



*Strategic
Business
Innovator*

SBI Group

2007 Information Meeting

Nov. 16	Fukuoka	Nov. 21	Nagoya
Nov. 22	Osaka	Nov. 26	Tokyo

Yoshitaka Kitao
Representative Director & CEO
SBI Holdings, Inc.

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.

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

Part 1 Fiscal 2007 First Half Performance

Part 2 Progress Report on New Businesses

**Part 3 The SBI Group's Objectives Amid
Today's Major Changes in the Global
Economy**

**Part 4 How the SBI Group Creates
Corporate Value**

Part 1

Fiscal 2007 First Half Performance

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).

Newspaper Article Reporting the SBI Group's First Half Performance

Newspaper Article

SBI 1H Net Income Down 80%

— Lower income from sales of stock —

SBI Holdings announced a year-on-year decline of 80% in consolidated net income in the six-month period that ended in September 2007.

The overseas investment business performed well. However, the past year included gains on sales of stock in an online securities company, which is SBI's subsidiary, and there were no such gains this year.

Starting in FY07, SBI Holdings has included all investment funds in its consolidated financial statements. As a result, the number of consolidated funds is now 20, which is 14 more than in FY06.

(Nihon Keizai Shimbun, October 31, 2007)

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 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

(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.**

Newspaper Article about FY07 First Half Performance of Japan's Big 4 Listed Venture Capital Companies

Newspaper Article

SBI Holdings

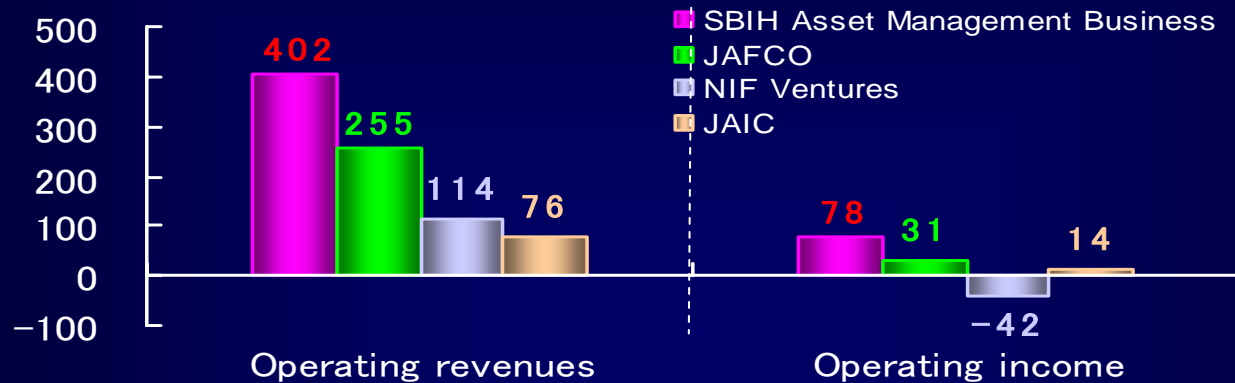
New investments:
¥48.7 billion

Capital gains:
¥9.8 billion

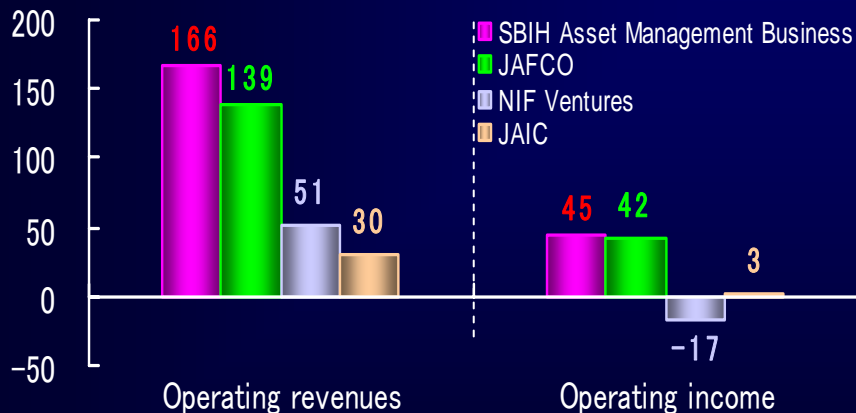
—Net income down at two
companies because of weakness
in emerging markets—

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

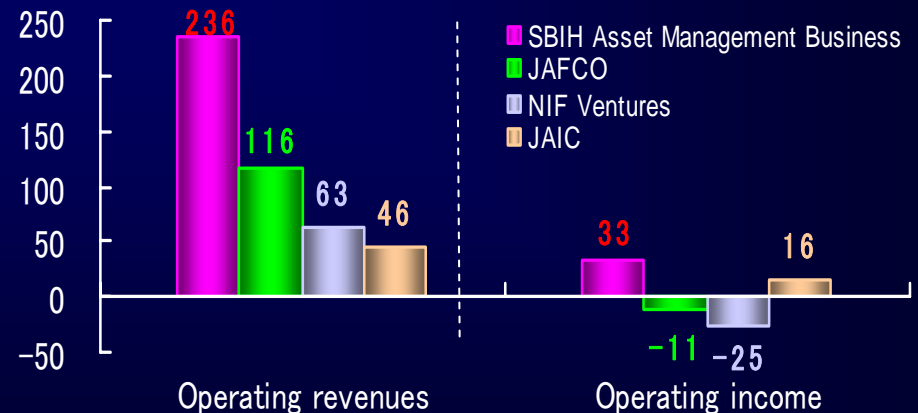
Comparison of FY07/1H Venture Capital Company Performance (100 million yen)



Comparison of FY07/1Q VC Company Performance



Comparison of FY07/2Q VC Company Performance



*Rounded to nearest ¥100 million

Source: Company materials

(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.**

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

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

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

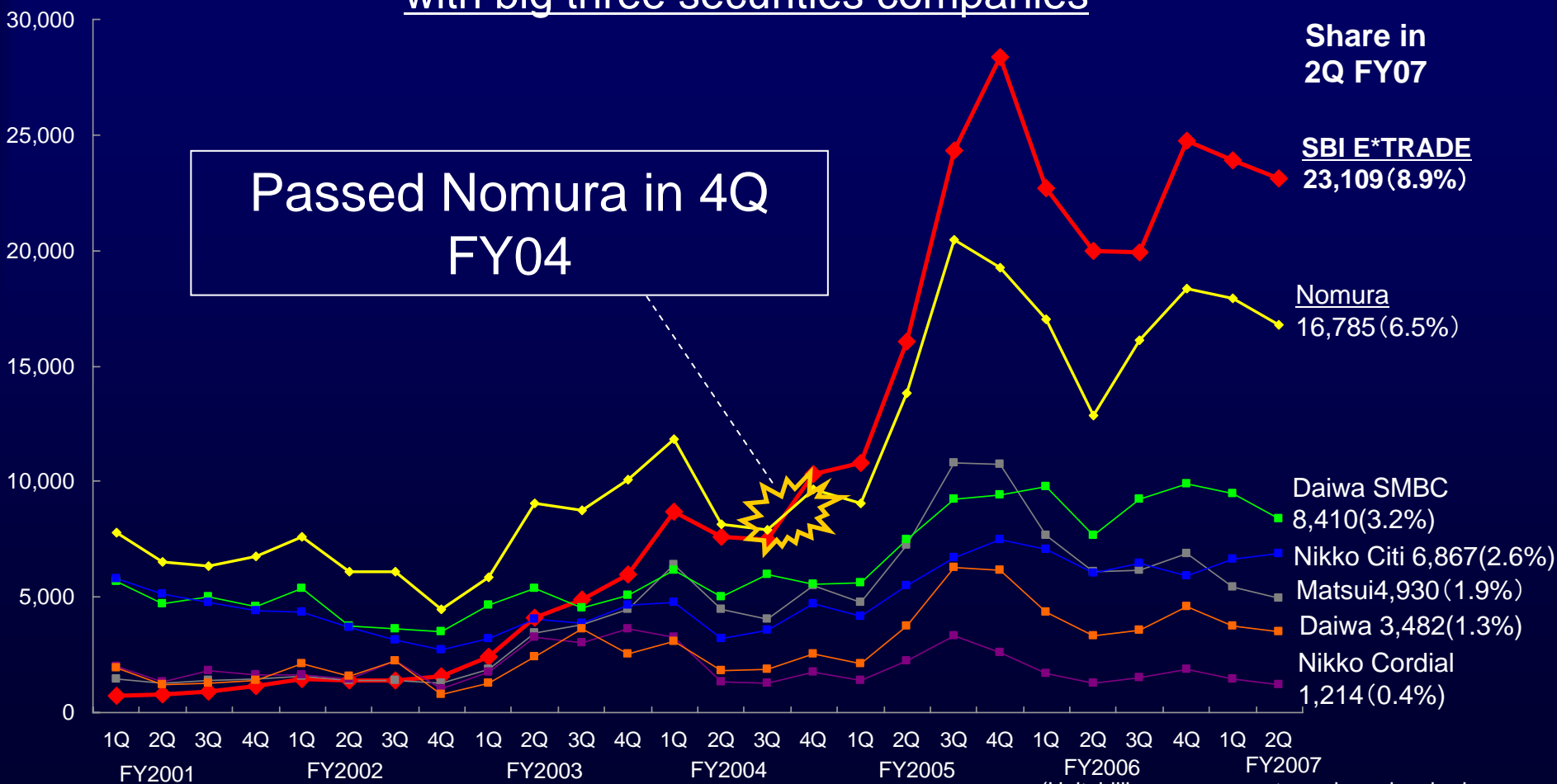
Comparison of 1st Half FY2007 Consolidated Performance of Major Online Securities Companies

	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

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)

**【 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

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

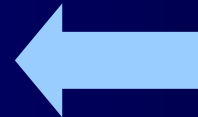
Use Investment Trusts to Create the Ideal Asset Allocation Plan for Each Customer

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

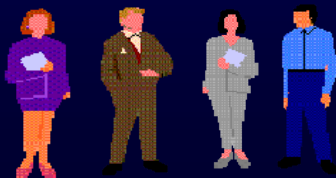


MORNINGSTAR

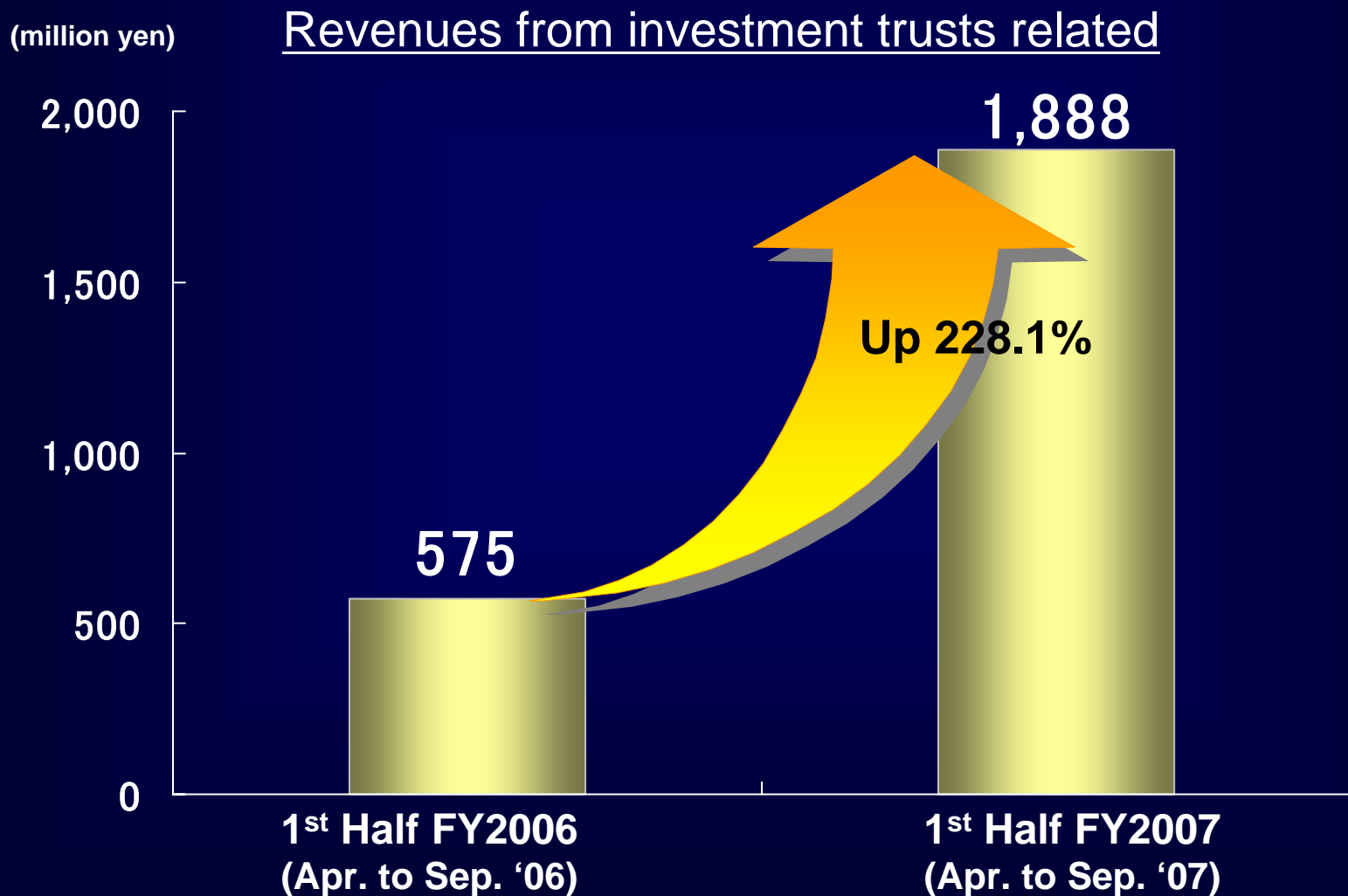
Asset allocation & fund selection

Offer the ideal asset allocations and funds for each investor

Individual investors



Increase in Lineup of Investment Trusts and No-load Investment Trusts Produced a 228.1% YoY Increase in investment Trust Revenues



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

Actions to Utilize Conventional Channels to Become a Comprehensive Securities Company

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

Sales of stocks and investment trusts to individuals

- Sell stocks, investment trusts and other investments using face-to-face channel

Private banking business

- Establish training system for employees in private banking to serve high-net-worth individuals



Sales force of about 270

Provision of added value to online customers

- Introduce sales personnel using web site
- Establish a call center that provides consultation services

Sales targeting operating and financial companies

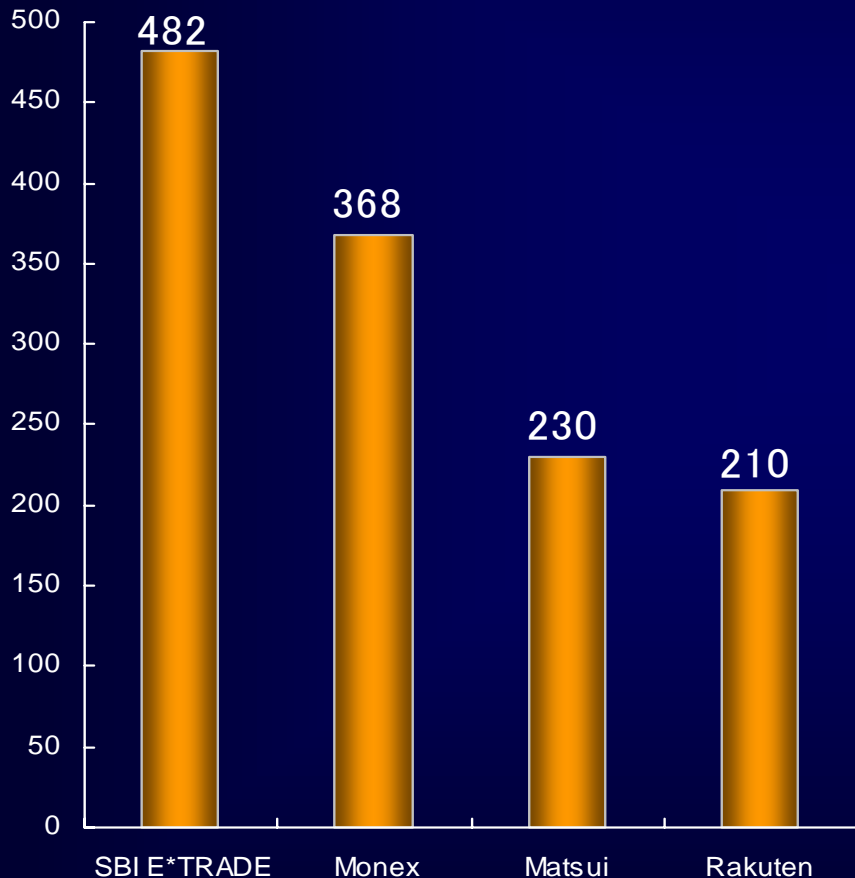
- Use nationwide offices to strengthen corporate sales
- Increase number of financial companies

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

Aiming for Further Expansion in Investment Banking Operations, Which SBI E*TRADE Has Ranked First among ALL Japanese Securities Companies in IPO Underwriting Participation Rate

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

SBI E*TRADE SECURITIES Plans to Change Its Corporate Name to “SBI SECURITIES” in July 2008

Primary Reason:

1. To be known as “E*TRADE” no longer correctly express the organization’s endeavor towards becoming a comprehensive securities company. Therefore, changing the corporate name at this time will support the company’s efforts to further expand its business scope in the financial market.
2. Utilize the unified brand image of “SBI Group” to expand its business.
3. Upon termination of the current contract, which does not permit the development of an overseas business, the company will be able to widely exploit its potential overseas business possibilities.
4. E*TRADE FINANCIAL is planning to review its license contract business to enable themselves to expand on a worldwide basis

5. Outlook for E*TRADE FINANCIAL

Newspaper Article

(The Wall Street Journal, November 12, 2007)

*“The risk of an E*TRADE (U.S.) bankruptcy”
Citigroup’s analyst **downgraded E*TRADE**,
stating there is a 15% risk of bankruptcy
caused by large-scale withdrawals by
customers concerned about credit losses.*

**November 12 closing price of
E*TRADE (U.S.) stock:
Fell from \$8.59 the previous day to
close at \$3.55, down 59%**

E*TRADE FINL CORP (NasdaqGS:ETFC)

After Hours: **3.62** **↑ 0.07 (1.97%)** as of 6:15PM ET on 11/12/07

Last Trade: **3.55**

Day's Range: 3.46 - 5.65

Trade Time: 4:00PM ET

52wk Range: 8.02 - 26.08

Change: **↓ 5.04**
(58.67%)

Volume: 295,164,910

Avg Vol (3m): 17,384,500

Prev Close: 8.59

Market Cap: 1.50B

Open: 5.50

P/E (ttm): 3.45

Bid: 3.61 x 400

EPS (ttm): 1.03

Ask: 3.62 x 400

Div & Yield: N/A (N/A)

1y Target Est: 15.86

SBI E*TRADE's Ranking in the Securities Industry

(Performance, as of 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)

SBI E*TRADE's Ranking in the Securities Industry

(Customer base, as of 1H FY2007)

Ranking by customer accounts

1	Nomura *1	4,066,000
2	Daiwa Gr.	2,900,000
3	Nikko Gr.	2,305,000
4	SBI E*TRADE + SBI	1,561,493
5	Mitsubishi UFJ *1,2	1,207,000
6	Shinko	1,024,000
7	Monex	796,666
8	Rakuten	728,183
9	Matsui	699,161
10	Kabu.com	597,899

(Source: Compiled by SBI Holdings from information disclosed by each company)

*1: Outstanding balance, number of accounts

*2: As of June 2007

※ Kabu.com data is on a non-consolidated basis

(Source: Compiled by SBI Holdings from the Nikkei Financial Daily (Oct. 31, 2007) data

Ranking by assets in customer accounts

(100 million Yen)

1	Nomura	842,922
2	Daiwa Gr.	606,133
3	Nikko Gr.	391,324
4	Mitsubishi UFJ	259,358
5	Mizuho	190,627
6	Shinko	148,215
7	Mizuho Investors	74,901
8	SMBC Friend	47,190
9	Tokai Tokyo	46,448
10	Okasan	44,994
11	SBI E*TRADE + SBI	43,176
12	Marusan	20,767
13	Monex	20,689
14	Cosmo	20,048
15	Ichiyoshi	19,313
16	Toyo	16,726
17	Matsui	15,980
18	Rakuten	13,299
19	Kabu.com	11,883
20	Mito	11,618

(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.**

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 2006 First half	Fiscal 2007 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.

