



*Strategic  
Business  
Innovator*

# **SBIH Group 2008 Information Meeting**

**May 19 Osaka**

**May 23 Nagoya**

**May30 Tokyo**

**Yoshitaka Kitao  
Representative Director & CEO  
SBI Holdings, Inc.**

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

- Part1    Fiscal 2007 Financial Performance**
- Part2    (1)Launch of New Businesses and  
          Progress Report**  
**(2)SBI E\*TRADE SECURITIES Becomes  
          a Wholly Owned Subsidiary**
- Part3    Changes in the Economy and the SBIH  
          Group's New Vision**
- Part4    Japan's Growth Potential and Future  
          Drivers of Growth**
- Part5    Stock Price Information**

# Part 1

# Fiscal 2007 Financial Performance

# FY2007 Consolidated Performance

(Unit: million yen)

	FY2006 Year ended Mar. 2007	FY2007 Year ended Mar. 2007	YoY change (%)
Operating Revenues	144,581	222,567	+53.9
Operating Income	23,095	42,606	+84.5
Ordinary Income	90,696*	35,687	-60.7
Income Before Income Taxes	62,041	28,819	-53.5
Net Income	46,441	4,228	-90.9

\* Owing to the decision to start consolidating funds from FY2006 interim period, there was an extraordinary gain of 69,094 million yen from the amortization of negative goodwill. This gain represents the unrealized gains (negative goodwill) corresponding to the SBIH 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).

# Highlights of FY07 Consolidated Performance

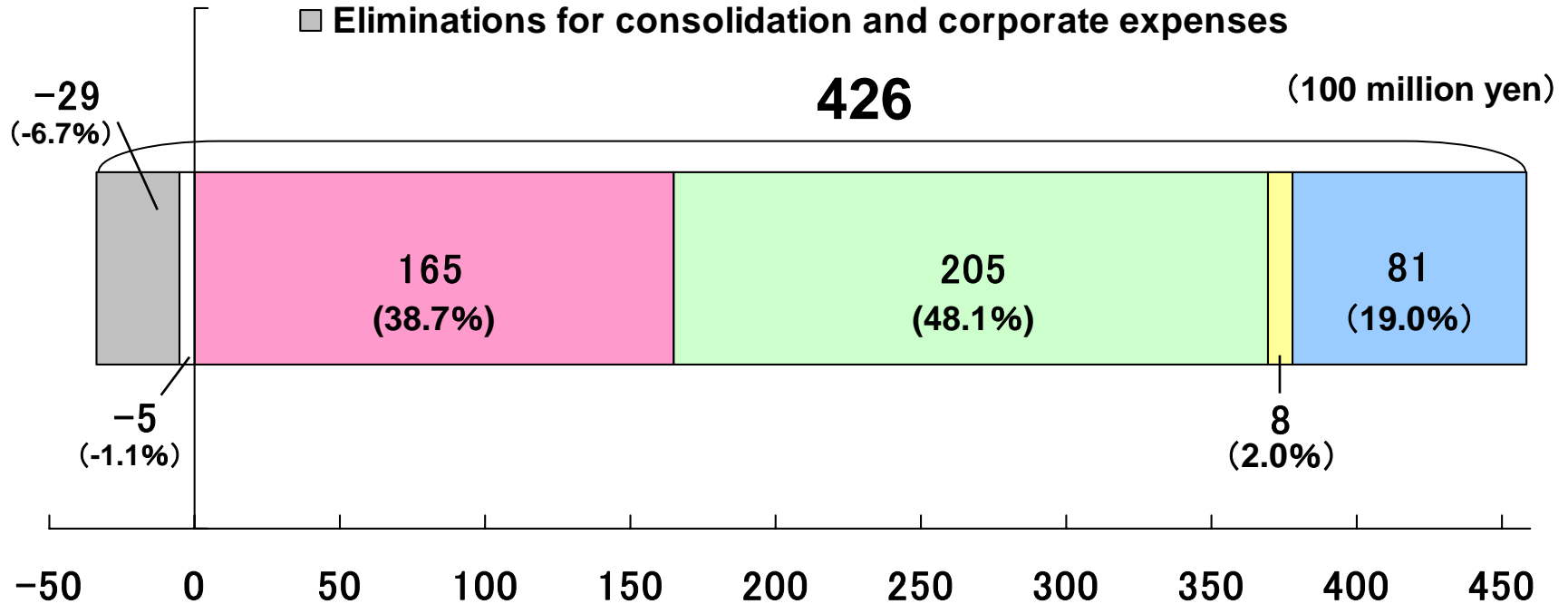
- (1) Since the process of consolidating investment funds started in the first half of FY06, comparisons of YoY performance was difficult for FY07. FY08 will be the year in which direct comparisons of performance using the same accounting standard will be possible.**
- (2) Due to the substantial decline of the stock prices of affiliated companies, SBIH recorded an extraordinary loss of 9.3 billion yen\* for stock investment valuation losses, which have no impact on cash flow.**  
**(\*ZEPHYR: 6.6 bil. yen, LIVING Corporation: 2.0 bil. yen)**
- (3) Earnings from overseas investments in Asia and other regions contributed significantly to earnings, where overseas investment earnings rose to 45% of total operating income.**
- (4) In June, SBIH forecasted operating income of 39 - 43 billion yen. Although operating income from Brokerage & Investment Banking Businesses was well below the forecast (20.5 billion yen versus forecast of 30 - 33 billion yen), the strong performance of Asset Management Business resulted in total operating income that was in line with the June forecast.**

# Comparison of Operating Income by Segment

- Asset Management
- Brokerage and Investment Banking
- Financial Services
- Housing and Real Estate
- System Solutions
- Eliminations for consolidation and corporate expenses

Overseas earnings rose to 45% of total operating income

**FY2007  
Operating Income**



- \*Operating results for the Housing and Real Estate Business are shown separately from the Asset Management Business beginning with FY2007.
- \*The Lifestyle Networks Business has been transferred from the Financial Services Business to the Housing and Real Estate Business beginning with FY2007.
- \*SBI Robo was newly consolidated in 1H FY2007 and its operations are shown as the System Solutions Business.
- \*Amounts are rounded to the nearest 100 million yen.
- \*Figures of overseas ratio do not fully match with 42.6 billion yen.

# Forecast and Actual Results of Financial Performance by Business Segment in FY07

(billion yen)

	<b>FY07</b> (Forecast) (Announced Jun. 28, 2007)	<b>FY07</b> (Actual)
<b>Asset Management</b>	(+ $\alpha$ )	16.5
<b>Brokerage &amp; Investment Banking</b>	30.0 to 33.0	20.5
<b>Financial Services (established businesses)</b>	3.5 to 4.0	3.2
<b>Financial Services (new businesses)</b>	-1.5 to -1.0	-2.3
<b>Housing and Real Estate</b>	7.0	8.1
<b>Operating Income</b>	<b>39.0 to 43.0 (+ <math>\alpha</math>)</b>	<b>42.6</b>



# Consolidated Performance Trend (FY2005 to FY2007)

(billion yen)

	<b>FY05</b> <small>(Apr. 2005-Mar. 2006)</small>	<b>FY06</b> <small>(Apr. 2006-Mar. 2007)</small>	<b>FY07</b> <small>(Apr. 2007-Mar. 2008)</small>
<b>Operating Revenues</b>	<b>137.2</b>	<b>144.5</b>	<b>222.5</b>
<b>Operating Income</b>	<b>49.5</b>	<b>23.0</b>	<b>42.6</b>
<b>Asset Management</b>	<b>10.4</b>	<b>-3.2</b>	<b>16.5</b>
<b>Brokerage &amp; Investment Banking</b>	<b>38.5</b>	<b>24.4</b>	<b>20.5</b>
<b>Financial Services (established businesses)</b>	<b>2.2</b>	<b>3.3</b>	<b>3.2</b>
<b>Financial Services (new businesses)</b>	<b>-</b>	<b>-</b>	<b>-2.3</b>
<b>Housing and Real Estate</b>	<b>- (*)</b>	<b>1.2</b>	<b>8.1</b>

- SBI Card -0.7
- SBI Card Processing -0.6
- SBI Insurance -0.3
- SBI AXA Life Insurance -0.6

**\*Note : Housing and Real Estate Business is included in Asset Management Business for FY05.**

# **(1) Asset Management Business**

**Fiscal Year 2007** (Year ended March 31, 2008)

**Operating Revenues: 58.0 billion yen (+55% YoY)**

**Operating Income: 16.5 billion yen (-3.2 bil. yen in FY06)**

**Notes:**

1. The above figures were calculated using the new accounting standard (with fund consolidation) for each segment.
2. The above figures do not include eliminations for consolidation and the deduction of corporate expenses.
3. Rounded to the nearest 100 million yen.
4. Results of FY2006 were negative earnings due to the start of fund consolidation.

# Comparison of Major VC Companies (1)

## FY2007 performance comparison of SBIH Asset Management business and major venture capital companies

(Unit: 100 million Yen, %)

	Operating Revenues	YoY Change	Operating Income	YoY Change
<b>SBI Asset Management</b>	<b>580</b>	<b>+55.3</b>	<b>165</b>	- <sup>*1</sup>
<b>JAFCO</b>	<b>679</b>	<b>+34.7</b>	<b>128</b>	<b>-6.2</b>
<b>NIF</b>	<b>199</b>	<b>-35.3</b>	<b>-137</b>	- <sup>*2</sup>
<b>JAIC</b>	<b>214</b>	<b>-20.3</b>	<b>52</b>	<b>-58.4</b>

(Source: Compiled by SBIH from information disclosed by each company)

\*1 Operating income of FY2006 was -3.2 billion yen due to the start of fund consolidation.

\*2 Operating income of FY2006 was 4.2 billion yen.

\*3 Amounts are rounded to nearest 100 million yen.

# Comparison of Major VC Companies (2)

## High operation efficiency compared with other Japanese VC companies

	Operating Income (100 million yen)	Number of employees	Operating Income per employee (100 million yen)
SBIH Asset Management Business	165	144 (*1)	1.14
JAFCO	128	276 (*2)	0.46

(\*1) Number of employees who engage in SBIH Asset Management Business as of the end of Mar. 2008

(\*2) As of the end of Sep. 2007

## The SBIH Group continued to make a substantial number of new investments

Unit: Million yen

	FY2007		(Reference) FY2006	
	New investment amount	Number of investment companies	New Investment amount	Number of investment companies
[ Funds' Investment ]	96,596	175	74,517	139
[ Direct Investment ]	4,444	33	42,581	13
[ TOTAL ]	101,040	208	117,098	152
JAFCO	39,094	168	60,305	316

# Performance of New Horizon Fund

Six of the 10 companies in the New Horizon Fund portfolio are now publicly owned companies since its launch in May 2005. A gain of **3.6 billion yen** was recorded through the sales of a portion of its portfolio. (Unit: US\$ million)

Portfolio companies	Invest-ment	Category	IPO (planned)	Capital gain			
				End Mar.07	End Mar.08	As of May 15	
Sichuan Meifeng Chemical Industry	14. 8	A-Class share		30. 5	63. 7	69. 1	IPOed (market value)
Changsha Zoomlion Heavy Industry Science & Technology Development	10. 2	A-Class share		35. 6	144. 6	146. 1	
China Printing &Dyeing Holding	3. 4	IPO		1. 0	0. 2	-0. 5	
Yingli Green Energy Holding	1. 8	IPO		Pre-IPO	4. 5	8. 2	
Kingsoft	6. 6	IPO		Pre-IPO	2. 3	11. 1	
Goldwind Science and Technology	4. 1	IPO		Pre-IPO	124. 9	140. 7	
Cathay Industrial Biotech	12. 0	Pre-IPO	2008		79. 1	79. 1	Pre-IPO (estimated value)
China Stem Cells Holdings	4. 1	Pre-IPO	2008		17. 6	17. 6	
Jiangsu Ealong Biotech	2. 5	Pre-IPO	2008		5. 6	5. 6	
Shineway Group	20. 4	Pre-IPO	2009		15. 0	15. 0	
<b>TOTAL</b>	<b>79. 8</b>			<b>* 67. 1</b>	<b>457. 5</b>	<b>492. 1</b>	

\* The figures of capital gain (end mar. 07) were included three companies which completed IPO as of Mar 31, 2007

(Approx. 45.8 bil. Yen) (Approx. 51.8 bil. Yen)

**[Estimated Dividend (tentative)]**

**FY2008 US\$ 96 million (9.6 billion yen) Total dividend (tentative) US\$ 301 million (30.1 billion yen)**

**FY2009 US\$ 91 million (9.1 billion yen)**

**FY2010 US\$ 99 million (9.9 billion yen)**

Note: The above figures are not confirmed

# Assets under Management of the SBIH Group

**AUM of the SBIH Group amounted to 627.1 billion yen**  
(incl. Real estate and others)

**Private equity total: 279.6 billion yen**

**[IT/Biotechnology] Total: 120.5**

Internet	5.0
Broadband/Media	64.4
Mobile services	29.2
Biotech/Others	21.8

**[Direct investment] 25.5**

**[Environment/Energy] 7.4**

**[Buyout/Mezzanine] Total: 34.8**

Value Up	23.4
Mezzanine	11.3

**[Overseas] Total: 91.5**

China/ Hong Kong	71.6
Vietnam*1	9.9
India*2	10.0

**[Investment trusts, others] Total: 301.5**

Investment trusts	57.7
Investment advisory	240.8
Investment companies	3.0

**[Real estate, others] Total: 46.0**

Development	16.1
Completed properties	29.9

Figures for real estate investments and investment trusts and others are net assets at market value as of end Mar, 08. Figures for other funds are net assets at market value based on the most recent financial report for each fund as of end Mar, 08.

\*1 Established on Apr. 3, 2008. \*2 To be established in late April.

## **(2) Brokerage & Investment Banking Business**

**Fiscal Year 2007** (Year ended March 31, 2008)

**Operating Revenues: 68.5 billion yen (+3% YoY)**

**Operating Income: 20.5 billion yen (-16% YoY)**

**Notes:**

- 1. The above figures were calculated using the new accounting standard (with fund consolidation) for each segment.**
- 2. The above figures do not include eliminations for consolidation and the deduction of corporate expenses.**
- 3. Rounded to the nearest 100 million yen.**

# SBI E\*TRADE SECURITIES FY2007 Results (Consolidated)

(million yen, %)

	FY2006 (Apr. 2006 to Mar. 2007)	FY2007 (Apr. 2007 to Mar. 2008)	YoY Change
Operating Revenues	<b>57,412</b>	<b>64,499</b>	<b>+12.3</b>
Net Operating Revenues	<b>53,296</b>	<b>58,017</b>	<b>+8.9</b>
Operating Income	<b>24,543</b>	<b>22,842</b> <small>(Note 1)</small>	<b>-6.9</b>
Ordinary Income	<b>24,571</b>	<b>22,405</b>	<b>-8.8</b>
Net Income	<b>13,811</b>	<b>11,923</b> <small>(Note 2)</small>	<b>-13.7</b>

(Note 1) Reserve of 0.91 billion yen for OHT shares was posted in FY2007.

(Note 2) Deferred tax liability of 1.5 billion yen for selling shares of E\*Trade Korea was posted.



# Comparison of FY2007 Consolidated Performance of Major Online Securities Companies

Owing to expansion of sources of profits, YoY operating revenues of SBI E\*TRADE SECURITIES grew to 12.3%, whereas most competitors reported a decline in operating revenues.

FY2007 consolidated performance of five major online securities (million yen, %)

	Operating Revenues	YoY Change	Operating Income	YoY Change
<b>SBI E*TRADE</b>	<b>64,499</b>	<b>+12.3</b>	<b>22,842</b>	<b>-6.9</b>
<b>Rakuten</b>	<b>28,691</b>	<b>-15.6</b>	<b>6,076</b>	<b>-43.2</b>
<b>Matsui</b>	<b>39,915</b>	<b>-8.6</b>	<b>20,660</b>	<b>-8.4</b>
<b>Kabu.com</b> (non-cons.)	<b>20,674</b>	<b>-1.3</b>	<b>9,940</b>	<b>-10.1</b>
<b>Monex</b>	<b>30,497</b>	<b>-8.3</b>	<b>13,016</b>	<b>-21.4</b>

(Source : Based on company materials)

# SBI E\*TRADE's Ranking in the Securities Industry (1)

## (Customer Base and Revenues - FY2007)



### Ranking by Customer Accounts

(number of accounts)

1	Nomura *1	4,165,000
2	Daiwa	3,022,000
3	Nikko *2	2,360,000
4	<b>SBI E*TRADE</b>	<b>1,662,051</b>
5	Mitsubishi UFJ *1, 3	1,207,000
6	Shinko	1,033,000
7	Monex	834,931
8	Rakuten	779,787
9	Matsui	729,394
10	Kabu.com	622,422
11	Okasan	431,364

(Source: Compiled by SBIH based on available information)

\*1 Outstanding balance, number of accounts

\*2 Nikko includes the total of Nikko Cordial Securities and Nikko Citigroup, but the customer accounts are that of Nikko Cordial Securities

\*3 As of the end of June 2007

\*4 Total Revenues

\*5 Non- consolidated basis

### Ranking by Assets in Customer Accounts

(100 million yen)

1	Nomura	722,104
2	Daiwa	470,911
3	Nikko *2	409,741
4	Mitsubishi UFJ	236,737
5	Mizuho	190,468
6	Shinko	127,715
7	Mizuho Investors	66,098
8	SMBC Friend	40,607
9	Tokai Tokyo	39,002
10	Okasan	38,490
11	<b>SBI E*TRADE</b>	<b>37,549</b>
12	Monex	17,520
13	Marusan	17,299
14	Cosmo	16,737
15	Ichiyoshi	15,902
16	Matsui	12,763
17	Toyo	12,406
18	Rakuten	11,663
19	Kabu.com	10,211

(Source: Compiled by SBIH based on information in May 2, 2008 Nikkan Kogyo Shimbun and May 11, 2008 Nikkei Veritas)

### Ranking by Operating Revenues

(100 million yen)

1	Nomura *4	15,937
2	Daiwa	8,254
3	Mitsubishi UFJ	5,341
4	Nikko *2	3,531
5	Mizuho	2,237
6	Shinko	1,465
7	Okasan	723
8	<b>SBI E*TRADE</b>	<b>645</b>
9	Mizuho Investors	641
10	Tokai Tokyo	632
11	SMBC Friend	606
12	Matsui	399
13	Monex	305
14	Rakuten	287
15	Toyo	230
16	Cosmo	222
17	Ichiyoshi	215
18	Kabu.com *5	207

(Source: Compiled by SBIH based on information in May 1, 2008 Nikkei Shimbun)

Consolidated accounting  
Amounts are rounded to nearest 100 million yen

# SBI E\*TRADE's Ranking in the Securities Industry (2)

(Income - FY2007)

## Ranking by Operating Income

(100 million yen)

1	Daiwa	836
2	Nikko *1	421
3	<b>SBI E*TRADE</b>	<b>228</b>
4	Matsui	207
5	SMBC Friend	191
6	Tokai Tokyo	141
7	Monex	130
8	Shinko	122
9	Okasan	119
10	Kabu.com *2	99
11	Mizuho Investors	73
12	Toyo	62
13	Rakuten	61
14	Mitsubishi UFJ	46
15	Ichiyoshi	19
16	Cosmo	- 35
17	Nomura *3	- 646
18	Mizuho	- 4,303

(Source: Compiled by SBIH from information disclosed by each company)

## Ranking by Ordinary Income

(100 million yen)

1	Daiwa	901
2	Nikko *1	436
3	<b>SBI E*TRADE</b>	<b>224</b>
4	Matsui	207
5	SMBC Friend	198
6	Tokai Tokyo	149
7	Okasan	148
8	Shinko	146
9	Monex	128
10	Mitsubishi UFJ	110
11	Kabu.com *2	100
12	Mizuho Investors	77
13	Rakuten	68
14	Toyo	66
15	Ichiyoshi	19
16	Cosmo	- 33
17	Nomura *3	- 646
18	Mizuho	- 4,337

(Source: Compiled by SBIH from information disclosed by each company)

## Ranking by Net Income

(100 million yen)

1	Daiwa	464
2	Nikko *1	171
3	Matsui	128
4	<b>SBI E*TRADE</b>	<b>119</b>
5	SMBC Friend	113
6	Shinko	94
7	Tokai Tokyo	90
8	Mitsubishi UFJ	81
9	Monex	72
10	Kabu.com *2	60
11	Okasan	56
12	Mizuho Investors	53
13	Toyo	32
14	Ichiyoshi	11
15	Rakuten	- 3
16	Cosmo	- 49
17	Nomura	- 678
18	Mizuho	- 4,187

(Source: Compiled by SBIH based on information of May 1, 2008 Nikkei Shimbun)

\*1 Nikko includes the total of Nikko Cordial Securities and Nikko Citigroup

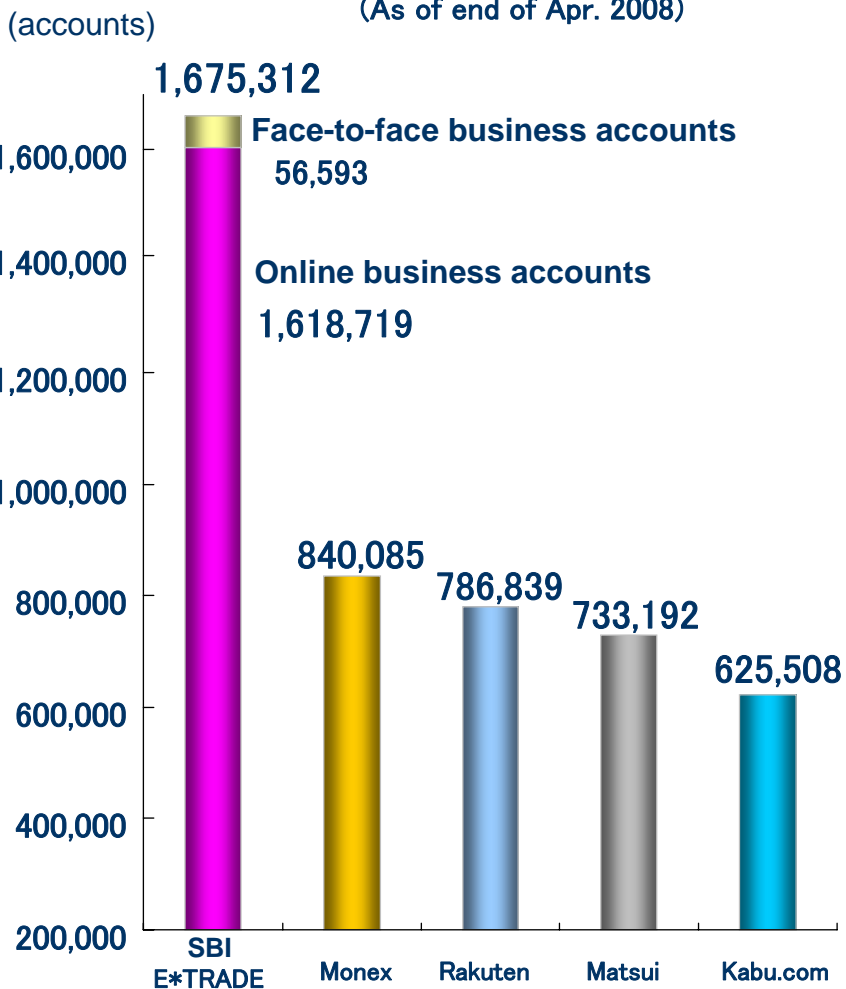
\*2 Non-consolidated basis \*3 Pre-tax income

