



*Strategic  
Business  
Innovator*

**SBI Holdings, Inc.**  
**FY2012 Financial Results**  
**(Year Ended Mar. 31, 2013)**

**May 9, 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.**

**The Company does not guarantee 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 Mar. 31 of the following year**

- 1. FY2012 Consolidated Performance and General Business Overview**
- 2. Shifting to a More Aggressive Management Style in All Businesses During FY2013**
- 3. SBI's Corporate Value Consideration**

# **1. FY2012 Consolidated Performance and General Business Overview**

**(1) Consolidated Performance Based on IFRS Standards Applied from 1Q FY2012**

**(2) Summary of Major Businesses**

## **(1) Consolidated Performance Based on IFRS Standards Applied from 1Q FY2012**

**Consolidated performance for FY2011 was prepared solely for comparison purposes with the IFRS numbers, as SBIH officially adopted IFRS based results disclosures from 1Q FY2012.**

**Expected dividend amount for FY2012 is 10 yen per share.**

# FY2012 Consolidated Performance (IFRS)

~Without the impact from the organizational restructure in FY2011, both revenue and profit improved from FY2011~

(JPY million)

	FY2011* (Apr. 2011-Mar. 2012)	FY2012 (Apr. 2012-Mar. 2013)	YoY change (%)
Operating Revenue	177,409	153,476	-13.5
Operating Income	17,530	16,577	-5.4
Profit Before Income Tax Expense	15,600	14,213	-8.9
Profit for the Period	2,762	6,962	+152.1
Profit attributable to owners of the Company	303	3,202	+955.9

\* The figures for FY2011 include an extraordinary gain of approx. JPY 10.2bn from the sale of the former SBI VeriTrans as part of an organizational restructuring, and approx. JPY 5.8bn from the sale of VSN, which was consolidated upon the adoption of IFRS.

# FY2012 Operating Revenue by Segment (IFRS)

(JPY million)

	1H FY2012 (Apr. 2012-Sept. 2012)	2H FY2012 (Oct. 2012-Mar. 2013)	HoH change (%)	FY2012 full year (Apr. 2012-Mar. 2013)
Financial Services Business	50,627	62,713	+23.9	113,340
Asset Management Business	13,665	18,537	+35.7	32,202
Biotechnology-related Business	500	470	-6.2	970
Others (Mainly Housing and Real Estate Business)	4,190	5,050	+20.5	9,240

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

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

(JPY million)

	1H FY2012 (Apr. 2012-Sept. 2012)	2H FY2012 (Oct. 2012-Mar. 2013)	HoH change (%)	FY2012 full year (Apr. 2012-Mar. 2013)
Financial Services Business	3,878	14,863	+283.2	18,741
Asset Management Business	479	4,971	+938.8	5,450
Biotechnology-related Business	-1,160	-2,740	-	-3,900
Others (Mainly Housing and Real Estate Business)	646	1,013	+56.7	1,659

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



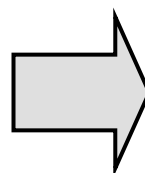
# Factors Affecting the Significant Increase in Total Assets on the Consolidated Balance Sheet

(JPY billion)

	Mar. 31, 2012	Mar. 31, 2013	Change
<b>Total Assets</b>	<b>1,655.6</b>	<b>2,494.4</b>	<b>+838.8</b>
(Breakdown)			
Consolidation of the Hyundai Swiss	—	449.7	+449.7
Securities-related asset	990.2	1,433.6	+443.4
Others	665.4	611.1	-54.3

Reflects the asset increase from the consolidation of the Hyundai Swiss Group and the securities-related assets, as the customer transactions at SBI SECURITIES increased, owing to the sharp recovery in the stock market.

Ownership ratio  
of owners of  
the Company <sup>\*1</sup> Mar. 31, 2013  
12.2%



Substantive number reflecting asset and liability(\*2) related to securities company

22.9%

\*1 Calculated by dividing the total assets ascribed to owners of the Company by the total assets

\*2 Asset related to securities company = deposit + margin trading asset + other securities-related asset

Liabilities related to securities company = margin trading liability + customers' deposits + other securities-related liability

# Operating Cash Flow Status for FY2012



(JPY million)

	FY2012
<b>Net cash from (used in) operating activities</b>	<b>-36,984</b>
<b>Profit before income tax expense</b>	<b>14,213</b>
<b>Decrease (increase) in account receivables and other receivables</b>	<b>10,614</b>
<b>Increase in operational liabilities and other liabilities</b>	<b>14,167</b>
<b>Increase in assets/liabilities related to securities business</b>	<b>-72,300</b>
<b>Others</b>	<b>-3,678</b>

Reflects the significant increase in loans that SBI SECURITIES satisfied by using its own funds, for margin trading caused by the sharp recovery in the stock market, so the FY 2012 cash flow from operating activity was negative, but excluding this loan factor it was a positive JPY 35.3bn.

## **(2) Summary of Major Businesses**

# **[Financial Service Business]**

**<State of the Major Financial Service Business Companies>**

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

## ① SBI SECURITIES

**In addition to the strong market environment from the end of 2012, along with the increase in financial revenue owing to the easing of regulations on margin trading in Jan. 2013, and the successful diversification of earnings sources, such as income from the FX business and the investment trusts fee, 4Q (Jan.-Mar.) FY2012 operating revenue increased 52.3%, and operating income rose 154.9% quarter-on-quarter.**

# SBI SECURITIES

## FY2012 Consolidated Results (J-GAAP)

[Year-on-year]

(JPY million, %)

	FY2011 (Apr. 2011-Mar. 2012)	FY2012 (Apr. 2012-Mar. 2013)	YoY change (%)
Operating Revenue	<b>39,738</b>	<b>43,401</b>	<b>+9.2</b>
Net Operating Revenue	<b>36,406</b>	<b>40,495</b>	<b>+11.2</b>
Operating Income	<b>7,532</b>	<b>11,478</b>	<b>+52.4</b>
Ordinary Income	<b>7,464</b>	<b>11,512</b>	<b>+54.2</b>
Net Profit	<b>5,645</b> (*1)	<b>6,733</b> (*2)	<b>+19.3</b>

\*1 In FY2011, JPY 4.9bn for "gains on sales of investment securities" was recorded as extraordinary income.

\*2 Regarding the financial instruments transaction liability reserves, owing to the significant increase in the stock trading value propagated by the brisk stock market movement since 3Q FY2012, in accordance with the Financial Instruments and Exchange Act, SBI SECURITIES implemented a reserve of approximately JPY 520m (indicates a decrease in extraordinary income).

# SBI SECURITIES

## FY2012 Consolidated Results (J-GAAP)

~Performance significantly expanded compared to 3Q FY2012~

[Quarter-on-quarter]

(JPY million, %)

	1Q FY2012 (Apr. 2012 – June 2012)	2Q FY2012 (July 2012 – Sept. 2012)	3Q FY2012 (Oct. 2012 – Dec. 2012)	4Q FY2012 (Jan. 2013 – Mar. 2013)	QoQ change (%)
Operating Revenue	9,178	9,031	9,984	15,207	+52.3
Net Operating Revenue	8,536	8,263	9,260	14,435	+55.9
Operating Income	1,426	1,661	2,364	6,026	+154.9
Ordinary Income	1,455	1,701	2,443	5,911	+141.9
Net Profit	1,370	1,043	1,441	2,879 <sup>(*)</sup>	+99.8

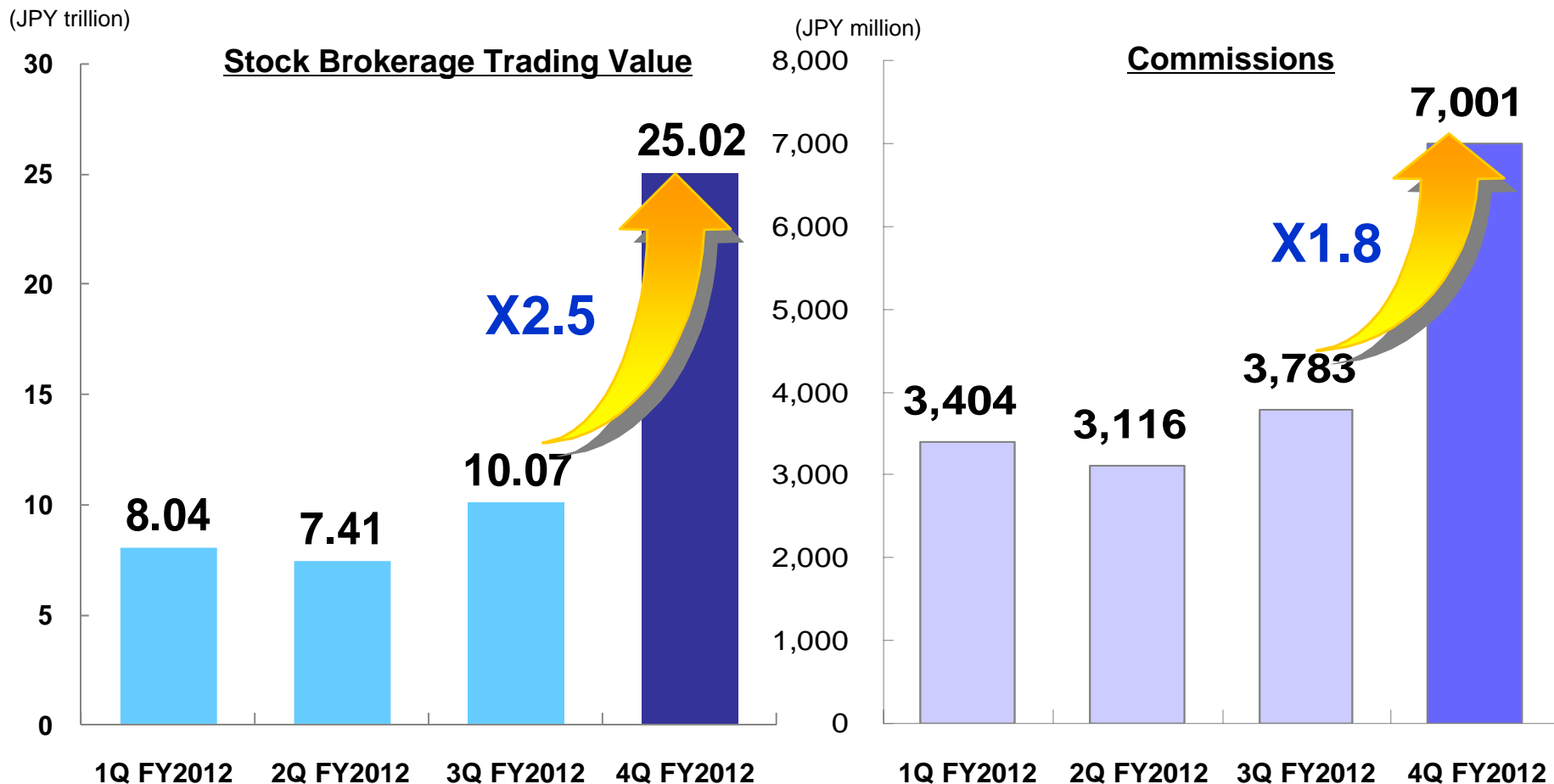
**Historical high 4Q FY2005 (Jan.-Mar. 2006): JPY 10.5bn**

\* Regarding the financial instruments transaction liability reserves, owing to the significant increase in the stock trading value propagated by the brisk stock market movement since 3Q FY2012, in accordance with the Financial Instruments and Exchange Act, SBI SECURITIES implemented a reserve of approximately JPY 520m (indicates a decrease in extraordinary income).

# Increase in Stock Brokerage Trading Value and Commissions

Dramatically recovered in the 4Q (Jan.–Mar.) owing to the improvement of the market environment

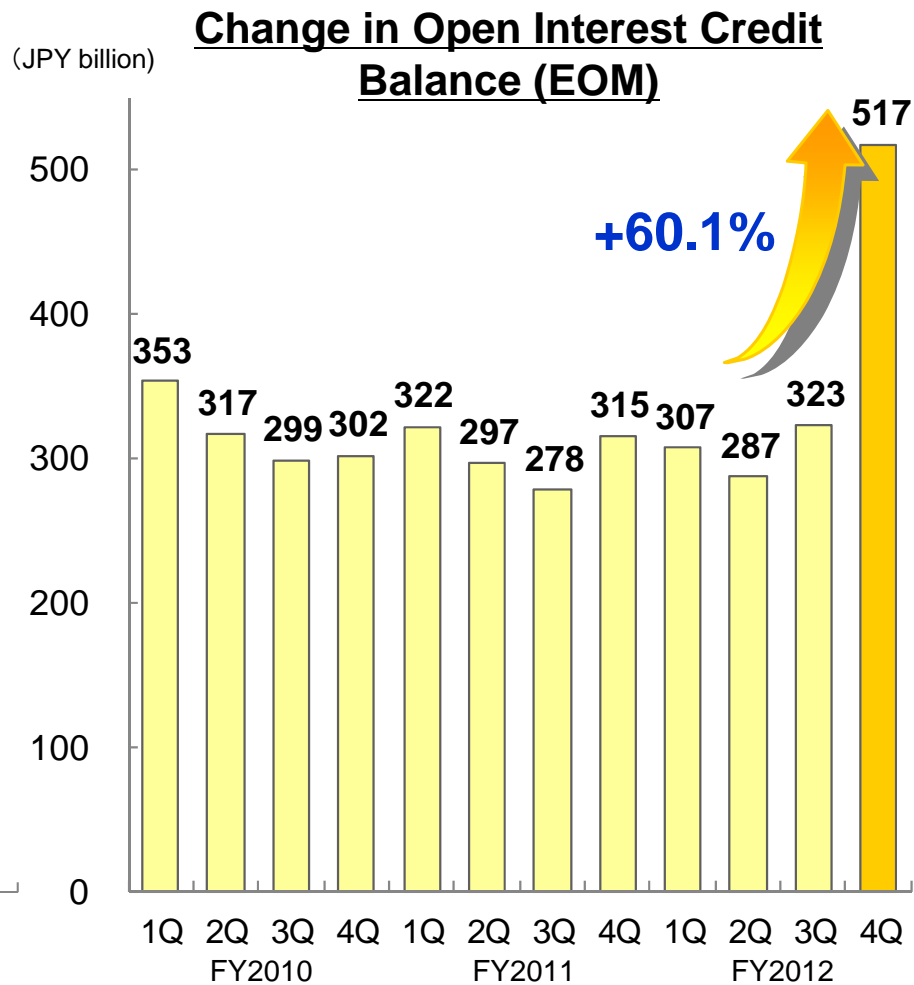
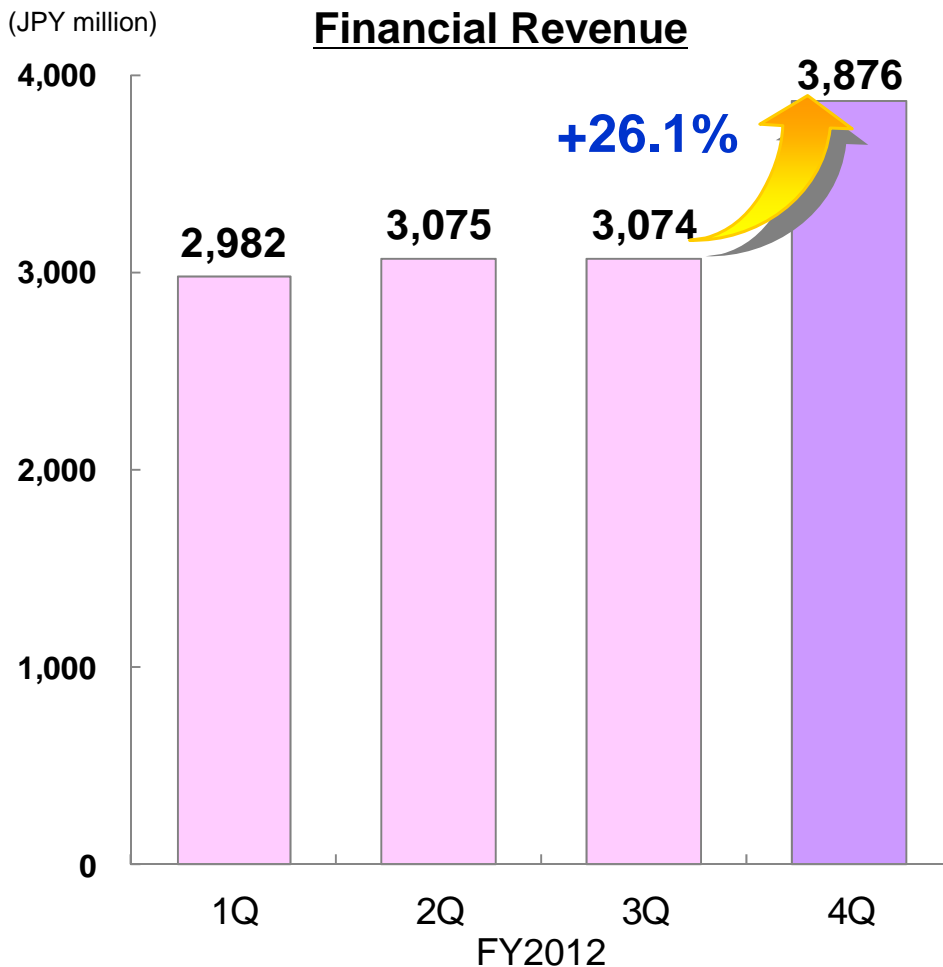
## Stock Brokerage Trading Value and Commissions During FY2012





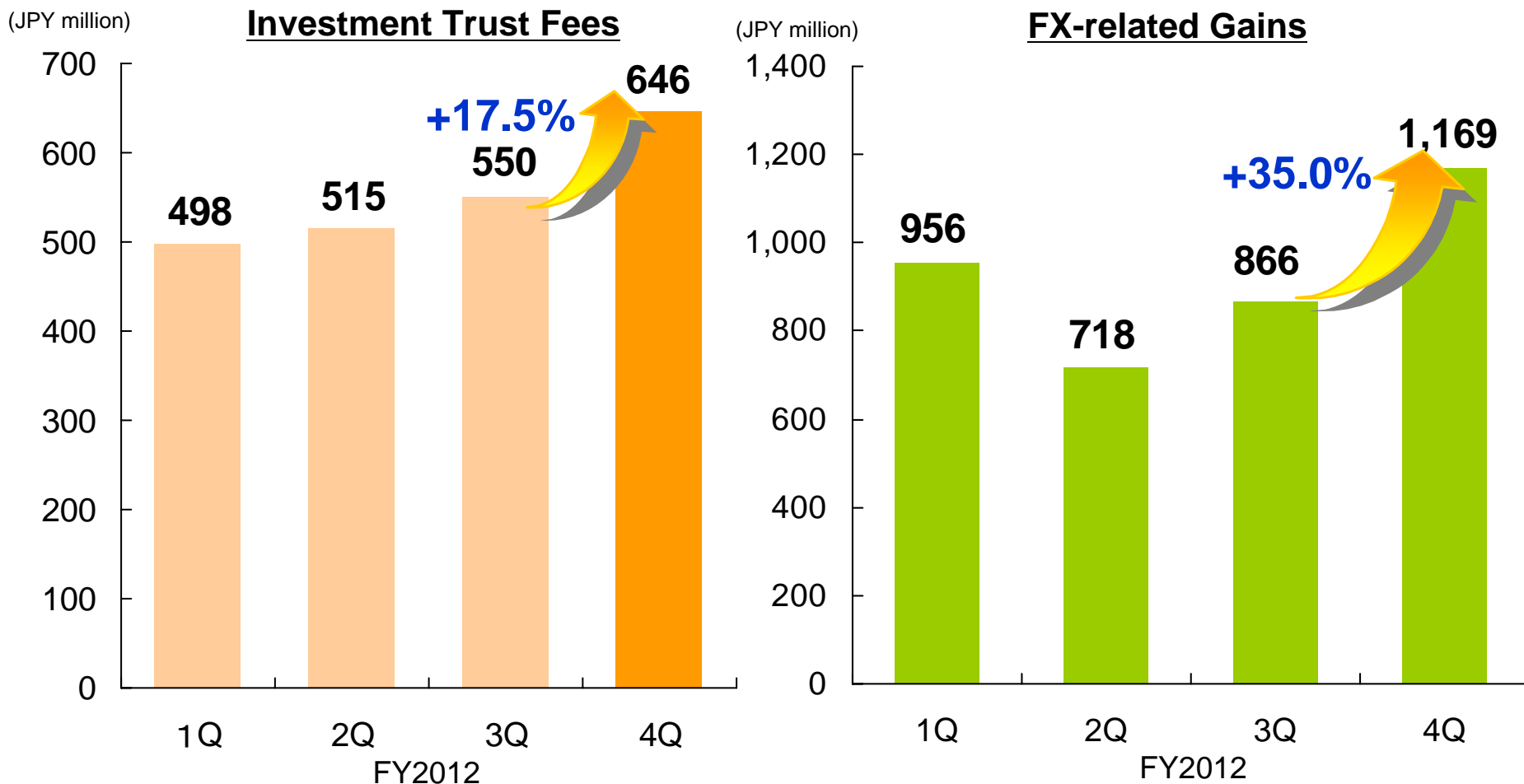
# SBI SECURITIES' Financial Revenue and Open Interest Credit Balance for 4Q (Jan.-Mar.)

~In addition to the improvement of the market environment, regulatory easing of margin trading requirements positively influenced financial revenue by 26.1% QoQ~



## Investment Trust Fees and FX Trading-related Gains in the 4Q (Jan.-Mar.)

Respectively exceeded 3Q (Oct.-Dec.) levels



\* 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.

# Number of IPO Underwriting

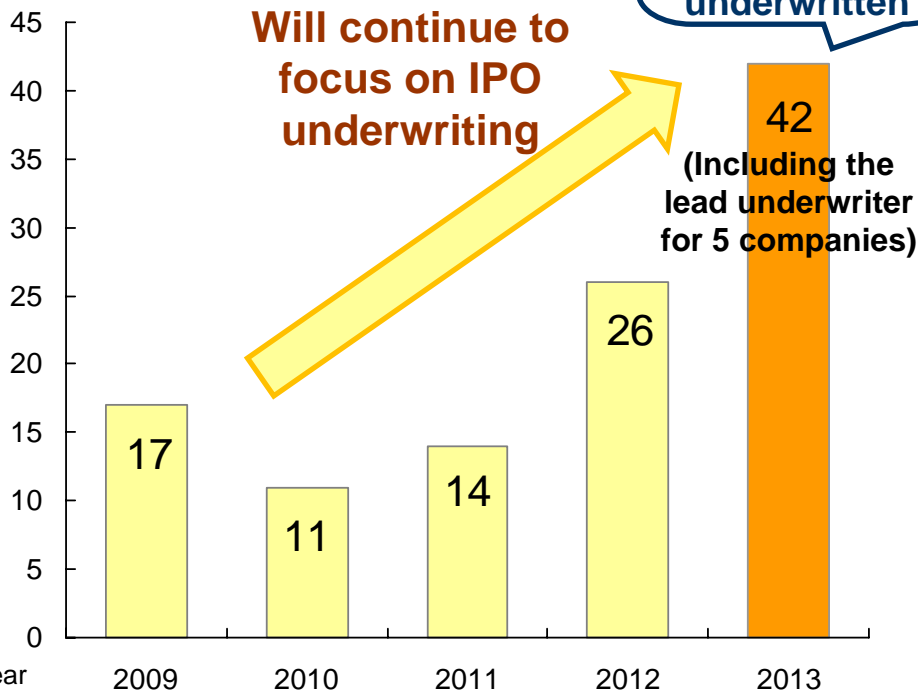
## Industry leader in IPO underwriting for FY2012

### IPO Underwriting

(No. of companies)

**Will continue to focus on IPO underwriting**

During the 4Q (Jan.-Mar.), 11 companies were underwritten



### IPO Underwriting Ranking (FY2012)

54 companies were listed during the period

(Includes 2 companies listed on the TOKYO AIM)

Company name	No. of cases	Underwriting share (%)
<b>SBI</b>	<b>42</b>	<b>77.8</b>
<b>SMBC Nikko</b>	<b>29</b>	<b>53.7</b>
<b>Dawia</b>	<b>28</b>	<b>51.9</b>
<b>Nomura</b>	<b>28</b>	<b>51.9</b>
<b>Mizuho</b>	<b>28</b>	<b>51.9</b>
<b>Mitsubishi UFJ</b>	<b>26</b>	<b>48.1</b>
<b>Ichiyoshi</b>	<b>21</b>	<b>38.9</b>

\*The above IPOs represent issues underwritten in Japan only and do not include additional secondary offerings or overseas issues.

\*The number of underwritten issues represents both lead managed underwritings and syndicate participation.

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

\*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.

