



*Strategic
Business
Innovator*

SBI Holdings, Inc.

Financial Results

**for the Nine-month Period Ended Dec. 31, 2012
(Fiscal Year Ending March 31, 2013)**

February 7, 2013

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

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

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

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

- 1. 3Q FY2012 Consolidated Performance and General Business Overview**
- 2. Measures Undertaken During the Economic Downturn and the Subsequent Results**
- 3. Near-term Economic Outlook and the Shift To Managing More Aggressively**

1. 3Q FY2012 Consolidated Performance and General Business Overview

- (1) Quarter-on-quarter Performance
Comparison Based on IFRS
Adopted from 1Q FY2012**
- (2) Summary of Major Businesses**

**(1) Quarter-on-quarter Performance
Comparison Based on IFRS
Adopted from 1Q FY2012**

Consolidated Performance for the 9 Month FY2012 Period (IFRS)



~Excluding the impact from the implementation of the reorganization in
FY2011, achieved year-on-year increases in revenue and earnings~

(JPY million, %)

	FY2011 9 month* (Apr.-Dec. 2011)	FY2012 9 month (Apr.-Dec. 2012)	YoY change (%)
Operating Revenue	124,457	110,663	-11.1
Operating Income	12,242	10,630	-13.2
Profit Before Income Tax Expense	10,807	8,932	-17.3
Profit for the Period	5,172	4,018	-22.3
Profit attributable to owners of the Company	1,723	1,124	-34.8

* The figures below are included in the results collectively as extraordinary gain/loss for the 9 month FY2011 period, and includes results from the sale of the former SBI VeriTrans as part of the organizational restructuring and the sale of VSN, which was consolidated upon the adoption of IFRS.

Operating revenue: JPY 24.9bn; Operating income: JPY 6.8bn; Profit before income tax expense: JPY 6.7bn

FY2012 Quarterly Consolidated Performance (IFRS)

~Performance sharply recovered bottoming out in 2Q FY2012~

(JPY million)

	FY2012				FY2012 9 month
	1Q FY2012 (Apr.– June 2012)	2Q FY2012 (July– Sept. 2012)	3Q FY2012 (Oct.– Dec. 2012)	QoQ change	
Operating Revenue	36,599	30,984	43,080	+12,096	110,663
Operating Income	3,906	-3,100	9,824	+12,924	10,630
Profit Before Income Tax Expense	3,432	-3,728	9,228	+12,956	8,932
Profit for the Period	2,279	-3,098	4,837	+7,935	4,018
Profit attributable to owners of the Company	1,403	-2,767	2,488	+5,255	1,124

Cash Flow Improved Dramatically



Cash Flow Status (IFRS)

(JPY billion)

	FY2011 9 month	FY2012 9 month	YoY change
Net cash from (used in) operating activities	0.1	40.0	+39.8
Net cash from (used in) investing activities	-12.4	1.6	+14.0
Net cash from (used in) financing activities	-5.4	-19.7	-14.3
of which, Increase (decrease) in short term loans payable	1.6	-31.5	-33.1
Net increase (decrease) in cash and cash equivalents	-17.6	21.8	+39.5
Cash and cash equivalents at the end of the period	139.3	182.4	+43.1

FY2012 Quarterly Operating Revenue by Segment (IFRS)



(JPY million)

	FY2012				FY2012 9 month
	1Q (Apr.– June 2012)	2Q (July– Sept. 2012)	3Q (Oct.– Dec. 2012)	QoQ change	
Financial Services Business	23,668	26,959 <small>(*1)</small>	26,307	-652	76,935
Asset Management Business	11,639	2,026	15,119	+13,093	28,784
Biotechnology- related Business	276	224	190	-34	690
Others (Mainly Housing and Real Estate Business)	1,663	2,527	2,097	-430	6,287

*1 Recorded marginal gain (JPY 2.8bn) from step acquisition procedure of SBI Japannext as a consolidated subsidiary (effective date of Sept. 30, 2012)

*2 Figures are before elimination of inter-segment transactions.

FY2012 Quarterly Profit Before Income Tax Expense by Segment (IFRS)



(JPY million)

	FY2012				3Q FY2012 9 month
	1Q FY2012 (Apr.– Jun. 2012)	2Q FY2012 (Jul.– Sept. 2012)	3Q FY2012 (Oct.– Dec. 2012)	QoQ change	
Financial Services Business	659	3,219 <small>(*1, 2)</small>	3,664	+445	7,542
Asset Management Business	5,087	-4,608	8,082	+12,690	8,561
Biotechnology-related Business	-687	-473	-956 <small>(*3)</small>	-483	-2,116
Others (Mainly Housing and Real Estate Business)	134	512	527	15	1,173

*1 Recorded marginal gain (JPY 2.8bn) from step acquisition procedure of SBI Japannext as a consolidated subsidiary (effective date of Sept. 30, 2012)

*2 Recorded an one-off expense (JPY 0.75bn) at SBI Insurance, associated with the termination of past reinsurance agreements

*3 Includes profit/loss (JPY -0.25bn) associated with SBI Biotech's conversion of Quark Pharmaceuticals into a wholly-owned subsidiary

*4 Figures are before elimination of inter-segment transactions.

(2) Summary of Major Businesses

[Financial Services Business]

Performance Analysis by Business Segment

~ Financial Services Business ~



Performance Trend of Major Subsidiaries that Significantly Affected Operating Revenue

[Operating Revenue]

(Based on IFRS, Unit: JPY billion)

	FY2012				FY2012 9 month
	1Q (Apr.– June 2012)	2Q (July– Sept. 2012)	3Q (Oct.– Dec. 2012)	QoQ change	
SBI SECURITIES	9.2	9.2	10.9	+1.7	29.3
SBI Liquidity Market	1.9	1.5	1.9	+0.5	5.3
SBI Insurance	4.7	4.9	5.2	+0.4	14.8
SBI Mortgage	2.9	3.4	3.9	+0.4	10.2
SBI MONEY PLAZA (*2)	0.1	0.5	0.7	+0.2	1.3
Morningstar	0.6	0.5	0.7	+0.1	1.8

*1 Rounded up or down to the nearest 100 million yen

*2 Operating revenue of SBI MONEY PLAZA was recorded from 1Q, since its operation started on Jun. 15, 2012

*3 Abovementioned figures are the financial results of each company that is recognized in SBIH's consolidated financial statements

Performance Analysis by Business Segment

~ Financial Services Business ~



Performance Trend of Major Subsidiaries that Significantly Affected Profit Before Income Tax Expense

[Profit Before Income Tax Expense]

(Based on IFRS, Unit: JPY billion)

	FY2012				FY2012 9 month
	1Q (Apr.– June 2012)	2Q (July– Sept. 2012)	3Q (Oct.– Dec. 2012)	QoQ change	
SBI SECURITIES	1.3	1.7	2.5	+0.8	5.5
SBI Liquidity Market	0.4	0.3	0.4	+0.2	1.1
SBI Insurance	-0.9	-2.2^(*2)	-1.2	+1.0	-4.3
SBI Mortgage	0.5	0.9	1.2	+0.3	2.6
SBI Sumishin Net Bank (Share of profits of associates using the equity method)	-0.7	0.1	0.5	+0.4	-0.2

*1 Rounded up or down to the nearest 100 million yen

*2 Recorded an one-off expenses (JPY 0.75bn) associated with the termination of past reinsurance agreements

*3 Abovementioned figures are the financial results of each company that is recognized in SBIH's consolidated financial statements

State of the Major Financial Service Business Companies

- ① **SBI SECURITIES**
- ② **SBI Sumishin Net Bank** (Equity-method Company)
- ③ **SBI Insurance**
- ④ **SBI Mortgage**

① SBI SECURITIES

In addition to the recovery in the market environment, through the successful diversification of earnings sources, including the healthy growth in the FX business and the sales of investment trusts, 3Q (Oct.-Dec.) FY2012 operating revenue increased by 10.6%, and operating income rose 42.3% quarter-on-quarter.

SBI SECURITIES 9 Month FY2012 Period Consolidated Results (J-GAAP)

[Year-on-year]

(JPY million, %)

	9 Months FY2011 (Apr. 2011 - Dec. 2011)	9 Months FY2012 (Apr. 2012 - Dec. 2012)	YoY change (%)
Operating Revenue	29,247	28,194	-3.6
Net Operating Revenue	26,931	26,059	-3.2
Operating Income	5,360	5,451	+1.7
Ordinary Income	5,434	5,600	+3.0
Earnings Before Tax	7,756^(*)	6,305	-18.7
Net Income	4,087	3,854	-5.7

* During the 9 month FY2011 period, JPY 2.0bn for “Gains on sales of investment securities” was recorded as Extraordinary income.

Performance Comparison of Major Online Securities Companies (J-GAAP)

(JPY million, %)

	Operating Revenue	YoY change (%)	Ordinary Income	YoY change (%)
SBI	28,194	-3.6	5,600	+3.0
Monex ^(*1)	24,583	+5.1	-926	-
Rakuten ^(*2)	14,955	-1.9	2,809	+2.5
Matsui (non-cons.) ^(*3)	12,330	-4.4	4,734	-7.9
kabu.com (non-cons.)	8,443	-10.2	1,811	-22.7

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

*2 Began disclosing its consolidated results after the consolidation of Dot Commodity from 2Q FY2011.

*3 Non-consolidated results are shown, because Matsui adsorbed its only consolidated subsidiary during 1Q FY2012.

YoY % change is calculated from the consolidated results of the year-earlier period.

SBI SECURITIES 3Q FY2012 Consolidated Results (J-GAAP)

~Performance sharply progressed compared to 2Q FY2012~

[Quarter-on-quarter]

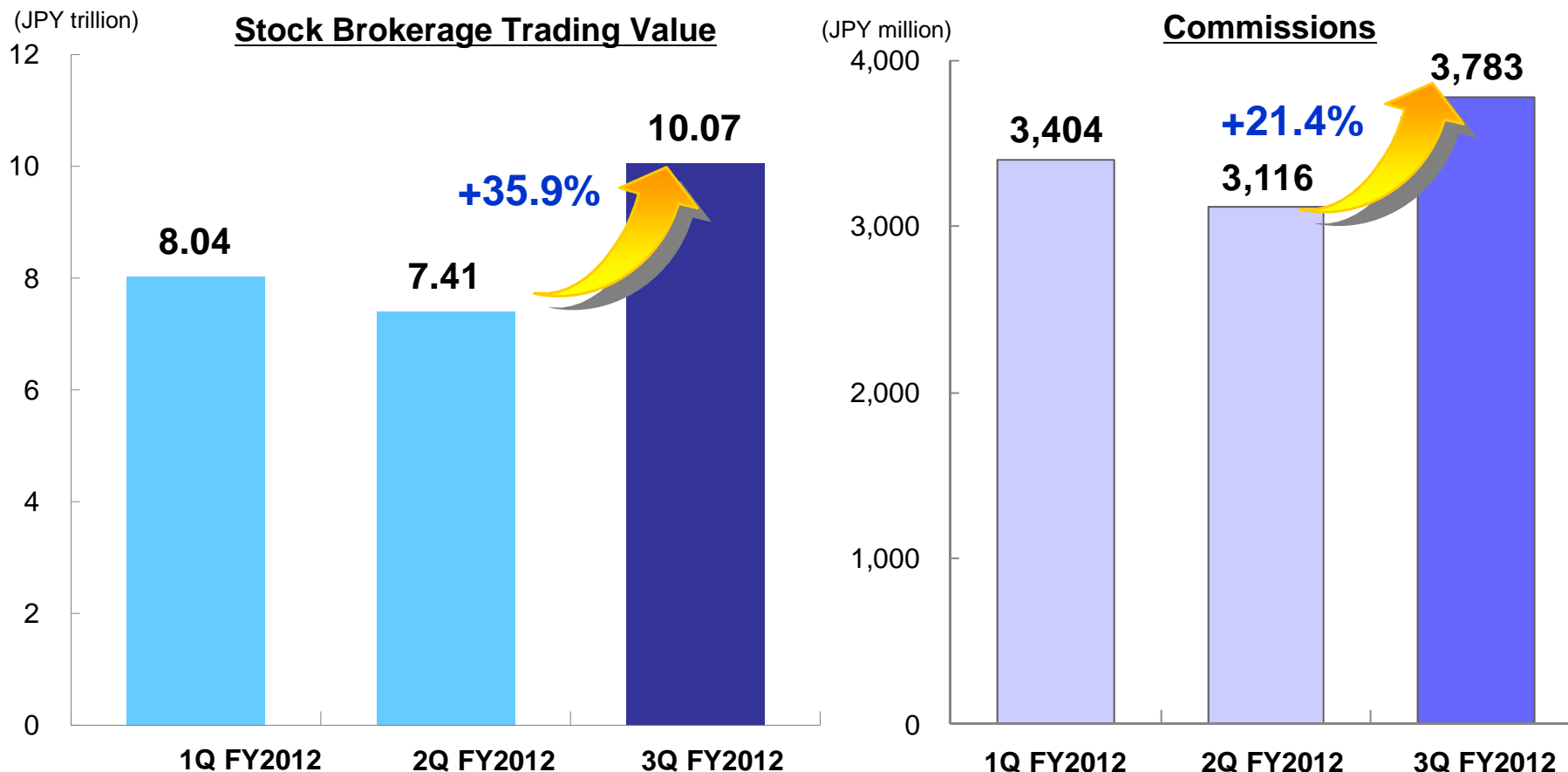
(JPY million, %)

	1Q FY2012 (Apr. 2012 – Jun. 2012)	2Q FY2012 (Jul. 2012 – Sept. 2012)	3Q FY2012 (Oct. 2012 – Dec. 2012)	QoQ Change (%)
Operating Revenue	9,178	9,031	9,984	+10.6
Net Operating Revenue	8,536	8,263	9,260	+12.1
Operating Income	1,426	1,661	2,364	+42.3
Ordinary Income	1,455	1,701	2,443	+43.6
Earnings Before Tax	2,262	1,691	2,351	+39.0
Net Income	1,370	1,043	1,441	+38.1

Increase in Stock Brokerage Trading Value and Commissions

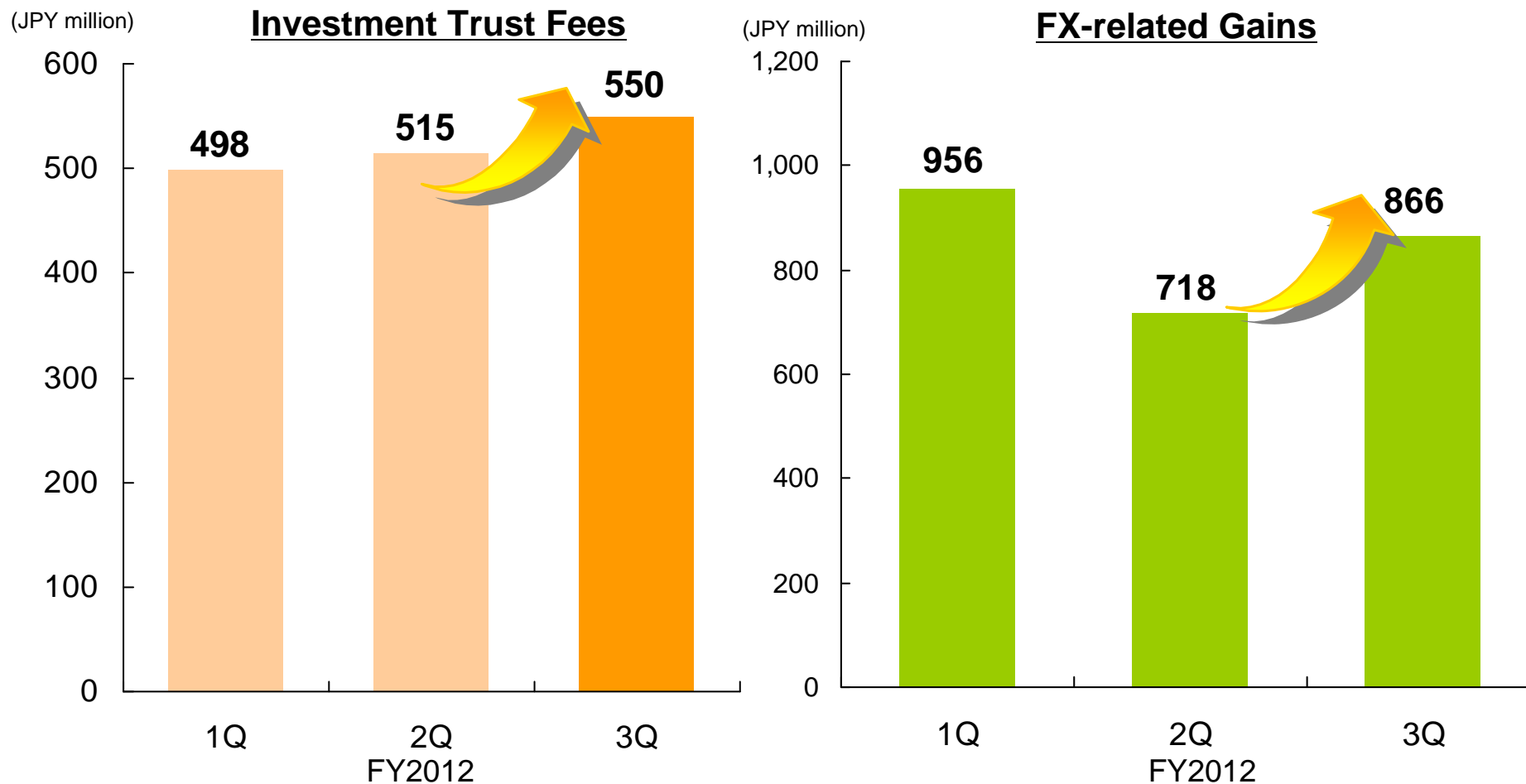
**Dramatically recovered in the 3Q (Oct.–Dec.)
owing to the improved market environment**

Stock Brokerage Trading Value and Commissions During FY2012



Investment Trust Fees and FX Trading-related Gains in the 3Q (Oct.-Dec.) Achieved Favorable Growth

Exceeded 2Q (July-Sept.) levels, respectively

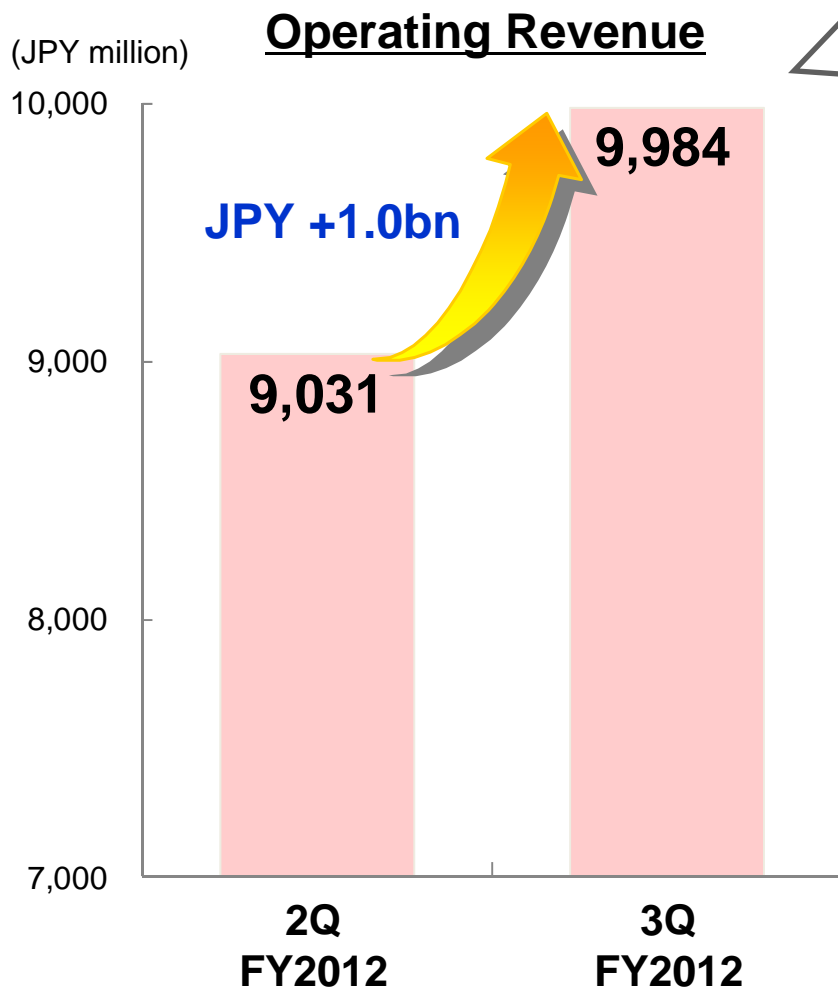


* Includes MMF, deposits of Chinese Fund and deposits of face-to-face accounts

* Investment trust fee is included in "Other commission received". * Trust fee excludes MRF.

SBI SECURITIES' Operating Margin

Improved From 18.4% (2Q FY2012) to 23.7% (3Q FY2012)



In addition to the increase in stock brokerage trade commissions, owing to the diversification of earnings sources, including the healthy growth in high margin FX transactions and the sales of investment trusts, operating revenue increased by **JPY 1.0bn QoQ**

According to the “laws of increasing returns,” the margin ratio significantly improved as revenues exceeded a certain level. The diversification of earnings sources also contributed to higher profitability.



Accordingly, operating margin improved to 23.7%, up 5.3 points QoQ

The trend was further strengthened in Jan. 2013

② SBI Sumishin Net Bank (Equity-method company)

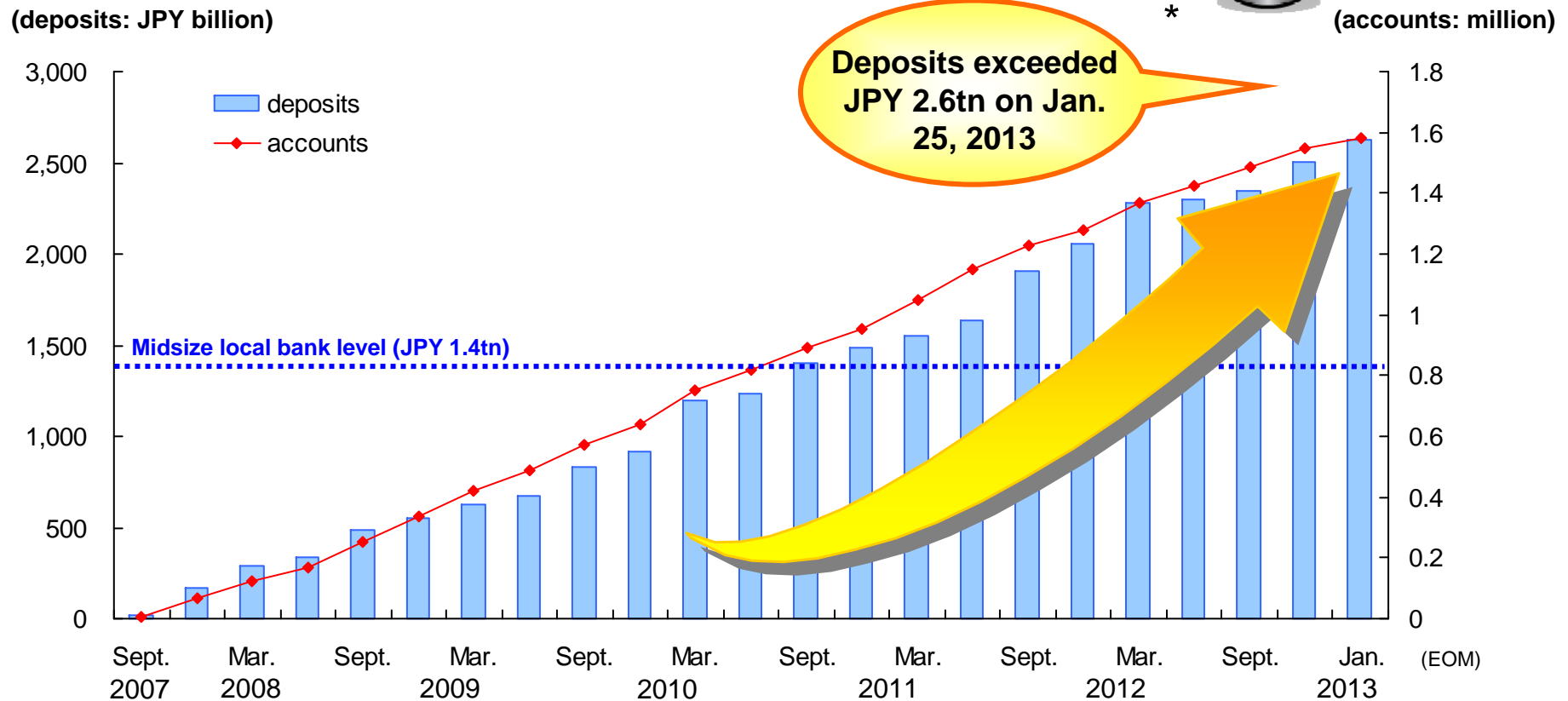
- i) **Owing to the steady expansion of its business base, the number of accounts topped 1.58 million, and deposits exceeded JPY 2,600bn as of the end of Jan. 2013.**
- ii) **Proceeding with successful diversification of its fund management methods, including housing, personal and auto loans.**
- iii) **While SBI Sumishin Net Bank steadily expands its operations, achieving JPY 4.9bn (+20.2% YoY) in ordinary income for the first 9 months of FY2012 (based on J-GAAP), SBIH recorded an investment gain of JPY 0.5bn as an equity-method company for 3Q FY2012**

Business Base Expanding Steadily

Change in the Number of Accounts and Deposits

Number of accounts: 1,580,575 / Deposits: JPY 2,622.4bn
(as of the end of Jan. 2013)

~ Deposits are No.1 among pure-play Internet banks~



(*) From information disclosed by each company. Pure-play Internet banks refer to SBI Sumishin Net Bank, Japan Net Bank, Sony Bank, Rakuten Bank.

Synergy with SBI SECURITIES Contributed the Growth of Deposits (SBI Hybrid Deposit)

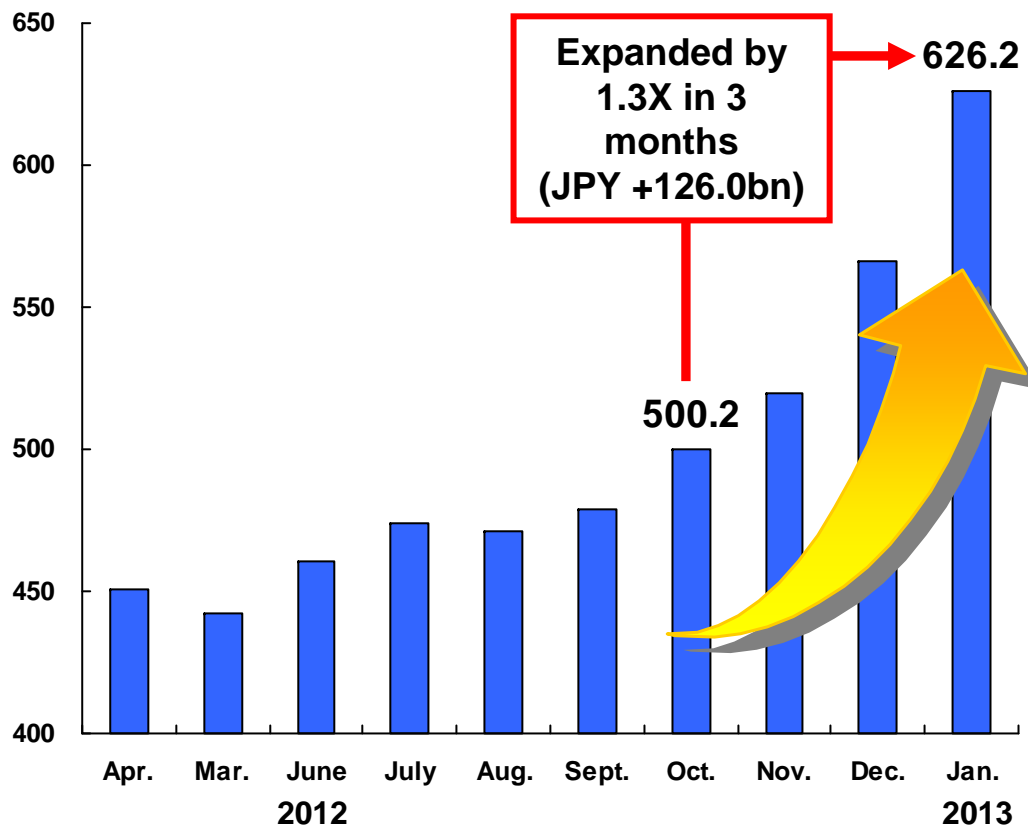


SBI Hybrid Deposits (Automatic deposits and withdrawals of stock trading deposits) :

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

Change in SBI Hybrid Deposits of SBI Sumishin Net Bank

(deposits: JPY billion)



Background:

- The increase in account openings at SBI Sumishin Net Bank and SBI Securities since the end of 2012 contributed to the increase in SBI Hybrid Depositors.

