

Overview—Management Strategy

1. Change in Business Structure

From FY2012, SBI Holdings will restructure its business segments into three businesses, comprising of the “Asset Management Business,” “Financial Services Business,” and “Biotechnology-related Business.”

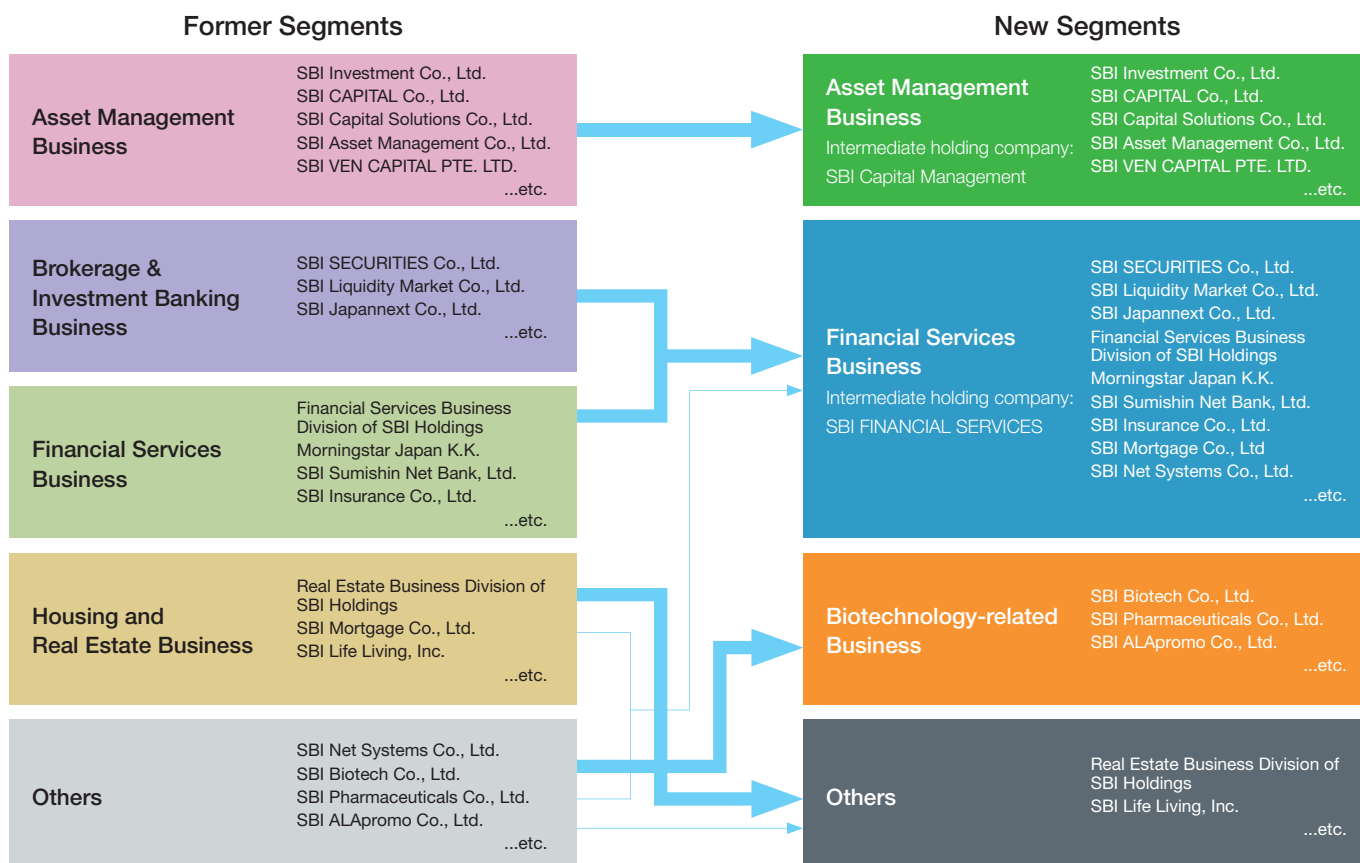
In the Asset Management Business, there will be no change in the major companies of the former Asset Management Business. However, SBI Capital Management, an intermediate holding company established in June 2012, will centrally manage operations, including management of capital and foreign exchange for its business.

The Financial Services Business merges the former Brokerage & Investment Banking Business and the former Financial Services Business into one segment. SBI Mortgage, which provides housing loans, etc., and was formerly classified in the Housing and Real Estate Business, has been included in this segment, as are the system-related companies that provide system development for common infrastructure in the Financial Services Business,

including SBI Net Systems and other companies that were included in the former “Others” segment. Under an intermediate holding company, SBI FINANCIAL SERVICES, established in June 2012, synergies will be extensively pursued among the three core businesses of securities, banking and insurance.

