



*Strategic
Business
Innovator*

- Daiwa Investment Conference Tokyo 2013 -

SBI Holdings' History Since Its Founding and the Strategy for Further Future Growth

March 5, 2013

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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

I. History of the SBI Group Since Its Foundation

II. Aggressive Business Strategy in Expectation of Continued Future Growth

I. History of the SBI Group Since Its Foundation

**~SBI Holdings' Corporate Mission Statement and
Transition Since its Foundation~**

The Origin of the SBI Group

~The SBI Group's Five Corporate Mission Statements~

Sound Ethical Values

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

Financial Innovator

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

New Industry Creator

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








Self Evolution

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

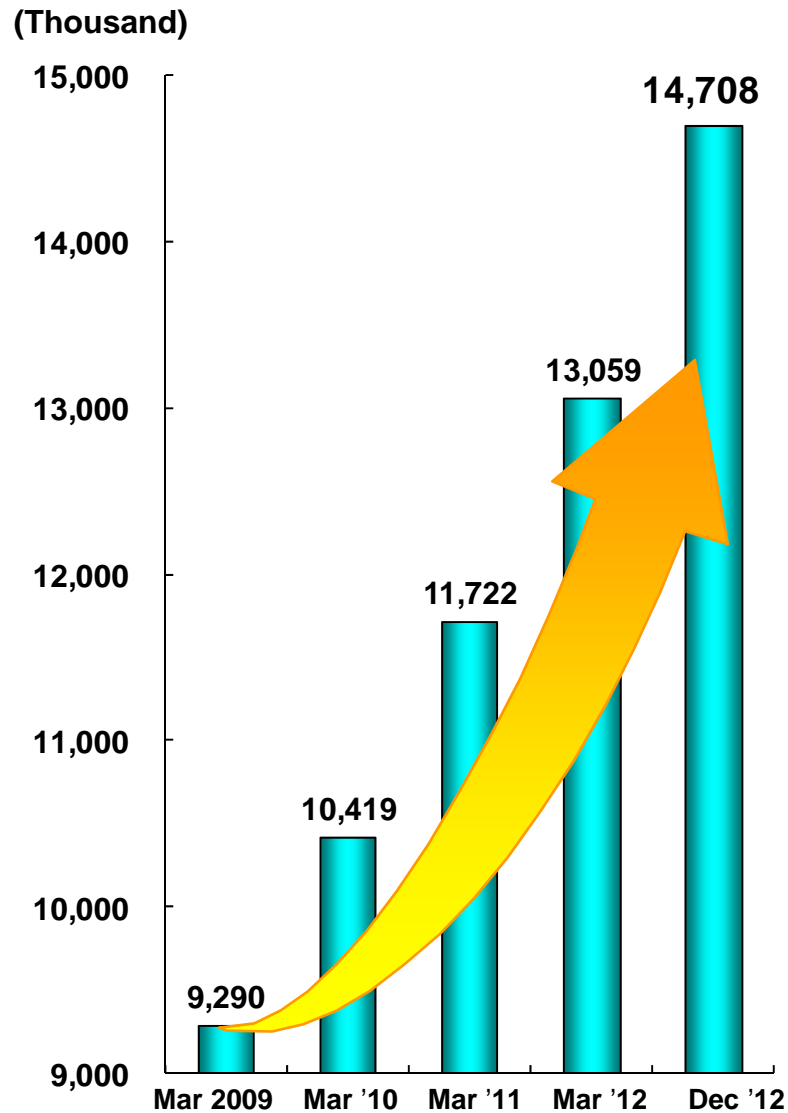
Social Responsibility

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

SBI Holdings Today

	Establishment 1999	End of Dec. 2012
Customer base	0 	14.70 million
Officers and employees (cons.)	55 	4,756
Operating revenues (cons.)	0 	FY2011: JPY 177.4bn Peak time (FY2007): JPY 222.6bn
Consolidated subsidiaries	0 	136 companies
Publicly owned companies	0 	7 companies (including SBIH) Peak time: 11 (FY2007)
Capital	JPY 50m 	JPY 81.7bn
Net assets	JPY 50m 	JPY 359.4bn

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

The SBI Group's Driving Growth Factors

- (i) Tracking the Major Trends**
- (ii) Formation of “Business Ecosystem” and Establishment of “Structural Differentiation”**
- (iii) Adherence to the “Customer-centric Principle”**

The SBI Group has consistently achieved its growth through the establishment of an organization and the development of businesses that supports the major challenges for corporate strategy

SBI Group's Driving Growth Factors

(i) Tracking the Major Trends

Environment Surrounding the SBI Group Since Its Foundation

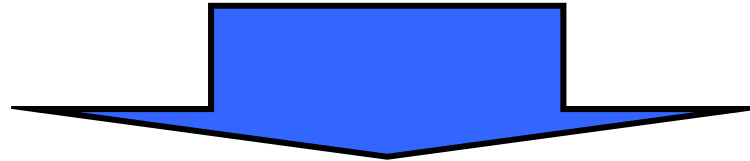
[Two big trends underling the rapid growth of the SBI Group since its inception in 1999]

Internet Revolution

Finanical Deregulation

Strategy:

 **Strategy ① Growth Acceleration of the Internet Finance Business
Driven by the Evolution and Enhancement of the Internet**



[Two major key trends for further future growth]

Shift in Japan's industrial structure and transition to a post-industrial society

 **Strategy ② Concentrated Investments into Growth Industries of
the 21st Century in a Post-industrial Society**

Ascendance of emerging nations and the Asian Century

 **Strategy ③ Accelerating Overseas Development
Focusing on Dramatic Asian Growth**

Strategy:

- ① Growth Acceleration of the Internet Finance Business Driven by the Evolution and Enhancement of the Internet**

① Growth Acceleration of the Internet Finance Business

Driven by the Evolution and Enhancement of the Internet: SBI SECURITIES



Rapid Expansion of the Internet Finance Sector (Online Securities Companies)

Change in Number of Accounts at Online Securities Companies

(Oct.1999 – Sept. 2012)

(): Proportion of SBI SECURITIES

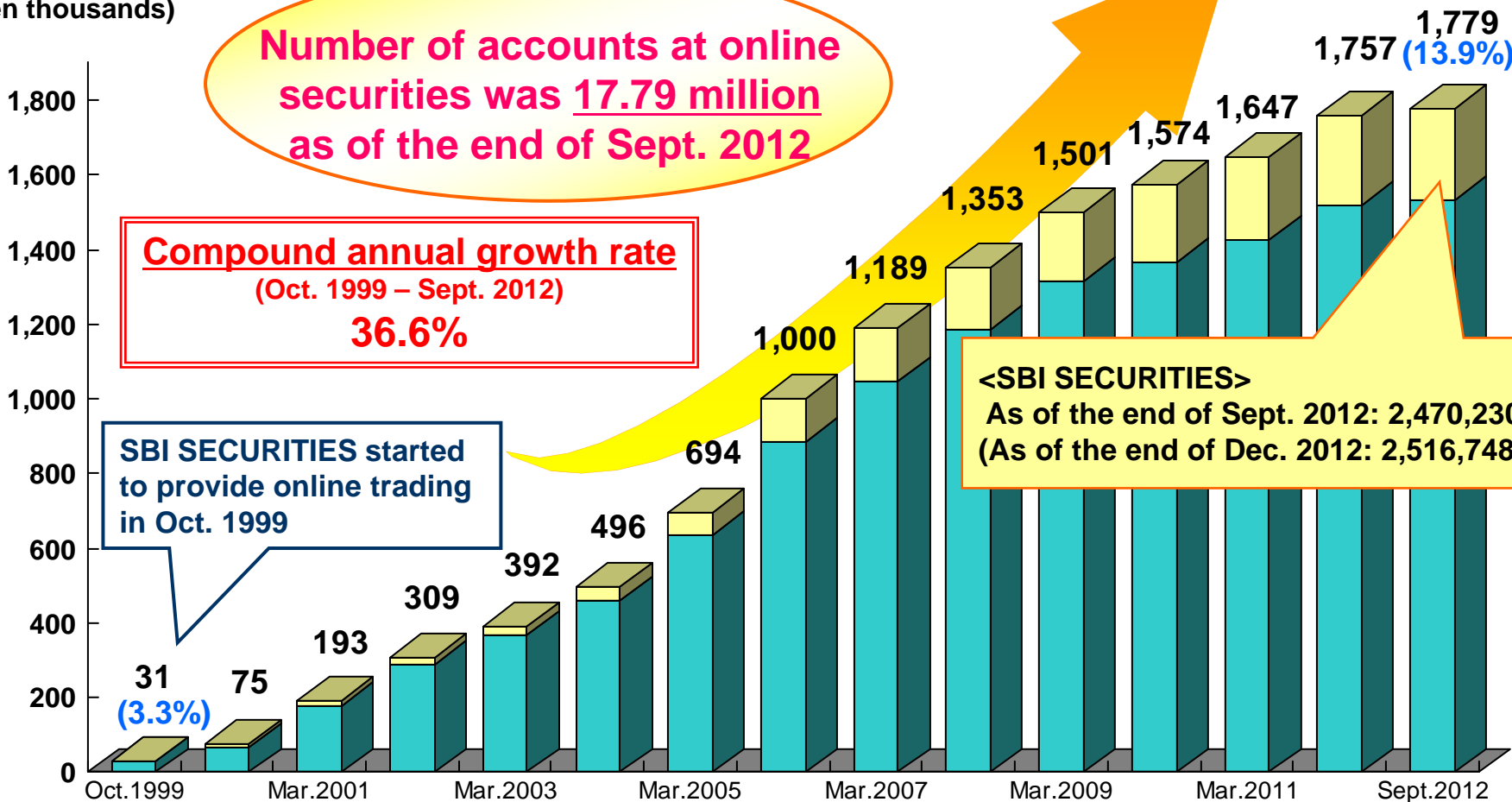
(ten thousands)

Number of accounts at online securities was 17.79 million as of the end of Sept. 2012

Compound annual growth rate (Oct. 1999 – Sept. 2012) 36.6%

SBI SECURITIES started to provide online trading in Oct. 1999

**<SBI SECURITIES>
As of the end of Sept. 2012: 2,470,230
(As of the end of Dec. 2012: 2,516,748)**



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

The Internet Immersed Generation is Coming of Age

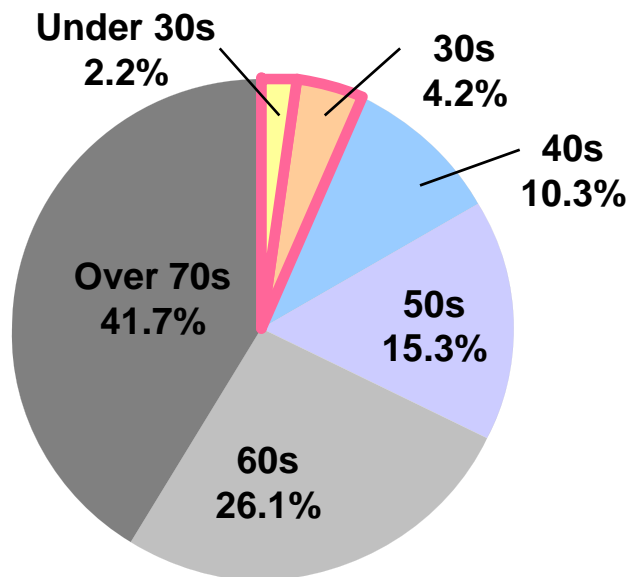
Start of commercial Internet in Japan: 1992



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

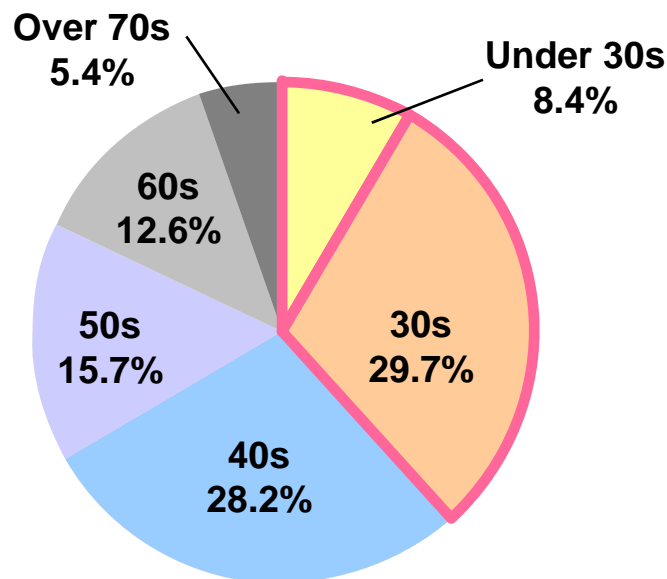
Breakdown of SBI SECURITIES' customers' age by channel (as of the end of Dec. 2012)

■ Face-to-face (SBI MONEY PLAZA)



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

■ Online



The percentage of the current 20s and 30s that will **carry out a full-scale asset building**, as time goes by, is high.

