



*Strategic
Business
Innovator*

SBI Holdings, Inc.
FY2011 Financial Results
(Year Ended March 31, 2012)

April 26, 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 FY2011**
- 2. The Business Strategy to Become the “World’s SBI” and the New Organizational Structure to Support the Strategy**

1. Consolidated Business Results for FY2011

- (1) Amid the increasingly severe business environment resulting from negative factors such as the Great East Japan earthquake, the credit crisis in Europe and the economic slowdown in emerging countries, SBI Holdings achieved a growth in net income for FY2011 by 19.9% YoY, excluding the impact of the reversal of deferred tax assets (approx. JPY -2.2bn) as a result of the revision of the tax system.**

- (2) Review of the First and Second Phase of Brilliant Cut Initiative, which was Announced in July 2010**

- (1) Amid the increasingly severe business environment resulting from negative factors such as the Great East Japan earthquake, the credit crisis in Europe and the economic slowdown in emerging countries, SBI Holdings achieved a growth in net income for FY2011 by 19.9% YoY, excluding the impact of the reversal of deferred tax assets (approx. JPY -2.2bn) as a result of the revision of the tax system.**

FY2011 Consolidated Performance

Achieved a year-on-year increase of 19.9% in net income, excluding the impact from the tax revisions

(JPY million)

	FY2010 Full year (Apr. 2010 – Mar. 2011)	FY2011 Full year (Apr. 2011 – Mar. 2012)	YoY change (%)
Operating Revenues	141,081	145,074	+2.8
Operating Income	8,932	*1 7,575	-15.2
Ordinary Income	3,525	4,860	+37.8
Net Income	4,534	*2, 3 3,200	-29.4

*1 SBI Insurance recorded a JPY 3.5bn loss for operating income.

*2 JPY 8.6bn was recorded as extraordinary income from the sale of SBI VeriTrans

*3 In accordance with the tax revisions, a JPY 2.2bn loss was recorded as income taxes-deferred.

Net income for FY2011 would have been JPY 5.4bn (up by 19.9%), if the effect of the tax revision were excluded.

Performance Fluctuation Factor Analysis of FY2011



SBI Holdings
(JPY million)

[Operating Income] FY2010 FY2011 Changes

Total Operating Income	8,932	7,575	-1,357	
Major businesses				Major factors for changes
Asset Management Business	9,577	14,183	4,606	Gain on disposal of Klab's shares: approx. JPY 6.4bn Gain on disposal of VSN's shares: approx. JPY 5.2bn
SBI SECURITIES (cons.)	9,896	7,532	-2,364	Decrease in stock trade commission revenues due to stock market stagnation
SBI Card	-3,504	-2,701	803	Cost reduction achieved by reviewing business operations
SBI Insurance	-188	-3,521	-3,333	Increase in provision of policy reserve (approx. JPY 6.0bn YoY), lead by the growth of insurance revenue according to the steady increase in the number of contracts and termination of the reinsurance agreement

[Non-operating Income and Expenses] FY2010 FY2011 Changes (JPY million)

Total Non-operating Income and Expenses	-5,407	-2,716	2,691	
Major items				Major factors for changes
Equity method investment gain	163	2,546	2,382	Surge in profit of SBI Investment Korea: approx. JPY 0.8bn Reduced loss of SBI Japannext: approx. JPY 0.7bn Profit growth of SBI Sumishin Net Bank
Foreign exchange profit	-1,349	-509	839	Decrease of foreign exchange loss mainly at SBI Holdings and SBI Korea Holdings
Deferred asset under Article 113 of the New Insurance Business Act (SBI Insurance)	-952	-1,750	-798	Increase in amortization of deferred asset under Article 113 for FY2010

[Extraordinary Income and Expenses] FY2011 (JPY million)

Total Extraordinary Income and Expenses	12,692	
Items	Major contents	
Extraordinary Income	15,520	Gain on disposal of SBI VeriTrans: JPY 8.6bn Gain on disposal of the equity interest of SBI Pharmaceuticals (former SBI ALApromo): JPY 4.2bn
Extraordinary Expenses	2,828	Sell-off of HOMEOSTYLE: approx. JPY 0.9bn

Operating Cash Flow Fluctuation Factor Analysis

Operating Cash Flow (classification by occurrence factor)

(JPY million)

	FY2011	Major fluctuation factors
Operating Cash Flow	-4,972	
SBI Mortgage	-15,351	
Increase(-)/decrease in operating loans	-11,174	Growth in number of home mortgage contracts driven by the increase in “Flat 35” loans (*1)
Increase(-)/decrease in operating accounts receivable	-5,805	Loans tentatively made by company’s own funds, based on the precondition of Japan Housing Finance Agency’s acquisition of loans (*2)
Others	1,628	
SBI SECURITIES	5,321	Primarily consists of an increase/decrease in segregated cash for customer deposits, deposit assets and guarantee deposits, etc., of SBI SECURITIES
Others	5,058	

*1 Subjected to the increase in bridge loans according to the rise in “Flat 35” loans and of new home mortgage service, “Half & Half”, launched in Oct. 2011. In early Apr., approx. JPY 5.9bn out of the total was already collected by using the liquidation scheme to transfer it to financial institutions.

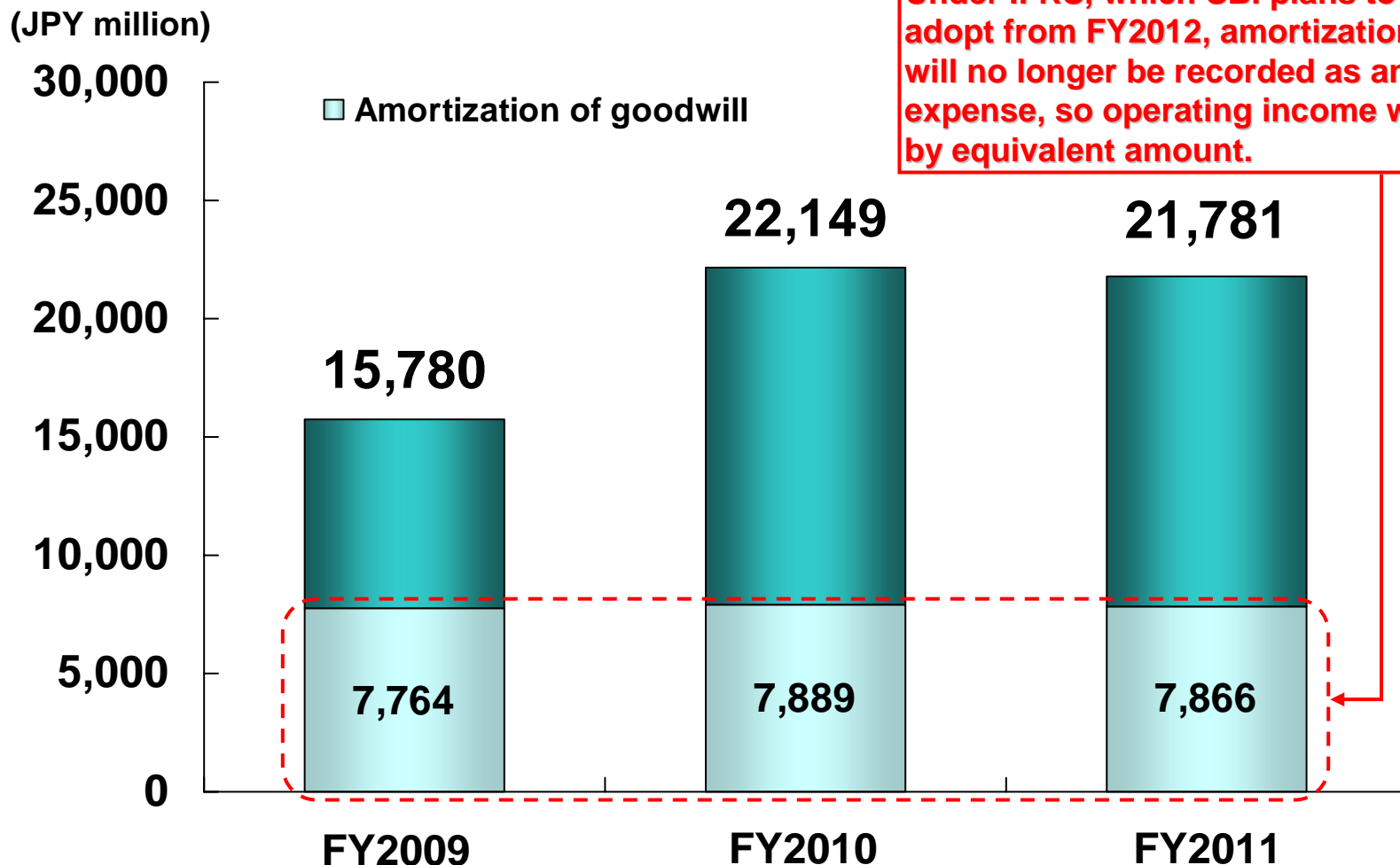
*2 Usually “Flat 35” uses the credit liquidation scheme for fund procurement, however, as the number of new loans increased significantly, owing to a timing issue, these loans were recorded as operating accounts receivable. However, this credit was already collected in early Apr.

By extending into the new fiscal term, Operating Cash Flow was recorded as a negative figure. However, by mid-April the cash was collected, and the actual cash position was approx. plus JPY 6.7bn.

EBITDA Performance

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

EBITDA for FY2011 was JPY 21,781m, down by 1.7% year-on-year



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.

EPS for FY2011 Up 4.7% Year-on-year, Regarding the Reversal of Deferred Tax Assets due to the Tax Revision (approx. JPY 2.2bn), even after IPO on Hong Kong Stock Exchange



Net income per share after public offering (upon split of shares / yen)

FY2008	-1,232.5
FY2009	140.3
FY2010	236.1
FY2011	145.6

PO in June 2010

Capital raised*	JPY 35.3bn
Dilution ratio	18.54%

*total net proceeds of public offering

IPO on HKEx in Apr. 2011

Capital raised*	Approx. JPY 16.2bn
Dilution ratio	10.02%

*total net proceeds of both public offering and third party allocation.

When considering the impact of the reversal of deferred tax assets and liabilities owing to the tax revisions;

247.2 yen
(up 4.7% YoY)

Summary of Major Business Segments

Asset Management Business

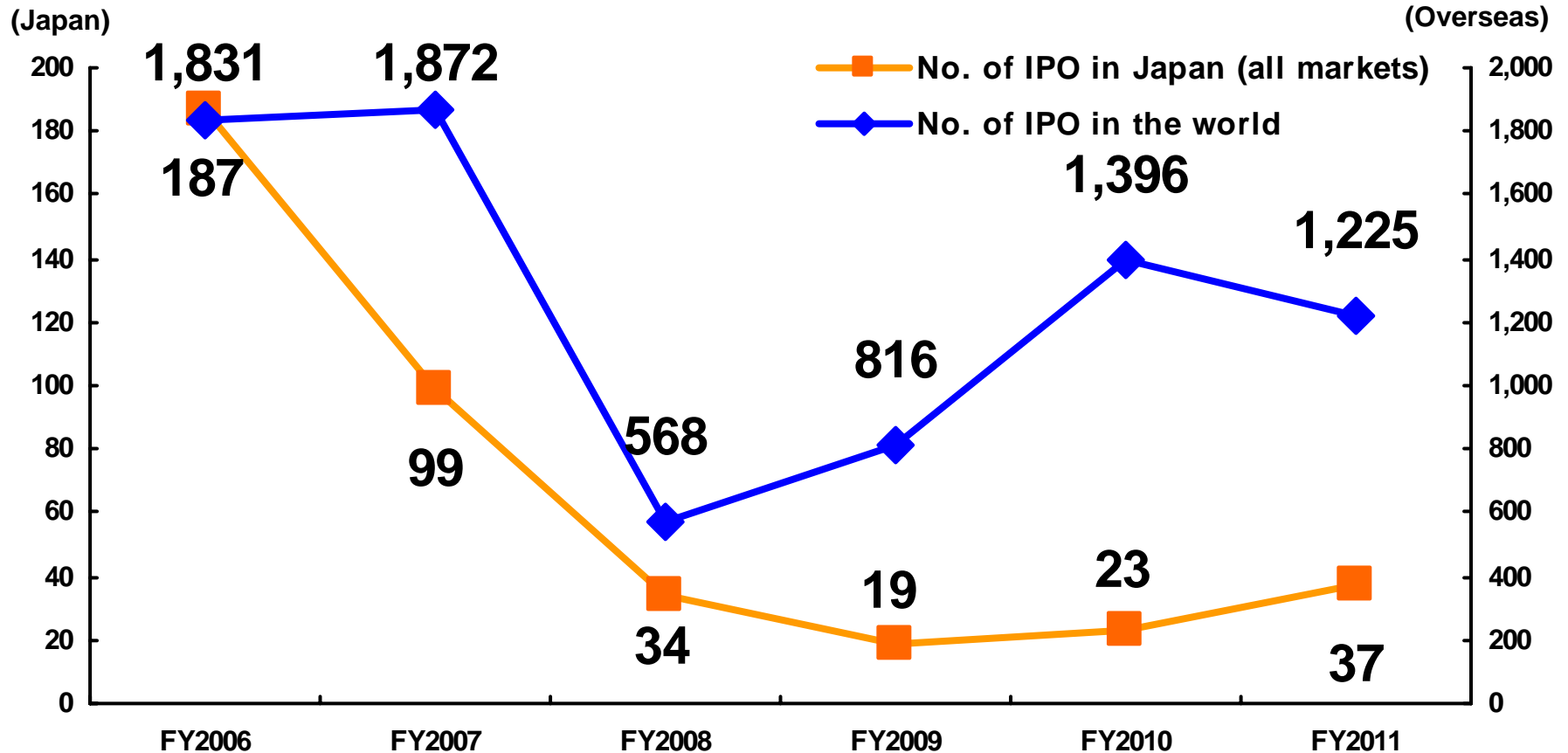
- Recorded a capital gain of JPY 5.2bn from the sale of VSN, Inc. stock, which was a portfolio company of a fund managed by SBI Capital, and a gain of JPY 6.4bn from the sale of KLab Inc. stock, which is a portfolio company of funds managed by SBI Investment. Owing to these gains, the Asset Management Business recorded operating income of JPY 14.2bn.
- While the world IPO market declined, Japan's IPO market showed a modest recovery, recording 37 IPOs for FY2011, which was an increase of 14 issues year-on-year.
- For FY2011, a total of 14 of SBI's portfolio companies were successfully exited, with 5 domestic and 6 overseas IPOs, and 2 domestic and 1 overseas M&As.

Japan and the World's IPO Market

Primarily Owing to the Emerging Markets, the World IPO Market Slowed Down, but Japan's Markets Experienced an Increase of 14 IPOs

Change in the number of domestic and overseas IPO companies

(Unit: companies)



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

IPO and M&A Deals in the Asset Management Business

	*1 Up to FY2009				*1 FY2010 Full year				FY2011 Full year			
IPO and M&A deals	124				17				*2 14			
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	5	6	2	1

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

*2 The full year forecast at the time of the 3Q financial results announcement was 16 companies. However, owing to some changes, including the change of SBI Mortgage's scheduled IPO from a date in March to April 30, 2012, the number of companies was subsequently reduced to 14.

IPO and M&A Deals in FY2011

During FY2011, 14 companies below exited through an IPO or M&A, and 1 company is scheduled to be listed in Apr. 2012

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)
Feb. 14	HYVISION SYSTEM Inc.	M&A
Feb. 15	NEUROS Co., Ltd.	KOSDAQ (Korea)
Mar. 27	VECTOR INC.	TSE Mothers
(Initial listing was approved in FY2012)		
(Scheduled) Apr. 30	SBI Mortgage Co., Ltd.	KOSPI (Korea)

Performance Comparison with a Major VC Company



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

<Performance>

(JPY billion, %)

	Operating Revenues	YoY % change	Operating Income	YoY % change
The SBI Group's Asset Management Business	34.6	+13	14.2	+48
JAFCO (Interests Consolidation)	19.8	31	(*3) 2.1	-27

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

(*2) Amounts are rounded to nearest 100 million yen

(*3) JAFCO's net profit for FY2011 was JPY 6.1bn (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.

<New investment amount, number of invested companies>

	New investment amount (JPY million)		Number of invested companies (Unit: companies)	
	FY2011	FY2010	FY2011	FY2010
The SBI Group's Asset Management Business	69,475	64,436	180	185
JAFCO	22,655	32,172	96	110

Investment in Haitong Securities, China's Major Securities Company

Subscribed for Haitong Securities' shares equivalent to USD 30m as a cornerstone investor*, prior to its Hong Kong listing on April 27

*an institutional investor that subscribe for company's shares prior to its IPO

<Outline of Haitong Securities>

- A diversified securities company that is the second largest in asset size, with approximately 220 securities offices and about 4 million retail customers in China. The company's business is centered on brokerage, but also includes investment banking and asset management.
- Although Haitong Securities has been listed on the Shanghai Stock Exchange since 2007, it is to be listed on the Hong Kong Stock Exchange in accordance with the company's goals of expanding its business into other Asian countries.



Establishment:	1988
Total asset:	RMB 98.8bn (approx. JPY1.2tn *)
Net asset:	RMB 45.0bn (approx. JPY 576.9bn*)
Net profit:	RMB 3.1bn (approx. JPY 39.7bn*)

<Reference> Total asset of SBI SECURITIES: JPY1,121.9bn

*as of the end of Dec. 2011

With this investment in Haitong Securities, SBI will endeavor to work with Haitong Securities in a wide-range of potential business opportunities in China, and other Asian countries.

Brokerage & Investment Banking Business

- **The average daily individual brokerage trading value in the three markets decreased by 14.4% year-on-year and the operating environment is difficult for securities firms. At SBI SECURITIES, owing to its diversification of earnings sources including foreign bonds and FX, along with the increase in trust fees due to the accumulated investment trust balance, the decrease in operating revenue was limited to 9.8% 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 FY2011 declined 12.7% year-on-year, but the annual trading value of SBI SECURITIES' FX transactions was steady and increased 27.7% from the corresponding previous fiscal year, thanks to its countermeasures against the tightened leverage regulations. The operating income contributed by SBI Liquidity Market for FY2011 was about JPY 7.0bn 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 2.8% of that of the Tokyo Stock Exchange's First Section in Mar. 2012. Earnings of SBI Japannext improved sharply, owing to the large trading value and reduced costs.**

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

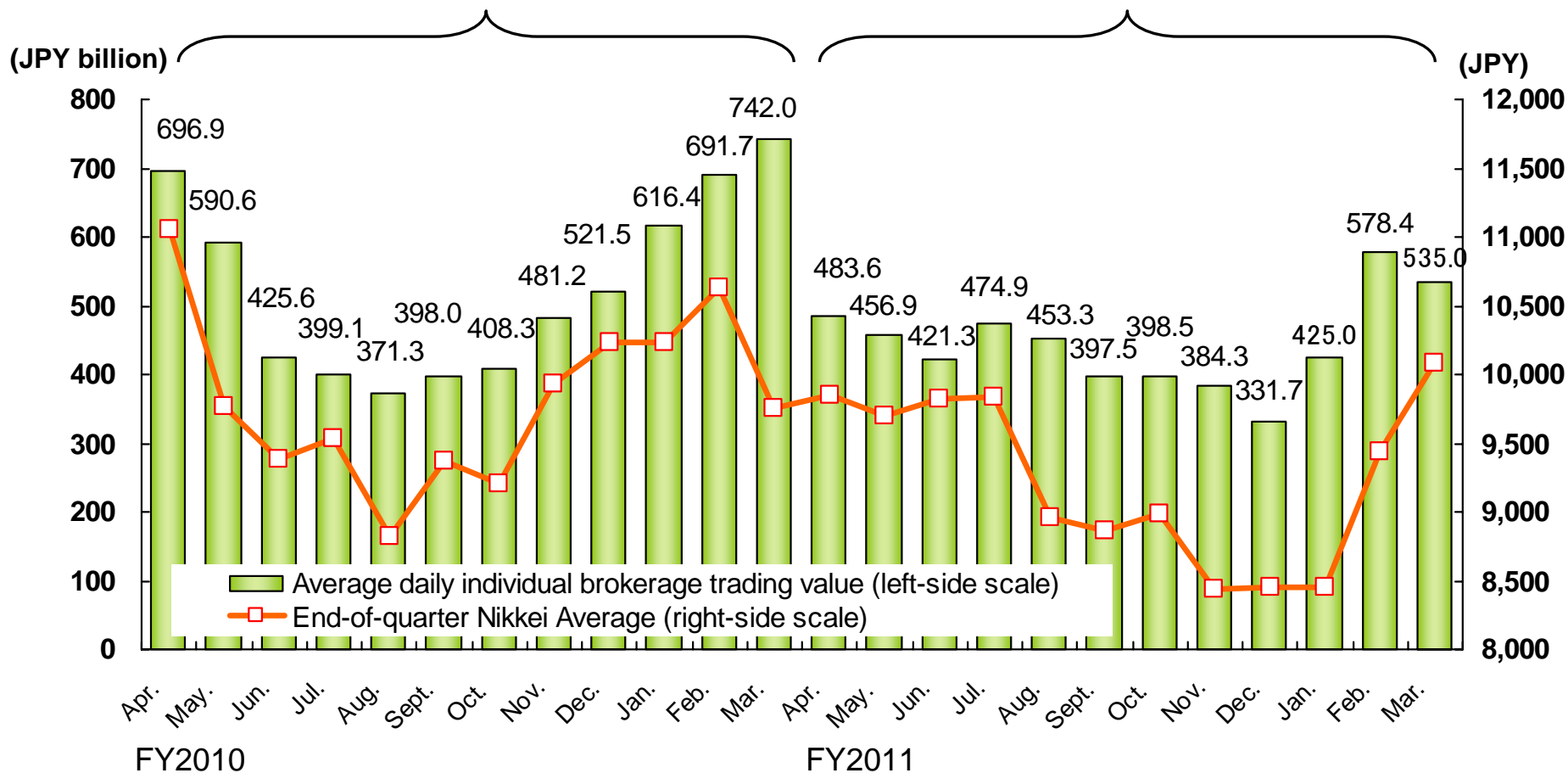


➤ Owing to the Great East Japan Earthquake and the European Crisis, cumulative individual brokerage trading value for FY2011 was JPY 110.097 trillion, down 14.4% YoY

Cumulative FY2010: JPY 128.5435 trillion

Cumulative FY2011: JPY 110.097 trillion

YoY change **-14.4%**



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

SBI SECURITIES FY2011

Consolidated Results

(Unit: JPY million, %)

	FY2010 (Apr. 2010 to Mar. 2011)	FY2011 (Apr. 2011 to Mar. 2012)	YoY % change
Operating Revenues	44,077	39,738	-9.8
Net Operating Revenues	40,422	36,406	-9.9
Operating Income	9,896	7,532	-23.9
Ordinary Income	9,704	7,464	-23.1
Net Income	8,631	5,645	-34.6

Performance Comparison of Major Online Securities Companies

(Unit: JPY million, %)

	Operating Revenues	YoY % change	Net Income	YoY % change
SBI	39,738	-9.8	5,645	-34.6
Monex^(*1)	32,292	28.0	1,426	-28.4
Rakuten (cons.)^(*2)	20,798	-9.4	2,642	24.5^(*3)
Matsui	17,703	-19.9	4,263	-21.2
kabu.com (non-cons.)	12,368	-12.0	1,587	165.8^(*3)

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

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

*3 Both Rakuten and kabu.com's net income for FY2011 rebounded YoY, due to the posting of provision of allowance for doubtful accounts on extraordinary expenses for FY2010, that responded to money advanced to customers or insufficient funds for settlement after the earthquake disaster.