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.

(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)

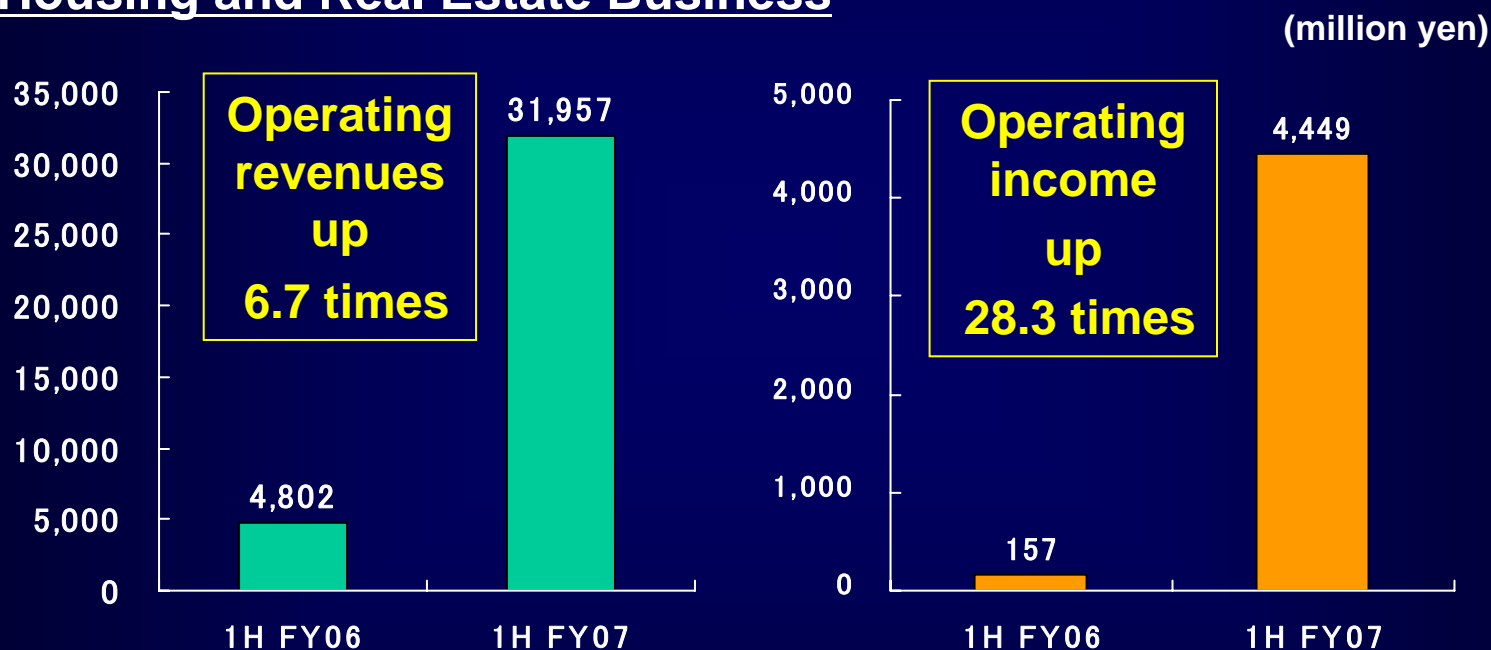
Notes:

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~

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

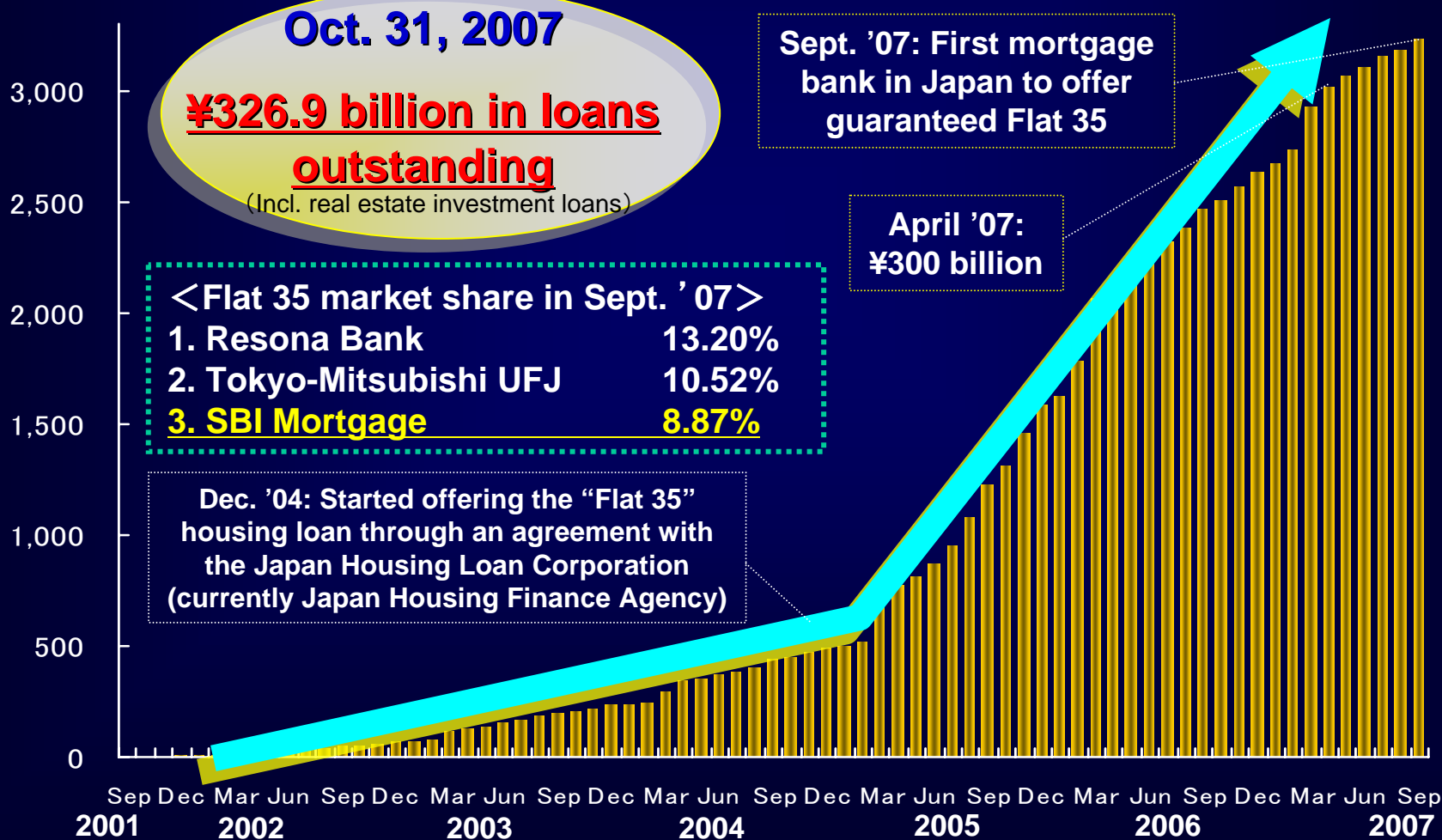
Housing and Real Estate Business



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).

SBI Mortgage offers the lowest level of interest rate* (2.83%) 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 Nov. '07 purchased loans. Market share is based on Sept. '07 applications for purchased and guaranteed loans.)

(100 million yen)



Part 2

Progress Report on New Businesses

(1) SBI Japannext Co., Ltd. (PTS)

Recent Newspaper Article about the SBI Group: Proprietary Trading System (PTS)

Among the world's first to take actions to expand stock trading

SBI Holdings CEO Yoshitaka Kitao declared that "the winner has been crowned in this business field."

~The goal is to extend trading hours to cover daytime as well as nighttime trading in order to create an enormous off-exchange market.

Nighttime stock trading up 53% to ¥14.6 billion (Sept.) owing to participation of SBI

~Monthly trading value has been ¥7.1 bil. to ¥8.2 bil. from April through July '07, recovering to the level of six months ago because of SBI's participation ~

Newspaper Article

(Tokyo Shimbun, November 9, 2007)

Newspaper Article

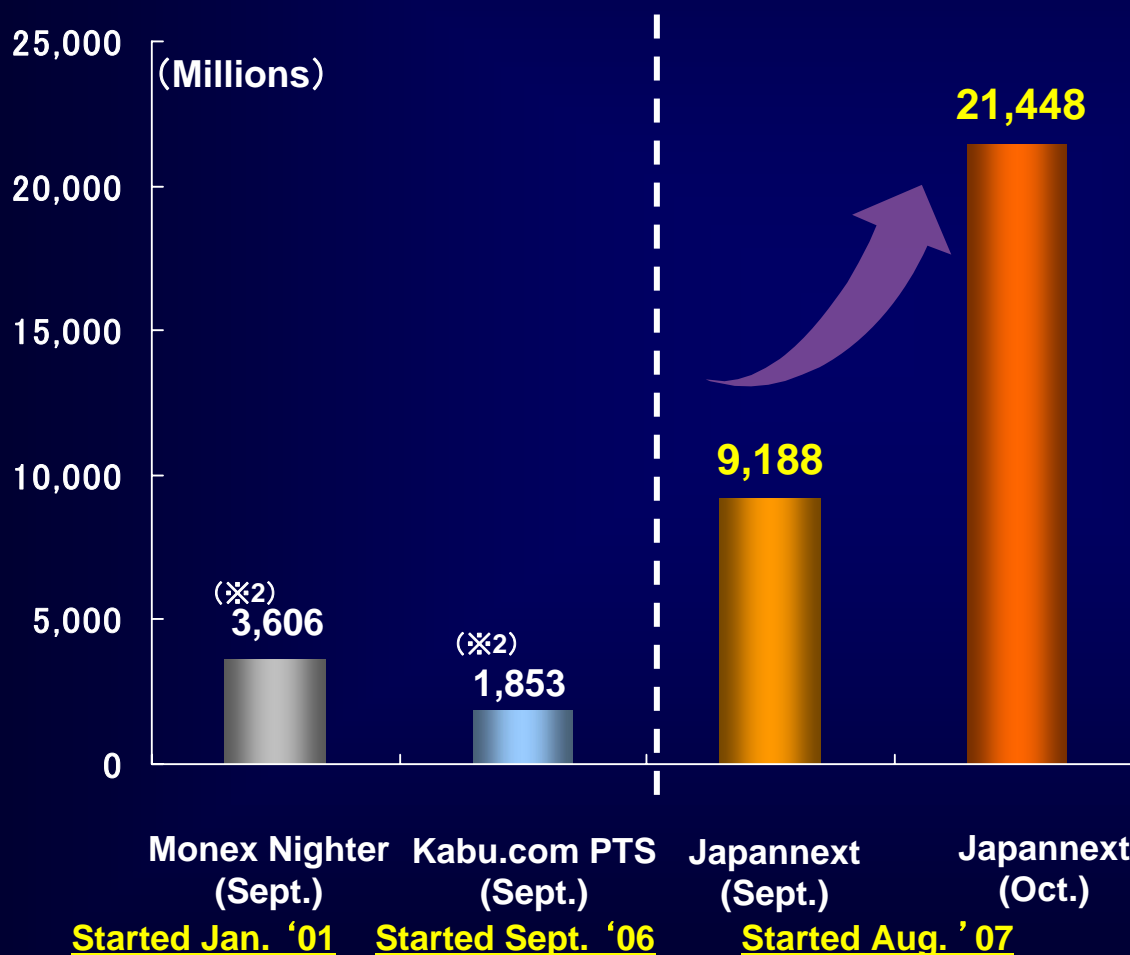
(Chunichi Shimbun, October 7, 2007)

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 trading value (※1)



November trading value was about three times as high as in September

■ Average daily trading value

Sept. (18 business days)

¥510 million

Oct. (22 business days)

¥974 million

Nov. (to Nov. 19, 13 business days)

¥1,414 million

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

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

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.



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

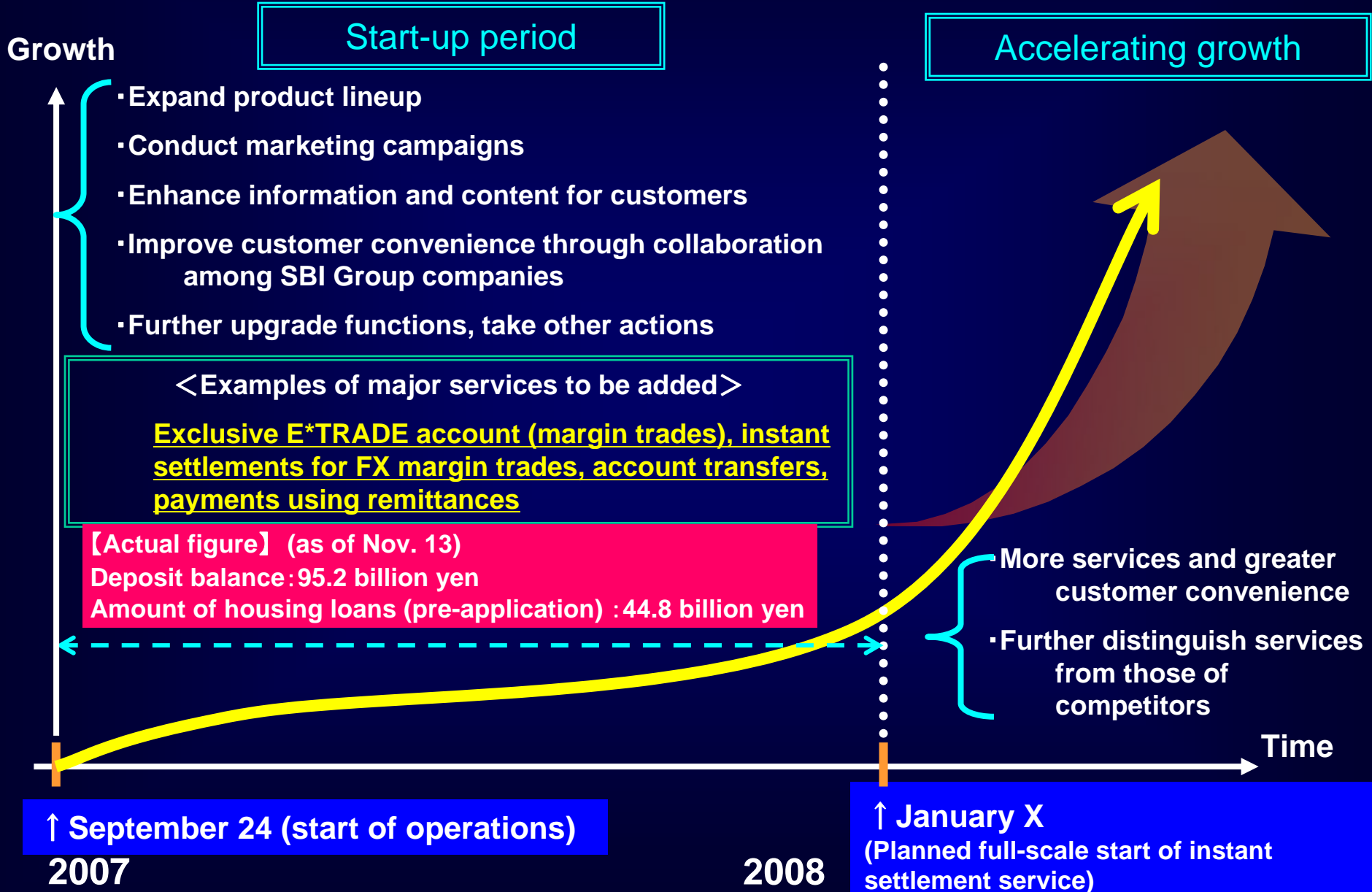
Increase trading value and liquidity by offering investors greater convenience

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

(2) SBI Sumishin Net Bank

Projected Growth of SBI Sumishin Net Bank

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



More Convenience for Customers by Offering Better ATM Fees Than Other Banks Do

Newspaper Article

eBANK will start charging ATM fees next month

“eBANK decided to start charging ATM fees because of the growing volume of fee expenses associated with its more than 2.3 million customer accounts. “

~Internet bank fees for deposit withdrawals starting in December~

	Seven Bank	Yucho Bank
eBANK	¥210*	¥210*
Japan Net Bank	¥157*	¥105 to ¥367
Sony Bank	Free	¥105*
SBI Sumishin Net Bank	Free	Free

*No. of free withdrawals depends on volume of business with bank



SBI Sumishin Net Bank offers free deposits, too, providing customers with even greater convenience

(excerpt from Nihon Keizai Shimbun, November 4, 2007)

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

1.57 million accounts (end of Oct.)

