



*Strategic
Business
Innovator*

SBI Holdings, Inc. Financial Results

**for the Six-Month Period Ended Sept. 30, 2011
(Fiscal Year Ending March 31, 2012)**

October 26, 2011

The items in this document are provided as information related to 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

- 1. Overall Summary of 1H FY2011**
- 2. Measures to Realize Continuous Growth in Anticipation of a More Difficult Business Environment**

1. Overall Summary of 1H FY2011

- (1) The operating environment is ever more challenging due to the Great East Japan Earthquake, delay in the US economic recovery, European debt crisis and slowdown in emerging economies. But the SBI Group achieved a growth in ordinary and net income in the 1H of FY2011**
- (2) The Group promoted cost reduction and reorganization on a group-wide basis in anticipation of the worsening business environment**

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Business Environment Worsening Owing to the Great East Japan Earthquake and the Continuance of the Debt Crisis of the Euro Zone

Stock prices fell around the world, even in emerging countries

Rates of decline from the highest prices since the Lehman Shock (Sept. 16, 2008)

	The highest price during the term (date)	Current price	Change (%)
Nikkei 225	12,115.03 (09/24/08)	8,843.98	-27.0
Dow Jones	12,807.36 (05/02/11)	11,913.62	-7.0
DAX (Germany)	6,091.33 (05/02/11)	6,055.27	-19.6
SENSEX (India)	21004.96 (11/05/10)	16,939.28	-19.4
VN (Vietnam)	624.1 (10/22/09)	414.46	-33.6
SSE Composite	3,471.442 (08/04/09)	2,370.333	-31.7

Since much anxiety remains, as Italy and Spain's treasury bonds were downgraded following that of the U.S. bonds, the world economy may worsen than the time of the Lehman Shock

1H FY2011 Consolidated Performance

Achieved a year-on-year increase in ordinary income and net income

(Y million)

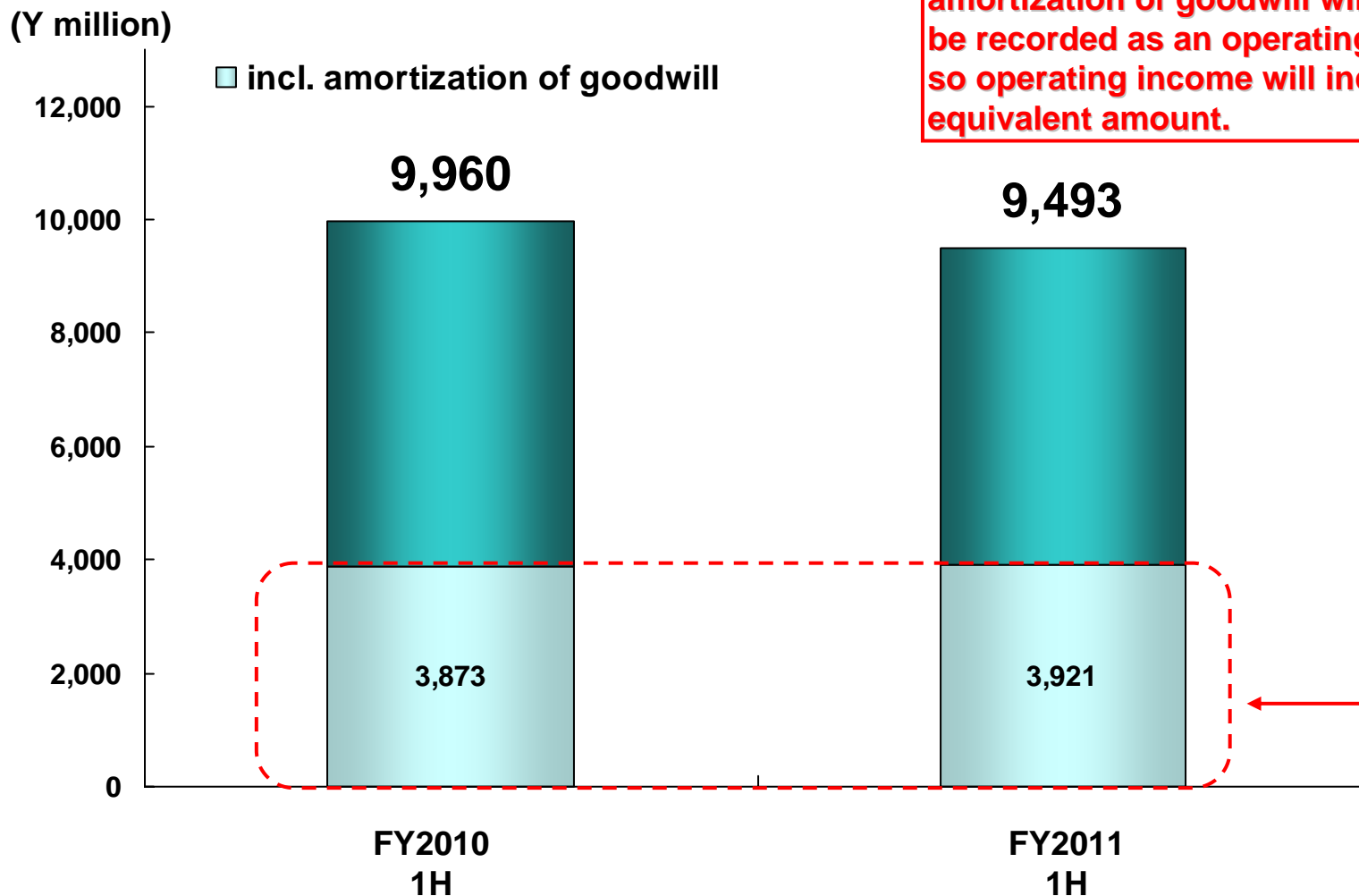
	FY2010 1H (Apr.-Sept. 2010)	FY2011 1H (Apr.-Sept. 2011)	YoY (%)
Operating Revenue	62,948	63,606	+1.0
Operating Income	3,605	2,511	-30.3
Ordinary Income	695	1,277	+83.6
Net Income	686	1,113	+62.3

EBITDA Performance

(EBITDA=operating income + allowance for depreciation + goodwill amortization)

EBITDA for 1H FY2011 showed a little YoY decrease to Y9,493m

Under IFRS, which SBI plans to voluntarily adopt from FY2012, amortization of goodwill will no longer be recorded as an operating expense, so operating income will increase by equivalent amount.



(2) The Group promoted cost reduction and reorganization on a group-wide basis in anticipation of the worsening business environment

Promoting Cost Reduction and Fundamental Business Improvement on a Group-wide Basis in Anticipation of the Worsening Business Environment

~Excerpt from CEO's email sent to the SBI Group's employees in June 2011~

The SBI Group has been working toward recovery after the economic crisis that began in the autumn of 2008. The global economy is becoming more volatile by the day due to the following factors:

- Impact of the Great East Japan Earthquake
- Concern about inflation and a real estate bubble in China
- Concern about a double-dip recession in the US after the economic crisis of 2008
- Debt crisis in EU countries such as Greece

Opaque outlook on the global economy and unstable situation in the equity market are making the Group's management more difficult than it was before the autumn of 2008.

The SBI Group needs to be united and implement various countermeasures as early as possible to overcome such difficult situation. To this end, all employees are asked to drastically improve their operations and uncompromisingly slash expenses, more than they did before the economic crisis that began in 2008.

Change in SG&A

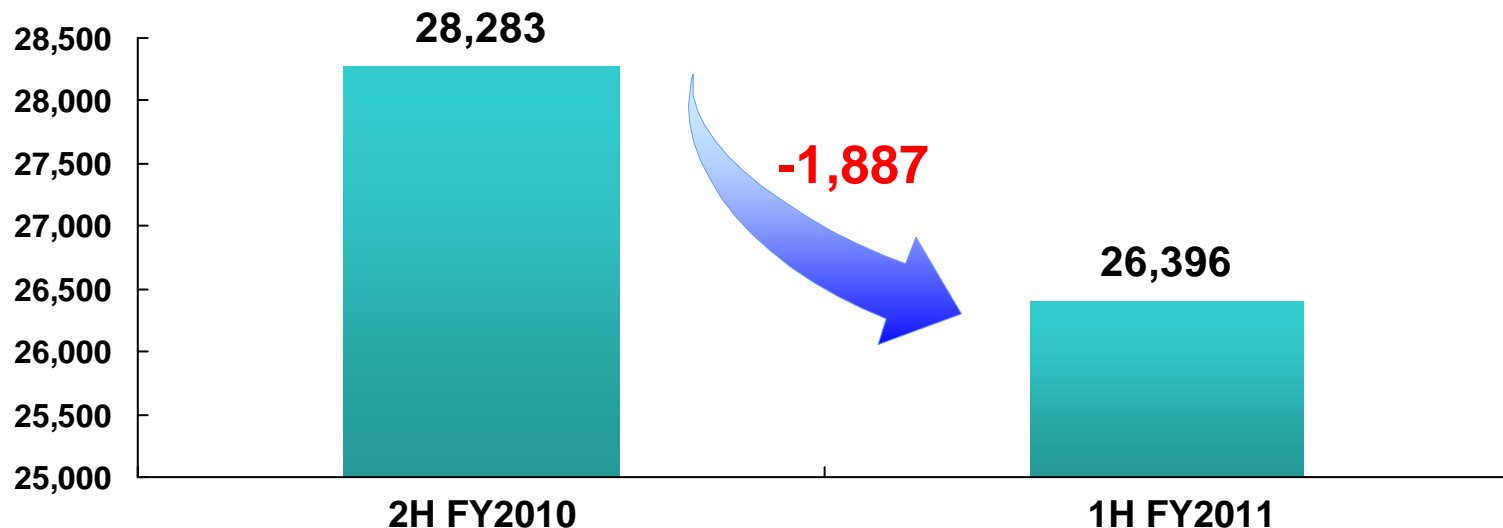
- ✓ In June 2011, each Group company assigned an officer with the responsibility of cutting costs, in order to strengthen the cost cutting effort with respect to outside vendors (agent service fees, system costs, etc.)
- ✓ Curbed new hires in anticipation of the reassignment of employees upon a Group reorganization

(Y million)

	2H FY2010	1H FY2011	HoH change
Total SG&A	33,916	31,342	-2,574
Controllable costs	28,283	26,396	-1,887
Amortization etc. *	5,633	4,945	-687

*Amortization of goodwill and noncurrent assets, allowance for bad debts, and so forth

■ Change in controllable costs (Y million)



Acquisition of Full Ownership

- **SBI Holdings acquired 100% ownership of SBI VeriTrans**

SBI VeriTrans was delisted on August 1, through a share exchange with SBI Holdings

- ➔ Accelerate the overseas development of the EC settlement services business together with SBI Holdings

Merger and Integration

- **Integrated Gomez Consulting with Morningstar Japan**

Gomez Consulting was delisted to become wholly owned subsidiary of Morningstar Japan through an exchange of shares and merged with it Japan on July 1

- ➔ Led to cost reductions and enhanced sales capabilities, and operating profit of the business of former Gomez Consulting in 2Q (July-Sept.) recorded Y19m, a 13-quarter high

JV Establishment

- **Established SBI-LG Systems, a joint venture with Korea's LG CNS, targeting substantial system cost reductions**

- ➔ Invited Mr. Jun Suzuki, a former Corporate Executive Vice President of Nomura Research Institute, Ltd., to be Representative Director and CEO on April 1, and started full-fledged operations

Liquidation, Disposal of Equity Interest

- **Liquidated SBI ArchiWorks on April 25**

Summary of Major Business Segments

Asset Management Business

- **Net proceeds received on a JPY basis decreased due to the yen's appreciation, but operating income of the Asset Management Business expanded to Y6.0bn, up 125% year-on-year, as SBI made active investments overseas from an early stage.**
- **The number of IPOs in the domestic market during the first half of FY2011 came to 13. Although this was an increase year-on-year both in Japan and overseas, the average amount of fund procurement in the 2Q (July – September) in the global IPO market was half the amount in the previous fiscal year.**
- **The ratio of initial price to public offering price of KLab, which was listed on September 27 (the Group's shareholding ratio right at the IPO was 47.44%), reached 2.34 times. Its stock price remained high thereafter with the announcement of a good operating performance.**
- **In the first half of FY2011, a total of 5 SBI portfolio companies conducted IPOs, with 3 being done overseas and 2 domestically. In the second half of this fiscal year, 1 company has already conducted an IPO and another firm has conducted an M&A. SBI expects IPOs will stay firm going forward, and the number of total exits for FY2011 is anticipated to be 16, almost the same number as the previous fiscal year.**
- **With the current lowering of the investment cost, SBI will continue to expand its investment in growing segments and emerging countries.**

Domestic and Overseas IPO Market

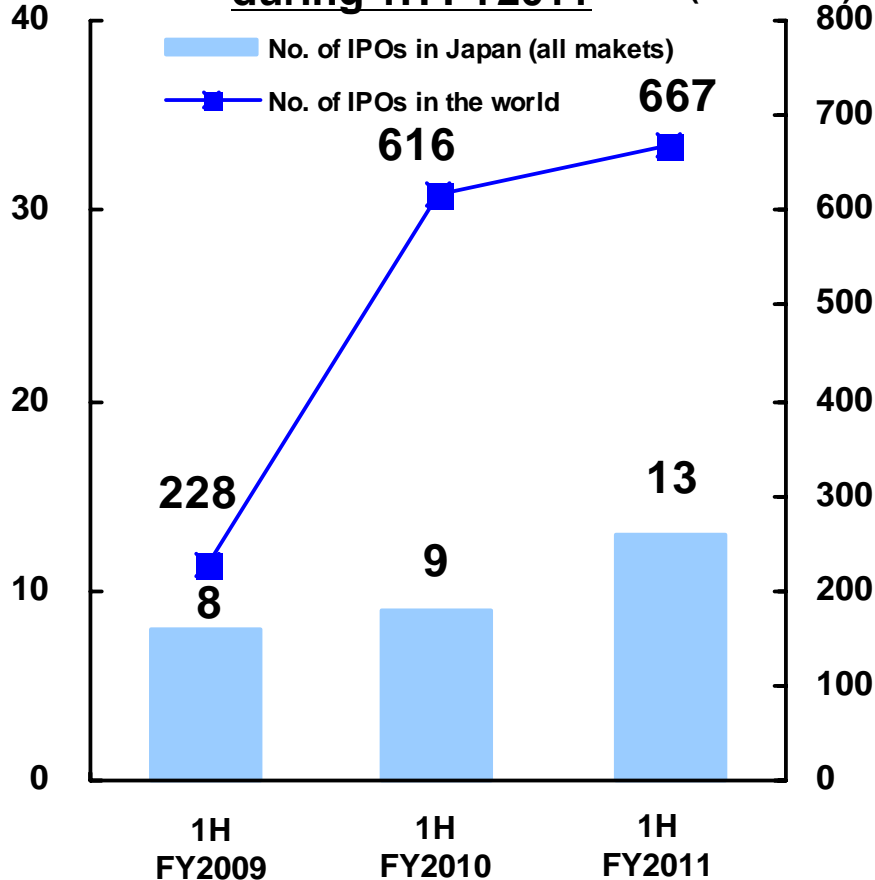
The average amount of capital raised during the quarter (July-Sept.) fell to half the value of the previous fiscal year due to the sluggish markets, though the number of both domestic and overseas IPOs in 1H increases YoY

(Companies)

Number of IPOs during 1H FY2011

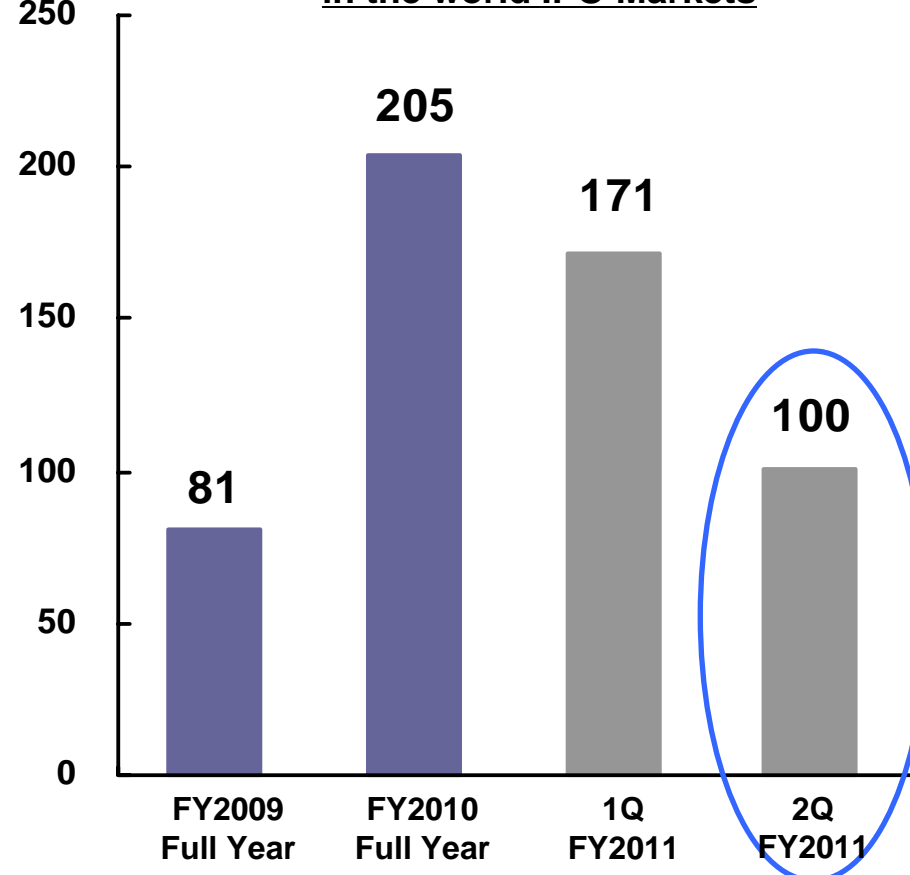
(Domestic)

(Overseas)



Change in average amount of capital raised in the world IPO Markets

(\$ million)



*Source: Stock exchanges, E&Y "Global IPO Update"¹⁴

Domestic IPO Market Shows Signs of Bottoming Out

FY2011 April to SBI's 1Q briefing day (July 28)

July 29 to Oct. 25

Newspaper article

Date of IPO	Company	Public offering price (A)	Initial price (B)	B/A (times)
June 9	Kurotani Corporation	1,200	1,170	0.98
June 23	Digital Media Professionals	2,400	3,050	1.27
June 23	HOUSECOM	600	580	0.97
June 24	Eat&	2,860	2,631	0.92
June 29	SEMITEC	1,250	1,210	0.97
June 29	Nippon Dry-Chemical	2,040	2,222	1.09
July 15	Mebiopharm	1,200*	286	0.24
July 20	RaQualia Pharma	1,600	1,480	0.93
July 21	MORPHO	2,250	4,840	2.15
Average				1.05

Date of IPO	Company	Public offering price (A)	Initial price (B)	B/A (times)
Aug. 12	Hito-Communications	2,700	2,780	1.03
Sept. 16	EP-Mint	1,500	1,700	1.13
Sept. 22	BrainPad	2,200	6,350	2.89
Sept. 27	KLab	1,700	3,970	2.34
Sept. 20	SymBio Pharmaceuticals	560	450	0.80
Oct. 21	Japan Property Management Center	1,600	1,600	1.00
Oct. 24	3-D Matrix	2,100	1,200	0.57
Average				1.39

*Substituting the central price in the order book determined by Tokyo AIM on the listing date, since Mebiopharm did not issue new shares.

IPO Market Shows Signs of Bottoming Out as IPOs Increased During Jan.-Oct. YoY

Momentum Related to Smartphone

(Oct. 13, 2011. "The Nikkei" newspaper Morning Edition)

Though the earthquake affected and weakened domestic IPO market, number of domestic IPOs increases more than last year

IPO and M&A Deals in the Asset Management Businesses

Following KLab's IPO, other qualified domestic investee company exits are expected

	* Up to FY2009				* FY2010 Full year				FY2011 Full year prospect			
IPO and M&A deals	124				17				16			
Breakdown	IPO		M&A		IPO		M&A		IPO		M&A	
	Japan	Overseas	Japan	Overseas	Japan	Overseas	Japan	Overseas	Japan	Overseas	Japan	Overseas
	64	32	9	19	0	11	1	5	7	7	2	0

7 companies already exited in FY2011

Exit Date	Company	Market (Country)
Apr. 6	PCHOMESTORE INC.	GTSM (Taiwan)
May. 4	Renren, Inc.	NYSE (U.S.)
July 13	NIBEC Co Ltd.	KOSDAQ (Korea)
July 15	Mebiopharm Co., Ltd.	TOKYO AIM
Sept. 27	KLab Inc.	TSE Mothers
Oct. 1	FROUTE Corporation	M&A
Oct. 20	SymBio Pharmaceuticals Limited	JASDAQ
Nov. 1(plan)	Bestcreate corp.	M&A

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

Performance Comparison with a Major VC Company

1H FY2011 performance comparison of SBI Group's Asset Management Business and JAFCO

Holdings

<Performance>

(Y billion, %)

	Operating Revenues	YoY % change	Operating Income	YoY % change
SBI Group's Asset Management Business	11.6	+11	6.0	+125
JAFCO (Interests Consolidation)	8.0	+23	^{*3} 0.3	-51

(*1) JAFCO adopts method of excluding the consolidation of funds, whereas SBI performances includes the consolidation of funds.

(*2) Amounts are rounded to nearest Y100m

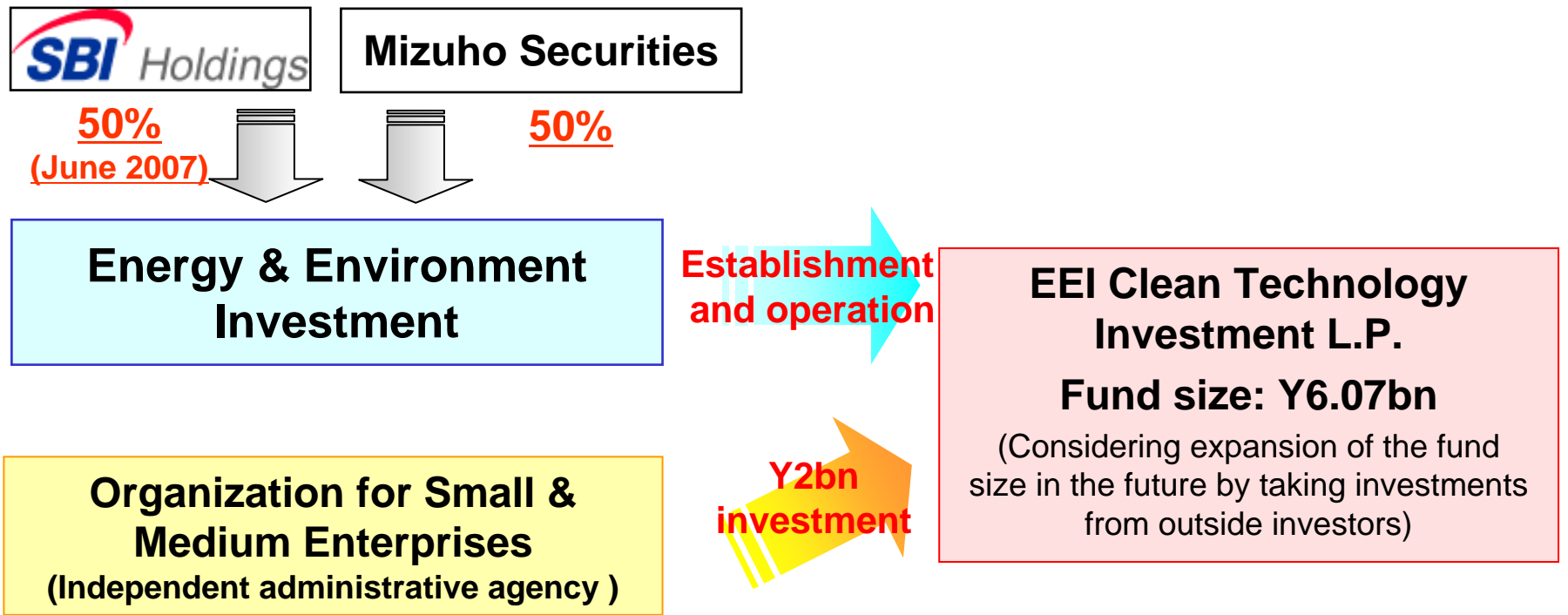
(*3) JAFCO's net profit for 1H FY2011 was Y5.0bn (including Y10.0bn in gains from transfer of shareholdings in Nomura Land and Building Co., Ltd.), and recorded extraordinary losses of -Y4.1bn as "Accumulated foreign exchange adjustment expenses," which is usually recorded as "Valuation Difference on Available-for-sale Securities" on net asset.

<New investment amount, number of invested companies>

	New investment amount (Unit: Y million)		Number of invested companies (Unit: companies)	
	1H FY2011	1H FY2010	1H FY2011	1H FY2010
SBI Group's Asset Management Business	38,032	37,106	125	102
JAFCO	11,658	10,905	54	62

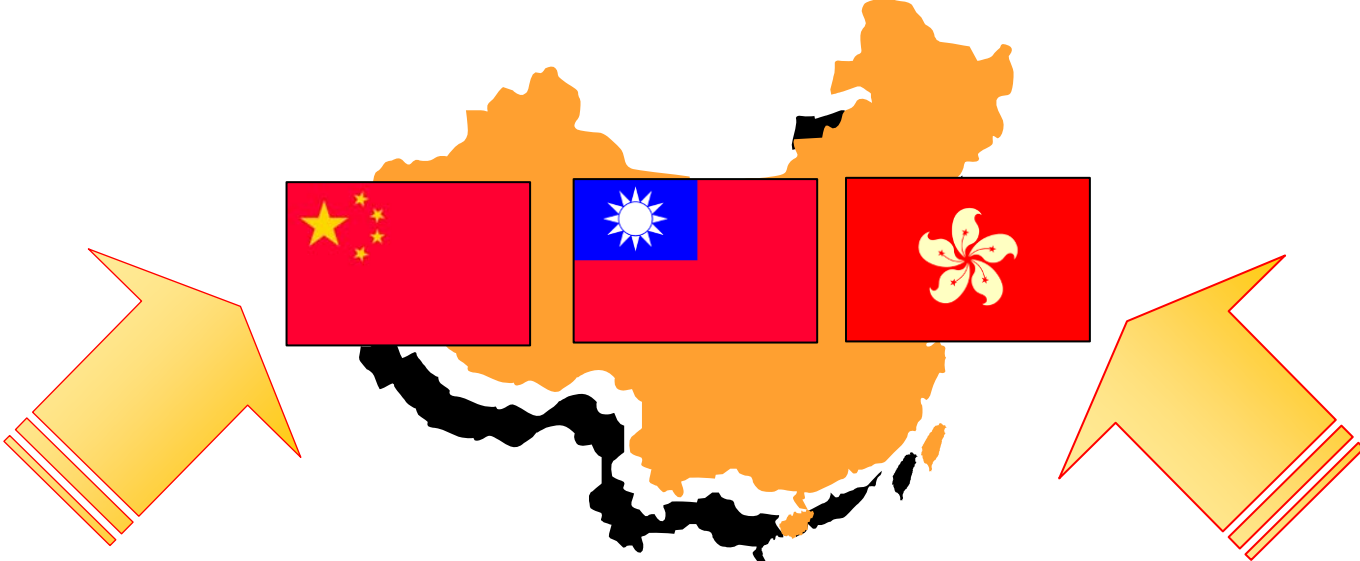
Establishment of a Venture Fund Focused on Clean Technology

Energy & Environment Investment, a joint venture between SBI and Mizuho Securities, has established a venture fund, called “EEI Clean Technology Investment L.P.” with a Y2bn investment from the independent administrative agency Organization for Small & Medium Enterprises and Regional Innovation, Japan. The operation of the fund has started.



The fund will provide investment and support mainly for Japanese venture companies that promote clean technology-related businesses, such as creating energy, saving energy, and accumulating energy.

