

SBI Holdings, Inc. 2012 Information Meeting

May 28	Tokyo
June 1	Nagoya
June 4	Osaka
June 5	Fukuoka

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

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

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

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

- I. Summary of Business Results for FY2011**
- II. 13 Year History of the SBI Group Since Its Foundation**
- III. The Business Strategy to Become the “World’s SBI” and the New Organizational Structure to Support the Strategy**
- IV. Review of SBI's Share Price and Corporate Value**

I. Summary of Business Results for FY2011

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 ①

[Operating Income]

	FY2010	FY2011	Changes	(JPY million)
Total Operating Income	8,932	7,575	<u>-1,357</u>	
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 trading 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), led by the growth of insurance revenue according to the steady increase in the number of contracts, and by termination of the reinsurance agreement

Performance Fluctuation Factor Analysis of FY2011 ②

[Non-operating Income and Expenses]

	FY2010	FY2011	Changes	(JPY million)
Total Non-operating Income and Expenses	-5,407	-2,716	2,691	
Items				Major factors for changes
Equity method investment gain	163	2,546	2,382	Profit growth of SBI Sumishin Net Bank: approx. JPY 0.8bn Surge in profit of SBI Investment Korea: approx. JPY 0.8bn Reduced loss of SBI Japannext: approx. JPY 0.7bn
Foreign exchange profit	-1,349	-509	839	Decrease in foreign exchange loss primarily at SBI Holdings and SBI Korea Holdings
Amortization of deferred operating costs under Article 113 of the Insurance Business Act (SBI Insurance)	-952	-1,750	-798	Increase in amortization owing to expanded operating costs deferred in FY2010 under Article 113

[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

➤ The shares of SBI VeriTrans were transferred to the Digital Garage Group, which continues its endeavors to expand its core settlement function business. The Digital Garage Group is based both in Japan and the U.S., and possesses a network of investors, along with a proven track record of discovering numerous Internet businesses that provide promising services.

➤ The shares of SBI Pharmaceuticals were transferred primarily to companies that are positioned to contribute to 5-ALA's future business prospects in many ways.

EBITDA Performance

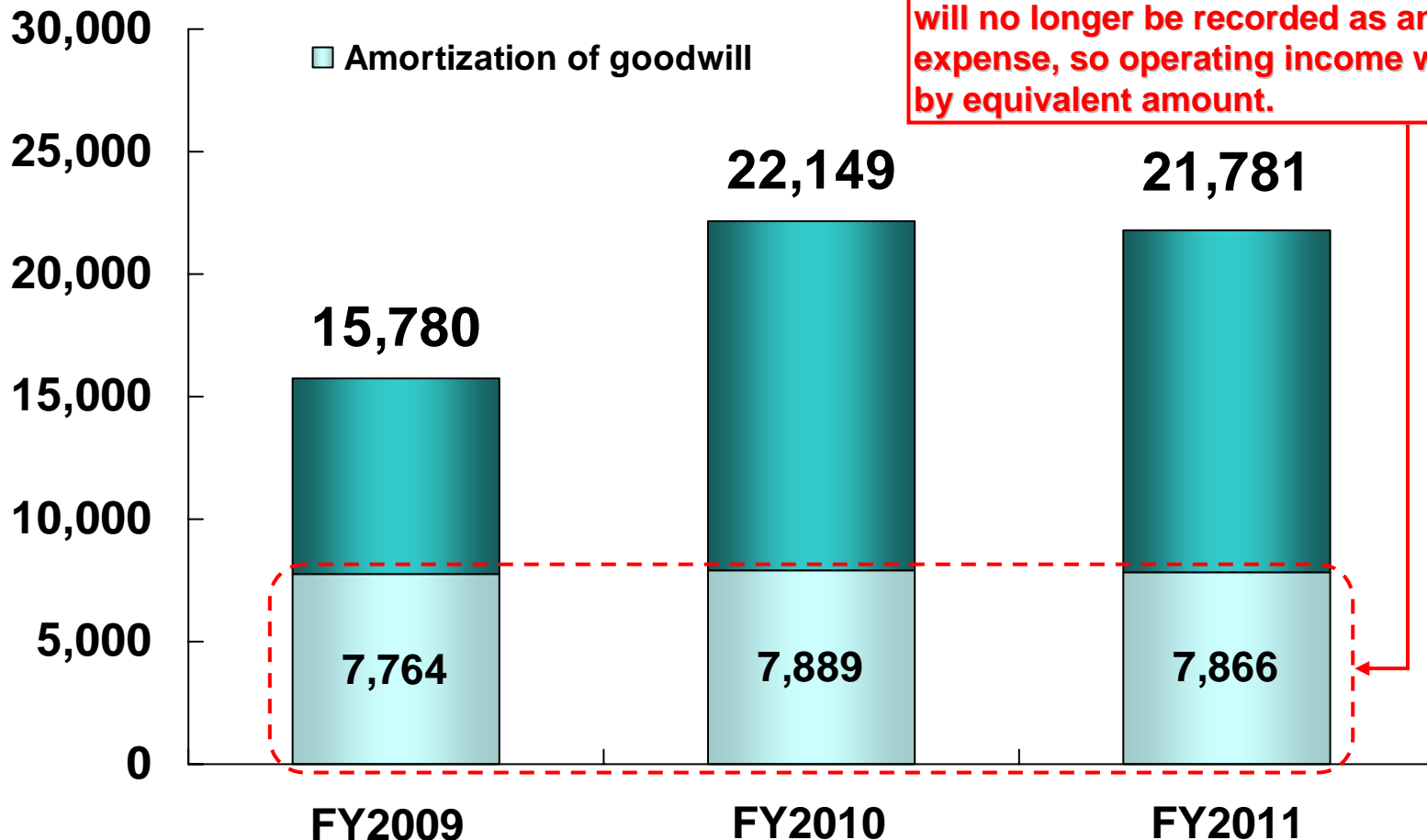
(EBITDA=operating income + allowance for depreciation + goodwill amortization)

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

(JPY million)

Amortization of goodwill

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, Excluding the Impact of 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)

II. 13 Year History of the SBI Group Since Its Foundation

- 1. Our Mission and Achievements**
- 2. SBI Group's Driving Growth Factors**

1. Our Mission and Achievements

The SBI Group's Five Corporate Mission Statements



Sound Ethical Values

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

Financial Innovator

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

New Industry Creator

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

Self Evolution

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

Social Responsibility

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

The SBI Group is the First and Foremost in Diverse Business Areas (1)

SBI証券 [SBI SECURITIES]

- Ranks No.1 in terms of the share of individual brokerage trading value (33.4% in FY2011)
- Ranks No.1 in terms of the share of individual margin trading value (35.0% in FY2011)
- Ranks No.1 in terms of the number of accounts among major online securities (2.38 million accounts as of the end of Mar. 2012)

SBI Sumishin Net Bank

- Fastest among Internet-based banks to raise its deposits to more than JPY 2tn; taking only 4 years and 2 months from the start of operations
- Fastest among Internet-based banks to raise its cumulative total of housing loans to more than JPY 1tn; taking only 4 years and 6 months from its start of operations
- Fastest among Internet-based banks to become profitable on a yearly basis; in the third FY.
- First in Japan to develop and adopt a hybrid deposit system (SBI Hybrid Deposits), where Internet bank accounts and securities accounts are completely linked

SBI Japannext

- Ranks No.1 in terms of turnover, trading value and number of stocks traded, among Japan's PTS
- Trading value in FY2011 was JPY 7,063bn (average daily trading value was JPY 28.7bn)
- The sole nighttime trading service provider in Japan

MORNINGSTAR

- Ranks No.1 among investment trust valuation websites in terms of the number of visitors
- Offers "MoneyLook", which is the No.1 account aggregation service software that holds the most registered members and affiliated websites

The SBI Group is the First and Foremost in Diverse Business Areas (2)



SBI Investment

- Best track record among Japanese domestic venture capital funds that redeemed after 2000 (The average IRR is 17.7% while that of JAFCO is 5.9%)
- 122 IPOs from 686 investee companies (as of the end of Mar. 2012)
- Ranks No.1 in terms of the scale of IT and biotechnology funds

SBI Mortgage

- First mortgage bank in Japan
- Ranks No.1 in the share of “Flat 35” on a written basis (13.1% in FY2011)

SBI ALA promo

- At Monde Selection 2012, health foods, NatuALA-Bio and NatuALA-BCAA, won the Gold Award in the Food Supplements Category, and as well as ALAplus Essential Lotion and ALAplus Moisturizing Cream won the silver award in the Facial Products Category

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

The SBI Group's Four Pillars of Social Contributions

Indirect social contributions through business activities



“Children’s Heart Care House Ranzan Gakuen” (Ranzan-machi, Hiki-gun, Saitama prefecture)
Opened Dec. 1, 2007
Management:
Jitokuin (Social welfare corporation)
(Director: Yoshitaka Kitao)

Direct social contributions



Opened Apr. 2008
Nurturing talent



Healthcare services for members



Established Oct. 6, 2005
Support for the care of abused children

2. SBI Group's Driving Growth Factors

(i) Tracking the Major Trends

(ii) Formation of “Business Ecosystem”

~Organizational structure that leads to
“structural differentiation” and “realization of
near-future vision of finance”~

**(iii) Adherence to the “Customer-centric
Principle”**

SBI Holdings Today

	Establishment 1999	End of Mar. 2012
Customer base	0	13.05 million
Officers and employees (cons.)	55	3,149
Operating revenues (cons.)	0	FY2011: JPY 145.0bn Peak time (FY2007): JPY 222.6bn
Consolidated subsidiaries	0	118 companies (Including partnership)
Publicly owned companies	0	6 companies (including SBIH) Peak time: 11 (FY2007)
Capital	JPY 50m	JPY 81.6bn
Net assets	JPY 50m	JPY 468.5bn

SBI Group's Driving Growth Factors

(i) Tracking the Major Trends

Environment Surrounding the SBI Group Since Its Foundation



Two big trends that supported rapid growth of the SBI Group since its foundation in 1999

① The Internet Revolution

② Deregulation of the Financial Industry



~Near-future vision of the financial industry in the Internet age~

The "Triple One Service" will inevitably be expected

One List

Comparison of the various financial services desired by customers summarized in one list.

One Stop

A wide range of financial services provided by a single financial institution.

One-to-one

Concierge service that provides individual customer consultation.

The SBI Group expected the evolution and enhancement of the Internet, so it has been accelerating the growth of its Internet-based financial business

Dramatic Growth in Internet Financial Services: Securities

Change in number of accounts at online securities companies

(Oct.1999 – Mar. 2012)

(): Proportion of SBI SECURITIES

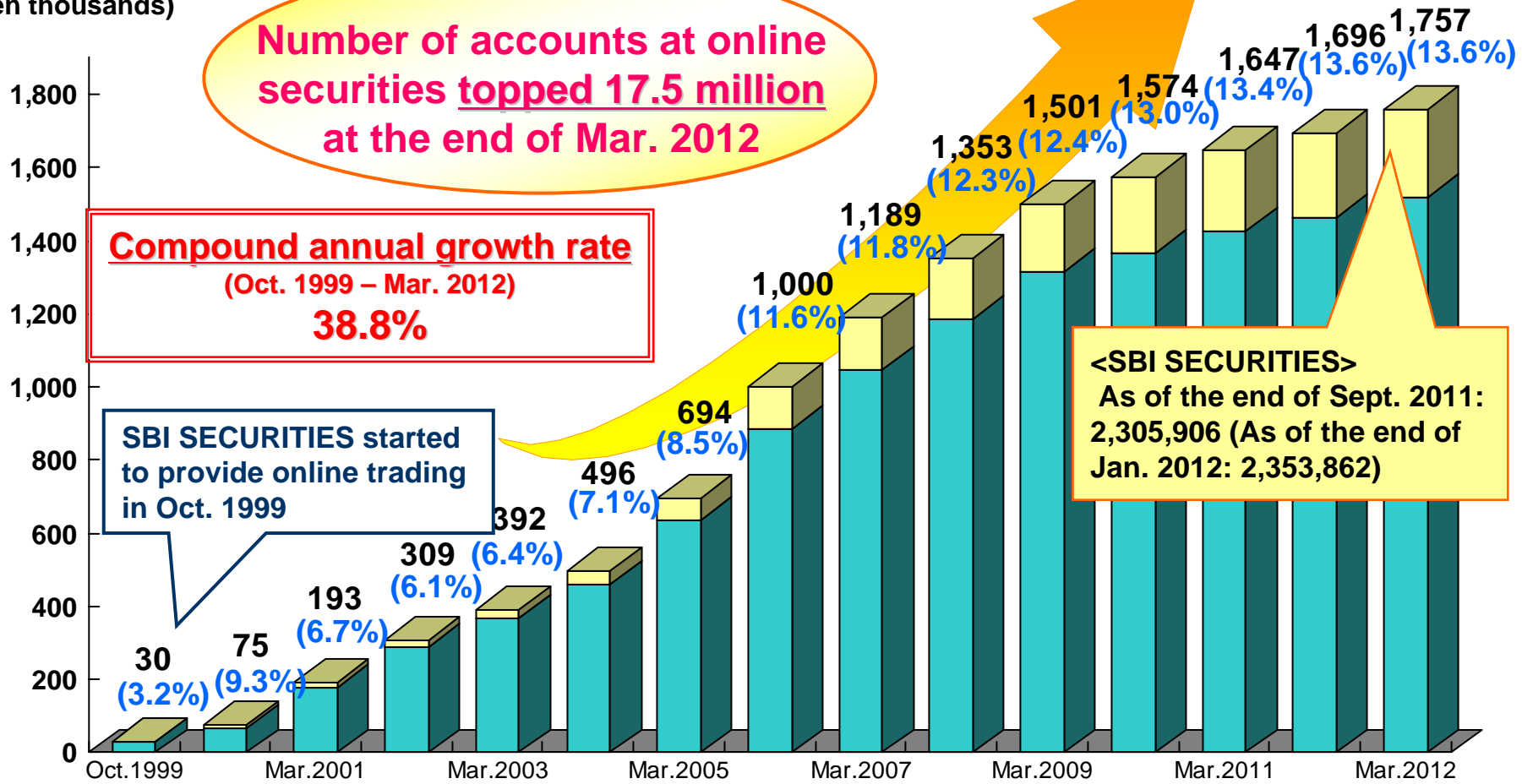
(ten thousands)

Number of accounts at online securities topped 17.5 million at the end of Mar. 2012

Compound annual growth rate (Oct. 1999 – Mar. 2012) 38.8%

SBI SECURITIES started to provide online trading in Oct. 1999

<SBI SECURITIES>
As of the end of Sept. 2011: 2,305,906 (As of the end of Jan. 2012: 2,353,862)



Source: Japan Securities dealers association, "Survey of Online Trading" (Mar. 2011), records began in Oct.1999

The Internet Immersed Generation is Coming of Age

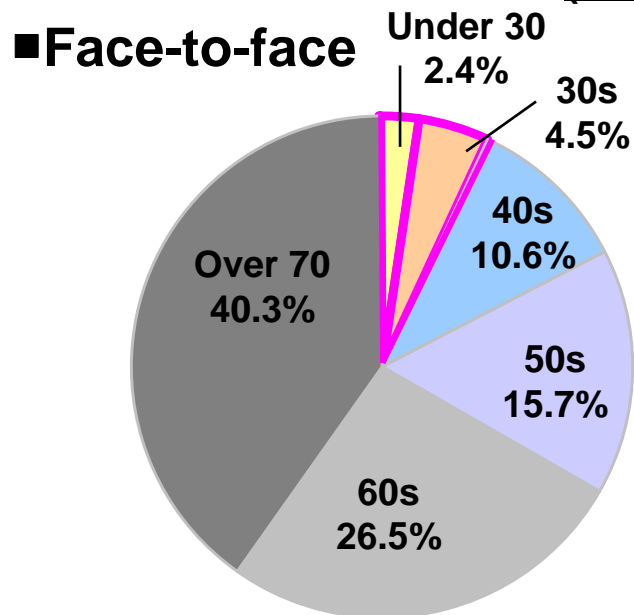
Start of commercial Internet in Japan: 1992



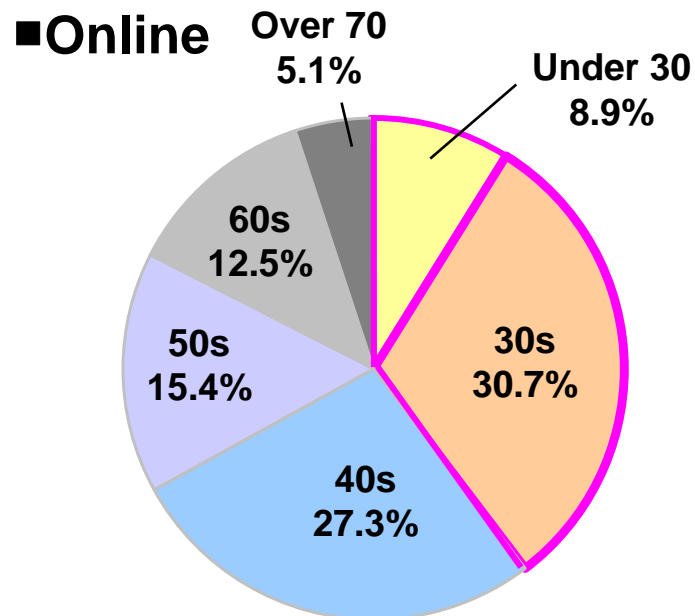
The generation immersed in the Internet since childhood have started full-scale purchases and financial activities from around 2010

Breakdown of SBI SECURITIES' customers' age by channel

(as of the end of Apr. 2012)



The older generation as a percentage of customers of face-to-face channel is generally higher.