Annual interest 1.0%

Annualized return of 0.393% (※)

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 week (as of Nov. 12)

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

Deposits Topped 100 Billion Yen Only 57 Days after Start of Operations

By offering competitive interest rates, free ATM deposits and withdrawals for individuals, and conducting various marketing campaigns, SBI Sumishin Net Bank raised its deposits to more than ¥100 billion only 57 days after the September 24 start of operations.

Days required by major Internet banks to reach ¥100 billion in deposits

	Start of operations	Time needed to reach ¥100 billion (Note 1)	Days after start of operations	Deposits (Note 2)
eBANK	2001/07/23	2003/10/01 ~ 2004/03/31	801 ~ 983 days	¥652.2 bil.
Japan Net Bank	2000/10/12	2002/10/01 ~ 2003/03/31	720 ~ 901 days	¥373.9 bil.
Sony Bank	2001/06/11	2002/03/01 ~ 2002/03/31	264 ~ 294 days	¥888.4 bil.
SBI Sumishin Net Bank	2007/09/24	2007/11/19	57 days	¥100 bil.

Notes: 1. Time needed for deposits to reach ¥100 billion based on information announced by each bank.

2. All balances as of September 30, 2007 except for SBI Sumishin Net Bank.

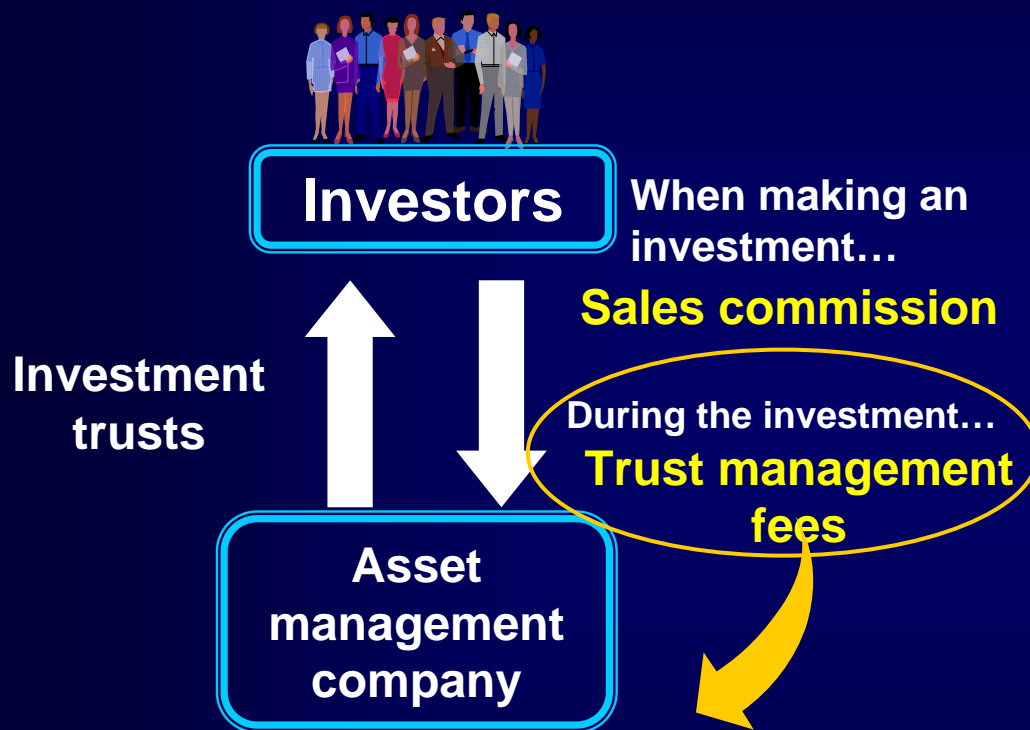
(3) Start of SBI Fund Bank (Launched Nov.14)

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

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)

SBI Fund Bank was Founded with the Goal of Starting an Investment Trust “Fee Revolution”

~Distributing the highest level of points to investors, thereby reducing sales commissions and trust fees~

Principal services provided by SBI Fund Bank:

- 1. Distribute a significant number of points against “sales commissions” and “trust fees”**
 - Sales commissions: Distribute points worth 50% of sales commissions when making an investment
 - Trust fees: Distribute points worth 20% of fees which sales companies receives (※)
- 2. Providing transparency to customers’ expenses by using two new indices, “Zero-return principal” and “Cost ratio”**
- 3. Planning Japan’s lowest level of fund expenses for customers**
 - “SBI Asset Planning Open (Sugo Roku)” to be offered from Nov. 29th
- 4. Providing simulation tools capable of creating portfolios that match investment style and specific risk tolerances**

(※)Except below 0.9% for trust fees (before tax)

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.

An International Diversified Investment Fund with the Lowest Expense Ratio in Japan (known as “Sugo 6”)

募集手数料：0円 信託報酬：年率0.68% (税込0.714%)

SBI資産設計オープン(愛称：スゴ6)

資産成長型 分配型 国内外の株式・債券・REITの6資産に分散投資

募集期間：2007年11月29日～2008年1月8日

開業記念
企画商品

“SBI Asset Design Open Fund” (“Sugo 6”)
began accepting funds on Nov. 29!

- ◆ A no-load fund that also has low trust fees
- ◆ Two types of funds: growth and income
- ◆ Diversifies investments worldwide over six categories that include bonds, stocks and REITs

<Cost comparison of international diversified funds investing mainly in stocks, bonds and REITs>

- ・”Sugo 6” zero-return principal (one year) is 99.14, the lowest level cost in the industry
- ・A trust fee structure in which effective returns on fund assets cannot be reversed even for long-term fund holders (five years).

Fund (Index)	Zero-return principal		Expense ratio		Sales commissions (incl. tax)	Trust fees (incl. tax)	Trust assets Amount withheld(%)	Net assets (Mil. yen)
	1Y	5Y	1Y	5Y				
SBI Asset Design Open (“Sugo 6”)	99.14	96.35	0.86	0.74	0	0.714	0.15	Before fund establishment
Fund A	98.71	95.04	1.29	1.01	0	0.997	0.30	9,981
Fund B	97.45	94.66	2.55	1.09	1,575	0.724	0.30	438,069
Fund C	95.79	92.05	4.21	1.64	3,150	0.997	0.20	1,251,794

(4) Internet Nonlife Insurance and Life Insurance

Recent Newspaper Articles About the SBI Group

SBI prepares to start insurance business - Using venture capital investments in small companies to build a large number of sales channels

Newspaper Article

SBI Holdings is making many venture capital investments to prepare for the launch of an insurance business. One investment added to the group a company that operates a web site to assist in purchasing automobiles. This provides a channel for selling auto insurance to individuals. Another investment is in a life insurance sales company that uses a store network, thereby providing a means of raising awareness of SBI insurance policies in these stores. SBI Holdings plans to use the resources of these small, rapidly growing companies to establish many sales channels.

Nihon Keizai Shimbun, October 30, 2007

① Added Auto Financing Business by Acquiring AA Financial System

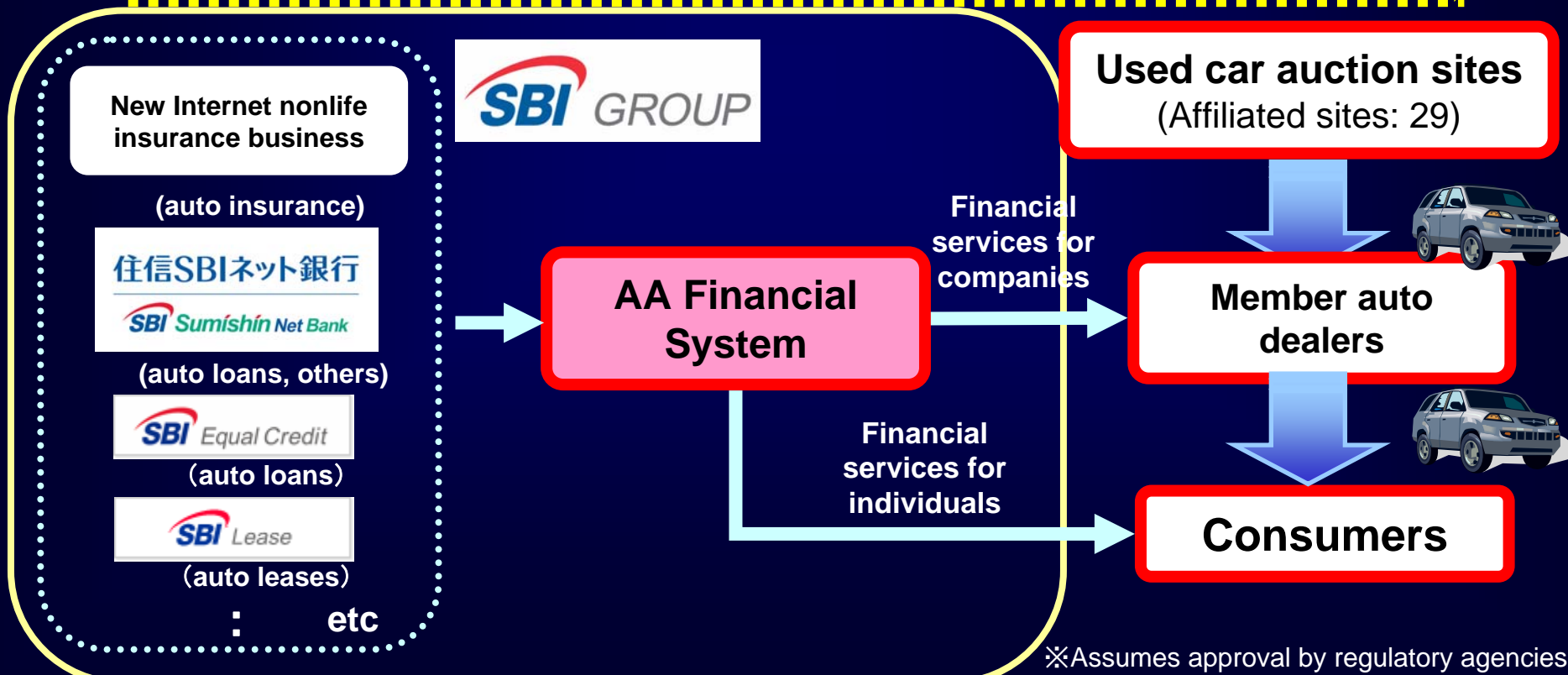
(Plan to change name to SBI Auto Finance in December.)

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

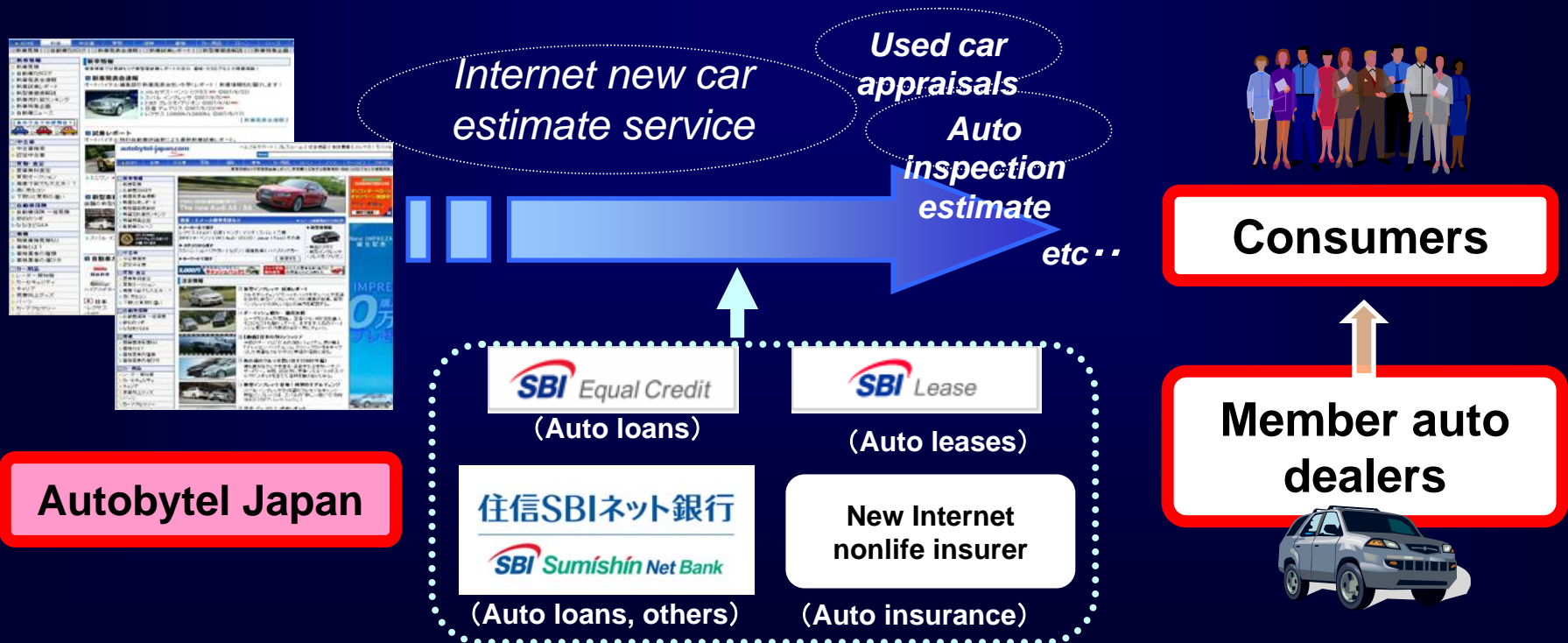
Profile of Autobytel Japan

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

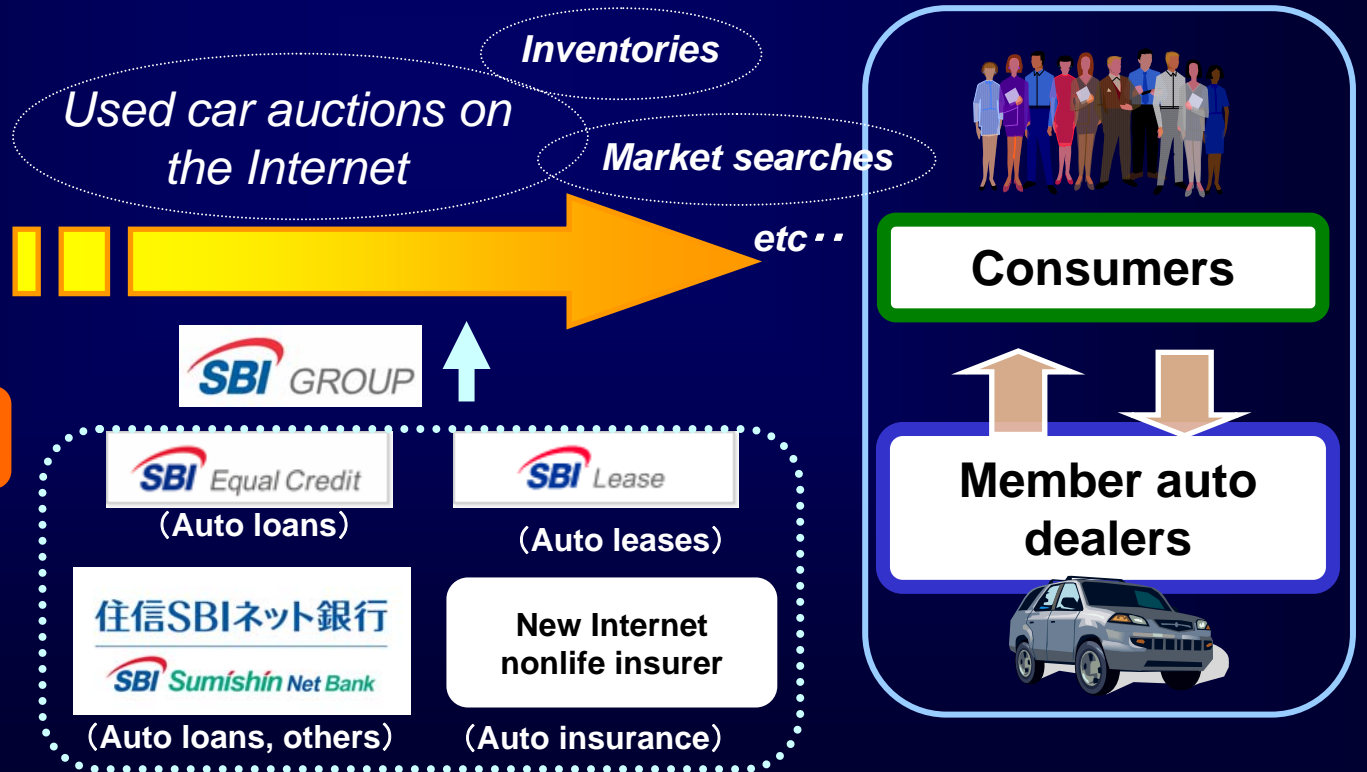
Investment: 34.04% owned by fund operated by SBI Group

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.

Part 3

The SBI Group's Objectives Amid Today's Major Changes in the Global Economy

**~ "Universal Management" and
"Continuously Evolving Management" ~**

Chapter 1

”Universal Management”

Examples: ①The principle of quantity transforms quality
②Establishment of business ecosystem

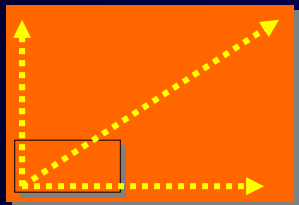
①The principle of quantity transforms quality

Quantity Determines Quality

Dialectic: Quantity transforms quality



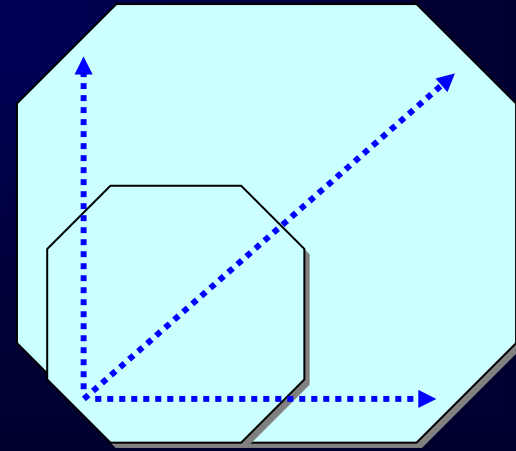
Increase the quantity of a certain discrete entity



Quantity transforms quality

A quantitative change in a certain discrete entity leads to a qualitative transformation and creates a discrete entity that possesses the new quality. As new qualitative activity, the transformed discrete entity then follows the new quantitative transformation process.

