



*Strategic  
Business  
Innovator*

# SBI Group

## March 2007 Interim Financial Results

(For the half-year ended September 30, 2006)

October 31, 2006

The items in this document are provided as information related to the business strategy of 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.

# **1. Consolidated Financial Performance**

# Interim FY 2006 Consolidated Financial Performance

(Unit: Million yen)

	Interim FY 2005 consolidated accounts	Interim FY 2006 consolidated accounts	Year-over- year (%)	Reference Full term of previous year
Sales	61, 930	74, 608	+20.5	137,247
Operating profit	19, 664	9, 213	▲53.1	49,595
Ordinary profit	20, 921	78, 017	+272.9	51,365
Current net profit	10, 733	45, 356	+322.6	45,884

# Interim Consolidated Performance Highlights, Part 1

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I. Under the guidance of Deloitte Touche Tohmatsu audit corporation, the SBI Group changed its accounting methods for the current interim period. Out of 144.1 billion yen in current value of net fund assets\*, 48.2 billion yen was consolidated.

\* Estimated value of each fund at the end of September 2006, not including unpaid portions of committed capital

- ① The principle sources of revenue for the Asset Management Business, namely, management, establishment, and success fees are no longer reflected in operating and ordinary profits. They are now reflected in current net profit after adjusting for the profits of minority shareholders. (In principle, current net profit is the same amount as under the former accounting method.)
- ② Total assets and sales now include the equity of outside investors. The indices for regulatory capital ratio and ROA are now calculated upon different premises.

# Interim Consolidated Account Comparison under Previous Accounting Method

(Unit: 100 million yen)

	Interim FY 2005 consolidated accounts	Interim FY 2006 consolidated accounts (Former method)	Year-over-year (%) for former method	Interim FY 2006 consolidated accounts (After fund consolidation)
Sales	619	789	+27.5	746
Operating profit	196	351	+78.5	92
Ordinary profit	209	355	+69.7	780
Pretax profit	214	733	+242.3	516
Current net profit	107	396	+269.6	453

# Interim Consolidated Performance Highlights, Part 2

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- II. The SBI Group's venture capital operation became the foremost venture capital company in Japan, in terms of scale, performance, sales, and profits.
- III. In the online securities sector, the SBI Group captured an even larger share of the individual brokerage trading value, moving above 30% (24.9% -> 27.3% -> 30.7%) over the past few quarters, establishing a solid foundation. For the interim period, including the results from SBI Securities, total operating profits rank 8th and net profits rank 7th\* among all brokers in the Japanese securities industry.
  - \* Totaled from information on 10 companies with over 50 billion yen in operating revenue in FY 2006 and five prominent online companies as reported in the Nihon Keizai Shimbun, morning edition, October 28, 2006.
- IV. The listed companies related to SBI's Financial Services Business all had strong growth in income and profits, while the unlisted companies expanded their business activities smoothly. Preparations for the launch of an Internet bank, Internet non-life insurance company, and Internet life insurance company continues to advance smoothly toward the start of operations in FY2007.
- V. By the end of the current interim period, the number of shareholders increased by 26.2% compared to the end of the previous period, totaling a record 167,478 shareholders. The overall percentage of institutional investors increased to 46.1% of which 26.1% were from overseas investors.

## **2. Outlook of Main Businesses**

# (1) Asset Management Business

## Interim FY 2006

**Sales: 36.5 billion yen (+76.1% year-over-year)**

**Operating profit: 22.7 billion yen (+233.1% year-over-year)**

Note 1: The figures above were calculated using the former accounting method (before fund consolidation) according to each segment.

Note 2: The figures above were calculated before consolidated elimination and expense deductions for the whole company.



# Asset Management Highlights

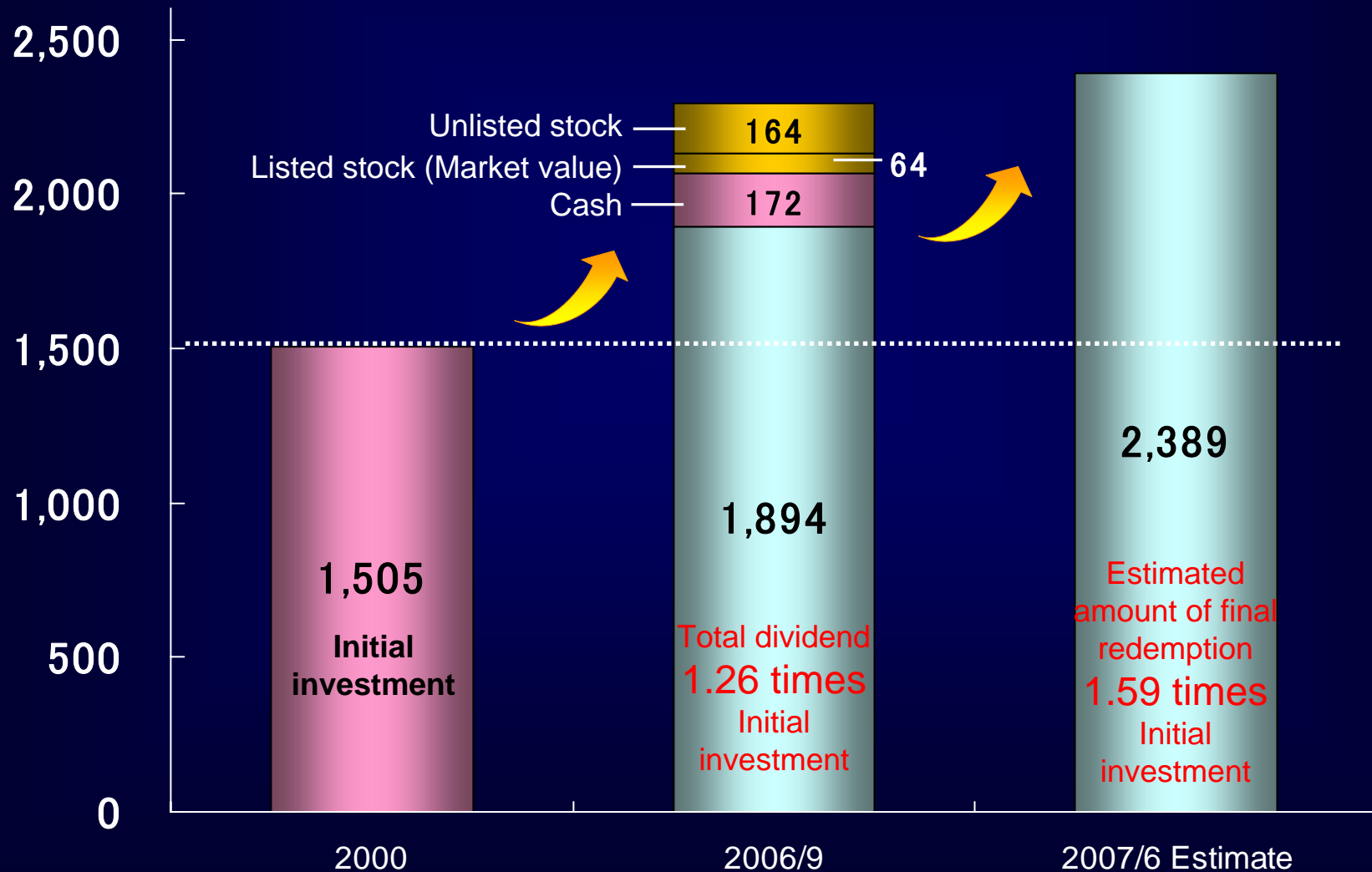
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- I. In August, the flagship IT Fund distributed an additional 124.8 billion yen in profits. A total profit distribution of 189.4 billion yen was made versus the initial investment of 150.5 billion yen. The final profit distribution by next June is expected to total 238.9 billion yen.
- II. During the July to August period, three enterprise revitalization funds were closed. The average annual yield to investors was 22.2%, and the total profit distribution was 16.4 billion yen. The average management term was 4.5 years, with assets under management of 32.8 billion yen.
- III. New funds are now being established, so that clients may reinvest their profits and redemption returns. After launching the Mobile Fund (32 billion yen) at the end of June, subscriptions for a Value Up Fund at 23.1 billion was completed at the end of September.
- IV. The Asset Management Business will advance into areas beyond domestic venture capital, such as, 1) mezzanine funds in the medium risk/medium return category, 2) private equity investment in BRICs ventures, and 3) overseas real estate investment where high returns are expected.

# IT Fund Redemption Estimate

**Investors have already received 1.26 times their initial investment**  
**Additional profit distribution is expected in the future**

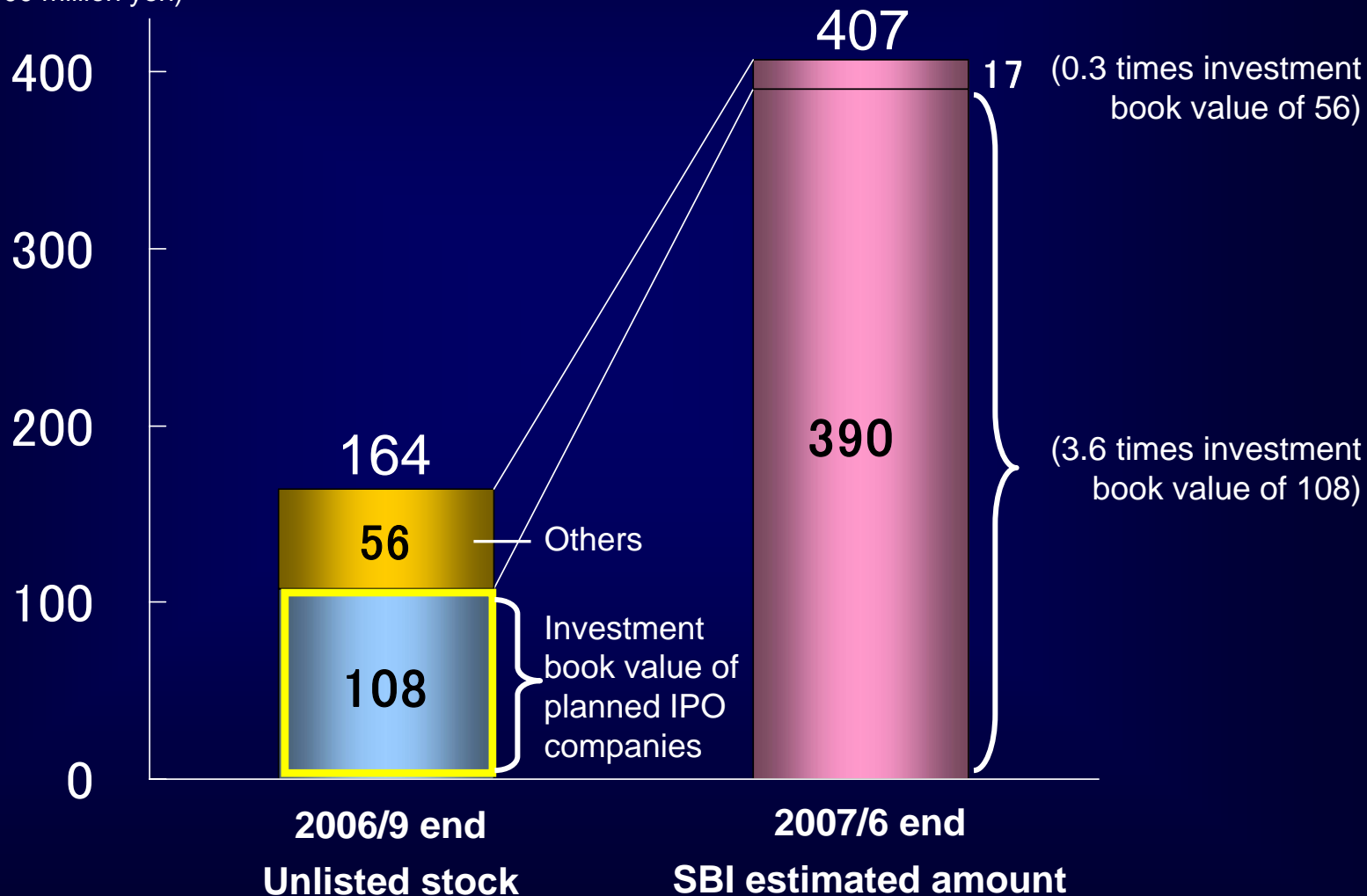
(Unit: 100 million yen)



# Performance of Planned IPOs (IT Fund)

SBI anticipates further gains in investment profit

(Unit: 100 million yen)



# Performance of Redeemed Funds

## Redemption during 2006/4 to 2006/9

(Unit: 100 million yen, %)

	Initial investment	Distribution to investors (1)	Success fee amount (2)	Establishment/management fee (3)	Total (1) to (3)	Net IRR*1
LBO Fund #1 (Established 2001/5)	50.0	109.3	15.0	8.7	133.0	18.3
Enterprise Revitalization Fund #1 (Established 2002/2)	104.0	199.6	24.6	12.7	236.8	25.7
VR Enterprise Revitalization Fund (Established 2002/10)	10.0	19.3	2.4	1.1	22.7	27.7
<b>Total</b>	<b>164.0</b>	<b>328.2</b>	<b>42.0</b>	<b>22.3</b>	<b>392.5</b>	<b>22.2*2</b>

**Each fund performed excellently, achieving early profitability. The initial redemption periods were moved forward, and the funds were redeemed early.**

\*1: The net IRR is the annually-adjusted yield on investment calculated from investor profit distribution after accounting for operator fee deductions and customer investment principal.

\*2: This figure represents the average IRR based all funds.

# Main Venture Capital Fund Performance Comparison

Redeemed funds since 2000 of major venture capital companies

(Unit: %)

## SBI

Fund name	IRR
Softven #2	20.4
Softbank Ventures	20.5
LBO Fund #1	18.3
Enterprise Revitalization Fund #1	25.7
VR Enterprise Revitalization Fund	27.7
<b>Average IRR</b>	<b>22.5</b>

Reference	Base price
Bond & Private Equity Fund I	21,742 yen
Average yield during management term	14.7%
Bond & Private Equity Fund II	19,660 yen
Average yield during management term	16.7%

## JAFCO

Fund name	IRR
JAFCO No.6	—
JAFCO G-3	—
JAFCO G-4	—
JAFCO R1(A)(B)	1.2
JAVP2	3.1
JAFCO G-5	4.2
JAFCO R2	4.4
<b>Average IRR</b>	<b>3.2</b>

## NIF

Fund name	IRR
NIF Global Ventures	4.1
NIF #7	1.1
NIF #8	3.4
NIF #9	0.5
NIF10-A	3.0
NIF10-B	3.0
ML-NIF1	5.4
NIF #11	1.9
<b>Average IRR</b>	<b>2.8</b>

Note 1: Compiled from investor relations material of each company. Figures for IRR were compiled directly from investor relations material of each company.

Note 2: Figures for average IRR are simple averages of each fund. However, for JAFCO, three funds with no recorded data were excluded from the calculation.

# Value Up Fund Subscription Completion

July to August 2006

Early redemption of the 3 Enterprise Revitalization Funds implemented.

(LBO Fund #1, Enterprise Revitalization Fund #1, VR Enterprise Revitalization Fund:

Total initial investment of 16.4 billion yen)



Based on the strong performance of these funds, the subscription amount for the Value Up Fund totaled **23.1 billion** yen by the end of September, which exceeded the initial target amount of 20 billion yen.

In addition to revitalization and buyout investments in unlisted companies, SBI is expanding its investments to listed companies. While supporting the listed state of a company, SBI is investing funds to enhance corporate value.

## Case 1: FOODX GLOBE Co., Ltd. "Tully's Coffee"

Acquisition method: Allocation of shares to a third party, stock transfer.

Shareholding ratio: 28.96%

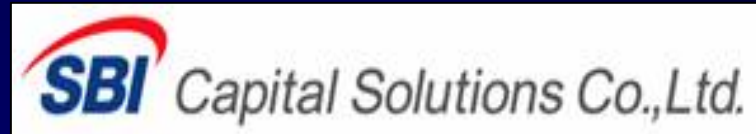
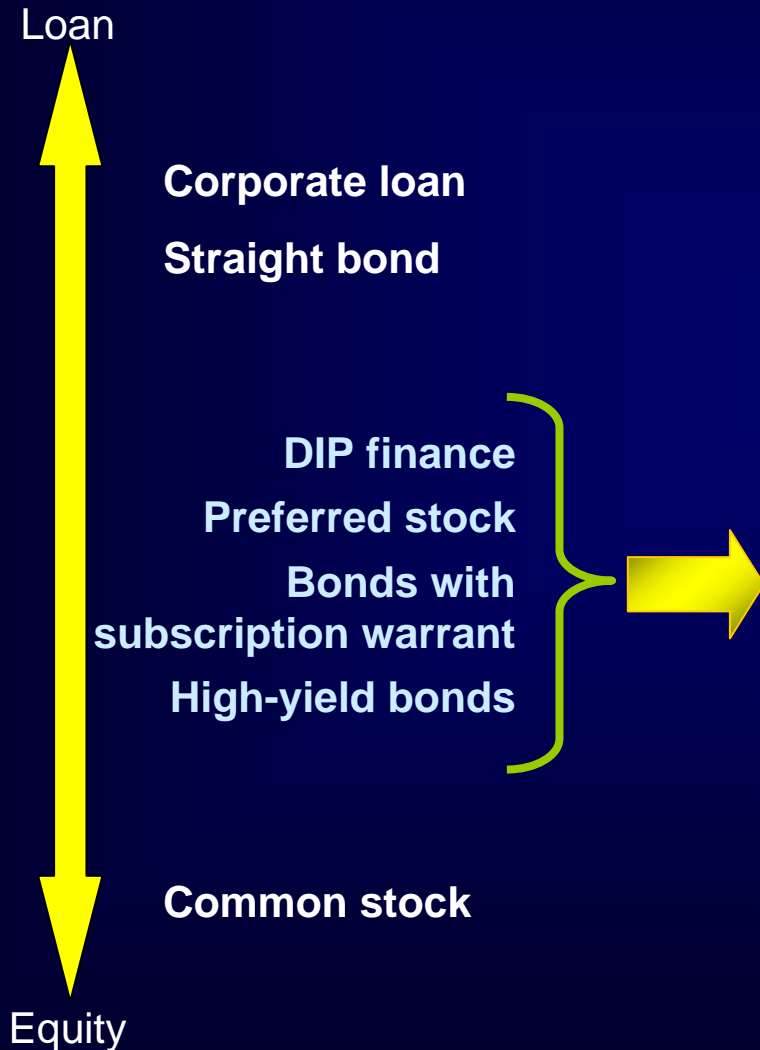
Through a MBO in 2003/10 the company was delisted.



In cooperation with ITO EN, LTD., who acquired over half of the listed shares, SBI will work to maximize corporate value and eventual re-listing of the shares.

# SBI Mezzanine Fund

Mezzanine finance is gaining much interest among investors, and SBI Capital Solutions has already produced an excellent track record in this area.



## Management status as of the end of 2006/9

### Managed assets: 11 billion yen

SBI Mezzanine Fund #1 (Established 2004/8)

SBI Mezzanine Fund #2 (Established 2005/4)

Metropolitan Enterprise Revitalization Fund (Established 2006/3)

Note: The Metropolitan Enterprise Revitalization Fund was established in cooperation with ShinGinko Tokyo, Limited.

### Management performance

73 cases worth 17.3 billion yen

Yield on investment

16.0%

Note: The figure represents a yearly adjusted yield against the investment balance from April to September 2006.

# Overall Asset Management Business

Private equity total: 393.3 billion yen

## IT / biotechnology

Internet	190.8
Broadband media	69.1
Mobile	31.1
Biotechnology, others	13.1

**Direct investment** 28.0

## Buyout / mezzanine

Value Up	23.1
Mezzanine	11.2

## Overseas

China, Hong Kong	15.0
India (Planned)	12.0

Investment trust total: 106.0 billion yen

## Investment trust

Investment trust	80.5
Investment consulting	21.2
Investment corporation	4.3

Real estate total: 48.8 billion yen

## Real estate

Development property	15.4
Managed property	33.4

**Asset Management Business (assets under management) total: 548.1 billion yen**

Note: Figures for real estate funds represent the amount of investment. Figures for investment trust and investment advisory represent the current value of net assets at the end of June 2006. Figures for other funds represent the current value of net assets based on the account settlement closest to September 2006 for each fund.



# IPO and M&A Investment Target & Results

	From business launch to 2006/3	FY 2006 (Planned)	FY 2007 (Planned)
IPOs and M&As	89 companies	17 companies	21 companies

**So far in FY 2006, the six companies below have had IPO's.**

2006/4/6	Golf Do Co., Ltd.
2006/5/31	SBI Futures Co., Ltd.
2006/8/16	Gomez Consulting Co., Ltd.
2006/8/22	Medical Care Service Company Inc.
2006/9/7	China Printing & Dyeing Holding Limited (Singapore Exchange Limited)
2006/10/26	OPTROM Inc.

Note: Companies expecting an IPO undergo a five-stage investment evaluation based on examination meetings held weekly. The top prospects are included here, but SBI does not guarantee a prospective IPO company will go public. The number of IPOs and M&As represents the ones that have already been transacted.

## **(2) Securities Business**

### **Interim FY 2006**

**Sales: 32.9 billion yen (-0.7% year-over-year)**

**Operating profit: 12.2 billion yen (-2.9% year-over-year)**

Note 1: The figures above were calculated using the former accounting method (before fund consolidation) according to each segment.

Note 2: Figures are before consolidated elimination and expense deductions for the whole company.

# Securities Highlights

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I. SBI E\*TRADE SECURITIES recorded 28.5 billion yen in interim consolidated operating revenue and 12.4 billion yen in consolidated ordinary profit. Even under harsh market conditions, SBI E\*TRADE SECURITIES achieved growth in income and profit compared to the same period of the previous year.

① SBI E\*TRADE SECURITIES continues to gain market share in the final phase of the online securities competition.

- As of the end of September 2006, total accounts were at 1.31 million and client assets were at 3.8284 trillion yen. Based on this dominant customer base, the individual brokerage trading value share rose significantly from 27.3% in the first quarter to 30.7% in the second quarter.

② SBI E\*TRADE SECURITIES is reducing the variable cost per contract and diversifying its sources of revenue.

- The variable cost per contract in the second quarter was 30% lower than in the interim FY 2005.
- The financial balance improved by 85.6% compared to the same period in the previous year, expanding to 6.4 billion yen, which is the highest ever recorded for an interim period.
- The company participated in 55 IPO underwritings, thereby maintaining its status at the top broker in the IPO category. Also, the bond sales operation grew smoothly as well.

II. SBI Securities, the face-to-face securities company, produced lower profits compared to the same period in the previous year due to harsh business conditions. However, with an improvement in the financial balance, along with its offering of the real estate fund the company is working towards further diversifying its sources of revenue to improve its profitability.

# SBI E\*TRADE SECURITIES Interim Consolidated Performance

(Unit: Million yen, %)

	<b>Interim FY 2005 (2005/4 to 2005/9)</b>	<b>Interim FY 2006 (2006/4 to 2006/9)</b>	<b>Year-over-Year (%)</b>
<b>Operating revenue</b>	24,095	28,574	+18.6
<b>Net operating revenue</b>	21,984	26,792	+21.9
<b>Operating profit</b>	10,798	12,212	+13.1
<b>Ordinary profit</b>	10,946	12,468	+13.9
<b>Interim net profit</b>	6,062	6,972	+15.0

# Interim Performance for SBI Securities and SBI Futures

(Unit: Million yen, %)

	<b>Operating revenue</b>	<b>Operating profit</b>	<b>Ordinary profit</b>	<b>Current net profit</b>
	Year-over-year (%)	Year-over-year (%)	Year-over-year (%)	Year-over-year (%)
SBI Securities Interim FY 2006	<b>3,890</b> <b>(Δ25.7)</b>	<b>184</b> <b>(Δ87.2)</b>	<b>833</b> <b>(Δ45.7)</b>	<b>319</b> <b>(Δ84.7)</b>
SBI Futures Interim FY 2006	<b>541</b> <b>(Δ19.7)</b>	<b>▲101</b> <b>(—)</b>	<b>▲129</b> <b>(—)</b>	<b>▲78</b> <b>(—)</b>

# Consolidated Performance of Main Securities Companies

## Operating revenue ranking (Interim 2006/9)

(Unit: 100 million yen)

1	Nomura <sup>1</sup>	8,709
2	Daiwa	4,193
3	Mizuho	2,768
4	Nikko Cordial	2,276
5	Mitsubishi UFJ	1,792
6	Shinko	660
7	Mizuho Investors	327
8	SBI E*TRADE + SBI	323
9	Okasan	306
10	Tokai Tokyo	285
11	SMBC Friend	269
12	Matsui	216
13	Rakuten	179
14	Monex	168
15	Kabu.com <sup>2</sup>	108

## Net profit ranking (Interim 2006/9)

(Unit: 100 million yen)

1	Nomura <sup>1</sup>	636
2	Daiwa	401
3	Nikko Cordial	227
4	Mitsubishi UFJ	182
5	Mizuho	110
6	Shinko	76
7	SBI E*TRADE + SBI	72
8	Matsui	65
9	Monex	49
10	SMBC Friend	48
11	Mizuho Investors	44
12	Tokai Tokyo	42
13	Rakuten	38
14	Kabu.com	34
15	Okasan	14

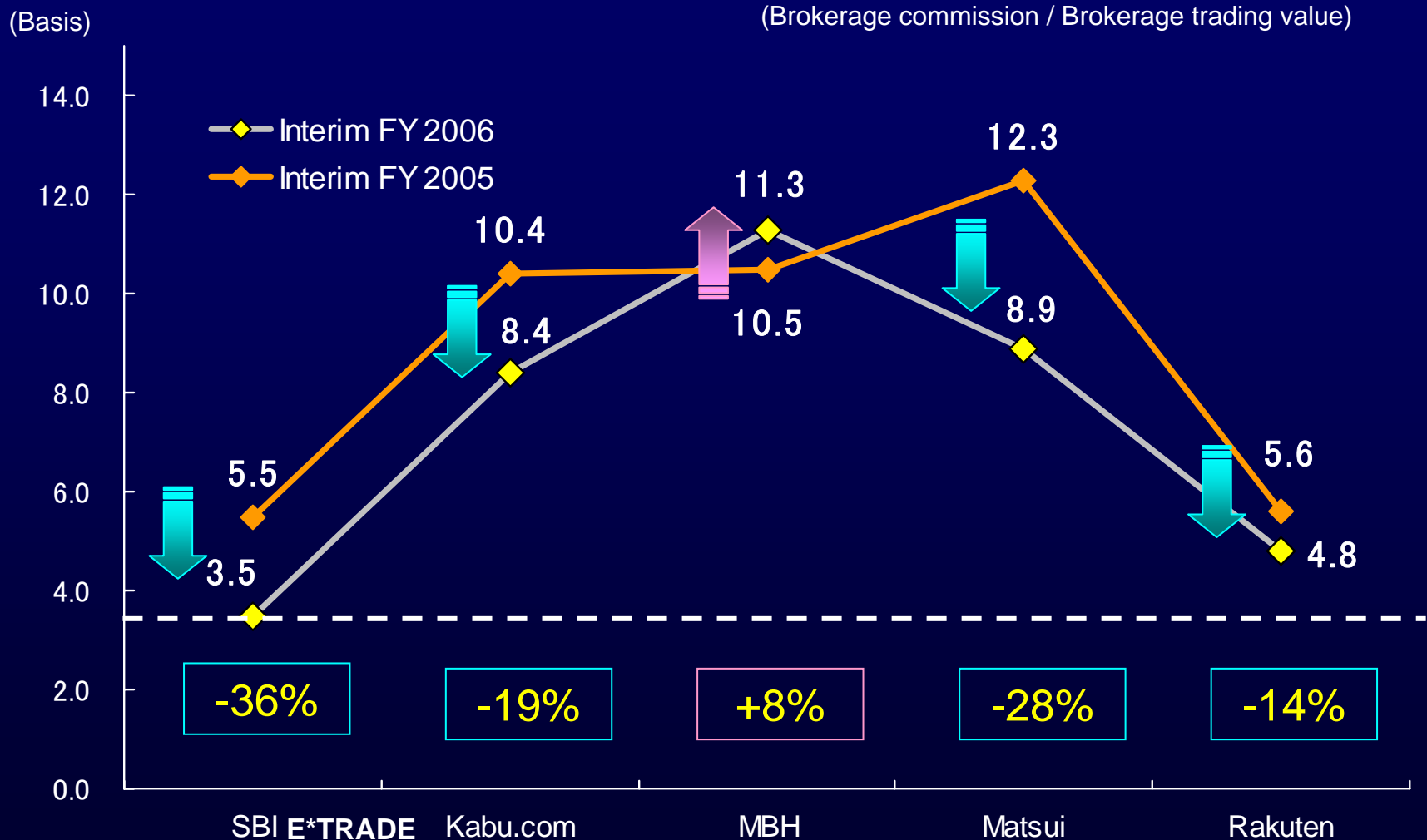
Source: Collected from information in the Nikkei Keizai Shimbun, morning edition, on 2006/10/28.

