

SBI GROUP'S KEYWORDS

Capturing the Trends of the Time, to Create Innovative Businesses to Serve Society and its People

When the SBI Group was founded, there were two major trends in that era, the Internet revolution and financial deregulation, both of which had a major impact on the nature of economics and finance, as well as effectively changing the lifestyles and needs of customers. The SBI Group took advantage of the trends, and accelerated its growth by providing wide-ranging financial services that afforded greater benefits to consumers. At the same time, since its founding, the SBI Group has sought to contribute to the preservation and development of society under the belief that a company is a structural element of society and continues to exist precisely because it is a member of society. In this way, since the inception, our aspiration has been to be of service to society and its people by continually embracing the trend of the times to create innovative businesses.



BELIEF

Corporate Virtue



The SBI Group believes that just as there is virtue in people, there is "corporate virtue" in companies as well, and that in the same way that benevolent people are respected by those around them, companies are respected by society when they raise their "corporate virtue." Needless to say, business activities are human undertakings, and it is the conduct of each employee, starting with top management, that will have the greatest impact on every aspect of society's evaluation of the Group. For this reason, the SBI Group is focusing on the development of the Group's human resources, in the firm belief that increasing the virtue of every manager and employee is essential to raising "corporate virtue" and evolving as a company respected by society.

MISSION

Five Corporate Missions

SBI Group's

01

Sound Ethical Values

We shall undertake judgments on actions based not only on whether they conform to the law or profit the Company, but also whether they are socially equitable.

02

Financial Innovator

We will transcend traditional methods and bring financial innovations to the forefront of the financial industry, utilizing opportunities provided by the powerful price-cutting forces of the Internet and developing financial services that further enhance benefits for customers.

03

New Industry Creator

We will endeavor work to become the leader in creating and cultivating the core industries of the 21st century.

04

Continual Self-Evolution

We will continue to be a company that evolves of its own volition by forming an organization that flexibly adapts to changes in the operating environment, and incorporates corporate "Ingenuity" and "Self-transformation" as part of its organizational DNA.

05

Fulfill Social Responsibility

We will ensure that each company in the SBI Group recognizes its social responsibilities as a member of society, while fulfilling the demands of its stakeholders, contributing to the betterment of society.



CULTURE

The DNA of Corporate Culture

There are four elements of the SBI Group's corporate culture that should be passed into the future, as the SBI Group DNA, regardless of the business environment. They are, to "Continuously maintain the entrepreneurial spirit," by continually taking on new challenges without fear of failure, "Emphasize speed," to always be quick to decide and act, "Facilitate innovation," by demonstrating a creative spirit that will not be unnecessarily attached to past successful experiences, and "Continuous self-evolution," which sensitively detects and flexibly adapts to environmental changes. By the establishment and passage of a corporate culture based on these four DNA elements, we believe that a strong corporate group with sustainable growth will be developed.



The Innovative Business Model that was Envisaged Upon the Founding of the Group has been Established and Completed, and has led to Dramatic Growth

The SBI Group has achieved dramatic growth by embodying the concept envisaged when the Group was founded. In the Financial Services Business, we established the world's first Internet-based financial ecosystem in approximately a sixteen year period, which is a unique financial services business that utilizes the Internet as its main business channel within a "business ecosystem" concept. In the Asset Management Business, we will invest globally with a focus on investment opportunities in the IT and biotechnology sectors, which are 21st century growth industries, with the scale of operations related to private equity investments growing to around ¥300 billion. In the biotechnology field, business performance is much less influenced by economic trends, but a high growth rate may be expected, so in 2007 a foray was made into the Biotechnology-related Business, which we are developing into a core business segment of the SBI Group.

CONCEPT

Business Ecosystem

On the basis of two major propositions of the complex knowledge, "The whole is greater than the sum of the parts" and "The whole has new qualities that an individual part cannot perceive," the SBI Group has sought to establish a "business ecosystem," a new organizational form that realizes high growth potential from synergies and mutual evolution, which is a process that cannot be achieved by a single-role corporation. The business ecosystem is an economic community supported by a foundation of interacting organizations and individuals. We believe that the development of this type of organizational form was necessary to demonstrate the competitive advantages in the Internet era, and have achieved dramatic growth by establishing what we refer to as an Internet-based financial ecosystem that is focused on the three core businesses of the Financial Services Business, which are securities, banking and insurance.



PRINCIPLE

The Customer-centric Principle

Although more recently financial institutions in Japan are required by the financial administration to establish “customer-oriented business operations,” from its establishment, the SBI Group has put the “Customer-centric Principle,” a values system that places the highest priority on customer benefits, at the heart of its business activities and has rigorously put it into practice.

The Group has provided products and services with outstanding price competitiveness by harnessing the power of the Internet. For instance, we have realized a price disruption in the securities business by offering low commissions on brokerage transactions, provided deposit products with favorable interest rates in the banking business, and have realized the industry’s lowest premiums in the insurance business. In addition to competing on price, we are expanding our products to meet diversified customer needs, and as the result of combining the online services with that of the face-to-face shops, the Group’s customer base has increased to approximately 22 million, along with the receipt of high accolades from multiple external customer satisfaction surveys.

