



*Strategic  
Business  
Innovator*

*- Daiwa Investment Conference Tokyo 2012 -*

# **SBI Holdings' History Since Its Founding and the Strategy for Continued Future Growth**

**March 7, 2012**

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**Representative Director & CEO**

**SBI Holdings, Inc.**

**The items in this document are provided as information related to the financial results and the business strategy of the SBI Group companies and not as an invitation to invest in the stock or securities issued by each company.**

**None of the Group companies guarantees the completeness of this document in terms of information and future business strategy.**

**The content of this document is subject to revision or cancellation without warning.**

**Note: Fiscal Year (“FY”) ends March 31 of the following year**

**I. 12-Year History of the SBI Group Since Its Foundation**

**II. Business Strategy and Restructuring the Group for the Next 10 Year Period**

# **I. 12-Year History of the SBI Group Since Its Foundation**

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- 1. Completion of the “Financial Ecosystem” and Promotion of the Pentagon Management**
- 2. Acceleration of the Global Business, Focusing on Asia**
- 3. Pursuit of the “Brilliant Cut Initiative” to Shift the Domestic Business from a Scale Expansion to a Quality Improvement Model**

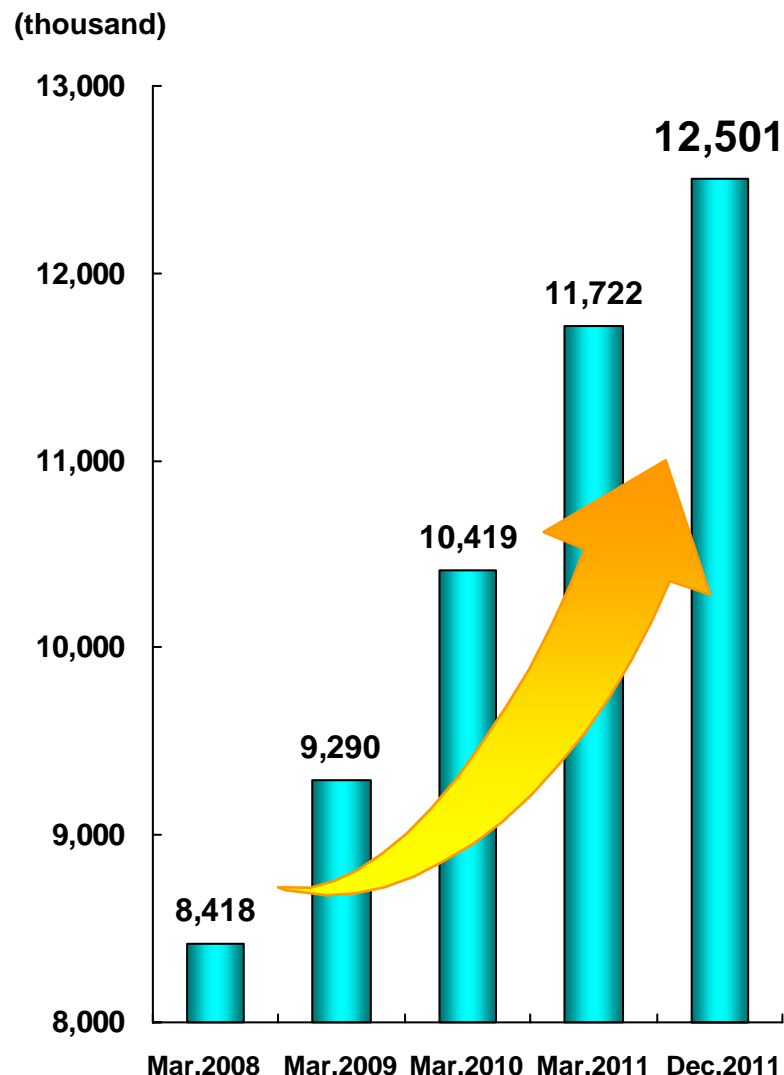
# **1. Completion of the “Financial Ecosystem” and Promotion of the Pentagon Management**

# SBI Holdings Today

	Establishment 1999	End of Dec. 2011
Customer base	0	<b>12.5 million</b>
Officers and employees (cons.)	55	<b>3,124</b>
Operating revenues (cons.)	0	<b>FY2010: JPY 141.1bn</b> Peak time (FY2007): JPY 222.6bn
Consolidated subsidiaries	0	<b>119 companies</b> (Including partnership)
Publicly owned companies	0	<b>7 companies</b> (including SBIH) Peak time: 11 (FY2007)
Capital	JPY 50m	<b>JPY 81.6bn</b>
Net assets	JPY 50m	<b>JPY 459.7bn</b>

# The SBI Group's Customer Base

## Breakdown of the customer base (as of the end of Dec. 2011)



SBI SECURITIES	(Accounts)	2,338
SBIH InsWeb	(No. of customers)	4,333
E-LOAN	(No. of customers)	1,097
Other financial websites	(No. of customers)	22
MoneyLook	(Total no. of customer registrations)	736
Morningstar Japan	(New portfolio customer registrations)	80
SBI Card	(Valid cards issued)	128
SBI Sumishin Net Bank	(Accounts)	1,280
SBI Insurance	(Total no. of contracts )	347
Autoc one	(Total no. of service users in 2010)	800
Lifestyle-related websites	(Total no. of customer registrations)	852
SBI Credit	(No. of customers)	112
Others (SBI Mortgage, SBI Point Union, etc.)		375
<b>Total</b>		<b>12,501</b>

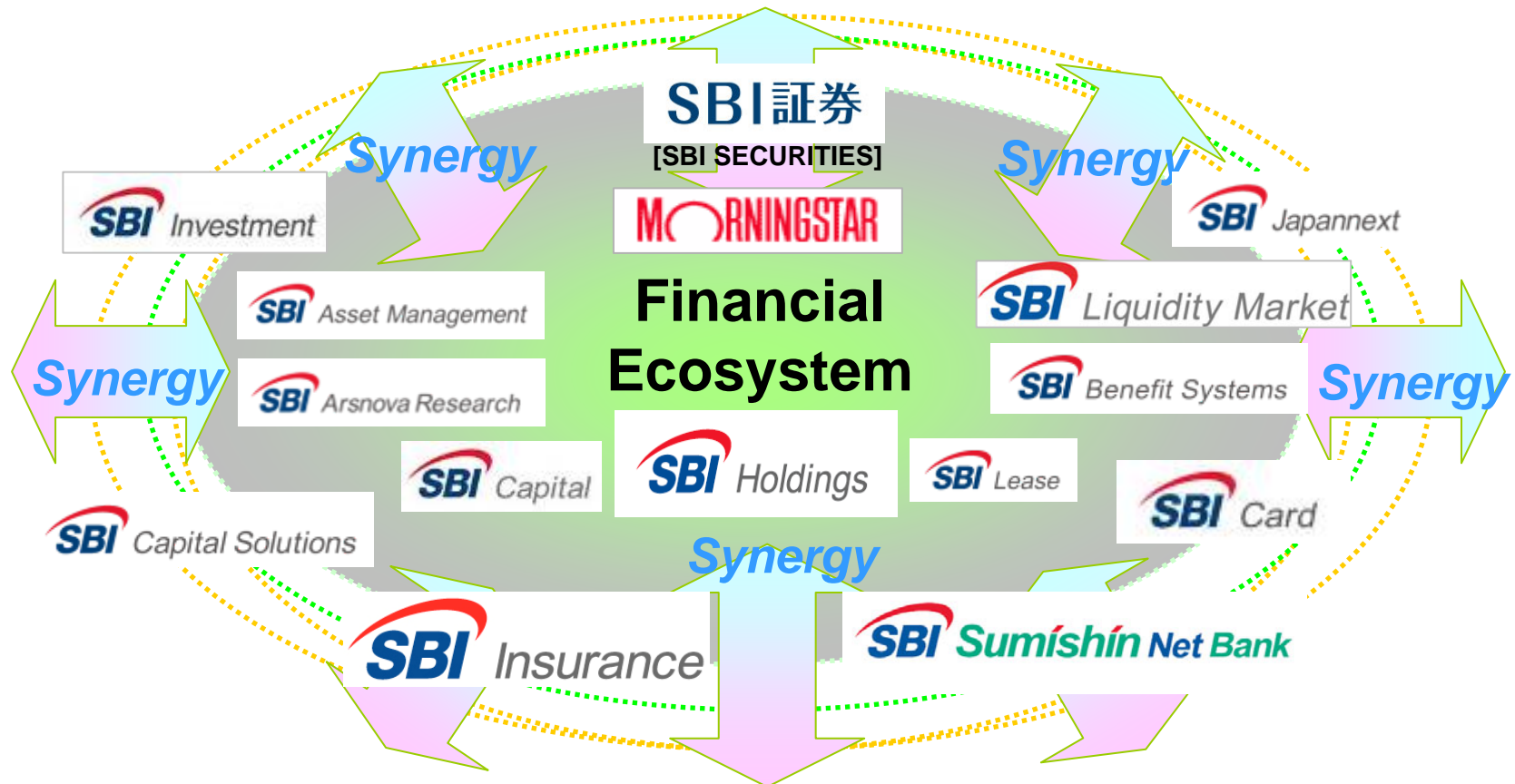
\* Repetition customers between group companies are counted double while it is omitting repetition in each service site when it can be recognized as a unique user.

\* The total number of contract of SBI Insurance excludes continuing contracts, expiring contracts and early-withdrawal

# Completion of the Formation of a Financial Business Ecosystem (in 2008)

Since the establishment of the SBI Group, we have been expanding our financial ecosystem by forming a variety of joint ventures with leading companies in the financial industry

➡ **A globally unique Internet-based financial conglomerate that realizes one-stop services is established**





# **Pentagon Management of Financial Services (1)**

(Set in March 2010)



**As an "Internet-based Financial Conglomerate," unlike a traditional conglomerate, a conglomerate management style is deployed that is based on the formulation of an order within the Group that pursues a materially accelerated growth in the expansion of the business of the Group as a whole.**

- 1. Our financial ecosystem consists of five core businesses among our financial services: securities, banking, non-life Insurance, life Insurance and settlement services.**
- 2. Create synergies by mutually linking core businesses to effect exponential growth for the entire Group.**
- 3. Focusing on each core business, we will place affiliated companies and businesses that possess core business support functions, and aggressively pursue synergistic effects with each core business, in order to differentiate ourselves from our competitors, thereby promoting exponential growth in each core business.**

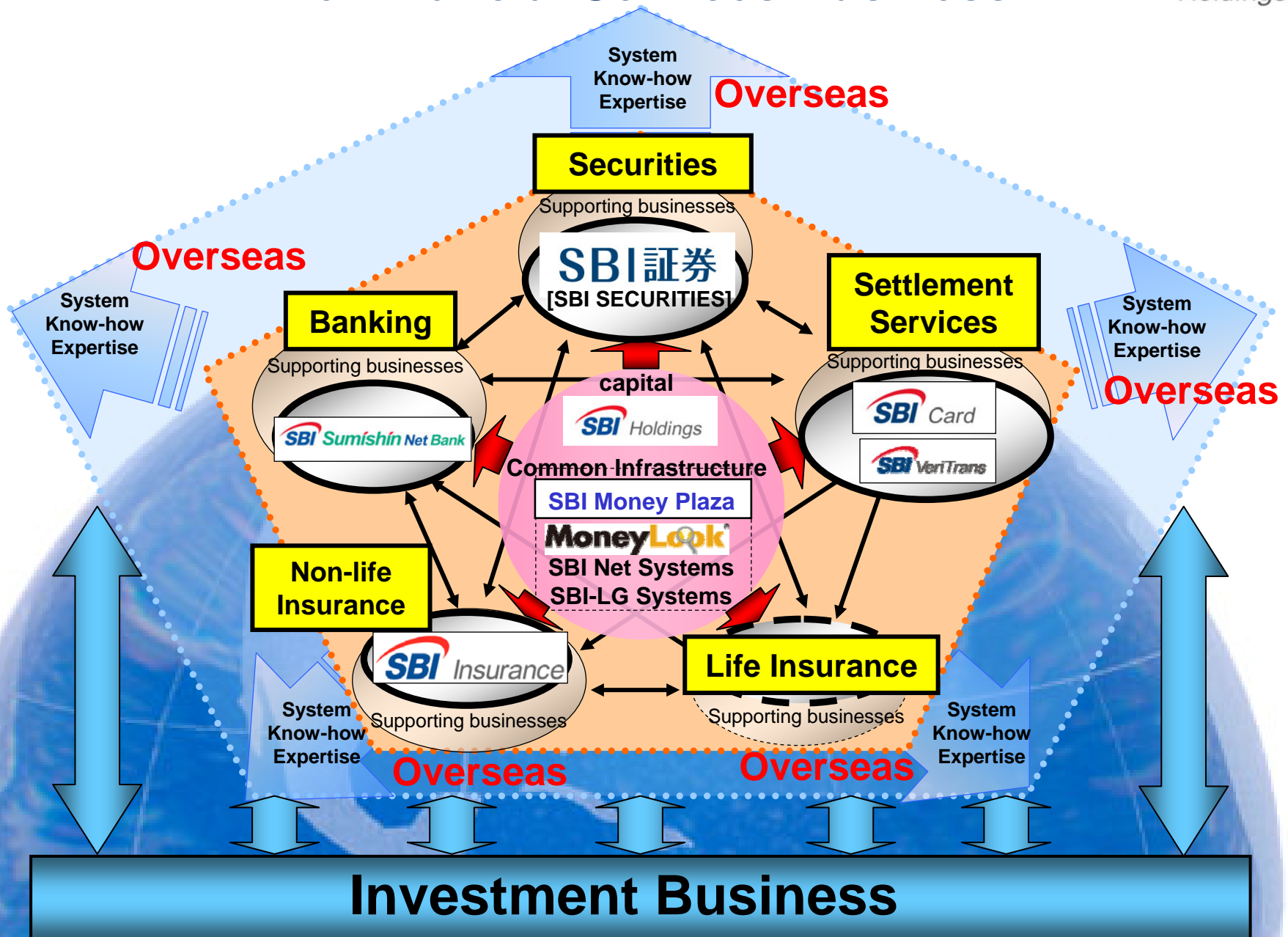
# **Pentagon Management of Financial Services (2)**

(Set in March 2010)

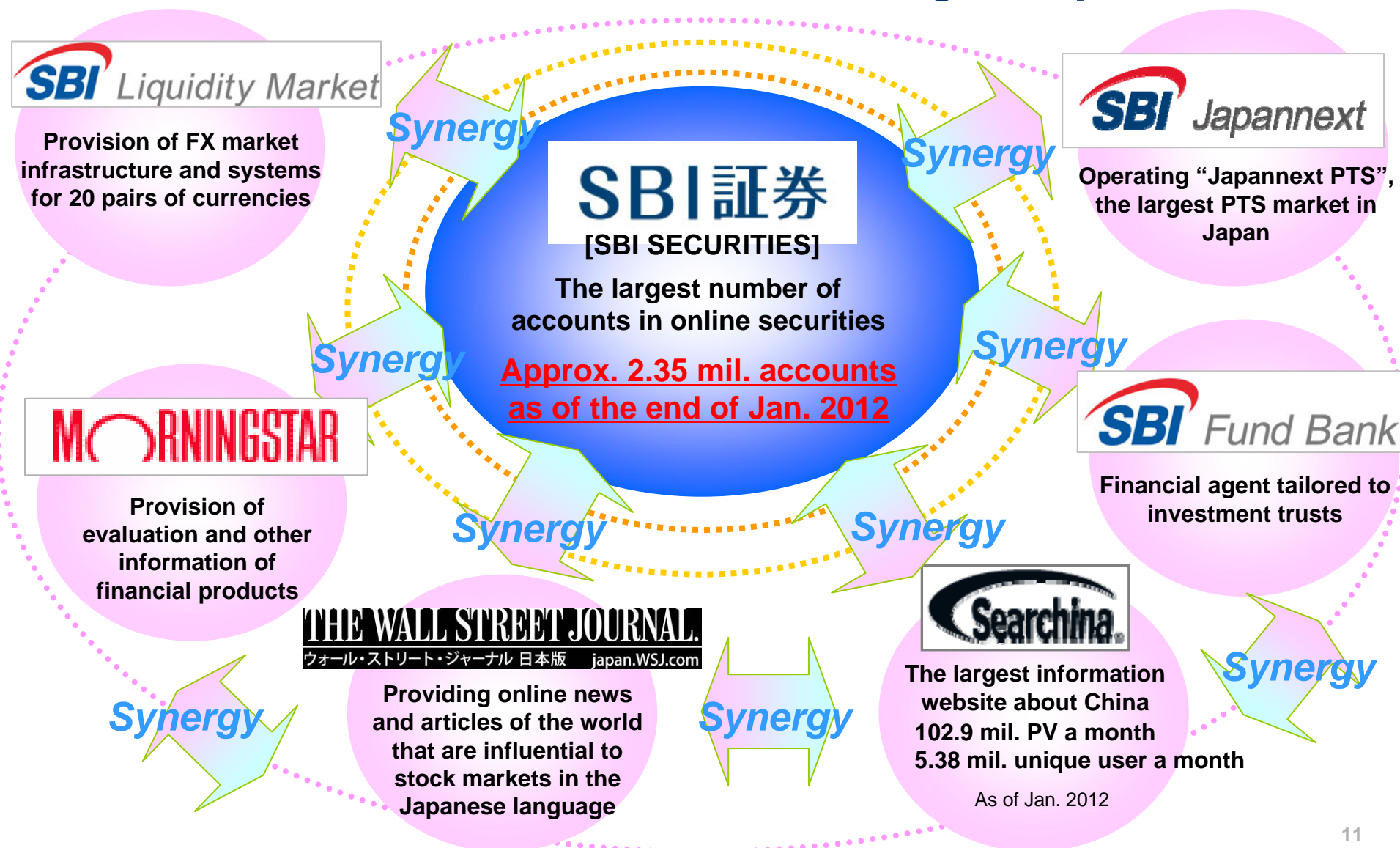


- 4. The face-to-face channels, such as SBI Money Plaza, will be expanded across Japan, to serve as an infrastructure business that will propel growth in the five core businesses and advance the integration of the online and face-to-face services. This will enable the organization to provide, on a neutral basis, comparably superior products to customers whether the products are from inside or outside the Group, so that the SBI Group may become Japan's largest financial products distributor.**
- 5. By introducing the systems and know-how of our core businesses accumulated in Japan, in tandem with the economic development of emerging countries, we will be positioned to promote the development of the financial services business in those countries.**

# Pentagon Management in the Financial Services Business



# Provision of Securities Related Services by SBI SECURITIES and Other Surrounding Companies



# **SBI Group's Driving Growth Factors**

**( i ) Tracking the Major Trends**

**( ii ) Formation of “Business Ecosystem”**

~Organizational structure that leads to  
“structural differentiation” and “realization of  
near-future vision of finance”~

**( iii ) Adherence to the “Customer-centric  
Principle”**

# **SBI Group's Driving Growth Factors**

## **( i ) Tracking the Major Trends**

# Environment Surrounding the SBI Group Since Its Foundation

Two big trends that supported rapid growth of the SBI Group since its foundation in 1999

<1> The Internet Revolution

<2> Deregulations of Financial Industry



~Near-future vision of financial industry in the Internet age~

The triple "One Service" will inevitably be expected

## One List

Comparison of the various financial services desired by customers summarized in one list.

