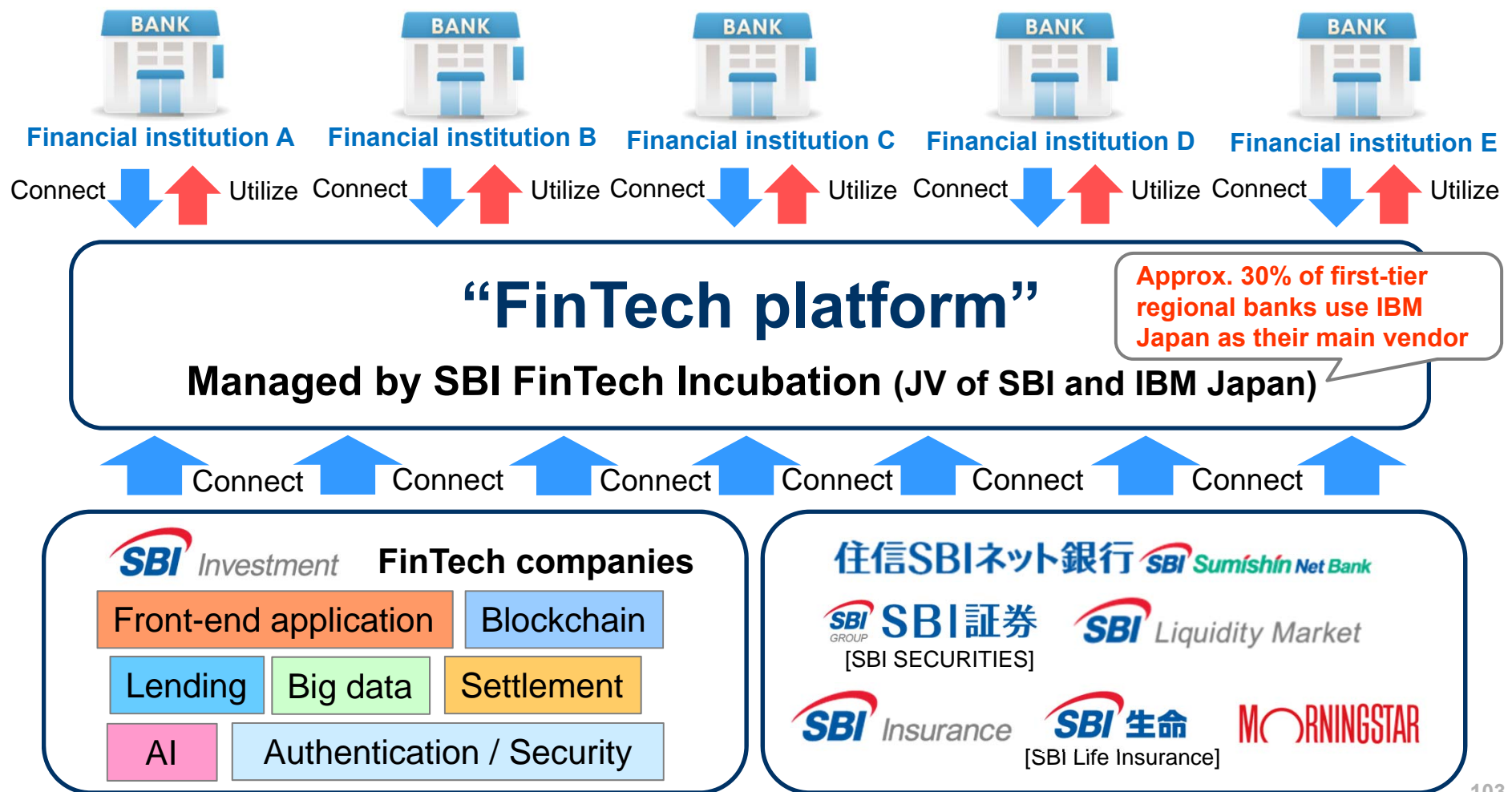
^{*2} CO₂ reduction effect of photovoltaic power generation facilities: estimated based on a crystalline silicon solar cell CO₂ reduction effect of 504.5g-CO₂/kWh

(ii) In Collaboration with IBM Japan, Establishing a Support System for FinTech Services at Regional Financial Institutions



Proposing an assortment of FinTech venture companies' services and systems to regional financial institutions

Minimizing regional financial institutions' introductory costs through joint developments



(iii) In order to promote the regional financial institutions' conversion to FinTech, will propose the SBI Group's introductory examples of FinTech services

Introductory examples: 1



New Asset Management Service Based on Objective and Highly Transparent Financial Algorithms through a Collaboration with WealthNavi

住信SBIネット銀行



WEALTHNAVI

(Venture investee company of the FinTech Fund)

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

Customer deposit assets exceeded JPY 1bn (as of May 11, 2017)

WealthNavi launched the “Mametasu,” a small amount asset management app that conducts asset management through automatically accumulated funds that are the equivalent to change resulting from daily spending (from May 24, 2017)

* Currently available only to customers who have a “WealthNavi for SBI Sumishin Net Bank” account, and have registered for the automatic funding



Introductory examples: 2



Business Loan Service, Based on Accounting Transactions, in Cooperation with Settlement Agencies and Cloud Accounting Service Companies, Both Within and Outside of the Group

住信SBIネット銀行

SBI Sumishin Net Bank



-  **ZEUS** Settlement service provider
Credit Payment Service
* 100% subsidiary of SBI AXES
-  **Money Forward**
(Money Forward's MF cloud series)



LENDING 

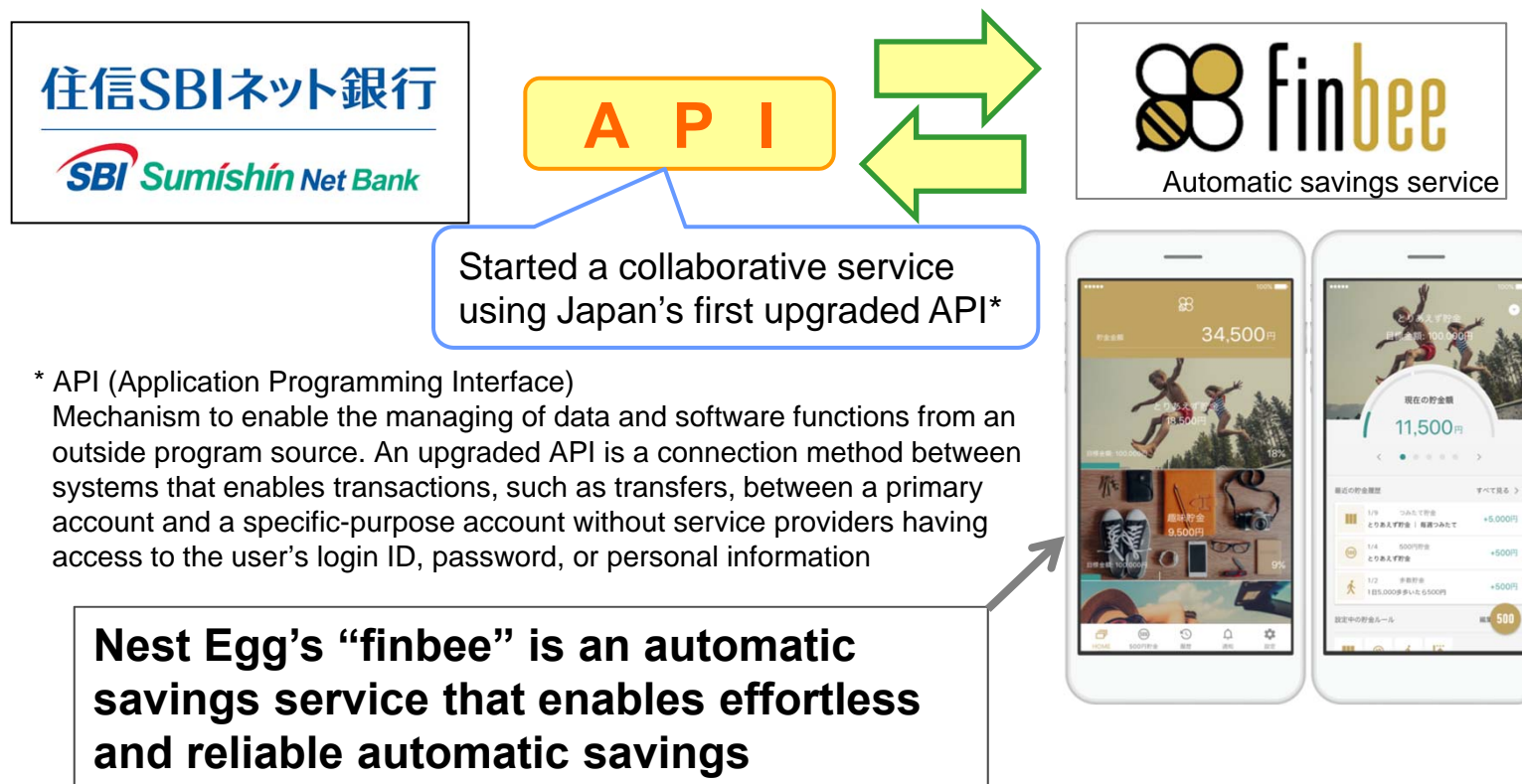
Business loan service “LENDING 1”

Since the service is processed completely online, the shortest processing time of one day from application to execution of lending is possible, enabling a quick and prompt response to the financing needs arising from credit card merchants and cloud accounting service users

- ❑ 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 alliances with cloud accounting services such as freee and A-SaaS

Introductory examples: 3

Automatic Savings Service Linked to SBI Sumishin Net Bank's Account, through Collaboration with an Investee Company



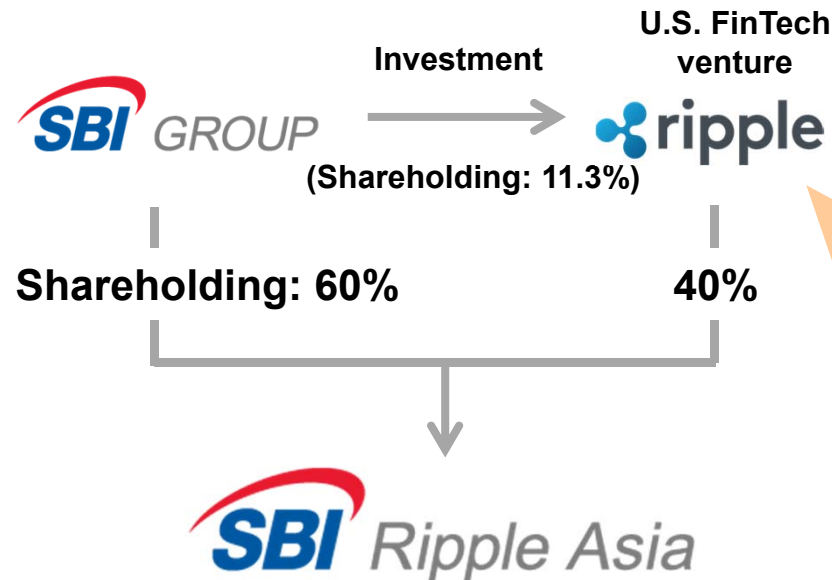
By each user setting a savings goal, through their determination of how much to deposit and the timing (e.g. credit card settlements), it becomes possible to automatically deposit money into their SBI Sumishin Net Bank linked savings account