* Corporate accounts are not included

① Growth Acceleration of the Internet Finance Business

Driven by the Evolution and Enhancement of the Internet: SBI SECURITIES

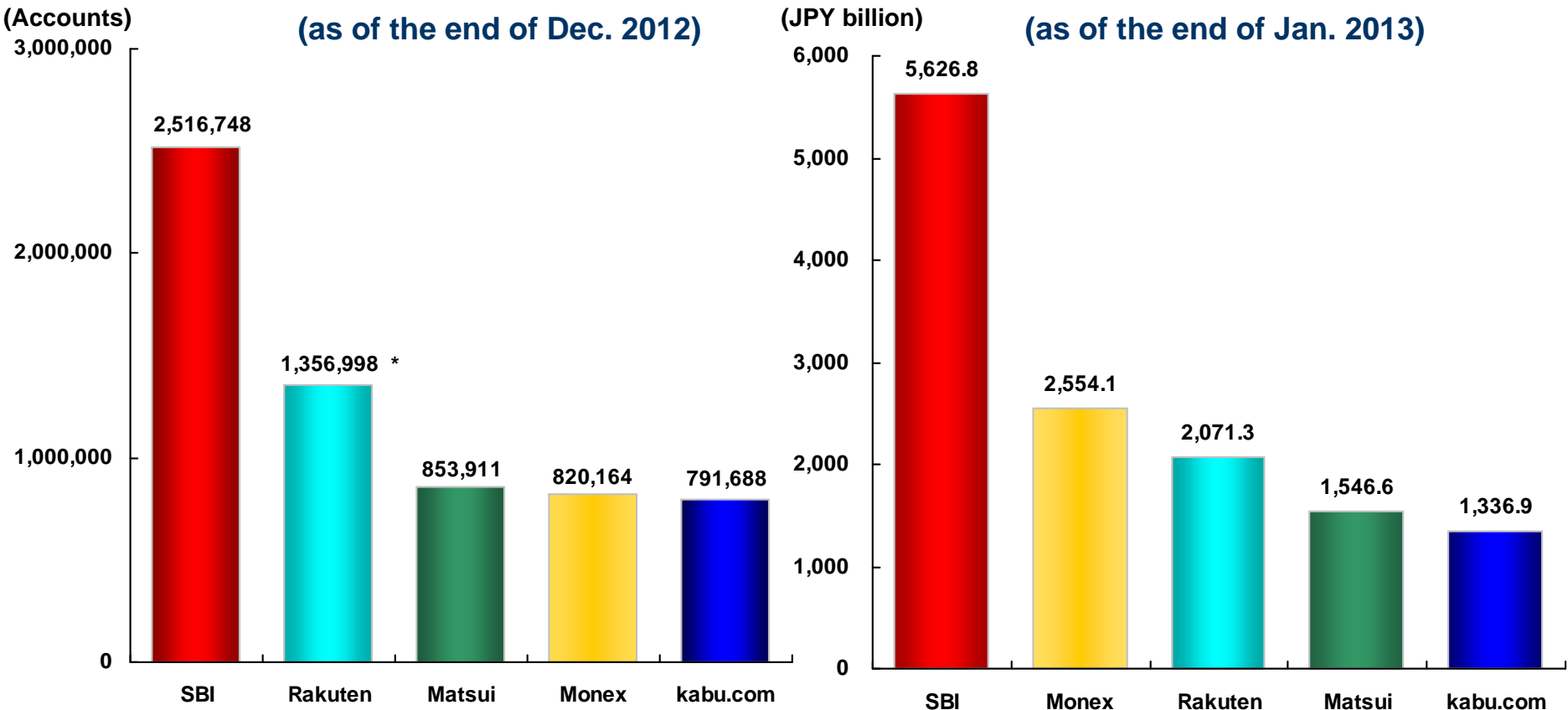
Solid Customer Base of SBI SECURITIES

< Number of Accounts and Amount of Customer Asset >

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

Customer Accounts of 5 Online Brokers

Customers' Deposit Assets of 5 Online Brokers



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

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

① Growth Acceleration of the Internet Finance Business

Driven by the Evolution and Enhancement of the Internet: SBI Sumishin Net Bank

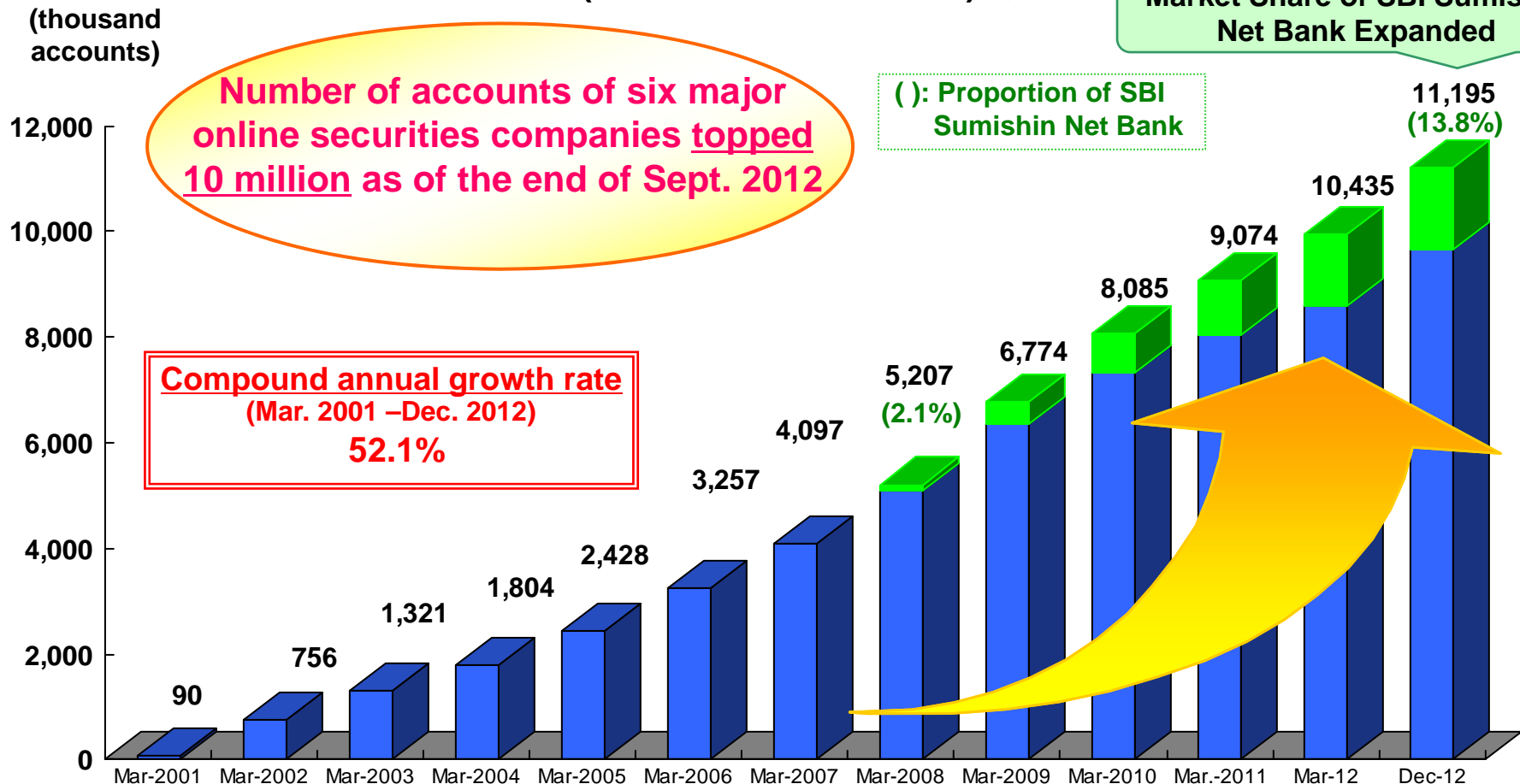


Rapid Expansion of the Internet Finance Sector (Online Banks)

Change in Number of Customer Accounts of Six Pure-play Internet Banks in Japan

(Mar. 2001 – Dec. 2012) (*)

Market Share of SBI Sumishin Net Bank Expanded



Number of accounts of six major online securities companies topped 10 million as of the end of Sept. 2012

Compound annual growth rate (Mar. 2001 – Dec. 2012) 52.1%

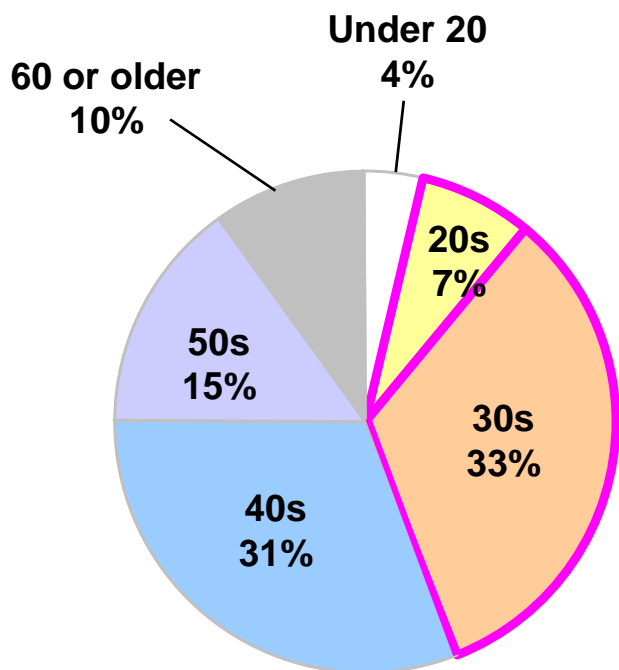
(): Proportion of SBI Sumishin Net Bank

(*) 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, Jibun Bank and Daiwa Next Bank. Daiwa Next Bank began businesses in Apr. 2011. The numbers for Sony Bank is as of the end of Sept. 2012.

Prospect for Future Growth - Features of Customer Segment

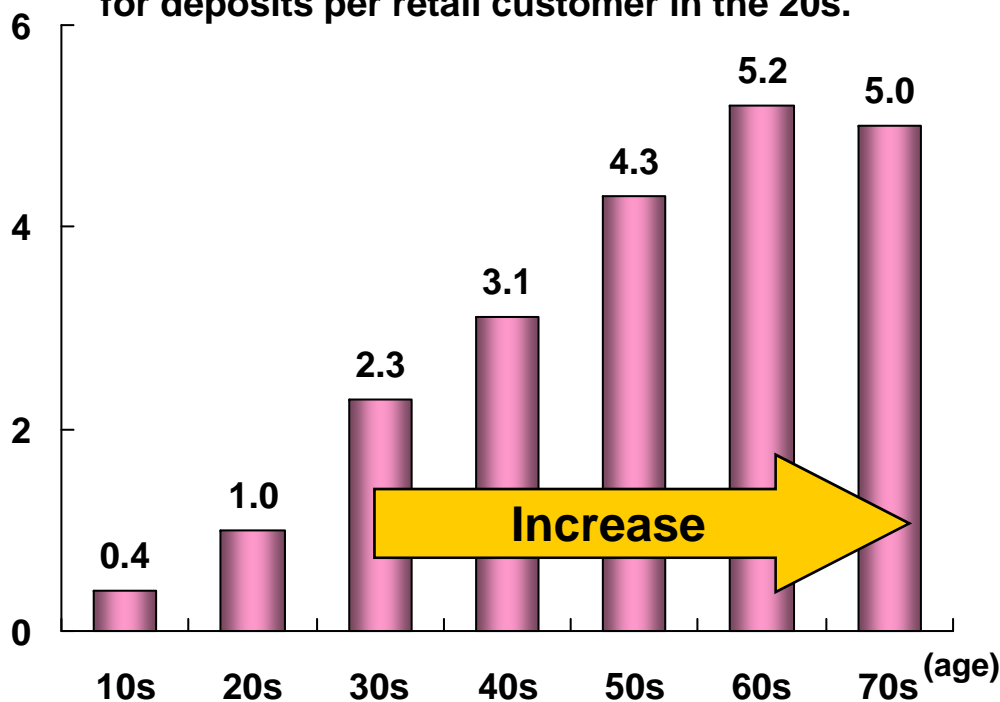
Customers of SBI Sumishin Net Bank

■ Retail Customer Age Brackets



■ Deposit Per Customer

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



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

① Growth Acceleration of the Internet Finance Business

Driven by the Evolution and Enhancement of the Internet: SBI Sumishin Net Bank



Rapidly Growing in a Short Time Since its Foundation

Change in the Number of Accounts and Deposits

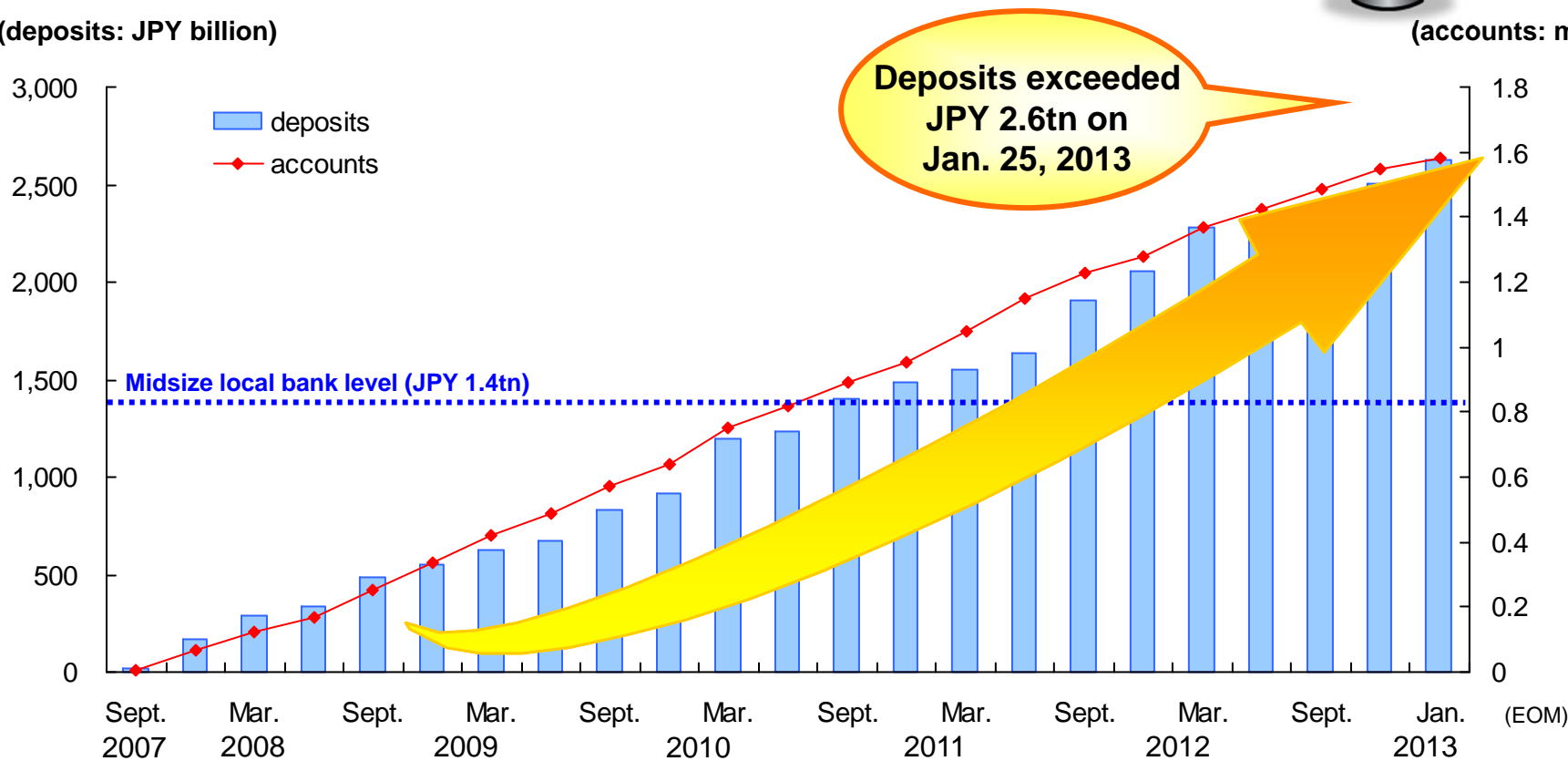
Number of accounts: 1,580,575 / Deposits: JPY 2,622.4bn
(as of the end of Jan. 2013)



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

(deposits: JPY billion)

(accounts: million)





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

Financial Results Comparison of New Entrant Banks

~Pure-play Internet Banks' Financial Results for 9 months FY2012~

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	 2,504.1	 1,064.8	1,546 (20.9)	4.9 (20.2)
Daiwa Next	May 2011	2,118.6	56.8	667 (60.7)	2.2 (in deficit)
Sony Bank	June 2001	1,868.4	929.7	910 (3.3)	2.8 (-0.9)
Rakuten	July 2001	814.3	189.4	4,171 (6.7)	7.0 (36.9)
The Japan Net	Oct. 2000	508.5	27.9	2,436 (5.2)	1.4 (-20.0)
Jibun	July 2008	481.9	63.7	1,465 (10.6)	1.2 (in deficit)

Note: Non-consolidated results. Amounts are rounded to the nearest billion yen or thousand accounts.

The number of accounts is as of the end of Dec. 2012. The numbers for Sony Bank is as of the end of Sept. 2012.

