



*Strategic  
Business  
Innovator*

# **SBI Holdings, Inc.**

## **Financial Results**

**for the Six-month Period Ended Sept. 30, 2013**

**(Fiscal Year Ending March 31, 2014)**

**November 6, 2013**

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

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

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

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

- 1. 1H Consolidated Financial Results Come in at Record Half-year Period Results for Operating Revenue and Operating Income  
(Adopted IFRS from FY2012)**
- 2. 1H FY2013 Overview of Principal Companies in Each Segment**
- 3. Seizing Opportunity in a Favorable Business Environment and Adopting an Aggressive Management Approach to Accelerate Growth**

# **1. 1H Consolidated Financial Results Come in at Record Half-year Period Results for Operating Revenue and Operating Income (Adopted IFRS from FY2012)**

- (1) Summary of 1H FY2013 Consolidated Results**
- (2) Further Stabilization of the Financial Base and Procurement of Funds Necessary for Future Growth through Issuance of Euro Yen Convertible Bonds**

# **(1) Summary of 1H FY2013 Consolidated Results**

## **[Key Points of 1H FY2013 Consolidated Results]**

- ① Sharp year-on-year increases in revenue and income, with operating revenue and operating income setting records for half-year period results**
- ② FY2013 full-year consolidated operating revenue and operating income expected to exceed previous highs**
- ③ Sharp increase in operating cash flow to 16 times the amount in the 1H FY2012**
- ④ Achievement of sharp increases in revenue and income in all segments as well as a sharp increase in profit before income tax expense**
- ⑤ Asset Management Business's "profit/loss from changes in fair value and profit/loss on sales of investment securities" steadily increased**
- ⑥ SBI Savings Bank recorded profit before income tax expense of approx. JPY 2bn for 1H FY2013 on an IFRS basis**

① **Sharp year-on-year increases in revenue and income, with operating revenue and operating income setting records for half-year period results**

**(i) 1H FY2013 Consolidated Performance (IFRS)**

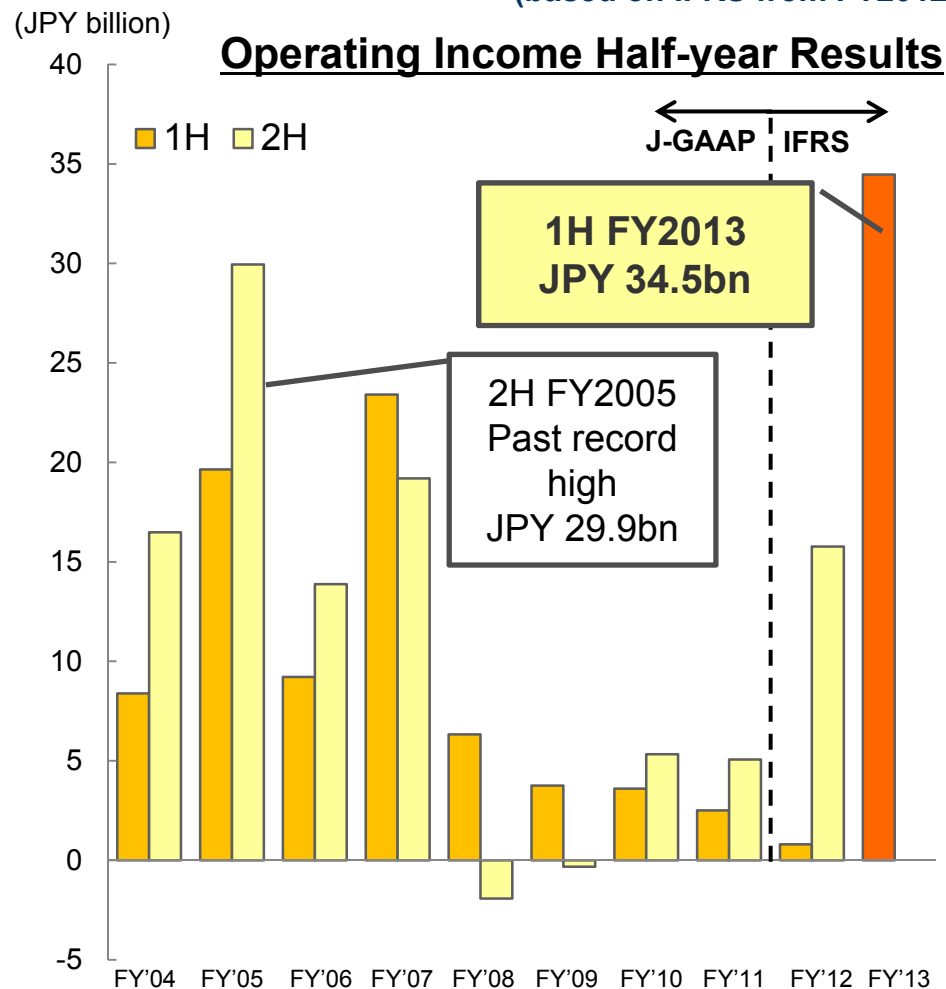
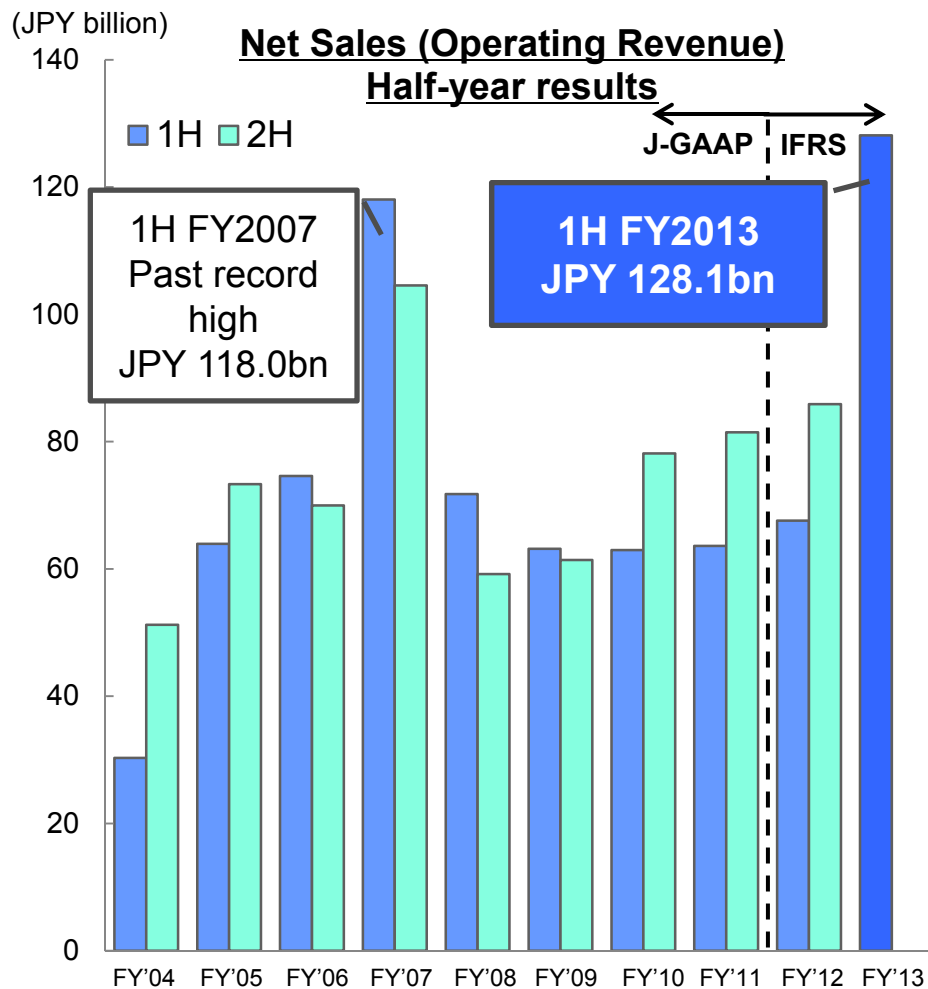
(Unit: JPY million)

	1H FY2012 (Apr. 2012 – Sept. 2012)	1H FY2013 (Apr. 2013 – Sept. 2013)	YoY change rate (%) / amount
Operating revenue	67,583	128,114	+89.6%
Operating income	806	34,467	+4,175.4%
Profit before income tax expense	-296	32,997	+33,293
Profit for the period	-819	18,583	+19,402
Profit attributable to owners of the Company	-1,364	17,570	+18,934

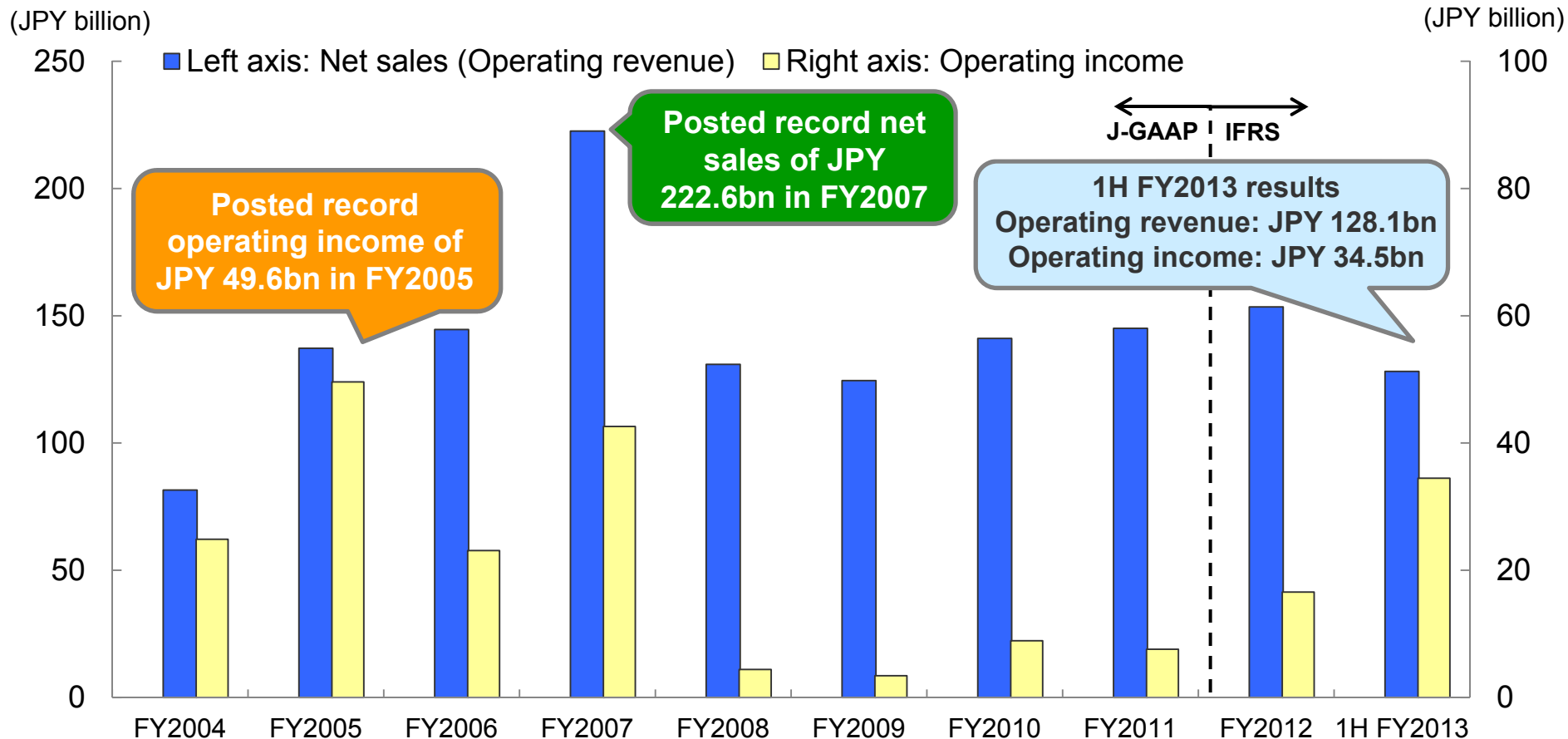
# ① Sharp year-on-year increases in revenue and income, with operating revenue and operating income setting records for half-year period results

## (ii) Half-year Period Results of Net Sales (Operating Revenue) and Operating Income

(based on IFRS from FY2012)



## ② FY2013 full-year consolidated operating revenue and operating income expected to exceed previous highs



PBR (X)	2.6	3.0	2.0	1.1	0.5	0.9	0.5	0.4	0.6	0.8
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\* Results of the fiscal years before FY2011 are based on J-GAAP. The Company introduced IFRS from FY2012.



## ③ Sharp increase in operating cash flow to 16 times the amount in the 1H FY2012

(JPY billion)

	1H FY2012	1H FY2013
<b>Net cash from (used in) operating activities</b>	<b>2.8</b>	<b>45.4</b>
<b>Profit before income tax expense</b>	<b>-0.3</b>	<b>33.0</b>
<b>Decrease (increase) in account receivables and other receivables</b>	<b>12.5</b>	<b>52.5 <sup>(*1)</sup></b>
<b>Decrease in deposits from customers</b>	<b>—</b>	<b>-76.2 <sup>(*2)</sup></b>
<b>Increase in assets/liabilities related to securities business</b>	<b>-10.6</b>	<b>-2.1</b>
<b>Others</b>	<b>1.2</b>	<b>38.2 <sup>(*3)</sup></b>

\*1 Of which JPY 47.7bn is associated with SBI Savings Bank

\*2 Entirely associated with SBI Savings Bank

\*3 Includes an increase of JPY 33.3bn in capital gains tax withholding at SBI SECURITIES

④ Achievement of sharp increases in revenue and income in all segments as well as a sharp increase in profit before income tax expense

(i) 1H FY2013 Operating Revenue by Segment (IFRS)

(Unit: JPY million)

	1H FY2012 (Apr. 2012 – Sept. 2012)	1H FY2013 (Apr. 2013 – Sept. 2013)	YoY change (%)
Financial Services Business	50,627	72,582	+43.4
Asset Management Business	13,665	49,933	+265.4
Biotechnology-related Business	500	1,486	+197.0
Others (Primarily Housing and Real Estate Business)	4,190	4,933	+17.7

\* Figures are before elimination of inter-segment transactions

④ Achievement of sharp increases in revenue and income in all segments as well as a sharp increase in profit before income tax expense

(ii) 1H FY2013 Profit before Income Tax Expense by Segment (IFRS)

(Unit: JPY million)

	1H FY2012 (Apr. 2012 – Sept. 2012)	1H FY2013 (Apr. 2013 – Sept. 2013)	YoY change rate (%) / amount
Financial Services Business	3,878	18,556	+378.5%
Asset Management Business	479	18,205	+3,703.6%
Biotechnology-related Business	-1,160	-748	+412
Others (Primarily Housing and Real Estate Business)	646	771	+19.3%

\* Figures are before elimination of inter-segment transactions

## ⑤ Asset Management Business's "profit/loss from changes in fair value and profit/loss on sales of investment securities" continues steady performance

### Major Stock Indices and ReproCELL stock price

1H FY2013 (Apr. – Sept.) \* ReproCELL conducted a 5 for 1 stock split, and the stock price on June 30 is adjusted.

	2013			% change	
	Mar. 31	June 30	Sept. 30	1Q (Apr. – June)	2Q (July – Sept.)
Nikkei 225	12,397.91	13,677.32	14,455.80	10.3	5.7
NYSE	9,107.05	9,112.7	9,621.25	0.1	5.6
SSE Composite	2,236.62	1,979.21	2,174.67	-11.5	9.9
ReproCELL	—	* 3,660	2,035	—	-44.4

### Asset Management Business's "profit/loss from changes in fair value, and profit/loss on sales of investment securities" for 1H FY2013

(JPY billion)

Breakdown	1Q (Apr. – June 2013)	2Q (July – Sept. 2013)	1H (Apr. – Sept. 2013)
Total fair value gains/losses, and gains/losses on sales of listed securities	22.8	-4.8	18.0
(Fair value gains/losses, and gains/losses on sales of ReproCELL shares)	20.7	-7.7	12.9
(Fair value gains/losses, and gains/losses on sales of shares other than ReproCELL shares)	2.2	2.9	5.1

## ⑥ SBI Savings Bank recorded profit before income tax expense of approx. JPY 2bn for 1H FY2013 on an IFRS basis

### Various measures implemented to strengthen profitability

- The SBI Group dispatched directors, and is scrutinizing bad debt (especially that of project finance), as well as strengthening debt collection efforts.
- As the capital injection by the SBI Group in Aug. 2013 enabled the bank to expand its business operations, which had been restricted until then, the bank is implementing measures to increase earnings, such as launching an online service within the limits of legal authorization, and initiating the provision of new products.

Extensively promoting products, such as through TV commercials

- Changed its corporate name to SBI Savings Bank on Sept. 1, 2013 to clarify its position as a member of the SBI Group, and to further increase recognition of the SBI Group in South Korea, as well as to completely change its corporate image.
- On Sept. 23, 2013, appointed Kim Chong Ouk, who has extensive experience as a corporate executive and broad personnel networks in financial circles and political and business circles in South Korea, as Representative Director. Under the new management structure, the bank is proactively operating businesses.

**(2) Further Stabilization of the Financial Base and Procurement of Funds Necessary for Future Growth through Issuance of Euro Yen Convertible Bonds**

# Outline of the Issuance of Euro Yen Convertible Bonds (Bonds with Stock Acquisition Rights) (Resolved on Oct. 17, 2013)

**The demand was 10 times the total issue amount**

<b>Aggregate issue amount</b>	<b>JPY 30.0bn</b>
<b>Due</b>	<b>4 years (Redemption date: Nov. 2, 2017)</b>
<b>Coupon</b>	<b>0%</b>
<b>Payment date</b>	<b>Nov. 5, 2013</b>
<b>Conversion price</b>	<b>JPY 1,534</b> Conversion premium over the closing price of the resolution date (JPY 1,279): 19.94%

Since the bonds are zero-coupon bonds, there are no interest payments. Although interest expense is recorded under IFRS, despite the four-year maturity period, the bonds carry a lower effective interest rate than the three-year straight bonds the Company has issued, and funding costs will decrease by approx. 0.3%.

# The Proceeds will Primarily be Appropriated for the Future Growth Strategy

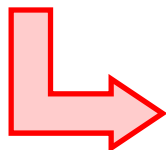
## Use of proceeds

<b>Financial Services Business</b>		<b>ca. JPY 15.0bn</b>
<b>(Break-down)</b>	<b>Fund for the acquisition of PCA Life Insurance</b> (subject to obtaining authorization by the relevant authorities in Japan)	<b>ca. JPY 8.5bn</b>
	<b>Injection capital into SBI Insurance</b>	<b>ca. JPY 5.0bn</b>
	<b>Fund for investments into and lending to subsidiaries</b>	<b>ca. JPY 1.5bn</b>
<b>Asset Management Business</b> Fund for principal investments into domestic and overseas investment funds, and for investments into and lending to overseas financial services business		<b>ca. JPY 5.0bn</b>
<b>Biotechnology-related Business</b> Fund for investments into and lending to subsidiaries		<b>ca. JPY 2.0bn</b>
<b>Redemption of interest-bearing debt</b> Fund for redemption of bonds and partial repayment of loans		<b>ca. JPY 8.0bn</b>



# Carrying Out the Improvement of Debt Balance and Ensuring Long-term Stable Funds

- Sept. 2011** Concluded a long-term commitment-line contract (period: three years; upper limit: JPY 40.0bn) with the main bank
- Jan. 2012** Issuance of straight bonds of JPY 30.0bn (period: three years)
- Aug. 2013** Issuance of straight bonds of JPY 30.0bn (period: three years)
- Nov. 2013** Issuance of Euro Yen convertible bonds of JPY 30.0bn (period: four years)



Considering the interest-rate environment during the next few years, will reduce the balance of short-term debts such as 1-year SBI bond (Euro MTN) and hasten the improvement of debt balance

<b>Interest-bearing debt balance</b>	(non-consolidated basis)				
	(Mar. 31, 2013)	(Sept. 30, 2013)	(forecast of Nov. 30, 2013)		
Short-term debts:	JPY 127.8bn	➡	JPY 114.3bn	➡	JPY 86.3bn
Long-term debts:	JPY 71.9bn	➡	JPY 91.2bn	➡	JPY 131.2bn
<b>Cash and deposits</b>	(Mar. 31, 2013)	➡	(Sept. 30, 2013)		
(consolidated basis)	JPY 133.4bn	➡	JPY 206.9bn		

# Net Income per Share and Equity Ratio Comparison with Competitors

	1H FY2013 net income per share (JPY) (*1)	Equity ratio (%) (*2) as of the end of Sept. 2013
SBI Holdings	<b>81.17</b>	<b>11.2</b>
Nomura	27.20	5.7
Daiwa	54.15	5.4
Matsui	36.75	11.8
kabu.com	20.39	5.4

**Substantive number reflecting asset and liability(\*3) related to securities company**

**22.4%**

\*1 The SBI figure is profit per share attributable to owners of the company

\*2 The SBI figure is the equity ratio attributable to owners of the company, and the Nomura figure is the total shareholders' equity as a percentage of total assets

\*3 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

## **2. 1H FY2013 Overview of Principal Companies in Each Segment**

# Financial Service Business

[State of the Major Financial Services Business Companies]

- ① **SBI SECURITIES**
- ② **SBI Japannext**
- ③ **SBI Liquidity Market, SBI FXTRADE**
- ④ **SBI Sumishin Net Bank** (Equity method company)
- ⑤ **SBI Insurance**
- ⑥ **SBI Mortgage**
- ⑦ **SBI MONEY PLAZA**
- ⑧ **Morningstar Japan**
- ⑨ **CEM Corporation**

# Performance Analysis by Business Segment

## ~ Financial Services Business ~



### Profit before Income Tax Expense of Major Subsidiaries ①

[Profit before Income Tax Expense]

(Based on IFRS, Unit: JPY billion, Amounts are rounded to the nearest JPY 100 million)

	1H FY2012 (Apr. 2012 – Sept. 2012)	1H FY2013 (Apr. 2013 – Sept. 2013)	YoY change
<b>SBI SECURITIES</b>	<b>3.0</b>	<b>16.9</b>	<b>+13.9</b>
<b>SBI Japannext</b>	<b>0 (*)</b>	<b>0.5</b>	<b>+0.5</b>
<b>SBI Liquidity Market</b>	<b>0.7</b>	<b>0.7</b>	<b>±0</b>
<b>SBI Insurance</b>	<b>-3.1</b>	<b>-1.8</b>	<b>+1.3</b>
<b>SBI Mortgage</b>	<b>1.4</b>	<b>1.9</b>	<b>+0.5</b>

\* SBI Japannext was consolidated as of the end of Sept. 2012, and therefore the amount for 1H FY2012 result is “Share of results of associations using the equity method”

# Performance Analysis by Business Segment

## ~ Financial Services Business ~



### Profit before Income Tax Expense of Major Subsidiaries ②

[Profit before Income Tax Expense]

(Based on IFRS, Unit: JPY billion, Amounts are rounded to the nearest JPY 100 million)

	1H FY2012 (Apr. 2012 – Sept. 2012)	1H FY2013 (Apr. 2013 – Sept. 2013)	YoY change
<b>SBI MONEY PLAZA</b>	<b>-0.2</b>	<b>0.6</b>	<b>+0.8</b>
<b>Morningstar Japan</b>	<b>0.4</b>	<b>0.5</b>	<b>+0.1</b>
<b>CEM Corporation</b>	<b>0.1</b>	<b>0.2</b>	<b>+0.1</b>
<b>SBI Sumishin Net Bank</b> (Share of results of associates using the equity method)	<b>-0.6</b> (*)	<b>-0.2</b> [1Q: -0.8bn, 2Q: 0.6bn]	<b>+0.4</b>

Recorded loss on revaluation of securities based on IFRS in 1Q FY2013, due to the devaluation of treasuries held

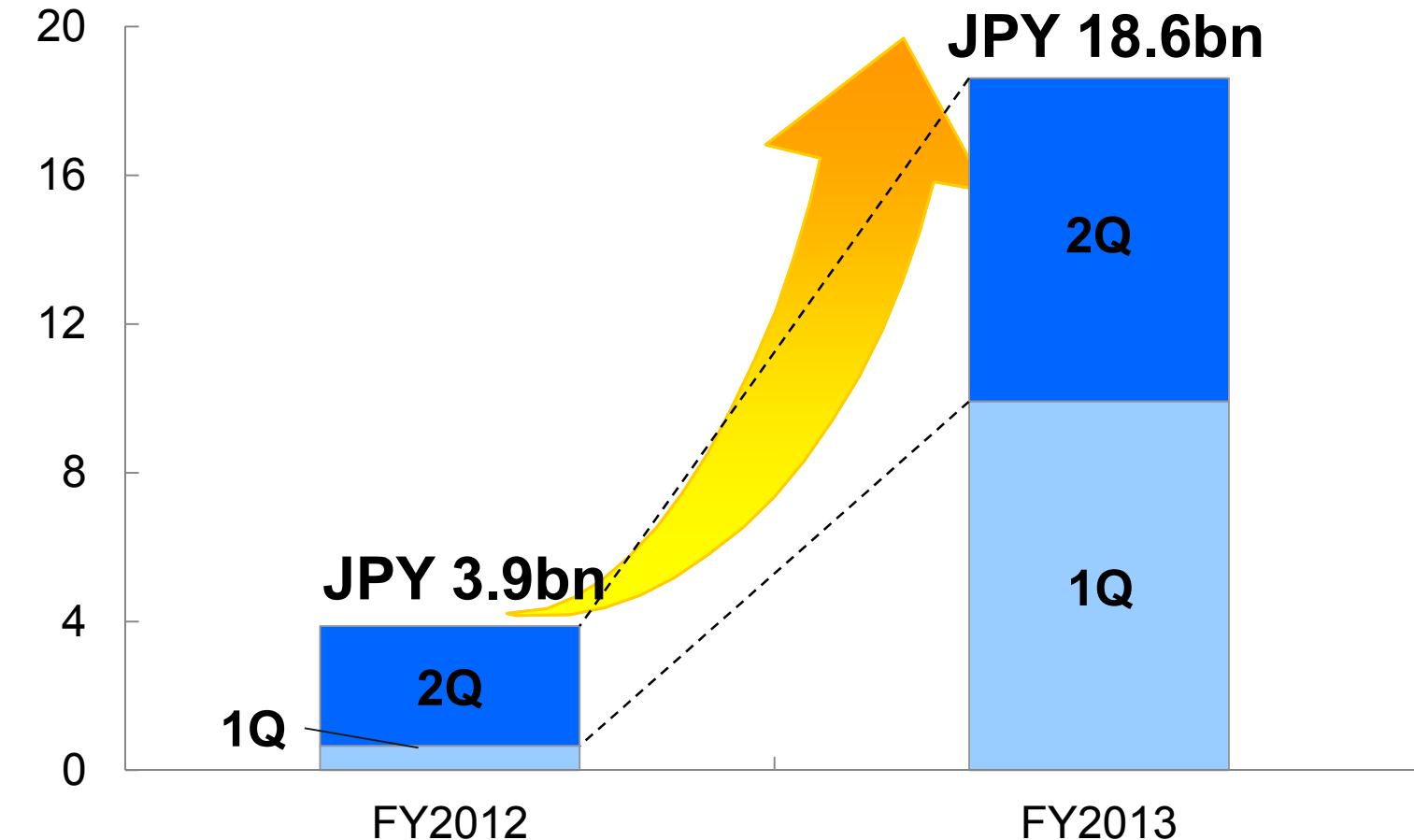
\* SBI Sumishin Net Bank used interest rate swaps in preparation for the rise in interest rates, and accordingly SBIH recorded deferred losses from hedging, etc. based on IFRS, owing to decline in interest rates in 1Q FY2012.

# Profitability Increasing in the Financial Services Business

Owing to the favorable market environment, Profit Before Income Tax Expense for the Financial Services Business has increased dramatically

## Increase in quarterly Profit before Income Tax Expense for the FS Business

(JPY billion)

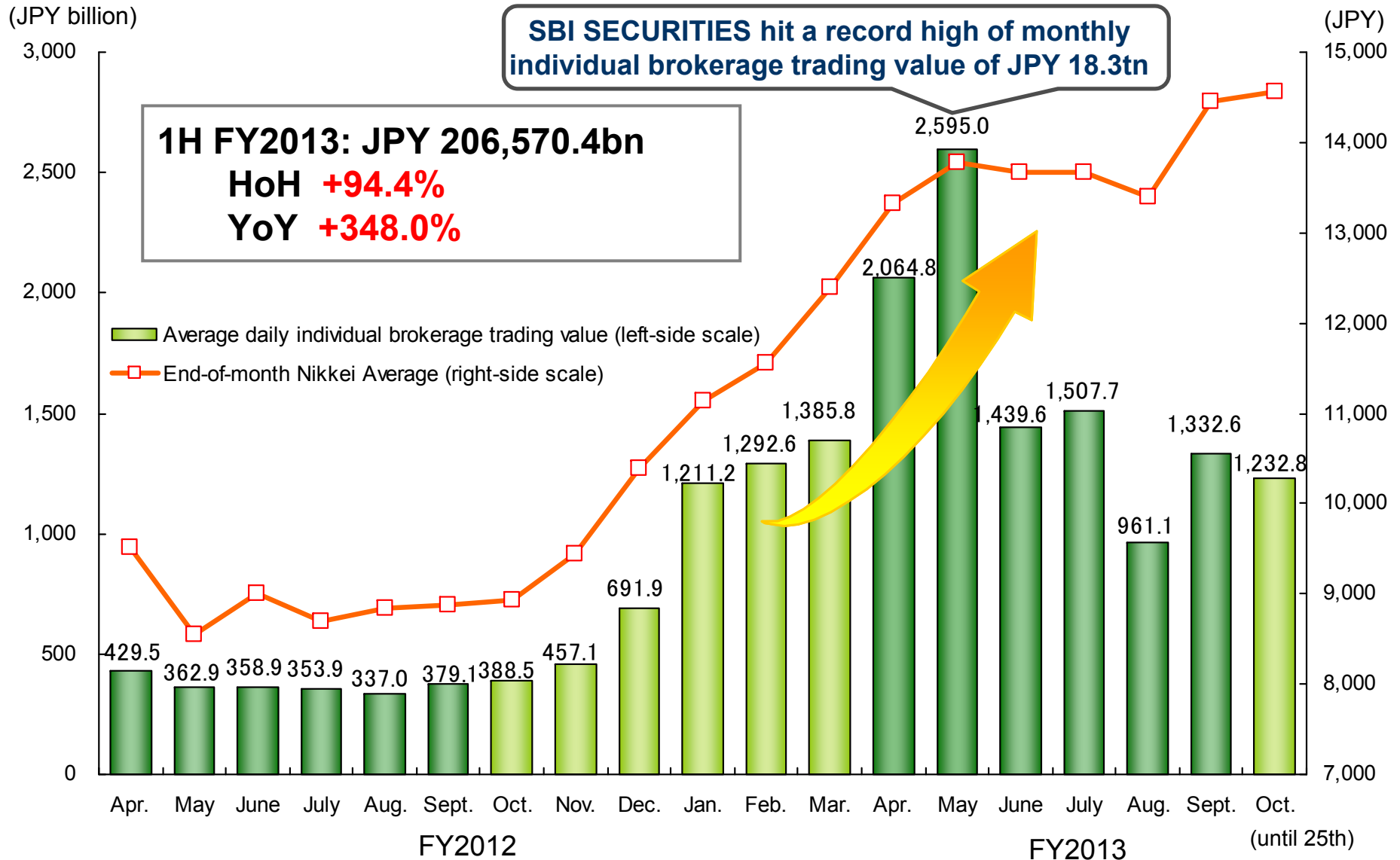


## ① SBI SECURITIES

- **Interim results were strong as 1H (Apr.-Sept.) FY2013 operating revenue increased 108.5%, and operating income rose 448.8% year-on-year. Operating revenue recorded an historical high for a half-year period, and operating income recorded the second-highest profit level to the 2H FY2005 of JPY 19.2bn**
- **Owing to brisk market conditions, commissions rose 4.7 times year-on-year. Also, diversification of earnings sources succeeded, with contributions from an increase in financial revenues and investment trust fees at record levels.**



# Average Daily Individual Brokerage Trading Value (2 market total \*)



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

# SBI SECURITIES 1H FY2013

## Consolidated Results (J-GAAP)

Operating revenue recorded an historical high for a half-year period,  
and operating income recorded the second-highest profit level to  
the 2H FY2005 of JPY 19.2bn

[Year-on-year]

(Unit: JPY million)

	1H FY2012 (Apr.-Sept. 2012)	1H FY2013 (Apr.-Sept. 2013)	YoY change (%)
Operating Revenue	<b>18,209</b>	<b>37,961</b>	<b>+108.5</b>
Net Operating Revenue	<b>16,799</b>	<b>35,863</b>	<b>+113.5</b>
Operating Income	<b>3,087</b>	<b>16,944</b>	<b>+448.8</b>
Ordinary Income	<b>3,156</b>	<b>16,876</b>	<b>+434.7</b>
Net Profit	<b>2,413</b>	<b>9,391<sup>(*)</sup></b>	<b>+289.1</b>

\* Owing to the significant increase of stock trading value followed by the brisk market, SBI SECURITIES reserved approximately JPY 1,408m for financial instruments transaction liability reserves under the Financial Instruments and Exchange Act in the second quarter of the fiscal year ending March 2014, which means posting of an extraordinary loss.