Establishment of Two Funds Focused on the Greater China Region (Mainland China, Taiwan and Hong Kong)



Name	: SNSI Fund
Partner	: Shin Kong Group (Taiwan), Nan Fung Group (Hong Kong)
Fund size	: \$24m
SBI's Investment	: 25%

Established in July 2011

Name	: Kingston/SBI Credence Fund
Partner	: Kingston Financial Group (Hong Kong)
Fund size	: \$100m
SBI's Investment	: 50%

Established in Sept. 2011

In April 2011, SBI and Kingston concluded a memorandum of understanding, to form a strategic business alliance in the financial sector primarily in Hong Kong and Mainland China

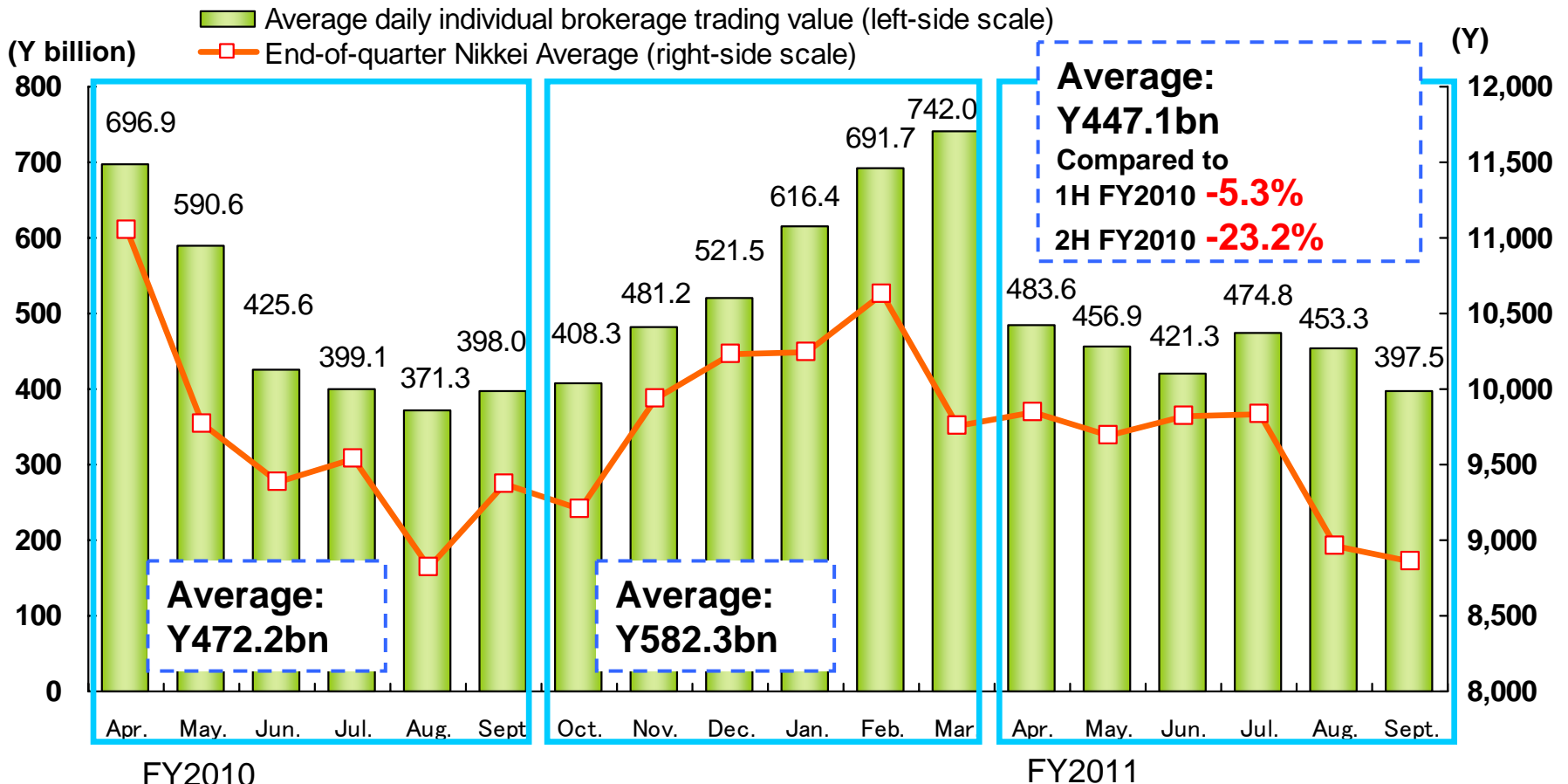
Brokerage & Investment Banking Business

- Operating income of the Brokerage and Investment Banking Business amounted to Y2.1bn, because of an Y2.9bn amortization of goodwill following the full acquisition of SBI SECURITIES.
- The average daily individual brokerage trading value in the three markets decreased by 5.3% year-on-year and by 23.2% from the previous second half, and the operating environment is difficult for securities firms. But at SBI SECURITIES, owing to its diversification of earnings base including mutual trust, foreign bonds and FX, commission income from future/option transactions and interest income grew. This contributed to an increase in operating revenue, operating income and ordinary income compared with the 1Q (April – June).
- SBI SECURITIES exceeds its peers substantially in terms of the number of accounts, deposit assets and market share.
- While the amount of mutual trusts sold in the domestic market shrank by 6.7% compared with the second half of the previous fiscal year, that of SBI SECURITIES increased by 11.3%, pushing up revenues from investment trust business 11.8%.
- In the FX transactions, owing to countermeasure against the leverage regulations launched on August 1, the transaction value at the SBI Liquidity Market increased by 64.6% in August from the previous month. This was even after the regulation took effect, and it meant that SBI outperformed its peer companies. Moreover, the transaction volume of SBI Liquidity Market exceeded that of Click 365 more often after August. Also, although the number of covering transaction partners is 23, supporting high liquidity, SBI Liquidity Market increased the position (credit line) of its covering transaction partners in anticipation of further liquidity expansion. The operating income contributed by the SBI Liquidity Market in 1H FY2011 was about Y3.6bn, including the trading income by SBI SECURITIES.

Comparison of Average Daily Individual Brokerage Trading Value (3 markets of 1st and 2nd sections integrated)



- Bounced back in July, yet owing to the worldwide market downturn attributable to the continued EU crisis, the average individual brokerage trading value in the first half period declined by 5.3% from FY 2010 1H and 23.2% from FY2010 2H
- Most of the Japanese conventional securities companies' earnings are forecast to decline, illustrating the severe business conditions surrounding the securities industry



FY2010

FY2011

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

Source: Compiled by SBIH from disclosed data from TSE and OSE

SBI SECURITIES 1H FY2011

Consolidated Results

(Y million, %)

	1H FY2010 (Apr.-Sept. 2010)	1H FY2011 (Apr.-Sept. 2011)	YoY Change
Operating Revenues	22,117	20,285	-8.3
Net Operating Revenues	20,300	18,620	-8.3
Operating Income	5,393	3,957	-26.6
Ordinary Income	5,362	3,997	-25.5
Net Income	4,829	3,153	-34.7

SBI SECURITIES Quarterly Changes in Consolidated Results (1Q FY2010 - 2Q FY2011)

(Y million, %)

	FY2010				FY2011	
	1Q (^{'10} Apr.- June)	2Q (^{'10} July- Sept.)	3Q (^{'10} Oct.- Dec.)	4Q (^{'11} Jan.- Mar.)	1Q (^{'11} Apr.- June)	2Q (^{'11} July- Sept.)
Operating Revenues	11,950	10,166	10,029	11,930	10,008	10,277
Net Operating Revenues	10,964	9,335	9,154	10,968	9,278	9,342
Operating Income	3,468	1,925	1,384	3,118	1,847	2,110
Ordinary Income	3,607	1,754	1,401	2,940	1,913	2,084
Net Income	* 3,900	928	873	2,298	* 1,956	1,197

*Recorded extraordinary gain of Y2,022m in 1Q FY2010 and Y767m in 1Q FY2011 for the reversal of reserves for financial product transaction liabilities

Performance Comparison of Major Online Securities Companies for 1H FY2011

(Y million, %)

	1H FY2011 Operating income	YoY change	1Q FY2011 Operating income	2Q FY2011 Operating income	QoQ change
SBI	3,957	-26.6	1,847	2,110	+14.2
Monex	1,721	-23.5	730	991	+35.8
Rakuten	1,905	-37.3	1,068	837	-21.6
Matsui	3,736	-29.2	1,778	1,958	+10.1
kabu.com (non cons.)	1,554	-27.6	731	823	+12.6

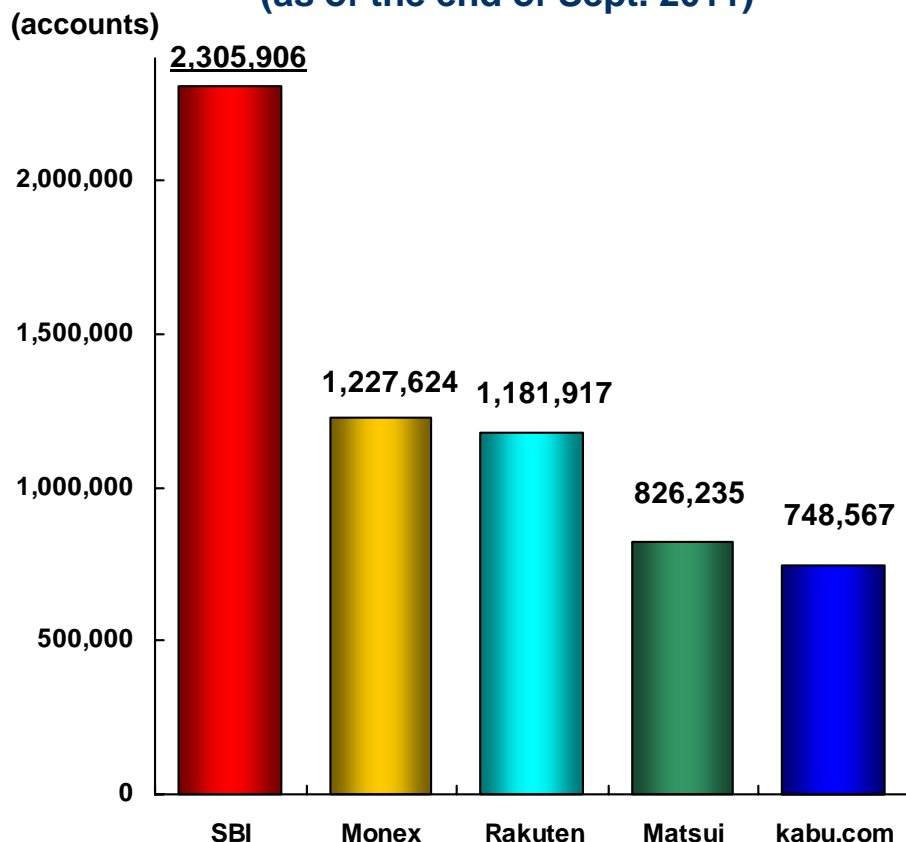
Source: Compiled by SBIH from information on websites of each company

Solid Customer Base of SBI SECURITIES (1)

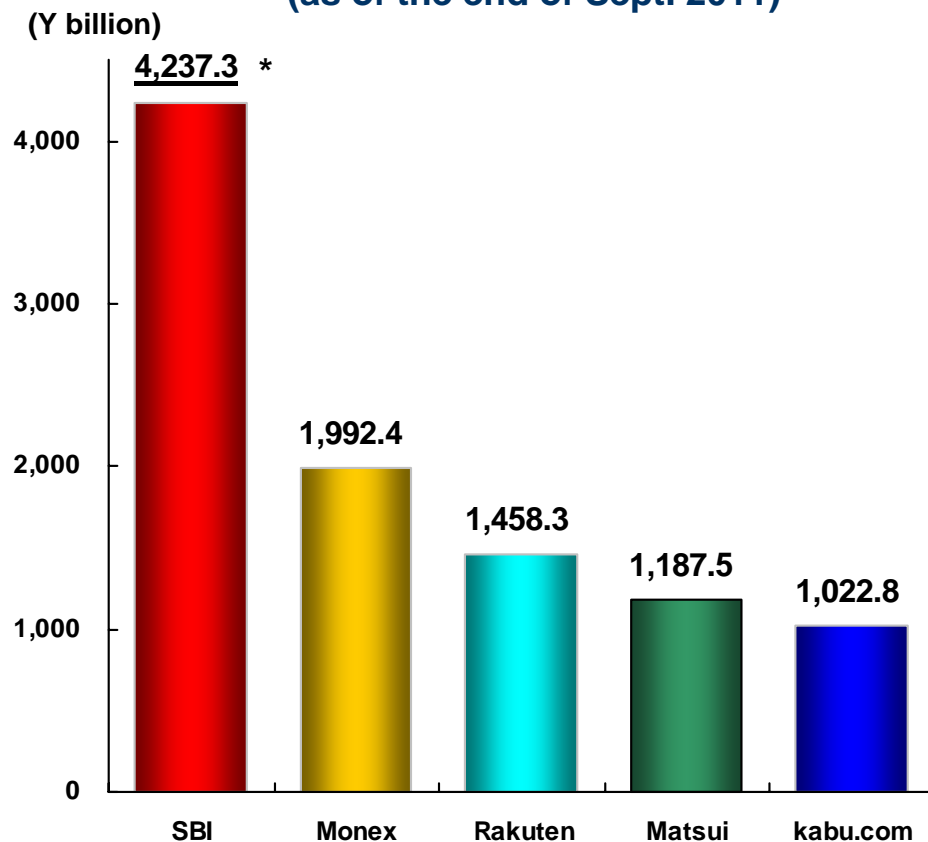
<Number of Accounts and Amount of Customer Asset>

SBI SECURITIES far exceeds its competitors in terms of the number of accounts and deposit assets

Customer accounts of 5 online brokers
(as of the end of Sept. 2011)



Deposit assets of 5 online brokers
(as of the end of Sept. 2011)



Solid Customer Base of SBI SECURITIES (2)

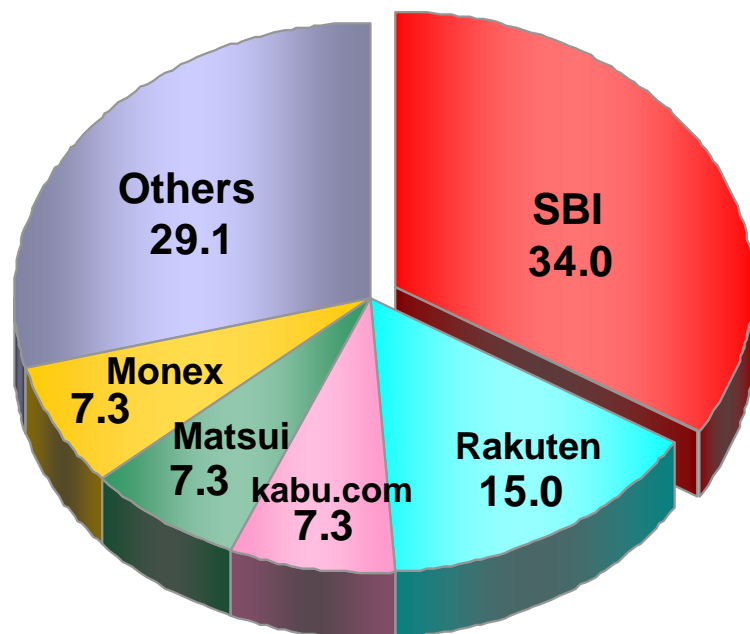
<Individual Brokerage Trading Value>

SBI SECURITIES' overwhelming share of individual trading value and individual margin trading value

Share of individual stock trading value (%)

1H FY2011

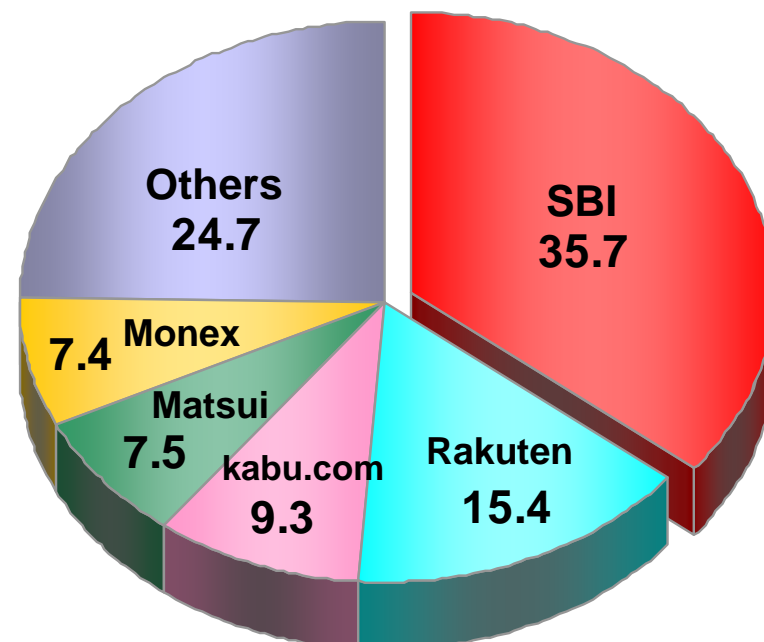
(Apr. 2011 – Sept. 2011)



Share of individual margin trading value (%)

1H FY2011

(Apr. 2011 – Sept. 2011)



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

*Individual stock brokerage trading value is the sum of Tokyo, Nagoya and Osaka exchanges and JASDAQ.

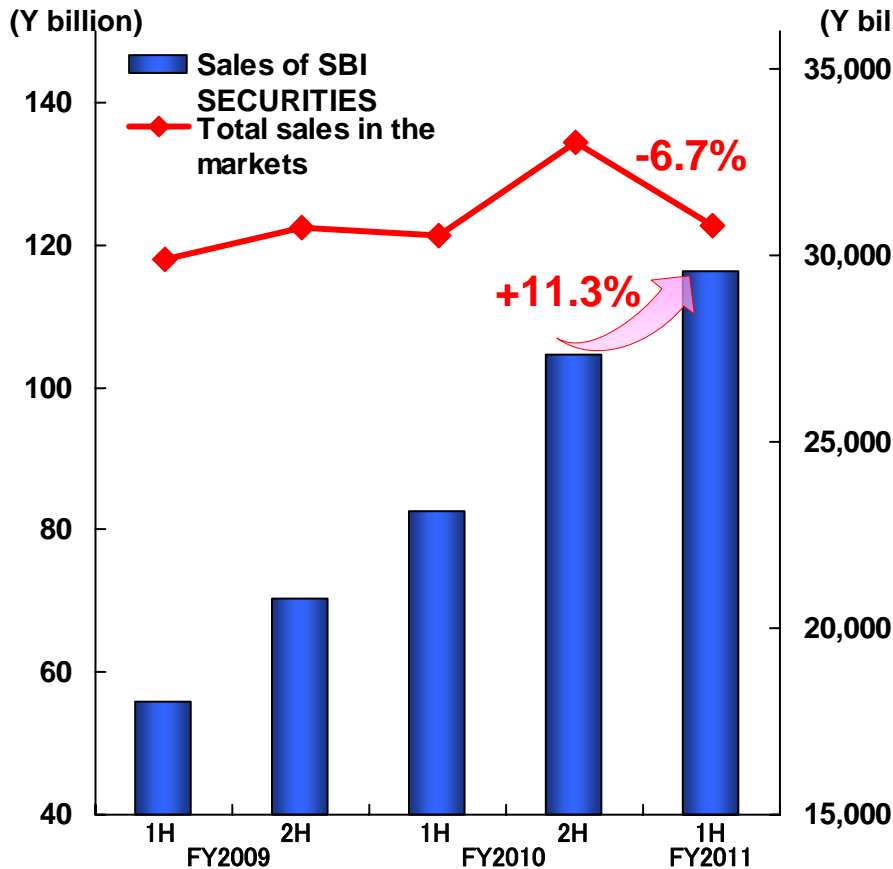
*The numbers for SBI SECURITIES are based solely on the Internet division.

Brokerage & Investment Banking Business:

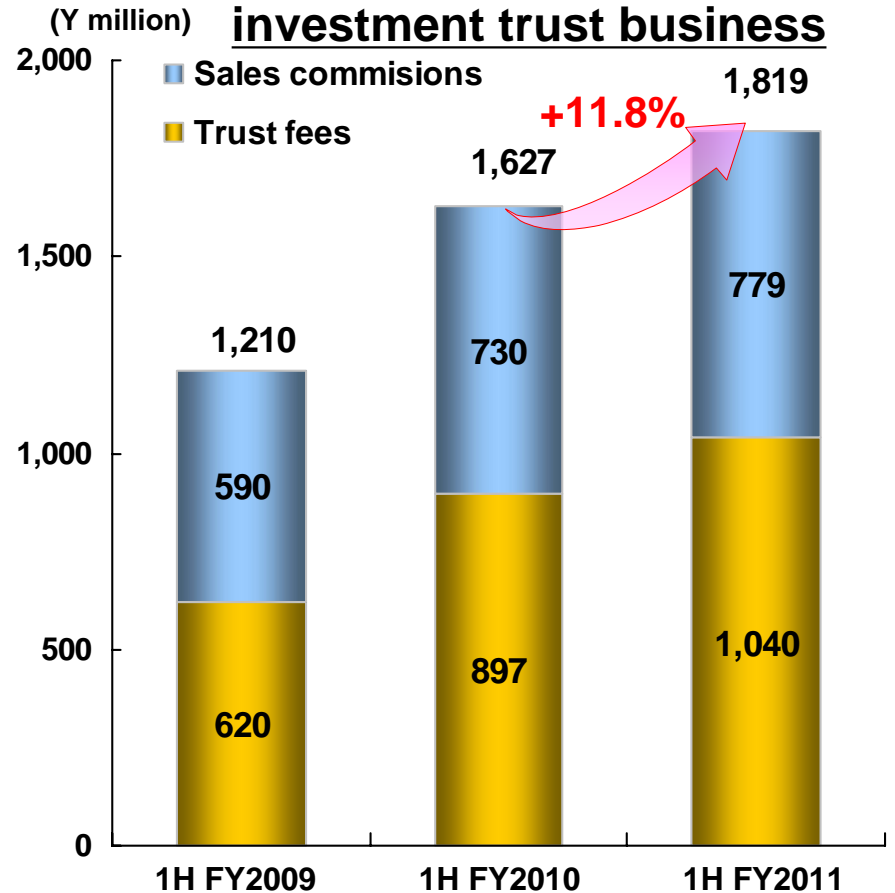
SBI SECURITIES Increased Its Sales of Investment Trusts While Total Sales of Investment Trust in Japan Recorded Sharp Decline

SBI SECURITIES offers the most attractive variety of investment trusts among the major online securities companies (1,143 as of Oct. 17, 2011), and will continue to expand its investment trust offerings to continue its sales growth

Sales of investment trusts² in markets and at SBI SECURITIES³ (by half years)



Revenues⁴ from investment trust business



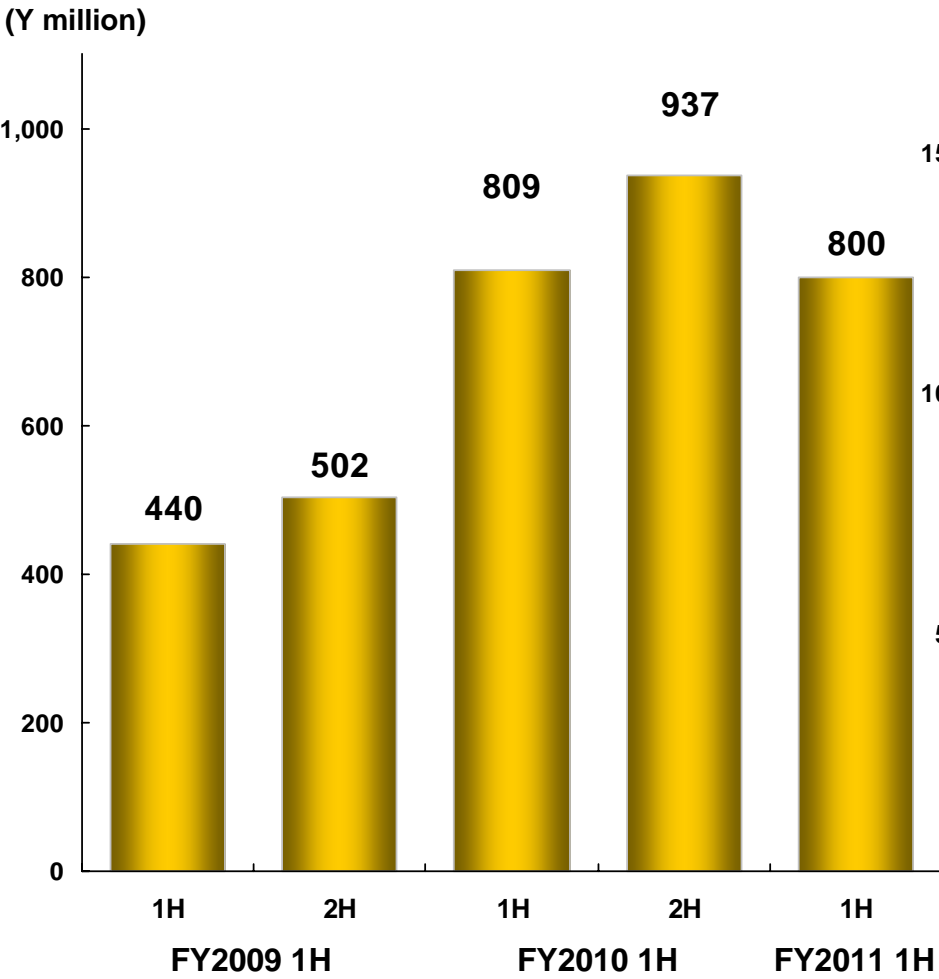
*1 Major online securities refers to: SBI SECURITIES, Rakuten securities, kabu.com securities and Monex securities

*2 The sum of contractual-type investment trust sales, compiled by SBIH from published sources such as The Investment Trust Association, Japan

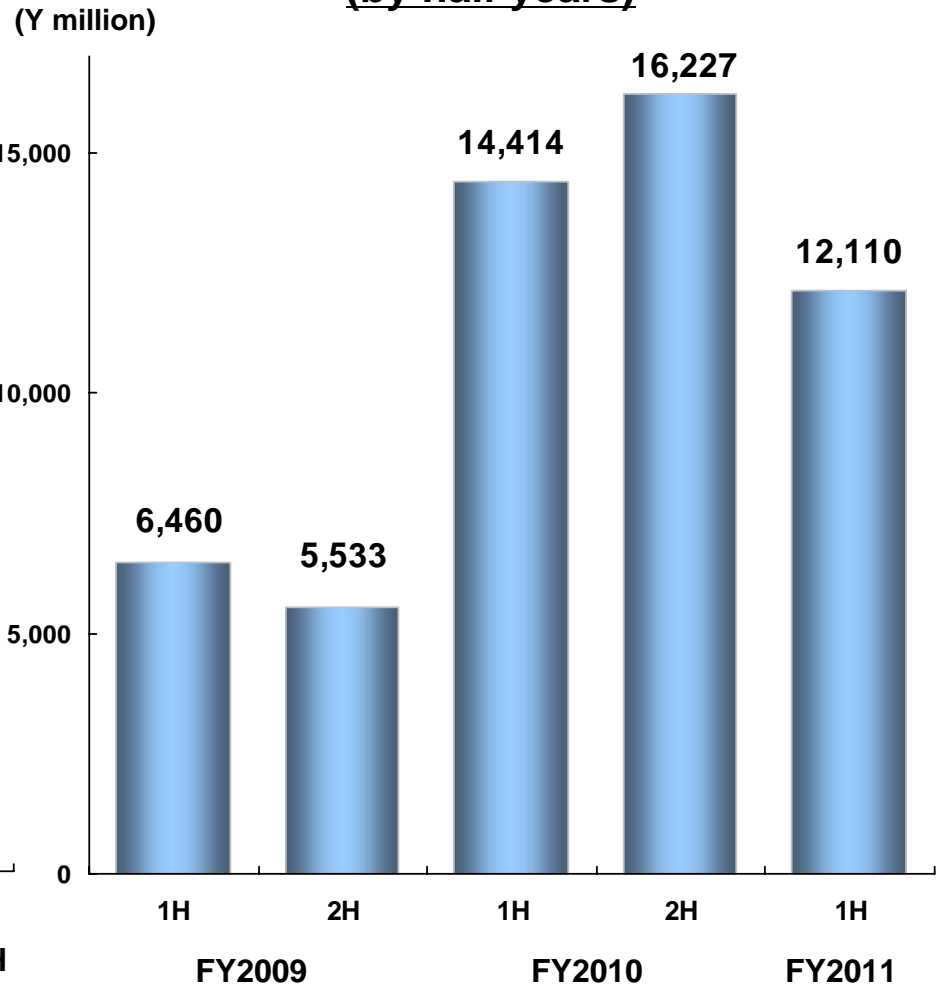
*3 Includes MMF and China funds *4 Sum of sales commissions and trust fees (trust fees include MRF)