Consolidated accounting  
Amounts are rounded to nearest 100 million yen

# Customer accounts are increasing more quickly than at competitor online securities companies

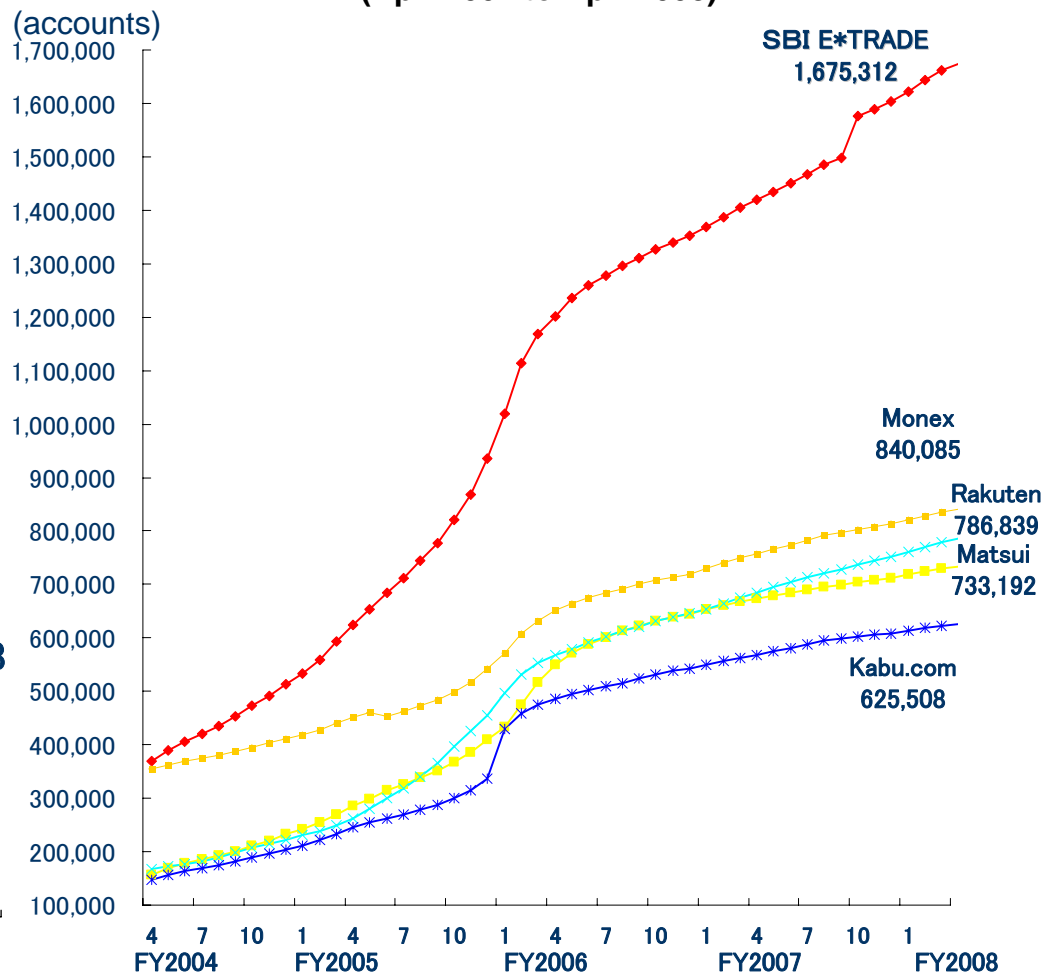
## Customer accounts of 5 major online securities companies

(As of end of Apr. 2008)



## Customer account trend of 5 major online securities companies

(Apr. 2004 to Apr. 2008)



Sources: Competitor figures based on available public information from sources such as various company home pages.

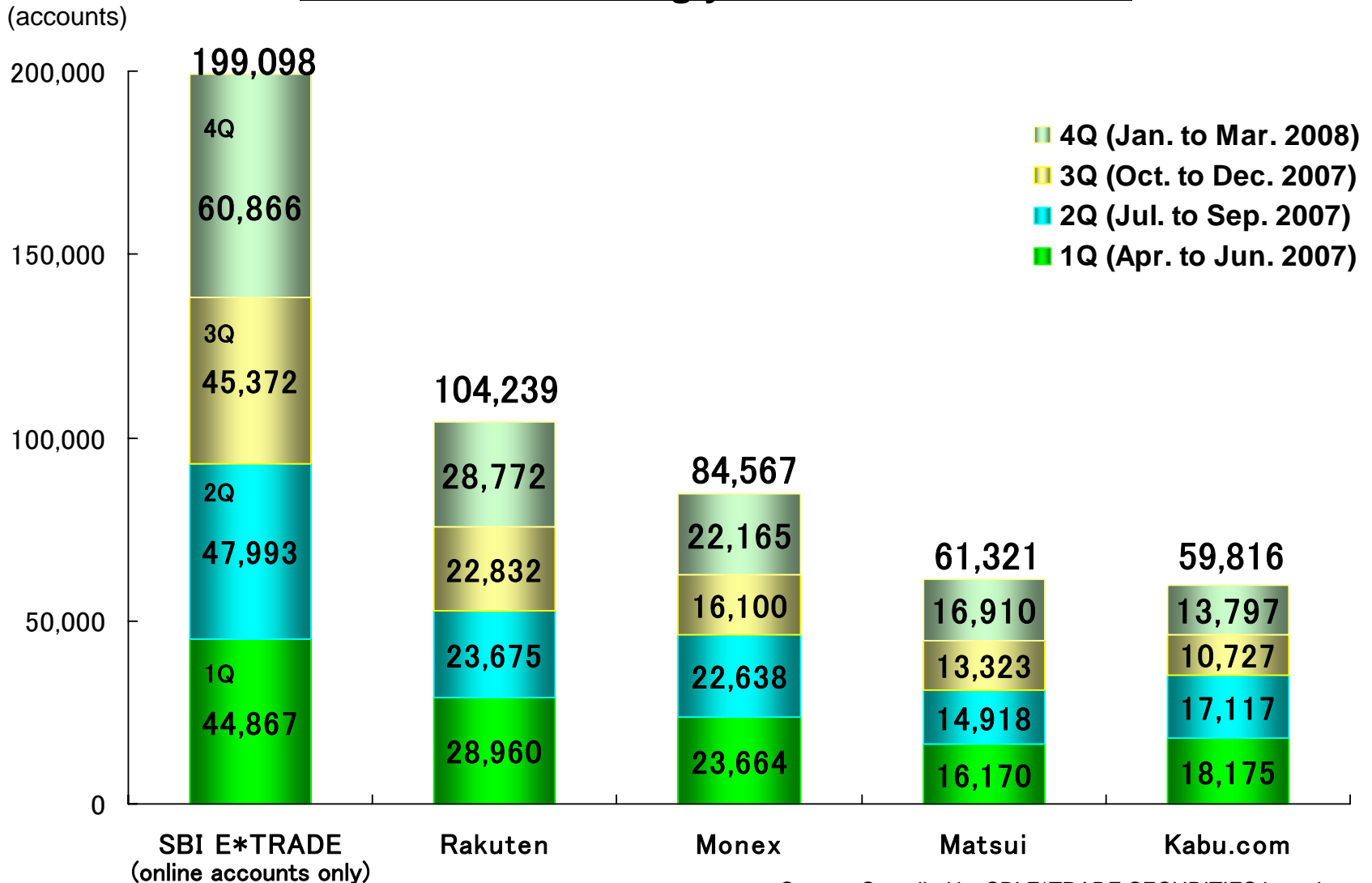
Note: Monex is the sum of Monex Securities and Nikko Beans.

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

SBI E\*TRADE Securities merged with SBI Securities on October 1, 2007.

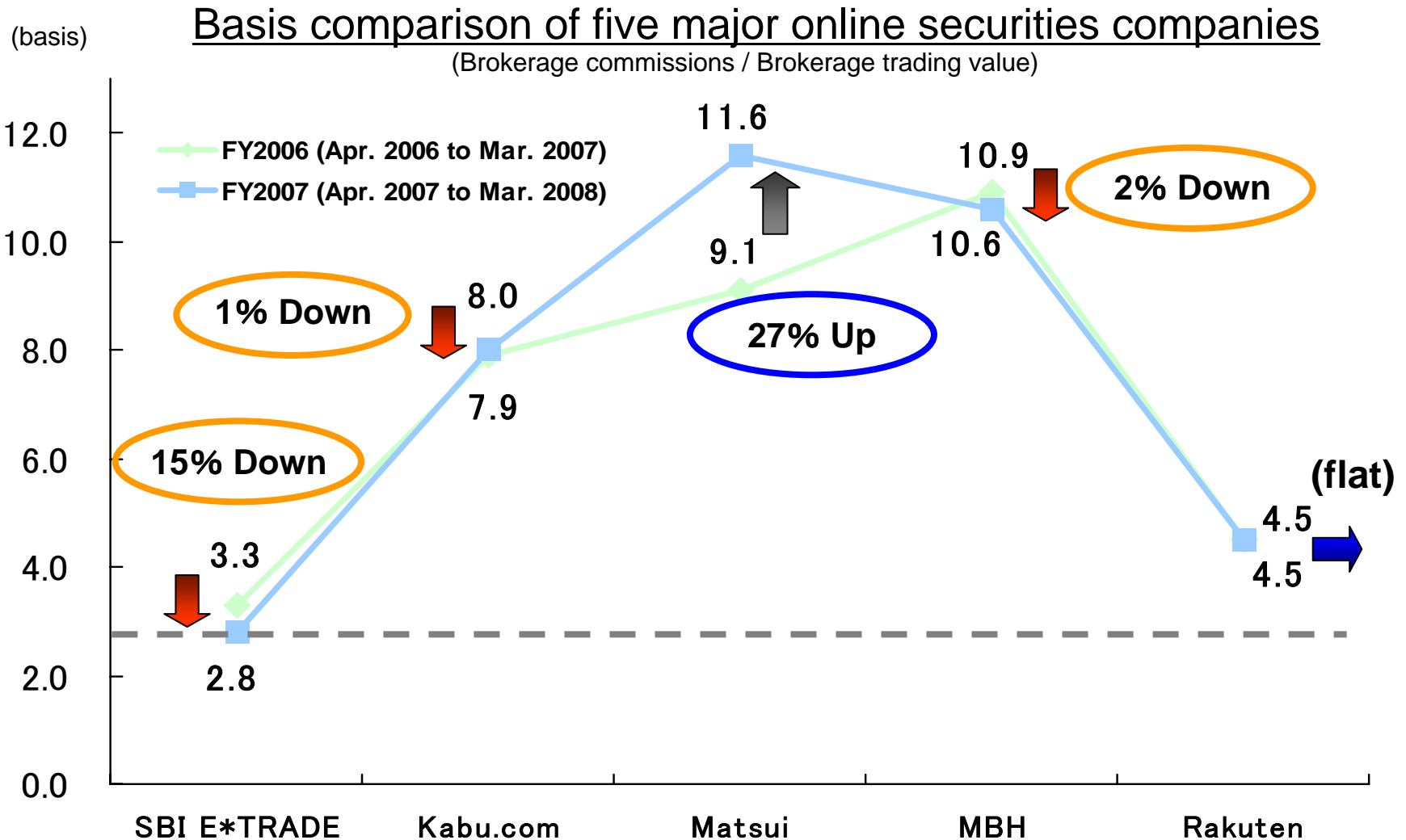
# Increase in New Accounts Accelerates Again

## New accounts during year ended March 2008



\*SBI E\*TRADE SECURITIES merged with SBI Securities in Oct. 2007

# Basis Comparison of Major Online Securities Companies



Source: Based on company materials and monthly announcements.

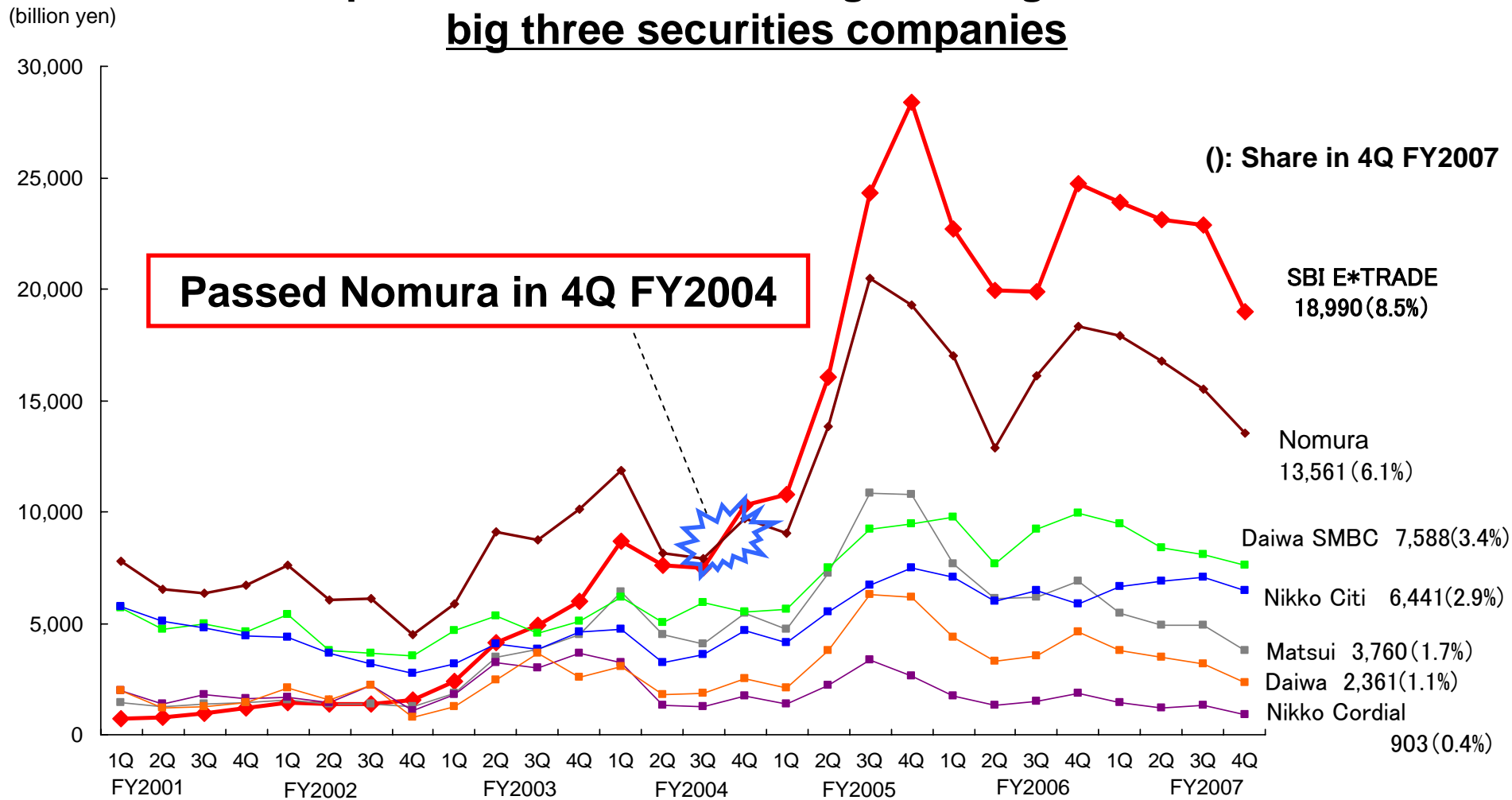
Cumulative figures for April 2007 to March 2008. Brokerage commissions use non-consolidated data.

Former SBI Securities' figures does not include in SBI E\*TRADE.

# SBI E\*TRADE Continues to Exceed Nomura in Stock Brokerage Trading



## Comparison of stock brokerage trading value with big three securities companies

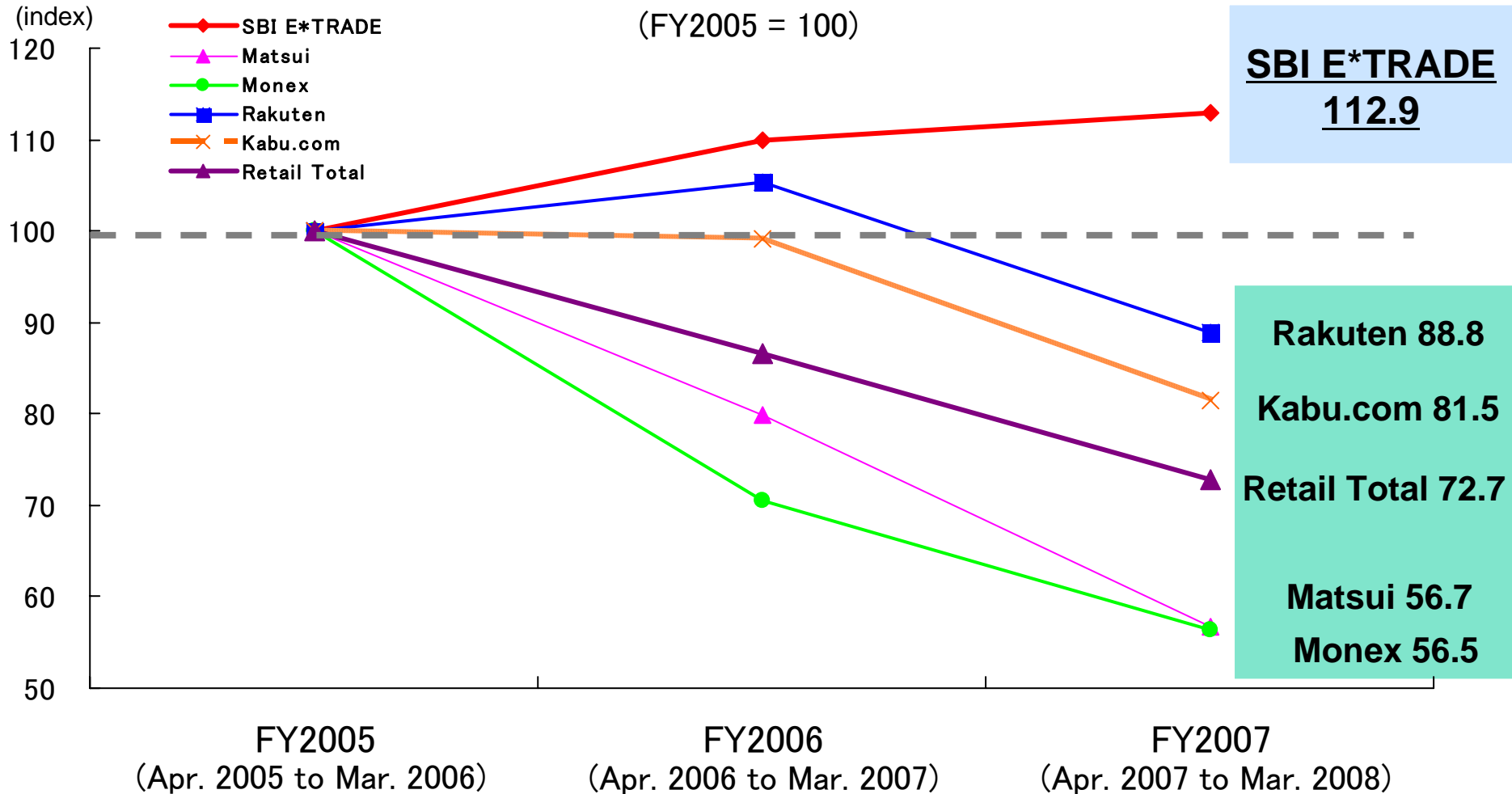


Source: Based on TSE and company materials (E\*TRADE includes orders from overseas investors)

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

# Only SBI E\*TRADE Achieved YoY Growth in Stock Brokerage Trading Value Among the Five Major Online Securities Companies

**Trend of stock brokerage trading value index of five major online securities companies**



Source: Based on TSE, JASDAQ and company materials

Individual brokerage trading value is the sum of trades on the three major exchanges and JASDAQ.

Only online trading value is used at SBI E\*TRADE's figure of FY2007.

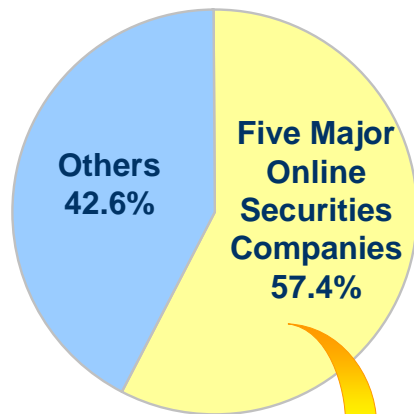


# SBI E\*TRADE Achieved a Significant Increase in the Share of Retail Trading Value

## Change in share of retail trading value

**FY2005**

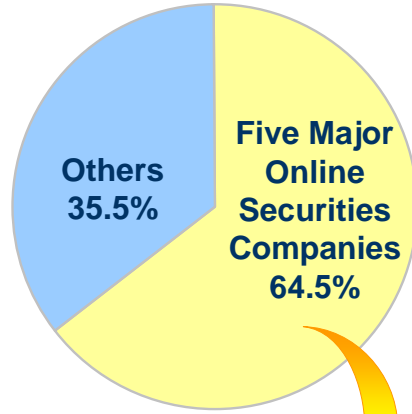
(Apr. 2005 to Mar. 2006)



<b>SBI E*TRADE</b>	<b>23.1%</b>
Rakute	11.1
Matsui	10.0
Monex	8.0
Kabu.com	5.2

**FY2006**

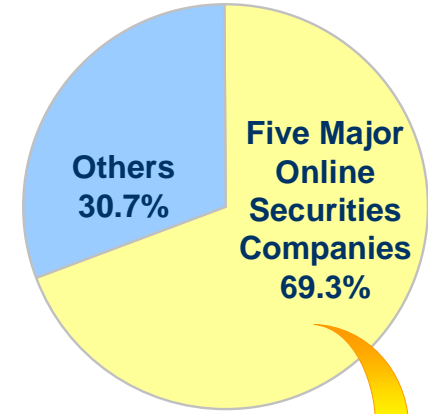
(Apr. 2006 to Mar. 2007)



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

**FY2007**

(Apr. 2007 to Mar. 2008)



<b>SBI E*TRADE</b>	<b>36.0%</b>
Rakuten	13.5
Matsui	7.8
Monex	6.2
Kabu.com	5.8

Source: Based on TSE, JASDAQ and company materials

\* Individual brokerage trading value is the sum of trades on the three major exchanges and JASDAQ.

