

Change drives evolution

The SBI Group has expanded both its business domain and scale by applying unique fundamental business building concepts, and has achieved dramatic growth over the 15 years since its founding in 1999. The Group will continue to implement measures that will ensure sustainable growth and a maximization of its corporate value in all of its businesses.



*1 The number under JGAAP

*2 The number under IFRSs

Our Success

—15 Years of Success at SBI Holdings

The SBI Group has achieved significant results in each of its business fields of the Financial Services Business, Asset Management Business and Biotechnology-related Business, by adhering to its fundamental business building concepts that were established at the Group's founding.



The Fundamental Business Building Concepts

The SBI Group has achieved dramatic growth in diverse financial business fields by adhering to three fundamental business building concepts: 1) Formation of a “Business Ecosystem” and an establishment of “Structural Differentiation,” 2) Adherence to the “Customer-centric Principle,” and 3) Creation of a “Network Value.”

1 Thorough Pursuit of Group Synergies through a Financial Ecosystem

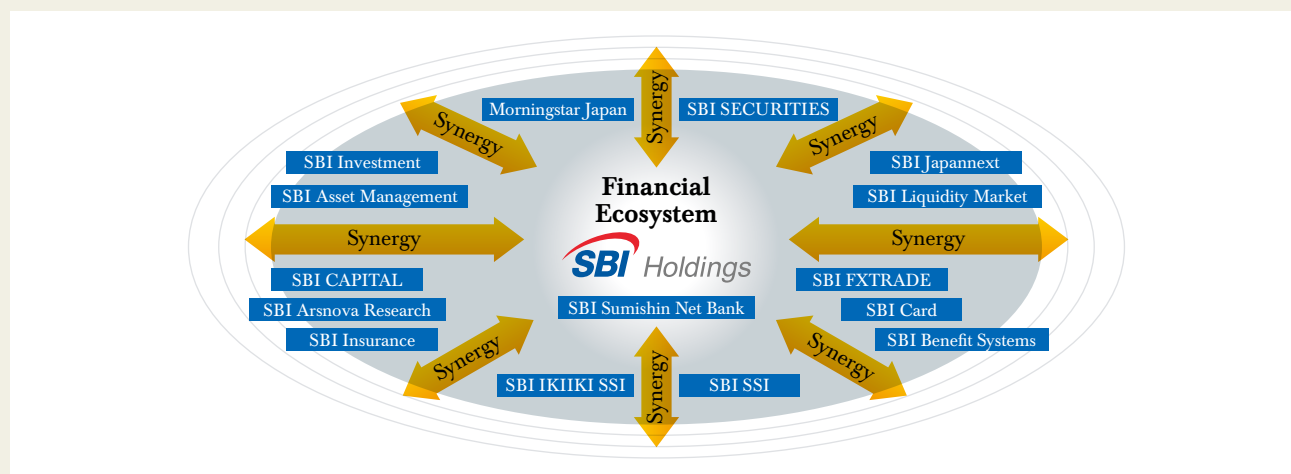
The SBI Group has striven to develop a new form of organization, a business ecosystem that is based on the science of complex systems that purports, “the whole is greater than the sum of the parts,” and “the whole has new qualities that an individual part does not possess,” in order to realize a high growth potential from synergies and mutual evolution that cannot be accomplished by a stand-alone company. A business ecosystem is defined as an economic community that is supported by a foundation of mutually interacting organizations, and or individuals.

Under this philosophy, since its establishment, the SBI Group has created various business entities in the financial

business field to form its financial ecosystem. As a result, the Group has become a globally unique Internet-based financial conglomerate.

A prime example of the superiority of an organizational strategy in establishing a financial ecosystem is the synergy between SBI SECURITIES and SBI Sumishin Net Bank. A comparison of SBI Sumishin Net Bank, which was founded in 2007, and other Internet banks that were founded in the early 2000's shows that despite being a latecomer, SBI Sumishin Net Bank has in a short period of time achieved a dramatic growth in the number of accounts and deposit balance, primarily through service collaborations and mutual customer referrals with SBI SECURITIES, which possesses a considerable customer base. As a result, the bank has grown to establish an

Establishment of a Financial Ecosystem in the SBI Group



overwhelmingly superior position among the pure-play Internet banks, becoming the only such bank with a deposit balance exceeding ¥3 trillion, along with a loan balance exceeding ¥1 trillion.

