

SBI Mortgage FY2011 Earnings Results



SBI Mortgage

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< NOTE >

- SBI Mortgage's fiscal year ends in March, and the following exchange rates have been applied:
(Unit: in Korean Won)

Category	FY2011 ('11.04~'12.03)	FY2010 ('10.04~'11.03)	FY2009 ('09.04~'10.03)
End-of-period exchange rate (Balance Sheet)	13.8074	13.3189	12.1768
Average exchange rate (Income Statement)	14.0732	13.4486	13.0353

01 SBI Mortgage Earnings Results (1)

For FY2011, net operating income **increased** by 6.08%
while net income **decreased** by 8.30%

Fiscal Year: April 1 ~ March 31

(Unit: in million KRW)

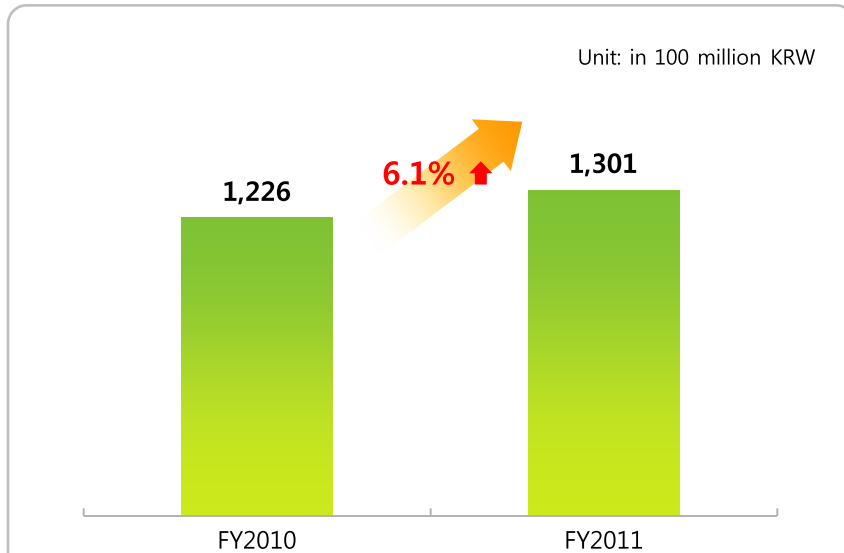
Category	FY2011	FY2010	YoY
Net interest income	14,362	12,675	13.31%
Net commission income	115,742	109,968	5.25%
Net operating income	130,104	122,643	6.08%
Income before taxes	43,176	45,504	-5.12%
Net income	24,728	26,966	-8.30%

* Net income **decreased** by KRW 800 million due to **the revision** of corporate tax law, which removed deferred tax assets

01 SBI Mortgage Earnings Results (2)

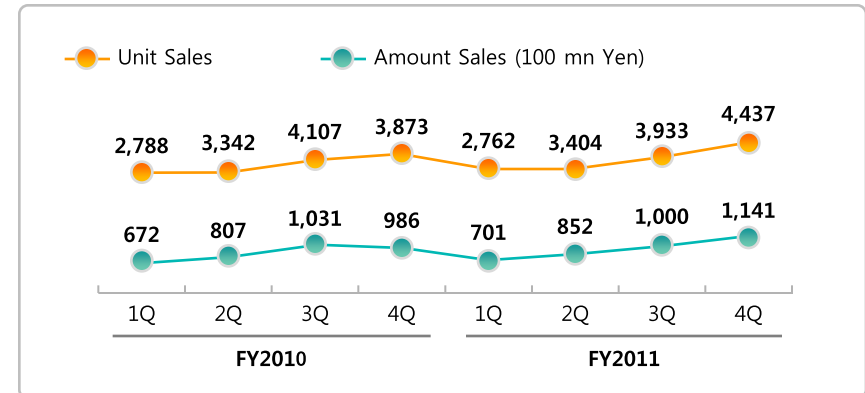
- Net operating income **increased** by 6% by reinforcing sales channels & introducing unique **mortgage** products
- Retained the record high earnings in 4Q11 by maintaining market dominance

Net Operating Income

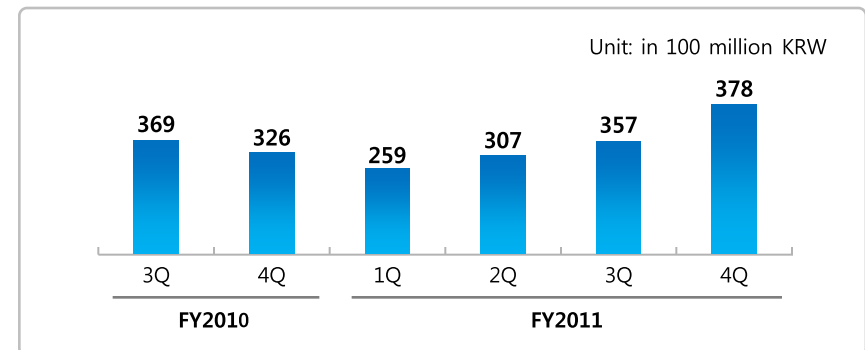


- Continues to expand & reinforce sales channels
- Provides unique mortgage products in addition to FLAT35