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

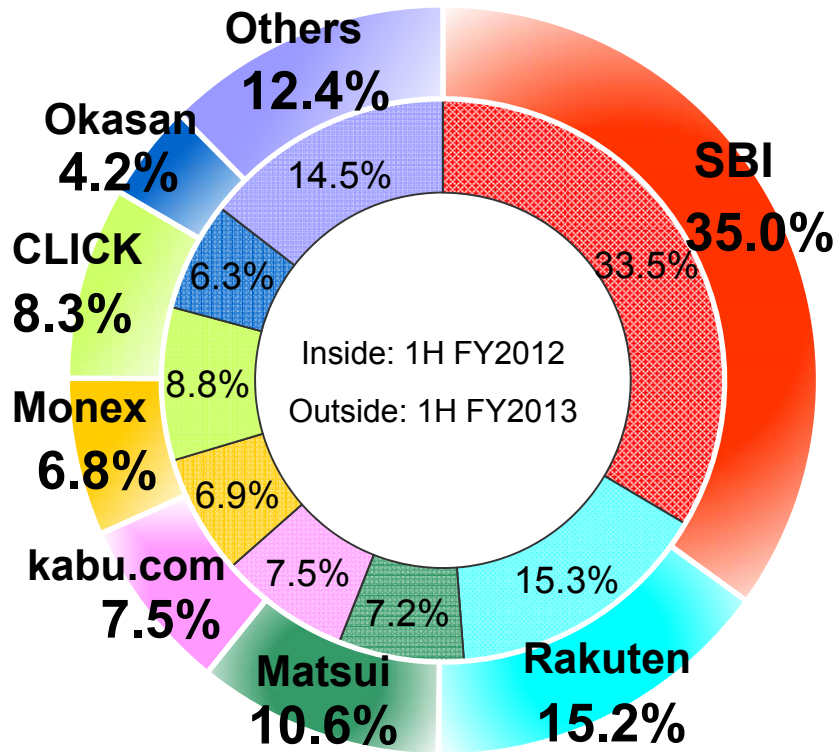
(Unit: JPY million)

	Operating Revenue	YoY change (%)	Operating Income	YoY change (%)	Income before Income Taxes	YoY change (%)
<b>SBI</b>	<b>37,961</b>	<b>+108.5</b>	<b>16,944</b>	<b>+448.8</b>	<b>15,867</b>	<b>+301.3</b>
<b>Monex (*)</b>	<b>29,284</b>	<b>+95.4</b>	<b>9,233</b>	<b>—</b>	<b>11,078</b>	<b>+734.0</b>
<b>Rakuten</b>	<b>24,052</b>	<b>+153.6</b>	<b>12,137</b>	<b>+730.2</b>	<b>11,255</b>	<b>+676.2</b>
<b>Matsui</b> (non-cons.)	<b>22,190</b>	<b>+184.1</b>	<b>15,615</b>	<b>+481.0</b>	<b>15,212</b>	<b>+440.0</b>
<b>kabu.com</b> (non-cons.)	<b>12,421</b>	<b>+133.3</b>	<b>6,280</b>	<b>+594.2</b>	<b>6,014</b>	<b>+503.2</b>

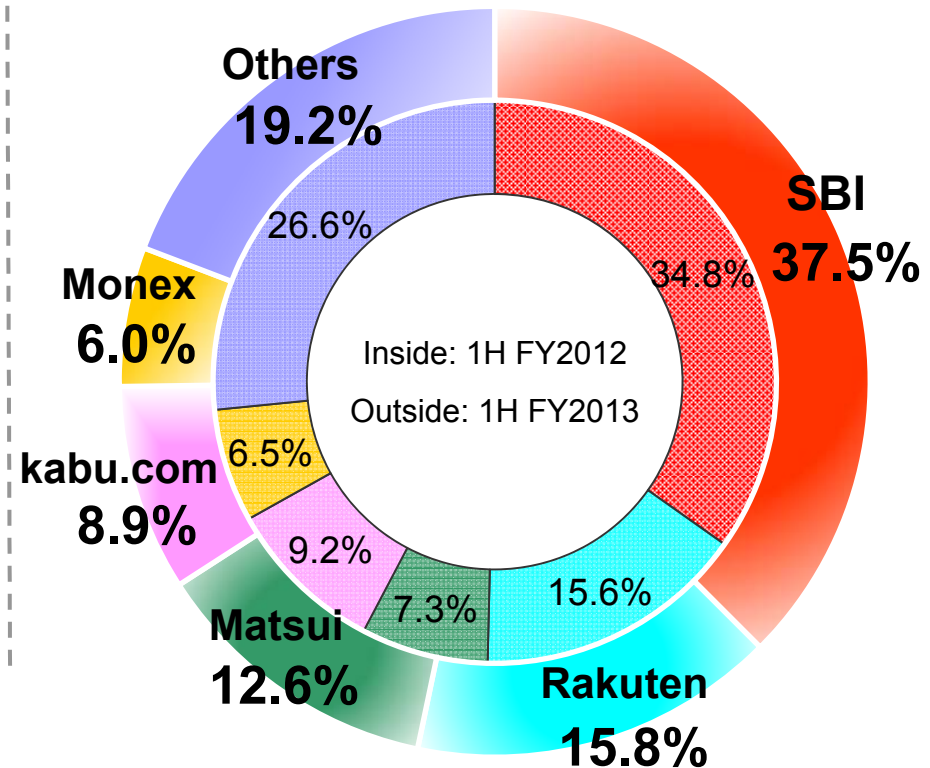
\* From full year FY2012, Monex has adopted IFRS and the relevant figures above are based on IFRS. Incidentally, the amount of "Operating Income" is "The amount equivalent to operating income" disclosed by Monex.

# SBI SECURITIES' Share of Individual Stock Trading Value Significantly Increased

**Share of Individual Stock Trading Value (%)**  
**1H FY2013**  
 (Apr.-Sept. 2013)



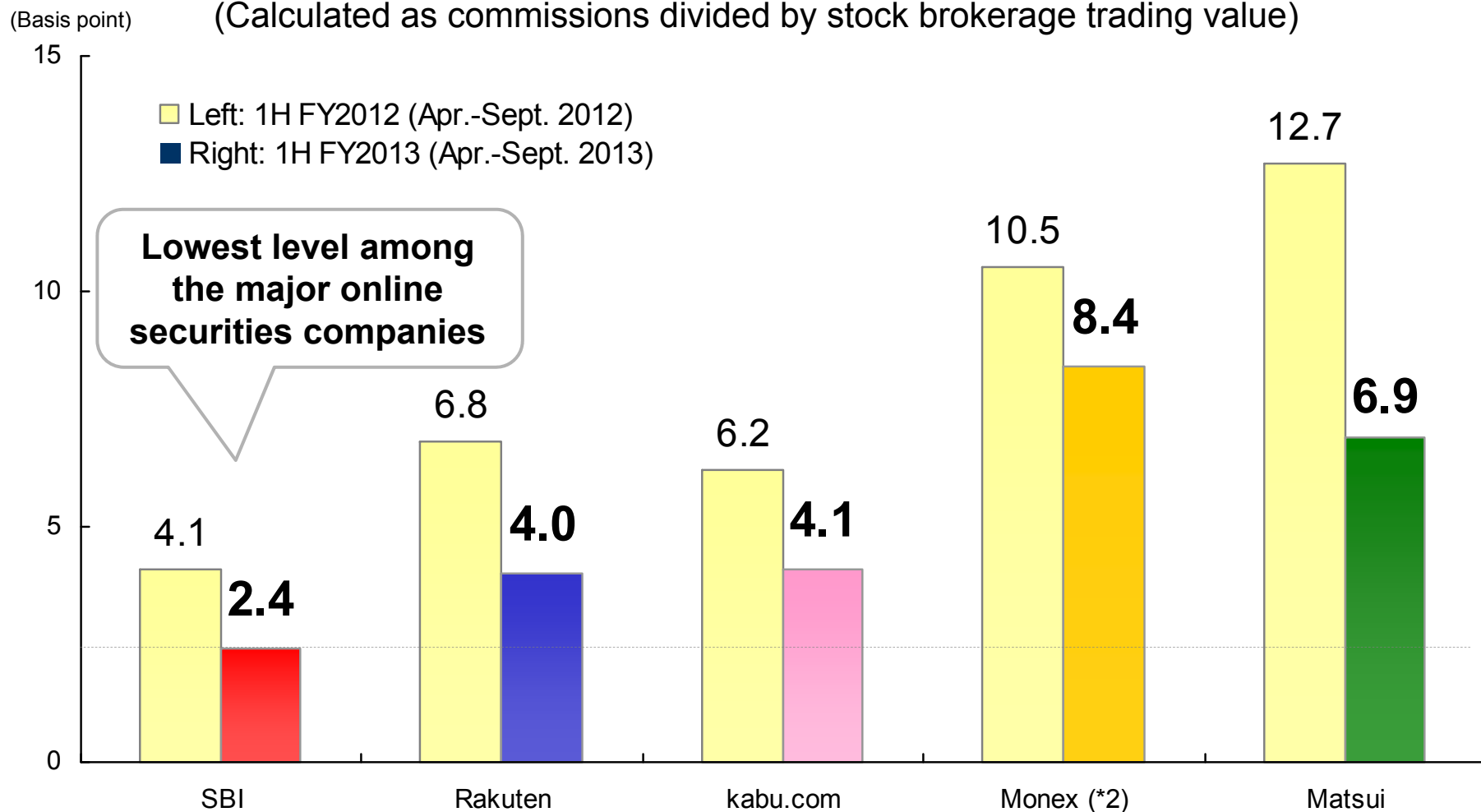
**(of which) Share of Individual Margin Trading Value (%)**  
**1H FY2013**  
 (Apr.-Sept. 2013)



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

# Commission Rate Comparison Between the Major Online Securities Companies (\*1)

(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 are based on commission of Monex, Inc.'s commission figures

Source: Compiled by SBI SECURITIES from financial results announcement materials and monthly disclosure reports of each company.

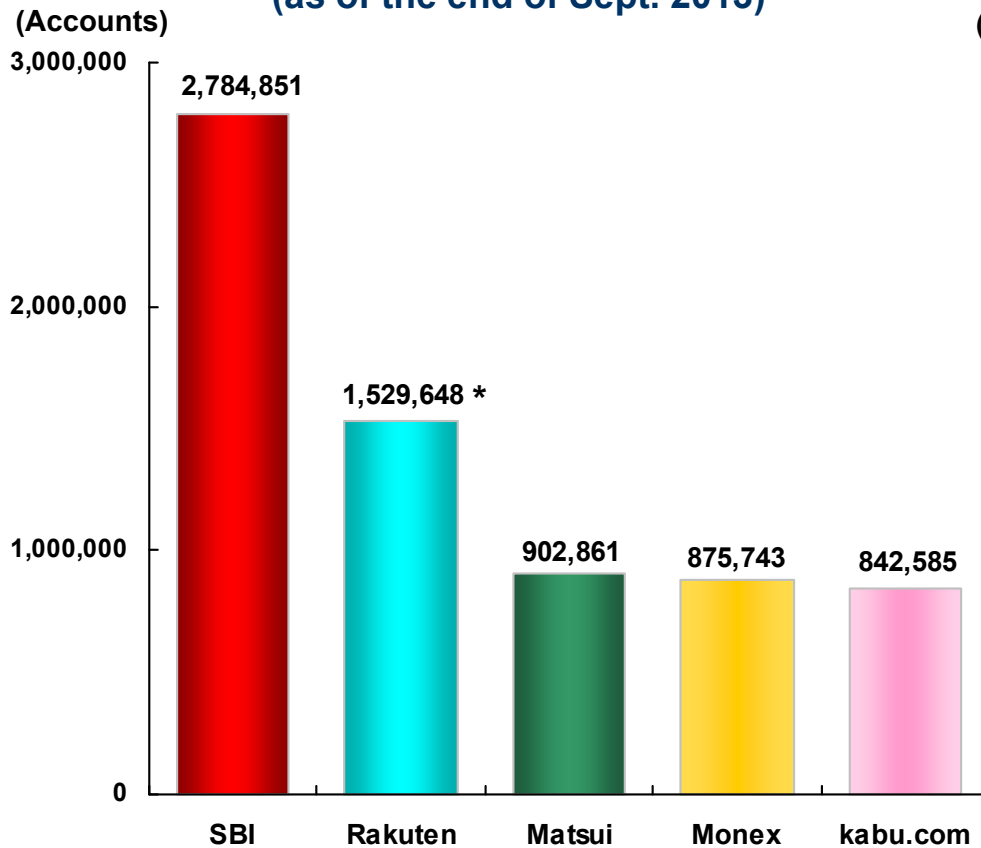
Commissions are from earnings briefings.

Figures for SBI SECURITIES are based on the Internet Division only.

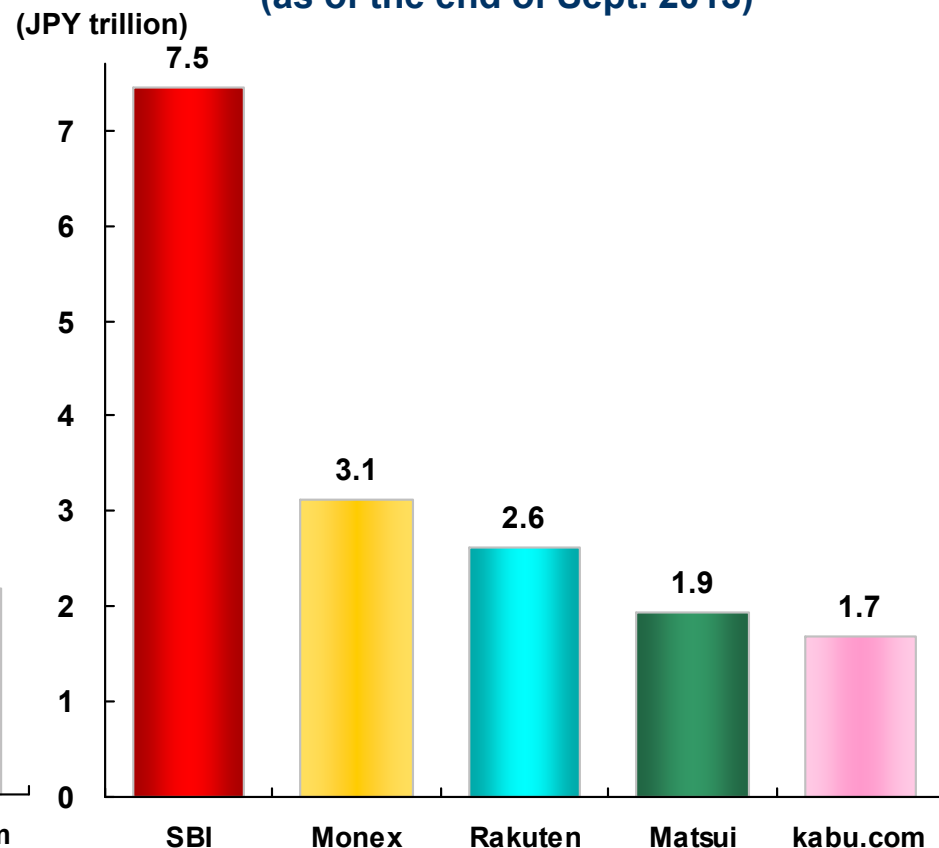
# Solid Customer Base of SBI SECURITIES

## < Number of Accounts and Amount of Customer Asset >

**Customer Accounts of 5 Online Securities Companies**  
(as of the end of Sept. 2013)



**Customers' Deposit Assets of 5 Online Securities Companies**  
(as of the end of Sept. 2013)

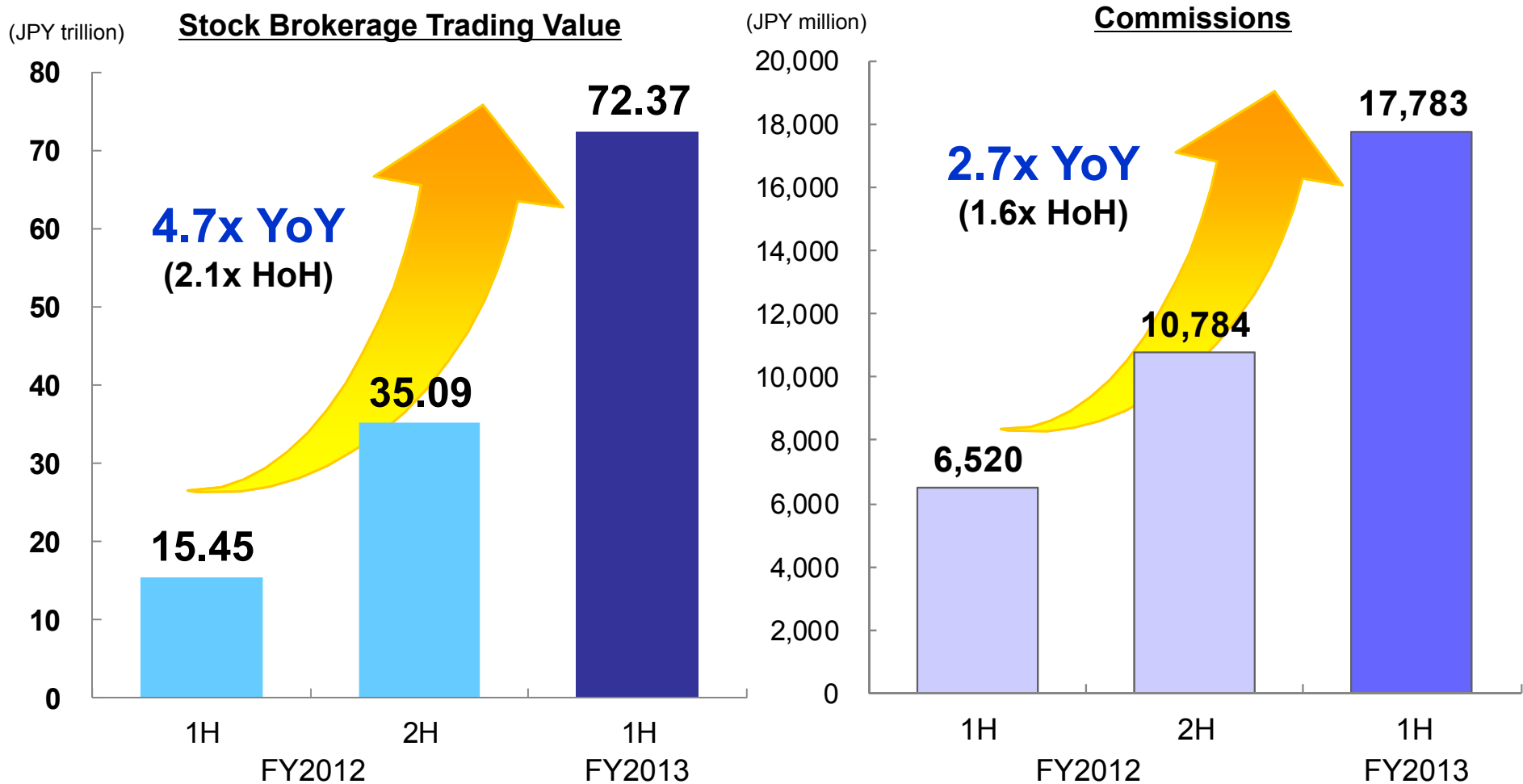


\* The figure of Rakuten is that of the end of June 2013. The figure as of the end of Sept. is not disclosed.

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

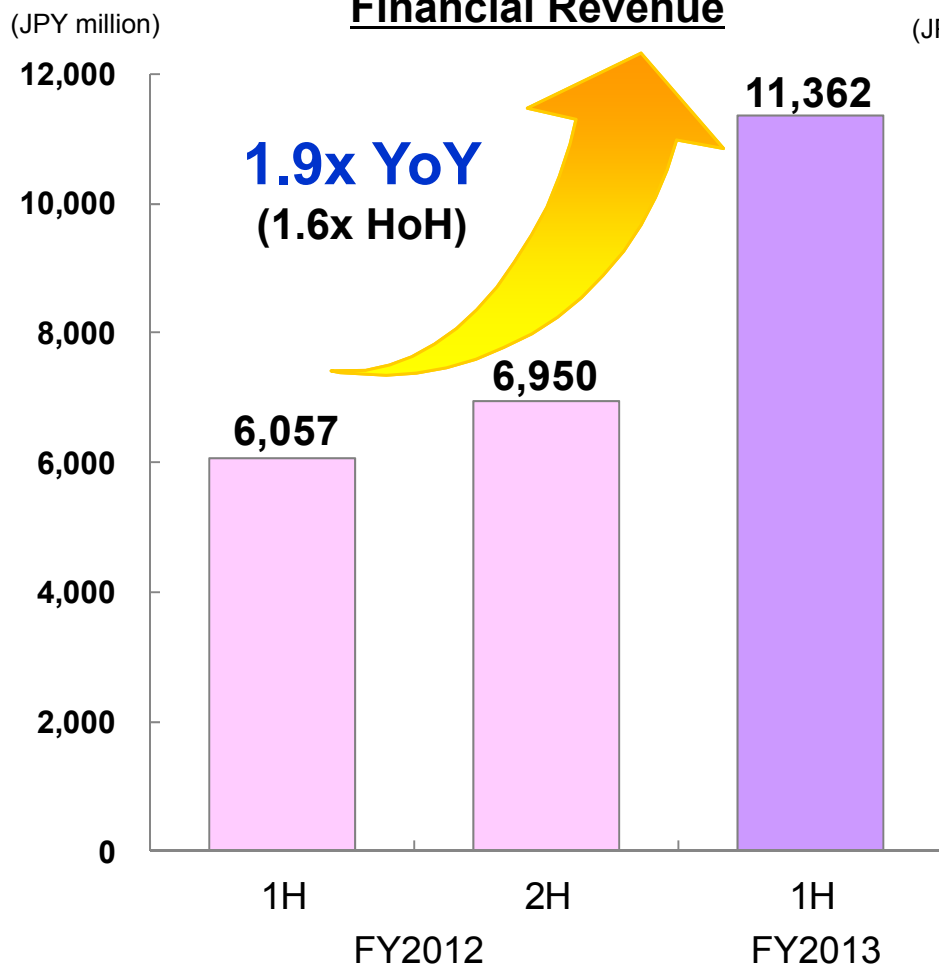
# SBI SECURITIES' Stock Brokerage Trading Value and Commissions Dramatically Increased

## Transition of Stock Brokerage Trading Value and Commissions

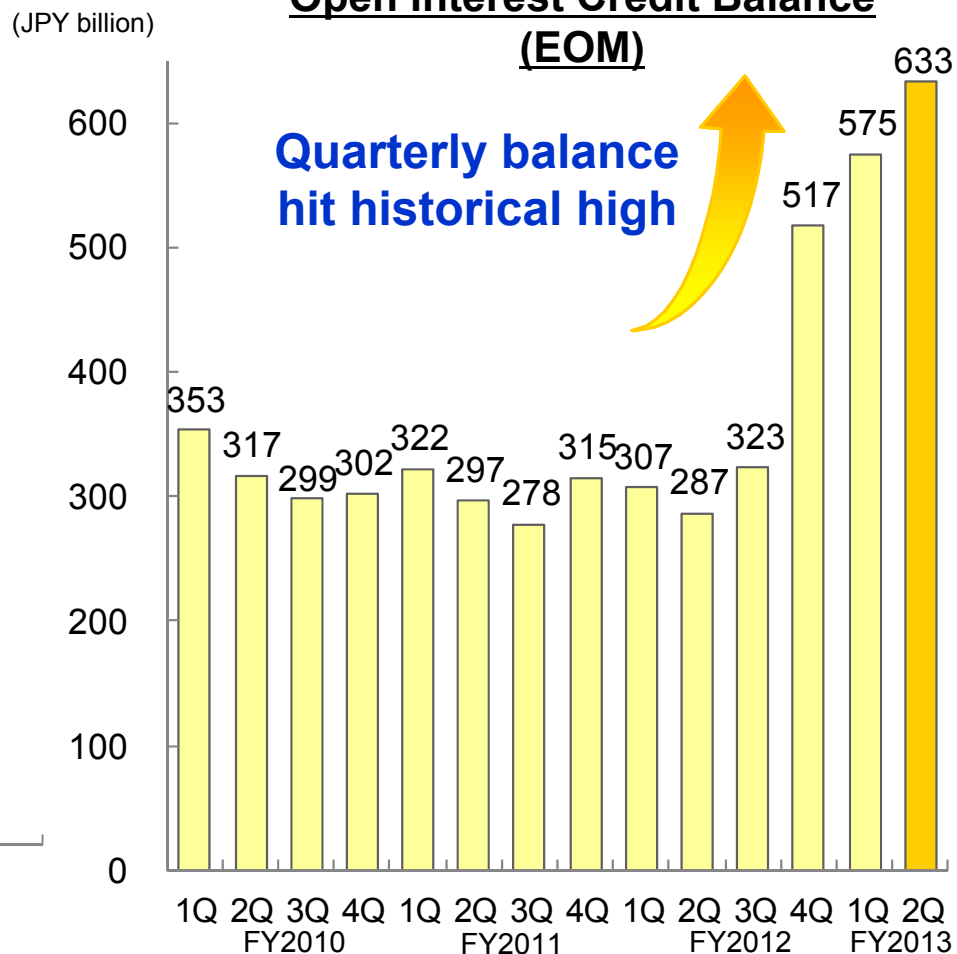


# SBI SECURITIES' Financial Revenue and Open Interest Credit Balance Significantly Increased

**Financial Revenue**



**Open Interest Credit Balance**

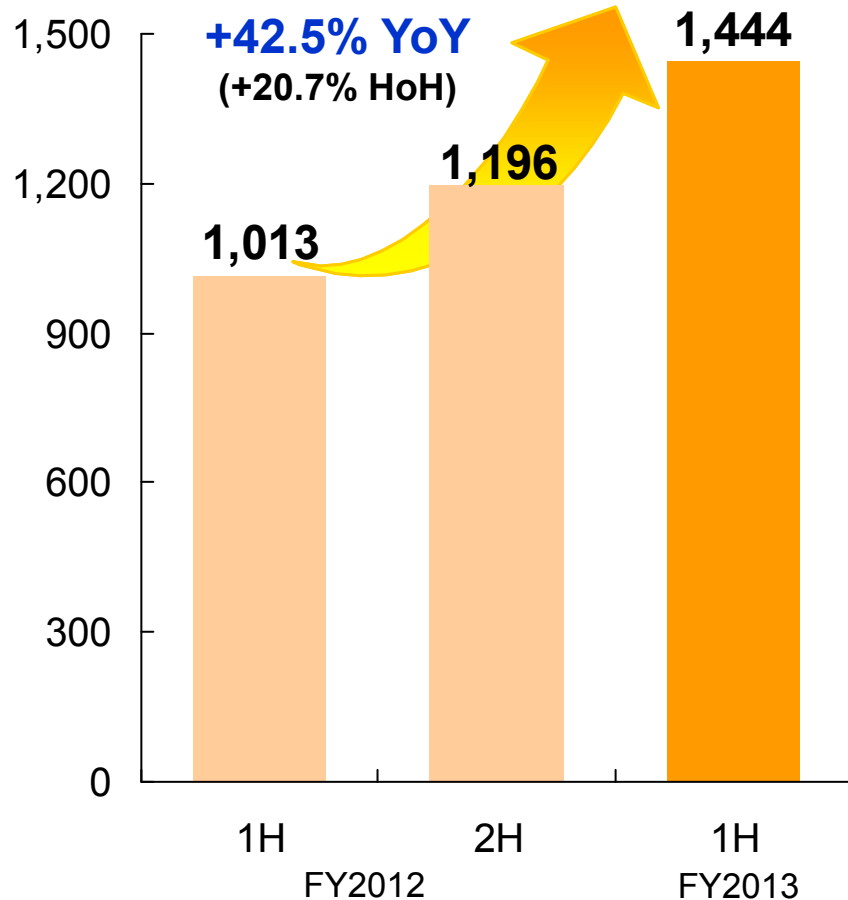




# SBI SECURITIES' Investment Trust Fees and Investment Trust Balance Both Hit a Record

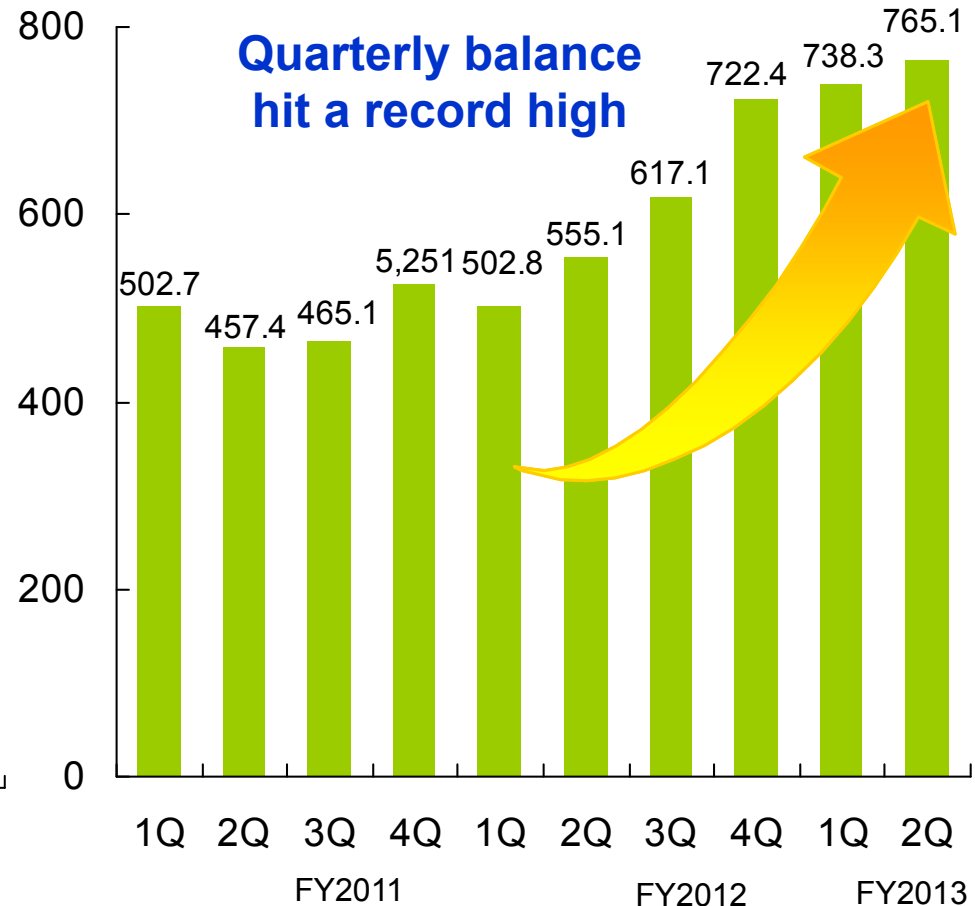
**Investment Trust Fees**

(JPY million)



**Investment Trust Balance**

(JPY billion)