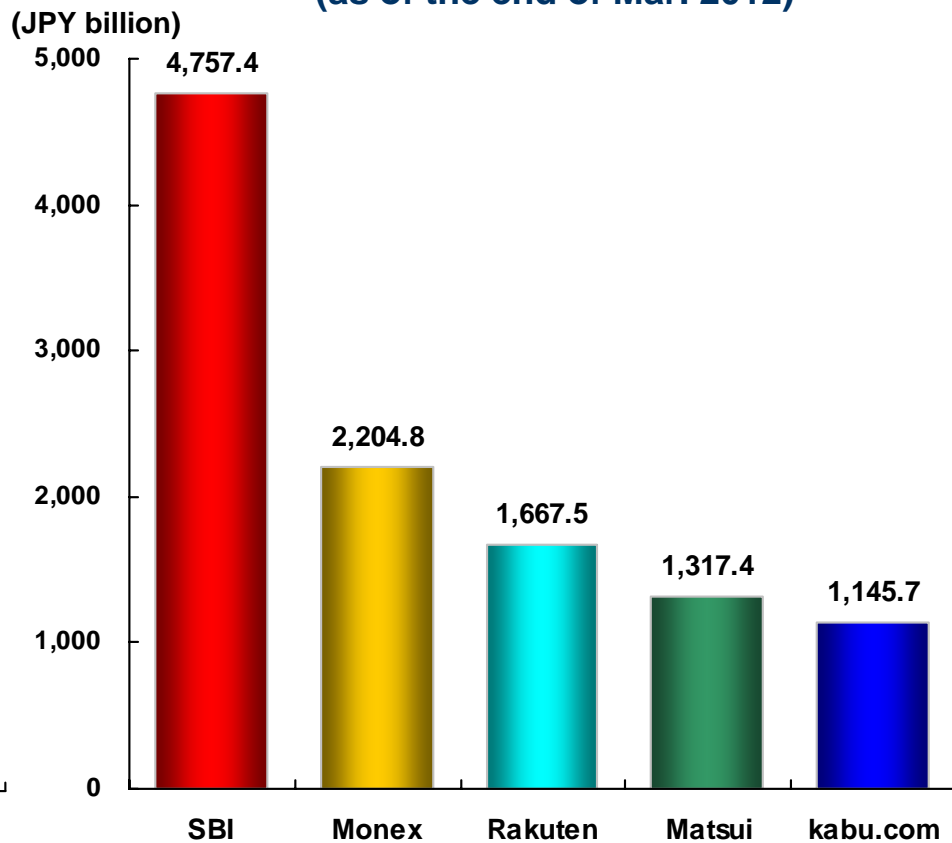
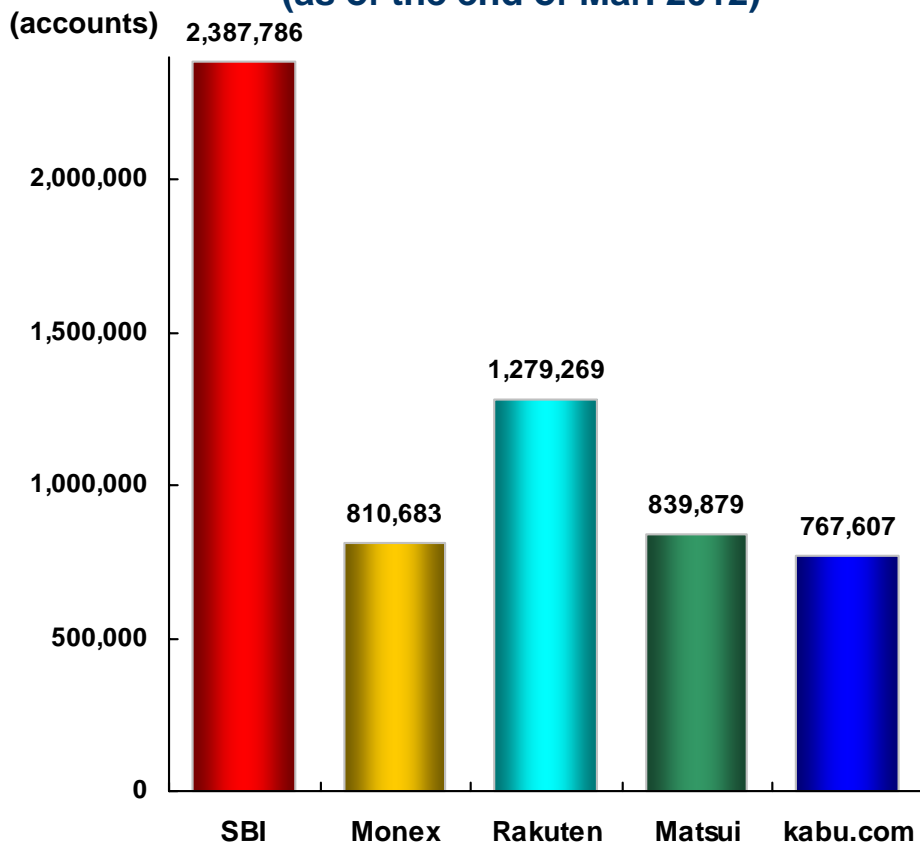
Solid Customer Base of SBI SECURITIES (1)

<Number of Accounts and Customer Assets>

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 Mar. 2012)

Customers' deposit assets of 5 online brokers
(as of the end of Mar. 2012)



*1: The figure of Monex is the number of active accounts

Solid Customer Base of SBI SECURITIES (2)

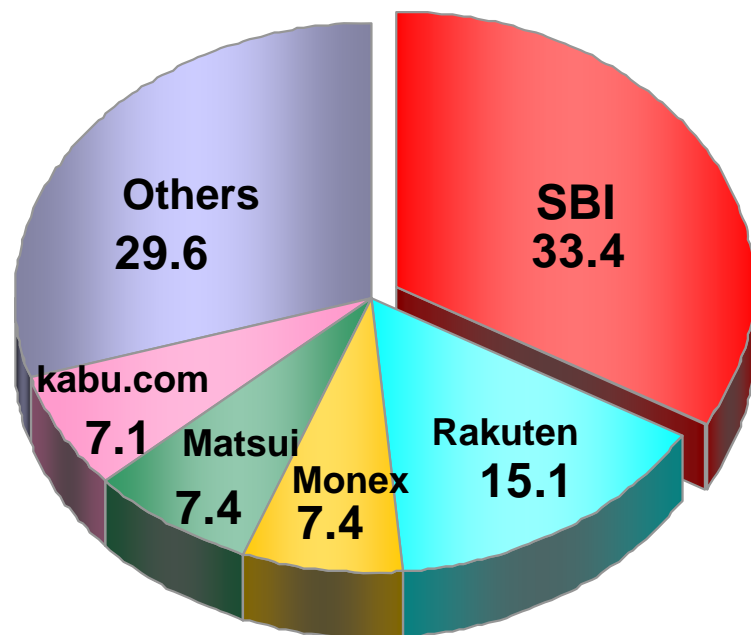
<Individual Brokerage Trading Value>

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

Share of individual stock trading value (%)

FY2011

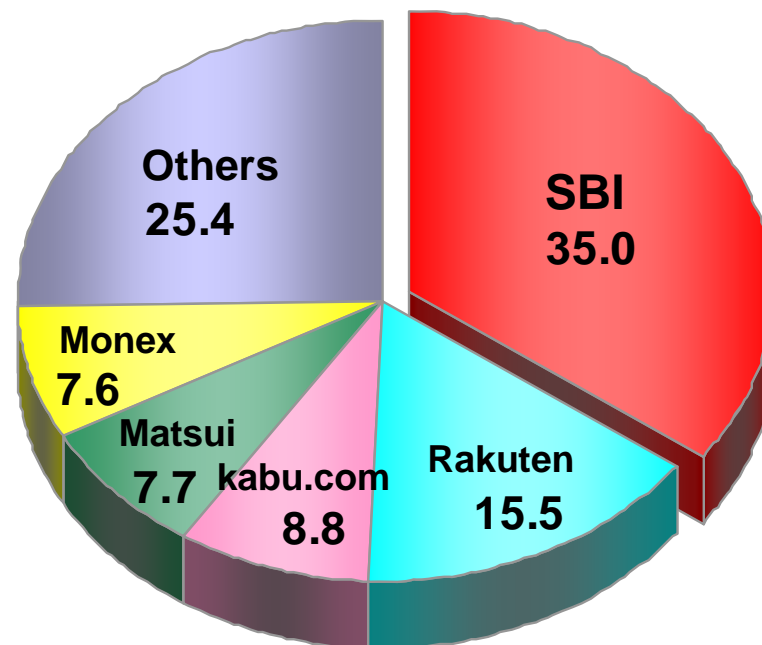
(Apr. 2011 – Mar. 2012)



Share of individual margin trading value (%)

FY2011

(Apr. 2011 – Mar. 2012)



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

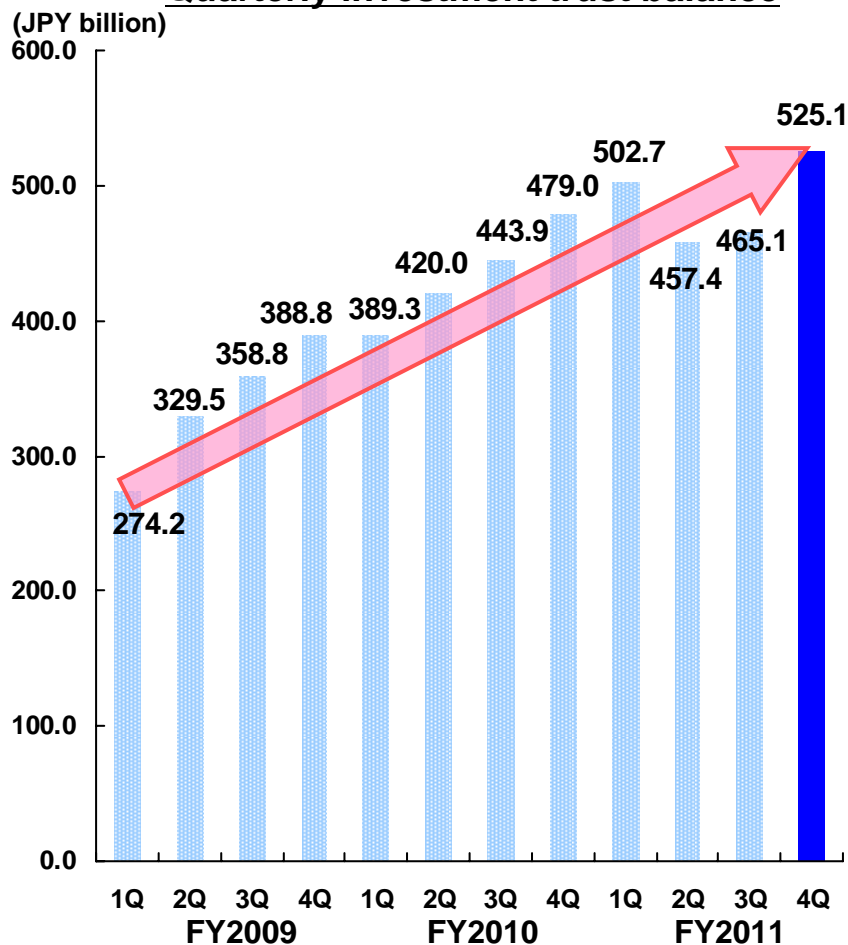
* Individual stock trading value and individual margin trading value are the sum of 1st and 2nd section of the Tokyo, Nagoya and Osaka Stock Exchanges, respectively.

* The number of SBI SECURITIES are based solely on the Internet division.

Trust Fees Continue to Increase Steadily, Contributing to the Investment Trust Business Revenues

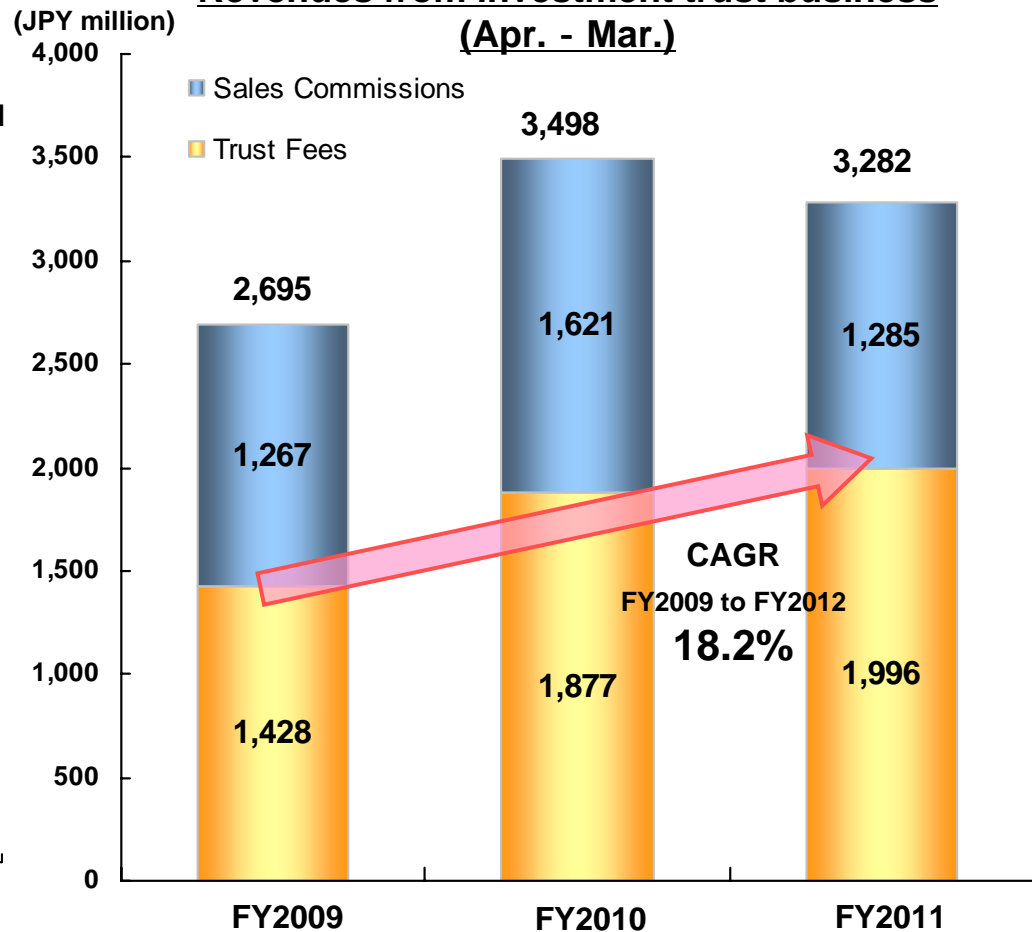
Trust fees increased according to the accumulation of investment trust balance

Quarterly investment trust balance



* Includes MMF, deposits of Chinese Fund and deposits of face-to-face accounts

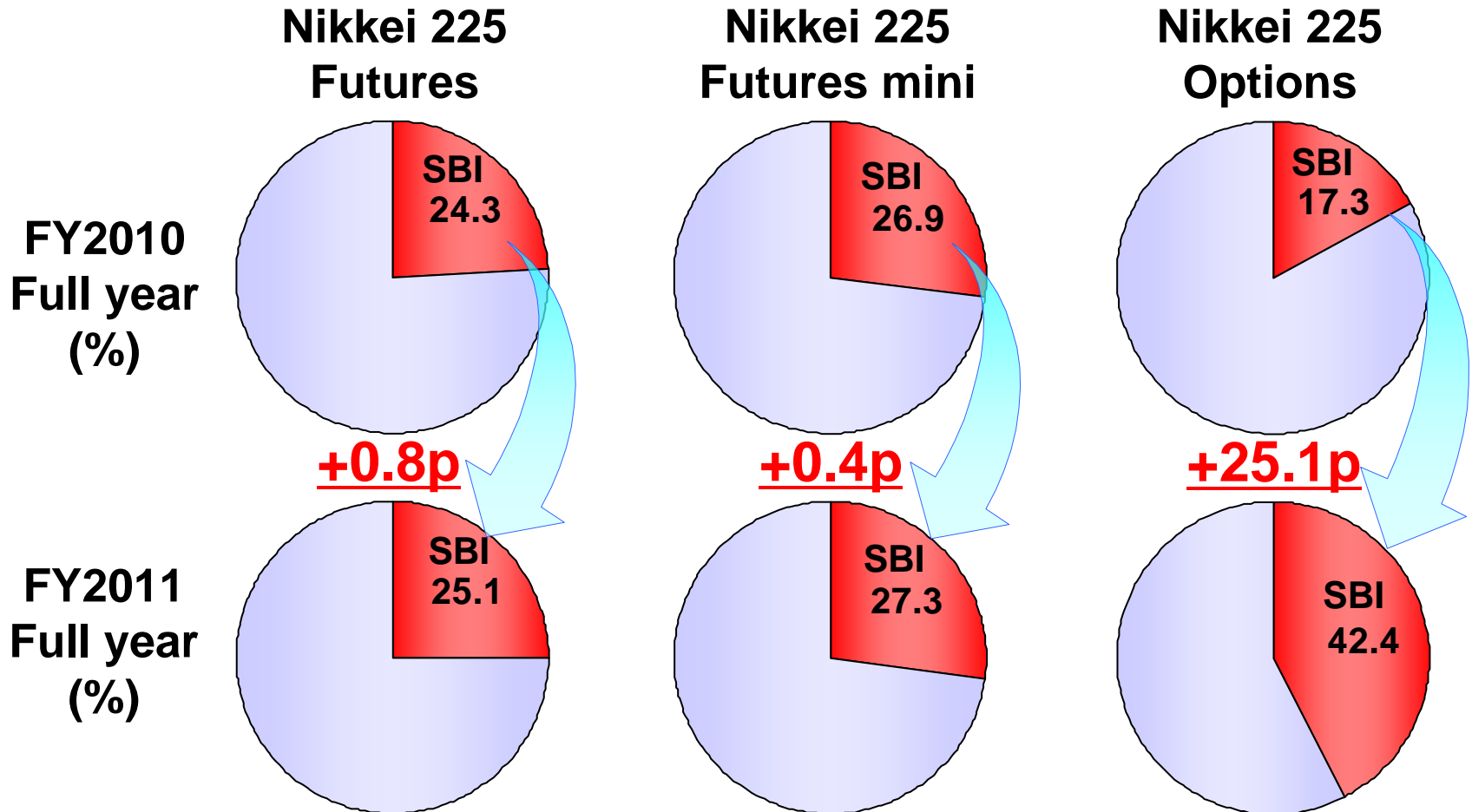
Revenues from investment trust business (Apr. - Mar.)



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

Expanding Share of Futures and Options Trading

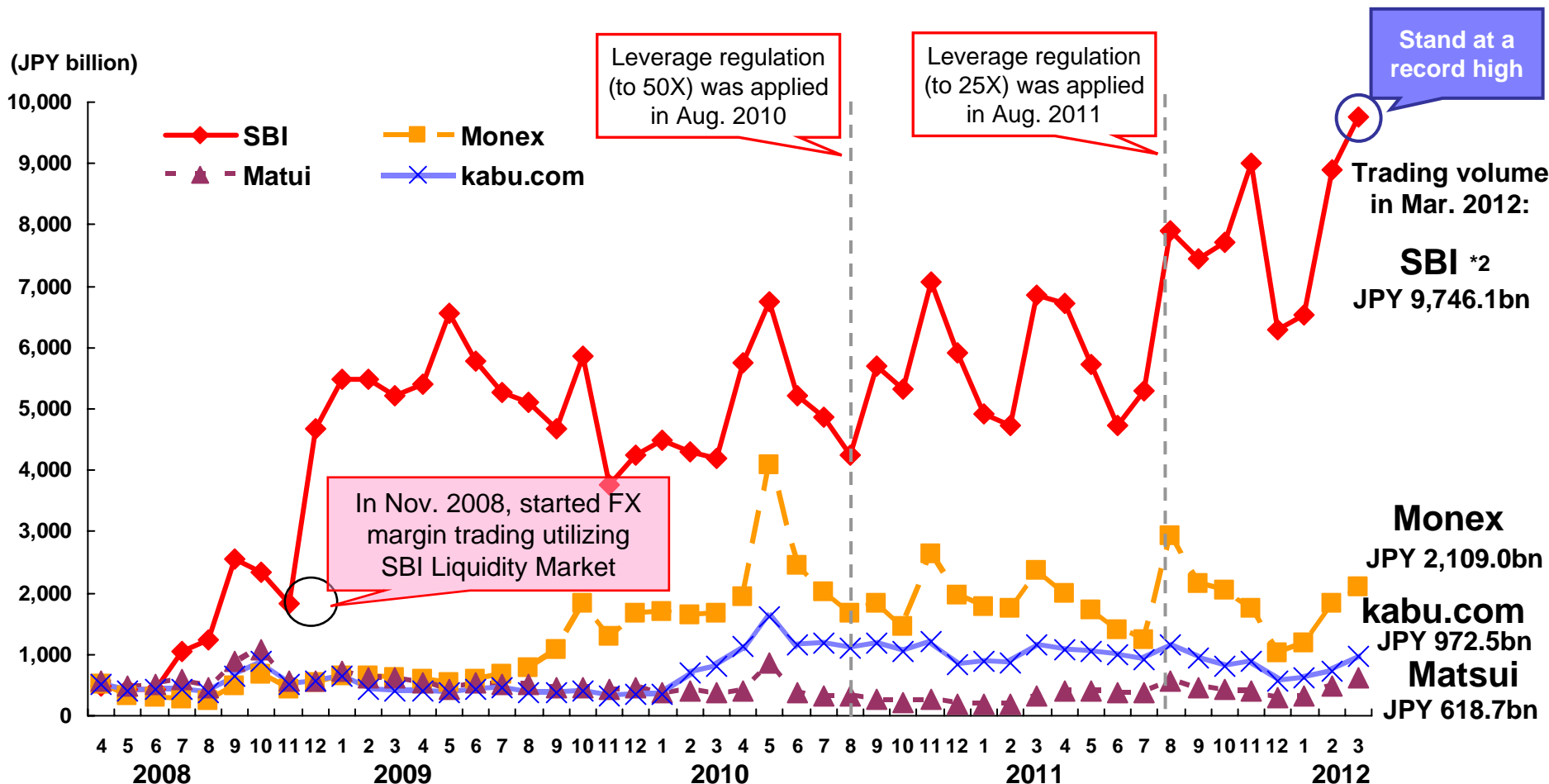
Specifically, the share of Nikkei 225 Options trading rose sharply to over 40%.



Trading Value Remains High Even after Enforcement of Leverage Regulations

FX Trading Value of SBI SECURITIES in FY2011 increased 27.7% YoY to JPY 86tn, while that of the OTC FX market decreased 12.7%

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

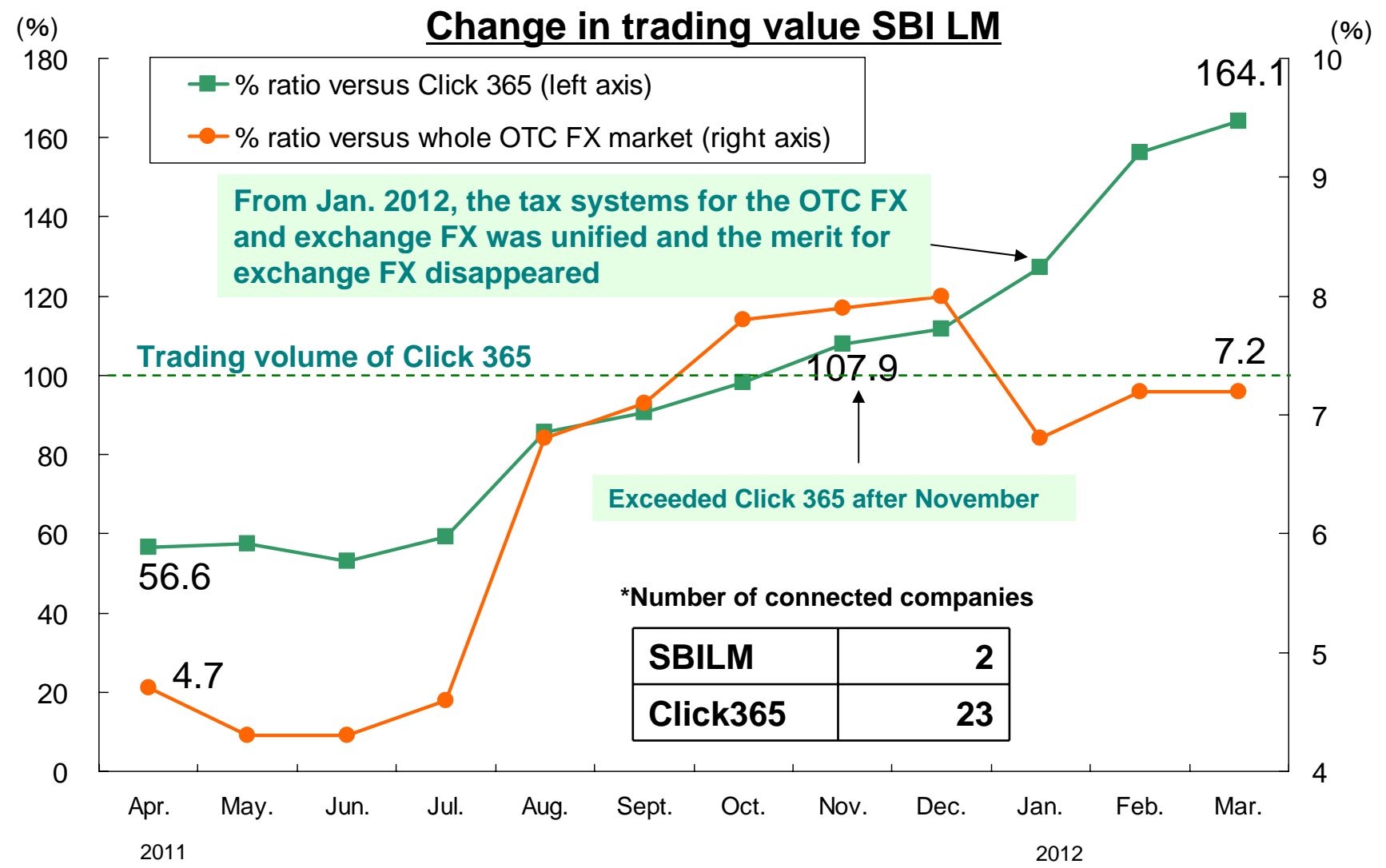


*1 Four online securities companies that disclosed the information (SBI SECURITIES, Monex, Matsui and kabu.com)