Quarterly Mortgage Sales Trend



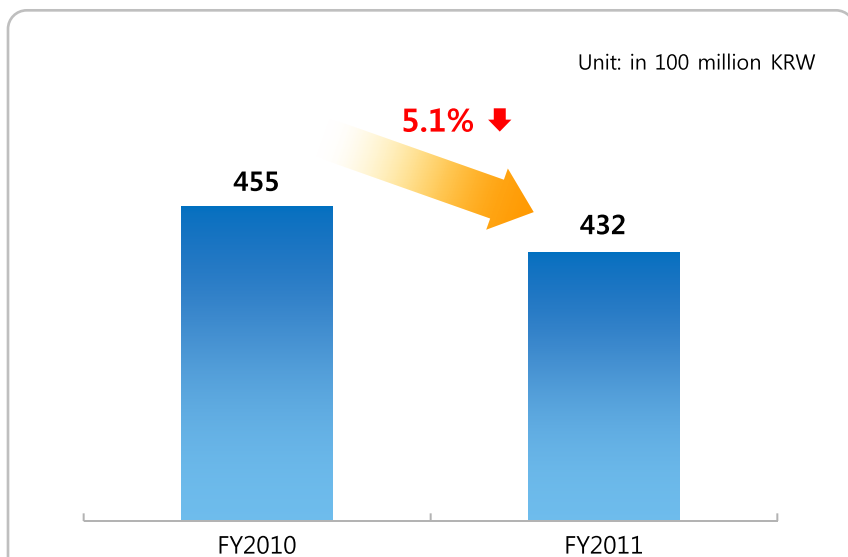
Quarterly Net Operating Income



01 SBI Mortgage Earnings Results (3)

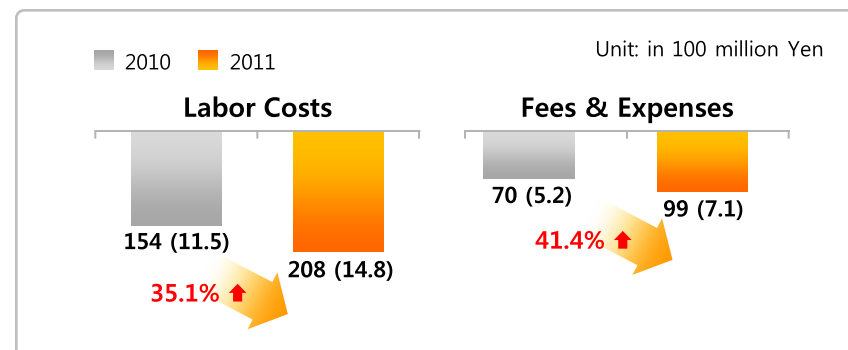
- Despite the increase in net operating income in 2011, income before taxes decreased 5% YoY due to non-recurring expense
- The major non-recurring expense (6 direct sales channels) was settled and profitability expects to improve

Income Before Taxes

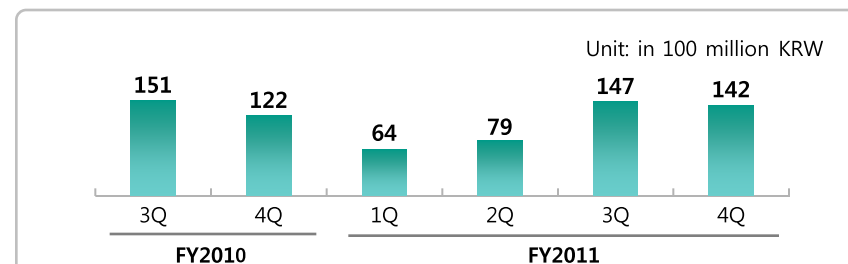


- **Six franchises now directly managed by SBI after the Great East Japan Earthquake**
 - Overhead costs (rents, etc.) and labor cost increased
- **Additional costs incurred for business expansion**
 - Reinforcing manpower would increase labor cost and this is based on the business plan before the earthquake