## One Stop

A wide range of financial services provided by a single financial institution.

## One to One

Concierge service that provides individual customer consultation.

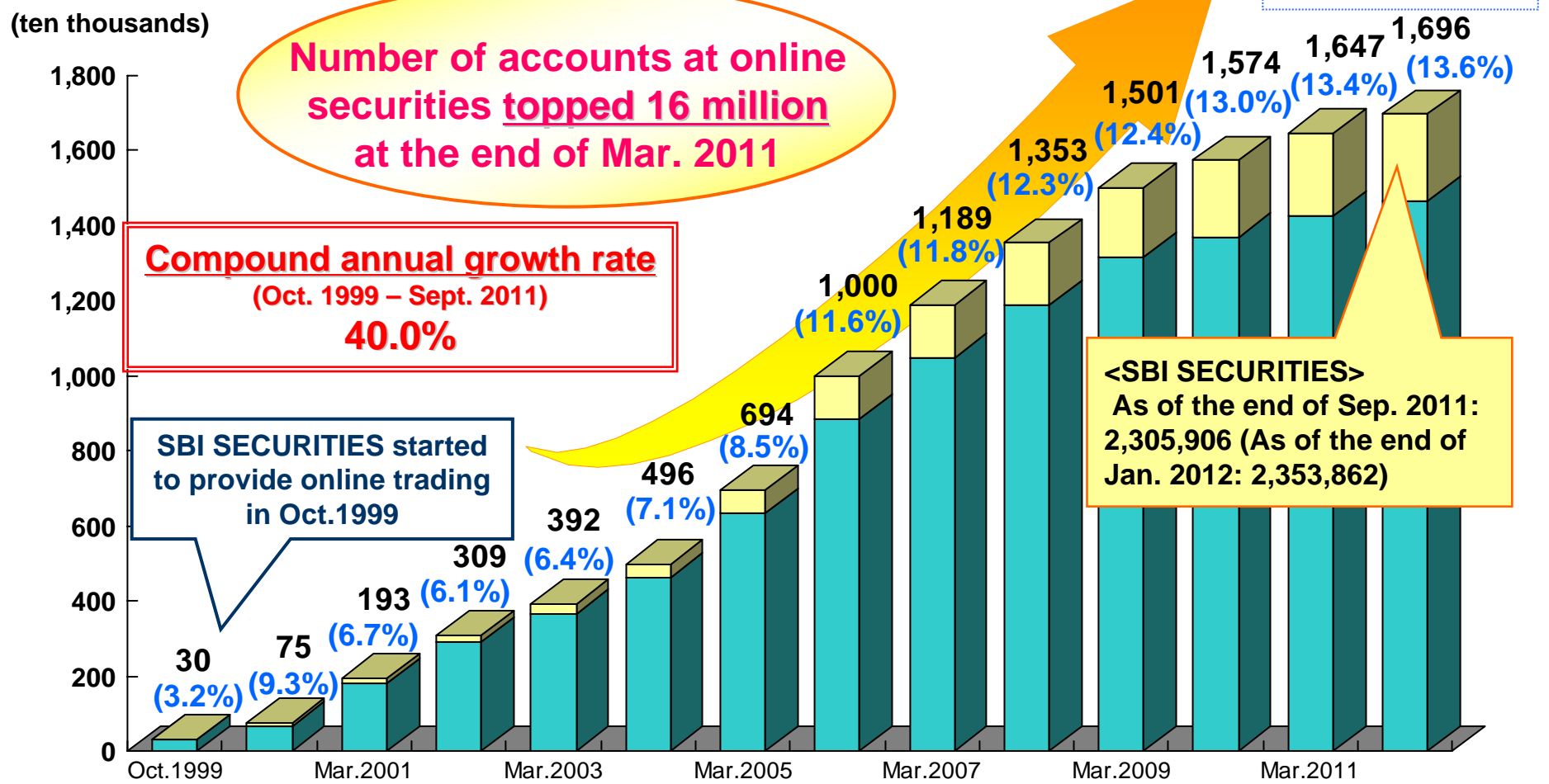
The SBI Group expected the evolution and enhancement of the Internet, so it has been accelerating the growth of its Internet-based financial field

# Dramatic Growth in Internet Financial Services: Securities Holdings

## Change in number of accounts at online securities companies

(Oct.1999 – Sept. 2011)

( ): Proportion of SBI SECURITIES



Source: Japan Securities dealers association, "Survey of Online Trading" (Sept. 2011), records began in Oct.1999



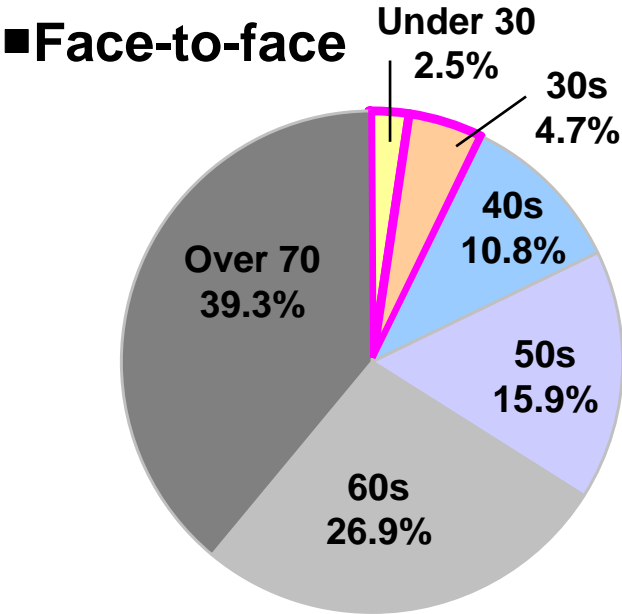
# The Internet Immersed Generation is Coming of Age

Start of commercial Internet in Japan: 1992

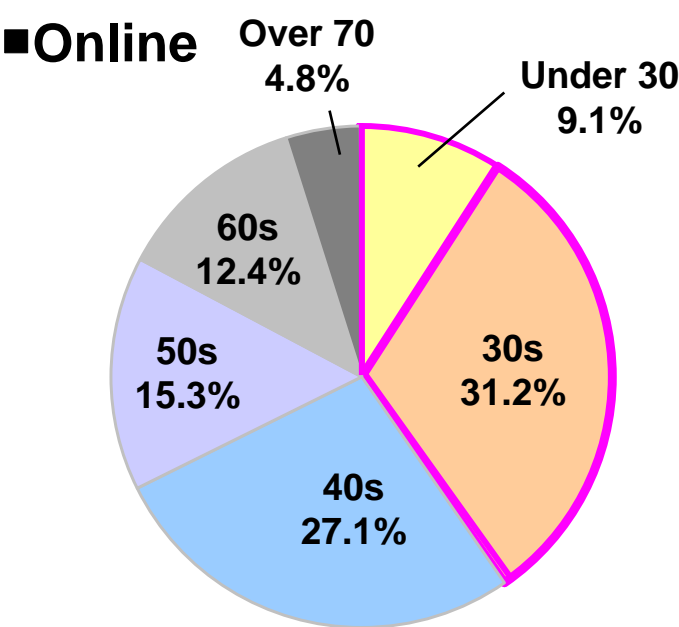


The generation immersed in the Internet since childhood have started full-scale purchases and financial activities from around 2010

## Breakdown of SBI SECURITIES' customers' age by channel (as of the end of Dec. 2011)



The older generation as a percentage of customers of face-to-face channel is generally higher.



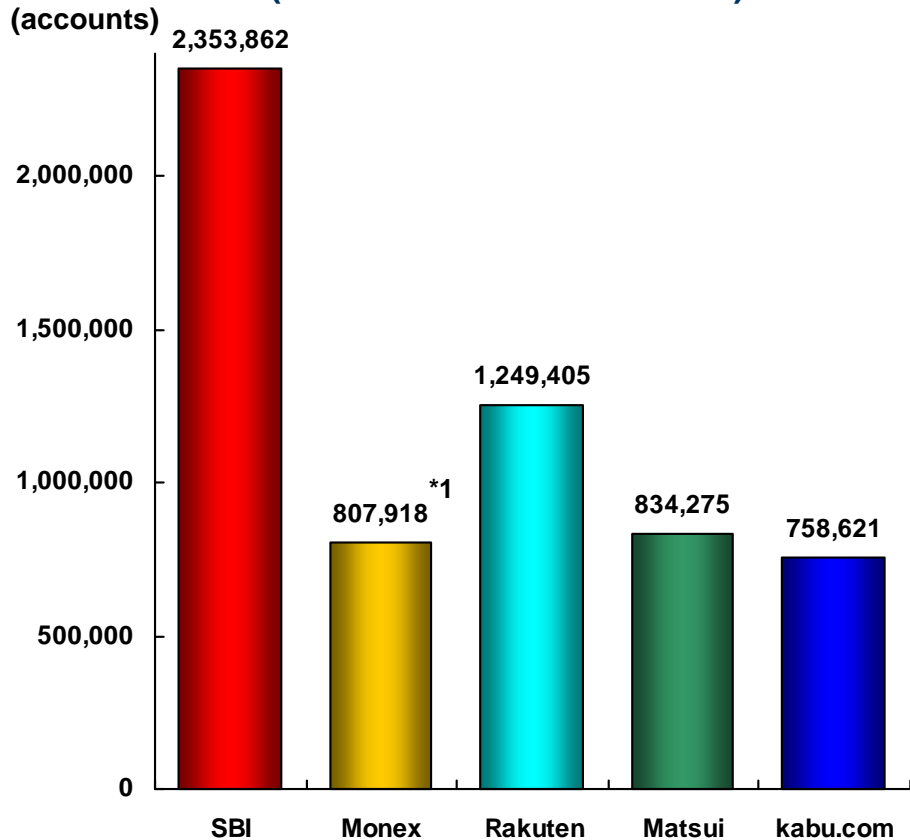
As time goes by, assets of the current 20s and 30s will increase, and most of them will not move to face-to-face transactions. Therefore, **per capita fee is expected to increase.**

# Solid Customer Base of SBI SECURITIES

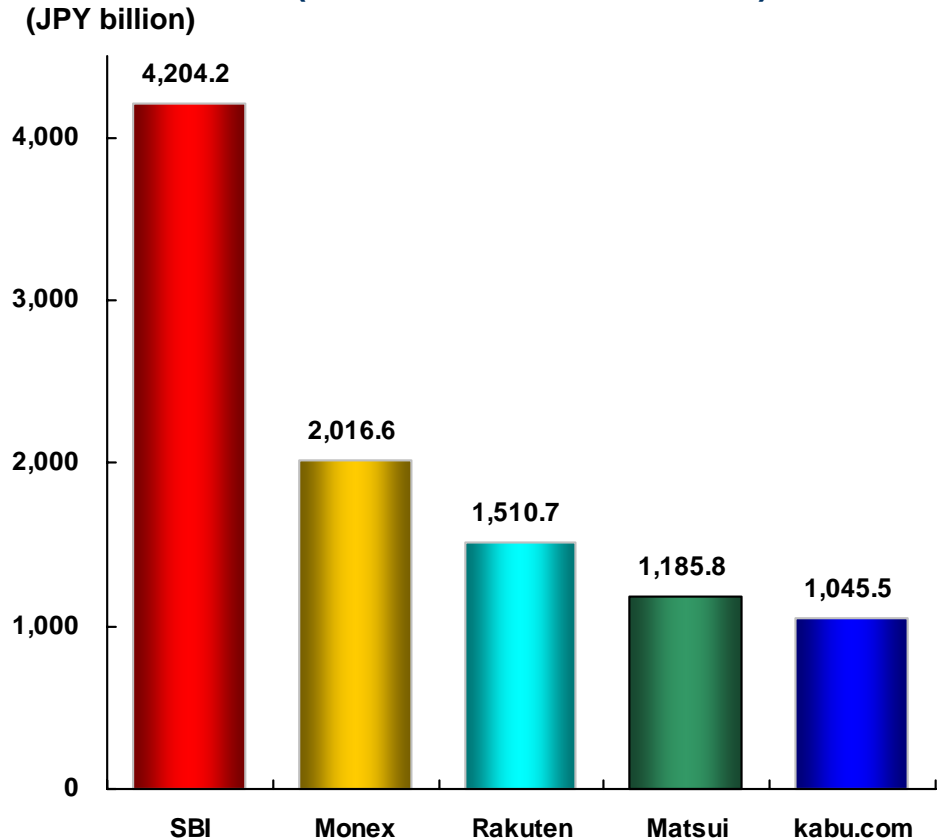
## <Number of Accounts and Amount of Customer Asset>

**SBI SECURITIES far exceeds its competitors in terms of the number of accounts and deposit assets**

**Customer accounts of 5 online brokers**  
(as of the end of Jan. 2012)



**Deposit assets of 5 online brokers**  
(as of the end of Jan. 2012)



<sup>\*1</sup> The figure of Monex is the number of active accounts.