Note 1: Nomura uses US accounting standards and Kabu.com figures are non-consolidated.

Note 2: Main securities companies for FY 2006 include 10 firms with over 50 billion yen in operating revenue and five Internet firms.

# Basis Comparison of Major Online Securities Companies

## Basis comparison of 5 major online securities companies



# Ordinary Profit Comparison between Online Securities and Major Securities Firms

**While providing the industry's lowest commission rates, SBI E\*TRADE SECURITIES is still very competitive.**

(Unit: Million yen)

(Non-consolidated)	Interim 2005	Interim 2006	Year-on-year (%)
<b>SBI E*TRADE</b>	<b>10,710</b>	<b>11,761</b>	<b>+9.8</b>
<b>Matsui Securities</b>	<b>14,022</b>	<b>11,202</b>	<b>△20.1</b>
<b>Monex Securities</b>	<b>8,178</b>	<b>9,067</b>	<b>+10.9</b>
<b>Rakuten Securities</b>	<b>4,992</b>	<b>5,186</b>	<b>+3.9</b>
<b>Kabu.com</b>	<b>4,503</b>	<b>6,079</b>	<b>+35.0</b>

(Consolidated)	Interim 2005	Interim 2006	Year-on-year (%)
<b>Nomura Holdings*<sup>1</sup></b>	<b>141,368</b>	<b>106,491</b>	<b>△24.7</b>
<b>Daiwa Securities Group</b>	<b>83,956</b>	<b>86,451</b>	<b>+3.0</b>
<b>Nikko Cordial Group</b>	<b>55,619</b>	<b>38,542</b>	<b>△30.7</b>

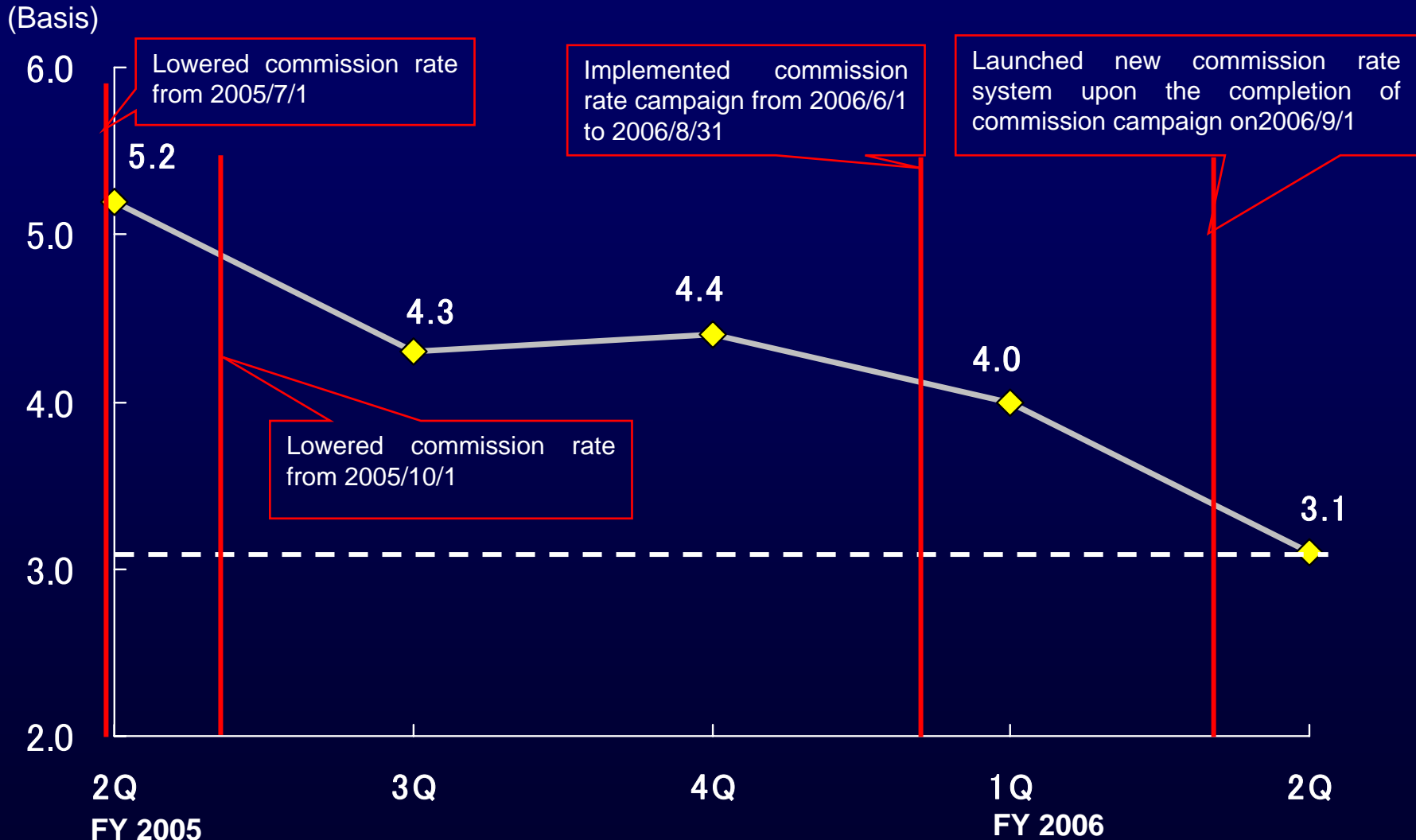
Note 1: Nomura Holdings uses US accounting standards; so it applies interim net profits before taxes from continuing businesses.

Note 2: On January 1, 2006, Kabu.com Securities merged with MeNet Securities.



# SBI E\*TRADE SECURITIES Quarterly Basis Trend

## Basis trend from 2Q FY 2005

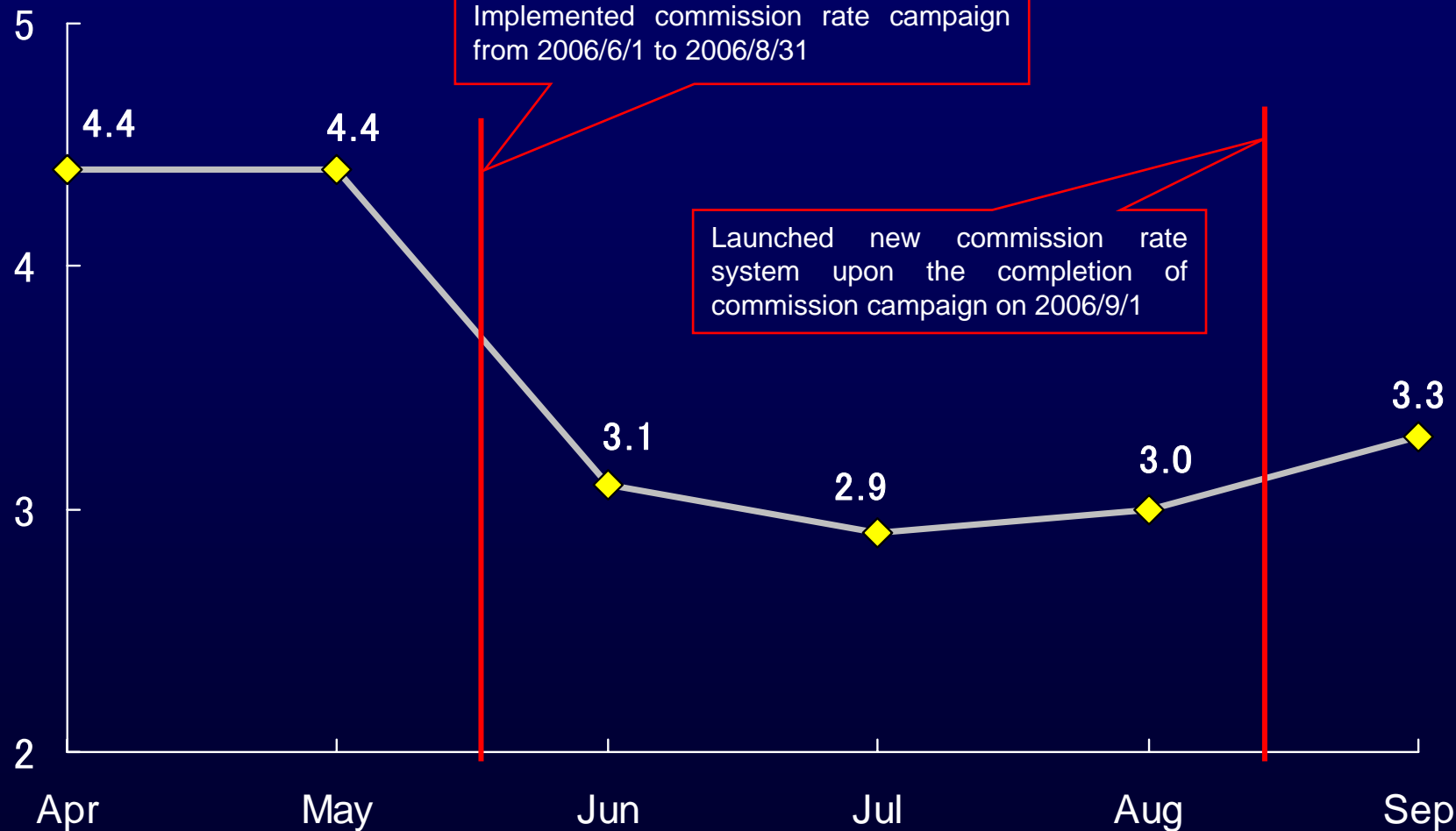


(Commission / Brokerage trading value) calculated every three months

# SBI E\*TRADE SECURITIES Monthly Basis Trend

Monthly basis trend for interim FY 2006

(Basis)

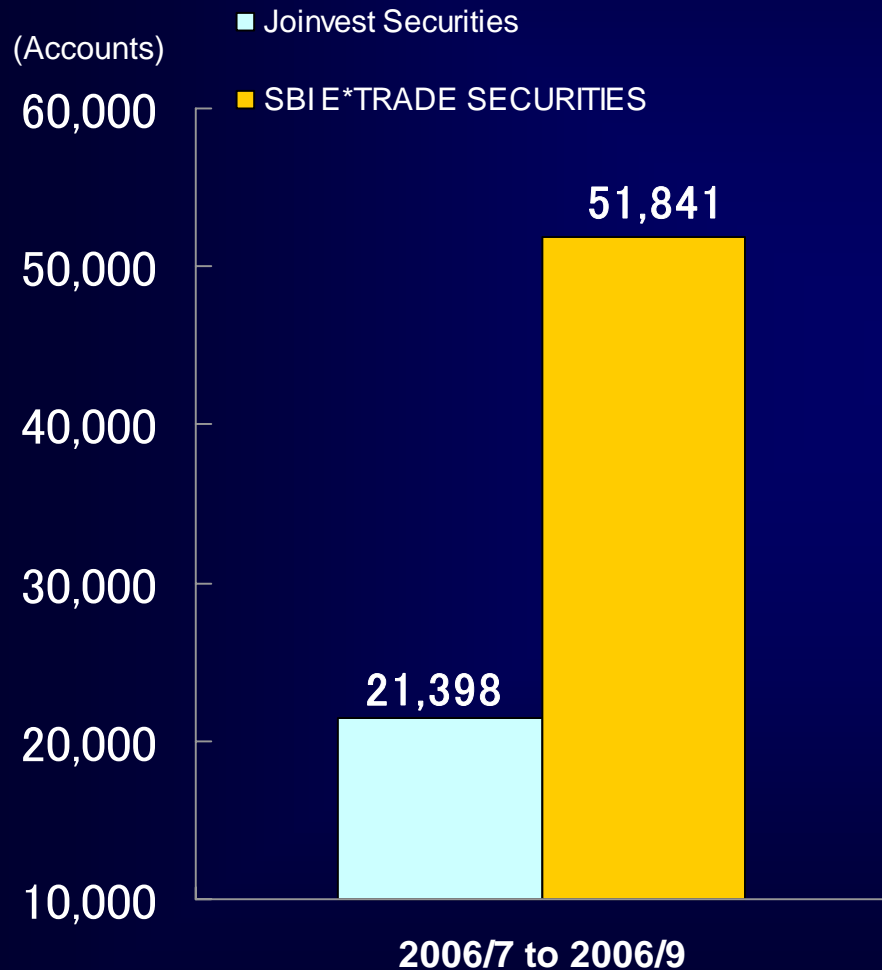


2006

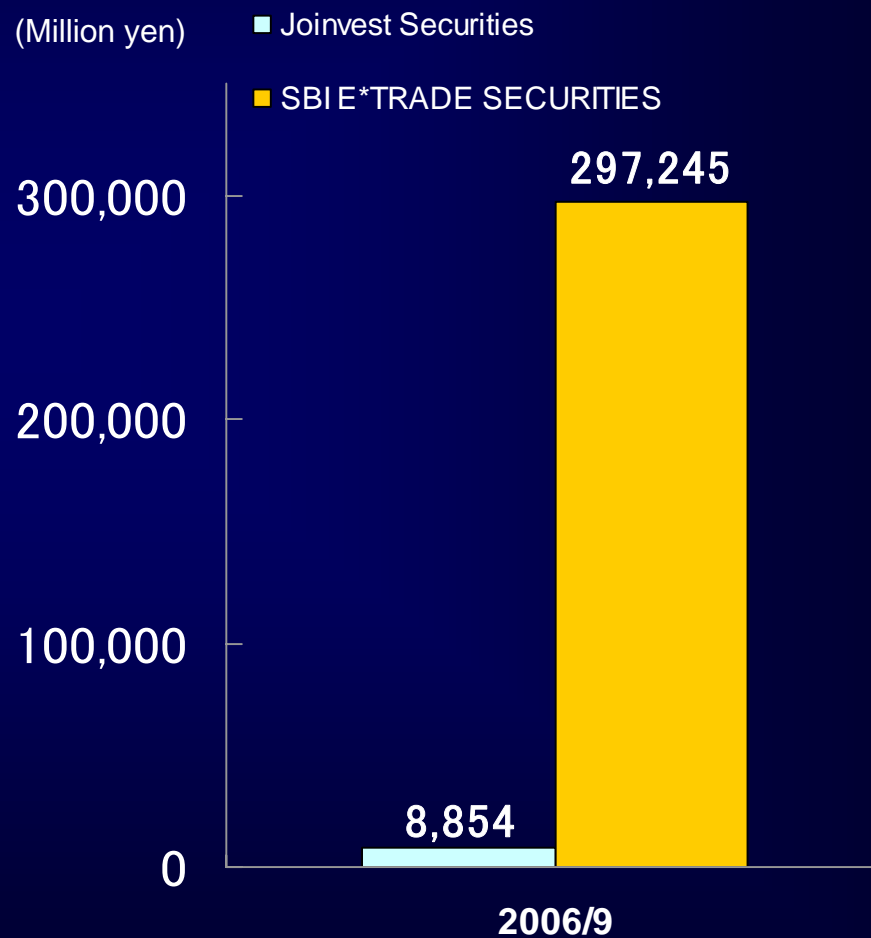
(Brokerage commission / Brokerage trading value)