SBI Sumishin Net Bank's number of accounts is increasing steadily

① Growth Acceleration of the Internet Finance Business

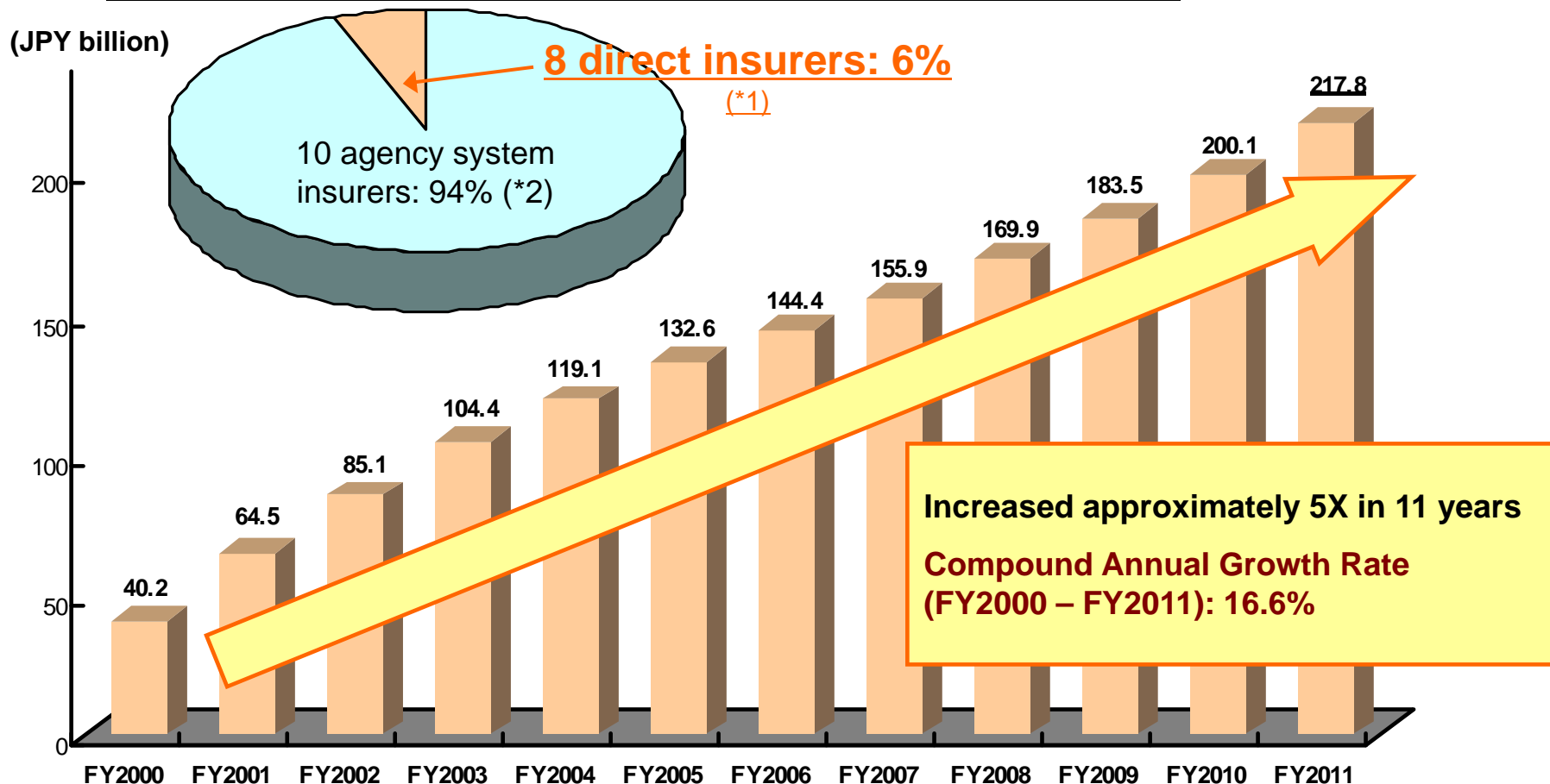
Driven by the Evolution and Enhancement of the Internet: SBI Insurance



Direct Nonlife Insurance Sales Continue to Increase Steadily in Japan

Change in Direct Income of Auto Insurance Premiums of 8 Direct Insurers

Market Share of Direct Income of Auto Insurance Premiums in FY2011



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

(*2) 10 agency system insurers: Tokio Marine & Nichido Fire Insurance, Sompo Japan, MS&AD (Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance) NIPPONKOA 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 Growth Acceleration of the Internet Finance Business

Driven by the Evolution and Enhancement of the Internet: SBI Insurance

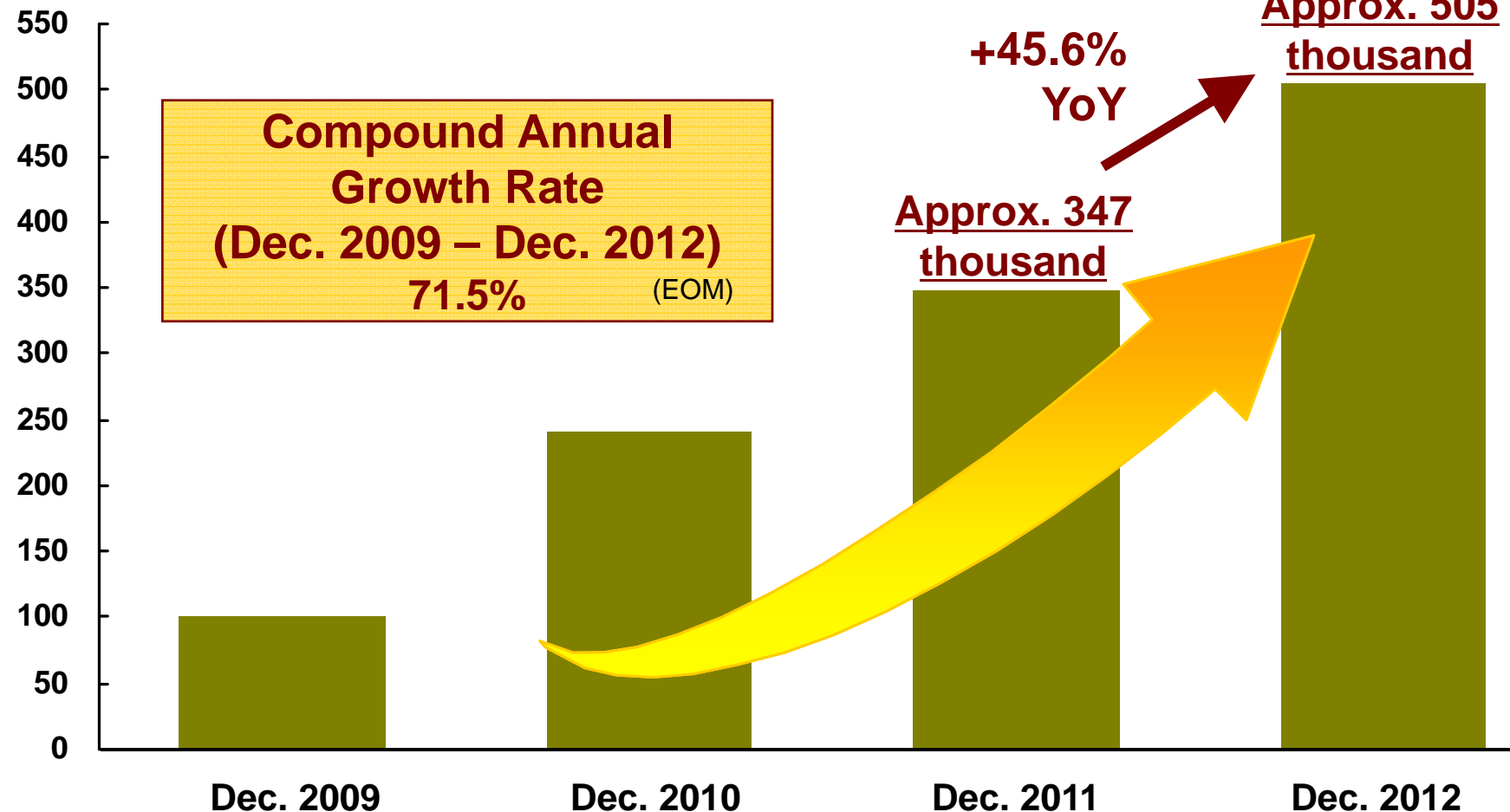


SBI Insurance's Number of Auto Insurance Contracts Totaled Over 500,000 Contracts, Growing by 45.6% YoY

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

Number of Auto Insurance Contracts (Written Basis*)

(thousand policies)



* Written basis: Completion of receipt of insurance premium

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

(EOM)

① Growth Acceleration of the Internet Finance Business

Driven by the Evolution and Enhancement of the Internet: SBI Insurance

Comparison of Auto Insurance Premium Income at Major Direct Insurance Companies

[Comparison of Auto Insurance Premium Income]

(JPY million)

	Date of operation started	FY2010		FY2011		9 months FY2012
Sony Assurance	Sept. 1999	65,516	Sony Assurance	70,712	Sony Assurance	56,129
AXA GENERAL INSURANCE	July 1999	33,271	AXA	35,261	AXA	28,809
Mitsui Direct	June 2000	32,688	Mitsui Direct	33,830	Mitsui Direct	25,391
Zurich Insurance *1	July 1986	27,931	Zurich Insurance	30,126	Zurich Insurance	22,810
American Home Direct	Dec. 1960	17,143	American Home	16,594	SBI Insurance	14,416
Sonpo 24	Mar. 2001	10,697	SBI Insurance	14,288	American Home	11,265
SBI Insurance	Jan. 2008	10,069	Sonpo 24	11,810	Sonpo 24	9,634
E.design Insurance	June 2009	2,856	E.design	5,213	E.design	7,247

*Direct net premiums written. (Source: Disclosure from each company)

*1 Figures for Zurich Insurance are of Japan Branch, including underwritten reinsurance premium.

*2 Figures for E.design are net premiums written.

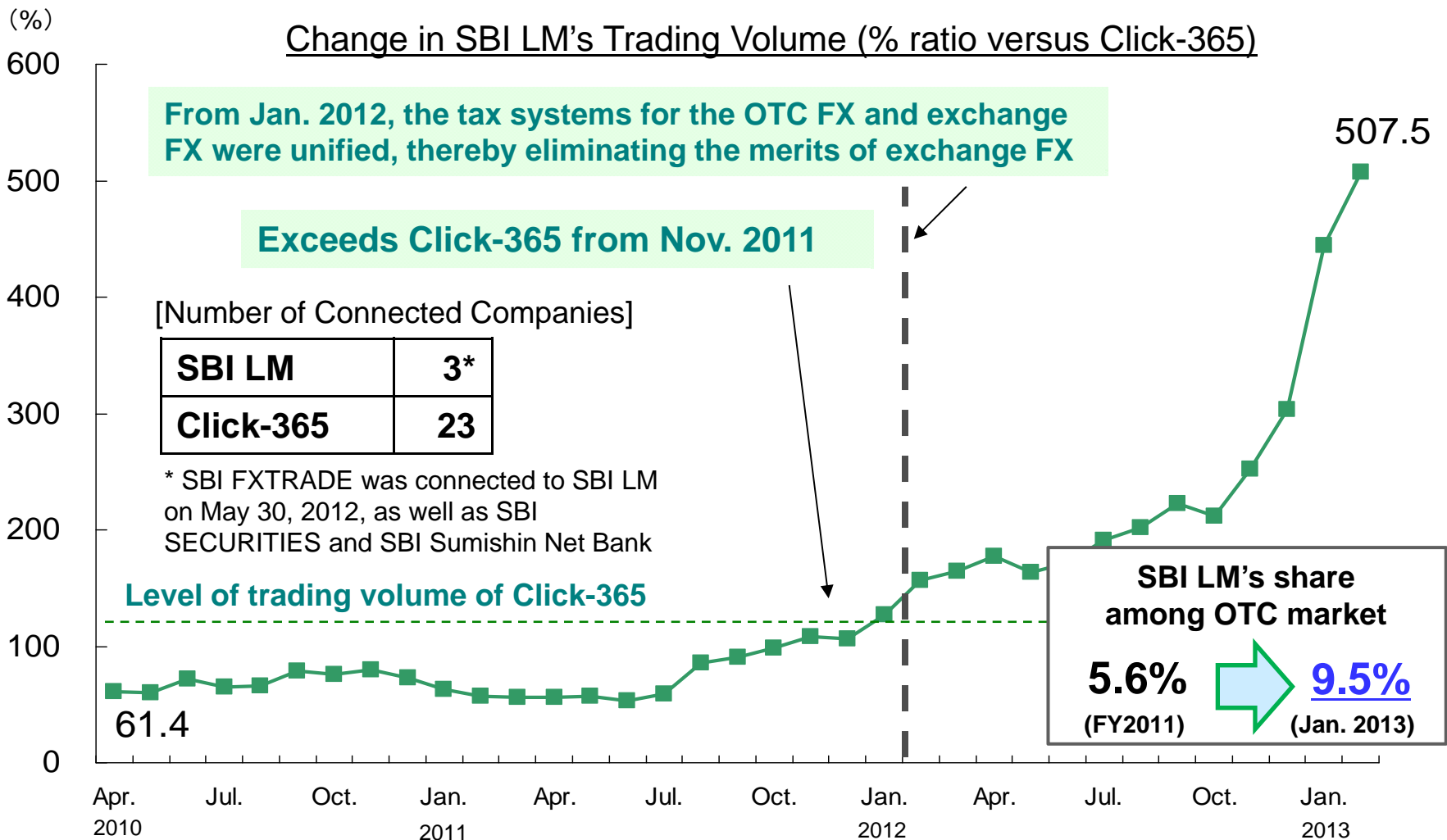
① Growth Acceleration of the Internet Finance Business

Driven by the Evolution and Enhancement of the Internet: 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



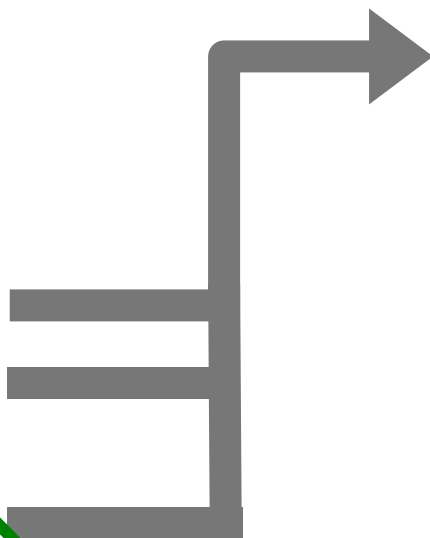
The SBI Group is Ranked Third in the OTC Market

The SBI Group **ranked third** in terms of trading volume among 51 OTC FX companies (*1 Complied by SBI) in Jan. 2013

Monthly Trading Volume of FX transactions (Jan. 2013)

	Company name
No.1	Company A
No.2	Company B
No.3	Company C
No.4	Company D
No.5	Company E
No.6	Company F
No.7	SBI SECURITIES
No.8	SBI FXTRADE
⋮	⋮
No.18	SBI Sumishin Net Bank
⋮	⋮
No. 51	Company X

If you combine the SBI Group all together



Launched on May 30, 2012

	Company name
No.1	Company A
No.2	Company B
No.3	SBI Group (SBI Liquidity Market's trading volume)
No.4	Company C
No.5	Company D
No.6	Company E
No.7	Company F
⋮	⋮
⋮	⋮
No.49	Company X

*1 Includes the trading volume of Jan. 2 and 3, 2013

*2 Ranking based on transaction currency amount

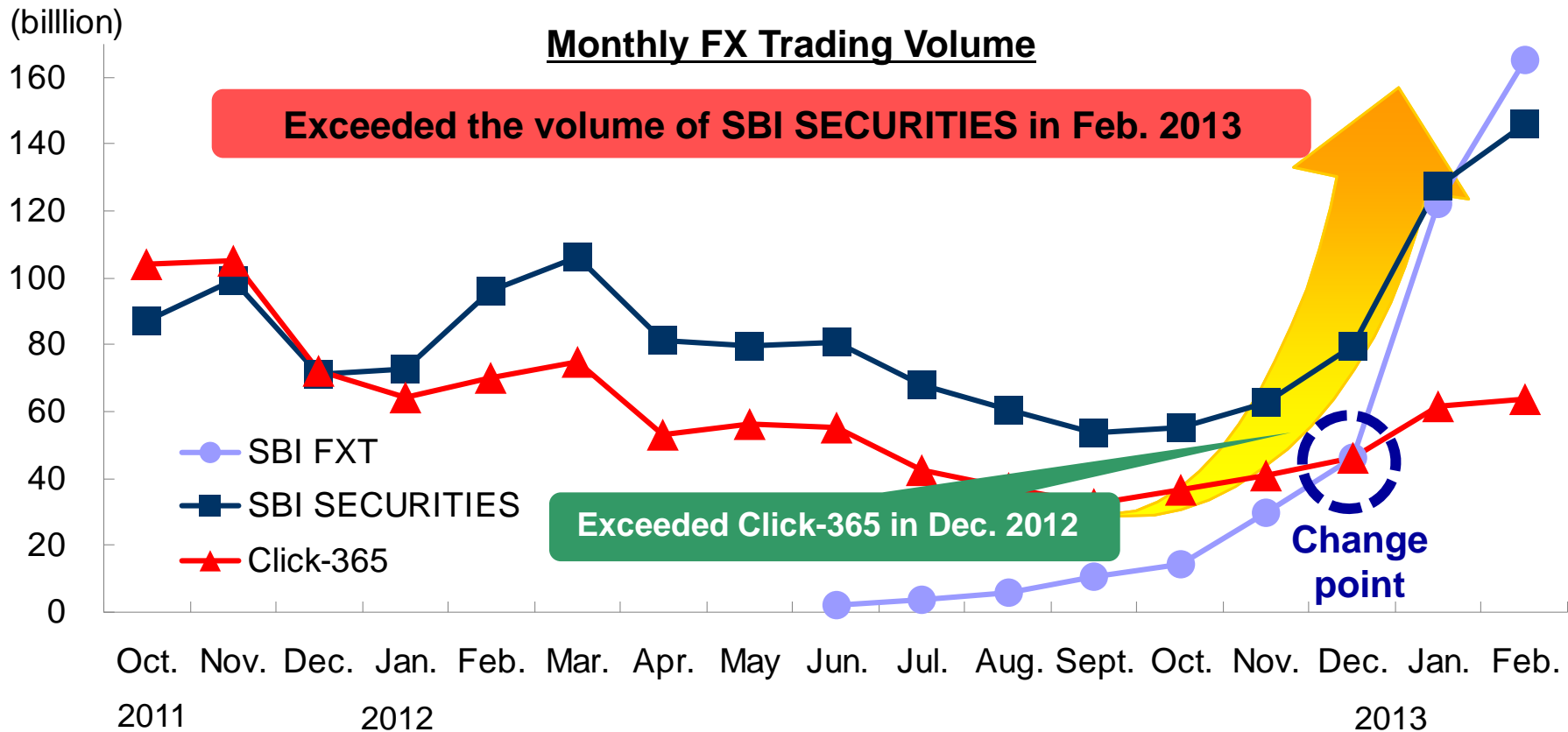
① Growth Acceleration of the Internet Finance Business

Driven by the Evolution and Enhancement of the Internet: SBI FX TRADE

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



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.) → No. 8 (Jan.)