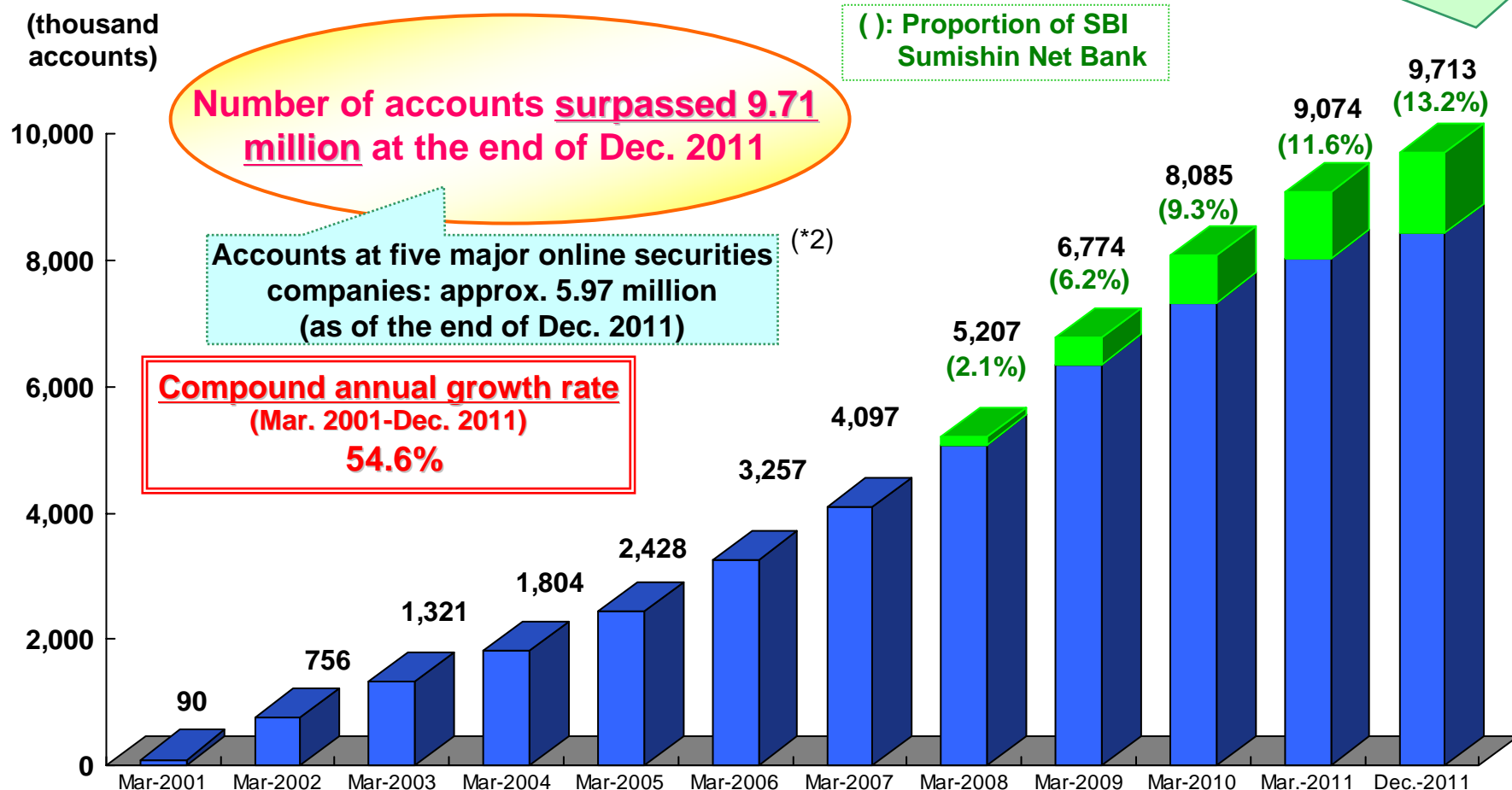
# Dramatic Growth in Internet Financial Services: Banking



## Change in number of customer accounts at five pure-play internet banks in Japan

(Mar. 2001 – Dec. 2011) (\*1)

Market Share of SBI Sumishin Net Bank Expanded



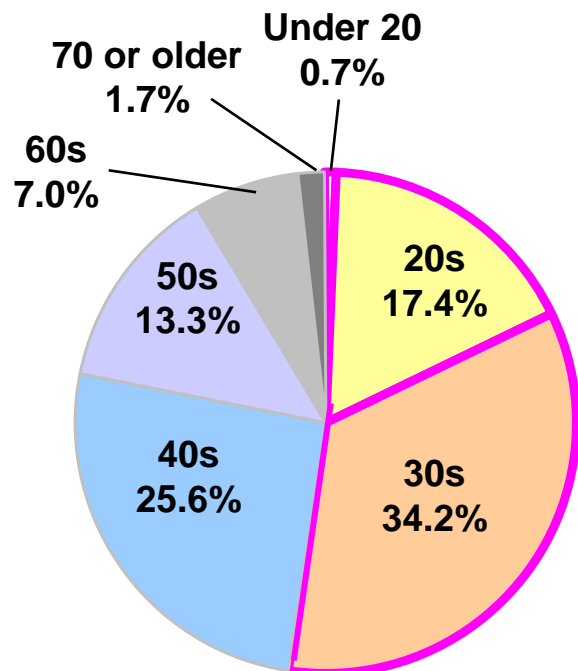
(\*1) Compiled by SBIH from information disclosed by each company. Pure-play internet banks refer to SBI Sumishin Net Bank, Japan Net Bank, Sony Bank, Rakuten Bank and Jibun Bank.

(\*2) Following five companies: SBI SECURITIES, Monex, Rakuten Securities, Matsui Securities and kabu.com Securities. 18

# Prospect of Future Growth - Features of Customer Segment

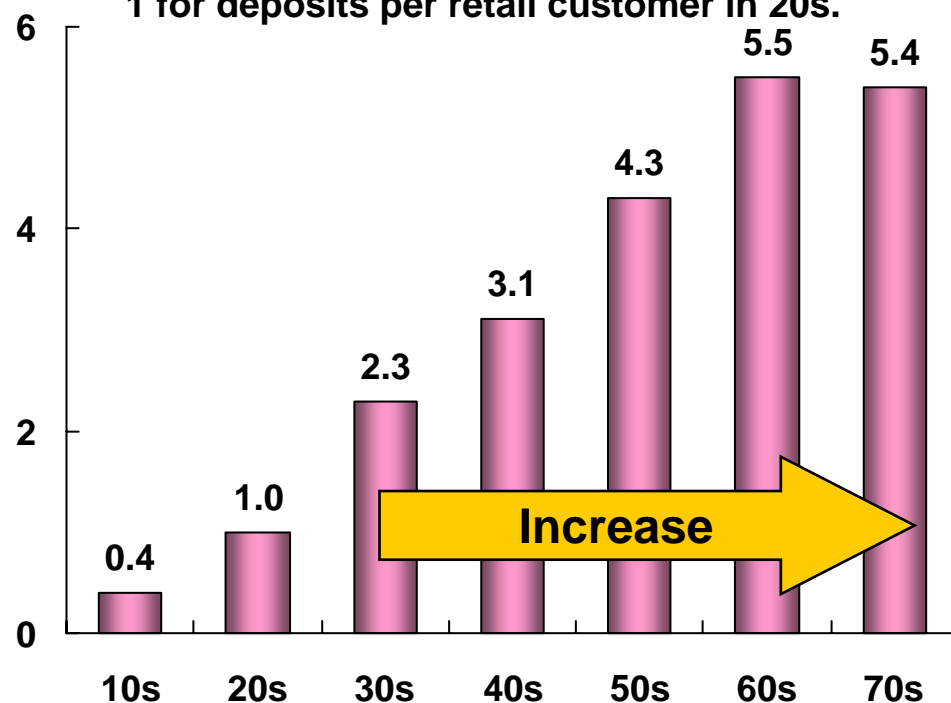
## Customers of SBI Sumishin Net Bank

### ■ Retail customer age brackets



### ■ Deposit per customer

\* Indexed figures assuming a base value of 1 for deposits per retail customer in 20s.



The assets of retail customers currently in their 20s and 30s will increase over time, along with **increases in various financial transactions** for asset management purposes. The same trend will also be experienced at SBI SECURITIES

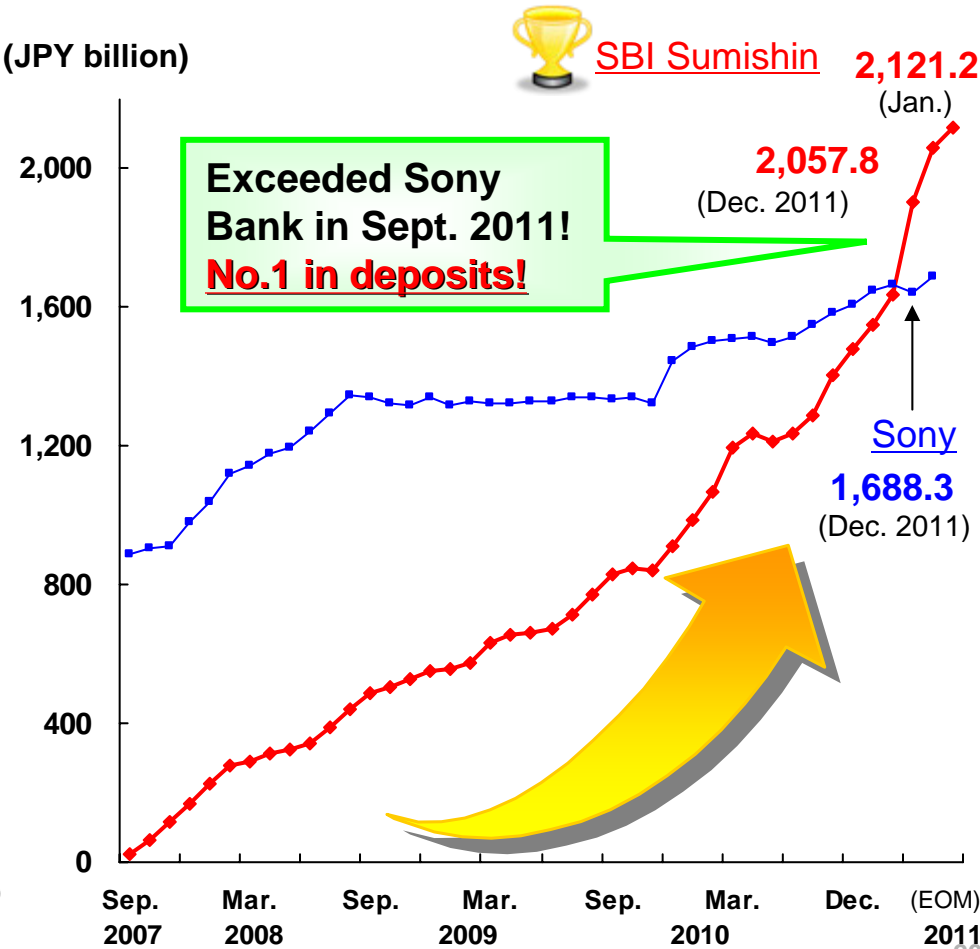
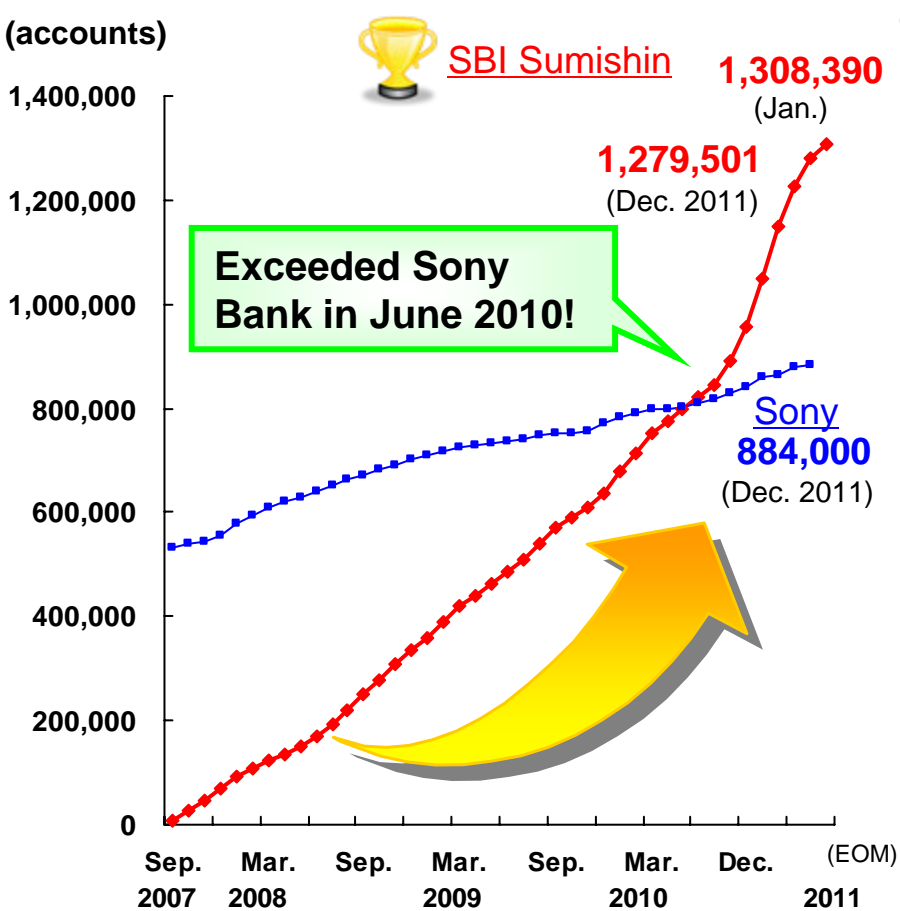
(As of the end of Mar. 2011)

# SBI Sumishin Net Bank (Launched in Sept. 2007) Grew Sharply in Only 4 Years and 4 Months Since Its Launch

**Exceeded Sony Bank (Launched in June 2001)**  
**in both the number of customer accounts and deposit amount**

**Change in the number of customer accounts**  
(Sept. 2007 – Jan. 2012)



**Change in deposit amount**  
(Sept. 2007 – Jan. 2012)



# Financial Results Comparison of New Entrant Banks

## FY2011 Apr.- Dec. financial results of 9 banks including newly-established banks

JPY billion; parenthetic figures are YoY % change.  
The number of accounts is in thousands.

	Date of operation started	Number of accounts	Balance of loans	Deposit amount	Net profit/loss	
<b>SBI Sumishin</b>	<u>Sept. 2007</u>	<u>1,279</u>	 <u>897.4</u>	 <u>2,057.7</u>	<u>4.1</u>	<u>(72.5)</u>
<b>The Japan Net</b>	Oct. 2000	2,316	26.3	492.9	1.1	(-31.8)
<b>Seven</b>	May 2001	948	1.4	362.4	13.8	(6.4)
<b>Sony Bank*</b>	June 2001	884	805.9	1,688.3	1.1	(37.8)
<b>Rakuten*</b>	July 2001	3,910	155.6	748.5	9.3	(399.9)
<b>ShinGinko Tokyo</b>	Apr. 2005	undisclosed	136.6	180.1	0.7	(-25.2)
<b>Jibun</b>	July 2008	1,324	14.0	293.0	-3.7	(-)
<b>SBJ Bank</b>	Sept. 2009	42	144.0	367.4	0.07	(-33.7)
<b>Daiwa Next</b>	May 2011	415	18.4	1,233.6	-0.6	(-)

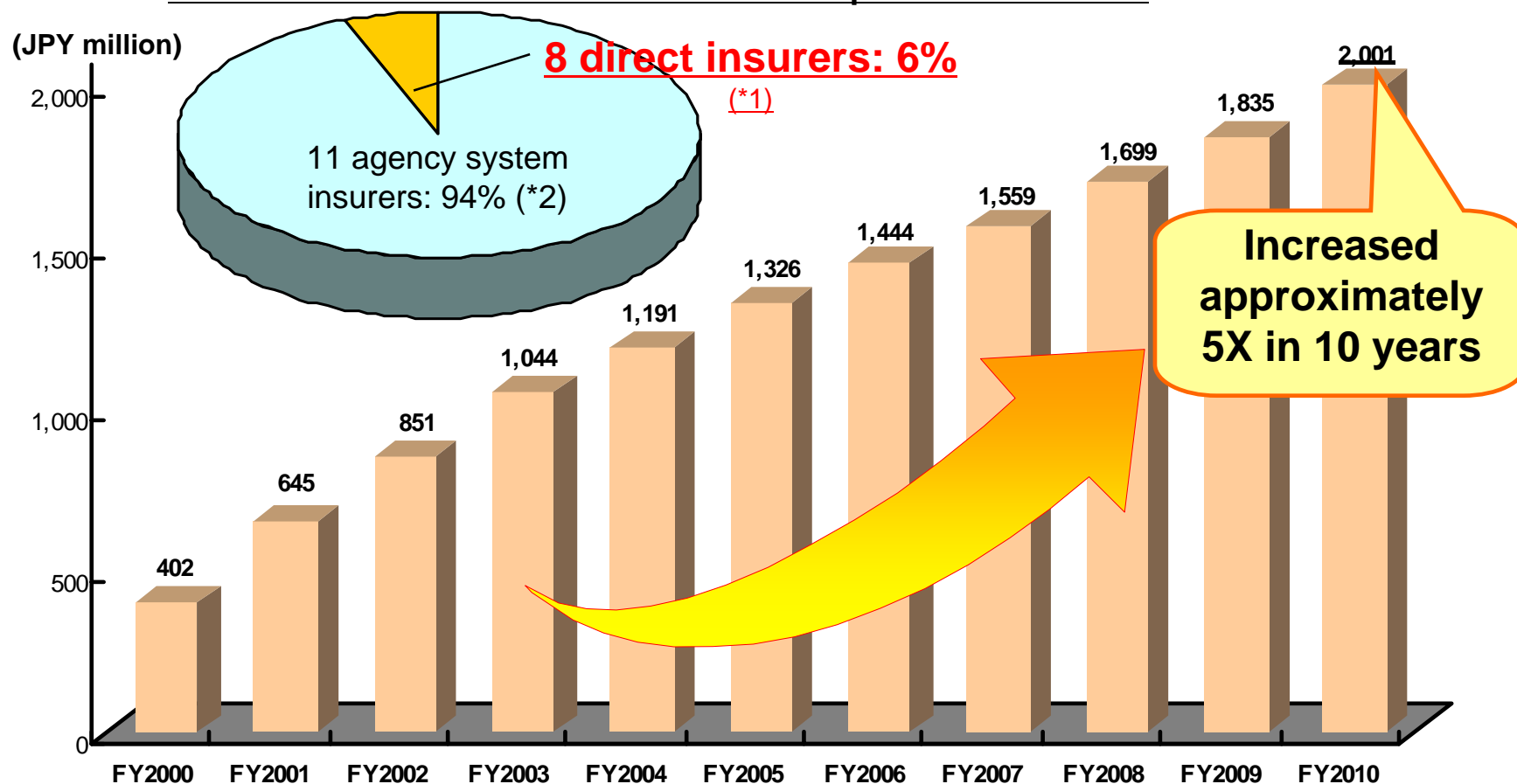
Note: The symbol “\*” means consolidated results, and the absence of it means non-consolidated results.