- ③ **By establishing a next generation remittance system in Japan to bring about a “Remittance Revolution,” will contribute to the service improvement of the regional financial institutions**

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



- Aggressively working on “Beyond Blockchain”-



Ripple's technology base:

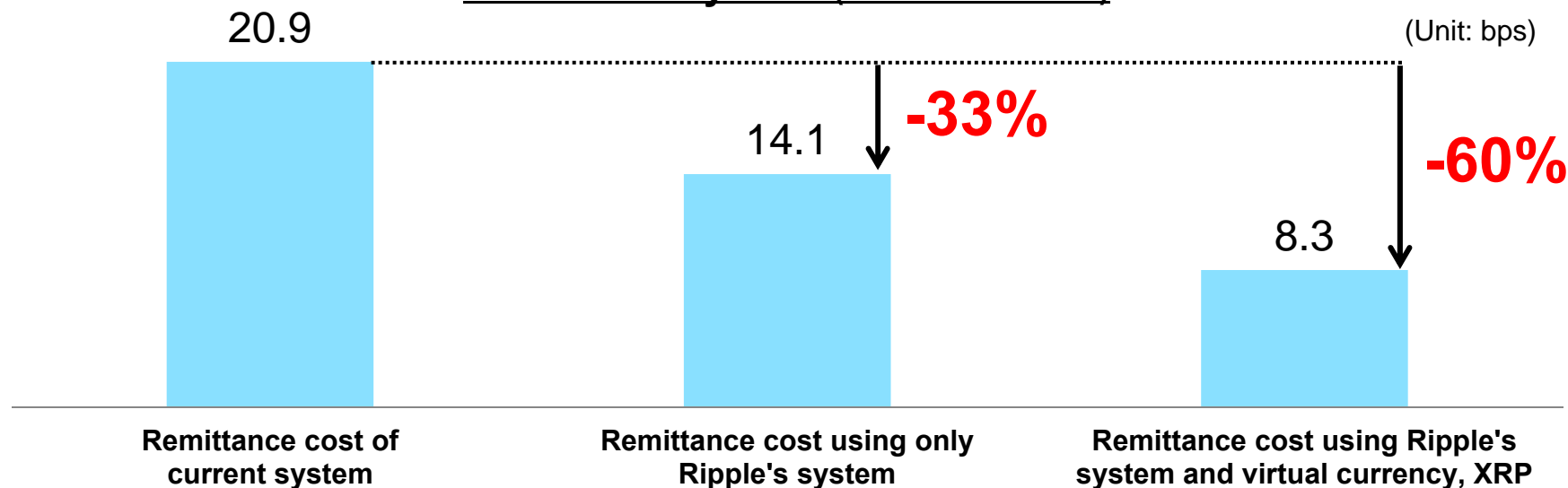
- A provider of a settlement platform utilizing Ripple's distributed financial technology in Asia including Japan
- The Japan Bank Consortium was established with Japanese financial institutions (Oct. 2016)

- It is based on the payment system (ILP: Interledger Protocol) that connects the ledgers under the concept of distributed ledger technology, which can further advance interbank settlements more closely
- Unlike Bitcoin based on blockchain, ILP is even faster (within 1 second) to complete processing

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, Ripple's virtual currency, 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

“Remittance Revolution” by Establishing a Next Generation Remittance System in Japan

- ✓ Established the Japan Bank Consortium with domestic financial institutions (secretariat: SBI Group) to centralize domestic and foreign exchange utilizing blockchain-related technology (distributed ledger technology)
- ✓ With new working groups on commercialization and advanced experiments of blockchain and virtual currency from FY2017, it will make continued progress towards commercialization by comprehensively examining multiple aspects including system development, operation, risk and standardization
- ✓ The Consortium plans to use virtual currencies utilizing blockchain to verify the time and convenience required for remittance between banks

Centralize domestic and foreign payments
Reducing operation costs

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

Reducing payment infrastructure costs
Reducing banks' payment costs

Reducing customers' commission fees

The Japan Bank Consortium Attracts Attention

Newspaper article

(April 27, 2017; The Nihon Keizai Shimbun)

At present, banks use a system run by the Japanese Bankers Association for domestic money transfers. Some estimates suggest that a virtual-currency-based system would cost roughly a tenth of what banks now shoulder for developing and maintaining the association's system.

Newspaper article

(May 4, 2017; Chiba Nippo)

There is a possibility that the commission fees to other banks will be less than 10 yen from several hundred yen, and it is also an advantage that it will reach the counterparty immediately at night or on holidays. ...Mr. Okita, President of SBI Ripple Asia (Tokyo) serving as the secretariat, said that “increasing the use of bank remittances will also lead to the development of new services.”

The Japan Bank Consortium

(Established in Oct. 2016)

With the new participation of THE AKITA BANK, The Bank of Nagoya and MUTB, participating financial institutions in “The Japan Bank Consortium” increased to 59 banks (president bank: Resona Bank, secretariat: SBI Ripple Asia, SBI Holdings)

Participating Financial Institutions (59 banks):

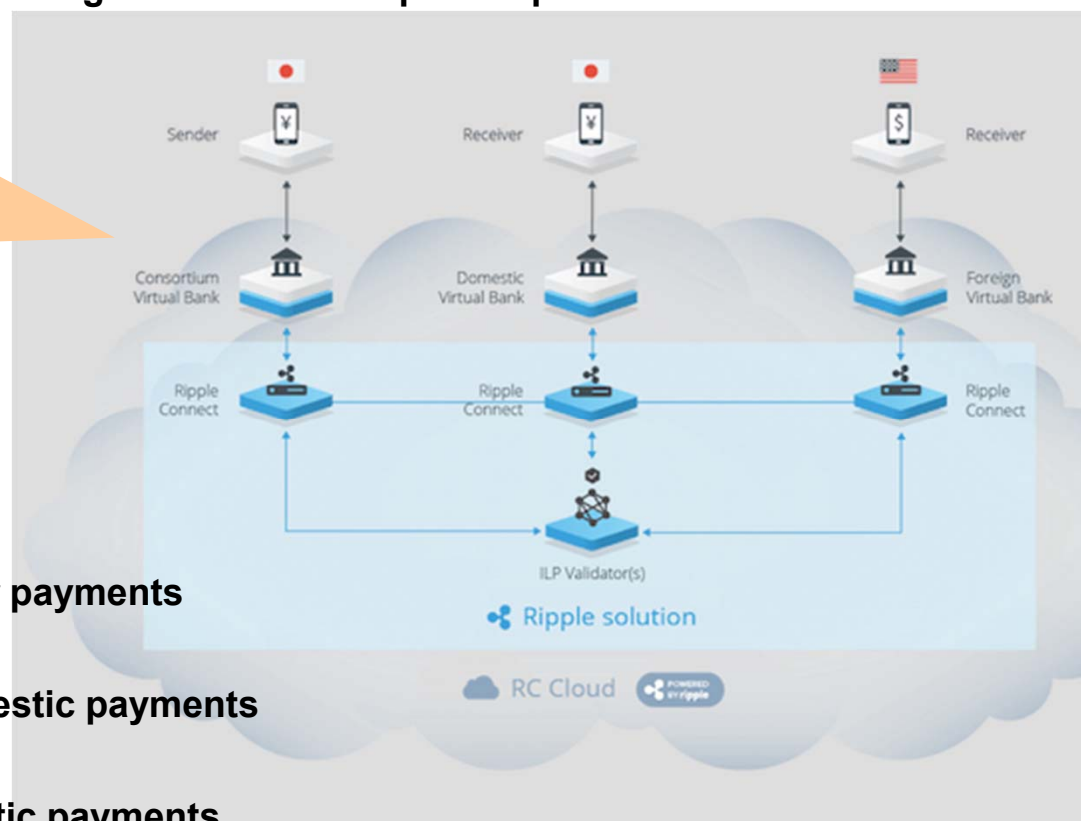
Reginal banks & Second-tier regional banks (43 banks)		Online banks (5 banks)	Others (11 banks)
Regional banks (35 banks)	The second-tier regional banks (8 banks)		
Aomori Bank, <u>THE AKITA BANK</u> , Ashikaga Bank, The Awa Bank, The Senshu Ikeda Bank, THE IYO BANK, The Bank of Iwate, Oita Bank, The Bank of Okinawa, The Gunma Bank, San-in Godo Bank, THE SHIGA BANK, The Shikoku Bank, 77bank, The Shimizu Bank, The Juroku Bank, Suruga Bank, The Daishi Bank, The Chiba Bank, The Chiba Kogyo Bank, The Chugoku Bank, Tsukuba Bank, THE TOHO BANK, THE NISHI-NIPPON CITY BANK, THE HACHIJUNI BANK, The Hyakugo Bank, Hiroshima Bank, The Fukui Bank, Hokuriku Bank, The Michinoku Bank, The Musashino Bank, The Yamagata Bank, The Yamaguchi Bank, Bank of Yokohama, Bank of The Ryukyus	The Ehime Bank, The Keiyo Bank, The Tokyo Star Bank, The Towa Bank, THE TOCHIGI BANK, <u>The Bank of Nagoya</u> , North Pacific Bank, The Yachiyo Bank	AEON Bank, SBI Sumishin Net Bank, Seven Bank, Sony Bank, Daiwa Next Bank,	ORIX Bank, The Shoko Chukin Bank, Shinkin Central Bank, Shinsei Bank, The Norinchukin Bank, Mizuho FG, Sumitomo Mitsui Trust Bank, BTMU, <u>MUTB</u> , The Nomura Trust and Banking, Resona Bank

The Japan Bank Consortium Successfully Completed a Pilot Implementation of “RC Cloud,” a Unified Platform for Both Domestic and Cross-border Payments

Completed a pilot implementation of “RC Cloud,” which is a Japan-originated and the first initiative in the world. “RC Cloud” is a cloud-hosted platform on a unified platform by utilizing “Ripple solution”

Confirmed that participating financial institutions were able to execute domestic and cross-border money transactions on RC Cloud, which is powered by Ripple solution, in a pilot environment

Image of “RC Cloud” pilot implementation:



<Schedule for commercial use>

Until Mar. 2017

Completion of construction of RC Cloud

Summer-Winter in 2017

Start of commercial use for cross-border payments

By the end of 2017

Initial launch of commercial use for domestic payments

After 2018

Expansion of commercial use for domestic payments

Ten More Financial Institutions Join Ripple's Global Payments Network*

(Announced on Apr. 26, 2017)



New participating financial institutions:

1. MUFG
2. BBVA (Banco Bilbao Vizcaya Argentaria)
3. SEB (Skandinaviska Enskilda Banken)
4. Akbank
5. Axis Bank
6. YES BANK
7. **SBI Remit**
8. Cambridge Global Payments
9. Star One Credit Union
10. eZforex.com