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

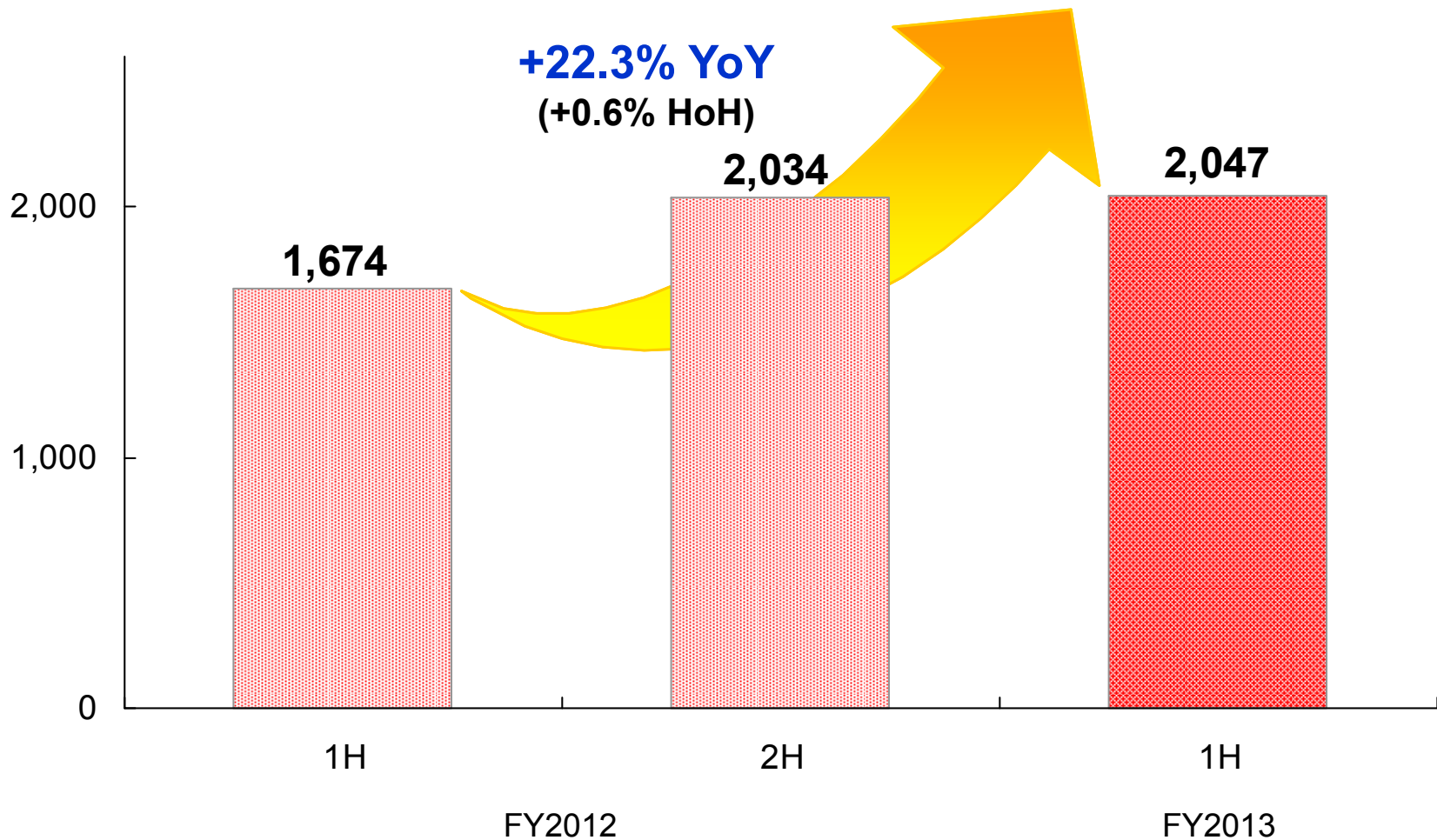
\* Investment trust fees is included in "Other commission received"

\* Trust fee excludes MRF

# SBI SECURITIES' FX Trading-related Gains for 1H (Apr.-Sept.)

## FX Trading-related Gains

(JPY million)

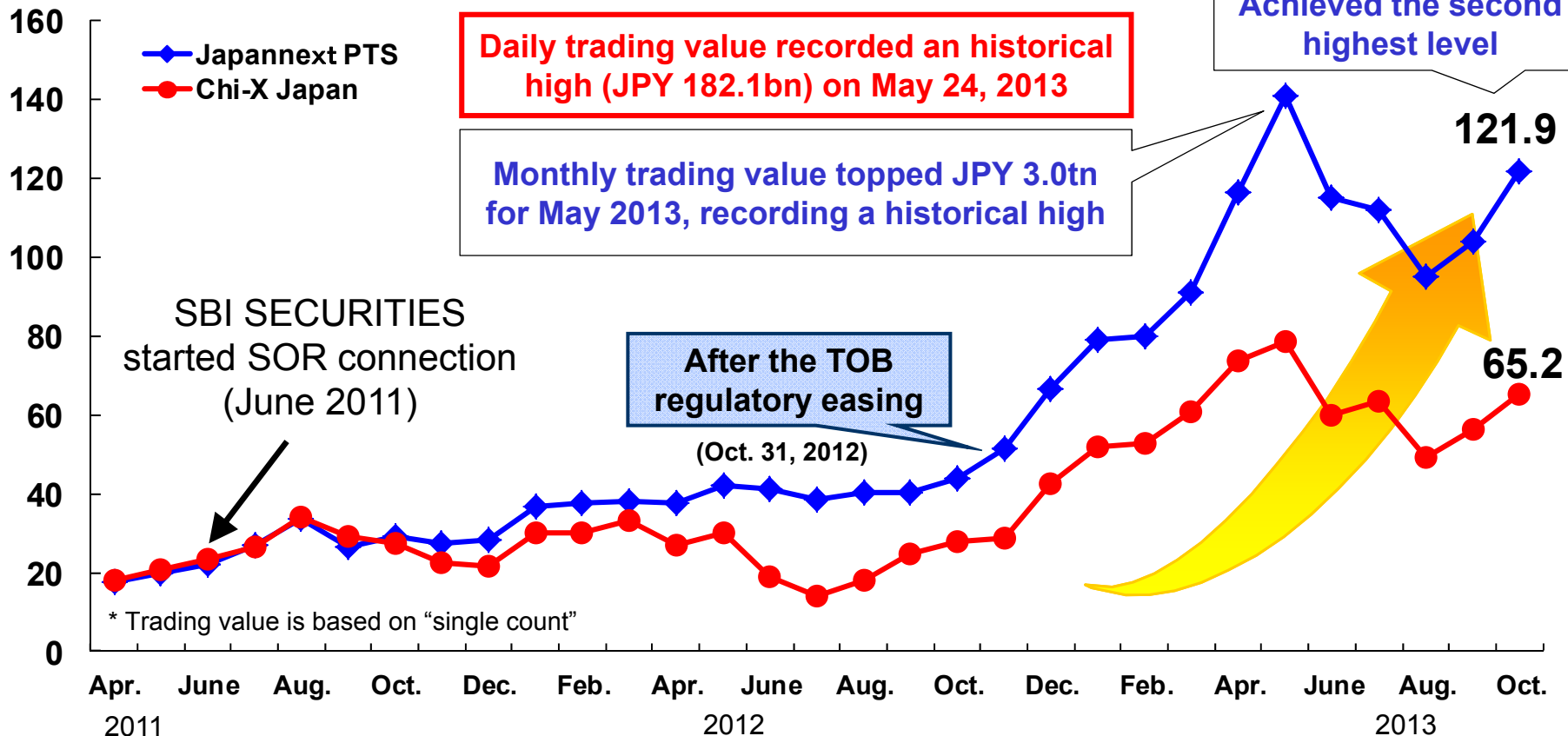


## ② SBI Japannext

- Owing to the effects of TOB regulatory easing and “Abenomics,” trading value increased steadily and continuously
- With an active market environment, operating income for 1H FY2013 resulted in twice the amount of the full year operating income for FY2012

# Average Daily Trading Value at Japannext PTS Surged

(JPY billion)



## TOB (take-over-bid) regulation

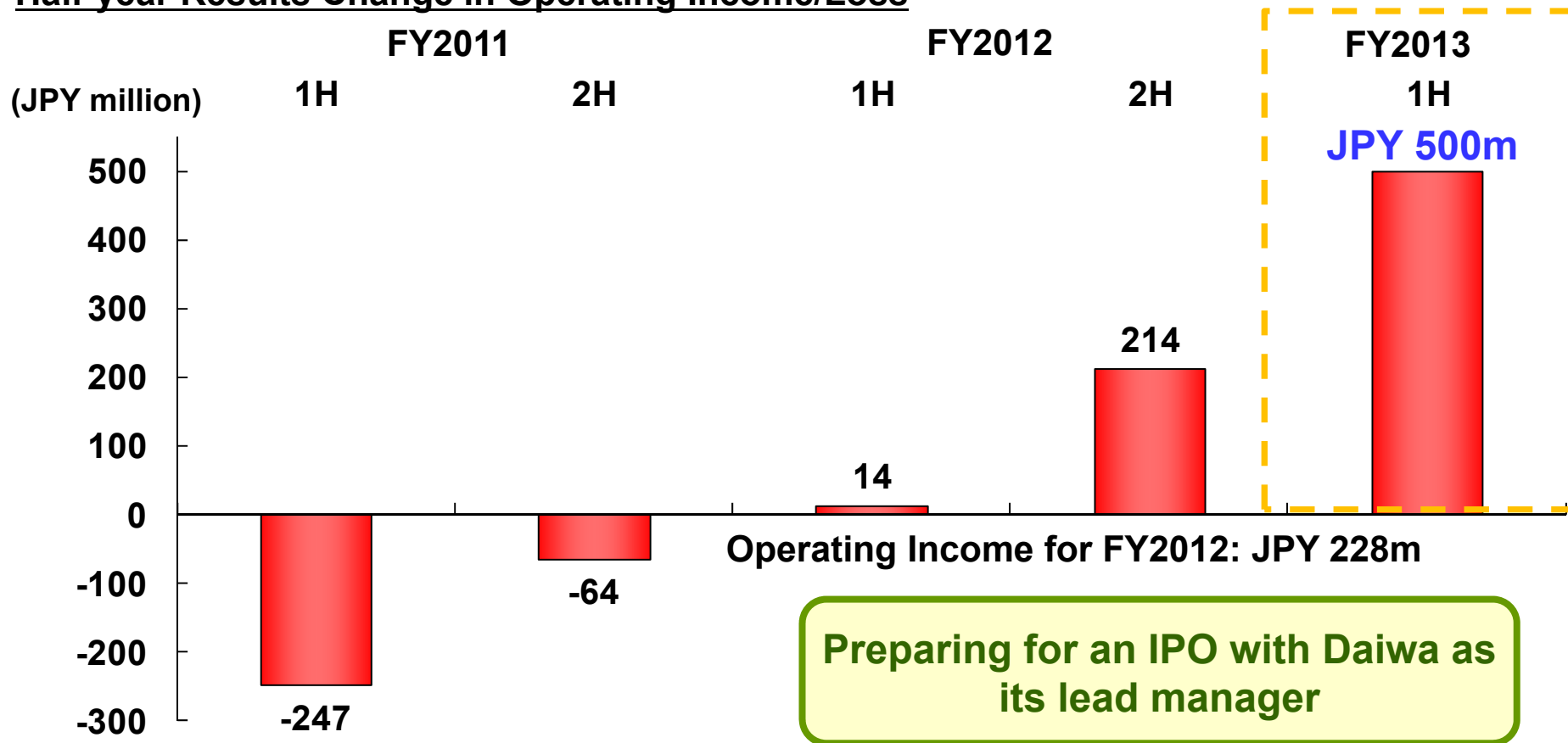
The regulation obliges investors who acquire more than 5% of a company through off-exchange transactions, or for investors who already own more than 5% that decide to increase their holdings, to make a takeover bid. This has hindered large institutional investors from utilizing the PTS.

# Change in SBI Japannext's Financial Results

(Consolidated in Sept. 2012)

Operating income for 1H FY2013 resulted in twice the amount of the full year operating income for FY2012

## Half-year Results Change in Operating Income/Loss



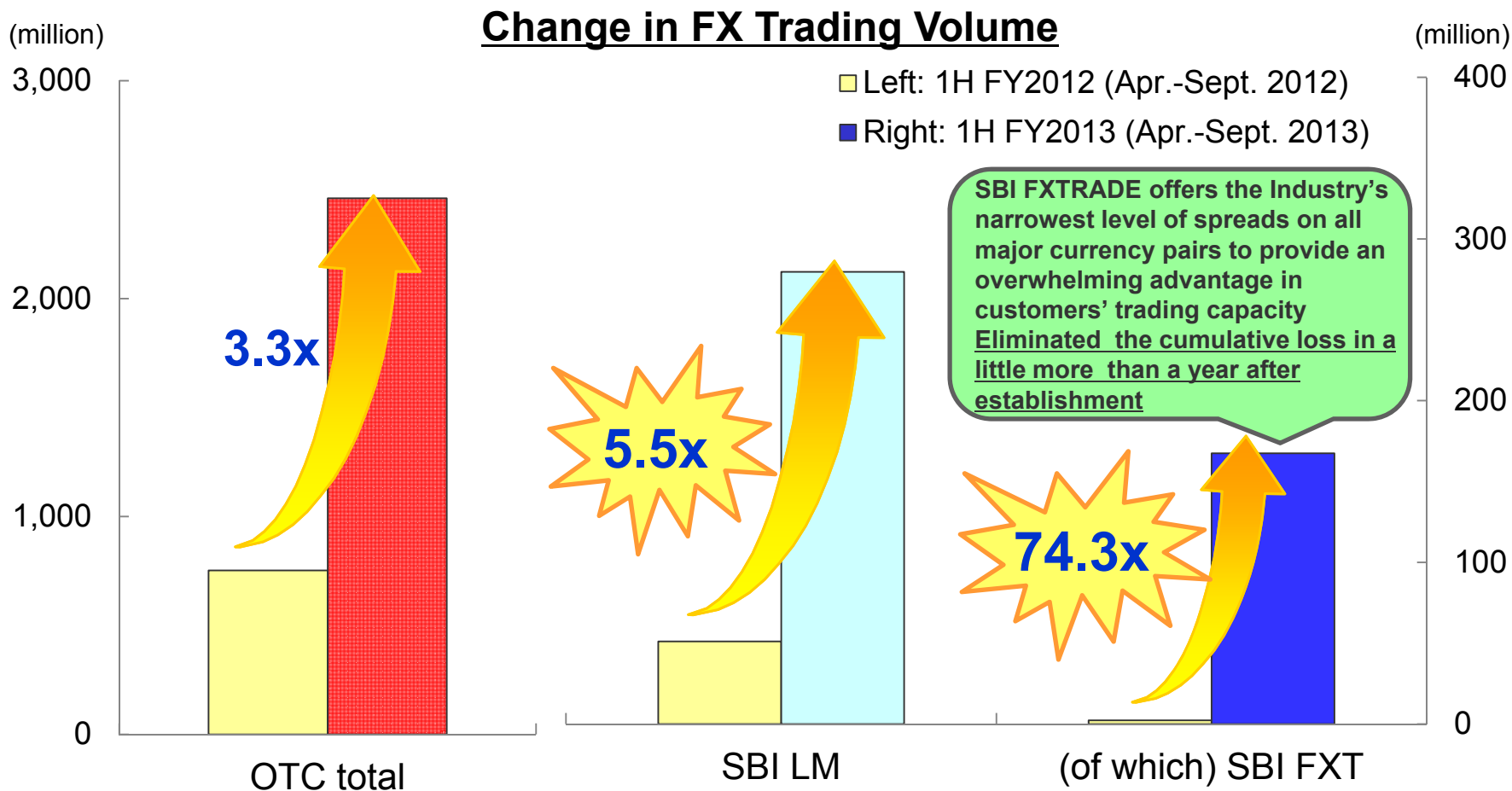
### ③ SBI Liquidity Market, SBI FXTRADE

- **SBI Liquidity Market has acquired new customers through the establishment of SBI FXTRADE (started its business on May 30, 2012), with a consequent increase in liquidity. As a result, the SBI Group has grown its customer base to become No.1 in the OTC FX industry**
- **SBI Liquidity Market's operating income before allocation for 1H FY2013 was JPY 3.6bn, up 37.3% year-on-year**

# SBI Liquidity Market's Rise in Trading Volume Significantly Exceeds that of the Whole OTC FX Industry

**SBI LM's share among OTC total is steadily increasing**

**5.6%** (FY2011) → **8.4%** (FY2012) → **11.4%** (1H FY2013)



# Total Number of Accounts for the SBI Group (SBI SECURITIES, SBI FXTRADE and SBI Sumishin Net Bank) Became 400,000 (\*1) and is No.1 in the OTC FX Industry

## Number of FX Trading Accounts among the OTC FX Industry

No.	Company name	Number of accounts (Oct. 2013)	MoM change
1	Gaitame.com	366,674	1,985
2	DMM.com	341,579	5,295
3	GMO CLICK	310,259	3,672
4	CyberAgent FX	261,736	2,977
5	MONEY PARTNERS	224,281	1,849
6	Traders Securities	207,290	1,835
7	Hirose FX	153,595	1,295
8	Central Tanshi FX	140,313	773
9	FX PRIME by GMO Corporation	139,800	1,014
10	MONEY SQUARE JAPAN	60,528	826
11	Ueda Harlow	48,748	162
	Others (3 companies)	595,720	8,104
	<b>Total</b>	<b>2,850,523</b>	<b>29,787</b>

Source: Yano Research "Monthly Research on 15 Major FX Trading Companies – Aug. 2013"

\* As of the end of Sept. 2013



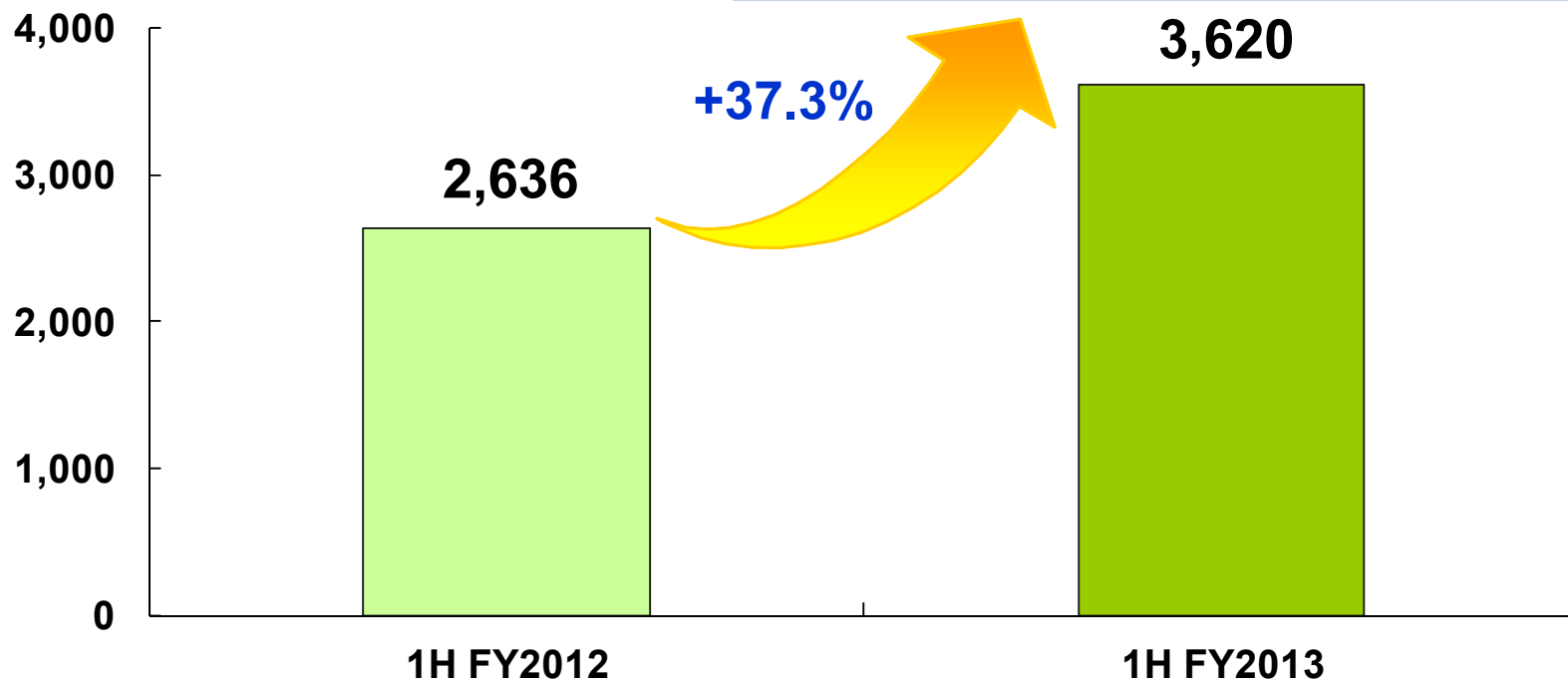
# Financial Results of SBI Liquidity Market

A steady increase in trading volume owing to the acquisition of new customers through SBI FXTRADE, which started its business on May 30, 2012, contributed to SBI Liquidity Market's profitability

## Operating Income Before Allocation

(JPY million)

SBI Liquidity Market's "Operating Income Before Allocation" represents the amount before its allocation of profits to affiliated companies: SBI SECURITIES, SBI Sumishin Net Bank, SBI FXTRADE



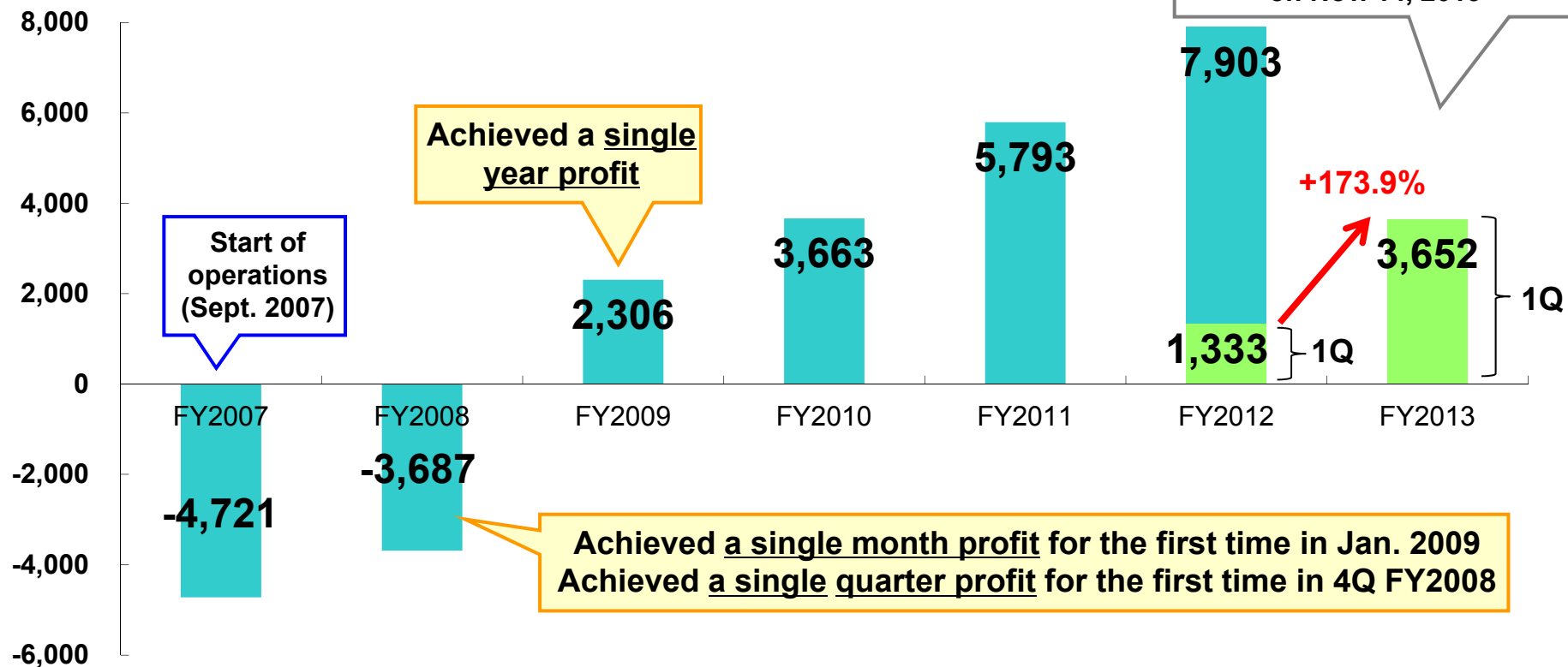
## ④ SBI Sumishin Net Bank

- **As of Sept. 30, 2013, the number of accounts reached 1.81 million and deposits topped JPY 3,048bn. The business base continues to steadily expand, with deposits surpassing the JPY 3.1tn milestone on October 26, 2013.**
- **Specific purpose loan products launched in May 2013 is steadily growing. Continuing a successful diversification of its fund management methods, including housing, personal and auto loans.**
- **With ordinary income of SBI Sumishin Net Bank (J-GAPP) steadily growing, expectations are for ordinary income to exceed JPY 10bn for this fiscal year. 2Q FY2013 financial results announcement is scheduled for Nov. 14, 2013.**

# Ordinary Income of SBI Sumishin Net Bank Steadily Growing

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

(JPY million) \*consolidated since FY2009



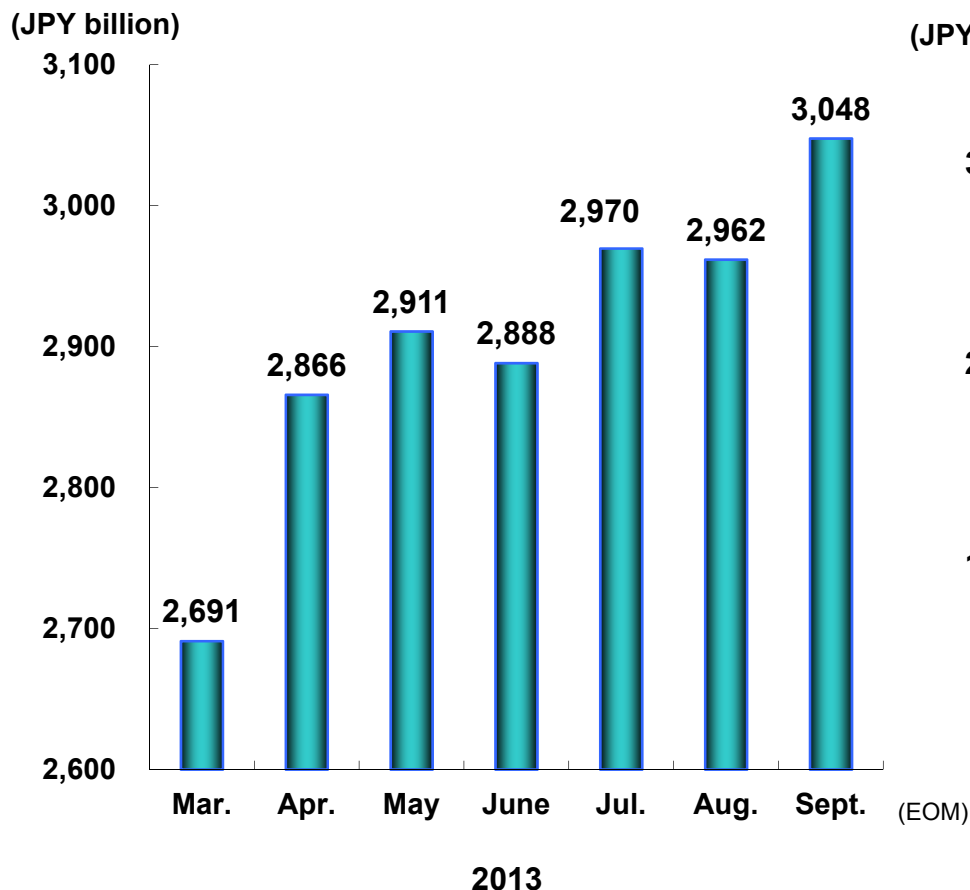
Financial results for 2Q FY2013: To be announced on Nov. 14, 2013

**Expectations are for ordinary income to exceed JPY 10bn for this fiscal year**

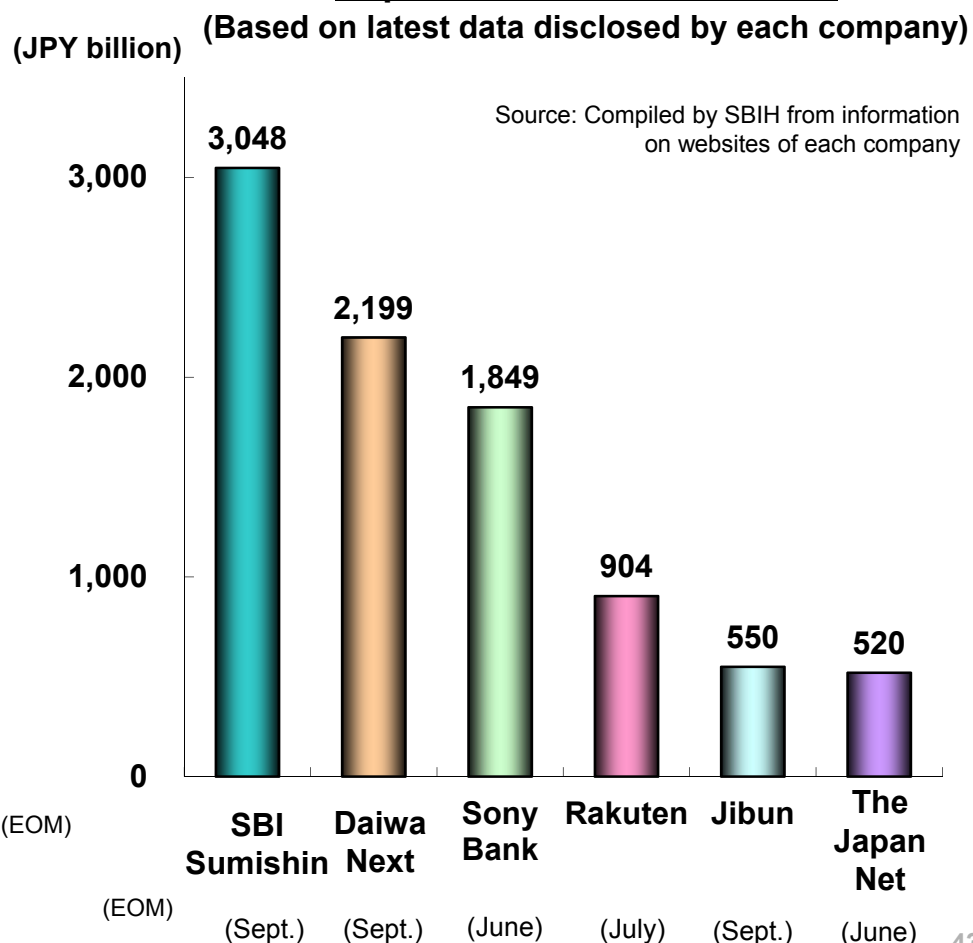
# Deposit Balance Exceeds JPY 3.1tn (on Oct. 26, 2013) for the First Time Among Pure-play Internet Banks

**Number of accounts: 1,813,559 / Deposits: JPY 3,047.6bn  
(as of the end of Sept. 2013)**

**Change in Deposits**



**Deposits of 6 Internet Banks**



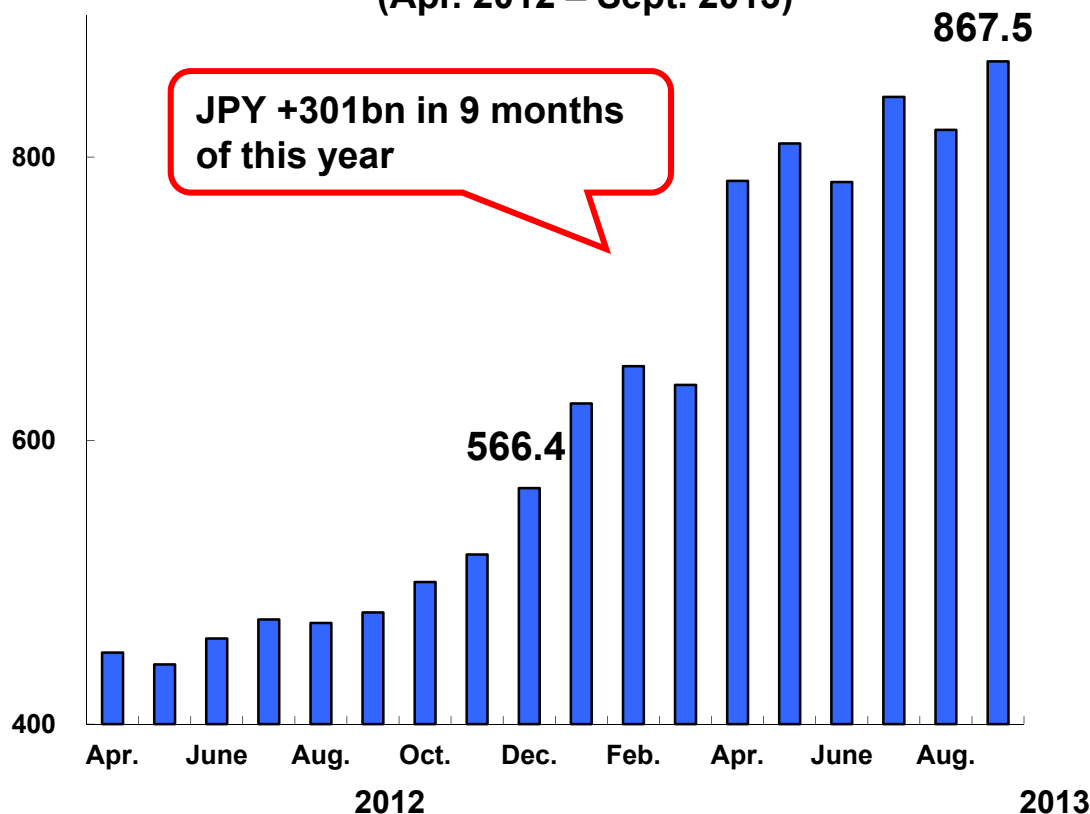
\* Amounts are rounded to the nearest 100 million yen.

