



*Strategic  
Business  
Innovator*

# **SBI Holdings, Inc. Financial Results**

**for the Nine-Month Period Ended Dec. 31, 2011  
(Fiscal Year Ending March 31, 2012)**

**January 31, 2012**

**The items in this document are provided as information related to the financial results and the business strategy of the SBI Group companies and not as an invitation to invest in the stock or securities issued by each company.**

**None of the Group companies guarantees the completeness of this document in terms of information and future business strategy.**

**The content of this document is subject to revision or cancellation without warning.**

Note: Fiscal Year (“FY”) ends March 31 of the following year

- 1. Consolidated Business Results  
for the First Nine Months of FY2011**
- 2. Measures to Realize Continuous  
Growth Under a More Difficult  
Business Environment**

# **1. Consolidated Business Results for the First Nine Months of FY2011**

- (1) The operating environment is ever more challenging due to the Great East Japan Earthquake, European debt crisis, and the slowdown in emerging economies. However, the successful diversification of our business portfolio became decisive factor for the SBI Group to outperform year-on-year in operating revenues, operating income and ordinary income.**
- (2) To maintain financial strength, some short-term interest bearing debt is being switched to long-term debt, to improve the balance of short and long-term debt.**

**(1) The operating environment is ever more challenging due to the Great East Japan Earthquake, European debt crisis, and the slowdown in emerging economies. However, the successful diversification of our business portfolio became decisive factor for the SBI Group to outperform year-on-year in operating revenues, operating income and ordinary income.**

# Consolidated Performance for the 9 Month FY2011 Period

Achieved a year-on-year leap in operating income and ordinary income

(JPY million)

	<b>FY2010</b> <b>9 months</b> (Apr.-Dec. 2010)	<b>FY2011</b> <b>9 months</b> (Apr.-Dec. 2011)	<b>YoY change</b> <b>(%)</b>
<b>Operating Revenues</b>	<b>96,561</b>	<b>104,720</b>	<b>+8.5</b>
<b>Operating Income</b>	<b>4,719</b>	<b>9,069</b>	<b>+92.2</b>
<b>Ordinary Income</b>	<b>867</b>	<b>7,187</b>	<b>+728.6</b>
<b>Net Income</b>	<b>1,510</b>	<b>*1</b> <b>310</b>	<b>-79.4</b>

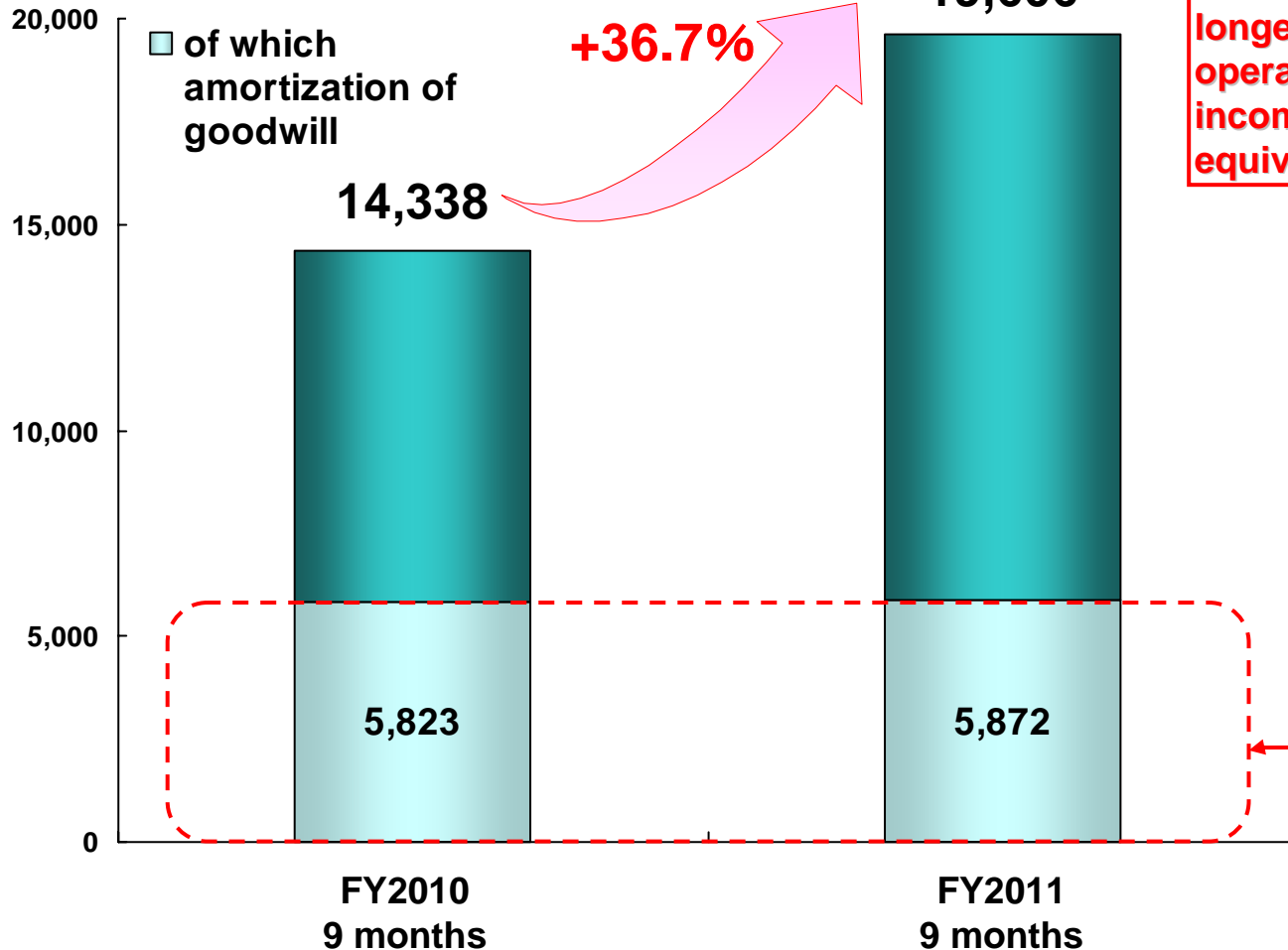
\*1 In accordance with the tax revisions, JPY 2.2bn loss was recorded as income taxes-deferred.  
 Suppose there had not been the tax revisions, net income for 9 month FY2011 period would have been  
JPY 2.5bn (up by 68.6% YoY)

# EBITDA Performance

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

EBITDA for 9 month FY2011 period was  
JPY 19,606m, 36.7% higher YoY

(JPY million)

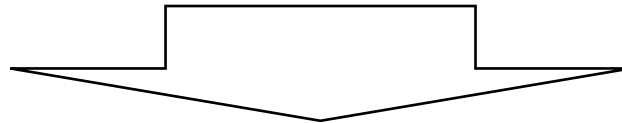


Under IFRS, which SBI plans to voluntarily adopt from FY2012, amortization of goodwill will no longer be recorded as an operating expense, so operating income will increase by equivalent amount.

# Keys to the Significant Profit Increase Under a Very Severe Business Environment <1>

**Diversify risk exposure by establishing a group of companies with a diverse business portfolio**

- **Decreased profitability of the Brokerage & Investment Banking Business was compensated by a significant growth of the Asset Management Business.**
- **SBI Sumishin Net Bank (launched in Sept. 2007), with little correlation to the stock market volatility, developed rapidly and tangibly realized synergies with SBI SECURITIES and other Group companies, to contribute to the consolidated results.**



**Drive rapid growth among individual businesses by capturing synergies through the formation of corporate ecosystems, and through the promotion of pentagon management to generate greater profits under a very severe business environment**

# Keys to the Significant Profit Increase Under a Very Severe Business Environment <2>

**Diversify regional risks by developing businesses not only in Japan, but also in foreign countries**

**Expand business regions to emerging countries primarily in Asia, rather than remaining only in Japan**

- Establish joint venture funds in partnership with prominent overseas partners
- Accelerate overseas business development of the securities, banking, and insurance businesses leveraging established overseas partnerships



## **Regional diversification of risk**

- Diversification of country risk
- Diversification of foreign exchange risk  
(Diversification of currencies for business operation by developing businesses in several countries/regions)

# Keys to the Significant Profit Increase Under a Very Severe Business Environment <3>

**Diversify earnings sources within the same company,  
in order to be tough for recession**

## [SBI SECURITIES]

- Expanding sales of investment trusts, utilizing Morningstar Japan and SBI Fund Bank
- Enhancing and expanding handling of foreign currency-denominated bonds in collaboration with overseas partners
- Expanding FX trading through SBI Liquidity Market
- Focusing on futures and options trading, and the share is increasing

## [Morningstar Japan]

- Developing businesses which can make profit even under the sluggish market, such as providing fund reports, other than just operating distributing stock information, web advertisement and hosting asset management seminars
- Gomez Consulting, engaged in website consulting, significantly improved its profit after integrated with Morningstar Japan

**Advantages over competitor companies**

## **Keys to the Significant Profit Increase Under a Very Severe Business Environment <4>**

**Continually advancing “Brilliant Cut” Initiative  
to increase profitability**

- i ) 5 Companies Turned Profitable in 9 Month  
FY2011 Period**
- ii ) Major Operating Deficit Companies in FY2010  
are on an Upswing**
- iii) Ongoing Group-wide Cost Reductions and  
Organizational Restructuring**

# 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)

**The first 9 months of FY2011**

**Profitable companies and divisions**

**34 companies and divisions    Operating profit: JPY 20.0bn**

**Unprofitable companies and divisions**

**9 companies and divisions    Operating loss: JPY 6.2bn**

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

**Newly established or acquired companies \***

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 Social lending (started its operation in Mar. 2011) SBI Credit (became a consolidated subsidiary in July 2010) etc.	Preparation for life Insurance company SBI Royal Securities

Achieved profitability in 3Q (Oct.-Dec.)

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

## **i) 5 Companies Turned Profitable in 9 Month FY2011 Period**


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

# Performance of Companies that Turned Profitable

## ■ Change in operating income

(JPY million)

	FY2010 9 months	FY2011 9 months	YoY change
<b>SBI Guarantee</b>	<b>-33</b>	<b>48</b>	<b>+82</b>

 The number of users of SBI Fixed-Rate 40, a fixed-rate plan instrument, in the 1H surpassed that in the whole of the previous year, contributing to an increase in sales. Efforts to reduce SG&A were also successful, improving operating profits.

<b>SBI AutoSupport</b>	<b>-10</b>	<b>13</b>	<b>+24</b>
------------------------	------------	-----------	------------

 As demand for used cars increased, the loan execution amount favorably increased.

<b>SBI Asset Management</b>	<b>-13</b>	<b>7</b>	<b>+21</b>
-----------------------------	------------	----------	------------

 Turned profitable by reducing costs through reorganization of operations and personnel.

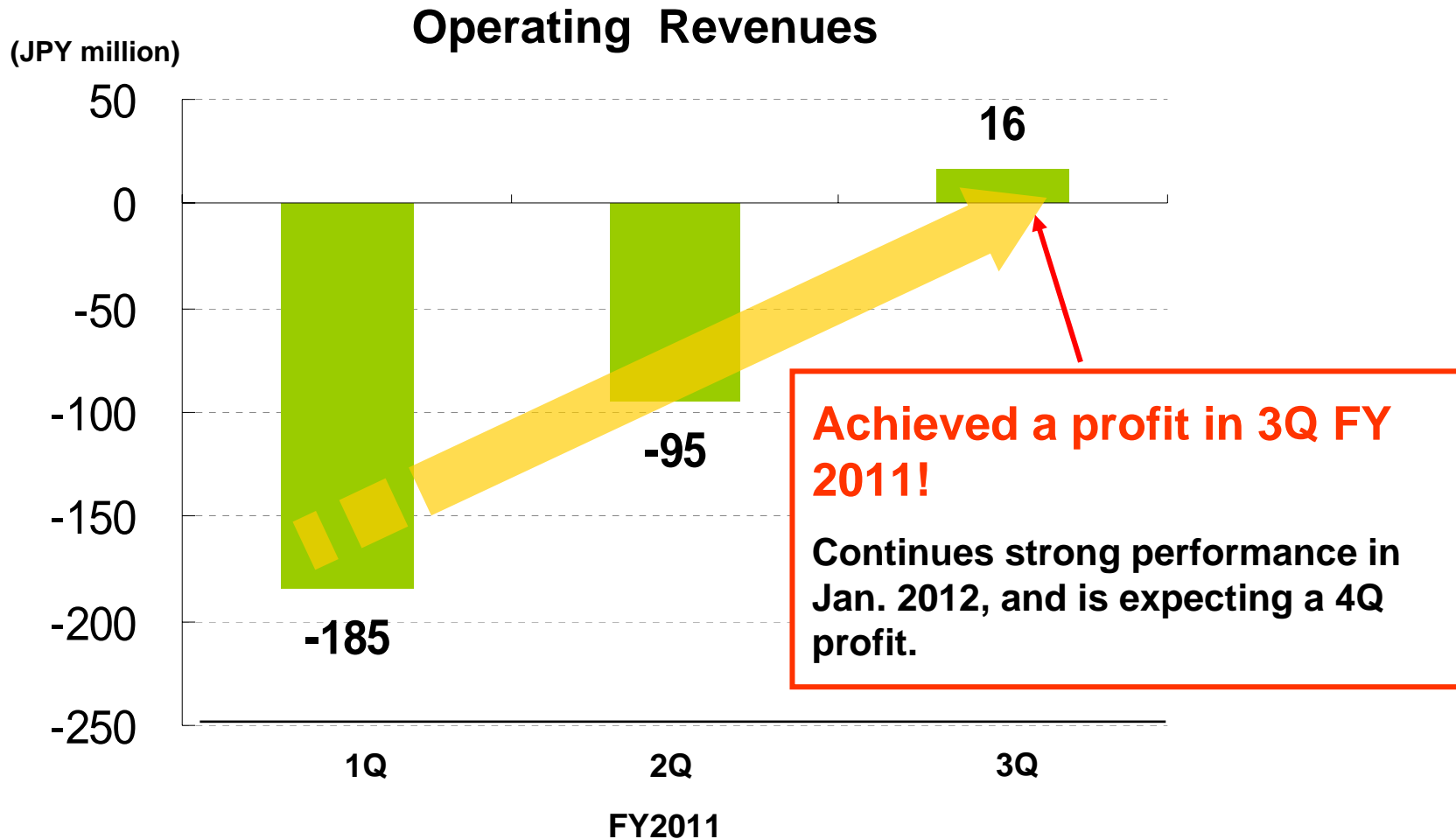
<b>CSJ-SBI Financial Media (CSF)</b>	<b>-</b>	<b>82</b>	<b>+82</b>
--------------------------------------	----------	-----------	------------

 Achieved profitability from its founding, as a profitable advertising firm was transferred from China Securities Journal into the company.

<b>SBIGEO Marketing</b>	<b>-5</b>	<b>3</b>	<b>+8</b>
-------------------------	-----------	----------	-----------

# SBI Credit Achieved a Profit in 3Q FY2011

The effects of the existing sales base expansion strategy, designed to increase outlets and accelerate alliances with other firms, resulted in increasing the loan balance. Given this, earnings are expected to continuously improve.



## ii) Major Operating Deficit Companies in FY2010 are on an Upswing

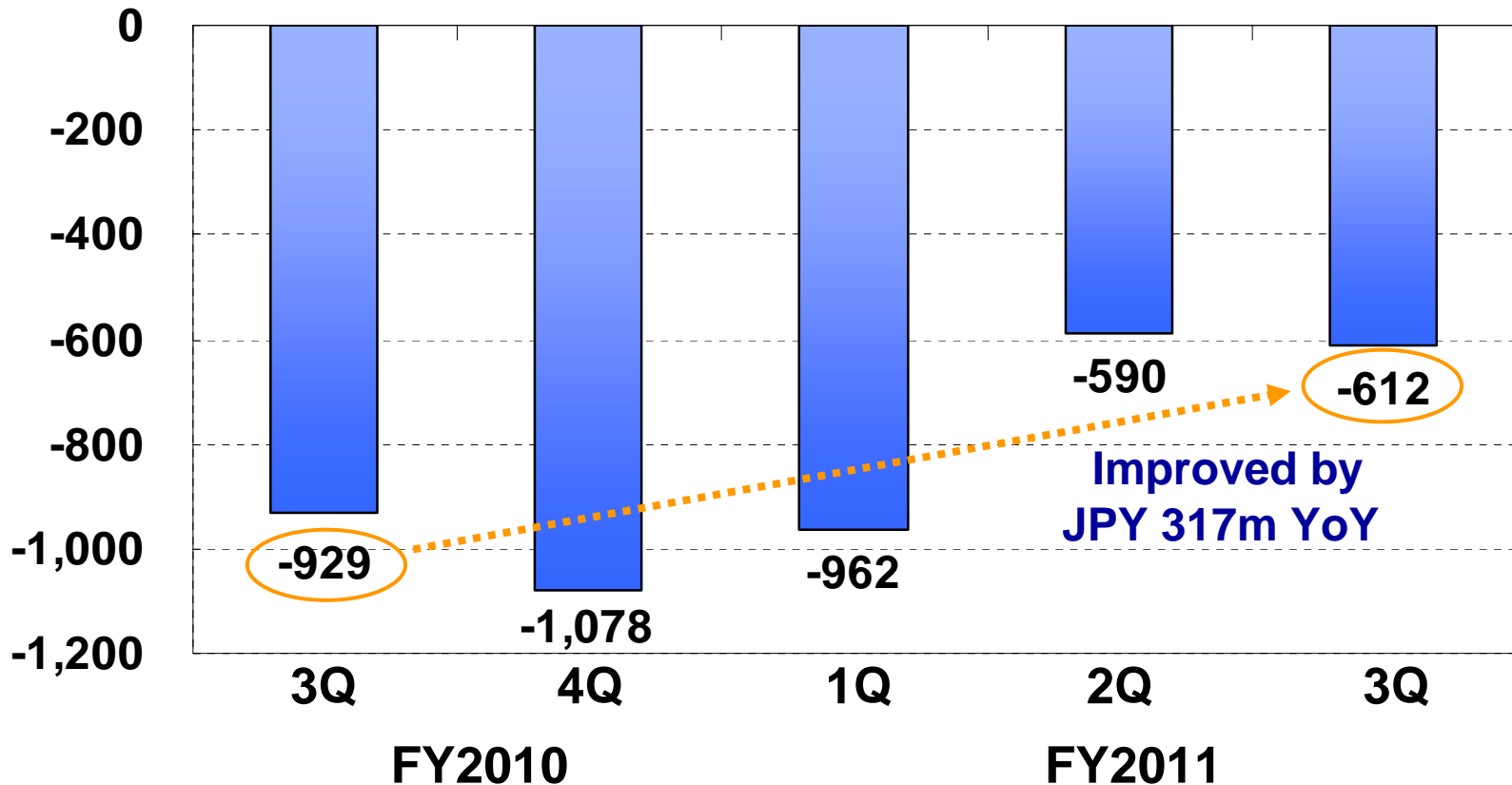
	FY2010 Full year		FY2011 9 months
(a) SBI Card	JPY -3.5bn	⇒	JPY -2.2bn
(b) SBI Japannext	JPY -1.1bn	⇒	JPY -0.3bn
(c) SBI ALApromo	JPY -1.1bn	⇒	JPY -0.8bn

# SBI Card Performance <1>

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

(JPY million)

## Change in operating income/loss



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

# SBI Card Performance <2>

## Change in operating income/loss by business segment

(JPY million)

		FY2010 3Q (Oct.-Dec.)	FY2011 3Q (Oct.-Dec.)	YoY change
Credit Card Business	Visa Card	-430	-317	+112
	Master Card	-165	-117	+47
Consumer Credit Business (Acquired former SBI Equal Credit in Jan. 2010)		-223	-92	+130

- Credit Card Business: **Loss decreased**, owing to cost-cutting measures, including the integration of operation centers and the reduction of promotions
- Consumer Credit Business: New lending was curtailed, and **loan balance is decreasing steadily**

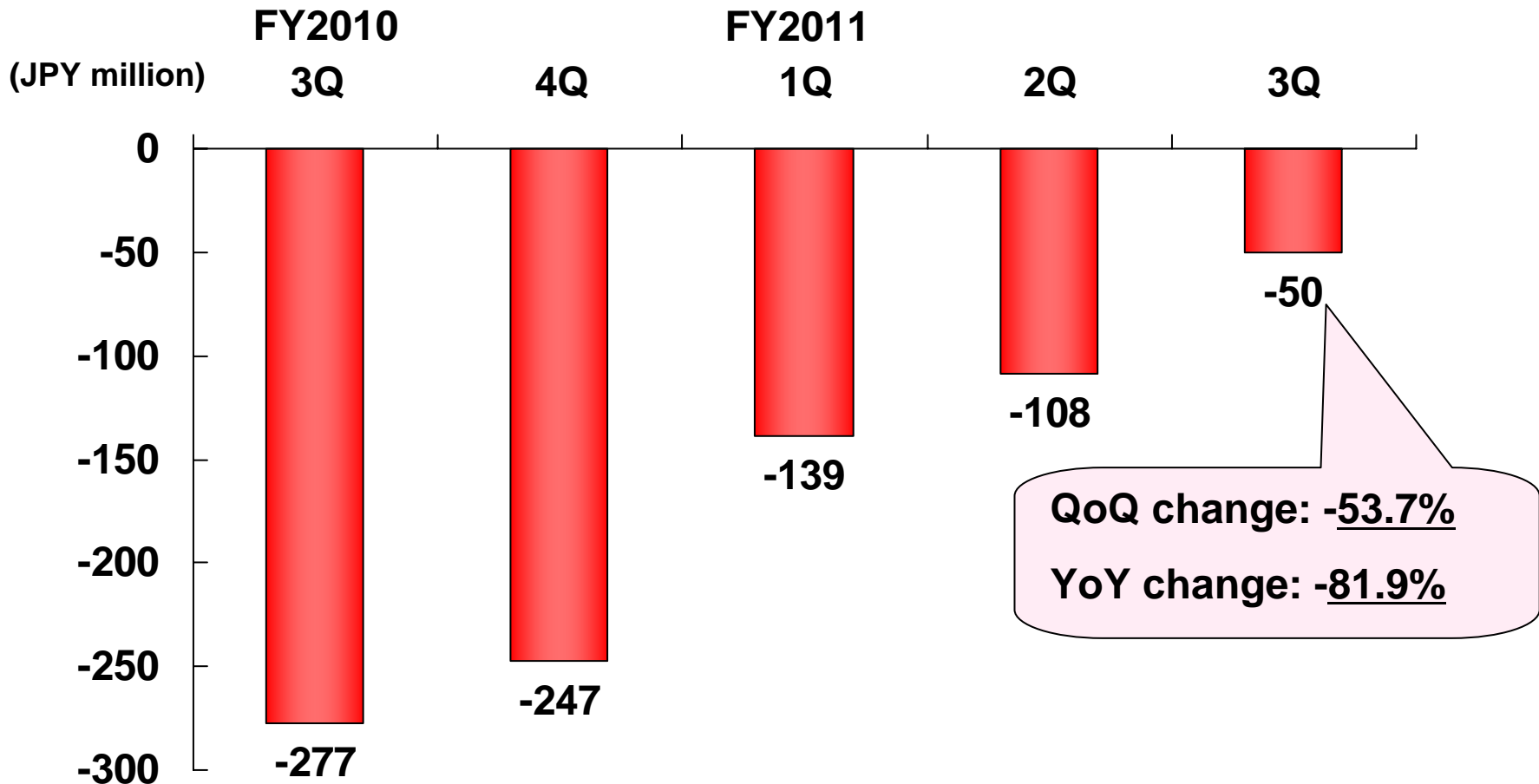
■ Loan balance (after deduction of bad-debt provisions)

(Apr. 2010) **JPY 9,697m**  (Dec. 2011) **JPY 4,212m**  
-57%

# Change in Financial Result of SBI Japannext

Despite a leveling off of transaction volume, owing to a contraction in overall trading activity in the securities market, operating loss for the third quarter improved by more than JPY 58.0m from the previous quarter thanks to a reduction in costs. **Operating income expected for the next fiscal year**

## Change in operating income/loss of SBI Japannext



# Focus on Strengthening Sales Structure of Health Foods and Beauty Goods

Active deployment of sales promotions for the amino acid ALA

▶ **Marketing activities:**  
ALA awareness improvement

▶ **Operating activities:**  
Establishment of a lasting sales structure

Deployment example:

Deployment example:

- Newspaper advertisement: An announcement from ALAplus Research Laboratory
- Web deployment: Listing advertisements

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

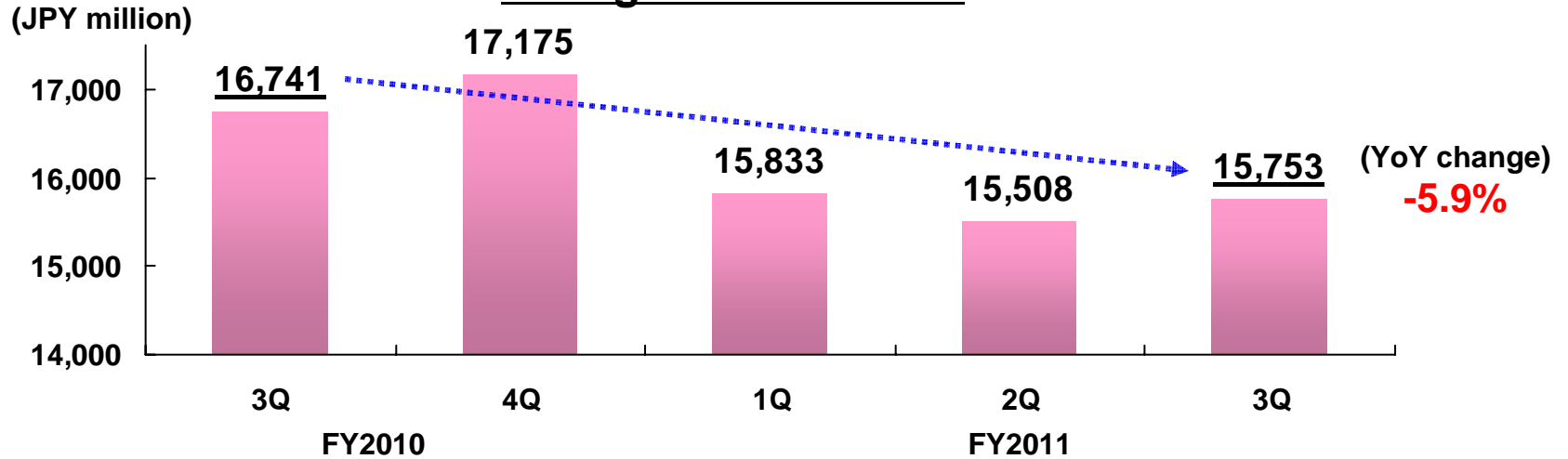
Achieved sales of JPY 120m in three months from Oct. to Dec.