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

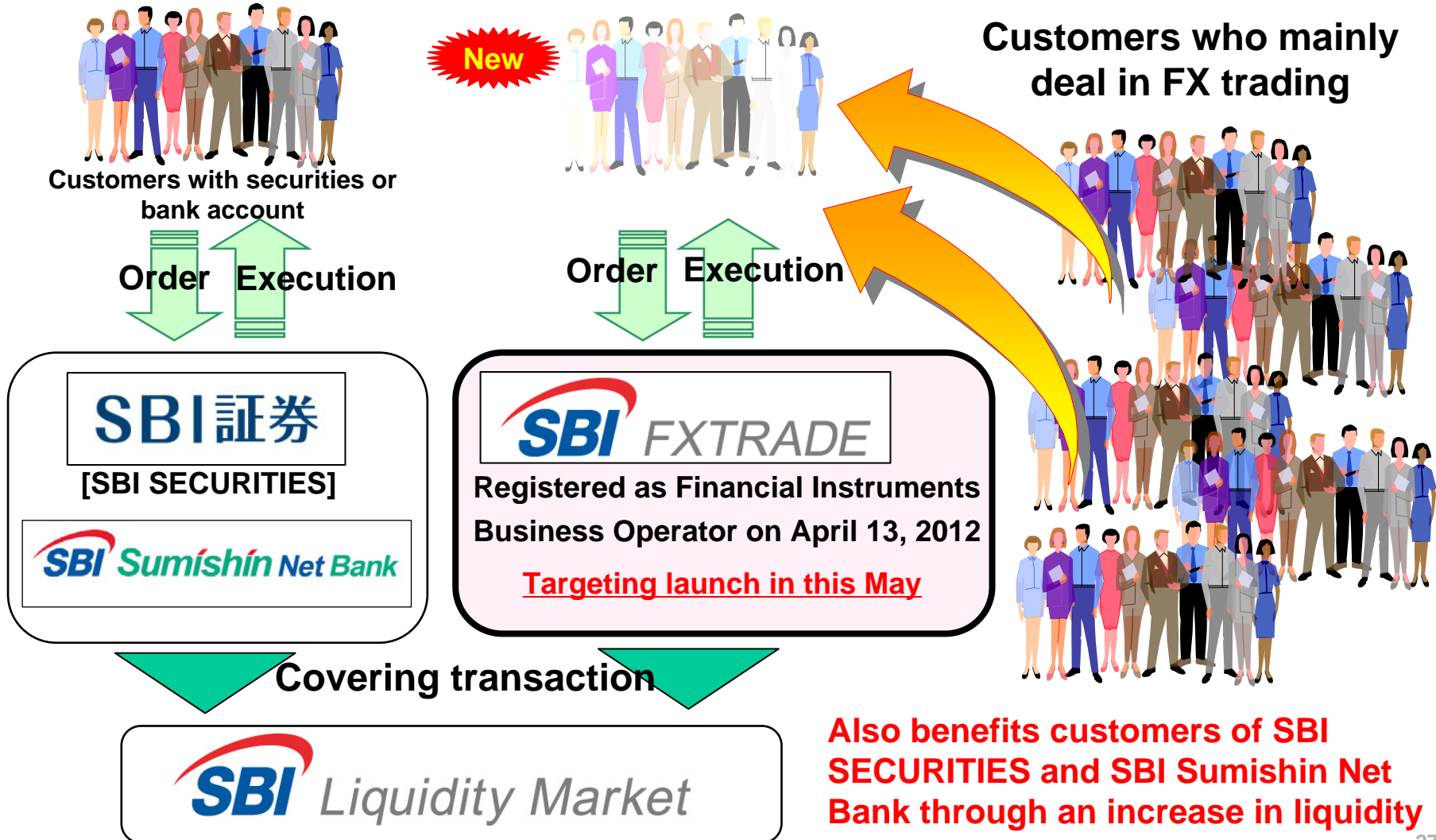
Trading Value of SBI Liquidity Market Increases

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



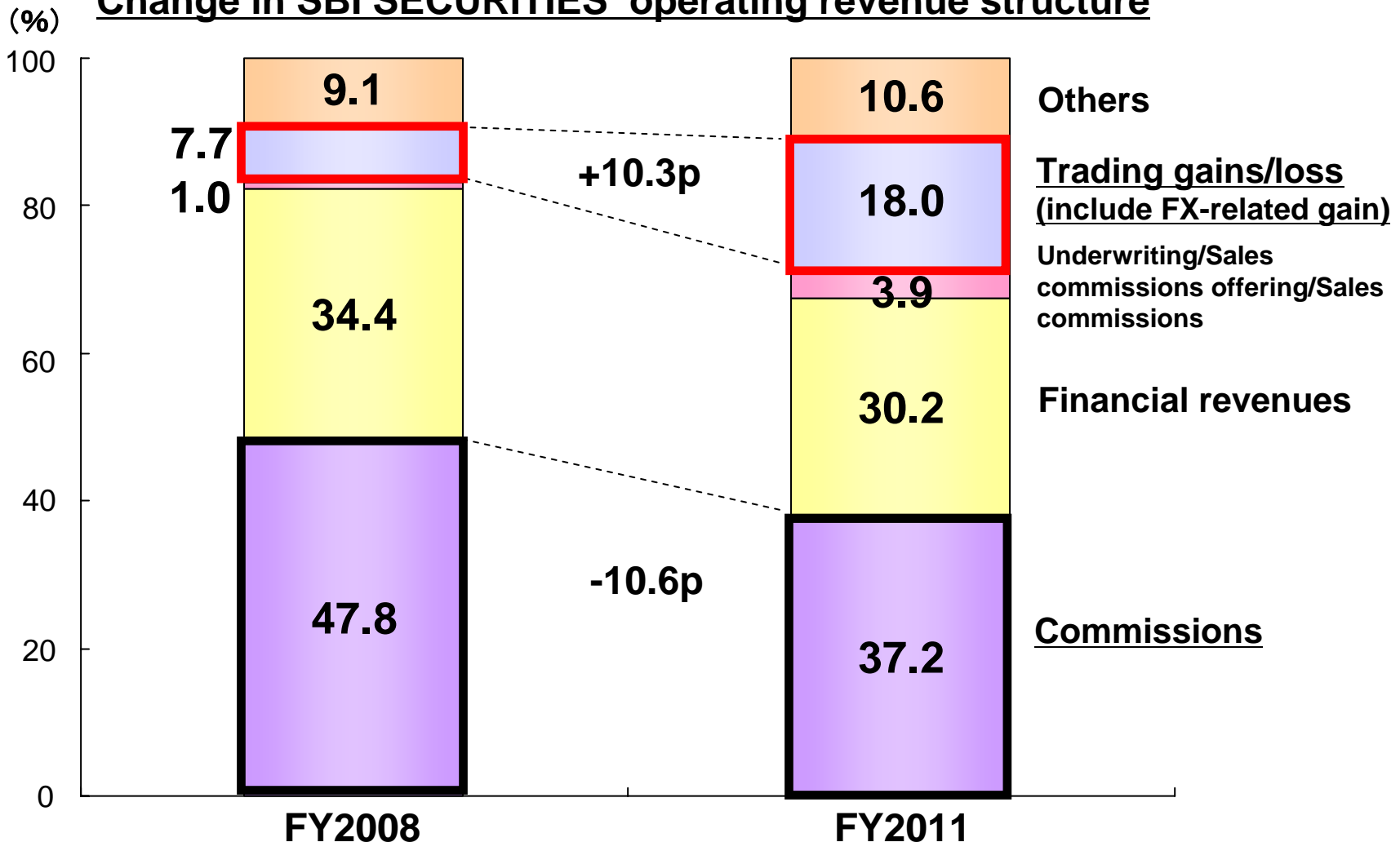
Establishment of a New FX Company to Acquire New Customer Cluster

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



Diversifying SBI SECURITIES' Earnings Sources

Change in SBI SECURITIES' operating revenue structure



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

SBI SECURITIES also Valued Highly on Customer Satisfaction



1st: “Oricon customer satisfaction ranking” in 2011
Online securities comprehensive ranking

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.



Three Stars: HDI (Help Desk Institute) Certification “Call-center
Customer Satisfaction” in 2011
[Securities Industry]

For 2 years!!

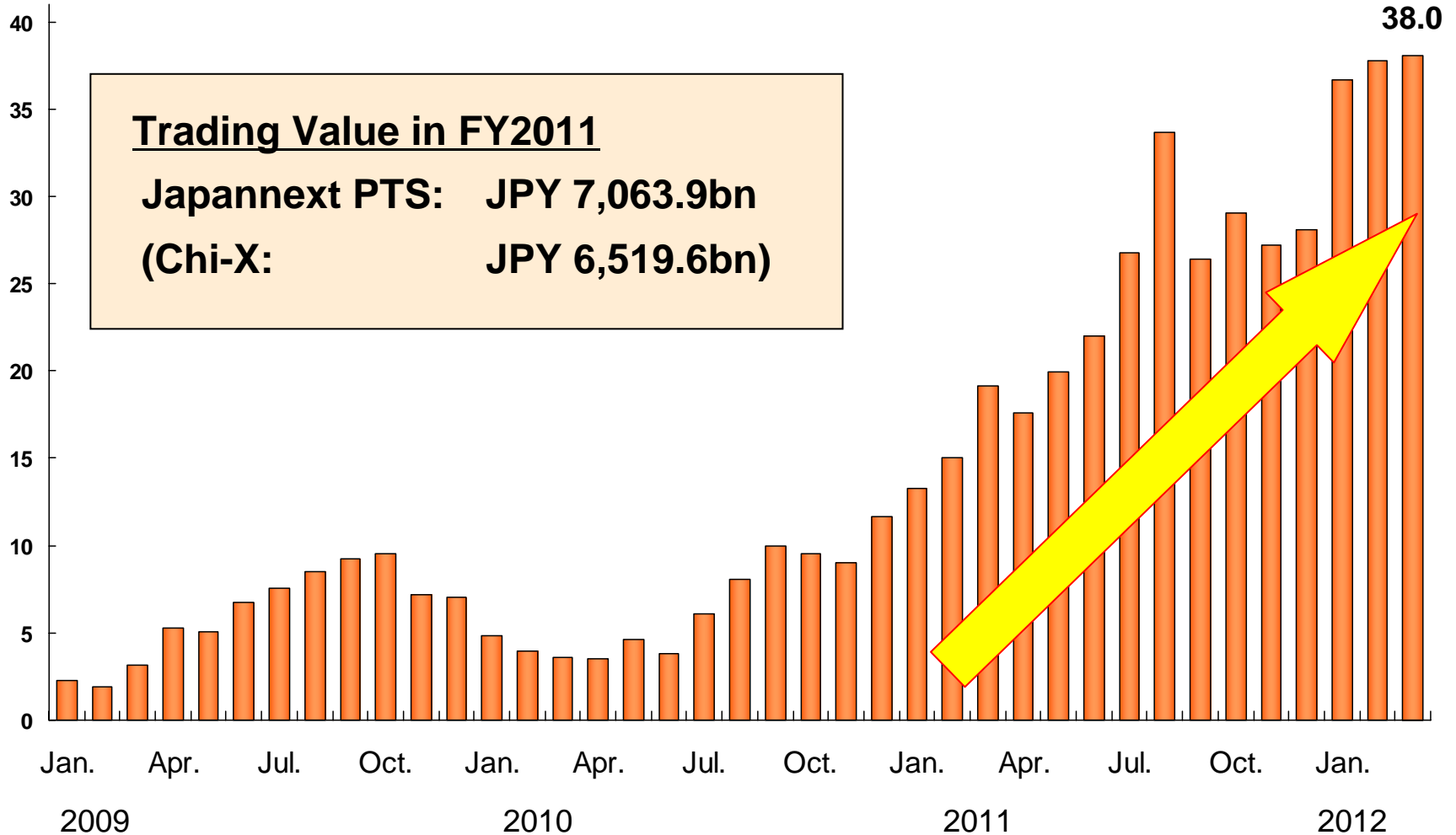
High reputation for Call-center Manners of SBI SECURITIES

Likewise, focusing on customer satisfaction for support services

Rapidly Growing Trading Value of Japannext PTS

Change in average daily trading value of Japannext PTS

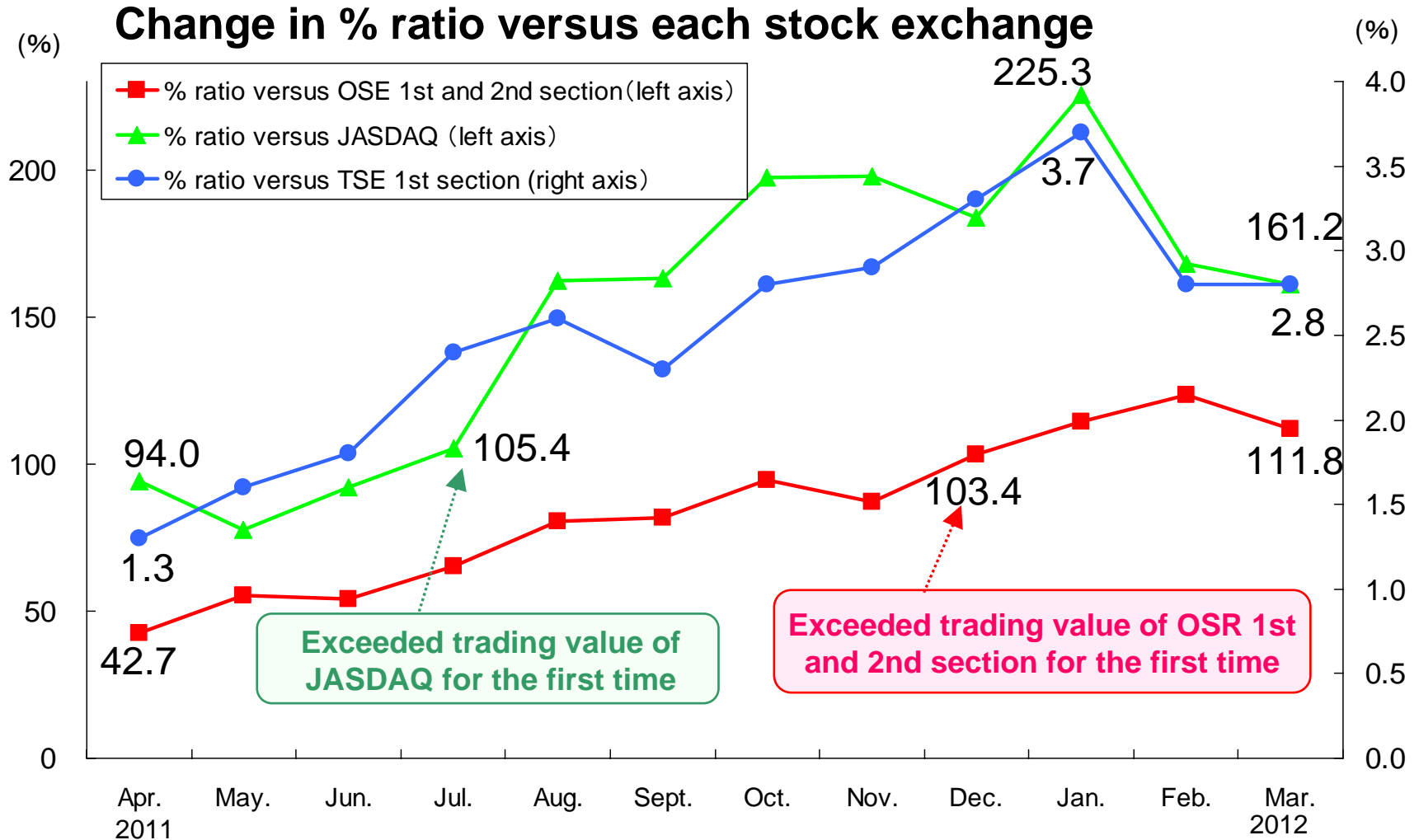
(JPY billion)



* Trading value is based on "single count".

Japannext PTS Becomes Second Largest Market in Japan, Exceeding Trading Value of OSE 1st and 2nd Section

Even compared with TSE 1st section, it surged to 3.7% of that in January 2012



* Excluding trading volume of ToSTNet in TSE, and J-NET in OSE&JASDAQ

Participating Companies Increasing Smoothly

[Participating companies] (total 18)

- SBI SECURITIES
- Goldman Sachs Japan
- Morgan Stanley MUFG Securities
- Merrill Lynch Japan Finance
- Instinet
- Deutsche Securities
- Societe Generale Securities
- JP Morgan Securities
- Rakuten Securities*
- Credit Suisse Securities (Japan)
- UBS Japan
- BNP Paribas Securities (Japan)
- Citigroup Global Markets Japan
- Mizuho Securities
- Barclays Capital Japan (May 2011)
- Nomura Securities (Dec. 2011)
- Newedge Japan Securities (Sept. 2011)
- Macquarie Capital Securities (Mar. 2012)

Four companies newly participated in FY2011

[Companies expected to participate] (total 4)

- Daiwa
- And two domestic and one 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 5.4% 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 decrease. That contributed to an increase in all income categories, and specifically operating income and ordinary income hit record highs.
- SBI Sumishin Net Bank, which launched operations in Sept. 2007, expanded its customer base steadily.
 - The number of accounts exceeded 1.36m, deposits exceeded JPY 2,282.7bn and outstanding housing loans exceeded JPY 933.8bn as of the end of Mar. 2012.
 - 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.
 - 4Q (Jan.-Mar.) FY2011 consolidated results (to be announced on May 15) are expected to be strong, and consolidated ordinary income appears to have increased at the same rate as in FY2010. Note that a consolidated ordinary income of JPY 4.1bn for the 9 month FY2011 period (up 69.9% YoY) was recorded.
- At SBI Insurance, the number of contracts switching from large and middle-sized insurance companies are 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 1.4bn in cumulative FY2011.

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, and specifically operating income and ordinary income hit record highs**, owing to a thorough reduction in operating expenses including the effect of its merger with Gomez Consulting on July 2011.

(JPY million, %)

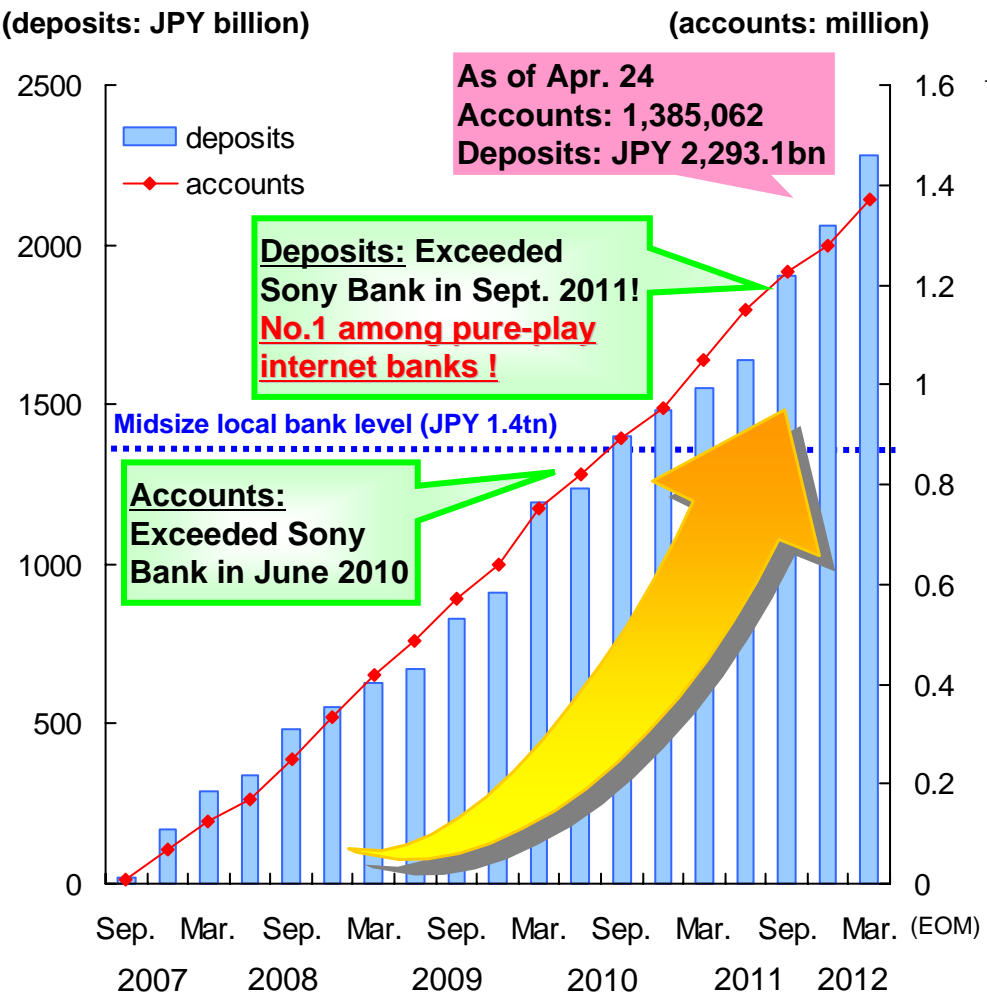
	FY2010	FY2011	YoY % change
Operating Revenues	2,326	2,199	-5.4
Operating Income	459	595	+29.5
Ordinary Income	569	701	+23.1
Net Income	305	382	+25.2

SBI Sumishin Net Bank

Current State of SBI Sumishin Net Bank

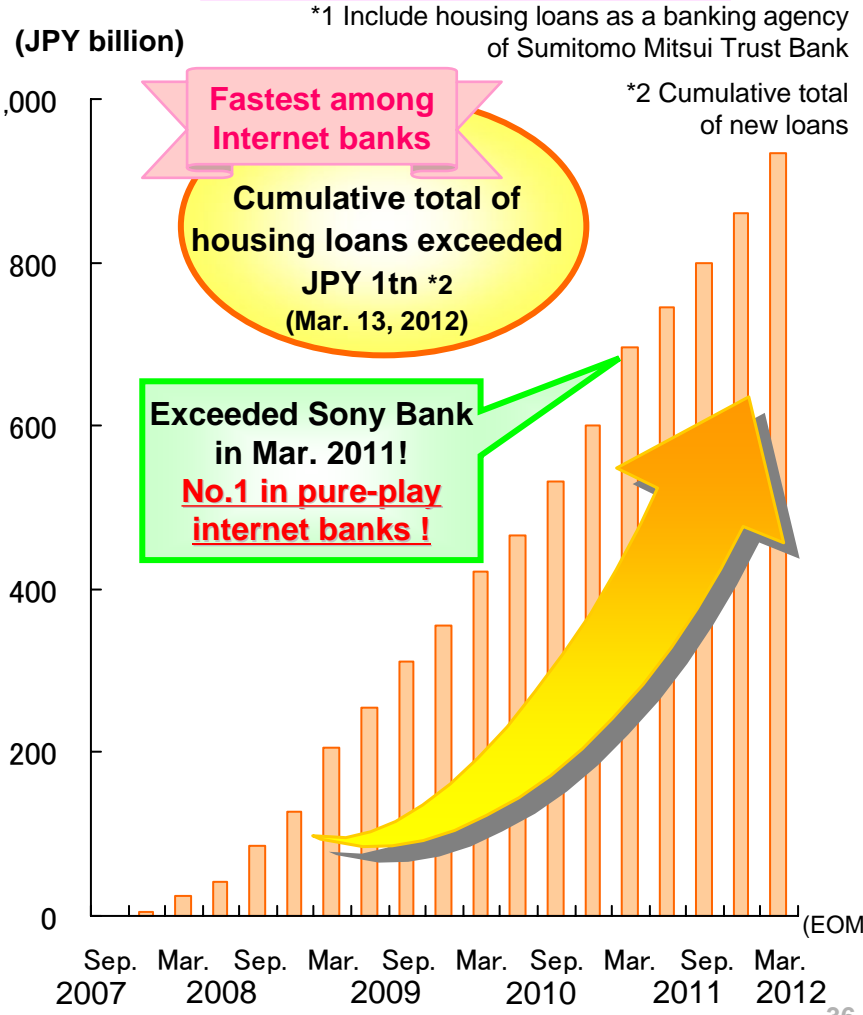
Change in the number of accounts and deposits

Number of accounts: 1,369,357 / Deposits: JPY 2,282.7bn
(as of the end of Mar. 2012)



Change in balance of housing loans *1

JPY 933.8bn
(as of the end of Mar. 2012)



Housing Loans: Started Banking Agency Business of Sumitomo Mitsui Trust Bank

(Providing two different services from Jan. 11, 2012)

<1> Housing loans processed directly as before:

As before, SBI Sumishin Net Bank is the lender and directly processes housing loans.

Applications are available via cooperating real estate companies.

<2> Housing Loans as a banking agency of Sumitomo Mitsui Trust Bank

SBI Sumishin Net Bank offers new housing loans that completely incorporates the inherent conventional housing loan characteristics. Its lender is Sumitomo Mitsui Trust Bank.