# Synergy with SBI SECURITIES Contributed to 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  
(Apr. 2012 – Sept. 2013)**

(JPY billion)



JPY +301bn in 9 months of this year

**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.**

# SBI Sumishin Net Bank is 36<sup>th</sup> (at Sept. 30, 2013) 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	✓	11,484.9
2	Chiba Bank	✓	9,636.8
3	Bank of Fukuoka	*1	8,063.7
4	Shizuoka Bank	✓	7,932.4
5	Joyo Bank	✓	7,355.3
6	77 Bank	✓	6,897.1
7	Nishi-Nippon City Bank	✓	6,400.6
8	Bank of Kyoto	✓	6,091.5
9	Hiroshima Bank	✓	5,932.5
10	Hachijuni Bank	✓	5,823.3
11	Gunma Bank	✓	5,822.8
12	Shinsei Bank	✓	5,631.6
13	Hokuriku Bank	*1	5,585.4
14	Chugoku Bank	✓	5,492.5
15	Juroku Bank	✓	5,014.9

Rank	Bank name	Listing	Deposits
16	Ashikaga Bank	* <sub>1</sub>	4,782.1
17	Iyo Bank	✓	4,639.3
18	Yamaguchi Bank	* <sub>1</sub>	4,583.2
19	Senshu Ikeda Bank	* <sub>1</sub>	4,512.8
20	Nanto Bank	✓	4,432.1
21	Hokkaido Bank	* <sub>1</sub>	4,250.6
22	Daishi Bank	✓	4,180.7
23	Shiga Bank	✓	4,094.9
24	Hyakugo Bank	✓	4,077.5
25	Toho Bank	✓	4,068.2
26	Ogaki Kyoritsu Bank	✓	3,986.5
27	Higo Bank	✓	3,729.8
28	Musashino Bank	✓	3,634.8
29	San-in Godo Bank	✓	3,618.2
30	Citibank Japan	n/a	3,541.5

Rank	Bank name	Listing	Deposits
31	Kiyo Bank	* <sub>1</sub>	3,540.0
32	Suruga Bank	✓	3,514.8
33	Hyakujushi Bank	✓	3,427.9
34	Kinki Osaka Bank	* <sub>1</sub>	3,250.2
35	Kagoshima Bank	✓	3,146.3
36	SBI Sumishin Net Bank	n/a	3,047.6
37	Bank of Iwate	✓	3,023.9
38	Hokkoku Bank	✓	3,016.5
39	Aozora Bank	✓	2,714.0
40	Yamanashi Chuo Bank	✓	2,547.6

\*1 Bank Holding Company is listed

▪  
▪  
▪

\* As of the end of Mar. 2013

The number of SBI Sumishin Net Bank is as of September 30, 2013. Amounts are rounded to the nearest 100 million yen.

(Source: websites of each company)

# Diversification of Loans with Deposits Accumulating

**Balance expanded at auto loan (JPY 192.0bn\*) and net loan (JPY 53.5bn\*)**

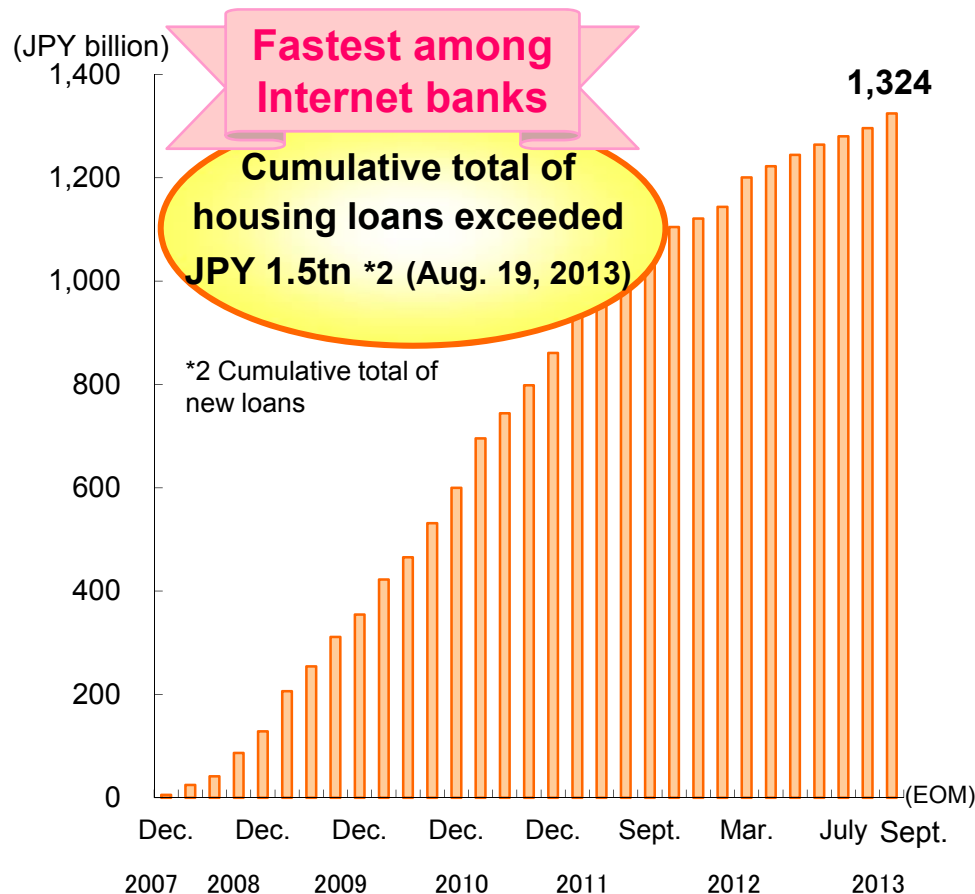
\* as of the end of Sept.

## Change in Balance of Housing Loans \*1

(Dec. 2007 – Sept. 2013)

\*1 Deducts repayments from the cumulative total of new loans. Include housing loans as a banking agency of Sumitomo Mitsui Trust Bank

**JPY 1,324.5bn (as of the end of Sept. 2013)**



### SBI Sumishin Net Bank's housing loans business:

- ① Housing loans processed directly by SBI Sumishin Net Bank
  - Via alliance with real estate companies(from Sept. 2007)
  - “Mr. Housing Loan” (from Nov. 2013)
- ② Banking Agency Business for Sumitomo Mitsui Trust Bank (from Jan. 2012)

**The total of new housing loans (①+②) for first half FY2013 increased 19.1% YoY**

## ⑤ Insurance Business

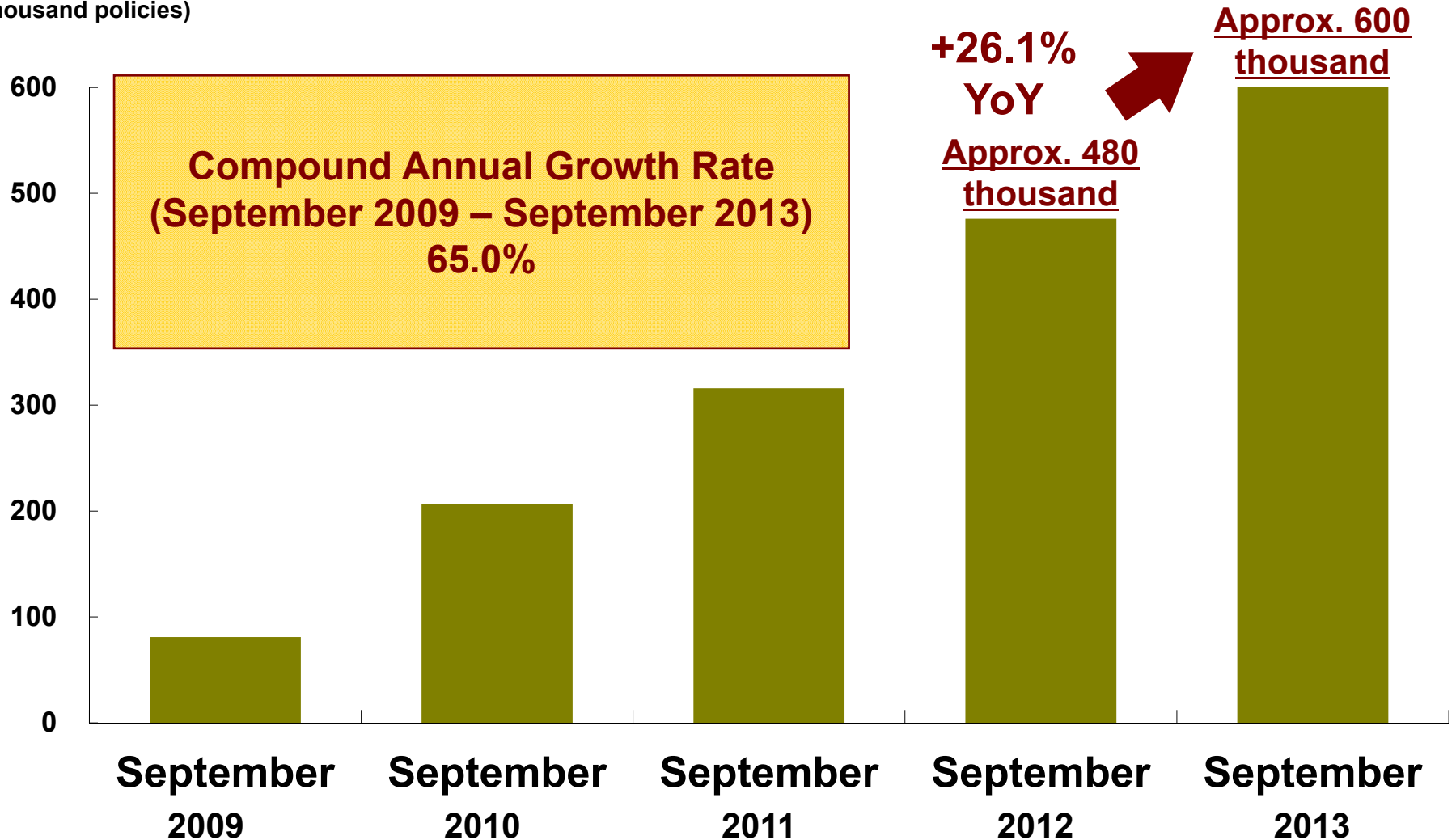
- **SBI Insurance's auto insurance business continues to expand with the number of contracts up 26.1% and insurance premiums up 21.8% year-on-year.**
- **Measures to boost profitability is steadily progressing, and the combined ratio improved to 95.4% for 1H FY2013.**
- **A capital increase totaling JPY 5.0bn is planned for implementation by FY2014. Through this capital increase, the financial base will certainly be strengthened enough to achieve profitability in FY2015.**
- **Collaboration among the three insurance companies, such as the start of cross-offering of products, has accelerated.**



# SBI Insurance's Number of Auto Insurance Contracts

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

(thousand policies)



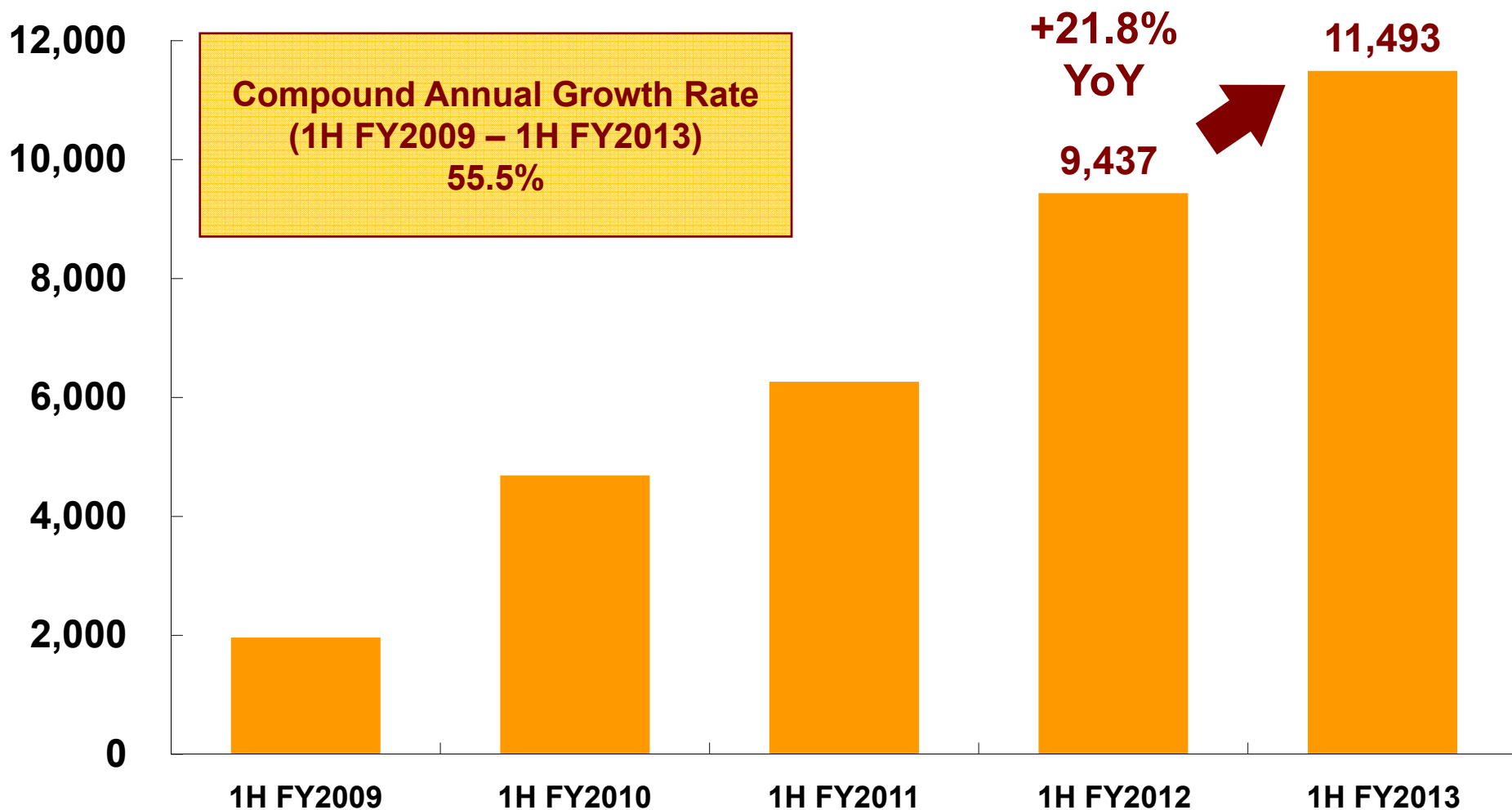
(EOM)

\* 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



## Change in Insurance Premium Income (JPY million)



# Combined Ratio\*<sup>1</sup> Improvement

	Combined ratio	=	Operating expenses ratio	+	Net loss ratio
FY2012	103.1%		33.4%		69.8%
FY2012 (Adjusted * <sup>2</sup> )	99.2%		29.4%		69.8%
<b>1H FY2013</b>	<b>95.4%</b>		<b>26.0%</b>		<b>69.5%</b>

**Targeting substantive quarterly profitability in FY2013 on an IFRS consolidated basis, as well as full-year profitability in FY2015.**

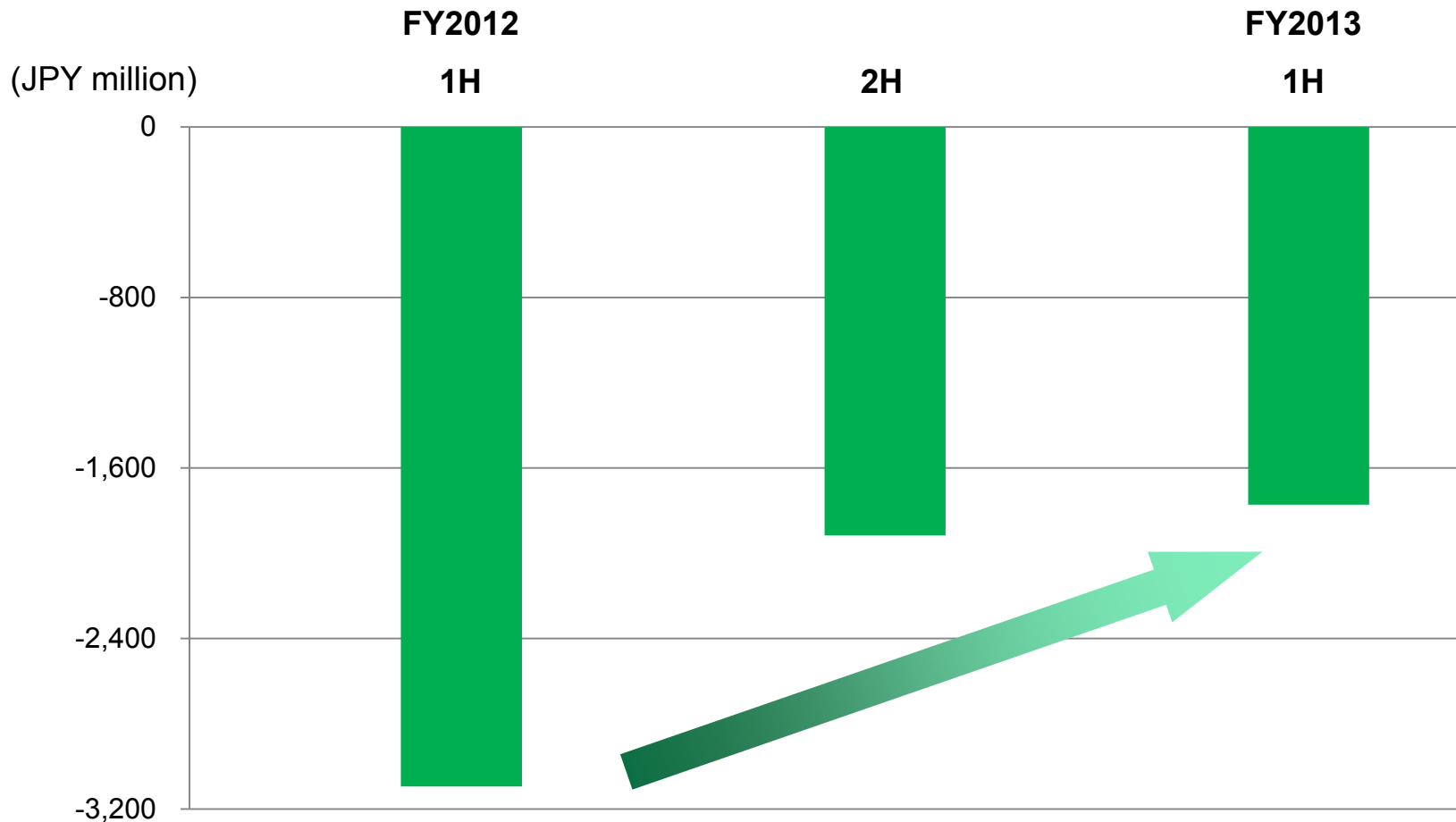
\*1 Combined ratio: An index reflecting profitability of nonlife insurance companies. The ratio of the sum of insurance premium payment and expense to insurance premium income.

\*2 When settlement money of JPY 0.76bn concerning reinsurance with Aioi Insurance is excluded

# Business Performance of SBI Insurance

Measures to increase profitability have progressed, and losses at SBI Insurance are trending down.

## Loss before income tax expense (IFRS)



# Acceleration of Collaboration among the Three Insurance Companies

Interconnection of products and marketing is progressing by means including the start of cross-offering of SBI Insurance, SBI SSI, and IKIIKI SEDAI products.



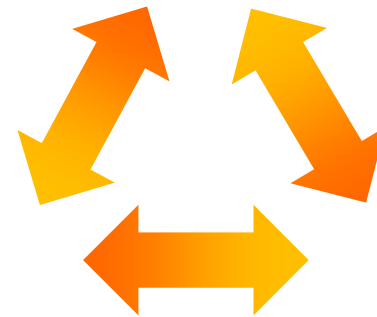
- Began offering IKIIKI SEDAI's medical insurance and death insurance

**[IKIIKI SEDAI]**

- Became an SBI Group company and is **implementing a series of marketing measures that utilize the Internet**

Examples of marketing measures:

- Website renewal
- Online insurance premium quotations and policy applications
- Credit card payment of insurance premiums
- Began offering SBI Insurance's auto insurance and cancer insurance, SBI SSI's earthquake compensation insurance



**[SBI SSI]**

- Began offering SBI Insurance's auto insurance and cancer insurance, and IKIIKI SEDAI's medical insurance and death insurance
- Developed earthquake compensation risk group insurance and collective insurance and **actively pursued expansion of occupational sales channels** through collaboration with "Osaka Prefecture Small and Medium Enterprises Mutual Aid Association" and other associations and organizations

## ⑥ SBI Mortgage

- **Profit before income tax expense for 1H FY2013 (Apr. – Sept.) increased 22.4% year-on-year, and profit for the period rose 22.4%.**
- **Disbursed amount of housing loans in 1H FY2013 steadily increased by 11.9% year-on-year, and the number of refinancing housing loans issued (monthly basis) reached a record in Sept. 2013.**
- **SBI Mortgage’s “Flat 35” market share, of the total number of loans issued, further expanded to 27.4% in Sept. 2013.**
- **Absorbed SBI Lease as a subsidiary on Oct. 10, and will endeavor to develop the leasing business domestically, as well as overseas.**

# SBI Mortgage Financial Results for 1H FY2013 (IFRS) \*1

(Announced on Oct. 23, 2013)

(JPY million)

	1H FY2012 (Apr. 2012 – Sept. 2012)	1H FY2013 (Apr. 2013 – Sept. 2013)	YoY % change
Net Operating Revenue	5,218	5,971	+14.4
Profit Before Income Tax Expense	1,548	1,895	+22.4
Profit for the Period	960	1,175	+22.4

\*1 The results above are unaudited and therefore subject to change upon an audit by external auditors.

## Interim Dividend for FY2013 (base date: Sept. 30, 2013)

JPY 15 per share\*2 (FY2012: JPY 13), JPY 360m in total\*2 (FY2012: JPY 310m)

\*2 The actual amount of KRW denominated dividend is determined by the exchange rate of the payment day.

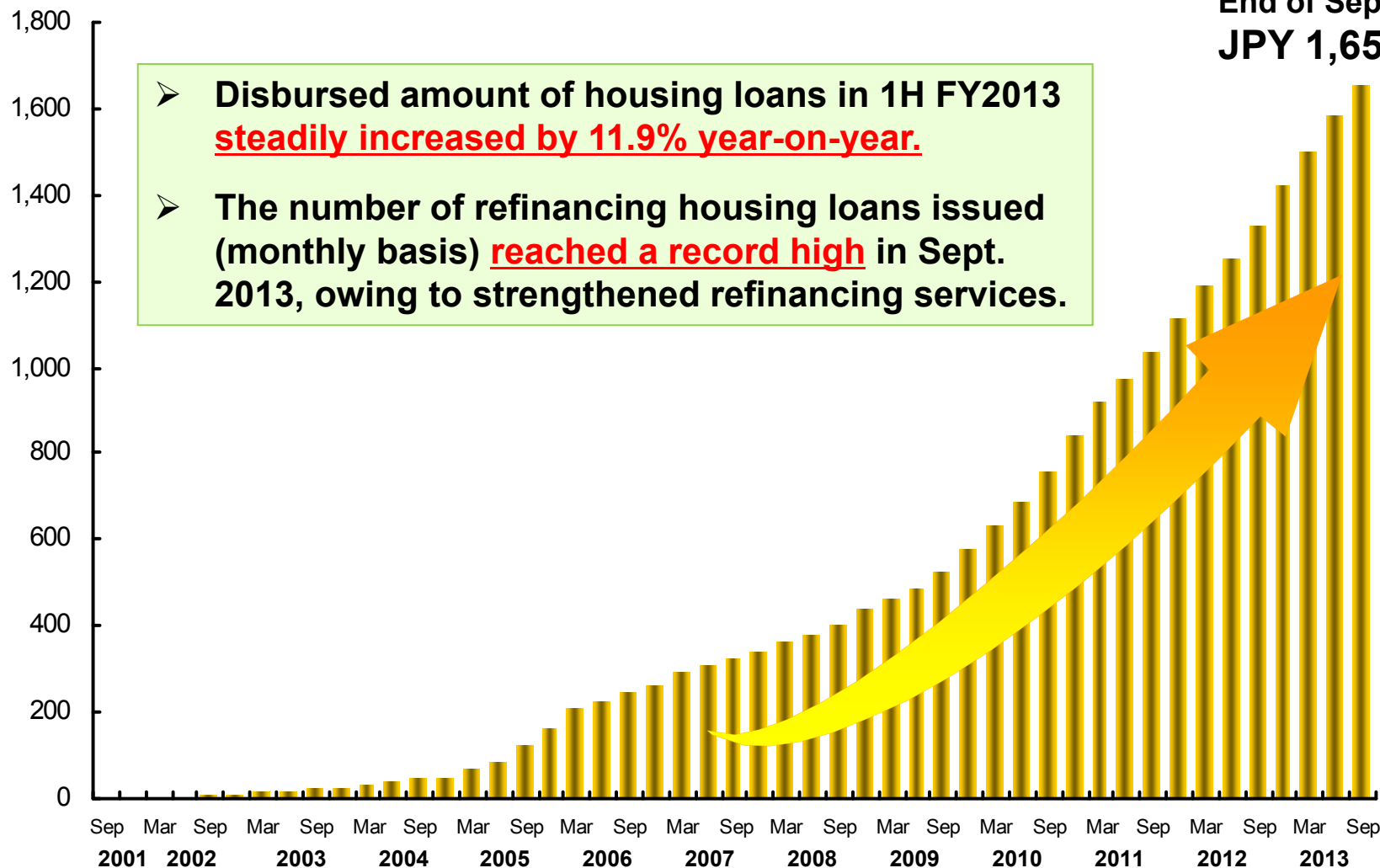
**Market cap on Korea's KOSPI Market (as of Sept. 30, 2013): JPY 36.4bn**

(Converted at KRW 1 = JPY 0.091)

# SBI Mortgage's Steadily Increasing Outstanding Loan Balance

## Outstanding Balance of Housing Loans

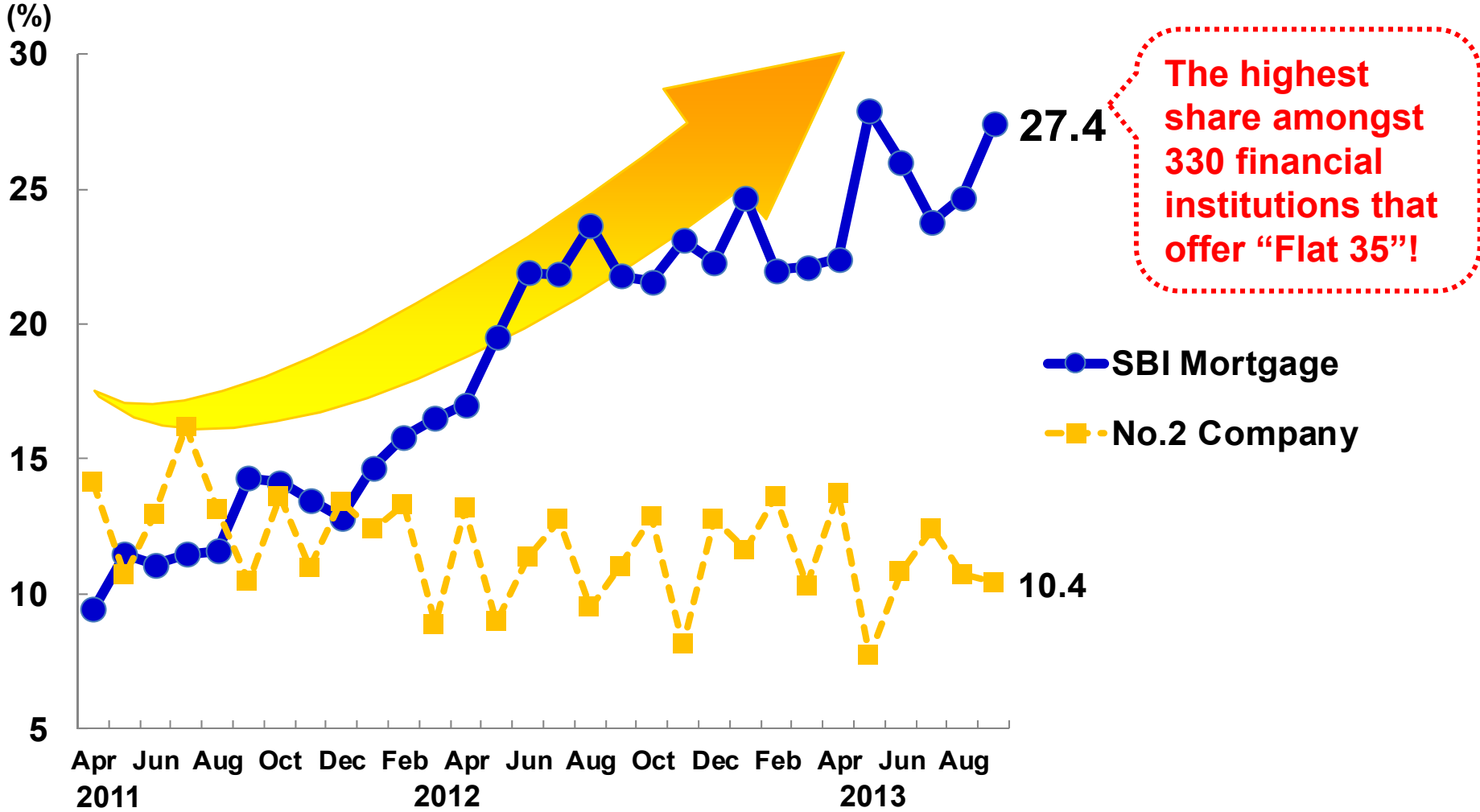
(JPY billion)





# SBI Mortgage's "Flat 35" Market Share Further Expanded

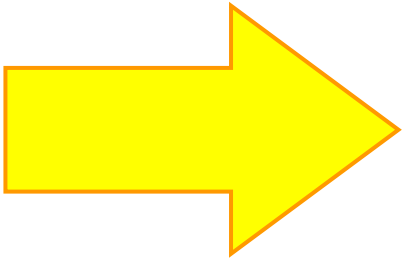
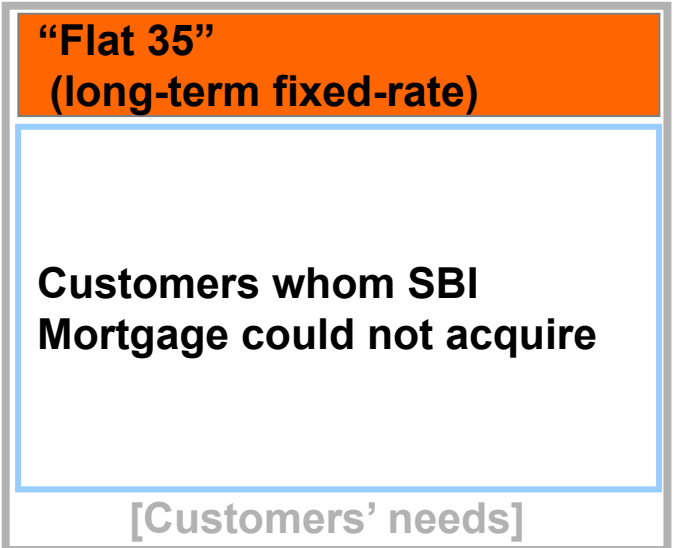
## "Flat 35" Market Share in Terms of the Number of Loans Issued



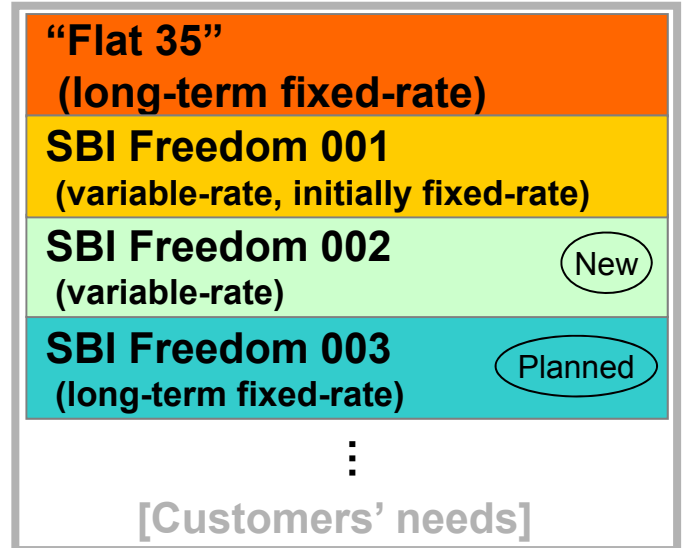
# Enhancing the Offering of “SBI Freedom” Housing Loans to Acquire a Broad Range of Customers

- Planning to promptly expand the product offering of SBI Freedom.
- SBI Freedom adopts a system where SBI Mortgage simultaneously conducts examinations for multiple affiliated companies’ loans, to offer the best loan available for each customer.

