



*Strategic
Business
Innovator*

SBI Group

**Interim Financial Results
and Strategic Update**

(Fiscal Year Ending March 31, 2008)

October 31, 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

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

FY2007 Interim Consolidated Financial Highlights

	Interim FY2006 (with funds consolidated)	Interim FY2007 (with funds consolidated)	(million yen) YoY change (%)
Operating revenues	74,608	118,031	+58.2
Operating income	9,213	23,409	+154.1
Ordinary income	78,017*	20,937	▲73.2
Net income	45,356	8,938	▲80.3

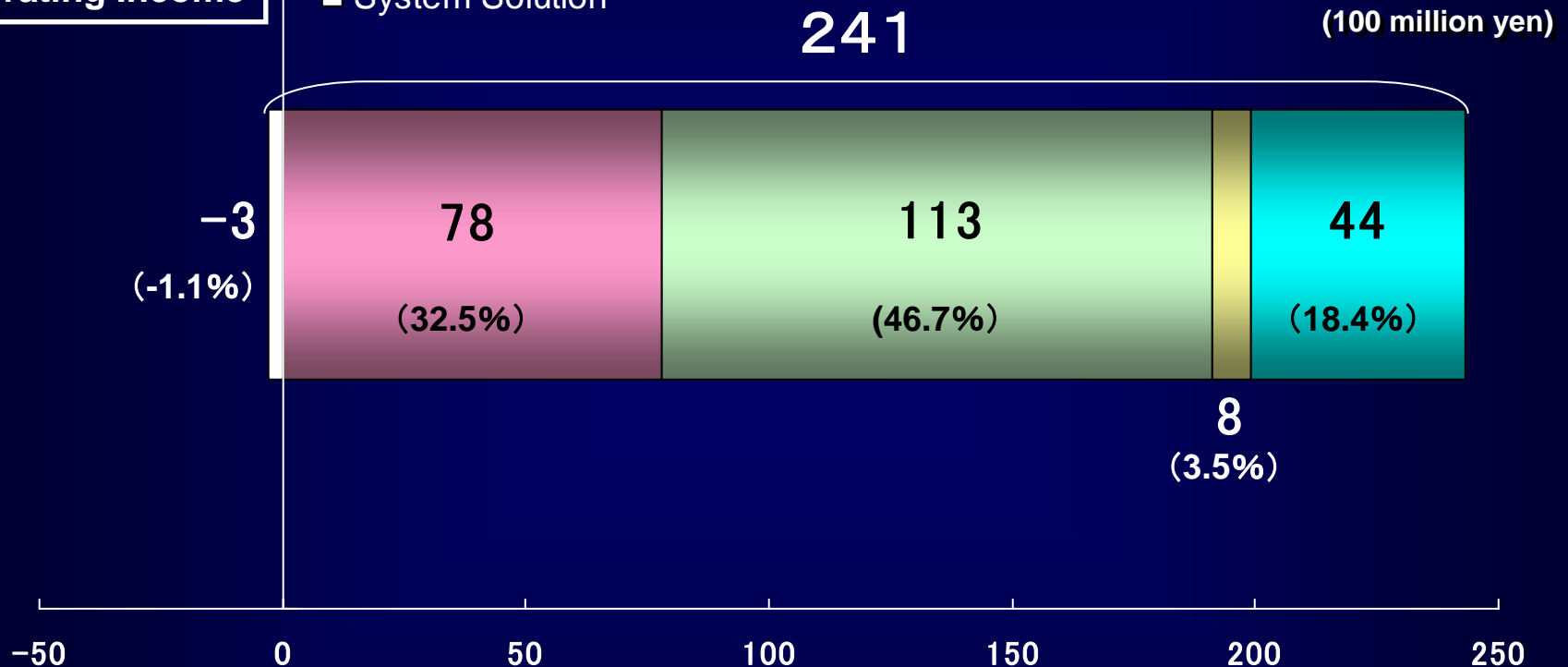
* Owing to the decision to start consolidating funds, there was an extraordinary gain of ¥69,094 million from the amortization of negative goodwill. This gain represents the unrealized gains (negative goodwill) corresponding to the SBI Group's interests in these funds at the high stock prices that prevailed on the fund consolidation record date (December 2005). All negative goodwill was amortized as stocks were sold during the fiscal year (transforming unrealized gains into actual gains).

Comparison of Operating Income by Segment (with Funds Consolidated)

**Interim FY2007
Operating Income**

■ Asset Management
■ Financial Services
■ System Solution

■ Brokerage and Investment Banking
■ Housing and Real Estate



※ The difference (about ¥700 million) between operating income of ¥24.1 billion as shown above and reported operating income of ¥23.4 billion for the first half of FY2008 is due to eliminations for consolidation and to corporate expenses.

※ Operating results for the Housing and Real Estate Business are shown separately from the Asset Management Business beginning with FY2007.

※ The Lifestyle Network Business has been transferred from the Financial Services Business to the Housing and Real Estate Business beginning with FY2007.

※ SBI Robo is newly consolidated in FY2007 and its operations are shown as the System Solution Business.

※ Amounts are rounded to the nearest ¥100 million.

Consolidated Quarterly Trend for FY06 and FY07

(with Funds Consolidated)

(million yen)

	FY2006				FY2007	
	1Q (Apr.~Jun. 2006)	2Q (Jul.~Sep. 2006)	3Q (Oct.~Dec. 2006)	4Q (Jan.~Mar. 2007)	1Q (Apr.~Jun. 2007)	2Q (Jul.~Sep. 2007)
Operating revenues	35,178	39,429	29,507	40,465	56,086	61,945
Operating income	10,746	▲1,533	6,836	7,045	12,721	10,688
Ordinary income	71,136	6,880	5,831	6,847	12,190	8,747
Net income	38,620	6,736	1,401	▲316	5,903	3,034

Consolidated Financial Highlights ①

Starting with FY2007, YoY comparisons are based on figures after consolidation of funds.

However, results for the first half of FY2006 include the amortization of ¥69.1 billion of negative goodwill associated with the start of fund consolidation, a loss on sales (extraordinary loss) of ¥31.9 billion associated with a book value adjustment of portfolio stocks of the newly consolidated funds, and other one-time items.

This makes it difficult to compare these figures with the first half of FY2007.

Consolidated Financial Highlights ②

Beginning in FY07, all funds classified as subsidiaries, irrespective of their importance, are included in the scope of consolidation

	1H FY2006	Full term FY2006	1H FY07
The number of consolidated funds	6	12	22
Consolidation decision basis	Only funds classified as subsidiaries that made a certain level of contribution to the consolidated financial statements	Same as on the left	All funds classified as subsidiaries <u>irrespective of their importance</u> on the consolidated financial statements
Reasons for increase	Added 3 funds of significance to the partnerships already consolidated based on Accounting Standards Board of Japan Practical Solution Report No. 20	Added 6 funds which reached the necessary level of significance based on Practical Solution Report No. 20	Based on Accounting Standards Board of Japan Practical Solution Report No. 20, added 11 new funds and excluded three funds that were closed upon maturity.

The Company has five funds jointly managed with external investors that are not classified as subsidiaries and eight funds (anonymous associations) that are subsidiaries but not qualified for inclusion in the consolidation in view of the insignificant capital interest of the Group based on advice of our independent accountants. The above 13 funds (as of September 30, 2007) are excluded from the consolidation.

In addition to the above funds, 11 subsidiaries were newly included in the consolidation as of the end of the interim period (of which two were reclassified as equity-method affiliates). As a result, the consolidated financial statements include the accounts of 67 consolidated subsidiaries (of which 20 are funds) and 11 equity-method affiliates.

Consolidated Financial Highlights ③

【Business segments】

① The Lifestyle Networks Business is included in the Housing and Real Estate Business.

“Seikatsu-guide.com” is to be combined with “SBI Real Estate Guide”, to create a unified platform for lifestyle regional information and residential real estate information. “SBI Real Estate Guide” is now managed as part of the Housing and Real Estate business.

② System Solution Business

From the standpoint of growth prospects and strategic actions such as the establishment of SBI Research, the decision was made to start consolidating SBI Robo Co., Ltd. and establish a fifth business segment called the System Solutions Business.

③ Overseas Revenues as Pct. of Consolidated Revenues

Overseas revenues increased from 6.0% of consolidated revenues in FY06 to 24.6% in the first half of FY07.

2. Summary of Major Business Lines

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

(1) Asset Management Business

Fiscal 2007 Interim Period

(Half-year ended September 30, 2007)

Operating revenues: ¥40.2 billion (+ 39% YoY)

Operating income: ¥7.8 billion (+ ¥11.3 bil. YoY)

Notes:

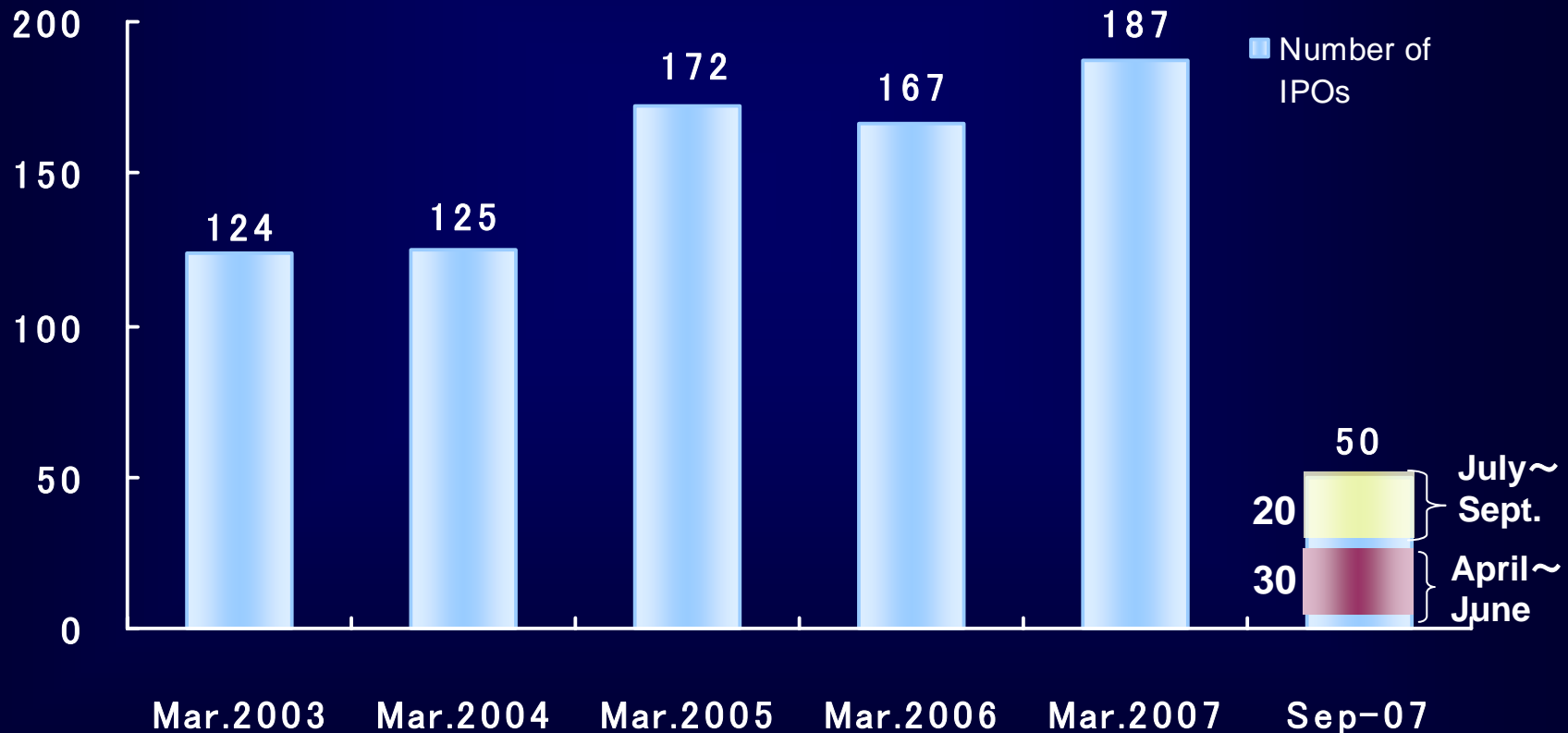
- 1. The above figures include the consolidation of funds.**
- 2. The above figures do not include eliminations for consolidation and the deduction of corporate expenses.**
- 3. Rounded to the nearest ¥100 million.**

Highlights of Asset Management Business ① - a

There were only 50 IPOs during the first half of FY07 in Japan, an extremely low level that illustrates the weakness of Japan's IPO market.

IPOs in Japan

(Unit: companies)

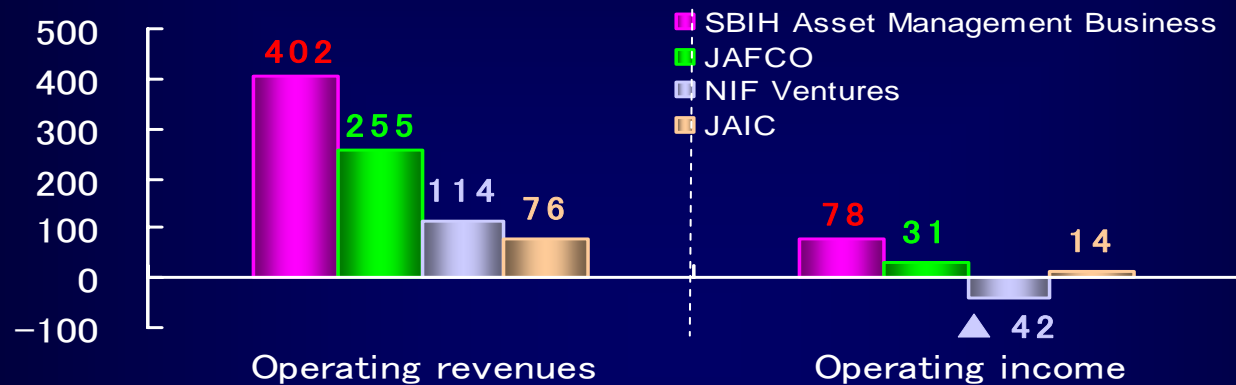


Source: Stock exchanges in Japan

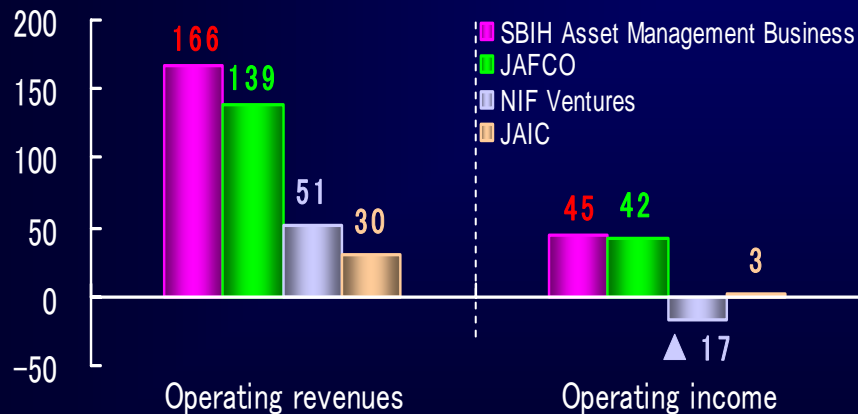
Highlights of Asset Management Business ① - b

The Asset Management Business widened its lead over competitors as Japan's IPO market remained weak.

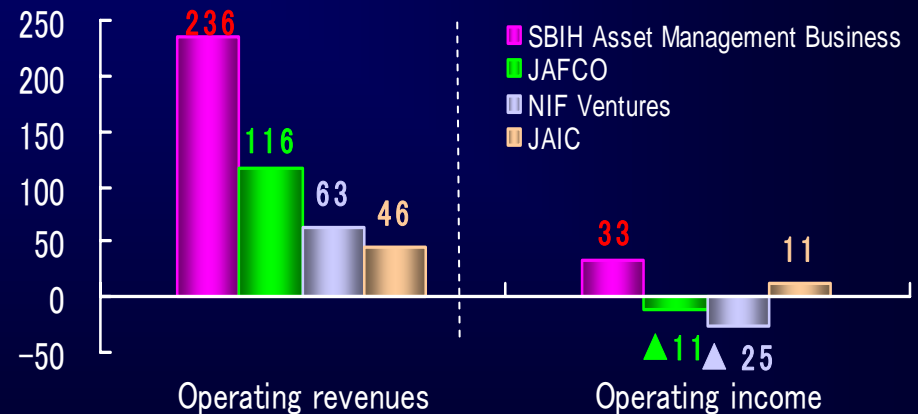
Comparison of FY07/1H Venture Capital Company Performance (100 million yen)



Comparison of FY07/1Q VC Company Performance



Comparison of FY07/2Q VC Company Performance



*Figures for JAIC are based on the revisions of earnings forecasts announced on Sep.25, 2007

*Rounded to nearest ¥100 million

Source: Company materials

Highlights of Asset Management Business ② - a

The Asset Management Business started generating substantial investment income from investments in Asia.

◆ KOREA: Kyobo Life Insurance

- One of Korea's big three life insurers

Purchased equity stake of about 5% for ¥17.9 billion in February 2007 and sold all shares for ¥21.3 billion in September 2007.

Short-term gain of ¥3.3 billion for an annualized return of 26.6%

◆ HONG KONG: Xinyi Glass Holdings Ltd.

- Manufactures glass for automobiles and buildings in Hong Kong

Book value of investment is up 7.76 times as of September 30, 2007.

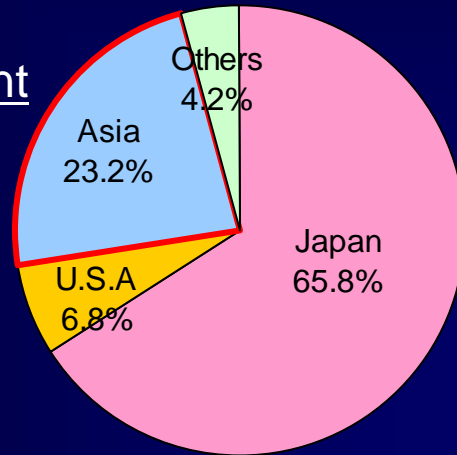
Partial sale of this holding produced a gain of ¥800 million in the first half of FY07.

Highlights of Asset Management Business ② - b

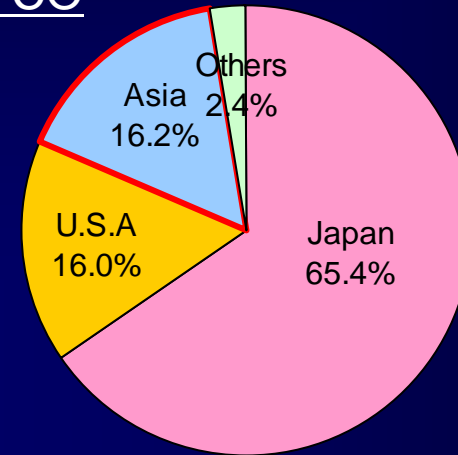
Investments of Major Venture Capital Firms by Region (March 31, 2007)

SBIH

Asset Management Business

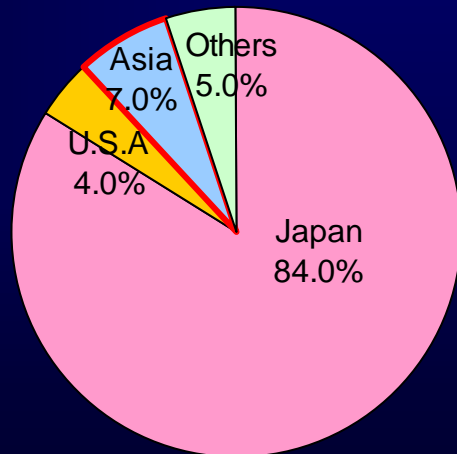


JAFCO

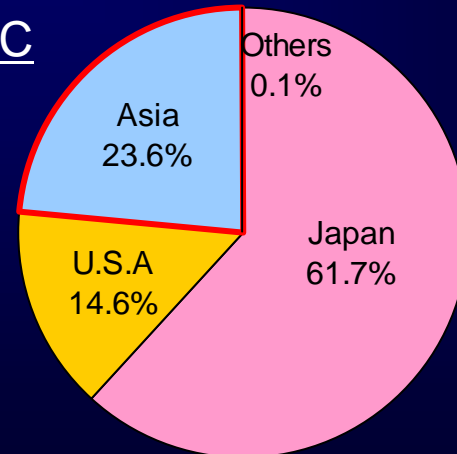


※Only JAFCO is sum of direct and fund investments

NIF Ventures



JAIC



Value-up Fund No.1 has made five investments since its establishment about one year ago. The first investment was sold for a gain of 67% after only about 9 months.

◆ **First investment: FOODX GLOBE Co., Ltd.**

- Operates nationwide chain of Tully's Coffee shops

Aug-Sept 2006 Fund purchased a 29% equity stake. ITO EN then purchased a majority interest at a price 50% higher and made this company a subsidiary.

June 2007 Sold all shares at a price **67% higher** than the purchase price. Resulting capital gain contributed about **¥1.7 billion** to consolidated operating income (1Q FY07).

◆ **Second investment: CEM Corporation**

- Operates moderate-risk, moderate-return real estate-secured loan business
- Acquired about 80% of shares through direct investment as well as through the funds. Company reported 26% growth in operating income to ¥1.43 billion in year ended August 2007.
- Preparing for an IPO with Shinko Securities as lead underwriter

Highlights of Asset Management Business ③ -b

◆ **Third investment: Quest Co., Ltd. (JQ: 2332)**

- Software development and system operations and management
- Acquired about 4.8% of shares through a block trade

◆ **Fourth investment: Narumiya International Co., Ltd. (JQ: 3364)**

- Retailer of children's apparel using original brands
- Acquired about 55% of shares through a tender offer by a fund

◆ **Fifth investment: Japan Process Development Co., Ltd. (JQ: 9651)**

- System development primarily for control/embedded/platform applications
- Became largest shareholder by acquiring about 16% of shares through private placement of treasury stock

These investments comprise most of the ¥23.1 billion of fund No.1.

Planning to increase investments through the alliance with the Goldman Sachs Group, and to start accepting funds from November 2007 for the Value-up Fund No.2 (tentative name), which is expected to be established by the end of 2007.

Highlights of Asset Management Business ④

Joint venture with Mizuho Securities to operate a fund targeting the environment and energy sectors in Japan and overseas



Mizuho Securities

50%

50%

Significant track record in IT and biotech related investments

Environment and Energy Investments Co., Ltd.

Significant track record in environment and energy related investments

Established a new fund of ¥7.5 billion on September 5, 2007

SBI plans to make substantial investments in the environment/energy sector, positioning this as a third core investment category

Highlights of Asset Management Business ⑤

Of the 22 portfolio companies planning a FY07 IPO, nine have already completed an IPO or the application process, which compares favorably with the 10 IPOs for all of FY06.