As time goes by, assets of the current 20s and 30s will increase, and most of them will not move to face-to-face transactions. Therefore, **per capita fee is expected to increase.**

* Corporate accounts are not included

Purchasing Activities Via the Internet Spreads to Children

Newspaper article

29% of elementary school 5th graders, and 46% of middle school 8th graders answered that they have experienced an Internet transaction

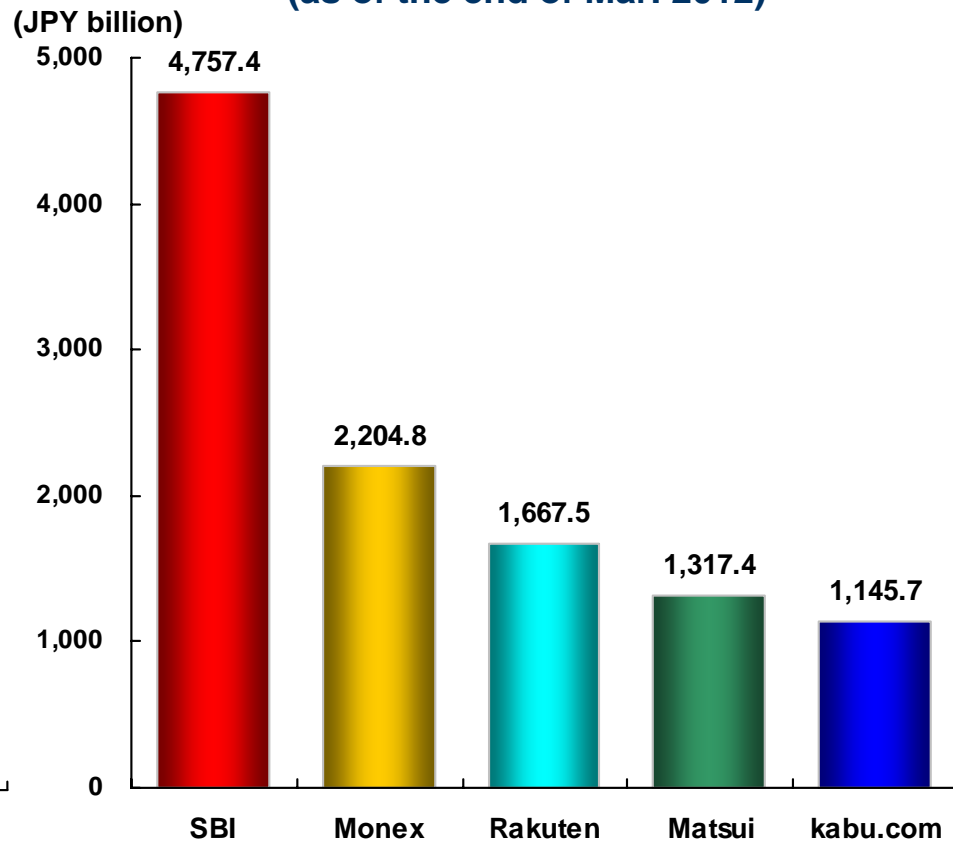
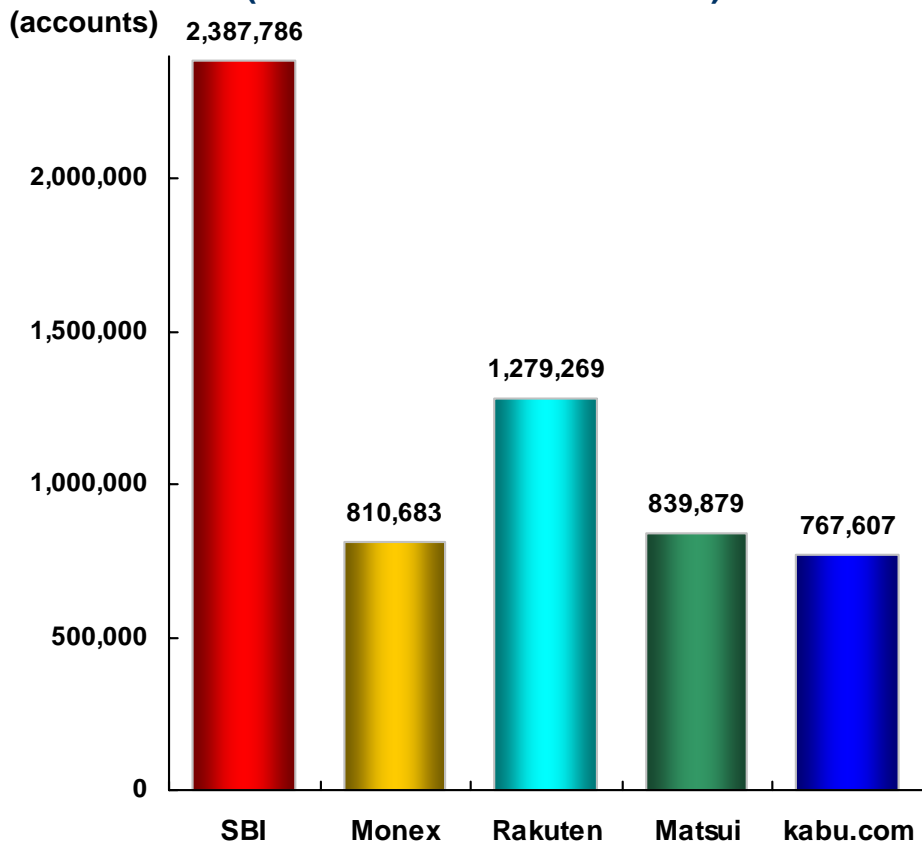
Solid Customer Base of SBI SECURITIES

<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

SBI SECURITIES' Ranking in the Securities Industry



(FY2011)

Ranking by Net Operating Revenues

(JPY billion)

1	Nomura	1,535.8
2	Daiwa	336.0
3	Mitsubishi UFJ	238.5
4	SMBC Nikko	228.8
5	Mizuho	167.1
6	Okasan	59.4
7	Tokai Tokyo	50.7
8	SMBC Friend	47.3
9	Mizuho Investors	46.6
10	SBI	36.4
11	Monex	29.0
12	Rakuten	19.4
13	Matsui	16.7
14	kabu.com	10.7

Ranking by Net Income

(JPY billion)

1	SMBC Nikko	19.4
2	Mitsubishi UFJ	16.5
3	Nomura	11.5
4	SBI	5.6
5	SMBC Friend	4.4
6	Matsui	4.2
7	Rakuten	2.6
8	Tokai Tokyo	2.5
9	Mizuho Investors	1.7
10	kabu.com	1.5
11	Monex	1.4
12	Okasan	0.9
13	Daiwa	-39.4
14	Mizuho	-95.6

*1 Compiled by "The Nikkei" newspaper.

*2 Compiled from information disclosed by securities companies with over JPY 20bn in net operating revenues and five online brokers

*3 On a consolidated basis, except as to the companies with no consolidated subsidiary

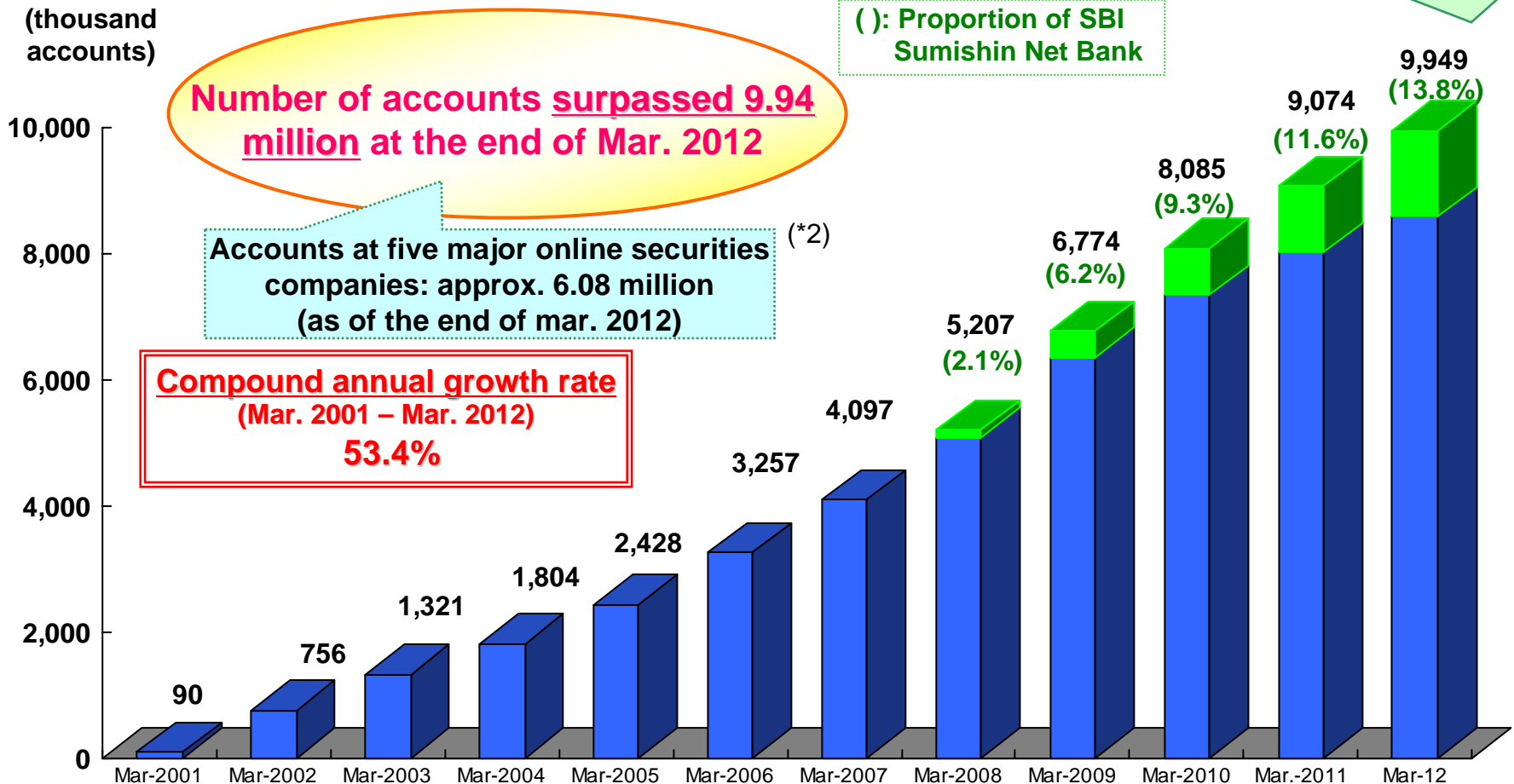
*4 Figures of Nomura are based on the U.S. accounting standard, and Net Revenue is substituted for Net Operating Revenues

Dramatic Growth in Internet Financial Services: Banking

Change in number of customer accounts at five pure-play internet banks in Japan

(Mar. 2001 – Mar. 2012) (*1)

Market Share of SBI Sumishin Net Bank Expanded



Number of accounts surpassed 9.94 million at the end of Mar. 2012

Accounts at five major online securities companies: approx. 6.08 million (as of the end of mar. 2012)

Compound annual growth rate (Mar. 2001 – Mar. 2012) 53.4%

(): Proportion of SBI Sumishin Net Bank

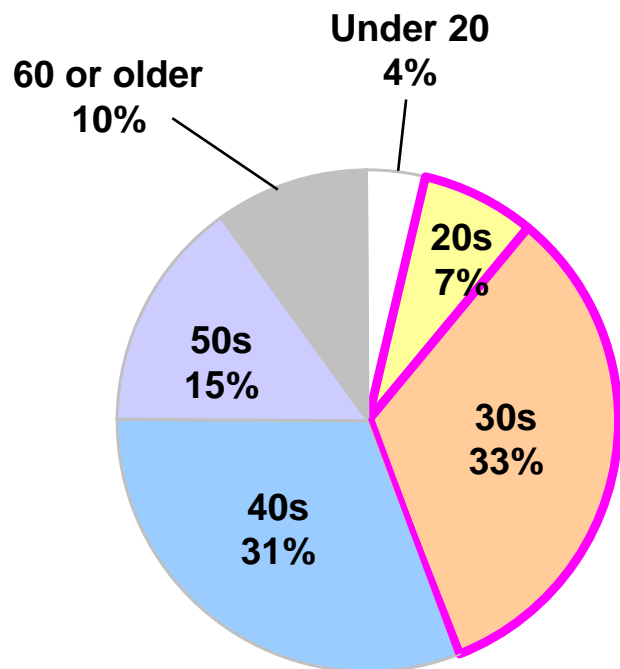
(*1) Compiled by SBIH from information disclosed by each company. Pure-play internet banks refer to SBI Sumishin Net Bank, Japan Net Bank, Sony Bank, Rakuten Bank and Jibun Bank.

(*2) Following five companies: SBI SECURITIES, Monex, Rakuten Securities, Matsui Securities and kabu.com Securities.

Prospect for Future Growth - Features of Customer Segment

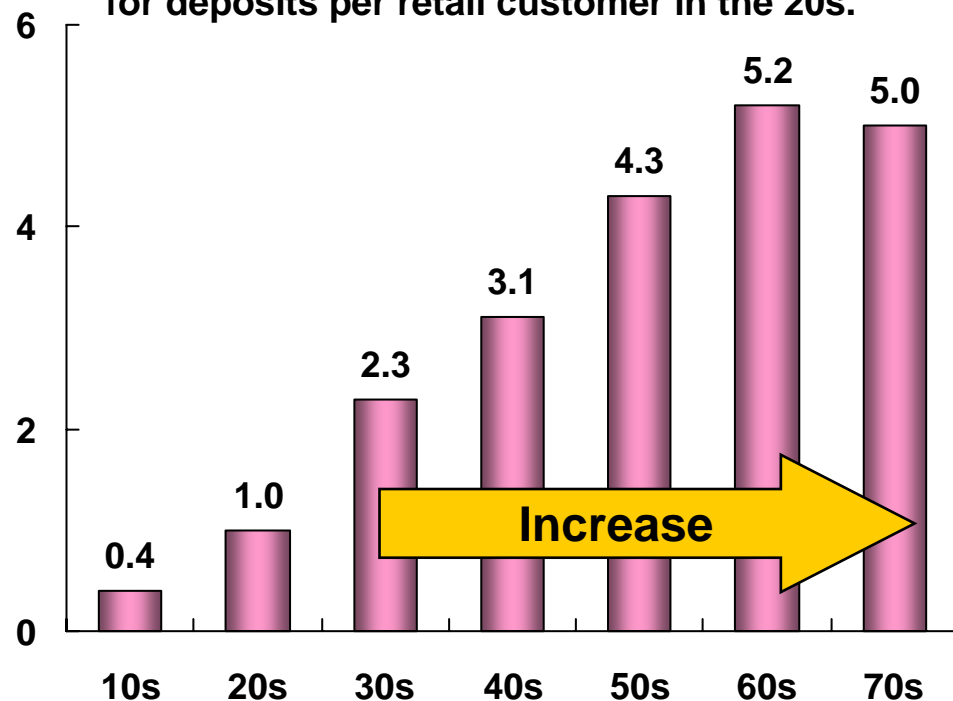
Customers of SBI Sumishin Net Bank

■ Retail customer age brackets



■ Deposit per customer

* Indexed figures assuming a base value of 1 for deposits per retail customer in the 20s.



The assets of retail customers currently in their 20s and 30s will increase over time, along with **an increase in various financial transactions** for asset management purposes, a trend that will also be experienced at SBI SECURITIES



SBI Sumishin Net Bank (Launched in Sept. 2007) has Grown Sharply in Only 4 Years and 6 Months Since Its Launch

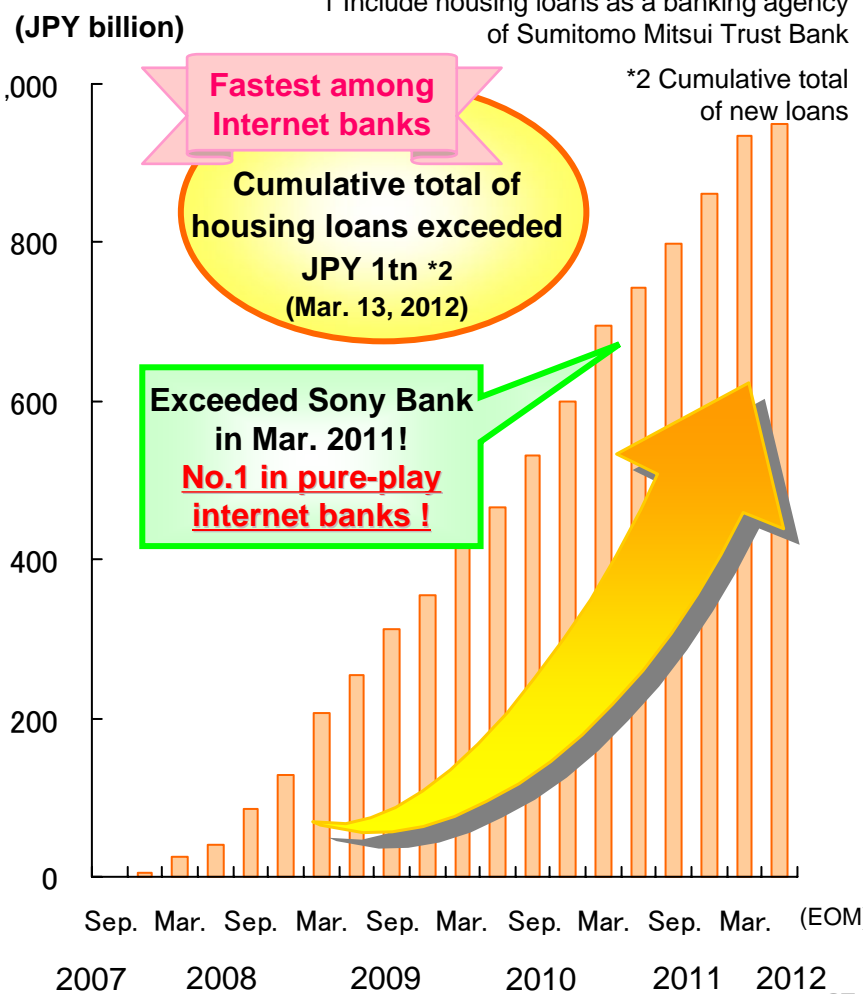
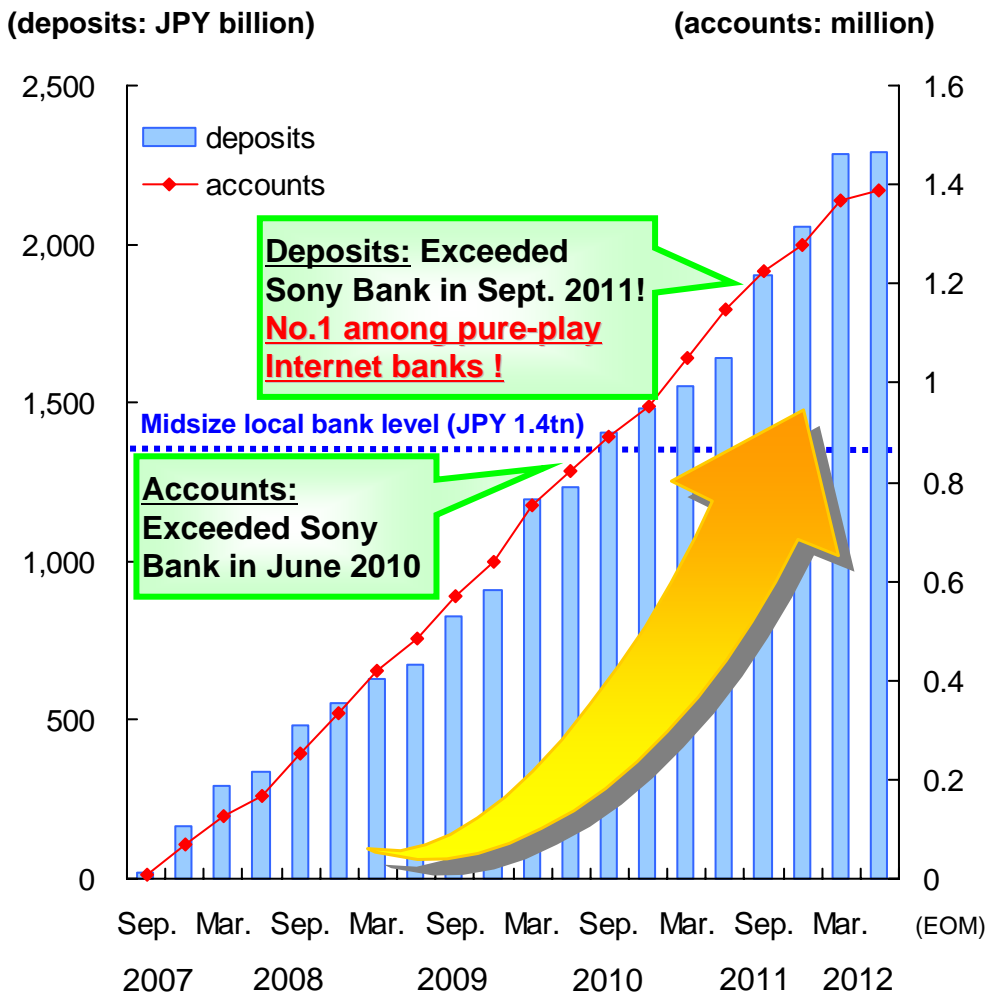
Change in the number of accounts and deposits

Number of accounts: 1,388,506 / Deposits: JPY 2,288.3bn
(as of the end of Apr. 2012)

Change in balance of housing loans *1

JPY 950.7bn
(as of the end of Apr. 2012)