Targeting an increase in sales through the efficient distribution of marketing expenses. In addition, through a sales distribution expansion, expecting sales revenues greater than the marketing expenses.

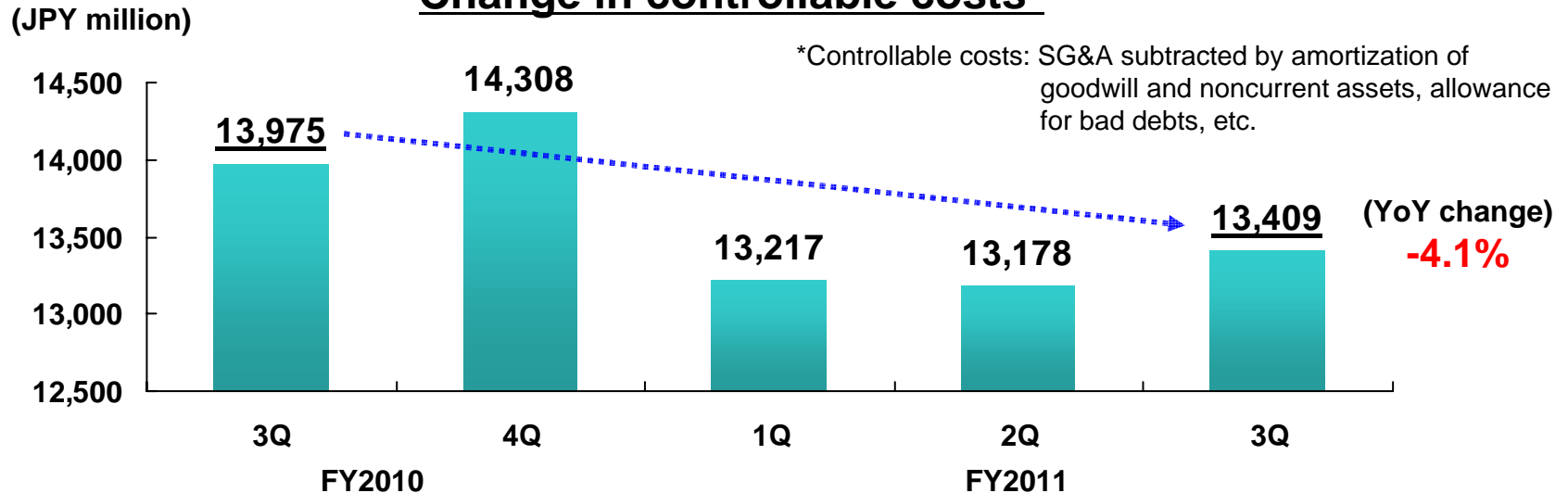
## **iii) Ongoing Group-wide Cost Reductions and Organizational Restructuring**

# Promoting Uncompromising Cost Reduction on a Group-wide Basis in Anticipation of the Worsening Business Environment

## Change in total SG&A



## Change in controllable costs\*



# Organizational Restructuring Implemented in this FY to Advance “Brilliant Cut” Initiative <1>

## Acquisition of Full Ownership

- **SBI Holdings acquired 100% ownership of SBI VeriTrans**  
SBI VeriTrans was delisted on Aug. 1, 2011, through a share exchange with SBI Holdings
  - ➡ The SBI Group utilizes SBI VeriTrans’ management resources, and SBI VeriTrans accelerates 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 on July 1, 2011

# Organizational Restructuring Implemented in this FY to Advance “Brilliant Cut” Initiative <2>

## Liquidation, Disposal of Equity Interest

- Liquidated SBI ArchiWorks on April 25, 2011
- Management of Hungary Fund ended at the end of June 2011, and all holdings were sold by the end of September, locking in profits
- Sold Shares of HOMEOSTYLE (offering beauty care services/products)  
(Nov. 25, 2011)

## Review of Businesses

- Financial community site “SBI Money World” (annual operating loss: JPY 60m) was closed (Nov. 18, 2011)
  - ➔ Its core contents, Yoshitaka Kitao Diary and interviews, were transferred to Facebook
- “MoneyLook” business (annual operating loss: JPY 250m) was transferred to eadvisor (a subsidiary of Morningstar Japan) (Jan. 1, 2012)
  - ➔ The business is to be effectively integrated with the resources of Morningstar Japan, to make it a profitable operation

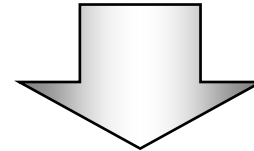
**(2) To maintain financial strength, some short-term interest bearing debt is being switched to long-term debt, to improve the balance of short and long-term debt.**

# SBIH's Stable Financial Base

## Consolidated financial indicators of SBI Holdings (%)

		Mar. 2010	Mar. 2011	Sept. 2011	Dec. 2011
Current Ratio	*1	131.2	131.8	123.8	124.3
Interest-bearing Debt Ratio	*2	58.2	54.1	57.3	52.9
Equity Ratio	*3	29.2	30.2	25.6	25.6

Substantive figures after adjusting for asset and liability accounts associated solely with the securities company



Keeps sound levels

		Mar. 2010	Mar. 2011	Sept. 2011	Dec. 2011
Current Ratio	*1	182.3	185.6	176.1	174.8
Interest-bearing Debt Ratio	*2	58.2	54.1	57.3	52.9
Equity Ratio	*3	46.9	48.7	47.3	46.4

\*1 Current assets / Current liabilities

\*2 Interest-bearing debt / Equity (Shareholders' equity + Accumulated other comprehensive income)

Note: Interest-bearing debt does not include Margin transaction liabilities


\*3 Equity / Total assets

# Improvement of Long- and Short-term Debt Balance

- (1) Concluded a long-term commitment-line contract (period: three years; upper limit: JPY 40.0bn\*) with the main bank in September, switching from short-term debt to stable long-term debt
- (2) While issuing straight bonds worth JPY 30.0bn (with maturities of 3 years) in Jan. 2012, the Group will extend debt maturities by reducing the balance of short-term debts such as 1-year SBI bonds (Euro MTN)

**Cash and deposits** (end of Dec. 2011; consolidated basis): **JPY 128.8bn**

**Interest-bearing debt balance** (end of Dec. 2011; consolidated basis)

	<u>On the balance sheets</u>		<u>After (1) &amp; (2) are executed</u>
<b>Short-term debts:</b>	<b>JPY 178.2bn</b>		<b>JPY 108.2bn</b>
<b>Long-term debts:</b>	<b>JPY 30.5bn</b>		<b>JPY 100.5bn</b>

\* Borrowings based on the said contract are booked as short-term loans on consolidated balance sheets.

# Summary of Major Business Segments

## Asset Management Business

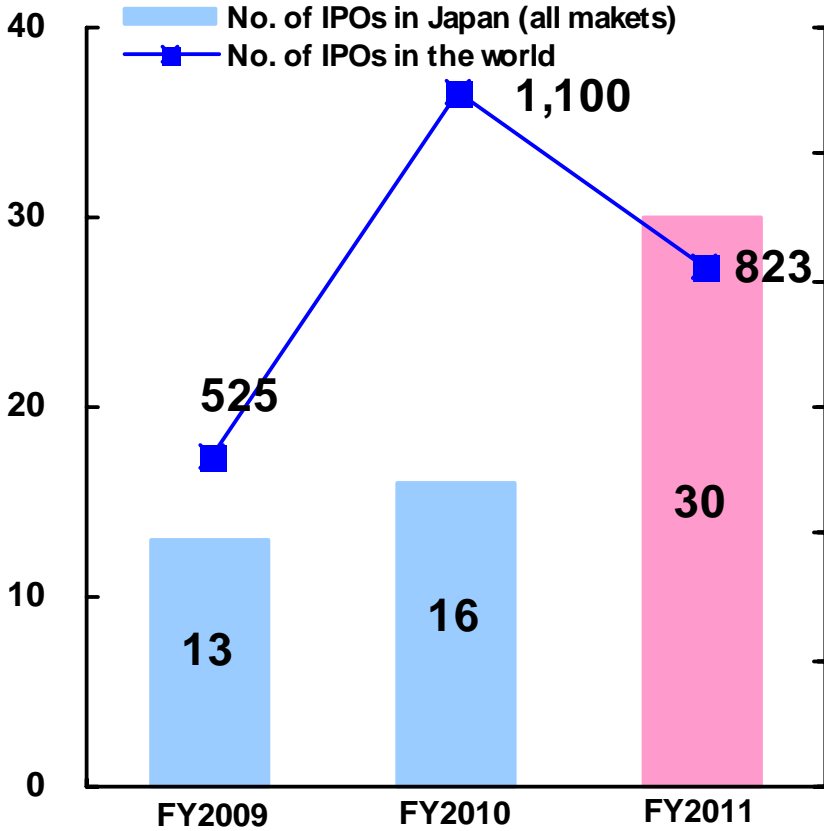
- Recorded a capital gain of JPY 5.2bn from the sale of VSN, Inc. stock, which was a portfolio company of a fund managed by SBI Capital, and a gain of JPY 5.0bn from the sale of KLab Inc. stock, which is a portfolio company of funds managed by SBI Investment. Owing to these gains, operating income of the Asset Management Business increased substantially to JPY 14.2bn, up 204% year-on-year.
- Along with the worldwide stock market decline, the number of world's IPOs continues to decline. However, the number of Japan's IPOs in the first 9 months of FY2011 recorded 30, up by 14 year-on-year, showing signs of bottoming out.
- By the end of 3Q FY2011, a total of 10 of our portfolio companies exited, with 4 overseas IPOs, 4 domestic IPOs and 2 domestic M&A. In 4Q, 1 company has already conducted an IPO overseas. SBI expects the IPO market to remain steady going forward, and the number of total exits for FY2011 is anticipated to be 16, about the same number as the previous fiscal year.

# Japan's and the World's IPO Market

The number of world's IPOs is decreasing along with the worldwide market decline, but the Japan's IPO market is recovering

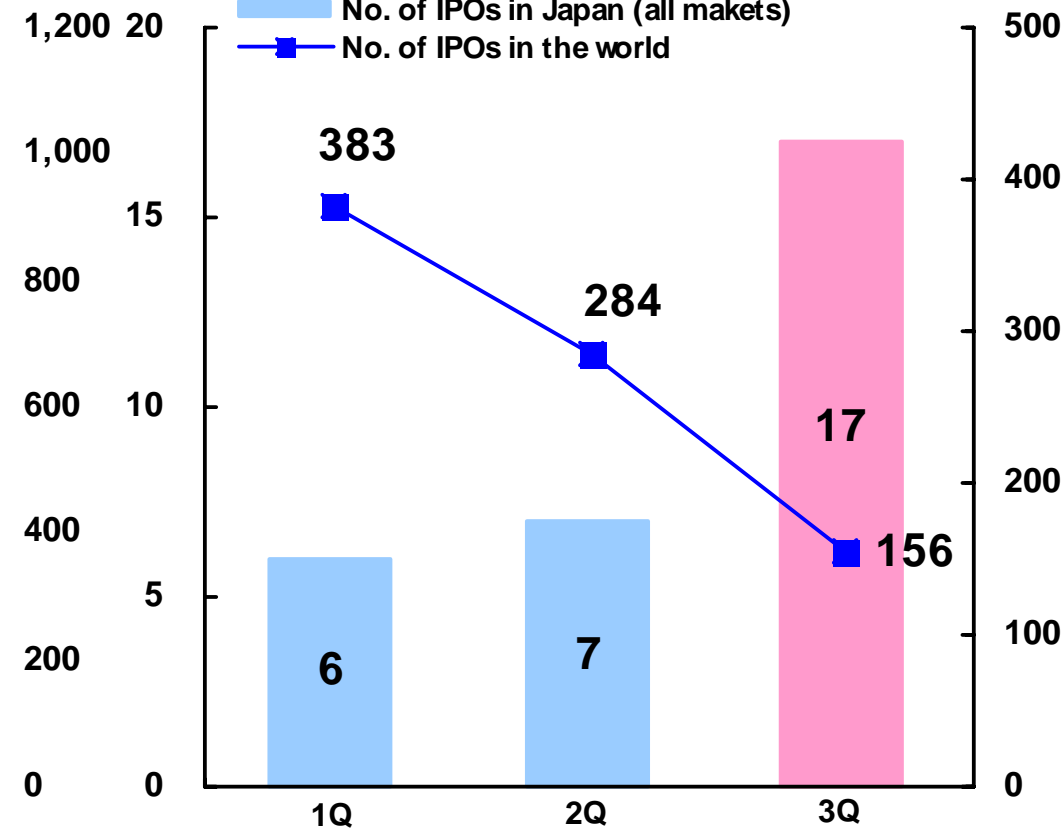
Number of IPOs in the first 9 months

(Companies)  
(Japan)



Number of IPOs by quarter of FY2011

(Companies)  
(World) (Japan)



# IPO and M&A Deals in the Asset Management Businesses

11 IPOs/M&A were conducted as of Jan. 31, 2011, and the same number of exits are expected for FY2011 as the previous FY

	* Up to FY2009				* FY2010 Full year				FY2011 Full year prospect			
IPO and M&A deals	<b>124</b>				<b>17</b>				<b>16</b>			
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	6	2	1

Exit Date	Company	Market (Country)
Apr. 6, 2011	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	Bestcreate corp.	M&A
Dec. 13	Redwood Group Ltd	GTSM (Taiwan)
Dec. 16	W-SCOPE Corporation	TSE Mothers
Jan. 6, 2012	Beyondsoft Corporation	Shenzhen (China)

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

# Performance Comparison with a Major VC Company

## Performance comparison of SBI Group's Asset Management Business and JAFCO for 9 month FY2011 period

&lt;Performance&gt;

(JPY billion, %)

	Operating Revenues	YoY % change	Operating Income	YoY % change
<b>SBI Group's Asset Management Business</b>	<b>272</b>	<b>+82</b>	<b>142</b>	<b>+204</b>
<b>JAFCO</b> (Interests Consolidation)	<b>130</b>	<b>+20</b>	<sup>*3</sup> <b>13</b>	<b>-32</b>

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

(\*2) Amounts are rounded to nearest JPY100m

(\*3) JAFCO's net profit for 9 months of FY2011 was JPY 5.6bn (including JPY 10.0bn in gains from transfer of shareholdings in Nomura Land and Building Co., Ltd.), and recorded extraordinary losses of JPY 4.1bn as "Accumulated foreign exchange adjustment expenses," which is usually recorded as "Valuation Difference on Available-for-sale Securities" on net asset.

&lt;New investment amount, number of invested companies&gt;

	New investment amount (JPY million)		Number of invested companies (Unit: companies)	
	FY2011 9 months	FY2010 9 months	FY2011 9 months	FY2010 9 months
<b>SBI Group's Asset Management Business</b>	<b>48,618</b>	<b>49,731</b>	<b>154</b>	<b>148</b>
<b>JAFCO</b>	<b>19,250</b>	<b>22,233</b>	<b>83</b>	<b>98</b>

# Recorded a Capital Gain of JPY 5.0bn from KLab Stock for the 9 Month FY2011 Period

Stock price of KLab in January continues to trade above its public issue price

## Chart of KLab stock price



### [SBIH's shareholding ratio]

Right after IPO (Sept. 27, 2011)	47.44%
At the end of 3Q	11.47%



Approx. JPY 5.0bn was recorded as a capital gain

## SBI Value Up Fund No.1 Significantly Contributed to the Consolidated Results

Succeeded in the "value-up" of VSN, Inc., which is engaged in the dispatching of R&D experts in IT and manufacturing.

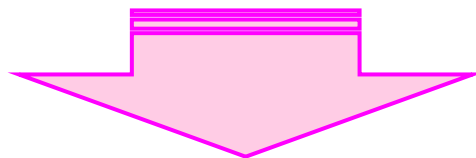
Contributed approx. JPY 5.2bn to SBI Holdings' consolidated operating income

Mar. 2008 Acquired 24.89% of issued stock from a large shareholder

Oct. 2010 After the TOB, delisted in Jan. 2011 through MBO

### Practices for the "value-up" strategy

Dispatching directors from SBI Capital  
Renovating management system  
Reviewing recruitment and training  
Reducing cost ...etc.



Jan. 2012 Transferred all shares to Adeco Group, Inc., the largest staffing company

**Contributed approx. JPY 5.2bn to consolidated operating income**  
**(IRR: 26.8%)**

**Anticipating continued success in the "value-up" strategy from the SBI Value Up Fund No. 1**

# Fiscal Results of the Group's Two Investment Companies in Korea are Improving

Reset negative legacies left by former management

## SBI Investment Korea

	FY ended Dec.2011 (Jan.-Dec. 2011)	YoY (%)
Operating Revenue	KRW 29.0bn (JPY 2.03bn)	+6.1
Operating Profit	KRW 7.4bn (JPY 0.51bn)	(loss of KRW 5.5bn in the previous FY)

## SBI Global Investment

	First 9 months of FY2011 (Apr.-Dec. 2011)	YoY (%)
Operating Revenue	KRW 16.34bn (JPY 1.12bn)	+91.7
Operating Profit	KRW 8.55bn (JPY 0.59bn)	+101.7

\*calculated as 100KRW=6.9JPY

\*The figures are now under auditing and subject to revision.

# Brokerage & Investment Banking Business

- The average daily individual brokerage trading value in the three markets decreased by 11.5% year-on-year and the operating environment is difficult for securities firms. At SBI SECURITIES, owing to its diversification of earnings sources including investment trusts, foreign bonds and FX, the decrease in operating revenue was limited to 9.0% year-on-year.
- SBI SECURITIES is significantly superior to its peers in terms of the number of accounts, deposit assets and market share.
- Trading value of domestic over-the-counter FX transactions for 2011 declined 19.6% year-on-year, but the annual trading value of SBI SECURITIES' FX transactions was steady and increased 21.2% from a year ago, thanks to its countermeasures against the tightened leverage regulations. The operating income contributed by SBI Liquidity Market during the first 9 month period of FY2011 was about JPY 5.5bn on a consolidated basis, including the trading income by SBI SECURITIES.
- Trading value of the Japannext PTS operated by SBI Japannext, an equity-method affiliate, substantially exceeded that of the JASDAQ market since July 2011, and rose to 3.3% of that of the Tokyo Stock Exchange's First Section in Dec. 2011. Earnings of SBI Japannext improved sharply, owing to the large trading value and reduced costs.