### In the past



### In the future



**Will further increase the number of affiliated financial institutions, to acquire customers whose demand is not satisfied with “Flat 35” alone.**

## ⑦ SBI MONEY PLAZA

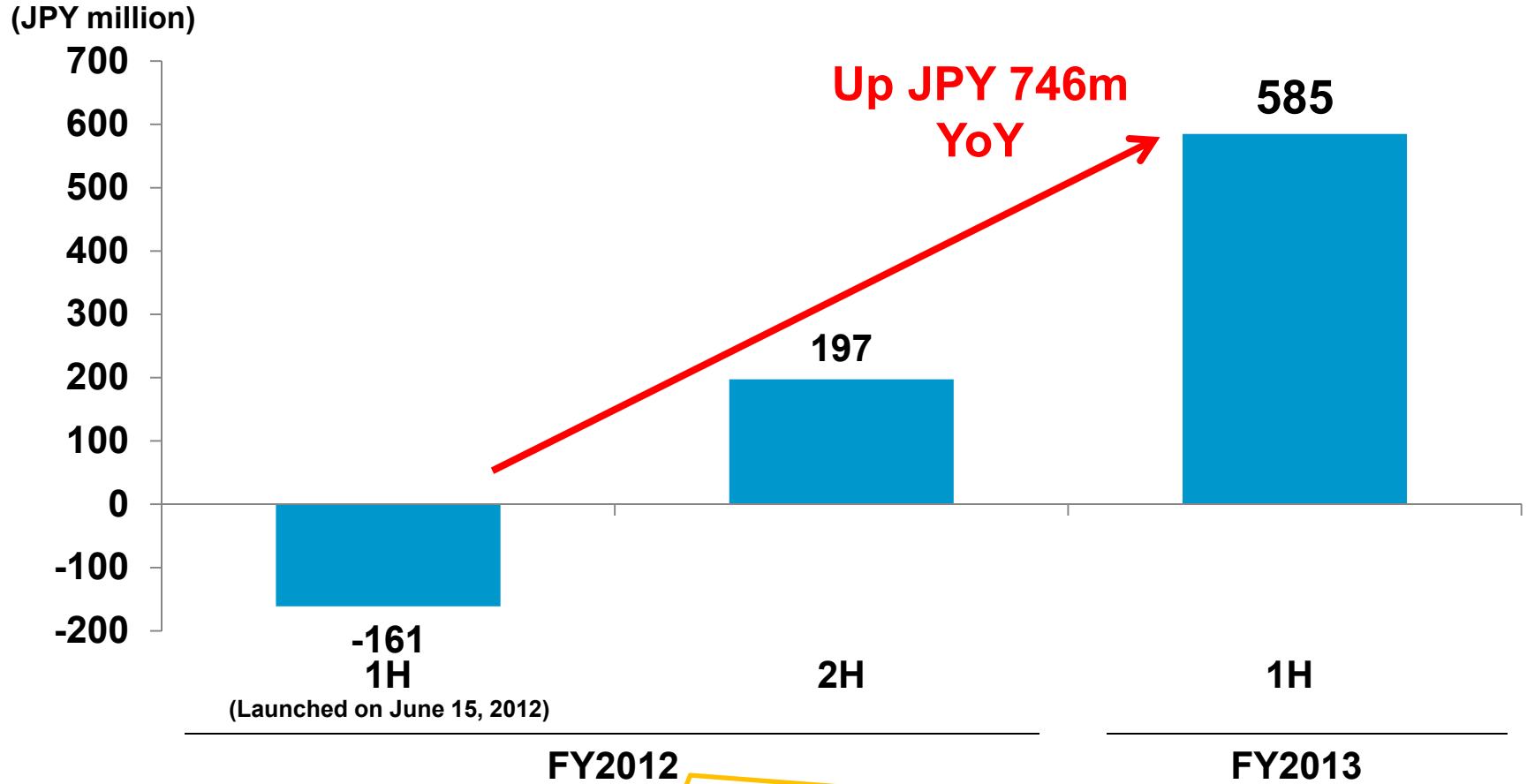
(Launched on June 15, 2012)

- Recorded operating income (J-GAAP) of JPY 585m for 1H FY2013, for a year-on-year increase of JPY 746m.
- Further expanded SBI MONEY PLAZA network to 330 shops, or 628 shops if Insurance Clinic and Mitsubishi Insurance Farm shops both operated by SBI's investee companies are included, as of the end of Sept. 2013.

# SBI MONEY PLAZA's Financial Results

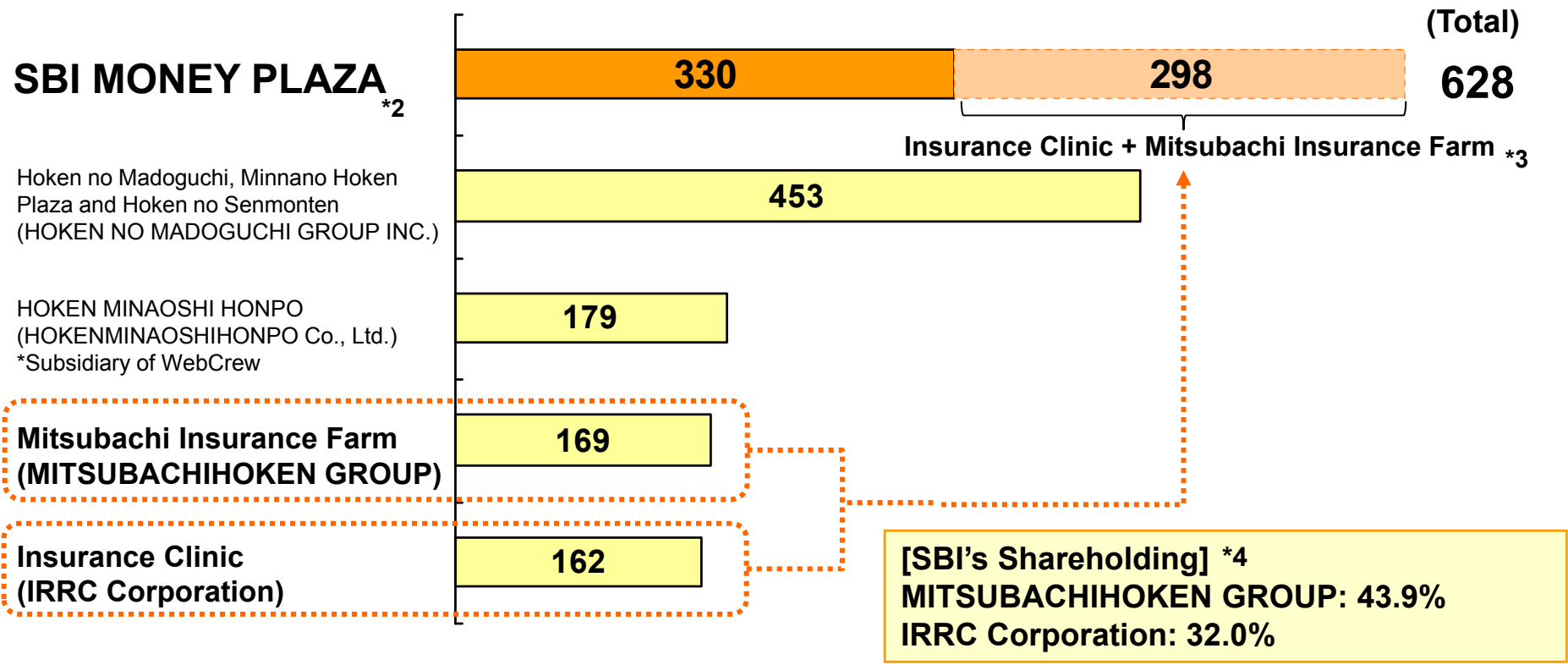
With the backdrop of the favorable market environment, the securities business continues its steady performance. Operating income for 1H FY2013 (J-GAAP) was JPY 585m, for a year-on-year increase of JPY 746m.

## Operating Income (J-GAAP)



**Achieved a full year profitability in the first operating year!**

# Further Expanding SBI MONEY PLAZA Network to Improve Sales Capabilities



\*1 As of Oct. 31, 2013. Compiled by SBIH.

\*2 SBI MONEY PLAZA includes shops that are not insurance dealers.

\*3 The number of Mitsubachi Insurance Farm shops are added after subtracting the number of shops that already carry the SBI MONEY PLAZA brand (33 shops as of Oct. 31, 2013).

\*4 SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group.

## ⑧ Morningstar Japan

- **Achieved a significant year-on-year increase in revenue and profit, with operating income and ordinary income reaching record highs on a half yearly basis**
- **Morningstar Japan's performance steadily improved in the 15 years since its founding**

## Achieved a Significant Year-on-year Increase in Revenue and Profit, with Operating Income and Ordinary Income Reaching Record Highs on a Half Yearly Basis

- Advertising revenue increased as the number of website's page views surged, and the provision of fund data increased primarily through tablet devices. NISA-related business is expanding as well.
- Absorption of SBI Asset Management and SBI Searchina (in Oct. 2012) also contributed.

### Consolidated Results for 1H FY2013 (J-GAAP)

(JPY million)

	<b>1H FY2012</b> (Apr. 2012 – Sept. 2012)	<b>1H FY2013</b> (Apr. 2013 – Sept. 2013)	<b>YoY % change</b>
<b>Net Sales</b>	<b>1,101</b>	<b>1,902</b>	<b>+72.8</b>
<b>Operating Income</b>	<b>311</b>	<b>498</b>	<b>+59.6</b>
<b>Ordinary Income</b>	<b>359</b>	<b>542</b>	<b>+51.0</b>
<b>Net Profit</b>	<b>223</b>	<b>317</b>	<b>+42.4</b>

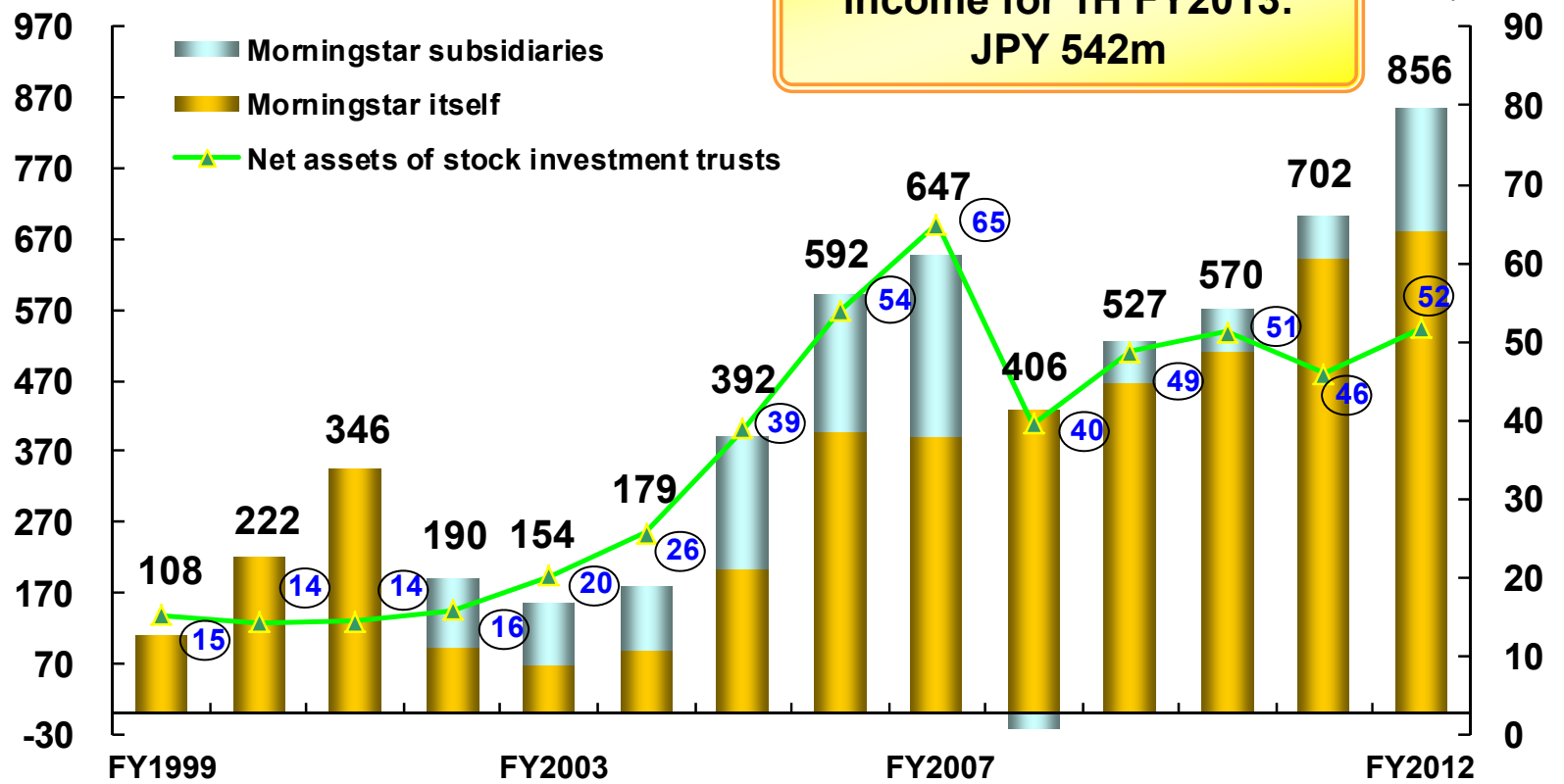
# Morningstar Japan's Performance Steadily Improved in the 15 Years Since Its Founding

## Balance of stock investment trusts and Morningstar Japan's consolidated ordinary income (J-GAAP) since its listing

Morningstar Japan's consolidated ordinary income (JPY million)

Net assets of stock investment trusts (JPY trillion)

**Consolidated ordinary income for 1H FY2013: JPY 542m**

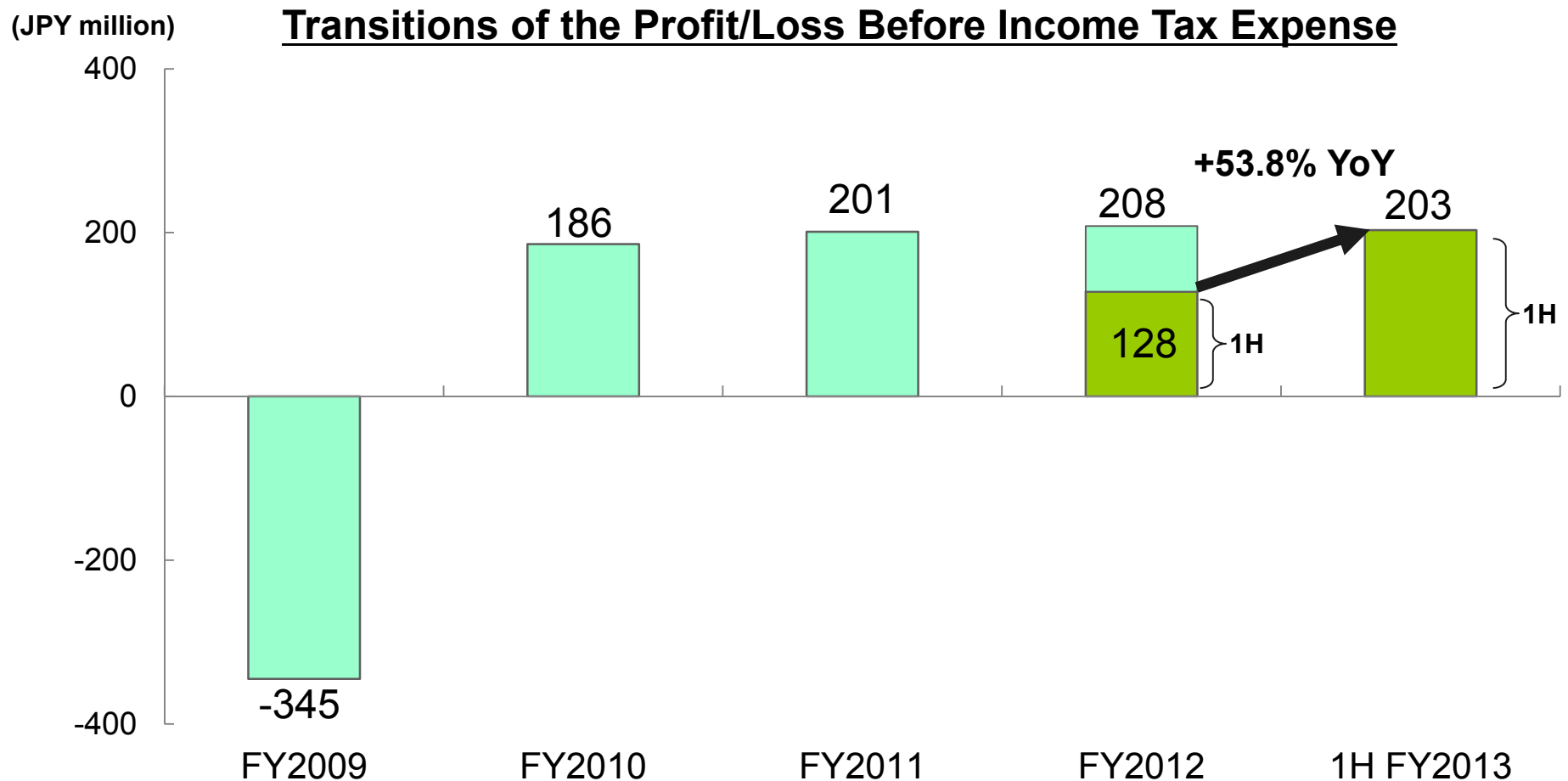


Source for net assets of stock investment trusts: The Investment Trust Association "Data on Net Asset Value" (Aug. 2013)  
 Note: Stock investment trusts refer to publicly offered open type stock investment trusts.



## ⑨ CEM Corporation's Financial Performance

Financial performance notably improved owing to the recovery in real estate market



\* Results of the fiscal years before FY2011 are based on J-GAAP. Since FY2012, the results are based on IFRS.

# Asset Management Business

# Favorable IPO Environment Continues

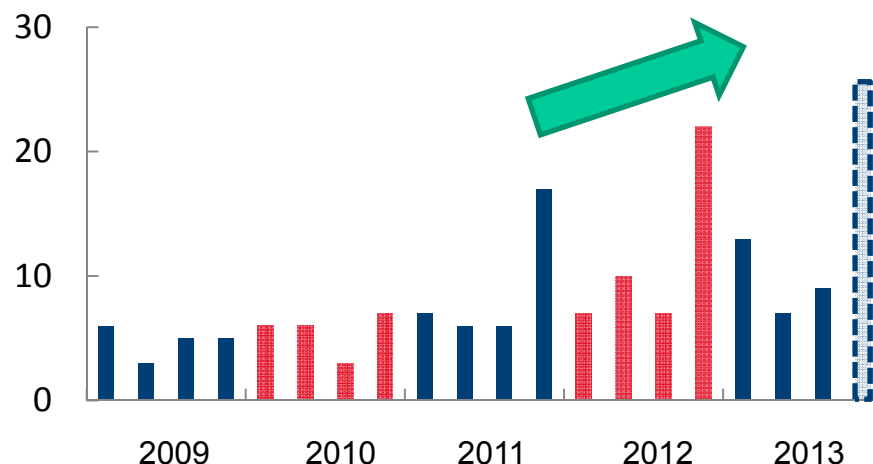
Since last December, initial prices of the last 36 IPOs exceeded their public offering prices, and the number of IPOs are expected to increase through the year-end, with the continuing favorable IPO environment.

	Number of IPOs	Initial price / public offering price
2012	46 companies	1.5(x)
2013	32 companies (up to Nov. 6)	2.3(x)

Particularly Bio-related companies\*: **3.6(x)**

\*3 companies: ReproCELL Incorporated, PeptiDream Inc, MEDRx Co., Ltd

The number of IPOs by quarter



In its efforts to boost industrial competitiveness, the current Abe administration is **focusing on the nurturing of bio-ventures** such as regenerative medicine. “Emerging companies with substantial room for performance improvement tend to attract funds due to expectations for government policy.” (Katsumi Udagawa, Investment Information Dept., Ichiyoshi Securities)

(The Nikkei newspaper online edition on Sept. 25, 2013)

“It looks like IPOs will be almost a daily occurrence in December,” reveals an underwriting department employee at a Japanese securities firm. (Omission) **The outlook is for about 20 IPOs in December, the highest monthly figure since March 2007 (23 companies).**

(The Nikkei newspaper online edition on Oct. 10, 2013)

# Performance Analysis by Business Segment

## Asset Management Business



Along with the upswing in the stock market, newly listed shares significantly contributed to the performance of the Asset Management Business.

[Primary Fluctuations Factors]

(IFRS, JPY billion)

	1H FY2012 (Apr. 2012-Sept. 2012)	1H FY2013 (Apr. 2013-Sept. 2013)	YoY amount change
<b>Operating revenue (Sales)</b>	<b>13.7</b>	<b>49.9</b>	<b>36.3</b>
Profit/loss from the change in fair value and profit/loss on sales of investment securities *1	2.6	18.0	15.4
SBI Savings Bank *1	—	20.1	20.1
Investees under management and consultation *2	9.4	9.4	±0
Others	1.7	2.5	0.8
<b>Profit before income tax expense</b>	<b>0.5</b>	<b>18.2</b>	<b>17.7</b>
Profit/loss from the change in fair value and profit/loss on sales of investment securities *1	2.6	18.0	15.4
SBI Savings Bank *1	—	2.0	2.0
Investees under management and consultation *2	0.1	-0.3	-0.4
Others	-2.2	-1.4	0.8

\*1 Profit/loss from the change in fair value and profit/loss on sales of investment securities held by SBI Savings Bank is included in the item "SBI Savings Bank."

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

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

	Up to FY2010	FY2012 full year	FY2013 full year prospect
IPO and M&A *	155	12	15

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

In FY2013, three companies have already conducted an IPO, and one company was M&A'd

EXIT Date	Company	Market (Country)
June 26, 2013	ReproCELL Incorporated	TSE JASDAQ
July 1, 2013	TERATECH CO., LTD.	KONEX (Korea)
July 1, 2013	Fuelcellpower Co.,Ltd.	KONEX (Korea)
Sept. 2, 2013	SGS, INC.	M&A

# Biotechnology-related Business

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

(Shares: 73.35%)

<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

Potential contingency fee (total): USD 713m (approx. JPY 67.2bn)  
 ✓ Received so far: USD 28.35m  
 ✓ Scheduled for receiving USD 25.8m at the conclusion of Phase 2b  
 \*Based on the premise of an acceptance by Pfizer Inc.

Potential contingency fee (total): USD 670m (approx. JPY 63.1bn)  
 ✓ Not yet received, but will receive USD 8m at the conclusion of Phase 2a  
 \*Based on the premise of an acceptance by Novartis Pharmaceuticals Corp.

\*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.

# New Launch of the First Pharmaceutical Agent “ALAGLIO®”

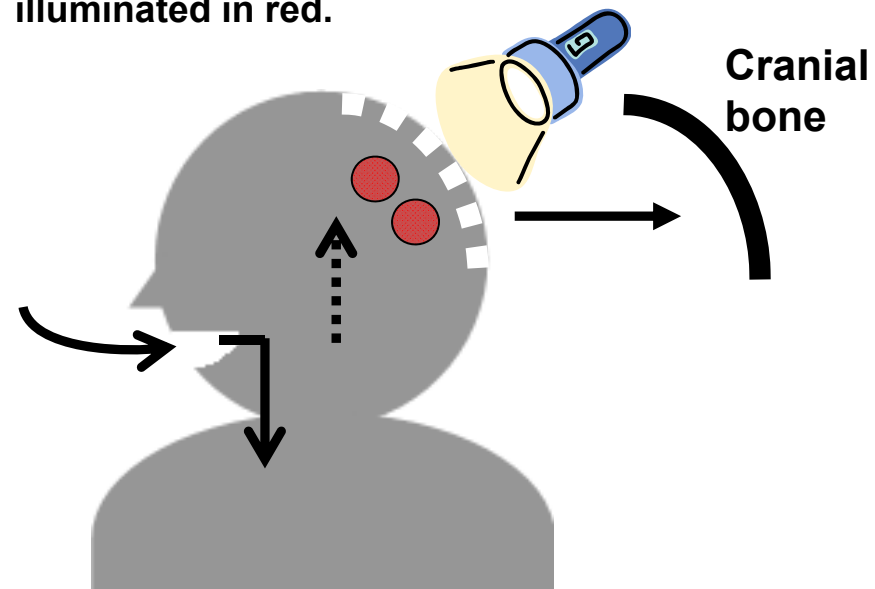
**Japan’s First Orally-administered Fluorescence Diagnostic Agent for Use in the Surgical Resection of Brain Tumor**

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

Brand name:	ALAGLIO® Internal Medicine 1.5g
Generic name:	5-aminolevulinic acid hydrochloride
Efficacy and effectiveness:	Visualize tumor tissue during surgical resection of malignant glioma
Dose and administration :	The recommended dose for adult patients is 20 mg per kilogram of 5-aminolevulinic acid hydrochloride administered orally (after dissolving in water) three hours (range: two to four hours) before the patient is anaesthetized for surgery
Date of approval for manufacturing and marketing:	Mar. 25, 2013
NHI drug price:	JPY 87,867.30 (Date of NHI drug price listing: Aug. 27, 2013)
Release date:	Sept. 26, 2013
Manufactured and distributed by:	SBI Pharmaceuticals Co., Ltd.

### <Mechanism of action>

- ① Oral administration of ALAGLIO®
- ② Protoporphyrin, an active substance obtained from 5-ALA, accumulates in brain tumors (cancer cells).
- ③ Illumination with a special light
- ④ Only brain tumors (cancer cells) are illuminated in red.

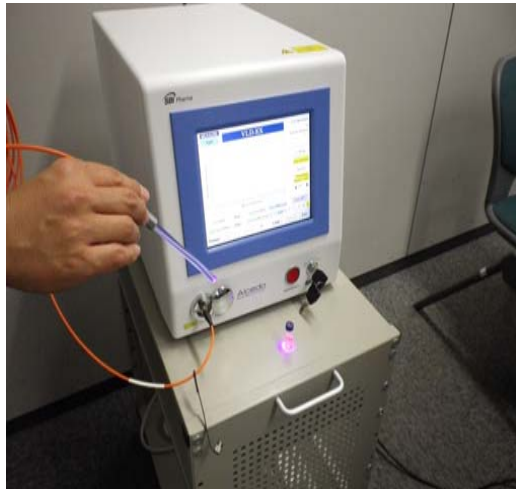




# Business License for the Sale and Leasing of Specially Controlled Medical Devices Obtained from the Tokyo Metropolitan Government (Sept. 2013)

SBI Pharmaceuticals has developed prototypes of two types of light sources for use in research of 5-ALA diagnostic agents.

Laser light source



LED light source



**SBI Pharmaceuticals is making preparations to register the light sources as medical devices and aims to sell them in Japan.**

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

Indications	Progress
<p>Diagnostic agent for cancer treatment: <b>Carcinoma vesicae</b></p> <p>Designated as an orphan drug</p>	<p>Doctor sponsored investigation has been on going at 5 universities, led by Kochi University since Jan. 2012</p> <p>→Phase III Clinical testing completed at the end of 2012</p> <p>→Will endeavor to be approved by late 2014</p>
<p>A drug to treat cancer chemotherapy-induced anemia</p>	<p>•Starting phase I clinical trial in the UK from Dec. 2012</p> <p>→ <u>Phase I Clinical testing completed</u></p> <p>→ <u>Phase II Clinical testing will start by doctor sponsored investigation in Japan, where cost advantages exist</u></p> <p>Contract research organization: Kitasato Academic Research Organization</p> <p>Institution: Saitama Medical University</p> <p>Through a review by the Institutional Review Board of Saitama Medical University, will apply for a notification of a clinical trial plan within 2013</p>

# Enhancing the Offering of Health Foods by Launching a New Product “ALAPlus”

~Sold at website, pharmacies and drugstores in Japan from Nov. 1, 2013~

Released on July 13, 2013

Released on Nov. 1, 2013

### ALAPlus GOLD



**Price: JPY 9,800**  
(including tax)

### ALAPlus

**NEW!!**



**Price: JPY 2,980**  
(including tax)

Sequential launch at approximately 238\* dispensing pharmacies, consulting pharmacies, and drugstores nationwide that offer SBI ALA promo products

**5-Aminolevulinic acid:**  
**5-Aminolevulinic acid phosphate →Used as a health supplement**  
\*Announced by Health, Labour and Welfare Ministry  
**5-Aminolevulinic acid hydrochloride →Used as a drug medicine**

# Eisai Co., Ltd. Uses SBI Pharmaceutical's 5-ALA in Its New Product Bi Chocola Enrich

The benefits of 5-ALA as a beauty ingredient are attracting attention, and the new product Bi Chocola Enrich was created in joint development by Eisai and SBI Pharmaceutical.



Website of Eisai Co., Ltd.

“Moisture and freshness are lost with advancing age. The gradual loss of this moisture is said to be a cause of aging. In response to calls for additional moisture from aging women, we have developed Bi Chocola Enrich, adding the new ingredient 5-ALA to the beauty ingredients of Bi Chocola.”

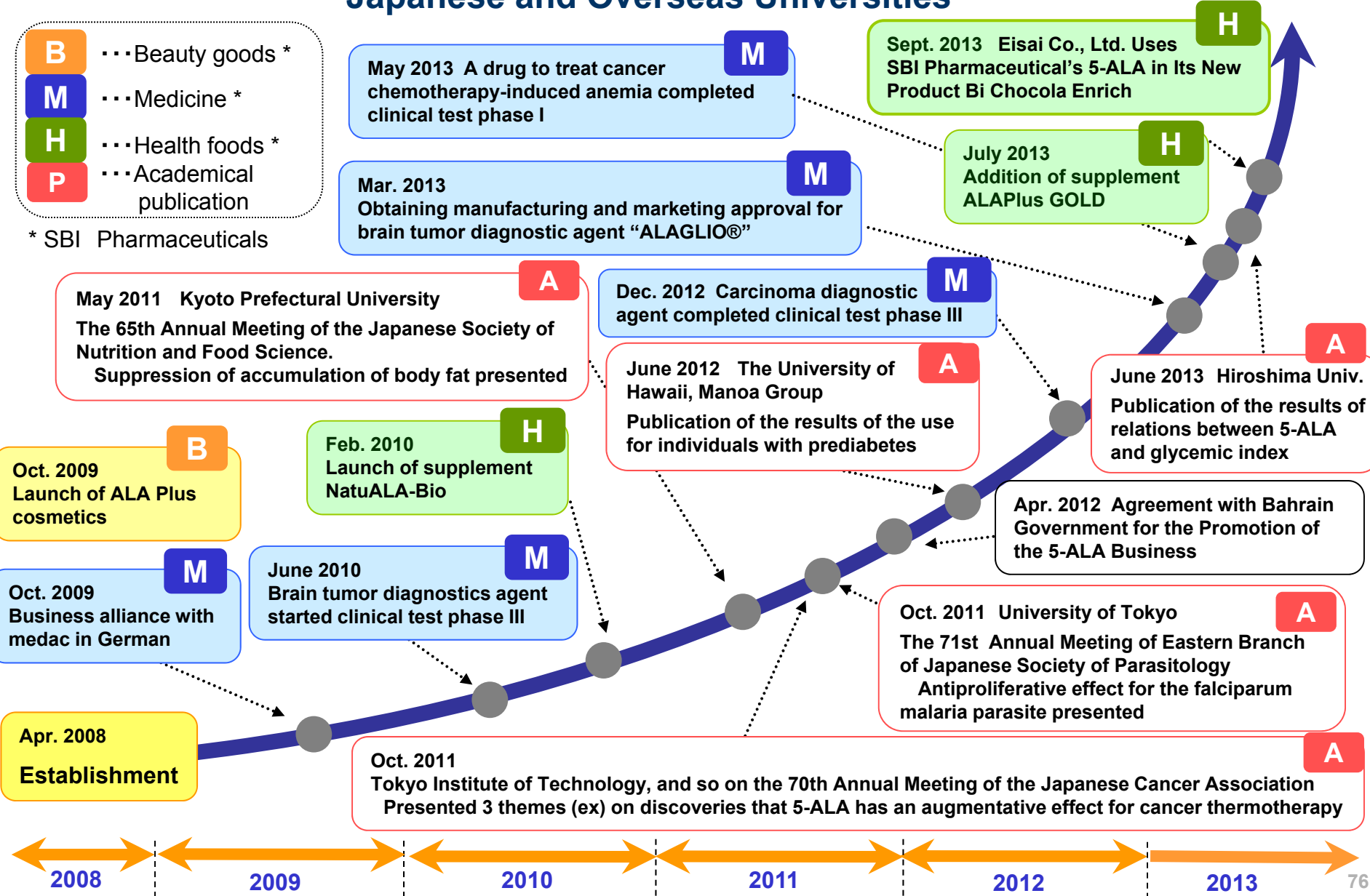
(excerpt from the website of Eisai Co., Ltd.)

