



*Strategic
Business
Innovator*

Current Management Information Briefing

June 28, 2012

Yoshitaka Kitao

Representative Director, President & CEO

SBI Holdings, Inc.

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. Changes in Business Environment and the SBI Group's Response**

- II. Future Measures to Deal with the Increased Uncertainties in the Business Environment**

I. Changes in Business Environment and the SBI Group's Response

- 1. Advancing Globalization and the Emergence of the Asian Countries**
- 2. Worldwide Stock Markets' Decline Post the Lehman Shock, and the Consequently Weakened Capital Markets**
- 3. Competitive Intensification in Each Business Area**
- 4. The Euro's Fundamental Contradiction and the Foreseeable Worldwide Economic Instability**

1. Advancing Globalization and the Emergence of the Asian Countries

Group-wide Strategy (1):

Accelerating overseas progression, centering on developing businesses in Asia

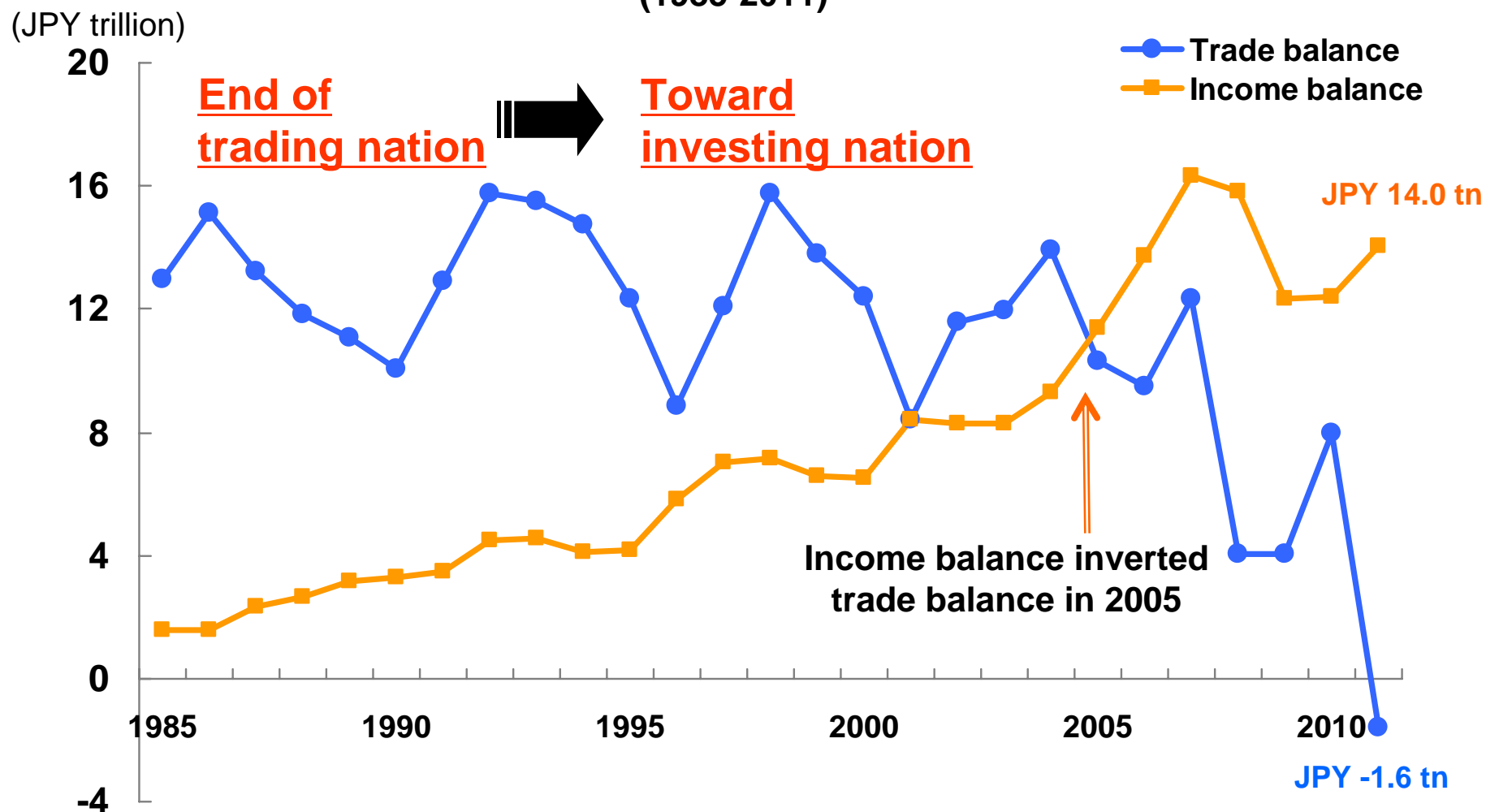
Business strategies of group companies:

- 1-1. Establishment of Global Investment Structure (SBI Investment etc.)**
- 1-2. Expansion of Overseas Alliances (Financial Service Businesses)**
- 1-3. Expansion of Asian Stocks Lineup (SBI SECURITIES)**
- 1-4. Enhancement of Information Availability on Emerging Countries (Overseas financial contents businesses)**
- 1-5. Listing on the Hong Kong Stock Exchange As First Japan-based Company (SBI Holdings)**

Japan's Trend Moves To Make Money from Income Balance rather than from Trade Balance

Change in Trade Balance and Income Balance of Japan

(1985-2011)



The Asian Century

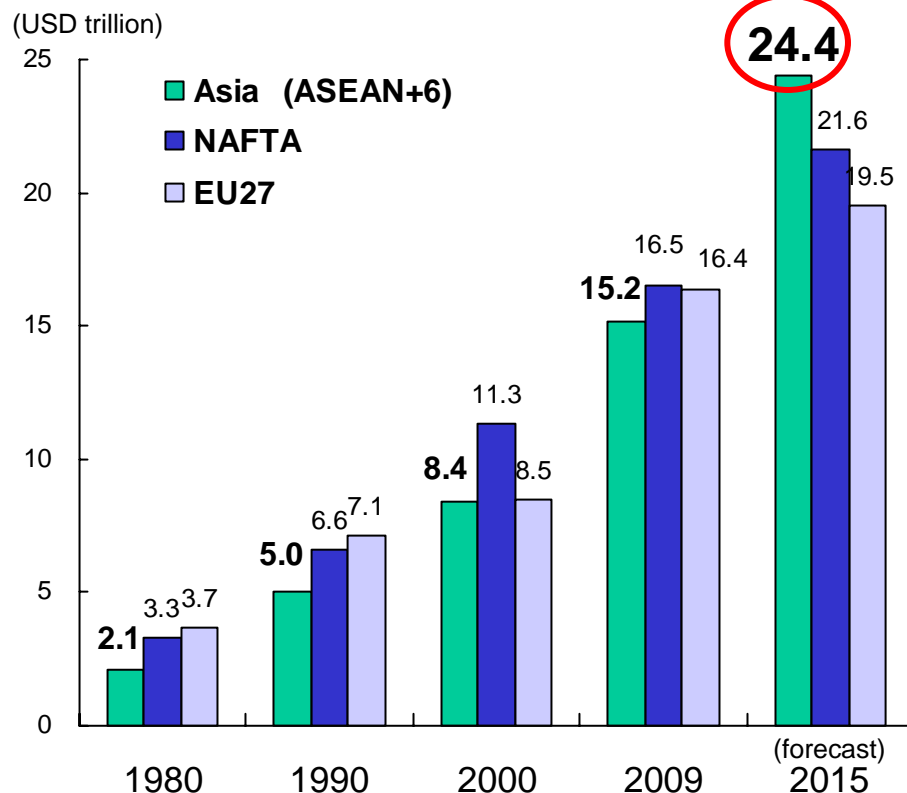
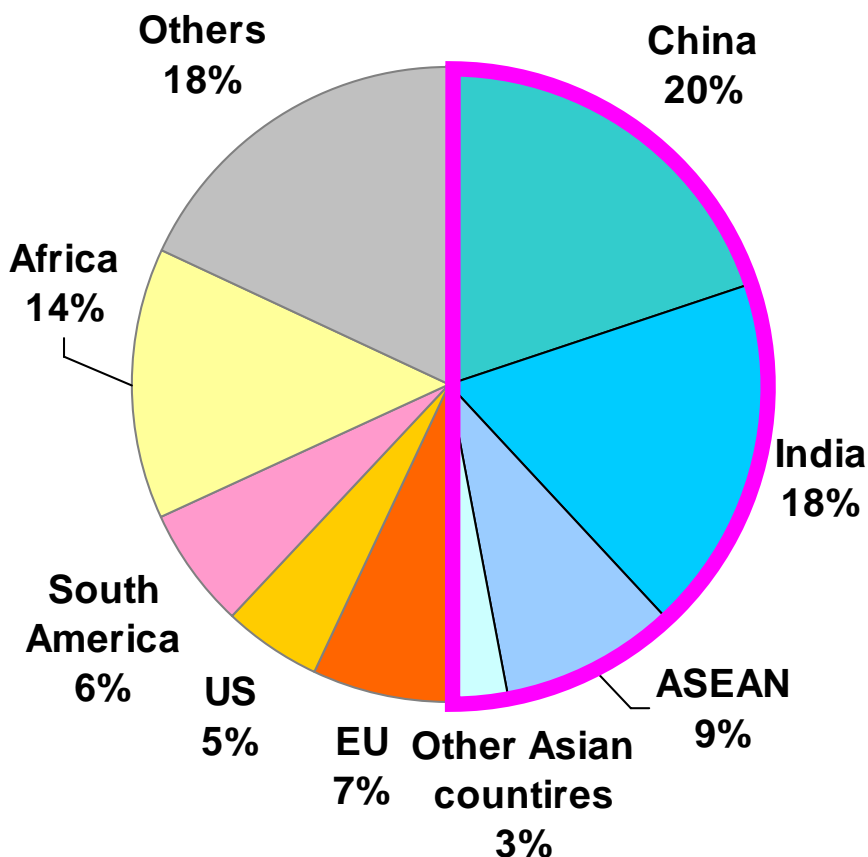
Since the global economic crisis, the Asian economies have outperformed the rest of the world in both scale and growth potential

Population by Country and Region (2008)

With populous countries such as China (1.3bn) and India (1.2bn), Asia accounts for around **half of the world's population**

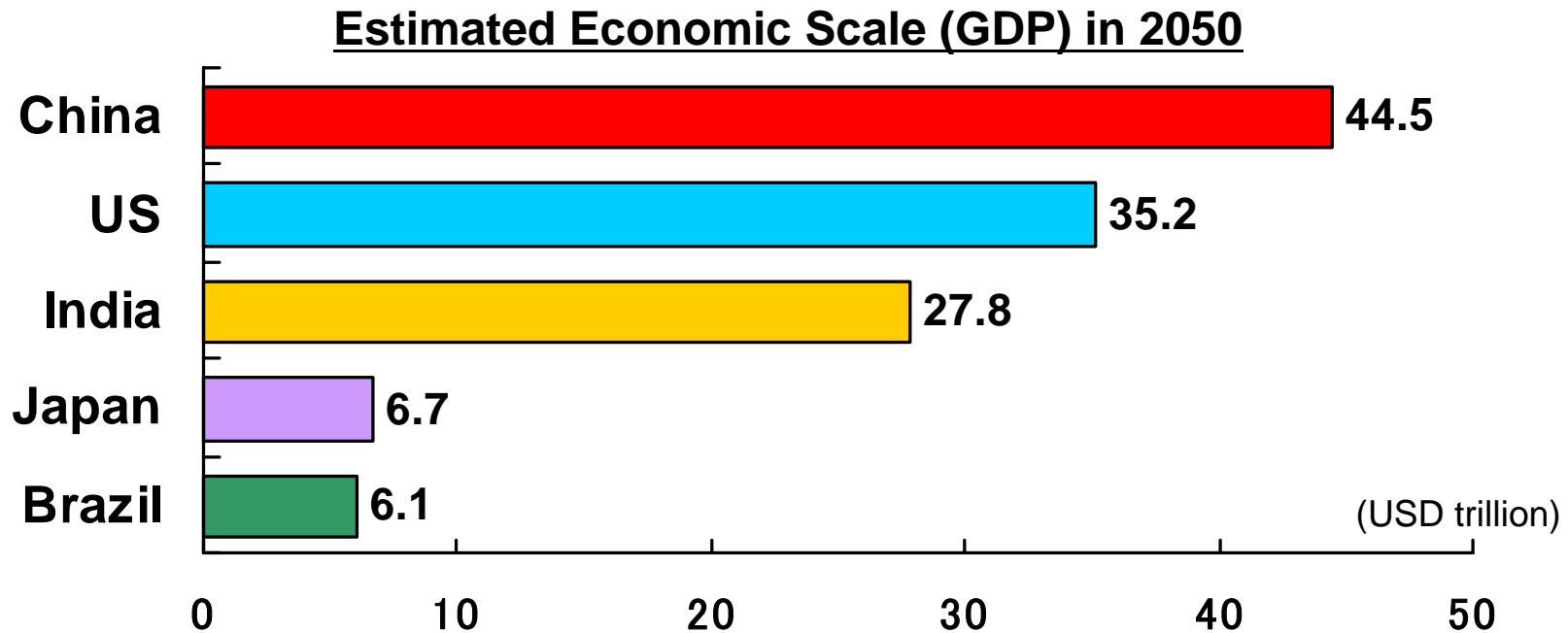
Nominal GDP by Economic Region

Asia is forecasted to grow to a USD 24.4tn economic region by 2015, surpassing NAFTA and the EU as **the world's largest economic region**



Growth Continues in Emerging Countries

Goldman Sachs has estimated the global economic power balance in 2015 as below



Development of overseas businesses is indispensable, in order to enhance earnings opportunities

Asian Emerging Stock Markets Remain in Bullish Territory

Change between the First Day of 2005 and the Latest (Jun. 26)

Index	Change (%)
Nikkei 225	-24.8
Dow Jones	+16.8
DAX (Germany)	+43.0
SENSEX (India)	+153.1
SSE Composite	+78.8
KOSPI (Korea)	+102.3
VN (Vietnam)	+76.7

Change between Sept. 16, 2008 and the Latest (Jun. 26)

Index	Change (%)
Nikkei 225	-25.4
Dow Jones	+13.3
DAX (Germany)	+2.9
SENSEX (India)	+25.1
SSE Composite	+11.9
KOSPI (Korea)	+30.3
VN (Vietnam)	-8.1

Foreign investment was started with the establishment of New Horizon Fund

The SBI Group's foreign investment became full-fledged












2005 2006 2007 2008 2009 2010 2011 2012

1-1. Establishment of Global Investment Structure (SBI Investment etc.)











Started full-fledged overseas investments through global investment structure cooperated with prominent local partners since 2005

Outline of the SBI Group's Overseas JV Funds ①

Fund name	Establishment	Partners
New Horizon Fund 	May 2005	TEMASEK (Investment company for the Singaporean government)
SBI & TH VC Fund 	Jan. 2008	Tsinghua Holdings (Company of the Tsinghua University)
SBI & BDJB China Fund 	Feb. 2008	Peking University Beida Jade Bird Group (Strategic investment arm of Peking University)
Vietnam Japan Fund 	Apr. 2008	FPT (Vietnam's largest high-tech company)
SBI& Capital 22 Fund 	Oct. 2008	Founder of a Taiwanese IT company
SBI Zhaoxin Fund 	Mar. 2009	China Merchants Securities, Resource Capital China, China CITIC Bank
PNB-SBI ASEAN Gateway Fund 	Dec. 2009	PNB Equity Resource Corporation (Malaysian governmental investment management company)
SBI-Islamic Fund 	Jun. 2010	Brunei Darussalam, Ministry of Finance
Jefferies-SBI USA Fund 	Jun. 2010	Jefferies Group, Inc (major U.S. securities company)
SBI-Jefferies Asia Fund 	Jul. 2010	Jefferies Group, Inc (major U.S. securities company)
SBI-METROPOL Investment Fund 	Nov. 2010	IFC METROPOL (Major integrated financial group in Russia)

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

Outline of the SBI Group's overseas JV funds ②

Fund name	Establishment	Partners
INVEST AD/SBI AFRICA FUND 	Jan. 2011	Invest AD (Subsidiary of the Abu Dhabi Investment Council)
INVEST AD/SBI TURKEY FUND 	May 2011	Invest AD (Subsidiary of the Abu Dhabi Investment Council)
SNSI Fund 	Jul. 2011	Shin Kong Group (Major financial group in Taiwan) Nan Fung Group (Major real estate developer in HK)
Kingston/SBI Credence Fund 	Sept. 2011	Kingston Financial Group (Major financial group in HK)
EW SBI Crossover Fund 	May 2012	Edelweiss Financial Services
Fudan University Fund 	Jun. 2012	Fudan Forward
Brazil Fund 	In preparation	Jardim Botânico Investimentos (Brazilian asset management firm)
Cambodia Fund 	In preparation	Royal Group (Largest conglomerate group in Cambodia)
Shanghai Yidian Fund 	Prior to formal agreement	Shanghai Yidian Holding (large state-owned information company directly under the Shanghai Municipal Government)
Nirvana Digital India Fund 	In preparation for formal agreement	Founding family of Patni Computer Systems
Mahindra Satyam Fund	Prior to formal agreement	Mahindra Satyam (Large IT service company in India)
SBI-FMO Asia Financial Services Fund	Recruiting external investors	FMO (Bilateral private sector development bank)

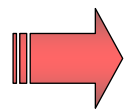
Change in Listed Share Market Cap by Industry in Japan

Finance and Insurance grew significantly amid the high-growth period of the 1960's to become the top ranked industry during the 1970's and into the 1980's.

(Counted in December in each year)

	1960	1965	1970	1975	1980	1985
1	Electric Appliances	Electric Power & Gas	Financial & Insurance	Financial & Insurance	Financial & Insurance	Financial & Insurance
2	Transportation Equipments	Transportation Equipments	Electric Appliances	Electric Appliances	Electric Appliances	Electric Appliances
3	Chemicals	Electric Appliances	Chemicals	Trades	Chemicals	Chemicals
4	Primary Metals	Iron & Steel	Electric Power & Gas	Transportation Equipments	Transportation Equipments	Trades
5	Iron & Steel	Chemicals	Transportation Equipments	Construction	Trades	Electric Power & Gas
6	Foods	Financial & Insurance	Construction	Chemicals	Electric Power & Gas	Transportation Equipments
7	Trades	Trades	Trades	Iron & Steel	Iron & Steel	Construction
8	Textiles	Foods	Iron & Steel	Electric Power & Gas	Machinery	Machinery
9	Electric Power & Gas	Textiles	Machinery	Machinery	Construction	Foods
10	Financials	Land Transportation	Foods	Foods	Foods	Land Transportation

Source: TSE Annual Statistics

 **The emerging market countries are also likely to experience a similar trend to that of Japan**


1-2. Expansion of Overseas Alliances (Financial Service Businesses)

- Aug. 2004  Invested in 2.79% of SW Kingsway, a securities company in Hong Kong


A fund (redeemed), which was jointly established with SW Kingsway in 2004 (SBI's share: 49%), achieved JPY 1,665m cumulative dividends (+110%) from JPY 792m initial investment.
- Sept. 2008  Phnom Penh Commercial Bank, a jointly established bank (with SBI's 40% investment) in Cambodia, started its operations
- Aug. 2009  Invested in 20% of Tien Phong Bank, a commercial bank in Vietnam
- Feb. 2010  Established SBI Phnom Penh Securities (currently SBI Royal Securities) in Cambodia
- June  Invested in 9.99% of Commercial Bank of Ceylon, a Sri Lankan commercial bank
- July  Invested in 7.65% of Tianan Insurance, a insurance company in China
- Feb. 2011  Invested in 2.0% of Hatton National Bank, a Sri Lankan commercial bank
- Apr.  Invested in 20% of FPT Securities, a Vietnamese securities company
-  Invested in 2.74% of Kingston Financial Group, a securities company in Hong Kong
- June  Invested in 50% of OBIBANK, a Russian commercial bank
- July  Invested in 25% of PT BNI Securities, an Indonesian securities company
- Apr. 2012  Invested in USD30m in 0.27% of Haitong Securities, a Chinese securities company

1-3. Expansion of Asian Stocks Lineup (SBI SECURITIES)

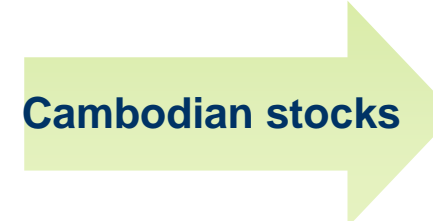
Expand further offerings, in addition to stocks of US, Hong Kong & China, Korea, Russia and Vietnam, which have already been made available



BNI Securities
(25% share)



SBI Royal Securities
(71% share)



Japan

SBI証券



**2.41m accounts
as of the end of
May 2012**

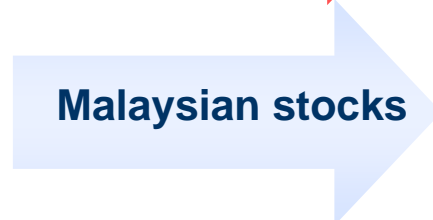
Newly announced alliances: developing systems for start-up



PhillipCapital Group
(Announced on Jan. 31, 2012)



OSK Investment Bank
(Announced on Jan. 31, 2012)



1-4. Enhancement of Information Availability on Emerging Countries (Overseas financial content businesses)

Searchina
(became a wholly owned subsidiary in Feb. 2010)



Japan's largest internet-based provider of information on China, with 100 million page views per month and 4.76 million monthly unique users (as of May 2012)

China Securities Journal
(launched in Aug. 2011)

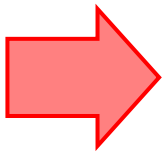


Japanese language version of Chinese economic and financial news articles published by the "China Securities Journal" - one of the three leading economic journals in China

EMeye
(launched in Nov. 2011)



A new type of web media established by Morningstar Japan, delivering its unique perspectives economic and investment features on emerging countries



Helping to enrich traditionally insufficient information on emerging countries for Japanese investors

1-5. Listing on the Hong Kong Stock Exchange As First Japan-based Company (SBI Holdings)

-First case of HDR listings with new share issuance as well-



Listing market

Main Board of the Hong Kong Stock Exchange (code: 06488)

Listing Date

April 14, 2011

Advantages of the HKEx listing for SBI Holdings

- Diversified procurements for financing
- Increase of exposure and brand recognition in China and other Asian emerging market countries
- Enhanced access to China-based companies that may lead to business opportunities for the SBI Group

2. Worldwide Stock Markets' Decline Post the Lehman Shock, and the Consequently Weakened Capital Markets

Group-wide Strategy (2):

Developing new businesses unrelated to the stock markets and diversifying and enhancing earning potential of each businesses

Business Strategies of Group Companies:

- 2-1. Efforts to Diversify Revenue Sources (SBI SECURITIES)**
- 2-2. Further Pursuance of "Value Creation" (SBI Investment)**
- 2-3. Active Development of Biotechnology-related Business (SBI Biotech and SBI Pharmaceuticals etc.)**

Stock Prices Fell Around the World Including Emerging Countries After the Lehman Shock

Rates of Decline from the Highest Prices since the Lehman Shock (Sept. 16, 2008)

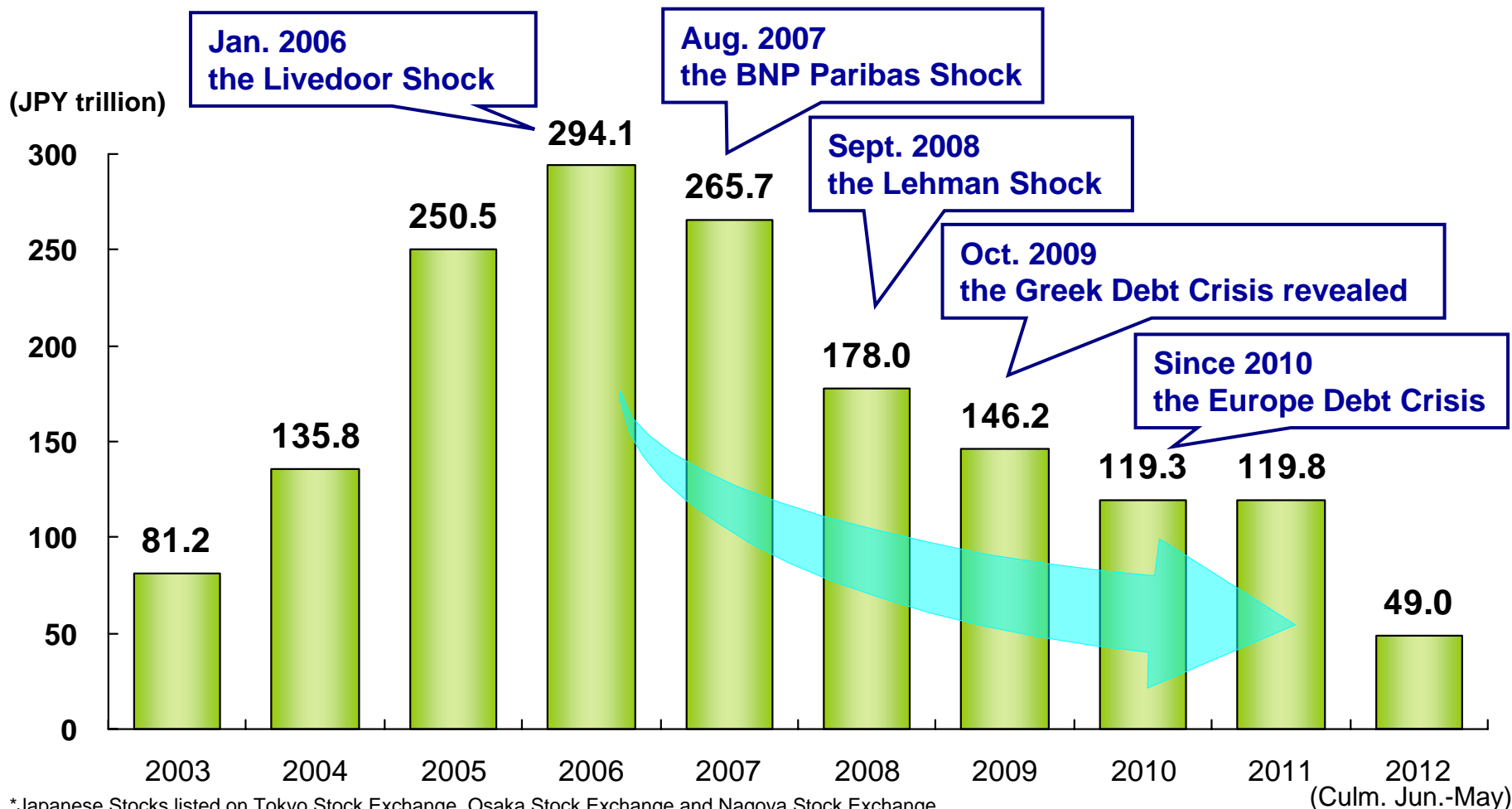
	The highest price during the term (date)	Current price (Jun. 26)	Change (%)
Nikkei 225	12,115.03 (09/24/08)	8,663.99	-28.5
Dow Jones	12,807.36 (05/02/12)	12,534.67	-5.6
DAX (Germany)	7,527.64 (05/02/11)	6,136.69	-18.5
SENSEX (India)	21,004.96 (11/05/10)	16,906.58	-19.5
VN (Vietnam)	624.1 (10/22/09)	419.19	-32.8
SSE Composite	3,471.442 (08/04/09)	2,222.07	-36.0

Source: Bloomberg

As the Greek debt crisis remains tense, expectations for a world economic recovery to pre-Lehman Shock levels remain low