# New Accounts and Brokerage Trading Value Comparison with Joinvest Securities

New accounts from 2006/7 to 2006/9

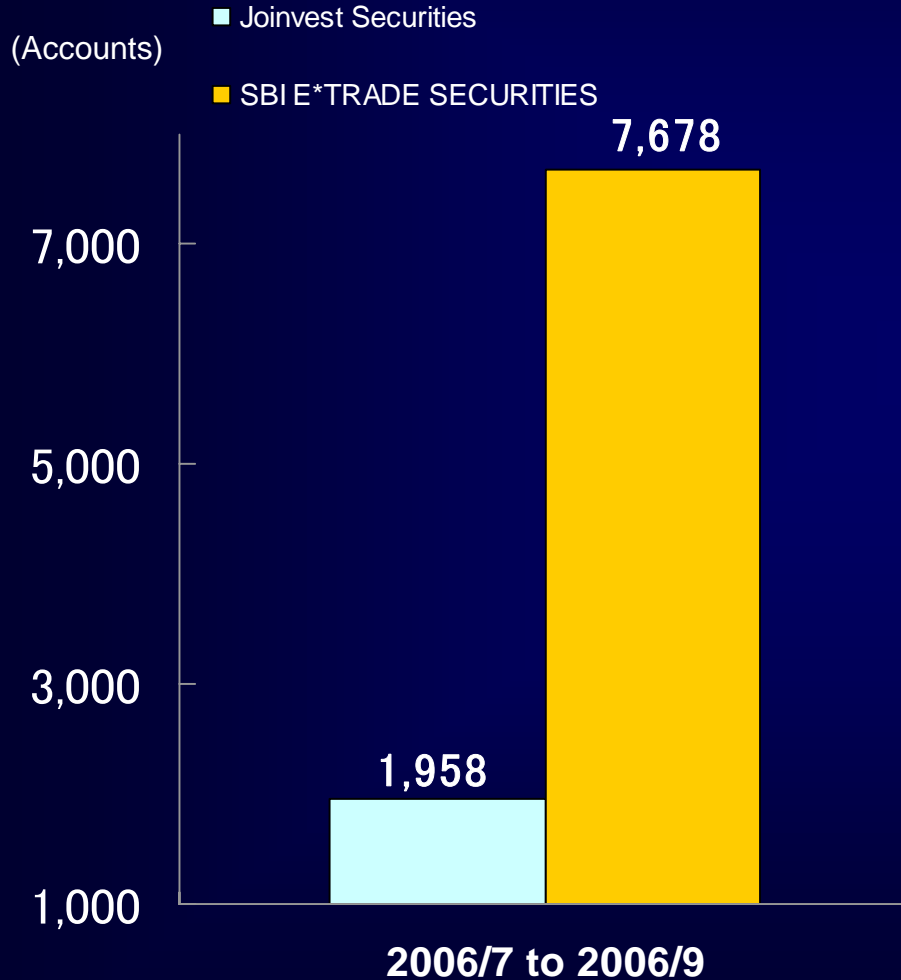


Daily brokerage trading value from 2006/7 to 2006/9

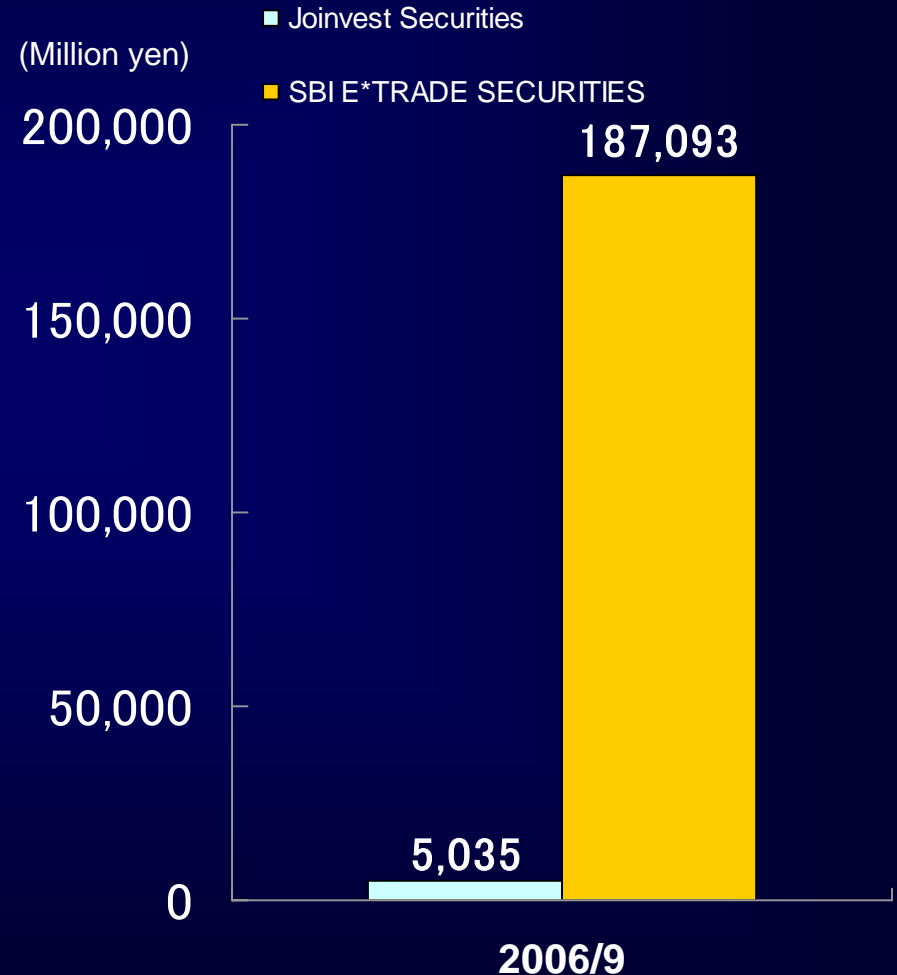


# Margin Trading New Accounts and Brokerage Trading Value Comparison with Joinvest Securities

New margin accounts  
from 2006/7 to 2006/9

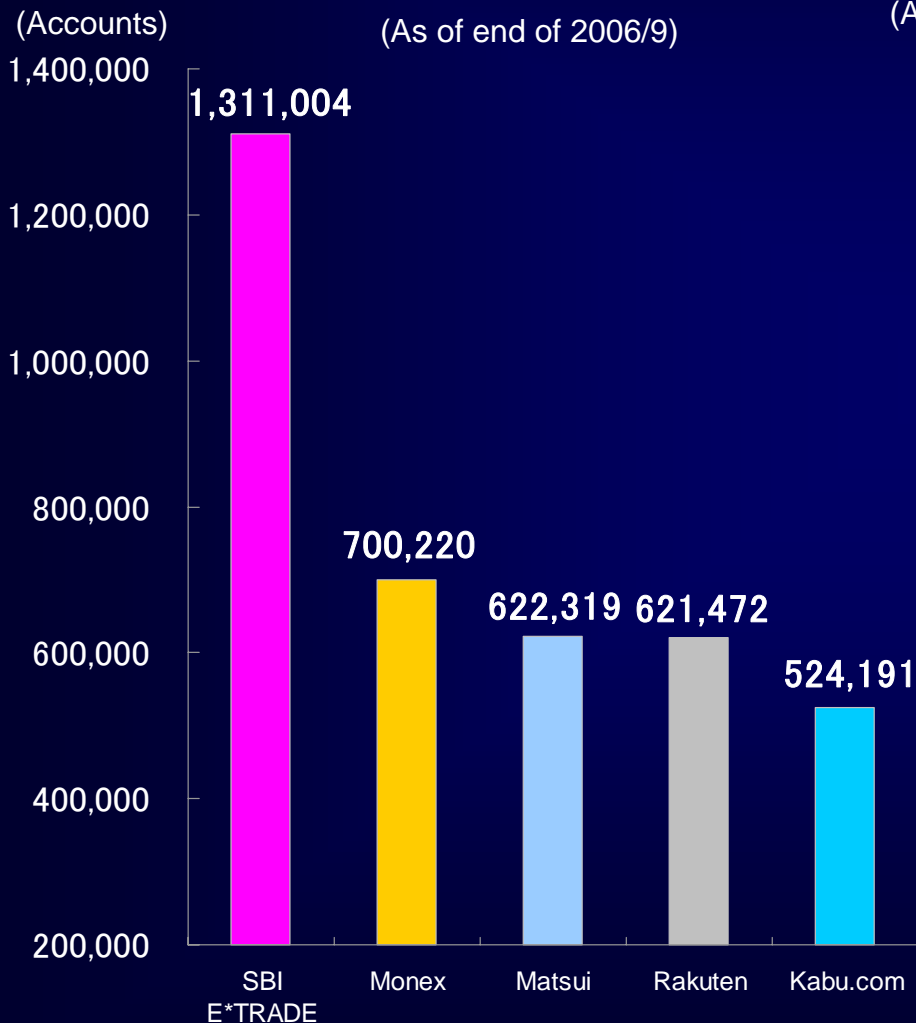


Daily brokerage trading value in 2006/9

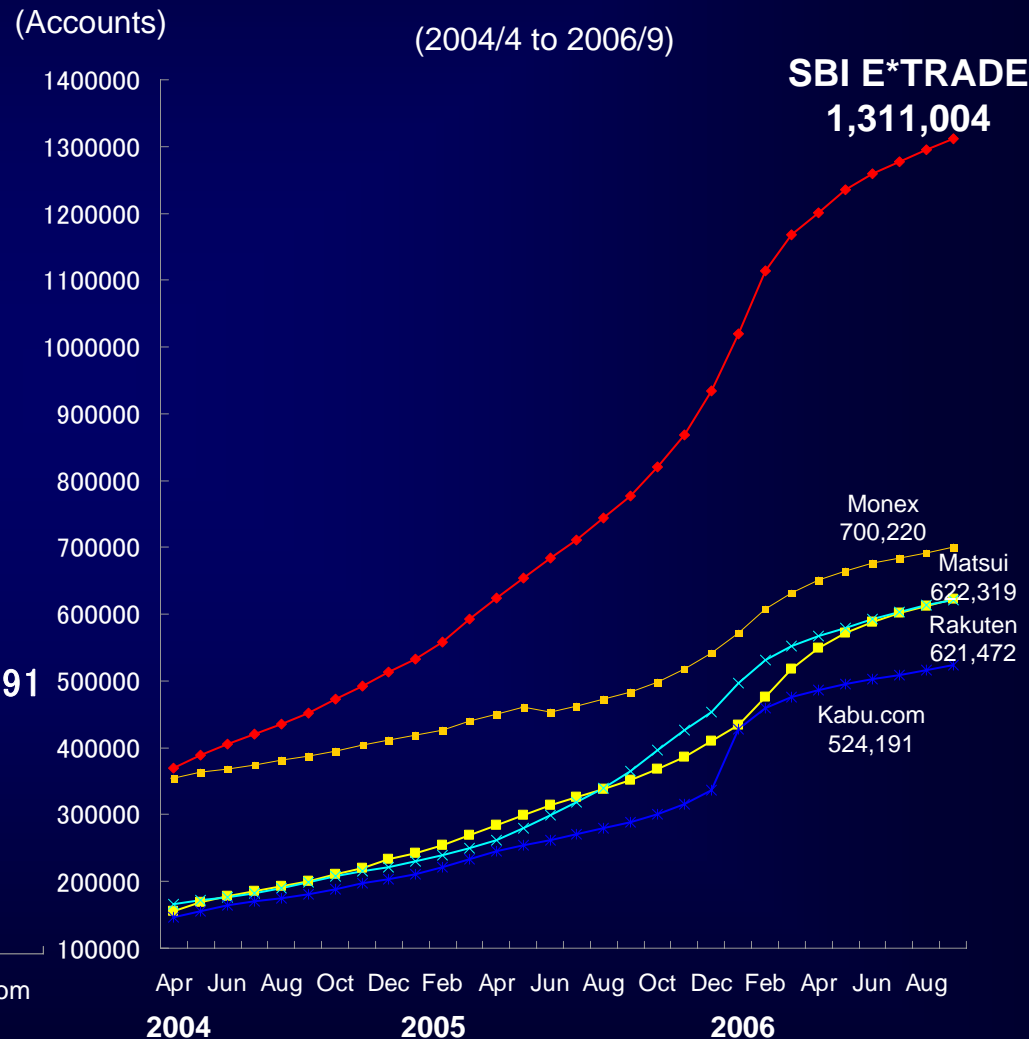


# Account Comparison of Major Online Securities Companies

Accounts of 5 major online securities companies



Account trend of 5 major online securities companies



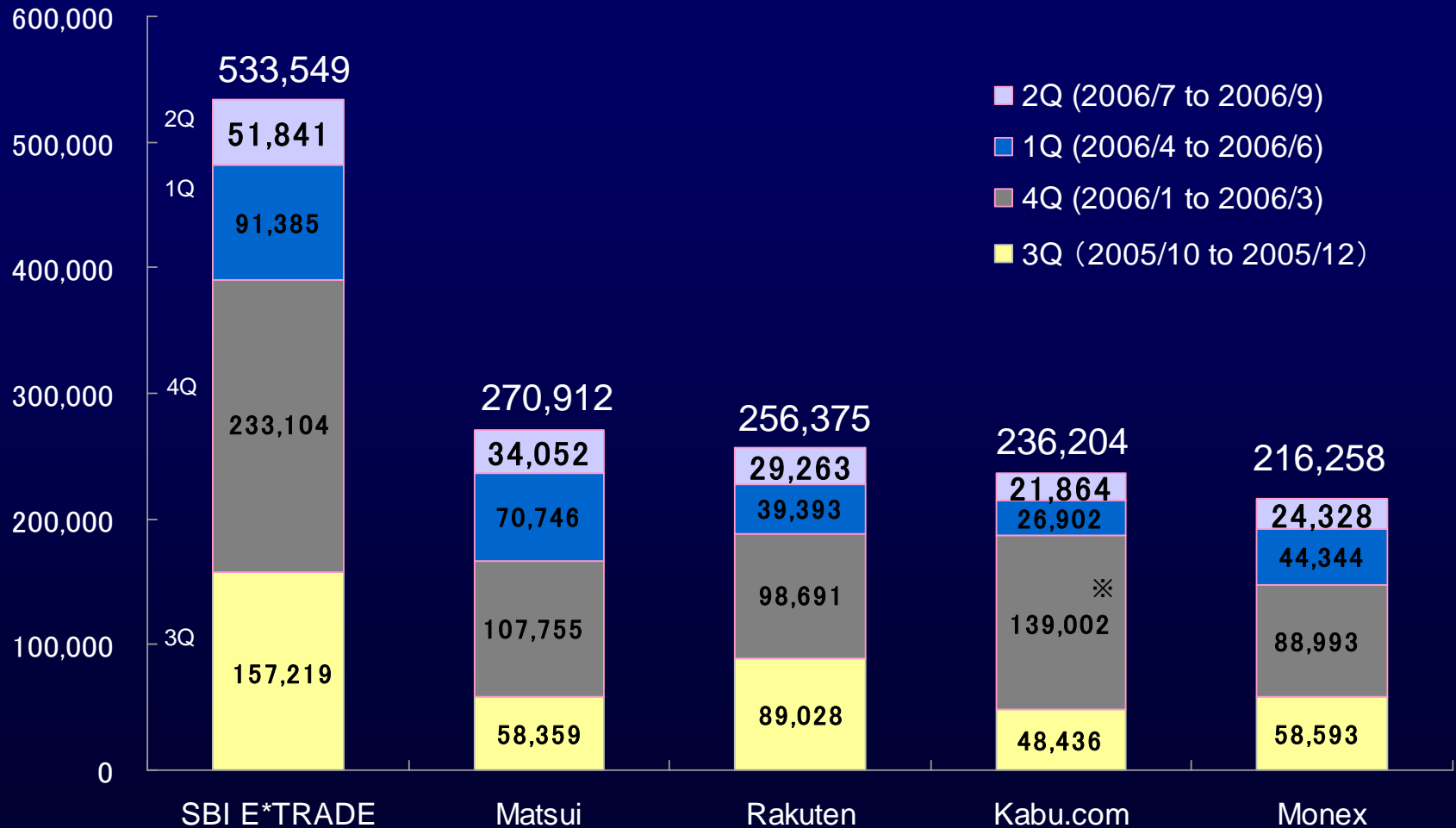
Source: Public documents from each company's website.

Note: Monex Securities and Nikko Beans are totaled as Monex. On January 1, 2006, Kabu.com Securities merged with MeNet Securities.

# Account Acquisition Comparison of Major Online Securities Companies

New accounts from 2005/10 to 2006/9

(New accounts)



Source: Public documents from each company's website.

Note: Kabu.com Securities merged with MeNet Securities in January 2006.

# Brokerage Trading Value of Major Online Securities Companies

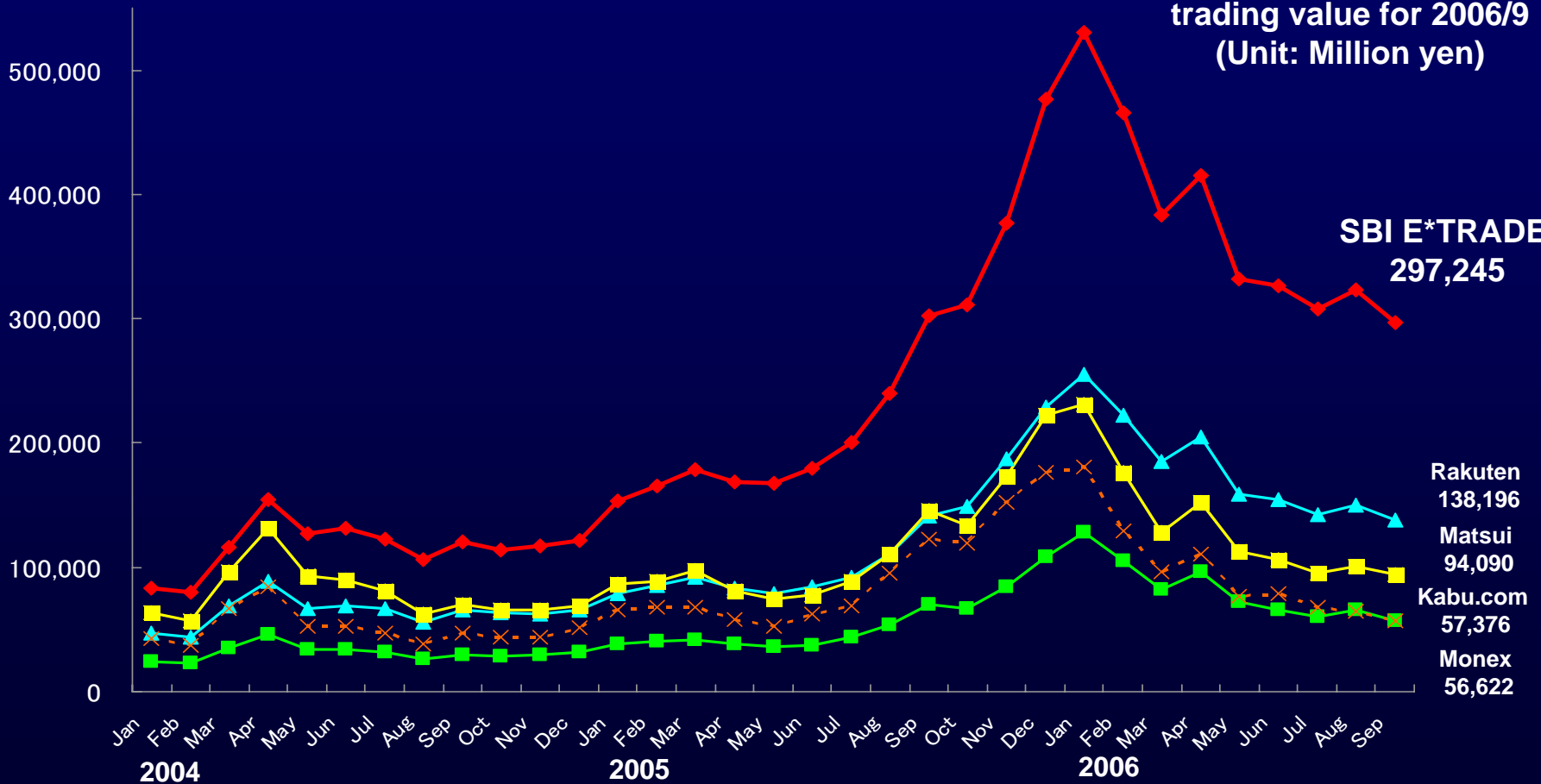
Average daily brokerage trading value of 5 major online securities companies

(2004/1 to 2006/9)

(Million yen)

Average daily brokerage trading value for 2006/9  
(Unit: Million yen)

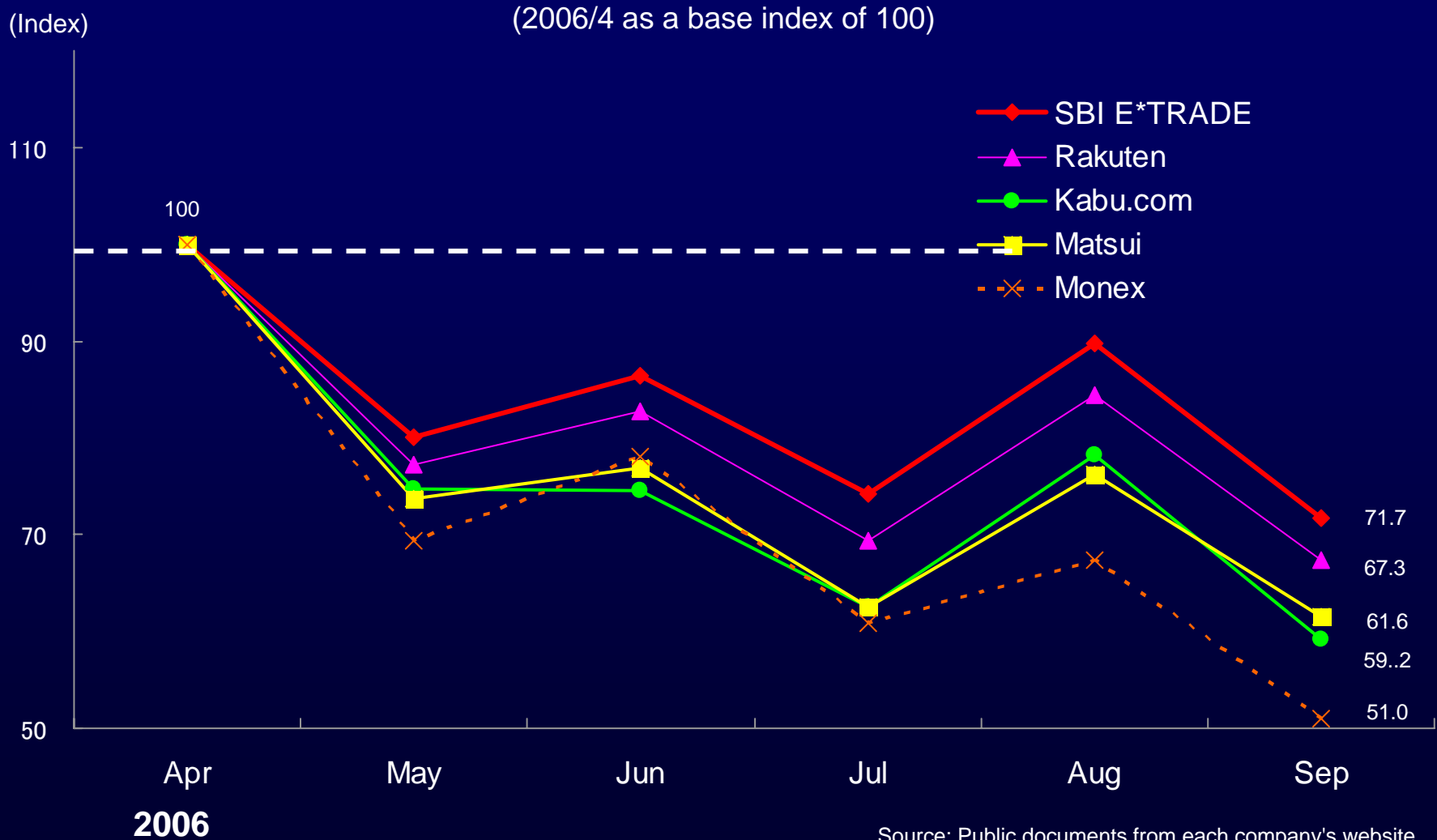
**SBI E\*TRADE**  
**297,245**



Source: Public documents from each company's website. Note: Monex Securities and Nikko Beans are totaled as Monex. [Kabu.com Securities merged with MeNet Securities in January 2006.](#)

# Brokerage Trading Value of Main Online Securities Companies

## Brokerage trading value of 5 major online securities companies





# Individual Brokerage Trading Value Share of Major Online Securities Companies

Individual brokerage trading value share

**4Q FY 2005**

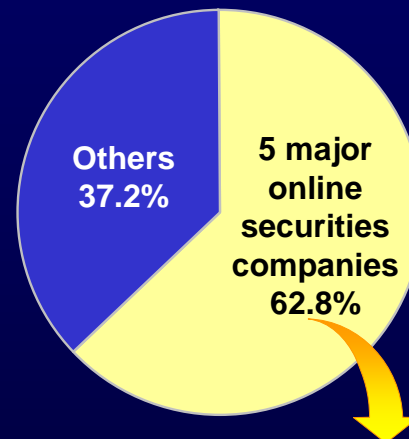
**(2006/1 to 2006/3)**



<b>SBI E*TRADE</b>	<b>24.9</b>
Rakuten Securities	12.0
Matsui Securities	9.6
Monex	7.3
Kabu.com	5.7

**1Q FY 2006**

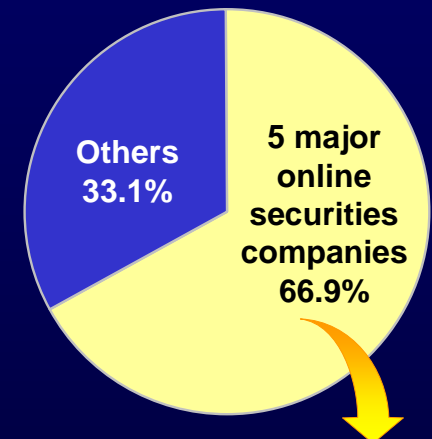
**(2006/4 to 2006/6)**



<b>SBI E*TRADE</b>	<b>27.3</b>
Rakuten Securities	13.2
Matsui Securities	9.5
Monex	6.8
Kabu.com	6.0

**2Q FY 2006**

**(2006/7 to 2006/9)**



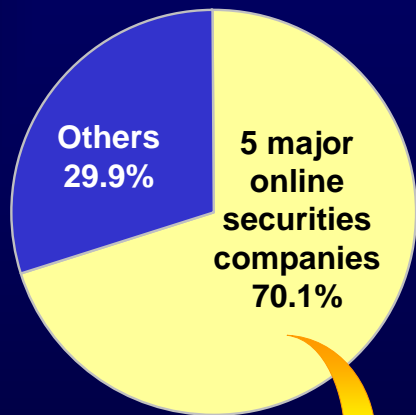
<b>SBI E*TRADE</b>	<b>30.7</b>
Rakuten Securities	14.3
Matsui Securities	9.6
Monex	6.2
Kabu.com	6.1

Source: Tokyo Stock Exchange statistical data, JASDAQ statistical data, and public documents from each company's website.  
 Note: Individual brokerage trading value is totaled from three exchanges (sections one and two) and JASDAQ. Kabu.com Securities merged with MeNet Securities in January 2006.

# Share of Individual Margin Trading Value for Major Online Securities

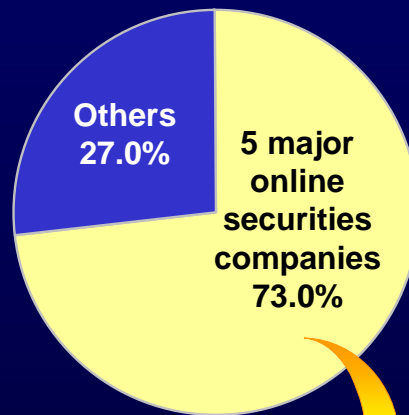
Share of individual margin trading value

**4Q FY 2005**  
(2006/1 to 2006/3)



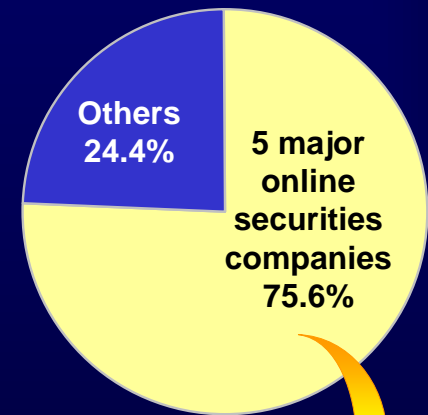
<b>SBI E*TRADE</b>	<b>29.0</b>
Matsui Securities	13.8
Rakuten Securities	13.3
Monex	7.1
Kabu.com	6.9

**1Q FY 2006**  
(2006/4 to 2006/6)



<b>SBI E*TRADE</b>	<b>32.2</b>
Rakuten Securities	14.4
Matsui Securities	12.5
Kabu.com	7.4
Monex	6.6

**2Q FY 2006**  
(2006/7 to 2006/9)



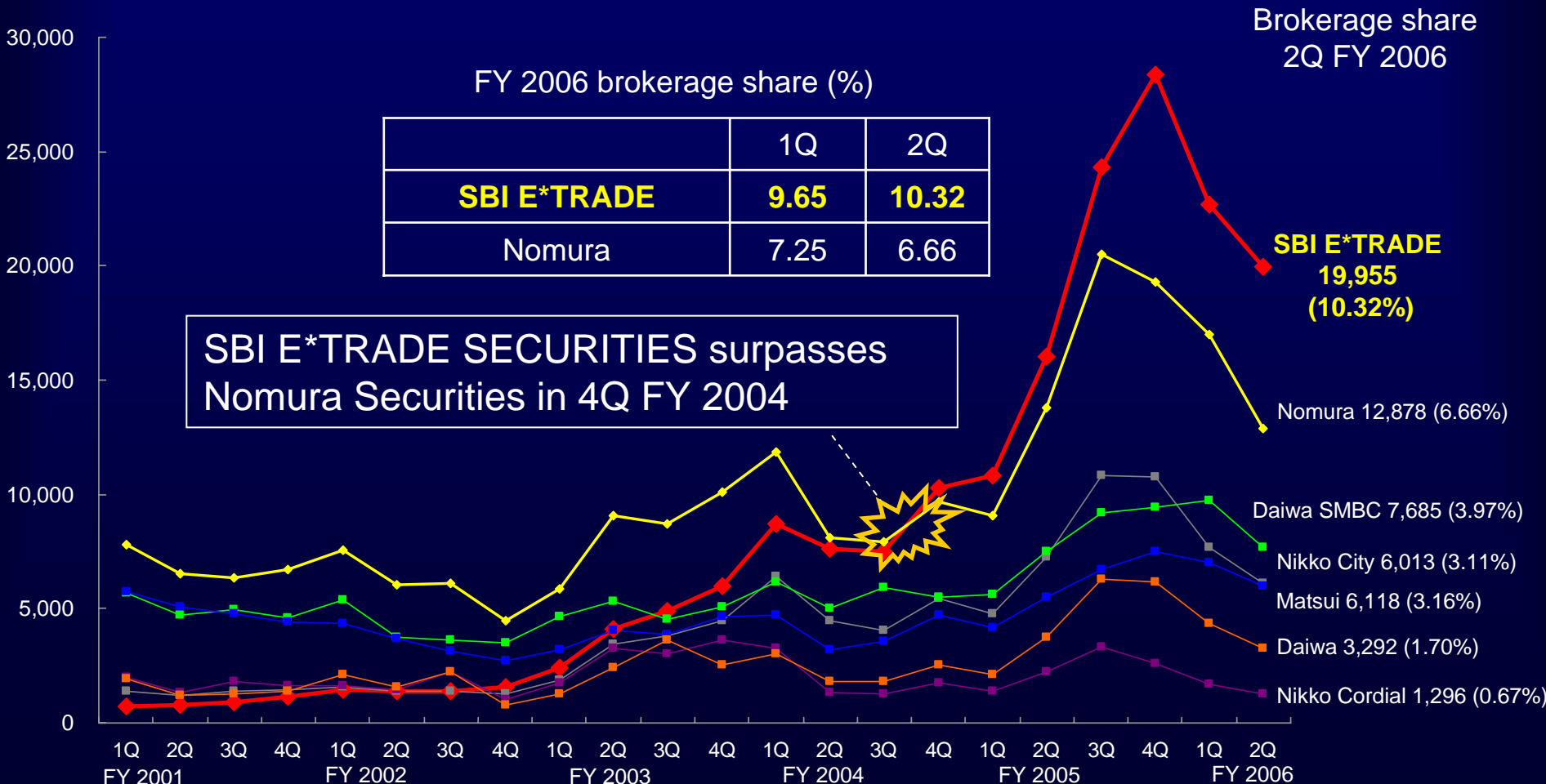
<b>SBI E*TRADE</b>	<b>35.8</b>
Rakuten Securities	15.1
Matsui Securities	11.7
Kabu.com	7.2
Monex	5.8

Source: Tokyo Stock Exchange statistical data, JASDAQ statistical data, and public documents from each company's website.  
Note: Individual margin trading value is totaled from three exchanges (sections one and two) and JASDAQ. Kabu.com Securities merged with MeNet Securities in January 2006.

# Brokerage Trading Value Comparison among Big 3 Securities Companies

Brokerage trading value for each company

(Billion yen)



Source: Figures are based on public documents from each securities company and the Tokyo Stock Exchange. (Figures for E\*TRADE include orders from overseas investors.)