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.

Strategy:

② Concentrated Investments into Growth Industries of the 21st Century in a Post-industrial Society

② Concentrated Investments into Growth Industries of the 21st Century
in a Post-industrial Society

Initiatives as a “New Industry Creator” ①

~Concentrated Investments into Growth Industries of the 21st Century~

The cumulative number of companies SBI Investment invested in:675, Exit rate:18.5%
(at the end of Sept. 2012)

(i) Internet

Investing a total of over JPY 292.5bn in 452 companies through IT-related VC funds

 The SBI Group itself has founded IT-related companies, primarily Internet financial companies

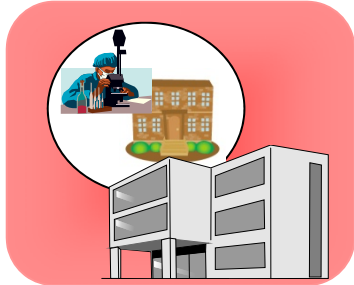
SBI Group's venture capital funds	Establishment	Initial investment (JPY billion)
Softven No.2	Nov. 1995	5.5
SOFTBANK Ventures	Aug. 1996	18.7
SOFTBANK INTERNET FUND	July 1999	12.3
SOFTBANK INTERNET TECHNOLOGY FUND No.1	Mar. 2000	15.8
SOFTBANK INTERNET TECHNOLOGY FUND No.2	Apr. 2000	115.2
SOFTBANK INTERNET TECHNOLOGY FUND No.3	July 2000	19.5
SBI-BC	Sept. 2004	20.8
SBI Broadband Fund No.1	Oct. 2004	32.7
SBI BB Media Fund	May. 2005	20.0
SBI BB Mobile Fund	Mar. 2006	32.0
SBI NEO Technology (IT·Biotechnology·Environment) *	July 2008	10.5
SBI Advanced Technology No.1 (IT·Biotechnology·Environment)	Dec. 2010	3.5

*Adding up SBI NEO Technology funds from A to C


Initiatives as a “New Industry Creator” ②

~Concentrated Investments into Growth Industries of the 21st Century~

(ii) Biotechnology and Life Science

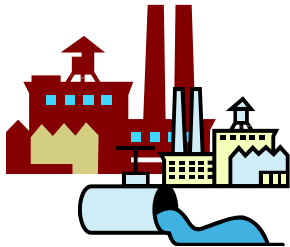


Investing a total of over JPY 25.7bn* in 58 companies through Biotechnology and Life Science-related VC funds



Concurrently, the SBI Group itself has entered into the Biotechnology business through its subsidiaries, SBI Biotech, SBI Pharmaceuticals and SBI ALApromo

(iii) Environment-related Technology and Alternative Energy



Establishing Energy & Environment Investment, Inc. as a joint venture with Mizuho Securities, creating an investment fund targeting the environment and energy sectors.
Investing a total of over JPY 14.5bn* in 28 companies

(*Commitment amount basis)

Strategy:

**③ Accelerating Overseas
Development Focusing on
Dramatic Asian Growth**

The Asian Century

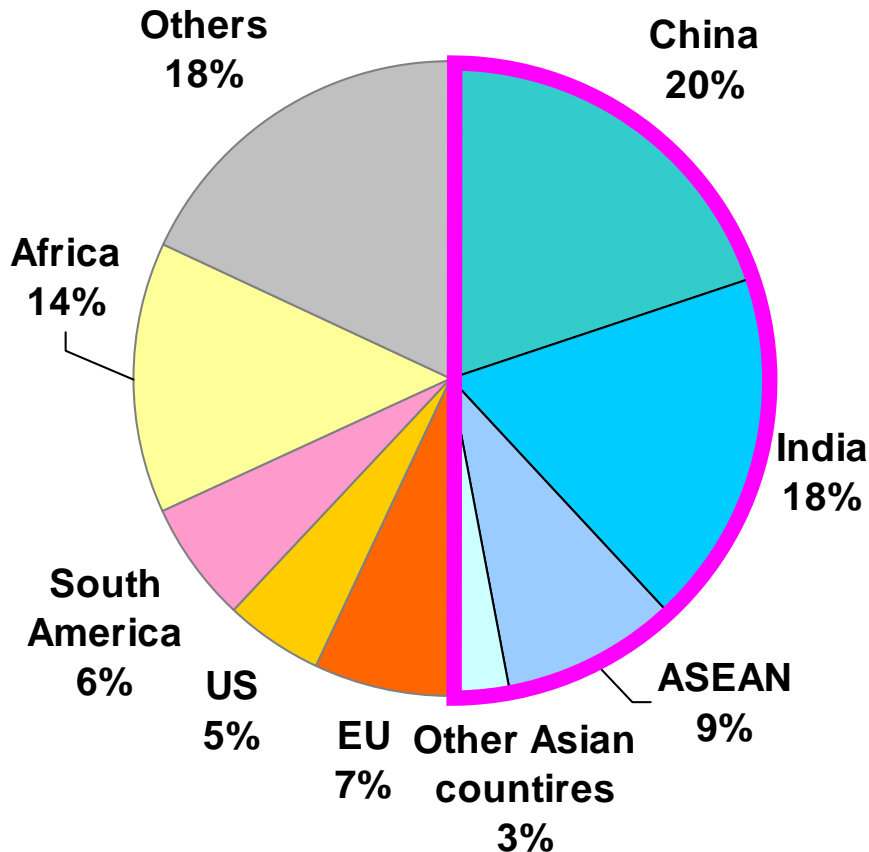
Since the global economic crisis, the Asian economies have outperformed the rest of the world in both scale and growth potential

Population by Country and Region (2008)

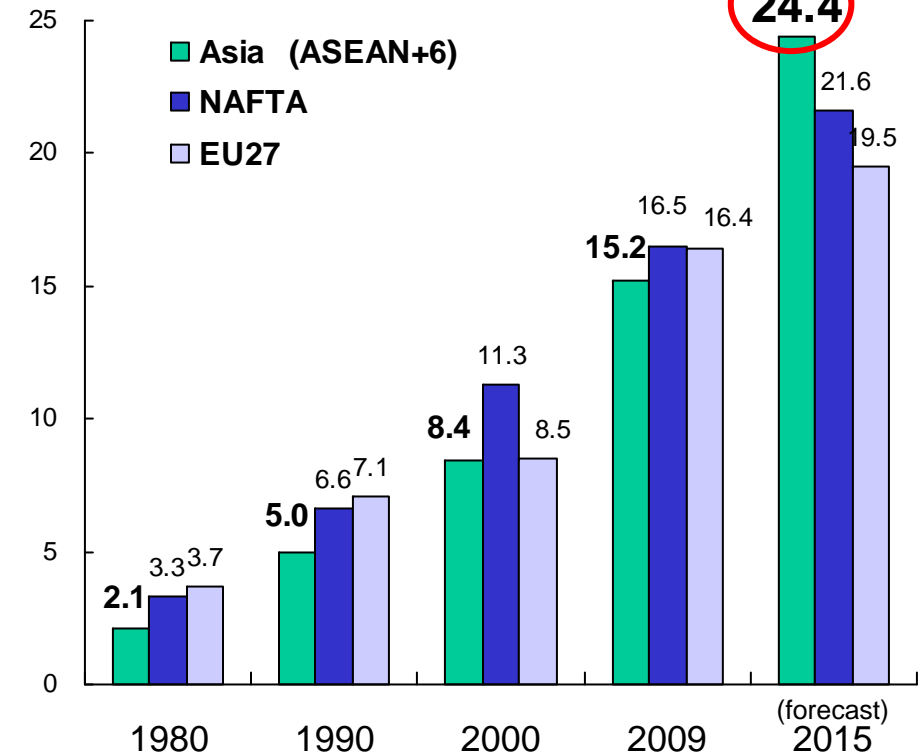
With populous countries such as China (1.3bn) and India (1.2bn), Asia accounts for around **half of the world's population**

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**



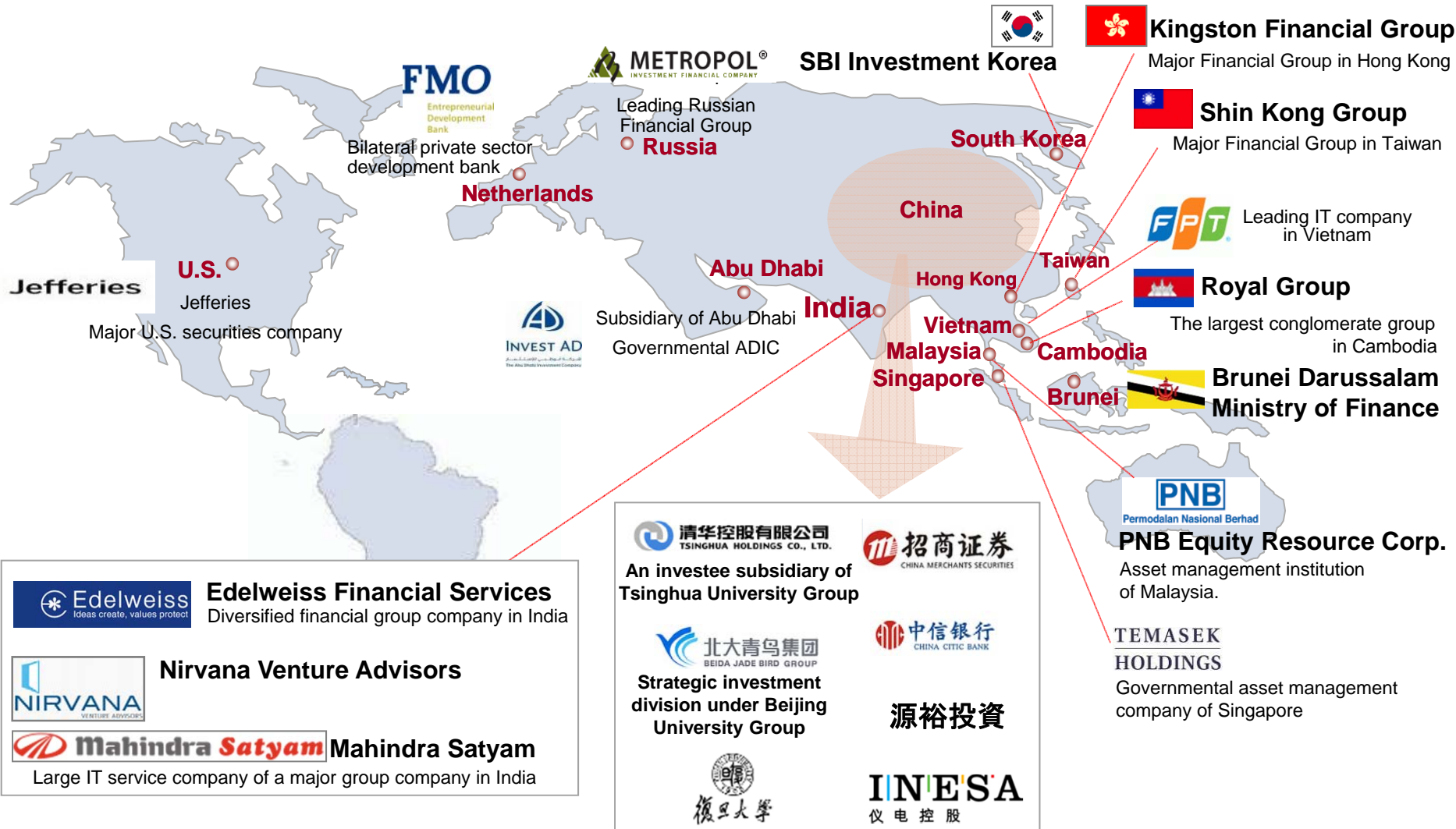
(USD trillion)



Source: Compiled by SBIH based on "Trade White Paper 2010"

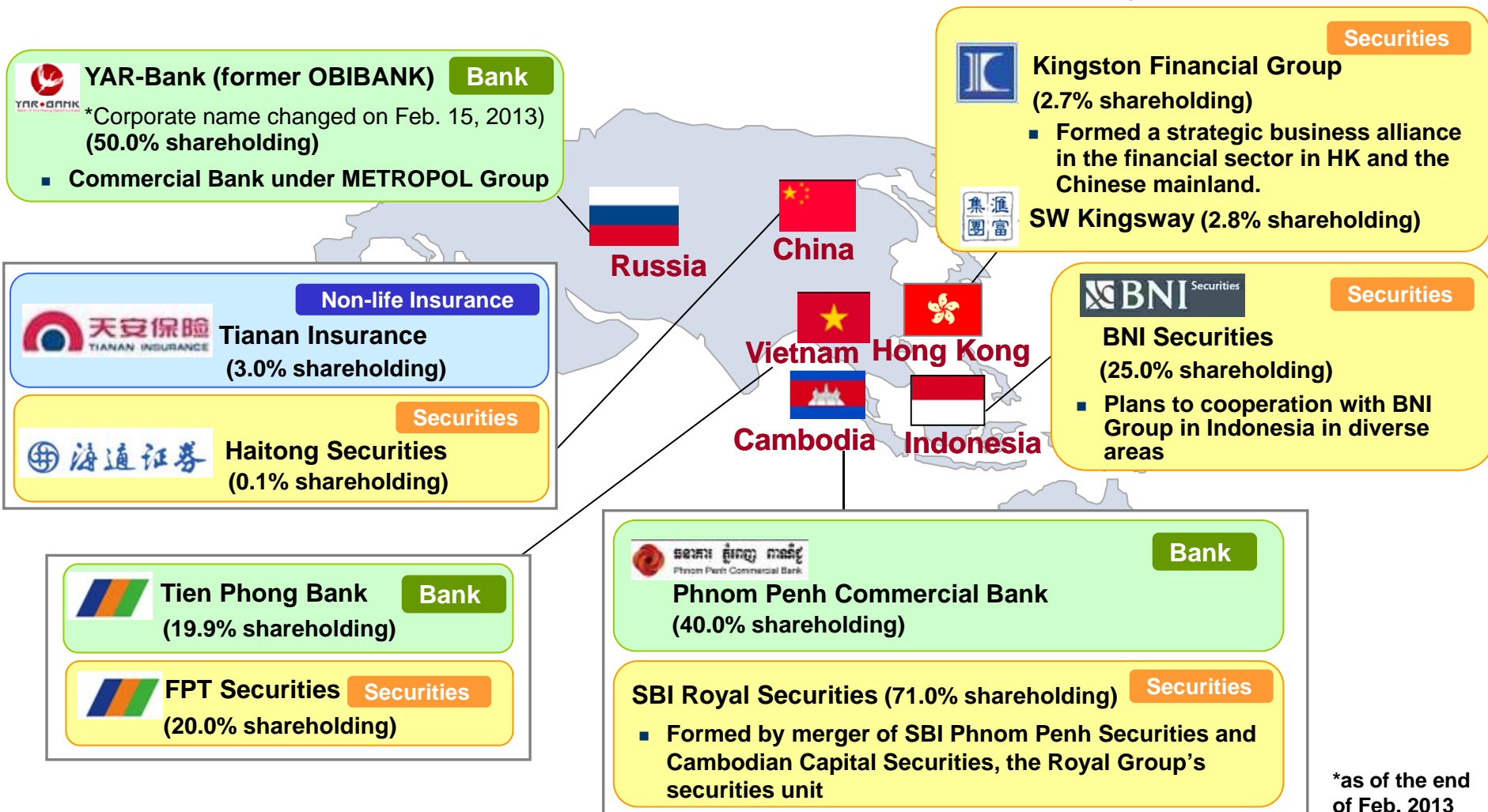
Establishment of Global Investment Structure