Applications are available via the website of SBI Sumishin Net Bank

By offering the new housing loans that do not require the bank's assets:

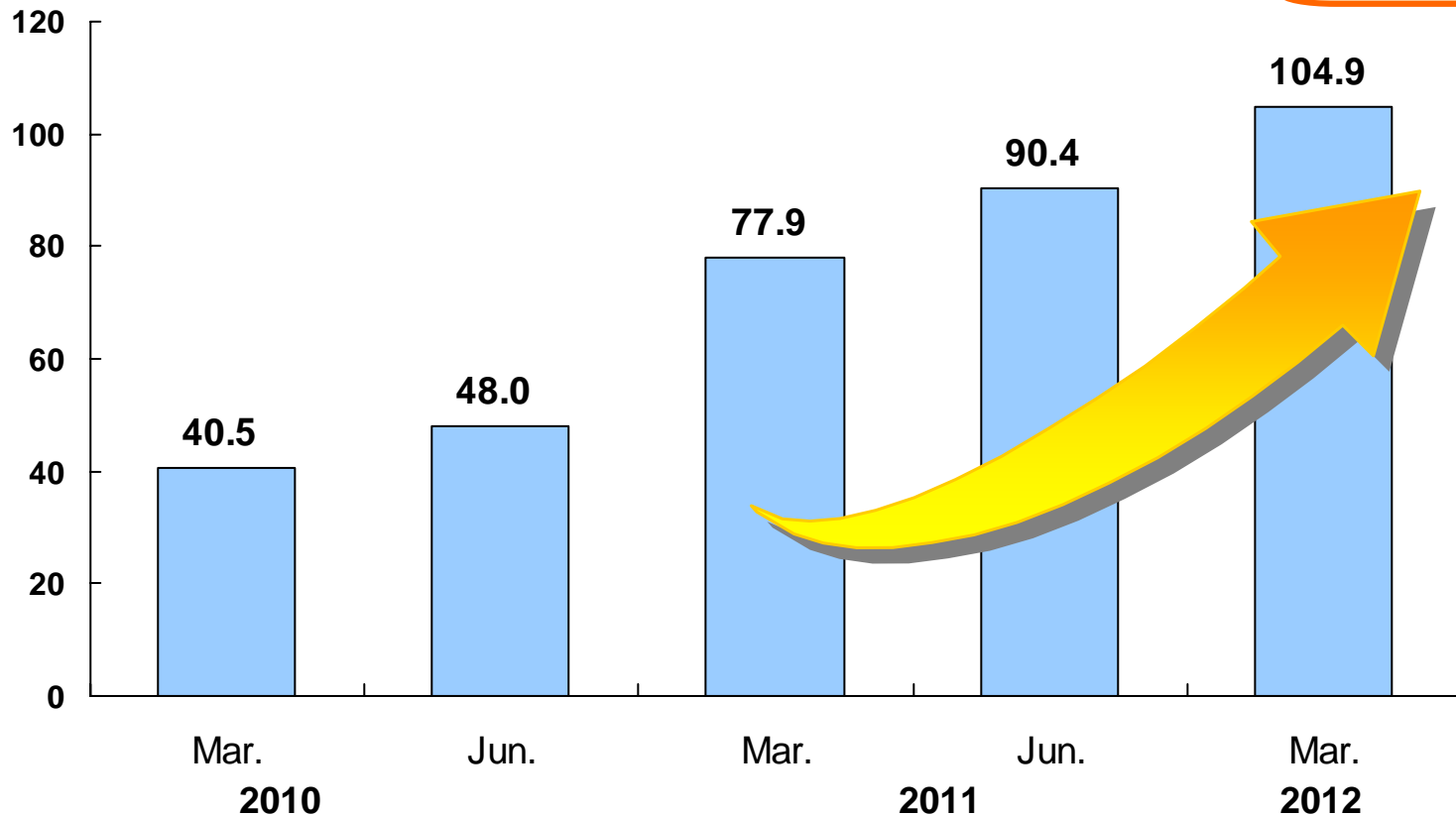
SBI Sumishin Net Bank can diversify its assets under management, and improve the security of the portfolio and the balance of its long- and short-term lending to maintain its sound management operations

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 for the last two years

(JPY billion)



Diversification of Loans ① Personal Loans

“Internet Loan” Balance

(Sept. 2010 – Mar. 2012)

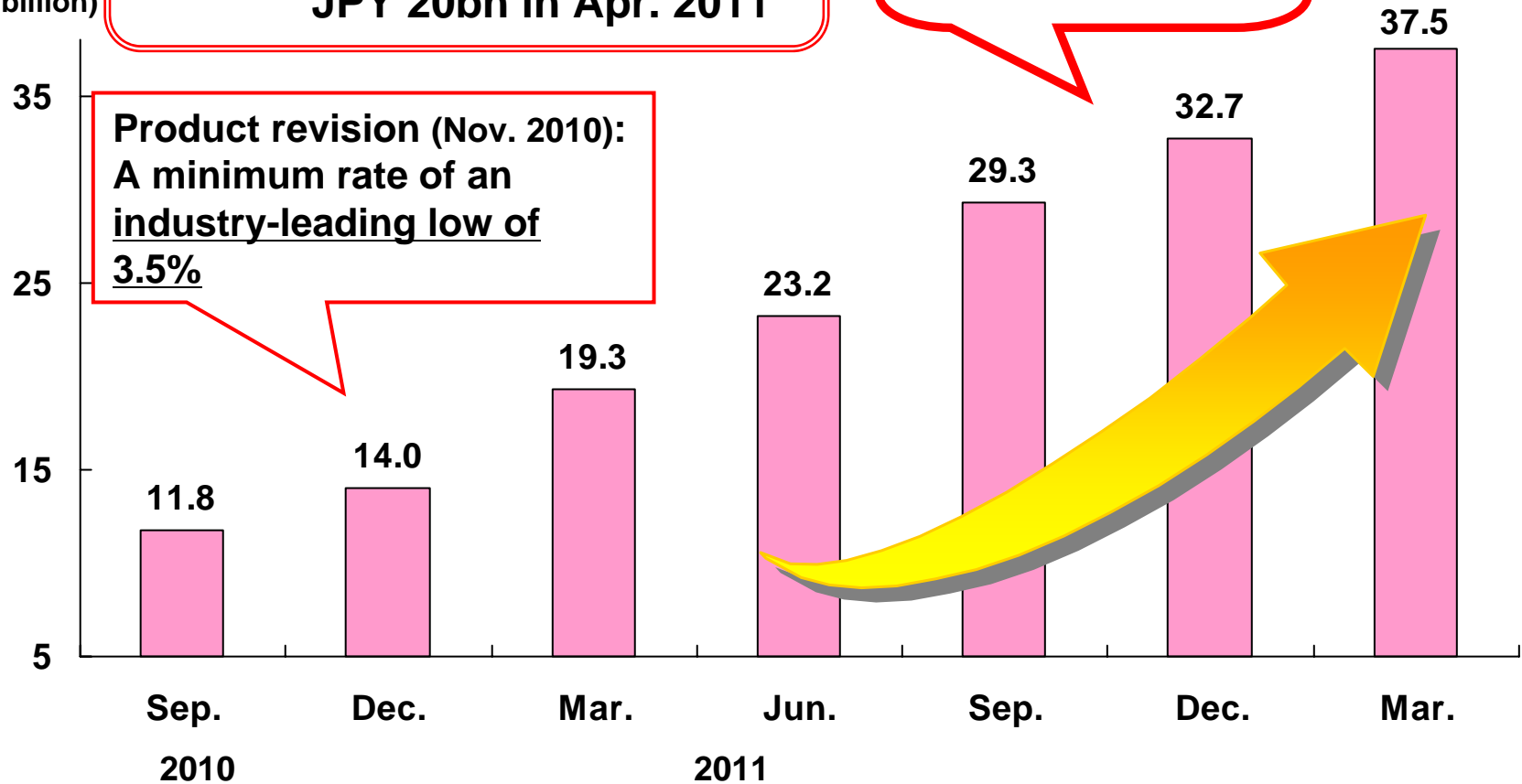
SBI Sumishin:
topped JPY 10bn in May 2010,
JPY 20bn in Apr. 2011

SBI Sumishin
topped JPY 30bn
in Oct. 2011

**1.9X in
a year**

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

(JPY billion)



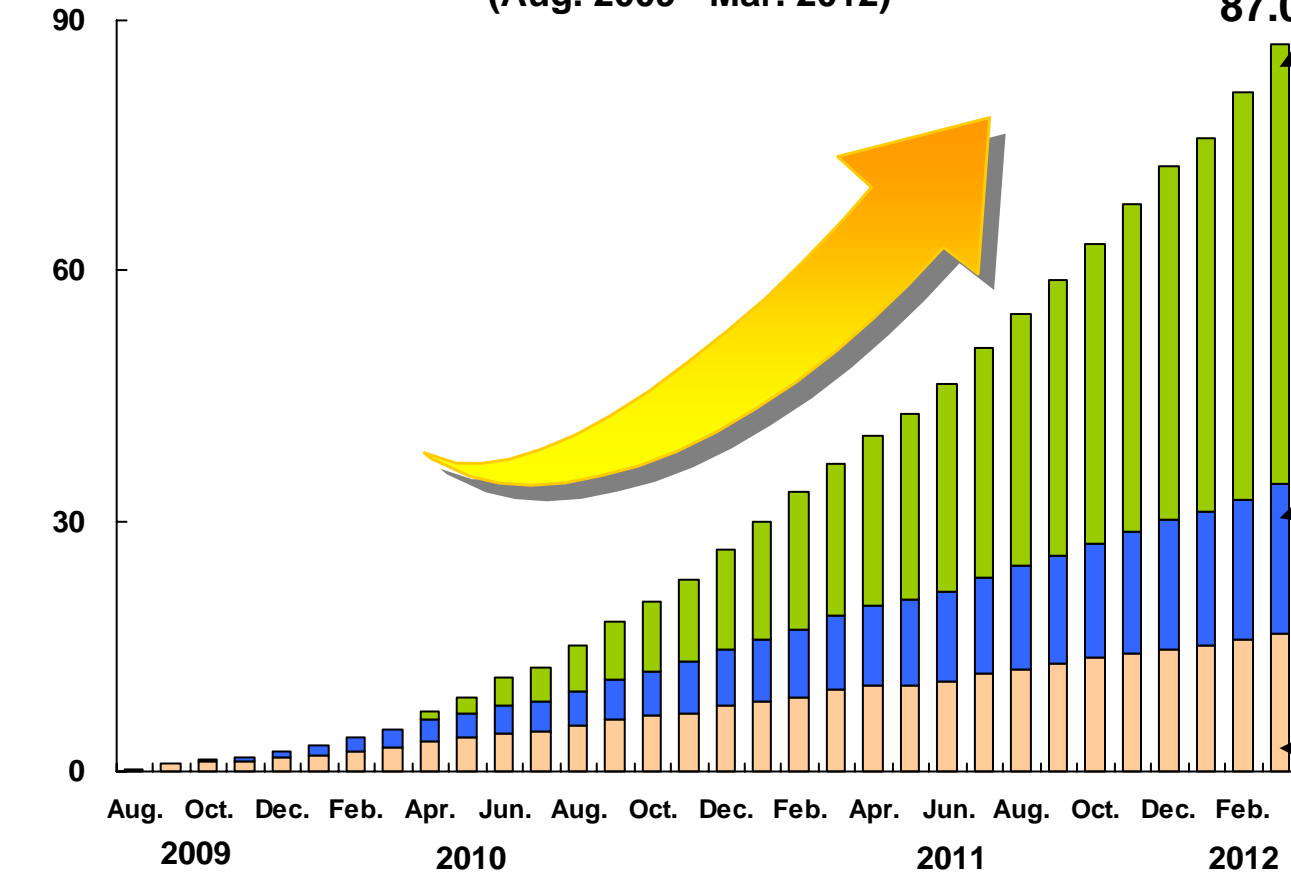
Diversification of Loans ② Auto Loans

Auto loans outstanding has approx. 2.3X in the past year owing to synergies with SBI Credit and SBI AutoSupport

Cumulative total of auto loans

(Aug. 2009 - Mar. 2012)

(JPY billion)



Via: * Figures in parentheses are ratios

SBI Credit
(60.4%)

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
(20.6%)

SBI AutoSupport has been profitable since 4Q of FY2010.

Others
(Credit companies etc.)
(19.0%)

Customer Satisfaction Assessment



1st: JCSI Customer Satisfaction Survey in 2011
(Japanese Customer Satisfaction Index)
Banking industry

for 3 years!

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



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

for 2 years!

Examples of user reviews:

- I’m satisfied with low-cost, very convenient services and a wide variety of financial products. (30’s male)
- High-security system makes me feel comfortable, and I’m also satisfied with low bank charges. (40’s female)

SBI Sumishin Net Bank's Financial Results for FY2011 Appears to Continue Its Steady Growth

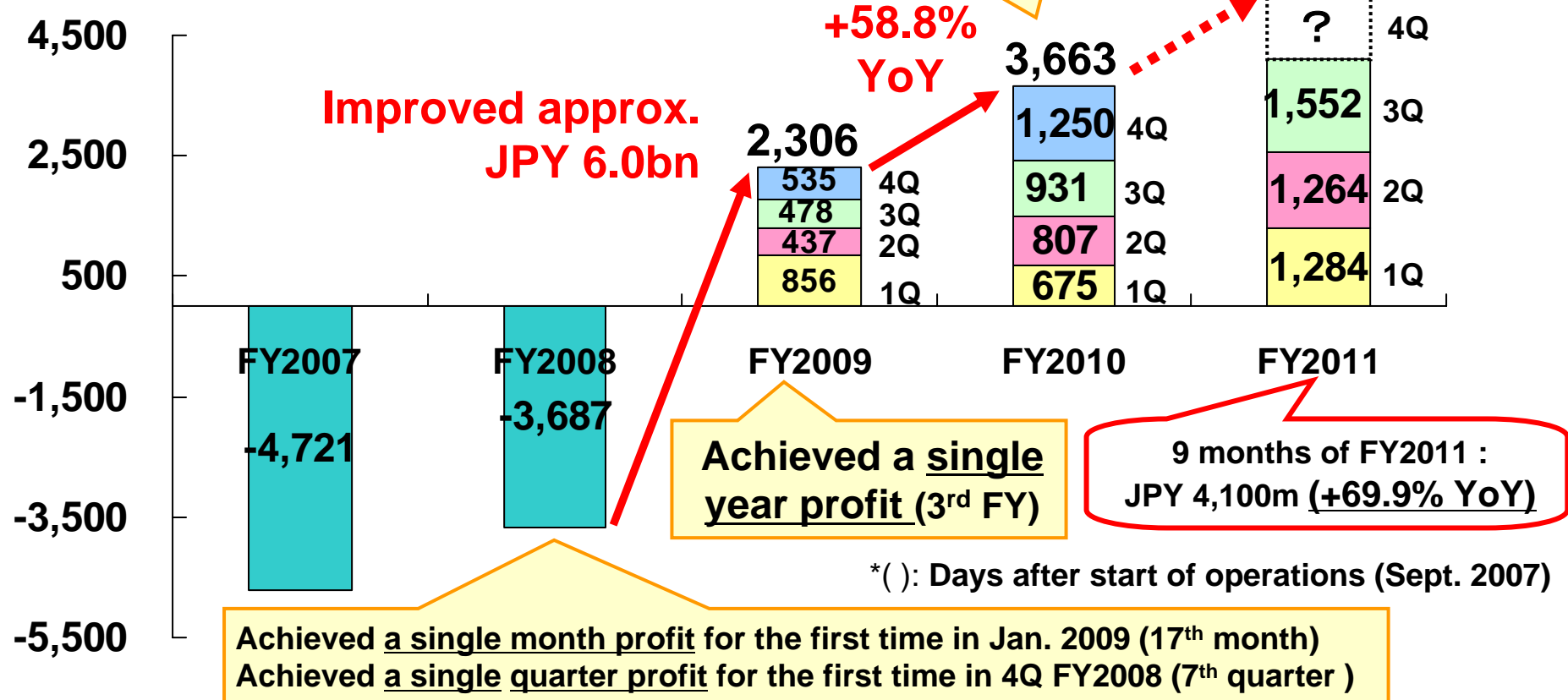
(To be announced on May 15)

Expect realization of dissolution of accumulated losses in 5th FY, FY2011

Change in ordinary income/loss:

*consolidated since 2Q FY2009

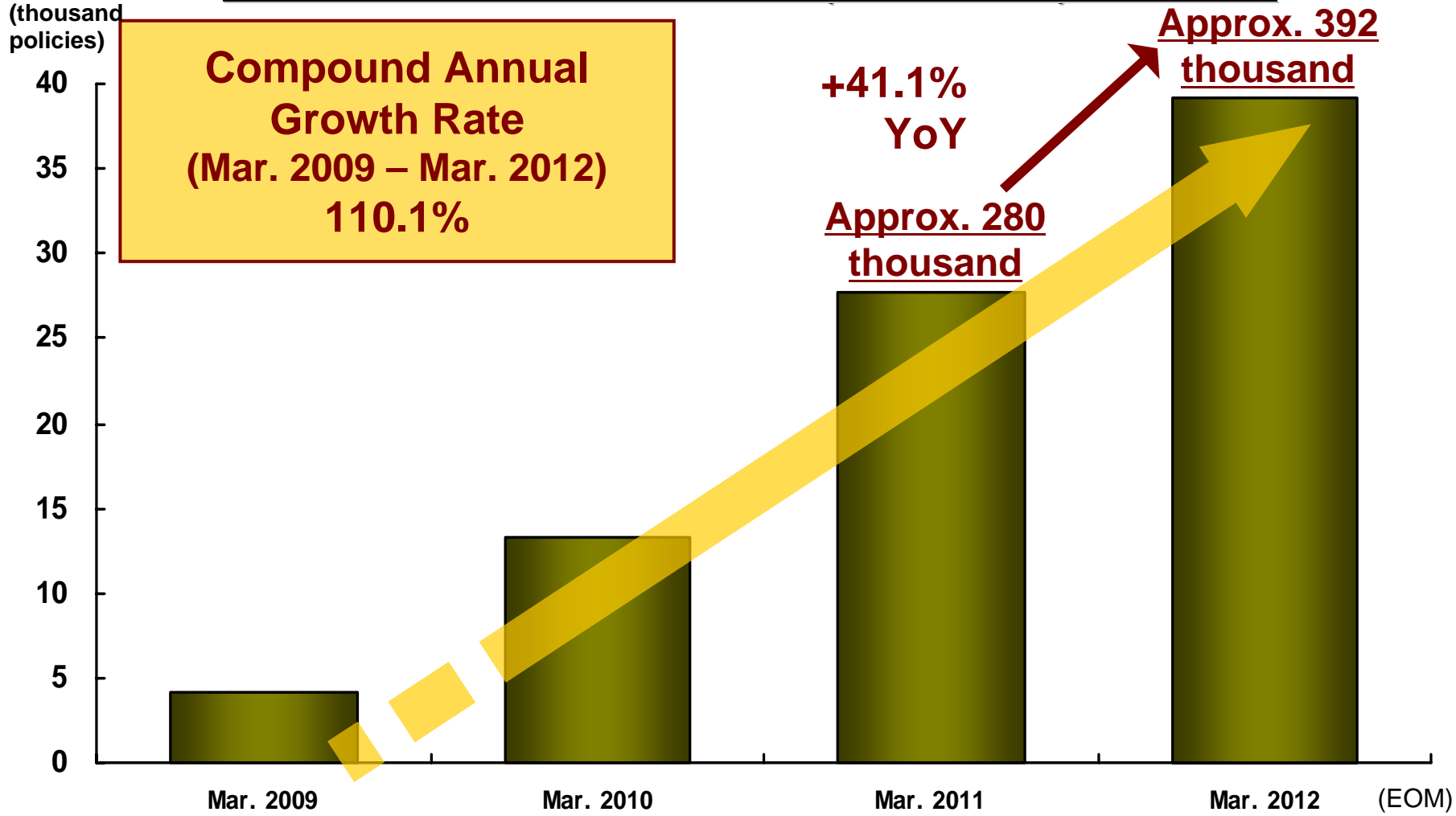
(JPY million)



SBI Insurance

SBI Insurance's Auto Insurance Contracts Posted a High Growth Rate, Growing by 41.1% Year-on-year

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



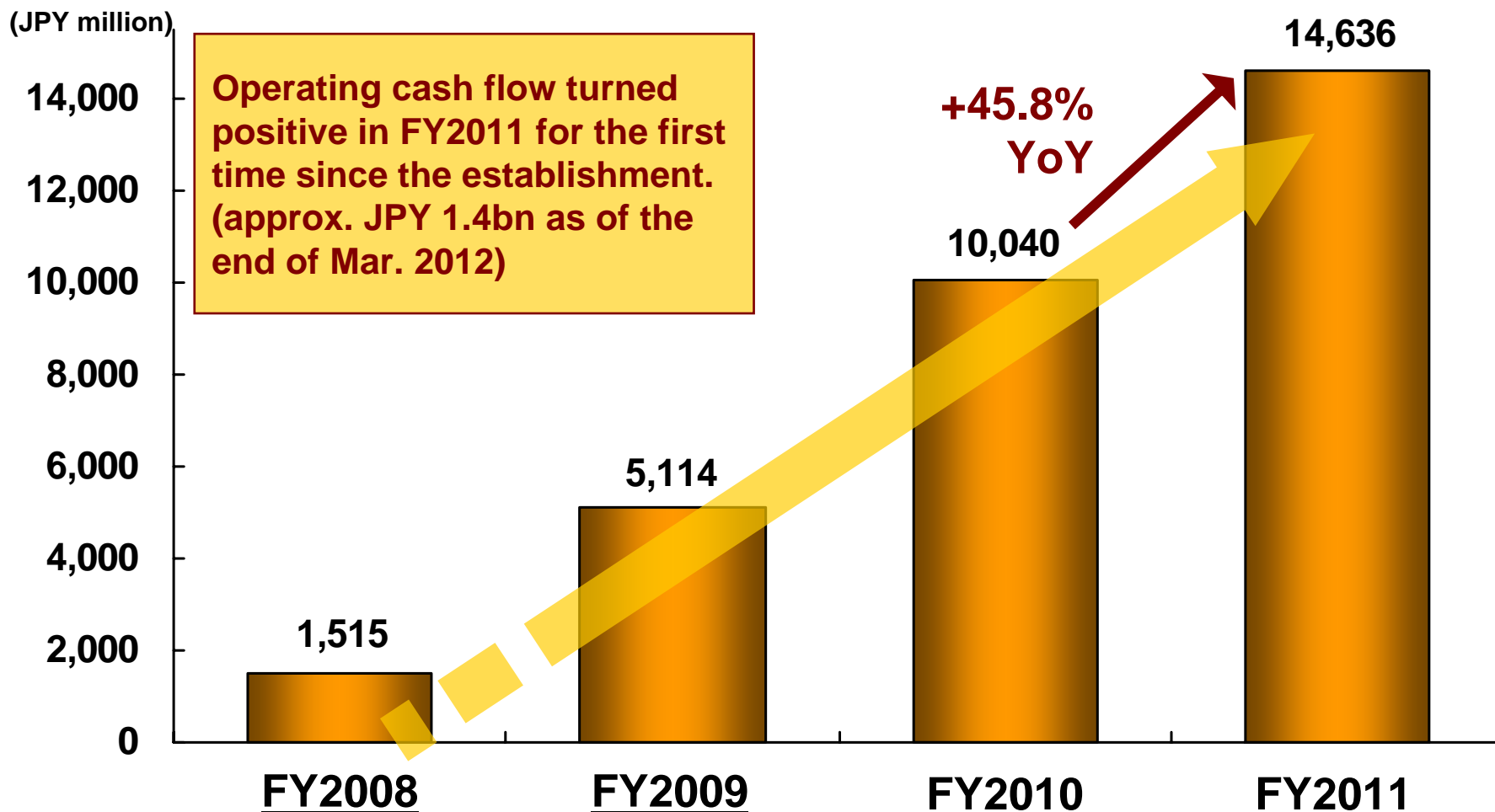
* Written basis: Completion of receipt of insurance premium

Insurance Premium Income at SBI Insurance Continues to Increase



The premium income for FY2011 was approx. JPY 14.6bn,
up 45.8% YoY

Change in insurance premium income (written basis*)



* Written basis: Completion of receiving transaction of insurance premiums

As a practice peculiar to the insurance business, the increasing policy reserve causes an increase in the accounting loss at a foundation period, when the insurance premium income is growing at a remarkable rate from the previous fiscal year.