Change in Average Daily Individual Brokerage Trading Value (3 markets total*)

The trading value in 2011 shrunk by 59.3% compared 2006 when it recorded a peak level during the period in the graph



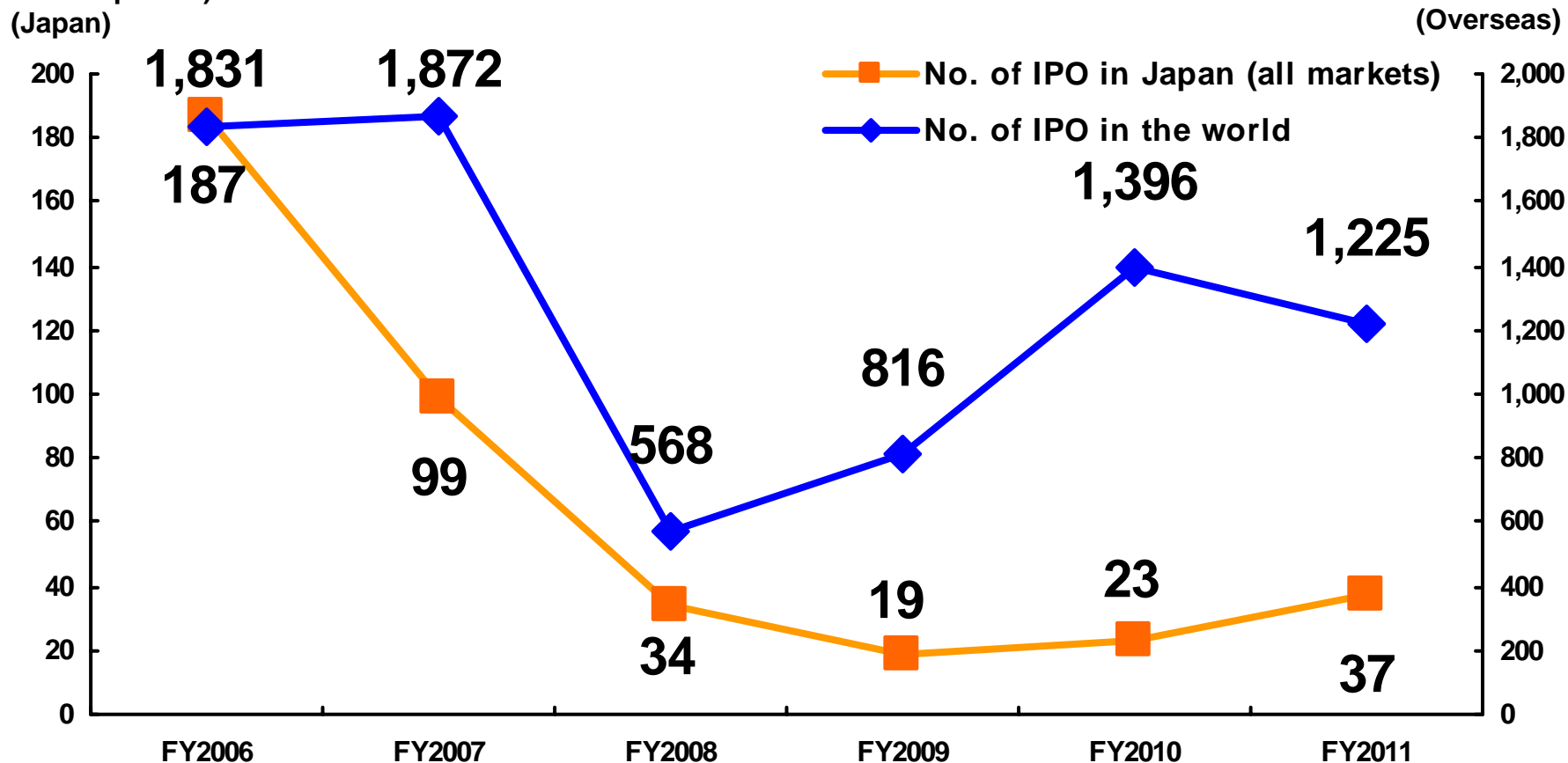
*Japanese Stocks listed on Tokyo Stock Exchange, Osaka Stock Exchange and Nagoya Stock Exchange (Including TSE Mothers, OSE JASDAQ and NSE Centrex)

Capital Market Functions Weak

~Despite the recovery in Japan's IPO Markets for FY2011, the World IPO Market is Expected to Remain Weak, Primarily Owing to the Emerging Markets~

Change in the Number of Domestic and Overseas IPO Companies

(Unit: companies)



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

Business Strategies of Group Companies: 2-1. Efforts to Diversify Revenue Sources (SBI SECURITIES)

- (i) Establishment of SBI Liquidity Market**
- (ii) Development of Investment Trust Related Business**
- (iii) Expanding Futures and Options Trading**

(i) Establishment of SBI Liquidity Market

SBI Liquidity Market

Provides FX market infrastructure

Started operations on Nov. 17, 2008

SBI証券

Provides FX trading opportunities for individual investors

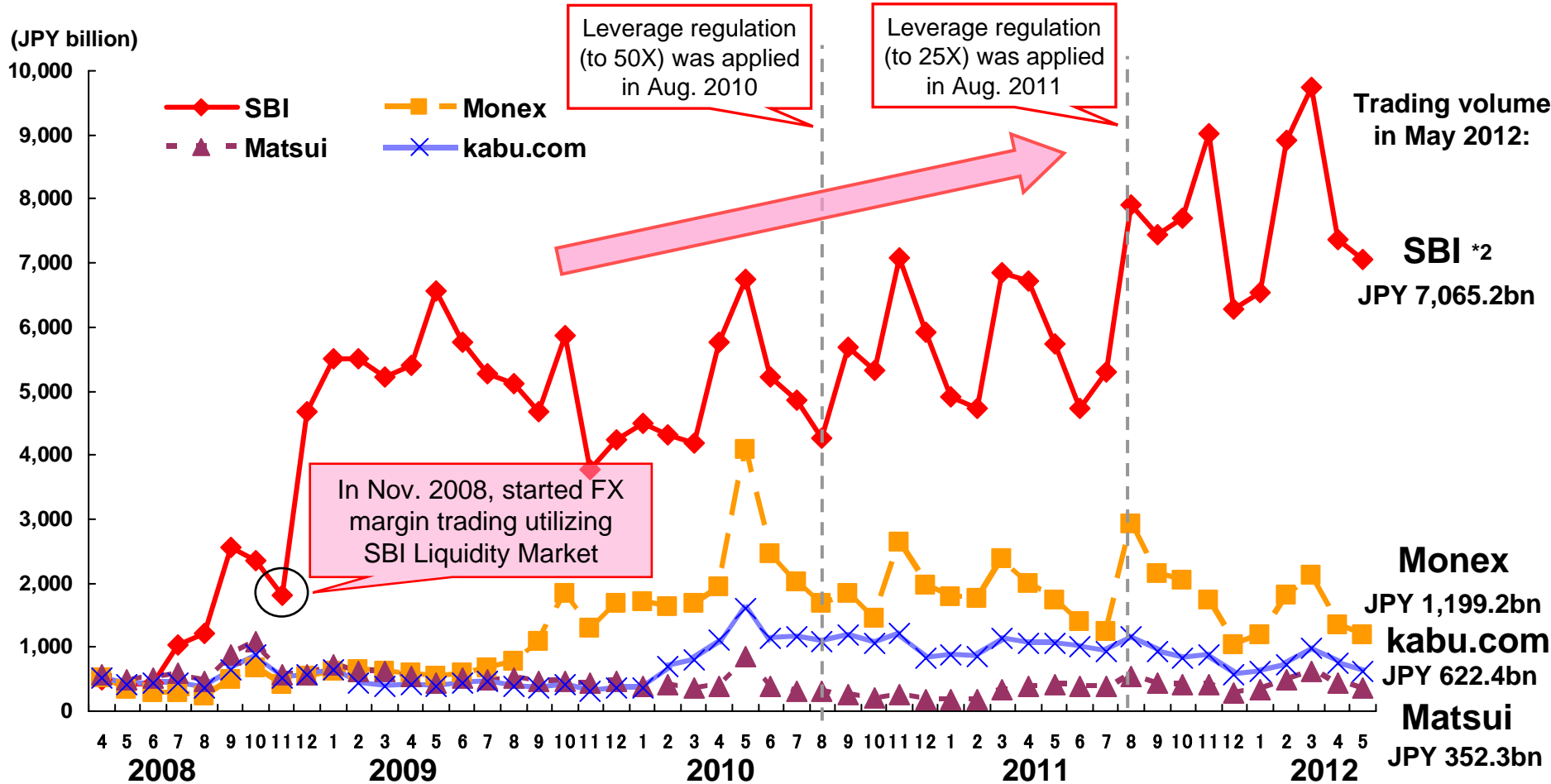
<Profit Contribution from SBI Liquidity Market> (JPY billion)

	Initial FY FY2008 (2H)		Cumulative total (from its inception to FY2011)
	Initial target	Results	
Operating profit of SBI Liquidity Market	0.4	0.84	7.82
Contribution to SBI SECURITIES' operating profit	0.8	1.83	19.29
Total	1.2	2.67	27.1

*rounded off to two decimal places

Contributed significant profits to the Group, far beyond initial targets

Foreign Exchange 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)

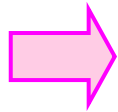
*2 Trading value from Nov. 2008 to Feb. 2009 is the total of "SBI FX" and "SBI FX α"

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

SBI SECURITIES has Commenced “FX Transaction on Pledged Shares Service”

(Launched on May 14, 2012)

Clients can pledge their stocks at SBI SECURITIES account,
as well as cash, as collateral for their FX transactions



**Captures clients' share assets from the major securities companies,
and further promotes FX transactions**

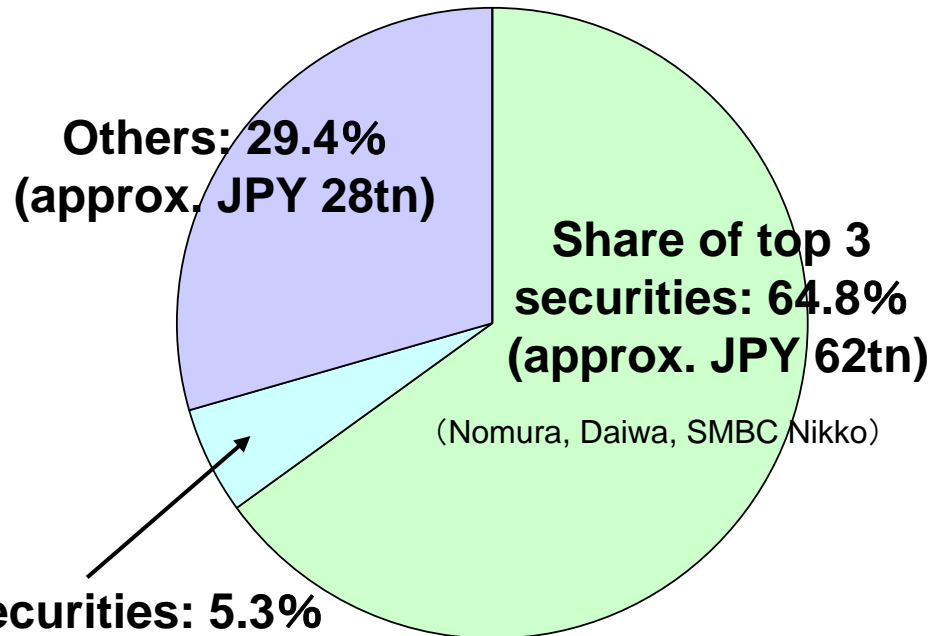
[Customer Assets at Major Securities Companies (Stock)]



May 23, 2012 “The Nikkei” newspaper morning edition

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

(SBI, Monex, Matsui)



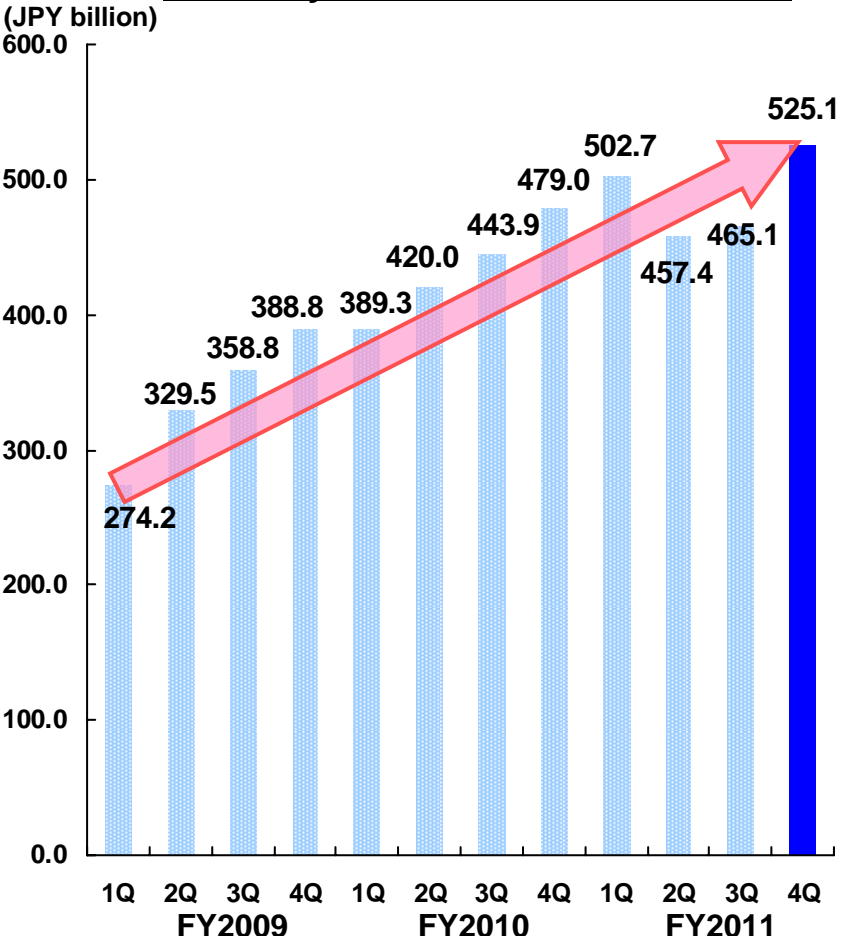
(as of the end of Sept. 2011)

*Source: KINZAI Weekly Jan. 2, 2012

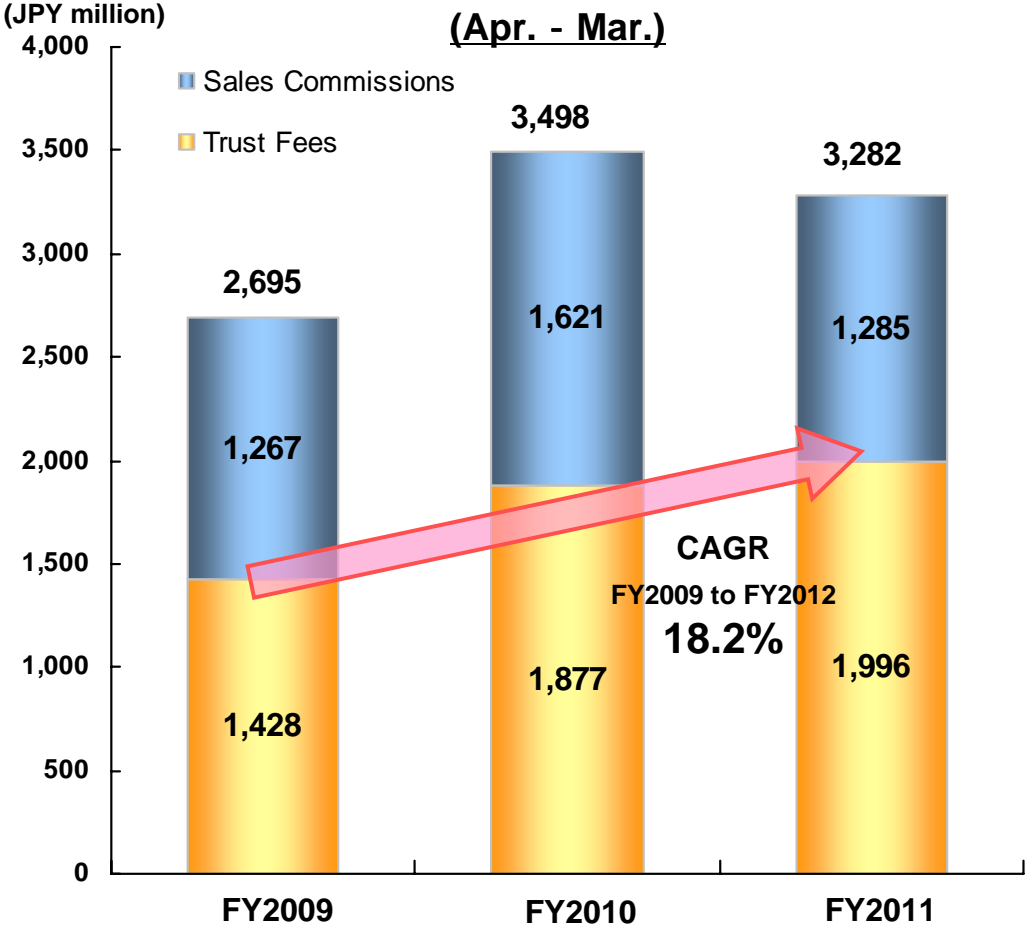
(ii) Development of Investment Trust Related Business

Trust fees increased according to the accumulation of investment trust balance

Quarterly Investment Trust Balance



Revenues from Investment Trust Business (Apr. - Mar.)

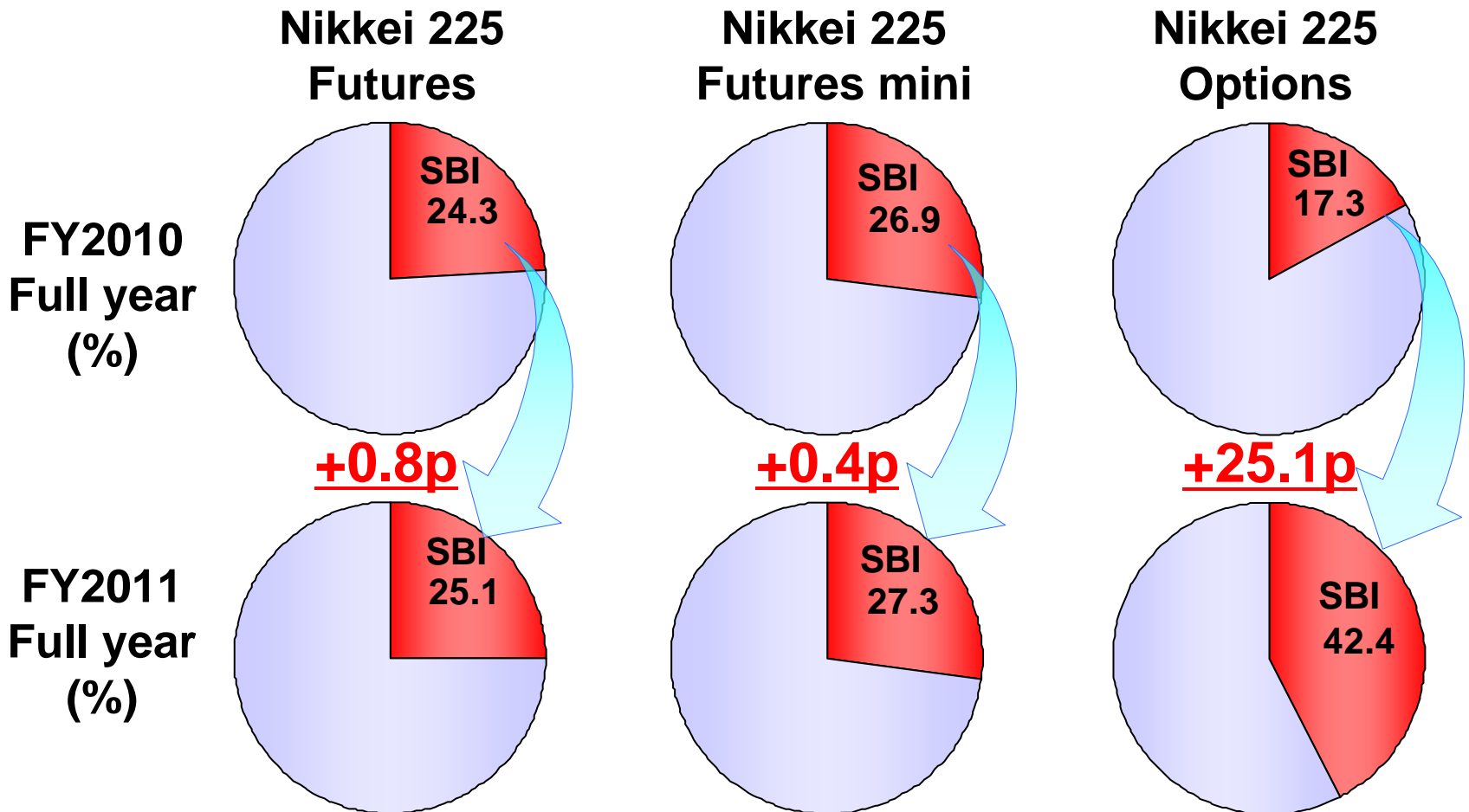


* Includes MMF, deposits of Chinese Fund and deposits of face-to-face accounts

* Sum of sales commissions and trust fees (trust fees include MRF) 24

(iii) Expanding Futures and Options Trading

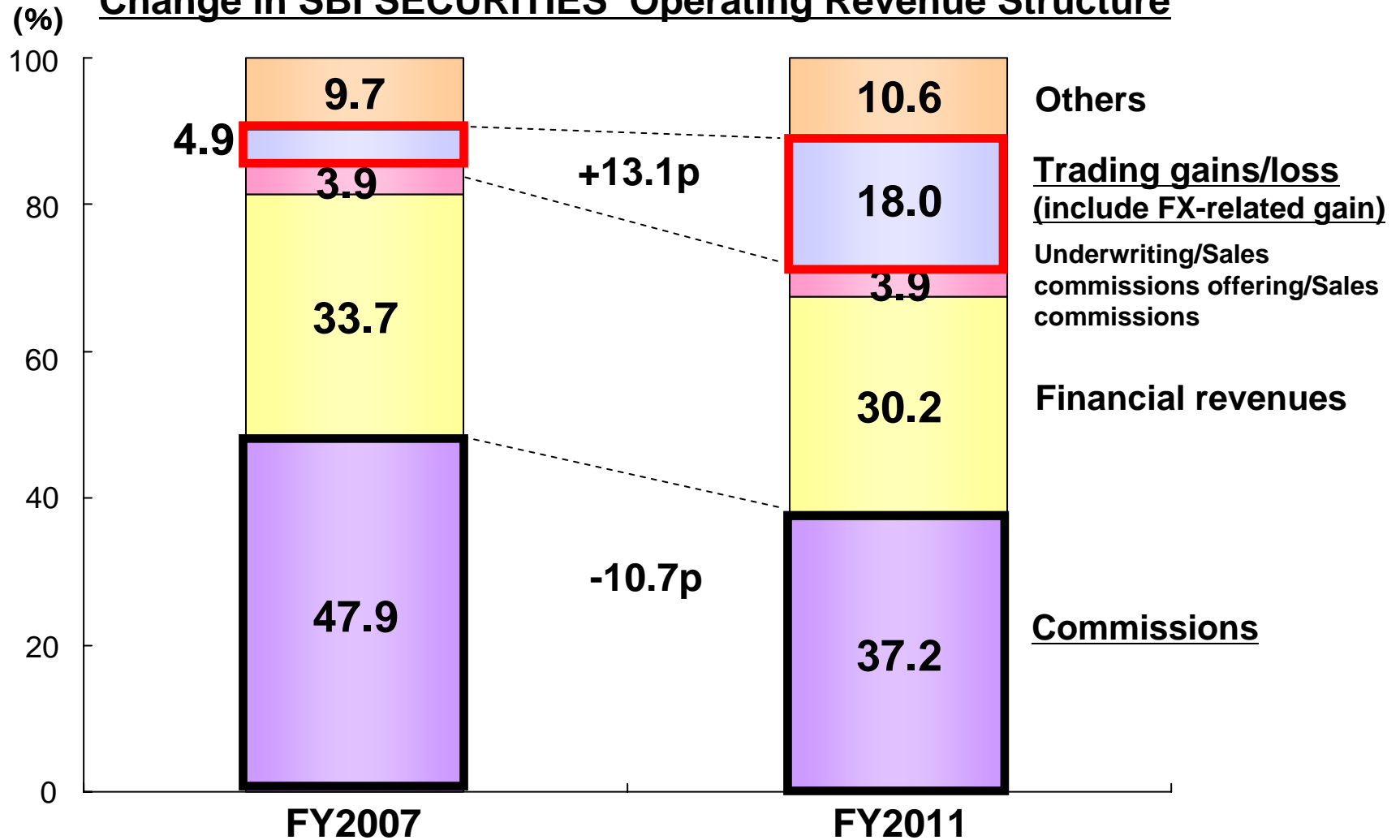
Specifically, the share of Nikkei 225 Options trading rose sharply to over 40%.



* Calculated based on the share of SBI SECURITIES to the total individual brokerage trading volume disclosed by the Osaka Stock Exchange 25

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' 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

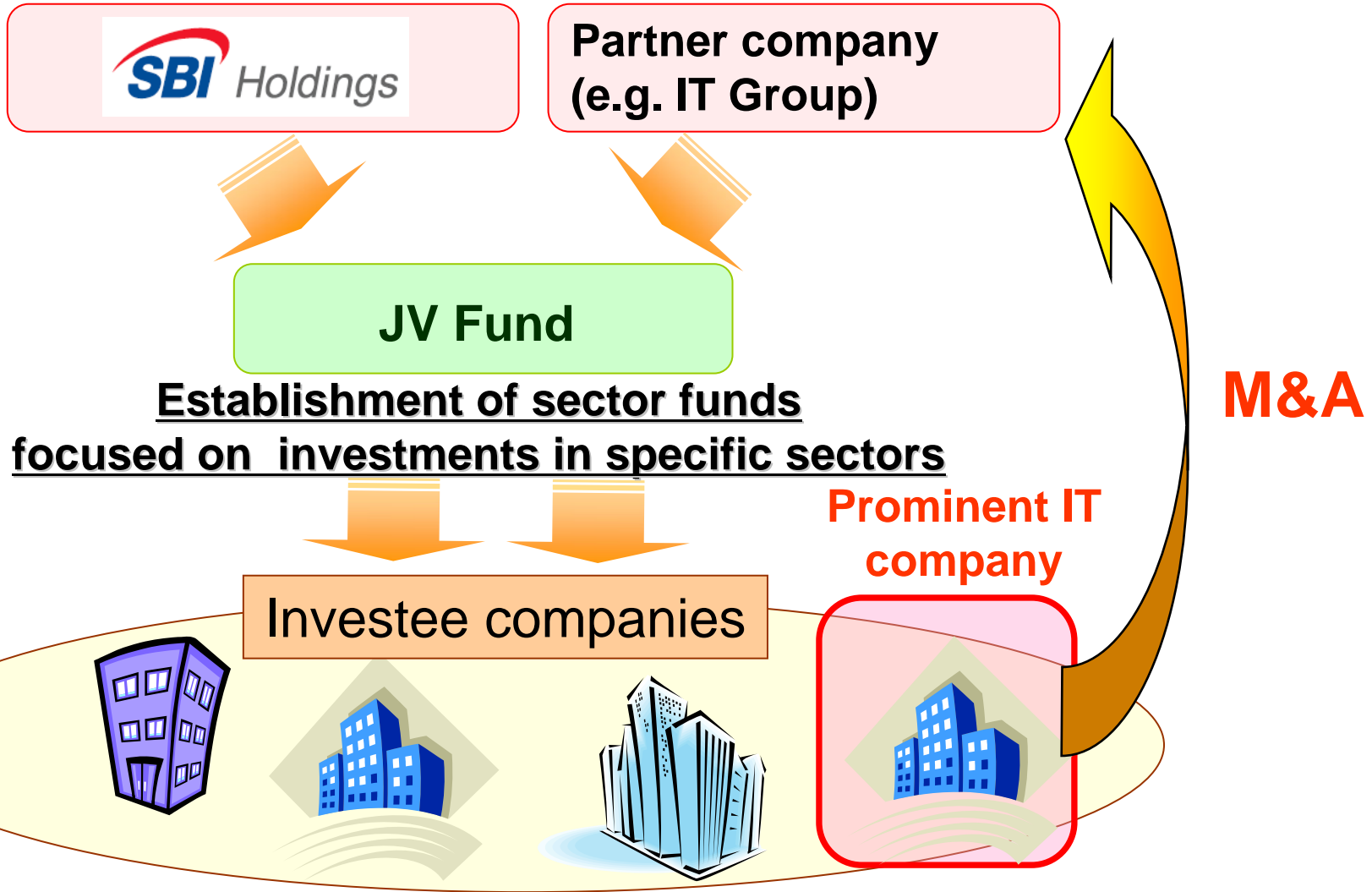
*4 Figures of Nomura are based on the U.S. accounting standard, and Net Revenue (excluding financial cost) is substituted for Net Operating Revenues 27

Business Strategies of Group Companies: 2-2. Further Pursuance of "Value Creation" (SBI Investment)

- (i) Creating Sector Funds to Heighten the Possibility of an Early Exit**
- (ii) Realization of Higher Profits through Thoroughly Managed M&A "Value Creation"**

(i) Creating Sector Funds to Heighten the Possibility of an Early Exit

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



→ 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**   **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.