The number of accounts are as of the end of Dec. 2011, except for that of SBJ Bank, which is as of the end of Sept. 2011. 21

# Direct Non-life Insurance Sales Continue to Increase Steadily in Japan

## Change in direct income of insurance premium at 8 direct insurers

■ Market share of direct income of insurance premium in FY2010

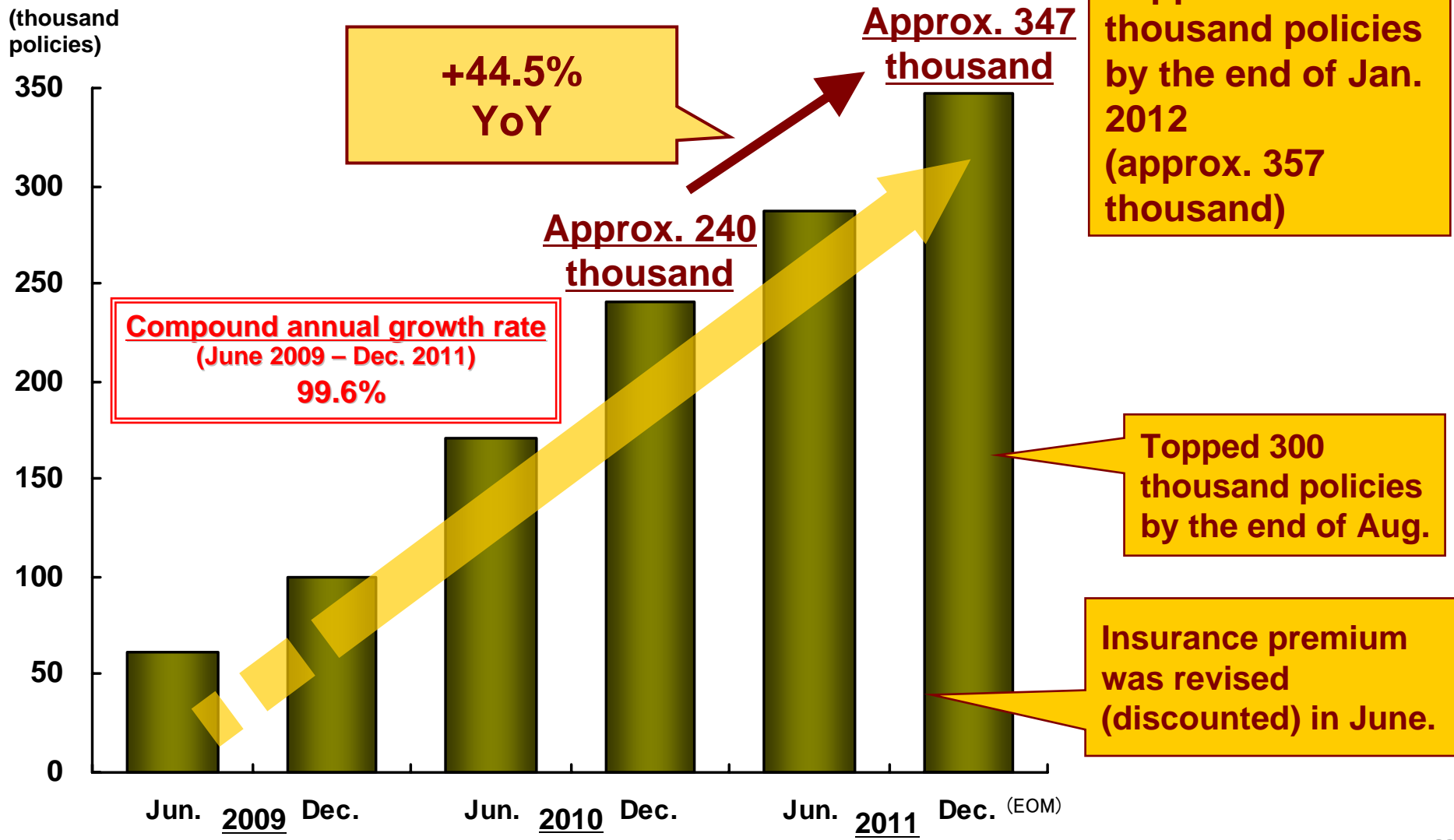


(\*1) 8 direct insurers: Sony Insurance, Mitsui Direct, Sonpo 24, E. design, Zurich, AXA, American Home, SBI Insurance

(\*2) 11 agency system insurers: Tokio Marine & Nichido Fire Insurance, Sompo Japan, Mitsui Sumitomo Insurance, NIPPONKOA Insurance, Aioi Nissay Dowa Insurance, Nisshin Fire & Marine Insurance, THE FUJI FIRE AND MARINE INSURANCE, Kyoei Fire & Marine Insurance, SECOM General Insurance, ASAHI FIRE & MARINE INSURANCE, Daido Fire Insurance. (Source) Compiled by SBIH from information disclosed by each company.

# Number of SBI Insurance's Auto Insurance Contracts has Grown 44.5% Year-on-year

Number of auto insurance contracts (written basis\*) / cumulative



\* Written basis: Completion of receipt of insurance premium



# Comparison of Auto Insurance Premium Income at Major 7 Direct Insurance Companies

## Comparison of auto insurance premium income

(JPY million, %)

	Date of operation	FY2010	YoY % change
Sony	Sept. 1999	65,516	+9.5
AXA Direct	July 1999	33,271	+8.4
Mitsui Direct	June 2000	32,688	+2.0
American Home Direct	Sept. 1997	17,143	-1.3
Sonpo 24	Mar. 2001	10,697	+8.9
<b>SBI</b>	<b>Jan. 2008</b>	<b>10,069</b>	<b>+113.6</b>
E.design	June 2009	2,831	+157.3

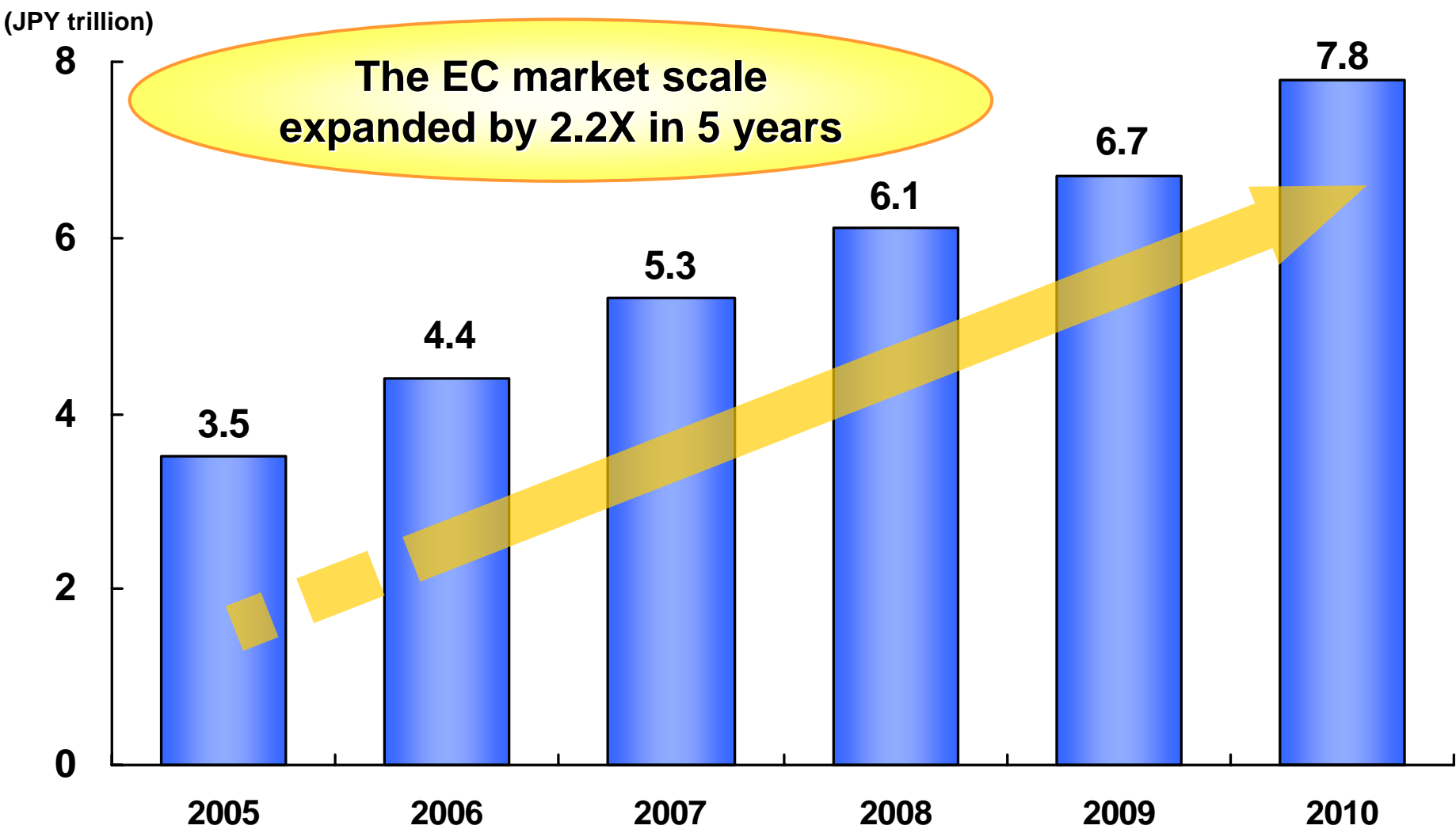


FY2011 9 months	YoY % change
53,117	+8.2
26,500	+5.0
24,733	+3.6
12,522	-2.0
8,752	+9.8
<b>10,107</b>	<b>+39.4</b>
3,320	+69.1

**Exceeded Sonpo24, launched in 2001,  
in auto insurance premium income**

# The E-commerce Market Continues to Expand

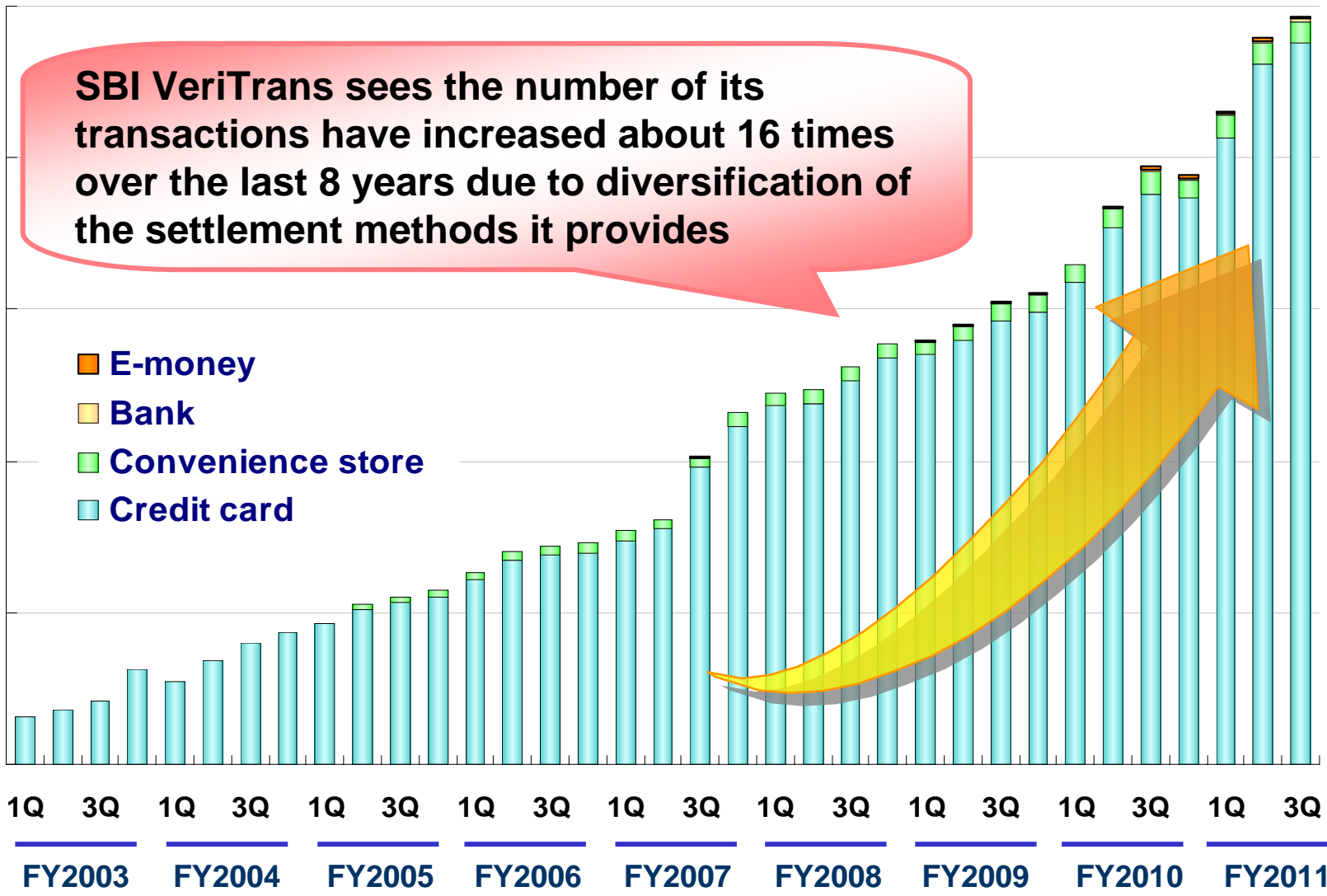
## The consumer-oriented EC (electronic commerce) market scale



# Transactions Handled by SBI VeriTrans is Continually Increasing

(thousand transactions)

SBI VeriTrans sees the number of its transactions have increased about 16 times over the last 8 years due to diversification of the settlement methods it provides



## **SBI Group's Driving Growth Factors**

### **(ii) Formation of “Business Ecosystem”**

**~Organizational structure that leads to  
“structural differentiation” and “realization of  
near-future vision of finance”~**

# The Enterprise Ecosystem

The most desirable form of an organization that possesses the requisite efficiency and competitiveness in the pursuit of the realization of future financial services

**An enterprise ecosystem is an economic community based on the interaction of organizations and individuals.**



**In an enterprise ecosystem, a company is not a member of one industry, but a company belongs to diverse industries. This relationship activates synergies and stimulates mutual growth.**

# Organization View Based on Complexity Knowing

## Two complexity propositions

- The whole is greater than the sum of the parts.
- The whole has new qualities that an individual part cannot see.



A single-role enterprise cannot achieve its growth potential. To achieve growth potential through synergy effects and co-evolution, an enterprise must build a new type of organizational ecosystem.