Also, SBI Liquidity Market, which offers covering transactions for foreign exchange transactions within the SBI Group, and SBI Insurance have both succeeded in generating synergies with other Group companies. SBI Liquidity Market has increased its liquidity through synergies with SBI SECURITIES, which has customers that engage in large trades, and with SBI FXTRADE, which has customers that engage in frequent small trades. As a result, the Group has rapidly grown to become one of Japan's largest companies in the over-the-counter FX industry, both in terms of total Group accounts and customer deposit assets. Additionally, SBI Insurance has dramatically increased its number of insurance contracts written and insurance premium income, primarily through customer referrals from the InsWeb insurance comparison site, which is a neutral consumer resource site, as well as from the customer base of SBI SECURITIES, SBI Sumishin Net Bank and other Group companies.

2 Achieving High Customer Satisfaction through Adherence to the Customer-centric Principle

The SBI Group has achieved high customer satisfaction by steadfastly adhering to the Customer-centric Principle, and utilizing the Internet to provide highly convenient products and services at significantly competitive prices. SBI SECURITIES enabled low-cost trading by being the industry leader in reducing stock trading commissions. On the other hand, SBI Sumishin Net Bank offers high-interest deposit products, and SBI Insurance provides the industry's lowest auto insurance

premiums. Furthermore, the Group's customer focus extends beyond price competitiveness, as the Group companies have endeavored to expand and upgrade product offerings that meet diversified customer needs, and have enhanced customer service levels at the call centers. Consequently, Group companies have continuously earned high ratings in customer satisfaction studies conducted by third-party evaluation organizations. By adhering to the Customer-centric Principle, the Group has expanded its customer base to more than 17 million, and established a strong business foundation.

3 Creation of "Network Value" through the Provision of Supplemental Information, Products, and Services

In the Internet era, competition is moving from that between individual companies to that between networks, and it is no longer sufficient to appeal to customers on the basis of price alone, or on the basis of the value of products or services. Accordingly, the SBI Group, through the formation of a diverse group of companies, pursues a competitive differentiation by providing a complex set of information, goods and services, that creates a value-added "network value." For instance, by developing a network that offers various ancillary information, products and services for a consumer who may be interested in purchasing a home, such as housing loans, earthquake compensation insurance and real estate listing information, the Group can efficiently support the consumer's purchase activity. This is referred to as "network value."

As described below, in order to further expand this "network value," the SBI Group is currently working to maximize its Group synergies through the utilization of big data.

Online Securities Companies: Comparison of FY2013 Results

Billions of yen, the number of accounts is in thousands.
Parenthetic figures are YoY % change.

	Number of accounts	Deposit amount	Operating revenue (Net sales)	Operating income
SBI (Consolidated)	👑 2,944	👑 7,582.9	👑 74.3 (71.2)	👑 32.8 (185.7)
Monex (Consolidated)	895	3,149.9	54.7 (51.6)	15.1 (341.9)
Rakuten (Consolidated)	1,673	2,752.3	45.8 (86.5)	22.4 (217.0)
Matsui	942	1,916.8	39.9 (91.8)	27.1 (165.7)
kabu.com	869	1,687.8	23.3 (77.8)	11.6 (198.2)

* Amounts are rounded to the nearest ¥100 million or thousand accounts. Number of accounts and deposit amounts are as of March 31, 2014.

* From full-year FY2012, Monex has adopted IFRSs, so the relevant figures above are based on IFRSs. Incidentally, the amount of "Operating Income" is "The amount equivalent to operating income" disclosed by Monex. ("The amount equivalent to operating income" of FY2012 was ¥3.4 billion)

Pure-play Internet Banks: Comparison of FY2013 Results

Billions of yen, the number of accounts is in thousands.
Parenthetic figures are YoY % change.