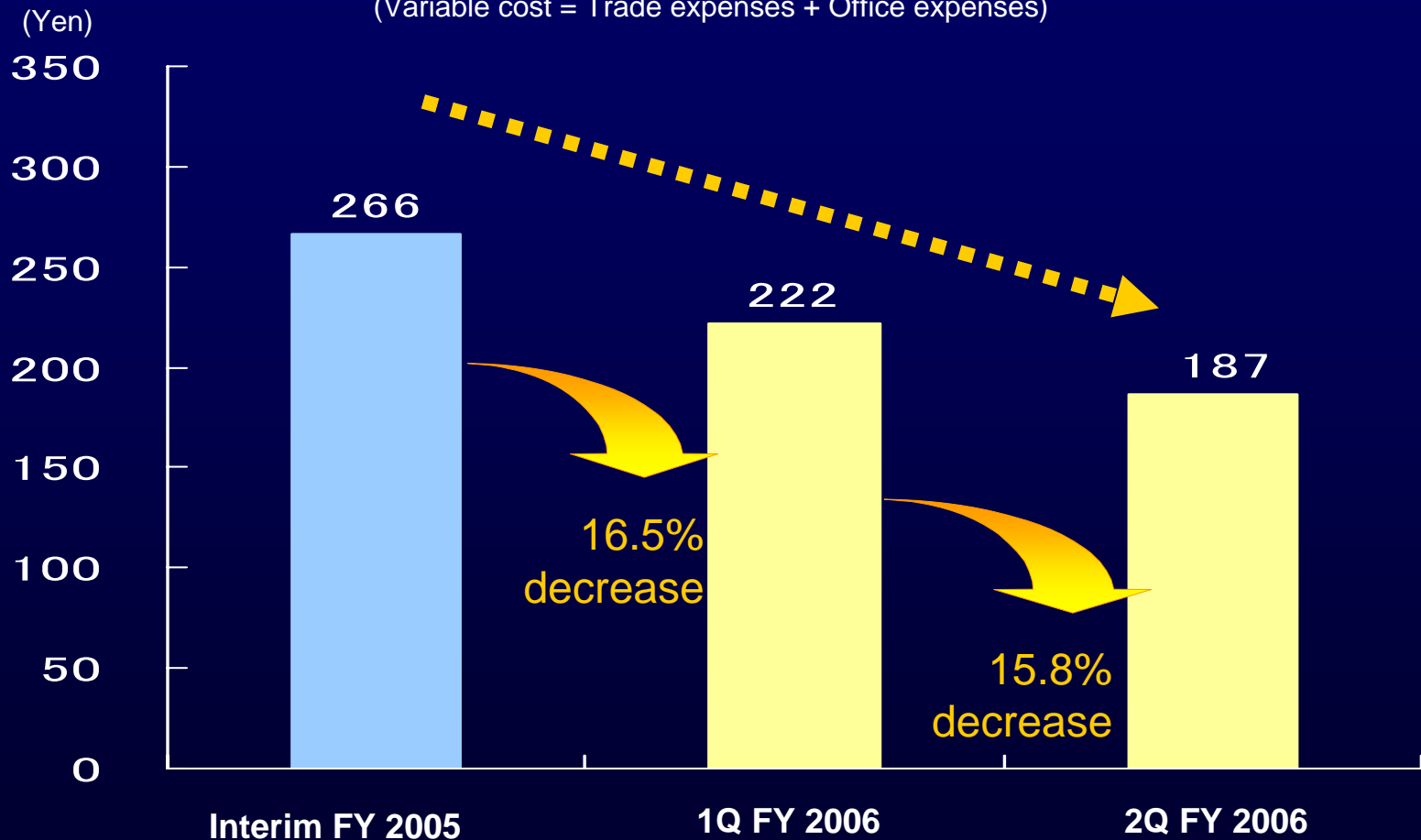
(Unit: 1 billion yen. Figures in parentheses indicate each brokerage turnover share as a percentage of total turnover in the three markets.)

# Variable Cost Trend

SBI E\*TRADE SECURITIES has lowered the variable cost per contract through efficient operations and volume discounts

## Variable cost per contract

(Variable cost = Trade expenses + Office expenses)



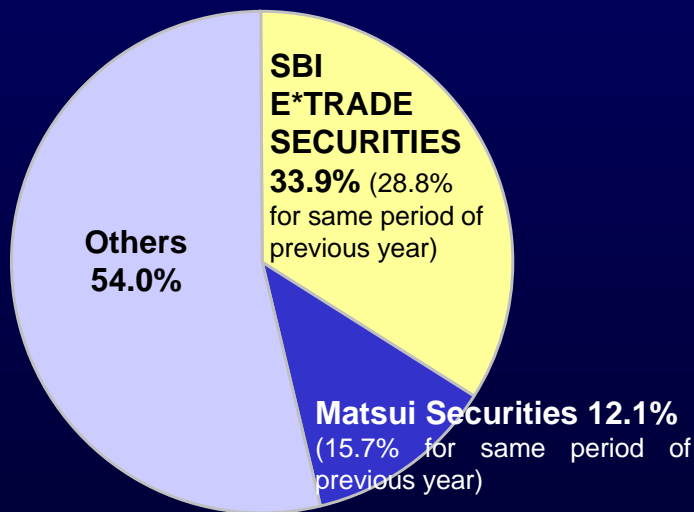
Note: Calculated using non-consolidated results.

# Margin Trading Comparison with Matsui Securities

In June 2006, SBI E\*TRADE SECURITIES surpassed Matsui Securities in margin interest trading for the first time. At the end of September the gap had widened to 38.6 billion yen (contract day base).

## Share of individual margin trading value

(Six months from 2006/4 to 2006/9)

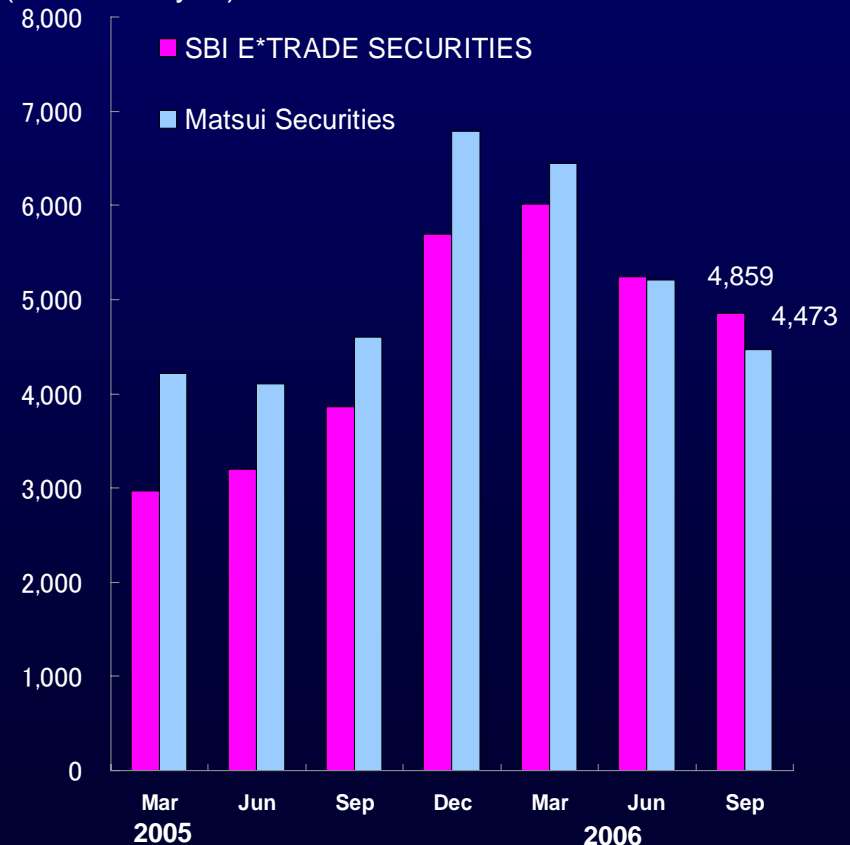


Source: Tokyo Stock Exchange statistical data, JASDAQ statistical data, and public documents from each company's website.

Note: Individual brokerage trading value is totaled from three exchanges (sections one and two) and JASDAQ.

## Margin open interest comparison with Matsui Securities

(100 million yen)



Source: Public documents from each company's website. Figures are on a contract day base.

# Expanding Financial Revenue over Expenses

For the current interim period, SBI E\*TRADE has recorded the best financial revenue and financial balance ever.

## Diversification of fund sources for margin trading lending

- Borrowing from securities finance institutions
- Issuing straight bonds (2006/2)
- Organizing syndicate loans
- Increasing capital by issuing new shares (2005/12)
- Raising funds through call market
- Strengthening cash management (improving fund management)

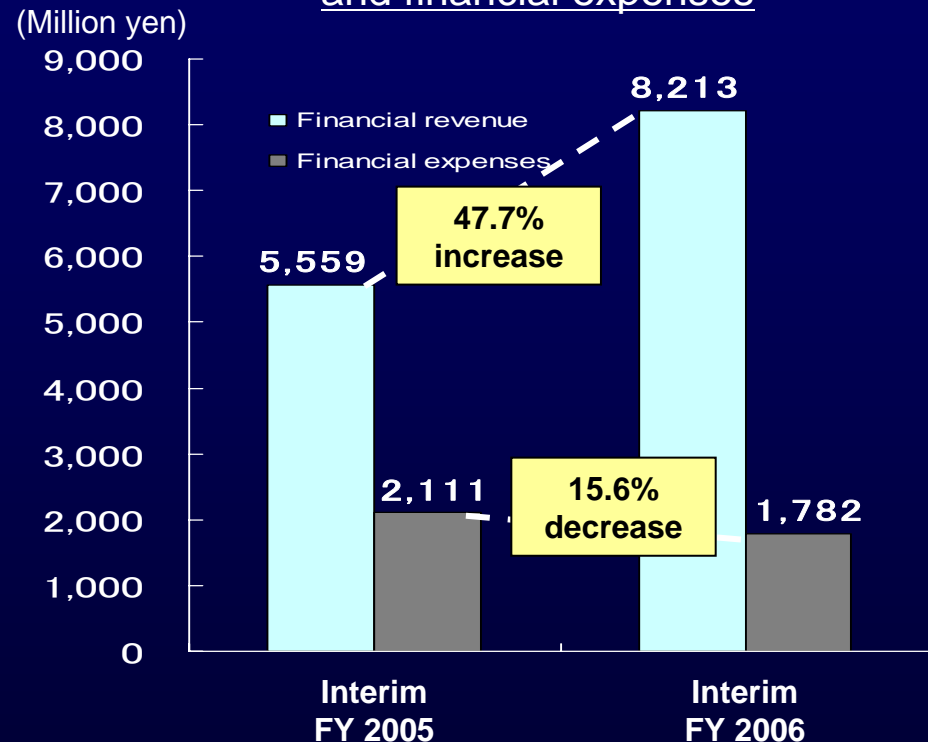


**Expand self-financing**



**Utilizing stock lending operations (Expanding new revenue sources)**

## Consolidated financial revenue and financial expenses



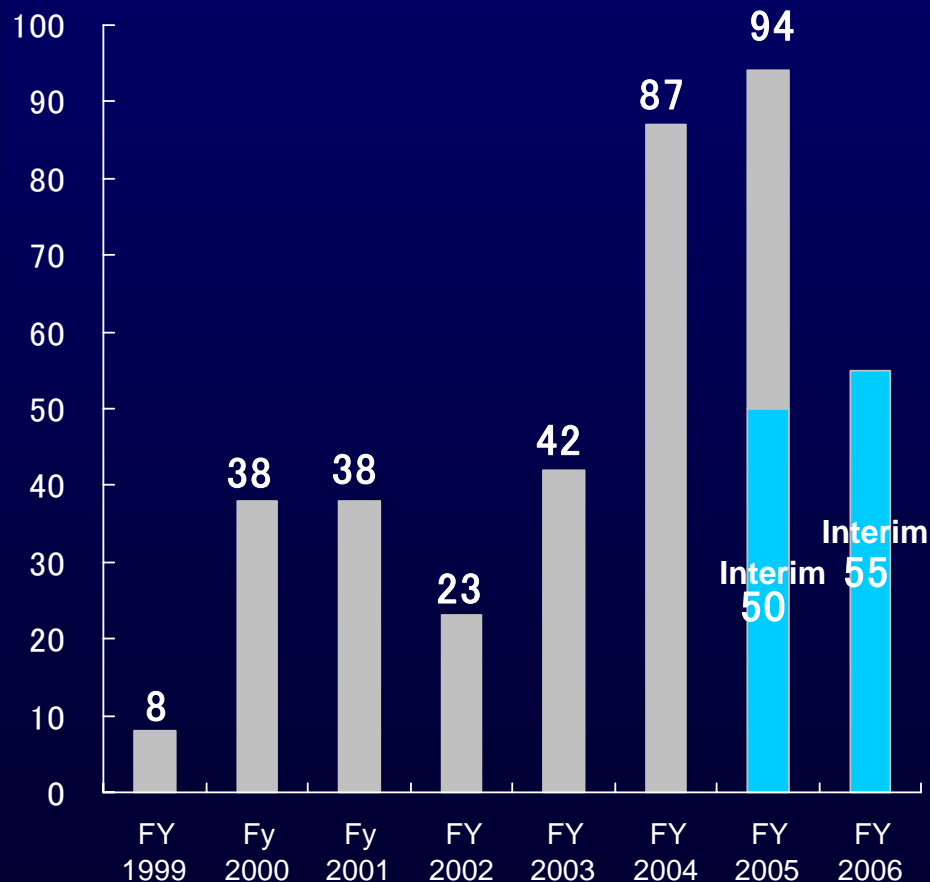
**Expand self-financing operations in the future and diversify revenue sources**

# IPO Underwriting Performance

## SBI E\*TRADE SECURITIES IPO Underwriting Performance

## IPO underwriting ranking (2006/4 to 2006/9)

(Underwritings)



**Top among all securities firms**

Rank	Name	Underwritings	Participation ratio (%)
1	<b>SBI E*TRADE SECURITIES</b>	<b>55</b>	<b>66.3</b>
2	Mitsubishi UFJ Securities	54	65.1
3	Monex Securities	44	53.0
4	Shinko Securities	43	51.8
5	Nomura Securities	37	44.6
6	Daiwa Shoken SMBC	37	44.6
7	Nikko City Group	37	44.6

Note: Figures do not include listing date base, agency transaction, and real estate investment trust.

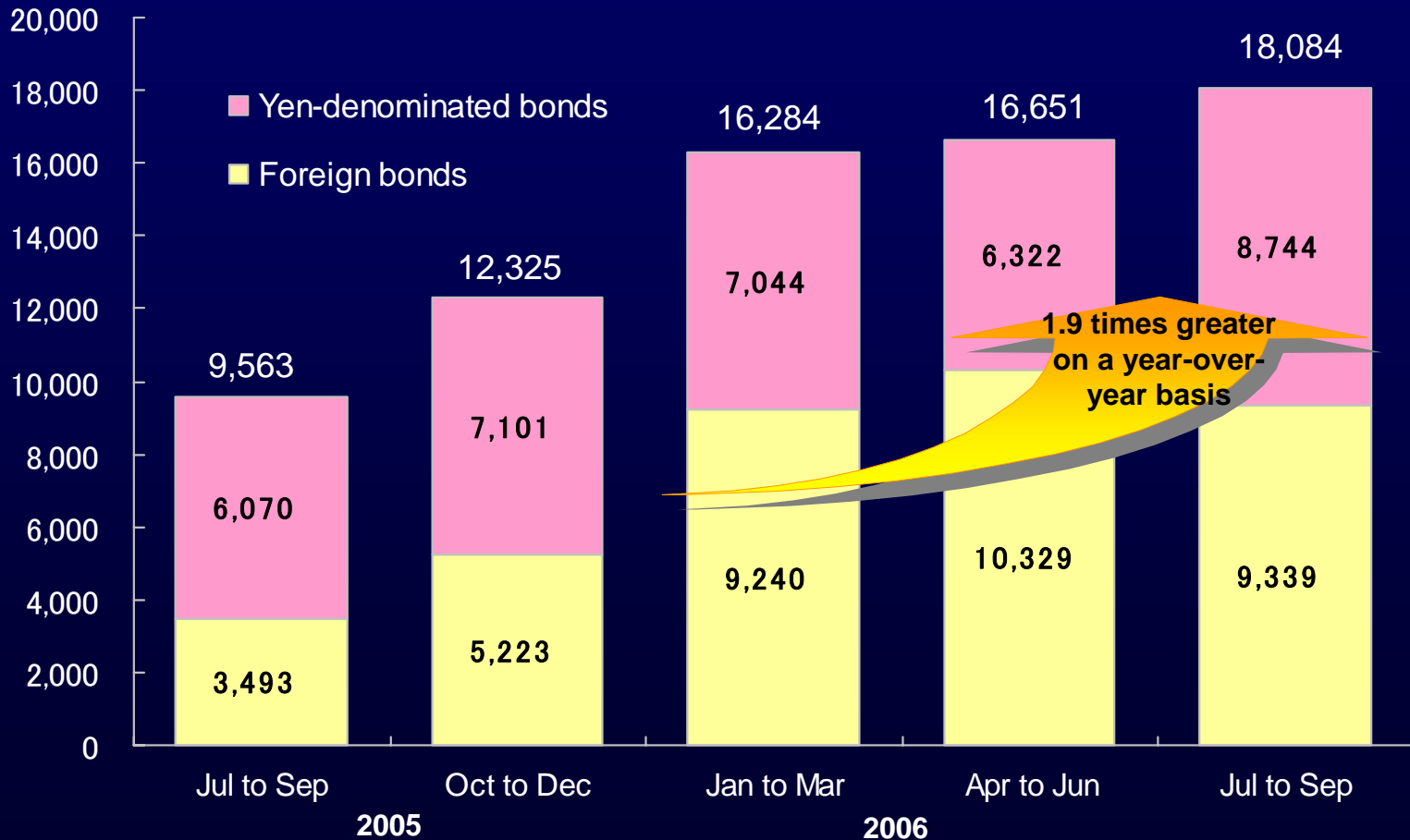
Note: The data was collected as much as possible from public documents by SBI. Data was collected from 2006/4 until 2006/9 for domestic underwriting of 83 companies (listing date base) undergoing an IPO, not including secondary offerings.

# Bond Sales

## Quarterly trend of bond sales (Corporate bonds/ Foreign bonds)

Government bonds and foreign bonds for individuals sold well, primarily due to a gift coupon present campaign called the "Happy Choice".

(Unit: Million yen)



Note: Revenues from government bonds sold to individuals includes commissions from underwriting and secondary offering.



# E\*TRADE Korea Co., Ltd. Prepares for Listing on KOSDAQ

## E\*TRADE Korea Co., Ltd. Interim Performance

(Unit: Million yen, %)

	Interim FY 2005 (2005/4 to 2005/9)	Interim FY 2006 (2006/4 to 2006/9)	Year-over-year(%)
Operating revenue	1,991	2,830	+42.1
Net operating revenue	1,933	2,666	+37.9
Operating profit	235	699	+197.3
Ordinary profit	237	706	+197.4
Interim net profit	224	521	+132.3

## **(3) Financial Services Business**

### **Interim FY 2006**

**Sales: 10.8 billion yen (+26.9% year-over-year)**

**Operating profit: 1.2 billion yen (+56.5% year-over-year)**

Note 1: The figures above were calculated using the former accounting method (before fund consolidation) according to each segment.

Note 2: Figures are before consolidated elimination and expense deductions for the whole company.

# Financial Services Highlights

---

## **I. The listed companies of SBI's Financial Services Business continues to achieve growth in income and profit.**

- ① In an investment climate where investors would rather invest than save, Morningstar recorded an ordinary profit of 454 million yen in the third quarter, which is a 136.2% (nearly 2.5 times) increase over the same period in the previous year.
- ② In August 2006, Gomez Consulting was listed on the Hercules market of the Osaka Securities Exchange.
- ③ For SBI VeriTrans, sales for the money receipt agent service were two times greater than the same period in the previous year while ordinary profit increased 63.6% to 276 million yen.

## **II. Companies in the Financial Services Business are growing steadily based on original products and services.**

- ① In the marketplace business, the number of estimates and page views are steadily increasing.
- ② The housing loan execution balance of SBI Mortgage reached 246.5 billion yen at the end of September 2006.
- ③ The upper-level interest rate problem for consumer loans is expected to be resolved. SBI Equal Credit, which is a low cost provider, is poised to expand their business activities accordingly.

# **I. Listed Companies Which will Continue to Expand Their Income and Growth in the Financial Services Business**

- Morningstar Japan K.K.
- Gomez Consulting Co., Ltd.
- SBI VeriTrans Co., Ltd.

# Performance of Each Company

(Unit: Million yen)

Parentheses indicate figure for same period in previous year (%)

	<b>Sales</b>	<b>Operating profit</b>	<b>Ordinary profit</b>	<b>Current net profit</b>
Morningstar* <sup>1</sup> 3Q FY 2006	1,217 (+28.9)	347 (+82.5)	454 (+136.2)	629* <sup>2</sup> (+245.8)
Gomez Consulting 3Q FY 2006	374 (+39.9)	115 (+26.8)	115 (+27.5)	67 (+26.7)
SBI VeriTrans Interim FY 2006	1,359 (+70.5)	277 (+61.8)	276 (+63.68)	136 (+63.1)

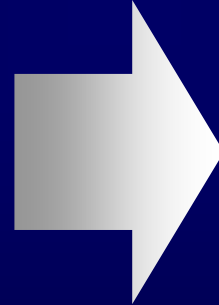
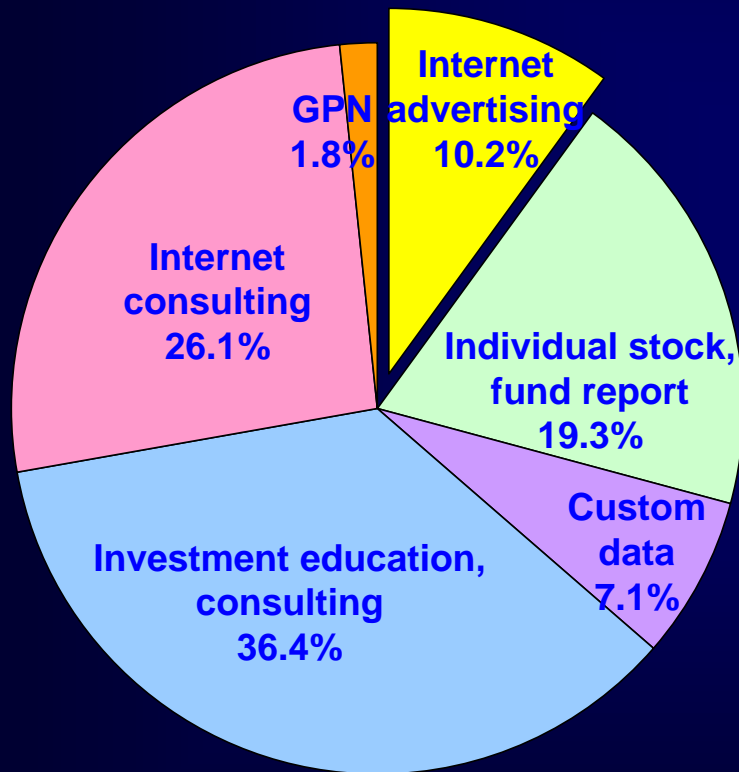
\*1: Figures for Morningstar are consolidated, and figures for Gomez Consulting and SBI VeriTrans are non-consolidated.

\*2: Figures for Morningstar include a special profit of 329 million yen related to the August 2006 listing of Gomez Consulting on Hercules (OSE).

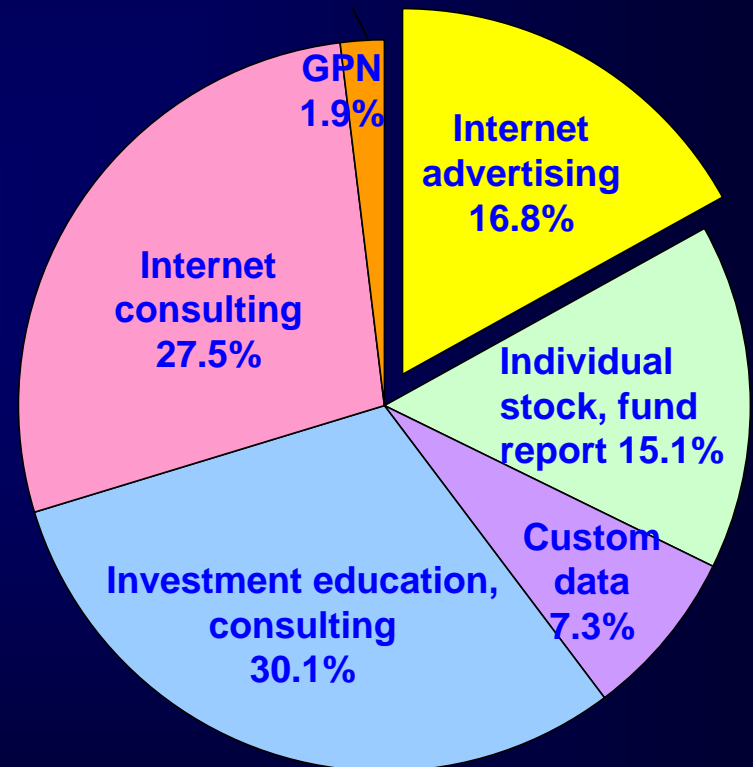
# Morningstar Consolidated Sales Comparison by Product and Service

Internet advertising, which has a high profit rate, continues to expand.