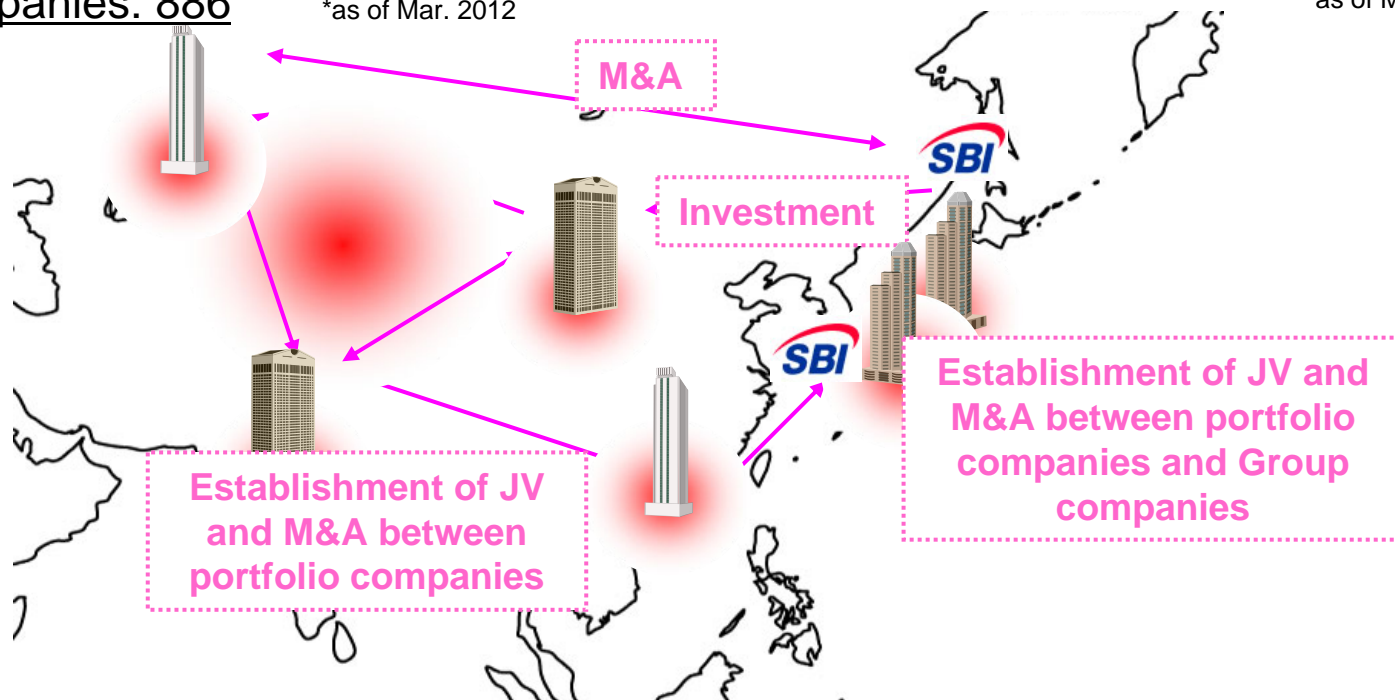
Newspaper article

(ii) Realization of Higher Profits through Thoroughly Managed M&A "Value Creation"

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

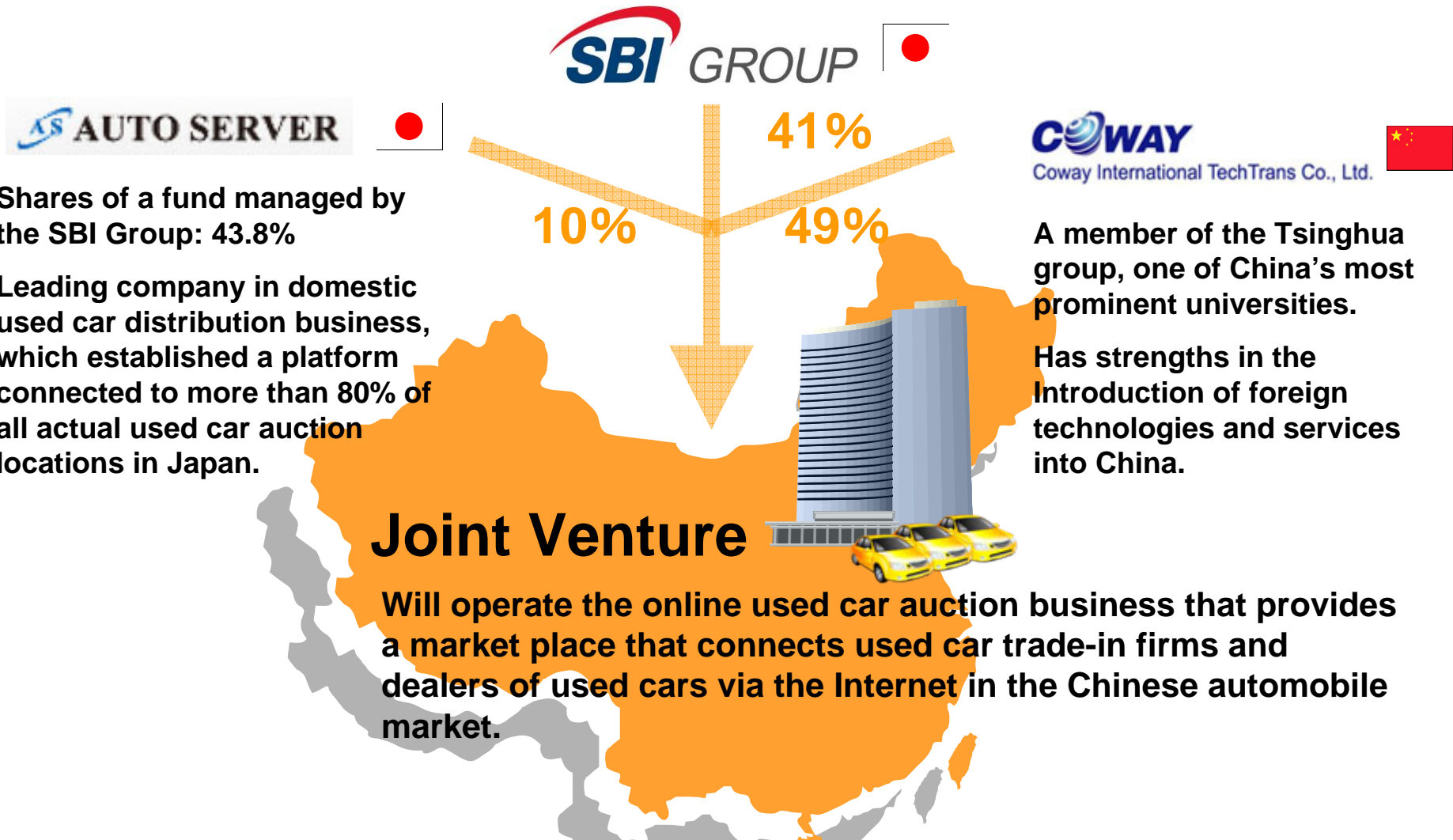
Number of the Group companies: 140 *as of Mar. 2012



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

An Example of Value Creation: AUTO SERVER, a investee

Auto Server, prior to its planned IPO in Taiwan, established a joint venture to hold online used car auctions in China, a new overseas business



Business Strategies of Group Companies: 2-2. Active Development of Biotechnology- related Business

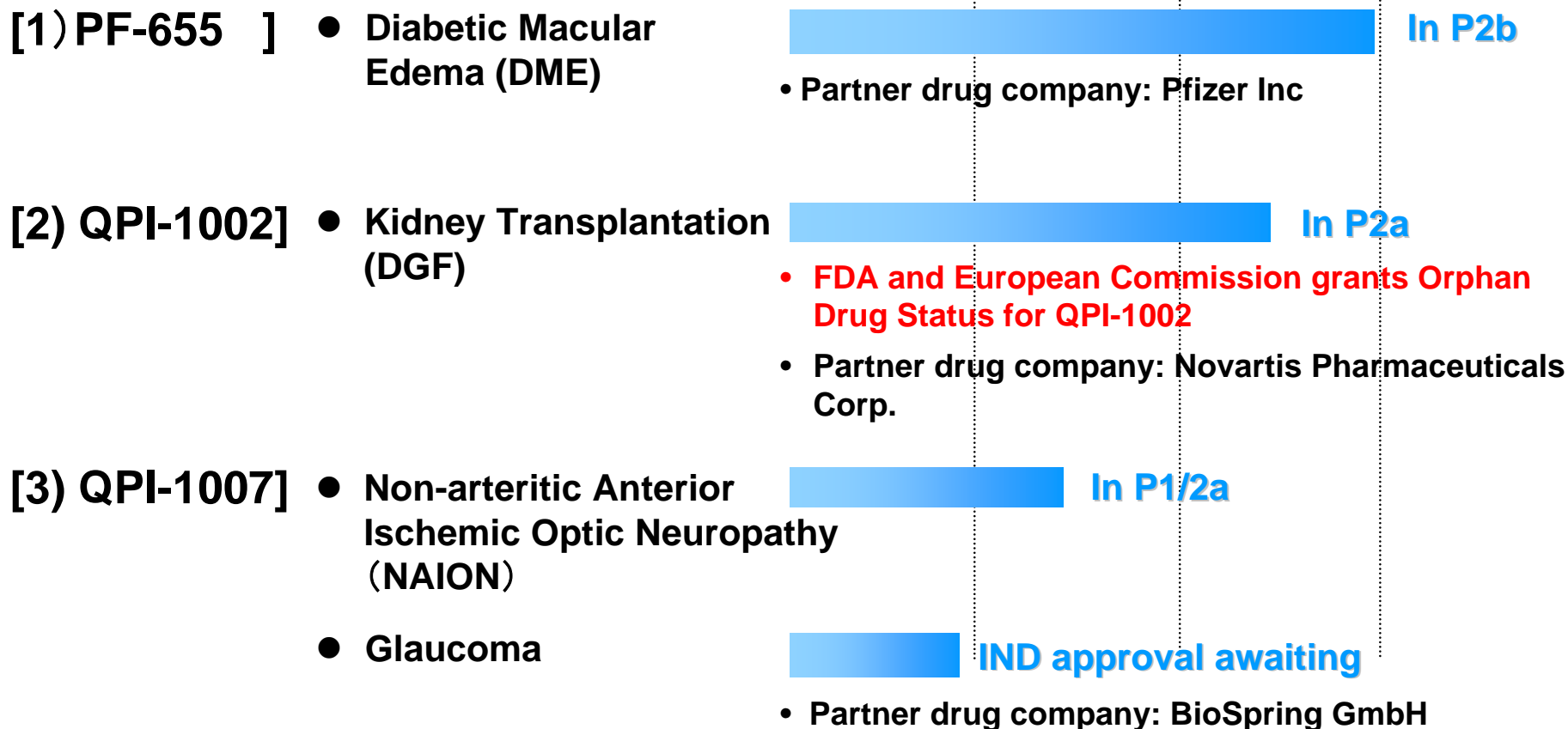
- (i) Drug Development Stage of Biotechnology-related Investee Companies**
- (ii) SBI Biotech - Moving Ahead in the Business of Developing New Drugs**
- (iii) The Rapidly Growing 5-ALA Related Businesses**

(i) Drug Development Stage of Biotechnology-related Investee Companies ①

Development	Phase I	Phase II	Phase III
-------------	---------	----------	-----------

USA Quark Pharmaceuticals

(Date of investment: Dec. 2005, SBI's shareholding: 42.57%)



* SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group. 35

(i) Drug Development Stage of Biotechnology-related Investee Companies ②

Development	Phase I	Phase II	Phase III
-------------	---------	----------	-----------

USA Acucela (Date of investment: Oct. 2003, SBI's shareholding: 15.27%)

[1) ACU-4429]

- Dry Advanced Macular Degeneration (AMD)

In P2a

- Received FDA Fast Track Designation for ACU-4429
- Partner drug company: Otsuka Pharmaceutical Co., Ltd.

In preparation for listing on TSE Mothers based on year-end Dec. 2012

Oct. 31st issue of Nikkei Business included an article on the drug as a high profile study - "100 Most Influential People; the Creators"

[2) Rebamipide]

- Dry Eye

In preparation for P3

[3) OPA-6566]

- Glaucoma

In P1/2

- Partner drug company: Otsuka Pharmaceutical Co., Ltd.

Largest shareholder

USA Kadmon (Date of investment: Aug. 2010, SBI's shareholding: 16.80%)

-LIVER AILMENT PIPELINE

[1) KD025]

- Rho-associated coiled-coil kinase 2

In P1

-ADVANCED ONCOLOGY PIPELINE

[2) KD032]

- Ras antagonist

In P2

A bio venture company, engaging in projects to develop therapeutic agents specialized for cancer and immunologic diseases
~Targeting an IPO in 2013 with Mizuho Securities as the lead manager~

➤ Joint projects in collaboration with overseas bio venture companies and bioresearch laboratories

Promoting new drug development by acquiring license rights for R&D of projects from bio venture companies and bioresearch laboratories all over the world.

Examples of business collaboration partners:

- Chinese pharmaceutical development venture company, Huapu
- U.S. Baylor Research Institute
- Korean new drug development venture company, CrystalGenomics, Inc.



A potential business alliance with a pharmaceutical company is under review

➤ **Self-development projects**

Development of new antibody and anticancer drugs to treat autoimmune disease and cancer



Targeting the conclusion of license agreements with major pharmaceutical companies in several fields

(Example) In September 2008, signed a license agreement with the AstraZeneca Group, one of the leading pharmaceutical groups in Europe

Newspaper article

(The Nikkei, September 2, 2008)

With the Advantage of a Global Network, the Next Generation Bio-pharmaceutical Drug Discovery Projects Continue to Progress①

➤ Business partnerships with overseas biotech-venture firms and research institutes

● Immune moderation medicine (nucleic acid)



- Project on GNKG168: Clinical phase I test is in progress in the U.S. Also, in preparation of clinical tests, owing to the requisition for the adhibition to acute leukemia in childhood by a North American research group.
- Project on GNKS356: Promoting joint research and development, preclinical test is in progress in China and Japan. Also in negotiations with foreign pharmaceutical companies.

● Immuno-cell therapy (dendritic cell therapy)



Clinical phase II in patients with melanoma is in progress in the U.S. In Japan, clinical research in patients with melanoma at Kyoto University Hospital since July 2011.

With the Advantage of a Global Network, the Next Generation Bio-pharmaceutical Drug Discovery Projects Continue to Progress②

➤ Internal projects

The Nikkei Industrial Newspaper's "Bio-Ishin" on May 14 featured a number of SBI Biotech's projects

● R&D of immune body for cancers and autoimmune diseases

- Project on Anti-ILT-7 antibody: Gave global development and commercialization rights to MedImmune, the global biologics unit of AstraZeneca. They are planning to develop a treatment for auto immune disease.

- Project on Anti-BST2 antibody: In tie-up negotiations with prominent domestic and overseas pharmaceutical companies

Furthermore, we discovered a new antibody and filed an international patent application.

● Development of new anticancer drug

SBI Biotech filed an international patent application in April 2010 for a lead compound (new candidate drug compound) discovered in partnership with CrystalGenomics Inc. of South Korea. A Japanese patent application was also filed in March 2011 for a lead compound discovered in partnership with a biotechnology venture in Japan. Preclinical test is currently in progress.

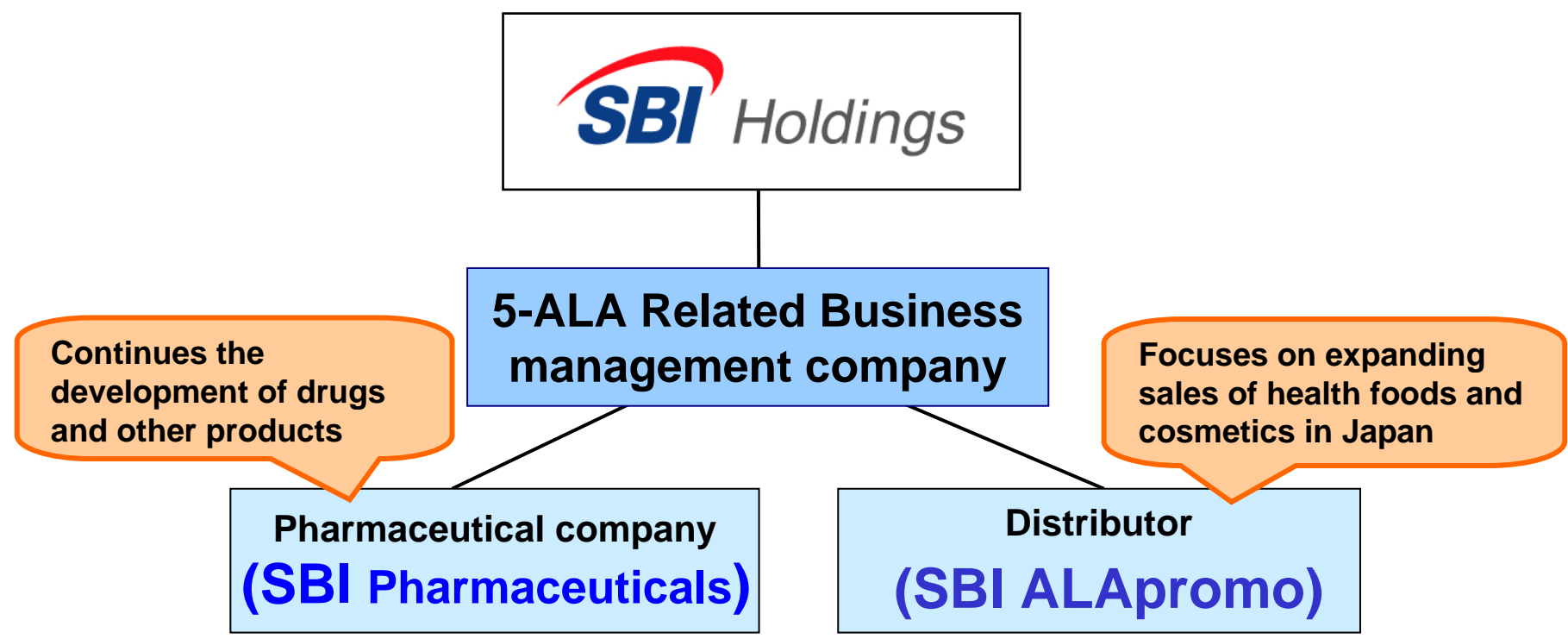
Newspaper
article

(iii) Development of 5-ALA Related Businesses

~Change in 5-ALA Business-related Organizations~

Clinical testing (phase 3) for the intraoperative diagnostic agent was completed - which means it may acquire a drug approval. 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 businesses were separated, to focus independently on 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>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 and 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)

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)

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

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

(Apr. 10, 2012 “The Nikkei”
morning edition)

Publication of the Results of Clinical Studies on the Relationship between 5-ALA and Glucose Levels (University of Hawaii)

The University of Hawaii, Manoa Group, has recently published the results of clinical studies on the relationship between 5-ALA and glucose levels of subjects with prediabetes (people who are not diabetic now but are at a risk of developing diabetes in the future) in the electronic edition of the U.S. science journal, *Clinical and Translational Science*.

<Summary of the report>

- A clear decrease in glucose levels was observed among those who took 5-ALA after they underwent the oral glucose tolerance test (OGTT).
- A significant decrease in glucose levels was observed among those who took high level of 5-ALA.

Researchers of the University of Hawaii concluded their paper with the words, “Further investigation of 5-ALA as a dietary supplement in relation to wellness, diabetes and its complications is heartily encouraged.”

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>

Joint researches are underway with Japanese and overseas universities on other several themes

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

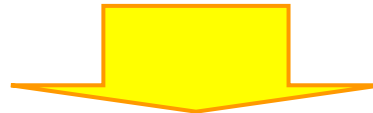


Bahrain Government



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.

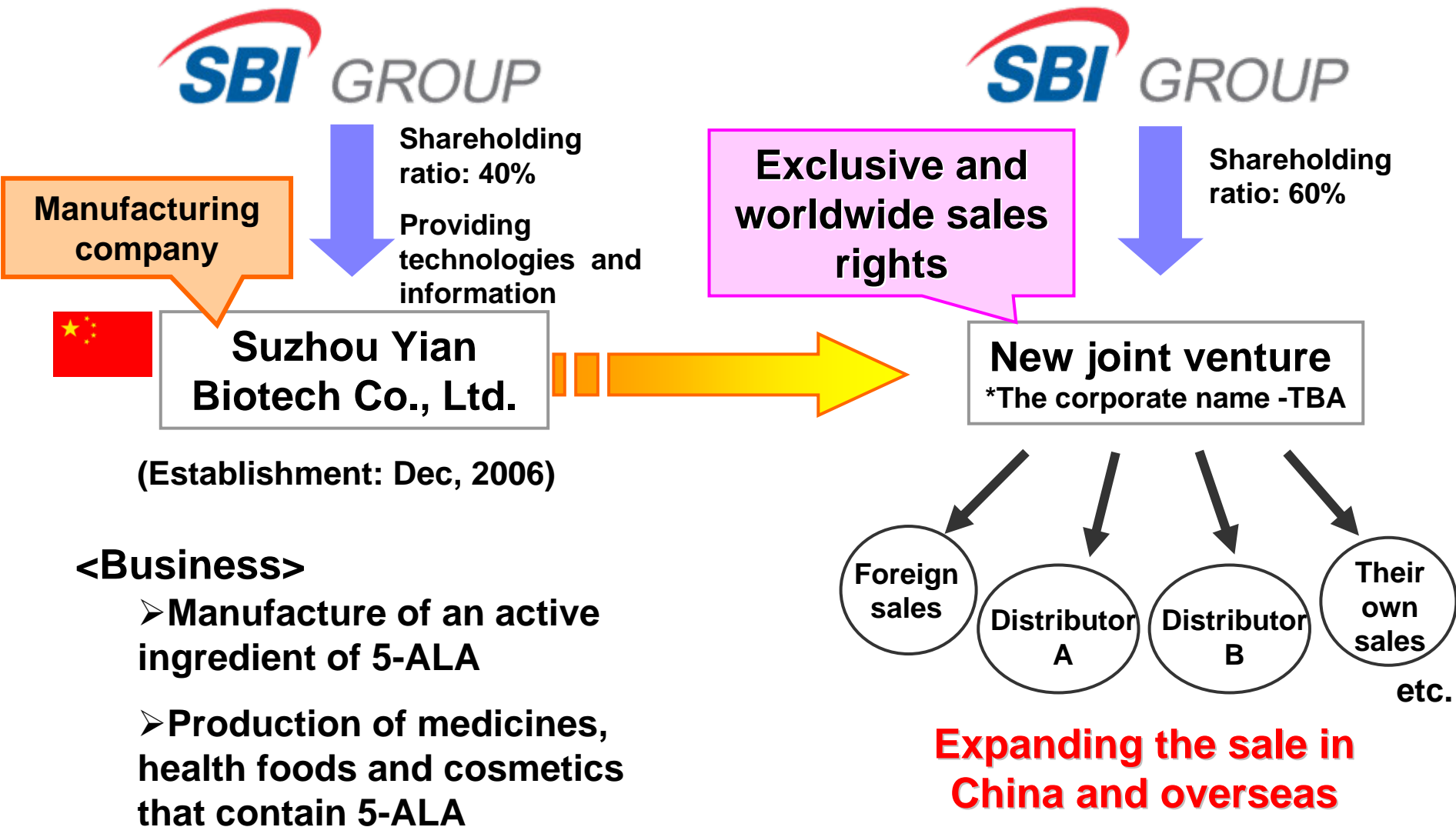


SBI Pharmaceuticals will continue to explore the potential of a wide range of 5-ALA's clinical applications, starting with a joint clinical trial with Bahrain Defence Force Royal Medical Services Military Hospital (headquartered in Riffa), a Bahraini public hospital.



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.

Investments in Chinese Bioventure Yian Biotech and Establishment of a New Joint Venture



<Business>

- Manufacture of an active ingredient of 5-ALA
- Production of medicines, health foods and cosmetics that contain 5-ALA

*The scheme above assumes that approval and licenses from the related Chinese authorities will be obtained.