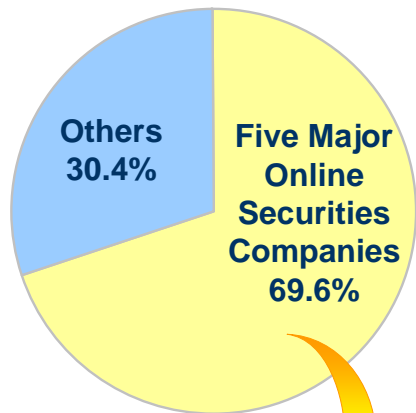
Kabu.com Securities merged with MeNet Securities on January 1, 2006.  
SBI E\*TRADE Securities merged with SBI Securities on October 1, 2007.

# SBI E\*TRADE' Market Share of Retail Margin Trading Value Exceeded Its Targeted 40% Level

## Change in share of retail margin trading value

### FY2005

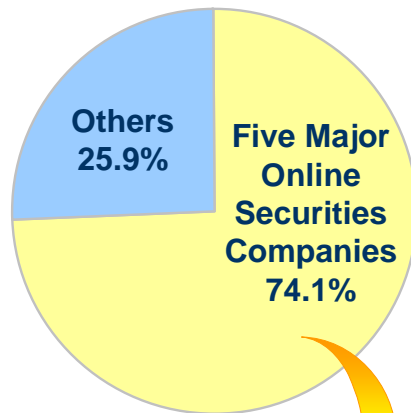
(Apr. 2005 to Mar. 2006)



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

### FY2006

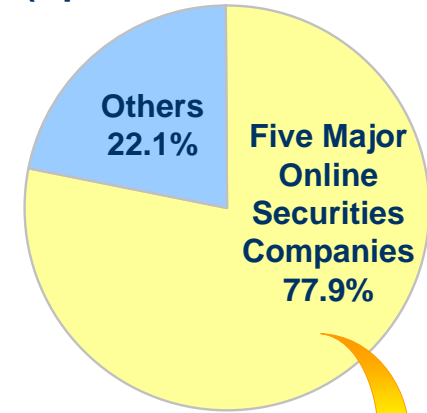
(Apr. 2006 to Mar. 2007)



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

### FY2007

(Apr. 2007 to Mar. 2008)



<b>SBI E*TRADE</b>	<b>40.5%</b>
<b>Rakuten</b>	<b>15.6</b>
<b>Matsui</b>	<b>9.0</b>
<b>Kabu.com</b>	<b>6.6</b>
<b>Monex</b>	<b>6.1</b>

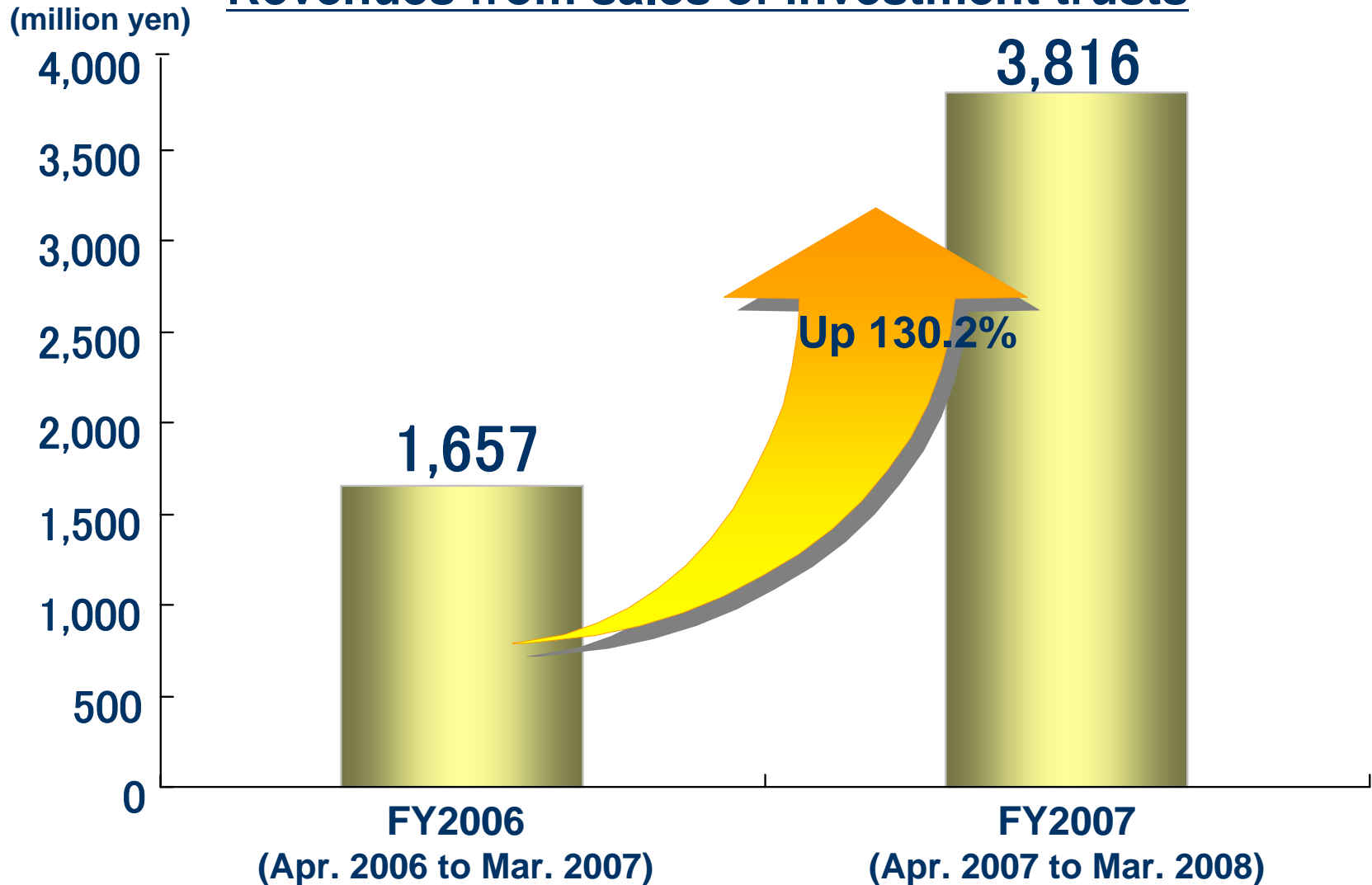
Source: Based on TSE, JASDAQ and company materials

\* Individual brokerage trading value is the sum of trades on the three major exchanges and JASDAQ.

Kabu.com Securities merged with MeNet Securities on January 1, 2006.  
SBI E\*TRADE Securities merged with SBI Securities on October 1, 2007.

# Significantly Increased Revenues from Sales of Investment Trusts

## Revenues from sales of investment trusts



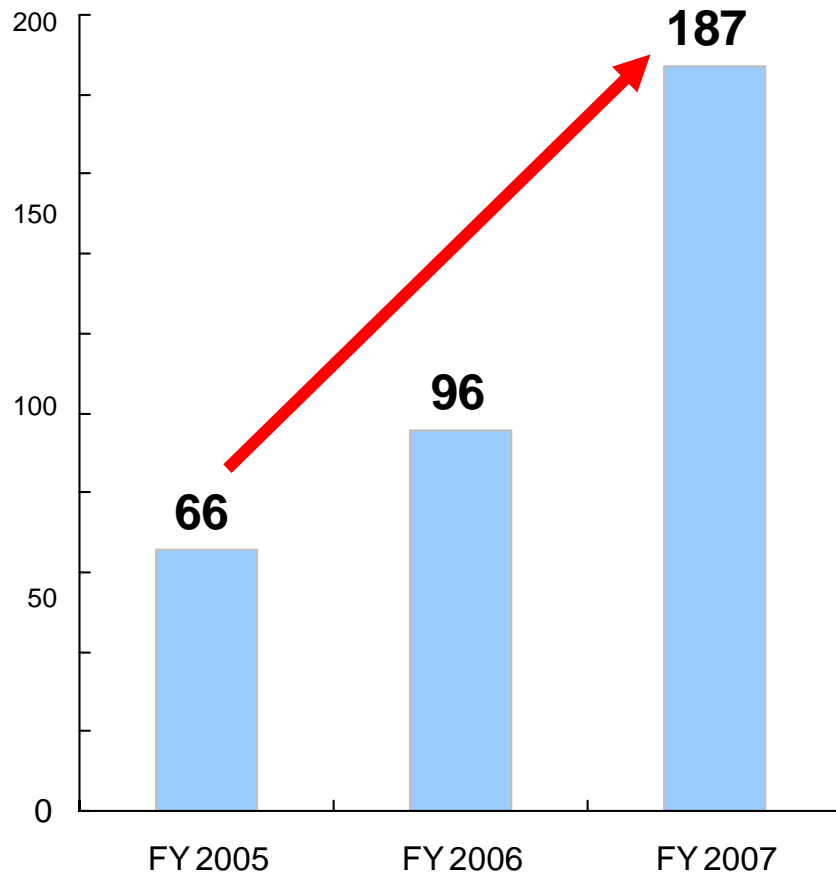
\*1 Sum of selling commissions and trust fees (trust fees include MRF)

\*2 Trust fees are included in "other commissions received".

# Investment Trust Sales And Major New Initiatives

## Sales of investment trusts

(billion yen)



\*Includes MMF and medium-term gov't funds

## Major initiatives

### (1) Regular purchase service for more investment trusts

**120 funds are now available (Apr. 2008)**

Plan to expand this popular service by using dollar cost averaging method, very low minimum initial investment, and providing efficient way to make investments.

### (2) Renewal of the website (Feb. 2008)

**“E\*TRADE CATEGORY” provides screening service using our original classification method.**

パフォーマンス | ファンドの特徴 | 手数料 | 分配金

□ 口数買付 □ 金額買付 □ 積立買付

ページ/1 1-1件 / 1件中

委託会社-ファンド名	商品分類	基準価額 前日比	純資産 (百万円)	イー・トレードカテゴリ
<a href="#">国際-グローバル-ソブリン-オープン1年決算型</a>	世界債券	13,757 +33(+0.24%)	6,236	世界の債券

世界主要先進国のソブリン債券に分散投資し、リスク分散をかけたうえで、長期的に安定した収益の確保と信託財産の成長を目指します。シディグループ世界国債インデックスをベンチマークとして運用を行います。

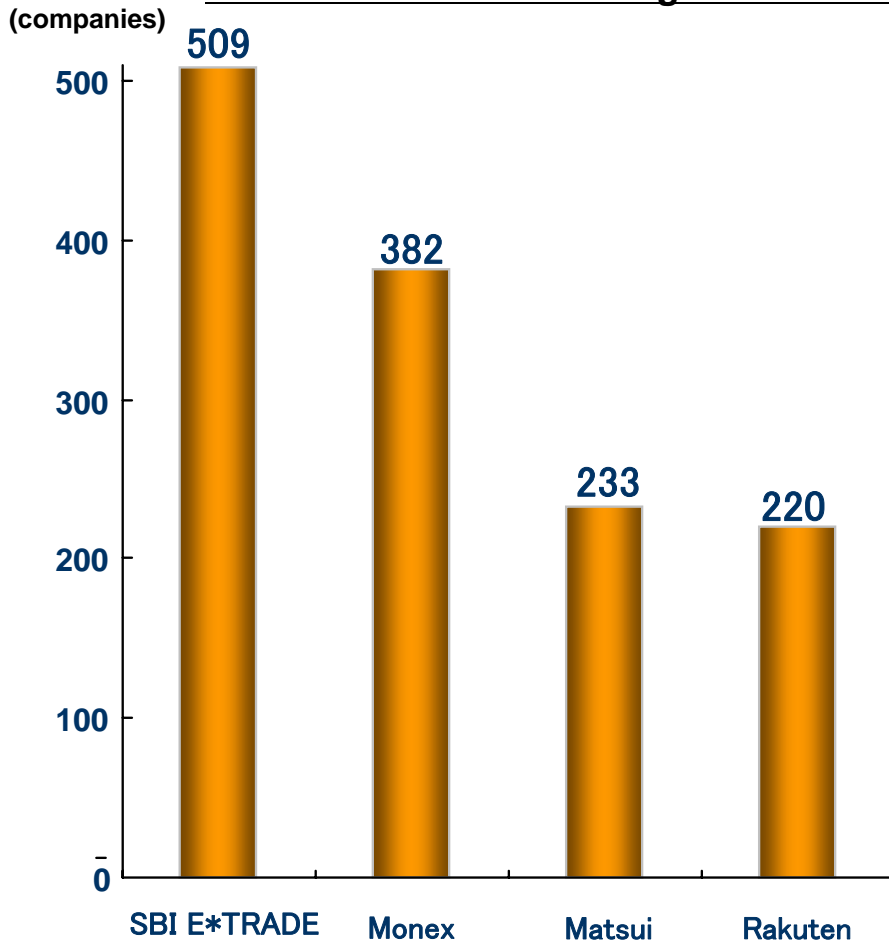
ページ/1 1-1件 / 1件中

Planning to offer a greater ease of use through further improving the website, along with a provision for more sophisticated investment information.

# SBI E\*TRADE Boasts the Number One Position in the IPO Underwriting Among ALL Online Securities Companies



## Four Major Online Securities Companies' Accumulated Underwriting Performance



## IPO Underwriting Ranking

(Apr. 2007 to Mar. 2008)

**Number one ranked among all securities companies**

Rank	Securities companies	Under-writings	Participation Ratio (%)
1	<u>SBI E*TRADE</u>	<u>58</u>	<u>58.6</u>
1	Mitsubishi UFJ Sec.	58	58.6
3	Daiwa SMBC	54	54.5
4	Nomura Sec.	53	53.5
5	Shinko Sec.	52	52.5
6	Mizuho Investors Sec.	40	40.4
7	Nikko Citigroup	36	36.4

Source: Based on company materials from the start of trading operations of each of the online securities companies to the end of Mar. 2008. 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 Apr. 2007 until Mar. 2008 for domestic underwriting of 99 companies (listing date base) undergoing an IPO, not including secondary offerings

# (3) Financial Services Business

**Fiscal Year 2007** (Year ended March 31, 2008)

**Operating Revenues: 22.5 billion yen (+19% YoY)**

**Operating Income: 0.8 billion yen (-74% YoY)**

**Established business:**

**Operating Revenues 22.4 bil. yen (+19% YoY)**

**Operating Income 3.2 bil. Yen (-3% YoY)**

**New business:**

**Operating Revenues 0.3 bil. yen**

**Operating Income -2.3 bil. yen**

- SBI Card: (-0.7 bil. yen)
- SBI Card Processing: (-0.6 bil. yen)
- Internet non-life insurance: (-0.3 bil. yen)
- Internet life insurance: (-0.6 bil. yen)

**Notes:**

1. The above figures were calculated using the new accounting standard (with fund consolidation) for each segment.
2. The above figures do not include eliminations for consolidation and the deduction of corporate expenses.
3. Rounded to the nearest 100 million yen.

# Performance of Publicly Owned Subsidiaries

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

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

	Operating Revenues	Operating Income	Ordinary Income	Net Income
<sup>*2</sup> Morningstar Japan (FY2007)	<b>6,933</b> ( - )	<b>824</b> ( - )	<b>891</b> ( - )	<b>447</b> ( - )
<sup>*2</sup> Gomez Consulting (FY2007)	<b>778</b> ( - )	<b>241</b> ( - )	<b>247</b> ( - )	<b>145</b> ( - )
SBI VeriTrans (FY2007)	<b>3,622</b> (+28.8)	<b>733</b> (+23.8)	<b>744</b> (+26.4)	<b>438</b> (+30.2)

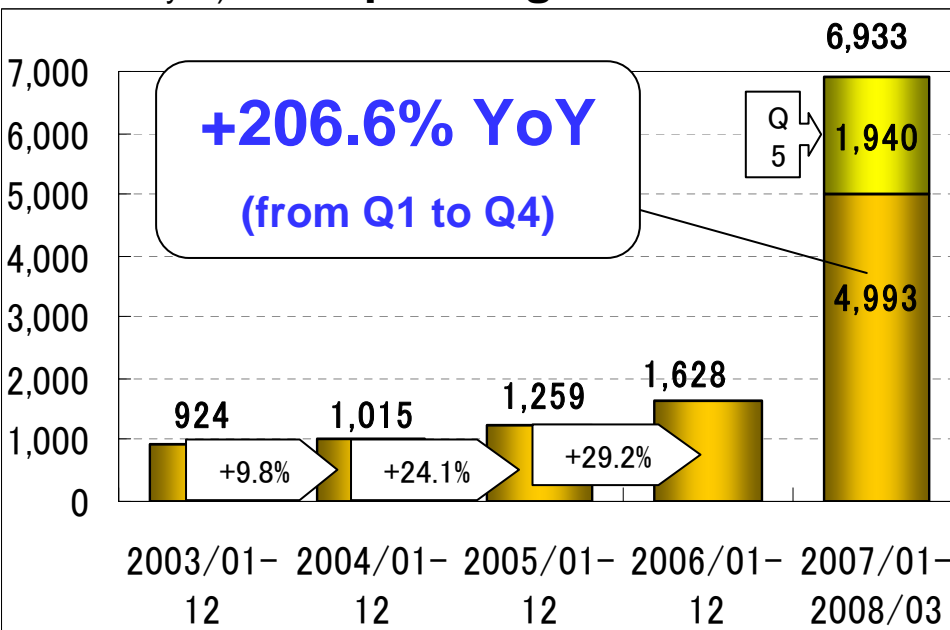
\*1 Morningstar Japan figures are consolidated, whereas Gomez Consulting and SBI VeriTrans figures are non-consolidated.

\*2 Morningstar Japan and Gomez Consulting changed from a December to March fiscal year in 2007. The current fiscal period for these two companies is the 15-month period from Jan. 2007 through Mar. 2008, therefore, YoY change is not available for these two companies.

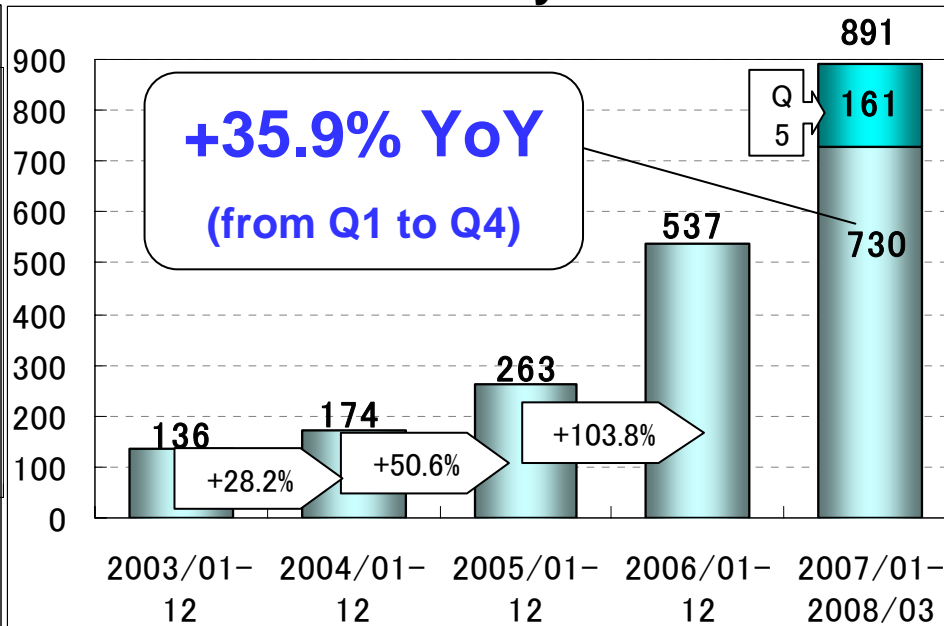
# Performance Comparison of Past Five Fiscal Years

There was a significant increase in revenues and a solid growth in ordinary income, owing to the addition of two subsidiaries, Kabushiki Shimbun and SBI Marketing, in FY07

(million yen) **Operating Revenues**



(million yen) **Ordinary Income**



\* Morningstar Japan changed from a December to March fiscal year in 2007. Therefore, the current fiscal period for this company is the 15-month period from Jan. 2007 through Mar. 2008.