# 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**

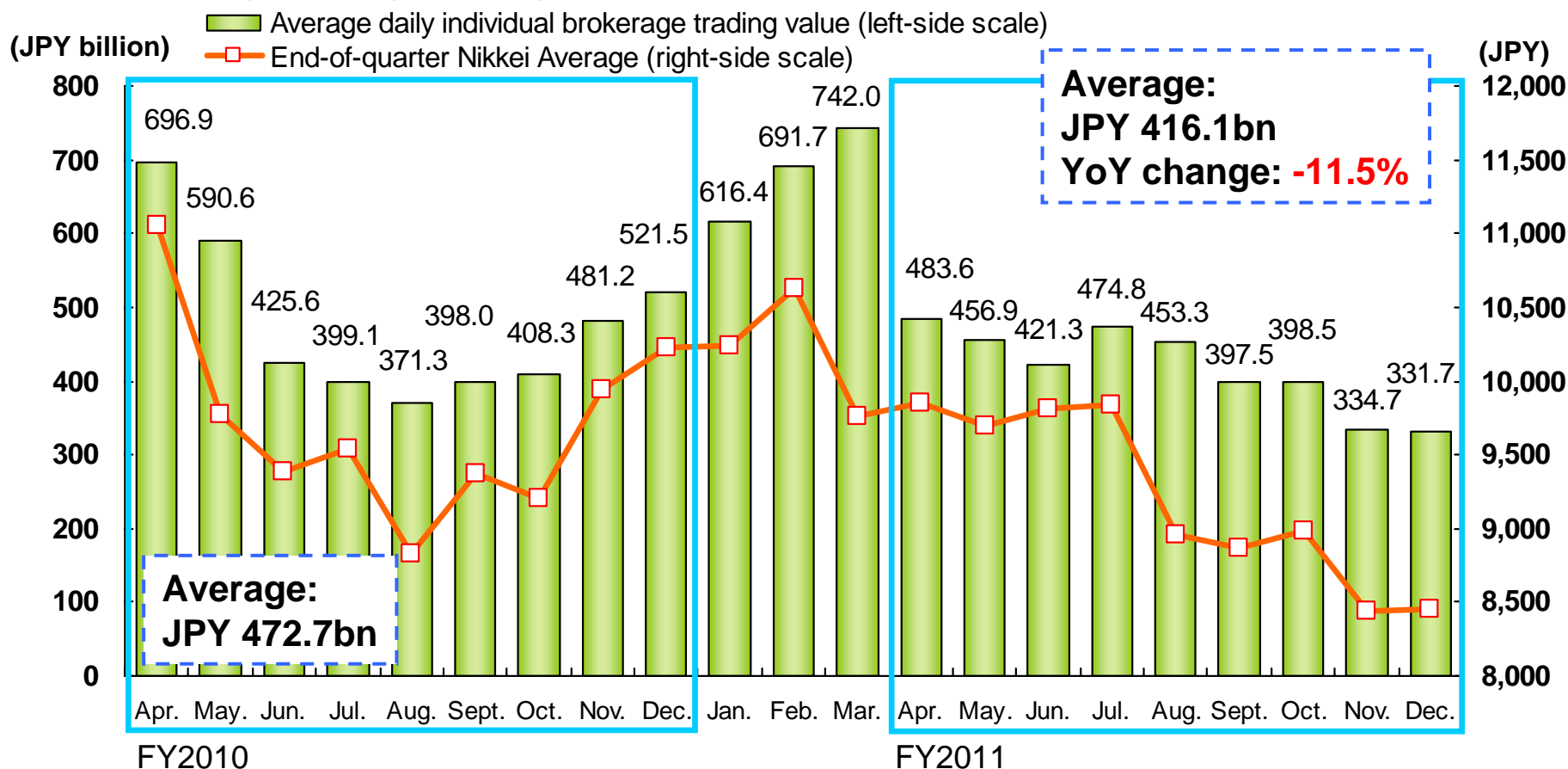
**Rates of decline from the highest prices since the Lehman Shock (Sept. 16, 2008)**

	<b>The highest price during the term (date)</b>	<b>Current price (Jan. 30)</b>	<b>Change (%)</b>
<b>Nikkei 225</b>	<b>12,115.03 (09/24/08)</b>	<b>8,793.05</b>	<b>-27.4</b>
<b>Dow Jones</b>	<b>12,807.36 (05/02/11)</b>	<b>12,653.72</b>	<b>-1.2</b>
<b>DAX (Germany)</b>	<b>7,527.64 (05/02/11)</b>	<b>6,444.45</b>	<b>-14.4</b>
<b>SENSEX (India)</b>	<b>21004.96 (11/05/10)</b>	<b>16,863.30</b>	<b>-19.7</b>
<b>VN (Vietnam)</b>	<b>624.1 (10/22/09)</b>	<b>384.94</b>	<b>-38.3</b>
<b>SSE Composite</b>	<b>3,471.44 (08/04/09)</b>	<b>2,285.04</b>	<b>-34.2</b>

**Since much anxiety remains, as a number of European treasury bonds were downgraded, the sluggish world economic situation may continue for a while**

# Comparison of Average Daily Individual Brokerage Trading Value (3 markets total\*)

- On Dec. 27, the daily trading value of the TSE 1<sup>st</sup> section dropped to JPY 460.5bn, the lowest in the last eight years and eight months, exemplifying the severe business conditions surrounding the securities industry
- The average individual brokerage trading value for the first 9 months of FY2011 declined by 11.5% year-on-year



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

# SBI SECURITIES Consolidated Results for the 9 Month FY2011 Period

(JPY million, %)

	9 months FY2010 (Apr.-Dec. 2010 )	9 months FY2011 (Apr.-Dec. 2011 )	YoY % change
Operating Revenues	<b>32,146</b>	<b>29,247</b>	<b>-9.0</b>
Net Operating Revenues	<b>29,454</b>	<b>26,931</b>	<b>-8.6</b>
Operating Income	<b>6,778</b>	<b>5,360</b>	<b>-20.9</b>
Ordinary Income	<b>6,763</b>	<b>5,434</b>	<b>-19.6</b>
Net Income	<b>5,702</b>	<b>4,087</b>	<b>-28.3</b>

# Performance Comparison of Major Online Securities Companies

(JPY million, %)

	Operating income	YoY % change	Net income	YoY % change
<b>SBI</b>	<b>29,247</b>	<b>-9.0</b>	<b>4,087</b>	<b>-28.3</b>
<b>Monex</b> *1	<b>23,387</b>	<b>+26.4</b>	<b>753</b>	<b>-60.3</b>
<b>Rakuten</b> (cons.) *2	<b>15,249</b>	<b>-8.7</b>	<b>2,164</b>	<b>-35.2</b>
<b>Matsui</b>	<b>12,900</b>	<b>-18.5</b>	<b>2,870</b>	<b>-36.7</b>
<b>kabu.com</b> (non cons.)	<b>9,407</b>	<b>-8.2</b>	<b>1,120</b>	<b>-43.8</b>

\*1 TradeStation (US) is consolidated from 2Q FY2011.

\*2 YoY % change is calculated from the non-consolidated results for the year-earlier period.

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

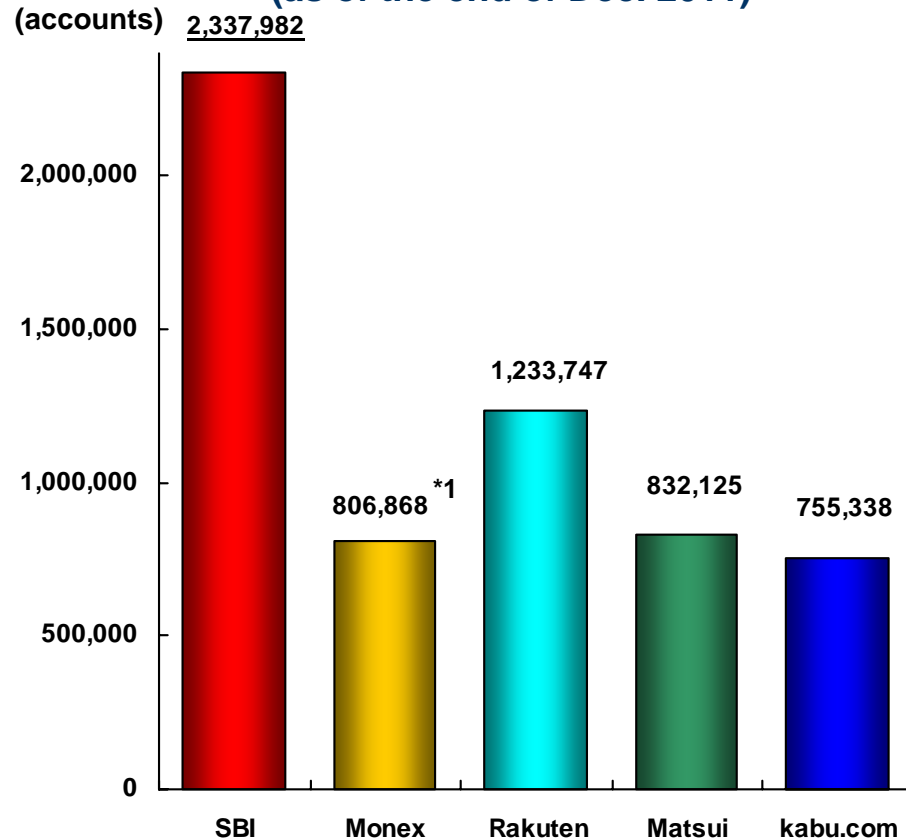
# Solid Customer Base of SBI SECURITIES (1)

## <Number of Accounts and Amount of Customer Asset>

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

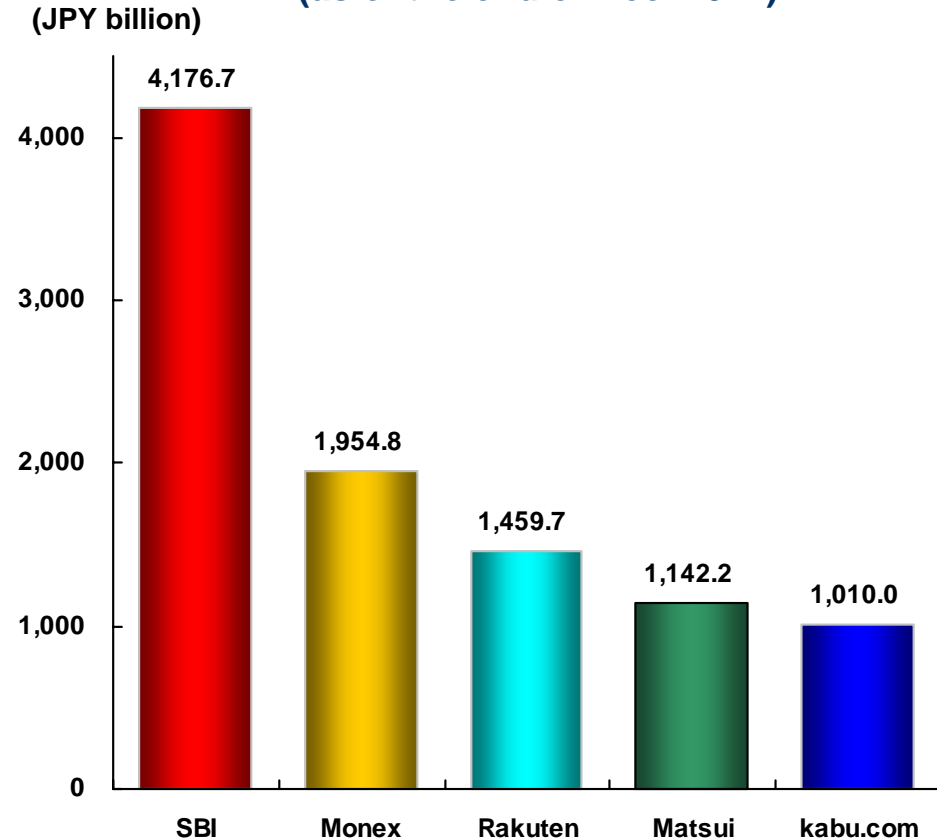
### Customer accounts of 5 online brokers

(as of the end of Dec. 2011)



### Deposit assets of 5 online brokers

(as of the end of Dec. 2011)



\*1 The figure of Monex is the number of active accounts.

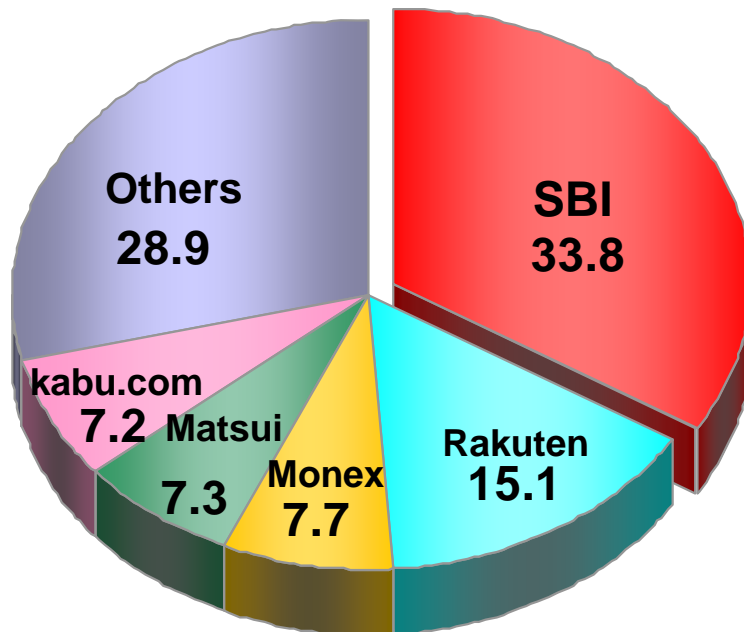
Source: Compiled by SBIH from information on websites of each company

## Solid Customer Base of SBI SECURITIES (2) <Individual Brokerage Trading Value>

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

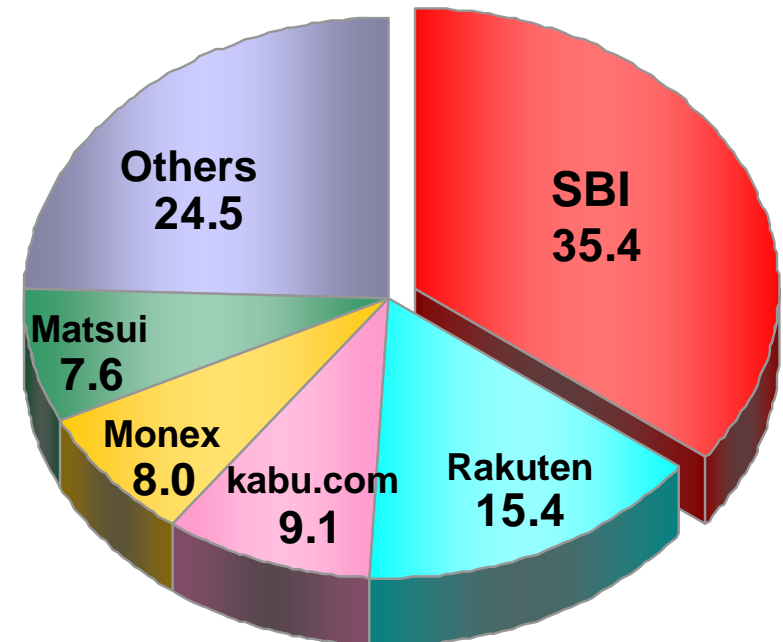
Share of individual stock trading value (%)

9 months FY2011  
(Apr. 2011 – Dec. 2011)



Share of individual margin trading value (%)

9 months FY2011  
(Apr. 2011 – Dec. 2011)



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

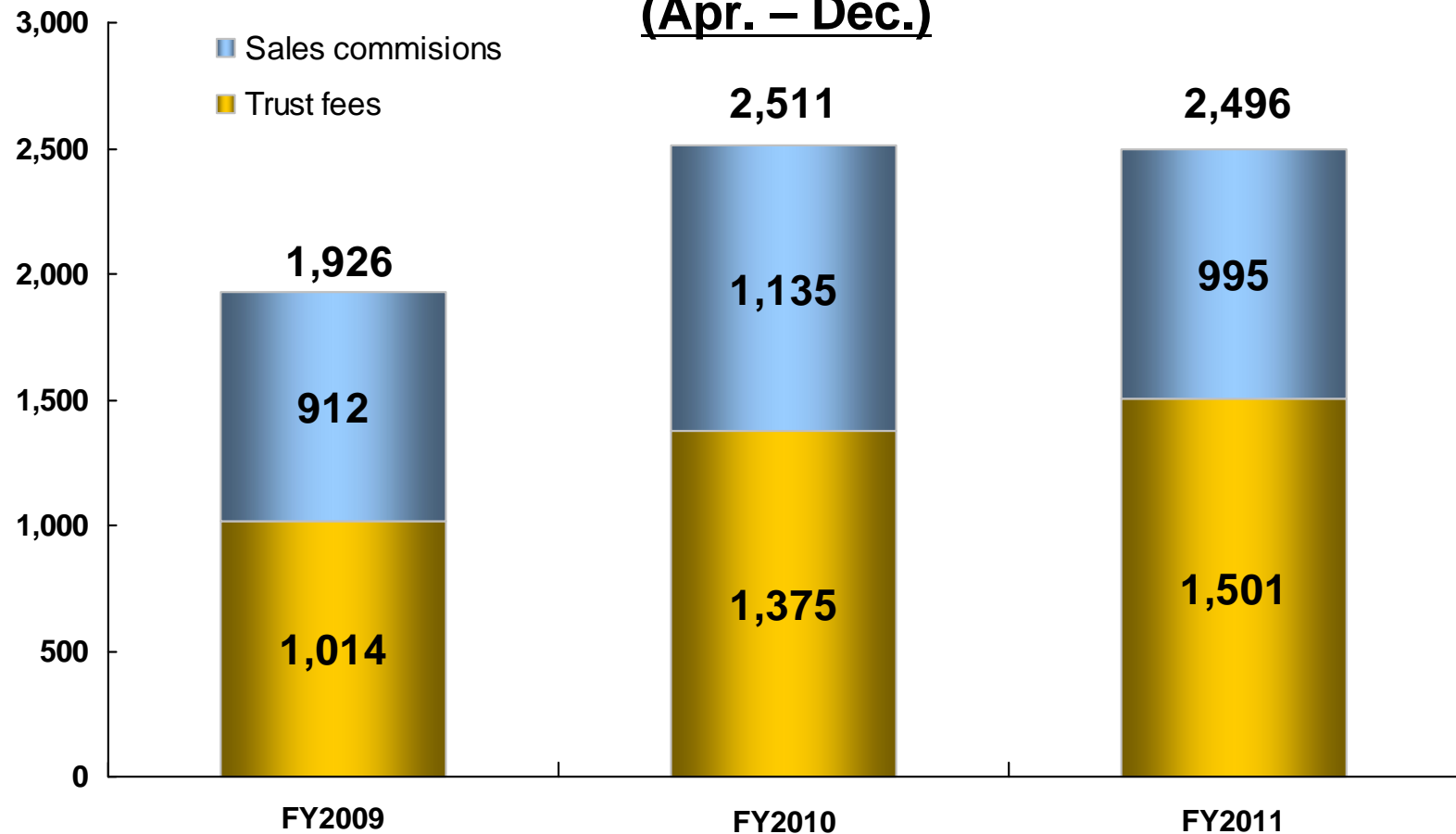
\*Individual stock brokerage trading value is the sum of Tokyo, Nagoya and Osaka exchanges and JASDAQ.

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

## Revenues from Investment Trust Business; Trust Fees are Increasing Steadily

### (JPY million) Revenues from investment trust business

(Apr. – Dec.)



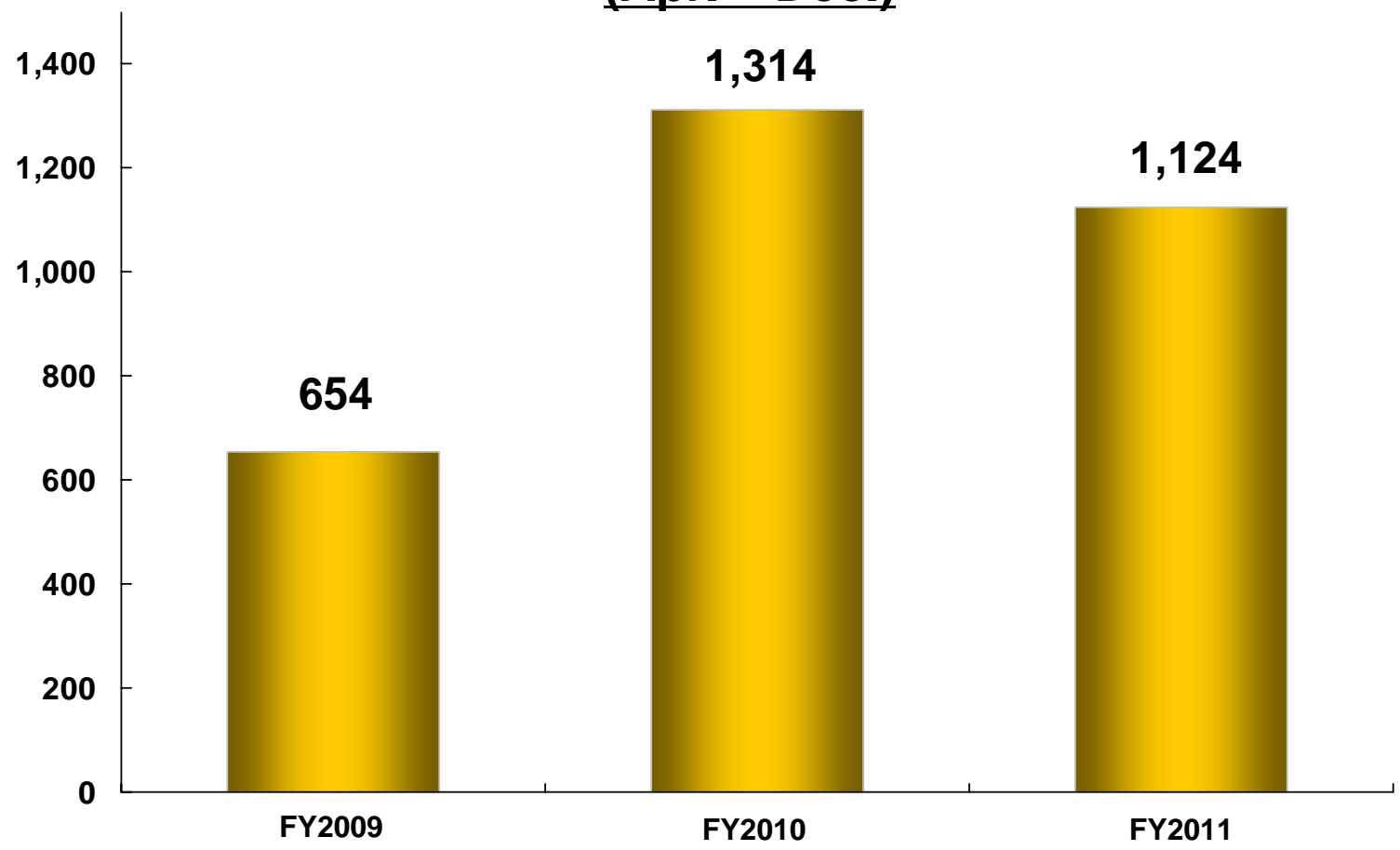
\* Sum of sales commissions and trust fees (trust fees include MRF)

# Revenues from Bond Business Continues Briskly

## Revenues from bond business

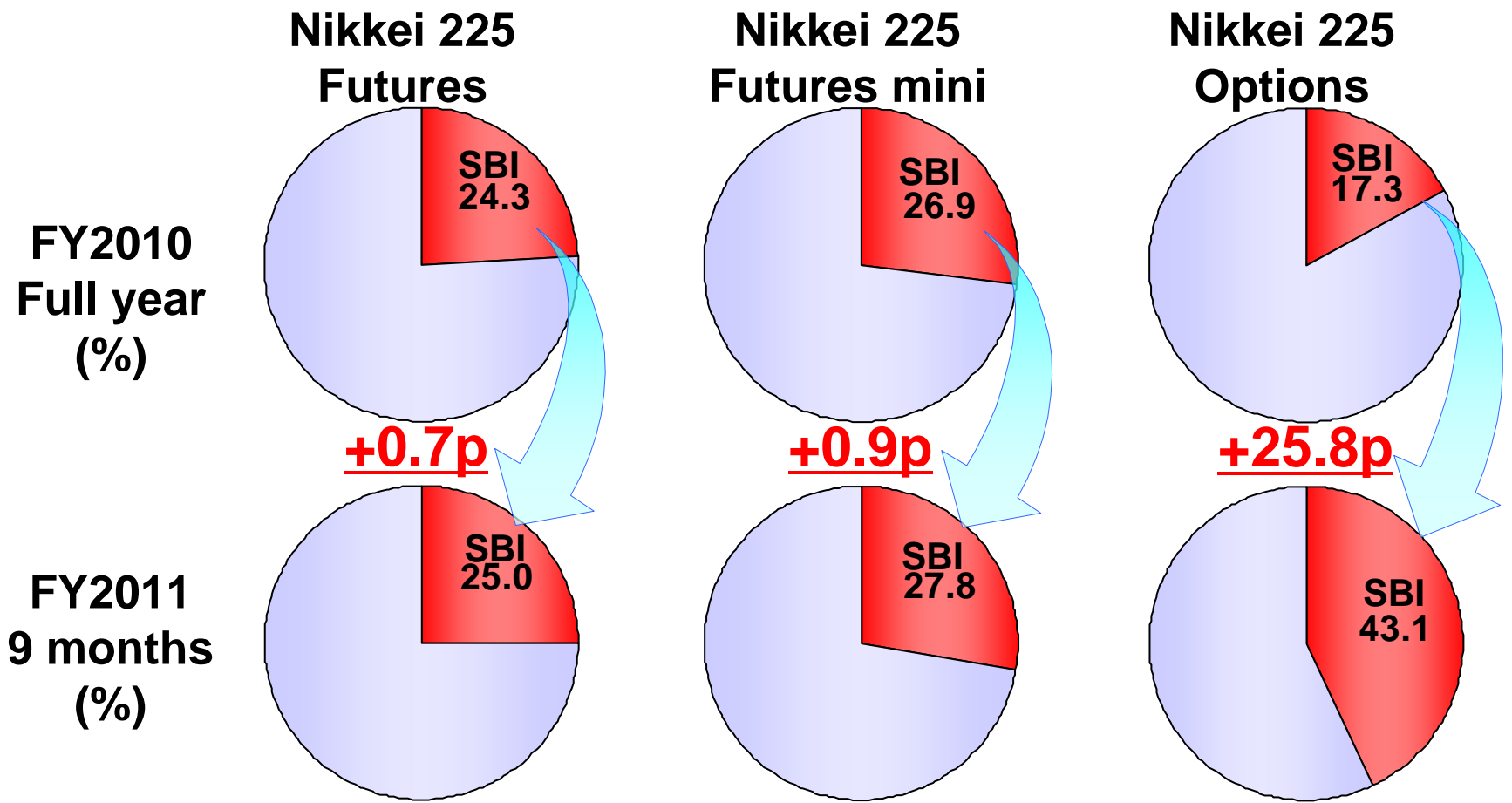
(Apr. – Dec.)