	From start of operations to Mar.2006	FY2006	FY2007 (planned)
IPOs and M&A deals	89	10	22

Nine of 22 planned IPOs already completed or completed application process

April 20	CareNet, Inc.
May 22	Nippon Techno Lab., Inc.
June 6	Trust Works Inc.
June 8	Yingli Green Energy Holding Company Ltd.
June 22	Infoteria Corporation
Aug. 2	Full Speed Inc.
Aug. 8	China Boqi Environmental Solutions Technology (Holding) Co., Ltd.
Oct. 9	Kingsoft Corporation
Oct. 19	Naturum Corporation

* 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.

Highlights of Asset Management Business ⑥

Assets under management at the Asset Management Business and other segments of the SBI Group amounted to ¥656.8 billion on Sep. 30, 2007.

Private equity: ¥243.8 billion

IT/Biotechnology Total 121.8

Internet	5.0
Broadband/Media	67.3
Mobile services	30.0
Biotech/Others	19.4

Direct Investment 32.4

Environment/Energy 7.5

Buyout/Mezzanine Total 33.6

Value Up:	22.2
Mezzanine:	11.4

Overseas Total 48.5

China/Hong Kong *1	37.0
India *2	11.5

Investment trusts: ¥374.6 billion

Investment trusts, others

Investment trusts	76.3
Investment advisory	295.0
Investment companies	3.3

Real estate: ¥38.4 billion

Real estate, others

Development:	10.9
Completed properties:	27.5

Figures for real estate investments and investment trusts and others are net assets at market value as of Sep. 30, 2007. Figures for other funds are net assets at market value based on the most recent financial report for each fund as of Sep. 30, 2007.

*1 Includes ¥3.5 billion (tentative) for Tsinghua Holdings fund now being established. *2 Includes ¥11.5 billion (tentative) for India fund.

(2) Brokerage & Investment Banking Business

Fiscal 2007 Interim Period

(Half-year ended September 30, 2007)

Operating revenues: ¥36.2 billion (+10% YoY)

Operating income: ¥11.3 billion (-8% YoY)

Notes:

- 1. The above figures do not include eliminations for consolidation and the deduction of corporate expenses.**
- 2. Rounded to the nearest ¥100 million.**

SBI E*TRADE's Ranking in the Securities Industry

(Performance - 1H FY2007)

Ranking by Operating Revenues (100 million Yen)

1	Nomura	11,471
2	Daiwa Gr.	4,656
3	Mizuho	3,428
4	Nikko Gr.	2,909
5	Mitsubishi UFJ	2,749
6	Shinko	847
7	Mizuho Investors	378
8	Okasan	399
9	Tokai Tokyo	376
10	SBI E*TRADE+SBI	357
11	SMBC Friend	340
12	Matsui	220
13	Monex	157
14	Rakuten	152
15	Toyo	127
16	Cosmo	127
17	Ichiyoshi	118
18	Marusan	115
19	Kabu.com	108

Ranking by Net Income (100 million Yen)

1	Nomura	662
2	Daiwa Gr.	420
3	Nikko Gr.	334
4	Mitsubishi UFJ	257
5	Shinko	124
6	SMBC Friend	80
7	SBI E*TRADE+SBI	77
8	Matsui	72
9	Tokai Tokyo	68
10	Mizuho Investors	56
11	Monex	38
12	Kabu.com	31
13	Okasan	30
14	Toyo	19
15	Marusan	19
16	Ichiyoshi	10
17	Rakuten	9
18	Cosmo	▲2
19	Mizuho	▲270

※ Only more than operating revenue 10 billion yen
Kabu.com is Non-cons. base.

(Source: Compiled by SBI based on information in October 30, 2007 Nikkei Shimbun)

Highlights of Brokerage & Investment Banking Business ①-a

In an environment where many Japanese online securities companies reported lower earnings, SBI E*TRADE SECURITIES achieved growth in its FY07 first half earnings, with consolidated operating revenues of ¥32.5 billion and ordinary income of ¥12.5 billion.

(Unit : million yen, %)

	1 st Half FY2006 (2006/4 to 2006/9)	1 st Half FY2007 (2007/4 to 2007/9)	YoY Change
Operating Revenues	28,574	32,578	+14.0
Net Operating Revenues	26,792	29,249	+9.2
Operating Income	12,212	12,658	+3.6
Ordinary Income	12,468	12,539	+0.6
Net Income	6,972	7,334	+5.2

Highlights of Brokerage & Investment Banking Business ①-b

With the impact of the commission cut in FY06 1Q fully absorbed, SBI E*TRADE achieved YoY revenue and earnings growth in FY07 2Q while other online securities companies experienced a decline in revenues and earnings.

(Unit : million yen, %)

	FY2006			FY2007		
	2Q (Jul. to Sep.)	3Q (Oct. to Dec.)	4Q (Jan. to Mar.)	1Q (Apr. to Jun.)	2Q (Jul. to Sep.)	Change vs. 1Q
Operating Revenues	12,882	13,737	15,100	15,440	17,138	+11.0
Net Operating Revenues	11,905	12,642	13,861	14,115	15,133	+7.2
Operating Income	5,043	5,803	6,527	6,113	6,544	+7.0
Ordinary Income	5,077	5,744	6,358	6,112	6,426	+5.1
Net Income	2,789	3,191	3,646	3,221	4,113	+27.7

Highlights of Brokerage & Investment Banking Business ①-c

Owing to a substantially larger customer account base, YoY operating income grows whereas most competitors report a declines in operating income.

Comparison of 1st Half FY2007 Consolidated Performance of Major Online Securities Companies

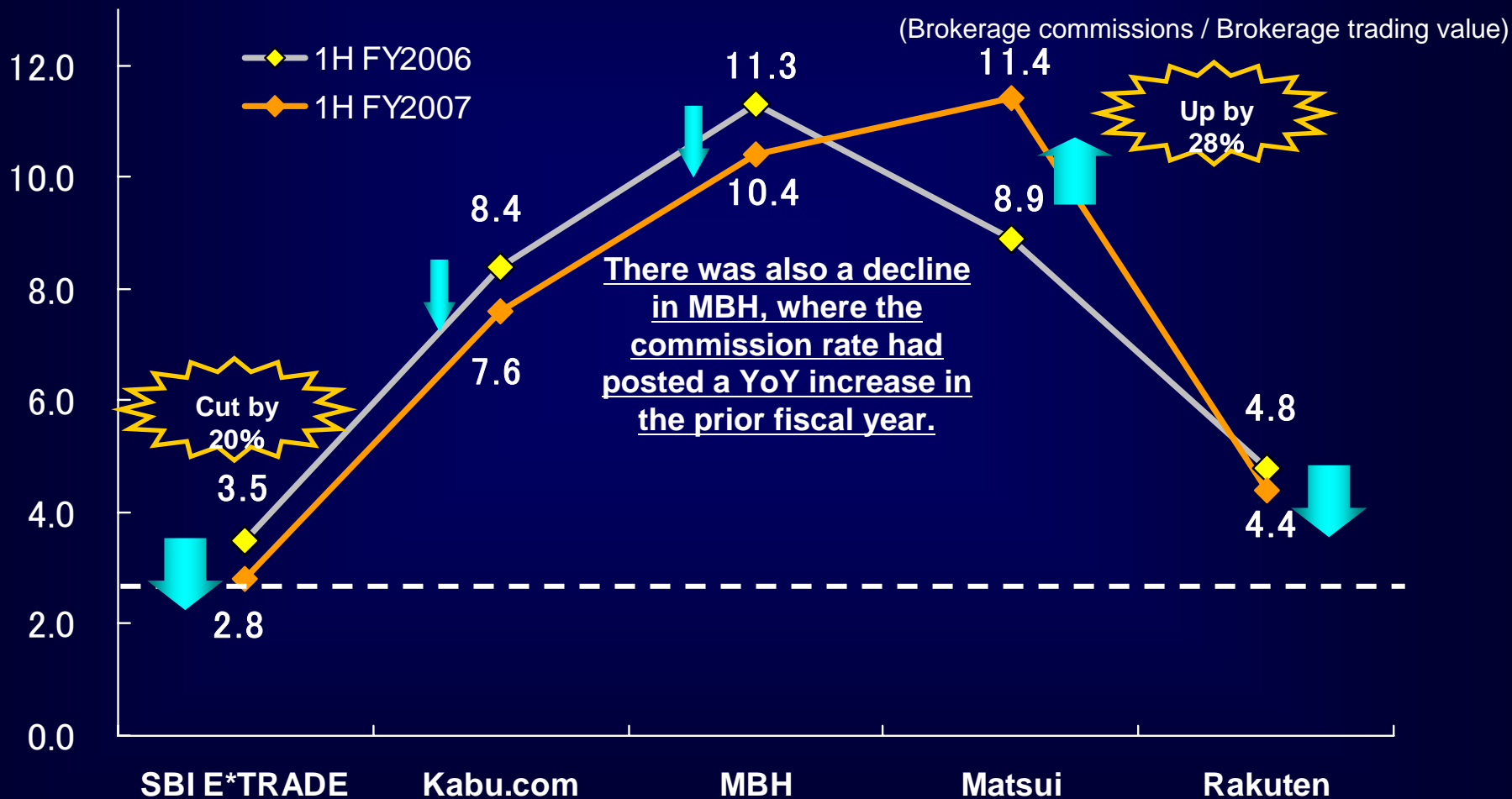
	1H FY2007 Operating Income (cons.) (million yen)	YoY (%)
SBI E*TRADE	12,658	+3.6
Rakuten	3,366	-49.1
Matsui	11,547	+4.4
Kabu.com (non-cons.)	5,204	-14.5
Monex	6,818	-22.7

Highlights of Brokerage & Investment Banking Business ①-d

Earnings increased as growth in investment trust revenues offset a 20% YoY decline in the stock brokerage commission basis.

(Basis)

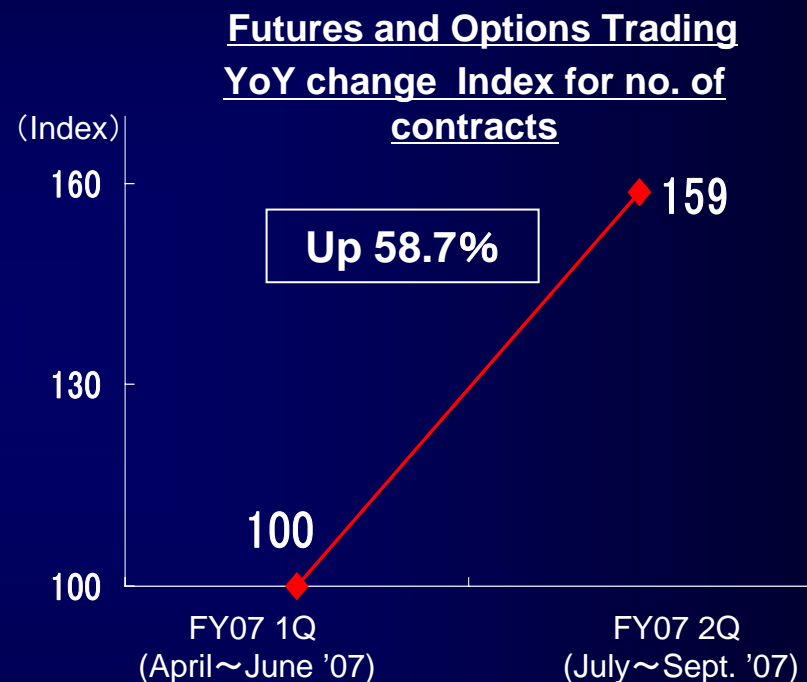
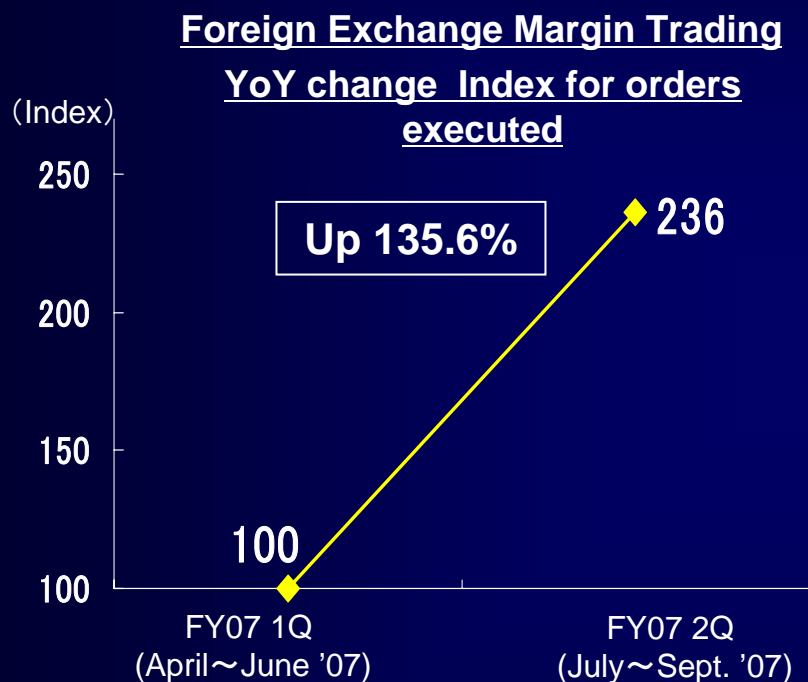
Basis Comparison at Five Major Online Securities Companies



Source: Based on company materials and monthly announcements.
 Cumulative figures for April to Sept. Brokerage commissions use non-consolidated kessan tanshin data.

Highlights of Brokerage & Investment Banking Business ①-e

Increased trading volume through “Biggest Campaign of All Time” that not only lowered stock brokerage commissions, but also commissions on many other products to the industry’s lowest levels.



<Benefits of other initiatives>

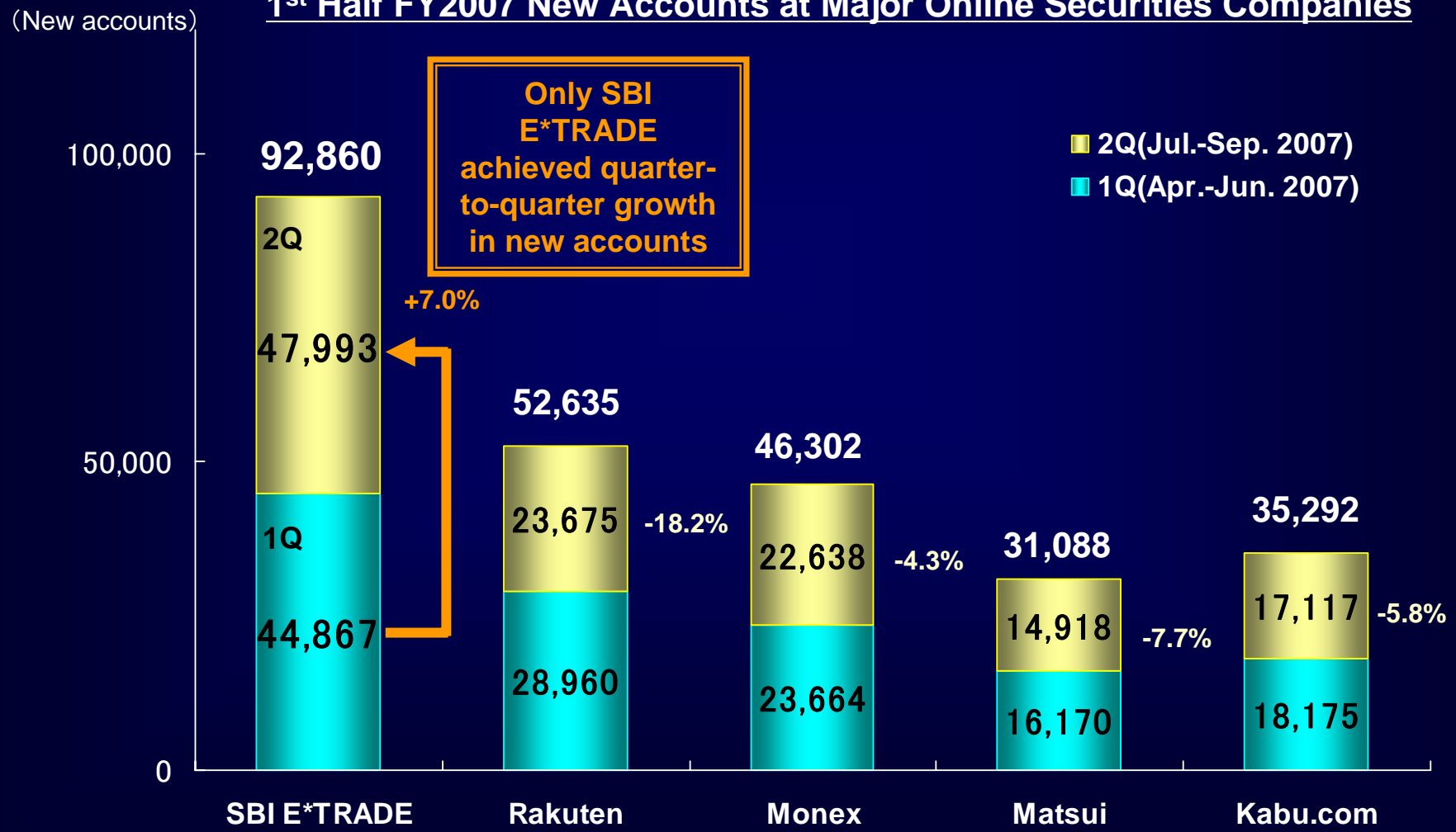
Odd-lot trading (S stock):	No. of trades up 115.7%
Transactions in Chinese stocks:	No. of trades up 44.1%
Covered warrants:	No. of trades up 60.2%

Trading volume was up for almost all products as SBI E*TRADE lowered hurdles for purchases of all products except Japanese stocks and focused on meeting demand among individual investors for portfolio diversification.

Highlights of Brokerage & Investment Banking Business ②-a

SBI E*TRADE was the only Five Major online securities company to achieve growth in new accounts. 2Q new accounts were 7.0% higher than in 1Q even as new account growth declined at competitor online securities companies.

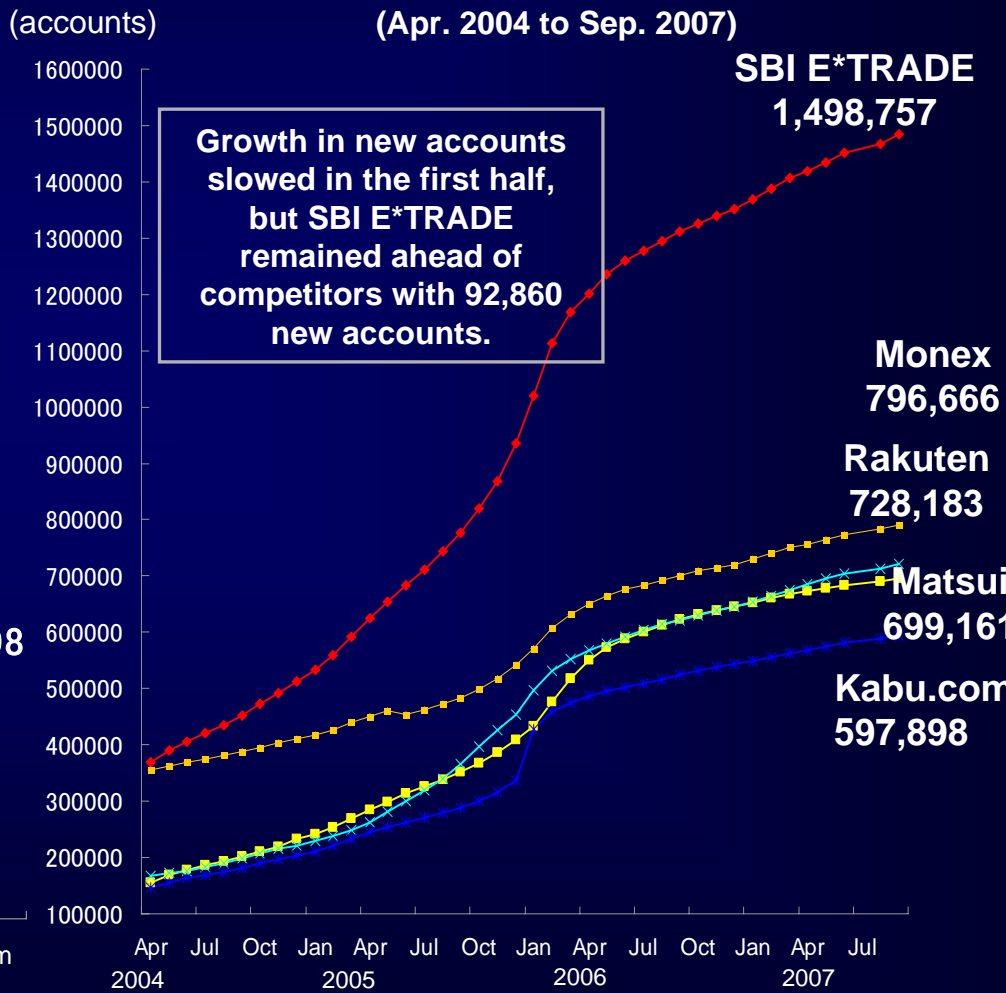
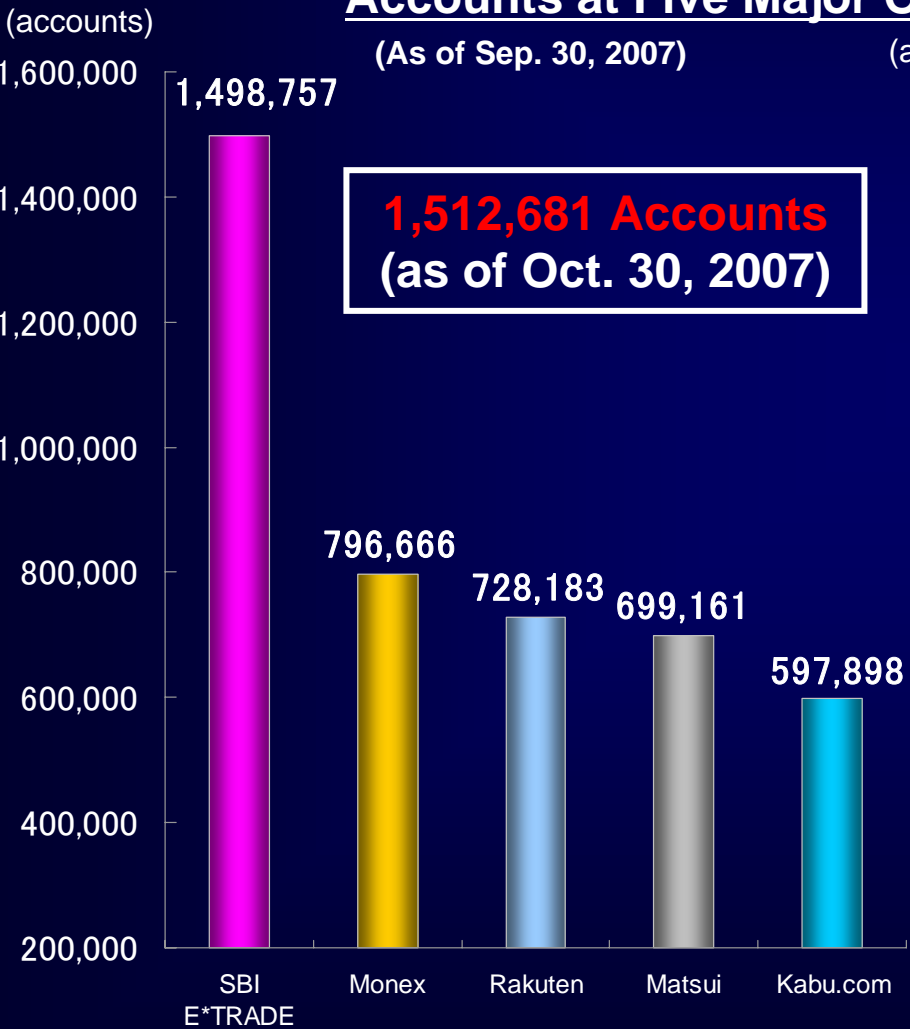
1st Half FY2007 New Accounts at Major Online Securities Companies