Currently, over 75 banks are participating

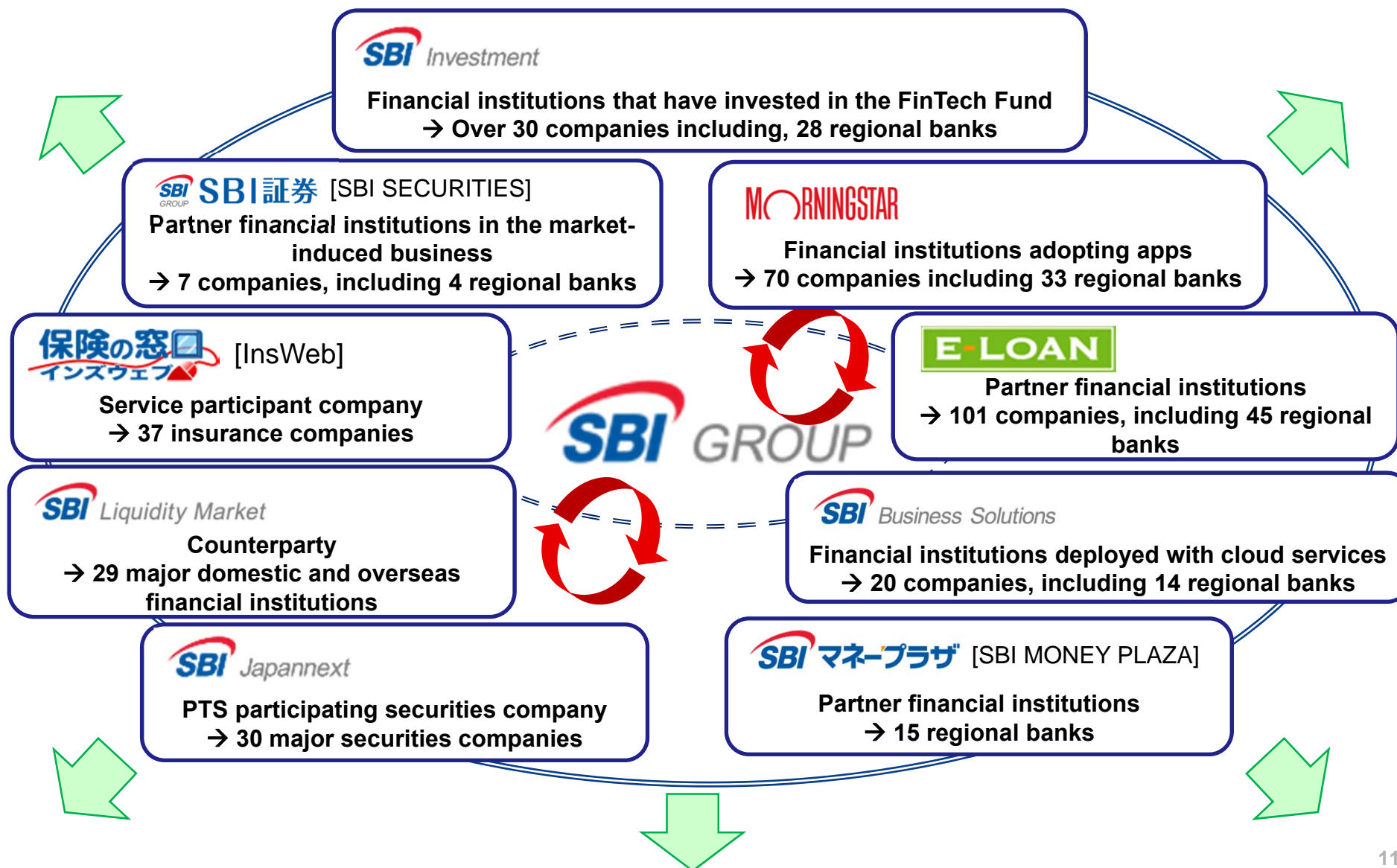
*A network of financial institutions utilizing Ripple

Comment by Bank of Tokyo-Mitsubishi UFJ:

“We are very pleased to be working with Ripple to provide new types of payments services to change our customers’ experience using the power of the blockchain technology. To demonstrate our commitment to the technology, we are joining the Japan Bank Consortium to collaborate with other Japanese banks move to commercial use of Ripple’s global network. I do believe we can bring our experience from the Japan Bank Consortium to the Global Payments Steering Group.”

- ④ **Through the newly planned “SBI Regional Bank Value Creation Fund,” expect to vitalize regional financial institutions that play a role in regional revitalization**

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



Strengthening Cooperation with the Regional Financial Institutions through the FinTech Fund and “The Japan Bank Consortium”



Participating Financial Institutions of The Japan Bank Consortium (Reginal banks & Second-tier regional banks : 43 banks)

THE AKITA BANK, The Bank of Iwate, The Awa Bank, Oita Bank, The Bank of Okinawa, The Gunma Bank, THE SHIGA BANK, 77bank, The Juroku Bank, SURUGA bank, The Daishi Bank, The Chiba Bank, The Chiba Kogyo Bank, The Chugoku Bank, The Tokyo Star Bank, The Bank of Nagoya, The Nishi-Nippon City Bank, The Hachijuni Bank, The Fukui Bank, The Musashino Bank, The Yamagata Bank, The Yamaguchi Bank

Aomori Bank, Ashikaga Bank, The Senshu Ikeda Bank, THE IYO BANK, The Ehime Bank, The Keiyo Bank, San-in Godo Bank , The Shikoku Bank, The Shimizu Bank, Tsukuba Bank, THE TOHO BANK, The Towa Bank, THE TOCHIGI BANK, The Hyakugo Bank, Hiroshima Bank, North Pacific Bank, Hokuriku Bank, The Michinoku Bank, The Yachiyo Bank, Bank of Yokohama, Bank of The Ryukyus

The Kita-Nippon Bank, The Kiyo Bank, The Bank of Kochi, The Daisan Bank, The Tokushima Bank, Nagano Bank, The Hokuto Bank

Regional Financial Institutions Investing in the FinTech Fund (28 banks)

Others (16 banks)

ORIX Bank,
The Shoko Chukin Bank,
Shinkin Central Bank,
Shinsei Bank,
The Norinchukin Bank,
Mizuho Bank,
Sumitomo Mitsui Trust Bank,
The Bank of Tokyo-Mitsubishi UFJ
Mitsubishi UFJ Trust and Banking Corporation
The Nomura Trust and Banking,
Resona Bank,
AEON Bank,
SBI Sumishin Net Bank,
Seven Bank,
Sony Bank,
Daiwa Next Bank

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

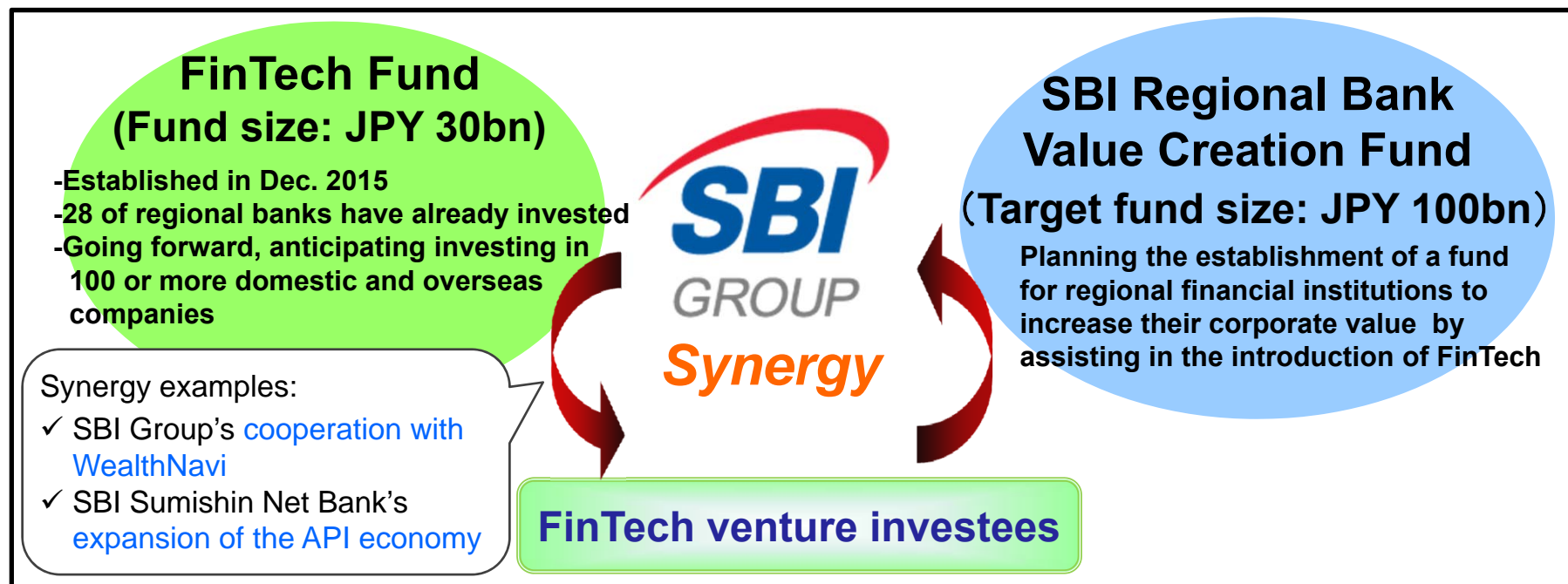
- ✓ Raising capital from financial institutions for a new fund, in order to invest in promising regional financial institutions that are capable of improving corporate governance and increasing corporate value, through the provision of FinTech support by the SBI Group
- ✓ By utilizing the fund to eliminate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



Through the SBI Group's Support for the Introduction of FinTech, Realizes Increase in Both the Regional Financial Institutions' and the FinTech Investees' Corporate Values