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



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 Feb. 2013

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

Listing on the Hong Kong Stock Exchange as the 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

The SBI Group's Driving Growth Factors

(ii) Formation of “Business Ecosystem” and Establishment of “Structural Differentiation”

Organizational View Based on Complexity Knowing

Two complexity propositions

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



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

SBI Sumishin Net Bank and SBI SECURITIES' Synergy as an Example

Deposit & Settlement

 SBI Sumishin Net Bank

Synergy

SBI証券

Asset Management

Examples of Affiliation Services:

[SBI SECURITIES]

Aggregation functions

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

Automatic transfer services for additional margin deposits

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

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

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

One-time account opening

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

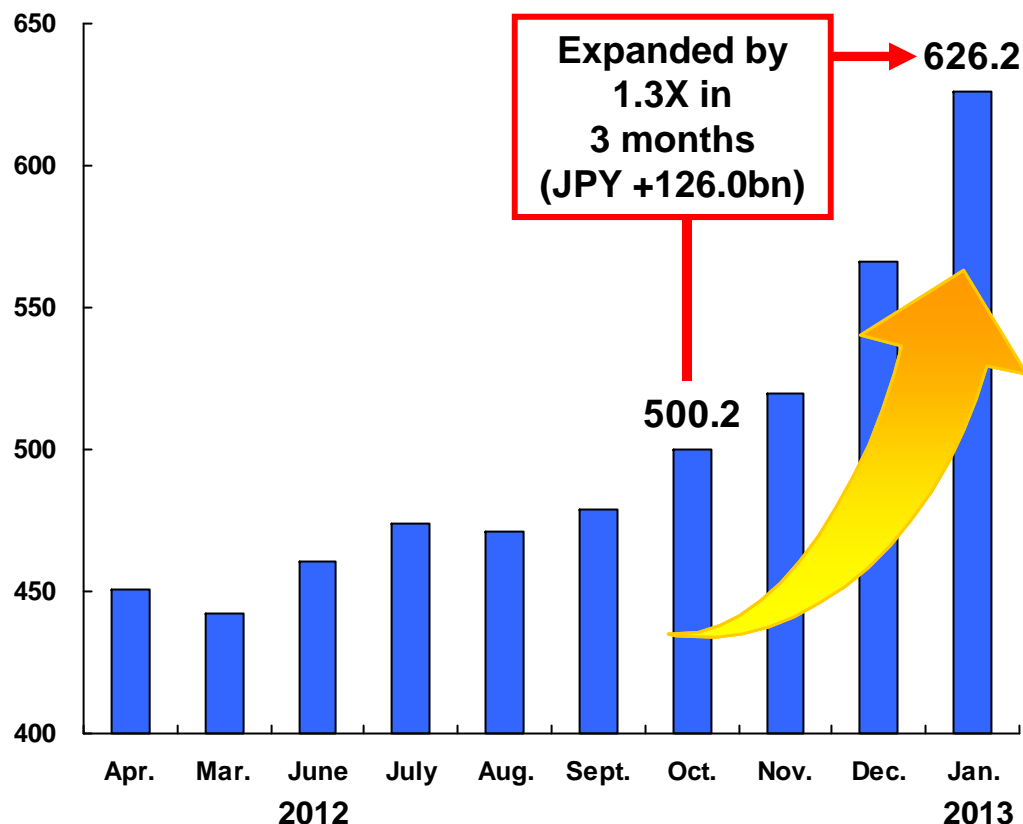
Solid customer base of SBI SECURITIES contributes to an increase in the number of accounts and deposit amount at SBI Sumishin Net Bank.

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

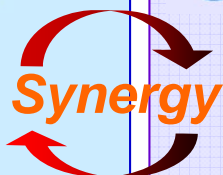
- Affected by the recovery of the stock market, **the outstanding deposit balance per account has also grown.**

Synergies Generated Soon After Start of Operations

Increase in liquidity of SBI LM that covers the transactions provides for profitable contributions to customers of both SBI SECURITIES and SBI FXTRADE

SBI証券

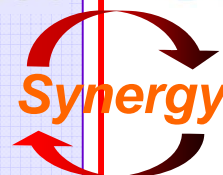
Customers with large size transactions



Started operation on Nov. 17, 2008

SBI Liquidity Market

Provides FX market infrastructure



Started operation on May 30, 2012

SBI FXTRADE

Customers with small size frequent transactions

[Initial earnings estimate for FY2008]

Target for contributions to earnings from SBI LM: JPY 800m of operating income



Contributions to operating income from SBI LM: JPY 1,830m

[Initial earnings estimate for FY2008]

Targeted earnings of SBI LM: JPY 400m of operating income



Operating income for FY2008: JPY 840m

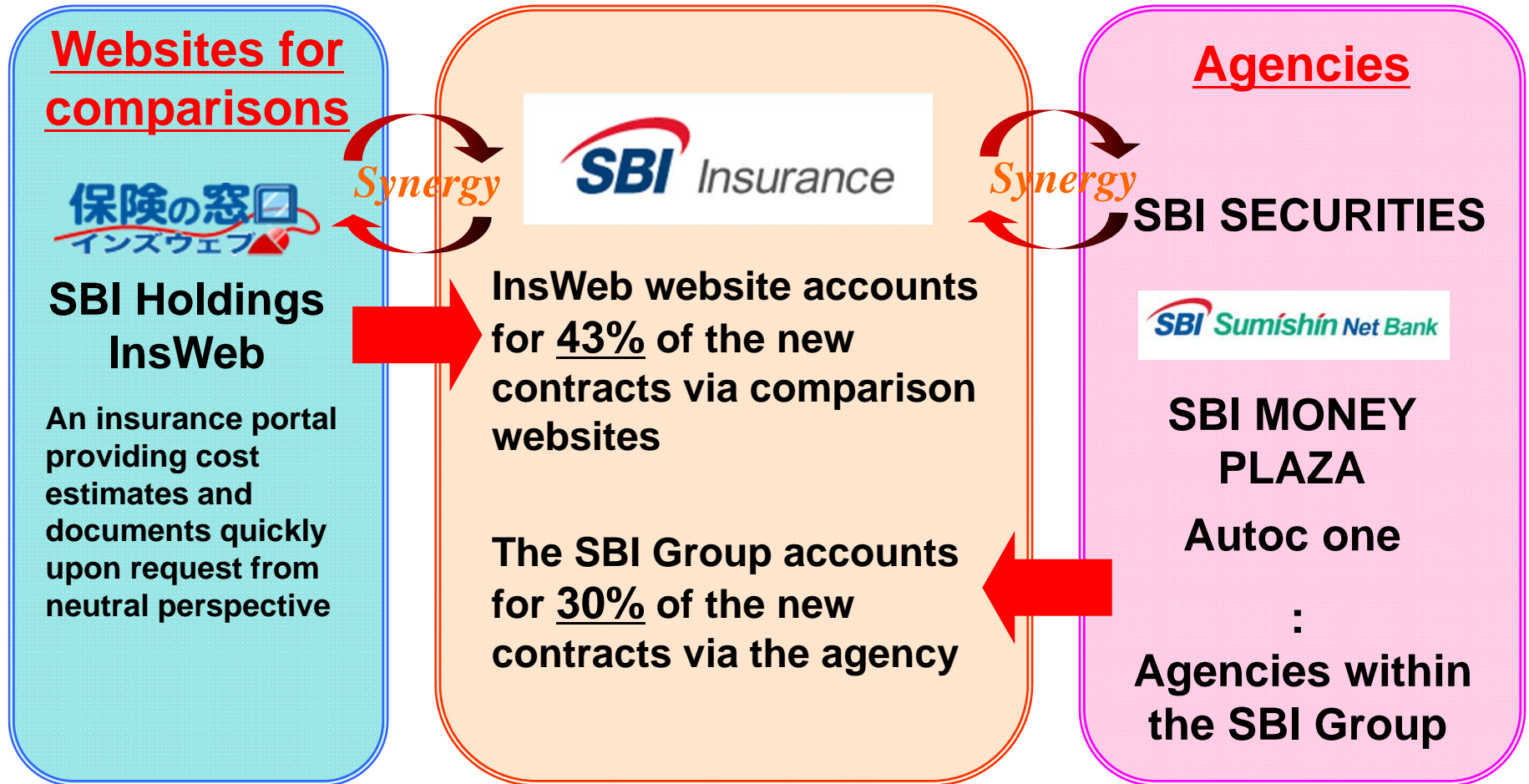
Achieved early profitability owing to further increased liquidity from attaining new customers



Operational profitability achieved in 3Q FY2012 (Oct.-Dec.)

Synergy within the Group which is Positively Effecting on SBI Insurance

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



The SBI Group's Driving Growth Factors

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



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”

II. Aggressive Business Strategy in Expectation of Continued Future Growth

- 1. Promoting “Brilliant Cut Initiative” to Enhance Profitability**
- 2. With the Improvement of the Business Management Environment, the Domestic Financial Services Business Turns to Aggressive Strategies**
- 3. Overseas Business Deployment's Next Growth Phase**
- 4. Biotechnology-related Businesses Entering the Harvesting Stage**

1. Promoting “Brilliant Cut Initiative” to Enhance Profitability

**~Promoting “Brilliant Cut Initiative” and Thoroughly
Implementing Cost Reduction~**

What is the SBI Group's "Brilliant Cut Initiative"?

(Announced in July 2010)

Thorough "selection and concentration"

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

Brilliant Cut Initiative in Financial Services Businesses Transitioned into the Third Phase, in which Further Synergies are Pursued with the Three Core Businesses, Securities, Banking and Insurance Business

First Phase (from July 2010):

The primary goal was each company's turning profitable in operating income, and companies that failed to achieve the goal in 3 years were to be liquidated or sold.

Second Phase (from Apr. 2011):

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

Third Phase (from Mar. 2012):

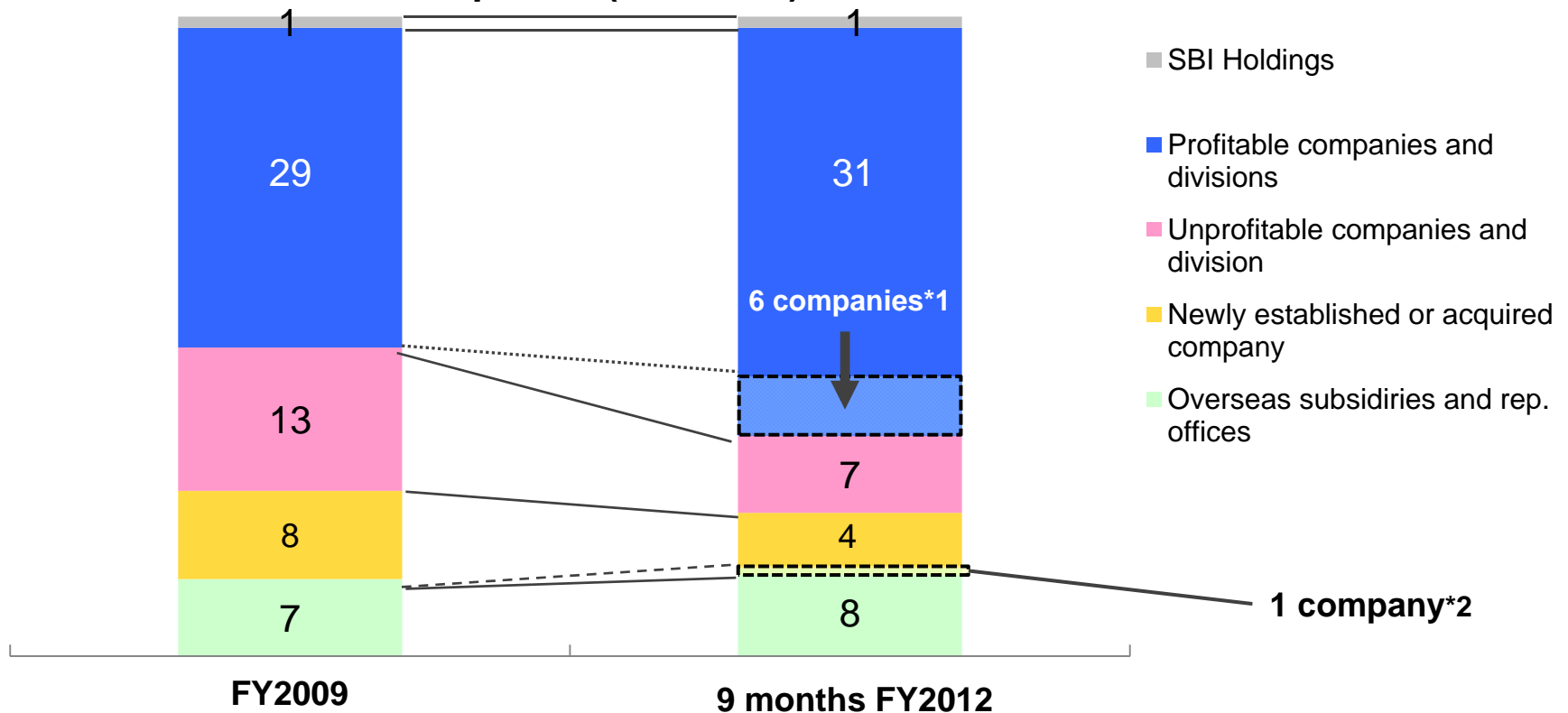
Examine each company's synergy with the three core businesses, in addition to the earnings capacity, and concentrate resources solely on those businesses with strong synergies. Subsidiaries which have high earning contribution with little prospective of generating synergies with the three core businesses are to be actively proceeded for listing in markets inside/outside Japan.

Thorough “selection and concentration”

Promoting "Brilliant Cut Initiative" to Enhance Profitability

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

No. of Profitable/Unprofitable Companies (Divisions) (unit: companies/divisions)



*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"

Promoting “Brilliant Cut Initiative” to Enhance Profitability

[Sales 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)
- Sold shares of Wall Street Journal Japan to Dow Jones & Company (July 13, 2012)
- Transferred all shares of SBI Capital Solutions and the Group’s equity interest in funds managed by the Company (Sept. 28, 2012)

[Continued Group restructuring to optimize business operations]

- Morningstar Japan absorbed both SBI Searchina and SBI Asset Management as its subsidiaries (Oct. 11, 2012)
- SBI Biotech absorbed Quark Pharmaceuticals as a wholly-owned subsidiary (Dec. 25, 2012)
- Succession of SBI Card to the point business of SBI Point Union through an absorption-type split (Jan. 1, 2013)
- Implementing reorganization of the face-to-face sales business, with SBI MONEY PLAZA Co., Ltd, as the managing entity (June 15, 2012)

23 branches nationwide with approx. 140 sales reps were transferred from SBI SECURITIES.