*1 Include housing loans as a banking agency of Sumitomo Mitsui Trust Bank



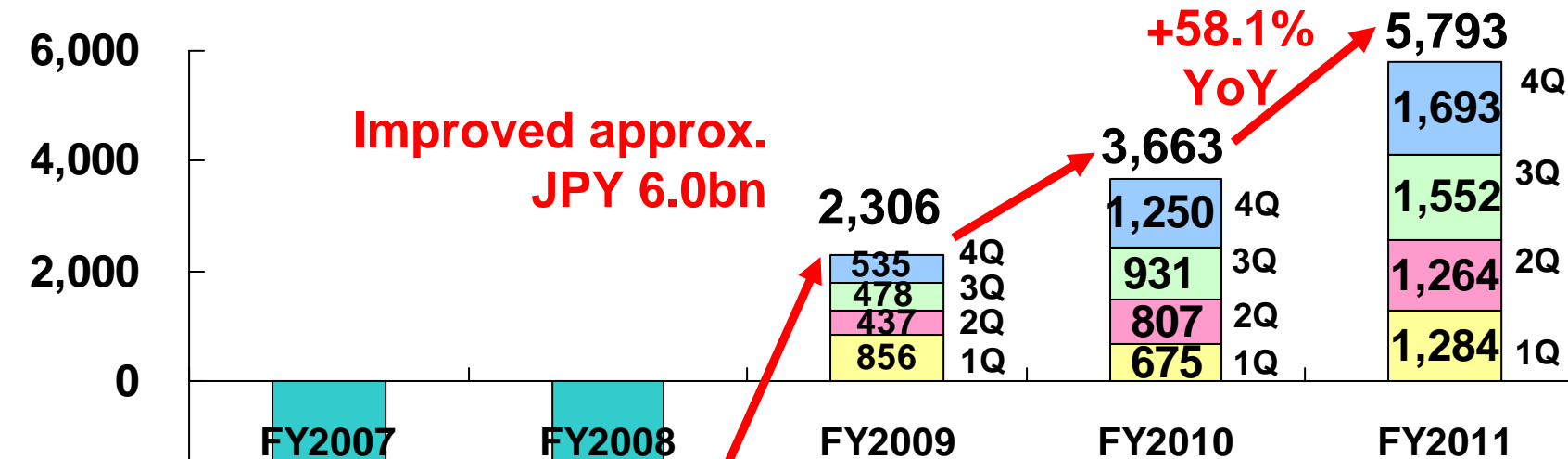
SBI Sumishin Net Bank's Financial Results for FY2011 is Steadily Growing

Realization of dissolution of accumulated losses in 5th FY, FY2011

Change in ordinary income/loss:

*consolidated since 2Q FY2009

(JPY million)



For the third consecutive year achieved a single year profit. Realization of dissolution of accumulated losses (5th FY)

Improved approx. JPY 6.0bn

+58.1% YoY

Achieved a single year profit (3rd FY)



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

*(): Days after start of operations (Sept. 2007)

Financial Results Comparison of New Entrant Banks

Pure-play Internet Banks' Financial Results for FY2011

JPY billion; parenthetical figures are YoY % change.
The number of accounts is in thousands.

	Date of operation started	Deposit amount	Balance of loans	Number of accounts	ordinary income/loss
SBI Sumishin	Sept. 2007 	2,282.7 	954.0	1,369 (30.5)	5.8 (59.2)
Sony Bank	June 2001	1,762.2	835.5	890 (4.7)	4 (19.4)
Daiwa Next	May 2011	1,432.8	31.6	486 (-)	-0.4 (-)
Rakuten	July 2001	758.3	164.1	3,980 (6.9)	6.6 (180.9)
The Japan Net	Oct. 2000	494.4	26.9	2,345 (4.7)	2.2 (9.1)
Jibun	July 2008	349.7	15.4	1,365 (13.4)	-4.9 (-)

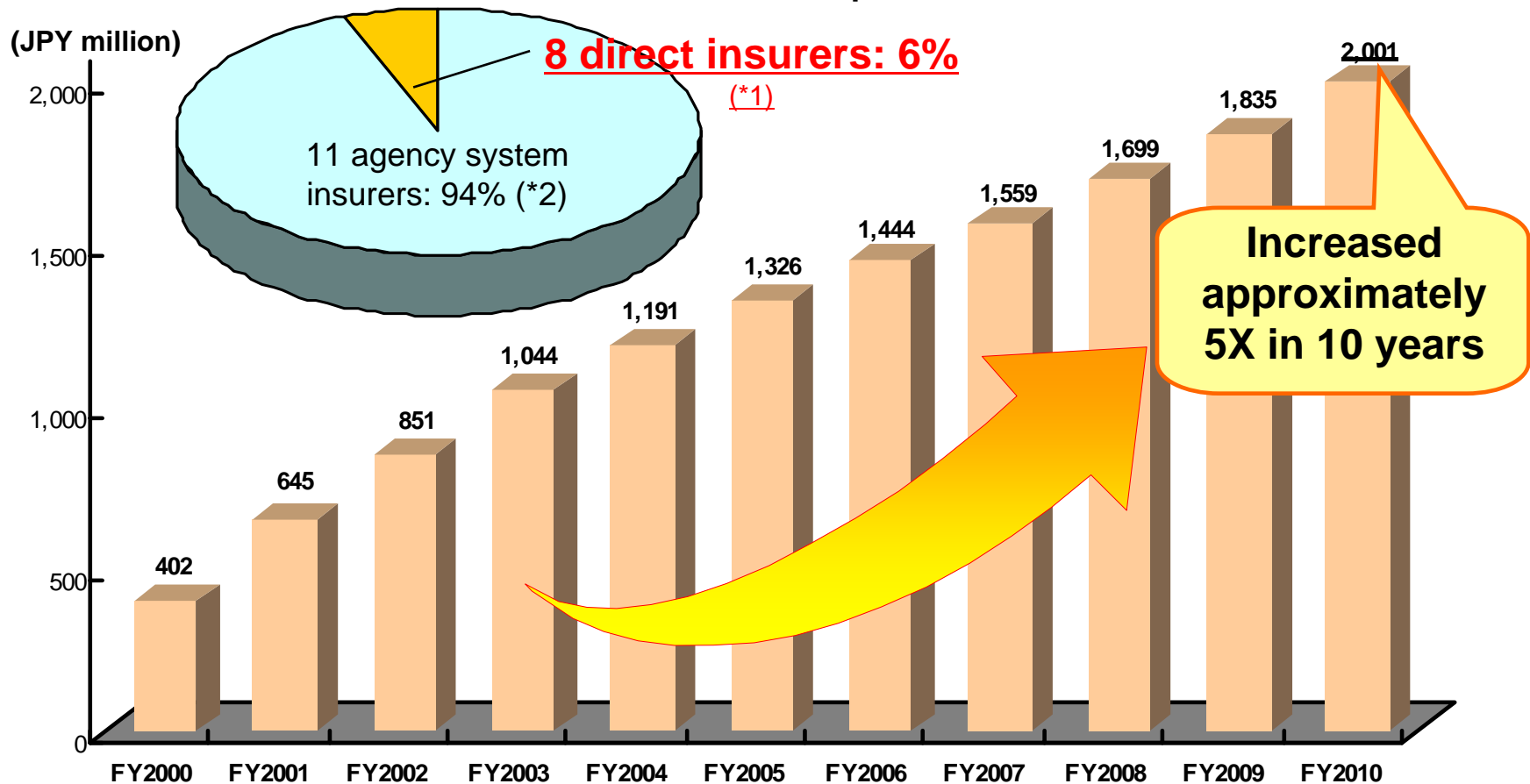
Note: Non-consolidated results. The number of accounts is as of the end of Mar. 2012.
Amounts are rounded down to the nearest 100 million yen or thousand accounts.

SBI Sumishin Net Bank's number of accounts is increasing at an overwhelming pace as compared to other pure-play Internet banks

Direct Nonlife Insurance Sales Continue to Increase Steadily in Japan

Change in direct income of insurance premium at 8 direct insurers

■ Market share of direct income of insurance premium in FY2010



(*1) 8 direct insurers: Sony Insurance, Mitsui Direct, Sonpo 24, E. design, Zurich, AXA, American Home, SBI Insurance

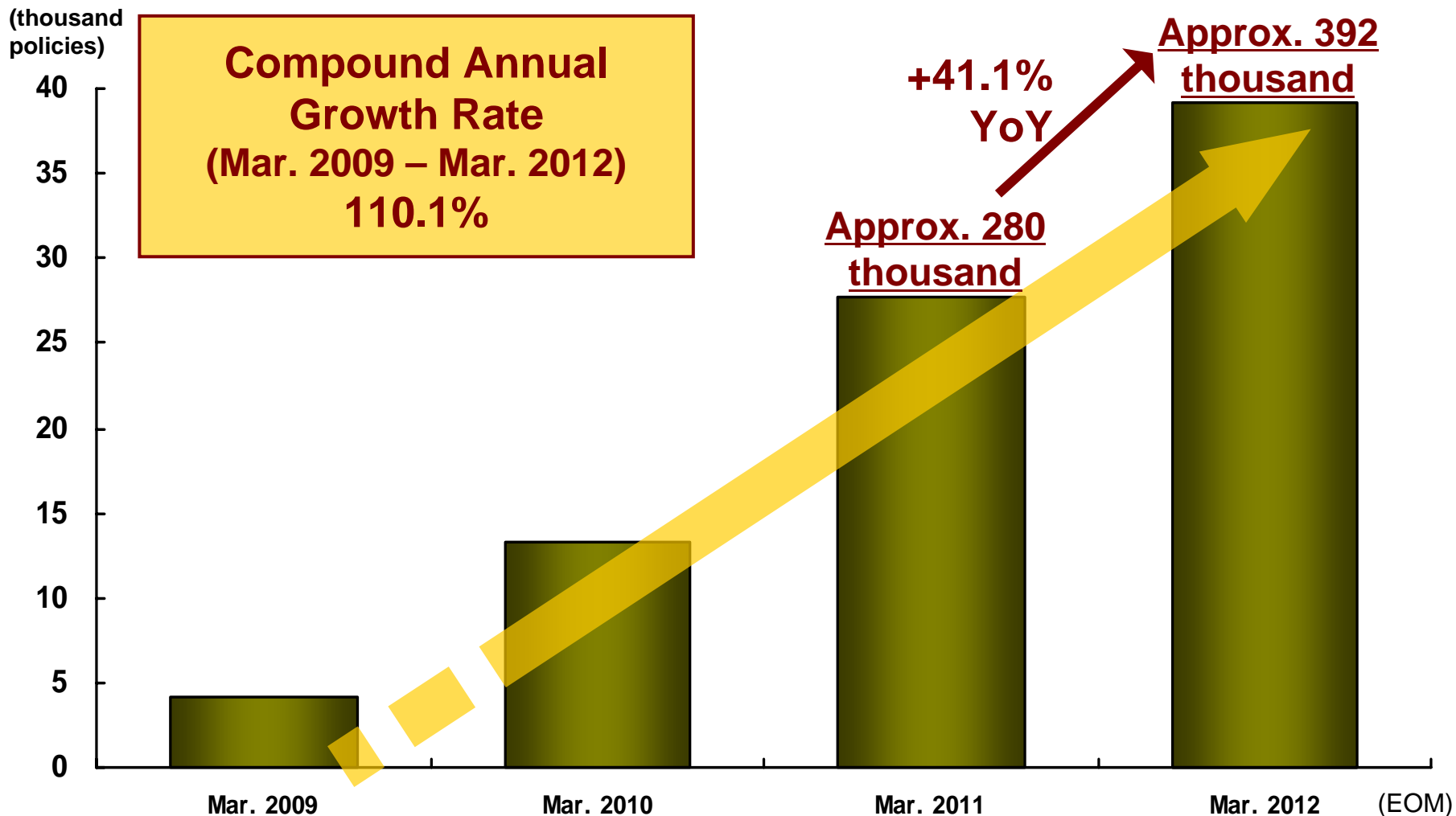
(*2) 11 agency system insurers: Tokio Marine & Nichido Fire Insurance, Sompo Japan, Mitsui Sumitomo Insurance, NIPPONKOA Insurance, Aioi Nissay Dowa Insurance, Nisshin Fire & Marine Insurance, THE FUJI FIRE AND MARINE INSURANCE, Kyoei Fire & Marine Insurance, SECOM General Insurance, ASAHI FIRE & MARINE INSURANCE, Daido Fire Insurance. (Source) Compiled by SBIH from information disclosed by each company.



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

Topped 400,000 contracts in April 2012

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

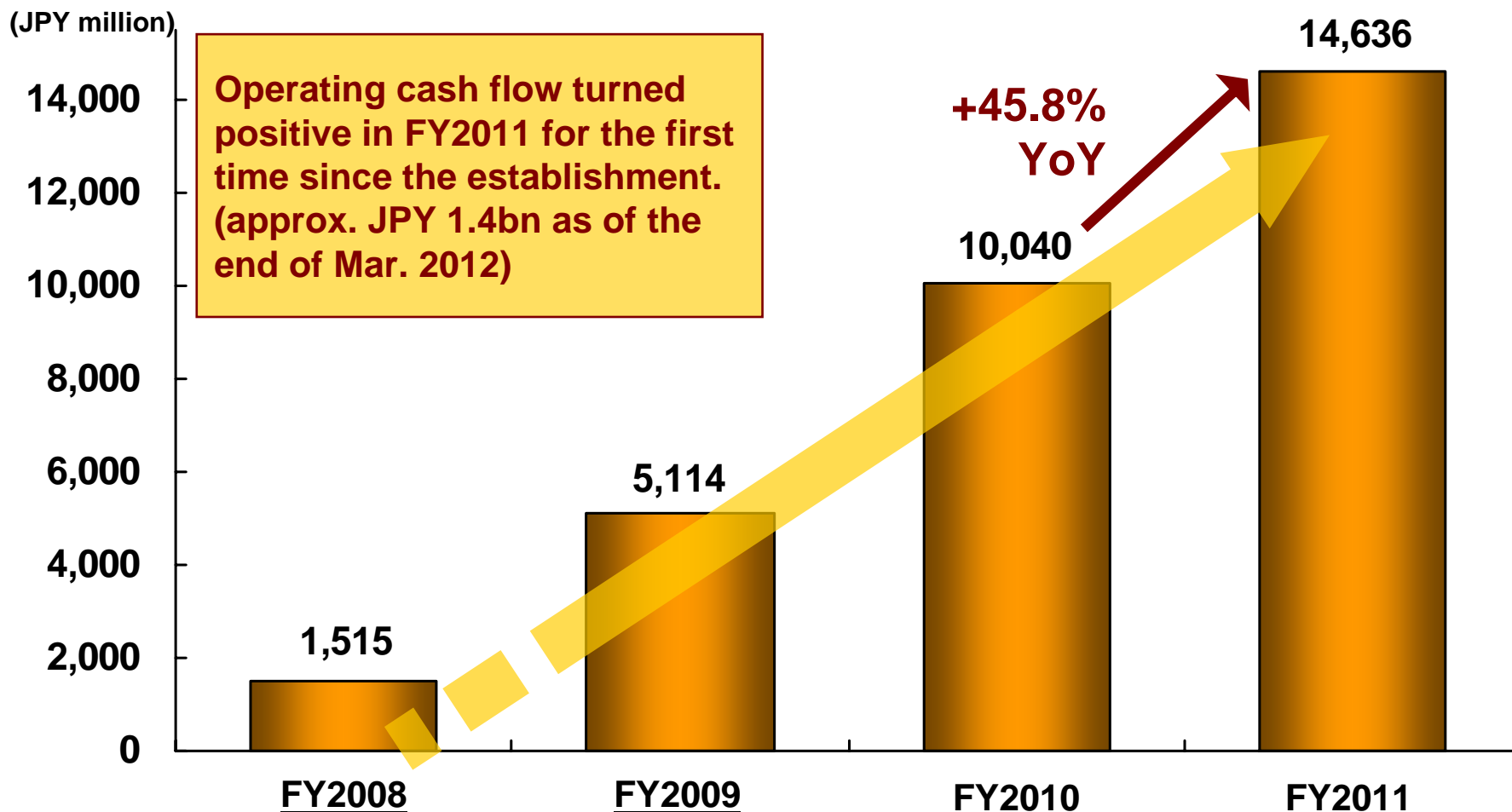


* Written basis: Completion of receipt of insurance premium

Insurance Premium Income at SBI Insurance Continues to Increase

The premium income for 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

Comparison of Auto Insurance Premium Income at Major 7 Direct Insurance Companies

Comparison of auto insurance premium income

(JPY million, %)

	Date of operation	FY2010
Sony Assurance	Sept. 1999	65,516
AXA GENERAL INSURANCE	July 1999	33,271
Mitsui Direct	June 2000	32,688
American Home Direct	Sept. 1997	17,143
Sonpo 24	Mar. 2001	10,697
SBI Insurance	Jan. 2008	10,069

	FY2011	YoY % change
Sony Assurance	70,712	+ 7.9
AXA GENERAL INSURANCE	35,261	+ 6.0
Mitsui Direct	33,830	+ 3.5
American Home Direct	* To be released in early June	
SBI Insurance	14,288	+ 41.9
Sonpo 24	11,810	+ 10.4

Exceeded Sonpo24, launched in 2001, in auto insurance premium income

SBI Group's Driving Growth Factors

(ii) Formation of “Business Ecosystem”

~Organizational structure that leads to
“structural differentiation” and “realization of
near-future vision of finance”~

The Enterprise Ecosystem

The most desirable form of an organization that possesses the requisite efficiency and competitiveness in the pursuit of the realization of future financial services

An enterprise ecosystem is an economic community based on the interaction of organizations and individuals.

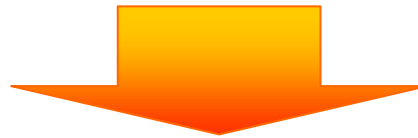


In an enterprise ecosystem, a company is not a member of one industry, but a company belongs to diverse industries. This relationship activates synergies and stimulates mutual growth.

Organizational View Based on Complexity Knowing

Two complexity propositions

- The whole is greater than the sum of the parts.
- The whole has new qualities that an individual part cannot see.