About 35% of new accounts at SBI SECURITIES applies for an account opening at SBI Sumishin Net Bank

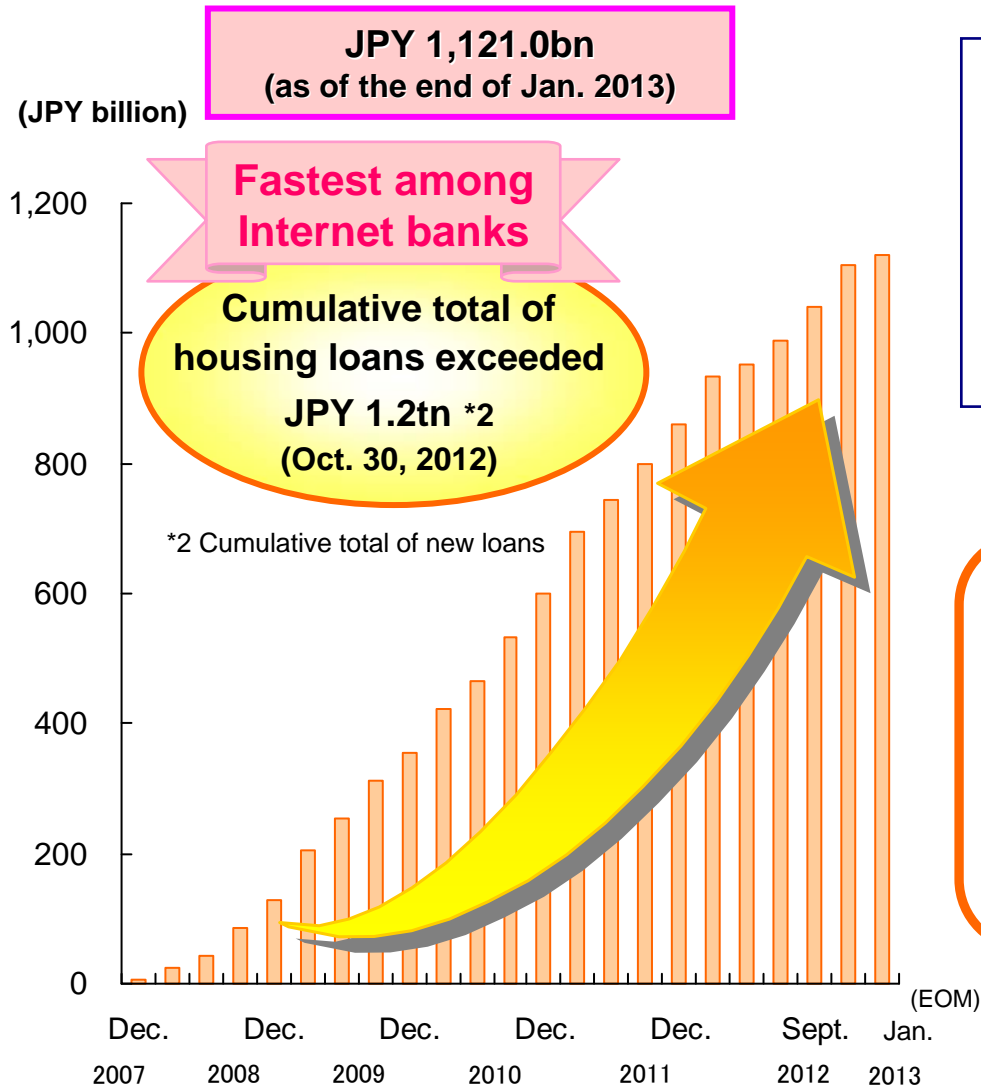
- Affected by the recovery of the stock market, the outstanding deposit balance per account has also grown.

Diversification of Loans ① Housing Loans



Change in Balance of Housing Loans *1 (Dec. 2007 – Jan. 2013)

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



In addition to conventional housing loans via cooperating real estate companies, started Banking Agency Business for Sumitomo Mitsui Trust Bank from Jan. 11, 2012

The total number of housing loans in the first 9 months (Apr.-Dec.) increased YoY and the commission revenue for the housing loans business also increased by 5.9% YoY

Diversification of Loans ② Personal Loans



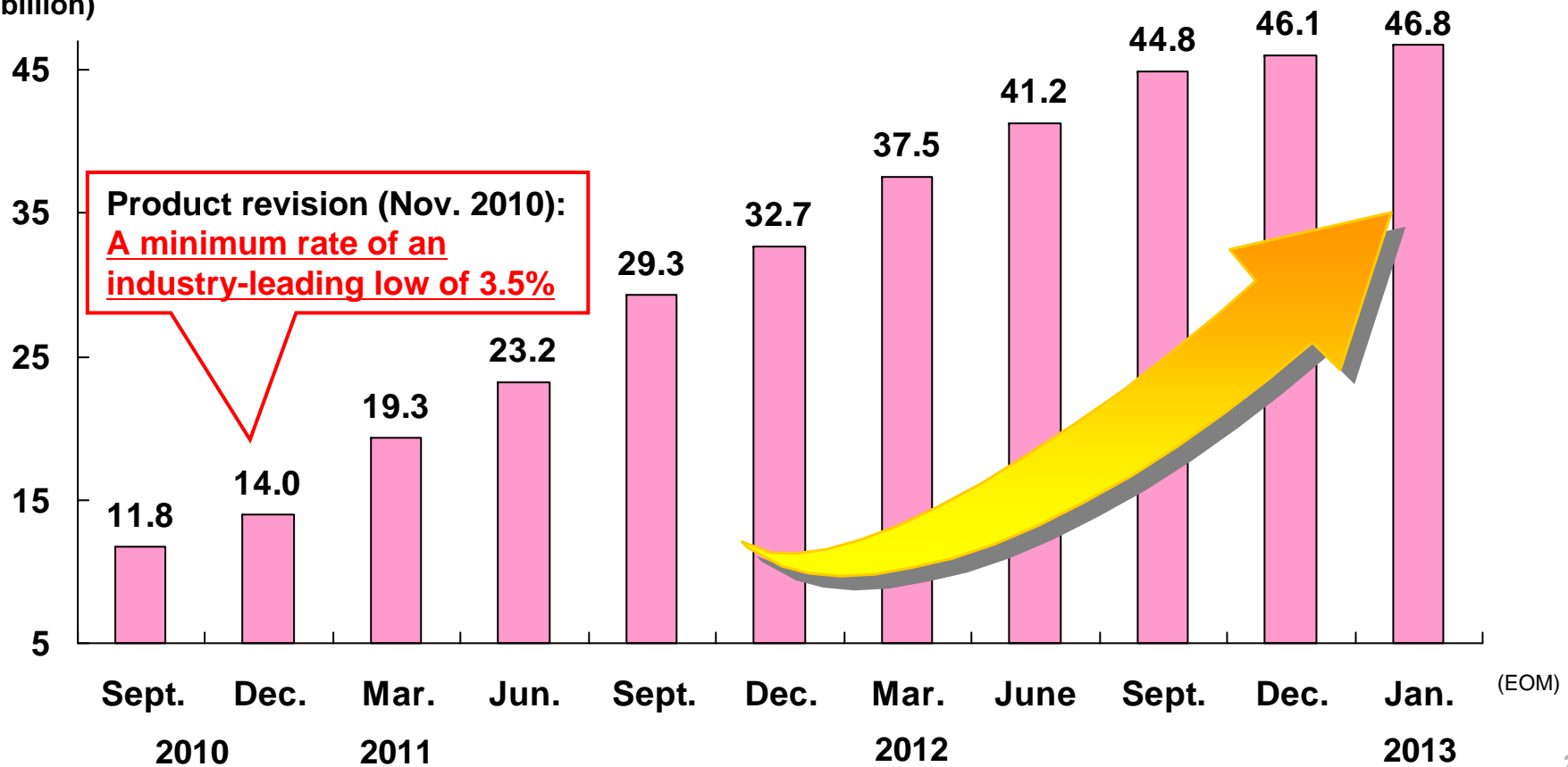
"Internet Loan" Balance

(Sept. 2010 – Jan. 2013)

JPY 46.8bn
(as of the end of Jan. 2013)

Expanded by 1.4X in a year

(JPY billion)

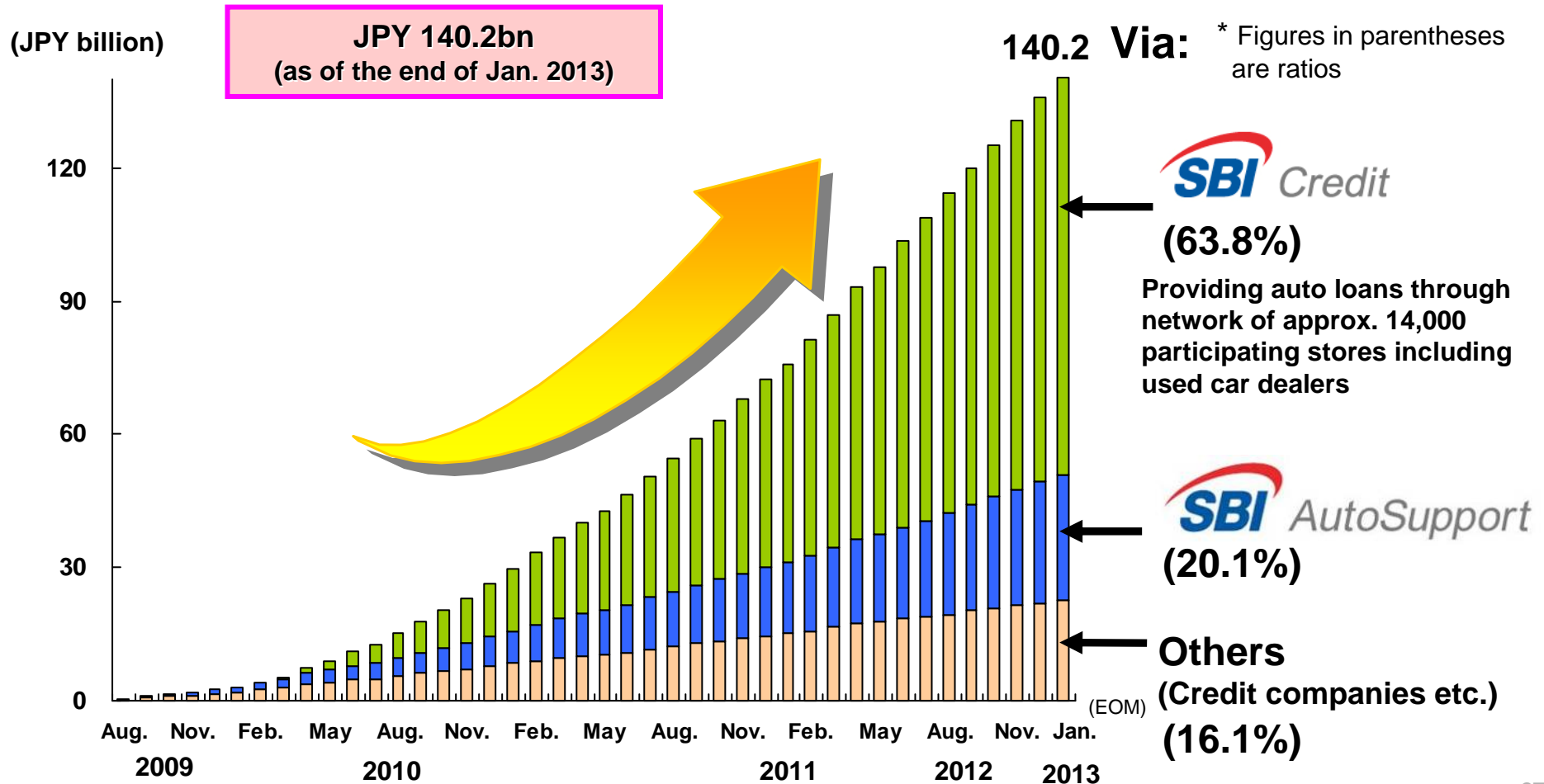


Diversification of Loans ③ Auto Loans

Cumulative Total of Auto Loans

(Aug. 2009 – Jan. 2013)

Expanded by 1.8X in a year



Impact from SBI Sumishin Net Bank's Results (Based on J-GAAP) to SBIH's Consolidated Results (Based on IFRS) (Announced on Jan. 31, 2013)

[SBI Sumishin Net Bank's Consolidated Results: Based on J-GAAP]

(Unit: JPY billion)

		1Q FY2012 (Apr.-June 2012)	2Q FY2012 (July-Sept. 2012)	3Q FY2012 (Oct.-Dec. 2012)
SBI Sumishin Net Bank	Ordinary Income	1.3	1.5	2.1
	Net Income	0.8	1.0	1.3
SBI Holdings	Consolidated Amount (*)	0.4	0.5	0.6

* SBI Sumishin Net Bank's net income × 50 % (equity interest)



[SBI Holdings' Consolidated Results : Based on IFRS]

(Unit: JPY billion)

Share of profits of associates using the equity method	- 0.7	0.1	0.5
---	-------	-----	-----

Although SBI Sumishin Net Bank uses interest rate swaps in preparation for the rise in interest rates, SBIH recorded deferred losses from hedging, etc. based on IFRS, owing to the decline of interest rates in 1Q FY2012. SBIH recorded an investment gain of JPY 0.5bn as an equity-method company in the 3Q.

③ SBI Insurance

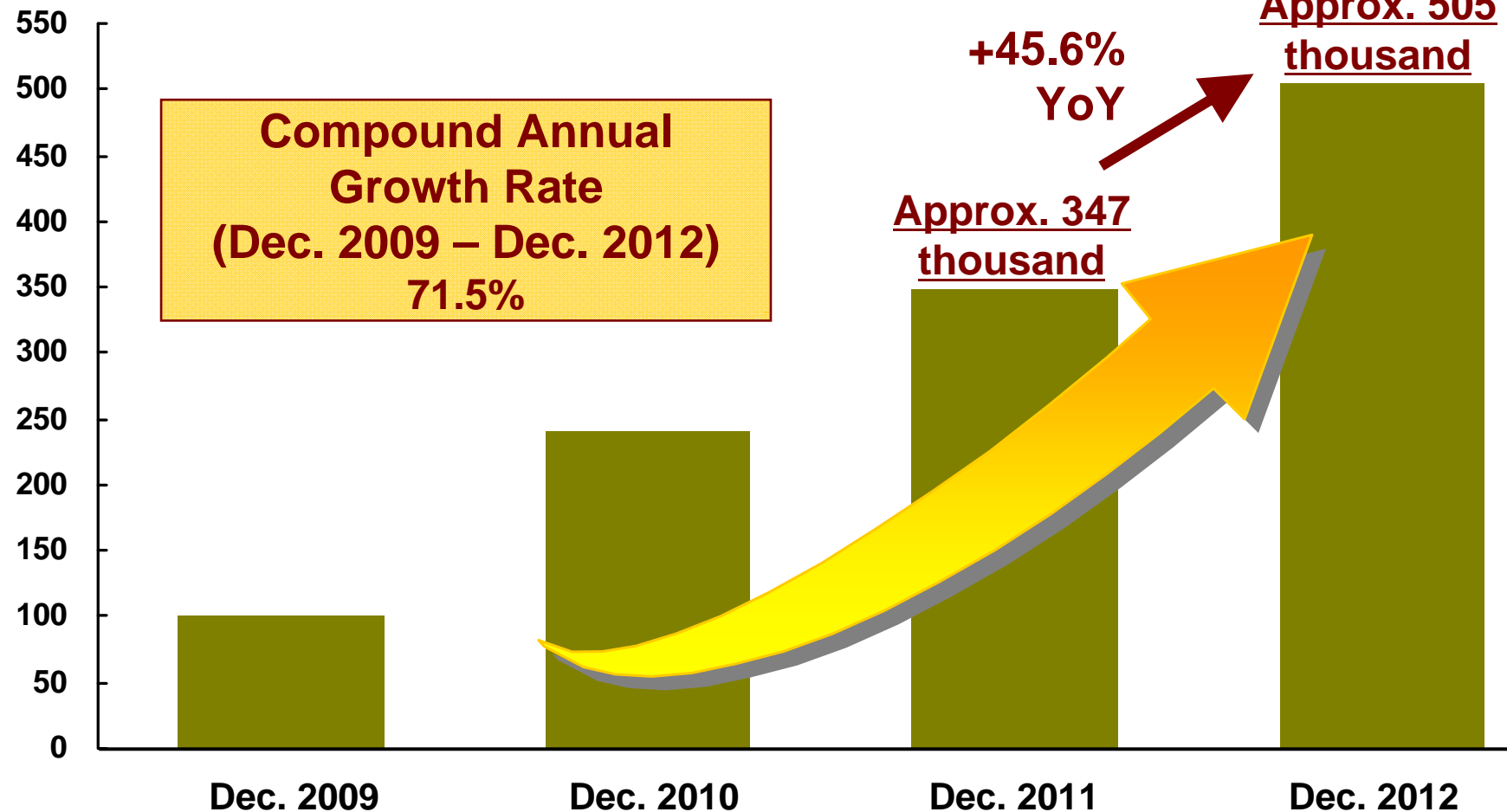
- i) **SBI Insurance's auto insurance business continues to expand with the number of contracts up 45.6% and insurance premiums up 36.6% QoQ.**
- ii) **Net loss declined in the 3Q FY2012. However, the underwriting reserves resulting from growth of premium income still remain a heavy burden.**
- iii) **Positive cash flow maintained since 2Q FY2011.**

SBI Insurance's Number of Auto Insurance Contracts Totaled Over 500,000 Contracts, Growing by 45.6% YoY

Approx. 515 thousand
(as of the end of Jan. 2013)

Number of Auto Insurance Contracts (Written Basis*)

(thousand policies)



(EOM)

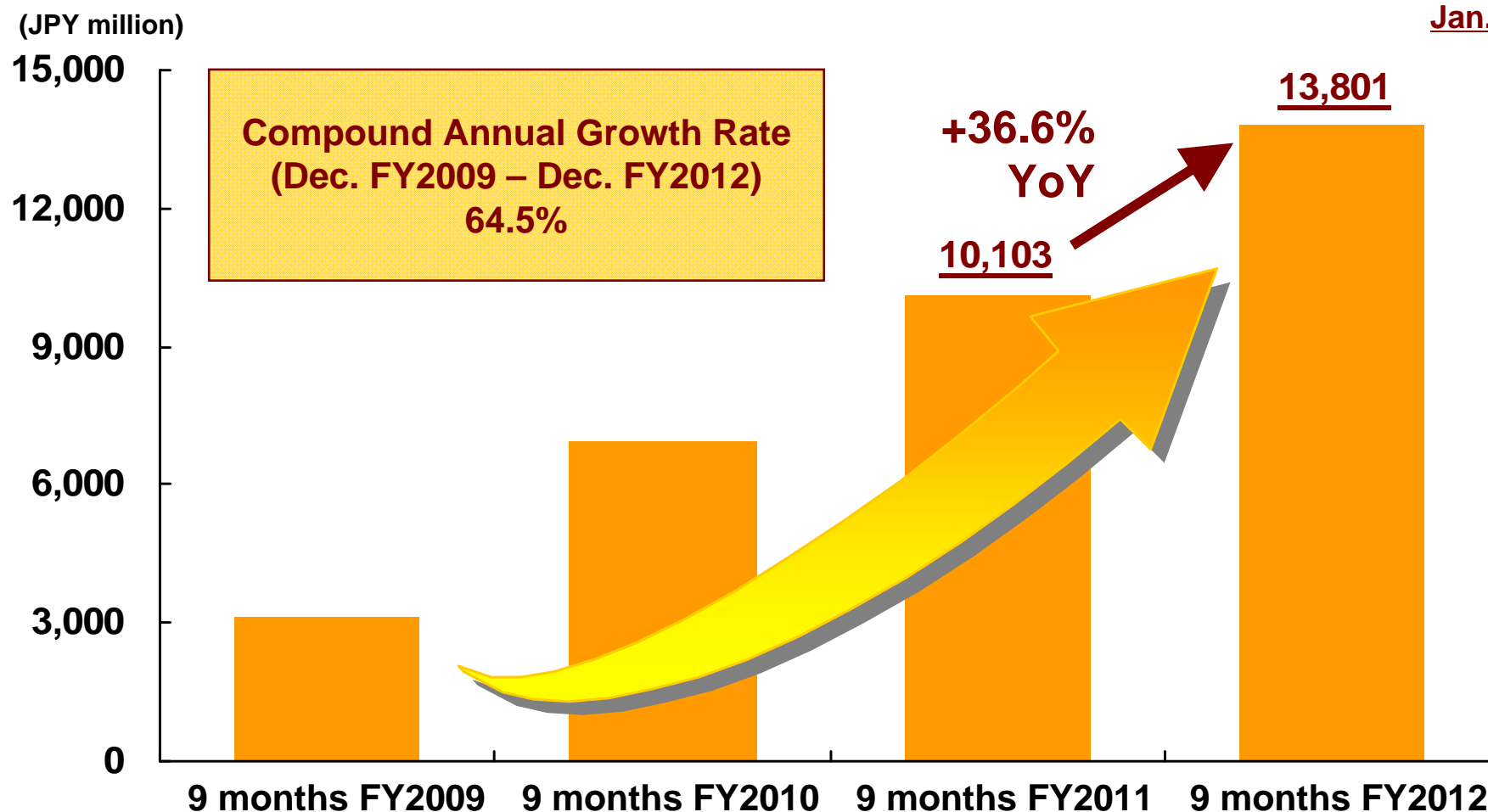
* Written basis: Completion of receipt of insurance premium

Insurance Premium of SBI Insurance's Auto Insurance Continues to Increase

The premium income for 9 months FY2012 was up 36.6% YoY

Change in Insurance Premium Income (Written Basis*)

Approx. JPY 15.3bn
(cumulative as of the end of Jan. 2013)

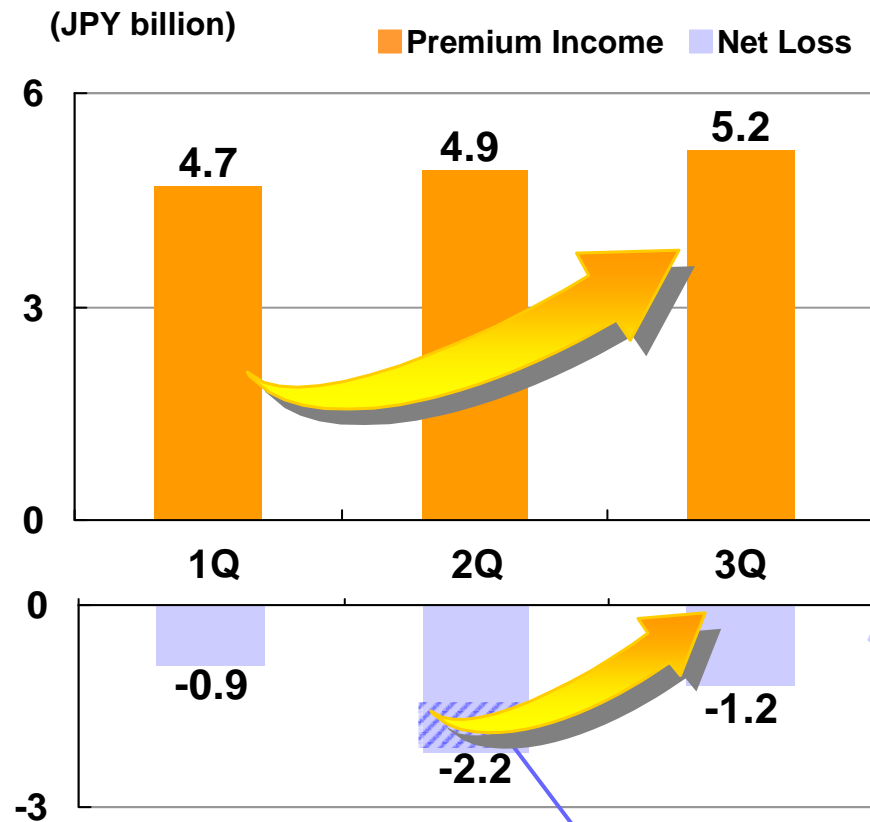


* Written basis: Completion of receiving transaction of insurance premiums

Business Results Showed Improvement

- Premium income continued to grow and net loss declined in the 3Q under review. However, the underwriting reserves resulting from growth of premium income still remain a heavy burden
- Positive cash flow maintained since 2Q FY2011

Premium income and net loss* (FY2012)



Major factor in the loss: Transfer to the underwriting reserves

The large growth in premium income in the previous year increased the amount of underwriting reserves, having been a red-ink factor in the financial statements.

However, the operational cash flow has constantly been positive since the 2Q FY2011.

FY2012	1Q	2Q	3Q
Underwriting reserve	JPY 9.6bn	JPY 10.2bn	JPY 10.7bn
Operational cash flow (Cumulative)	JPY 0.11bn	JPY 0.46bn	JPY 0.57bn

* In terms of the impact on SBI Holdings consolidated results, based on IFRS

Including the last one-time expense (JPY 750m) for the settlement of past reinsurance cases.

④ SBI Mortgage

- i) **Profit before income tax expense for the first 9 months (Apr.-Dec.) FY2012 increased 31.8% year-on-year, and profit for the period rose 45.4% year-on-year**
- ii) **The number of housing loans arranged during 3Q (Oct.-Dec.) FY2012 increased steadily, by 12.6% quarter-on-quarter and 29.1% year-on-year. The outstanding balance of loans as of the end of Dec. 2012 exceeded JPY 1,400bn.**

SBI Mortgage Financial Results for the First 9 Months FY2012 (IFRS)*



(Announced on Jan. 31, 2013)

(JPY million, %)

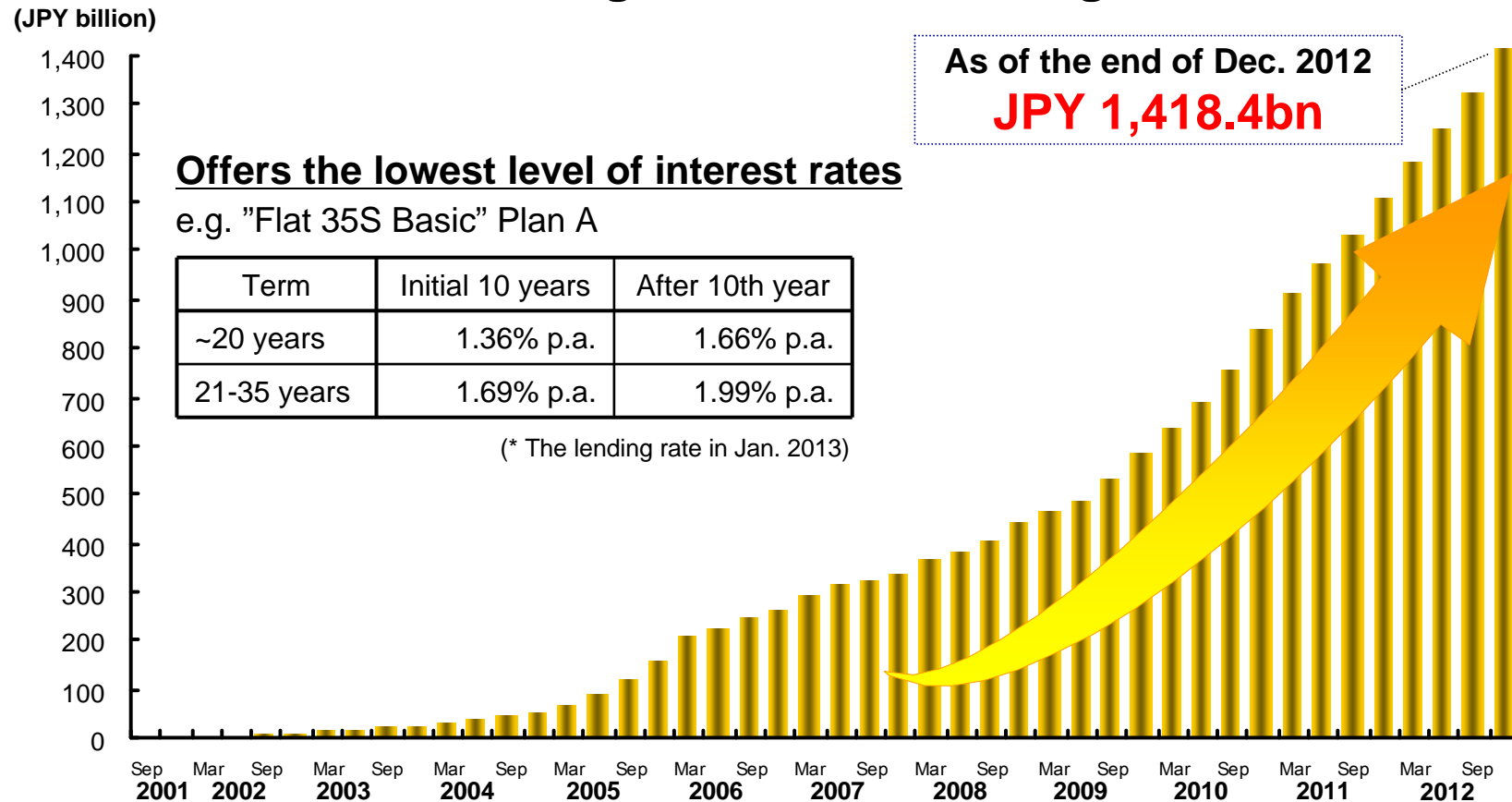
	FY2011 9 months (Apr. 2011 – Dec. 2011)	FY2012 9 months (Apr. 2012 – Dec. 2012)	YoY % change
Net Operating Revenue	6,557	8,493	+29.5
Profit Before Income Tax Expense	2,060	2,715	+31.8
Profit for the Period	1,153	1,677	+45.4

* The results above are unaudited and therefore subject to change upon an audit by external auditors.