Expand as a new discrete entity



① The principle of quantity transforms quality

Diversification of customer base and rapid growth in volume of transactions

Example: SBI E*TRADE SECURITIES

Creation of new value

• Active investors, first-time investors and others serve a diverse array of customer segments



- Strengthen compliance
- Upgrade transaction management systems
- Provide margin trading, futures/options trading, etc.
- Develop investment trading tools
- Sell financial products other than equities
- Adopt selective commission plan

• Rapid growth in transaction volume



- Improve stability of IT systems
- Use standardized systems for clerical tasks
- Make efficient use of outsourcing
- More underwriting requests from issuing companies
- Improve the ordinary income margin

Business Ecosystem

A “business ecosystem” is an **economic community** that is supported by a foundation of interacting organizations and individuals



In a “business ecosystem”, a company is not just a member of a single industry. Rather, a company becomes a part of a “business ecosystem” that extends over a wide range of industries, and it must work to realize a synergistic effect and mutual growth among the various members of the ecosystem

Idea of an Organization Based on Knowledge of Complexity

Two Primary Propositions in “Complexity” Science

- A mass, which is composed of multiple parts, must be larger than the aggregate of the multiple parts
- A mass contains new characteristics that cannot be found in the multiple parts that comprise the mass



A “business ecosystem”, a new form of organization, should be developed in order to realize a high growth potential through a synergistic effect and mutual evolution among the various members of the ecosystem that cannot be accomplished by a stand-alone company

② Establishment of business ecosystem

Assembling a business ecosystem is essential to achieving an overwhelming competitive edge in today's Internet-driven marketplace



One company

VS

**Business
Ecosystem**



No company can compete and win by itself !!

Chapter 2

” Continuously Evolving Management”

(1) Two Major Trends

**(2) The SBI Group’s Contribution to making
Japan a Financial Services Nation**

(1) Two Major Trends

Two Major Trends That Hold The Key to Future Growth

[Two major trends that fueled the SBI Group's rapid growth since its 1999 establishment]

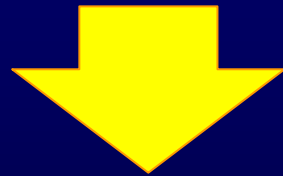
The Internet revolution

Deregulation of financial markets and products

Consolidated sales: Zero => ¥144.5 billion (FY06)

Consolidated subsidiaries: Zero => 67 (end of Sept. 07, including funds)

Publicly owned companies: Zero => 11 (including SBI Holdings)



[Two major trends that will fuel future growth]

Structural changes in Japan's industrial sector and the move away from an industrialized society

Emergence of BRIC and VISTA as economic powers

[Two major trends that will fuel future growth]

① Structural changes in Japan's industrial sector and the move away from an industrialized society

- i) The decline of manufacturing in Japan**
- ii) IT progress and the digital information revolution**
- iii) The shift from a trading nation to an investing oriented nation and financial services nation**

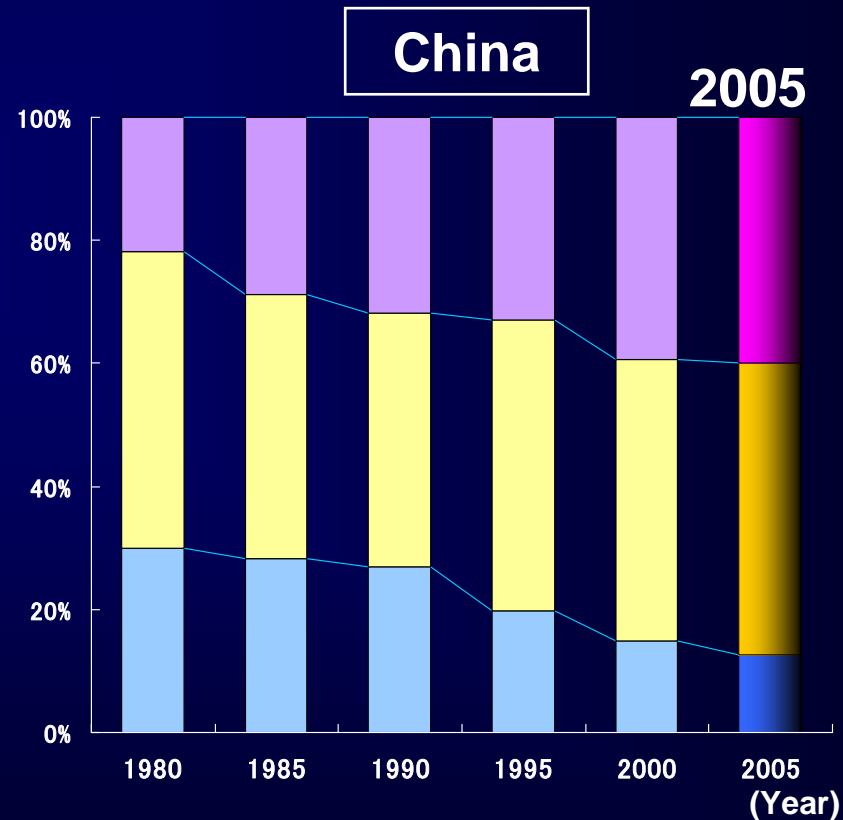
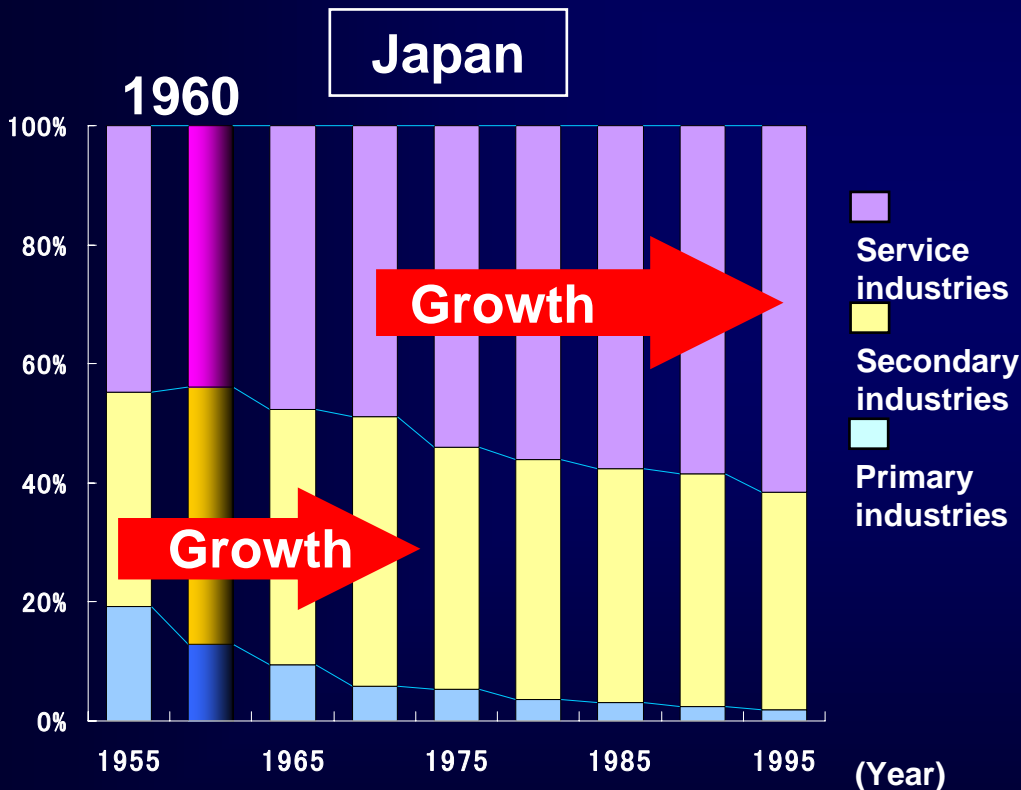
i) The decline of manufacturing in Japan

Industrial Sectors as Share of Japan's GDP

(Nominal value)

Secondary industries expanded during Japan's rapid-growth period and then service industries became the primary component of Japan's economy

The same changes are about to take place in China



* Secondary industries include electric, gas and water utilities

Source: China Statistics Bureau, Japanese Cabinet Office

Industrial Sectors as Share of Japan's GDP

Industries undergo structural changes along with a country's economic development

(Nominal value)



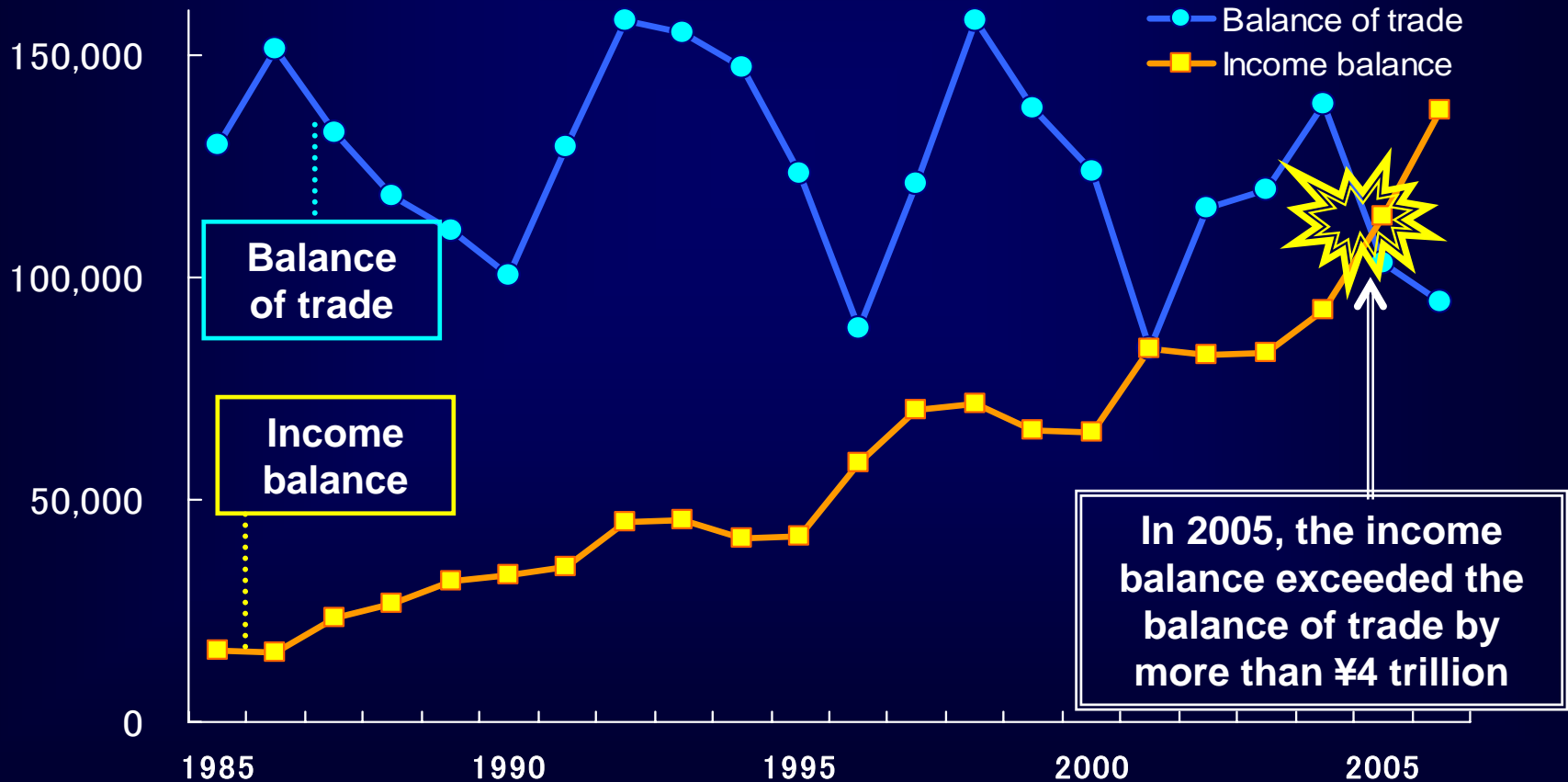
Structural Change of Japan's Trading and Investment Activities

Japan's growing income surplus surpassed the trade surplus in 2005

The current-account surplus, which includes foreign trade, services and overseas investments, rose to a record-high ¥19,848.8 billion in 2006

(¥100 million)

Japan's Trade Balance and Income Balance



Source: Compiled by SBI based on Ministry of Finance data

The Decline in Japan's Nominal GDP per Capita Ranking Among OECD Countries

	1993	2003	2005
1	Japan	Luxembourg	Luxembourg
2	Switzerland	Norway	Norway
3	Luxembourg	Switzerland	Iceland
4	Norway	Denmark	Switzerland
5	Denmark	Ireland	Ireland
6	United States	United States	Denmark
7	Germany	Iceland	United States
8	Austria	Sweden	Sweden
9	Sweden	Netherlands	Netherlands
10	Iceland	Japan	United Kingdom
11	Netherlands	Finland	Finland
12	Belgium	Austria	Austria
13	France	United Kingdom	Australia
14	Canada	France	Japan
15	Australia	Belgium	Belgium
16	Italy	Germany	France
17	Finland	Australia	Canada
18	United Kingdom	Canada	Germany
19	Ireland	Italy	Italy
20	Spain	Spain	New Zealand

Materials: Data from Cabinet Office

Japanese Stocks Clearly Behind the Upturns in Other Major Global Stock Markets

Jan.-Sept. '07 increase in indexes of major global stock markets (Unit: %)

Rank	Country	Gain/Loss	Rank	Country	Gain/Loss
1	China	104.5	11	US	11.4
2	Korea	35.6	12	Canada	9.1
3	Hong Kong	33.6	13	Netherlands	8.0
4	Brazil	33.2	14	Sweden	4.9
5	India	24.0	15	UK	2.5
6	Singapore	22.0	16	France	1.7
7	Taiwan	19.6	17	Spain	1.5
8	South Africa	19.3	18	Switzerland	0.1
9	Germany	17.7	19	Japan	-3.3
10	Australia	15.8	20	Italy	-5.1

Japan ranks 19th with a 3.3% decline from Jan.-Sept. '07

Note: Top 20 stock markets based on market capitalization. (excerpt from Nihon Keizai Shimbun, Sept. 30, 2007)

ii) IT progress and the digital information revolution

The Rapid Emergence of the IT Industry as an Economic Growth Driver (in U.S.)

Market Capitalization Ranking of U.S. Companies

	1987	1997	2002	2004	2007
1	IBM	GE	Microsoft	GE	ExxonMobil
2	ExxonMobil	Microsoft	GE	ExxonMobil	GE
3	GE	ExxonMobil	ExxonMobil	Microsoft	Microsoft
4	AT&T	Coca-Cola	Walmart	Citigroup	AT&T
5	DuPont	Intel	Pfizer	Walmart	P&G
6	G M	Merck	Citigroup	Pfizer	Google
7	Ford	Philip Morris	Johnson & Johnson	Bank of America	Bank of America
8	Philip Morris	IBM	AIG	Johnson & Johnson	Johnson & Johnson
9	Merck	P&G	Intel	AIG	Chevron
10	DEC	Walmart	Coca-Cola	IBM	Walmart

※2007 ranking is as of November 11.

Many companies have grown at a remarkable pace following the start of the IT revolution

Notable examples are Microsoft and Intel in the late 90s and Google and Amazon (not shown) since 2000

Intel: Established 1968 and started growing rapidly in 1980 as PC sales climbed. But Intel market cap ranking has been declining as semiconductors become more like commodities.

Microsoft: Established 1975 and, backed by the immense popularity of Windows, rose to the top of the market cap list in 2002 and still ranks among the leaders.

Google: Established 1998. Stock price is up seven times since the 2004 IPO, quickly propelling Google into ranks of the world's largest companies based on market cap.

Growth Potential of the IT Industry (in Japan)

Market Capitalization Ranking of Japanese Companies

	2007		End of Oct. '07 (100 million)	End of Oct. '07 (100 million)	Increase (%)	2007 Nov. ranking
1	Toyota					
2	Mitsubishi-UFJ	Softbank	27,016	28,849	6.8	34
3	Nintendo	Yahoo Japan	27,510	30,906	12.3	31
4	NTT	DeNA	1,621	3,455	113.1	1 (Mothers)
5	NTT DoCoMo	mixi	1,768	2,552	44.3	2 (Mothers)
6	Canon	Toyota	250,172	237,176	-5.2	1
7	Honda	Mitsubishi-UFJ	158,198	123,714	-21.8	2
8	JT	Mizuho FG	108,155	73,277	-32.3	9
9	Mizuho FG	Nikkei-225	16,399	16,737	2	
10	Takeda Pharm.					

※TSE 1st sec companies. Ranking as of Nov 13.

※Based on information on TSE website. Ranking is as of Nov 13.

No IT companies have reached the top 10 in market cap in Japan (TSE 1st sec), but IT companies are growing much faster than the average for the market as a whole



IT companies will probably continue to grow and, in the near future, rank among the largest market cap companies in the near future

The IT Industry's Growth Potential

Comparison of Major IT Companies and Other Companies

U S	Return on equity (Return on assets) (%)	Market cap per employee (US\$1 million)	Japan	Return on equity (Return on assets) (%)	Market cap per employee (US\$1 million)
Google	15.20	13.02	SBI E*TRADE	*1.49	12.80
Apple	11.85	4.22	Yahoo	22.76	8.13
Yahoo	8.27	7.45	DeNA	14.76	8.89
Pepsico	13.46	0.70	Canon	10.63	0.51
DELL	8.27	0.73	Toyota	5.36	0.66
IBM	8.19	0.37	Honda	5.24	0.37

*Low because securities companies have large amounts of assets and liabilities.

Return on equity: Indication of current profitability → **No big differences**

Market cap: Indication of growth potential → **Differences as large as approx. 20 to 30 times**

Many investors are attracted by the high growth potential of the IT industry, having decided that the manufacturing sector is in decline despite its high profit margins.



