

To Our Stakeholders



The SBI Group, having established a globally unique “Internet-based Financial Conglomerate” in just 10 years, is accelerating the establishment of our global business presence. The Group seeks to evolve to become the “World’s SBI,” while riding on the current of the coming Asian Century.

Overview of Fiscal 2010

First, on behalf of the SBI Group, I would like to offer my condolences to all the victims of the Great East Japan Earthquake and their families. We, both management and employees alike, are praying for the health and welfare of the people in the affected areas, as well as for the earliest possible restoration of the area.

In the fiscal year ended March 31, 2011, the business environment in Japan remained difficult with, for example, unemployment rates continuing to fluctuate at persistently high levels. After bottoming out in the second quarter of the fiscal year, the domestic stock market showed a recovery trend. However, given the widespread uncertainty in the aftermath of the Great East Japan Earthquake, the Nikkei Stock Average for the end of March 2011 was down 12%, compared to the end of March 2010. While there were 23 IPOs during the period, 4 more than the previous year, the total number remained low, and there was a 16% decline in individual stock brokerage trading value. On the other hand, overseas, stock markets in emerging countries demonstrated comparatively strong performances, although they also experienced periods of instability owing to global events. Compared with the domestic market,

the global markets were robust, with a total of 1,390 IPOs, an increase of 572 IPOs from the previous year.

Despite this environment, SBI Holdings, Inc. (“SBIH”) posted year-on-year increases in revenues and earnings. Specifically, consolidated operating revenues amounted to ¥141,081 million, up 13.3% from the previous year. Operating income jumped 160.3%, to ¥8,932 million, and ordinary income surged 216.8%, to ¥3,525 million. Net income for the year rose 93.0%, to ¥4,534 million. During the fiscal year, 17 of the SBI Group’s portfolio companies exited through IPOs or M&As, of which 16 were overseas companies. This underscores the importance of overseas income in driving our performance, amid the ongoing weakness in the Japanese stock market.

Regarding dividends, SBIH’s basic policy is to target a payout ratio of 20% to 50% of its consolidated net income, on a single annual year-end dividend payout basis. In accordance with this policy, the ordinary dividend for the fiscal year ended March 31, 2011 was set at ¥100 per share. We also provided an additional ¥20 dividend to commemorate our listing on the Main Board of the Hong Kong Stock Exchange, for a total annual dividend of ¥120 per share.

Yoshitaka Kitao*Representative Director & CEO***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.

Further Reinforcing Our Income Structure

Since its establishment, the SBI Group has maximized the use of the Internet and continued to deliver highly competitive financial services and products. Low commission rates on brokerage transactions and deposit products with high interest rates are two such examples. As a result of our offering of services that receive high marks for convenience and quality, as evaluated by independent third party institutions, the SBI Group's customer base has continued to grow, reaching 11.72 million by fiscal year-end.

Currently, we are pursuing our next growth phase, which we introduced in March 2010 as the "Pentagon Management" strategy for our financial services businesses. "Pentagon Management" targets exponential growth for the entire SBI Group by positioning securities, banking, nonlife insurance, life insurance and settlement services as its five core businesses, for further synergy enhancement. Moreover, by introducing the systems and know-how accumulated in Japan of these core businesses to emerging market countries, we will accelerate the development of the financial services businesses into those countries.

Furthermore, in July 2010 the SBI Group unveiled a new concept called the "Brilliant Cut Initiative." The Brilliant Cut method of polishing a diamond to highlights the beauty of each facet, enabling the entire diamond to shine more brilliantly than before. Treating the Group companies and businesses like the facets of a diamond, we will refine each business and shift the emphasis of management from business expansion to the pursuit of profitability, in order to bring a diamond-like brilliance to the SBI Group.

Becoming the "World's SBI"

The 21st century is often referred to as the "Asian Century." With about half of the world's population, Asia is expected to become the world's largest economic zone by 2015. To take full advantage of this growth, the SBI Group is building a global investment structure by forming partnerships with prominent local institutions, and increasing investments into overseas financial institutions with a focus on the Asian region to accelerate our operations in the emerging market countries.

Additionally, in order to further promote these activities, we are building an organizational structure closely tied to Asia. In April 2011 we became the first company based in Japan to be listed on the Hong Kong Stock Exchange, and we are preparing to establish a second head office in Hong Kong.

As the SBI Group transitions itself from "Japan's SBI" to the "World's SBI," we will pursue further growth as a global company. For our valued customers and investors, we will continue to adhere to our "Customer-centric Principle" and strive to introduce more innovative services and businesses, reflecting our pursuit of the maximization of corporate value, which is the sum total of customer value, shareholder value and human capital value.

Yoshitaka Kitao*Representative Director & CEO*