②5-ALA Related Business:

# The 5-ALA Related Business is Progressing Favorably, Boosted by a Tailwind from Academic Papers Concerning 5-ALA from Japanese and Overseas Universities

- B** ... Beauty goods \*
- M** ... Medicine \*
- H** ... Health foods \*
- P** ... Academical publication

\* SBI Pharmaceuticals



# 5-ALA Attracts Attention(1)

Target illnesses for which clinical research and basic research of 5-ALA and porphyrin are proceeding

(Reference: Research related material by 5-ALA and Porphyrin Research Society)

Glioma  
(malignant glioma)  
Product launched by  
SBI Pharmaceuticals

Carcinoma vesicae  
Phase III Clinical testing by doctor  
sponsored investigation at 5 universities  
completed, preparing for Notification



The following target illnesses are under consideration for photodynamic diagnosis: prostate cancer, colon cancer, peritoneal dissemination, liver cancer, etc.

Cancer chemotherapy-induced anemia  
Phase I Clinical testing completed in UK, Phase II will start in Japan

Malaria

Parkinson's disease

Chronic kidney disease

Diabetic disease

Solar keratoses  
(cancer of skin)

Prevented the aggravation of influenza

Alzheimer's Disease

Mitochondrial diseases

## 5-ALA Attracts Attention(2)

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

A research group with members from Hiroshima University and other universities published the research findings concerning the reduction of glucose levels by administering 5-ALA in *Nutrition*, an international academic journal on nutritional science.

A research group from the Nippon Medical School, Tokyo Rosai Hospital, et al, publishes on the feasibility of sonodynamic therapy for glioma using 5-ALA, in the *Journal of Cancer Therapy* → Cancer shrinkage in mice administered

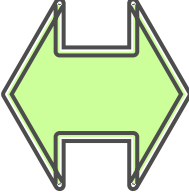
Lecture concerning metabolic improvement due to ALA ingestion given by SBI Pharmaceuticals' CTO, Toru Tanaka at the FASEB (Federation of American Societies for Experimental Biology) conference was held in July 2013 in Chicago

**Title: "Administration of 5-aminolevulinic acid (5-ALA) with sodium ferrous citrate (SFC) enhances mitochondrial Complex IV activity and reoxidation of NADH to NAD"**

# The Biotechnology-related Business is Expected to Achieve Full-year Profitability for FY2013

[Profit before income tax expense (IFRS)]

(JPY billion)

	1H FY2012 (Apr.-Sept. 2012)		1H FY2013 (Apr.-Sept. 2013)
Total of the Biotechnology-related Business	<b>-1.2</b>		<b>-0.7</b>

For FY2013, a full-year profitability for the Biotechnology-related Business is expected, owing to factors that include the expected receipt of milestone fees at Quark, the 3Q (USD 1.5m) planned pipeline licensing to a major pharmaceutical company in India, and SBI Pharmaceuticals' start of 5-ALA supplies to Eisai Co., Ltd.



### **3. Seizing Opportunity in a Favorable Business Environment and Adopting an Aggressive Management Approach to Accelerate Growth**

- (1) Measures to boost profitability implemented in an adverse business environment after the “Lehman Shock” pay off handsomely as the economic environment in Japan and abroad improves.**
- (2) Seize the opportunity offered by anticipated further improvement in the business environment and adopt an aggressive management approach in Japan and abroad to achieve further growth.**

**(1) Measures to boost profitability implemented in an adverse business environment after the “Lehman Shock” pay off handsomely as the economic environment in Japan and abroad improves.**

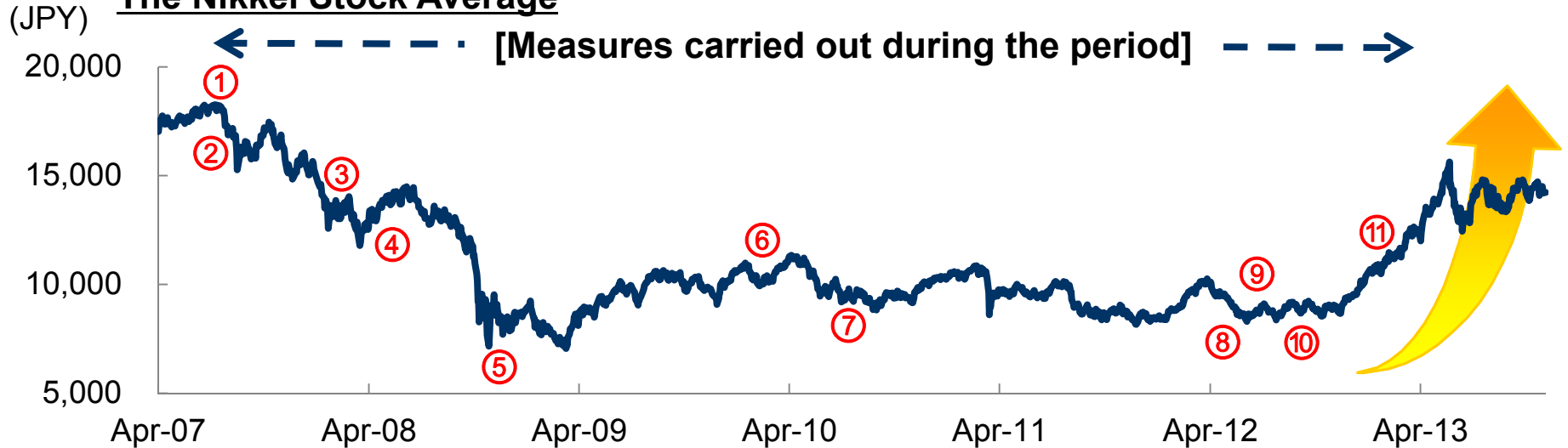
# Promoted Business Strategies that Captured the Major Trends

	Economic and social surroundings of the SBI Group	Business strategies of the SBI Group
1999	The Financial Big Bang in Japan	Formation and Establishment of the Business Ecosystem
2000	The Internet Revolution	Creation of “Network Value”
2001	“From Deposits to Investments”	“Quantity” Transforms “Quality”
2002	Progress in Broadbandization	
2003	Surge in Chinese Economic Growth	The Integration of the “Online” and “Face-to-face” Services
2004		Transcend Finance, Centering on Finance
2005	Trade Balance and Income Balance Reversal in Japan	To the “World’s SBI”
2006		
2007	The BNP Paribas Shock	Establishment of the Internet Financial Conglomerate
2008	The Lehman Shock / Start of G20	
2009	Greek Debt Issue Occurrence	
2010	European Debt Crisis	Strengthening of the Brilliant Cut Initiative to Enhance Earnings Capacity
2011		
2012	Greek Debt Issue Recurrence	
2013	End of QE3 in US /	Triangle Management for the Financial Services Business / Thorough “Selection and Concentration”
2013	Economic deterioration in China	

# The Japanese Economy — “Deep Pessimism Gives Rise to Optimism”

As a result of having pursued a forward-looking business strategy in a prolonged adverse business environment, a further dramatic advance is expected to result from the coming market rally.

## The Nikkei Stock Average

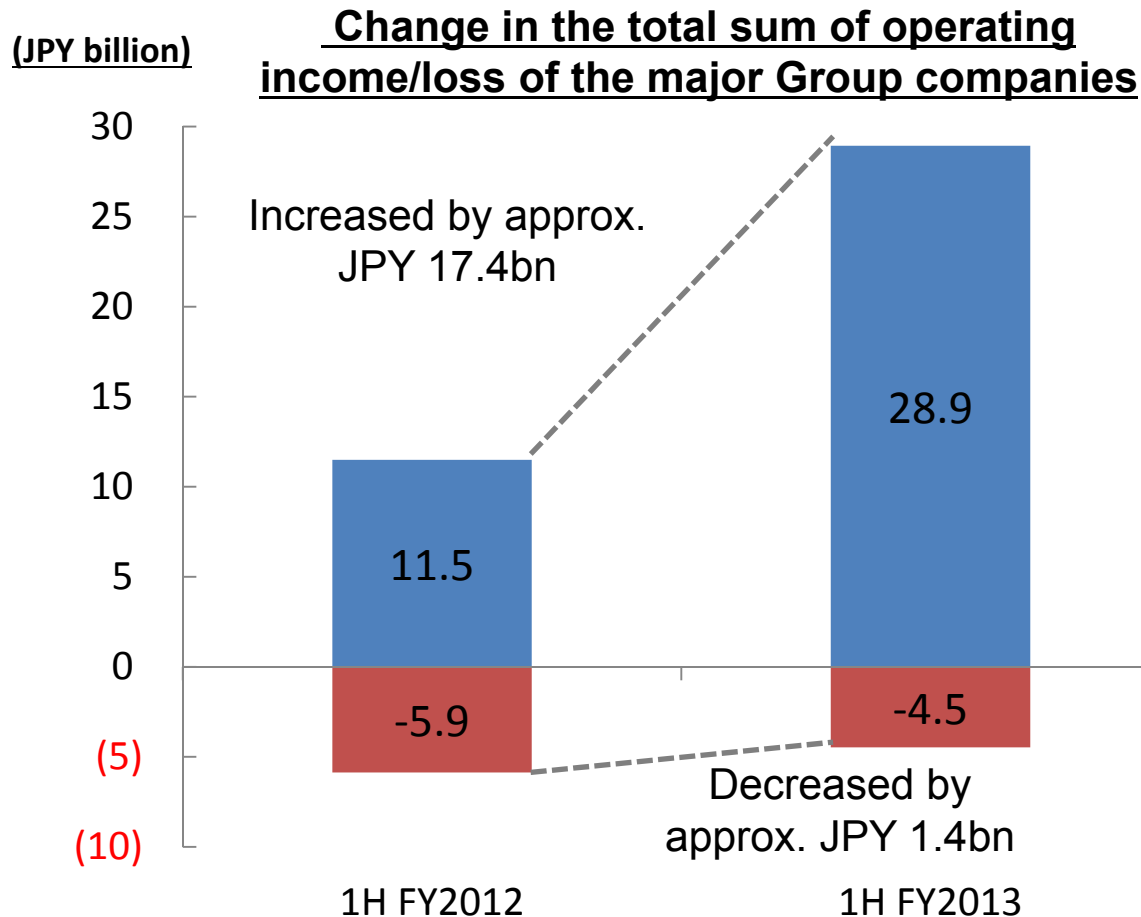


Global situation	Apr-07	Apr-08	Apr-09	Apr-10	Apr-11	Apr-12	Apr-13
	The BNP Paribas Shock	The Lehman Shock / Start of G20	Greek Debt Issue Occurrence	European Debt Crisis		Greek Debt Issue Recurrence	End of QE3 in US / Economic deterioration in China

- ① Aug. 2007 [SBI Japannext began operation of PTS](#)
- ② Sept. 2007 [SBI Sumishin Net Bank commenced business](#)
- ③ Jan. 2008 [SBI Insurance commenced business](#)
- ④ Apr. 2008 [SBI AXA Life Insurance commenced business](#)
- ⑤ Nov. 2008 [SBI Liquidity Market started operations](#)
- ⑥ Feb. 2010 [Transferred all shares of SBI AXA Life Insurance](#)  
(posted JPY0.8bn as extraordinary income)
- ⑦ July 2010 [Announcement of “Brilliant Cut Initiative” and promotion of “selection and concentration”](#)
- ⑧ May 2012 [SBI FXTRADE started operations](#)
- ⑨ June 2012 [Established an intermediate holding company for FS and AM Businesses](#)
- ⑩ Sept. 2012 [Consolidated SBI Japannext](#)  
(posted JPY 2.8bn as gain on step acquisition associated with the consolidation)
- ⑪ Mar. 2013 [Consolidated current SBI Savings Bank](#)

# Enhanced Group Profitability through the Promotion of the “Uncompromising Cost Reduction” and “Selection and Concentration”

On a year-on-year comparison basis, the total sum of operating income of profitable companies/divisions of the major business entities increased by approx. JPY 17.4bn, whereas the total sum of operating loss of unprofitable companies/divisions was reduced by approx. JPY 1.4bn.

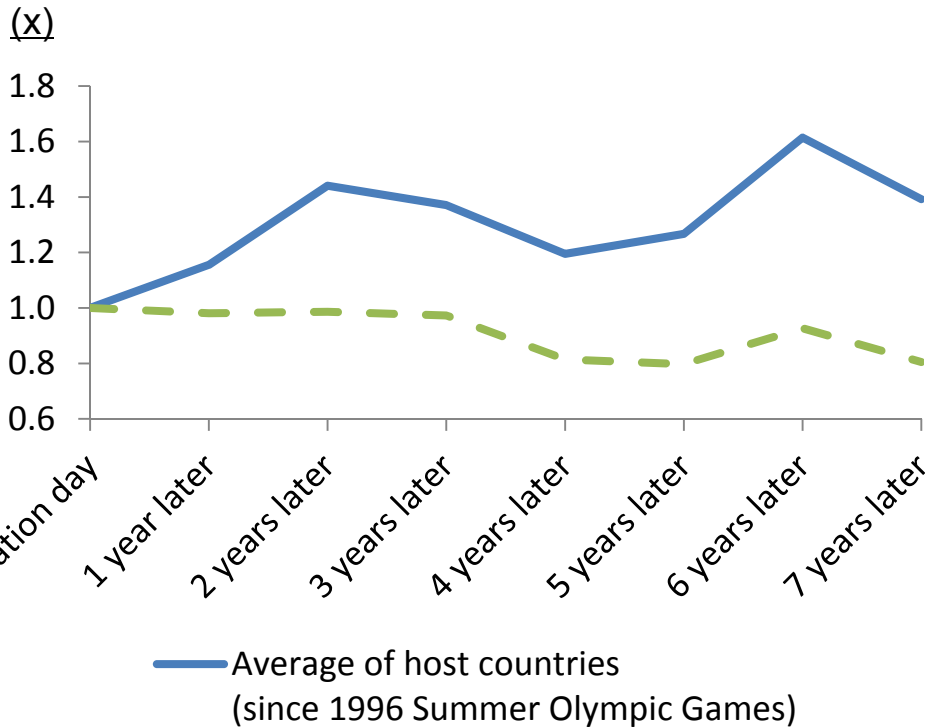


**(2) Seize the opportunity offered by anticipated further improvement in the business environment and adopt an aggressive management approach in Japan and abroad to achieve further growth.**

- ① The Domestic Financial Services Business will continue to focus on initiatives for customer base expansion and profitability improvement.**
- ② The Asset Management Business will increase asset management activity through new funds in Japan and abroad.**
- ③ The Group will sequentially construct financial ecosystems abroad according to the circumstances in each country.**
- ④ Initiatives for monetization of the 5-ALA related business in Japan and abroad will begin in earnest.**

# The Japanese Stock Market is Expected to Benefit from the Effect of the Olympic Games

Change in stock price index  
(Indexation based on the determination days for the Olympic Games = 1)



Looking at change in stock prices from the day of the host country decision to the day of the opening ceremony for the five Olympic Games held from 1996 in Atlanta to 2012 in London .... **While there were differences in performance depending on the economic situation, stock prices rose in each case.** Global financial crises have occurred between Olympics, such as the IT bubble for the Athens games and the Lehman Shock for the Beijing and London games, **so presumably expectations for economic vitalization until the holding of the games has been a factor driving up and supporting stock prices.**

(bloomberg.co.jp on Sept. 9, 2013)

\* The stock price indexes of host countries are as below:

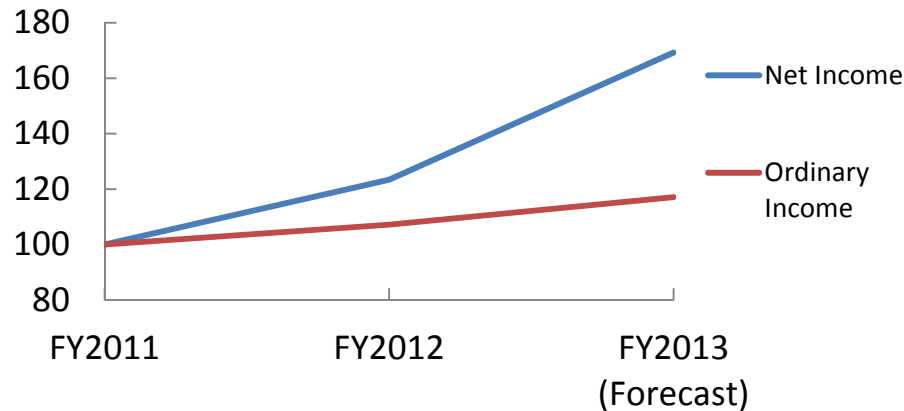
UK: FTSE; China: SSE Composite Index; Greece: Athens Stock Exchange General Index;

Australia: AS30; the U.S.: Dow Jones Industrial Average

\* 1996 Summer Olympic Games were held just before the “6 years later” in the graph

# A Japanese Economic Recovery is Manifesting Itself

Change in the sum of the profit of all enterprises and all industries  
(Indexation based on FY2011 = 100)

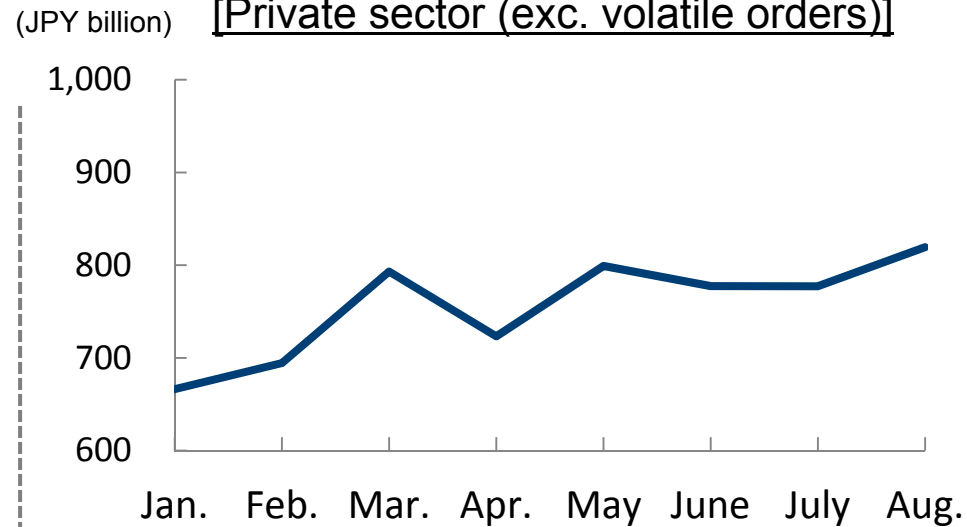


Compiled by SBIH from Tankan September 2013 Survey, Bank of Japan

FY2013 full-year ordinary income at approx. 1,500 listed companies (excluding emerging, financial, electric power, and other companies whose business years end in March) is currently expected to be approx. JPY 28.5 trillion (up 25%), **representing recovery to approx. 90% of the record-high level of FY2007**. The profit increase from automotive and electric products companies, which earn approx. 30% of all profits, **may even lead to record-high profits**.

(The Nikkei newspaper morning edition on Oct. 24, 2013)

Orders Received for Machinery  
[Private sector (exc. volatile orders)]



Source: Survey of Orders Received for Machinery, Cabinet Office, Government of Japan

The value of orders reached the highest level in four years and eleven months, since September 2008, when the Lehman shock occurred. **The possibility of private-sector companies engaging in full-scale capital investment has increased.**

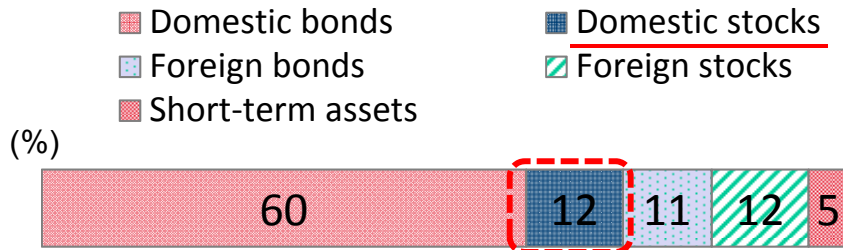
(The Nikkei newspaper online edition on Oct. 10, 2013)



# The Institutions to Revitalize Stock Market

## ① The change of portfolio allocations in the Government Pension Investment Fund (GPIF)

The basic asset portfolio of GPIF (total asset amount: JPY 120tn)



Increase of the ratio is considered

If the ratio of the domestic stocks increases in 1%, **JPY 1.2tn flow into the stock market**

The government will review the management of assets totaling JPY 200 trillion held by a total of 190 corporations that manage public pensions, such as the Government Pension Investment Fund (GPIF) and Federation of National Public Service Personnel Mutual Aid Associations. It plans to retool the structure of pension assets, heavily weighted to bonds, by the end of FY2015, with **expansion of investments in stocks, etc. as the principal change.**

(The Nikkei newspaper morning edition on June 4, 2013)

## ② Tax Exempt System for Small Investment (NISA) that will be introduced in Jan. 2014

The procedure of opening NISA account starts on Oct. 1, 2013

According to a think tank study, **within the next five years up to JPY 68tn in funds may flow into stocks, etc.**

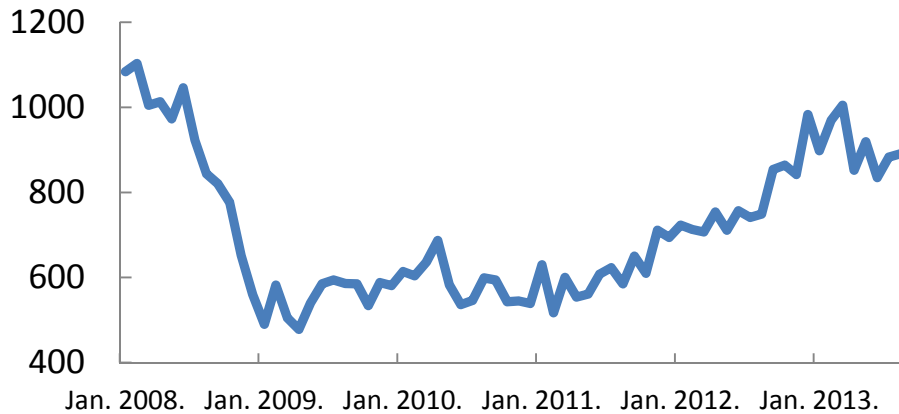


**Accelerate “the shift from savings to investments”**

# The World Economy is on Its Way to Recovery

Housing Starts (U.S.)

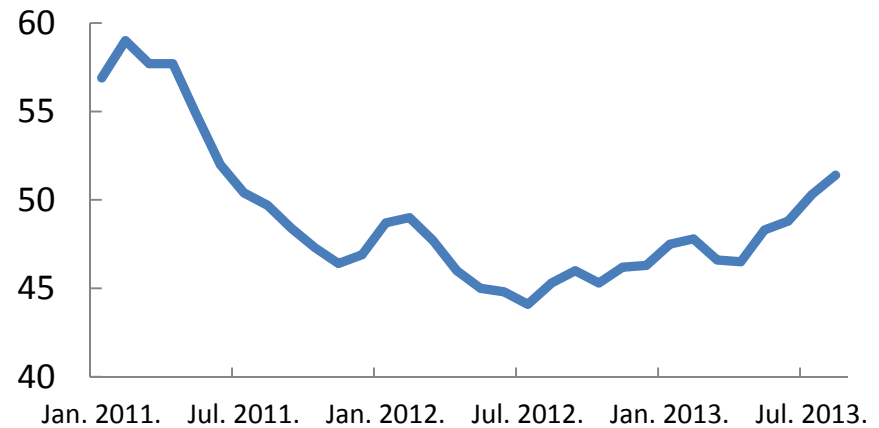
(thousand)



**Housing market adjustment has finished, and the basis of the U.S. economy is strong.** The strength of the hybrid economy, which contains the economies of a developed country in the IT industry, based in California, and a developing country in the energy revolution from commercialization of shale gas....

(The Nikkei newspaper morning edition on Sept.30, 2013)

Eurozone manufacturing PMI



**The half-light of early morning is spreading in Europe, where business conditions have suffered from the debt crisis.** Improvement in business confidence in the manufacturing industry resulting from improvement in exports is clear. (Abbrev) Signs of loosening of household purse strings have begun to appear.

(The Nikkei newspaper morning edition on Oct.25, 2013)

**① The Domestic Financial Services Business will continue to focus on initiatives for customer base expansion and profitability improvement.**

**(i) SBI SECURITIES**

**(ii) SBI Sumishin Net Bank**

**(iii) Insurance Business**

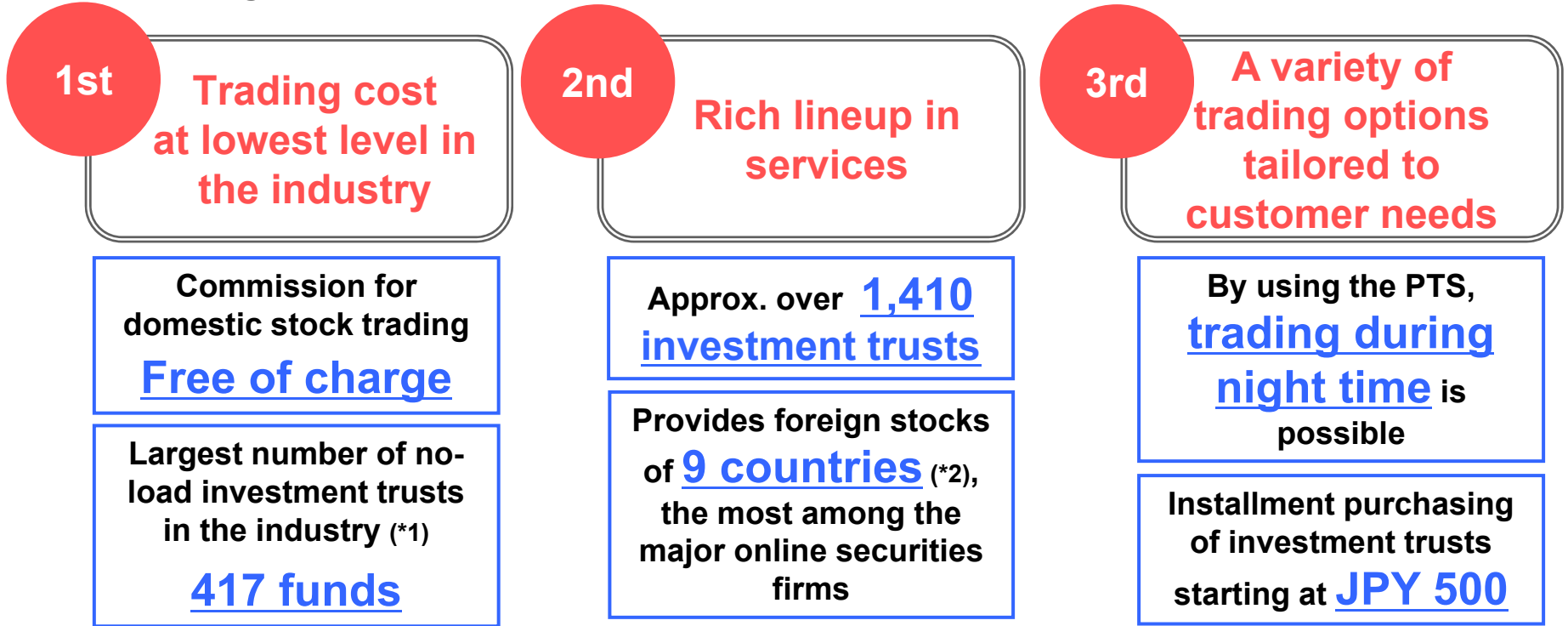


# Capturing New Long-term Investors through NISA

■ “Tax Exempt System for Small Investment (NISA)” expected to be effective from Jan. 2014

NISA is expected to be a catalyst for attracting new individual investors, and a further increase in trading of stocks and investment trusts for long-term holding is expected.

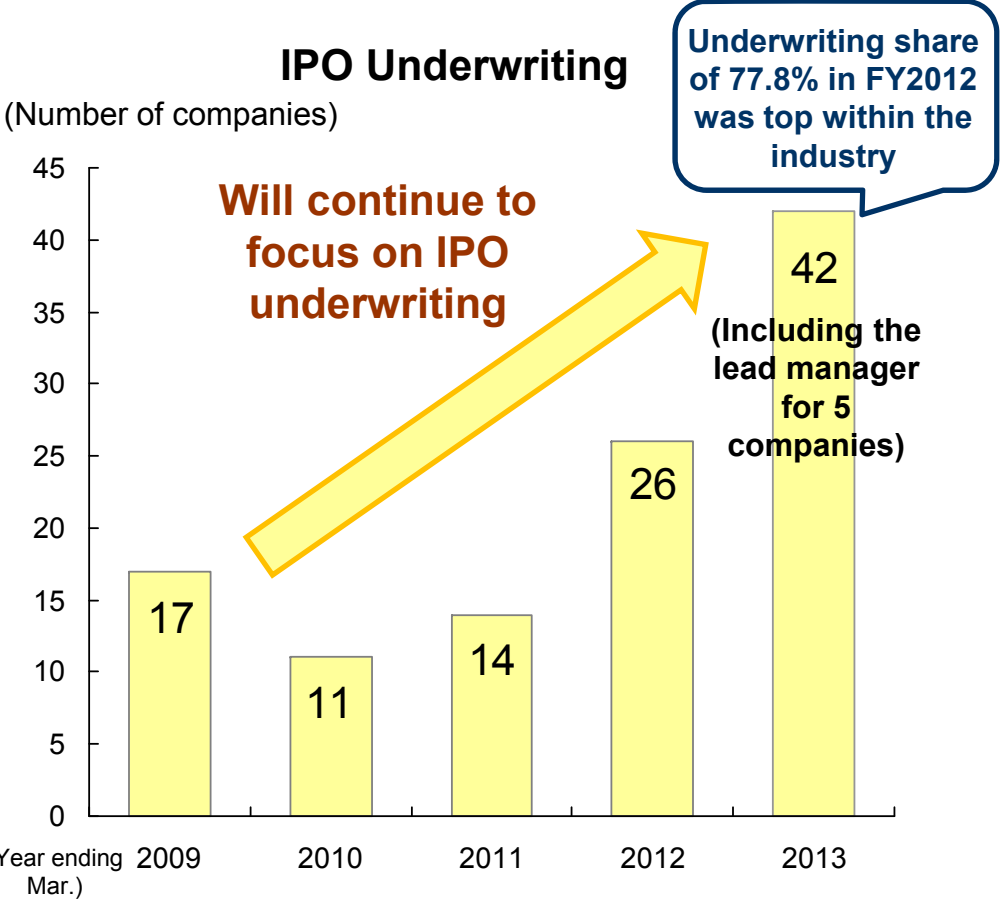
## [Advantages of SBI SECURITIES’ NISA]



\* As of Oct. 4, 2013 \*2 The U.S., China, Korea, Russia, Vietnam, Indonesia, Singapore, Thailand and Malaysia

(i) SBI SECURITIES:

# SBI SECURITIES will Enhance Its Corporate Business by Cooperating with SBI MONEY PLAZA that has been Putting into Effort to Increase its Corporate Clients Through Various Products



### IPO Underwriting Ranking (1H FY2013)

16 companies were listed during the period

Company name	No. of cases	Underwriting share (%)
SBI	13	81.3
SMBC Nikko	11	68.8
Okasan	10	62.5
Ace	10	62.5
Nomura	9	56.3
Mizuho	8	50.0
Monex	8	50.0

\* The above figures do not include consignments. Based on listing date. The figures exclude brokerage sales and REITs.  
 \* The number of IPOs for FY2011 includes an issue listed on TOKYOAIM.

\* 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 SBI SECURITIES based on each company's published information.

