

Asset Management Business

In the Asset Management Business, the SBI Group will continue its focused investments in Japan's next generation growth industries, including IT, biotechnology, environment and energy, and financial services, in its role as a "new industry creator." On the basis of the trust and brand reputation that we have established through our past performance, we will move ahead with alliances with prominent local partners to accelerate our investments in the economically rapidly growing emerging market countries.

Principal Companies	Business
SBI Investment Co., Ltd.	Venture capital fund management
SBI CAPITAL Co., Ltd.	Buyout and value up fund management
SBI Capital Solutions Co., Ltd.	Mezzanine fund management
SBI Asset Management Co., Ltd.	Investment trust management, investment advisory services
SBI VEN CAPITAL PTE. LTD.	Overseas investment administration

Financial Results of FY2011

The Asset Management Business consists of two businesses, a securities investment business and an investment advisory/other services business. The securities investment business includes the establishment, management and operation of funds that invest primarily in securities of the IT, biotechnology, environment and energy, and financial sectors. It also makes proprietary investments in venture companies inside and outside of Japan. The investment advisory other services business engages primarily in managing and advising on investments in mutual funds.

In FY2011, the Asset Management Business achieved an

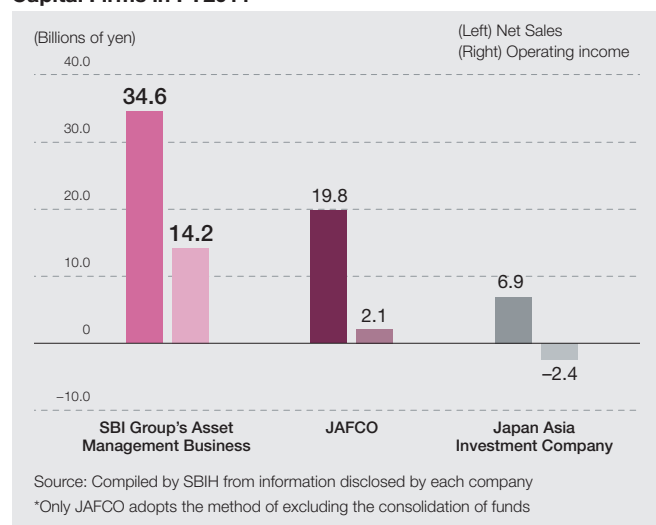
increase in sales and profits for the second consecutive year, recording net sales of ¥34.6 billion and operating income of ¥14.2 billion, up 12.6% and 48.1% year-on-year, respectively. This was largely due to a capital gain recorded from the sale of stock, including approximately ¥5.2 billion from the sale of shares in VSN, Inc., a portfolio company of a fund managed by SBI CAPITAL, and approximately ¥6.4 billion from the sale of shares in KLab Inc., a portfolio company of funds managed by SBI Investment.

14 IPOs and M&As Despite a Downward Trend in Global IPO Listings

In the global IPO market, there was a slowdown mainly in emerging market countries, and the number of IPOs in FY2011 declined by 271 from the previous fiscal year to 1,125. Meanwhile, the number of domestic IPOs increased by 14 from the previous fiscal year to 37, as the domestic IPO market entered a mild recovery stage. Nevertheless, the level remains low compared to the 187 IPOs recorded in FY2006, when the emerging equity market was robust in Japan.

In this challenging environment, 14 IPO and M&A deals were transacted by investee companies of the SBI Group, with 5 domestic companies involved in IPOs including KLab Inc., 6 overseas companies involved in IPOs, 2 domestic companies and 1 overseas company involved in M&A deals.

Net Sales and Operating Income of Major Japanese Venture Capital Firms in FY2011



FY2011 IPO and M&A Deals in which the SBI Group's Investee Companies were Involved

Exit Date	Company	Business Description	Market (Country)
April 2011	PCHOMESTORE Inc.	Electronic commerce services	GTSM (Taiwan)
May	Renren, Inc.	Management of No. 1 social networking website in China (Renren.com), social commerce website (nuomi.com) and social networking website for business (jingwei.com)	New York (U.S.)
July	NIBEC Co., Ltd.	Development and manufacturing of artificial bones	KOSDAQ (Korea)
July	Mebiopharm Co., Ltd.	Development of drugs using unique ribosome technology	TOKYO AIM (Japan)
September	KLab Inc.	Social business, SI business, Cloud and License business	TSE Mothers (Japan)
October	FROUTE Corporation	Mobile content delivery services	(M&A)
October	SymBio Pharmaceuticals Limited	Development and commercialization of drugs for specified diseases (cancer, blood and autoimmune diseases)	JASDAQ (Japan)
November	Best Create Corporation	Provider of the affiliate commerce materials and advertisements to the customers in retail stores	(M&A)
December	Redwood Group Ltd	Contract manufacturer of high-quality interior fittings for luxury brands	GTSM (Taiwan)
December	W-SCOPE Corporation	Manufacturing and sale of separator for lithium-ion secondary battery	TSE Mothers (Tokyo)
January 2012	Beyondsoft Corporation	IT consulting, application development and maintenance services	Shenzhen (China)
February	HYVISION SYSTEM INC.	Manufacturing of glasses, photo devices and optical equipment	(M&A)
February	NEUROS Co., Ltd.	Development and manufacturing of Turbo Blower	KOSDAQ (Korea)
March	VECTOR INC.	Providing support for strategic corporate public relations	TSE Mothers (Japan)

VOICE



Tetsuya Sanada
President and CEO
KLab Inc.

“After succeeding in transferring to the First Section of the Tokyo Stock Exchange in a record-short period of roughly 8 months, we will devote our utmost efforts to advancing in the global market”

With the slogan, “Social, Smart Phone, and Beyond,” KLab provides high quality social games, smartphone applications, and highly reliable software packages designed and developed in-house. We are now moving forward with the establishment of overseas offices, and will devote our utmost efforts to advancing into the global market.

When we received funding from SBI Investment in 2006, I was surprised with their quick investment decision-making, and was impressed by their considerable support during the period leading up to the listing. They were deeply involved in the management of KLab, attending Board of Directors meetings and management meetings. Owing to such support, after listing on

the Mothers Market of the Tokyo Stock Exchange in September 2011, we succeeded in transferring to the First Section of the Tokyo Stock Exchange in a record-short period of roughly 8 months.

In December 2011, we established KLab Ventures in collaboration with SBI Investment, to take advantage of the know-how of both companies, to invest in and foster promising venture companies involved with the Internet.

Going forward, we will maintain the spirit of “taking up new challenges,” as we promote new businesses that are a step ahead of the times, and pursue further business expansion, so that KLab and the KLab Group will grow to become the world’s leading vendor of social games.

