



*Strategic
Business
Innovator*

SBI Group
Fiscal 2007 Financial Results
(Year ended March 31, 2007)

April 27, 2007

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

FY2007 Consolidated Financial Highlights

(Unit: million yen)

	FY2006 Year ended March 06	FY2007 Year ended March 07	YoY change (%)
Operating revenues	137,247	144,581	+5.3
Operating income	49,595	23,095	▲53.4
Ordinary income	51,365	90,696	+76.6
Net income	45,884 *	46,441	+1.2

*Includes deemed gain on sale of securities (extraordinary income) of ¥25,367 million at SBI E*TRADE SECURITIES and others.

*After excluding deemed gains on sales of securities (extraordinary income), FY06 net income is ¥20.5 billion in FY06, and FY07 net income is up 123% to ¥45.7 billion.

Comparison of Fiscal 2007 Consolidated Performance Using Previous Method

(Unit: ¥100 million)

	FY ended March 2006 (Cons.)	FY ended March 2007 (Cons.) <previous method>	YoY change (%) <previous method>	FY ended March 2007 (Cons.) <with funds consolidated>
Operating revenues	1,372	1,523	+11.0	1,445
Operating income	495	537	+8.3	230
Ordinary income	513	529	+3.0	906
Income before income taxes	769*	883	+14.9	620
Net income	458	427	▲6.9	464

* Includes deemed gain on sale of securities (extraordinary income) of ¥25.3 billion at SBI E*TRADE Securities and others.

Consolidation of Funds

SBI Holdings started consolidating certain funds in the first half of FY07 based on a directive from the independent accountant.

- ① Revenues, operating income and ordinary income no longer reflect establishment, management and success fees, which are principal sources of income from Asset Management. These fees are now included only in net income after an adjustment for minority interests. (In theory, net income is the same as with the previous accounting method)
- ② Assets and operating revenues include the interests of third parties. As a result, the capital ratio, ROA and other performance indicators are calculated using a different basis than before.
- ③ Following discussions with the independent accountant concerning the importance regarding consolidated financial statements, SBI Holdings newly consolidated four real estate investment funds at the end of March 2007, resulting in a total of 12 consolidated funds.
- ④ Beginning in FY08, SBI Holdings plans to consolidate all funds classified as subsidiaries, irrespective of their importance.

Major Changes from the Previous Method

Adjustment items

(Unit: ¥100 million)

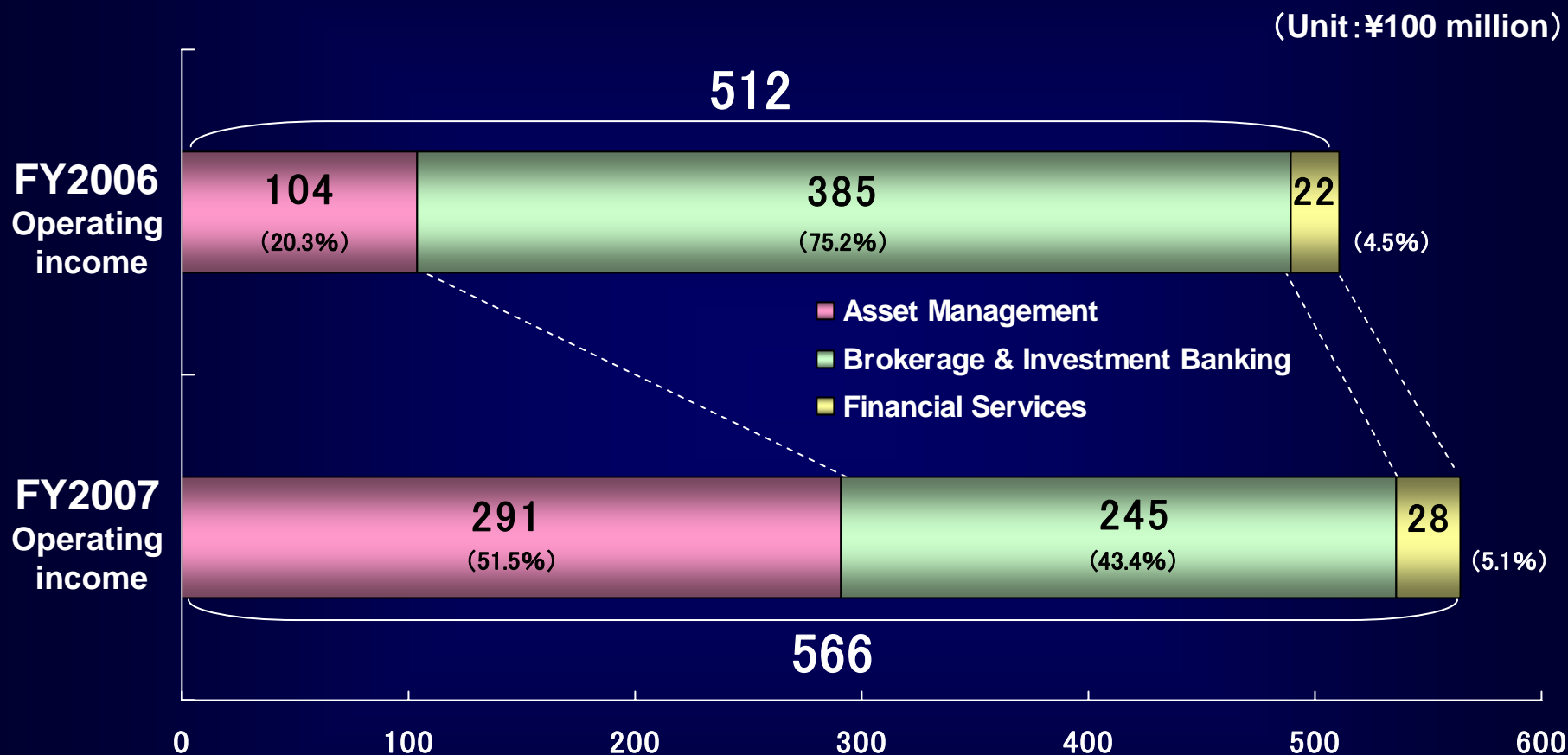
	Previous Method	Fund Consolidated Offsets	Fund Additions	Amortization of Goodwill	After fund consolidation
Operating revenues	1,523	▲151	73		1,445
Operating income	537	▲151	▲156		230
Ordinary income	529	▲158	▲156	691	906
Income before income taxes	883	▲158 ▲321	▲156 ▲319	691	620
Net income	427	①	②-i	②-ii	464

Offset of management/success fees: 151
Offset of special profits: 321

• Revenues from operational investment securities 73
• Losses on operational investment securities ▲156 (incl. Impairment loss: ▲84)
• Special Losses ▲319

Amortization of negative goodwill: 691

Comparison of Operating Income by Segment (Using Previous Method)



Note 1: The operating income above reflects a figure before consolidated elimination and before expense deductions for the whole company. So the total here does not correspond to the operating income for consolidated financial performance.

Note 2: The Real Estate Business is included in the Asset Management Business and the Lifestyle Network Business is included in the Financial Services Business.

Summary of FY07 Consolidated Performance

- I. Fourth consecutive year of higher revenues and earnings (ordinary income, previous method) despite weak performances by many other Internet-related companies, owing to the SBI Group's balanced business growth. Third consecutive year of record ordinary income despite pushing back recognition of some real estate earnings to FY08 and posting asset impairment losses at subsidiaries based on conservative assumptions.
- II. Asset management operating income up 180% (2.8 times) from the previous fiscal year. A major source of consolidated earnings growth and an accomplishment that clearly distinguishes the SBI Group from competitors.
- III. Earnings from securities businesses were down, just as at other securities companies. But the SBI Group maintained a dominant market share despite this adversity, setting the stage to become a top-class comprehensive securities company.
- IV. The financial services business posted solid earnings growth along with the increasing use of the Internet. In addition, preparations are advancing as planned to start Internet banking, non-life insurance and life insurance operations with the goal of creating a new core financial services businesses.

2. Profiles of Major Business Lines

(1) Asset Management Business

Fiscal 2007 (Year ended March 31, 2007)

Operating revenues: ¥59.8 billion (+46.6% YoY)

Operating income: ¥29.1 billion (+180.2% YoY)

Notes:

1. The above figures were calculated using the previous method (without consolidating funds) for each segment.
2. The above figures includes the housing and real estate business.
3. The above figures do not include eliminations for consolidation and the deduction of corporate expenses.

Highlights of Asset Management Business

- I. Earned substantial success fees and capital gains as IT funds near redemption. Operating income was ¥29.1 billion, but income before income taxes, which includes capital gains recorded as extraordinary income, was ¥66.7 billion.
- II. An extremely strong performance in FY07 even when compared with the earnings of JAFCO, a large venture capital firm.
- III. There were 10 IPOs in which the SBI Group had relatively high equity stakes. Expect growth in number of IPOs by making investments in a broader range of portfolio companies. Projecting 22 IPOs in FY08; two IPOs have already been completed or approved.
- IV. SBI Capital redeemed a net IRR of about 20% on three corporate revitalization funds. Launched a new value-up fund with ¥23.1 billion that has already made two investments.

Comparison of the SBI Group Asset Management Business and JAFCO

(Unit: ¥100 million)

Revenues

	Year ended March 2006	Year ended March 2007	
		First half	Full year
SBI	378	365	598
JAFCO	443	199	358
Difference	▲65	+166	+240

Operating income

	Year ended March 2006	Year ended March 2007	
		First half	Full year
SBI	104	227	291
JAFCO	167	80	145
Difference	▲63	+147	+146

Note: All figures use the previous accounting method (without consolidation of funds)

Source: JAFCO materials

Portfolio Company IPOs and M&A Deals

	Start of operations to March 2006	Year ended March 2007	Year ending March 2008 (forecast)
IPOs and M&A deals	89	10	22
		5% to 10% investment 2	5% to 10% investment 8
		Investment over 10% 6	Investment over 10% 0

Note: The estimated number of IPOs represents companies in the highest of five categories used to evaluate portfolio companies by SBI's Investment Committee, which meets weekly. The IPO estimate represents the outlook of SBI based on its own evaluations and is not a guarantee of the number of future IPOs. Past performance represents sales that have been completed with regard to IPOs and M&A.

Portfolio Company IPOs

Ten IPOs in fiscal 2007

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.
2006/12/8	GameOn Co., Ltd.
2006/12/25	T&C Holdings, Inc.
2007/2/28	AQ Interactive Inc.
2007/3/7	Goldpartner Co., Ltd.

Two IPOs thus far in fiscal 2008

2007/4/20	CareNet, Inc.
2007/5/22 (planned)	Nippon Techno Lab, Inc.

SBI Capital Fund Performance

Funds redeemed during fiscal 2007

(Unit: ¥100 million, %)

	Establishment	Initial investment	Distributions	Net return for investors*
SBI LBO Fund No.1	2001/5	50.0	109.3	18.3
Enterprise Revitalization Fund No.1	2002/2	104.0	199.6	25.7
VR Enterprise Revitalization Fund	2002/10	10.0	19.3	27.7
Total		164.0	328.2	22.2

*Net investor return is the annual return based on distributions after deducting principal and fees paid to the fund operator.

Established the ¥23.1 billion new successor fund, SBI Value Up Fund No. 1, based on the solid track record of redeemed funds

First investment: FOODX GLOBE Co., Ltd.

- Operates nationwide chain of Tully's Coffee shops.
- Fund purchased a 29% equity stake. ITO EN then purchased a majority interest at a price 50% higher, and made it into a subsidiary.

Second investment: CEM Corporation

- Extends medium-risk, medium-return real estate-secured loans.
- Acquired a 51% equity stake through fund and direct investments. Revenues of ¥1.4 billion and operating income of ¥700 million in first half of FY ending August 2007

Outlook for Asset Management Business

- IT Fund redemption is June 2007. Estimate that redemption will generate success fees of ¥4.5 billion and additional distributions of ¥18.1 billion.*

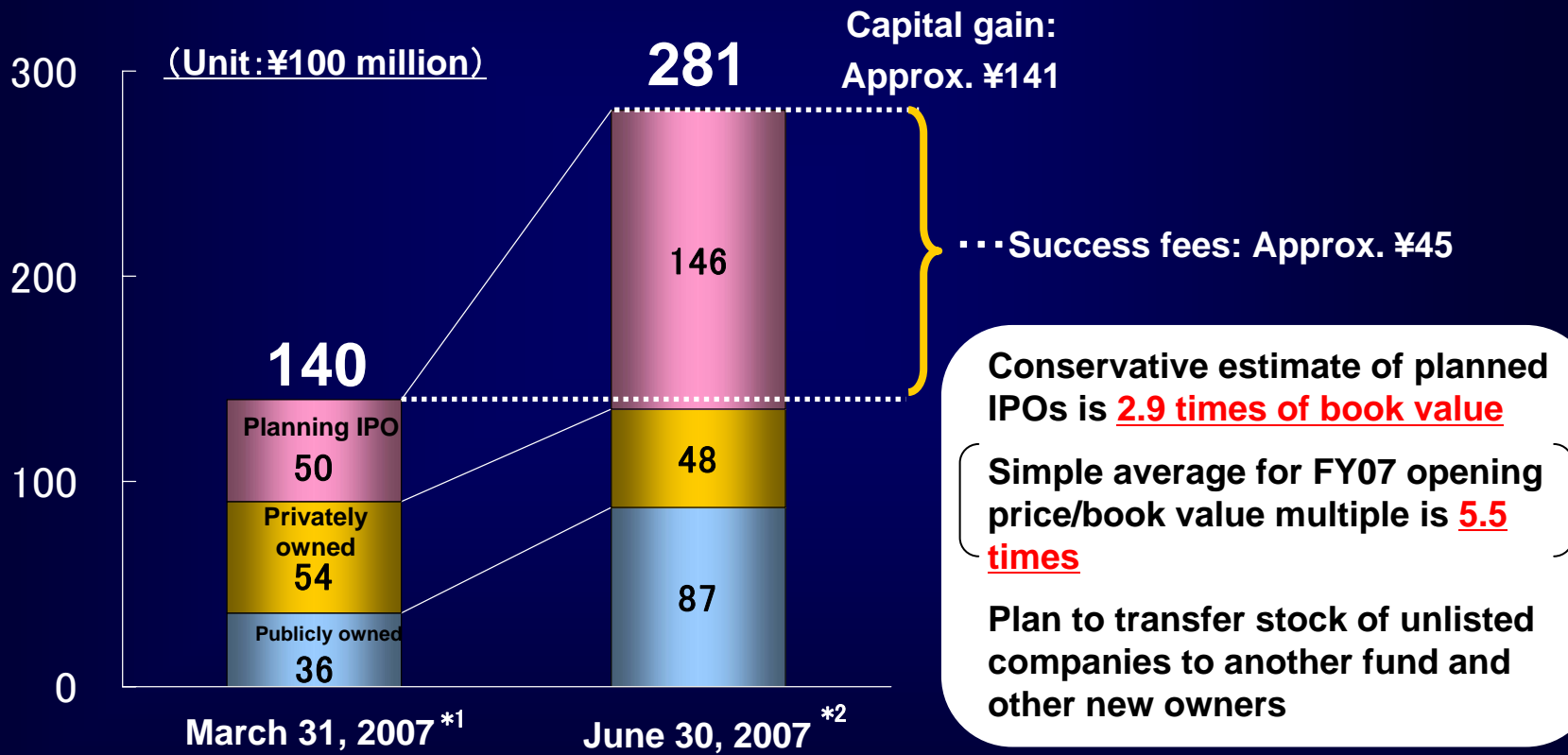
*Success fees and distributions will be paid over the one-year liquidation period ending in June 2008 and depend on upcoming market trends. Some of this income may be recorded in the following fiscal year.

- Private equity investments totaled about ¥300 billion (asset under management as of March 31, 2007) despite reductions due to distributions and redemptions. India Fund, China Fund (Tsinghua University) and Bio Fund #3 will soon begin operations. Plan to continue launching new funds every year.
- Direct investments from SBI Holdings rose to ¥46.5 billion as of March 31, 2007. Making large investments (total is now ¥39.6 billion) in overseas companies that may go public within the next two years.

Outlook for IT Fund

Expecting further earnings contribution from distributions

IT Fund remaining investments

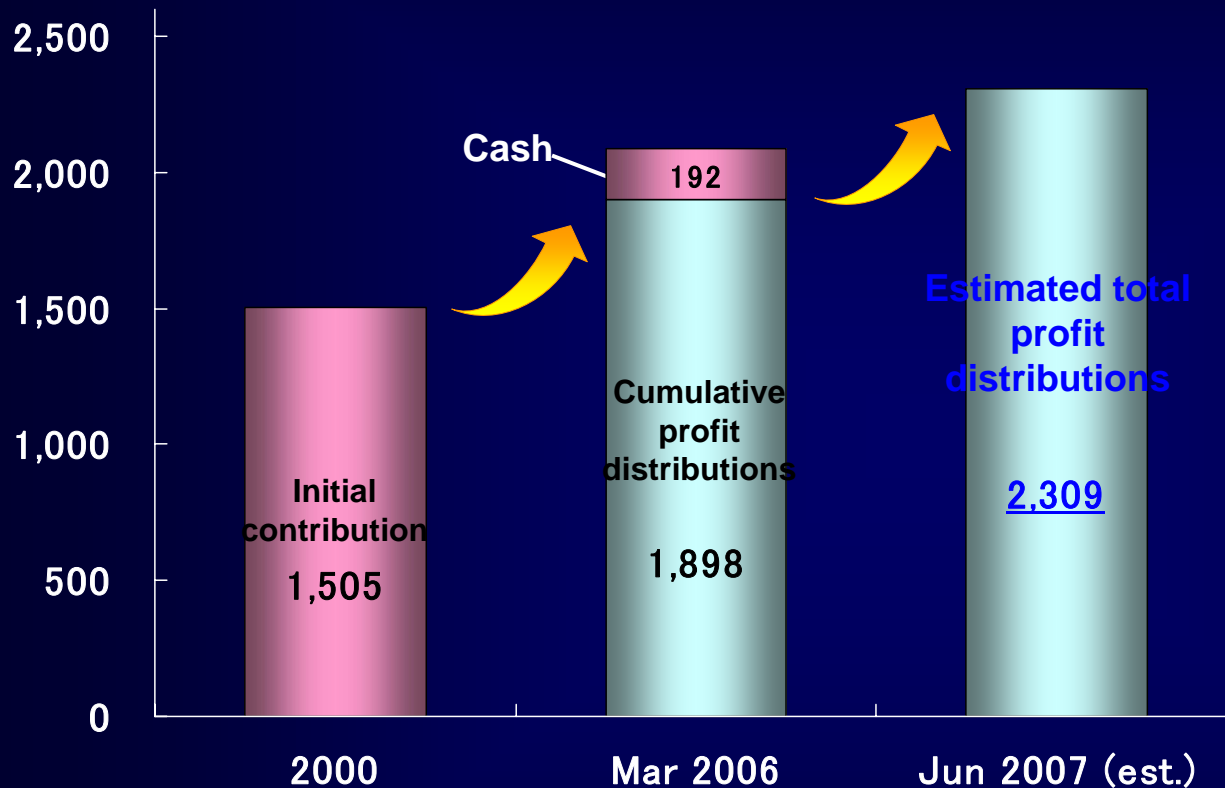


*1 Figures based on book value.

*2 Current estimate. Includes estimated proceeds from planned IPOs during fund liquidation period.

IT Fund Profit Distribution Projection

(Unit: ¥100 million)



Cumulative distributions (est.) per unit (initially ¥100 mil.)

(Unit: ¥100 million)

	At maturity (est.)	Cumulative
ITF No.1	0.30	1.60
ITF No.2	0.31	1.54

SBI Group plans to receive additional distributions of ¥18.1 billion between now and the final liquidation.

This would raise SBI Group cumulative distributions received to ¥99.8 billion.

SBI Group Assets Under Management

Assets under management: ¥630.3 billion

Private Equity Total: ¥295.3 billion

[IT / Biotechnology] Total 179.4

Internet	57.9
Broadband Media	68.6
Mobile	30.6
Biotechnology, others *1	22.3

[Direct Investment] 46.5

[Buyout / Mezzanine] Total 33.8

Value Up	22.5
Mezzanine	11.3

[Overseas] Total 35.6

China, Hong Kong*2	23.6
India (Planned)	12.0

Investment Trust Total: ¥287.7 billion

[Investment Trust]

Investment Trust	69.9
Investment Consulting*3	213.9

Real Estate Total: ¥47.3 billion

[Real Estate]

Development Property	16.6
Managed Property	30.8

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 March 2007. Figures for other funds represent the current value of net assets based on the account settlement closest to March 2007 for each fund.

*1 Includes planned assets of ¥10 billion of new Bio Fund now accepting contributions

*2 Includes planned assets of ¥3.6 billion for Tsinghua Holdings Fund now being established.

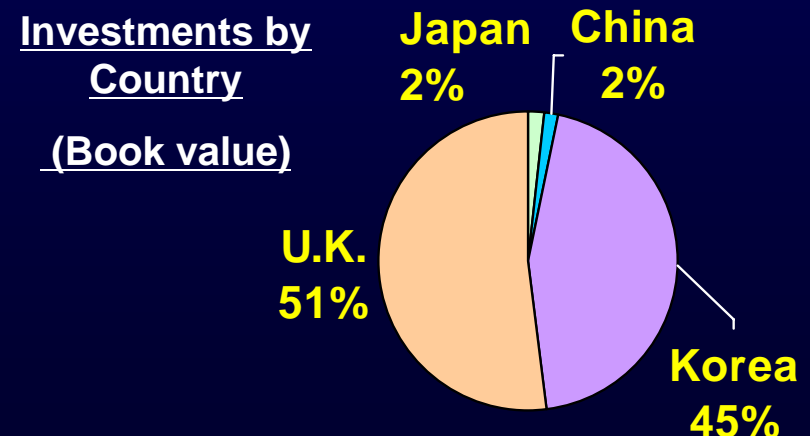
*3 Includes ¥190.1 billion in fund of funds managed with the advice of Morningstar Asset management.

Direct Investment Portfolio by IPO Target Year

Book value of SBI portfolio investments by IPO target year

	Book value of investments
IPO planned during FY07	¥18.61 billion
IPO planned during FY08	¥20.99 billion
Total	<u>¥39.60 billion</u>

Invested in Korea's Kyobo Life Insurance and other promising overseas companies. Plan to continue making large investments, mainly in China and India, to make overseas investments the nucleus of the asset management business.



Excellent Prospects for Korea's Kyobo Life Insurance

Comparison of Korea's Big Three Life Insurers (through FY07 3Q)

(Unit: KRW Million)

	Kyobo Life	Samsung Life	Korea Life
Operating revenues	9,009,671	17,344,831	8,284,840
Ordinary income	350,102	266,692	212,340
Net income	248,496	204,913	152,554

- Summary of article concerning IPOs of Korean life insurers -

■ Korean stock exchanges began accepting listing applications from life insurers in May 2007, and owing to a six-month examination period, the first life insurer IPO may occur in November.

■ All three companies are preparing for an IPO, but most market observers believe that Kyobo Life will be the first to go public.



(The Munhwa Ilbo, April 23, 2007)

(2) Brokerage & Investment Banking Business

Fiscal 2007 (Year ended March 31, 2007)

Operating revenues: ¥65.4 billion (-19.0% YoY)

Operating income: ¥24.5 billion (-36.2% YoY)

Notes:

1. The above figures were calculated using the previous method (without consolidating funds) for each segment.
2. The above figures do not include eliminations for consolidation and the deduction of corporate expenses.

Highlights of Brokerage & Investment Banking Business

I. SBI E*TRADE SECURITIES reported cons. operating revenues of ¥57.4 bil. and ordinary income of ¥24.5 bil. FY07 ordinary income was down 18.3% YoY. However, earnings are recovering as the company achieved quarter-to-quarter ordinary income growth through 3Q (3 months) to 4Q (3 months).

(1) Share of individual brokerage trading value reached record high of 36.3% in March '07

- The total number of customer accounts increased 20.4% in FY07, surpassing 1.4 mil. as of the end of March '07
- Share of individual brokerage trading value rose from 23.1% in FY06 to 29.4% in FY07

(2) Succeeded in diversifying earnings sources by utilizing powerful brokerage operations

- Participated in 121 IPO underwritings during FY07, including 3 as lead manager
- Net interest and dividend income increased 43.5% YoY to ¥13.3 bil.
- Record quarterly futures/options trading gains of ¥418 mil. in 4Q

(3) Subsidiary E*TRADE Korea conducted Feb. 21, '07 IPO with KOSDAQ listing

II. Although revenues and earnings at SBI Securities declined because of challenging market conditions, the company continued to diversify its product lineup and reported a FY07 profit.