Source: Based on company Web sites and other public information

**Customer accounts surpassed 1.49 million as of Sep. 30, 2007.
 Customer accounts exceeded 1.5 million accounts for the first time
 among online securities companies on October 3, 2007.**

Accounts at Five Major Online Securities Companies

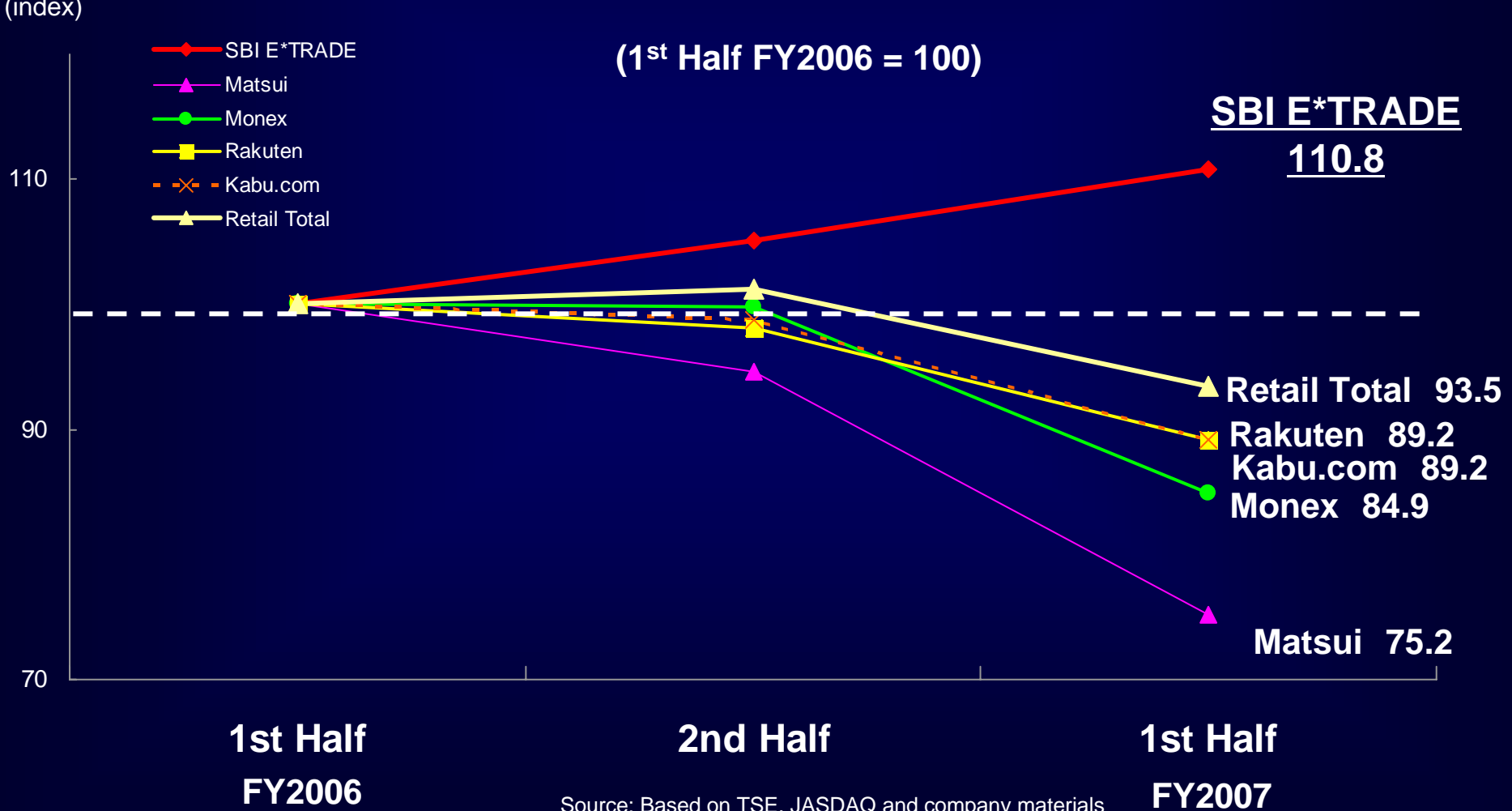


Note: Monex is the sum of Monex Securities and Nikko Beans. Kabu.com Securities merged with MeNet Securities on January 1, 2006. Competitor figures based on available public information from sources such as various company home pages.

[SBI E*TRADE] Highlights of Brokerage & Investment Banking Business ②-c

The only online securities company among the top five to post a YoY gain in brokerage trading value at a time when other online securities firms suffered significant declines.

6 month trend of stock brokerage trading value at five major online securities companies (index)

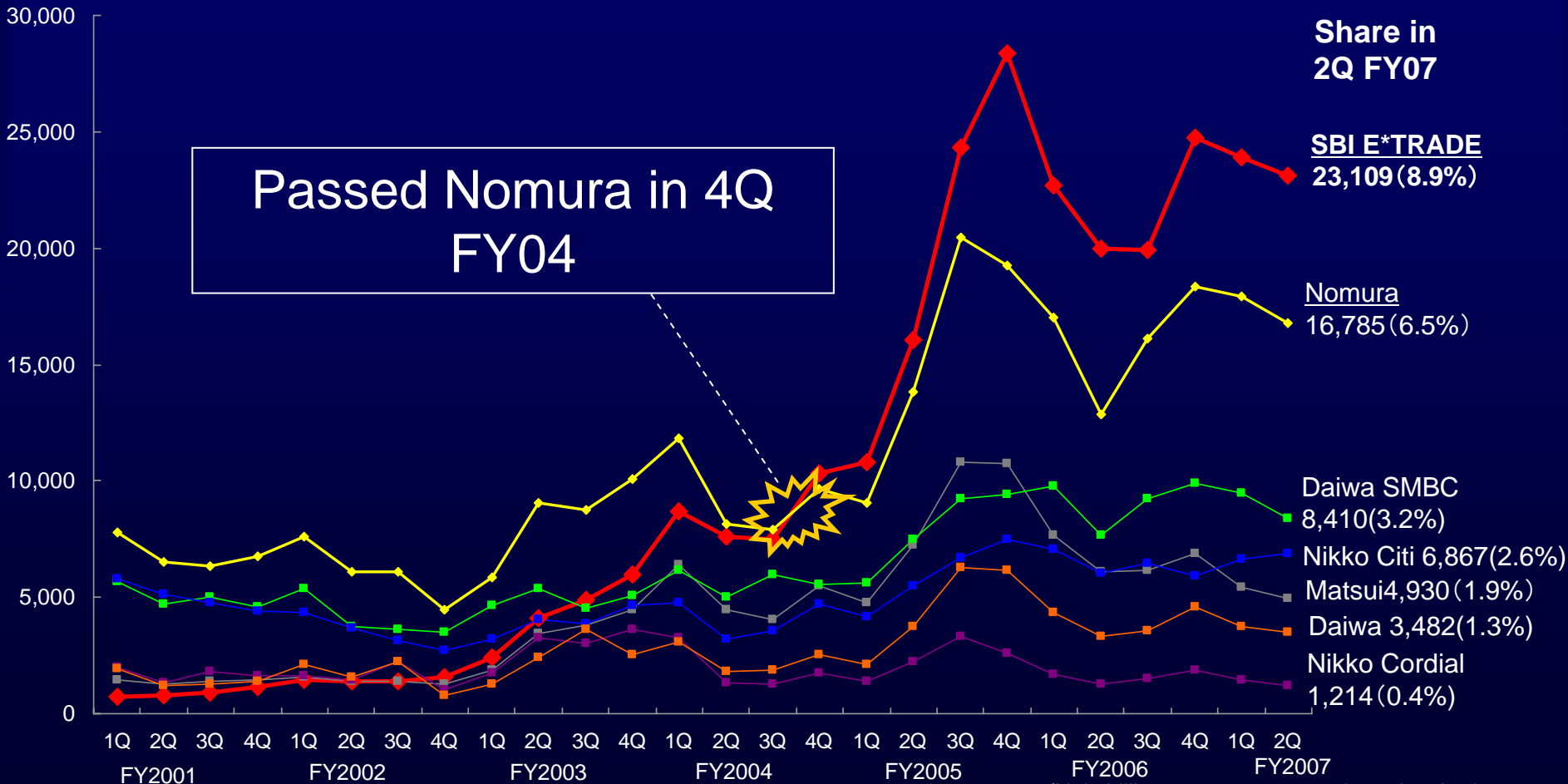


Source: Based on TSE, JASDAQ and company materials
 Individual brokerage trading value is the sum of trades on the three major exchanges and JASDAQ.

Maintained number one position in stock brokerage trading value even when compared with Japan's big three securities companies

Comparison of stock brokerage trading value with big three securities companies

(billion yen)



Source: Based on TSE and company materials (E*TRADE includes orders from overseas investors)

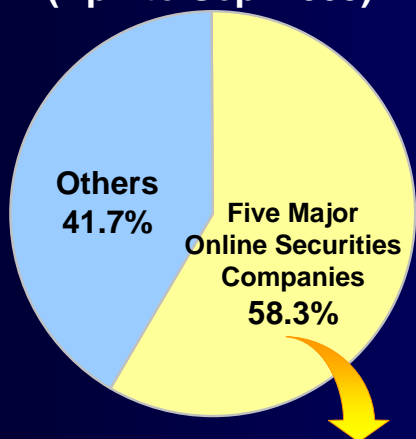
(Unit: billion yen; percentages based on brokerage trading value of three major exchanges)

[SBI E*TRADE] Highlights of Brokerage & Investment Banking Business ②-e

Significant increase in share of retail trading value from 28.8% in FY06 1H to 34.1% in FY07 1H. Furthermore, SBI E*TRADE was the only Big Five online securities company that achieved YoY growth in this segment.

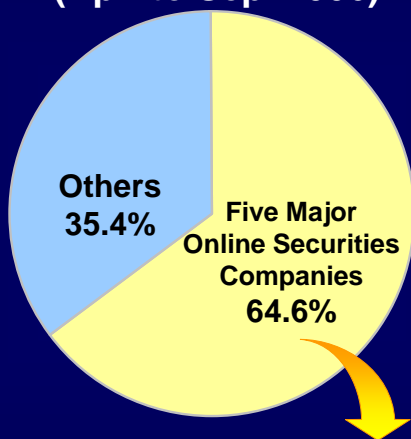
Change in share of individual brokerage trading value

1st Half FY2005
(Apr. to Sep. 2005)



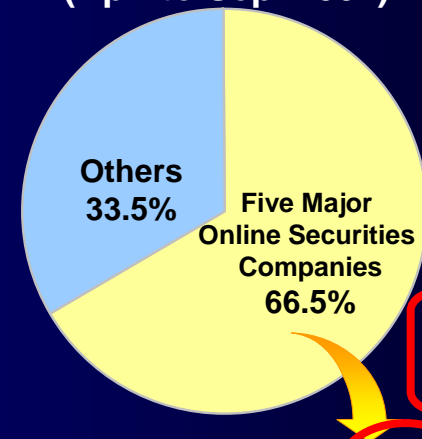
SBI E*TRADE	23.2%
Rakuten	10.9
Matsui	10.7
Monex	8.5
Kabu.com	5.1

1st Half FY2006
(Apr. to Sep. 2006)



SBI E*TRADE	28.8%
Rakuten	13.7
Matsui	9.5
Monex	6.6
Kabu.com	6.0

1st Half FY2007
(Apr. to Sep. 2007)



SBI E*TRADE	34.1%
Rakuten	13.0
Matsui	7.7
Monex	6.0
Kabu.com	5.7

Source: Based on TSE, JASDAQ and company materials

* Individual brokerage trading value is the sum of trades on the three major exchanges and JASDAQ. Monex is the sum of Monex Securities and Nikko Beans.

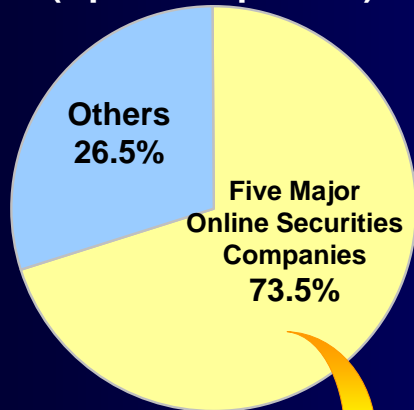
Kabu.com Securities merged with MeNet Securities on January 1, 2006.

[SBI E*TRADE] Highlights of Brokerage & Investment Banking Business ②-f

Retail margin trading value share was 38.8% in FY07 1H, far above the 33.9% share in FY06 1H. Matsui Securities' share dropped sharply after they increased their commissions.

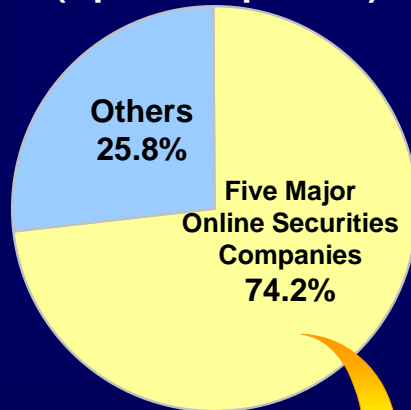
Change in share of individual margin trading value

1st Half FY2005
(Apr. to Sep. 2005)



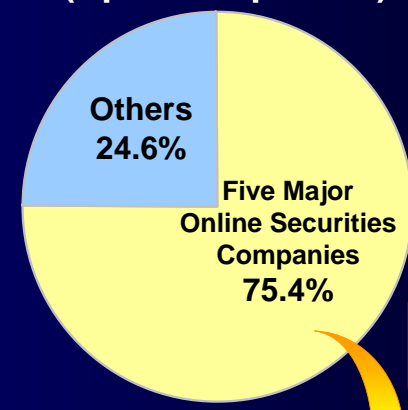
SBI E*TRADE	28.8%
Matsui	15.7
Rakuten	12.6
Monex	9.5
Kabu.com	7.0

1st Half FY2006
(Apr. to Sep. 2006)



SBI E*TRADE	33.9%
Rakuten	14.7
Matsui	12.1
Kabu.com	7.3
Monex	6.2

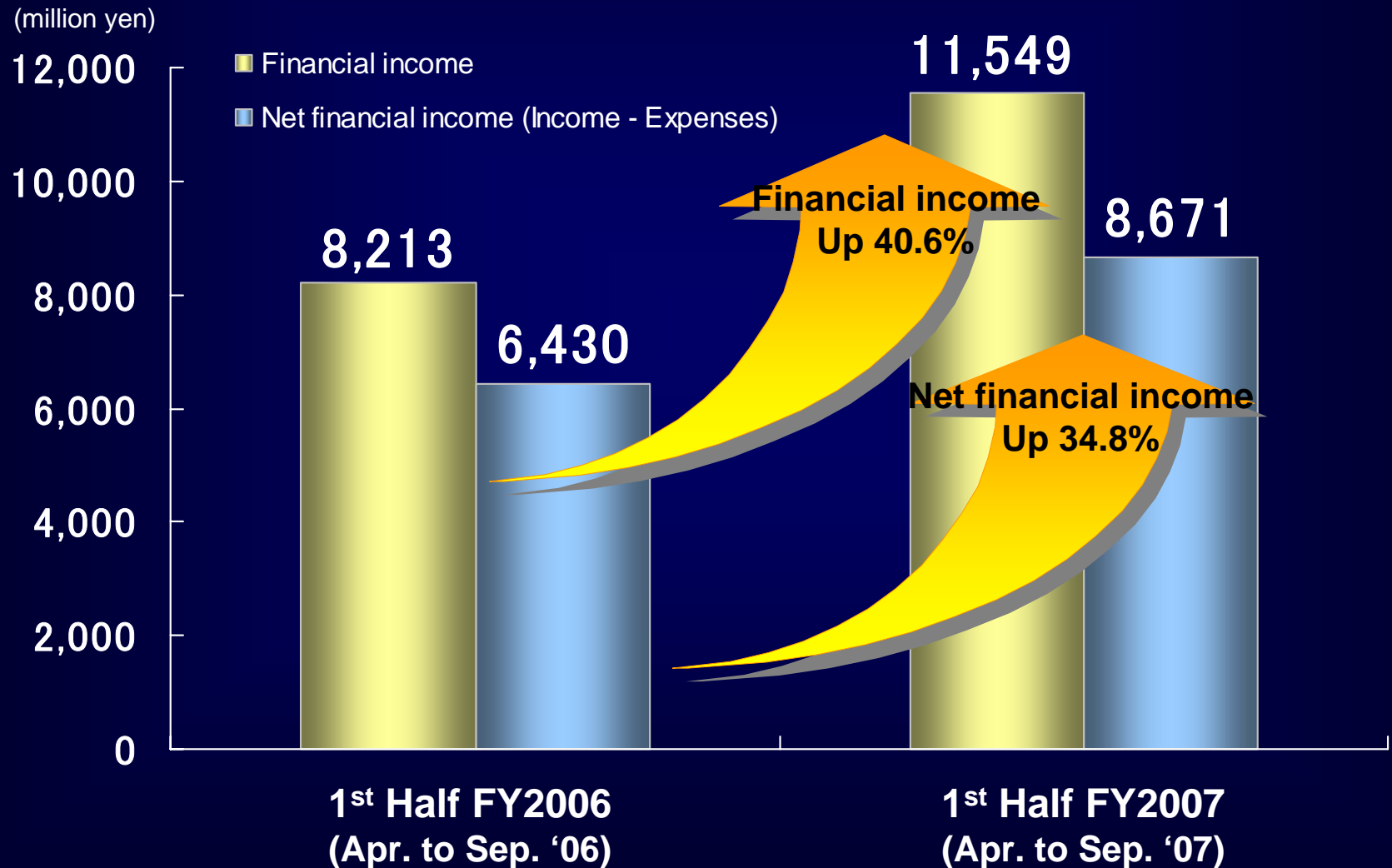
1st Half FY2007
(Apr. to Sep. 2007)



SBI E*TRADE	38.8%
Rakuten	15.2
Matsui	9.1
Kabu.com	6.6
Monex	5.8

41.0%
in Sep. '07

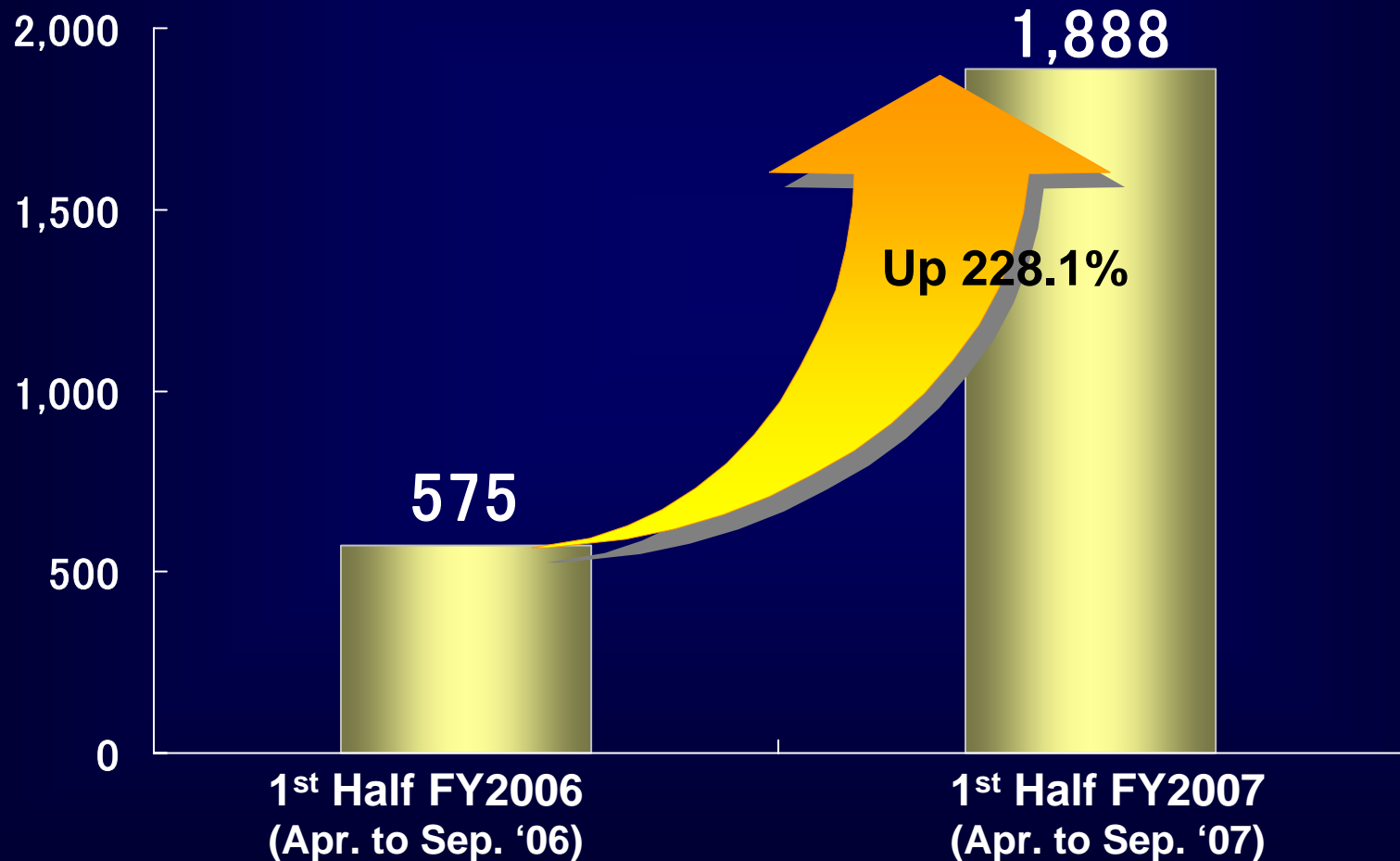
Net financial income increased 34.8% YoY to ¥8.6 billion due primarily to growth in financing from own capital



Increase in lineup of investment trusts and no-load investment trusts produced a 228.1% YoY increase in investment trust revenues.