SBI Mortgage's Outstanding Balance of Loans Exceeds JPY 1,400bn as of the End of Dec. 2012

The amount of housing loans arranged during 3Q (Oct.-Dec.) FY2012 increased 12.6% QoQ and 29.1% YoY

Outstanding Balance of Housing Loans



[Asset Management Business]

Analysis of Primary Fluctuation Factors -Asset Management Business-



The improvement in the market environment, along with the steady increase of investee companies' corporate values, through the fair value evaluation of operational investment securities that constitutes operating revenue, significantly contributed to 3Q FY2012 results

[Primary fluctuations factors in performance]

(IFRS, JPY billion)

	1Q FY2012 (Apr.-June 2012)	2Q FY2012 (July-Sept. 2012)	3Q FY2012 (Oct.-Dec. 2012)	QoQ change
Operating revenue (Asset Management Business)	11.6	2.0	15.1	+13.1
Profits and losses from the change in fair value	5.8	-3.3	9.2	+12.5
SBI Capital Solutions related *1	0.5	0	0	0
Investees under management and consultation *2	4.7	4.7	4.8	+0.1
Profit before income tax expense (Asset Management Business)	5.1	-4.6	8.1	+12.7
Profits and losses from the change in fair value	5.8	-3.3	9.2	+12.5
SBI Capital Solutions related *1	0.4	-0.2	0	+0.2
Investees under management and consultation *2	0.3	-0.1	0.3	+0.4

*1 Includes SBI Capital Solutions (sold in September 2012) and the funds managed by the company.

*2 Controlling companies among the companies acquired to manage and consult are consolidated and the results are reflected in the Asset Management Business.

Analysis of Primary Fluctuation Factors -Asset Management Business-

Positive factors contributing to the Asset Management Business for 3Q (Oct.-Dec.)

Factor ①: Owing to the improvement in the stock market environment, the evaluation of the fair value of investment securities improved

[The stock market]

	Sept. 30	Dec. 31	Change
Nikkei 225	8,870.16	10,395.18	+17.2%
SSE Composite	2,086.16	2,269.12	+8.8%
NYSE	8,251.00	8,443.51	+2.3%

[The exchange against the yen]

(1 currency unit = yen)

	Sept. 30	Dec. 31	Change
USD	77.96	86.10	+10.4%
EUR	100.21	113.57	+13.3%
CNY	12.405	13.818	+11.4%

Factor ②: The corporate values of the carefully selected prominent investee companies are steadily increasing



- ① Internet
- ② Bio-technology and life-science
- ③ Environmental technology and alternative energy

The carefully selected investments in prominent companies, both in the growth sectors and regions inside and outside of Japan, have resulted in the steady growth and increase in the corporate value of these companies

The upswing in the market environment will work positively toward the potential exit strategies of the investee companies, such as an IPO, and should continue to add further to the corporate values of the existing prominent investee companies, in their respective growth sectors and regions

IPO and M&A Deals in the Asset Management Business



	*1 Up to FY2010	FY2011 Full year	FY2012 Full year prospect
IPO and M&A deals	141	14	12

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

4 companies conducted an IPO/M&A in January and February, resulting in a total of 10 deals for FY2012 (as of Feb 7), and another company has been approved for an IPO.

Exit Date	Company	Market (Country)	
Apr. 30, 2012	SBI Mortgage Co., Ltd.	KOSPI (Korea)	
Sept. 25	Modacom Co.,Ltd.	KOSDAQ (Korea)	
Sept. 28	Mediaflag Inc.	TSE Mothers	
Dec. 17	SBI AXES Co., Ltd.	KOSDAQ (Korea)	
Dec. 20	Syuppin Co., Ltd.	TSE Mothers	
Dec. 20	euglena Co., Ltd.	TSE Mothers	
Jan. 1, 2013	Tokyo Stock Exchange Group, Inc.	M&A	(Changed its name to Japan Exchange Group, Inc. upon the merger with OSE)
Jan. 30	i-Sens Inc.	KOSDAQ (Korea)	
Feb. 1	All Japan Solution, INC	M&A	(Share exchange by HIKARI TSUSHIN, INC.)
Feb. 1	Support For Business Creation inc.	M&A	(Share exchange by Universal Solution Systems Inc)
Feb. 13 (Planned)	Global Display Co., Ltd.	KOSDAQ (Korea)	(Listing application approved)

[Biotechnology-related Business]

SBI Biotech (SBI: 71.6% shareholding) Converts Quark Pharmaceuticals (U.S.) into a Wholly-owned Subsidiary (announced on Dec. 25, 2012)

➔ SBIH recorded JPY 0.25bn as pre-tax loss for 3Q (Oct.-Dec.) FY2012

Quark's business results in the past three years: (JPY million)

	FY ended 12/2010	FY ended 12/2011	FY ended 12/2012 *2
Consolidated net sales	451	693	698
Consolidated operating income	-1,823	-2,045	-2,054
Consolidated recurring income	-1,870	-2,165	-2,324
Consolidated net income	-1,895	-2,172	-2,528

*1: Calculated by the exchange rate as of the end of Dec. 2012

*2: Unaudited

➔ Strengthening R&D capabilities and improving operating efficiency by integrating management resources, as well as accelerating R&D on pipelines, etc., of both companies

Quark Pharmaceuticals, an U.S. Bio-venture Company that SBI Biotech has Converted into a Subsidiary

Major pipelines at Quark:

[1) PF-655]

- Diabetic macular edema (DME)
- Wet age-related macular degeneration (wet AMD)

* Partner drug company: Pfizer Inc.
 * Potential contingency fee (total) USD 0.65bn (JPY 56.4bn)

[2) QPI-1002]

- Kidney Transplantation (DGF)
- Acute Kidney Injury (AKI)

*FDA and European Commission grants Orphan Drug Status for QPI-1002
 *Partner drug company: Novartis Pharmaceuticals Corp.
 *Potential contingency fee (total) USD 0.70bn (JPY 60.7bn)

[3) QPI-1007]

- Non-arteritic Anterior Ischemic Optic Neuropathy (NAION)
- Glaucoma

In P1/2a
 IND approval awaiting

*Calculated by the conversion rate as of the end of Dec. 2012

Quark's pipeline is highly promising for the mid- to longer-term, and will **contribute to an increase in the corporate value of SBI Biotech, which is planning to go public in 2014**

2. Measures Undertaken During the Economic Downturn and the Subsequent Results

- (1) Thoroughly Implementing Cost Reduction and Promoting “Brilliant Cut Initiative”**
- (2) Developing Business Fields that will Provide Growth for the Financial Services Business in Japan**
- (3) Measures to Accommodate the Shift in Earnings Structure**
- (4) Pursuing Further Customer Satisfaction and the Expansion of the Customer Base, along with the Efficient Utilization of Its Related Big Data**

(1) Thoroughly Implementing Cost Reduction and Promoting “Brilliant Cut Initiative”

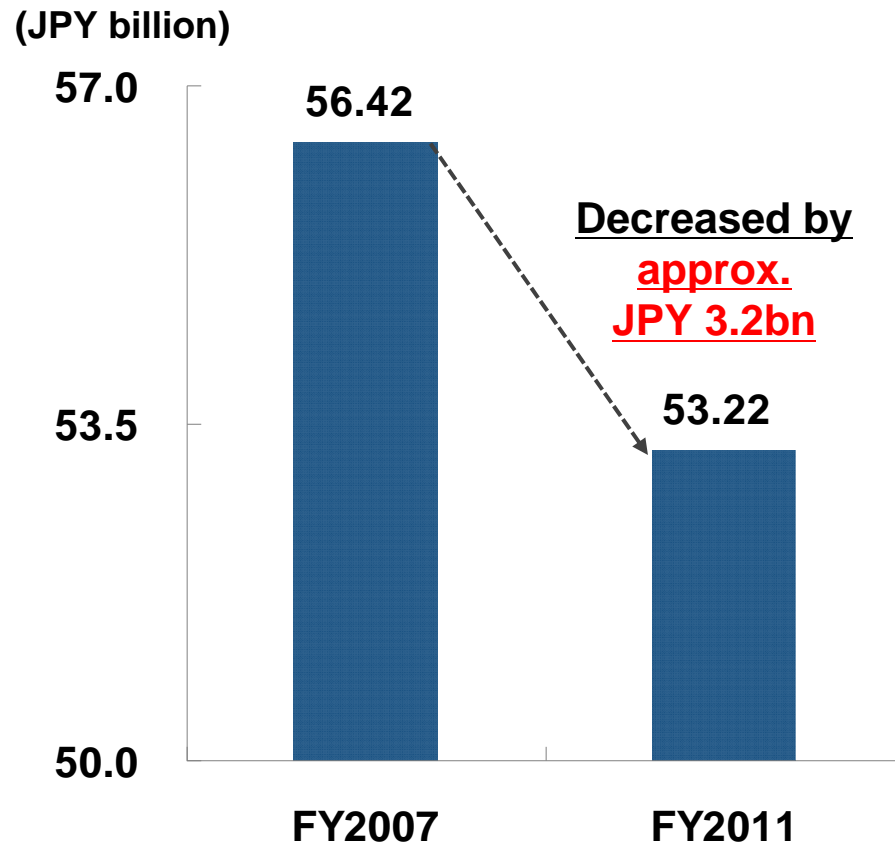
- ① Promoting the Reduction of Expenses Group-wide**
- ② Promoting “Brilliant Cut Initiative” to
Enhance Profitability**

① Promoting the Reduction of Expenses Group-wide



“Regulating the outgoing by the income”—The Book of Rites

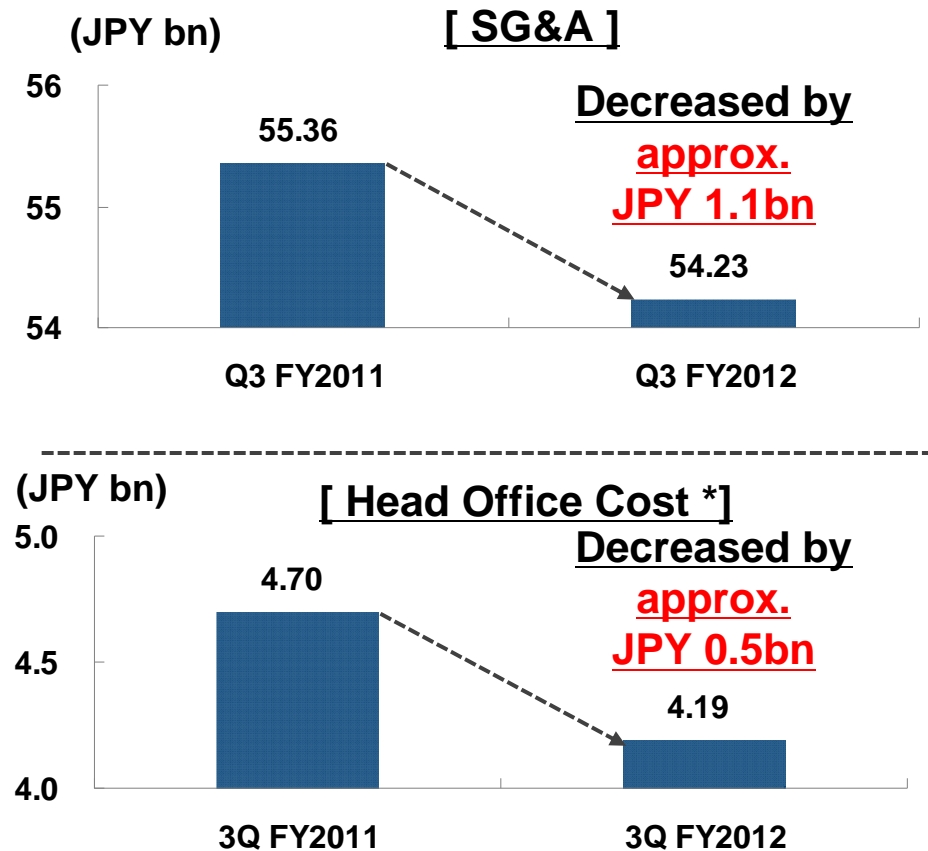
Controllable costs



* Based on J-GAAP

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

SG&A and Head Office Cost in 3Q FY2012 (based on IFRS)

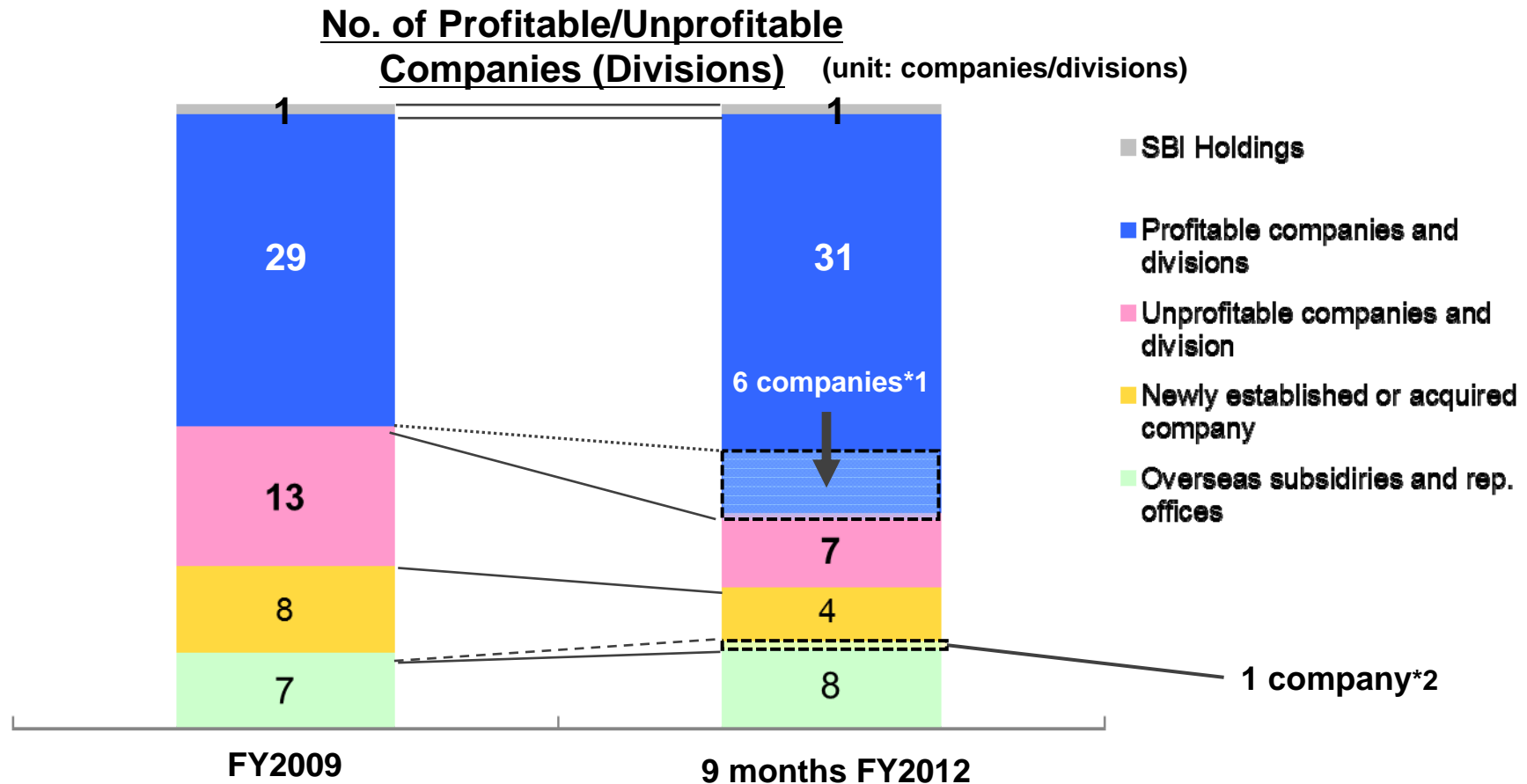


* Primarily head office cost incurred at SBI Holdings' back office and does not include interest expense

② Promoting “Brilliant Cut Initiative” to Enhance Profitability



(i) Through the utilization of the "Brilliant Cut Initiative," of the major 58 Group companies, reduced 6 unprofitable companies



*1 Refers to profitable companies for the previous fiscal year that no longer are the SBI Group’s consolidated subsidiaries, due to transfers and other reasons, such as SBI VeriTrans (currently VeriTrans)

*2 Refers to the transference of the Wall Street Journal Japan, which was classified as a "Newly established or acquired company"

② Promoting “Brilliant Cut Initiative” to Enhance Profitability



(ii) Recovered JPY 17.0bn through sale of divisions deemed not synergistic with the three core businesses

- **Sold all shares of SBI VeriTrans (currently VeriTrans) to a subsidiary of Digital Garage, Group.** (Mar. 30, 2012)

E-commerce settlement services only provided weak synergies with the three core businesses. In addition, the SBI Group has a subsidiary engaged in the same business, SBI AXES (Listed on KOSDAQ in Korea in Dec. 2012)

- **Sold shares of Wall Street Journal Japan to Dow Jones & Company**
(July 13, 2013)

The Wall Street Journal Japan had not demonstrated sufficient profitability, and the company was not expected to generate strong synergies with the securities, banking and insurance business

- **Transferred all shares of SBI Capital Solutions and the Group’s equity interest in funds managed by the company** (Sept. 28, 2012)

In the Asset Management Business, the Group will also focus management resources on investments in promising venture firms, medium-sized companies, and small and medium-sized enterprises

② Promoting “Brilliant Cut Initiative” to Enhance Profitability



(iii) Continued Group restructuring to optimize business operations - 1

Group Restructuring

- **Morningstar Japan absorbed both SBI Searchina and SBI Asset Management as its subsidiaries** (Oct. 11, 2012)

Morningstar Japan absorbed SBI Searchina and SBI Asset Management as its subsidiaries, in order to expand the Chinese information availability and to develop unique and highly specialized financial products by shaping each expertise, respectively.

→ Ordinary income of SBI Searchina increased by approx. 2.5X YoY and that of SBI Asset Management increased by approx. 3.1X YoY.

- **SBI Biotech absorbs Quark Pharmaceuticals as a wholly-owned subsidiary** (Dec. 25, 2012)

Quark was absorbed as a wholly-owned subsidiary of SBI Biotech, in order to further develop and enhance the efficiency of the biotechnology-related business. The two entities will strengthen their R&D capabilities and improve their operating efficiency by producing synergies and integrating management resources, as well as accelerating R&D on the pipelines of both companies.

- **Succession of SBI Card to the point business of SBI Point Union through an absorption-type split** (Jan. 1, 2013)

Promoting point system efficiency by uniting the point systems, and targeting an increase in the synergy of the entire Group

② Promoting “Brilliant Cut Initiative” to Enhance Profitability



(iii) Continued Group restructuring to optimize business operations - 2

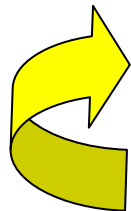
- Implementing reorganization of the face-to-face sales business, with SBI MONEY PLAZA Co., Ltd, as the managing entity (June 15, 2012)

SBI SECURITIES' operating income improvement is at JPY 70m per month

- ① Merged two subsidiaries, both of which engaged in selling financial products, and changed the corporate name to “SBI MONEY PLAZA Co., Ltd”



- ② Transferred the face-to-face division of SBI SECURITIES to SBI MONEY PLAZA, strengthening its sales capacity



[SBI SECURITIES]

23 branches nationwide

145 securities agency bases

140 sales reps

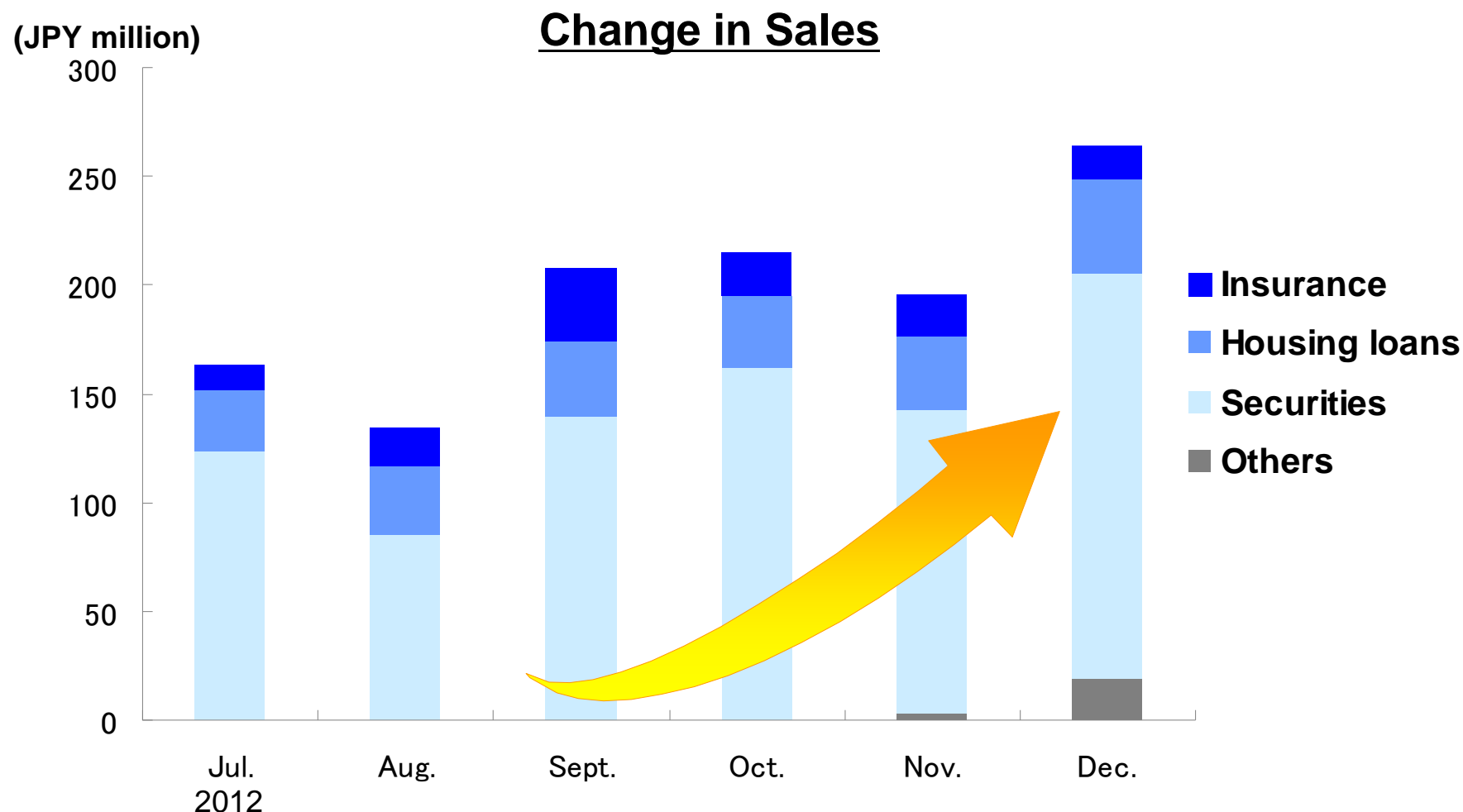
SBI MONEY PLAZA Achieved Quarterly Operating Profit



(Launched on June 15, 2012)

Operating revenues rose in the Insurance, Housing Loans and Others (including solar panel referrals), in addition to the Securities category.

Operating profits recorded in 3Q FY2012 were positive, and is expected to be positive for the full year.



(2) Developing Business Fields that will Provide Growth for the Financial Services Business in Japan

- ① Launch of New Core Businesses that are Less Influenced by the Stock Markets**
- ② Creating Promising Businesses with Viable Growth Potential that will Contribute to the Strengthening of the Securities Business**
- ③ Enhancing Earnings Opportunities by Developing New Business Fields**

① Launch of New Core Businesses that are Less Influenced by the Stock Markets

(i) SBI Sumishin Net Bank (Launched in September 2007)

(ii) SBI Insurance (Launched in January 2008)

(i) SBI Sumishin Net Bank:

Achieved Rapid Growth in a Short Period through Synergy with the Parent Company



Significant customer base of SBI SECURITIES (Online security company)



Know-how in Banking Business

Sumitomo Trust & Banking (currently Sumitomo Mitsui Trust Bank)

October 2005 Signing of the basic agreement on joint foundation of Internet bank and capital and business alliance

Sept. 2007 Establishment of business

SBI Sumishin Net Bank achieved profitability in all items faster than the other three online banks, which had started business earlier.

	Start of operations	Single-month profit recorded	Single-quarter profit recorded	Full year profitability recorded
SBI Sumishin Net Bank	9/24/2007	<u>17th month</u>	<u>4Q in 2nd FY</u>	3 rd FY
Sony Bank	6/11/2001	Not disclosed	4Q in 4 th FY	5 th FY
Rakuten Bank	7/23/2001	30 th month	4Q in 3 rd FY	5 th FY
Japan Net Bank	10/12/2000	42 nd month	1Q in 5 th FY	5 th FY

(*) Compiled by SBIH from information disclosed by each company

Measures to Increase Profitability



[Phase 1]

Terminated the reinsurance agreement (at the end of Mar. 2011) and the outsourcing agreement (at the end of Mar. 2012) with Aioi Nissay Dowa Insurance.

- As the number of contracts increased, SBI Insurance itself was positioned to undertake insurance underwriting risk, and subsequently finalized new purchases of reinsurance.
- Terminated the business trust agreement, and thereby fixed costs of the call center, etc.

➡ This resulted in the reduction of both the operating expense ratio and the loss ratio. The combined ratio also improved significantly.

<As of 2Q FY2012>

(%)	Operating expense ratio	+	Net loss ratio	=	Combined ratio
Result	38.6		64.9		103.5

[Estimations assuming continued the reinsurance agreement and outsourcing agreement]

Trial calculation	79.4		91.5		170.9
-------------------	------	--	------	--	-------

(*) Combined ratio:

An index reflecting profitability of nonlife insurance companies. The ratio of the sum of insurance premium payment and expense to insurance premium income.

(ii) SBI Insurance:

Measures to Increase Profitability will be Executed in Phase 2



[Phase 2]

Sequential execution of measures to further reduce business expenses and improve loss ratio. Good results are to be expected.

<Examples of measures already executed or announced for execution>

- Revision of price list for auto insurance due to revision of cost rates of reference loss
- Revision of the auto insurances: suspension of the zero-100,000 yen self-payment* by the person insured at vehicle insurance, revision of the special contracts, and others
- Change of operating hours at call center
- Diversification of product portfolios through a closer alliance with SBI MONEY PLAZA

*The zero-100,000 yen self-payment:

The payment method that in case of car accident self-payment is charged zero for the first time and 100,000yen for the second time and after.

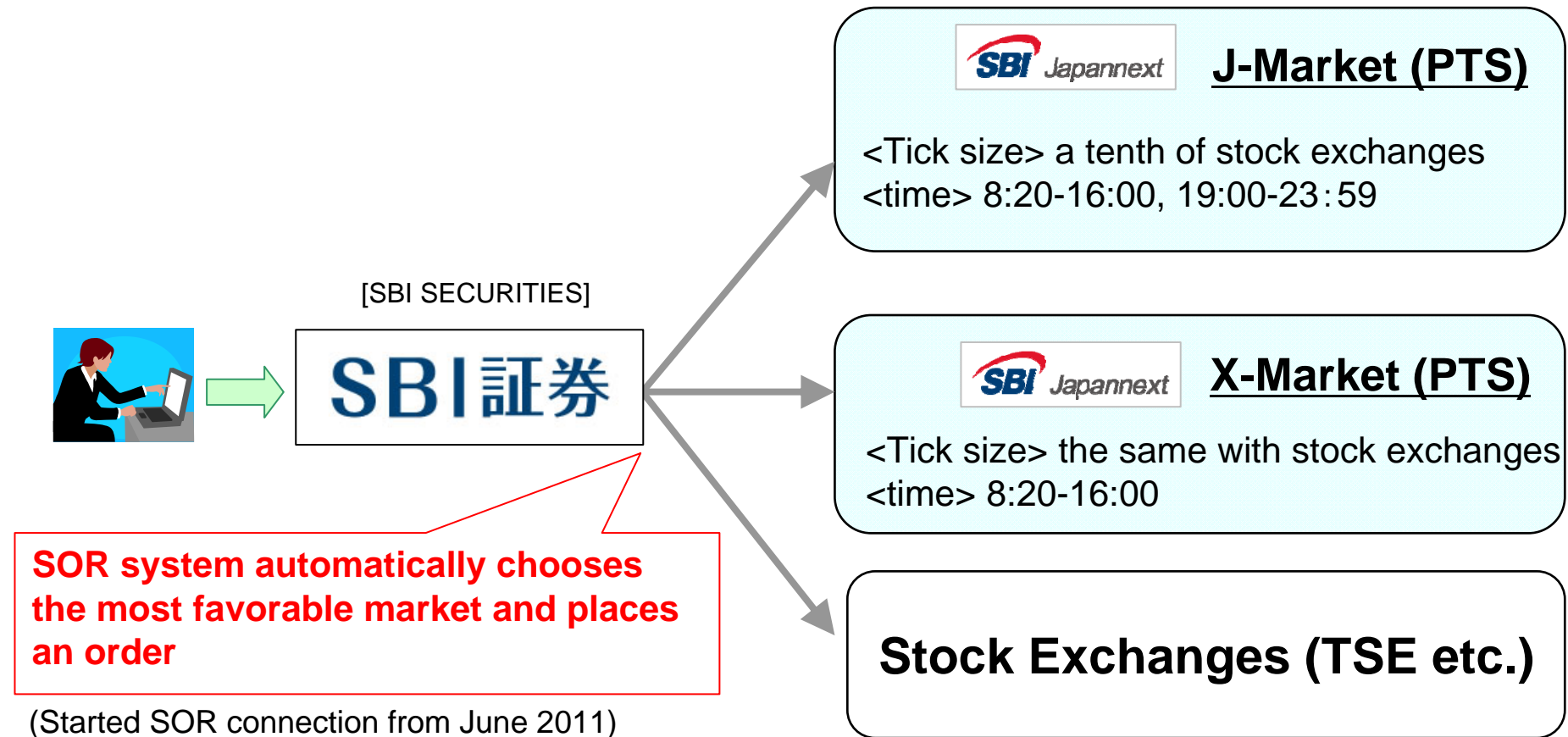
(%)	Operating expense ratio	+	Net loss ratio	=	Combined ratio
2Q FY2012	38.6		64.9		103.5
3Q FY2012	34.6		68.1		102.7

Goals: Get combined ratio below 100% in FY2013; achieve profitability in FY2015 on an IFRS-consolidated basis; execute IPO in FY2016.