Continuing High Levels of Investment and High Operational Performance

The SBI Group's investment funds are not limited to investments in venture companies planning IPOs. For instance, SBI CAPITAL manages buyout funds that invest primarily in promising publicly listed medium-size companies in the emerging markets, as well as high growth potential companies. Also, we are engaged in mezzanine investments through funds managed by SBI Capital Solutions, which targets companies endeavoring to revitalize their operations.

We believe that a lingering difficult business environment with weak stock market performance actually offers an ideal opportunity to make new investments, and we have taken advantage of the reduction in investment costs since the Lehman Shock to aggressively continue high-level investment. In addition to investments in Japan, substantive investments in emerging market countries were made through funds established jointly with prominent overseas partners.

The investment amount in FY2011 was ¥69.5 billion in aggregate, ¥57.2 billion of which was by SBI managed funds, and ¥12.3 billion of which was by direct investment, and total number of investees stood at 180 companies. These activities have kept the SBI Group one of the most active venture capital companies in Japan.

The SBI Group Funds' Assets Under Management

During FY2011, 2 domestic funds established in 2004 to invest primarily in domestic and overseas broadband-related companies were redeemed in August 2011. Meanwhile, a total of 6 new funds

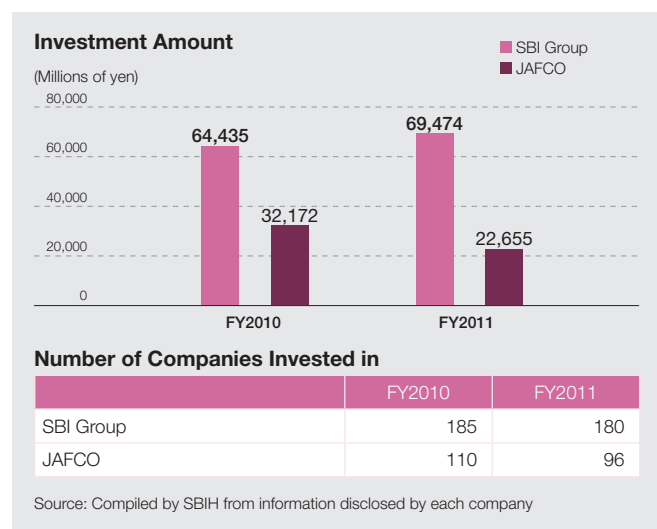
were set up inside and outside Japan, including a fund established jointly with Invest AD, a subsidiary of the Abu Dhabi Investment Council (ADIC) of the United Arab Emirates, to invest in private equity in Turkey. As a result, the SBI Group's total assets under management in private equity amounted to ¥283.0 billion.

Pursuing Various "Value Creation"

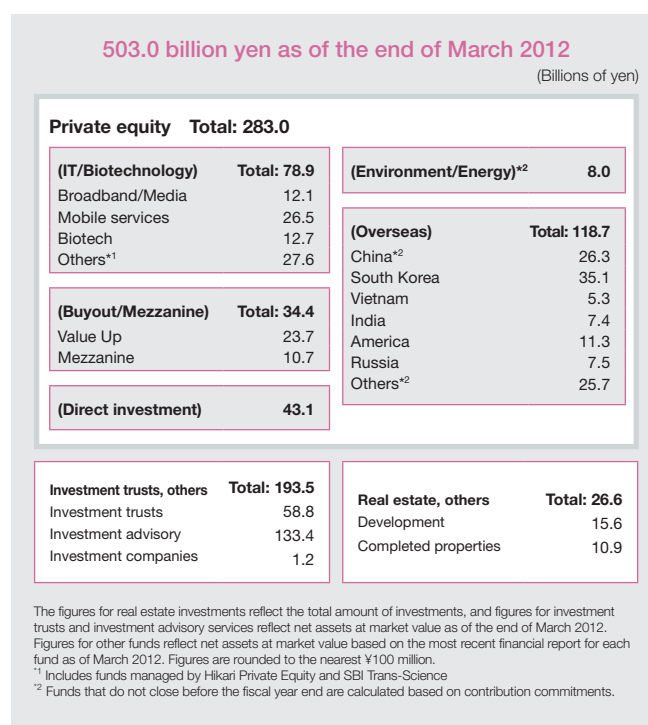
The SBI Group is promoting diverse "value creation" efforts in the Asset Management Business. "Value creation" refers to the creation of new value by combining the Group's investee companies inside and outside Japan, which totaled 886 (cumulative) as of March 31, 2012, or Group companies, which totaled 140 as of the same date, through various means such as M&A. We are establishing joint ventures and conducting M&As between Group companies and investee companies, as well as joint ventures and M&As between investee companies, in addition to IPOs of Group companies and investee companies on various Asian markets.

For example, in April 2012, we entered into a basic agreement with Coway International TechTrans Co., Ltd., which belongs to our partner Tsinghua University Group, and the SBI Group investee company Auto Server Co., Ltd., to establish a joint venture to provide an online used car auction business in China. The joint venture will fully utilize the know-how of Auto Server, which is a leading company in the online used car distribution business in

Change in Investment Amount / Number of Companies Invested in



The SBI Group's Assets Under Management



List of Sector Funds Agreed to be Established

Date of Agreement	Partner	Investment Target
November 2011	Shanghai Yidian Holding (Large state-owned information company directly under the aegis of the Shanghai Municipal Government)	Chinese companies engaged in the information service business related to intelligent technology and Internet of things
December 2011	KLab (IT company engaged in social media, cloud computing and licensing, and system integration)	Start-up and early-stage companies in the Internet field
February 2012	Mahindra Satyam (Comprehensive IT services provider of a major business group based in India)	Promising IT companies around the world
May 2012	FMO (Netherlands Development Finance Company)	Financial sector of emerging Asian countries

Japan, and will operate the online used car auction business that provides a market place to connect trade-in firms and dealers of used cars via the Internet in China, where the automobile market is significantly expanding. As such, the SBI Group is working on creating new value, by supporting investee companies in developing overseas business through application of its globally established networks in emerging market countries, particularly in Asia.

As part of the value creation strategy, we have been establishing sector funds focused on investments in specific sectors inside and outside of Japan. The advantage is that, in the case of a joint-venture fund set up with an IT company partner to invest in the IT sector, the partner company can become the purchaser of promising IT investee companies, thus allowing rapid exits unconstrained by the IPO lock-up period. Since April 2011, we have agreed to establish sector funds with China's Shanghai Yidian

Holding (Group) Company, India's Mahindra Satyam, our domestic investee KLab Inc., and the Netherlands Development Finance Company.