# Merger of Morningstar Japan and Kabushiki Shimbun

## Objective of merger

- Offer even higher grade information by combining content of the two companies
- Build [a comprehensive financial information website](#) with unprecedented depth and breadth
- Improve sales capabilities and operating efficiency by integrating operations of the two companies

**MORNINGSTAR**



To merge with and absorb Kabushiki Shimbun on April 1, 2008

***Kabushiki Shimbun***

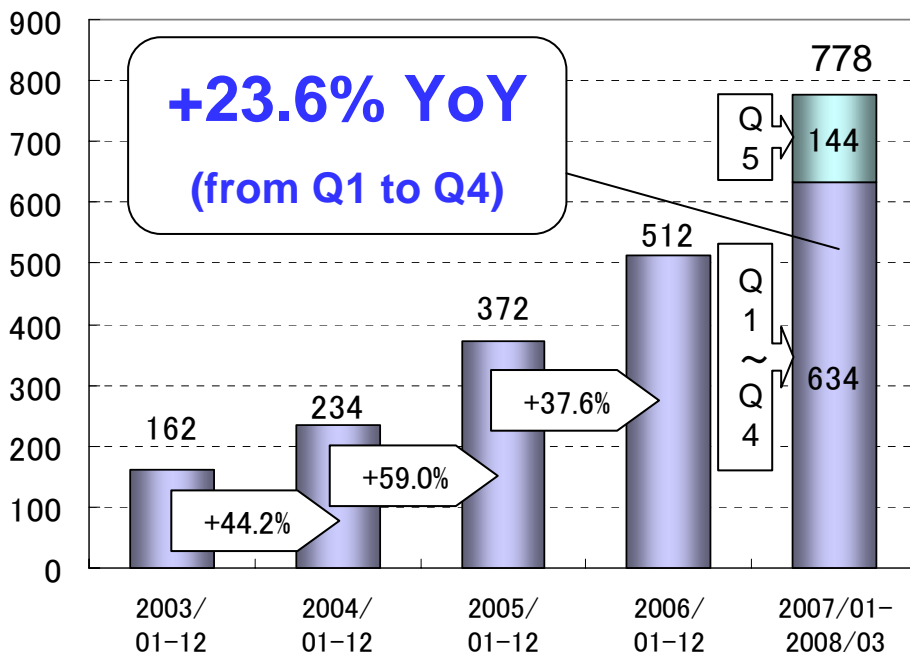
Issuer of Kabushiki Shimbun, Japan's largest specialty securities newspaper with official circulation of 39,000

# Performance Comparison of Past Five Fiscal Years

Operating revenues and ordinary income set new records in FY2007 due to steady growth of the website analysis services and design of websites for banks and securities companies

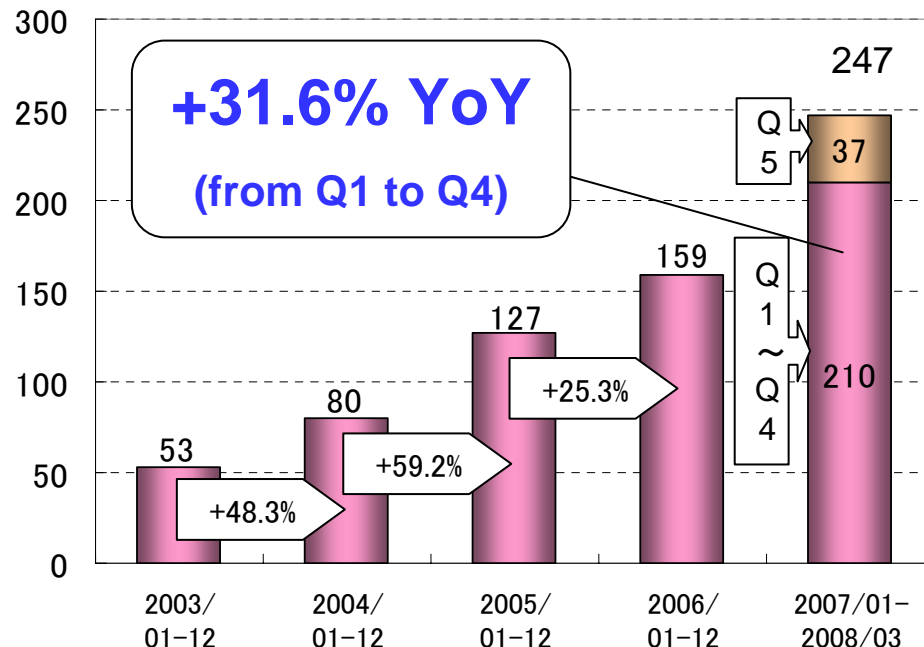
## Operating Revenues

(million yen)



## Ordinary Income

(million yen)



\* Gomez Consulting changed from a December to March fiscal year in 2007. Therefore, the current fiscal period for this company is the 15-month period from Jan. 2007 through Mar. 2008.

# Marketplace businesses, Primarily through Japan's Largest Financial Comparison Websites "E-LOAN" and "InsWeb", Continues to Set New Transaction Records

## Website of auto insurance estimates



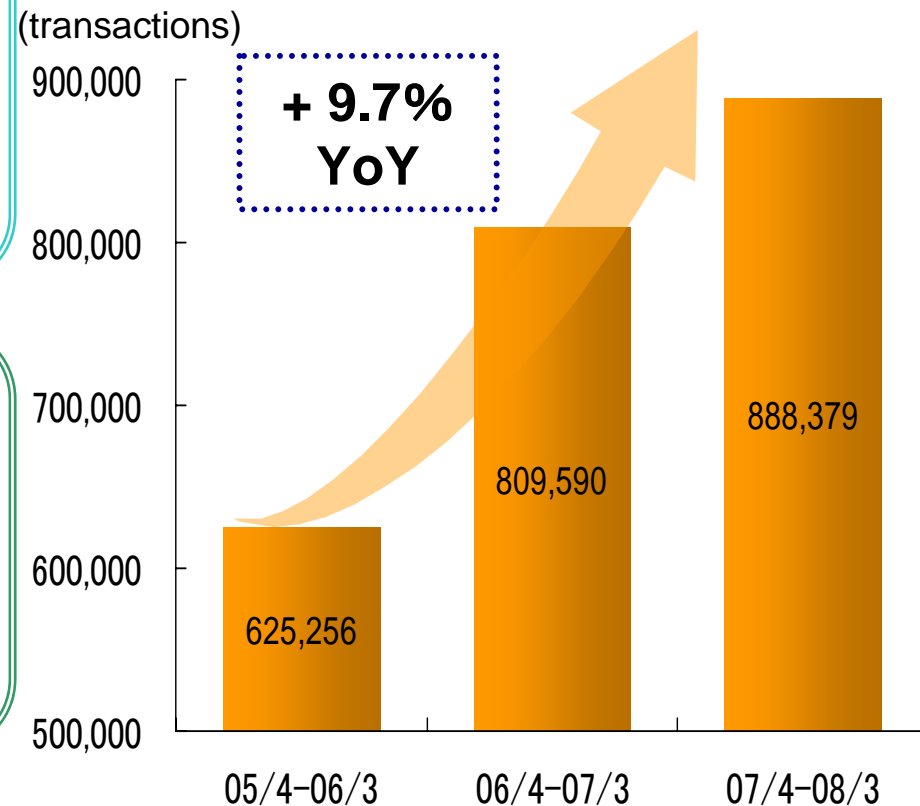
Affiliated non-life insurance companies, etc.: 23  
 Affiliated life insurance companies, etc.: 22

## Website of loan products comparison



Affiliated financial institutions: 68  
 Types of loan products : 609

Growth in transactions\* such as completed auto insurance estimates, provisional loan applications, etc.



\*Financial-related comparison websites: 8 websites in total

# “Let’s Start! Asset Management DS Supervised by SBIH Group” Sales started April 17, 2008

A new asset management-themed game for Nintendo DS®

- [An asset management seminar](#) was held on Apr. 18, to mark the launch of this product -



“Let’s start! Asset Management DS” is...  
Designed to allow people to learn about stocks as well as many other types of investments, as individuals in Japan continue to shift their monetary assets “from savings to investments.” Even people with little or no investment experience can master the basics of asset management while gaining useful knowledge through an enjoyable game format.

Newspaper Article

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Note: ニンテンドーDS (Nintendo DS)® is a registered trademark of Nintendo.

(Nikkan Gendai, May 13, 2008)

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

**Fiscal Year 2007** (Year ended March 31, 2008)

**Operating Revenues: 75.1 billion yen (+213% YoY)**

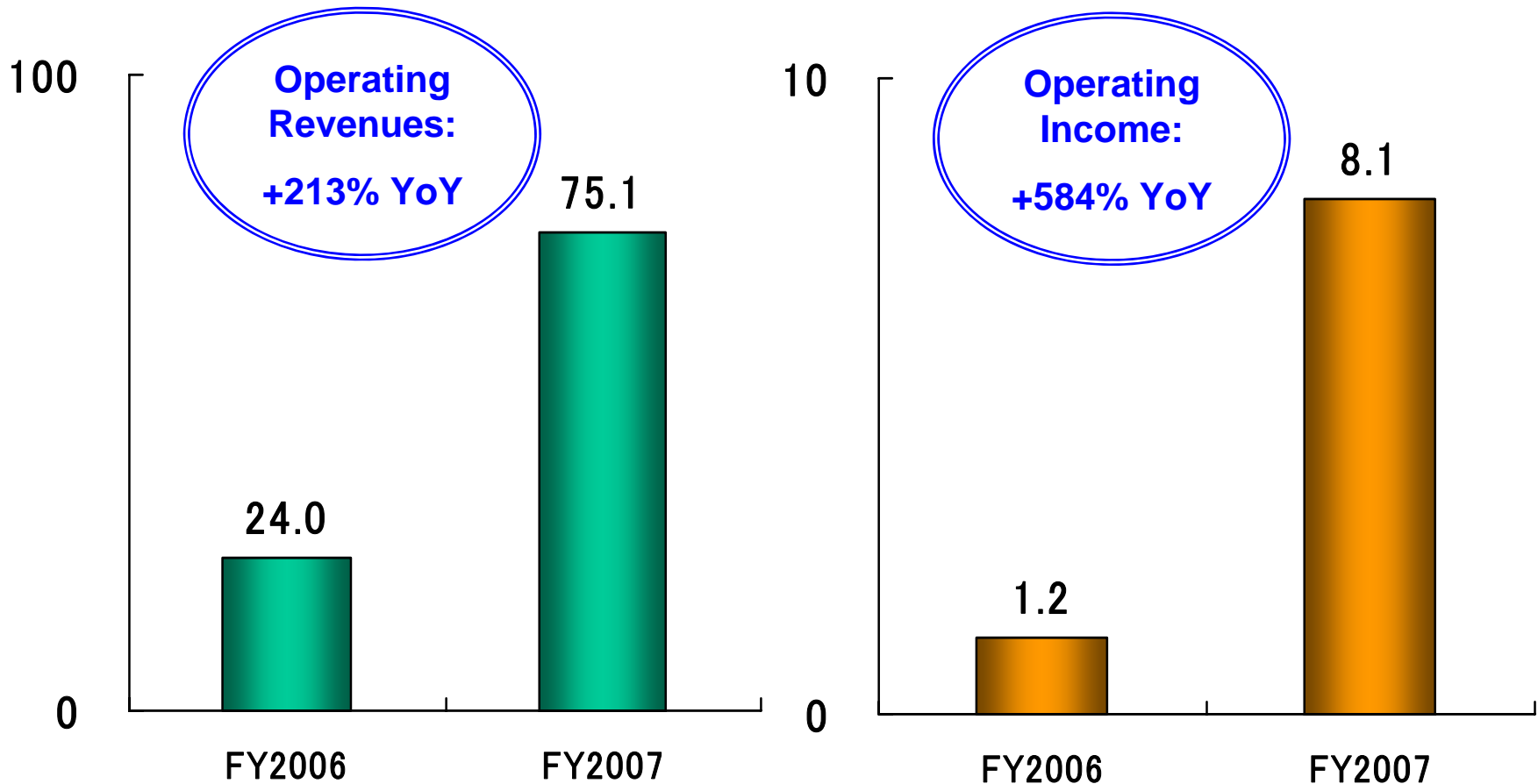
**Operating Income: 8.1 billion yen (+584% YoY)**

**Notes:**

1. The above figures were calculated using the new accounting standard (with fund consolidation) for each segment.
2. The above figures do not include eliminations for consolidation and the deduction of corporate expenses.
3. Rounded to the nearest 100 million yen.

# Strong Performance at Housing and Real Estate Business of SBIH

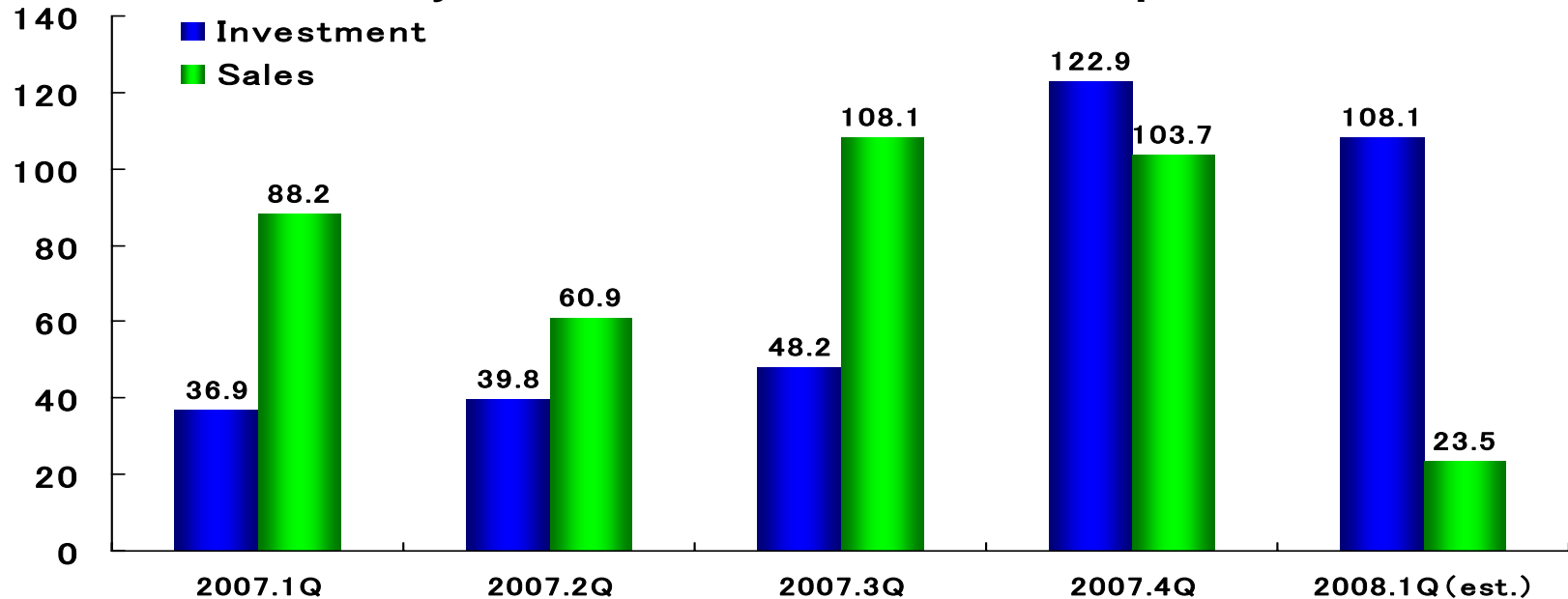
Operating Revenues and Operating Income of FY2007 (billion yen)



# Planning to Resume Substantial Real Estate Investments after October 2008 by Taking Advantage of the Opportunities Presented in the Current Real Estate Market

## Quarterly real estate investments and sales by SBIH Real Estate Business Dept.

(100 million yen)



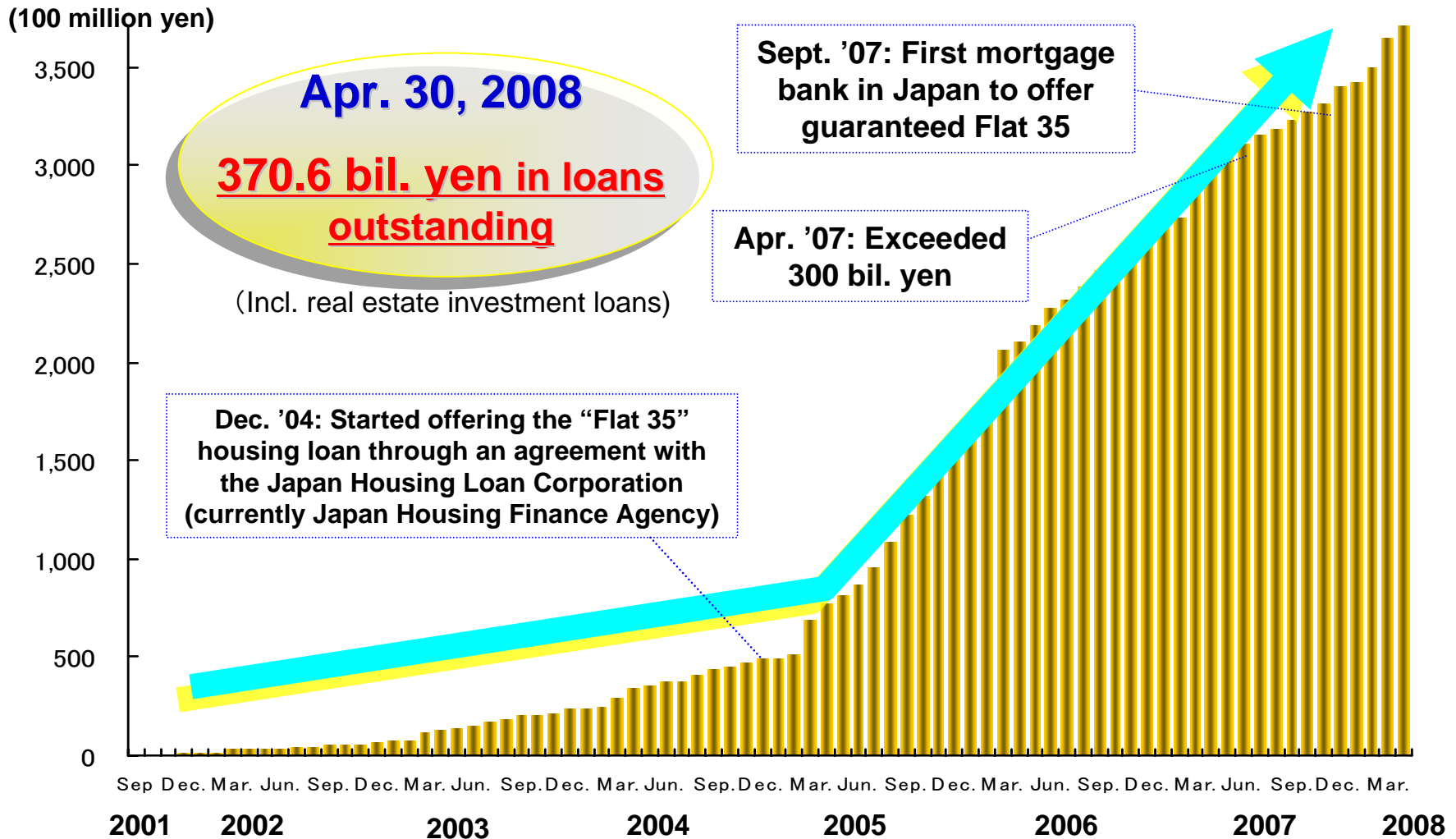
### Examples of recent investments (incl. planned investments) (100 million yen)

Principal investment area	Amount (total)	Properties
Overseas (Emerging economies)	35	Plan to diversify investments to assemble a diversified portfolio of properties
Prime sites in central Tokyo	35	
Yokohama area	39	

\*Investments and sales are actual results for the Real Estate Business Dept. except in the first quarter of 2008, in which estimated investments and sales are included.

# Steady Growth of Housing Loans at SBI Mortgage

**SBI Mortgage offers the lowest level of interest rate\* (2.95%) for “Flat 35”** (a securitized loan of Japan Housing Finance Agency). **Housing loans outstanding rose to 370.6 bil. yen as of the end of Apr. 2008 and continues to increase steadily.** (\*Interest rate is the lending rate for May. '08 purchased loans.)





# Comparison of SBI Mortgage and Major Banks

## (newspaper article excerpts)

Nikkei Shimbun, April 27, 2008  
 From “What You Should Know about Housing Loans”  
 in Sunday Nikkei Money Lifestyle Section

*“Interest rates on long-term, fixed rate mortgages are low.”*

*“Although we cannot be certain about the future direction of interest rates, borrowers must study the contents of long-term, fixed-rate mortgages in order to use housing loans intelligently.”*



<Total payments for 30 million yen, 35-year mortgage>

(unit: yen)

Product of “Flat 35”	Interest rate (%) inclusive of group credit insurance premium	Total loan repayments	Fees	Guarantee fees	Total payments	Monthly principal/interest payment
Major bank	3.14	49,480,932	31,500	None	49,512,432	117,811
SBI Mortgage	2.92	47,930,327	535,500	None	48,465,827	114,119
SBI Mortgage (without group credit insurance)	2.64	45,995,412	535,500	None	46,530,912	109,512

# SBI Mortgage Plans to Further Utilize the Housing Loan Agent System to Create a Nationwide Network of “SBI Housing Loan Shops”

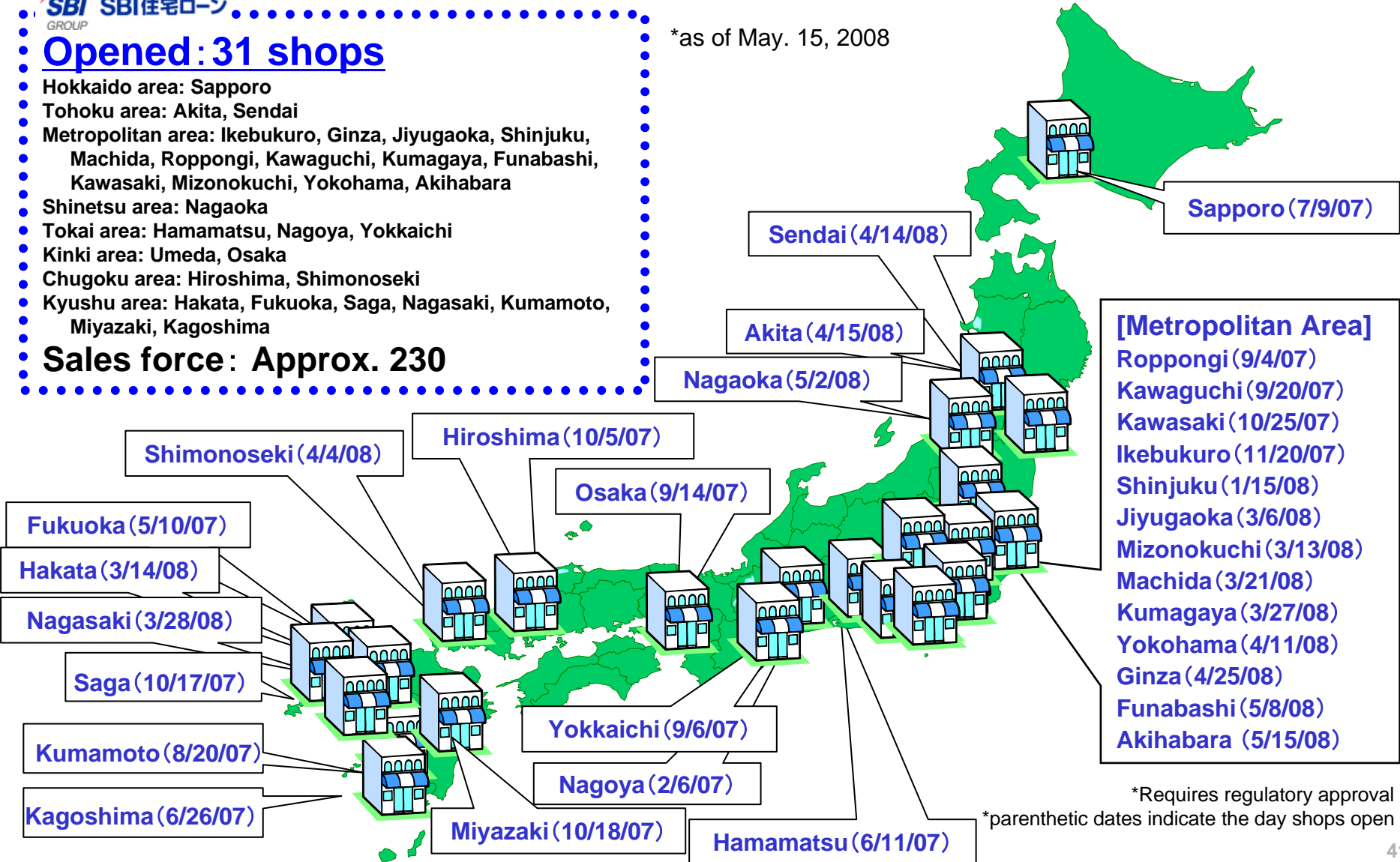
**SBI** GROUP  
SBI住宅ローン

**Opened: 31 shops**

- Hokkaido area: Sapporo
- Tohoku area: Akita, Sendai
- Metropolitan area: Ikebukuro, Ginza, Jiyugaoka, Shinjuku, Machida, Roppongi, Kawaguchi, Kumagaya, Funabashi, Kawasaki, Mizonokuchi, Yokohama, Akihabara
- Shinetsu area: Nagaoka
- Tokai area: Hamamatsu, Nagoya, Yokkaichi
- Kinki area: Umeda, Osaka
- Chugoku area: Hiroshima, Shimonoseki
- Kyushu area: Hakata, Fukuoka, Saga, Nagasaki, Kumamoto, Miyazaki, Kagoshima

