



*Strategic
Business
Innovator*

SBI Holdings, Inc. 2013 Information Meeting

December 2	Osaka
December 4	Tokyo
December 9	Nagoya

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

Today's Program

Part I: Explanations for the Key Questions

Part II: Q&A

Part I: Key Questions

- 1. How should the 1H FY2013 financial results be interpreted? Please also discuss the 2H FY2013 outlook.**
- 2. How do you see the future economic environment surrounding the SBI Group during and after 2H FY2013?**
- 3. What is the overseas financial business strategy, with regard to the acquisition of the South Korean SBI Savings Bank, and making inroads into the online financial business in China?**
- 4. What is the current state of 5-ALA related businesses that were prioritized?**
- 5. What are management's thoughts on the share price?**

1. How should the 1H FY2013 financial results be interpreted? Please also discuss the outlook for 2H FY2013.

**(1) Summary of 1H FY2013 Record
Setting Half-year Period Consolidated
Results**

**(2) 1H FY2013 Overview of Principal
Companies in Each Segment**

(1) Summary of 1H FY2013 Record Setting Half-year Period 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 Sharp increase in operating cash flow to 16 times the amount in the 1H FY2012**
- ③ Achievement of sharp increases in revenue and income in all segments**
- ④ FY2013 full-year consolidated operating revenue and operating income expected to exceed previous highs**

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)

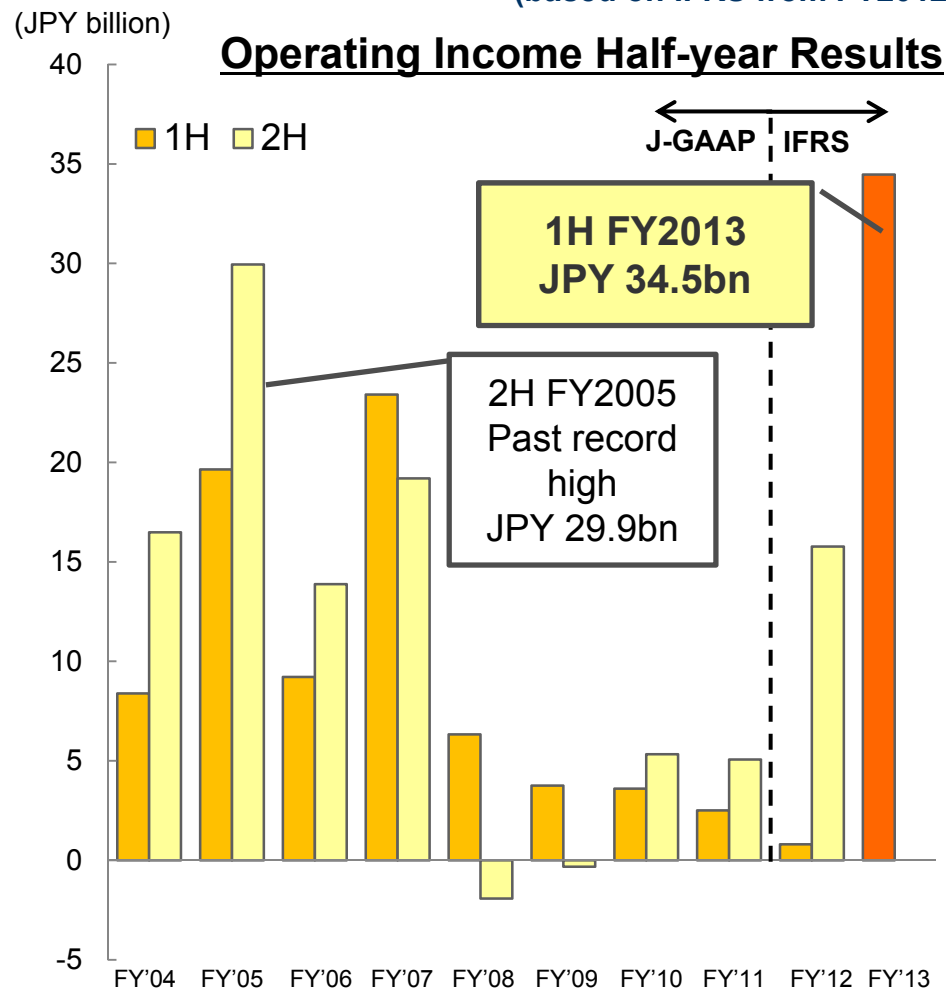
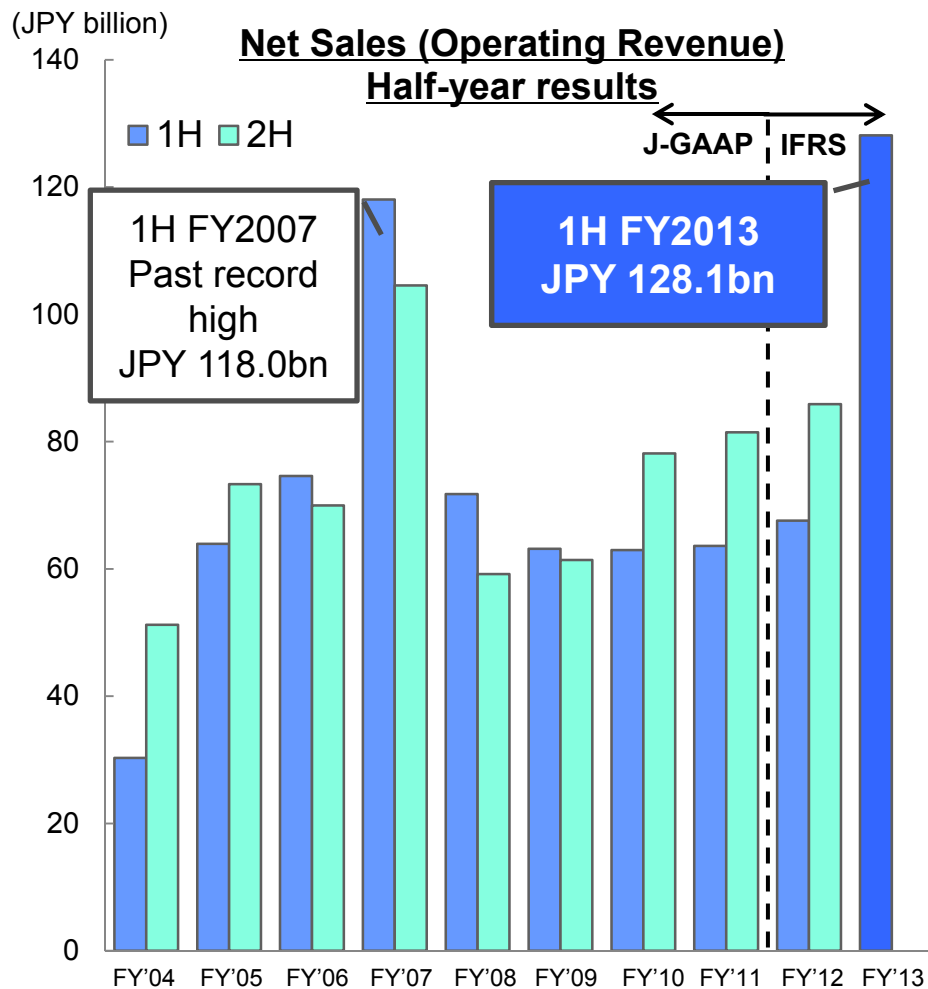
(Unit: JPY million)

	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)



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	81.17	11.2
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) specific 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 Sharp increase in operating cash flow to 16 times the amount in the 1H FY2012

(JPY billion)

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

*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

③ 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

③ Achievement of sharp increases in revenue and income in all segments as well as a sharp increase in profit before income tax expense

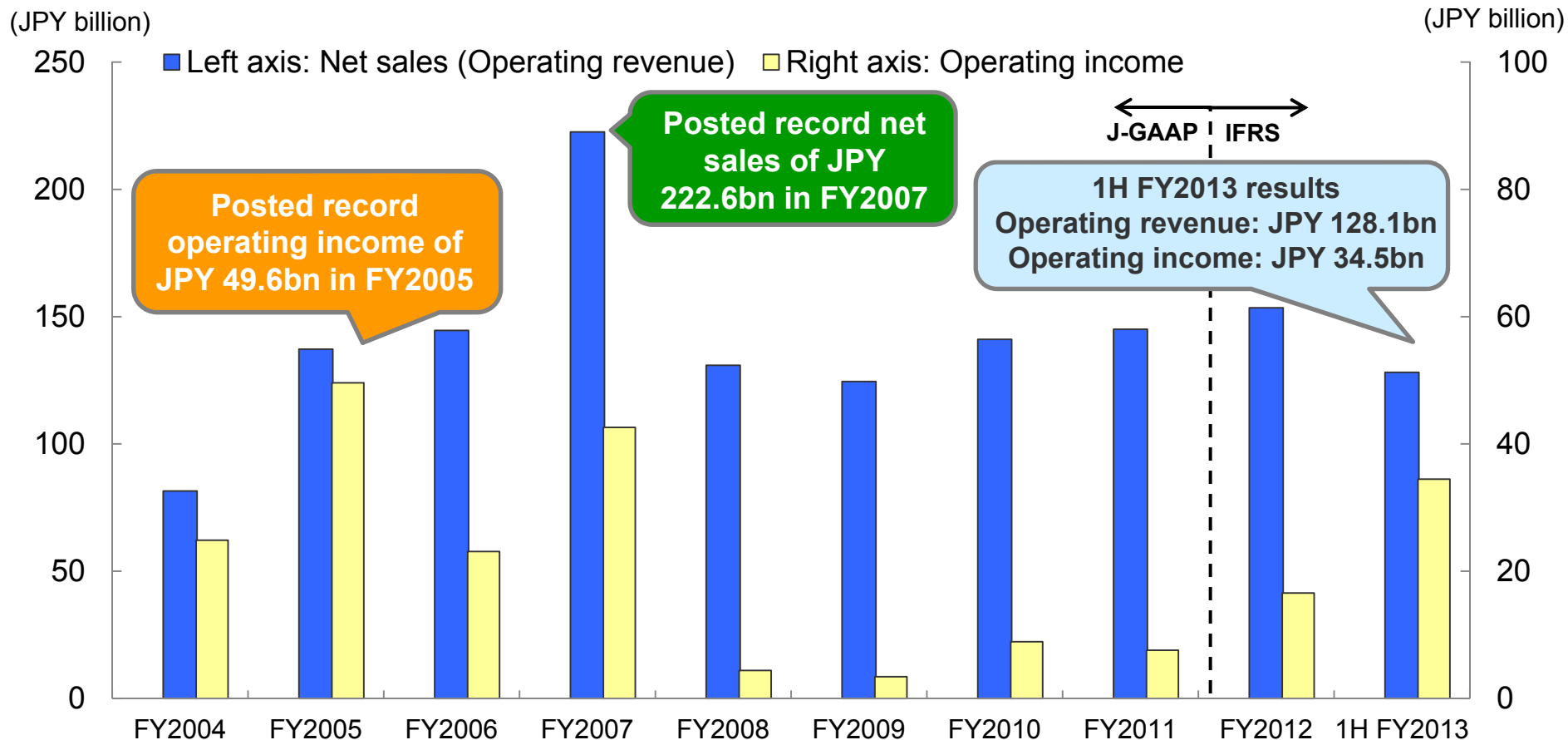
(ii) 1H FY2013 Profit before Income Tax Expense by Segment (IFRS)

(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

④ 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	1.0
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* Results of the fiscal years before FY2011 are based on J-GAAP. The Company introduced IFRS from FY2012.

(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 SSI, IKI IKI SEDAI**
- ⑦ **SBI Mortgage**
- ⑧ **SBI MONEY PLAZA**
- ⑨ **Morningstar Japan**

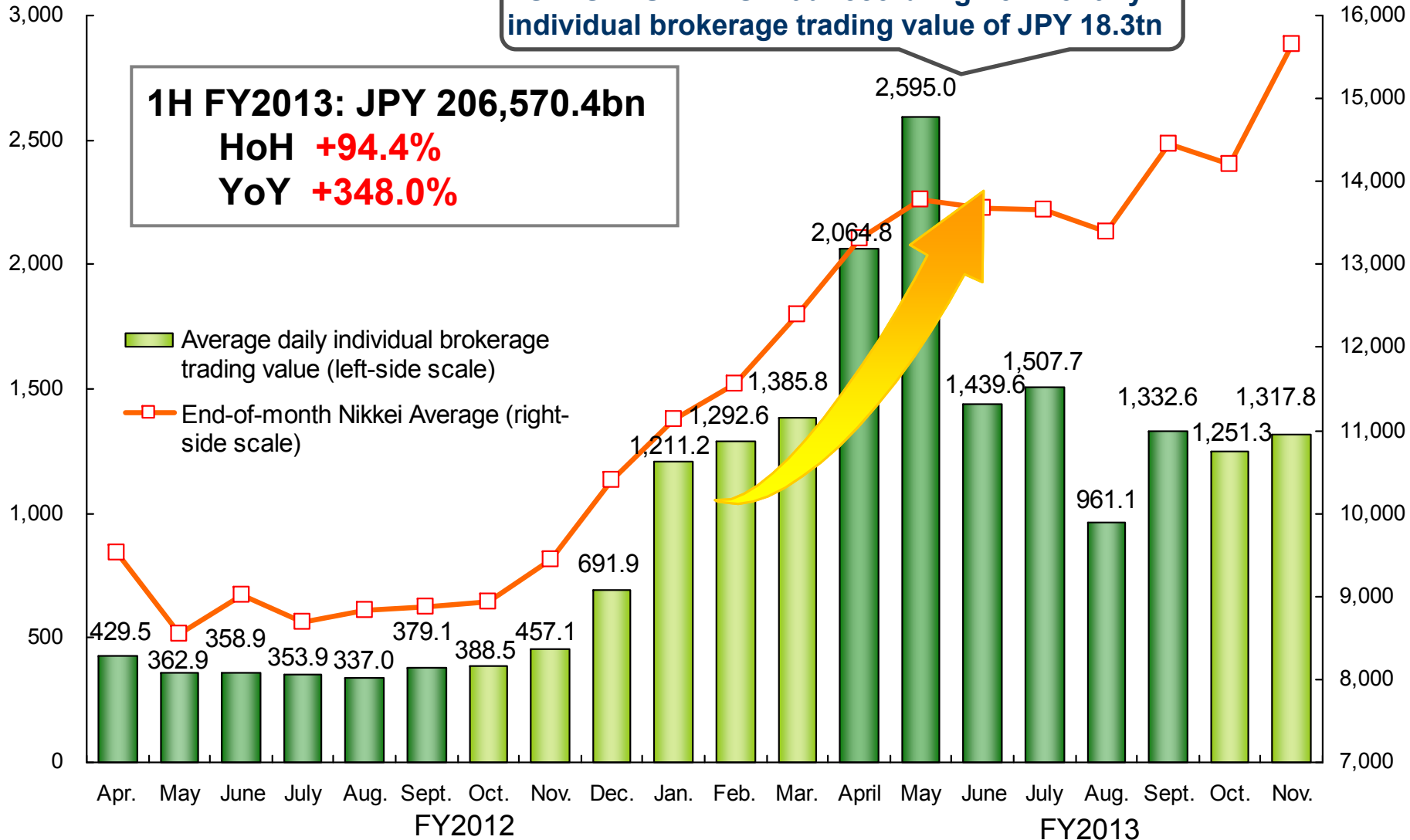
Average Daily Individual Brokerage Trading Value (2 market total *)

(JPY billion)

SBI SECURITIES hit a record high of monthly individual brokerage trading value of JPY 18.3tn

1H FY2013: JPY 206,570.4bn
HoH +94.4%
YoY +348.0%

(円)



*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]

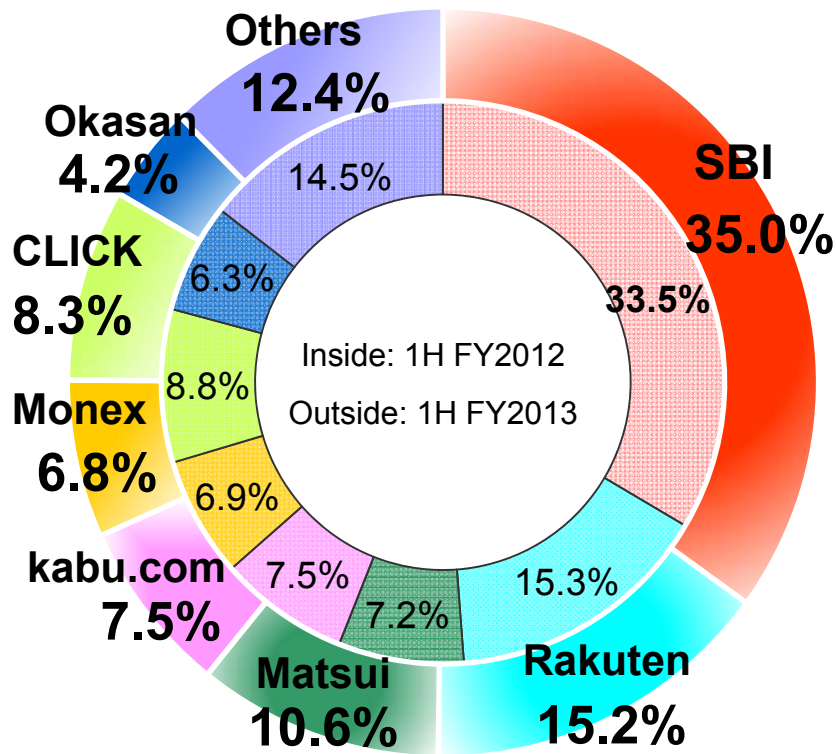
(Unit: JPY million)

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

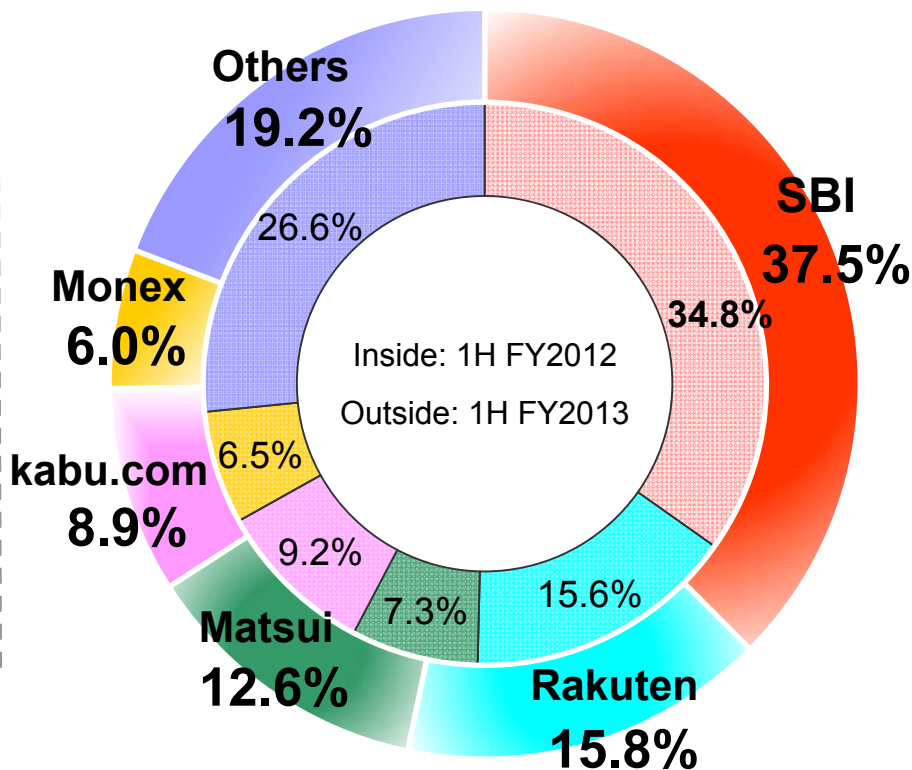
* Owing to the significant increase of stock trading value followed by the brisk market, SBI SECURITIES reserved approximately JPY 1,408m for financial instruments transaction liability reserves under the Financial Instruments and Exchange Act in the second quarter of the fiscal year ending March 2014,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

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)



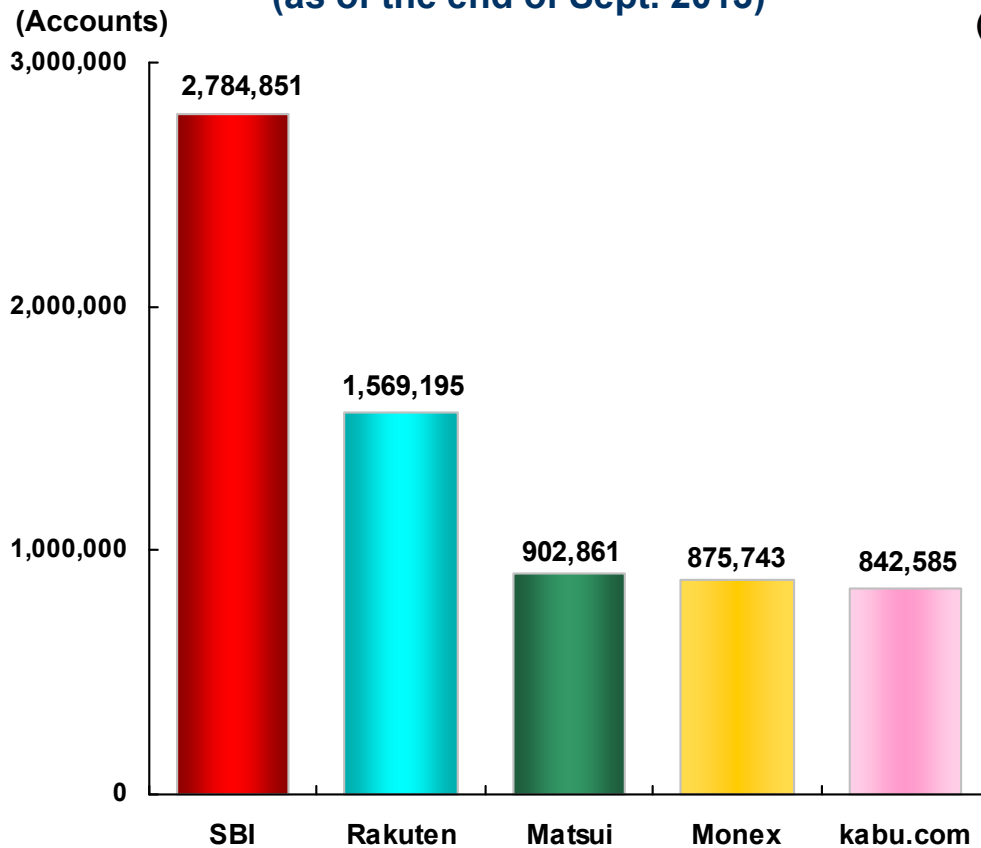
Source: Compiled by SBI SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and websites of each company

* 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.