With regard to IPOs of Group companies and domestic investee companies, we also intend to aggressively leverage the Asian markets for the furtherance of each company's overseas business development. For FY2012, we are planning to list a number of domestic investee companies on the overseas markets, including Auto Server Co., Ltd., which is endeavoring to obtain approval for listing on the Taiwan GTSM Market within FY2012, and AXES Holdings Co., Ltd. (currently SBI AXES Co., Ltd.), a domestic provider of online settlement services for e-commerce, which obtained approval for listing on the Korea Exchange and is planning to be listed on the KOSDAQ Market in Korea within 2012.



Takashi Nakagawa
Representative Director and
COO of SBI Investment Co., Ltd.

Creating and Incubating Companies as a “New Industry Creator”

Under the management philosophy of becoming a leading company in the creation and incubation of core industries of the 21st century as a “new industry creator,” SBI Investment is focusing on investments in private equities in the next generation core industries, such as IT and biotechnology, and we are expanding our investment range into areas including media, image, and environment-related sectors. We are also working to increase the corporate value of the investee companies, by providing them with not only risk capital, but also comprehensive support, including assistance in sales, establishment of a framework for strengthening corporate governance, and dispatch of

personnel to their Board of Directors. We have established a steady record of achievement through our investment activities, and a good example of this was the listing of KLab Inc., a portfolio company of funds managed by SBI Investment, on the Mothers Market of the Tokyo Stock Exchange in September 2011.

Following the SBI Group's value creation strategy, SBI Investment actively supports investee companies in developing their overseas business, as well as their listing on the overseas markets.

As a venture capital firm capable of taking a full hands-on approach, SBI Investment will continue to invest strategically in private equities, in order to cultivate the industries of the next generation.

Brokerage & Investment Banking Business

SBI SECURITIES, with its firm commitment to the customer-centric principle, has continued to provide the “industry’s lowest level of commission rates and highest level of quality service.” With outstanding market share in the domestic stock brokerage business, the number of customer accounts has continued to increase. At the same time, the SBI Group is endeavoring to establish a profit structure that does not depend solely on stock brokerage commissions. We are diversifying our revenue sources by offering various products and services such as investment trusts, foreign bonds and foreign exchange margin (FX) trading.

Principal Companies	Business
SBI SECURITIES Co., Ltd.	Comprehensive online securities company
SBI Liquidity Market Co., Ltd.	Provides market infrastructure for FX margin trading
SBI Japannext Co., Ltd.	Operation of PTS (proprietary trading system)

Financial Results of FY2011

The Brokerage & Investment Banking Business is engaged in the brokerage of securities transactions, the underwriting and offering of IPOs, and the placement and distribution of securities. For FY2011, the business recorded net sales of ¥43.8 billion, down 8.5% year-on-year, and operating income of ¥3.6 billion, down 41.1% year-on-year. These results were primarily due to SBI SECURITIES and SBI Liquidity Market.

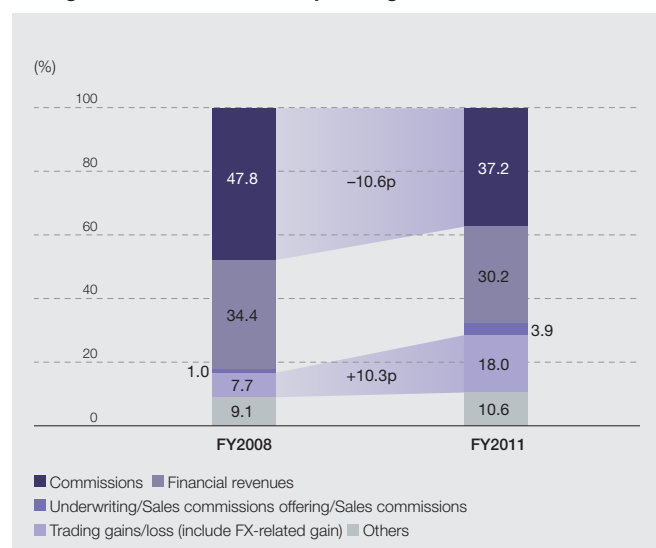
SBI SECURITIES’ Ongoing Success in Diversifying Revenue Sources

Individual stock brokerage trading value in the domestic market is

declining year-by-year since the Lehman Shock, and the cumulative value for FY2011 was down 14.4% from the previous fiscal year. Despite these difficult business conditions, operating revenue at SBI SECURITIES was down only 9.8% to ¥39.7 billion, owing to our ongoing revenue source diversification through an enhanced lineup of products other than domestic equities, such as FX, investment trusts and foreign bonds. Compared to FY2008, the ratio of SBI SECURITIES’ operating revenue accounted for by commission revenues declined from 47.8% to 37.2%, while diversification of revenue progressed steadily, for example, with an increase in net trading income including FX-related revenues.

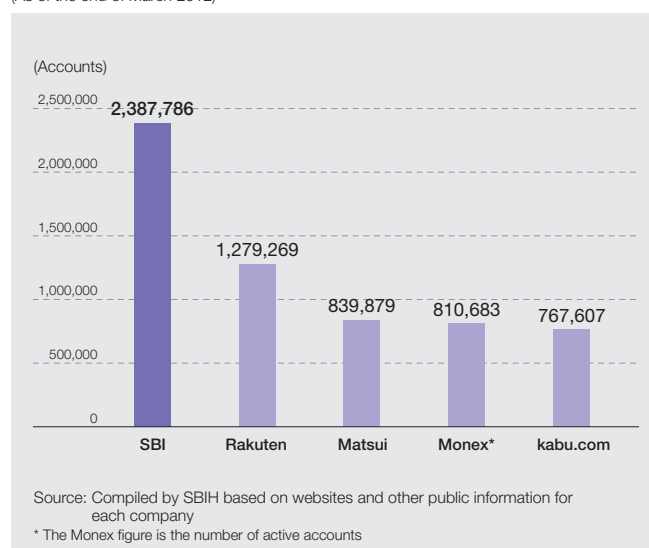
In our pursuit of further revenue diversification, we are

Change in SBI SECURITIES’ operating revenue structure



Customer Accounts of Five Major Online Securities Companies

(As of the end of March 2012)



expanding our brokerage service to offer stock of companies in emerging markets, with the objective of offering opportunities to invest in countries where high economic growth is anticipated. In addition to the U.S., Chinese, South Korean and Russian stocks that we already offer, we started offering Vietnamese stocks in November 2011 and Indonesian stocks in April 2012.

Solid Market Share Supported by Dominant Customer Base

SBI SECURITIES continues to enjoy a customer base far surpassing that of its competitors in the online brokerage business, with 2,387,786 accounts and ¥4,757.4 billion in customers' deposit assets, as of the end of March 2012. Regarding the overall individual stock brokerage trading value held by the five major online securities companies in FY2011, the total share for all five companies stood at 70.4%, and SBI SECURITIES alone held 33.4%. Also, the total market share of the retail margin trading value for the five major online securities companies stood at 74.6%, with SBI SECURITIES holding 35.0%. These figures represent SBI SECURITIES' continued dominance of the business, as compared to its competitors.