Major SG&A Expenses



Quarterly Income Before Taxes

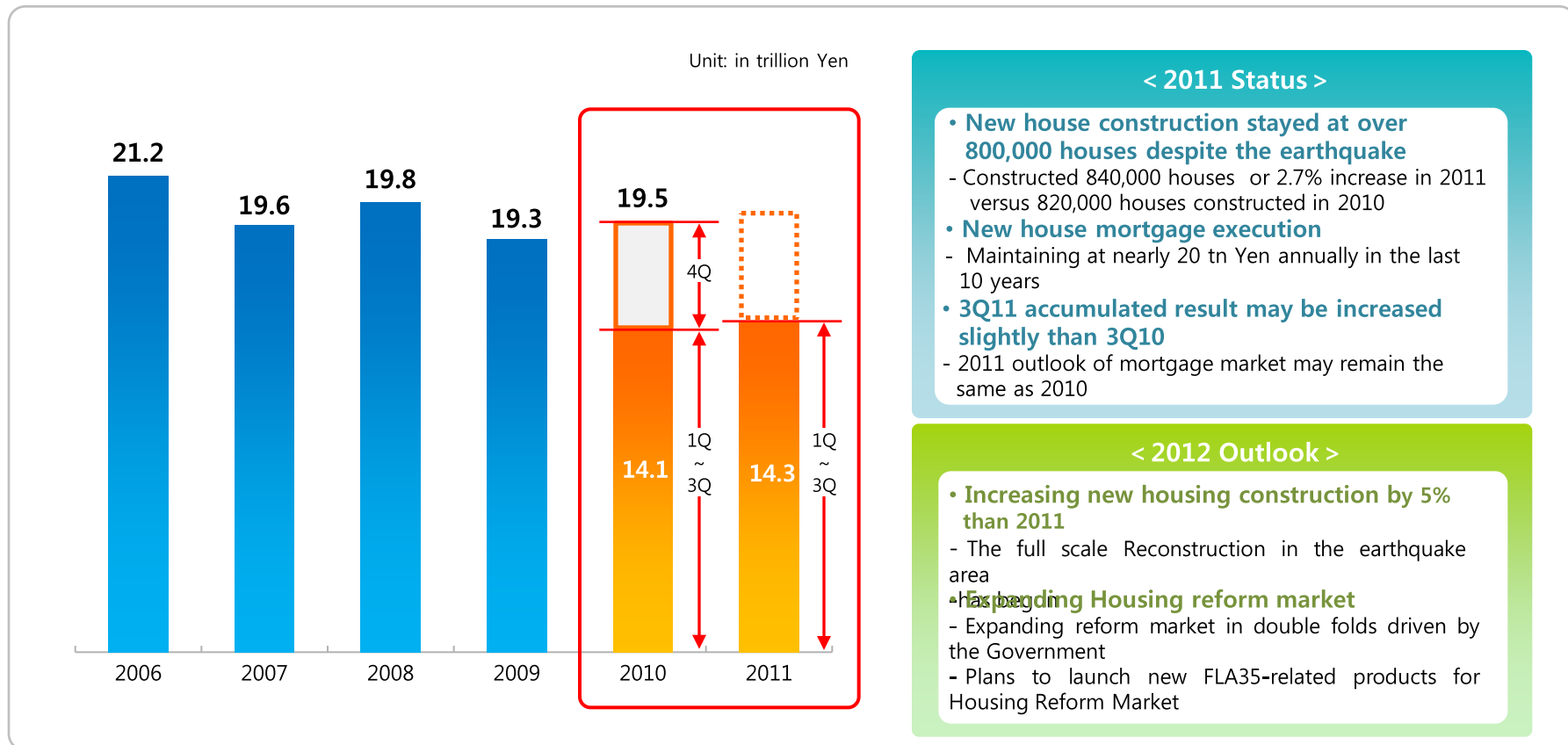


- **Receives dividend by the group life insurance in every 3Q (the amount of Dividend fluctuates)**
- Received KRW2,250mn in 2010 and KRW1,450mn in 2011
- **Achieved record high earnings in 4Q11, excluding the dividend amount in 3Q11**

02 Mortgage Industry in Japan (1)

- Maintaining Nearly 20 trillion yen Mortgage Market in Japan
- Expanding Housing market supporting driven by the Government