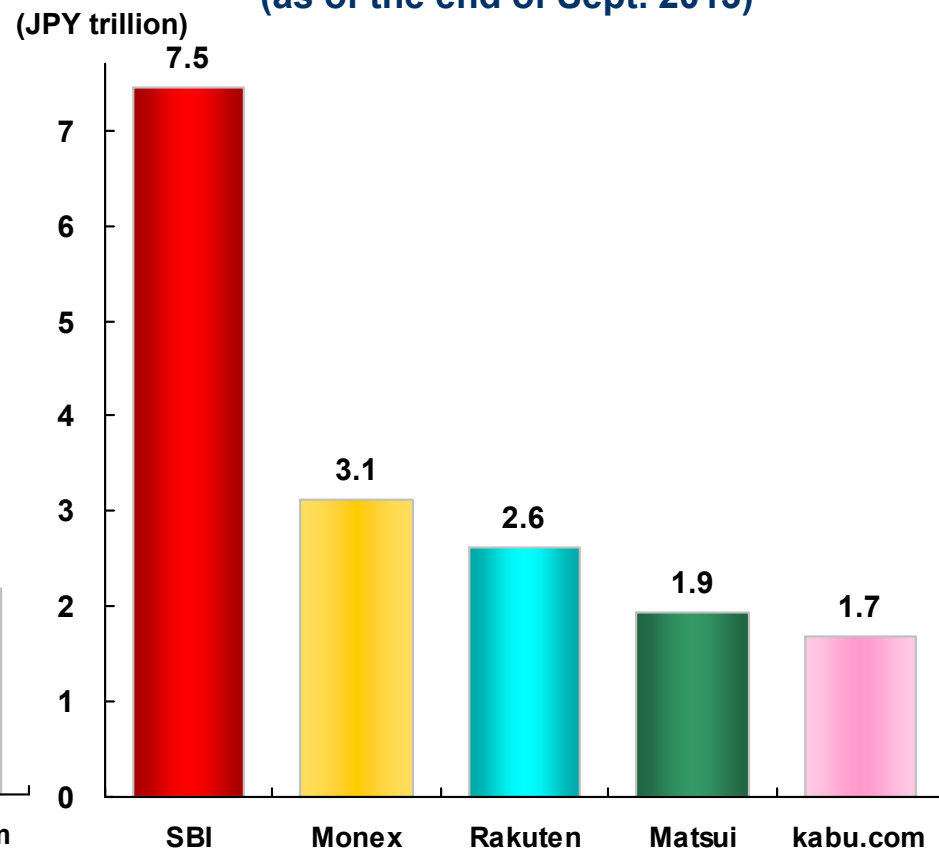
Solid Customer Base of SBI SECURITIES

< 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)



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

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]

1st

Trading cost at lowest level in the industry

Commission for domestic stock trading
Free of charge

Largest number of no-load investment trusts in the industry (*1)
431 funds

2nd

Rich lineup in services

Approx. 1,300 investment trusts

Provides foreign stocks of 9 countries (*2), the most among the major online securities firms

3rd

A variety of trading options tailored to customer needs

By using the PTS, trading during night time is possible

Installment purchasing of investment trusts starting at JPY 500

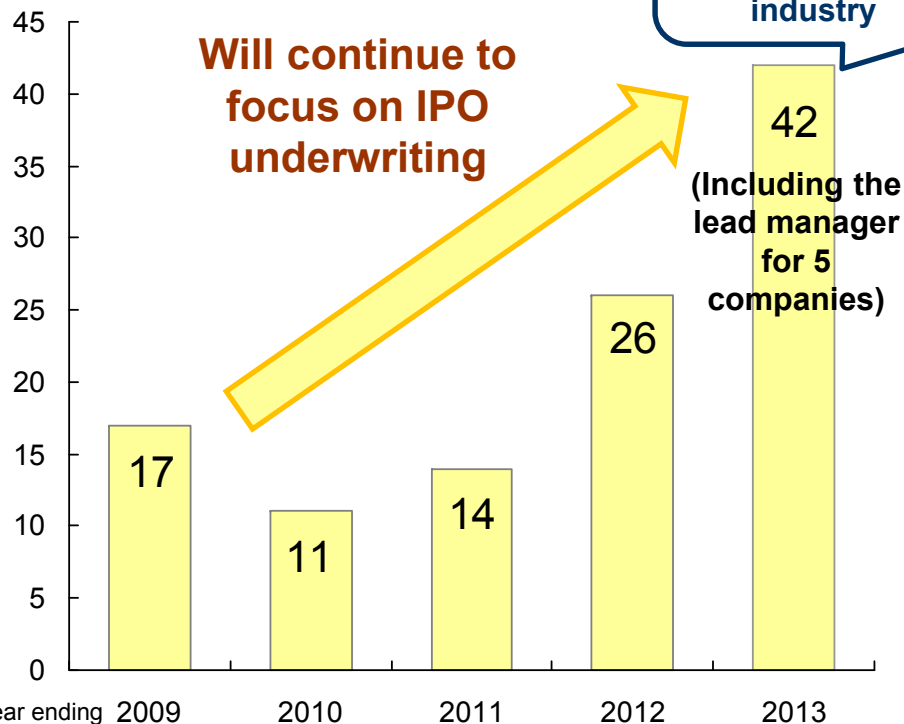
SBI SECURITIES will Enhance Its Corporate Business by Cooperating with SBI MONEY PLAZA that has been Putting into Effort to Increase its Corporate Clients Through Various Products

IPO Underwriting

(Number of companies)

Will continue to focus on IPO underwriting

Underwriting share of 77.8% in FY2012 was top within the industry



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

(Year ending Mar.)

* 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.

* 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.

Customer Satisfaction Assessment (SBI SECURITIES)



1st

“Oricon customer satisfaction ranking” in 2013
[Online securities comprehensive ranking]

**For 8
years!**

<Evaluation item>

12 items, such as “commissions & dealing cost,” “easy account opening,” “variety of products,” “provision of Information” and “analytics tools,” etc.

Customer Service Center



HDI (Help Desk Institute) Certification in 2012
[Securities Industry]

“Call-center Contact Ranking”

Achieved the highest rank “three stars”

**For 3
years!**



**Award for
Excellence**

Japan Telecom Users Association

17th Corporate Telephone Response Contest in 2013

Official Website



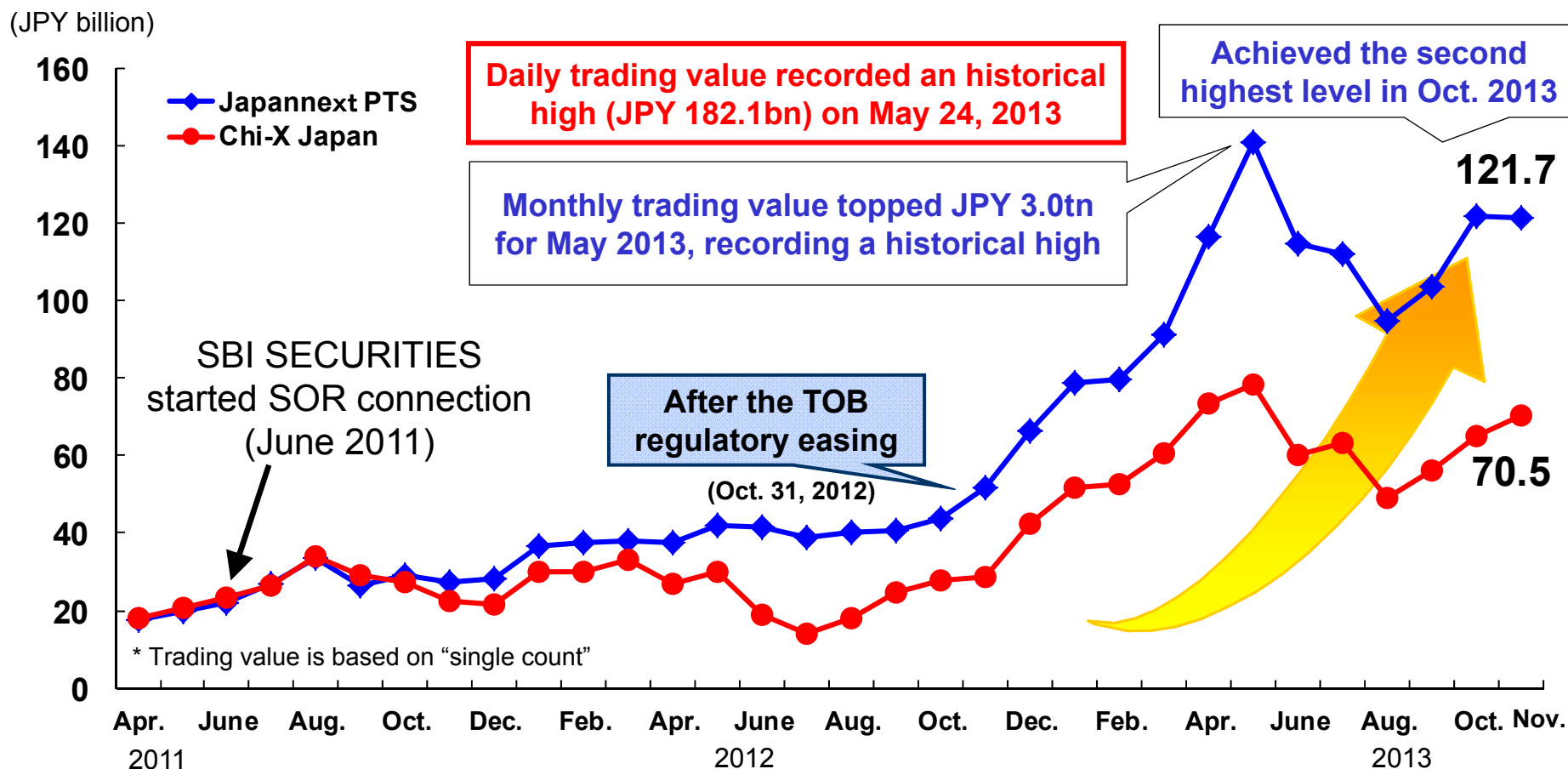
HDI (Help Desk Institute) Certification in 2012
[Securities Industry]

“Support Portal Raking (Official Website)”

Achieved the highest rank “three stars”

**3rd time
2 years in
a row!**

Average Daily Trading Value at Japannext PTS Surged



TOB (take-over-bid) regulation

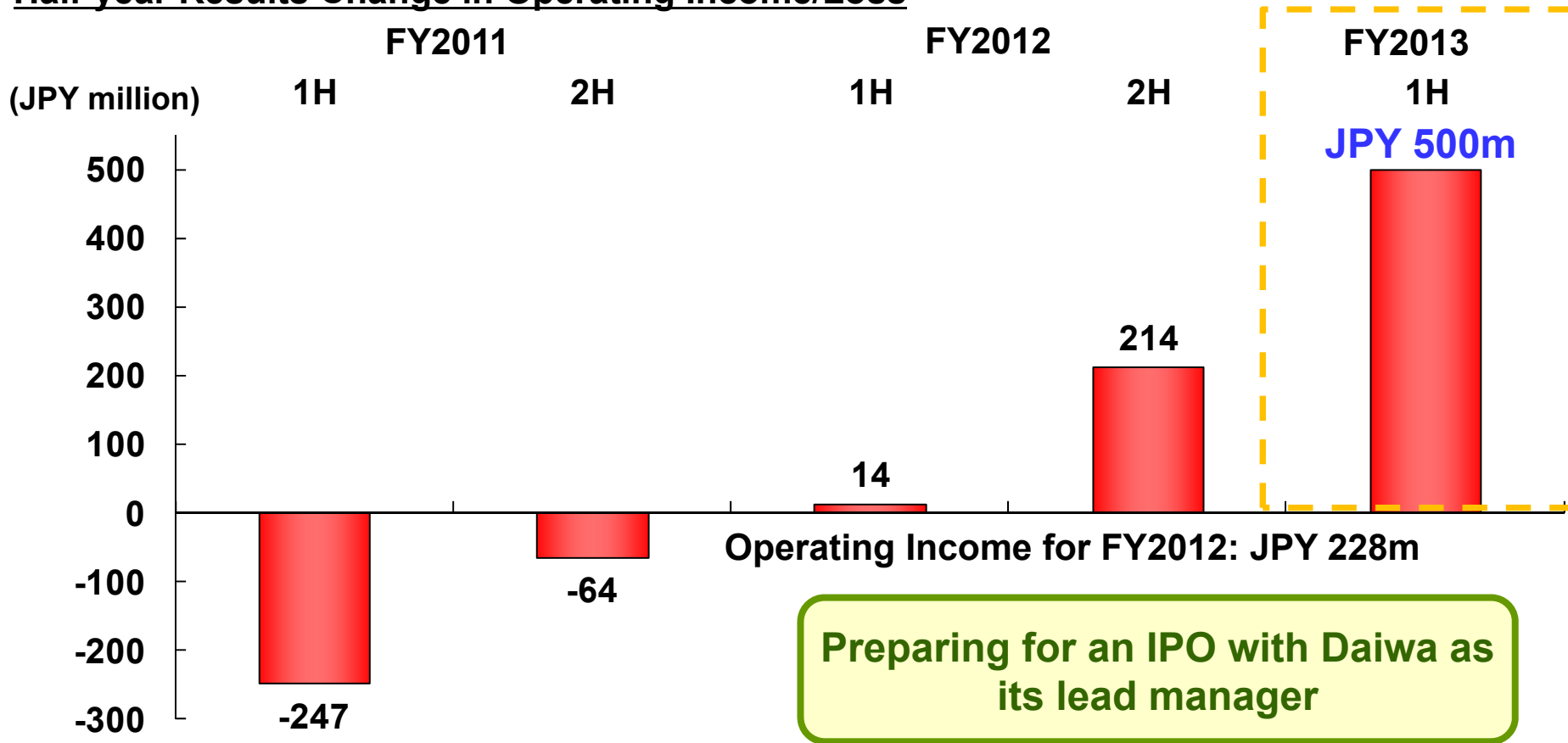
The regulation obliges investors who acquire more than 5% of a company through off-exchange transactions, or for investors who already own more than 5% that decide to increase their holdings, to make a takeover bid. This has hindered large institutional investors from utilizing the PTS.

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

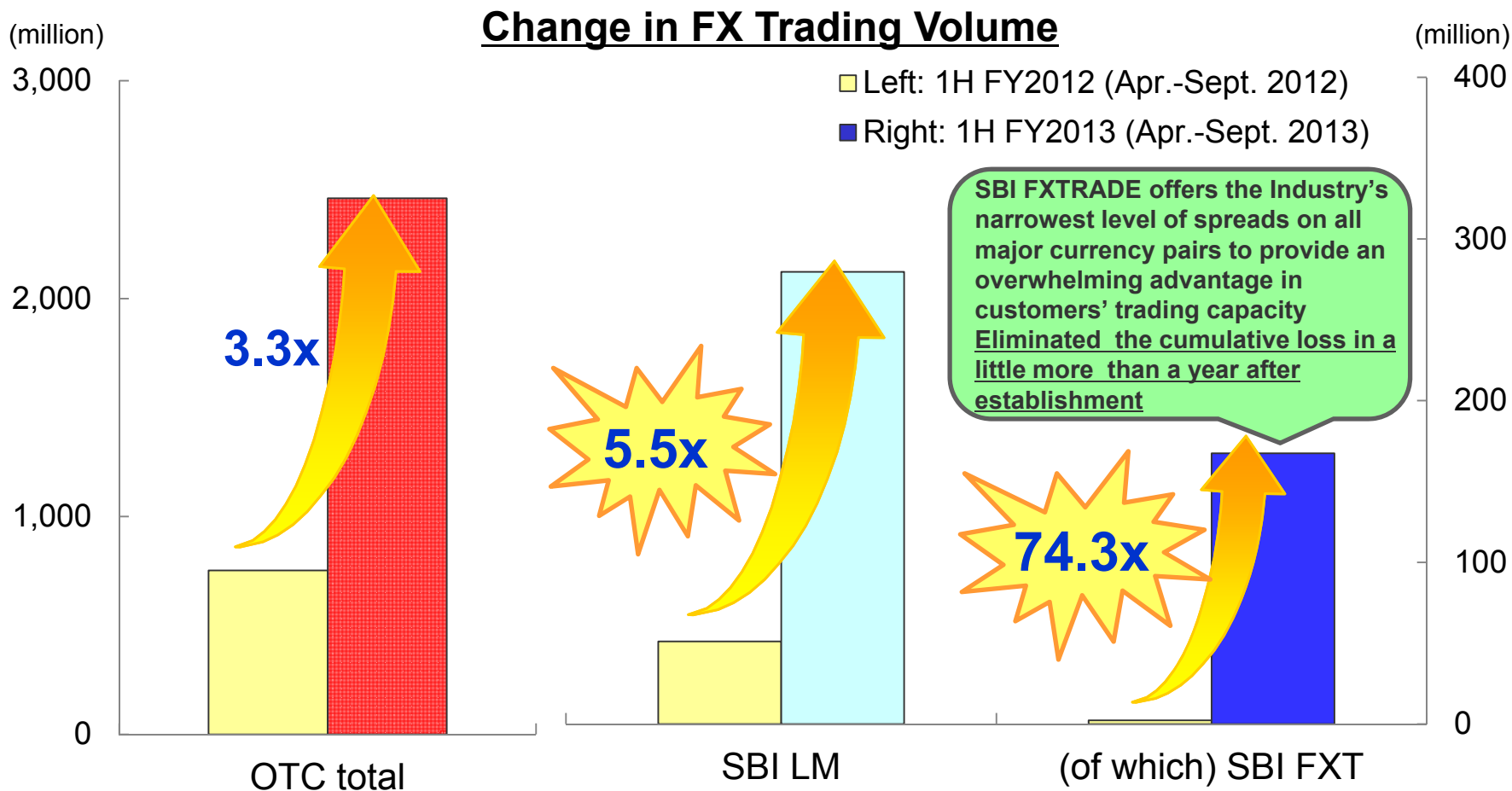
Half-year Results Change in Operating Income/Loss



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)



③ SBI Liquidity Market, SBI FXTRADE:

The SBI Group's (SBI SECURITIES, SBI FXTRADE and SBI Sumishin Net Bank)
Customer Deposit Assets and Total Number of Accounts are No.1
in the OTC FX Industry

Customers' Deposit Assets (JPY million)

Number of FX Trading Accounts (Accounts)

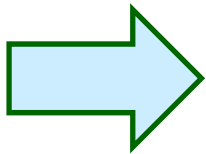
No.	Company name	Amount	MoM change
1	SBI Group	125,529	4,262
2	Gaitame.com	106,707	-627
3	GMO CLICK	91,346	1,280
4	CyberAgent FX	79,623	1,828
5	DMM.com	74,787	2,629
6	Central Tanshi FX	55,162	524
7	MONEY SQUARE JAPAN	48,858	436
8	MONEY PARTNERS	43,755	526
9	Hirose FX	21,765	185
10	FX PRIME by GMO Corporation	15,412	146
11	Traders Securities	13,651	129
12	Ueda Harlow	12,132	-131
	Others (2 companies)	53,049	1,766
	Total	741,776	12,953

No.	Company name	Number of accounts	MoM change
1	SBI Group	418,719	8,541
2	Gaitame.com	370,956	2,179
3	DMM.com	353,000	6,180
4	GMO CLICK	317,349	3,616
5	CyberAgent FX	267,198	2,732
6	MONEY PARTNERS	227,731	1,745
7	Traders Securities	210,535	1,620
8	Hirose FX	156,099	1,221
9	FX PRIME by GMO Corporation	141,945	1,567
10	Central Tanshi FX	141,102	447
11	MONEY SQUARE JAPAN	62,169	837
12	Ueda Harlow	48,853	16
	Others (2 companies)	284,945	2,092
	Total	3,000,601	32,793

Regulatory Tightening of the FX Industry

■ Development of regulations on “binary options”

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



Since the product is considered to contain a strong element of gambling, it is thought to be a problematic product that may fuel excessive speculation, and in July 2013, the rules were amended. Under the new regulations, sale before expiration has become possible, and the minimum trading period has been changed to two hours.

As a result, an increase in trading with the objective of sale before expiration is expected, which will result in a change to trading with a stronger element of gambling.

- SBI FXTRADE has purposely not dealt with binary options thus far.
- As for our competitors, a decline in profitability may be assumed under this new regulation, owing to a decrease in trading opportunities.

■ Regulation of the “slippage*” problem

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

In response to this, the regulations were revised in Aug. 2013, and actions involving asymmetric treatment, such as the execution only of slippages unfavorable to customers, are regulated.

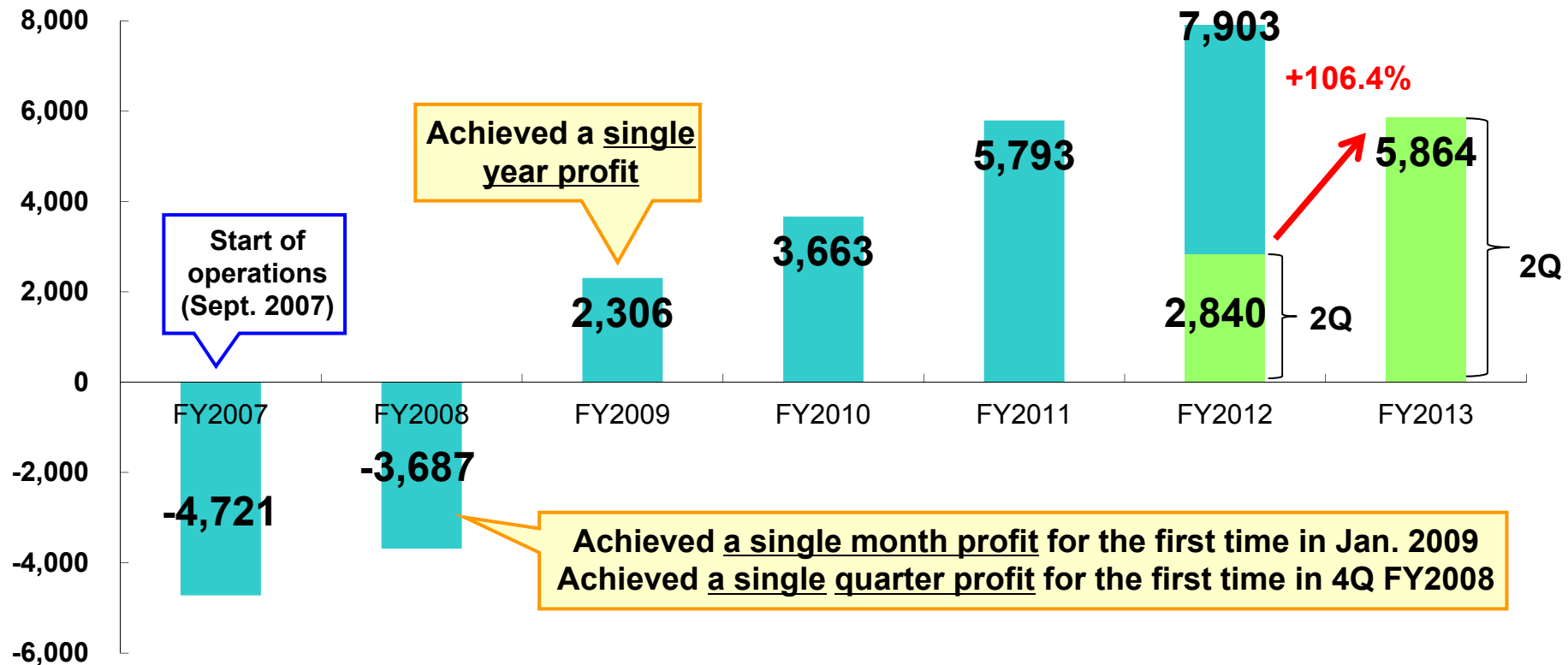
The SBI Group companies execute transactions at the best rate when investors’ orders reach the server

* Rate difference that occurs due to the lag between the time when an investor places an order and the time when the order actually reaches the FX broker’s server for execution

SBI Sumishin Net Bank 1H FY2013 Consolidated Results (J-GAAP)

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

(JPY million) *consolidated since FY2009





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

Financial Results Comparison of New Entrant Banks

~Pure-play Internet Banks' Financial Results for 1H FY2013~

JPY billion; parentetic figures are YoY % change.
The number of accounts is in thousands.