SBI E*TRADE SECURITIES FY2007 Consolidated

(Unit: Million yen, %)

	FY2006 (Apr. '05 to Mar. '06)	FY2007 (Apr. '06 to Mar. '07)	YoY change (%)
Operating revenues	60,213	57,412	-4.7
Net operating revenues	56,317	53,296	-5.4
Operating income	30,011	24,543	-18.2
Ordinary income	30,077	24,571	-18.3
Net income	16,970	13,811	-18.6

SBI E*TRADE SECURITIES

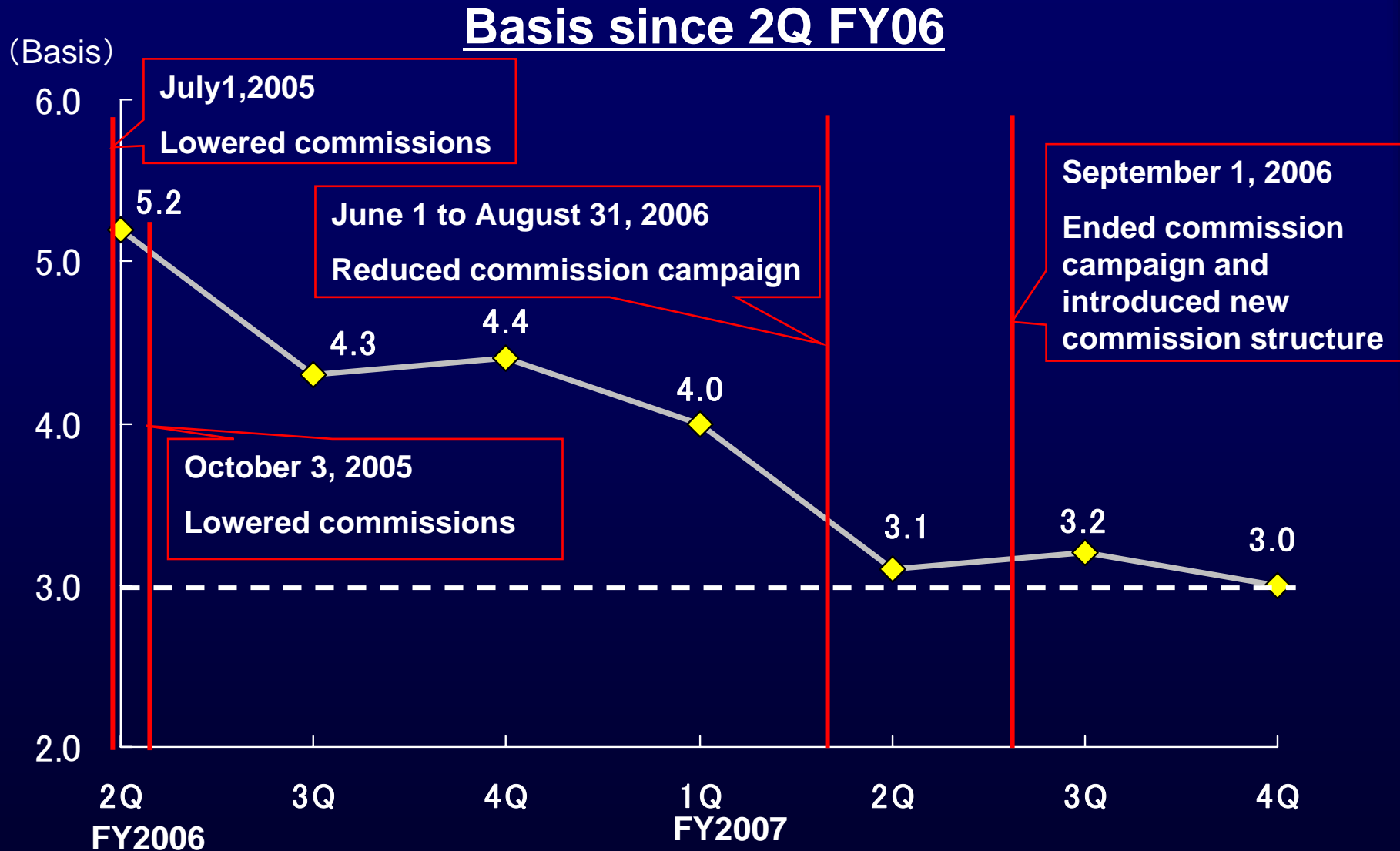
Fiscal2007 Quarterly Performance (Consolidated)

Achieved growth in revenues and earnings in 4Q

(Unit: Million yen, %)

	Fiscal 2007 (Year ended March 2007)				
	1Q (Apr to Jun)	2Q (July to Sept)	3Q (Oct to Dec)	4Q (Jun to Mar)	Growth vs. 3Q
Operating revenues	15,691	12,882	13,737	15,100	+9.9
Net operating revenues	14,886	11,905	12,642	13,861	+9.6
Operating income	7,168	5,043	5,803	6,527	+12.5
Ordinary income	7,391	5,077	5,744	6,358	+10.7
Net income	4,182	2,789	3,191	3,646	+14.3

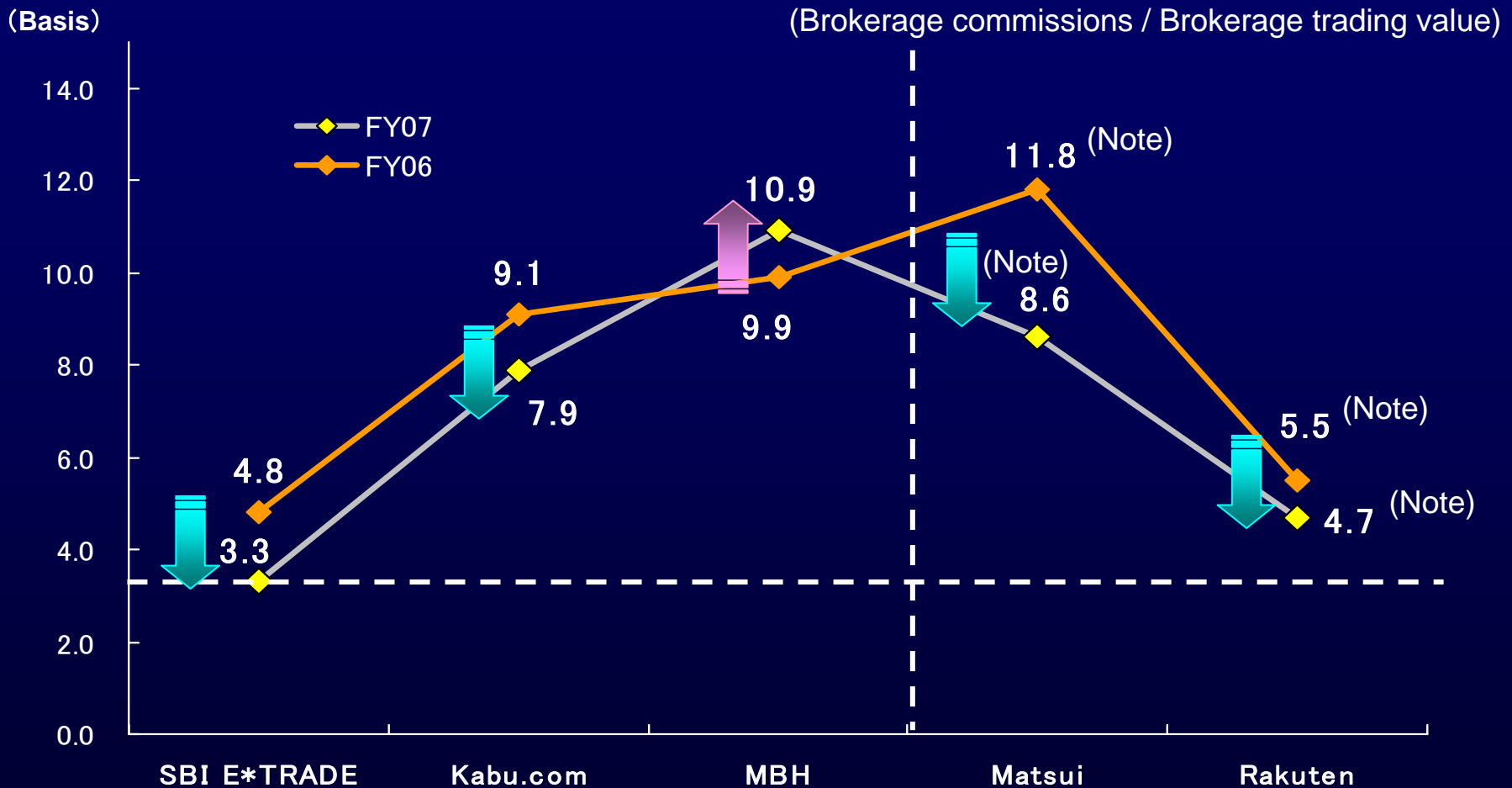
Changes in Basis of SBI E*TRADE SECURITIES



Note: (Brokerage commissions / Brokerage trading value). Quarterly index calculated using non-consolidated data and brokerage commissions as shown in the *kessan tanshin*.

Comparison of Basis at Major Online Securities Companies

Basis for 5 major online securities companies



Source: SBI based on company materials and monthly announcements

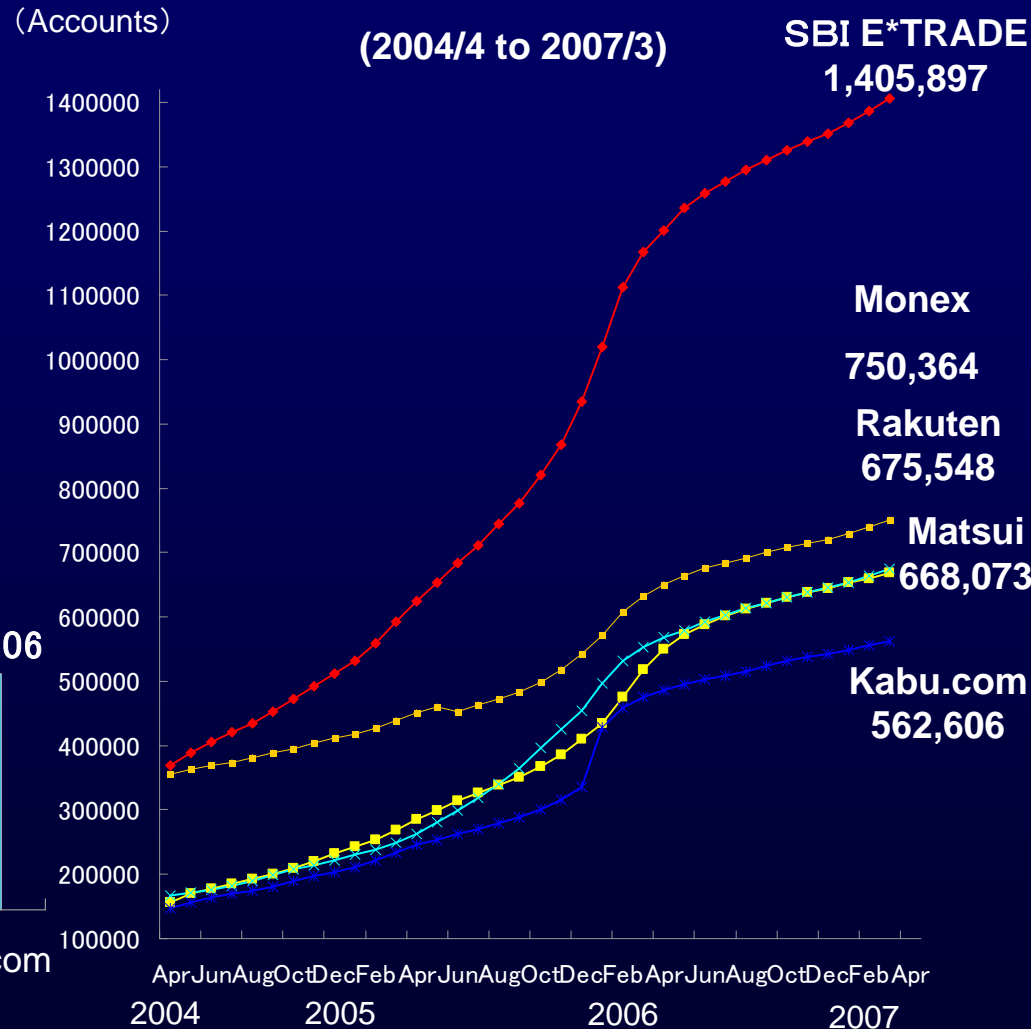
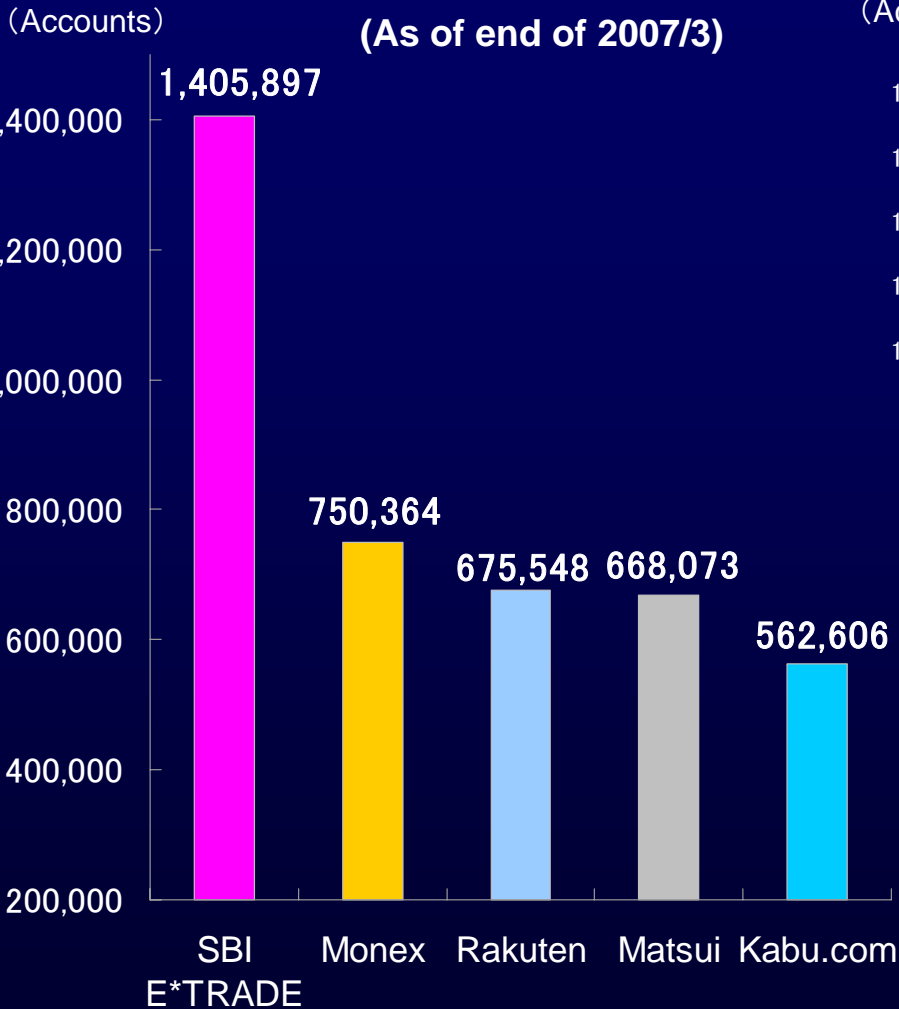
Cumulative figures for years from April to March; brokerage commissions use non-consolidated data

Note: Rakuten and Matsui are cumulative figures for April through December.

Account Comparison of Major Online Securities Companies

Accounts of 5 major online securities companies

Account trend of 5 major online securities companies

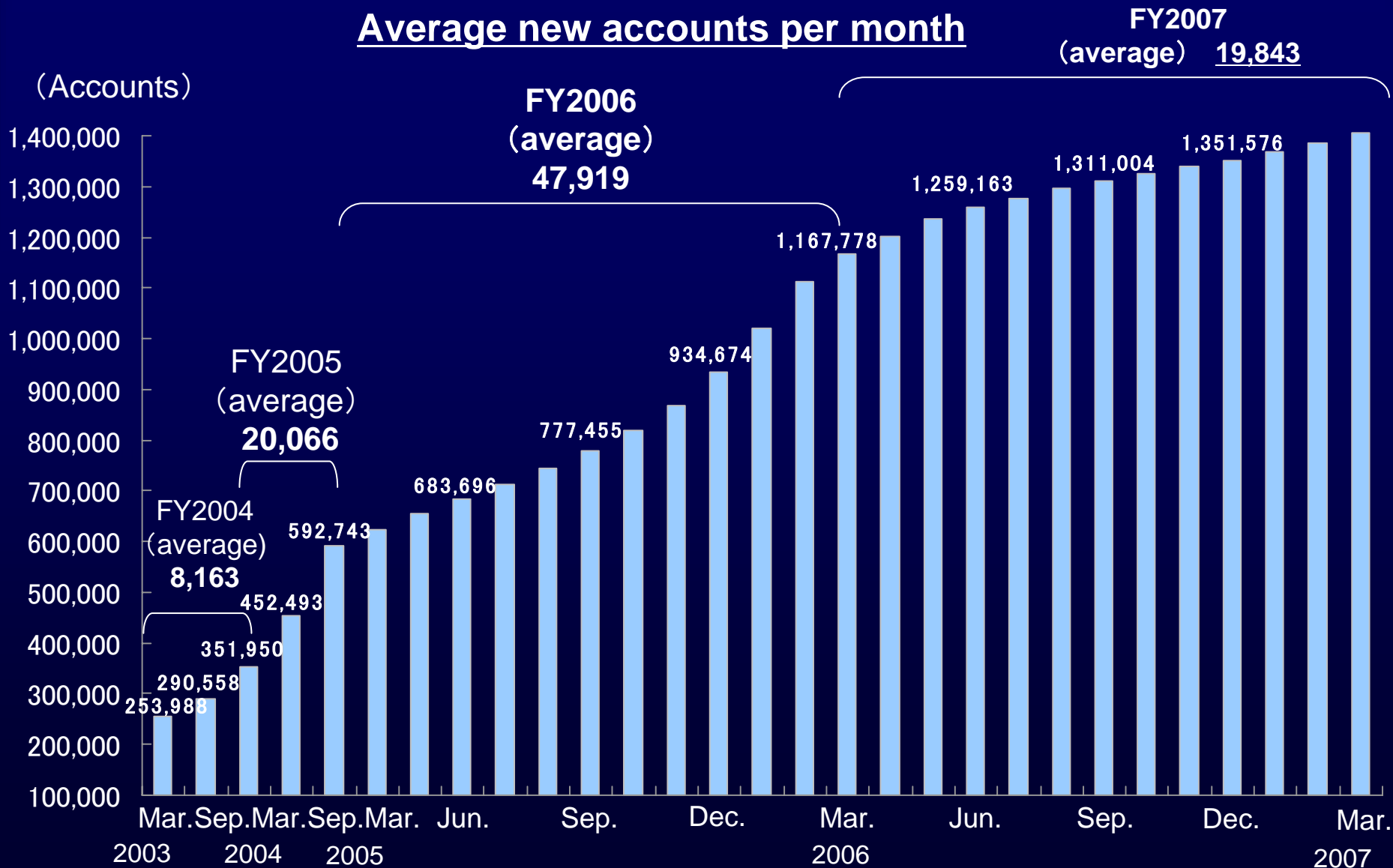


Source: SBI based on data announced by each company.

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

Growth in Customer Accounts at SBI E*TRADE

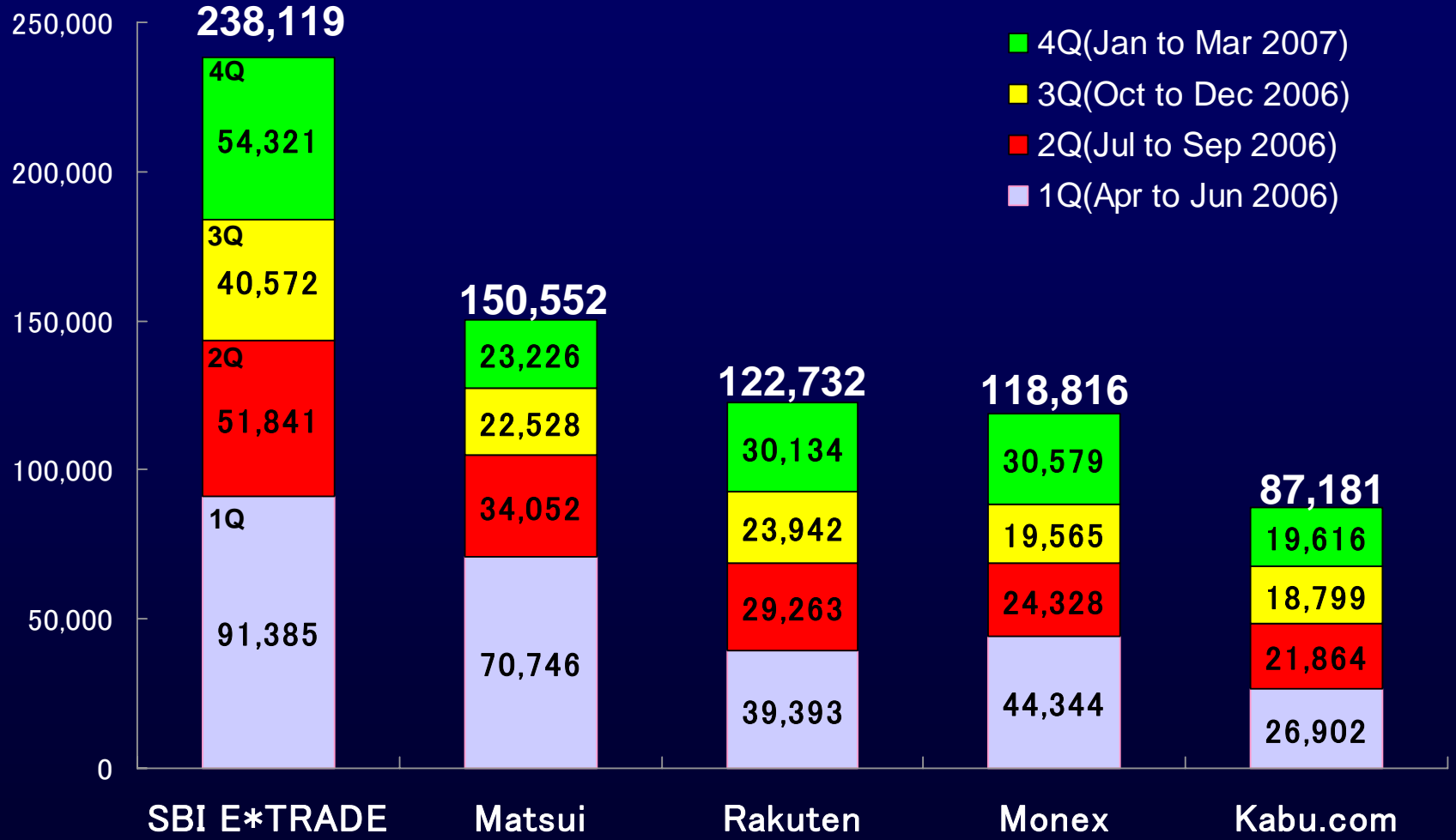
Average new accounts per month



New Accounts at Major Online Securities Companies

New accounts from April '06 to March '07

(New accounts)



Source: SBI based on company Web sites and other materials

Customer Accounts at SBI E*TRADE and JOINVEST SECURITIES

Ordinary Securities Accounts (March 31, 2007)



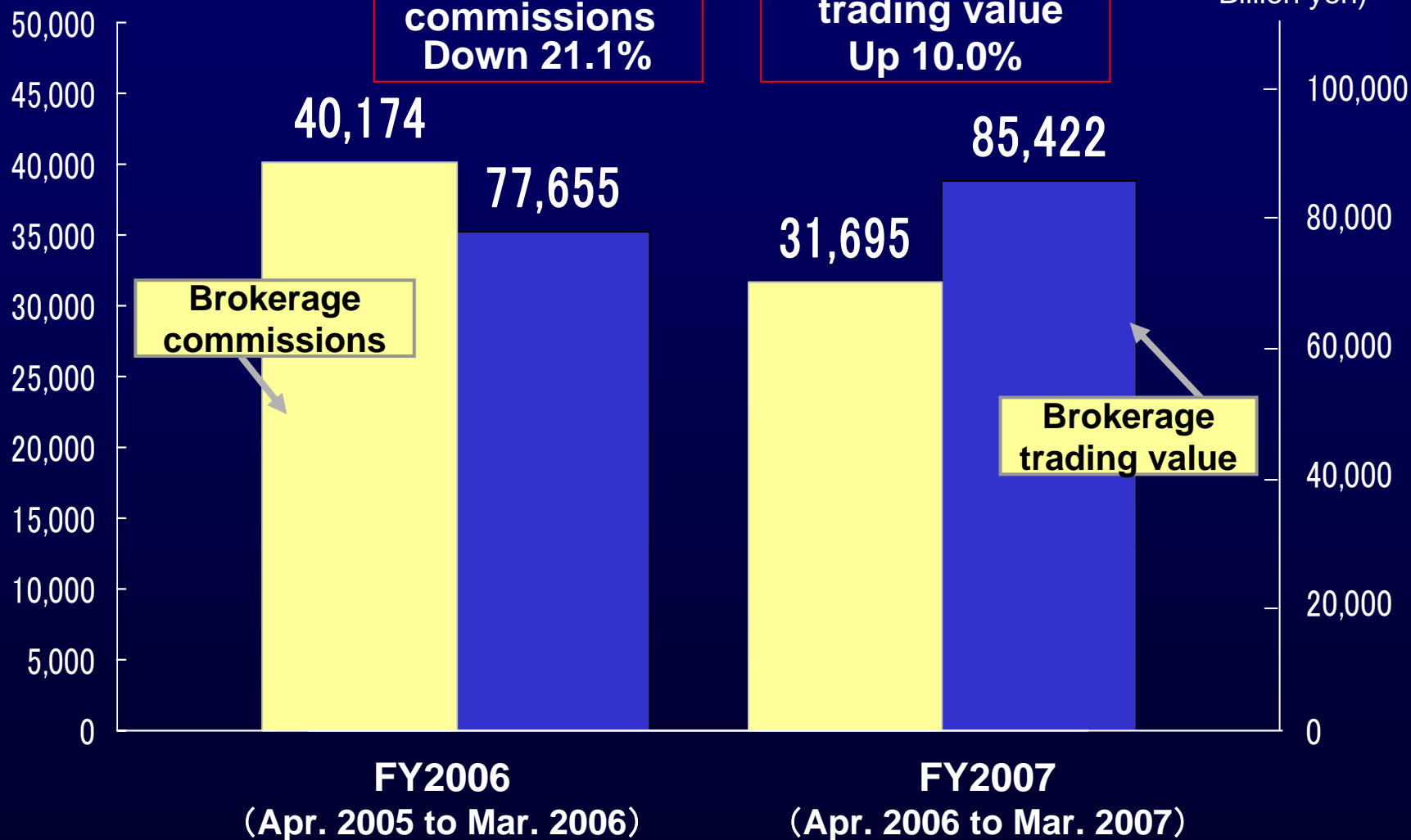
Margin Accounts (March 31, 2007)