	Date of operation started	Deposit amount	Balance of loans	Number of accounts	Ordinary income
SBI Sumishin (Consolidated)	Sept. 2007	👑 3,076.7	👑 1,559.5	1,974 (19.8)	👑 11.7 (48.4)
Daiwa Next	May 2011	2,399.2	128.8	901 (25.3)	5.7 (13.3)
Sony (Consolidated)	June 2001	1,890.0	1,057.4	970 (5.4)	5.6 (26.5)
Rakuten	July 2001	1,016.6	258.5	4,602 (8.2)	7.5 (-9.1)
Jibun	July 2008	565.7	71.2	1,625 (7.8)	1.6 (-14.5)
The Japan Net	Oct. 2000	542.7	34.4	2,621 (6.2)	4.7 (82.4)

* Amounts are rounded to the nearest ¥100 million or thousand accounts. The date of operation started indicates to the month each started business. The number of accounts is as of March 31, 2014.

Special Feature: 15th Anniversary of the SBI Group

–Strategies for the Next Stage

Transitioning from “Japan’s SBI” to the “World’s SBI”

The SBI Group has been implementing a transition to become a global company with a strong overseas presence, by building an extensive global investment structure to take advantage of the economic growth of emerging countries in Asia, and other regions.

Development of a Global Business Structure

In 2005, when Japan’s income balance first exceeded the trade balance, the SBI Group began accelerating the development of an investment structure in emerging countries with high growth potential, primarily in Asia, and together with prominent local business partners, has established investment funds tailored to the economic conditions of individual countries. As a result, the Group’s assets under management are currently invested in a

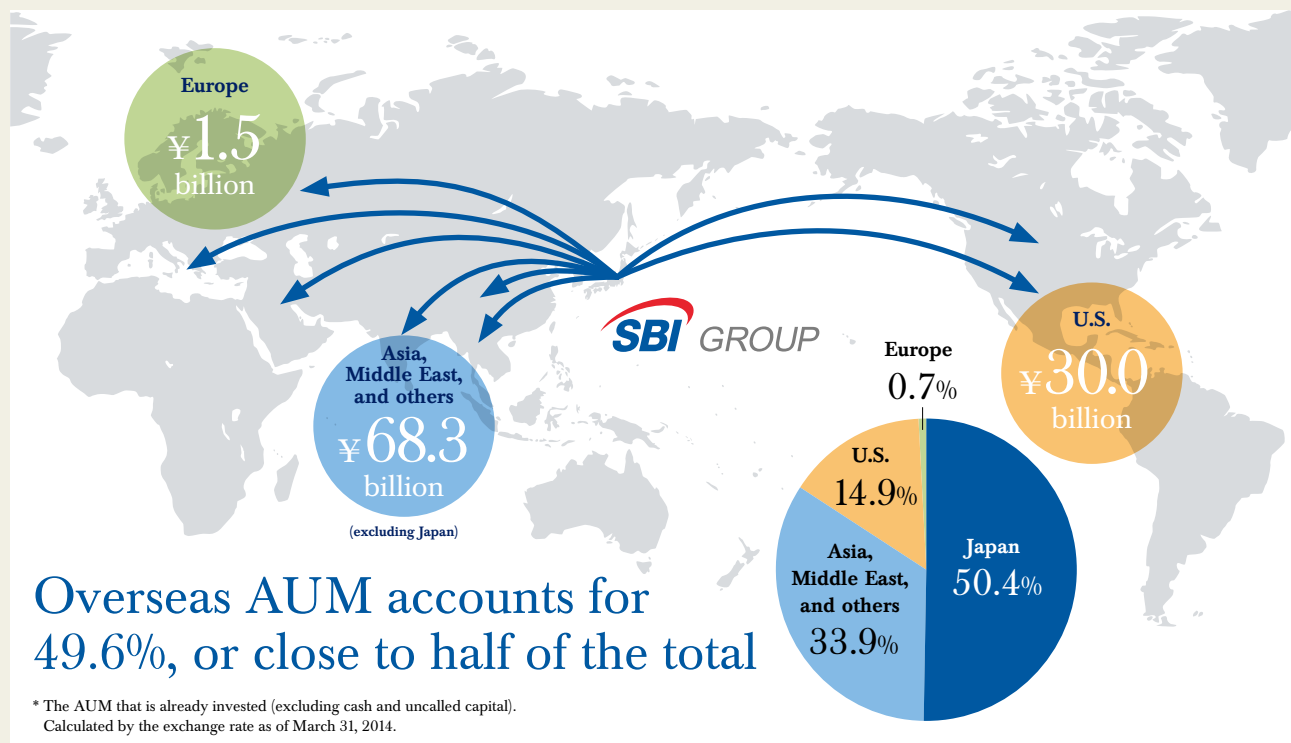
globally diversified portfolio of investments in Asia, the U.S. and Europe, with a specific focus on Asia. Overseas assets under management have increased to nearly 50% of the total, and through this global investment structure the overseas investment business will be further strengthened, and the overseas financial services business will be developed in Asia and other regions.