Success requires investing aggressively in high-potential small/midsize IT companies from a long-term perspective

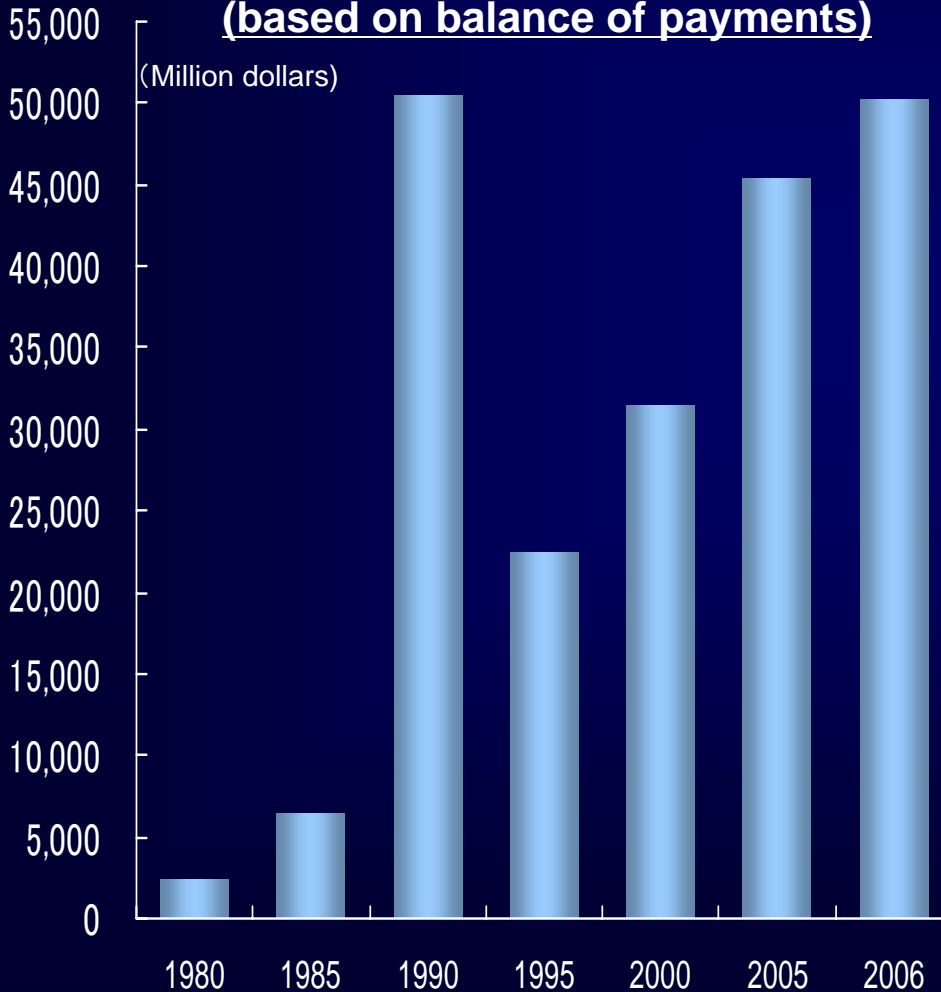
(Based on Yahoo Finance data. Apple and Yahoo (U.S.) figures as of March, others as of November.)

iii) The shift from a trading nation to an investing oriented nation and financial services nation

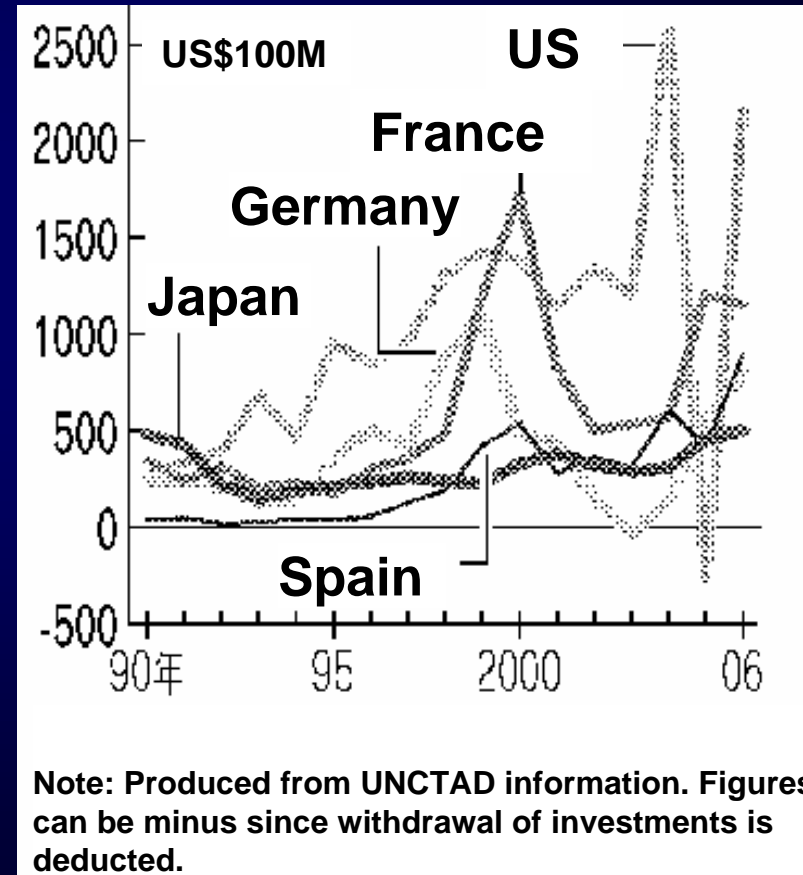
Direct Overseas Investments by Japan and Other Countries

Japan ranked first in 1990 with a share of 20%. But in 2006, with global overseas investments five times higher, Japan was eighth with a 4% share, falling behind other countries in taking advantage of new opportunities

Japan's Direct Overseas Investments
(based on balance of payments)



Direct Overseas Investments by Major Countries

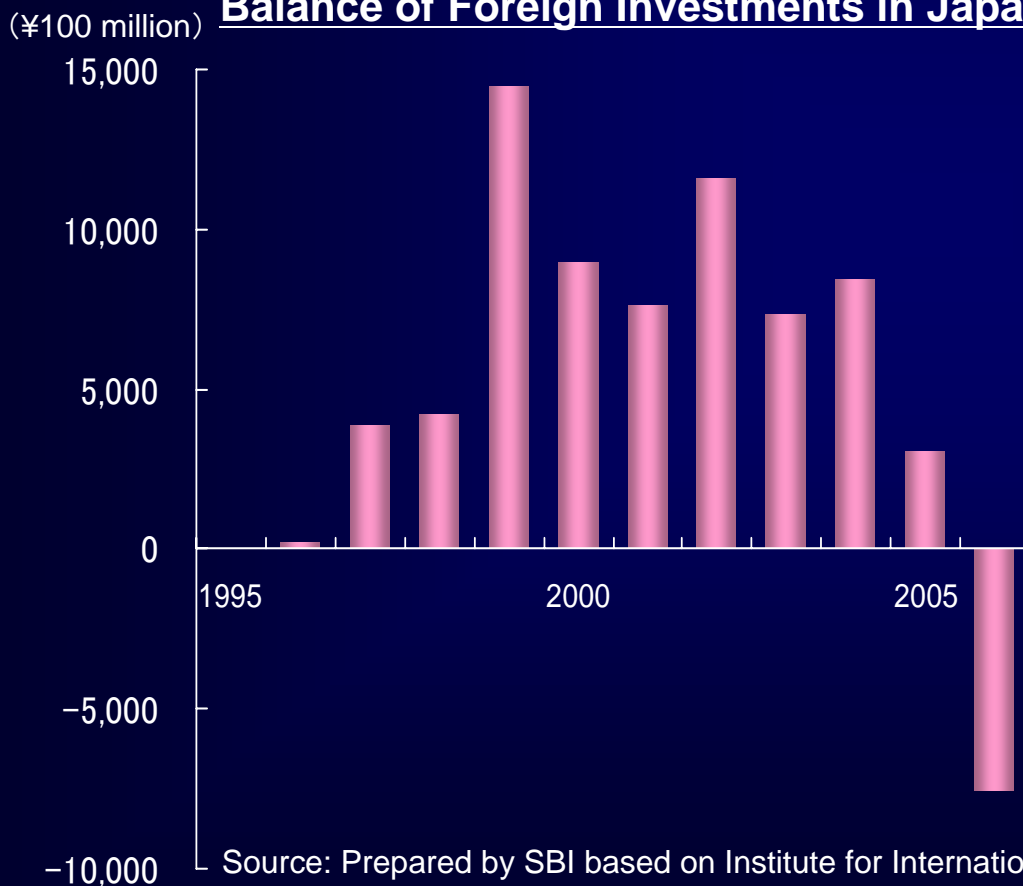


Source: Prepared by SBI based on Institute for International Trade and Investment data

Investments in Japan by Foreign Companies

In 2006, Japan's direct overseas investments represented only 2.2% of GDP, far below other countries (37.1% for U.K., 28.5% for France, 18.0% for Germany, 14.3% for China and 13.0% for U.S.). Obviously, Japan is falling far behind the global trend of growth in overseas investments.

Balance of Foreign Investments in Japan



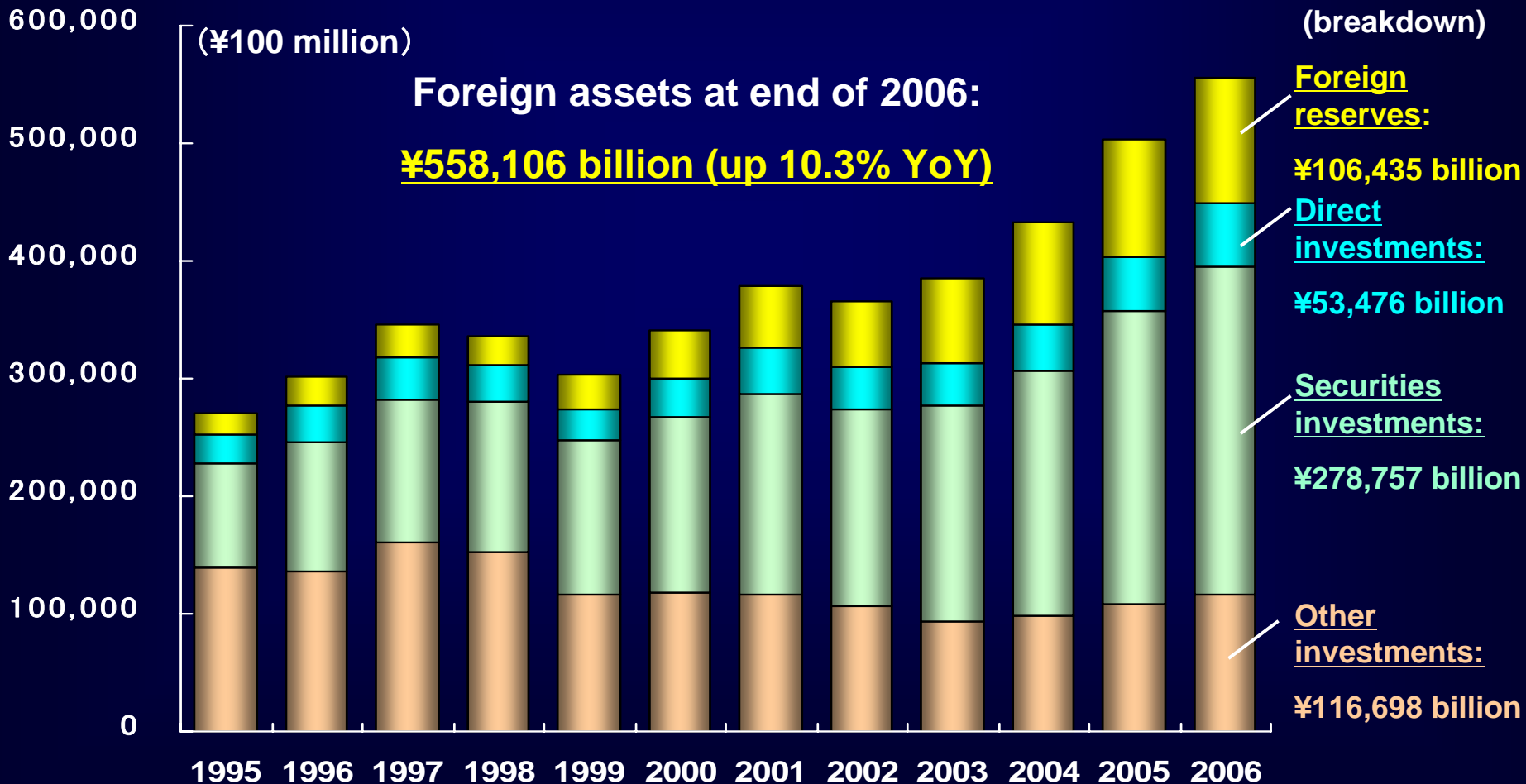
Newspaper Article

(Chugoku Shimbun, October 17, 2007)

Balance of Foreign Investments in Japan

Foreign investments in Japan amounted to more than ¥558 trillion at the end of 2006, almost the same as Japan's GDP.

An increase of 1 pct. point in the return on these foreign investments has the same economic benefit as a similar increase in the GDP

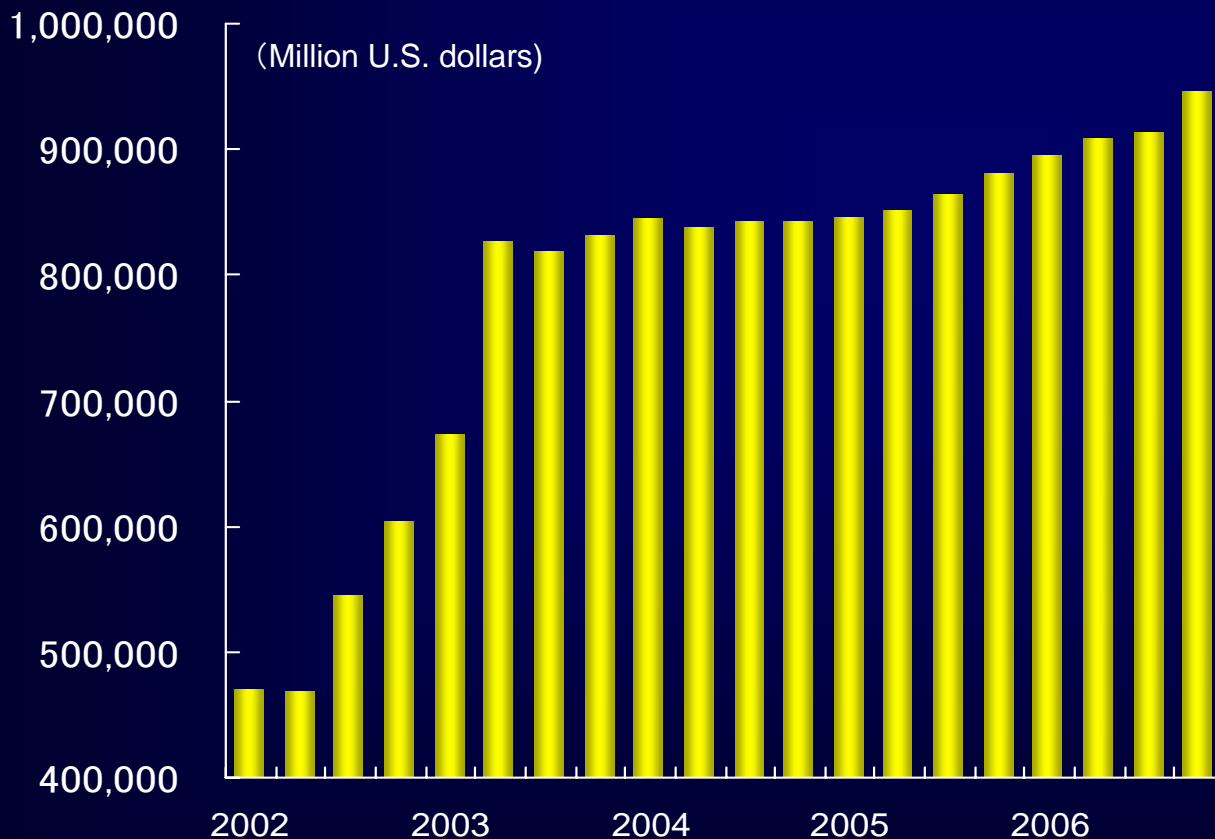


Source: Prepared by SBI based on Japanese Ministry of Finance data

Japan's Foreign Currency Reserves

Japan's foreign currency reserves total about US\$95 billion (end of Oct. 2007), second in the world after China. The majority of these reserves are short-term and long-term U.S. government notes and bonds.

Japan's Foreign Currency Reserves



[Top Five Foreign Reserve Holdings]

	Country	(US\$ Million)
1	China	1,400,000
2	Japan	932,000
3	Russia	416,000
4	Taiwan	261,000
5	South Korea	255,000

(August 31, 2007)

Japan can no longer grow as a trading nation with an economy centered on manufacturing.

The income balance support growth in Japan's current-account balance.



Japan is falling behind in making structural changes needed to shift away from an industrial society because of the weakening yen and extremely low interest rates.

The Japanese government must enact measures to support the financial sector and other service sectors as quickly as possible.