**3Q FY 2005**  
**(2005/1 to 200/9)**



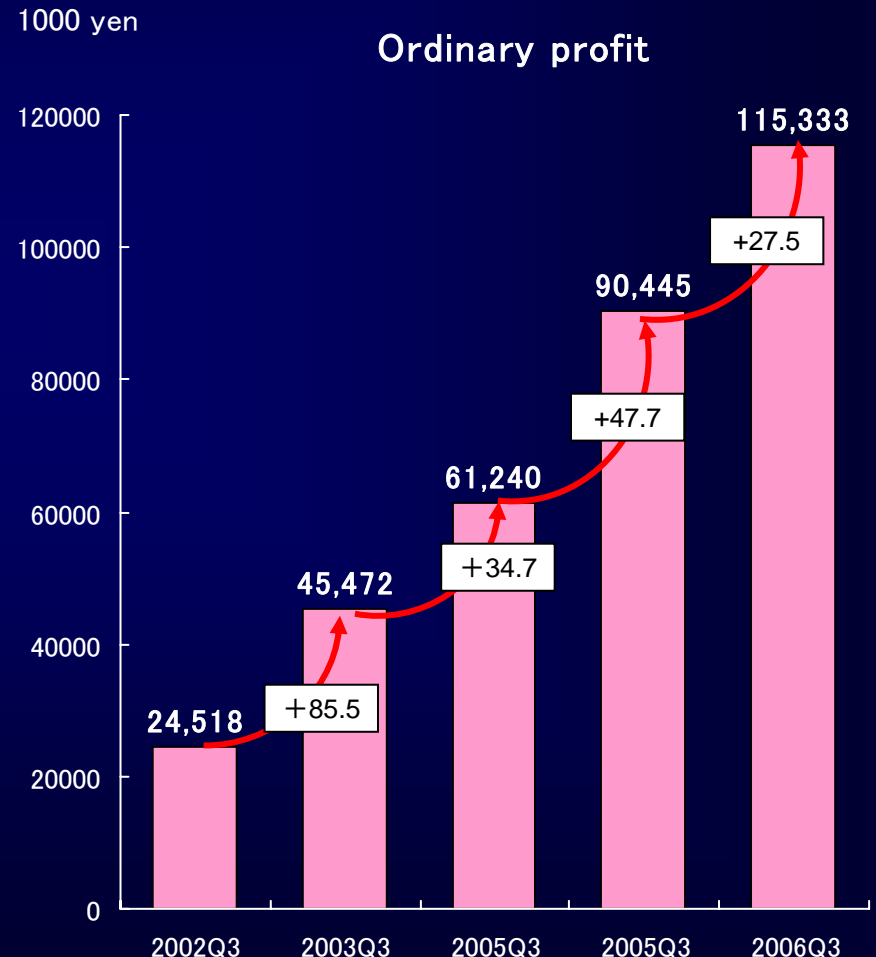
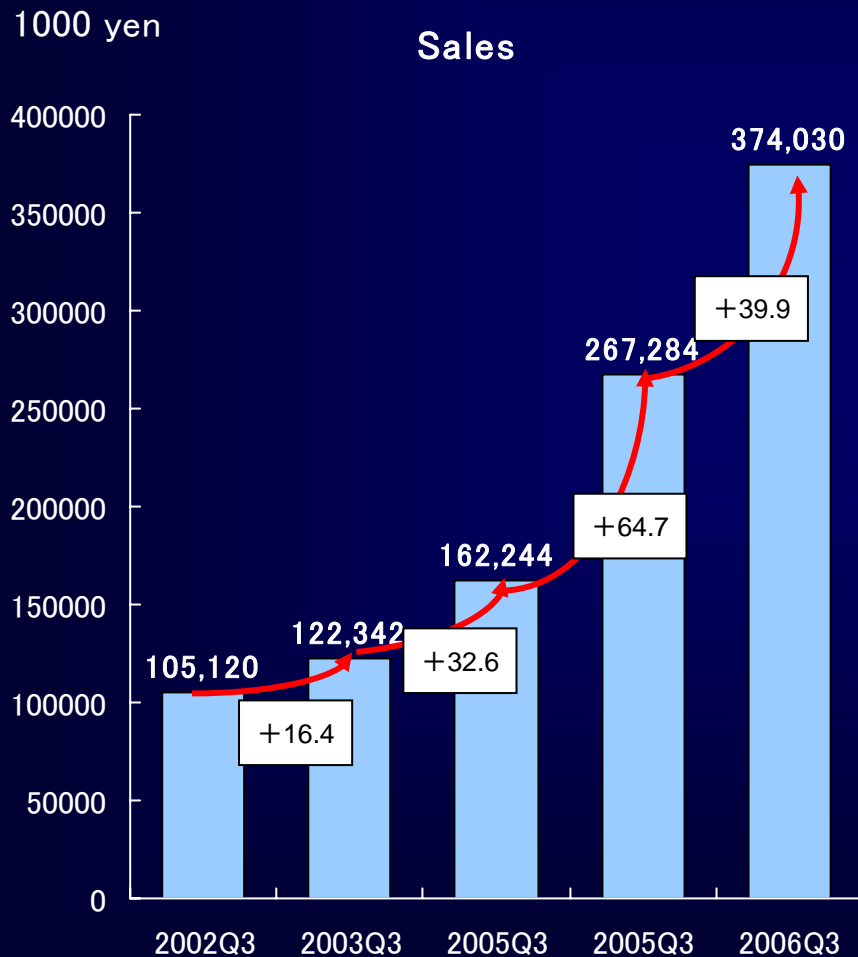
**3Q FY 2006**  
**(2006/1 to 200/9)**



# Strong Growth from Gomez Consulting

3Q performance trend over the past five terms

**Sales and ordinary profit recorded the highest levels ever.**



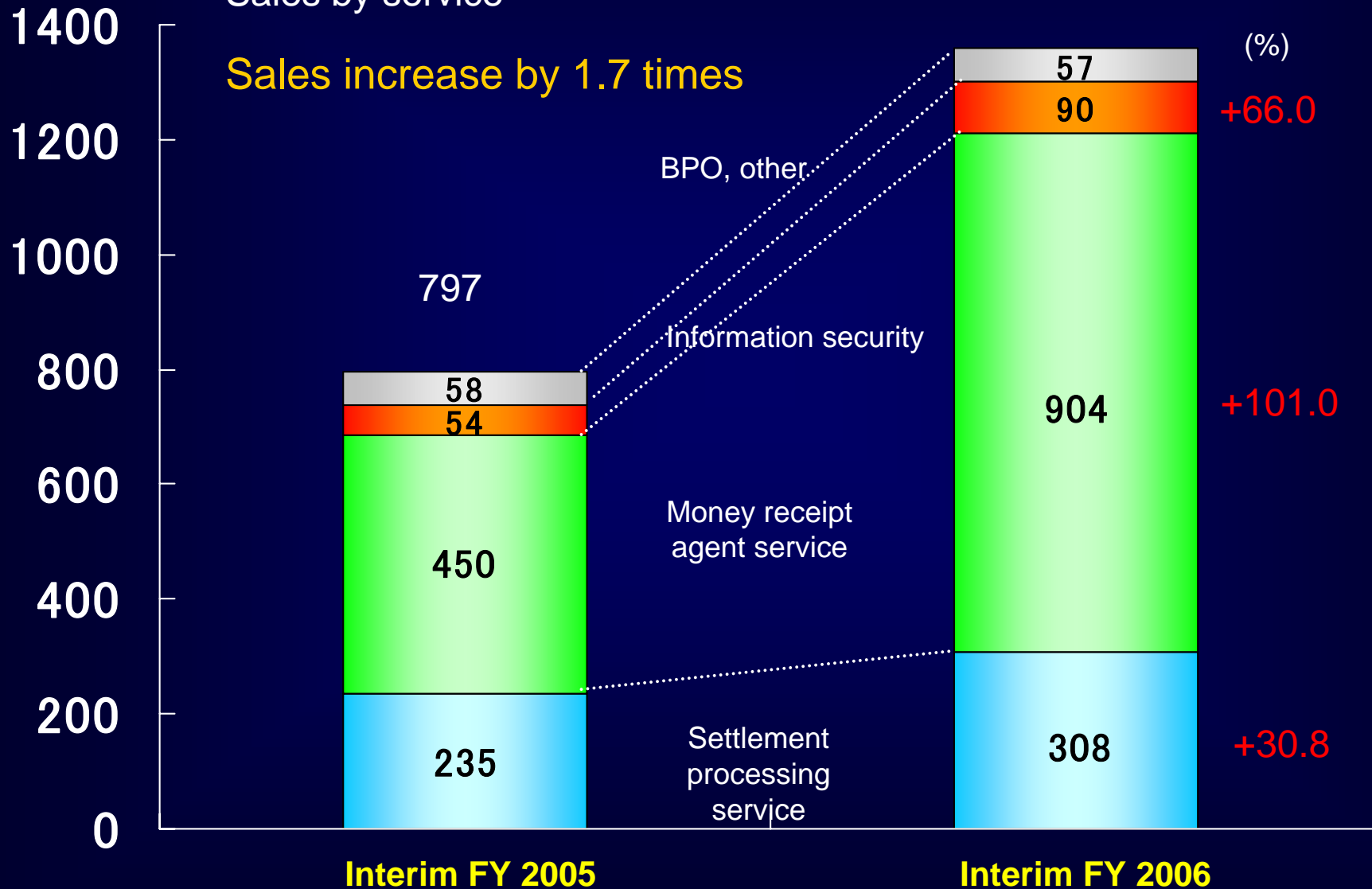
Note: Figures inside the white boxes indicate percentages.

# SBI VeriTrans Growth Parallels Advance of Broadband Access

(Million yen)

Sales by service

Sales increase by 1.7 times



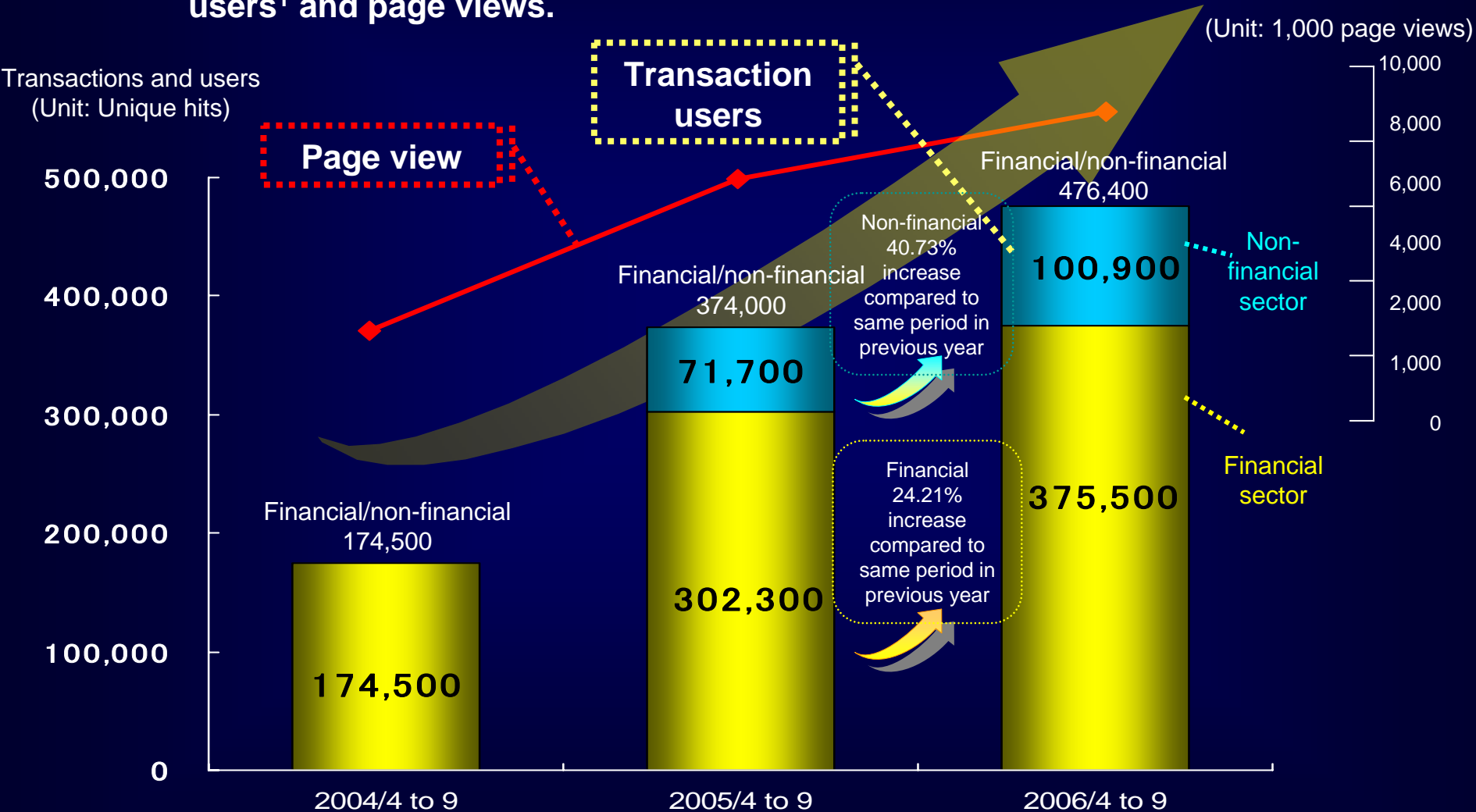


## **II. Steady Growth of Companies in Financial Services**

- Marketplace Business (SBI Holdings)
- SBI Mortgage
- SBI Equal Credit

# Steady Performance for Marketplace Business based on E-LOAN and InsWeb

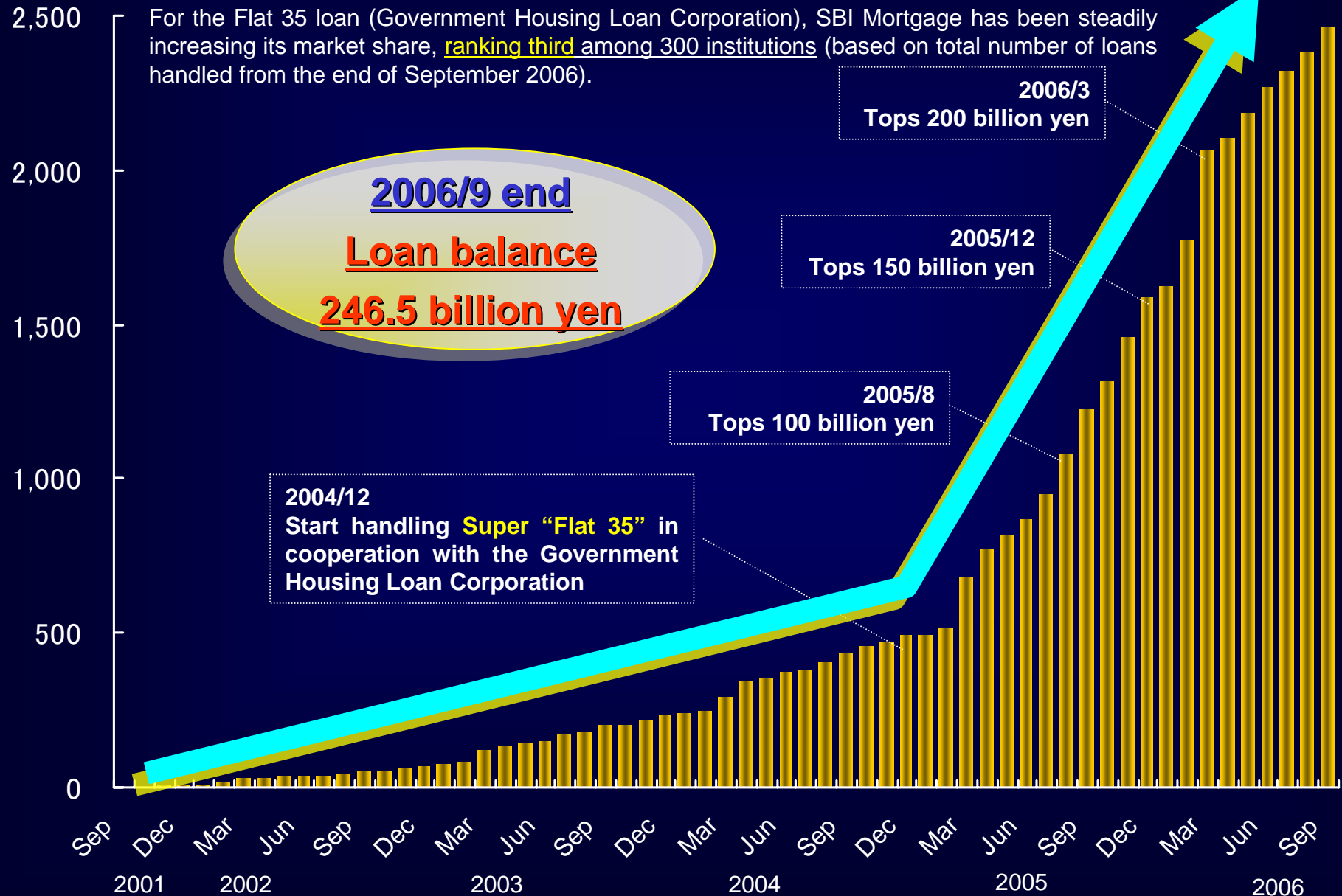
The non-financial sector is showing steady performance in transaction users<sup>1</sup> and page views.



Note 1: The count for transactions and users indicates the number of unique visitors to the website to obtain a total estimate, a document request, or a provisional application. Page views include views at six financial and 11 non-financial websites. Figures here do not include page views for the E-golf service website (15 million page views per month).

# SBI Mortgage Housing Loan Execution Balance

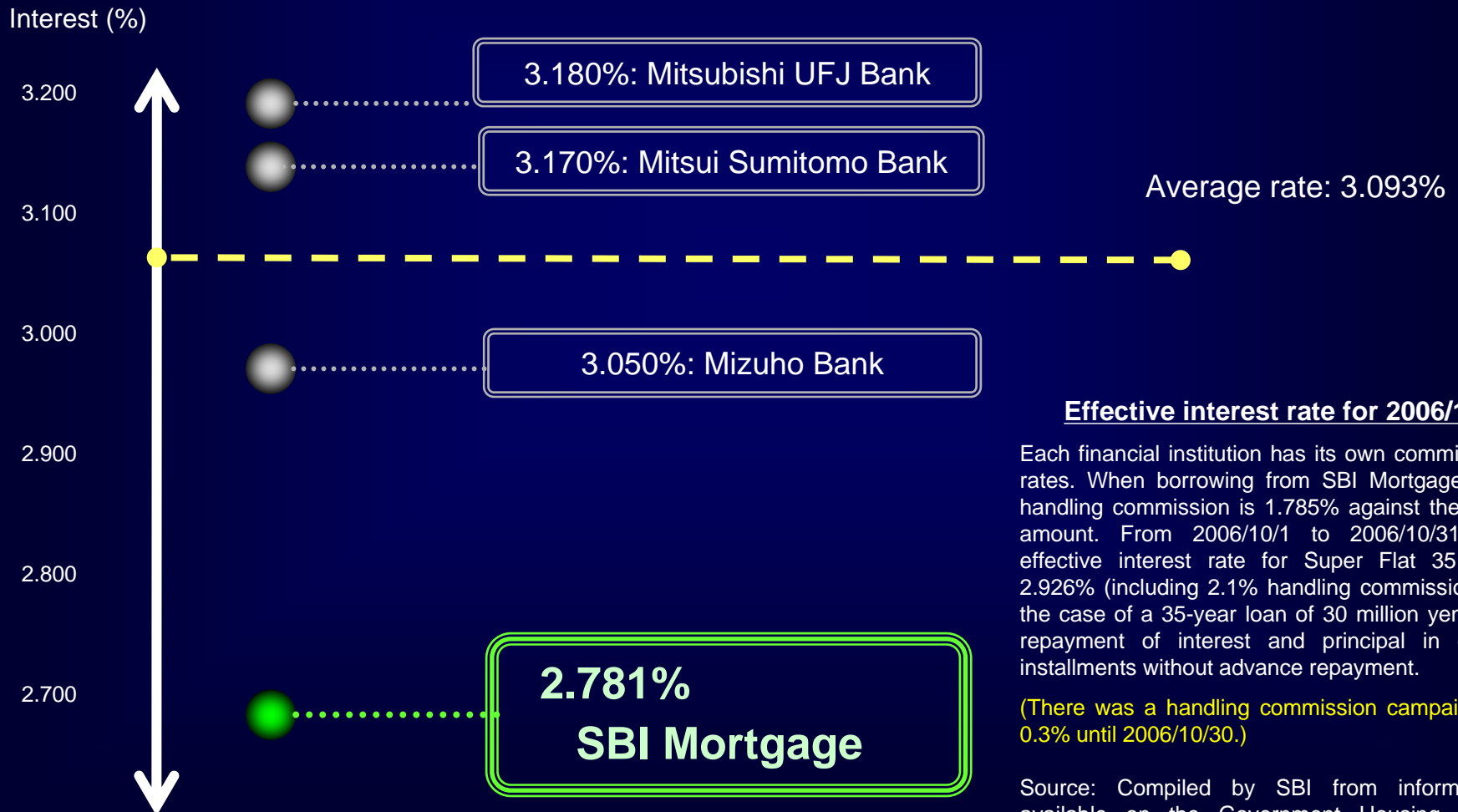
(100 million yen)



**2006/9 end**  
**Loan balance**  
**246.5 billion yen**

# Super Flat 35 Interest Rate Comparison

Super Flat 35 is a securitized **long-term loan** with a fixed rate of interest. Based on low-cost operations and a complete customer-centric principle, SBI Mortgage can implement the **lowest interest rate** among all 300 financial institutions that offer this loan.



## Effective interest rate for 2006/10

Each financial institution has its own commission rates. When borrowing from SBI Mortgage, the handling commission is 1.785% against the loan amount. From 2006/10/1 to 2006/10/31 the effective interest rate for Super Flat 35 was 2.926% (including 2.1% handling commission) in the case of a 35-year loan of 30 million yen with repayment of interest and principal in equal installments without advance repayment.

(There was a handling commission campaign of 0.3% until 2006/10/30.)

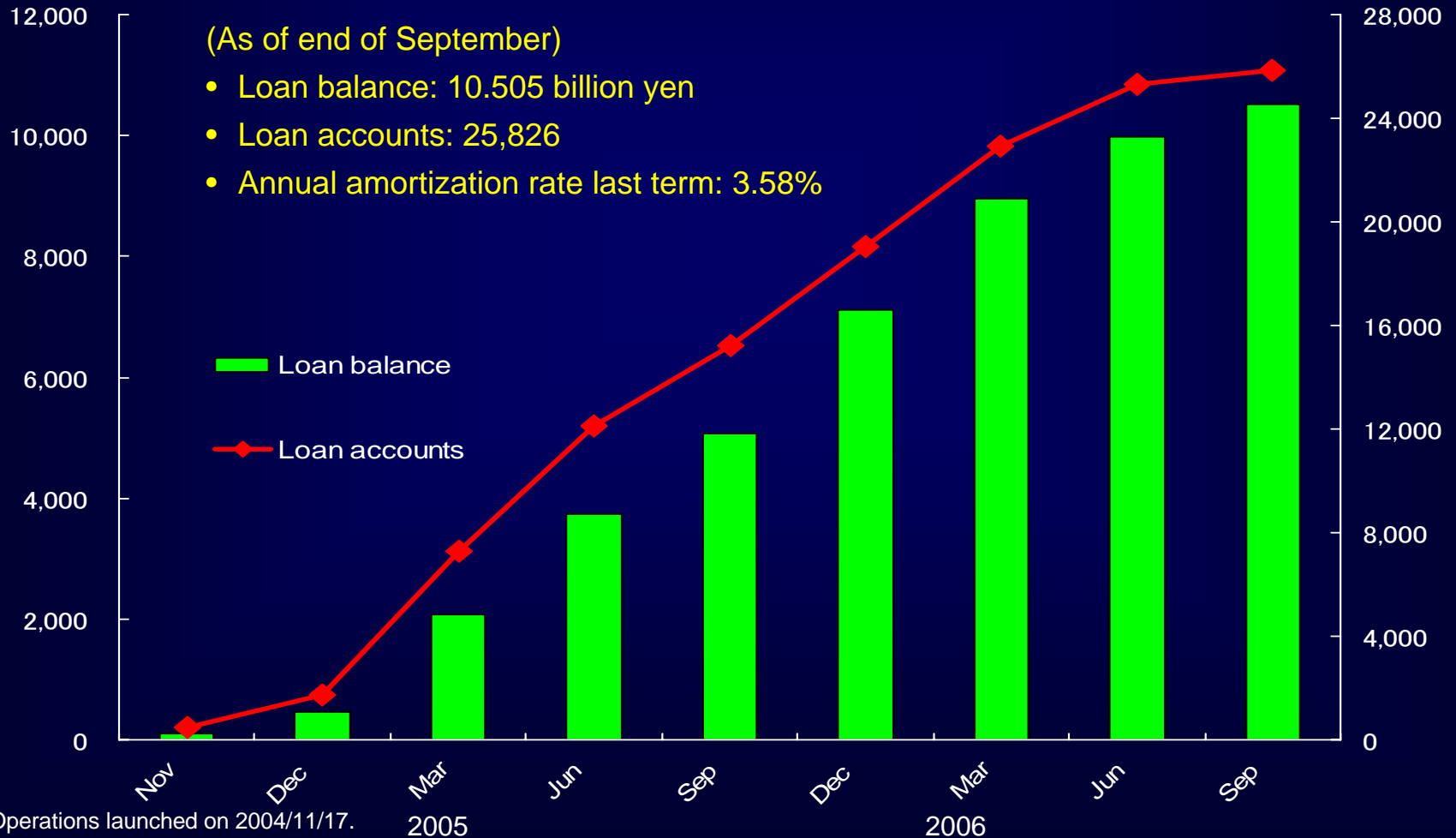
Source: Compiled by SBI from information available on the Government Housing Loan Corporation website.