(JPY million)



# Expanding Share of Futures and Options Trading

Specifically, the share of Nikkei 225 Futures trading rose sharply to over 40%.

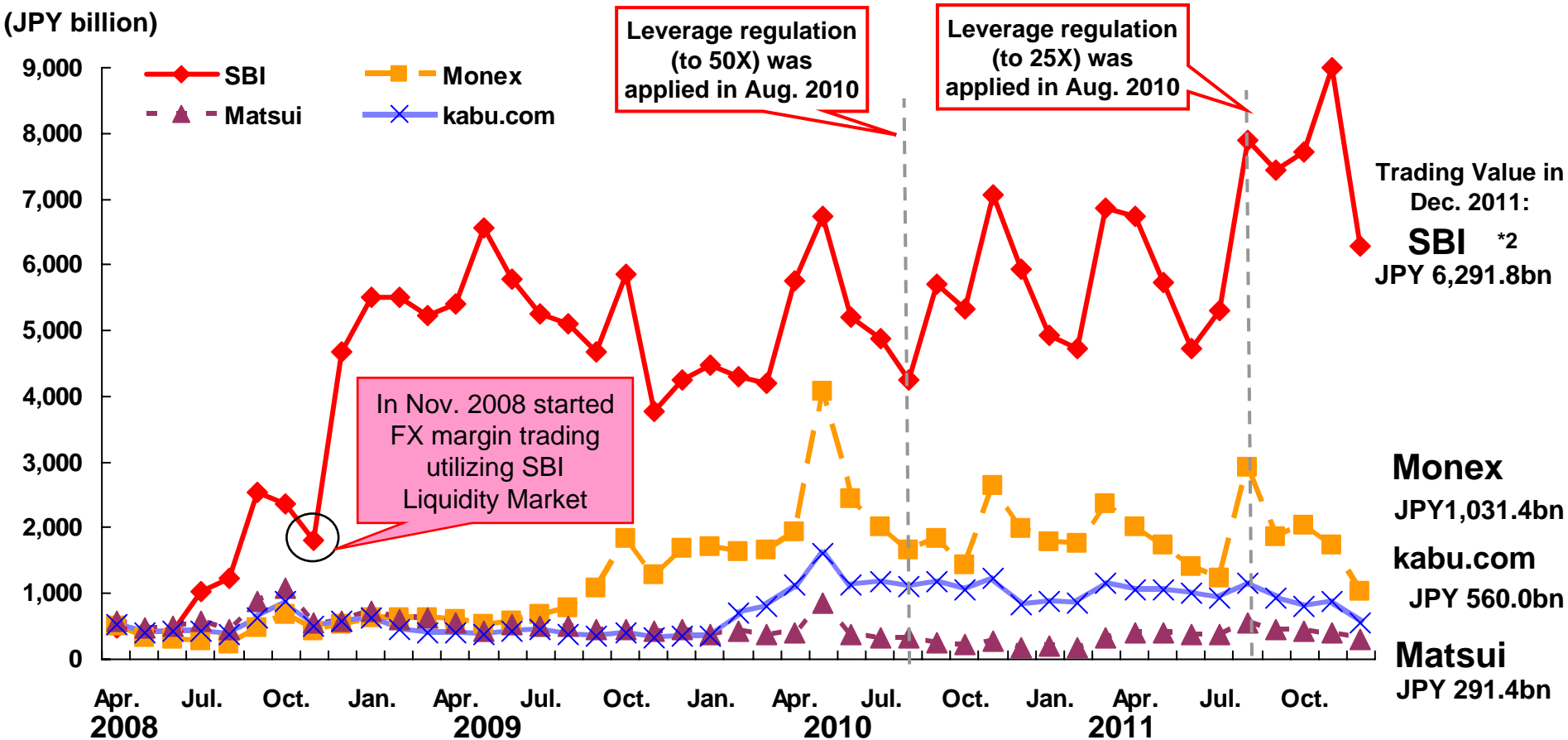


\* Calculated based on the share of SBI SECURITIES to the total individual brokerage trading volume disclosed by the Osaka Securities Exchange.

# Trading Value Remains High Even after Enforcement of Leverage Regulations

FX Trading Value of SBI SECURITIES in 2011 increased 21.2% YoY to JPY 77tn, while that of the OTC FX market decreased 19.6%

## FX margin trading value of the four major online securities companies \*1



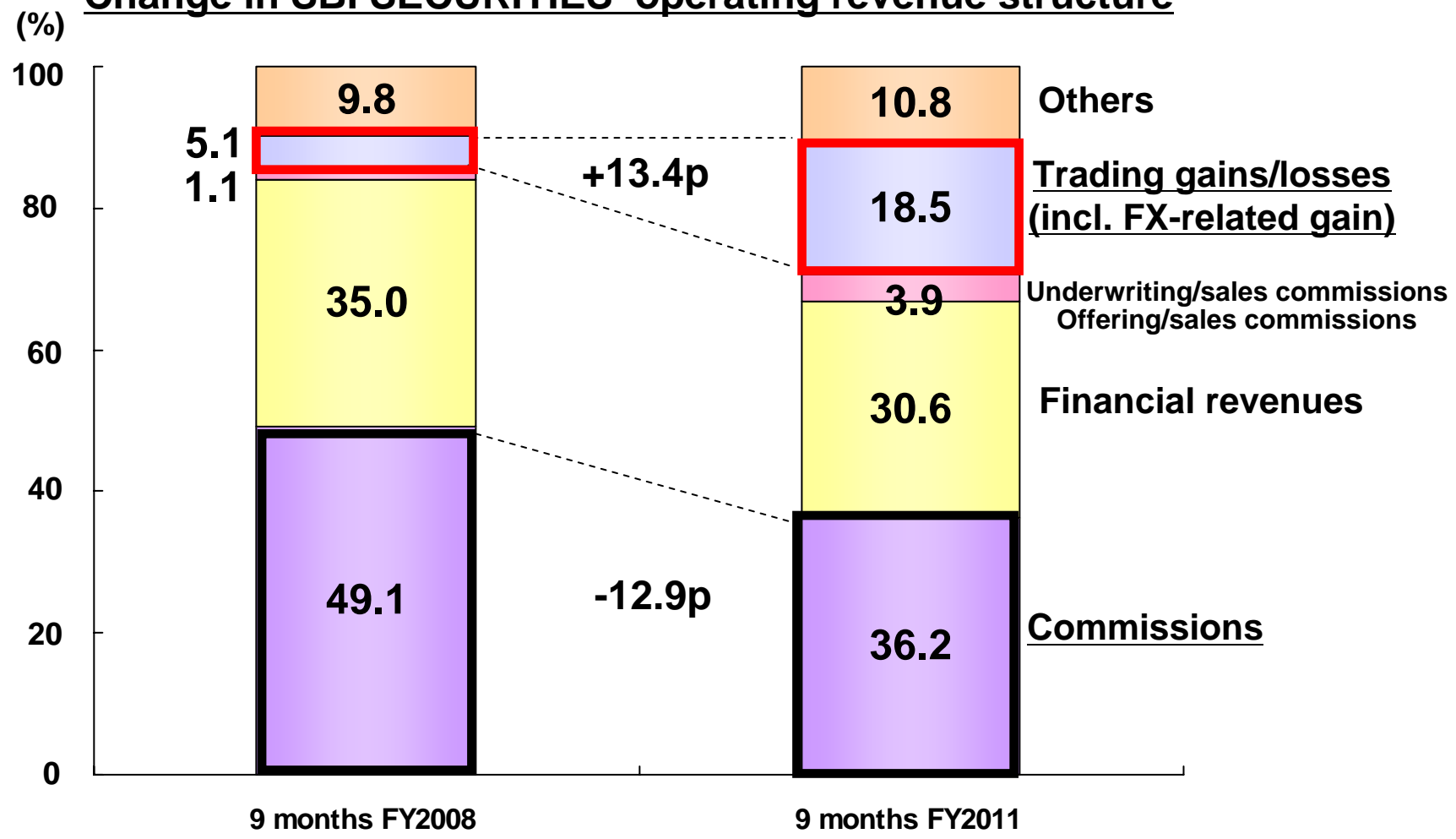
\*1 Four online securities firms that disclosed the information (SBI SECURITIES, Monex, Matsui and kabu.com)

\*2 Trading value total of "SBI FX" and "SBI FX α" from Nov. 2008 to Feb. 2009



# Diversifying SBI SECURITIES' Earnings Sources

Change in SBI SECURITIES' operating revenue structure



Revenue diversification is in progress, such as an increase in trading gains, and SBI SECURITIES is becoming less reliant on stock brokerage trading commissions

## For Further Revenue Diversification

### <1>Started handling of futures and options products listed on the Tokyo Stock Exchange (Nov. 21, 2011)

The following TSE-listed products became available, in addition to OSE-listed products

TSE index futures	TSE index option	TSE securities option
TOPIX Futures Mini TOPIX Futures TOPIX Core30 Futures TSE REIT Index Futures	TOPIX Option	Securities option (Kabu-opu)

### <2> Raised stock lending interest

(Oct. 6 and Nov.16, 2011)

	SBI	kabu.com	Monex	Matsui	Rakuten
Stock lending interest (annual)	1.0%~ 20-50 stocks 0.5% approx.600 stocks 0.4% approx.2,800 stocks 0.1% approx.135 stocks	1.0%~ 20-50 stocks 0.4% approx.3,200 stocks 0.1% approx.200 stocks	0.5% 645 stocks 0.1% the others	*	-
Max rate	5.5%	5.5%	0.5%	-	-

\* Offers stock deposit services limited at the loanable stocks dealt with Japan Security Finance

# SBI SECURITIES also Valued Highly on Customer Satisfaction

## ■ Oricon customer satisfaction ranking

(Announced on Dec. 1, 2011)

### <Online securities comprehensive ranking>



Rank	Company
1 <sup>st</sup>	<b>SBI SECURITIES</b>

**For 6  
years!!**

<Evaluation item>

12 items, such as “commissions & dealing cost,” “easy account opening,” “variety of products,” “provision of Information” and “analytics tools,” etc.

## ■ JCSI Customer Satisfaction Survey

(Japanese Customer Satisfaction Index)

(Announced on Apr. 12, 2011)

### <Securities industry ranking>



Rank	Company
1 <sup>st</sup>	<b>SBI SECURITIES</b>

**Moved up  
from 2<sup>nd</sup>**

# Japannext PTS's Trading Value for 2011 was JPY 5,729.7bn, Exceeding Chi-X

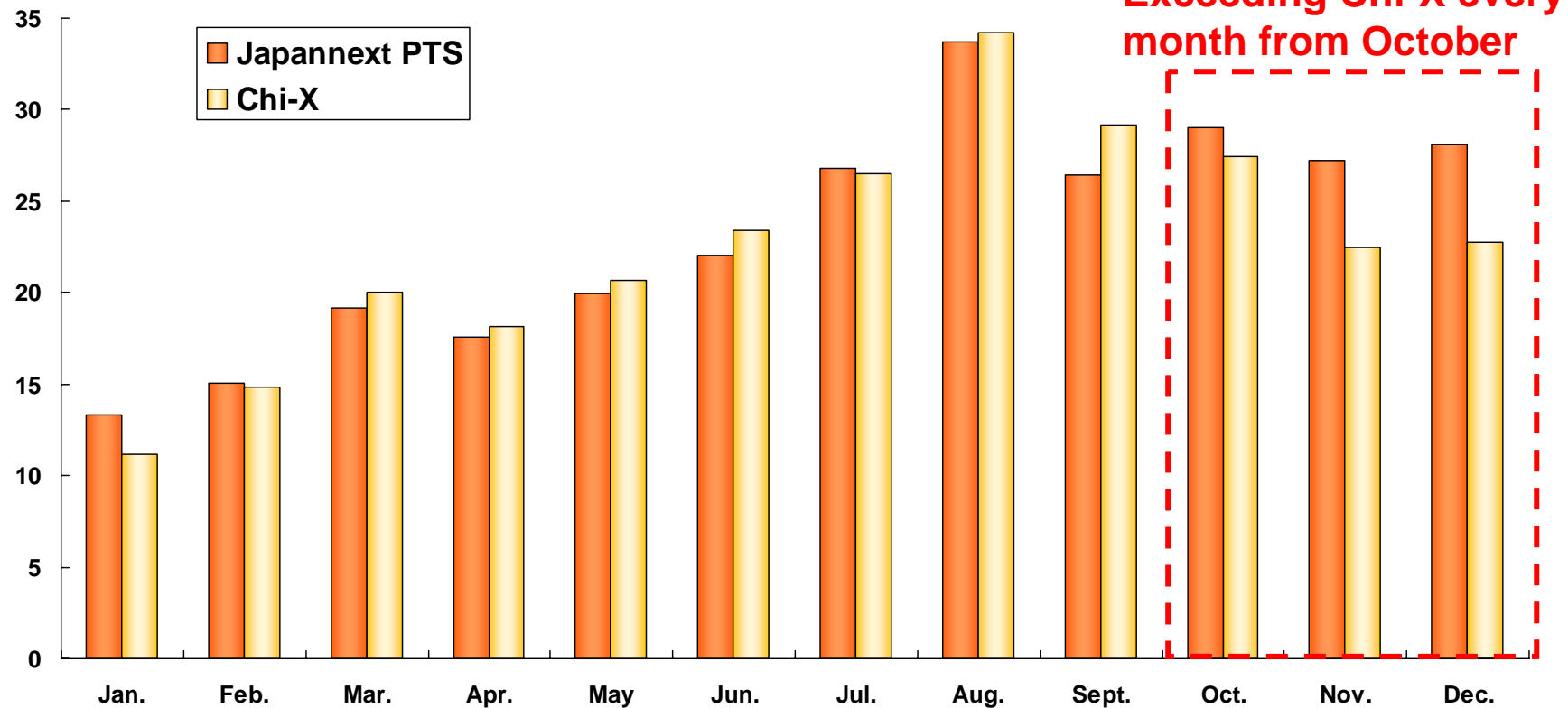
## Annual trading value in 2011

**Japannext PTS** : JPY 5,729.7bn (+256.2% YoY)

**Chi-X** : JPY 5,557.9bn

## Change in average daily trading value

(JPY billion)



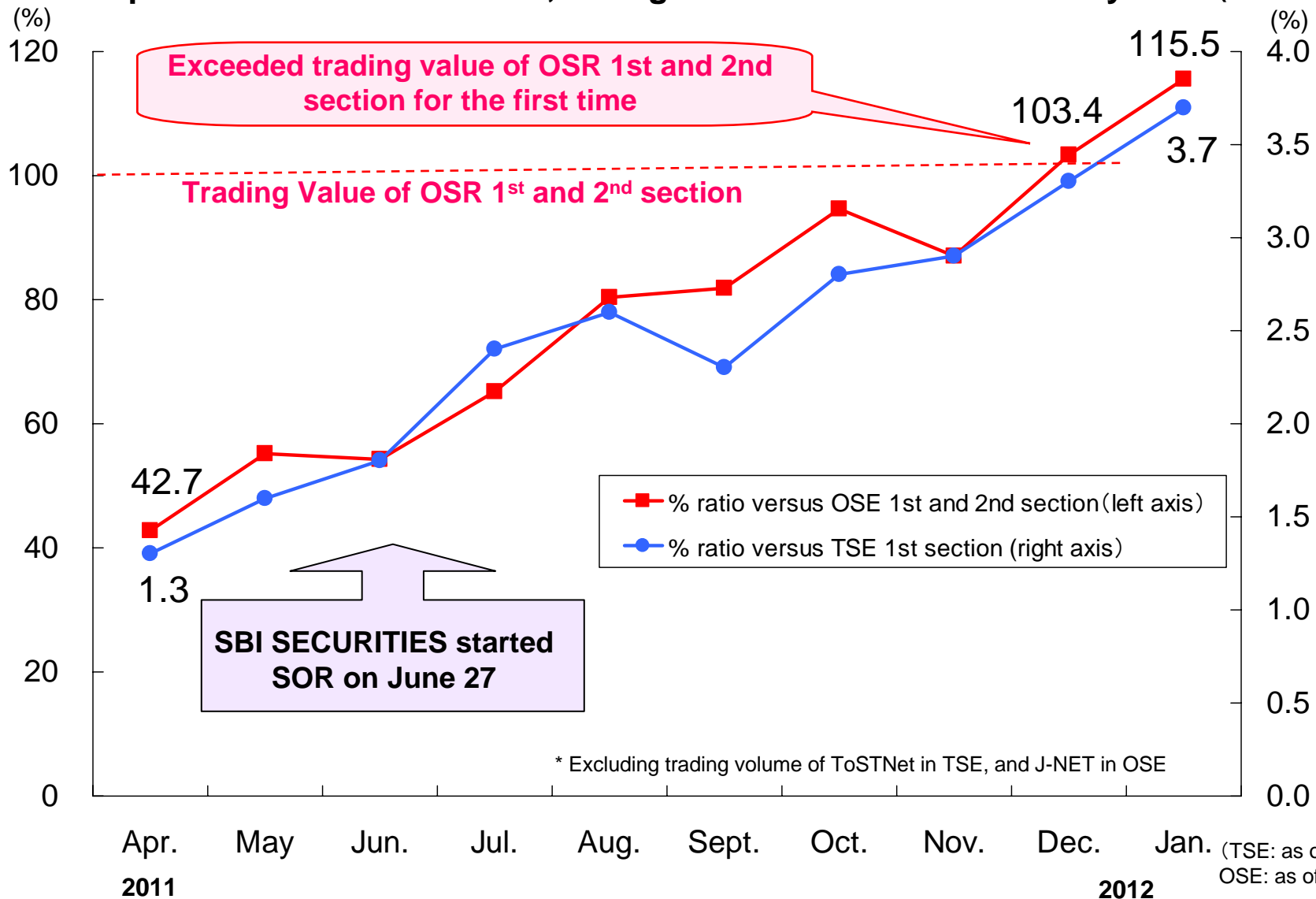
2011

\* Trading value is based on "single count".

# Ratio Versus Trading Value of Exchanges Increases

**Japanext PTS becomes second largest market in Japan, exceeding trading value of OSE 1<sup>st</sup> and 2<sup>nd</sup> section**

**Even compared with TSE 1<sup>st</sup> section, it surged to 3.7% of that in January 2012 (as of 27<sup>th</sup>)**



# Participating Companies Increasing Smoothly

## [Participating companies] (total 17)

- SBI SECURITIES - Rakuten Securities\*
- Goldman Sachs Japan - Credit Suisse Securities (Japan)
- Morgan Stanley MUFG Securities
- Merrill Lynch Japan Finance - UBS Japan
- Instinet - BNP Paribas Securities (Japan)
- Deutsche Securities - Citigroup Global Markets Japan
- [Mizuho Securities \(Feb. 2011\)](#) - [Societe Generale Securities \(Feb. 2011\)](#)
- [JP Morgan Securities \(Mar. 2011\)](#) - [Barclays Capital Japan \(May 2011\)](#)
- [Newedge Japan Securities \(Sept. 2011\)](#)
- [Nomura Securities \(Dec. 2011\)](#)

\*Night time session only

## [Companies expected to participate] (total 4)

- Daiwa Capital Markets
- And another domestic company and two foreign companies

**Japannext PTS will switch to a new system in autumn 2012,  
with the world's fastest matching engine**

# Financial Services Business



- Revenue from Morningstar Japan was down by 6.5% 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 26.8%, which contributed to an increase in all income categories.
- SBI VeriTrans achieved record highs in all categories of operating revenues, 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.
  - Recorded a consolidated ordinary income of JPY 4,100m for the 9 month FY2011 period, up 69.9% year-on-year.
- At SBI Insurance, 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. The operating cash flow, which turned positive for the first time in 1H FY2011, expanded to JPY 0.9bn in the 9 months of FY2011.
- SBI Card has undertaken a review of its operations, including the integration of operation centers and the reduction of promotions. After bottoming-out in 4Q FY2010, the operating loss decreased considerably.

# Morningstar Japan Consolidated Results



Although operating revenues declined, owing to a decrease in the subscription revenue of Kabushiki Shimbun, Morningstar **recorded an increase in all income categories, such as a 25.8% increase in operating income**, owing to a thorough reduction in operating expenses (reduced JPY 132m, -26.8% YoY) and the effect of its merger with Gomez Consulting on July 1.