# Example of Synergies of SBI SECURITIES and SBI Sumishin Net Bank:

**Deposit &  
Settlement**

**SBI Sumishin Net Bank**

**Synergy**

**SBI証券**

[ SBI SECURITIES ]

**Asset  
Management**

**Examples of Affiliation Services:**

## Aggregation functions

Simultaneous display of accounts of SBI Sumishin Net Bank and SBI SECURITIES. Easy access to stock trading platform of SBI SECURITIES, with one click on the Bank's stock information page

## Automatic transfer services for additional margin deposits

Automatic cash transfer from a yen savings account at SBI Sumishin Net Bank to an account at SBI SECURITIES when additional margin deposits are needed

## SBI Hybrid Deposits (Automatic deposits and withdrawals of stock trading deposits)

SBI Hybrid Deposit balance can be integrated into available deposit balance for stock trading, margin trading, and actual receipt of stock purchased at SBI SECURITIES

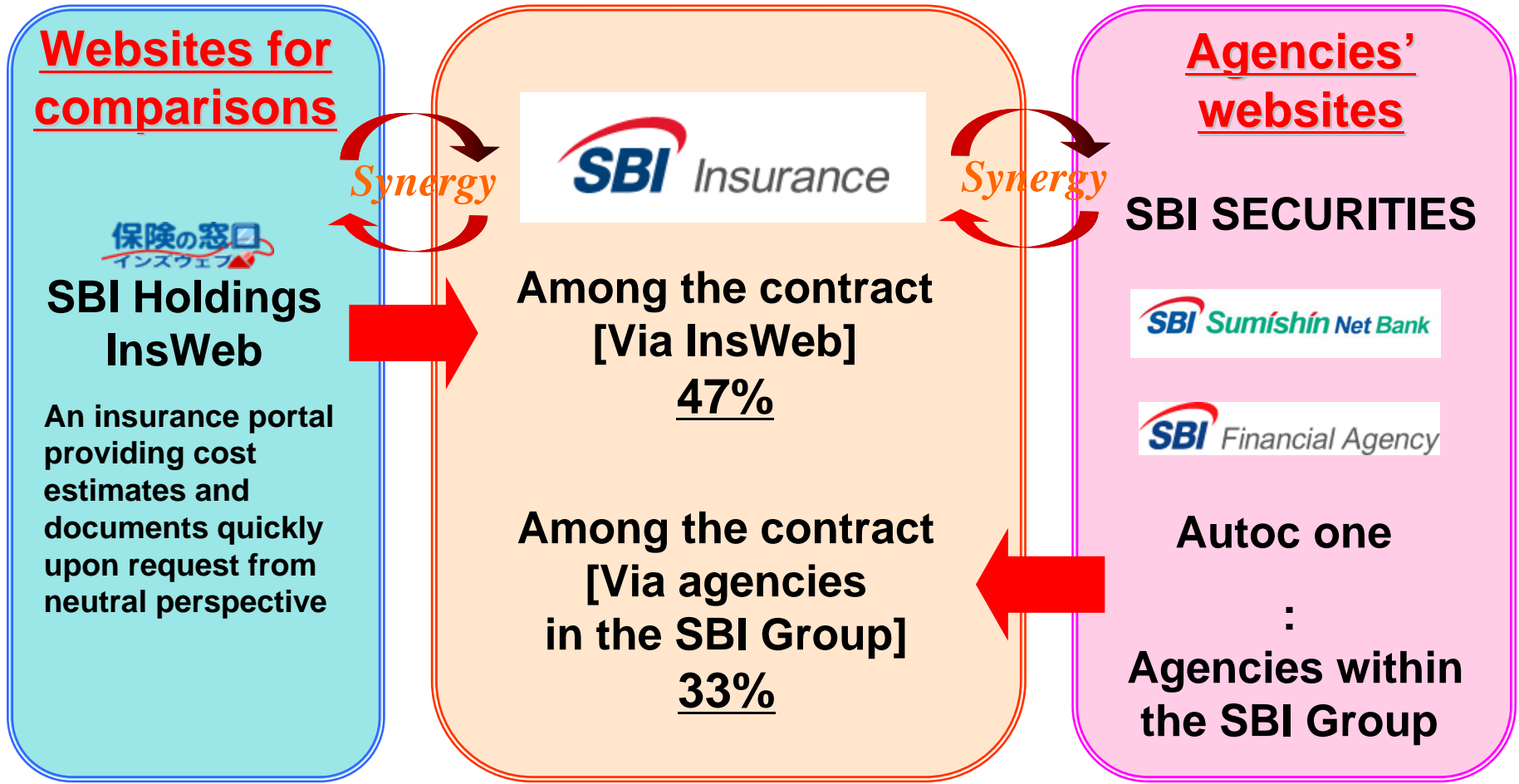
## One-time account opening

One-time account openings at both SBI Sumishin Net Bank and SBI SECURITIES

**Solid customer base of SBI SECURITIES contributes to an increase in the number of accounts and deposit amount at SBI Sumishin Net Bank.**

# Group Synergy Benefits SBI Insurance

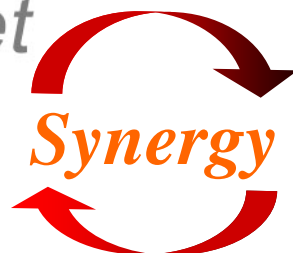
The insurance comparison website, the online securities business, and other SBI Group companies, with their respective customer bases, become sales channels that exert synergy effects.





# Excellent Example of Synergy Exertion from the Start of Operations

Started operation on Nov. 17, 2008



**SBI SECURITIES**  
**SBI証券**

Provides FX trading opportunities for  
individual investors

[Initial earnings estimate for FY2008]

Targeted earnings of SBI Liquidity

Market: JPY 400m of operating income



Far exceeded the  
initial estimate

Operating income for FY2008:  
JPY 840m

[Initial earnings estimate for FY2008]

Target for contributions to earnings  
of SBI SECURITIES:

JPY 800m of operating income



Contributions to operating  
income of SBI SECURITIES:  
JPY 1,830m

**Its strong results has been maintained in FY2011**

## **SBI Group's Driving Growth Factors**

**(iii) Adherence to the “Customer-centric Principle”**



**1st: “Oricon customer satisfaction ranking” in 2011**  
**Online securities comprehensive ranking**

**For 6 years!!**

<Evaluation item>

12 items, such as “commissions & dealing cost,” “easy account opening,” “variety of products,” “provision of Information” and “analytics tools,” etc.



**2nd: JCSI (Japanese Customer Satisfaction Index)**  
**Customer Satisfaction Survey in 2011**  
**Securities industry ranking**

**Within Top 3  
for 3 years!!**

# SBI Sumishin Net Bank



**1st:** JCSI Customer Satisfaction Survey in 2011  
(Japanese Customer Satisfaction Index)  
Banking industry

**7th in overall ranking (31 industries / 350 companies)**

**for 3 years!**



**1st:** “Oricon customer satisfaction ranking” in FY2011  
The general category of Pure-play Internet Banks

**for 2 years!**



**2nd:** 8th Nikkei Financial Institution Ranking  
Customer satisfaction

[Other categories]

Convenient to deal on phone and Internet: 1st

Attractive financial products and services: 1st

Customer satisfaction by area

(only in the Tokyo metropolitan area): 1st

Customer satisfaction among women: 2nd

# SBI Insurance



**No.1:** Oricon customer satisfaction ranking  
FY 2011 / Auto Insurance Category  
“Auto Insurance Premium Ranking”

**for 3 years!**



**No.1:** Diamond Weekly “Auto Insurance  
Premium Ranking”

**for 3 years!**



**No.1:** Weekly Economist Magazine  
“Auto Insurance Premium Ranking”

\* In the issue of Nov. 15, 2011

→ **No. 1** in all generations (Customers at the age of 26, 35, 60)



**Overall** Rakuten Insurance  
**No.1:** “Auto Insurance Customer Satisfaction for  
Accident Response Ranking FY 2011”



**No.1:** Kakaku.com  
“Auto Insurance Ranking (2012) Premium Section”

**for 3 years!**

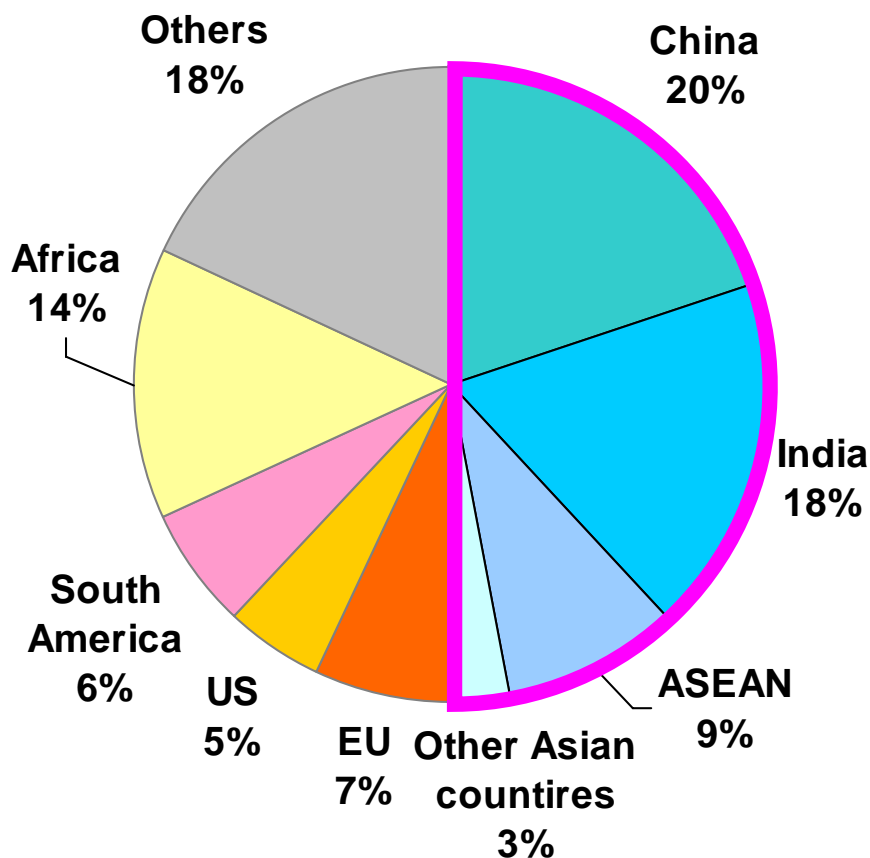
## **2. Acceleration of the Global Business, Focusing on Asia**

# The Asian Century

Since the global economic crisis, the Asian economies have outperformed the rest of the world in both scale and growth potential

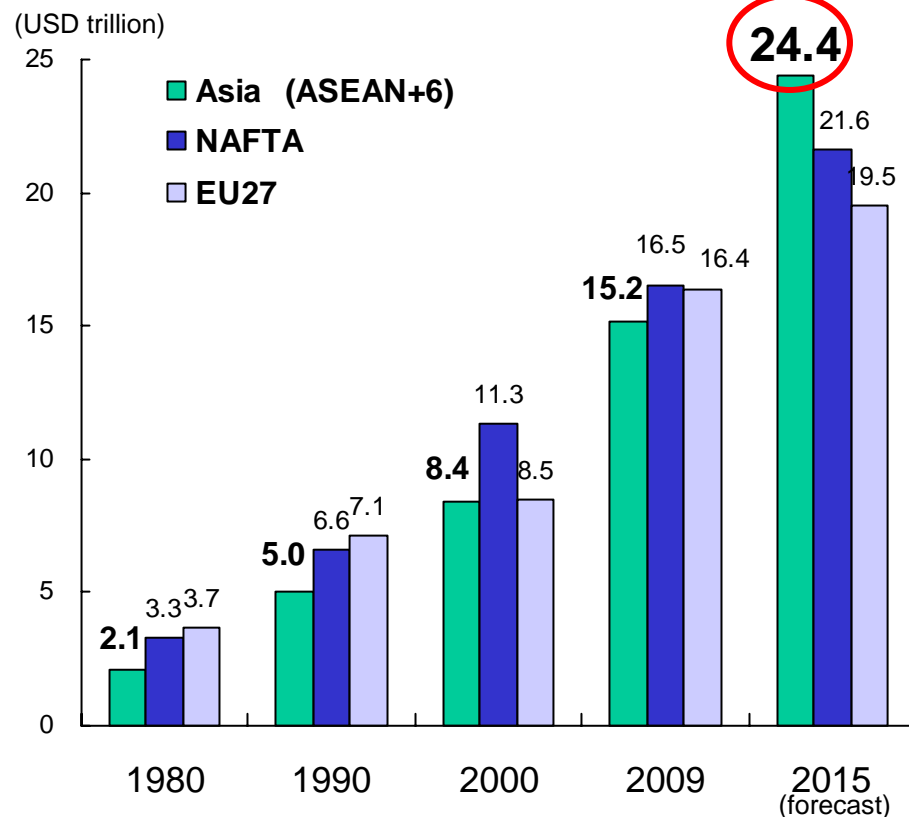
## Population by Country and Region (2008)

With populous countries such as China (1.3bn) and India (1.2bn), Asia accounts for around half of the world's population



## Nominal GDP by Economic Region

Asia is forecasted to grow to a USD 24.4tn economic region by 2015, surpassing NAFTA and the EU as the world's largest economic region

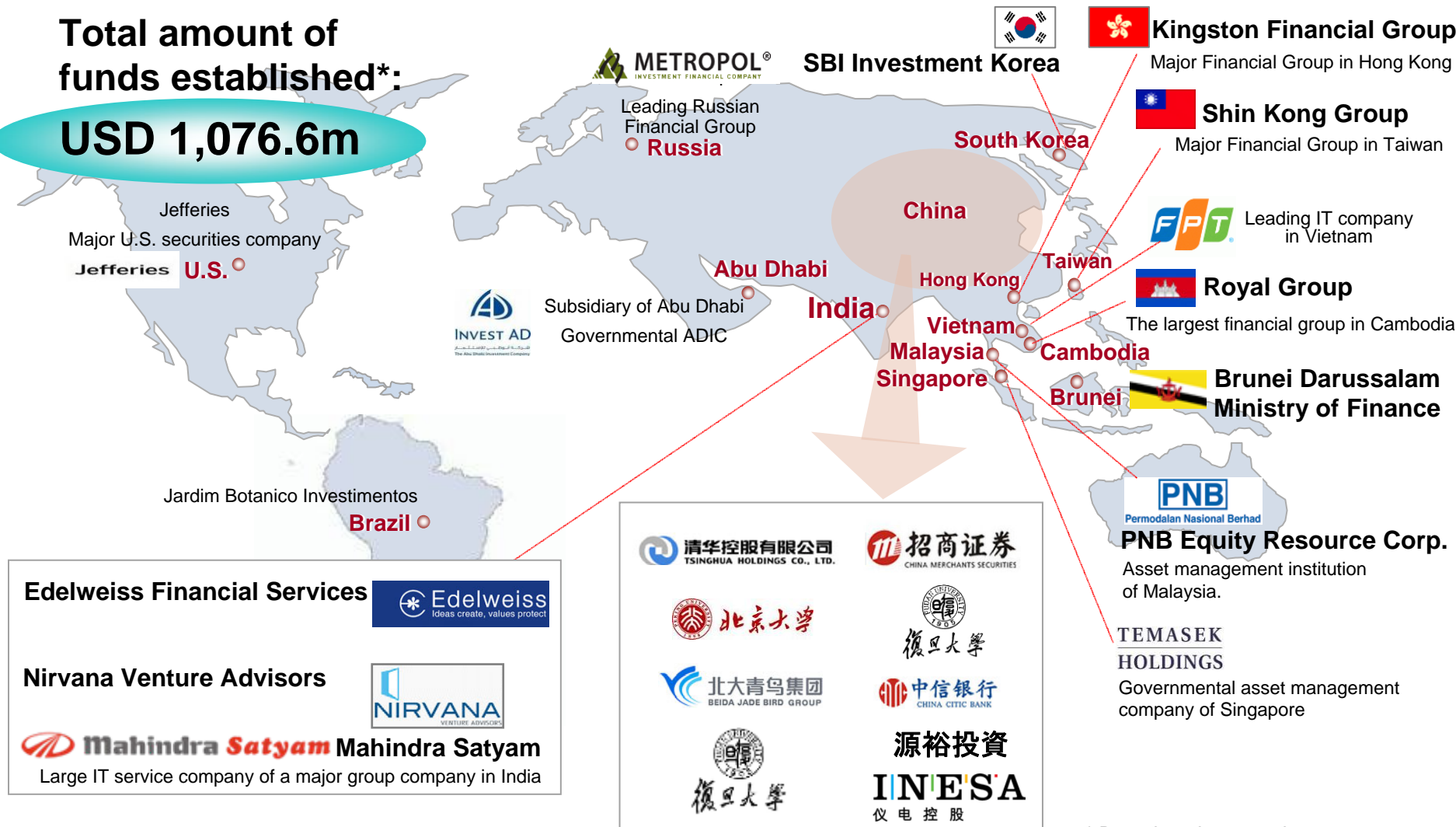


Source: Compiled by SBIH based on "Trade White Paper 2010"

# Accelerated Establishment of Global PE Investment Structure Since 2005

Established global investment structure through formation of JV funds with local partners such as financial institutions, government agencies and universities

Total amount of funds established\*:  
**USD 1,076.6m**





# The SBI Group's Capital Investment in Overseas Financial Institutions

Invest in financial institutions, such as securities, banking and insurance, depending on the economic growth of each country.



**OBIBANK**

**Bank**

- Commercial bank in METROPOL Group
- Entry into online banking business in Russia with 50% investment.



**Russia**



**Tien Phong Bank**

**Bank**

- 20% shareholding



**FPT Securities**

**Securities**

- 20% shareholding



**Kingston Financial Group**

**Securities**

- 2.74% shareholding
- Formed a strategic business alliance in the financial sector in HK and the Chinese mainland.