**Sales force: Approx. 230**

\*as of May. 15, 2008



**[Metropolitan Area]**  
 Roppongi (9/4/07)  
 Kawaguchi (9/20/07)  
 Kawasaki (10/25/07)  
 Ikebukuro (11/20/07)  
 Shinjuku (1/15/08)  
 Jiyugaoka (3/6/08)  
 Mizonokuchi (3/13/08)  
 Machida (3/21/08)  
 Kumagaya (3/27/08)  
 Yokohama (4/11/08)  
 Ginza (4/25/08)  
 Funabashi (5/8/08)  
 Akihabara (5/15/08)

\*Requires regulatory approval  
 \*parenthetic dates indicate the day shops open

# Two Financial Real Estate Business Companies Preparing for an IPO

➤ **SBI Mortgage**  *Mortgage*  
 (: Housing loans business )

Base period (target): FY2007

(million yen)

	FY ended Mar. 2008
Operating Revenues	3,417
Ordinary Income	913

➤ **CEM Corporation**  株式会社 セム コーポレーション  
 (: Real estate-secured loans)

Base period (target): FY2008

**Merged with the SBIH Group in Feb. 2007**

(million yen)

	FY ended Aug. 2006	FY ended Aug. 2007	Recent seven months Sep.07 to Mar.08
Operating Revenues	2,997	2,888	2,038
Ordinary Income	1,140	1,423	956

\*1 Figures in SBI Mortgage has been amended accordingly from that as of Apr. 2008 as a result of the audit

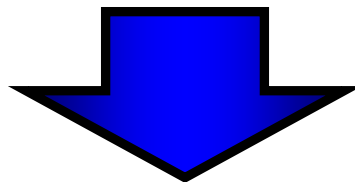
\*2 CEM changed from an Aug. to Mar. fiscal year in 2007.

# **(5) An Estimated Extraordinary Gain to Be Recorded in FY2008**

**(Released on April 10, 2008)**

# The Sale of E\*TRADE Korea Stock Will Result in an Estimated Extraordinary Gain

<b>Transferee of the shares</b>	: LS Networks Corporation Limited (Korea) *LS Networks and its designated agent to be added
<b>Number of shares to be transferred</b>	: 9,744,000 (71.4% of the total outstanding shares)
<b>The amount of transfer</b>	: 214,368 mil. won (approx. 22,165 mil. yen*) 22,000 won per share (approx. 2,274 yen per share*)



**Estimates to record an extraordinary gain in FY2008**

<b>SBI E*TRADE (non-consolidated)</b>	<b>Approx. 17.4 bil. yen</b> <sup>*</sup>
<b>SBI Holdings (consolidated)</b>	<b>Approx. 13.9 bil. yen</b> <sup>*</sup>

\*Converted from won to yen based on the exchange rate as of Apr. 9, 2008 (1 won=0.1034 yen)

## **Part 2**

**(1) Launch of New Businesses and  
Progress Report**

**(2) SBI E\*TRADE SECURITIES Becomes  
a Wholly Owned Subsidiary**

# (1) Launch of New Businesses and Progress Report



**【SBI Japannext Securities (PTS)】**

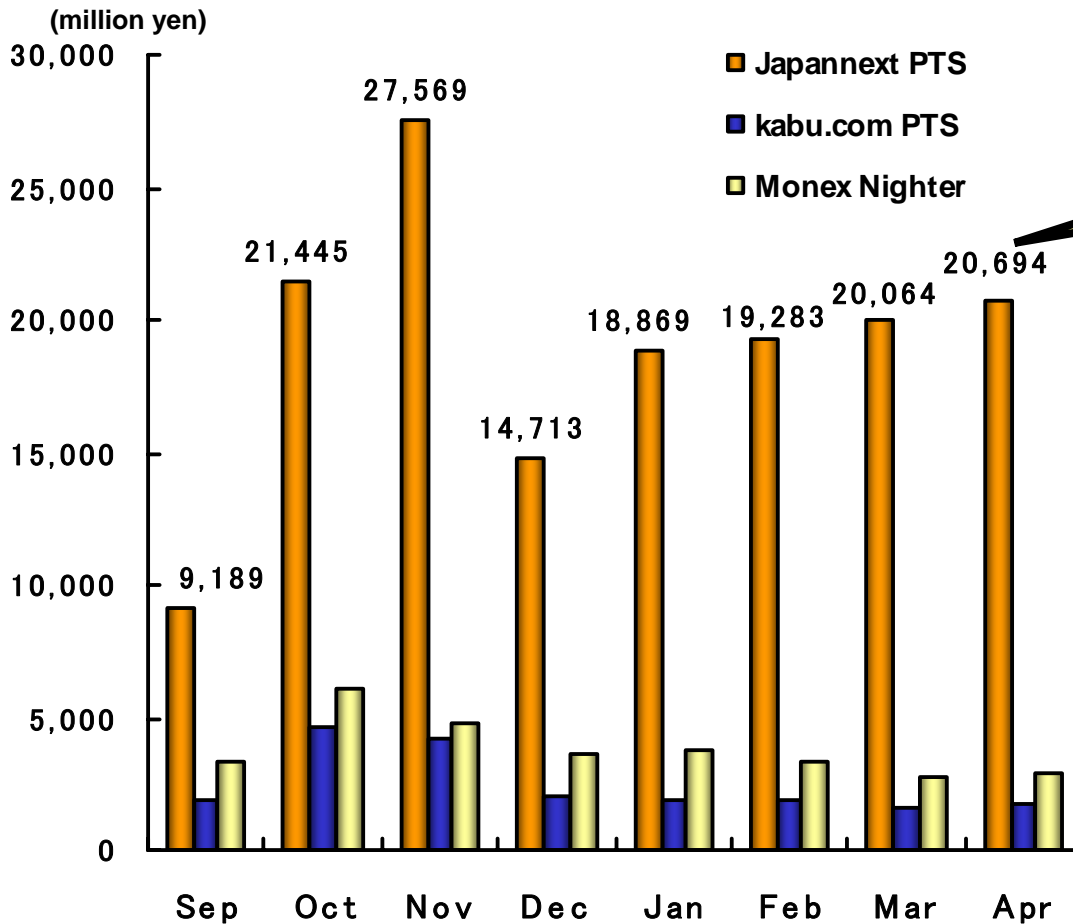
**(Started Operation on August 27, 2007)**

# Japannext PTS : Change in Trading Value

Maintains significantly higher trading volume than the two PTS markets that have been operating longer

Comparison of monthly trading value with others  
(Sep. 2007 to Apr. 2008)

(Started Aug. 27, 2007)



**Trading value record high of 2.6 billion yen on Jan. 22!**

Overseas stock market activity, such as at the NYSE and NASDAQ, are meaningful indicators for nighttime trading

(Ex.) on Jan. 22<sup>nd</sup> 2008:  
The U.S. Federal Reserve Board announced that it lowered its federal funds rate

**Almost all of the stock prices went up on Japannext PTS, as the announcement was released before the N.Y. markets opened**

Source: Based on companies' materials  
Note: Figures are single count (purchases and sales not counted separately)



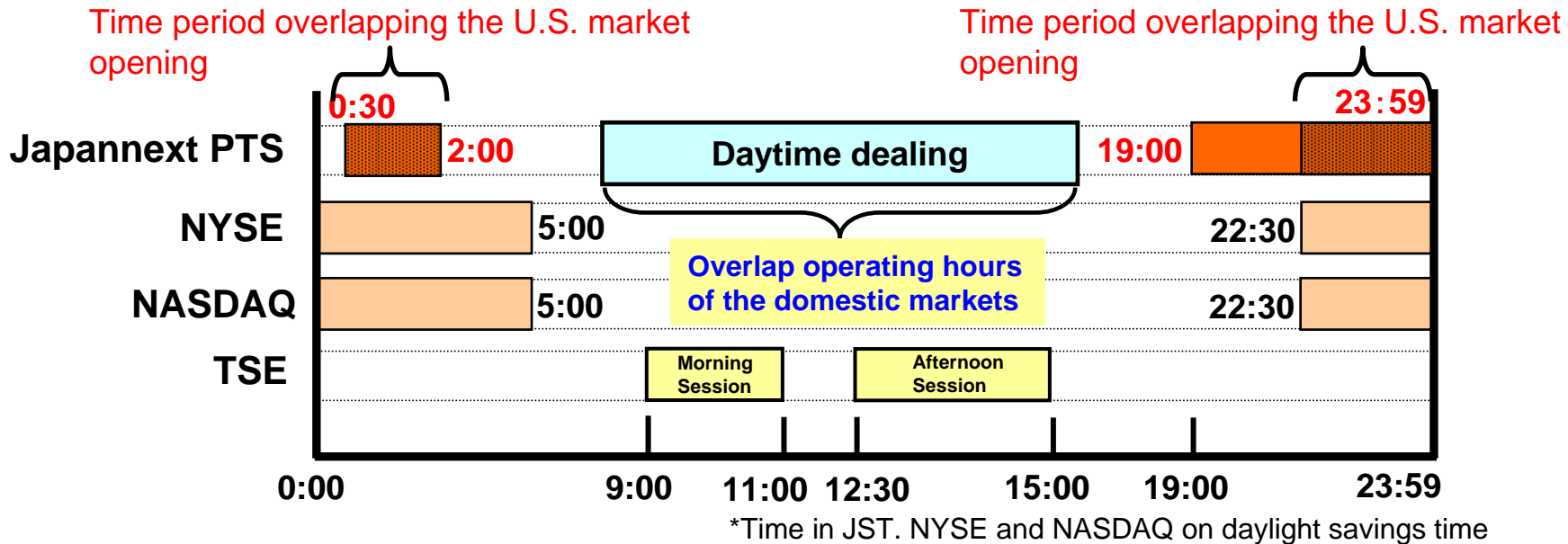
# Measures to Increase Trading Opportunities (1)

<Actual steps>

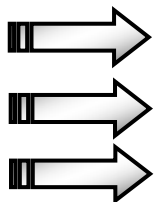
**Extension of dealing period**

**Increase investment opportunities by extending the time overlap with the U.S. market**

(Extended dealing time from the end of Mar. 2008)



**Various systems and operational projects for daytime trading are underway, for negotiations with the FSA**



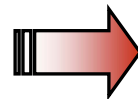
**Plan to make a capital increase of 3 bill. yen**

**Expect continuous dealing period from 8:10 to 16:30**

**In preparations for a targeted operation commencement of Oct.-Dec. 2008**

**Increase securities companies' participation**

**Rakuten Securities started trading on Apr. 21th**



Besides approx. 1,700,000 accounts (as of Mar. 31, '08) of two currently participating online securities companies, approx. 780,000 accounts (as of Mar. 31, '08) of Rakuten Securities added

**-Much broader base of individual investors-**

**Securities companies that are currently connected to Japannext PTS**

---

■ SBI E\*TRADE SECURITIES →

■ Goldman Sachs Japan →

■ CLICK Securities →

■ Rakuten Securities →

(\*Connected as of 4/21)



**ORIX Securities expects to be connected by Jun.-Jul. 2008**

住信SBIネット銀行

The logo for SBI Sumishin Net Bank, featuring the letters "SBI" in a bold, blue, sans-serif font with a red swoosh above the "I", followed by the words "Sumishin Net Bank" in a smaller, blue, sans-serif font.

# 【SBI Sumishin Net Bank, Ltd.】

(Started operations on Sept. 24, 2007)

# SBI Sumishin Net Bank Deposits Topped 300 Billion Yen after Only 191 Days Since Start of Operations

Offering competitive interest rates, free ATM transactions for individual customers and several sales campaigns, SBI Sumishin Net Bank Deposits topped 200 billion yen after only 122 days<sup>(\*1)</sup> and 300 billion yen after only 191 days<sup>(\*2)</sup> since its start of operations on Sept. 24.

(\*1:as of Jan. 23, '08, \*2:as of Apr. 1, '08)

## Days required by major Internet banks to reach 300 billion yen in deposits:

	Start of operations	Time needed to reach 100 billion yen (*)	Days after start of operations	Time needed to reach 200 billion yen (*)	Days after start of operations	Time needed to reach 300 billion yen (*)	Days after start of operations
eBANK	2001/07/23	2003/10/01 ~2004/03/31	801- 983 days	2004/10/20	1186 days	2005/08/01 ~ 2005/8/31	1471- 1501 days
Japan Net Bank	2000/10/12	2002/10/01 ~2003/03/31	720- 901 days	2005/01/01 ~ 2005/3/31	1543- 1633 days	2006/10/01 ~ 2006/12/31	2181- 2272 days
Sony Bank	2001/06/11	2002/03/01 ~2002/03/31	264- 294 days	2002/12/01 ~ 2002/12/31	539- 569 days	2003/08/01 ~ 2003/08/31	782- 812 days
<b>SBI Sumishin Net Bank</b>	<b>2007/09/24</b>	<b>2007/11/19</b>	<b>57 days</b>	<b>2008/01/23</b>	<b>122 days</b>	<b>2008/04/01</b>	<b><u>191 days</u></b>

\* Time needed for deposits to reach target amount based on information announced by each bank.

# How did SBI Sumishin Net Bank Succeed in Reaching 300 Billion Yen in Deposits So Quickly?

1. Offered **competitive interest rates**.
2. Provided unique services as an Internet bank, such as “**Exclusive E\*TRADE Deposits**”, a collaboration service with SBI E\*TRADE SECURITIES, availability of **transactions in eight foreign currencies with real-time updates of exchange rates, and free limit orders (incl. IFD(\*1) and OCO(\*2)) through foreign currency deposits**.
3. **Free ATM transactions** for individual customers with no restriction in terms of transactions, time and frequency.
4. Various special campaigns such as **discounted exchange costs** for transactions in foreign currency deposits.

\*1 IFD (IF Done)... Two linked orders. If the one is executed, then the other one is activated.

\*2 OCO (One Cancels the Other)... Two linked orders. If the one is executed, then the other is automatically canceled

# The Advantage of Internet Banks with Low Interest Rates

Since Internet banks have no branches, smaller workforces and other cost advantages over conventional banks with branch networks, an Internet bank can offer higher interest rates on deposits.

## Example: Comparison of interest rate of fixed-period deposits

Average interest rates of three major banks in Japan:

	Under 300 million yen			Over 300 million yen		
Deposit term	1 year	3 years	5 years	1 year	3 years	5 years
Interest rate	0.35	0.47	0.60	0.35	0.52	0.65



↓ More than double

	100 - 300 million yen			Over 300 million yen		
Deposit term	1 year	3 years	5 years	1 year	3 years	5 years
Interest rate	0.720	0.947	1.071	0.720	0.957	1.081

\* Interest rates: %, Annual interest, before-tax, as of May 9 (compiled by SBIH)

# Effect of Operating Results of SBI Sumishin Net Bank, Which Announced Earnings on May 15, on The Performance of SBI Holdings

(Excerpt from “Frequently asked questions” section of SBIH website)

- SBI Holdings accounts for SBI Sumishin Net Bank by using the equity method. The results of operations that SBI Sumishin Net Bank announced on May 15 were already incorporated in the financial statements that SBI Holdings announced on April 24.
- The net loss that SBI Sumishin Net Bank reported for fiscal 2007 (year ended March 2008) resulted in the inclusion of a loss of 3,175 million yen in the share of net earnings in equity affiliates-net (part of other income (expenses)) on the SBI Holdings fiscal 2007 consolidated income statement.
- For fiscal 2007, SBI Sumishin Net Bank reported an ordinary loss of 6,344 million yen and a net loss of 6,350 million yen (after the start of bank operations, there was an ordinary loss of 4,721 million yen and a net loss of 4,727 million yen). These losses were attributable to the inclusion in operating expense of the large-scale system development and operating expenses needed to provide customers with highly reliable and convenient banking systems, expenses of 1,622 million yen incurred by the company formed to conduct preparations prior to the start of banking operations, and other expenses.

# Stabilize and Diversify Asset Management by Further Pursuing Group Synergies

## ◆ Housing Loans

- Operations are growing steadily; the creation of products that match customers' needs has raised the number of loans to more than 5,000, based on applications received.

## ◆ Unsecured Consumer Loans

- Loans up to 5 million yen with a preferential interest rate as low as 5.5%
- ⇒ Aiming to offer highly competitive interest rates for consumer loans
- Planning an integration with part of SBI Equal Credit's operations

## ◆ Auto Loans

- Planning to offer auto loans by using tie-ups with auto-related companies that the SBIH Group is investing in.

## ◆ Actions to Upgrade Asset Management

- Established Business Development Dept. for the planning and support of new asset management services
- Use the SBIH Group for providing information about global asset management products (determine whether allowable at banks)  
Example: Gazprom yen-denominated bonds (3.2%)

**Strengthen asset management capabilities,  
the key to success of the Internet bank**





## **【SBI Insurance Co., Ltd.】**

**(Started operations on Jan. 16, 2008)**



## **【SBI AXA Life Insurance Co., Ltd.】**

**(Started operations on Apr. 7, 2008)**

# Progress of Internet Life and Non-life Insurance Businesses

## (1) Internet Non-life Insurance: *SBI Insurance*

- Dec. 26, 2007 Received a license for the non-life insurance business from Financial Services Agency

### • Jan. 16, 2008 SBI Insurance Co., Ltd. started operations

- Capital :3 billion yen (including capital reserve of 1.45 bil. yen)
- Shareholders :SBIH 61.6%, Aioi Insurance 33.4%, Softbank 5.0%

## (2) Internet Life Insurance: *SBI AXA Life Insurance*

- Dec. 7, 2007 Applied for a preliminary review to receive an insurance business license from Financial Services Agency
- Dec. 21, 2007 Increased its capital by 5.0 billion yen through a shareholder allocation
- Apr. 2, 2008 Received a license for the life insurance business from Financial Services Agency

### • Apr. 7, 2008 SBI AXA Life Insurance Co., Ltd. started operations

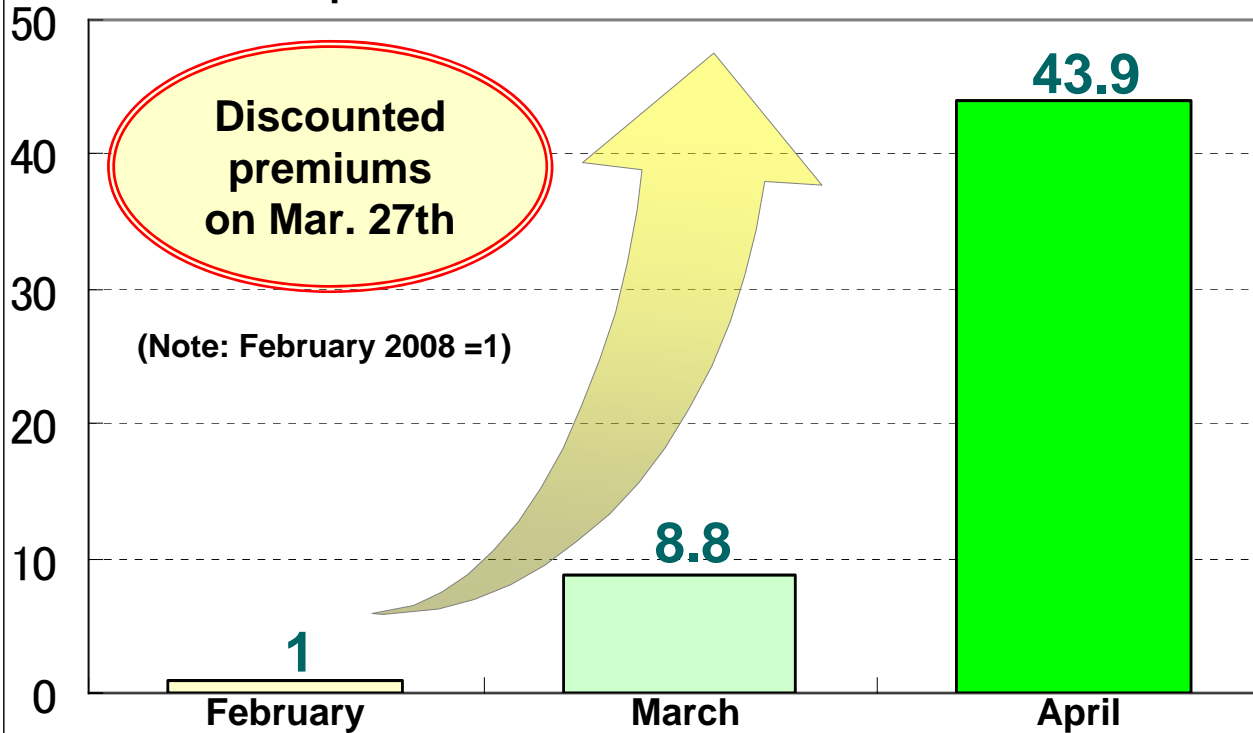
- Capital :7.5 billion yen (including capital reserve of 3.75 bil. yen)
- Shareholders :SBIH 55.0%, AXA Japan 40.0%, Softbank 5.0%