Foreign Bond Sales Continues Briskly

Revenues from bond business



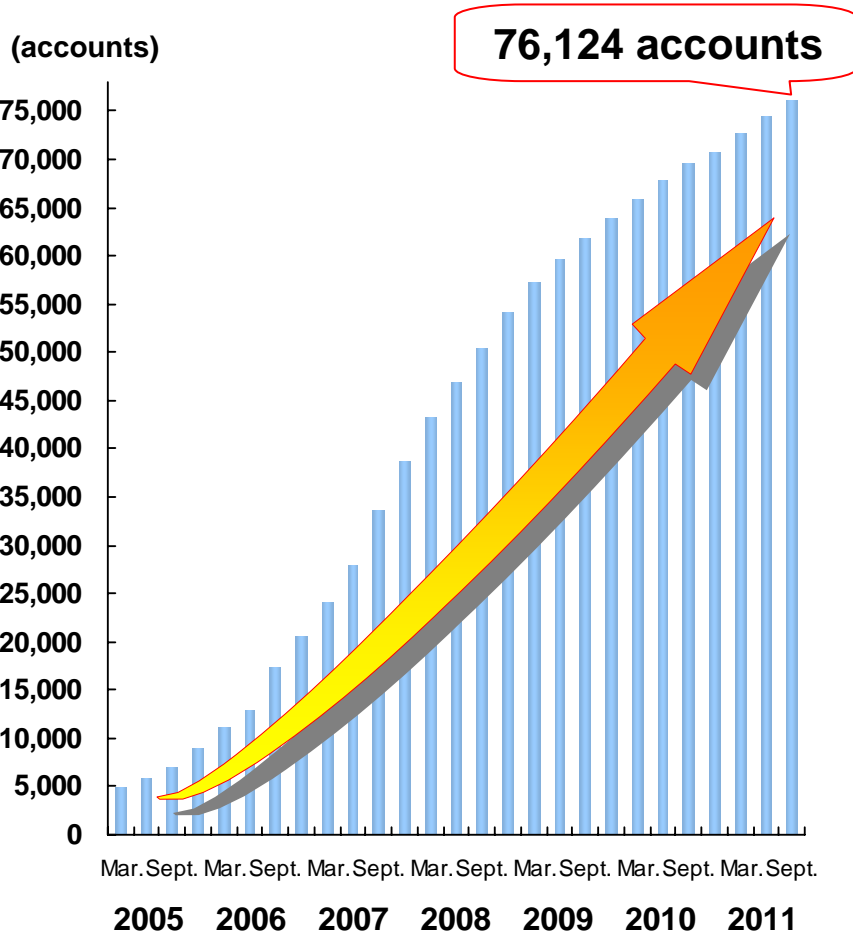
Sales of foreign currency-denominated bond (by half years)



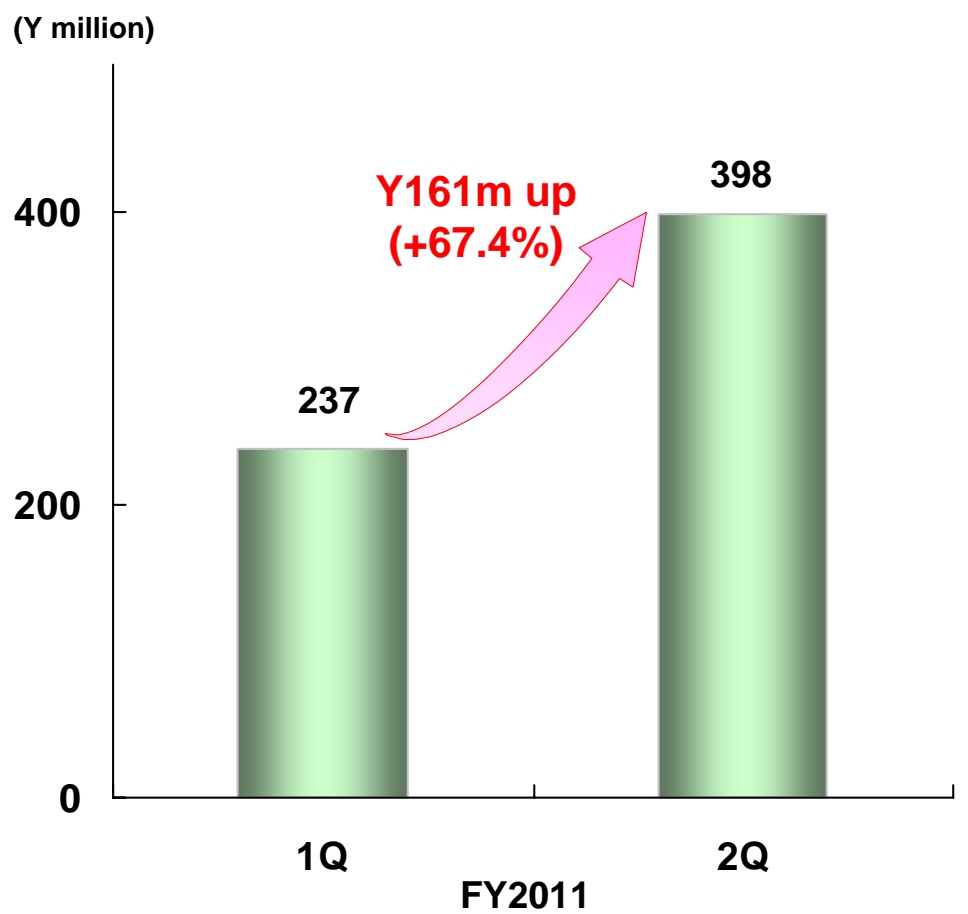
Expanding Futures and Options Trading <1>

Accounts of Futures and option trading continues to grow, increasing sales in 2Q (July-Sept.). Income fee upped 67.4% from 1Q(Apr.- Jun)

Change in numbers of accounts of futures and options trading



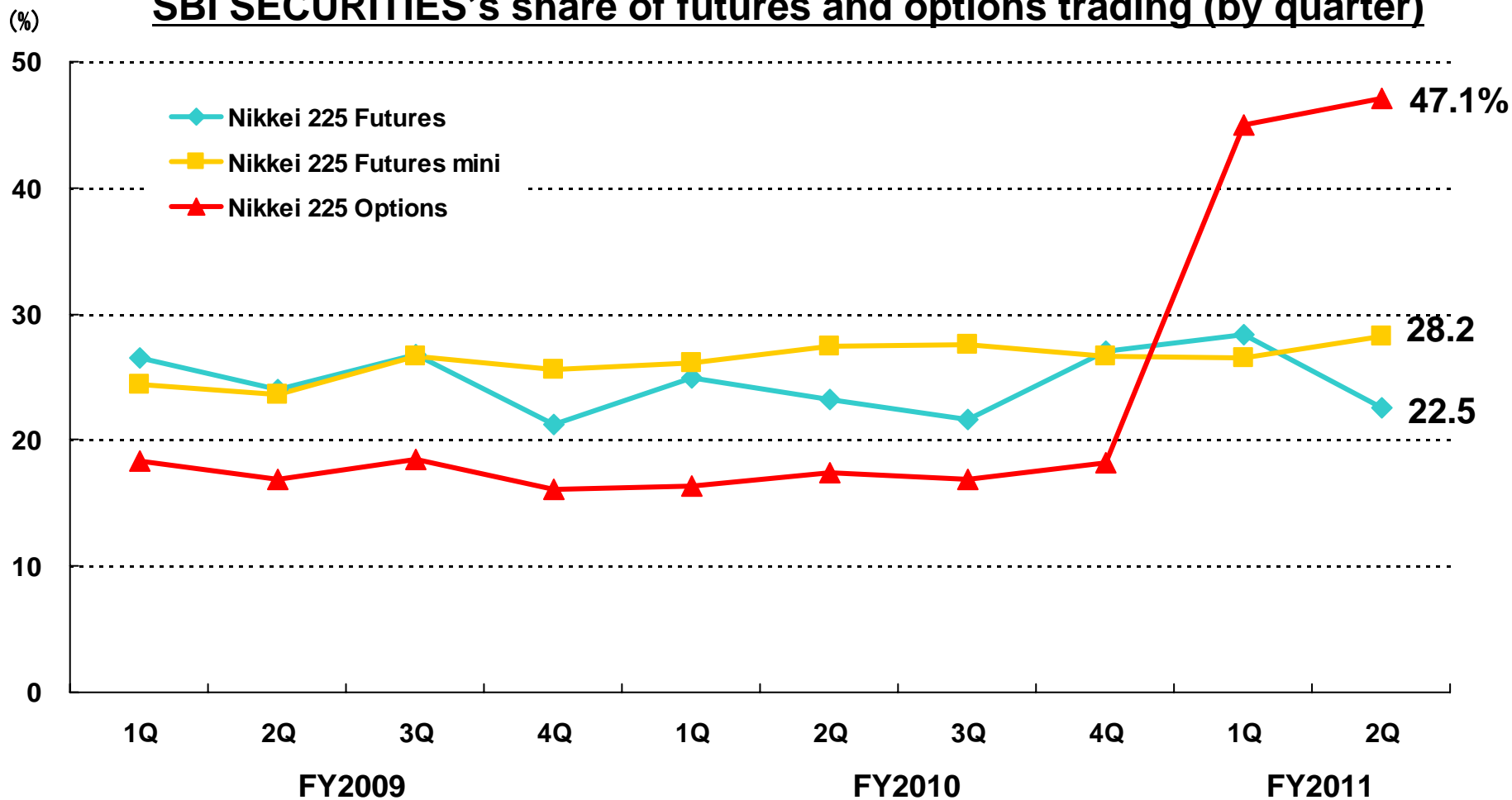
Change in fees income of futures and options trading



Expanding Futures and Options Trading <2>

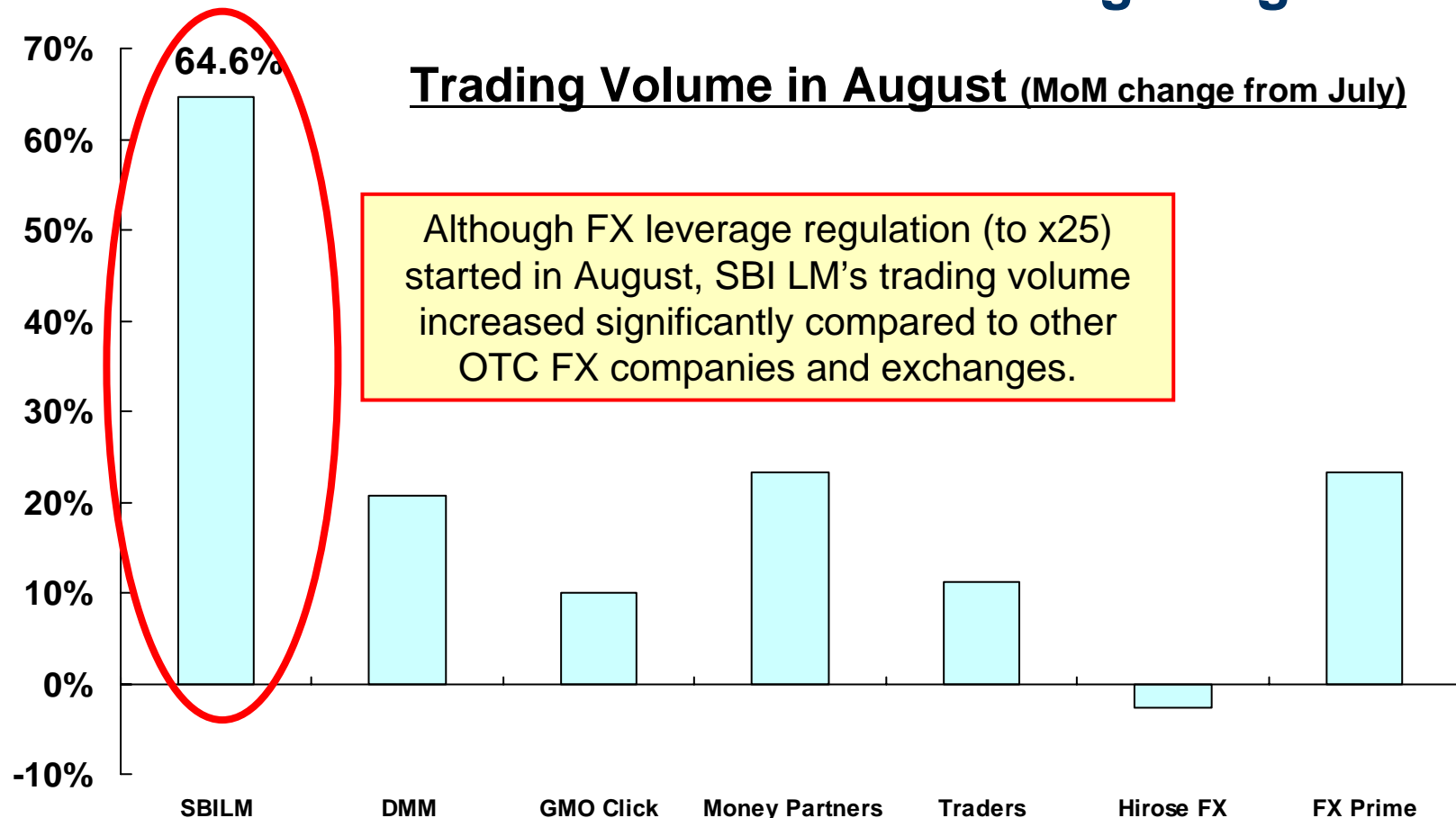
SBI SECURITIES' market share* of Nikkei 225 options trading rose sharply to 47.1% in this second quarter

SBI SECURITIES's share of futures and options trading (by quarter)



* Calculated based on the share of SBI SECURITIES to the total individual brokerage trading volume disclosed by the Osaka Securities Exchange. 30

Trading Volume at SBI Liquidity Market Increased Even After the Enactment of the Leverage Regulation



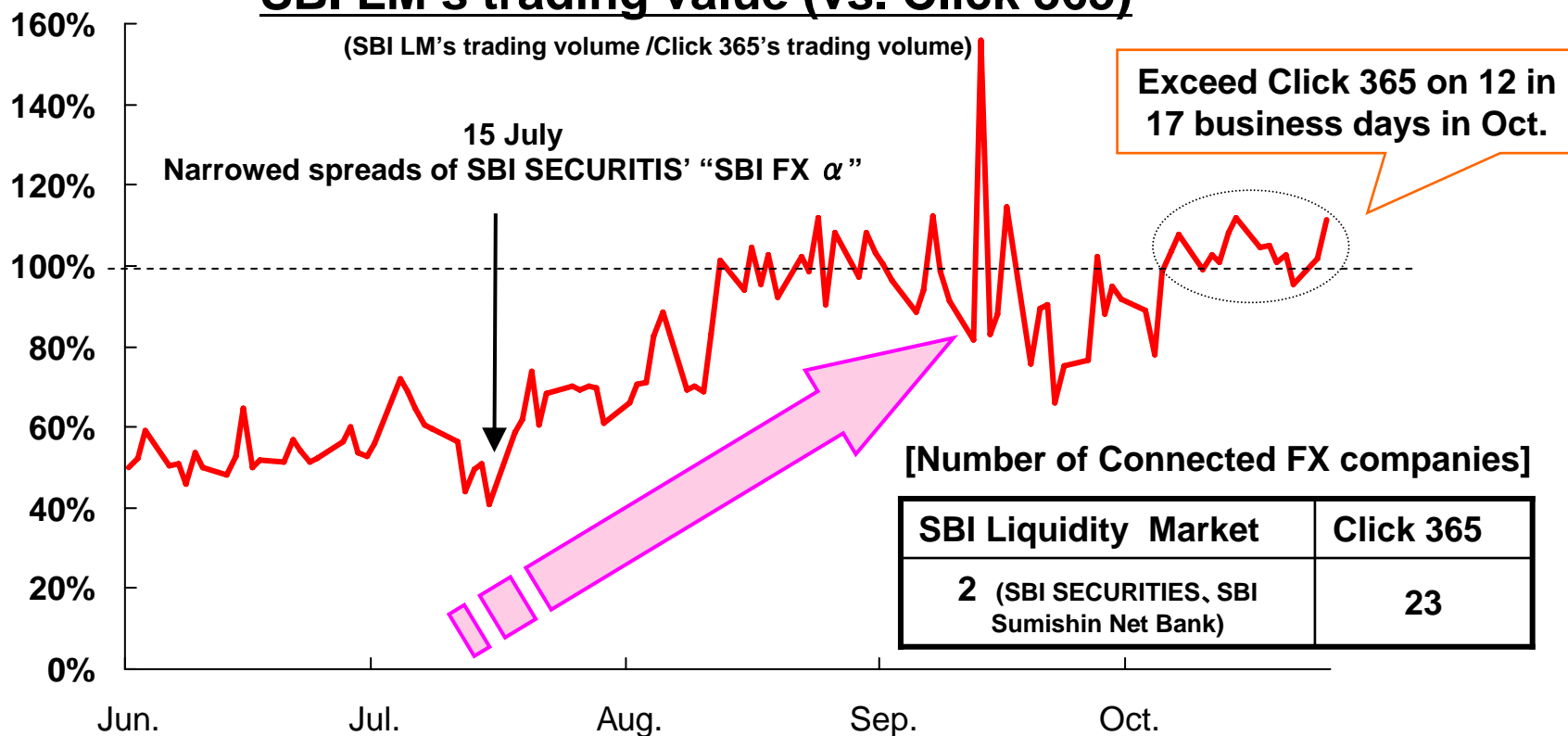
Source:Yano Research Institute

Countermeasures toward the leverage regulation, such as narrowing spreads and the launch of applications for the iPhone and Android worked well to reduce its effect, and subsequently SBILM received maximum benefit from the high volatility experienced in early August

Increasing SBI Liquidity Market's Trading Value

Narrowing spreads at SBI SECURITIES resulted in the expansion of its trading . Since August, SBILM's trading value exceeded that of Click 365, which has 23 connected FX companies, more frequently than not on a daily basis.

SBI LM's trading value (vs. Click 365)



From Jan. 2012, the tax systems for the OTC FX and exchange FX will be unified and the merit for exchange FX will disappear. Therefore, customer inflow from Click 365 and OSE FX is anticipated.

To Further Improve Liquidity

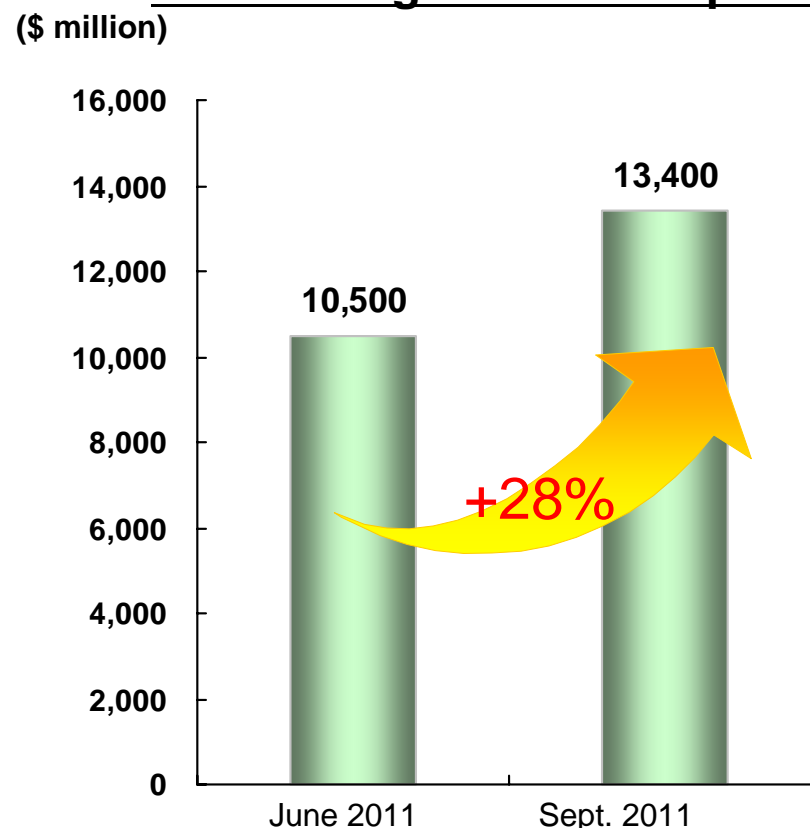
Number of covering transaction partners of major FX companies

SBI	23
Central tanshi FX	19
Himawari Securities	19
Ueda Harlow	16
Gaitame.com	16
Money Partners	15
Hirose FX	13
FX Prime	10
Foreland Forex	9
Monex FX	8

Source: Nikkei Shimbun Oct. 5, 2011 evening edition

* As of Sept. 28

SBI Liquidity Market's credit limit at its covering transaction partners



While banks cut other FX's companies credit limit, SBI Liquidity Market, which already has **23 covering transaction partners, which is the most in the industry***, and is able to provide significant liquidity, **expanded the position limits of its covering transaction partners, in order to further increase its liquidity.**

Planning to Establish a New FX Company to Acquire New Customer Cluster

Besides customers via SBI SECUTITIES and SBI Sumishin Net Bank, procure FX dealers as new customers

Customers with securities account



Customers mainly deal in FX trading



Customers with bank account



FX Company
(pure-play)

Targeting launch next spring

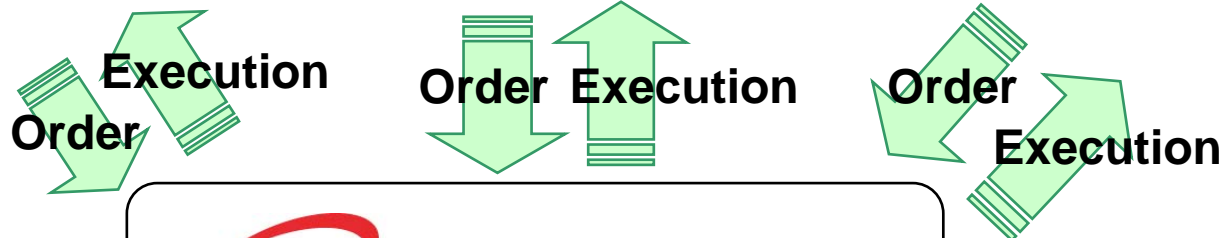
SBI証券

(Launched in Nov. 2008)

住信SBIネット銀行

SBI Sumishin Net Bank

(Launched in Jan. 2010)



SBI Liquidity Market

Simulation of Half Year Operating Profit: ^{*1} When Trading Value Recovers to the Level of 2H FY2010

Assumptions: Items below will not change from 1H FY2011

- ◆ The share in individual brokerage trading value (34.0%)
- ◆ The average commission rate (3.9 basis points)
- ◆ Revenues from investment trusts, bonds and FX trading businesses

	1H FY2011 (results)	If individual trading value recovered to the Level of 2H FY2010: ^{*2}
Individual brokerage trading value of the 3 exchanges (1st, 2nd sections) and JASDAQ	Y54.9tn	Y70.4tn (+28.1%)
SBI SECURITIES		
Operating revenues	Y20.2bn	Y22.1bn (+9.2%)
Operating income	Y3.9bn	Y5.6bn (+42.4%)

 **Profits expected to recover substantially if the market rebounds to the previous year's level**

^{*1} These are just simulations based on simple assumptions, and are not forecasts of future results.

^{*2} Figures in parentheses are % changes from 1H FY2011 consolidated results.

Financial Services Business



- Revenue from Morningstar Japan was down by 8.1% year-on-year due to the decrease in the number of “Kabushiki Shimbun” issued. However, the merger with Gomez Consulting on July 1 produced an integration effect, bringing the operating expense down by 13.5%, which contributed to an increase in all income categories.
- SBI VeriTrans achieved record highs in all categories of operating revenue, operating income, ordinary income and net income. As it became a fully consolidated subsidiary of SBI Holdings on Aug. 1, it will expand its operations overseas more actively in the future and will strive for “value creation” in collaboration with its overseas partners.
- SBI Sumishin Net Bank, which launched operations in Sept. 2007, expanded its customer base steadily.
 - The number of accounts, deposits and outstanding housing loans all outnumber those of Sony Bank, which started operations in June 2002*.
 - After SBI SECURITIES’ announcement of MRF abolishment (Feb. 2011), SBI Hybrid Deposits grew substantially, leading to a lower fund procurement costs.
 - Personal Loans and Auto Loans are also growing, diversifying the Bank’s loan portfolio.
 - Foreign deposits are also expanding on the back of the current trend of the foreign exchange market.
 - Operating results of the Bank in the 2Q FY2011 (July-Sept.) (to be announced on Nov. 22) are expected to be strong as in the 1Q (Apr.-June).
- SBI Insurance generated a positive operating cash flow of Y557m in 1H FY2011 for the first time.
 - Along with the growing trend of direct insurance companies, the number of contracts switched from large and middle-sized insurance companies is growing. This contributes to an increase in the number of contracts written and insurance revenue.
 - SBI Insurance has managed to grow without incurring a vast amount of cost compared with its peer companies thus far. But it started making an investment from 4Q FY2010 to expand its service center,, for the purpose of supporting the company’s future growth and enhancing its service quality.

Morningstar Japan Consolidated Results

Although operating revenues declined by 8.1%, owing to a decrease in the subscription revenue of Kabushiki Shimbun, Morningstar **recorded an increase in all income categories**, owing to a 13.5% reduction in operating expenses, including the effect of its merger with Gomez Consulting on July 1.

(Y million, %)

	1H FY2010	1H FY2011	YoY
Operating Revenue	1,179	1,084	-8.1
Operating Income	254	284	+11.6
Ordinary Income	308	336	+9.1
Net Income	171	183	+7.1

[Reference: Change in operating income of Gomez Consulting]

An increase in sales ability, owing to the effect of sharing the customer base of Morningstar, and a reduction of listing, auditing and rental cost, resulted in the 2Q FY2011 operating income as the highest in 13 quarters since 4Q FY2007. (Y million, %)

	FY2010				FY2011	
	1Q	2Q	3Q	4Q	1Q	2Q
Operating Income	6	10	-15	7	4	19

SBI VeriTrans Consolidated Results

Achieved record highs in all income categories of operating revenues, operating income, ordinary income, and net income

- **The number of transactions steadily increased by 30.5% YoY to 45.49 million,** along with the expansion of the e-commerce (EC) markets brought by prevalence of flash marketing etc.
- SBI VeriTrans delisted on July 27, and SBI Holdings acquired a 100% ownership on Aug. 1. The SBI Group will make effective use of SBI VeriTrans' operating resources (4,110 stores* of its clients), and SBI VeriTrans will accelerate its overseas business development and strive for new "Value Creation" in collaboration with its overseas partners.

*As of Sept. 2011

(Y million,%)

	1H FY2010	1H FY2011	YoY Change
Operating Revenues	2,888	3,578	+23.9
Operating Income	570	629	+10.3
Ordinary Income	574	639	+11.3
Net Profit	341	377	+10.5

SBI VeriTrans Accelerates Its Overseas E-Commerce Settlement Strategy

Tap into Asian markets, especially China, where economies are expected to grow significantly



■ UnionPay settlement services



UnionPay
(The number of issued cards: 2.5 billion)*

The first EC mall that accepts UnionPay Settlement in Japan

(*As of Mar.2011)

■ Online Shopping Site Targeting Chinese People



佰宜杰.com
(Buy-J.com)

The largest shopping site which has 130 thousand membership.*

(*As of Jan. 2011)

Indonesia

New!