(JPY million, %)

	FY2010 9 months	FY2011 9 months	YoY % change
Operating Revenues	1,701	1,591	-6.5
Operating Income	321	404	+25.8
Ordinary Income	403	484	+20.0
Net Income	226	266	+17.6

# 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 28.6% YoY to 70.16 million,** along with the expansion of the e-commerce (EC) markets brought by prevalence of flash marketing etc.
- **SBI Holdings acquired a 100% ownership of SBI VeriTrans on Aug. 1, 2011. The SBI Group will make effective use of SBI VeriTrans' operating resources (4,079 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.**

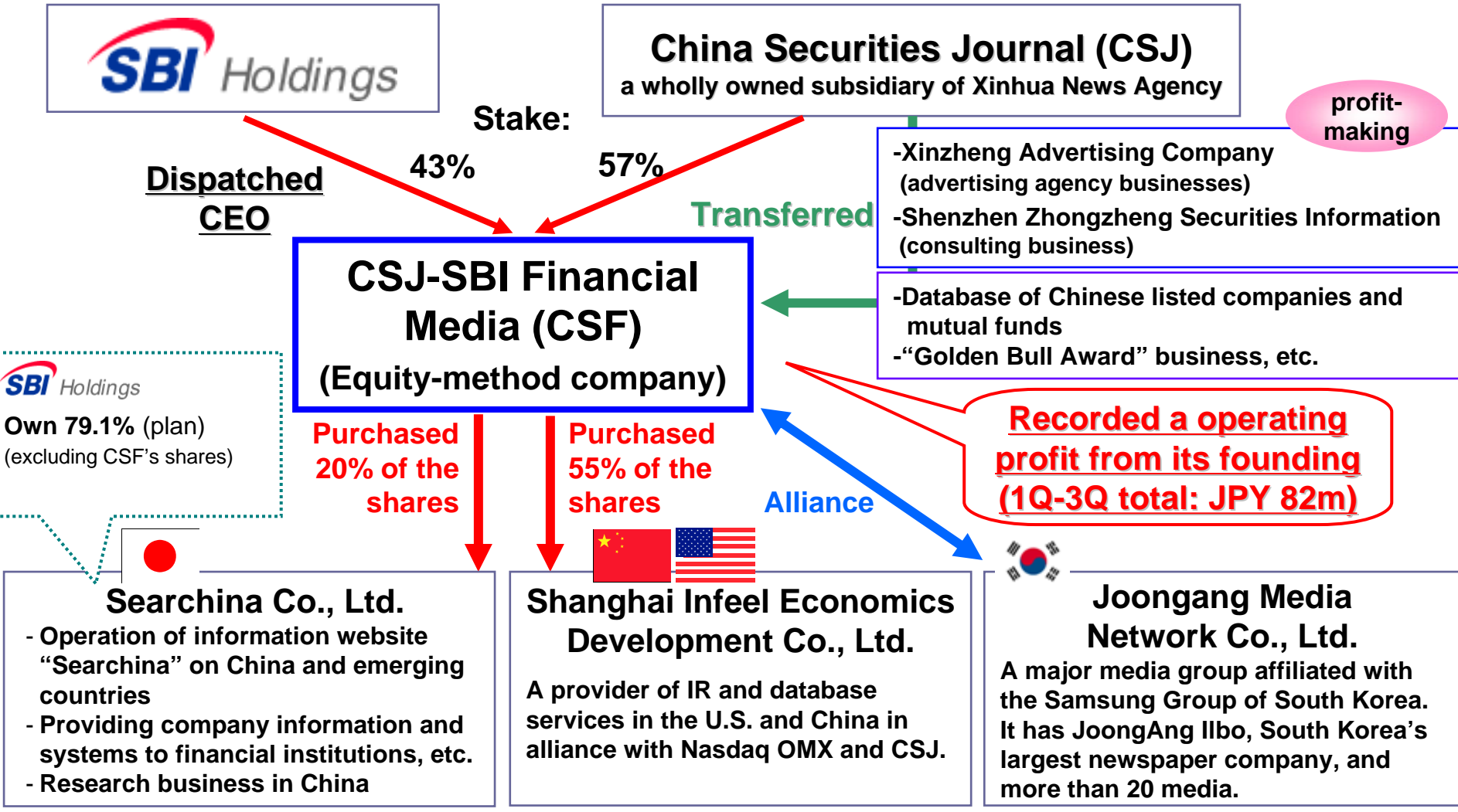
\*As of the end of Dec. 2011

(JPY million, %)

	FY2010 9 months	FY2011 9 months	YoY % change
<b>Operating Revenues</b>	<b>4,545</b>	<b>5,467</b>	<b>+20.3</b>
<b>Operating Income</b>	<b>874</b>	<b>943</b>	<b>+7.9</b>
<b>Ordinary Income</b>	<b>890</b>	<b>970</b>	<b>+9.0</b>
<b>Net Profit</b>	<b>530</b>	<b>569</b>	<b>+7.4</b>

# CSF Turned a Profit from the Start of Operations

Strengthening tie-ups with companies in China and overseas to be a global financial medium



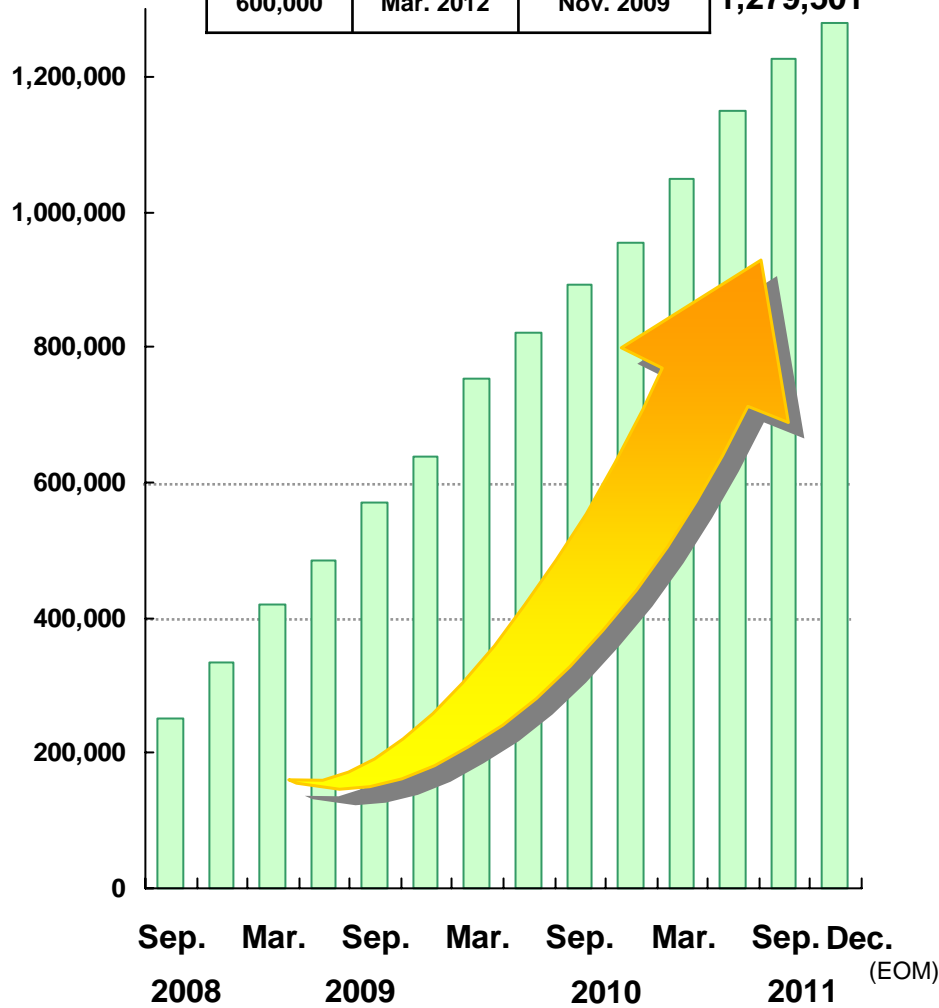
**CSF is striving to expand its business through M&A, etc., to become a medium for the transmission of comprehensive Chinese financial information globally**

# **SBI Sumishin Net Bank**

# Change in the Number of Accounts and Deposits

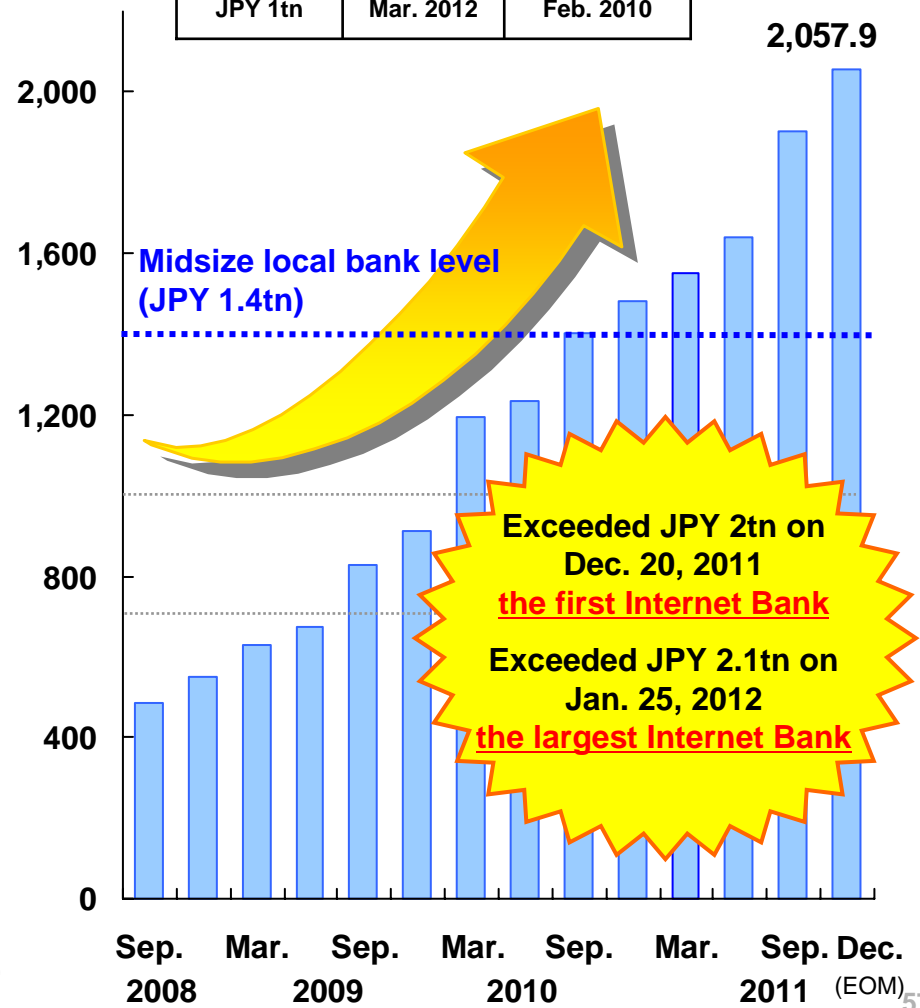
## Change in the number of accounts

Accounts	Initial target	Achievement	(as of Jan. 29)
400,000	Mar. 2010	Mar. 2009	<b>1,305,933</b>
600,000	Mar. 2012	Nov. 2009	<b>1,279,501</b>



## Change in deposits

Deposit	Initial target	Achievement	(as of Jan. 29)
JPY 700bn	Mar. 2010	July 2009	<b>2,106.3</b>
JPY 1tn	Mar. 2012	Feb. 2010	<b>2,057.9</b>



# SBI Sumishin Net Bank vs. Sony Bank <1>



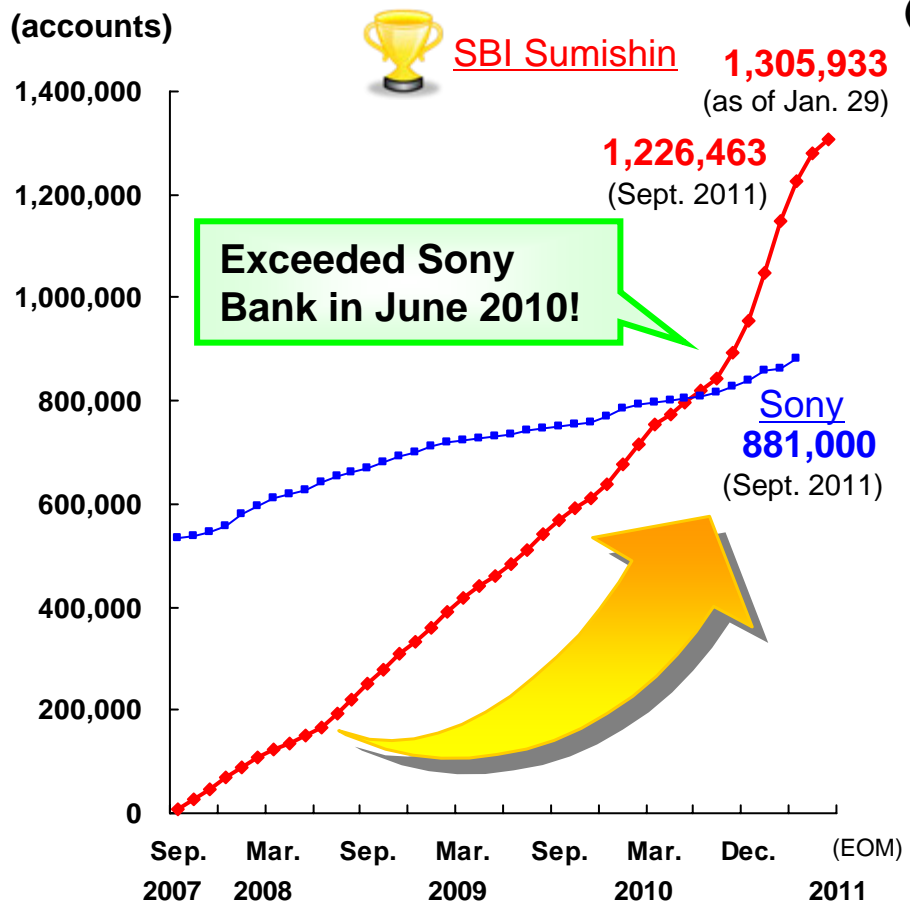
(Launched in Sept. 2007)

(Launched in June 2001)

\*Sony Bank refrained from monthly disclosures after Aug. 2010

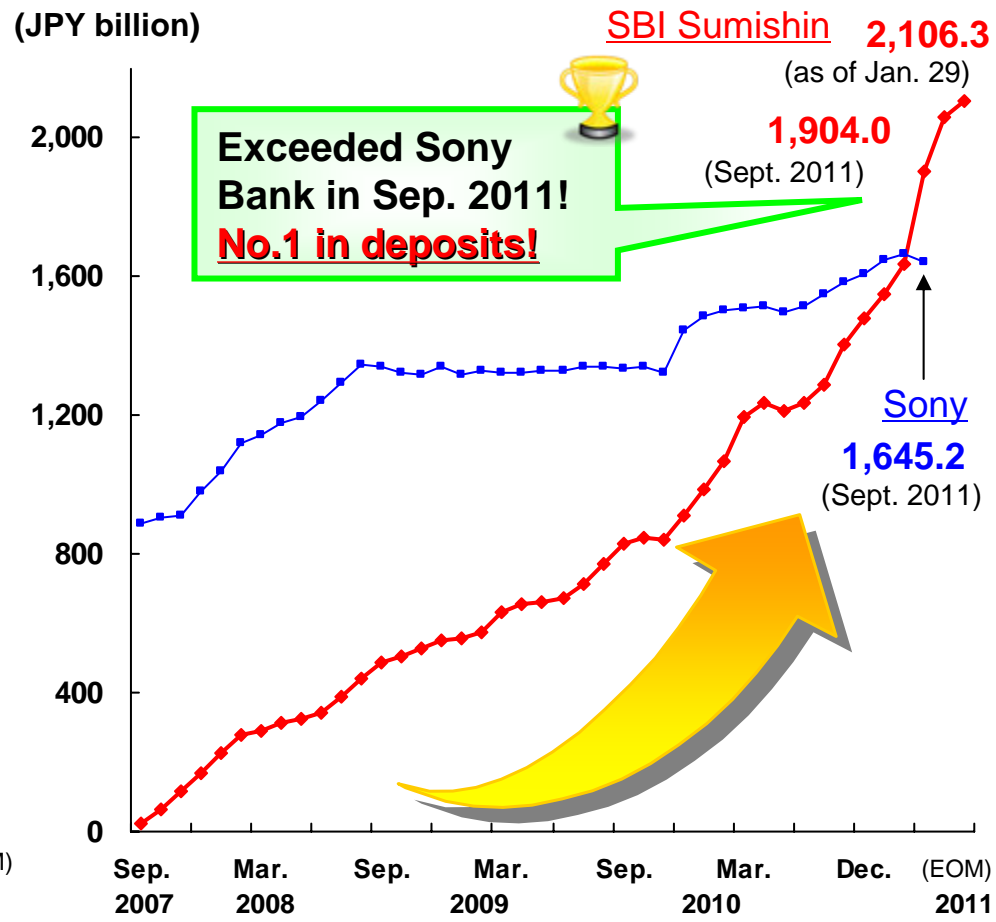
## Change in the number of customer accounts

(Sept. 30, 2007 – Jan. 29, 2012)



## Change in deposit amount

(Sept. 30, 2007 – Jan. 29, 2012)



**SBI Sumishin Net Bank exceeded Sony Bank in both the number of customer accounts and deposit amount**

# SBI Sumishin Net Bank vs. Sony Bank <2>



(Launched in Sept. 2007)

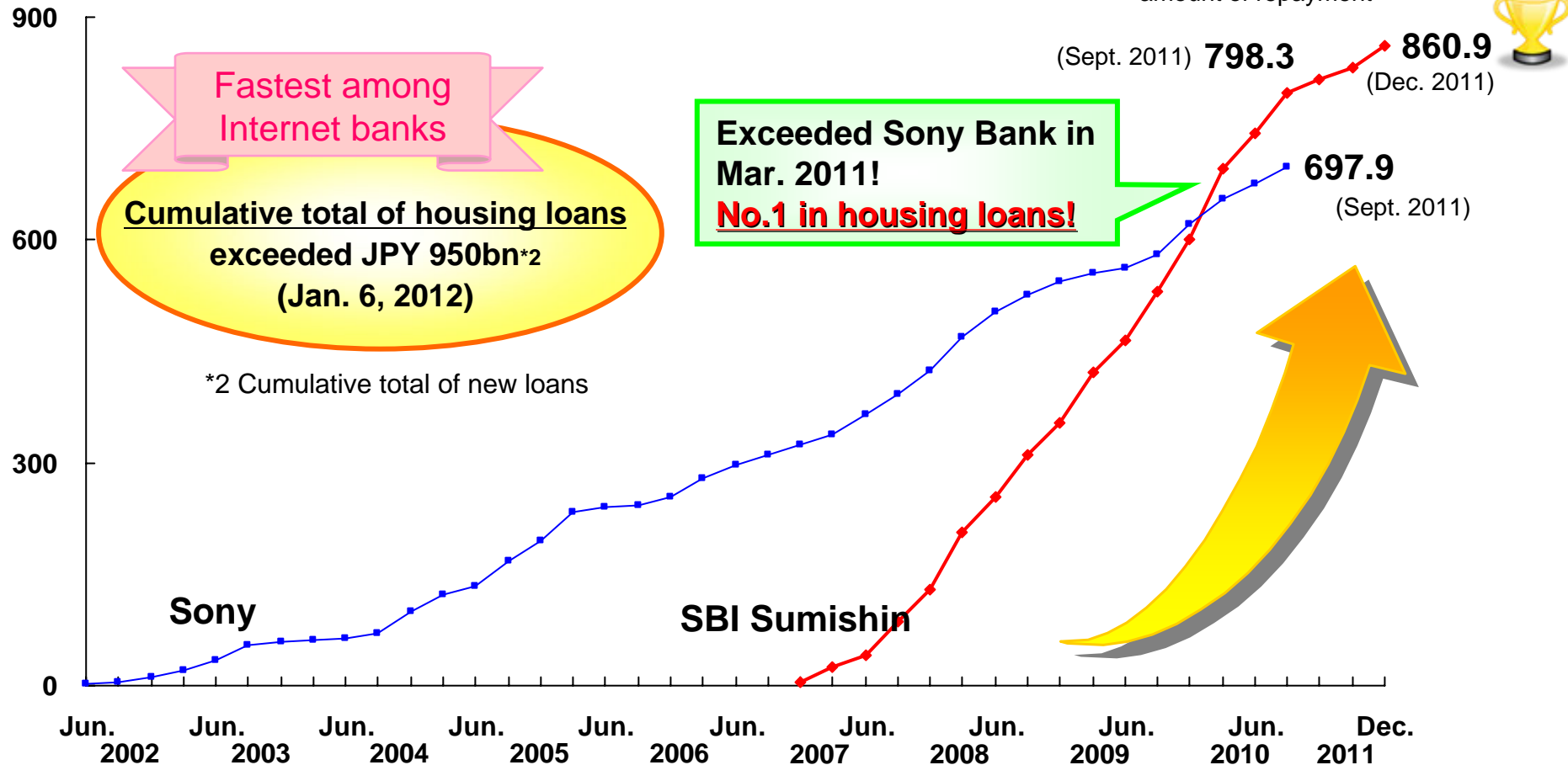
(Launched in Jun. 2001)

## Change in balance of housing loans \*1

(Jun. 2002 – Oct. 2011)

\*1 Cumulative new housing loans minus amount of repayment

(JPY billion)

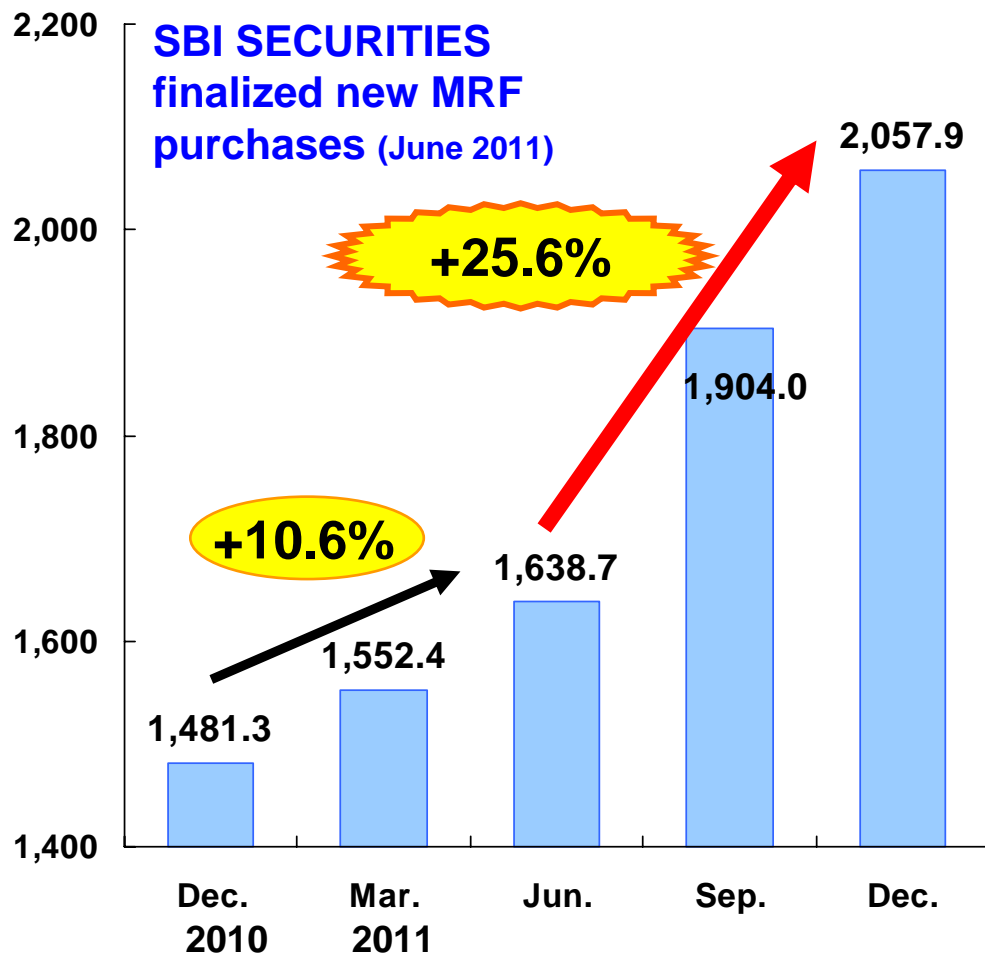


- The housing loans outstanding increased approximately 1.5X in the past year
- The proportion of fixed-rate loans in the housing loan balance decreased, due to increased sales of variable-rate housing loans

# Synergy Effect Brought by the MRF Abolishment at SBI SECURITIES

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

(JPY billion)



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: 0.125% (\*2)

**Average funding cost decreased**

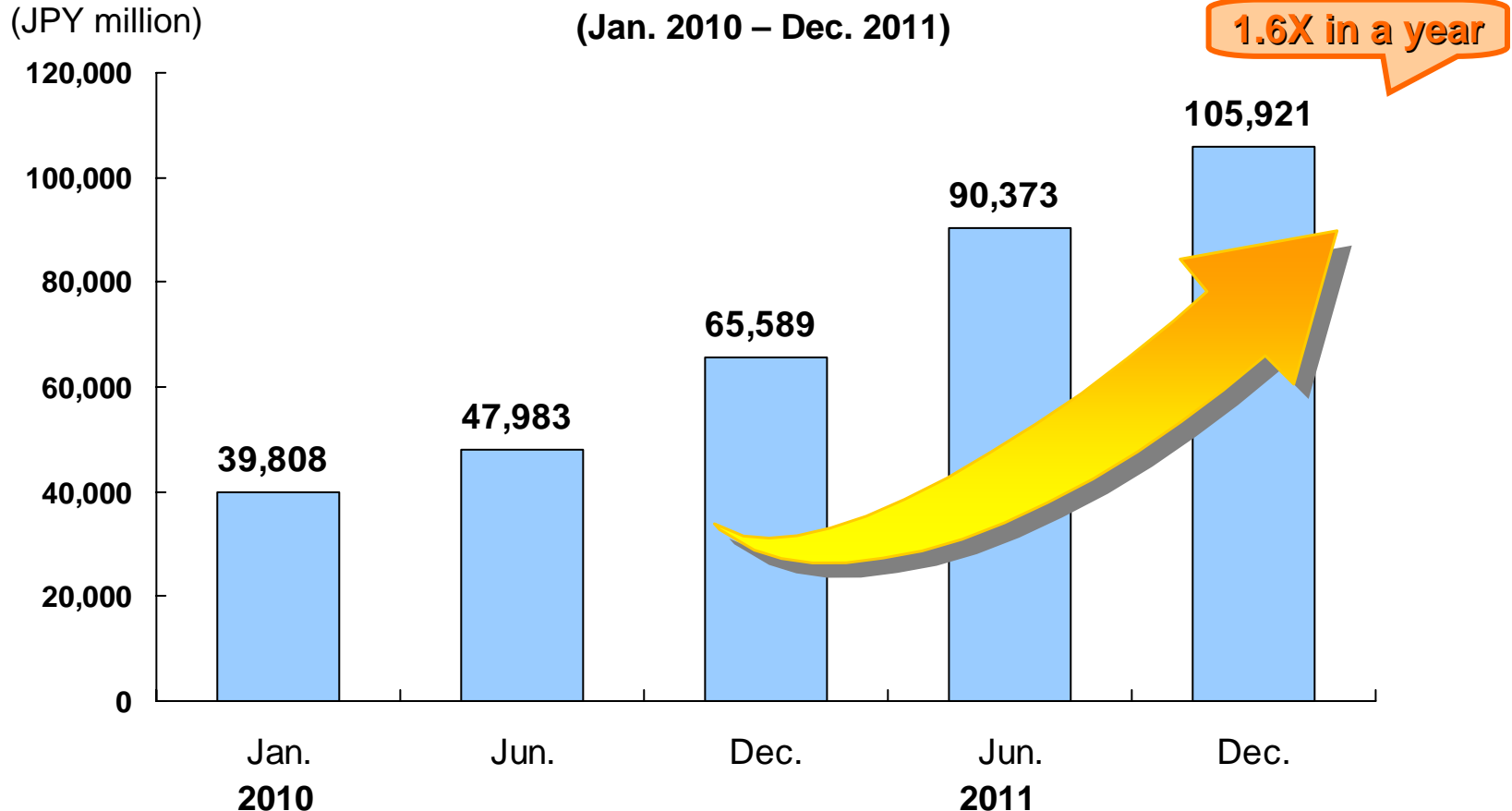
**An increase in SBI Sumishin Net Bank's revenues**

(\*1) Average in FY2010 (\*2) As of Jan. 23, 2012

## 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 (9 currencies) and campaigns related to foreign currency deposits.