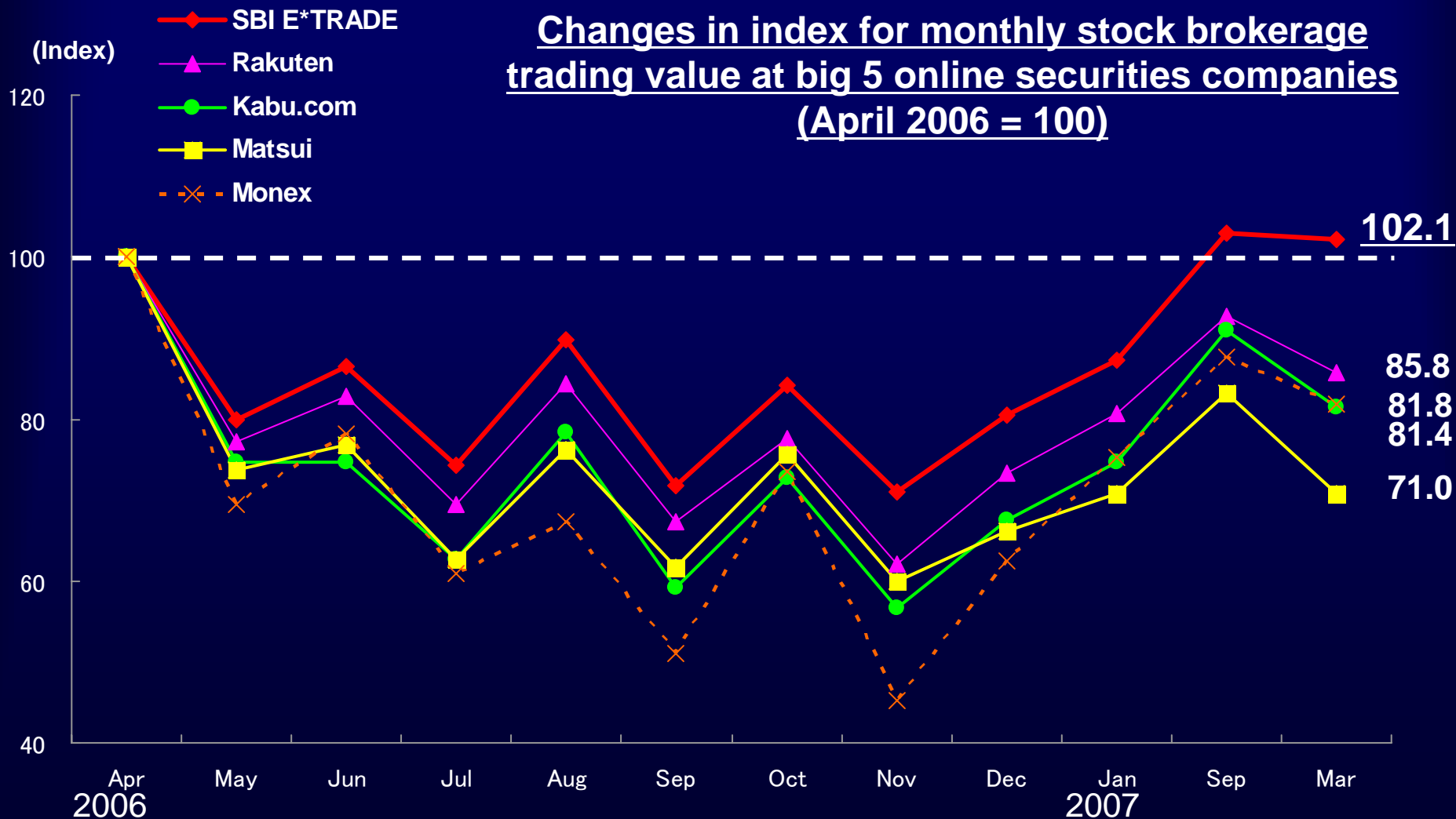
Stock Brokerage Commissions (Consolidated) and Brokerage Trading Value

(Commissions: Million yen)

(Brokerage trading value:
Billion yen)



Stock Brokerage Trading Value at Major Online Securities Companies



Source: SBI based on data announced by each company and the Tokyo Stock Exchange and JASDAQ
 *Individual brokerage trading value is the sum of trades on the three major exchanges and JASDAQ

Major Online Securities Companies Share of Individual Brokerage Trading Value

Change in share of individual brokerage trading value

FY05

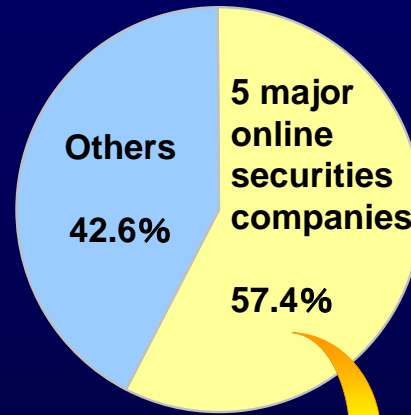
(Apr '04 – Mar '05)



SBI E*TRADE	21.1%
Matsui	13.1
Rakuten	11.3
Monex	8.7
Kabu.com	5.4

FY06

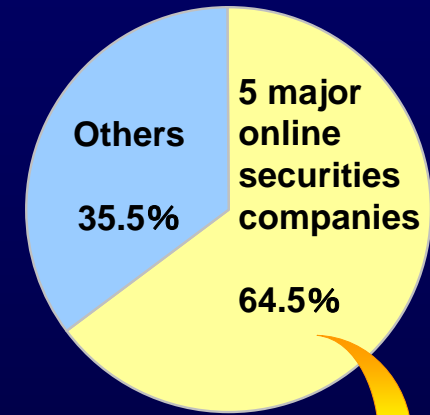
(Apr '05 – Mar '06)



SBI E*TRADE	23.1%
Rakuten	11.1
Matsui	10.0
Monex	8.0
Kabu.com	5.2

FY07

(Apr '06 – Mar '07)



SBI E*TRADE	29.4%
Rakuten	13.5
Matsui	9.2
Monex	6.5
Kabu.com	5.9

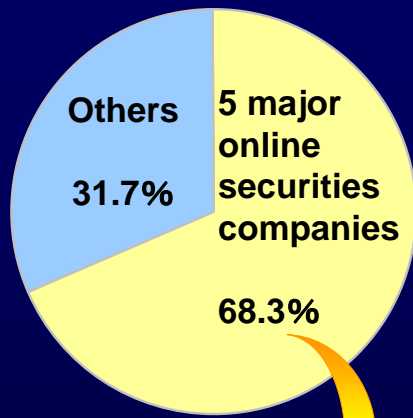
Source: SBI based on TSE statistics, JASDAQ statistics, company Web sites.

Note: Individual margin trading is the sum of activity on TSE/OSE/NSE 1st and 2nd sections, and JASDAQ. Monex Securities and Nikko Beans are totaled as Monex. Kabu.com Securities merged with MeNet Securities in January 2006.

Major Online Securities Companies Market Share of Individual Margin Trading Value

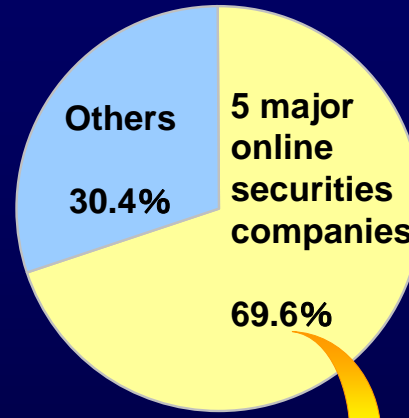
Change in share of individual margin trading

FY05
(Apr '04 – Mar '05)



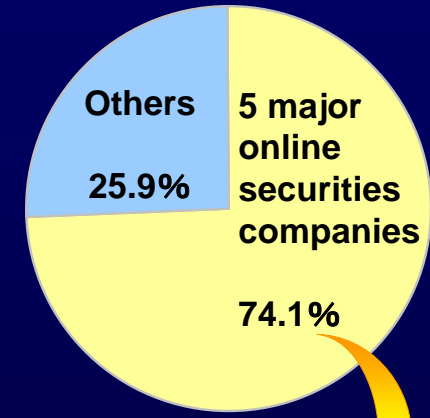
SBI E*TRADE	28.1%
Matsui	20.4
Rakuten	12.3
Kabu.com	7.5
Monex※	n/a

FY06
(Apr '05 – Mar '06)



SBI E*TRADE	27.5%
Matsui	14.4
Rakuten	12.6
Monex	8.4
Kabu.com	6.7

FY07
(Apr '06 – Mar '07)



SBI E*TRADE	34.4%
Rakuten	14.9
Matsui	11.6
Kabu.com	7.1
Monex	6.3

*Data not available because Apr' 04 Nikko Beans portion was not disclosed

Source: SBI based on TSE statistics, JASDAQ statistics, company Web sites.

Note: Individual margin trading is the sum of activity on TSE/OSE/NSE 1st and 2nd sections, and JASDAQ. Monex Securities and Nikko Beans are totaled as Monex. Kabu.com Securities merged with MeNet Securities in January 2006.

Major Online Securities Companies Share of Individual Brokerage Trading Value

Individual Brokerage Trading Value *1

(% point)

	FY05 to FY06	FY06 to FY07	FY05 to FY07 (past 2 years)
SBI E*TRADE	+2.0	+6.3	+8.3
Rakuten	-0.2	+2.4	+2.2
Matsui	-3.1	-0.8	-3.9
Monex *2	-0.7	-1.5	-2.2
Kabu.com *4	-0.2	+0.7	+0.5

Individual Margin Trading Value *1

(% point)

	FY05 to FY06	FY06 to FY07	FY05 to FY07 (past 2 years)
SBI E*TRADE	-0.6	+6.9	+6.3
Rakuten	+0.3	+2.3	+2.6
Matsui	-6.0	-2.8	-8.8
Kabu.com *4	-0.8	+0.4	-0.4
Monex *2,3	n/a	-2.1	n/a

*1 Three major exchanges and JASDAQ, *2 Includes Monex, Nikko Beans and Monex starting with FY06

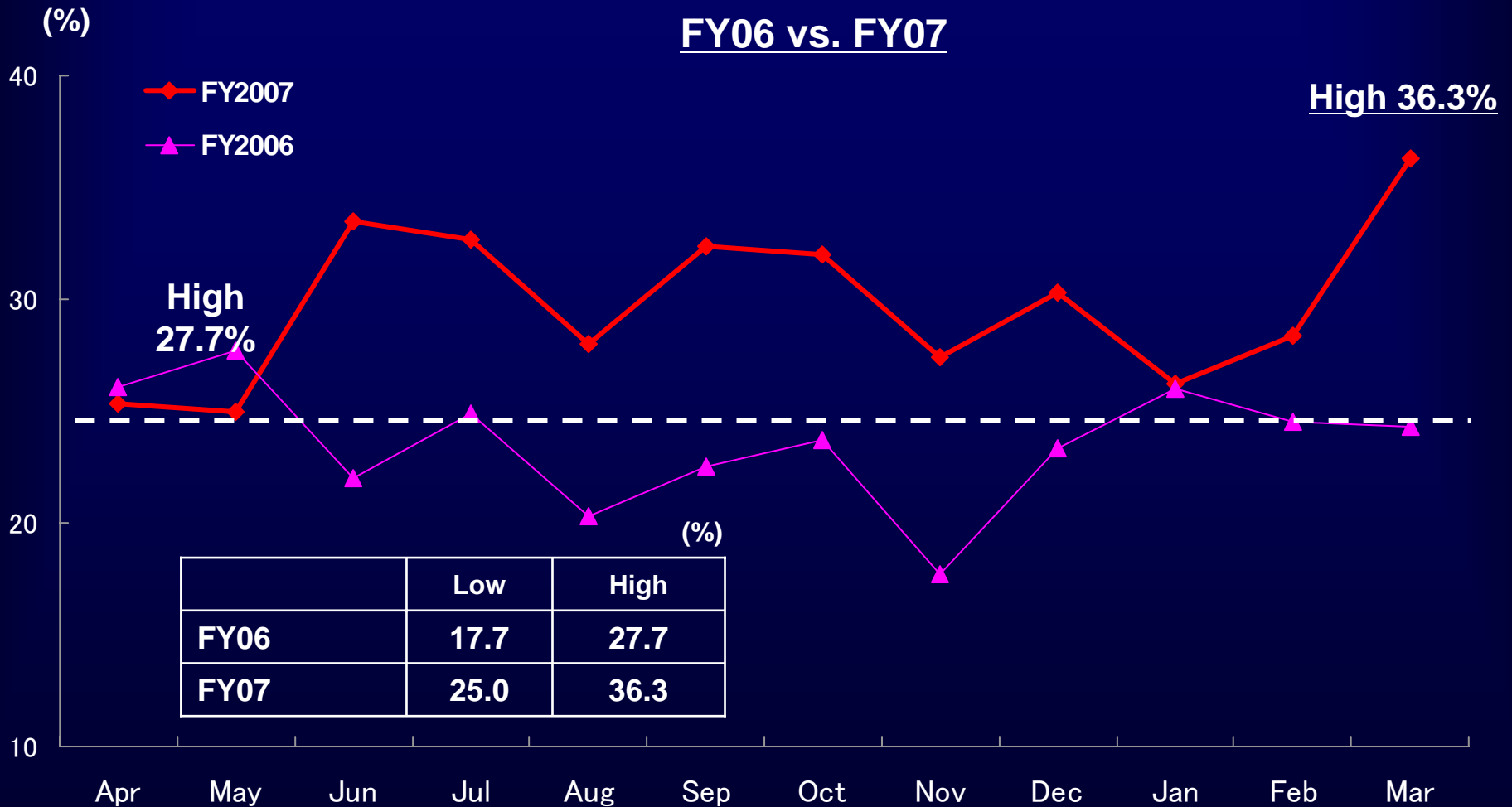
*3 Monex data not available because the April '04 transactions of Nikko Beans were not announced.

*4 Kabu.com Securities merged with MeNet Securities in January 2006.

Source: SBI based on Tokyo Stock Exchange and JASDAQ materials and data announced by each company

SBI E*TRADE Monthly Share of Stock Brokerage Trading Value

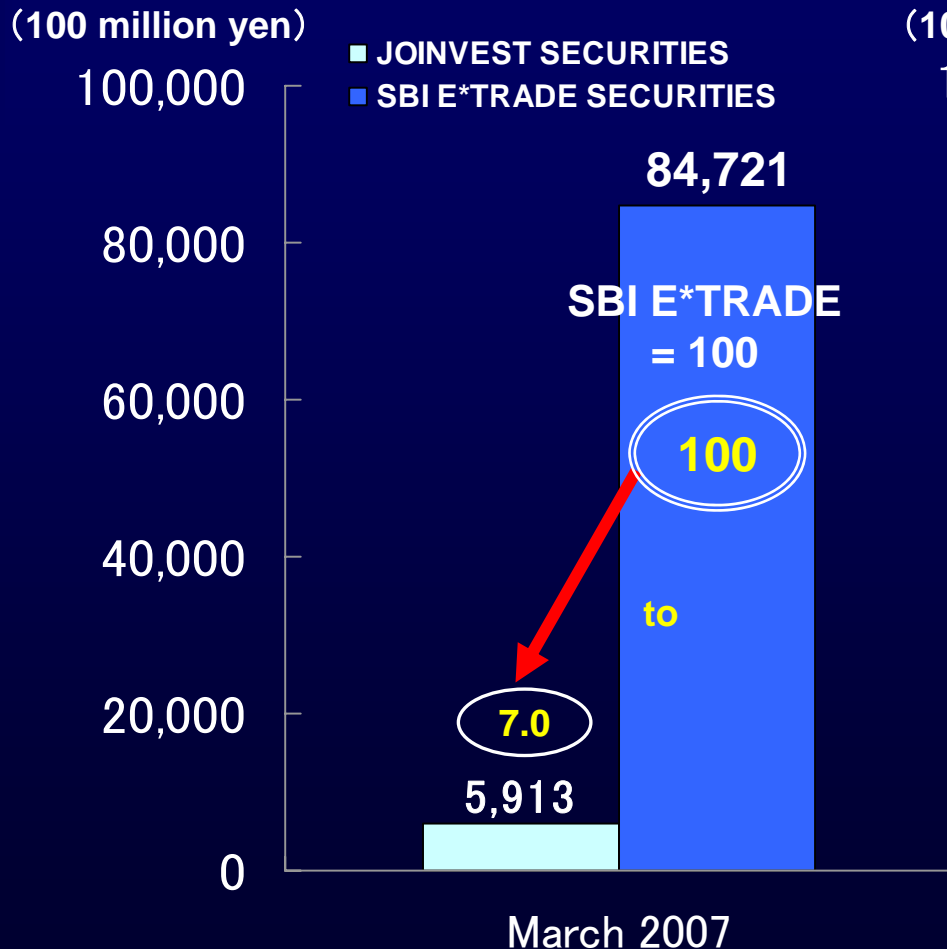
SBI E*TRADE share of retail stock brokerage trading value
FY06 vs. FY07



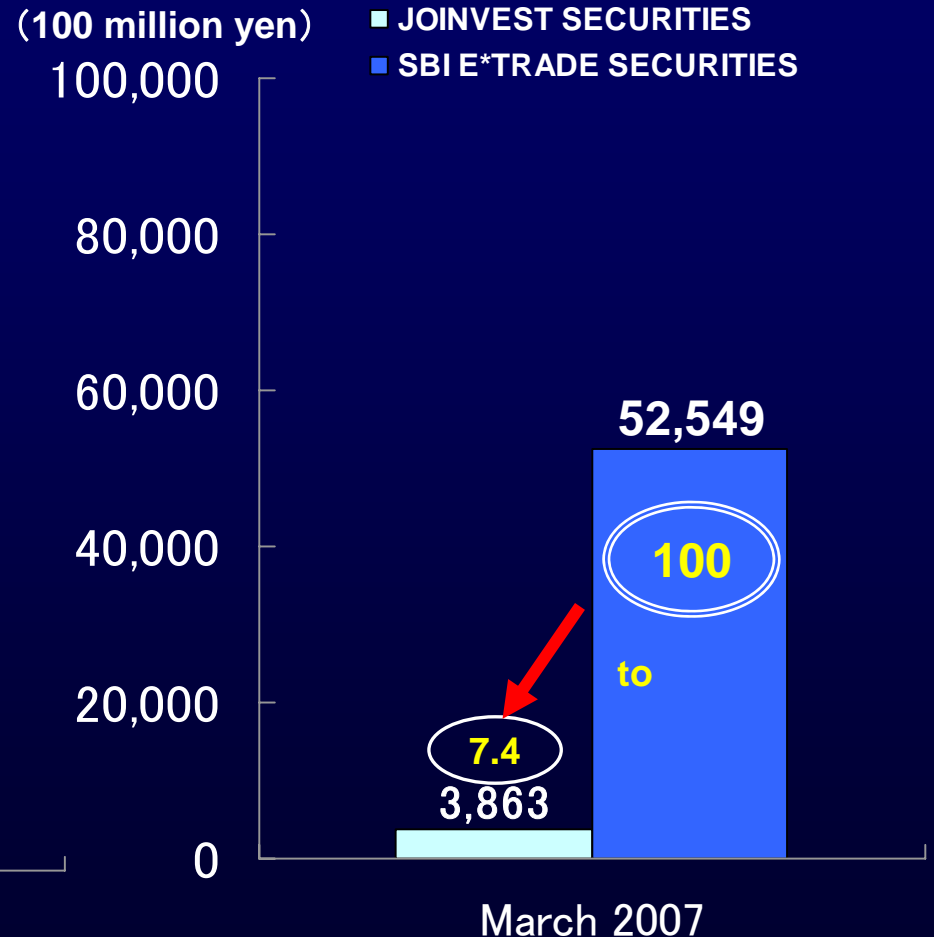
Source: SBI based on Tokyo Stock Exchange and JASDAQ materials and data announced by each company
 Note: Individual stock brokerage trading value is the sum of trades on the three major exchanges and JASDAQ.

Stock Brokerage Trading Value at SBI E*TRADE and JOINVEST SECURITIES

Monthly Stock Brokerage Trading Value
(March 2007)

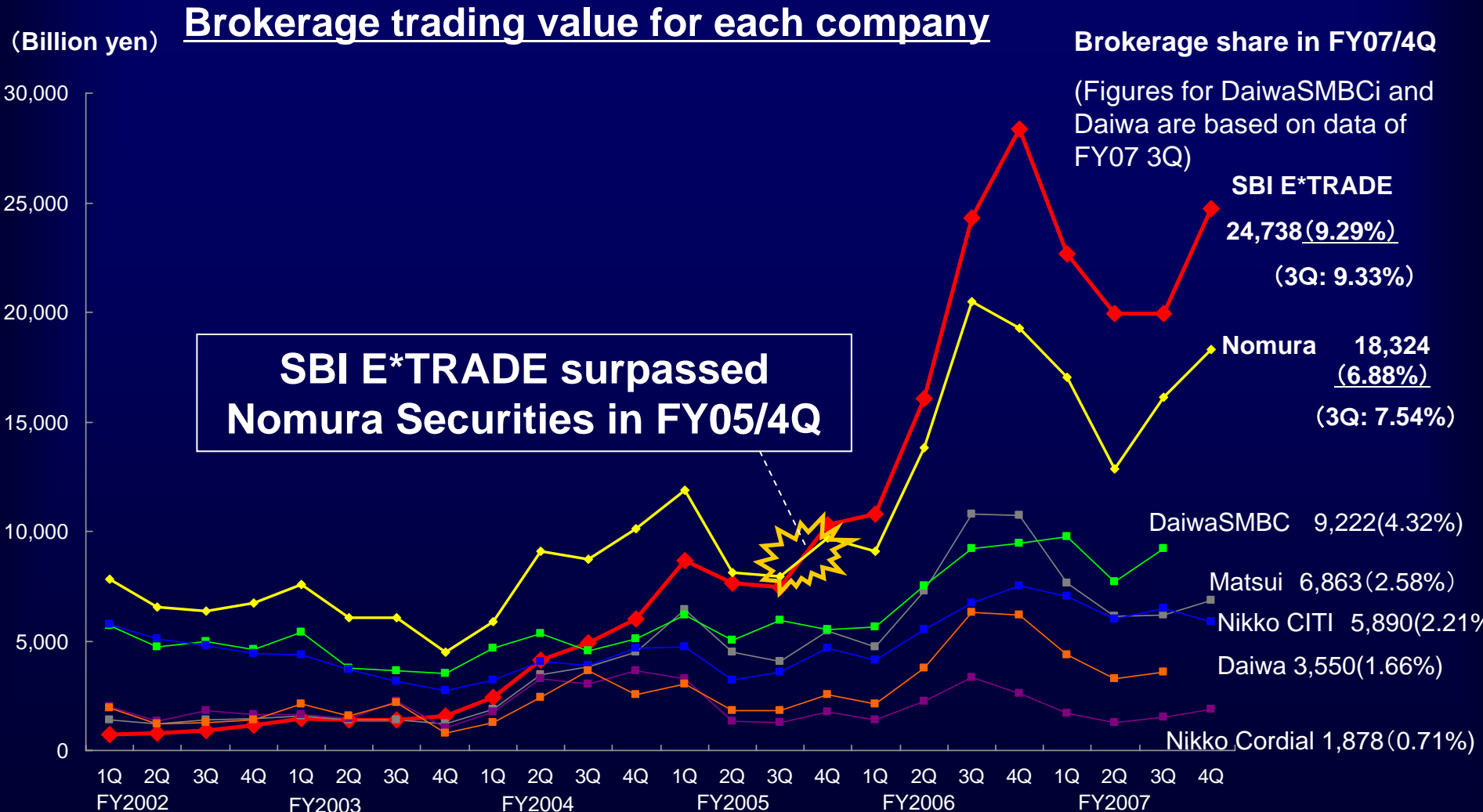


Monthly Margin Brokerage Trading Value
(March 2007)



Source: SBI based on JOINVEST Web site information

Brokerage Trading Value Comparison among Big 3 Securities Companies

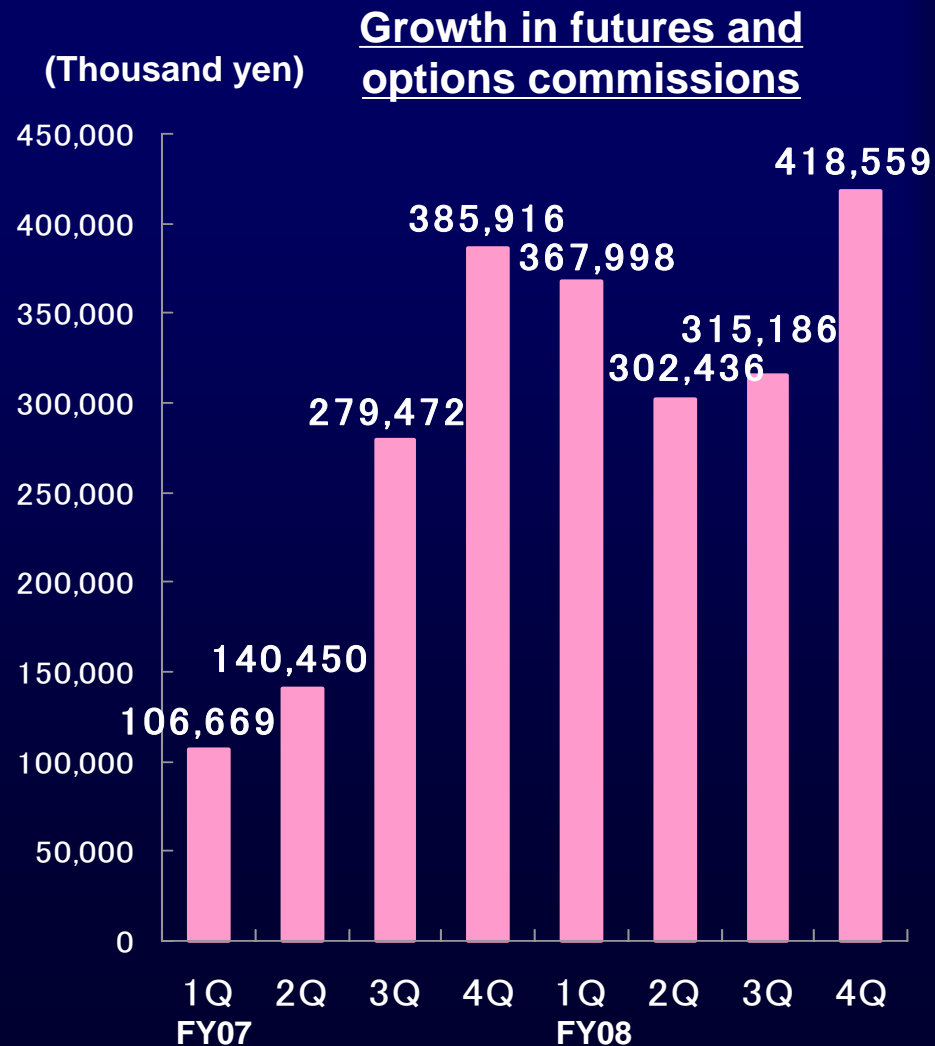
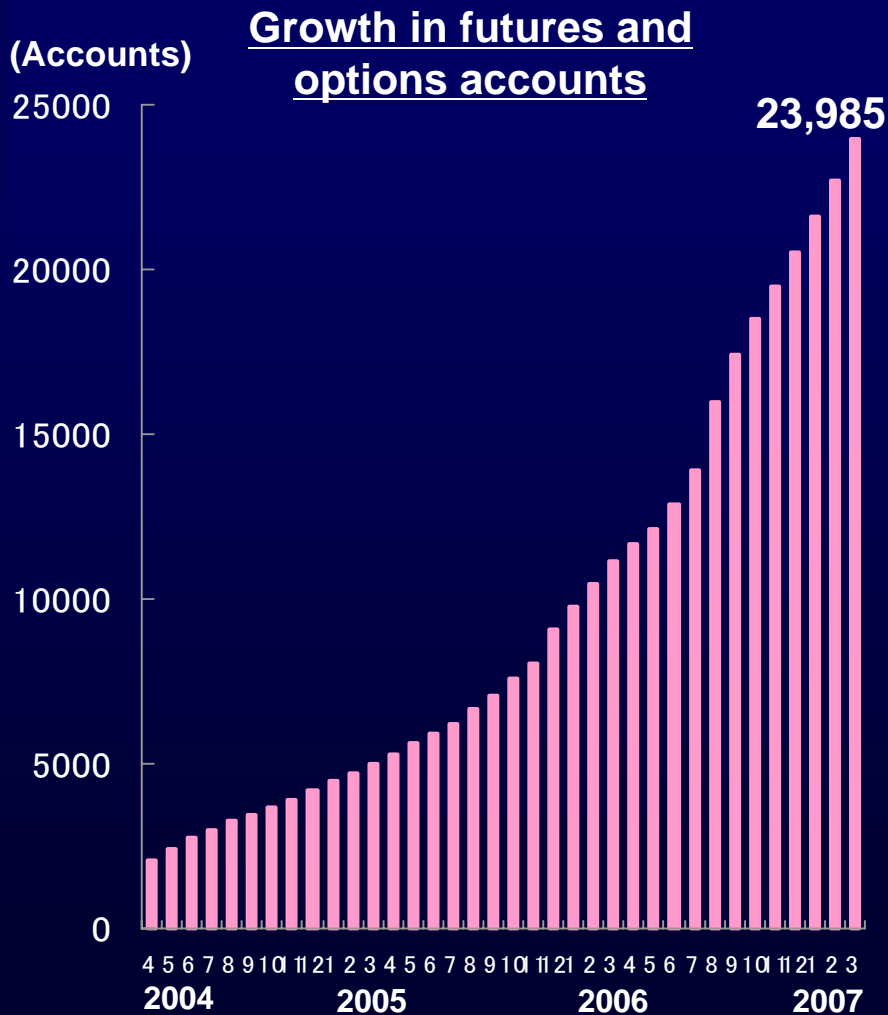


Source: SBI based on data announced by each company and the Tokyo Stock Exchange
(Figures for SBI E*TRADE include orders from overseas investors).