Additionally, an independent segment was established for the Biotechnology-related Business, previously classified in the former “Others” segment. The SBI Group positions this business as its largest growth area, reflecting in particular the steady progress of pharmaceutical research and development in the 5-ALA related businesses, as well as a strong expansion of sales for supplements (health foods) and cosmetics.

Finally, there remains an “Others” segment for businesses not included in reportable segments, and the companies of the former Housing and Real Estate Business are classified here, except for companies such as SBI Mortgage that are engaged in the real estate-related financial business.



2. Future Development of the Financial Services Business

(1) Brilliant Cut Initiative enters the third phase

The Brilliant Cut Initiative in the Financial Services Business moved into its third phase in March 2012. In the first phase (from July 2010) and second phase (from April 2011), the emphasis was on verifying and enhancing the profitability of each company. In the third phase, along with the profitability of each company, the existence of synergies with the three core businesses in the Financial Services Business (securities, banking and insurance) will be substantiated, and the strengths of those synergies will be assessed, through the examination of each business from the perspective of the criteria listed below. The SBI Group will carry out a thorough process of "selection and concentration," selecting those businesses that are judged suitable to continue operating as SBI Group businesses, and thereby concentrate resources on them.

First Phase:

The primary goal was each company's profitability in operating income, and companies that failed to achieve the goal in three years were to be liquidated or sold.

Second Phase:

Examined each company's earnings capacity by taking into account B/S, C/F situation as well as changes in operating income.

Third Phase:

Examine each company's synergy with the three core businesses, in addition to the earnings capacity, and concentrate resources solely on those businesses with strong synergies.

Fundamental Thinking of the Third Phase

To examine each business in terms of the following:

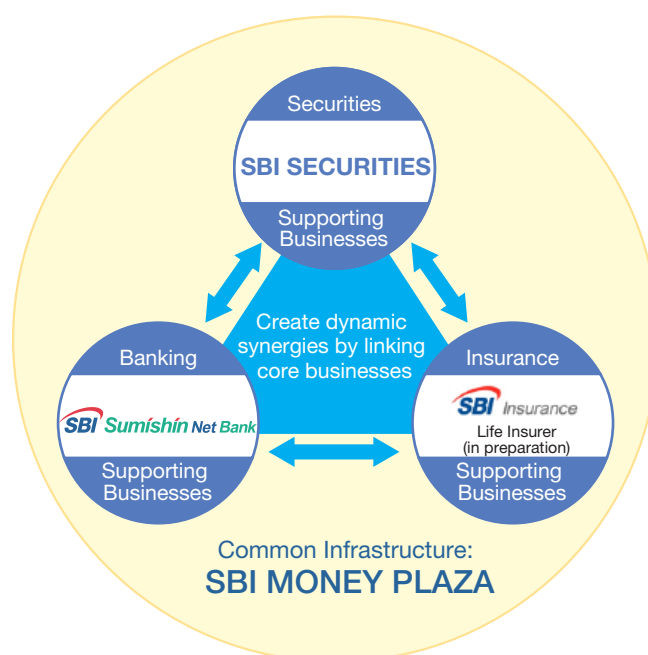
- (1) Does the business have strong synergies with the three core businesses in the Financial Services Business, and does it have sufficiently high profitability and growth potential?
- (2) Is the service not replaceable with services which can be purchased from other companies at reasonable prices?
- (3) Is it possible to deploy the business overseas as one of the SBI Group's businesses?

(2) Seeking synergies from the "triangle" formed by positioning securities, banking, and insurance as the three core businesses

Since March 2010, the SBI Group has implemented its "Pentagon Management," which positions securities, banking, nonlife insurance, life insurance (in preparation for re-entry) and settlement services as the five core businesses in the Financial Services Business. Going forward, we will integrate nonlife insurance and life insurance, and form a "triangle" of three core businesses of securities, banking and insurance. Through this formation, even greater synergies among the core businesses, and between each core business and its supporting businesses, will be pursued.

In addition, we will further expand development of SBI MONEY PLAZA shops as a common infrastructure for the Financial Services Business. The face-to-face channels that had been operated nationwide by both SBI SECURITIES and SBI Mortgage, will henceforth be merged and managed under SBI MONEY PLAZA Co., Ltd. By increasing the number of shops, and promoting cross-sales of products from both within and outside of the Group from a neutral standpoint, we will strive to become "Japan's largest financial products distributor."

In the overseas financial services business, we will continue to pursue business expansion under the Pentagon Management, including settlement services.