Funds Established through Alliances with Prominent Overseas Companies

Fund name	Launch period	Partners	Commitment amount
New Horizon Fund	 May 2005	TEMASEK (Investment company for the Singaporean government)	100 million U.S. dollars
SBI & TH VC Fund	 Jan. 2008	Tsinghua Holdings (Beijing) (Investment subsidiary of the Tsinghua University)	34.5 million U.S. dollars
SBI & BDJB China Fund	 Feb. 2008	Peking University Beida Jade Bird Group (Beijing) (Strategic investment arm of Peking University)	100 million U.S. dollars
Vietnam Japan Fund	 Apr. 2008	FPT (Vietnam’s largest high-tech company)	75.5 million U.S. dollars
SBI & Capital 22 Fund	 Oct. 2008	Founder of a Taiwanese IT company	22.5 million U.S. dollars
SBI Zhaoxin Fund	 Mar. 2009	China Merchants Securities (Major general securities company in China), Resource Capital China (China’s first private management investment company), China CITIC Bank (CITIC Group-owned commercial bank)	Offshore: 20.5 million U.S. dollars Onshore: 10 million U.S. dollars
PNB-SBI ASEAN Gateway Fund	 Dec. 2009	PNB Equity Resource Corporation (Malaysian governmental investment management company)	50 million U.S. dollars
SBI-Islamic Fund	 June 2010	Brunei Darussalam, Ministry of Finance	59.5 million U.S. dollars
Jefferies-SBI USA Fund	 June 2010	Jefferies Group (Major U.S. securities company)	50 million U.S. dollars
SBI-Jefferies Asia Fund	 July 2010	Jefferies Group (Major U.S. securities company)	150 million U.S. dollars
SBI-METROPOL Investment Fund	 Nov. 2010	IFC METROPOL (Major integrated financial group in Russia)	100 million U.S. dollars
INVEST AD / SBI TURKEY FUND	 May 2011	Invest AD (Subsidiary of the Abu Dhabi Investment Council)	100 million U.S. dollars
SNSI Fund	 July 2011	Shin Kong Group (Major financial group in Taiwan) Nan Fung Group (Major real estate developer in Hong Kong)	18 million U.S. dollars
EW SBI Crossover Fund	 May 2012	Edelweiss Financial Services (Integrated financial services company in India)	100 million U.S. dollars
Fudan University Fund	 June 2012	Fudan Forward (Shanghai)	Offshore: 33.5 million U.S. dollars Onshore: 18 million U.S. dollars
Shanghai Yidian Fund	 Dec. 2012	Shanghai Yidian Holding (Large state-owned information company directly under the Shanghai Municipal Government)	33 million U.S. dollars
Nirvana Digital India Fund	 Mar. 2013	Founding family of Patni Computer Systems	Offshore: 15 million U.S. dollars Onshore: 15 million U.S. dollars
Mahindra Satyam Fund	 Sept. 2013	Tech Mahindra (Comprehensive IT service company of the Mahindra Group, one of the top business houses based in India)	50 million U.S. dollars
SBI-FMO Asia Financial Services Fund	 Oct. 2013	FMO (Bilateral private sector development bank in the Netherlands)	Up to 100-120 million U.S. dollars

* Amounts of investment capital in local currency are calculated in U.S. dollars at the rate when the Group funded.