**SW Kingsway**

- 2.79% shareholding



**BNI Securities**

**Securities**

- 25% investment
- Cooperation with BNI Group in Indonesia in diverse areas



**Tianan Insurance**

**Nonlife insurance**



**Sri Lanka**



**Vietnam**



**Hong Kong**



**Cambodia**



**Indonesia**



**Bank**

- 3.71% shareholding
- Largest nongovernmental commercial bank



- 3.00% shareholding
- The second largest nongovernmental commercial bank



**Phnom Penh Commercial Bank**

**Bank**

- Acquired 40% of shares at establishment



**SBI Phnom Penh securities**

**Securities**

- 71% shareholding
- Formed by merger of SBI Phnom Penh Securities and Cambodian Capital Securities, the Royal Group's securities unit

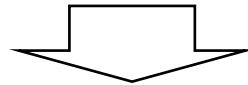
### **3. Pursuit of the “Brilliant Cut Initiative” to Shift the Domestic Business from a Scale Expansion to a Quality Improvement Model**

# The SBI Group Entered a Second Growth Stage

For a decade since our founding

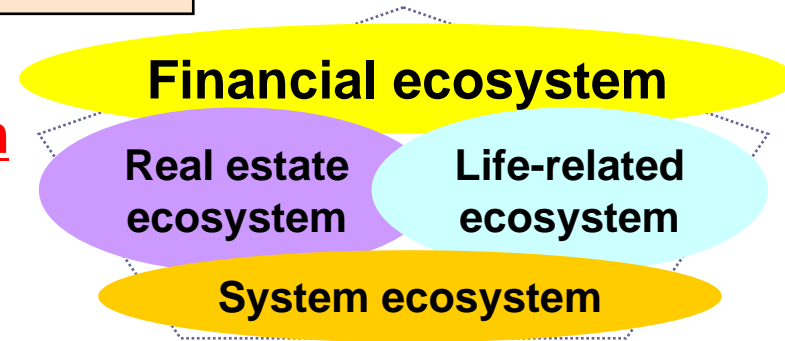
**First stage: Expanded the Group scale**

Placed top priority on scale expansion and establishment of business ecosystem



From FY2010

**Second stage: Pursuing increase in Earnings Per Share (EPS)**



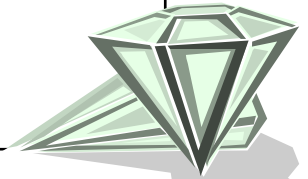
- Strengthening group synergy and heightening profitability through advancement of “Pentagon Management” business strategy for the financial services business
- Realizing transition “from Japan's SBI to the world's SBI” through the transference of our financial ecosystem

**Toward a management focus on higher profitability to sustain continued EPS growth**

# Making the SBI Group a “Brilliant Cut Diamond” with a Profit-oriented Management

**Brilliant Cut: Designed to be the most beautiful and brilliant type of diamond**

(Theorized in 1919 by Belgian-born mathematician Marcel Tolkowski)



**Diamond glitters most when polished in 58 facets**

Apply it to business ecosystem



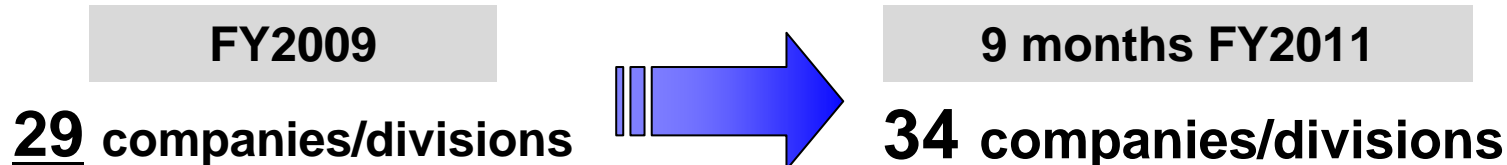
Focusing more on higher profitability rather than expansion of group scale, 58 vital entities were selected from over 100 entities

**Making the SBI Group a “Brilliant Cut Diamond”  
whose facets sparkles more beautifully,  
and brilliantly glitters as a whole**

# Basic Policy for the SBI Group's “Brilliant Cut Initiative” and Its Progress

## ➤ Profitable companies and divisions:

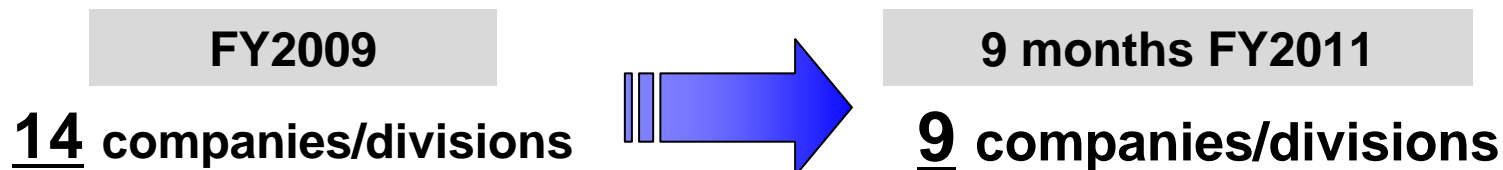
Toward **further profitability** through mutual synergies  
(especially by advancing the “pentagon business management”)



## ➤ Unprofitable companies and divisions:

Targeting **profitability by FY2013** (3 years from establishment for new companies)  
by utilizing resources in the Group and pursuing Group synergies

\*Companies which do not show signs of profitability are to be liquidated or sold



**5 companies turned profitable by 3Q FY2011,  
and other unprofitable companies are also improving**

# Major Operating Deficit Companies in FY2010 are on an Upswing

## ■Operating income/loss

(JPY billion)

	FY2010 9 months	FY2011 9 months	YoY change	FY2010 Full year
SBI Card	-2.4	-2.2	+0.3	-3.5



Reviews on operating management led to a reduction in expenses, and operating loss declined by JPY 0.3bn YoY.

SBI Japannext	-0.9	-0.3	+0.6	-1.1
---------------	------	------	------	------



Operating loss for the 9 month FY2011 period improved, decreasing to as much as about one-third the amount of the previous year, owing to a rise in trading value and the reduction of cost.

SBI ALApromo	-0.6	-0.8	-0.2	-1.1
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R&D costs increased due to the steady progress in the development of pharmaceuticals.

## **II. Business Strategy and Restructuring the Group for the Next 10 Year Period**

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- 1. Establishment of a Group Organization for Future Growth**
- 2. Asset Management Business that Accelerates Overseas Business Expansion**
- 3. Creating Further Synergies in the Financial Service Business**
- 4. Establishing the Bio-related Business, a 21st Century New Growth Industry Post the Industrial Society, as a New Revenue Source**

# **1. Establishment of a Group Organization for Future Growth**

**~Structure follows strategy~**  
**(Alfred Chandler's thesis)**

- (1) Establishment of a Group Organization System Based on Three Major Businesses**
- (2) Invite Heads of SBI Group's Overseas Partners to Hong Kong Subsidiary in Order to Discuss, Formulate and Promote Strategies and Policies for Group Operations Overseas**



# (1) Establishment of a Group Organization System Based on Three Major Businesses

SBI Group's new business classification from FY2012 will be as outlined below. Each business segment will consider the establishment of an intermediate holding company.



## Major companies:



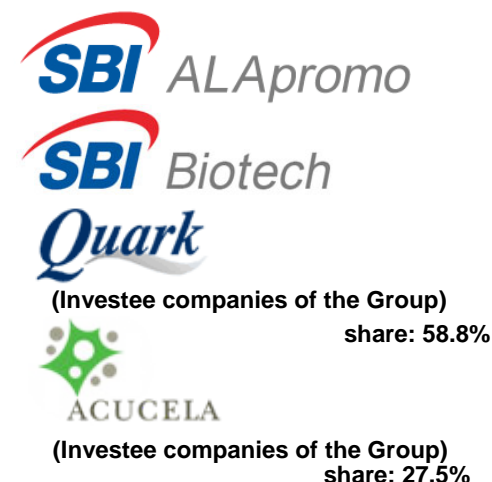
Overseas bases and GP of overseas funds etc.

## Major companies:



\* Includes overseas operations of all businesses

## Major companies:



etc.

# Basic Strategies of Three Major Business Segments

## Asset Management Business

The intermediate holding company, whose establishment is being considered, will centrally manage funds and foreign exchange matters to improve the efficiency of funds management and procurement in the investment business.

In private equity investments, we will create as much value as possible, and then proceed to exit through IPOs or M&As in various Asian markets.

## Financial Service Business

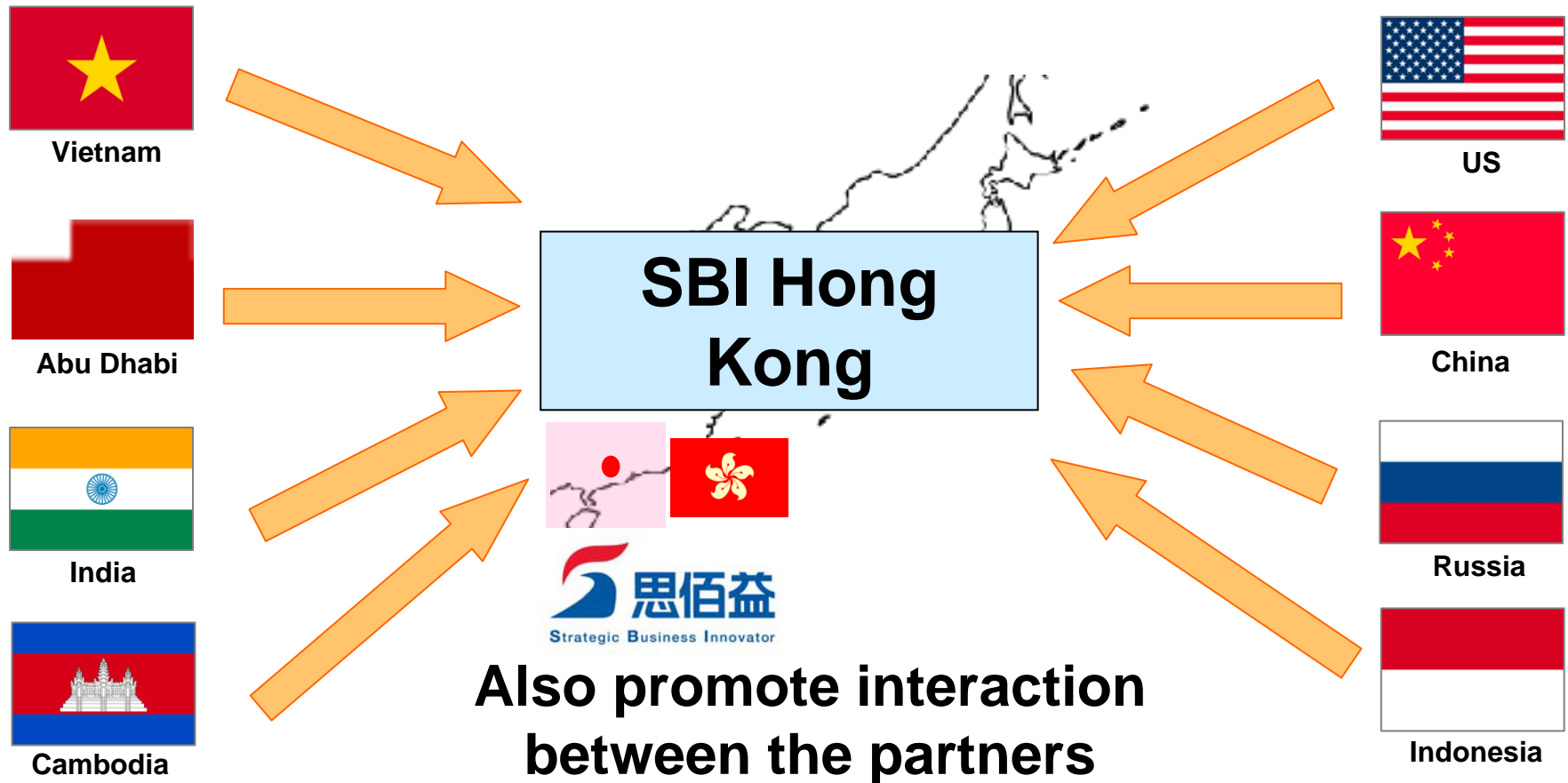
Under the intermediate holding company, whose establishment is being considered, we will further enhance synergies in the Financial Service Business, while pursuing synergies through the cooperation between subsidiaries at home and abroad.

## Bio-related Business

With the biotech sector as one of the largest growth industries over the next 10 years, the Group is positioning the ALA-related businesses as its most promising growth areas, and will expand its overseas operations in the cosmetics, health foods and new pharmaceuticals fields.

We will also endeavor to maximize the Group's human resource value by maximizing personnel mobility in each business segment.

## (2) Invite Heads of SBI Group's Overseas Partners to Hong Kong Subsidiary in Order to Discuss, Formulate and Promote Strategies and Policies for Group Operations Overseas



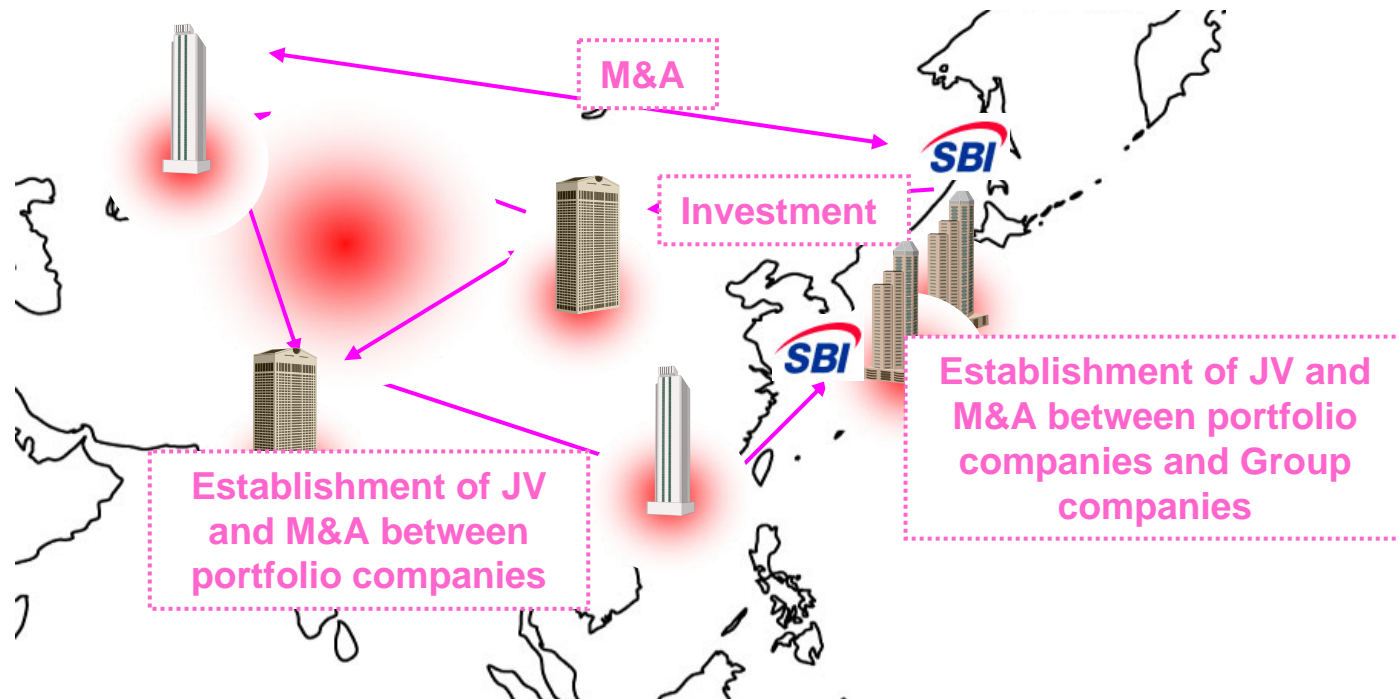
**The first Overseas Strategy Meeting will be held in Hong Kong in May 2012**

## **2. Asset Management Business that Accelerates Overseas Business Expansion**

- (1) Establishment of Sector Funds Focused on Investments in Specific Sectors**
- (2) Pursuit of Greater Global Network Value**
- (3) Group/Investee Companies' Strategy for Future IPOs and Fund Raising**