### Change in balance of foreign currency deposits



# Diversification of Loans <1> Personal Loans

## “Internet Loan” Balance

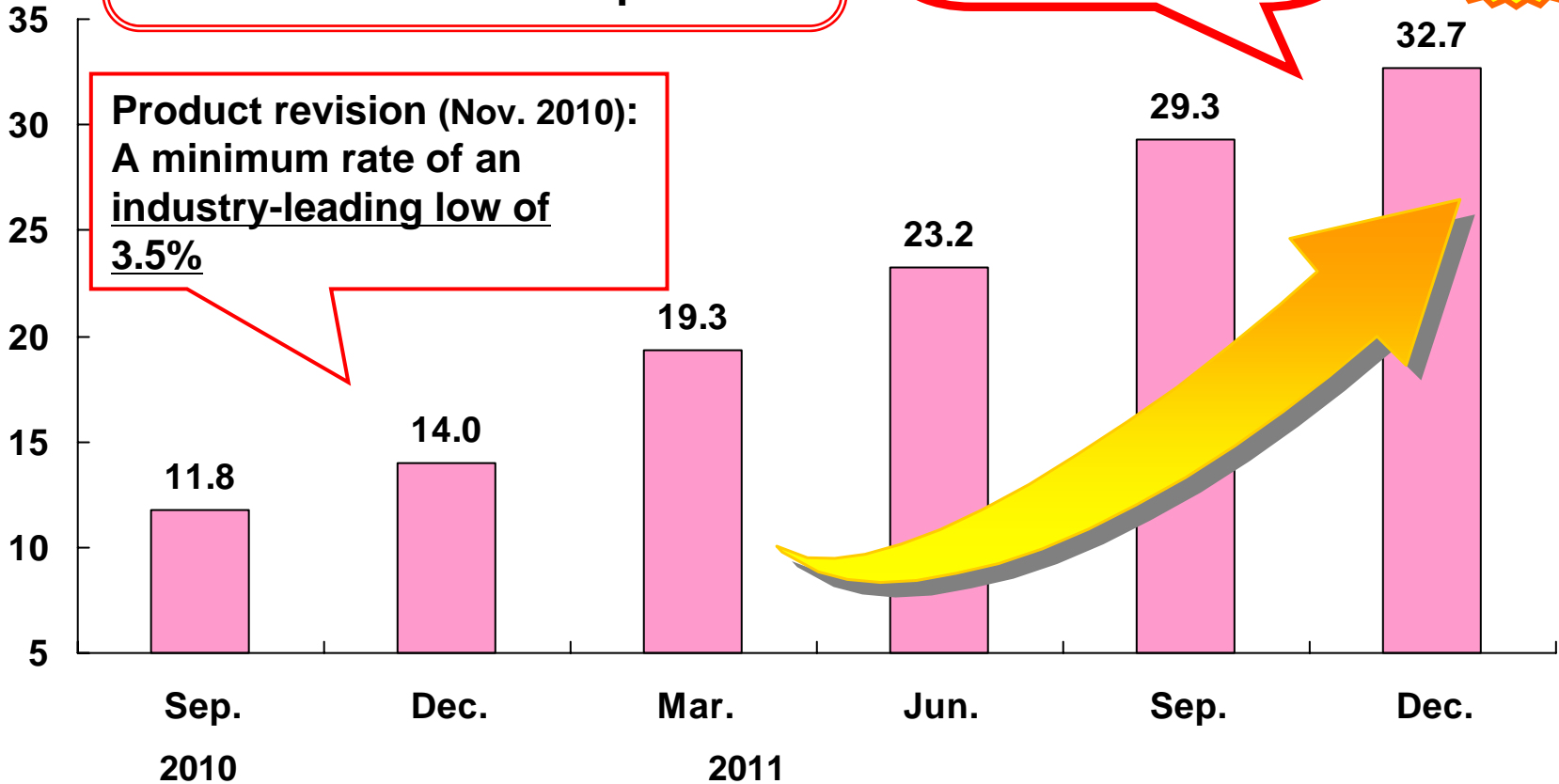
(Sept. 2010 – Dec. 2011)

**SBI Sumishin:**  
topped JPY 10bn in May 2010,  
JPY 20bn in Apr. 2011

**SBI Sumishin**  
topped JPY 30bn  
in Oct. 2011

**2.3X in  
a year**

(JPY billion)



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

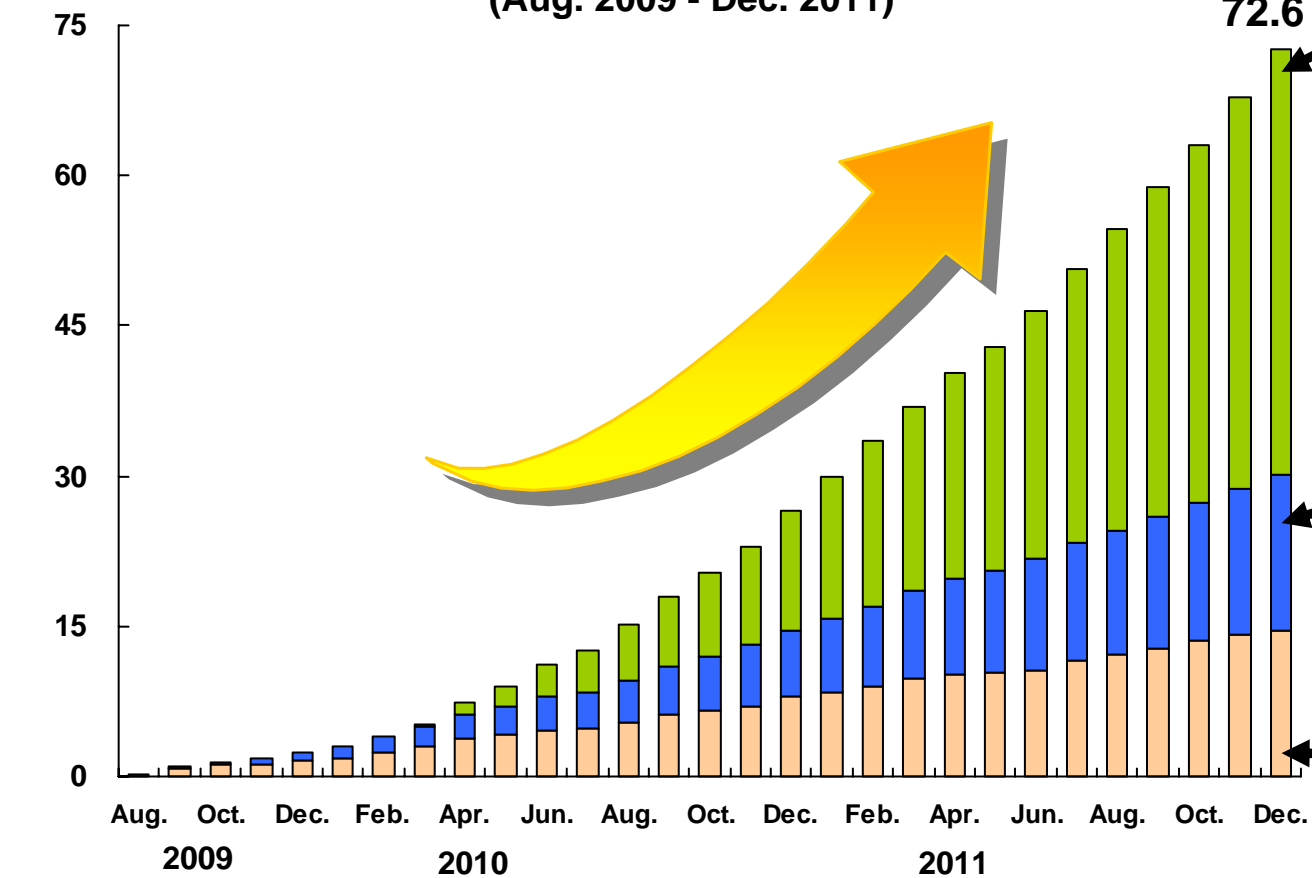
# Diversification of Loans <2> Auto Loans

**Auto loans outstanding has approx. tripled in the past year owing to synergies with SBI Credit and SBI AutoSupport**

## Cumulative total of auto loans

(Aug. 2009 - Dec. 2011)

(JPY billion)



Via: \* Figures in parentheses are ratios

**SBI Credit**  
(58.5%)

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

**SBI Credit turns profitable for 3Q of FY2011.**

**SBI AutoSupport**  
(21.3%)

**SBI AutoSupport has been profitable since 4Q of FY2010.**

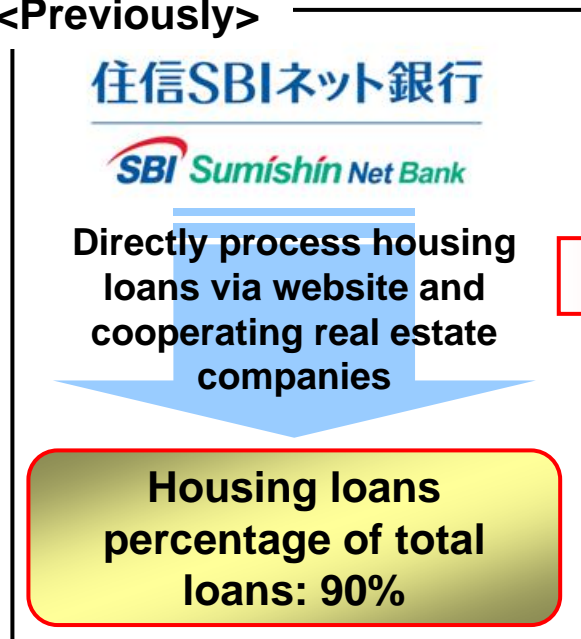
**Others**  
(Credit companies etc.)  
(20.2%)

# Diversification of Loans <3> Housing Loans

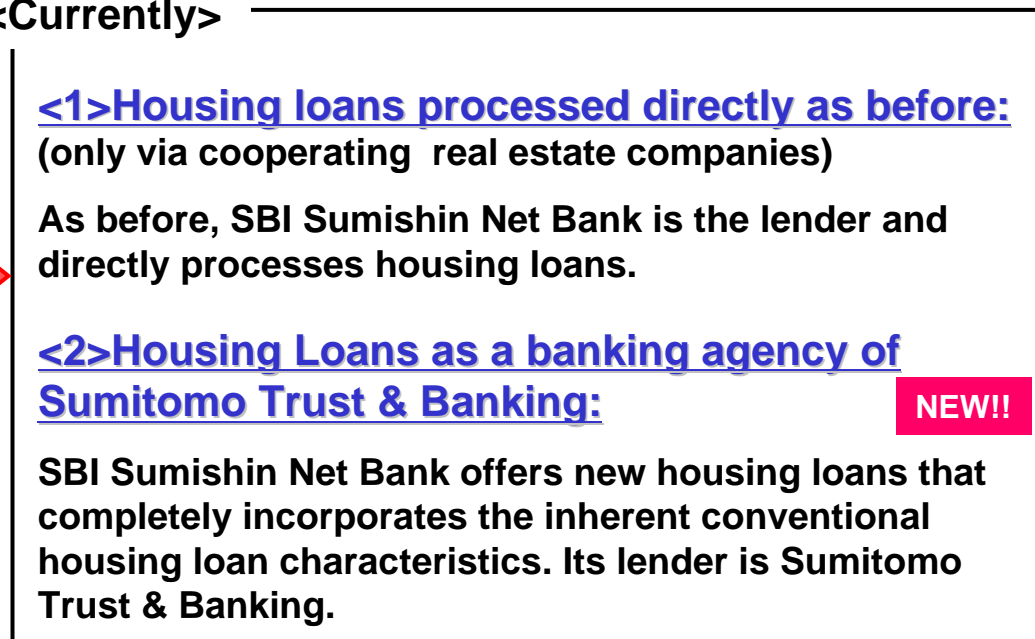
Started Banking Agency Business of Sumitomo Trust & Banking  
(Jan. 11, 2012)


## Switching housing loan business model to fee-based business where the bank's assets are not used

<Previously>



<Currently>



- 
- SBI Sumishin Net Bank will be able to dramatically increase housing loans without influencing its financial index
  - Contributes to strengthening the soundness of SBI Sumishin Net Bank, through financial balance of long-term and short-term lending

# Customer Satisfaction Assessment



**1st:** JCSI Customer Satisfaction Survey  
(Japanese Customer Satisfaction Index)  
Banking industry

**7th in overall ranking (31 industries/350 companies)**

**for 2 years!**



**1st:** Oricon customer satisfaction ranking in FY2011  
The general category of Pure-play Internet Banks

**for 2 years!**



**2nd:** “8th Nikkei Financial Institution Ranking”  
Customer satisfaction

[Other categories]

Convenient to deal on phone and Internet: 1st

Attractive financial products and services: 1st

Customer satisfaction by area

(only in the Tokyo metropolitan area): 1st

Customer satisfaction among women: 2nd

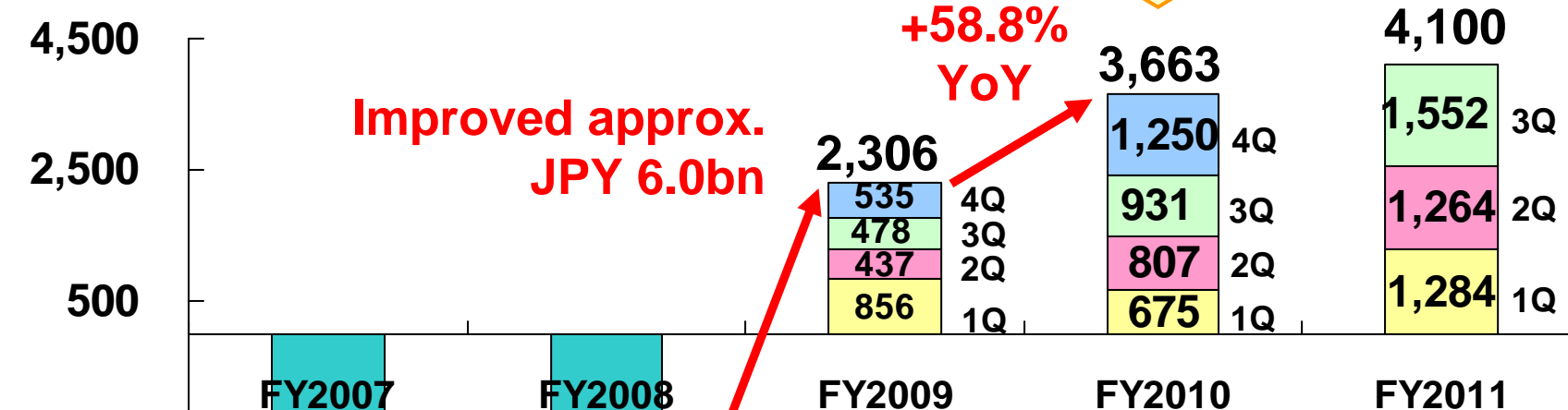
# Delivered Solid Financial Results for 3Q FY2011

**Expect realization of dissolution of accumulated losses in 5<sup>th</sup> FY, FY2011**

**Change in ordinary income/loss:**

\*consolidated since 2Q FY2009

(JPY million)



**For the second consecutive year achieved a single year profit**

**+69.9% YoY**

**Improved approx. JPY 6.0bn**

**+58.8% YoY**

**Achieved a single year profit (3<sup>rd</sup> FY)**

**Achieved a single month profit for the first time in Jan. 2009 (17<sup>th</sup> month)  
Achieved a single quarter profit for the first time in 4Q FY2008 (7<sup>th</sup> quarter)**

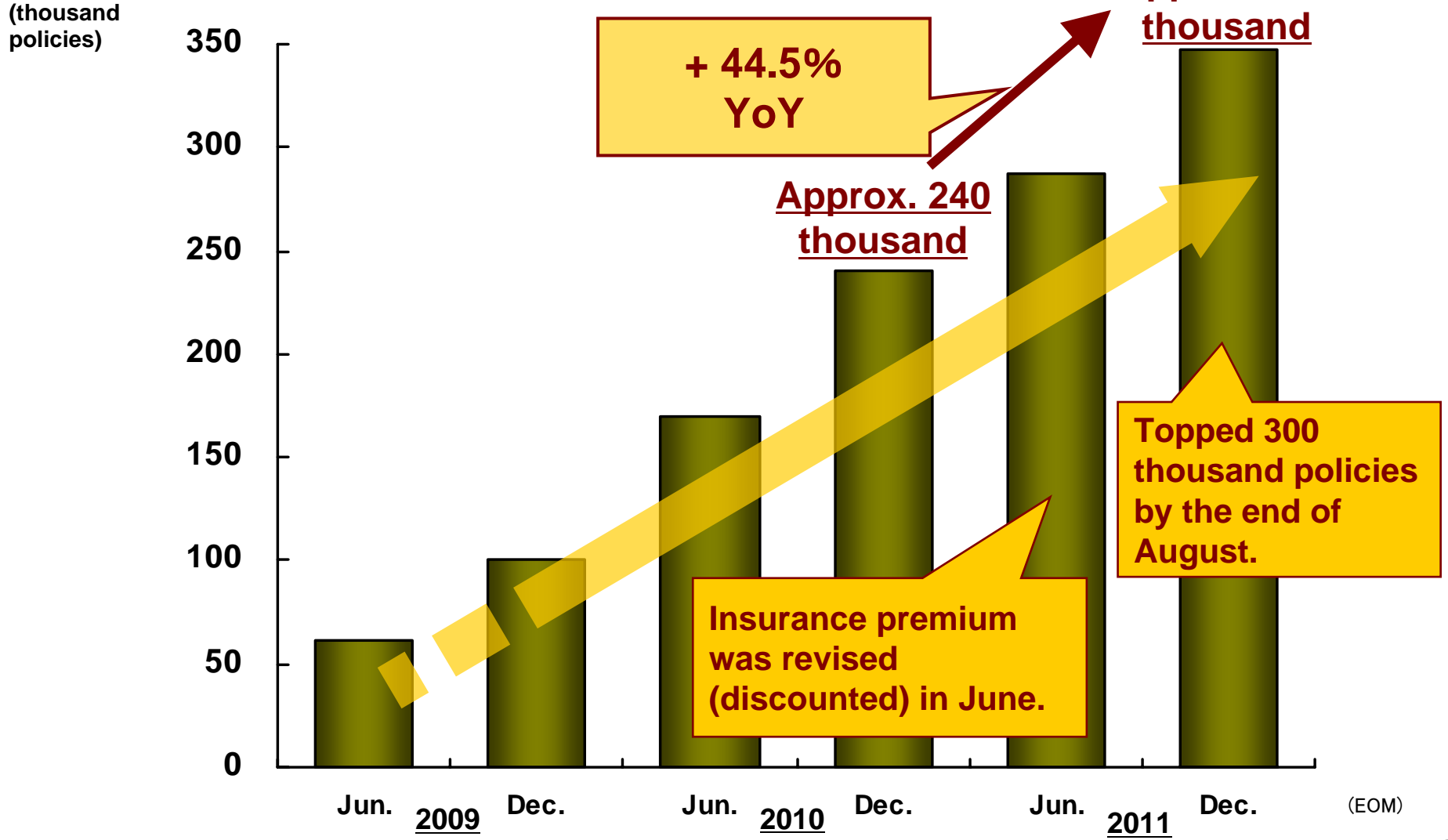
\*( ): Days after start of operations (Sep. 2007)