Globally Diversified Assets Under Management (AUM) in Asia, the U.S. and Europe



Direct Operating Involvement in the Biotechnology-related Businesses in Addition to Investments

One corporate mission of the SBI Group is to be a “New Industry Creator.” The Group regards biotechnology as a core industry of the 21st century, and is directly involved in the operations of biotechnology-related businesses.

Concentrated Investments in New Growth Industries and the Development of Venture Companies

As a “New Industry Creator,” the SBI Group concentrates its investments into 21st century growth industries, including the Internet, biotechnology and life sciences, and the environment and alternative energy, and has developed numerous venture companies through its investments into these growth fields. The cumulative number of investee companies from the founding of the Group to March 31, 2014 totaled 978 companies, including 170 exits through IPOs and M&As, resulting in a high level of investment performance with an exit ratio of 17.4%.

At the same time, the SBI Group itself has established a number of subsidiaries in the IT sector, notably SBI SECURITIES and Morningstar Japan. Moreover, in recent years, the SBI Group itself has become directly involved in the operations of the biotechnology-related business, which is considered, along with IT, as a 21st century high growth sector, and is actively working to develop the businesses in this sector.

The SBI Group's Bioventure Companies

Currently, in the Biotechnology-related Business, which the SBI Group has positioned as a core business segment, SBI Biotech, established in 2007, is focused on the development of new medical treatments and pharmaceutical products, utilizing the most advanced biotechnologies in collaboration with leading research institutions around the world. Also, SBI Pharmaceuticals, established in 2008, is engaged in the research and development of pharmaceutical products, health foods and cosmetics that contain 5-aminolevulinic acid (5-ALA). SBI ALApromo, established in 2011, distributes health foods and cosmetics containing 5-ALA.

In the Biotechnology-related Business, with specific reference to drug discovery, research and development in various areas are being conducted through the global research network that was developed with a number of partners, including leading universities and research institutions in Japan and abroad. The SBI Group aspires to contribute to the healthy living for people globally, through the provision of its pharmaceuticals, health foods and cosmetics.

Our Growth

—A New Growth Step for the SBI Group

The SBI Group will continue to implement measures
in each business sector to realize sustainable future growth



Bolstering Profitability through Expansion of Synergies within the Domestic Financial Ecosystem

Financial Services Business

The SBI Group has formed a financial ecosystem and pursued synergies among its Group companies. The Group will continue its efforts to bolster profitability by pursuing further synergy expansion and increasing competitiveness.

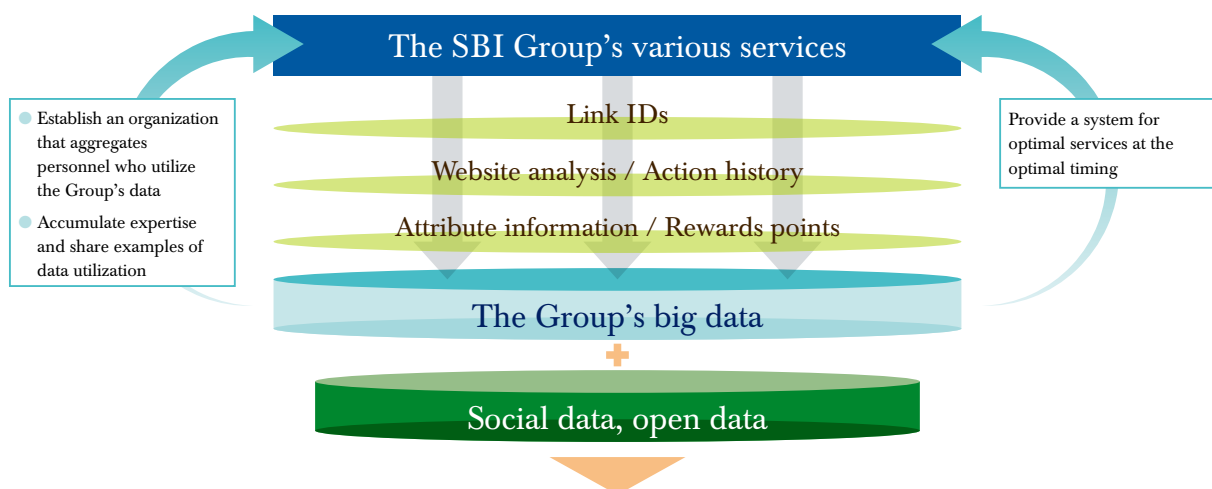
Thorough Pursuit of Group Synergies Utilizing Big Data

