

The SBIH Group, along with its mainstay Internet brokerage business, has resolutely entered into the Internet banking and Internet insurance businesses, establishing a globally unique "Internet-based financial conglomerate." With this structure, a truly one-stop financial service platform has been created, where Group synergies within the financial conglomerate structure will be fully maximized to provide stronger future growth.

## Overview of Fiscal Year 2008

The fiscal year ended March 31, 2009 was severely impacted by the U.S. subprime loan problem, which adversely affected the world's financial markets, creating an extremely difficult business environment that hampered the domestic economy from the fall of 2008. Under such severe conditions, the consolidated performance of SBI Holdings, Inc. ("SBIH") was adversely affected as the two key components of the company's earnings, the Asset Management Business and SBI SECURITIES' Brokerage & Investment Banking Business were greatly impacted by the deteriorating market conditions. Along with valuation losses on marketable securities and other losses arising as a result of the depressed stock market, operating revenues amounted to ¥130,923 million (down 41.2% year-onyear) with operating income at ¥4,404 million (down 89.7% year-on-year), ordinary income at ¥37 million (down 99.9% year-on-year) and a net loss of ¥18,375 million for the fiscal year.

Although valuation losses and allowances recorded totaled ¥14,768 million, most of this is attributable to a ¥6,773 million loss on valuation of investment securities of The Sumitomo

Trust and Banking Co., Ltd. shares held for the joint venture operations of our Internet bank, a ¥2,464 million allowance for a loan made to ZEPHYR Co., Ltd. and a ¥1,353 million loss from investment through the equity method for Broadmedia Corporation, among others. These were significant factors in the recording of a net loss for the fiscal year under review.

However, even under these unprecedented market conditions, the core businesses of Asset Management, Brokerage & Investment Banking, Financial Services and Housing and Real Estate all secured operating profits, reflecting solid business foundations that produce profits even under severe business conditions. Moreover, SBI Sumishin Net Bank, Ltd. in January of 2009, after only a year and four months since the start of operations, attained a profitable single month, as well as a profitable quarter basis for the first time in the fourth quarter of the fiscal year (January 1 to March 31, 2009). In addition, with the backdrop of a brisk domestic FX trading market, SBI Liquidity Market Co., Ltd. contributed ¥2,678 million to consolidated operating income over a short five month period since the start of its operations in

November 2008. In this way, some of our new businesses have already begun contributing to profits.

With respect to our financial condition, shareholders' equity ratio on a consolidated basis improved to 32.8% for the year ended March 31, 2009, up from 19.8% at the year ended March 31, 2008. In addition, a total of ¥105,940 million of corporate bonds were redeemed during the fiscal year, improving the interest-bearing debt ratio to 37.1% from 101.0% at the end of March 31, 2008. Our cash deposit level was at a relatively high ¥127,123 million (¥160,281 million at March 31, 2008), despite increasing total assets caused by the asset and liability accounts at securities companies, attesting to the soundness of the company's financial condition.

Regarding dividends, it has been the basic policy of SBIH to distribute dividends of retained earnings upon consideration of factors such as the Group's consolidated results and the company share price. In accordance with these guidelines, an annual dividend of ¥100 per share was paid out for the fiscal year ended March 31, 2009.

In order to better clarify its profit distribution standards linked to the Group's financial performance, starting in the fiscal year ending March 31, 2010, SBIH will implement a dividend policy aiming for a payout of approximately 20% to 50% of its consolidated net income as a basic policy for an annual yearend dividend payment.

## Striving for Further Growth

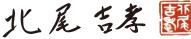
The current fiscal year ending March 31, 2010 will be a year for management to further effectuate its efficiency through the restructuring of the Group's internal structure, and to cultivate the new core businesses of Internet banking, Internet nonlife and Internet life insurance businesses that were established between 2007 and 2008. In order to establish a revenue base that is not solely reliant on the stock market, we are aggressively strategizing to bring these companies to profitability in the shortest timeframe possible through the full utilization of the Group's synergies. Furthermore, in order to take full advantage of the coming stock market recovery, we have endeavored to increase our share of the Internet securities business to be strategically positioned for maximum impact on profitability.

With reference to our overseas business development, since the fiscal year ended March 31, 2006, we have focused on and steadily increased investments in China and other emerging Asian countries with high growth potential, to the point where the overseas operations now account for 10% of the total consolidated revenues. As for the second phase of our overseas business development, through the utilization of the networks established by our venture fund investments into promising overseas companies, we will eventually transplant our online businesses, such as our Internet securities business, to the overseas markets, with the expectation of building a financial ecosystem

similar to that which was established in Japan in those countries. By doing so, we will rapidly transform ourselves "from Japan's SBI to the world's SBI," with the expectation of continued growth as a global entity.

The SBIH Group is a globally unique Internetbased financial conglomerate, that maximizes the utilization of a potent weapon: the Internet. In order to ensure our future growth, we will continue to aggressively challenge potentially meaningful new business opportunities. We will also persist with our customer-centric principle, to

bring further innovative services and businesses to our customers and investors, so to maximize the pursuit of customer value, shareholder value and human capital value, the sum total of which equates to corporate value.





## Yoshitaka Kitao

Representative Director & CEO

## Selected books authored by Mr. Kitao -













































• Yoshitaka Kitao's Business

Management Lecture

The SBIH Group Vision and Strategy: Continuously Evolving Management	(English language translation published by John Wiley & Sons, Inc.) (Chinese translation published by Tsinghua University Press)
Challenges of E-Finance I	(Chinese translation published by The Commercial Press) (Korean translation published by Dongbang Media Co., Ltd.)
Challenges of E-Finance II	(Korean translation published by Dongbang Media Co., Ltd.)
"Value-Creation" Management	(Chinese translation published by The Commercial Press) (Korean translation published by Dongbang Media Co., Ltd.)
(The above four books are pu	ublished in Japan by Toyo Keizai Inc.)
Universal Management,     Growth Management	(Korean translation published by Dongbang Media Co., Ltd.) (Chinese translation published by World Affairs Press)
Developing Character	(Chinese translation published by World Affairs Press)
(The above two books are publis	hed in Japan by PHP Research Institute)
• Think Big, Don't Be the Little Guy	
Why Do We Work?	(Korean translation published by Joongang Books)
(The above two books are pub	olished in Japan by Chichi Publication)
"Mysterious Powers" Gained from Chinese Classics	(Chinese translation published by Peking University Press)
(Published in Japan	by Mikasa Shobo Co., Ltd.)
Reading the Times	(Published in Japan by KEIZAIKAI CO.,LTD.)

(Published in Japan by KIGYOKA NETWORK)