# SBI Equal Credit Loan Performance

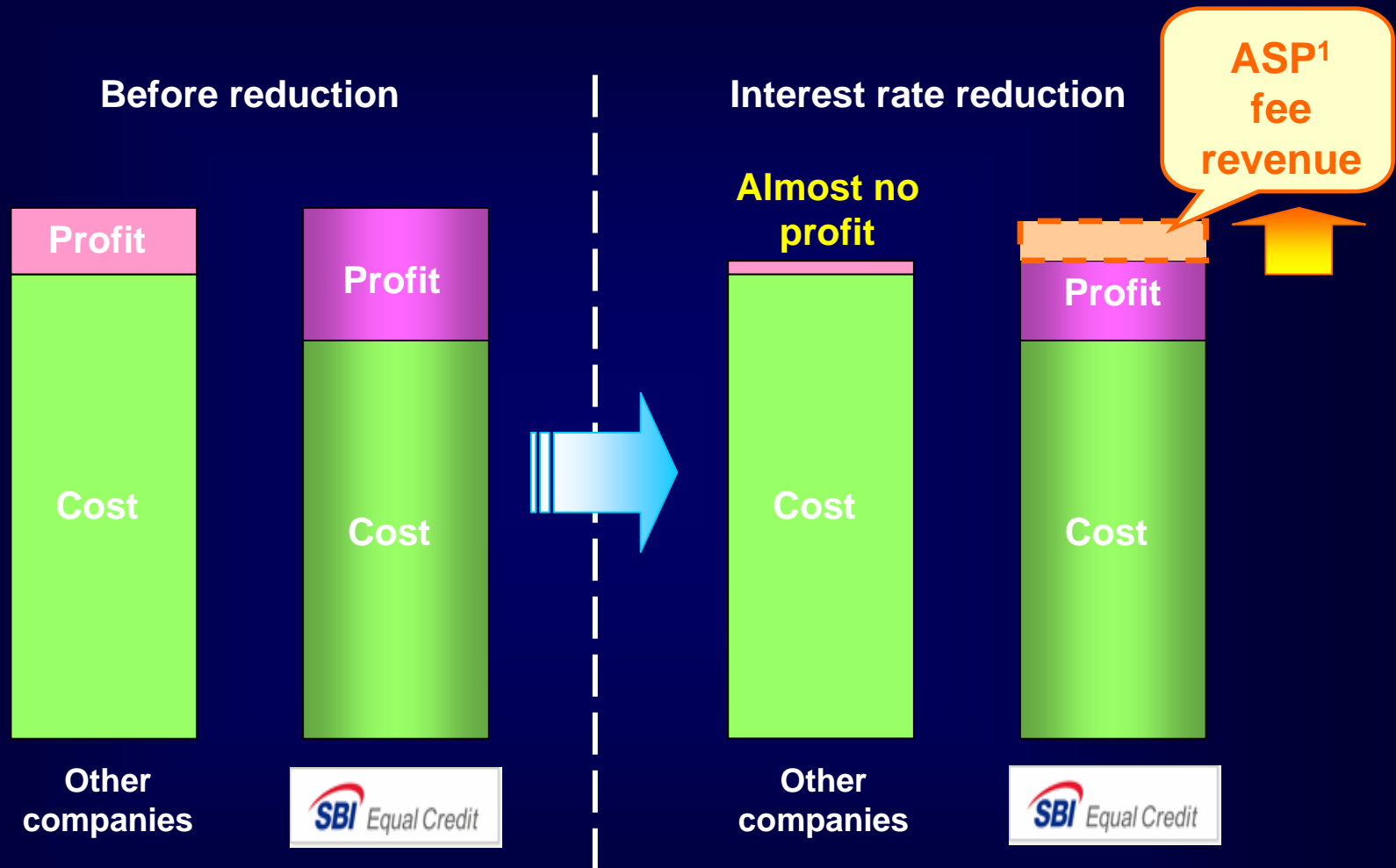
23 months after starting business, the loan balance has topped 10.5 billion yen!

(Unit: Million yen)

(Accounts)



# Capital Subscription Law 29.2% Limit to Be Unified with Interest Control Law 15 to 20% Limit



**SBI Equal Credit aims to diversify the revenue structure based on an ASP<sup>1</sup> model.**

Note 1: "ASP" stands for an "application service provider" who rents applications to customers over the Internet.

### 3. Future Strategy for Main Businesses

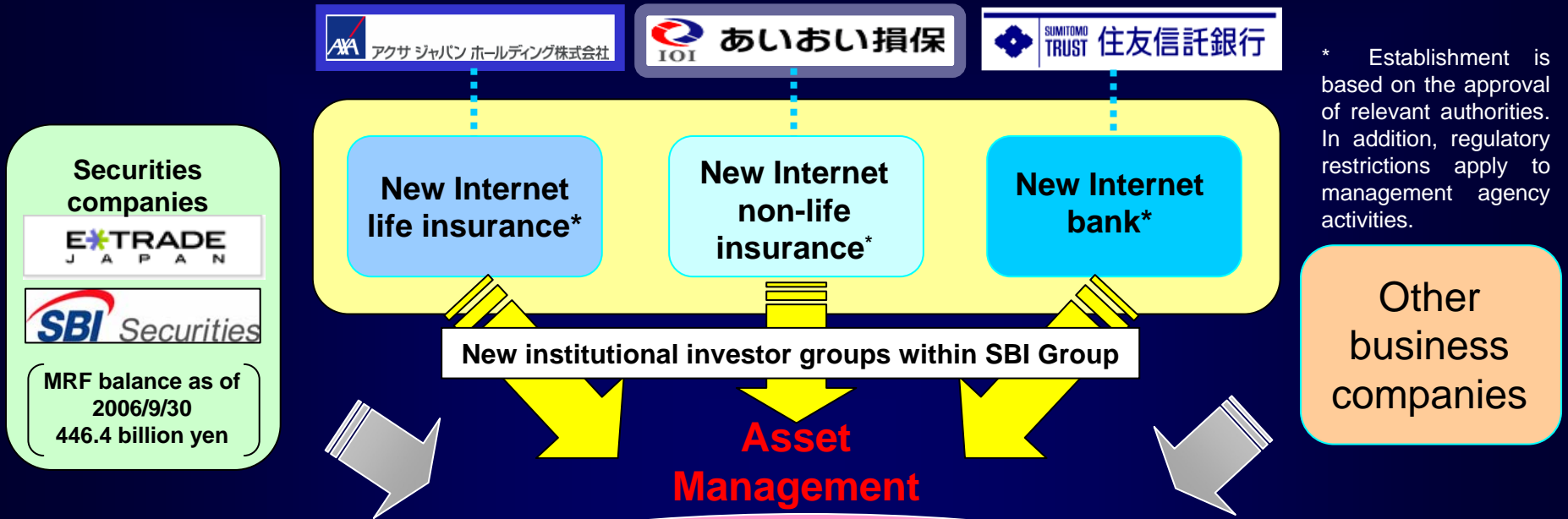
## **(1) Asset Management Business**

- I. Strengthen the Group's Ability to Work with Institutional Investors with Investment Management Needs
- II. From Supporting Japanese Industries to Supporting Global Industries



**I. Strengthen the Group's Ability to Work with Institutional Investors with Investment Management Needs**

# New Institutional Investor Groups within SBI Group



## SBI Group's strong management units



**SBI INVESTMENT: Japan's premier venture capital company**



**SBI Capital: A Buyout unit with average IRR of over 20%**



**SBI Asset Management: A high-performance asset management company**



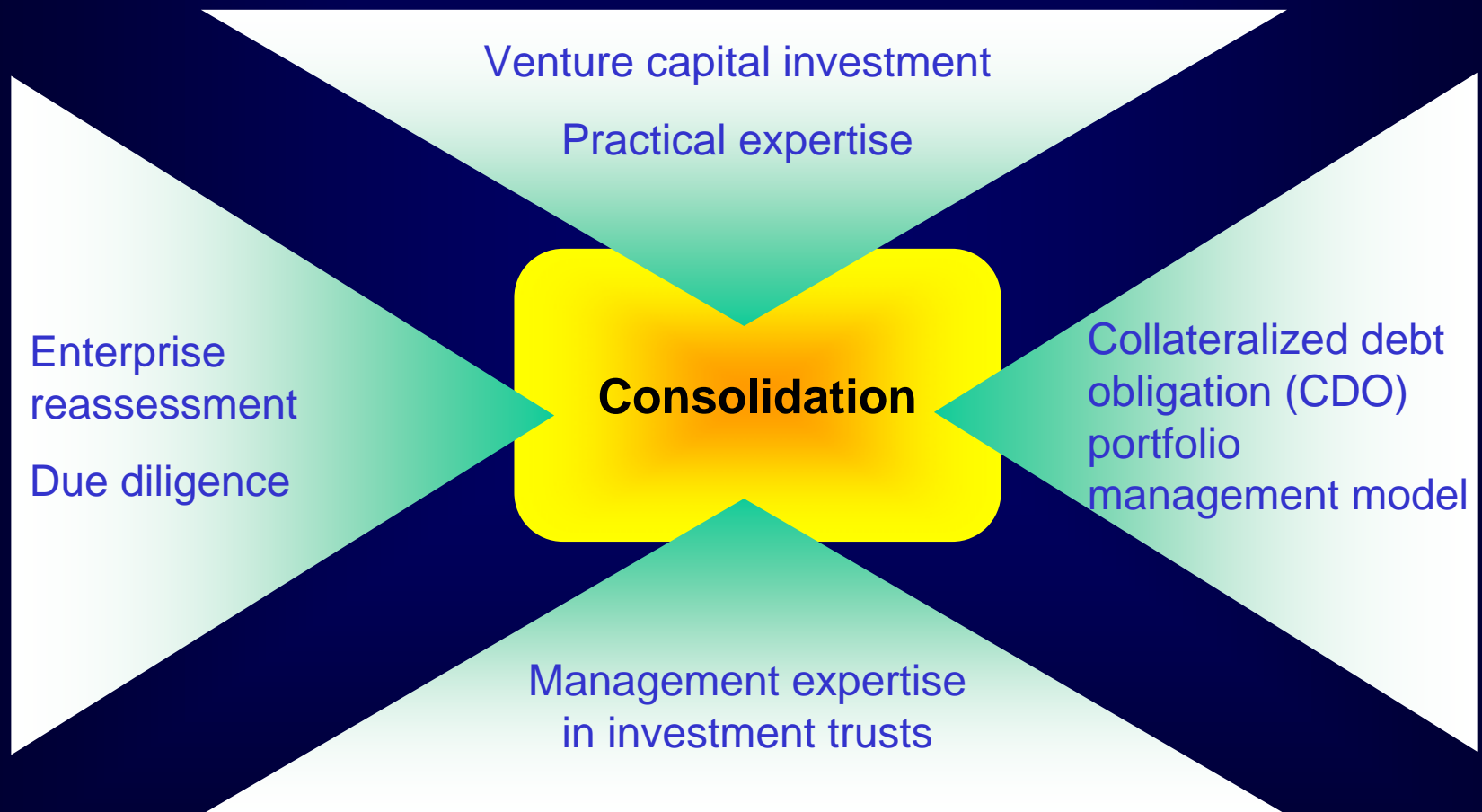
**SBI Arsnova Research: A group that specializes in collateralized debt obligations (CDO)**



**SBI Holdings: A pioneer in new business horizons such as BRIC countries and real estate**

# Towards Establishing SBI Integrated Asset Management Company (Provisional Name)

Strengthen business activities with institutional investors



## **II. From Supporting Japanese Industries to Supporting Global Industries**

# From Supporting Japanese Industries to Supporting Global Industries

## ① Shift investment focus from Japan to BRIC countries.

- Increase business in countries with a higher level of investment efficiency such as China, India, Russia, and Vietnam.
- Expect exchange rate profits from currency transactions with these growth countries.

## ② Strengthen self-investment (principal investments) in Japan

- Based on fund consolidation through changes in the accounting standard, it has become difficult to for venture capital business that leverages outside capital to be justly evaluated.

## ③ To establish management offices in Singapore

- In Japan the withholding tax is a steep 20%. So we must continue to explore ways to attract foreign customers to invest in Japan.

## ④ Examine whether to list SBI Holdings' stock on the U.S.A. market

- Give priority to developing the overseas investment and management business.
- The foreign shareholding ratio of SBI Holdings at the end of September increased to 26.1%.
- The business fundamentals of SBI Holdings will be easy for foreign investors to understand.

# The SBI Group will Accelerate Investments in BRIC Countries through Local Tie-ups with Influential Local Partners

**Temasek in Singapore**



Establish joint investment fund

**State Bank of India**



Establish joint investment fund



**Russia**

**China**

**India**

**Vietnam**

**Under consideration**



**Under consideration**



Strengthen self-investment (principal investment) in Japan.

# Global Investment Conditions: Part 1, China-1

## ① New Horizon Fund, L.P.

- In two and a half years, the fund invested in seven Chinese companies. Two companies have non-circulating shares (government owned) that are expected to increase in value in the future. Of the other pre-IPO issues, one company went public at the beginning of September.

(Unit: US\$ 1 million)

Investment target enterprise	Investment amount		
<b>Sinchuan MeiFeng Chemical Industry</b>	<b>14. 8</b>	Non-circulating stock	US\$ 18.6 million in unrealized profit
<b>Changsha Zoomlion Heavy Industry Science &amp; Technology Development</b>	<b>13. 6</b>	Non-circulating stock	US\$ 9.2 million in unrealized profit
<b>China Printing &amp;Dyeing Pet</b>	<b>3. 5</b>	Pre-IPO	Listed on Singapore exchange in September, US\$ 2.7 million in unrealized profit
<b>China Stem Cells Holdings</b>	<b>4. 1</b>	Pre-IPO	Planned public listing for 2007/8, estimated IRR of 32%
<b>Cathy Industrial Biotech</b>	<b>8. 0</b>	Pre-IPO	Planned public listing for 2007/8, estimated IRR of 75%
<b>Kingsoft</b>	<b>7. 1</b>	Pre-IPO	Planned public listing for 2007, estimated IRR of 82%
<b>Shineway Group</b>	<b>20. 0</b>	Pre-IPO	Planned public listing for 2009, estimated IRR of 32%
<b>Total</b>	<b>71. 1</b>		

- The Fund is currently examining whether to invest in five other promising companies for an investment total of US\$ 100 million.
- In addition, we are studying whether to establish Fund #2 worth US\$ 500 million.

# Global Investment Conditions: Part 1, China-2

## ② Kingsway SBF Investment Company Ltd.

- The current value of fund net assets is 1.5 billion yen against an initial subscription amount of 1 billion yen.

## ③ LC Fund III, L.P.

- Six months after launching operations, the Fund has invested in seven promising companies in China. 39.5% of the total fund has been used for investment.

## ④ Tie Up with Tsinghua Holdings of Tsinghua University of China

- Negotiations to establish an industry-academia fund are moving forward.
- A management company has been established through a joint venture.
- Earmark US\$ 30 million for the fund.
- Investment targets will include companies related to information technology, high technology, life science, the environment, and energy.





# Global Investment Conditions: Part 2, Korea

---

## ① E\*TRADE Korea

- Interim FY 2006: Sales of 2.8 billion yen, ordinary profit of 700 million yen (after yen conversion).
- Plan to become listed on KOSDAQ market in 2007.

## ② Hyundai Swiss I and II (Savings bank)

- Through SBI Korea Holdings, 10% was invested in Hyundai Swiss I and 20% was invested in Hyundai Swiss II.
- Hyundai Swiss I: Sales of 21.8 billion yen and ordinary profit of 3.3 billion yen (after yen conversion).  
Hyundai Swiss II: Sales of 9.9 billion yen and ordinary profit of 3.4 billion yen (after yen conversion).
- Hyundai Swiss II implemented a cash dividend worth 500 million yen during the June period of 2006.
- The total dividend received thus far is 110 million yen against a total investment of 790 million yen.
- Hyundai Swiss I has already cleared conditions to become publicly listed. Preparations are now underway for an IPO.

## ③ Valuemeet Investment

- Through SBI Korea Holdings, 33% was invested in Valuemeet.
- Valuemeet manages an enterprise revitalization fund in Korea worth 2.6 billion yen.
- During the December period of 2005, Valuemeet had sales of 300 million yen and ordinary profit of 33 million yen.

# Global Investment Conditions: Part 3, India

---

Prepare for the launch of full-scale business operations.

① Establish investment fund with State Bank of India.

- SBI has agreed to establish a joint venture capital fund worth US\$ 100 million with the venture capital division of the State Bank of India, India's largest commercial bank.
- SBI is also examining whether to cooperate with the State Bank of India on India's Internet financial business.

② Invest in the TATA Indian Opportunities Fund.

- SBI is making an equity investment in the TATA Indian Opportunities Fund, which is managed by the Tata Group.

③ Examine whether to make further tie ups with India's leading financial institutions.

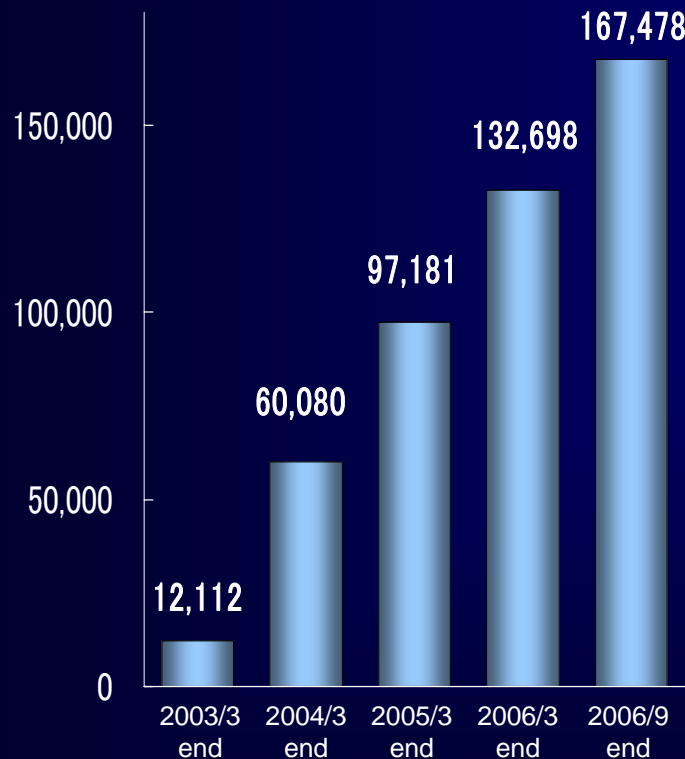
- Based on Asset Management Business activities, cooperate with numerous Indian financial institutions.
- SBI is planning to establish joint ventures in sectors such as investment fund management, investment trust, and real estate investment.

# Shareholder Structure of SBI Holdings

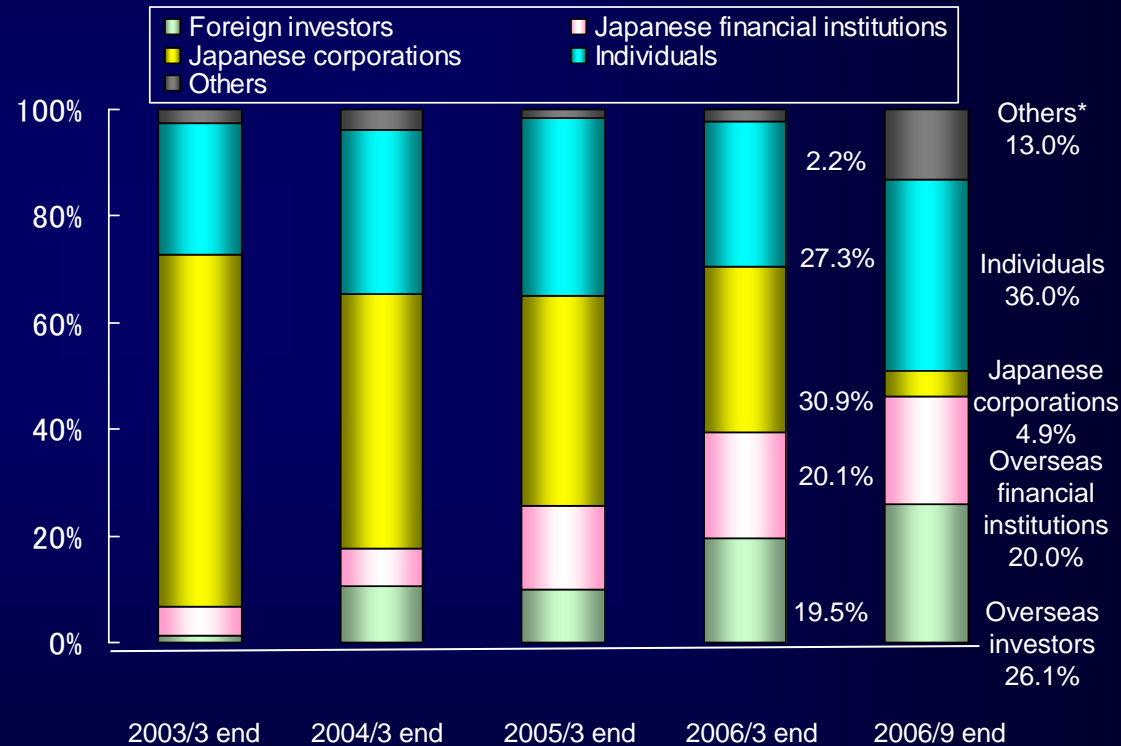
**SBI and SOFTBANK ended their capital ties in August 2006. The shareholder ratio of overseas investors climbed from 19.5% at the end of March 2006 to 26.1% at the end of September 2006.**

## Shareholders

(Unit: Shareholder)



## Shareholder structure



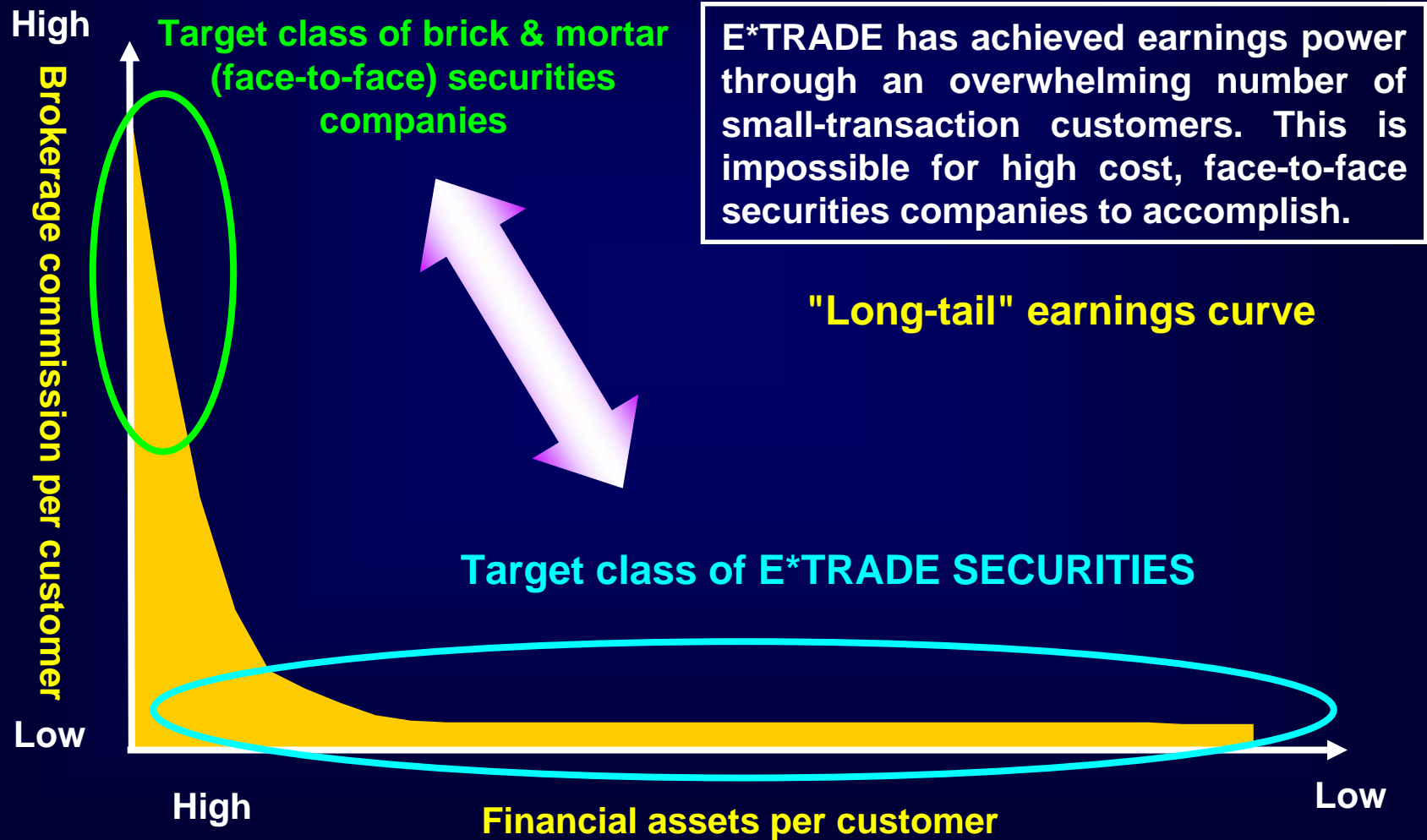
Note 1: The "Others" category includes 9.0% of treasury stock.