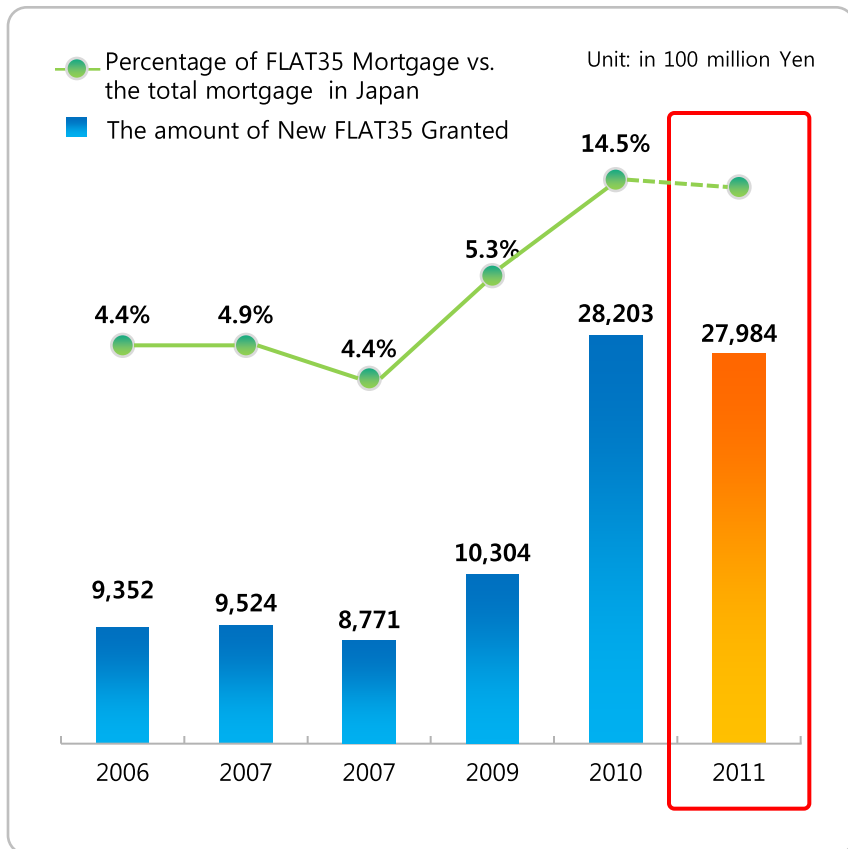
● New Mortgage Loans Granted in Japan



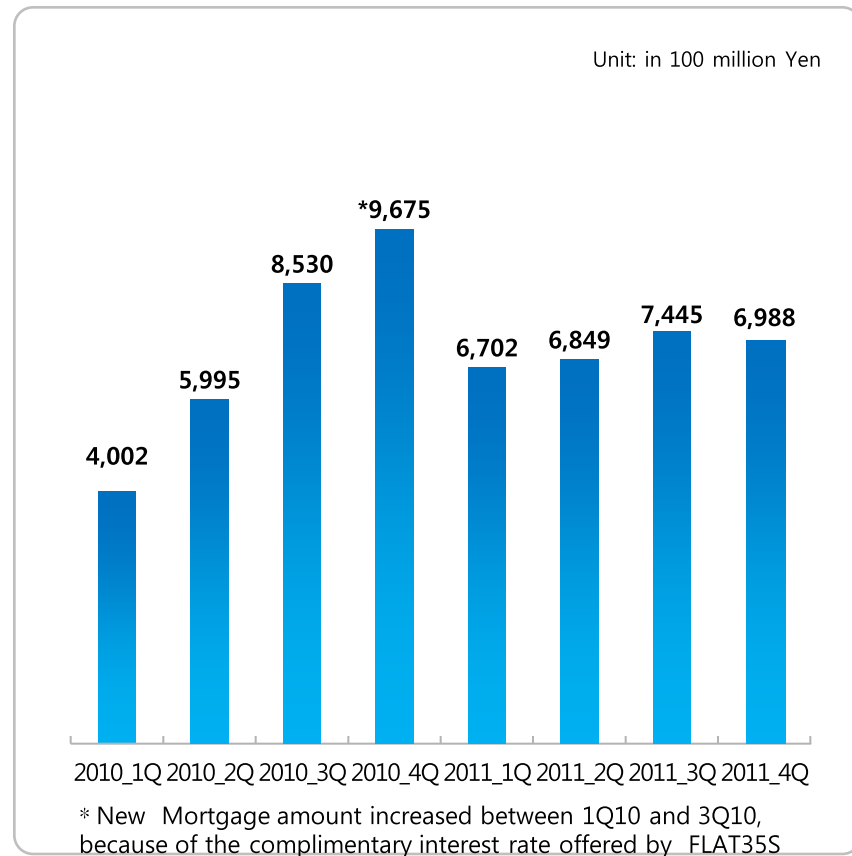
02 Mortgage Industry in Japan (2)

Continuously increasing the proportion of FLA35 in Mortgage Market

New FLAT35 Mortgage Granted



Quarterly Trend in New FLAT35 Mortgage Granted



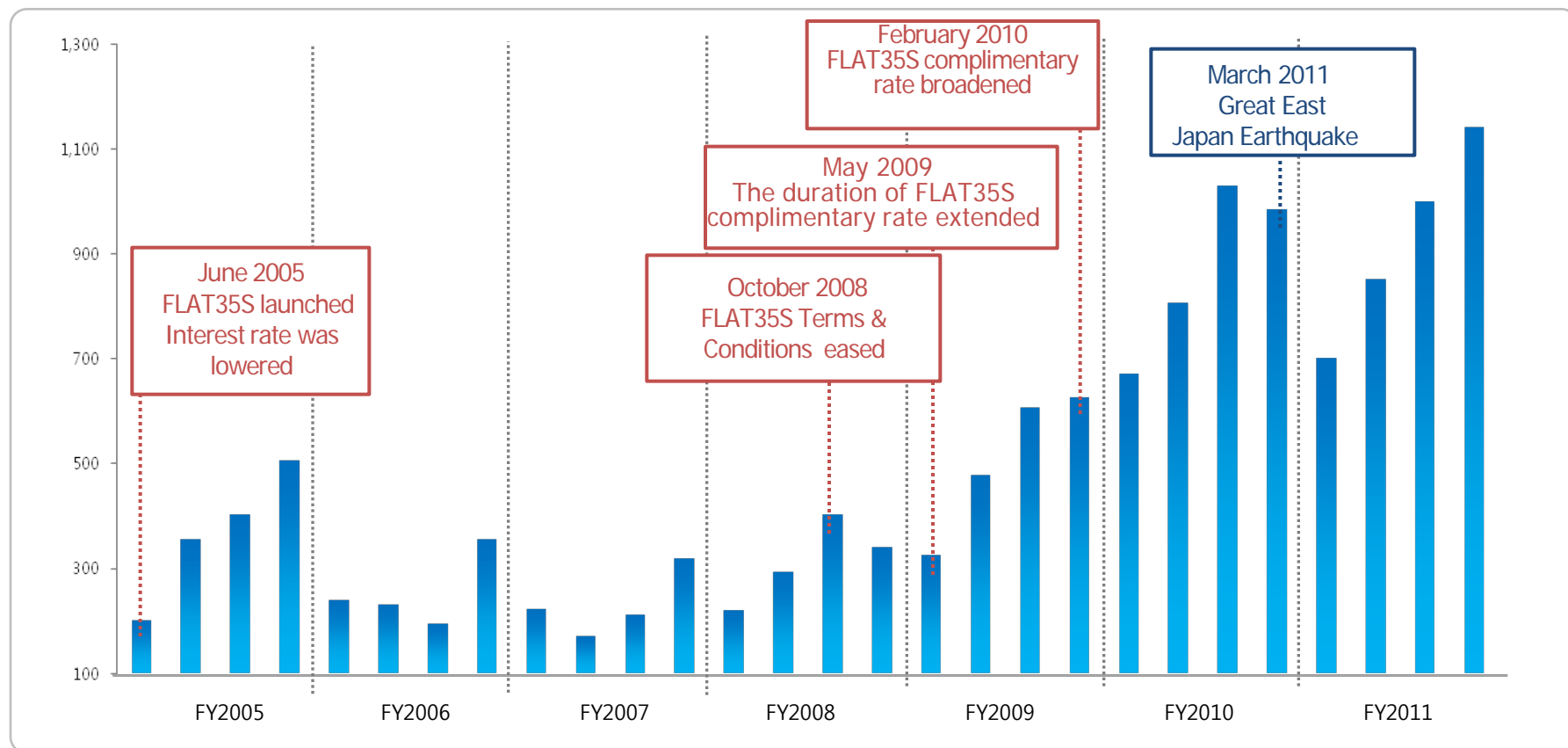
Source: Japan Housing Finance Agency (JHF); 2011 data provided by SBI Mortgage