Whereas the online securities brokerage firms handle an overwhelming share of the flow of stock trades, there is much space left for their expansion of market share in terms of deposit assets. Assets of customer accounts of the major five online securities

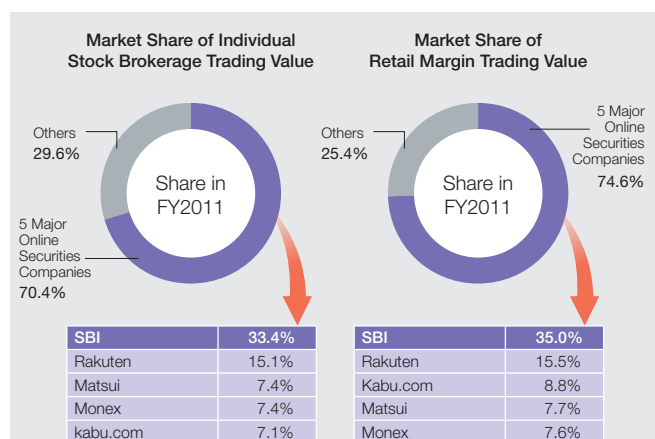
companies totaled ¥11.1 trillion, as of the end of March 2012, but this represents a mere 17.9% of the total shares held by individuals in Japan. However, online securities companies are now well-placed to increase their share of individual stock holdings in Japan, thereby further broadening the presence of online trading in the securities industry.

Pursuing Further Customer Satisfaction

Guided by the SBI Group's fundamental customer-centric principle, SBI SECURITIES has continued to endeavor to provide attractive products, services and commission structures. As a result, we have earned the support of many customers who form our current customer base. Proof of this is our sixth consecutive No. 1 ranking in the 2011 "Oricon Customer Satisfaction Ranking," in the comprehensive category for online securities. In addition, SBI SECURITIES' call center operations were awarded 3 Stars, the highest rating in Japan, for the second consecutive year in the 2011 "Call-center Customer Satisfaction Ratings" for the securities industry, conducted by the Help Desk Institute (HDI), the world's largest rating agency in the support services sector. This result reflects the high-quality of telephone responses at SBI SECURITIES' call centers.

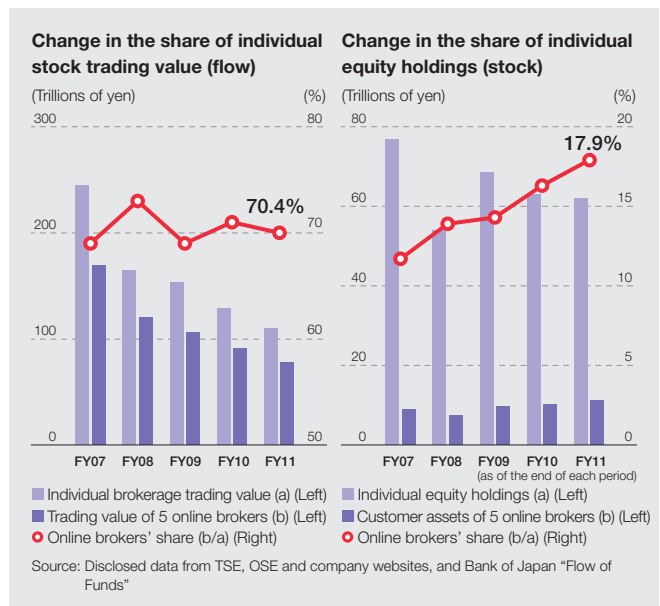
Going forward, we will further focus on providing customers with optimal services based on the customer-centric principle.

Comparison of Market Share of the Individual Stock Brokerage Trading Value and Retail Margin Trading Value for the Major Online Securities Companies (FY2011)



Source: Based on TSE, JASDAQ and company materials
 * Individual brokerage trading value and retail margin trading value are the sum of trades on the three major exchanges and JASDAQ
 * Figures for SBI SECURITIES only include trades done via the Internet

Online Brokers' Share of Retail Stock Trading Market



Source: Disclosed data from TSE, OSE and company websites, and Bank of Japan "Flow of Funds"

Steady Growth in Trading Value at SBI Liquidity Market and Establishment of Pure-play FX Trade Company SBI FXTRADE

SBI Liquidity Market, which started operations in November 2008, provides market infrastructure for foreign exchange margin (FX) trading. With 25 major domestic and foreign financial institutions (as of the end of June 2012) as counterparties, SBI Liquidity Market offers a stable and competitive FX trading environment for customers of SBI SECURITIES and SBI Sumishin Net Bank. By utilizing SBI Liquidity Market, SBI SECURITIES has enjoyed a high level of FX trading value, in spite of the tightened leverage regulations that were phased in from 2010 to 2011. While the cumulative trading value of overall domestic over-the-counter FX transactions declined 12.7% year-on-year in FY2011, cumulative FX trading value at SBI SECURITIES climbed by 27.7%. In FY2011, SBI Liquidity Market's contribution to our consolidated operating income amounted to ¥7.0 billion, including trading gains at SBI SECURITIES. The company continues to make a major contribution to the Group's performance.

Thus, SBI Liquidity Market continues to expand steadily. However, when considering the over-the-counter FX trading market as a whole, the company's share remains at just 5.6%

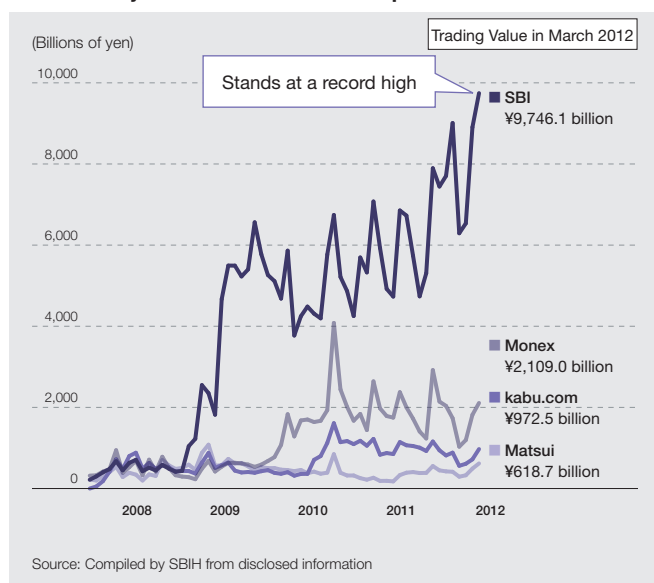
(FY2011), and we believe there is still plenty of room for growth. Therefore, the SBI Group established SBI FXTRADE as a new pure-play FX trade company, which commenced operations in May 2012. SBI FXTRADE is seeking to attract a new customer base, particularly the younger generation of investors who manage their assets chiefly through FX trading. An influx of new customers not only means growth in trading value at SBI Liquidity Market, a covering transaction partner, but may also have beneficial effects through further increases in liquidity for customers of SBI SECURITIES and SBI Sumishin Net Bank, which are connected to SBI Liquidity Market.