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

(JPY million, %)

	Operating Revenue	YoY change (%)	Operating Income	YoY change (%)
<b>SBI</b>	<b>43,401</b>	<b>+9.2</b>	<b>11,478</b>	<b>+52.4</b>
<b>Monex</b> (*1)	<b>37,390</b>	<b>+15.8</b>	<b>2,067</b>	<b>-15.6</b>
<b>Rakuten</b> (*2)	<b>24,548</b>	<b>+18.0</b>	<b>7,064</b>	<b>+73.0</b>
<b>Matsui</b> (non-cons.) (*3)	<b>20,799</b>	<b>+17.5</b>	<b>10,195</b>	<b>+38.5</b>
<b>kabu.com</b> (non-cons.)	<b>13,132</b>	<b>+6.2</b>	<b>3,882</b>	<b>+30.8</b>

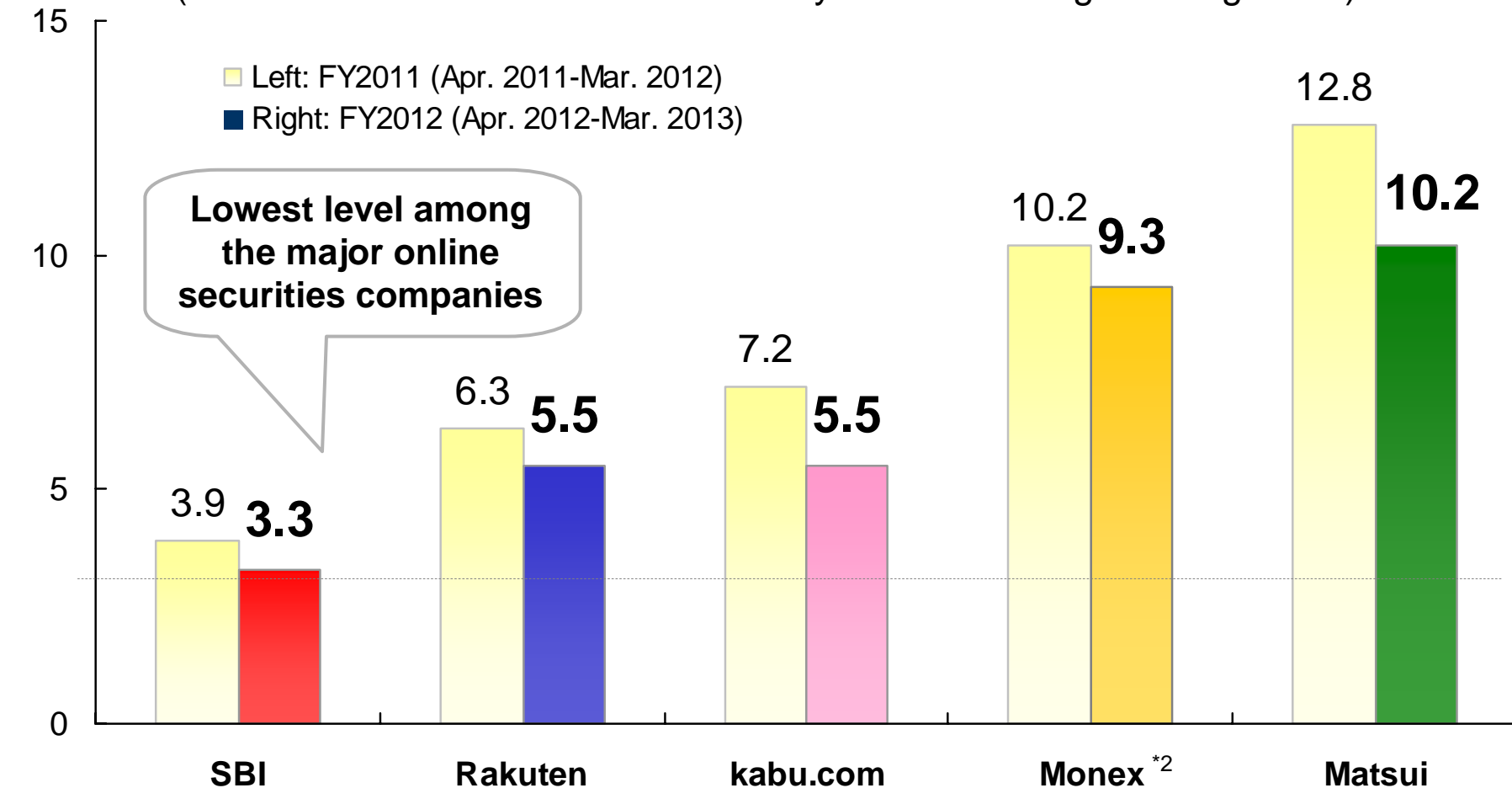
\*1 TradeStation (US) was consolidated from 2Q FY2011. The numbers above are based on J-GAAP announced by Monex, although Monex adopted IFRS from FY2012

\*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.

# Comparison of Basis among the Major Online Securities Companies

(Basis point) (Calculated as commissions divided by stock brokerage trading value)



\*1 Major online securities companies refer to SBI SECURITIES, Rakuten Securities, kabu.com Securities, Monex and Matsui Securities

\*2 Figures of Monex based on commission of Monex, Inc.'s commission figures

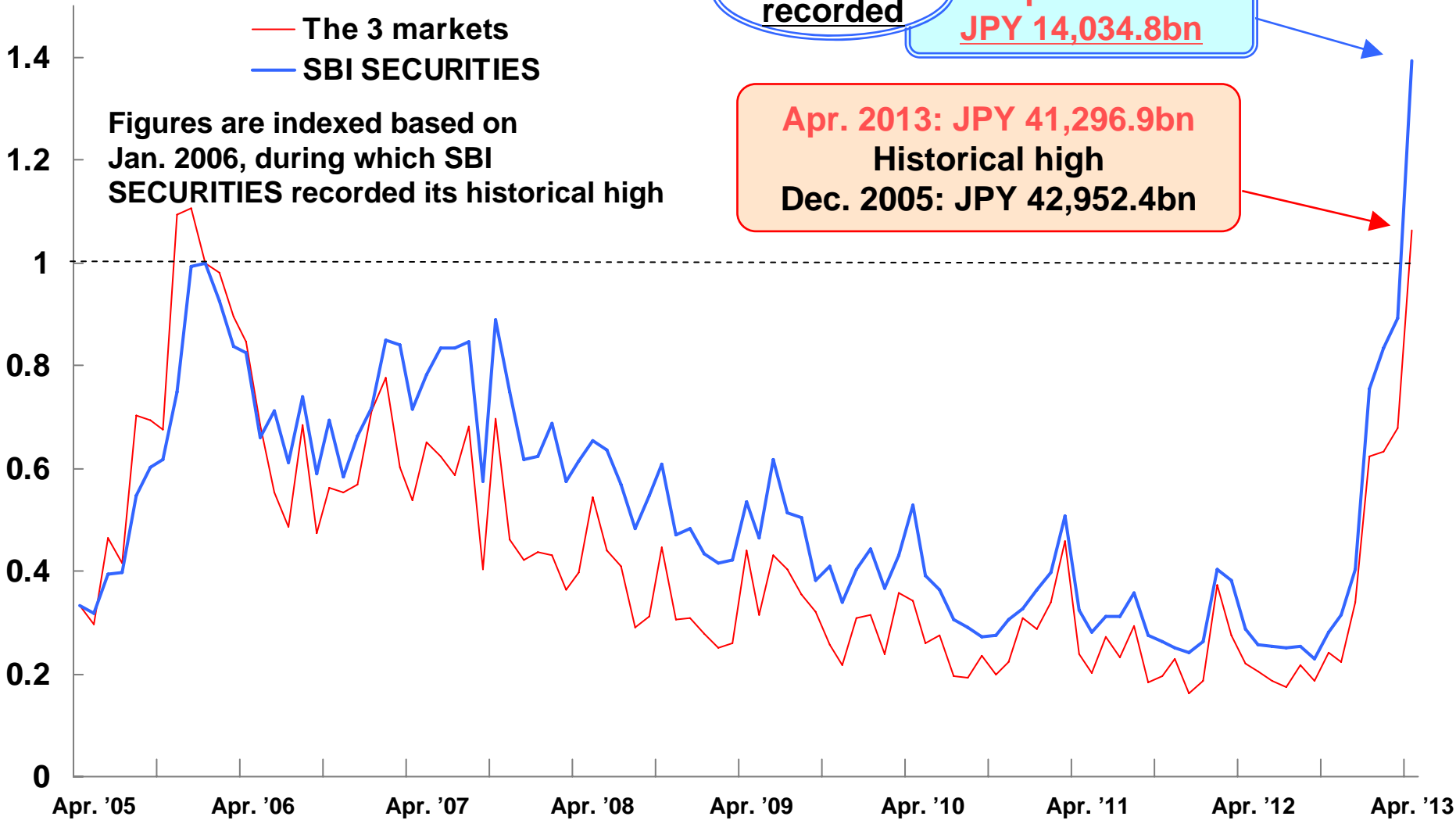
Sources: Compiled by SBIH from financial results announcement materials and monthly disclosure reports of each company

Commissions are from earnings briefings  
Figures for SBI SECURITIES based on the Internet Division only

# Individual Brokerage Trading Value until Apr. for All 3 Stock Markets, Including that of SBI SECURITIES



## Monthly Value Since Apr. 2005



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

## Comparison with FY2005, During Which Time Historical Highs were Recorded for All Revenue Entries (Operating Income, Ordinary income and Net Profit)

### SBI SECURITIES Comparison of net operating revenue (non-consolidated)

(JPY million)		FY2005	FY2012	Amount of change	Rate of change	
	Financial revenue	8,198	10,187	1,988	24.3%	24% up
	Foreign exchange	1,395	3,708	2,313	165.8%	multiplied by 2.6
	Investment trust fee	241	2,327	2,085	861.7%	multiplied by 9.6
	Bonds	1,218	1,886	668	54.8%	55% up
	Subscription commissions	1,510	1,858	347	23.0%	23% up
	Other commission received	983	1,590	607	61.8%	
	Other trading	356	1,135	778	218.4%	Gain from FX was multiplied by 3
	Underwriting commissions	255	297	42	16.6%	
	Other operating revenue	258	74	-184	-71.3%	Increased free information from paid information
	Revenue from non-brokerage commissions	14,418	23,065	8,647	60.0%	60% up
	Commissions	36,922	17,304	-19,618	-53.1%	53% down
	Net operating revenue	51,341	40,370	-10,971	-21.4%	21% down

Annual brokerage value JPY 77,655.8bn [4.8 bp]

Annual brokerage value JPY 50,053.0bn [3.3 bp]

# In an Active Market Environment, the Profit Level at SBI SECURITIES has Completely Changed Since 4Q FY2012~

~Profit levels after Apr. 2013 are expected to exceed that of FY2012~

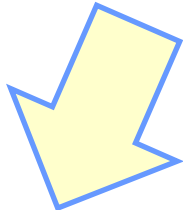
[ Comparison of profit level by month (non-consolidated) ]

(JPY billion)

	2005	2006	2013	
	Dec.	Jan.	Mar.	Apr.*
Operating Revenue	6.2	6.4	5.7	6.5
Operating Income	3.7	3.6	2.4	3.0

Monthly historical high

FY2005 year end also recorded an historical high in consolidated operating income of JPY 30.0bn



Supposing the market conditions of Apr. 2013 were to continue for the full year...

(Single month operating income for Apr.)

**JPY 3.0bn**

**x 12 months =**

(Non-consolidated operating income for full year)

**JPY 36.0bn**

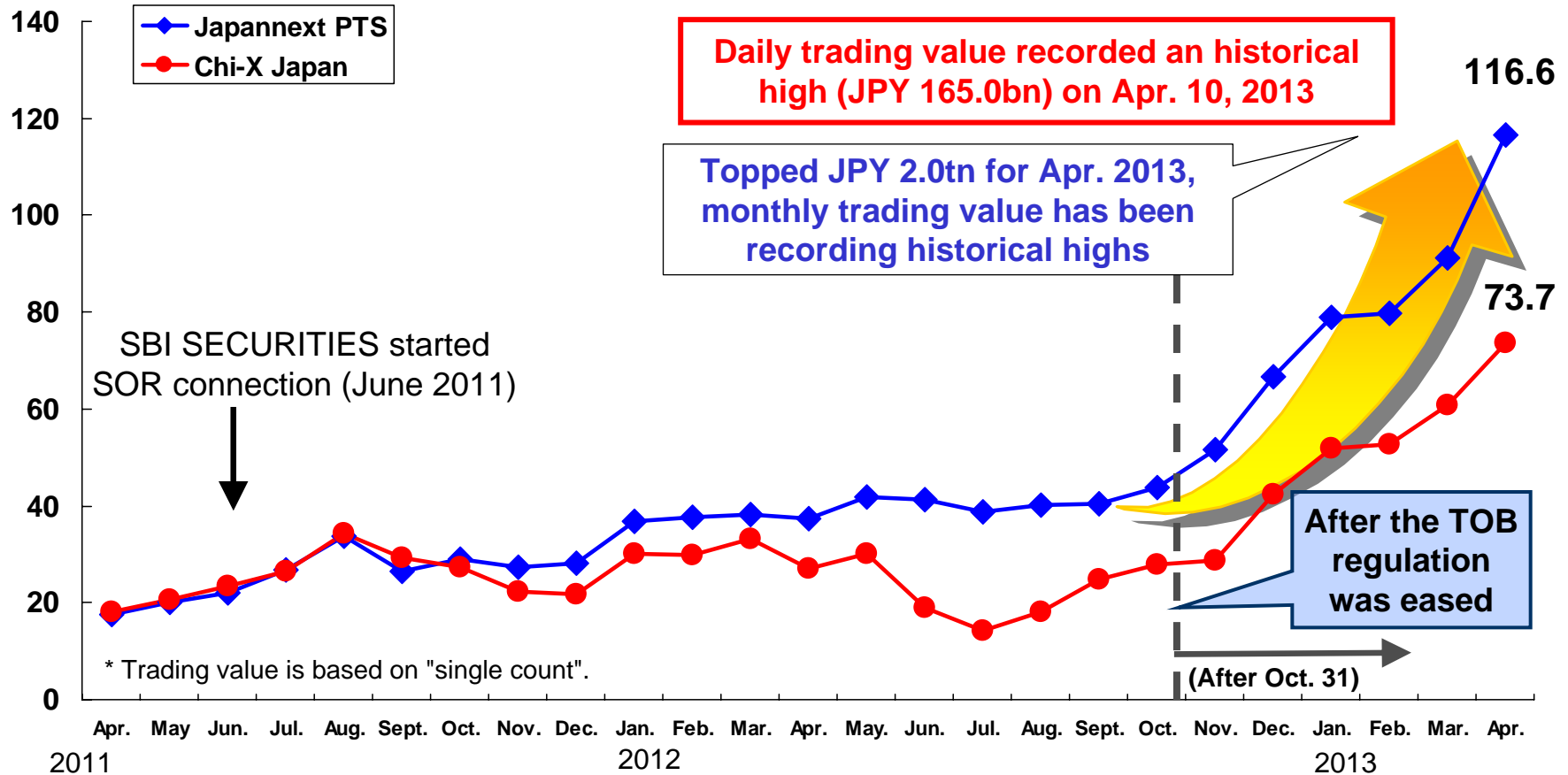
\*Operating revenue and operating income (non-consolidated) for Apr. 2013 is provisional



# Average Daily Trading Value at SBI Japannext PTS Surged

Owing to the Oct. 31st TOB regulatory easing, institutional investor activity heightens. The trading value at Japannext PTS is expected to keep further rising.

(JPY billion)



## TOB (take-over bid) regulation

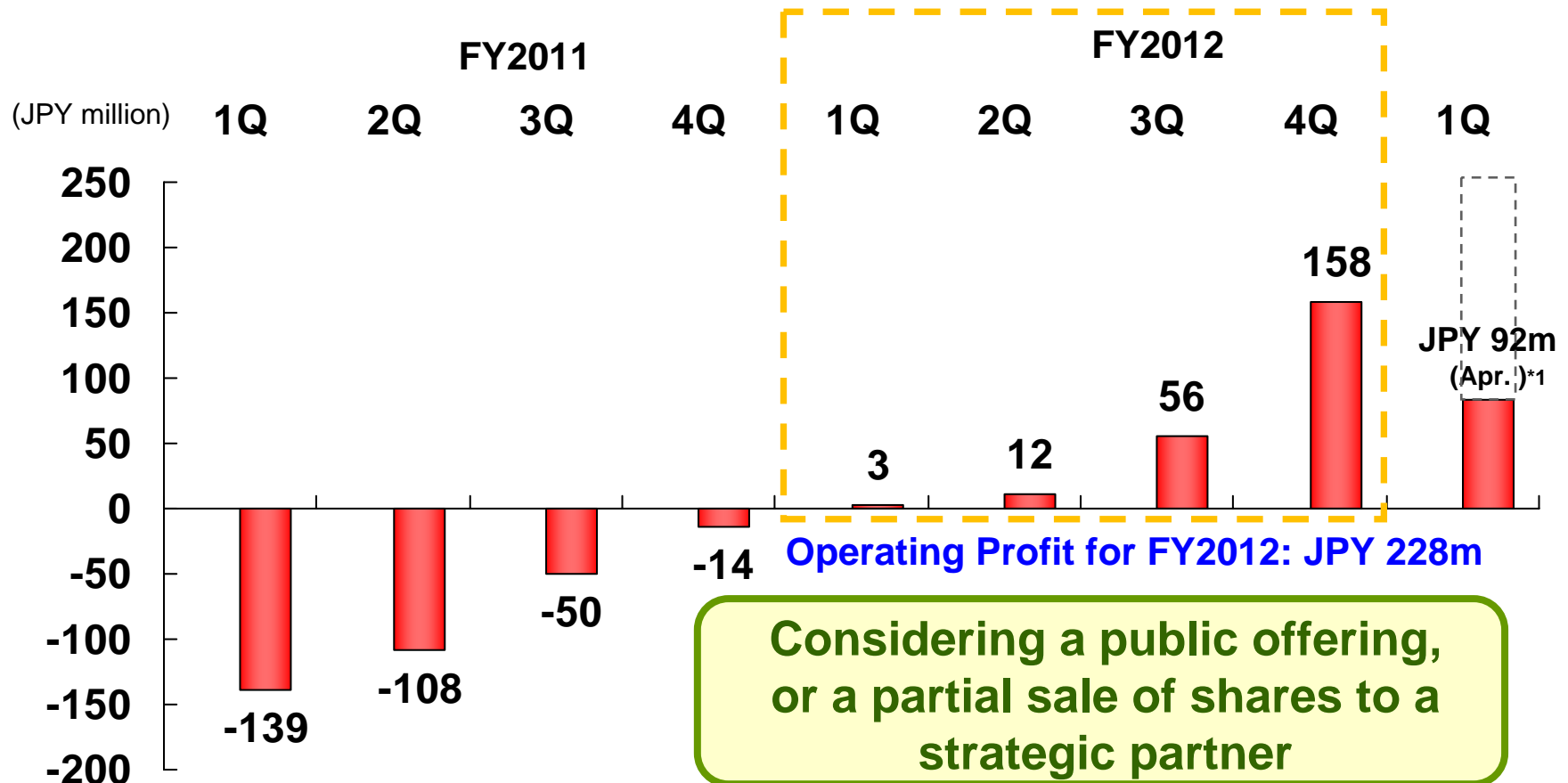
The regulation obliges investors who acquire more than 5% of a company through off-exchange transactions, or for investors who already own more than 5% that decide to increase their holdings, to make a takeover bid. This had hindered large institutional investors from utilizing the PTS.

# Change in SBI Japannext's Financial Results

(Consolidated in Sept. 2012)

**Trading value has been increasing steadily, and since achieving profitability in 1Q FY2012, profits have been increasing at an accelerated pace**

## Quarterly Change in Operating Profit/Loss



\*1 Figures of Apr. 2013 is provisional \*2 Based on J-GAAP

# 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 during FY2012

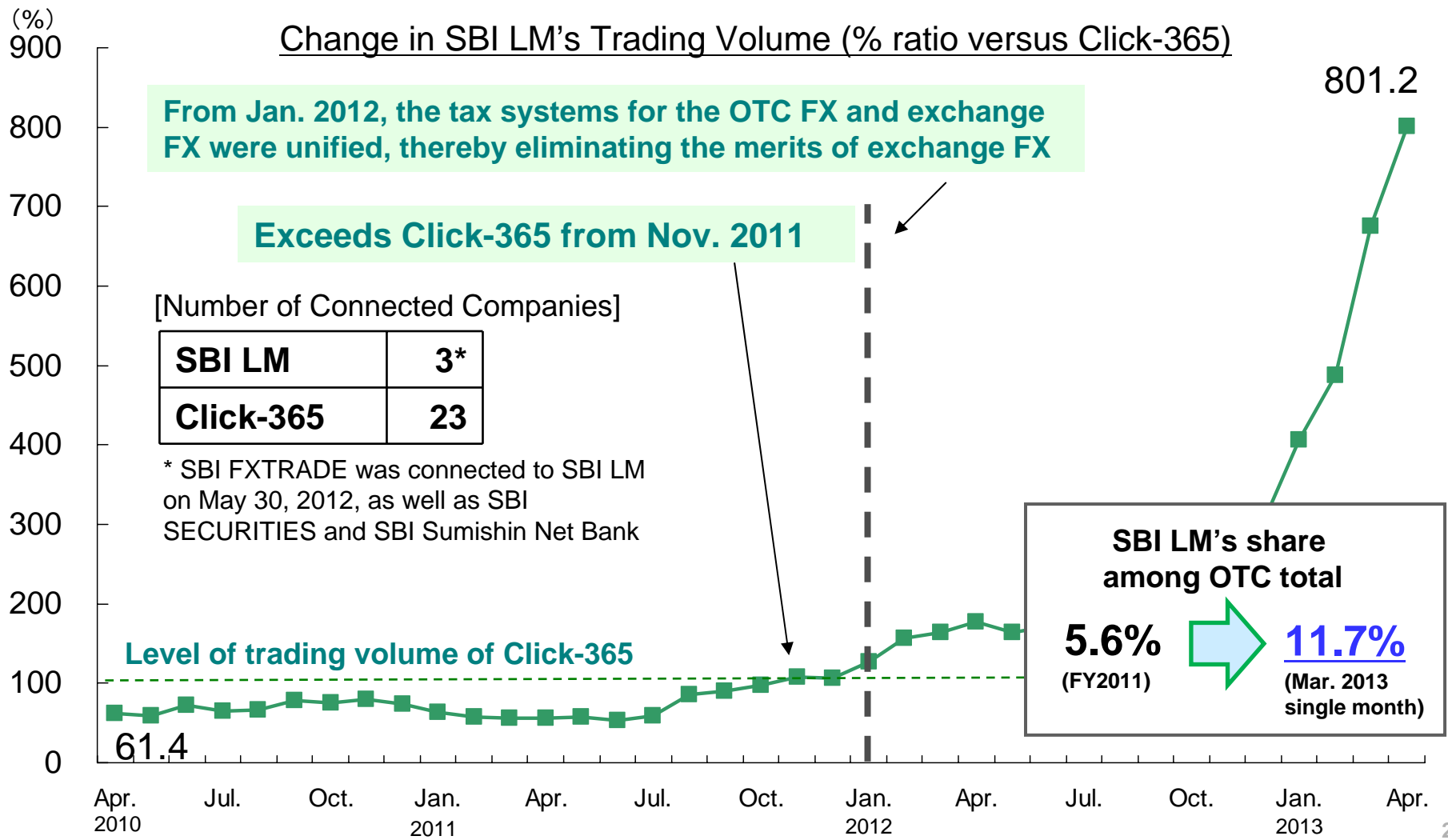
## [Companies expected to participate]

2 foreign companies and a few Japanese companies are expected to participate.

In order to extract maximum leverage from the performance of the world's fastest matching engine, Japannext PTS provides a new communication protocol since mid-Feb. 2013 in order to achieve optimal performance

# 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

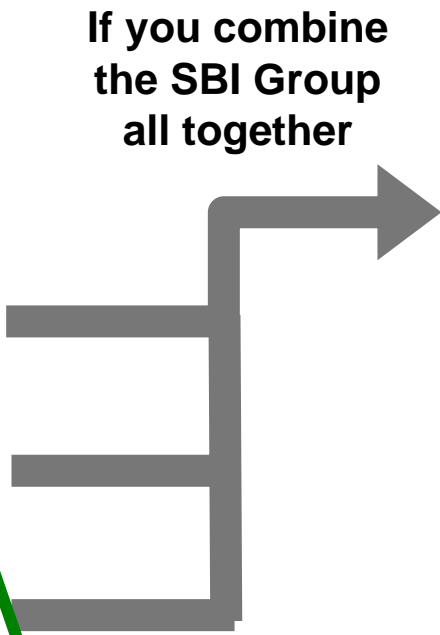


# The SBI Group is Ranked Third in the OTC Market

The SBI Group **ranked third** in terms of trading volume among 50 OTC FX companies (\*compiled by SBI) in Mar. 2013

Monthly Trading Volume of FX transactions (Mar. 2013)

	Company name
No.1	Company A
No.2	Company B
No.3	Company C
No.4	Company D
No.5	<u>SBI FXTRADE</u>
No.6	Company F
No.7	<u>SBI SECURITIES</u>
⋮	⋮
No.20	<u>SBI Sumishin Net Bank</u>
⋮	⋮
No. 50	Company X



Launched on  
May 30, 2012

	Company name
No.1	Company A
No.2	Company B
No.3	<u>SBI Group</u> (SBI Liquidity Market's trading volume)
No.4	Company C
No.5	Company D
No.6	Company E
No.7	Company F
⋮	⋮
⋮	⋮
No.48	Company X

\* Ranking based on transaction currency amount

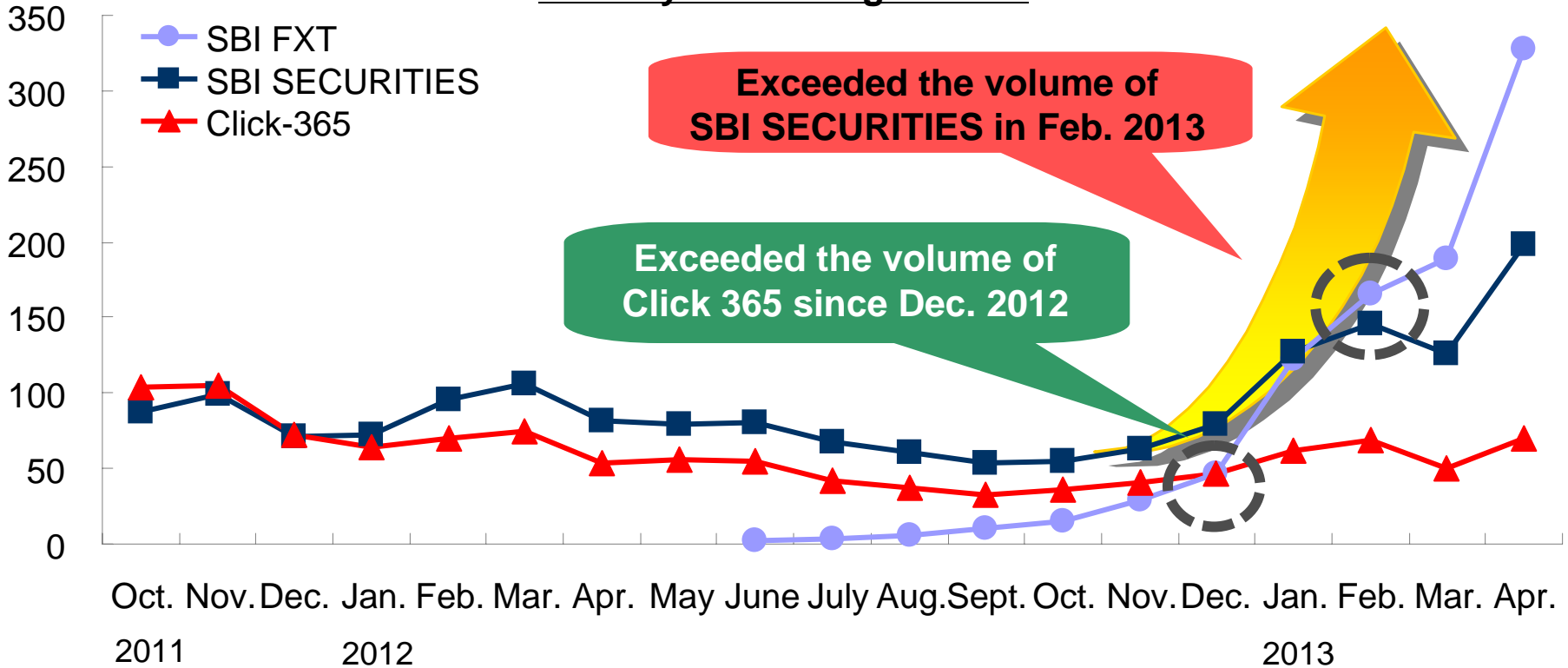
## Narrowing Spreads on All Major Currency Pairs to Provide an Overwhelming Advantage in Trading Capacity

(e.g.: USD/JPY 1-10 thousand currency at unit 0.10 sen (0.001 yen))

SBI FXTRADE's ranking in terms of trading volume among 50 OTC FX companies advances rapidly from No. 19 (Sept.) → No. 15 (Oct.) → No. 11 (Nov./Dec.) → No. 8 (Jan.) → No. 6 (Feb.) → **No. 5** (Mar.)