■ Start settlement services in local markets (Scheduled for launch next spring)

- Establish joint ventures with prominent local partners
- Also will consider alliances using the SBI Group's global network

All over the Asia

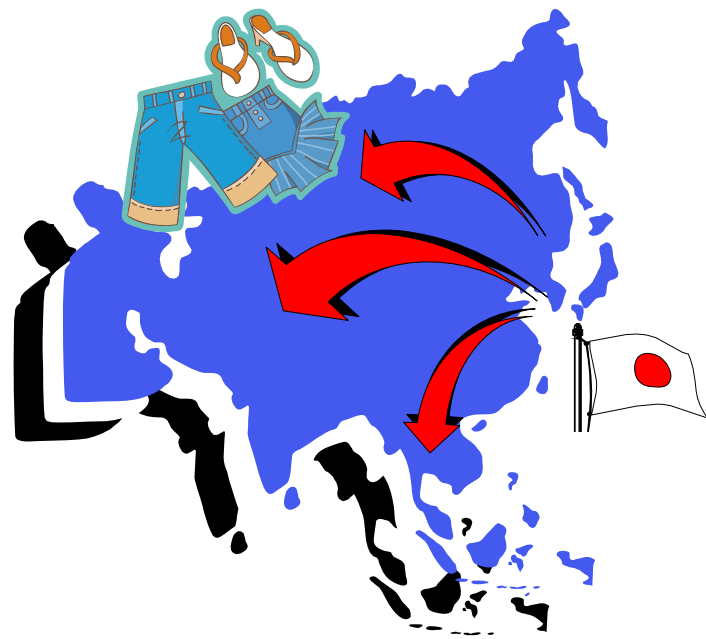
■ ECAA (E-Commerce Asia Association)



Participant Companies: 50 companies in Japan and abroad in 13 fields

(*As of July 2011)

E-Commerce Association all over the Asia

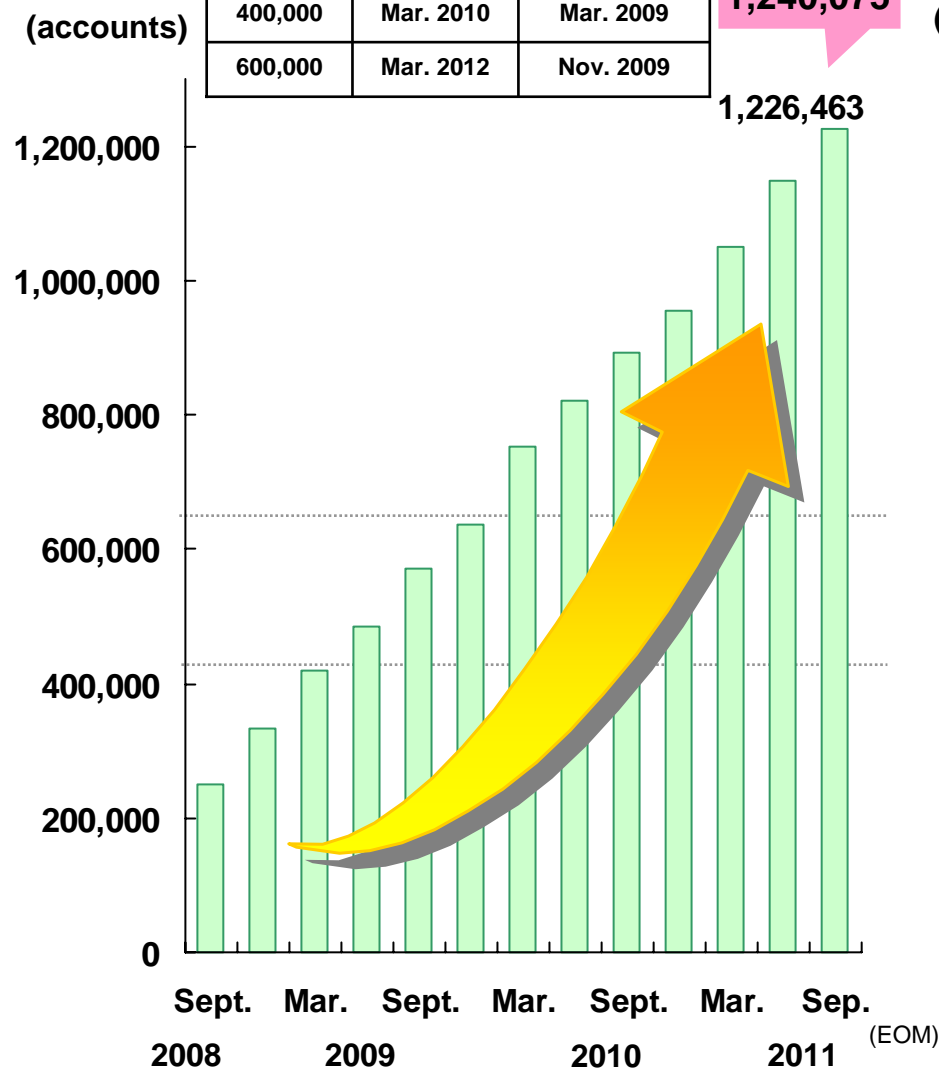


SBI Sumishin Net Bank

Change in Number of Accounts and Deposits

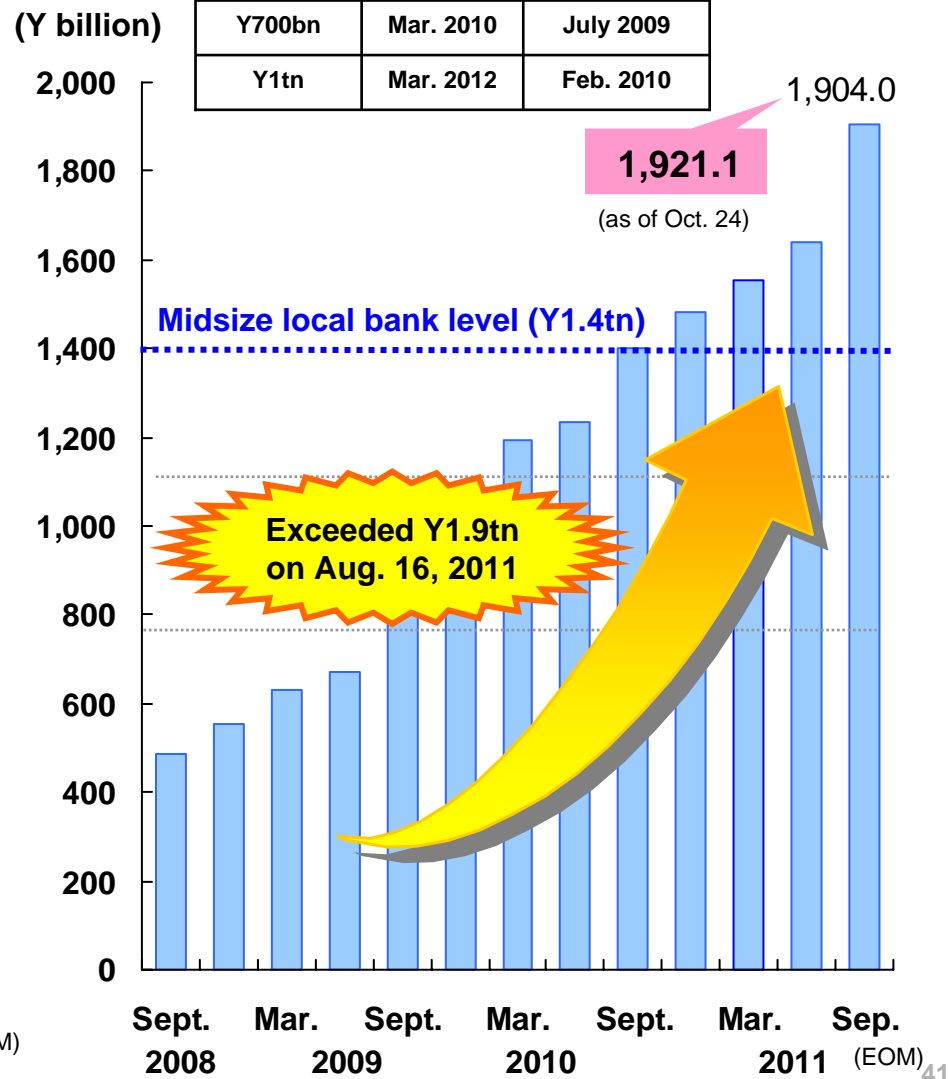
Change in numbers of accounts

Accounts	Initial target	Achievement	(as of Oct. 24)
400,000	Mar. 2010	Mar. 2009	1,240,075
600,000	Mar. 2012	Nov. 2009	



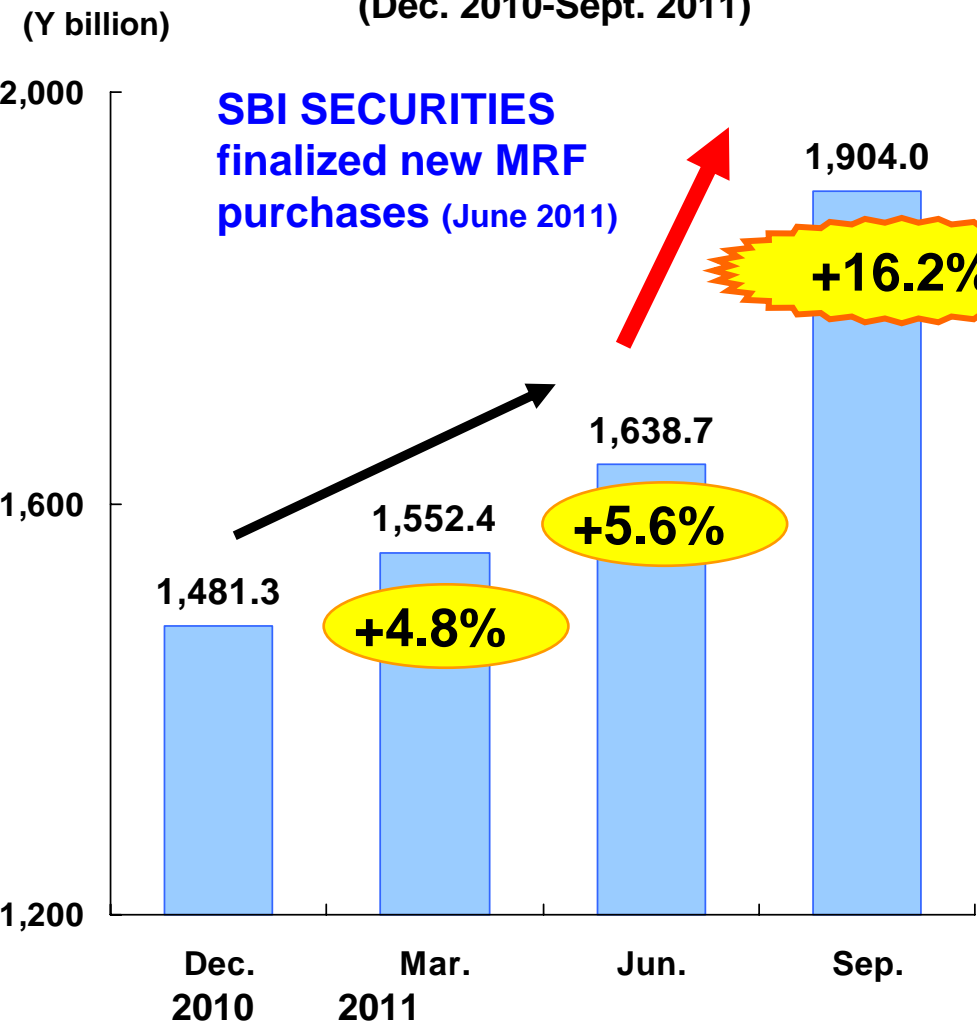
Change in deposits

Deposit	Initial target	Achievement
Y700bn	Mar. 2010	July 2009
Y1tn	Mar. 2012	Feb. 2010



Synergy Effect Bought by the MRF Abolishment at SBI SECURITIES

Change in deposits
(Dec. 2010-Sept. 2011)



Major increase of SBI Hybrid Deposits resulted from the abolishment of MRF in SBI SECURITIES, which contributed to an increase in total deposits at SBI Sumishin Net Bank

SBI Sumishin Net Bank's benefit, owing to an increase in SBI Hybrid Deposits:

Funding cost: 0.53% (*1)
⇔ Hybrid Deposit interest rate: 0.10%(*2)
Average funding cost decreased

An increase in SBI Sumishin Net Bank's revenues

(*1) Average in FY2010 (*2) as of Oct. 21, 2011

SBI Sumishin Net Bank vs. Sony Bank <1>



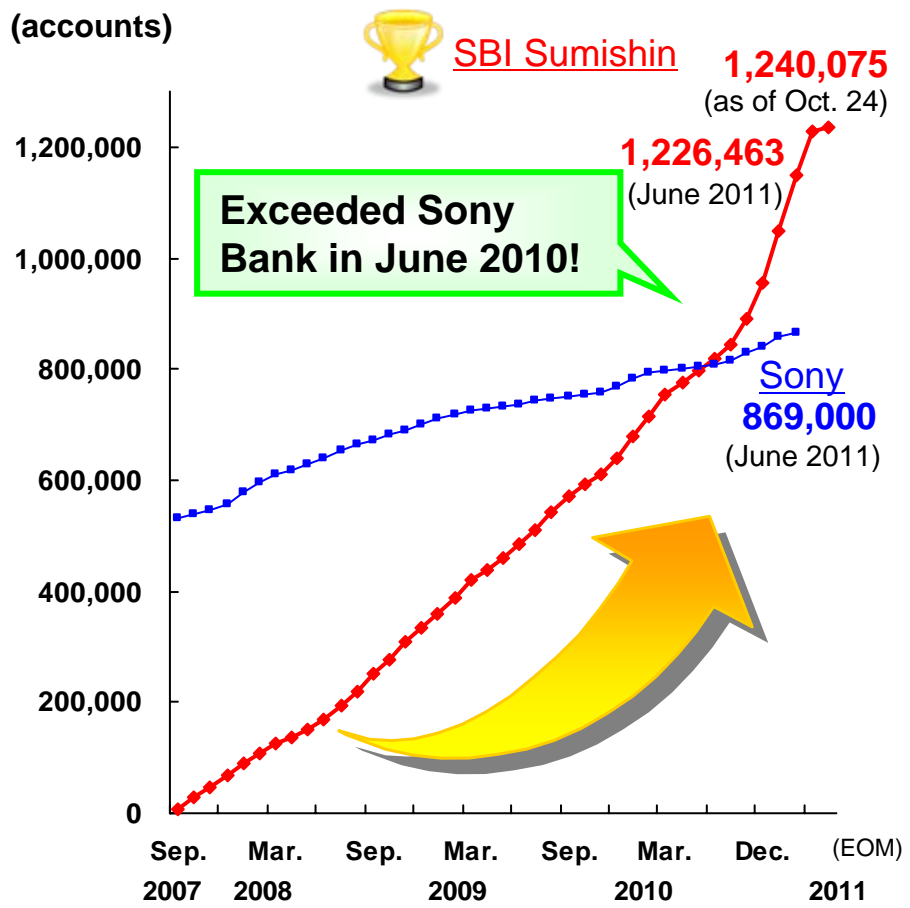
(Launched in Sept. 2007)

(Launched in June 2001)

*Sony Bank refrained from monthly disclosures after Aug. 2010

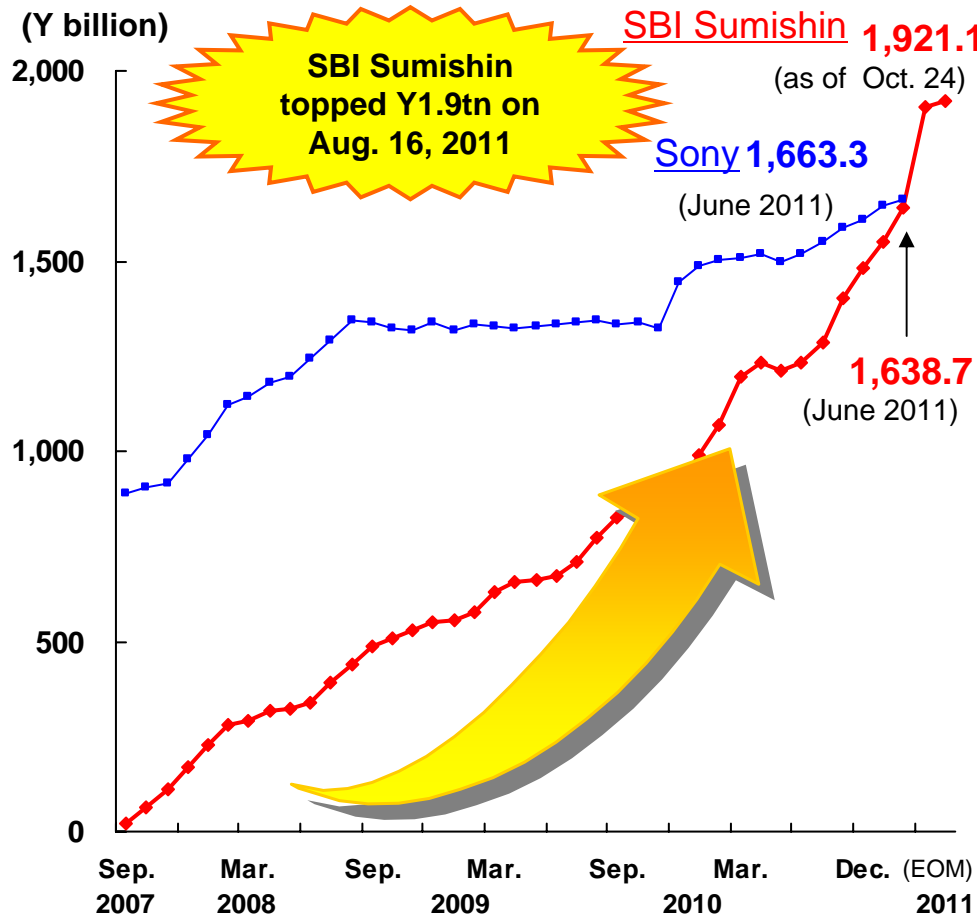
Change in number of customer accounts

(Sept. 30, 2007-Oct. 24, 2011)



Change in deposit amount

(Sept. 30, 2007 -Oct. 24, 2011)



SBI Sumishin Net Bank recorded solid growth in both number of customer accounts and deposit amount

SBI Sumishin Net Bank vs. Sony Bank <2>



(Launched in Sept. 2007)

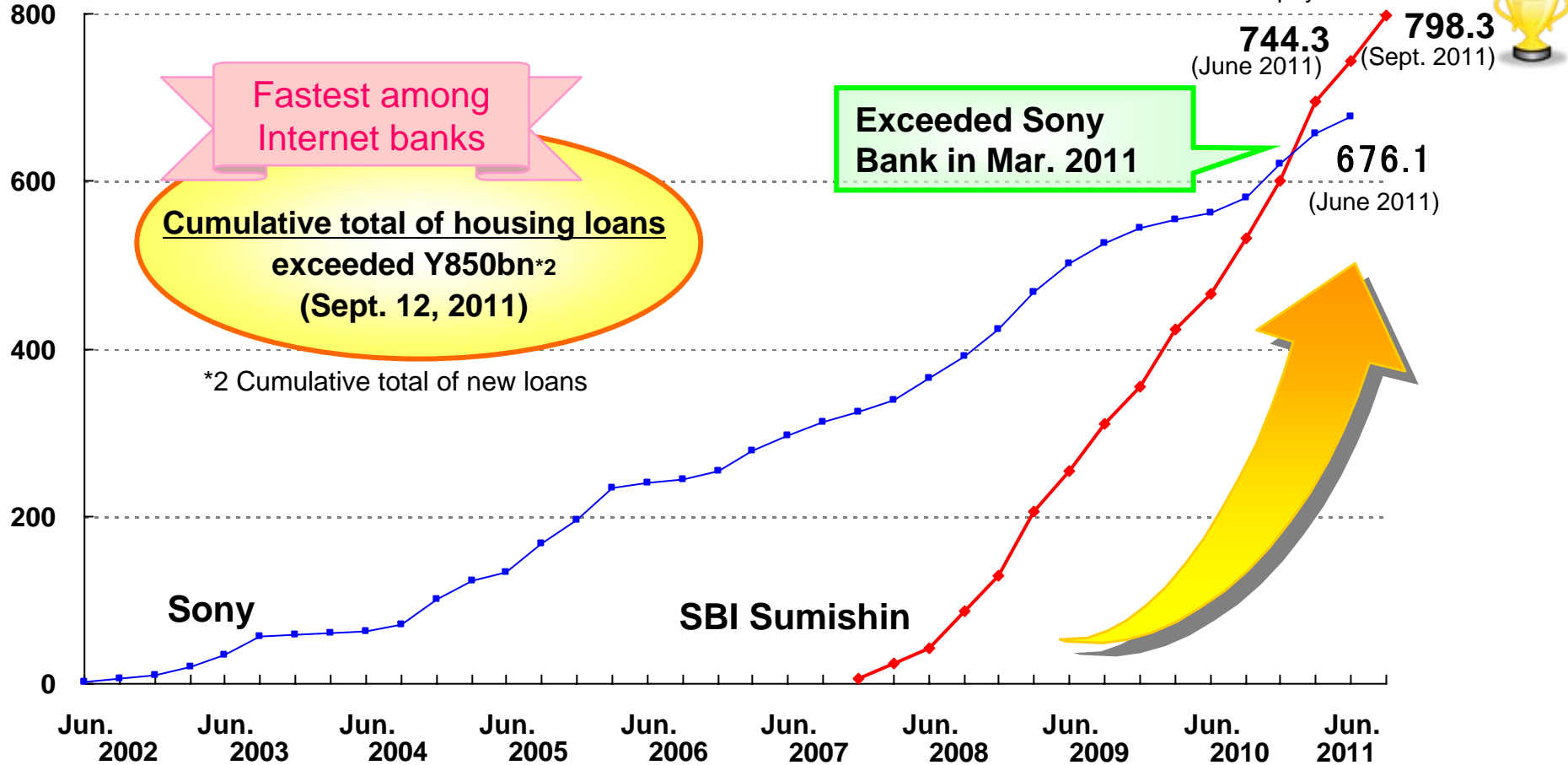
(Launched in June 2001)

Change in balance of housing loans *1

(June 2002-Sep. 2011)

*1 Cumulative new housing loans minus amount of repayment

(Y billion)



Fastest among Internet banks

Cumulative total of housing loans exceeded Y850bn*2 (Sept. 12, 2011)

Exceeded Sony Bank in Mar. 2011

*2 Cumulative total of new loans

- The housing loans outstanding increased approximately 1.5 times in a year
- The proportion of fixed-rate loans in the housing loan balance decreased, due to increased sales of variable-rate housing loans

Diversification of Loans <1> Personal Loans

“Internet Loan” Balance

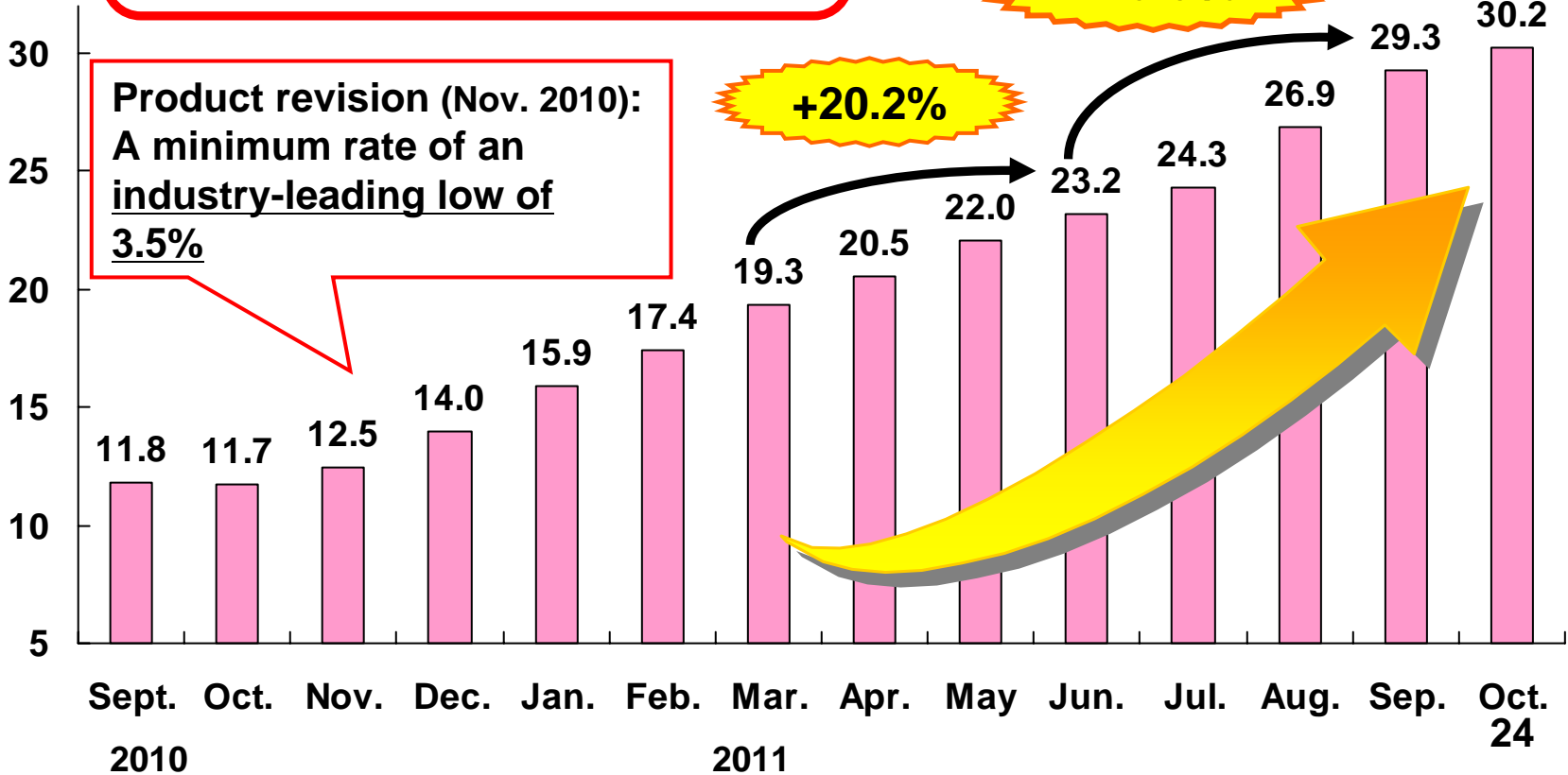
(Sept. 2010 – Oct. 24, 2011)

SBI Sumishin:
topped Y10bn in May 2010,
Y20bn in Apr. 2011

SBI Sumishin
topped Y30bn on
Oct. 21, 2011

(Y billion)

Product revision (Nov. 2010):
A minimum rate of an
industry-leading low of
3.5%



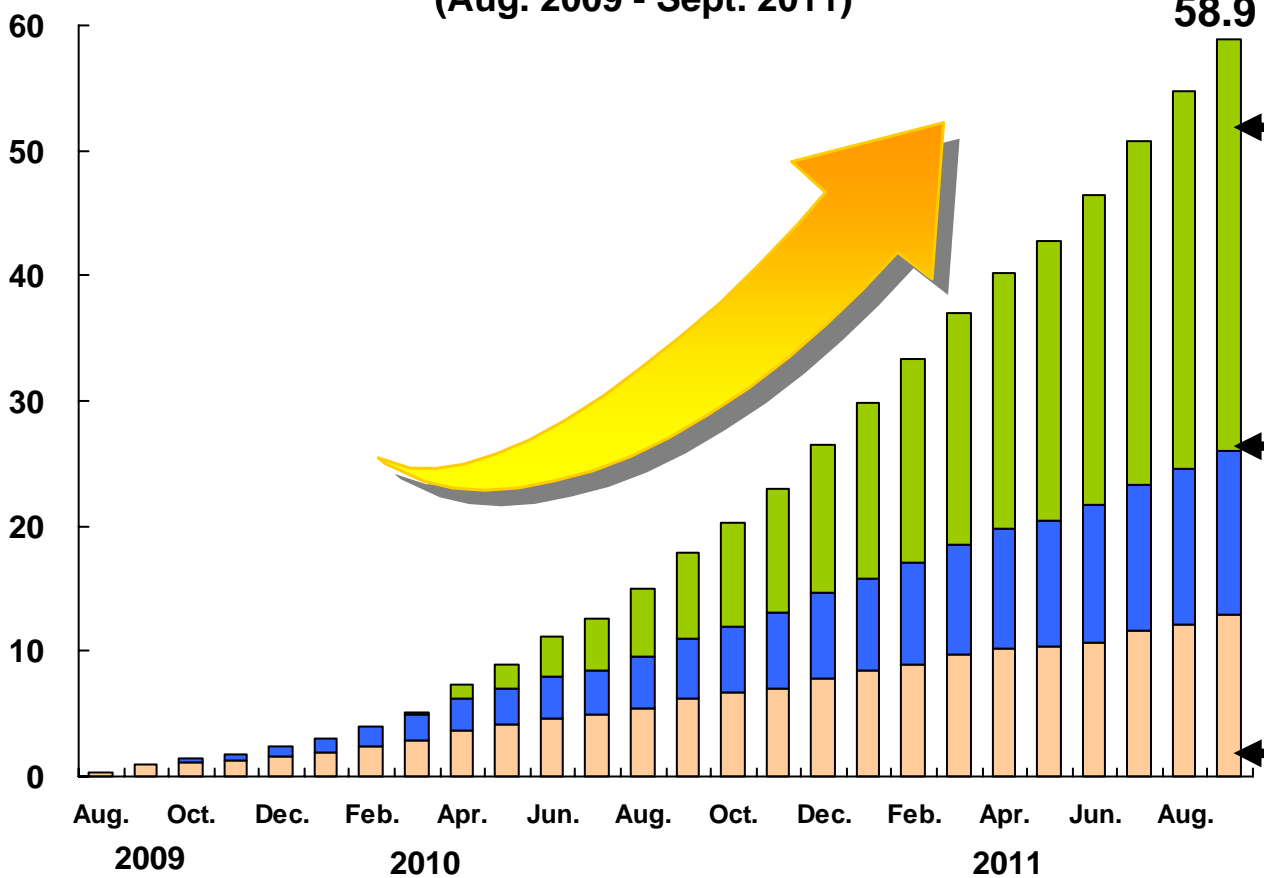
Diversification of Loans <2> Auto Loans

Auto loans outstanding expanded approx. 3.1 times in a year owing to synergies with SBI Credit and SBI AutoSupport

Cumulative auto loans outstanding

(Aug. 2009 - Sept. 2011)

(Y billion)



Via: * Figures in parentheses are ratios

SBI Credit
(55.9%)

Providing auto loans through network of approx. 4,500 participating stores including used car dealers

SBI AutoSupport
(22.2%)

SBI AutoSupport has been profitable since 4Q of FY2010.