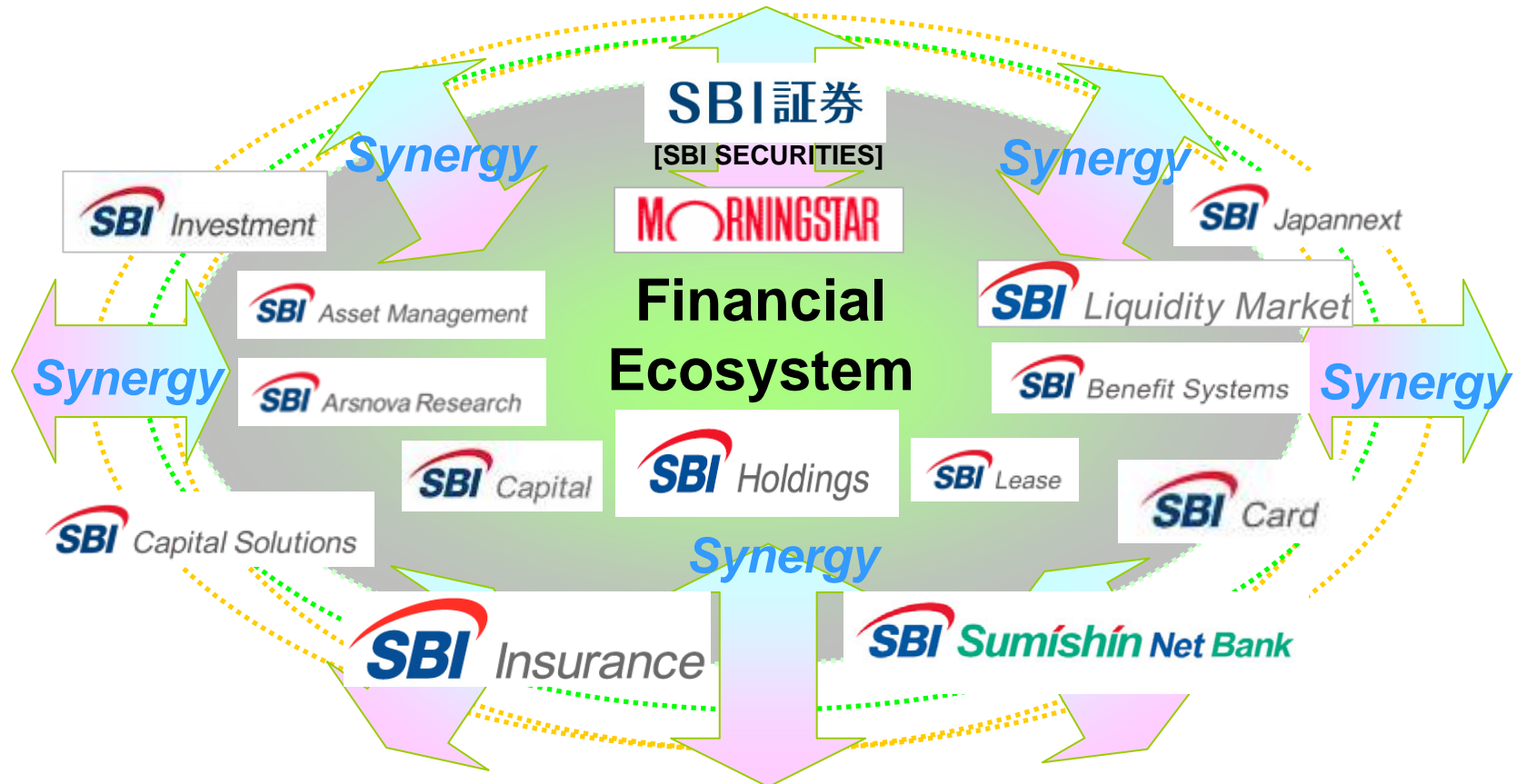


A single-role enterprise cannot achieve its growth potential. To achieve growth potential through synergy effects and co-evolution, an enterprise must build a new type of organizational ecosystem.

Completion of the Formation of a Financial Business Ecosystem (in 2008)

Since the establishment of the SBI Group, we have been expanding our financial ecosystem by forming a variety of joint ventures with leading companies in the financial industry

➡ **A globally unique Internet-based financial conglomerate that realizes one-stop services is established**



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

Deposit &
Settlement



Synergy

SBI証券

[SBI SECURITIES]

Asset
Management

Examples of Affiliation Services:

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

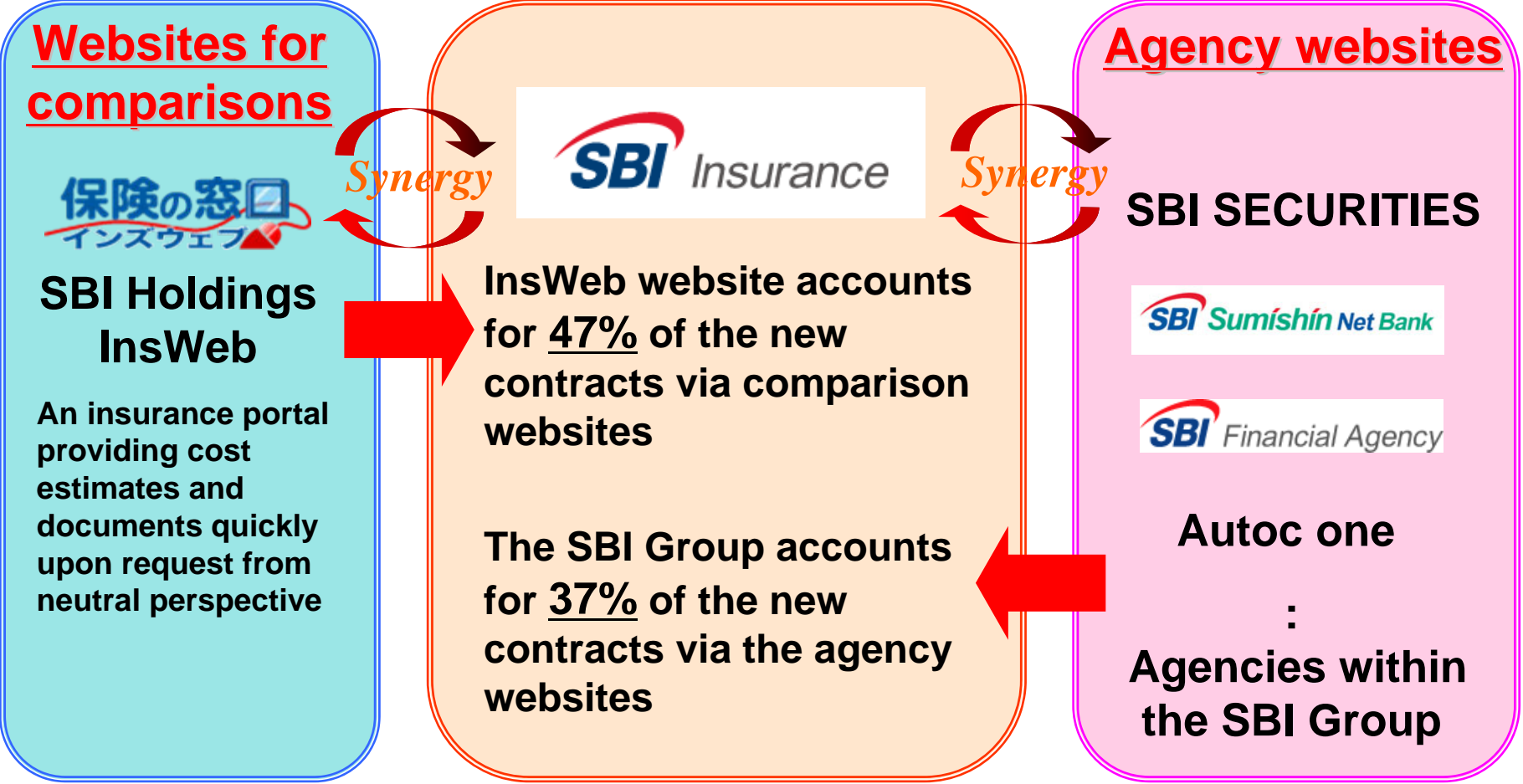
One-time account opening

One-time account opening 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.

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.



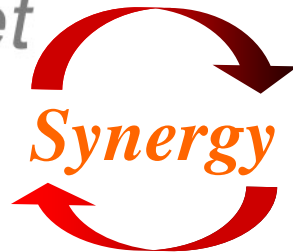
*Data from FY2011 (Apr. 2011 - Mar. 2012) 39

Excellent Example of Synergy Exertion from the Start of Operations

Started operation on Nov. 17, 2008



SBI Liquidity Market
Provides FX market infrastructure



SBI SECURITIES
SBI証券

Provides FX trading opportunities for individual investors

[Initial earnings estimate for FY2008]

Targeted earnings of SBI Liquidity

Market: JPY 400m of operating income



Far exceeded the
initial estimate

Operating income for FY2008:

JPY 840m

[Initial earnings estimate for FY2008]

Target for contributions to earnings
of SBI SECURITIES:

JPY 800m of operating income



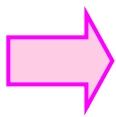
Contributions to operating
income of SBI SECURITIES:

JPY 1,830m

Its strong results continued in FY2011

SBI SECURITIES has Commenced “FX Transaction on Pledged Shares Service” (Launched on May 14, 2012)

Clients can pledge shares as well as cash with SBI SECURITIES as collateral for their FX transactions.



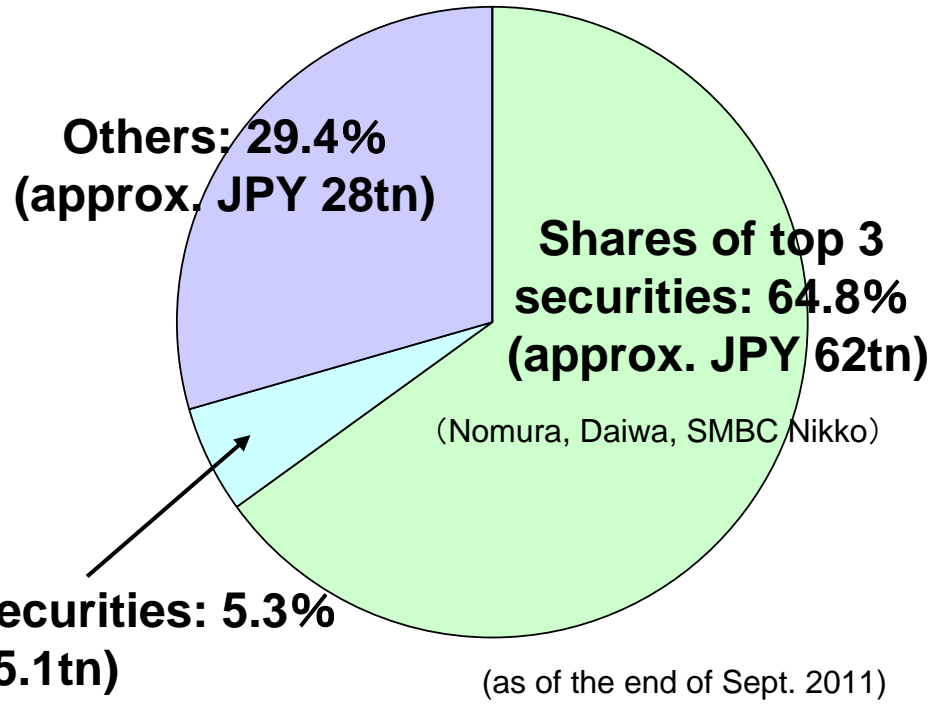
This service is provided with the intent of capturing clients’ share assets from the major securities companies, as well as to further promote FX transactions.

【Customer asset of major securities companies (Stock)】



Newspaper article

May 23, 2012 “The Nikkei” newspaper morning edition



**Shares of top 3 online securities: 5.3%
(approx. JPY 5.1tn)**

(SBI, Monex, Matsui)

(as of the end of Sept. 2011)

*Source: KINZAI Weekly Jan. 2, 2012

SBI FXTRADE, a Pure-play FX Trade Company,

Started Operation on May 30

[Features of SBI FXTRADE]

1. Minimum trading amount is USD1 (minimum required margin for a USD/JPY transaction is about JPY 4).
2. For the first time ever in Japan, bid-ask prices for currencies against JPY are quoted to the fourth decimal place (bid-ask prices for foreign currency/foreign currency are quoted to the sixth decimal place).
3. The industry's narrowest levels of the spread (the spread varies depending on order quantities). For a USD/JPY transaction of up to 10,000 currency units, the spread is just JPY 0.0019!
4. Minors can conduct trade.
5. A variety of trading tools, including trading software for PCs, smartphone applications, etc., are available.



<Example of a screen image, using a trading application for smartphones (iPhone version).>

米ドル/円		
2012/05/29 08:31:35		
BID	スプレッド	ASK
79. 5668	0.19	79. 5687

ユーロ/米ドル		
2012/05/29 10:10:23		
BID	スプレッド	ASK
1.25 2087	0.59	1.25 2146

ユーロ/米ドル		
2012/05/29 10:10:23		
BID	スプレッド	ASK
1.25 2087	0.59	1.25 2146

<Example of a screen image, displaying rate quotations>

Targets developing new customer cluster who manage their assets chiefly through FX trading, with particular emphasis on young people.

SBI Group's Driving Growth Factors

(iii) Adherence to the “Customer-centric Principle”

SBI SECURITIES



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

SBI Sumishin Net Bank



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

For 3 years!

10th in overall ranking (29 industries / 366 companies)

Among the companies in the survey, SBI Sumishin Net Bank received the highest points for all categories (6 categories).

... The Perceived Value* for SBI Sumishin Net Bank rose by 4.1 points from the previous year, placing it first and far above the second place finisher, in Customer Satisfaction Index. There is a huge gap to second-place.

***Perceived Value: Whether users feel a sense of satisfaction and cost-performance, as compared with the quality of the services rendered and the price.**

(Excerpt from the report of The JCSI Customer Satisfaction Survey in 2011)

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”

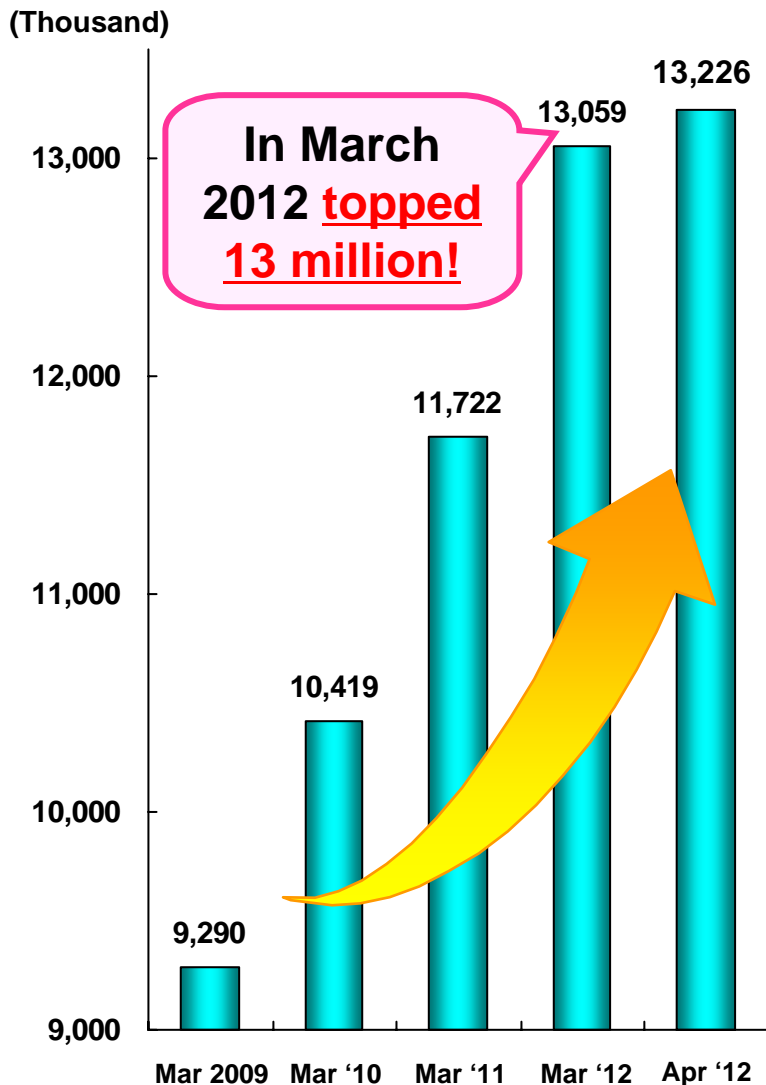


No.1: Kakaku.com
“Auto Insurance Ranking (2012) Premium Section ”

for 3 years!

The SBI Group's Customer Base

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



	(Thousand)	(Thousand)
SBI SECURITIES	(Accounts)	2,401
SBIH InsWeb	(No. of customers)	4,590
E-LOAN	(No. of customers)	1,155
Other financial websites	(No. of customers)	22
MoneyLook	(Total no. of customer registrations)	781
Morningstar Japan	(New portfolio customer registrations)	86
SBI Card	(Valid cards issued)	131
SBI Sumishin Net Bank	(Accounts)	1,389
SBI Insurance	(Total no. of contracts)	410
Autoc one	(Total no. of service users in 2010)	800
Lifestyle-related websites	(Total no. of customer registrations)	927
SBI Credit	(No. of customers)	126
Others (SBI Mortgage, SBI Point Union, etc.)		409
Total		13,226

* 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

III. 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 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.**
 - 3. The Asset Management Business pursues “Value Creation” in various ways.**
 - 4. The Biotechnology-related Business 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 Service 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.

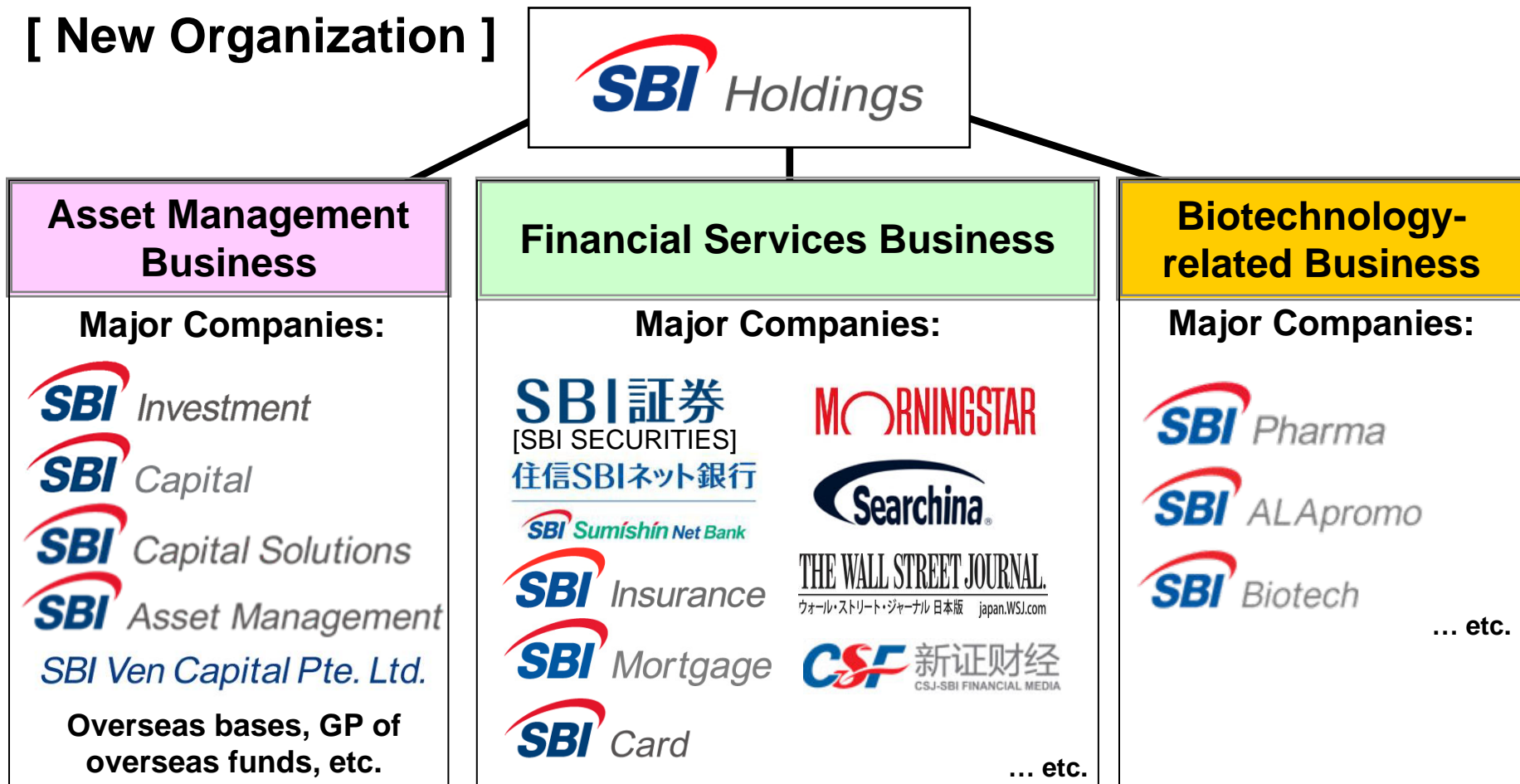
- **The Biotechnology-related Business, which will be a New Revenue Source, will be focused upon.**



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

Establishment of a Group Organization System Based on the Three Major Businesses

[New Organization]



- Each business segment is planning the establishment of an **intermediate holding company**, and is contemplating the disclosure of their business results.
- Every business segment includes overseas operations. And it is under review to transfer overseas operations to SBI Hong Kong Holdings in the future.
- Preparation are underway for the establishment of an **insurance holding company**.