# SBI Insurance

# Number of SBI Insurance's Auto Insurance Contracts **SBI** Holdings has Grown 44.5% Year-on-year

Targeting 400,000 contracts by the end of March 2012

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



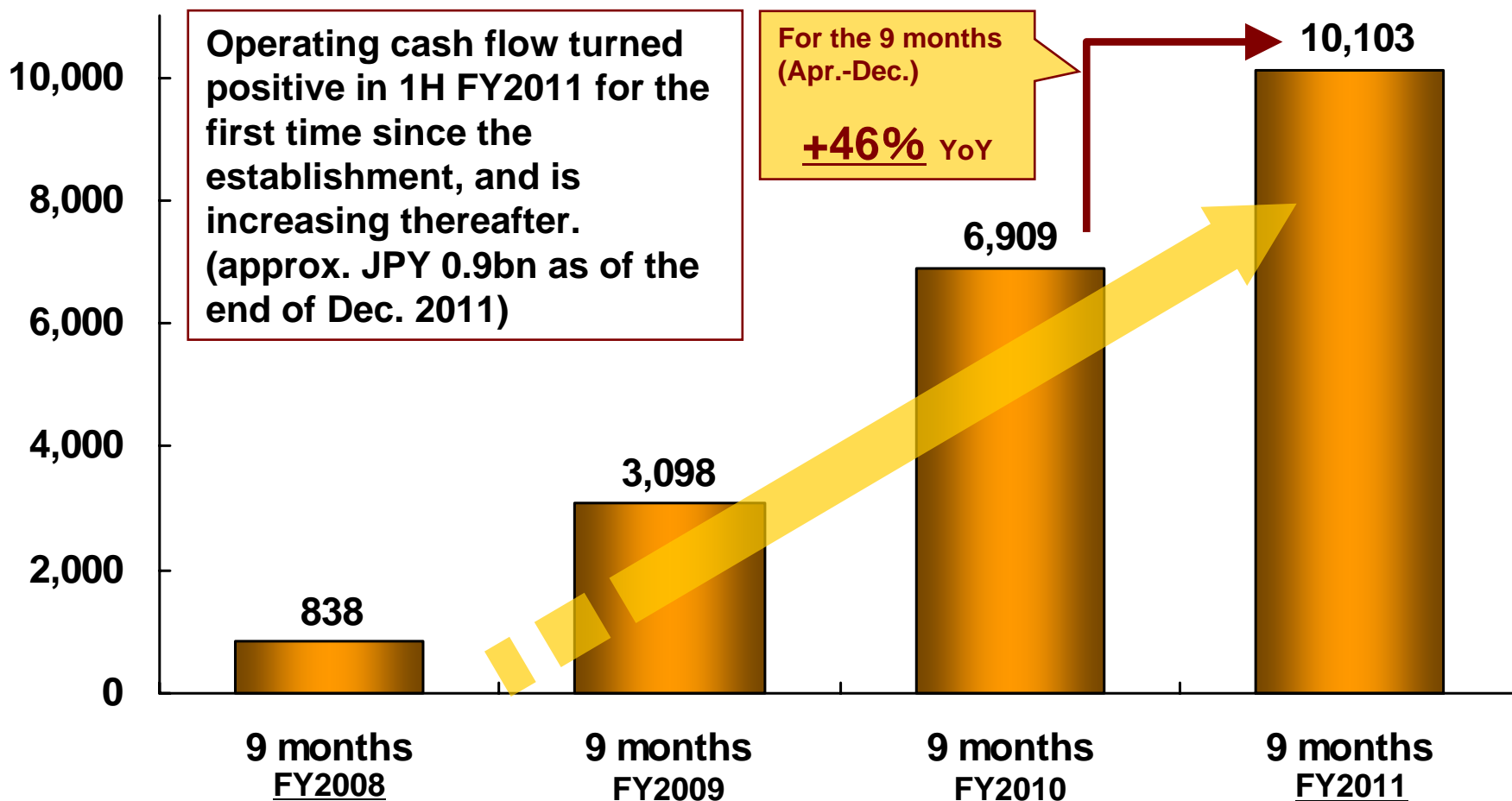
\* Written basis: Completion of receipt of insurance premium

# Insurance Premium Income at SBI Insurance Continues to Increase

The premium income for the 9 month FY2011 period was approx. JPY 10.1bn, up 46% YoY

## Change in insurance premium income for the 9 months (written basis\*)

(JPY million)



\* Written basis: Completion of receiving transaction of insurance premiums

# Customer Satisfaction



**No.1:** Oricon customer satisfaction ranking  
FY 2011 / Auto Insurance Category  
“Auto Insurance Premium Ranking”

**for 3 years!**



**No.1:** Diamond Weekly “Auto Insurance  
Premium Ranking”

**for 3 years!**



**NO.1:** Weekly Economist Magazine \* In the issue of Nov. 15 2011  
“Auto Insurance Premium Ranking”

→ No. 1 in all generations (Customers at the age of 26, 35, 60 )



**Overall Rakuten Insurance**  
**No.1:** “Auto Insurance Customer Satisfaction for  
Accident Response Ranking FY 2011”

[In Survey]

- They explained what I did not know and responded to the details. (Single-car accident / Male, 30's)
- I felt relieved. (Road service / Male, 50's)
- They gave me a quick response after the accident, also carefully explained what I didn't understand. (Property damage accident / Female, 20's)

## Housing and Real Estate Business

- **At SBI Life Living, in the aftermath of the Great East Japan Earthquake, although there was much concern about the business prospects for the Internet Media Business, it posted a record-high monthly income in Dec.** Although projects are well underway, the Housing and Architecture Business recorded a temporary decrease in revenues and income for the 9 month FY2011 period, as profits for the year earlier period were boosted by a special factor (large-scale real estate brokerage). Completions and closing of developing construction are clustered into 4Q.
- **As for SBI Mortgage, which is preparing for KOSPI market listing, new loans declined in the 1Q (Apr.-June) due to effects of the earthquake, but they have shown a steady recovery since the 2Q (July-Sept.). Revenues also returned to a recovery path.** The loan balance reached JPY 1,110.8bn at the end of Dec. 2011. SBI Mortgage continues to increase revenues, as it benefits from the re-expansion of the preferential treatment for mortgage loans.

# SBI Life Living Financial Results for the 9 Month FY2011 Period

In the aftermath of the Great East Japan Earthquake, although there was much concern about the business prospects for **the Internet Media Business, it posted a record-high monthly income in Dec.** Although projects are well underway, the Housing and Architecture Business recorded a temporary decrease in revenues and income for the 9 month FY2011 period, as profits for the year earlier period were boosted by a special factor (large-scale real estate brokerage). **Completions and closing of developing construction are clustered into 4Q.**

(JPY million)

	FY2010 9 months (Apr.-Dec. 2010)	FY2011 9 months (Apr.-Dec. 2011)	YoY change (%)	FY2011 Full- year prospect
Operating Revenues	3,432	2,966	-13.6	6,300
Operating Income	* 406	* 306	-24.5	530
Ordinary Income	304	230	-24.3	420
Net Income	180	96	-46.6	300

\*Includes depreciation of goodwill resulting from some business transfer from SBIH (JPY12m per quarter)

# Financial Results of SBI Mortgage Steadily Recovers Quarter by Quarter

Affected by the massive earthquake, the housing loan balance decreased significantly in the first quarter, but later recovered steadily despite the temporary suspension of interest rate preferential treatment in the third quarter

Operating income for 3Q FY2011 increased 52.5% QoQ

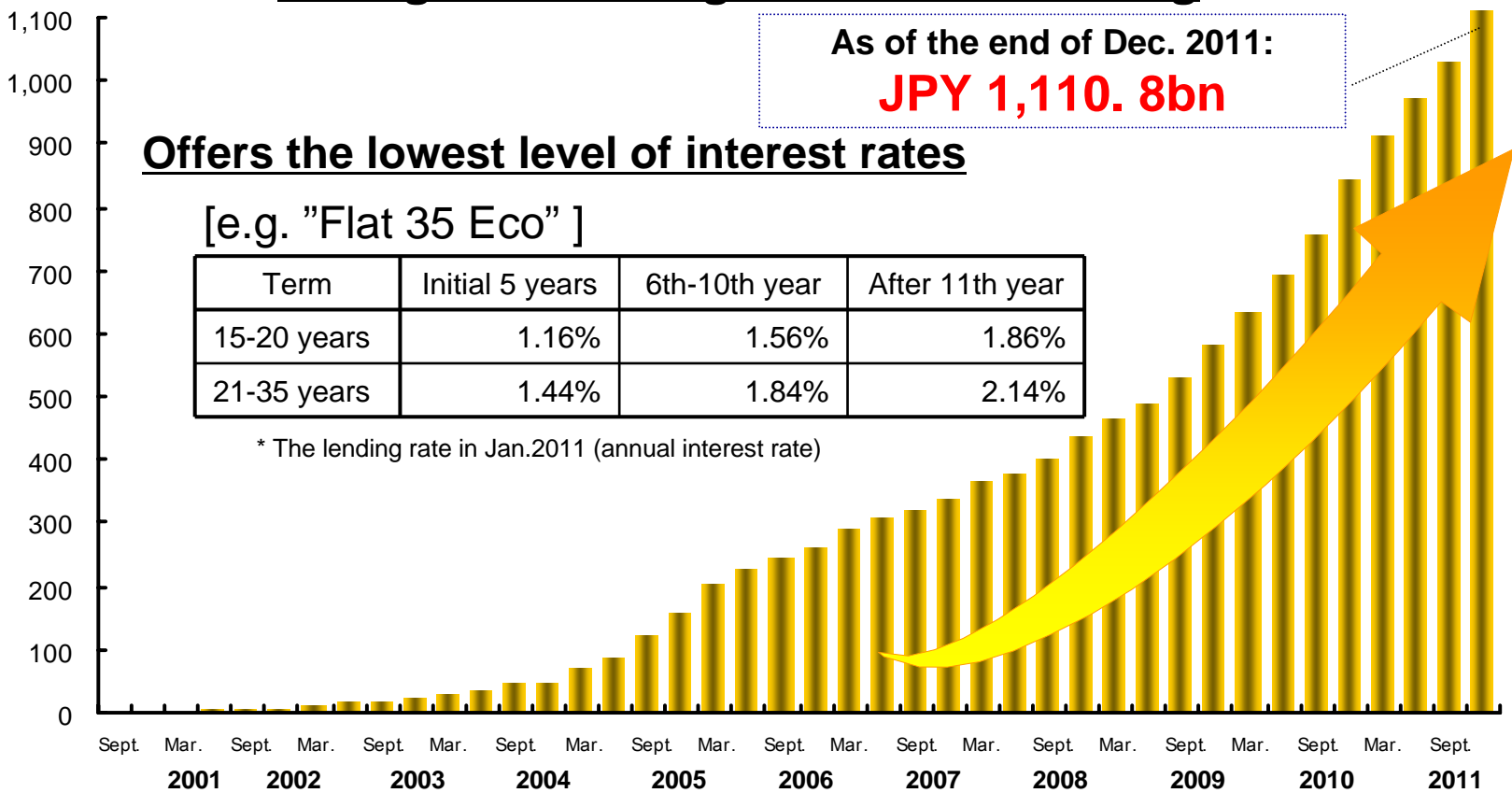
(JPY million, %)

	FY2011			QoQ % change
	1Q (Apr. – June)	2Q (July – Sept.)	3Q (Oct. – Dec.)	
Operating Revenues	1,932	2,238	2,630	+17.5
Operating Income	386	536	817	+52.5
Ordinary Income	391	543	825	+52.1
Net Income	221	320	430	+34.5

# SBI Mortgage's Loans Outstanding Topped JPY1.1tn in December 2011

## Change in Housing Loans Outstanding

(JPY billion)



**Offers the lowest level of interest rates**

[e.g. "Flat 35 Eco" ]

Term	Initial 5 years	6th-10th year	After 11th year
15-20 years	1.16%	1.56%	1.86%
21-35 years	1.44%	1.84%	2.14%

\* The lending rate in Jan.2011 (annual interest rate)

**SBI Mortgage's "Flat 35" share for 3Q (Oct.-Dec.): 13.4%**  
**1st among 336 companies**

\* Compiled by SBI Mortgage. Share is based on the amount of purchased loans (incl. guaranteed loans).

**Targeting further business expansion by benefiting from the re-expansion of the advantageous interest rate policy which was implemented**

## **2. Measures to Realize Continuous Growth Under a More Difficult Business Environment**

- (1) Continuing organizational restructuring to promote “Brilliant Cut” Initiative**
- (2) Carrying out various measures to promptly create value in many fields**
- (3) Group/investee companies' strategy for future IPOs and fund raising**

# **(1) Continuing organizational restructuring to promote “Brilliant Cut” Initiative**

# Scheduled Organizational Restructuring to Advance “Brilliant Cut” Initiative



**Feb. 1: SBI Holdings to acquire 100% ownership of SBI Net Systems** (Announced on Oct. 26, 2011)

- SBIH 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 seek to create larger synergies and strengthen profitability by conducting unified business deployment in collaboration with SBI-LG Systems both in Japan and overseas.

**Mar. 9: SBI Holdings to absorb SBI Property Advisors, SBIMP and SBI Semantic** (Announced on Jan. 31, 2012)

- Reorganization and liquidation of unprofitable businesses

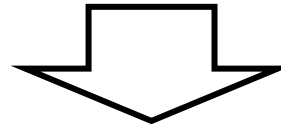
**Improve operating income substantially by reallocating resources within the SBI Group**

# Future Strategy and Financial Policy for Non-life Insurance Business and Life Insurance Business (Preparing for Launch)

  
(Shareholding: 75.6%)

**Life Insurer**  
(in preparation)

Requires **additional capital**  
as the business expands



**Mitigate financial burden of future capital needs  
by forming capital tie-ups with domestic and  
overseas partners**

**Reconsidered financial policy for the two  
companies, and now plan to flexibly reduce  
SBI's shareholding ratio to as low as 50-80%**

## **(2) Carrying out various measures to promptly create values**

### **➤ Asset Management Business**

- 1) Create sector funds overseas**
- 2) Accelerate business expansion to India, Cambodia and Myanmar focusing on investment activities**
- 3) Provide fund management advisory services and enterprise development know-how to overseas investment managers**

### **➤ Brokerage & Investment Banking Business**

- 1) Establish a new FX company to acquire a new customer segment**
- 2) SBI SECURITIES strengthens its IPO underwriting structure so that it can participate in IPOs more often as a lead manager**
- 3) Align with the biggest company syndicate in Cambodia to run a securities business there**
- 4) Expand provision of foreign stocks collaborating with overseas securities firms in which SBI Invests**

### **➤ Financial Services Business**

- 1) Develop new business models through synergies within the SBI Group**
- 2) SBI VeriTrans starts new business in Indonesia**

### **➤ Common infrastructure among the SBI Group**

### **➤ ALA-related business**

# Jointly Established Funds Focused on Chinese Information Industry Sector with Shanghai Yidian Holding

**Shanghai Yidian Holding**



**SBI Holdings**

**Jointly established USD and RMB funds**  
(Scheduled to start operations in FY2012)

- Primary targets are Chinese companies engaged in the information service business related to intelligent technology and Internet of things
- SBIH dispatched CEO, offering investment know-how

Shanghai Yidian Holding is considering the **acquisition and integration of promising companies among those in which the funds invest.** Hence, they are also **a potential acquirer** of portfolio companies.

## Outline of Shanghai Yidian Holding

Founded in 1960, Shanghai Yidian Holding is a large state-owned company directly under the aegis of the Shanghai Municipal Government and the only information company under the Shanghai State-owned Assets Supervision and Administration Commission. The Group has 120 or more companies under its umbrella.



# Establishment of JV Fund to Invest in Indian Companies <1>



**Targets attractive investment opportunities in small/mid-cap listed companies which are relatively under-covered by institutional investors**

## [About Edelweiss Financial Services]

- India's leading diversified financial group, which was established in March 1995 as a securities company
- Its businesses include Credit, Capital Markets, Asset Management, Housing Finance and Life Insurance

## [About the Fund]

Commitment amount	:	USD 100m
SBI's investment	:	75%
Target	:	Promising small/mid-cap listed companies in India

**Seek further alliance with Edelweiss, a comprehensive financial group**



# Establishment of JV Fund to invest in Indian Companies <2>



**Jointly Establish “Nirvana Digital India Fund” and Its Management Company with Local Partners**



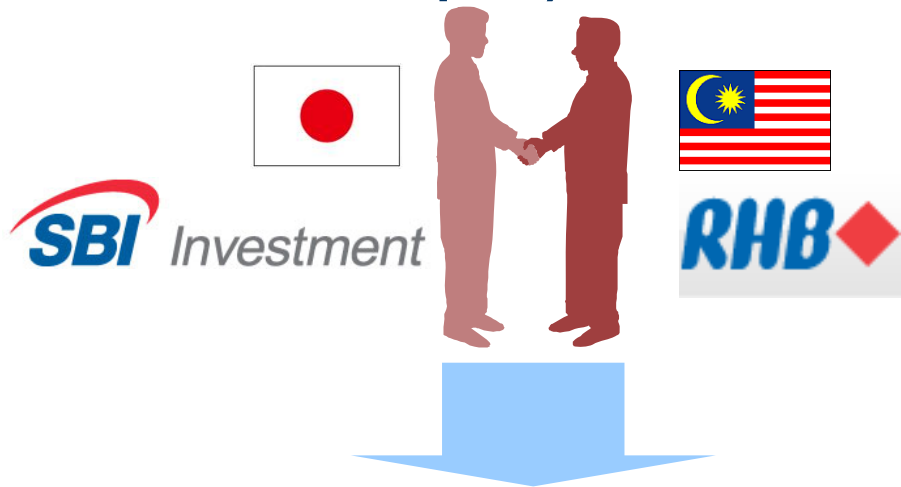
## [About the Fund]

- **Plans to conduct a first close of USD 30m, of which SBIH will invest USD 15m. The Fund expects to expand to USD 75m by the final close**
- **Target: Promising unlisted Indian companies in the internet, mobile and electronic payments markets**
- **The partners are the Patni family, who established Patni Computer Systems (currently iGATE Patni), a major IT company and pioneers in the ITES space in India, and Rajan Mehra, who is former Country Head of eBay in India.**

**The fund will invest in promising deals and become active at the investee companies’ management, to enhance corporate value by leveraging the investment team’s expertise and network in the IT field.**

# SBI Investment to Provide Fund Management and Enterprise Development Know-how

SBI Investment will offer investment management advisory services to RHB Private Equity Fund Management Ltd (indirect subsidiary of RHB Capital) to establish an “Asia CleanTech Fund”



**The total commitment of the Fund:**  
Minimum of USD 50m

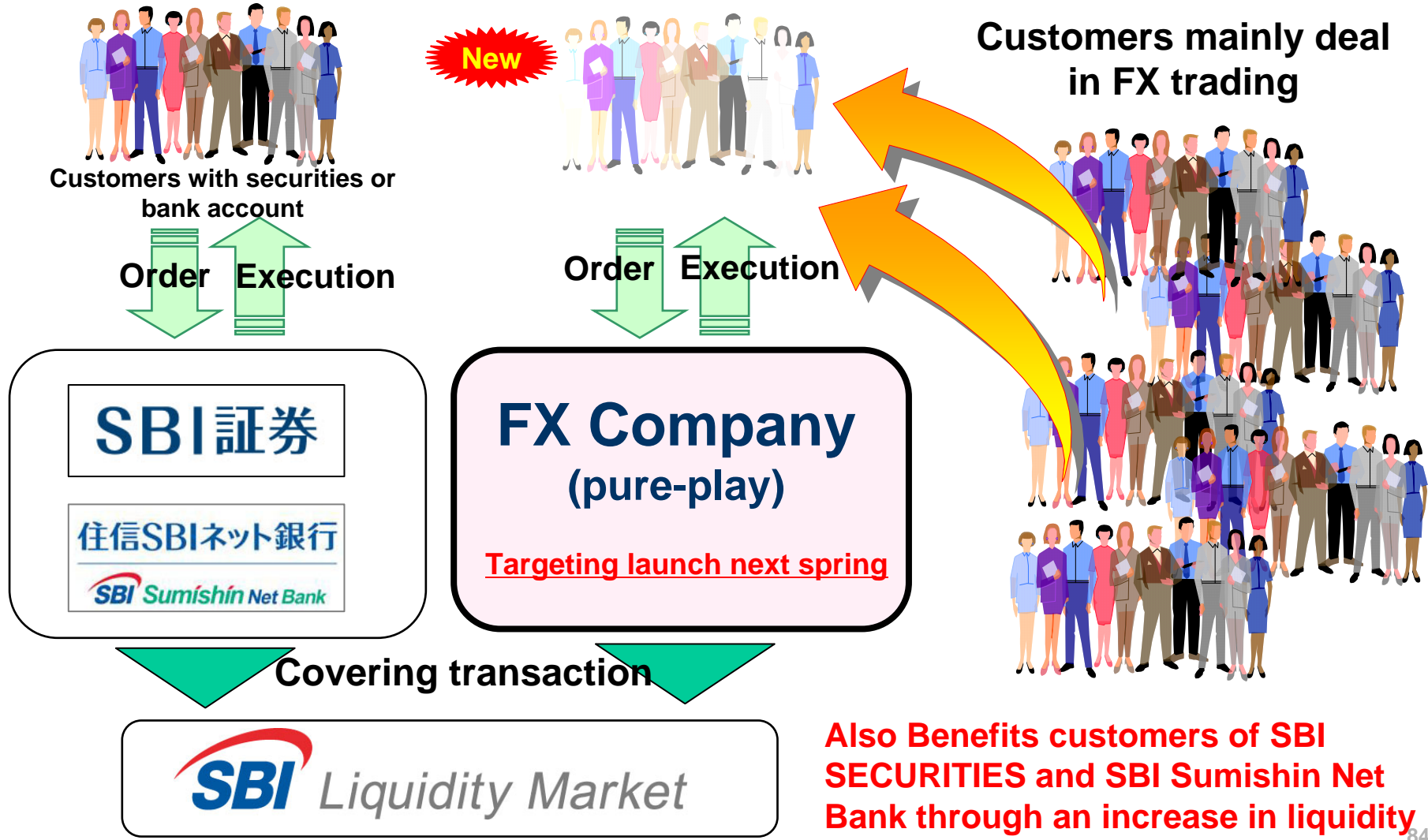
**Investment destination:**  
Listed and unlisted companies related to the clean technology industry mainly in Japan, China and other Asian emerging countries.

Newspaper article

(Nov 8, 2011 Nikkan Kogyo Shimibun)

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

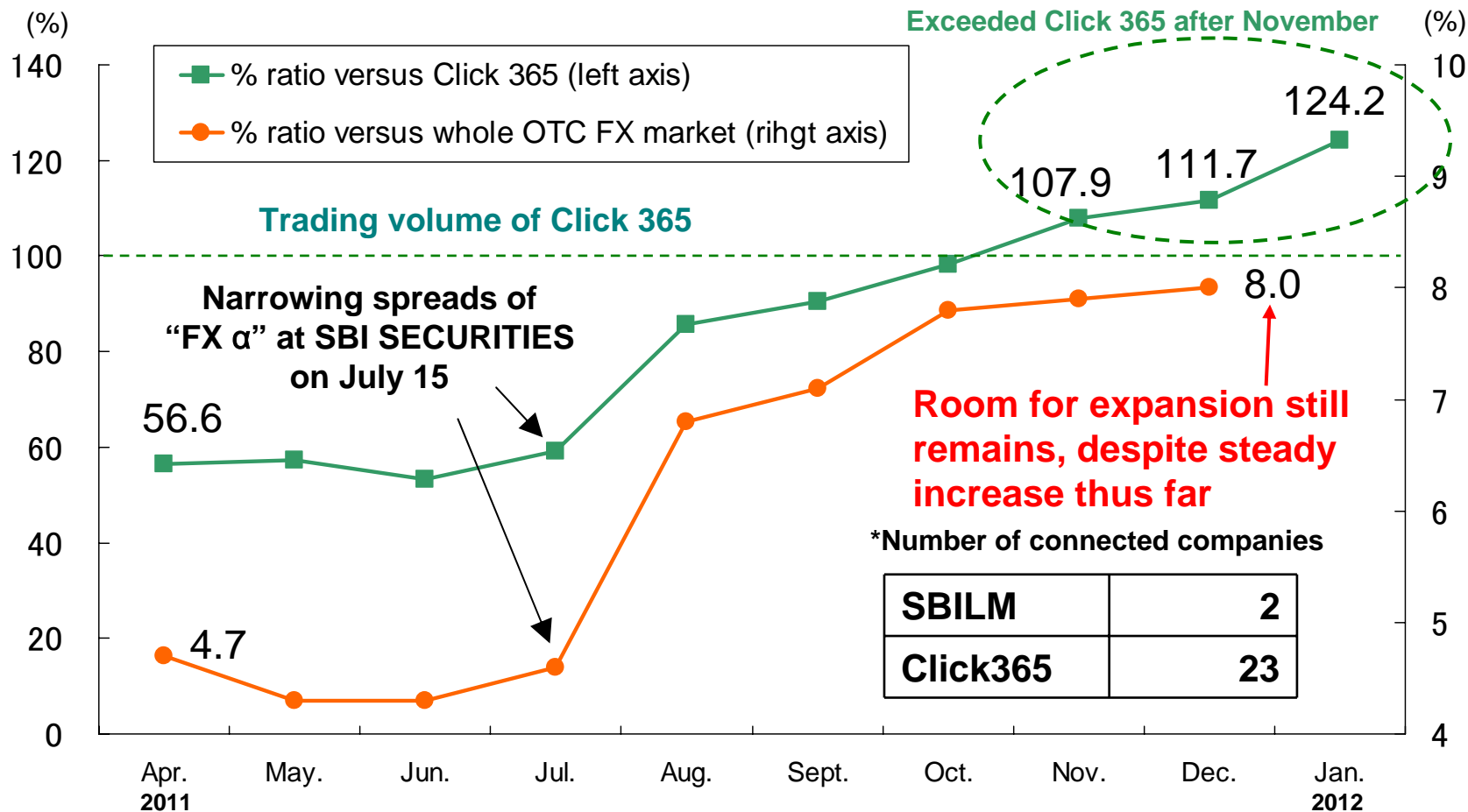
Besides customers via SBI SECURITIES and SBI Sumishin Net Bank, procure FX dealers as new customers



# Expansion of Trading Still Possible for SBI Liquidity Market

There is still plenty of room for expansion in the OTC FX market, while SBILM's trading volume/value greatly exceeds that of Click-365

## Increasing trading volume of SBI LM



From Jan. 2012, the tax systems for the OTC FX and exchange FX was unified and the merit for exchange FX disappeared.