	Date of operation started	Deposit amount	Balance of loans	Number of accounts	Ordinary income/loss
SBI Sumishin	<u>Sept. 2007</u> 	<u>3,047.6</u> 	<u>1,212.9</u>	<u>1,813</u> (20.9)	<u>5.9</u> (106.4)
Daiwa Next (non-cons.)	May 2011	2,198.9	105.3	818 (33.4)	1.6 (43.5)
Sony Bank	June 2001	18,130	1,009.6	940 (3.3)	3.6 (68.1)
Rakuten	July 2001	927.9	227.8	4,408 (7.3)	3.4 (-26.1)
Jibun (non-cons.)	July 2008	549.5	68.2	1,565 (9.6)	1.3 (92.6)
The Japan Net (non-cons.)	Oct. 2000	518.9	31.2	2,520 (5.0)	2.9 (220.3)

Note: Amounts are rounded to the nearest billion yen or thousand accounts. The number of accounts is as of the end of Sept. 2013.

SBI Sumishin Net Bank's SBI Hybrid Deposit balance reached JPY 1tn as of Nov. 28, 2013, with the total deposit balance exceeding JPY 3.2tn

High Customer Satisfaction Rating

**No. 1 in Customer Satisfaction in the Banking Industry
in the JCSI (Japan Customer Satisfaction Index)**

**for 5
years!**

(Announced Oct. 30, 2013)

Categories in which SBI Sumishin Net Bank ranked 1st in the industry:

**Customer Expectations: Expectations toward the
company/brand**

Perceived Quality: Overall quality score

Perceived Value: Cost performance

Customer Satisfaction: Customer satisfaction

Loyalty: Future use intention

**The score for Loyalty (future
use intention) rose sharply
from 2012, owing to an
increase in the number of
customers using accounts for
day-to-day transactions.**

[Total of 14 banks/brands included in the rankings (in alphabetical order)]

AEON Bank, Bank of Tokyo-Mitsubishi UFJ, Daiwa Next Bank, JA Bank, Japan Net Bank, Japan Post Bank, Jibun Bank, Mizuho Bank, Rakuten Bank, Resona Bank, SBI Sumishin Net Bank, Shinsei Bank, Sony Bank, Sumitomo Mitsui Banking Corporation

SBI Sumishin Net Bank is 35th 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	*1	4,782.1
17	Iyo Bank	✓	4,639.3
18	Yamaguchi Bank	*1	4,583.2
19	Senshu Ikeda Bank	*1	4,512.8
20	Nanto Bank	✓	4,432.1
21	Hokkaido Bank	*1	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	*1	3,540.0
32	Suruga Bank	✓	3,514.8
33	Hyakujushi Bank	✓	3,427.9
34	Kinki Osaka Bank	*1	3,250.2
35	SBI Sumishin Net Bank	n/a	3,203.3
36	Kagoshima Bank	✓	3,146.3
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 November 28, 2013. Amounts are rounded to the nearest 100 million yen.

(Source: websites of each company)

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) → 11.39% (1H FY2013)

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

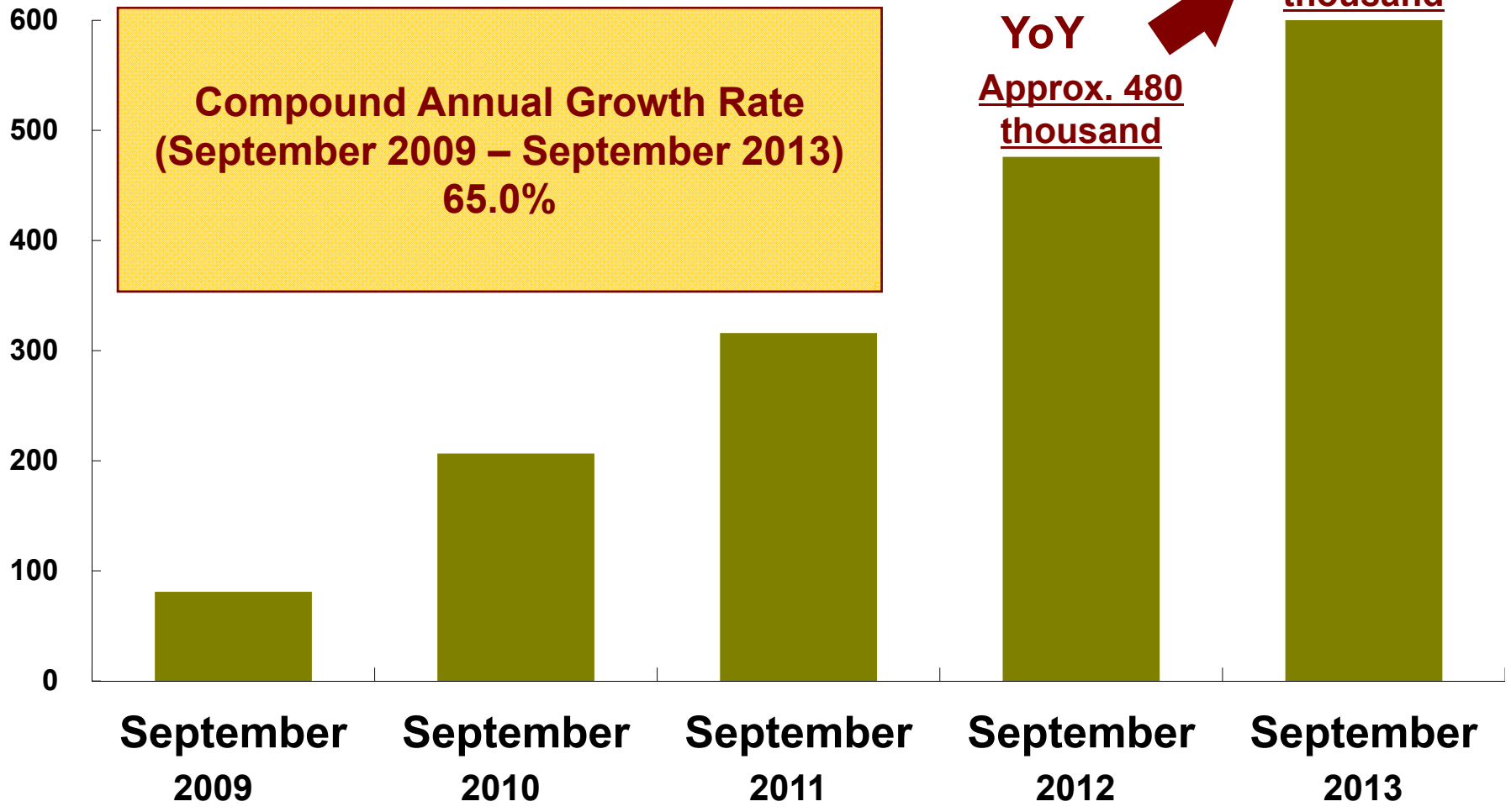


SBI Insurance's Number of Auto Insurance Contracts

Number of Auto Insurance Contracts (Written Basis*)

At the end of October, 2013
Approx. 610 thousand

(thousand policies)



(EOM)

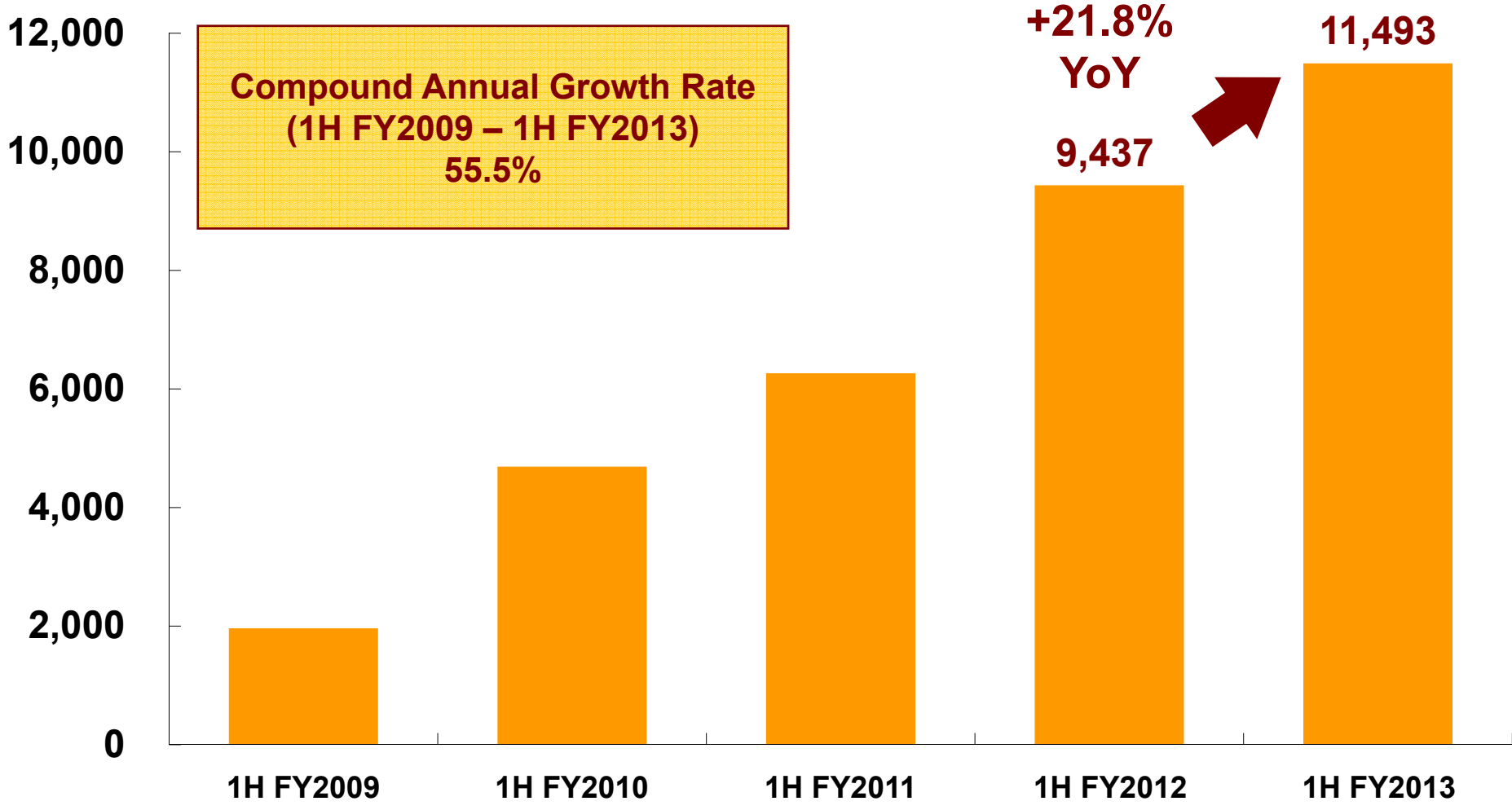
* Written basis: completion of receipt of insurance premium, excluding continuing contracts, expired continuing contracts and cancelled contracts.

Insurance Premium of SBI Insurance's Auto Insurance



Change in Insurance Premium Income (JPY million)




At the end of Oct. 2013
13,442 JPY million



Customer Satisfaction Assessment



SBI損保の自動車保険 Auto Insurance

	No.1	Diamond Weekly “Auto Insurance Premium Ranking” <small>* In the Mar. 9, 2013 special issue</small>	for 5 years !
	No.1	Rakuten Insurance / Ranking of Most Popular Auto Insurance the First Half of FY2013	for 5 years !
	No.1	Oricon customer satisfaction ranking FY 2014 Auto Insurance Category “Auto Insurance Premium Ranking”	for 5 years !
	No.1	Kakaku.com / Auto Insurance Satisfaction Ranking (2013) Premium Section	for 4 years !

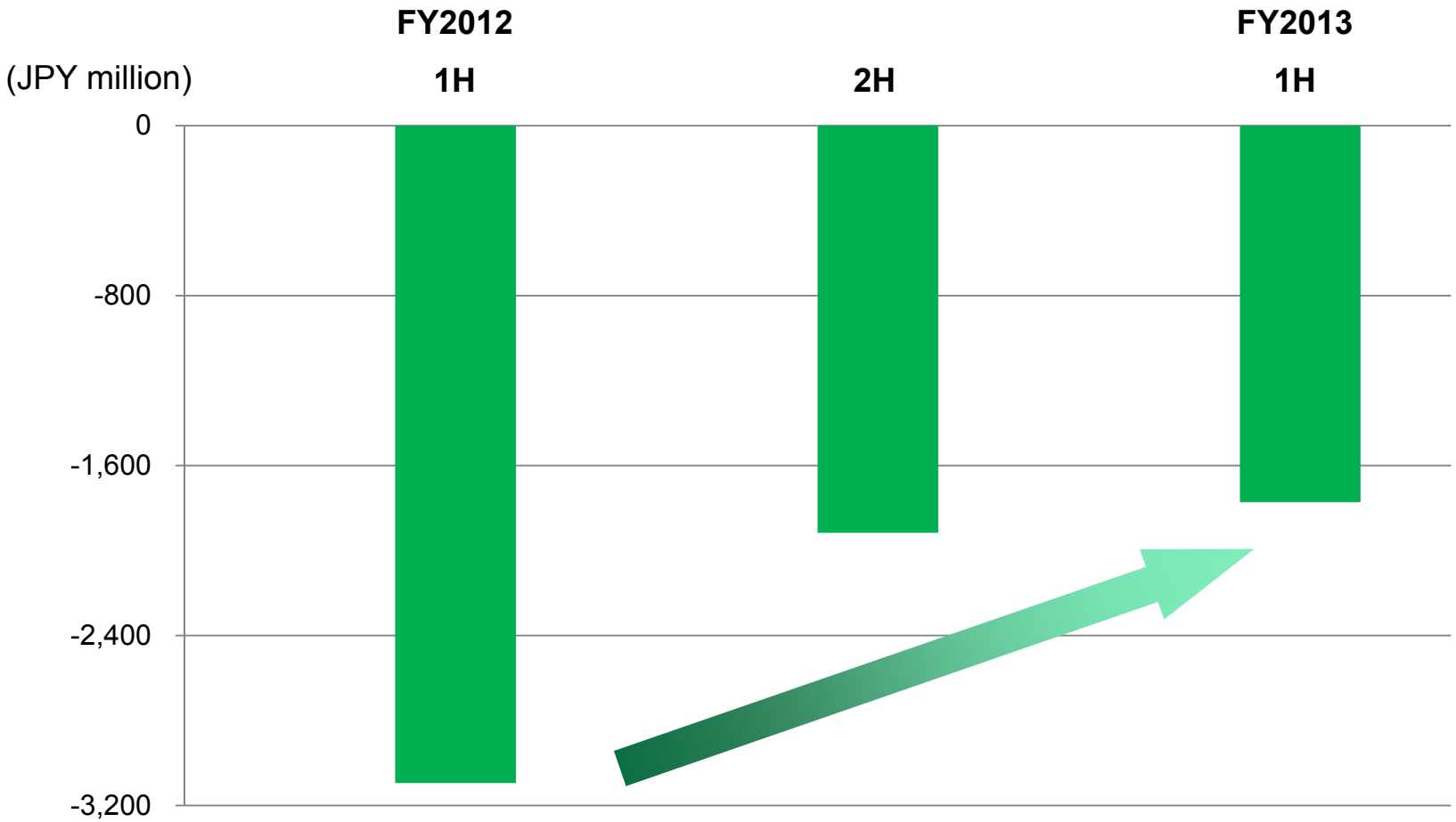
Official Website

	HDI-Japan HDI’s Call-center Customer Satisfaction Ratings 2013 Top “three-star” rating in the Support Portal (Official Website) Category	for 2 years !
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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)



Comparison of Auto Insurance Premium Income at Major Direct Insurance Companies

[Comparison of Auto Insurance Premium Income]

(JPY million)

	Date of operation started	FY2011		FY2012		1H FY2013
Sony Assurance	Sept. 1999	70,712	Sony Assurance	74,406	Sony Assurance	39,391
AXA GENERAL INSURANCE	July 1999	35,261	AXA	38,136	AXA	20,639
Mitsui Direct	June 2000	33,830	Mitsui Direct	34,735	Mitsui Direct	17,254
Zurich Insurance *1	July 1986	30,126	Zurich Insurance	31,364	Zurich Insurance	16,154
American Home Direct	Dec. 1960	16,594	SBI Insurance	19,501	SBI Insurance	11,493
SBI Insurance	Jan. 2008	14,288	American Home	15,078	American Home	7,327
Sonpo 24	Mar. 2001	11,810	Sonpo 24	12,890	SAISON	6,941
SAISON AUTOMOBILE&FIRE	Apr. 1983	7,990	SAISON	10,893	Sonpo 24	6,610
E.design Insurance	June 2009	5,213	E.design	10,523	E.design	6,589

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

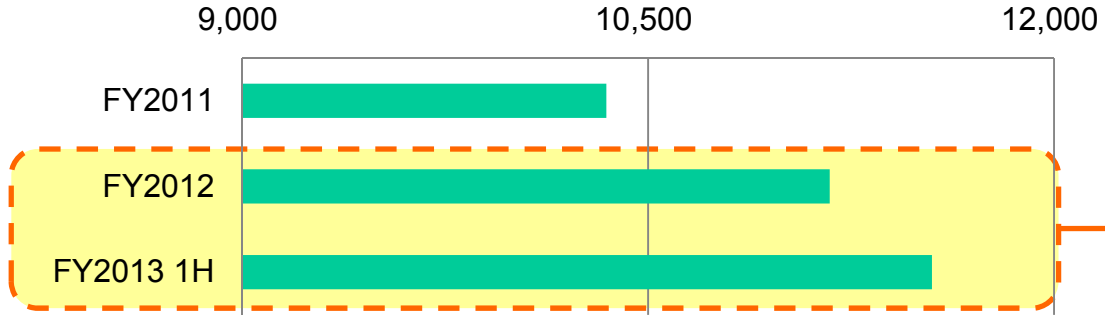
*1 Figures for Zurich Insurance are of Japan Branch, including underwritten reinsurance premium.

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

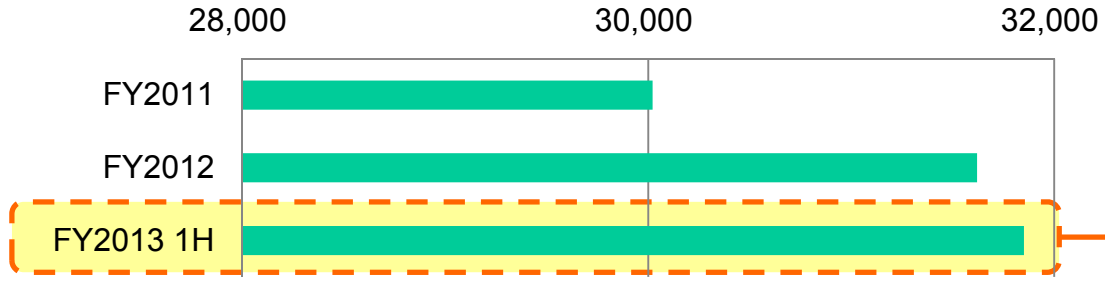
Two Small Amount and Short Term Insurance Companies Continue Growing

Business performance at both SBI SSI and IKIIKI SEDAI has steadily improved since the SBI Group acquired their shares.

[SBI SSI] (Acquired on Mar. 2012)
(Number of Contracts)



[IKIIKI SEDAI] (Acquired on Mar. 2013)
(Number of Contracts)



After acquisition of shares by the SBI Group

Further business expansion will be targeted by utilizing the SBI Group's synergies and know-how, that are available through the marketing and Internet utilization processes.

Sequential measures have succeeded, and the Nov. 2013 monthly applications number was the highest since 2008*. *Except for the months when there were extraordinary factors

- Aug. 2013 Started accepting online applications and credit card payment
- Sept. 2013 SBI SSI began offering IKIIKI SEDAI's products
- Oct. 2013 SBI Insurance began offering IKIIKI SEDAI's products

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

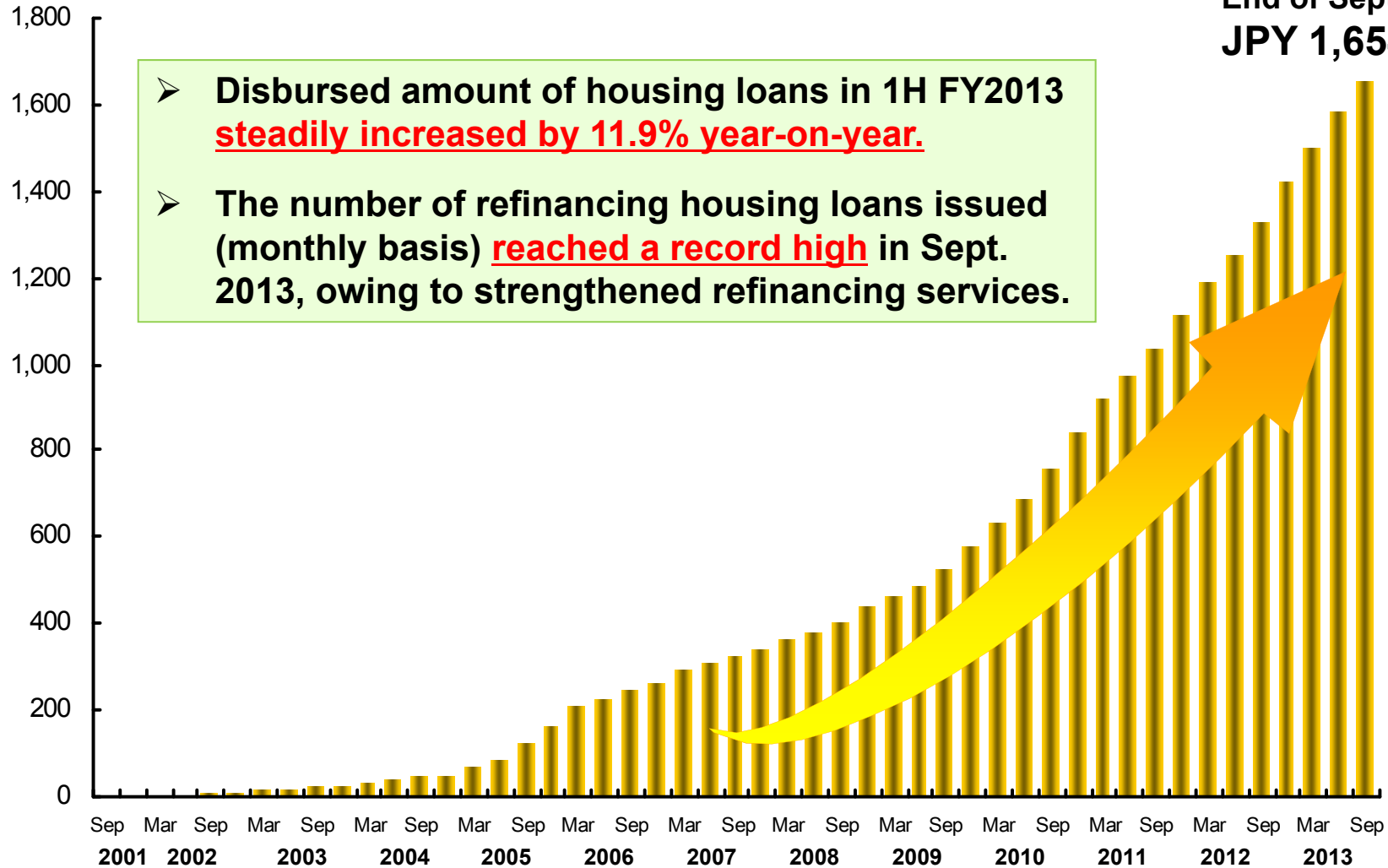
(Converted at KRW 1 = JPY 0.091)