In order to further increase network value, which is one of the SBI Group's fundamental business building concepts, big data is being utilized to maximize Group synergies. Through consolidating, analyzing and mutually utilizing the various data stored by the SBI Group companies as "group big data," optimal services will be provided to further enhance customer

satisfaction, and to dramatically expand the customer base.

Additionally, cross-industry collaborations with unaffiliated companies will also be considered, in order to pursue greater sophistication for database marketing and new business creation through the maximum utilization of big data stored by these companies. In this way, a business ecosystem that transcends the existing financial ecosystem through the utilization of big data from outside of the Group may be realized.

Expansion of Network Value through Utilizing Big Data



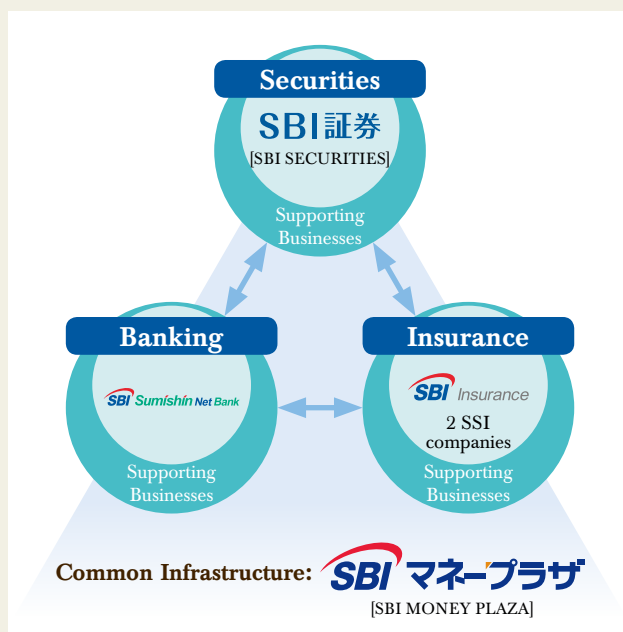
To "Bigger Data" through Partnerships with Companies in Other Industries

Increasing Profitability in the Domestic Insurance Business

In the insurance business, SBI Insurance has steadily expanded its business scope and is bolstering profitability, with the objective of earning a full-year profit (on an IFRSs consolidated basis) in FY2015. The combined ratio, which is the ratio of the sum of insurance premium payment and expense to insurance premium income, is a measure of the profitability of nonlife insurers, and SBI Insurance has maintained a combined ratio below 100% since the beginning of FY2013, but is endeavoring to further improve the ratio. Also, the company is working to expand and upgrade its product offerings beyond auto insurance, as it began offering its own cancer insurance, as well as offering a combination of cancer insurance products from other insurers.

Furthermore, a concentration of the domestic insurance business, including the small-amount short-term insurance business, into a holding company, or a restructuring of the business is currently being considered, to create further synergies between the insurance companies and to improve operating efficiency, so that an IPO may be considered sooner than later.