03 SBI Mortgage Growth Trends

- Steady increasing in unit sales of FLAT35 along with product reinforcement
- Quick recovery by market dominant from the Earthquake in March 2011 when sudden sales decrease were occurred

Quarterly Unit Sales Trend of FLAT35 and Other Mortgage

Unit: in 100 million Yen

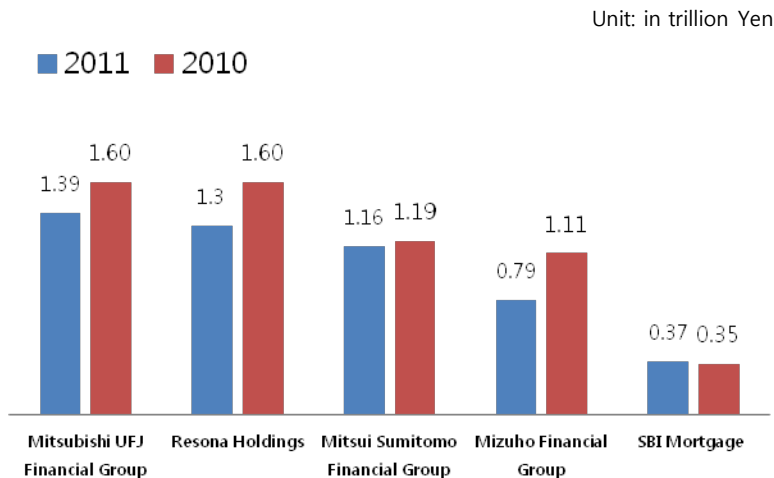


Source: Company information

04 SBI Mortgage Market Share (1)

Despite the decline in new loan sales by commercial banks, housing mortgage increased in amount and FLAT35 unit sales increased than 2010

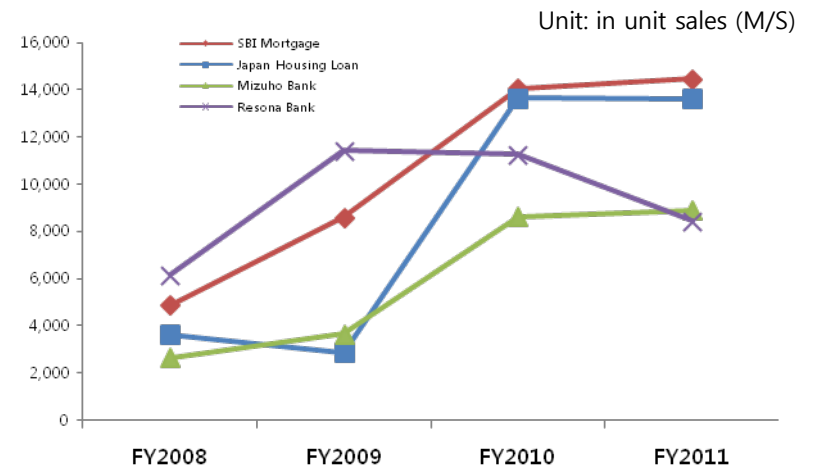
• The amount of New Housing Loans in Japan



Company	2011	2010	YoY
Mitsubishi UFJ Financial Group	1.39	1.60	-13.1%
Resona Holdings	1.30	1.60	-18.8%
Mitsui Sumitomo Financial Group	1.16	1.19	-2.6%
Mizuho Financial Group	0.79	1.11	-28.8%
SBI Mortgage	0.37	0.35	5.6%