# 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



Loan balance is steadily growing with subscriptions outpacing the initial plan

Fund management examples:

Deposits



**Housing Loans**

① Housing loans processed directly by SBI Sumishin Net Bank

- Via alliance with real estate companies
- “Mr. Housing Loan” (Nov. 1, 2013)

② Developing fee business as a banking agency of Sumitomo Mitsui Trust Bank

- Via the website of SBI Sumishin Net Bank
- Launched new housing loan for women “Angelina” (Apr. 18, 2013)

**Purpose Loans**  
(Launched on May 10, 2013)  
Arranging loan amount and borrowing period (for individuals)

**Personal Loans**  
In principle, loans are available for any purpose. (for individuals)

**Auto Loans**

Second issuance of subordinated bonds for individual investors: JPY11.0 billion to raise the capital ratio and increase financial soundness (July 2013)

Equity ratio:  
9.79% (FY2012) → 10.09% (1Q FY2013)

Providing two different services (①②) to manage the increasing housing loans business

# Vision for Insurance Business

## Nonlife insurance



- Profitability improvement initiatives have been successful, and the combined ratio is below 100%.
- A capital increase of approx. JPY 5.0bn by Mar. 2015 is planned. Through the capital increase, the company will strengthen its financial base in preparation for attaining full-year profitability in FY2015 on an IFRS basis.

## Small amount and short term insurance

- Business performance at both SBI SSI and IKIIKI SEDAI has steadily improved since the SBI Group acquired their shares.
- The companies will aim for further expansion through marketing and utilization of the Internet that takes advantage of the SBI Group's synergies and expertise remarkably.

### [SBI SSI]

Number of Contracts

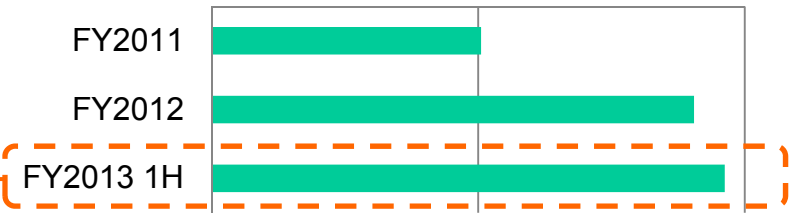
9,000                      10,500                      12,000



### [IKIIKI SEDAI]

Number of Contracts

28,000                      30,000                      32,000



After acquisition of the shares by the SBI Group

## Life insurance

- The total share acquisition of PCA Life Insurance is planned, subject to the authorization or permission to be granted by the relevant authorities in Japan.
- Actively engage in not only Internet-based operations, but also brick-and-mortar operations utilizing the SBI Group's network.

# Scenario for Expansion into the Life Insurance Business\*



\*Assuming approval and licensing by the authorities

Since operating as a pure-play Internet insurer would limit potential to sustain growth, the expansion scenario assumes utilization of both Internet and face-to-face sales channels from the start.

## Maximum Utilization of Each of the Group's Sales Channels

### Internet channel

Website for comparisons



[SBI Holdings InsWeb]

Agencies within the SBI Group



- [SBI SECURITIES]
- [IKI IKI SEDAI]
- [SBI SSI]

### Call Center



- NEWTON FINANCIAL CONSULTING (Shares by the SBI Group 30.0%)
- Financial Agency (Shares: 37.3%)

### Insurance Shop

- SBI MONEY PLAZA
- MITSUBACHIHOKEN GROUP (Shares by the SBI Group 43.9%)
- IRRC Corporation (Shares: 32.0%)
- WebCrew (SBIH's business partner)

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



# Channels for Life Insurance Purchases Shifting to the Internet, the Call Center and the Insurance Shop

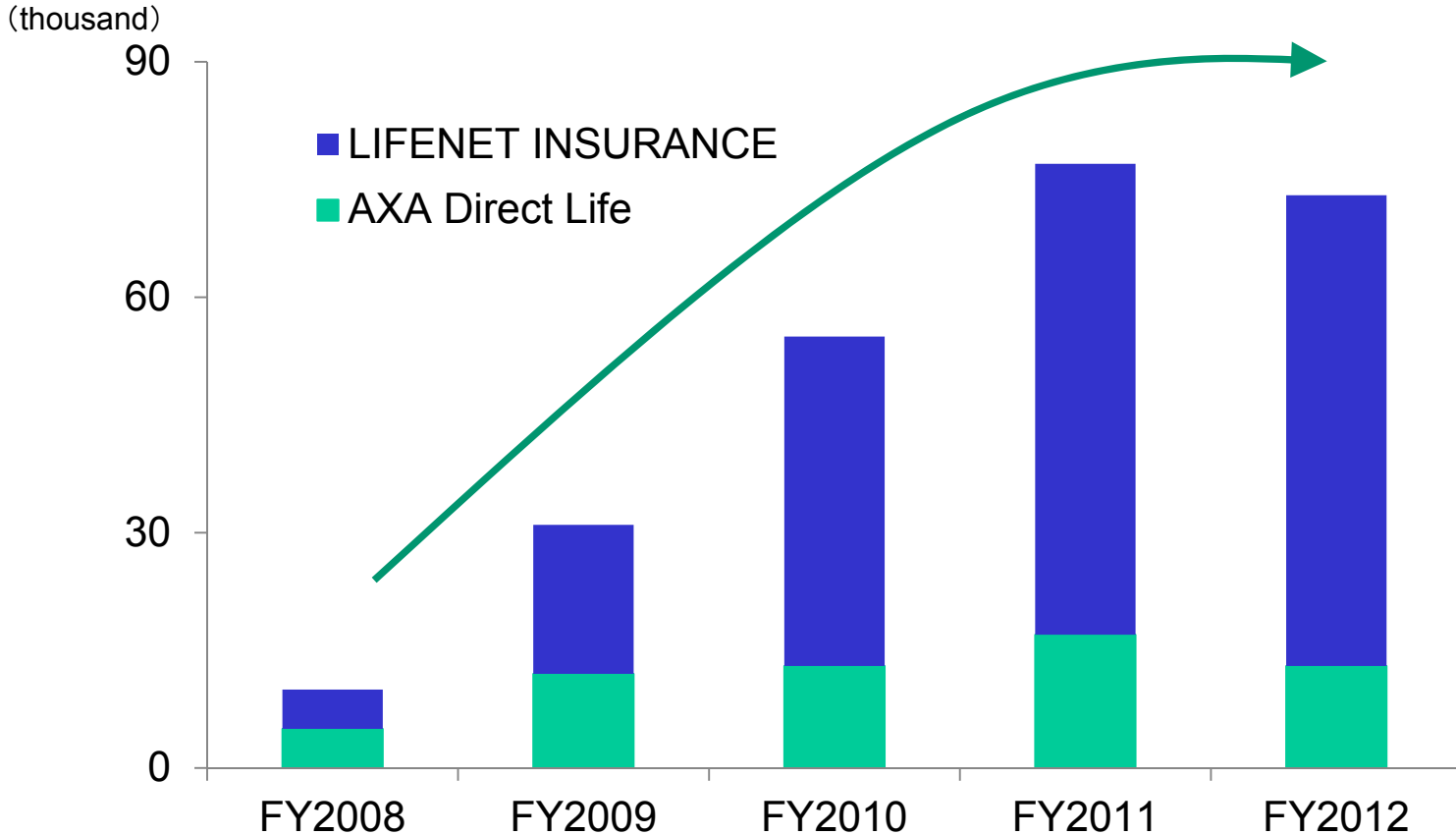
## Changing channels for life insurance purchases

Channel	Purchase time		
	Before 2001 (n=890)	2008-2011 (n=1006)	Gain and loss
“Life Insurance Lady”	44%	38%	- 6 point
Salesperson (male)	12%	13%	
Banking institution	12%	10%	- 2 point
Insurance agent	6%	6%	
Place of employment	8%	4%	- 4 point
Request for information materials by telephone and postal applications	5%	8%	+ 3 point
Direct mail and postal applications	6%	8%	+ 2 point
Insurance shop	1%	4%	+ 3 point
Request for information materials through the Internet and postal application	0%	3%	+ 3 point
Insurance purchase through the Internet	0%	0%	
Other	6%	6%	

\* About the latest purchase procedure of life insurance (Only one choice)

Source: Nomura Research Institute “10 thousand of consumers Research (Finance Section) 2011”

# The Number of New Contracts at Two Pure-Play Internet Insurance Companies Reaches the Limit

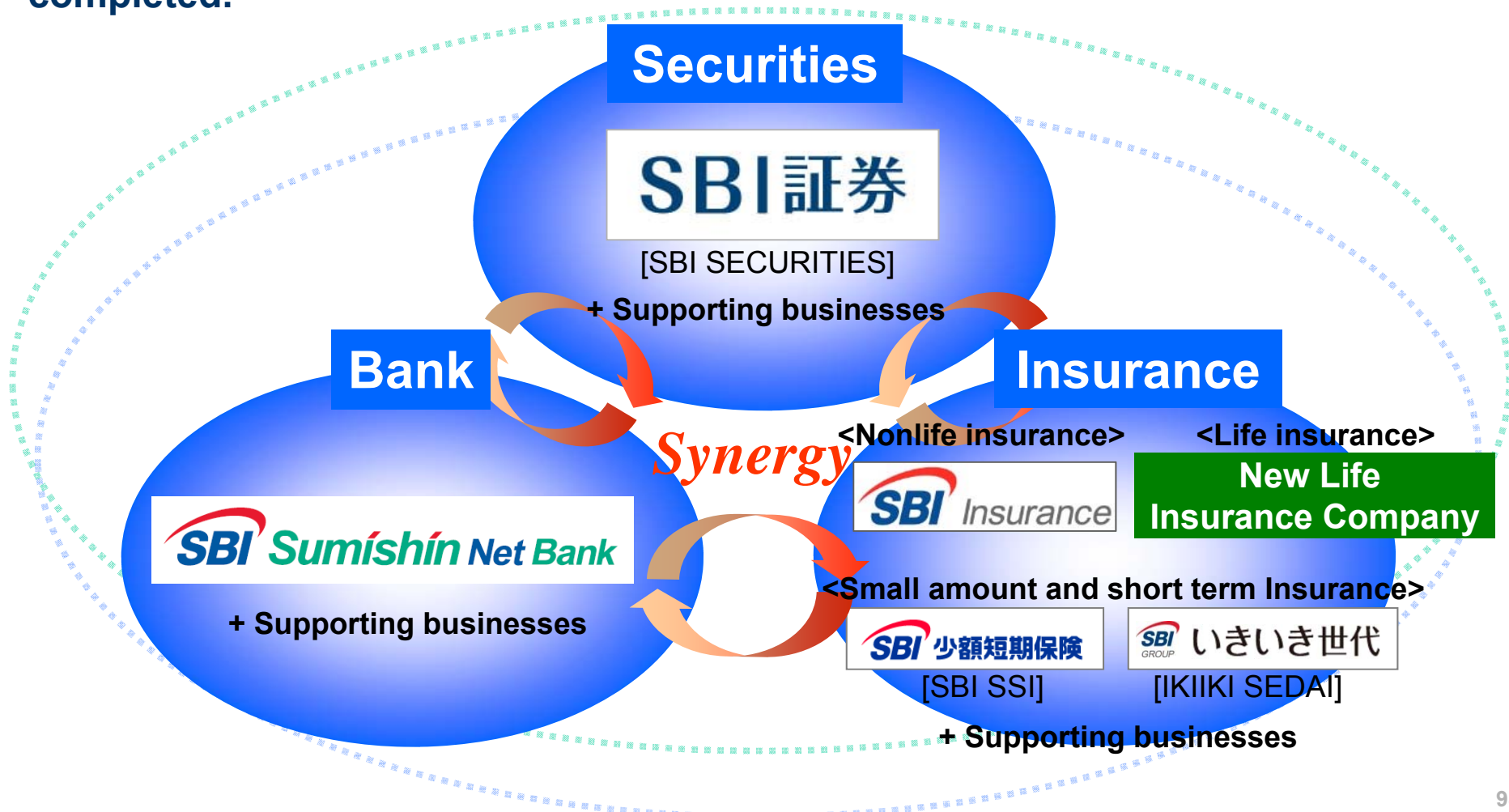


(Source: Disclosure from each company)

- **LIFENET began insurance solicitation through affiliated agencies in Feb. 2013.**
- **AXA Direct Life will partner with several regional banks and begin selling insurance at bank service counters during 2013.** (Source: *Asahi Shimbun*, Sept. 21, 2013 morning edition)

# By Undertaking the Life Insurance Business, the Financial Ecosystem will be Completed

Through the completion of the share acquisition of PCA Life Insurance, thereby including the life insurance business, the financial ecosystem, with securities, banking and insurance businesses as the three core businesses, will be completed.



- ② **The Asset Management Business will increase asset management activity through new funds in Japan and abroad.**
  - (i) New Domestic Funds**
  - (ii) New Overseas Funds**
  - (iii) Utilization of Overseas Stock Markets**

## Focused Investor Recruitment Upon the Launch of a New Fund in Japan

### New Fund: SBI Venture Fund Investment LPS 1

#### [Outline of the Fund]

**Commitment amount:** JPY 15.0bn (upper limit)

**Target of investment:** Unlisted companies both inside and outside of Japan, engaged in IT, environment and energy, health care, service, parts material and other promising businesses.

**Management period:** July 23, 2013 – Dec. 31, 2020  
(may be extended for another 2 years)

**Fund GP:** SBI Investment

After investments are made, the fund will comprehensively support investee companies to increase their corporate value, by utilizing various infrastructures and the network of the SBI Group, that possesses abundant experience and a successful investment track record.

# Official Launch of the Fund Focused on the Financial Sector of Emerging Asia Countries

Jointly established with **FMO** (the Netherlands Development Finance Company)



## [Outline of the Fund]

**Commitment amount: USD 60m initially (max USD 100m-120m)**

**Target of investment: Financial sector of emerging Asian countries, namely India, Sri Lanka, Bangladesh, Indonesia, Philippines, Thailand, Cambodia and Vietnam**

**Fund GP: SBI VEN CAPITAL**



**From Oct. 2013, started the investments through a total capital raise of USD 60m from the SBI Group, FMO and outside investors**

## Utilizing Overseas Stock Markets, as well as Domestic Stock Markets, for Investee Companies' IPOs

**Auto Server, an investee company, is in preparation for a primary listing on Taiwan's GreTai Securities Market (GTSM)**



(SBI's shareholding: 43.8%)

The prospectus for listing was disclosed on the "Market Observation Post System," an electronic disclosure system managed by the Taiwan Stock Exchange, on Oct. 25, 2013.



**Expected to acquire listing approval in Nov., and to be listed in late Dec. or early Jan.**

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

The online used car auction joint venture in China operated by Auto Server, SBIH and Coway International TechTrans Co., Ltd., a member of the group of Tsinghua University, started service under the name of "CHE TONG TIAN XIA" on Oct. 11, 2013. Auto Server's listing on GTSM is expected to raise awareness of its presence among the Chinese locale, and to contribute to the development of its business in mainland China.

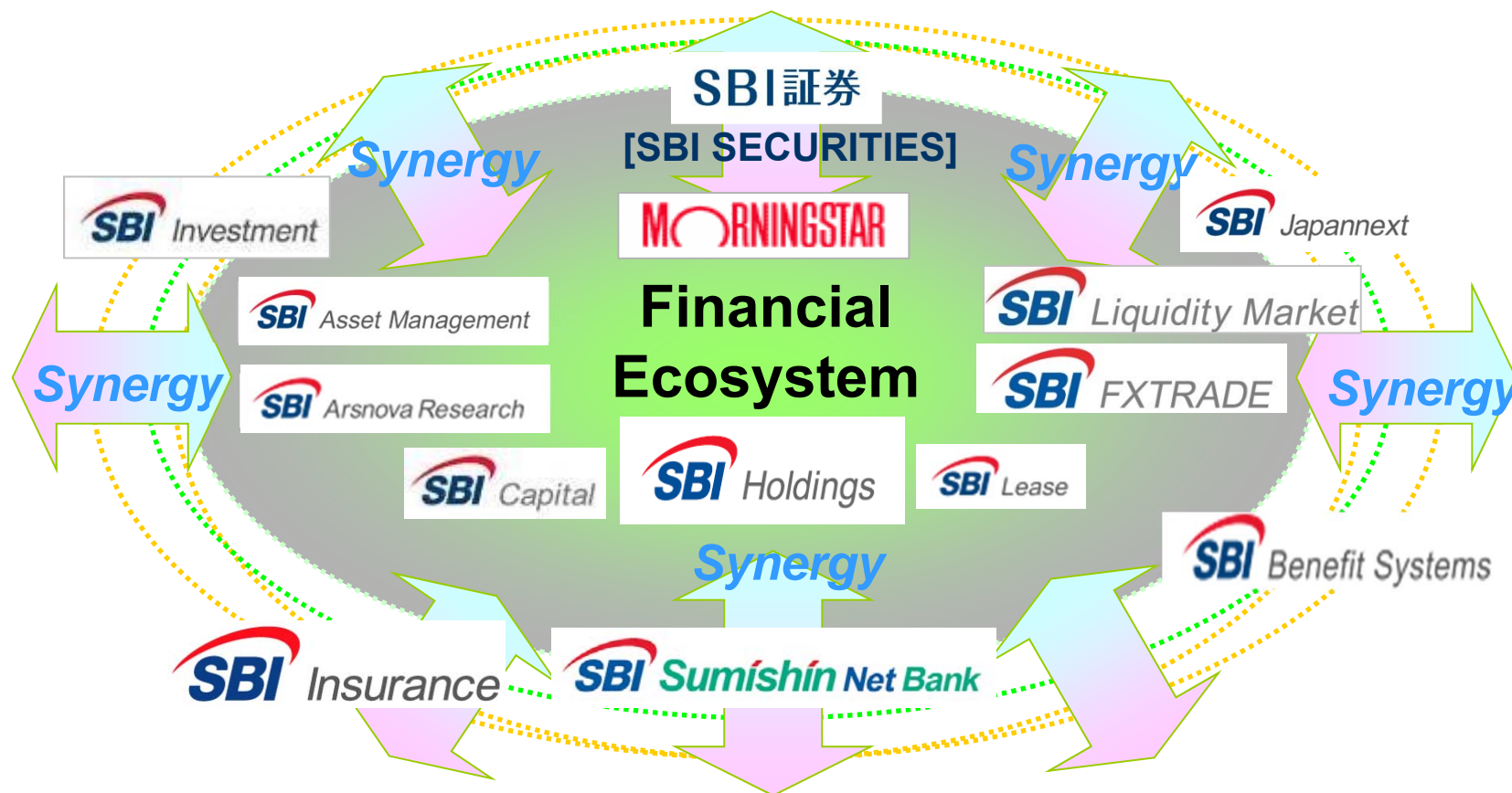


- ③ The Group will sequentially construct financial ecosystems abroad according to the circumstances in each country.**
  - (i) South Korea**
  - (ii) China**
  - (iii) ASEAN Countries**



# Vigorous Pursuit of Synergies through Formation of a Financial Ecosystem

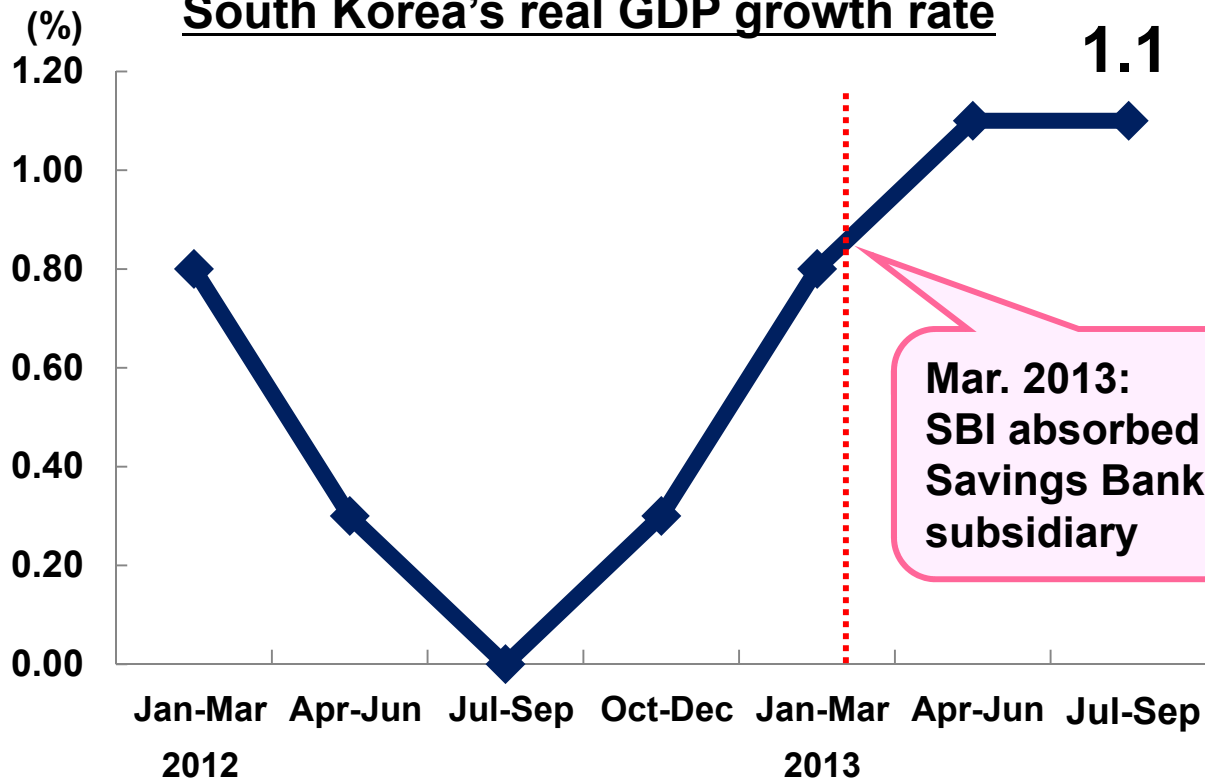
The SBI Group established a financial ecosystem by launching a variety of businesses starting with the securities business



➡ Endeavors to also establish financial ecosystems in foreign countries

# In South Korea, Absorbed SBI Savings Bank When the South Korean Economy was Bottoming Out

South Korea's real GDP growth rate



Source: The Bank of Korea

Newspaper article

A 1.1% year-on-year domestic GDP increase in real terms for July to Sept. (preliminary figure) was announced. (Abbrev) Signs of a business recovery are clear. (Abbrev) Construction investment increased 2.7% as well, owing to the contribution from new urban development, and the government's real estate policies.

(The Nikkei newspaper evening edition on Oct. 25, 2013)

# There is an Inflow of Overseas Funds into the South Korean Stock Market, as the Country's Prospects are Considered Promising

**“BRICs era is over”**

**Says Mr. Sharma at Morgan Stanley Investment Management**

**Notable outflow from BRICs' stock markets**

**“During the coming few years I foresee the emergence of countries that might be called ‘emerging country stars.’ (Abbrev) In my opinion, stock markets in the Philippines, Thailand, South Korea, Poland and other countries will perform well in the next few years.”**

Newspaper article

# South Korean Housing Purchase Price Also Bottomed Out

## South Korean Housing Purchase Price (MoM change)



Source: Economic Statistics System

# Measures to Further Enhance SBI Savings Bank's Profitability

- ◆ In line with the “economic democratization” policy of the Park administration, the bank will step up lending to the small and medium-sized enterprises and individuals likely to obtain government support.
- ◆ Started negotiations on purchase of performing and non-performing loans with other companies, to increase credited loans.
- ◆ South Korean government intends to give savings banks permission to operate installment finance, lease finance and fund selling businesses, as a plan to reactivate such banks. The details will be announced and the new regulation will become effective in Feb. 2014. SBI Savings Bank has started market research on each business.

## 1H FY2013 results

(SBIH's consolidated accounts basis; IFRS)

JPY billion

Operating revenue	<b>20.1</b>
Operating income	<b>2.4</b>
Profit before income tax expense	<b>2.0</b>
Profit for the period	<b>1.9</b>

## Operating receivables

(As of Sept. 30, 2013; IFRS)

JPY billion

Operating receivables	<b>339.4</b>
Allowance for bad debt	<b>158.5</b>
Bad debt provisioning %	<b>47%</b>

(Rounded to the nearest unit)

- ✓ **Targeting operating income of JPY 5bn for FY2013**
- ✓ **Endeavoring to become a company with annual operating income of more than JPY 10bn within the next several years**

# Endeavoring to Establish a Financial Ecosystem in Korea, Centering on SBI Savings Bank



South Korea's largest savings bank in terms of total assets. Changed its corporate name from Hyundai Swiss Savings Bank in Sept. 2013

Will consider business collaboration with SBI Savings Bank for its business development in South Korea



Preparing to acquire a license as the first mortgage bank in Korea  
**(Listed on Korea's KOSPI)**

In Oct. 2013, made a contract and absorbed SBI Lease as a subsidiary



Comprehensive leasing business. Considering leasing business development under SBI Mortgage.

## Financial Ecosystem



Major venture capital in South Korea  
**(Listed on Korea's KOSDAQ)**



Providing settlement service  
Its Korean affiliated company started its operation on Jan. 7, 2013  
**(Listed on Korea's KOSDAQ)**

(ii) China

# Agreed to Form a Strategic Alliance for Joint Development of an Online Financial Services Business in China



## Lujiazui Group:

Founded in 1990, the Lujiazui Group is a large state-owned company directly managed by the Shanghai Municipal Government and the only comprehensive financial and real estate group that falls under the jurisdiction of the Shanghai Municipal Government. Its group companies include Shanghai Lujiazui Finance & Trade Zone Development (listed on China's A-share market), Aijian Securities and Lujiazui International Trust Corporation.

## New Hope Group:

The New Hope Group, established in 1982, is China's largest agribusiness operator. The Group is the top shareholder of China Minsheng Banking Corp., the largest privately owned bank in China, and has been the shareholder of Minsheng Life Insurance since its inception. The Group has more than 400 affiliated companies and over 60,000 employees.



**Will pursue joint development of an Internet-based financial service business in the China (Shanghai) Pilot Free Trade Zone**

## The China (Shanghai) Pilot Free Trade Zone (FTZ):

FTZ is a special zone set up on Sept. 29, 2013 by the Chinese government as a step to actively demonstrate its openness to the international community in line with economic globalization. FTZ is expected to serve as a testing ground for China's financial experiments including substantial deregulations in the fields of finance, investment and trade, convertibility of the Chinese yuan, and interest rate deregulation.

(iii) ASEAN Countries:

## Constructing Financial Ecosystems in ASEAN Region by Sequentially Introducing Know-how Cultivated in Japan, According to the Circumstances in Each Country



### Indonesia

[Securities]

BNI Securities (25.0% shareholding)

[Loan comparison] PT. Strategi Bisnis Infoyasa (50.0% shareholding)



### Cambodia

[Bank]

Phnom Penh Commercial Bank (47.6% shareholding)

[Securities]

SBI Royal Securities (81.6% shareholding)



### Vietnam

[Bank]

Tien Phong Bank (19.9% shareholding)

[Securities]

FPT Securities (20.0% shareholding)

**In addition to the above, currently under negotiations with corporate groups in Malaysia, Indonesia and Thailand, for the joint establishment of Internet financial conglomerates**

\* Shareholding percentages are as of Sept. 30, 2013



**④ Initiatives for monetization of the 5-ALA related business in Japan and abroad will begin in earnest.**

# 1st International ALA and Porphyrin Symposium (IAPS1) Held in Bahrain (Oct. 28, 2013)

**A total of about 200 researchers including approximately 30 5-ALA researchers from Japan and medical and scientific researchers from King Hamad University, the Royal College of Surgeons in Ireland, and other local institutions and Bahrain government officials participated.**

**~ Certified as an educational program for local researchers ~**

**Speakers include, professors from Faculty of Medicine, Saitama Medical University; the Department of Urology, Kochi Medical School; University of Occupational and Environmental Health; Graduate School of Medicine, The University of Tokyo; Tokyo Institute of Technology; Yamagata University School of Medicine; School of Veterinary Science, Faculty of Agriculture, Tottori University; King Hamad University Hospital; Royal College of Surgeons in Ireland; and Arabian Gulf University**

**Organizer: ALA and Porphyrin Research Society(Chairman: Ichiro OKURA (Professor Emeritus of Tokyo Institute of Technology))**

# Bahrain as a Base for the 5-ALA Related Business in the Middle East (Drug Development Research, Clinical Research, Manufacturing, Export, etc.)



## Drug Development Research, Clinical Research

Established a representative office in Bahrain in Oct. 2012. And now preparing for turning it into a local corporation

### <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

Moreover, planning initiation of clinical trials for 5-ALA USDT (5-ALA Ultrasonic Silent Drive Therapy) at the Royal College of Surgeons in Ireland - Medical University of Bahrain

## Production Base

Concluded a basic agreement concerning collaboration in the 5-ALA related business, principally in the pharmaceuticals market in Bahrain, with Mumtalakat Holding Company, a government fund in Bahrain (Mar. 2013)

→ Endeavoring to establish an 5-ALA production base with a view to export to neighboring countries in the Middle East.

## Sale of Health Foods and Cosmetics

Preparing to establish a joint venture company concerning local marketing of health foods and cosmetics with Dawani Group Holdings, a major local distributor

# Accelerating 5-ALA Related Business in China

**Sept. 2012:**

**Completion of the investment in Chinese Bioventure Suzhou Yian Biotech Co., Ltd. (SBI Group's shareholding ratio: 40%)**

**<Business>Manufacture of an active ingredient of 5-ALA/Production of medicines, health foods and cosmetics that contain 5-ALA**

**→In preparation for the establishment of JV engaged in selling products in China**

**•Steady Progress toward obtaining a materials license for 5-ALA**

5-ALA manufactured by Yian has already passed the safety and toxicity tests of a state designated institution and meets national standards in China.

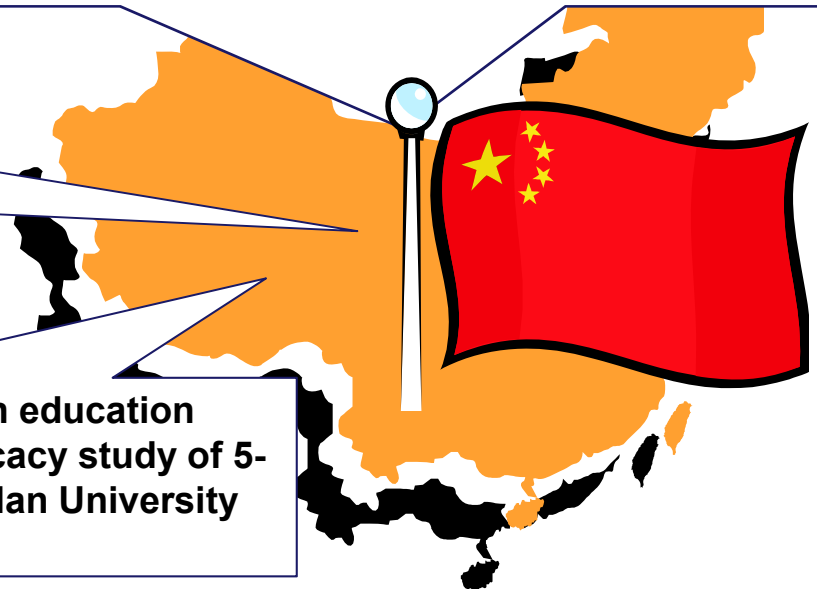
→ The aim is to obtain a health food license as soon as possible after obtaining a materials license.

**•Planned operation of a food products production plant during 2014**

→Already under construction

**Will establish a joint venture with a local partner (discussions scheduled in Nov.) and will prepare to obtain a license to sell imported goods in China.**

**A donation of RMB 2m (about JPY 33m) to an education fund of Fudan University in China for an efficacy study of 5-ALA in the mechanism of diabetes at the Fudan University School of Life Sciences is planned.**

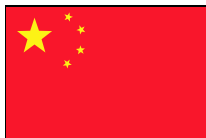


# Bio Seminar to Be Conducted Jointly with Fudan University in Shanghai (November 11, 2013)

## SBI-Fudan Sino-Japanese Biotechnology Seminar

- ✓ The seminar themes are growth sectors in the biotechnology field and leading-edge medical technologies. The objective is to provide a venue for interaction among biotechnology professionals from research institutes, companies, universities, and other organizations and business entrepreneurs from Japan and China. (Participation by approximately 150 bio-venture representatives from Japan and China is planned.)
- ✓ A venue for business matching will be provided where bio-ventures and other exhibitors from Japan and China will set up display booths.
- ✓ Fudan University School of Life Sciences, an authority in biotechnology research in China, will cooperate. (Cooperation: Fudan University School of Life Sciences, Shanghai Fudan Forward Pharmaceutical Co., Ltd)
- ✓ Speeches are planned by the following speakers from China: Mr. Jin Li, Vice Chancellor of Fudan University, Professor Lu Daru, Deputy Dean of the School of Life Sciences, Fudan University, Professor Lin Jianping, Department of Chemical and Biological Engineering, Zhejiang University.
- ✓ SBI Pharmaceuticals, SBI Biotech, SBI ALApromo, euglena CO., Ltd, ReproCELL Incorporated and 3-D Matrix, Inc. from Japan, and Acucela, Inc. and Kadmon Corporation, LLC from the U.S., and other companies will participate.