# Full-scale Launch of SBI Insurance Business

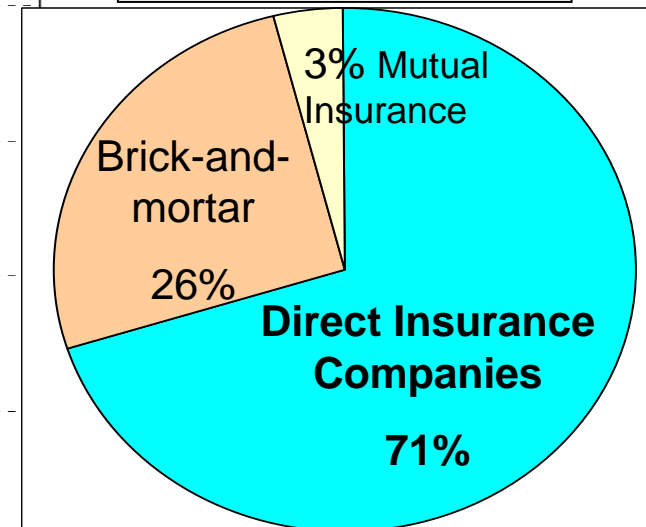
## Characteristics of auto insurance of Internet based “SBI Insurance”:

- Lowest level insurance premiums in the industry
- Synergies with “SBI Sumishin Net Bank” and “SBI E\*TRADE SECURITIES”, and cooperation with “Autoc one”, an auto purchase supporting website and a pre-owned auto auction related company

Growth in completed SBI Insurance’s auto insurance contracts



Client breakdown



# Comparison of Insurance Premiums for “SBI Insurance” and Other Non-Life Insurance Companies



**Example1:**  
Insurance Premium  
(Mini Van)

**For couple that uses an automobile for weekend outings and regular shopping outings (with vehicle insurance)**

(Note) annual premium, unit: yen

SBI Insurance	Company A (Direct selling)	Company B (Direct selling)	Company C (Agency selling)
<b>41,800</b> (annual)	47,890	45,560	66,640

Date guarantee starts: May 15, 2008  
 Model: Serena Type: NC25 District of residence: Kanagawa  
 Driving distance: 5,000km/year Initial registration: October 2006  
 Drivers: limited to insurer and family NF class: 15  
 License type: Gold Purpose of use: Daily and leisure activities  
 Limitation of age: Over 30 years old

**Coverage**  
 Body injury liability: No limit  
 Property Damage Liability: No limit  
 Driver's Medical Payments: 50 mil. yen  
 Passenger's Medical Payments: 10 mil. Yen  
 Vehicle: General 2 mil. yen (indemnity 0 - 100,000 yen)  
**Additions/Discounts**  
 New vehicle, Application through Internet, Non securities issuing

**Example2:**  
Insurance Premium  
(Compact)

**Only one person who drives to work everyday (no vehicle insurance)**

(Note) annual premium, unit: yen

SBI Insurance	Company A (Direct selling)	Company B (Direct selling)	Company C (Agency selling)
<b>14,770</b> (annual)	18,840	17,350	25,350

Date guarantee starts: May 15, 2008  
 Model: Wagon R Type: MH21S District of residence: Miyagi  
 Driving distance: 5,000km/year Initial registration: October 2006  
 Drivers: limited to insurer NF class:12  
 License type: Gold  
 Purpose of use: Commuting  
 Limitation of age: Over 30

**Coverage**  
 Body injury liability: No limit  
 Property Damage Liability: No limit  
 Driver's Medical Payments: 50 mil. yen  
 Passenger's Medical Payments: 5 mil. yen  
 Vehicle: None  
**Additions/Discounts**  
 Airbags/Shock Absorbing Body/ABS, Application through Internet,  
 Non securities issuing

**Example3:**  
Insurance Premium  
(Sedan)

**When someone other than a family member also drives the car (with vehicle insurance)**

(Note) annual premium, unit: yen

SBI Insurance	Company A (Direct selling)	Company B (Direct selling)	Company C (Agency selling)
<b>57,570</b> (annual)	66,030	63,470	94,180

Date guarantee starts: May 15, 2008  
 Model: Mark X Type: GRX121 District of residence: Tokyo  
 Driving distance: 2,000 km/year  
 Initial registration: October 2007  
 Drivers: no limitation NF class: 17  
 License type: Gold Purpose of use: Daily and leisure activities  
 Limitation of age: Over 26


**Coverage**  
 Body injury liability: No limit  
 Property Damage Liability: No limit  
 Medical Payments : 5,0 mil. yen  
 Passenger's Medical Payments: 5 mil. Yen  
 Vehicle: General 4.2 mil. yen (indemnity 0 - 100,000 yen)  
**Additions/Discounts**  
 New vehicle, antitheft security system, Application through Internet,  
 non securities issuing

# Comparison of Premiums for “SBI AXA Life Insurance” and Other Life Insurance Companies

## Comparison of monthly premium for term insurance

(\*Death/severe disability sum insured of 10 million yen (without riders). Male, policy period/premium paying period: 10 years)


(Unit: yen)

Insurer's age	SBI AXA Life Insurance *1 	A major domestic company  (direct product) *2	A major foreign-affiliated company  (direct product) *2
20	<b>1,310</b>	<b>1,848</b>	<b>2,230</b>
30	<b>1,530</b>	<b>2,119</b>	<b>2,380</b>
40	<b>2,690</b>	<b>3,385</b>	<b>3,770</b>
50	<b>5,620</b>	<b>6,507</b>	<b>7,470</b>

## Comparison of monthly premium for medical care insurance

(\*Daily hospital confinement of 10,000 yen. Male, policy period/premium paying period: 10 years )

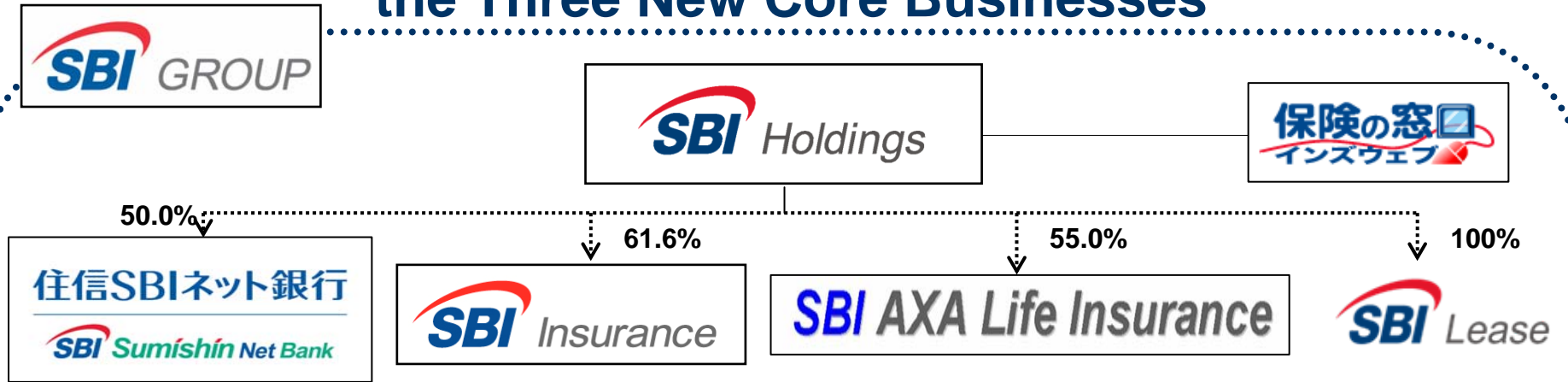
(Unit: yen)

Insurer's age	SBI AXA Life Insurance *1 	A major domestic company  (direct product) *2	A major foreign-affiliated company  (direct product) *2
20	<b>1,280</b>	<b>1,559</b>	<b>1,777</b>
30	<b>1,600</b>	<b>1,813</b>	<b>2,304</b>
40	<b>1,840</b>	<b>2,215</b>	<b>3,093</b>
50	<b>2,850</b>	<b>3,464</b>	<b>5,073</b>

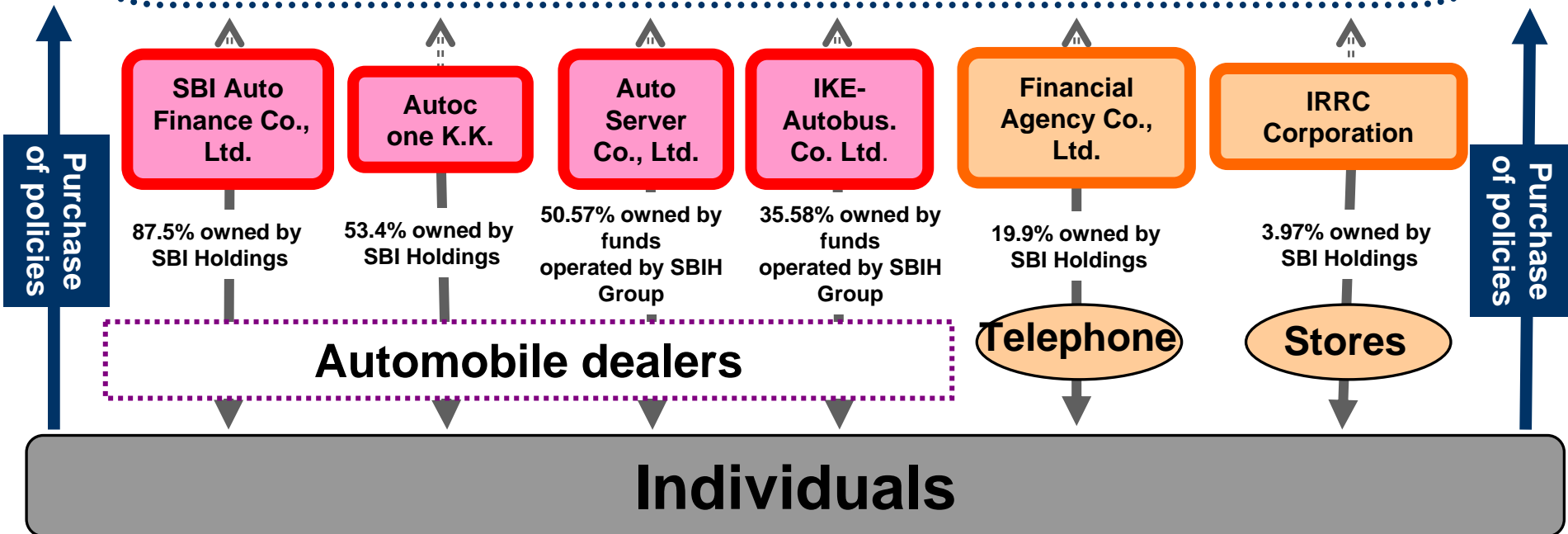
\*1: As of Apr. 7, 2008

\*2: Average monthly premium in 10 years (compiled by SBIH as of Dec. 14, 2007)

# A Diversified Ownership Structure to Support the Three New Core Businesses



**【Auto-related financial products】** Auto insurance Auto loan Auto lease



## **(2) SBI E\*TRADE SECURITIES Becomes a Wholly Owned Subsidiary**

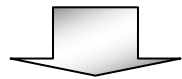
# SBI E\*TRADE SECURITIES Becomes a Wholly Owned Subsidiary in Aug. 2008

## Background and Significance

### 1. Establish an infrastructure as a financial conglomerate capable of fully pursuing synergies within the group



*Fully exploit the trend toward universal banking to break down barriers separating different types of financial services*



- Sales of investment trusts and insurance policies at banks
- Bank agency services, intermediary sales of financial products (investment trusts, securities, others)...

#### 1-1. Internet-based one-stop financial service

#### 1-2. Efficient use of cash and other group assets

### 2. New demands concerning stock listing of a parent and a subsidiary company

Stock exchanges and securities companies are increasingly urging listed companies to refrain from conducting IPOs for subsidiaries that make a large contribution to consolidated earnings, that have operations closely linked to the parent company's operations, and that are not autonomous from the parent company.

## Effect on Financial Results

Amortization of goodwill (3.9 billion yen annually over a 20-year period) will increase operating expenses, but net income will now include the 44% of earnings at SBI E\*TRADE SECURITIES that had been eliminated through a deduction for minority interests.



# Becoming a Comprehensive and Global Securities Company (1)

## Offices

- **Increase functions that supplement online services**

### Sponsor small seminars

Held a total of 1,351 seminars for 2,804 participants\*  
(76% were online customers\*)

### Use websites to provide information about office personnel

Online customers account for 60% of inquiries received at face-to-face offices

- **Expanding stock brokerage accounts to investment trust and wrap accounts**
- **Offering a broader range of financial products by using a “money plaza” approach**
- **Using call centers to provide investment advice**

\*For period from Jan. to Mar. in 2008

Reassign and retrain some staff members

## Wholesale

Corporate sales more closely linked to investment banking

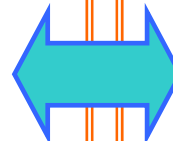
## Internet

- **Endeavor to capture a larger share of stock brokerage transactions**
- **Offer customers greater convenience and diversify the profit structure by handling a broader spectrum of financial products, such as futures and options, investment trusts, and bonds**
- **Build a foreign exchange margin trading framework that can significantly cut commissions and boost profits**
- **Collaborate with SBI Sumishin Net Bank and other companies**
- **In addition to handling U.S., Chinese and Korean stocks, have started accepting orders for Russian stocks. Goal is to continue to expand globally**

## Investment Banking

- **Leverage the dominant share of the stock brokerage market**
- **Use investment in Strategic Consulting Group to extend operations into new fields**

Supplement

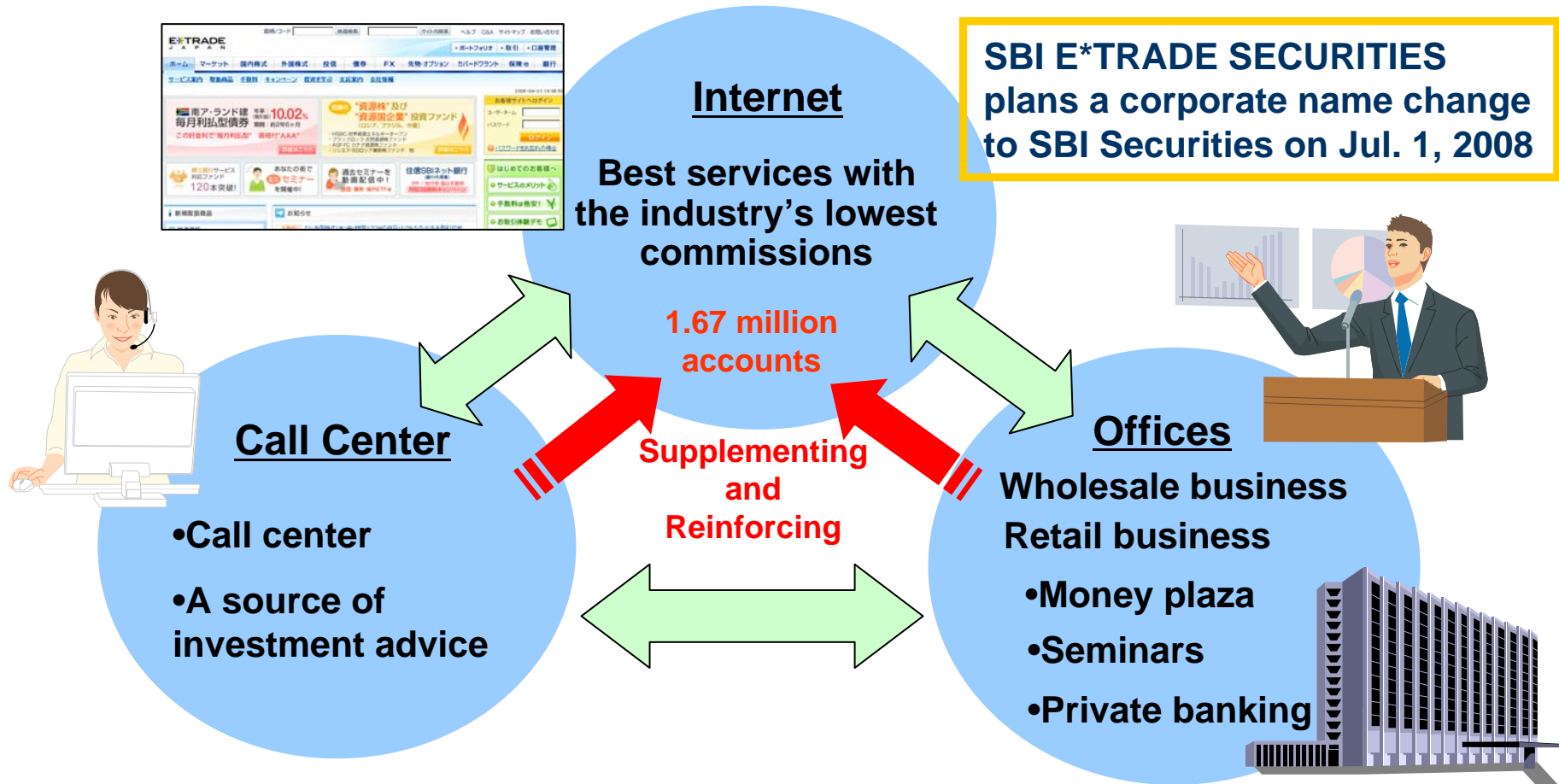


# Becoming a Comprehensive and Global Securities Company (2)

Create a new business model for the retail business by combining online and face-to-face operations



**SBI E\*TRADE SECURITIES plans a corporate name change to SBI Securities on Jul. 1, 2008**



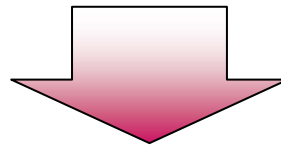
Endeavoring to become Japan's first ideal securities company for individual investors

# Becoming a Comprehensive and Global Securities Company (3)

## Becoming Global

Expiration of the trademark agreement with E\*TRADE FINANCIAL Corporation will enable SBI E\*TRADE SECURITIES to operate outside of Japan, which was not possible until now.

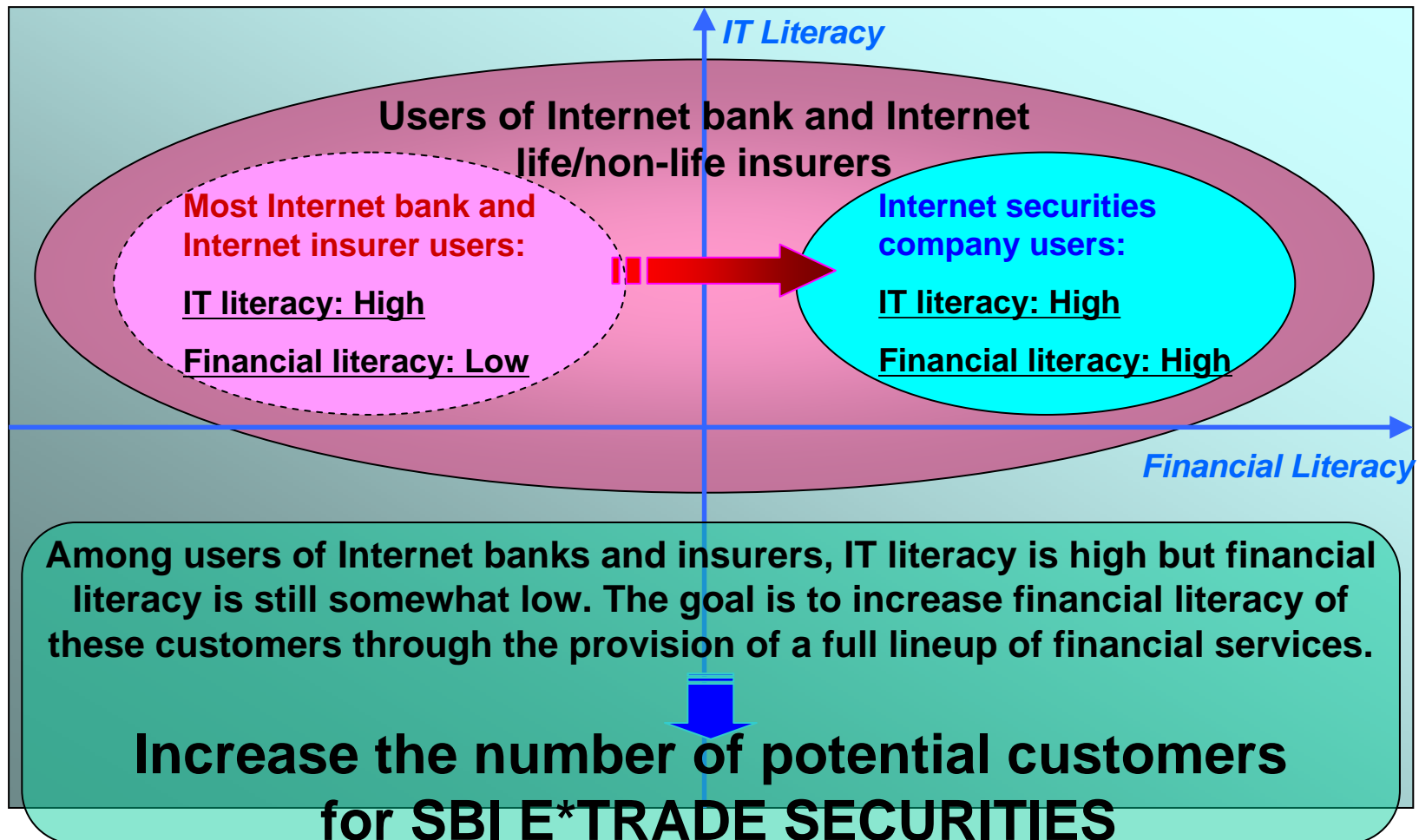
SBIH plans to expand its online securities business in emerging markets, primarily by utilizing existing relationships with prominent companies in those countries which were cultivated through SBIH's asset management business.



Transplant online trading businesses into India, Vietnam and other countries, utilizing SBI E\*TRADE SECURITIES' experience of successes in Japan and Korea

# Further Collaboration Between Banking, Securities and Insurance Businesses will Drive Rapid Growth at SBI E\*TRADE SECURITIES

The targeted population of customers for the banking and insurance businesses is much larger than that of the securities business.



