

To Our Stakeholders



Yoshitaka Kitao
Representative Director & CEO

In just 10 years, the SBI Group established a globally unique “Internet-based financial conglomerate” system. In order to further our domestic growth and to grow exponentially overseas, in 2010 we adopted a new business strategy for the SBI Group, “Pentagon Management” for financial service businesses. The “Pentagon Management” business strategy aggressively pursues synergistic effects within the SBI Group by positioning securities, banking, nonlife insurance, life insurance and payment settlement services as the five core businesses of our financial services business. As we transform ourselves “from Japan’s SBI to the World’s SBI,” we will target ever stronger growth in our businesses.

Profile

- 1951: Born in Hyogo Prefecture
- 1974: Graduated from Keio University with Degree in Economics
Joined Nomura Securities Co., Ltd.
- 1978: Received Economics Degree from Cambridge University (England)
- 1989: Named Managing Director of Wasserstein Perella & Co. International, Limited (London)
- 1991: Named Director of Nomura Wasserstein Perella Co., Ltd. (concurrent with Wasserstein Perella International position)
- 1992: Named General Manager of Corporate Finance & Services Dept. III, Nomura Securities Co., Ltd.
- 1995: Joined SOFTBANK CORP. at invitation of founder Masayoshi Son (named Executive Vice President and Chief Financial Officer)
- Present: Representative Director and CEO of SBI Holdings, Inc.

Overview of Fiscal Year 2009

In Japan, a very difficult market environment continued with a record high unemployment rate during the fiscal year ended March 31, 2010. Overseas, despite the signs of an economic recovery centering in the Asia region, global fears held of a continued economic downturn and in general conditions continued to be severe. Stock markets in emerging countries with high growth potential were relatively robust, and the number of IPOs worldwide showed some recovery. However, Japan experienced a 6.9% year-on-year decrease in individual stock brokerage trading value, and the number of IPOs was a year-on-year decrease of 15 companies to a total of 19 companies, for a further decline from the previous fiscal year.

Even under such an environment, the consolidated performance of SBI Holdings, Inc. ("SBIH") was in the black for the first time in two terms, with operating revenues amounting to ¥124,542 million (a 4.9% year-on-year decrease), operating income of ¥3,432 million (a 22.1% year-on-year decrease), ordinary income of ¥1,113 million (a 2,875.4% year-on-year increase), and net income of ¥2,350 million (compared to a net loss of ¥18,375 million for the previous year), notwithstanding recording provisions for allowances, etc., totaling ¥8,299 million. After a round of rationalization after the "Lehman Shock" that featured primarily stepped up cost cutting and reorganizational efforts, each business division began showing signs of a recovery.

Regarding dividends, SBIH's basic policy is to target a payout ratio of 20% to 50% of its consolidated net income on a once annual year-end dividend payment. In accordance with this policy, the ordinary dividend for the fiscal year ended March 31, 2010 was set at ¥50, and was added to a dividend of ¥50 commemorating our 10 year anniversary, resulting in an annual dividend of ¥100 per share.

Striving for Further Growth

Since its establishment, the SBI Group has maximized the use of the Internet and continuously challenged itself to provide high-quality products, such as extraordinarily low commission rates, deposit products with high interest rates, and highly convenient financial services. Our efforts resulted in our customer base expanding to over 10 million users by the end of fiscal year 2009. Also, the SBI Group itself grew rapidly, with now more than 100 consolidated subsidiaries, and over 3,000 Group employees. Furthermore, by fully leveraging synergies amongst Group companies that provide various financial services, we established a "financial ecosystem" that offers one-stop financial services. Presently, not only has SBI SECURITIES secured a dominant position in the Internet securities business, in the Internet banking and Internet nonlife insurance businesses, each SBI Group company has received high marks in various satisfaction surveys.

Although the SBI Group, as a "Strategic Business Innovator," has always continued to challenge itself to be an enterprise that

evolves of its own volition, with a view towards our next stage of growth, in 2010 we presented our new "Pentagon Management" business strategy for financial services businesses.

"Pentagon Management" targets exponential growth for the entire SBI Group by positioning five core businesses from the SBI Group's financial ecosystem, namely securities, banking, nonlife insurance, life insurance and payment settlement services, to further provoke synergistic effects among these core businesses. Moreover, by introducing systems and know-how of our core businesses accumulated in Japan to emerging countries, as their economies develop, we will promote the development of financial services businesses in those countries.

Although the SBI Group has grown based on the Internet in order to accelerate the growth of our five core businesses, and to achieve a true customer-centric principle to satisfy all of our valued customers, we will advance the integration of online and face-to-face services by continuing to open "SBI Money Plaza" shops, primarily on a franchise basis. In the future, we are determined to move beyond the Internet to become "Japan's largest products distributor," capable of supplying at a low cost optimal financial products to each and every one of our customers, even to those who desire to consult with us in person.

Furthermore, for new future growth, we will aggressively promote our overseas business development. We have already established an investment framework centered on China and other emerging countries in Asia with high potential growth rates, and through tie-ups with prominent local partners, have increased our overseas investments. We are also currently working on enhancing the SBI Group's name recognition overseas, and to accelerate the transference of our financial services businesses beyond Japan's shores. By doing so, we expect to realize our transformation "from Japan's SBI to the World's SBI," and to achieve exponential growth as a global company.

The SBI Group will, as a very unique "Internet-based financial conglomerate" in the world, use the Internet as a potent weapon to aggressively challenge new business opportunities in an effort to ensure even stronger growth. For all of our valued customers and investors, we will persist with our customer-centric principle to create more innovative services and businesses, and maximize corporate value, which represents the sum total of customer value, shareholder value and human capital value.

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