Revenues from investment trusts related

(million yen)

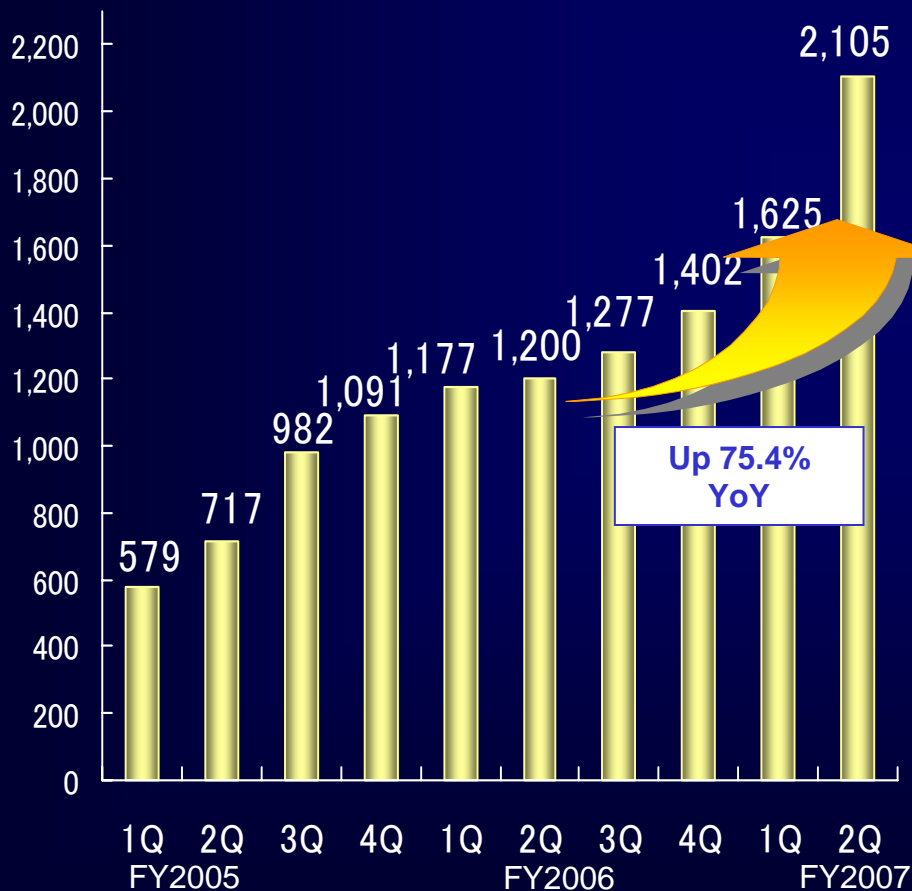


*Sum of sales commissions and trust fees (trust fees include management reserve fund (MRF))

Trust fees increased faster than the assets in investment trusts owing to growth in sales of no-load investment trusts. Trust fees were up 116.3% YoY in FY07 2Q.

Change in balance of investment trusts as of each quarter end

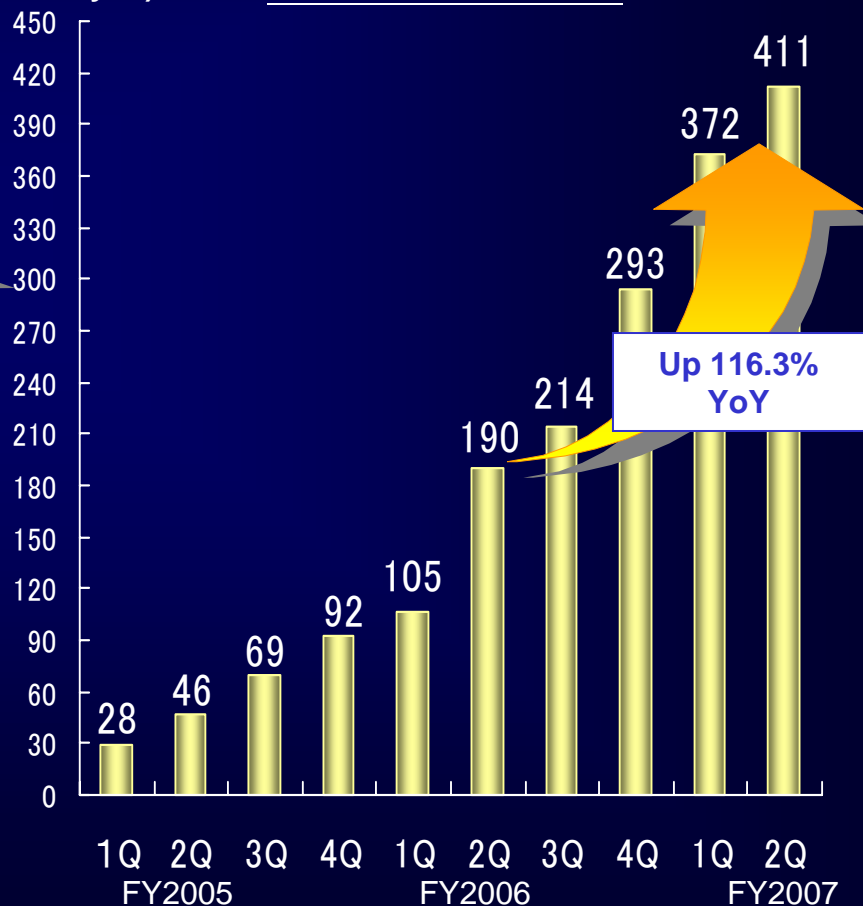
(¥100 million)



*Includes MMF and Medium-term Government Securities Fund

Growth of quarterly trust fees of investment trusts

(million yen)



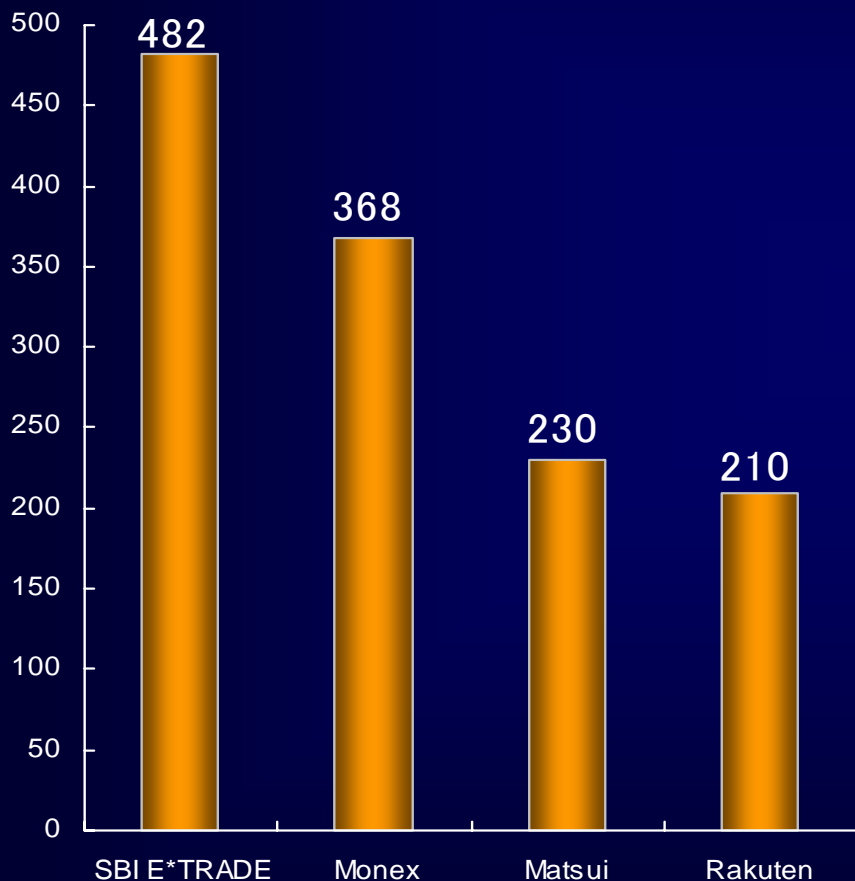
*Includes MMF, MRF and Medium-term Government Securities Fund

[SBI E*TRADE] Highlights of Brokerage & Investment Banking Business ③-d

Focus on investment banking operations resulted in top ranking among all Japanese securities companies in IPO underwriting with 31 issues (62.0% participation rate) in FY07 1H.

**Four Major Online Securities Companies
Accumulated Underwriting Performance**

(companies)



IPO underwriting ranking

(Apr. to Sep. 2007)

Ranked first among all securities companies

Rank	Securities Companies	Under-writings	Participati on Ration (%)
<u>1</u>	<u>SBI E*TRADE SECURIIES</u>	<u>31</u>	<u>62.0%</u>
2	Nomura Securities	29	58.0%
2	Shinko Securities	29	58.0%
4	Daiwa Securities SMBC	28	56.0%
5	Mitsubishi UFJ Securities	25	50.0%
6	Okasan Securities	20	40.0%
6	Monex Securities	20	40.0%

Source: Based on company materials. From the start of trading operations of each of the online securities companies to the end of Sept. 2007. Figures do not include agency transaction and real estate investment trust.

Note: The data was obtained, to the extent possible, from public documents by SBI. Data was collected from 2007/4 until 2007/9 for domestic underwriting of 50 companies (listing date base) undergoing an IPO, not including secondary offerings

[E*TRADE Korea] **Highlights of Brokerage & Investment Banking Business ④-a**

At E*TRADE Korea, FY07 1H operating revenue was up 68.5% YoY and operating income was up 133.3% after conversion to yen

(Unit : million yen, %)

	1 st Half FY2006 (2006/4 to 2006/9)	1 st Half FY2007 (2007/4 to 2007/9)	YoY Changes
Operating Revenues	2,830	4,769	+68.5
Net Operating Revenues	2,666	4,321	+62.1
Operating Income	699	1,631	+133.3
Ordinary Income	706	1,640	+132.3
Net Income	521	1,086	+108.4

Note: Converted from won to yen using average exchange rate for operating results.

Unrealized gain on E*TRADE Korea stock held by SBI E*TRADE is about ¥11 billion (Sept. 30, 2007)

[E*TRADE Korea] **Highlights of Brokerage & Investment Banking Business ④-b**

On a won basis, E*TRADE Korea operating revenues increased 59.1% YoY and operating income was up 119.6%.

<Korean Won base>

(Unit : million won, %)

	1st Half FY2006 (2006/4 to 2006/9)	1st Half FY2007 (2007/4 to 2007/9)	YoY Changes
Operating Revenues	23,186	36,884	+59.1
Net Operating Revenues	21,841	33,420	+53.0
Operating Income	5,730	12,582	+119.6
Ordinary Income	5,787	12,656	+118.7
Net Income	4,273	8,377	+96.0

Operating revenues for FY07 1H at SBI Securities and SBI Futures were down 19.2% and 13.0%, respectively.

(Unit : million yen, %)

	Operating Revenues (YoY)	Operating Income (YoY)	Ordinary Income (YoY)	Net Income (YoY)
SBI Securities (*) 1 st Half FY2007	3,144 (-19.2)	-431 (—)	-286 (—)	385 (+20.8)
SBI Futures 1 st Half FY2007	471 (-13.0)	-113 (—)	-112 (—)	-113 (—)

(*) SBI Securities merged with SBI E*TRADE SECURITIES in October 1, 2007.

(3) Financial Services Business

**Fiscal 2007 Interim Period
(Half-year ended September 30, 2007)**

Operating revenues: ¥10.5 billion (+16% YoY)

Operating income: ¥0.8 billion (-38% YoY)

Established businesses

Operating revenues: ¥10.4 billion (+14% YoY)

Operating income: ¥1.7 billion (+21% YoY)

New businesses

Operating revenues: ¥0.1 billion

Operating loss: ¥0.8 billion

Notes:

- 1. The above figures do not include eliminations for consolidation and the deduction of corporate expenses.**
- 2. New businesses include banking, insurance and credit cards business.**
- 3. Rounded to the nearest ¥100 million.**

Highlights of Financial Services Business ①

The Financial Services Business continues to grow. Earnings from strong performances at existing businesses were offset by start-up expenses for new businesses (Internet bank and life/nonlife insurers). A project is under way with the goal of making financial services a core business of the SBI Group.

Financial Services Business

(Unit: Million yen)

	Fiscal 2007 First half	Fiscal 2008 First half	Change (%)
Operating income	1,364	847	▲37.9
Existing businesses	1,364	1,650	<u>+21.0</u>
New businesses	—	▲803	—

· Nonlife insurance (▲¥200 million)
· Credit cards (▲¥600 million)
Life insurance company to become a consolidated subsidiary in FY07 2H

Internet bank Started operations on Sept. 24 (equity-method affiliate)

Internet nonlife insurer Received preliminary approval. Receipt of license pushed back to after FY07 1H.

Internet life insurer Preparing for preliminary application and installation of IT system. Plans to start operations in FY07 2H.

Credit card business More than 20,000 cards issued after 11 months of operations. Plans to become profitable early in 2008.

Highlights of Financial Services Business ②

Publicly owned subsidiaries Morningstar Japan, Gomez Consulting and SBI VeriTrans continues their business expansion

(Unit: Million yen, Figures in parentheses are YoY change (%))

^{*1}	Operating revenues	Operating income	Ordinary income	Net income
Morningstar Japan (3Q FY07) ^{*3}	3,464 (+184.4)	550 (+58.5)	585 (+28.9)	305 (-51.4) ^{*2}
Gomez Consulting (3Q FY07) ^{*3}	491 (+31.3)	165 (+44.1)	167 (+45.3)	98 (+45.8)
SBI VeriTrans (1H FY07)	1,555 (+14.4)	336 (+21.2)	345 (+24.8)	203 (+24.7)

*1 Morningstar Japan figures are consolidated and Gomez Consulting and SBI VeriTrans figures are non-consolidated.

*2 Morningstar Japan merged with a subsidiary in FY06 and used accumulated losses at the subsidiary to reduce taxable income. This raised net income by lowering taxes as a pct. of income before income tax in the previous fiscal year, resulting in a YoY decline in 3Q FY07 net income.

*3 Morningstar Japan and Gomez Consulting changed from a December to March fiscal year in 2007. Therefore, the current fiscal period for these two companies is the 15-month period from January 2007 through March 2008.

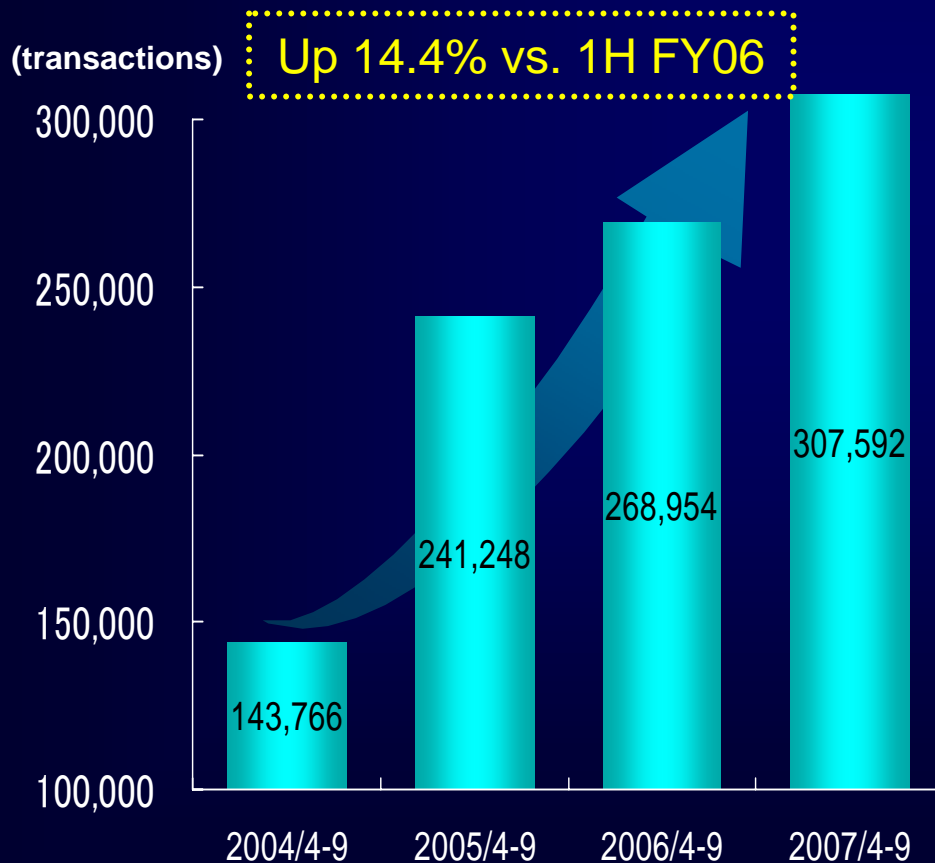
Highlights of Financial Services Business ③

Market place business set new records for transactions, primary through Japan's largest financial comparison websites "E-LOAN" and "InsWeb



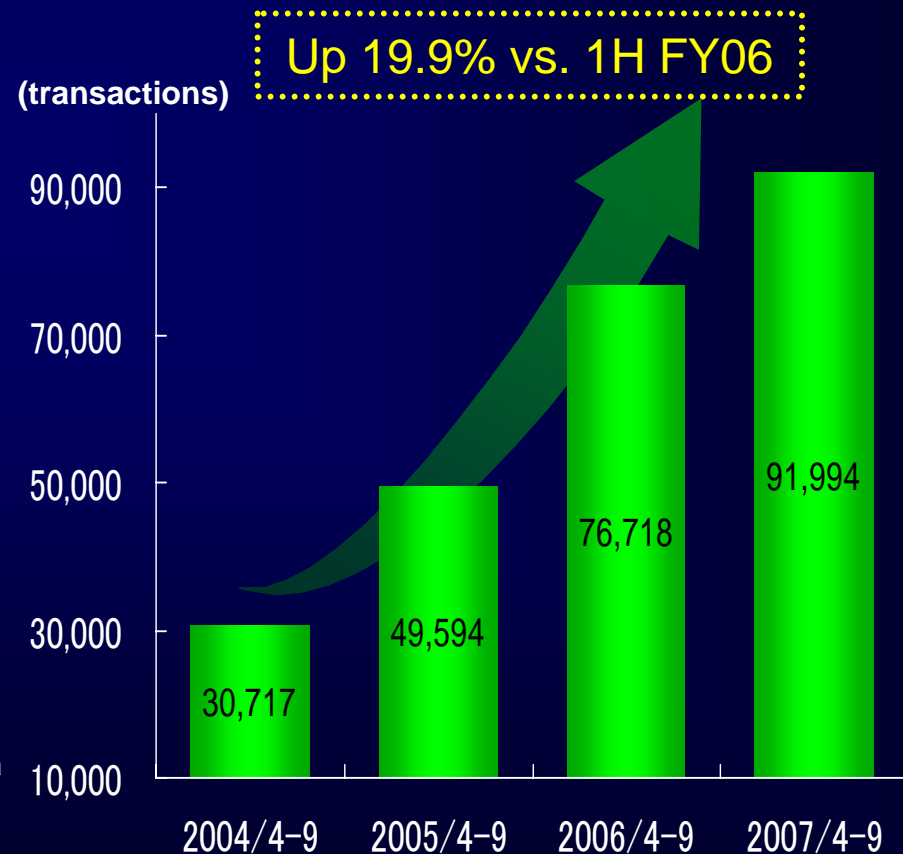
Growth in completed auto insurance estimates

Affiliated non-life insurance companies: 20
Affiliated life insurance companies, etc.: 19



Growth in provisional loan applications

Affiliated financial institutions: 70
Types of loan products : 585



Highlights of Financial Services Business ④

SBI Equal Credit's 1H FY2007 net income equaled 138% of its net income for FY2006

Growth in loans

1H FY2006

Revenues: ¥961 million
Net loss: ¥110 million

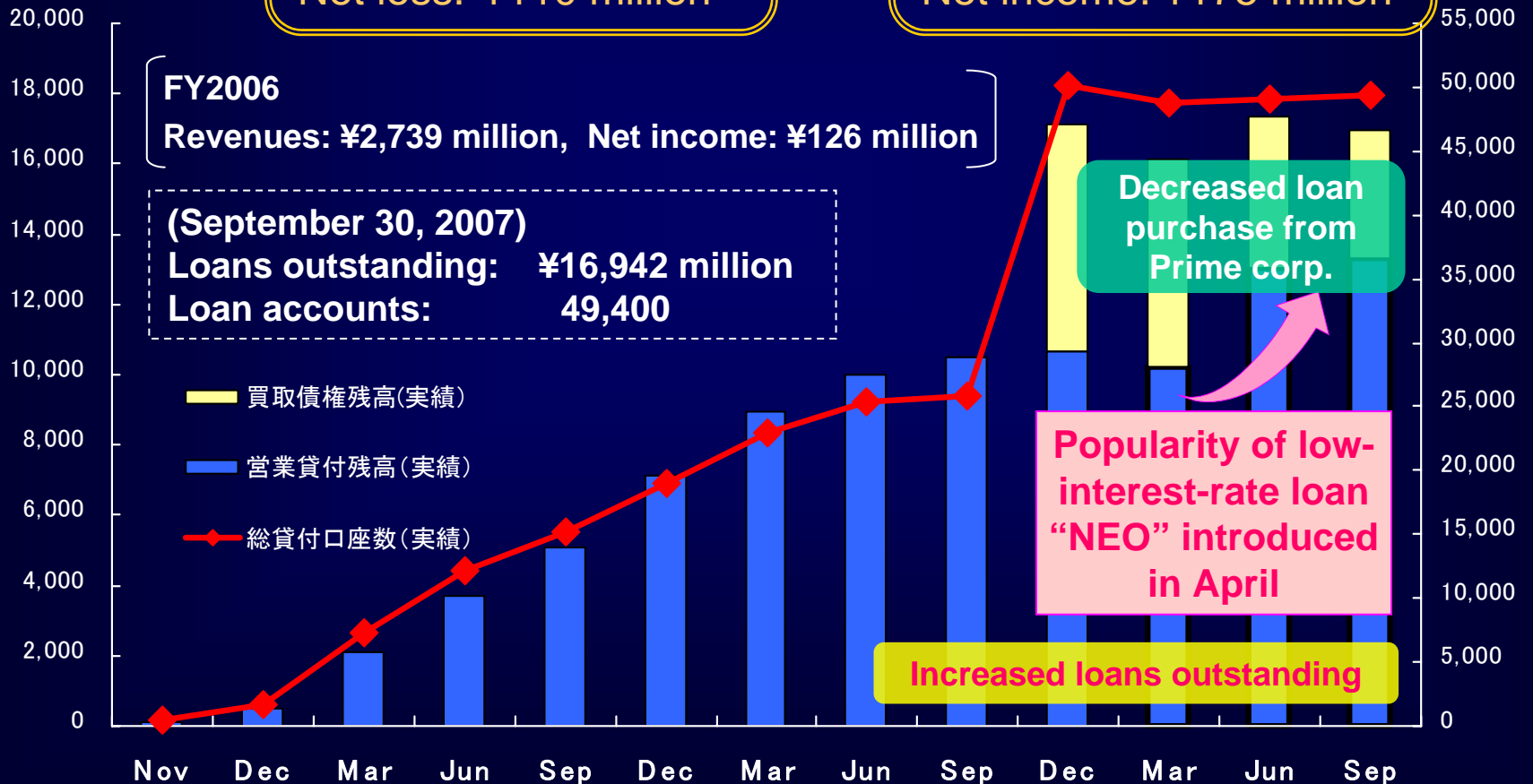


1H FY2007

Revenues: ¥1,932 million
Net income: ¥175 million

(million yen)