# Strengthening of the Health Foods Sales Structure in Japan and Abroad



**China**

- Preparations are being made to establish a sales company to increase sales in China of 5-ALA products produced at Yian Biotech.
- Will establish a joint venture with a local partner (discussions scheduled in Nov.) and will prepare to obtain a license to sell imported goods in China.



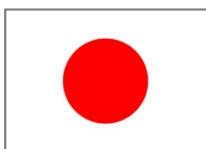
**Bahrain**

- Preparations are being made to establish a joint venture company to engage in local marketing of health foods and cosmetics together with Dawani Group Holdings, a major local distributor.
- \* Approval to sell health foods containing 5-ALA has been obtained.



**Philippines**

- Scheduling on the launch in the Philippines within this fiscal year, collaborating with local firms having a network of doctors.
- \* Approval to sell health foods containing 5-ALA has been obtained.



**Japan**

- On Nov. 1, SBI ALApromo began selling ALAplus, a new product, through the Internet, pharmacies, drugstores, and other retailers nationwide. The company plans to expand and upgrade the product line and is considering stepping up promotion.

# **SBI's Corporate Value Consideration**

# SBI Holding's Recent Stock Price

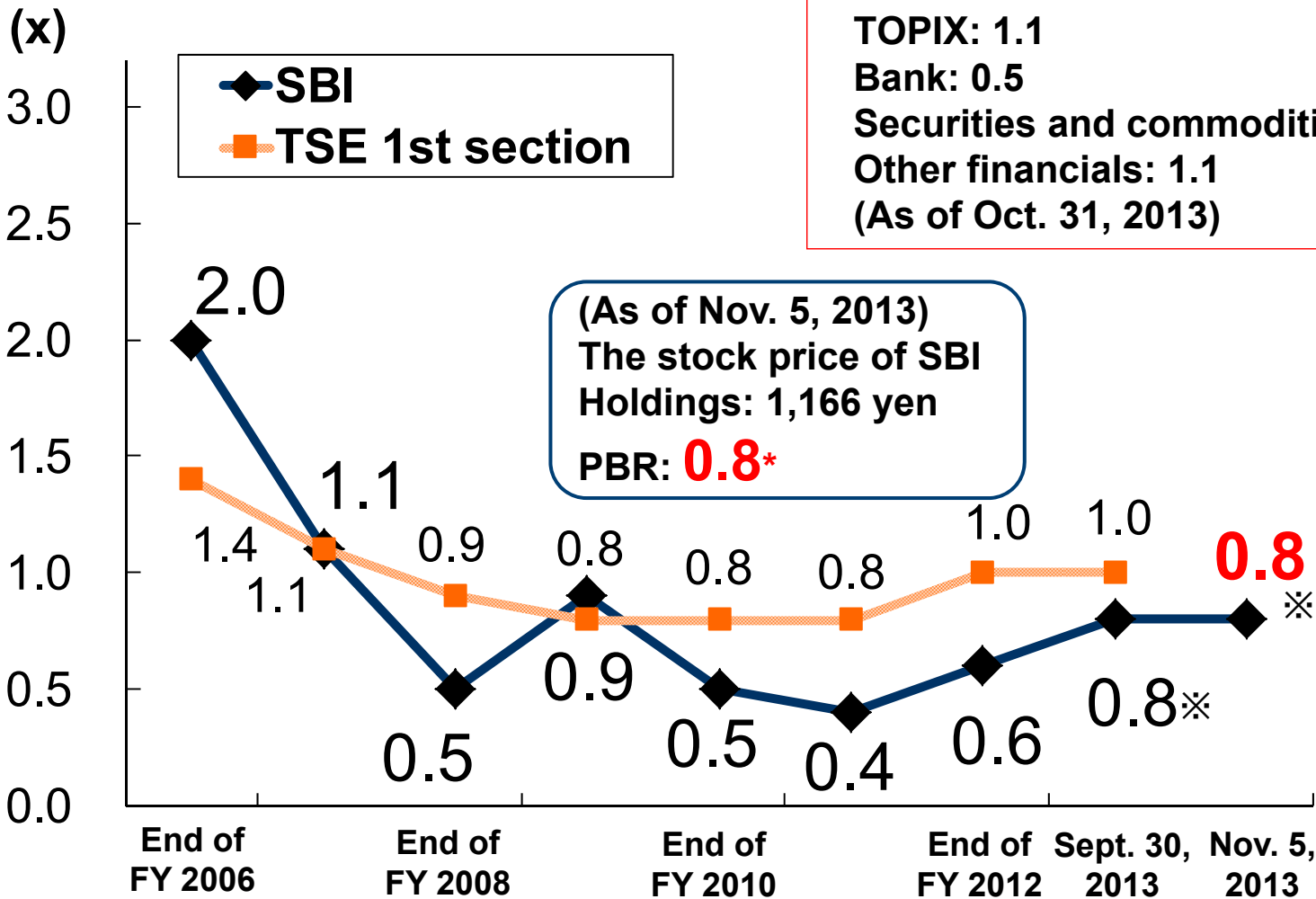
Market cap (actual value as of Nov. 5, 2013): [JPY 261.8bn](#)





# Change in PBR of SBI Holdings

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



TOPIX: 1.1  
 Bank: 0.5  
 Securities and commodities: 1.3  
 Other financials: 1.1  
 (As of Oct. 31, 2013)

(As of Nov. 5, 2013)  
 The stock price of SBI Holdings: 1,166 yen  
 PBR: **0.8\***

[Reference]  
 SBI Holdings' PER based on forecast EPS (As of Nov. 5, 2013)  
 PER:  
**17.5** (Nikkei Kaisha Joho)  
**9.4** (Japanese company handbook)

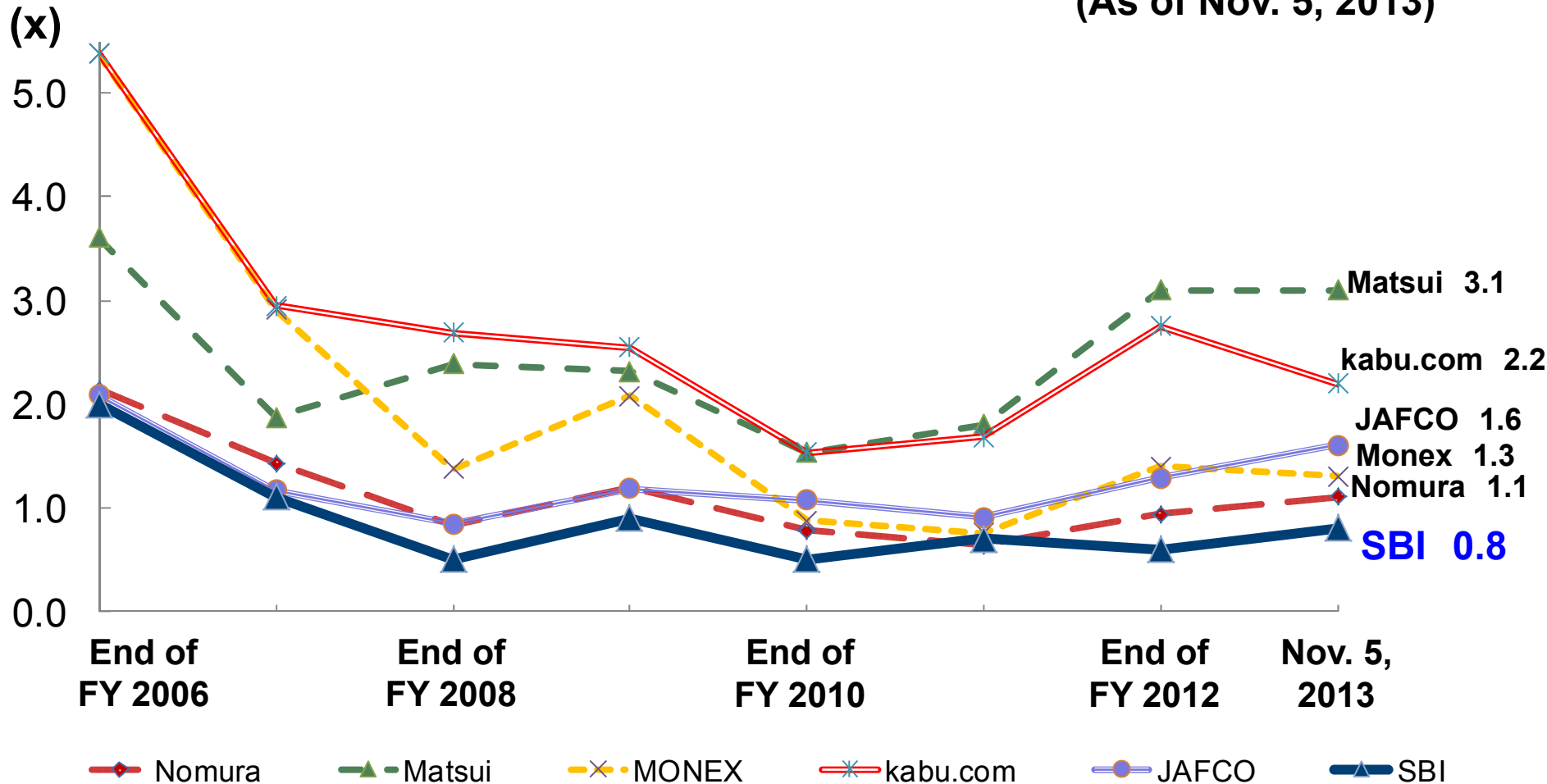
\*PBR of SBI Holdings for Sept. 30, 2013 and Nov. 5, 2013 are calculated based on the BPS of the end of Mar. 2013.

\*PBR of SBI Holdings prior to FY2011 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 Nov. 5, 2013)



\*PBR for Nov. 5, 2013 is calculated based on the BPS of the end of Mar. 2013.

\*PBR of Monex and SBI Holdings prior to FY2011 are calculated based on J-GAAP BPS.

# Valuation by Segment Estimated by SBI

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

### ① SBI SECURITIES

Valuation is conservatively estimated at JPY **263.0bn**

(based on the closing price of Nov. 5, 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

$$\left\{ \begin{array}{l} \frac{(\text{Matsui's PER} + \text{kabu.com's PER}) (*1)}{2} \times \text{SBI SECURITIES's Net income (FY2012)} \dots (A) \\ \frac{(\text{Matsui's PBR} + \text{kabu.com's PBR}) (*2)}{2} \times \text{SBI SECURITIES's Net asset (*3) (as of Sept. 30, 2012)} \dots (B) \end{array} \right.$$

\*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 Sept. 30, 2013.

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

# Valuation by Segment Estimated by SBI

## (1) Financial Services Business ① SBI SECURITIES -(ii)

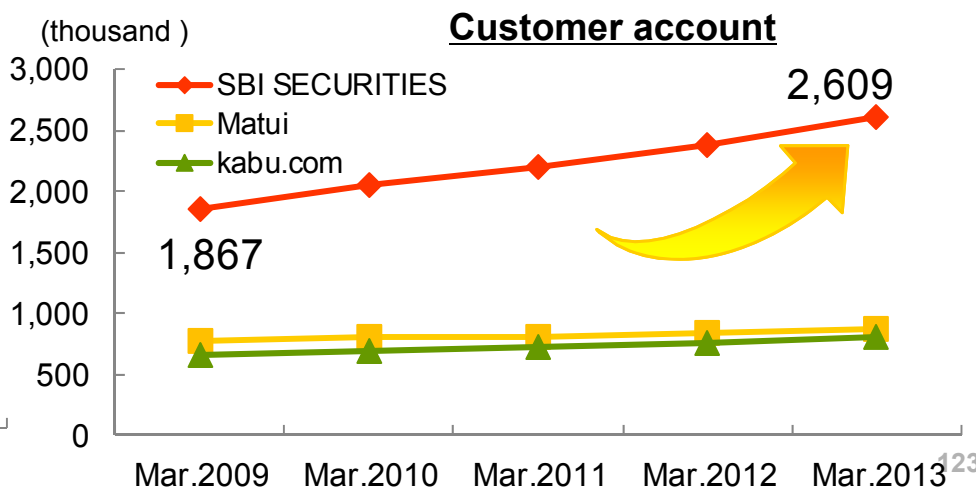
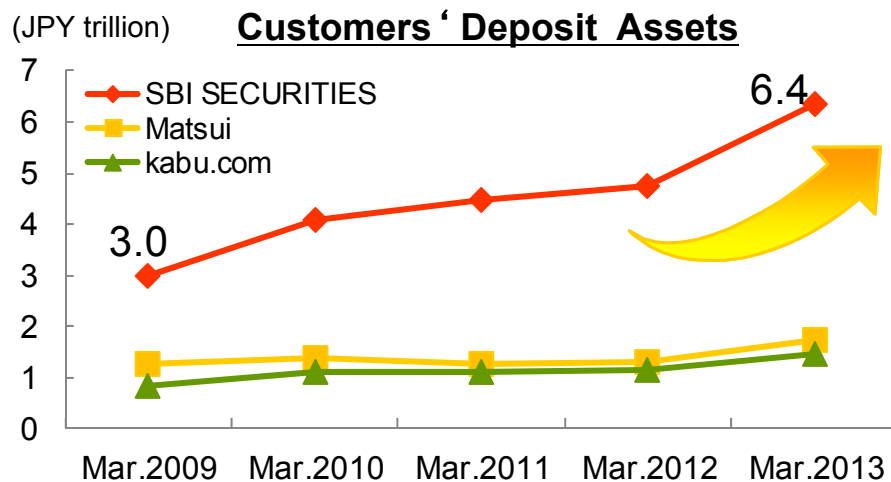


### Is SBI SECURITIES' valuation reasonable?

#### Comparison of SBI SECURITIES and two listed online securities

companies (Matsui Securities and kabu.com Securities) \*Calculated by the closing prices of Nov. 5, 2013

(FY2012)	SBI SECURITIES	Matsui Securities	Kabu.com Securities
Valuation(market cap)*	JPY 263.0bn	JPY 279.0bn	JPY 86.5bn
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 SBI

## (1) Financial Services Business ② SBI Sumishin Net Bank -(i)

### ② SBI Sumishin Net Bank

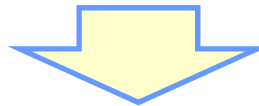
Valuation is conservatively estimated at JPY 38.6bn

(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 is 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 is calculated by adding the bank's net asset of SBIH's shareholding as of Mar. 31, 2013 to the excess earning power.

\* Under a calculation based on the ordinary income as JPY 7.9bn, and the profit after tax for the corresponding fiscal year as JPY 4.8bn.



Conservatively estimated the valuation of SBI Sumishin Net Bank with high growth potential in terms of profitability and scale at JPY 77.2bn → JPY 38.6bn

(Shareholding of the SBI Group: 50.0%)

# Valuation by Segment Estimated by SBI

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

### Consideration of SBI Sumishin Net Bank's valuation (JPY 77.2bn)

- 住信SBIネット銀行 - Ordinary income for full year FY2012 (JPY 7.9bn (+36.4% YoY))  
 ~ Within reach of achieving ordinary income of JPY 10.0bn ~
- SBI Sumishin Net Bank - Deposit balance topped JPY 3tn (as of July 25, 2013)

Ordinary income for FY2012

Local listed banks with ordinary income of nearly JPY 10.0bn

	Ordinary income (JPY billion)	YoY Change (%)	Market Cap (JPY billion)	Ranking*1
Juroku Bank	10.9	-33.5	145.2	15
Chiba Kogyo Bank	10.2	+12.6	37.2	48
Yamanashi Chuo Bank	9.9	+13.4	74.5	40
Nanto Bank	9.9	+7.8	105.1	20
Senshu Ikeda Bank	9.5	+23.0	114.0*	19
Bank of Okinawa	9.3	+10.9	77.7	59
Hokuetsu Bank	9.1	+12.9	49.2	49
Hyakujushi Bank	8.9	-28.5	109.1	33
Oita Bank	8.7	-26.1	59.1	41
Yamagata Bank	8.7	+25.2	68.8	53
Shikoku Bank	8.6	+75.5	48.9	43
Miyazaki Bank	8.0	-25.1	49.4	56

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 78.0bn

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

\* Market cap is of Senshu Ikeda Holdings whose main subsidiary is Senshu Ikeda 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 Nov. 5, 2013

# Valuation by Segment Estimated by SBI

## (1) Financial Services Business ③ SBI Liquidity Market

### ③ SBI Liquidity Market

**Valuation is estimated at JPY 14.8bn**

(based on the closing price of Nov. 5, 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 net income per share for FY2012 .

**<Reference> Acquisition of CyberAgent FX by Yahoo Japan (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 SBI

## (1) Financial Services Business

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

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

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
Morningstar Japan	49.2	Consolidated subsidiary	JASDAQ	24.3	11.9
SBI Mortgage	60.7	Consolidated subsidiary	KOSPI of KRX	29.6*	18.0
SOLXYZ	26.3	Equity method affiliate	JASDAQ	5.4	1.4
<b>Sum of the market cap of listed subsidiaries and equity method affiliates</b>				<b>59.3</b>	<b><u>31.4</u></b>

(Based on the closing price of Nov. 5, 2013, \*Calculated by the exchange rate as of Nov. 5, 2013.)

\* SBI's shareholding percentage corresponds to a figure based on the IFRS criteria that excludes a percentage of outside shareholder's interest of subsidiary companies and subsidiary funds of the Group.



# Valuation by Segment Estimated by SBIH

## (1) Financial Services Business Total Valuation of the Businesses

### ① SBI SECURITIES

Upon comparison with similar listed companies calculated conservatively as **JPY 263.0bn** (based on the closing price Nov. 5, 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 77.2bn

**JPY 38.6bn** (Shareholding of the SBI Group: 50.0%)

### ③ SBI Liquidity Market

Upon comparison with similar listed companies calculated as **JPY 14.8bn** (based on the closing prices of Nov. 5, 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) **JPY 31.4bn** (based on the closing prices of Nov. 5, 2013)



Total of the valuation above: **JPY 347.8bn** (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. (%)
SBI Comparison Website Business		Operation of comparison websites for loans and insurances	1.2	100.0
SBI Japannext	Growing Business	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”**

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

# Valuation by Segment Estimated by SBIH



## (2) Asset Management Business

### ① Valuation Measuring Method

#### Asset Management Business

Valuation for the AM Business is estimated at **JPY 142.5bn**

<Reference>

JAFCO's Market Cap: **JPY 239.0bn** (based on the closing price of Nov. 5, 2013)

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

(i) Value of holding securities (at the end of Sept. 2013) **Approx. JPY 97.3bn**

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 Nov. 5, 2013)

(\* Valuation excluding asset such as securities hold) **Approx. JPY 40.0bn**

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 its 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 billion)	SBI's equity interest of market cap (JPY billion)
<b>SBI AXES</b>	<b>42.7</b>	Consolidated subsidiary	KOSDAQ of KRX	<b>6.6*</b>	<b>2.8</b>
<b>SBI Investment Korea</b>	<b>43.9</b>	Equity-method affiliate	KOSDAQ of KRX	<b>5.3*</b>	<b>2.3</b>
<b>Sum of the market cap of listed subsidiaries and equity method affiliates</b>				<b>12.0</b>	<b>5.2</b>

(Based on the closing price of Nov. 5, 2013, \*Calculated by the exchange rate as of Nov. 5, 2013.)

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

		Business lineup	OP for FY2012 (JPY billion)	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 Business</b>	Commercial Bank	<b>0.4</b>	<b>47.6</b>
<b>YAR-BANK</b>	<b>Overseas Business</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 figure based on the IFRS criteria that excludes a percentage of outside shareholder's interest of subsidiary companies and subsidiary funds of the Group.

# Valuation by Segment Estimated by SBIH

## (3) Biotechnology-related Business

### ① SBI Pharmaceuticals

#### Biotechnology-related Business

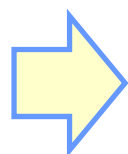
Each bio-venture company has multiple promising pipelines, and the Biotechnology-related Business will become a core business that makes a substantial contribution through progress in areas including pharmaceutical clinical research in Japan and overseas.

Total valuation of the Biotechnology-related Business is estimated at approx. JPY 60.9bn

#### 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 external holdings)



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

Beside SBI Pharmaceuticals, the total shareholder value of the Biotechnology-related Business includes the estimated shareholder value of 2 IPO scheduled companies, 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) 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>38.6%</b>	<b>within 2014</b>	<b>Mizuho Securities</b>

\*1 Wholly acquired (U.S.) Quark as a subsidiary in Dec. 2012

\* SBI's shareholding percentage corresponds to a figure based on the IFRS criteria that excludes a percentage of outside shareholder's interest of 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
				(Nov. 5, 2013)
CellSeed	Mar. 16, 2010	-650	7.5	15.9
RaQualia Pharma	July 20, 2011	-1,307	19.6	9.8
SymBio Pharmaceuticals	Oct. 20, 2011	-642	8.6	10.8
3-D MATRIX	Oct. 24, 2011	-533	5.4	64.9
Chiome Bioscience	Dec. 20, 2011	-180	5.1	33.8
Gene Techno Science	Nov. 30, 2012	-320	3.0	7.1
UMN Pharma	Dec. 11, 2012	-477	8.3	31.1
MEDRx	Feb. 13, 2013	-433	11.3	13.2

# Valuation by Segment Estimated by SBIH

## (4) Housing and Real Estate Business

### Housing and Real Estate Business

Valuation for the Housing and Real Estate Business estimated at **approx. JPY 30.7bn**

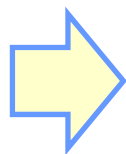
Estimation of the valuation is as follows:

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

① Value of the commercial real estate properties

$$\text{Asset Value} = \text{Balance of investment real estate} + \text{Balance of real estate included in tangible assets}$$

(Balance of investment real estate for SBI Savings Bank and SBI Life Living are excluded)



As of the end of Sept. 2013, valuation is **approx. 24.7bn**

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 billion)	SBI's equity interest of market cap (JPY billion)
SBI Life Living	73.8	Consolidated subsidiary	TSE Mothers	8.2	<b><u>6.0</u></b>

# Our Corporate Value by Each Business's Valuation Estimated Based on the Closing Prices of Nov. 5



## ① Sum of the values by segment

(JPY billion)

(based on the closing prices of Nov. 5, 2013)	Valuation of each segment (theoretical value)
<b>Financial Services</b>	<b>347.8 (+)*</b>
<b>Asset Management</b>	<b>142.5</b>
<b>Biotechnology-related</b>	<b>60.9</b>
<b>Housing and Real Estate</b>	<b>30.7</b>
<b>Sum total</b>	<b>581.9 (+)</b>

**Business valuation per share: JPY 2,591**

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

**Of the major 58 Group companies, 18 are profitable companies that are not included in the above calculations (Total Operating Income: approx. JPY 3.4bn)**



# [Appendix]

# SBI Holdings' Shareholder Composition

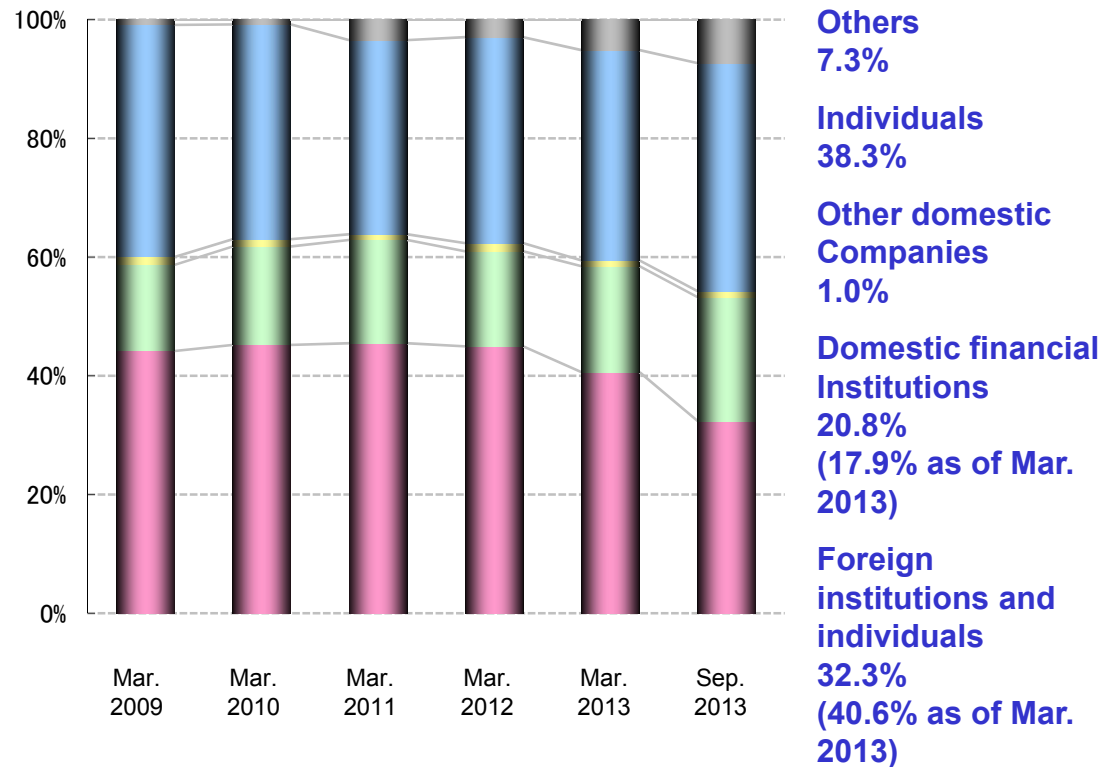
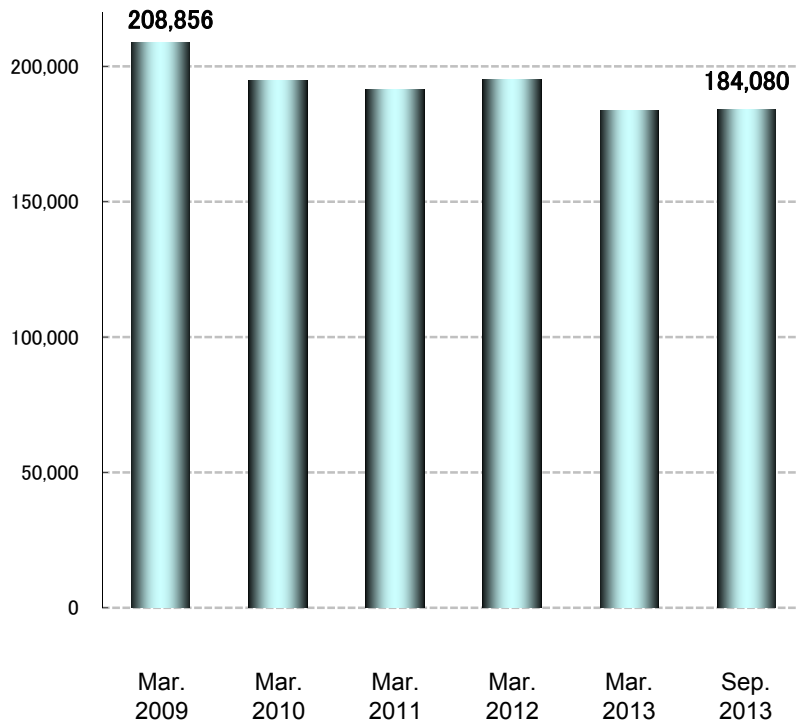


## Number of Shareholders

## Shareholder Composition

(Number of holders)

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



\* end of the month

\* end of the month \* "Others" includes treasury stock (3.3%)

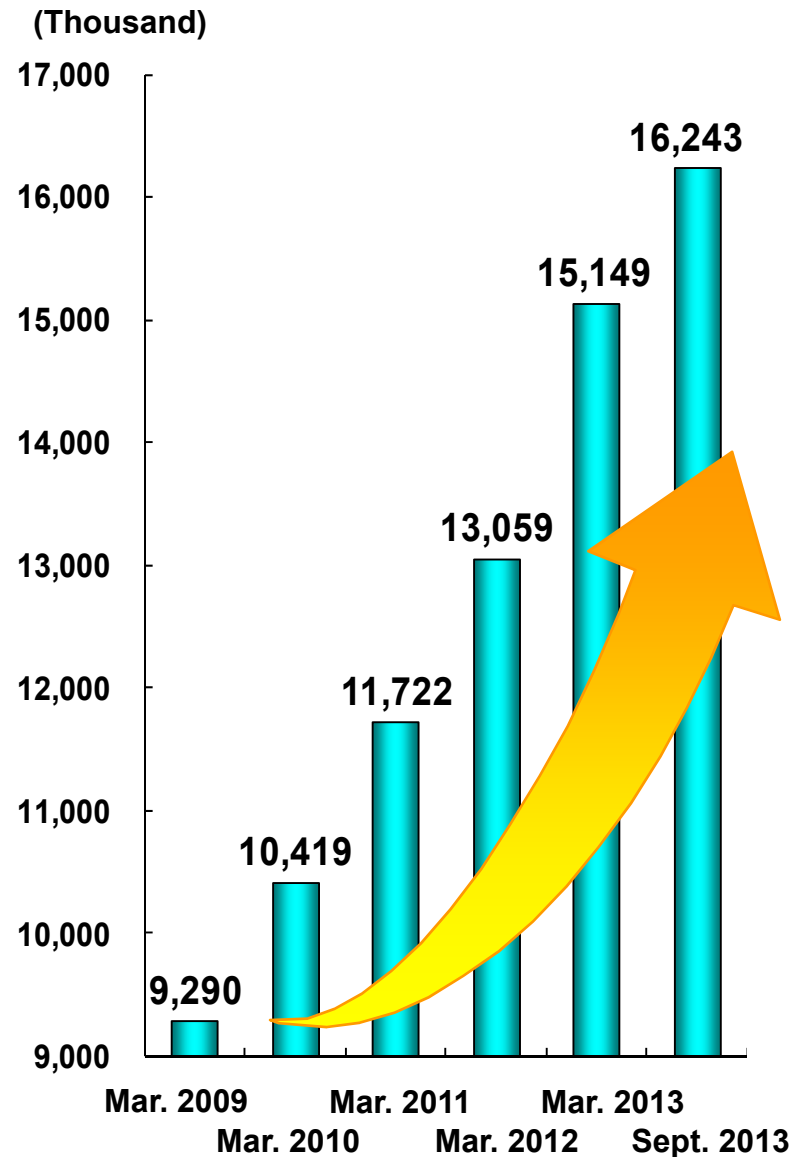
# The SBI Group's Customer Base



## Breakdown of the Customer Base

(As of the end of Sept. 2013)

(Thousand)



<b>SBI SECURITIES</b>	(Accounts)	<b>2,785</b>
<b>SBIH InsWeb</b>	(No. of customers)	<b>5,552</b>
<b>E-LOAN</b>	(No. of customers)	<b>1,421</b>
<b>Other financial websites</b>	(No. of customers)	<b>26</b>
<b>MoneyLook</b>	(Total no. of customer registrations)	<b>834</b>
<b>Morningstar Japan</b>	(New portfolio customer registrations)	<b>111</b>
<b>SBI Card</b>	(Valid cards issued)	<b>66</b>
<b>SBI Sumishin Net Bank</b>	(Accounts)	<b>1,814</b>
<b>SBI Insurance</b>	(Total no. of contracts)	<b>604</b>
<b>Autoc one</b>	(Total no. of service users in 2012)	<b>1,000</b>
<b>Lifestyle-related websites</b> (Ticket Ryutsu Center, muSBI.net)	(Total no. of customer registrations)	<b>1,245</b>
<b>Others</b> (SBI Mortgage, SBI Points, etc.)		<b>786</b>
<b>Total</b>		<b>16,243</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

# Number of Consolidated Subsidiaries and Consolidated Employees of the SBI Group



## Transition of the number of consolidated subsidiaries

	Mar. 30, 2013	Sept. 30, 2013
Consolidated subsidiaries	144	144
Consolidated partnerships	34	36
Equity-method companies	38	38
<b>Total</b>	<b>216</b>	<b>218</b>

## Transition of the number of consolidated employees

	Mar. 30, 2013	Sept. 30, 2013
<b>Total (persons)</b>	<b>5,007</b>	<b>5,084</b>

# Assets Under Management of the SBI Group

**Private equity, etc. JPY 299.0bn** (Including JPY 108.7bn of both cash and commitment amount to be paid in) (\*3)

Breakdown by Industry	Amount
IT/Internet	30.6
Biotechnology/Health/Medical	46.2
Services	22.1
Materials/Chemicals	2.3
Environmental/Energy	12.9
Retail/Food	8.1
Construction/Real estate	1.1
Machine/Automobile	10.0
Finance	38.8
Others	18.3
<b>Total</b>	<b>190.3</b>

Breakdown by region	Amount
Japan	116.0
China	23.1
Korea	15.7
Taiwan	1.1
Southeast Asia	8.1
U.S.	20.0
Europe	2.2
Others	4.1
<b>Total</b>	<b>190.3</b>

**Investment trust etc. JPY 181.0bn**

Investment trusts	95.6
Investment advisory	79.8
Investment companies	5.6

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

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