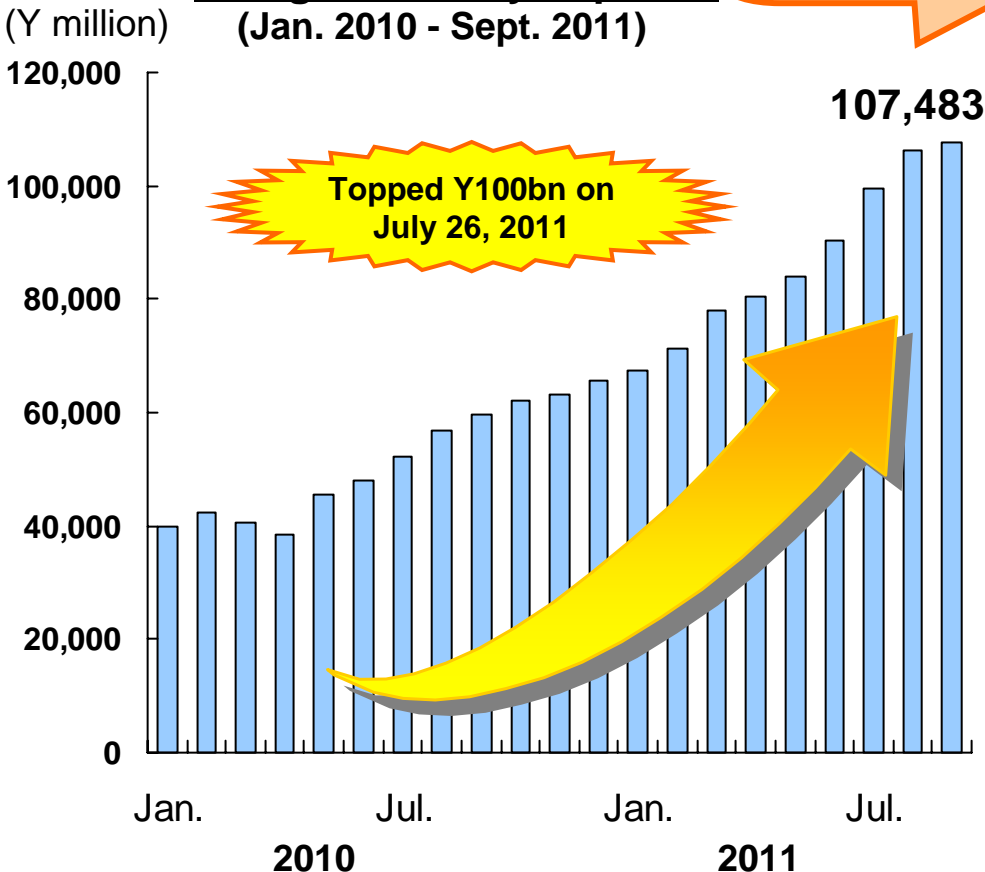
Others
(Credit companies etc.)
(21.8%)

Current Trend of Exchange Market Led to Expansion of Foreign Currency Deposits

The balance steadily increased due to the fee system unique to Internet banks, expansion of the product lineup (nine currencies) and campaigns related to foreign currency deposits.

Change in balance of foreign currency deposits (Jan. 2010 - Sept. 2011)

Almost doubled in a year



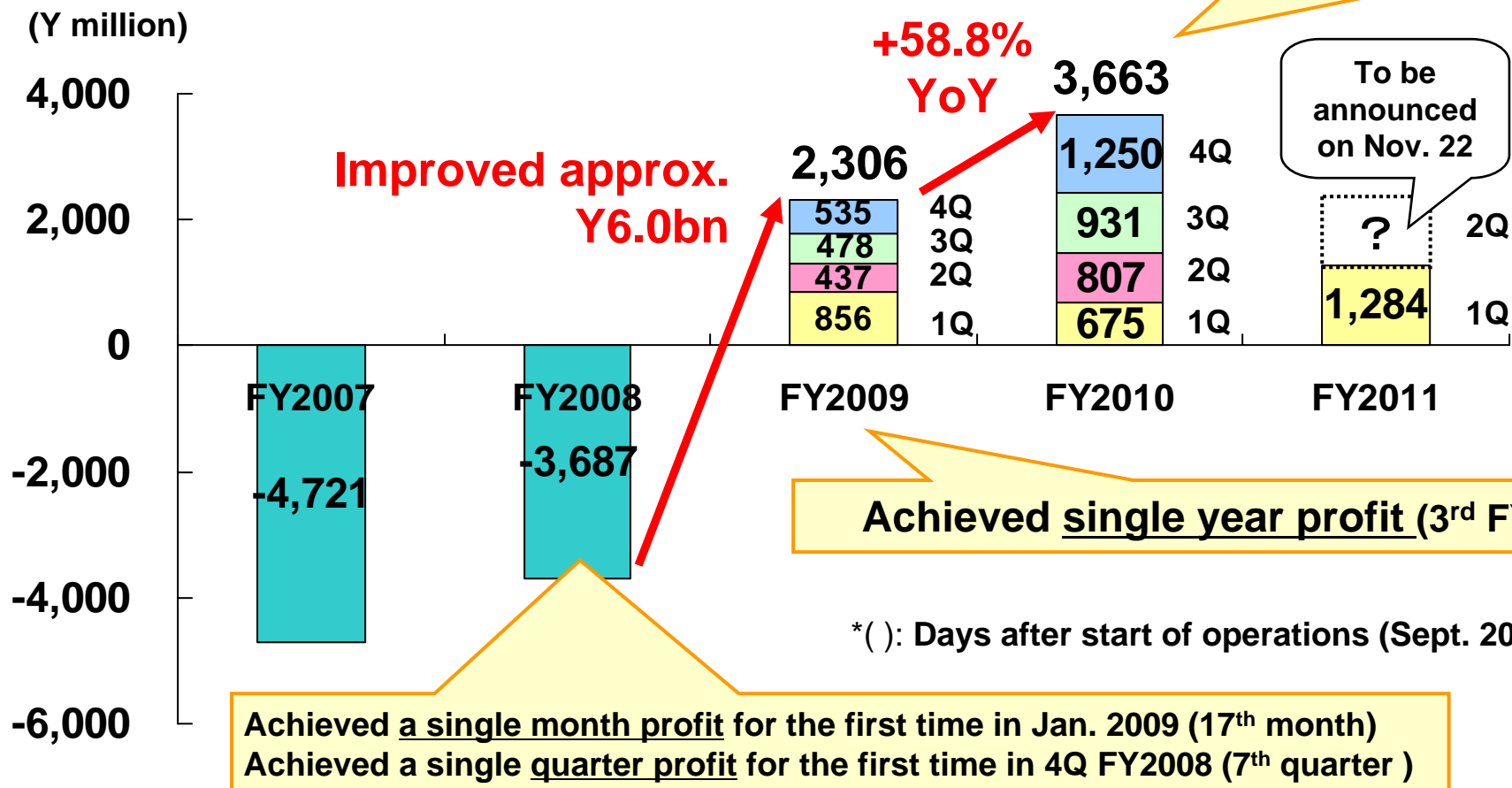
Examples of service expansion in FY2011:

- May 13
Started “fx wave mobile service mail” that quickly provides information on significant fluctuations in the exchange market and daily market to customers’ mobile phones and such like
- May 16
Started “acceptance service of foreign currency transfer” that allows customers to transfer foreign currency deposits of other banks to SBI Sumishin Net Bank
- June 9
Started to provide “foreign currency structured deposits” (nickname: Othello), a new investment product of foreign currencies

SBI Sumishin Net Bank's Financial Results for 2Q FY2011 Appears as Strong as That for 1Q

Change in ordinary income/loss:

*consolidated since 2Q FY2009

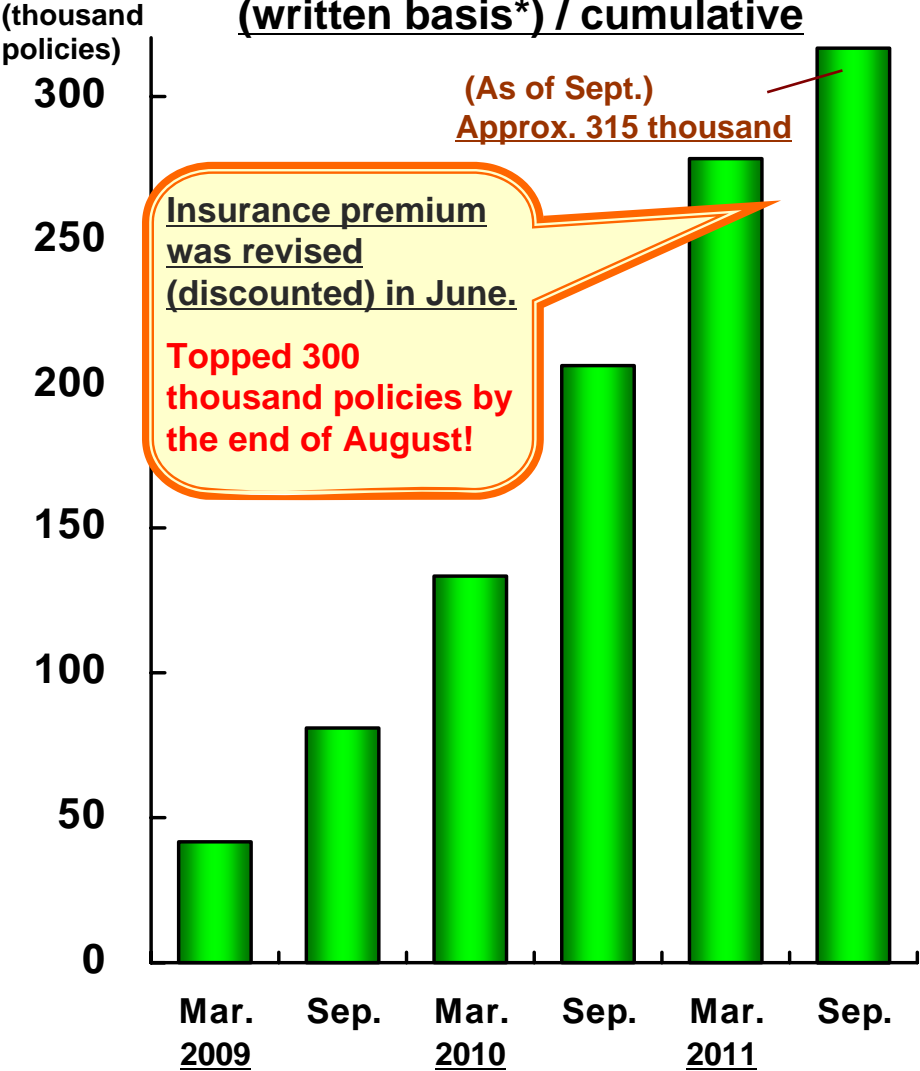


SBI Insurance

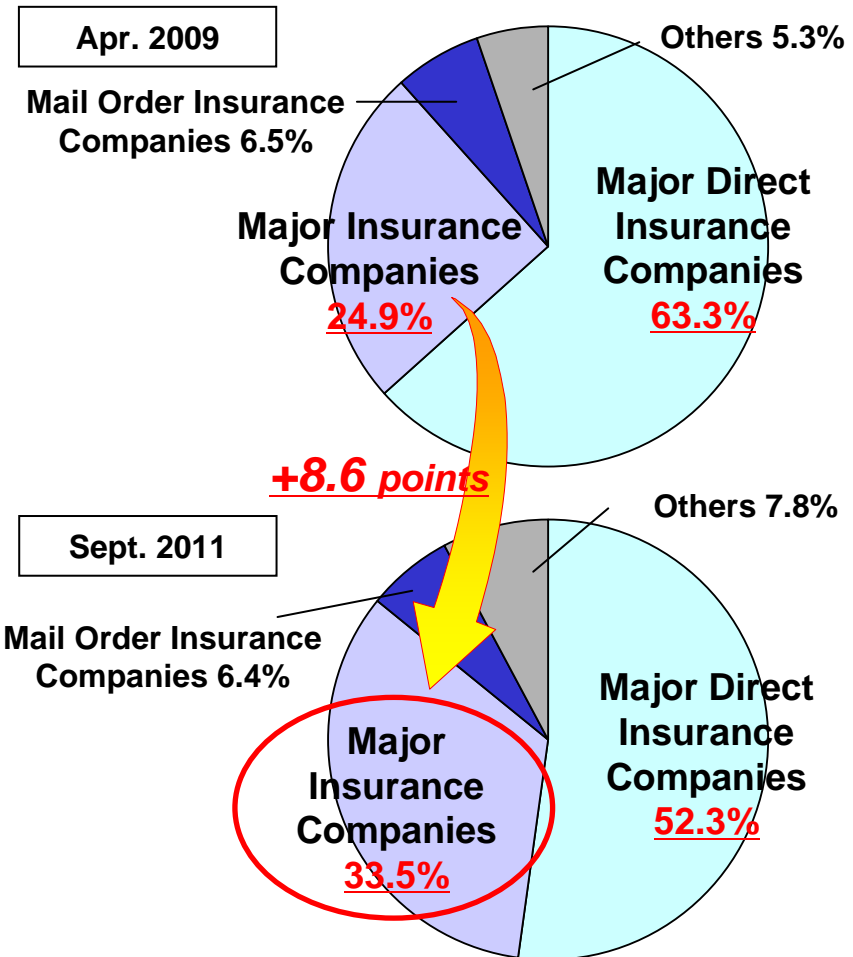
Number of SBI Insurance's Auto Insurance Contracts Written has Grown to Over 300,000

Targeting 400,000 contracts by the end of March 2012

Number of auto insurance contracts (written basis*) / cumulative



Breakdown of number of contracts written



Those switching from Major Insurance Companies increased, while Major Direct Insurance Companies account for half of the total.

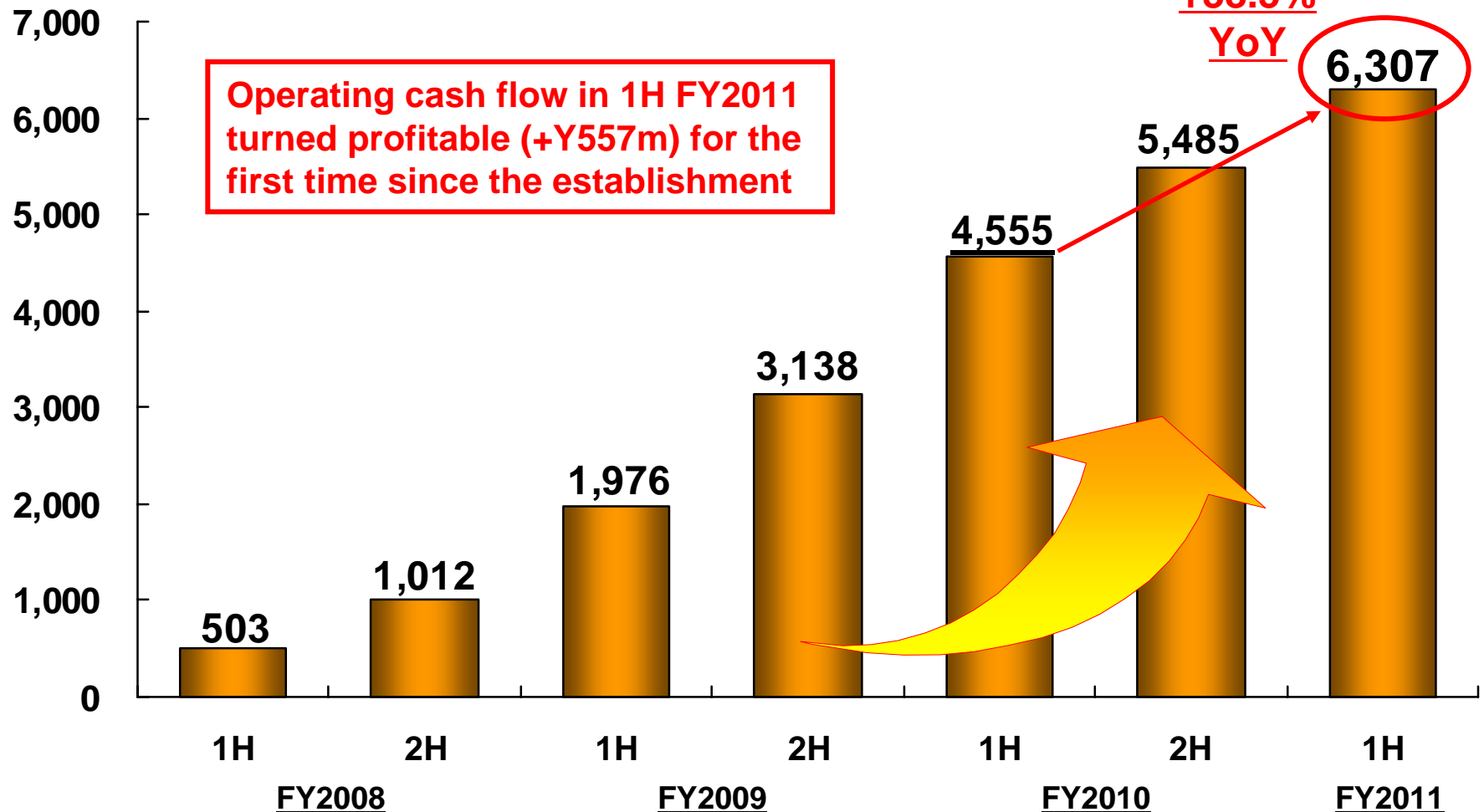
* Written basis: Completion of receipt of insurance premium

Insurance Premium Income at SBI Insurance Continues to Increase

The premium income for 1H FY2011 was approx. Y6.3bn, up 38.5% YoY

Change in insurance premium income (written basis*)

(Y million)



* Written basis: Completion of receiving transaction of insurance premiums

Sales of Direct Insurance are Steadily Increasing Along with the Propensity to Save

Auto insurance premium income of major 7 direct nonlife insurance companies in 1Q FY2011 (Y million, %)



Newspaper article

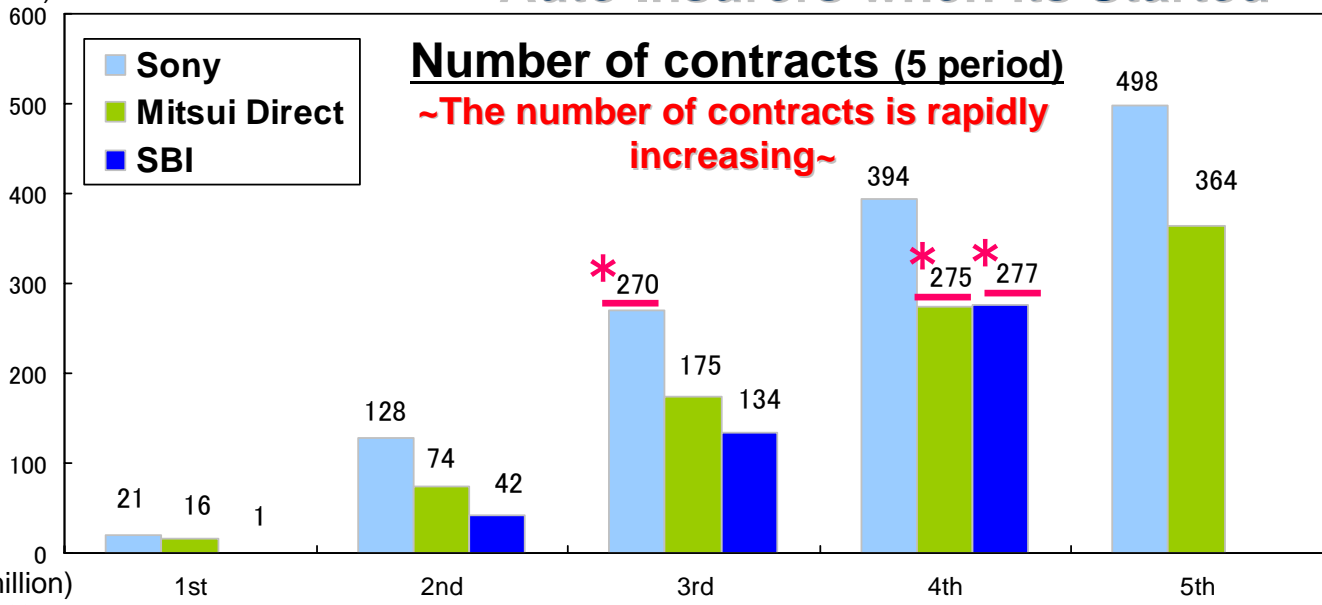
(Aug.31,2011 "The Nikkei"
newspaper morning edition)

Company (establishment of business)	Auto insurance premium income	YoY change
Sony (Oct. 1999)	18,184	+7.4
AXA Direct (July 1999)	8,622	+3.2
Mitsui Direct (June 2000)	8,616	+6.1
Zurich (Jan. 1998)	7,628	+6.8
American Home Direct (Sept. 1997)	4,499	-1.3
SBI (Jan. 2008)	2,869	+31.1
Sonpo 24 (Mar. 2001)	2,838	+11.4
E.design (June 2009)	1,031	+92.0
Total	54,487	+7.7

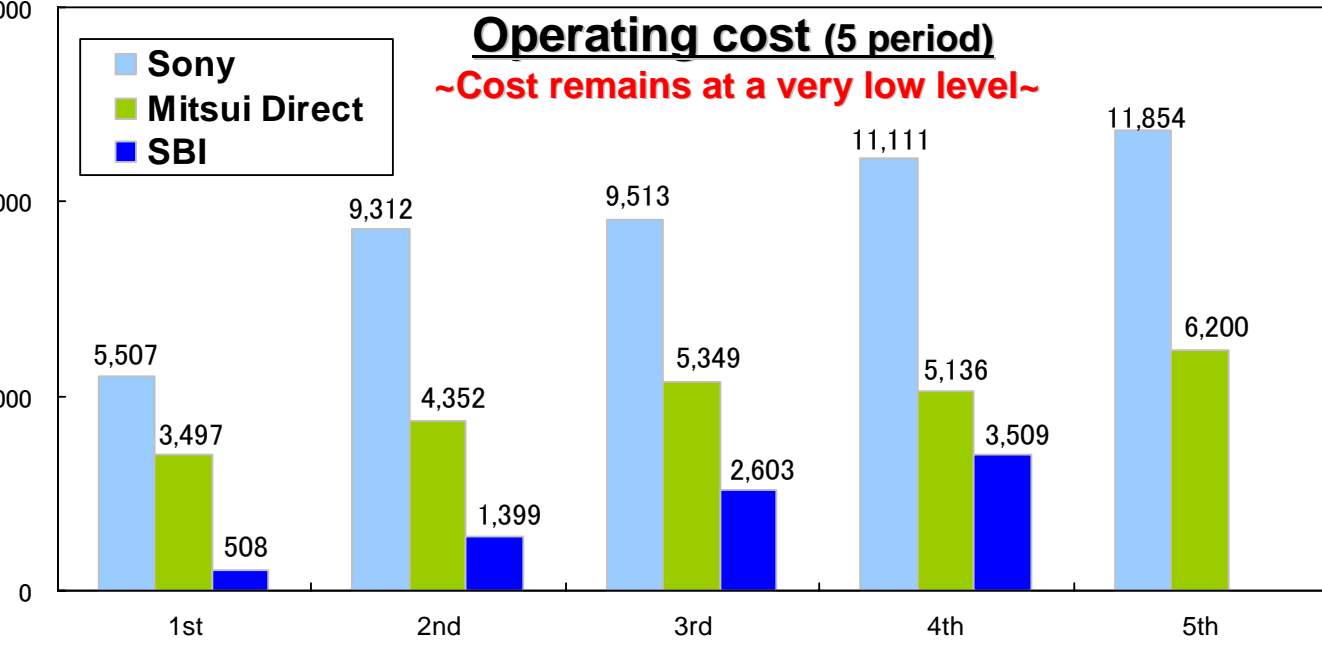
Already exceeded Sonpo 24 in 1Q FY2011. Targeting to surpass American Home Direct in FY2012.

Comparison of Contract and Cost Among Major Direct Auto Insurers when its Started

(thousand policies)



(Y million)



Accumulated cost at the time when the number of contracts was approximately 270 thousand for each company

Company (establishment of business)	Accumulated Cost (Y million)
Sony (Oct. 1999)	24,332
Mitsui Direct (June 2000)	18,334
SBI (Jan. 2008)	8,019



SBI Insurance more efficiently acquires contracts, as compared to its competitors

(Source: Compiled by SBIH from information disclosed by each company)

Strengthened Customer Service Systems

• Expansion of products (July 28, 2011)

Started to provide overseas travel insurance (HS Sonpo) and earthquake insurance (Shinsai Partners), which had been much needed by customers, via the website, “SBI Insurance’s recommended product”

*Each product is provided by respective insurance companies in parentheses

→ Other services under consideration

• Strengthening of call center

Oct. 2010 improved to 3 centers (before: 1 center)

Apr. 2011 improved to 5 centers

More attentive and swift accident response for each case than before

• Upgrade of system function (scheduled for Apr. 2012)

→ Strengthened supplement function in operation section

• Dealing with smartphones

- Can complete the procedure from estimate to application of auto insurance on smart phones (available for 3 carriers)
- Increased models for smartphones compatible to “GPS Navi,” a location information service.

“SBI Insurance’s recommend”
(<http://www.sbsonpo.co.jp/recommend/index.html>)



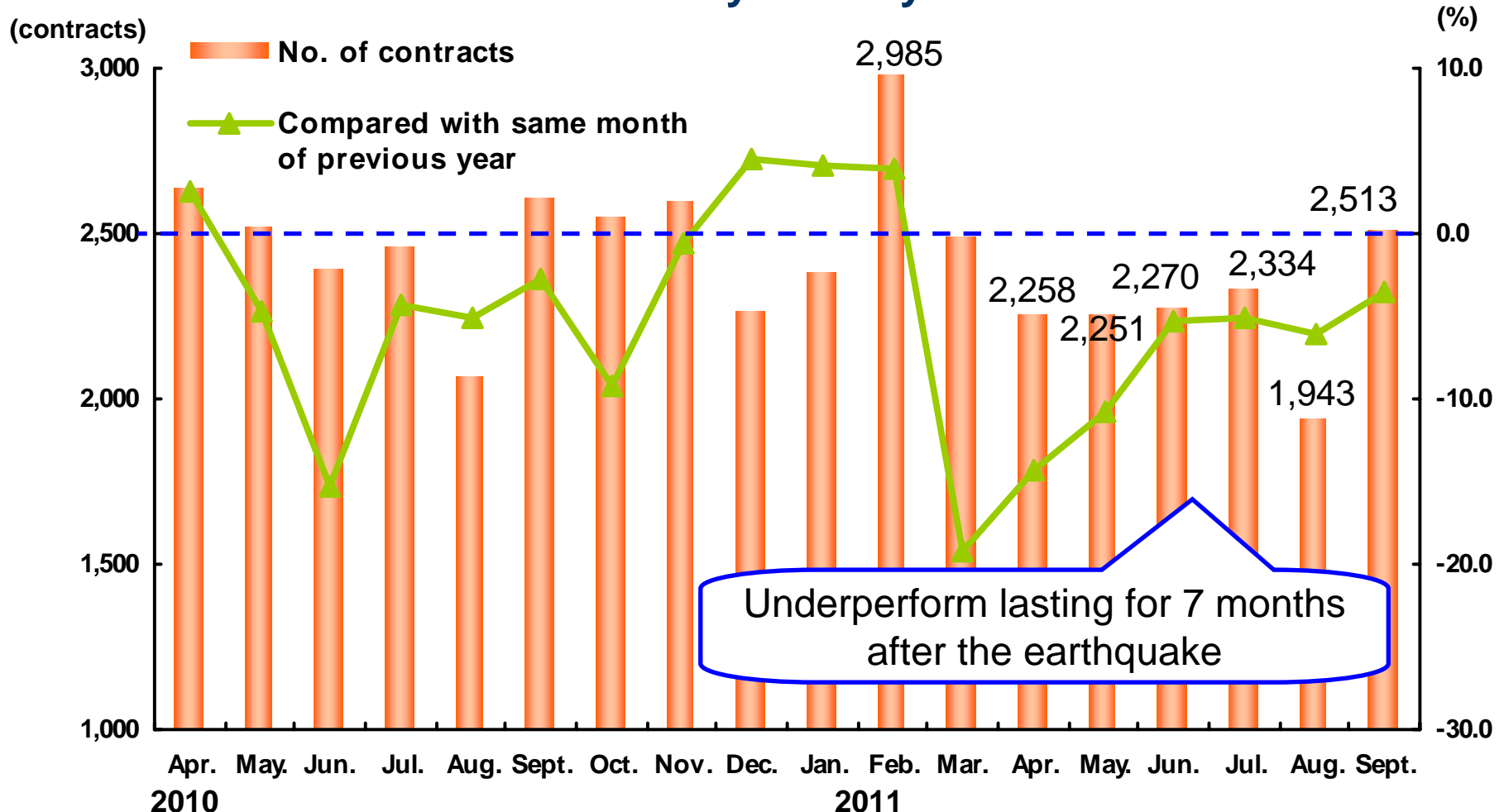
Housing and Real estate Business

- **The number of existing condominium contracts in the Tokyo metropolitan area has continued to see negative growth since the earthquake and has not yet achieved a full-scale recovery.**
- **As for SBI Life Living, in the Internet Media Business, revenues from the major websites such as Ticket Ryutsu Center dropped temporarily due to a cancellation or postponement of entertainment shows immediately after the earthquake. However, revenues of the 2Q (July-Sept.) FY2011 improved compared with the 1Q (Apr.-June).**
- **As for SBI Mortgage that is preparing for a KOSPI market listing, new loans declined in the 1Q (Apr.-June) due to effects of the earthquake, but they showed a steady recovery in the 2Q (July-Sept.). Revenues also got back on a recovery path. The loan balance exceeded Y1tn in August. SBI Mortgage aims for further expansion of revenues, benefitting from planned re-expansion of the preferential treatment for mortgage loans.**

Conditions of Real Estate Market Before and After the Earthquake

<Case: Number of existing condominium contracts in the Tokyo metropolitan area>

Since the earthquake, the number of contracts have declined on a year-on-year basis



SBI Life Living's Profit Improved from the First Quarter

In the Internet Media Business, revenues from the major websites such as Ticket Ryutsu Center dropped temporarily due to a cancellation or postponement of entertainment shows immediately after the earthquake. However, monthly income hit a record high in August, and overall earnings recovered to the previous year's levels.