- ② **Creating Promising Businesses with Viable Growth Potential that will Contribute to the Strengthening of the Securities Business**
 - **SBI Japannext (Launched in August 2007)**

SBI Japannext (PTS):

Expanding Securities Business by Promoting Smart Order Routing System (SOR) with a Use of PTS to Improve Customer Convenience

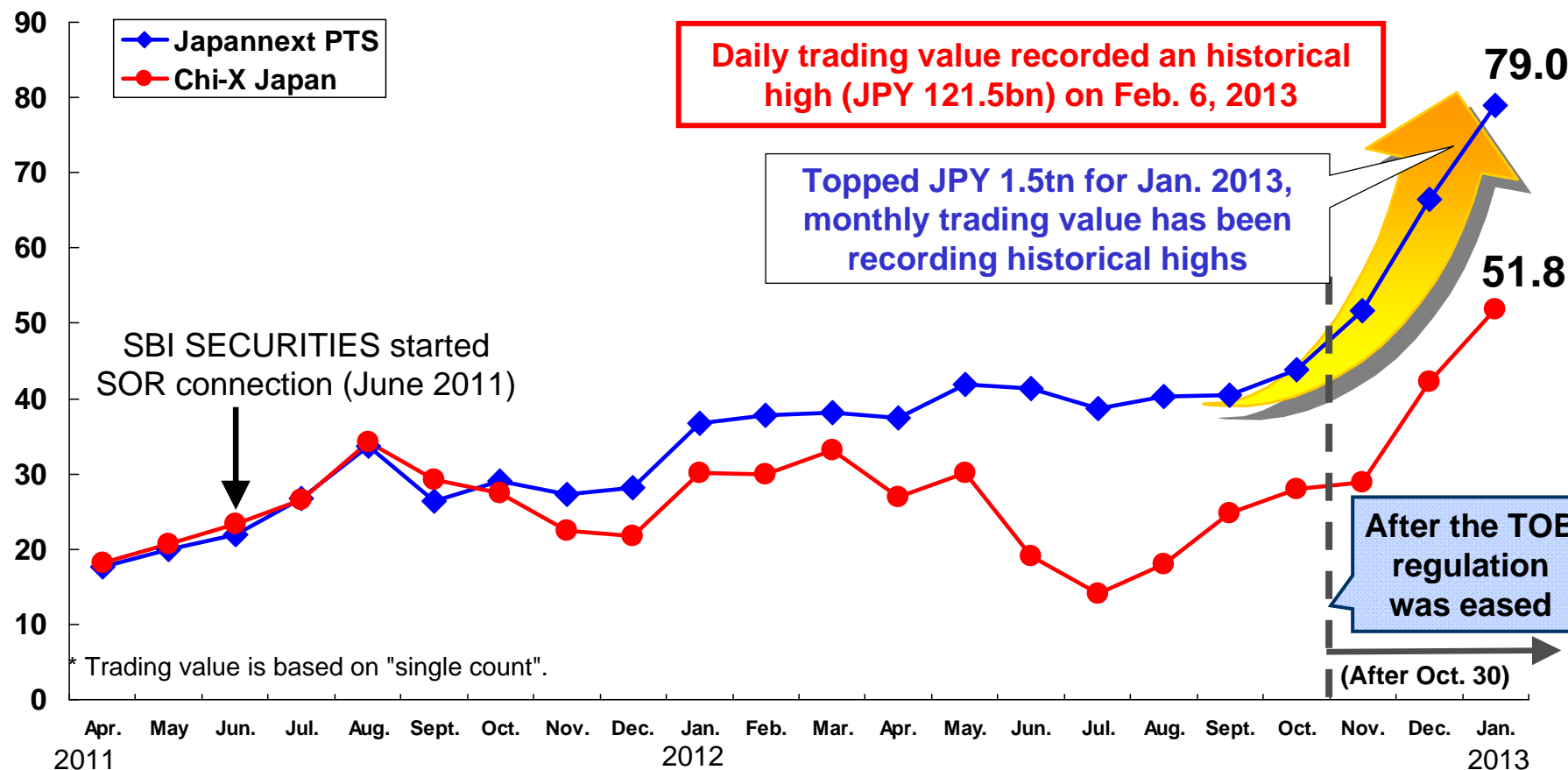


- When PTSs offer more favorable prices than the exchanges, there will be an improvement in the transaction price
- When deals are executed on PTSs, the commission is approx. 5% cheaper than on the exchanges
- SBI SECURITIES' customers' investment performance will be enhanced through these benefits (price improvement and cost reduction)

Average Daily Trading Value at SBI Japannext PTS Surged

Due to the easing of the TOB regulation on Oct. 31, the trading value at Japannext PTS is expected to keep rising.

(JPY billion)



TOB (take-over bid) regulation

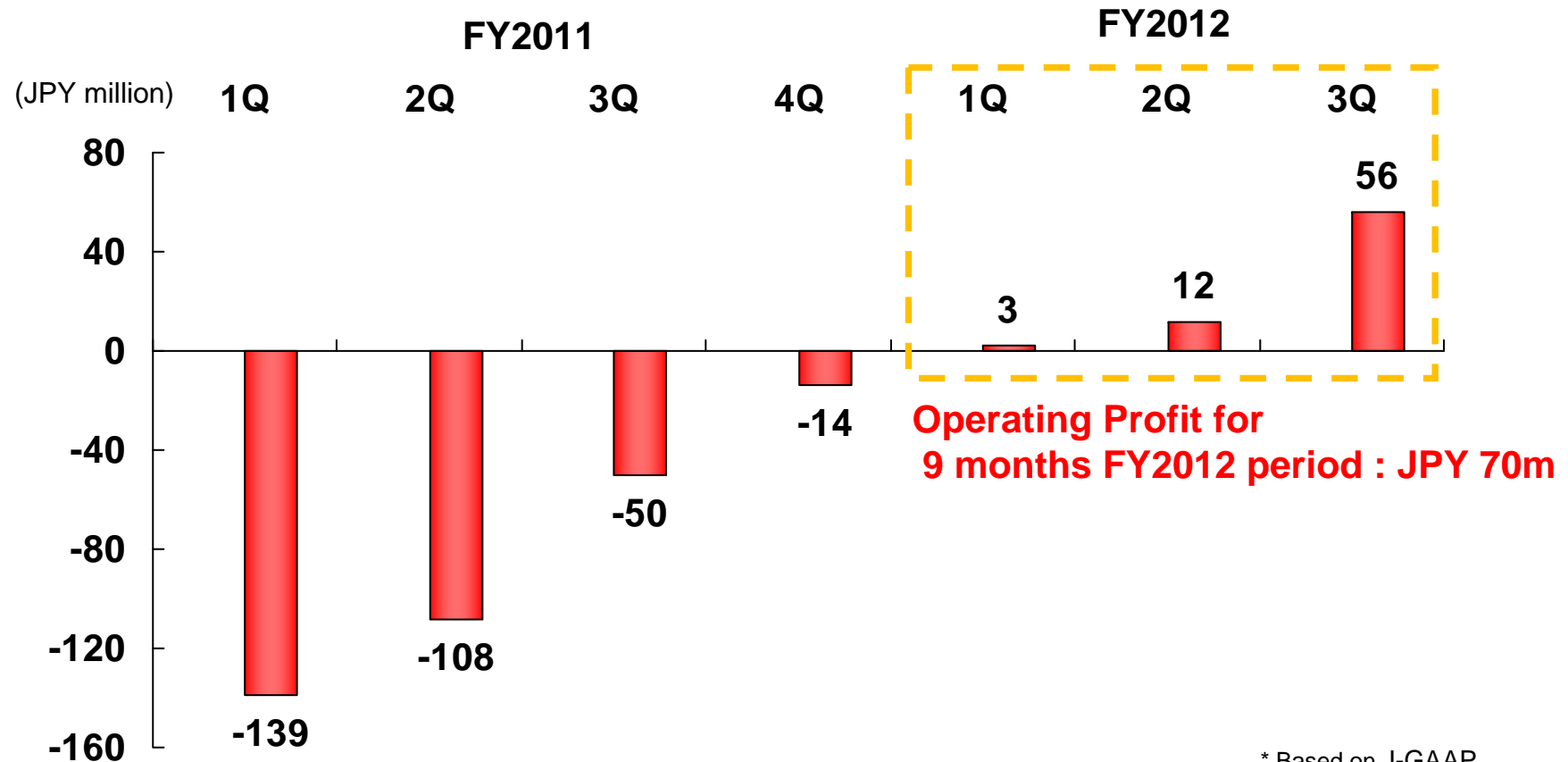
The regulation obliges investors who acquire more than 5 percent of a company through off-exchange transactions, or for investors who already own more than 5% that decide to increase their holdings, to make a takeover bid. This has hindered large institutional investors from utilizing the PTS.

Change in SBI Japannext's Financial Results

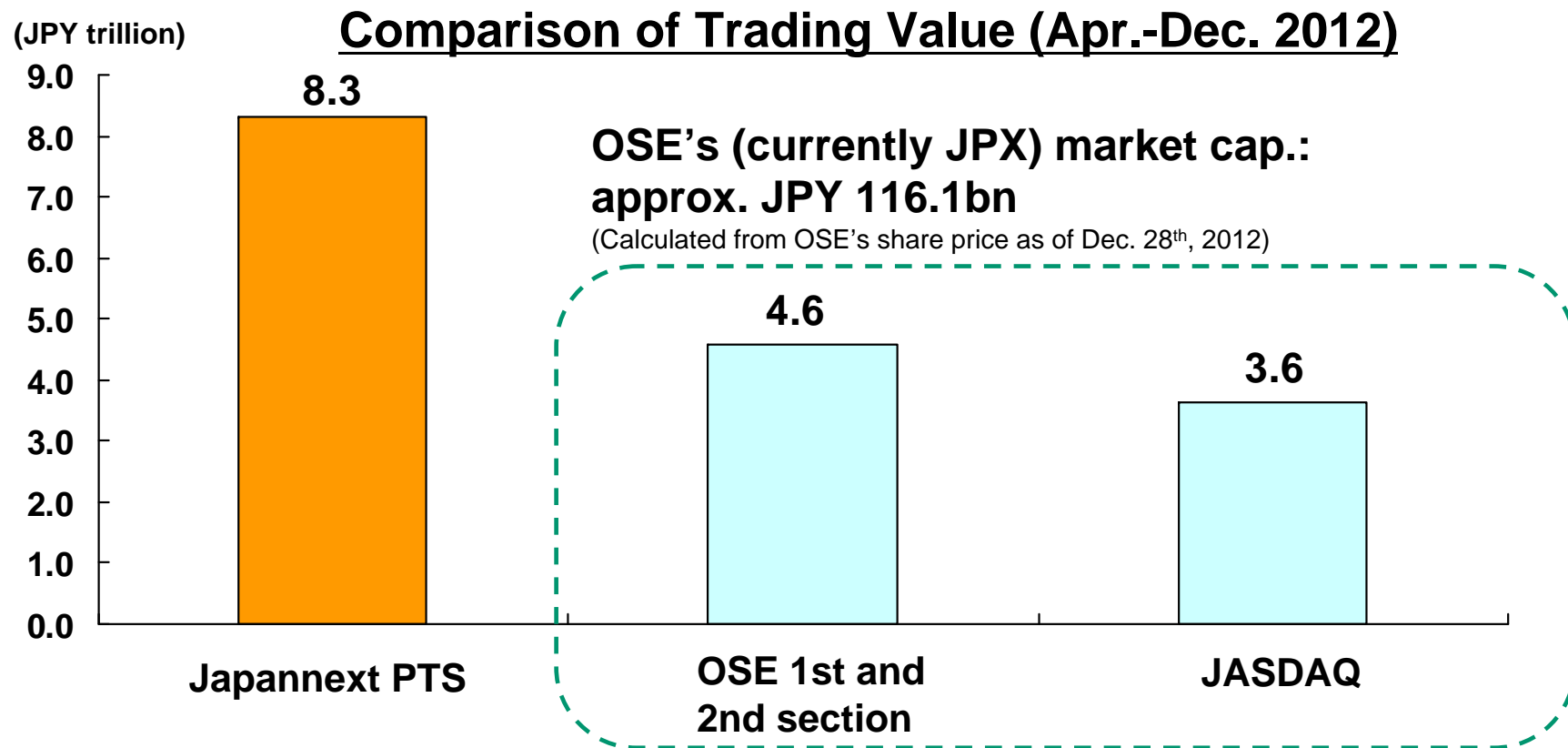
(Consolidated in Sept. 2012)

Trading value steadily increased and since 1Q FY2012, when profitability was achieved, its profits have been achieving an accelerated increase

Quarterly Change in Operating Profit/Loss



Japannext PTS Far Exceeds the Combined Trading Value of the OSE 1st and 2nd Sections, to Become the Second Largest Market in Japan, Next to the TSE



- The trading value versus the TSE 1st section (cum. Apr.-Dec. 2012) : 4.7%

(After the easing of the TOB regulation, recorded an historical high 6.5% on Dec. 10)

Steadily Increasing Participant Companies

[Participating companies] (total 20)

- SBI SECURITIES
- Goldman Sachs Japan
- Morgan Stanley MUFG Securities
- Merrill Lynch Japan Finance
- 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 Securities
- Nomura Securities
- Newedge Japan Securities
- Macquarie Capital Securities
- SMBC Nikko Securities (May 2012)
- Mitsubishi UFJ MS Securities (May 2012)
- Daiwa Securities (Oct. 2012)
- THE TACHIBANA SECURITIES (Nov. 2012)

4 newly participating companies since FY2012

[Companies Expected to Participate] (total 5)

A foreign company and 4 Japanese companies are expected to participate.

In order to extract maximum leverage from the performance of the world's fastest matching engine, Japannext PTS will provide a new communication protocol in mid-Feb. in order to achieve optimal performance

③ Enhancing Earnings Opportunities by Developing New Business Fields

(i) SBI Liquidity Market (Launched in November 2008)

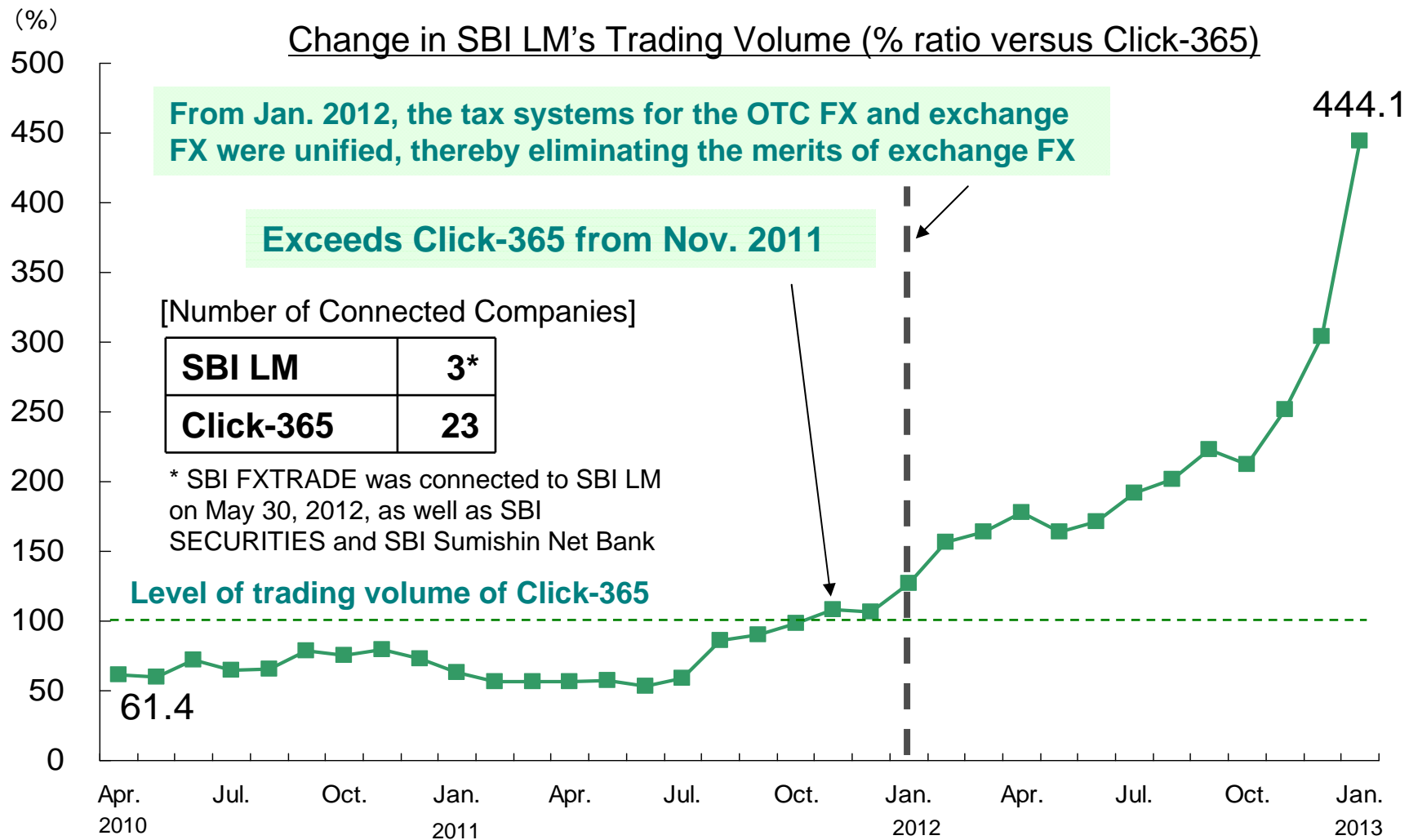
(ii) SBI FXTRADE (Launched in May 2012)

(i) SBI Liquidity Market:



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

Owing to the change in the tax system relevant to OTC FX (Forex Tax Reform) in Jan. 2012, and the establishment of SBI FXTRADE, trading volume increased substantially



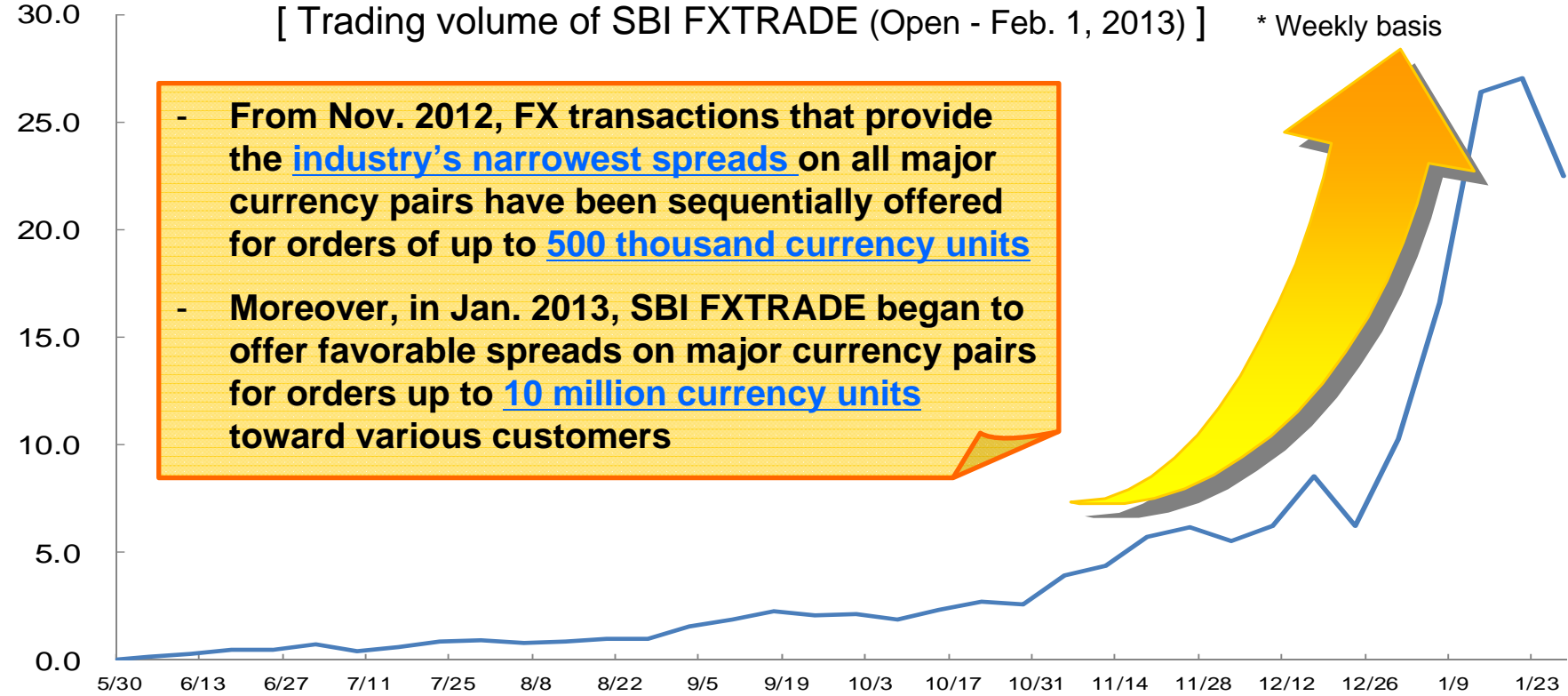
(ii) SBI FXTRADE:

Narrowing Spread on All Major Currency Pairs Contributed to Provides an Overwhelming Advantage in Trading Capacity

~SBI FXTRADE posted operating profit for 3Q FY2012 (Oct.-Dec.)~

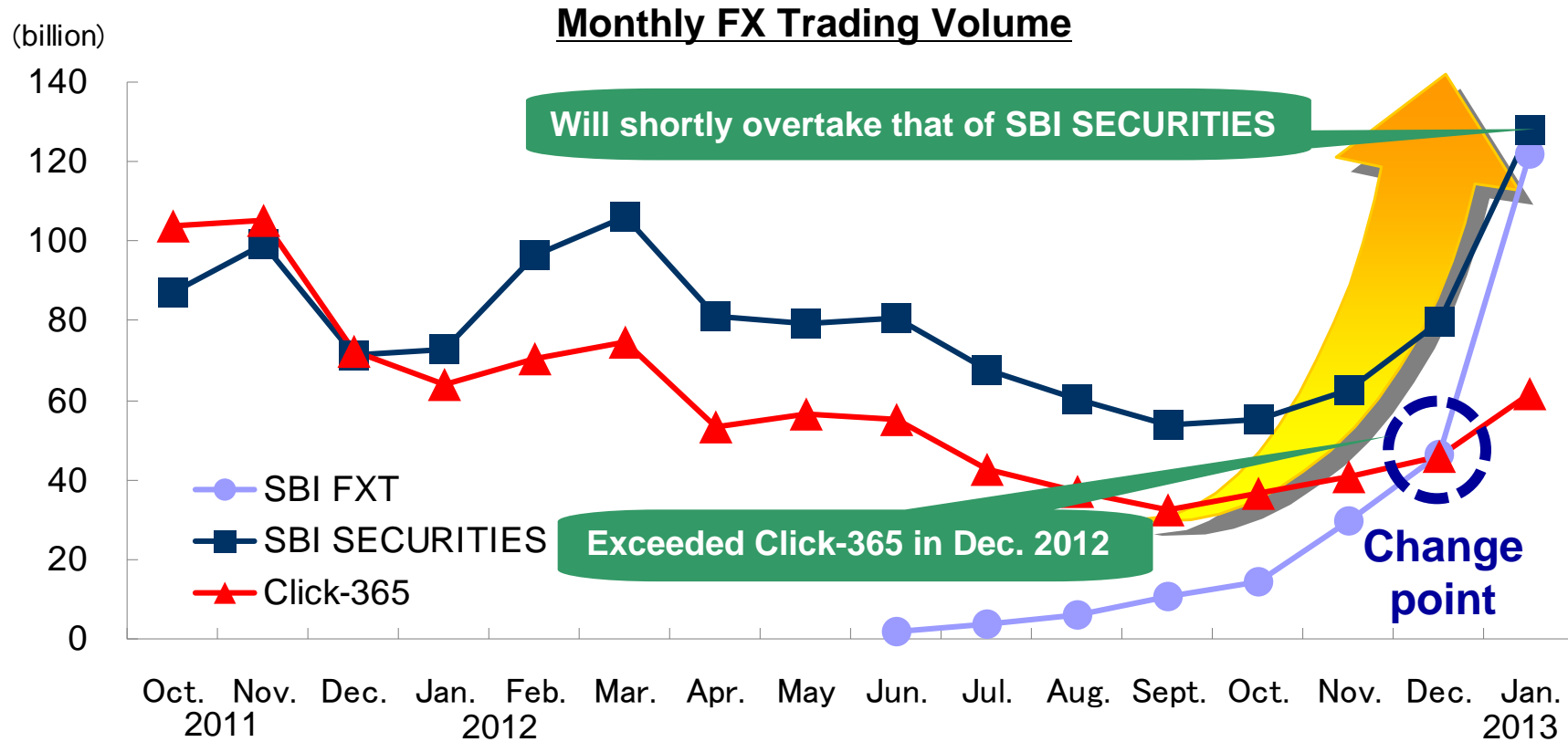
SBI FXTRADE’s ranking in terms of trading volume among 51 OTC FX companies advances rapidly from No. 27 (Aug.) → No. 19 (Sept.) → No. 15 (Oct.) → No. 11 (Nov. and Dec.)

(1= Total trading volume during Aug. 27-31)



(ii) SBI FXTRADE:

Liquidity of SBI LM that Covers the Transactions Increases



Awarded 1st Prize in "Oricon Customer Satisfaction Ranking for 2013" of "Beginner Category for FX Transactions", owing to the high praise received for offering customers an improvement in convenience and an enhancement in services.