SBI MONEY PLAZA achieved operating profitability in 3Q FY2012 (Oct.-Dec.), and is expected to be positive for the full year.

Promoting “Brilliant Cut Initiative” to Enhance Profitability

[Divisions deemed not synergistic with the three core businesses are actively proceeded for listing in markets inside/outside Japan]



(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 it 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 affiliated company launched operations on Jan. 7, 2013 to support local IR activities and assist SBI AXES' subsidiaries with sales 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.

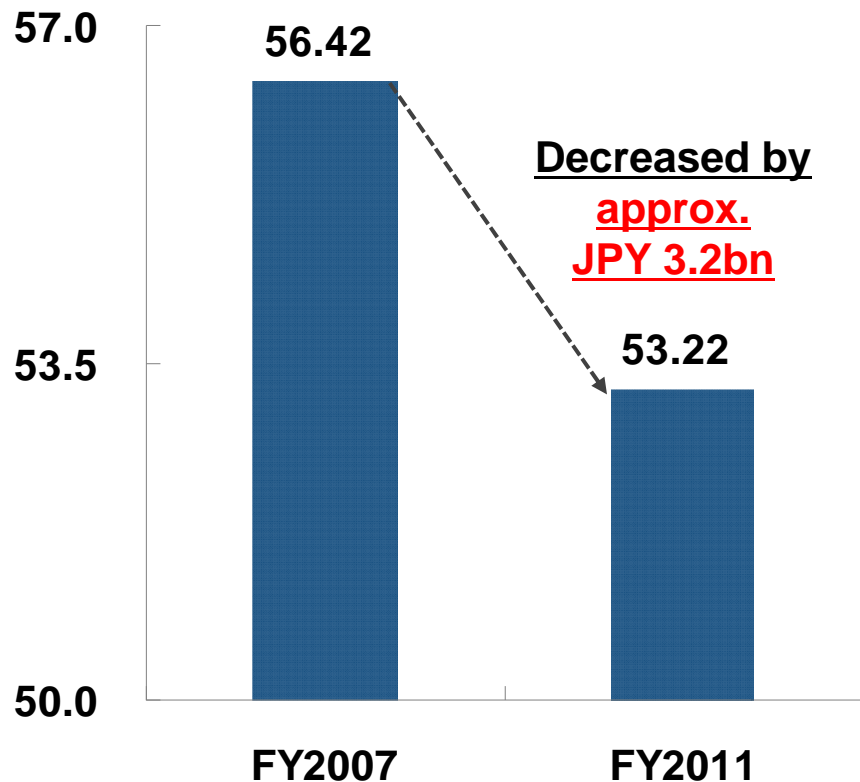


* SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group.

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

Controllable costs

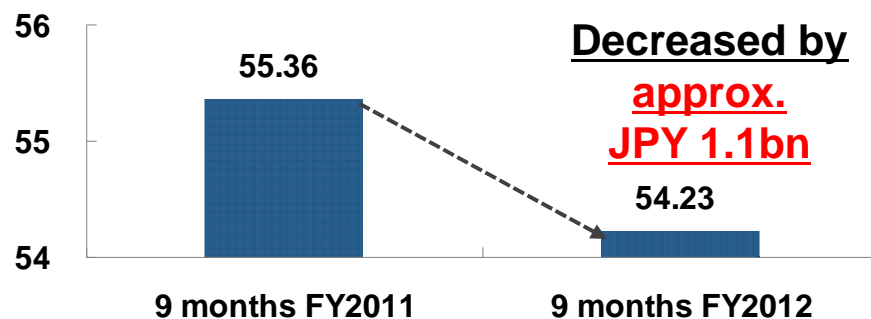
(JPY billion)



SG&A and Head Office Cost in 9 months FY2012 period (based on IFRS)

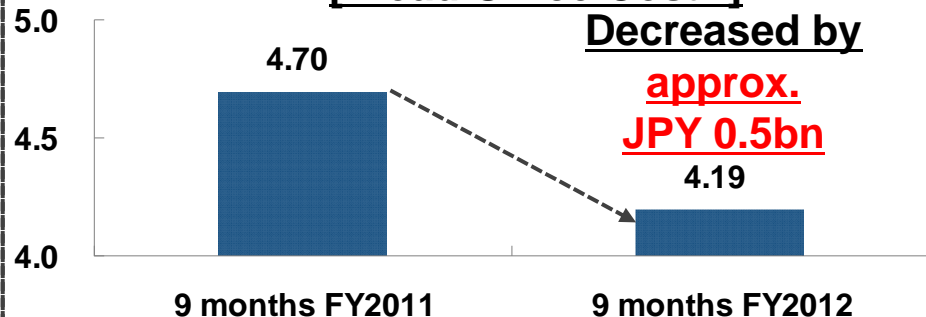
(JPY bn)

[SG&A]



(JPY bn)

[Head Office Cost *]



* 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.

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

2. With the Improvement of the Business Management Environment, the Domestic Financial Services Business Turns to Aggressive Strategies

SBI SECURITIES Expands Its Service Owing to the Change in the Business Environment



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

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

The regulatory easing led to an improved utilization of funds, increased margin trading and an active market.

Reduction of Interest Rates on Margin Trading

Applicable to customers that executed transactions with a one-month contract amount of more than JPY 500m, along with an outstanding credit balance of higher than JPY 500m.

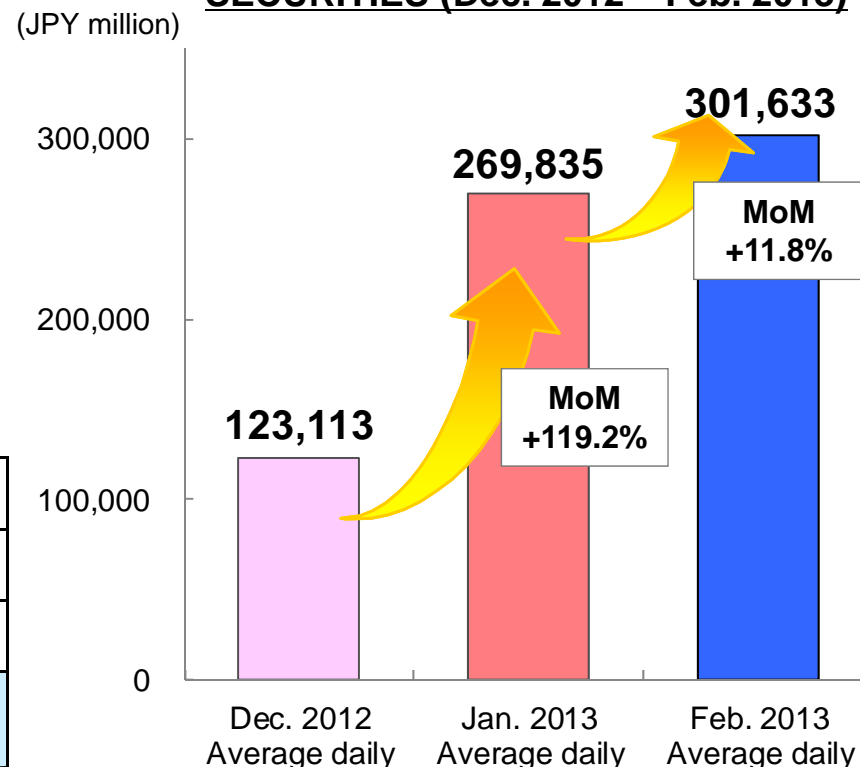
Interest Rate for System Credit	Interest Rate for General Credit
2.80% → 2.28%	3.09% → 2.90%

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 (Dec. 2012 – Feb. 2013)

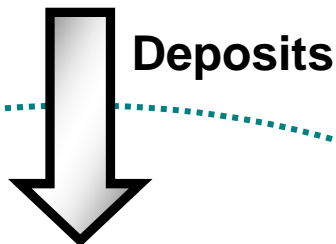


The number of newly opened accounts in Feb. 2013 is **1.9X** that of Dec. 2012

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~

Establishment of the business ecosystem centering on SBI Sumishin Net Bank

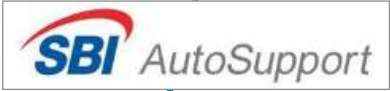


Examples of its fund management:

Housing Loans
•Via cooperating real estate companies
•As a banking agency of Sumitomo Mitsui Trust Bank



Auto Loans
Via SBI Credit and SBI Auto Support, etc.



The number of accounts: approx. 1.58 million accounts
Deposits: approx. JPY 2.6tn
(As of the end of Jan. 2013)

Personal Loans

... etc.

SBI Sumishin Net Bank issued subordinated bonds for individual investors (Total issue amount: JPY 15.0bn) to raise the capital ratio (Nov. 2012)

SBI Insurance Diversification of the Product Portfolio

Expanded the product line-ups through 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

Measures to Increase Profitability

[Phase 1]

Terminated the reinsurance agreement as of the end of Mar. 2011 and the outsourcing agreement as of 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 outsourcing agreement, including on the call center, in order to stabilize cost.

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

<As of 2Q FY2012>

(%)	Operating expense ratio	+	Net loss ratio	=	Combined ratio
Result	<u>38.6</u>		64.9		103.5

[Estimations assuming continuation of the reinsurance agreement and outsourcing agreement]

Trial calculation	79.4		91.5		170.9
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(*) 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.

Measures to Increase Profitability Moves into 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 a 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.

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

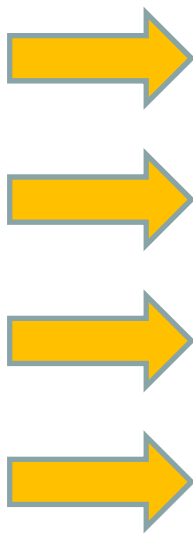
他社と差がつく
節約の秘訣
SBIマネープラザが
ご提案します！

Saving solutions

経理・財務担当の方へ
・税制優待保証
・経営精算システムの導入
・国際送金サービス

経営企画担当の方へ
・太陽光発電の導入
・オーナー様向け法人保険の活用
・LEDの導入

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03-3342-2711



Review of nonlife insurance

“Keihi (costs) Bank”
(SBI Business Solutions)

Solar power system

Elective 401k
(SBI Benefit Systems)

Review of corporate insurance

International remittance service (SBI Remit)

Installation of LED lights

Asset management, etc.

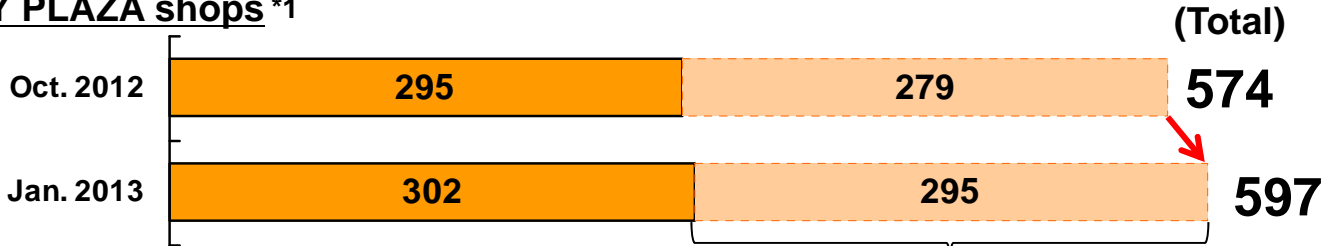
SBI MONEY PLAZA's Number of Shops Attains an Overwhelming No. 1 Position in Japan



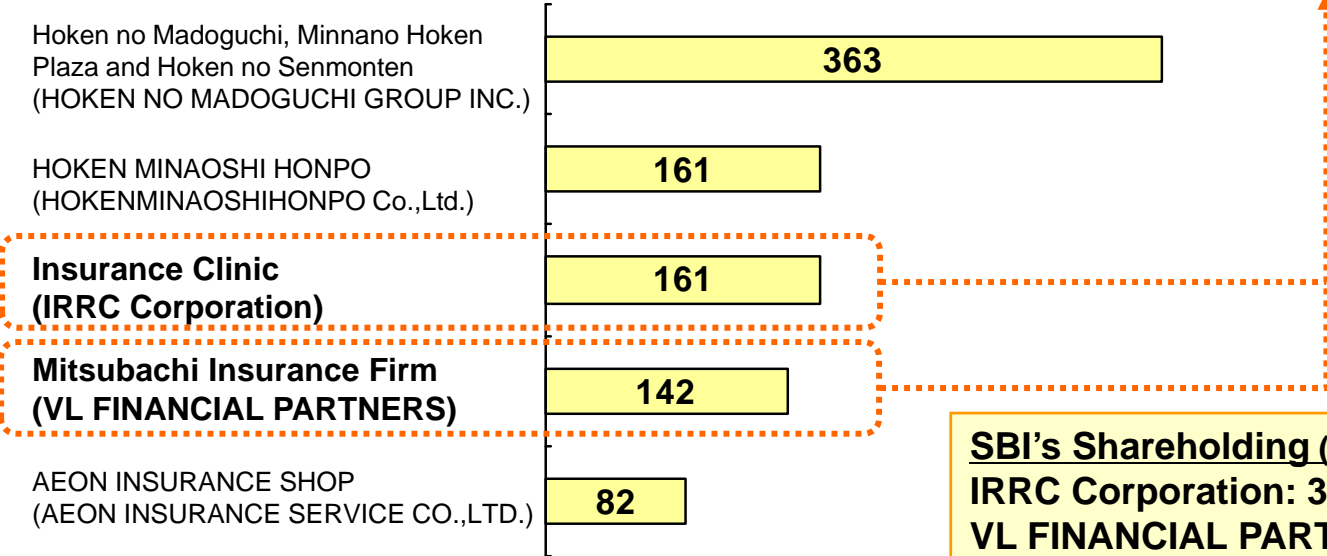
The total number of SBI MONEY PLAZA shops (currently 302) and Insurance Clinic / Mitsubachi Insurance shops by far surpasses that of other companies.

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.

3. Overseas Business Deployment's Next Growth Phase

- (1) Overseas Investment Business Moves into Phase 2 to Recruit Outside Investors**
- (2) Enhancing the Existing Overseas Financial Services Business**

(1) 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., enhances the recruitment process of outside investors

Overseas: Placing specialized personnel for the raising 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

(2) Enhancing the Existing Overseas Financial Services Business

(i) RUSSIA: Encouraging YAR-Bank to launch an online banking service



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

YAR•BANK (SBI: 50.0% shareholding)
Bank of the Rising Opportunities



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

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

 **BNI Securities** (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

(2) Enhancing the Existing Overseas Financial Services Business

(iii) SOUTH KOREA: Share Acquisition of Hyundai Swiss Savings Bank and its Subsidiaries

Hyundai Swiss Savings Bank Hyundai Swiss Savings Bank (SBI: 89.4% shareholding (scheduled))

South Korea's largest savings bank. The balance of total borrowing/lending accounts for over 11% of the total balance of the savings bank industry. Total assets of KRW 5.5 trillion (approx. JPY 481.8bn* as of the end of Sept. 2012) including its subsidiaries

Hyundai Swiss Savings Bank has nationwide sales network excluding Busan and Gyeongsangnam-do

*Exchange rate: KRW 100 = JPY 8.62

Comparison with ORIX Savings Bank (former PUREUN2 Mutual Savings Bank), a Japanese savings bank in South Korea

- Mid-sized high quality savings bank bought by ORIX in 2010, through 85% share acquisition from PUREUN Mutual Savings Bank
- A conservative operation that primarily focuses on corporate loans, placing a lower emphasis on high-risk instruments, such as PF loans

(Unit: KRW billion, %)

ORIX Savings Bank	(FY 6/12)	Hyundai Swiss 1 Savings Bank
652.3	Total Assets	2,602.5
16.8%	BIS ratio	3.0%
56.6	Operating Revenue	377.3
-5.5	Profit Before Income Tax Expenses	-40.1

4. Biotechnology-related Businesses Entering the Harvesting Stage

- (1) Drug Development Companies Succeed to be Scheduled for Listing**
- (2) The 5-ALA Related Business Accelerating Overseas Development, Endeavoring to Produce Earnings within FY2013**

(i) Drug Development Companies Succeed to be Scheduled for Listing

	Drug or project code (partners)	Adaptation disease	Current status
SBI Biotech (Shares: 71.6%) IPO Target: within 2014 Lead manager: Mizuho Securities *Absorbed Quark Pharmaceuticals as a wholly-owned subsidiary in Dec. 2012	GNKG168 (CN Huapu)	B cell chronic lymphocytic leukemia	P1 Clinical Trial
	GNKS356 (CN Huapu)	B cell chronic lymphocytic leukemia	Pre-Clinical Trial
	Immuno-cell therapy (US Baylor Research Institute)	Cancers	US: P2 Clinical Trial JPN: Pre-Clinical Trial
	Anti-BST2 antibody	Cancers, autoimmune diseases	In negotiations with pharmaceutical companies
	Cell Cycle Control - Cdc7/ASK	Cancers	The lead compound discovered in a collaboration with a Japanese bio-venture company is in a pre-clinical testing stage
USA Acucela (Shares: 16.9%) IPO Target: 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%) IPO Target: 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		

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

*1 Calculated by the conversion rate as of the end of Jan. 2013

Major pipelines at Quark:

1) PF-655

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

* Partner drug company: Pfizer Inc.