Japannext PTS Grows to Second Largest Market in Japan

Japannext PTS, operated by SBI Japannext, through its highly accessible proprietary trading system (PTS), provides a Japanese stock trading platform.

Trading volume on Japannext PTS is growing rapidly. In FY2011, total trading volume soared to ¥7,060.9 billion, up 193.9% from the previous fiscal year. In December 2011, trading value rose beyond 3% (4.0% as of June 2012) of that on the First Section of the Tokyo Stock Exchange, and exceeding the volumes

Foreign Exchange Margin Trading Value of the Four Major Online Securities Companies



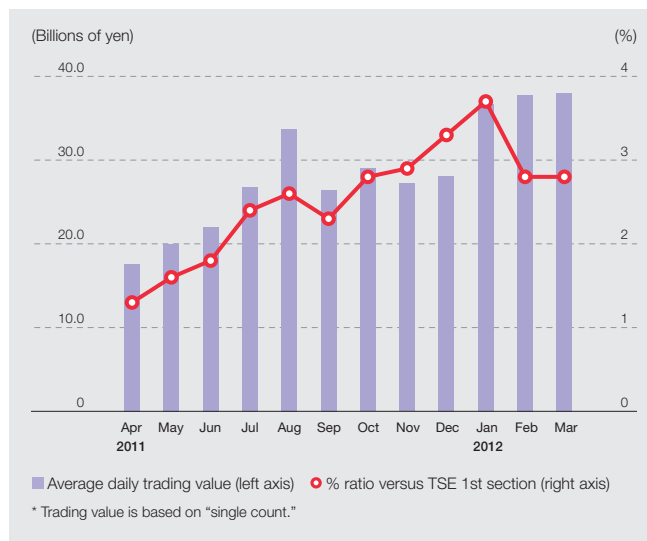
Acquisition of Targeted SBI FXTRADE Customers will Improve SBI Liquidity Market's Liquidity



on the First and Second Sections of the Osaka Securities Exchange, becoming Japan's second-largest market after Tokyo Stock Exchange. Along with the increase in trading volume, financial results of SBI Japannext have improved significantly. The operating loss for FY2011 decreased by ¥0.8 billion year-on-year to ¥0.3 billion, and the company achieved a monthly operating profit in May 2012 and is expected to be in the black for the full year in FY2012.

As of the end of June 2012, 19 securities companies were participating in the Japannext PTS platform and 2 more companies are scheduled to join in the near future. Furthermore, Japannext PTS is planning to introduce a new trading system in September 2012, so that it can switch to the world's fastest matching engine, which will improve the order response time from the current average of roughly 1 millisecond to the micro-second range.

Change in Average Daily Trading Value of Japannext PTS



Yasutaro Sawada
Representative Director and
President of SBI SECURITIES
Co., Ltd.

Pursuing Services that are Truly Needed, Rather than Remaining Content as an Industry Leader

Since starting its Internet trading services in 1999, under the corporate mission of adherence to the customer-centric principle, SBI SECURITIES has achieved the top position in the online securities industry in terms of the number of accounts, customers' deposit assets, and stock-brokerage trading value. However, we will not be content to rest on our achievements to date, but rather will continue to pursue truly needed services.

Online securities brokerage services have traditionally been used primarily for stock transactions. However, looking ahead, I believe that using them for "savings-based investments," with a view to the long term, is likely to become more accepted. SBI SECURITIES is therefore focusing its efforts on savings-based products such as

investment trusts. As part of such efforts, we have launched the "Jibun Nenkin" project, which translates as "my own pension" and refers to savings plans for one's own future pension payments. Specifically, we propose savings through monthly investments in mutual funds, in addition to offering mutual funds created exclusively for "Jibun Nenkin."

SBI SECURITIES also handles foreign stocks, with a focus on the emerging markets, in response to the global investment needs of individual investors. At the same time, we are broadening our partnerships with overseas securities companies by promoting the transference of our online securities trading system to these emerging economies.

Financial Services Business

In the Financial Services Business, the SBI Group is broadly expanding its lineup of Internet financial services to build a revenue base that is not dependent solely on the stock markets. By developing our Internet banking and Internet nonlife insurance businesses at an early stage as pillars of new businesses, and fully leveraging the synergistic effects amongst the SBI Group companies, we are endeavoring to increase earnings from these businesses to develop a stable revenue source.

Principal Companies	Business
SBI Holdings, Inc. (Financial Services Business Division)	Operating financial comparison websites for insurance, loans and other financial products
Morningstar Japan K.K. JASDAQ (Code: 4765)	Providing financial information, primarily rating information on investment trusts
SBI Sumishin Net Bank, Ltd.	Internet bank jointly owned with The Sumitomo Trust & Banking Co., Ltd.
SBI Insurance Co., Ltd.	Internet nonlife insurer jointly owned with Aioi Nissay Dowa Insurance Co., Ltd., etc.

Financial Results of FY2011

The Financial Services Business consists of the marketplace business, the financial products business, the financial solutions business, as well as Morningstar Japan, SBI Insurance and other businesses. The marketplace business includes the operation of various websites, centering on loan and insurance comparison sites. The financial products business includes the provision of various financial services, and the financial solutions business includes the electronic settlement services for e-commerce firms.

At SBI Insurance, one of the core companies of the Financial Services Business, net sales grew as a result of an increase in the number of automobile insurance contracts. However, this was accompanied by an increase in the provision of policy reserve, resulting in an operating loss that reached ¥3.5 billion. Consequently, the Financial Services Business reported net sales of ¥43.4 billion for FY2011, up 42.0% from the previous year, and an operating loss of ¥2.6 billion.

Continued Earnings Contribution of the Marketplace Business (SBIH)

In the marketplace business, SBI Holdings operates Japan's largest financial comparison websites such as "InsWeb" and "E-LOAN." As the trend towards low-cost online services continues unabated in line with the increasing consumer propensity to save, the number of transactions for auto insurance estimates, loan applications and requests for materials at these websites totaled 874,000 for FY2011. As a result, the marketplace business recorded net sales of ¥5.2 billion for FY2011, continuing its contribution to overall performance.

Significant Increase in Profits Achieved at Morningstar Japan

Although net sales at Morningstar Japan were down 5.4% year-on-year, mainly due to a reduction in the number of *The Kabushiki Shimbun* published, the company achieved significant increases in all profit categories, with record high operating income and ordinary income. This primarily reflects growth in highly profitable services such as fund data and media solutions. In addition, the delisting and subsequent merger of Gomez Consulting allowed major reductions in listing-related and other costs.