(accounts)



*Started operations on Nov 17, 2004

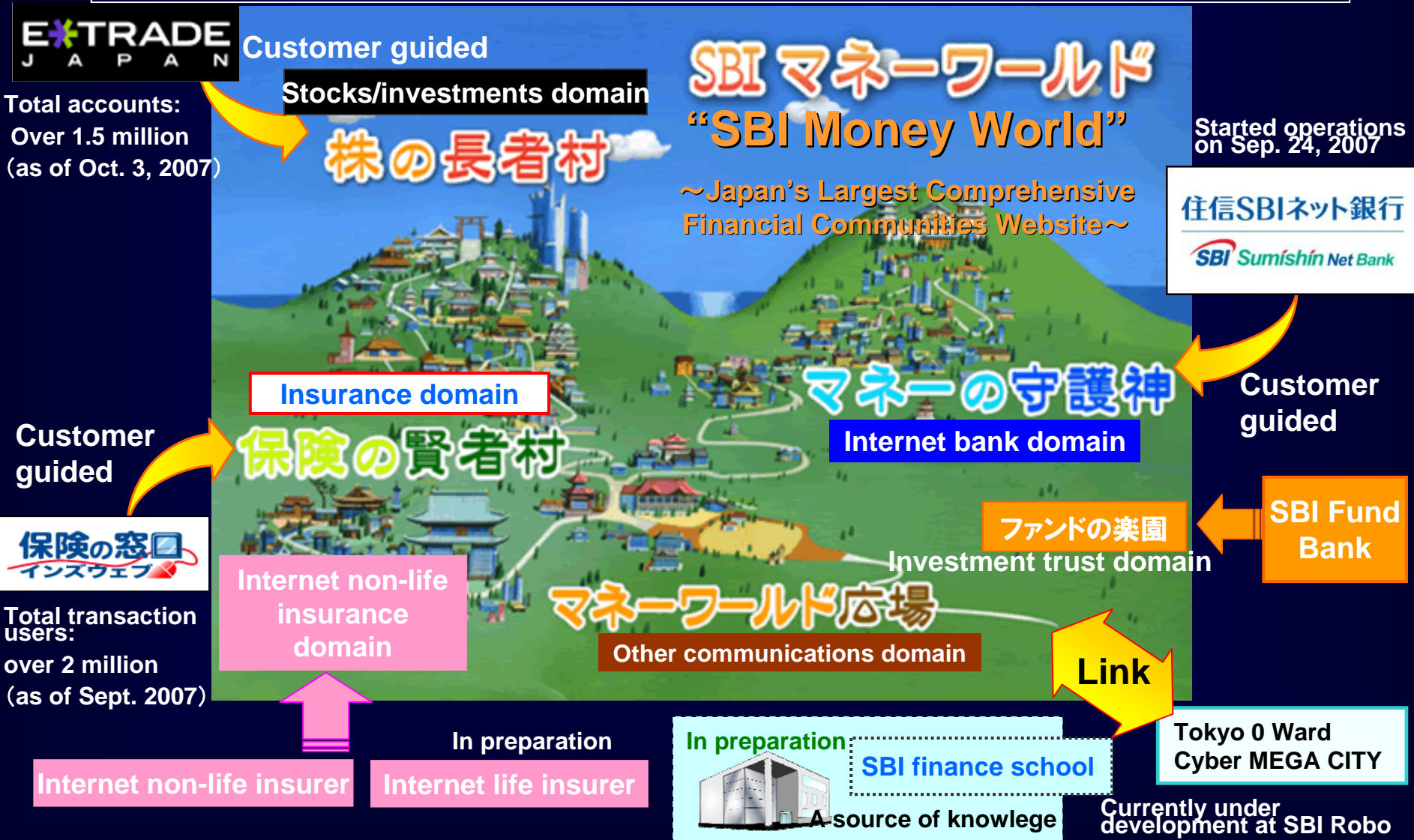
2005

2006

2007

Highlights of Financial Services Business ⑤-a

“E*TRADE Chouja Mura (E*TRADE Millionaire Village)” Changed Its Name to “SBI Money World” Reflecting the Guardianship of Money and Access to Wise Insurance Coverage



Highlights of Financial Services Business ⑤-b

Utilization and Initiatives of “SBI Money World”

~Stocks, investments, asset management - A community for individual investors (SNS)~
(example) Dialog pages:

Utilization

- Started: April 12, 2007
- Members: 54,187
- Average daily page views: 125,805(Oct. 1~29)
- Cumulative page views: About. 28.35 million (approx. 6 months)

※ As of October 29, 2007

Planned dialogs: Four installments of dialogs with Masayoshi Son



Improving functions based on user feedback and providing a variety of information, such as blogs by SBI Group directors and dialogs. Constantly adding new content.

(Example) Added household budget function:

Can be used for day-to-day asset management



(Example) Named certified administrator:



Online bank administrator



「Insurance Hermit」

Plan to establish a framework that can identify all customer wishes and needs

(4) Housing and Real Estate Business

Fiscal 2007 Interim Period

(Half-year ended September 30, 2007)

Operating revenues: ¥32.0 billion (+565% YoY)

Operating income: ¥4.4 billion (+2,734% YoY)

Notes:

1. The above figures do not include eliminations for consolidation and the deduction of corporate expenses.
2. Rounded to the nearest ¥100 million.

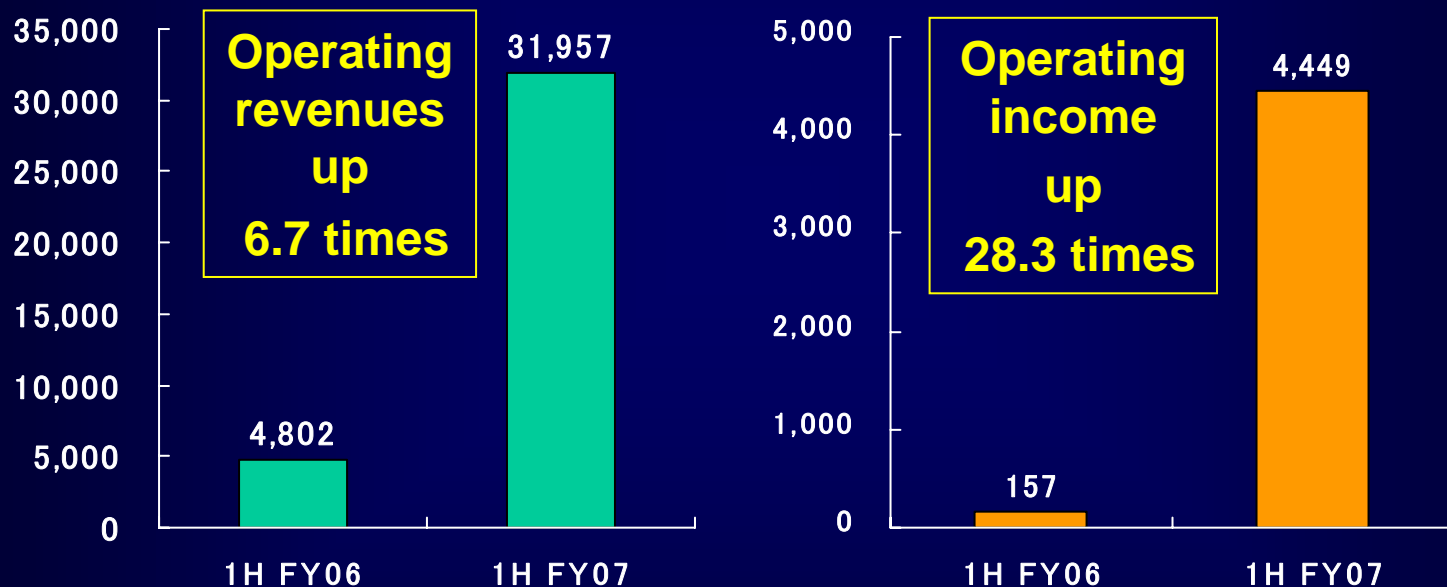
~Merge the Lifestyle Networks Business~

Highlights of Housing and Real Estate Business ①

SBI began reporting financial results for the Housing and Real Estate Business separately owing to growth, whereas it was previously combined with the Asset Management Business

Housing and Real Estate Business

(million yen)



Forecasting FY07 operating income of ¥7 billion owing to growth of real estate operations along with earnings contributions from the real estate finance business (, which includes SBI Mortgage and CEM Corporation).

Highlights of Housing and Real Estate Business ②

Announced a friendly takeover bid for Living Corporation, which concluded a comprehensive business alliance agreement in March 2007 and made the company into a subsidiary in September 2007 to further expand the real estate development business.



Living Corporation

-Living Corporation is involved in the planning, development and sales of income producing properties for investors. The company also possesses engineering expertise, and is experienced in the development of small and mid-sized companies.

Real estate business

Mar. 2007

Signed a business alliance agreement

Sep. 2007

Became a subsidiary after purchase of 54.4% of shares through tender offer

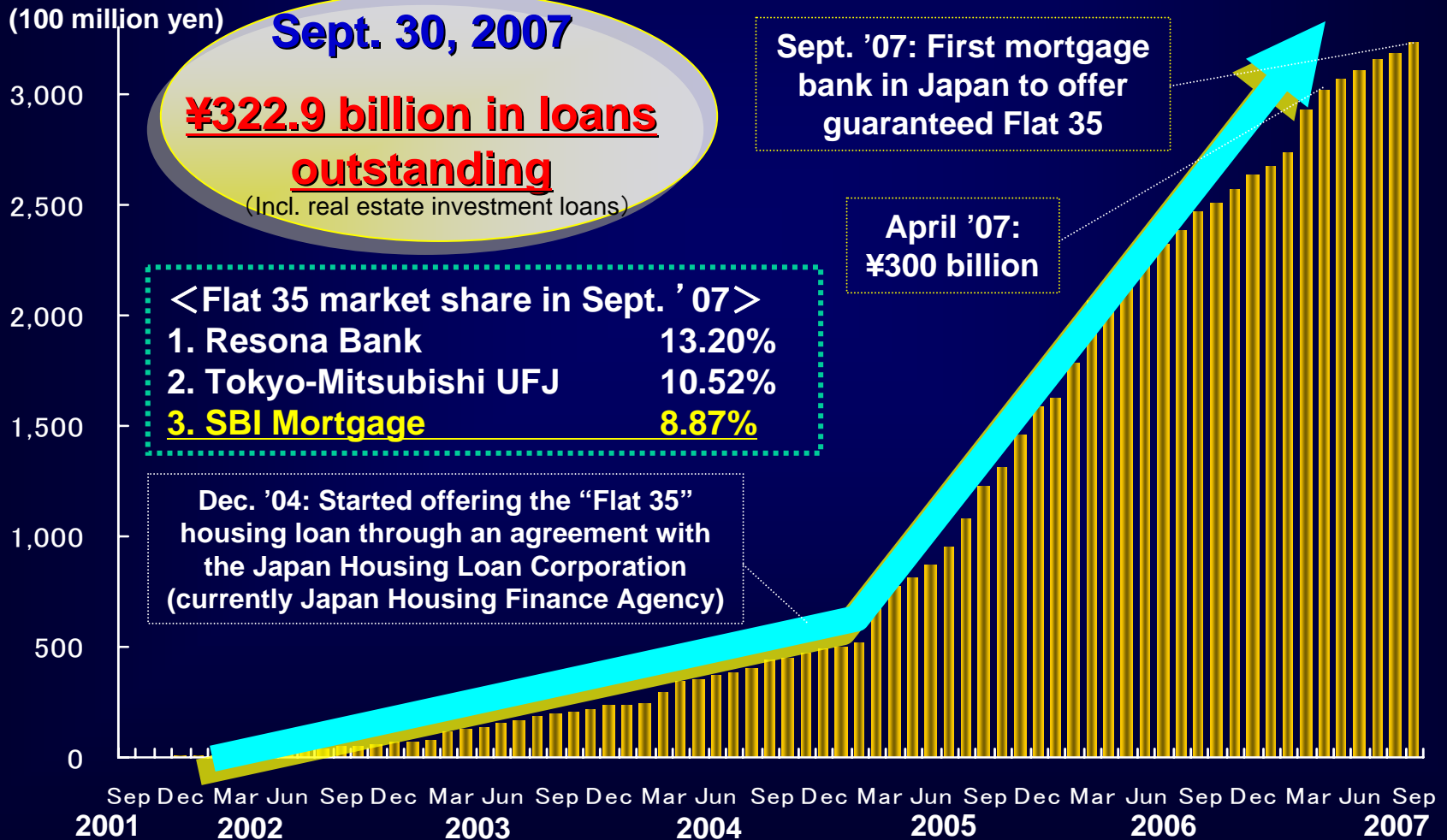
◆ Listing on TSE Mothers Market
(Code:8998)

◆ Financial Results (FY ending
Dec. 2006)

Operating revenues: ¥8,075 Mil
Ordinary income: ¥539 Mil

Highlights of Housing and Real Estate Business ③-a

SBI Mortgage offers the lowest level of interest rate* (2.95%) for “Flat 35” (a securitized loan of Japan Housing Finance Agency) **and has an 8.9% share of Flat 35 loans, ranking third among all financial institutions and first among mortgage banks.** (*Interest rate is the lending rate for Oct. '07 purchased loans. Market share is based on Sept. '07 applications for purchased and guaranteed loans.)



Highlights of Housing and Real Estate Business ③-b

Utilized expertise gained from securitization operations to develop the Real Estate Investment Loan, a fixed-rate loan with the industry's lowest level of interest rates for securitized loans. Over ¥17.6 billion in loans outstanding after only one year of operations.



Highlights of Housing and Real Estate Business ③-c

SBI Mortgage plans to further utilize the housing loan agent system to create a nationwide network of “SBI Housing Loan Shops”.



- **Opened: 14 shops**

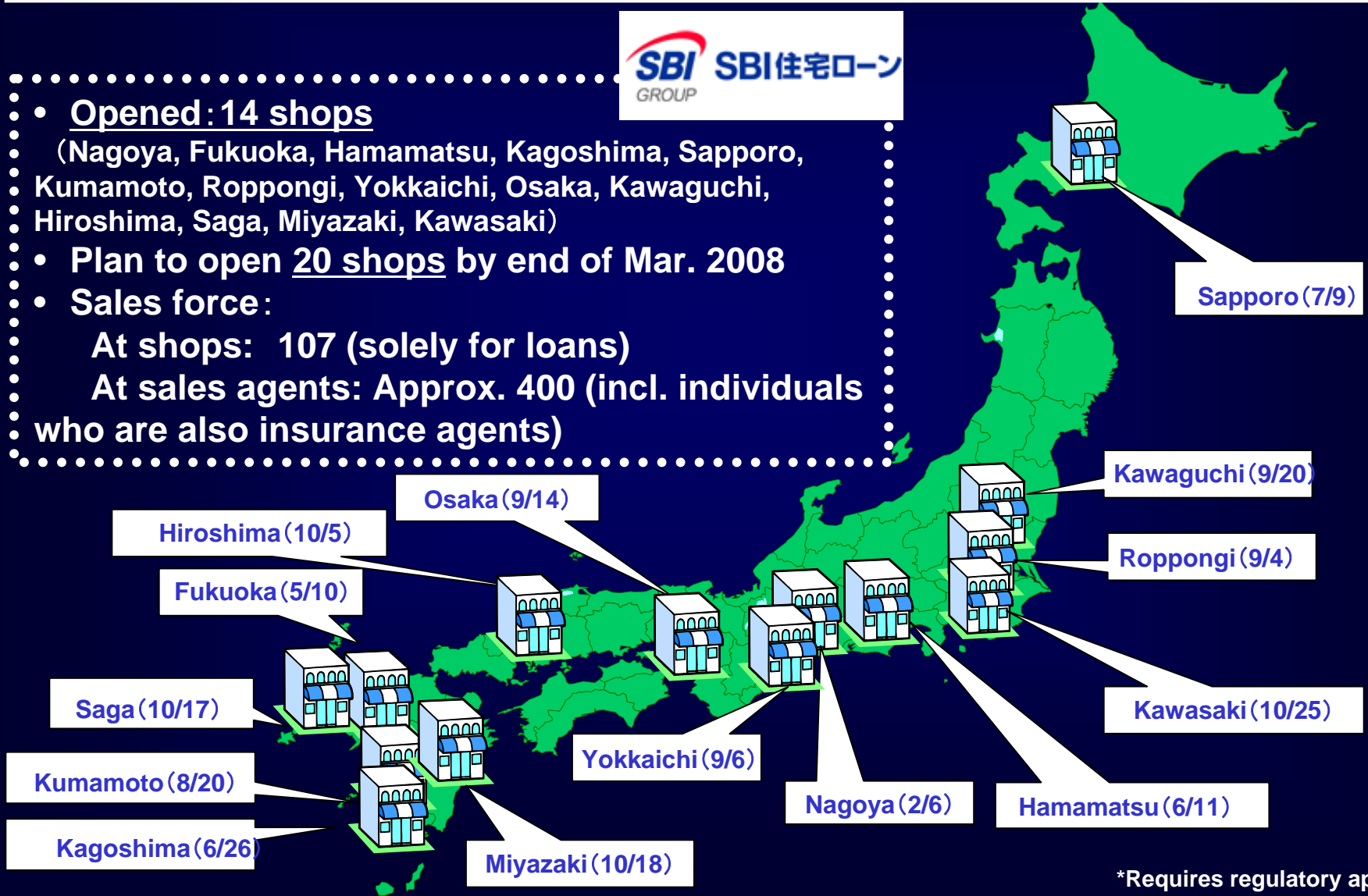
- (Nagoya, Fukuoka, Hamamatsu, Kagoshima, Sapporo, Kumamoto, Roppongi, Yokkaichi, Osaka, Kawaguchi, Hiroshima, Saga, Miyazaki, Kawasaki)

- Plan to open **20 shops** by end of Mar. 2008

- Sales force:

- At shops: 107 (solely for loans)

- At sales agents: Approx. 400 (incl. individuals who are also insurance agents)



*Requires regulatory approval

Highlights of Lifestyle Networks Business

Both the comparison and search websites become profitable. The Internet Media sector, which operates both of these sites, recorded first half ordinary income of ¥11 million, and the Market Intermediary sector, which operates “Ticket Ryutsu Center” and other websites, ordinary income was recorded at ¥91 million. Both businesses are growing steadily, as the combined ordinary income for the first half already **exceeds ¥100 million.**

Lifestyle events and needs

- Birth/ Child-raising
- Schools/ Education
- Residences
- Retirement Years
- Travel/ Leisure
- Money
- Health/ Medical care
- Food
- Hobbies /Sports



3. Outlook for Second Half

(1) New business progress report

(2) Faster pace of acquisitions and alliances to speed growth of new insurance business

(3) New initiatives in Brokerage & Investment Banking Business

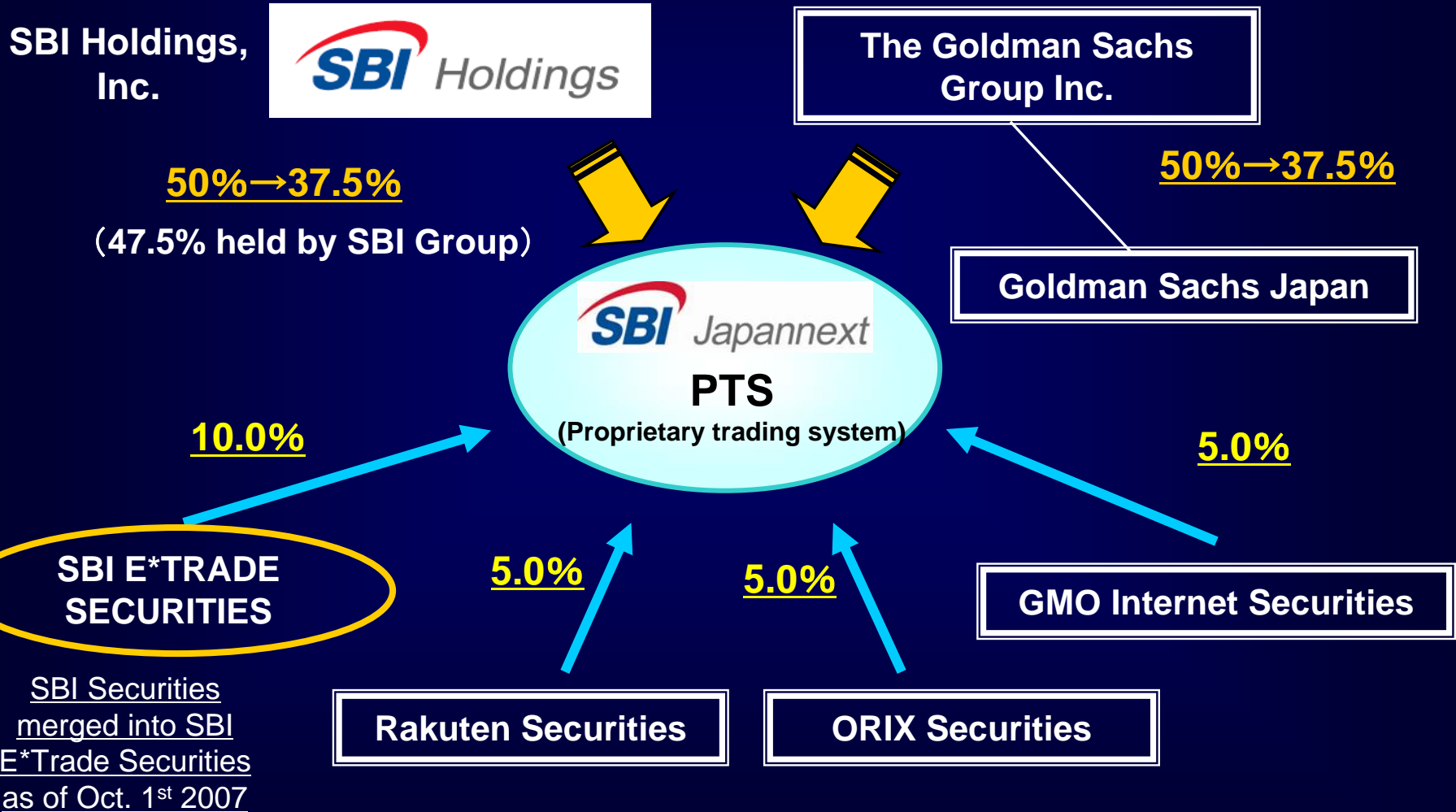
(1) New Business Progress Report

① PTS

② Internet Bank

①PTS:

Capital Participation of Securities Companies to SBI Japannext Securities

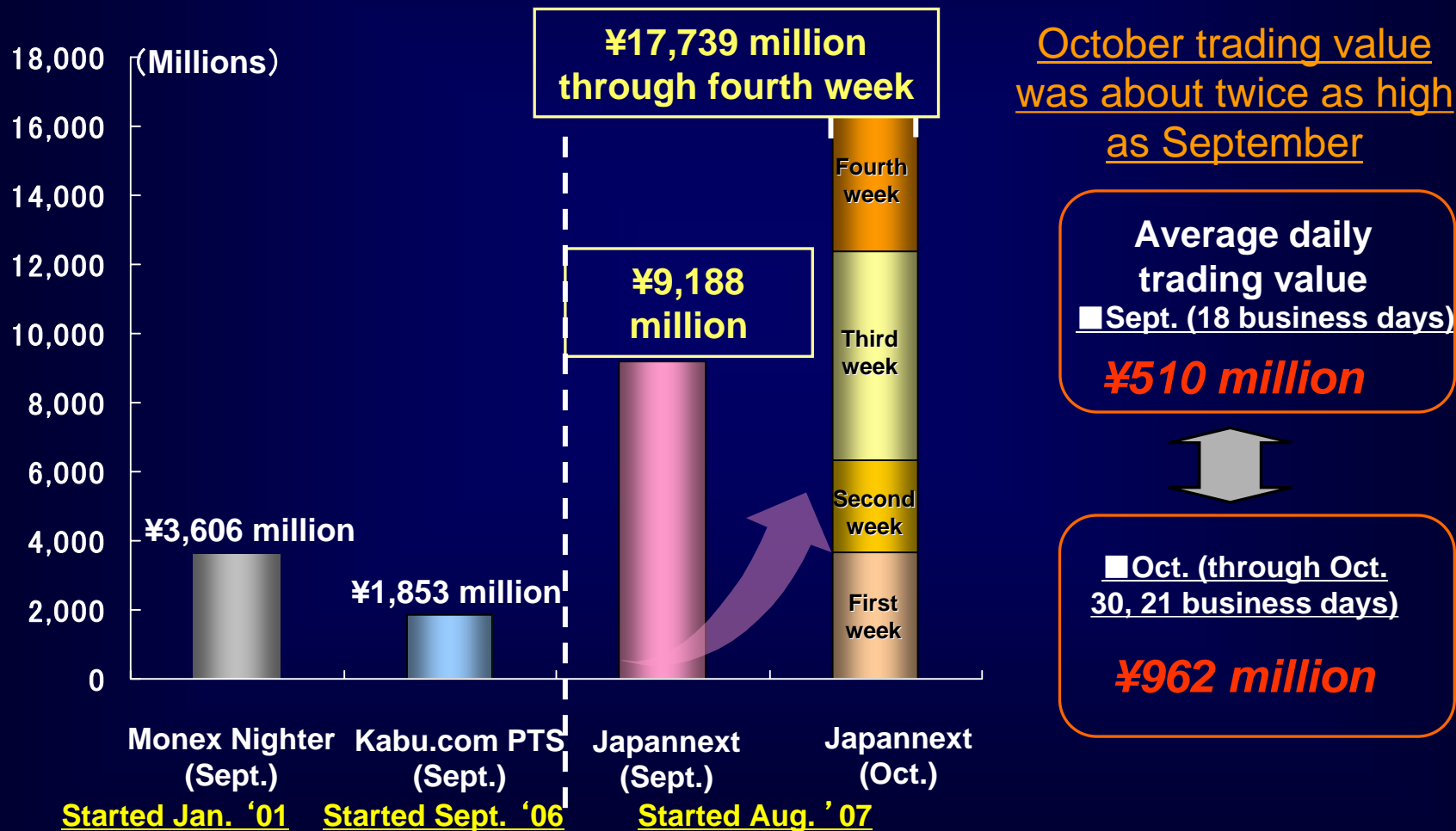


①PTS: Japannext PTS: Steady Growth in Trading Value

~Already has much higher volume than the 2 PTS markets that have been operating longer~

(operations started Aug 27)

■ September comparison and October (as of Oct. 30) trading value (※1) (※2)



(※1) Single count (purchases and sales not counted separately)

(※2) Excerpt from Oct. 7, '07 Chunichi Shimbun

①PTS:

Measures to Increase Volume on After-market Trading

<Upcoming initiatives>

Extended trading hours

Create investment opportunities by extending the overlap with U.S. market trading hours

- ① Extended after-market trading hours starting Oct. 26 (19:00~23:50→19:00~23:59)
- ② Preparing to add another two hours by end of Mar.2008→19:00~26:00
- ③ Plan to request the FSA in November regarding the possibility of extending trading to include daytime hours.



E*TRADE
J A P A N

SBI E*TRADE's PTS business is profitable owing to the substantial trading volume.

Started offering PTS trades using HYPER E*TRADE

Greater convenience for investors when making trades

Started ordinary margin transactions

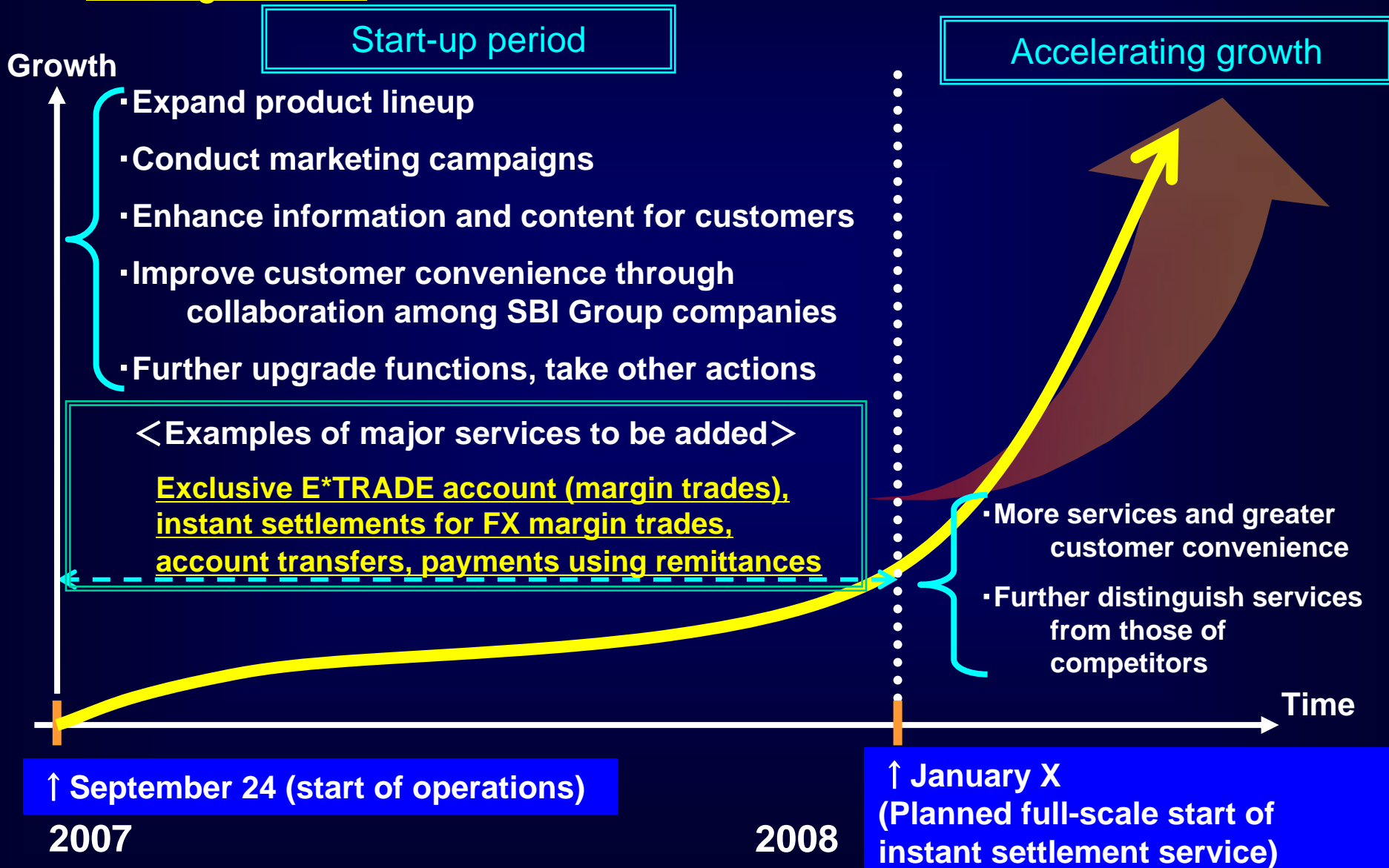
Increase trading value and liquidity by offering investors greater convenience

Planning to accelerate growth in trading volume and value, including contribution from participation of Well Field Securities, which is to begin in November.

② Internet bank:

Projected Growth of SBI Sumishin Net Bank

Goal is accelerating growth after full-scale launch of complete lineup of banking services



② Internet bank:

SBI Sumishin Net Bank Adds Many New Services

(Operations began September 24, 2007)

~Start-up period leading to full-scale launch of services~

- 9/24 Started operations; started to utilize Seven Bank ATM
- 9/28 Started offering “Net Loan”, a cash advance product for individuals
Started offering SBI Sumishin Net Bank Housing Loan (※alliances with 21 companies)
- 10/9 Completed network links to Japan Bankers Association
- 10/11 Started issuing ATM cards
- 10/22 Started to utilize Yucho Bank ATM

Many marketing campaigns now under way

- 9/24 Started new account campaign (~11/30)
- 10/11 Started campaign for three free remittances to other banks per month (~12/31)
- 10/21 Started 1% campaign for interest rate on ordinary yen deposits and E*TRADE deposits (~1/19)

② Internet bank:

Measures to Drive Growth at SBI Sumishin Net Bank

【To increase the customer base】

10/26～ Started informing customers of the Suruga Bank Softbank Branch regarding the opening of a SBI Sumishin Net Bank account.

住信SBIネット銀行
口座開設キャンペーン!
キャンペーン期間/2007年11月30日まで
住信SBIネット銀行の口座開設でプレゼント!!
いずれか一つを選択

A 「現金1,000円」プレゼント
B 「SBIイー・トレード証券取引手数料[※]」
最大1,500円キャッシュバック

「住信SBIネット銀行」口座開設キャンペーン
口座開設でプレゼント!!
Aコース 「現金1,000円」
Bコース SBIイー・トレード証券取引手数料[※]
最大1,500円

※Part of sales brochure

【Starting settlement services】

~January 2008: Plan to establish alliances and links with a number of companies (through SBI VeriTrans and other companies)

Goal is to begin offering a full line of banking services as a bank operating solely on the Internet

② Internet bank:

Use High Interest Rate for Exclusive E*TRADE Deposits to Attract Transfers of Funds from MRF(*) in Brokerage

Accounts (*currently outsourced to Nomura Asset Management)

Interest on deposits during campaign (Oct. 21, '07~Jan. 19, '08)

住信SBIネット銀行
SBI Sumishin Net Bank

¥259.4 billion retained in MRF account in one month (September)

MRF balance is ¥448.6 billion (end of Sept.)

E*トレード証券

1.49 million accounts (Sept. 30, '07)

Annual interest 1.0%

Annualized return of 0.411% (※)

Internet bank exclusive E*TRADE deposit

SBI E*TRADE SECURITIES MRF

Withdrawals of sales proceeds are possible even on the settlement date* for sales of stocks, etc.
(※third business day after the trade date)

Withdrawals of MRF redemptions are possible one or two business days after the receipt of proceeds.

※Interest rate for past year (as of October 23)

※Based on receipt of agreement of customers and approvals from regulatory agencies.

② Internet bank:

Bank Agent Services at SBI E*TRADE SECURITIES

Sept. 24 Started bank agent service for SBI Sumishin Net Bank

● Bank agent services

Name	Description
Open ordinary yen deposit accounts	Simple account opening procedure using Internet that requires no written documents or confirmation of ID

● Bank alliance services

Name	Description
Exclusive E*TRADE deposits	Automatically use funds in bank account to pay for stock and other purchases
Automatic fund transfer service for margin calls, etc.	If there is a margin call, the required amount is automatically transferred from the bank account to the securities account
Aggregation service	Allows utilization of the bank web site to check the securities account balance



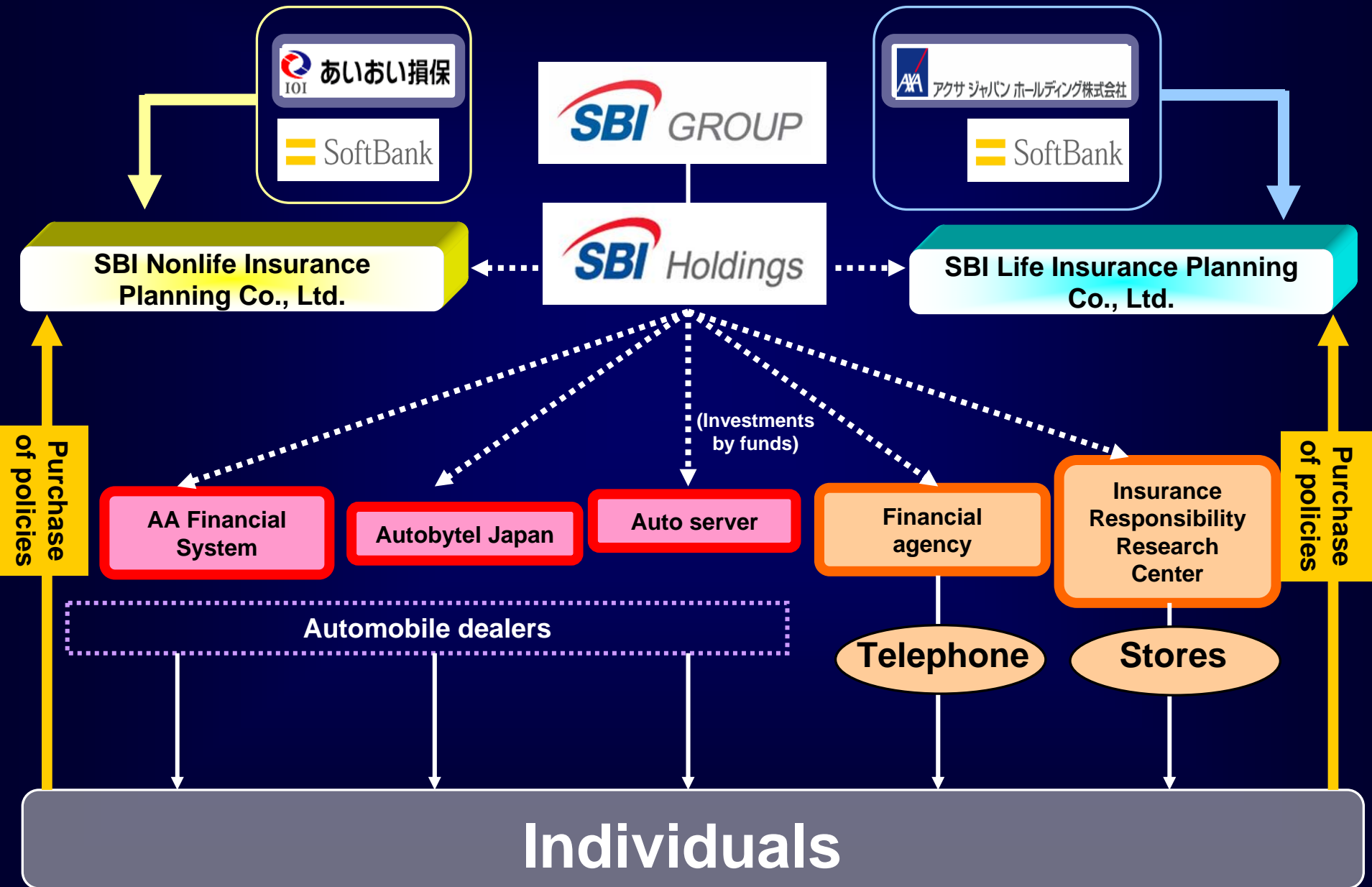
Closely links the asset management function of a securities account with the settlement function of a bank account

Application process in place to apply to offer agent services at SBI E*TRADE offices as well

(2) Building a Support Framework for the New Insurance Business

~Completed first stage~

A Diversified Ownership Structure to Support the New Insurance Business



① Added Auto Financing Business by Acquiring AA Financial System

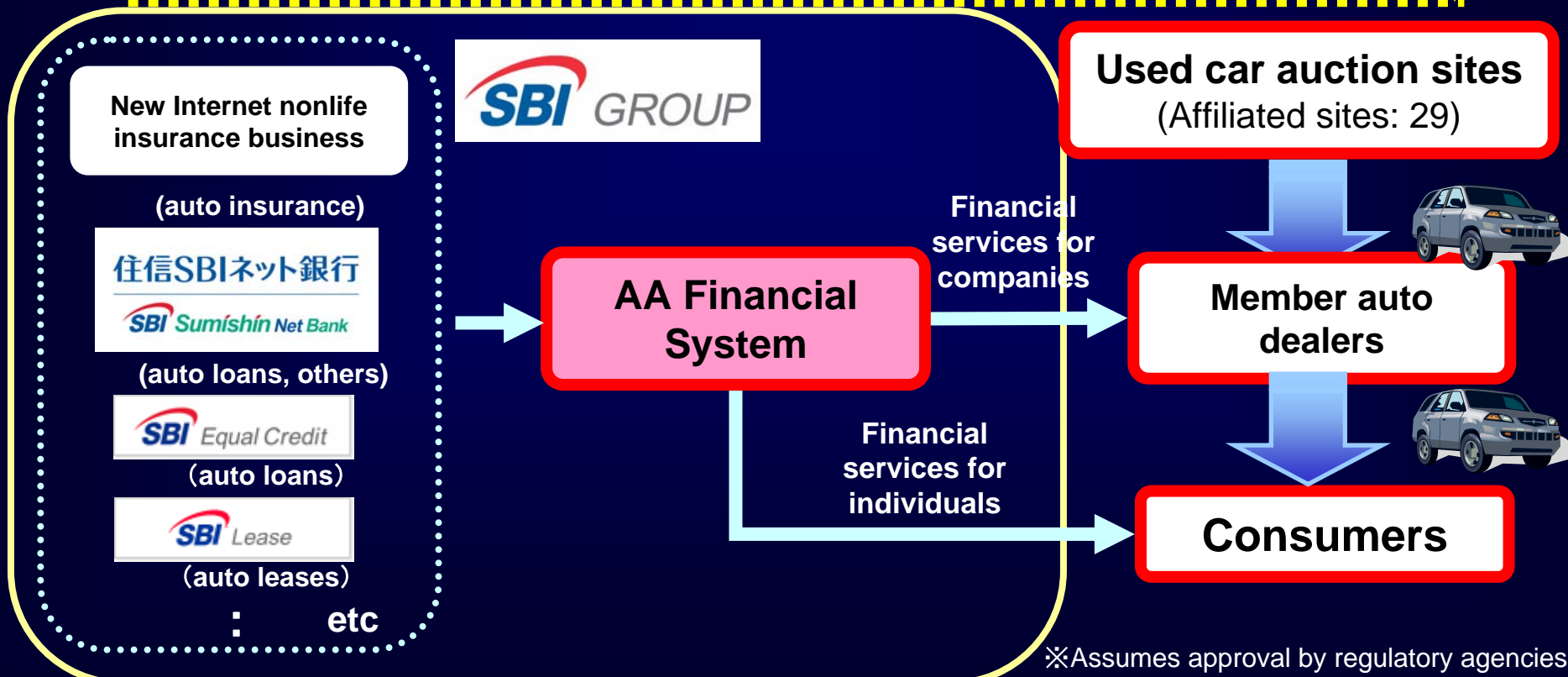
(Plan to change name to SBI Auto Finance in December.)

Profile of AA Financial System

Activities: Short-term loan guarantees and payment processing service for purchases at automobile auctions by registered members

Investment: SBI Holdings (87.5%)

Member auto dealers: About 350 companies



② Integrating Automotive Financial Services by Making Autobytel Japan a Subsidiary

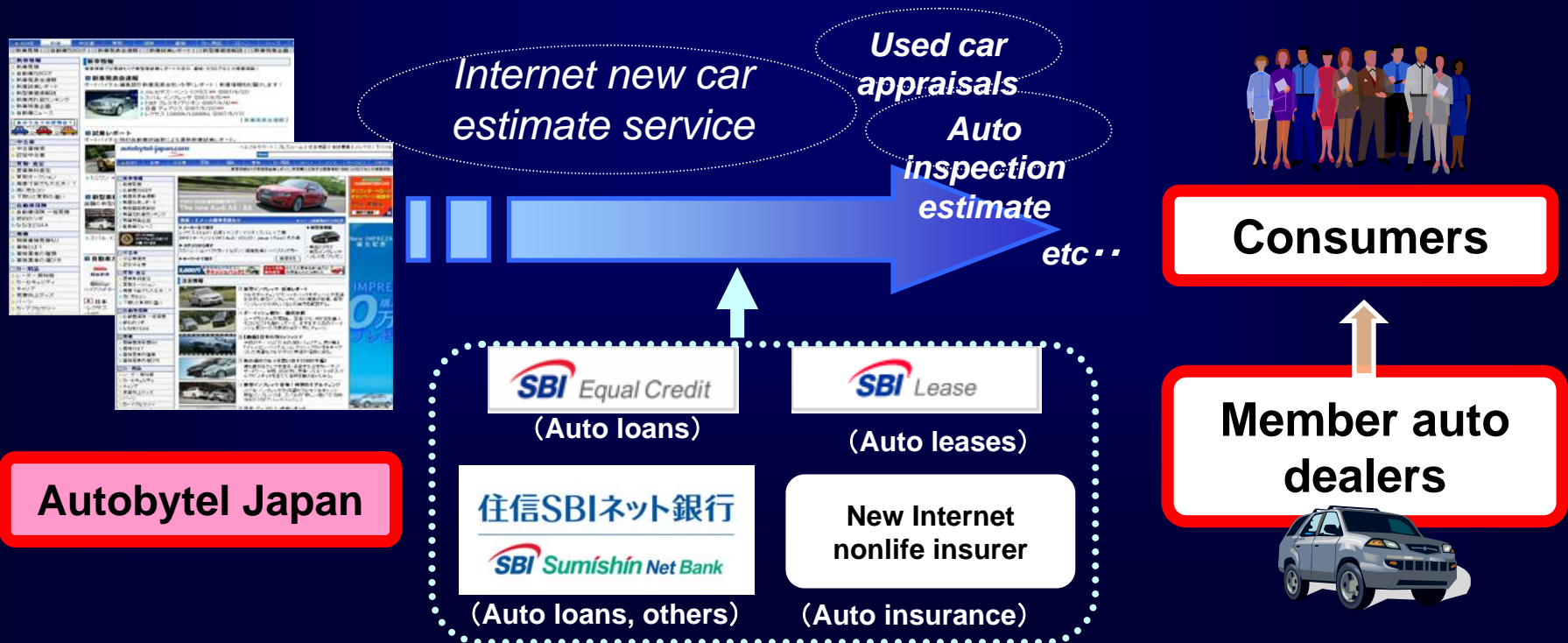
Profile of Autobytel Japan

Activities: Internet auto purchasing service

Ownership: SBI Holdings 53.4% (Before acquisition of additional shares: 25%)

Affiliated dealers: 900 (as of September 30, 2007)

New car estimate service users: 2.03 million (FY06)



※Assumes approval by regulatory agencies.