(billion)

Monthly FX Trading Volume

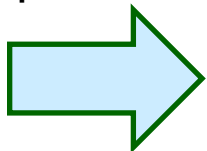


**Awarded 1st Prize in "Oricon Customer Satisfaction Ranking for 2013" of "Beginner Category for FX Transactions," owing to the high praise received for offering customers an improvement in convenience and an enhancement in services.**

# Regulatory Tightening of the FX Industry

## ■ Development of regulation on “binary option”

A binary option is a type of option where investors bet whether or not a certain condition will be met (whether a foreign currency market will go up or down) and receive a return if the option expires in-the-money, while they receive nothing if it expires out-of-the-money. It is a popular product available at some of the major FX brokers.

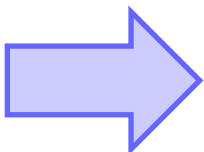


Because the product has an strong element of gambling, it is considered to be a problematic product that could fuel excessive speculation, and the Financial Futures Association of Japan is now working on stipulating a self-imposed regulation.

Until now, SBI FXTRADE had purposely not dealt with binary options, but it is now under consideration given the new regulations.

## ■ Possibility of imposing regulation to “slippage”\* problem

There have been reports of FX brokers that make a profit by deliberately delaying the execution of orders input by investors via computers, using the lag time and executing the transactions at a rate that is unfavorable for investors.



In January 2013, the Financial Services Agency asked the Financial Futures Association of Japan to establish a regulation. Inspections at some FX brokers revealed problematic trading customs, and it is highly likely that a self-imposed regulation will be established just like in the U.S. to penalize fraudulent brokers.

SBI FXTRADE executes transactions at the best rate when investors' orders reach the server.

\*A rate difference that occurs due to the lag between the time when an investor places an order and the time when the order actually reaches the FX broker's server for execution.

## ② SBI Sumishin Net Bank (Equity-method company)

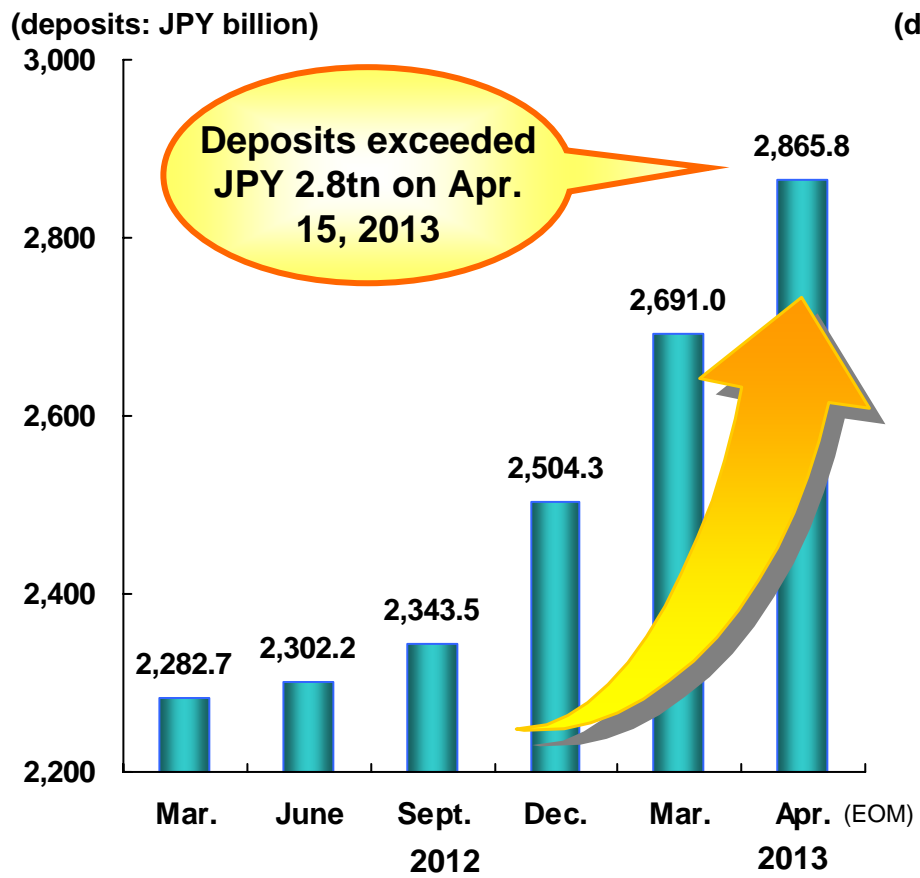
- i) **As of Mar. 31, 2013, the number of accounts was 1.64 million and deposits were JPY 2,691bn. The business base continues to steadily expand, with deposits passing the JPY 2,800bn. milestone on Apr. 15, 2013.**
- ii) **Proceeding with successful diversification of its fund management methods, including housing, personal and auto loans.**
- iii) **SBI Sumishin Net Bank is steadily expanding its operations, and ordinary income appears to have substantially increased in 4Q FY2012.**
- iv) **FY2012 financial results are scheduled to be announced on May 15, 2013**



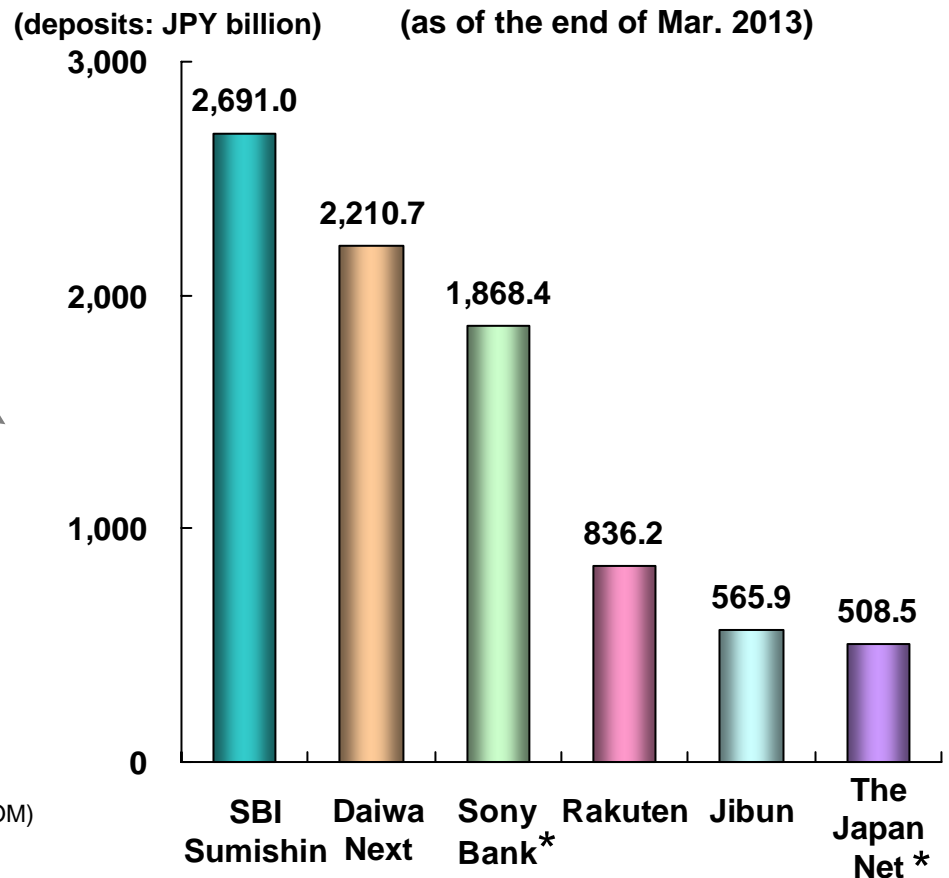
# Deposit Balance Exceeds JPY 2.8tn for the First Time Among Pure-play Internet Banks

Number of accounts: 1,675,624 / Deposits: JPY 2,865.8bn (as of the end of Apr. 2013)

**Change in Deposits in the Last Year**



**Deposits of 6 Internet Banks**



\* As of the end of Dec. 2012

# Deposits Accumulating Steadily

**SBI Sumishin Net Bank is 37<sup>th</sup> 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	* <sub>1</sub>	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	* <sub>1</sub>	5,443.1
14	Chugoku Bank	○	5,315.0
15	Ashikaga Bank	* <sub>1</sub>	4,686.3

Rank	Bank name	Listing	Deposits
16	Iyo Bank	○	4,502.5
17	Senshu Ikeda Bank	* <sub>1</sub>	4,407.7
18	Yamaguchi Bank	* <sub>1</sub>	4,375.5
19	Nanto Bank	○	4,289.9
20	Juroku Bank	○	4,281.1
21	Hokkaido Bank	* <sub>1</sub>	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	* <sub>1</sub>	3,447.0
32	Hyakujushi Bank	○	3,383.7
33	Suruga Bank	○	3,265.0
34	Kinki Osaka Bank	* <sub>1</sub>	3,236.1
35	Kagoshima Bank	○	3,099.9
36	Hokkoku Bank	○	2,964.0
37	<b>SBI Sumishin Net Bank</b>	×	<b>2,865.8</b>
38	Aozora Bank	○	2,727.6
39	Bank of Iwate	○	2,584.9
40	Yamanashi Chuo Bank	○	2,464.3

\*1 Bank Holding Company is listed

▪  
▪  
▪

\* As of the end of Mar. 2012

The number of SBI Sumishin Net Bank is as of the end of Apr. 2013

(Source: Japanese Bankers Association, websites of each company)

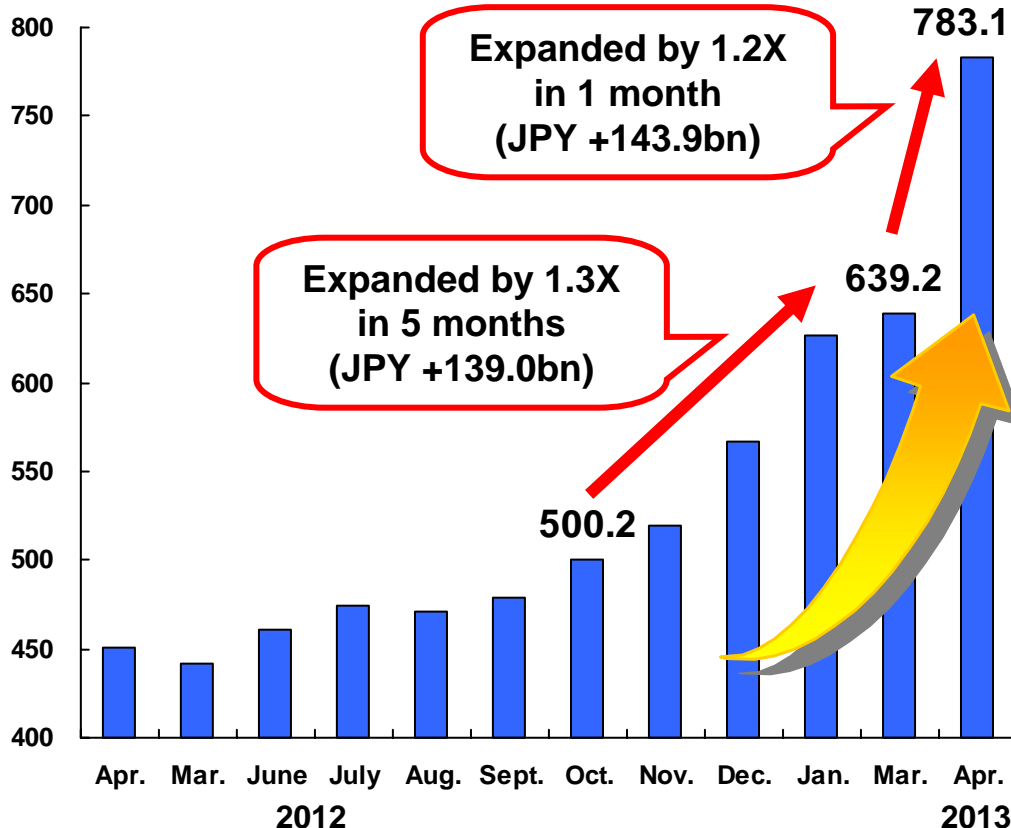
# Synergy with SBI SECURITIES Contributed the Growth of Deposits (SBI Hybrid Deposit)

## 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.

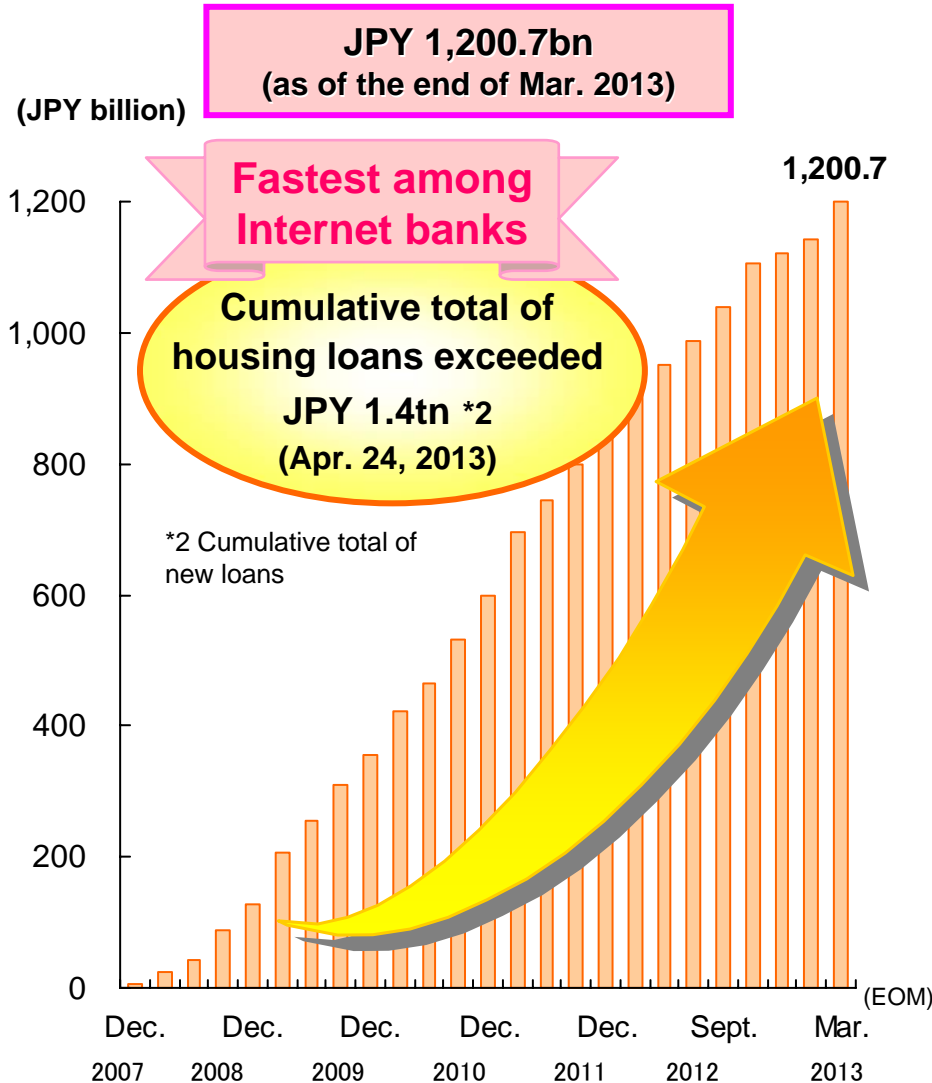
About 35% of new accounts at SBI SECURITIES applies for an account opening at SBI Sumishin Net Bank

- 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 – Mar. 2013)

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



### SBI Sumishin Net Bank's Housing loans business

① Housing loans via SBI Sumishin Net Bank's alliance with real estate companies (from Sept. 2007)

② Banking Agency Business for Sumitomo Mitsui Trust Bank (from Jan. 2012)



**The total number of housing loans for FY2012 (①+②) increased 17% YoY and the commission revenue for the housing loans business also increased by 15% YoY**

# Diversification of Loans ② Personal Loans

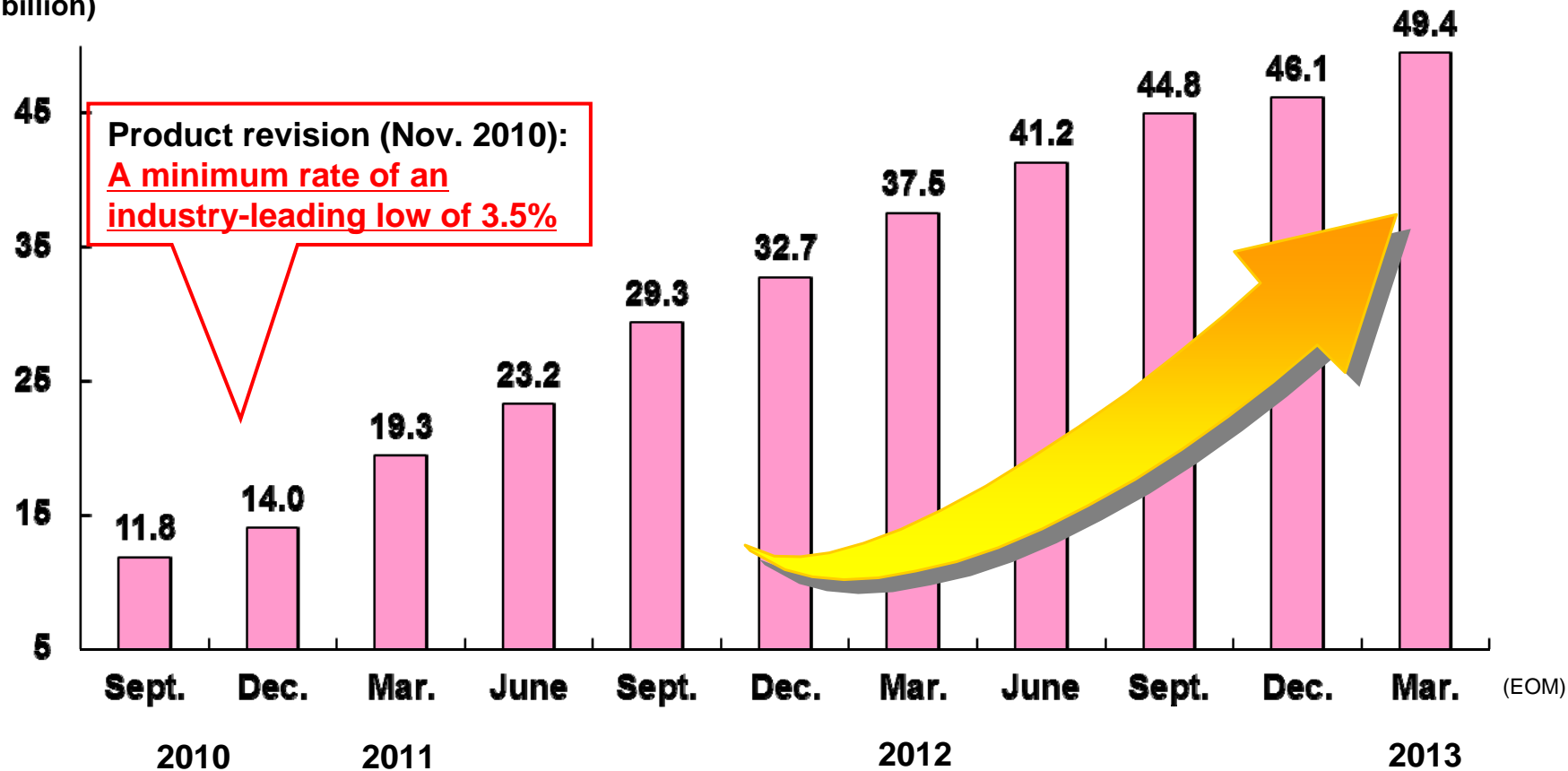
## "Internet Loan" Balance

(Sept. 2010 – Mar. 2013)

**JPY 49.4bn**  
(as of the end of Mar. 2013)

**Expanded by 1.3X in a year**

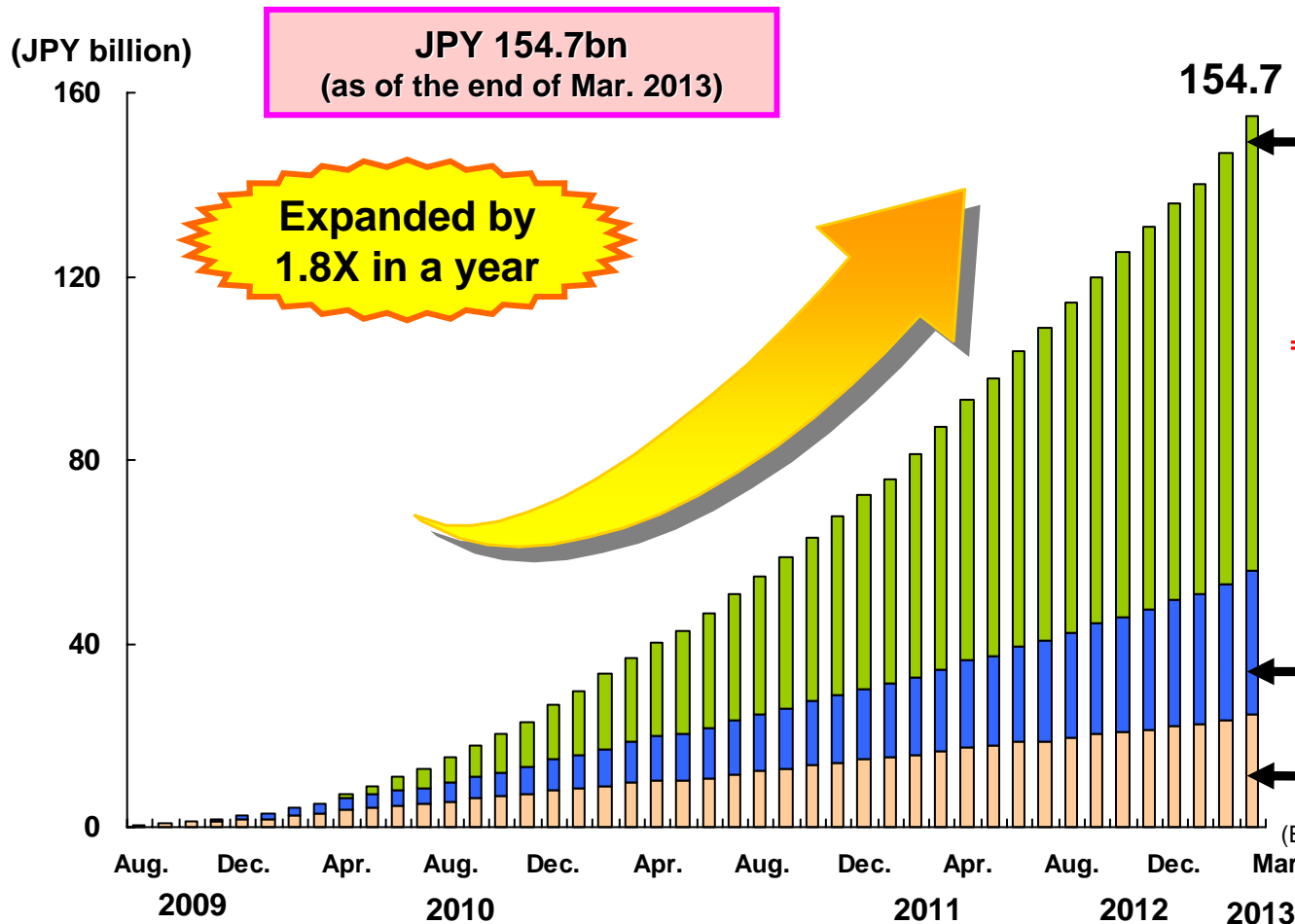
(JPY billion)



# Diversification of Loans ③ Auto Loans

## Cumulative Total of Auto Loans

(Aug. 2009 – Mar. 2013)



Via: \* Figures in parentheses are ratios



**(64.0%)**

Providing auto loans through network of approx. 14,000 participating stores including used car dealers

⇒ Business collaboration continues even after the sale of SBI Holdings' entire shareholding in SBI Credit to an investment fund operated by a Marubeni Corporation subsidiary.