SBI Mortgage's Steadily Increasing Outstanding Loan Balance



Outstanding Balance of Housing Loans

(JPY billion)

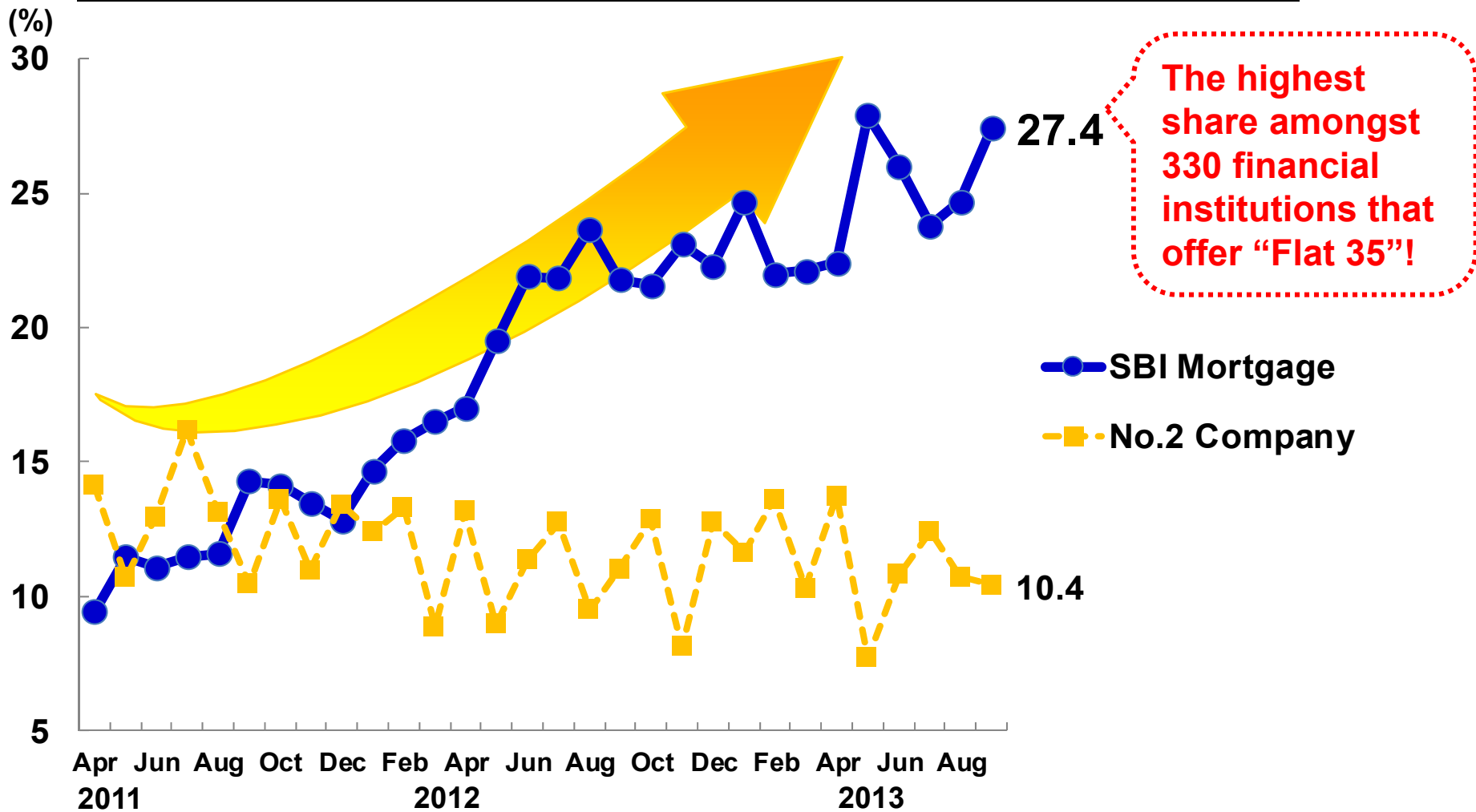


- Disbursed amount of housing loans in 1H FY2013 steadily increased by 11.9% year-on-year.
- The number of refinancing housing loans issued (monthly basis) reached a record high in Sept. 2013, owing to strengthened refinancing services.

End of Sept. 2013:
JPY 1,654.5bn

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

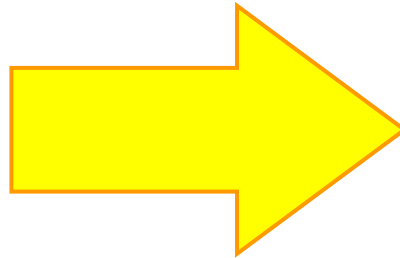
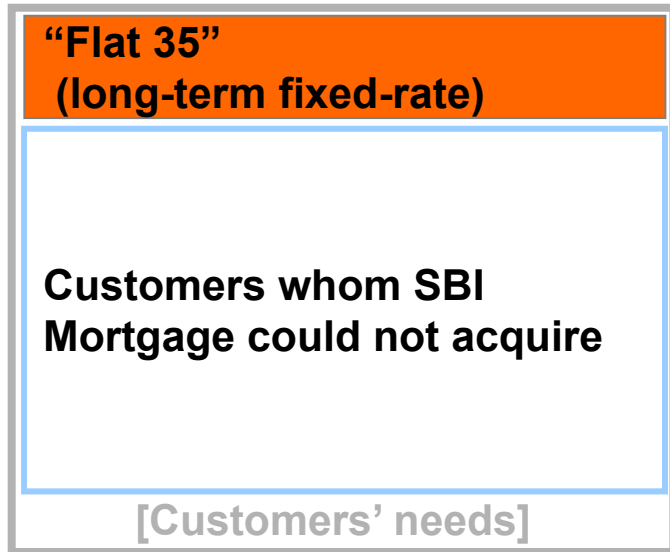
"Flat 35" Market Share in Terms of the Number of Loans Issued



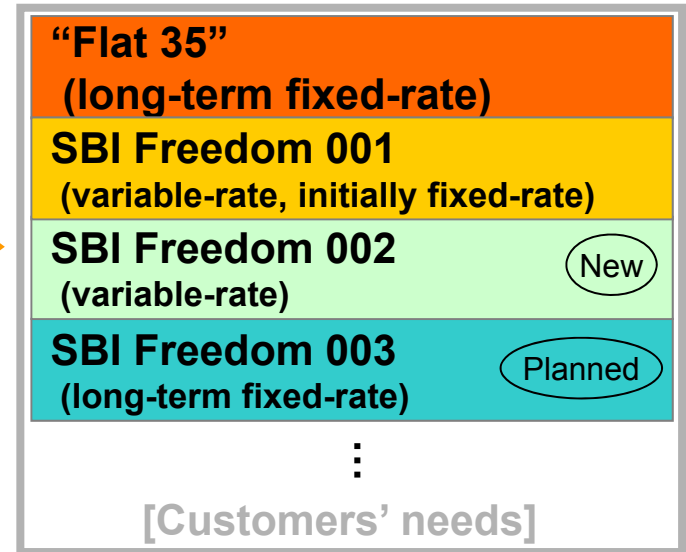
Enhancing the Offering of “SBI Freedom” Housing Loans to Acquire a Broad Range of Customers

- 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



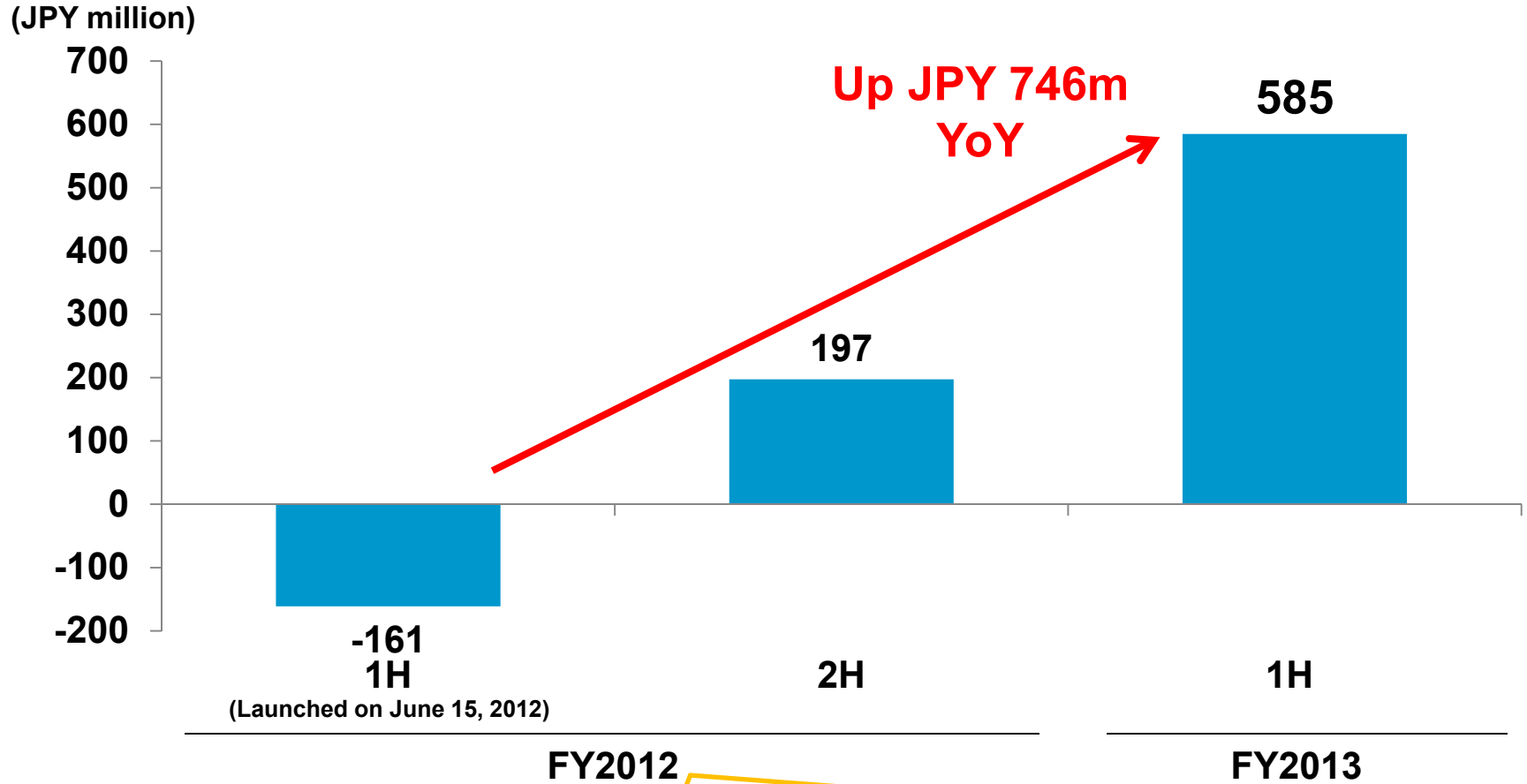
Will further increase the number of affiliated financial institutions, to acquire customers whose demand is not satisfied with “Flat 35” alone.



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.

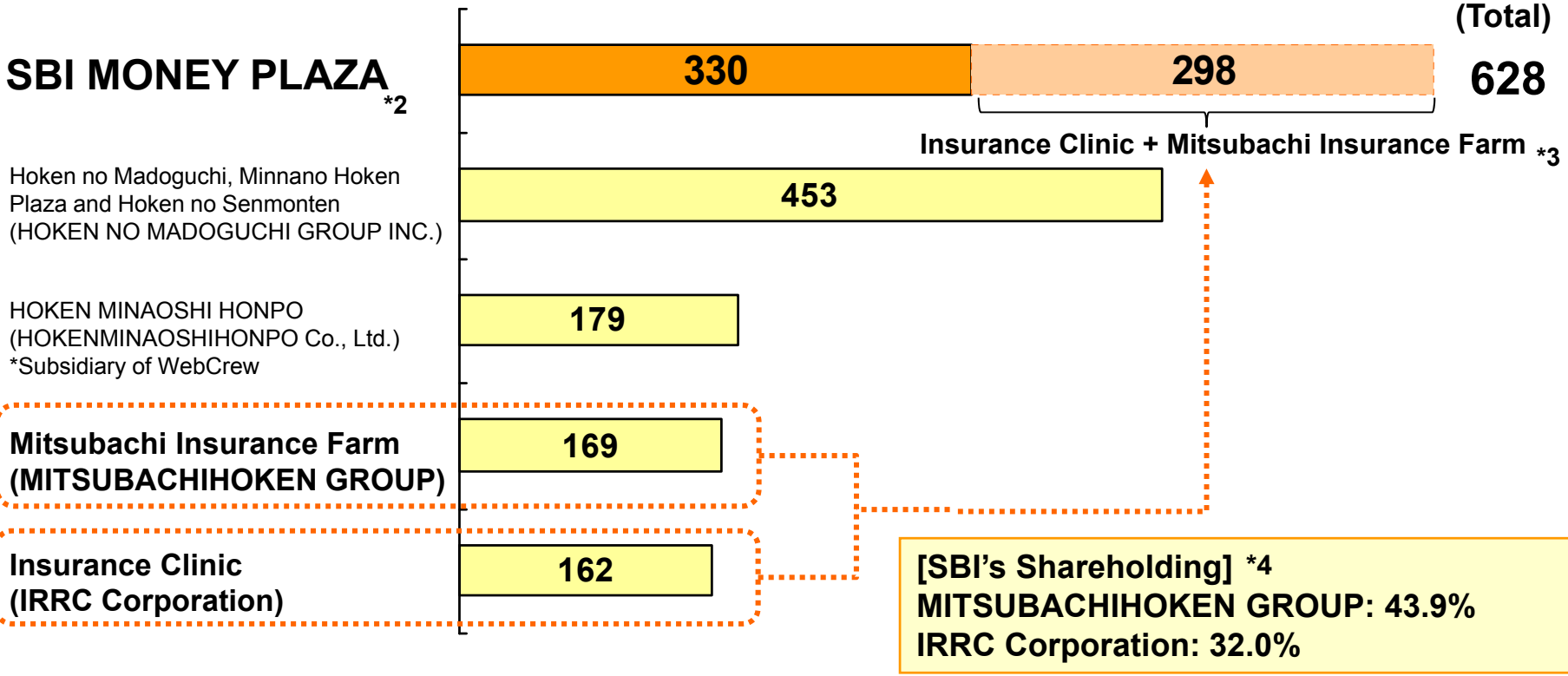
Operating Income (J-GAAP)



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.

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.

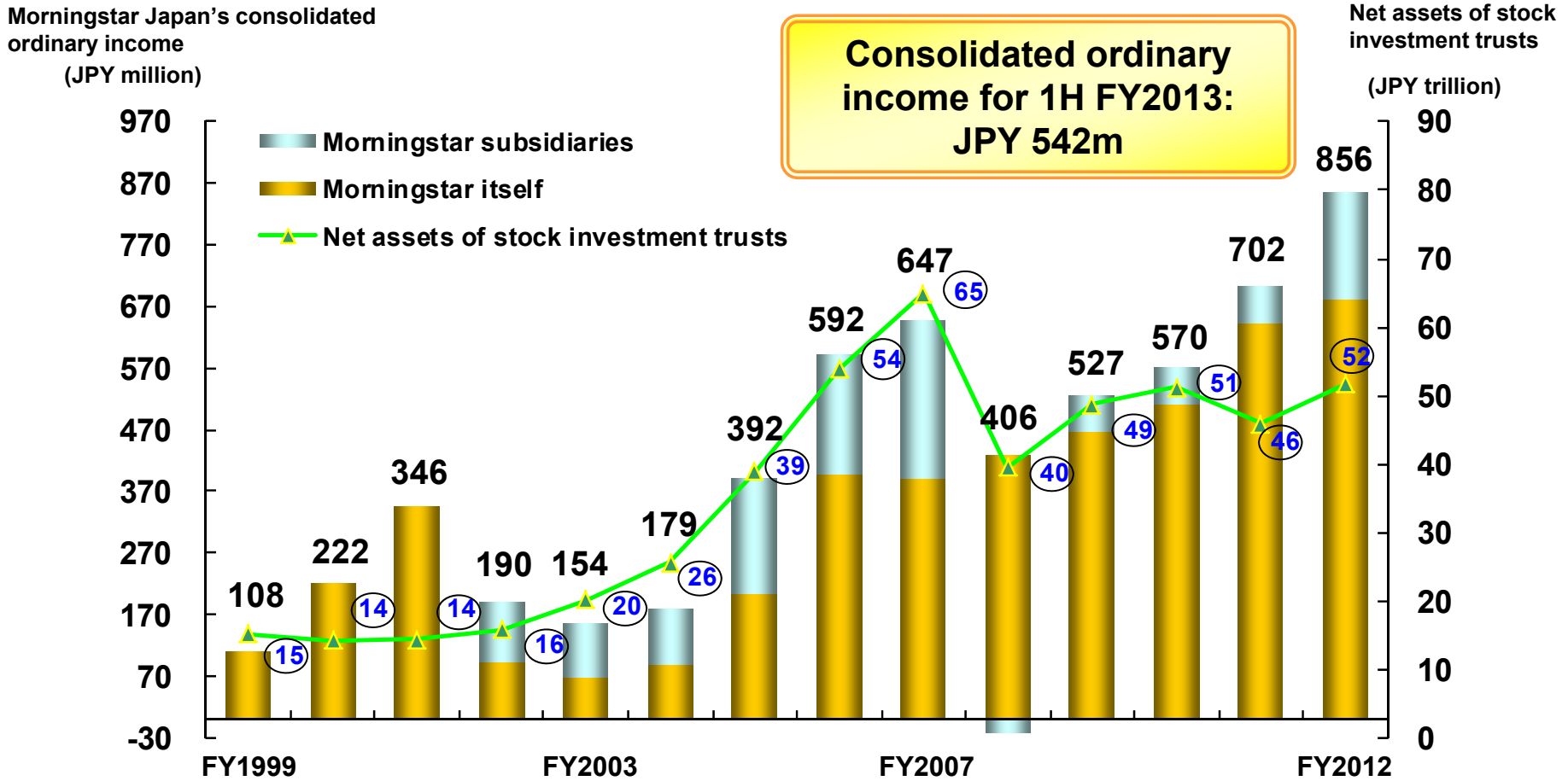
Consolidated Results for 1H FY2013 (J-GAAP)

(JPY million)

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

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



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.

Asset Management Business

Change in Major Stock Indices

1H FY2013 (Apr. – Sept.)

	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

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

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
Operating revenue (Sales)	13.7	49.9	36.3
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
Profit before income tax expense	0.5	18.2	17.7
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.

Asset Management Business's "Profit/Loss from changes in Fair Value and Profit/Loss on Sales of Investment Securities" Continues Steady Performance



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

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 <u>other than ReProCELL shares</u>)	2.2	2.9	5.1

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.)
ReProCELL	—	* 3,660	2,035	—	-44.4

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 scheduled for a primary listing on Taiwan's GreTai Securities Market (GTSM)



(SBI's shareholding: 43.8%)



Acquired listing approval on Nov. 22, 2013, and will be listed on Jan. 14, 2014.

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.

Biotechnology-related Business

New Launch of the First Pharmaceutical Agent “ALAGLIO®” by SBI Pharmaceuticals

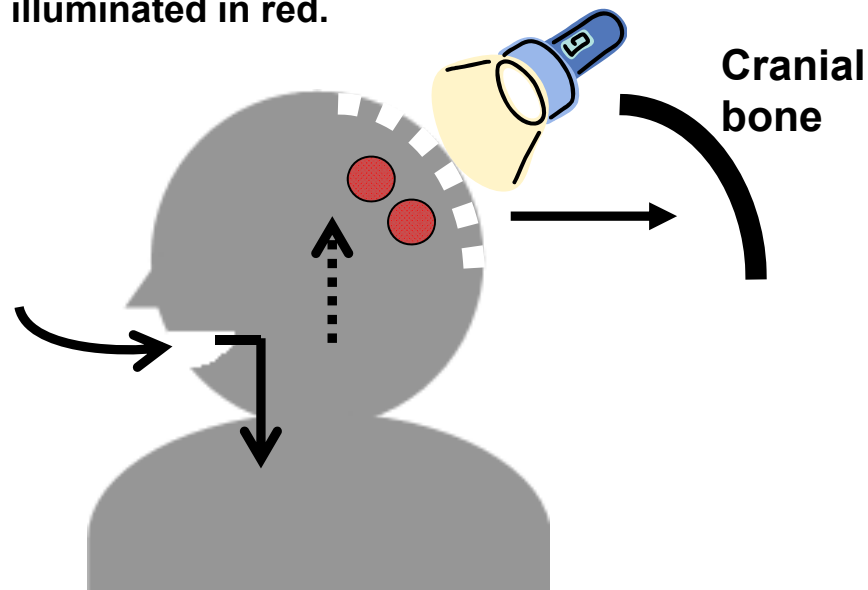
Japan’s First Orally-administered Fluorescence Diagnostic Agent for Use in the Surgical Resection of Brain Tumor

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.



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.)

SBI ALA promo 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)

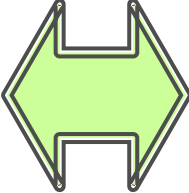
Sequential launch at approximately 238* dispensing pharmacies, consulting pharmacies, and drugstores nationwide that offer SBI ALA promo products

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

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	-1.2		-0.7

For FY2013, full-year profitability for the Biotechnology-related Business as a whole is expected, owing to factors including pipeline licensing to a major pharmaceutical company in India planned for 3Q, revenues from current pipeline licensing, and receipt of milestone fees at Quark as well as the start of the supply of 5-ALA to Eisai Co., Ltd. at SBI Pharmaceuticals.

2. How do you see the future economic environment surrounding the SBI Group during and after 2H FY2013?

Economic Environment Outlook During and After 2H FY2013

Point ①: Stock Market Rally Continues

- A) Stock Markets Hit a Year-to-date High**
- B) A Roaring IPO Market**

Point ②: Concerns Evolving from the U.S.