③ Use Equity Alliances to Expand Insurance Sales Channels

Plan to add insurance sales channels by establishing equity-based alliances with Insurance Responsibility Research Center, which has a nationwide store network, and Financial Agency, which has expertise in using outbound call centers to market products.



※Assumes approval by regulatory agencies.

④ Fund Operated by SBI Group Invested in Auto Server (Internet used car sales intermediary)

Profile of Auto Server

Activities: Used car auction bidding agent service using the Internet

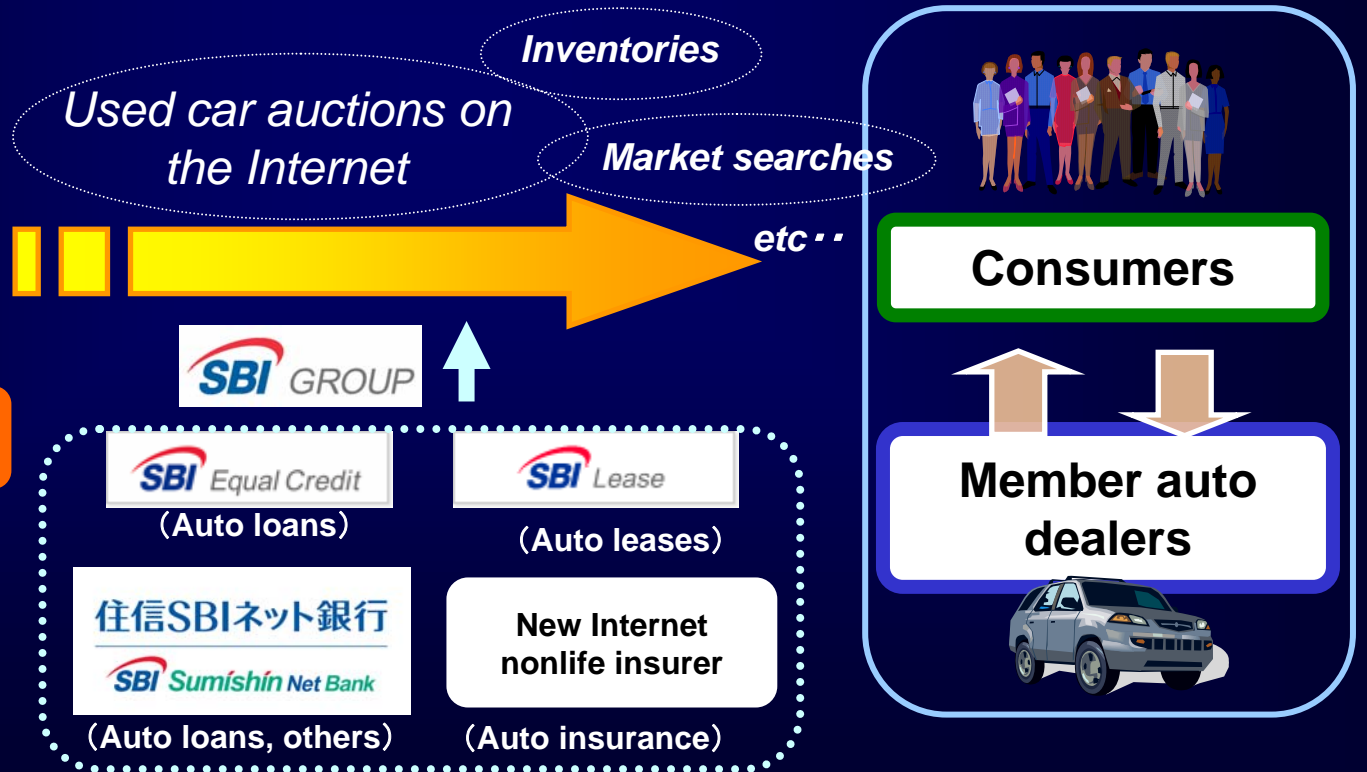
Investment: 34.04% owned by fund operated by SBI Group

No. of vehicles: Covers about 70% of all vehicles submitted at used car auctions in Japan



Auto Server Co., Ltd.

Operates ASNET, which allows end users to directly choose vehicles to submit for auction and vehicles are purchased by members



※Assumes approval by regulatory agencies.

(3) New Initiatives in Brokerage & Investment Banking Business

~Expand investment trust business~

- ① Merger of SBI E*TRADE SECURITIES and SBI Securities (Oct. 1)
- ② Start of SBI Fund Bank (mid-Nov.)

**① Merger of SBI E*TRADE SECURITIES
and SBI Securities (Oct. 1)**

Goals and Primary Benefits of Merger

1. **Enactment of Financial Instruments and Exchange Law requires even stricter management of conventional (face-to-face) sales activities. The merger will upgrade the compliance, transaction management and other functions of the two companies.**
2. **Expand investment banking operations through growth of PO operations and other activities**
3. **Launch a full-fledged private banking business**
4. **Cut Systems Expenses by Consolidating Back-office Systems**

Through the integration of online and conventional securities company resources, further enhance the customer-centric principle

Administrative Punishment of Conventional Securities Companies Following Financial Instruments and Exchange Law

(enacted on October 1, 2007)

(example 1) Maruhachi Securities
(administrative punishment on Oct. 5)

Newspaper Article

※1

Three-day suspension of operations for market manipulation using stock orders received from customers

(example 2) Mizuho Securities
(administrative punishment on Oct. 26)

Newspaper Article

※2

Order to improve operations due to violation of law due to improper use of customer information held by parent company Mizuho Corporate Bank

SBI E*TRADE SECURITIES' compliance with Financial Instruments and Exchange Law

Complying with provisions of Financial Instruments and Exchange Law, which is aimed at protecting investors and improving market functions

Compliance with tighter advertising restrictions

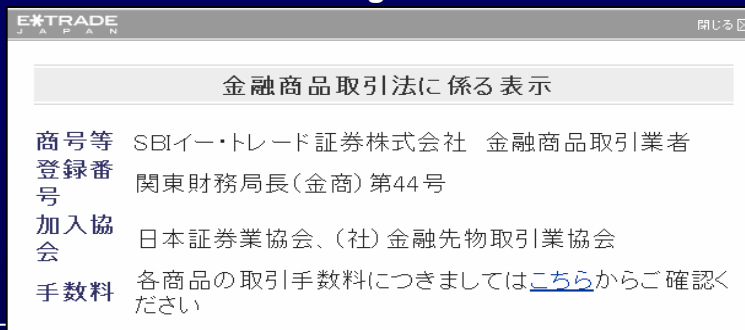
- Inclusion of information on risks associated with products

<Media used>

- ◆ Web site (including back-up site)
- ◆ Trading tools (HYPER E*TRADE、MOBILE E*TRADE, others)
- ◆ Mobile Web site
- ◆ Information sent via e-mail (e-magazine)

Inclusion of product risk information for each product in all transaction channels and advertising media

- Inclusion of information required by Financial Instruments and Exchange Law



<Contents>

- ◆Name, etc. ◆Registration no. ◆Association memberships ◆Risks associated with products ◆Commissions

Footers on each web site page to provide links to pages with applicable information

Other measures

- Rigorous application of the suitability rule
- Different products and services for specific types of investors (Pro/amateur system)
- Provision of written contracts and explanations prior to signing contracts. Accept applications only after confirming that the customer fully understands all aspects of the applicable service. Reconfirm provisions of products and services with existing customers.

- Rigorously protect investors by promoting a full understanding of financial products
- Establish systems to further upgrade compliance with laws and regulations

Basic Policy for Sales at Branch Offices

① Have employees earn financial planner certification and acquire sophisticated knowledge about finance

- Investment trust classes conducted by Morningstar
- Increase frequency of training sessions to cover the diverse lineup of financial products

② Use investment trusts to attract new customers

- Increase assets in customer accounts by using investment trusts to create the ideal asset allocation plan for each customer

③ Sell fund-wrap accounts to high-net-worth customers and customers who invest in stocks

- Earn revenues from incentive fees rather than brokerage commissions
- Improve asset management performance by using all resources of the SBI Group

Establish new customer relationships:

Use Investment Trusts to Create the Ideal Asset Allocation Plan for Each Customer

SBI & Morningstar Fund Selection

Aggressively promote SBI & Morningstar Fund Selection, which selects Morningstar's highest rated funds in each asset class from among the approximately 300 funds sold by SBI E*TRADE.

Also provide advice for asset allocations that match the objectives, assets and financial condition, risk tolerance and other parameters of each investor.

SBI E*TRADE SECURITIES



Asset allocation & fund selection

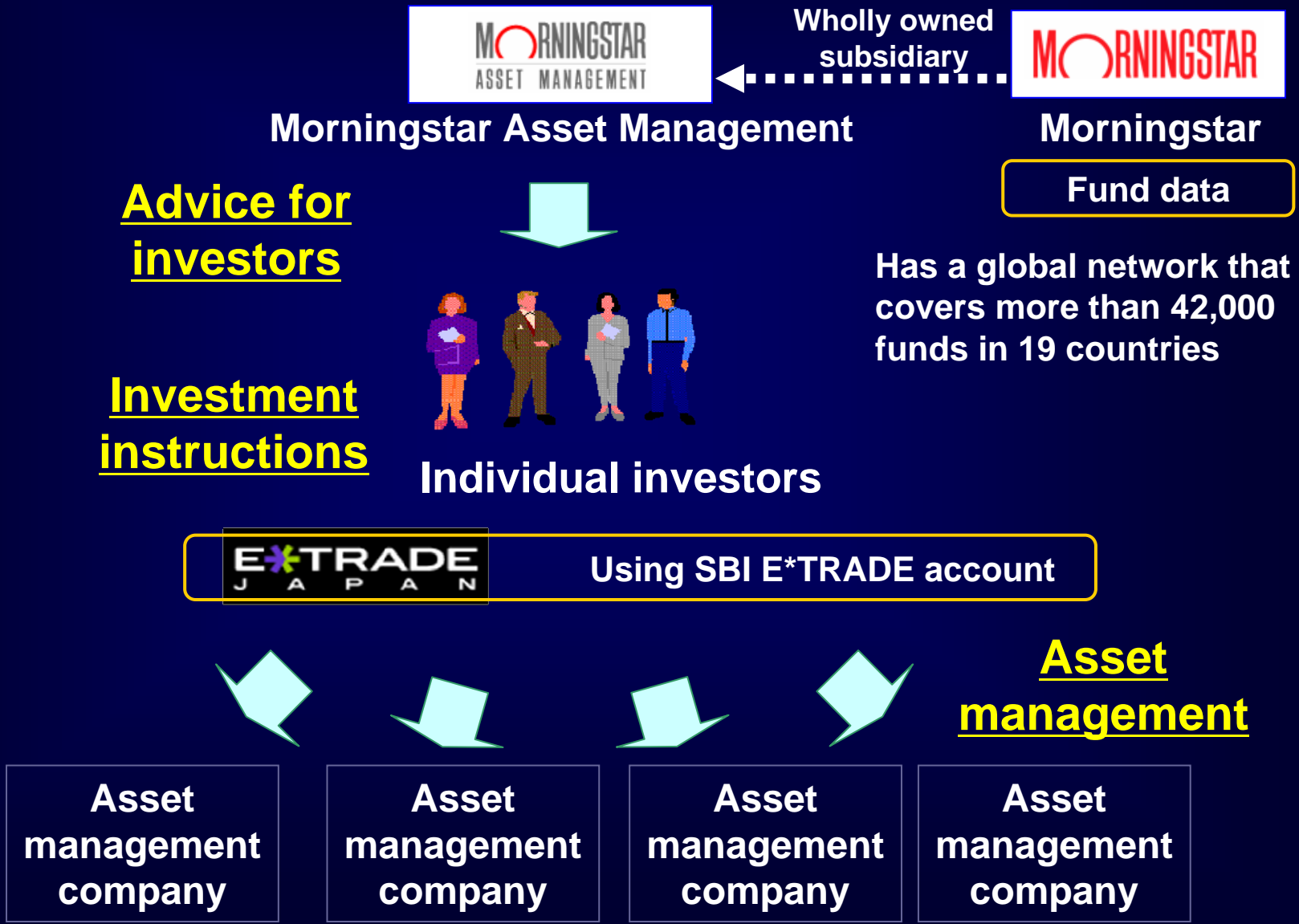
Offer the ideal asset allocations and funds for each investor

Individual investors



For high-net-wealth individuals:

The Fund-Wrap Account, in Conjunction with Morningstar (tentative)



Actions to Utilize Conventional Channels to Become a Comprehensive Securities Company

Diversify branch office operations to expand the investment banking and private banking businesses.



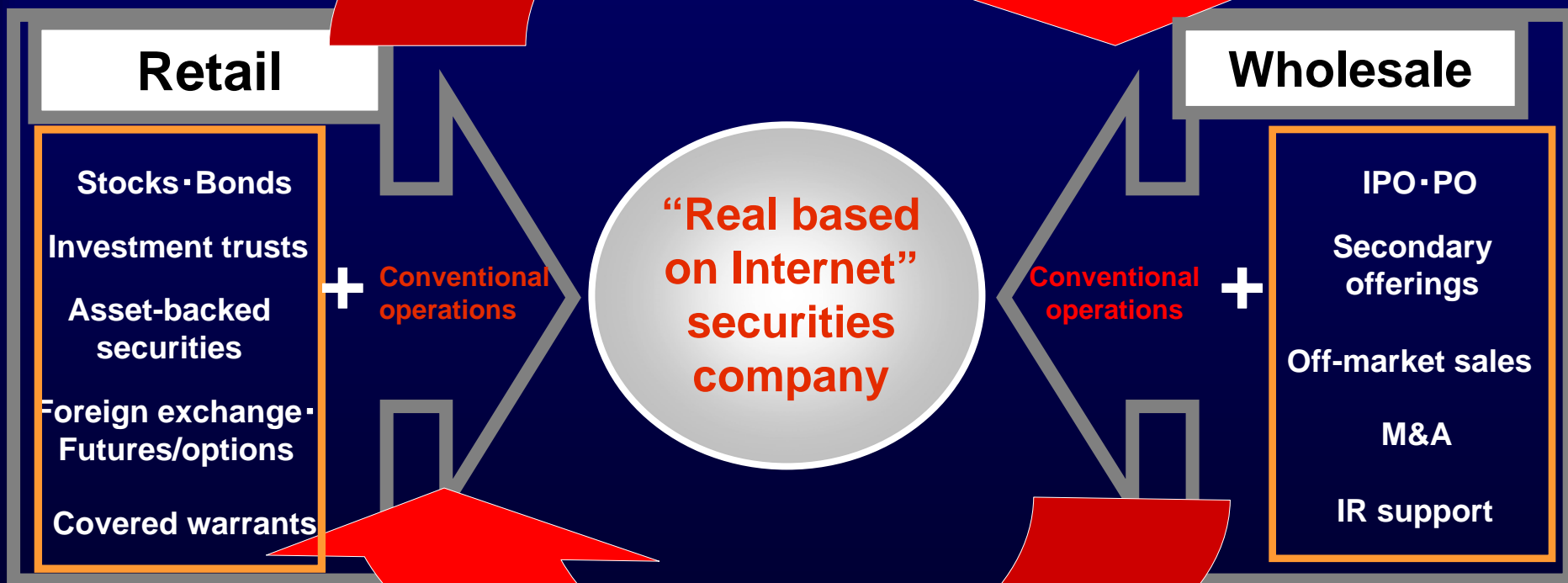
Conduct unprecedented and highly efficient sales activities by using the convergence of the Internet and “real” infrastructure and capturing mutual synergies

A “Real based on Internet” Securities Company

Goal is to become a preeminent comprehensive securities company through the convergence of online brokerage services and conventional (face-to-face) investment banking and private banking services.

Take advantage of **overwhelming sales capabilities** backed by the significant **online customer base**

Share of individual brokerage trading value: 36.0% (Sept. '07)



Offer highly appealing investment products

Participated in underwriting of 31 IPOs in FY08 first half (1st among all securities companies in Japan)

Reduce Systems Expenses by Consolidating Back-office Systems

Plan to consolidate back office systems by May 2008

<Current systems>

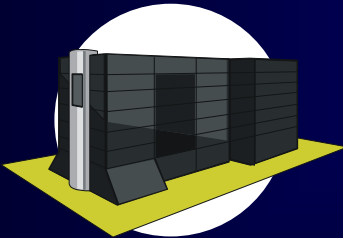
<After merger>



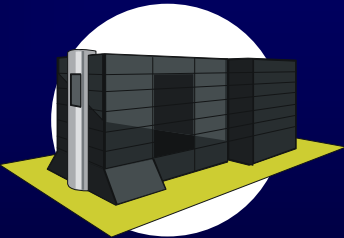
Each company
uses its own
system



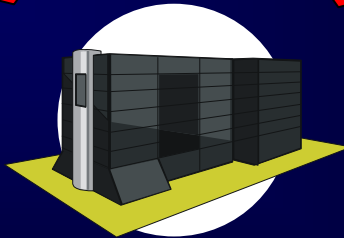
Online and branch
office ("real")
operations will use
the same system



Back-office system



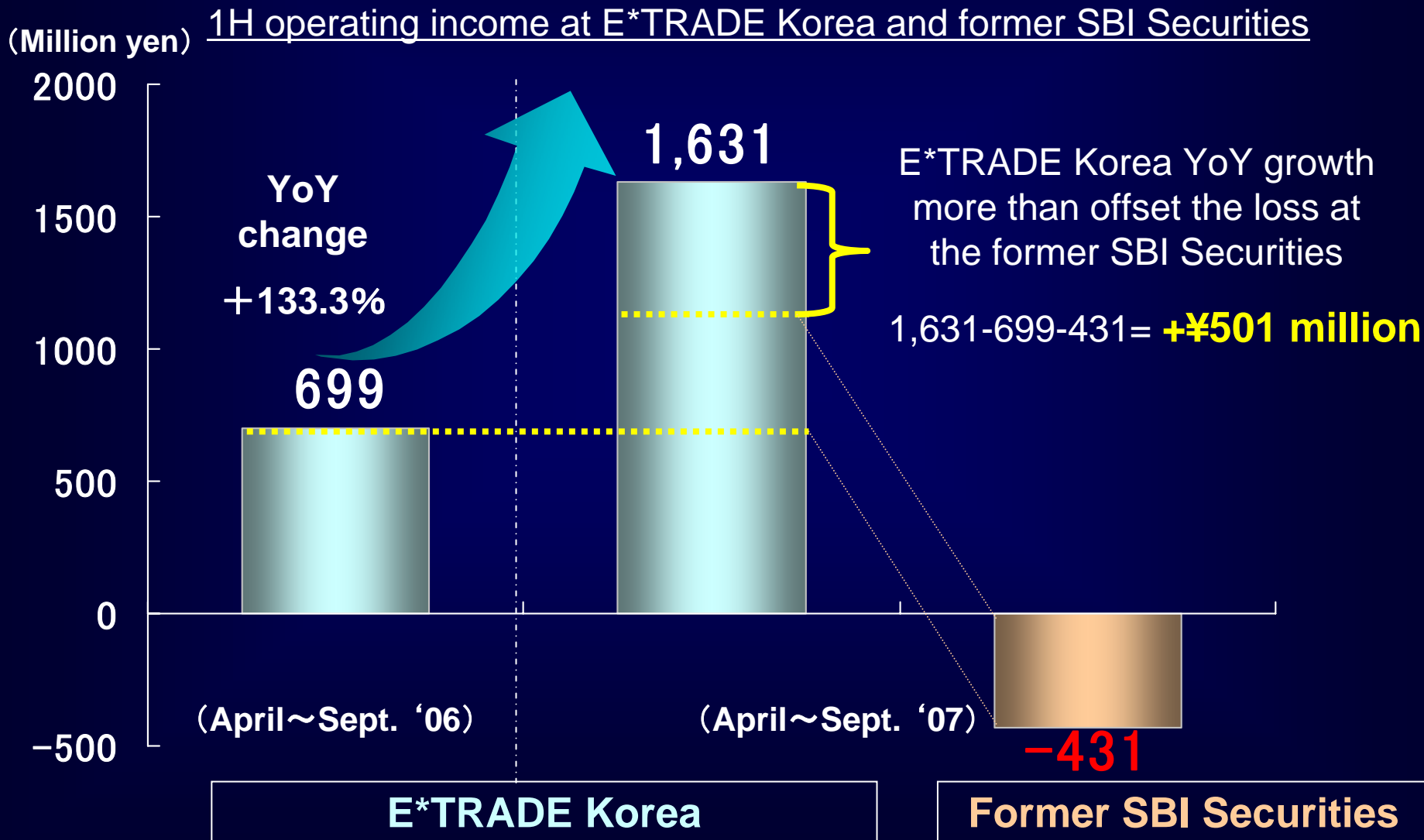
Back-office system



Back-office system

Will use the current vendor to consolidate systems with the aim of achieving significant cost savings

Growth in earnings at E*TRADE Korea outweighed losses from structural reforms at former SBI Securities, resulting in a net contribution to SBI E*TRADE earnings



② Start of SBI Fund Bank (mid-November)