**(20.1%)**

**Others (Credit companies etc.) (15.9%)**

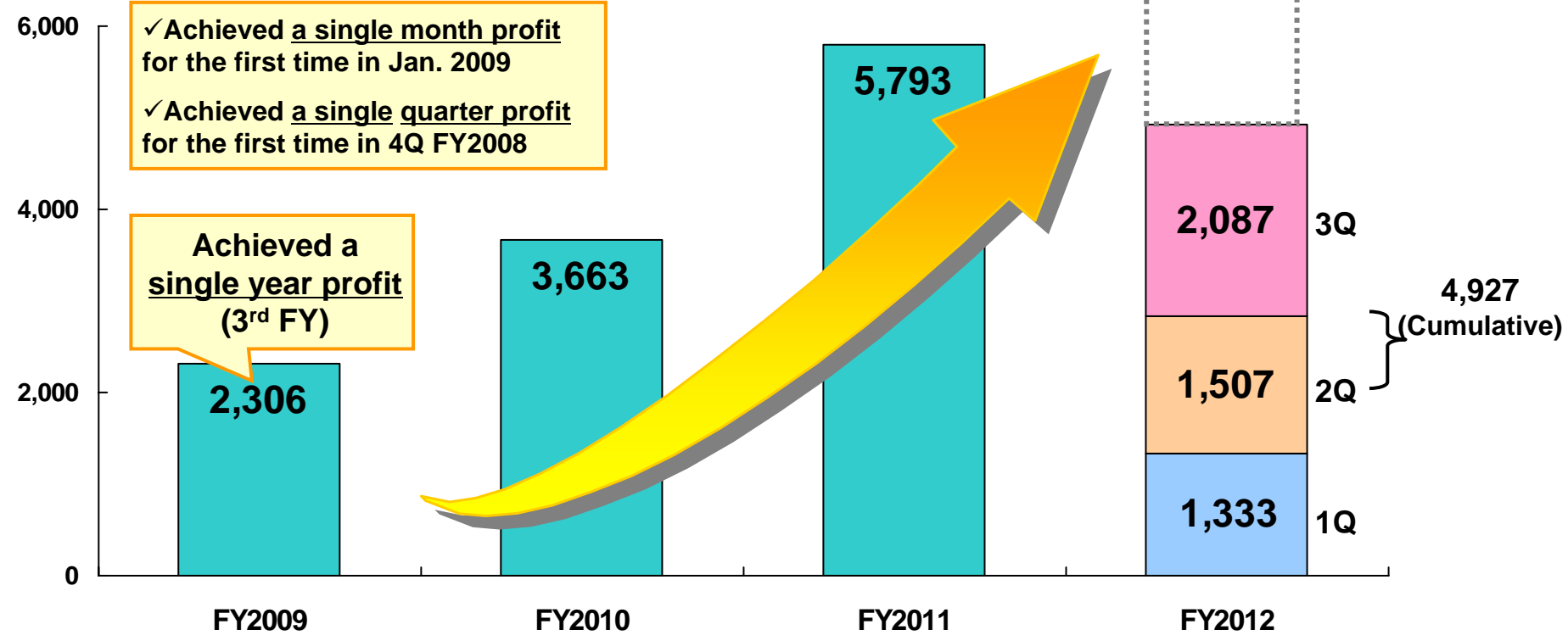
# SBI Sumishin Net Bank Steadily Expands its Ordinary Income

**ordinary income appears to have substantially increased in 4Q FY2012**  
(To be announced on May 15, 2013)

## Change in ordinary income:

\*consolidated since FY2009, based on J-GAAP

(JPY million)



# Financial Results Comparison of Internet Banks (J-GAAP)

## <Financial results for 3Q FY2012>

JPY billion; parenthetic figures are YoY % change

	Date of operation started	Balance of loans	Ordinary revenue		Ordinary income	
<b>SBI Sumishin</b>	<u>Sept. 2007</u>	<u>1,064.8</u>	<u>28.6</u>	<u>(12.5)</u>	<u>4.9</u>	<u>(20.2)</u>
<b>Sony Bank</b>	June 2001	929.8	25.1	(5.5)	2.8	(-0.9)
<b>Rakuten</b>	July 2001	189.5	31.5	(7.5)	7.0	(36.9)
<b>The Japan Net</b> (non-cons.)	Oct. 2000	27.9	13.6	(-3.6)	1.5	(-20.0)

## <Financial results for FY2012>

	Date of operation started	Balance of loans	Ordinary revenue		Ordinary income	
<b>Daiwa Next</b> (non-cons.)	May 2011	89.2	28.5	(214.9)	5.0	(in deficit)
<b>Jibun</b> (non-cons.)	July 2008	64.9	17.1	(139.4)	1.8	(in deficit)

\* Amounts are rounded to the nearest 100 million yen.



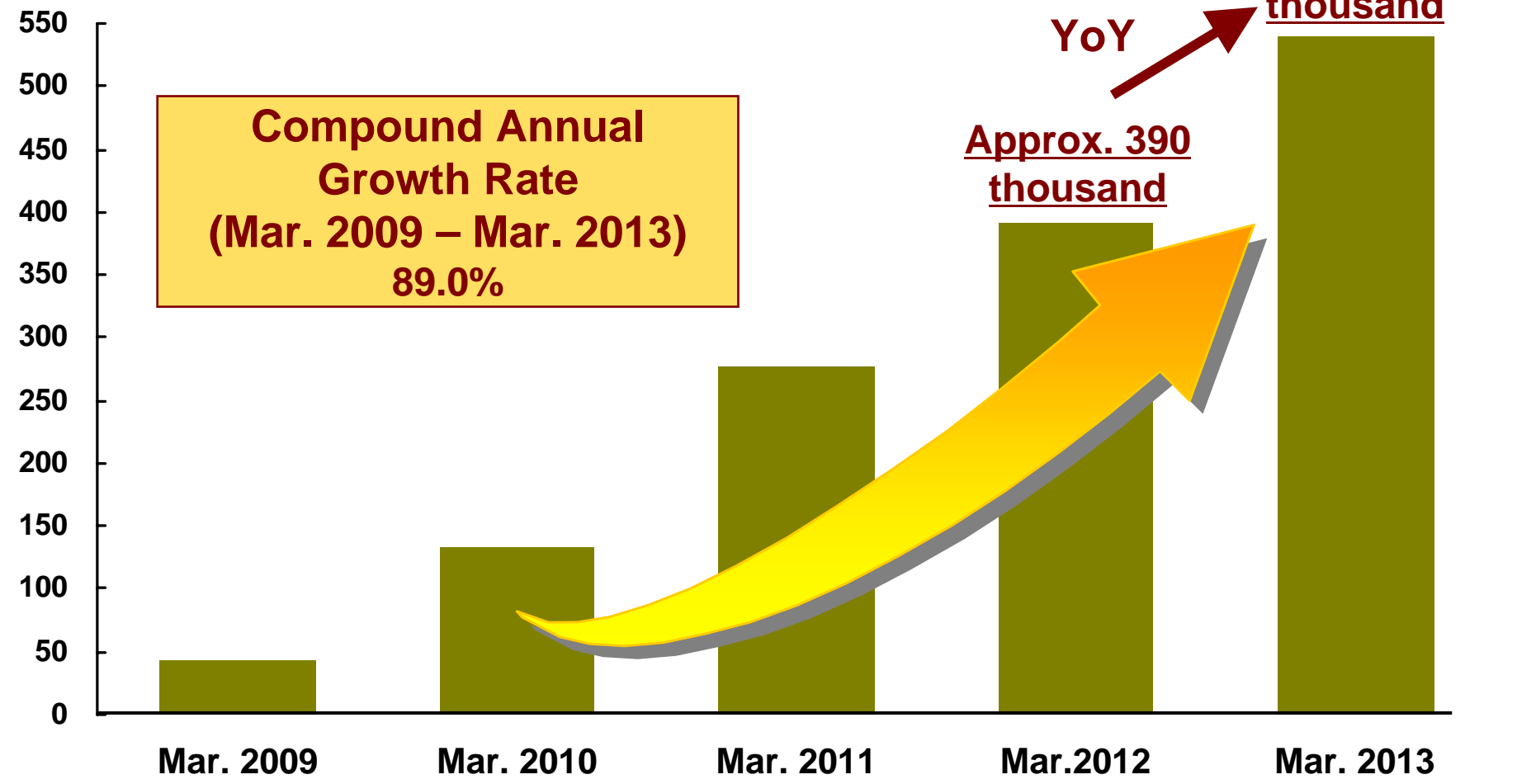
### ③ SBI Insurance

- i) **SBI Insurance's auto insurance business continues to expand with the number of contracts up 37.7% and insurance premiums up 37.3% YoY.**
- ii) **Measures to improve profitability have borne fruit, net loss is improving, and operating cash flow was a positive JPY 0.19bn.**
- iii) **In FY2012, a combined ratio of less than 100% was substantively achieved (when a one-time settlement payment of JPY 0.76bn to former Aioi Insurance is excluded). For FY2013, targeting substantive quarterly profitability on an IFRS consolidated basis.**

# SBI Insurance's Number of Auto Insurance Contracts Totaled Approx. 540,000 Contracts, Growing by 37.7% YoY

## Number of Auto Insurance Contracts (Written Basis\*)

(thousand policies)



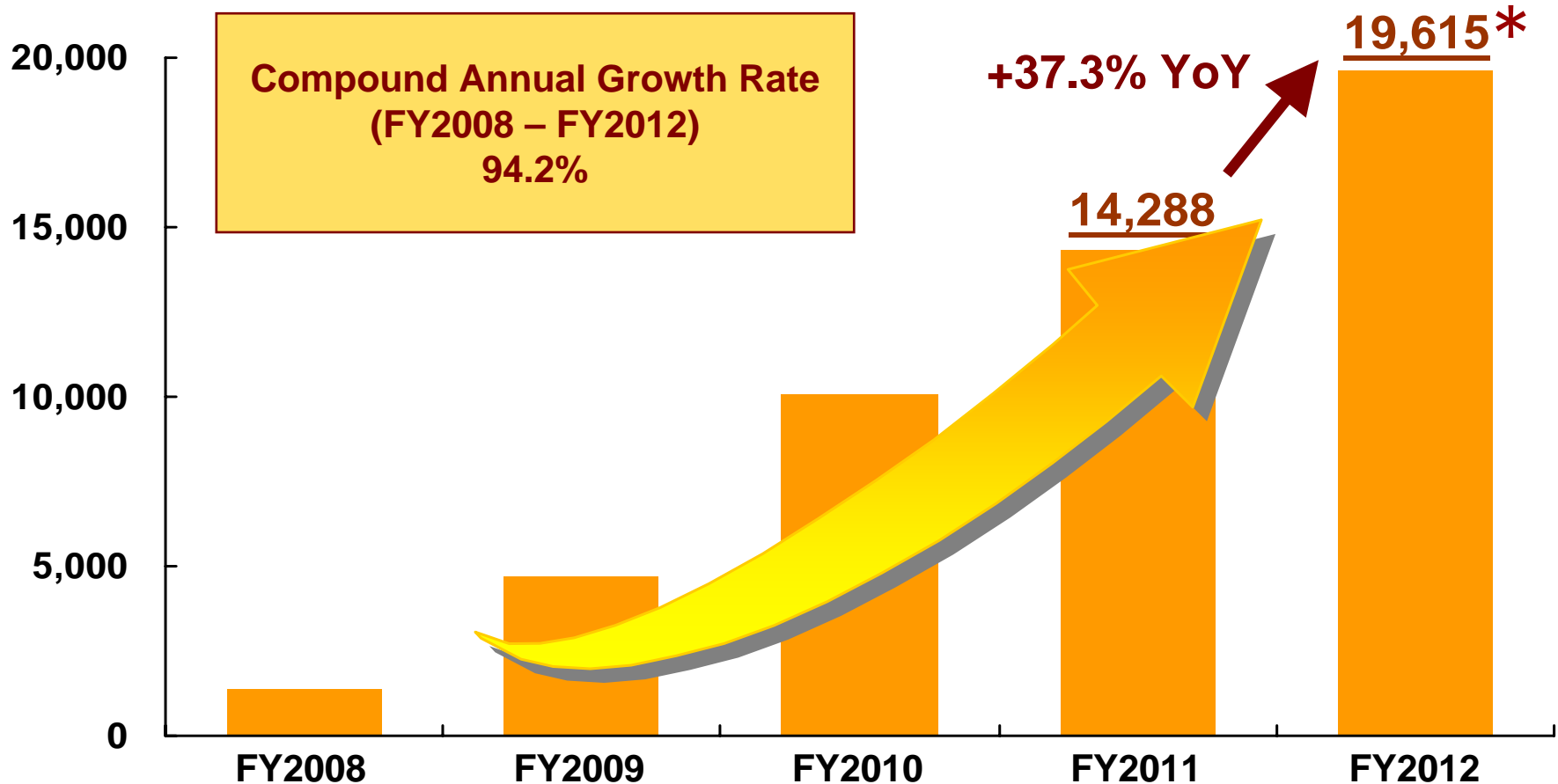
\* Written basis: completion of receipt of insurance premium, excluding continuing contracts, expired continuing contracts and cancelled contracts.

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

The Premium Income for FY2012 was Up 37.3% YoY

## Change in Insurance Premium Income (Written Basis\*)

(JPY million)



\* Written basis: completion of receiving transaction of insurance premiums

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

## [Comparison of Auto Insurance Premium Income]

(JPY million)

	Date of operation 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.

# 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 Insurance (currently, Aioi Nissay Dowa Insurance).**

- SBI Insurance terminated new purchases of reinsurance which was intended for the undertaking of insurance underwriting risk and the reduction of capital burden.
- Terminated the outsourcing agreement, including on the call center, in order to stabilize cost.

## [Phase 2]

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

<Examples of measures >

- Reducing outsourcing costs by in-house handling of inquiries relating to accidents outside of business hours and business days.
- Change of operating hours at call center
- Taking full advantage of the sales counter channel of SBI MONEY PLAZA
- Diversification of product portfolios
- Promoting paperless operations and cutting back on postage by modifying various business forms and ledger sheets
- Cutting down on advertising expenses by improving target marketing skills

# Combined Ratio Improvement

The combined ratio improved significantly, and was substantively below 100% for FY2012.

	Combined ratio	=	Operating expenses ratio	+	Net loss ratio
<b>FY2010</b>	175.9%		82.3%		93.6%
<b>FY2012</b>	103.1%		33.4%		69.8%
<b><u>FY2012 (Adjusted)</u></b>	<b><u>99.2%</u></b>		<b><u>29.4%</u></b>		<b><u>69.8%</u></b>

**When settlement money of JPY 0.76bn concerning reinsurance with Aioi Insurance is excluded**

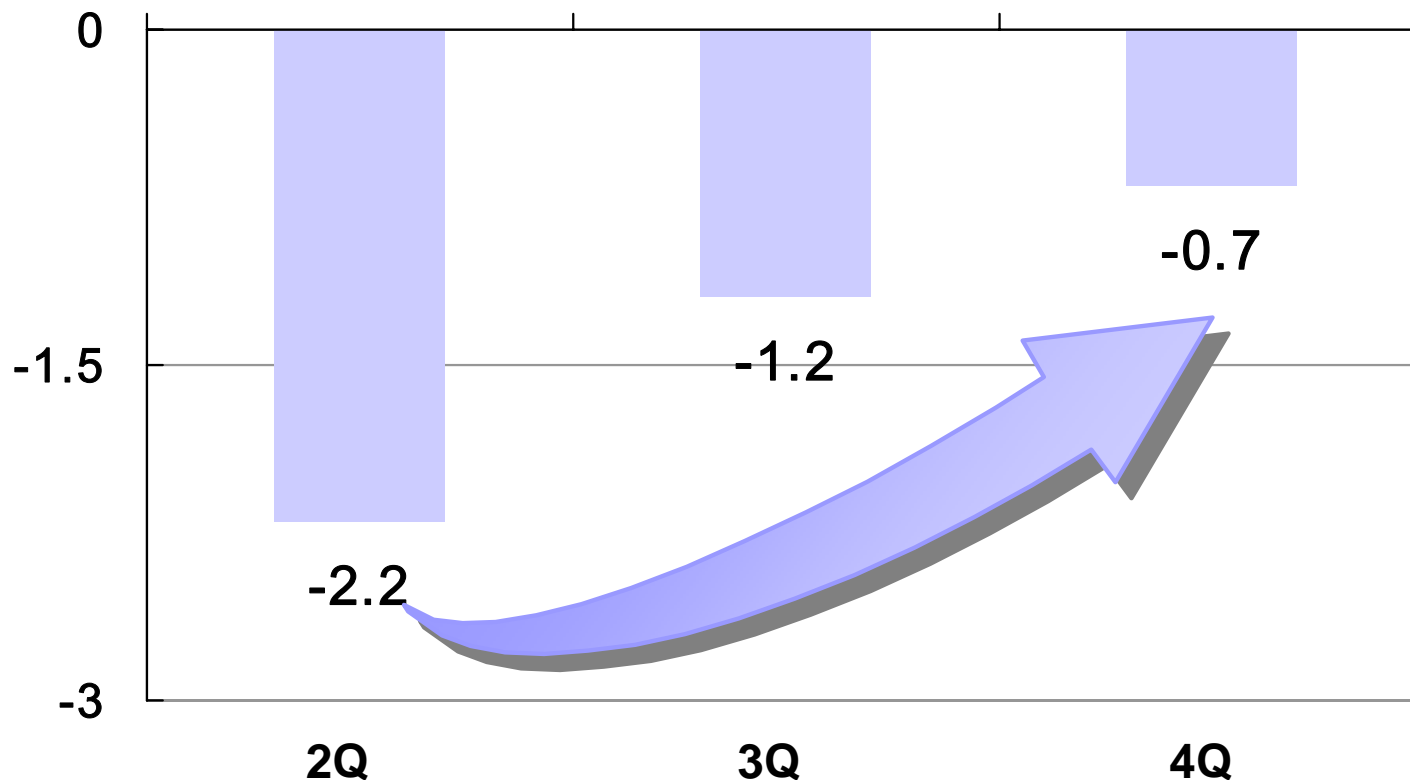
\*Combined ratio: An index reflecting profitability of nonlife insurance companies. The ratio of the sum of insurance premium payment and expense to insurance premium income.

# Business Results Showed Improvement

Net loss is improving after bottoming out in 2Q FY2012, and operating cash flow was a positive JPY 0.19bn

## Premium income and net loss\* (FY2012)

(JPY billion)



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

## ④ SBI MONEY PLAZA

(Launched on June 15, 2012)

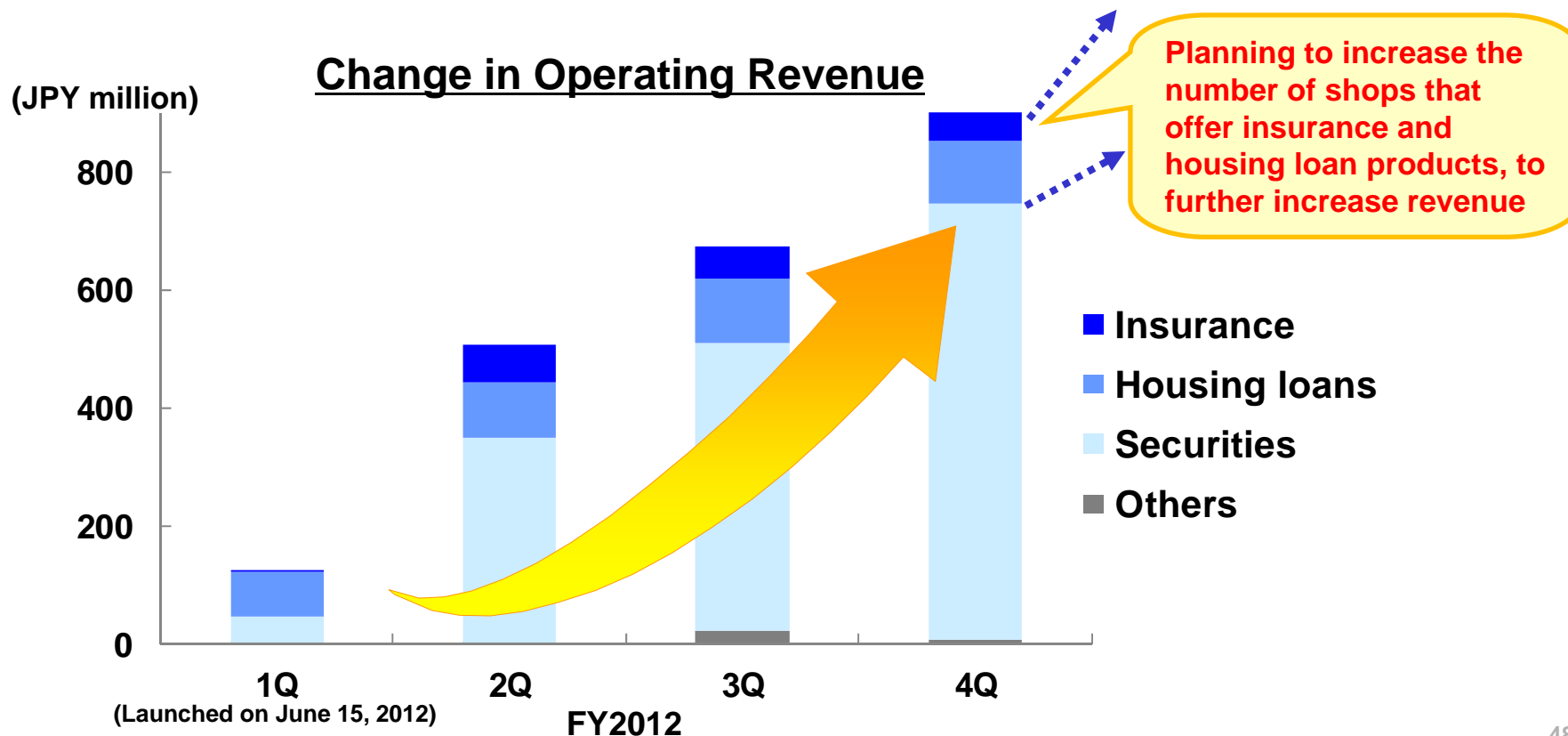
- i) During 4Q FY2012, the securities business revenues increased significantly, with the positive backdrop of the stock market
- ii) The cumulative loss leading up to 2Q was eliminated, and a full year operating income of JPY 36m was recorded, achieving the objective of a full-year operating profitability in the first operating year.
- iii) Targeting minimum operating income of JPY 500m for 1Q FY2013



# Achieved a Full year Operating Profitability in the First Operating Year

(Launched on June 15, 2012)

- During 4Q FY2012, the securities business revenues increased significantly, with the positive backdrop of the stock market. The cumulative loss leading up to 2Q was eliminated, and a full-year operating income of JPY 36m was recorded.
- Endeavor to build a stable earnings structure resistant to fluctuations in business conditions by thoroughly strengthening the insurance business and housing loan business in addition to the securities business, which has been the business base.

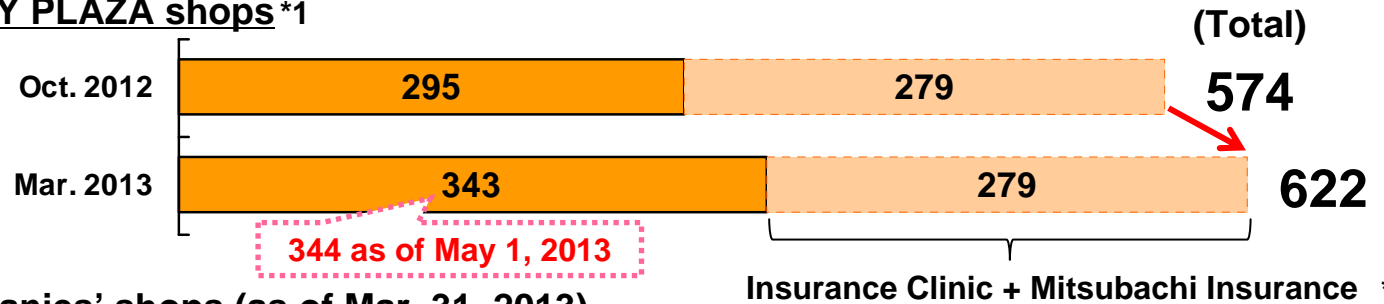


# SBI MONEY PLAZA: Further Expanding SBI MONEY PLAZA Network to Improve Sales Capabilities

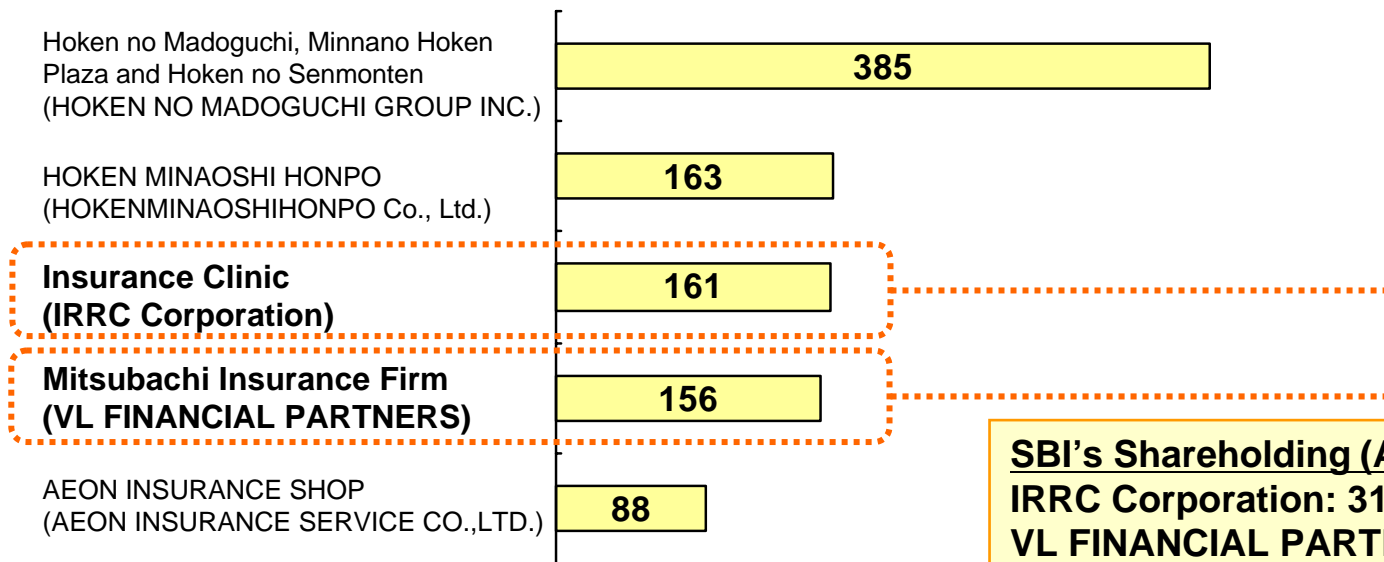


The total number of SBI MONEY PLAZA shops (343 as of Mar. 31, 2013, incl. franchisees) and Insurance Clinic / Mitsubachi Insurance shops by far surpasses that of other companies. Insurance Clinic and Mitsubachi Insurance will carry the SBI MONEY PLAZA brand primarily at directly-managed shops (38 Mitsubachi Insurance shops already did as of Mar. 31, 2013).

## Number of SBI MONEY PLAZA shops \*1



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



**SBI's Shareholding (As of Mar. 31, 2013) \*3**  
 IRRC Corporation: 31.8%  
 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 (38 shops as of Mar. 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.

# [Asset Management Business]

# Asset Management Business FY2012 Financial Results

Along with an steady increase in the corporate values of some of the promising investee companies and an significantly improved market environment, despite a relatively significant devaluation of a portion of the private market securities, the 2H results were significantly better than the 1H, both in terms of operating revenues and profits before income tax.