# “Value Creation” Strategy of the Asset Management Business

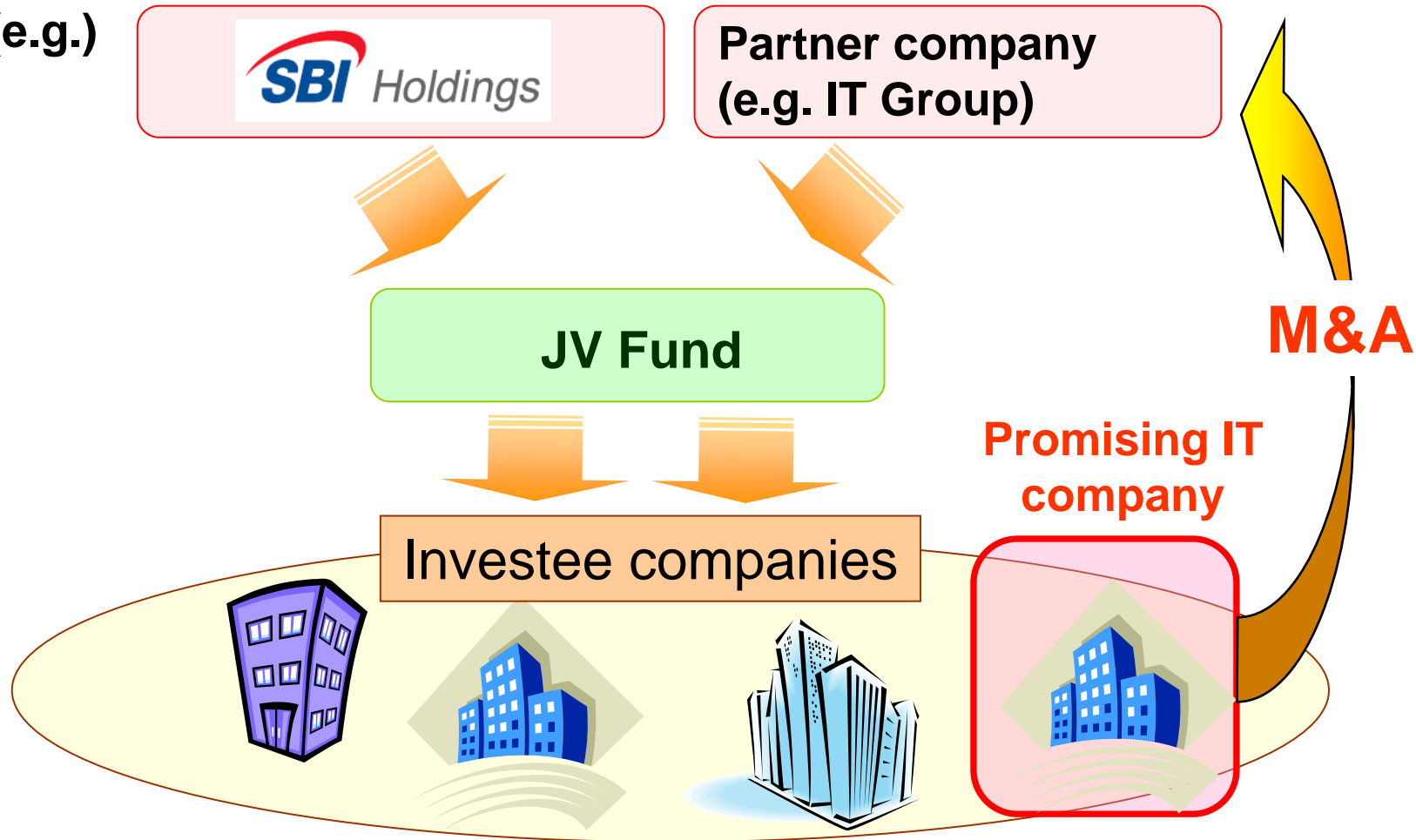
Create new value by combining Group’s investee companies or Group firms (including JV with overseas partners), through various means such as M&As



➡ **Targeting IPO or M&A exits on various Asian markets**

# ( 1 ) Establishment of Sector Funds Focused on Investments in Specific Sectors

(e.g.)



**Rapid exits may be realized regardless of the IPO lock-up period, since partner companies of JV funds can acquire investee companies.**

## Jointly Established Funds Focused on Chinese Information Industry Sector with Shanghai Yidian Holding



**Shanghai Yidian Holding**

**Jointly established USD and RMB funds**  
(Scheduled to start operations in FY2012)

- Primary targets are Chinese companies engaged in the information service business related to intelligent technology and Internet of things
- SBI dispatched CEO, offering investment know-how

### Outline of Shanghai Yidian Holding

Founded in 1960, Shanghai Yidian Holding is a large state-owned company directly under the aegis of the Shanghai Municipal Government and the only information company under the Shanghai State-owned Assets Supervision and Administration Commission. The Group has 120 or more companies under its umbrella.

# **Formation of Joint Fund Focused on Global ICT Opportunities with Mahindra Satyam, a Part of Mahindra Group, a Major India-based Conglomerate**

**(Announced on February 21, 2012 )**



## **[About Edelweiss Financial Services]**

**Commitment amount : USD 50m**

**SBI's share : 50%**

**Target of investment : Promising IT companies in the world**

## **[About Mahindra Satyam]**

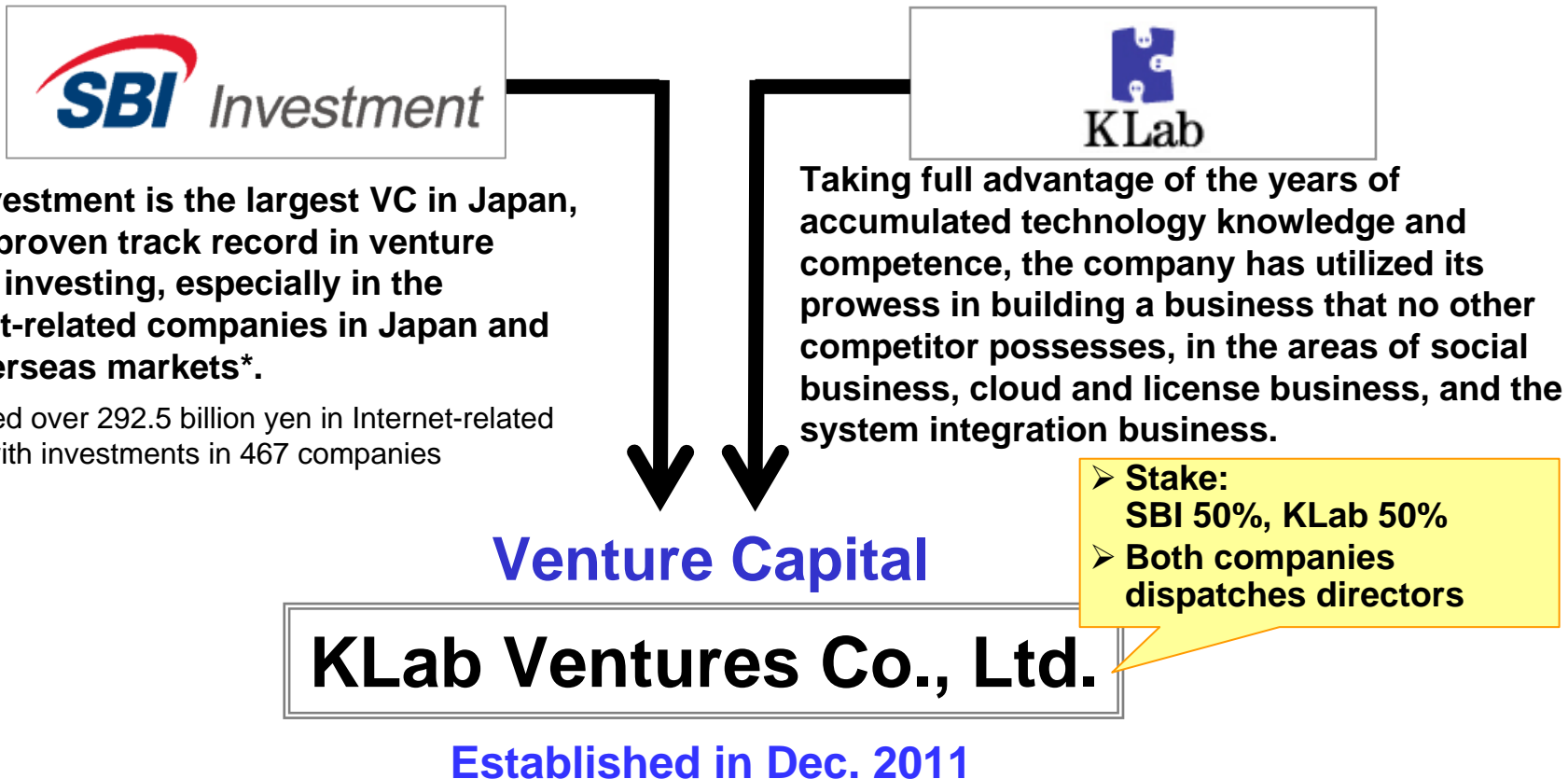
- A leading global business and information technology services company of India.

- A part of the Mahindra Group, one of the top 10 India-based groups that globally operates broad businesses, such as financial services, utility vehicles, retail businesses, information technology and infrastructure business, etc.



# SBI Investment and KLab Establishes a New Venture Capital JV

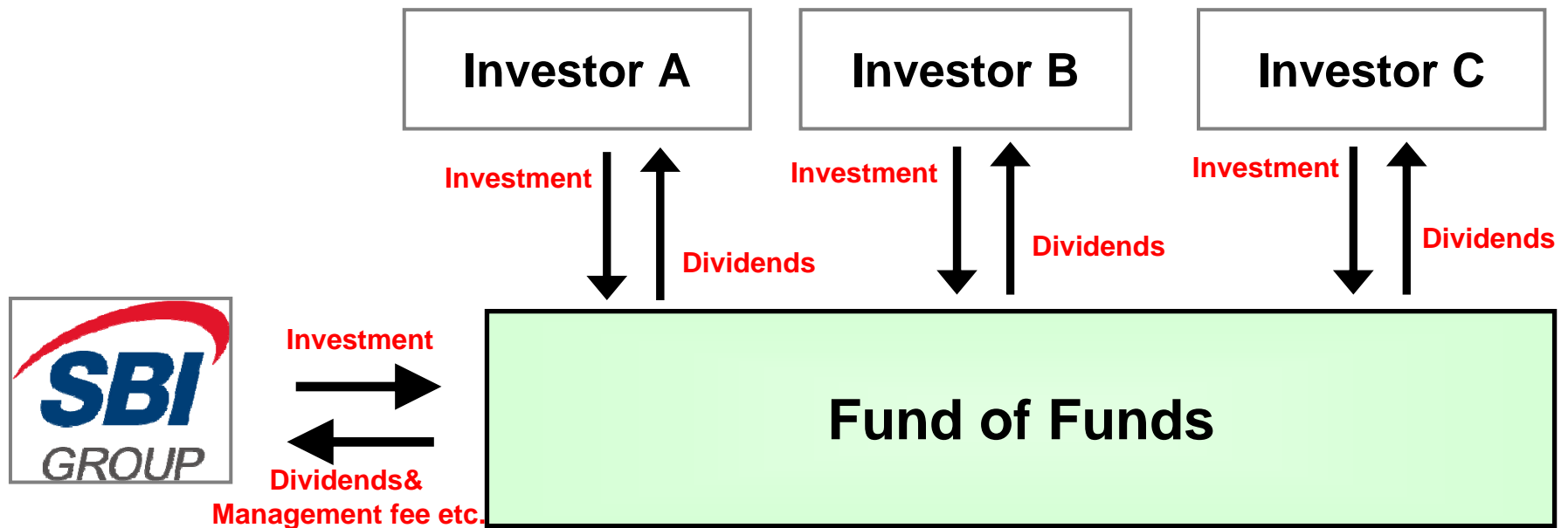
**Jointly developing venture capital business to invest in the Internet field**



**Investing in start-up and early-stage companies with strong growth potential in areas such as the Internet**

## (2) Pursuit of Greater Global Network Value

(e.g.) Raise funds from outside investors by forming fund of funds to appropriate SBI's portion of Overseas JV Fund



**SBI's commitment burden for overseas JV funds, established by SBI and partners, will be decreased through the establishment of this fund of funds**

Upon the establishment of a second fund and on, larger scale funds may be established by attracting funds from a larger number of LPs

### **(3) Group/Investee Companies' Strategy for Future IPOs and Fund Raising**

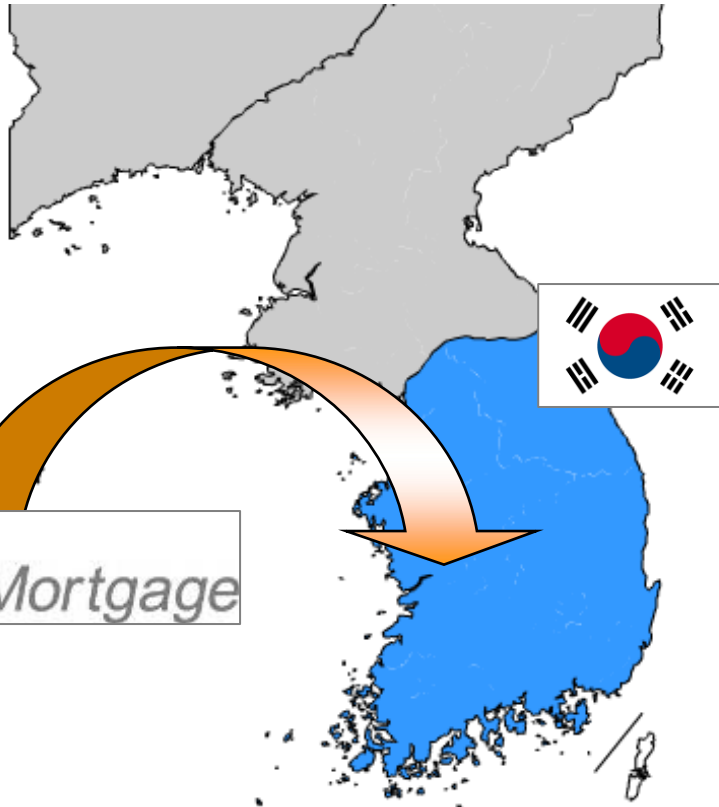
**Create value of Group companies and investee companies to realize their IPOs in the domestic and overseas markets. The capital gains from such IPOs will be allocated for future growth.**

**This may be referred to as the second step in the IPO strategy. In the first step, SBIH conducted IPOs of its subsidiaries, including Morningstar Japan and E\*TRADE Japan (currently SBI SECURITIES), for the formation of the Group. The capital that was raised was then utilized for the further expansion of the Group.**

**(The number of listed Group companies totaled 11 in the 8<sup>th</sup> year since the Group's inception)**

# Overseas Listing of Group Companies

**SBI Mortgage's Listing was Approved  
by the Korea Exchange on November 2011  
(as the First Japan-based Company Listing)**



## Features of KOSPI Market

- The main market of KRX
- Mainly consists of blue-chips
- Stock prices of KOSPI-listed companies tend to be stable post-listing, when there is no change in fundamentals
- Samsung Electronics and Hyundai Motor, POSCO and LG Display are examples of its major listing companies

No. of listed companies	777
Market Cap.	Approx. KRW 1,141tn (JPY 77tn)
Annual trading volume	Approx. KRW 1,410tn (JPY 95tn)

\*as of the end of 2010

\*KWR100=JPY6.751

**To be listed within 6 months from approval (May 2012)**

## Overseas Listing of Investee Companies



(Shares of a fund managed by the SBI Group: 70%)

- Holding company that retains settlement service providers, ZERO and ZEUS
- Established subsidiaries in the US, the UK, the Netherlands and Singapore, operating globally.

On February 1, filed a request for preliminary examination for listing on the KOSDAQ of South Korea in spring 2012.



(Shares of a fund managed by the SBI Group: 50.57%)

- It has established the platform connected to more than 80% of all actual used car auction bases in Japan
- Has acquired over 35,000 members including car dealers, auto dentists and car exporters.