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)

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



China

Establishment of JV to expand 5-ALA Businesses



Korea

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

December 2012



Philippine

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

Preparing for 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

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

3. Competitive Intensification in Each Business Area

Group-wide Strategy (3):

**Thorough Adherence to Fundamentals and the Creation of a
Differentiation Strategy**

Business strategies of group companies:

**3-1. The End of the Commission Rate Race and the Beginning of a New
Differentiation Strategy**

(SBI SECURITIES and SBI Japannext)

**3-2. Toward the Development of a New Customer Segment in the FX
Business, the Establishment of SBI FXTRADE**

(SBI Liquidity Market and SBI FXTRADE)

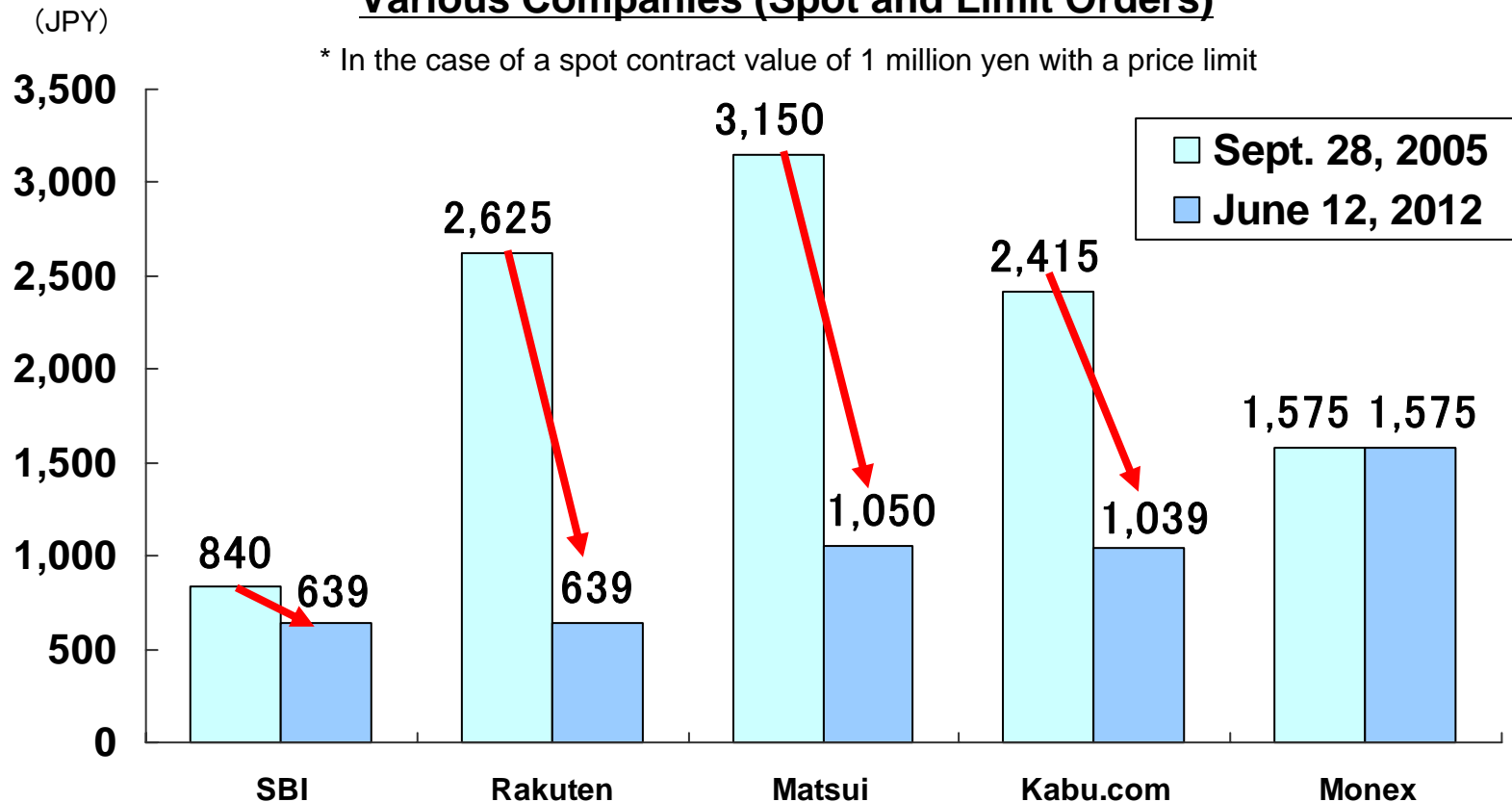
3-3. Further Expansion of Synergy Effect

(i) SBI Sumishin Net Bank

(ii) SBI Insurance

Intensifying Competition in Stock Trading Fees

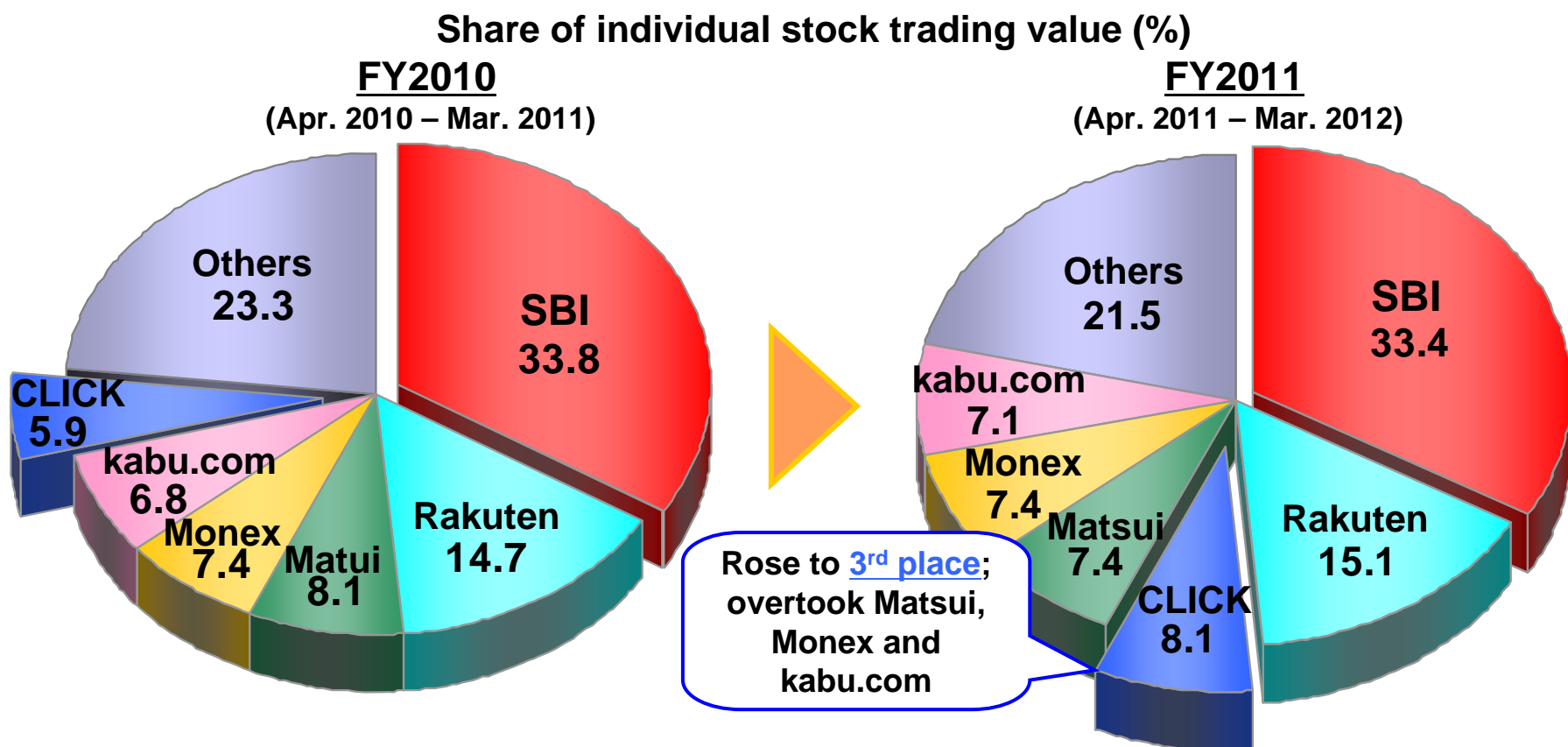
Comparison of the Stock Brokerage Commissions of Various Companies (Spot and Limit Orders)



- * 1. The above figures represent commissions on the contracted amount per order in a spot trade with a price limit.
- 2. Commission charged on the total contract value on the day (no commission charged per trade)
- 3. Special promotional commissions are not included.
- 4. Commission systems differ depending on each firms. Figures above are just an example of them.

Competitive Intensification in the Online Securities Industry, Prompted by a Rise of an Emerging Securities Company

GMO CLICK Securities, Inc. increased its share of brokerage commissions from private investors for FY2011, through the introduction of industry-lowest levels of brokerage commission rates achieved by self-development of its own online trading system.



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.

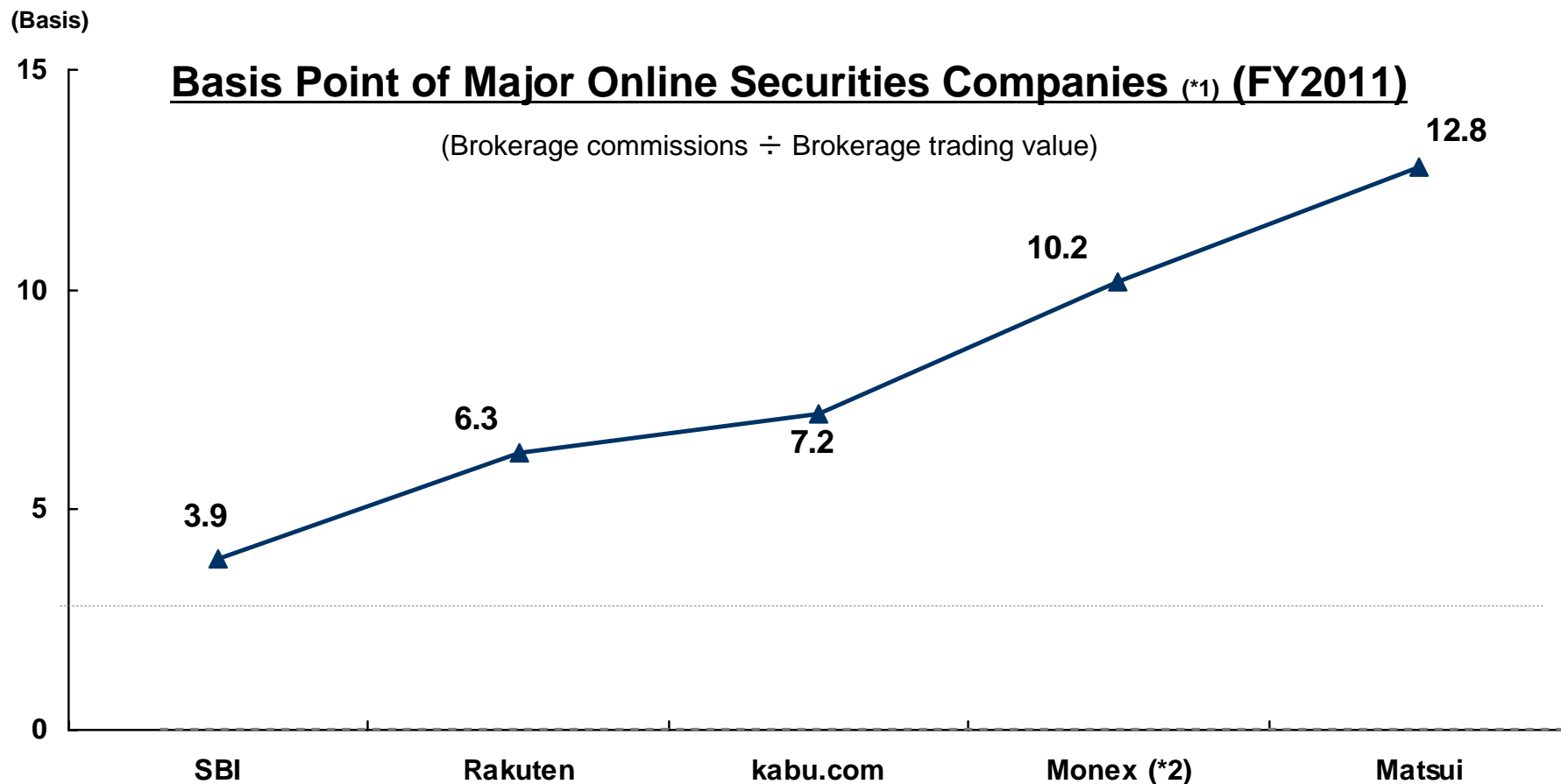
* The number of SBI SECURITIES are based solely on the Internet division.

Business strategies of group companies:

3-1. End of the Fee Race and Differentiation Strategies (SBI SECURITIES and SBI Japannext)

- (i) Maintaining Overwhelmingly Low Trading Commission Rates**
- (ii) Providing Enhanced Securities Services**
- (iii) Introducing SOR Execution System at the PTS**
- (iv) Opening a New Trading Market, “X-Market”**
- (v) Increasing Customers through the Continuance of a High Level of Customer Satisfaction**

(i) Maintaining Overwhelmingly Low Trading Commission Rates



*1 Major online securities companies are SBI SECURITIES, Rakuten, kabu.com, Monex and Matsui

*2 As for Monex, the figure is calculated on a non-consolidated basis

Source: Compiled by SBIH from information available on websites of each company
 Brokerage commissions are based on the figures mentioned on each companies' earnings summaries
 As for SBI SECURITIES, the fees gained from face-to-face trading are excluded

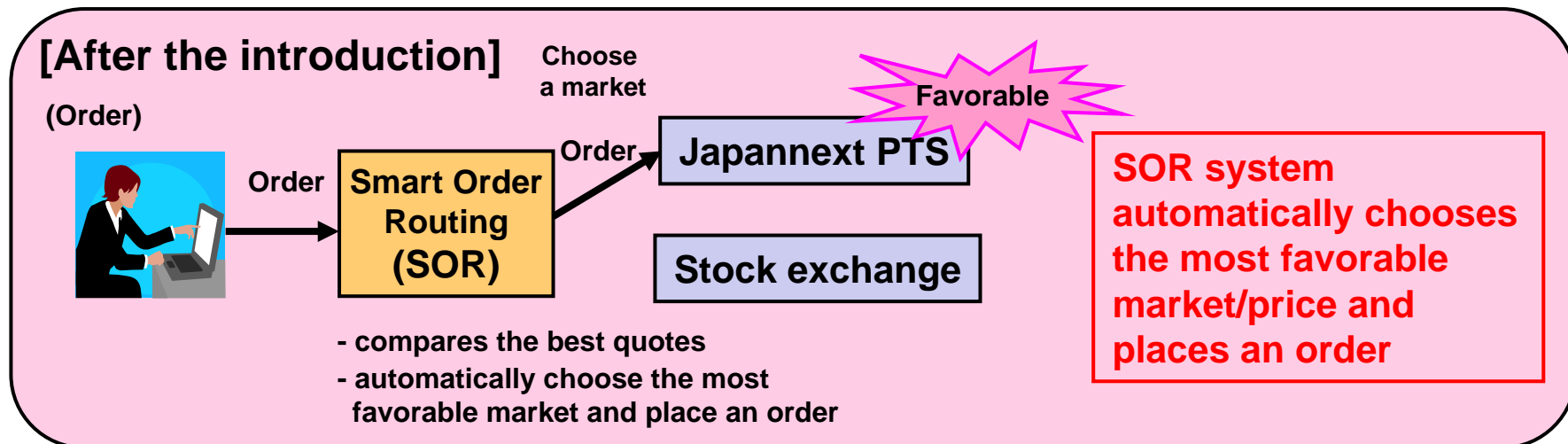
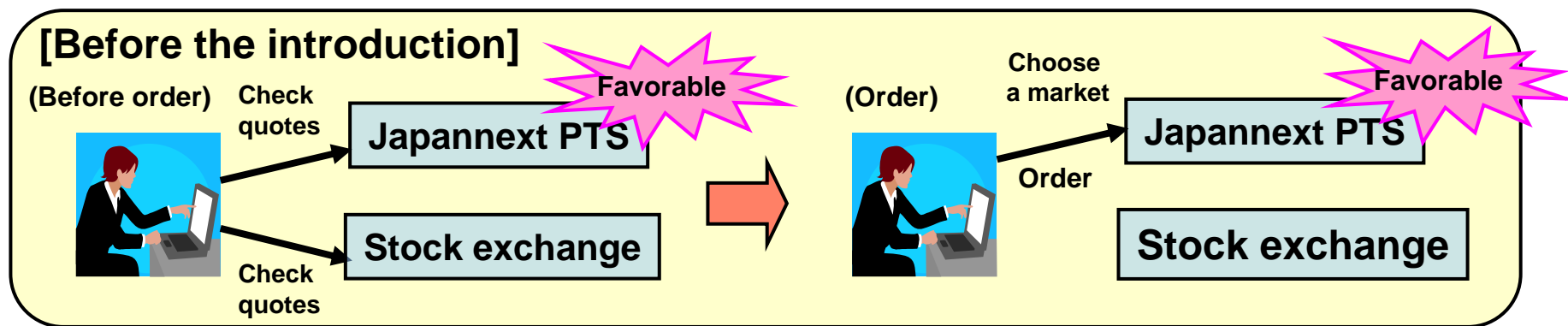
(ii) Providing Enhanced Securities Services



(iii) Introducing SOR Execution System at the PTS

(Launched in June 2011)

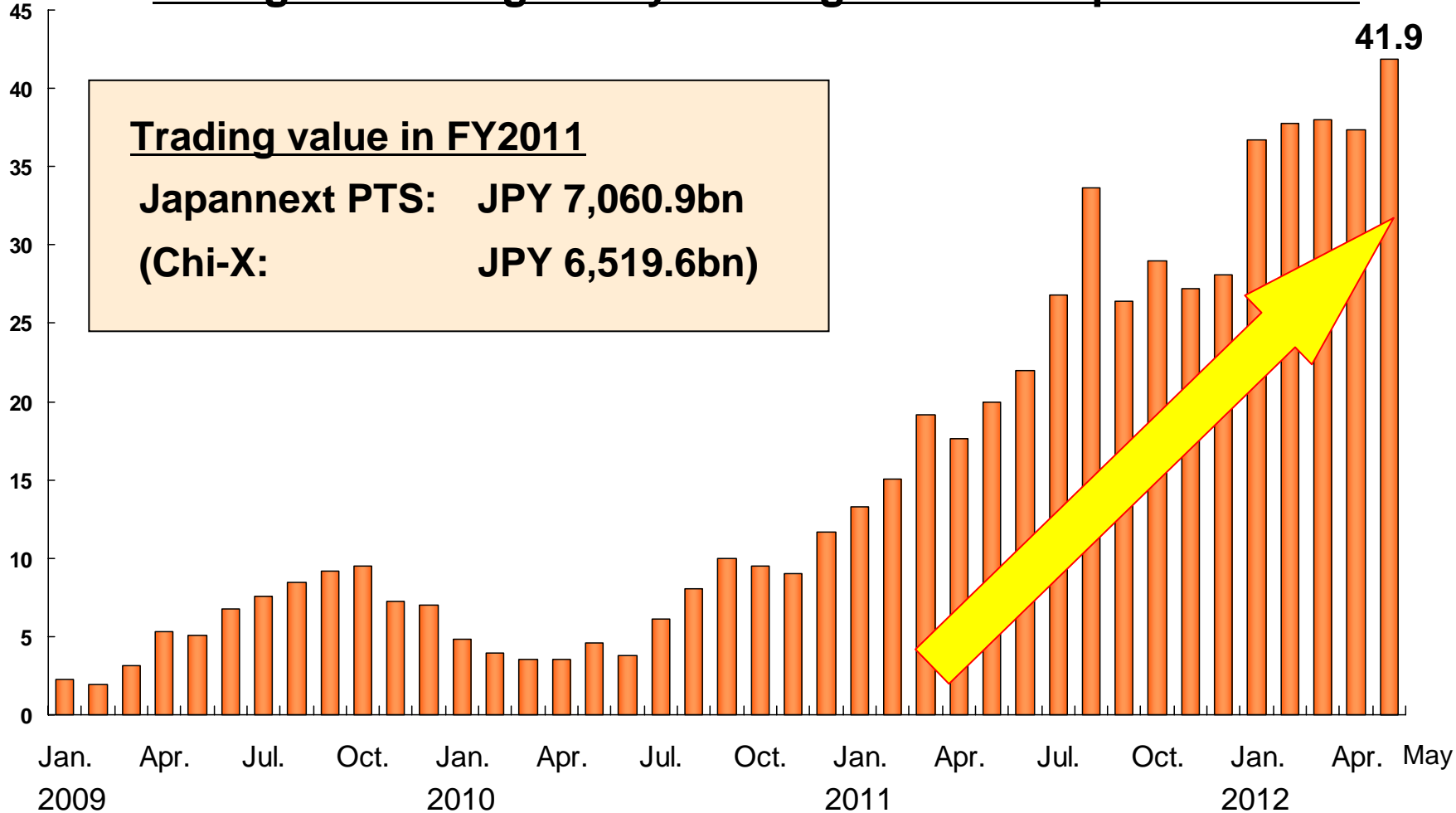
Change in order process due to the introduction of the system (image)



Rapidly Growing Trading Value of Japannext PTS

SBI Japannext achieved a single month profit in May 2012

(JPY billion) **Change in Average Daily Trading Value of Japannext PTS**



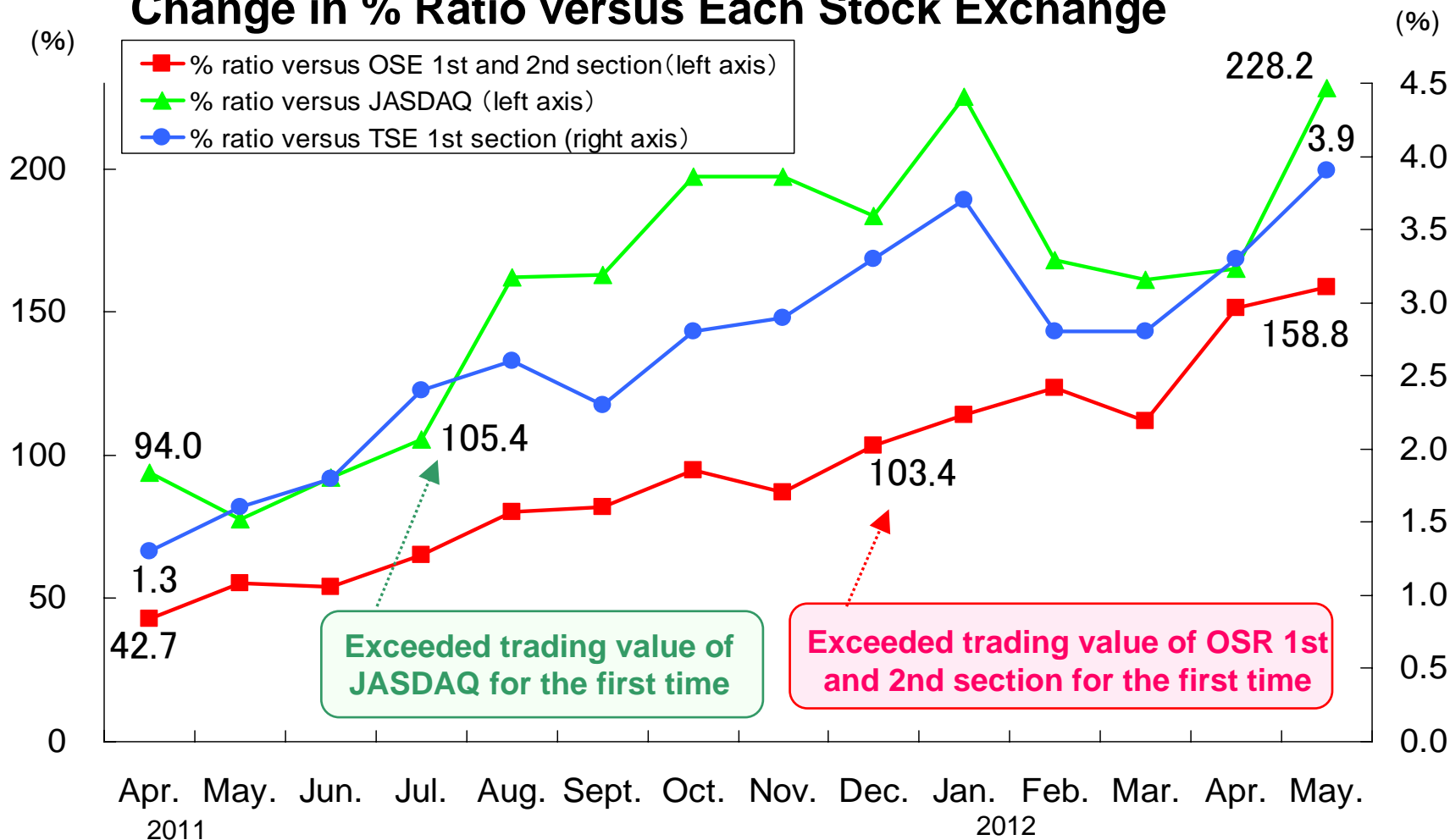
Trading value in FY2011
Japannext PTS: JPY 7,060.9bn
(Chi-X: JPY 6,519.6bn)

* 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 3.9% of that in May 2012

Change in % Ratio versus Each Stock Exchange



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

Steadily Increasing Participant Companies

[Participating companies] (total 19)

- SBI SECURITIES
- Goldman Sachs Japan
- Morgan Stanley MUFG Securities
- Merrill Lynch Japan Finance
- Instinet
- Deutsche Securities
- Societe Generale Securities
- JP Morgan 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)
- **SMBC Nikko Securities (May. 2012)**
- **Mitsubishi UFJ MS Securities (June 2012)**

Two newly participating companies during FY2012

[Companies expected to participate] (total 2)

Daiwa and one foreign company are planning to connect

Japannext PTS is planning to switch to a new system in the autumn of 2012, with the world's fastest matching engine

Toward Deregulation of the PTS to Support the Revitalization of the Stock Market

TOB (take-over bid) regulation on large shareholders who own more than 5% of shares will be eased in Oct. 2012

Newspaper article

TOB regulation

The regulation obliges investors who acquire more than 5 percent of a company through off-exchange transactions, or for investors who already own more than 5% that decide to increase their holdings, to make a takeover bid.

This has been hindering large institutional investors from utilizing PTS.

Newspaper article

Newspaper article

(June 26, 2012 "The Nikkei" morning edition, p.g.1)

(June 26, 2012 "The Nikkei" morning edition, p.g.3)

(June 26, 2012 "The Nikkei" morning edition, p.g.5)

(iv) Opening a New Trading Market, “X-Market”

With a view to an increase in private investors’ transactions with online securities companies, SBI Japannext Co., Ltd. has launched "X-Market", a new online trading system.

[Major Difference from Current PTS (Propriety Trading System)]

	Current (J-Market)	X-Market
Minimum quotation tick increments	1/10th of the stock exchange	Same as the stock exchange
Market participants	Type I Financial Instruments Business Operators (e.g. securities companies), as prescribed in Paragraph 1, Article 28 of the Financial Instruments and Exchange Law.	Online securities companies and designated liquidity providers
Trading hours	Daytime session 8:20-16:00 Night-time session 19:00-23:59	Daytime session 8:20-16:00

In addition to the conventional J-Market that defines its tick increments at 1/10th that of the stock exchange, the new establishment of X-Market, whose tick increments is the same as stock exchange, allows participating securities companies to have optimal execution opportunities at a small amount of system costs.