## [Financial results by half year]

(Based on IFRS, JPY billion)

	1H FY2012 (Apr. 2012-Sept. 2012)	2H FY2012 (Oct. 2012-Mar. 2013)	Full year (Apr. 2012-Mar. 2013)
Operating revenue (Asset Management Business)	13.7	18.5	32.2
Profit before income tax expense (Asset Management Business)	0.5	5.0	5.5

# Performance Analysis by Business Segment

## ~Asset Management Business~



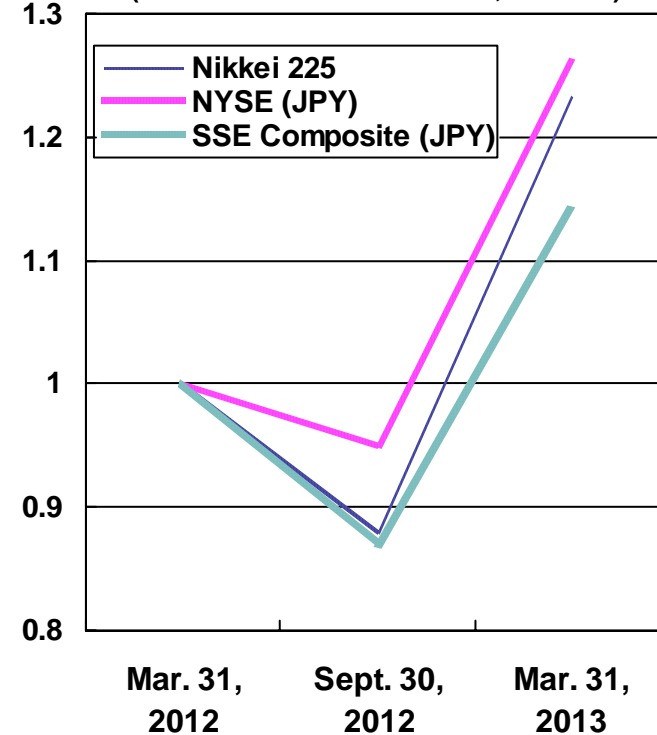
The radical change in the stock market led to a dramatically different business environment from the 1H to the 2H

### [The Stock Market]

	Mar. 31, 2012	Sept. 30, 2012	Mar. 31, 2013	Change (%)	
				Mar. 31, '12 vs. Sept. 30, '12	Sept. 30, '12 vs. Mar. 31, '13
Nikkei 225	10,083.56	8,870.16	12,397.91	-12.0	+39.8
NYSE	8,206.93	8,251.00	9,107.05	+0.5	+10.4
Shanghai SE	2,262.79	2,086.17	2,236.62	-7.8	+7.2

### Change in Major World Stock Indices

(Indexation based on Mar. 31, 2012 = 1)



### [The Exchange Rates Against the Yen] (1 currency unit = yen)

	Mar. 31, 2012	Sept. 30, 2012	Mar. 31, 2013	Change (%)	
				Mar. 31, '12 vs. Sept. 30, '12	Sept. 30, '12 vs. Mar. 31, '13
USD	82.87	77.96	94.22	-5.9	+20.9
EUR	110.56	100.21	120.76	-9.4	+20.5
CNY	13.16	12.41	15.17	-5.7	+22.2

\*Numbers for NYSE and SSE Composite before indexation are based on JPY (Source: Bloomberg)

# IPO and M&A Deals in the Asset Management Business

~Up turn of the stock market allows for coming business environment  
expected to be favorable to exit strategy~

	Up to FY2010	FY2011 Full year	FY2012 Full year	FY2013 Full year prospect
IPO and M&A deals	* <b>141</b>	<b>14</b>	<b>12</b>	* <b>15</b>

\* Includes portfolio companies (FY2009: 3 companies, FY2010: 6 companies, FY2013: 2 companies) of New Horizon Capital, the second fund, in which SBIH investes as a limited partner.

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
Jan. 30	i-Sens Inc.	KOSDAQ (Korea)
Feb. 1	All Japan Solution, INC	M&A
Feb. 1	Support For Business Creation inc.	M&A
Feb. 13	Global Display Co., Ltd.	KOSDAQ (Korea)
Mar. 27	Tama Home Co., Ltd.	TSE 1st Section

# **[Biotechnology-related Business]**

- ① SBI Biotech**
- ② SBI Group's Portfolio Companies**
- ③ SBI Pharmaceuticals**

# SBI Biotech's R&D Progress in the Medical Field

(Shares: 71.6%)

<Planning to go public in 2014 (Lead manager: Mizuho Securities)>

Drug or project code (partners)	Adaptation disease	Current status
GNKG168 (CN Huapu)	B cell chronic lymphocytic leukemia	P1 Clinical Trial
Immuno-cell therapy (US Baylor Research Institute)	Cancers	US: P2 Clinical Trial JPN: Pre-Clinical Trial at Kyoto University Hospital /Preparing for Clinical Trial
Anti-ILT-7 antibody	Autoimmune diseases	Gave development and commercialization rights to the subsidiary of AstraZeneca
Below are the pipelines of Quark Pharmaceuticals, SBI Biotech's subsidiary		
PF-655 (Pfizer Inc.)	Diabetic macular edema (DME) Wet age-related macular degeneration	P2b Clinical Trial
QPI-1002 (Novartis Pharmaceuticals Corp.)	Kidney Transplantation (DGF) Acute Kidney Injury (AKI)	P2a Clinical Trial
QPI-1007	Non-arteritic Anterior Ischemic Optic Neuropathy (NAION)	P2 Clinical Trial

**Absorbed Quark Pharmaceuticals as a wholly-owned subsidiary in Dec. 2012**

**Potential contingency fee (total):  
USD 713m (approx. JPY 67.2bn)**

**Received so far: USD 28.35m**

**Potential contingency fee (total):  
USD 670m (approx. JPY 63.1bn)**

**(Not yet received, but will receive as a part of the fee shortly)**

\*1 Calculated by the exchange rate as of the end of Mar. 2013

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



## Promising Investee Bio-venture Company, Acucela Scheduled for IPO in 2013

(note that Acucela is included in the Asset Management Business)

➤ **(U.S.) Acucela** (Shares: 16.9%)

**IPO Target: within 2013**

**Lead manager: Mitsubishi UFJ Morgan Stanley Securities**

### <Acucela's Pipelines>

Drug or project code (partners)	Adaptation disease	Current status
ACU-4429 (Otsuka Pharmaceutical)	Dry Advanced Macular Degeneration (AMD)	P2b/3 Clinical Trial <b>Final trial</b>
Rebamipide (Otsuka Pharmaceutical)	Dry Eye Syndrome	P3 Clinical Trial <b>Final trial</b>
OPA-6566 (Otsuka Pharmaceutical)	Glaucoma	P1/2 Clinical Trial

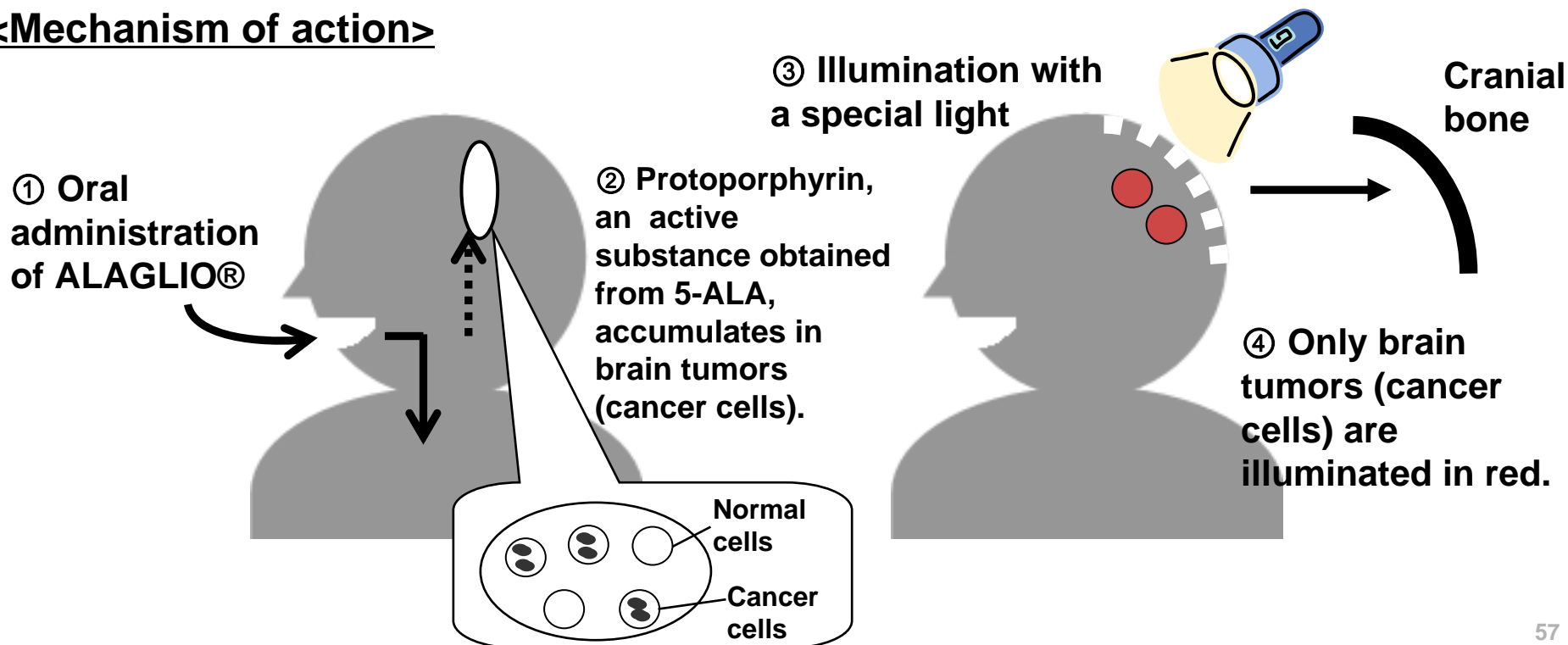
# Obtained Manufacture and Marketing Approval for the First Pharmaceutical Agent Using 5-ALA

## Orally-administered *in vivo* Diagnostic Agent “ALAGLIO®” for Malignant Glioma



### Japan’s First Orally-administered Fluorescence Diagnostic Agent for Use in the Surgical Resection of Brain Tumors

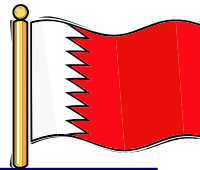
Although the current standard treatment for malignant glioma in Japan is an excision of the tumor site through microscopically-controlled surgery, in clinical trials in Japan for this diagnostic agent, the efficacy and safety of easily discriminating between brain tumors and normal tissue has been confirmed.

#### <Mechanism of action>



## Other R&D Progress in Medical Field Using 5-ALA

Indications	Progress
<p>Diagnostic agent for cancer treatment: Carcinoma vesicae</p> 	<p>Doctor sponsored investigation has been on going at 5 universities, led by Kochi University since Jan. 2012</p> <p>➔ <b><u>Phase III Clinical testing completed at the end of 2012</u></b></p> <p>➔ Will endeavor to be approved by late 2014</p>
<p>A drug to treat cancer chemotherapy-induced anemia</p> 	<ul style="list-style-type: none"> <li>• Starting phase I clinical trial in the UK from Dec. 2012</li> </ul> <div style="border: 1px solid orange; border-radius: 15px; padding: 10px; margin: 10px 0;"> <p>German business partner in the 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 <b><u>5-aminolevulinic acid hydrochloride is already recognized as a pharmaceutical ingredient in Europe.</u></b></p> <p>➔ 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.</p> </div> <ul style="list-style-type: none"> <li>• Planned start in the US beginning with a phase II trial same time as start of a phase II clinical trial in the UK, following the conclusion of the phase I trial in the UK</li> </ul>



# Steady Development of a Business Structure for 5-ALA in Bahrain is Under Way

Apr. 2012 : Agreement for the Promotion of the 5-ALA Business with Bahrain Government



Mar. 2013: The Crown Prince of Bahrain and top executives of local companies visited Japan, and SBI Pharmaceuticals signed five contracts at a business reception held by the Embassy of Bahrain.

- ① Concluded a basic agreement concerning collaboration in the 5-ALA business, principally in the pharmaceuticals market in Bahrain, with Mumtalakat Holding Company, a government fund in Bahrain  Endeavoring to establish an 5-ALA production base with a view to export to neighboring countries in the Middle East.
- ② Agreement arrived to receive advice and support on local laws and financing from Bahrain Development Bank
- ③ Final agreement arrived to establish a joint venture company concerning local marketing of health foods and cosmetics with Dawani Group Holdings, a major local distributor
- ④ Concluded a basic agreement with Medical University of Bahrain to prepare for the start of multiple clinical research projects (research areas to be decided)  Concerning clinical research, collaborate with multiple university hospitals and research organizations and accelerate local R&D.
- ⑤ Final agreement arrived for joint clinical research related to diabetes with Arabian Gulf University in Bahrain

## **2. Shifting to a More Aggressive Management Style in All Businesses During FY2013**

- (1) Undertakings in the Domestic Financial Services Business**
- (2) Transitioning of the Overseas Businesses Into the Next Growth Stage**
- (3) The 5-ALA Related Businesses Expand Drug Research and Development Network, and Accelerate Its Overseas Development**

# **(1) Undertakings in the Domestic Financial Services Business**

- ① SBI SECURITIES**
- ② SBI Sumishin Net Bank**
- ③ SBI Insurance**
- ④ SBI SSI Holdings**
- ⑤ SBI Mortgage**

## Aggressive Strategies to Deal with the Changing Business Environment (i)

- Customer base increased significantly with the backdrop of an upswing in the stock market

Shift in the number of newly opened accounts since “Abenomics”

	Dec. 2012	Average during Jan.-Apr. 2013
Newly opened accounts	15,768	31,435

+99.4%  
vs Dec. 2012

Increased at a pace of nearly 30,000 accounts per month, which is double that of Dec. 2012

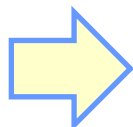
	End of Dec. 2012	End of Mar. 2013
Customers' deposit assets	JPY 5,141.8bn	JPY 6,360.3bn

+23.7%  
vs Dec. 2012

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

An increase in longer-term stock and investment trust holdings is anticipated

SBI SECURITIES started accepting preliminary applications for opening an account from Mar. 29, 2013.



Already acquired over 30% of the targeted number of accounts during the first month of application acceptance

# Aggressive Strategies to Deal with the Changing Business Environment (ii)

## Measures 1

### Enhancement in system performance and call center

Planning systems enhancement(\*) as necessitated by further trading volume increases and customer base expansion

(\*) Measures including server expansion and replacement to expand main system capacity and improve processing performance

## Measures 2

### New product distribution

Strengthening of the group synergies and from Apr. 8, 2013 started the recruitment for the EXE-i series (establishment date: May 13), developed by SBI Asset Management, a subsidiary of Morningstar Japan

<Features>

- Offers an unconventional "form" of an index fund, which invests in multiple overseas ETFs
- The product is suited for long-term and/or reserve investments, in that it realizes low costs by minimizing trust fees and eliminates sales commissions

Engage in sales promotion leveraging the customer base of 2.6 million

**SBI証券**

[ SBI SECURITIES ]

Strengthening the Group's product composition and sales



## Measures 3

### Endeavor to expand the wealthy market

Strengthen cooperation with SBI MONEY PLAZA and enhance corporate sales



# Enhancing and Strengthening the Business Ecosystem Centering on SBI Sumishin Net Bank

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

Enhancing and strengthening the business ecosystem centering on SBI Sumishin Net Bank



Fund management examples:

## Housing Loans

- ✓ Housing loans via SBI Sumishin Net Bank's alliance with real estate companies
- ✓ Developing fee business as a banking agency of Sumitomo Mitsui Trust Bank

Providing two different services to manage increasing housing loans business

## Personal Loans

Deposits



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



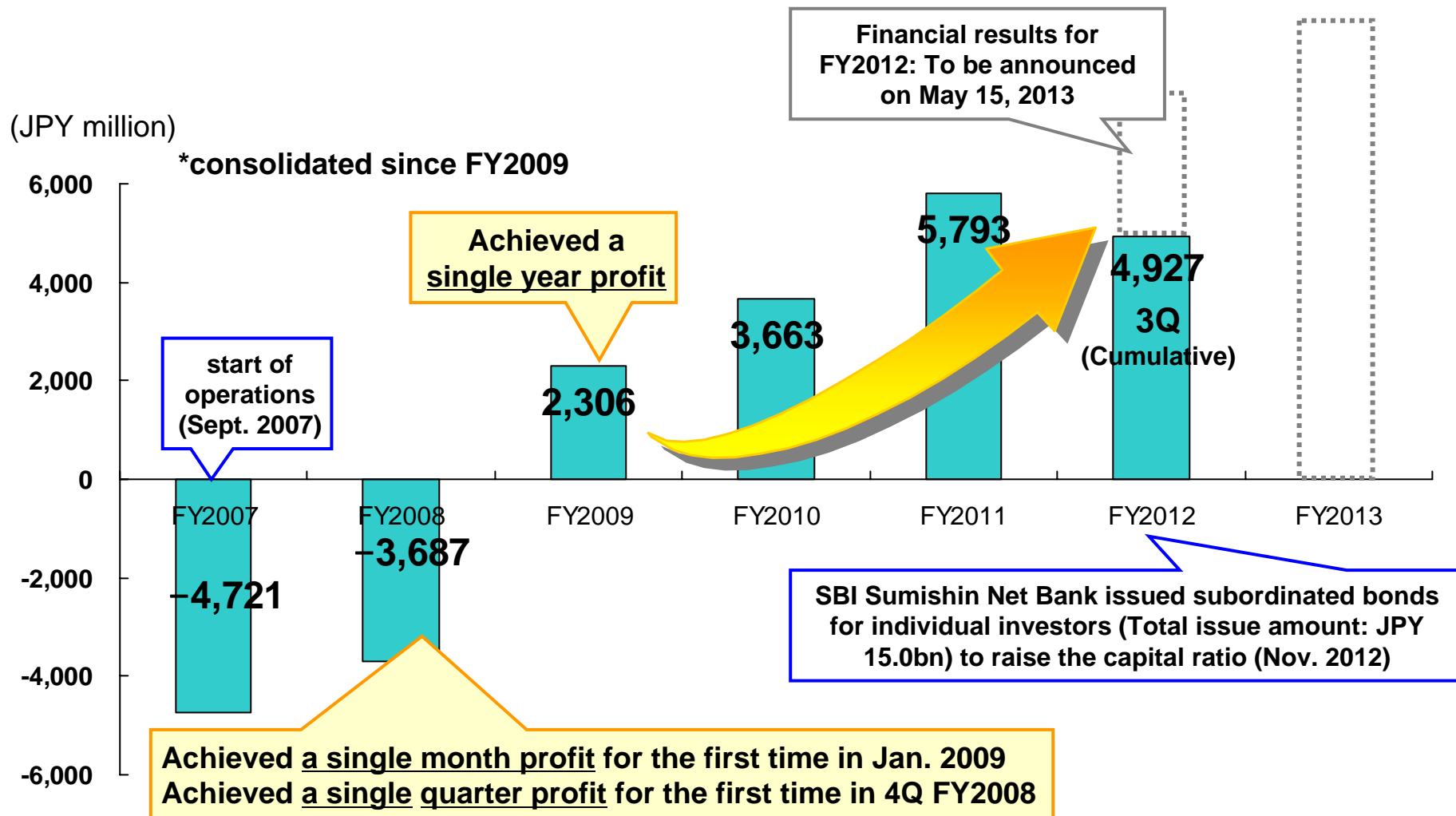
Number of accounts: approx. 1.68 million accounts  
Deposits: approx. JPY 2.9tn  
(As of the end of Apr. 2013)

SBI Holdings sold all shares of SBI Credit to an investment fund operated by a Marubeni Corporation subsidiary. ( Mar. 2013)  
→ SBI Credit's business expansion into non-automobile fields will ultimately contribute to the enhancement of SBI Sumishin Net Bank's asset management

...etc

# Will JPY10bn in Ordinary Income be Achieved in FY2013?

## Change in ordinary income after start of operations (J-GAPP)



## Measures for Further Profitability Improvement

- Implemented measures to achieve further improvements in the loss ratio and a reduction in the expense ratio, resulting in a combined ratio of less than 100% for FY2013
- Targeting substantive quarterly profitability in FY2013 on an IFRS consolidated basis, as well as full-year profitability in FY2015, and an IPO in FY2016.

Accompanying revision of the advisory rate, raise premiums 1% on average while maintaining price competitiveness.  
(from Apr. 1, 2013)

Revision of the auto insurances:  
suspension of the zero-100,000 yen self-payment\* by the person insured at vehicle insurance, and revision of special agreements  
(new contract : from Oct. 2, 2012  
extended contract: from expiry date of Feb. 6, 2013)

At the point of insurance solicitation, further segmenting and tightening filtering function

Taking full advantage of the sales counter channel at SBI MONEY PLAZA

Diversification of product portfolio

\*The zero-100,000 yen self-payment: the payment method that in a case of car accident, there is a 0 deductible for the first time, and 100,000yen for the second time and after.

Implementation of measures to improve service levels is underway, including upgrading and expansion of the damage assessment system.

## 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**

Newly launched special contract for bicycle accident indemnification on Apr. 2013



Taking full advantage of the sales counter channel at 343 nationwide branches (as of the end of Mar. 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

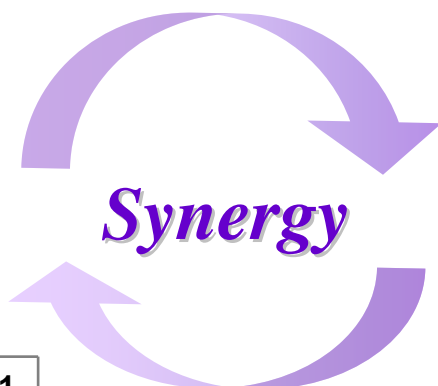
# Acquired All Shares of a Small-amount Short-term Insurance Company, “IKI IKI SEDAI Inc.”

- SBI SSI Holdings (established in Dec. 2012) acquired all shares of IKI IKI SEDAI, which provides both medical and life insurance, making it a consolidated subsidiary to SBIH.
- SBI SSI Holdings will make SBI SSI its subsidiary, and will endeavor to expand the small-amount short-term insurance business.



- Customer segments centered on seniors
- Sales channels, mainly health-related magazines

(JPY million)	FY2010	FY2011
Ordinary revenue	2,669	2,792
Ordinary income	236	384
Net income	157	242



**SBI損保**

**SBI 少額短期保険**

保険の窓口  
インスウェブ

**SBI ALApromo**

**SBI証券**

**SBI マネープラザ**

住信SBIネット銀行

**SBI Sumishin Net Bank**

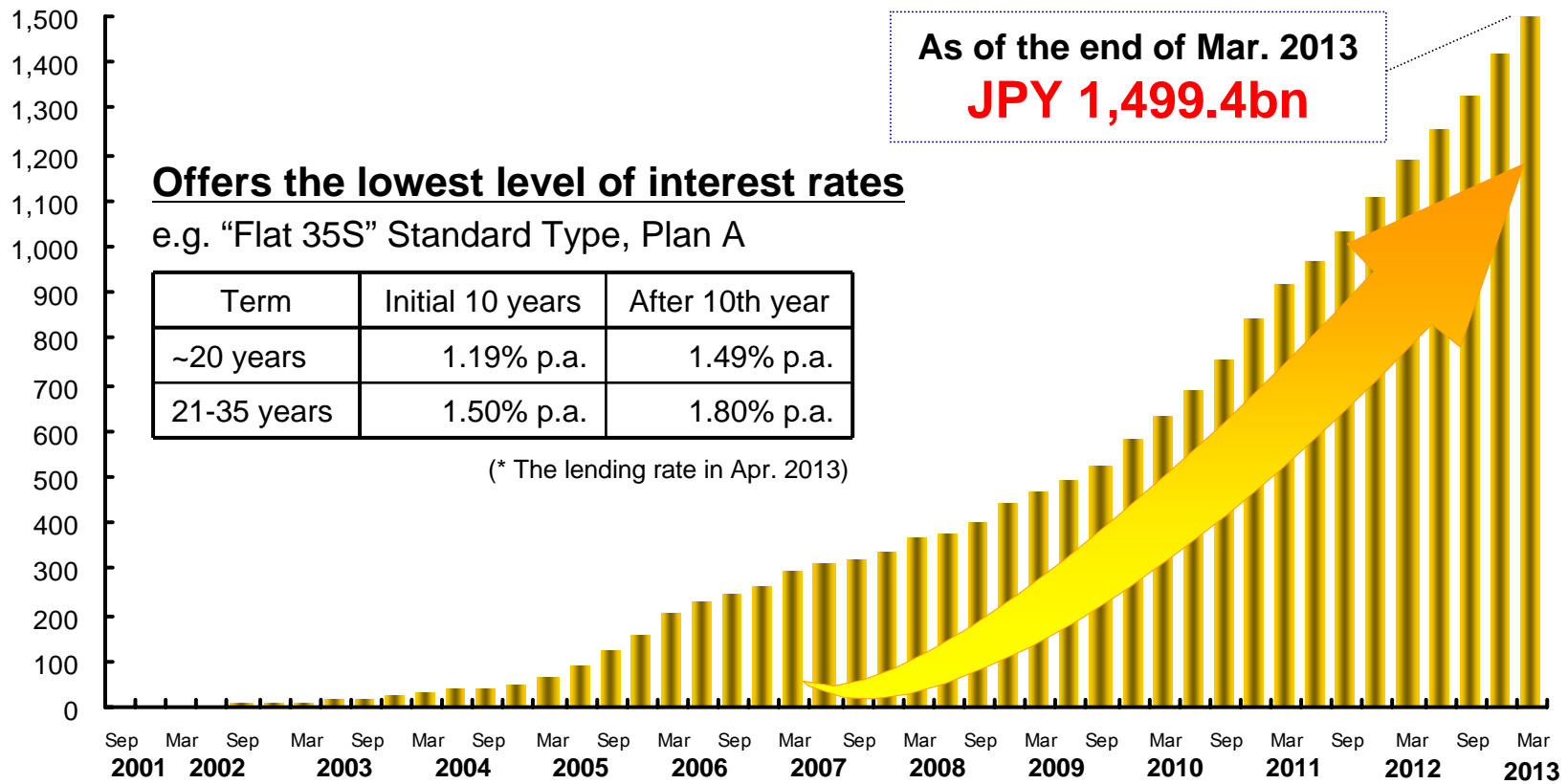
Cross-promotion of products to mutual customers.  
Mutual utilization of sales channels and sales know-how.  
Strengthening of collaboration between insurance companies, efficient use of resources.