Therefore, trading volume versus Click 365 further increased.

# SBI SECURITIES Maintains a High IPO Participation Ratio

**SBI SECURITIES, now filing applications to be listed as lead manager for three companies, will strengthen its underwriting structure, expecting to lead manage IPOs for four or five companies per year.**



Newspaper article

(Jan. 24, 2011 Nikkan Kogyo Shimbun)

## IPO underwriting ranking (9 month FY2011 period)

Company	No. of IPOs underwritten	Participation (%)
SMBC Nikko	23	76.7
<b>SBI</b>	<b>21</b>	<b>70.0</b>
Nomura	18	60.0
Okasan	16	53.3
Mitsubishi UFJ Morgan Stanley	16	53.3
Daiwa	15	50.0
Mizuho	15	50.0

\* Numbers of companies' IPOs underwritten in Japan, excluding additional sales and overseas.

\* Including Mebiopharm which is listed on TOKYO AIM

\* Participation here means number of underwriting deals, including the deals they participated as lead underwriter

\* Compiled by SBIH from disclosed data from each company

# Operate Securities Business in Cambodia in Collaboration with Royal Group



## SBI Royal Securities

(A wholly-owned subsidiary of SBI Holdings)

Oct. 20, 2010

The only Japanese company that acquired a securities business license in Cambodia.

Feb. 21, 2011

Appointed to lead underwriter of state-owned Sihanoukville Autonomous Port (“PAS”)’s IPO

## Cambodian Capital Securities ( Securities subsidiary of Royal Group)

Royal Group of Companies

Cambodia’s largest conglomerate group established in 1990, operates wide-ranging businesses primarily in Cambodia, including financial businesses, such as commercial banks and investments, the media business, and the mobile telecommunications business. Also, the Royal Group is partnering with KFC, Motorola, Samsung and many other prominent global companies

Merger



**SBI Royal Securities**

(SBI’s share: 71%)

**Expect various cooperative work with the Royal Group, including supporting several affiliated companies of the Royal Group to be listed on the Cambodian Securities Exchange**

# Expand Provision of Foreign Stocks Collaborating with Overseas Securities Firms in which SBI Invests

Expand further offerings, in addition to stocks of US, Hong Kong & China, Korea, Russia and Vietnam, which have already been made available

## Newly announced alliances



Singapore

**PhillipCapital Group**

(Announced on Jan. 31, 2012)

Singapore & Thai Stocks



Malaysia

**OSK Investment Bank**

(Announced on Jan. 31, 2012)

Malaysian stocks



Indonesia

**BNI Securities**

(25% share)

Indonesian stocks

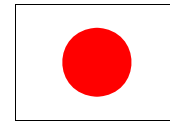


Cambodia

**SBI Royal Securities**

(71% share)

Cambodian stocks



**Japan**

**SBI証券**

**[SBI SECURITIES]**



**2.34 mil. accounts  
as of Dec. 2011**

# SBI Social Lending Collaborates with SBI SECURITIES

Developed Japan's original new business model that differs from that of Zopa (UK) or Prosper (US)

On Jan. 30, 2012 started fund raising



Invest in secured financial products

**SBI Social Lending Support**  
**SBI Social Lending**  
(Establish funds)



Find potential customers

From the end of Feb. (plan)

## SBI証券



The first service utilizing social lending as an online securities company



Going forward, SBI Social Lending aspires to provide new profit opportunities in collaboration with other Group companies

Features of new securities-backed loan:  
-Able to complete loan application online  
-Low interest rate

# Started New Settlement Service Utilizing Smartphones

## ~SBI VeriTrans and SBI Pay For All~

**Card reader**



Read information



Provision of apps for settlement, card reader and printer  
(Started provision of beta version in Jan. 2012, and will go into full-fledged operations in Apr.)

Data encryption



**Smartphone**  
Download the app for settlement

Data encryption



Data transmission



Bluetooth connection

To expand affiliated stores, mainly restaurants, in cooperation with HIKARI TSUSHIN group



**Printer**

Receipt



# SBI VeriTrans Advancing into Indonesian EC Payment System and Infrastructure Businesses

With netprice.com and Midplaza Group, jointly established a company to provide EC-related services in Indonesia, in anticipation of the rapid growth of the Indonesian EC market



Midplaza Group  
(Indonesia)



Invest



Invest



## New company “PT MIDTRANS”

Provision of EC settlement service, EC infrastructure service and EC consulting service, etc., to Indonesian companies and Japanese/foreign companies operating in the country.  
(Scheduled to start operations this spring)

Newspaper article

### About Midplaza Group

Since the 1980s, Midplaza Group has developed real estate businesses, including property development, such as that of office buildings, and the operation of luxury hotels, such as Intercontinental Midplaza Jakarta. Midplaza Group is also involved in the IT-related fields.

# New “SBI Money Plaza” Concept

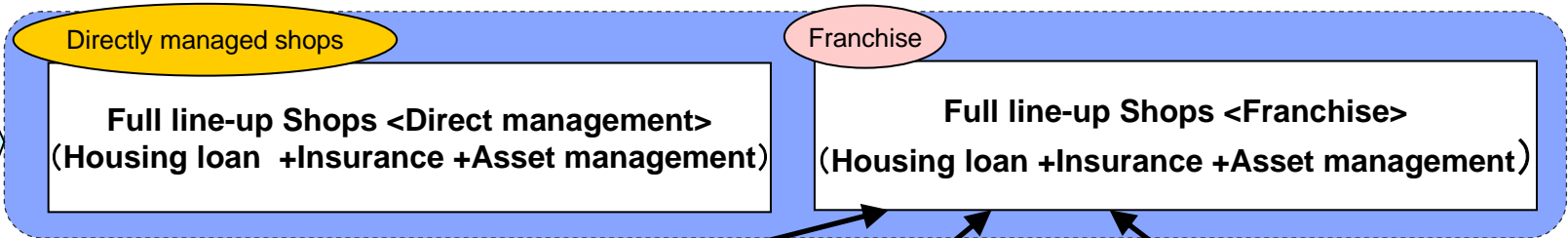


To expand operations of the franchise chain “SBI Money Plaza,” which provides all kinds of optimal financial products to clients on a one-stop basis through real outlets



- Establishment of the operator “SBI Money Plaza,” and cooperation with SBI Mortgage Co., Ltd. and SBI SECURITIES
- Clarification of outlet categories, “housing loan,” “insurance” and “asset management,” and expansion of full-lineup shops

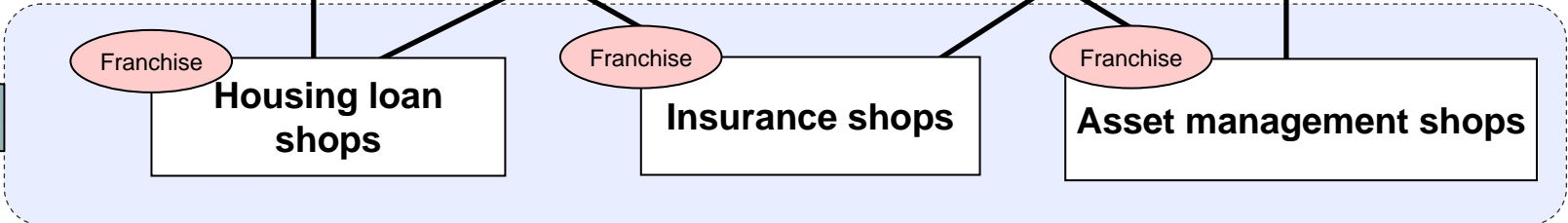
## In 3 field



## In 2 field



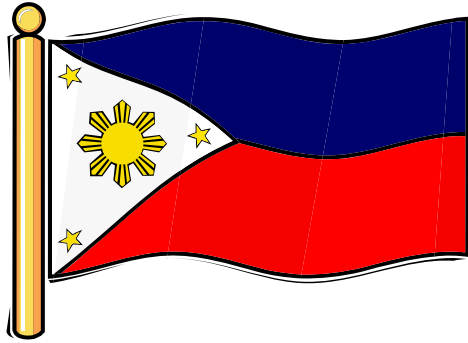
## In 1 field



Expansion

Expansion

## Obtained Certification of Product Registration for Health Foods Granted by Philippine Government



**Health food, 'NatuALA ONE' was nationally licensed by Food and Drug Administration (FDA) Philippines (on Dec. 21, 2011)**



**Studying the establishment of a sales structure, utilizing local practitioner networks.**

**As the free sales certificate (FSC) issued by the Philippine government can now be obtained, the development of the supplement business overseas will be accelerated.**

# Awarded First Place in Popular Cosmetic and Beauty Information Site



**“MAQUIA ONLINE”**

**Monthly Ranking of the number of reviews in Dec:1st**

**(The monthly number of posted reviews:171)**

**Brand Name : ALAplus  
MOISTURISING CREAM**



## Examples of user reviews:

- I have extremely sensitive skin, but the moment I apply MOISTURISING CREAM, I really feel my skin become moist and springy. The cream does not stimulate my skin in an unwanted way, such as pricking and stinging it. This makes me happy with the product as I usually use only non-irritant cosmetics. Using the cream, I feel my skin is moist even the next morning. Besides, even after applying makeup, the cream keeps my skin moist even in a dry room in the winter.

- Since I began using MOISTURISING CREAM, my skin has become smooth and always moist. Of all the creams that I have used so far, I can recommend this one the most. Thank you so much.

## Gained the Business Licenses Required as a Pharmaceuticals Company

**Cancer treatment:  
Brain tumor  
diagnostic agent**

\*Orphan drug designation  
(Nov. 2010)

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)

→ **Phase-3 clinical testing** has completed

→ If all goes as planned, it will be approved as a treatment within FY2012



**Sponsor investigator headed by Kochi University into expanded indication for carcinoma is ongoing**

# Steadily Progressing the Research of Cancer Diagnosis with ALA

## Cancer diagnosis

In a joint research project with the Tokyo Institute of Technology for the potential application of cancer screening, the development of an urine test instrument is under study.

Newspaper article

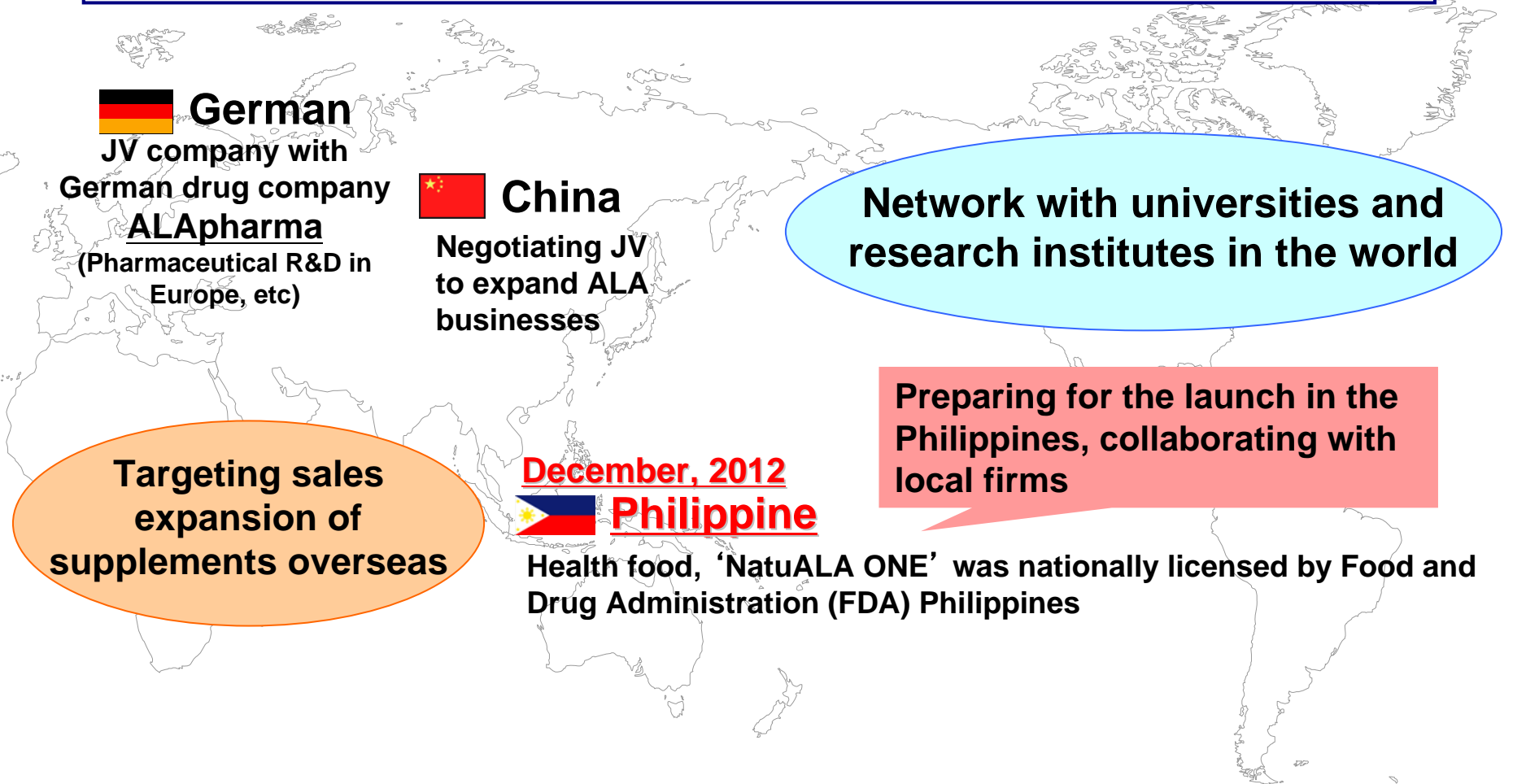
**Early detection of cancers with ALA**  
**Tokyo Institute of Technology and SBI ALApromo Co., Ltd. are developing a technology for the early detection of cancers targeting the digestive system.**

**“In an animal experiment, it was found that even a minute cancerous tumor can be detected only by measuring the quantity of porphyrin in fluorescent materials contained in the urine and blood, several hours after orally administering ALA.**

**(Snip) Currently, an examinee, when taking ALA before going to bed, can undergo cancer diagnosis right after getting up the next morning. A group led by Shunichiro Ogura, Assistant Professor of the Tokyo Institute of Technology, is improving their ALA-based diagnosis system to shorten the time needed for cancer screening to two or three hours so that it can be used even in a one-day physical examination.”**

# Striving 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 dramatic increase in inquiries and joint research requests from both foreign and domestic research entities regarding SBI ALA promo



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

 **China**  
Negotiating JV  
to expand ALA  
businesses

December, 2012  
 **Philippine**  
Health food, 'NatuALA ONE' was nationally licensed by Food and Drug Administration (FDA) Philippines

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

**Targeting sales expansion of supplements overseas**

**Preparing for the launch in the Philippines, collaborating with local firms**

### **(3) Group/investee companies' strategy for future IPOs and fund raising**

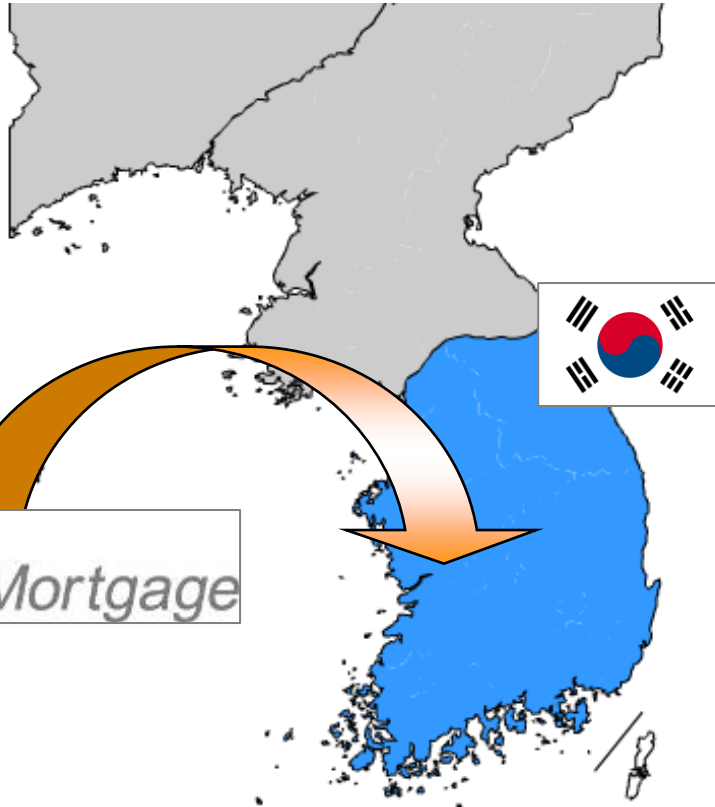
**Create value of Group companies and investee companies to realize their IPOs in the domestic and overseas markets. The capital gains from such IPOs will be allocated for future growth.**

**This may be referred to as the second step in the IPO strategy. In the first step, SBIH conducted IPOs of its subsidiaries, including Morningstar Japan and E\*TRADE Japan (currently SBI SECURITIES), for the formation of the Group. The capital that was raised was then utilized for the further expansion of the Group.**

**(The number of listed Group companies totaled 11 at its peak)**

# Overseas Listing of Group Companies

**SBI Mortgage's Listing was Approved  
by the Korea Exchange on November 2011  
(as the First Japan-based Company Listing)**



## 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
- Samsung Electronics and Hyundai Motor, POSCO and LG Display are examples of its major listing companies

No. of listed companies	777
Market Cap.	Approx. KRW 1,141tn (JPY 77tn)
Annual trading volume	Approx. KRW 1,410tn (JPY 95tn)

\*as of the end of 2010

\*KWR100=JPY6.751

**To be listed within 6 months from approval (May 2012)**

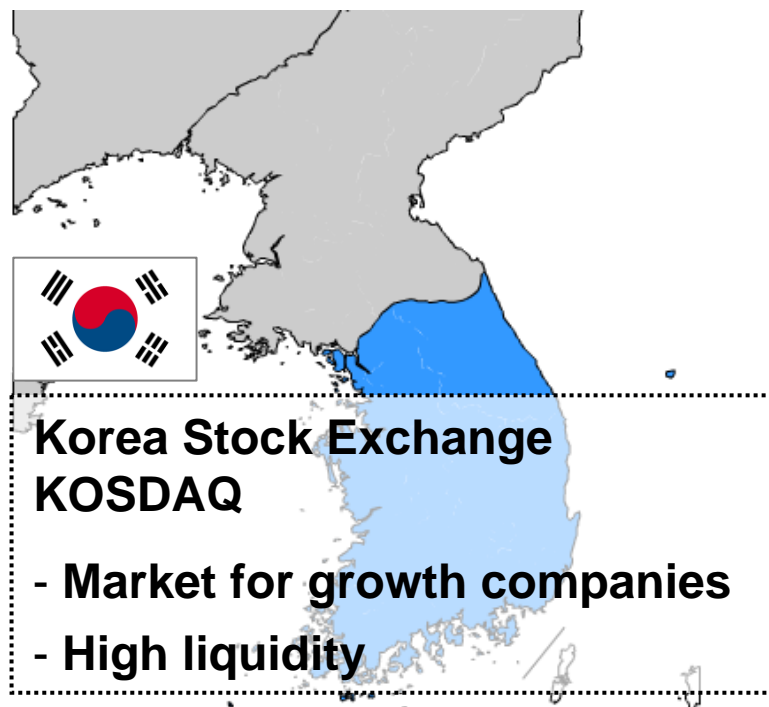
# Overseas Listing of Investee Companies

**AXES Holdings, our investee company, is planning to file a request for preliminary examination for listing on the KOSDAQ in Feb. 2012**

## AXES Holdings

(SBI Group's equity stake : 70%)

- Holding company that retains settlement service providers, ZERO and ZEUS
- Established subsidiaries in the US, the UK, the Netherlands and Singapore, operating globally.



\* Currently assisting in listing preparation through SBI Investment Korea

**Targeting a business expansion in South Korea, where the Internet is widespread and the infrastructure well developed, AXES Holdings will boost its competitive edge by a KOSDAQ listing.**

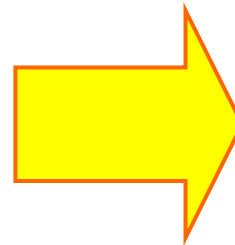
# Auto Server, a Portfolio Company, to be Listed on the Taiwanese Stock Market

**Auto Server Co., Ltd.\***, which runs an Internet-based used car distribution business, targets listing on Taiwan's over-the-counter market by the end of FY2012

—On Nov. 10, 2011, Auto Server held a joint press conference in Taiwan with Yuanta Securities, the lead manager, and GTSM, an operator of the Emerging Stock Market



- Ownership percentage of a fund managed by the SBI Group: 50.57%
- Established a platform that connects more than 80% of used car auction sites in Japan via the Internet.
- Has a membership of over 35,000, including car dealers, repairs and maintenance service providers, and car exporters.
- Number of used cars put up for auction: over 6.50 million per year



**The Taiwanese stock market  
mainly consists of companies in  
IT industry**

Hong Kong: financial and real estate  
Singapore: small and midsize manufacturers

**By listing on Taiwan's GTSM, Auto Server endeavors to make inroads into the Chinese market**

**Auto Server's listing on GTSM, if approved, will be the first primary listing on the market by a Japanese company**

# <Appendix>

# Assets under Management of the SBI Group



JPY 470.1bn as of the end of Dec. 2011

Private equity, etc. total: 260.5

(JPY billion)

**[IT/Biotechnology] Total: 77.4**

Broadband/Media 12.1

Mobile services 26.5

Biotech 12.7

Others \*1 26.1

**[Buyout/Mezzanine] Total: 34.3**

Value Up 23.7

Mezzanine 10.6

**[Direct investment] 43.3**

**[Environment/Energy \*2] Total: 8.0**

**[Overseas] Total: 97.5**

China \*2 25.6

Korea 14.5

Vietnam 5.3

India 7.5

USA 11.3

Russia 7.5

Others \*2 25.9

**Investment trusts, others Total: 179.4**

Investment trusts 55.2

Investment advisory 123.0

Investment companies 1.2

**Real estate, others Total: 30.2**

Development 19.2

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 Dec. 2011. All figures are rounded to the nearest JPY100m.

\*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/>*