Shifting from a “trading nation” to an “investing oriented nation”

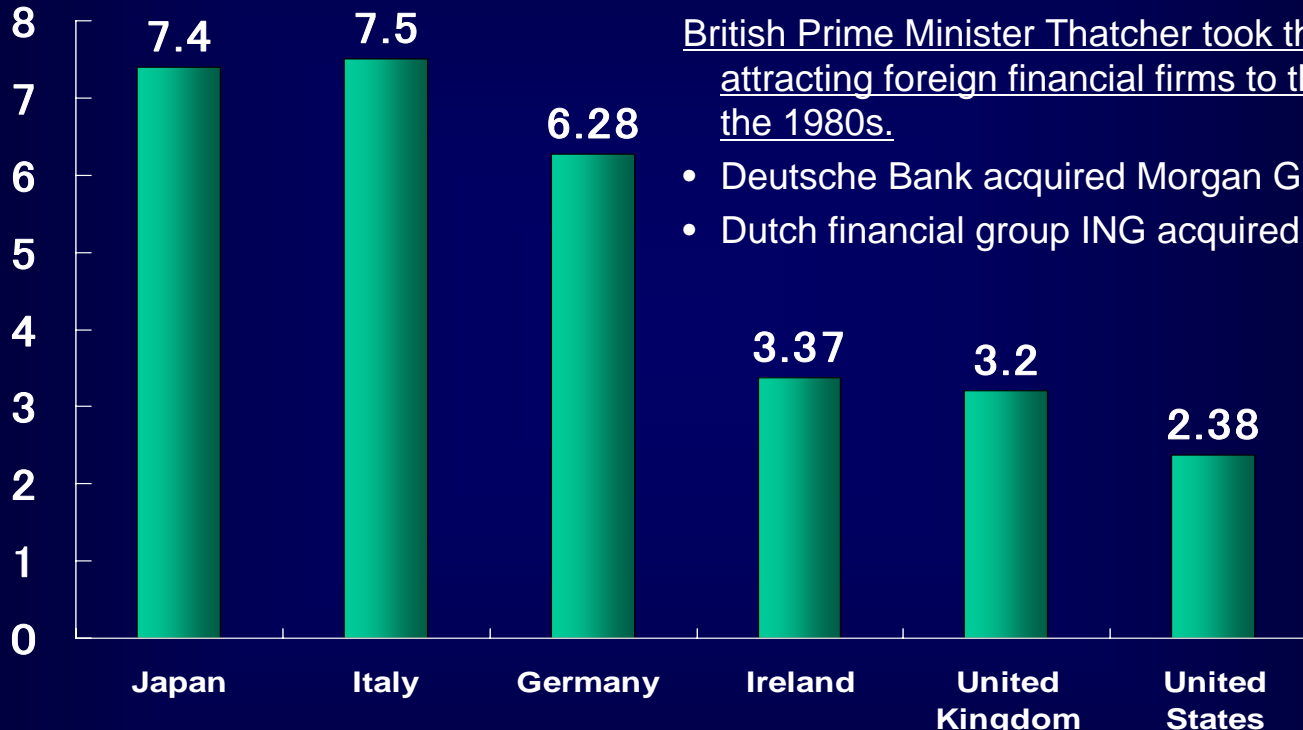
**Japan's transition from a “trading nation”
to a “Financial Services Nation”**

Relationship between Pct. of Employment in Finance Sector and Nominal GDP

Example: Ireland, United Kingdom, United States

Finance Sector vs. Manufacturing Sector Employment

(Manufacturing workers / Financial sector workers)



British Prime Minister Thatcher took the lead in attracting foreign financial firms to the U.K. during the 1980s.

- Deutsche Bank acquired Morgan Grenfell
- Dutch financial group ING acquired Baring Brothers

“De-industrialization” is progressing in Ireland, the U.K. and U.S., where the manufacturing/finance sector ratio is less than half that of Japan and Italy.

Demonstrates that financial sector employment is rising rather than falling Instead

Recommendations for Transforming Japan into a “Financial Services Nation”

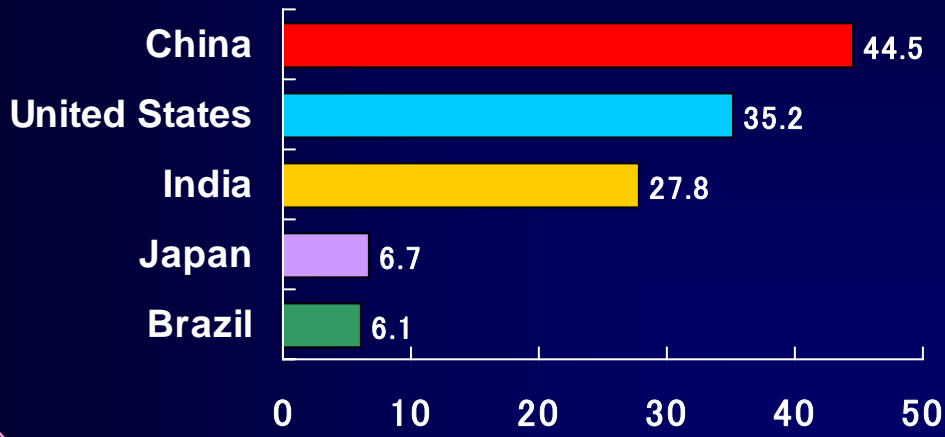
- ① Channel some of the ¥1,555 trillion* of financial assets of individuals toward overseas investments in order to raise income with dividends, interest and other financial income**
- ② Establish the necessary financial infrastructure, including financial markets, and enact tax reforms to make Japan more attractive to foreign investors**
- ③ Earn high returns on investments using foreign reserves**

[Two major trends that will fuel future growth]

**② Emergence of BRIC and VISTA
as economic powers**

Economic Forecasts

GDP Forecasts for 2050



Goldman Sachs issued a report in 2003 that included the following forecasts for the global economy in 2050.

From "Dreaming with BRICs: The Path to 2050"

(Trillion dollars)

The Chinese Economy Today

*Share of global totals (percentages)

Economic growth rate (2006)	Land area*	Population*	Natural resources (2003)*	
			Natural gas	Others
10.7	7.1	20.4	1.6	14

China has a large land area and population, plentiful natural resources and labor, and a massive consumer market

The emergence of “VISTA” Following BRICs

Real GDP Growth Rates

(Unit: %)

	2003	2004	2005	2006	2007 (estimate)
Vietnam	7.3	7.8	8.4	8.2	8.3
Indonesia	4.8	5.0	5.7	5.5	6.2
South Africa	3.1	4.8	5.1	5.0	4.7
Turkey	5.8	8.9	7.4	6.1	5.0
Argentina	8.8	9.0	9.2	8.5	7.5

(Source: IMF)

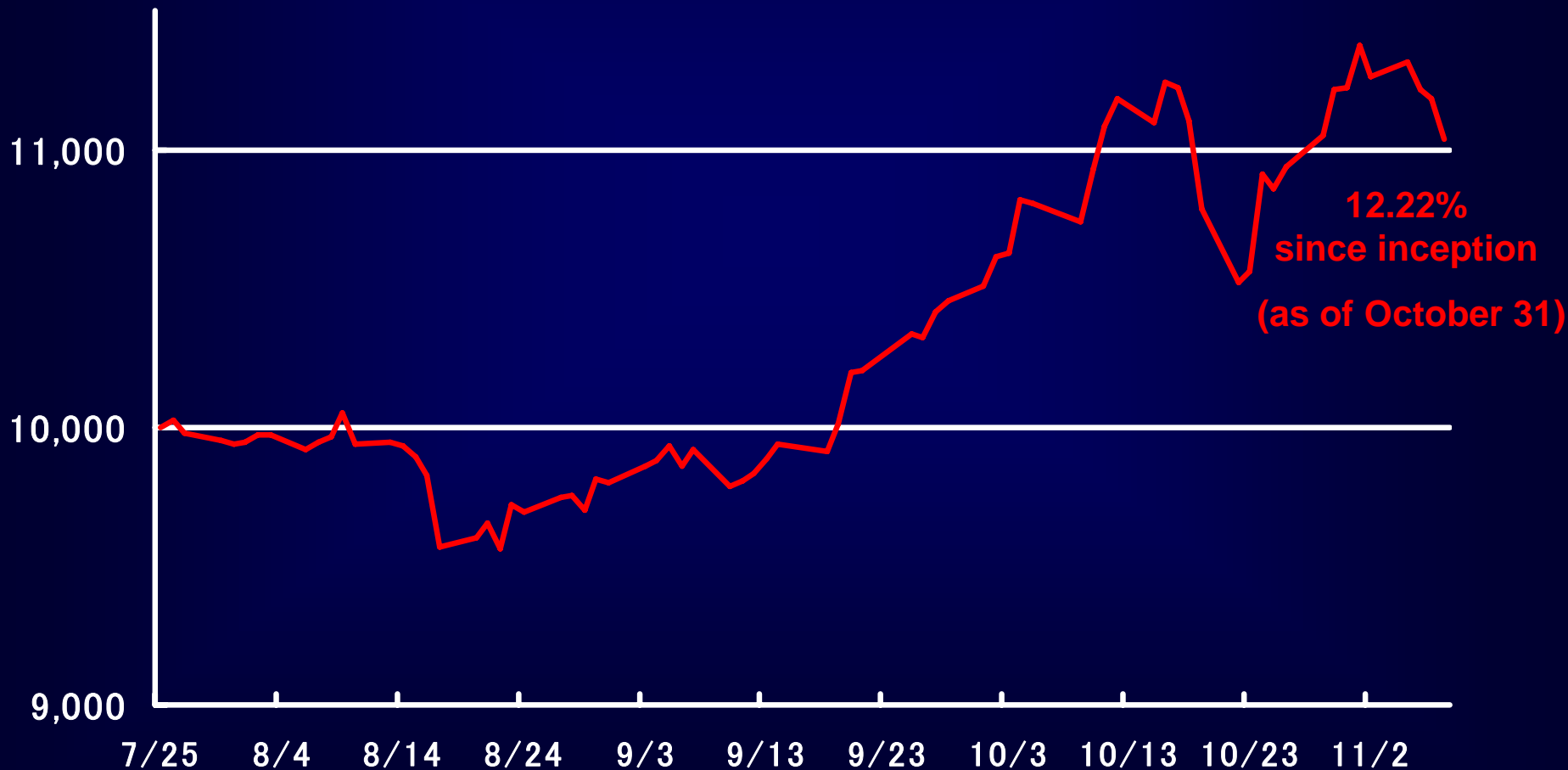
The combined economies of the VISTA countries is expected to grow by approx. 28 times between 2005 and 2050

(based on BRICs Economic Research Institute)

Strong Performance of SBI India & Vietnam Stock Fund

Net Asset Value of SBI India & Vietnam Stock Fund

(Unit: yen)



(2) The SBI Group's Contribution to Making Japan a Financial Services Nation

- ① Equity investments in countries with emerging economies**
- ② Advance PTS business and other financial infrastructure businesses**
- ③ Further upgrade asset management capabilities**
(The highest priority is acquiring expertise in hedge fund management of global standard)

**① Equity investments in countries
with emerging economies**

In the Asset Management Business, Start Generating Substantial Investment Income from Asia

Foreign sales as share of consolidated operating revenues: (Previous FY) (Current FY 1H)
6% ⇒ 24.6%

Consolidated operating revenues from outside Japan rose from 6.0% in the year ended Mar 2007 to 24.6% in the first half of the current fiscal year.

◆ **Korea: Kyobo Life Insurance**

- **One of Korea's big three life insurers**

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

Earned gain of ¥3.3 billion over only a few months, an annualized investment return of 26.6%.

◆ **Hong Kong: Xinyi Glass Holdings Ltd.**

- **A Hong Kong-based manufacturer of automotive and architectural glass**

Stock price was 7.76 times higher than book value at end of Sept. Have sold part of this investment, resulting in realized gain of ¥800 million in the 1H.

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 five publicly owned companies already total greater than three times 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	
				Mar. '07	Oct. '07
Sichuan Meifeng Chemical Industry	14.8	A-Class shares		30.5 (unrealized gain)	51.5
Changsha Zoomlion Heavy Industry Science & Technology Development	13.3	A-Class shares		35.6(unrealized gain)	325.1
China Printing & Dyeing Holding (Jiang Long)	3.5	IPO		1.0(unrealized gain)	2.1
Yingli Green Energy Holding	2.5	IPO		Pre-IPO	16.3
Kingsoft (IPOed on Oct. 9 at HK)	7.2	IPO		Pre-IPO	16.3
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				

Initial fund investment was US\$100 mil.
(May 30, 05) (¥10.8 billion)



Total US\$411.3 million

Dividend for FY2008 **US\$ 118.8 million (tentative)**

(US\$314.4 million as of Sep. 2007)

Dividend for FY2009 **US\$ 149.8 million (tentative)**

Dividend for FY2010 **US\$ 41.5 million (tentative)**

Total dividend **US\$342.3 million (tentative)**

【Unrealized gains for Asian investments other than in 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.

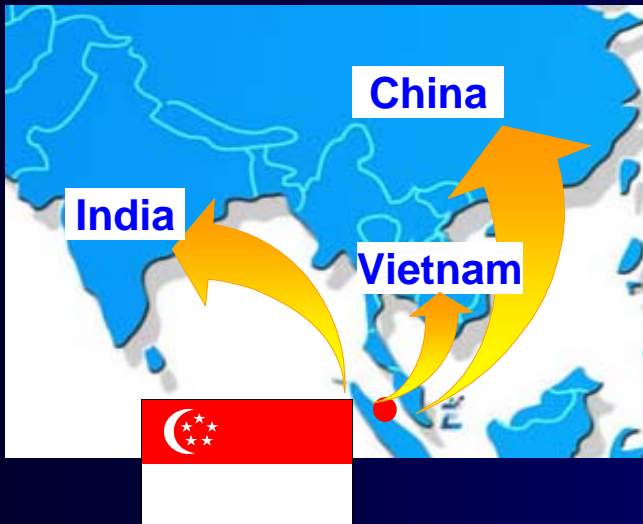
◆ CHINA: China Boqi Environmental Solutions Technology (Holding) Co., Ltd.

- Environmental energy business

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

Lock-up period ends in current FY, so sales will start producing actual gains.

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



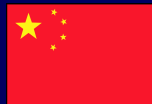
Started operations at Singapore base in May 2007

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.

Alliance with Beida Jade Bird, Which Is Affiliated with Beijing University, One of China's Most Prestigious Learning Institutions



Beida Jade Bird : One of
China's leading corporate
groups in the IT sector



(Beida Jade Bird Group company)



SBI Holdings

SBI VEN Holdings

(Singapore subsidiary)

Basic agreement to jointly establish fund to invest in promising Chinese companies in November 9, 2007

[Summary of basic agreement]

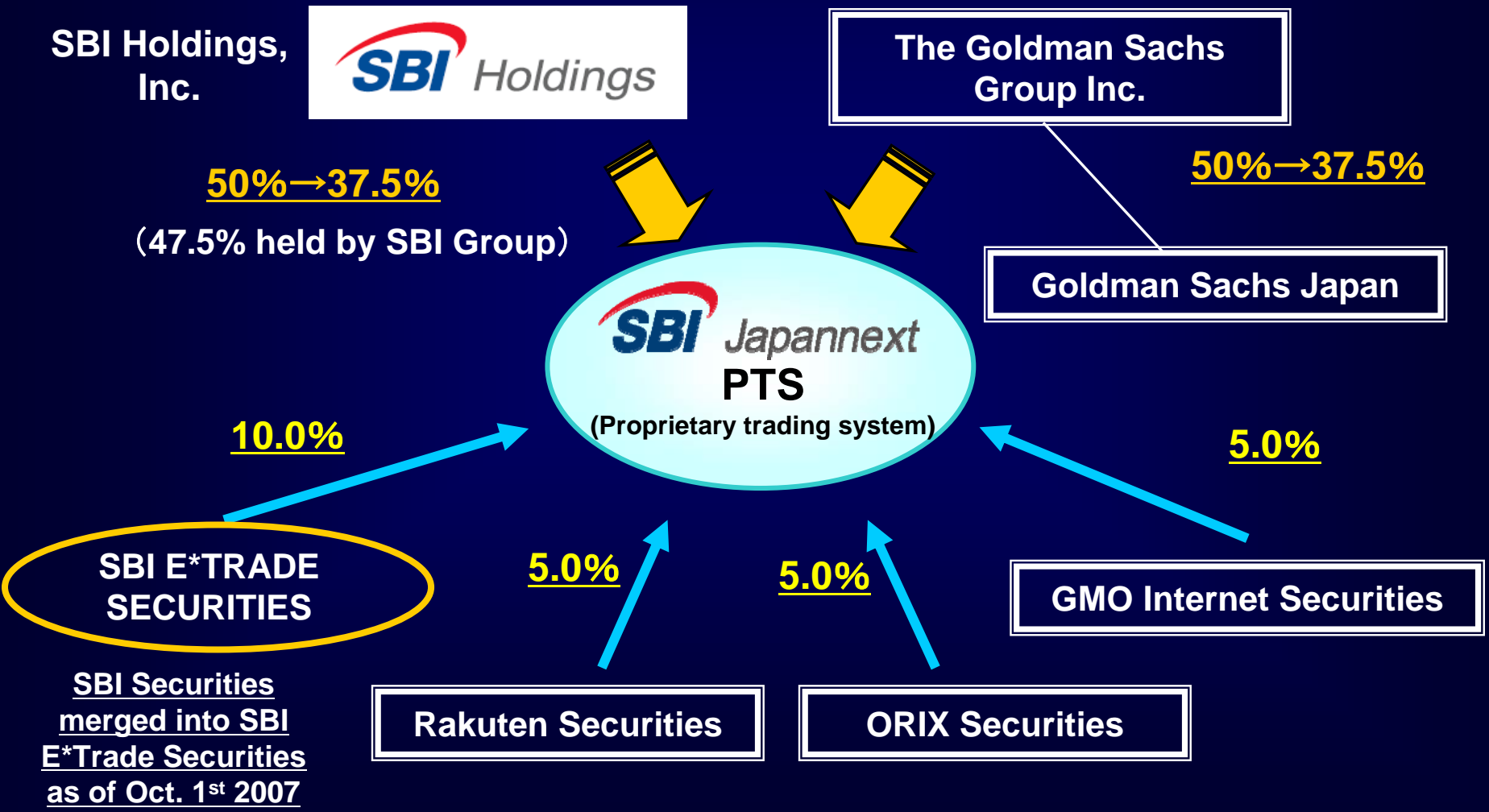
- Commitment for investment: US\$100 mil (Half each from SBIH and Beida Jade Bird)
- Fund management company (Cayman Islands): Ownership is 50% Beida Jade Bird, 40% SBI VEN and 10% other investors

[Summary of Beida Jade Bird (Beijing Beida Jade Bird Universal Sci-Tech)]

- Listed on Hong Kong GEM (H shares), Code 8095
- Company name: Beijing Beida Jade Bird Universal Sci-Tech Company Limited
- Company belongs to the Beijing University Jade Bird corporate group, one of China's leading groups. The company is one of China's leading high-tech companies, making investments in IT businesses and conducting activities involving basic software. Operations include system software and the development of ICs.