## **(2) Securities Business**

- 1. Maintaining Overwhelmingly Solid Position in Internet Securities**
- 2. From Leadership in Internet Securities to Overall Leadership in Securities Sector**

**1. Maintaining Overwhelmingly Solid  
Position in Internet Securities**

# From Early On, E\*TRADE Has Achieved "Long-Tail" Earnings Curve



# "Long-Tail" Earnings Strategy

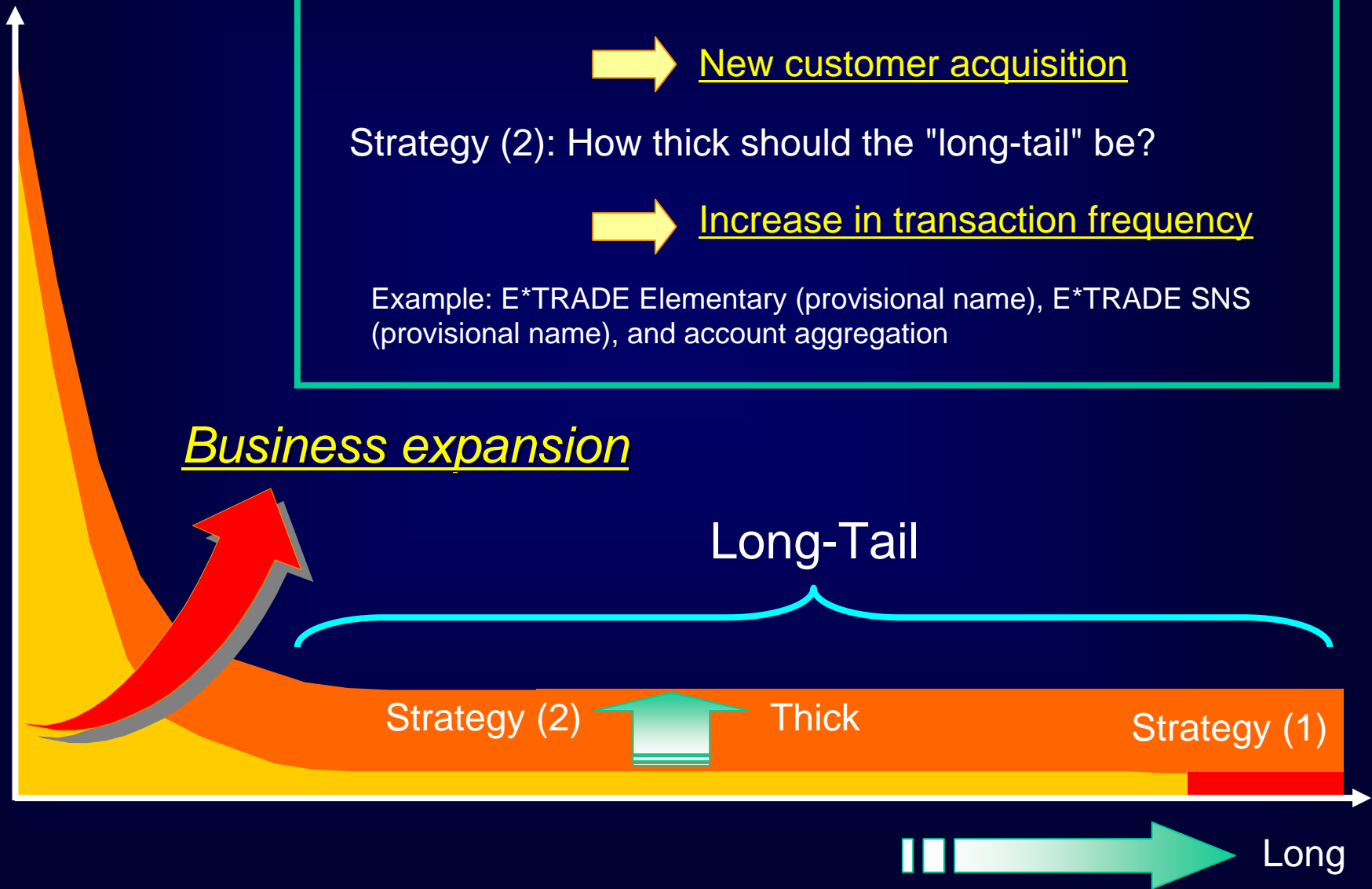
Strategy (1): How much longer should the "long-tail" be?

➡ New customer acquisition

Strategy (2): How thick should the "long-tail" be?

➡ Increase in transaction frequency

Example: E\*TRADE Elementary (provisional name), E\*TRADE SNS (provisional name), and account aggregation



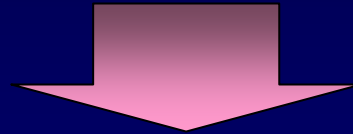
## **2. From Leadership in Internet Securities to Overall Leadership in Securities Sector**



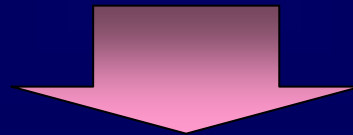
# From Leadership in Internet Securities to Overall Leadership in Securities Sector

SBI is already the top brokerage company in Japan.

(2Q FY 2006 brokerage trading value: SBI E\*TRADE 10.32% and Nomura 6.66%)



Based on superior brokerage strength, SBI is solidifying business activities in investment banking and private banking.



Positioning

Cooperation between SBI E\*TRADE SECURITIES and SBI Securities will be strengthened and launching operations related to investment banking and private banking will be given strategic importance.

- ① Strengthen Cooperation between SBI Securities and SBI E\*TRADE SECURITIES and Develop Investment Banking Business

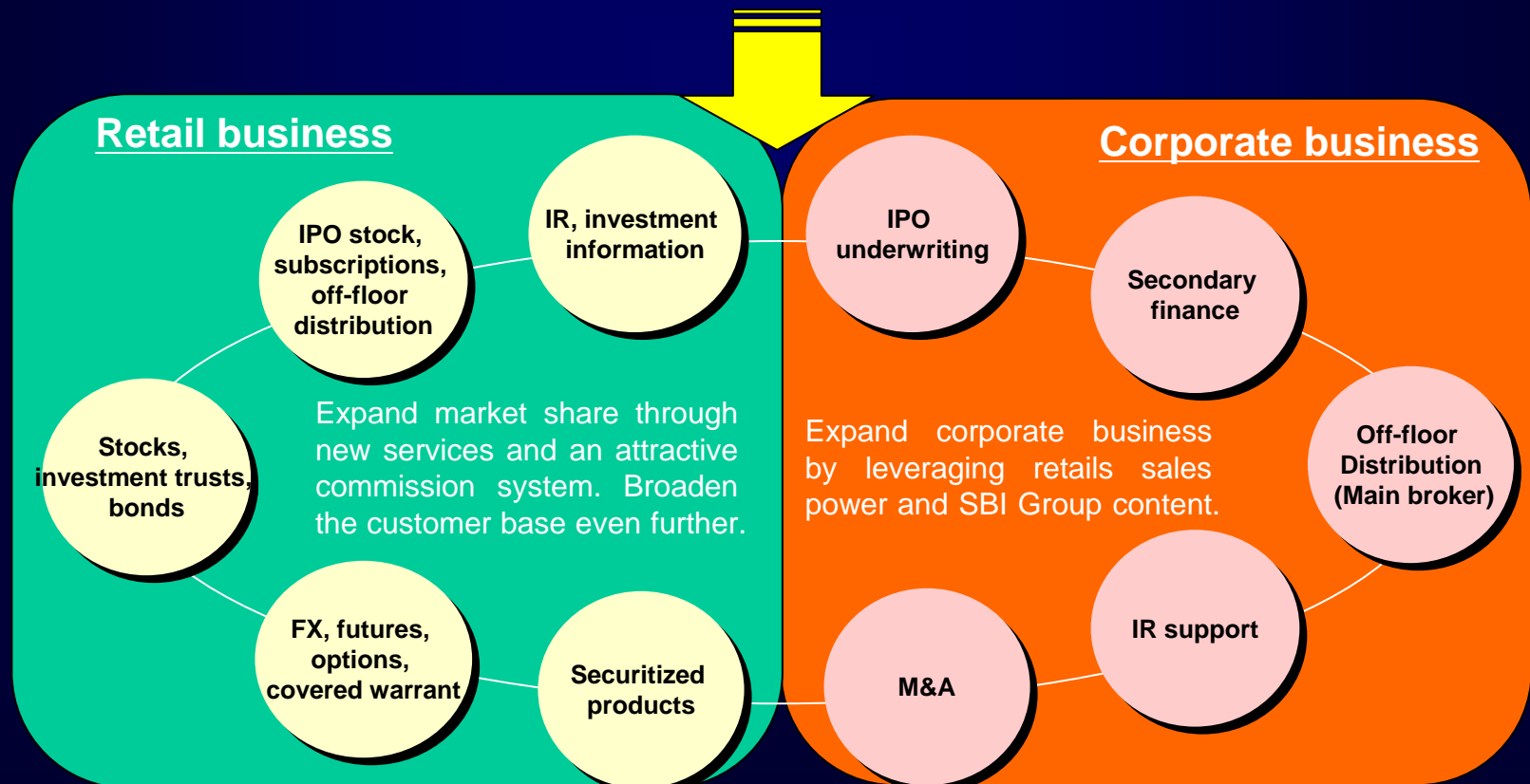
# SBI E\*TRADE is Expanding Corporate Business as a Comprehensive Online Securities Company

Overwhelming customer share

**1,311,004 accounts** (Current as of 2006/9/30)

Expanding share of individual brokerage trading value

**30.7%** (Current as of 2Q FY 2006)



# SBI E\*TRADE Is Expanding IPO Underwriting and Lead Managing Underwriter Activities

SBI E\*TRADE had the top IPO participation rate for the 1Q and interim period.

**Become a lead managing underwriter.**

2nd case:

Netage Group, Inc.

2006/8/30: Listing on the Mothers (TSE)

Offering price: 600,000 yen

First price: 1,200,000 yen

3rd case:

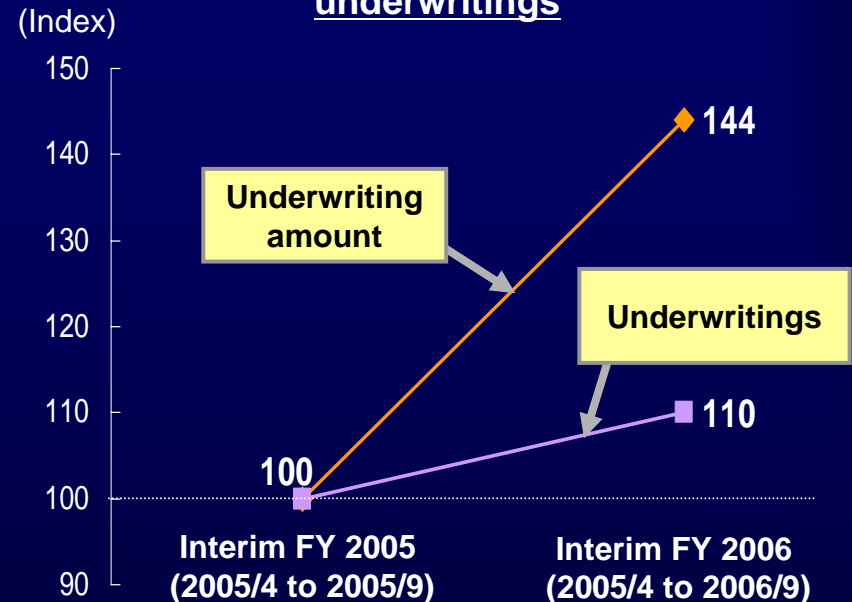
IREP Co., Ltd.

2006/11/16: Listing on the Hercules (OSE)

Offering price: 400,000 yen

First price: 547,000 yen

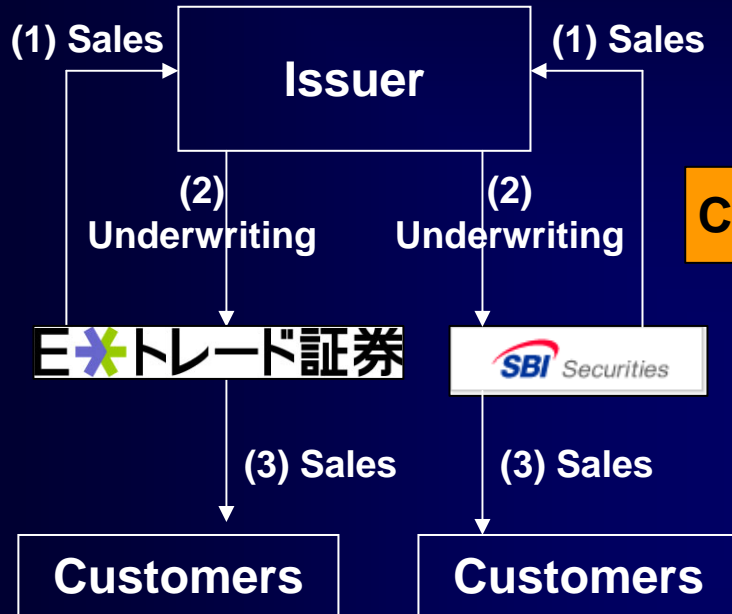
Comparison of amount and number of underwritings



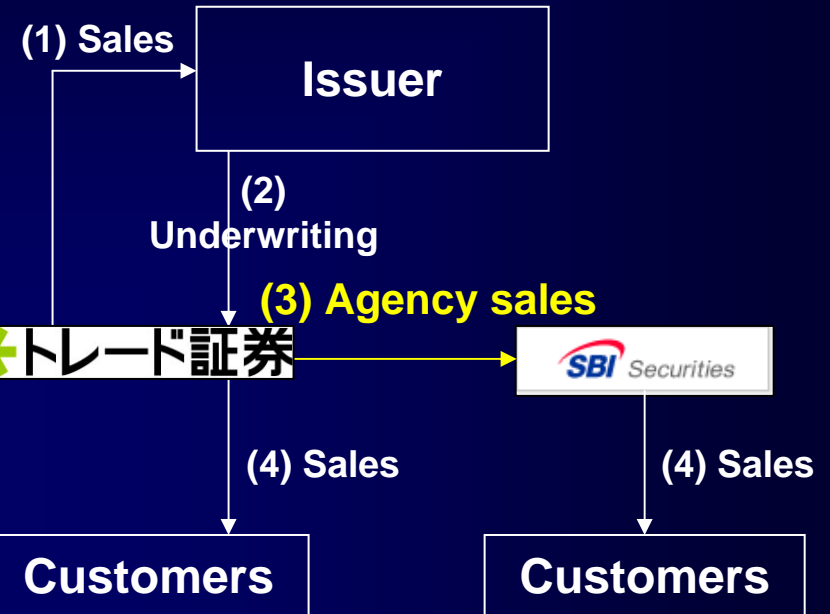
SBI E\*TRADE was appointed the lead managing underwriter for 18 unlisted companies.

# Launch Agency Sales through Underwriting Business Merger with SBI E\*TRADE SECURITIES

## Before reorganization



## After reorganization (from 2006/2)



## Before reorganization

- E\*TRADE and SBI Securities work independently on underwriting sales to increase their own share.



## After reorganization

- When E\*TRADE obtains an underwriting order, as a managing underwriter, it will commission SBI Securities to sell a fixed ratio of those issues.



Moved to new system from February 2006. As of interim FY 2006, the new agency sales system has handled a total of 33 accounts.

# Strengthen Investment Banking Operations

E\*トレード証券

SBI Securities

Online

- Overwhelming brokerage share
- High IPO underwriting participation rate

Synergy

Brick-and-mortar

(face-to-face)

- Sales
- Proposals
- Related products and services

Secondary  
finance

Capture off-floor  
distribution (main  
mediation plan)

M&A

Build a system that responds to diverse customer needs.

# Prepare Launch of Evening Trading Market

**Aim to launch the evening trading market next year at the earliest possible time.**

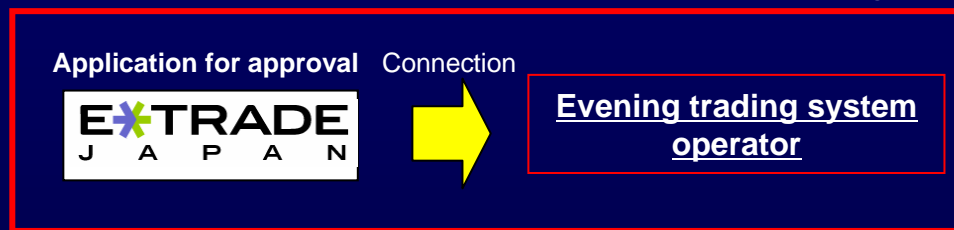
## Image of evening trading market

Total share of individual margin trading value of five companies **51.4%**

Proprietary trading system (PTS) 2006/9 single month

## Service content under examination

Trading launch	February/March 2007
Time frame	20:00 to 23:50 (Plan)
Price determination method	Auction
Type of trading	Domestic stocks (Spot, general funds)
Target stocks	Issues from TSE, OSE, Nagoya Stock Exchange, Sapporo Stock Exchange, JASDAQ (Including market make issues), but details are undecided
Bid and price limit	Same as stock exchanges



E\*TRADE plans to apply to the Financial Service Agency for PTS approval. Each securities company that participates connects to the trading system operator. Depending on the outcome of ongoing examinations, E\*TRADE may handle settlement of account operations.

② Strengthen Cooperation between SBI Securities and SBI E\*TRADE SECURITIES and Develop Private Banking Business



# Private Banking for SBI Group's Affluent Customer Class



## Affluent customer base

- Increase affluent customer base in the securities business.

SBI E\*TRADE has 5,747 customer accounts with a deposit balance of over 50 million yen (2006/9/30).

SBI Securities has 1,197 customer accounts with a deposit balance of over 50 million yen (2006/9/30).

**Combined 6,944 affluent accounts**

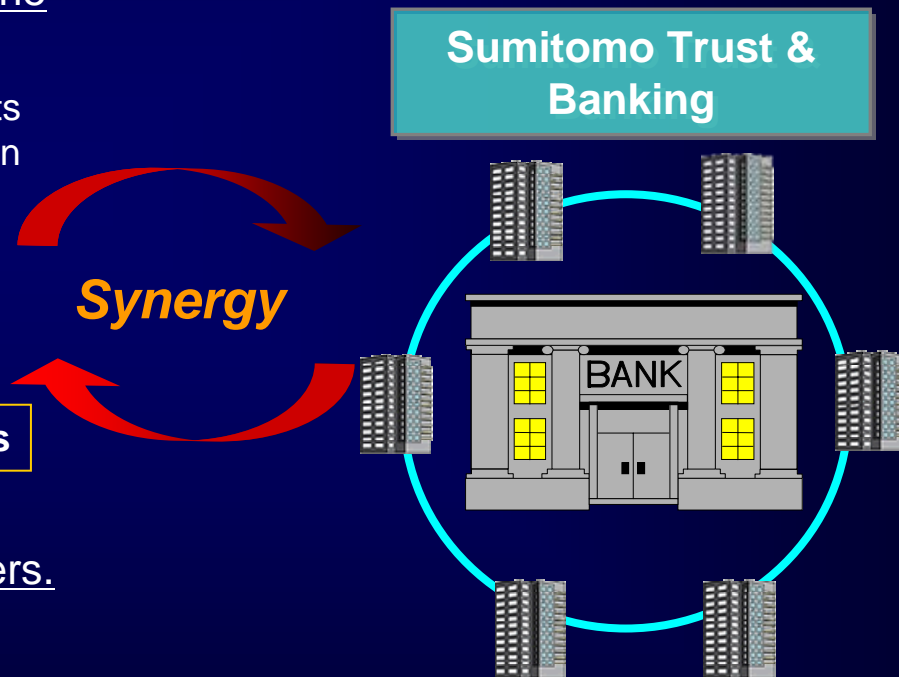
- In the venture capital business, develop strong relations with new affluent customers.

Management fund investment  
310 companies (2006/9/30)

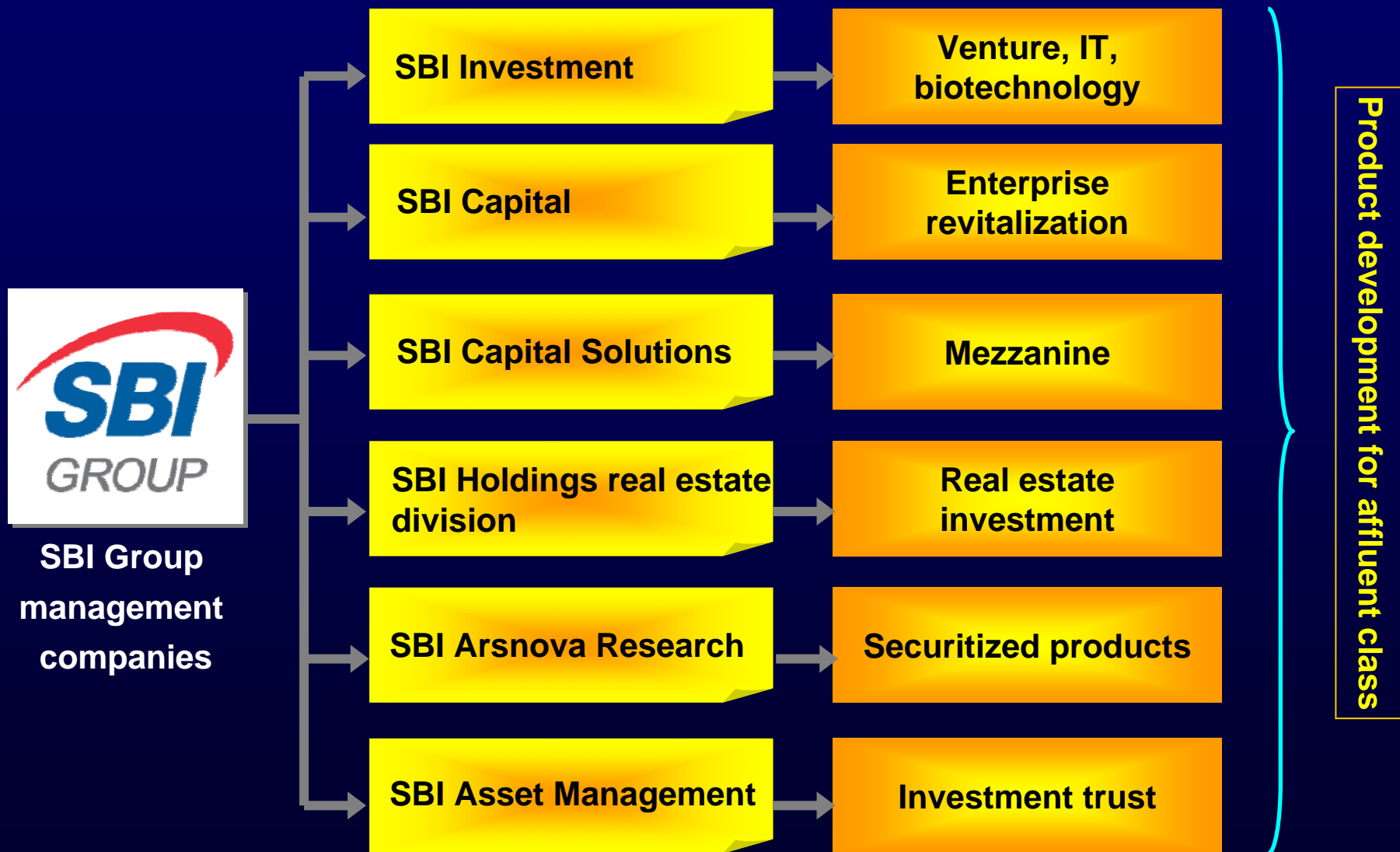
Exit performance  
94 companies (2006/9 end)

## Trust services

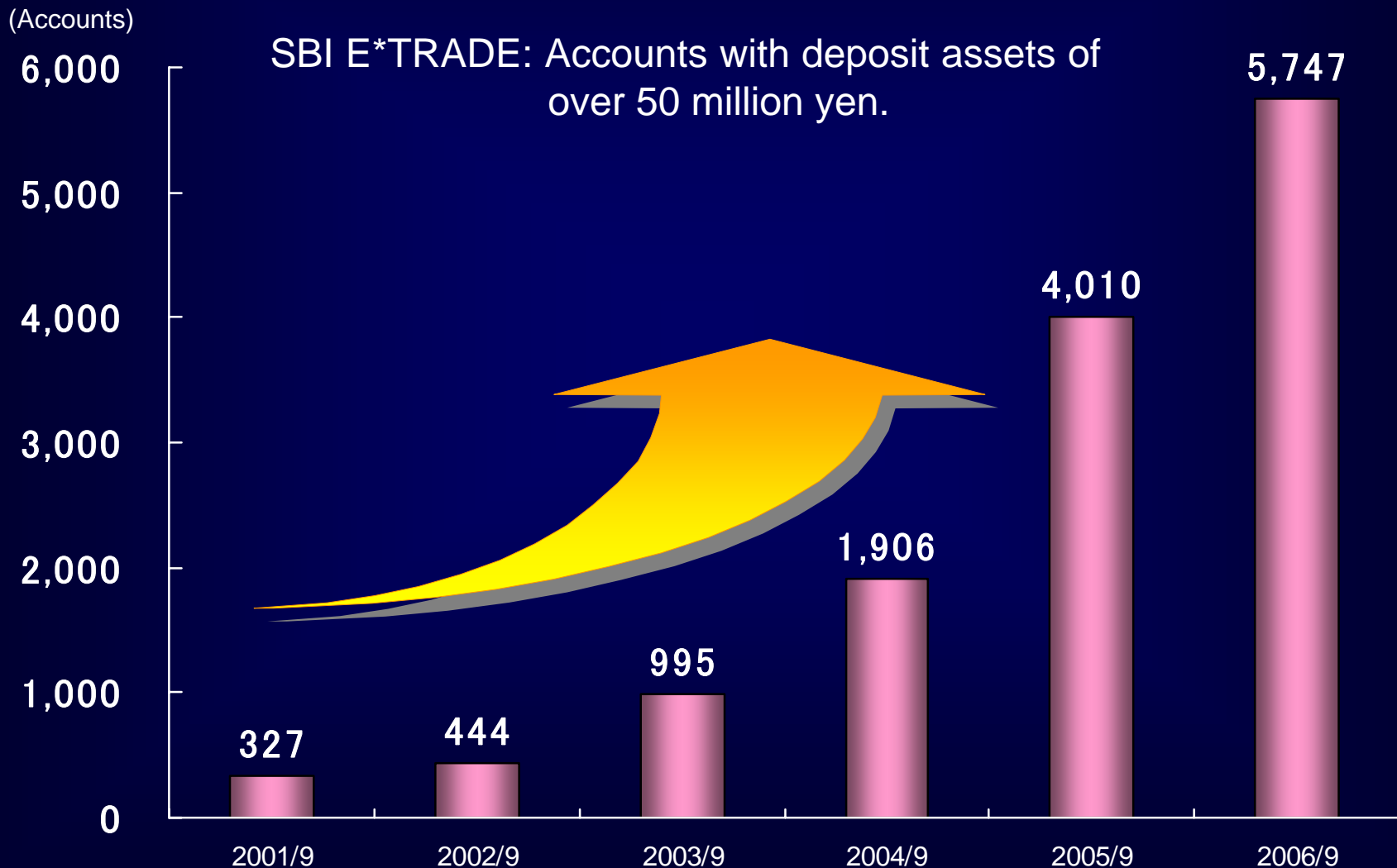
- Testamentary trust
- Money trust
- Real estate trust