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

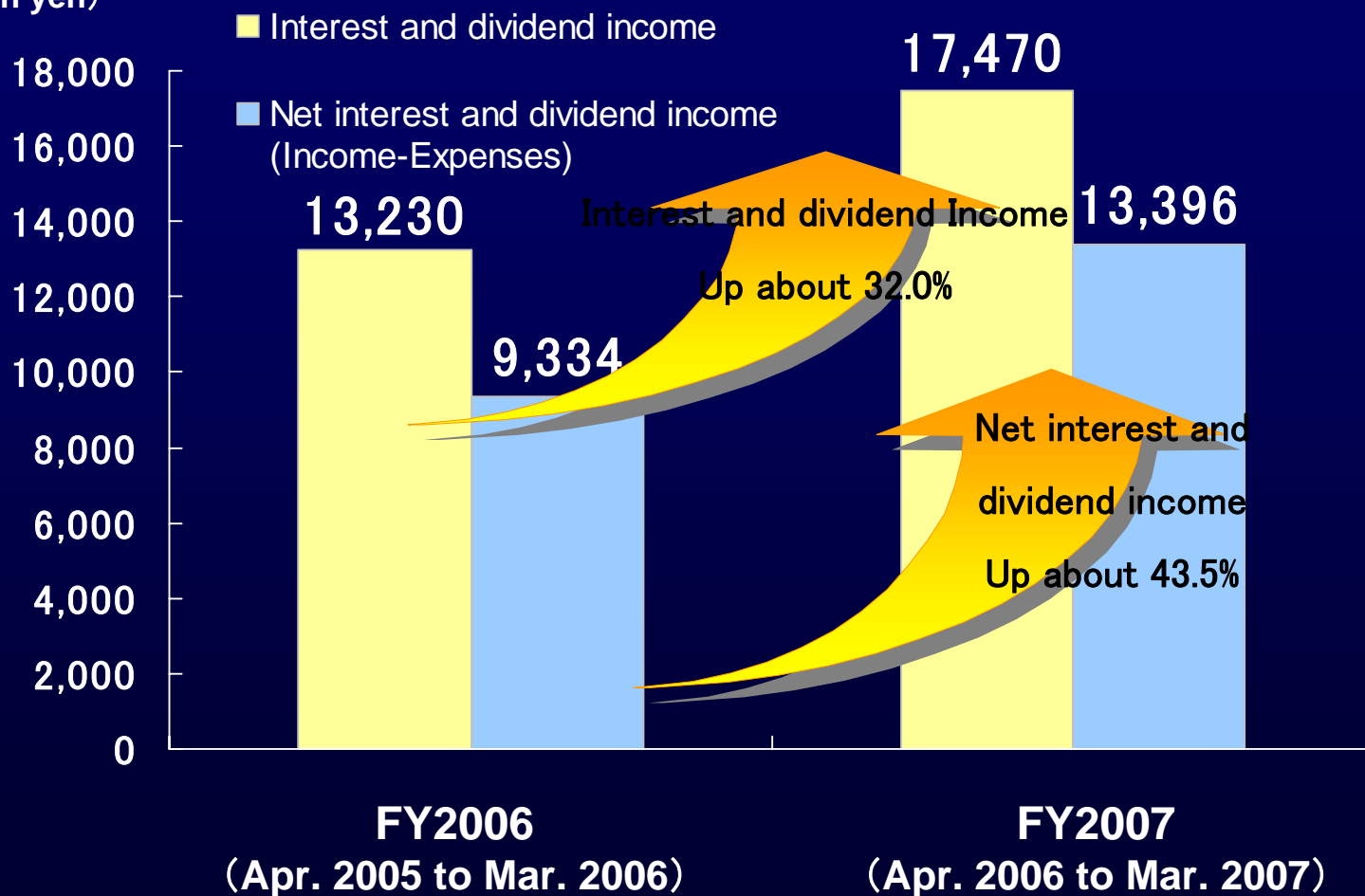
Growth in Futures and Options Volume

Volume climbs to all-time high in 4Q FY07



Growth in Interest and Dividend Income (Consolidated)

(Million yen)

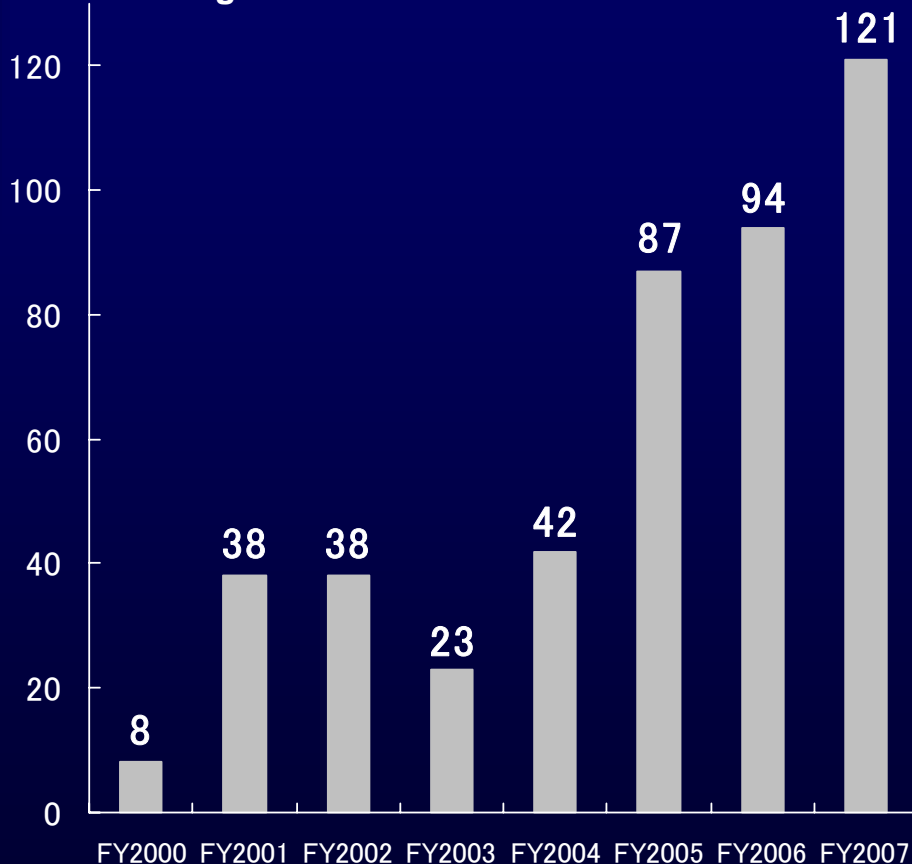


IPO Underwriting Performance

SBI E*TRADE SECURITIES

IPO stock underwriting performance

(Underwritings)



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

IPO underwriting ranking

(Apr '06 – Mar '07)

Second-ranked among all securities firms

Rank	Securities Companies	Underwritings	Participation ratio(%)
1	Mitsubishi UFJ Securities	126	67.4
<u>2</u>	<u>SBI E*TRADE SECURITIES</u>	<u>121</u>	<u>64.7</u>
3	Shinko Securities	94	50.3
4	Nomura Securities	91	48.7
4	Monex Securities	91	48.7
6	Daiwa Securities SMBC	83	44.4
6	Nikko Citigroup	83	44.4

Note: The data was obtained, to the extent possible, from public documents by SBI. Data was collected from 2006/4 until 2007/3 for domestic underwriting of 187 companies (listing date base) undergoing an IPO, not including secondary offerings

E*TRADE Korea Co.,Ltd. FY2007 Performance

E*TRADE Korea conducted Feb. 21, '07 IPO with KOSDAQ listing

(Unit: Million yen, %)

	FY2006 (Apr. '05 to Mar. '06)	FY2007 (Apr. '06 to Mar. '07)	YoY change (%)
Operating revenues	5,202	5,780	+11.1
Net operating revenues	4,977	5,446	+9.4
Operating income	1,182	1,474	+24.7
Ordinary income	1,189	1,482	+24.6
Net income	922	1,048	+13.7

Note: Yen figures are calculated at daily average rate of March 2007

SBI Securites / SBI Futures – FY2007 Performance

(Unit: Million yen, %)

	Operating revenues (YoY change)	Ordinary income (YoY change)	Net income (YoY change)
SBI Securities FY2007	8,013 (▲50.1)	1,237 (▲84.9)	2,282 * (▲64.8)
SBI Futures FY2007	998 (▲24.8)	▲268 (—)	▲204 (—)

*Includes gains on sales of investment securities and gain on sale of former head office site as extraordinary gains.

(3) Financial Services Business

Fiscal 2007 (Year ended March 31, 2007)

Operating revenues: ¥27.0 billion (+36.4% YoY)

Operating income: ¥2.8 billion (+25.9% YoY)

Notes:

1. The above figures were calculated using the previous method (without consolidating funds) for each segment.
2. The above figures do not include eliminations for consolidation and the deduction of corporate expenses.

Highlights of Financial Services Business

I. Publicly owned subsidiaries continue to perform well

(1) Morningstar Japan **revenues and earnings higher** as first quarter revenues and ordinary income increase YoY by more than 90%

(2) Gomez Consulting first quarter revenues and ordinary income set **new records**

(3) SBI VeriTrans FY non-cons. revenues, operating income, ordinary income and net income all set **new records**

II. SBI's distinctive financial service business continue to record solid growth

(1) Financial comparison website business centered on E-LOAN and InsWeb posts **30% increase in transactions to 800,000** due to high volume of use via cell phones

(2) SBI Equal Credit uses opportunities created by maximum lending rate issue to achieve **fiscal year profitability** only 2.5 years after start of operations

(3) Only 5.5 months after starting to issue credit cards, SBI Card has **more than 9,000 cards** outstanding and a card utilization rate* of **more than 30%**

(*Cardholders making purchases / All cardholders)

(4) Steady growth in lifestyle network business; both comparison search site and intermediary market business **became profitable** in FY07

I. Publicly owned financial services subsidiaries continue to grow by targeting emerging opportunities

- Morningstar Japan**
- Gomez Consulting**
- SBI VeriTrans**

Performance of Financial Services Subsidiaries

(Unit: Million yen)

Figures in parentheses: YoY change (%)

	Operating revenues	Operating income	Ordinary income	Net income
Morningstar Japan ^{*1}	835	245	244	126 ^{*2}
1Q FY08 ^{*3}	(+90.3)	(+90.1)	(+28.9)	(-20.3)
Gomez Consulting ^{*3}	167	64	64	37
1Q FY08	(+31.5)	(+32.3)	(+29.5)	(+29.1)
SBI VeriTrans	2,812	592	588	336
FY07 (non-cons)	(+46.8)	(+47.8)	(+48.9)	(+32.6)

*1 Morningstar Japan uses consolidated and Gomez Consulting and SBI VeriTrans use non-consolidated figures

*2 Morningstar Japan merged with a subsidiary in FY07 and used accumulated losses at the subsidiary to reduce taxable income; this lowered taxes as a pct. of ordinary income and raised net income in the prior fiscal year, resulting in a YoY decline in 1Q FY08.

*3 Morningstar Japan and Gomez Consulting changed from a February to March fiscal year in 2007. Therefore, the current fiscal period will be the 15-month period from January 2007 through March 2008.

Morningstar Japan

Information magazine published for Japan Post becomes Japan's most widely read money-themed magazine

Distributes magazines free of cost with sponsorship of investment trust companies

Published seventh magazine for Japan Post in March 2007. Circulation is 120,000 (at 1,155 post offices).

- By October 2007, Japan Post plans to raise to 1,550 the number of post offices that sell investment trusts. To support this growth, Japan Post plans to raise circulation to 200,000 (making Morningstar Japan's money magazine Japan's largest).
- Started Yokohama Bank magazine in Jan '07 (50,000 copies) and magazine for Kansai Urban Bank in Apr '07 (60,000 copies)



Japan Post



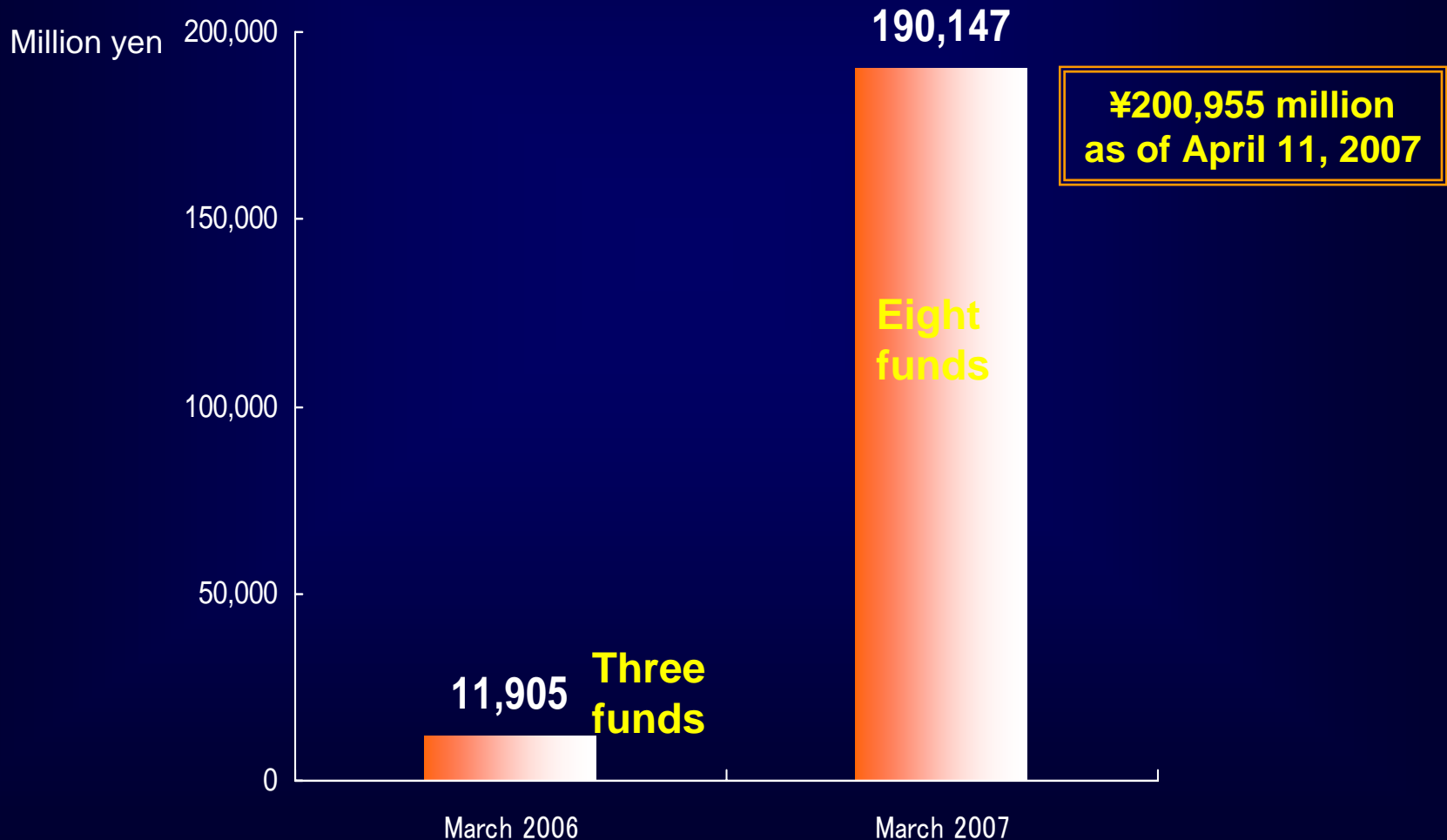
Yokohama Bank



Kansai Urban Bank

Growth in Fund of Funds AUM Where Morningstar Asset Management is an Advisor

License fees growing along with assets in funds of funds served by Morningstar Asset Management

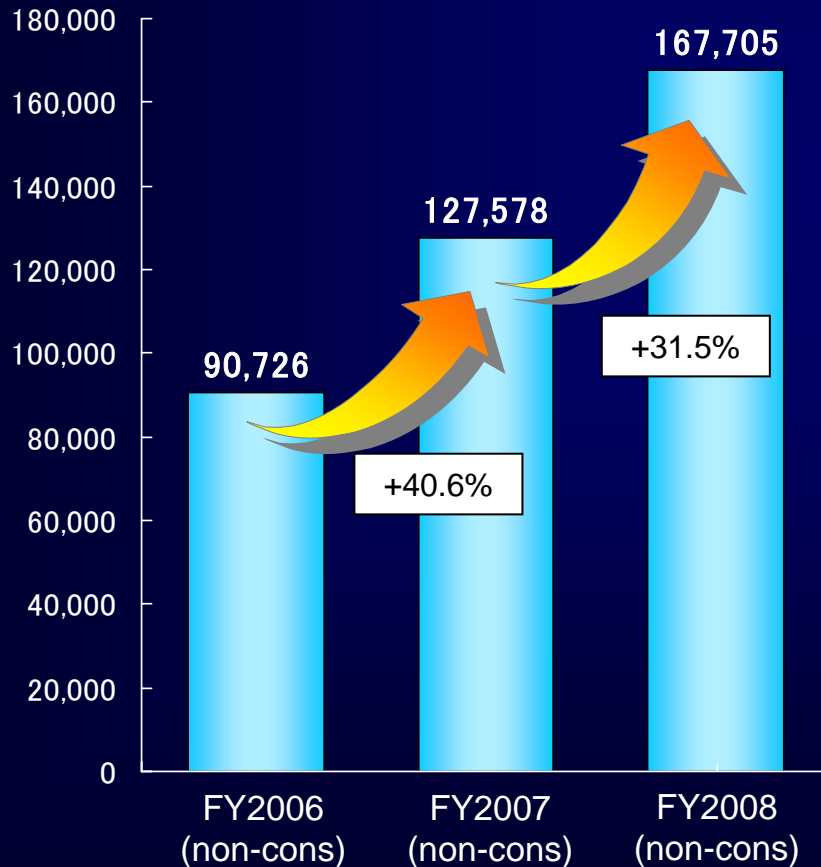


Performance Comparison of First Quarters of Past Three Fiscal Years

Revenues and Ordinary Income Set New Records

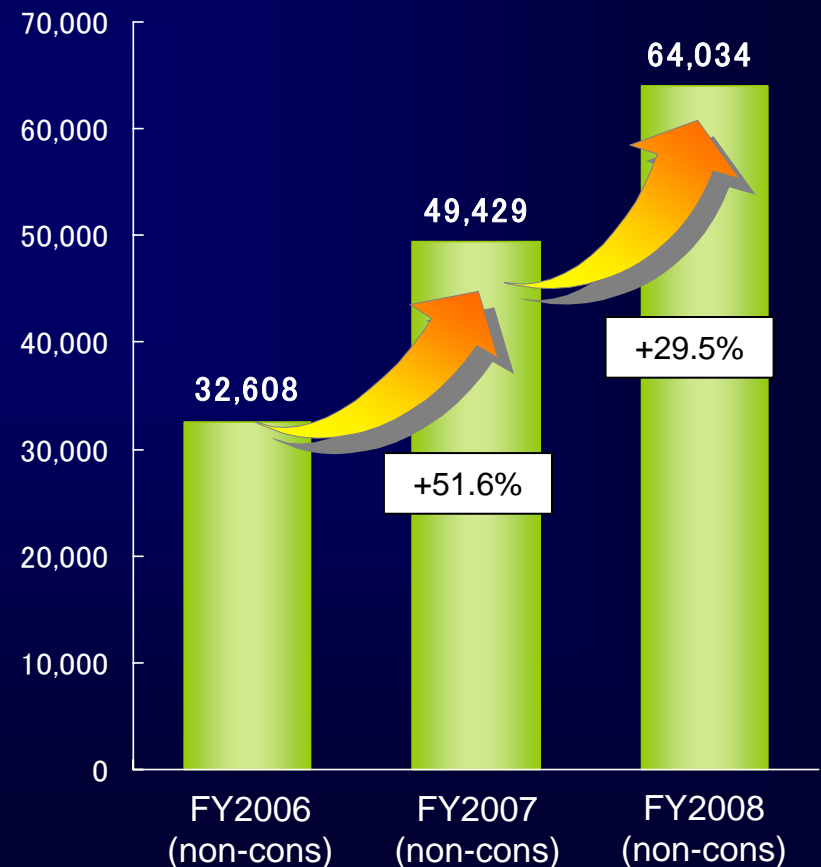
(Thousand yen)

Operating Revenues



(Thousand yen)

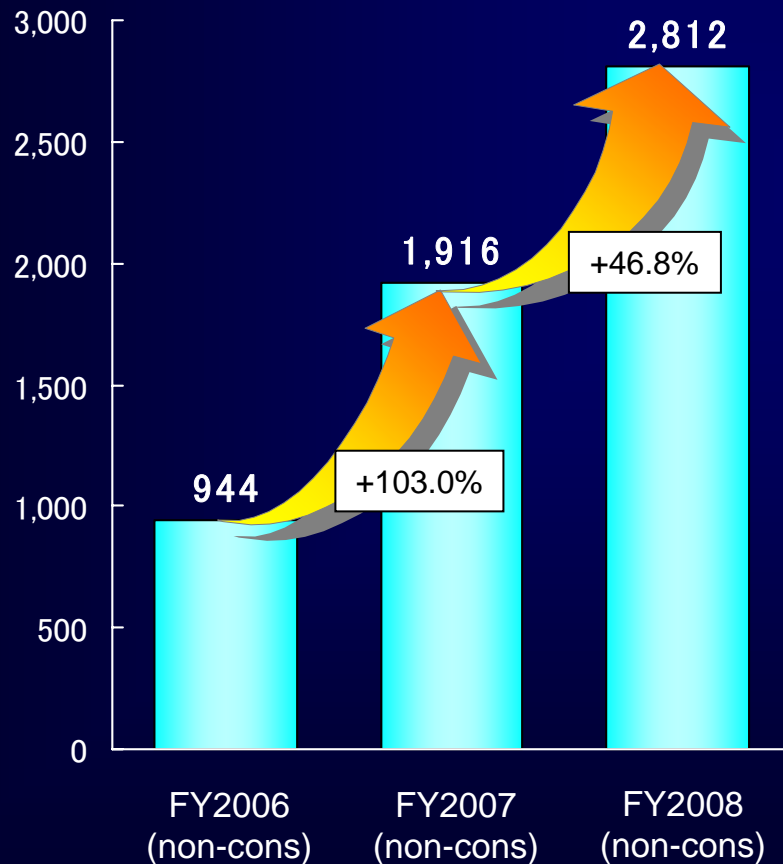
Ordinary Income



All-time Highs for Non-consolidated Revenues and Earnings

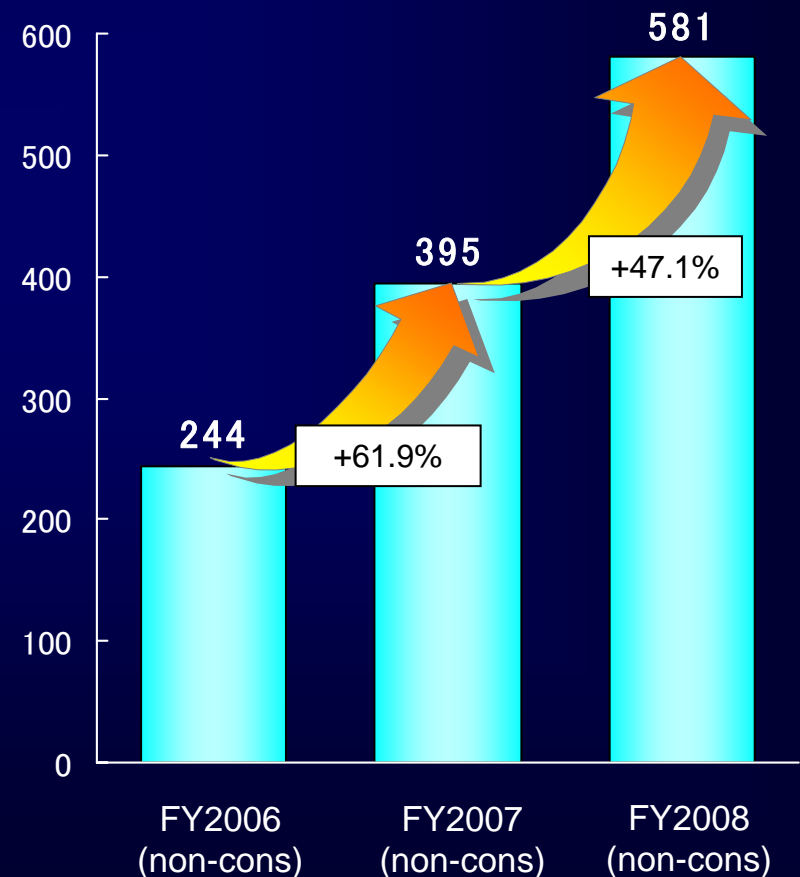
Operating Revenues

(Million yen)



Ordinary Income

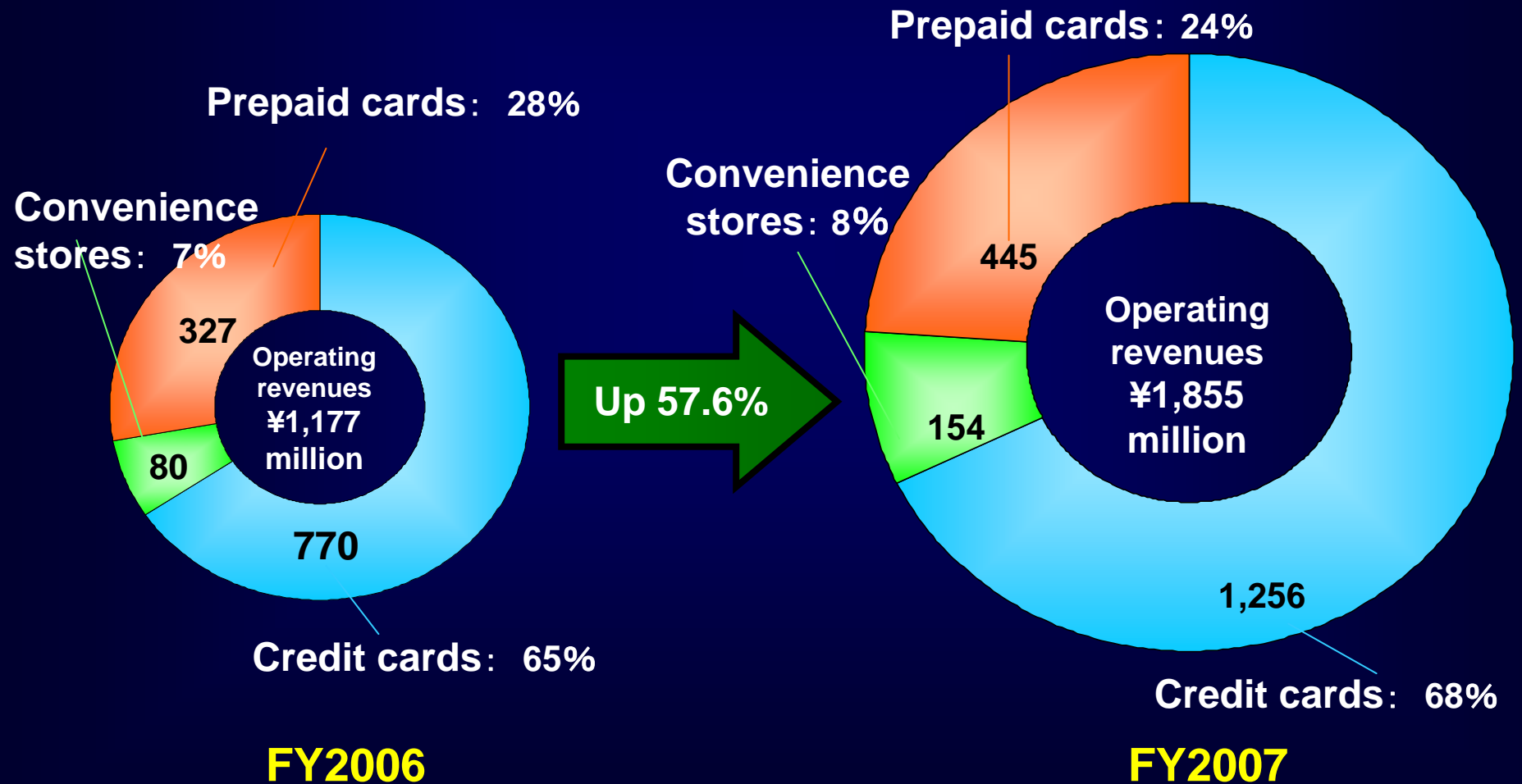
(Million yen)



Strong Performance by Payment Processing Service

Solid credit card growth and doubling of volume at convenience stores

Payment Processing Service Revenues by Category



II. SBI's Distinctive Financial Service Business Continues to Record Solid Growth

- Marketplace Business (SBI Holdings, Inc.)
- SBI Equal Credit Co., Ltd.
 - Became profitable only 2.5 years after start of operations*
- SBI Card Co., Ltd.
- Lifestyle Networks (SBI Holdings, Inc.)
- SNS Business (SBI Holdings, Inc.)