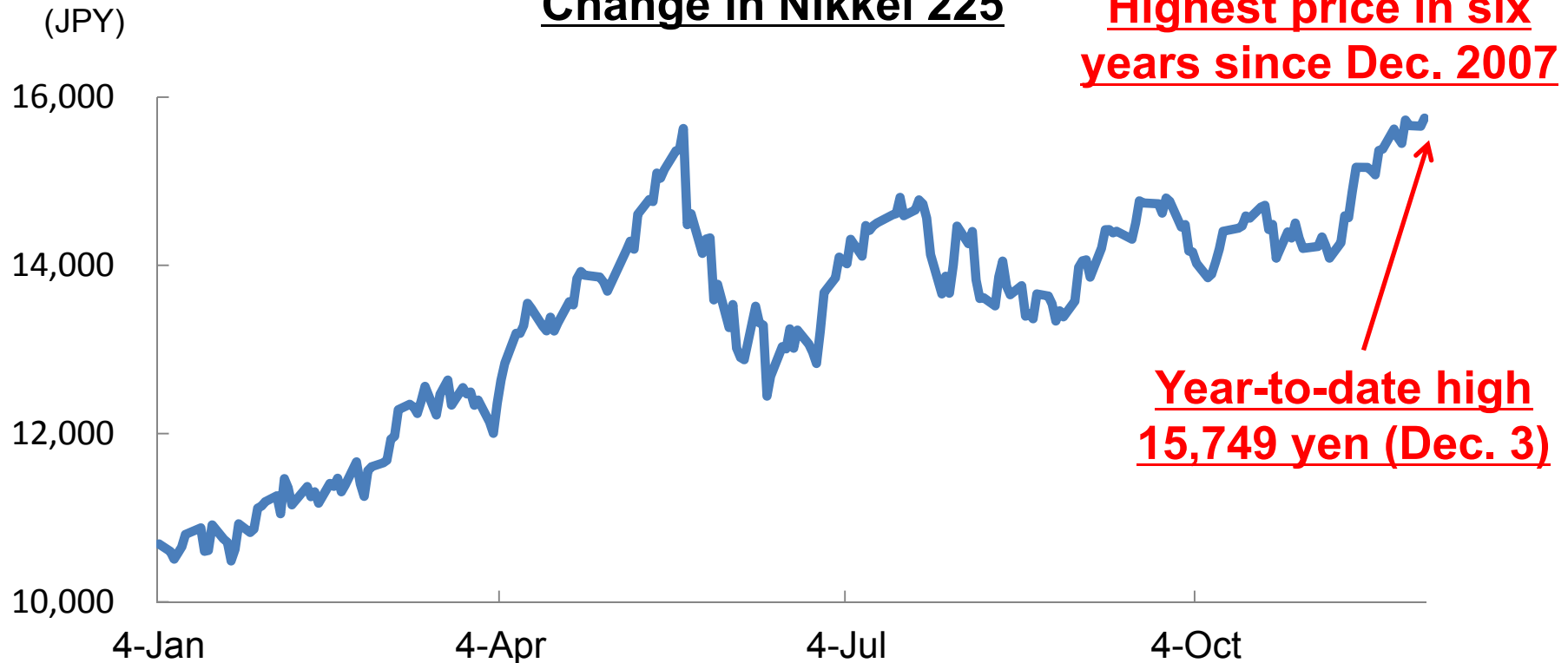
- C) U.S. Debt Ceiling Problem**
- D) QE3-tapering Impact on Emerging Economies**

Point ③: Continued Tailwind Behind the Japanese Economy

- E) Depreciation of the Yen Resulting from QE3-tapering**
- F) The World Economy is on Its Way to Recovery**
- G) The Japanese Stock Market Benefits from the Effect of the Olympic Games**
- H) Capital Investment is Expected to Increase**
- I) Impact of Sales Tax Increase**

A) Stock Markets Hit a Year-to-date High

Change in Nikkei 225

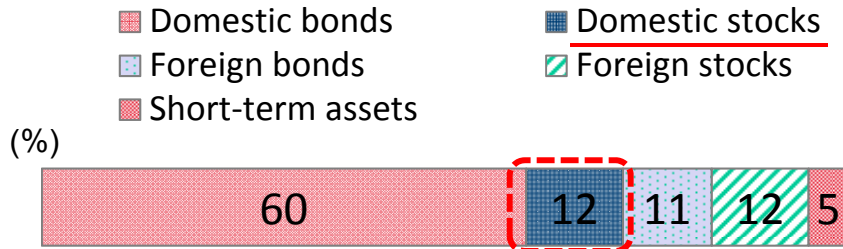


There are expectations for a further rise in the stock market. When asked about the prospects for the Nikkei average high, many representatives from investment firms and securities companies projected that a level of about 18,000 will be reached during the period until June of next year. (Abbrev) Mr. Ryota Sakagami of SMBC Nikko Securities commented about the current valuation, “The current weak yen trend, increase in capital investment, and recovery in domestic demand have not been priced in.”

Continued Efforts to Boost the 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, through **an 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”

B) A Roaring IPO Market

The number of IPOs will amount to 25 (already 8 companies IPO'd) in Oct.-Dec. 2013, the highest number since 2008 on a quarterly basis. Also, 70-80 companies are expected to conduct an IPO in 2014. The ratio of initial price to public offering price remains at a high level.

Newspaper article

	Number of IPOs	Initial price / public offering price
2013	54 companies (forecast)	2.4(x) (As of Dec. 6)

There is widespread belief that the uptrend will continue next year, with the number of IPOs totaling 70 to 80. Investment for the purpose of nurturing new companies and supporting growth is becoming re-energized. (Abbrev) Next year and beyond, the listing of companies involved in biotechnology and regenerative medicine, which the Abe administration has positioned as strategic growth fields, as well as cloud-related companies, appears poised to pick up further momentum.

(Nikkei Veritas on Nov. 17, 2013)

Tax Benefits for Venture Investments are Expected to Increase

The Ministry of Economy, Trade and Industry is considering an expansion of the preferential tax treatment for venture capital investments. (Abbrev) Expectations are for an issuance of a ministerial ordinance by the end of 2013, and the start of preferential treatment by the beginning of 2014.

The Nikkei newspaper morning edition on Nov. 20, 2013

Newspaper
article

The government has decided on a policy of instituting preferential tax treatment of capital that companies invest in venture capital (VC). (Abbrev) The hope is to stimulate industrial metabolism by creating an environment that facilitates corporate investment in VC. (Abbrev) VC Investments fell to JPY 60 billion in FY2011 from approximately JPY 160 billion in FY2007, the year before the financial crisis triggered by the collapse of Lehman Brothers. Many overseas companies have developed because of VC investments, such as US Internet powerhouse Facebook. The government has made VC expansion in Japan one of its growth strategies.

The Nikkei Online Edition on Sept. 17, 2013

Financial Service Agency Initiates a Streamlining of the Venture Investment System

Newspaper article

Easing of Investment Restrictions for Life and Nonlife Insurance Companies

Financial Services Agency: Support for Venture Investments

The FSA will partially relax shareholding restrictions on life and non-life insurance companies, to facilitate the ownership of venture company shares. (Abbrev) The policy will be incorporated in the report on money supply policy for venture companies to be compiled in December, and implemented from 2014 into 2015.

The Nikkei newspaper morning edition on Nov. 29, 2013

China Stock Market's IPO Resumption

On Nov. 30, 2013, Chinese authorities released new IPO guidelines. The plan mandates a significant decrease of governmental involvement in the listing process, and a shift from an approval-based IPO system to a registration-based IPO system.

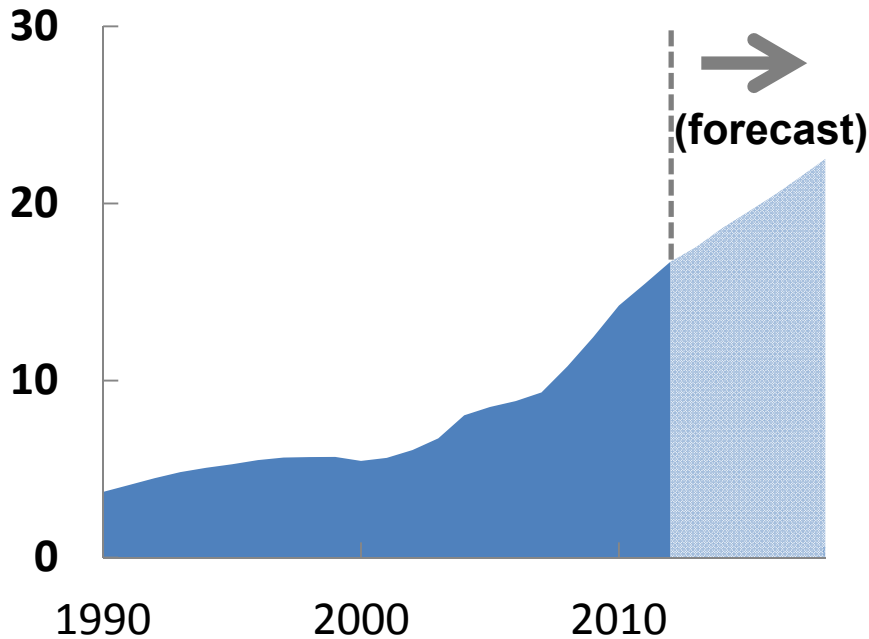
Newspaper article

“China’s IPO market to be resumed after a year, with a shift to a registration system and reduced governmental control”

The government's control will be reduced, and much of the approval process will be left to securities companies and auditing firms. (Abbrev) It is unprecedented that the number of companies awaiting listing approval is at nearly 800 companies, which corresponds to around 30% of the total listed companies in China.

C) U.S. Debt Ceiling Problem

USD Change in the amount of U.S. debt
trillion



Compiled by SBIH from IMF "World Economic Outlook Database, April 2013"

U.S. debt:

The ceiling amount is restricted by law



The debt ceiling was reached in May 2013. Government shutdown occurred temporarily in Oct. as a provisional budget bill was rejected.



Continuing Appropriations Act, 2014 was passed

Unless a new budget is passed by Jan. 15, 2014, the government will once again shut down. In addition, the debt ceiling problem has merely been shelved until Feb. 7, **and the crisis may reignite in Mar. or Apr. when government funding is set to expire.**

D) QE3-tapering Impact on Emerging Economies

QE3-tapering may cause capital outflows and adversely influence the real economy in emerging countries

Newspaper article

Trouble ahead for emerging market currencies

Risk of recurrence of selling of currencies of countries running current deficits in expectation of reduction of quantitative easing in the U.S.

While QE reduction in the U.S. will support expectations of yen depreciation, it is likely to cause trouble for developing countries. (Abbrev)

Investment money is expected to sieve through emerging market currencies using current account and growth potential as yardsticks. (Abbrev)

“Current account improvement measures by countries running deficits are lacking in immediate effectiveness. There is risk that reduction of quantitative easing in the U.S. will cause recurrence of capital outflows and hinder real economies.” (Dai-ichi Life Research Institute Chief Economist Toru Nishihama)

E) Depreciation of the Yen Resulting from QE3-tapering

Newspaper article

The view that the gradual yen depreciation trend in the foreign exchange market will continue is gaining support. Proponents of the view predict that the U.S. stock markets will remain strong and the weak yen-strong dollar situation will continue due to the flow of funds into dollar-denominated risk assets. Some observers are of the opinion that quantitative easing reduction in the U.S. and additional quantitative easing by the Bank of Japan may also contribute to weakening of the yen and strengthening of the dollar.

Nikkei Veritas on Nov. 10, 2013

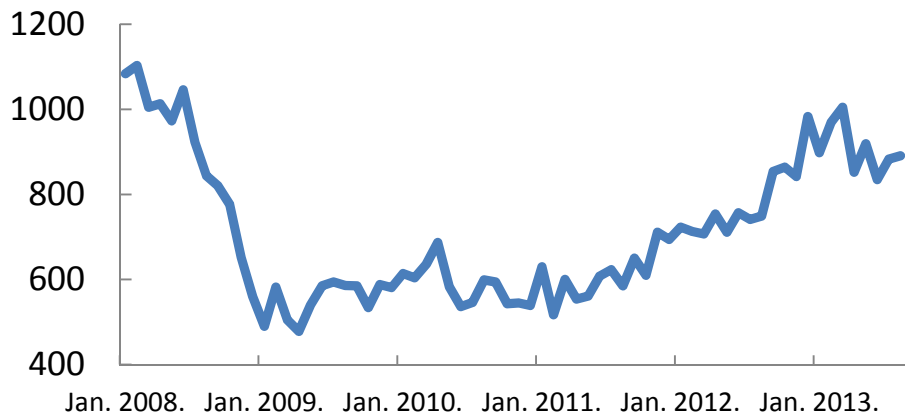
The current situation in which exporters are driving earnings recovery is closely linked to the weak yen and high stock prices. According to Nomura Securities, depreciation of one yen against the dollar pushes up the ordinary profit margins of major companies by about 0.8%. Many exporters have prepared second-half forecasts assuming an exchange rate in the mid-to-upper 90s range. If the yen trades in the 100s range, there is room for business results to exceed expectations.

The Nikkei newspaper morning edition on Nov. 13, 2013

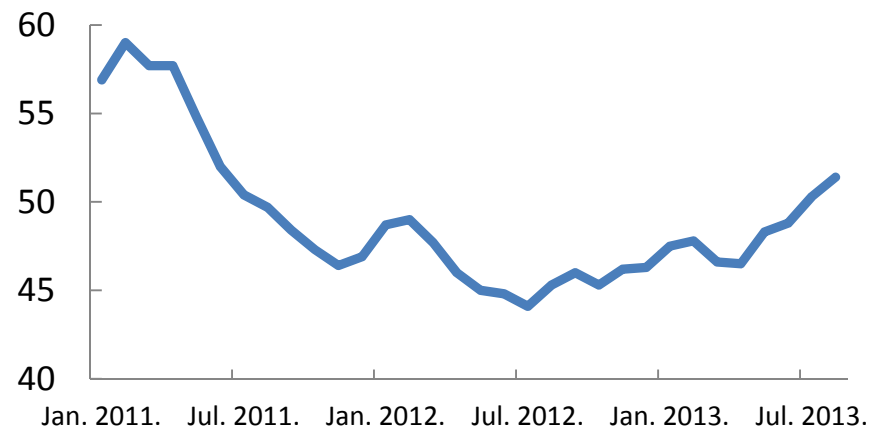
F) The World Economy is on Its Way to Recovery

Housing Starts (U.S.)

(thousand)



Eurozone manufacturing PMI



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....

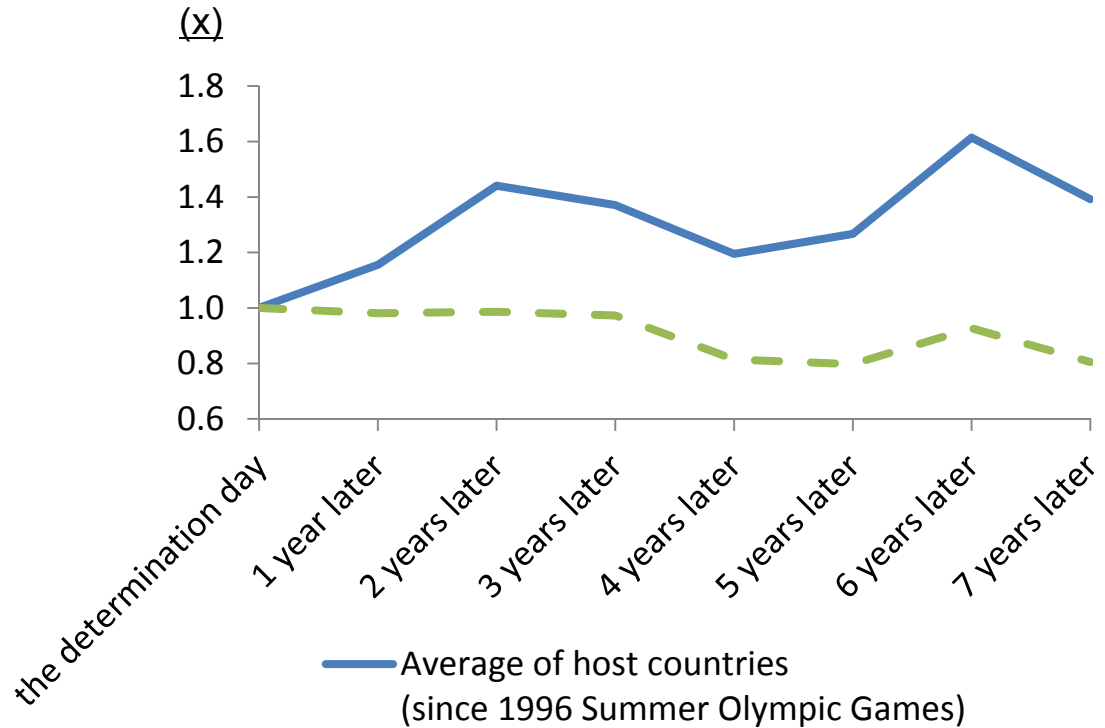
The half-light of early morning is spreading in Europe, where business conditions have suffered from the debt crisis. Improvement in business confidence in the manufacturing industry resulting from improvement in exports is clear. (Abbrev) Signs of loosening of household purse strings have begun to appear.

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

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

G) The Japanese Stock Market Benefits 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.**

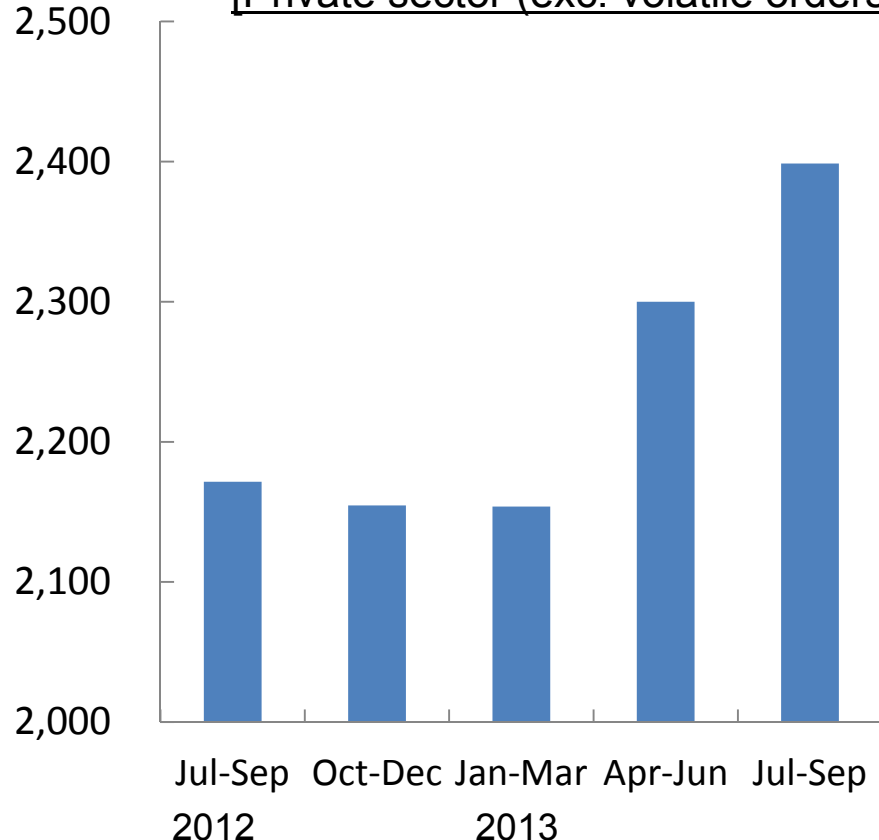
(bloomberg.co.jp on Sept. 9, 2013)

* 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

H) Capital Investment is Expected to Increase

JPY billion

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



Orders for machinery (private sector demand excluding shipping and electric power, a leading indicator of private-sector capital investment) are up 4.3% year-on-year to JPY 2,398.6 billion, marking a second consecutive quarterly increase. Manufacturing remains strong, and the probability of a continued increase in the Oct.–Dec. quarter is high.

(The Nikkei newspaper morning edition on Nov. 14, 2013)

Cabinet Office “Orders Received for Machinery”

“Orders Received for Machinery” that precedes private capital investment by 3-6 months has been relatively stable

I) Impact of Sales Tax Increase

Improving Japan's primary balance in the long term

The tax increase, upon the raising of the consumption rate to 8% in Apr. 2014, will amount to approximately JPY 8.1 trillion. Welfare pension and national pension premiums will simultaneously increase by approx. JPY 800.0 billion, **resulting in a JPY 9 trillion public burden increase.** Nominal GDP, which indicates the size of the economy, has contracted by 9% compared to 1997, and so stimulus measures that will have an impact on business conditions and other measures will be necessary.

The Nikkei Online Edition on Aug. 9, 2013



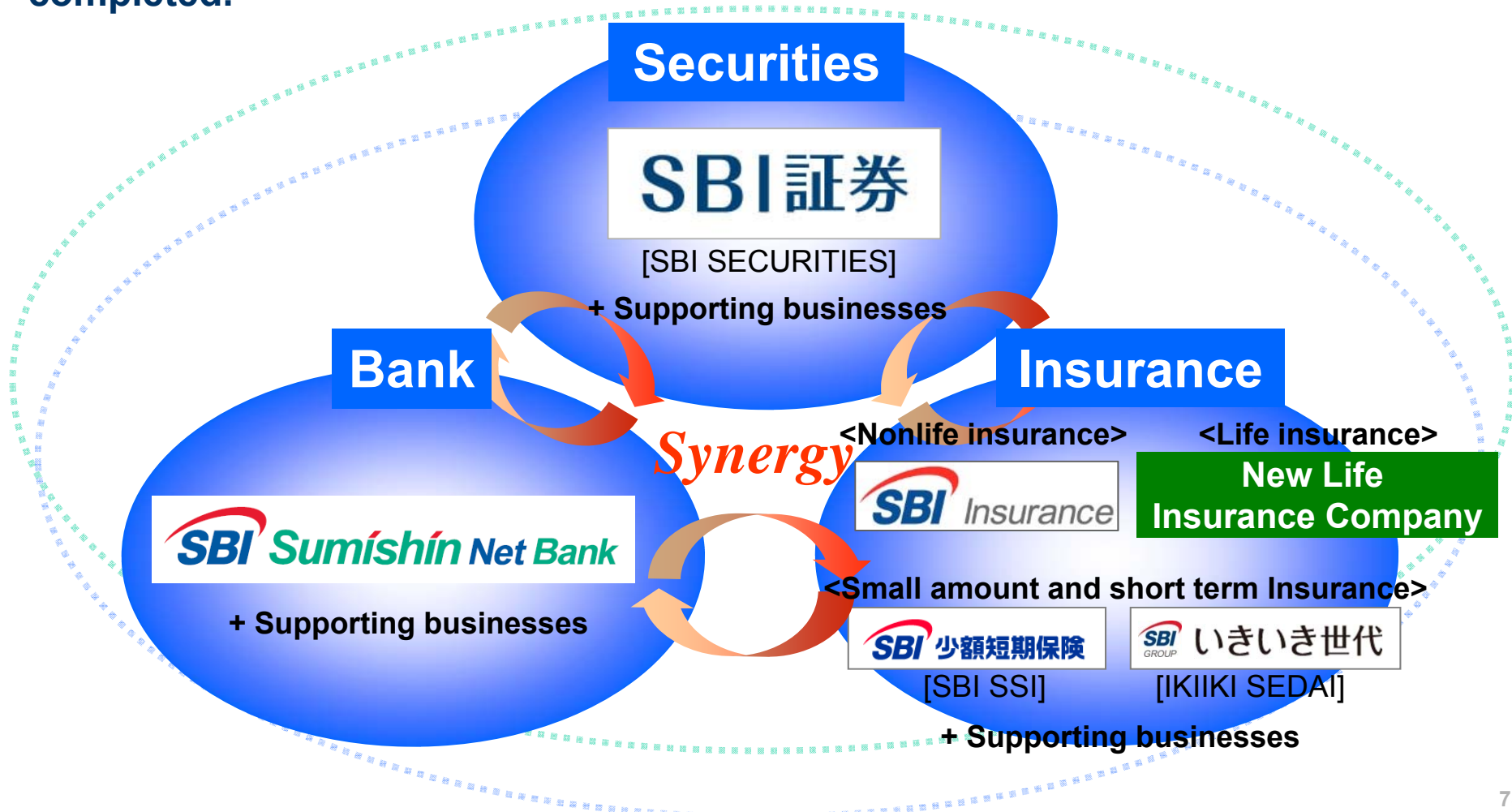
Going forward, the keys to an improvement will be the success in shoring up the shortfall through an impact from the Olympics, along with the “third arrow,” in addition to the normal increase in revenue

The outlook for Japan's economy isn't particularly bright, with fiscal 2014 real GDP growth expected to be about 1%. There are various external destabilizing factors, and the so-called “third arrow” growth strategy will be prominent for realizing a bullish economy next near.