# **Part3    Changes in the Economy and the SBIH Group's New Vision**

# Initial Vision of SBIH Group

## (Formulated in July 2005)

**Maximize corporate value through the synergies between customer value, which is the basis of our company, as well as the value created by shareholder and our own intrinsic human capital value.**

**Aim to increase the aggregate market capitalization of listed group companies from the current 1.0 trillion yen to 3.0 trillion yen in three years and 5.0 trillion yen in five years.**

**Aim to become not just a “strong company” but a “strong and respected company”.**

# ① Progress of SBIH Group after the Formulation of the Initial Vision

# Progress of SBIH Group after the Formulation of the Initial Vision (1)

## History of SBIH Group after establishment

	Establishment 1999	End of Mar. 2005	Today End of Mar. 2008
Customer base	0	1.7 mil.	Up 300% <b>6.8 mil.</b>
Employees (cons.)	55	1,374	Up 94% <b>2,666</b>
Operating revenues (cons.)	0	81.5 bil. yen	Up 173% <b>222.5 bil. yen</b> (FY2007)
Consolidated subsidiaries	0	36	Up 106% (including funds) <b>74</b>
Publicly owned companies	0	6 (including Softbank Investment (current SBI Holdings))	Up 83% (including SBI Holdings) <b>11</b>
Capital	50 mil. yen	34.7 bil. yen	Up 59% <b>55.1 bil. yen</b>



# Progress of SBIH Group after the Formulation of the Initial Vision (2)

The SBIH Group's customer base which is the basis of its corporate value has expanded to a total of about 6.8 million served. \*

SBIH Group Company and division		End of Mar. 2005	End of Mar. 2008
<b>SBI E*TRADE</b>	(Accounts)	590,000	Up 181% 1.66 mil.
<b>InsWeb</b>	(Total no. of customers with transactions)	690,000	Up 1.71 mill. 2.4 mil.
<b>E-LOAN</b>	(Total no. of customers with transactions)	140,000	Up 430 k 570,000
<b>SBI Mortgage</b>	(Balance of transactions executed)	68.1 bill. yen	Up 436% 365.1 bil. yen
<b>SBI Sumishin Net Bank</b>	(Deposits)	0	300 bil. yen (as of Apr. 1, '08)
<b>SBI VeriTrans</b>	(Branches used)	1,010	Up 148% 2,500
<b>SBI Card</b>	(Cards issued)	(Started Nov.06)	32,000
<b>Morningstar Japan</b>	(New portfolio customer registrations)	(Since fall of 06)	31,000
<b>Lifestyle related comparison websites</b>	(Total no. of customers with transactions)	50,000	Up 670 k 720,000
<b>MoneyLook</b>	(Total no. of customers with transactions)	300,000	Up 320 k 620,000
<b>Autoc one</b>	(Total no. of service users)		2.12 mil.(FY07)

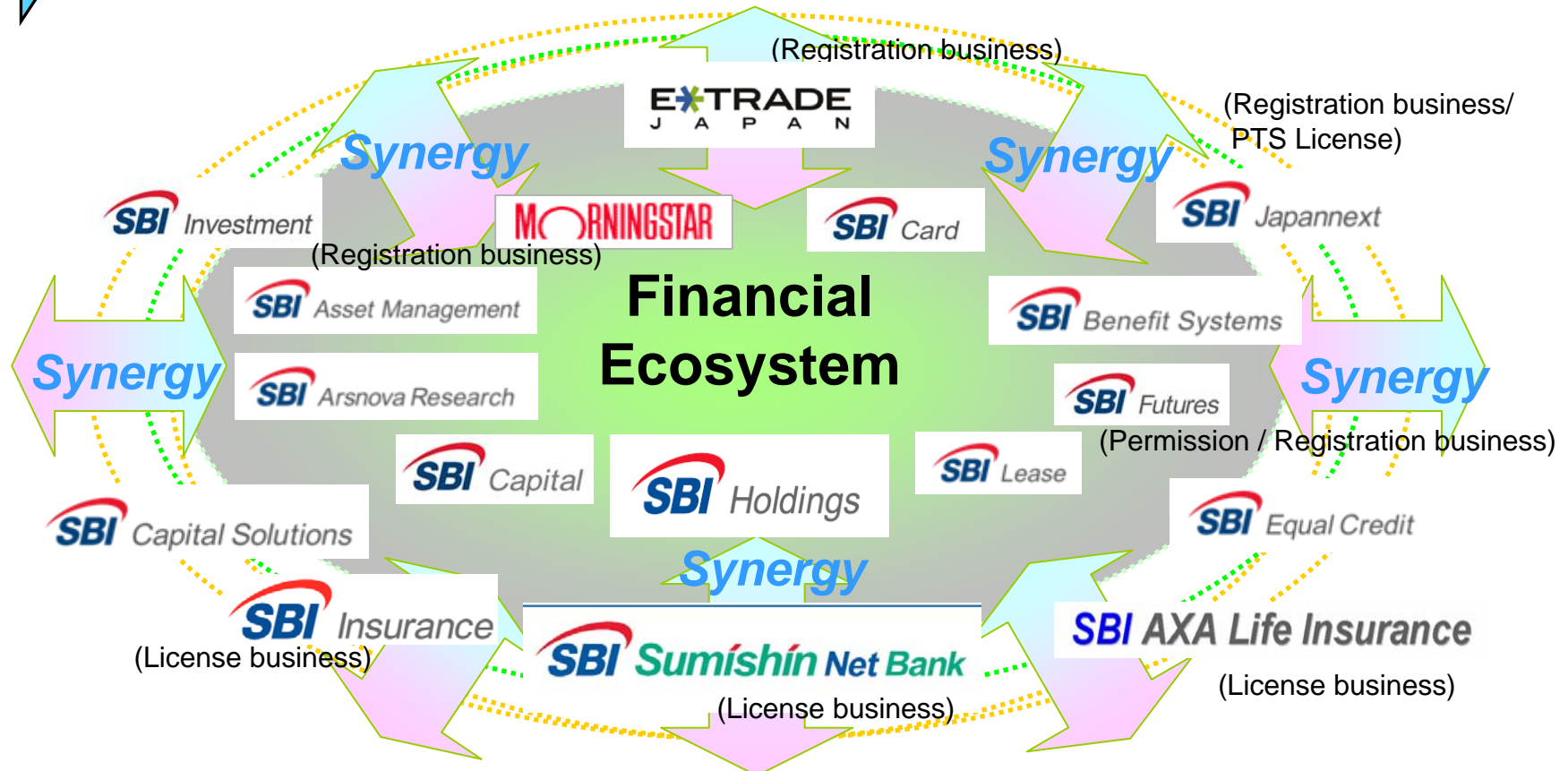
\* Repetition customers between group companies are counted double while it is omitting repetition in each service site when it can be recognized as a unique user.

# Progress of SBIH Group after the Formulation of the Initial Vision (3)

Completed establishment of financial ecosystem with the acquisition of banking, non-life insurance and life insurance business licenses

Since the establishment of the SBIH Group, we have been expanding our financial ecosystem by forming a variety of joint ventures with leading companies in the financial industry.

A globally unique Internet-based financial conglomerate is established










# Progress of SBIH Group after the Formulation of the Initial Vision (4)

The SBI Group's societal credibility heightened with the acquisition of a number of licenses, registrations and permissions from various governmental agencies.

License, permission and registration businesses operated by SBIH Group:

## License·Permission·Designation

Approved Date	Entities	Business	Governmental Agency
Sep. 18, 2007		Banking	Financial Services Agency (License)
Dec. 26, 2007		Non-life insurance	Financial Services Agency (License)
Apr. 2, 2008		Life insurance	Financial Services Agency (License)
Jun. 27, 2005		Servicer	Ministry of Justice (Permission)
Feb. 29, 2008		Housing inspection	Ministry of Land, Infrastructure, Transport and Tourism (Designation)
Nov. 27, 2007	<b>SBI Graduate School</b>	Graduate school operation	Ministry of Education, Culture, Sports, Science and Technology (Permission)
Jun. 27, 2007		Proprietary trading system	Financial Services Agency (Permission)
Jan. 2001		Acceptance of Consignment of Commodity Transactions	Ministry of Agriculture, Forestry and Fisheries (Permission) and Ministry of Economy, Trade and Industry (Permission)

## Registration

Dec. 1998		Securities	Financial Services Agency
Mar. 9, 2007		Securities	Financial Services Agency
Feb. 2006		Futures brokerage	Financial Services Agency
Nov.28, 2000		Invest trust management, investment advisory services	Financial Services Agency

# Progress of SBIH Group after the Formulation of the Initial Vision (5)

The SBI Group's goal is not only to use businesses for indirect social contributions, but also to make significant direct contributions and conducting CSR programs that earn us a reputation as a "strong and respected company."

Indirect social contributions through business activities

**SBIH Group companies**

"Children's Heart Care House Ranzan Gakuen" (Ranzan-machi, Hiki-gun, Saitama prefecture)  
Opened Dec. 1, 2007  
Management:  
Jitokuin (Social welfare corporation)  
(Director: Yoshitaka Kitao)

Direct social contributions

**SBI Graduate School**

Opened Apr. 2008  
Nurturing Talent

**SBI GROUP**

**SBI Wellness Bank**

Healthcare services for members

**SBI Children's Hope Foundation**

Established Oct. 6, 2005  
Support for the care of abused children  
Total amount of donation by SBIH Group: 796 mill. yen

Established alliance with Clinique La Prairie of Switzerland, one of the world's most renowned anti-aging clinics. Now preparing to build Clinique La Prairie Yugawara (tentative name) in the Shizuoka city of Atami.

## ② Shifts in Operating Environment

# Major Shifts in Operating Environment Since Establishment of the SBIH Group Vision

- Japan's income balance exceeded its trade balance for the first time in 2005, signaling the end of the nation's reliance on foreign trade. Even so, the weakening yen and a temporary upturn in demand from China have delayed the structural transformation of Japan's economy away from manufacturing to other business sectors. As a result, while per capita GDP has increased in countries progressing toward deindustrialization, Japan's per capita GDP has dropped from first in the world in 1993 to 18th in 2006. (OECD base)
- During this period, foreign investors have moved funds out of Japan. However, during 2007 China's stock market had the world's best performance (+95.5%) and India ranked second (+45.0%). The U.S. was 11th (+7.1%) and the U.K. was 16th (+3.0%). With a decline of 11.1%, Japan's stock markets placed 20th among the world's markets, clearly indicating how much Japanese stocks lag behind other countries. (Source: Nihon Keizai Shimbun)
- The subprime loan crisis that began in July 2007 triggered a credit crunch in the global financial system and a capital crunch for individual companies. Stock prices have dropped worldwide as volatility increased.
- Since the Livedoor scandal, prices of small company stocks in Japan have been much weaker than stocks in the Nikkei Average. During the year to March 2008, the Nikkei Average fell 26% while the TSE Mothers market index dropped 39% and the OSE Hercules market index was down 43%.
- Weak small company stock markets caused the number of IPOs in Japan to plummet. In FY08, there were 99 IPOs, down 47% from a year earlier, for the fewest IPOs in five years.

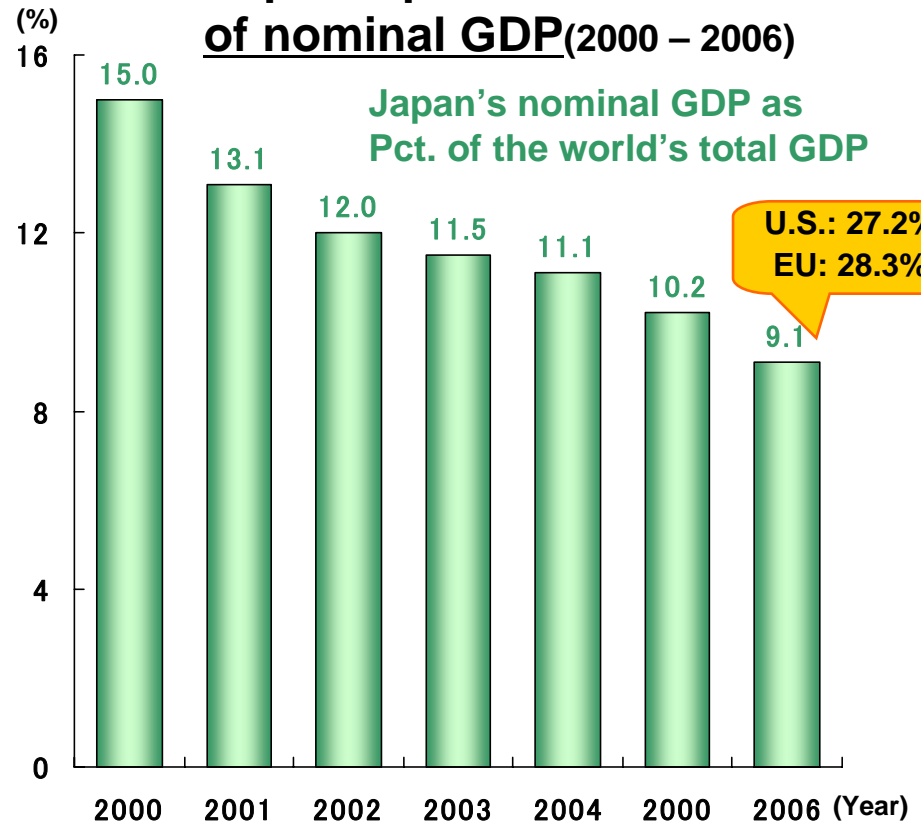
# Japan's Current Economic Position Among the World's Economies

Japan's per capita GDP has dropped from first in the world in 1993 to 18th in 2006, which shows that Japan's position has clearly dropped in the world.

International Comparison of <sup>(\*1)</sup>  
nominal GDP per capita (2006)

Rank ('05)	Country Name	Nominal GDP per capita
1 (1)	Luxemburg	89,840
2 (2)	Norway	71,857
3 (3)	Iceland	53,446
4 (5)	Ireland	51,421
5 (4)	Switzerland	51,306
7 (7)	U.S.	43,801
11 (11)	England	39,573
13 (16)	Canada	38,978
16 (17)	France	35,572
17 (18)	Germany	35,368
<b>18 (15)</b>	<b>Japan</b>	<b>34,252</b>
19 (19)	Italy	31,444

Japan's position in terms <sup>(\*2)</sup>  
of nominal GDP(2000 – 2006)



\*Unit: Dollar based on OECD

(\*1 excerpt from Nihon Keizai Shimbun, Dec. 27, 2007. \*2 The Cabinet Office "Kokumin Keizai Keisan Kakuhou")

# Japanese Stocks Lag Behind the World's Major Stock Markets in 2007

**With a decline of 11.1%, Japan's stock markets placed 20th among the world's markets**

Up-down ratio of major world's markets from Jan. to Dec. 2007 (Unit:%)

Ranking	Country	Up-down ratio
1	China	95.5
2	India	45.0
3	Brazil	40.5
4	Hong Kong	37.1
5	South Korea	33.0
6	Germany	20.3
7	South Africa	18.7
8	Singapore	14.5
9	Australia	13.8
10	Mexico	11.2

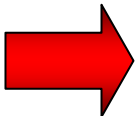
Ranking	Country	Up-down ratio
11	United States	7.1
12	Spain	6.2
13	Canada	5.8
14	Taiwan	5.0
15	Netherlands	3.1
16	United Kingdom	3.0
17	France	0.2
18	Switzerland	-4.5
19	Italy	-8.7
<b>20</b>	<b>Japan</b>	<b>-11.1</b>

(Source: Dec. 28, 2007 Nikkei Shimbun)

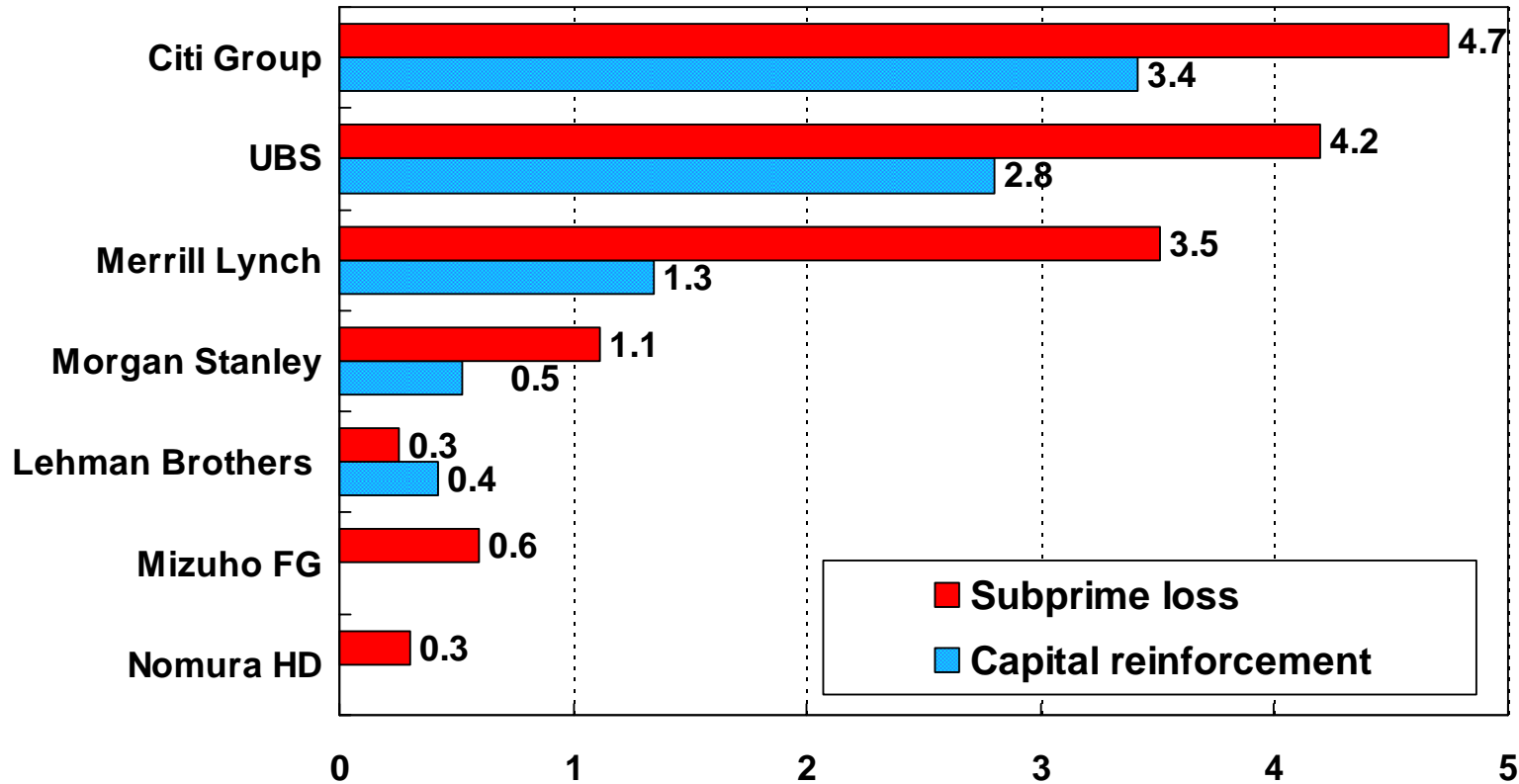


③:

The subprime loan crisis that began in July 2007 triggered a credit crunch in the global financial system and a capital crunch for individual companies.

The loss of financial institutions in the world caused by the subprime crisis  **Up to 99 trillion**  
According to statistics by IMF released on April 8, 2008

The amount of subprime loss and capital reinforcement of major financial institutions

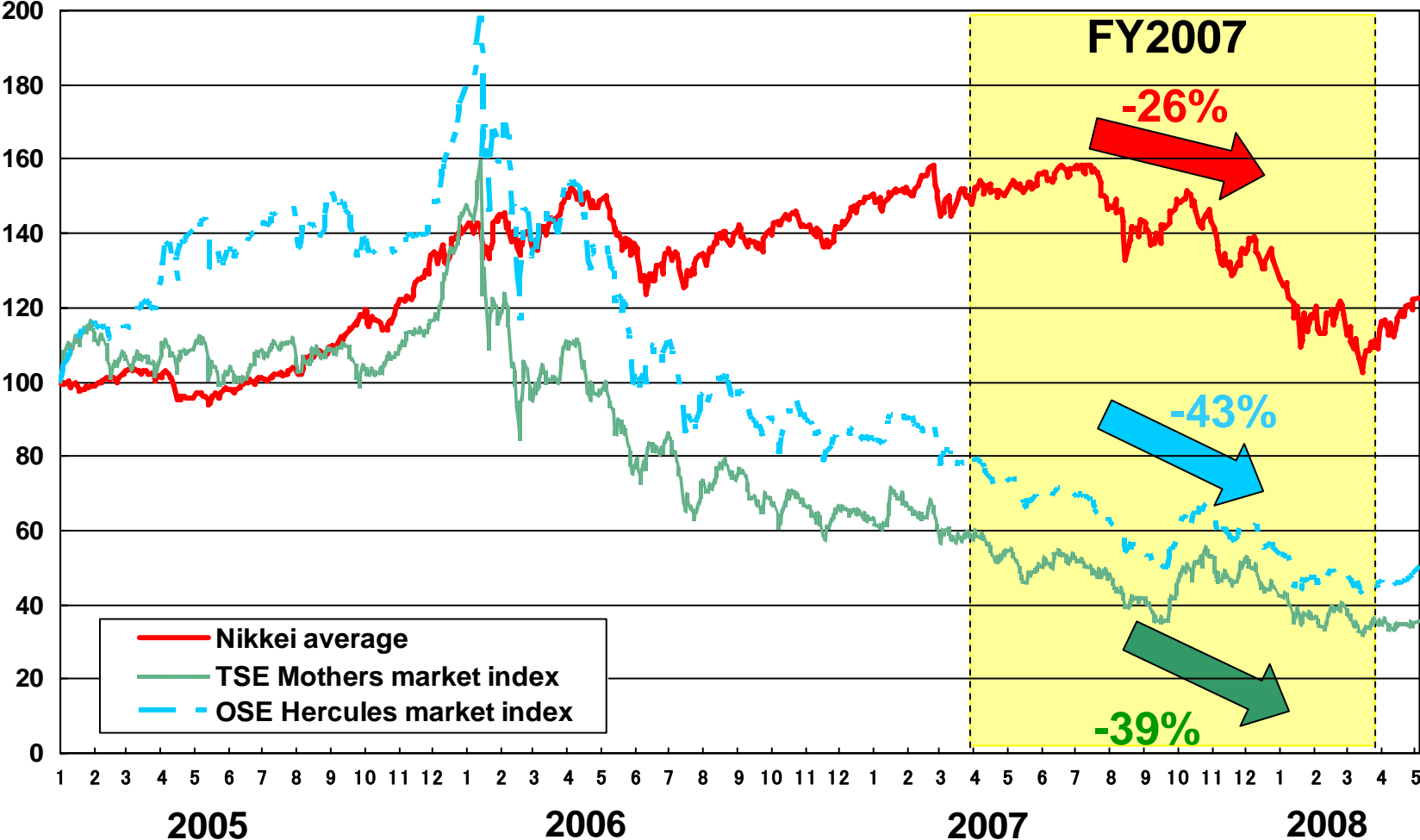


Source: Compiled by SBIH from information disclosed by each company  
 \* 1USD=105 yen, 1 CHF =100 yen

(trillion yen)

④: Since the Livedoor scandal, prices of small company stocks in Japan have been much weaker than stocks in the Nikkei Average. During the year to March 2008, the Nikkei Average fell 26% while the TSE Mothers market index dropped 39% and the OSE Hercules market index was down 43%.