Thoroughly Utilizing SBI MONEY PLAZA as the Group's Common Infrastructure



Becoming Japan's Largest Financial Products Distributor

Since there are financial products that are difficult to market solely over the Internet, especially those that may require explanations from specialists on a face-to-face basis, the Internet alone is an insufficient channel for customer satisfaction, and an integration of the online and face-to-face services is essential to truly realize the Customer-centric Principle. Therefore, the SBI Group is actively increasing the nationwide SBI MONEY PLAZA network of primarily franchised face-to-face shops that offer various financial products, including securities, insurance and housing loans, in order to develop a distribution system that will meet diverse customer needs. Through the rigorous utilization of the SBI MONEY PLAZA shop network as a common infrastructure, the SBI Group will promote the integration of its online and face-to-face services, allowing it to progress toward the goal of becoming Japan's largest financial products distributor that offers products from both within and outside of the Group on a neutral basis.

SBI MONEY PLAZA has continuously and rapidly increased its customer deposit assets and the number of customer accounts since it began operations in June 2012. To further expand its customer base, collaborations with other Group companies will be increased to develop a business model that will meet the diverse financial needs of a wide range of customers.



Pursuing Overseas Development by Taking Maximum Advantage of Networks and Alliances with Prominent Local Partners

Asset Management Business

The SBI Group has established joint funds with prominent local partners in a number of countries, with a primary focus on the fast growing Asia region. In this way, an operating structure with a broad geographical capacity was established. Moving forward, through investments into overseas financial institutions, an acceleration of the overseas business development will be realized through a transference of the financial services businesses that were established in Japan.

The Continuous Enhancement of the Overseas Financial Services Business, Primarily in Asia

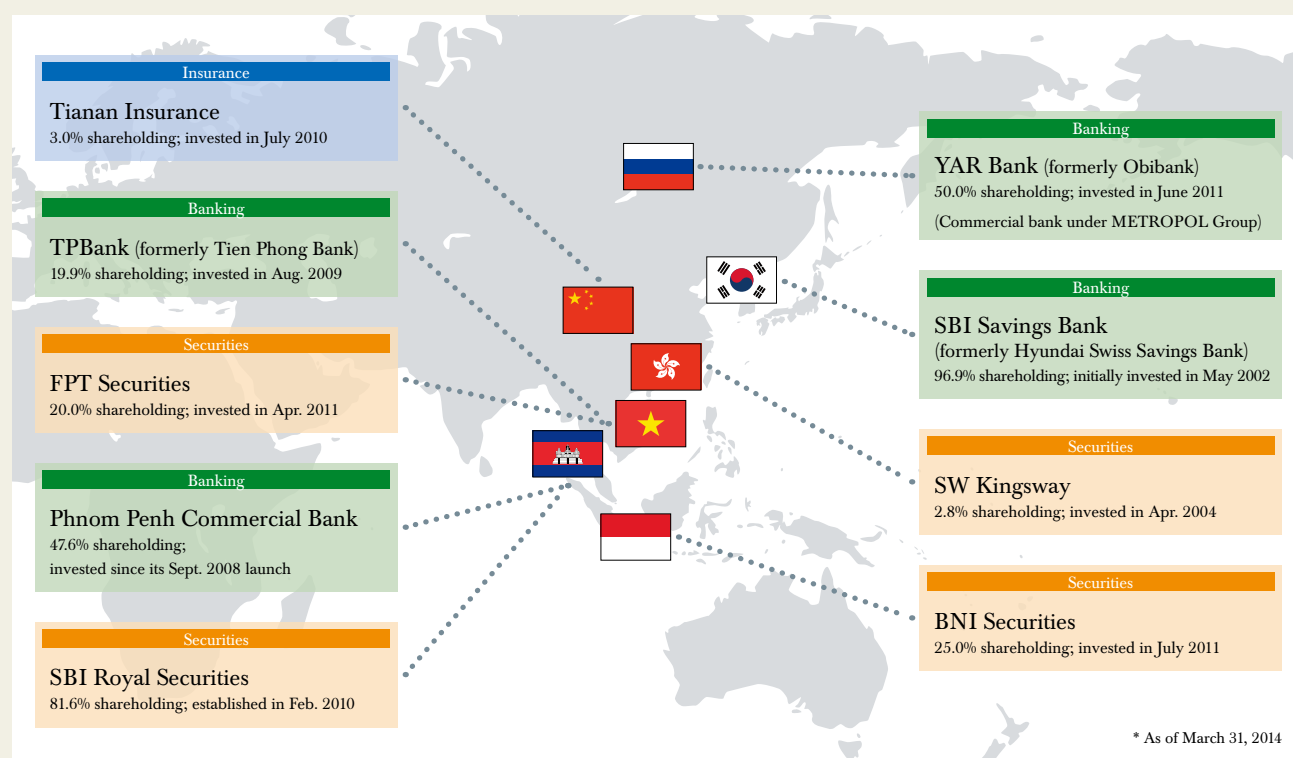
In Japan, the SBI Group initially started with the securities business, and has created a domestic financial ecosystem by establishing a variety of businesses. Through the active transference of the cultivated business expertise and knowledge developed in the Financial Services Business, the overseas financial services business is being profoundly developed.