- 3. What is the overseas financial business strategy, with regard to the acquisition of the South Korean SBI Savings Bank, and making inroads into the online financial business in China?**
 - (1) By Undertaking the Life Insurance Business, the Financial Ecosystem will be Completed**
 - (2) The Group will Sequentially Construct Financial Ecosystems Abroad According to the Circumstances in Each Country**

(1) By Undertaking the Life Insurance Business, the Financial Ecosystem will be Completed

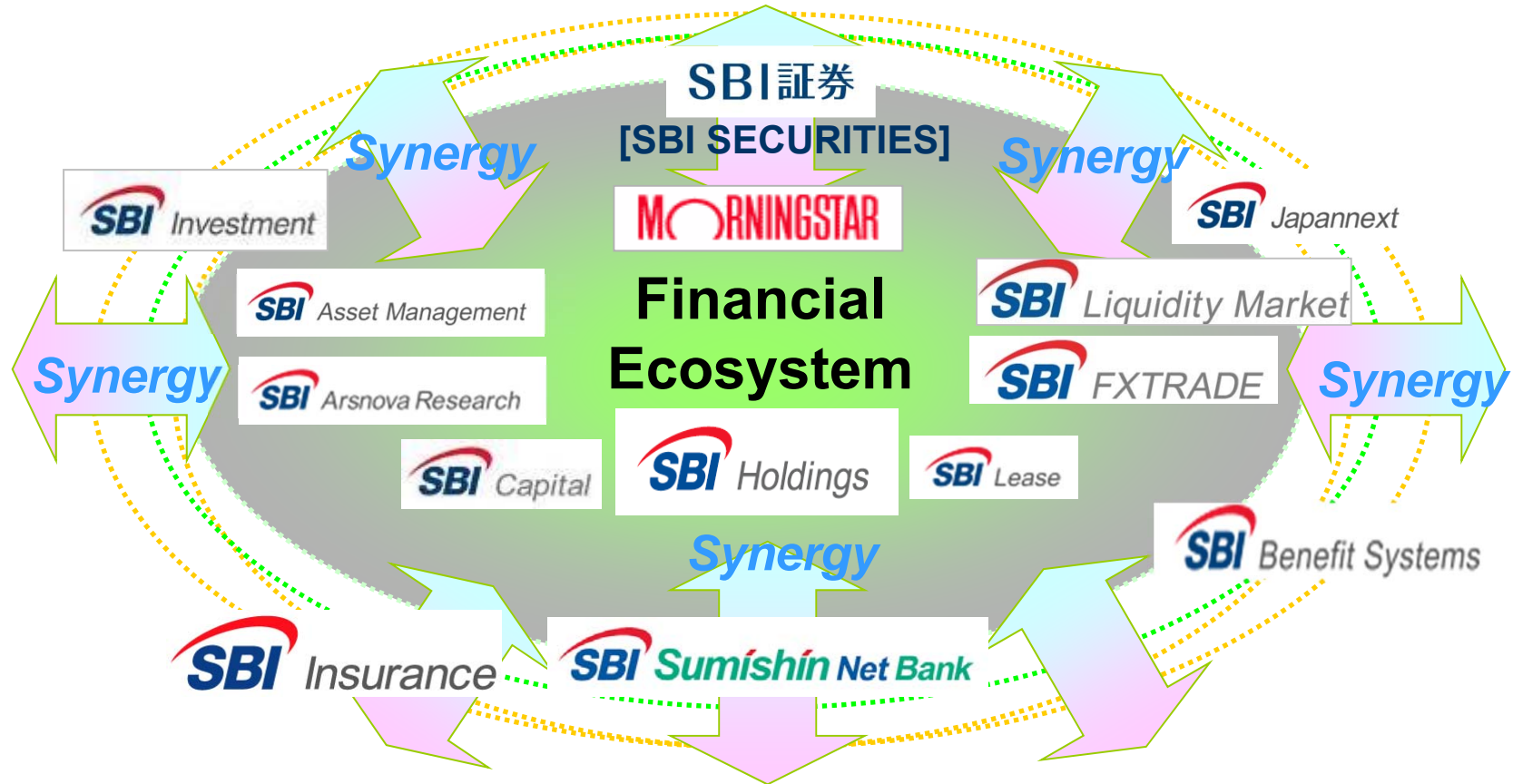
After obtaining permission from the authorities, and completing the entire share acquisition of PCA Life Insurance, the financial ecosystem, with securities, banking and insurance businesses as the three core businesses, will be completed.



(2) The Group will Sequentially Construct Financial Ecosystems Abroad According to the Circumstances in Each Country

- ① South Korea**
- ② China**
- ③ ASEAN Countries**

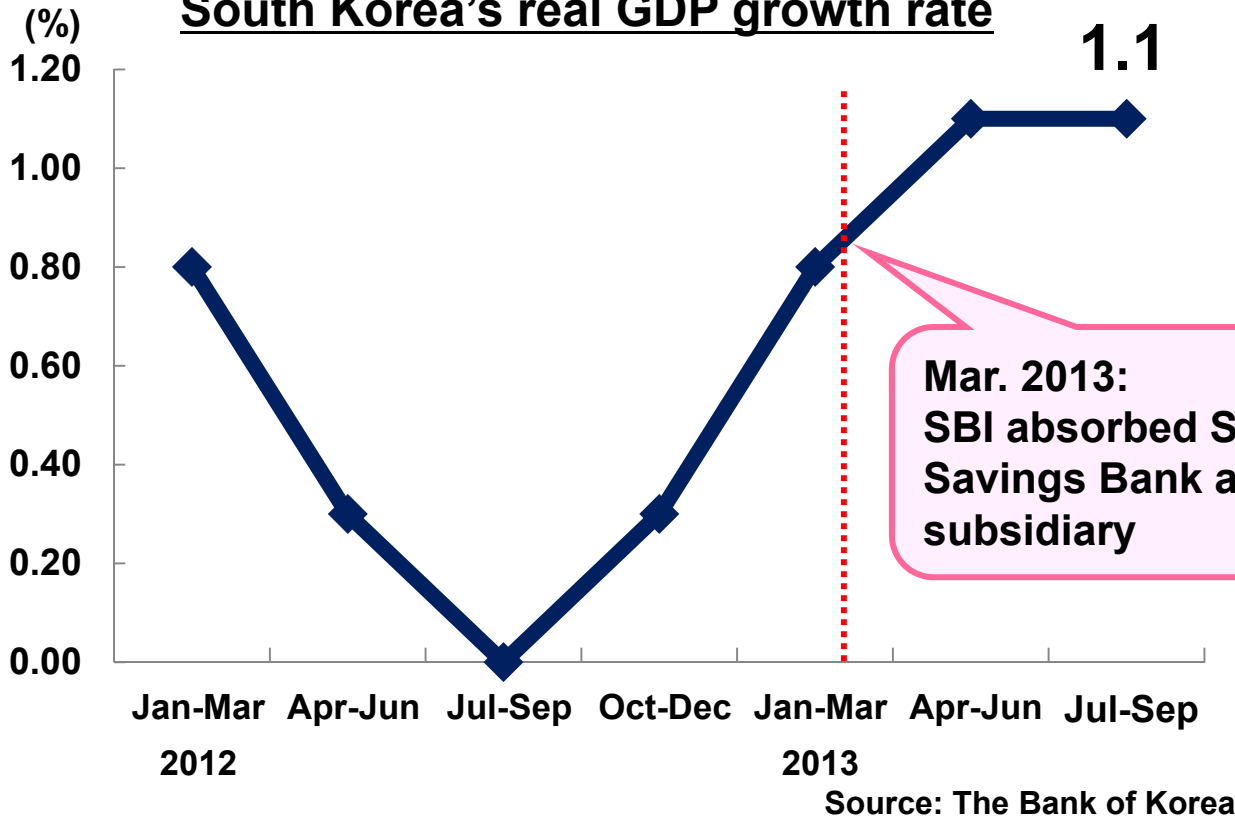
The SBI Group established a financial ecosystem by launching a variety of businesses starting with the securities business



➡ 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



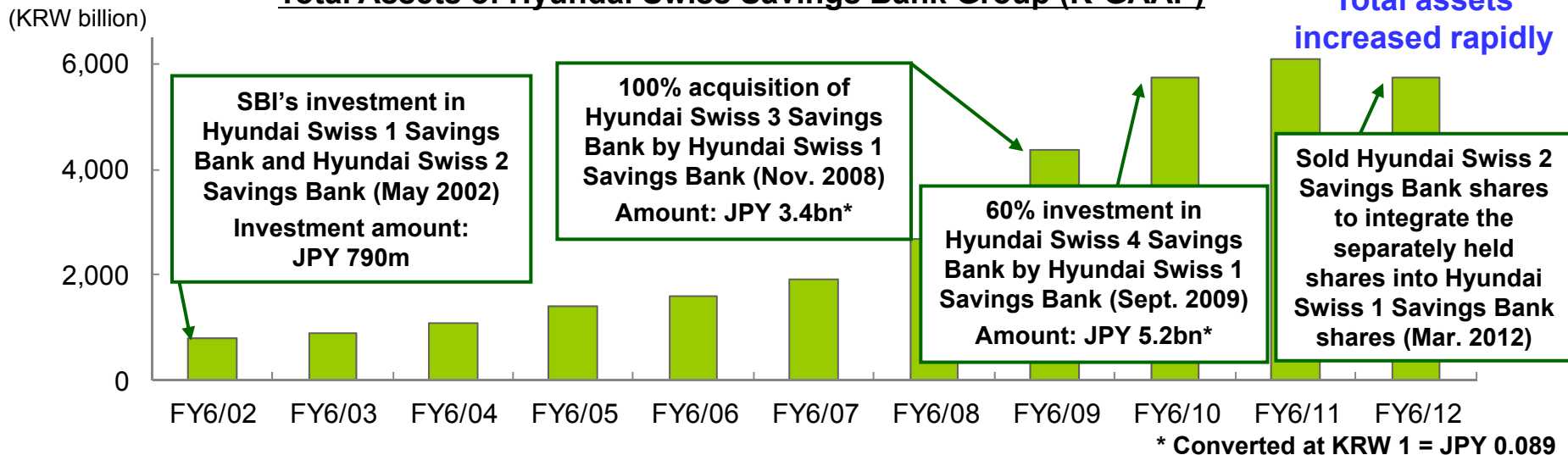
Newspaper article

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)

Background for Converting SBI Savings Bank (formerly Hyundai Swiss Savings Bank) into a Consolidated Subsidiary ①

Total Assets of Hyundai Swiss Savings Bank Group (K-GAAP)



Hyundai Swiss Savings Bank Group's Performances Since SBI's Capital Subscription

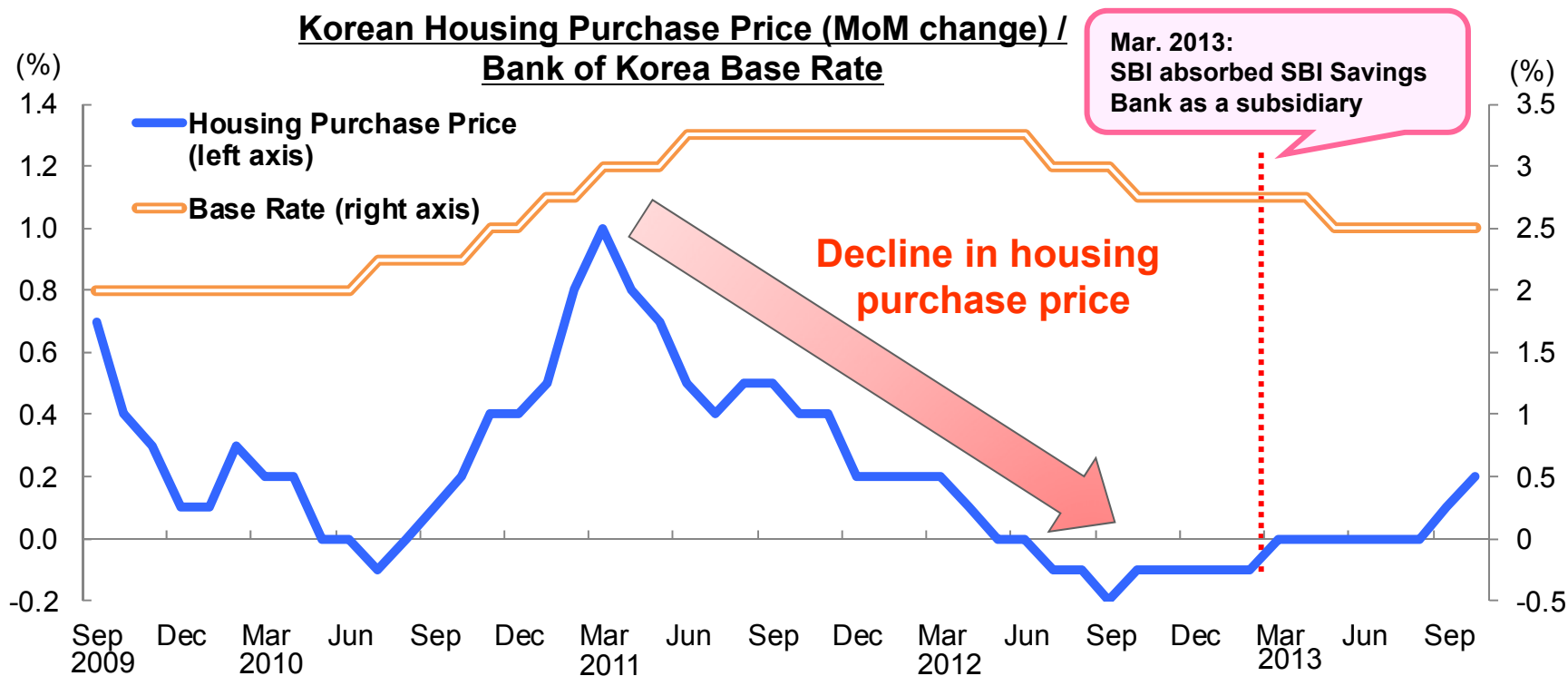
(Unit: KRW billion)

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

In Mar. 2013, the SBI Group absorbed Hyundai Swiss Group as a consolidated subsidiary, through the underwriting of additional shares of Hyundai Swiss 1 Savings Bank and Hyundai Swiss 2 Savings Bank (total amount: approx. JPY 20.2bn)

Background for Converting SBI Savings Bank (formerly Hyundai Swiss Savings Bank) into a Consolidated Subsidiary ②

- ✓ To expand its business scale, the primary focus was to provide large-scale real estate collateralized loans and project finance (PF) to corporations (In principle, loans mentioned above are collateralized by real estate.)
- ✓ Owing to the deterioration in the real estate market, its capital was significantly impaired, and upon a request from the Korean authorities, a large amount of additional reserves were added



Source: The Bank of Korea, Economic Statistics System

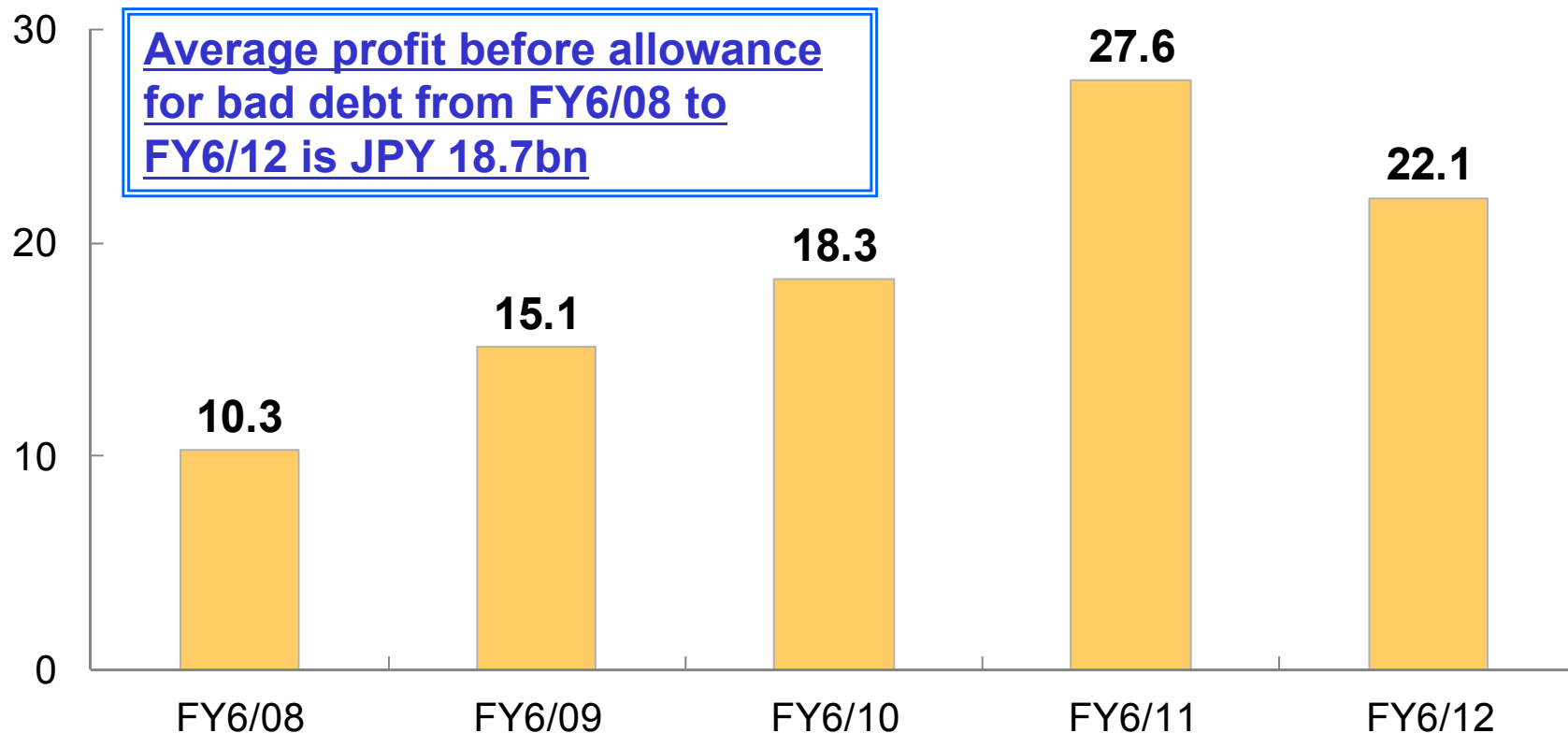
At the time of acquisition, SBI Holdings revalued the assets of Hyundai Swiss Group, and started business operations by factoring in most of the potential non-performing assets on a consolidated basis

Background for Converting SBI Savings Bank (formerly Hyundai Swiss Savings Bank) into a Consolidated Subsidiary ③



SBI Savings Bank's profit before allowance for bad debt* (K-GAAP) (Since FY6/08)

(JPY billion)



(Converted at KRW 1 = JPY 0.088)

* Profit before allowance for bad debt:

Calculated by subtracting expenses such as SG&A, from the sum total of net interest income, which is lending profits subtracted from deposit interest, commission and fees, and bond and forex trading profits and losses. Doesn't include the impact of recording allowance for bad debt.

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

(Nikkei Veritas on Oct. 27, 2013)

Some Believe Korean Stocks are Most Undervalued in Asia

Newspaper article

Although South Korea's economy continues to grow steadily, stock price increases are not keeping pace with its economic growth. (Abbrev) The Korean economy is on a course to record growth of about 2.9% this year, and the 2014 forecast is for growth of 3.9%. (Abbrev) Although earnings growth is expected to reach 14% this year, and 19.6% in 2014, stocks are trading at only 8.8 times 2014 expected earnings. (Abbrev) It appears likely that before long Korean stocks will reach a valuation level commensurate with its value.

SBI Savings Bank is Implementing Various Measures 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.

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	20.1
Operating income	2.4
Profit before income tax expense	2.0
Profit for the period	1.9

Operating receivables

(As of Sept. 30, 2013; IFRS)

JPY billion

Operating receivables	339.4
Allowance for bad debt	158.5
Bad debt provisioning %	47%

(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)

② China:

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



陆家嘴集团
LUJIAZUI GROUP



新希望集团
NEW HOPE GROUP

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.

Entering China for Sales of 5-ALA Products Such as Health Foods

Establishing a distribution structure to promote sales upon receiving each 5-ALA product license in China



SBI Pharmaceuticals:
Researching and developing
pharmaceuticals, health foods
and cosmetics using 5-ALA

**Agreed to Form a
Strategic Alliance**
(Nov. 11, 2013)

Fudan Forward

(Shanghai Fudan Forward Commercial
Property Investment Company Limited)

Company under the aegis of Fudan University

New Hope Group

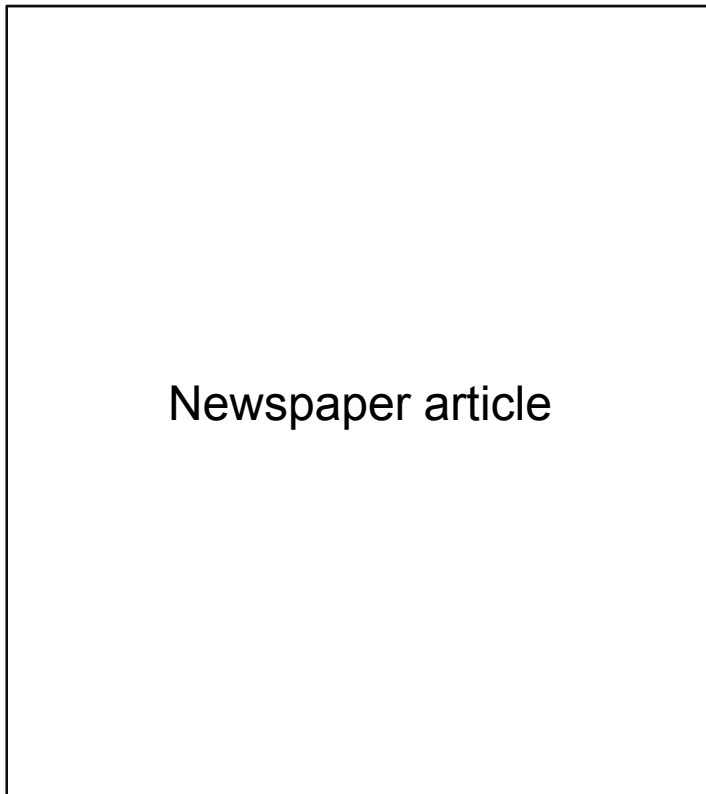
China's largest privately owned
agribusiness company

First step: Leveraging the current sales channels of the affiliated health foods companies of Fudan Forward, as soon as necessary licenses are obtained. Also, preparing to obtain a license to sell imported goods in China.