(v) Increasing Customers through the Continuance of a High Level of Customer Satisfaction

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

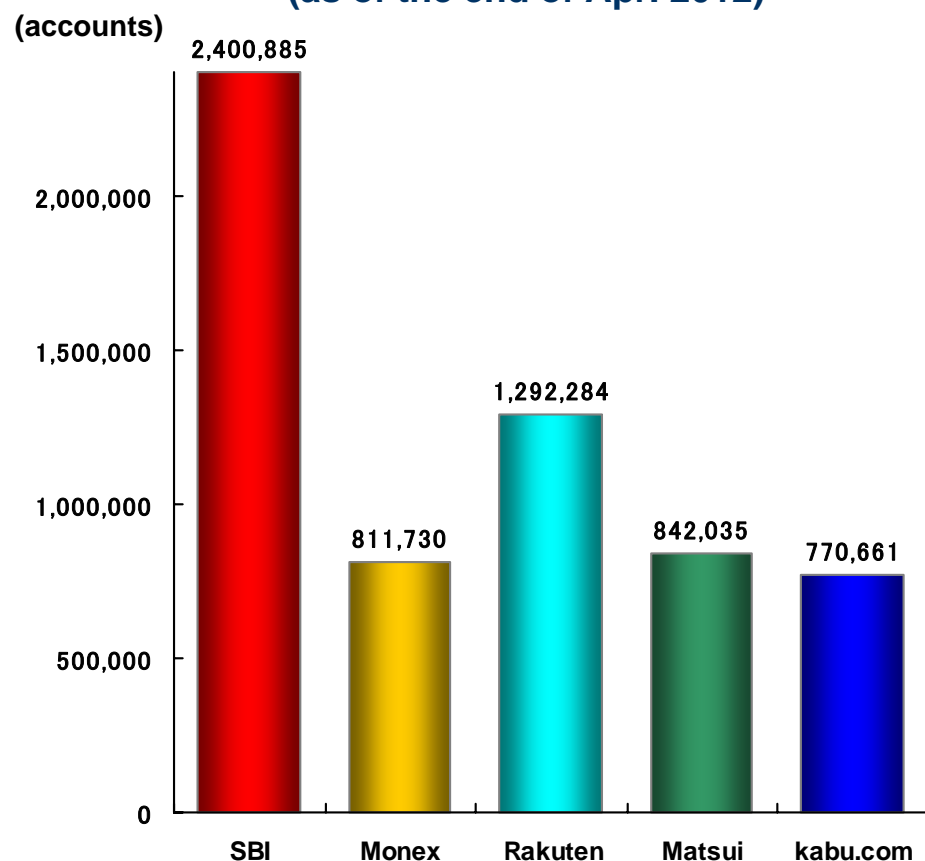
Likewise, focusing on customer satisfaction for support services

Solid Customer Base of SBI SECURITIES

<Number of Accounts and Customer Assets>

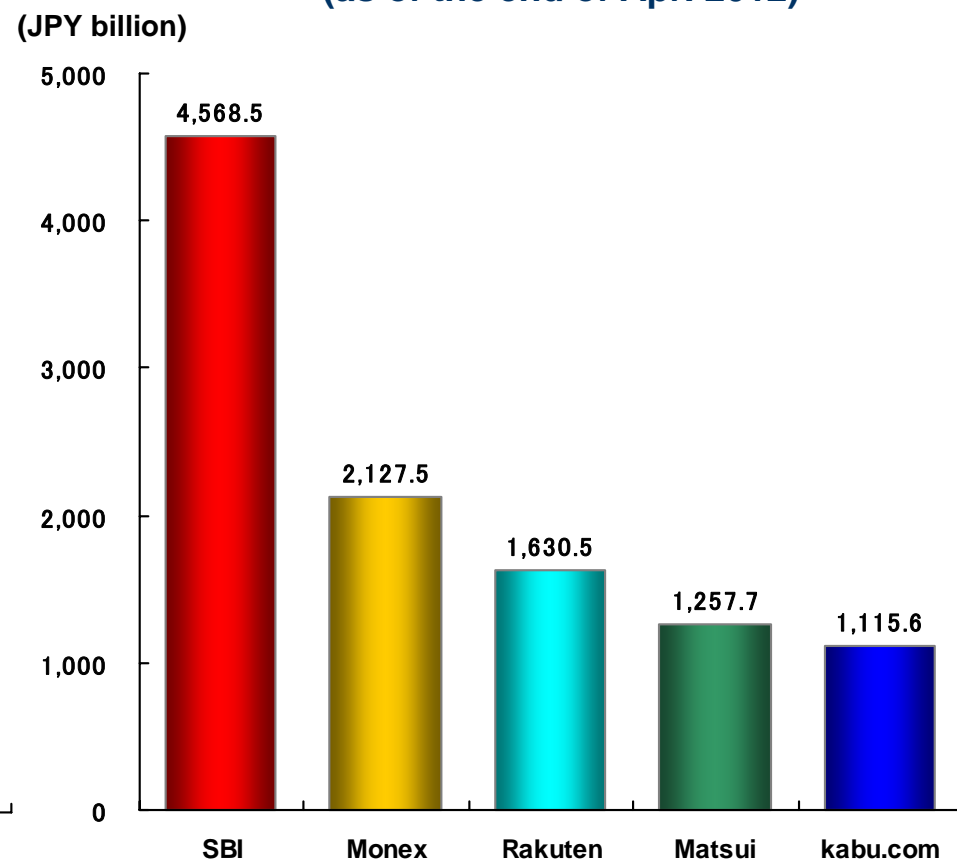
SBI SECURITIES far exceeds its competitors in terms of the number of accounts and deposit assets

Customer Accounts of 5 Online Brokers
(as of the end of Apr. 2012)



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

Customers' Deposit Assets of 5 Online Brokers
(as of the end of Apr. 2012)



Business Strategies of Group Companies:

- 3-2. Toward the Development of a New Customer Segment in the FX Business, the Establishment of SBI FXTRAD (SBI Liquidity Market and SBI FXTRADE)**

Tightened Regulations and Spread Competition at FX Trading

Financial Services Agency tightened regulations on FX companies

August 2010 Leverage was limited to 50X (no limit before)

August 2011 Leverage was limited from 50X to 25X



Spread comparison of major currency pairs with other online securities companies' FX services

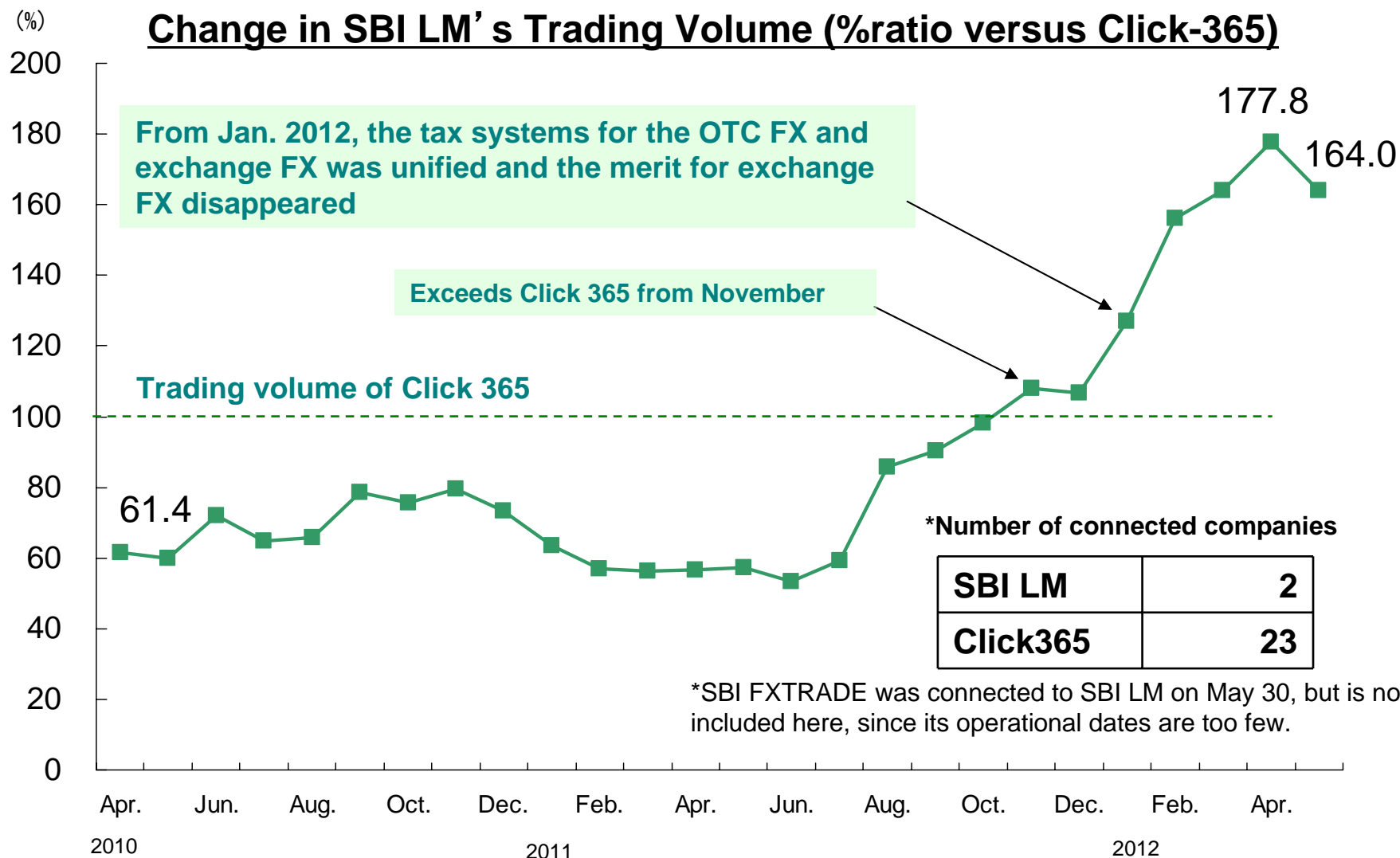
unit: sen (=0.01JPY)

	SBI	Monex	Rakuten	Kabu.com	Matsui	Gaitame Online
USD/JPY	1	2	1.9	2	2	1
EUR/JPY	2	3	4.0	3	4	2
GBP/JPY	3	5	6.5	4	6	5
AUD/JPY	2	4	3.9	3	4	5
NZD/JPY	4	6	5.0	4	6	6
CAD/JPY	4	6	5.0	4	6	5

* Usual spread for each company. Campaigns for limited time are not reflected.

SBI Liquidity Market's Trading Volume Significantly Exceeds that of Exchange FX's Click-365

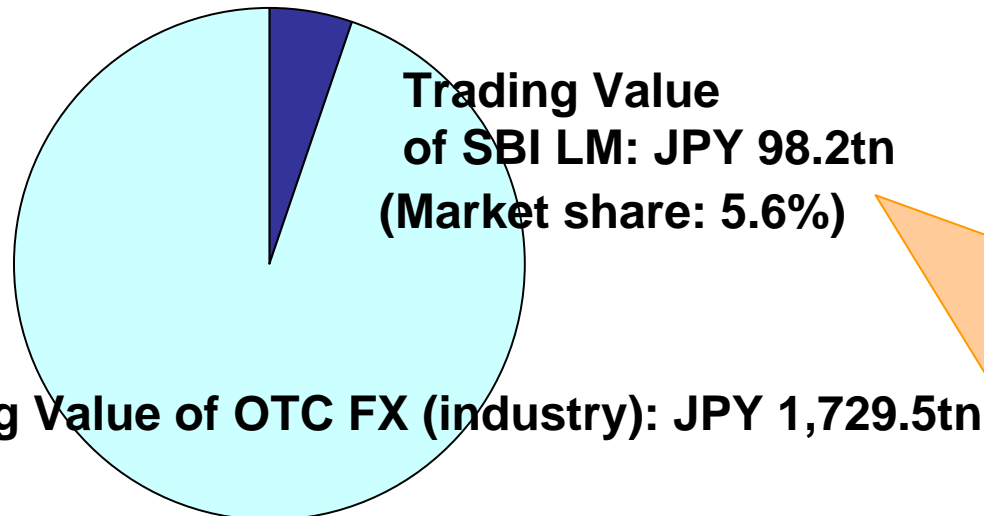
Change in SBI LM's Trading Volume (%ratio versus Click-365)



SBI Liquidity Market's Positioning in the FX Trading Industry

Trading Value of FX Trading

(Apr. 2011 – Mar. 2012)



There is still plenty of room for expansion in the OTC FX market, while SBI LM's trading value significantly exceeds that of the other online securities companies, as well as the listed pure-play companies

Source: The Financial Futures Association of Japan, SBI Liquidity Market



Targeting Further Expansion of Trading Value

To Develop New Customer Segment

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

-SBI FXTRADE, a pure-play FX trade company, started operation on May 30-

[Features of SBI FXTRADE]

- ① **Minimum trading lot 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 **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			ユーロ/米ドル		
2012/05/29 08:31:35			2012/05/29 10:10:23		
BID	スプレッド	ASK	BID	スプレッド	ASK
79.5668	0.19	79.5687	1.252087	0.59	1.252146

<Example of a screen image, displaying rate quotations>

Increased Liquidity through the Launch of SBI FXTRADE

Acquisition of targeted SBI FXTRADE customers will improve SBI Liquidity Market's liquidity

➔ Will be positioned to provide more favorable rates to customers of SBI SECURITIES and SBI Sumishin Net Bank

Suitable for large lot trading

Suitable for small lot and frequent trading



Customers with securities account



Covering transaction



Customers with bank account



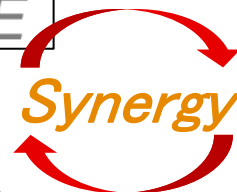
Covering transaction



Customers who mainly deal in FX trading



Covering transaction



Further improvement in liquidity

Business Strategies of Group Companies:

3-3. Further Expansion of Synergy Effect

(i) SBI Sumishin Net Bank

(ii) SBI Insurance

(i) SBI Sumishin Net Bank

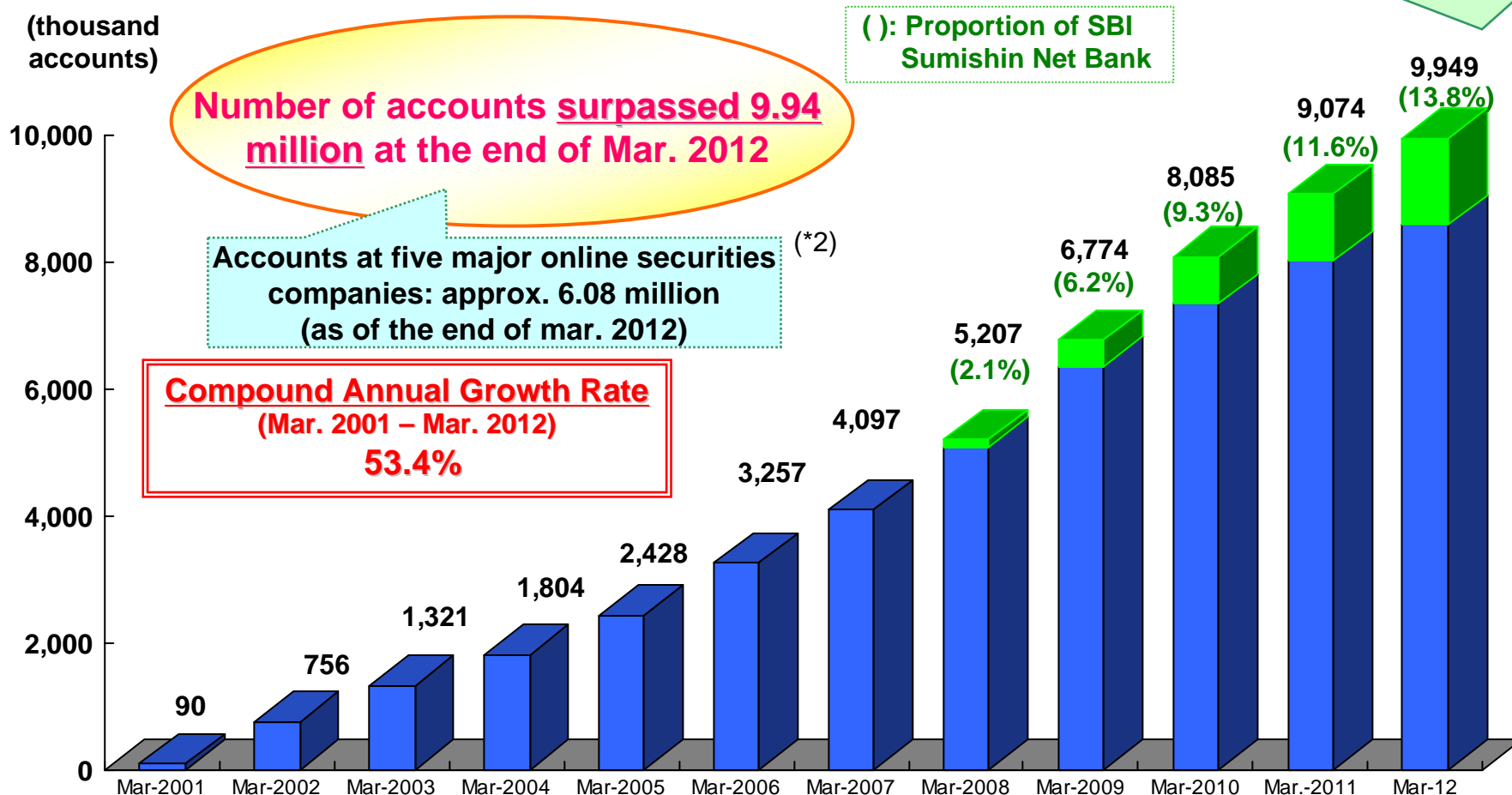
- ① Industry Grow Rapidly, but the Competition also Intensified with New Entrants**
- ② Pursuing Further Synergies within the SBI Group**
- ③ With the Full Support of Both Parent Companies**
- ④ Increasing the Customer Base through the Maximization of Customer Satisfaction to Maintain Profitability**

Dramatic Growth in Market for Internet 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



(*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.

① Industry Grow Rapidly, but the Competition also Intensified with New Entrants

Pure-play Internet Banks' Financial Results for FY2011

JPY billion; parenthetic 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.

SBI Sumishin Net Bank became the first Japanese pure-play Internet bank with deposits to exceed JPY 2.3 tn. (as of June 26, 2012)

*8 banks to entry into banking sector after 2000(AEON BANK、Jibun Bank、The Japan Net、Seven Bank、Sony Bank、Daiwa Next Bank、Rakuten Bank、SBI Sumishin Net Bank)

② Pursuing Further Synergies within the SBI Group

Moving ahead of the industry, pursuing synergies of SBI SECURITIES and SBI Sumishin Net Bank

Deposit & Settlement

SBI Sumishin Net Bank



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

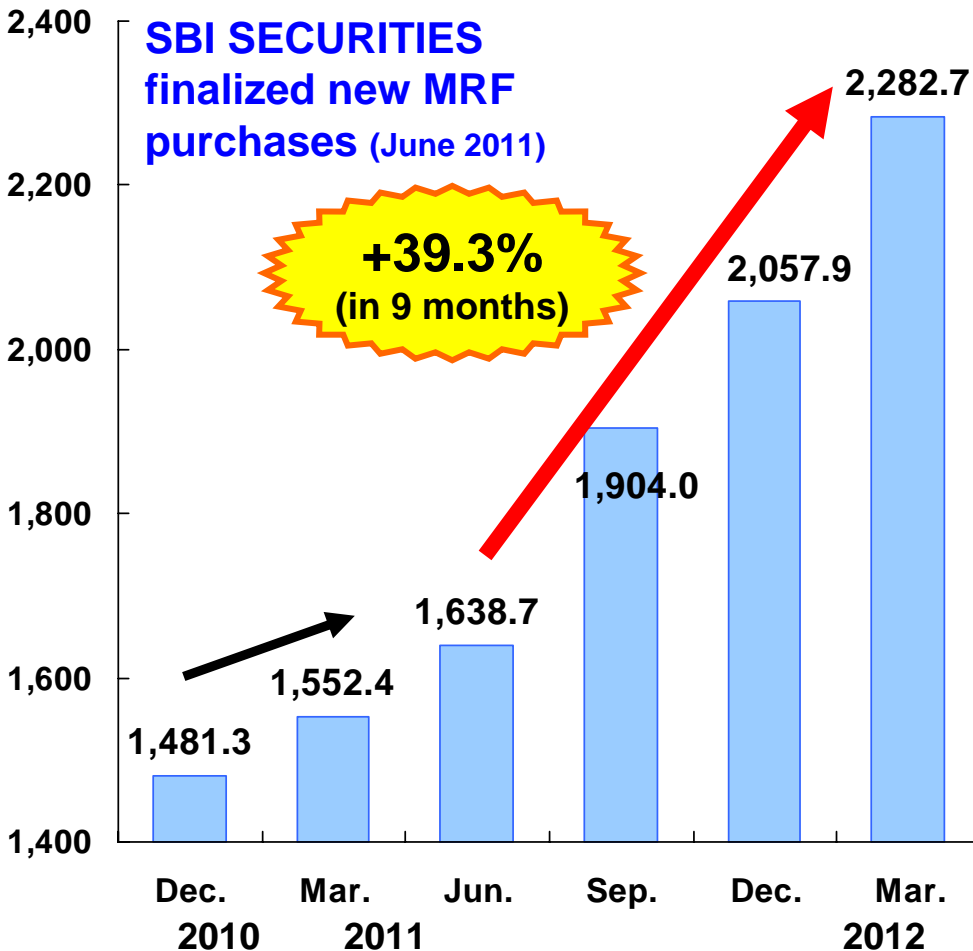
Solid customer base of SBI SECURITIES contributes to an increase in the number of accounts and deposit amount at SBI Sumishin Net Bank.

Greater 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: 0.42% (*1)

⇔ Hybrid Deposit interest rate: 0.12% (*2)

Average funding cost decreased

An increase in SBI Sumishin Net Bank's revenues

(*1) Average in FY2011 (*2) As of June 26, 2012

③ With the Full Support of Both Parent Companies

Started Banking Agency Business of Sumitomo Mitsui Trust Bank from Jan. 11, 2012
(Providing two different services)

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

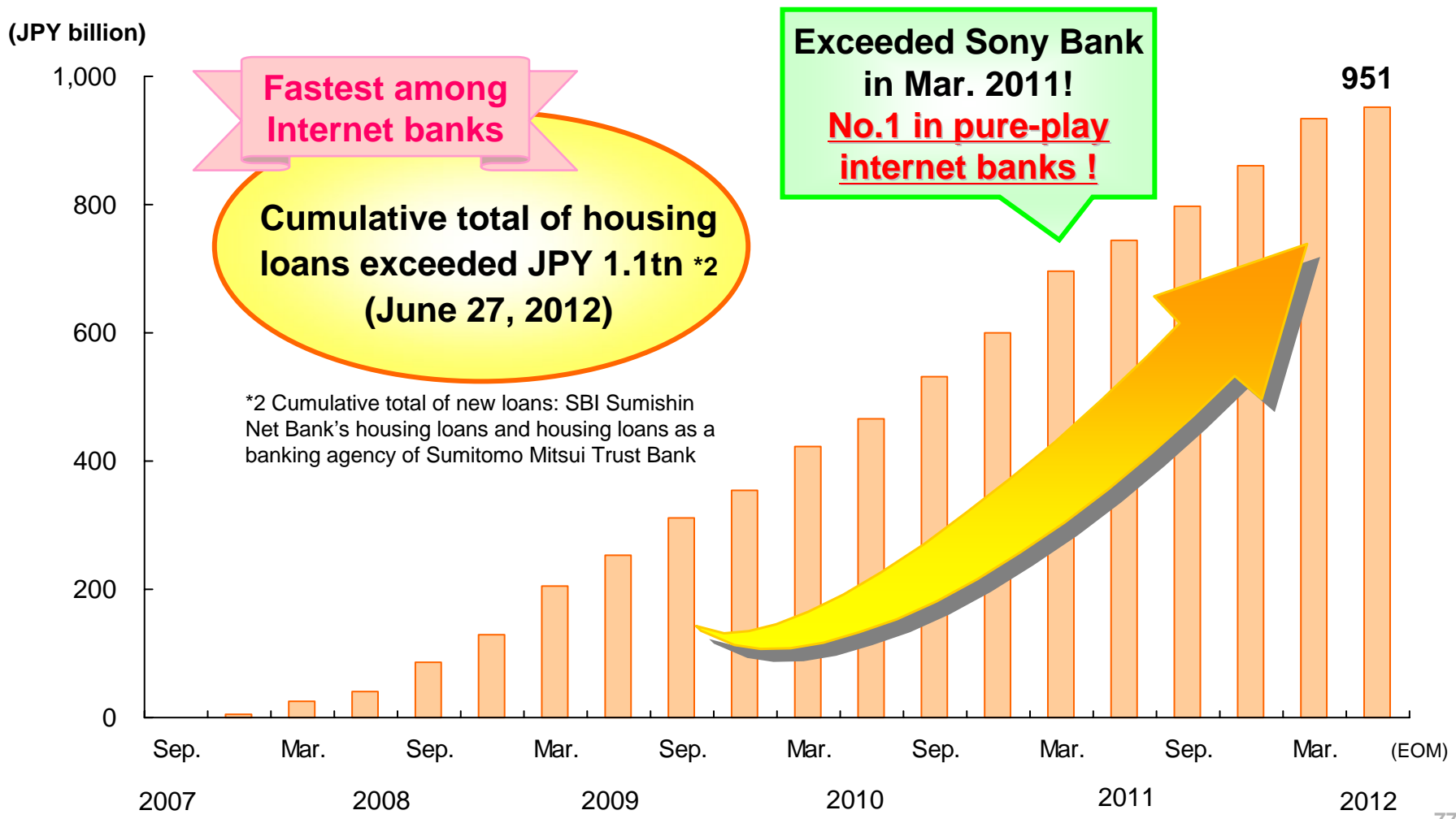
By offering the new housing loans that do not require the bank's assets;

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

SBI Sumishin Net Bank's Change in Balance of Housing Loans

Change in Balance of Housing Loans *1

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



④ Increasing the Customer Base through the Maximization of Customer Satisfaction to Maintain Profitability

Customer satisfaction: 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)

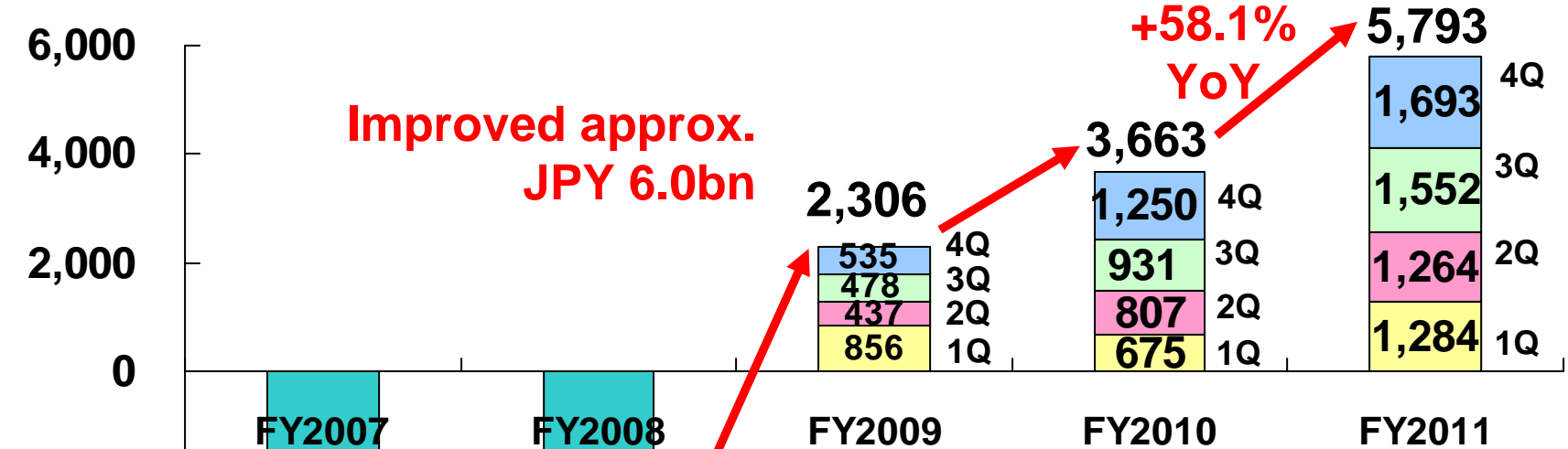
SBI Sumishin Net Bank's Financial Results for FY2011 is Steadily Growing

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)

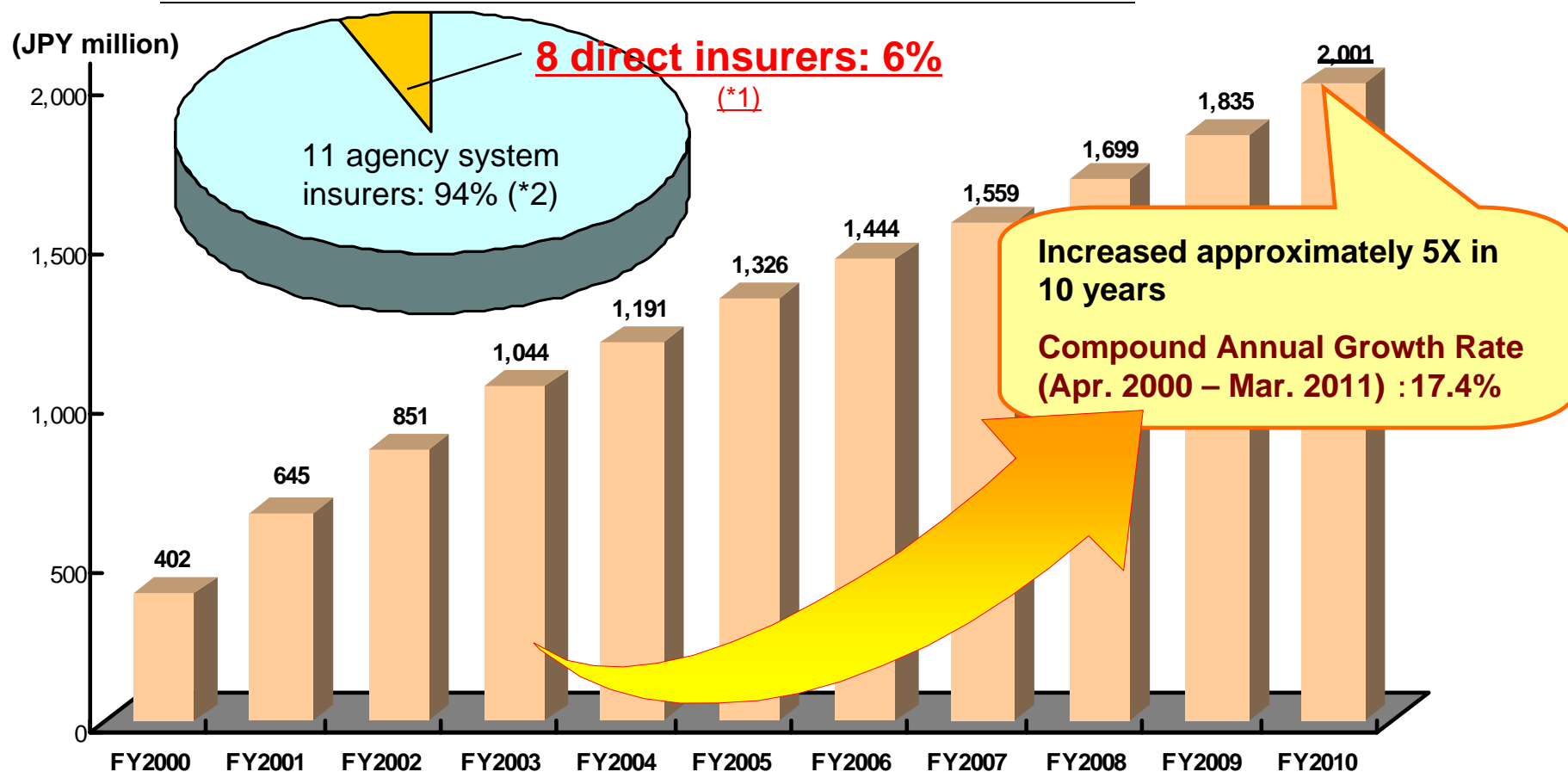
(ii) SBI Insurance

- ① Although there is Still Much Room for the Expansion of Direct Insurance, Premium and New Entrant Competition Intensifies**
- ② Thorough Utilization of Group Synergies, Growing at an Overwhelming Pace as Compared to Competitors**
- ③ Further Attracting Customers through the Enhancement of Customer Satisfaction**

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.