Net loss for FY2011: approx. JPY 5.4bn (FY2010: approx. JPY 1.2bn)

[Factor] Transferred policy reserve: approx. JPY 7.0bn
(FY2010 approx. JPY 0.9bn)

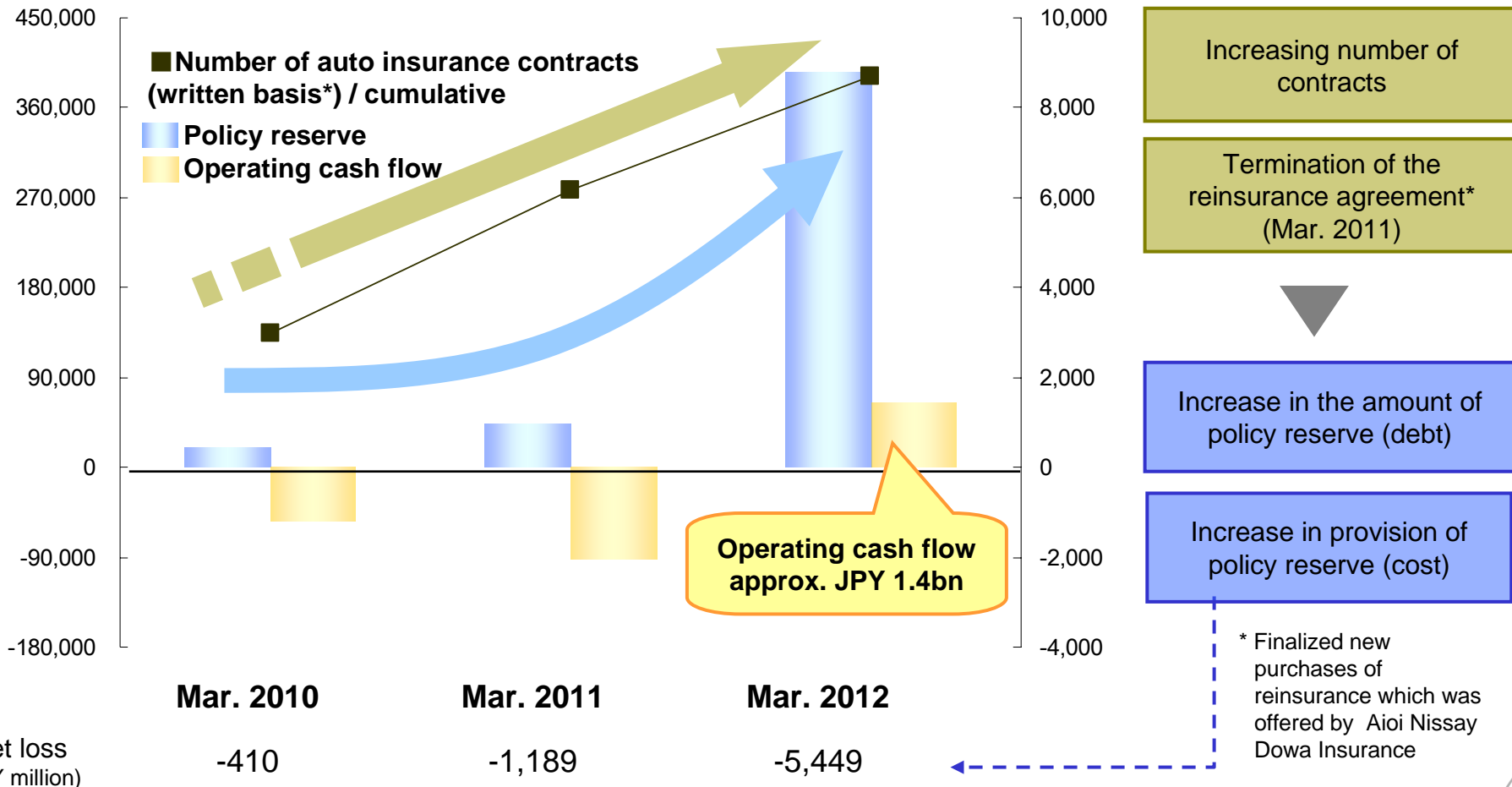
Policy reserve is subject to be set aside as a source of payment of insurance claims for a certain period and increases in proportion to the amount of insurance premium income. It is recognized as an accounting cost, but recorded as debt and does not get cashed out. SBI Insurance's operating cash inflow in FY2011 was JPY 1.4bn.

Policy reserve remarkably increased in FY2011 because insurance premium income increased by 41.1% YoY and the reinsurance agreement was expired as the company went into the next business phase.

Relationship Between the Number of Contracts, Policy Reserve and Cash Flow

As the number of contracts increase, the policy reserve increases in parallel. This leads to an increase in loss, but the cash flow increases steadily.

Change in the number of contracts, policy reserve and operating cash flow (JPY million)



Terminated the Reinsurance Agreement and the Business Trust Agreement with Aioi Nissay Dowa Insurance to Turn a Profit Promptly and Increase Future Profits

Termination of the reinsurance agreement

At the time of founding, it was better to purchase reinsurance from the aspect of offsetting insurance underwriting risk and reducing the financial burden. However, as the number of contracts increased, SBI Insurance itself became able to undertake insurance underwriting risk. Therefore, SBI Insurance finalized new purchases of reinsurance offered by Aioi Nissay Dowa Insurance on Mar. 31 2011.



The gross profit is expected to grow.



Termination of the business trust agreement

Terminated the business trust agreement with Aioi Nissay Dowa Insurance from FY2011 and brought in-house the operations such as that of a call center.



The agreement was that SBI Insurance must pay the amount of insurance premium income multiplied by a fixed ratio as agent service fees. By the termination of the agreement and by the resulting insourcing, now it is possible to gradually decrease costs.



Targets are:

- To turn a profit promptly.
- To increase future profits through significant improvement of earnings capacity.

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 4 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”



No.1: Kakaku.com
“Auto Insurance Ranking (2012) Premium Section ”

for 3 years!

Housing and Real estate Business

- At SBI Life Living, operating revenue declined due to the slowdown of the Architecture Business (contractor business). On the other hand, the Housing Business remarked favorable sales of developing real estates and the Internet Media Business, which was affected by the Great East Japan Earthquake for short period, it posted a record-high monthly income in Dec. As a result SBI Life Living recorded the highest numbers in all income stages since listing.
- 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 1,186.2bn at the end of Mar. 2012. SBI Mortgage continues to increase revenues, as it benefits from the re-expansion of the preferential treatment for mortgage loans.
- At SBI Guarantee, which is also categorized in this business segment, operating income for FY2011 turned profitable led by expansion of alliances with major real estate sales companies.

SBI Life Living FY2011 Financial Results

Operating revenues decreased due to the slowdown of the Architecture-related Business (contracted development). However, self-developing properties were sold steadily in the Housing-related Business, and the Internet Media Business, which was temporarily affected by the Great East Japan Earthquake, posted a record-high monthly income in Dec. As a result, SBI Life Living achieved its highest profit since its listing.

(JPY million,%)

	FY2010	FY2011	YoY % change
Operating Revenues	6,459	5,677	-12.1%
Operating Income	646	744	+15.3%
Ordinary Income	517	646	+25.0%
Net Income	387	*2 644	+66.4%

*1 Following the absorption-type merger of SBI Planners Co., Ltd., a subsidiary of the SBI Group, effective March 31, 2012, the company's earnings from April 1, 2011 to March 30, 2012 are consolidated with the Group's financial results for FY2011.

*2 Following the above-mentioned merger, through the SBI Group taking over loss carried forward of SBI Planners based on the Corporation Tax Law, the Group posted a reversal of income taxes-deferred of 251 million yen.

SBI Mortgage's Loans Outstanding Topped JPY 1.18tn in March 2012

Change in Housing Loans Outstanding

(JPY billion)

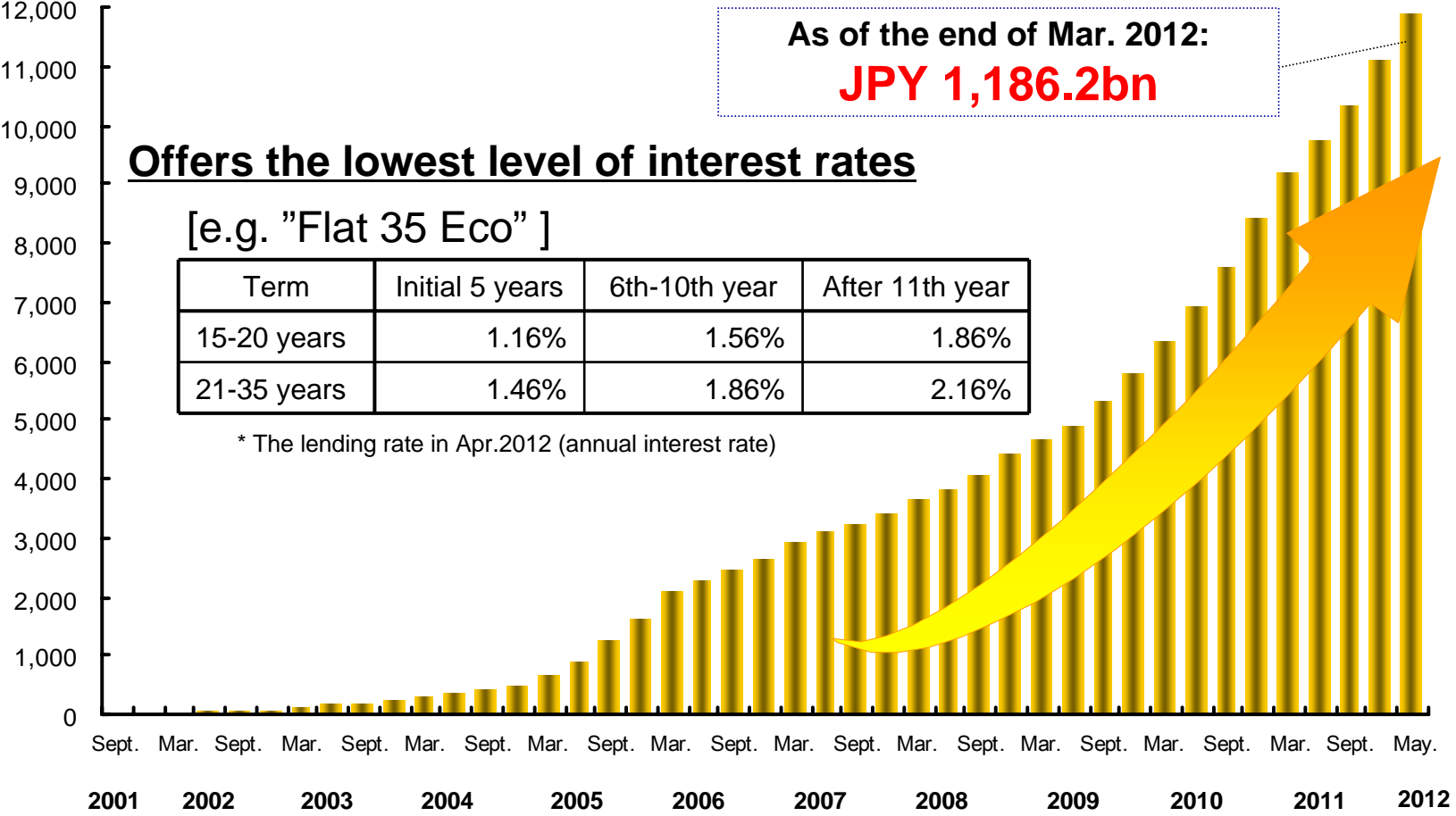
As of the end of Mar. 2012:
JPY 1,186.2bn

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	1.46%	1.86%	2.16%

* The lending rate in Apr.2012 (annual interest rate)



SBI Mortgage's "Flat 35" market share for FY2011: 13.1%
1st among 336 companies
 * Compiled by SBI Mortgage. Share is based on the amount of purchased loans (incl. guaranteed loans).

SBI Mortgage will be Listed on KOSPI Market of the Korea Exchange on April 30



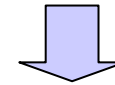
[Terms of KDRs]

Number of KDRs	7,123,000 KDR of which KDRs representing new shares: 3,799,000 KDRs representing existing shares: 3,324,000
Issue price	KRW 7,000 per KDR (JPY 502 per KDR)
Total issue amount	KRW 49,861,000,000 (approx. JPY 3,575m)

* KDR stands for “Korea Depositary Receipt”, issued in Korea by a depositary institution. KDRs are securities which represent the underlying deposited shares of SBI Mortgage.

* 1KDR represents 1 common share

SBI Holdings’ share
77.7% (before the offering)



51.3% (after the offering)
Total proceeds of sale:
approx. JPY 1.67bn

Reasons for KOSPI market listing in South Korea

SBI Mortgage, as the first mortgage loan bank established in Japan in 2001, will capitalize on its successful mortgage market pioneering experience, to proactively develop the first mortgage bank business in South Korea.

Dividends for FY2011, Stock Split and Adoption of Share Unit System

SBI Holdings' Dividend Distribution for FY2011 (planned)



[Basic Dividend Policy]

To aim at a dividend payout ratio of 20-50% of consolidated net income

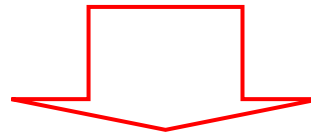
However, net income for FY2011 is calculated after the reversal of deferred tax assets of 2.2 billion yen due to the revision of the tax system. Therefore, dividends for FY2011 have been determined based on net income per share (EPS) of 247.2 yen, up 4.7% YoY, after taking into account the above-mentioned reversal of deferred tax amounts.

Breakdown of dividend per share (planned) (Figures in brackets represent consolidated payout ratio)

	End of 2Q	Year-end		Full year
		Ordinary dividend	Commemorative dividend	
FY2011 (planned)	-	<u>100 yen</u>	-	<u>100 yen (68.7%)</u>
FY2010 (results)	-	100 yen (42.4%)	20 yen (for Hong Kong listing celebration)	120 yen (50.8%)
FY2009 (results)	-	50 yen (35.6%)	50 yen (for 10 years anniversary of SBIH)	100 yen (71.3%)

Adoption of Share Unit System and Stock Split

- The Japanese Stock Exchange Conference decided to consolidate the trading unit to either 100 shares or 1,000 shares
- The level of a desirable investment unit is prescribed as stipulated under Article 445 of the Tokyo Stock Exchange's Securities Listing Regulations, to be between JPY 50 thousand to JPY 500 thousand.



Subject to the approval of the partial amendment to the Articles of Incorporation at the General Shareholders' Meeting to be held in June 2012, SBIH will...

- **Adopt the share unit system which sets a share trading unit to 100 shares**
- **Execute a split of its shares at a ratio of 10 shares to 1 shares in light of its stock price level**

Effective date: both Oct. 1, 2012

SBI Holdings' Shareholder Composition

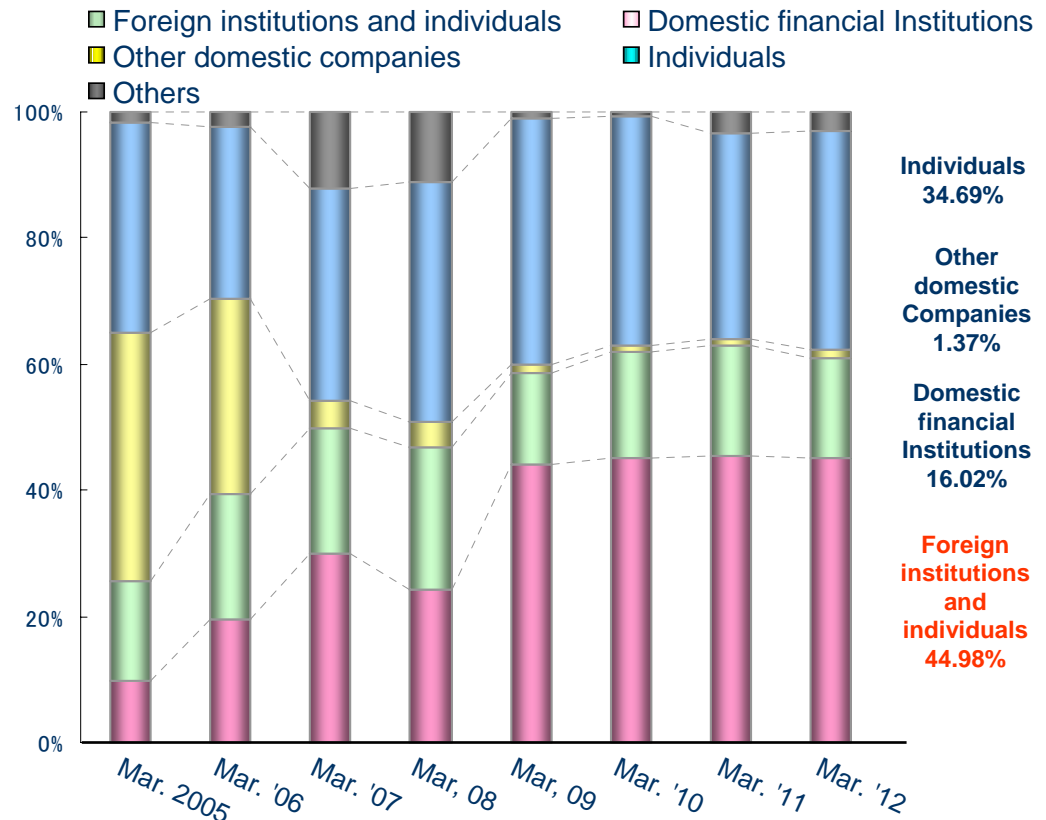
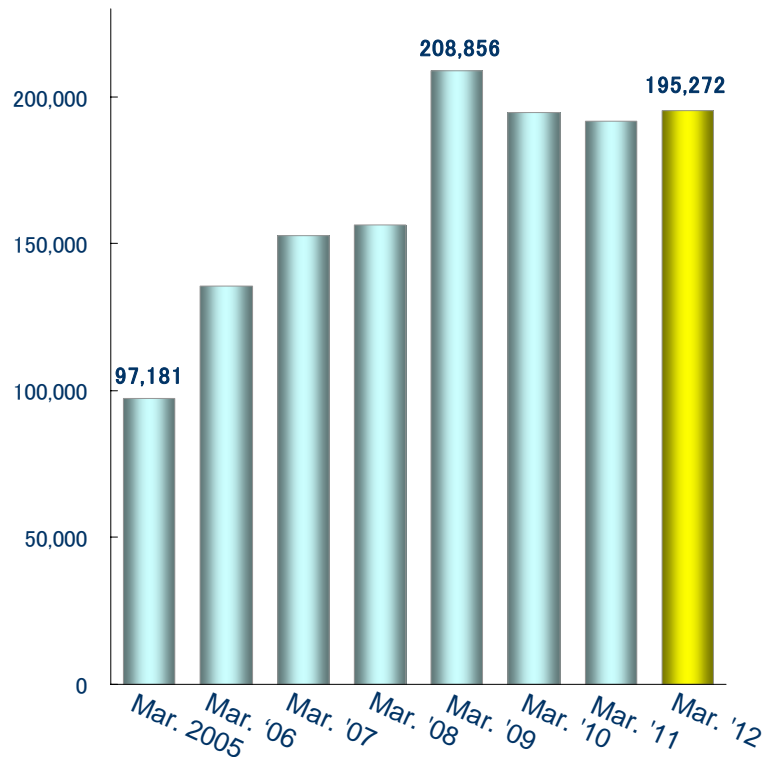


Foreign investors' shareholding ratio rapidly increased after FY2008, Foreign institutions and individuals have held over 40% of the shares since then.

Number of shareholders

Shareholder composition

(Number of holders)



* end of the month

* end of the month * "Others" includes treasury stock (1.65%)

(2) Review of the First and Second Phase of Brilliant Cut Initiative, which was Announced in July 2010 ~Brilliant Cut Initiative is progressing steadily~

First Phase (from July 2010):

The primary goal was each company's profitability in operating income, and companies that failed to achieve the goal in three years were to be liquidated or sold.

Second Phase (from April 2011):

Examined each company's earning capacity by taking into account B/S, C/F situation as well as changes in operating income.

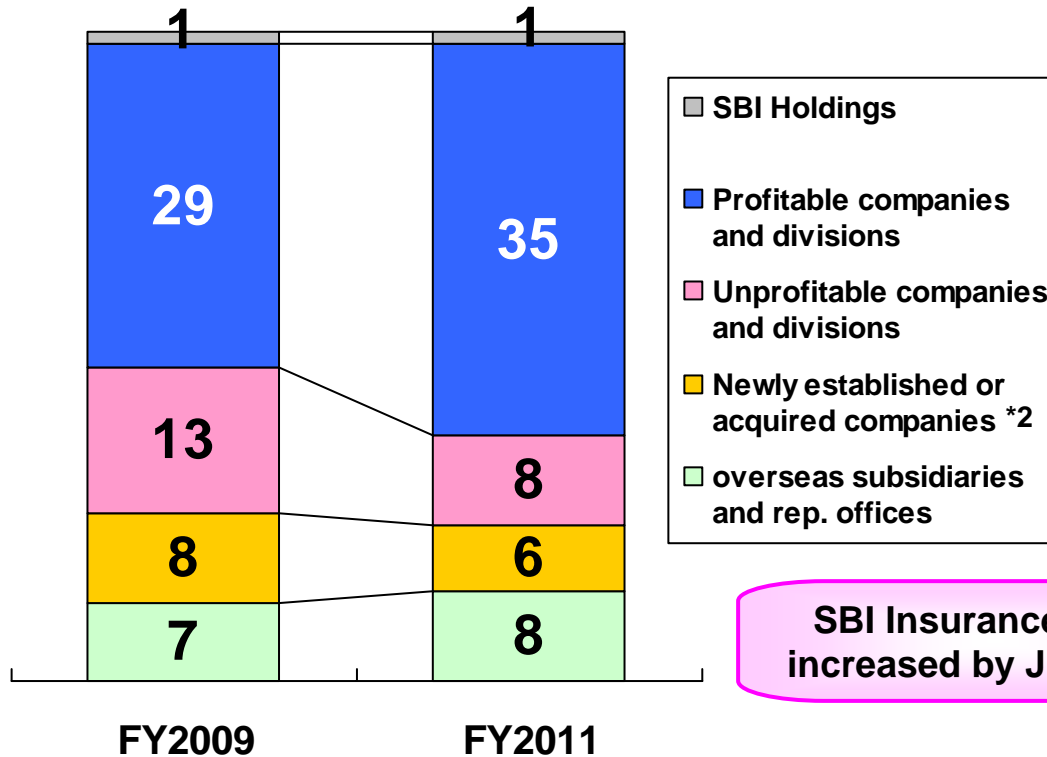
Review of Brilliant Cut Initiative's First and Second Phase

SBI Holdings

Of the major 58 business entities, the number of profitable companies (divisions) increased by 6 by FY2011. Operating income/loss also improved considerably, except for the increased loss at SBI Insurance.

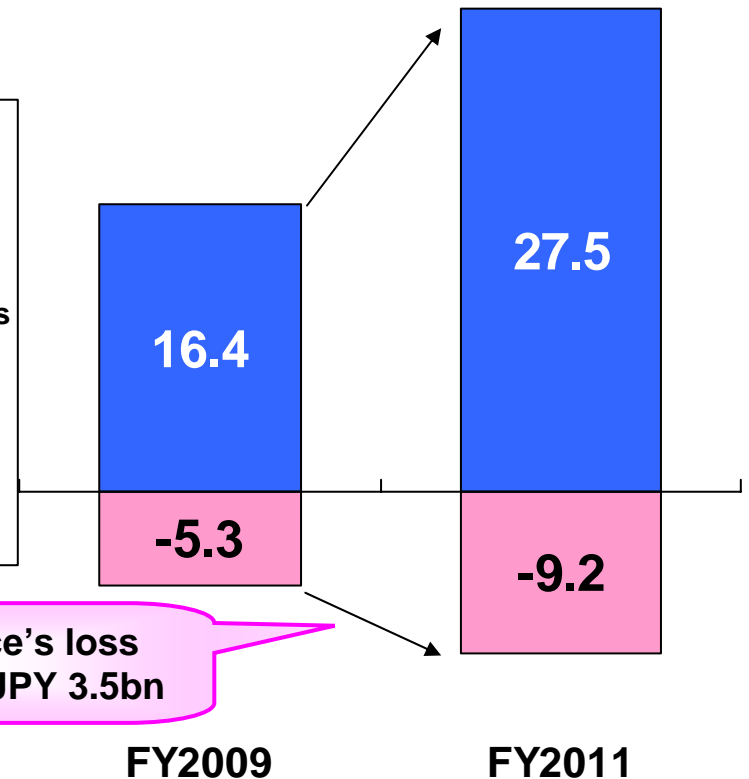
No. of profitable/unprofitable companies (divisions)

(unit: companies/divisions)



Operating income/loss *1

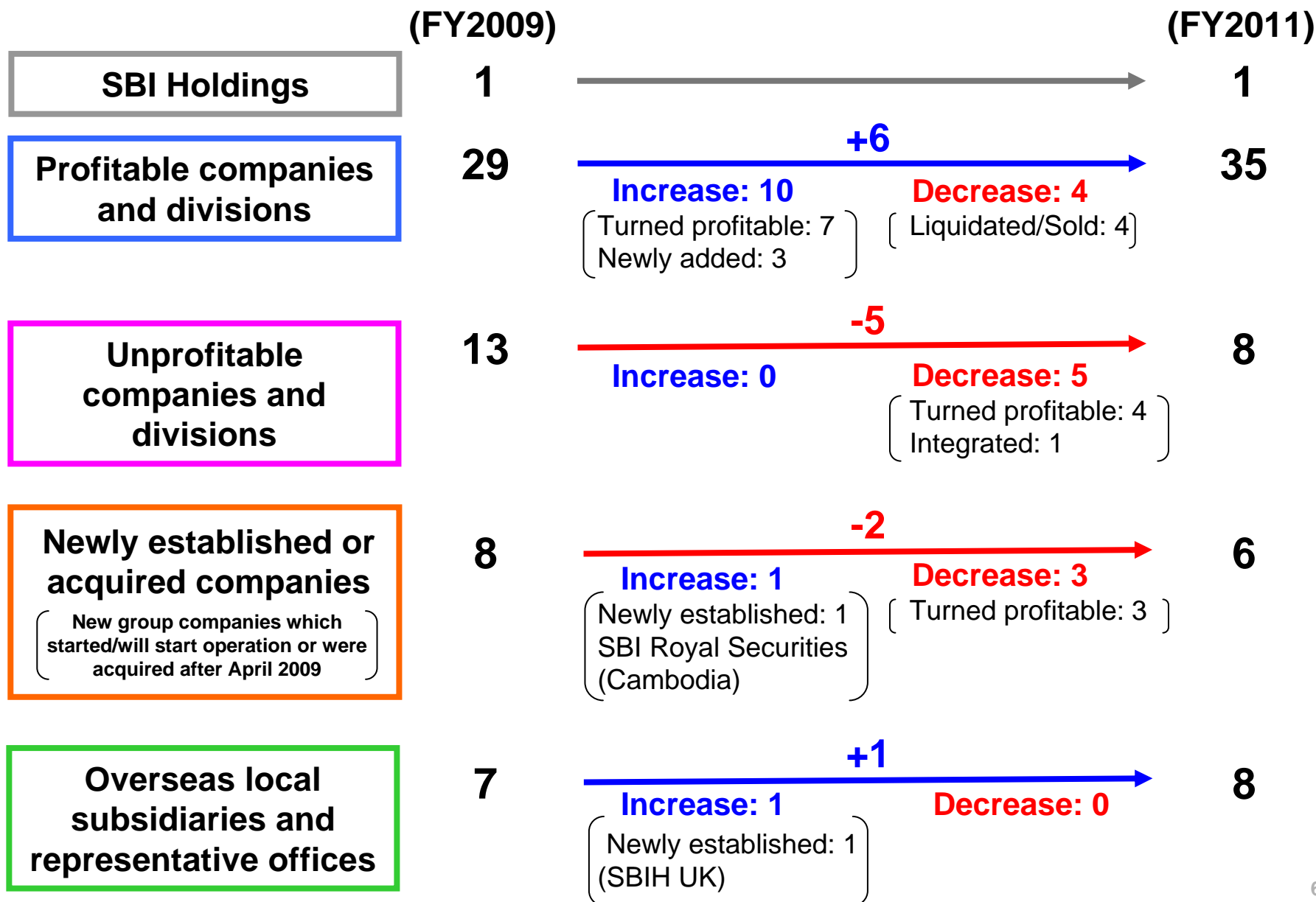
(JPY billion)



*1 The total sum of operating income/loss of each company (division), and operating income/loss of equity-method company/affiliated company and non-consolidated subsidiary is included.