Performance of Morningstar Japan

	FY2010	FY2011	YoY % change
Net Sales	2,326	2,199	-5.4
Operating Income	459	595	+29.5
Ordinary Income	569	701	+23.1
Net Income	305	382	+25.2

(Millions of yen, %)

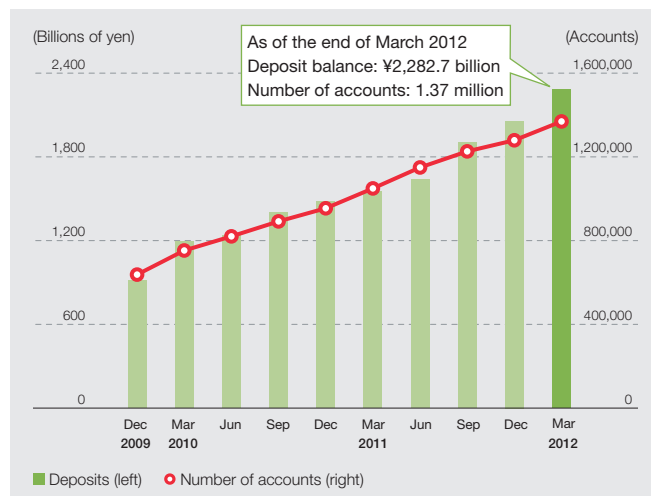
Continued Rapid Growth at SBI Sumishin Net Bank

SBI Sumishin Net Bank, an equity-method affiliate, has won the support of a broad range of customers by offering highly convenient banking services via the Internet, with the number of customer accounts surpassing 1.36 million in March 2012. In terms of deposit balance, the Bank became the top pure-play Internet bank in September 2011, with the balance exceeding ¥2.28 trillion in March 2012, and continues to grow steadily. The balance of

foreign currency deposits accounted for ¥104.9 billion of this amount, as it rose steadily on the back of recent trends in the foreign exchange market. Moreover, in March 2012, the cumulative total of housing loans surpassed the ¥1 trillion mark, faster than any other pure-play Internet bank, as the customer base continues to steadily increase.

Diversification of its fund management capabilities is also progressing steadily. With respect to Internet loans, SBI Sumishin Net Bank has enhanced the appeal of its products, for example, offering cash back of up to two months of total interest to customers who take out a loan. As a result, the balance grew by a factor of 1.9 in the space of a year, reaching ¥37.5 billion as of the end of March 2012. Auto loans grew by a factor of 2.3 within the year, resulting in a cumulative total of ¥87.0 billion as of the end of March 2012.

SBI Sumishin Net Bank Change in Deposits and the Number of Accounts



Katsuya Kawashima
Representative Director and
President of SBI Sumishin Net
Bank, Ltd.

Seeking to Offer Enhanced Convenience and Appealing Services by Making the “Customer-centric Principle” the Starting Point for Conducting Business

Since the start of its operations in September 2007, SBI Sumishin Net Bank has been working to offer an “Internet full-banking business that provides easier-to-use and more competitive products and services than any of our competitors, 24 hours a day and 365 days a year.” As of the end of March 2012, approximately four and a half years after the launch of its business, SBI Sumishin Net Bank recorded a deposit balance of ¥2,282.7 billion, the largest among the pure-play Internet banks. We consider this to be a result of the strong reputation earned among customers by our various services and products, including the “SBI Hybrid Deposits,” which combine the convenience of fund settlement for securities transactions and high interest rates.

Among major initiatives of FY2011, we began accepting housing loan applications as a banking agency for Sumitomo Mitsui Trust Bank in January 2012. This grew out of an increasing need to diversify our assets under management, from the standpoint of improving the security and long- and short-term balance of our portfolio as a bank, given that housing loans accounted for approximately 90% of total loans at SBI Sumishin Net Bank. By switching our web-based housing loans to a product provided as a banking agency of

Sumitomo Mitsui Trust Bank, the only housing loans directly processed by SBI Sumishin Net Bank are via affiliated real estate businesses. In this way, we believe we can gradually reduce the ratio of assets under management accounted for by housing loan claims.

Other initiatives include the release of an application allowing bank transfers and balance inquiries on smartphones. Recognizing that responding to the rapid spread of smartphones is an important challenge, we will continue our efforts to improve the convenience of services by pressing ahead with an enhancement of functions that will permit a variety of transactions to be conducted via smartphones as well.

We have completed the 5th fiscal year since the launch of operations at SBI Sumishin Net Bank, and are on target for continued growth, as we steadily implement the management plan formulated at the time of establishment, fulfilling some aspects ahead of schedule. Going forward, we will continue to make maximal use of the convenience of the Internet in our efforts to provide appealing services, while making the customer-centric principle our starting point for conducting business.

As a consequence of the expanding customer base and favorable results in both deposits and lending, the Bank posted a 19.2% year-on-year increase in consolidated ordinary income to ¥34.6 billion, a 58.1% leap in ordinary profit to ¥5.8 billion, and a 45.4% increase in net income to ¥5.2 billion for FY2011. With regard to the consolidated performance of SBI Holdings, SBI Sumishin Net Bank's contribution to ordinary income, on the basis of the equity-method, amounted to ¥2.6 billion. The Bank has achieved the initial target set at the start of its operations, of its dissolution of accumulated losses by the 5th fiscal year, and is expected to maintain its continued trend of increasing profits.

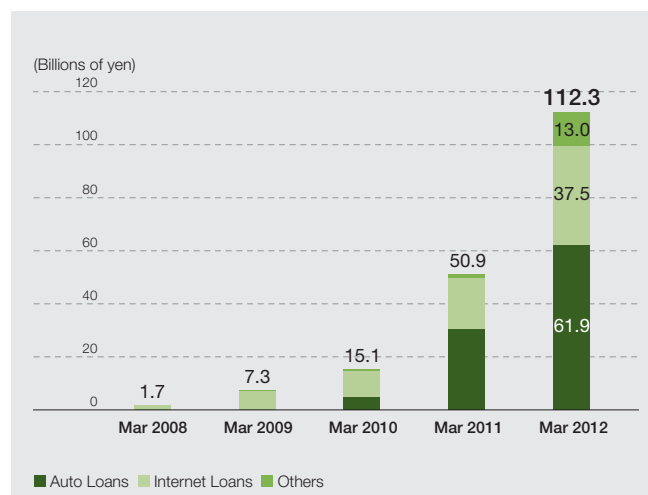
Growing Number of Contracts at SBI Insurance

At SBI Insurance, the number of automobile insurance contracts that are switching from large and middle-sized insurance companies is growing. This is leading to a steady increase in gross direct premiums, as well as in the number of insurance contracts. The number of automobile insurance contracts sustained a high rate of growth, climbing 41.1% year-on-year to reach approximately 392,000 contracts by the end of March 2012, for a compound annual growth rate (CAGR) of 110.1% from the end of March 2009 to the end of March 2012. In addition, gross direct premiums jumped 45.8% year-on-year to approximately ¥14.6 billion for FY2011.