Asset Management Business

SBI Capital Management, an intermediate holding company to be established, will centrally manage funds and foreign exchange matters to ...

- Improve the efficiency of fund managements and procurement in the investment business
- Proceed to exit through IPOs and M&As in various Asian markets

Financial Services Business

Under SBI FINANCIAL SERVICES, an intermediate holding company to be established, we will ...

- Further enhance synergies in the Financial Service Business
- Pursue synergies through the cooperation between domestics and overseas subsidiaries

Biotechnology-related Business

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 fully utilize 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 ready and inherent mobility.

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

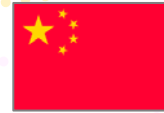
Welcoming SBIH's Directors responsible for overseas businesses and SBI Group's overseas partners' representatives as Directors of the Hong Kong Subsidiary



USA
Jefferies & Company



Abu Dhabi
Invest AD



China
Tsinghua University
Education Foundation



Russia
IFC Metropol



SBI Hong Kong



The first SBI Global Strategic Conference was held in Hong Kong on May 10, 2012



Indonesia
PT Bank Negara
Indonesia (Persero)



Vietnam
FPT Corporation



Cambodia
Royal Group of
Companies

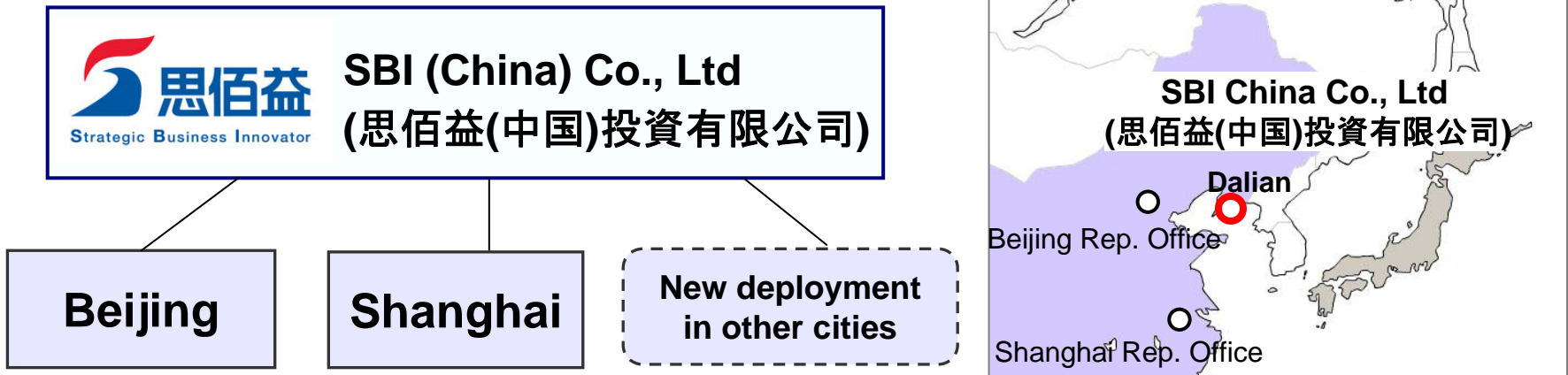


India
Edelweiss
Financial Services

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



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

(Reference)

IFRS Adoption Impact on Consolidated Financial Statements

IFRS Adoption Impact on Consolidated Financial Statements

IFRS (International Financial Reporting Standards)

International accounting standards that are being adopted by various countries of the world.

[Companies applying IFRS] SUMITOMO CORPORATION, Nippon Sheet Glass, Takeda Pharmaceutical, JAPAN TOBACCO, etc.

What changes will the application of IFRS bring about?

1. Significant change in the view on **income**

2. Change in **the recognition of revenue (sales)**



The new standards will have a great impact on the sales of the Asset Management Business

3. Partial sales of subsidiaries' shares will be recognized as **capital transactions**

4. Different accounting procedures for “**goodwill**”

(1) Significant change in the view on income

[From “Statement of Operations” to “Statement of Comprehensive Income”]

Statement of Comprehensive Income (IFRS)

Net sales	XXX
Cost of sales	XXX
Financial expenses	XXX
Gross profit	XXX
Selling, general and administrative expenses	XXX
Other income and expenses	XXX
Other financial income and expenses	XXX
Operating income	XXX
Equity in earnings affiliates	XXX
Income before income taxes	XXX
Income taxes	XXX
Profit from continuing operations	XXX
Profit from discontinued operations	XXX
Net income	XXX
Other comprehensive income	XXX
Comprehensive income	XXX

“Extraordinary income and expenses” will be reported in “Other income and expenses”

No general idea of “Ordinary income”

Minority interests(*) are included in Net income

* Subsidiaries’ income that belong to minority shareholders, other than parent company

(2) Change in the recognition of revenue (sales)①

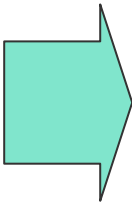
[Impacts largely to the sales of Asset Management Business]

- Sales from operational investment securities will be recorded **on a net base** (no impact on income)

e.g. Purchased Company A's securities for JPY 40m and disposed it for JPY 100m

→ Proceeds from sale of shares :JPY 100m
 Book value (cost of sales) :JPY 40m

[J-GAAP]		[IFRS]
Sales	100	Sales 60
Cost of sales	40	Cost of sales
Gross profit	<u>60</u>	Gross profit <u>60</u>



Under IFRS, the amount of sales is calculated by subtracting “acquisition costs (i.e. cost of sales and valuation losses)” from “proceeds from sale of securities”

(2) Change in the recognition of revenue (sales)②

[Impacts largely to the sales of Asset Management Business (cont.)]

- All unlisted securities will be **measured at fair value**(*) too, and gains/losses on valuation will be included in operating revenue

e.g. Book value of an unlisted company B's securities :JPY 10m

→ (after fair value measurement) Value for B's securities became JPY 8m

Book value of an unlisted company C's securities: JPY 11m

→ (after fair value measurement) Value for C's securities became JPY 12m

Amount of loss on valuation for B's securities, JPY -2m, and amount of gain on valuation for C's securities, JPY 1m, will be reported, and as a whole JPY -1m will be reported as operating revenue



Book value (J-GAAP) of operational investment securities subject to this change is approx. JPY 70bn as of the end of Mar. 2012

* Usually recognized to be identical to market value.

(3) Partial sales of subsidiaries' shares will be recognized as capital transactions

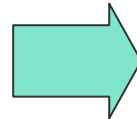
[No impact on profits]

- Partial sales of subsidiaries' shares will be recognized as capital transactions; gains or losses on sales of subsidiaries' shares will not be recorded as extraordinary income or loss.

e.g. Earned JPY 15m for gain of partial disposal of subsidiary D's shares

[J-GAAP]

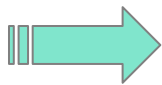
Extraordinary income 15



[IFRS]

Other income 0

Partial disposal of Company D's shares will impact the BS only, and will not have any impact on the PL



- Listing of SBI Mortgage Co., Ltd. at the end of April will not affect the revenue for the year ending March 31, 2013.
- Likewise, future partial sales of other consolidated subsidiaries' shares will be recognized as capital transactions.

(4) Different accounting procedures for “goodwill”

[Contributing to Operating Income)]

- There will be no “amortization of goodwill” for a stated number of years and it will be excluded from the items of SGA. As a result , total SGA will be lowered, contributing to a rise in operating income.



Contributing to an increase in operating income of approximately JPY 8bn

* It is noted that the asset impairment test will need to be conducted each fiscal year regardless of a sign of existence or nonexistence of impaired assets, and the amount in excess of its recoverable value will be written down.

[Impact on assets (net assets)]

- Following the adoption of the retroactive application to past business combinations, goodwill, etc. recognized as a result of additional acquisitions will be treated as capital transactions.



The outstanding amount of goodwill will fall by approximately JPY 80bn, which will be deducted from capital surplus.

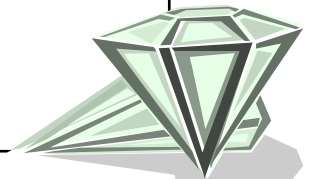
2. The Financial Services Business will move on to the third phase of the Brilliant Cut Initiative, in which it will thoroughly pursue synergies with the three core businesses of securities, banking, and insurance.

- (1) Brilliant Cut Initiative in Financial Service Business moves to the third phase, where further synergies with the three core businesses are pursued.**
- (2) 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.**
- (3) The new “SBI MoneyPlaza” concept, to become the No.1 distributor in Japan providing various financial products**
- (4) In the overseas financial services business, advancing into various businesses in collaboration with overseas partners.**

Making the SBI Group a “Brilliant Cut Diamond” with a Profit-oriented Management

Brilliant Cut: Designed to be the most beautiful and brilliant type of diamond

(Theorized in 1919 by Belgian-born mathematician Marcel Tolkowski)



Diamond glitters most when polished in **58 facets**

[Apply it to business ecosystem](#)



Focusing more on higher profitability rather than expansion of group scale, **58 vital entities were selected** from over 100 entities

**Making the SBI Group a “Brilliant Cut Diamond”
whose facets sparkles more beautifully,
and brilliantly glitters as a whole**

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

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 Apr. 2011):

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



Third Phase (from Mar. 2012):

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.

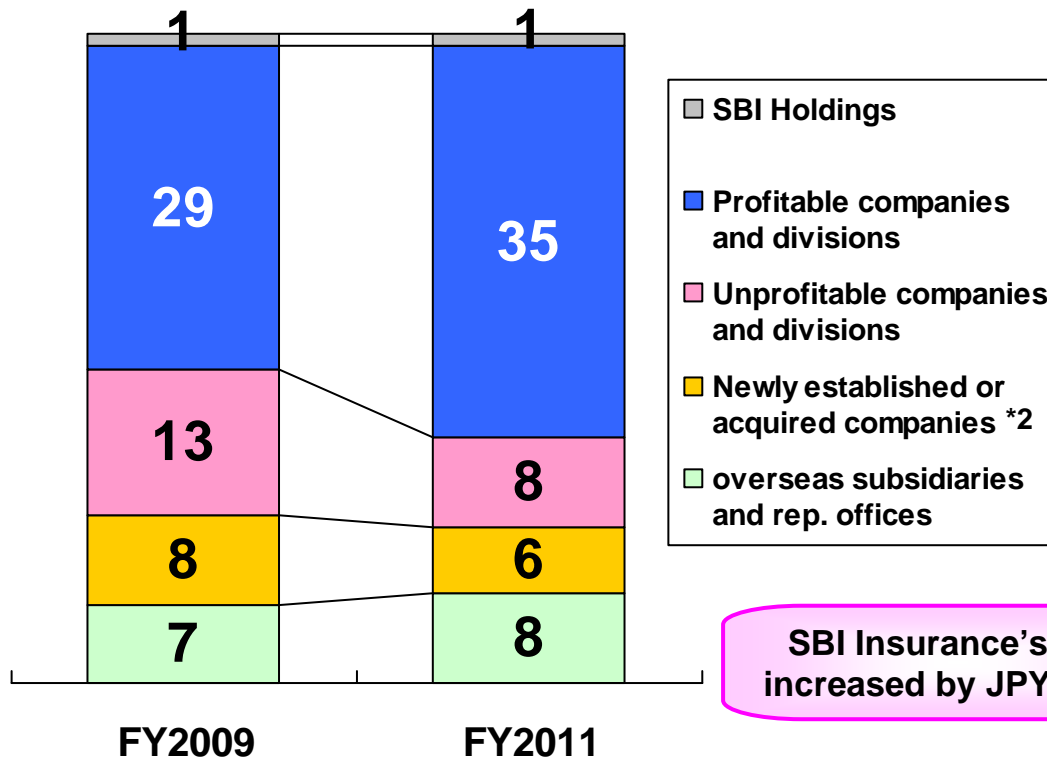
Review of Brilliant Cut Initiative's First and Second Phase

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.

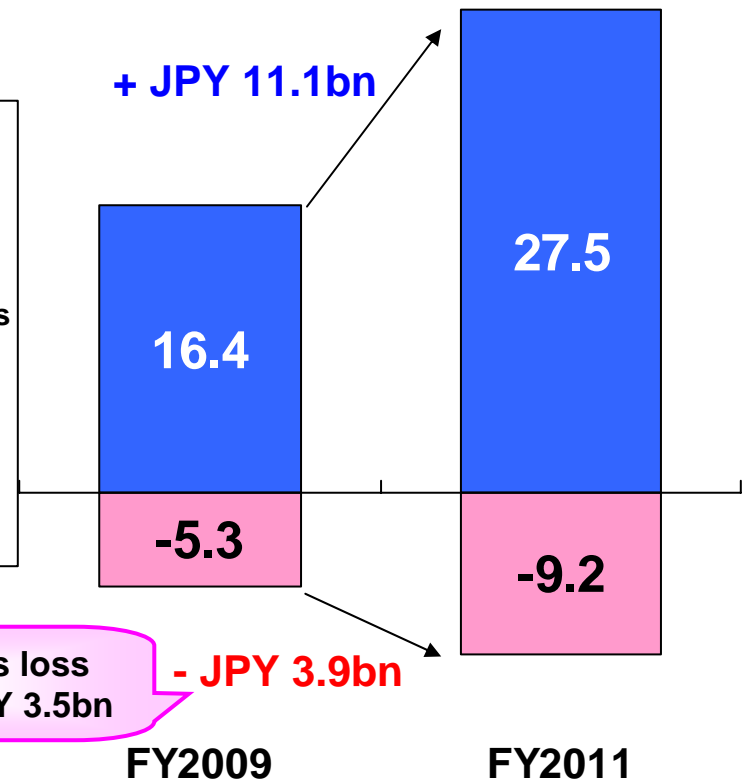
No. of profitable/unprofitable companies (divisions)

(unit: companies/divisions)



Operating income/loss *1

(JPY billion)



SBI Insurance's loss increased by JPY 3.5bn

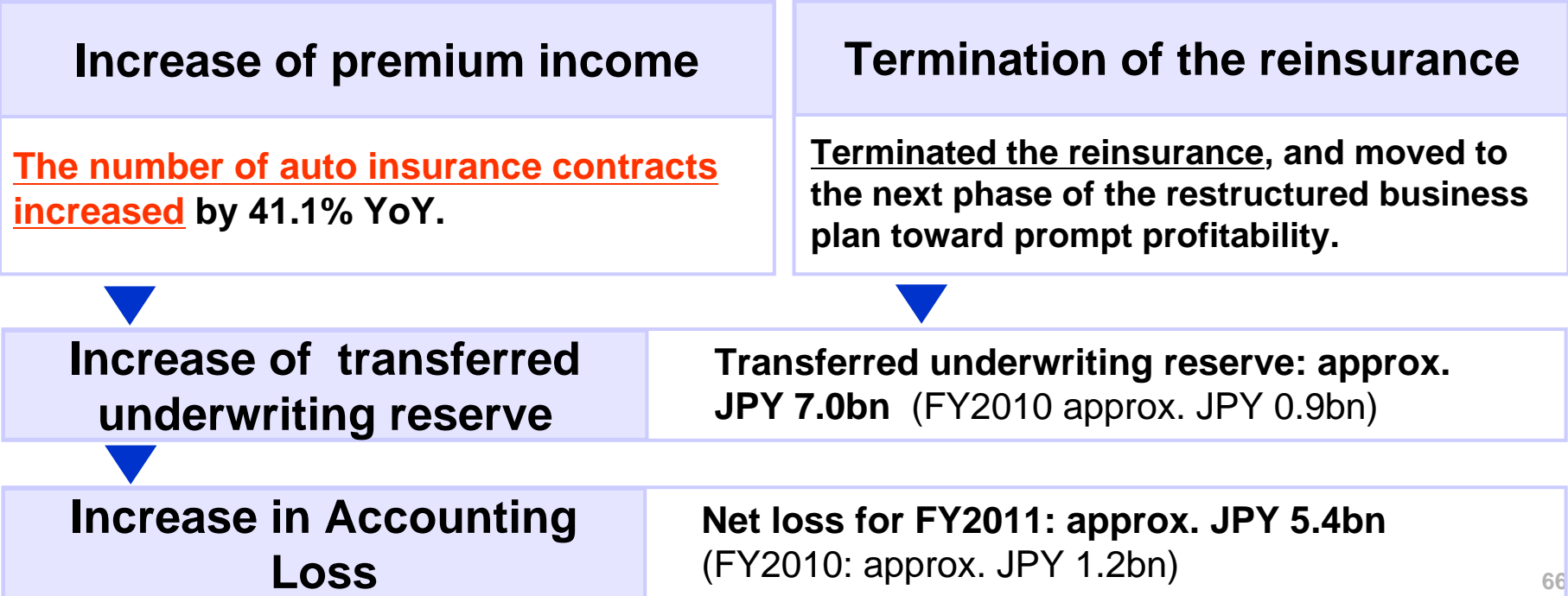
*1 The total sum of operating income/loss of each company (division), and operating income/loss of equity-method company/affiliated company and non-consolidated subsidiary is included.

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

Underwriting Reserve Causes an Increase in Accounting Loss for SBI Insurance

As a practice peculiar to the insurance business, the increasing underwriting 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.

* Underwriting reserve: Underwriting 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



Endeavoring to Make the Insurance Business Profitable Promptly by Fully Utilizing Face-to-face Channels



SBI Insurance will change its earnings structure, by offering products other than auto insurance, which is suitable for Internet sales, but a less profitable product for the company. Through the optimal use of face-to-face channels such as SBI MoneyPlaza and the sales of various other products, including highly profitable insurance products, SBI Insurance expects to be profitable in FY2015.

Increase product lineup



Change its earnings structure



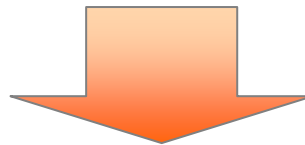
Accelerate toward early profitability

- 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 authorities, it will start dealing in more profitable **fire insurance** products, offered by other companies.

Fundamental Thinking of the Third Phase of Brilliant Cut Initiative in the Financial Services Business

Examine each business along the following lines:

- ① **Does the business have strong synergies with the three core businesses in the Financial Services 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 ①

(Announced on March 29, 2012)

Sold all shares of SBI VeriTrans (currently 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 JPY 0.4bn in 2003 is approx. JPY 9.4bn, and the IRR is 47.6% p.a.

About Digital Garage, Inc.

An IT solution company globally promoting its incubation business, by utilizing its strategically established bases in the U.S., and working with its network of investors.