Second step: Awareness of 5-ALA in China has increased, and the sales of the related products have reached a certain level, and so the New Hope Group, Fudan Forward and SBIH will jointly establish a sales company specializing in products containing 5-ALA

Effect of Mainland China's IPO Market Resumption on the Hong Kong Stock Market

On Nov. 30, the China Securities Regulatory Commission announced new IPO regulations, and so the China's IPO market will resume after a year's moratorium. Under the new regulations, the IPO system will shift to a registration-based system, from the current approval-based system.



Newspaper article

“China's IPO Overhaul Could Weigh on Hong Kong”

The Hong Kong Stock Exchange in November hosted two IPOs by Chinese banks that had been waiting for a China listing for years. But with China's IPO floodgate set to reopen, the number of companies crossing the border for an IPO could fall.

(Dec. 3, 2013, THE WALL STREET JOURNAL Japanese Edition)

Growing Importance of the Shanghai Market as a Future International Financial Center



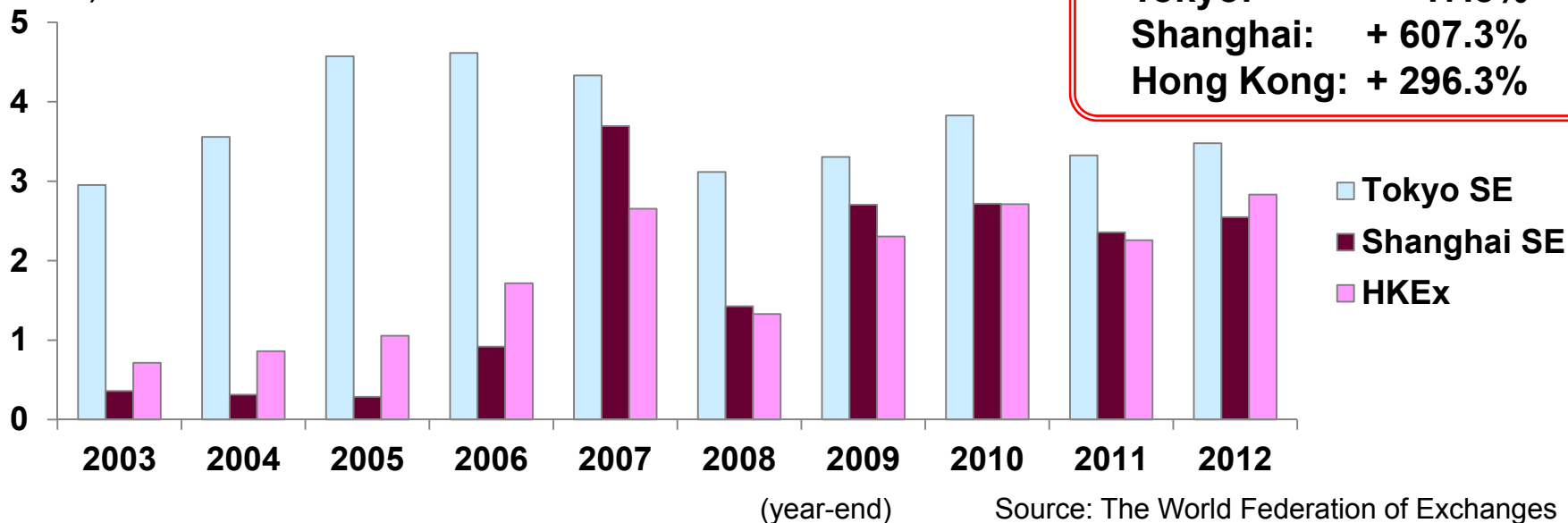
- Against a backdrop of factors, including the enormous capital demand that has underpinned China's economic power and the internationalization of the yuan, China is proceeding with its vision of making Shanghai an international financial center.
- China is implementing proactive market opening measures, such as the establishment of the Shanghai Pilot Free Trade Zone in Sept. 2013.
- The role of the Shanghai market is expected to surpass the importance of the Hong Kong market, so SBIH will consider the possibility of a future Shanghai market listing.

Change in Listed Companies' Market Cap

Change from 2003 to 2012

Tokyo: +17.8%
 Shanghai: + 607.3%
 Hong Kong: + 296.3%

(USD trillion)



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

4. What is the current state of 5-ALA related businesses that were prioritized?

(1) SBI Biotech

(2) 5-ALA 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.

R&D Progress in Medical Field Using 5-ALA

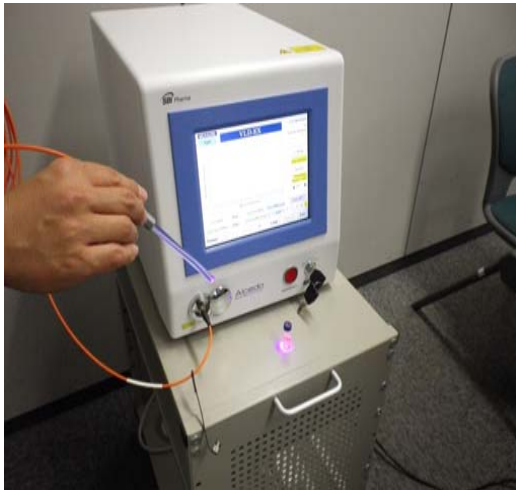
Diagnostic agent for malignant glioma was already launched in Sept. 2013

Indications	Progress
<p>Diagnostic agent for cancer treatment: Carcinoma vesicae</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> <ul style="list-style-type: none"> ➔Phase III Clinical testing completed at the end of 2012 ➔Will endeavor to be approved by late 2014
<p>A drug to treat cancer chemotherapy-induced anemia</p>	<ul style="list-style-type: none"> •Starting phase I clinical trial in the UK from Dec. 2012 ➔ <u>Phase I Clinical testing completed</u> ➔ <u>Phase II Clinical testing will start by doctor sponsored investigation in Japan, where cost advantages exist</u> <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>

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.

Findings of Mechanism of 5-ALA and Iron in Synergistically Inhibiting Growth of *Plasmodium Falciparum* Malaria Parasites

The University of Tokyo, Tokyo Institute of Technology, MRC National Institute for Medical Research and SBI Pharmaceuticals presented their findings in *The Journal of Biochemistry*

Malaria: One of the world's three major infectious diseases and it reportedly infects hundreds of millions of people and kills over 1 million people each year

The combined use of 5-ALA and bivalent iron causes an accumulation of porphyrins in certain organelles* and generates active oxygen which in turn inhibits the growth of *P. falciparum*.

Newspaper article

Newspaper article

* Organelle: Small within cells.

(The Nikkei Sangyo Shimbun / Nikkan Kogyo Shimbun on Dec. 5, 2013)

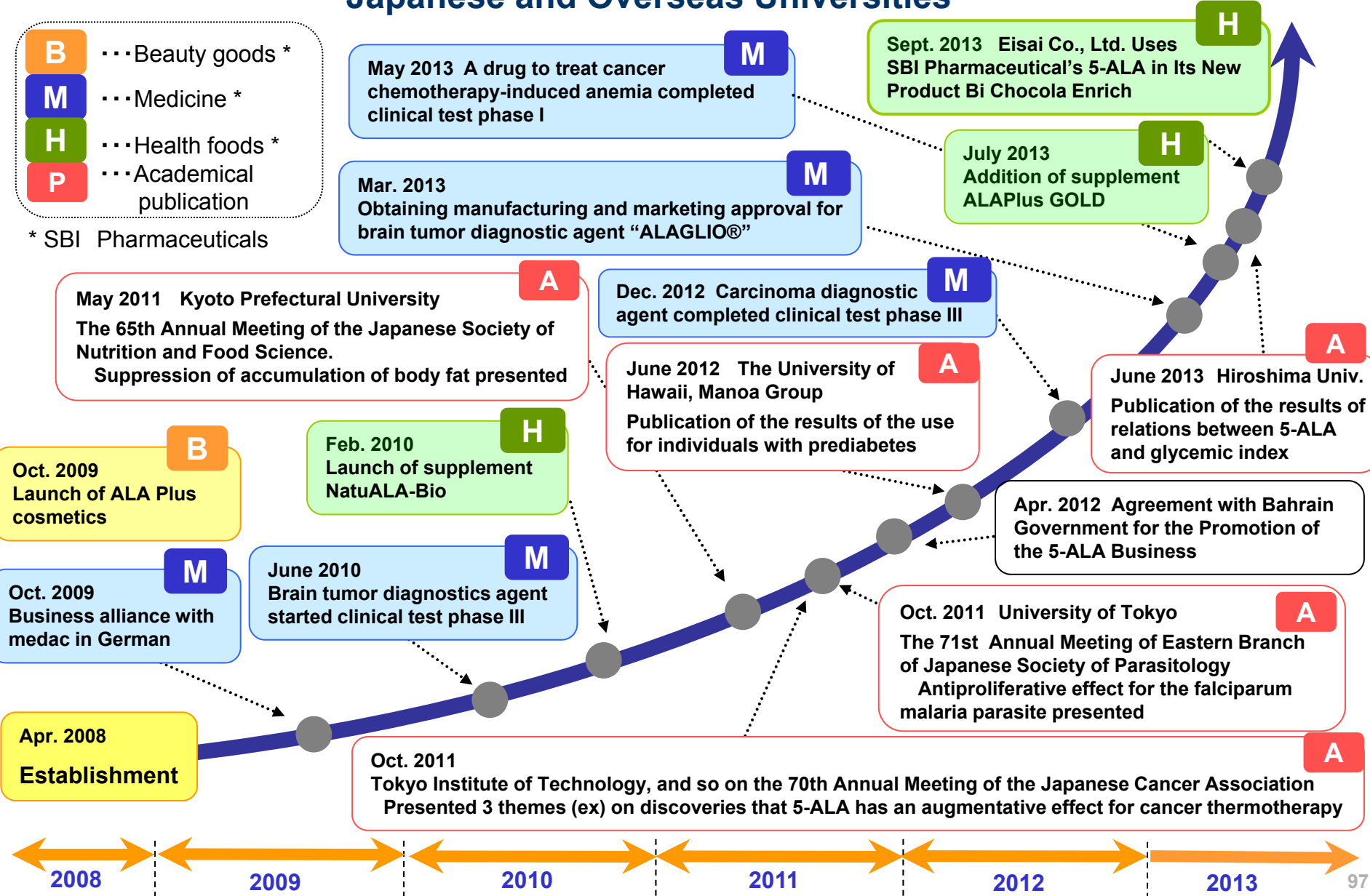
With fewer side effects compared to any of the existing antimalarial drugs, 5-ALA and bivalent iron are expected to be revolutionary antimalarial drugs that can be administered for prophylactic purposes.

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

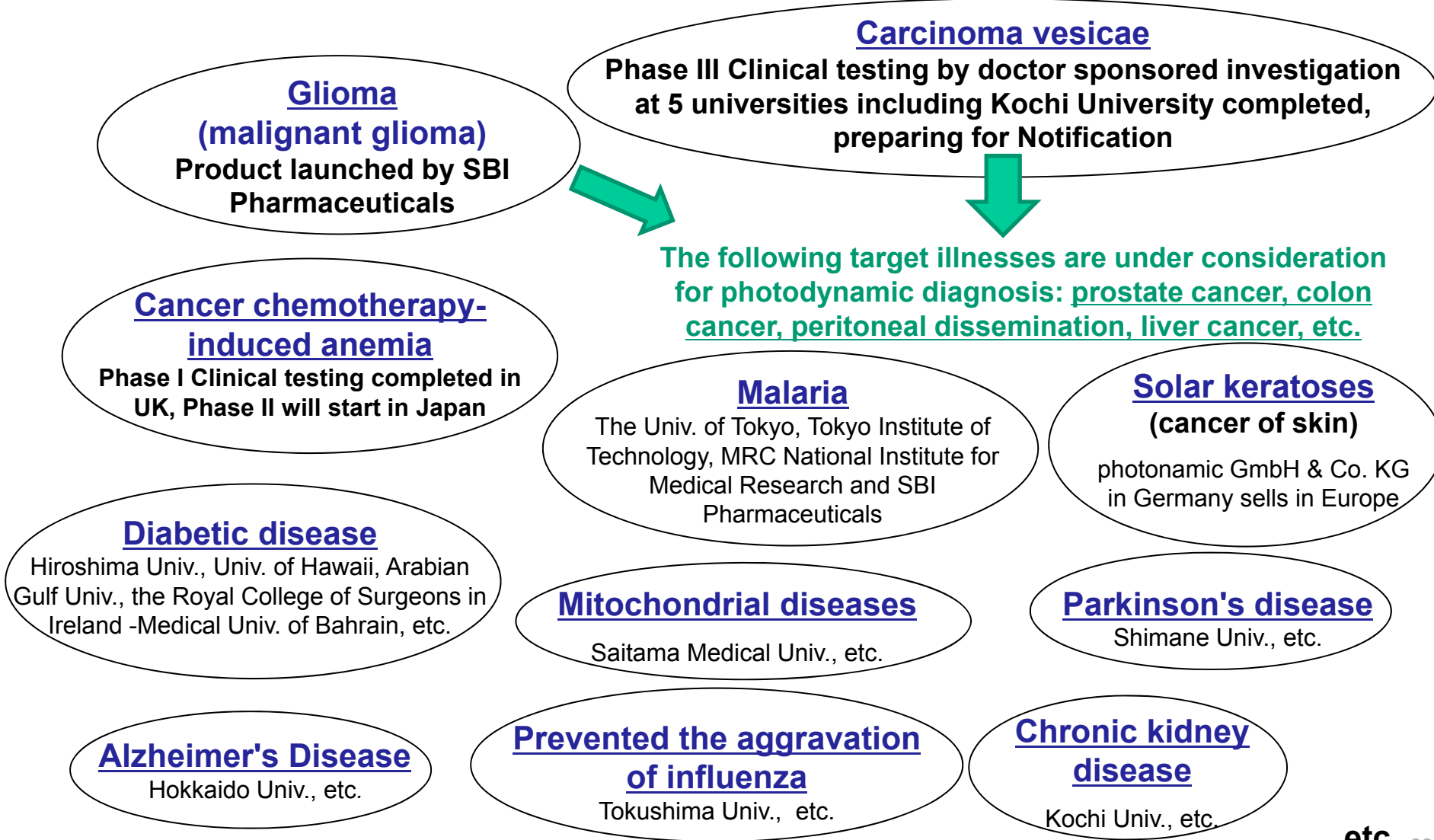
* SBI Pharmaceuticals



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)



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"

5-ALA Attracts Attention (3)

5-ALA's anticancer activity confirmed in human lung cancer cells

Newspaper article

Shunichiro Ogura, Professor Emeritus of the Tokyo Institute of Technology Graduate School of Bioscience and Biotechnology, and SBI Pharmaceuticals have discovered that the physiological amino acid 5-aminolevulinic acid (5-ALA) shows anticancer activity. They confirmed that in human lung cancer cells, a mechanism that causes cell death by which energy production of cancer cells changes from anaerobic to aerobic, with the administration of 5-ALA and an active enzyme. While 5-ALA is used as a marker in cancer therapy, this discovery has indicated the possibility that 5-ALA itself may become an anticancer agent.

(Abbrev) In addition, the effectiveness of 5-ALA in inhibition of fat accumulation and anti-aging is known.

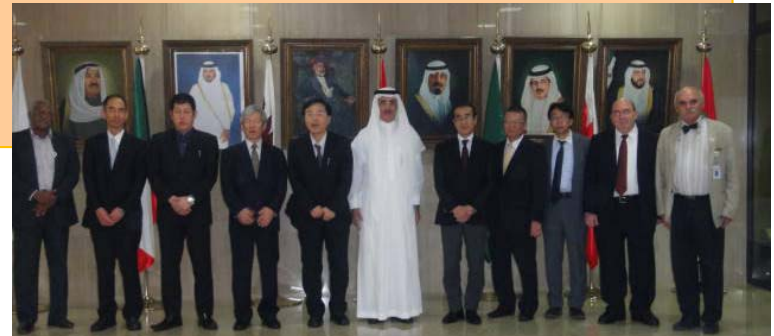
1st International ALA and Porphyrin Symposium (IAPS1) Held in Bahrain (Oct. 28, 2013)

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 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)



Future Priority Areas for the 5-ALA Related Business

Middle East (primarily in Bahrain)

- Agreement for the Promotion of the 5-ALA Business with Bahrain government (Apr. 2012)
- Opening of a representative office in Bahrain acquired a permit from Bahrain Economic Development Board (Oct. 2012)
- SBI delegation visited to Bahrain and met with the King (Jan. 2013)
- Accompanying Prime Minister Shinzo Abe on an official trip to Bahrain. Concluding a basic agreement with King Hamad University Hospital, in the presence of the prime ministers of Japan and Bahrain (Aug. 2013)

China

- 5-ALA manufactured by Yian has already passed the safety and toxicity tests of a state designated institution, and meets the national standards in China (Oct. 2013)
- Agreeing to form a Strategic Alliance with New Hope Group and Fudan Forward, for sales of 5-ALA products in China, including the establishment of a joint venture (Nov. 2013)

②5-ALA Related Business:

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

For the month of December, planning to establish a joint venture company concerning local marketing of health foods and cosmetics with Dawani Group Holdings, a major local distributor (in the final process by Ministry of Commerce and Industry in Bahrain)

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.

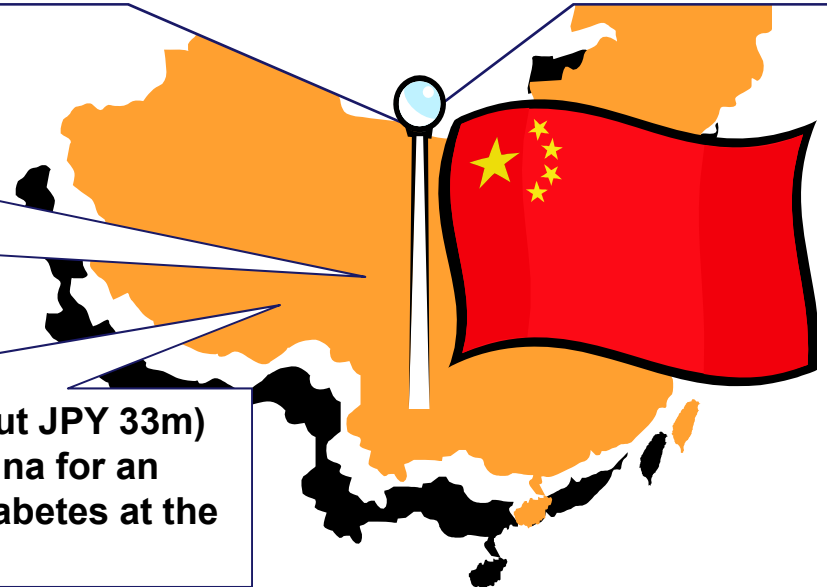
→ The aim is to obtain a health food license as soon as possible after obtaining a materials license.

•Planned operation of a food products production plant during 2014

→Already under construction

Agreeing to form a Strategic Alliance with New Hope Group and Fudan Forward for sales of 5-ALA products in China. Preparing to obtain a license to sell imported goods in China.

Signing a donation agreement 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



Bio Seminar to Be Conducted Jointly with Fudan University in Shanghai (Nov. 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. (Over 200 bio-venture representatives from Japan and China participated)



✓ A venue for business matching was provided where bio-ventures and other exhibitors from Japan and China set up display booths.

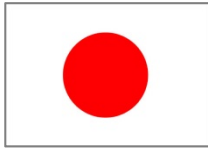


✓ Fudan University School of Life Sciences, an authority in biotechnology research in China, will cooperate. (Cooperation: Fudan University School of Life Sciences, Shanghai Fudan Forward Pharmaceutical Co., Ltd)

✓ Speeches 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.

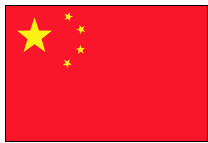
✓ SBI Pharmaceuticals, SBI Biotech, SBI ALApromo, euglena CO., Ltd, ReproCELL Incorporated and 3-D Matrix, Inc. from Japan, and Acucela, Inc. and Kadmon Corporation, LLC from the U.S., and other companies participated.

Strengthening of the Health Foods Sales Structure in Japan and Abroad



Japan

On Nov. 1, SBI ALA promo 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 such as TV commercials



China

- Preparations are being made to establish a sales company to increase sales in China of 5-ALA products produced at Yian Biotech.
- Agreeing to form a Strategic Alliance with New Hope Group and Fudan Forward for sales of 5-ALA products in China. Preparing to obtain a license to sell imported goods in China.



Bahrain

For the month of December, planning to establish a joint venture company concerning local marketing of health foods and cosmetics with Dawani Group Holdings, a major local distributor (in the final process by Ministry of Commerce and Industry in Bahrain)

* 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.