**② Advance PTS business and other
financial infrastructure businesses**

SBI Japannext Securities, Which is Owned by Many Securities Companies, Aims to Operate a Market with Outstanding Liquidity and Fairness



SBI Securities merged into SBI E*Trade Securities as of Oct. 1st 2007

③ Further upgrade asset management capabilities

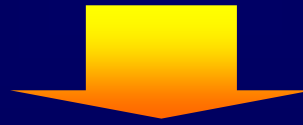
(The highest priority is acquiring expertise in hedge fund management of global standard)

Average Returns for Domestic and Foreign Funds

Comparison of Performance for Japanese and Global Hedge Funds

	No. of funds	1 year (annualized)	3 years (annualized)
Global hedge funds (except Japan)	7,574	16.24%	12.16%
Japanese hedge funds	16	1.95%	3.31%

*After factoring in FX costs



Average returns are much higher for global hedge funds

(Note)

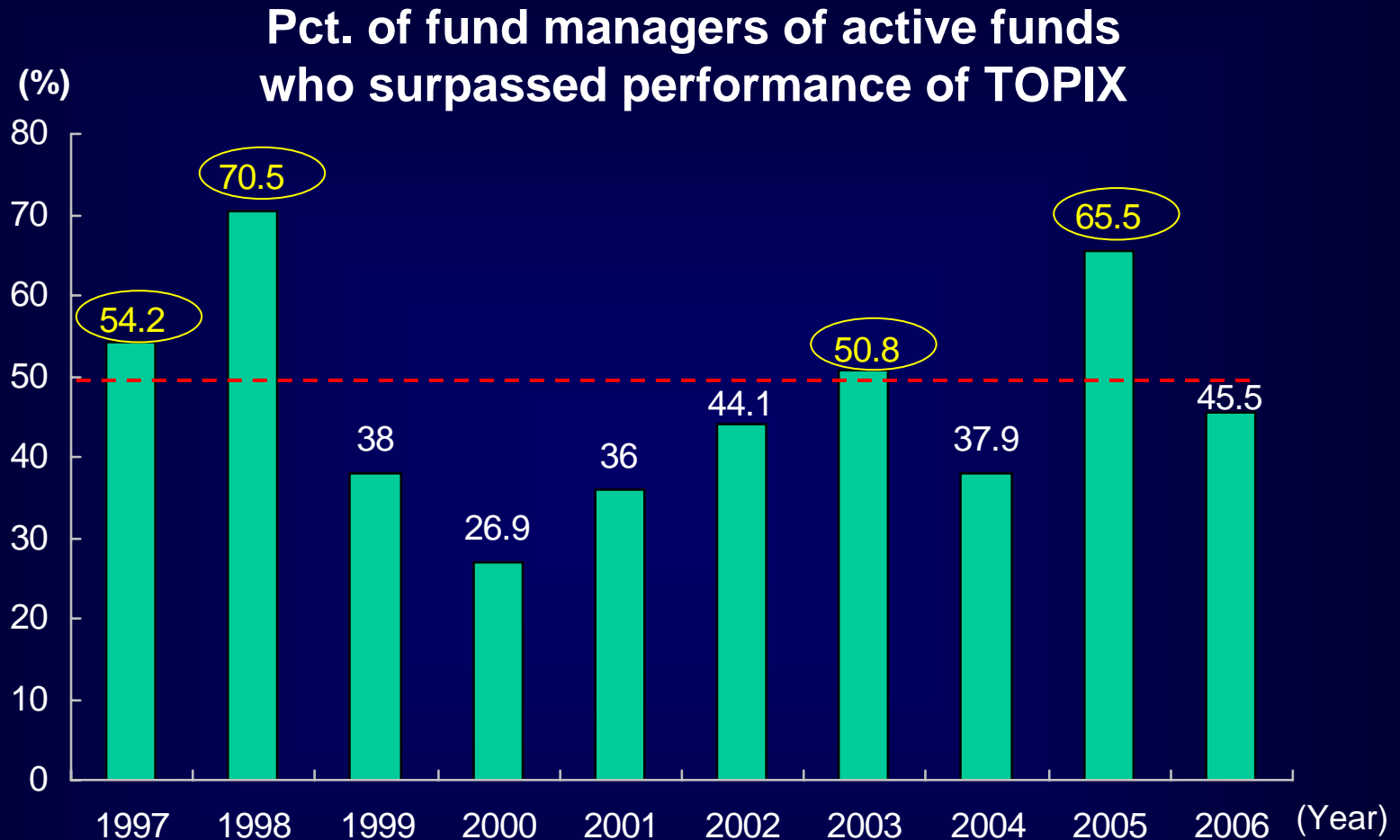
About “Global hedge funds”:

Global hedge funds are the global hedge funds as defined by Morningstar Direct (a global analysis tool), which is operated by Morningstar (U.S.).

About “Japanese hedge funds”:

Japanese hedge funds are the global hedge funds, as defined by Morningstar Direct, that are located in Japan.

Investment Trust Returns of Fund Managers in Japan



The majority of actively managed Japanese stock funds have surpassed TOPIX in only four of the past 10 years

Note: Active funds are the Japanese stock funds, as categorized by Morningstar, that are defined as "Japanese stocks, general" by The Investment Trusts Association of Japan (424 funds at end of December 2006).

SBI Group Achieved High Performance Compared to Competitive Domestic Venture Capital Funds

Major VC funds that redeemed since 2000

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

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

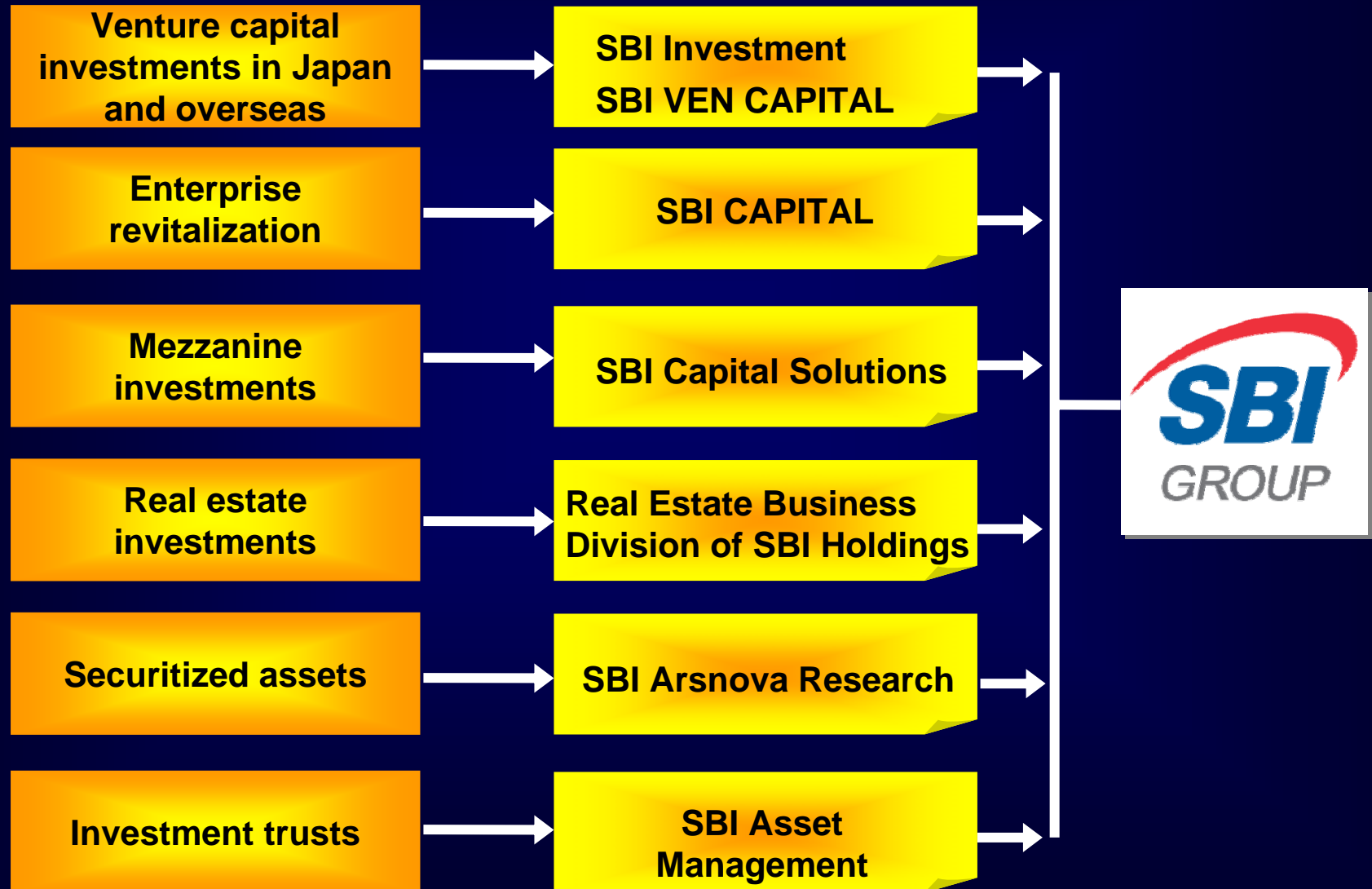
JAFCO	
Fund name	IRR
JAFCO No.6	—
JAFCO G-3	—
JAFCO G-4	—
JAFCO R1(A)(B)	1.2
JAVP2	3.1
JAFCO G-5	4.2
JAFCO R2	4.4
Average IRR	3.2

NIF (Unit: %)	
Fund name	IRR
NIF Global Ventures	4.1
NIF #7	1.1
NIF #8	3.4
NIF #9	0.5
NIF10-A	3.0
NIF10-B	3.0
ML-NIF1	5.4
NIF #11	1.9
Average IRR	2.8

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

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

Utilize of Group and Outside Resources for Further Advance in SBI Group Asset Management Operations



The Importance of Asset Management Skills at Internet Banks

Newspaper Article

(Nihon Keizai Shimbun, November 13, 2007)

eBANK: Bottom-line losses of ¥5 billion, First half subprime loan valuation losses

-- eBANK reported a net loss of about ¥5 billion in the first half of this fiscal year compared with a loss of ¥600 million one year earlier. --The main cause was valuation losses of about ¥3.5 billion on securities associated with U.S. subprime loans.

eBANK held ¥2.6 billion of bonds associated with subprime loans at the end of March 2007. Direct losses are only about ¥400 million. However, the downturn in securities markets forced the bank to recognize valuation losses on other securities.

Part 4

How the SBI Group Creates Corporate Value

The SBI Group's Approach to Corporate Value

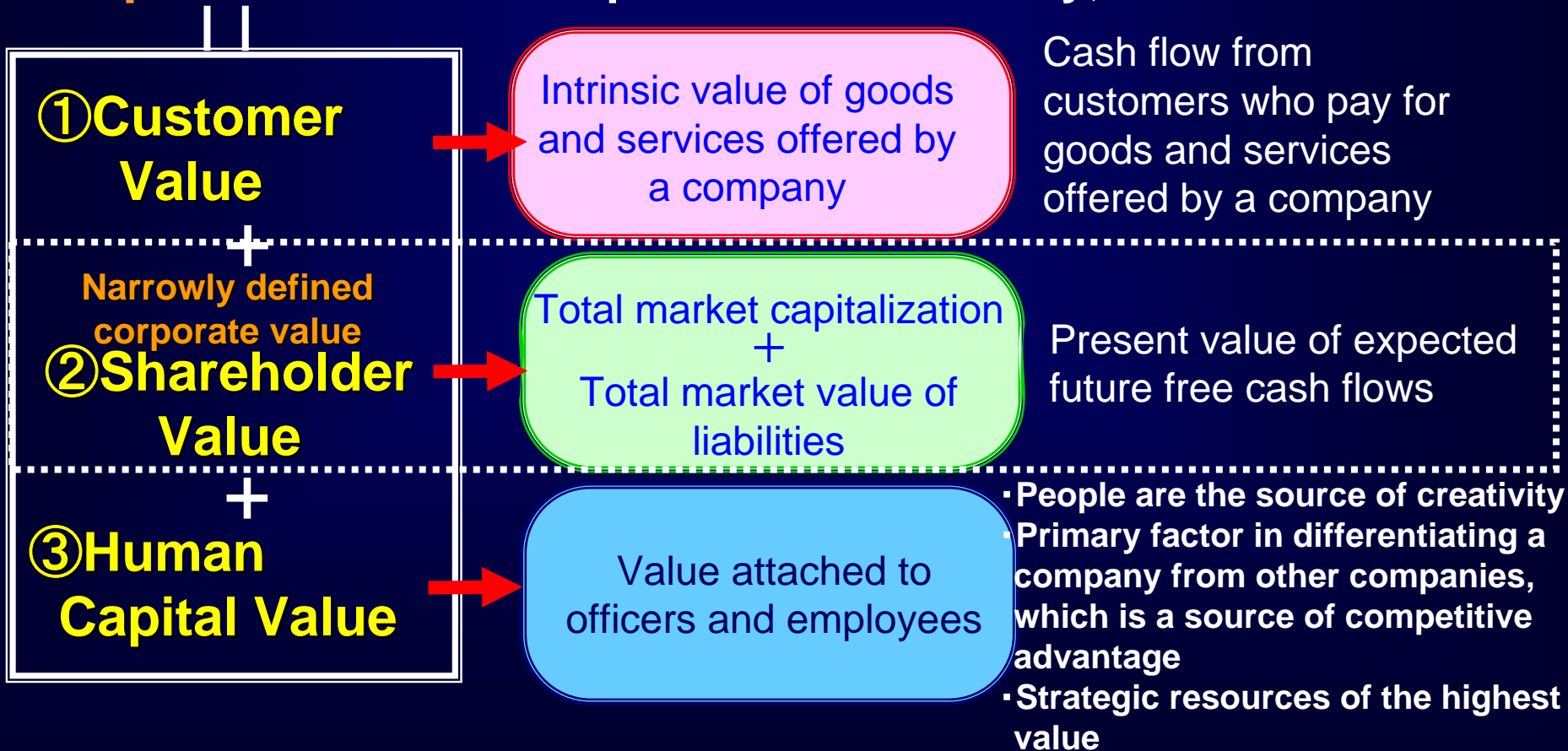
Conventional corporate value is defined as the “sum of market cap and market value of liabilities”.

(Present value of future cash flows.)



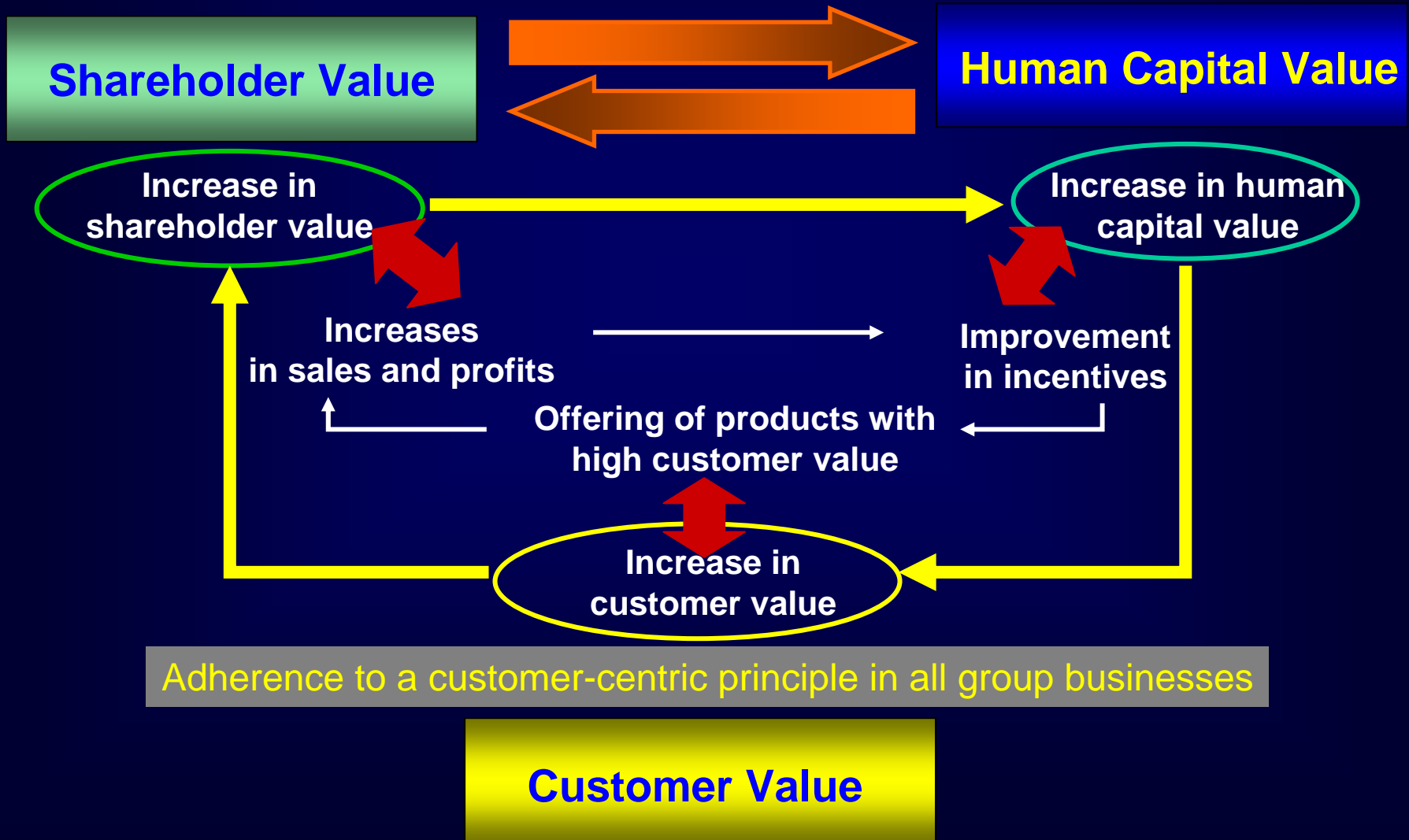
Under the new

“Corporate Value” “corporate value” theory,



Mechanism for Raising “Corporate Value”

With the creation of customer value as a foundation, “corporate value” is generated and increases through a mutual linkage with shareholder value and human capital value



【Customer value】

~ Adherence to a customer-centric principle ~

Value is created when customers pay for products and services provided by a company

||

① No. of customers (customer base)

② Transaction volume

The two ways in which customer value becomes evident

The Growing SBI Group Customer Base

The SBI Group's customer database has expanded to a total of about 4.2 million entries

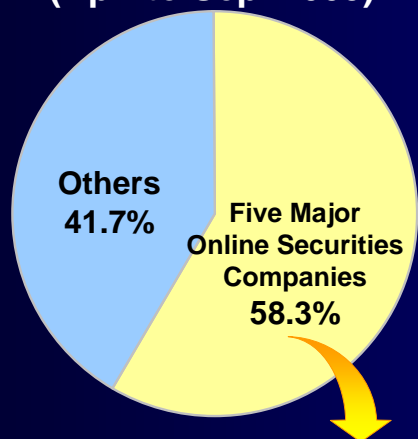
SBI Group Company and division		Mar. 2005	Sept. 2007
SBI E*TRADE	(Accounts)	590,000	1.5 mil.
InsWeb	(Total no. of customers with transactions)	690,000	2 mil.
E-LOAN	(Total no. of customers with transactions)	140,000	500,000
SBI Mortgage	(Balance of transactions executed)	¥68.1 bil.	¥322.9 bil.
SBI Lease	(Leases outstanding)	¥27.0 bil.	¥54.8 bil.
SBI Equal Credit	(Loan accounts)	7,000	49,000
SBI VeriTrans	(Branches used)	1,010	2,392
SBI Card	(Cards issued)	(Started Nov.06)	19,000
Morningstar Japan	(New portfolio customer registrations)	(Since fall of 06)	20,000
Lifestyle related comparison websites*	(Total no. of customers with transactions)	50,000	550,000
MoneyLook	(Total no. of customers with transactions)	300,000	590,000

*Total of seven web sites, mainly "Ticket Ryutsu Center" and "Hikkoshi Tatsujin Select".