① Although there is Still Much Room for the Expansion of Direct Insurance, Premium and New Entrant Competition Intensifies

Following liberalization of premium rates since 1998 many companies have entered the market. Direct insurance companies have emerged on the basis of providing lower premium.

	Company	Car insurance premium (JPY)*
1	SBI Insurance #	33,400
2	American Home Direct	38,960
3	Secom General Insurance	39,150
4	Saison Automobile & Fire Insurance	39,830
5	Mitsui Direct #	40,290
6	E.Design Insurance #	40,660

Direct insurance company

: Started operation after 1998

7	Zurich Insurance	45,360
8	AXA GENERAL INSURANCE #	50,360
9	Sonpo 24 #	50,550
10	Sony Assurance #	51,410
11	Tokio Marine & Nichido Fire Insurance	56,560
12	Nipponkoa Insurance	57,390

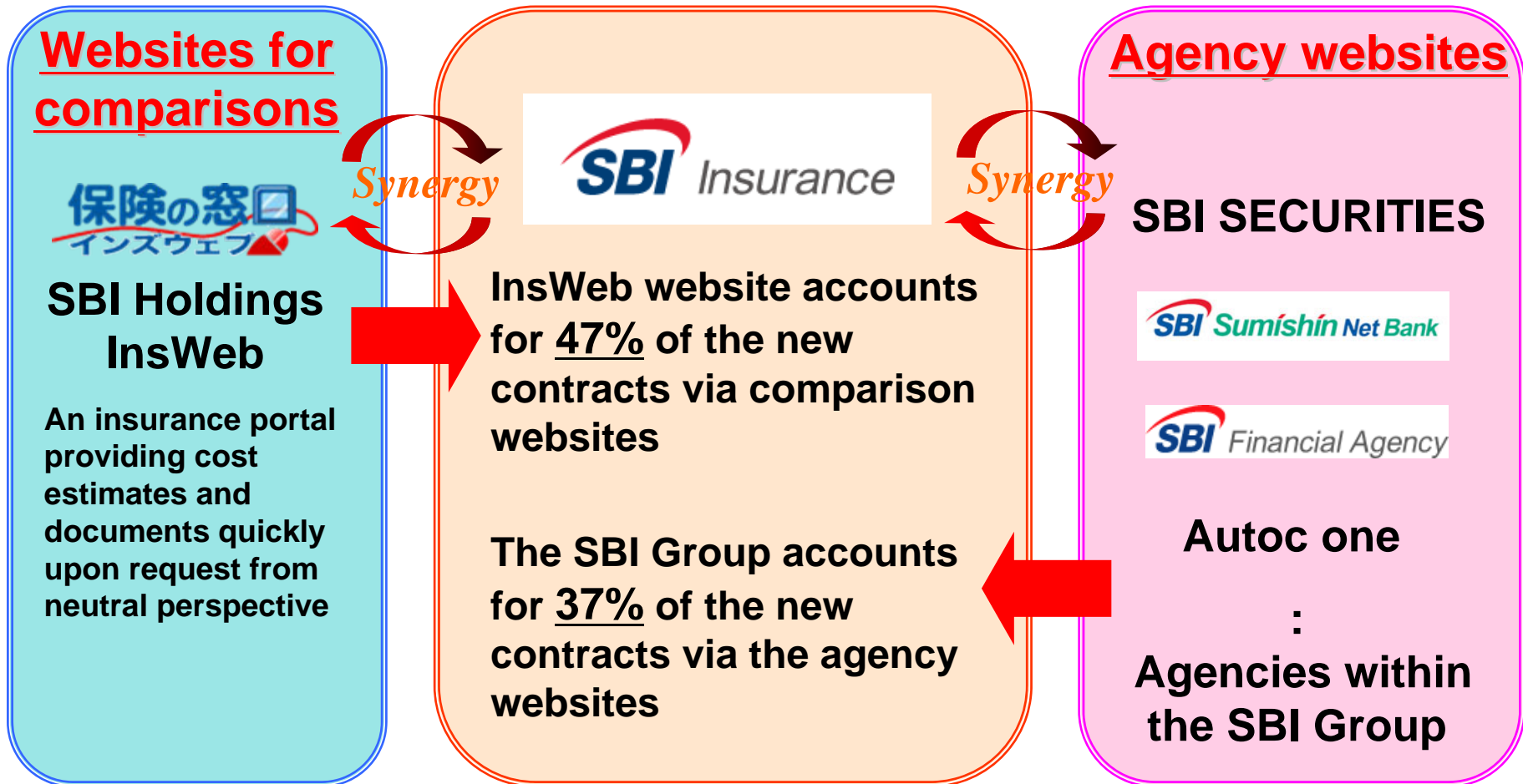
(Source: Excerpt from "The Diamond Weekly April 21 2012 ")

* Condition of the ranking -Car: TOYOTA Prius Type: ZVW30 (Exclusion from new car discount) -The contract start date : April 1 2012, new contract-The contact period : 1 year, lump-sum -Eligible policyholder: Individual (male) -Insured person : 35 years old (insuring ages 35 and up) -Color of driving license: Gold -Presently class: 6th class -Purpose of using a car: usual use, leisure -Length of drive a year: 10,000 km -Automobile comprehensive and collision insurance: Not covered-bodily injury insurance(to others), property damage insurance: no limitation -Automobile comprehensive and collision insurance: Not covered-Personal injury : 50 million yen Accidents outside the automobile are also covered-Automobile passengers' personal accident insurance: Not covered -Coverage of contract: limited to Policyholder himself/herself – Policyholder's spouse (spouse's age should be the same as the policyholder)) -Premium discounts: Not eligible for the preferential discount scheme to long-term prime policyholders

* Online application discount is available by: SBI, American Home, Secom, Seson, Mitsui Direct, E. Design, Zurich, AXA, Sony * Discount on no issuance of insurance policy is available by: SBI, American Home, Secom, Seson, Mitsui Direct, E. Design, Zurich, Nipponkoa * In-car personal injuries covered by: Tokio Marine & Nichido Fire Insurance and Nipponkoa Insurance * Automobile passengers' personal accident insurance covers up to JPY 5 million: Zurich, AXA

② Through the Thorough Utilization of Group Synergies, Growing at an Overwhelming Pace as Compared to Competitors

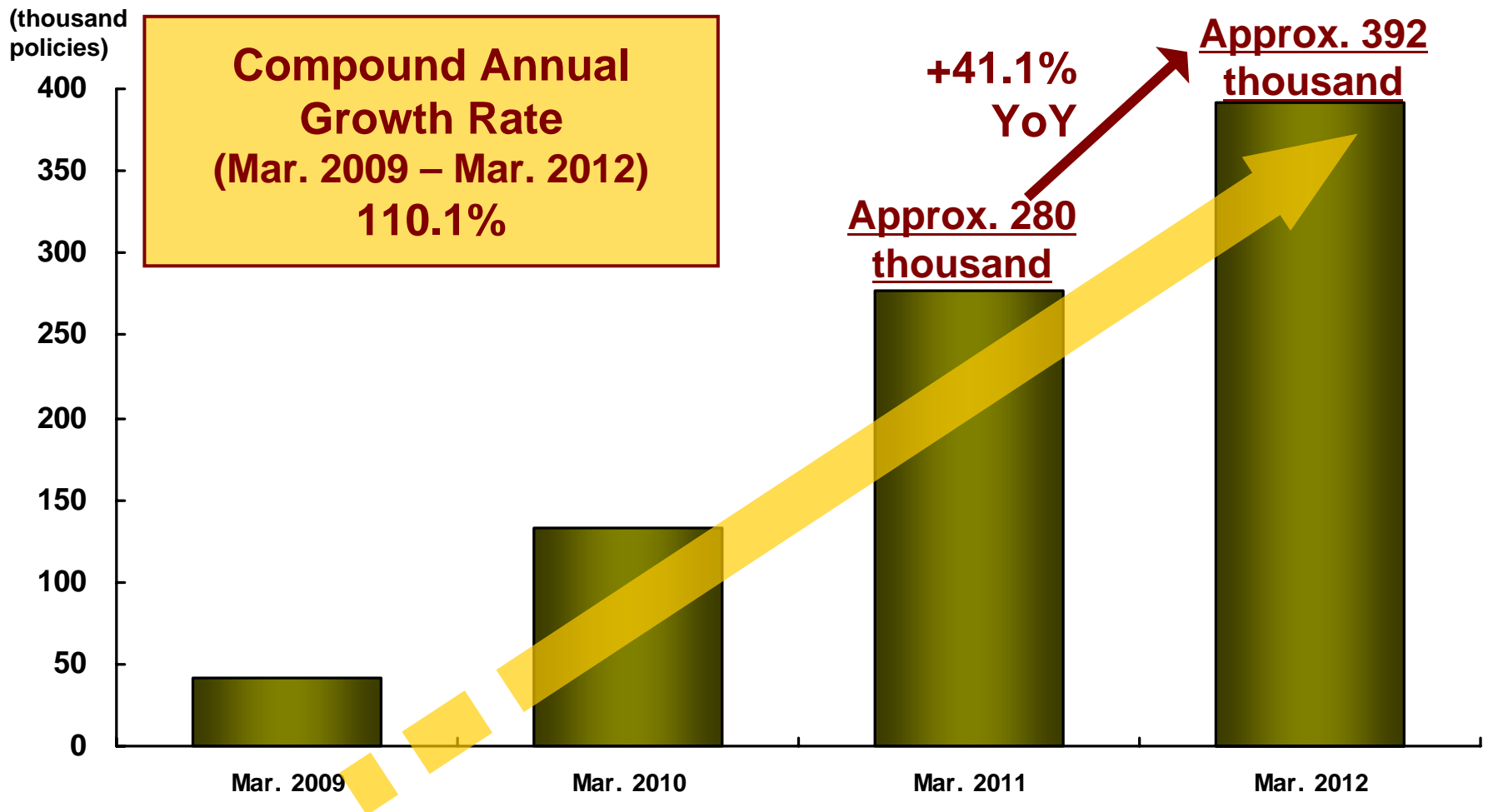
The insurance comparison website, the online securities business, and other SBI Group companies, with their respective customer bases, become sales channels that exert synergy effects.



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

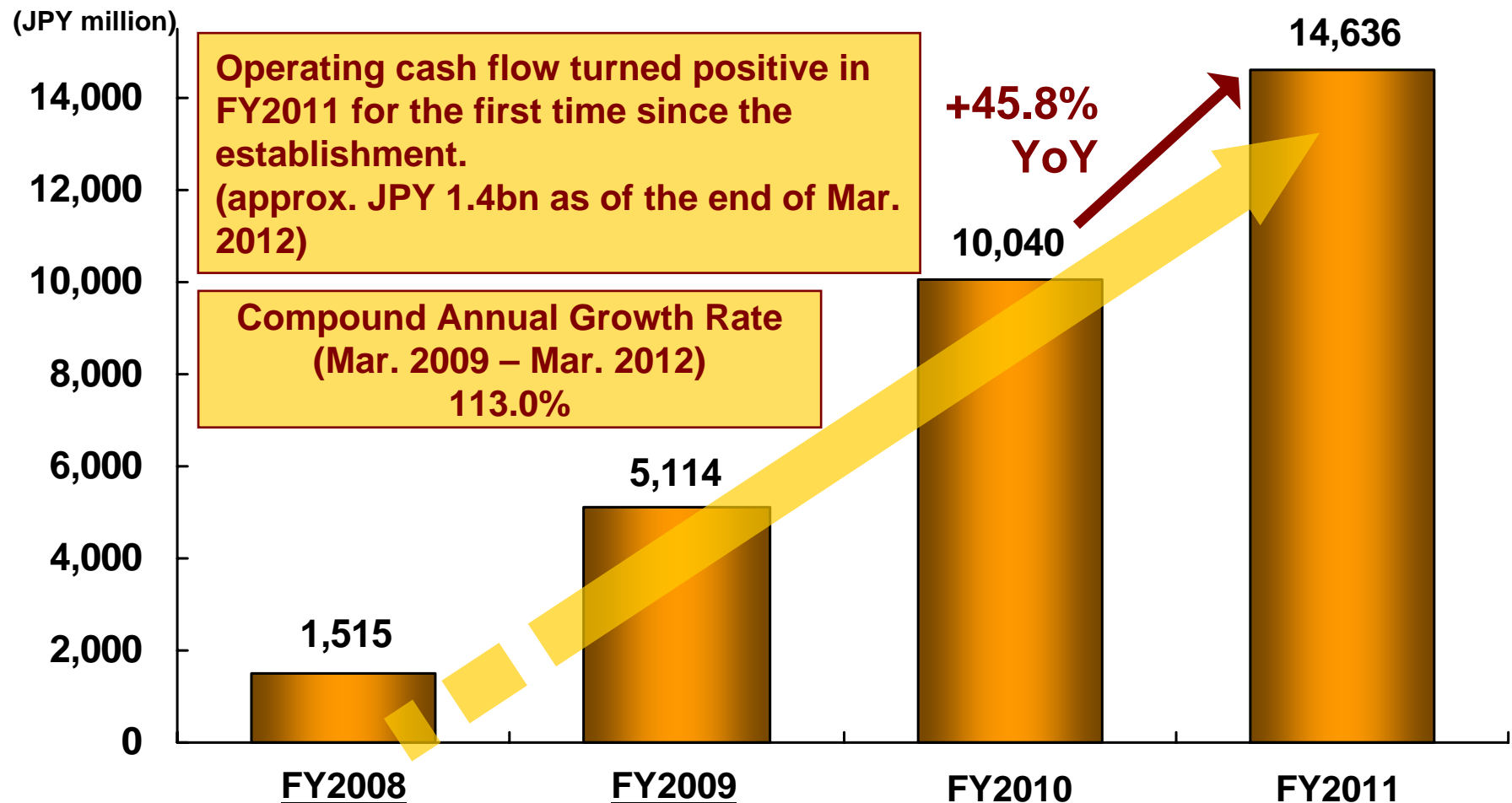
Number of Auto Insurance Contracts (written basis*) / Cumulative



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 Direct Insurance Companies

Comparison of Auto Insurance Premium Income

(JPY million, %)

	Date of operation*	FY2009		FY2010		FY2011
Sony Assurance	Sept. 1999	59,849	Sony Assurance	65,516	Sony Assurance	70,712
Mitsui Direct	June. 2000	32,054	AXA	33,271	AXA	35,261
AXA GENERAL INSURANCE	July. 1999	30,689	Mitsui Direct	32,688	Mitsui Direct	33,830
Zurich Insurance (Japan Branch)	July. 1986	27,973	Zurich Insurance	27,931	Zurich Insurance	* To be released in end of June
American Home Direct	Dec. 1960	17,365	American Home	17,143	American Home	16,594
Sonpo 24	Mar. 2001	9,820	Sonpo 24	10,697	SBI Insurance	14,288
Secom General Insurance	Mar. 1950	8,625	SBI Insurance	10,069	Sonpo 24	11,810
Saison Automobile & Fire Insurance	Apr, 1983	8,202	Secom	8,475	Secom	8,352
SBI Insurance	Jan. 2008	4,713	Saison	7,755	Saison	7,990
E.Design Insurance	June. 2009	1,104	E.Design	2,860	E.Design	5,219

Exceeded Sonpo24, Secom General Insurance and Saison Automobile & Fire Insurance in auto insurance premium income

③ Attracting Customers More by Further Enhancement of 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”

* In the issue of Apr. 21, 2012

for 4 years!



No.1: Weekly Economist Magazine
“Auto Insurance Premium Ranking”

* In the issue of Nov. 15, 2011

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



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



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

for 3 years!

4. The Euro's Fundamental Contradiction and the Foreseeable Worldwide Economic Instability

Group-wide Strategy (4):

In Preparation for the Possibility of a Worldwide Economic Crisis, Improving the Financial Conditions and Enhancing the Earnings Potential

Business strategies of group companies:

- 4-1. Generating Cash through Various Means, Including the Sale of Assets**
- 4-2. Implemented Fund Raising through Stock Offerings**
- 4-3. Thorough Reduction of Cost and Promotion of “Brilliant Cut Initiative”**

Fluctuations of the Nikkei Stock Average after the Lehman Shock (Aug. 8, 2008 – June 27, 2012)



Dragging Europe Debut Crisis

Newspaper article

**Europe Dread of Down Altogether
Deepened North and South Conflict,
Dazed Presidents**

Newspaper article

“Three Traps” Making the Resolution of the Crisis Difficult

① Governments and banks are in a situation where they share a common destiny. Credit risk has permeated into the financial sector.

The government bond anxiety is spreading into the If the creditworthiness of the government bonds become questionable, it may lead to a write-down of the bank's asset value of their government bonds. If this triggers an unrest in the financial system, governments will be forced to further inject public funds, even if it means overlapping further debt, which will deeply damage the creditworthiness of government bonds. That such a "mutual trap" losing proposition may have been formed is being anticipated...

② Single Interest and Currency Disregarding Reality

Southern Europe is tightening excessively

③ Fiscal Reconstruction Under the Flagging Economy

Vicious cycle of a slump in domestic demand and a lack of growth

(i) Promptly Streamlining the Group

After experiencing the BNP Pariba Shock of Aug. 2007 and the Lehman Shock of Sept. 2008, with the insight that the world economies may very well fall into another large-scale economic crisis, the Group strategy has been quickly and flexibly reviewed, and implemented immediately.

- Sept. 2007** Sold all shares held of Kyobo Life Insurance, one of the three largest life insurance companies of Korea (Acquired in Feb. 2007 Transferred in Sept. 2007/
Sale price: Approx. JPY 3.4bn)
- Apr. 2008** Agreed on the sale of all shares held of E*TRADE Korea (Approval from Korean Financial Services Commission and Transfer of shares in Sept. 2008 / Sale price: Approx. JPY 19bn)
- Aug. 2008** SBI E*TRADE SECURITIES (currently SBI SECURITIES) became a wholly owned subsidiary
- Feb. 2010** Sold all shares held of SBI AXA Life Insurance (currently NEXTIA Life Insurance of now) (Sale price: Approx. JPY 3.7bn)

(ii) Transfer of SBI VeriTrans' Shares (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 approx. 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.

(iii) Group/Investee Companies' IPO Strategies

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

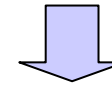
[Terms of KDRs]

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 the Group's 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 June 27, 2012, acquired approval for listing on the KODAQ Market of the Korea Exchange and to be listed within 6 months, depending on the market conditions



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

- It has established a 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

Capital Increase of Various Financial Institutions After Lehman's Fall

	Time	Procurement amount*	Dilution ratio
MUFG	Dec. 2008	JPY 279,860m	6.2%
	Dec. 2009	JPY 1,031,325m	21.0%
SMFG	Jun. 2009	JPY 861,025m	29.0%
	Jan. 2010	JPY 973,012m	35.4%
Mizuho FG	Jul. 2009	JPY 529,200m	24.7%
	Jul. 2010	JPY 751,620m	36.4%
Nomura HD	Mar. 2009	JPY 299,850m	35.4%
	Oct. 2009	JPY 435,456m	28.6%
Daiwa Securities Gr.	Jul. 2009	JPY 170,498m	24.5%
Orix	Jul. 2009	JPY 83,354m	19.5%
SBI Holdings	Jun. 2010	JPY 35,388m	18.5%
	Apr. 2011	Approx. JPY 16,200m	10.0%

* Total amount paid through public offering, deposition of treasury stock, and third-party allotment

Reinforcing the Equity Capital through Public Offering

Implementations for further business promotion and achieving future growth

➤ PO in Jun. 2010

Capital raised *	JPY 35.3bn
Dilution ratio	18.54%

* Total net proceeds of public offering

[Background leading to PO]

Under a macro scenario of a global stock market malaise and the strength of the yen relative to other currencies, SBIH recognized that it was an opportune time to expand its global investments.

➤ 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.

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

FY2009	140.3
FY2010	236.1
FY2011	145.6

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)

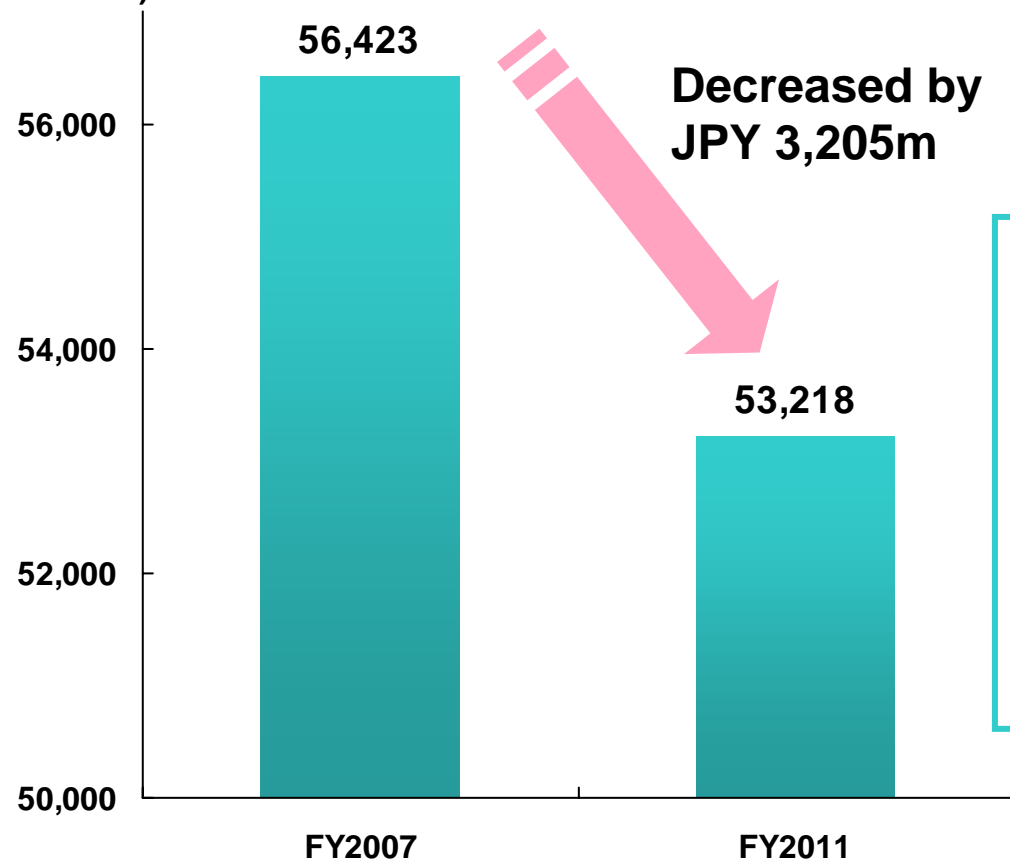
“Regulating the Outgoing by the Income”

—The Book of Rites

Uncompromising Cost Reduction on a Group-wide Basis

Change in Controllable Costs in SG&A*

(JPY million)



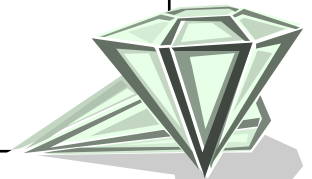
- In Oct. 2008, each Group company assigned an officer with the responsibility of cutting costs, in order to strengthen the cost cutting effort
- Curbed new hires in anticipation of the reassignment of employees upon a Group reorganization

*Controllable costs: Personnel expenses, etc. Calculated by subtracting amortization of goodwill and noncurrent assets, allowance for bad debts, etc., from SG&A.