Comparison Web Sites Continue to Set New Records for Transactions and Revenues

Japan's Largest Financial Comparison Web Sites "InsWeb" and "E-LOAN"



The number of transaction completed of auto insurance estimates exceeded 2 million



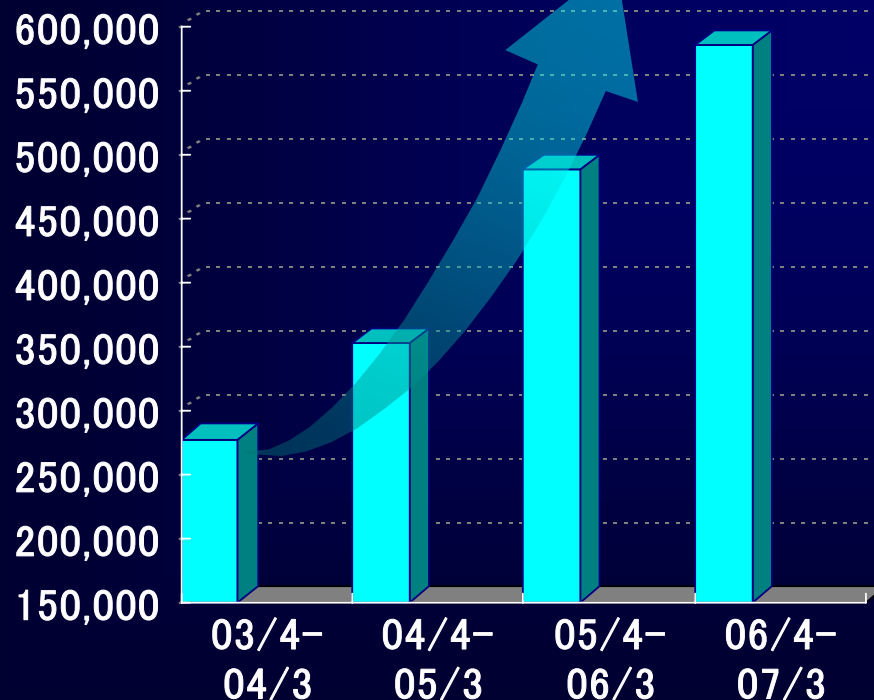
Growth in completed auto insurance estimates

Growth in provisional loan applications

Affiliated non-life insurance companies: 20

Affiliated life insurance companies, etc.: 16

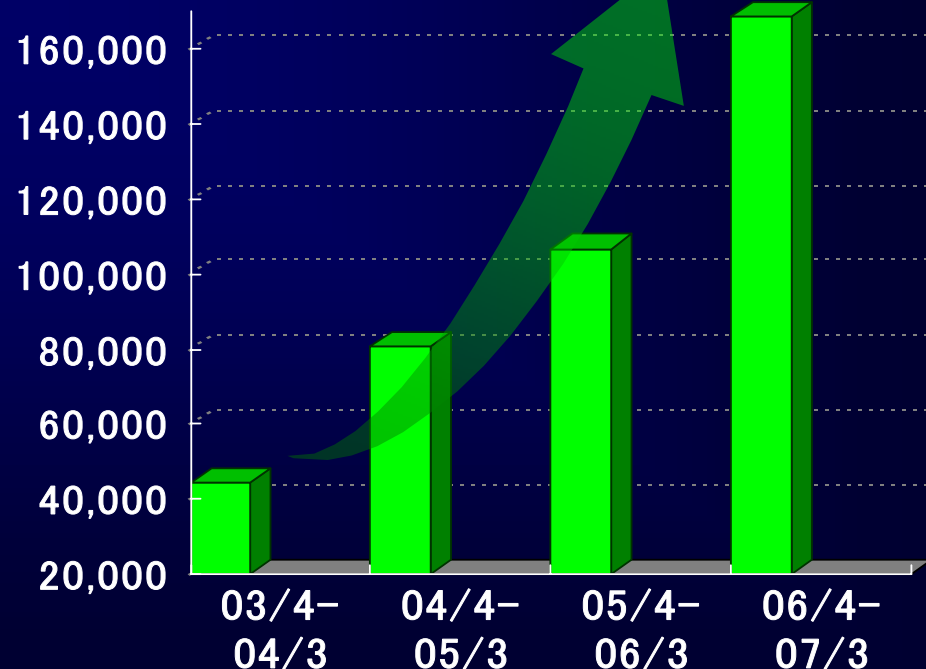
(transaction)



Affiliated financial institutions: 74

Types of loan products: 550

(transaction)



Growth in Loans at SBI Equal Credit

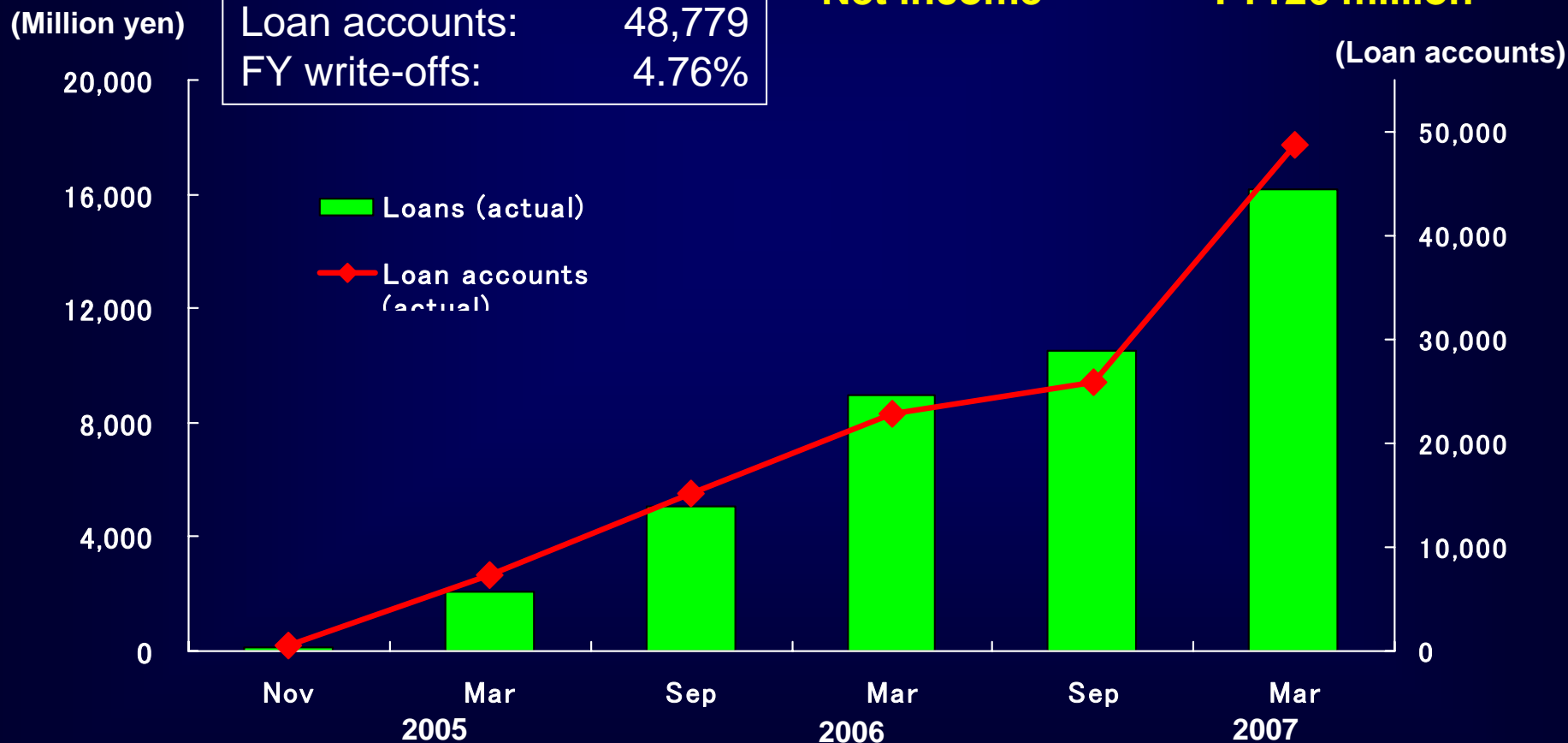
Achieved single-year profitability in fewer than three years of operations

Year ended March '07

Operating revenues: ¥2,739 million

Net income : ¥126 million

(At end of March '07_)
 Loans: ¥16,144 million
 Loan accounts: 48,779
 FY write-offs: 4.76%

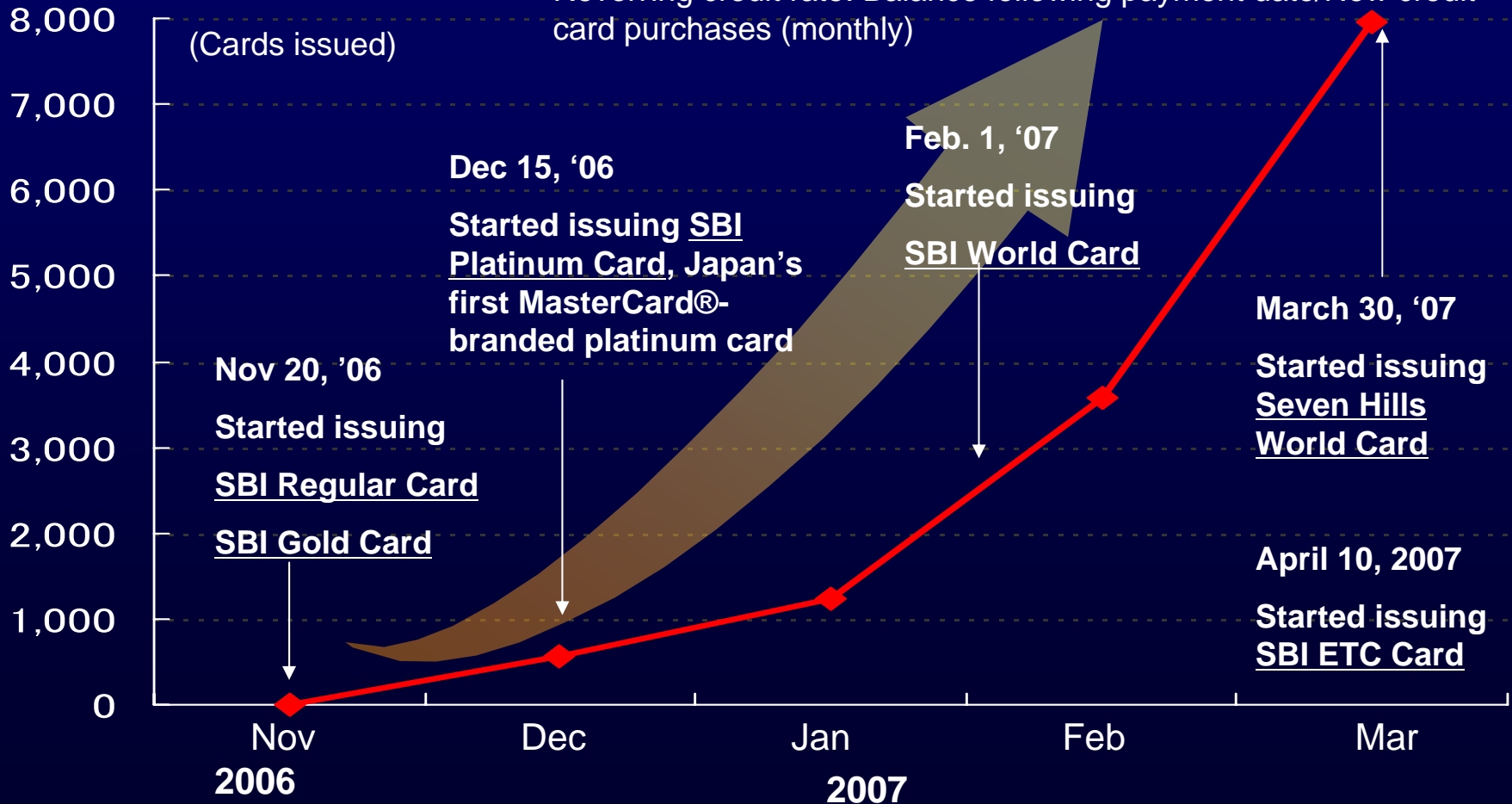


Note: Started operations on November 17, 2004

Accelerating Growth in Credit Cards Issued by SBI Card

Increasing number of cards issued by offering customers one of the industry's most attractive credit cards. Building base is a highly profitable credit card: cards outstanding already up to 9,047 (April 20, 2007) after only five months, with card utilization rate over 30% and revolving credit rate over 70% (FY07).

Note: Card utilization rate : Cardholders making purchases/All cardholders
Revolving credit rate: Balance following payment date/New credit card purchases (monthly)



Consistent Growth in Lifestyle Network Business

Internet Media Dept. and Marketplace Dept., which operate life-related comparison web site, became profitable in FY and achieved total ordinary income of more than ¥100 million

Lifestyle events and needs

Birth/child-raising

Schools/education

Residences

Retirement years

Travel/leisure

Money

Health/medical care

Food

Hobbies/sports



SBI targets financial needs arising from major events like marriage, child-raising and purchasing a home. In addition, SBI is building a network to cover many other types of lifestyle needs.

Launched “The SBI Community, *E*TRADE Chouja Mura* (E*TRADE Long-life Village)”

- SBI Holdings provides a new community site for customers -

Offers a variety of communication tools

Example: Users can register stocks they want to follow, receive input from friends and the community, etc.



Top page after logging in

Encourages communications among SBI Group customers



Greater customer satisfaction



Gather useful information



Enables to be accessed from cell phones



Open only to E*TRADE SECURITIES account holders



Growth in new customers

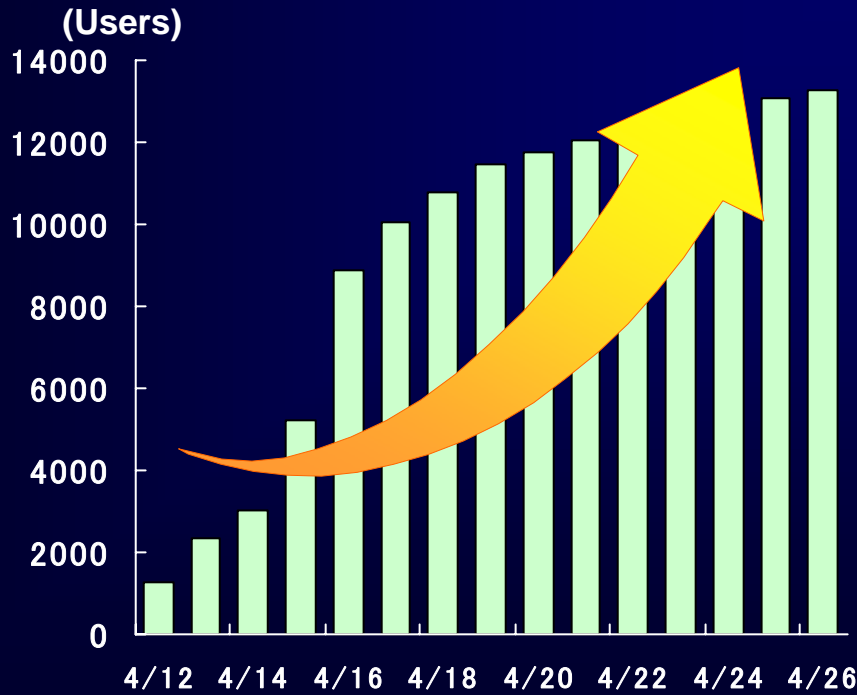
Utilization of “The SBI Community, E*TRADE Chouja Mura (E*TRADE Long-life Village)”

SBI E*TRADE

イトレ長者村

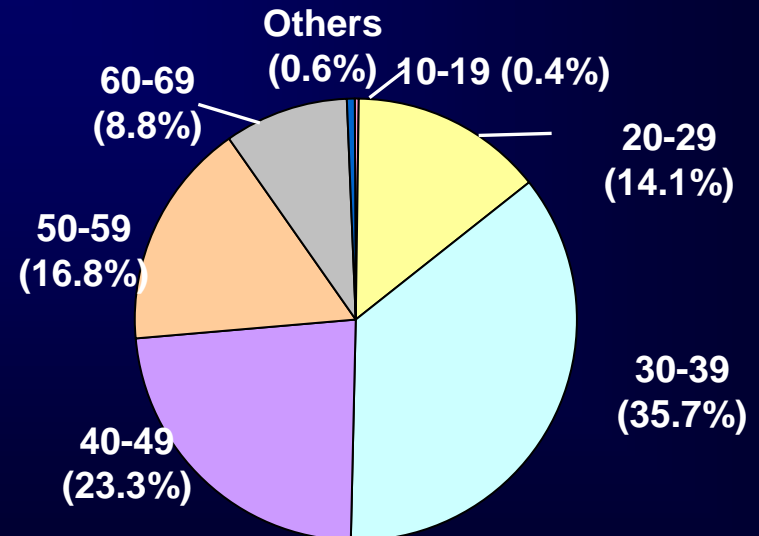
- Operation started: April 12, 2007
- Members: 13,271
- Avg. page views: 129,558/day
- Avg. page views/visitor: 16.2 pages

Growth in Members



Membership by Age

The village attracts a broad range of users

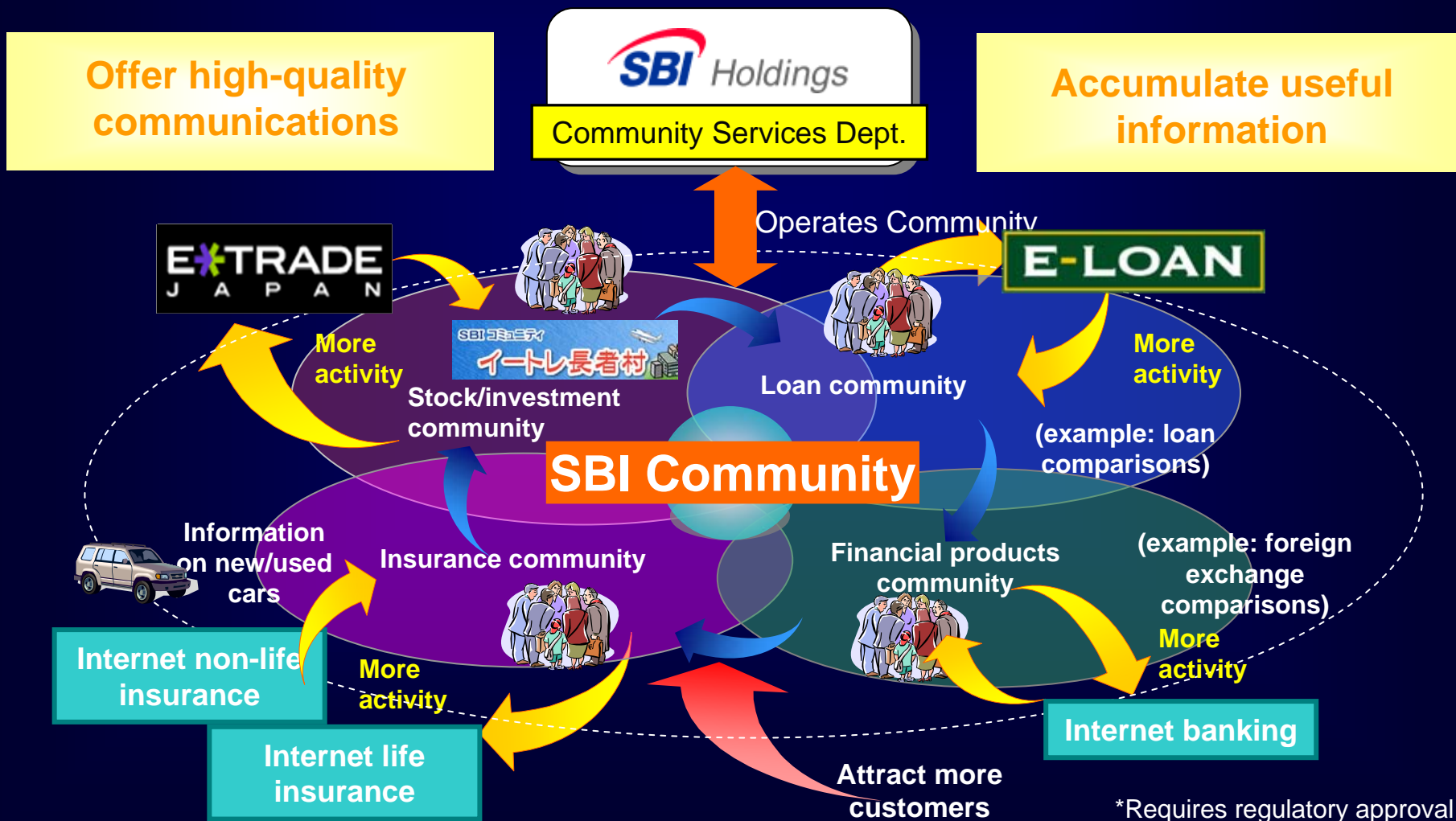


As of April 27, 2007

Use SBI Group Customers as Base to Enlarge Community Services in order to Attract New Customers

Future growth of "SBI Community"

Plan to add more communities for insurance and loans fields



(4) Housing and Real Estate Business

Fiscal 2007 (Year ended March 31, 2007)

Operating revenues of ¥16.4 bil. (FY08 forecast is ¥43.8 bil.)

Operating income of ¥2.2 bil. (FY08 forecast is ¥7.0 bil.)

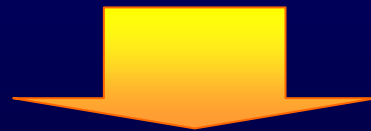
Note: The above figures are administrative accounting data that have been adjusted by incorporating the results announced by SBI Partners prior to its merger. These figures differ from the business segment information in the earnings announcement and other disclosure materials.