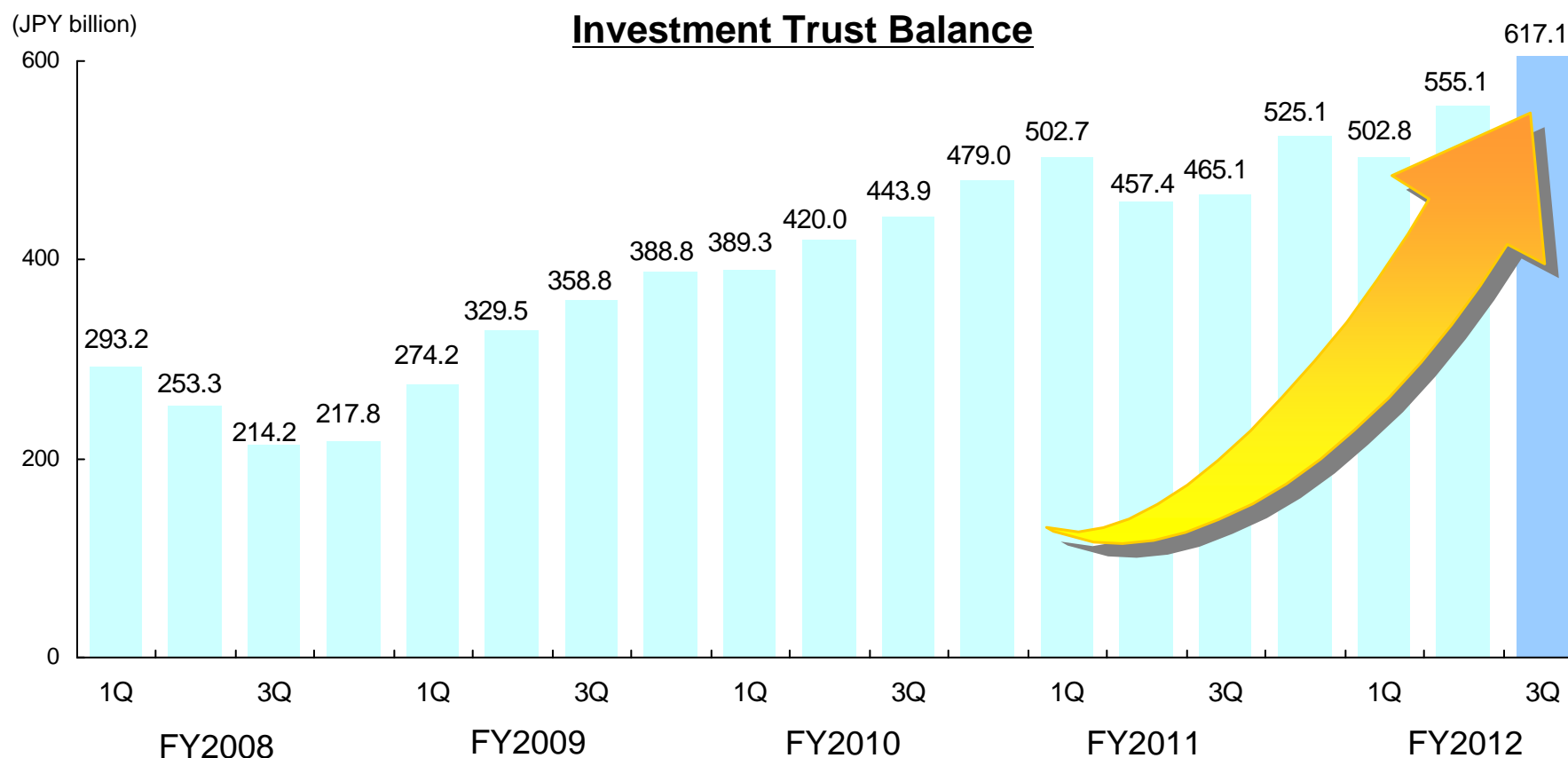
(3) Measures to Accommodate the Shift in Earnings Structure

- ① Measures to Diversify SBI SECURITIES' Earnings Sources, to Minimize Effects from the Volatility of the Stock Markets**
- ② Basically Completed Establishment of a Global Investment Structure, and Now Accelerating Global Development of the Financial Service Business, as well as Further Strengthening Collaborations Between Domestic and Overseas Businesses in Common Fields.**
- ③ Entering the Biotechnology Business that is Less Linked to the Stock Markets**

① Measures to Diversify SBI SECURITIES' Earnings Sources, to Minimize Effects from the Volatility of the Stock Markets

Promoting Investment Trust Business

The investment trust balance reached a record-high. In 3Q FY2012 (Oct.-Dec.), sales of investment trust rose 29.9% QoQ

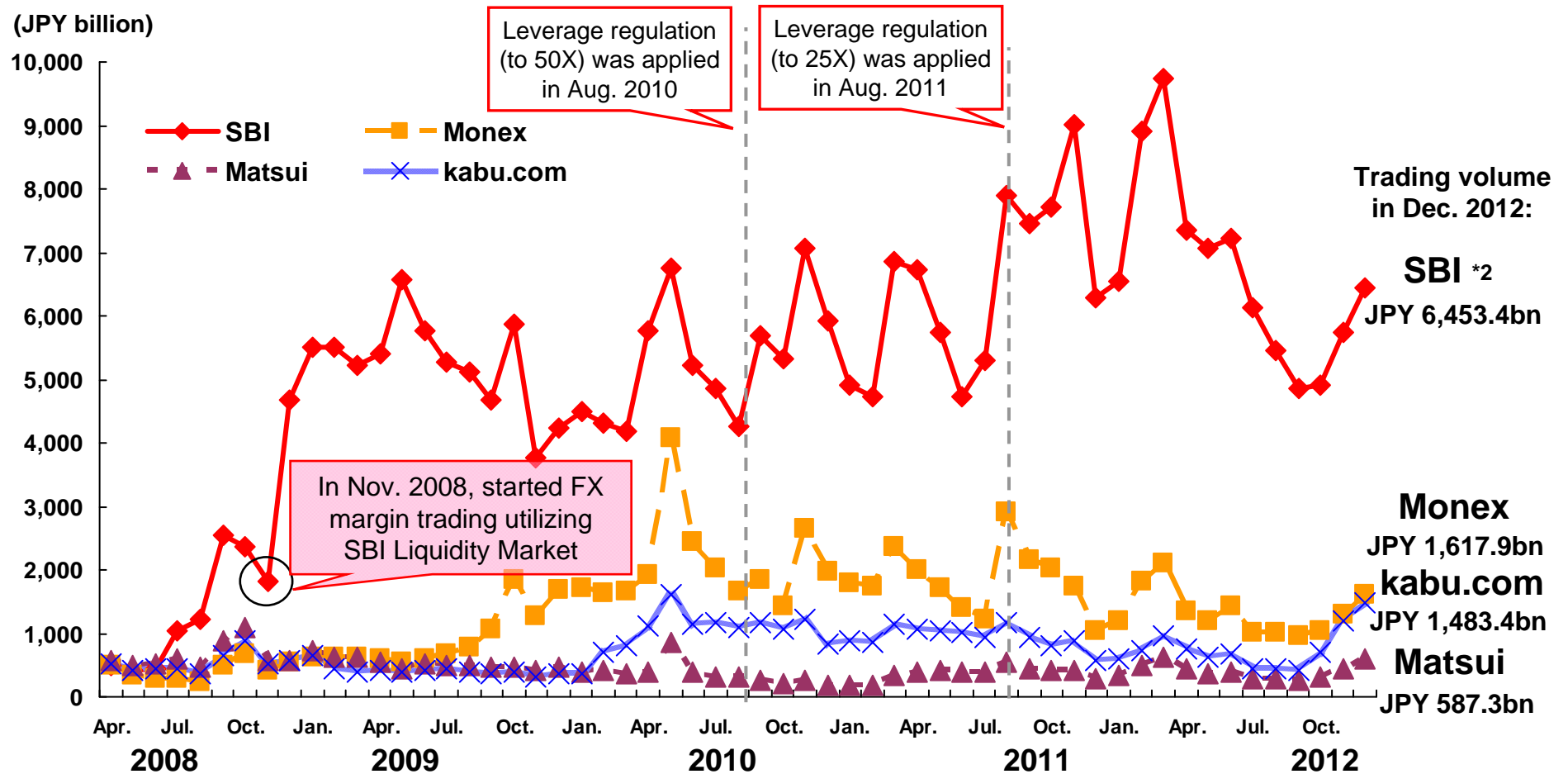


* Includes MMF, deposits of Chinese Fund and deposits of face-to-face accounts

Increasing FX-related Revenue by Fully Leveraging SBI Liquidity Market's Infrastructure

(OTC FX market decreased 6.6% YoY for the period between Apr. and Dec. 2012)

FX Margin Trading Value of the 4 Major Online Securities Companies *1

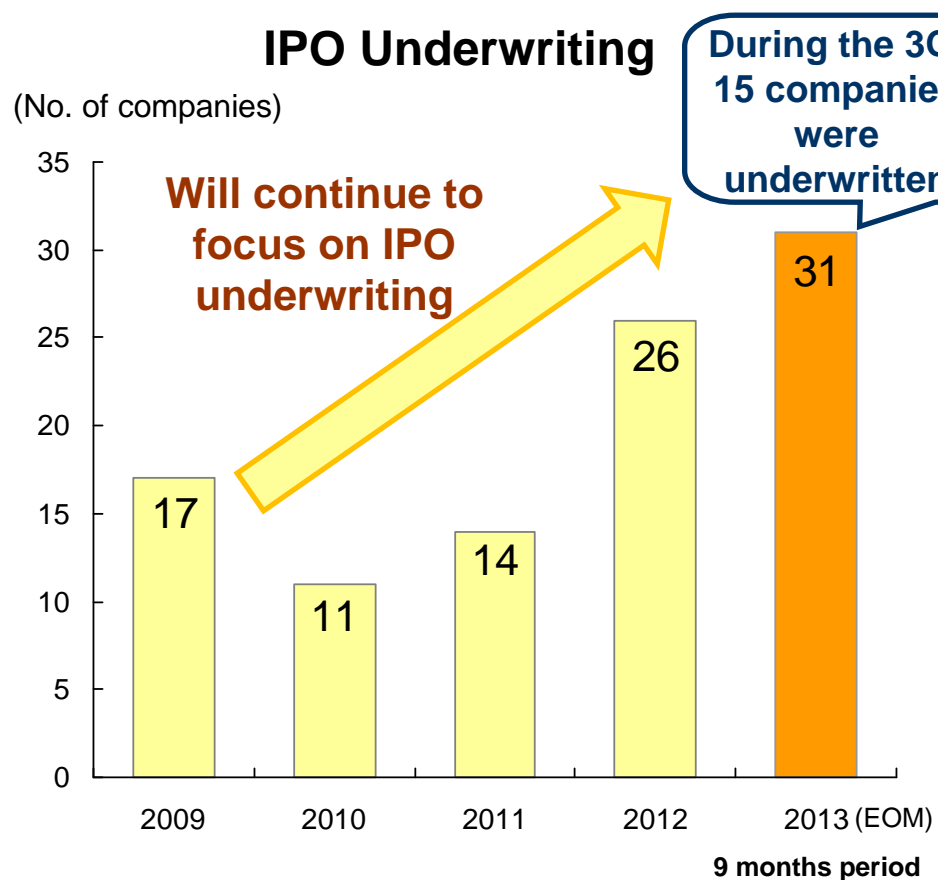


*1 Four online securities companies that disclosed the information (SBI SECURITIES, Monex, Matsui and kabu.com)

*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

Number of IPO Underwriting

Industry leader in IPO underwriting during this 9 month FY2012 period



*The above numbers do not include consignments. Listing date base. IPOs exclude brokerage sales and REITs.

*The number of IPOs for FY2011 includes an issue listed on TOKYO AIM.

IPO Underwriting Ranking (9 Month FY2012 Period)

41 companies were listed during the period
(Includes 2 companies listed on the TOKYO AIM)

Company name	No. of cases	Underwriting share (%)
SBI	31	75.6
Dawia	22	53.7
SMBC Nikko	21	51.2
Mitsubishi UFJ	19	46.3
Nomura	19	46.3
Mizuho	17	41.5
Ichiyoshi	15	36.6

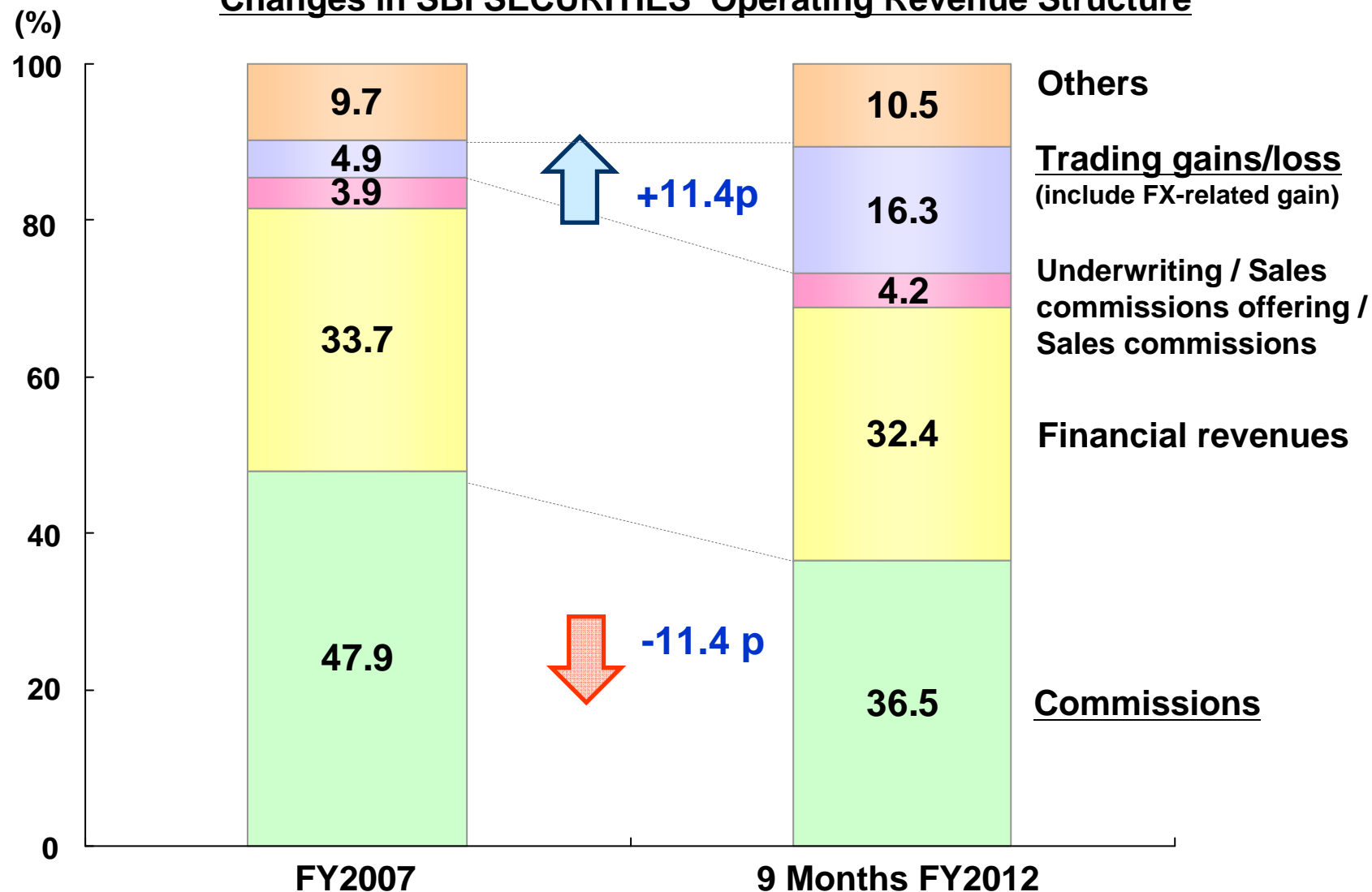
*The above IPOs represent issues underwritten in Japan only and do not include those additionally sold or sold overseas.

*The number of underwritten issues represents those for which we served as lead managing underwriter or participated in the syndicate.

*The data was compiled by SBIH based on each company's published information.

Diversifying SBI SECURITIES' Earnings Sources

Changes in SBI SECURITIES' Operating Revenue Structure



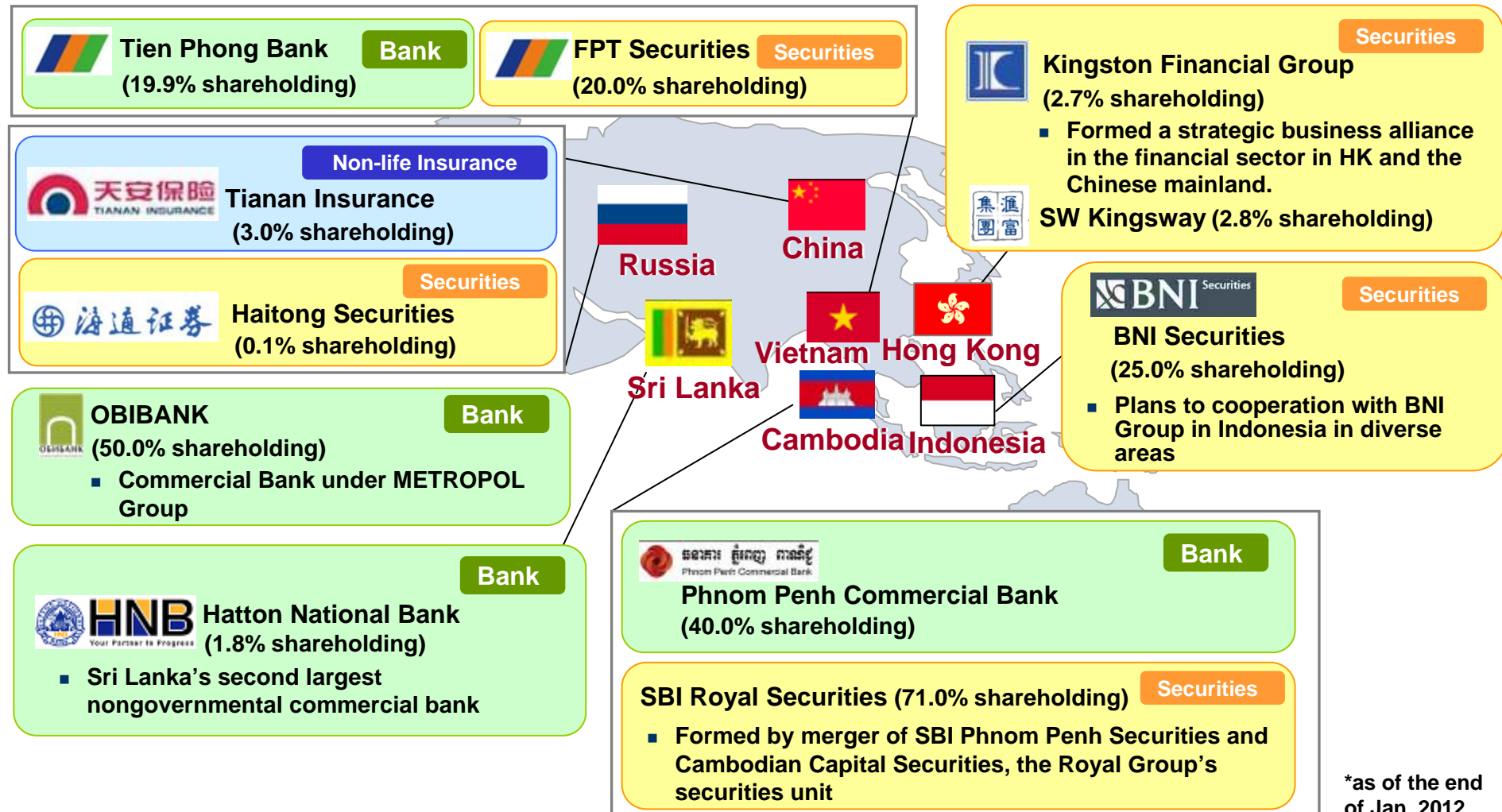
* Based on J-GAAP

- ② **Basically Completed Establishment of a Global Investment Structure, and Now Accelerating Global Development of the Financial Service Business, as well as Further Strengthening Collaborations Between Domestic and Overseas Businesses in Common Fields.**

Under the Alliances with Prominent Local Partners, the SBI Group Has Advanced the Overseas Development of Its Various Financial Services



Investments in overseas financial institutions primarily in Asia



*as of the end of Jan. 2012

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

Enhancing Existing Overseas Financial Services



-  Encouraging OBIBANK (Russia) to launch a online banking service



OBIBANK
(SBI: 50.0% shareholding)

Commercial bank under METROPOL Group,
a major financial conglomerate in Russia

In preparation for a scheduled launch in July 2013, with the system requirements definition completed, and now finalizing toward the actual start of development.

-  Planning to acquire the management prerogative in Phnom Penh Commercial Bank (Cambodia)



Phnom Penh Commercial Bank
(SBI: 40.0% shareholding)

-  Implementing management rationalization of BNI Securities, and improving the Internet trading system in collaboration with SBI SECURITIES (Indonesia)



(SBI: 25.0% shareholding)

By connecting to BNI Securities, real time transactions of Indonesian stocks are available at SBI SECURITIES from Apr. 23, 2012



Planning to establish a management structure that appoints those who have experience in Japan to the local financial institutions, and upon placing proper management in place, the local management will take over the operations

③ Entering the Biotechnology Business that is Less Linked to the Stock Markets

The SBI Group, since its establishment, has focused on investing in and supporting the development of numerous companies in the IT and biotechnology sectors, through the operation of its venture capital funds.

Since 2007

The SBI Group entered the biotechnology business through the establishment of bio-venture firms under its aegis

Jan. 2007~

Enters drug creation business



Joint drug creation bio-venture firm with partners in Japan, the U.S. and China

Apr. 2008~

5-ALA (5-aminolevulinic acid) related businesses



The world's first pharmaceutical company engaged in the development of drugs, and the manufacturing and sales of cosmetics and health foods using 5-ALA.



Distributor of cosmetics, health foods using 5-ALA (Apr, 2012~)

Clinical studies and trials by SBI Biotech and SBI Pharmaceuticals with leading alliance partners both inside and outside of Japan have made progresses. Expecting early profitability in the areas of medical and pharmaceutical developments.

**(4) Pursuing Further Customer Satisfaction
and the Expansion of the Customer
Base, along with the Efficient Utilization
of Its Related Big Data**

Customer Satisfaction ① SBI SECURITIES



1st: “Oricon customer satisfaction ranking” in 2012
[Online securities comprehensive ranking]

For 7 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 in 2012
[Securities Industry]

- “Call-center Contact Ranking” **For 3 years!!**

- “Support Portal Rating” **3rd time**
2 years in a row!!

SBI SECURITIES' call center's high quality telephone services, as well as the ease of accessibility to information and usability on their website, were highly praised

Likewise, focusing on customer satisfaction for support services

Customer Satisfaction ② SBI Sumishin Net Bank



1st: JCSI Customer Satisfaction Survey in FY2011
(Japanese Customer Satisfaction Index)

for 4 years!

Banking Industry

10th in overall ranking (29 industries / 366 companies) in the overall ranking FY2010



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

for 3 years!



1st: “9th Nikkei Financial Institution Ranking ”
(first nationwide ranking)

The Ranking includes areas except three major metropolitan areas



1st: “Japan Investor Satisfaction Study 2012”
Self-Directed Bank Segment

* This customer satisfaction and consulting services research was conducted by J.D. Power Asia Pacific, a global professional agency.

Customer Satisfaction ③ SBI Insurance



SBI損保の自動車保険 (Auto Insurance)



No.1 Oricon Customer Satisfaction Ranking FY2012
—Auto Insurance Category
“Auto Insurance Premium Ranking”

for 4 years!



No.1 Diamond Weekly * In the April 21, 2012 issue
“Auto Insurance Premium Ranking”

for 4 years!



No.1 Rakuten Insurance
“Ranking of Most Popular Auto Insurance
the First Half of FY2011”

for 4 years!



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

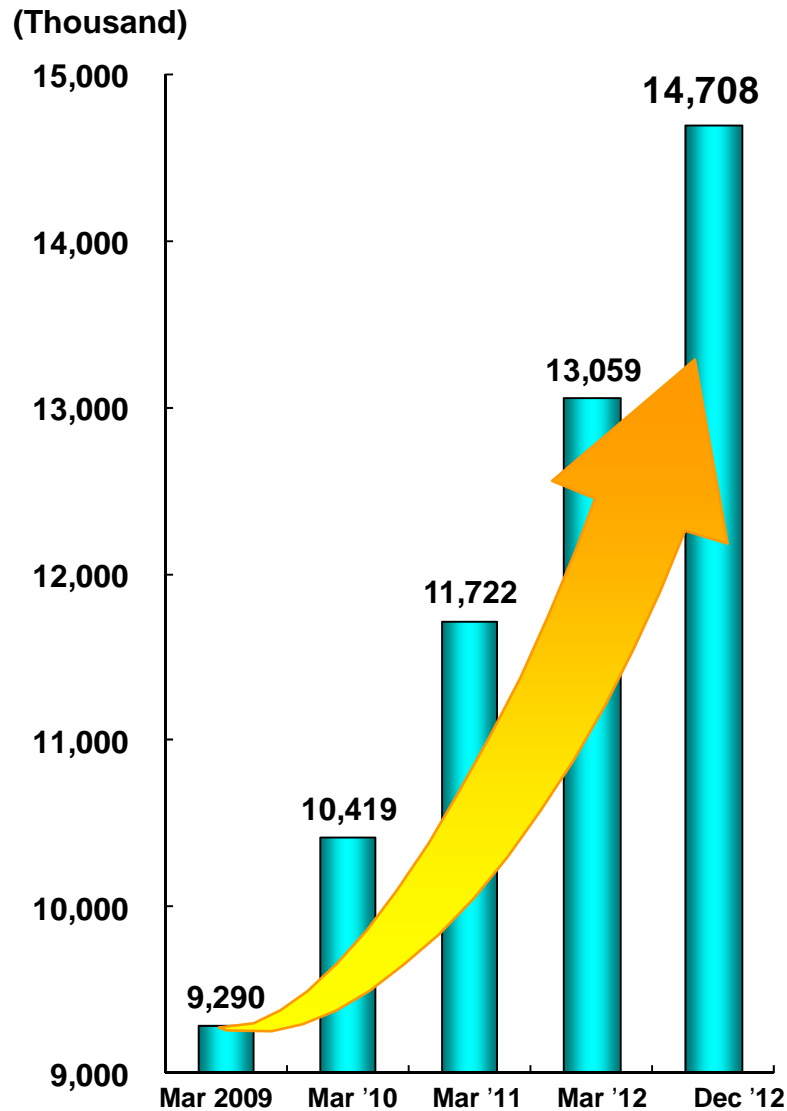
for 3 years!

Official Website



HDI-Japan HDI’s Call-center Customer Satisfaction Ratings FY2011
Top “Three-star” Rating in the “Support Portal (Official
Website) Category”

The SBI Group's Customer Base



Breakdown of the Customer Base (As of the end of Dec. 2012)

(Thousand)

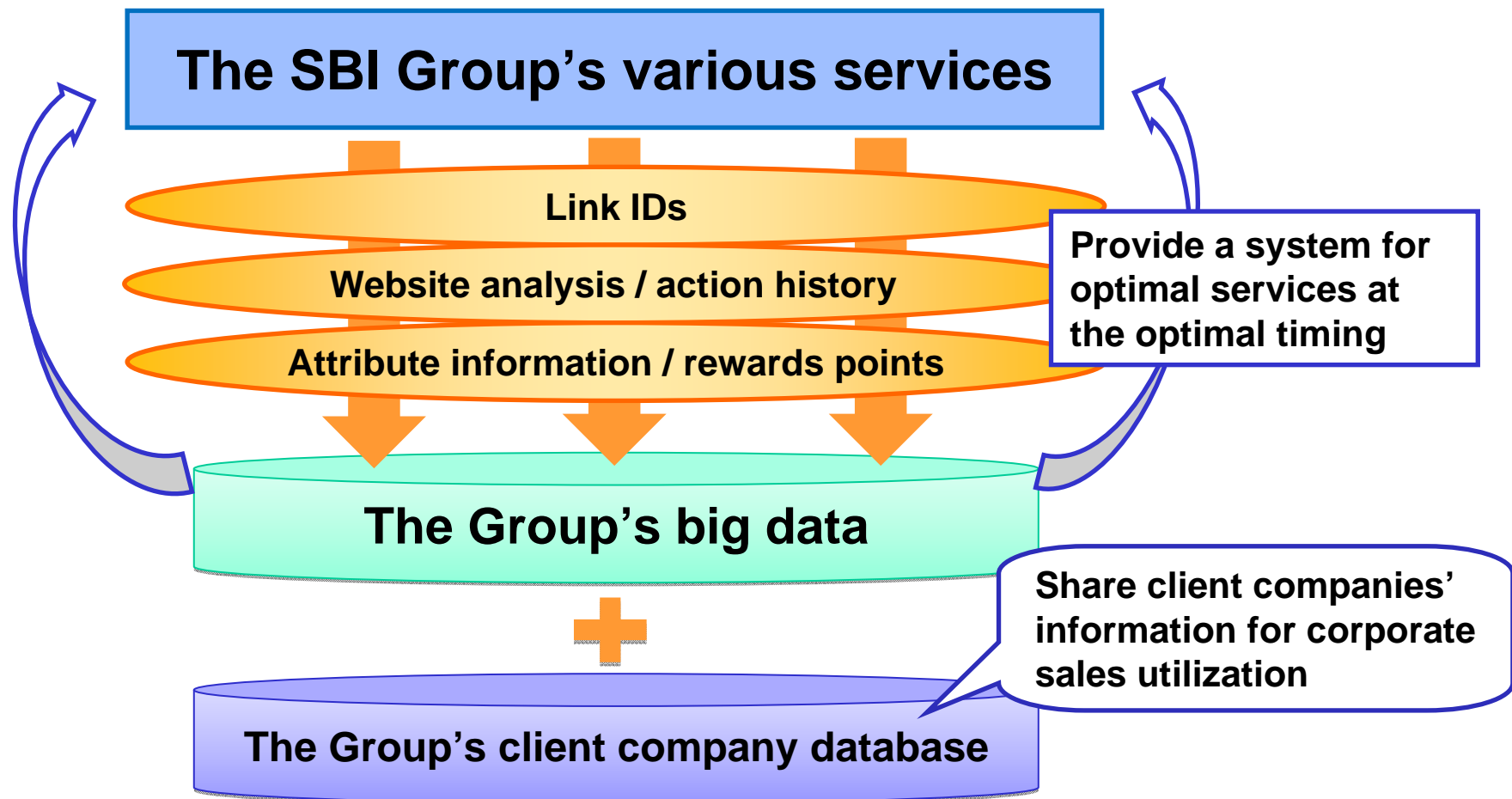
SBI SECURITIES	(Accounts)	2,517
SBIH InsWeb	(No. of customers)	4,985
E-loan	(No. of customers)	1,273
Other financial websites	(No. of customers)	26
MoneyLook	(Total no. of customer registrations)	803
Morningstar Japan	(New portfolio customer registrations)	94
SBI Card	(Valid cards issued)	126
SBI Sumishin Net Bank	(Accounts)	1,546
SBI Insurance	(Total no. of contracts)	508
Autoc One	(Total no. of service users in 2012)	1,000
Lifestyle-related websites (Ticket Ryutsu Center, muSBI.net)	(Total no. of customer registrations)	1,082
SBI Credit	(no. of customers)	152
Others (SBI Mortgage, SBI Point, etc)		596
Total		14,708

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

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

Efficient Use of Big Data to Increase Customer Satisfaction and Further Expand Customer Base

Customers' data from respective services of the SBI Group will be centralized and analyzed as "Group Big Data" to offer best services and to achieve further customer satisfaction.