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**

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):

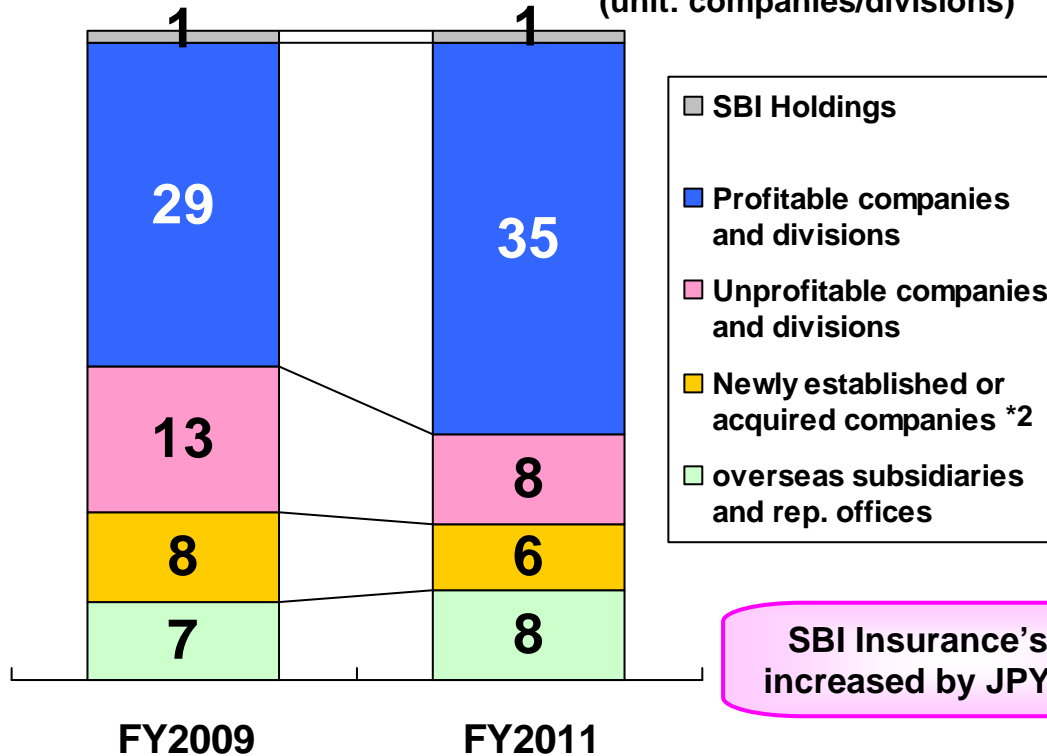
Examined each company's earnings capacity by taking into account B/S, C/F situation as well as changes in operating income.

Review of Brilliant Cut Initiative's First and Second Phase (2)

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.

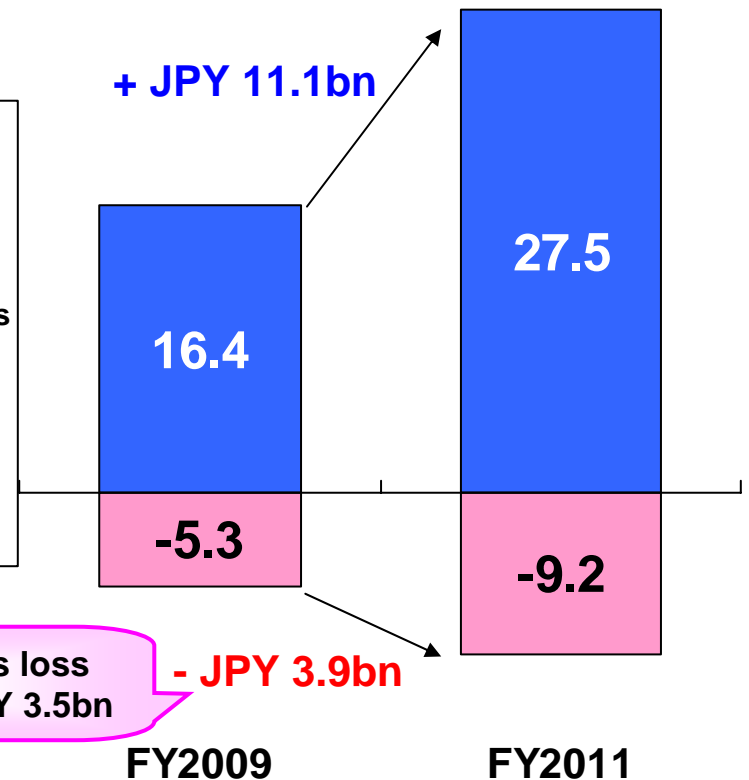
No. of Profitable/Unprofitable Companies (Divisions)

(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"

II. Changes in Business Environment and the SBI Group's Response

- 1. Thorough “Selection and Concentration”**
- 2. The Establishment of an Organization for the Effectuation of the "World's SBI"**

1. Thorough “Selection and Concentration”

- (1) 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.**
- (2) For consolidated financial results, the shareholding ratio for investee companies will be flexibly considered**
- (3) The new “SBI MONEY PLAZA” concept, to become the No.1 distributor in Japan providing various financial products**

(1) 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.

Brilliant Cut Initiative in the Financial Services Business Moves to the Third Phase

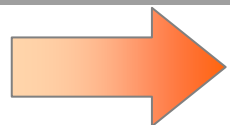
Third Phase (from Mar. 2012):

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.

[Fundamental Thinking of the Third Phase]

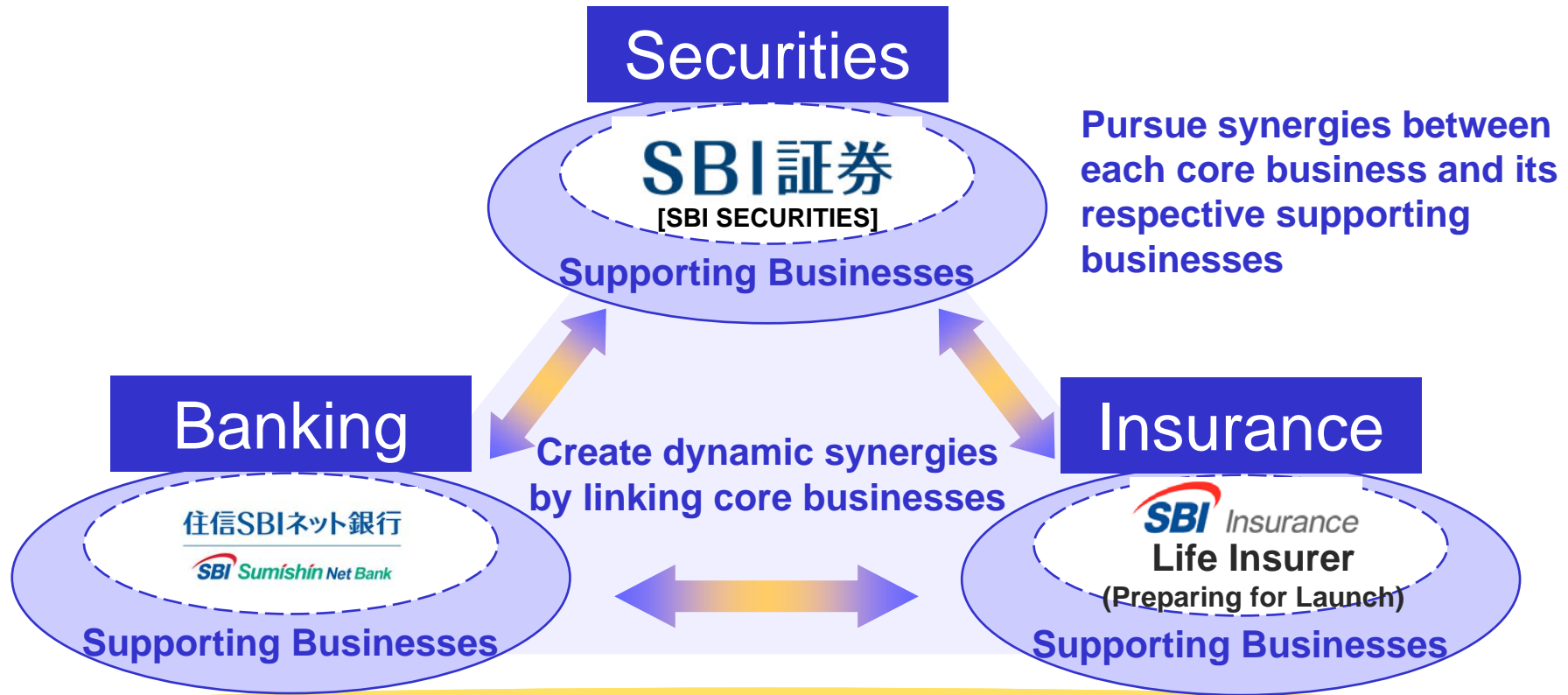
Examine each business along the following lines:

- 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”

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



Common Infrastructure: SBI MoneyPlaza

Taking full advantage of SBI MoneyPlaza’s nationwide presence as a common infrastructure, SBI will continue its quest to

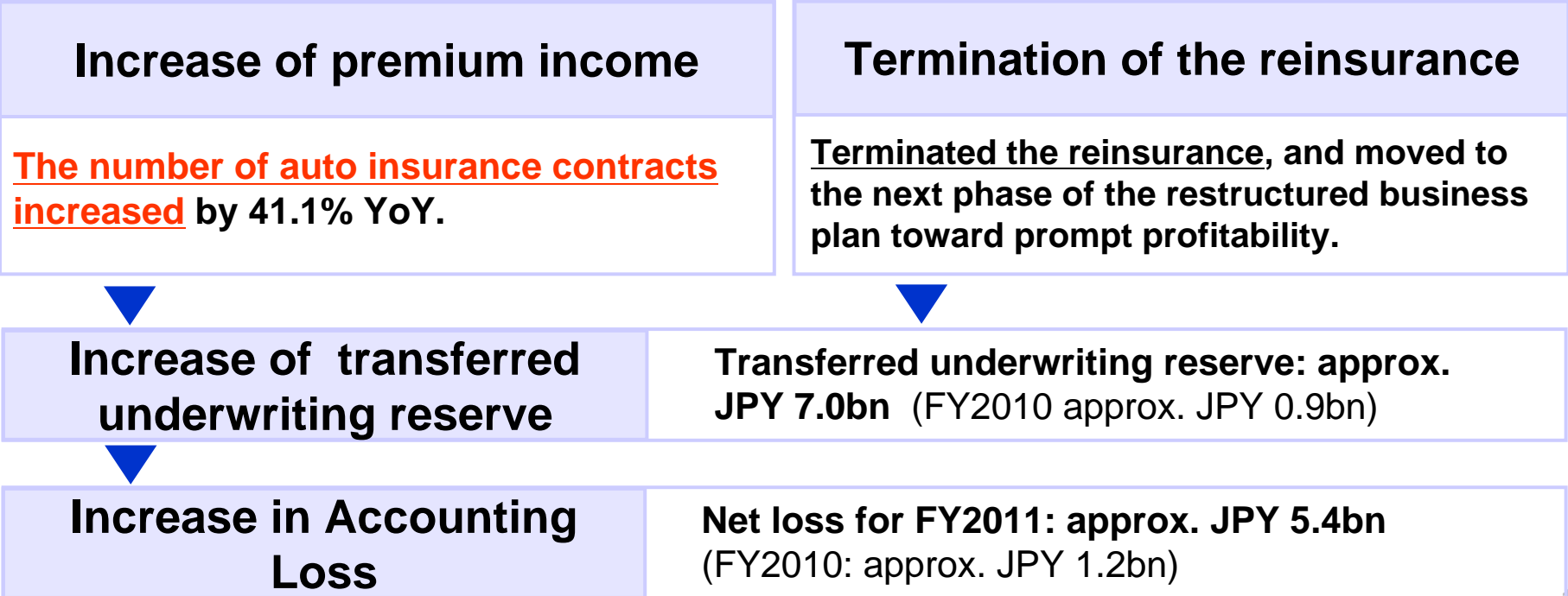
- Integrate the “online” and “face-to-face” services
- Become Japan's largest financial products distributor that offers products from both within and outside of the Group on a neutral basis

(2) For consolidated financial results, the shareholding ratio for investee companies will be flexibly considered

An Example of SBI's Flexibility in Its Shareholding Ratio: 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



Future Financial Policy for Insurance Business

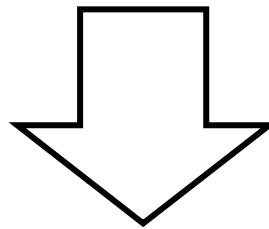


(Shareholding: 85.5%)

Life Insurer
(in preparation)

As the business expands

- The underwriting reserve causes an accounting deterioration in the business performance
- Requires repeated large additional capital



Considering the flexibility of reducing SBI's shareholding ratio to as low as 40-50%, through the formation of a capital and business tie-up with strategic partners.

To Become Profitable (Target : FY2016) by Changing the Profit Structured Drastically

1 Enriching its product line-up

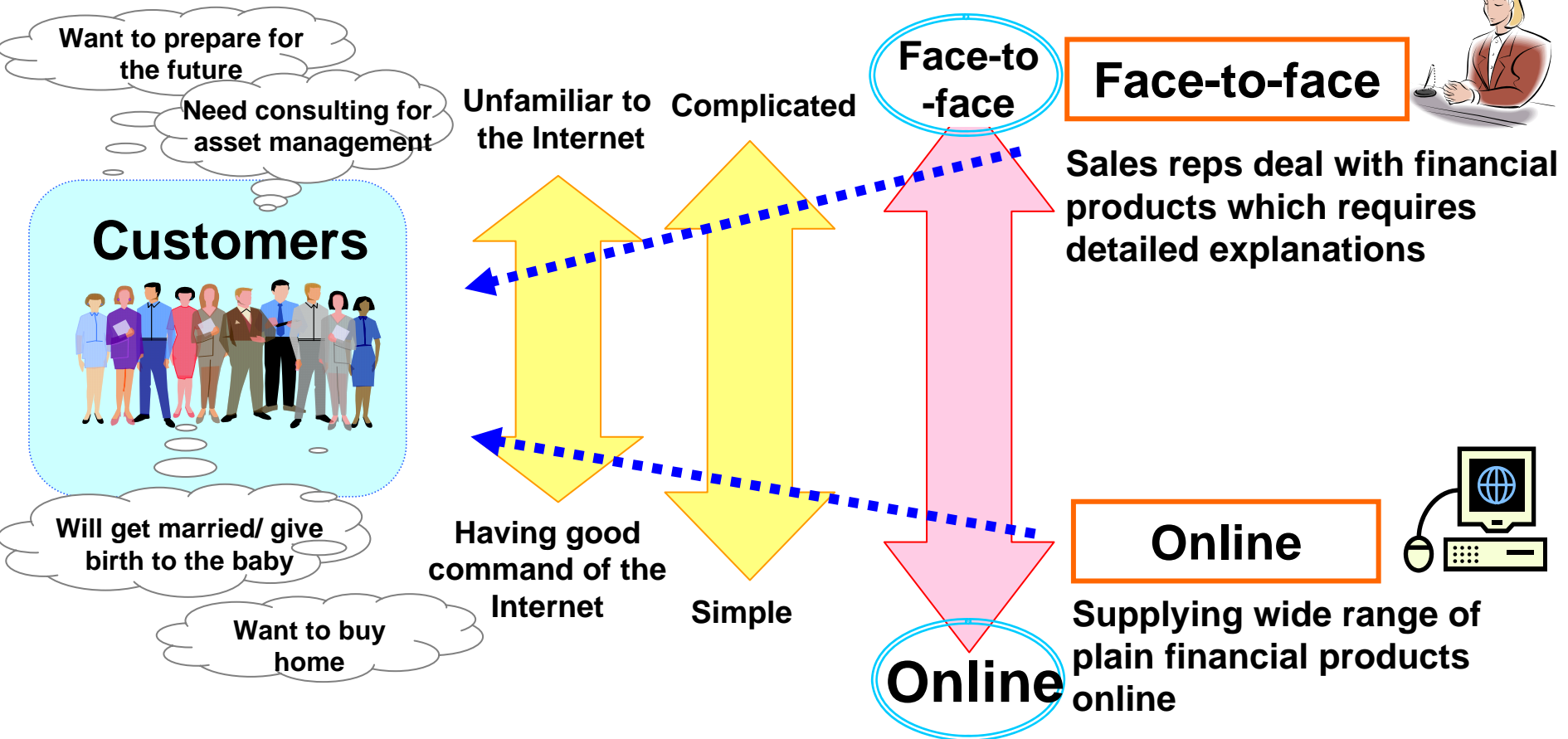
- Planning to sell cancer insurance, for which SBI Insurance has applied for product approval by the financial services agency.
- SBI Insurance currently sells earthquake insurance products offered by SBI SSI, the former Shinsai Partners Inc. In addition to this, upon obtaining approval by the authority,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

2 Fully Utilizing Face-to-face Channels, SBI MoneyPlaza

(3) The New “SBI MONEY PLAZA” 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 MONEY PLAZA 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

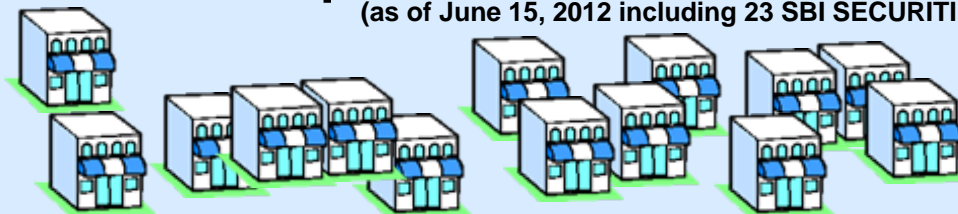
- Provide training to franchisee shops
- Promote cross selling of securities, Insurance and Housing loans

[Franchisee]

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

283 shops nationwide

(as of June 15, 2012 including 23 SBI SECURITIES branches)



Will make the shops networks below to SBI MONEY PLAZA

VL FINANCIAL PARTNERS
(operating Mitsubishi insurance firm)

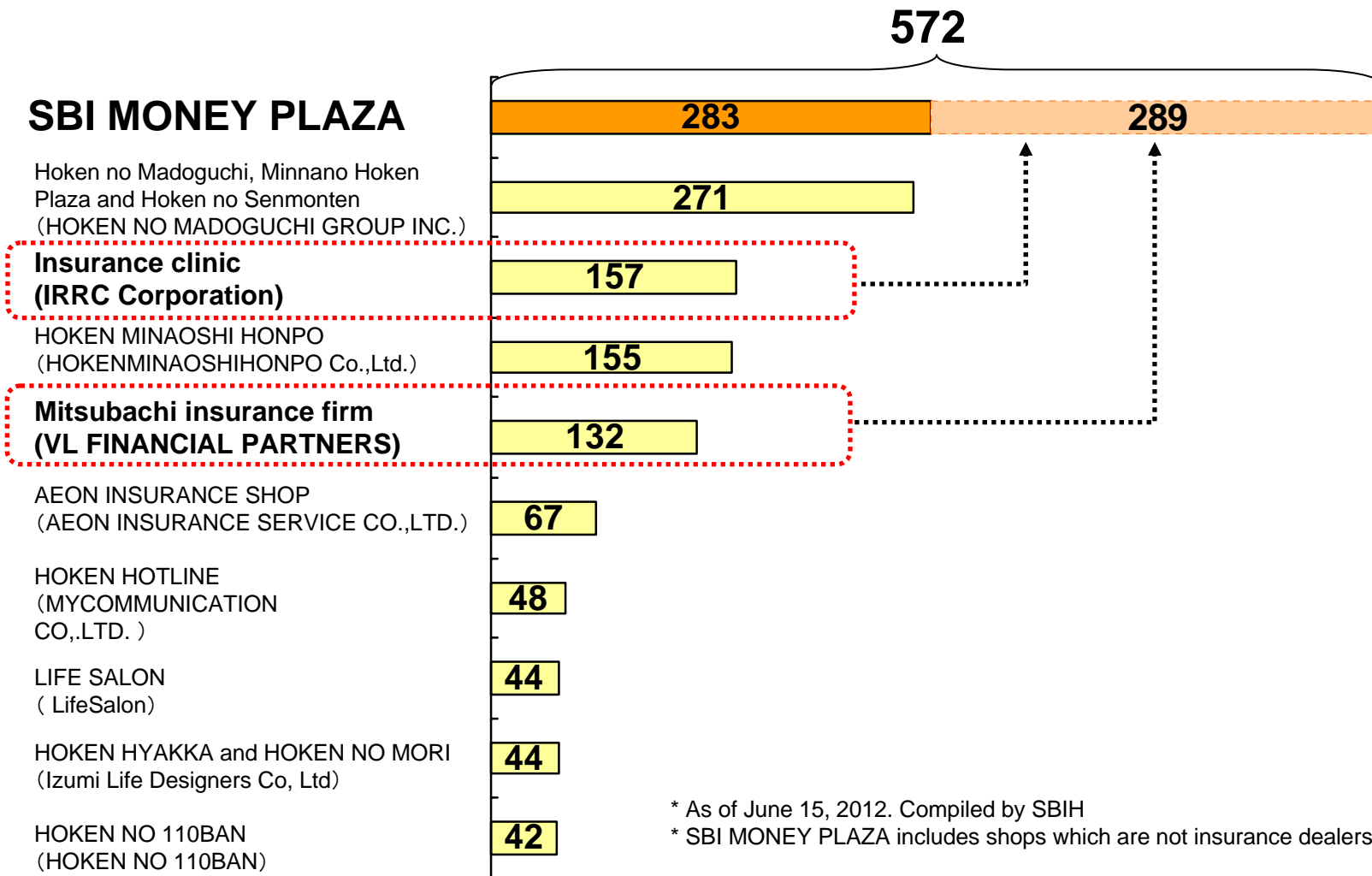
IRRC Corporation
(operating Insurance clinic)

Aiming to expand shops network to 500

SBI MONEY PLAZA's Number of Shops Attains an Overwhelming No. 1 Position in Japan



The total number of SBI MONEY PLAZA shops, currently at 283, includes Insurance Clinic and Mitsubachi Insurance, both of which will soon carry the SBI MONEY PLAZA brand, far outpaces the competition for the number one position.



Transferring the Network and Sales Force of SBI SECURITIES to SBI MONEY PLAZA and Strengthening its Sales Capacity



(Transferred on June 15, 2012)

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



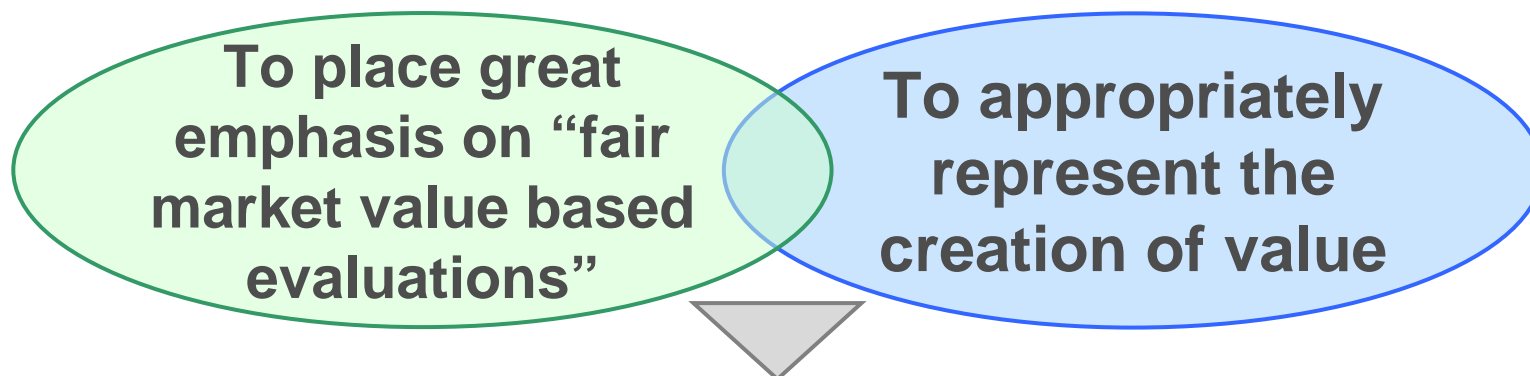
To increase profitability the sales force of SBI SECURITIES will capitalize on its accumulated sales know-how and sell all sorts of financial instruments, including securities, insurance products, and mortgage loans, as sales representatives at SBI MONEY PLAZA.

- 2. The Establishment of an Organization for the Effectuation of the "World's SBI"**
 - (1) Introduction of the International Financial Reporting Standards (IFRS) from the Current First Quarter**
 - (2) Establishment of a Group Organization System Based on the Three Major Businesses**

(1) Introduction of the International Financial Reporting Standards (IFRS) from the Current First Quarter

- ❑ Early adoption of IFRS was requested by the Hong Kong Stock Exchange for the listing
- ❑ Companies, by definition, bear accountability to all stakeholders
- ❑ Further, these days, companies are required to be adaptable to environmental changes. With a view to matching global standards, we have decided to adopt IFRS, a tool we can employ to “develop self-awareness” and accomplish our constant evolution

Purposes of the Adoption of IFRS



Highly Transparent Management and Financial Reporting

The Background to Implement Organizational Restructuring Within the Group

- **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.**
 - **Securities Business and Financial Service Business will be integrated into one segment.**

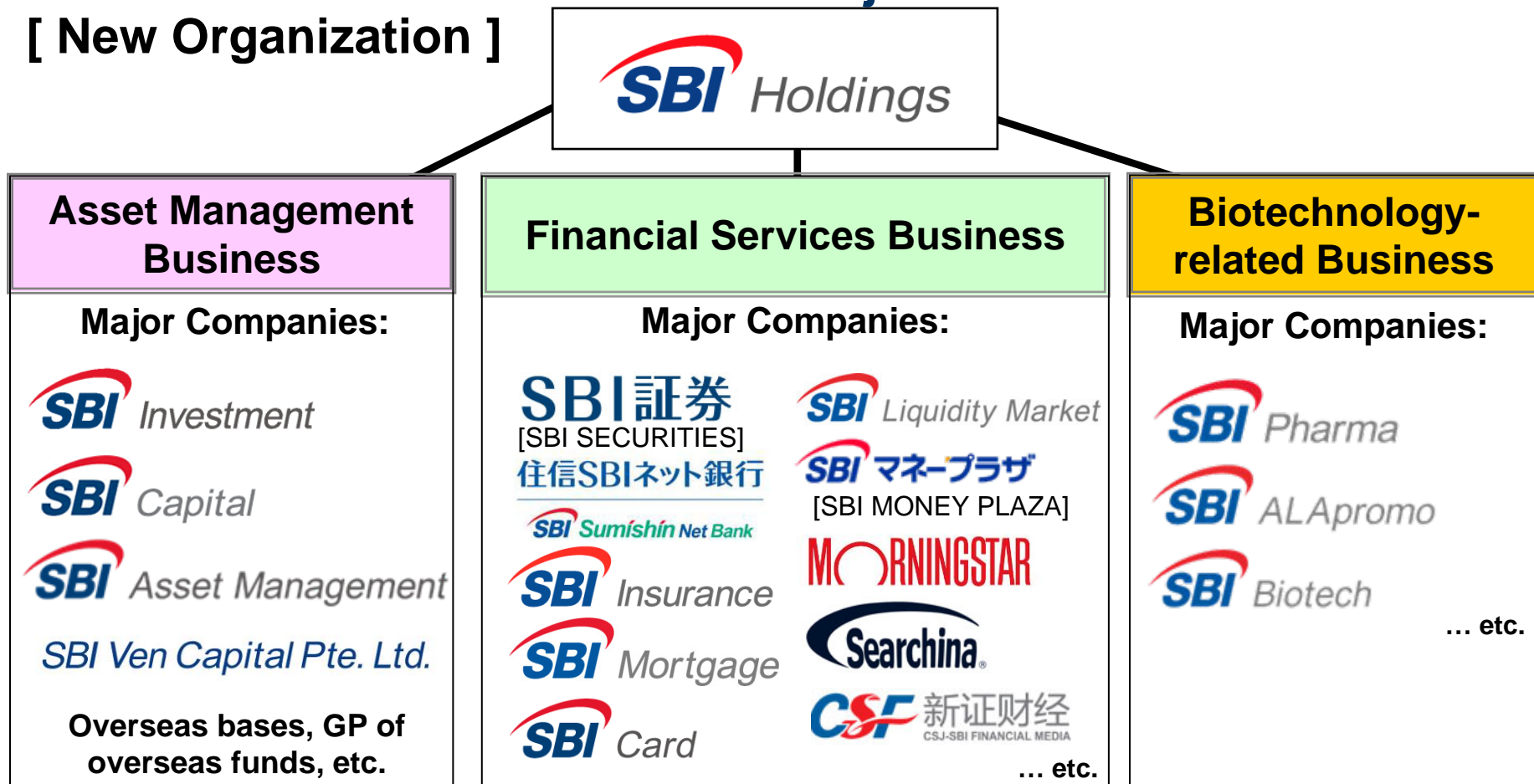
Shift to an organizational structure capable of thoroughly pursuing synergies by unifying the sales infrastructures of securities, insurance and housing loan businesses as a common infrastructure.
- **The Biotechnology-related Business, which will be a New Revenue Source, will be focused upon.**



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

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

[New Organization]



- Each business segment has established 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 domestic subsidiaries planning for overseas alliances to SBI Hong Kong Holdings in the future.
- Preparation are underway for the establishment of an **insurance holding company**. At this moment, this entity will not be positioned under any umbrella of an intermediate holding company.