(Y million, %)

	1H FY2010	1H FY2011	YoY change	Reference: FY2011	
				1Q (Apr.-June)	2Q (July-Sep.)
Operating Revenues	1,838	2,003	9.0	1,227	775
Operating Income	* 161	* 144	-10.3	11	132
Ordinary Income	106	92	-12.9	-13	106
Net Income	7	6	-19.7	-41	47

*Includes depreciation of goodwill resulting from some business transfer from SBI Holdings (Y12m per quarter)

SBI Mortgage's 2Q Financial Results Recovered

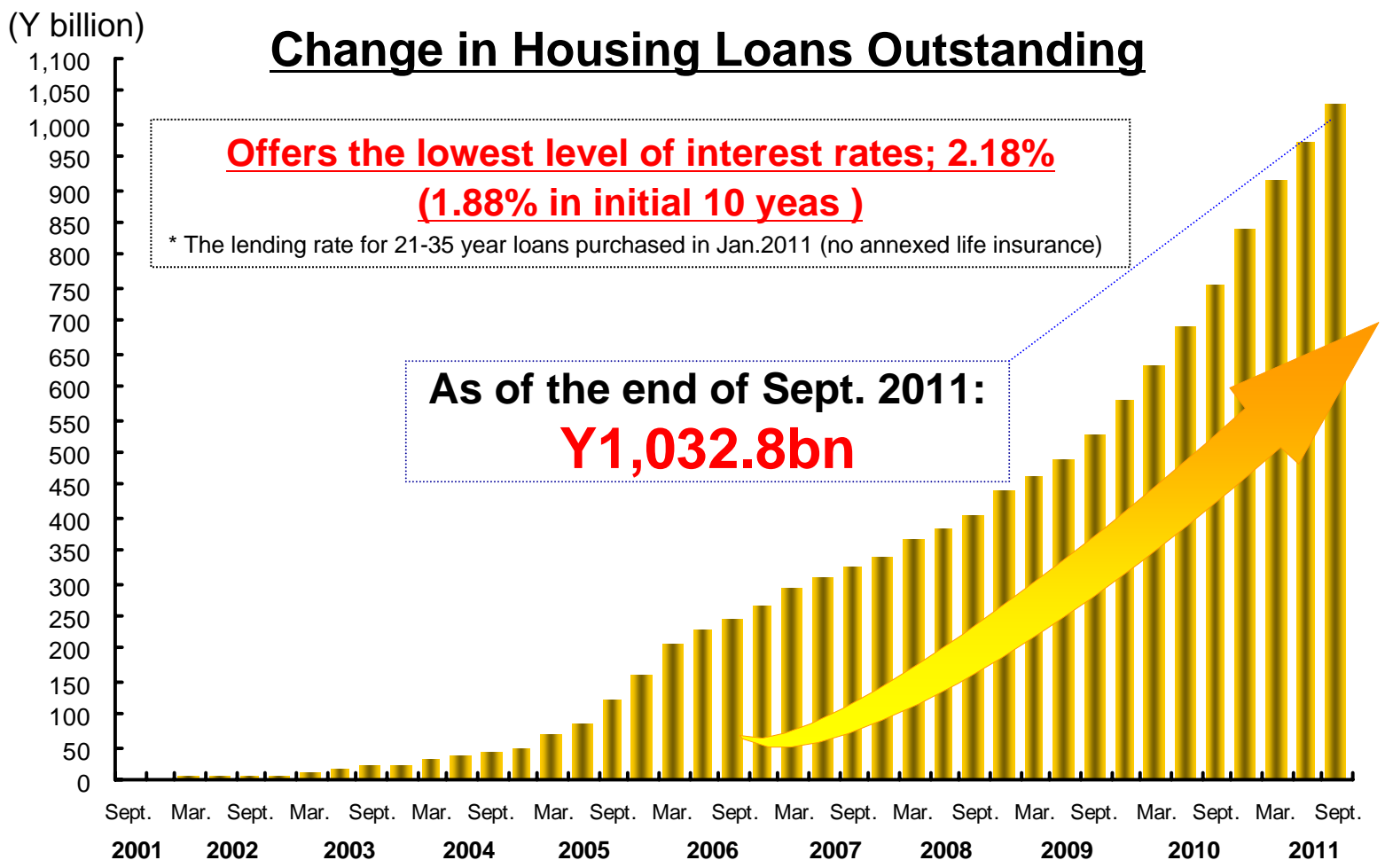
Although the amount of new loans in 1Q (Apr.-June) was decreased due to the earthquake, it recovered in 2Q (July-Sept.) to Y85.1bn (+21.5%) and consequently its profit is recovering as well

(Y million, %)

	1Q FY2011 (Apr.-June)	2Q FY2011 (July-Sept.)	QoQ change
Operating Revenues	1,932	2,238	+15.8
Operating Income	386	535	+38.6
Ordinary Income	391	542	+38.5
Net Income	221	320	+44.6

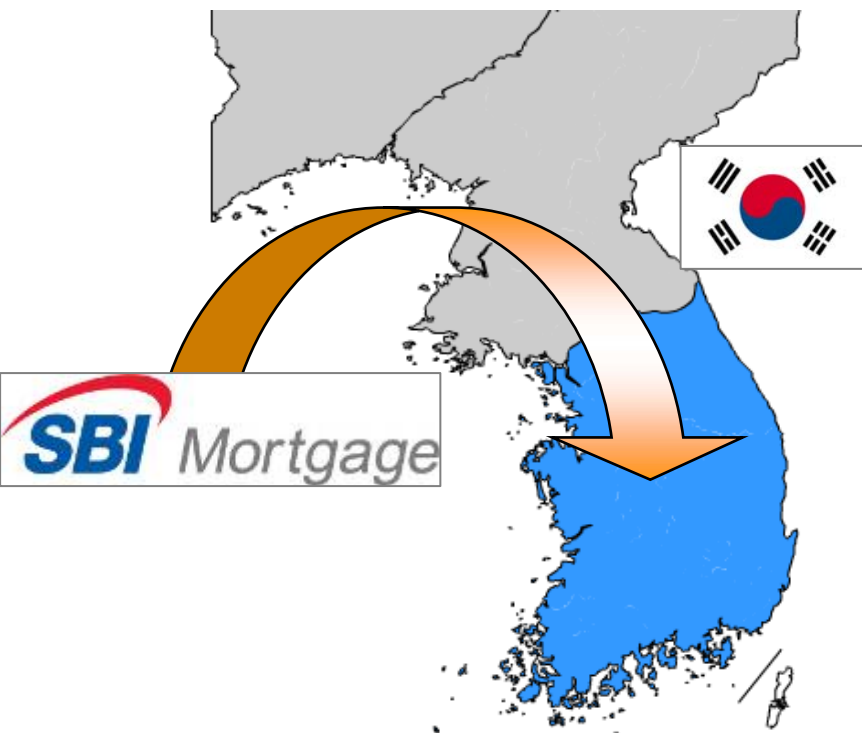


SBI Mortgage's Loans Outstanding Topped Y1 Trillion in Just 10 Years and 3 Months Since its Start of Operations



Positioned to benefit from the re-expansion of the advantageous Flat 35S interest rate policy (from 0.3% to 0.7%) that is planned within the current year.

Rapidly Growing SBI Mortgage is Preparing for a KOSPI Market Listing on the Korea Exchange, as the First Japanese Company



Features of KOSPI Market

- The main market of KRX
- Mainly consists of blue-chips
- Stock prices of KOSPI-listed companies tend to be stable post-listing, when there is no change in fundamentals

[Planned Timeline]	
<Aug. 30>	Application for listing eligibility examination
<Early ~ middle Nov.>	Approval of Listing (plan)
<Late Dec.>*	Listing (plan)

* Within 6 months from approval.
Timing of listing depends on the market condition

2. Measures to Realize Continuous Growth in Anticipation of a More Difficult Business Environment

- (1) Organizational Restructuring to Realize Continued Growth of the SBI Group and Priority Strategic Issues Focused on “Value Creation”**
- (2) Promotion of the SBI Group's “Brilliant Cut” Initiative to Increase Profitability**

(1) Organizational Restructuring to Realize Continued Growth of the SBI Group and Priority Strategic Issues Focused on “Value Creation”

[Ratio of Survival of Japan-based companies]

10 years : 6 out of 100

20 years : 3 out of 1,000

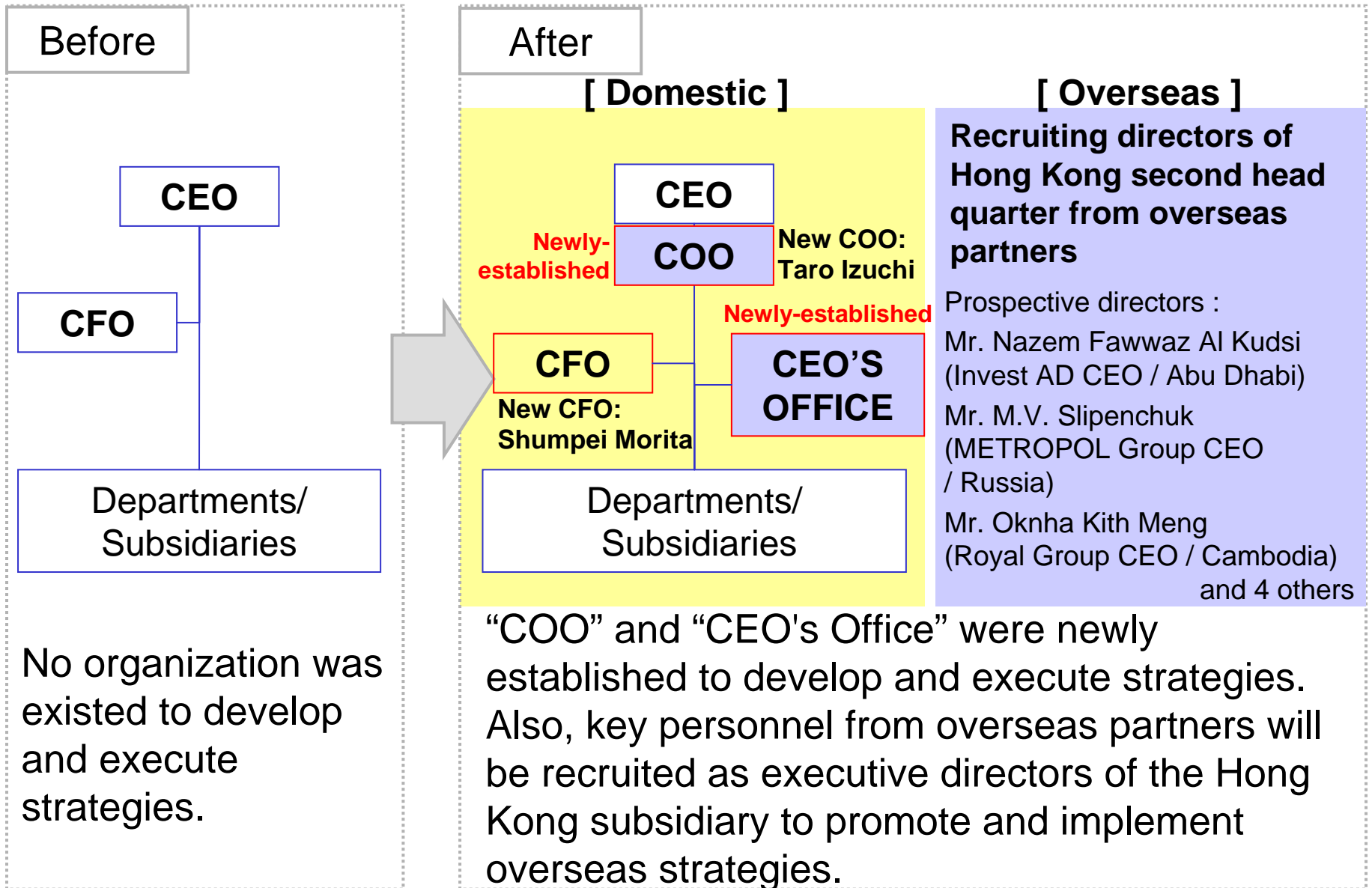
30 years and more : 2.5 out of 10,000

Organizational Restructuring to Realize Continued Growth of the SBI Group

Building a new framework to develop and execute strategies more systematically and independently of individuals

- Further enhancement of Group synergies through the effective use of business resources, and the pursuit of strategic partners domestically and overseas.
- Develop "Value Creation" strategies both domestically and overseas, to increase profitability through a concentrated group effort.
- Diversify and decrease business risks in order to survive this age of rapid change, as globalism increases and politics and economy of each country in the world mutually effects increasingly

New Organization for Realization of Continued Growth of the SBI Group



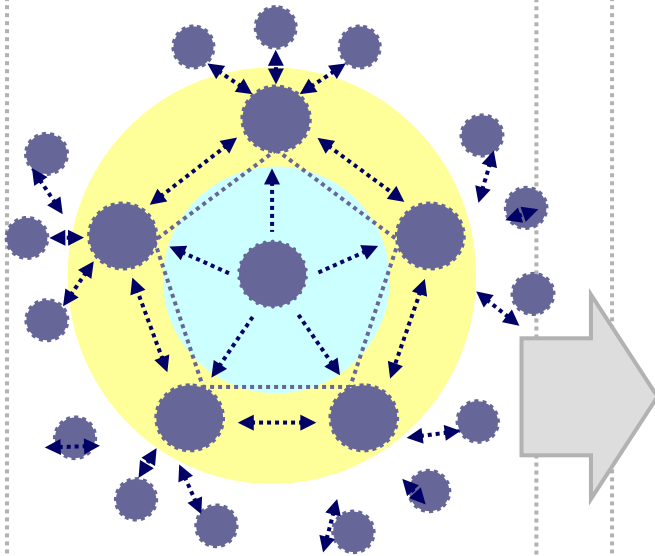
Priority Strategic Issues Focused on “Value Creation”



- 1. Promote measures to create and enforce synergies for existing businesses**
- 2. Active promotion of alliances with overseas companies to augment domestic financial service businesses**
- 3. Promote overseas development of domestic group company’s business (including non-financial services)**
- 4. Promotion of M&A activities, including cross border deals, which also contributes to the Group securities business**
- 5. Smooth and efficient introduction of new Internet technologies to the group companies**
- 6. Active promotion IPOs of the group companies, related companies and investee companies on the overseas stock markets**

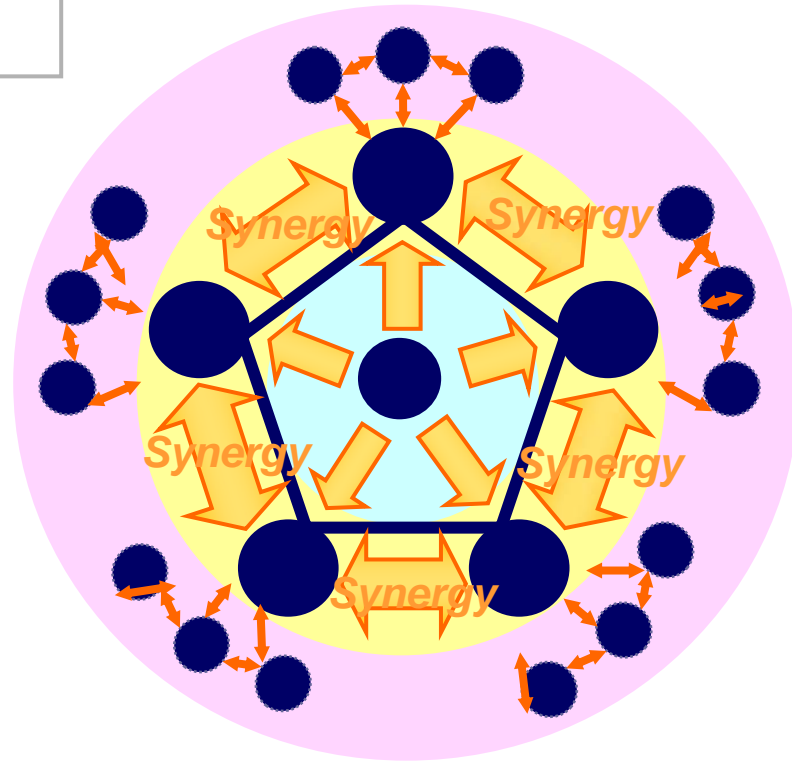
1. Promote Measures to Create and Enhance Synergies for Existing Businesses

Before



Synergies exist primarily domestically, between core businesses, or between core businesses and their supporting companies.

After



Creation of various synergies by different combinations of core businesses, companies that support core businesses and 828 investee companies of the Group both in Japan and abroad

Pursue Various Synergistic Combinations, both within and outside of the Financial Services Business

- **Strive to create new synergies from various aspects by regularly holding “Pentagon Meetings,” where the heads and marketing directors of five core businesses and representatives of companies that support core businesses participate.**
- **Representatives of non-financial services companies and overseas offices participate “Pentagon Meetings” as needed, to create various synergistic combinations**

(e.g.) Strengthening partnerships of SBI ALApromo and powerful companies in Japan and abroad
 - **Expansion of product sales of beauty products and health foods in Japan and abroad**
 - **Enhancement of systems for research and development in Japan and abroad**

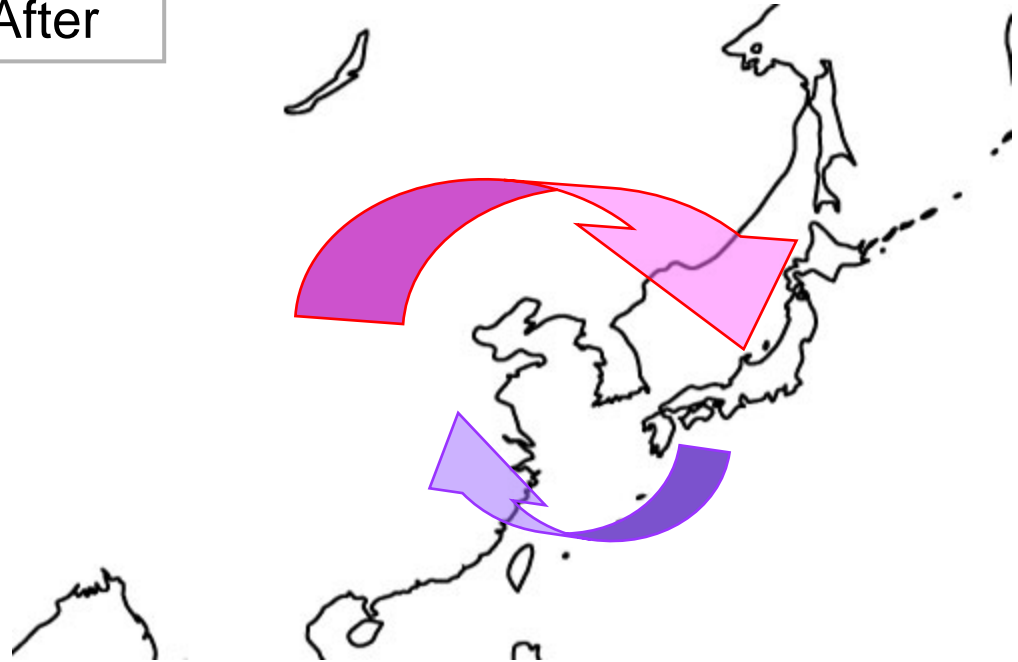
2. Active promotion of Alliances with Overseas Companies to Augment Domestic Financial Service Businesses

Before



Export systems and know-how regarding financial services business.

After



Support domestic financial services businesses through alliances with overseas financial services businesses.

SBI Asset Management Established the First Investment Trust in Japan that Covers the Entire Frontier Market in Asia

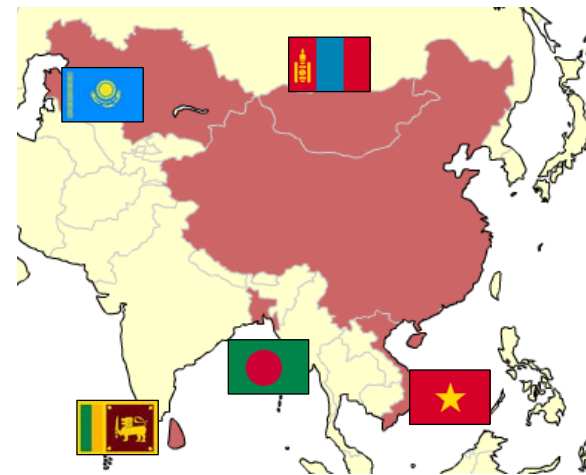


SBI Asset Management established an investment trust that incorporates a fund managed by Harvest Global Investment, a Hong-Kong subsidiary of the second largest asset management company in China, in its portfolio.



**Fund name:
“Harvest Asia Frontier Equities Fund”**

The fund invests in companies located in countries with abundant natural resources and a young workforce such as Bangladesh, Mongolia, Kazakhstan, Sri Lanka, Vietnam and the frontier regions in Western China (Inner Mongolia, Tibet, Xinjiang and Yunnan, etc.) that are expected to grow next to emerging countries such as BRICS.



Harvest Global Investment Limited

Established in Hong Kong in 2008. Its parent company, Harvest Fund Management, was established in 1999 as an asset management company in China. Its assets under management of the publicly-offered investment trusts as of the end of June 2011 ranked second in China (total assets in deposit as of the end of June 2011: USD 35.27 billion). SBI plans to develop a partnership with the Harvest Group in various areas.

Strengthening the Overseas Financial Content Business to Provide Information for Investors

Searchchina



Launched "EMeye," the first Japanese media specialized in investment information of emerging countries

Providing financial information on 38 emerging countries, primarily BRICS and VISTA



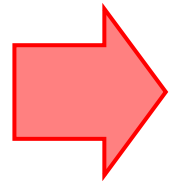
China Securities Journal



EMeye



Wall Street Journal Japan



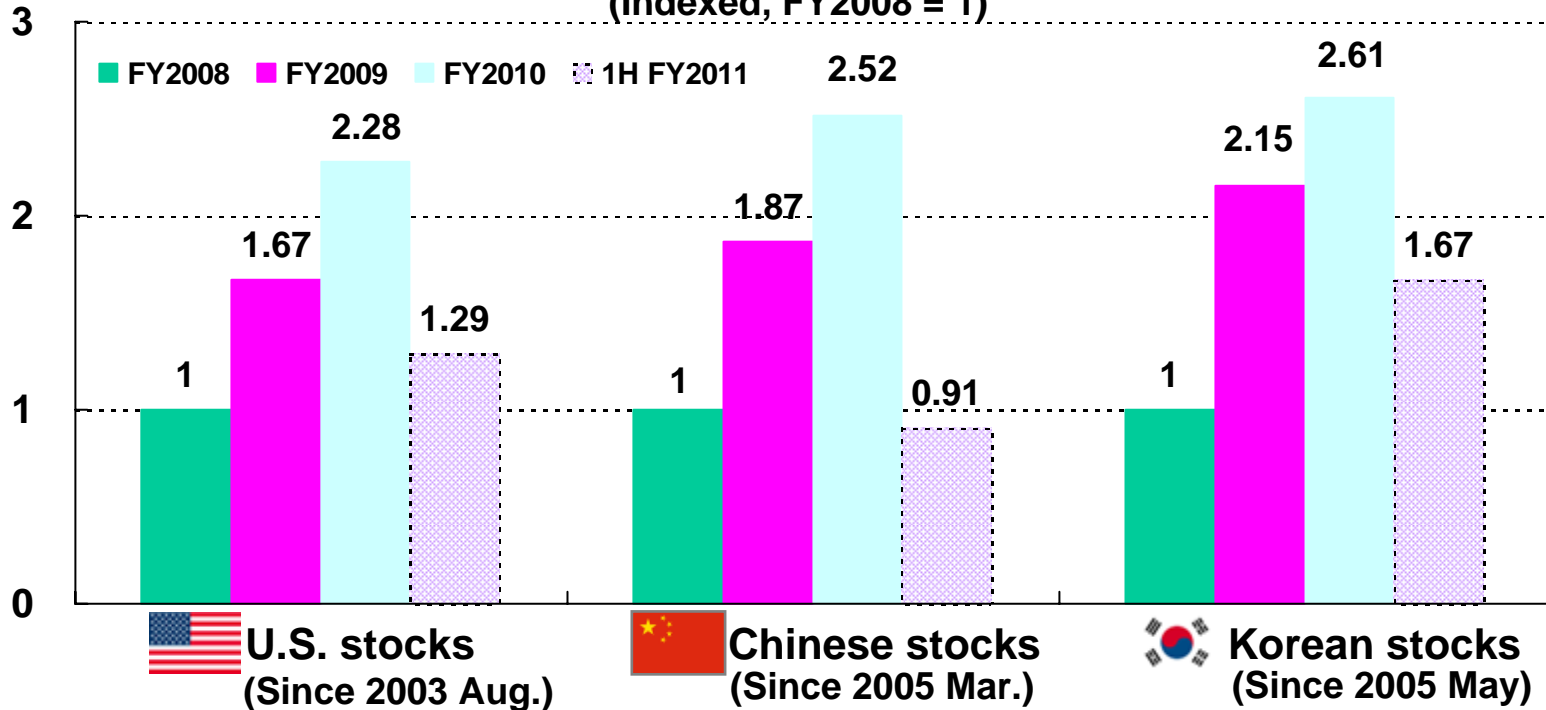
To further strengthen SBI SECURITIES' sales of foreign equities and investment trusts, by providing overseas information, especially pertaining to emerging markets that had not been previously provided enough.

Expanding SBI SECURITIES' Offering of Foreign Equities Through Alliances With Global Partners

Transactions grows year by year, and the sale is in gain trend

Foreign Stocks Sales

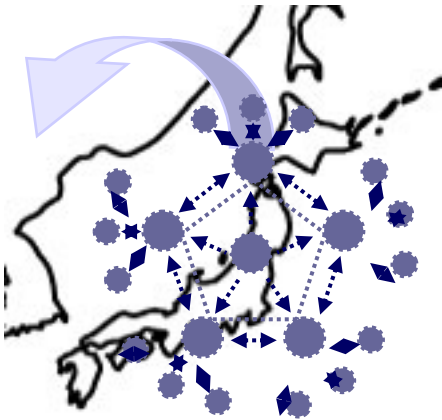
(Indexed, FY2008 = 1)



By increasing the variety of stocks offered, creating investment opportunities in emerging countries that are expected to experience high growth rates. In addition to Russian and Vietnamese stocks that are already provided, SBI SECURITIES is preparing to offer stocks of Indonesia, Malaysia, Singapore and Thai etc.