Agreement with Merrill Lynch Japan for Real Estate Business Alliance

(January 18, 2006)

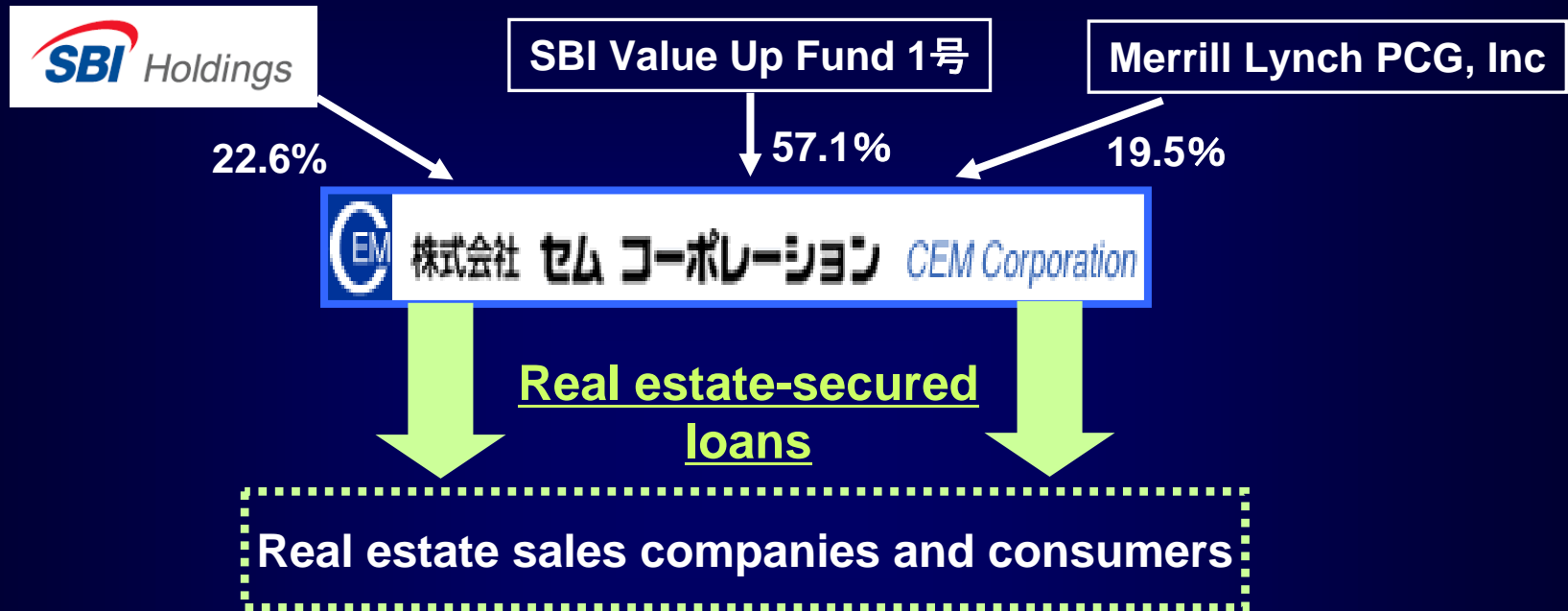
【Contents of memorandum】

- (1) Merrill Lynch Japan will, through its group companies, consider providing up to ¥500 bil. in funds, either directly or by arranging funding, for the real estate development activities (real estate development, purchase of income-producing properties, refinancing of properties owned, M&A, etc) of the SBI Group.
- (2) The two companies will build a broader base of cooperation concerning a real estate investment business on a global scale.



Allows the SBI Group to move quickly to participate in large investments in Japan that have potentially high returns and to speed the growth of global real estate investments.

Equity Investment in CEM Corporation, Provider of Real Estate-secured Loans



【Profile】

Based in the Tokyo area, CEM offers “sales loans” to real estate companies and “retail loans” to individuals.

【Performance】

First half of fiscal year ending August 2007:

Revenues: ¥140.5 million

Operating income: ¥706 million

【Product categories】

Mid-range interest rates

(about 8% to 10%)

A broad range of loans

(retail loans from ¥5 mil. to ¥300 mil.)

Able to extend long-term financing

(retail loans from 3 months to 25 years)

Comprehensive Alliance with Living Corporation

- * Real estate financing technology
- * Sales network using SBI Group Internet media



- Real estate business -

- * Provision of expertise involving real estate development
- * Provision of information on potential sites for development

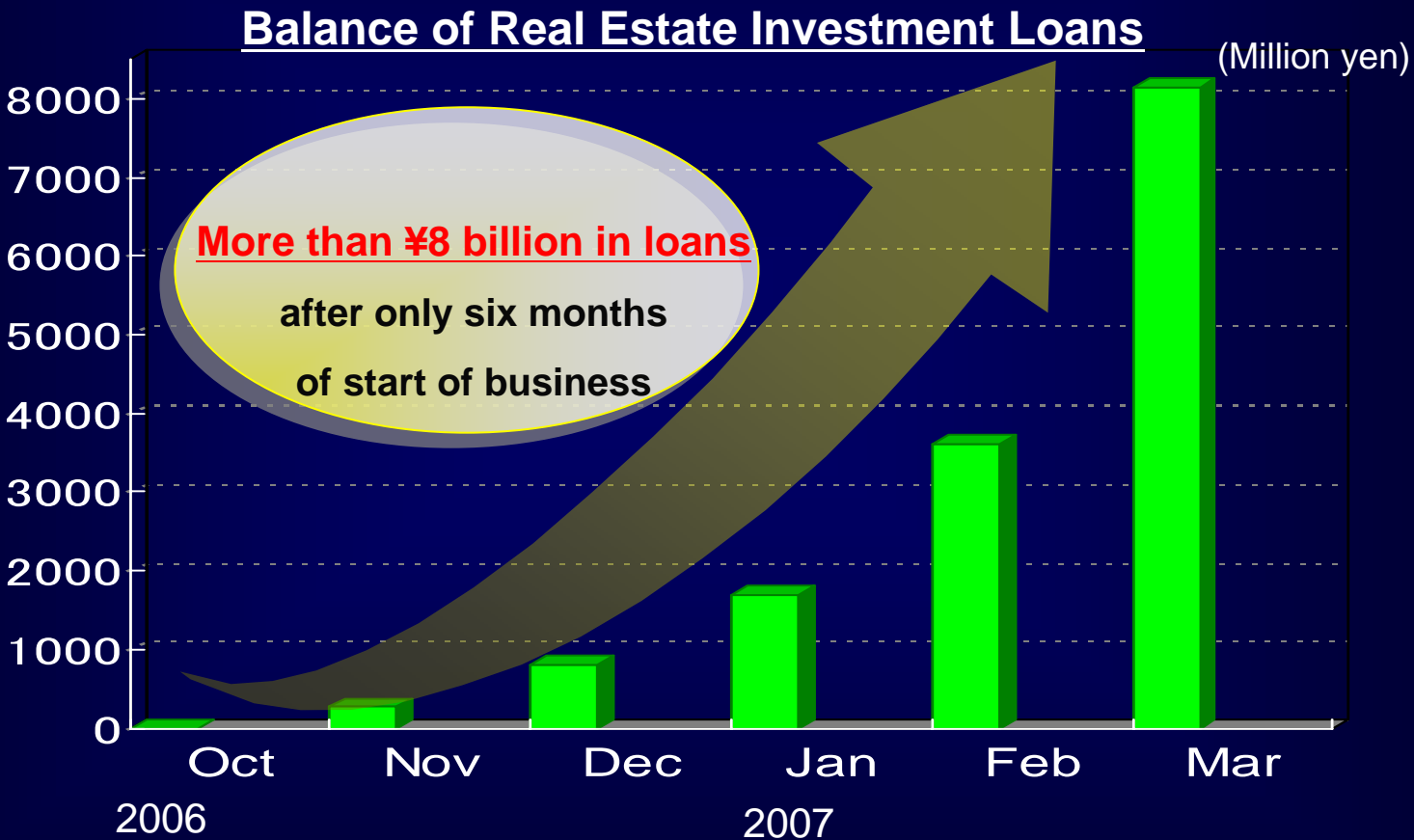


- Development and sale of income-producing properties-
- Modulori series of designer condominiums*
- Hotel-MJ series of design business hotels*

- * Skill in real estate development
- * Engineering skills

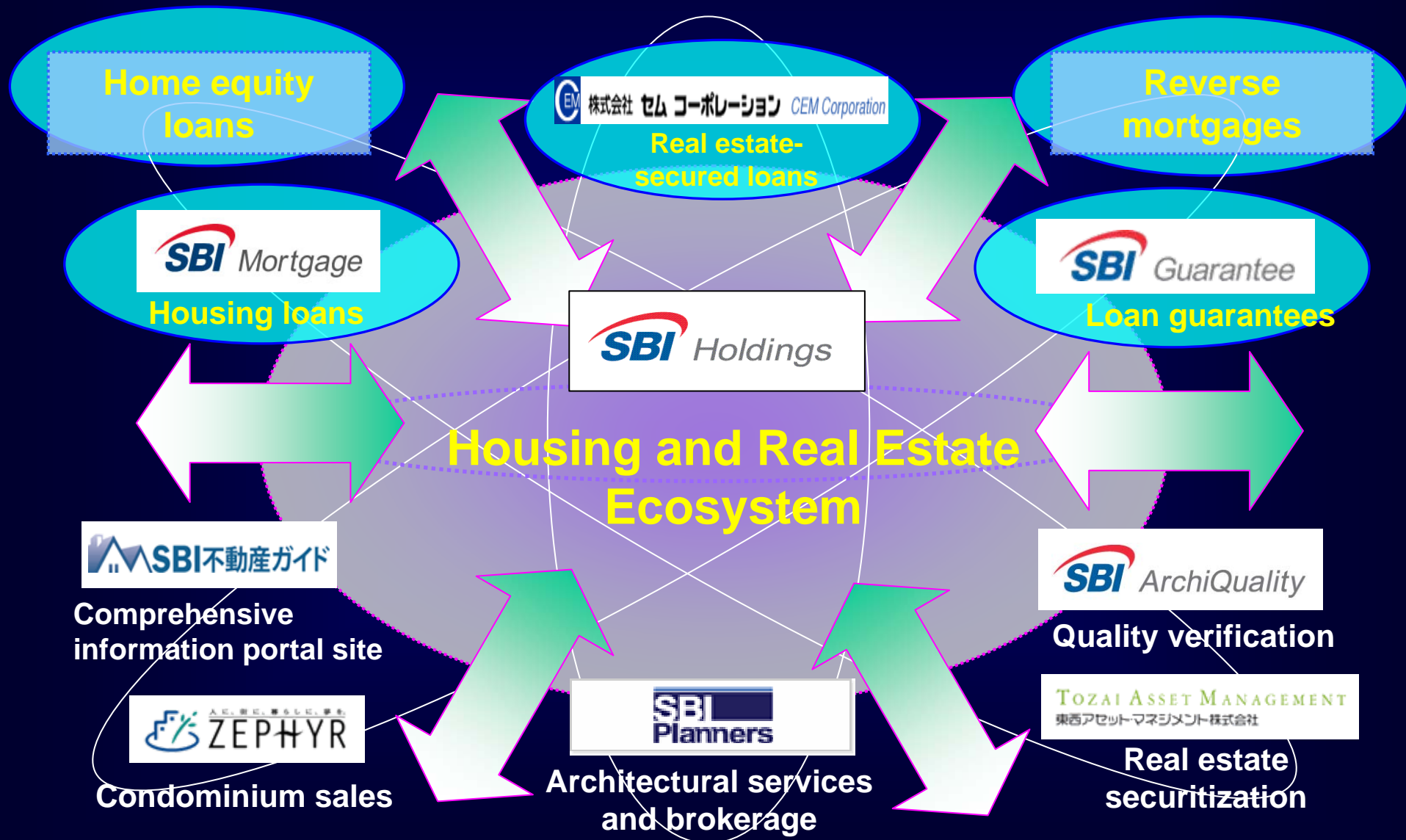
SBI Mortgage Posts Big Increase in Real Estate Investment Loans

Used expertise gained from securitization operations to develop the **“Real Estate Investment Loan”**, a fixed-rate loan with the industry’s lowest interest rate for projects that will be securitized. Sales began in October 2006.



SBI Mortgage housing loans up 42% YoY to ¥292.8 billion (March 31, 2007) as the company continues to record consistent growth of these loans.

Enlarge Ecosystem by Adding Real Estate Related Financial Services



3. Plans for Growth in Fiscal 2008

FY08 will be a momentous year in every business of the SBI Group

Asset Management Business:

- (1) Start full-scale overseas expansion by setting up Singapore office
- (2) Form more alliances with prominent overseas partners

Brokerage & Investment Banking Business

- (3) Start PTS (proprietary trading system) business using SBI Japannext Securities
- (4) Merge SBI E*TRADE SECURITIES and SBI Securities
- (5) Carry through with the investment trust “fee revolution”
- (6) Increase the scope of content involving securities

Financial Services Business

- (7) Complete the financial ecosystem by starting an Internet bank and Internet life/non-life insurance companies

Housing and Real Estate Business

- (8) Enter the reverse mortgage and home equity loan businesses

Asset Management Business:

(1) Start full-scale overseas expansion by setting up Singapore office

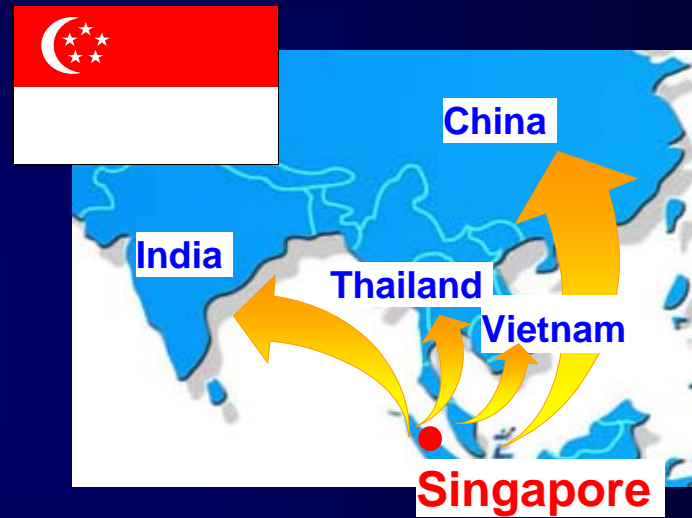
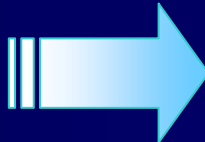
Establish an operating framework that does not rely solely on emerging market sectors in Japan by making substantial investments in other countries. Goal is to raise overseas earnings to one-third of total asset management earnings after three years and to half after five years.

Preparing to Start Operations at Singapore Investment Base in May

Plan to establish a fund with assets of ¥30 billion to ¥50 billion during FY08



Expansion to
Singapore



To establish an investment business that collects funds in Singapore and makes investments in regions of Asia with fast-growing economies

【Profile of SBI Ven Capital Pte. Ltd.】

Established: February 22, 2007

Ownership: Wholly owned by SBI Holdings

Employees: 6 at first, to be increased to about 20

Capital : US\$400,001

Address : 2 Shenton Way, #04-03 SGX Centre 1, Singapore 068804

*Requires regulatory approval

Asset Management Business:

(2) Form more alliances with prominent overseas partners

1. Venture capital alliances

- With financial institutions
- With universities
- With operating companies

2. Use ASP to transfer financial ecosystem to other Asian countries

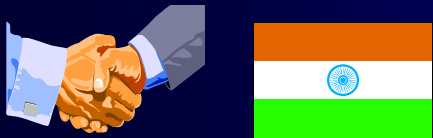
3. Form alliances involving regional economic development in China

4. Plan to assemble sophisticated financial ecosystem in other countries

1. Venture capital alliances

Accelerate overseas business focusing on venture capital by working with local financial institutions, universities and operating companies

State Bank of India



Signed contract to jointly establish an investment fund

Fund will invest in promising Indian companies and is now conducting due diligence to select suitable investments



Now holding discussions aimed at starting a joint venture with a local IT company



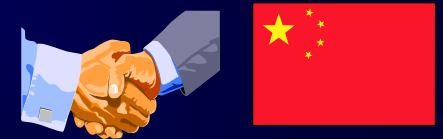
(1) Kingsway in Hong Kong

(2) Temasek Holdings in Singapore

Jointly established an investment fund

(2) Tsinghua Holdings

Established a joint venture



New Horizon Fund Report

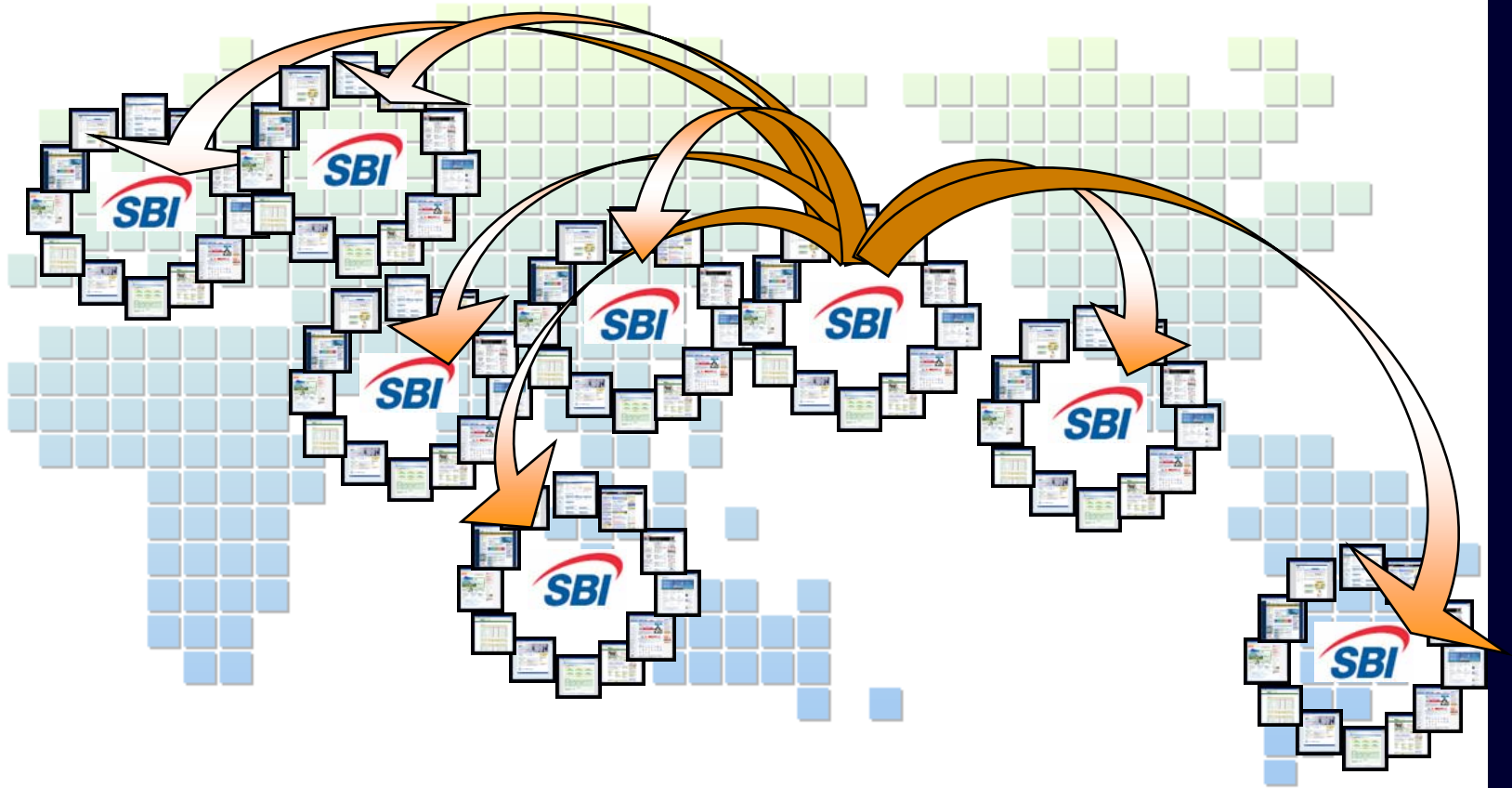
- Had investments in ten Chinese companies at end of Mar. '07.
Three companies have already gone public, resulting in unrealized gains.

(Unit: US\$ million)

Portfolio company	Investment	Category	IPO (planned)	Status
Sichuan Meifeng Chemical Industry	14.8	Private (non-floating stock)		Unrealized gain US\$30.5 mil.
Changsha Zoomlion Heavy Industry Science & Technology Development	13.3	Private (non-floating stock)		Unrealized gain US\$35.6 mil.
China Printing & Dyeing Holding (Jiang Long)	3.5	IPO		Unrealized gain US\$1.0 mil.
China Stem Cells Holdings	4.2	Pre-IPO	2008	Projected IRR : 43%
Cathay Industrial Biotech	12.0	Pre-IPO	2008	Projected IRR : 53%
Kingsoft	7.1	Pre-IPO	2008	Projected IRR : 54%
Shineway Group	20.0	Pre-IPO	2009-2010	Projected IRR : 32%
Jiangsu Ealong Biotech	2.5	Pre-IPO	2009	Projected IRR : 38%
Yingli Green Energy Holding	2.5	Pre-IPO	2008	Projected IRR : 32%
Goldwind Science and Technology Co., Ltd	4.2	Pre-IPO	2009	Projected IRR : 77%
Total	84.1			

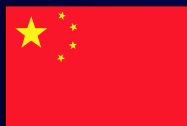
2. Use ASP to transfer financial ecosystem to other Asian countries

As first step, now negotiating with prominent local bank to begin operations in Thailand



3. Form alliances involving regional economic development in China

Contribute to regional economic development by partnering with regional governments in China to make investments



**Weifang City,
Shandong Province**
(山東省濰坊市 人民政府)



**Signed MOU to form comprehensive
alliance with Weifang City**



【Summary of agreement】

(1) SBI and Weifang will collaborate regarding an alliance to use a jointly owned investment company to make investments in business fields such as finance, IT, real estate, environmental services, energy and biotechnology, mainly in Shandong Province.

(2) The Weifang municipal gov't will cooperate in conducting joint activities for the purpose of supporting this JV and the activities of SBI and the SBI Group.

*Plan to attract mainly high-tech companies by using Shandong Province's extensive mineral resources and excellent transportation infrastructure.

4. Plan to assemble sophisticated financial ecosystems in other countries

Positioned to capture specific synergies from the business ecosystem already in place in Korea



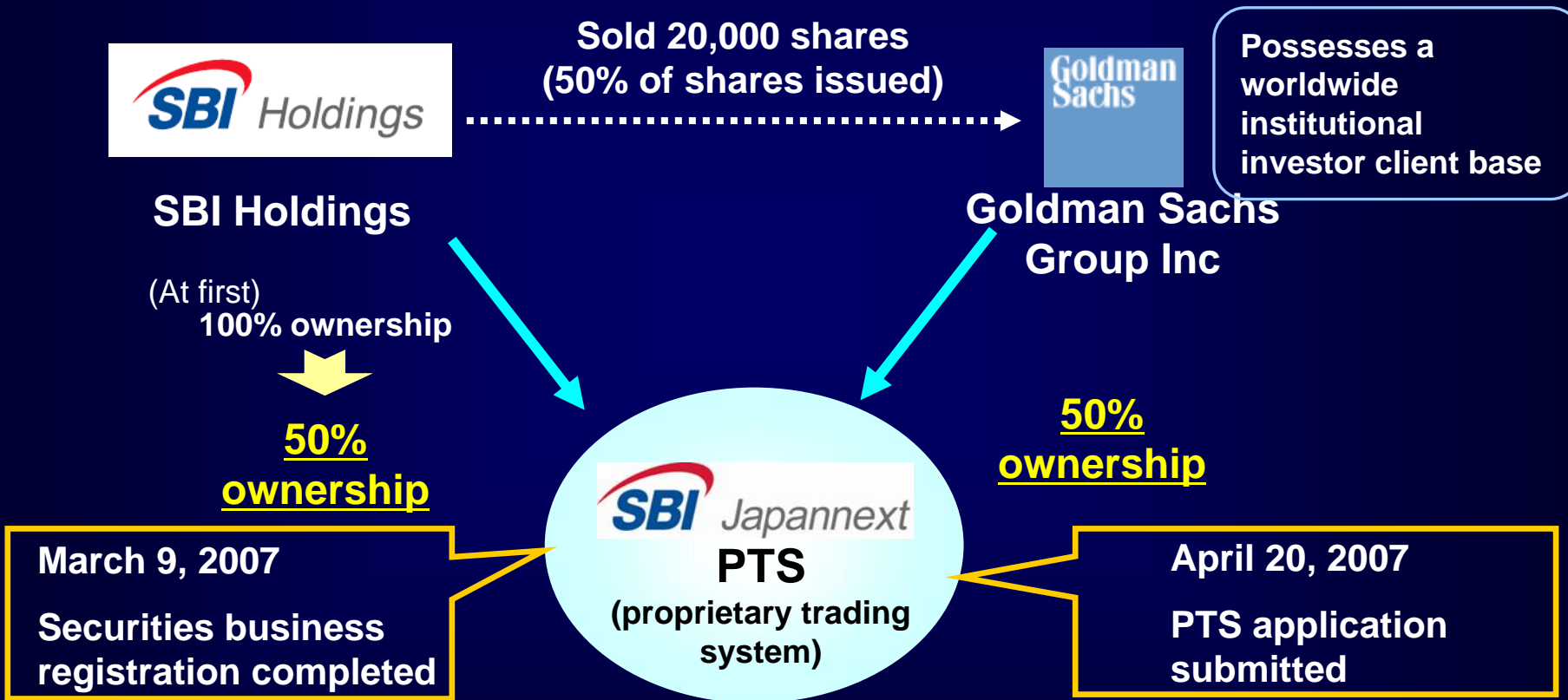
Brokerage & Investment Banking Business:

(3) Start PTS business using SBI Japannext Securities

Brokerage & Investment Banking Business

SBI Japannext Securities has received an equity investment from Goldman Sachs and completed securities business registration

Planning to create an extremely open and fair PTS using joint operations



SBI E*TRADE, which had initially planned to set up its own after-hours market, and four other securities companies are considering collaboration, including equity investments, while monitoring progress in preparations at Japannext Securities.

Brokerage & Investment Banking Business:

(4) Merge SBI E*TRADE SECURITIES and SBI Securities

Summary of Merger

(1) Method SBI Securities will be absorbed by SBI E*TRADE SECURITIES, which will be the surviving company

(2) Timetable

April 26, 2007	Approval of merger agreement by directors Signing of merger agreement
October 1, 2007	Closing date

*As stipulated by Article 769, Paragraph 3 of the Company Law, the merger agreement does not require approval of SBI E*TRADE SECURITIES shareholders.