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



Enhance profitability of regional financial institutions by utilizing FinTech

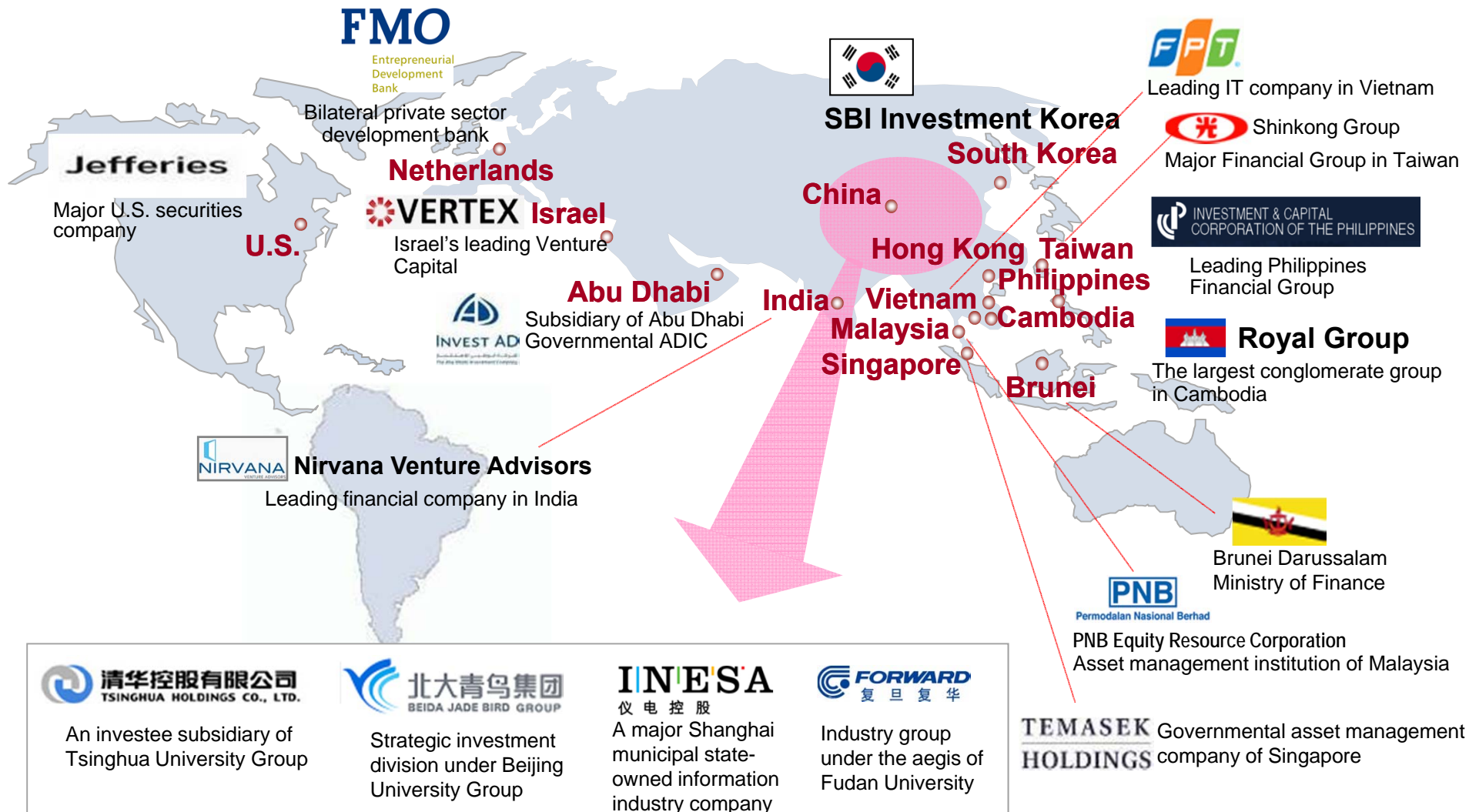
FinTech ventures' revenue will increase as the number of users of their services increase

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

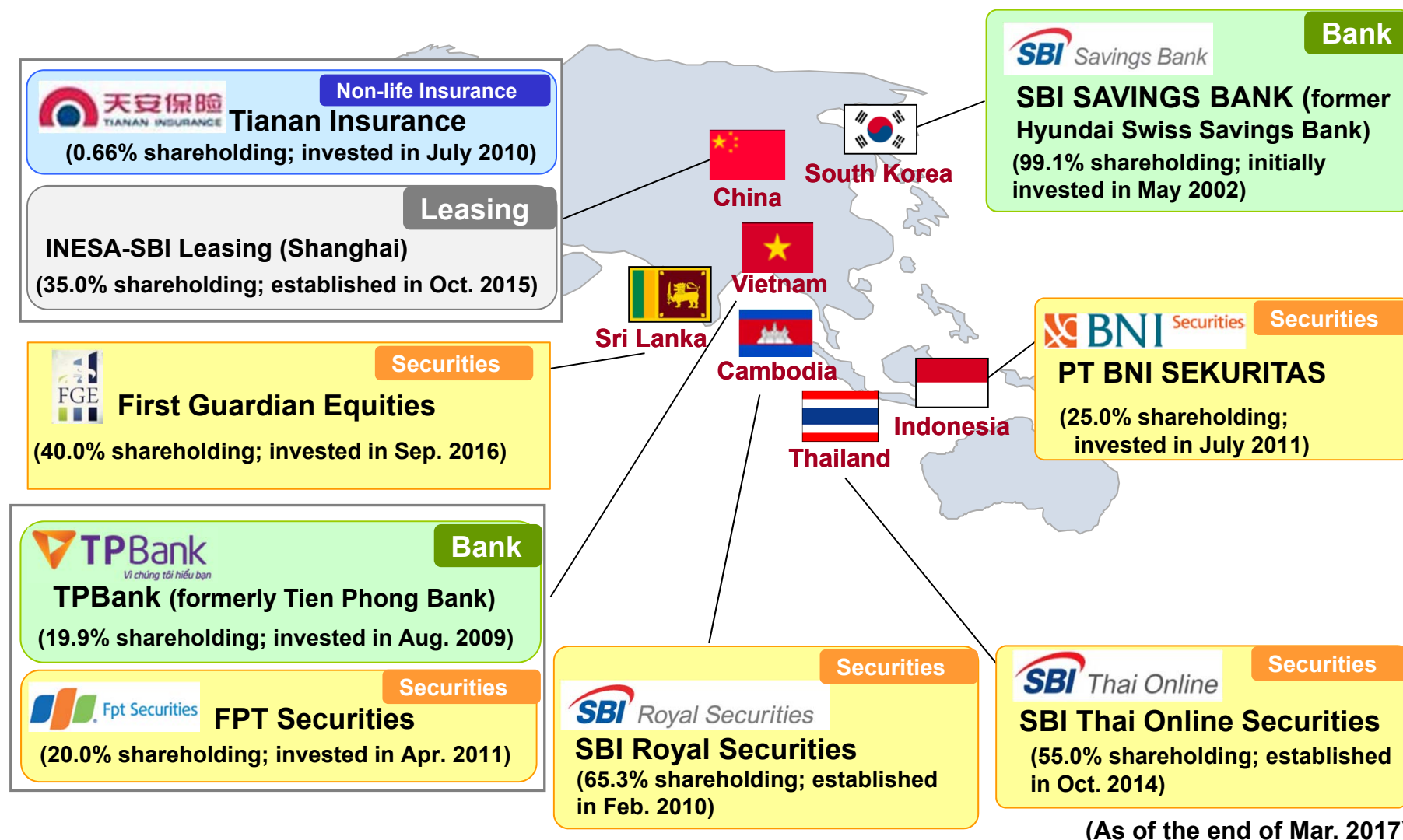
By providing packaged software jointly developed by the SBI Group and FinTech companies, will lead to the creation of a distribution market, as well as a reduction in the introductory costs

⑤ Expanding investment and financing to financial institutions in the Asia region in collaboration with regional financial institutions

Establishing a Global Investment Structure Centered on Asia

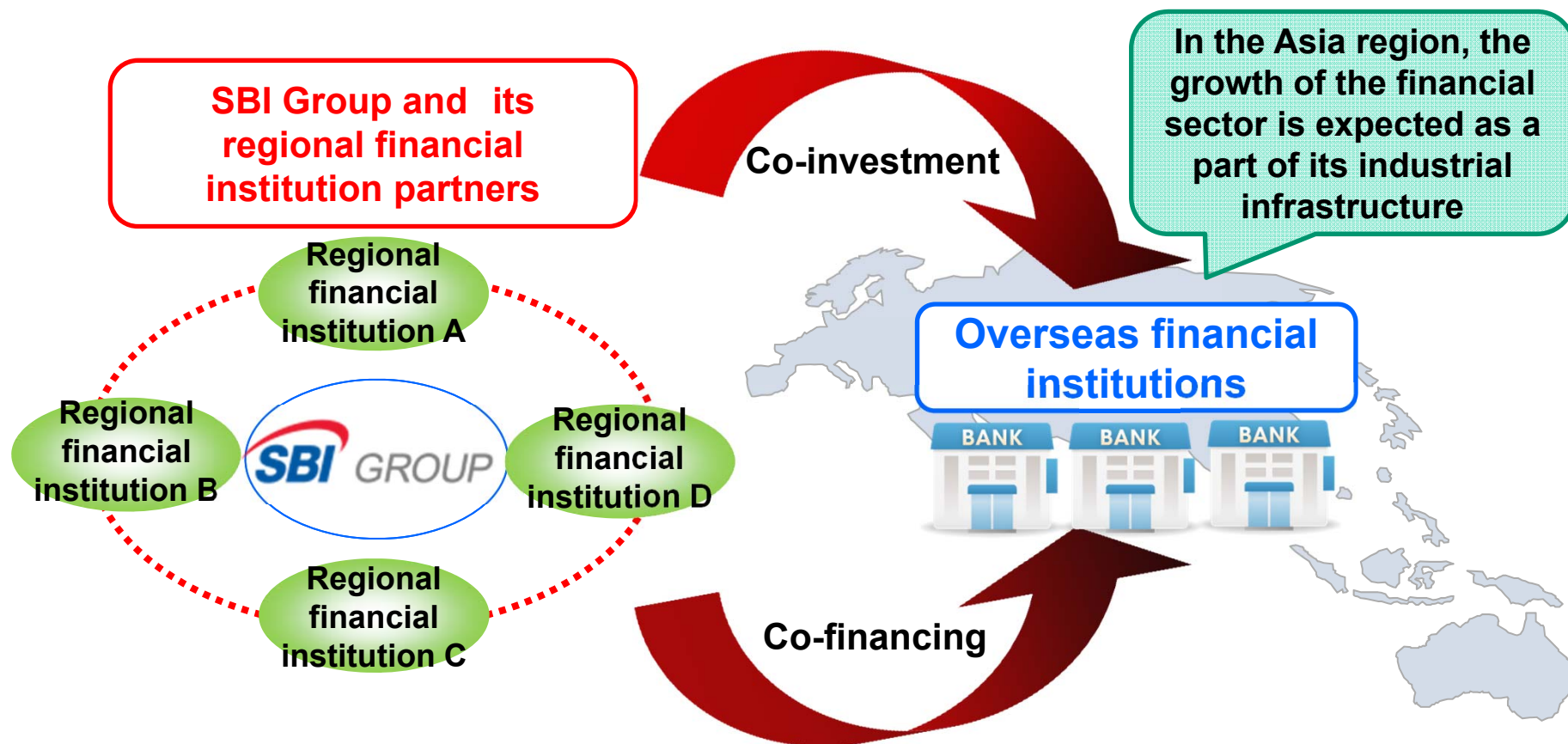


The SBI Group has an Extensive Investment Track Record in Overseas Financial Institutions



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

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. In addition to the 5-ALA-related business, which has entered into a full-scale monetization phase, what is the general progress of the Biotechnology-related Business?**
- (1) SBI Biotech**
 - (2) 5-ALA-related business**

SBI Biotech's Drug Discovery Pipeline Progress

SBI Biotech achieved profitability on a single-year non-consolidated basis this fiscal year, for the first time since its founding, through the progress of out-licensing of its existing drug pipeline, as well as other successful out-licensing activities