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

Analysis of Changes in the Number of Profitable/Unprofitable Companies and Divisions



Major Organizational Restructuring Implemented After July 2010 to Advance Brilliant Cut Initiative



Acquisition of Full Ownership

1 company

- SBI Net Systems (Feb. 2012)

Merger and Integration

5 companies

- Gomez Consulting (Jul. 2011)
- SBI Property Advisors (Mar. 2012) etc.

Liquidation

1 company

- SBI ArchiWorks (Apr. 2011)

Disposal of Equity Interest

4 companies

- SBI VeriTrans (Mar. 2012)
- HOMEOSTYLE (Nov. 2011) etc.

Major Operating Deficit Companies

① SBI Card

Change in operating income/loss by business segment (JPY billion)

		FY2010	FY2011	YoY change
Credit Card Business	Visa Card	-1.4	-1.4	* +0.02
	Master Card	-0.8	-0.4	+0.4
Consumer Credit Business (Acquired former SBI Equal Credit in Jan. 2010)		-0.7	-0.5	+0.2
Common service charge		-0.4	-0.3	+0.1
Operating income/loss (total)		-3.5	-2.7	+0.8

*Visa Card Business improved by JPY 0.3bn to JPY 0.6bn for FY2011 second half, as compared to the JPY 0.9bn of FY2010 second half.

<Sort and Focus>

- Credit Card Business: **Loss decreased**, owing to cost-cutting measures. Continuing to review the business to become profitable as soon as possible.
- Consumer Credit Business: Through a company split from the Credit Card Business, this operation will specialize in debt collections

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

(Apr. 2010) -61% (Mar. 2012)

JPY 9.7bn



JPY 3.8bn

Major Operating Deficit Companies

② SBI Japannext

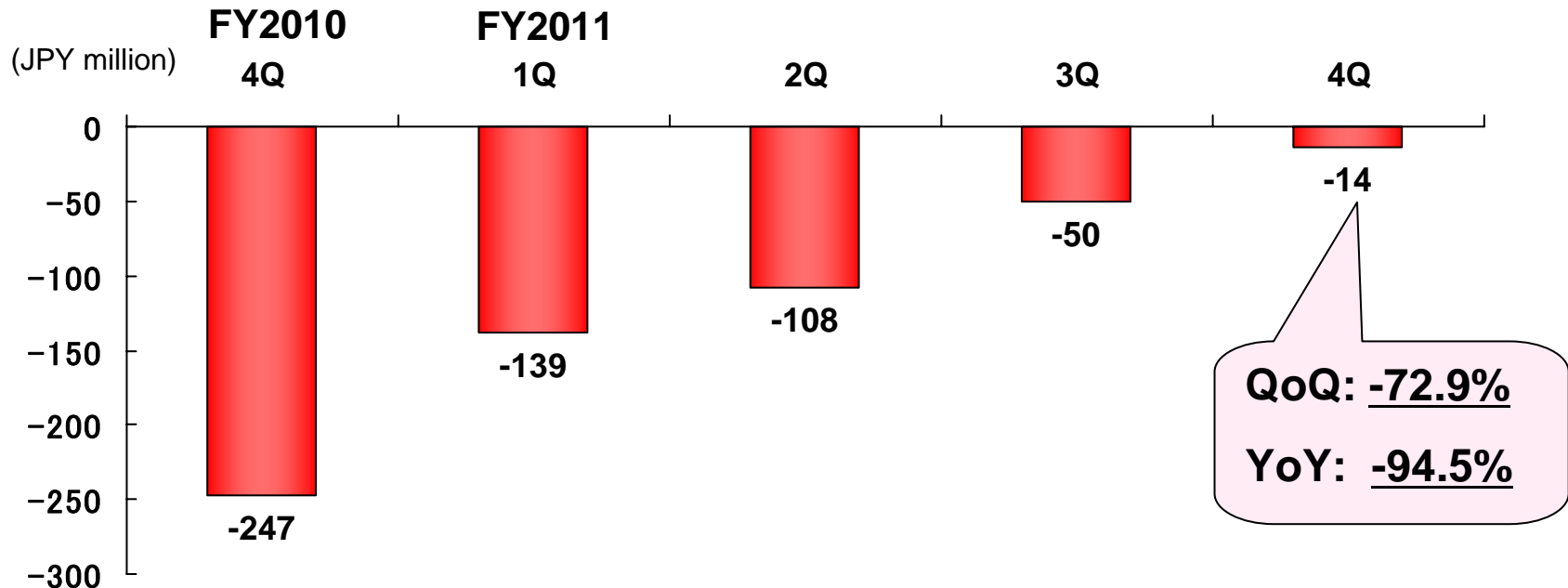


Operating loss of SBI Japannext in FY2011 was JPY 0.3bn, largely improved from JPY 1.1bn of FY2010, and it sees turnover to profitability in FY2012

(JPY billion)

	FY2010	FY2011	YoY change
Operating income/loss	-1.1	-0.3	+0.8

Quarterly change in Operating loss



Major Operating Deficit Companies

③ SBI Pharmaceuticals

(The former SBI ALApromo)

	FY2010	FY2011	YoY change
Operating income/loss	-1.1	-1.2	-0.1

(JPY billion)

Expenditure Factor

R&D costs increased due to the steady progress in the development of pharmaceuticals.

- Studies with universities and institutes in Japan and overseas are progressing
(to be discussed later)

Revenue Factor

Expanding the sales of health foods and beauty goods

- SBI Pharmaceuticals has actively developed sales and marketing since Sept. 2011, and achieved sales of JPY 250.65m for FY2011 (+679% YoY)
- At the new SBI ALApromo (Distributer), direct sales through distributing agents and E-commerce site is increasing, owing to its advertisement and promotion success.
Monthly sales in April are expected to top JPY 70m.

Developing a business model where the sales of health foods and beauty goods compensate for the R&D costs

2. The Business Strategy to Become the “World’s SBI” and the New Organizational Structure to Support the Strategy

~Structure follows strategy~

(Alfred Chandler’s thesis)

- (1) As it was committed at the time of the Hong Kong listing, SBIH will introduce the International Financial Reporting Standards (IFRS) starting in FY2012 (the current fiscal year), and will implement an organizational restructuring within the SBI Group to accommodate the change.**
- (2) The financial services businesses will move on to the third phase of the Brilliant Cut initiatives, in which it will thoroughly pursue synergy with the three core businesses of securities, banking, and insurance.**
- (3) The new “SBI MoneyPlaza” initiative to become the No.1 distributor in Japan providing various financial products.**
- (4) The biotechnology-related businesses was prioritized as a future growth business.**

- (1) As it was committed at the time of the Hong Kong listing, SBIH will introduce the International Financial Reporting Standards (IFRS) starting in FY2012 (the current fiscal year), and will implement an organizational restructuring within the SBI Group to accommodate the change.**

The Background to Implement Organizational Restructuring Within the Group

- **Will introduce the International Financial Reporting Standards (IFRS) starting in FY2012, as was required by the Hong Kong Stock Exchange for the listing**

After the introduction of the IFRS, the performance of operational investment securities (unrealized gains and losses) will be directly reflected in our profit and loss.

- ➡ There is the possibility that fluctuations in periodic profit or loss will be larger than before in the Asset Management Business. Therefore, it is desirable for a clear distinction to be made between this business and other businesses.

- **The Financial Services Business will move on to the third phase of the Brilliant Cut Initiative, in which it will thoroughly pursue synergies with the three core businesses of securities, banking, and insurance.**

- ➡ Brokerage Business and Financial Services Business will be integrated into one segment. Shift to an organizational structure capable of thoroughly pursuing synergies by unifying the sales infrastructures of securities, insurance and housing loan businesses as a common infrastructure.

- **The Biotechnology-related Business, which will be a New Revenue Source, will be focused upon.**



To implement an organizational restructuring of the Group owing to the adoption of the IFRS

IFRS Adoption Impact on Consolidated Financial Statements

<Operating Revenues>

- Revenue from operational investment securities in operating revenues will be included in operating revenues and cost of sales. (no effect on profits)
Gross sales will be included in operating revenues.
Gross cost of sales and gross losses on valuation will be included in cost of sales.
➔ Net gains/losses and net unrealized gains/losses will be included in operating revenues.
- Unlisted securities will be measured at fair value, and gains/losses on valuation will be included in operating revenue.
➔ Book value (J-GAAP) of operational investment securities subject to this change is approx. JPY 75bn as of the end of Mar. 2012.

<Operating Income>

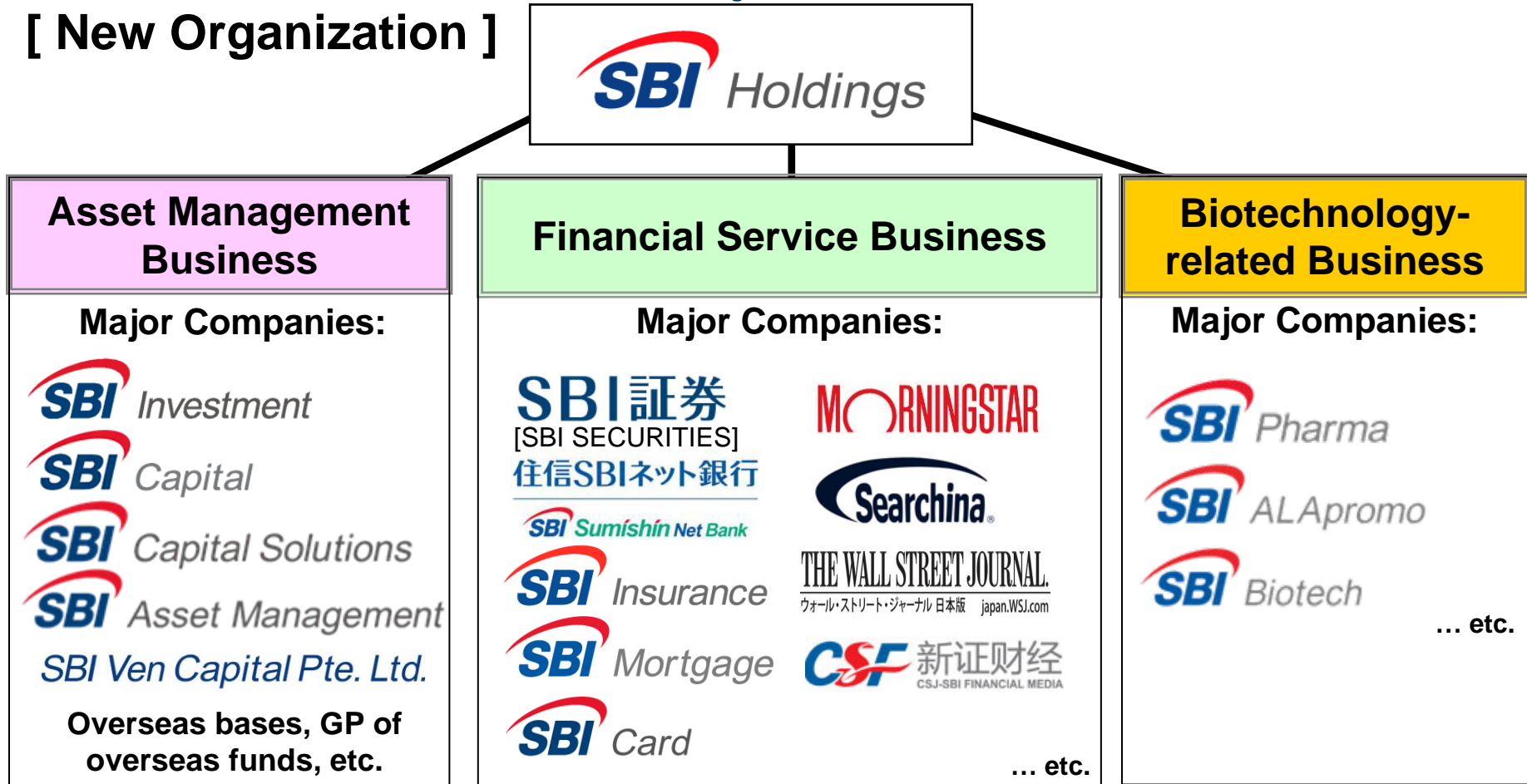
- Goodwill will no longer be amortized. (Positive effect of approx. JPY 8bn)

<Shareholders' Equity (Net Assets)>

- By the retroactive application of business combinations, goodwill etc. resulting from additional acquisition of shares will not be recognized as assets.
(The balance of goodwill will be reduced, and net assets will also be decreased by approx. JPY 80bn)

Establishment of a Group Organization System Based on Three Major Businesses

[New Organization]



- Each business segment is planning the establishment of an **intermediate holding company** and is considering the disclosure of its business results.
- Every business segment includes overseas operations.
- Preparations are underway for the establishment of an **insurance holding company**.

Asset Management Business

The intermediate holding company, whose establishment is being considered, will centrally manage funds and foreign exchange matters to improve the efficiency of funds management and procurement in the investment business.

In private equity investments, we will create as much value as possible, and then proceed to exit through IPOs or M&As in various Asian markets.

Financial Services Business

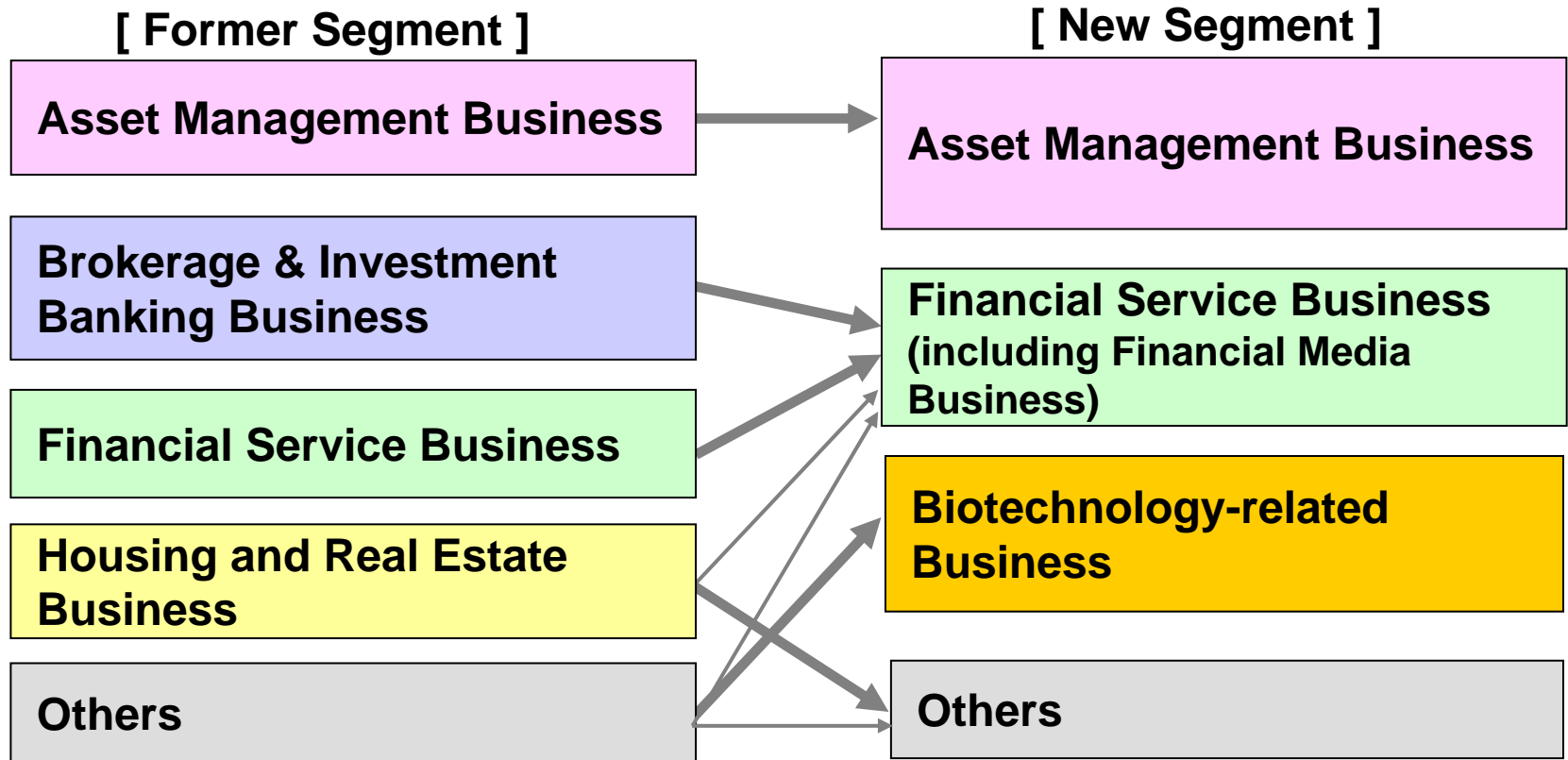
Under the intermediate holding company, whose establishment is being considered, we will further enhance synergies in the Financial Service Business, while pursuing synergies through the cooperation between domestic and overseas subsidiaries.

Biotechnology-related Business

With the biotech sector, the Group is positioning the ALA-related businesses as its most promising growth areas, and will expand its overseas operations in the cosmetics, health foods and drug development fields.

- The Group will endeavor to maximize its human resource value by maximizing personnel mobility in each business segment.
- With the establishment of each intermediate holding company, the Group will be better positioned to consider the possibility of external capital participation, or (partial) business transfers in a more flexible manner, which provides for an organization with inherent mobility.

Change in Business Classification due to the New Business Organization from FY2012



- Former Brokerage & Investment Banking Business, Financial Service Business and SBI Mortgage will be integrated in the new Financial Service Business.
- Biotechnology-related companies which were currently included in Others will be newly classified as Biotechnology-related Business. SBI Net Systems will be moved into the new Financial Service Business.

Estimating Each Segment's Shareholder Value (1)

(based on the closing prices on Apr. 25, 2012)

(JPY billion)

	Enterprise value by segment (theoretical value)
Asset Management	98.3
Financial Service	257.3(+)*
Biotechnology-related	55.0
Others	38.5
Outside borrowings	-139.8
Total	309.5(+)

(Reference) **Market cap** (actual value): **JPY 150.6 billion**

* SBIH's comparison website business, SBI Lease or SBI Business Support and so on are also profitable, but these businesses are not included in this shareholder value estimation.

Estimating Each Segment's Shareholder Value (2)

<Premises>

- Market capitalization is based on closing prices on Apr. 25, 2012.

<Calculation Methods for Each Business>

- Asset Management Business → calculation based on Comparable Multiple Valuation Approach

{SBIH's investment asset balance (as of Dec. 31, 2011) + SBIH's equity interest of cash held by Funds (as of Dec. 31, 2011)} x JAFCO's PBR (*1)

*1 JAFCO's PBR is calculated by its BPS as of Mar. 31, 2012

*2 The abovementioned "investment asset balance" represent the balance of operational investment securities and direct investment for SBIH's AM Business, and "cash held by Funds" represent the balance of cash held by both domestic and foreign funds.

- Financial Service Business

Combination of major companies' shareholder values

SBI SECURITIES → calculating the mean of the two values resulted from Comparable Multiple Valuation Approach

$$\frac{(\text{Matsui's PER} + \text{Monex's PER}) (*3)}{2} \times \text{SBIH's Net income (FY2011)} \text{ --- (A)}$$

$$\frac{(\text{Matsui's PBR} + \text{Monex's PBR}) (*4)}{2} \times \text{SBIH's Net asset (as of Mar. 31, 2012)} \text{ --- (B)}$$

} Calculating the mean of (A) and (B)

*3 PERs of Matsui and Monex are calculated by their EPS for FY2010.

*4 PBRs of Matsui and Monex are calculated by its BPS as of Mar. 31, 2011.

SBI Liquidity Market → calculation based on Comparable Multiple Valuation Approach

$$\frac{(\text{Money Partners' PER} + \text{MONEY SQUARE JAPAN's PER}) (*5)}{2} \times \text{SBI Liquidity Market's Net income (FY2011)}$$

*5 PERs of Money Partners and MONEY SQUARE JAPAN are calculated by EPS for FY2010.

<Calculation Methods for Each Business (continued)>

- Financial Service Business (cont.)

SBI Sumishin Net Bank

➔ The excess earning power of the bank for the five fiscal years beginning in FY2012 was estimated with the assumption that the after-tax income (*6) of SBI Sumishin Net Bank will grow 20 percent annually for those five fiscal years. Then, shareholder value was calculated by adding SBIH's equity interest in paid-up capital of the bank to the excess earning power.

*6 Under an assumption of a forecasted ordinary income of JPY 7.0 bn, the profit after tax for the corresponding fiscal year would be JPY 4.2 billion.

SBI Insurance ➔ Calculation of paid-capital of SBIH's equity interest in Mar. 2012, when SBI Insurance increased capital

Morningstar Japan ➔ Morningstar's stock price x number of shares issued (as of Mar. 31, 2012) X SBIH's equity interest (including indirect holdings)

SBI Mortgage

➔ Public offering price when listed on KOSPI x number of shares issued x SBIH's equity interest (including indirect holdings)

- Biotechnology-related Business

➔ Market value at the point of partial transfer of former SBI ALApromo's shares x number of shares issued x SBIH's equity interest (including indirect holdings)

- Others

➔ The value of the commercial real estate properties of SBIH as of the end of Mar. 2012 (the balance of real estate inventory + the balance of real estate included in tangible assets) was calculated.

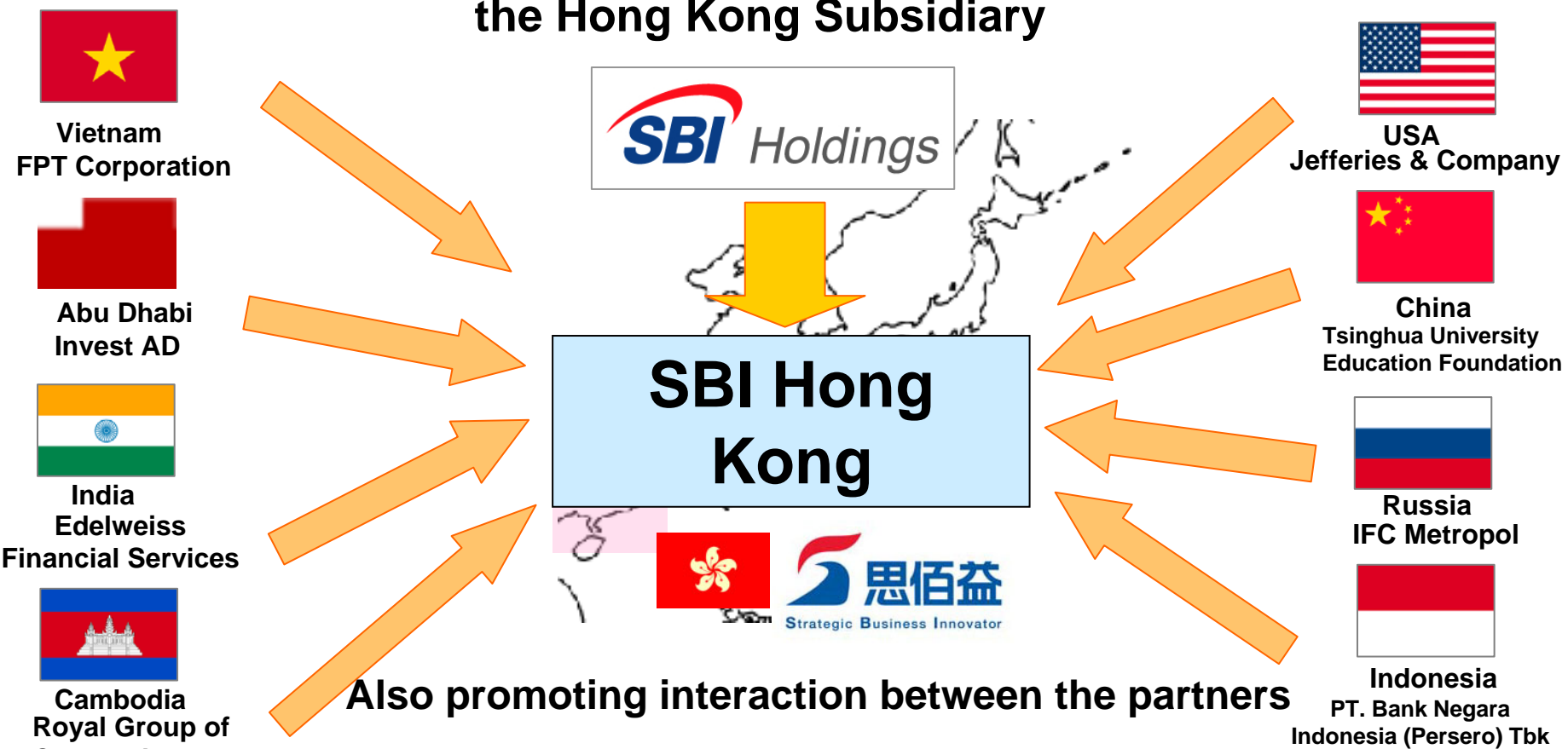
The Hong Kong Subsidiary as the Group's Strategic Base, and Eventual Responsibility as a Second Headquarter



Phase 1

Overseeing the transition to become the "World's SBI" by preparing and pursuing overseas strategies, as the company that supervises the SBI Group's overseas businesses

Welcoming SBIH's Directors responsible for overseas businesses and SBI Group's overseas partners' representatives as Directors of the Hong Kong Subsidiary



The first SBI Global Strategic Conference will be held in Hong Kong in May 2012

SBI China, the Company Supervising the SBI Group's Business in China, Started Operation on March 15, 2012, as "Foreign Investment Company" in Dalian.