3. Near-term Economic Outlook and the Shift to Managing More Aggressively

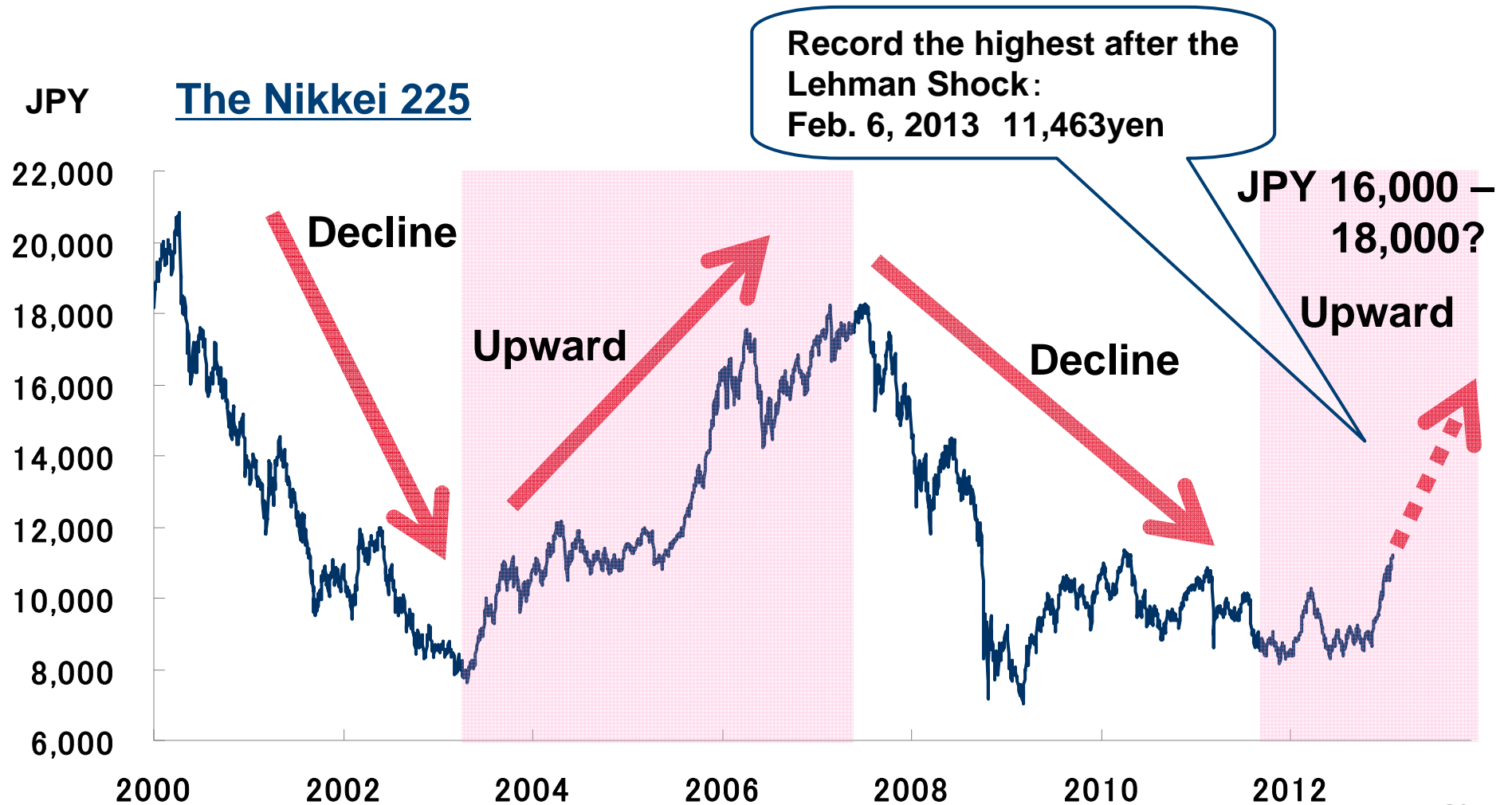
- (1) The Uptrend in the Market Environment**
- (2) Active Management Diligence, Owing to the Anticipated Near-term Market Environment**

(1) The Uptrend in the Market Environment

The Japanese Stock Market Surpasses Its Turning Point



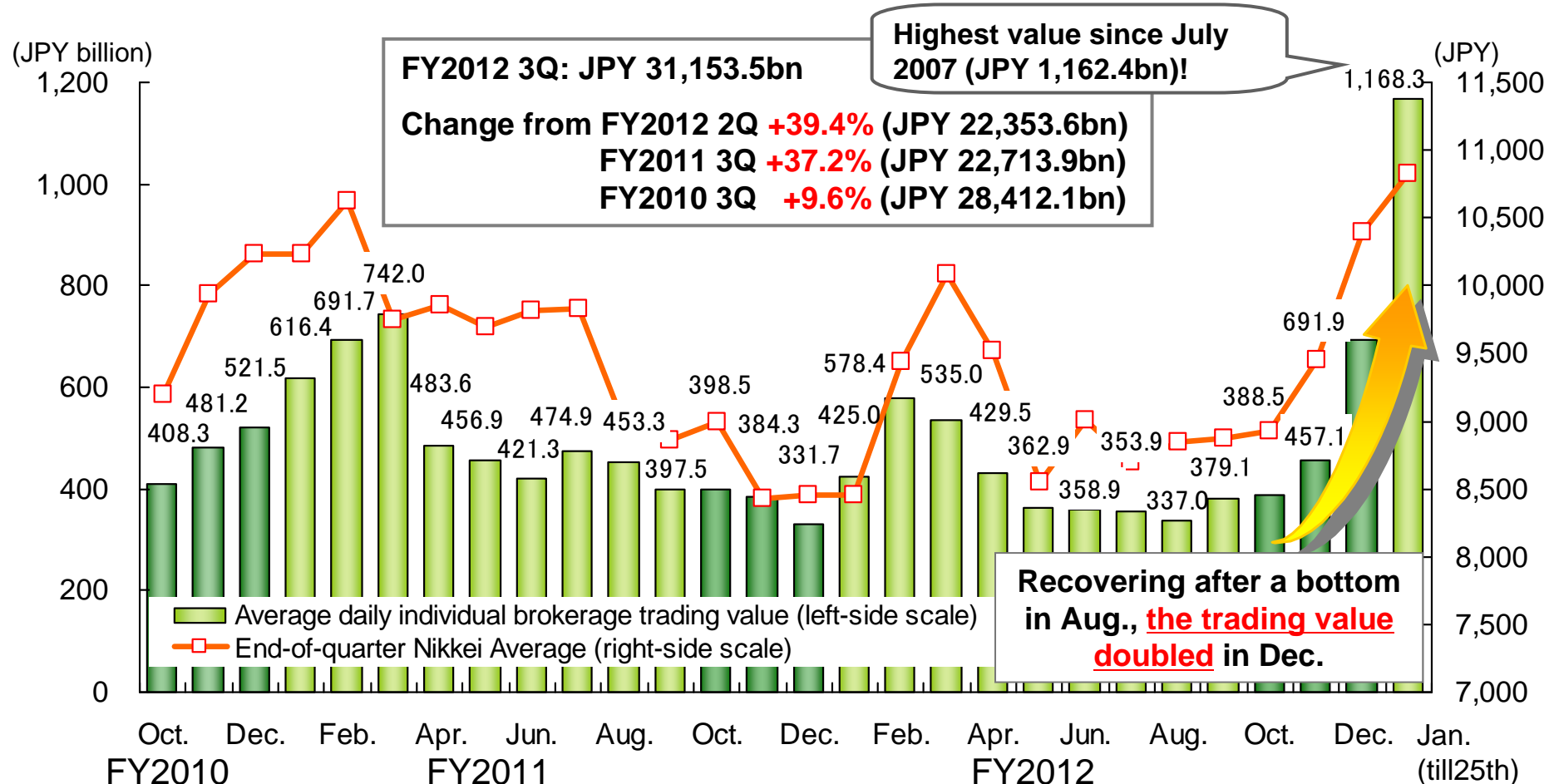
*With the 2011 market as a bottom, I believe that the market may be in a 2-4 year medium-term uptrend, [...], **We may expect that the Nikkei will continue to rise in the medium term.*** -Yoshitaka Kitao (Published in June 2012). *The tailwind behind Japan's economy.* Sankei Shinbun Syuppan



Reactivation of Individual Stock Trading

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

- Owing to “Abenomics”, the cumulative individual brokerage trading value in Japan for 3Q FY2012 was JPY 31,153.5 billion, up 39.4% YoY, exceeding the 3Q FY2010 trading value, which was the number before the Great East Japan earthquake.



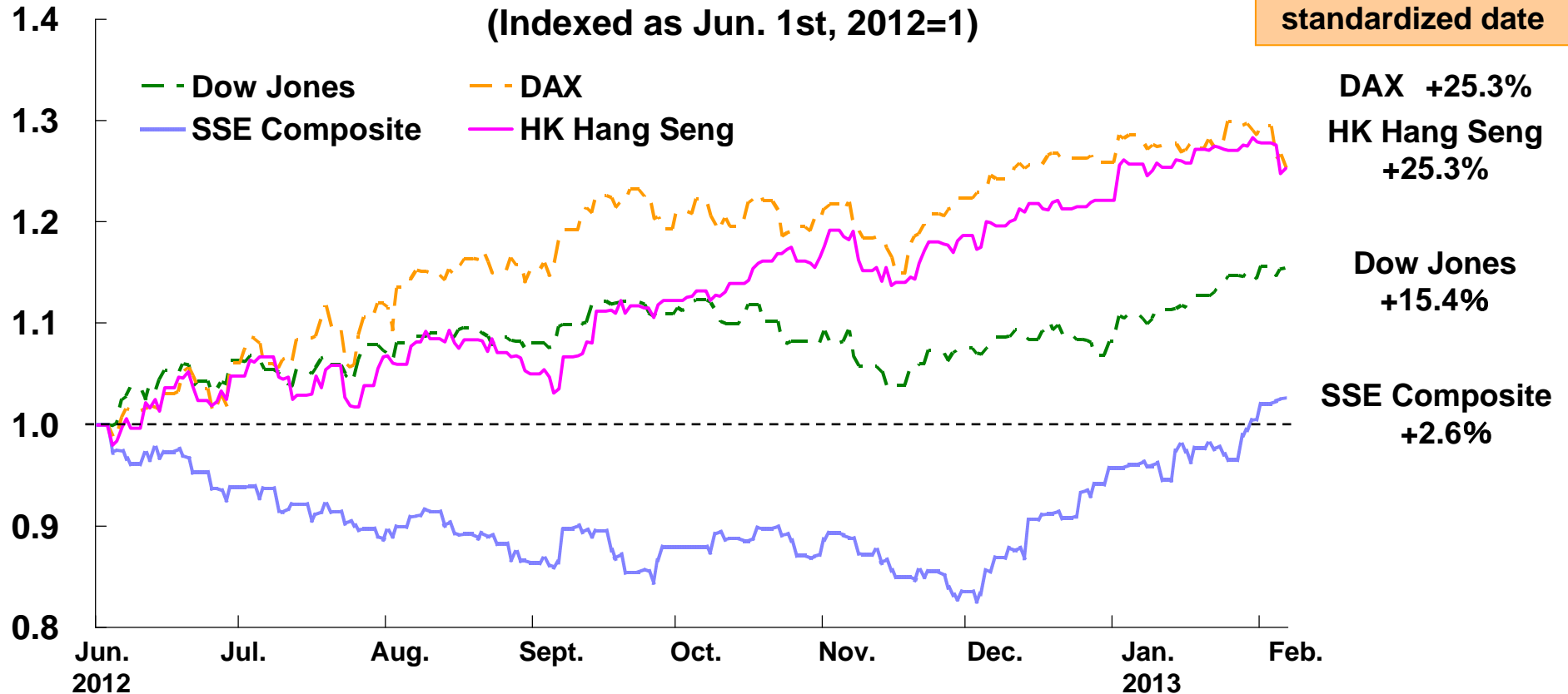
*Japanese Stocks listed on Tokyo Stock Exchange, Osaka Stock Exchange and Nagoya Stock Exchange (Including TSE Mothers, OSE JASDAQ and NSE Centrex)

Global Stock Markets Also in an Upswing



While the "European Debt Crisis" and "Fiscal Cliff" concerns were allayed for the time being, and various economic indicators for Dec. were generally positive, resulting in a global stock market uptrend.

**Change in Major Global Stock Market Indexes
from Jun. 1, 2012 to the Latest (Feb. 6, 2013)**
(Indexed as Jun. 1st, 2012=1)



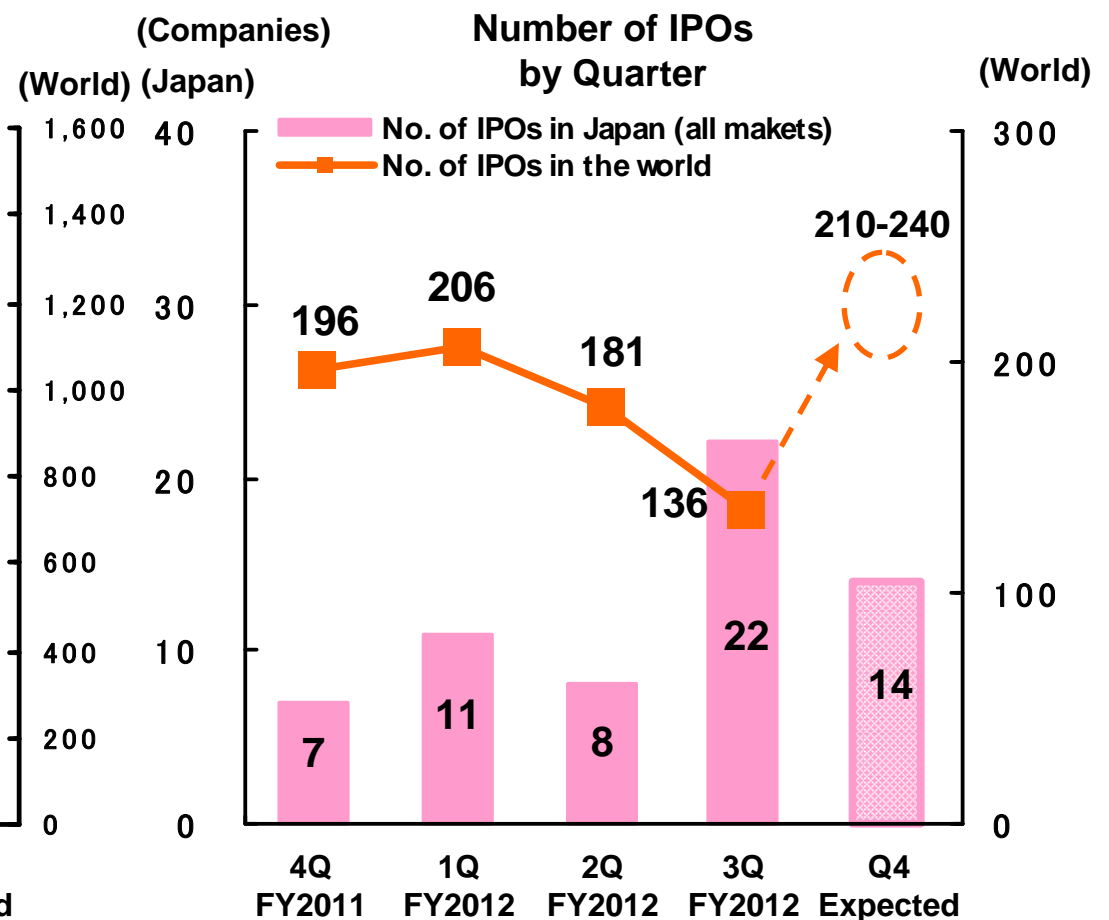
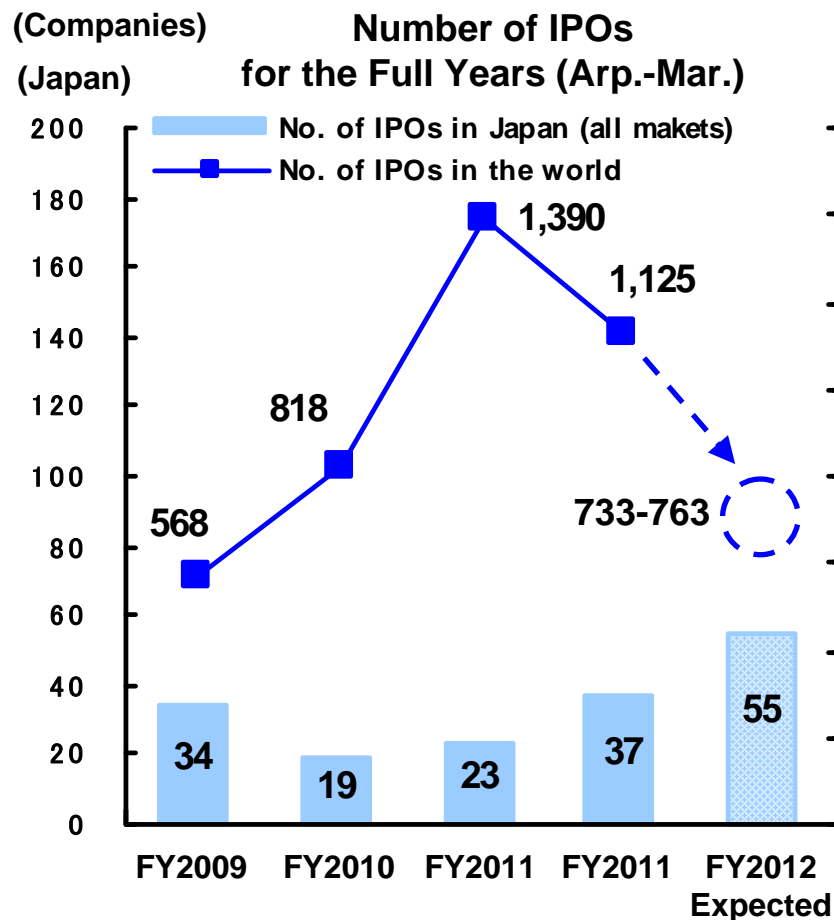
Source: Bloomberg⁸⁶

Japan's and the World's IPO Market



Although the global number of IPOs for the full year is expected to be in a downtrend, a recovery in the 4Q from the previous year's 196 IPOs to 210-240 IPOs is forecasted. On the other hand, the number of IPOs in Japan has been increasing for the past 4 years.

The number of IPOs in Japan and the world



The Current Fiscal Year's Domestic IPO Market is Favorable, Both in Terms of the Number of Companies and the Initial Price Ratio



- The number of IPOs in Japan for 9 month period is 41, exceeding the previous fiscal year's 37 IPOs, and the forecast for the total number for FY2012 is 55.
- Strong annual average ratio of initial price to public offering price of 1.53 times in the current fiscal year, compared with 1.25 times in the previous fiscal year.
- The new administration is discussing regulatory easing to lower entry barriers to the capital markets for unlisted companies, thereby raising expectations for the future revitalization of emerging markets.

List of Initial Price Ratio of IPO Stocks FY2012 (Excluding listing on TOKYO PRO Market (former Tokyo AIM))

IPO date	Company name	PO price	Initial price	IP Ratio
Apr. 4	Ateam	1,080	2,923	2.71
Apr. 20	UCHIYAMA Holdings	1,480	1,421	0.96
Apr. 25	Cocolonet	945	1,050	1.11
Apr. 26	Universal Engeisha	1,310	1,455	1.11
Apr. 27	Charm Care Corp.	950	1,000	1.05
May 29	Kitanotatsujin	1100	935	0.85
Jun. 20	Emergency Assistance Japan	1,100	1,400	1.27
Jun. 22	OHIZUMI MFG	350	400	1.14
Jun. 22	Happiness & D	1,900	2,202	1.16
Jun. 26	mobcast	800	2,301	2.88
Jul. 13	ACTCALL	1,700	2,500	1.47
Jul. 19	WirelessGate	1,200	2,311	1.93
Jul. 24	Enigmo	1,750	4,030	2.30
Aug. 7	SUCCESS Holdings	2,050	2,500	1.22
Sept. 19	JAL	3,790	3,810	1.01
Sept. 25	apcompany	2,350	3,305	1.41
Sept. 28	Mediaflag	900	2,120	2.36
Oct. 4	NIPPON Concept	1,020	938	0.92
Oct. 19	Trenders	2,550	6,500	2.55
Oct. 23	SANYO TRADING	460	444	0.97
Oct. 23	AWA Paper	370	371	1.00
Nov. 12	Arigato Serv.	1,170	1,302	1.11
Nov. 15	CAREERLINK	420	846	2.01
Nov. 21	S TRUST	1,350	2,513	1.86
Nov. 30	GENE THECHNO SCIENCE	1,200	1,550	1.29
Dec. 6	IBJ	1,450	2,610	1.80
Dec. 7	TECNOS JAPAN	1,540	1,878	1.22
Dec. 11	UMN Pharma	1,200	1,550	1.22
Dec. 11	enish	800	2,500	3.13
Dec. 13	ADJUVANT COSME JAPAN	1,250	1,310	1.05
Dec. 13	colopl	3,000	5,650	1.88
Dec. 14	Chimney	1,000	945	0.95
Dec. 19	ZENKOKU HOSHO	980	1,016	1.04
Dec. 19	Mobile Create	3,000	7,000	2.33
Dec. 20	Syuppin	330	550	1.67
Dec. 20	euglena	1,700	3,900	2.29
Dec. 20	Punch Industry	550	530	0.95
Dec. 21	JIBANNET	720	1,412	1.96
Dec. 21	GRANDES	360	368	1.02
Average				1.53
(average for FY2011				1.25)

(2) Active Management Diligence, Owing to the Anticipated Near-term Market Environment

- ① Aggressive Strategies in the Financial Services Business**
- ② Overseas Business Deployment's Next Growth Phase**
- ③ Biotechnology-related Businesses Entering the Harvesting Stage**
- ④ In the Real Estate Business, Owing to the Market, Implementing Sale of Real Estate Holdings, While Partially Activating Investments**

① Aggressive Strategies in the Financial Services Business



- (i) **SBI SECURITIES** takes timely measures corresponding to easing of the regulation on margin trading in order to increase transactions significantly. As the volatility in the foreign exchange currencies continues, both **SBI SECURITIES** and **SBI FXTRADE** narrow their forex trading spreads, to encourage increased trading volume
- (ii) **SBI Sumishin Net Bank** fully utilizes financing thorough issuing subordinated bonds (JPY 15.0bn), as well as pursuing further growth of ordinary income for the next fiscal year by enhancing and strengthening the business ecosystem centering on itself
- (iii) **SBI Insurance** is expanding the product line-up through the launch of new products, as well as providing partner company products, to take full advantage of the face-to-face sales channel of **SBI MONEY PLAZA**
- (iv) Discussing several options to re-enter the life insurance business
- (v) **SBI MONEY PLAZA** is focusing on expanding branches, verifying product portfolios, and cross-selling through the utilization of big data
- (vi) **SBI Mortgage** is promoting the introduction of new products and the sale of existing products, encouraged by a consumption-tax hike and extension/reinforcement of the housing loan tax reduction. Also, preparing to obtain a business license in Korea, where real estate prices seem to have bottomed out.

Timely Measures Corresponding to Easing of the Regulation on Margin Trading



■ Easing of margin trading regulations from Jan. 1, 2013

Reduced interest rates and fees ahead of easing of the regulation (end of Nov. 2012)

The easing of the regulation led to improved utilization of funds, increased margin trading, and an activated market.

Reduction of Interest Rates on Margin Trading

Applicable to customers who made a new transaction with a one-month contract amount of more than JPY 500m whose outstanding credit balance is more than JPY 500m

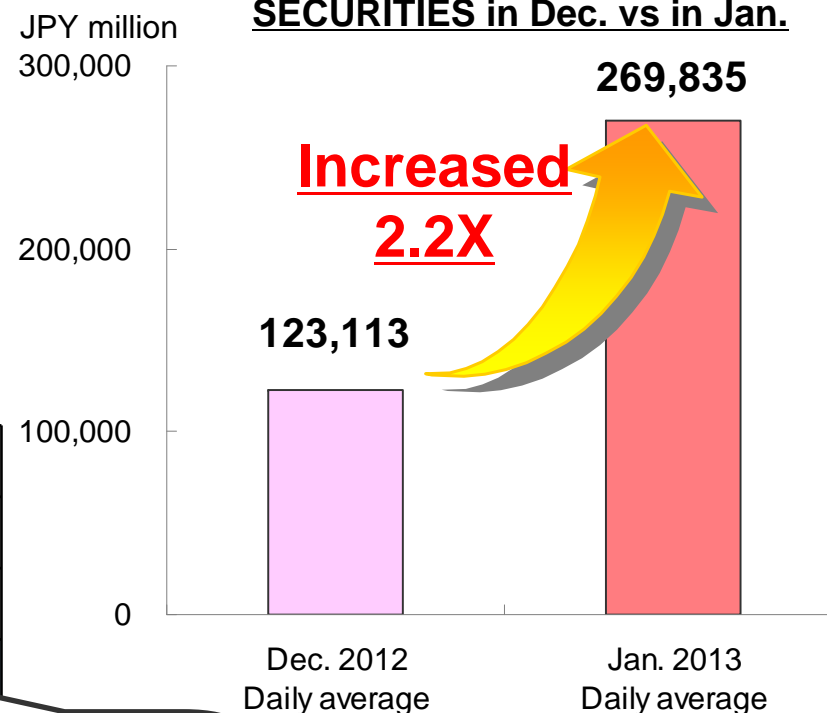
Interest Rate for System Credit	Interest Rate for General Credit
2.80% → 2.28%	3.09% → 2.90%

Reduction in Margin Trading Commissions

Execution price	Current rate	New rate
Up to JPY 200,000	150	150
Up to JPY 500,000	200	200
JPY 1m and more	400 → 378	

Down 5.5%

Margin Trading Value at SBI SECURITIES in Dec. vs in Jan.




The number of newly opened accounts in Jan. 2013 is **over double** of that in Dec. 2012

Enhancing Services to Deal with the Changing Business Environment

■ Narrowing spread at FX trading

Spread contraction of 11 pairs of major currencies will be implemented on Feb. 18, 2013 (scheduled)

Currency pair	Current spread		New spread	Change in %
USD/JPY	0.01 yen		0.008 yen	-20.0%
EUR/JPY	0.02 yen		0.018 yen	-10.0%
GBP/JPY	0.03 yen		0.028 yen	-6.7%
AUD/JPY	0.02 yen		0.018 yen	-10.0%
NZD/JPY	0.04 yen		0.038 yen	-5.0%
CAD/JPY	0.04 yen		0.038 yen	-5.0%
CHF/JPY	0.06 yen		0.058 yen	-3.3%
HKD/JPY	0.03 yen		0.028 yen	-6.7%
SGD/JPY	0.05 yen		0.048 yen	-4.0%
ZAR/JPY	0.04 yen		0.038 yen	-5.0%
NOK/JPY	0.04 yen		0.038 yen	-5.0%

Continues to enrich the services as they contribute to increase of customers convenience

■ “Tax Exempt System for Small Investment (Japanese version of ISA)” is expected to be effective Jan. 2014

Stock and investment trust transactions targeting at long-term holdings are likely to further increase.