In connection with resumption of the life insurance business, acquisition of an existing life insurance company remains under consideration.

# SBI Mortgage's Steadily Increasing Outstanding Loan Balance

## Outstanding Balance of Housing Loans

(JPY billion)



### Offers the lowest level of interest rates

e.g. "Flat 35S" Standard Type, Plan A

Term	Initial 10 years	After 10th year
~20 years	1.19% p.a.	1.49% p.a.
21-35 years	1.50% p.a.	1.80% p.a.

(\* The lending rate in Apr. 2013)

- The amount of housing loans issued in FY2012 **increased by 25.1% YoY**
- SBI Mortgage's "Flat 35" market share of the total number of loans issued in FY 2012 was 21.7%, which was **the largest share among 330 companies offering "Flat 35" for the third consecutive year** (Compiled by SBI Mortgage. "Flat 35" Includes guaranteed loans.)

## Enhancing the Product Line-up to Further Increase Competitiveness

Endeavoring to further develop housing loan demand, through the creation and offering of various other products, in addition to its leading product, "Flat 35"

### "Flat 35"

- Fixed rate
- A 35-year fixed rate housing loan
- Maximum loan limit of 90% of property price

### SBI Flat $\alpha$

- Variable rate
- Maximum loan limit of 100% is possible through combination with Flat 35

### SBI "Flat Tsunagi"

- Fixed rate
- Bridge loan for funds required in the process up to property transfer



Launched in June 2012

### SBI Flat Reform

- Variable rate
- A housing loan targeting the renovation loan market

Launched in Jan. 2013

### SBI Freedom

- Variable/fixed rate
- Specialized for the Internet
- Response on credit check results in one business day shortest



# Domestic Financial Services Business Thoroughly Strengthening the Three Core Businesses (Securities, Banking and Insurance)

## Measure ①

Sell or publicly offer shares of companies that are not expected to generate strong synergies with the three core businesses, with the proceeds to be appropriated to strengthen the three core businesses

## Measure ②

Organizational restructuring to integrally operate closely-related businesses

## Measure ③

Promotion of alliances with companies outside the Group to strengthen the three core businesses

## Measure ④

Developing new businesses that are closely-related to the three core businesses and expected to experience high growth

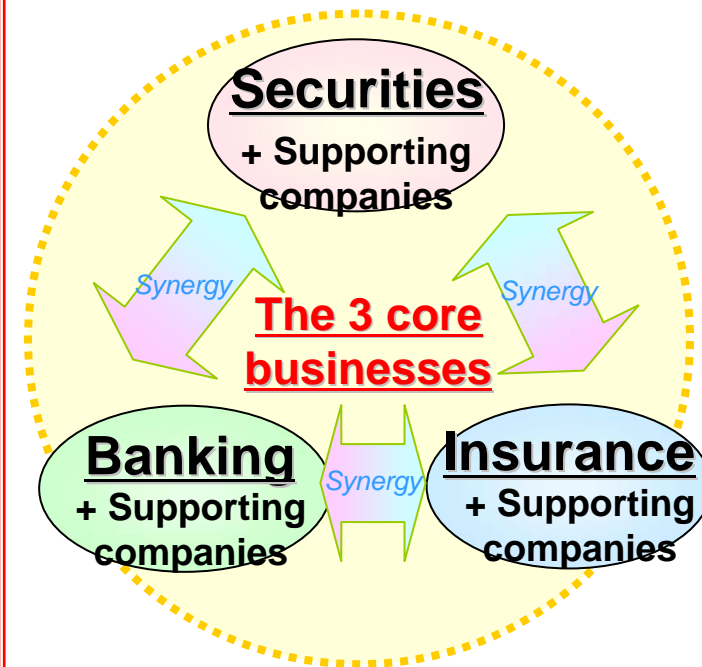
## Measure ⑤

Effectively use Big Data from all the Group companies

## Measure ⑥

Further enrichment of asset management function in the Group as nonlife and life insurance and investment trust business expand

## The SBI Group's Domestic Financial Services Business





## **(2) Transitioning of the Overseas Businesses Into the Next Growth Stage**

# Future Segmentation of Subsidiary Overseas Financial Institutions

Domestic and overseas subsidiaries providing financial services, such as securities, banking and insurance

← Domestic

Overseas →

Business foundation:  
Segment: **Financial Services Business**

**Asset Management Business**

Subsidiaries and assets related to the overseas businesses are managed by the HK subsidiary  
→ Endeavoring to increase corporate value on a mid-to-long term basis

Including the future possibilities of an IPO or M&A in the overseas markets, depending on the status of each country's portfolio companies

**Future segmentation will follow the structure above**

# ① Overseas Investment Business Moves into Phase 2 to Recruit Outside Investors and Grow Funds' Scales

## 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 expected global market recoveries and the subsequent continued uptrend

## ② Further Enhancing the Overseas Financial Services Business



Russia

### Encouraging YAR-BANK (formerly OBIBANK) to launch an online banking service (SBI: 50.0% shareholding)



YAR•BANK  
Bank of the Rising Opportunities

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



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



Indonesia

### Implementing management rationalization of BNI Securities, and improving the Internet trading system in collaboration with SBI SECURITIES



(SBI: 25.0% shareholding)

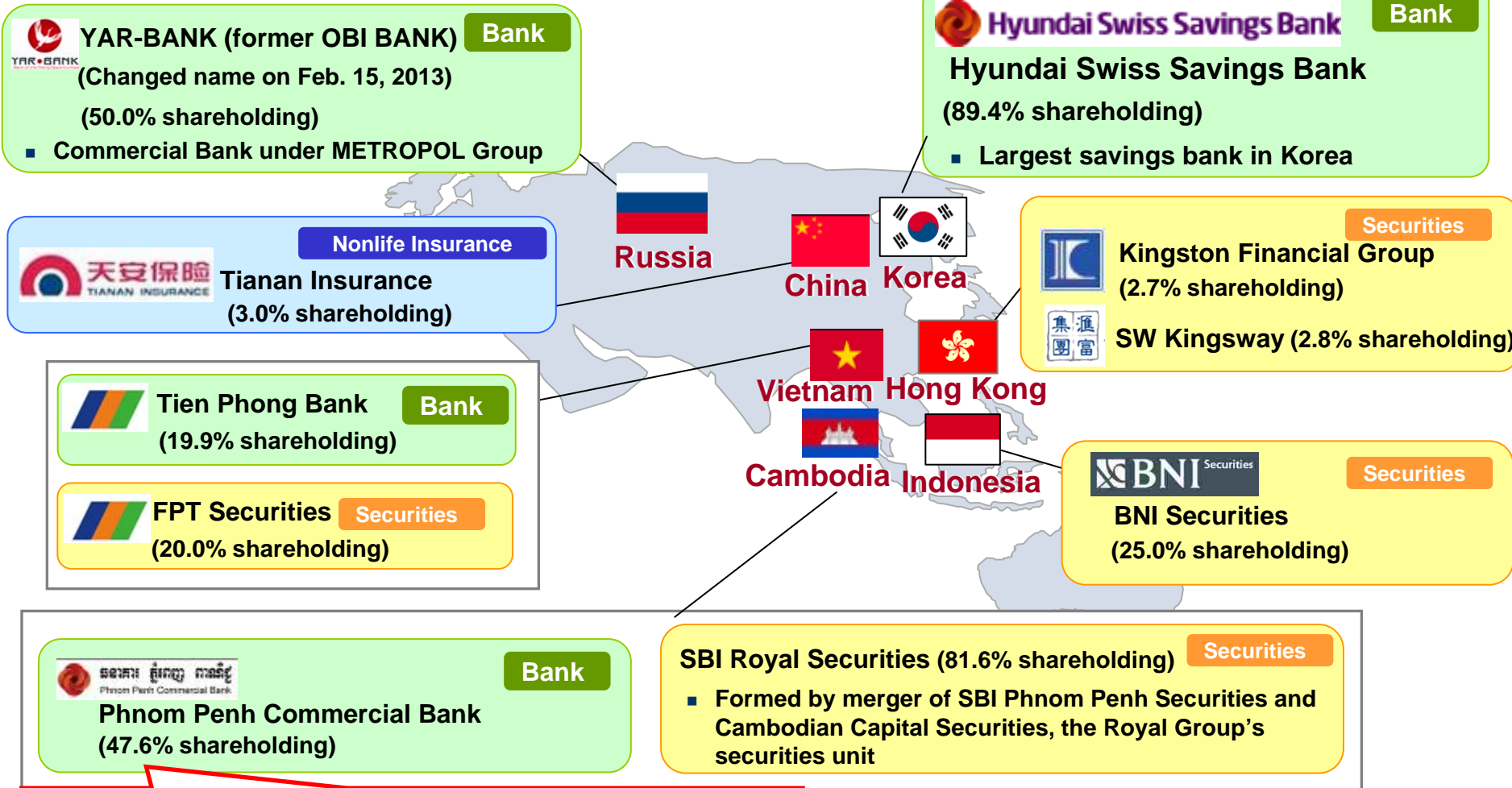
By connecting to BNI Securities, real time transactions of Indonesian stocks have been available at SBI SECURITIES from Apr. 23, 2012



By dispatching individuals with the appropriate experience in Japan to BNI Securities, and in cooperation with the new company, BNI Bank, promoting the development of a rationalized management structure and an Internet trading system.

# Investments in Overseas Financial Institutions, Primarily in Asia

(as of the end of Apr. 2013)



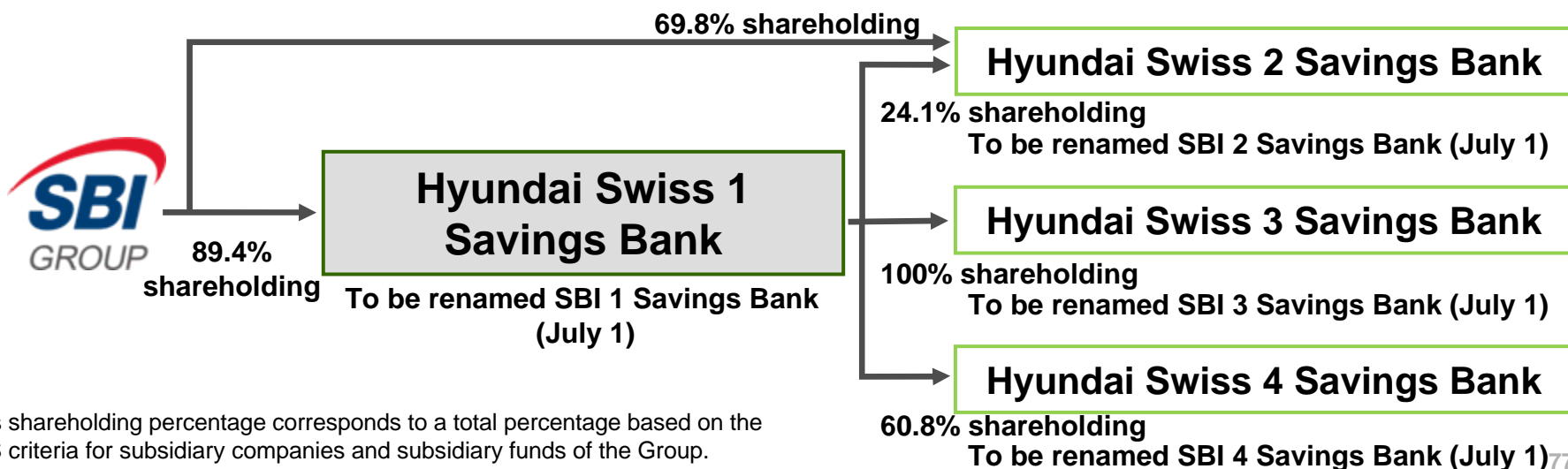
\* SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group.

# Investment in Hyundai Swiss Savings Bank



## ~ Background and Rationale for Converting Hyundai Swiss Savings Bank into a Consolidated Subsidiary 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 (total amount: approx. JPY 20.2bn)



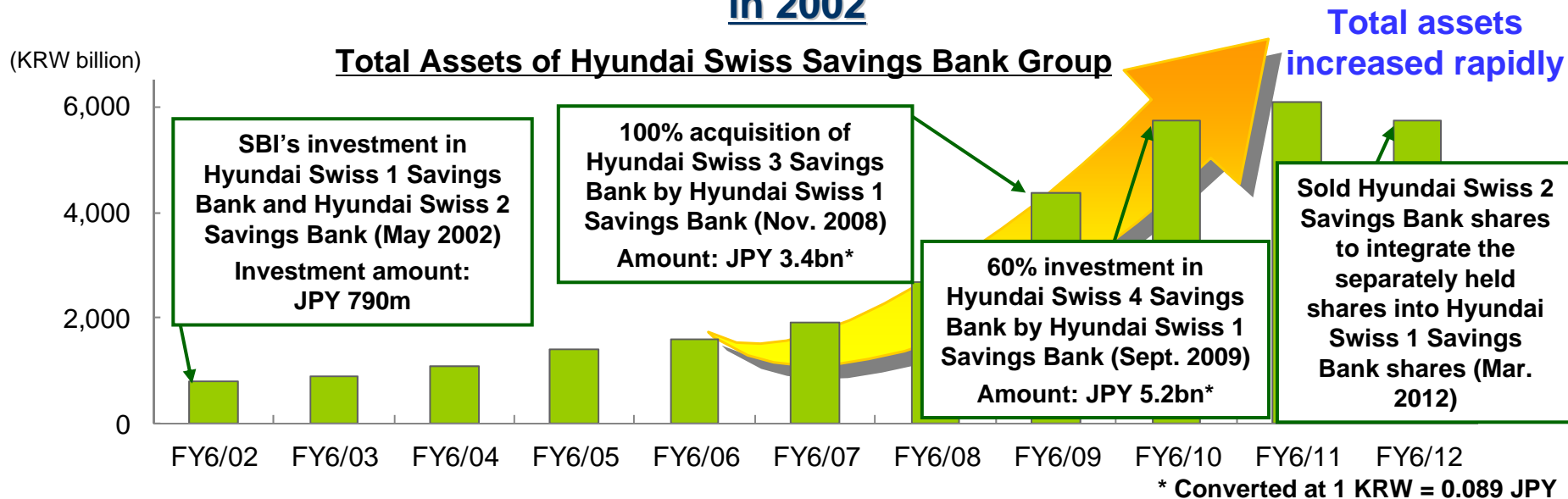
\* SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group.

# Investment in Hyundai Swiss Savings Bank



~ Background and Rationale for Converting Hyundai Swiss Savings Bank into a Consolidated Subsidiary ② ~

## Hyundai Swiss Savings Bank Group's swift expansion post SBI's Investment in 2002



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

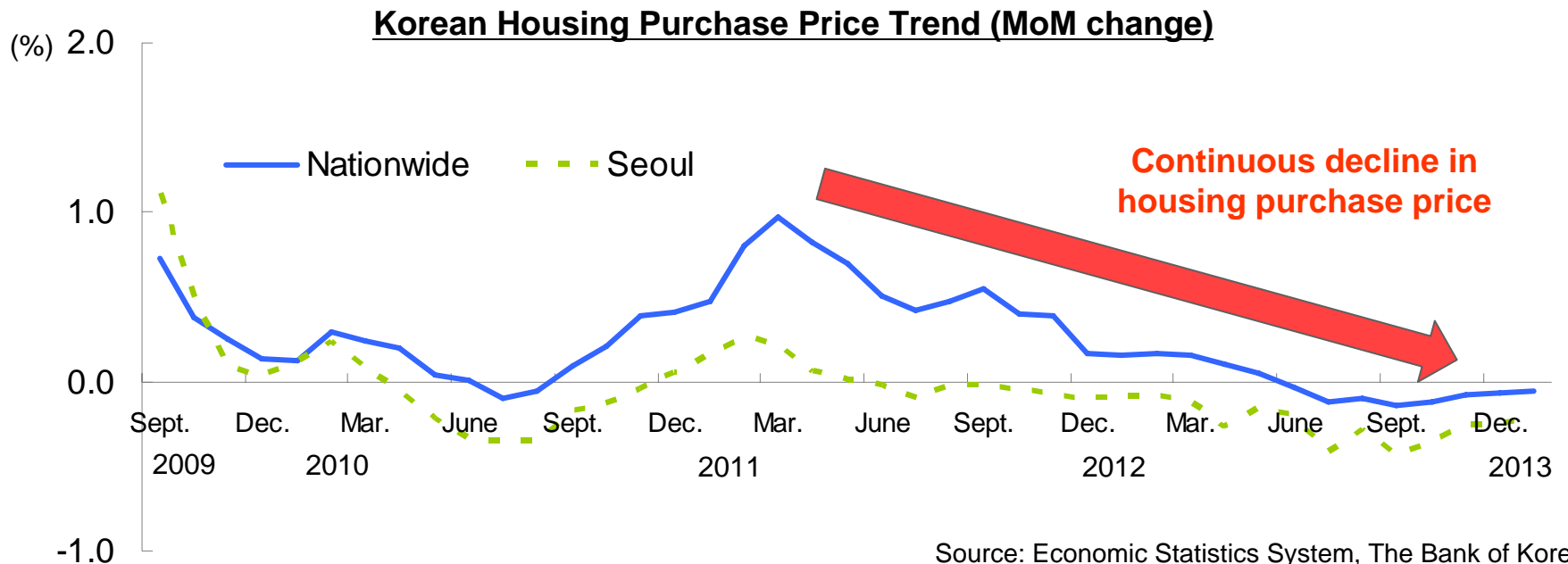
	FY6/02	FY6/03	FY6/04	FY6/05	FY6/06	FY6/07	FY6/08	FY6/09	FY6/10	FY6/11	FY6/12
Total assets	791.0	902.0	1,073.1	1,391.3	1,588.5	1,905.7	2,683.6	4,377.9	5,726.8	6,096.0	5,734.5
Operating revenue	178.9	160.7	155.6	237.7	263.3	271.6	324.4	512.6	653.0	797.5	755.6
Operating income	21.6	34.0	9.2	25.6	15.7	36.1	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

# Investment in Hyundai Swiss Savings Bank

## ~ Background and Rationale for Converting Hyundai Swiss Savings Bank into a Consolidated Subsidiary ③ ~

[State of Hyundai Swiss Savings Bank before buyout]

- ✓ 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, and upon a request from the Korean authorities, a large amount of additional reserves were added





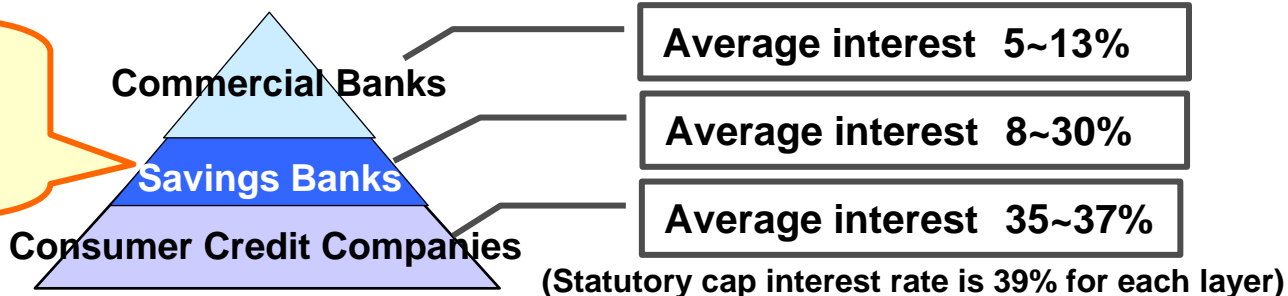
# Investment in Hyundai Swiss Savings Bank



## ~ Background and Rationale for Converting Hyundai Swiss Savings Bank into a Consolidated Subsidiary ④ ~

- 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 ]

Attractive market where lending at high interest rates is allowed

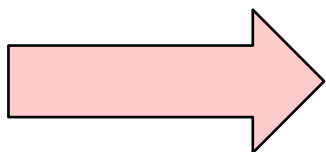


- Owing to competitive industry selection, Hyundai Swiss Savings Bank became the overwhelming No.1 bank

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

# Consolidation of Hyundai Swiss 1 Savings Bank Leads to an Acquisition of the Management Rights of its Principal Subsidiaries (1)



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)

(Planned to change name to SBI Asset Management Korea on July 1)

### [ Assets Under Management and Financial Performances ]

(Unit: KRW billion)

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

# Consolidation of Hyundai Swiss 1 Savings Bank Leads to an Acquisition of the Management Rights of its Principal Subsidiaries (2)

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)



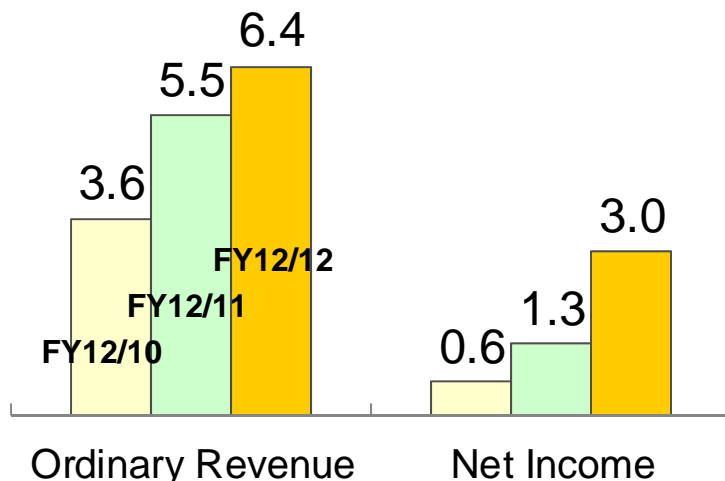
**ធនាគារ ភ្នំពេញ ពាណិជ្ជ**  
Phnom Penh Commercial Bank

(Present investment ratio of SBI: 47.6%)

- 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)

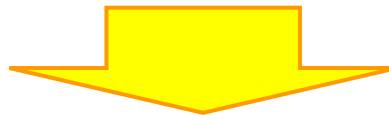
\* Figures enclosed in parentheses represent the ranking of PPCB among 28 commercial banks in Cambodia. As for FYE12/11, the rankings are actual and as for FYE12/12 and 12/15, rankings are expectations.

# Financial Impact of Converting Hyundai Swiss Savings Bank Into a Consolidated Subsidiary

- On the occasion of the acquisition, reduction of the book value of the existing shareholding (20.9% of Hyundai Swiss Savings Bank) to par value

Having committed to a par value shareholder rights issue, and having acquired a majority of the outstanding shares, owing to the independent auditor's guidance, a very conservative accounting treatment of valuing the shares at par value was implemented. Accordingly, 2H FY2012 profit before income tax expense for the Asset Management Business is only JPY 5.0bn.

- At the time of acquisition, SBI Holdings revalued the assets of Hyundai Swiss Group, and started business operations by factoring in most of the potential non-performing assets on a consolidated basis



**By further implementing SBI's management strategy, along with the bank's underlying earnings capacity, future profit contributions are highly anticipated**

# Hyundai Swiss Savings Bank's Future Business Strategy

1. Switch the business strategy from focusing on large loans to corporations, to **extensively provide small loans** to both individuals and corporations
2. By fully leveraging the know-how that SBI has cultivated thus far, Hyundai Swiss Savings Bank Group will **launch an online service** within the limits of legal authorization
3. **Dispatched directors** and **implemented the hiring of talented Korean executives**. Also Initiated measures to **strengthen risk management** through strict asset evaluation.
4. While increasing uncollateralized personal loans, of which interest rates are approx. 30%, the bank is cutting deposit costs (avg. 4.3%) by reducing interest rates on new time deposits. As a result, **loan-deposit interest margin is expected to increase.**

Since real estate acquisition taxes and income taxes were exempted or reduced from Apr. 1, 2013, some signs are beginning to be seen that the South Korean real estate prices bottomed out, therefore the bank's business environment is expected to become more favorable.

### ③ SBI Mortgage and SBI AXES to Develop Businesses in South Korea, Taking Advantage of Korea Listings



➤ After the listings, the stock prices dramatically rose

	Offer price (KRW)	Current price (as of May 8, 2013; KRW)	Change from offer price (%)	Market cap. (JPY billion) *
<b>SBI Mortgage</b> (SBI's share: 66.5%; Listed on Korea's KOSPI)	<b>7,000</b> (Listed on Apr. 30, 2012)	<b>13,750</b>	<b>+96.4</b>	<b>29.7</b>
<b>SBI AXES</b> (SBI's share: 75.0%; Listed on Korea's KOSDAQ)	<b>3,600</b> (Listed on Dec. 17, 2012)	<b>6,790</b>	<b>+88.6</b>	<b>13.2</b>

\* Calculated by the exchange rate of 1 KRW = 0.091 JPY (as of May 8, 2013)

➤ Business development in South Korea



- Established a local subsidiary on Oct. 1, 2012
- To develop business in South Korea as the first mortgage bank in the country, SBI Mortgage is preparing to acquire a license



- 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.

In addition, an investee company Auto Server (SBI's share: 43.8%) is preparing for the listing on Taiwan's GTSM. If approved, this will be the first primary listing on the market by a Japanese company, or even by a foreign company

**(3) The 5-ALA Related Businesses  
Expands Drug Research and  
Development Network, and  
Accelerates Its Overseas  
Development**

# 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
- Arabian Gulf University
- the Royal College of Surgeons in Ireland - Medical University of Bahrain, etc.



Development of PDD and PDT equipment for the diagnosis and treatment of cancer cells by illumination with light

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.