Source: Company information

• Unit sales of FLAT35

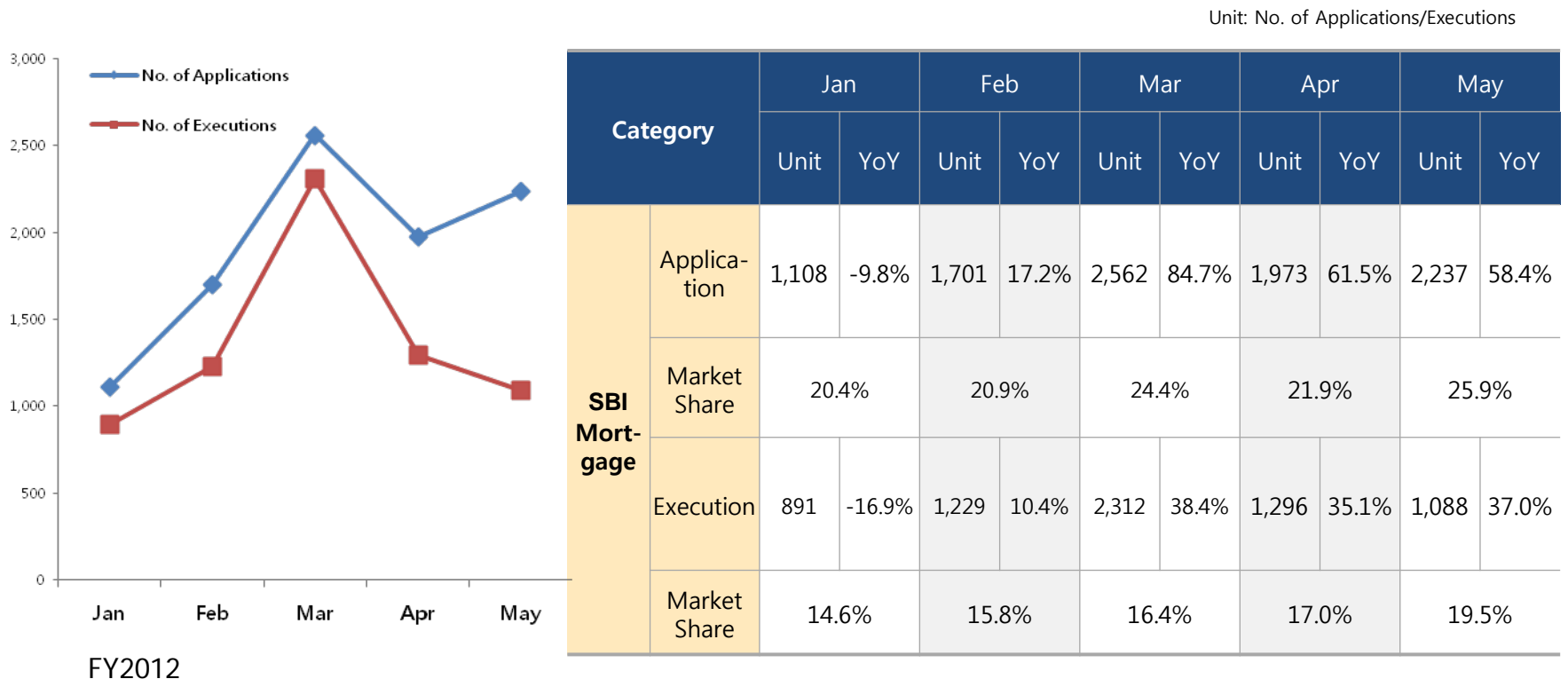


Company	2008	2009	2010	2011
SBI Mortgage	4,891(12.7%)	8,614(16.5%)	14,057(12.2%)	14,486(13.1%)
Japan Housing Loan	3,623(9.4%)	2,875(5.5%)	13,646(11.8%)	13,626(12.3%)
Mizuho Bank	2,658(6.9%)	3,661(7.0%)	8,623(7.5%)	8,902(8.0%)
Resona Bank	6,164(16.0%)	11,424(21.9%)	11,273(9.8%)	8,433(7.0%)

04 SBI Mortgage Market Share (2)

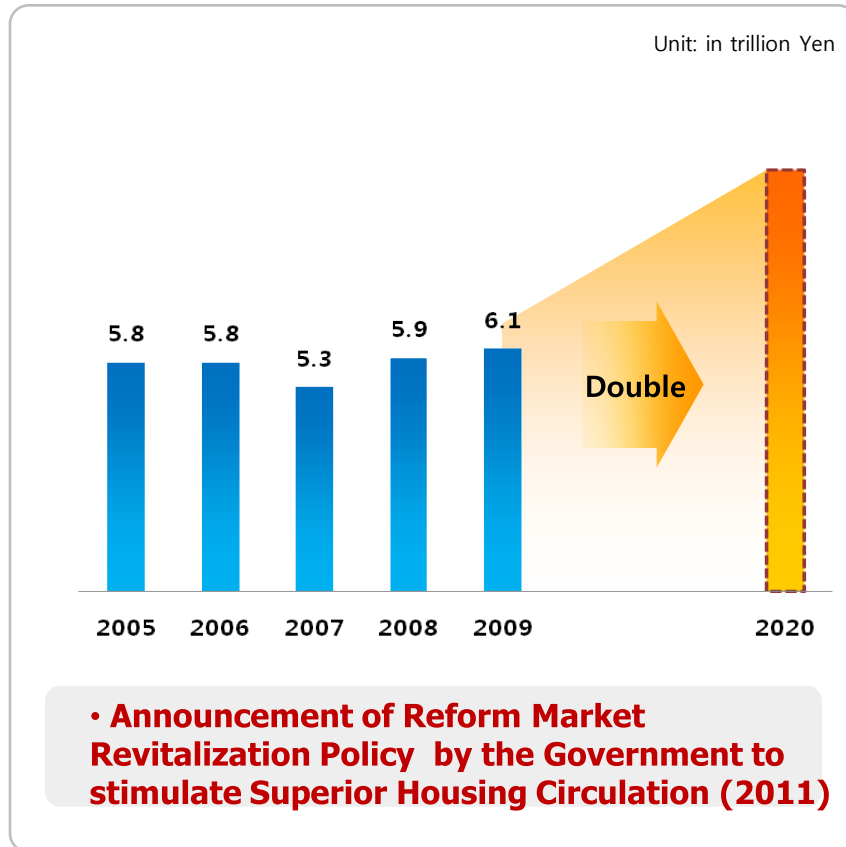
Continuously growth in FLAT35 market share by increasing numbers of application & execution

Monthly Trend of FLAT35 (FY2012)