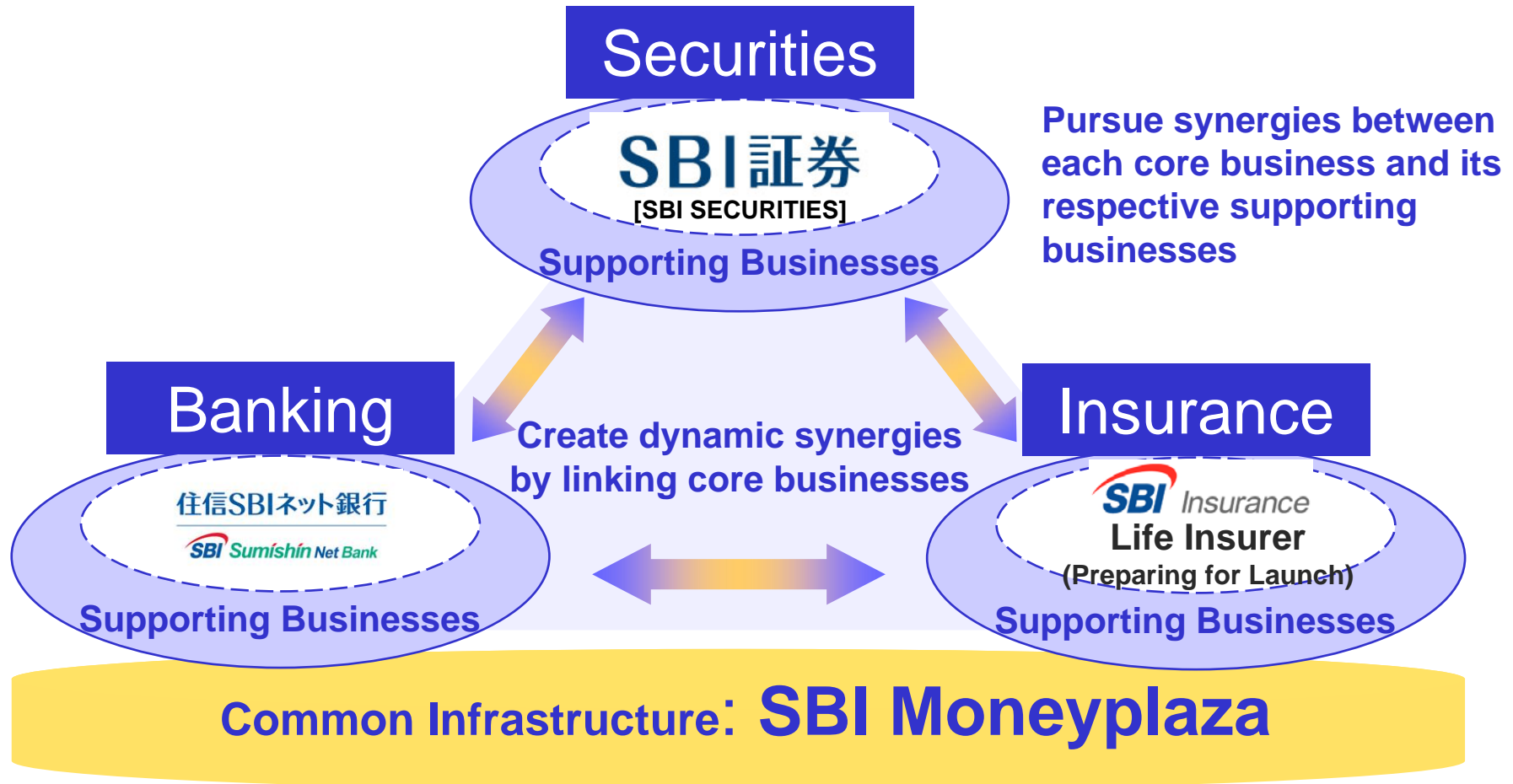
Transfer of SBI VeriTrans' Shares ②

(Announced on March 29, 2012)

➤ 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) 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



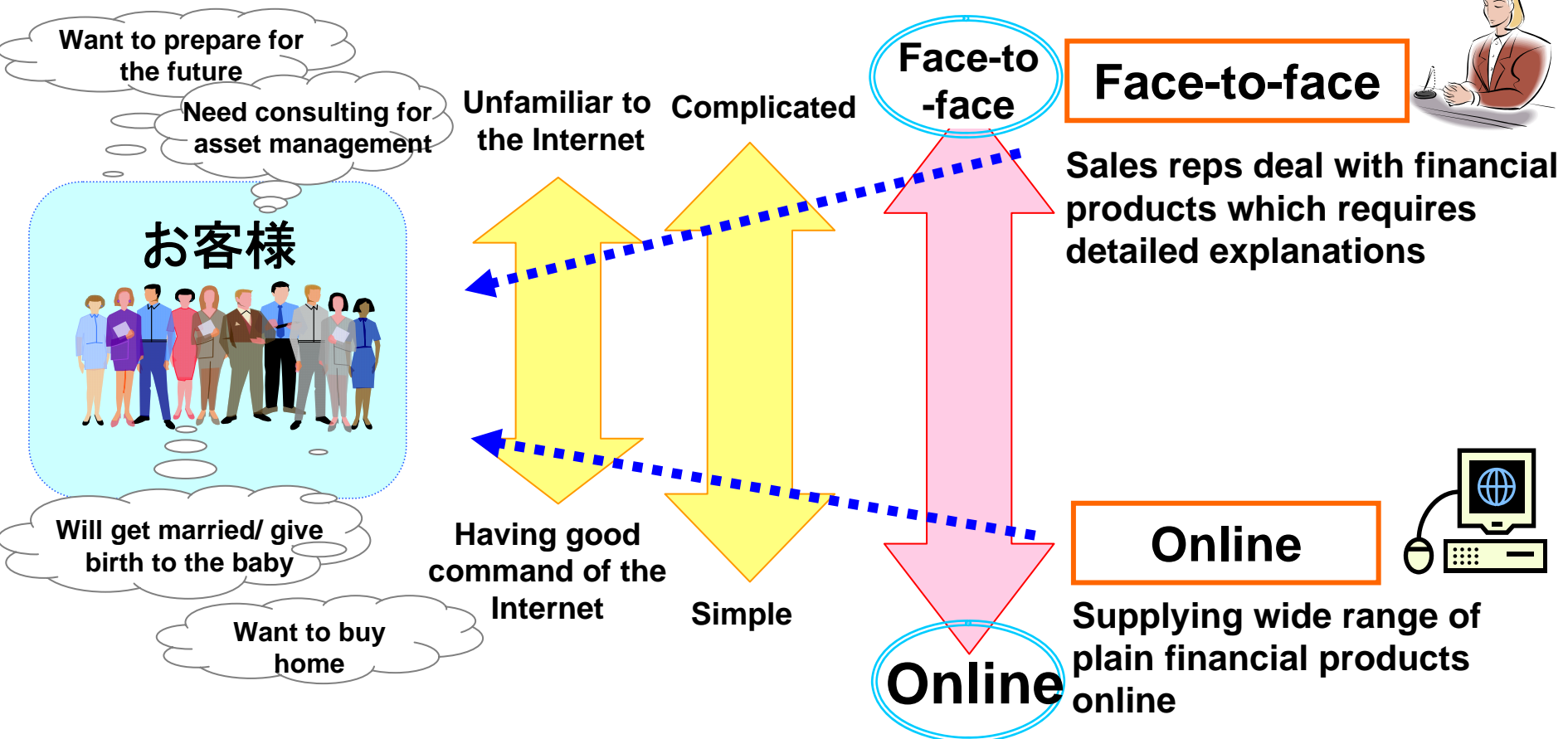
Taking full advantage of SBI Moneyplaza’s nationwide presence as a common infrastructure, the integration of the “online” and “face-to-face” services will be endeavored, and SBI will continue its quest to become Japan's largest financial products distributor that offers products from both within and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

(3) The new “SBI MoneyPlaza” concept, to become the No.1 distributor in Japan providing various financial products

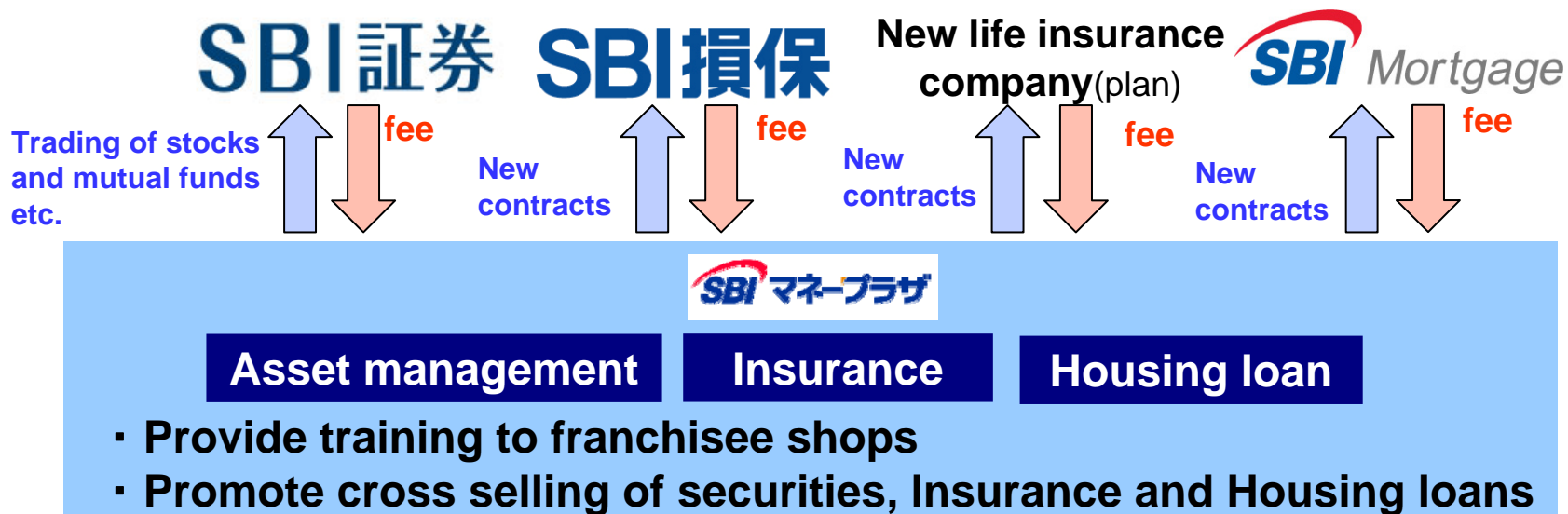


Expand operations of both direct management shops and the franchisees in the field of personal asset management, insurance, housing loan

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



SBI Moneyplaza will Take Initiative on “Integration of Internet and Face-to-face” and Promote Cross Selling to Contribute to the Group Revenue

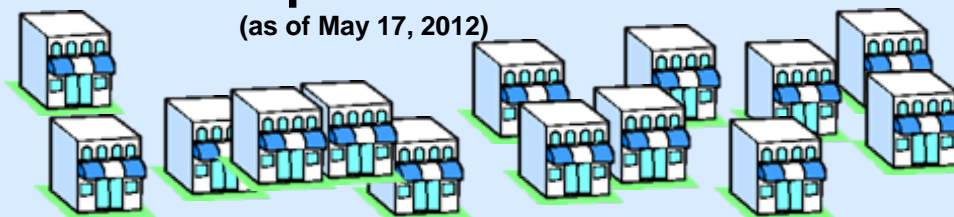


[Franchisee]

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

259 shops nationwide

(as of May 17, 2012)



Will make the shops networks below to SBI Moneyplaza

VL FINANCIAL PARTNERS
(operating Mitsubishi insurance firm)

IRRC Corporation
(operating Insurance clinic)

Aiming to expand shops network to 500

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.

(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 Securities

- 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

Phnom Penh Commercial Bank Bank

- Acquired 40% of shares at establishment

HNB Bank

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

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. Asset Management Business Pursues “Value Creation” in Various Ways

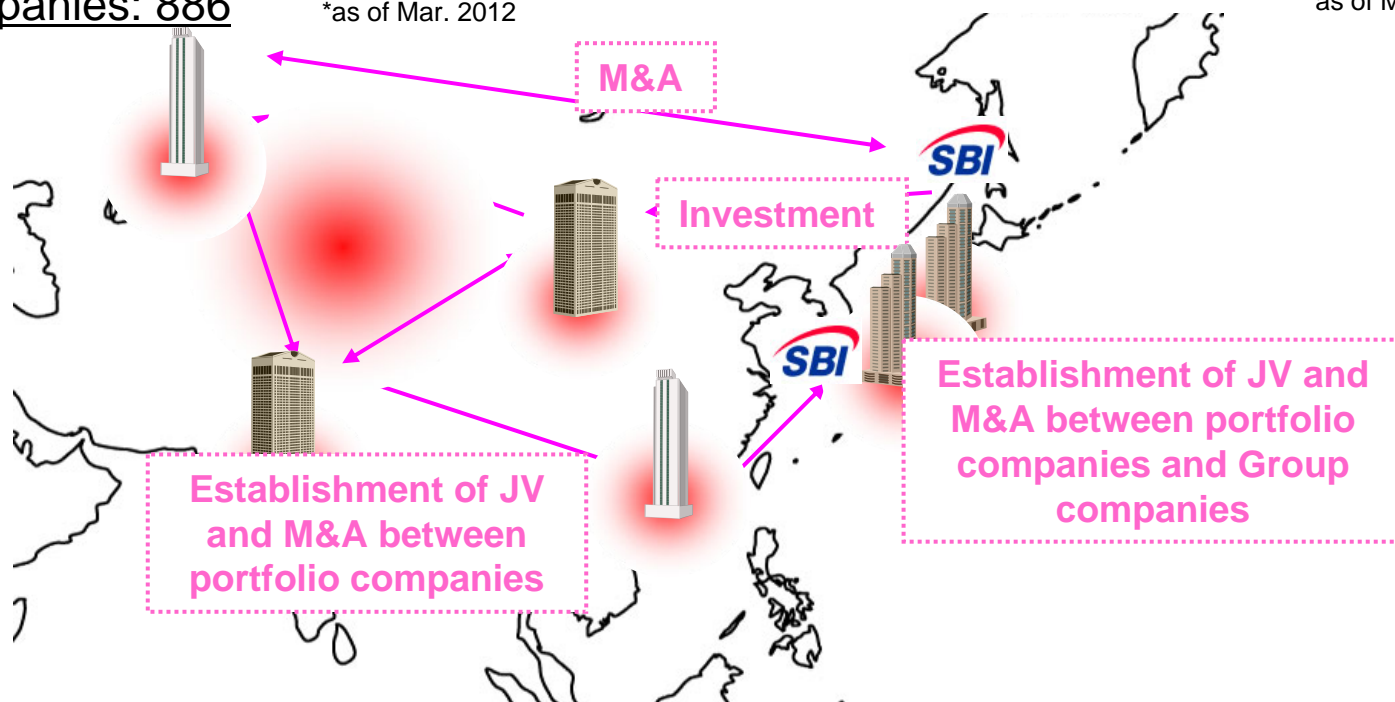
- (1) Global Network - the Cornerstone for Value Creation**
- (2) Establishment of Sector Funds Focused on Investments in Specific Sectors**
- (3) Group/Investee Companies' Strategy for Future IPOs and Fund Raising**

“Value Creation” Strategy of the Asset Management Business

Create new value by combining the Group’s investee companies or Group companies (including JV with overseas partners), through various means such as M&A

Cumulative number of the Group’s investee companies: 886 *as of Mar. 2012

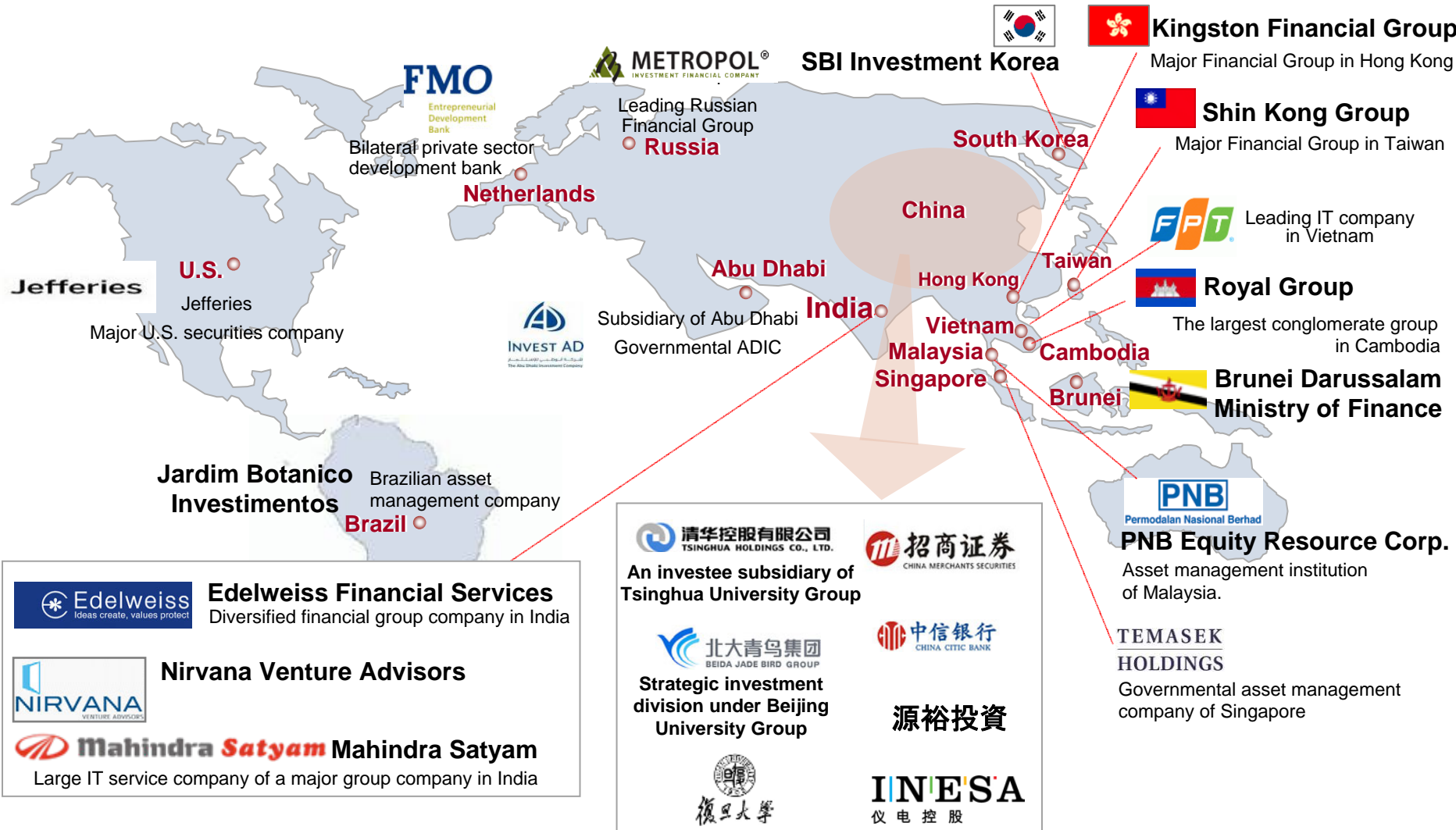
Number of Group companies: 140 *as of Mar. 2012



➔ Targeting IPO or M&A exits on various Asian markets

(1) Global Network - the Cornerstone for Value Creation

Established global investment structure through formation of JV funds with local partners such as financial institutions, government agencies and universities

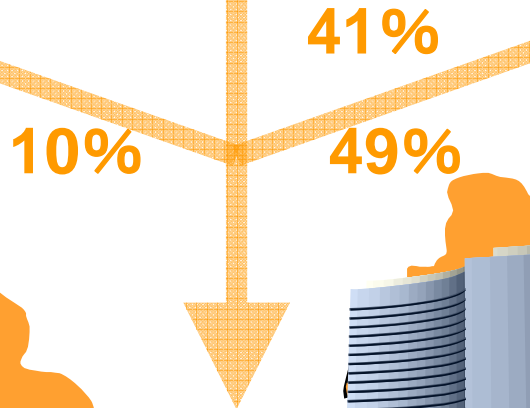


Auto Server, Prior to Its IPO in Taiwan, Established a Joint Venture to Hold Online Used Car Auctions in China, a New Overseas Business



Shares of a fund managed by the SBI Group: 43.8%

Leading company in domestic used car distribution business, which established a platform connected to more than 80% of all actual used car auction locations in Japan.



A member of the Tsinghua group, one of China's most prominent universities.