	Licensing partner(timing)	Adaptation disease	Progress	
MEDI7734 (Anti-ILT7 antibody)	MedImmune, LLC. (Subsidiary of AstraZeneca) (Sept. 2008)	Autoimmune diseases (Systemic Lupus Erythematosus (SLE), Sjogren's Syndrome, Dermatomyositis, etc.)	Phase I	MedImmune is conducting Phase I clinical trial. SBI Biotech <u>recorded an allotted milestone payment in 2Q FY2016 (undisclosed amount)</u>
SBI-9674	Kyowa Hakko Kirin Co., Ltd (Dec. 2016)	Autoimmune diseases	Pre-clinical (Kyowa Hakko Kirin promoting development)	Conducted license agreements at the end of 2016→SBI Biotech <u>received an upfront payment and recorded it in 3Q FY2016 (undisclosed amount)</u> <u>*Further receipt of milestone payments in accordance with development progress is also expected</u>
Cdc7 inhibitor	Carna Biosciences, Inc. (May 2014)	Cancers	Pre-clinical (plan to apply for clinical trial in 2017)	Carna Biosciences entered into an out-licensing agreement with Sierra Oncology →SBI Biotech <u>received a partial milestone payment in June 2016</u> *Further receipt of milestone payments in accordance with development progress is also expected
GNKS356	Independently	Psoriasis / Systemic Lupus Erythematosus (SLE)	Pre-clinical	Selected as Japan Agency for Medical Research and Development's (AMED) project of promoting support for drug discovery on orphan drugs (from FY2015 to FY2017) → <u>Received subsidies (up to JPY 200m per fiscal year) and promoting R&D</u>
SBI-3150	Independently	Various diseases caused by pDC / activated B cells	Pre-clinical	Using the advantages of the development concept, we are actively engaged in out-licensing activities

SBI Biotech's Listing Considerations

-Achieved 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 the future development of revolutionary cancer and autoimmune disease therapies through immune control 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

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

Fields		Pipeline projects	Current status				Prospects for the next three years
			Phase I	Phase II	Phase III	Applica-tion	
Diagnostic agent (PDD)	1	Carcinoma vesicae	in application for production approval				Launch
	2	Peritoneal dissemination of gastric cancer*	Preparation for Phase III is underway				Completed Phase III / Out-licensing
Drug to treat	3	Cisplatin nephropathy protection	Completed an investigator-led trial (Phase II)				Completed Phase II
	4	Mitochondrial diseases*	Preparation for Phase III is underway				Completed Phase III / Out-licensing
	5	Cardiac ischemia-reperfusion injury*	Preparation for Phase II is underway				Conducting Phase II
Photodynamic therapy (PDT)	6	Brain tumors* (by photonamic, a wholly owned subsidiary)	Phase II is underway				Conducting Phase II

*Investigator-led trial

Out-licensing:

- ✓ Therapeutic drugs for diabetes and malaria infection (to Neopharma, UAE pharmaceutical company, in Oct. 2016)
- ✓ "ALAGLIO® Granule 1.5g," diagnostic agent for cancer treatment (carcinoma vesicae), (to Chugai in Mar. 2017)

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)

Cooperating with Neopharma LLC., a Global Pharmaceutical Company of UAE

**SBI
Pharmaceuticals**



Neopharma

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



Diagnostic agent for brain tumor treatment will be also out-licensed to Neopharma

SBI ALA Hong Kong

(Intermediate holding company in 5-ALA-related business)



Neopharma

**Co-founded SBI neopharma FZ LLC in Dubai
(SBI Group's Shareholding: 49%; Profit allocation: 50:50)**

- 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
- Overseas sales of the pharmaceuticals using 5-ALA (therapeutic drugs for diabetes, malaria infection and diagnostic agent for brain tumor treatment (plan)) to be developed by Neopharma

Neopharma:

- A manufacturer and distributor in the U.A.E
- Neopharma has production bases for generic drugs in Bangladesh, Egypt, Brazil, Japan, Russia, etc., and also produce licensed products of six mega pharma companies
- Its corporate group includes promising enterprises such as NMC Health PLC (listed on the London Stock Exchange), currently operating the largest private hospital in Abu Dhabi, where over 4 million patients visit per year

(2) 5-ALA-related business (SBI Pharmaceuticals):



Progress of Business Projects with Neopharma and the Prospects for Contributions to SBI Pharmaceuticals

Projects	Current status	Expectations about future profitability
Therapeutic drugs for diabetes (to Neopharma)	Phase II/III clinical trials will be conducted at other overseas medical institutions →Phase II protocol will be approved soon	Receipt of milestone payments after the start of Phase III
Therapeutic drugs for malaria infection (to Neopharma)	Started development at the National Institute of Malaria Research in India in cooperation with Neopharma →Phase II protocol will be approved soon	
Overseas sales	Established a joint venture, “SBI Neopharma FZ-LLC,” in Dubai	Plan to first launch health foods in the Middle East and Russia in 2Q FY2017

Expanding the Development Areas to Related Fields, Mainly in Strictly Selected Pipeline

Mechanism that PPIX accumulates in cancer

Utilizing the mechanism that cancer cells can not metabolize 5-ALA to heme and 5-ALA accumulates as protoporphyrin IX (PPIX) in cancer cells

Development at the clinical phase

Diagnostic agent (PDD)

- ① Brain tumor: Launched
- ② Carcinoma vesicae: In application for production approval
- ③ Peritoneal dissemination of gastric cancer: Preparation for Phase III is underway

Ongoing development themes

Additional treatment of other types of cancer

Development of Photodynamic therapy (PDT)

Cancer screening by urinalysis

Part of the accumulated porphyrin flows into body fluids such as blood and urine, so the presence or absence and size of cancer cells can be estimated by measuring the amount of porphyrin in body fluid

Mechanism by which ALA is a raw material of heme

Application of cell activation and antioxidant effect produced by heme synthesized from 5-ALA incorporated into cells

Development at the clinical phase

Mitochondrial diseases (Preparation for Phase III is underway)

Cisplatin nephropathy protection (Preparation for Phase II is underway)

Cardiac ischemia-reperfusion injury (Preparation for Phase II is underway)

Diabetes (Out-licensing)

Malaria Infection (Out-licensing)

R&D topics under way

Parkinson's disease

Alzheimer disease

Prevention of severe influenza

Diabetic nephropathy

(2) 5-ALA-related business:



Established “Keio-SBI 5-ALA Laboratory” with the Health Science Laboratory of Keio Research Institute at SFC, Keio University, to Enhance Basic Research on 5-ALA and Provide Information to the World



Keio Research Institute at SFC, Keio Univ. “Health Science Laboratory”

- Promoting research in the field of “Health,” with a view toward societal applications, in order to lead as a developed country with the highest life expectancy
- Representative : Kazuo Tsubota (Professor, Department of Ophthalmology, Graduate School of Medicine, Keio University) and Mitsuhiro Watanabe (Professor, Media and Governance, Keio University Graduate School)

5-ALA is an amino acid created in mitochondria and its productivity is known to decrease with age

Professor Mitsuhiro Watanabe’s latest book:
“You can Extend Your Healthy Life Expectancy!
-Infinite possibilities of 5-ALA, the cell activating ingredient of interest”



Established “Keio-SBI 5-ALA Laboratory” (at Keio University Shonan Fujisawa Campus (SFC))

Promotion of research on improving effects by 5-ALA on diseases associated with aging

SBI ALApromo Expects to be Profitable in FY2017

Examples of specific measures in the future:

- Further sales expansion of a hit product “ALA Plus Tou (Sugar) Down” (including an increase in regular customers for direct sales and the number of stores)
- Launch of new products utilizing 5-ALA that appeal to various customers :
 - “Meno. STOP” (Supplement focusing on female-specific hormone balance)
 - “Body Shape” (Increased sugar and fat metabolism with double effect of 5-ALA and carnitine)
- Launch of foods with functional claims based on R&D for every fiscal year
 - FY2017: A food with functional claims utilizing 5-ALA for recovery from fatigue (Institution conducting clinical trials: Hiroshima Univ.)
 - FY2018: A food with functional claims for male menopause improvement (Juntendo Univ.)
 - FY2019: A food with functional claims for improved motor functions (Juntendo Univ.)
- Expansion of supplements utilizing ingredients other than 5-ALA, and general food products (considering changing the company name)
 - As a first step, launch of a food with functional claims utilizing ginkgo bilboa
 - Started R&D on germination brown rice from FY2017, toward a launch in FY2018
- Development of skincare products in the mail-order market
 - Launch of products for cleansing and facial wash in FY2017, adding beauty essence in FY2018, toward profitability
- Development of OEM business (OEM: Original Equipment Manufacturer: Manufacturing another company's product under their own name or branding)
 - Actively developing OEM for health foods and cosmetics
 - Launch of “ALApplus 75” utilizing high level of 5-ALA, only available in clinics (launched on May 16, 2017)

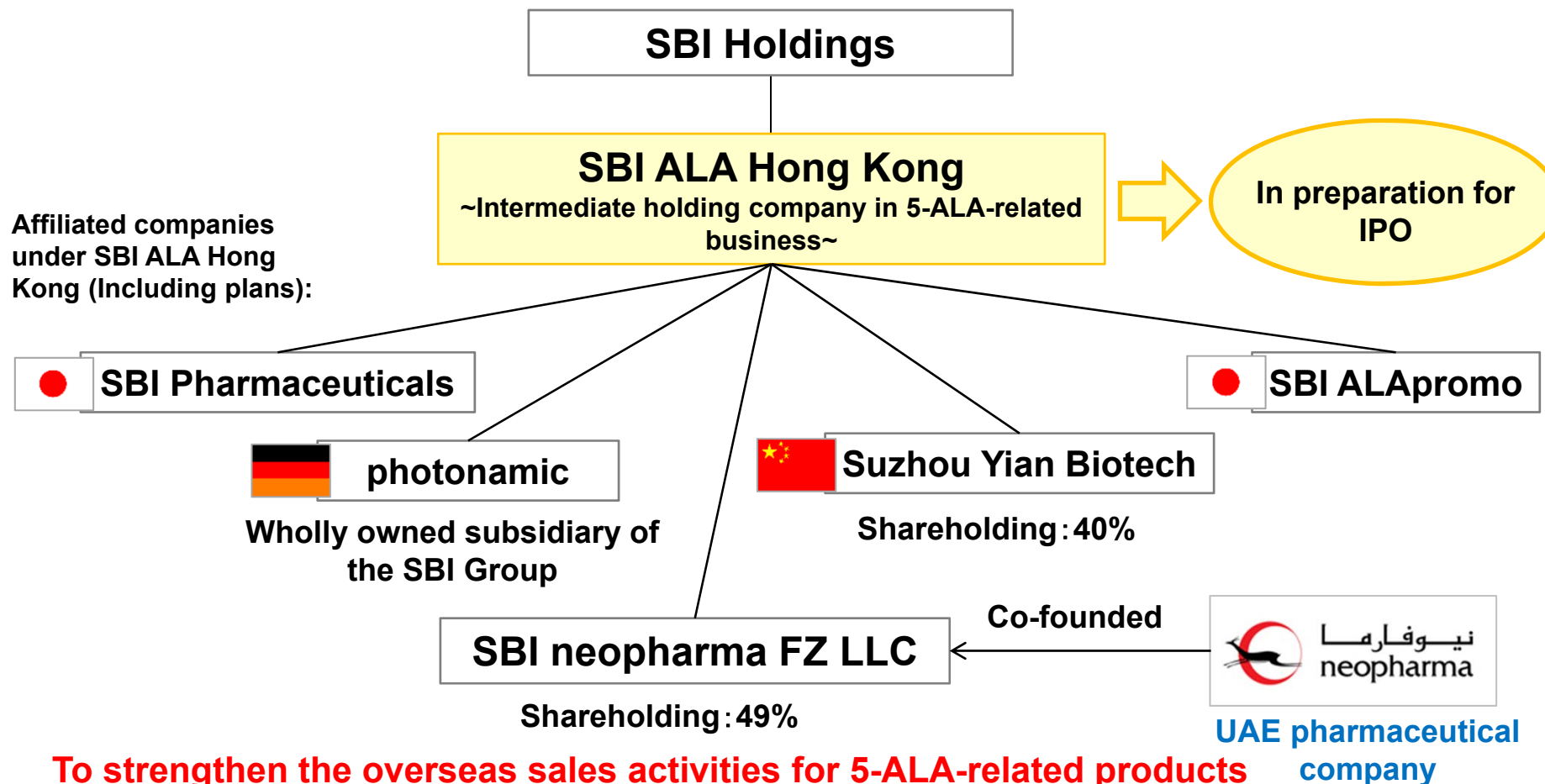
Launched
on May 15

Regarding cosmetics utilizing 5-ALA, scientific studies by Professor Hiroyuki Kobayashi of Juntendo University School of Medicine is under way