In China, in March 2014, a preparatory company to develop an online finance business in partnership with the Lujiazui Group and the New Hope Group in the China (Shanghai) Pilot Free Trade Zone, which the Chinese government officially sanctioned in September 2013 as an active measure to open China to foreign investments, named the Shanghai New Successful Way Investment Consulting, was

established. The preparatory company is laying the groundwork to launch a business by carrying out feasibility studies, license applications and other related operations.

Additionally, in February 2014 BNI Securities, an affiliate of a major Indonesian bank in which the SBI Group has a 25% stake, introduced an online stock trading system that was designed and developed with participation by SBI SECURITIES. Further, in June 2014, YAR Bank of Russia, in which the SBI Group has a 50% stake, became the first Japanese affiliated company to launch a retail online banking business. The Group will continue to develop financial services businesses in emerging markets, according to the state of economic development of each country, through the transference of its accumulated expertise in securities, banking and other online financial services businesses that were developed in Japan.

Financial Services Business Proliferating Primarily in Asia



Pursuit of Early Profitability for the Biotechnology-related Business

Biotechnology-related Business

The SBI Group is pursuing an early profitability in the Biotechnology-related Business.

SBI Biotech is planning a possible near-future IPO, the 5-ALA related business is being expanded on a global basis, and SBI Pharmaceuticals is working toward an IPO within the next three years.

SBI Biotech IPO

SBI Biotech primarily engages in drug discovery for cancer and autoimmune diseases, in partnership with overseas bioventures and research institutions. Also, Quark Pharmaceuticals, a U.S. bioventure that became a wholly owned subsidiary of SBI Biotech in 2012, has licensing agreements for its pipeline drugs with Pfizer Inc. and Novartis International AG. With full intentions to further its business development, SBI Biotech has engaged Mizuho Securities as its lead underwriter to prepare for a possible near-future IPO.

Acceleration of the Global Development of the 5-ALA Related Business

The SBI Group is pursuing a full-scale overseas development of the 5-ALA related business, focusing primarily on the Middle East and China. In March 2014 in Bahrain, which is the base of operations in the Middle East, the Bahrain

Representative Office was made a local subsidiary. Also, a number of clinical research projects are being conducted with local universities and medical institutions, and local pharmacies have begun the sales of health foods containing 5-ALA.

In China, investee company Suzhou Yian Biotech is planning to manufacture pharmaceuticals, health foods, and cosmetics containing 5-ALA, as well as bulk 5-ALA. The company also plans to start operations of a health foods plant during 2014, and has applied for a materials license to blend 5-ALA into food products and a health food production license.

Additionally, a strategic alliance with the Fudan Forward and the New Hope Group concerning the sale of 5-ALA products in China, and to establish a company to import and sell 5-ALA products, as well as other products from Japan in the China (Shanghai) Pilot Free Trade Zone, is being formulated. The New Hope Group also plans to sell fertilizers and feeds containing 5-ALA, and is conducting collaborative testing to prepare for the start of sales.

Progress in 5-ALA Related Business