STRATEGY

Synergies and Mutual Evolution

The SBI Group has rigorously pursued synergies and mutual evolution in the business ecosystem. First, we formed a group of affiliates to support the securities, banking and insurance businesses, which we have positioned as the three core businesses of the Financial Services Business, and realized synergies through mutual customer referrals and service collaborations between the core businesses. Furthermore, we are creating cross-segment synergies between the Financial Services Business, the Asset Management Business and the Biotechnology-related Business. For instance, while we invest in companies in the IT and biotechnology sectors, we have also developed businesses of our own in those fields. This enables us to utilize the knowledge and expertise of investee companies in our businesses, as well as to utilize our own knowledge in order to make appropriate investments, thereby creating a virtuous cycle of synergies.



MEASURE

Selection and Concentration

The SBI Group has implemented a thorough business “Selection and Concentration” initiatives, since the fiscal year ended March 31, 2011. Specifically, non-core businesses such as real estate, which have weak synergies with the three core businesses of the Financial Services Business, have been sold, and organizational restructurings within the Group to facilitate further synergy creation have been enacted. By focused utilization of cash proceeds generated by such operations, along with the use of other resources of the Group into the three core business segments, namely the Financial Services Business, the Asset Management Business and the Biotechnology-related Business, we have strengthened the Group’s overall profitability through early achievement of profitability in loss-making businesses, along with increasing profitability in the profitable businesses.

Pursuing Sustained Growth in the High-potential FinTech and Biotechnology Sectors



Currently, FinTech and some other sectors are in a period of developing revolutionary technologies, which is progressing on a worldwide basis, with the potential to create a trend that may have an even greater impact on society than those trends that existed at the time of the Group's founding. Also, as the people's health consciousness rises, the realization of a society of health and longevity becomes a great desire of humanity, along with high expectations of an evolution in biotechnology. The SBI Group will promptly incorporate any such societal trends, and will continue to place the "Customer-centric Principle" at the heart of its business activities as it has in the past, while reaffirming the corporate philosophy and DNA legacy that will be passed on to the future generation, in order to continue the quest to achieve sustained growth in each of its businesses. The SBI Group will thus contribute to the preservation and development of society by continuously creating new value.



CONTRIBUTION

5-ALA

5-Aminolevulinic Acid (5-ALA) is a natural substance of amino acid contained in all living things, and is the raw material of protein associated with the origin of life. 5-ALA has been used as an ingredient for the SBI Group's health foods and cosmetics. In September 2013, SBI Pharmaceuticals launched the first intraoperative diagnostic agent that utilizes 5-ALA. In addition, basic research into drugs for use in treating various diseases is advancing, and elucidation of the physiological functions of 5-ALA and its application in wide-ranging fields are the focus of great attention worldwide. The SBI Group is developing an integrated business structure that encompasses the R&D of products containing 5-ALA, to their manufacture and sale.



OPPORTUNITY

FinTech

The word “FinTech” refers to new financial services solutions, not the application of the Internet to the traditional financial services of securities, banking and insurance. Today, venture companies in non-finance sectors around the world are entering various financial businesses including lending, asset management, remittance and fund management, and are achieving rapid growth. Blockchain, artificial intelligence (AI), big data, the Internet of Things (IoT), robotics, and other elemental technologies possessed by these venture companies, or a combination of such technologies has gradually come to be used in the financial industry. The SBI Group has been an early adopter of new FinTech technologies in the pursuit of further enhancement of customer convenience and service originality in its businesses.



INITIATIVE

New FinTech Ecosystem

The SBI Group has achieved dramatic growth by developing an Internet-based financial ecosystem. We consider this financial ecosystem the initial stage of FinTech, which we call FinTech 1.0, and are now endeavoring toward an evolution of FinTech 2.0, a new financial ecosystem with blockchain as its core technology. Blockchain is an innovative technology that makes possible global value exchange over the Internet, and the SBI Group will conduct demonstration tests using blockchain in various financial services, with the intention of developing global standards to utilize blockchain and virtual currencies for practical use, in cooperation with key partners around the world.



DIFFERENTIATION

Network Value

In the Internet era, it is insufficient for companies to pursue value in the form of “price” alone or “product and service quality,” and the creation of “Network Value,” the integral provision to customers of information, goods and services, is required. Since its founding, the SBI Group has worked to create “Network Value,” a form of added value, through collaboration among Group companies. We will now further expand “Network Value” by strengthening alliances with companies outside of the SBI Group, through both the online and face-to-face channels, to create added value for customers of Group companies and those of non-Group companies alike. A particular objective is to take maximum advantage of the SBI Group’s enterprise resources to strengthen collaboration, and prosper together with regional financial institutions, and by extension, contribute to regional revitalization.