SBI China has the representative offices in Beijing and Shanghai and other China-related businesses under its control, and will be responsible to manage and oversee the overall Chinese businesses



Beijing

Shanghai

**New deployment
in other cities**



What is a "Foreign Investment Company"?

- Allowed to reinvest the Chinese Yuan earned as investment income (dividends, etc.) in China
- Allowed to make loans in foreign currencies (currencies other than the Chinese Yuan)
- Easier than ordinary foreign companies to obtain permission and authorization to make investments in China because of the high dependence on the investment business
- Entitled to receive favorable treatment from local governments in China due in part to the high hurdles for its establishment



Pursue further expansion and enhanced efficiency of asset management and financial service businesses in China


(2) Financial services businesses will move on to the third phase of the Brilliant Cut initiatives, in which it will thoroughly pursue synergy with the three core businesses of securities, banking, and insurance.

- ① Brilliant Cut initiative in financial service business moves to the third phase, where further synergies with the three core businesses are pursued.**
- ② Acquired shares of Shinsai Partners and studying the feasibility of establishing an insurance holding company which supervises the domestic insurance business.**
- ③ The domestic financial service business will further pursue synergies based on the “triangle” structure, with the three core businesses of securities, banking, and insurance at its center.**
- ④ The overseas financial services business will be oriented toward the “Pentagon Management” of financial services including the settlement service we have pursued until now.**

① Brilliant Cut Initiative in Financial Services Businesses Moves to the Third Phase, where Further Synergies with the Three Core Businesses are Pursued

First Phase:

The primary goal was each company's profitability in operating income, and companies that failed to achieve the goal in three years were to be liquidated or sold.



Second Phase:

Examined each company's earnings capacity by taking into account B/S, C/F situation as well as changes in operating income.



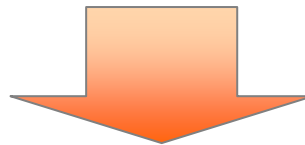
Third Phase:

Examine each company's synergy with the three core businesses, in addition to the earnings capacity, and concentrate resources solely on those businesses with strong synergies.

Fundamental Policies for the Third Phase of Brilliant Cut Initiative in Financial Services Businesses

Examine each business along the following lines:

- ① **Does the business have strong synergies with the three core businesses in the Financial Service Business and does it have sufficiently high profitability and growth potential?**
- ② **Is the service not replaceable with services which can be purchased from other companies at reasonable prices?**
- ③ **Is it possible to expand the business overseas as the SBI Group's business?**



Thorough “selection and concentration”

Transfer of SBI VeriTrans' Shares (Announced on March 29, 2012)

Sold all shares of SBI VeriTrans, a wholly-owned subsidiary of SBIH, to a subsidiary of Digital Garage, Inc.

Effective date of the agreement	March 30, 2012
Transfer price	JPY 13bn (profit on sale: JPY 8.6bn)

Even if the company's profits continue to grow at a rate of 14% p.a., the compound annual growth rate of its net income in the last 3 years, it would take at least 7 years to collect JPY 8.6bn.

(Reference) Cumulative capital gains (incl. dividends) from the time of the acquisition of SBI VeriTrans at JPY0.4bn in 2003 is approx. JPY 9.4bn, and the IRR is 47.6% p.a.

➤ **Reasons for the transfer**

- The SBI Group intended to advance into domestic e-commerce business in cooperation with portfolio companies, but SBI VeriTrans couldn't develop sufficient partnerships with e-commerce companies, and its growth potential in the Group was expected to be 10-15% p.a.
- E-commerce settlement services only provided relatively weak synergies with the three core businesses. In addition, the SBI Group has a portfolio company engaged in the same business, AXES Holdings (SBI Group's equity stake: 100%; planned to be listed on KOSDAQ in the first half of FY2012).
- The SBI Group will collaborate with Digital Garage Group, the acquirer, in investment and incubation business, such as joint establishment of investment funds focused primarily on Internet-related companies in the U.S., Japan and the rest of Asia.

② Acquired shares of Shinsai Partners and studying the feasibility of establishing an insurance holding company which supervises the domestic insurance business.

i) Acquired Shares of Shinsai Partners, and Made it a Subsidiary



The SBI Group holds 91.6% of shares.

Since its foundation in 2006, selling earthquake compensation insurance policies
 Planning to develop new products other than earthquake compensation insurance policies



Selling earthquake insurance products offered by Shinsai Partners Inc.

Life Insurer
(in preparation)

Useful for the Group, which plans to reenter the life insurance business, to identify the current trend of the insurance market and needs of customers.



Synergy with the two companies providing housing loans

②-ii) Studying the feasibility of establishing an insurance holding company which supervises the domestic insurance business.

Planning to establish an insurance holding company that retains SBI Insurance, Life Insurer (in preparation) and Shinsai Partners.



[Advantages of establishment of an insurance holding company]

- Efficient use of resources related to the insurance business, including the information and know-how on fund management and risk management information as well as human resources.
- Strengthening cooperation and creating synergies between insurance companies.
- Diversifying the financing means for implementing a capital increase following business expansion.

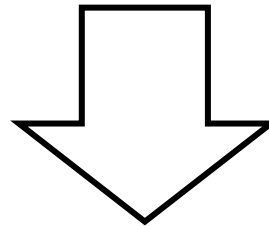
②-iii) Future Financial Policy for Insurance Business



(Shareholding: 85.5%)

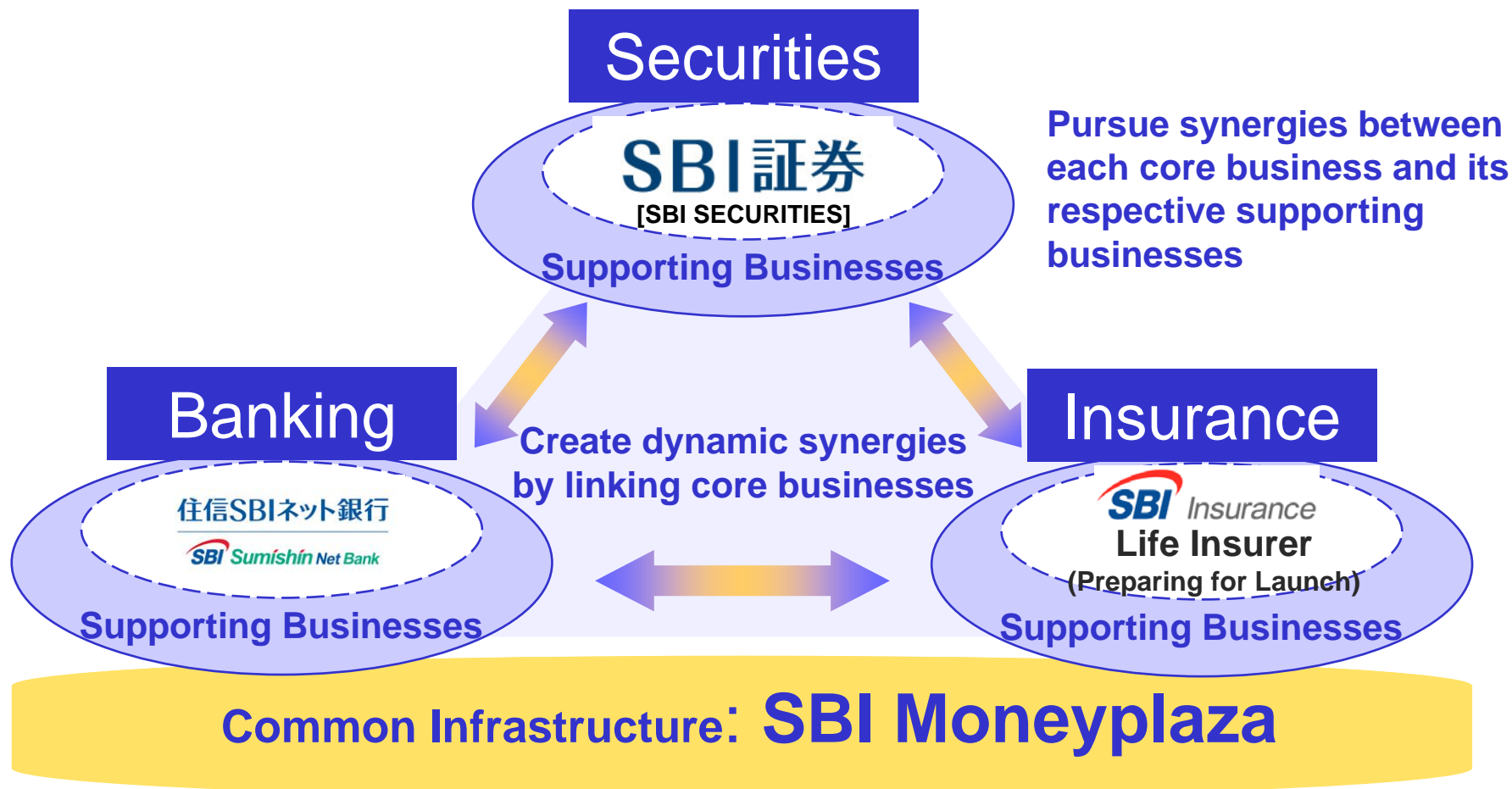
Life Insurer
(in preparation)

Requires **large additional capital**
as the business expands



- Both life and nonlife insurance companies seek to strengthen earnings capacity and to reduce the financial burden accompanying future capital increases, through capital tie-ups with strategic partners.
- Pursuing maximization of the synergies with SBI SECURITIES and SBI Sumishin Net Bank.

③ The domestic Financial Services Business will further pursue synergies based on the “triangle” structure, with the three core businesses of securities, banking, and insurance at its center



Taking full advantage of SBI Moneyplaza’s nationwide presence as a common infrastructure, the integration of the “online” and “face-to-face” services will be endeavored, and SBI will continue its quest to become Japan's largest financial products distributor that offers products from both within and outside of the Group on a neutral basis.

Example of Synergies of SBI SECURITIES and SBI Sumishin Net Bank:

Deposit & Settlement

SBI Sumishin Net Bank

Synergy

SBI証券

Asset Management

Examples of Affiliation Services:

[SBI SECURITIES]

Aggregation functions

Simultaneous display of accounts of SBI Sumishin Net Bank and SBI SECURITIES. Easy access to stock trading platform of SBI SECURITIES, with one click on the Bank's stock information page

Automatic transfer services for additional margin deposits

Automatic cash transfer from a yen savings account at SBI Sumishin Net Bank to an account at SBI SECURITIES when additional margin deposits are needed

SBI Hybrid Deposits (Automatic deposits and withdrawals of stock trading deposits)

SBI Hybrid Deposit balance can be integrated into available deposit balance for stock trading, margin trading, and actual receipt of stock purchased at SBI SECURITIES

One-time account opening

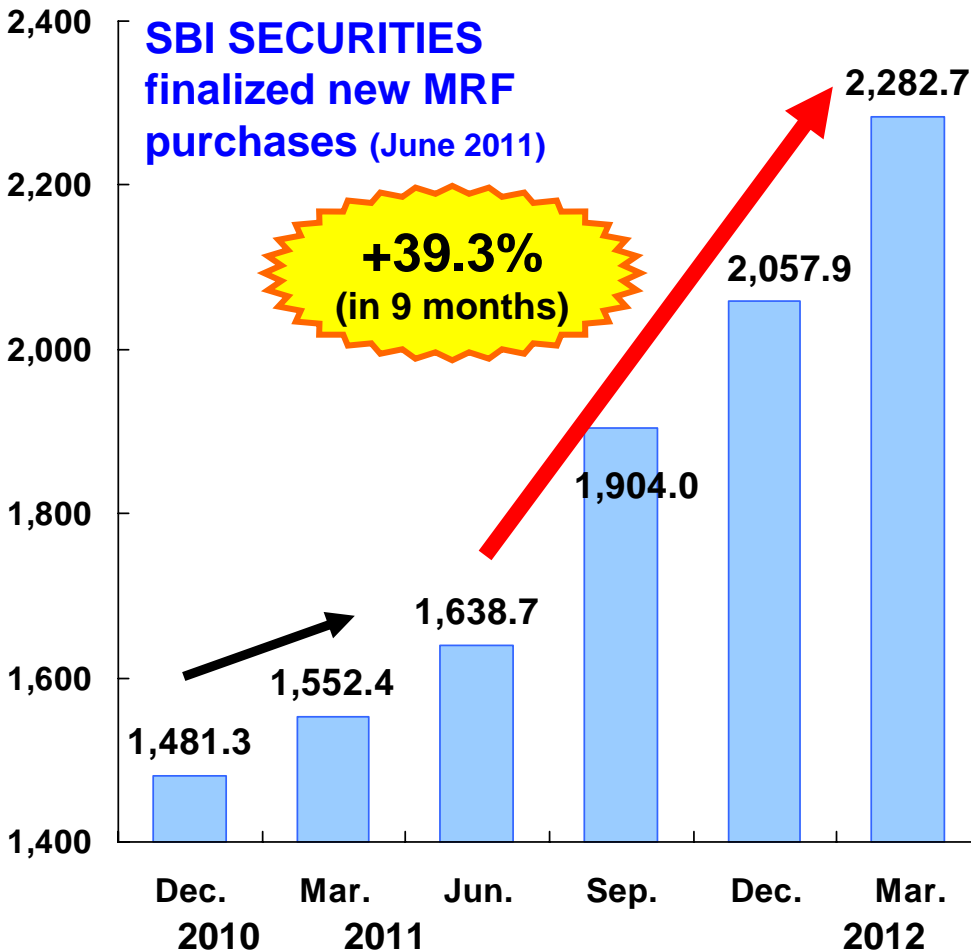
One-time account openings at both SBI Sumishin Net Bank and SBI SECURITIES

Solid customer base of SBI SECURITIES contributes to an increase in the number of accounts and deposit amount at SBI Sumishin Net Bank.

Synergy Effect Brought by the MRF Abolishment at SBI SECURITIES

Change in deposits (Dec. 2010- Mar. 2012)

(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: 0.12% (*2)

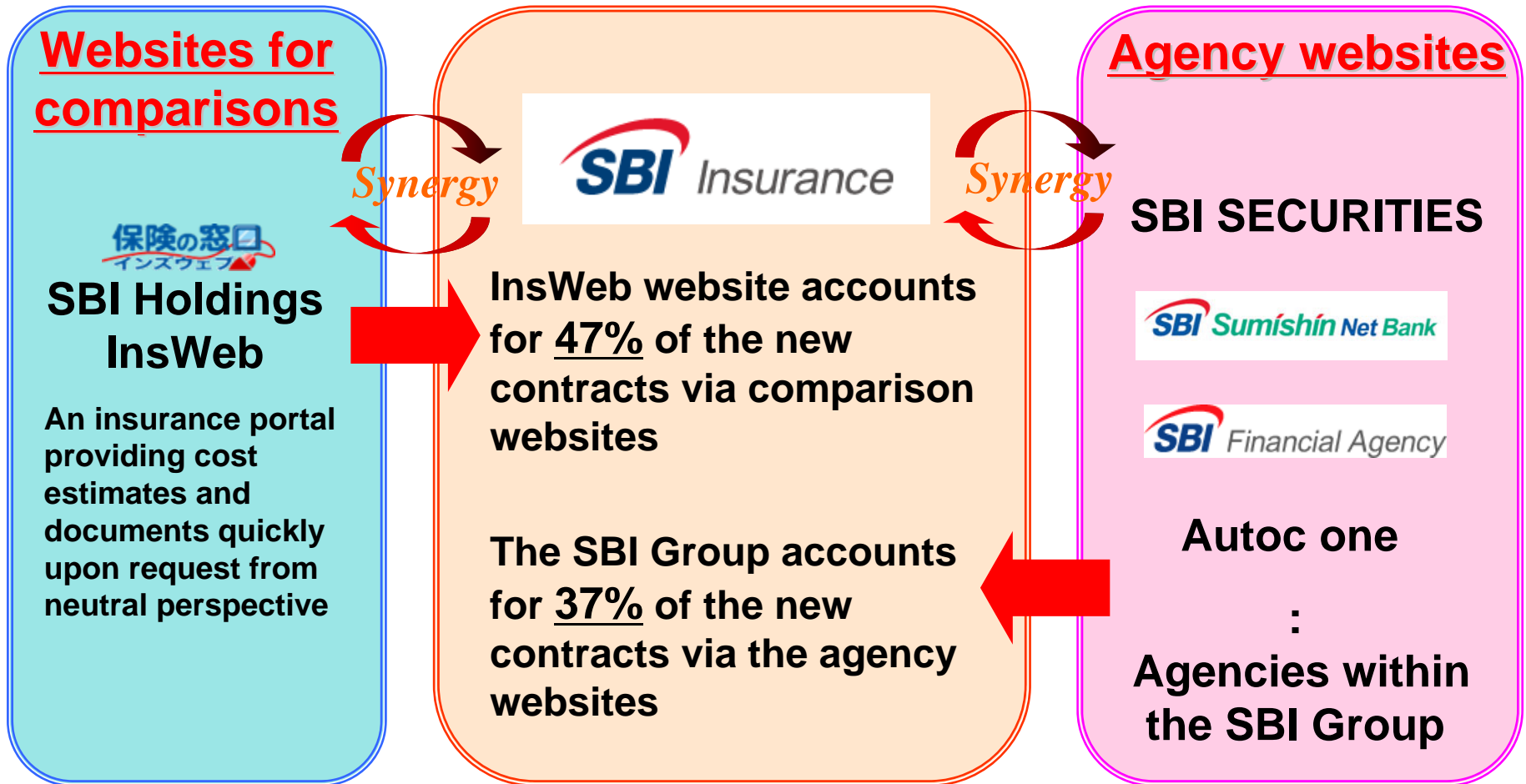
Average funding cost decreased

An increase in SBI Sumishin Net Bank's revenues

(*1) Average in FY2010 (*2) As of Apr. 16, 2012

Group Synergy Benefits SBI Insurance

The insurance comparison website, the online securities business, and other SBI Group companies, with their respective customer bases, become sales channels that exert synergy effects.



④ In the Overseas Financial Services Business, Continues to Expand Business Based on the “Pentagon Management” of Financial Services Businesses so Far, Including Settlement Services

We are discussing the possibility of developing e-commerce settlement services overseas through cooperation between our investment destinations and overseas partners.

Tien Phong Bank Bank

- 20% shareholding

FPT Securities Securities

- 20% shareholding

OBIBANK Bank

- Commercial bank in METROPOL Group
- Entry into online banking business in Russia with 50% investment.



Kingston Financial Group Securities

- 2.74% shareholding
- Formed a strategic business alliance in the financial sector in HK and the Chinese mainland.

SW Kingsway

- 2.79% shareholding

- 7.65% investment

Tianan Insurance Nonlife insurance

BNI Securities Securities

- 25% investment
- Cooperation with BNI Group in Indonesia in diverse areas

COMMERCIAL BANK Bank

- 3.71% shareholding
- Sri Lanka's Largest nongovernmental commercial bank

HNB Your Partner In Progress

- 1.82% shareholding
- Sri Lanka's second largest nongovernmental commercial bank

Phnom Penh Commercial Bank Bank

- Acquired 40% of shares at establishment

SBI Phnom Penh securities Securities

- Formed by merger of SBI Phnom Penh Securities and Cambodian Capital Securities, the Royal Group's securities unit
- 71% shareholding

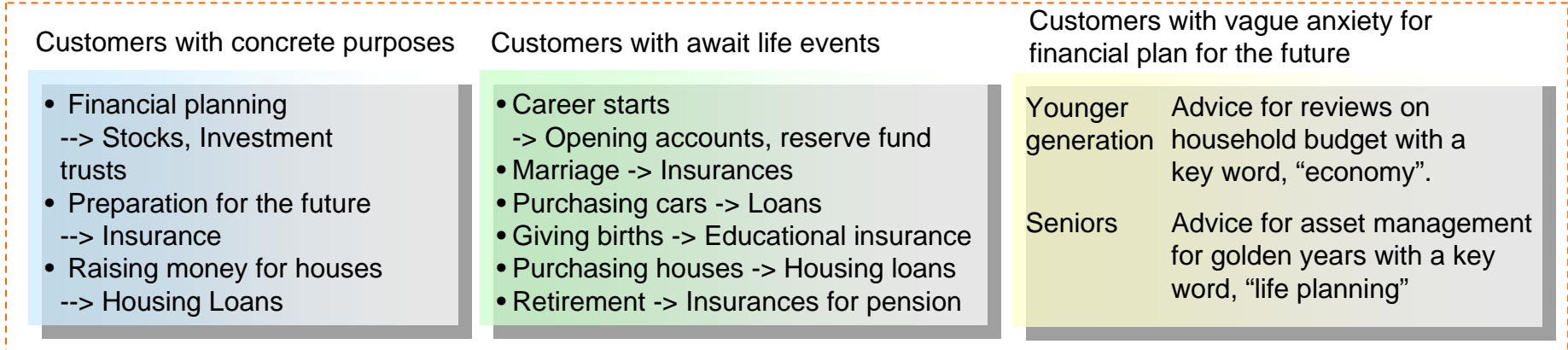
*as of the end of Mar. 2012

(3) The New “SBI MoneyPlaza” Initiative to Become the No.1 Distributor in Japan Providing Various Financial Products

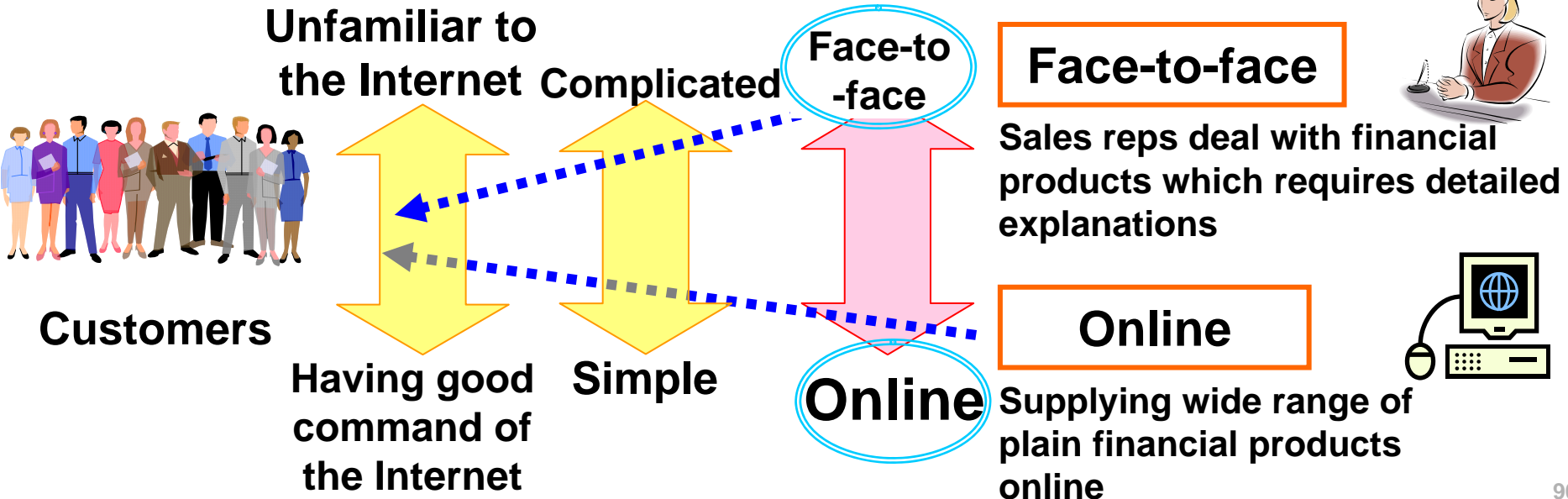
- ① Expand Operations Both of Direct Management Shop and the Franchise Chain in the Field of Personal Asset Management, Insurance, Housing Loan**
 - i The Concept of SBI Moneyplaza**
 - ii “SBI Moneyplaza,” a new company, supervises face-to-face channel operation**
 - iii SBI Moneyplaza will take initiative on “Integration of Online and Face-to-face services” and promote cross selling to contribute to the Group revenue**
- ② Transferring the Network and Sales Force of SBI SECURITIES to SBI Money Plaza and Strengthening its Sales Capacity**
 - SBI SECURITIES will become pure-play online securities company again**
- ③ Utilize Face-to-face Channels for Early Profitability of the Insurance Business**
 - Promoting the insurance business by “Integration of Online and Face-to-face services”**

①-i The Concept of SBI Moneyplaza

■ Increasing demand for financial planning



■ There are demands for face-to-face consulting for complicated and high-price financial products and customers unfamiliar to the Internet



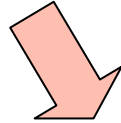
①-ii “SBI MoneyPlaza”, a new company, supervises face-to-face channel operation

Establish an operating entity, “SBI Moneyplaza”, to take overall control on SBI Mortgage’s and SBI SECURITIES’ bricks-and-mortar stores which have been managed by each company

To meet the increasing needs for various financial planning

SBI証券
[SBI SECURITIES]

SBI Mortgage



SBI マネープラザ

(SBI Moneyplaza)

Asset management

SBI証券 [SBI SECURITIES]
[Financial instruments intermediary service]

Rich product line-up including investment trusts and bonds
Enriched portfolio asset analysis service and various contents

Insurance

SBI マネープラザ [SBI Moneyplaza]
[Joint insurance solicitation]

Dealing in the insurance products of a variety of insurance companies

Housing loans

[Agency contract]

Providing mortgage loans centered on the Flat 35 mortgage loan program

Other financial products

SBI Benefit Systems
INNOVATIONS FOR RECORDKEEPING

+ {401 k}

SBI Insurance

{Nonlife insurance}

Expand Operations Both of Direct Management Shop and the Franchise Chain in the Field of Personal Asset Management, Insurance, Housing Loan

①-iii SBI Moneyplaza will take Initiative on “Integration of Internet and Face-to-face” and promote cross selling to contribute to the group revenue



Asset management

Insurance

Housing loan

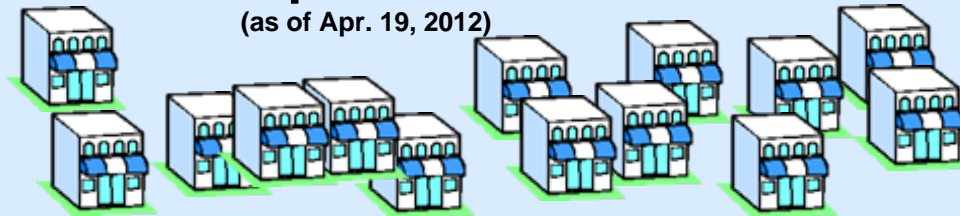
- Provide consulting to franchisee shops
- Promote cross selling of securities, Insurance and Housing loans

[Franchisee]

Securities agency network of tax counselors, accountants, financial planners and insurance agencies

258 shops nationwide

(as of Apr. 19, 2012)



Will make the shops networks below to SBI Moneyplaza

VL FINANCIAL PARTNERS
(operating Mitsubachi insurance firm)

IRRC Corporation
(operating Insurance clinic)

Aiming to expand shops network to 500

② Transferring the Network and Sales Force of SBI SECURITIES to SBI MoneyPlaza and Strengthening its Sales Capacity

-SBI SECURITIES will become pure-play Internet securities company again-



To increase profitability the sales force of SBI SECURITIES will capitalize on its accumulated sales know-how and sell all sorts of financial instruments, including securities, insurance products, and mortgage loans, as sales representatives at SBI MoneyPlaza.