5. What are management's thoughts on the share price?

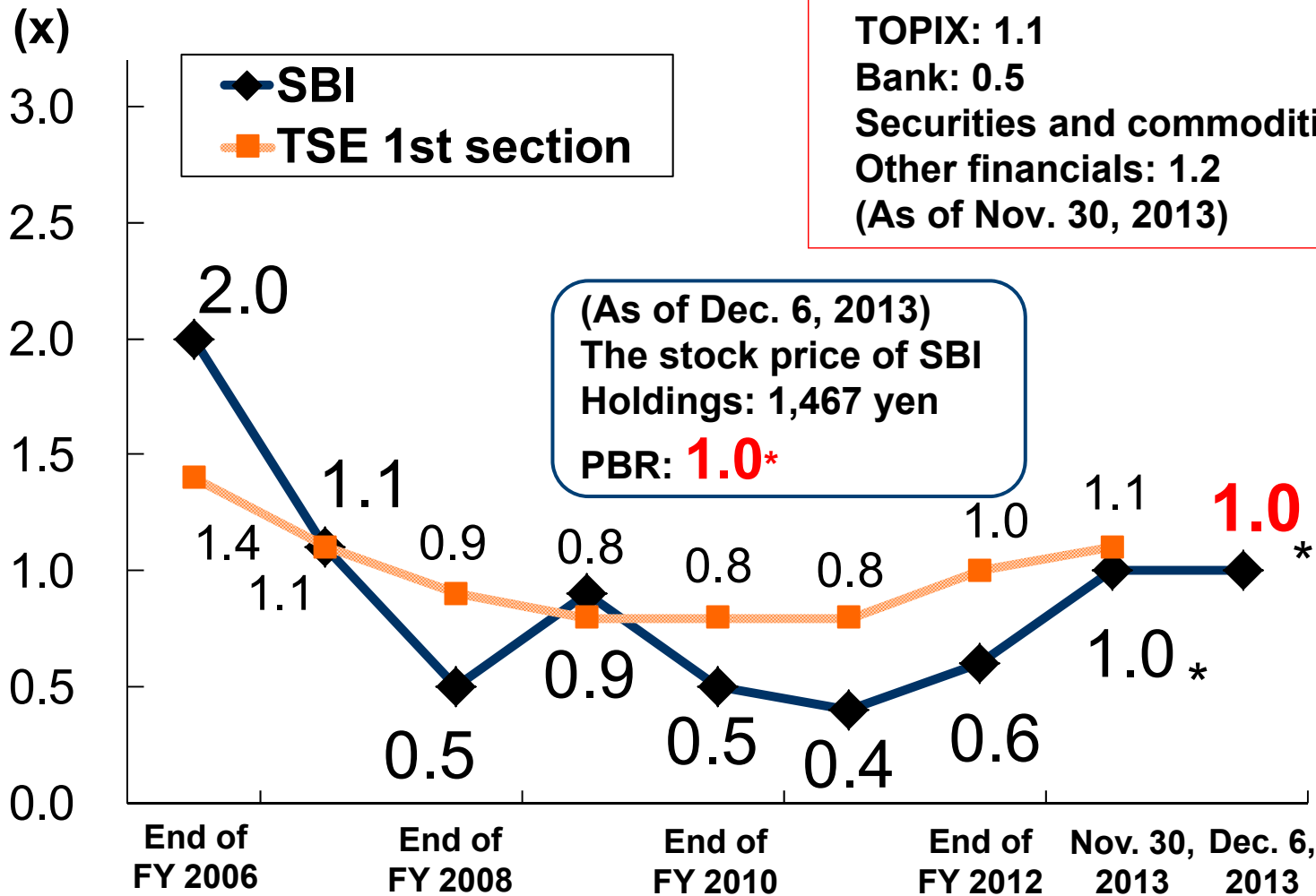
SBI Holding's Recent Stock Price

Market cap (actual value as of Dec. 6, 2013): [JPY 329.4bn](#)



Change in PBR of SBI Holdings

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



[Reference]
SBI Holdings' PER based on forecast EPS (As of Dec. 6, 2013)

PER:
22.0 (Nikkei Kaisha Joho)
11.8 (Japanese company handbook)

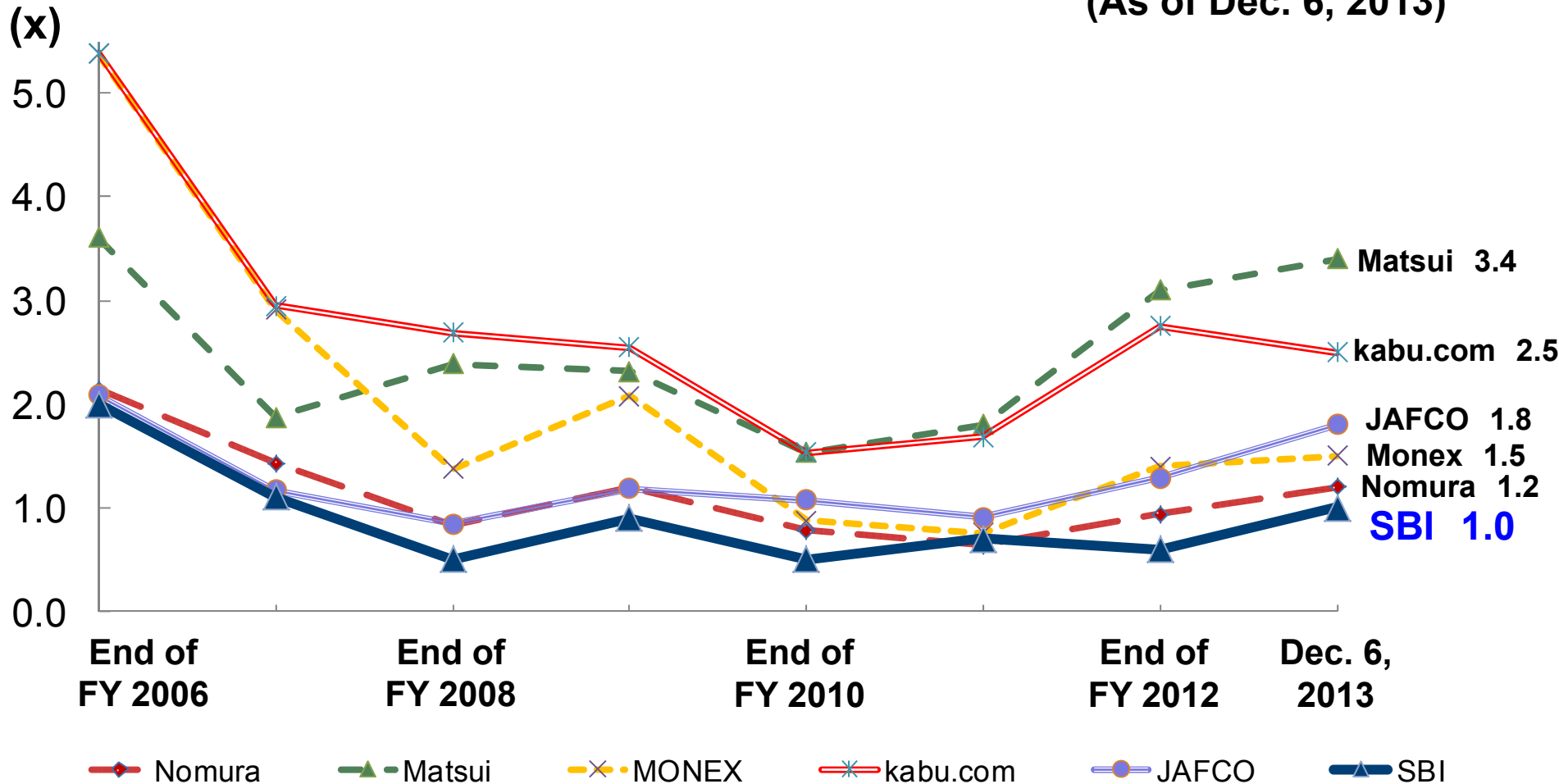
*PBR of SBI Holdings for Nov. 31, 2013 and Dec. 6, 2013 are calculated based on the BPS of the end of Sept. 2013.

*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 Dec. 6, 2013)



*PBR for Dec. 6, 2013 is calculated based on the BPS of the end of Sept. 2013.

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

Our Corporate Value by Each Businesses' Valuation

■ Sum of the values by segment (as of Nov. 29, 2013) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	408.6 (+)*
Asset Management	144.0
Biotechnology-related	60.9
Housing and Real Estate	30.6
Sum total	644.1 (+)

* 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.

The above-mentioned values are conservatively estimated,
and more specific estimates follow on the following slides.

Valuation by Segment Estimated by SBI

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

① SBI SECURITIES

Valuation is conservatively estimated at JPY **322.2bn**

(based on the closing prices of Dec. 6, 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 company, Matsui Securities.

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

$$\left\{ \begin{array}{l} \text{Matsui's PER (*1)} \quad \times \quad \text{SBI SECURITIES's Net income (FY2012)} \quad \dots \quad (A) \\ \text{Matsui's PBR (*2)} \quad \times \quad \text{SBI SECURITIES's Net asset (*3) (as of Sept. 30, 2013)} \quad \dots \quad (B) \end{array} \right.$$

*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)

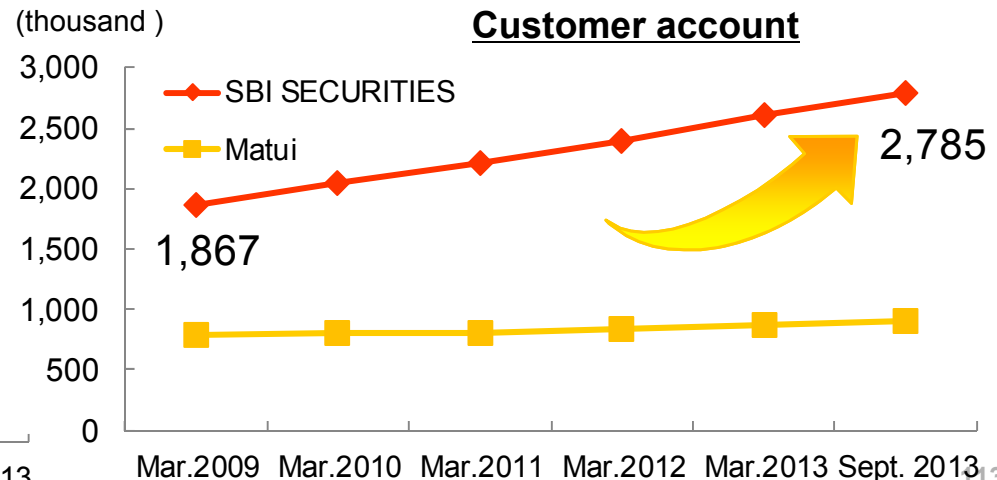
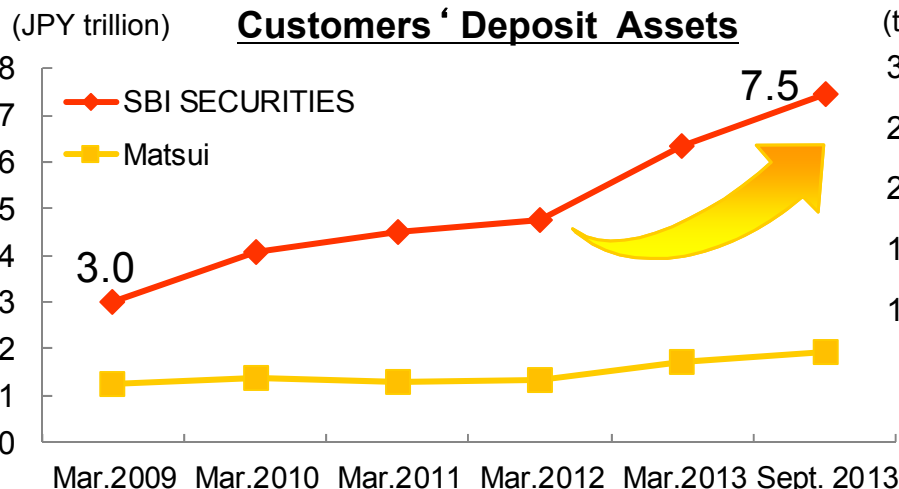


Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES and listed online securities company (Matsui Securities)

*Calculated by the closing prices of Dec. 6, 2013

(1H FY2013)	SBI SECURITIES	Matsui Securities
Valuation(market cap)*	JPY 322.2bn	JPY 309.6bn
Deposit assets (Sept. 2013)	No.1 JPY 7.5tn	JPY 1.9tn
Number of accounts (As of the end of Sept. 2013)	No.1 2.8 million	900 thousand
Share of individual stock brokerage	No.1 35.0%	10.6%
Operating income	No.1 JPY 16.9bn (up 448.8% YoY)	JPY 15.6bn (up 481.0% YoY)



Valuation by Segment Estimated by SBI

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

② SBI Sumishin Net Bank

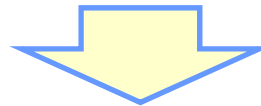
Valuation is conservatively estimated at JPY 38.6bn

(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 1H FY2013 (JPY 5.9bn (+106.4% YoY))
 ~ Within reach of achieving ordinary income of JPY 10.0bn ~
- SBI Sumishin Net Bank - Deposit balance topped JPY 3.2tn (as of Nov. 28, 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	141.1	15
Chiba Kogyo Bank	10.2	+12.6	37.8	48
Yamanashi Chuo Bank	9.9	+13.4	80.8	40
Nanto Bank	9.9	+7.8	105.9	20
Senshu Ikeda Bank	9.5	+23.0	113.3*	19
Bank of Okinawa	9.3	+10.9	79.0	59
Hokuetsu Bank	9.1	+12.9	49.9	49
Hyakujushi Bank	8.9	-28.5	112.2	33
Oita Bank	8.7	-26.1	58.9	41
Yamagata Bank	8.7	+25.2	73.1	53
Shikoku Bank	8.6	+75.5	49.6	43
Miyazaki Bank	8.0	-25.1	50.4	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 80.0bn

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 Dec. 6, 2013

Valuation by Segment Estimated by SBI

(1) Financial Services Business ③ SBI Liquidity Market

③ SBI Liquidity Market

Valuation is estimated at JPY 16.9bn

(based on the closing price of Dec. 6, 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 Net profit of SBI Liquidity Market (FY2012)

* 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	26.7	13.1
SBI Mortgage	60.7	Consolidated subsidiary	KOSPI of KRX	26.4*	16.0
SOLXYZ	26.3	Equity method affiliate	JASDAQ	6.7	1.8
Sum of the market cap of listed subsidiaries and equity method affiliates				59.7	<u>30.9</u>

(Based on the closing price of Dec. 6, 2013, *Calculated by the exchange rate as of Dec. 6, 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 322.2bn** (based on the closing prices of Dec. 6, 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 16.9bn** (based on the closing price of Dec. 6, 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 30.9bn** (based on the closing prices of Dec. 6, 2013)



Total of the valuation above: **JPY 408.6bn** (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 1H FY2013 (JPY million)	SBI's shareholding pct. (%)
SBI Comparison Website Business		Operation of comparison websites for loans and insurances	600	100.0
SBI Japannext	Growing Business	Operation of PTS (Proprietary Trading System)	500	52.8
SBI Business Support		Contact center business for corporations and a temporary staffing agency	50	100.0
CEM Corporation		Real estate secured loans	200	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 144.0bn**

<Reference>

JAFCO's Market Cap: **JPY 269.5bn** (based on the closing price of Dec. 6, 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 Dec. 6, 2013)

(* Valuation excluding asset such as securities hold) **Approx. JPY 41.4bn**

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 the estimated net income per share for FY2013.

The estimated net income per share used in the calculation is the average between that of Japanese company handbook and Nikkei Kaisha Joho.

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)
SBI AXES	42.7	Consolidated subsidiary	KOSDAQ of KRX	6.0*	2.6
SBI Investment Korea	43.9	Equity-method affiliate	KOSDAQ of KRX	6.2*	2.7
Sum of the market cap of listed subsidiaries and equity method affiliates				12.2	<u>5.3</u>

(Based on the closing price of Dec. 6, 2013, *Calculated by the exchange rate as of Dec. 6, 2013.)

[Other profitable businesses of the Asset Management Business]

		Business lineup	OP for 1H FY2013 (JPY million)	SBI's shareholding pct. (%)
Phnom Penh Commercial Bank	Overseas Business	Commercial Bank	200	47.6
YAR-BANK	Overseas Business	Commercial Bank	100	50.0

* 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

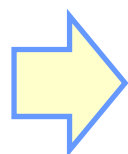
Each bio-venture company has multiple promising pipelines, and the Biotechnology-related Business will become a core business that makes a substantial contribution through progress in areas including pharmaceutical clinical research in Japan and overseas.

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 x Number of shares issued x 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. *2	IPO target	Lead manager
SBI Biotech *1	38.6%	within 2014	Mizuho Securities

*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.

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
				(Dec. 6, 2013)
CellSeed	Mar. 16, 2010	-650	7.5	15.5
RaQualia Pharma	July 20, 2011	-1,307	19.6	9.6
SymBio Pharmaceuticals	Oct. 20, 2011	-642	8.6	12.0
3-D MATRIX	Oct. 24, 2011	-533	5.4	51.6
Chiome Bioscience	Dec. 20, 2011	-180	5.1	34.1
Gene Techno Science	Nov. 30, 2012	-320	3.0	6.6
UMN Pharma	Dec. 11, 2012	-477	8.3	31.3
MEDRx	Feb. 13, 2013	-433	11.3	13.8
PeptiDream	June 11, 2013	10	118.6	179.2
ReproCELL	June 26, 2013	-22	151.9	82.7

Valuation by Segment Estimated by SBIH



(3) Biotechnology-related Business

②-2 Favorable IPO environment for the biotechnology-related companies

Since last December, initial prices of the last 43 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	54 companies (planned)	2.4(x) (as of Dec. 6)

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

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

Although most bio-venture companies are not profitable, many have gone public and have experienced high initial price ratios

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 30.6bn**

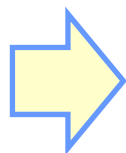
Estimation of the valuation is as follows:

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	8.1	<u>5.9</u>

Our Corporate Value by Each Businesses' Valuation Estimated Based on the Closing Prices of Dec. 6



① Sum of the values by segment

(JPY billion)

(based on the closing prices of Dec. 6, 2013)	Valuation of each segment (theoretical value)
Financial Services	408.6 (+)*
Asset Management	144.0
Biotechnology-related	60.9
Housing and Real Estate	30.6
Sum total	644.1 (+)

Business valuation per share: JPY 2,868

* 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

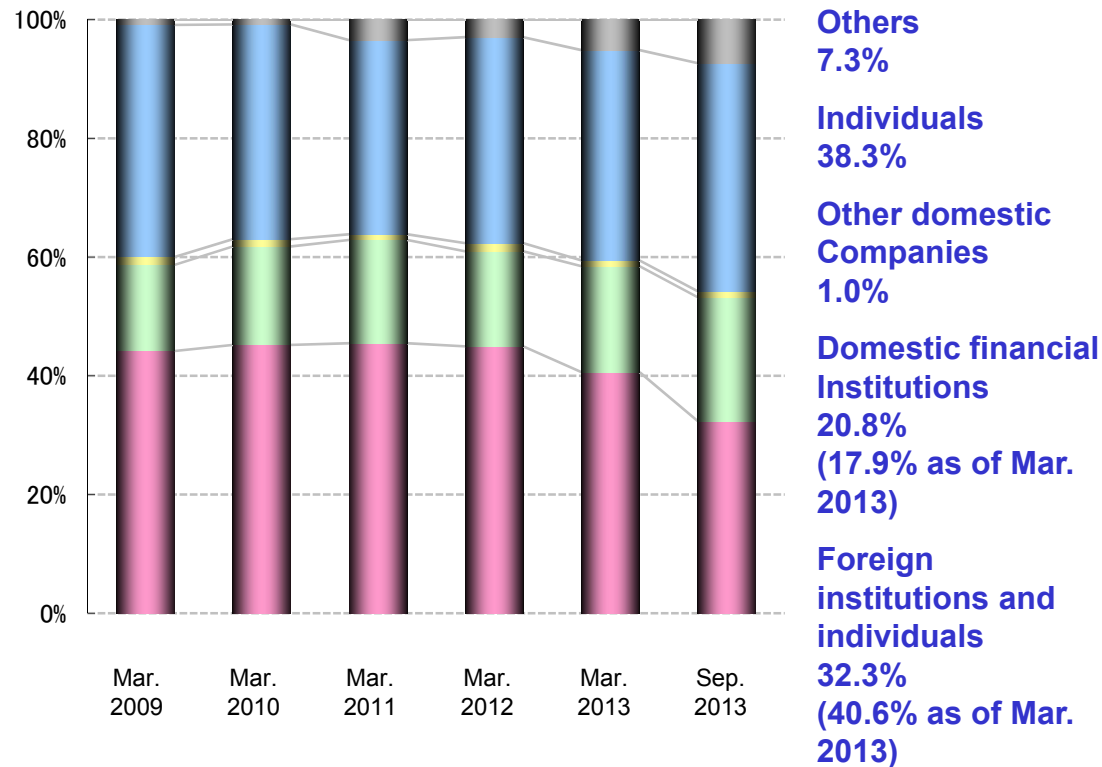
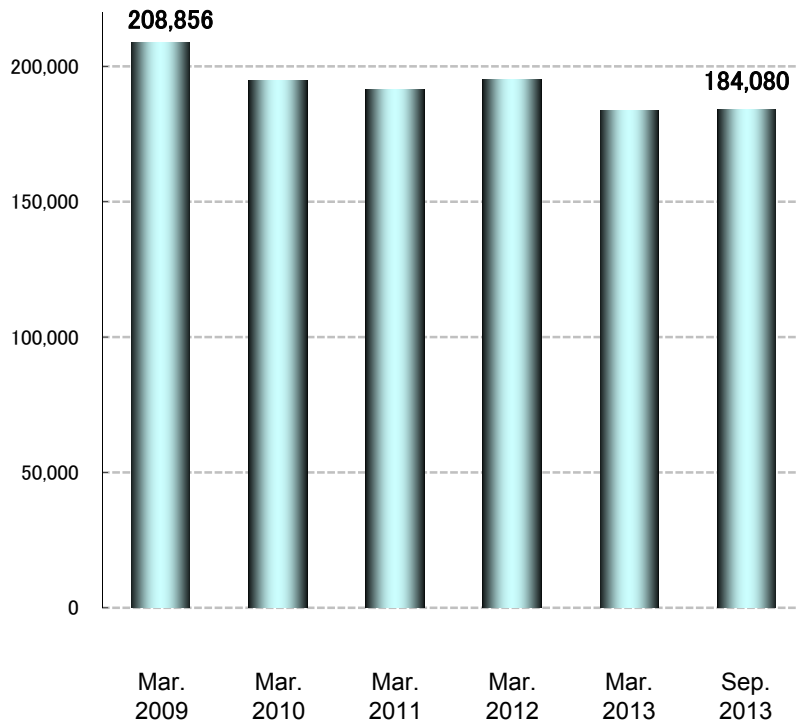


Number of Shareholders

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%)

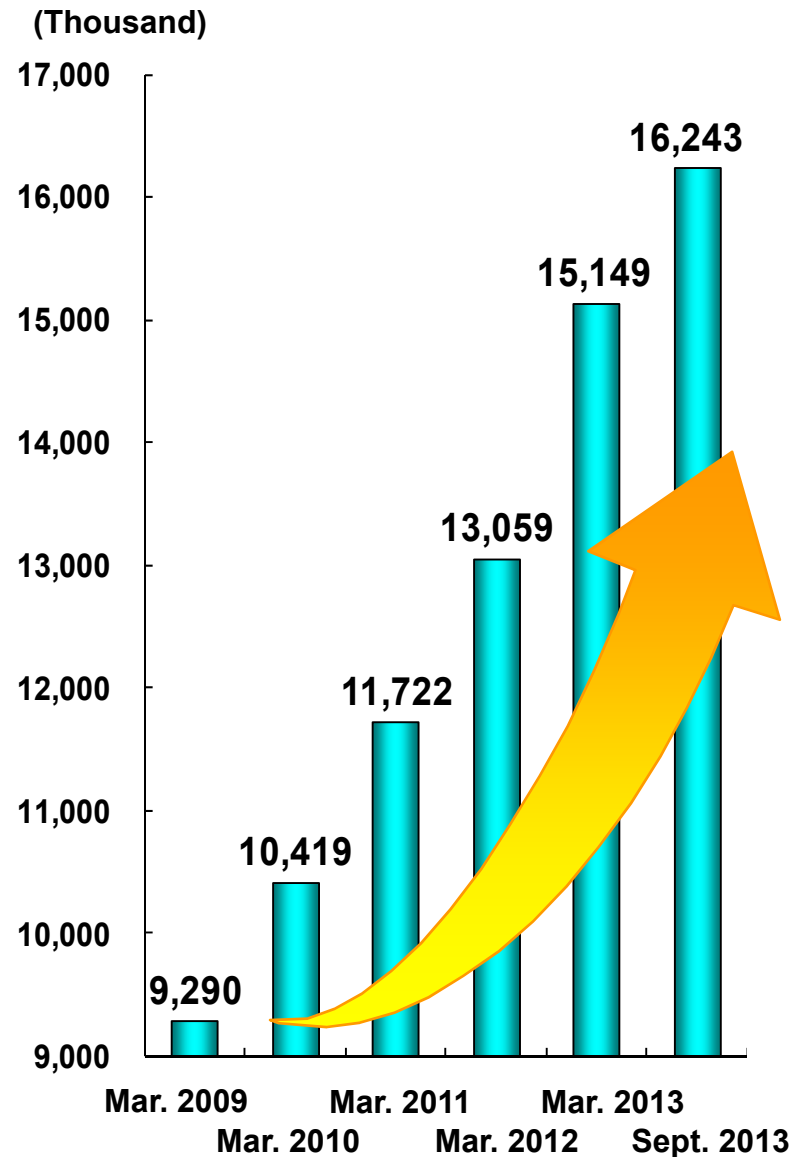
The SBI Group's Customer Base



Breakdown of the Customer Base

(As of the end of Sept. 2013)

(Thousand)



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

* 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
Total	216	218

Transition of the number of consolidated employees

	Mar. 30, 2013	Sept. 30, 2013
Total (persons)	5,007	5,084

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
Total	190.3

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
Total	190.3

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>