(3) Merger ratio

SBI E*TRADE SECURITIES	SBI Securities
1	0.255

(4) Ownership SBI Holdings ownership of SBI E*TRADE SECURITIES:
Will increase from 52.4% before merger to 56.0% after the merger

Objectives of the Merger

1. Create a customer-centric organization through the convergence of online and face-to-face (brick-and-mortar) securities company resources
2. Enhance SBI's profile not only in the online securities market but in the entire securities industry
3. Cut costs, mainly systems and back office expenses, and raise operating efficiency
4. Start a private banking business
5. Strengthen underwriting operations to enhance SBI's stature in the public offering market

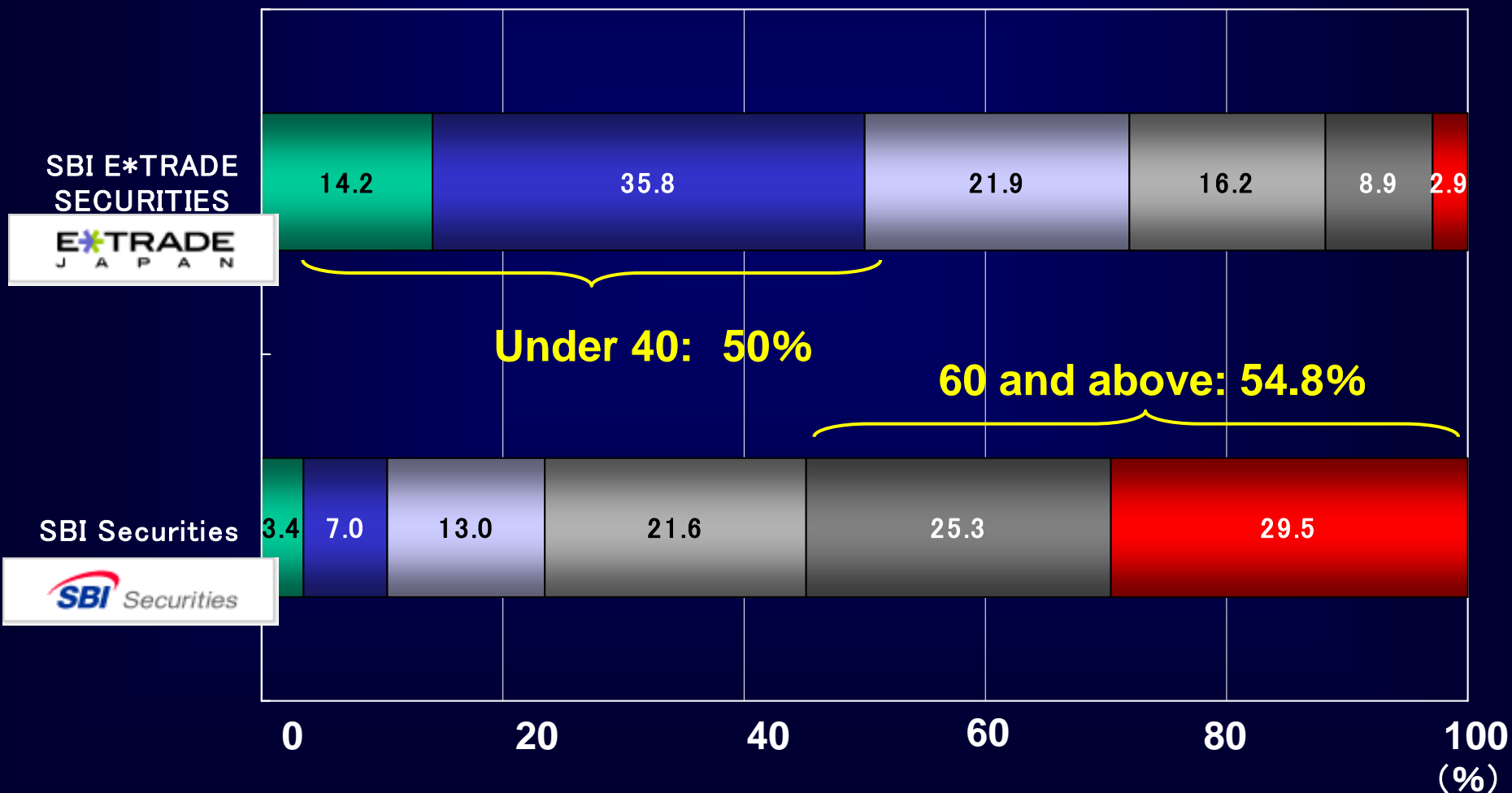
1-1. Create a customer-centric organization through the convergence of online and face-to-face (brick-and-mortar) securities company resources

Harmonizing Internet and Brick-and-Mortar Customer Bases

Complement Mutual Customer Base by Age Bracket

(At the end of March 2007)

■ Under 30 ■ 30s ■ 40s ■ 50s ■ 60s ■ 70 and above



1-2. Create a customer-centric organization through the convergence of online and face-to-face (brick-and-mortar) securities company resources

The “real (brick-and-mortar) based on online” securities company model

	Online securities company	“Real” (brick-and-mortar) securities company
Strengths	<ul style="list-style-type: none"> • Low cost • Ability to attract large numbers of retail customers • Large brokerage trading volume 	<ul style="list-style-type: none"> • Deep local roots • Face-to-face (“push” sales) sales skills • Ability to provide personalized services
Weaknesses	<ul style="list-style-type: none"> • High reliance on brokerage operations • Difficulty improving profitability due to need to compete by constantly investing in IT systems and cutting commissions • Inability to provide personalized services 	<ul style="list-style-type: none"> • High cost (personnel, offices, etc.) • Cannot attract large numbers of customers • Small brokerage trading volume

Mutually complementary

Effect

Offset each other’s weaknesses and differentiate services from those of competitors

Ability to use the online channel, which excels at attracting large numbers of customers, to build base of high-net-worth customers (and pool of customers who may join this group in the future), and then use the “real” channel to provide these customers with sophisticated services.

1-3. Create a customer-centric organization through the convergence of online and face-to-face (brick-and-mortar) securities company resources

Illustration of “real based on online securities” business model: Real branch network strategy used by U.S. E*TRADE Financial

Typical office



Fifth Ave. office in NYC



SBI SECURITIES
has 27 offices
nationwide

A 25-location branch network in the U.S. that offers securities, banking and loan services

1-4. Create a customer-centric organization through the convergence of online and face-to-face (brick-and-mortar) securities company resources

Will Soon Open the First “SBI Money Plaza”

Plan to create a full-line distributor of financial products spanning online and face-to-face companies



SBI Real Marketing Co., Ltd.*

Operator of SBI Money Plaza network

Growth of network



First location (Aoyama, Tokyo)

*To be renamed from Nexus Finance on June 1, 2007.

2-1. Enhance SBI's profile in online securities and the entire securities industry

SBI E*TRADE in the Securities Industry (Customer Base)

Ranking by customer accounts (March 31, 2006)

(Accounts)

1	NOMURA *	3,780,000
2	DAIWA Gr.	2,695,000
3	NIKKO Gr.	2,176,000
4	E*TRADE+SBI	1,231,273
5	MITSUBISHI UFJ *	1,092,000
6	SHINKO	1,017,000
7	MONEX	631,548
8	RAKUTEN	552,816
9	MATSUI	517,521
10	KABU.COM	475,425

Source: Compiled by SBI based on available information

***Accounts with balances**

These rankings are comparisons based on the sum of figures for publicly owned securities companies, Rakuten Securities and the two SBI Group securities companies.

Ranking by assets in customer accounts (March 31, 2007)

(Million yen)

1	NOMURA	804,809
2	DAIWA Gr.	524,381
3	NIKKO Gr.	425,429
4	MITSUBISHI UFJ	237,231
5	SHINKO	141,645
6	MIZUHO INVESTORS	74,780
7	E*TRADE+SBI	51,104
8	SMBC FRIEND	46,896
9	TOKAI TOKYO	46,069
10	OKASAN HD	40,576
11	MBH	22,487
12	MARUSAN	21,112
13	COSMO	20,741
14	ICHIYOSHI	19,740
15	MATSUI	19,378
16	TOYO	13,990
17	RAKUTEN	13,700
18	KABU.COM	12,347
19	MITO	11,786
20	AIZAWA	11,553

Source: Compiled by SBI based on information in May 1, 2006 Nikkei Kinyu Shimbun

2-2. Enhance SBI's profile in online securities and the entire securities industry

SBI E*TRADE in the Securities Industry (Performance)

Ranking by operating revenues (year ended March 31, 2006)

(Unit: million yen)

1	NOMURA	1,792,840
2	DAIWA Gr.	845,659
3	NIKKO Gr.	488,513
4	MITSHUBISHI UFJ	309,621
5	SHINKO	152,915
6	OKASANHD	88,899
7	MIZUHO INVESTORS	84,483
8	E*TRADE+SBI	76,275
9	TOKAI TOKYO	71,776
10	SMBC FRIEND	68,572
11	MATSUI	57,072
12	MBH	39,223
13	MARUSAN	29,850
14	ICHIYOSHI	27,569
15	COSMO	26,650
16	AIZAWA	25,087
17	TOYO	24,199
18	H.S.	23,650

Ranking by ordinary income (year ended March 31, 2006)

(Unit: million yen)

1	NOMURA ✕	545,013
2	DAIWA Gr.	206,651
3	NIKKO Gr.	167,834
4	MITSUBISHIUFJ	96,842
5	SHINKO	43,184
6	E*TRADE+SBI	38,256
7	MATSUI	37,062
8	OKASAN HD	35,380
9	MIZUHO INVESTORS	32,700
10	SMBC FRIEND	31,168
11	TOKAI TOKYO	27,191
12	MBH	24,938
13	MARUSAN	12,996
14	KABU.COM	12,672
15	ICHIYOSHI	9,855
16	MITO	9,091
17	AIZAWA	8,783
18	TOYO	8,338

Source: Compiled by SBI based on information in May 1, 2006 Nikkei Kinyu Shimbun

Source: Compiled by SBI based on available information

These rankings are comparisons based on the sum of figures for publicly owned securities companies, Rakuten Securities and the two SBI Group securities companies.

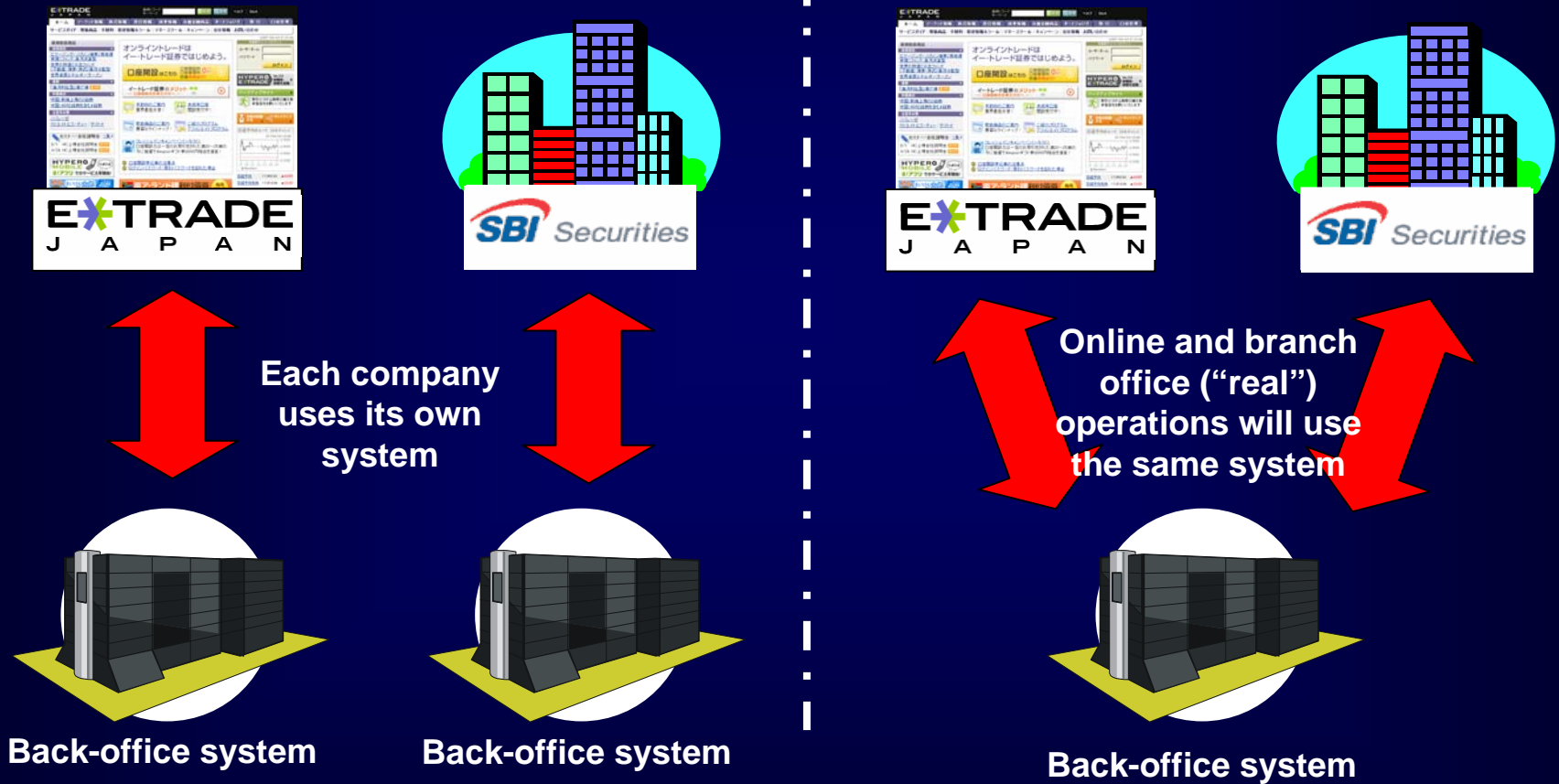
*Nomura is income before income taxes

3. Cut costs, mainly systems and back office expenses, and raise operating efficiency

Cut Systems Expenses by Consolidating Back-office Systems

<Current systems>

<After merger>



Will use the same vendor as before to consolidate systems with the aim of achieving significant cost savings

SBI Group Private Banking for High-Net-Worth Individuals (1)



Use the SBI Group resources to develop new products for high-net-worth individuals

High-net-worth individuals served by the SBI Group

Growth in high-net-worth customers in the securities business

SBI E*TRADE accounts with at least ¥50 million

6,448 (March 31, 2007)

SBI SECURITIES accounts with at least ¥50 million

1,219 (March 31, 2007)

Total: 7,667 accounts

Use venture capital business to build solid ties with individuals who may soon become wealthy

SBI VC funds have invested in 258 companies (March 31, 2007)

Have sold holdings in 99 companies (March 31, 2007)

4-2. Start a private banking business

SBI Group Private Banking for High-Net-Worth Individuals (2)

Assist in building wealth for owners and other executives of companies where E*TRADE/SBI have been an underwriter

IPOs underwritten by SBI
E*TRADE SECURITIES
451 companies*

*Since start of Internet
operations through Mar. 07



Directors, Employees

Example: E*TRADE/SBI underwrote the IPOs
of 121 companies in FY07

**Consulting-based
sales activities**

**Face-to-face sales
capabilities**

27 offices nationwide

Sales team of about 250

Use consulting-based sales, which is difficult to accomplish using the Internet, to sell financial products that assist in building wealth for executives and employees of companies that E*TRADE/SBI has served.

HUB CO.,LTD ,JTEC Corporation ,ASCII SOLUTIONS,Inc ,GOLF DO. ,Racoon Co.,Ltd. ,Cluster Technology Co., Ltd. ,KTK INC. ,Nepro Japan Co.,Ltd. ,Image Information Inc. ,QOL CO.,LTD. ,System Location Co., Ltd. ,ALCONIX Corporation ,SystemD Inc. ,HONYAKU CENTER INC. ,SBI Futures Co.,Ltd. ,Stylife Corporation ,TEAR Co., LTD. ,Yume no Machi Souzou linkai Co., Ltd. ,Keyware Solutions Inc. ,FISCO Ltd. ,Kobebussan Co., ,Pharma Foods International co.,Ltd. ,TOKUDEN Co.,Ltd. ,J-REP Co.,Ltd. ,Beauty Kadan Co.,Ltd. ,Living Corporation ,atect Corporation. ,OKWave ,modulat.inc ,ADWAYS CO., LTD. ,Third Party Co.,Ltd. ,AMITA CORPORATION ,SecuAvail ,VarioSecure Networks Inc. ,POWER-UP GROUP ,Bit-isle inc. ,ValueCommerce Co., Ltd. ,JIN CO.,LTD. ,Info Mart Corporation. ,E-SUPPORTLINK,Ltd. ,BICCAMERA.COM. ,Gomez Consulting Co., Ltd. ,eZuz Japan k.k ,Medical Care Service Company Inc. ,SPACE ALC Inc. ,Netage Group, Inc. ,ORVIS CORPORATION ,SANEI ARCHITECTURE PLANNING ,mixi, Inc. ,Media Kobo,Inc. ,interspace co.,Ltd. ,Pepper Food Service Co., Ltd ,Miyano Machinery Inc. ,FURUYA METAL Co., Ltd. ,HYPER CONCEPTION. ,STAR MICA Co.,Ltd. ,GCA ,Nihon M&A Center Inc. ,Fractalist,Inc. ,JSC ,NOVARESE Inc. ,Acrodea ,zetton Inc. ,JPN COLLECTION SERVICE CO.,LTD,Media Five Corp. ,Optrom, Inc. ,FUND CREATION CO.,LTD. ,Sanyodo Books Inc. ,Members Co., Ltd. ,Takata Corp. ,IREP CO.,LTD ,ELECOM CO., LTD. ,magaseel Corporation. ,KFE JAPAN. Co., Ltd. ,Remixpoint. Inc. , GABA corporation., Japaninvest Group plc , CELSYS, Inc. ,TRUST PARK ,GameOn Co., Ltd. ,DUSKIN CO., LTD. ,PROPERST Corporation. ,Hirata Corporation. ,Advantage Risk Management Co., Ltd. ,LifeFoods Co., Ltd. ,GIGAPRIZE Co.,Ltd. ,INTRANCE CO., LTD. ,KYOEI STEEL LTD. ,VSN Inc. ,SOURCENEXT CORPORATION, PIPED BITS Co.,Ltd. ,Central General Development Co.,Ltd. ,JB ELEVEN ,Tokyo Ichiban Foods Co., Ltd. ,T&C Holdings Inc. ,ASAHI Net, Inc. ,AMAGASA CO.,LTD ,DIVA CORPORATION. ,FUJISHOJI CO.,Ltd ,SOWA JISHO Co.,Ltd. ,Web Do Japan Co., Ltd. ,Will Real Estate Sales Co.,Ltd. ,INNEXT.CO.,Ltd ,CHUCO Co.,Ltd. ,AQ INTERACTIVE INC. ,DiamondDining. ,ODK Solutions company,Ltd. ,CHOUSHIMARU Inc. ,GOLFPartner Co.,LTD. ,eGuarantee Inc. ,ECASH CORPORATION. ,Soliton Systems K.K. ,JEDAT INC. ,SHUBUNSHA Co.,Ltd ,NextGen, Inc. ,Universal Studios Japan™& © Universal Studios. ,yamene medical. ,COMTURE CORPORATION. ,FreeBit Co.,Ltd. ,I-FREEK CO.,INC. ,URBANET CORPORATION

5. Strengthen underwriting to enhance public offering market stature

Leverage Face-to-Face Sales Channels to Expand Public Offering Underwriting

<Currently>



Public offerings require selling underwritten shares quickly; difficult to accomplish this using solely Internet sales

<After merger>



Using face-to-face sales makes it possible to sell large amounts of stock quickly

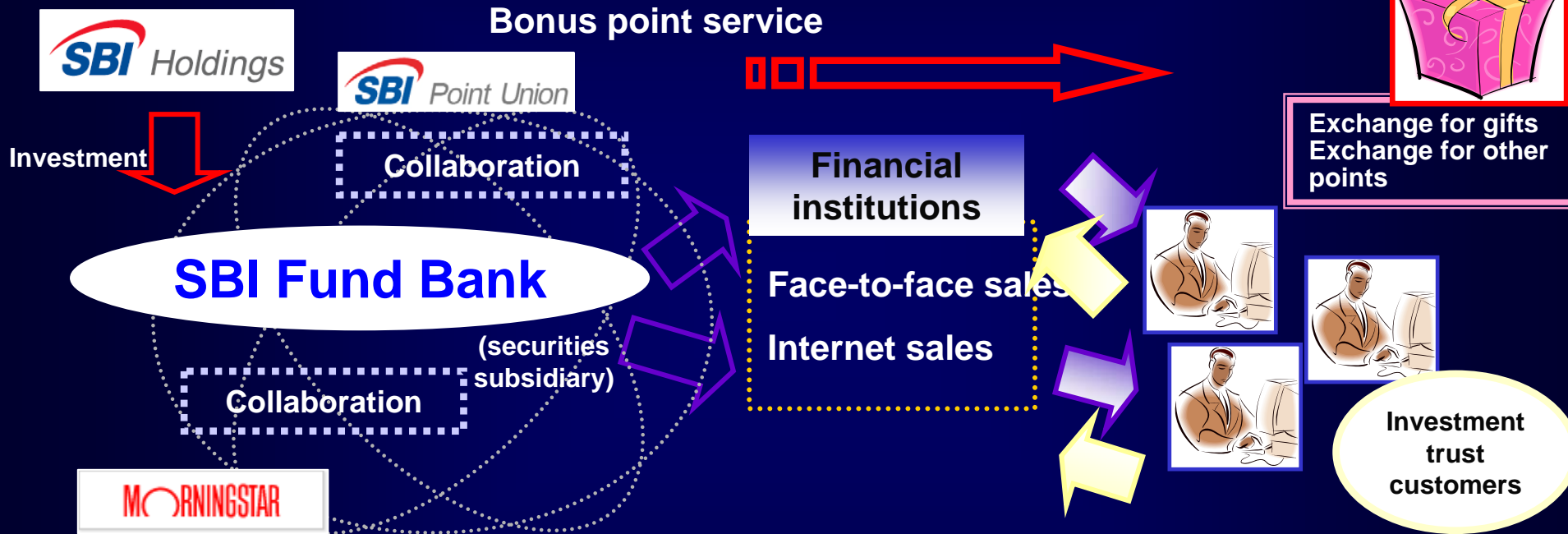
Adding another sales channel opens the way to entering new sectors of the wholesale securities business

Brokerage & Investment Banking Business:

(5) Carry through with the Investment Trust “Fee Revolution”

Establishment of SBI Fund Bank

Aim to achieve a “commission revolution” in investment trusts by returning to customers the sales commissions and trust fees that are currently paid to sales companies.



Objective screening of investment trusts


Name: SBI Fund Bank Co., Ltd.

Capital: Paid-in capital ¥200 million, capital surplus ¥100 million

Owner: Wholly owned subsidiary of SBI Holdings

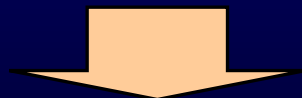
*Requires regulatory approval

The Shift from Savings to Investments in Germany

(%)	Germany 		
	1991	2000	change
Cash/Bank deposits	45.8	34.2	-11.6
Bonds	13.7	9.0	-4.7
Equities	10.5	15.9	+5.4
Investment trusts	4.1	11.3	+7.2
Insurance/Annuities	24.9	29.4	+4.5

During the 1990s, investment trusts attracted a substantial volume of funds as German consumers shifted money from savings to investments.

By the end of 2005, investment trusts had increased even more, accounting for **12.1%** of German household savings.



Investment trusts were **4.3%** of Japanese household savings at the end of 2006

Investments trusts will probably continue attracting a growing share of household savings in Japan

Trust Fees, Which Have a Big Impact on Final Investment Trust Returns

“Earnings that investors receive are greatly influenced by fund expenses.”

“At most U.S. mutual funds, management and administration fees decline as a percentage of assets as funds become larger. In Japan, these fees remain at a fixed percentage of assets even as investment trust assets grow.”

“From the standpoint of investors, the decline in the fund management company’s remuneration rate should be reflected in the rate used for total trust fees.”