SBI FXTRADE:

With the USD/JPY Surpassing 90 yen, and a Corresponding Environment for Increased Trading Opportunities, Spreads were Narrowed Further

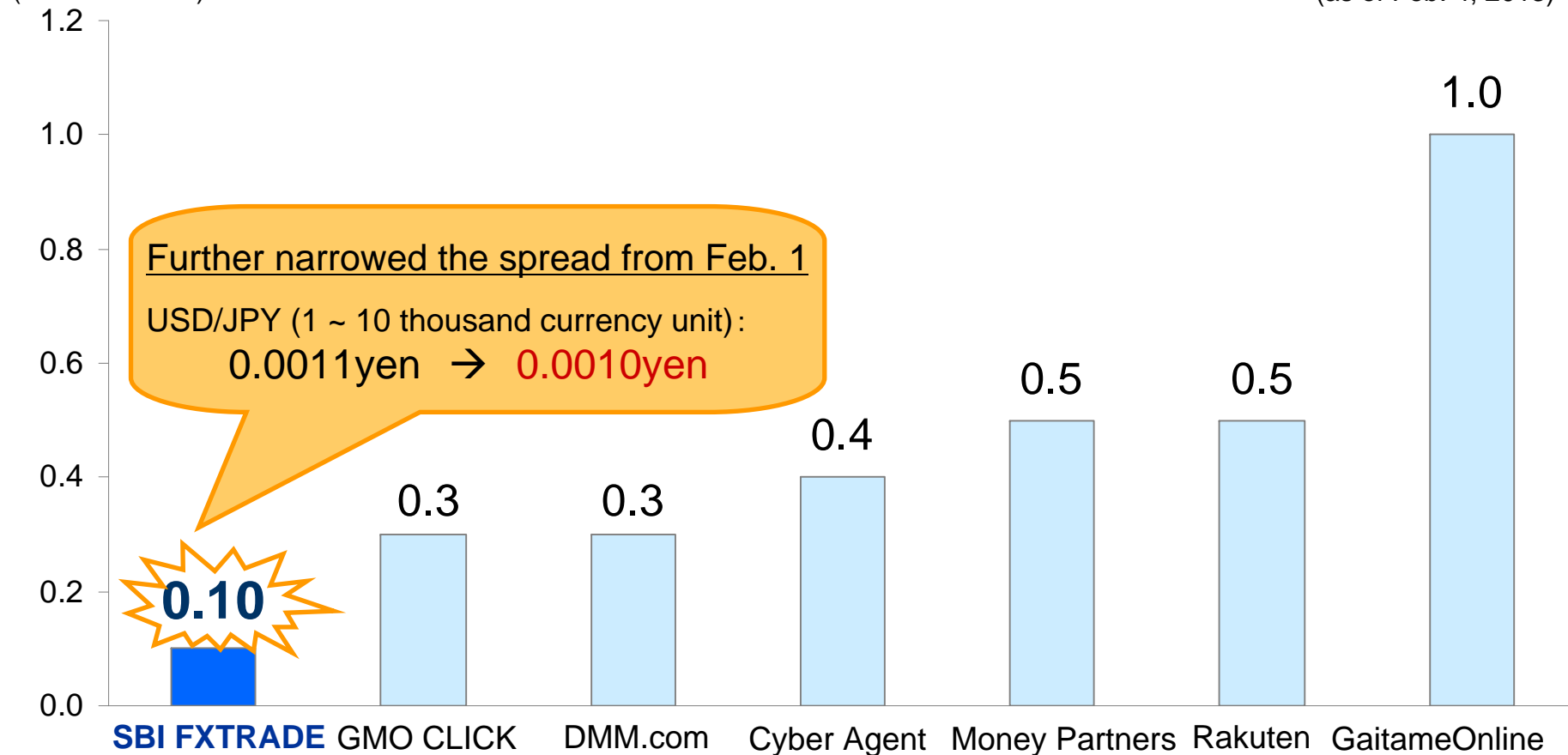


Further narrowed the industry's narrowest spreads, to enhance customer convenience and service

Comparison of the Spread for USD/JPY Pair with Major FX Companies (under 10 thousand currency unit)

(Unit: JPY 0.01)

(as of Feb. 4, 2013)



* Spread of SBI FXTRADE differs depending on order lot. (When loss-cut is executed, the narrowing spread will be applied.)

* Spreads are basically fixed, but there are some cases that actual spread differs from indicated ones due to market's sudden change and other external factors.

Deposits Accumulating Steadily

SBI Sumishin Net Bank is 39th among 75 banks including community banks and New Entrant Banks

Ranking in deposits (community banks and New Entrant Banks) (JPY billion)

Rank	Bank name	Listing	Deposits
1	Bank of Yokohama	○	11,091.6
2	Chiba Bank	○	9,376.5
3	Bank of Fukuoka	*	7,688.6
4	Shizuoka Bank	○	7,674.1
5	Joyo Bank	○	7,266.6
6	77 Bank	○	6,532.3
7	Nishi-Nippon City Bank	○	6,314.0
8	Bank of Kyoto	○	5,870.2
9	Hiroshima Bank	○	5,764.6
10	Hachijuni Bank	○	5,670.0
11	Gunma Bank	○	5,644.9
12	Shinsei Bank	○	5,610.1
13	Hokuriku Bank	*	5,443.1
14	Chugoku Bank	○	5,315.0
15	Ashikaga Bank	*	4,686.3

Rank	Bank name	Listing	Deposits
16	Iyo Bank	○	4,502.5
17	Senshu Ikeda Bank	*	4,407.7
18	Yamaguchi Bank	*	4,375.5
19	Nanto Bank	○	4,289.9
20	Juroku Bank	○	4,281.1
21	Hokkaido Bank	*	4,147.6
22	Daishi Bank	○	4,047.0
23	Shiga Bank	○	3,994.5
24	Hyakugo Bank	○	3,937.8
25	Ogaki Kyoritsu Bank	○	3,814.7
26	Toho Bank	○	3,801.9
27	Higo Bank	○	3,590.9
28	San-in Godo Bank	○	3,585.0
29	Musashino Bank	○	3,516.2
30	Citibank Japan	×	3,510.5

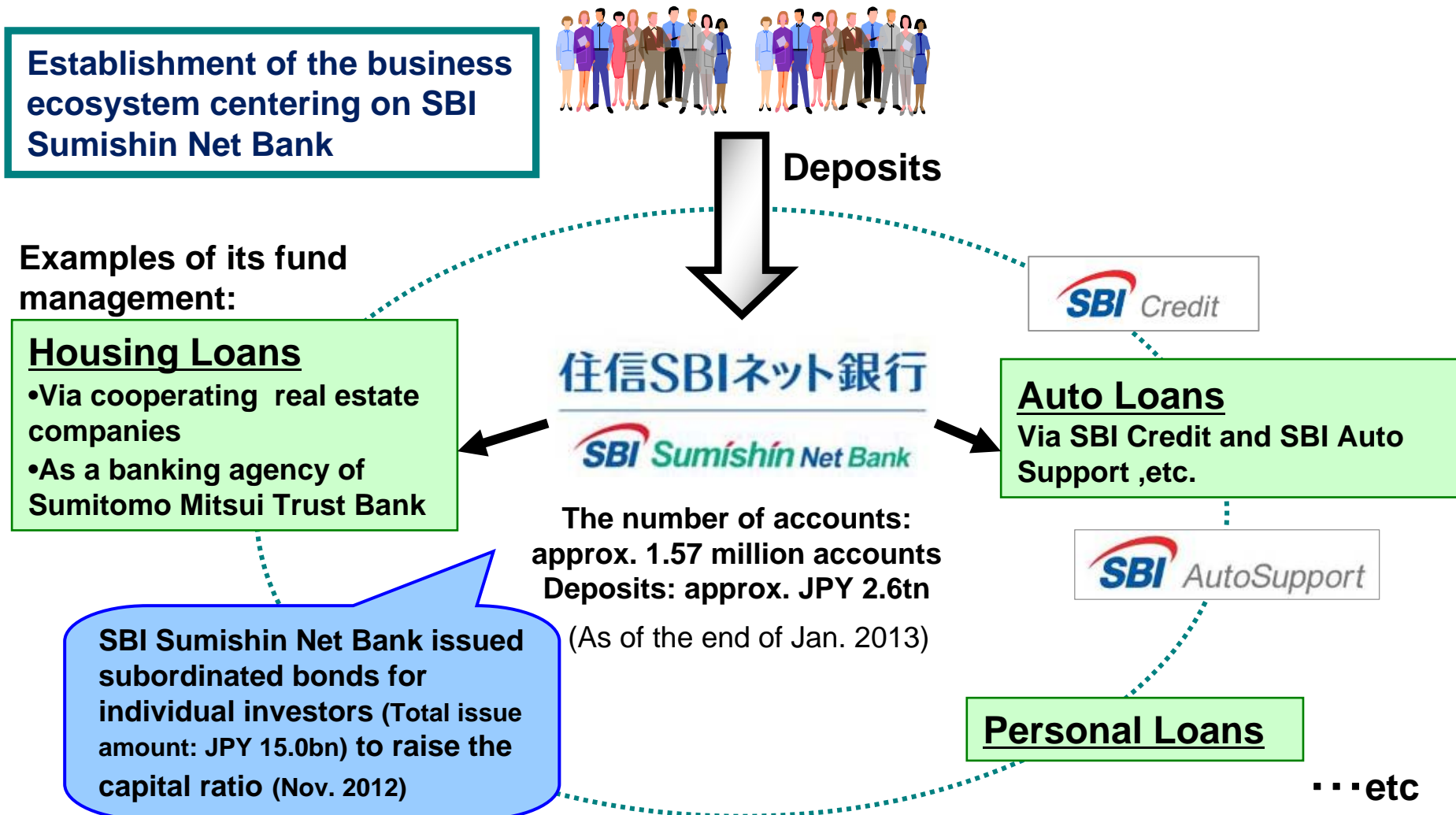
Rank	Bank name	Listing	Deposits
31	Kiyo Bank	*	3,447.0
32	Hyakujushi Bank	○	3,383.7
33	Suruga Bank	○	3,265.0
34	Kinki Osaka Bank	*	3,236.1
35	Kagoshima Bank	○	3,099.9
36	Hokkoku Bank	○	2,964.0
37	Aozora Bank	○	2,727.6
38	Bank of Iwate	○	2,584.9
39	SBI Sumishin Net Bank	×	2,504.3
40	Yamanashi Chuo Bank	○	2,464.3

*Bank Holdings Company is listed

* As of the end of Mar. 2012
The number of SBI Sumishin Net Bank is as of the end of Dec. 2012
(Source: Japanese Bankers Association, websites of each company)

Pursuing Further Growth of Ordinary Income for the Next Fiscal Year by Enhancing and Strengthening the Business Ecosystem Centering on SBI Sumishin Net Bank

~Enhancement to stabilize and diversify its fund management methods for growing deposit balances~



SBI Insurance:

SBI Insurance Diversification of the Product Portfolio



Expanded the product line-ups thorough the launch of new products, as well as providing partner company products

[SBI's products]

Cancer Insurance

Aug. 2012 on sale

SBI損保のがん保険 自由診療タイプ

Auto Insurance

SBI損保の自動車保険

Taking full advantage of the sales counter channel at 302 nationwide branches (as of the end of Jan. 2013), the face-to-face channel of SBI MONEY PLAZA



[Partner companies' products]

Fire insurance

Aug. 2012 on sale



Underwriter:
SAISON
AUTOMOBILE&FIRE INSURANCE

Earthquake insurance



Underwriter:
SBI SSI

Traveler's insurance



Underwriter:
HS Insurance

Discussing Several Options to Re-enter the Life Insurance Business, and Will Take Actions Early Next Fiscal Year to Start Its Operation



Considering one of the three plans below, as a re-entry method into the life insurance business

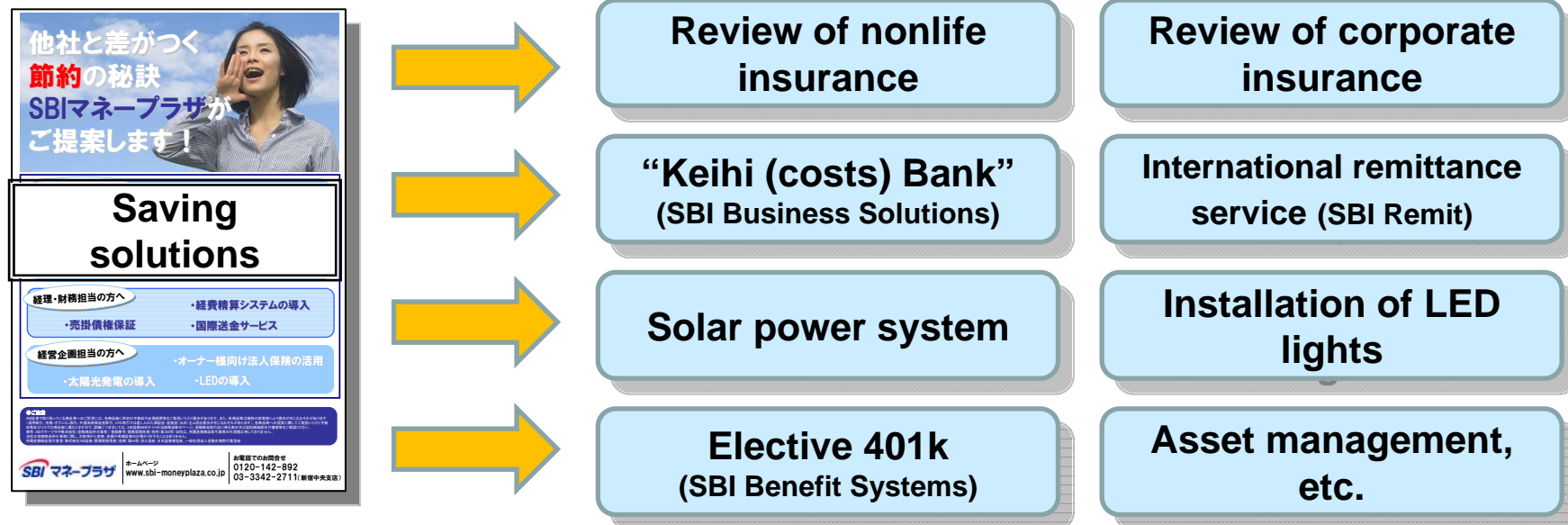
Plan A: Acquiring an existing life insurance company

Plan B: Acquiring a small-amount short-term life-insurance company and will transform its business to a formal life insurance company

Plan C: Establishing a new company

SBI MONEY PLAZA Substantially Strengthens Corporate Sales Focusing on Cross-selling

- ① Building an effective corporate sales structure by centralizing client information through the tie-up with the Big Data Office and the respective Group companies in charge of corporate sales activities
- ② Issuing “Setsuyaku-shu (saving solutions)”, which gathers wide range and various kinds of products inside and outside of the SBI Group, and making a proposal to meet needs for current and potential customers of the respective Group companies



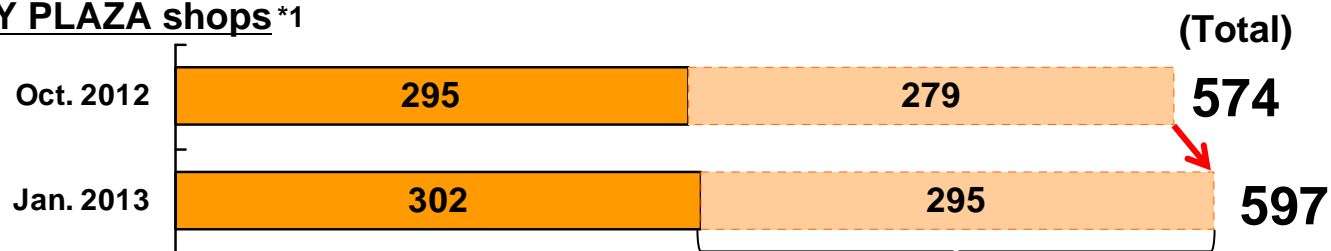
SBI MONEY PLAZA: SBI MONEY PLAZA's Number of Shops Attains an Overwhelming No. 1 Position in Japan



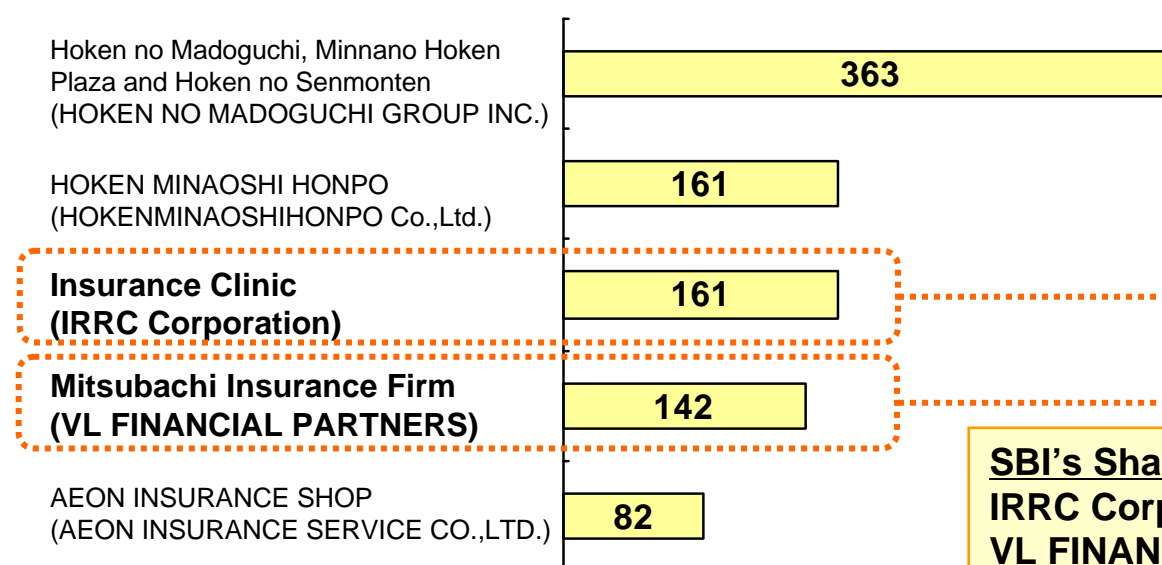
The total number of SBI MONEY PLAZA shops (currently 302) and Insurance Clinic / Mitsubachi Insurance shops by far surpasses that of other companies.

Insurance Clinic and Mitsubachi Insurance will carry the SBI MONEY PLAZA brand primarily at directly-managed shops (8 Mitsubachi Insurance shops already did as of Jan. 31, 2013).

Number of SBI MONEY PLAZA shops *1



Number of peer companies' shops (as of Jan. 31, 2013)



Insurance Clinic + Mitsubachi Insurance *2

SBI's Shareholding (As of the end of Dec. 2012) *3
 IRRC Corporation: 32.0%
 VL FINANCIAL PARTNERS: 43.9%

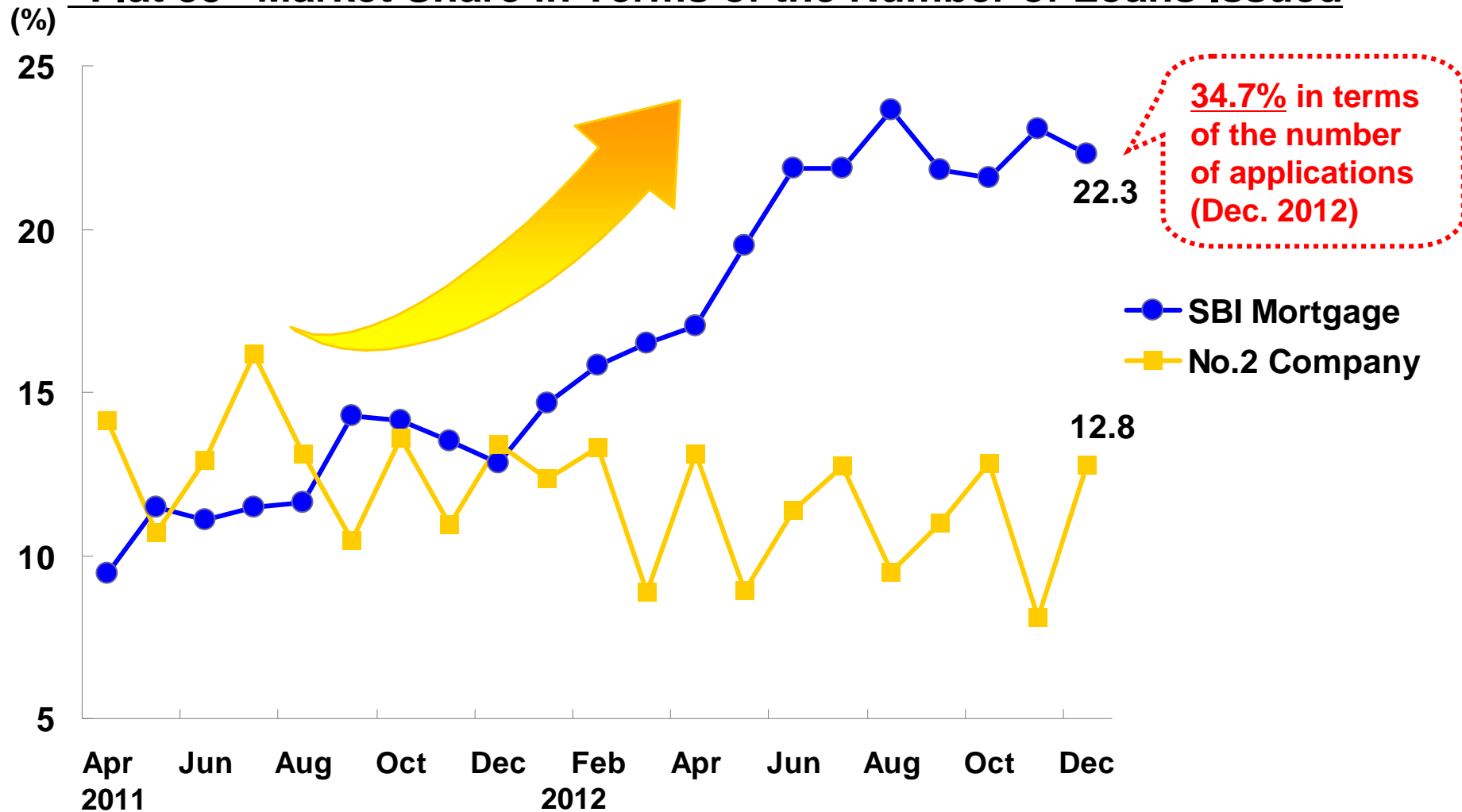
*1 SBI MONEY PLAZA includes shops that are not insurance dealers.

*2 Some Mitsubachi Insurance shops that already carry the SBI MONEY PLAZA brand (8 shops as of Jan. 31, 2013) are subtracted, as they are included as SBI MONEY PLAZA shops.

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

SBI Mortgage Attains an Overwhelming Share of “Flat 35,” the Largest Share Among 338 Companies

“Flat 35” Market Share in Terms of the Number of Loans Issued



(Source: Compiled by SBI Mortgage based on disclosed data from Japan Housing Finance Agency)

Enhancing Product Line-up to Further Increase Competitiveness

Launched “Freedom Housing Loans” (Jan. 15, 2013)

A housing loan product that allows customers to choose either a floating (changing semiannually) or short-term (3 yrs / 5 yrs / 10 yrs) fixed interest rate. Its unique features are as follows:

Feature 1

Branch visits or mailings are not necessary. A whole process from registering an application to completing a screening can be done on the website.

Feature 2

At refinancing, it is possible to make the repayment term become longer than the initial borrowing term or the remaining repayment term, which helps to improve cash flow at household.



The household, which can afford money after the refinancing, is able to arrange the earlier repayment with no fees on the website, reduce the borrowing period, and thus save interests of the payment.

Tax Revisions Expected to Serve as a Tailwind Toward an Increase in Housing Demand

Consumption-tax hike

Consumption Tax will be up to 8% in Apr. 2014, and to 10% in Oct. 2015. (Its implementation will eventually be determined, depending on the general economic conditions.)



Last-minute surge in demand of housing loans is likely to occur prior to the respective rises.

Extension and reinforcement of housing loan tax reduction

The Tax Revision Package by the Ruling Party concluded to provide another 4-year extension of the tax-cut for housing loans (original expiry at the end of 2013). The reduction level will also increase.



Housing market is expected to become brisk.

Housing demand is anticipated to continuously increase, owing to a consumption-tax hike, and an extension and reinforcement of the housing loan tax reduction

SBI Mortgage and SBI AXES to Develop Businesses in South Korea, Taking Advantage of Korea Listings



(the SBI Group's share: 66.5%)

- Listed on KOSPI Market of KRX on Apr. 30, 2012
- To develop business in South Korea as the first mortgage bank in the country, SBI Mortgage established a local subsidiary on Oct. 1, 2012, and is preparing to acquire a license



(the SBI Group's share: 75%)

* Became a Group subsidiary from FY2012 due to IFRS adoption of SBIH

- Listed on KOSDAQ Market of KRX on Dec. 17, 2012
- South Korean subsidiary launched operations on Jan. 7, 2013 to support local IR activities and assist SBI AXES' subsidiaries in business activities in the country.
- Accelerating business development in South Korea, as SBI AXES collaborates with SK planet, an operator of "T store" (the largest application store in Asia); and GODOSOFT, Korea's largest company in solutions for developing e-commerce shopping malls.




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

② Overseas Business Deployment's Next Growth Phase

- (i) Implemented a Partial Organizational Restructuring, Foreseeing Future Overseas Business Developments**
- (ii) Overseas Investment Business Moves into Phase 2 to Recruit Outside Investors**
- (iii) Absorbing Hyundai Swiss Savings Bank (SBI: 20.9% shareholding) and Its Subsidiaries as SBIH's Subsidiaries by Underwriting Additional Shares**

(i) Implemented a Partial Organizational Restructuring, Foreseeing Future Overseas Business Developments (Effective Feb. 1, 2013)


➤ Abolished the Overseas Business Division which had led overseas business development

 The Asset Management Business and the Financial Services Business will manage their domestic and overseas businesses under a more efficient and unified structure

➤ Newly established the Overseas Business Administration Department

 While allowing for the independence of each overseas office to develop their respective businesses, the Overseas Business Administration Department will oversee their performance, governance and compliance.

➤ Newly established the Relationship Management Department

 The Relationship Management Department, under which the Group companies' corporate sales structures are integrated, will endeavor to develop and enhance relationships with new and existing clients, both inside and outside of Japan, as well as to promote the raising of funds for the investment business

(ii) Overseas Investment Business Moves into Phase 2 to Recruit Outside Investors

Phase 1

Established fund number 1 through co-investment with local overseas partners



Phase 2

Recruiting outside investors to establish a larger fund number 2

Under the newly established Relationship Management Dept., enhancing the recruitment process of outside investors

Overseas: Placing personnel specializing in the recruitment of outside investors at each overseas office

Japan: Utilizing the domestic corporate network established by SBI Investment, SBI SECURITIES, SBI MONEY PLAZA, et al.

Establishing an investment structure that will support the anticipated global market recoveries and the subsequent continued uptrend

(iii) Absorbing Hyundai Swiss Savings Bank (SBI: 20.9% shareholding) and Its Subsidiaries as SBIH's Subsidiaries by Underwriting Additional Shares ①



- **Committed SBIH's subsidiaries to underwrite a rights offering by Hyundai Swiss Savings Bank (SBI: 20.9% shareholding) and its subsidiaries, upon the fulfillment of conditions that SBIH requested.**
- **Also, SBIH committed its subsidiaries to underwrite any forfeited shares, under the fulfillment of the conditions that were set by SBIH, in the event that non-SBI Group shareholders decide to not participate in the rights offering, and instead forfeit their shares.**



In the event that non-SBI Group shares are forfeited, SBIH will hold 89.4% of all the shares, and under the premise of an approval from the Korean financial administration, the Bank is expected to become a consolidated subsidiary of SBIH.

*The necessity of the underwriting of the new shares/subordinated bonds and the specific amount will be determined upon the forfeiture of non-SBI Group shares.

[About]

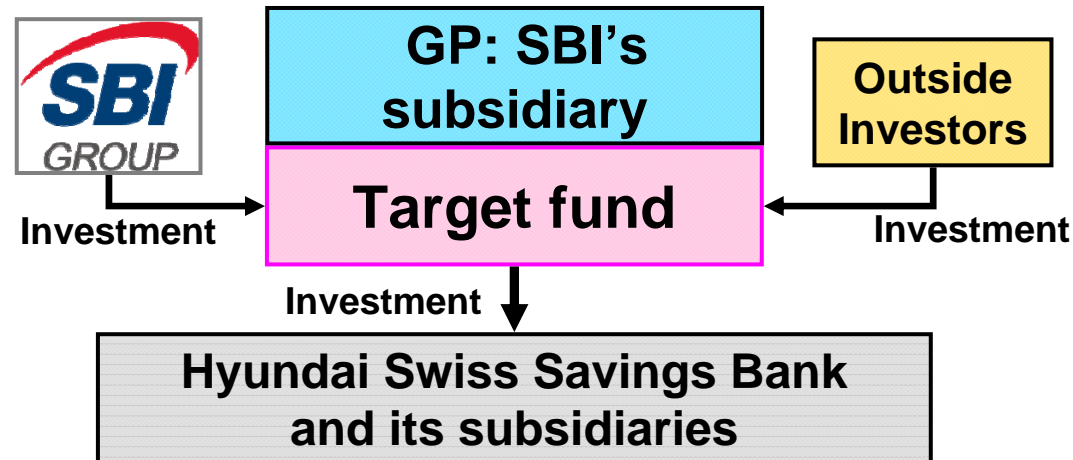
Hyundai Swiss Savings Bank, South Korea's largest savings bank with total assets of 5.5 trillion Korean won (approx. 481.8 billion yen* at the end of Sept.) including its subsidiaries, has sales networks nationwide, excluding Busan and Gyeongsang-do. Hyundai Swiss Savings Bank's balance of total borrowing/lending accounts for over 11% of the total balance of the savings bank industry. * Exchange rate: KRW100=JPY 8.62

(iii) Absorbing Hyundai Swiss Savings Bank (SBI: 20.9% shareholding) and Its Subsidiaries as SBIH's Subsidiaries by Underwriting Additional Shares ②



[Background]

- Through the recent reorganization of the savings bank industry, led by the government, all major savings banks, except Hyundai Swiss Savings Bank, have withdrawn from the market, resulting in greatly enhanced competitiveness of Hyundai Swiss Savings Bank.
 - On the other hand, further strengthening of financial base is required by the regulatory authorities, and the SBI Group has decided to support Hyundai Swiss Savings Bank in operating stable businesses by committing the above.
- **To diversify risks and enhance investment efficiency, outside capital will be raised for targeted funds to be managed by SBIH's subsidiary companies**



- **Promoting the bank to launch a online banking service, as well as considering a collaboration with SBI Mortgage, which is in preparation for its business development in Korea**

③ Biotechnology-related Businesses Entering the Harvesting Stage

- (i) 2 Investee Bio-venture Companies are Scheduled for Potential IPOs within 2013**
- (ii) SBI Biotech, upon Absorbing Quark Pharmaceuticals as a Wholly-owned Subsidiary, will Further Increase Its Corporate Value and will Target a 2014 IPO**
- (iii) The 5-ALA related business targets to produce earnings within FY2013. Thereby, SBI ALApromo, penetrating overseas sales distribution channels, carries out full-fledged sales of health foods and cosmetics, and SBI Pharmaceuticals, expecting to obtain a license in FY2012 for medicine taken during brain tumor operations (Alagrio), speeds up the delivery process as its first merchandise-medicine.**

(i) 2 Investee Bio-venture Companies are Scheduled for Potential IPOs within 2013

Company name	Drug or project code (partners)	Adaptation disease	Current status
USA Acucela (Shares: 16.9%) Target Exit Year: within 2013 Lead manager: Mitsubishi UFJ Morgan Stanley Securities	ACU-4429 (Otsuka Pharmaceutical)	Dry Advanced Macular Degeneration (AMD)	P2a Clinical Trial
	Rebamipide (Otsuka Pharmaceutical)	Dry Eye Syndrome	P3 Clinical Trial
	OPA-6566 (Otsuka Pharmaceutical)	Glaucoma	P1/2 Clinical Trial
USA Kadmon (Shares: 16.0%) Target Exit Year: within 2013	KD025 Rho-associated coiled-coiled kinase 2	Liver Ailment	P1 Clinical Trial
	KD032 Ras antagonist	Cancers	P2 Clinical Trial
	The company has several pipeline drugs, including one 'P3' and two 'P2's other than the above		

(ii) SBI Biotech, upon Absorbing Quark Pharmaceuticals as a Wholly-owned Subsidiary, will Further Increase Its Corporate Value and will Target a 2014 IPO



Examples of SBI Biotech's drug creation projects:



Projects (Partner)	Progress
GNKG168 (CN Huapu)	P1 Clinical Trial
Immuno-cell therapy (US Baylor Research Institute)	US: P2 Clinical Trial JPN: Pre-Clinical Trial
Anti-ILT-7 antibody	Gave development and commercialization rights to the subsidiary of AstraZeneca
Anti-BST2 antibody	Pre-Clinical Trial /In negotiations with pharmaceutical companies
GNKS356 (CN Huapu)	Pre-Clinical Trial

■ : Targeting mainly cancers ■ : Targeting mainly autoimmune diseases

SBI Biotech's subsidiary Quark leads the world in R&D on siRNA* pharmaceuticals, a nucleic acid medicine, and has a number of siRNA pipelines at clinical development levels

*siRNA drug: decomposes the target gene (mRNA) and can function to suppress certain genes

SBI Biotech is now preparing for its IPO underwritten by Mizuho Securities as the lead manager

(iii) The 5-ALA related business targets to produce earnings within FY2013. Thereby, SBI ALA promo, penetrating overseas sales distribution channels, carries out full-fledged sales of health foods and cosmetics, and SBI Pharmaceuticals, expecting to obtain a license in FY2012 for medicine taken during brain tumor operations (Alagrio), speeds up the delivery process as its first merchandise-medicine.