A net loss of approximately ¥5.4 billion was recorded for FY2011, reflecting roughly ¥7.0 billion recorded as provision of policy reserve. The nature of the insurance business is characterized by a start-up period of rapid year-on-year growth in insurance premium income, during which the burden of policy reserve grows, causing an increase in accounting loss. Policy reserve is a reserve that is required to be set aside for a certain period as a source of payment for insurance claims, and increases in proportion to the amount of insurance premium income. In FY 2011 in particular, the policy reserve grew considerably, owing to the increased number of insurance contracts and the step-up in the termination of the reinsurance agreement that was carried out to move into the next phase of the revised business plan, toward early profitability. The policy reserve is reported as debt, and is not an expense that is cashed out in total. Operating cash inflow for the fiscal year was approximately ¥1.4 billion, achieving profitability for the first time since the company's founding.

The reinsurance agreement and outsourcing agreement with Aioi Nissay Dowa Insurance were terminated in order to turn a profit promptly and to increase future profits. Initially, SBI Insurance entered the reinsurance agreement with the main goal of offsetting the underwriting risk and reducing the financial burden during the start-up period. However, as the number of contracts increased,

Consumer Loan Balance



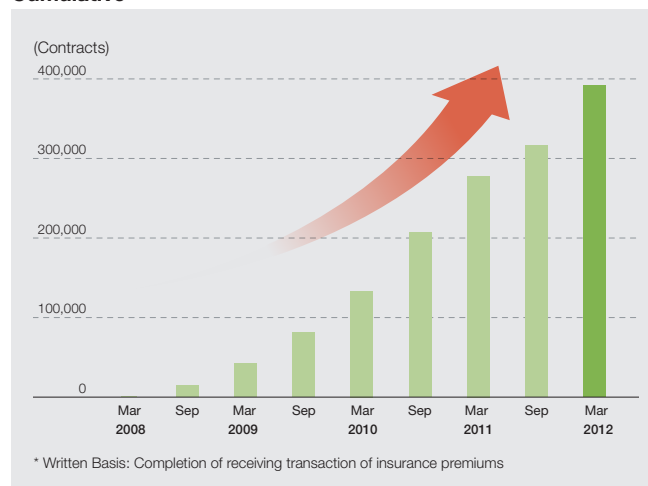
Pure-play Internet Banks' Financial Results for FY2011

Billions of yen; parenthesis figures are year-on-year % change. The number of accounts is in thousands.

	Deposit Amount	Balance of Loans	Number of Accounts	Ordinary Profit
SBI Sumishin Net Bank (Launched in September 2007)	2,282.7	954.0	1,369	5.8 (+59.2)
Sony Bank (Launched in June 2001)	1,762.2	835.5	890	4.0 (+19.4)
Daiwa Next Bank (Launched in May 2011)	1,432.8	31.6	486	-0.4 (-)
Rakuten Bank (Launched in July 2001)	758.3	164.1	3,980	6.6 (+180.9)
Japan Net Bank (Launched in October 2000)	494.4	26.9	2,345	2.2 (+9.1)
Jibun Bank (Launched in July 2008)	349.7	15.4	1,365	-4.9 (-)

* Non-consolidated results. The number of accounts is as of the end of Mar. 2012. Amounts are rounded down to the nearest 100 million yen or thousand accounts.

Change in the Number of Insurance Contracts (Written Basis*)/ Cumulative



* Written Basis: Completion of receiving transaction of insurance premiums

SBI Insurance was able to undertake the risk of underwriting insurance on its own, and so new purchases of reinsurance were terminated on March 31, 2011. Consequently, gross profit is expected to grow as a result. The outsourcing agreement was terminated in FY2011, and the call center and other operations were brought in-house. Under the outsourcing agreement, SBI Insurance had paid the amount of insurance premium income multiplied by a fixed ratio as an agent service fee. By terminating the agreement and bringing operations in-house, it will be better positioned to cope with the increase in operating costs associated with the growth in the number of contracts.

SBI Insurance enjoys an extremely high reputation among customers, as it has been ranked No. 1 across multiple fields on customer satisfaction surveys carried out by various media outlets. For example, SBI Insurance ranked No. 1 in the FY2011 "Oricon Customer Satisfaction Ranking" in the "Auto Insurance Premiums" category for the third consecutive year, and also ranked No. 1 overall in the Rakuten Insurance "Auto Insurance Customer Satisfaction for Accident Response Ranking FY2011." These results demonstrate that our efforts to improve customer satisfaction have borne fruit.

Reduction of Operating Deficits at SBI Card

The operating loss at SBI Card for FY2011 was ¥2.7 billion, recording an improvement of ¥0.8 billion from the previous fiscal year's ¥3.5 billion. This is due to its cost-cutting measures, including the consolidation of operation centers and the reduction of promotions.

SBI Card split off the consumer credit business of the former Equal Credit through a corporate divestiture as of July 1, 2012, and will be dedicated to the credit card business. Going forward, we will continue to review the business, and endeavor to increase the amount used per person by offering cards with superior rewards and convenience, as we seek to achieve profitability at an early date.



Hiroyoshi Kido
Representative Director and
President of SBI Insurance Co., Ltd.

As "A Nonlife Insurance Industry Innovator"

Since its founding in January 2008, SBI Insurance has offered its customers automobile insurance at affordable premiums, through a thorough implementation of low cost operations that make maximal use of the Internet, based on the know-how and experience accumulated by the SBI Group in the online financial services business. Under the management policy of "winning customer trust," we have made concerted efforts to improve quality, with respect to services such as our arrangements for accident support. As a result, we have achieved remarkable growth in both the number of insurance contracts and insurance premium income.

With the implementation of operational reforms, such as the termination of the reinsurance agreement with Aioi Nissay Dowa Insurance, and bringing the call center operations in-house, we have laid the cornerstone for future profits in FY2011. Furthermore, we will pursue an even greater expansion of the business by diversifying the earnings structure through the development of products to suit customers' lifestyles, needs, and diversification of risk, while utilizing sales channels other than the Internet.

As a nonlife insurance industry innovator, we will continue to seek out groundbreaking services, in order to contribute to society through the nonlife insurance business.

Housing and Real Estate Business

The Housing and Real Estate Business encompasses the development and sale of properties for investment purposes, in addition to the provision of real estate-related financial services, including lending and agency services for housing loans and real estate secured loans, and the operation of websites offering a variety of lifestyle-related information and services.