手数料、信託報酬で勘違いしていないか



投 信託会社の人は一向に賢えを
みせない。だが、本末に個人
投資家が信託報酬を減らすと、投
信を減らしているかには疑問が残る。
信託報酬というものは、投資の正
果である。同じような運用タイプ
の商品で、リターンやリスクなどの
運用実績が似通ったものであれば、
投資家のコストとなる信託手数料と
信託報酬が低い投資を選べば、年
に対する報酬として、投資が日々負
担する費用で、信託報酬に対する年

表1 運用タイプで信託報酬率に差

運用タイプ	平均	外国型	外国型なし
国内株式型	1.62	1.71	1.39
国内債券型	1.17	1.24	1.00
国内ハイブリッド型	1.44	1.56	1.18
国内株式型	1.31	1.46	1.29
国内債券型	0.50	0.50	0.50
国内ハイブリッド型	1.14	1.24	1.08
国内株式型			
アジア型	1.47		
インデックス	0.82		
国内株式型・インデックス			
ノーロード	0.52		
販売手数料あり	0.93		

(注) 100万円未満

率で示される。
まったく同じ商品であれば、販売
手数料がもっとも低い販売会社が優
入することだ。例えば、国内株式
信託報酬を比較すると、プロロ
プ（毎月決算型）は最も、販売手
手数料が1.5%かかるが、その販
売手数料をゼロにしていることも
ある。だが、実際には、多くの投資
家が販売手数料と信託報酬を区別

表2 グローバル・ソブリンの信託報酬率(年率)

販売会社の販売規模に応じて	信託会社 (運用あり、%)	販売会社 (%)	信託会社 (運用あり、%)	合計 (%)
100億円以下の部分に対して	0.80250	0.36750		
100億円超～300億円以下の部分に対して	0.78750	0.47250		
300億円超～500億円以下の部分に対して	0.68250	0.57750		
500億円超～750億円以下の部分に対して	0.63000	0.63000		
750億円超～1000億円以下の部分に対して	0.57750	0.68250		
1000億円超～1500億円以下の部分に対して	0.52500	0.73500		

入しているわけではない。信託運用
で大切なのは、常に信託報酬を
考え行動することだ。
また、投資を減らす際、過去の運用
実績やリスクの大きさに注目する投

国内投資より海外投資、債券型より
株式型、インデックス(指数)連動
型よりアクティブ(積極運用)型の
ほうが、高く設定されている。
別の観点から見ると、国内投資の
一部には、信託報酬率の下方修正性
が存在する。米国の投資信託は、資産
規模が大きくなるにつれ、運用・管
理手数料であるマネジメント・フィ
ーの料率が削減するのが一般的だ
が、国内の投資信託は、一定とい
う収益がほとんどである。
一方は、プロロプ(毎月決算型)
の信託報酬率である。信託報酬中の
委託会社(運用会社)の受け取り分、
運用の報酬は政府の委託報酬にス
テートとして削減するが、その減少分
を販売会社の受け取り分として上乗せし
ており、トータルで信託報酬率は不
変という体系になっている。
販売会社拡大のための販売会社に
対するインセンティブであれば、委託会社
の立場からすれば、委託会社が
への削減率の低下が信託報酬全体
の料率の低下に反映されるべきだ。
(朝日新聞)

新興国投信 高いパフォーマンスに感わされるな

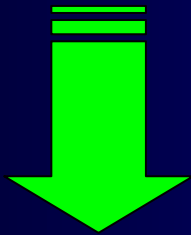
BRICs(ブラジル、ロシア、インド、中
国)をはじめ成長著しい新興国に投
資することで、高いリターンを期待する個人
投資家が増えている。しかし、高いリターン
は高リスクを伴う。投資ブームのなかで起
きた新興国人気は、景気のムードに流され、
高いリターンの中に目を奪われているよう
に見える。リスクの中身をきちんと理解しな
いまま購入した投資家も少なくないだろ
う。
新興国投資は高いリターンが期待できる
一方で、その源泉となる経済成長は、海外
からの投資資金で支えられている側面が強い。
投資理由で購入する資金もその一つだ。
しかし、何かの拍子でこうした海外から
の投資資金が引けばとたんに景況に陥るこ
ともある。もともと市場規模が小さく、弾
力性が強い。相場が急落するからだ。
こうした状況を踏まえ、それが新興国の全
面な、設備不安も付きまとう。
最近でも2月末の日経平均株価の引き金
となった中国・上海株式市場や06年春の
インド株式市場の急落など、短期的な市場
の急落はつきものだ。その時、株価急落→
保有投資が全米第一年度で売却——で
は、新興国投資を理解して購入したとはい
えない。
新興国への投資は、その国の長期的な経
済成長に期待して、自分の資産を増やすとい
う、長期的なビジョンが必要だ。短期的な上
がり相を逃す商品とは違う。身近になっ
た新興国投資だが、短期的な市場や経済の
急落、株価急落などのリスクや特性を、ま
ず理解する必要がある。
新興国投資の商品性からみても、短期的
な急落には向いていない。よは、投資信託
組合分野の「アジア・オセアニア」型「新
興国株型」に買まれる投資のうち、投資費

Brokerage & Investment Banking Business:

(6) Increase the Scope of Content Involving Securities

Kabushiki Shimbun Becomes a Subsidiary

- Making Japan's largest securities newspaper (based on circulation) a subsidiary provides a base for offering even more extensive content -



Additional investment
on April 27, 2007

Raised ownership from
26.8% to 52.3%



Profile of Kabushiki Shimbun

Head office: Chuo-ku, Tokyo

CEO: Kiyoshi Takano

Established: March 1949

Capital: ¥297 million (after additional investment)

Revenues: ¥1,697 million (year ended March 2007)

Circulation: 113,000 (official)

- Morningstar will provide investment trust content for Kabushiki Shimbun articles.
- Kabushiki Shimbun will supply information to SBI E*TRADE and other SBI Group companies

⇒ Mutually complementary provision of information to further enhance ability to offer comprehensive financial information

Financial Services Business:

**(7) Complete the financial services ecosystem
by starting an Internet bank and Internet life/non-life
insurance companies**

Difficulties at Other Companies in Starting Bank and Insurance Operations

Unexpected problems involving start of insurance business

Rakuten terminates alliance and stops plans to start insurance business

保険分野参入 思わぬ 逆風

金融・ITサービス業
規制やコストで断念も

楽天、提携解消し見送り
SBIは増資など着々

「金融・ITサービス業」の規制やコストで断念も。楽天は提携解消し見送り、SBIは増資など着々進んでいる。保険分野への参入は思わぬ逆風が吹いている。

項目	保険会社	少額短期保険業者	特定保険業者
1. 資本の額	100億円以上	500万円以上	500万円以上
2. 役員	役員	役員	役員
3. 業務の範囲	各種	各種	各種
4. 業務の開始	あり	あり	あり
5. 業務の終了	あり	あり	あり
6. 業務の再開	あり	あり	あり
7. 業務の譲渡	あり	あり	あり
8. 業務の承継	あり	あり	あり
9. 業務の合併	あり	あり	あり
10. 業務の分割	あり	あり	あり
11. 業務の譲渡	あり	あり	あり
12. 業務の承継	あり	あり	あり
13. 業務の合併	あり	あり	あり
14. 業務の分割	あり	あり	あり

注1: 保険会社は、保険業法に基づき、保険業法上の公認機関である。注2: 少額短期保険業者は、保険業法上の公認機関である。注3: 特定保険業者は、保険業法上の公認機関である。注4: 本表は、保険業法に基づき、保険業法上の公認機関である。

New bank of Mitsubishi UFJ/KDDI

Delay of about one year for start of operations

三菱UFJ・KDDIの新銀行 開業目標 1年程度延期

三菱東京UFJ銀行と銀行の開業目標を「今年KDDIは二十日、携帯度前半」から「来年度半電話を使って決済する新ば」に一年程度延期する」と発表した。「顧客ニーズ調査などの結果、従来の想定より幅広いサービスが必要と判断し、準備に時間をかけることにした」と話している。

新銀行は同社が折半で出資。携帯電話のアドレス帳で相手を選び即座に振り込んだり、取引履歴を携帯の画面で確認できる通帳機能などのサービスを予定している。

昨年四月、新銀行設立の発表の際には「二〇〇七年度前半の極力早期に新銀行を設立する」とうたっていた。

三菱東京UFJ銀行は「準備作業は順調」と強調しているが、開業予定日については「経済状況やライバル企業の動向などを総合的に判断して決める」とするにとどめている。

(i) Preparations for Establishing a New Internet Bank



【Progress report】

(1) Sold ¥10 billion of new stock through allocation to existing shareholders

SBI Holdings and Sumitomo Trust each purchased 50% (January 2007)

(2) Review of organization

Completed establishment of operating framework needed to start operations

Workforce of 113 (April 27), continuing to recruit workers

(3) IT system

Development and testing work now under way to prepare for start of operations

(4) Banking license

Application submitted, with anticipated approval in time for the planned starting date

Sumishin SBI Net Bank Research Co., Ltd.

Capital: Approx. ¥14 billion

Ownership: SBI Holdings 50%, Sumitomo Trust, 50%

Start of operations at new Internet bank (first half of fiscal year ending March 2008)

Initial capital: About ¥20 billion

Employees : About 100

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

*Requires regulatory approval

(ii) Preparations for Establishing a New Internet Non-life Insurance Company

Increased equity by ¥2.9 billion (on February 28, 2007)

⇒ Also sold shares to **SOFTBANK** at the same time



Capital	¥1,550 million
Capital surplus	¥1,450 million
Shares issued	60,000
Ownership	SBI Holdings, 61.6% Aioi Insurance, 33.4% SoftBank, 5.0%

<Progress with other preparations>

- (1) Organization and operating framework: 22 full-time workers (April 27), continuing to recruit workers
- (2) IT systems development: Building Web site that can accept Internet applications for auto insurance*
*when using a credit card for payments
- (3) Product development: Developing competitive auto insurance by aiming for a simple lineup with a limited number of easy-to-understand riders
- (4) License: Work under way to obtain a license in first half of fiscal year ending March 2008

*Requires regulatory approval

(iii) Preparations for Establishing a New Internet Life Insurance Company

<Progress report>

(1) Sold stock to raise capital by ¥1 billion

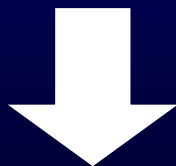
(purchased by SBI Holdings and AXA Japan, April 2 payment)

(2) Organization and operating framework: 30 full-time workers (April 27), continuing to recruit workers

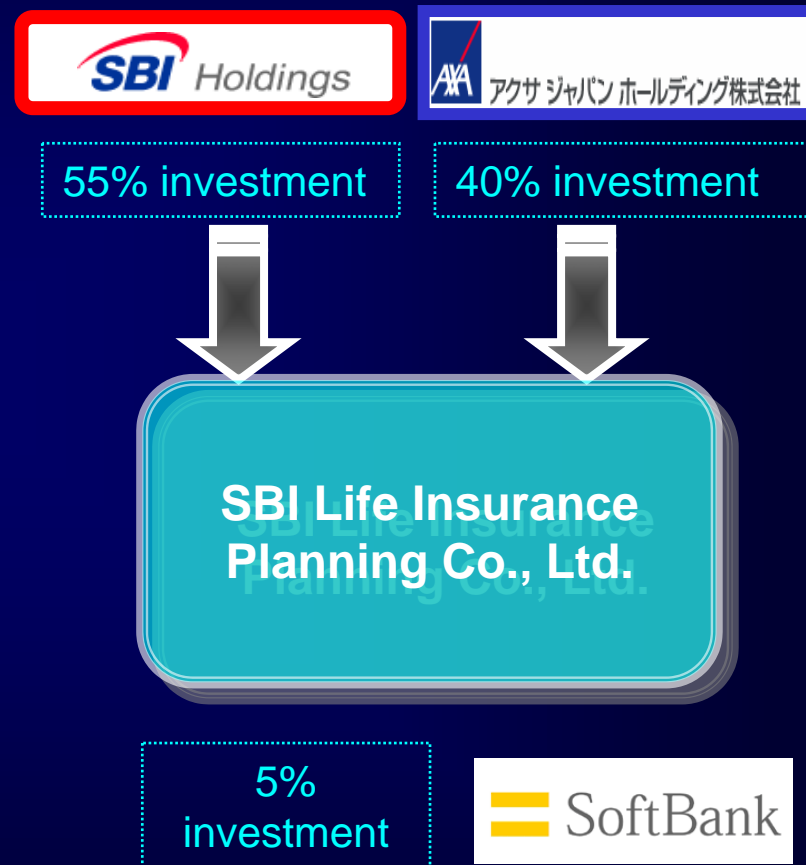
(3) IT system development: Working on details with aim of building a system that uses the Internet as much as possible

(4) Product development: Developing term insurance and health insurance policies with aim of keeping premiums as low as possible

(5) License: Work under way to obtain a license in second half of fiscal year ending March 2008



<Schedule> Start operations in second half of fiscal year ending March 2008



SBI starts insurance operations with excellent timing:

Recent Newspaper Articles about Japan's Non-life Insurance Industry

Unprecedented disciplinary action as insurance companies fail to pay benefits

Health insurance and other "third sector" products

President's view on suspension of operations due to non-payment of benefits

Executives severely disciplined/Growth in problems, insufficient understanding

不払い、異例の業界処分

損保10社 3585件、10億円判明

医療保険など「第3分野」

個人顧客、更新時期に注意

業務停止中は手続きできず

金庫片、公平性に課題

「第3分野」不払い16億円

会社名	件数	金額
東京海上火災	1,000	1,000
日本火災	800	800
損害保険	600	600
火災海上	400	400
火災	200	200
火災海上	100	100
火災	50	50
火災海上	20	20
火災	10	10
火災海上	5	5
火災	2	2
火災海上	1	1

「解決が職務」「慚愧に堪えず」

損保不払い、業務停止で社長役員

役職員は厳正処分

東海自動車

日本興亜

件数増、理解が不十分

「第3分野」不払い16億円

金融庁発表 21社の過去5年分

「第3分野」不払いの分布状況

「第3分野」不払いの総額は16億円に達した。これは過去5年間で最も多い額であり、業界全体の信頼を大きく揺るがしている。金融庁は、この問題を深刻化させていると指摘し、各社に対して厳正な処分を求めている。また、被害を受けた個人顧客への対応も急務とされている。

SBI starts insurance operations with excellent timing:

Recent Newspaper Articles about Japan's Life Insurance Industry

Inability to offer reliable indemnification

Companies fail to explain riders and other benefits to policyholders

Massive benefits non-payments makes life insurance sales even weaker

Prioritizing investigations, companies review strategies

「手厚い保障」機能不全
生保不払い
 特約など請求できる保険金 受取人に説明せず

115万件 調査継続

Nihon Keizai Shimbun, April 14, 2007

生保、販売不振に拍車
調査優先、戦略練り直し
 大量不払い

順位	社名	件数	金額(万円)
1	アフラック	18,004	1,887
2	住友	17,451	4,066
3	日本	15,450	6,965
4	友本	14,531	4,115
5	明治安田	9,472	1,004
6	アリコ	8,175	729
7	朝日	7,007	694
8	東京海上日動	6,859	229
9	フィナン	4,981	106
10	ニッセイ	3,833	551
11	日本	3,777	928
12	大塚	2,938	186
13	プルデンシャル	2,934	267
14	太陽	2,912	172
15	マニフ	1,437	216
16	東洋	1,133	124
17	東海	931	105
18	エイ	825	119
19	エイ	697	151
20	ア	431	49
21	日本	322	34
22	オ	323	29
23	あい	338	20
24	アイ	335	17
25	ア	294	44
26	三井	238	15
27	大	196	11
28	大	199	17
29	タ	145	15
30	ニ	97	5
31	チ	82	6
32	高	62	4
33	エ	60	2
34	三井	26	1
35	三井	13	16
36	ハ	4	3
37	東	2	0.2
38	カ	0	0

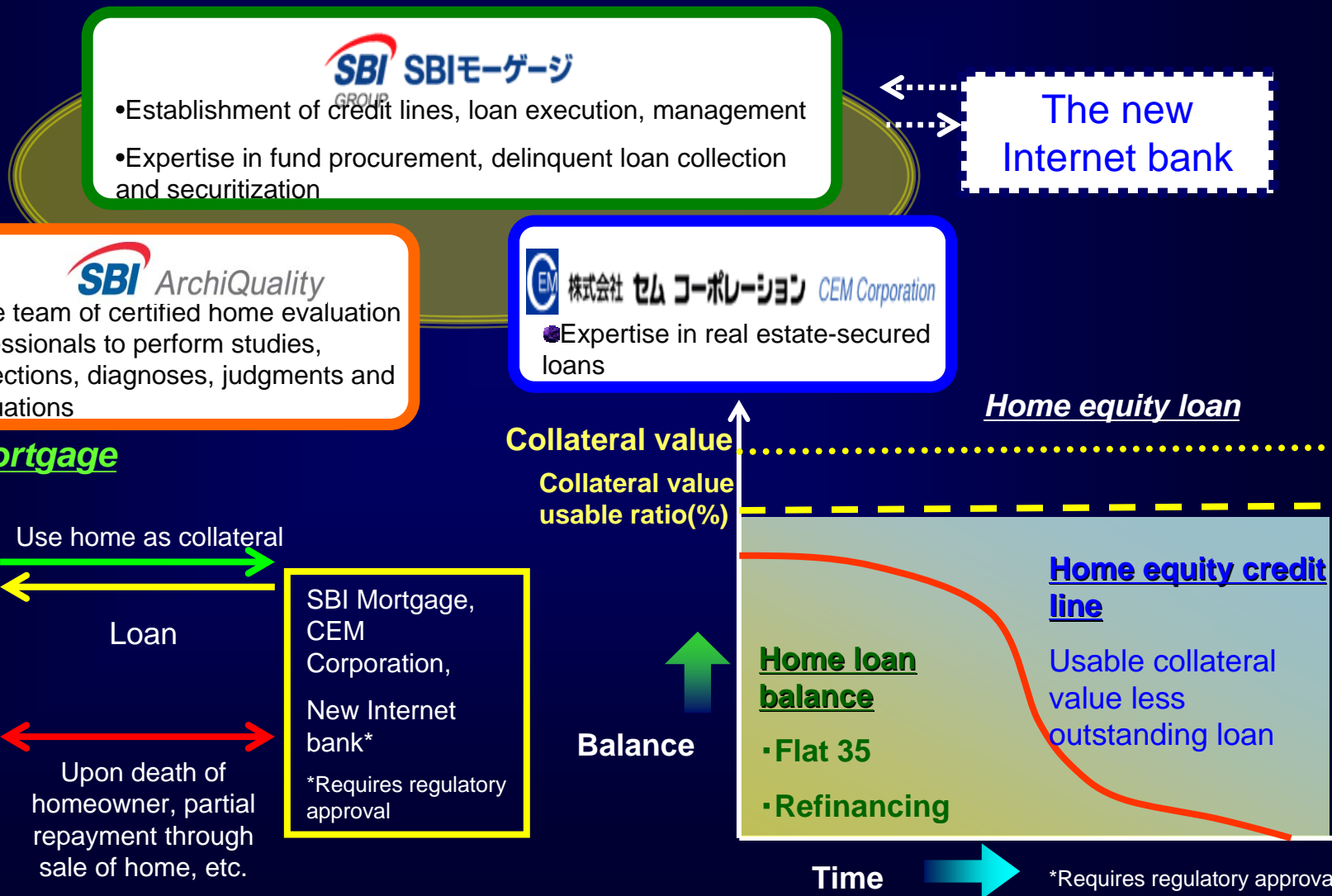
Nihon Kinyu Shimbun, April 16, 2007

Housing and Real Estate Business:

(8) Entering the Reverse Mortgage and Home Equity Loan Businesses

Developing Home Equity Loan and Reverse Mortgage as New Ways to Utilize Residential Assets

Plan to develop new products through collaboration among SBI Mortgage, SBI ArchiQuality, CEM Corporation and the future Internet bank, leveraging the strengths of each one



4. Creation of Finance 2.0 for the Age of Information Financial Capitalism

SBI Robo – A Joint Venture with FAST Search & Transfer

Norway-based search technology company

FAST Search & Transfer

A global leader in the field of search technology



SBI Holdings

84% investment

Wiki

PPC

SBI Robo
Search
PPC
Web2.0
- Social Bookmark - Blog /
Wiki / SNS - Open API

16% investment

SNS

Blogs

Search engines



Combine search technology with financial technology to speed the development of financial services targeting the coming age of information financial capitalism

The Finance 2.0 Platform Service that SBI Robo Plans to Create

- **Finance2.0=Finance+Web2.0**
- **Using search engines in the field of finance**

Examples of services now under development:

SBI e-Search (tentative)

(stock price search)

Search for stock prices using any key word

SBI Family (tentative)

(household passbook)

A passbook system that helps bring families together

SBI Business Card (tentative)

(business card)

Name Card 2.0



5. The SBI Commitment to Shareholder Value

SBI Holdings Doubles Annual Dividend

FY07 dividend raised 71% and

- Paid FY07 interim dividend of ¥600 per share
- Paid FY07 year-end dividend of ¥600 per share

	Interim	Year end		Annual
		Commemorative (for merger)	Ordinary	Per share
Fiscal 2007	<u>¥600</u>	—	<u>¥600</u>	<u>¥1,200</u> (29.7%) (non-cons.: 36.1%)
Fiscal 2006	—	¥100	¥500	¥600 (12.1%)
Fiscal 2005	—	—	¥350	¥350 (9.8%)

* Dividend payout ratio for consolidated is shown in parentheses.

SBI E*TRADE Raises Dividend

Pays commemorative dividend to mark KOSDAQ listing of subsidiary E*TRADE Korea

	Fiscal 2006	Fiscal 2007
Ordinary dividend	¥1,600	¥1,600
Commemorative dividend	¥ 0	¥100
Total	¥1,600	¥1,700

*The fiscal 2007 dividend requires approval of shareholders at the annual meeting scheduled for June 2007

SBI VeriTrans Plans to Pay First Dividend

Plans dividend per share of ¥300 to ¥500 applicable to fiscal 2008

Company will make an announcement concerning the amount later based on operating results and in accordance with its commitment to distributing earnings to shareholders

Gomez Consulting Conducts Stock Split

Conducts 1:2 split for shareholders of record on April 30, 2007

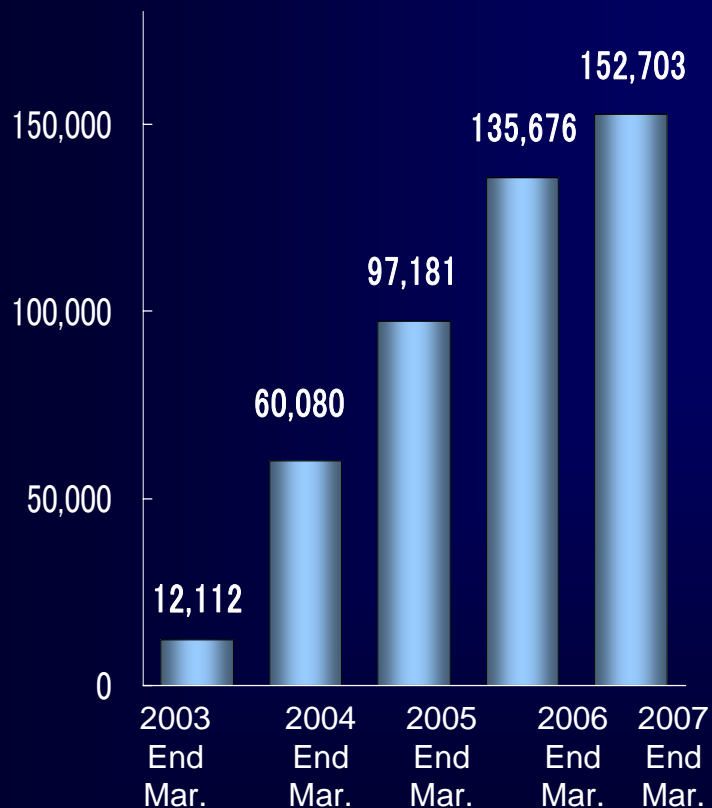
Goals are to raise the liquidity of the stock and make the stock easy to purchase for more investors

SBI Holdings Shareholder Composition

Foreign ownership increased from 19.5% (March '06) to 29.9%

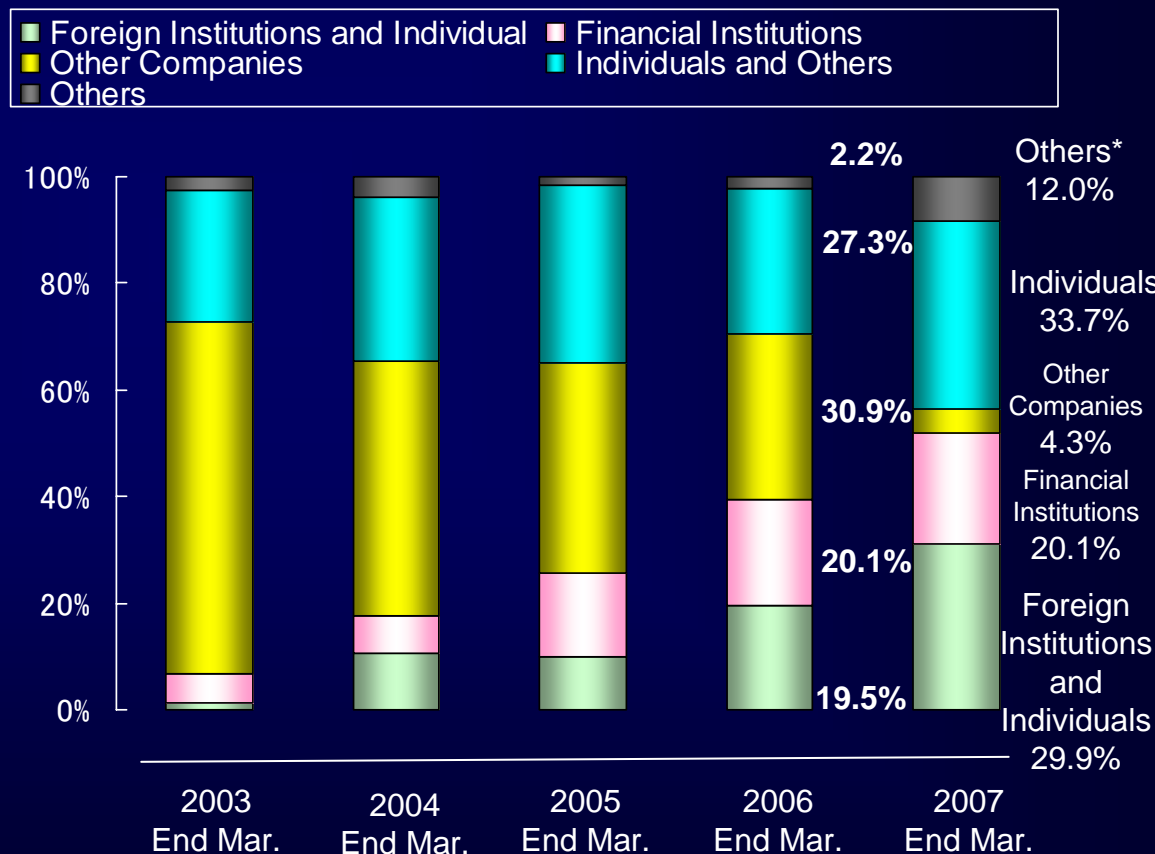
Individual ownership increased from 27.3% to 33.7%

Number of Shareholders



(including holders of less than one trading unit)

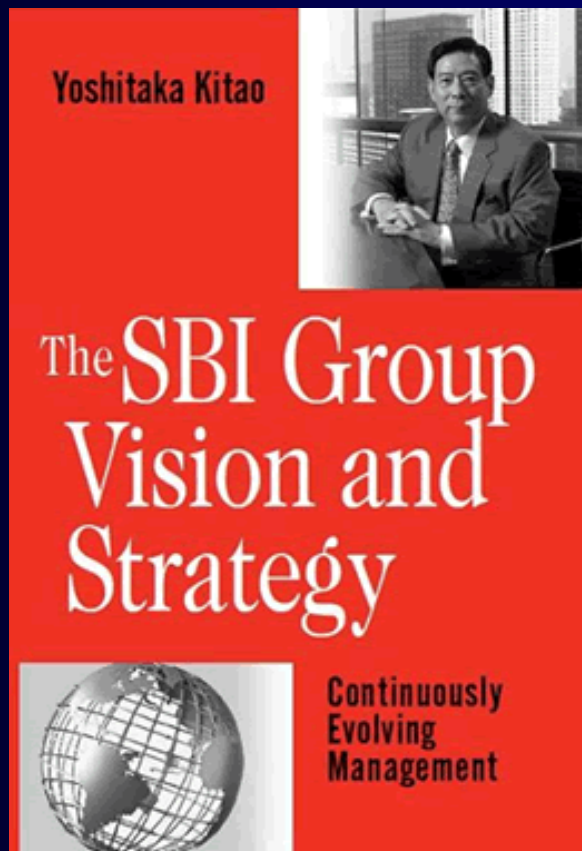
Shareholder Composition



*Others includes treasury stock (8.9%)

“The SBI Group Vision and Strategy – Continuously Evolving Management” is now available in English

This book provides many insights into management theory, the role of companies and other aspects of the business world. SBI has sent approx. 1,100 copies to overseas institutional investors as a part of its desire to supply overseas stakeholders with useful information.



Sales began at U.S. book stores on April 27, 2007

Publisher: John Wiley & Sons Inc. (a leading publisher of academic and professional books)

(Praise for *The SBI Group Vision and Strategy*)

“Yoshitaka Kitao is a source of wisdom for tomorrow’s leaders. He combines lessons from his predecessors with his own New Economy experiences in this unique guide to navigating today’s business climate.”

—Mitchell H. Caplan, Chief Executive Officer,
E*TRADE Financial Corporation

SBI Holdings Becomes GGC of World Economic Forum, Sponsor of the Davos Forums

- Selected as a Global Growth Company (GGC) -

World Economic Forum

GGC (Global Growth Companies):

GGC is a members-only organization established by the WEF to bring together growing companies that are expected to become the next generation of business leaders. Only 500 companies worldwide with outstanding growth prospects are selected for this elite group.

Beginning in 2007, an annual meeting of Global Growth Companies will be held. The first such meeting will take place in September 2007 in Dalian, China.



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