③ Utilizes Face-to-face Channels for Early Profitability of the Insurance Business

Promoting the insurance business by “Integration of Internet and Face-to-face”

The direct insurance business takes long time to become profitable. Direct life and nonlife insurance companies take about 10 years to become profitable on a single-year basis.

The period when direct life and nonlife insurance companies became profitable

Sony Assurance Inc. (Established in Oct. 1999)	8 th year
AXA General Insurance Company Limited (Established in Oct. 1998)	11 th year
Mitsui Direct General Insurance Company, Limited (Established in June 2000)	12 th year
Sompo Japan DIY Life Insurance Co., Ltd. (Established in May 1999)	12 th year

(From disclose data of each company)



A possible cause of why the direct insurance business requires long time to become profitable is that such companies only offer insurance products that are suitable for direct sales, which have thin margins, such as auto insurance.

Converting the profit structure of SBI Insurance by enriching its product line-up, to make the insurance business profitable at an early date and to significantly enhance its earning capacity.

SBI Insurance will offer not only less profitable auto insurance but also other sorts of insurance products to change the profit structure.

Increasing lines of products



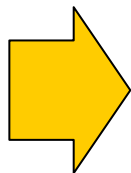
Changing the profit structure



Accelerating toward early profitability



- Planning to sell cancer insurance, for which SBI Insurance has applied for product approval by the financial services agency, in addition to the auto insurance that it has been selling.
- SBI Insurance currently sells earthquake insurance products offered by Shinsai Partners Inc. In addition to this, upon obtaining approval by the authority, it will start dealing in more profitable fire insurance products offered by other companies.



SBI Insurance will aim to become profitable in the fiscal year ending March 31, 2015 by making the most of the direct channels to appeal to customers regarding products that are difficult to handle on the Internet.

Establishing Sales Channels Integrating Internet and Face-to-face

Direct sales channels will allow SBI an opportunity to show customers the appeal of insurance products which are not suitable for sale on the Internet (products with a great need for face-to-face explanation), which will enable us to handle a variety of products, including more profitable products and original products.

[Face-to-face channel]


258 shops nationwide
(as of Apr. 19, 2012)


SBI Group's shareholdings:29.1%



SBI Group's shareholdings:31.7%

[Internet agencies]

 住信SBIネット銀行

SBI証券  タルマ選びの総合支援ポータル
オートックワン

etc.

[customers]



SBI損保

New life insurer
(plan)

(4) Biotechnology-related businesses was prioritized as a future growth business

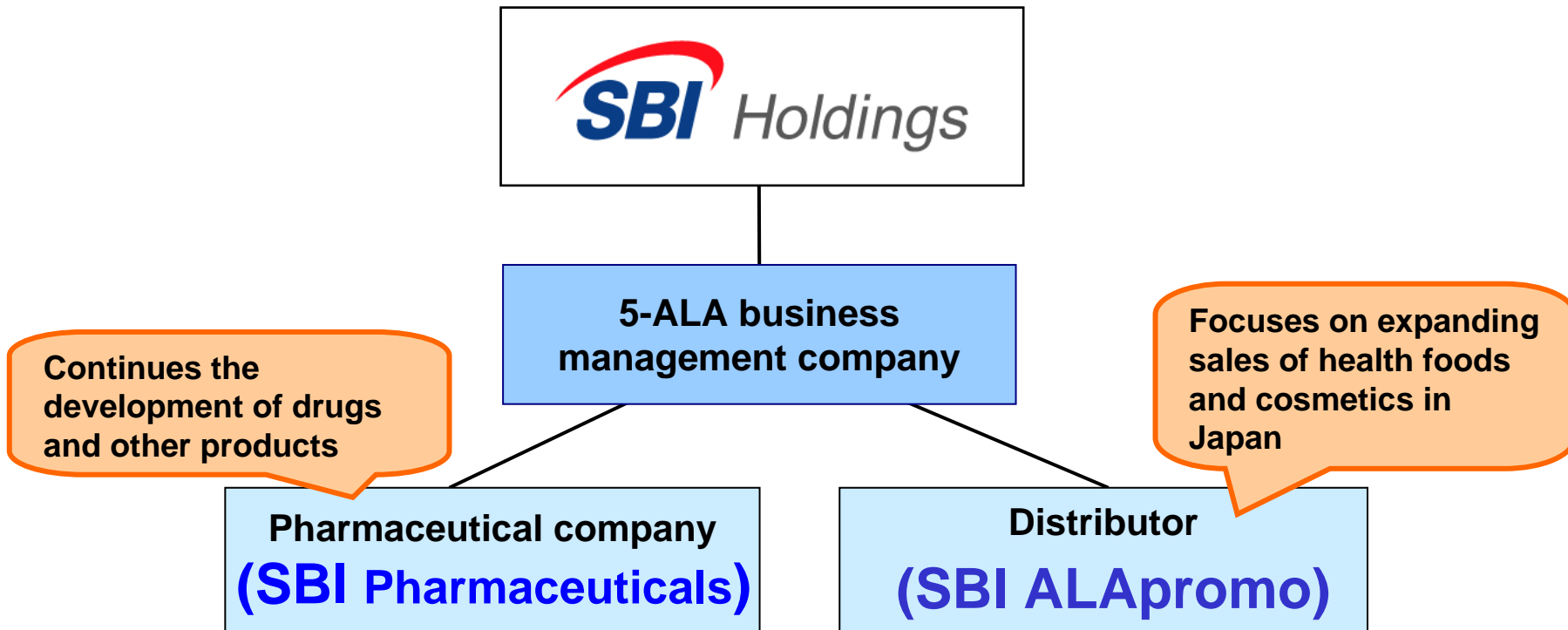
- ① Development of 5-ALA related Business**
- ② Taking Advantage of the Global Network, SBI Biotech's Drug Discovery Projects and Other Businesses Continue to Progress**

(1) Development of 5-ALA related Businesses

~Change in 5-ALA Business-Related Organizations~

Clinical testing (phase 3) for the intraoperative diagnostic agent was completed, and we expect them to be approved. Therefore, SBI Pharmaceuticals became a pharmaceutical company by obtaining a license to manufacture and sell Class 1 OTC drugs

New organizational system for the 5-ALA related business



The sales and production operations were separated, so that each can independently focuses on expanding the respective businesses.

Awarded by the Monde Selection in 2012

Gold prize in the 2012 World Quality Selections



<Food Supplements category>



NatuALA-Bio
(Released in Feb. 2010)



NatuALA-BCAA
(Released in Mar. 2011)

Silver prize in the 2012 World Quality Selections



<Facial Products category >



**ALAPlus
Essential lotion**
(Released in Sept. 2011)



**ALAPlus
Moisturizing cream**
(Released in Sept. 2011)

About Monde Selection: a private organization established through a Belgian government initiative in Brussels, Belgium in 1961, and an International Institute recognized internationally as an authority on Quality Selections of Consumer Products. Over 70 prominent experts constitute a totally independent professional jury, to provide an unbiased evaluation.

Provide "5-ALA — fundamental materials of life" to as many customers as possible

R&D Progress in Medical Field

Cancer treatment: Brain tumor diagnostic agent

*Orphan drug designation
(Nov. 2010)

Expanded
applications

Cancer treatment: Carcinoma diagnostic agent

After obtaining approval from the European Medicines Evaluation Agency, a business alliance was formed with Germany's Medac, which is already using the diagnostic agent containing 5-ALA in over 20 countries in Europe (Oct. 2009)

→ Phase-3 clinical testing was completed.

→ Preparing for marketing applications

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

Doctor sponsored investigation by 5 universities, headed by Kochi University was started (Phase 2-3 clinical testing is ongoing from Jan. 2012)

→ Clinical testing will be completed by the end of 2012

→ Will endeavor to be approved as a treatment by early 2014

① Development of 5-ALA related Business: SBI Pharmaceuticals
(Pharmaceutical company)

Developing a diagnose method with 5-ALA to diagnose stomach cancer metastasis
(Osaka Medical Center for Cancer and Cardiovascular Diseases)

Osaka Medical Center for Cancer and Cardiovascular Diseases, working closely with SBI Pharmaceuticals, presented their research results at The Annual Congress of Japan Surgical Society on April 14, 2012

Newspaper article

A research team of the Department of Gastroenterological Surgery of Osaka Medical Center for Cancer and Cardiovascular Diseases conducted laparoscopies on patients with advanced gastric cancer after having them drink 5-ALA. The team found that four out of fourteen patients who would be diagnosed as “no metastasis to peritonea” in conventional tests had metastatic cancers, which were invisible to the human eye, glowing red on the peritonea and the surface of the liver. 5-ALA metabolites have the property of remaining in cancer cells for long time.

Mr. Kentaro Kishi, Deputy Director of the Department of Gastroenterological Surgery, said, “I hope that we will help patients choose better treatments by determining which patients are high risk at an early stage.”

(Excerpt from The Asahi Shimbun Digital on Apr. 10, 2012)

(Apr. 10, 2012 “The Nikkei” newspaper)

Broadcasted on NHK “NEWS TERRACE KANSAI” (Apr. 9, 2012)

(1) Development of 5-ALA related Business: SBI Pharmaceuticals
(Pharmaceutical company)



Network with Alliance Partners in Several Topics of Research

Topics of research	Alliance partner (examples)	Research Progress
Malaria	<ul style="list-style-type: none"> ➤ University of Tokyo ➤ Tokyo Institute of Technology ➤ National Institute for Medical Research 	<p>Antiproliferative effect for the falciparum malaria parasite presented at The 71st Annual Meeting of Eastern Branch of Japanese Society of Parasitology. (Oct. 2011)</p> <p>➔ Research, including basic research, is underway on the relationship between the metabolism of hemes, for which 5-ALA serve as the raw material for biosynthesis, and the growth of the malaria parasite.</p>
Metabolic improvement	<ul style="list-style-type: none"> ➤ Kyoto Prefectural University ➤ Hiroshima University ➤ Kochi University ➤ University of Hawaii 	<p>Based on the oral study in rats, suppression of accumulation of body fat discovered and presented at The 65th Annual Meeting of the Japanese Society of Nutrition and Food Science. (May 2011)</p> <p>➔ Tests are conducted continually on the improvement of fat metabolism.</p> <p>Favorable results have been obtained regarding the improvement of sugar metabolism and fat metabolism.</p>
Iron-deficiency anemia	Hiroshima University	<p>Intervention trials are being conducted to scientifically assess the safety and functionality of foods with the effect of improving iron-deficiency anemia in adult females.</p>

Preparations are underway to conduct joint research with Japanese and overseas universities in several other areas.

Studies on Broader Themes of 5-ALA Now Underway

~Several studies with 5-ALA are in progress at 85 universities and hospitals across Japan~

Cancer diagnosis

In a joint research project with the Tokyo Institute of Technology for the potential application of cancer screening with 5-ALA, the development of an urine test instrument is under study.

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 5-ALA.

Moreover, clinical tests and studies have been conducted at a number of universities, such as Kochi University, Saitama Medical University, Osaka Medical Center for Cancer and Cardiovascular Diseases, Kyoto Prefectural University, and Aichi Medical University. In addition to Brain tumor diagnostic agent, several studies on the potential applications for various cancers, such as the kidney, the digestive system and the skin, are progressing.

① Development of 5-ALA related Business: SBI Pharmaceuticals (Pharmaceutical company)



Agreement with Bahrain Government for the Promotion of the 5-ALA Business



Bahrain Government



SBI Pharmaceuticals

Reaching a basic agreement and concluded a memorandum of understanding with the Bahrain Government for promoting the research and development of 5-ALA and its penetration in Bahrain and GCC* through close cooperation between both parties.



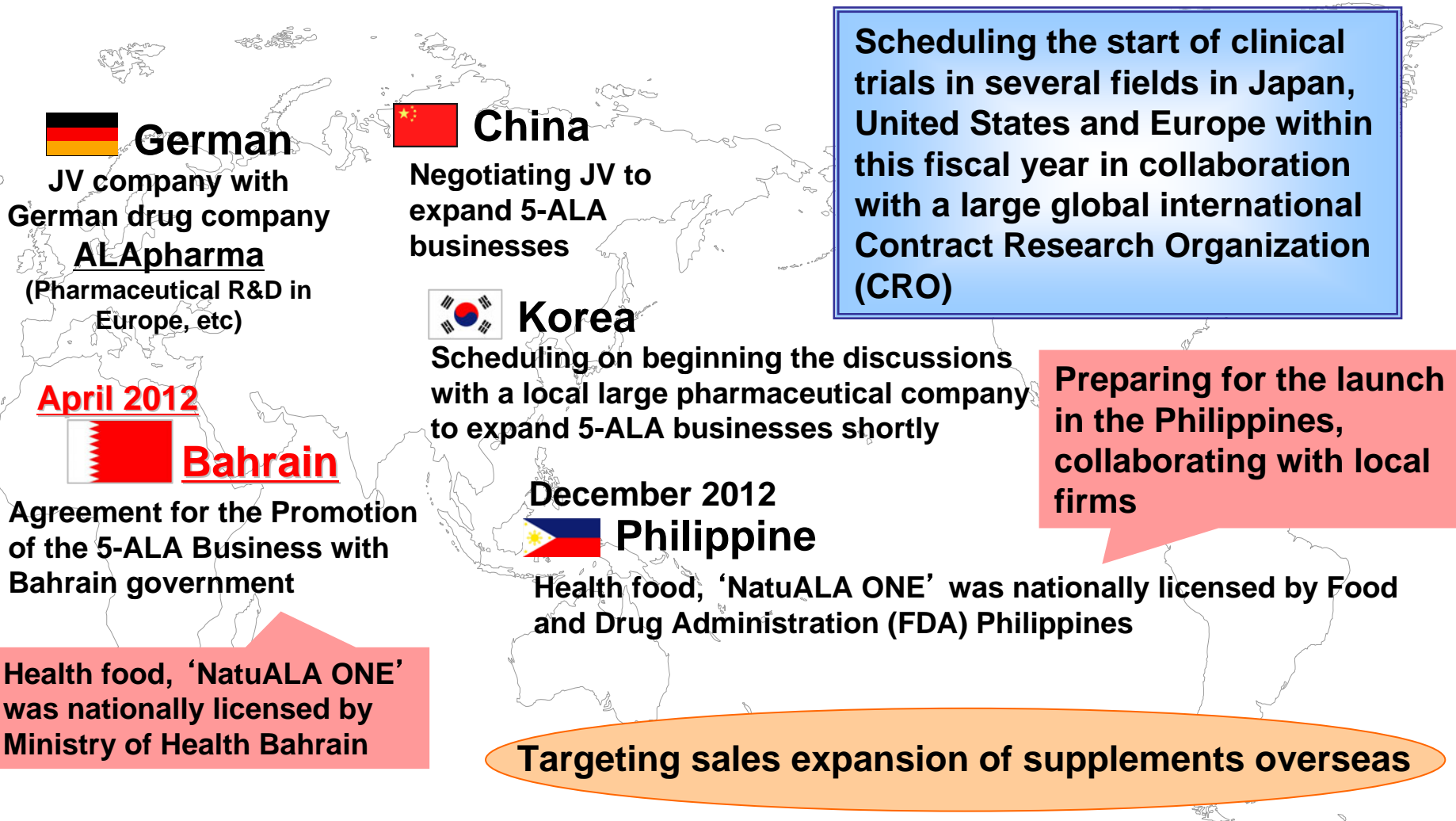
SBI Pharmaceuticals will continue to explore the potential of a wide range of 5-ALA's clinical applications, starting with a joint clinical trial with Bahrain Defence Force Royal Medical Services Military Hospital (headquartered in Riffa), a Bahraini public hospital.



SBI Pharmaceuticals identifies Bahrain as its drug research and development base in the Middle East and North Africa (MENA), and will also look at the option of expanding its business operations into the neighboring countries.

Accelerating Overseas Expansion of 5-ALA Related Businesses

Expanding business alliances overseas



② Taking Advantage of the Global Network, SBI Biotech's Drug Discovery Projects and Other Businesses Continue to Progress

Drug discovery projects

Specialized drug discovery projects for cancers and immunity are progressing globally

Business partnerships with overseas Bio-venture firms and research institutes

- **Immune moderation medicine (nucleic acid):** In conjunction with Changchun Huapu Biotechnology in China, clinical phase I test is in progress in the U.S. Also, in preparation of clinical test due to the requisition for the adhibition to acute leukemia in childhood by a North American research group. Started tie-up negotiations with foreign pharmaceutical companies.
- **Immuno-cell therapy:** In clinical phase II in the U.S. through an alliance with Baylor Research Institute (U.S.) Currently in Japan, clinical research was initiated with Kyoto University in July 2011. Now we will work to start clinical tests to obtain approval from the Ministry of Health, Labour and Welfare.

Internal projects

- **R&D of immune body for cancers and autoimmune diseases;**
 Anti-ILT-7 antibody :Alignment with MedImmune, the global biologics unit of AstraZeneca
 Anti-BST2 antibody:In tie-up negotiations with domestic and overseas promising pharmaceutical companies
 Others: Developing new antibody and applying for a patent
- **Development of new anti-cancer agent:** Applied for an international patent of drug discovery for a lead chemical compound in April 2010, in association with CrystalGenomics of South Korea. Also, a Japanese patent was filed on a lead chemical compound discovered in association with a Japanese bio-venture company, in Mar. 2011.

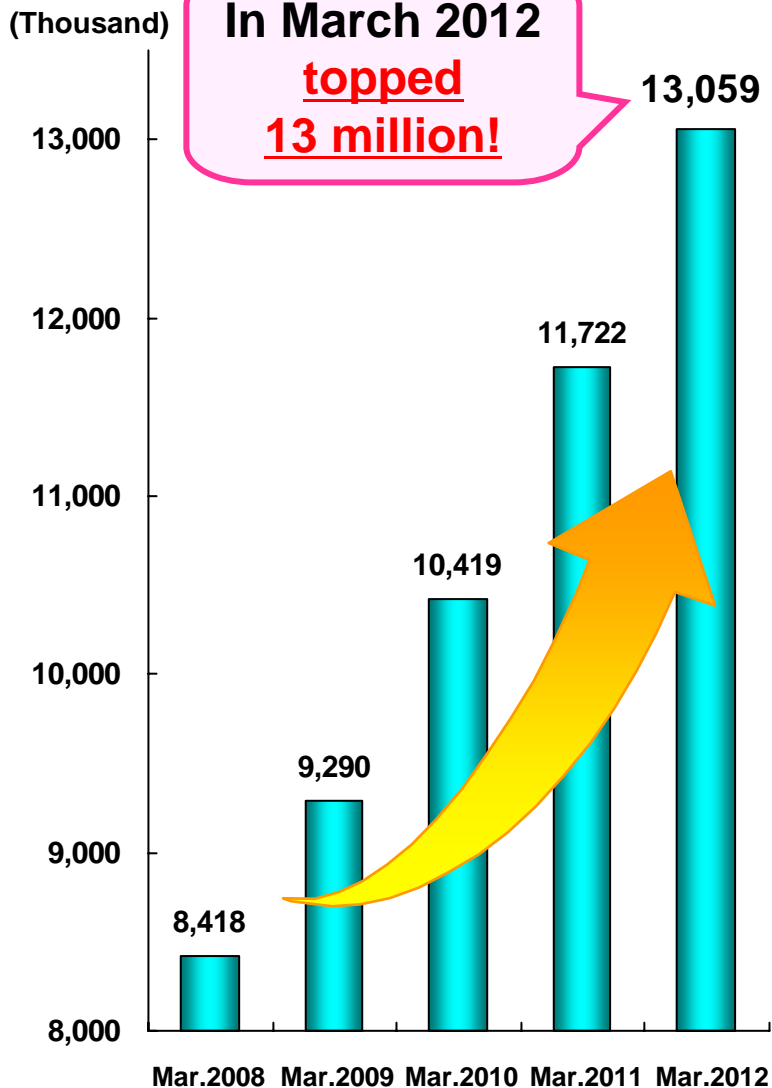
Health foods projects

- Since 2009, supplement “Nosutto Sarunashi” has been on sale



<Appendix>

The SBI Group's Customer Base



Breakdown of the customer base (as of the end of Mar. 2012)

(Thousand)

SBI SECURITIES	(Accounts)	2,388
SBIH InsWeb	(No. of customers)	4,534
E-LOAN	(No. of customers)	1,140
Other financial websites	(No. of customers)	22
MoneyLook	(Total no. of customer registrations)	772
Morningstar Japan	(New portfolio customer registrations)	85
SBI Card	(Valid cards issued)	130
SBI Sumishin Net Bank	(Accounts)	1,369
SBI Insurance	(Total no. of contracts)	392
Autoc one	(Total no. of service users in 2010)	800
Lifestyle-related websites	(Total no. of customer registrations)	902
SBI Credit	(No. of customers)	122
Others (SBI Mortgage, SBI Point Union, etc.)		400
Total		13,059

* 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



JPY 501.8bn as of the end of Mar. 2012

Private equity, etc. total: 281.8

(JPY billion)

[IT/Biotechnology] Total: 78.9

Broadband/Media 12.1

Mobile services 26.5

Biotech 12.7

Others *1 27.6

[Buyout/Mezzanine] Total: 34.4

Value Up 23.7

Mezzanine 10.7

[Direct investment] 41.8

[Environment/Energy *2] Total: 8.0

[Overseas] Total: 118.7

China *2 26.3

Korea 35.1

Vietnam 5.3

India 7.4

USA 11.3

Russia 7.5

Others *2 25.7

Investment trusts, others Total: 193.5

Investment trusts 58.8

Investment advisory 133.4

Investment companies 1.2

Real estate, others Total: 26.6

Development 15.6

Completed properties 10.9

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 Mar. 2012. Figures for other funds are net assets at market value based on the latest financial reports of each fund as of the end of Mar. 2012. All figures are rounded to the nearest JPY100m.

*1 Includes funds managed by HIKARI Private Equity and 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/>