...etc



## 5-ALA Also Attracts Attention at Conferences (i)

### 5-ALA and Porphyrin Research Society

(established in May 2011)



ALA and Porphyrin Research Society  
ポルフィリン-ALA学会

**Numerous researchers of porphyrin and 5-ALA meet and promote cross-disciplinary exchanges.**

(Example) Annual symposium

- the 1<sup>st</sup> was held in May 2011
- the 2<sup>nd</sup> was held in Apr. 2012
- the 3<sup>rd</sup> was held in Apr. 2013

→ **over 100 people annually attend the conference**

Chairman: Ichiro OKURA (Professor Emeritus of Tokyo Institute of Technology)  
Vice-chairman: Norio MIYOSHI (Department of Pathological Sciences, Faculty of Medicine, University of Fukui)

### 7th World Congress on Prevention of Diabetes and Its Complications

(Nov. 11-14, 2012 at Madrid, Spain)

### **5-ALA Session was held**

Title: Mitochondria and 5-Aminolevulinic acid(5-ALA) in type 2 diabetes

Chair: Hiroshi Ito, Professor and Chairman, Division of Endocrinology, Metabolism and Nephrology, Department of Internal Medicine, Keio University School of Medicine

### UAE-Japan Life Science Forum

(Apr. 2013, Tokyo/Hiroshima)

Periodic meetings of representatives of the Ministry of Health in Abu Dhabi, the Ministry of Health, Labour and Welfare, Hiroshima University, The Institute of Medical Science of the University of Tokyo, and other organizations concerning research and technology seeds in life sciences

**SBI had an opportunity to introduce many applications of 5-ALA in the forum.**

## 5-ALA Also Attracts Attention at Conferences (ii)

### 3<sup>rd</sup> 5-ALA and Porphyrin Research Society (excerpt)

(Held in Apr. 2013)

- **“Study on safety of 5-aminolevulinic acid”** (Cosmo Oil Co., Ltd.)
- **“Basic and clinical study concerning combined application of photodynamic therapy using 5-ALA and anticancer agent”**  
(Veterinary Surgery, Tottori University/SBI Pharmaceuticals/Osada Research Institute Ltd.)
- **“Assessment on 5-ALA PDT sensitivity against brain cancer stem cells”**  
(Department of Neurosurgery, Osaka Medical College/RIKEN Center for Life Science Technologies)
- **“Dry skin remedial effect by external application of 5-aminolevulinic acid and iron combination preparation”**  
(SBI Pharmaceuticals/Ginza Skin Clinic)
- **“Radiation damage reduction effect of 5-ALA in the mouse acute radiation damage model”**  
(Graduate School of Medicine and Faculty of Medicine, University of Tokyo/SBI Pharmaceuticals)
- **“Basic study on radiosensitizing effect of 5-aminolevulinic acid”** (Department of Neurosurgery, University of Occupational and Environmental Health/Tokyo Tech, School and Graduate School of Bioscience and Biotechnology/SBI Pharmaceuticals)

# Bahrain to Become a Base for the 5-ALA Business in the Middle East

(Drug Development Research, Clinical Research, Manufacturing, Export, etc.)

## Initiation of multiple clinical research projects involving 5-ALA, starting with the field of diabetes

### 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



### <Partner institutions for clinical study on diabetes by using 5-ALA>

Diabetes Department of the Bahrain Defense Force Royal Medical Service Hospital / the Arabian Gulf University Hospital / the Royal College of Surgeons in Ireland - Medical University of Bahrain, etc.

### <Partner institutions for clinical study on the use of 5-ALA in the photodynamic diagnosis of colorectal cancer>

KING HAMAD UNIVERSITY HOSPITAL / the Royal College of Surgeons in Ireland - Medical University of Bahrain

# Several Projects in Drug Medicine Field are in Progress in the World



**U.K**

Started a phase 1 clinical trial 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



**Bahrain**

Started a clinical research in collaboration mainly with the Department of Diabetes at Bahrain Defense Force Royal Medical Service Hospital, the Arabian Gulf University Hospital



**U.S**

- After the conclusion of phase 1 clinical trial for a drug of 5-Aminolevulinic acid hydrochloride to treat cancer chemotherapy-induced anemia in the UK, planning start of a phase 2 study in the US
- in the US beginning Study on 5-ALA in relation to diabetes is in progress in the University of Hawaii

# 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~



## Bahrain

- Obtainment of the Product License of healthy supplement on 'NatuALA ONE' from Ministry of Health Bahrain to market in the Bahrain.
- Establishment of a JV company for selling goods containing 5-ALA with the Dawani Group, a major enterprise group in Bahrain



## 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



## China

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



## Korea



## Malaysia



## India



## Indonesia

Discussing with local large pharmaceutical companies to expand 5-ALA businesses



## Philippine

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

### **3. SBI's Corporate Value Consideration**

$$\begin{array}{rcccl} \text{Corporate} & & \text{Market} & & \text{Market Value} \\ \text{Value} & = & \text{Capitalization} & + & \text{of Liabilities} \\ & & \text{(Present Value of expected future cash flow)} & & \end{array}$$

# SBI Holding's Recent Stock Price

(JPY) Market cap (actual value as of May 8, 2013): **JPY 406.8bn**

**[Last 3 years]**

**Has the current share price gotten ahead of itself?**



# SBIH's Stock Price Experiences a Price Correction Since Apr. 2013



As of the end of Mar. 2013, change in principal shareholders occurred compared to that of the end of Sept. 2012

Percentage of the total outstanding shares

(%)

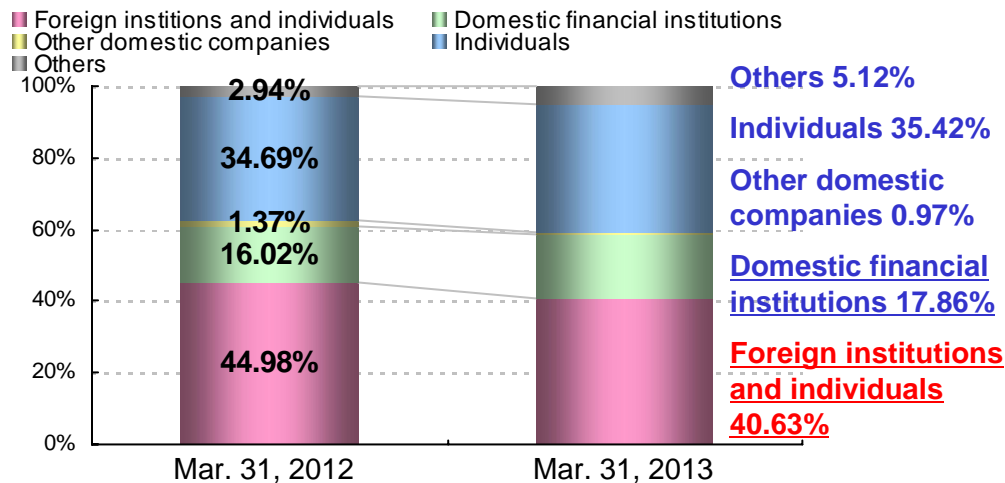
	End of Sept. 2012	End of Mar. 2013	As of Apr. 15, 2013
The Orbis Group *2 (UK)	18.84	6.35	2.89 *1
Reno *3 (Japan)	4.79	0.13	Data N/A

(Note) The percentage of the total outstanding shares indicates the figures as of the dates of each report obligation incurred.

\*1 The percentage based on the latest Major Shareholding Report submitted on Apr. 15, 2013.

\*2 Held maximum 20.36% as of Feb. 2, 2012 (date of report obligation incurred) \*3 Held maximum 5.85% as of Oct. 12, 2012 (date of report obligation incurred)

## Shareholder Composition



Shares held by Foreign Institutions and Individuals totaled 40.63%, remaining steadfastly **over 40%**, despite the decrease in shares held by the Orbis Group

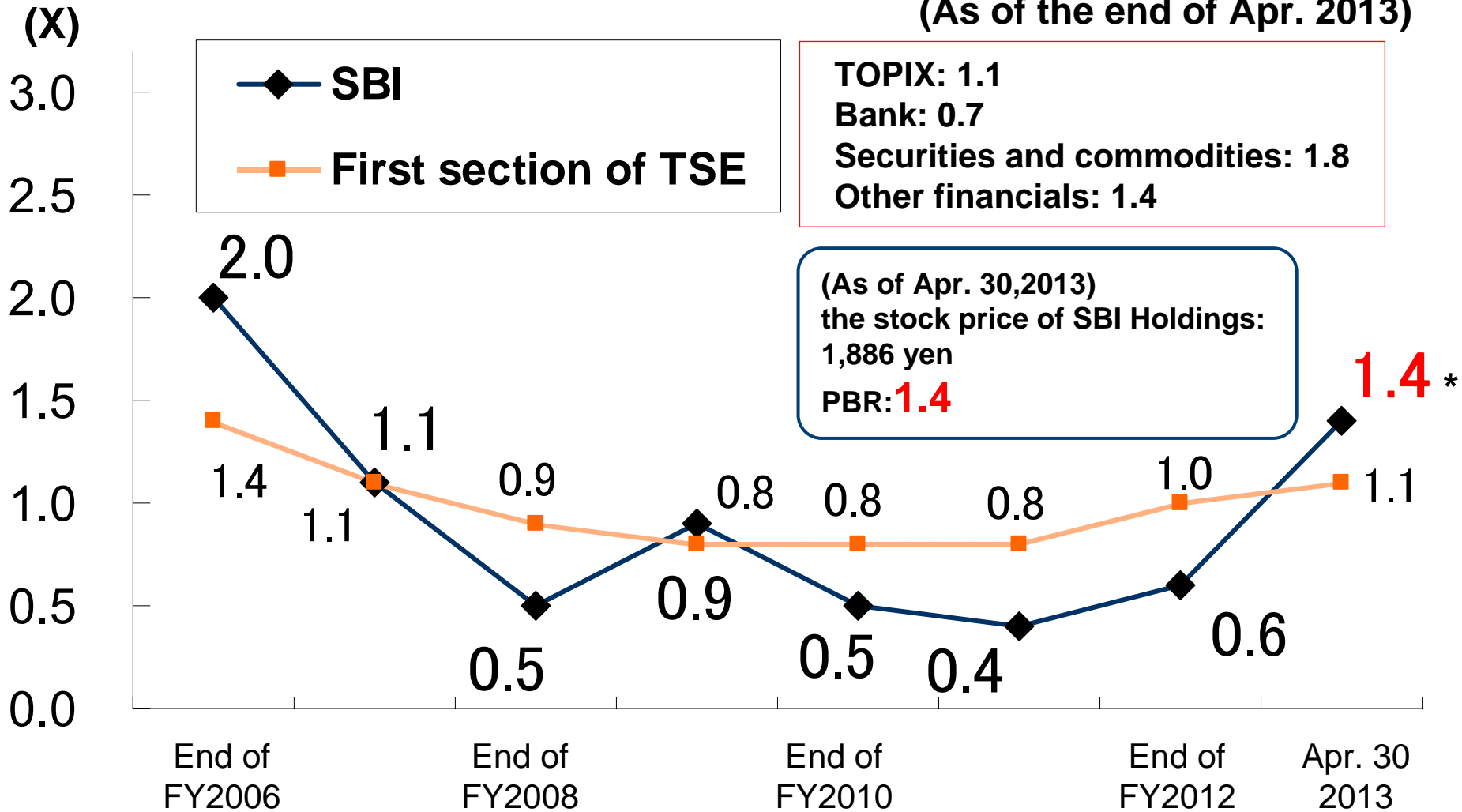
The share sales by the Orbis Group, the largest shareholder, was basically completed in Apr. 2013, and subsequently the share price rebounded sharply, as if a lid was removed. A share price correction may be likely.



# Change in PBR of SBI Holdings

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

(As of the end of Apr. 2013)



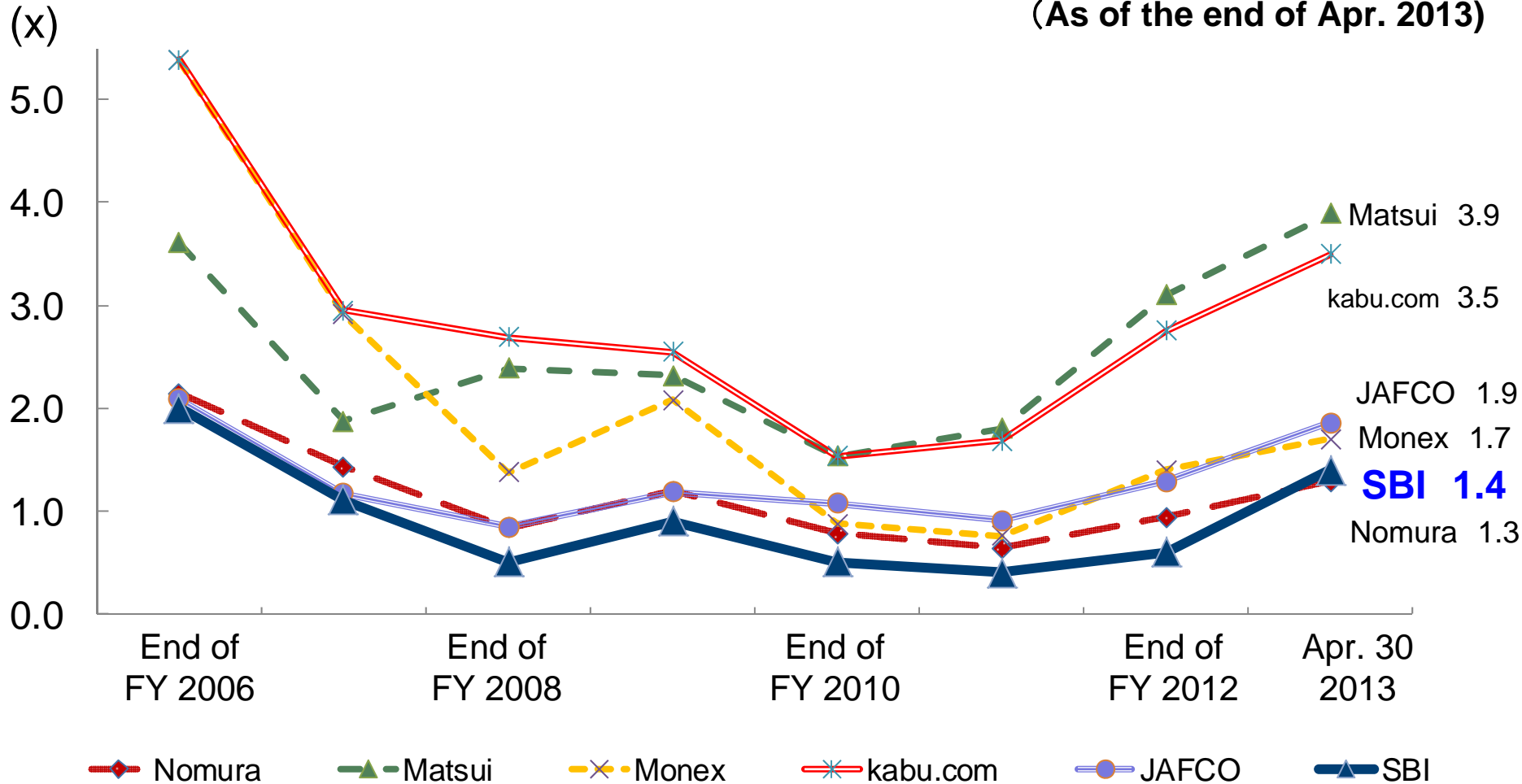
\*PBR of SBI Holdings for the end of Apr. 2013 is calculated based on the BPS of the end of Mar. 2013.

\*PBR of SBI Holdings prior to FY2012 is calculated based on J-GAAP BPS.

# PBR Comparison with Competitors

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

(As of the end of Apr. 2013)



\*PBR for the end of Apr. is calculated based on the BPS of the end of Mar. 2013.

\*PBR of Monex and SBI Holdings prior to FY2012 are calculated based on J-GAAP BPS.

# Valuation by Segment Estimated by SBIH

## (1) FS Business (Financial Services Business) ① SBI SECURITIES-(i)

### ① SBI SECURITIES

Valuation is estimated at **JPY 355.5bn** (based on the closing price of May 8, 2013)

Estimation of the valuation is as follows:

Calculated according to the **Comparable Public Company Analysis**

Compares the market cap and profits of the comparable public companies, Matsui and kabu.com.

Valuation of SBI SECURITIES is calculated as the mean of the two values [(A) and (B)] resulting from the equations below

$$\frac{(\text{Matsui's PER} + \text{kabu.com's PER}) (*1)}{2} \times \text{SBI SECURITIES's Net income (FY2012)} \dots (A)$$

$$\frac{(\text{Matsui's PBR} + \text{kabu.com's PBR}) (*2)}{2} \times \text{SBI SECURITIES's Net asset (*3) (as of Mar. 31, 2012)} \dots (B)$$

\*1 PERs of Matsui and kabu.com are calculated by their net income per share for FY2012.

\*2 PBRs of Matsui and kabu.com are calculated by its BPS as of Mar. 31, 2013.

\*3 Represents SBI SECURITIES' balance of net asset excluding short-term loans receivable from SBIH

# Valuation by Segment Estimated by SBIH

## (1) FS Business ① SBI SECURITIES-(ii)

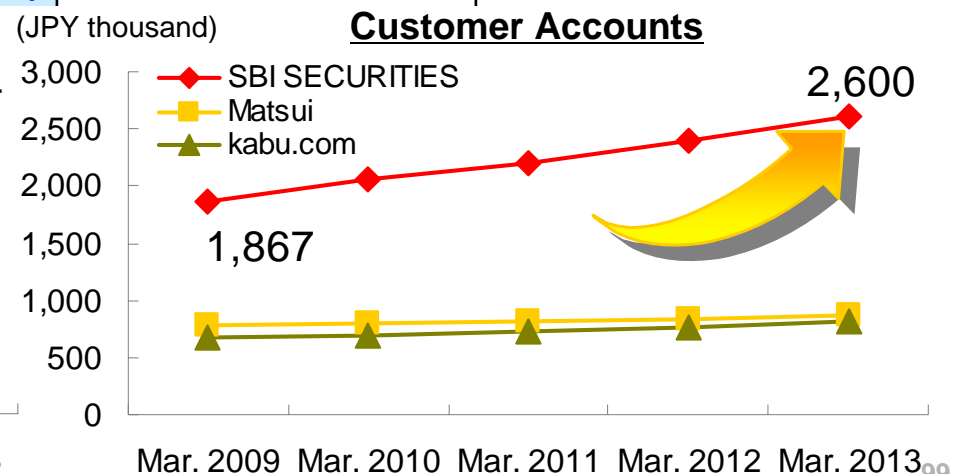
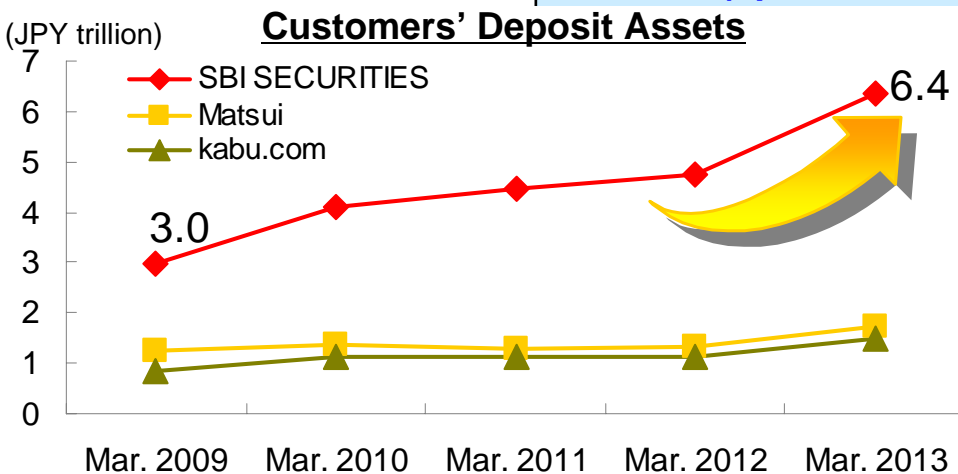


### Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES and two listed online securities companies (Matsui Securities and kabu.com Securities)

\*Calculated by the closing prices on May 8, 2013

(FY2012)	SBI SECURITIES	Matsui Securities	kabu.com Securities
Valuation (market cap)*	JPY 355.5bn	JPY 335.0bn	JPY 129.8bn
Deposit assets (Mar. 2013)	<b>No.1</b> JPY 6,360.3bn	JPY 1,715.9bn	JPY 1,472.0bn
Number of accounts (as of the end of Mar. 2013)	<b>No.1</b> 2.6 million	870 thousand	810 thousand
Share of individual stock brokerage	<b>No.1</b> 33.2%	8.4%	7.4%
Operating income	<b>No.1</b> JPY 11.5bn (up 52.4% YoY)	JPY 10.2bn (up 38.1% YoY)	JPY 3.9bn (up 30.8% YoY)



# Valuation by Segment Estimated by SBIH

(1) FS Business ② SBI Sumishin Net Bank-(i)

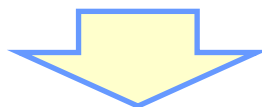
## ② SBI Sumishin Net Bank

Valuation is estimated at JPY 37.6bn (Shareholding of the SBI Group: 50.0%)

### Estimation of the valuation is as follows:

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 (\*) of SBI Sumishin Net Bank will grow 20 percent annually for those five fiscal years. Then, valuation was calculated by adding the bank's net asset of SBIH's shareholding as of Mar. 31, 2013 to the excess earning power.

\* Under an assumption of a forecasted ordinary income of JPY 7.0bn-8.0bn (estimated), the profit after tax for the corresponding fiscal year would be JPY 4.2bn-4.8bn.



Conservatively estimated the valuation of SBI Sumishin Net Bank with high growth potential in terms of profitability and scale at JPY 75.2bn → JPY 37.6bn

(Shareholding of the SBI Group: 50.0%)

# Valuation by Segment Estimated by SBIH

## (1) FS Business ② SBI Sumishin Net Bank-(ii)

### Consideration of SBI Sumishin Net Bank's valuation (JPY 75.2bn)

- Ordinary income for 9 month 3Q FY2012 period (JPY 4.9bn (+20.2% YoY))  
~Within reach of achieving ordinary income of JPY 10.0bn
- Deposit balance topped JPY 2.8tn (as of Apr. 15, 2013)

住信SBIネット銀行

SBI Sumishin Net Bank

Ordinary income for FY2011

Local listed banks with ordinary income of nearly JPY 10.0bn

	Ordinary income (JPY billion)	Change (%)	Market Cap (JPY billion)	Ranking*1
Bank of Iwate	10.0	+12.9	83.9	38
Nanto Bank	9.2	-19.8	124.9	19
Awa Bank	9.0	+46.0	138.2	42
Chiba Kogyo Bank	9.0	+33.0	48.0	48
Yamanashi Chuo Bank	8.7	+18.5	86.2	40
Bank of Okinawa	8.4	-11.8	100.0	59
Hokuetsu Bank	8.0	+19.8	57.6	49
Senshu Ikeda Bank	7.7	+33.3	127.8*	17
Eighteenth Bank	7.4	+12.0	44.6	46
Bank of Saga	7.3	+0.4	43.0	54
Akita Bank	7.1	+26.9	54.5	45
Yamagata Bank	7.0	+11.7	84.6	52

Comparison with listed local banks of a similar scale

Compared by profitability

The average market cap of 12 listed local banks with ordinary income of nearly JPY 10.0bn is approx. JPY 80.0bn

Market cap of local banks with deposit balances greater than JPY 3tn exceeds JPY 100bn

\* Market cap is of Ikeda Sensyu Holdings whose main subsidiary is Ikeda Sensyu Bank

\*1 Ranking of deposit balance of 75 banks including community banks and New Entrant Banks

\*2 Market cap based on the closing prices of May 8, 2013 101

# Valuation by Segment Estimated by SBIH

## (1) FS Business ③SBI Liquidity Market

### ③SBI Liquidity Market

Valuation is estimated at **JPY 28.0bn**

(based on the closing price of May 8, 2013)

Estimation of the valuation is as follows:

Calculated according to the **Comparable Public Company Analysis**

Compares the market cap and profits of a comparable public company, MONEY SQUARE JAPAN  
 MONEY SQUARE JAPAN's PER (\*) x SBI Liquidity Market's Net profit (as of Mar. 31, 2012)

\* PER of MONEY SQUARE JAPAN is calculated by its estimated net income per share for FY2012 (by Shikiho).

<Reference> Acquisition of CyberAgent FX by Yahoo (Jan. 31, 2013)

Acquired all shares of CyberAgent FX (16,200 shares) at **JPY 21.0bn**

CyberAgent FX (FY2011)		SBI Liquidity Market (FY2012)
JPY 8,498m	Operating revenue	JPY 7,743m
JPY 4,021m	Operating income	JPY 1,512m
JPY 2,289m	Net Profit	JPY 941m
JPY 9,067m	Net Asset	JPY 3,470m

Operating income before allocation to SBI SECURITIES is JPY 6.1bn

# Valuation by Segment Estimated by SBIH

## (1) FS Business

### ④ Other Financial Services Business (listed companies)

#### ④ Other listed subsidiaries and equity-method companies in the FS Business

	SBI's share-holding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
Moringstar Japan	49.2	Consolidated subsidiary	JASDAQ	38.3	18.8
SBI Mortgage	66.5	Consolidated subsidiary	KOSPI of KRX	29.7*	19.8
SOLXYZ	26.3	Equity method affiliate	JASDAQ	5.5	1.4
Sum of the market cap of listed subsidiaries and equity method affiliates				73.5	<u>40.0</u>

\* Calculated by the exchange rate as of May 8, 2013.  
(based on the closing price of May 8, 2013)



# Valuation by Segment Estimated by SBIH

## (1) FS Business Total Valuation of the Businesses

### ① SBI SECURITIES

Upon comparison with similar listed companies calculated as **JPY 355.5bn** (based on the closing prices of May 8, 2013)

### ② SBI Sumishin Net Bank

Conservatively estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at **JPY 75.2bn**  
**JPY 37.6bn** (Shareholding of the SBI Group: 50.0%)

### ③ SBI Liquidity Market

Upon comparison with similar listed companies calculated as **JPY 28.0bn** (based on the closing prices of May 8, 2013)

### ④ Total market cap upon SBIH's shareholding of other listed subsidiaries and equity-method companies, in total 3 companies, in the FS Business

The sum of market caps of Morningstar Japan, SBI Mortgage and SOXYZ  
(Shareholding of the SBI Group) **JPY40.0bn** (based on the closing prices of May 8, 2013)



Total of the valuation above: **JPY 461.1bn** (The SBI Group's total shareholding)

# Valuation by Segment Estimated by SBIH

## (1) FS Business ⑤ Other FS Business (Profitable Entities)

The FS Business also consists of many other profitable business entities

		Business lineup	OP for FY2012 (JPY billion)	SBI's shareholding pct. (%)
SBIH's Comparison Website Business		Operation of comparison websites for loans and insurances	1.2	100.0
SBI Lease		ICT-centered comprehensive leasing business and operation of an Internet-based lease-estimate website	0.5	100.0
SBI Japannext	Growing	Operation of PTS (Proprietary Trading System)	0.2	52.8
SBI Business Support		Contact center business for corporations and a temporary staffing agency	0.2	100.0
CEM Corporation		Real estate secured loans	0.2	79.7

Since Mar. 2012, conducted a sale of divisions in the Financial Services Business which deemed not synergistic with the three core businesses even with high contribution to earning, such as SBI VeriTrans (OP for FY2011 was JPY 1.3bn: based on J-GAAP) and SBI Credit (OP for FY2012 was JPY 0.5bn: IFRS based profit undertaken by SBIH)



**At the FS Business recovered JPY 17.0bn through “selection and concentration”**

# Valuation by Segment Estimated by SBIH



## (2) AM Business (Asset Management Business)

### ① Valuation Measuring Method

#### Asset Management Business

Valuation for the AM Business is estimated at **JPY 170.1bn**

<Reference>

JAFCO's Market Cap: **JPY 231.3bn** (based on the closing price of May 8, 2013)

Valuation estimation is the sum of the valuation (i)-(iii) below.