New market development by introducing new mortgage products

● Market Trend of Housing Reform



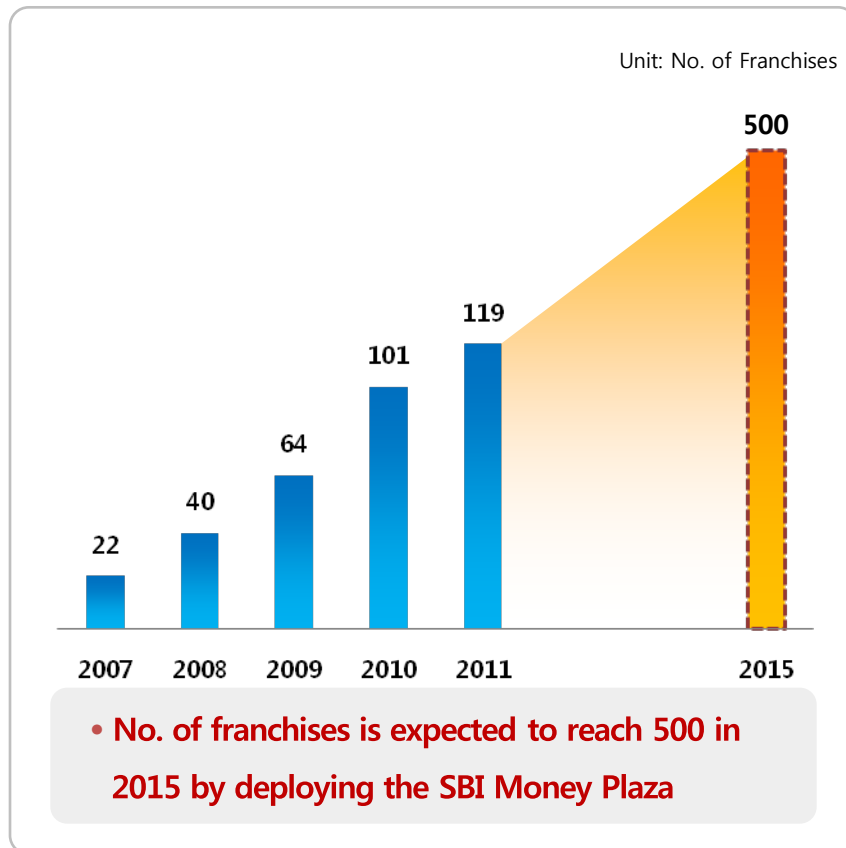
● Summary of Housing Reform Mortgage



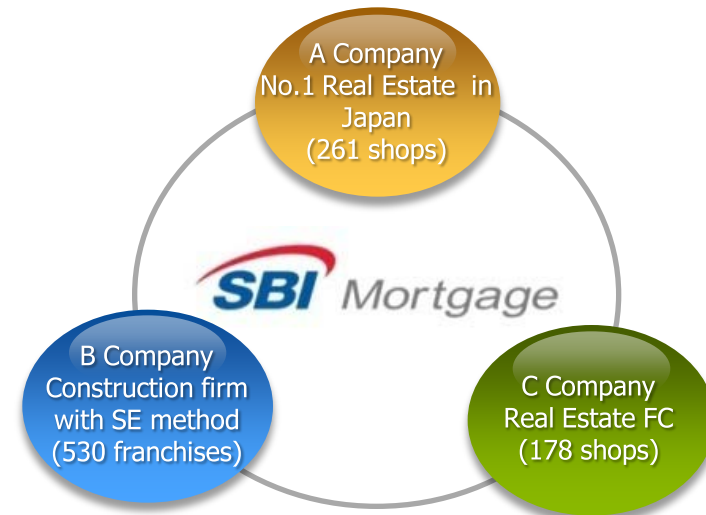
05 Overview of Major Business (2)

Establishing outstanding the real estate network by expanding new franchises and signing MOUs

● Franchise Network Outlook



● Franchising Real Estate Network



- Concluded MOU with A Company, the No.1 real estate in Japan
- Signed additional MOUs with B & C Companies
- Expanding MOUs with additional real estate related firms

Data: No. of shops and franchises: As of May 2012

Appendix – Balance Sheet

Statement of Balance Sheet

<Korean Won>

<Japanese Yen>

Fiscal year end in March 31		in million KRW	
Accounts	FY2011	FY2010	FY2009
Cash & cash equivalents	131,901	99,809	19,130
Loan Obligation	967,368	848,908	883,175
Subordinated beneficiary certificates	13,377	15,903	17,723
Other assets	148,995	66,729	72,162
Total assets	1,261,641	1,031,349	992,190
Borrowings	1,027,278	822,856	850,138
Other liabilities	70,105	73,448	43,003
Total liabilities	1,097,383	896,304	893,141
Paid-in capital	85,474	82,450	75,380
Retained earnings	78,785	51,675	24,709
Foreign currency translation adjustment	-	919	-1,041
Total shareholders' equity	164,259	135,044	99,048

Financial year end in March 31		in million Yen	
Accounts	FY2011	FY2010	FY2009
Cash & cash equivalents	9,553	7,494	1,571
Loan Obligation	70,062	63,737	72,529
Subordinated beneficiary certificates	969	1,194	1,455
Other assets	10,790	5,010	5,926
Total assets	91,374	77,435	81,482
Borrowings	74,401	61,781	69,816
Other liabilities	5,077	5,515	3,532
Total liabilities	79,478	67,296	73,348
Paid-in capital	6,190	6,190	6,190
Retained earnings	5,706	3,949	1,944
Foreign currency translation adjustment	-	-	-
Total shareholders' equity	11,896	10,139	8,134