(2) 5-ALA-related business (SBI ALA Hong Kong):



SBI ALA Hong Kong, an Intermediate Holding Company involved in the 5-ALA-related Business, will be Considered for an IPO



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

Business Line:

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

5. What are management's thoughts on SBI Holdings' share price and shareholder returns?

- (1) Initiatives to actualize the Company's intrinsic corporate value**
- (2) Continues to further conduct active shareholder returns**

(1) Initiatives to actualize the Company's intrinsic corporate value

SBI Holding's Recent Stock Price

Market cap (based on the closing price of May 31, 2017): **JPY 322.0bn**



Redemption of the Euro Yen Convertible Bonds (Bonds with Stock Acquisition Rights), Issued on Nov. 5, 2013, Awaits

[Outline of the Issuance of Euro Yen Convertible Bonds]

Aggregate issue amount	JPY 30bn
Due	4 years (Redemption date: Nov. 2, 2017)
Coupon	0%
Exercise deadline for share acquisition rights	Oct. 19, 2017
Conversion price	JPY 1,419.9

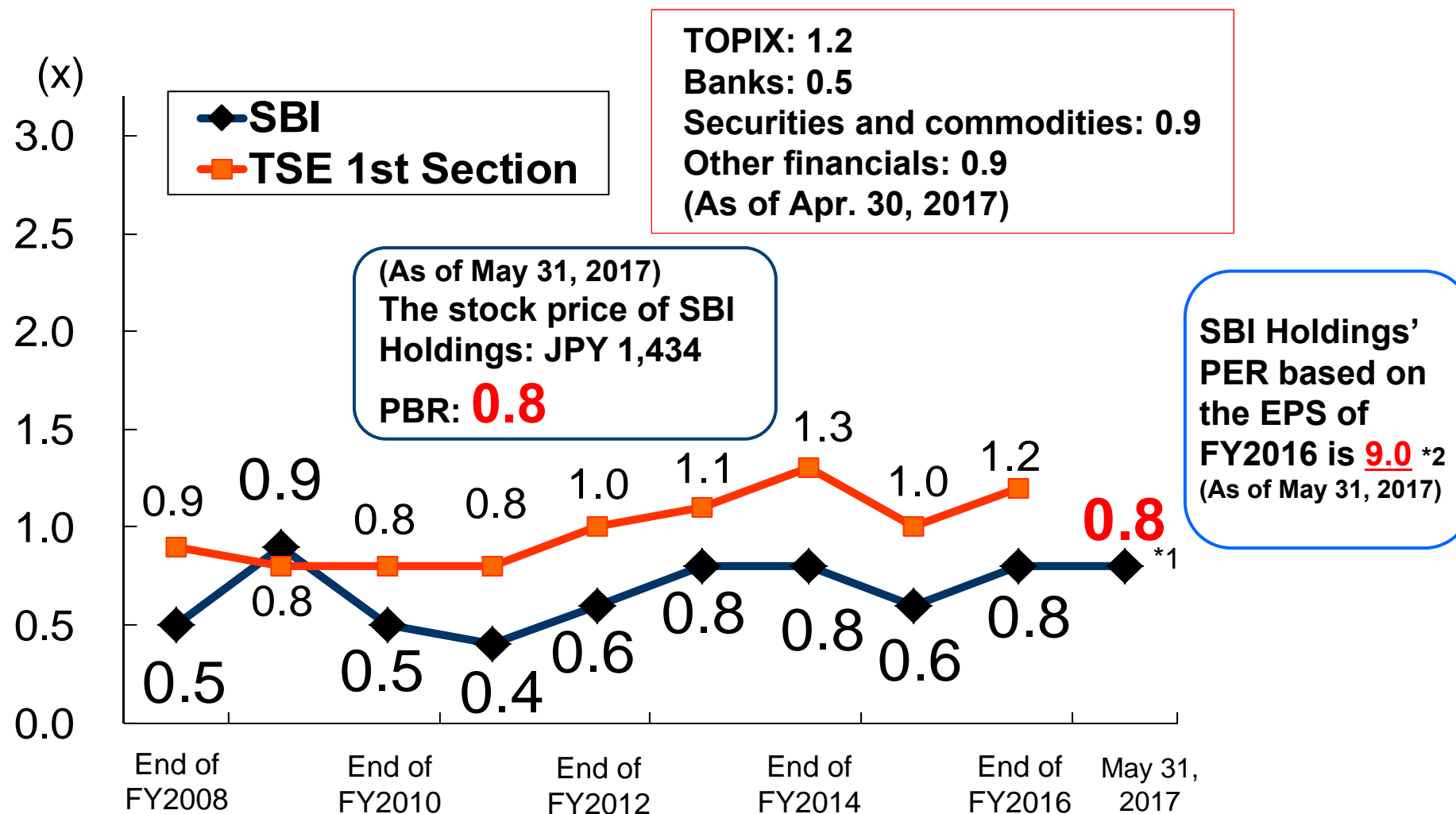
Going forward, if the Euro Yen Convertible Bonds ...

⇒ are redeemed as bonds: SBI would have secured funds at a 0% coupon rate for four years

⇒ are converted to shares: Treasury shares acquired at a cheap (average acquisition price of JPY 1,136) price, will be allotted, limiting the issuance of new shares

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 May 31, 2017 is calculated based on the BPS of the end of Mar. 2017.

*2 EPS of FY2016 (JPY 159.38) is used to calculate SBI Holdings' PER.

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

Corporate Value by Business Segment Valuation

Each Business Segment Valuation is Conservatively Estimated



■ Sum of the values by segment (as of May 31, 2017) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	622.7
Asset Management	222.8
Biotechnology-related	89.3
Subtotal	934.8 (+)
External Debt (SBIH's non-consolidated-base borrowing recorded on the consolidated B/S as of Mar. 2017)	-249.5
Sum Total	685.4 (+)*

- Business valuation per share: **JPY 4,163**

- Business valuation per share after deduction of external debt: **JPY 3,052**

Out of the major Group companies, 11 are profitable companies that are not included in the above calculations (Total FY2016 Profit before Income Tax Expense: approx. JPY 4.4bn)

* 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.

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-subsidary 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

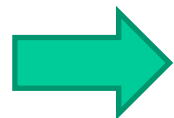
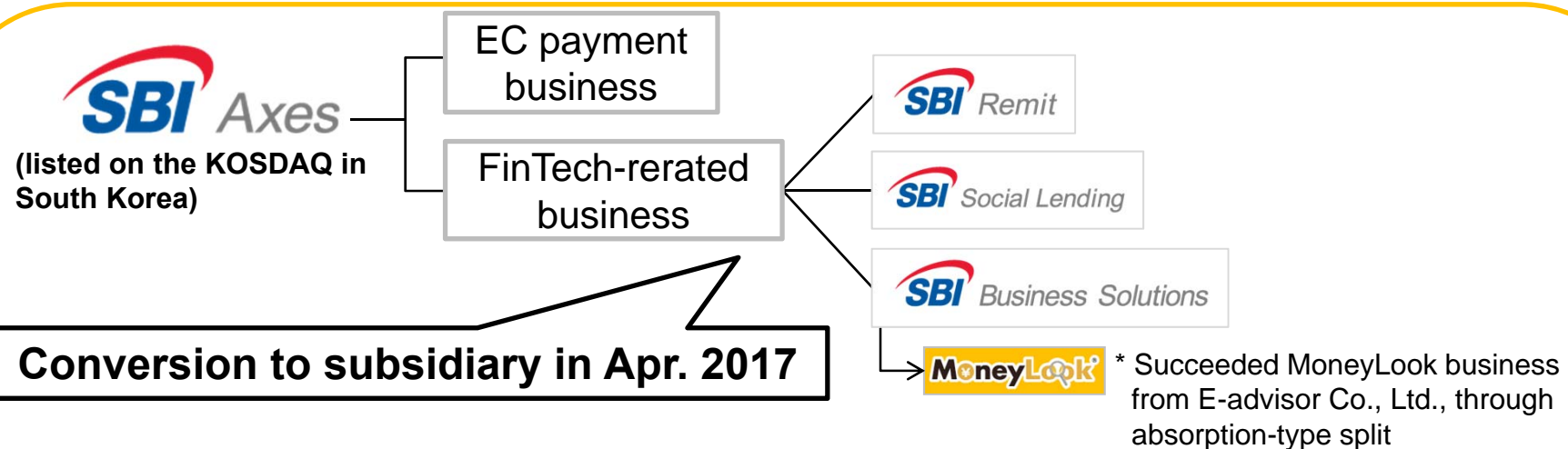
[List of subsidiaries that are considering listing]

Company name	Business overview
SBI FinTech Solutions	Aggregate FinTech related companies within the Group
SBI Insurance Group	Govern the insurance businesses within the Group
SBI Capital Management	Intermediate holding company of the Asset Management Business
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

Reorganizing SBI AXES as SBI FinTech Solutions (tentative), by Aggregating Three FinTech-related Companies of the SBI Group

Given that the preexisting SBI AXES' EC payment business has high affinity with FinTech, the company will expand its business as the newly formed SBI FinTech Solutions

* SBI AXES plans to change corporate name to SBI FinTech Solutions from July 7, 2017



SBI AXES' subsidiary Zeus has already commenced FinTech services through a collaboration with SBI Sumishin Net Bank, offering business loan services. Going forward, primarily owing to the consolidation of the three companies, the company will expand its FinTech business

Initiatives of Three Acquired FinTech-related Companies



- Provide international remittance service that can complete remittances in 10 minutes at shortest
- Prepare utilization of international remittance service based on blockchain, with settlement in virtual currencies



- Provide a service that ties borrowers and investors via the Internet
- Focus on building a P2P platform



- Provide cloud service for accounting and settlement of expenses, and account aggregation software that corresponds to over 1,530 financial institutions
- Strive to provide highly valued services utilizing FinTech, through API connection etc.