2) QPI-1002

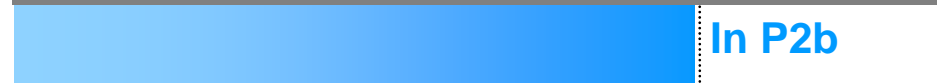
- Kidney Transplantation (DGF)
Acute Kidney Injury (AKI)

* FDA and European Commission grants Orphan Drug Status for QPI-1002
* Partner drug company: Novartis Pharmaceuticals Corp.

3) QPI-1007

- Non-arteritic Anterior Ischemic Optic Neuropathy (NAION)

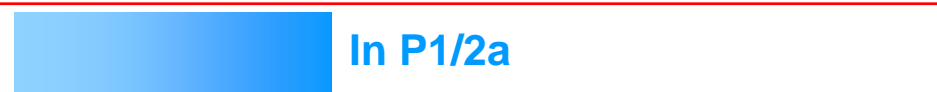
Develop-ment	Phase I	Phase II	Phase III
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Potential contingency fee (total):
approx. USD 0.65bn (approx. JPY 59.6bn)
(breakdown)
- conclusion of Phase 2b: USD 25.8m (approx. JPY 2.4bn)
- commencement of Phase 3: USD 17.5m (approx. JPY 1.6bn)



Potential contingency fee (total):
approx. USD 0.7bn (approx. JPY 64.2bn)
(breakdown)
- conclusion of Phase 2: USD 8m (approx. JPY 0.7bn) *2
+ achievement of further positive results (6 months progress report): USD 17m (approx. JPY 1.6bn)
- commencement of Phase 3: USD 5m (approx. JPY 0.5bn)




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) The 5-ALA Related Business Accelerating Overseas Development, Endeavoring to Produce Earnings within FY2013 ~Also focusing on overseas expansion~

Japan

- **“Aminolevulinic 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 ALApromo continues to increase the number of stores that sells their products**

52 stores (as of the end of Mar. 2012)  200 stores (as of 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.**

Currently Expanding Network 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 ~

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.

(Examples)

Research on malaria

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

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

Cooperation with food manufacturer and cosmetics manufacturer



Clinical study on drugs for metabolic syndrome, including diabetes

- 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

Research on cancer diagnosis
Tokyo Institute of Technology

etc

R&D Progress in Medical Field Using 5-ALA①

(5-Aminolevulinic acid hydrochloric)

①R&D progress in diagnostic agent for cancer treatment

Indications	Progress
Brain tumor	<p>Orphan drug designation (Sept. 2010)</p> <p>→ <u>Submission of a new drug application (NDA) to the Ministry of Health, Labour and Welfare in Japan (July 5, 2012)</u></p> <p>→ If all goes as planned, <u>it will be approved as a treatment within FY2012</u></p>
Carcinoma vesicae	<p>Doctor sponsored investigation has been on going at 5 universities, lead by Kochi University since Jan. 2012</p> <p>→ <u>Clinical testing completed at the end of 2012</u></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-ALA②

(5-Aminolevulinic acid hydrochloric)

②A 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.



•Submitted 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.

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 has begun establishing a clinical development structure that complies with GCP (*2) to support Arabic people in the region. Also the university has chosen a supplement containing the very safe substance 5-ALA as its first model for 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 in 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)
- Acquired a permit from Bahrain Economic Development Board and opened a representative office in Bahrain (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 are in Progress in the World



U.K

Started 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!!

- Submitted 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 mainly with the Department of Diabetes at Bahrain Defense Force Royal Medical Service Hospital, the Arabian Gulf 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~



China

Preparing for an establishment of a JV company for selling goods containing 5-ALA

Bahrain

- Obtainment of the Product License of healthy supplement on 'NatuALA ONE' from Ministry of Health Bahrain to market in the Bahrain.
- Establishing a sales structure



Korea



Malaysia



India



Indonesia

Beginning discussions with a local large pharmaceutical company to expand 5-ALA businesses shortly

UAE

- Obtainment of the Product License of healthy supplement on "NatuALA ONE" from the Dubai Municipality Consumer Product Safety Section to market in UAE
- Establishing a sales structure



Philippine

- Health food, 'NatuALA ONE' was officially licensed by Food and Drug Administration (FDA) Philippines.
- Scheduling on the launch in the Philippines, collaborating with local firms having a network of doctors

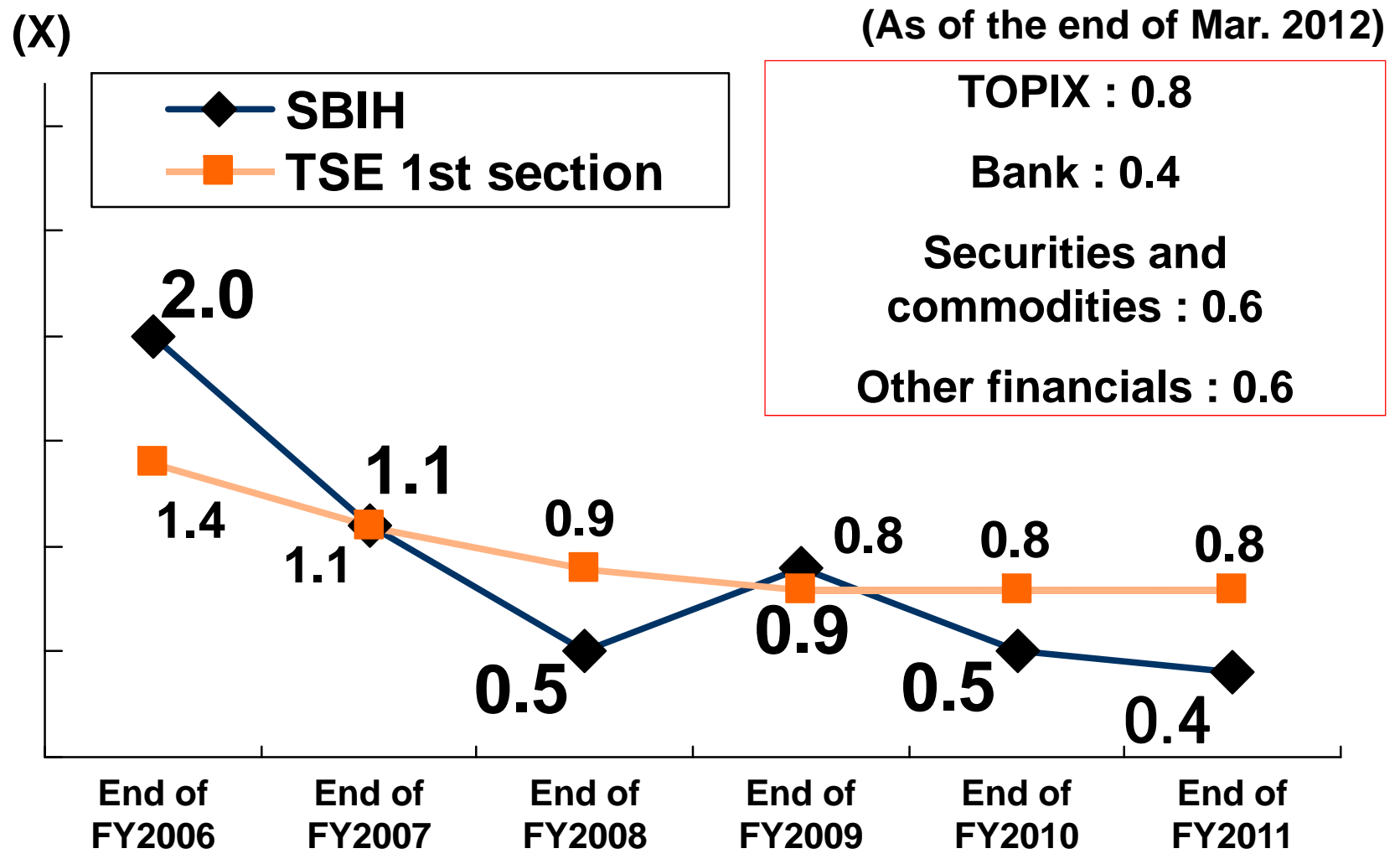
[Appendix]

1. SBI's Shareholder Value



Change in PBR of SBI Holdings

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



Source : TSE website

Estimating Each Segment's Shareholder Value ①

(based on the closing prices on Feb. 28, 2013)

(JPY billion)

	Enterprise value by segment (theoretical value)
Asset Management	104.8
Financial Service	348.7 (+)*
Biotechnology-related	62.9
Others	29.5
Outside borrowings	-140.0
Sum total	406.0 (+)

(Reference) **Market cap** (actual value as of Feb. 28, 2013): **JPY 165.2bn**

* Other business including SBIH's comparison website business, SBI Lease, SBI Business Support 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 Feb. 28, 2013.

<Calculation Methods for Each Business>

- Asset Management Business → Total market price of operational and other investment securities owned by SBIH as of the end of Dec. 2012

- Financial Services Business

Combination of major companies' shareholder values

SBI SECURITIES → calculating the mean of the two values [(A) and (B)] resulted from Comparable Multiple Valuation Approach

$$\frac{(\text{Matsui's PER} + \text{kabu.com's PER}) (*3)}{2} \times \text{SBI SECURITIES's Net income (9 months 3Q FY2012)} \dots (\text{A})$$

$$\frac{(\text{Matsui's PBR} + \text{kabu.com's PBR}) (*4)}{2} \times \text{SBI SECURITIES's Net asset (*5) (as of Dec. 31, 2012)} \dots (\text{B})$$

*3 PERs of Matsui and kabu.com are calculated by their net income per share for 9 months 3Q FY2012.

*4 PBRs of Matsui and kabu.com are calculated by its BPS as of Dec. 31, 2012.

*5 Represents SBI SECURITIES' balance of net asset excluding short-term loans receivable from SBIH

SBI Liquidity Market → calculation based on Comparable Multiple Valuation Approach

$$(\text{MONEY SQUARE JAPAN's PER}) (*6) \times \text{SBI Liquidity Market's Net income (9 months 3Q FY2012)}$$

*6 PER of MONEY SQUARE JAPAN is calculated by its net income per share for 9 months 3Q 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 (*7) of SBI Sumishin Net Bank will grow 20 percent annually for those five fiscal years. Then, shareholder value was calculated by adding the bank's net asset of SBIH's share as of Dec. 31, 2012 to the excess earning power.

*7 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 → Predetermined market value of SBI Insurance at the point of partial share transfer (Nov. 2012) x number of shares issued (as of Sept. 30, 2012) x SBIH's equity interest

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 (excluding indirect holdings)

- Biotechnology-related Business

SBI Pharmaceuticals

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

SBI Biotech → Represents SBI's equity interest of paid-in capital as of Dec. 31, 2012 (after the absorption of Quark)

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

Total market price of SBIH's investment asset balance (as of Dec. 31, 2012) and the balance of direct investment (as of Dec. 31, 2012)}

- Others

→ The value of the commercial real estate properties of SBIH as of the end of Dec. 2012 (the balance of investment real estate + the balance of real estate included in tangible assets) was calculated.

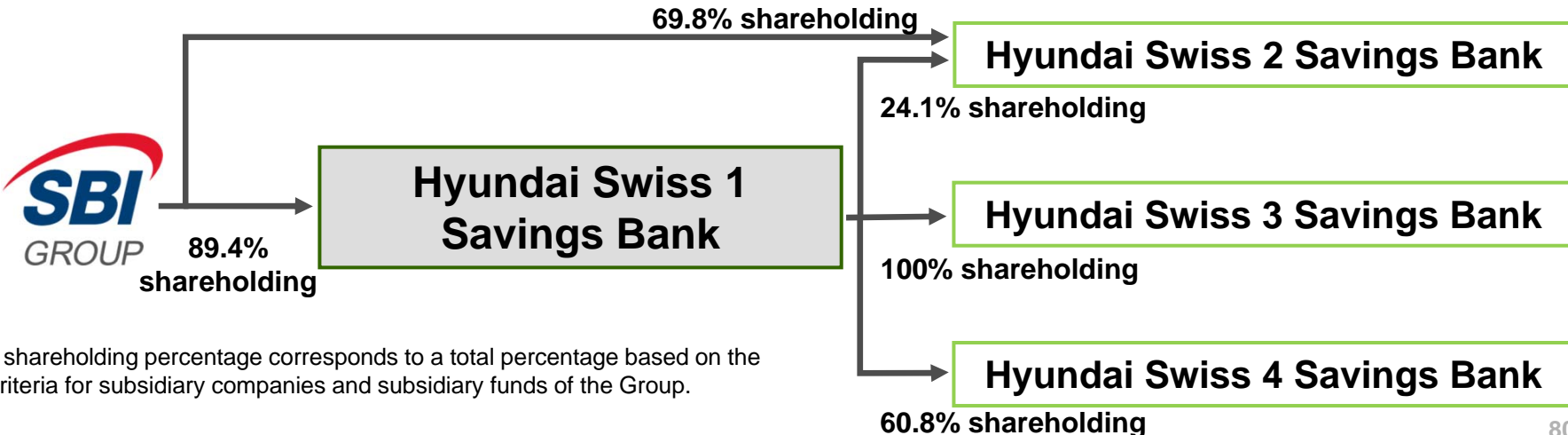
[Appendix]

2. Investment in Hyundai Swiss Savings Bank and its Subsidiaries



Past Investments in Hyundai Swiss Savings Bank and Its Subsidiaries -1

- ◆ In May 2002, made a 10% investment in Hyundai Swiss 1 Savings Bank and a 20% investment in Hyundai Swiss 2 Savings Bank (total amount of investment : JPY 790m)
- ◆ In Mar. 2012, integrated the shares of Hyundai Swiss 1 Savings Bank and Hyundai Swiss 2 Savings Bank held separately into shares of Hyundai Swiss 1 Savings Bank, the parent company of Hyundai Swiss Savings Bank Group.
As a result, SBI's shareholding ratio totaled 20.9% for Hyundai Swiss 1 Savings Bank and zero for Hyundai Swiss 2 Savings Bank.
- ◆ Depiction of Hyundai Swiss Savings Bank Group after the absorption through underwriting additional shares (scheduled)

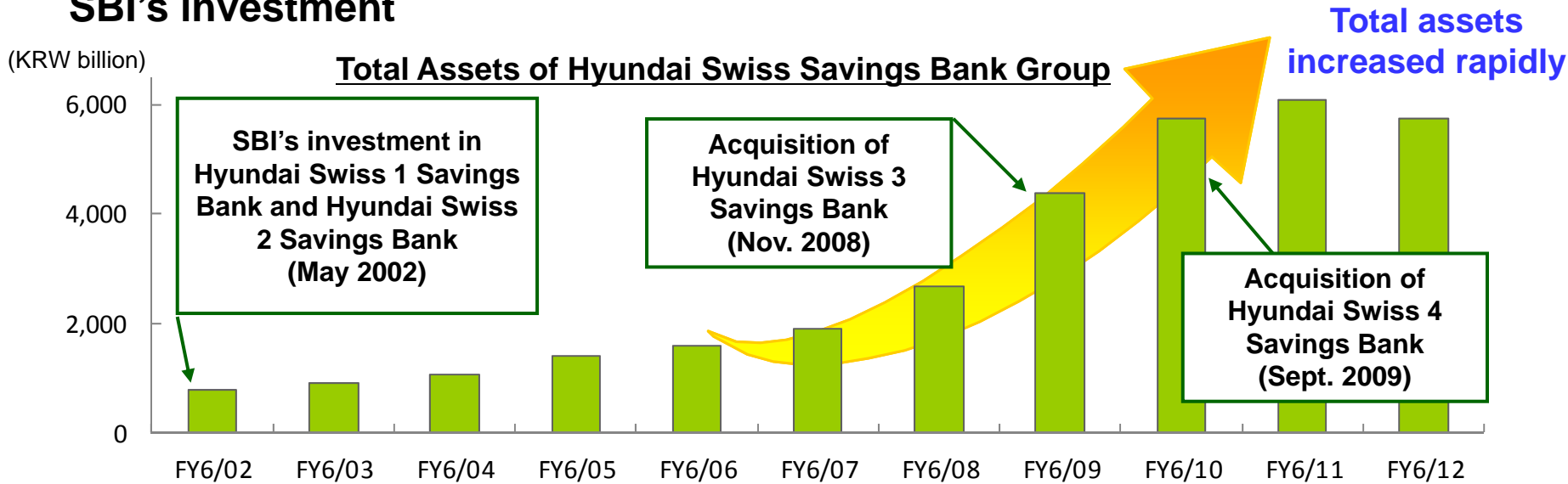


* SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group.