Has strengths in the Introduction of foreign technologies and services into China.

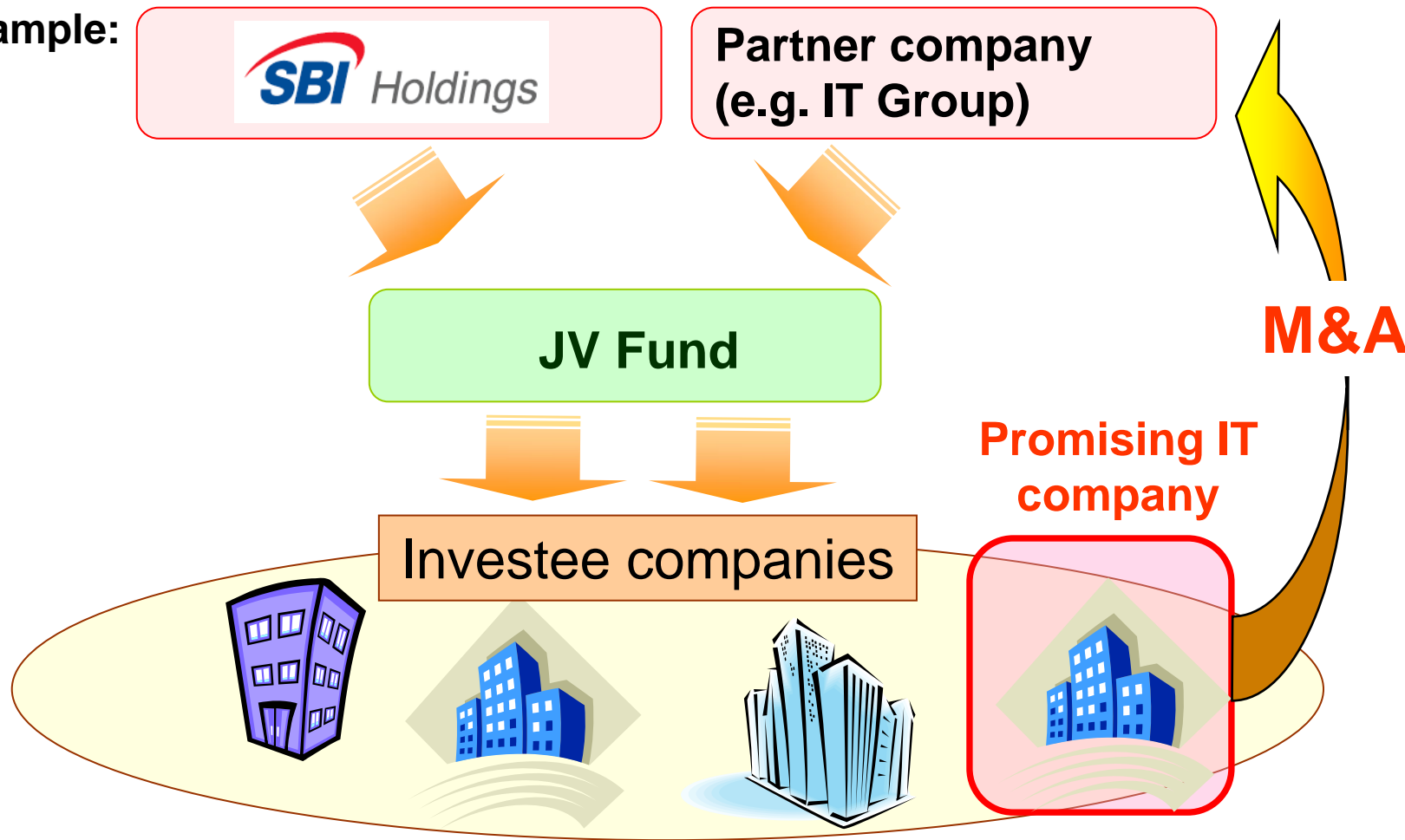
Joint Venture

Will operate the online used car auction business that provides a market place that connects used car trade-in firms and dealers of used cars via the Internet in the Chinese automobile market.



(2) Establishment of Sector Funds Focused on Investments in Specific Sectors

Example:



Rapid exits may be realized regardless of the IPO lock-up period, since partner companies of JV funds can acquire investee companies.

Sector Funds Already Agreed to be Set Up

Established Sector Funds Focusing on Chinese Information Industry Sector



Shanghai Yidian Holding

→ Primary targets are Chinese companies engaged in the information service business related to intelligent technology and Internet of things

Launched a Sector Fund Focusing on Global ICT Opportunities with an India-based Leading IT Services Company (Announced on Feb. 21, 2012)



→ Primary targets are promising IT companies in the world

Founded a Venture Capital JV Focusing on Investments in the Internet Field (Founded in Dec. 2011)

JV co-founded by  &    KLab Ventures

→ Investing in start-up and early-stage companies in the Internet field

Jointly Established a Fund Focused on the Financial Sector of Emerging Asian Countries with FMO

(Announced on May 31, 2012)



[Outline of the Fund]

Commitment amount : USD 60m initially (max USD 80m)

Target of investment : Financial sector of emerging Asian countries

Fund GP : SBI VEN CAPITAL

About FMO

Established in 1970, FMO is a bilateral private sector development bank of the Netherlands, with a 51% stake held by the Dutch government.

With an investment portfolio of €5.9bn, invests in three sectors that serve as an engine for sustainable growth in developing markets: financial institutions, energy and agribusiness, food & water.

(3) Group/Investee Companies' Strategy for Future IPOs and Fund Raising

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

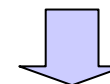
[Terms of KDRs]

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 Depository Receipt”, issued in Korea by a depository institution. KDRs are securities which represent the underlying deposited shares of SBI Mortgage.

*1 KDR 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.

Overseas Listing of Investee Companies



(Shares of a fund managed by the SBI Group: 100%)

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

On February 1, filed a request for preliminary examination for listing on the KOSDAQ of South Korea in FY2012



(Shares of a fund managed by the SBI Group: 43.8%)

- It has established the platform connected to more than 80% of all actual used car auction locations in Japan
- Has acquired over 35,000 members including car dealers, auto dentists and car exporters.

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

In November 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

Expected to acquire approval for listing on GTSM Market in 2012

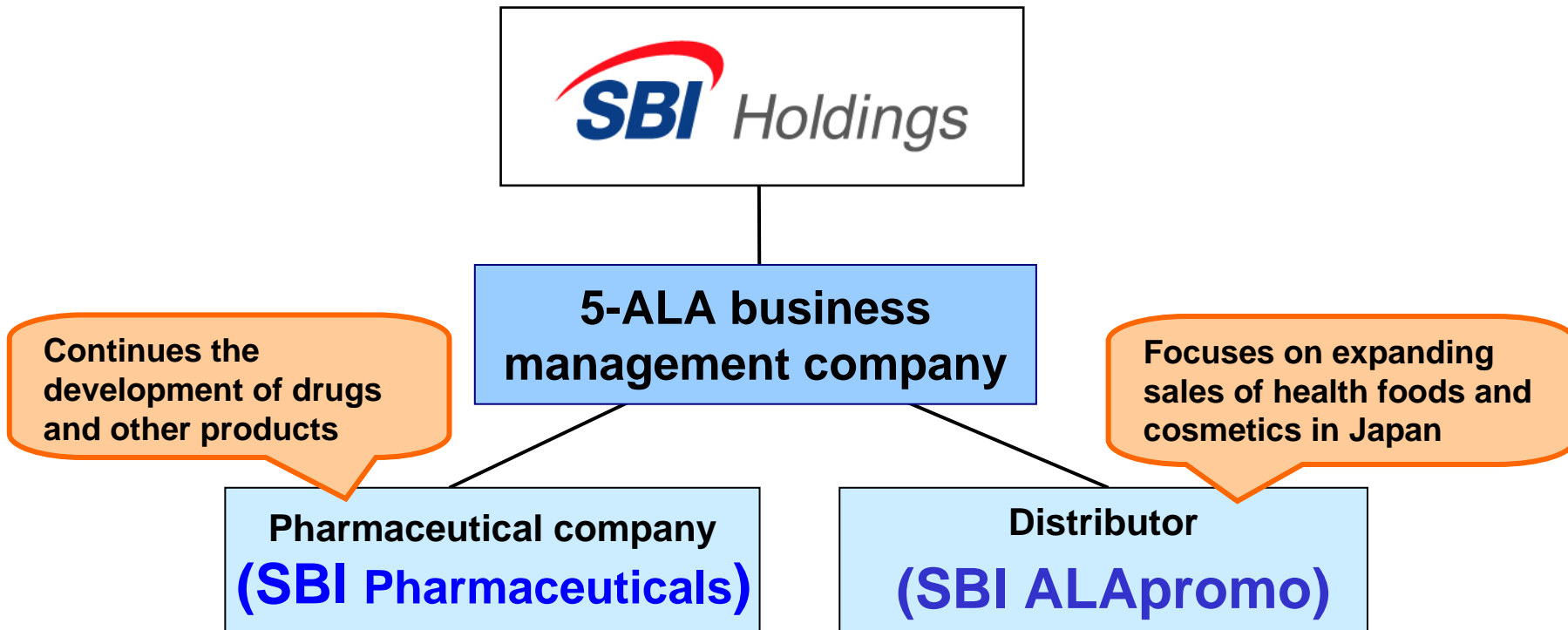
4. Biotechnology-related businesses was prioritized as a future growth business

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, the former SBI ALApromo 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 focus on expanding their respective businesses.

R&D Progress in Medical Field

<p>Cancer treatment: Brain tumor diagnostic agent</p> <p>*Orphan drug designation (Nov. 2010)</p> <p>Expanded applications</p>	<p>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)</p> <p>→ <u>Phase-3 clinical testing was completed.</u></p> <p>→ <u>Preparing for marketing applications</u></p> <p>→ If all goes as planned, it will be approved as a treatment within FY2012</p>
<p>Cancer treatment: Carcinoma diagnostic agent</p>	<p><u>Doctor sponsored investigation by 5 universities, headed by Kochi University was started (Phase 2-3 clinical testing is ongoing from Jan. 2012)</u></p> <p>→ Clinical testing will be completed by the end of 2012</p> <p>→ Will endeavor to be approved by early 2014</p>

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.

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)

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 syndrome	<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 on other several themes.

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

(Announced on Apr. 13, 2012)

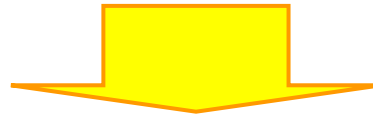


Bahrain Government



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.

*An abbreviation for the Cooperation Council for the Arab states of the Gulf, the Middle East and Arabian Gulf regional cooperation organization, which includes Bahrain.

Accelerating Overseas Expansion of 5-ALA Related Businesses

Expanding business alliances overseas

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

 **China**
Negotiating JV to
expand 5-ALA
businesses

 **Korea**
Scheduling on beginning the discussions
with a local large pharmaceutical company
to expand 5-ALA businesses shortly

April 2012
 **Bahrain**

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

Health food, 'NatuALA ONE'
was nationally licensed by
Ministry of Health Bahrain

December 2012
 **Philippine**

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

Scheduling the start of clinical trials in
two fields in Japan, United States and
Europe within this fiscal year, in
collaboration with one of the largest
Contract Research Organization (CRO)
in the world

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

Targeting sales expansion of supplements overseas

Awarded by the Monde Selection in 2012

(Announced on Apr. 17, 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

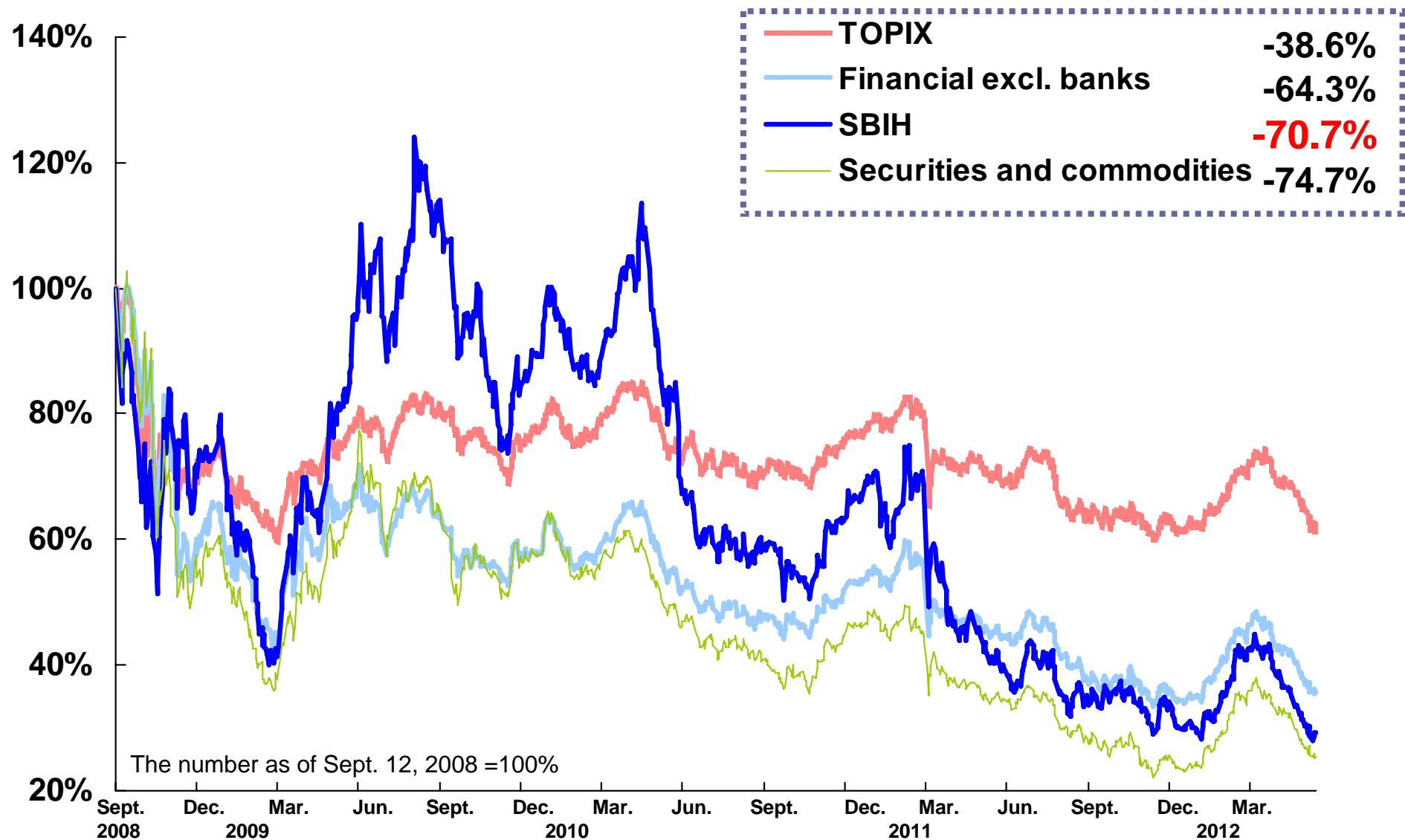
IV. Review of SBI's Share Price and Corporate Value

- 1. SBI's Share Price**
- 2. SBI's Corporate Value**

1. SBI's Share Price

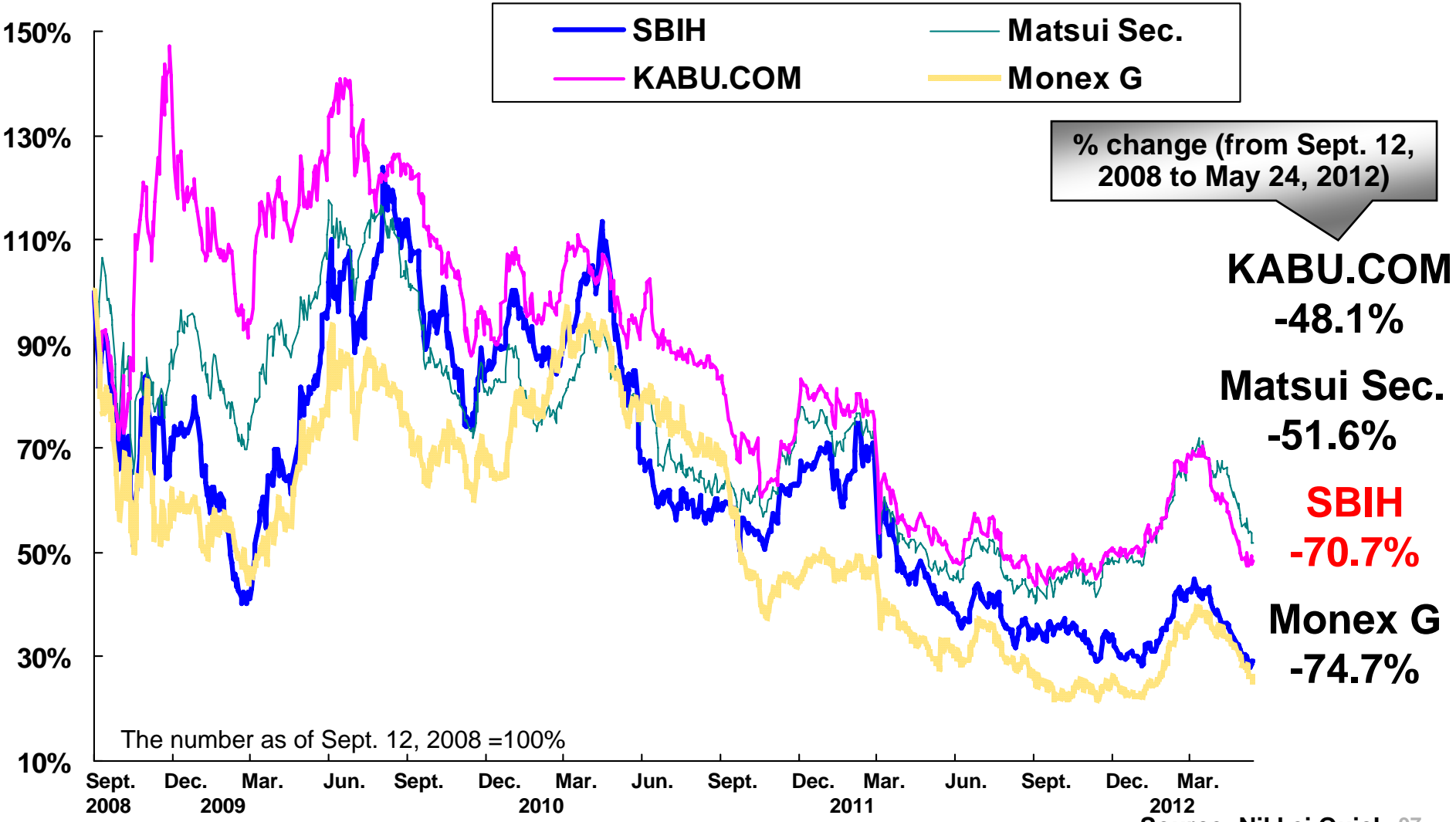
Comparison of TOPIX Industry Indexes

(Sept. 12, 2008 – May 24, 2012)



Comparison of Stock Fluctuations <1> Online Securities Companies after the Lehman Shock