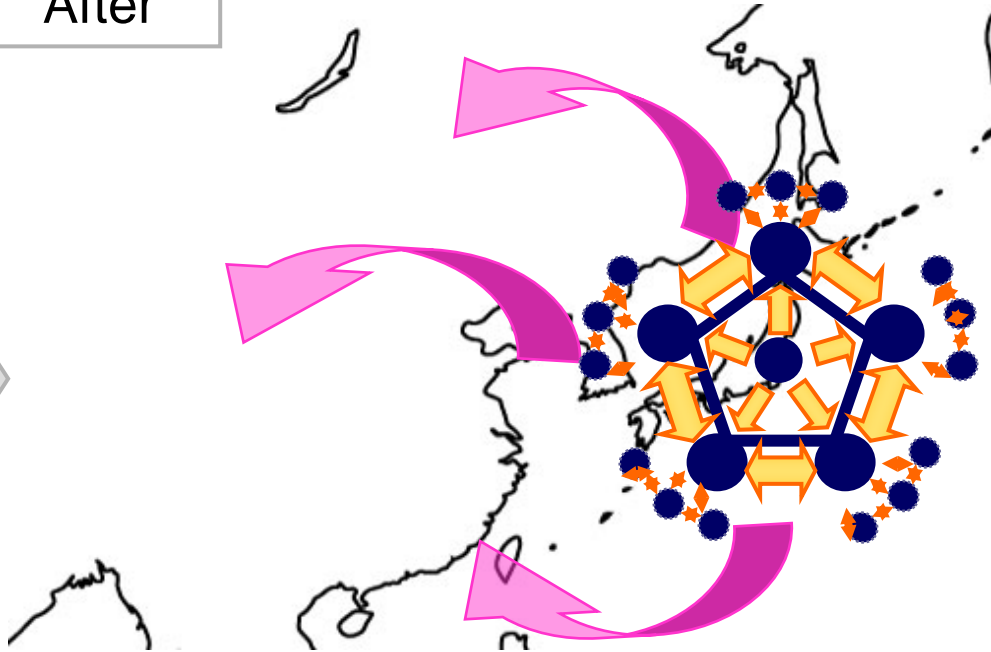
3. Promote Overseas Development of Domestic Group Company's Business (Including Non-financial Services)

Before



Export systems and know-how regarding financial services business.

After



Export SBI Group's accumulated know-how in Japan, not only in the field of financial services businesses, but in many other fields as well.

OBIBANK (Russia)

Fundamental Reorganization in Progress



OBIBANK

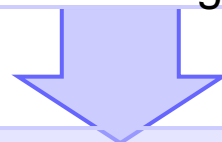
(50% shareholding)



A commercial bank of METROPOL Group,
Russia's leading financial group

Equity investment completed on June 14, 2011
after approval from Central Bank of Russia

Fundamental business reorganization has started, such as the definition of the underlying system requirements, estimation of a call center and the consideration of working with an ATM company.



Transfer know-how and systems that the SBI Group attained in Japan. Also, aim for early investment recovery by pursuing thorough efficiency and high profitability by measures such as Internet banking.

New Business in Used Car Service

Using combination of Auto-related companies assumed domestic supporting functions for the core business of Pentagon Management such as banking and insurance, create new synergies and increase profitability of each.



New Business Creation to Respond to Local Needs in Several Countries

(Example 1)
Leasing Business:

Leasing Business

Expanding overseas,
outside of the five core
financial businesses

Futures Trade

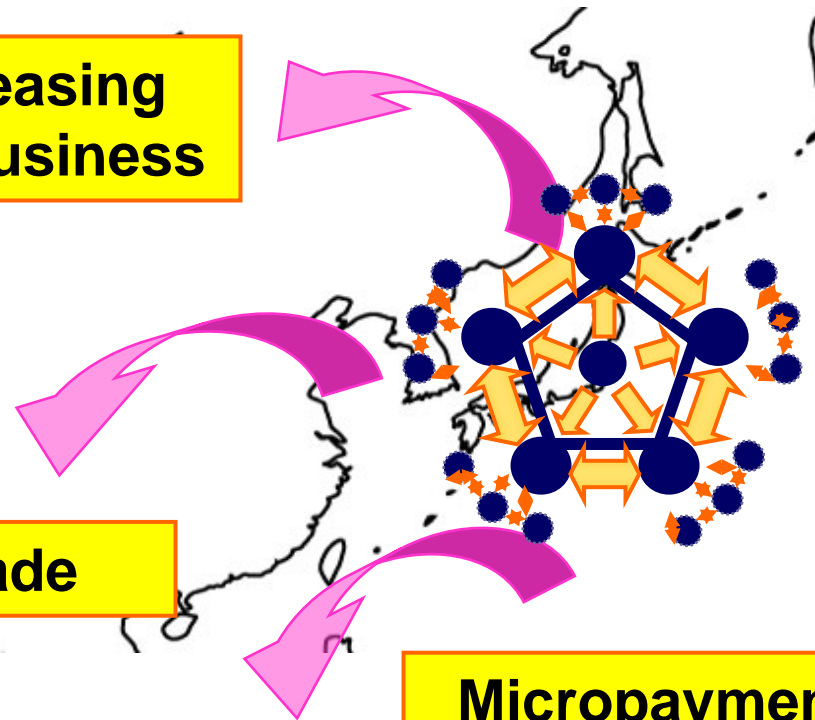
(Example 2)
Futures Trade:

The SBI Group withdrew from
futures trading, owing to the
domestic market slump (July 2009)

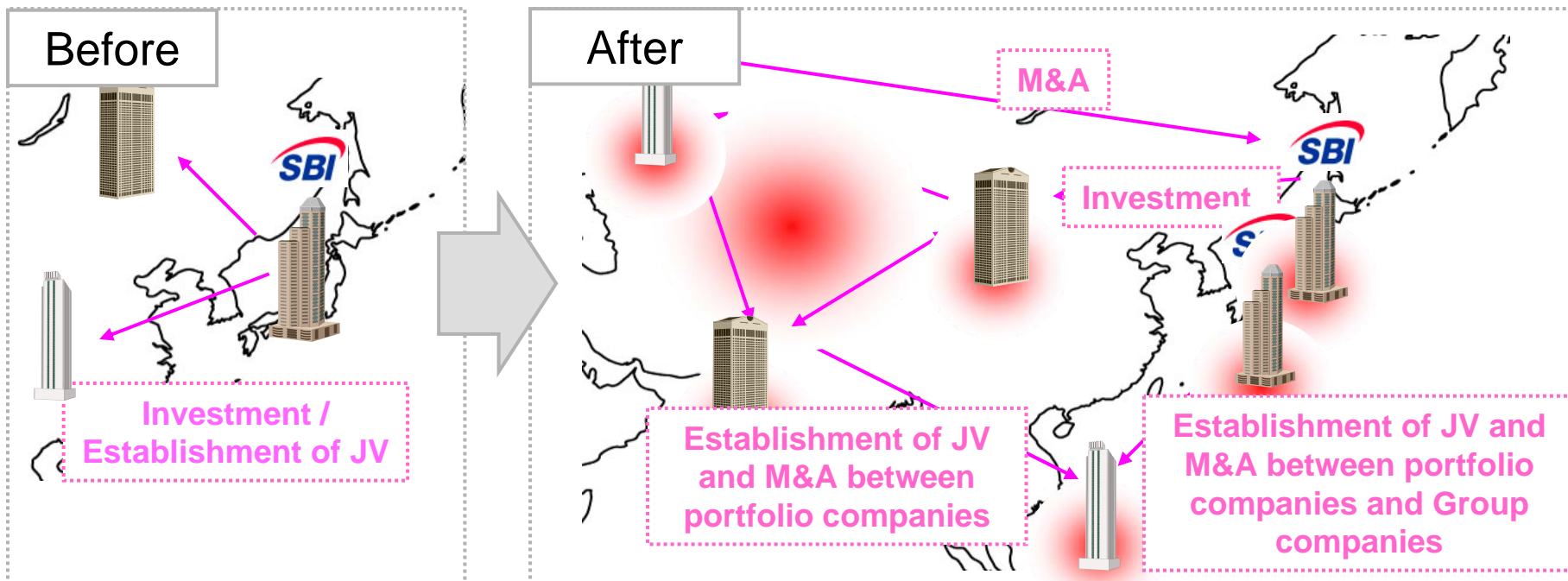
Micropayment

(Example 3)
Micropayment:

The use of the SBI Group's payment
settlement services



4. Promotion of M&A Activities, Including Cross Border Deals, which also Contributes to the Group Securities Business



Proactive overseas investment

New value creation & Increasing the value of each company

Accelerate M&A activities at foreign and domestic investee companies. In addition, create new value through joint ventures with overseas partners and the promotion of M&A activities with Group companies and investee companies both overseas and in Japan.

The cumulative number of companies the Group invested in: 828*

*As of the end of Mar. 2011

Enhance the Partnership between Searchchina and CSF

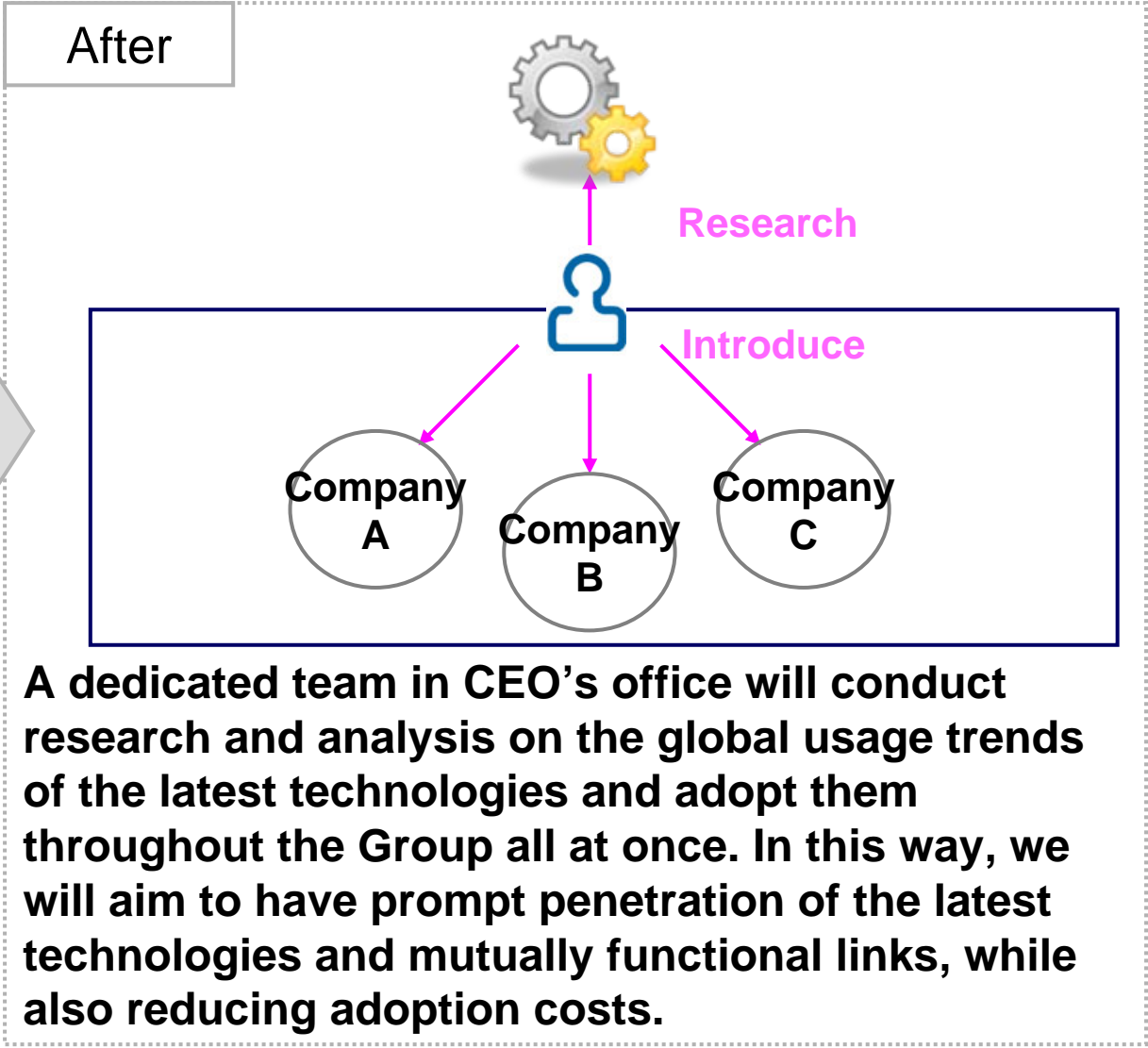
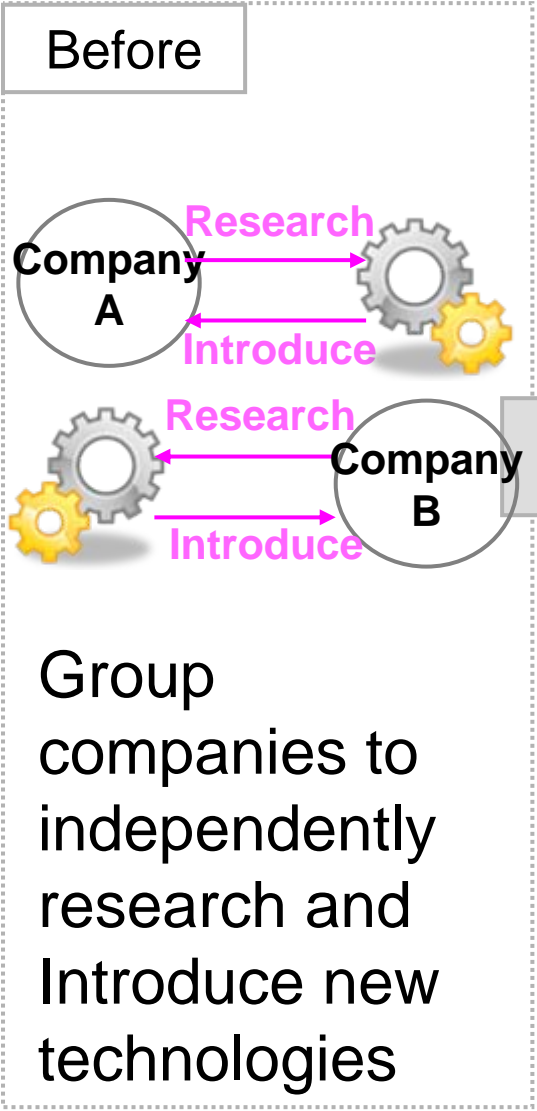


CSF turned a profit from the start of operations

Pursuing synergies between SBI Group companies

CSF considering platform to transmit comprehensive Chinese financial information globally

5. Smooth and Efficient Introduction of New Internet Technologies to the Group Companies



Utilization of New Platforms Such as Facebook and iPad



Opened SBI Finance's Facebook page
Deliver selected articles utilizing the resources of the SBI Group's media businesses: Morningstar Japan, Searchina, The Wall Street Journal Japan, Chinese Securities Journal and EMeeye.

Provide investment trusts selling tools utilizing the iPad

Install Morningstar's own information on investment trusts and simulation tools on the iPad, and provide it to financial institutions such as SBI SECURITIES that sells investment trusts.



Content delivery through smart device applications

The Wall Street Journal Japan, Kabushiki Shimbun and others utilize the smart device applications like the iPad or Android to deliver their articles.



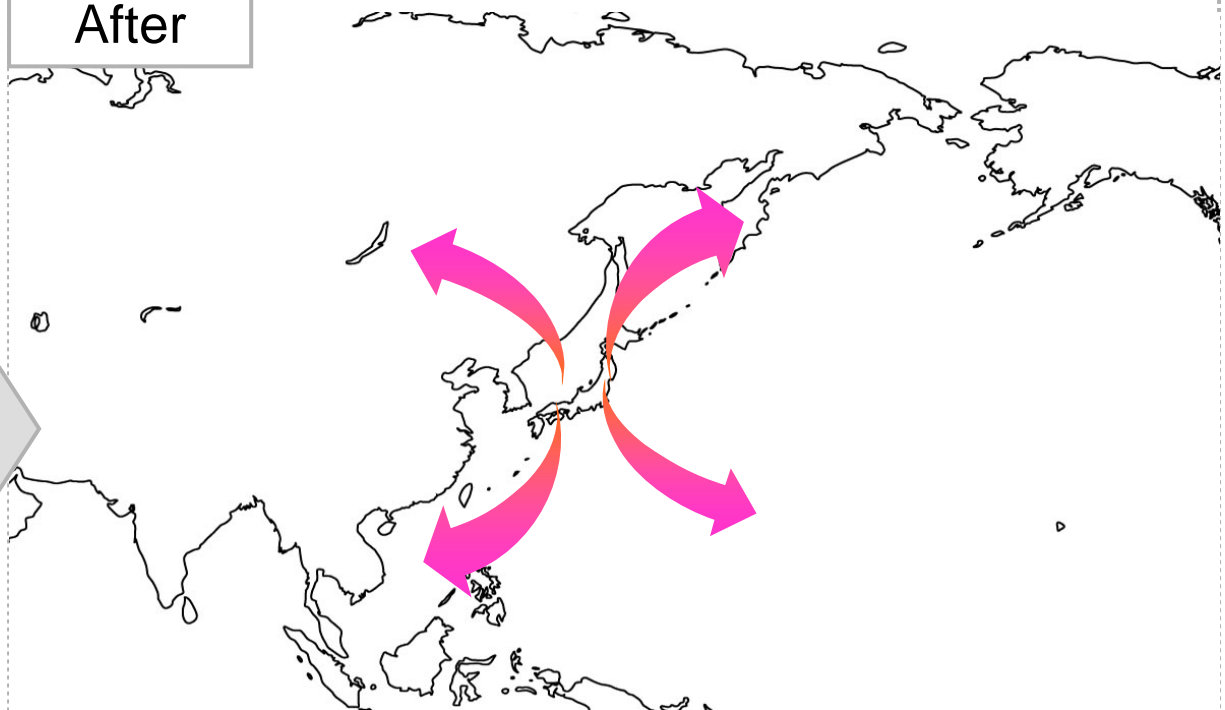
6. Active Promotion IPOs of the Group Companies, Related Companies and Investee Companies on the Overseas Stock Markets

Before



Financing in domestic securities market.

After



Create value and acquire capital gain through the active utilization of capital markets, both domestically and overseas.

Overseas Market Listing of the Group Companies

We aim to expand local business and improve corporate value by gaining a foothold. We will do this by becoming listed on the stock markets of emerging nations where a higher performance is expected than in Japan.

Apr. 2011 (Done)

SBI Holdings 

Listing on the Hong Kong Stock Exchange

The First Japan-based Company !
Also the first listing of depositary receipts associated with issuance of new shares.

Dec. 2011 (Scheduled)

SBI Mortgage 

Preparing for a KOSPI Market Listing on the Korea Exchange

→ To develop mortgage bank business in South Korea

The First Japan-based Company !

Overseas Market Listing of the Portfolio Companies

Preparing for the overseas market listing of two portfolio companies that the SBI Group owns a majority stake in.

Mar. 2012 (Scheduled)

Company A on Korea Exchange

Nov. 2012 (Scheduled)

Company B on Taiwan Stock Exchange

In addition to capital gains with listing, aim for acceleration of the expansion of local business for investee companies. At the same time, actively conduct M&A activities to further expand the value of investee companies after listing.

(2) Promoting the Brilliant Cut Initiative for Strengthening Profitability

- <1> Ongoing Streamline of the SBI Group**
- <2> Current State of Companies That Recorded
Operating Losses in FY2010**
- <3> Companies Turned Profitable**

The SBI Group's Major Business Entities Engaged in "Brilliant Cut" Initiative



The SBI Group's Major 49 Business Entities
(Excl. SBIH and 8 overseas local subsidiaries and representative offices)

1H FY2011

Profitable companies and divisions

35 companies and divisions Operating profit: Y12.9bn

↳ [Breakdown]^{*1}

- Profit increased: 15
- Turned profitable: 5
- Profit decreased: 15

Almost half the amount of decrease in profits was attributed to SBI SECURITIES

Unprofitable companies and divisions

8 companies and divisions Operating loss: Y4.3bn

↳ [Breakdown]^{*1}

- Loss decreased: 4
- Loss increased: 4

Approx. 30% of the loss was recorded at SBI Insurance

Newly established or acquired companies ^{*2}

(New group companies which started/will start operation or were acquired after April 2009)

6 companies

<u>Established/acquired companies (4)</u>	<u>Companies preparing for starting operation (2)</u>
SBI Credit (became a consolidated subsidiary in July 2010)	Preparation for life Insurance company
SBI Remit (established in Aug. 2010) etc.	SBI Phnom Penh Securities

*1 Sorting based on year-on-year changes in operating profits

*2 Consistently profitable companies in "Newly established or acquired companies" have been moved to "Profitable companies and divisions"

<1> Continual Organizational Restructuring (i)

Acquisition of full ownership

➤ **SBI Holdings acquired 100% ownership of SBI Net Systems**

(Released on Oct. 26 2011)

- After joined the SBI Group, developments, operations and maintenances of systems for the SBI Group mainly, in financial field, have been increasing and sales for the Group accounts for the half of SBI Net Systems' total sales in FY2010.
- We will make SBI Net Systems a wholly-owned subsidiary through business integration and incorporate its system development know-how in the Group promptly and efficiently. In this way, we aim to create larger synergies and strengthen profitability by conducting unified business deployment both in Japan and overseas.
- SBI Net Systems is to be delisted (scheduled for Jan. 27, 2012) to be wholly owned subsidiary of SBI Holdings through a share exchange (scheduled for Feb. 1, 2012).

Liquidation, Disposal of Equity Interest

➤ **Shares of HOMEOSTYLE (offering beauty care services/ products) are to be sold**

- Maintain relationship through consignment sales of supplements and cosmetics of SBI ALApromo

Review of existing business

- **Financial community site “SBI Money World” (annual operating loss: Y60m) is to be closed (scheduled for Nov. 18, 2011).**

→ Core content will be transferred to Facebook.

- **The operation of “MoneyLook” (annual operating loss: Y250m) will be effectively integrated with the resources of Morningstar Japan, to make it a profitable operation.**

* MoneyLook: Number enrolled is 713,000 (as of the end of Sept. 2011)
One of the biggest account aggregation services in Japan

Improve operating income substantially by reallocating resources within the SBI Group

<2> Current State of Companies That Recorded Operating Losses in FY2010

- i) SBI Card**
- ii) SBI Japannext**
- iii) SBI ALApromo**

i) SBI Card

(Consolidated subsidiary)

Operating loss for FY2010: Approx. Y3.5 billion



1H FY2011: Approx. Y1.6 billion

SBI Card Performance <1>

Change in Operating income/loss by segment

(Unit:Y million)

		1H FY2010	2H FY2010	1H FY2011	Change from 2H FY2010
Credit Card Busine ss	Visa Card	-453	-971	-772	<u>+198</u>
	Master Card	-438	-407	-221	<u>+186</u>
Consumer credit business (Acquired former SBI Equal Credit in Jan.2010)		-378	-445	-339	<u>+106</u>

Since starting “GEO Ponta card” in June 2010, “SBI Card Plus” in Oct. 2010, **continuously suffered an operating deficit.**

Improved operating loss steadily.

New lending has been curtailed, and **loan balance is decreasing steadily.**

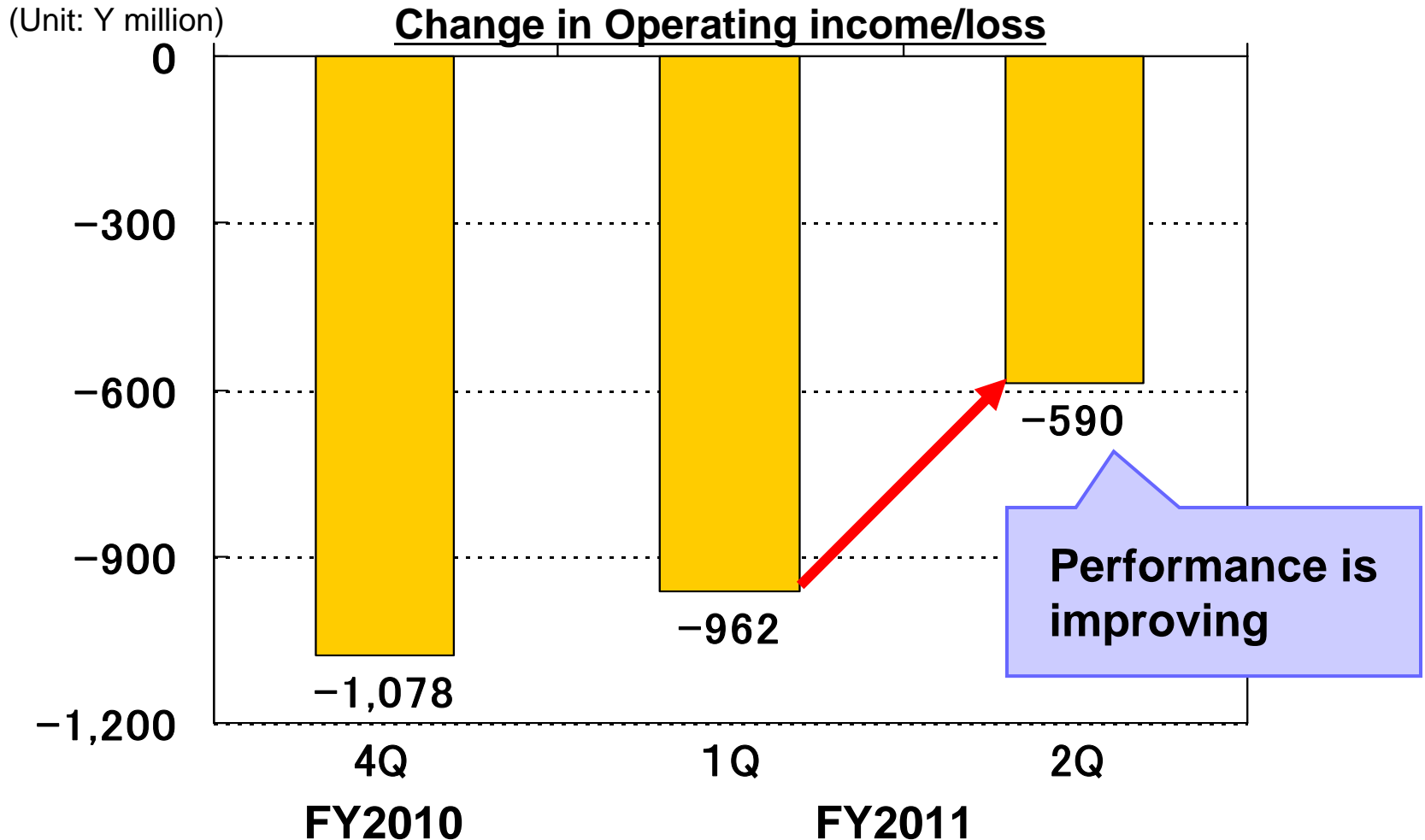
■ Loan balance (after deduction of (From Apr. 2010) bad-debt provisions)

(Apr. 2010) **Y9,697m**

(Sept. 2011) **Y4,742m** -51.1%

SBI Card Performance <2>

Reviews on operating management etc. led significant
diminishment of operating loss with bottoming out in 4Q FY2010