# Harness Total Strength of SBI Group Asset Management Business towards New Products for Affluent Class



# Towards Introducing SBI E\*TRADE's Affluent Customers to SBI Securities



# Internet Securities Model based on Brick & Mortar

	Internet securities	Brick & mortar securities
<b>Strong point</b>	<ul style="list-style-type: none"> <li>• Low cost</li> <li>• Overwhelming drawing power</li> <li>• Overwhelming transaction volume</li> </ul>	<ul style="list-style-type: none"> <li>• Community based</li> <li>• Face-to-face sales power</li> <li>• Customers can be differentiated</li> </ul>
<b>Weak point</b>	<ul style="list-style-type: none"> <li>• Highly dependent on brokerage</li> <li>• Low profitability due to commission price competition and the cost of continuous system investment</li> <li>• Impossible to respond to detailed customer needs</li> </ul>	<ul style="list-style-type: none"> <li>• High cost (personnel, property)</li> <li>• Weak drawing power</li> <li>• Small transaction volume</li> </ul>

**Complementary**



**Overall Effect**

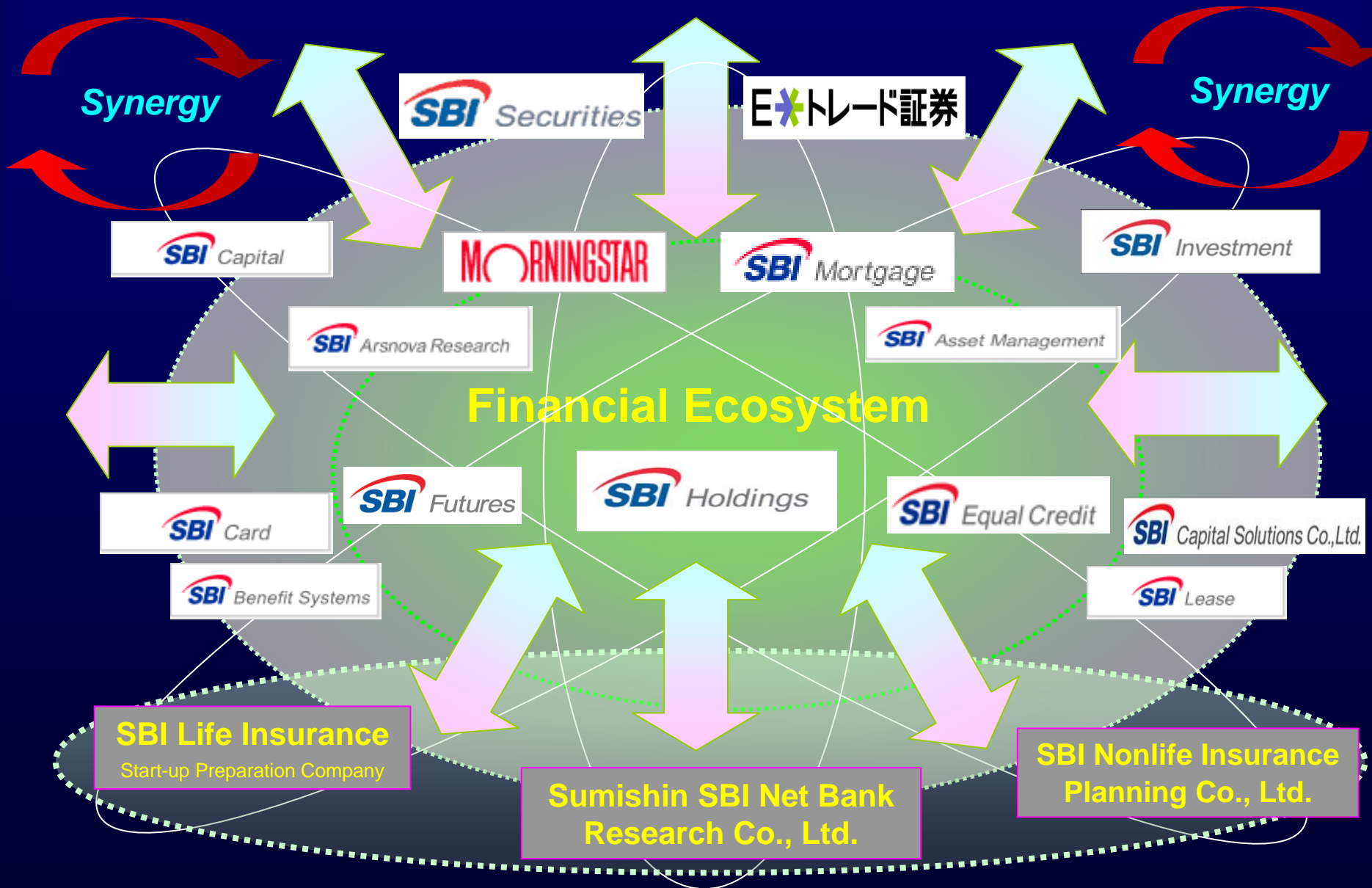
It is possible offset each other's weak points and thereby create a differentiation factor.

It is possible to offer a higher level of service through real channels to affluent and potentially affluent customers based on the overwhelming drawing power of Internet securities.

## **(3) Financial Services Business**

- **A Financial Ecosystem Striving to Become Japan's Largest Distributor of Financial Products**

# Complete the Financial Ecosystem through Participation in Banking, Life Insurance, and Non-Life Insurance Sectors



# Preparations in Advance of New Internet Bank



**October 25, 2005**

SBI Holdings and Sumitomo Trust signed an agreement to jointly establish an Internet bank. The agreement includes a capital and business alliance.

**April 2006**

**Sumishin SBI Net Bank Research Co., Ltd.**

Paid-in capital: 4 billion yen  
Investment ratio: SBIH 50%, Sumitomo Trust & Banking 50%

**Executives**

Vice President Katsuya Kawashima  
Director Yoshitaka Kitao  
Director Noriyoshi Kimura

**Executives**

President Kiichi Tanaka  
Director Yutaka Morita  
Director Tetsuya Tomimatsu

**Now**

**Procedures to obtain a bank license, system construction**

**New Internet bank opening (Aim to open in the first half of 2007)**

Initial investment: 20 billion yen

Employees: approx. 80

Main office: Izumi Garden Tower, 1-6-1, Roppongi, Minato-ku

# Multi-Faceted Collaboration with Sumitomo Trust & Banking

## SBI E\*TRADE SECURITIES

April 3, 2006

Through a customer introduction service between SBI E\*TRADE and Sumitomo Trust & Banking, Sumitomo begins to introduce underwriting candidate companies to E\*TRADE.

## SBI Mortgage

June 30, 2006

Sumitomo Trust & Banking begins to introduce SBI Mortgage's Super Flat 35 home loan in all of its branches nationwide.

## Morningstar

May 8, 2006

Morningstar Asset Management begins to offer investment advice related to Sumitomo Trust & Banking's "Shibunho Fund" (monthly settlement type).




# Preparations in Advance of New Non-Life Insurance Company

**SBI Nonlife Insurance Planning Co., Ltd.**

Vice President Shinji Matsui  
Director Shoichi Yamazaki  
Director Yoshitaka Kitao

President Masao Okada  
Director Akira Sumino

 **SBI Holdings**

 **IOI あいおい損保**



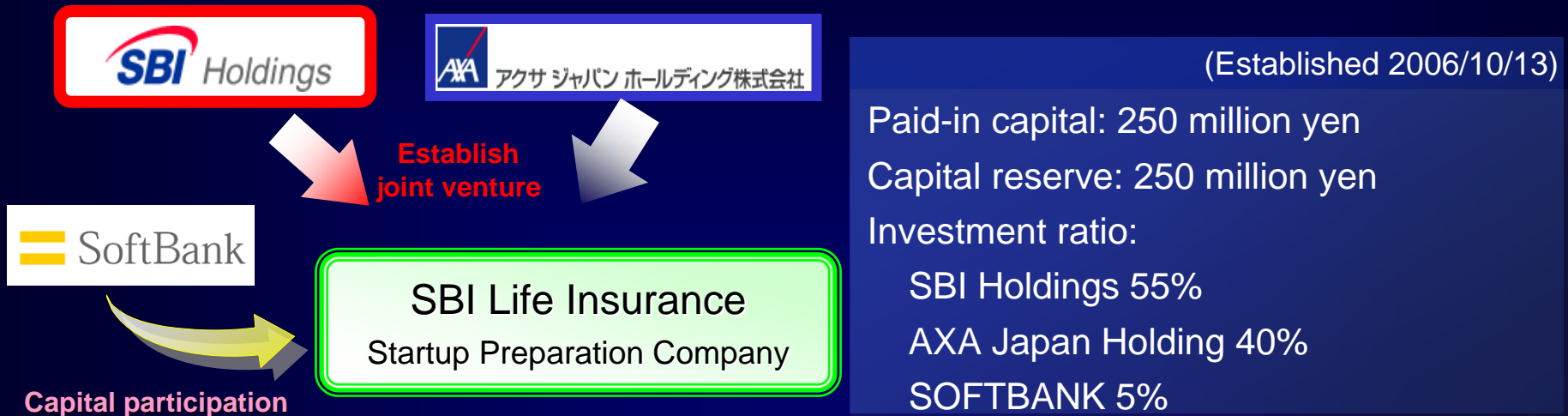
Paid-in capital: 100 million yen

Investment ratio: SBI Holdings 66.6%, Aioi Insurance 33.4%

## Future Schedule

- Second half of FY 2006: Obtain insurance business license  
(After obtaining license, change the name from SBI Nonlife Insurance)
  - Aim to open business in summer in 2007 (Initially to offer car-related products)
- Paid in capital after capital increase (plan): 3 billion yen

# Establish SBI Life Insurance Startup Preparation Company with AXA Holding Company Limited (2006/10/13)



## Board of Directors

President Shinsuke Kimura (Manager of Insurance Business Planning, SBI Holdings, Inc.)

Vice President Guy Marcillat (President of AXA Non-Life Insurance Co., Ltd.)

Director Yoshitaka Kitao (President & CEO of SBI Holdings, Inc.)

Director Alex Kimura (Operating Officer of AXA Japan Holding Company Limited)

Director Yoshiyuki Kono (General Manager of Insurance Business Planning, SBI Holdings, Inc.)

## Future Schedule

Start life insurance business: Aim to open in the third quarter of FY2007

Life insurance products: Medical care insurance, term insurance.

Note: Establishment is based on the approval of relevant authorities.

# SBI Card: Start Accepting Applications 2006/11

The SBI Card is loaded with advanced features backed by the highest level operations system.

SBI Card is the first card to provide multi-bank online settlements and consumer credit

- Settlement and consumer credit in real-time
- Access to multiple registered bank accounts
- Mobile 24/7 service over the Internet with automatic voice response and operator assistance

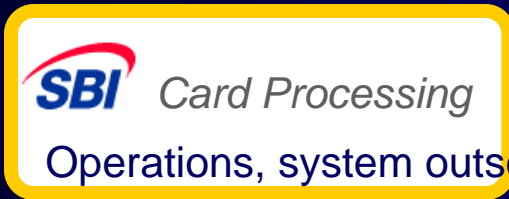
The fifth World MasterCard in Asia and the first in Japan

- Premier card for MasterCard

Each card in within a family can have a fixed usage limit



System outsourcing



Joint venture



Start issuing cards catering to SBI Group customers

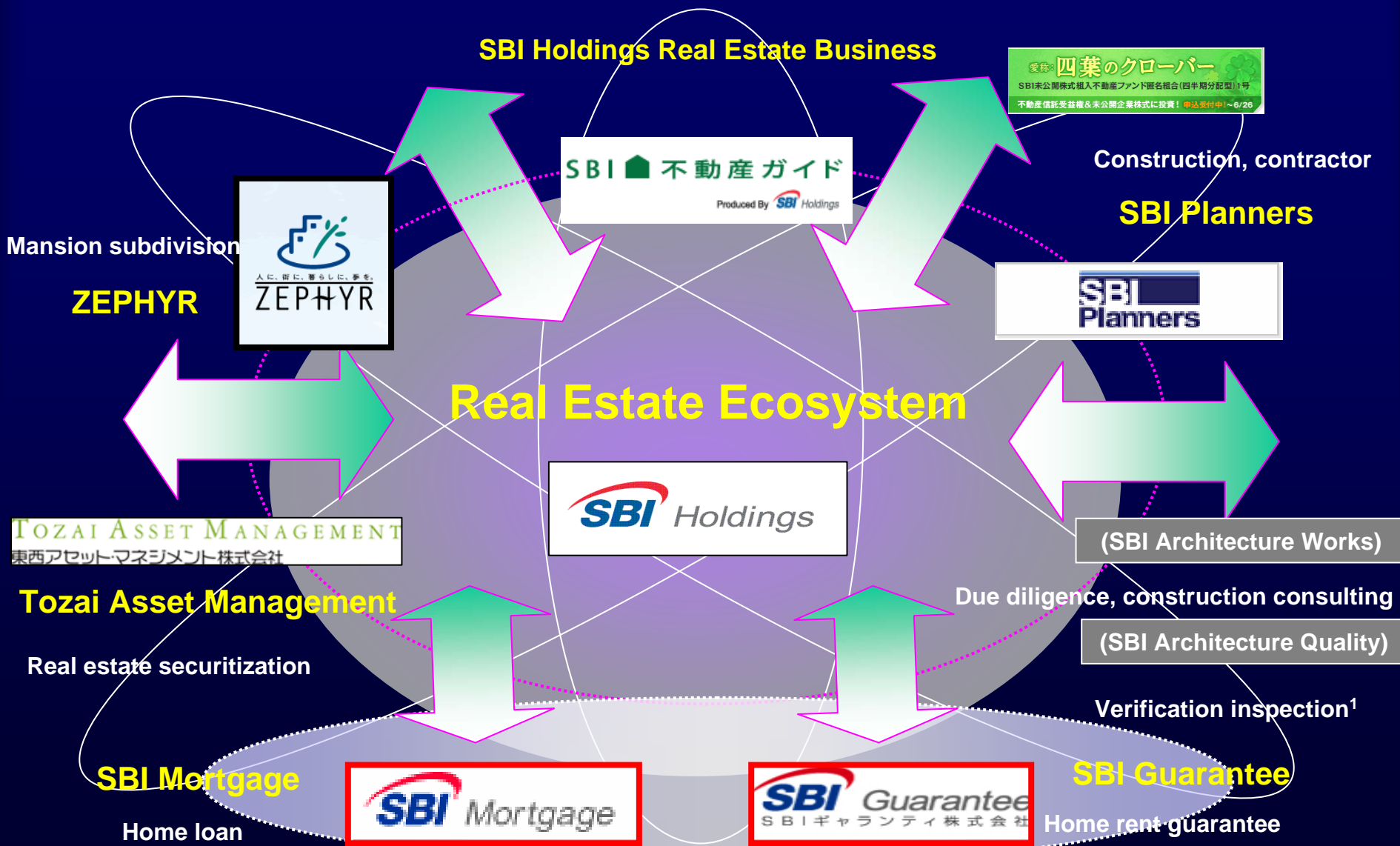
Schedule

2006/10/18	Begin issuing limited-edition cards to SBI Group employees
2006/11/20	Begin accepting card applications from the general public (plan)

## **(4) Real Estate Business**

Expand and Diversify Business

# Integrate Financial and Real Estate Businesses through Synergies between SBI Mortgage and SBI Guarantee



Note 1: Establishment is based on the approval of relevant authorities

# Develop Real Estate Business in Macao

Engage in investment activities through SBI Macao Holdings Limited.

## Excellent real estate conditions in Macao

- Convenient access (1 hour by jet ferry from Hong Kong)
- Special administrative region of the People's Republic of China

## Midterm 2006: Macao and Las Vegas Comparison

	Macao	Las Vegas
Casinos	21	64
Income from table games	3.092 billion dollars	1.609 billion dollars
Total game income	3.268 billion dollars	3.276 billion dollars

SBI has purchased 1.2 billion yen in two-floor office building property in downtown Macao.

Other current property investments include resorts in Hawaii and Guam.



# SBI Real Estate Guide Launch

The real estate portal site was launched in July.

The portal consists of seven categories to meet user needs: Select, Build, Invest, Sell, Manage, Search, and Renovate.

- Property information
- Products
- Services
- Auctions

Real estate-related business

Provide inquiry information

## SBI Real Estate Guide

The screenshot shows the homepage of the SBI Real Estate Guide website. At the top, it features the site's name 'SBI 不動産ガイド re-guide.jp' and navigation tabs for 'TOP', '探す' (Search), '建てる' (Build), '投資する' (Invest), '売る' (Sell), and '関連サービス' (Related Services). Below the navigation, there are sections for '新着情報' (Latest News), 'お役立ちコンテンツ' (Helpful Content), and a grid of service categories including '探す' (Search), '建てる' (Build), 'リフォーム' (Renovation), '売る' (Sell), '投資する' (Invest), and '管理する' (Manage). The page also displays '人気物件ランキング' (Popular Property Ranking) and '検索条件ランキング' (Search Condition Ranking). On the right side, there is an advertisement for 'ピアースコード 等々力' (Pierce Code Tokorozaki) and a '2781' price tag. The bottom of the page features a large yellow arrow pointing downwards.

- Property search
- Estimate request
- Inquiry
- Document request

User

Access information for free

This portal achieves smooth communications between users and real estate-related businesses and is a very convenient website for real estate shoppers.



# Group Cooperation with SBI Real Estate Guide

Each company in the SBI Group is cooperating with the guide. Enhancing synergies within the Group will lead to greater customer convenience. SBI E\*TRADE and SBI Guarantee may also participate in the future.

Current cooperative activities: SBI Planners and SBI Mortgage



Profit earning property

Plan and develop profit earning property.



収益物件ガイド

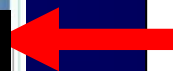
投資用不動産、収益物件の購入も検討の方へ

クイック検索

おすすめ物件

Listing

Property search and loan selection can occur simultaneously.



Investment loan

Sale and develop apartment loans for investment.



## **(5) Life related Network Business**

Build a network business infrastructure that creates strong synergies among SBI Group companies.

# Portal Renovation Planned for November 1, 2006

Starting with local government services, SeikatsuGuide.com is a portal to a rich variety of local information on education, food and restaurants, medical care, lifestyle, facilities, having/raising a child, and searching for a home. We are a community information site where users participate by sharing their knowledge of local life.

## Information database

### Local information



New information guide about neighborhood facilities

**300,000 new items**

Hospitals (including animal and home care), education institutions, places of interest, historical sites, shopping, gourmet, other facilities, and area map

+

### Government information



Expanded to cover local government information on over 800 municipal districts

**From 120 items to 180 items**

In addition to public service fees, financial aid, and average price of land, new information includes public administration and finance, availability of school meals, and other items.

47 prefectures

802 municipal districts

### Community

#### Area

#### Life Events

Having/raising a child

Home life

Life after retirement

Travel

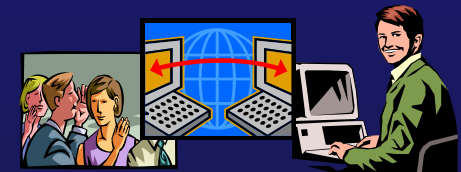
Health, medical

Hobby

Money

## Community

Q&A bulletin board, word-of-mouth communication, my homepage, my friend feature, diary, and other social network enhancements



Map guide, information provided by users, local information, and updated information

Recommendation to locate the best neighborhood according to individual lifestyle

## SBI Group site

Real estate guide, agent and comparison site, insurance related site, securities loan, and Internet bank

Other company sites

# Network Value Creation: Buying a Home



For people who want to buy a home, the lifestyle network provides all kinds of useful information to support purchase activities.

# Lifestyle Guide Feature Enhancement Schedule

The renovation will provide users with information related to life events (birth, child rearing) and everyday topics (gourmet, health, shopping) on a life scene and local community level. In the spring of 2007, the site plans to begin selling local specialties. A mobile site is also in the planning stages. The site will offer access to word-of-mouth information from a mobile device, a public facility search engine, and website links.

Number of visitors

**Website renovation**

- Expand government service information
- Local information (Facility information, map)
- Life event information (Birth, child rearing, residence)
- Lifestyle information (Food, sights, play)
- Community information (Community features (User transmission, voting, photograph contribution))

**Start selling items**

- E-commerce features
- Expand various types of information
- Expand community features

**Start mobile website**

- Mobile website compatible with three major carriers
- Provide interconnectivity with personal computers

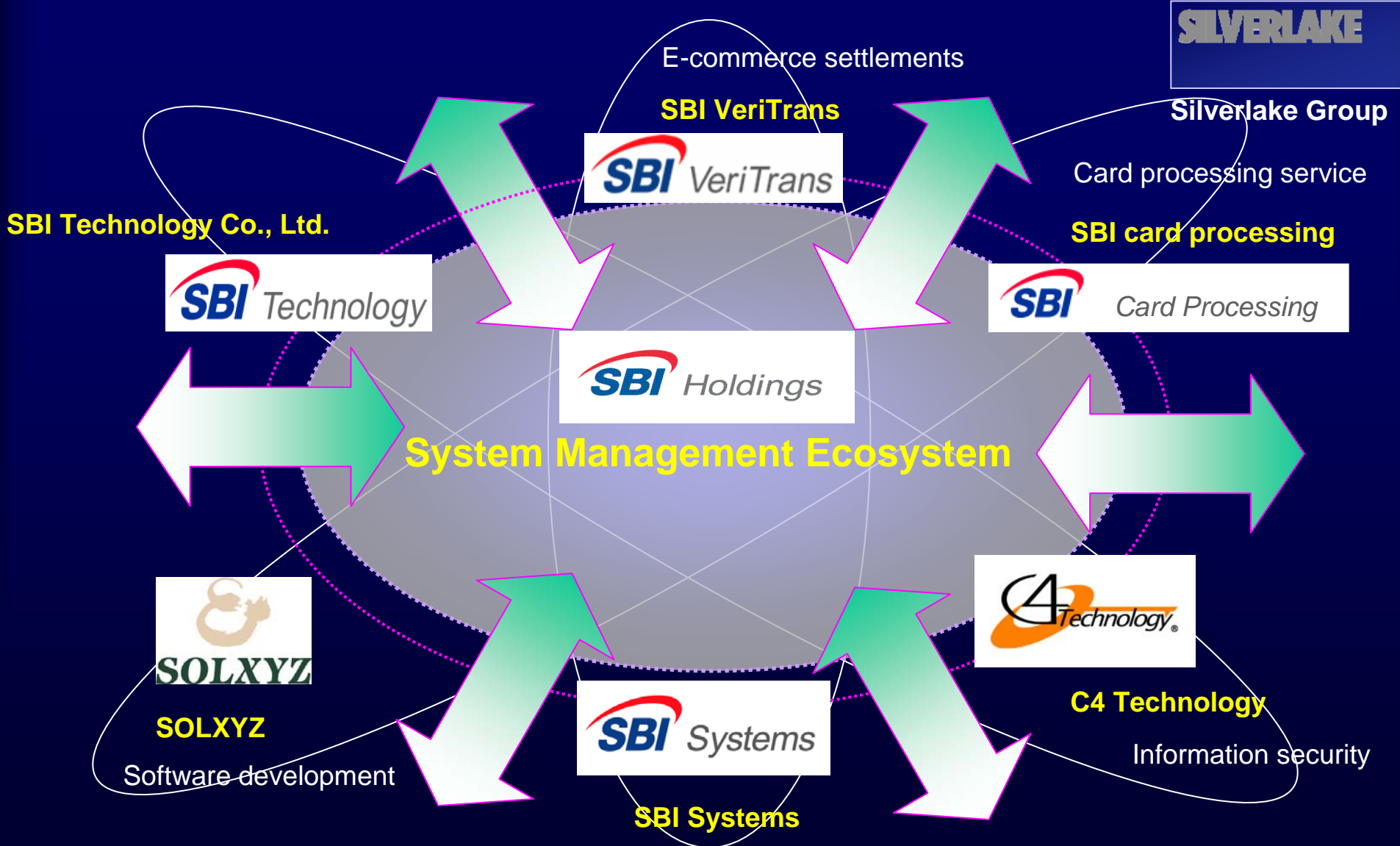
**2006/11/1 (Wednesday)**  
**Website renovation**

**To spring 2007 (Plan)**

# System Development from within the SBI Group

- I. No longer be dependent on other companies for system infrastructure and related development
  - Reduce system cost for the entire SBI Group
  - Maintain capacity for large-scale systems used in Internet banking and Internet nonlife insurance
  - Improve system development speed so that new services can be introduced earlier
  - Eliminate the outflow of development expertise to other companies
- II. Give priority to Internet development
  - System infrastructure compatibility with Web 2.0
  - Compatibility with new Internet finance such as Google money

# More Tie-ups and M&As Arising from Future Ecosystem Activities



## 4. Returning Profits to Shareholders

# SBI Holdings Annual Dividend Doubles Over Previous Year

FY 2005 increase of 71% compared to previous term)

Interim FY 2006 dividend: 600 yen

FY 2006 end of term dividend (Plan): 600 yen

(Per share)

	Interim	Term end		Year
		Merger commemorative dividend	Ordinary dividend	(Per share)
FY 2006 (Plan)	<u>600 yen</u>	—	<u>600 yen</u>	<u>1,200 yen</u>
FY 2005 performance	—	100 yen	500 yen	600 yen (50.5%)
FY 2004 performance	—	—	350 yen	350 yen (40.5%)

Note: Figures in parentheses indicate individual payout ratio.



# Morningstar Dividend Increase Plan

Including a special dividend, Morningstar is planning on a cash distribution 2.5 times greater than the previous term.

	FY 2005	FY 2006
Ordinary dividend	400 yen	500 yen (250 yen)
Special dividend	0 yen	500 yen (250 yen)
Total	400 yen	1,000 yen (500 yen)

Note 1: The dividend amount is subject to approval at the 10th general meeting of stockholders in FY 2007.

Note 2: Figures in parentheses indicate dividend amount per share after stock split.

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