Past Investments in Hyundai Swiss Savings Bank and its Subsidiaries -2

■ Large scale expansion of Hyundai Swiss Savings Bank Group after SBI's investment



[Hyundai Swiss Savings Bank Group's Performances Since SBI's Capital Subscription] (Unit: KRW billion)

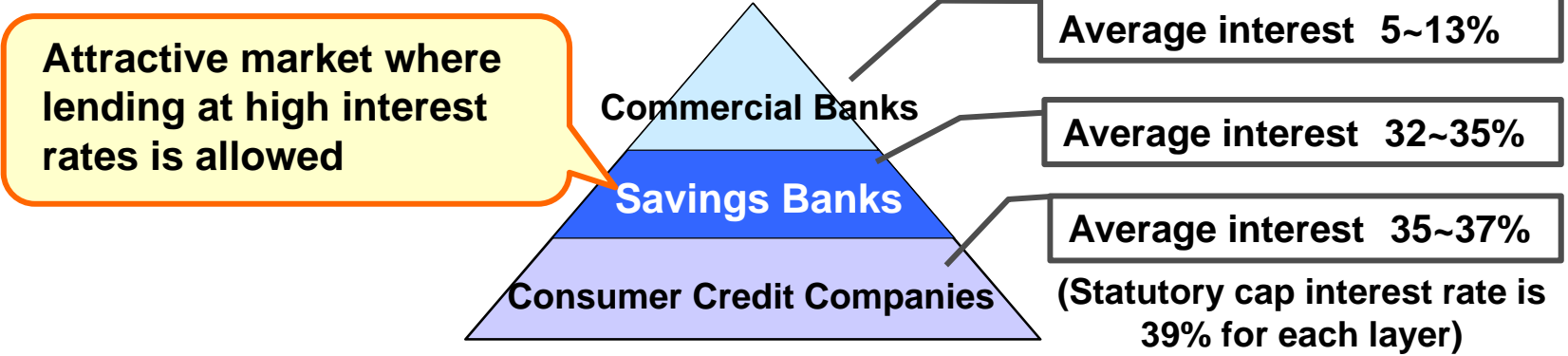
	FY6/02	FY6/03	FY6/04	FY6/05	FY6/06	FY6/07	FY6/08	FY6/09	FY6/10	FY6/11	FY6/12
Total Assets	791.0	902.0	1,073.1	1,391.3	1,588.5	1,905.7	2,683.6	4,377.9	5,726.8	6,096.0	5,734.5
Operating Revenue	178.9	160.7	155.6	237.7	263.3	271.6	324.4	512.6	653.0	797.5	755.6
Operating Income	21.6	34.0	9.2	25.6	15.7	36.1	46.5	72.3	-7.4	-55.0	0.1
Net Income	13.8	3.4	4.7	11.5	25.5	18.1	35.0	59.6	17.2	-63.4	-53.1



Background and Rationale for Investing in Hyundai Swiss Savings Bank and Its Subsidiaries -1

1. More attractive market than in Japan, because the upper limit of a loan's interest rate is higher.

[Position of savings banks among the present Korean loan finance industry]

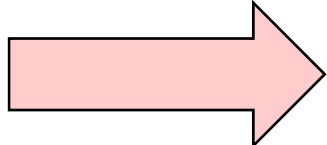


2. Owing to the selection within the industry, Hyundai Swiss Savings Bank became the overwhelming No.1 bank

Through the recent government-led reorganization of the savings bank industry, many major savings banks have withdrawn from the market, with the exception of Hyundai Swiss Savings Bank. Since June 2012, 11 of the top 25 banks have withdrawn from the market, or were forced to suspend operations.

[Ranking of the Savings Banks by Total Assets (as of June 2012)] (Unit: KRW million)

1	Hyundai Swiss 1 SB	2,602,529
2	HK Mutual SB	2,582,105
3	Gyeonggi Mutual SB	1,890,446
4	Dongbu Mutual SB	1,888,460
5	Hyundai Swiss 2 SB	1,783,109
⋮	⋮	⋮
25	Hyundai Swiss 3 SB	681,350



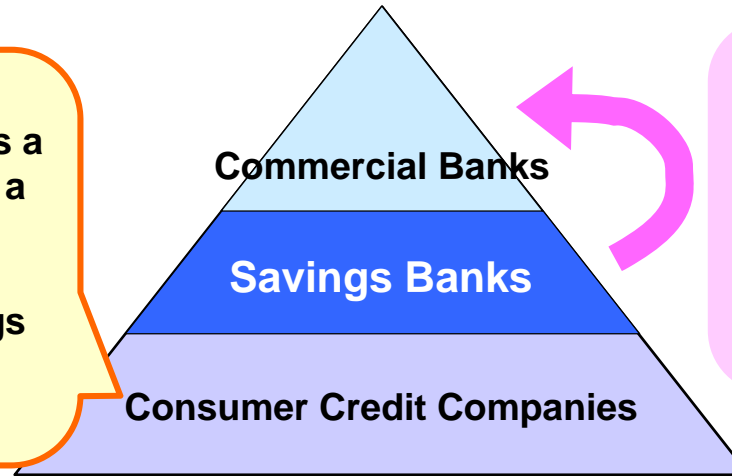
Greatly enhancing the competitiveness of Hyundai Swiss Savings Bank

1	Hyundai Swiss 1 SB
2	HK Mutual SB
3	Dongbu Mutual SB
4	Hyundai Swiss 2 SB
5	Moa Mutual SB
⋮	⋮
14	Hyundai Swiss 3 SB

Background and Rationale for Investing in Hyundai Swiss Savings Bank and Its Subsidiaries -2

3. Possibility of institutional reform in the financial lending market in South Korea

According to various sources of information, it is a considered possibility that a restructuring of the consumer credit industry, following that of the savings bank industry, may take place in the near future.



Owing to possible future policies, large savings banks with a specific level of assets may be upgraded to the category of a "commercial bank."

Along with a lowering of the upper limit on interest rates, if an earnest restructuring of the consumer credit industry takes place, the number of players is expected to decrease significantly and the role of the savings banks as a provider of finance will be more closely focused.

In addition, if savings banks with a specific level of assets are upgraded to commercial banks, then Hyundai Swiss Bank, which is the largest asset holder, may be converted to a commercial bank, which will allow it to further expand its business.

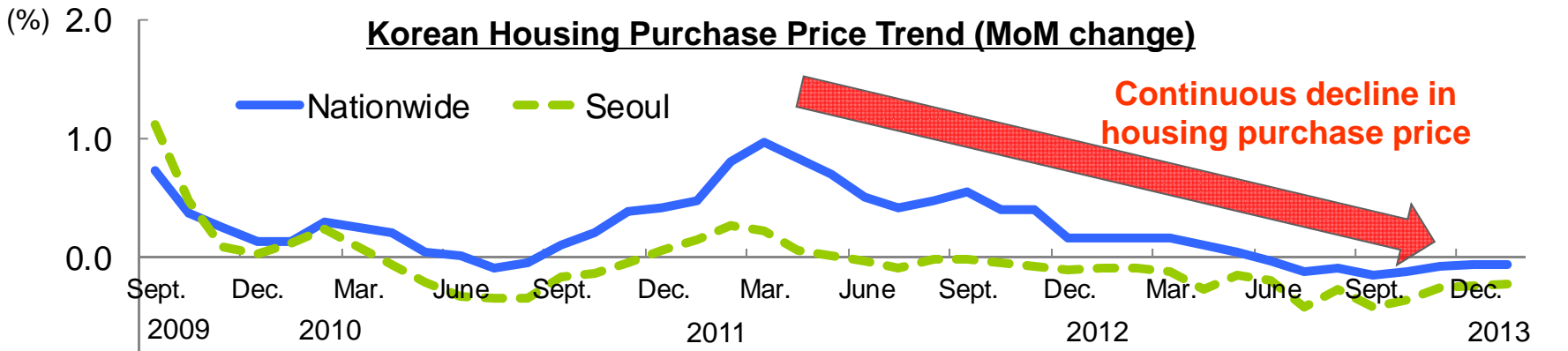


Background and Rationale for Investing in Hyundai Swiss Savings Bank and Its Subsidiaries -3

4. With signs of a bottoming out in the real estate market, collateral mortgage property prices are expected to recover as well, leading to a potential favorable impact on the business environment for Hyundai Swiss Savings Bank and its subsidiaries.

[Current state of Hyundai Swiss Savings Bank]

- ✓ To expand its business scale, the primary focus was to provide large-scale real estate collateralized loans and project finance (PF) to corporations (In principle, loans mentioned above are collateralized by real estate.)
- ✓ Owing to the deterioration in the real estate market in recent months, its capital was significantly impaired



Source: Economic Statistics System, The Bank of Korea



Further strengthening of financial base required by the regulatory authorities

However, a rebound of the real estate market is the nation's political mandate. A change in policy accompanied by a change of the president is expected to affect housing and other property prices to hit the bottom range.

Background and Rationale for Investing in Hyundai Swiss Savings Bank and Its Subsidiaries -4

5. Consolidation of Hyundai Swiss 1 Savings Bank leads to an acquisition of the management rights of its principal subsidiaries

By consolidating Hyundai Swiss Savings Bank and its subsidiaries, **the management rights** to two potential high growth entities, Hyundai Swiss Asset Management and Phnom Penh Commercial Bank in Cambodia is possibly acquired, through the acquisition of a majority of all issued shares of both companies.

(1) Hyundai Swiss Asset Management (South Korea)

[Assets Under Management and Financial Performances]

(Unit: KRW billion)

	FY3/09	FY3/10	FY3/11	FY3/12	9 months FY3/13
AUM	149.4	602.5	672.6	266.4	561.5
Operating Revenue	0.97	2.11	4.77	3.61	2.23
Net Income	-1.02	-0.60	1.65	0.14	-0.03



Background and Rationale for Investing in Hyundai Swiss Savings Bank and Its Subsidiaries -5

5. Consolidation of Hyundai Swiss 1 Savings Bank leads to an acquisition of the management rights of its principal subsidiaries

(2) Phnom Penh Commercial Bank (Cambodia)



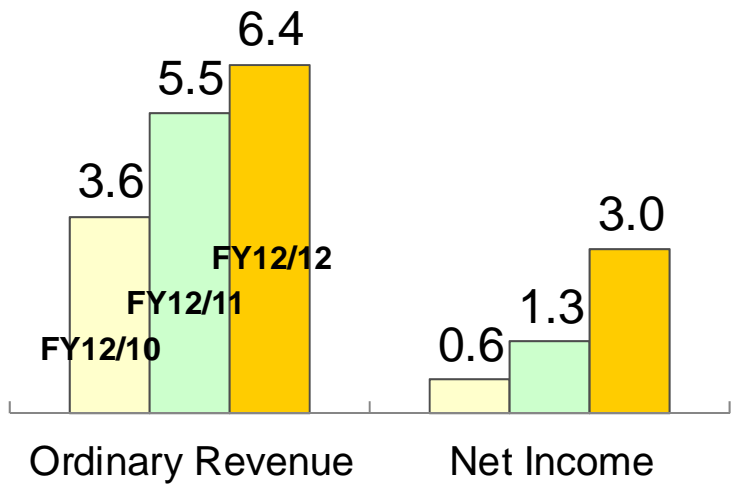
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Phnom Penh Commercial Bank

(Present investment ratio of SBI: 40.0%)

- There is a strong possibility that SBI may eventually acquire **over 90% of its shares**
- A high quality commercial bank that presently has received an acquisition offer of USD 70 million

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

< 3 Years Performances > (USD million)

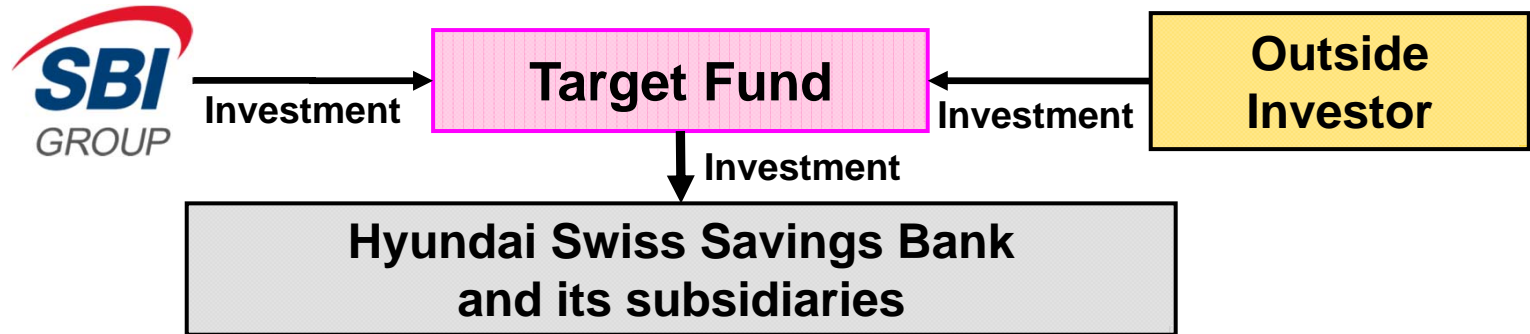


(USD million)	FY 12/10	FY 12/11	FY 12/12	FY 12/13 (E)	FY 12/14 (P)	FY 12/15 (P)
Total Assets	80	102 (No.15)	126 (No.13)	212	282	358 (No.7)
Deposits	40	60 (No.15)	81 (No.13)	150	209	270 (No.8)
Loans	30	43 (No.14)	70 (No.12)	129	183	244 (No.6)

* Figures enclosed in parentheses represent the ranking of PPCB among 28 commercial banks in Cambodia. As for FYE12/11, the figures are actual and as for FYE12/12 and 12/15, figures are expectations.

Future Business Strategy Associated with the Share Acquisition of Hyundai Swiss Savings Bank and Its Subsidiaries

- **To diversify risk and enhance investment efficiency,** outside capital will be raised for targeted funds in order to acquire Hyundai Swiss Savings Bank and its subsidiaries



➤ Future Business Strategies

1. By fully leveraging the know-how that SBI has cultivated thus far, Hyundai Swiss Savings Bank Group will launch an online banking service within the limits of legal authorization
2. Switch from a business strategy focusing on large loans to corporations, to thoroughly provide small loans to both individuals and corporations

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