Appendix –Income Statement

Income Statement

<Korean Won>

Fiscal Year from April 1 to March 31

in million KRW

Accounts	FY2011	FY2010	FY2009
Interest income	35,374	35,272	32,710
Interest expense	21,012	22,597	23,362
Net interest income	14,362	12,675	9,348
Commission income	126,545	122,373	78,889
Commission expense	10,802	12,405	10,960
Net commission income	115,742	109,968	67,928
Net operating income	130,104	122,643	77,276
Labor costs	20,835	15,405	10,189
Payment commission	47,160	43,887	28,493
Others	18,934	17,847	13,312
Income before taxes	43,176	45,504	25,282
Income tax expense	18,447	18,538	10,297
Net income	24,728	26,966	14,985

<Japanese Yen>

Fiscal Year from April 1 to March 31

in million Yen

Accounts	FY2011	FY2010	FY2009
Interest income	2,514	2,623	2,509
Interest expense	1,493	1,680	1,792
Net interest income	1,021	942	717
Commission income	8,992	9,099	6,052
Commission expense	768	922	841
Net commission income	8,224	8,177	5,211
Net operating income	9,245	9,119	5,928
Labor costs	1,480	1,145	782
Payment commission	3,351	3,263	2,186
Others	1,345	1,327	1,021
Income before taxes	3,068	3,384	1,940
Income tax expense	1,311	1,378	790
Net income	1,757	2,005	1,150



Capital : 81,664 mn Yen
Sales : 145.1 bn Yen

*As of March 2012

Asset Management Business

- **Reviewing the establishment of an intermediary holding company**
- Managing financial assets and FX risks for efficient investment decisions and financing activities



Financial Service Business

- **Reviewing the establishment of an intermediary holding company**
- Increasing synergistic effects among financial service businesses and creating new synergies between Japanese and Global businesses

SBI証券



Bio-related Business

- **Appointing as New Growth Engine within Group**
- Globalization of cosmetics, health foods, pharmaceutical, and other products



**SBI Group
Subsidiaries and Affiliates**
(As of May 2012)

Listed Companies in Korea

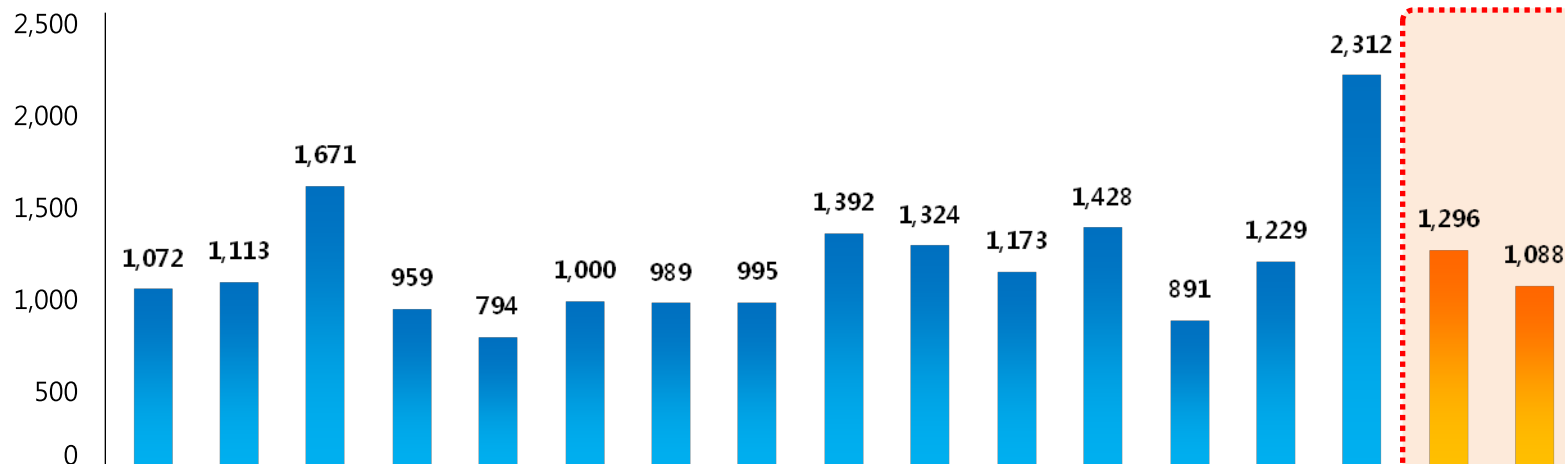
- **SBI Mortgage (KOSPI)**
- SBI Global Investment (KOSDAQ)
- SBI Investment Korea (KOSDAQ)

Listed Companies in Japan

- SBI Holdings (TSE, HKSE)
- Morningstar (Hercules)
- SOLXYZ (JASDAQ)
- SBI Life Living (Mothers)

Appendix – Monthly Trend in FLAT35 Sales (2012)

● Monthly FLAT35 Unit Sales (2011 ~ 2012)



Category	2011												2012				
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Application(no.)	1,229	1,454	1,387	1,222	1,412	1,756	1,764	2,044	2,602	2,762	1,619	1,404	1,108	1,701	2,562	1,973	2,237
Market Share(%)	11.4	11.8	10.2	10.3	11.8	12.9	13.6	13.4	11.1	13.0	23.5	20.1	20.4	20.9	24.4	21.9	25.9
Execution(no.)	1,072	1,113	1,671	959	794	1,000	989	995	1,392	1,324	1,173	1,428	891	1,229	2,312	1,296	1,088
Market Share(%)	12.34	9.94	9.47	9.39	11.41	11.03	11.38	11.54	14.22	14.07	13.41	12.74	14.61	15.78	16.44	16.98	19.45