Principal Companies	Business
SBI Holdings, Inc. (Real Estate Business Division)	Mainly real estate investments and development projects in Japan and overseas markets
SBI Mortgage Co., Ltd. <small>KOSPI of KRX (Code: 950100)</small>	Provision of long-term fixed-interest (to be securitized) housing loans
SBI Life Living, Inc. <small>Mothers Market of TSE (Code: 8998)</small>	Development, planning, design and sales of income-producing properties for investors/Operations of lifestyle comparison websites
CEM Corporation	Provision of real estate secured loans for individuals and companies

Financial Results of FY2011

The Housing and Real Estate Business consists of three businesses: the real estate business, the financial real estate business and the lifestyle networks business. In FY2011, net sales declined 4.3% year-on-year to ¥22.5 billion, while operating income rose 0.4% year-on-year to ¥3.4 billion, of which SBI Mortgage accounted for ¥2.6 billion. These results reflect segment growth supported by the strong performance in the lifestyle networks business, despite the impact of the Great East Japan Earthquake and other factors.

Performance of Publicly Owned Subsidiaries for FY2011

Millions of yen. Figures in parentheses are year-on-year % change

	Net Sales	Operating Income	Ordinary Income	Net Income
SBI Mortgage	9,522 (-0.4)	2,587 (-11.0)	2,615 (-11.1)	1,465 (-26.9)
SBI Life Living	5,677 (-12.1)	744 (+15.3)	646 (+25.0)	644 (+66.4)

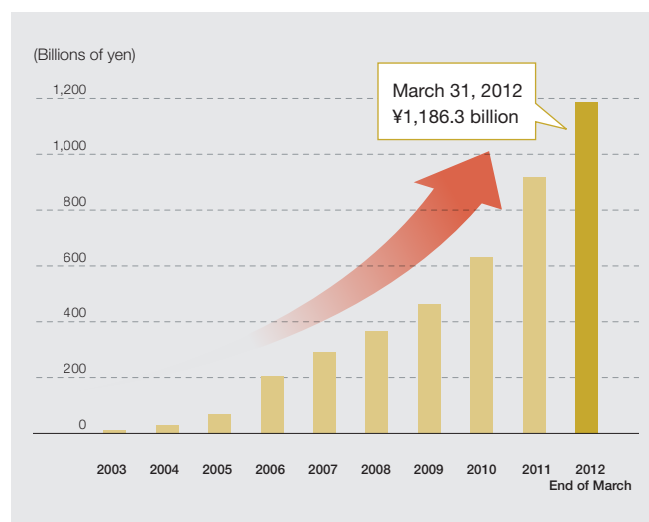
Real Estate Business (SBIH, SBI Life Living and Others)

The Real Estate Business, which involves the development and sale of real estate, etc., recorded net sales for FY2011 of ¥9.7 billion, down 6.1% from the previous fiscal year. This was primarily due to a slowdown in the construction related business (building contract) at SBI Life Living. As of the end of March 2012, real estate inventories held by the SBI Group had decreased by ¥5.1 billion year-on-year to ¥11.7 billion. This breaks down to ¥3.9 billion in real estate for sale, ¥6.4 billion in real estate for sale in progress, and ¥1.4 billion in real estate for development. Going forward, we will sell our real estate holdings incrementally, while closely monitoring trends in the market.

Financial Real Estate Business (SBI Mortgage, CEM Corporation)

SBI Mortgage offers its "Flat 35" long-term, fixed-rate housing loans in cooperation with the Japan Housing Finance Agency. Despite a significant drop in the numbers of new housing loans in the immediate aftermath of the earthquake, steady recovery has been shown in each quarter, and SBI Mortgage extended new housing loans totaling ¥369.3 billion for the full year in FY2011, up 5.6% from the previous fiscal year. SBI Mortgage ranked No. 1 in terms of the number of housing loans issued, accounting for a 13.1% share of loans extended by the 336 financial institutions participating in the "Flat 35" scheme. The balance of loans extended by the company amounted to ¥1,186.3 billion at the end of March 2012. In addition, in April 2012, SBI Mortgage became the first Japanese company to list on the KOSPI Market of the Korea Exchange.

Balance of Housing Loans at SBI Mortgage



Lifestyle Networks Business (SBIH, SBI Life Living and Others)

The Lifestyle Networks Business includes the operation of an intermediary website for a wide range of lifestyle-related products and services, as well as the operation of a website providing comparison, search and estimation services. Sales in the business grew 11.0% year-on-year to ¥1.7 billion. We had concerns that the Ticket Ryutsu Center (“Ticket Distribution Center”), operated by SBI Life Living would be temporarily affected by cancellations and postponements of entertainment events due to the impact of the Great East Japan Earthquake. However, there was a rapid recovery beginning in August, and the company’s Internet media business recorded the highest earnings on a single-month basis in December 2011, resulting in a major boost to overall performance at the company.



Ticket Ryutsu Center (“Ticket Distribution Center”)



Noriaki Maruyama
Representative Director, President,
CEO and COO of SBI Mortgage
Co., Ltd.

Listing on the KOSPI Market of the Korea Exchange Developing the Business with a View to Making Inroads in Korea

“With variable-rate housing loans accounting for the majority of loans, Japan’s housing loan market is unbalanced. We want to make it sound.” With that guiding thought, SBI Mortgage launched operations in May 2001 as Japan’s first mortgage bank, a financial institution specializing in housing loans using securitization as a financing instrument. Marking the 10th anniversary of its founding in May 2011, SBI Mortgage has continued to provide long-term fixed-rate housing loans at the industry’s lowest interest rates, including its mainstay product “Flat 35,” offered in collaboration with the Japan Housing Finance Agency. The company enjoys the support of many customers, reflected in its housing loan balance that reached ¥1,186.3 billion as of the end of March 2012.

Since the launch of our franchise face-to-face shops in 2007, we have rapidly expanded our face-to-face retail sales channels, with the number of shops reaching 119 at the end of March 2012.

Going forward, SBI Mortgage will continue to develop and provide suitable products for customers. In that view, in July 2012, SBI Mortgage became the first company in Japan to offer the “Flat 35” Reform Pack, thereby entering the renovation loan business, following the national vision for improving the quality of existing houses.

Furthermore, in April 2012, SBI Mortgage became the first Japanese company to list on the KOSPI Market of the Korea Exchange, which corresponds to the First Section of the Tokyo Stock Exchange. Utilizing the experience that we gained by cultivating a market from scratch as Japan’s first “mortgage bank,” we will establish the first “mortgage bank” in Korea as well, and seek to develop the business in this new frontier.

We will endeavor to create even more innovative services and businesses, while adhering to the customer-centric principle, as we continue to take on challenges.