Significant Increase in Share of Retail Trading Value, Which SBI E*TRADE Was The Only Online Securities Company That Achieved YoY Growth

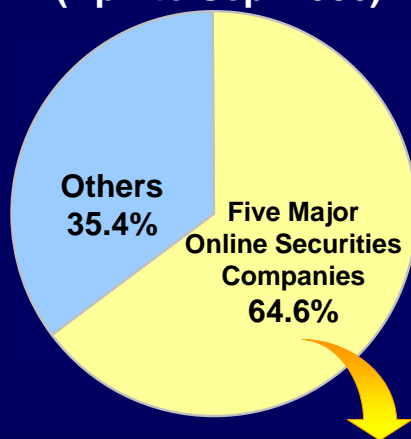
Change in share of individual brokerage trading value

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



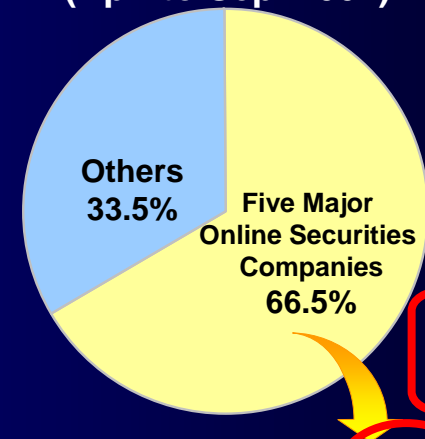
SBI E*TRADE	23.2%
Rakuten	10.9
Matsui	10.7
Monex	8.5
Kabu.com	5.1

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

36.9%
in Sep. '07

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.

【Shareholder Value】

(1) The SBI View of Shareholder Value

Comparison with Sony Financial Holdings ①

Comparison of FY06 Consolidated Performance

(Unit: Million yen)

	Net sales *1	Net income	Earnings per share (yen)
SBI Holdings	144,581	46,441	4,040.51
Sony Financial	759,280	10,021	4,772.09

*1: Sony Financial Holdings figures based on ordinary revenues

Comparison of Stock Prices (as of Nov.14)

	Market cap. (Million yen)	PER *2	PBR *2
SBI Holdings	383,017	7.64	1.40
Sony Financial	883,050	85.08	3.21

*2: PER and PBR are calculated using earnings per share for the fiscal year that ended in Mar 2007

Comparison with Sony Financial Holdings ②

Earnings by Business Unit in Fiscal 2007

(Unit: Million yen)

	SBI Holdings	Sony Financial
Asset management	27,495	—
Brokerage & investment banking	24,588	Started Oct. 1
Financial services	3,308	—
Bank	Started Sept. 24	1,354
Life insurance	Preparing to start by end of FY07	14,888
Non-life insurance	Preparing to start by end of CY07	2,044
Housing & real estate	1,302	—

Note: SBI Holdings figures based on operating income (previous accounting standard) and Sony Financial Holdings on ordinary income.

The SBI View of Shareholder Value ①

<Assumptions >

- The number of shares issued used for calculation of the theoretical stock price is 12,415,453, the number of shares issued at the end of Sept. '07.
- Market capitalization based on closing prices on November 14, 2007.
- Asset Management Business: Product of average market cap multiples for peer companies (JAFCO, NIF, JAIC) versus FY06 operating income (previous accounting standard) and FY06 operating income (previous accounting standard) for this SBI business unit.
- Brokerage & Investment Banking Business: Also includes the market cap of SBI E*TRADE SECURITIES and SBI Futures, in proportion to the equity interest of SBI (including indirect holdings).
- Financial Services Business: Also includes the market cap of SBI VeriTrans and Morningstar Japan, in proportion to the equity interest of SBI.
- Housing and Real Estate Business: Product of average market cap multiples for peer companies (Joint Corporation, ZEPHYR, CREED and RECRM RESERCH) versus the FY07 operating income forecast and the FY07 operating income forecast for this SBI business unit.

The SBI View of Shareholder Value ②

(Unit: Million yen)

	Market cap by segment (Theoretical value)
Asset Management	375,956
Brokerage & Investment Banking	210,945
Financial Services (listed subsidiaries)	10,634
Financial Services (new and other businesses)	α
Housing and Real Estate	26,721
Total	624,256 + α

Theoretical stock price

¥50,281 + α

There are also profitable businesses not included in this theoretical value calculation, such as SBI Lease and SBI Equal Credit.

(2) About Dividend

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.

【Human capital value】

~To achieve further growth~

Using Human Capital as a Strategic Resource

*“A single person builds a nation and
a single person destroys it.”*

『文章軌範』

“Bunsho Kihan”; An ancient Chinese textbook used by students prepare for civil-service examinations.



This is equally true for business corporations. A company can hardly expect to achieve sustained prosperity if it cannot nurture outstanding employees with highly developed leadership qualities combined with a penetrating sense of mission and a spirit of self sacrifice.

People are the source of creativity
And the primary source of differentiation that
is key to a company's ability to compete

Companies that can recruit, develop and motivate outstanding people and then use them effectively will achieve great success

(Ex.) Use of Outstanding Human Capital Since The Group's Inception

1999 Establishment of Softbank Finance

At that time, there was continuing turmoil among banks and securities companies in the Japanese market



Talented people were leaving banks and securities companies



As soon as we made public our vision of “transforming the financial industry through the Internet”, many people supportive of our aspirations quickly signed up with us.*

*Taking Up the Challenges of E-Finance.(Toyo Keizai Shinpo)

We redirected the energy of our employees and cultivated a resolve among them for success of the e-Finance business, by clearly defining our vision, laying firm foundations for the business and instituting fair personnel management policies



SBI Group's e-Finance business set sail with an ideal organization. Now in the ninth year, the business has expanded rapidly, and the Group now has 10 publicly listed subsidiaries.

Initiatives for Recruiting New Graduates and Human Capital Development

Objectives in recruiting new graduates:

Develop human resources capable of creating and passing on a unique corporate culture

A sense of identification

Loyalty

Organization as a unifying force

Sense of identity through shared management philosophy and values

Firm foundations for enduring growth and development of the expanding SBI Group

Human capital development:



(Established SBI University Co., Ltd. on May 31, 2006
Representative: Yoshitaka Kitao)

- (1) Holds public lectures by accomplished lecturers** (Ex.) Steve Chang (Founder of Trend Micro), Mr. Kou Ken
- (2) Offers e-learning courses** (Ex.) Strategic Finance and Accounting, organizational theory
- (3) Offers language study programs** (Ex.) Study in small groups (twice a week), e-learning

Aims at nurturing cosmopolitan employees through the study of subjects such as anthropology and management

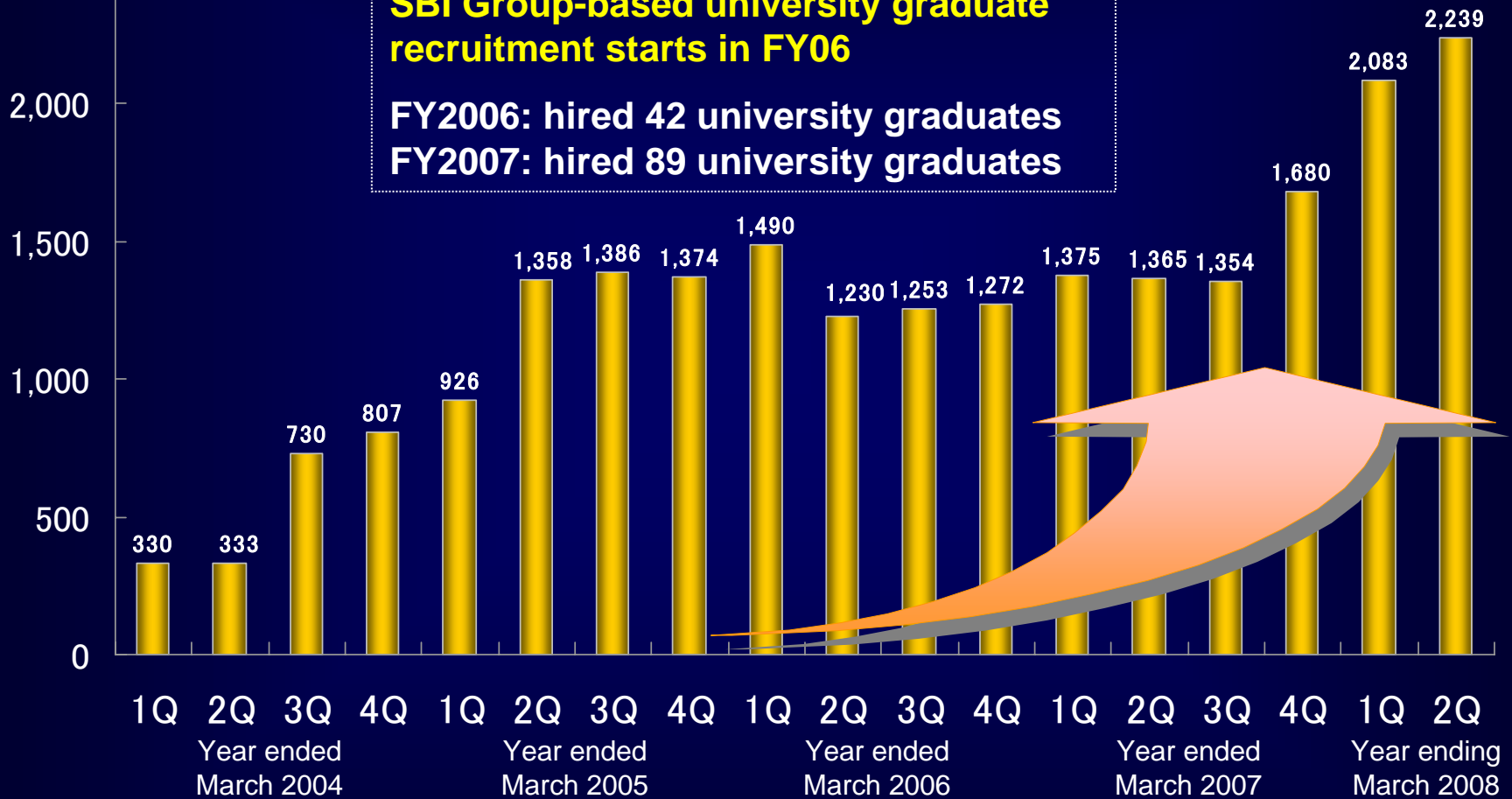
Steadily Expanding Pool of Human Capital

SBI Group Employees (consolidated basis)

Unit: Employee

SBI Group-based university graduate recruitment starts in FY06

FY2006: hired 42 university graduates
FY2007: hired 89 university graduates



(Also reflects the effect of including funds in the consolidation)

Plans call for steady hiring of university graduates, and continue manpower development and further beef up human capital

Build a Powerful Corporate Culture in order to Enhance the Value of Our Human Capital

--To work with shared vision and common values--

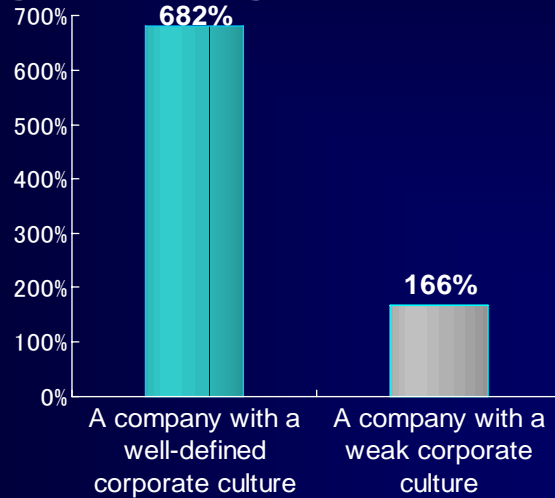
“Employees’ vision, perspectives, shared values, premises and convictions that guide their behavior define a company’s corporate culture. Viewed from this perspective, corporate culture is increasingly viewed as an important element in differentiating a company from its peers.”

“Strategy: A View from the Top” Cornelis A. de Kluyver, John A. Pearce

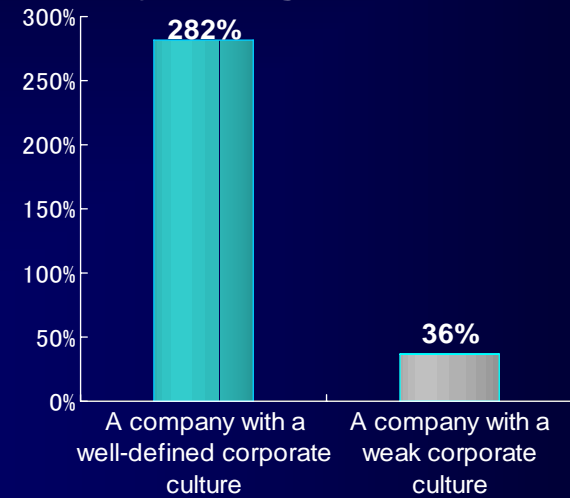
Corporate culture mirrors not only corporate behavior but also shows up in the attitudes of management and employees

A Company with a Well-defined Corporate Culture Vs. a Company with a Weak Corporate Culture

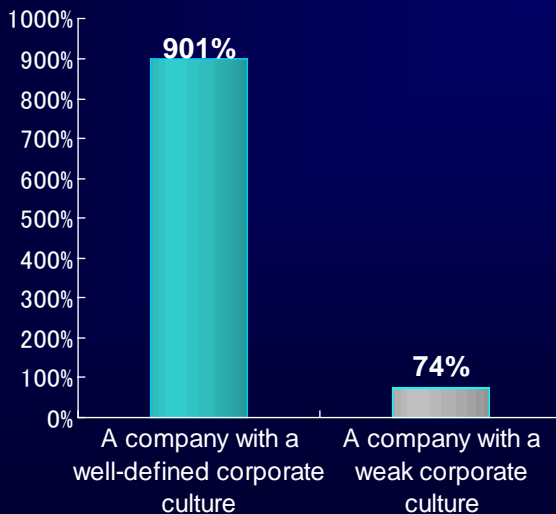
Average revenue growth (1979—1990)



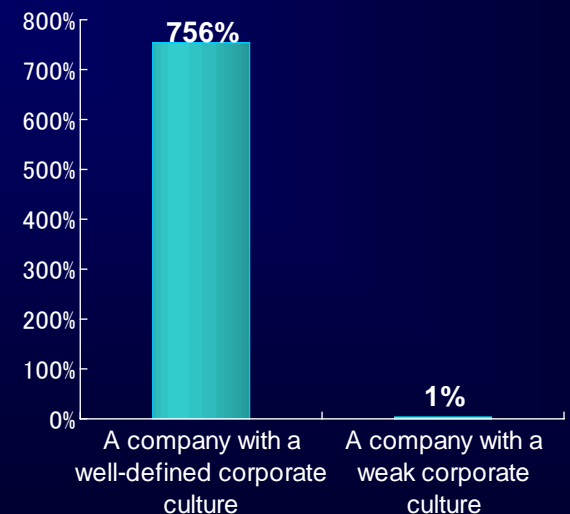
Average employment growth (1979—1990)



Average stock price growth (1979—1990)



Average net income growth (1979—1990)



(Source: Corporate Culture and Performance by John P. Kotter)

The DNA of SBI Group's Corporate Culture That Should Be Passed on to Future Generations

The SBI Group's Management Philosophy:

(1) Have sound ethical values; (2) Be a financial innovator; (3) Aim to become a new industry creator; (4) Carry out self-evolution; (5) Fulfill social responsibilities



Do not lose the spirit of entrepreneurship

Do not become complaisant, like large corporations. Be a pioneer, constantly taking on new challenges

Stress Speed

Be quick to decide and quick to act

Promote Innovation

Do not be blinded by past successes. Continue to bring creative spirit into full play

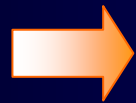
Self-evolution

Continue self transformation and promote growth while flexibly adapting to changes

Corporate Culture Evolution Process

Companies not steeped in history:

The values, thinking and behavior patterns of the founder are passed down to management and employees, emulated and shared



If this shows the way to high growth, it transforms into a unique corporate culture.

A company steeped in history:

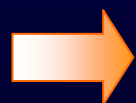
① Needs proof of whether corporate strategy is in accord with corporate culture and is compatible with the operating environment.

② Needs to have modern systems and organizational structures.

(Example) Personnel and remuneration systems, and standards for job performance evaluation and promotion to management positions (directors and leaders)

③ Establish an education and training system

(Example) New employees attend induction courses focusing on company history, values, corporate philosophy, management policies and other important issues. This is combined with professional training on how to acquire business knowledge and specialized know-how.



Enhances the sense of belonging and loyalty, raising homogeneity among management and staff

Establishing the SBI Graduate School

April 2008

Plans call for establishing the SBI Graduate School, subject to approval by the MEXT (Ministry of Education, Culture, Sports, Science and Technology)

- A professional educational institution for training and educating entrepreneurs in Internet technologies
- Establish an e-learning system using cutting edge technologies

After April 2008

Launch activities as the hub of Asian business Information exchange for;

- Internet technologies and venture business studies
- Promote joint studies with Asian countries

Explore opportunities for affiliation with business schools (B-schools) in the U.S., China, India, and other parts of the world.

Plans Call for Moving the Head Office in 2009

Consolidate offices of an expanding number of Group companies at a single location to:

- Reduce leasing costs
- Enhance operating efficiency
- Promote a sense of belonging
- Promote Group synergy
- Further raise name recognition, etc

■
■
■

“SBI Tower” (tentative name)



※ Conceptual drawing of SBI Tower in Cyber Megacity under development as a part of the cyber word Tokyo 0 Ku being developed by SBI Robo.

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