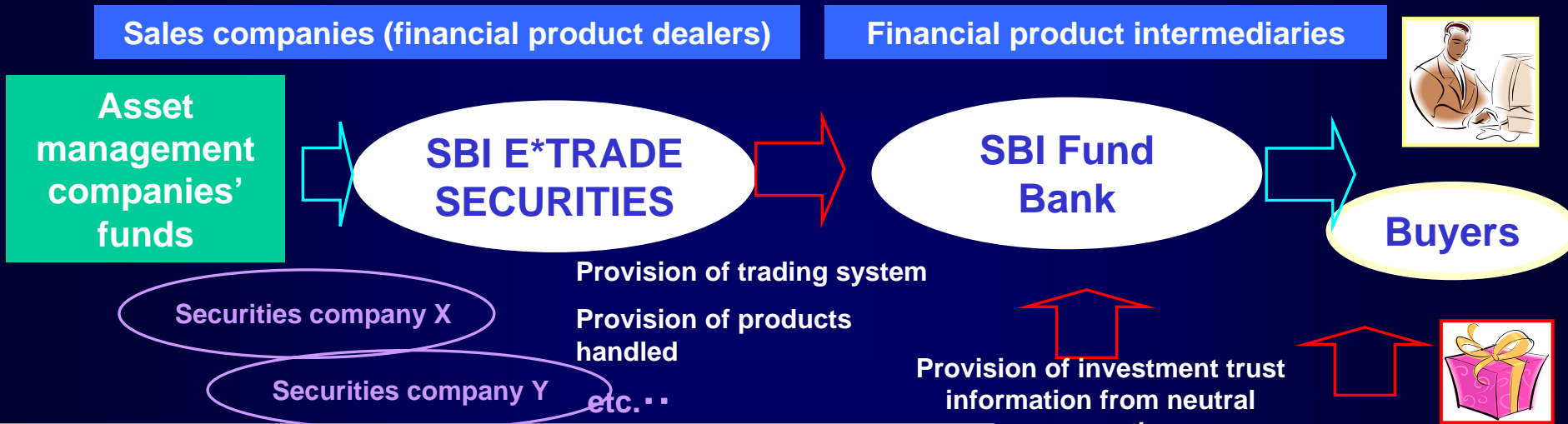
The three goals of SBI Fund Bank

- ① Lead the investment trust fee revolution
- ② Contribute to rapid growth in the investment trust business of SBI
E*TRADE SECURITIES
- ③ Contribute to rapid growth of SBI Point Union's bonus point service

SBI Fund Bank Inception (mid-November)

(As a financial products intermediary for the financial products handled by SBI E*TRADE SECURITIES)

Distributing points to investors reduces sales commissions and trust fees, helping achieve the goal of an investment trust “fee revolution”



<SBI Fund Bank services>

-For investors:

Distribute large number of points

Clearly state performance after investment trust fees and other expenses

Recommend investment trusts that match each customer's characteristics and objectives

-For sales companies:

Recommend strictly low-cost funds and highly appealing funds

MORNINGSTAR

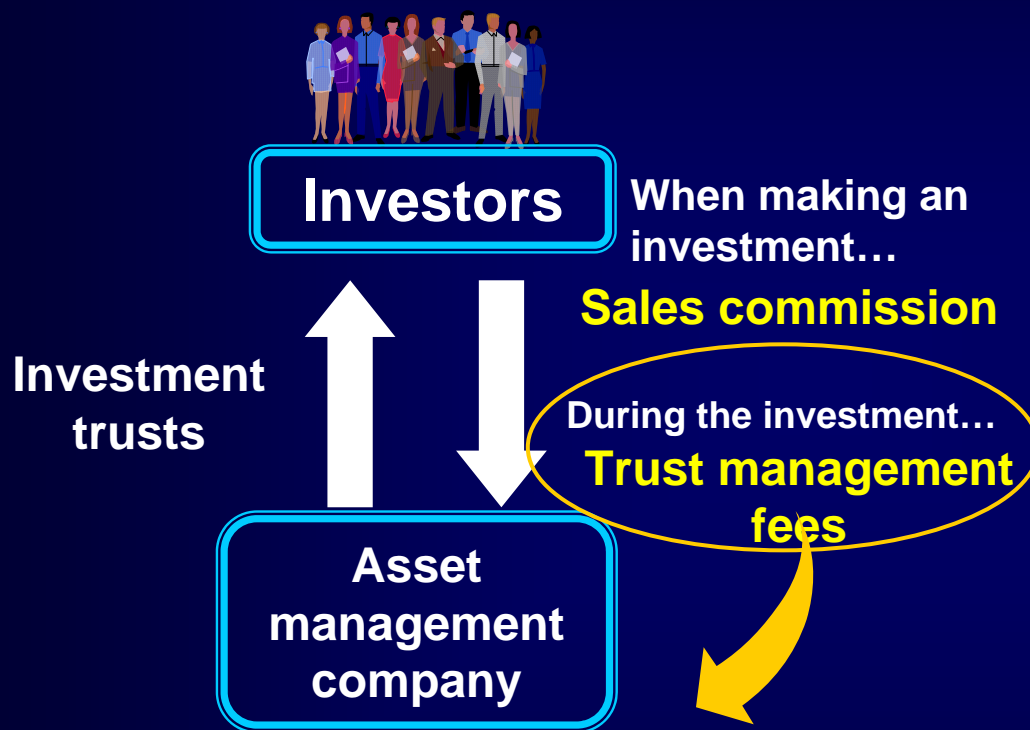
Bonus point service

SBI Point Union

Exchange points for merchandise

Significant Impact of Investment Trust Fees on Final Returns

~Major investment trust fees~



Management fees increase as the investment trust holding period grows, having an impact on the final return for investors

Avg. investment trust fees at end of March are up for 4 consecutive years

Newspaper Article

(Nihon Keizai Shimbun, May 9, 2007)

Fund Bank activities:

Proposal for Selecting Investment Trusts by Comparing Expenses

Actively managed Japanese stock funds with the lowest expenses

Fund	Morningstar rating	Net assets (¥100 million)	Zero-return principal	
				5 years
DIAM-Hybrid Selection	★★★★★	117	Low cost	94.20
T&D-Active Value Open	★★★★★	658		93.75

Funds are small but have low expenses for customers

Actively managed Japanese stock funds with the highest net assets



Fund A	★★	2,877	High cost	87.48
Fund B	★★	4,336		89.46

Funds are large and popular, but expenses for customers are high

... ◆ New index: What is zero-return principal?

Shows how much of the initial principal (100) will be received when the fund is redeemed after several years even if the daily return on assets is zero.

→ Decline in principal = Cost (※)

(※) Purchasing fee, trust fee, trust asset reserve

A lower zero-return principal figure corresponds to higher fund expenses.

Fund Bank activities:

Portfolio Designs Using Simulation Tools

- ① Creation of portfolios that match specific risk tolerances
- ② Savings growth simulation for individuals age 20-29
- ③ Wealth creation simulation for individuals age 30-50
- ④ Retirement simulation for individuals age 55-60

① Risk tolerance diagnosis

② Simulation of growth in savings (Raku-Raku Fund)
Search for “asset management for growth”

③④ Life Plan Simulation

Determination of investment style and asset allocation
Index funds or actively managed funds

Five allocation proposals for six asset categories (domestic/overseas stocks, bonds, REIT)

Regular contributions to funds

Six asset categories (domestic/overseas stocks, bonds and REITs) + more

■ Emerging market stocks ■ Commodities

- ① Combination of six index funds
- ② Combination of funds centered on diversified funds covering six asset categories in Japan and overseas

- ① Combination of actively managed growth funds
- ② Combination of distribution-type funds

4. Fiscal 2007 Forecasts

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

Business Unit FY07/1H Performance and FY2007 Forecast (Operating Income)

(100 million yen)

	FY07/ 1H	FY07/ 1H x 2	FY07 operating income forecast (announced Jun28)
Asset Management Business	78	156	?
Brokerage & Investment Banking Business	113	226	300~330
Financial Services Business (existing operations)	17	34	35~40
SBI Card, SBI Card Processing SBI Sumishin Net Bank, New Internet life and non-life insurers	▲8	▲16	▲15~▲10
Housing and Real Estate Business	44	88	70
System Solution Business (SBI Robo)	▲3	▲6	
Corporate Expenses	▲7	▲14	
Total	234	468	390~430+?

*The above figures are business segment performance after consolidation of funds.

*SBI Mortgage was included in Financial Services through FY06/3Q and transferred to Housing and Real Estate in FY07/4Q.

Projected Second Half Earnings

① Asset Management Business

IPO Market Showing Signs of a Recovery with Rapid Increase in Number of October Issues

IPO market remained weak in Sept. with opening prices of all Sept. IPOs below the offering prices, but the number of IPOs rose to 12 in Oct. and the average opening price premium was 86.7%.

[IPOs planned for October: 12 companies]

Company	Market	Listing date	Offering price	Opening price	Opening/offering price (%)
Nomura Micro Science	JQ	10/5	1,800	2,950	+ 64
Techno Alpha	Hercules	10/10	120,000	240,000	+ 100
Sony Financial Holdings	TSE 1st	10/11	400,000	420,000	+ 5
Early Age	Mothers	10/15	70,000	286,000	+ 309
Naturum	Hercules	10/19	220,000	350,000	+ 59
AD Works	JQ	10/19	70,000	189,000	+ 170
MoneySquare Japan	Hercules	10/25	165,000	251,000	+ 52
SANNO	JQ	10/25	18,000	17,000	- 6
Nippon Manufacturing Service	JQ	10/25	150,000	171,000	+ 14
Artner	JQ	10/26	2,000	4,000	+100
Parking Management Organization	Mothers	10/30	5,500	—	—
Chiiki Shinbunsha	Hercules	10/31	115,000	—	—

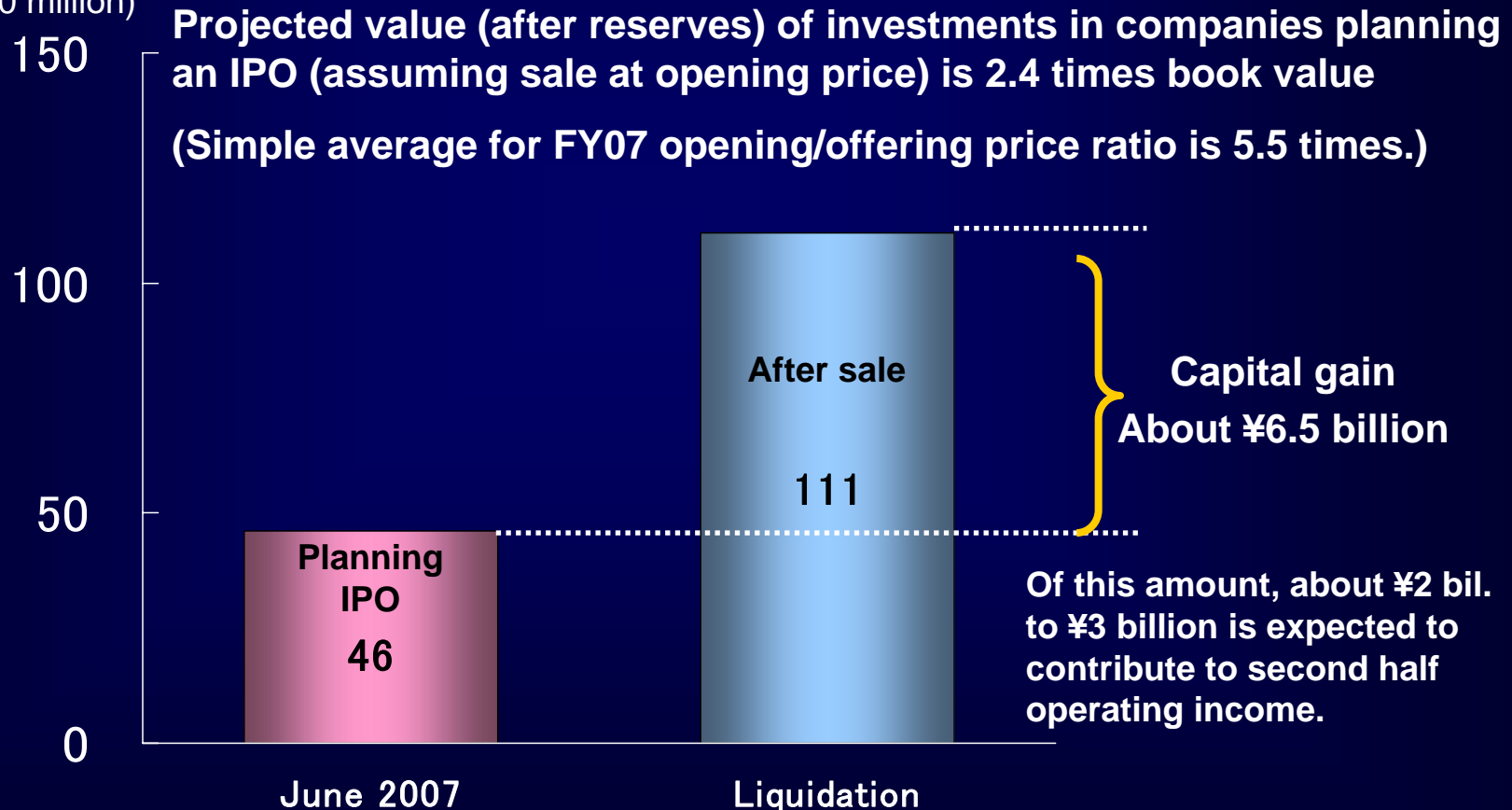
[September IPOs: 4 companies]

Company	Market	Listing date	Offering price	Opening price	Opening/offering price (%)
OST Japan Group	Ambitious	9/10	117,000	101,000	- 14
Vantec Group Holdings	TSE 1st	9/18	233,000	173,000	- 26
Nix	JQ	9/18	1,300	1,040	- 20
Realcom	Mothers	9/19	270,000	242,000	- 10

There are 22 companies that planned an IPO in FY08. Nine have already gone public, and IPOs by the remaining 13 companies are also expected to produce capital gains and other earnings.

Earnings from remaining investments during IT Fund liquidation

(Unit: ¥100 million)



※ Figures are current estimates that assume sales of investments in companies planning an IPO will be made during the fund liquidation period.

Five of the 10 companies in the New Horizon Fund portfolio are now publicly owned, with the latest IPO transacted in Oct 2007. Unrealized capital gains of the four publicly owned companies already total greater than 200% of the fund's initial capital. SBI Holdings expects to receive a distribution of US\$32million from this fund (initial investment was US\$50 million), and expects to record the distribution in the fourth quarter since the fund ends its fiscal year in Dec.

(US\$ million)

Portfolio companies	Invest-ment	Category	IPO (planned)	Projected earnings	
				March '07	September '07
Sichuan Meifeng Chemical Industry	14.8	A-Class shares		30.5 (unrealized gain)	50.0
Changsha Zoomlion Heavy Industry Science & Technology Development	13.3	A-Class shares		35.6(unrealized gain)	250.4
China Printing &Dyeing Holding (Jiang Long)	3.5	IPO		1.0(unrealized gain)	2.5
Yingli Green Energy Holding	2.5	IPO		Pre-IPO	11.5
Kingsoft (IPOed on Oct. 9 at HK)	7.2	IPO		Pre-IPO	Est. IRR 72%
Cathay Industrial Biotech	12.2	Pre-IPO	2007		Est. IRR 148%
China Stem Cells Holdings	4.1	Pre-IPO	2007		Est. IRR 57%
Goldwind Science and Technology Co., Ltd	4.1	Pre-IPO	2007		Est. IRR 77%
Jiangsu Ealong Biotech	2.5	Pre-IPO	2007		Est. IRR 84%
Shineway Group	20.0	Pre-IPO	2009		Est. IRR 34%
Total	84.3			Total US\$314.4 million	

Dividend for FY2008 US\$ 118.8 million (tentative)

Dividend for FY2009 US\$ 149.8 million (tentative)

Dividend for FY2010 US\$ 41.5 million (tentative)

(152.9 million US\$ as of March 2007)

Total dividend US\$342.3 million (tentative)

【Unrealized gains for Asian investments other than from the New Horizon Fund】

◆ CHINA: Yingli Green Energy Holding Company

- Development, manufacture and sale of solar power systems and parts

Invested about ¥600 million in Dec. 2006. Current unrealized gain is about ¥3 billion.

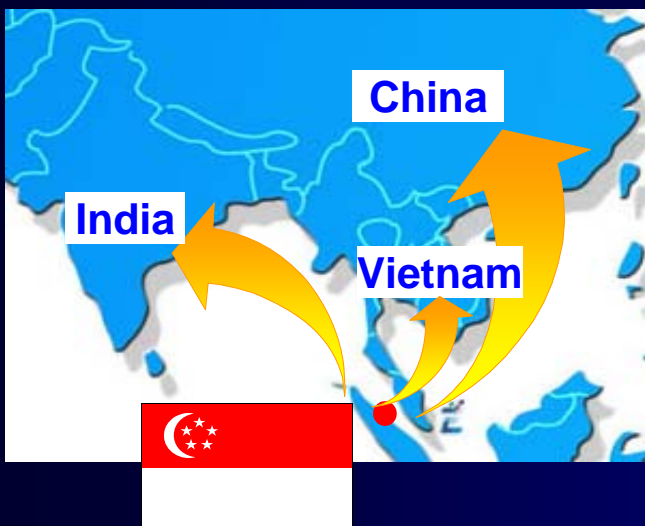
◆ CHINA Boqi Environmental Solutions Technology (Holding) Co., Ltd.

- Environmental energy business

Invested about ¥290 million in Dec. 2006. Current unrealized gain is about ¥450 million.

Lock-up period ends during current FY, so sales will produce actual gains.

Start of Full-scale Launch of New Funds through Alliances with Prominent Overseas Companies



Started operations at Singapore base in May 2007

SBI VEN CAPITAL PTE. LTD

-India: Signed contract to form a joint investment fund with **State Bank of India**, the country's largest commercial bank. Currently studying suitable investments and conducting due diligence. Ahead of these actions, a subsidiary in Mauritius is preparing to make three to five investments for the fund.



-China: Signed contract with **Tsinghua Holdings**, part of Tsinghua University, one of China's most prestigious universities, to establish a renminbi-denominated investment fund. Established an asset management joint venture. Now awaiting government approval.



-Vietnam: Signed basic agreement with **The Corporation for Financing and Promoting Technology (FPT)**, Vietnam's largest IT company, for the establishment of a local-currency fund and joint venture asset management company. Final contract to be signed by the end of Nov.



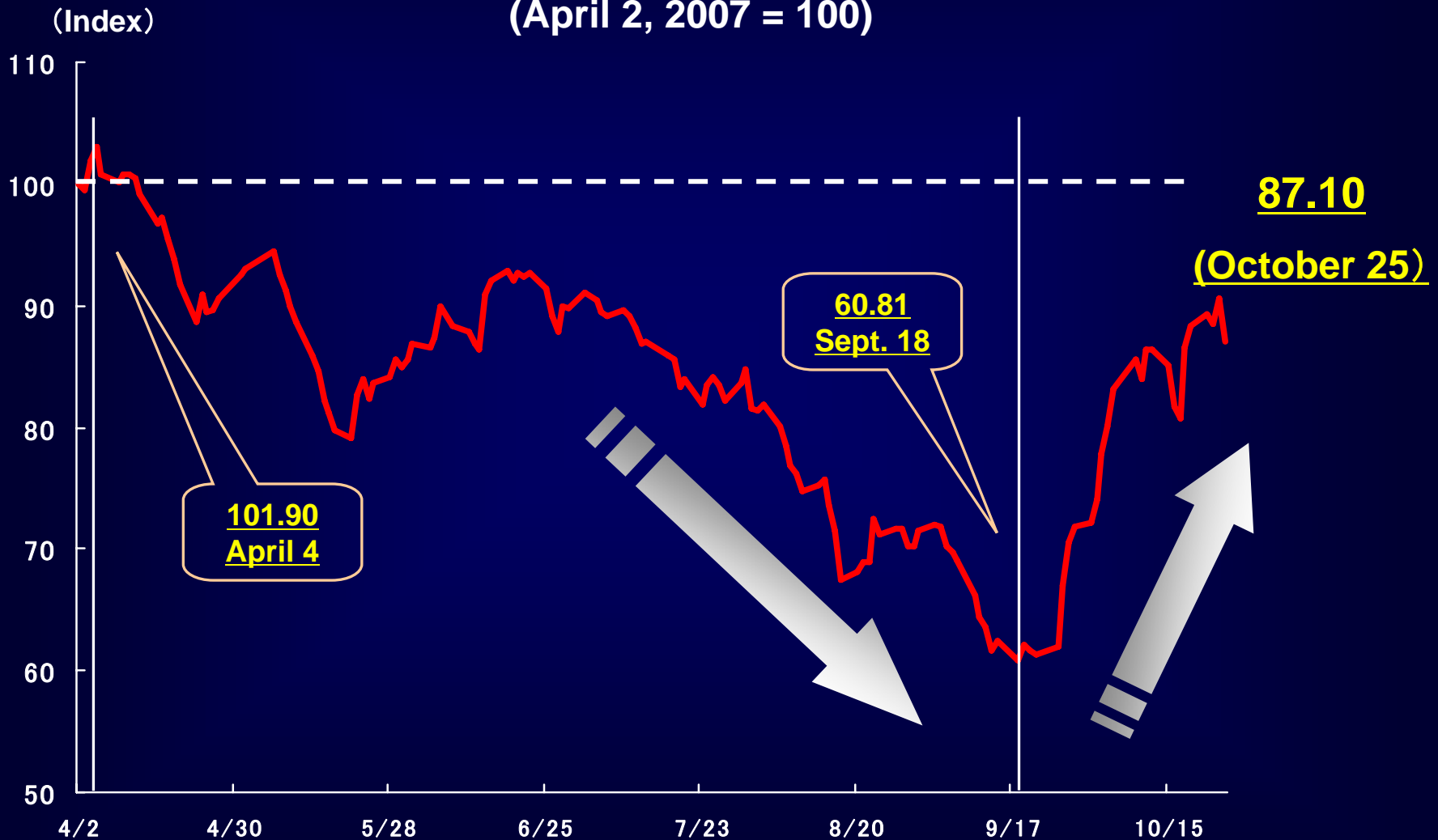
Two portfolio companies are preparing for IPOs in Singapore and the U.K. new market.

② Brokerage & Investment Banking Business

Emerging Equity Markets Are Rebounding

Mothers Index for April 2~Oct. 25, 2007

(April 2, 2007 = 100)



SBI E*TRADE Monthly Brokerage Trading Value

SBI E*TRADE SECURITIES Daily Brokerage Trading Value



Note: 1. Uses preliminary figures (trade date basis).

2. October data ends on the 26th.

5. The SBI Commitment to Shareholder Value

Upcoming Dividend Policy

Fundamental policy for allocation of earnings and FY2007 dividend

SBI Holdings is dedicated to distributing earnings to shareholders in a consistent and appropriate manner. In addition, the company uses retained earnings to fund substantial investments to make business activities more competitive and profitable. Therefore, the fundamental policy is to pay a dividend that reflects the consolidated performance of the SBI Group, the stock price of SBI Holdings and all other applicable factors.

In consideration of all applicable factors, SBI Holdings will pay a dividend of ¥600 per share applicable to the first half of fiscal 2007.

SBI Holdings Dividend

• Plan to pay FY07 interim dividend of ¥600 per share

(per share)

	Interim	Year end		Annual
		Commemorative (for merger)	Ordinary	
Fiscal 2007 (tentative)	<u>¥600</u>	—	<u>tbd</u>	<u>¥600+ α</u>
Fiscal 2006	¥600	—	¥600	¥1,200 (29.7%)
Fiscal 2005	—	¥100	¥500	¥600 (12.1%)
Fiscal 2004	—	—	¥350	¥350 (9.8%)

* Dividend payout ratio for consolidated is shown in parentheses.

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