Overview—Overseas Strategy

3. Overseas Development

Enhancing the Overseas Network of Business Bases>

As the SBI Group transitions itself to the “World’s SBI,” efforts are being concentrated on the expansion of the overseas business, along with the enhancement of the overseas network of business bases that will serve as a foundation for that expansion. The SBI Group has recently been considering conversion of its Hong Kong subsidiary, SBI Hong Kong Holdings, into a second head office. In preparation for this move, SBI Hong Kong Holdings was made an overseas business management company, and in May 2012, eight representatives of the Group’s overseas partners were invited to attend the first SBI Global Strategic Conference held in Hong Kong. Through these measures, the Hong Kong office is being positioned to handle all overseas planning and strategies for the Group.

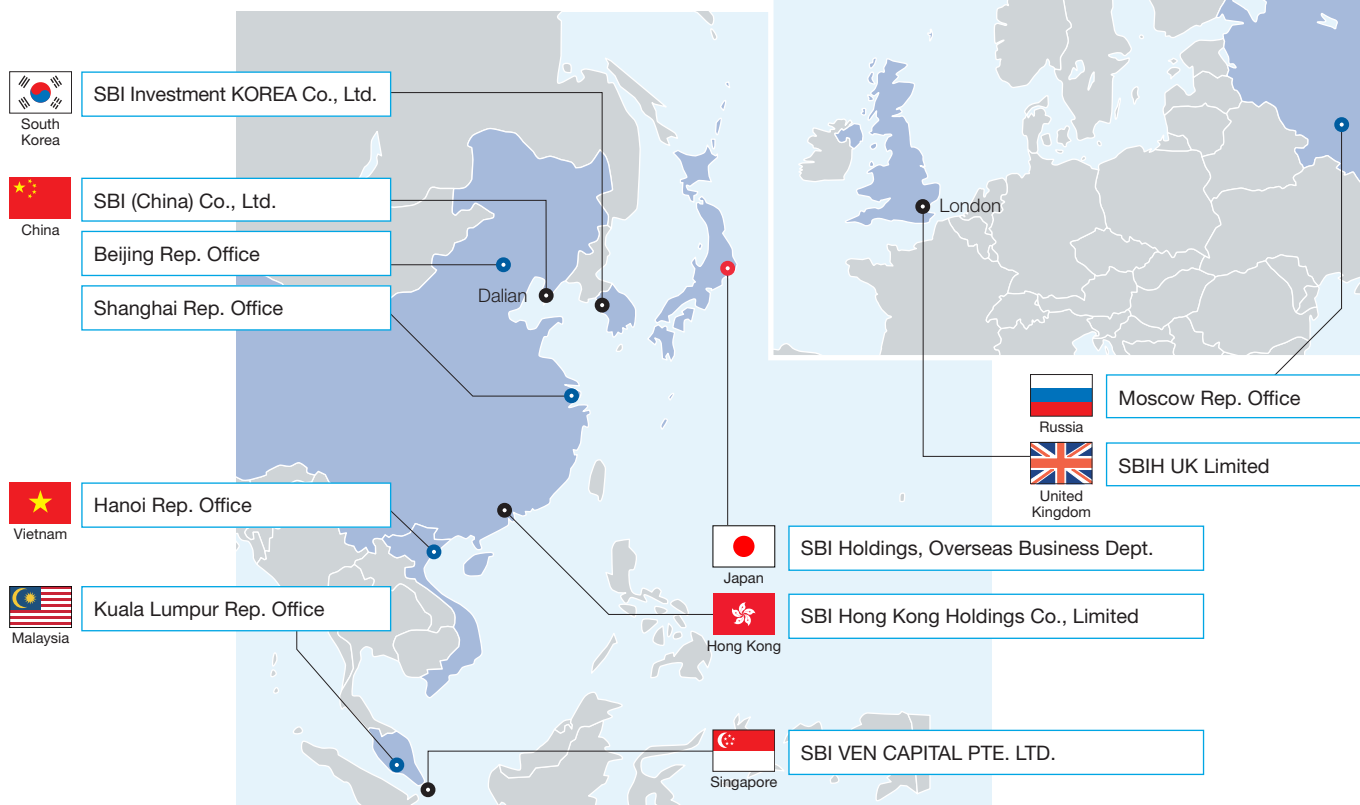
Meanwhile, in mainland China, the SBI Group’s China business management company SBI (China) Co., Ltd. commenced business in Dalian in March 2012. Having adopted a corporate form of an “Investment Company,” which was approved by the Chinese government, and having passed the significant hurdle of establishment, the company is eligible for preferential treatment from local governments, as well as other benefits such as being allowed to reinvest the Renminbi earned as investment income (dividends, etc.) in China. Through this company, the SBI Group will pursue further expansion and enhanced efficiency of its investment and financial services businesses in China.

