

New Growth

The Overseas Business Has Entered a New Growth Stage

The SBI Group pursues globalization as it transitions into the “World’s SBI”

Through the establishment of joint venture funds in collaboration with prominent overseas financial groups, government-affiliated investment institutions and the investment arms of universities, the SBI Group has nearly completed the building of a global investment structure covering widespread regions, with a principal focus on emerging countries. We will now transition from the first phase of overseas business development, the establishment of funds through joint investments with these overseas local partners, to the second phase, the establishment of large funds through the recruitment of outside investors.

To accomplish this, we will strengthen the framework to recruit outside investors for new funds by assigning fund solicitation specialists to each overseas business site, and in Japan by taking full advantage of the domestic corporate network established by SBI Investment, SBI SECURITIES, and SBI MONEY PLAZA.

Through these initiatives, we will build an investment structure that can cope with the recovery and anticipated further growth of markets around the world.

Redoubling efforts to expand the financial services business overseas

The SBI Group is proceeding with the overseas expansion of the Financial Services Business through investments in overseas financial institutions. As of June 30, 2013, the Group held an 89.4% stake in Hyundai Swiss Savings Bank of South Korea, a 50.0% stake in YAR Bank of Russia (formerly Obibank), and a 19.9% stake in Tien Phong Bank of Vietnam. In addition, upon approval from the financial authorities in Cambodia we plan to increase our current 47.6% stake in Phnom Penh Commercial Bank to an approximate 90% stake.

As for securities companies, the Group holds an 81.6% stake in SBI Royal Securities, the only Japanese-affiliated full-line securities company in Cambodia, established through the merger of a securities subsidiary of the Royal Group of Cambodia and a local subsidiary of SBI Holdings. The Group also owns a 25.0% stake in BNI Securities, an affiliate of a major Indonesian bank, and a 20.0% stake in FPT Securities of Vietnam.

Additionally, we hold a 3.0% stake in Tianan Insurance, a nonlife insurance company in China.

VOICE



Tan Kian Hwa

SBI VEN CAPITAL (Singapore)

In the SBI Group’s overseas investment division, I am involved in business processes from fundraising and discovery of excellent Asia-focused investment opportunities, to post-investment development and divestment. I have the opportunity to interact with different business owners and intermediaries, and understand a variety of business models. The job is extremely challenging as it demands many skill sets, such as leveraging different contacts, assimilating diverse perspectives, and most importantly, intuition and judgment calls. Each day is an exciting day!

Since we are also responsible for expanding the Group’s ecosystems outside of Japan, I am also working on a few key strategic initiatives. One most recent assignment was to expand SBI Pharmaceuticals’ footprint in Indonesia. The key to both PE and a strategic project is the combined wisdom and teamwork that we have in place, to achieve the best outcome.

We will contribute to the enhancement of the corporate value of these investee companies by introducing Internet financial service expertise developed in Japan. For instance, in Russia, where Internet use has achieved critical mass, YAR Bank, a commercial bank affiliated with the METROPOL Group, a leading integrated financial group in Russia, is launching an online banking business. The systems requirement definition has been completed, and development is proceeding steadily in preparation for the start of an offering of

Internet banking services in October 2013.

In addition, the Group has dispatched personnel with experience gained in Japan, to BNI Securities, a subsidiary of Bank Negara Indonesia, the fourth largest national bank in Indonesia, to streamline operations and improve the Internet trading system. Connecting with BNI Securities has made real-time trading in Indonesian stocks at SBI SECURITIES possible since April 2012.

Capital Investment in Overseas Financial Institutions Centered on Asian Region (as of June 30, 2013)



Hyundai Swiss Savings Bank, the largest savings bank in South Korea, becomes a subsidiary

In March 2013, the SBI Group acquired new shares issued by Hyundai Swiss Savings Bank, the largest savings bank in South Korea, and made it a consolidated subsidiary. Whereas the bank has heretofore focused on the expansion of real estate-collateralized loans for businesses and real estate project financing, it will now implement a business strategy shift to reduce bad debt risk through an exhaustive effort to reduce the size of its personal and business loans, as well as to launch an online service. To that end, the SBI Group has already dispatched directors to the bank, is recruiting high-caliber management personnel in South Korea, and has begun to strengthen risk management through strict asset assessment.

Savings banks in South Korea occupy a market position

between commercial banks and consumer finance companies, an attractive market sector in which loans are made at interest rates from 8% to 30%. Accordingly, with the objective of increasing the loan-deposit interest margin and improving earnings, the bank is currently increasing the lending of uncollateralized personal loans at interest rates between 20–30%, while at the same time reducing deposit funding costs (average 4.3%) by lowering interest rates on new time deposits.

Depiction of Hyundai Swiss Savings Bank Group after Absorption through Underwriting Additional Shares (Total amount: approx. ¥20.2 billion)