Auto Server's listing on GTSM, if approved, will be the first primary listing on the market by a Japanese company

In November 2011, Auto Server held a joint press conference in Taiwan with Yuanta Securities, the lead manager, and GTSM, an operator of the Emerging Stock Market

Expected to acquire approval for listing on GTSM Market in 2012

### **3. Creating Further Synergies in the Financial Service Business**

#### **(1) Further Expansion of Synergies in the Financial Services Businesses**

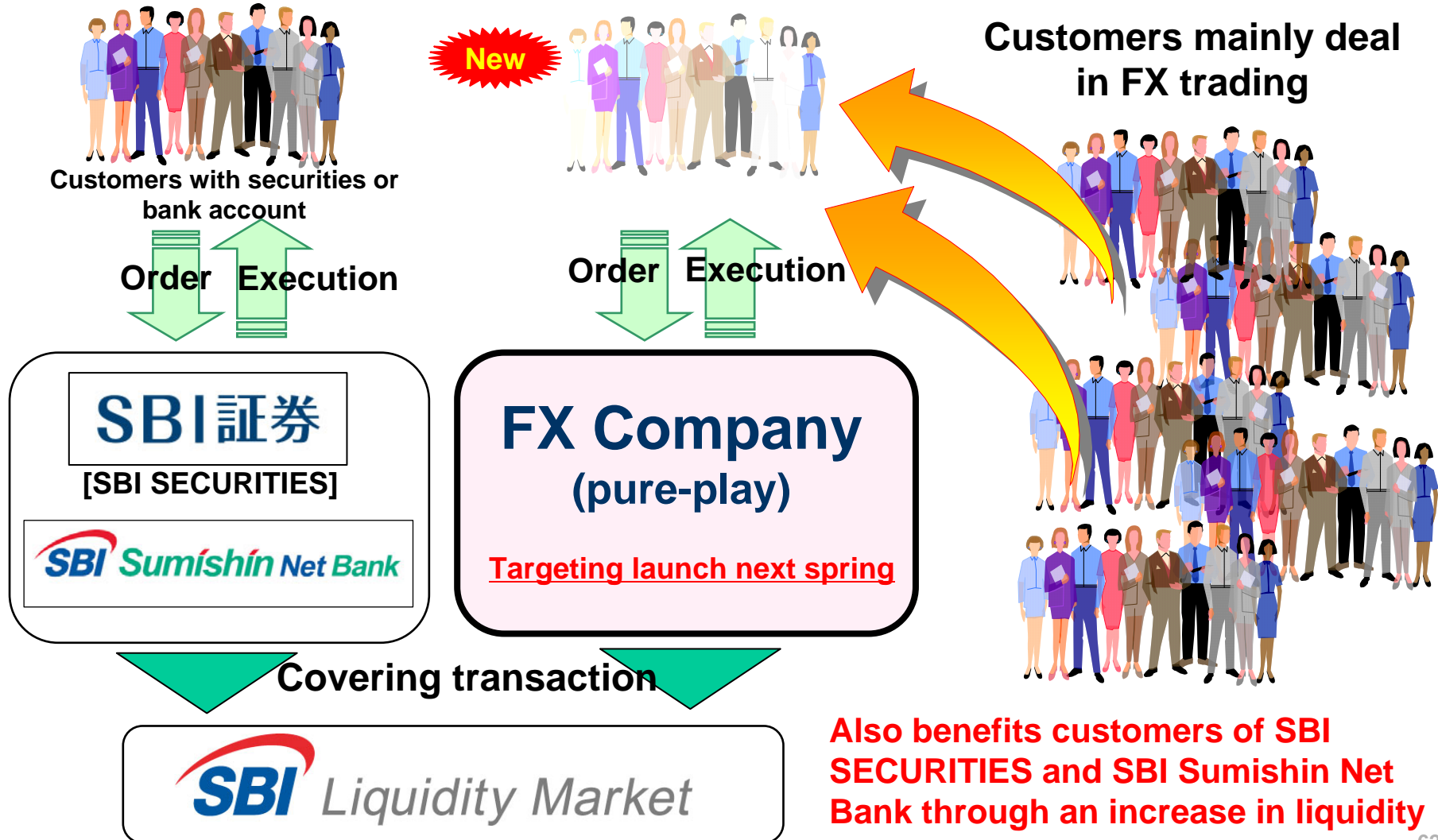
- Establishment of a new pure-play FX company for new customer aggregation to further exploit synergies
- Acquired shares of Shinsai Partners for anticipated synergies with a new (to be established) life insurance company

#### **(2) Strengthen Collaboration between Japan and Overseas Operation**

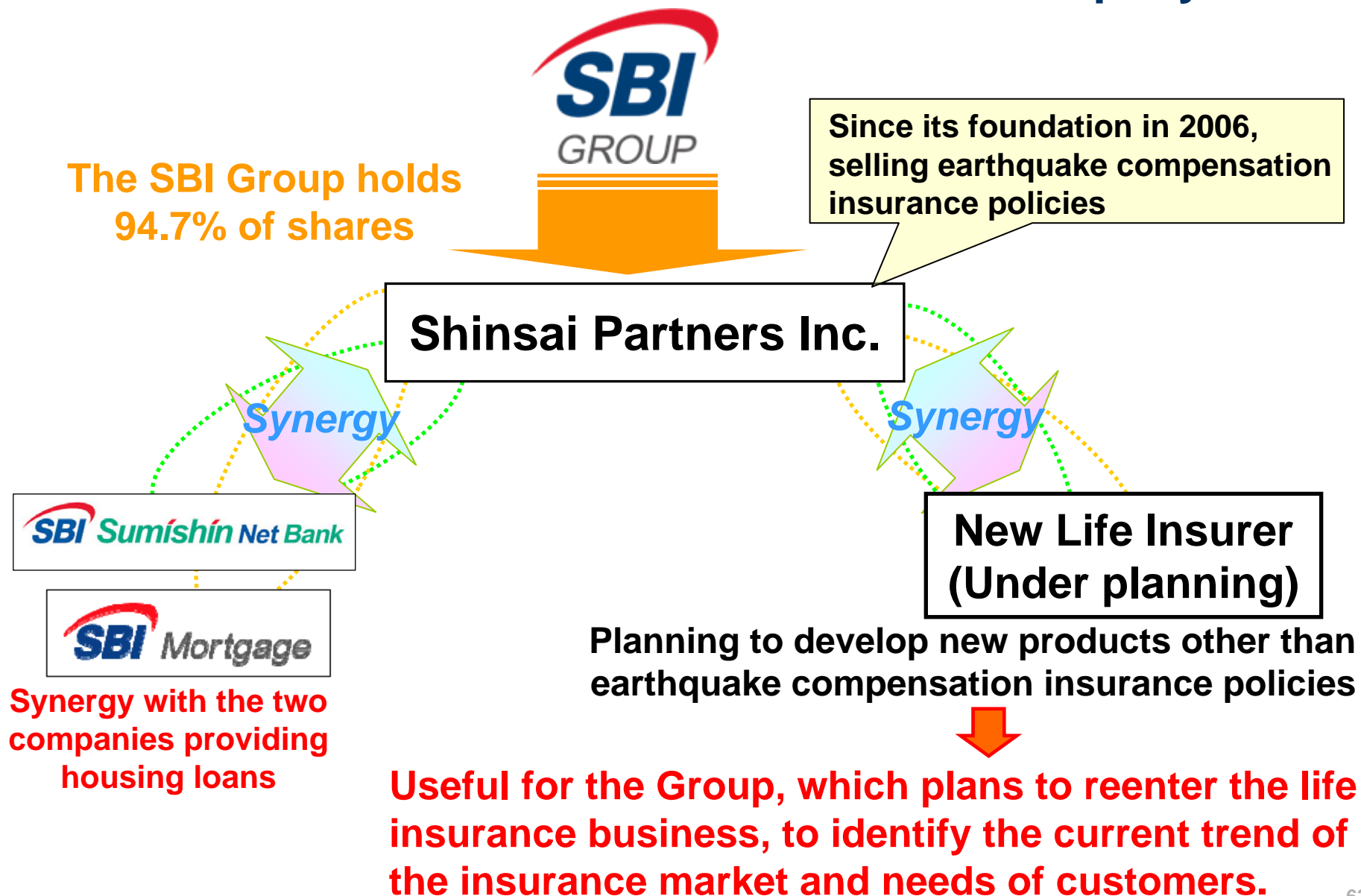
- Increase SBI SECURITIES' foreign stock offering through expanded collaboration with overseas securities firms
- Expand overseas content businesses on financial information
- SBI VeriTrans established a joint venture company with a local Indonesian company

## Establishment of a New FX Company to Acquire New Customer Cluster

Besides customers via SBI SECURITIES and SBI Sumishin Net Bank,  
**procure FX dealers as new customers**



## Acquired Shares of Shinsai Partners, a Small-amount Short-term Insurance Company





## New Alliances with Malaysian and Singaporean Financial Institutions



### Alliance with PhillipCapital Group

(Announced on Jan. 31, 2012)

- Provision of foreign stocks and research reports of Singapore and Thailand to customers of SBI SECURITIES
- Establishing connection of FX and CFD platforms between both groups
- Collaborating in wide range of other business areas

#### About PhillipCapital Group:

Established in 1975, PhillipCapital Group is a Singapore-based group company offering a full range of financial services, with a superior securities business operations. PhillipCapital Group operates in the financial hubs of 12 countries, in the United Kingdom, France, Japan, China, Hong Kong, Thailand, Singapore, Malaysia, Indonesia, Sri Lanka, Australia and the United States. The PhillipCapital Group employs more than 3,500 employees worldwide.



### Alliance with OSK Investment Bank

(Announced on Jan. 31, 2012)

- Offering of various research reports from OSK to customers of SBI SECURITIES
- Offering of newly listed issues and public and corporate bonds, and the development and sales of investment trusts
- M&A matching and advisory services, targeting Japanese and Malaysian corporations

#### About OSK Investment Bank:

A fully owned subsidiary of OSK Holdings, a regional investment banking group. The OSK Group has more than 3,000 professionals in over 80 offices, primarily in the ASEAN countries such as Malaysia, Singapore, Indonesia, Cambodia, and Thailand, as well as in Hong Kong and China.

## Expand Provision of Foreign Stocks Collaborating with Overseas Securities Firms in which SBI Invests

Expand further offerings, in addition to stocks of US, Hong Kong & China, Korea, Russia and Vietnam, which have already been made available

### Newly announced alliances



Singapore

**PhillipCapital Group**

(Announced on Jan. 31, 2012)

Singapore & Thai Stocks



Malaysia

**OSK Investment Bank**

(Announced on Jan. 31, 2012)

Malaysian stocks



Indonesia

**BNI Securities**

(25% share)

Indonesian stocks

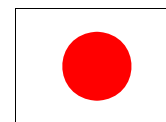


Cambodia

**SBI Royal Securities**

(71% share)

Cambodian stocks



**Japan**

**SBI証券**

**[SBI SECURITIES]**



**2.35 mil. accounts  
as of Jan. 2011**

# Expand Overseas Financial Content Businesses to Provide Useful Information with Investors in Japan

Searchina



Overseas information  
mainly of China

Became subsidiary in Feb. 2010

20%  
Investment

CSJ-SBI Financial Media

(JV with China Securities Journal)

Information provision through the  
utilization of Xinhua News Agency Network,

Established JV in June 2011

55%  
Investment



**Shanghai Infeel Economics  
Development**

A provider of IR and database  
services in the U.S. and China in  
alliance with Nasdaq OMX and CSJ.

MORNINGSTAR

Morningstar Japan/  
Kabushiki Shimbun  
Information about Japanese  
equities and investment trusts

Website was Launched in  
August 1998



Provides financial information centering  
on 38 emerging countries/region such as  
BRICS and VISTA

Service Launched in Oct. 2010

Alliance

**Joongang Media Network**

A major media group affiliated with  
the Samsung Group of South Korea.  
It has JoongAng Ilbo, South Korea's  
largest newspaper company, and  
more than 20 media.



MORNINGSTAR

Morningstar Inc.  
Distribute stock report in US, UK,  
Switzerland, China, India and  
Brazil to Morningstar Japan

THE WALL STREET JOURNAL.  
ウォール・ストリート・ジャーナル 日本版 japan.WSJ.com

WSJ Japan Edition  
Overseas economic information  
from an unique standpoint

Service Launched in Dec. 2009

## SBI VeriTrans Advancing into Indonesian EC Payment System and Infrastructure Businesses

With netprice.com and Midplaza Group, jointly established a company to provide EC-related services in Indonesia, in anticipation of the rapid growth of the Indonesian EC market



Midplaza Group  
(Indonesia)

Invest

Invest

### New company “PT MIDTRANS”

Provision of EC settlement service, EC infrastructure service and EC consulting service, etc., to Indonesian companies and Japanese/foreign companies operating in the country.  
(Scheduled to start operations this spring)

Newspaper  
article

### About Midplaza Group

Since the 1980s, Midplaza Group has developed real estate businesses, including property development, such as that of office buildings, and the operation of luxury hotels, such as Intercontinental Midplaza Jakarta. Midplaza Group is also involved in the IT-related fields.

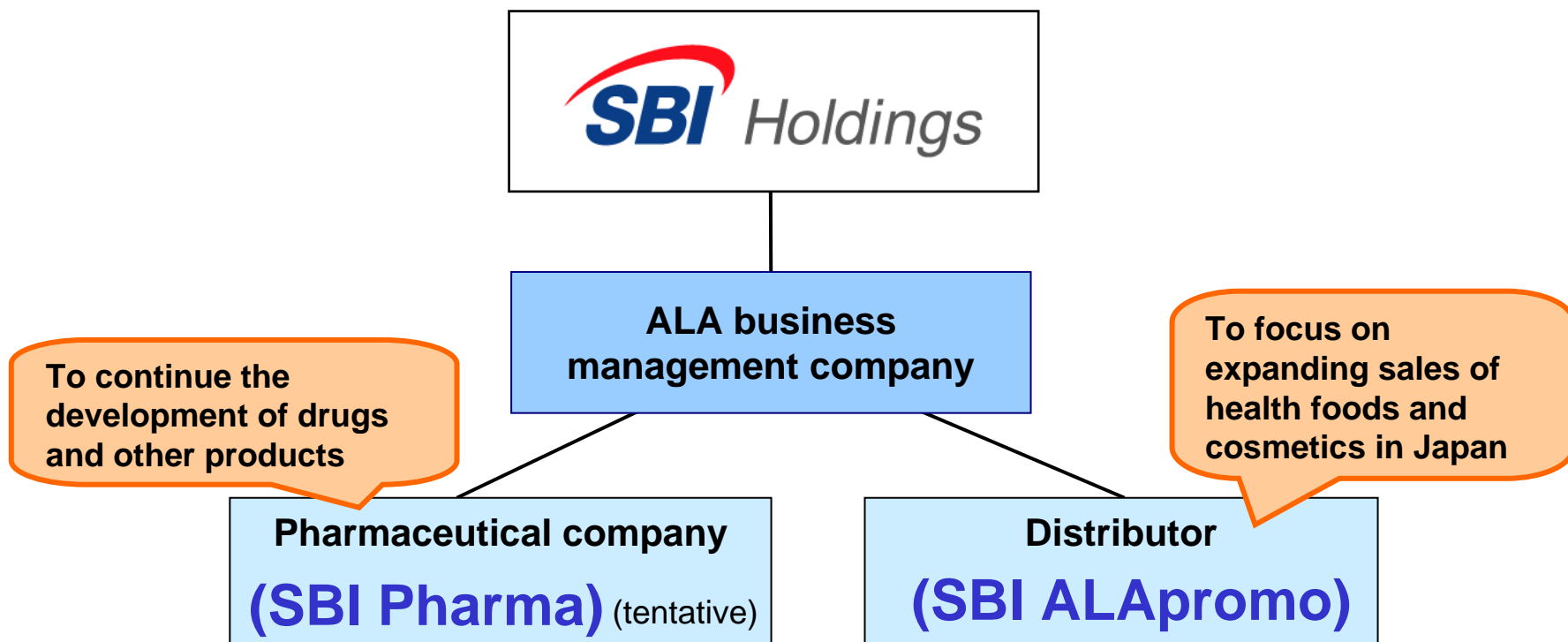
## **4. Establishing the Bio-related Business, a 21st Century New Growth Industry Post the Industrial Society, as a New Revenue Source**

- (1) Conversion of SBI ALApromo into  
Pharmaceutical Company and Change in ALA  
Business-Related Organizations**
- (2) Medical Field R&D Progress**
- (3) Expanding ALA-related Businesses Overseas**

# (1) Conversion of SBI ALApromo into Pharmaceutical Company and Change in ALA Business-Related Organizations

SBI ALApromo will become a pharmaceutical company by obtaining a license to manufacture and sell Class 1 OTC drugs.

## New organizational system for the ALA-related business



**The sales and production operations will be separated, so that each will be independently focused on to expand the respective businesses.**

## (2) R&D Progress in Medical Field

### Cancer treatment: Brain tumor diagnostic agent

\*Orphan drug designation  
(Nov. 2010)

After obtaining approval from the European Medicines Evaluation Agency, a business alliance was formed with Germany's Medac, which is already using the diagnostic agent containing ALA in over 20 countries in Europe

(October 2009)

➔ Phase-3 clinical testing has completed

➔ If all goes as planned, it will be approved as a treatment within FY2012



Sponsor investigator headed by Kochi University into expanded indication for carcinoma is ongoing

# Steadily Progressing the Research of Cancer Diagnosis with ALA

## Cancer diagnosis

In a joint research project with the Tokyo Institute of Technology for the potential application of cancer screening, the development of an urine test instrument is under study.

Newspaper  
article

**Early detection of cancers with ALA**  
**Tokyo Institute of Technology and SBI ALApromo Co., Ltd. are developing a technology for the early detection of cancers targeting the digestive system.**

“In an animal experiment, it was found that even a minute cancerous tumor can be detected only by measuring the quantity of porphyrin in fluorescent materials contained in the urine and blood, several hours after orally administering ALA.

(Snip) Currently, an examinee, when taking ALA before going to bed, can undergo cancer diagnosis right after getting up the next morning. A group led by Shunichiro Ogura, Assistant Professor of the Tokyo Institute of Technology, is improving their ALA-based diagnosis system to shorten the time needed for cancer screening to two or three hours so that it can be used even in a one-day physical examination.”



### (3) Expanding ALA-related Businesses Overseas

#### Expanding business alliances overseas

There were a succession of presentations at academic conferences for various fields (malaria, cancer, and septicemia). Thus, there was a dramatic increase in inquiries and joint research requests from both foreign and domestic research entities regarding SBI ALApromo



#### German

JV company with  
German drug company  
**ALAPharma**  
(Pharmaceutical R&D in  
Europe, etc)



#### China

Negotiating JV  
to expand ALA  
businesses

Scheduling drug applications in  
several fields in Japan, United  
States and Europe in  
collaboration with international  
Contract Research Organization

**December 2012**



#### **Philippine**

Health food, 'NatuALA ONE' was nationally licensed by Food and  
Drug Administration (FDA) Philippines

Preparing for the launch in the  
Philippines, collaborating with  
local firms

Targeting sales  
expansion of  
supplements overseas

**Network with universities and research institutes in the world**

*<http://www.sbigroup.co.jp/english/>*