Furthermore, the Group is moving ahead with the enhancement of its overseas network of business bases centered on emerging countries in Asia, through measures such as the establishment of a European business management company SBIH UK Limited in April 2011, in London, England, and opening of a representative office in Kuala Lumpur, Malaysia, in May 2011.

Investment Funds Established with Prominent Local Partners

With regards to its overseas investment business, the SBI Group is setting up funds in collaboration with prominent partners such as local financial institutions and government-affiliated investment institutions well-versed in the legal system, market characteristics and other features of each country or region. During FY2011, agreements were reached and preparations begun toward the establishment and operation of new funds, including those with Hong Kong’s Kingston Financial Group Limited, Cambodia’s largest conglomerate group the Royal Group, China’s Shanghai Yidian Holding (Group) Company, India’s comprehensive financial services company Edelweiss Financial Services Ltd., and, also in India, the major comprehensive IT services provider Mahindra Satyam. In this way, we are building a global investment structure covering a wide region with a focus on emerging countries.

Expanding and Enhancing the Overseas Network of Business Bases



Investments in Overseas Financial Institutions

For the expansion of our overseas financial services businesses, we are fully leveraging the network built through our investment business to invest in overseas financial institutions, primarily in Asia. We have already invested in banks, securities companies, and insurance companies in countries such as China, Indonesia, Vietnam, Cambodia, Sri Lanka, and Russia to steadily solidify our overseas presence. In April 2012, we subscribed for shares of China's Haitong Securities Co., Ltd. equivalent to US\$30 million in response to a call for cornerstone investors (institutional investors who subscribe for a company's shares as strategic investors prior to its IPO on the occasion of listing) when the company dual-listed

on the Hong Kong Stock Exchange. The investment has served as an opportunity for us to consider collaborating with Haitong Securities in a wide-range of potential business opportunities in China, and other Asian countries.

We are also pursuing non-capital business alliances with prominent financial institutions in various countries. During FY2011, we have agreed to strategic business alliances with China's Aeon Life Insurance Company, Ltd., Singapore's major comprehensive financial group PhillipCapital, and Malaysia's OSK Investment Bank Berhad, as we advance various collaborations in financial services.

Funds Jointly Established with Prominent Overseas Partners

Fund name	Establishment	Partners
New Horizon Fund	May 2005	TEMASEK (Investment company for the Singaporean government)
SBI & TH VC Fund	Jan. 2008	Tsinghua Holdings (Company of the Tsinghua University)
SBI & BDJB China Fund	Feb. 2008	Peking University Beida Jade Bird Group (Strategic investment arm of Peking University)
Vietnam Japan Fund	Apr. 2008	FPT (Vietnam's largest high-tech company)
SBI & Capital 22 Fund	Oct. 2008	Founder of a Taiwanese IT company
SBI Zhaoxin Fund	Mar. 2009	China Merchants Securities, Resource Capital China, China CITIC Bank
PNB-SBI ASEAN Gateway Fund	June 2010	PNB Equity Resource Corporation (Malaysian governmental investment management company)
SBI-Islamic Fund	Dec. 2009	Brunei Darussalam, Ministry of Finance
Jefferies-SBI USA Fund	June 2010	Jefferies Group (major U.S. securities company)
SBI-Jefferies Asia Fund	July 2010	Jefferies Group (major U.S. securities company)
SBI-METROPOL Investment Fund	Nov. 2010	IFC METROPOL (Major integrated financial group in Russia)
INVEST AD/SBI AFRICA FUND	Jan. 2011	Invest AD (Subsidiary of the Abu Dhabi Investment Council)
INVEST AD/SBI TURKEY FUND	May 2011	Invest AD (Subsidiary of the Abu Dhabi Investment Council)
SNSI Fund	July 2011	Shin Kong Group (Major financial group in Taiwan) Nan Fung Group (Major real estate developer in HK)
Kingston/SBI Credence Fund	Sept. 2011	Kingston Financial Group (Major financial group in HK)
EW SBI Crossover Fund	May 2012	Edelweiss Financial Services
Fudan University Fund	June 2012	Shanghai Fudan Forward Science & Technology
Cambodia Fund	In preparation	Royal Group (Largest conglomerate group in Cambodia)
Shanghai Yidian Fund	In preparation	Shanghai Yidian Holding (large state-owned information company directly under the Shanghai Municipal Government)
Nirvana Digital India Fund	In preparation	Founding family of Patni Computer Systems
Mahindra Satyam Fund	In preparation	Mahindra Satyam (Large IT service company in India)
SBI-FMO Asia Financial Services Fund	In preparation	FMO (Bilateral private sector development bank)

Capital Investment in Overseas Financial Institutions Centered on Asian Region (as of June 30, 2012)