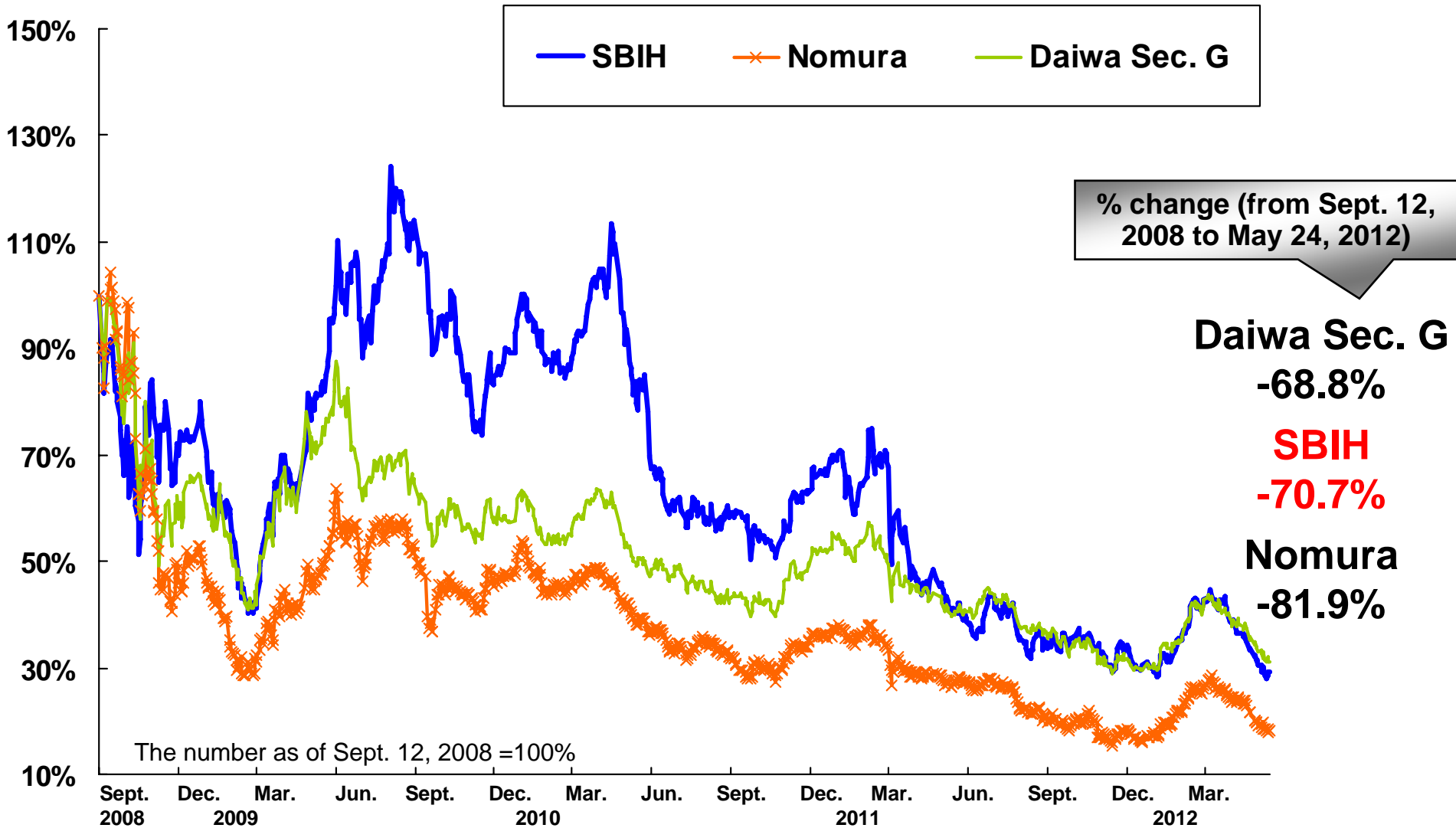
(Sept. 12, 2008 – May 24, 2012)



Comparison of Stock Fluctuations <2>

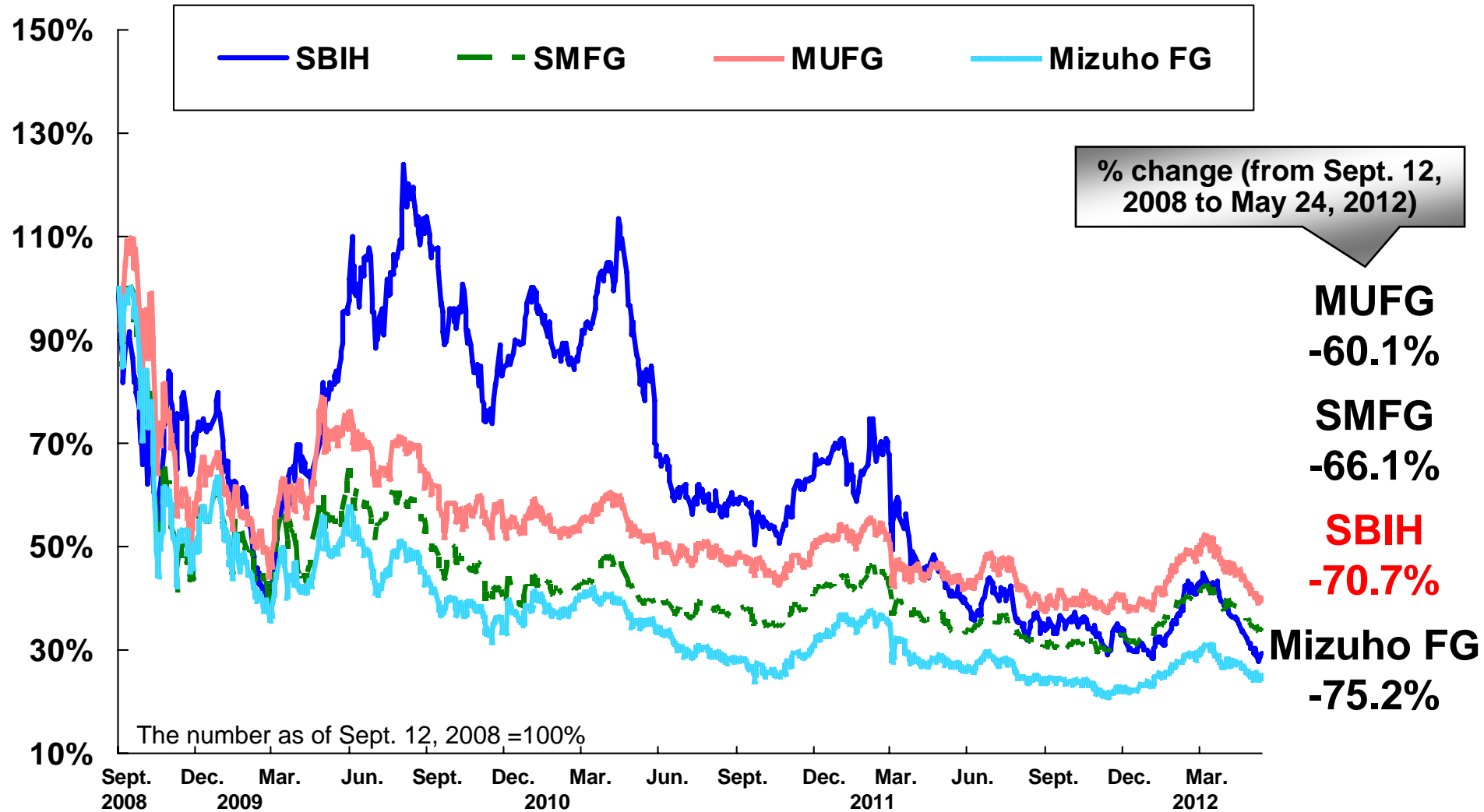
Major Securities Companies after the Lehman Shock

(Sept. 12, 2008 – May 24, 2012)



Comparison of Stock Fluctuations <3> Major Securities Companies after the Lehman Shock

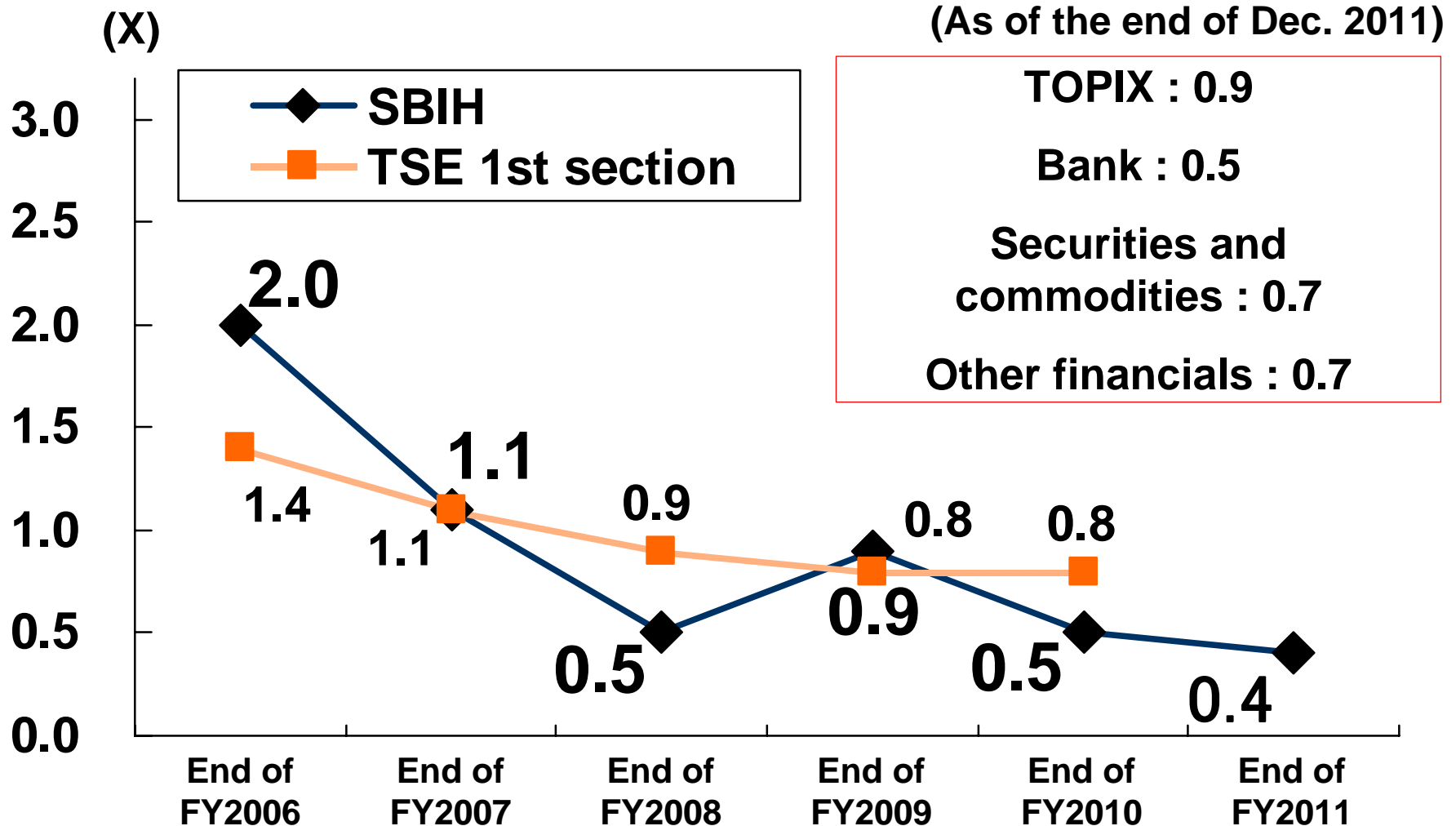
(Sept. 12, 2008 – May 24, 2012)



Change in PBR of SBI Holdings



PBR = Last price at the end of FY / Net assets per share at the end of FY



Adoption of Share Unit System and Stock Split ①

- The Japanese stock exchanges decided to consolidate the trading unit to either 100 shares or 1,000 shares by Apr. 1, 2014.

The Japanese stock exchanges' "Action Plan for Consolidating Trading Units" (Nov. 27, 2007)

- The ultimate objective is to unify trading units of ordinary shares listed on domestic stock exchanges, to a basic lot of 100 shares.
- The immediate target* is to consolidate trading units to 100 shares or 1,000 shares soon after stock certificates are converted to a completely paperless system, in order to improve trading convenience promptly.

*On Jan. 19, 2012, it was determined that the consolidation of trading units to 100 shares or 1,000 shares must be completed by Apr. 1, 2014.

- 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.

Tokyo Stock Exchange's "Securities Listing Regulations" Article 445:

An issuer of listed domestic stock shall make efforts to shift to and maintain an investment unit between 50,000 yen and 500,000 yen for such listed domestic stock.

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 at 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

Transactions of Less-than-one-unit Shares (Currently Less than 10 Shares)



On and after October 1, 2012 (the effective date of adopting the trading unit share system and implementing a stock split)

Holders of less-than-one-unit shares will lose their voting rights.
 However, the holders will still be able to:

◆ Receive dividends.

◆ Retain their shares.

*Unlike an odd-lot (fractional) share, the holders' less-than-one-unit shares will not be forcibly purchased.

◆ Sell less-than-one-unit shares by requesting SBI to purchase these shares.

◆ Request SBI to sell as many shares (additional share purchase request) in order to attain a full unit.

◆ Buy or sell shares at SBI SECURITIES or other brokers that deal with shares less-than-one-unit in the manner specified by each broker.

Share Repurchase

(Announced on May 22, 2012)

- To improve capital efficiency by repurchasing shares in a weak stock market, where SBI's shares are undervalued
- Anticipating utilizing repurchased shares as acquisition currency in the future

[Details of share repurchase]

Number of shares to be repurchased: Up to **380,000 shares**

Represent 1.72% of the number of shares issued excluding treasury shares

Total cost of shares to be repurchased: Up to **JPY 2.0bn**

Period for share repurchase: May 25, 2012 - June 22, 2012

The last share repurchase conducted (for reference)

Number of shares repurchased 321,373 shares

Total cost of shares repurchased JPY 1,999,999,880

Period for share repurchase Nov. 30, 2011 – Dec. 5, 2011

Implementation of Shareholder Benefits

[Eligible shareholders]

- All shareholders listed or recorded in the shareholder register as of March 31, 2012

[Benefits]

- The Company will give **all shareholders one ticket good for purchasing any goods** sold by SBI ALApromo **at a 50% special discount**
- The Company will also give **all shareholders who have held shares for more than one year, and who hold ten or more shares**, a ticket that can be exchanged for one NatuALA-Bio (valued at JPY 5,980) sold by SBI ALApromo as an appreciation for their continued support.



“NatuALA-Bio”

[Gifting period] To be sent during June 2012 (scheduled)

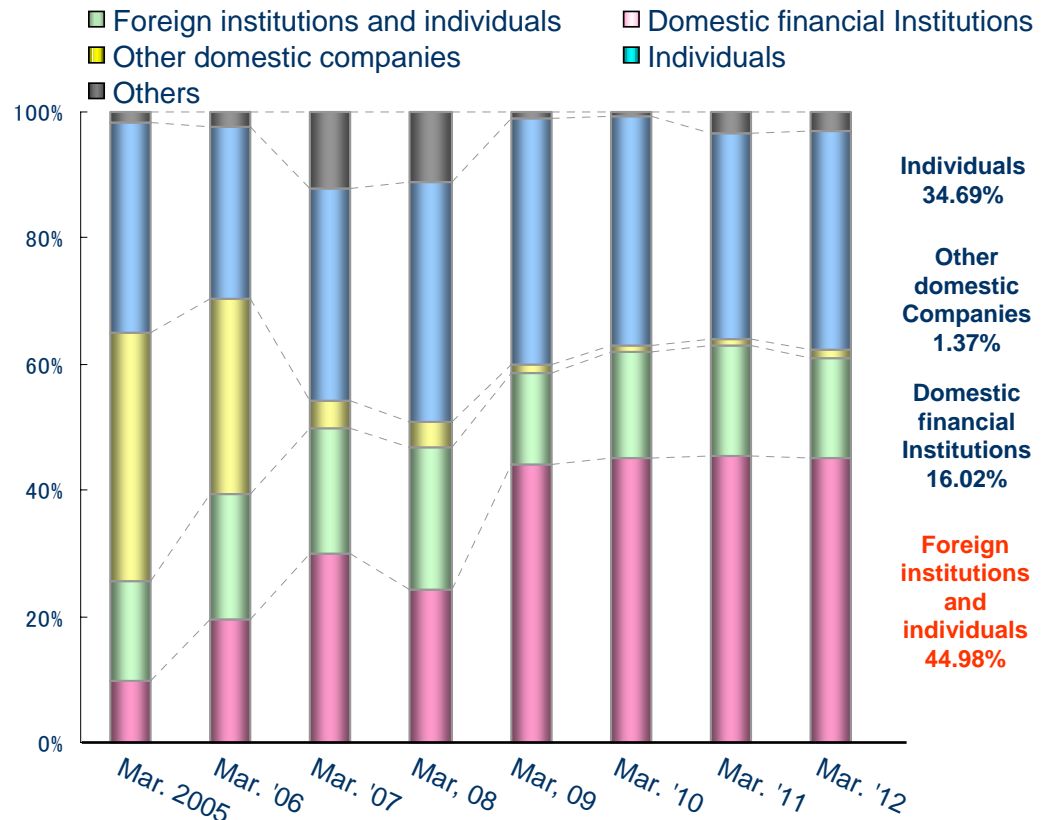
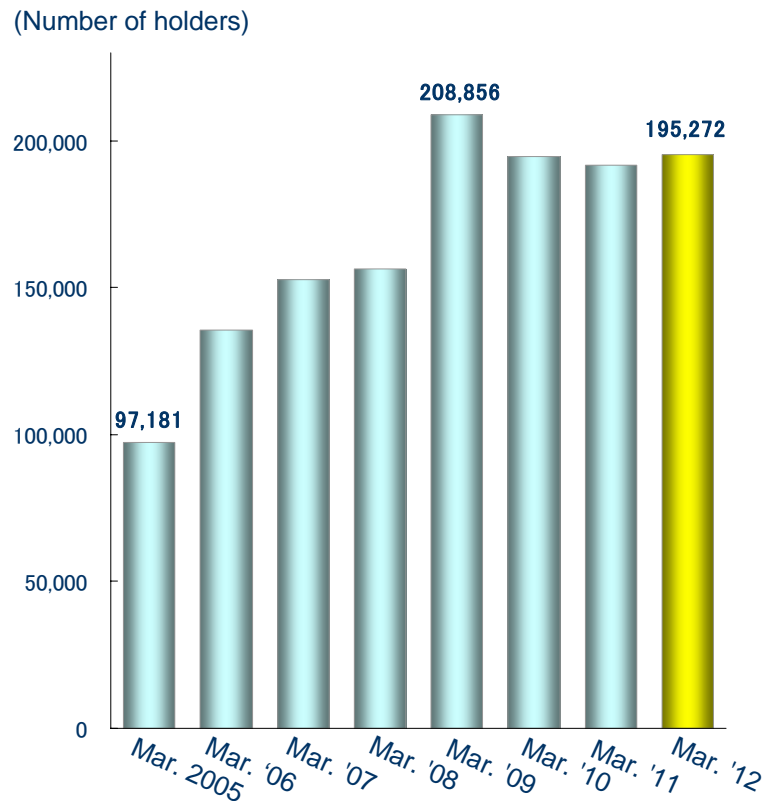
SBI Holdings' Shareholder Composition



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



* end of the month

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

2. SBI's Corporate Value

Estimating Each Segment's Shareholder Value (1)

(based on the closing prices on May 24, 2012)

(JPY billion)

	Enterprise value by segment (theoretical value)
Asset Management	80.5
Financial Service	235.7(+)*
Biotechnology-related	55.0
Others	38.5
Outside borrowings	-139.8
Total	270.1(+)

(Reference) **Market cap (actual value): JPY 122.3 billion**

* SBIH's comparison website business, SBI Lease, 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 May 24, 2012.

<Calculation Methods for Each Business>

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

{SBIH's investment asset balance (as of Mar. 31, 2012) + SBIH's equity interest of cash held by funds (as of Mar. 31, 2012)} 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 FY2011.

*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 FY2011.

<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.

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