SBI AXES will endeavor to further enhance corporate value by accelerating its growth by placing these at the core of its operation, as well as by developing services with high customer benefits through the aggressive adoption of new elemental technologies

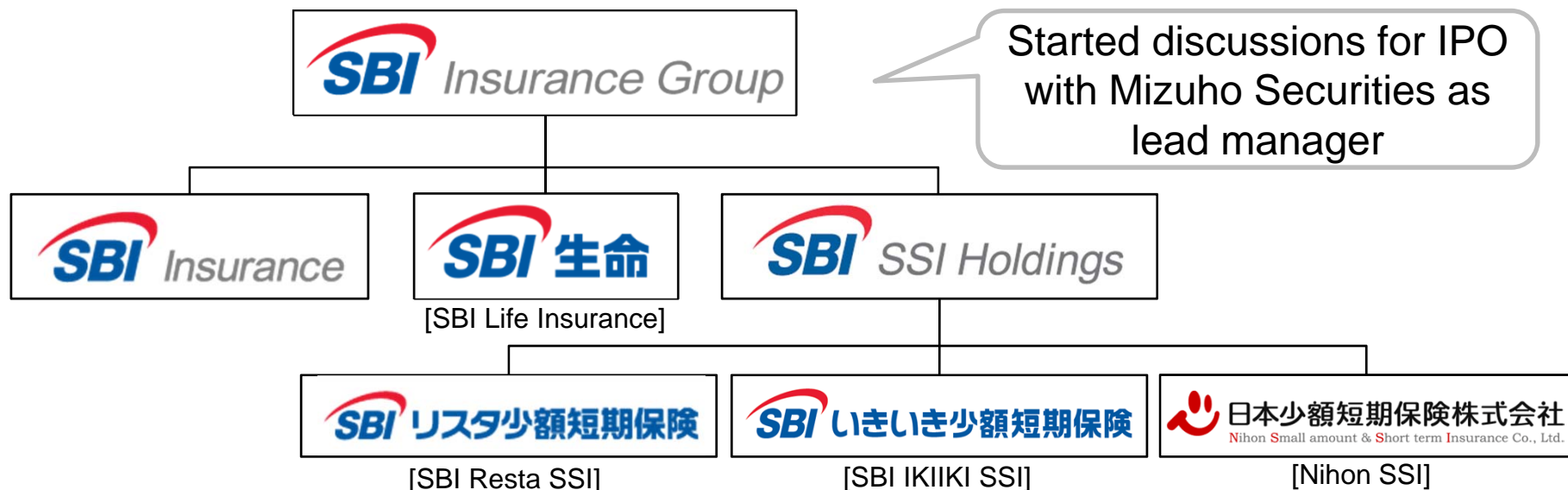
② SBI Insurance Group (insurance holding company):

SBI Insurance Group Started Its Operations on March 31, 2017, and is Considering an IPO as an Insurance Holding Company



SBI Insurance Holding Company Planning Co., Ltd., which was established as a preparatory insurance holding company, obtained approval from the relevant regulators, and was subsequently reorganized on Mar. 31, 2017 with a company name change to SBI Insurance Group Co., Ltd., to start its operations

[Organizational chart of the SBI Group's insurance business]



As an insurance group led by the SBI Insurance Group, will endeavor to become a new era insurance group, by working on measures such as allying with companies outside of the Group and utilizing FinTech, as well as by promoting efficient management

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



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) Continues to further conduct active shareholder returns

In FY2016, Continued to Conduct Active Shareholder Returns Initiated from the Previous FY2015



[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**

■ Dividend per share

	End of 2Q	Year-end	Full-year
FY2016	<u>JPY 10</u>	<u>JPY 40</u>	<u>JPY 50</u>
FY2015	JPY 10	JPY 35	JPY 45

■ Share repurchase

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

Shareholder Return Results for the Past Five Fiscal Years

		FY2012	FY2013	FY2014	FY2015	FY2016
Dividend	Full-year dividend per share	JPY 10	JPY 20	JPY 35	JPY 45	JPY 50
	Sum of dividend payouts (JPY bn)	2.2	4.3	7.6	9.4	10.2
Share repurchase amount (JPY bn)		—	—	10.0	5.0	8.0
Total shareholder return amount (JPY bn)		2.2	4.3	17.6	14.4	18.2
Total shareholder return ratio (%)		56.9	20.2	38.5	42.2	55.9

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

[Details of FY2016 shareholder benefits]

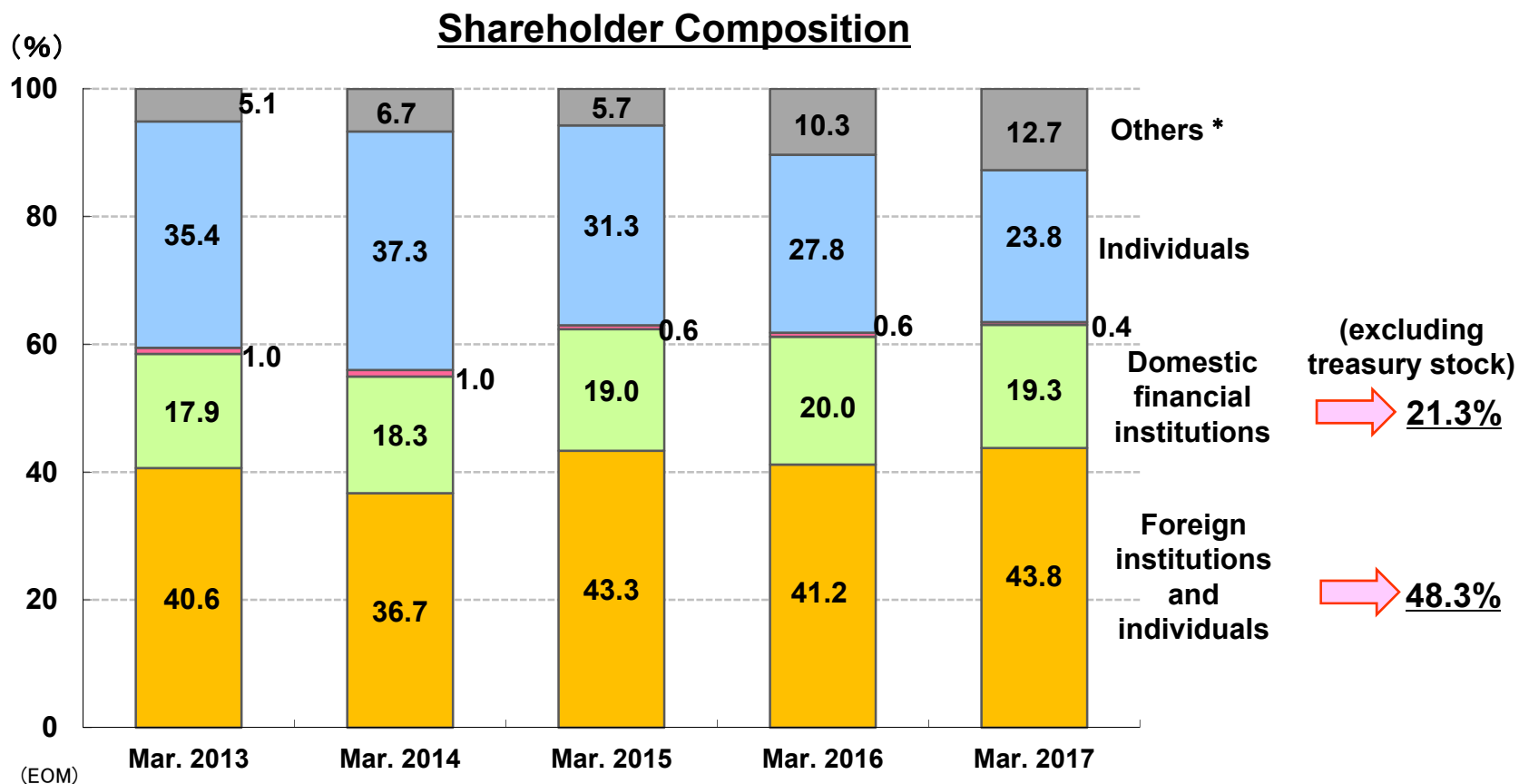
* Shareholders listed or recorded in the shareholder register as of Mar. 31, 2017 are eligible.

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

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

SBI Holdings' Shareholder Composition

- ◆ The total number of shareholders is 133,067, of which the number of shareholders who hold 1 unit or more is 80,290
- ◆ Shareholding ratio of domestic and foreign institutional investors is 63.0%, and the substantive shareholding ratio of domestic and foreign institutional investors, excluding treasury stock, is at 69.5%



* "Others" include treasury stock (9.3%) 151

[Appendix]

(1) The Company's method in calculating the 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 468.6bn

(based on the closing prices of May 31, 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 (FY2016) ... (A)

Matsui's PBR (*2) × SBI SECURITIES's Net Asset (*3) (as of Mar. 31, 2017) ... (B)

*1 PER of Matsui is calculated by its net income per share for FY2016.

*2 PBR of Matsui is calculated by its BPS as of Mar. 31, 2017.

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

Valuation by Segment Estimated by SBI

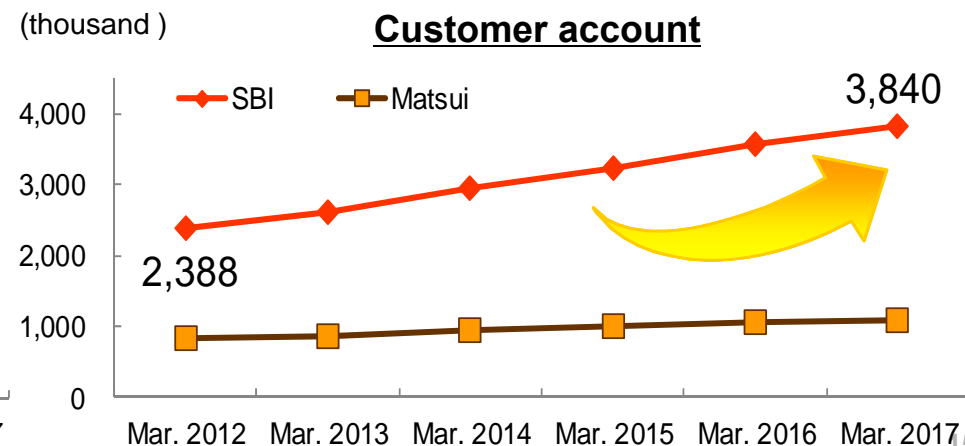
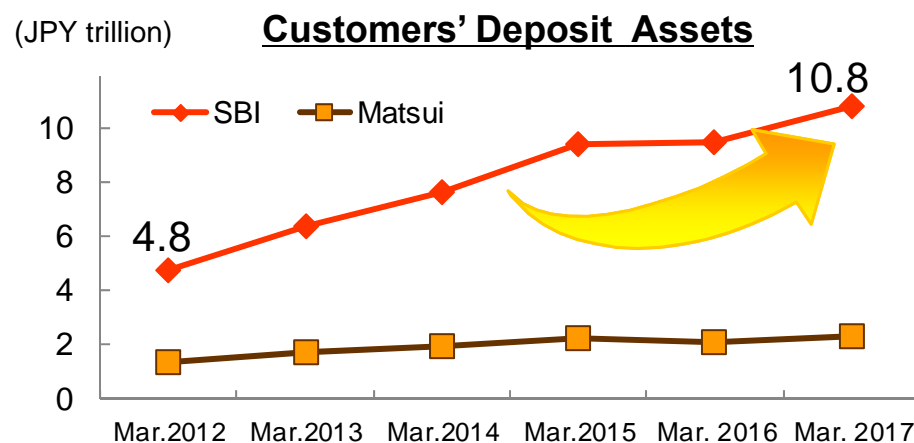
(1) Financial Services Business ① SBI SECURITIES -(ii)

Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES Matsui Securities

*Calculated by the closing prices of May 31, 2017

(FY2016)	SBI SECURITIES	Matsui Securities
Valuation (market cap) *	JPY 468.6bn	JPY 234.4bn
Deposit assets (Mar. 2017)	No.1 JPY 10.8tn	JPY 2.3tn
Number of accounts (As of the end of Mar. 2017)	No.1 3.84 million	1.09 million
Share of individual stock brokerage trading value	No.1 34.7%	13.0%
Operating income	No.1 JPY 38.0bn (down 4.8% YoY)	JPY 14.9bn (down 31.3% 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 111.5bn → JPY 55.8bn (based on the closing prices of May 31, 2017)
 (Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

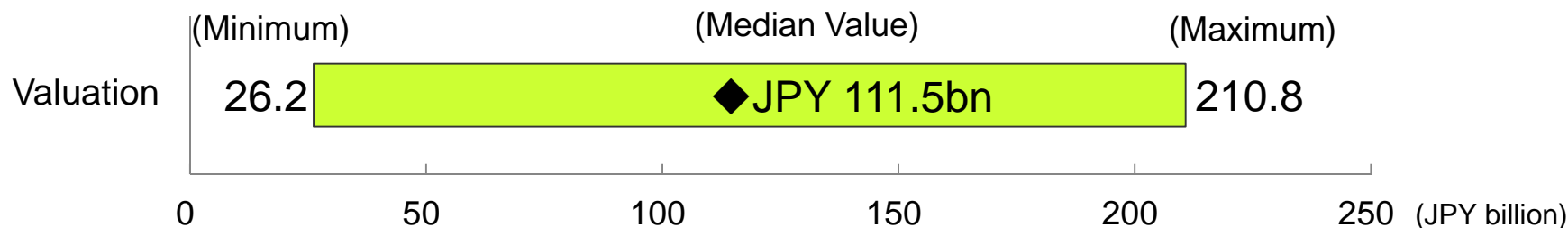
Calculated according to the Comparable Public Company Analysis

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 (FY2016)

* 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 62.4bn (based on the closing price of May 31, 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

$$\frac{\{(\text{Money Partner's PER} + \text{Hirose FX's PER})\}^{(*)}}{2} \times \text{Net Income of SBI Liquidity Market (cons.) (FY2016)}$$

* PER of Money Partners and Hirose FX are calculated by its net income per share for FY2016.

④ SBI Japannext

Conservatively estimates the valuation of SBI Japannext at

USD 150m → JPY 8.1bn (based on the exchange rate as of May 31, 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 17.7bn** (based on the closing price of May 31, 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

$$\frac{\{(\text{Kakaku.com's PER} + \text{NEWTON FINANCIAL CONSULTING' PER})\}^{(*)}}{2} \times \text{Provisional amount of net Income of SBIH Comparison Website Business (FY2016)}$$

* PER of Kakaku.com and NEWTON FINANCIAL CONSULTING are calculated by their 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	9.6*	7.1
SOLXYZ	23.4	Equity method associate	TSE 1st	13.0	3.0
Sum of the market cap of a listed subsidiary and an equity method associate				22.6	10.1

(Based on the closing price of May 31, 2017. *Calculated by the exchange rate as of May 31, 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 May 31, 2017)

Upon comparison with similar listed companies calculated conservatively as **JPY 468.6bn**

② SBI Sumishin Net Bank

(based on the closing prices of May 31, 2017)

Estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 111.5bn → **JPY 55.8bn** (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market (cons.)

(based on the closing prices of May 31, 2017)

Upon comparison with similar listed companies calculated as **JPY 62.4bn**

④ SBI Japannext

(based on the exchange rate of May 31, 2017)

Upon the conservative estimated valuation of USD 150m → **JPY 8.1bn**

(Shareholding of the SBI Group: 48.8%)

⑤ SBI Comparison Website Business

(based on the closing prices of May 31, 2017)

Upon comparison with similar listed companies calculated as **JPY 17.7bn**

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 10.1bn**

(based on the closing prices of May 31, 2017)

Total of the valuation above: **JPY 622.7bn** (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 FY2016 (JPY billion)	SBI's shareholding pct. (%)
SBI MONEY PLAZA	Insurance agency, financial instruments intermediary service provider, housing loan agency	2.0	100.0
SBI Life Insurance *1	Life insurance	1.6	100.0
SBI Remit	International money remittance service	0.3	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

*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. 160

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -①

Asset Management Business

Valuation for this segment is conservatively estimated at approx. JPY 222.8bn
<Reference>

JAFCO's Market Cap: **JPY 198.5bn** (based on the closing price of May 31, 2017)

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

(i) Value of holding securities (as of the end of Mar. 2017) Approx. JPY 109.6bn

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

(ii) Value of SBI Investment (based on the closing price of May 31, 2017)

(* Valuation excluding assets such as securities hold) Approx. JPY 19.3bn

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 FY2017.

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 May 31, 2017)

Estimates the valuation of SBI SAVINGS BANK at JPY 76.4bn

→ JPY 75.6bn

(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 Mar. 2017)

*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	27.6	13.7
SBI Investment KOREA	43.9	Equity method associate	KOSDAQ of KRX	10.6*	4.6
Sum of the market cap of a listed subsidiary and an equity method associate				38.2	<u>18.3</u>

(Based on the closing price of May 31, 2017. *Calculated by the exchange rate as of May 31, 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 FY2016 (JPY billion)	SBI's shareholding pct. (%)
SBI Estate Finance	Real estate secured loans	0.4	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 89.3bn

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 (84.9%; excluding external holdings) as of the end of Mar. 2017, the amount is calculated to be approx. JPY 63.7bn

② Kubota Pharmaceutical HD

	SBI's share-holding pct. (%)	Classification	Listed market	Market cap (JPY billion) (as of May 31, 2017)	SBI's equity interest of market cap (JPY billion)
Kubota Pharmaceutical HD	38.2	Equity method associate	TSE Mothers	29.4	11.2

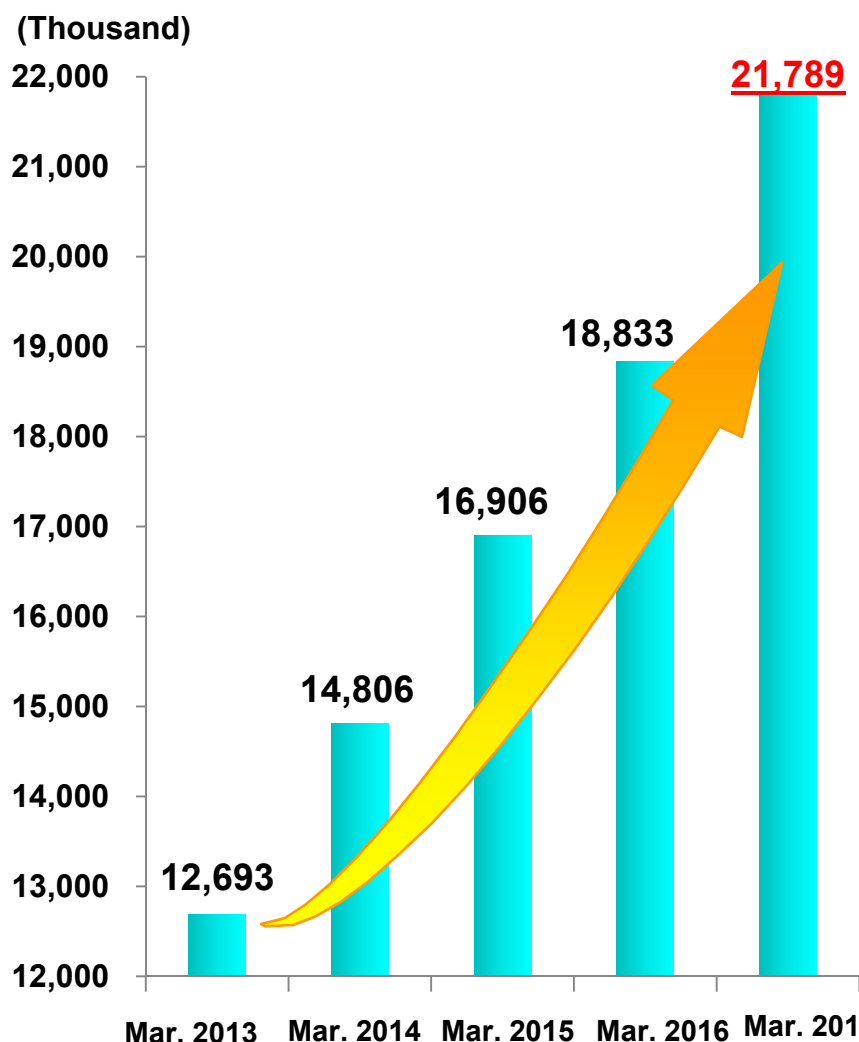
③ SBI Biotech (SBI's shareholding percentage*: 87.6%)

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

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

(2) State of the Group

The SBI Group's Customer Base, which was Expanded through the Thorough Pursuit of the Customer-centric Principle and Group Synergies



Breakdown of the Customer Base

(As of the end of Mar. 2017)*1,2 (Thousand)

SBI SECURITIES	(No. of accounts)	3,840
SBIH InsWeb	(No. of customers)	8,514
E-LOAN	(No. of customers)	2,210
MoneyLook	(Total no. of customer registrations)	938
Morningstar Japan	(Total no. of service users) *3	865
SBI Card	(Valid cards issued)	71
SBI Sumishin Net Bank	(No. of accounts)	2,827
SBI Insurance	(Total no. of contracts)*4	937
SBI Life Insurance	(Total no. of contracts)	108
Others (SBI Point etc.)		1,479
Total		21,789

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

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

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

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

Number of Companies and Consolidated Employees of the SBI Group

Number of Group companies

	Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017
Consolidated subsidiaries (companies)	144	139	142	147	166
Consolidated partnerships (partnerships)	34	36	31	31	21
Total consolidated subsidiaries (companies)	178	175	173	178	187
Equity method companies (companies)	38	38	39	33	36
Total Group companies (companies)	216	213	212	211	223

Number of consolidated employees

	Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017
Total employees (persons)	5,007	5,352	6,094	5,480	4,455*

* Since NARUMIYA INTERNATIONAL was excluded from the Group, the number of employees decreased

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