Asset Management Business

SBI Capital Management, an intermediate holding company, will centrally manage funds and foreign exchange matters to improve the efficiency of fund managements and procurement in the investment business, along with proceed to exits through IPOs and M&As in various Asian markets

Financial Services Business

Under SBI FINANCIAL SERVICES, an intermediate holding company, we will further enhance synergies in the Financial Service Business and pursue synergies through the cooperation between domestic and overseas subsidiaries

Biotechnology-related Business

The Group is positioning the 5-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.**

Estimating Each Segment's Shareholder Value ①

(based on the closing prices on June 27, 2012)

(JPY billion)

	Enterprise value by segment (theoretical value)
Asset Management	77.7
Financial Service	245.3(+)*
Biotechnology-related	65.7
Others	38.5
Outside borrowings	-139.8
合 計	287.4(+)

(Reference) Market cap (actual value): **JPY 128.0 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 June 27, 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 of 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, 2012.

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 FY2012.

Estimating Each Segment's Shareholder Value ③



<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

→ SBI Mortgage's stock price on KOSPI x number of shares issued x SBIH's equity interest (including indirect holdings)

- Biotechnology-related Business

SBI Pharma

→ 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)

SBI Biotech → Market value at the point of financing x number of shares held by SBI (including indirect holdings)

Bio-related companies; Quark, Kadmon and Acucela; owned by funds

{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 average PBR of ten Japanese bio-venture companies

- 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

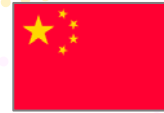
Welcoming SBIH's Directors responsible for overseas businesses and SBI Group's overseas partners' representatives as Directors of the Hong Kong subsidiary



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

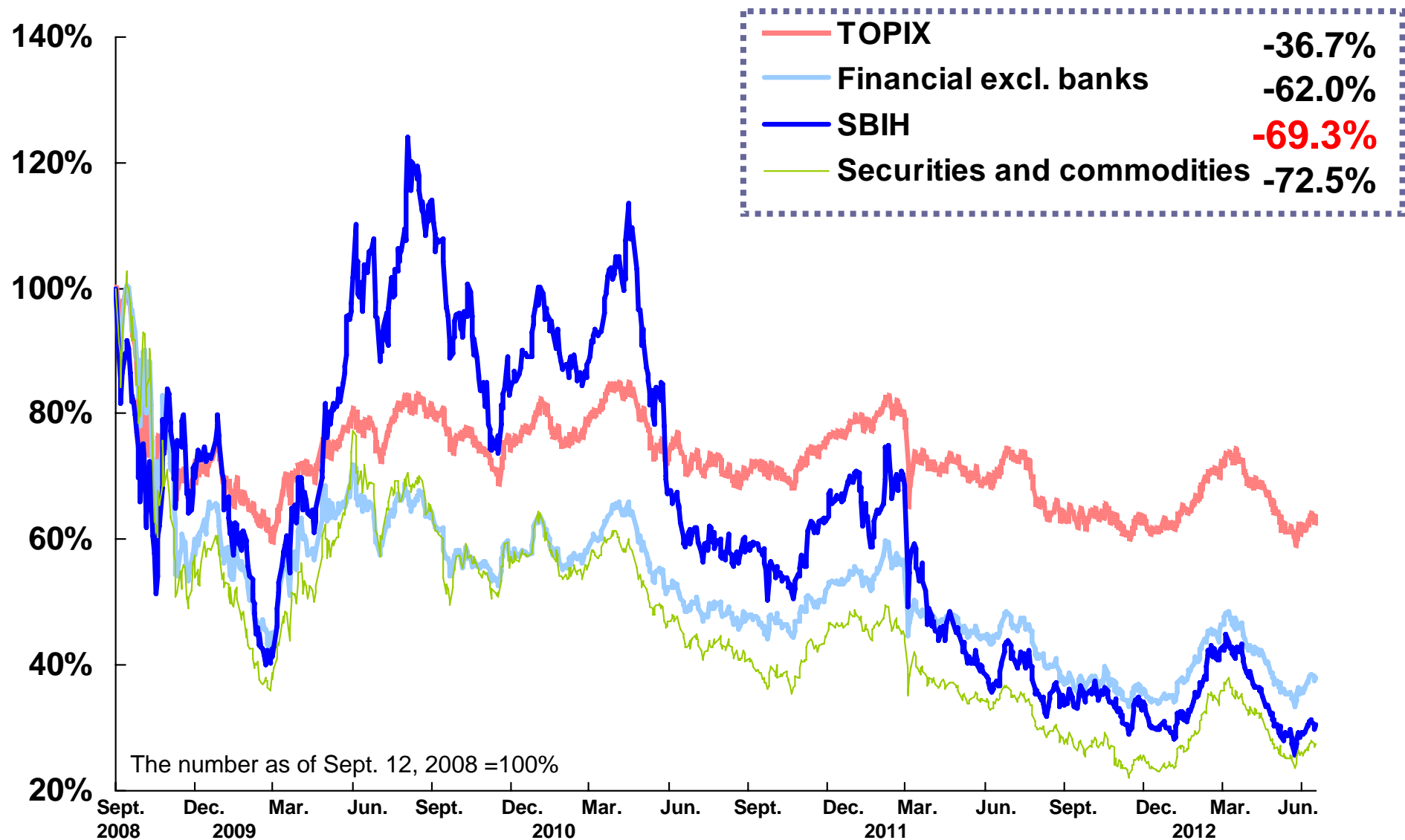


Pursue further expansion and enhanced efficiency of asset management and financial service businesses in China

<Appendix: About SBI's Share Price>

Comparison of TOPIX Industry Indexes

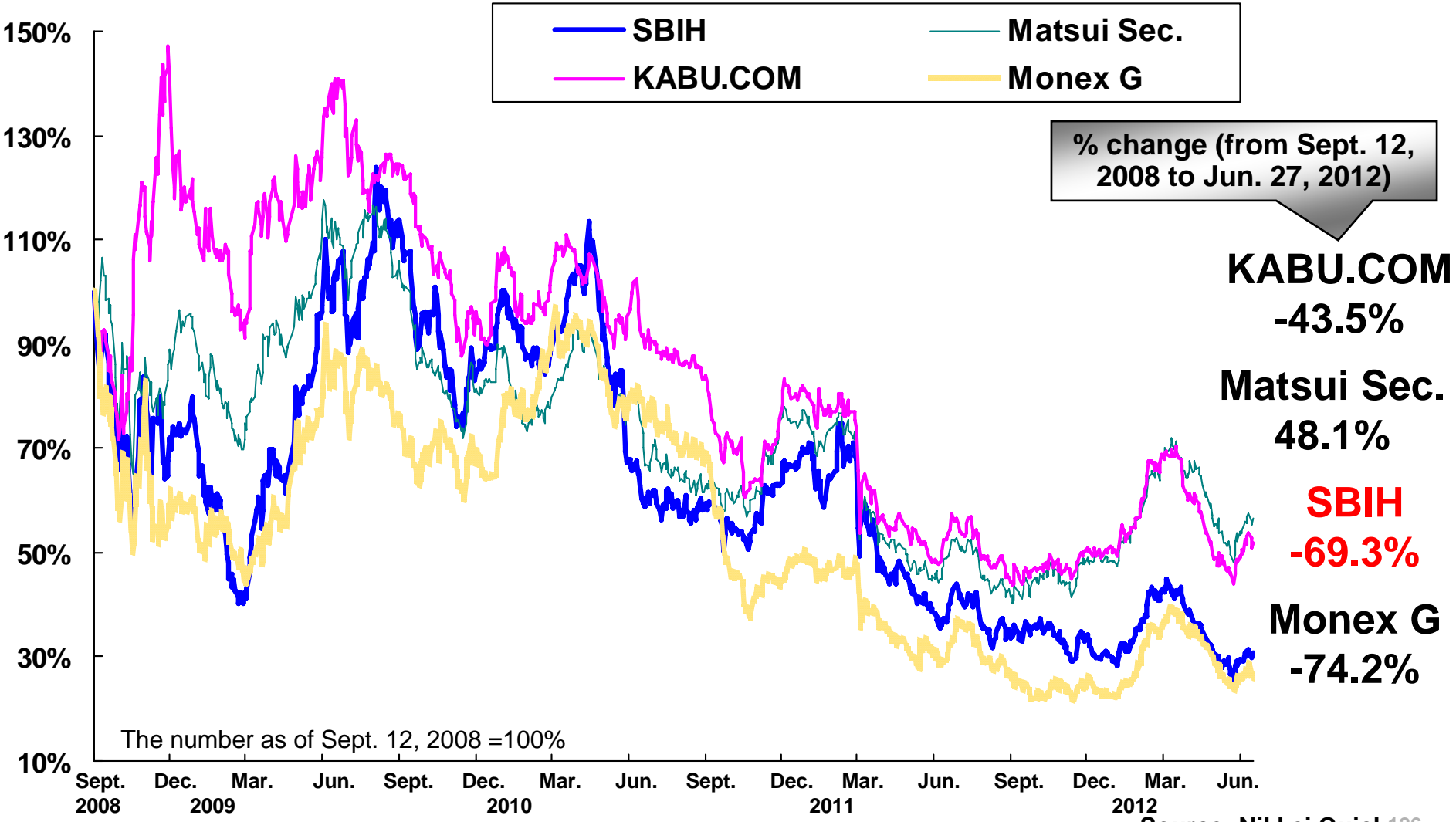
(Sept. 12, 2008 – Jun. 27, 2012)



Comparison of Stock Fluctuations ①

Online Securities Companies after the Lehman Shock

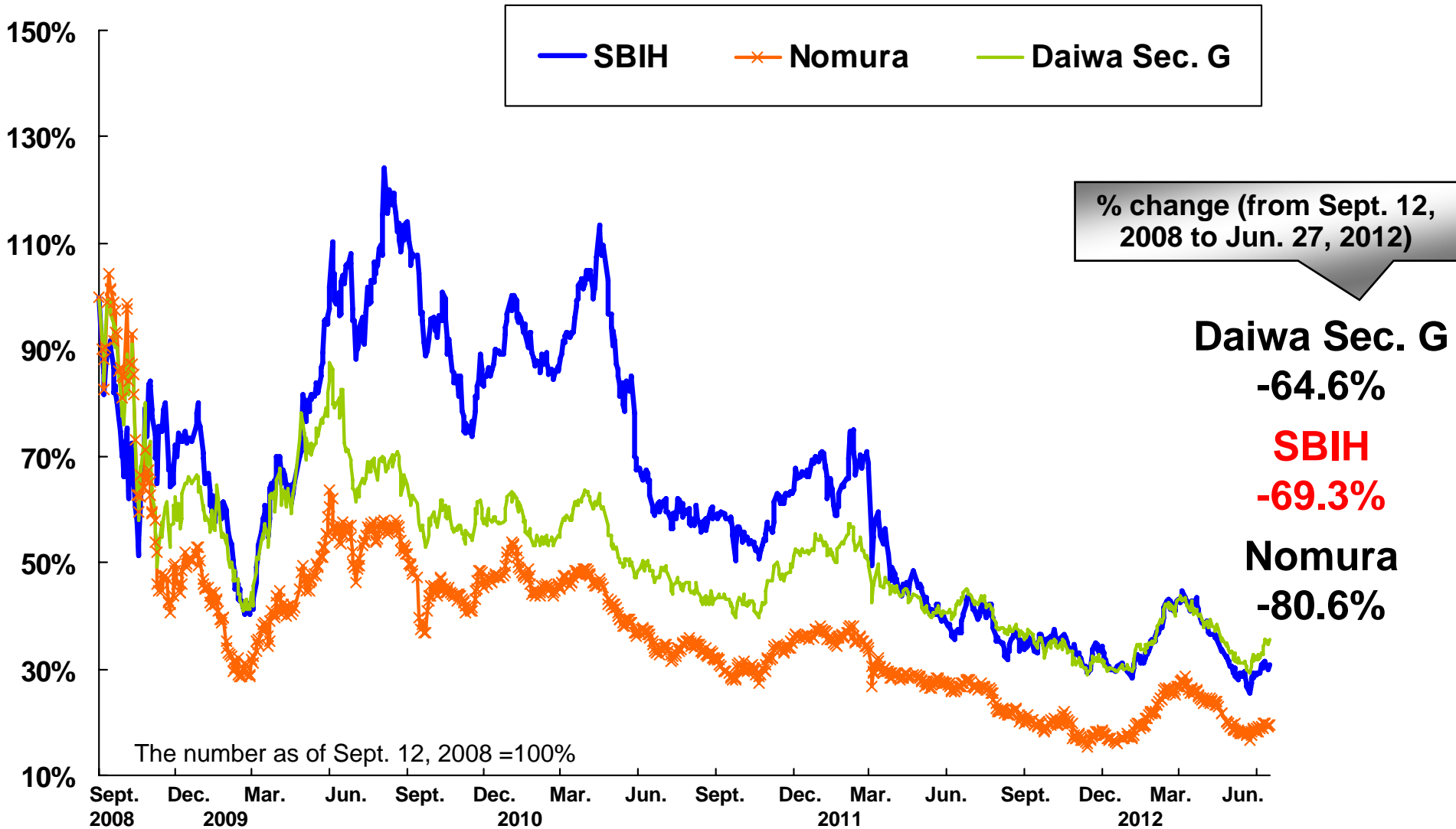
(Sept. 12, 2008 – Jun. 27, 2012)



Comparison of Stock Fluctuations ②

Major Securities Companies after the Lehman Shock

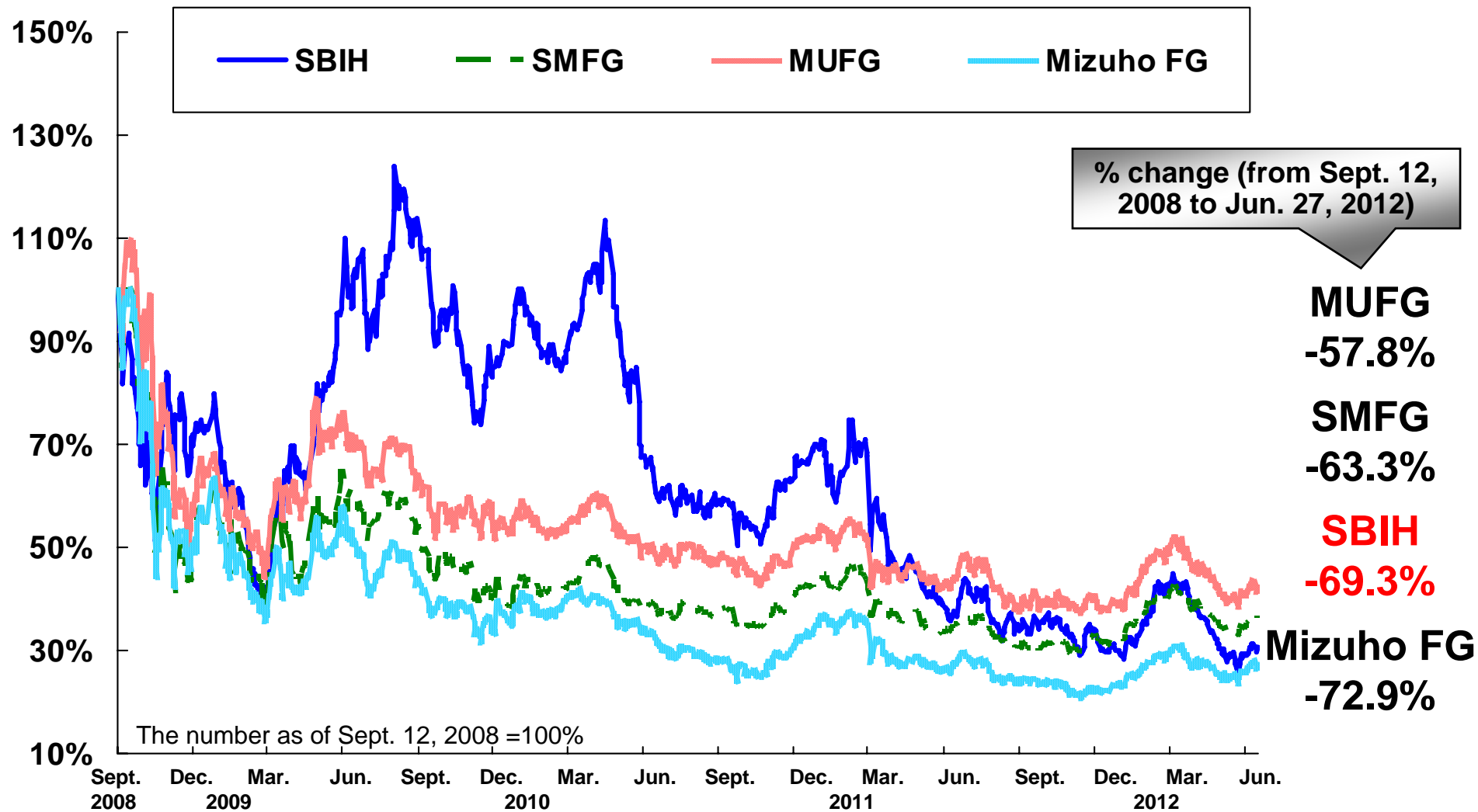
(Sept. 12, 2008 – Jun. 27, 2012)



Comparison of Stock Fluctuations ③

Major Securities Companies after the Lehman Shock

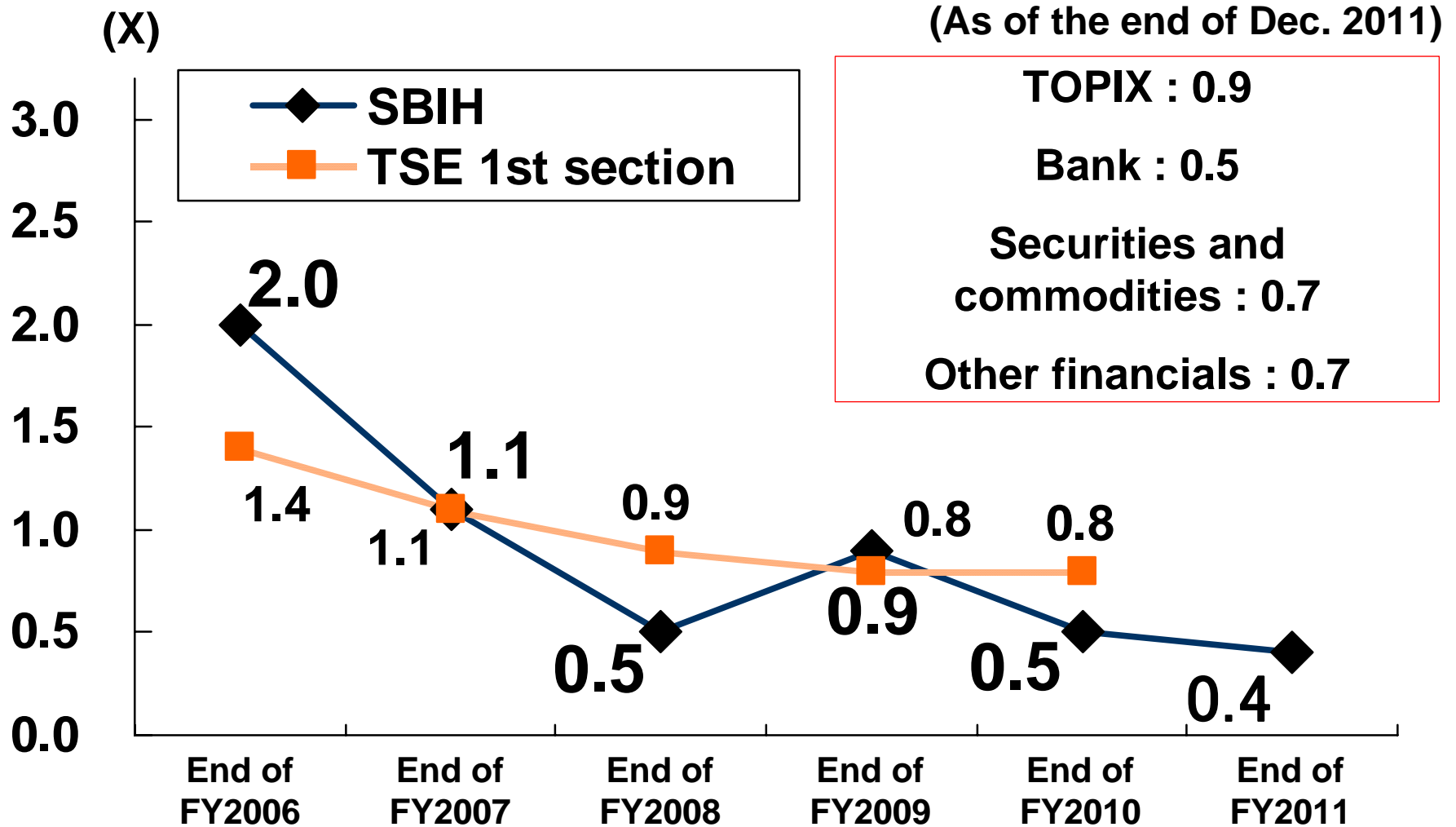
(Sept. 12, 2008 – Jun. 27, 2012)



Change in PBR of SBI Holdings



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



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

[Results of share repurchase]

Number of shares to be repurchased: **377,857 shares**

The ratio to the shares issued excluding treasury shares: 1.71%

Total cost of shares to be repurchased: **JPY 1,999,999,215**

Period for share repurchase: May 25, 2012 - June 13, 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

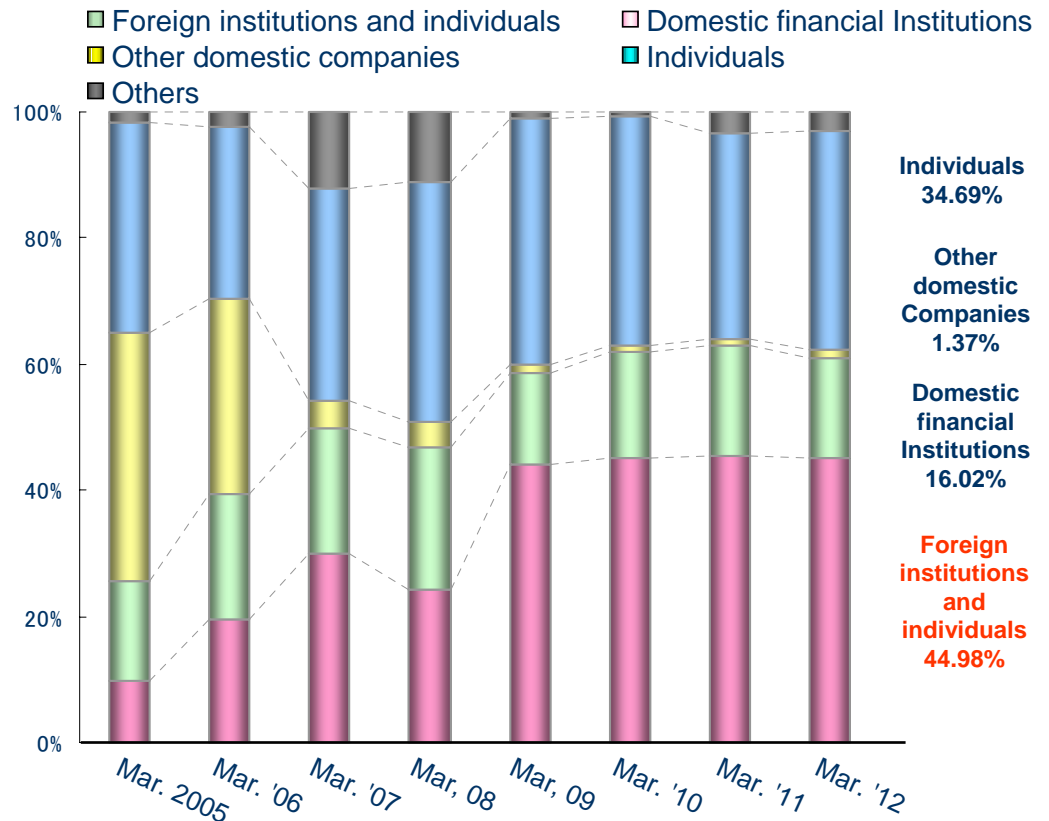
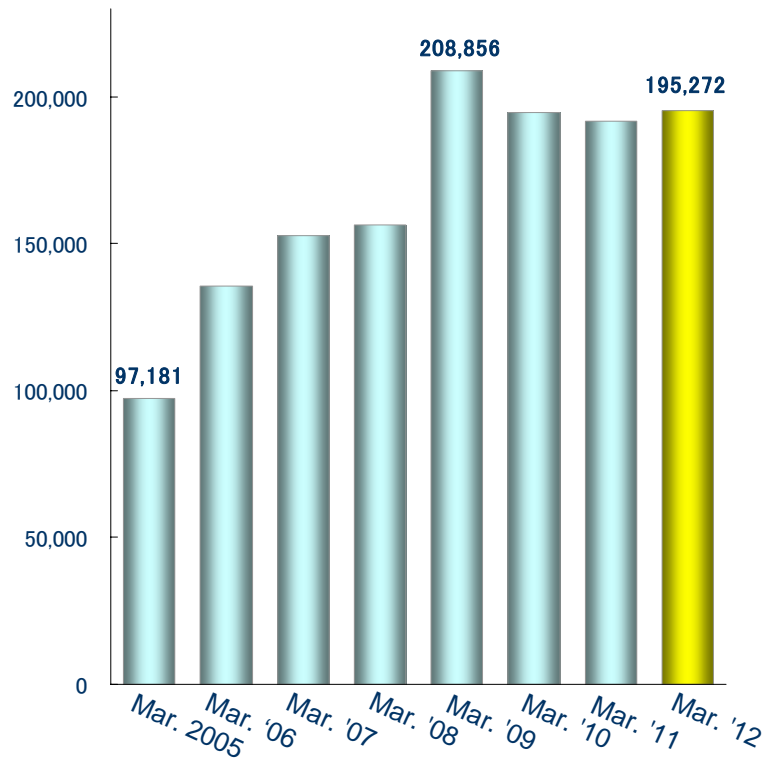


Foreign investors' shareholding ratio rapidly increased after FY2008, Foreign institutions and individuals have held over 40% of the shares since then.

Number of Shareholders

Shareholder Composition

(Number of holders)



* end of the month

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

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