The 5-ALA related business targets to produce earnings within FY2013, carrying out full-fledged sales of health foods and cosmetics

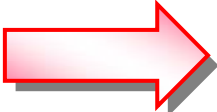
~Also focusing on overseas expansion~

Japan

• “Aminolaevulinic Acid” is planned to be added to the list of non-pharmaceutical products owing to the revision of classification of foods and drugs at the Ministry of Health, Labour and Welfare

(Aminolevulinic acid hydrochloride is used as a pharmaceutical product in Europe.)

• SBI ALA promo continues to increase the number of stores that sell their products

52 stores (At the end of Mar. 2012)  200 stores (At the end of Jan. 2013)

• B&D's Drug Store (based in Aichi Prefecture): 45 stores
• Mik Japan's Drug Store (based in Osaka Prefecture): 27 stores
• Dispensary Medical Ikkou (listed on JQS): 23 stores
• TOKYU HANDS / Odakyu Department Store, and so on

Overseas

• Agreed on establishment of a joint venture company with the Dawani Group, a major enterprise group in Bahrain, for the distribution of 5-ALA related products.

The Dawani Group: A dominant local manufacturer and distributor, with an import company and shopping mall operating company under its aegis.

• In Bahrain, the establishment of a manufacturing base for 5-ALA related products and its product usage will be discussed with major governmental organizations.

R&D Progress in Medical Field Using 5-ALA^①

(5-Aminolevulinic acid hydrochloric)

① R&D Progress in Diagnostic agent for Cancer Treatment

Indications	Progress
Brain tumor	<p>Orphan drug designation (Sept. 2010)</p> <p>➔ Submission of a new drug application (NDA) to the Ministry of Health, Labor and Welfare in Japan (July 5, 2012)</p> <p>➔ If all goes as planned, it will be approved as a treatment within FY2012</p>
Carcinoma vesicae	<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 completed at the end of 2012</p> <p>➔ Will endeavor to be approved by early 2014</p>

In other treatment of cancer, clinical tests and studies have been conducted at a number of universities, such as 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 stomach, the colon and the thyroid, are progressing.

R&D Progress in Medical Field Using 5-ALA^② (5-Aminolevulinic acid hydrochloric)

② A Drug to treat cancer chemotherapy-induced anemia

Cancer chemotherapy-induced anemia: one of the side effects of cancer chemotherapy drugs, and 43.2%(*) of patients under treatment using such drugs are said to have symptoms of anemia



A definitive treatment for cancer chemotherapy-induced anemia has not been established, and there is a pressing need to develop a treatment

• Starting phase I clinical trial in the UK from Dec. 2012

German business partner in 5-ALA related business, medac GmbH, is approved by the European Medicines Evaluation Agency (EMA) to market intraoperative diagnostic agents in Germany, UK and 20-plus other European countries; underlining that 5-aminolevulinic acid hydrochloride is already recognized as a pharmaceutical ingredient in Europe.

→ We expect that the phase I clinical trials for treatment will be completed smoothly in about half a year. In the phase II clinical trials, we will consider applying for permission to administer pharmaceuticals in multiple medical fields.



• Submitting phase I clinical trial IND application to U.S. FDA at the end of 2012

→ After examinations by U.S. FDA, SBI Pharmaceuticals will start a clinical trial in the U.S.



(*1) Source: Wu Y, Aravind S, Ranganathan G, Martin A, Nalysnyk L. *Clin Ther.* 2009;31:2416-2432.

Currently Expanding Networks for Various Types of 5-ALA Related Research and Development Inside and Outside of Japan



~Several studies with 5-ALA are in progress at 90 universities and hospitals at home and overseas ~

(Examples)

Entrusted the development of the drug to treat cancer chemotherapy-induced anemia in the UK and U.S. to Contract Research Organization (CRO), and if all goes well, phase I clinical trials (safety trial) will be completed in about half a year. Upon completion of phase II clinical trials, deployment in other fields will be considered, and in those prospective fields, collaborations with the world's leading pharmaceutical companies will be sought.

Research on malaria

- University of Tokyo
- Tokyo Institute of Technology
- National Institute for Medical Research ,etc.

Research on metabolic syndrome

- Kyoto Prefectural University
- Hiroshima University
- University of Hawaii ,etc.

Research projects involving 5-ALA in health science laboratories in cooperation with a university's medical school

Co-developing drugs ,etc. with both domestic and overseas major pharmaceuticals

Cooperation with food manufacturer and cosmetics manufacturer

Research on cancer diagnosis
Tokyo Institute of Technology

etc



Expanding 5-ALA Related Business in Middle East

~Why expanding in the Middle East?~

Middle East



Depletion of energy resources including oil is a vital issue in the 21st century. The U.S. has given priority to ensuring a stable supply of oil from the Middle East.



The U.S.'s dependence on the Middle East for energy may substantially decline in future, owing to the "Shale Gas Revolution"



The U.S. will become a major energy-exporting country.



What will happen to oil prices? What will happen to the relationship between the U.S. and the Middle East, in particular between the U.S. and Saudi Arabia?



Middle Eastern countries are promoting new industrial development and attraction of foreign farms because the prime industry of these countries is oil industry

Planning Clinical Research on Diabetes Using 5-ALA

Background

High diabetes prevalence in the MENA such as Bahrain
(%)

In the MENA	Bahrain	Qatar	Kuwait	Saudi Arabia
Diabetes patients rate	15.4	15.4	14.6	16.8
In major advanced country	U.S.	U.K.	German	Japan
Diabetes patients rate	10.3	3.6	8.9	5.0

Conclusion of Basic Agreement to Start Clinical Research on Diabetes with Arabian Gulf University(*1) in Bahrain (Jan. 2013)

AGU is working to establish a clinical development structure that complies with GCP (*2) to support Arabic people in the region. **And to help treat diabetic patients, the university has chosen a supplement containing the very safe substance 5-ALA as its first model of clinical research.**

SBI Pharmaceuticals will pursue clinical research in collaboration with the Department of Diabetes at Bahrain Defense Force Royal Medical Service Hospital, the Arabian Gulf University hospital and KING HAMAD UNIVERSITY HOSPITAL

(*1) Established by six countries in the Gulf in 1981. It has the longest history in medical education in the region

(*2) A standard for performing clinical tests on pharmaceutical products

5-ALA Related Business Progress in the Middle East



Bahrain

- Agreement for the Promotion of the 5-ALA Business with Bahrain government (Apr. 2012)
- Obtainment of the Product License of healthy supplement on “NatuALA ONE” from Ministry of Health Bahrain to market in the Bahrain (Apr. 2012)
- For the introduction of PDS (Photodynamic Surgery) for Cancer diagnosis with 5-ALA in Bahrain, preparing for the necessary clinical instruments and training the relevant government officials on how to use the clinical instruments (Sept. 2012)
- Opening of a representative office in Bahrain acquired a permit from Bahrain Economic Development Board (Oct. 2012)

NEW!!

- SBI delegation visited to Bahrain and met with the king. During the visiting, SBI Pharmaceuticals concluded a Basic Agreement to begin clinical research on diabetes in Bahrain with the Arabian Gulf University (AGU) (Jan. 2013)



The United Arab Emirates

- Obtainment of the Product License of healthy supplement on “NatuALA ONE” from the Dubai Municipality Consumer Product Safety Section to market in the United Arab Emirates (UAE) (Oct. 2012)



SBI Pharmaceuticals identified Bahrain as its drug research and development base in the Middle East and North Africa (MENA), and plans to build a 5-ALA manufacturing base, with a view of exporting to the neighbor countries as well.

Several Projects in Drug Medicine Field is in Progress in the World



U.K

Starting a phase-1 Clinical Trial Application to MHRA for a drug of 5-Aminolevulinic acid hydrochloride to treat cancer chemotherapy-induced anemia



China

40% investment in Chinese bio-venture Yian Biotech



German

20% investment in photonamic, a subsidiary of German drug company, medac GmbH



U.S

NEW!!

•Submitting an Investigational New Drug (IND) application for a drug of 5-Aminolevulinic acid hydrochloride to treat cancer chemotherapy-induced anemia

•Study on 5-ALA in relation to diabetes is in progress in University of Hawaii



Bahrain

NEW!!

SBI Pharmaceuticals will pursue clinical research in collaboration with the Department of Diabetes at Bahrain Defense Force Royal Medical Service Hospital, the Arabian Gulf University hospital and KING HAMAD UNIVERSITY HOSPITAL

Steady Progress in Obtaining Business Licenses from Local Authorities, toward the Development of Overseas Health Food Markets

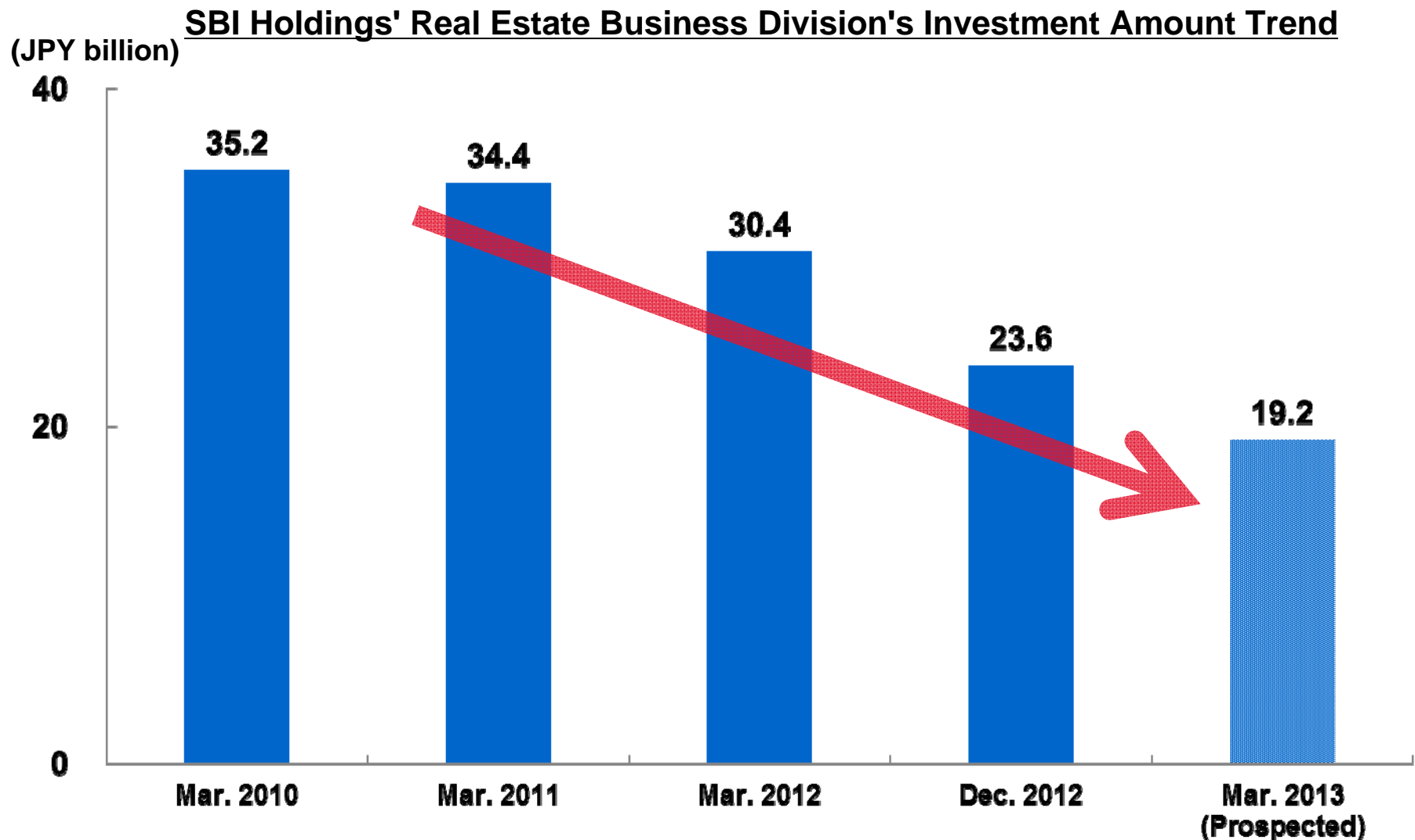
~Accelerating expansion into Asia, as well as the Middle East~



- ④ In the Real Estate Business, Owing to the Market, Implementing Sale of Real Estate Holdings, While Partially Activating Investments**
 - (i) Utilizing the Market Recovery to Sell Assets Held to Recover Funds**
 - (ii) SBI Life Living Activates Investments**

(i) Utilizing the Market Recovery to Sell assets Held to Recover Funds

SBI Holdings will focus on the reduction of assets held by taking advantage of the market recovery

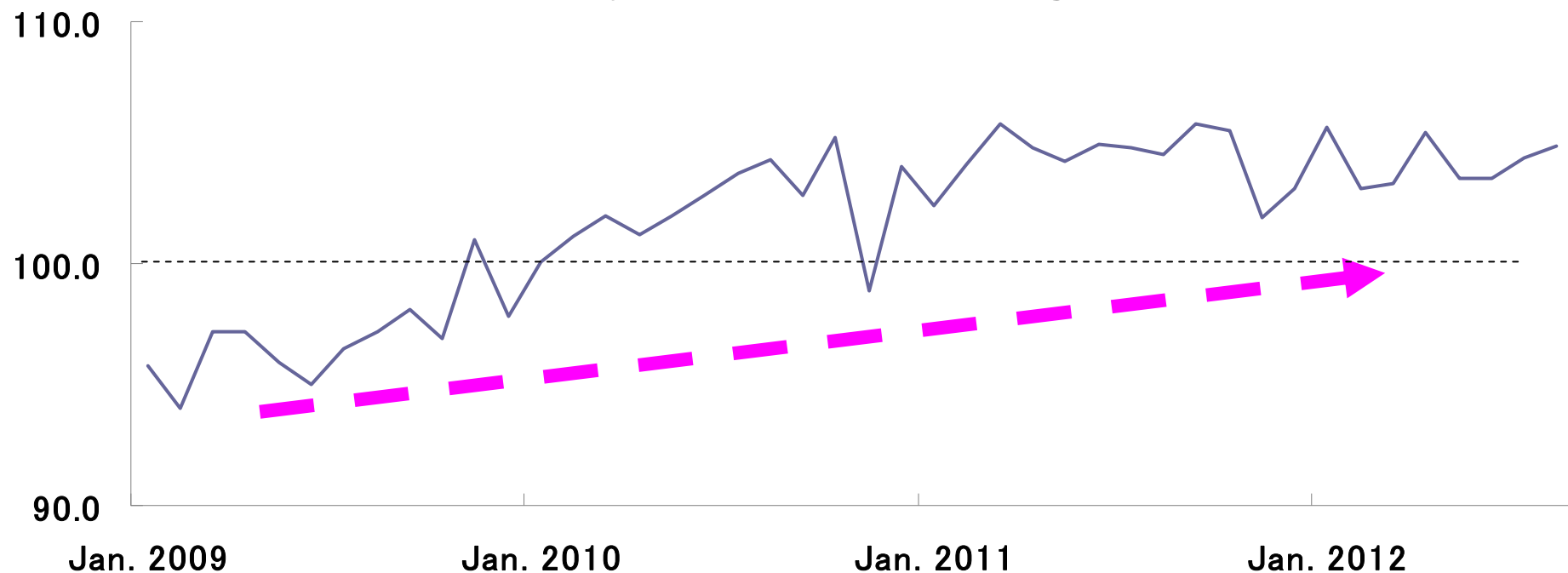


(ii) SBI Life Living Activates Investments



SBI Life Living continues to sell their properties with the backdrop of the recovering market, while aggressively pursuing the acquisition of development properties

Residential Property Price Index in Kanto Region (Condominiums)*



Continues to sell a series of “Branche”, designed apartments for rent which is the leading product of SBI Life Living, and actively promotes the land acquisition for the next fiscal year

*Source: Ministry of Land, Infrastructure, Transport and Tourism, Residential Property Price Index (Preliminary Figures)

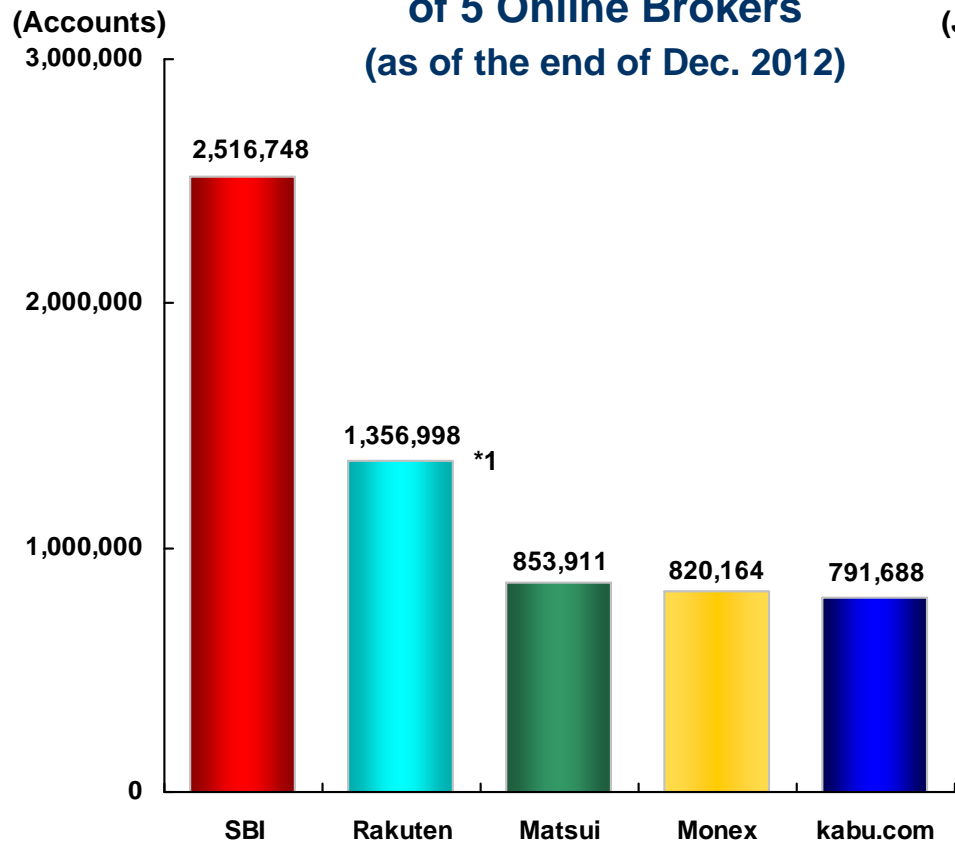
[Appendix]

Solid Customer Base of SBI SECURITIES ①

< Number of Accounts and Amount of Customer Asset >

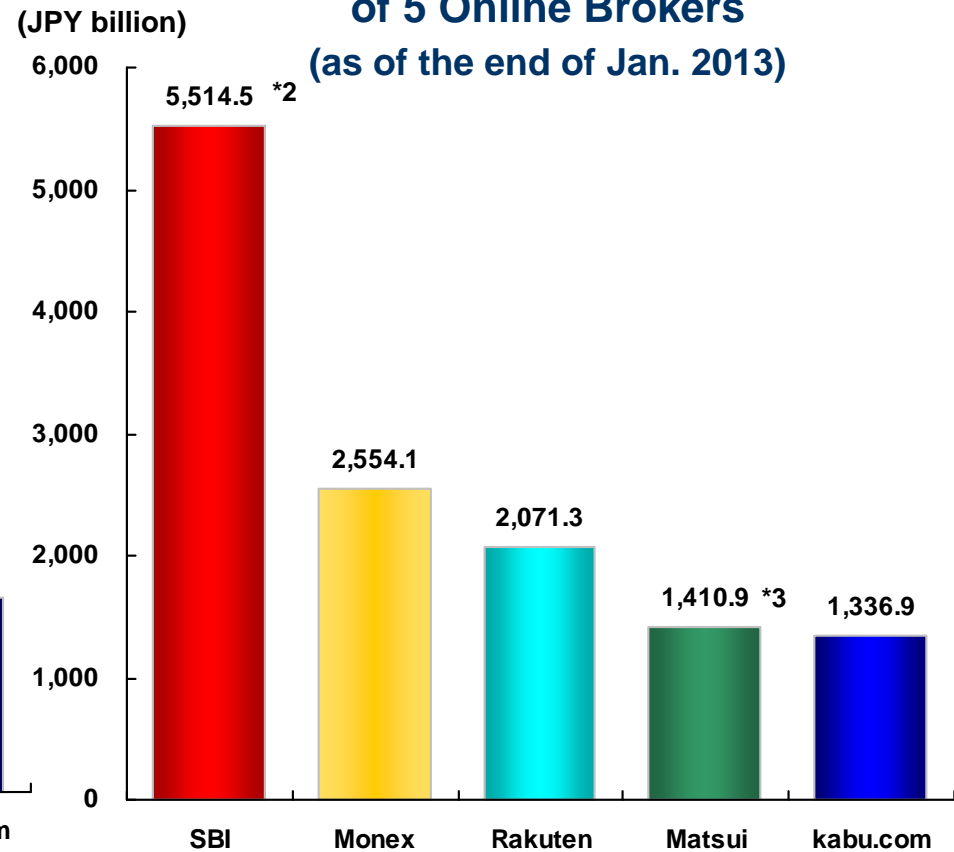


Customer Accounts of 5 Online Brokers (as of the end of Dec. 2012)



*1 The figure of Rakuten is as of the end of Sept. 2012. The figure at the end of Dec. is undisclosed.

Customers' Deposit Assets of 5 Online Brokers (as of the end of Jan. 2013)



*2 The figure of SBI is a preliminary figure.

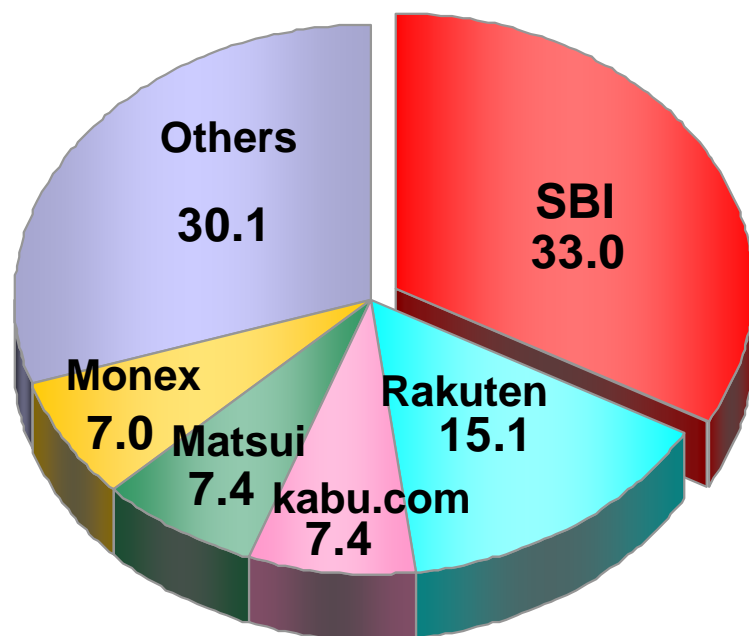
*3 The figure of Matsui is as of the end of Dec. 2012. The figure at the end of Jan. 2013 is undisclosed.

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

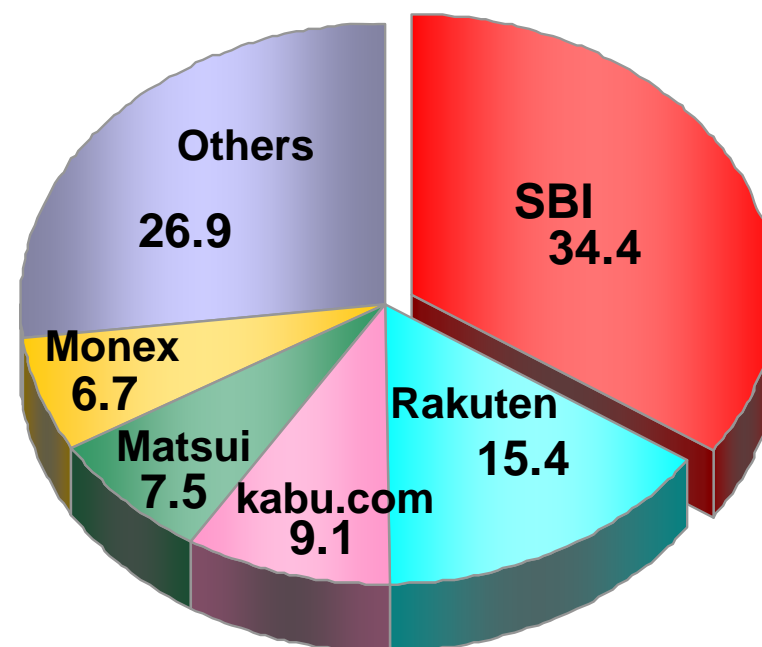
Solid Customer Base of SBI SECURITIES ②

< Individual Brokerage Trading Value >

**Share of Individual Stock
Trading Value (%)**
FY2012
(Apr. 2012 – Dec. 2012)



**(of which) Share of Individual
Margin Trading Value (%)**
FY2012
(Apr. 2012 – Dec. 2012)



Source: Compiled by SBI SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and websites of each company
* Individual stock trading value and individual margin trading value are the sum of 1st and 2nd section of the Tokyo, Nagoya and Osaka Stock Exchange, respectively.

Assets Under Management of the SBI Group

Private equity, etc. JPY 294.5bn (Including JPY 110.9bn of both cash and commitment amount to be paid in)^(*3)

Breakdown by Industry	Amount
IT/Internet	31.6
Biotechnology/Health/Medical	28.6
Services	23.9
Materials/Chemicals	2.6
Environment/Energy	9.5
Retail/Food	9.5
Construction/Real estate	1.3
Machine/Automobile	5.4
Finance	54.7
Others	16.4
Total	183.6

Breakdown by Region	Amount
Japan	100.4
China	25.2
Korea	23.0
Taiwan	0.9
Southeast Asia	6.1
U.S.	18.5
Europe	3.5
Others	5.9
Total	183.6

Investment trusts etc. JPY 149.6bn

Investment trusts	74.8
Investment advisory	73.6
Investment companies	1.2

*1 Calculated by the exchange rate as of the end of December

*2 Amounts are rounded to the nearest 100 million yen

*3 Composed of cash in funds and unpaid capital which is to be paid on a capital call.

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