➤ Plan to set a policy this year for a thorough review of the business

ii) SBI Japannext **(Equity-method company)**

Operating loss for FY2010: Approx. ¥1.1 billion



1H FY2011: Approx. ¥0.2 billion

Operating income/loss improved significantly on a year-to-year comparison

-Trading value exceeds JASDAQ in 2Q FY2012-

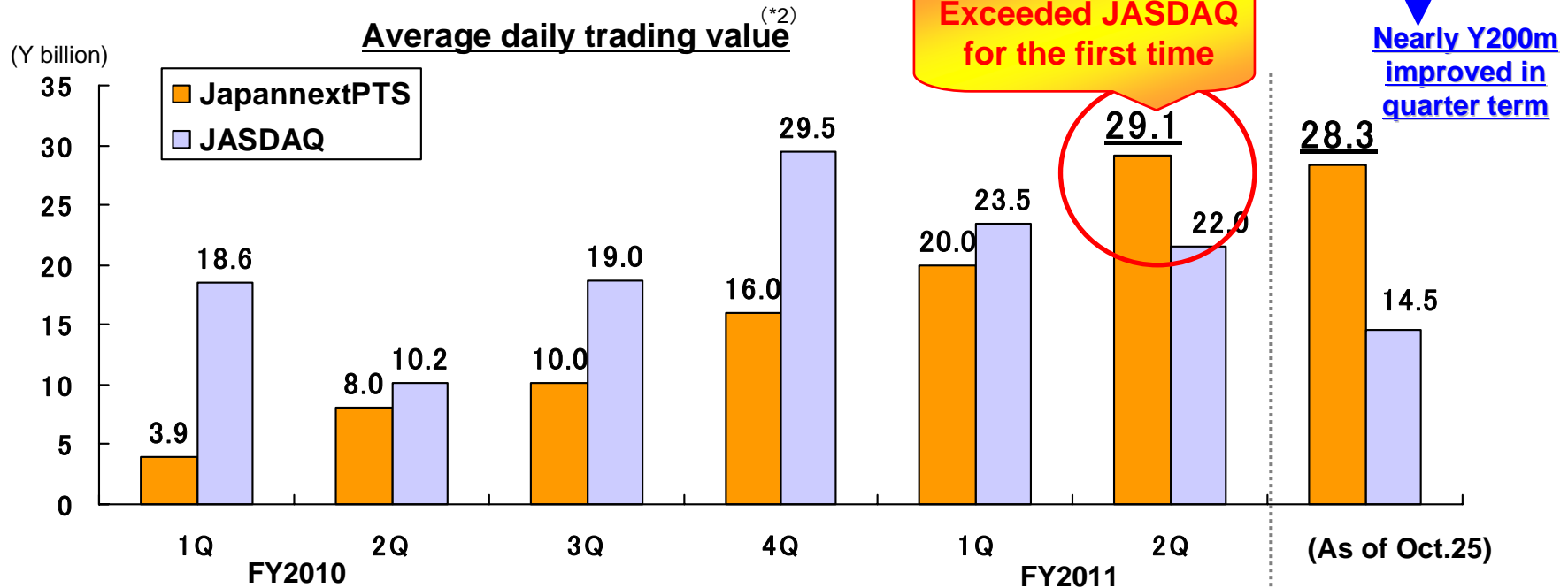


SBI Japannext PTS^(*) Monthly gain and loss

(As of Oct.25)
2.8%

(Y million)

	2Q FY2010 (July-Sep.2010)	2Q FY2011 (July-Sep.2011)	YoY Change
Market Share (TSE 1st section)	0.6%	2.4%	+1.8 points
Operating Revenues	60.9	166.7	+105.8
Operating Loss	-306.2	-108.2	+198.0



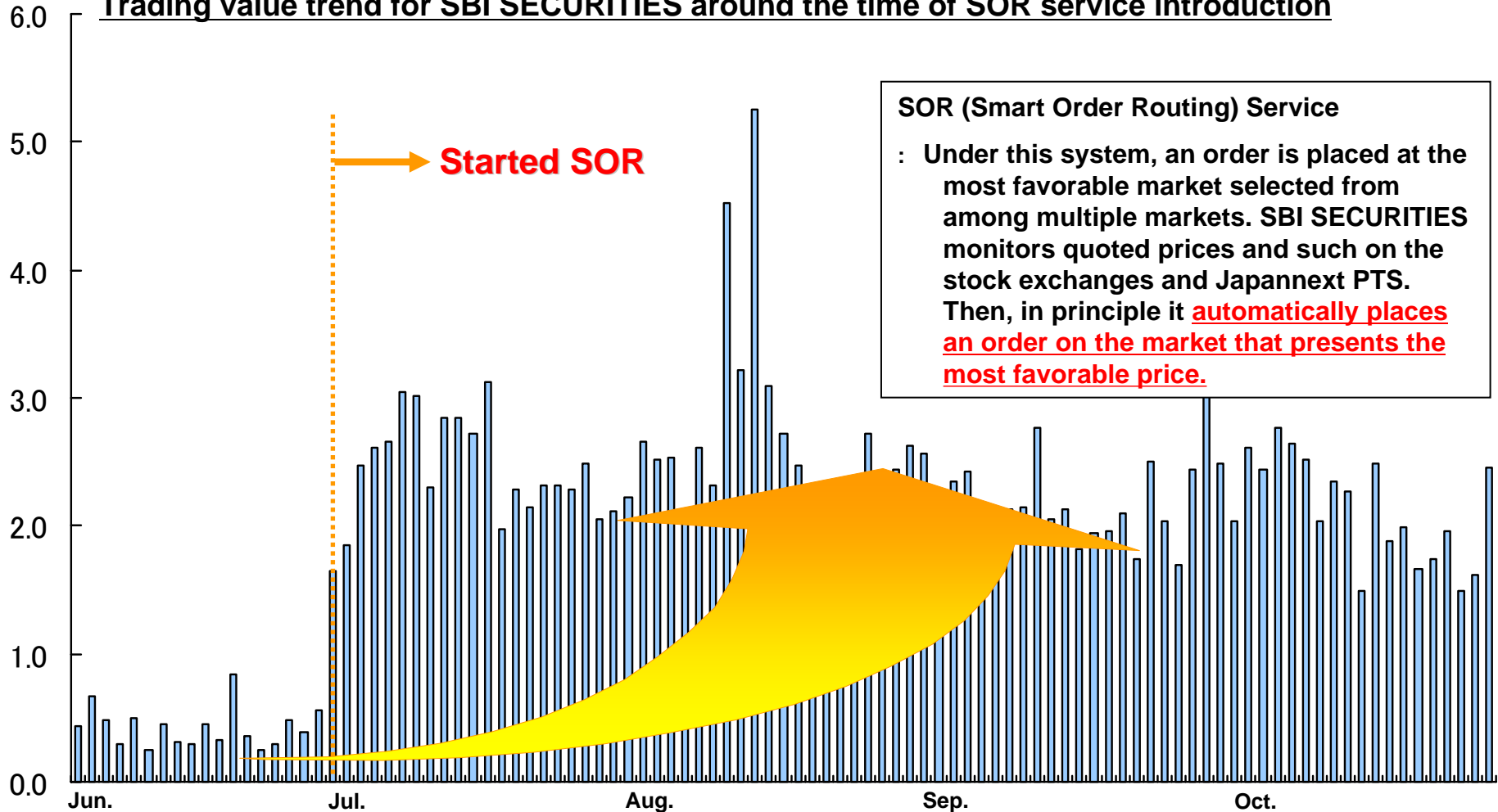
(*1) Equity-method company/non-consolidated subsidiary. SBIH's shareholding ratio: 37.02% (47.39% held by the SBI Group)

(*2) Trading value is based on "single count".

SBI SECURITIES Started “SOR (Smart Order Routing)” Service on June 27, 2011

(Y billion)

Trading value trend for SBI SECURITIES around the time of SOR service introduction

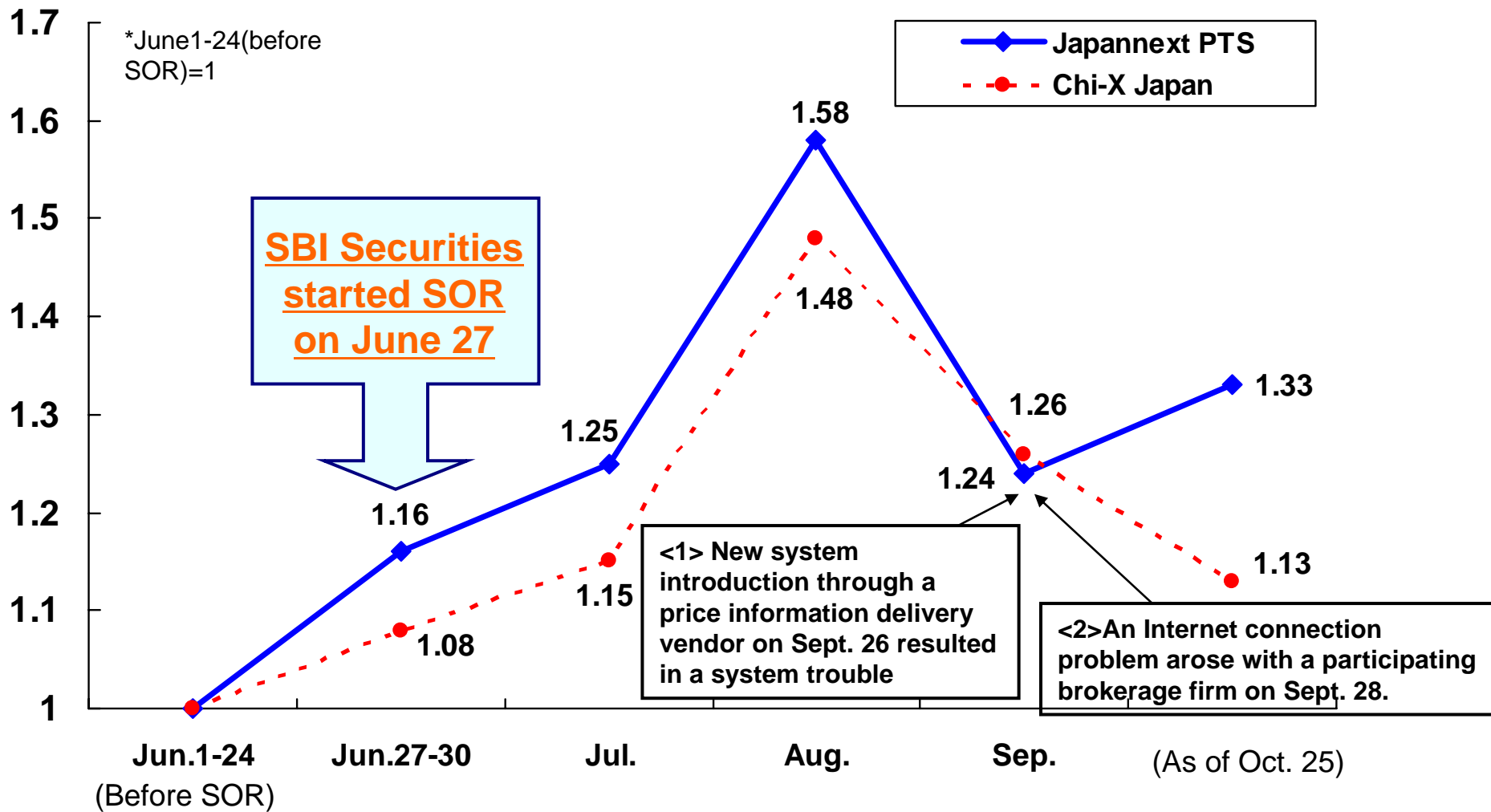


SBI Japannext enhanced SOR Service function on Sept. 26, 2011:
→ Japannext PTS will become an even more useful market, with enhanced price improvements for its investors

SOR Service Create a Favorable Cycle

After SOR Service started, trading value of Japannext PTS improved significantly

Average daily trading value (index)



Participating Companies Increasing Smoothly

[Participating companies] (Total 16)

- SBI SECURITIES · Rakuten Securities*
 - Goldman Sachs Japan · Credit Suisse Securities (Japan) Limited
 - Morgan Stanley MUFG Securities
 - Merrill Lynch Japan Finance Co., Ltd. · UBS Japan
 - Instinet · BNP Paribas Securities (Japan) Limited
 - Deutsche Securities · Citigroup Global Markets Japan
- 5 companies newly participated in 2011

- Mizuho Securities (Feb. 2011) · Societe Generale Securities (Feb. 2011)
- JP Morgan Securities (Mar. 2011) · Barclays Capital Japan Limited (May. 2011)
- Newedge Japan Securities (Sept.2011)

[Companies expected to participate] (total 5)

- Daiwa Capital Markets · Nomura Securities
- two other domestic companies and one other foreign company.

Trade is scheduled to start early next year

Japannext PTS will switch to a new system next autumn, with the world's fastest matching engine

iii) SBI ALA promo

(Consolidated subsidiary)

Operating loss for FY2010: Approx. Y1.1 billion



1H FY2011: Approx. Y0.4 billion

Aiming at strengthened sales structure for beauty goods and health foods

Active deployment of sales promotions for the natural amino acid ALA

▶ Marketing activities:

ALA ingredient education and awareness improvement

Deployment example:

- Newspaper advertisement:
An announcement from ALAplus
Research Laboratory
- Infomercials:
Deployed at various television
stations
- Web deployment: Listing
advertisements



Providing free distribution
of samples

(Only during October 2011)

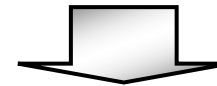


▶ Operating activities:

Construction of a continual sale structure

Deployment example:

- Sales: EC site (traditional)
+
**Use of SBI
Investment's network**
 - Agencies: Under development
- The HIKARI TSUSHIN Group company L-
Arrange (sells drugs and medicines via
household distributors to 400,000
households nationwide), Nexyz, etc.



October sales figures reached
over 40 million yen and are close
to sales target of Y50m

Aim at increasing sales through the efficient distribution of marketing expenses.
In addition, strive to maintain sales over marketing expenses through the expansion of sales
distributes.

Drug Development Process Progress

Clinical testing (phase 3) for the intraoperative diagnostic agent will soon be completed and we expect them to be approved. Hence, we have submitted applications to the relevant authorities to gain the business licenses required as a pharmaceuticals company.

<p>Cancer treatment: Brain tumor diagnostic agent</p> <p>*Orphan drug designation (Nov, 2010)</p>	<p>After obtaining approval from the European Medicines Evaluation Agency, a business alliance was formed with Germany's medac, which has already used the diagnostic agent using ALA in over 20 countries in Europe (October 2009)</p> <p><u>Phase-3 clinical testing</u> in JV with Nobelpharma is scheduled to end in December</p> <p>➔ If all goes as planned, it will be approved as a treatment within FY2012</p> <p>Sponsor investigator headed by Kochi University into expanded indication for carcinoma is ongoing</p>
<p>Cancer diagnosis</p>	<p>In a joint research project with the Tokyo Institute of Technology <u>for the potential application of cancer screening</u>, the development of an urine test instrument is <u>under study</u>.</p>

ALA Attracts Attention in Various Presentation (1)

Academy	Research Progress
<p>The 65th Annual Meeting of the Japanese Society of Nutrition and Food Science (May 13-15, 2011) - Prof. Yasuhiro Kido of Kyoto Prefectural University</p>	<ul style="list-style-type: none"> ▪ Through the administration of ALA, improved metabolism, including increased oxygen consumption and a rise in body temperature ▪ Suppression of accumulation of body fat (Based on the oral study in rats)



- Through the administration of ALA, the body temperature rises, leading to an expected improvement in the body's immune system.
- By suppressing the accumulation of body fat, it is anticipated that ALA can make a broad contribution to health beyond merely assisting with diets.

New!!

Academy	Research Progress
<p>The 71st Annual Meeting of Eastern Branch of Japanese Society of Parasitology (Oct. 1, 2011) - Joint research with the University of Tokyo</p>	<p>Antiproliferative effect for the falciparum malaria parasite discovered</p>

ALA Attracts Attention in Various Presentation (2)

New!!

Academy	Research Progress
<p>The 70th Annual Meeting of the Japanese Cancer Association (Oct. 4, 2011) -Joint research with the Tokyo Institute of Technology</p>	<p>Discovered that ALA administration suppressed weight reduction in cancer-bearing mice and that it has a life-extending effect.</p>
<p>- Joint research with Tokyo University of Agriculture and the Tokyo Institute of Technology</p>	<p>Discovered that ALA has an augmentative effect for cancer thermotherapy. *Through the addition of ALA under thermal conditions, the survival rate of cancer cells was lowered depending on concentration.</p>
<p>- Joint research with the Tokyo Institute of Technology, Kanazawa University, Organization to support Peritoneal Dissemination Treatment and RIKEN</p>	<p>The factor that affects the sensitivity of photodynamic therapy using ALA was identified. ⇒ Photodynamic therapy (a therapy in which cancer cells are destroyed through irradiation with light) using ALA has been put into practical application in Europe and North America. This therapy's accuracy for combatting skin cancer is expected to improve.</p>

ALA Attracts Attention in Various Presentation (3)

New!!

Academy	Research Progress
<p>The 39th Annual Meeting of the Japanese Association for Acute Medicine (Oct. 20, 2011) - Joint research with Nihon University</p>	<p>Discovered that ALA has an inhibitory effect on inflammatory cytokine production, which is a direct cause of death for septicemia.</p>

Others :

<CHEMISTRY & CHEMICAL INDUSTRY>

(Academic journal, Publisher: The Chemical Society of Japan)



OVERVIEW – In the evolution of new technologies that is expected for cancer treatment and diagnosis, initiative has been taken through the intraoperative diagnostic agent (phase-3 clinical testing is underway) for the photodynamic therapy being promoted by SBI ALA promo and cancer diagnosis.

Aiming to Expand Business Alliances Overseas

There have been a succession of presentations at academic conferences for various fields (malaria, cancer, and septicemia). Thus, there has been a drastic increase in inquiries and joint research requests from both foreign and domestic research bodies addressed to SBI ALA promo



German
JV company with
German drug company
ALAlpha
(Pharmaceutical R&D in
Europe, etc)



China
Seeking alliances to
expand ALA
businesses

**Conducting alliances with local
companies and studying the sales
of supplements overseas**

**Network with universities and
research institutes in the world**

Essays published in foreign magazines

- [International Immunopharmacology \(an international academic journal\)](#): An article was published concerning the diagnosis and treatment of malignant tumors.
- [BMC Research Notes \(an international general science journal\)](#): An article was published on the results of joint research with the Tokyo Institute of Technology. The article related to a test on mice in which the activity of cytochrome c oxidase (COX), an enzyme which becomes less active with aging, is increased through the intake of ALA.

<3> Companies Turned Profitable

- SBI Guarantee**
- SBI AutoSupport**
- SBI Asset Management**
- SBIGEO Marketing**
- CSJ-SBI Financial Media**

Performance of Companies that Turned Profitable

■ Change in operating income

(Y million)

	1H FY2010	1H FY2011	YoY change
SBI Guarantee	-28	40	+69



The number of users of SBI Fixed-Rate 40, a fixed-rate plan instrument, in the 1H has increased compared with the whole of the previous year, contributing to an increase in sales. Efforts to reduce selling, general and administrative expenses were also successful, improving operating profits.

SBI AutoSupport	-9	6	+16
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As demand rapidly increased around the disaster-affected areas, prices of used cars rose nationwide. As a result, the loan unit volume increased, and the loan execution amount also favorably increased.

SBI Asset Management	-9	0.7	+10
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Turned profitable by reducing costs through reorganization of operations and personnel.

SBIGEO Marketing	-4	2	+6
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Due to the increase in the number of GEO PONTA CARD issues and measures conducted to promote their use, card-related sales that serve as the earnings base increased and the company enjoyed a profitable period.

CSJ-SBI Financial Media	0	31	+31
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Achieved profitability from its founding, as a profitable advertising firm was transferred from China Securities Journal into the company.

<Appendix>

SBI Holdings' Shareholder Composition



- Foreign investors' shareholding ratio rapidly increased after FY2008

Foreign institutions and individuals have held over 40% of the shares since FY2008.

As of the end of Sept. 2011: 42.07%

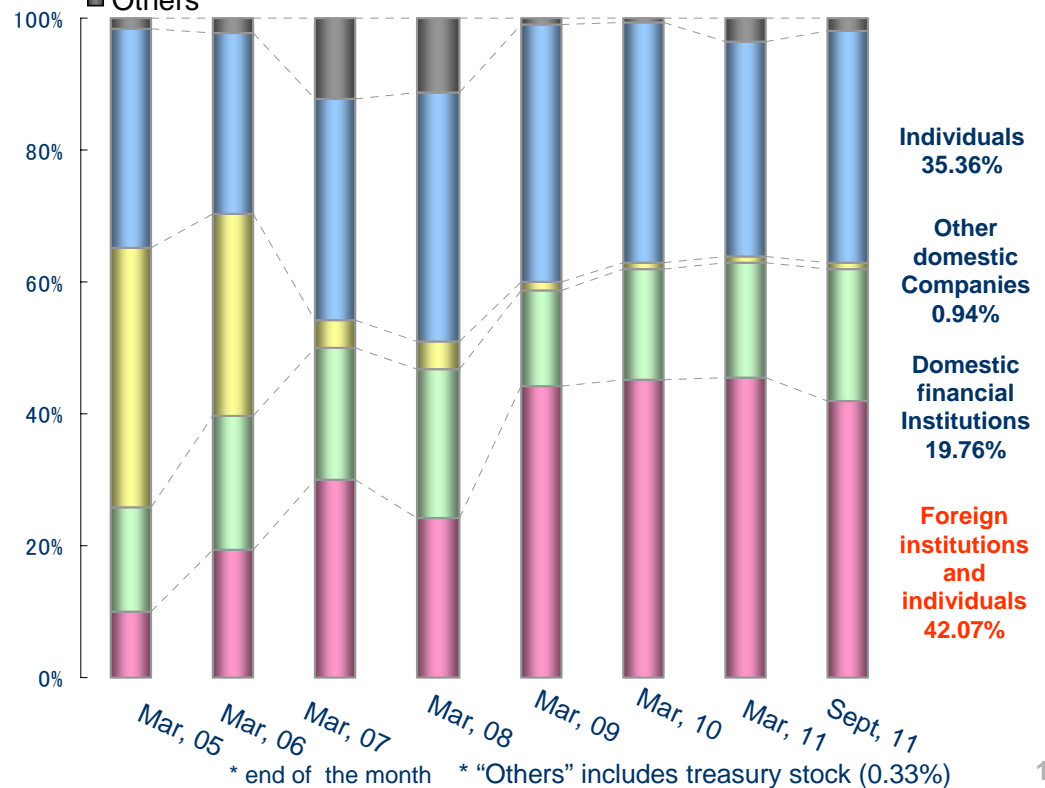
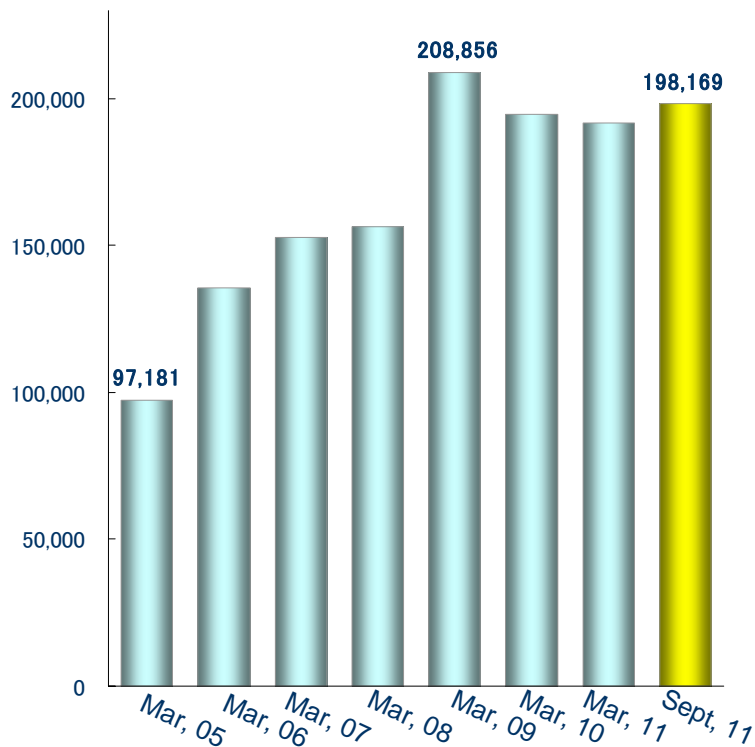
- Employee Shareholding Association and ESOP (Employee Stock Ownership Plan) were established in Sept. 2011 and determined to introduce in Oct. 2011, and contributes to maintain stable shareholders.

Number of shareholders

Shareholder composition

(Number of holders)

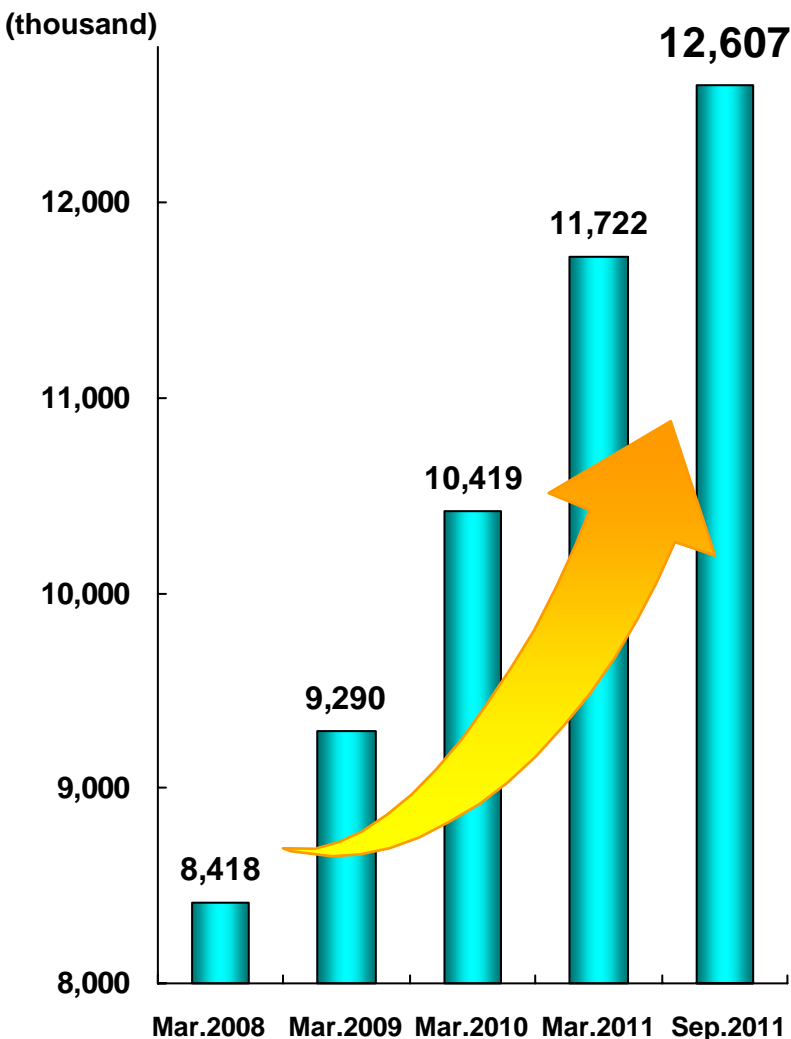
■ Foreign institutions and individuals ■ Domestic financial Institutions
■ Other domestic companies ■ Individuals
■ Others



The SBI Group's Customer Base



Breakdown of the customer base (as of the end of Sept. 2011)



		(thousand)
SBI SECURITIES	(Accounts)	2,306
SBIH InsWeb	(No. of customers)	4,207
E-LOAN	(No. of customers)	1,065
Other financial websites	(No. of customers)	140
MoneyLook	(Total no. of customer registrations)	713
Morningstar Japan	(New portfolio customer registrations)	78
SBI Card	(Valid cards issued)	124
SBI Sumishin Net Bank	(Accounts)	1,226
SBI Insurance	(Total no. of contracts)	316
Autoc one	(Total no. of service users in 2010)	1,100
Lifestyle-related websites	(Total no. of customer registrations)	793
SBI Credit	(No. of customers)	103
Others (SBI Mortgage, SBI Point Union, etc.)		435
Total		12,607

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

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

Assets under Management of the SBI Group

Y483.7bn as of the end of Sept. 2011

Private equity, etc. total: Y265.5bn

[IT/Biotechnology] Total: 78.1

Broadband/Media	11.8
Mobile services	25.2
Biotech	13.6
Others *1,2	27.5

[Buyout/Mezzanine] Total: 31.4

Value Up	20.8
Mezzanine	10.6

[Direct investment] 43.8

[Environment/Energy *2] 12.5

[Overseas] Total: 99.7

China *2	25.5
Korea	13.5
Vietnam	6.3
India	7.5
USA	12.2
Russia	8.1
Others *2	26.7

Investment trusts, others Total: Y187.9bn

Investment trusts	57.7
Investment advisory	129.1
Investment companies	1.2

Real estate, others Total: Y30.3bn

Development	19.3
Completed properties	11.0

Figures for real estate reflect a total investment amount, and investment trusts, investment advisory and others reflect net assets at market value as of the end of Sept. 2011. Figures for other funds are net assets at market value based on the latest financial reports of each fund as of the end of Sept. 2011. All figures are rounded to the nearest Y100m.

*1 Includes funds managed by HIKARI Private Equity and by SBI Trans-Science.

*2 Calculated based on the investment commitment amount if the fiscal year is not yet closed

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