(i) Value of holding securities (at the end of Mar. 2013) **Approx. JPY 91.8bn**

Operational investment securities and other investment securities held are quarterly evaluated through fair value, and the calculated number above reflects the **fair value of SBIH's ownership**

(ii) Value of SBI Investment (based on the closing price of May 8, 2013)

(\* Valuation excluding asset such as securities hold) **Approx. JPY 64.5bn**

Calculated according to the **Comparable Public Company Analysis**

Compares the market cap and profit of the comparable public company, JAFCO

Provisional amount of SBI Investment's net income that represents the actual status deducting expenses produced relevant to the holding company function held by it x JAFCO's PER (\*)

\*PER of JAFCO is calculated by their net income per share for FY2012.

# Valuation by Segment Estimated by SBIH

## (2) AM Business ② Other Profitable Business Entities



(iii) Total market cap of listed subsidiaries and equity-method affiliates

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY bn)	SBI's equity interest of market cap (JPY bn)
<b>SBI AXES</b>	<b>75.0</b>	Consolidated subsidiary	KOSDAQ of KRX	<b>13.2*</b>	<b>9.9</b>
<b>SBI Investment Korea</b>	<b>43.9</b>	Equity-method affiliate	KOSDAQ of KRX	<b>7.2*</b>	<b>3.2</b>
<b>SBI Global</b>	<b>43.3</b>	Operational investment securities	KOSDAQ of KRX	<b>1.7*</b>	<b>0.7</b>
<b>Sum of the market cap of listed subsidiaries and equity method affiliates</b>				<b>22.1</b>	<b>13.8</b>

(Based on the closing price of May 8, 2013, \*Calculated by the exchange rate as of May 8, 2013.)

### [Other profitable businesses of the Asset Management Business]

		Business lineup	OP for FY2012 (JPY bn)	SBI's shareholding pct. (%)
<b>SBI CAPITAL</b>		Operate and manage buyout and revitalization funds	<b>0.6</b>	<b>100.0</b>
<b>Phnom Penh Commercial Bank</b>	<b>Overseas</b>	Commercial Bank	<b>0.4</b>	<b>47.6</b>
<b>YAR-BANK</b>	<b>Overseas</b>	Commercial Bank	<b>0.2</b>	<b>50.0</b>
<b>NARUMIYA INTERNATIONAL</b>		Manufacture, process and sale of children wear and related products via original and licensed brands	<b>0.3</b>	<b>100.0</b>

\* SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group. 107

# Valuation by Segment Estimated by SBIH

## (3) The Biotechnology-related Business

### ① SBI Pharmaceuticals

### The Biotechnology-related Business

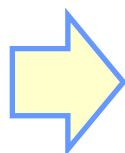
Each bio-venture company has multiple promising pipelines, and biotechnology will become a core business that makes a substantial contribution through progress in areas including pharmaceutical clinical research in Japan and overseas.

Total valuation of the Biotechnology-related Business is estimated at **JPY 64.0bn**

#### ① SBI Pharmaceuticals

Estimation of the valuation is as follows:

Market value at the point of partial transference of former SBI ALApromo's shares  $\times$  Number of shares issued  $\times$  SBIH's equity interest (excluding indirect holdings)



Based on SBIH's equity interest (excluding indirect holdings) as of the end of Mar. 2013, the amount is calculated to be **approx. 46.6bn**

Beside SBI Pharmaceuticals, the total shareholder value of the Biotechnology-related Business includes the estimated shareholder value of 2 IPO scheduled companies for 2013 and 2014, with the estimation based on SBIH's shareholding of paid-in capital and the market values of operational investment securities that SBIH owns.

# Valuation by Segment Estimated by SBIH



## (3) The Biotechnology-related Business

### ② Companies reserved for IPO in the Biotechnology-related Business

	SBI's shareholding pct.	IPO target	Lead manager
<b>SBI Biotech *1</b>	<b>71.6%</b>	<b>within 2014</b>	<b>Mizuho Securities</b>
<b>(U.S.) Acucela *2</b>	<b>16.9%</b>	<b>within 2013</b>	<b>Mitsubishi UFJ Morgan Stanley Securities</b>

\*1 Wholly acquired (U.S.) Quark as a subsidiary in Dec. 2012 \*2 (U.S.) Acucela is classified in the Asset Management Segment

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

**Although most bio-venture companies are not profitable, many have gone public**

#### Newly listed drug development bio-venture companies in the last three years

(Unit: JPY billion)

Company name	Listed date	Net profit of the base fiscal year (JPY million)	Market cap by the initial price	Latest market cap
				(May 8, 2013)
CellSeed	Mar. 16, 2010	-650	7.5	29.0
RaQualia Pharma	July 20, 2011	-1,307	19.6	23.5
SymBio Pharmaceuticals	Oct. 20, 2011	-642	8.6	30.8
3-D MATRIX	Oct. 24, 2011	-533	5.4	94.7
Chiome Bioscience	Dec. 20, 2011	-180	5.1	73.8
Gene Techno Science	Nov. 30, 2012	-320	3.0	19.9
UMN Pharma	Dec. 11, 2012	-477	8.3	55.9
MEDRx	Feb. 13, 2013	-433	11.3	35.6

# Valuation by Segment Estimated by SBIH

## (4) The Housing and Real Estate Business

### The Housing and Real Estate Business

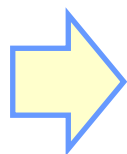
## Valuation for the Real-estate-related Businesses estimated at **JPY 3.7bn**

Estimation of the valuation is as follows:

Sum of the value of the commercial real estate properties of SBIH as of the end of Mar. 2013 were calculated, along with SBI Life Living's market cap.

### ① Value of the commercial real estate properties

Asset Value = **Balance of investment real estate** + **Balance of real estate included in tangible assets**  
(Balance of investment real estate for Hyudai Suisse Savings Bank and SBI Life Living are excluded)



As of the end of Mar. 2013, valuation was **approx. 26.8bn**

### ② Market cap of a listed subsidiary in the Housing and Real Estate Business

	SBI's share-holding pct. (%)	Classification	Listed market	Market cap (JPY bn)	SBI's equity interest of market cap (JPY bn)
SBI Life Living	74.2	Consolidated subsidiary	TSE Mothers	13.8	<b><u>10.2</u></b>

# Estimation of Our Corporate Value

## ① Sum of the values by segment

(JPY billion)

(based on the closing prices on May 8, 2013)	Valuation of each segment (theoretical value)
<b>Financial Service</b>	<b>461.1 (+)*</b>
<b>Asset Management</b>	<b>170.1</b>
<b>Biotechnology-related</b>	<b>64.0</b>
<b>Housing and Real Estate</b>	<b>37.0</b>
<b>Sum total</b>	<b>732.2 (+)</b>

## ② Outside borrowings

(SBIH non-consolidated, as of Mar. 31, 2013)

**JPY 137.0bn**

**SBIH's corporate value (total of ① and ② above):**

**JPY 869.2bn**

\* Other business including SBIH's comparison website business, SBI Lease, SBI Business Support are also profitable, but these businesses are not included in this valuation estimation.

**Of the major 58 Group companies, 19 are profitable companies that are not included in the above calculations (Total Operating Income: approx. JPY 3.9bn)**

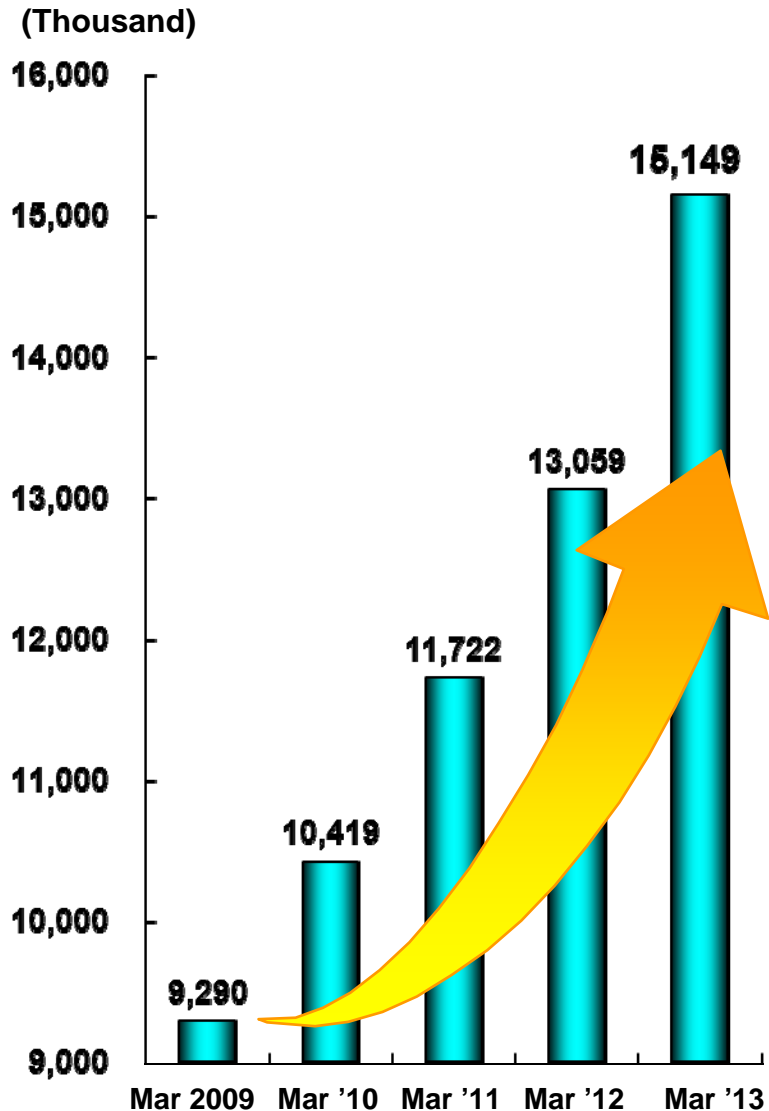


# [Appendix]

# The SBI Group's Customer Base

## Breakdown of the Customer Base (As of the end of Mar. 2013)

(Thousand)



SBI SECURITIES	(Accounts)	2,609
SBIH InsWeb	(No. of customers)	5,212
E-LOAN	(No. of customers)	1,324
Other financial websites	(No. of customers)	26
MoneyLook	(Total no. of customer registrations)	813
Morningstar Japan	(New portfolio customer registrations)	100
SBI Card	(Valid cards issued)	97
SBI Sumishin Net Bank	(Accounts)	1,647
SBI Insurance	(Total no. of contracts)	542
Autoc one	(Total no. of service users in 2012)	1,000
Lifestyle-related websites (Ticket Ryutsu Center, muSBI.net)	(Total no. of customer registrations)	1,129
Others (SBI Mortgage, SBI Points, etc.)		649
<b>Total</b>		<b>15,149</b>

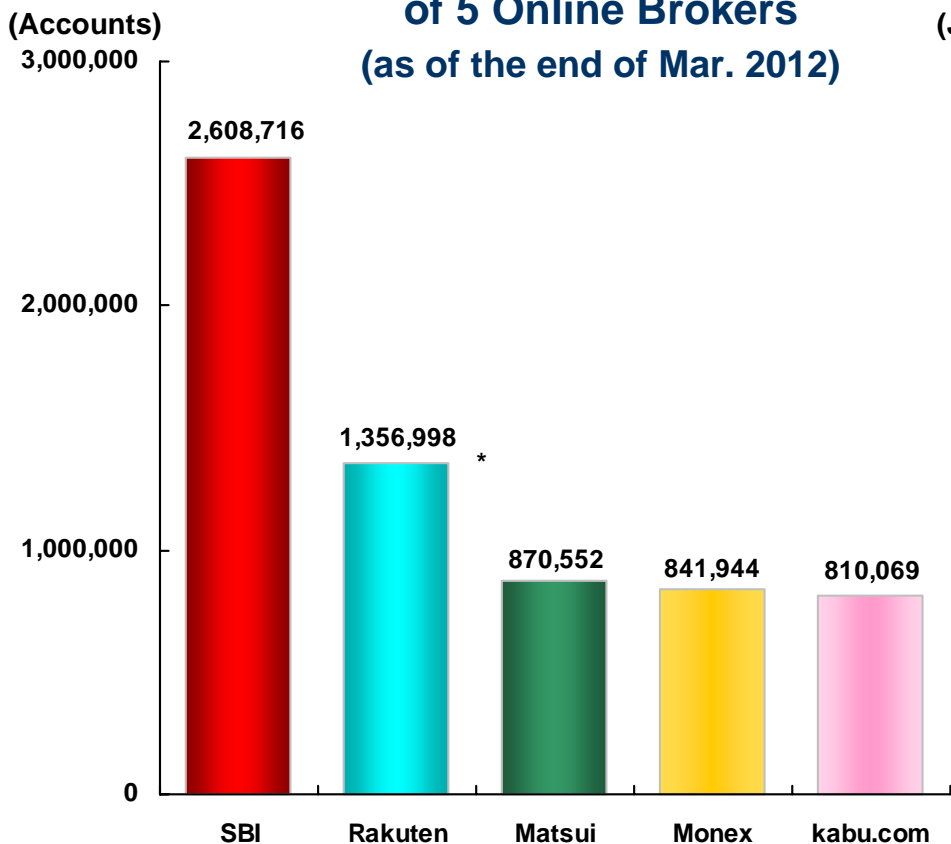
\* Repetition customers between Group companies are counted double while it is omitting repetition in each service site when it can be recognized as a unique user.

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

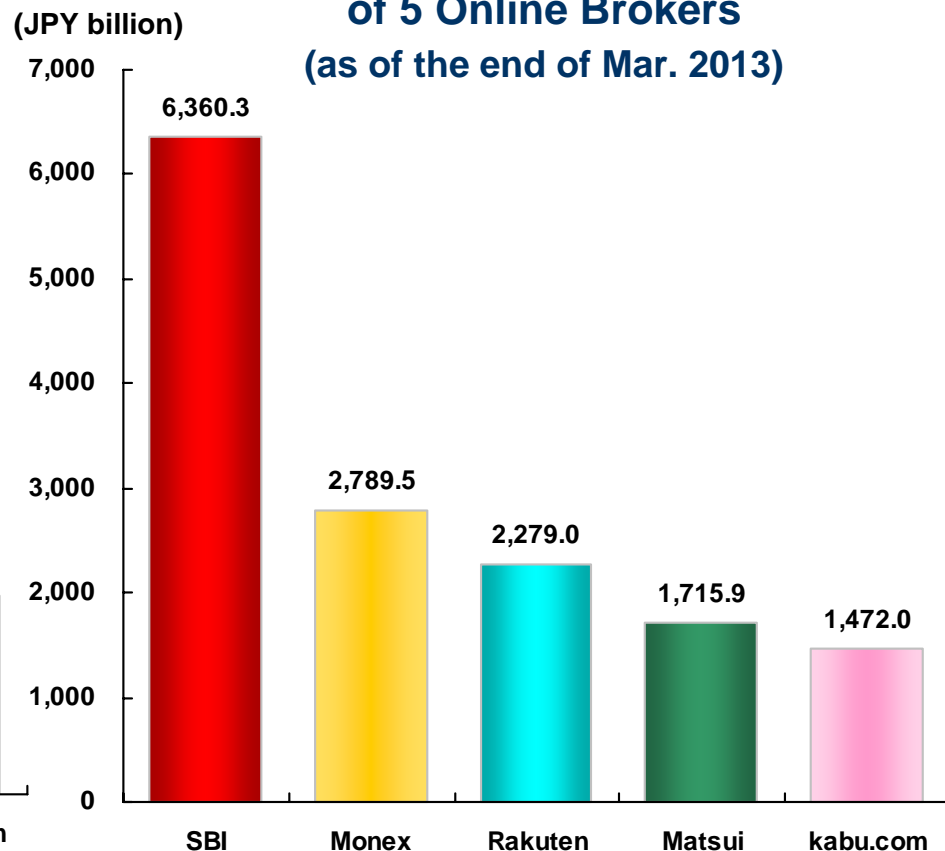
# Solid Customer Base of SBI SECURITIES ①

< Number of Accounts and Amount of Customer Asset >

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



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

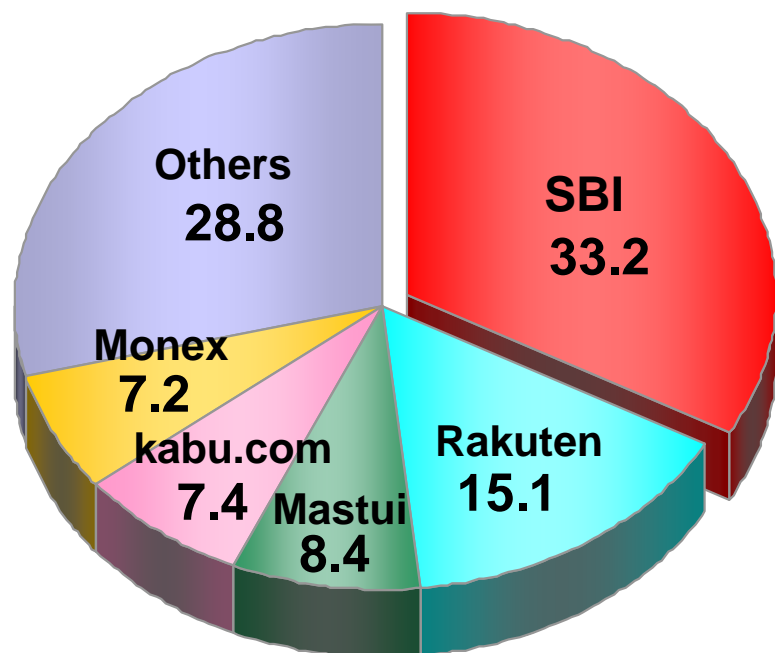


\* The figure of Rakuten is as of the end of Sept. 2012.  
The figure at the end of Mar. is undisclosed.

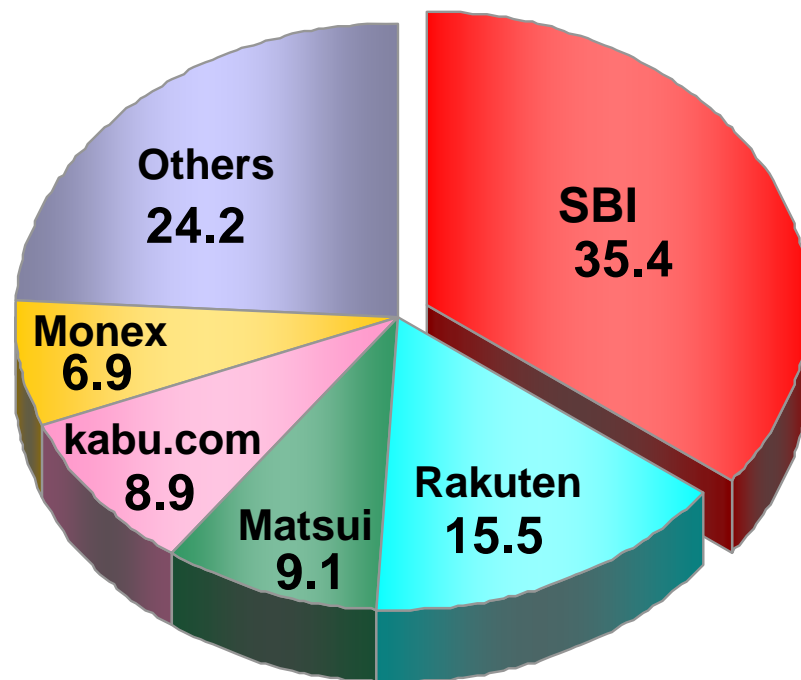
# Solid Customer Base of SBI SECURITIES ②

< Individual Brokerage Trading Value >

Share of Individual Stock Trading Value (%)  
FY2012  
(Apr. 2012 – Mar. 2013)



(of which) Share of Individual Margin Trading Value (%)  
FY2012  
(Apr. 2012 – Mar. 2013)



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 1<sup>st</sup> and 2<sup>nd</sup> section of the Tokyo, Nagoya and Osaka Stock Exchange, respectively.

# Assets Under Management of the SBI Group

**Private equity, etc. JPY 286.9bn** (Including JPY 112.1bn of both cash and commitment amount to be paid in)<sup>(\*3)</sup>

Breakdown by Industry	Amount
IT/Internet	30.1
Biotechnology/Health/Medical	33.3
Services	22.9
Materials/Chemicals	2.3
Environment/Energy	11.4
Retail/Food	9.5
Construction/Real estate	0.9
Machine/Automobile	10.3
Finance	40.2
Others	13.9
Total	174.8

Breakdown by Region	Amount
Japan	98.4
China	26.6
Korea	16.5
Taiwan	1.0
Southeast Asia	7.2
U.S.	19.2
Europe	1.8
Others	4.1
Total	174.8

**Investment trusts etc. JPY 163.6bn**

Investment trusts	82.6
Investment advisory	79.3
Investment companies	1.6

\*1 Calculated by the exchange rate as of the end of Mar. 2013

\*2 Amounts are rounded to the nearest 100 million yen

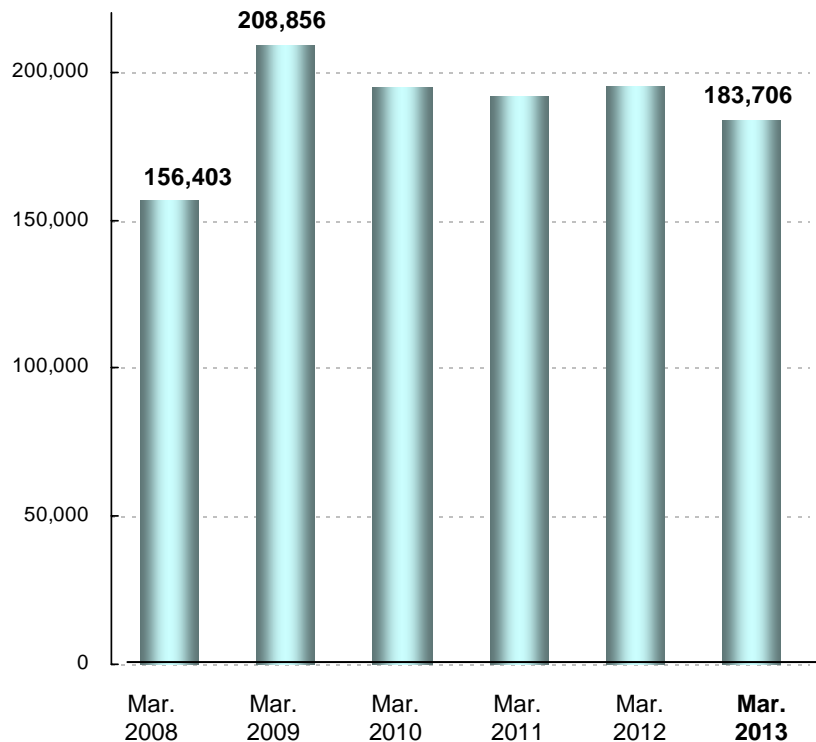
\*3 Composed of cash in funds and unpaid capital which is to be paid on a capital call.

# SBI Holdings' Shareholder Composition



## Number of Shareholders

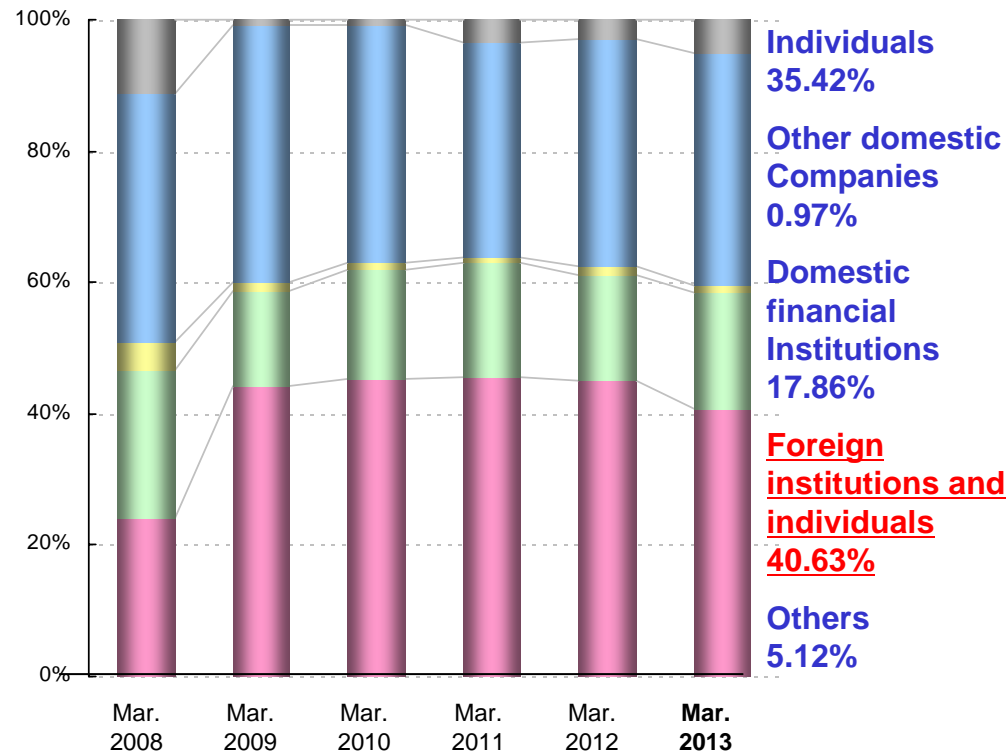
(Number of holders)



\* end of the month

## Shareholder Composition

■ Foreign institutions and individuals
 ■ Domestic financial Institutions
 ■ Other domestic companies
 ■ Individuals
 ■ Others



\* end of the month \* "Others" includes treasury stock (3.35%)

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