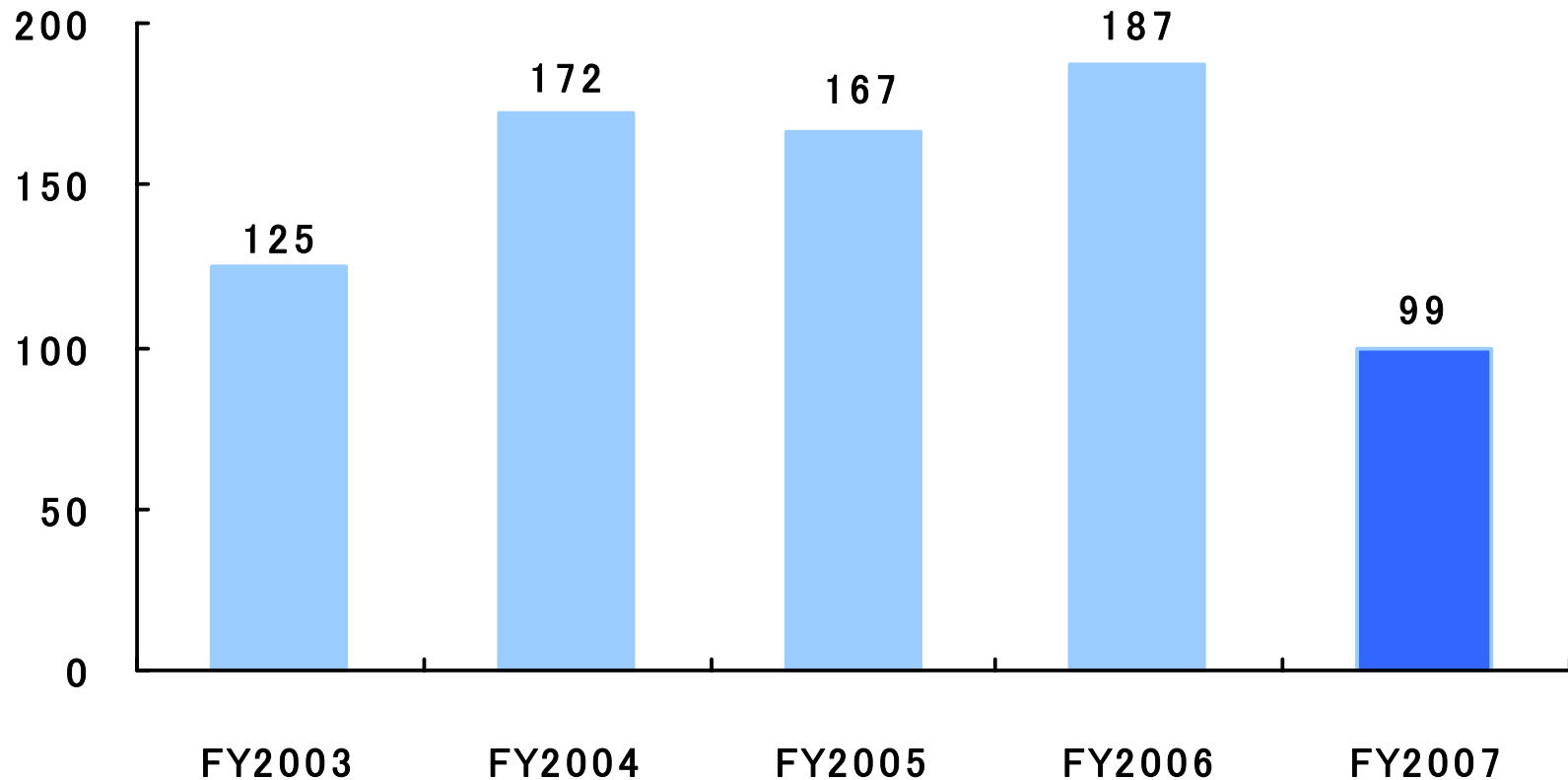
Market index of each markets in Japan \*Figures on Jan. 4, 2005 = 100



# Number of IPOs in Japan on a FY Basis

**Less than 100 companies completed IPOs during FY2007, which is the lowest level of IPOs in the past 5 years**

(Unit: companies)



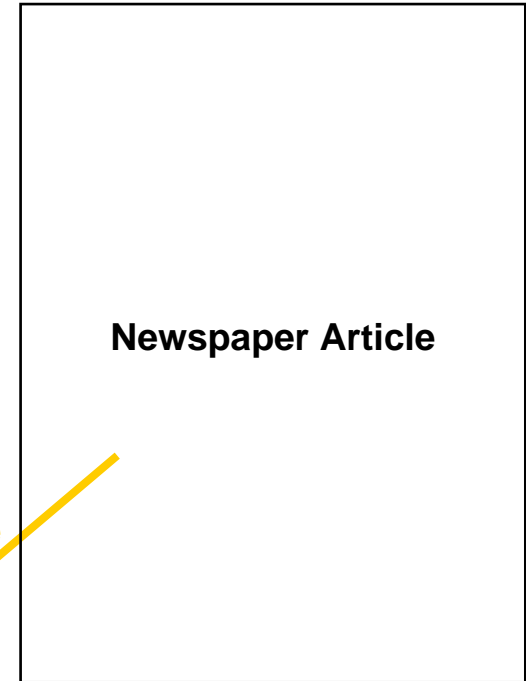
Source: Stock exchanges in Japan

# Transformation of Businesses in the Changing External Environment

Since 2005, the SBIH Group has increased the number of overseas investments and expanded businesses in foreign countries, against the background of delayed structural transformation in Japan's industries and rapid development of emerging countries.

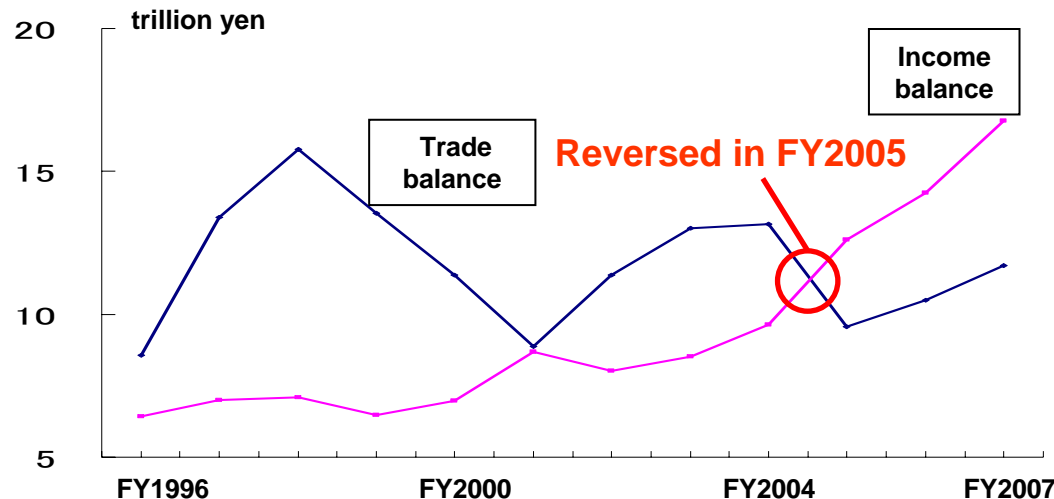
**Change in SBIH's Overseas Operating Revenues** (Unit: billion yen, %)

	FY2004	FY2007
Consolidated Operating Revenues	81.5	222.5
Overseas Operating Revenues	3.0	39.9
Overseas Operating Revenues as Pct. of Consolidated Operating Revenues	3.7	17.9



Enlarge

**Change in trade and income balance**



“Income balance, which indicates revenues from overseas investment, increased 17.6% to 16,762.8 billion yen on a YoY basis. Since It surpassed trade surplus in FY2005, the gap has been expanding, which clearly shows Japan earns money from investments.”

## ③ **New Vision of the SBIH Group**

# New Vision of the SBIH Group

- **Increase operating income to 100 billion yen five years from now (year ending March 2013)**

Sustain long-term annual operating income growth of more than 15% thereafter

- **Expand asset management and brokerage & investment banking business to two-thirds of operating income by year ending March 2013, with all other businesses accounting for the remaining one-third**

Further expand the ecosystems for residential real estate, life style and IT systems. Create organic growth in business fields, including financial services, that are not significantly affected by security market volatility, thereby establishing a more stable earnings stream.

- **Transform the SBIH Group into a global organization that earns half its operating income outside Japan by year ending March 2013**

Expand the overseas earnings base to transform SBIH from a domestic Japanese entity into a truly global organization

# Continuous Growth of Operating Income

Estimates of operating income of each business segment (billion yen)

	FY2007 (A)	FY2008 (E)	FY2009 (F)	FY2010 (F)		FY2012 (F)
Asset Management	16.5	18.0	20.0	20.0		66.6
Brokerage & Investment Banking	20.5	25.0	35.0	40.0		
Financial Services	0.8	0	1.0	5.0		33.4
Housing and Real Estate	8.1	8.0	9.0	10.0	15-20% Growth	
<b>Total</b>	<b>42.6</b>	<b>51.0</b>	<b>65.0</b>	<b>75.0</b>		<b>100.0</b>

Forecast by major sell-side analysts: 49.3 - 55.2 bil. yen \*

## Minimum operating income target for FY2012

**100.0 billion yen (around \$1 bil.)**

Note1: All figures are actual (A), estimate (E) or focus (F) by the company.

Note2: For the figures of estimate (E) and focus (F), effects of eliminations for consolidation and the deduction of corporate expenses are divided into each business segment.

\*As of the end of Apr. 2008

# Target Breakdown of Future Operating Income

## [Comparison of Operating Income by Segment]

	Asset Management	Brokerage and Investment Banking	Financial Services, Housing and Real Estate, System Solution
<b>FY2007 (%)</b>	<b>36.2</b>	<b>45.1</b>	<b>18.7</b>
<b>Within 5 years</b>	$\frac{2}{3}$		$\frac{1}{3}$

## [Comparison of Operating Income by Region]

	Domestic	Overseas*
<b>FY2007 (%)</b>	<b>54.9</b>	<b>45.1</b>
<b>Within 3 Years</b>	$\frac{2}{3}$	$\frac{1}{3}$
<b>Within 5 Years</b>	$\frac{1}{2}$	$\frac{1}{2}$

\*Calculated by totaling operating income of sales of overseas assets and operating income of E\*Trade Korea.



# 【Overseas Business】

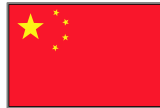
# Start of Full-scale Launch of New Funds through Alliances with Prominent Overseas Companies (1)

▪ **India:**



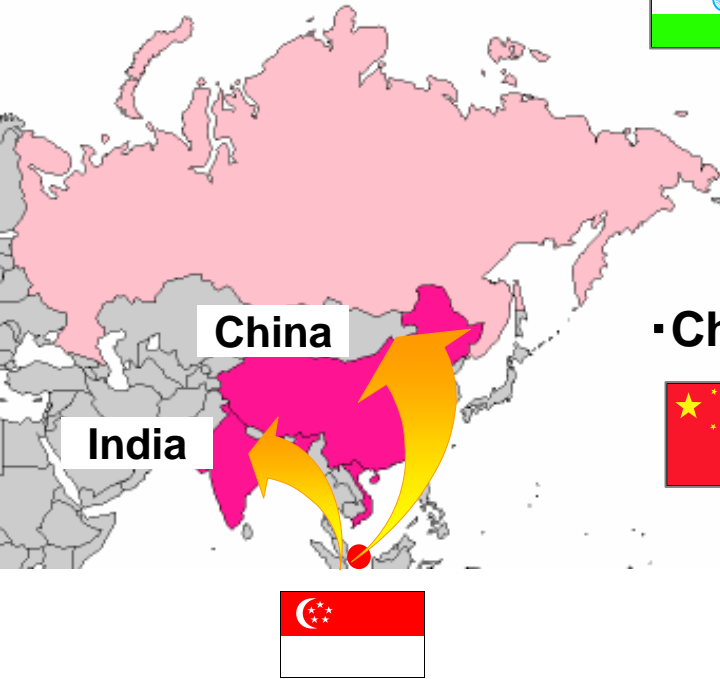
[Received final approval](#) from the authorities to jointly establish an investment fund with “[State Bank of India](#)”, India’s largest commercial bank. The fund has [made an investment in one promising company \(develops software for financial institutions\)](#) through Knowledge Investment (Mauritius) Limited ,a local subsidiary in Mauritius, which [started in April, 2008](#).

▪ **China:**



-Received final approval from Ministry of Commerce to jointly establish an RMB based investment fund with “[Tsinghua Holdings](#)”, which is affiliated with Tsinghua University, one of China’s most prestigious universities. [In Beijing, this is the first fund](#) to be established with a foreign affiliated company, and the fund [started its operations in March of 2008](#).

-[Signed contract](#) to jointly establish a new investment fund with “[Beida Jade Bird](#)”, a subsidiary of Beida Jade bird Group which is affiliated with Peking University, one of the most prestigious universities in China. The new fund is targeting promising companies in China, with an investment amount of approximately USD 100 million



**SBI VEN CAPITAL PTE. LTD**  
**Singapore**

## Start of Full-scale Launch of New Funds through Alliances with Prominent Overseas Companies (2)

- Formed a new alliance with a prominent Russian company in December 2007 -

• **Vietnam**: [Received final approval](#) from the authorities to jointly establish a VND based investment fund and fund management company with "[The Corporation for Financing and Promoting Technology \(FPT\)](#)", Vietnam's largest information technology group, which [started in April 2008](#).

• **Russia**: In December 2007, reached an agreement in principal to jointly establish an investment fund with "[IFC METROPOL](#)", a leading Russian financial company.

The commitment will be USD 100 million, primarily targeting prospective unlisted companies in Russia. Planning to increase the investment amount up to a maximum of USD 500 million after evaluating the performance of the first fund and the investment environment in Russia.



**SBI VEN CAPITAL PTE. LTD**  
Singapore

Planning to establish an investment fund (500 mil yen) with [Keio University](#) in May 2008, primarily targeting venture companies originating from universities and research institutions.

# Alliances Focused on the Real Estate Business in China

## ◆ In April 2007

Signed MOU to form comprehensive alliance with Weifang City



Weifang City,  
Shandong Province

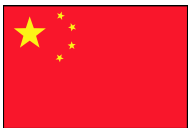
**In March 2008, SBIH newly established the “Shandong Representative Office of SBI Holdings” in Weifang City**

### **【Projects currently planned】**

Real estate development with an investment company operated by the local government and a domestic general contractor, after the bidding process.

## ◆ In April 2008

SBIH signed strategic MOU with CSLAND, which the Chinese and Singaporean governments have indirectly invested in.



China-Singapore Suzhou  
Industrial Park land Co., Ltd.



### **【Outline】**

- Jointly invest in projects being planned in Suzhou Industrial Park
- Establish a joint venture related to real estate investment by the above projects

# Korean Equity Investment Amount and Proceeds from FY2002 to Present

Book value of the total equity investment : 23.6 bil. yen  
 ⇒ Proceeds from the equity investment : 45.1 bil. yen  
 (Remaining equity investment amount : 2 bil. yen)

Example :

Unit: 100 mil. yen

	Total equity investment	Total	Proceeds		IRR (%)
			Sales proceed	Dividend	
( Parenthetic figures indicate investment periods ) <b>Kyobo Life Insurance</b> (Feb. 2007 - Sept. 2007)	<b>179</b>	<b>216</b>	<b>214</b>	<b>2</b>	<b>43.1</b>
----- <b>E*TRADE Korea</b> (Jun. 2004 – 1Q in 2008*)	<b>43</b>	<b>221</b>	<b>221</b>		<b>50.4</b>

(\*as planned)

(Amounts are rounded to the nearest ¥100 million)

# Investment Track Record in Korea

**(To be sold in Apr. '08)**

Online Securities  
E\*TRADE Korea

Feb.21, '07 IPO  
on KOSDAQ

Provision of Information  
of Investment Trusts

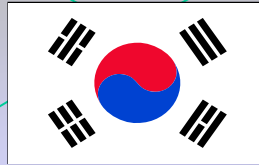
Morningstar Korea

19.98% equity

**(Sold the whole shares  
in Sep. '07)**

Life Insurance

Kyobo Life  
Insurance



Savings Bank

Hyundai Suisse I/II

I: 10.00% equity  
II: 20.00% equity

**(Hyundai Suisse I**

**preparing for IPO in FY08)**

Enterprise  
Revitalization Funds

Valuemeet Investment

32.59% equity

System Development

Finance All Solutions

Subsidiary

Establishment of Financial  
Management System

Gatebank

9.04% equity

**(Preparing for IPO in FY08)**

Real Estate

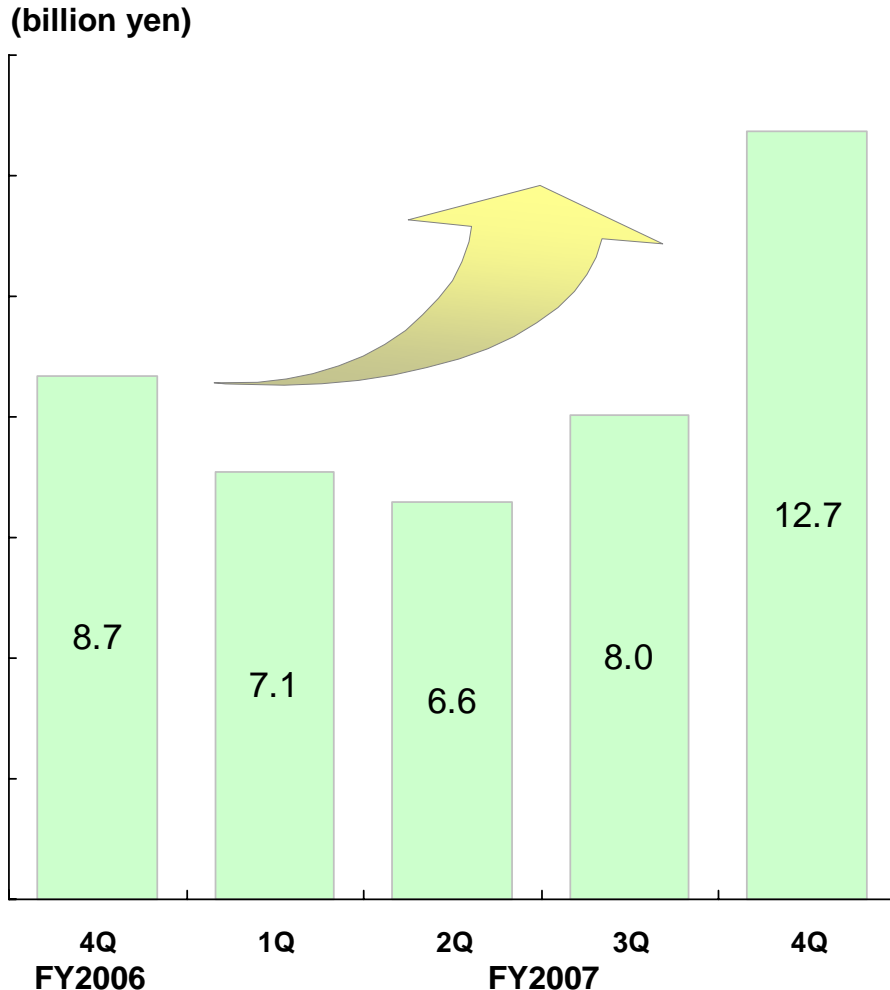
UNIASSET

25.71% equity

# **【SBI E\*TRADE SECURITIES Increases its Lineup of Overseas-related Products】**

# Track Record of Foreign Bond Sales

## Sales of foreign bonds



## Increased foreign bond sales efforts

### Effective use of conventional channel

After the merger, new initiatives were introduced including seminars at branch offices and other high-profile marketing activities

### Record sales of South African Rand bonds

Record sales of 8.9 billion yen in 4Q FY2007

### Yen bonds linked to Brazilian real started

Started selling Japan's first bonds linked to the exchange rate of Brazilian Real



# Broader Lineup of Foreign ETFs, Stocks and Investment Trusts

## Foreign ETFs



In June 2007, started to offer foreign ETFs (Exchange Traded Funds linked to foreign stock price indices)

- [American ETF](#) : [17 funds](#)
- [Chinese \(Hong Kong\) ETFs](#) : [9 funds](#)

## Foreign Stocks



In preparations to offer Russia, Vietnam and Singapore stocks

- [American stocks](#) : [approx. 200 stocks](#)
- [Chinese Stocks](#) : [approx. 170 stocks](#)
- [Korean Stocks](#): [approx. 50 stocks](#)

## Major investment trusts that invest in foreign securities

[Approx. 160 funds](#) offered

(Stocks worldwide, emerging countries including BRICs, and resource-rich countries such as Russia, Brazil and Middle East and resource-related stocks)

### ▪ [SBI - India & Vietnam Mutual Fund](#):

Invests mainly in Indian and Vietnamese stocks

### ▪ [Morningstar - Morningstar World Masters \(nickname: Three Oracles\)](#):

Invests mainly in prospective stocks and commodities worldwide

### ▪ [Goldman Sachs - GS BRIC Fund](#):

Invests mainly in BRIC countries

### ▪ [BlackRock - World Gold Fund](#):

Invests mainly in gold mining company in South Africa, Australia, Canada, the U.S., etc.

### ▪ [Societe Generale - SG Arab Fund](#):

Invests mainly in the Arabian area

## **Part 4. Japan's Growth Potential and Future Drivers of Growth**

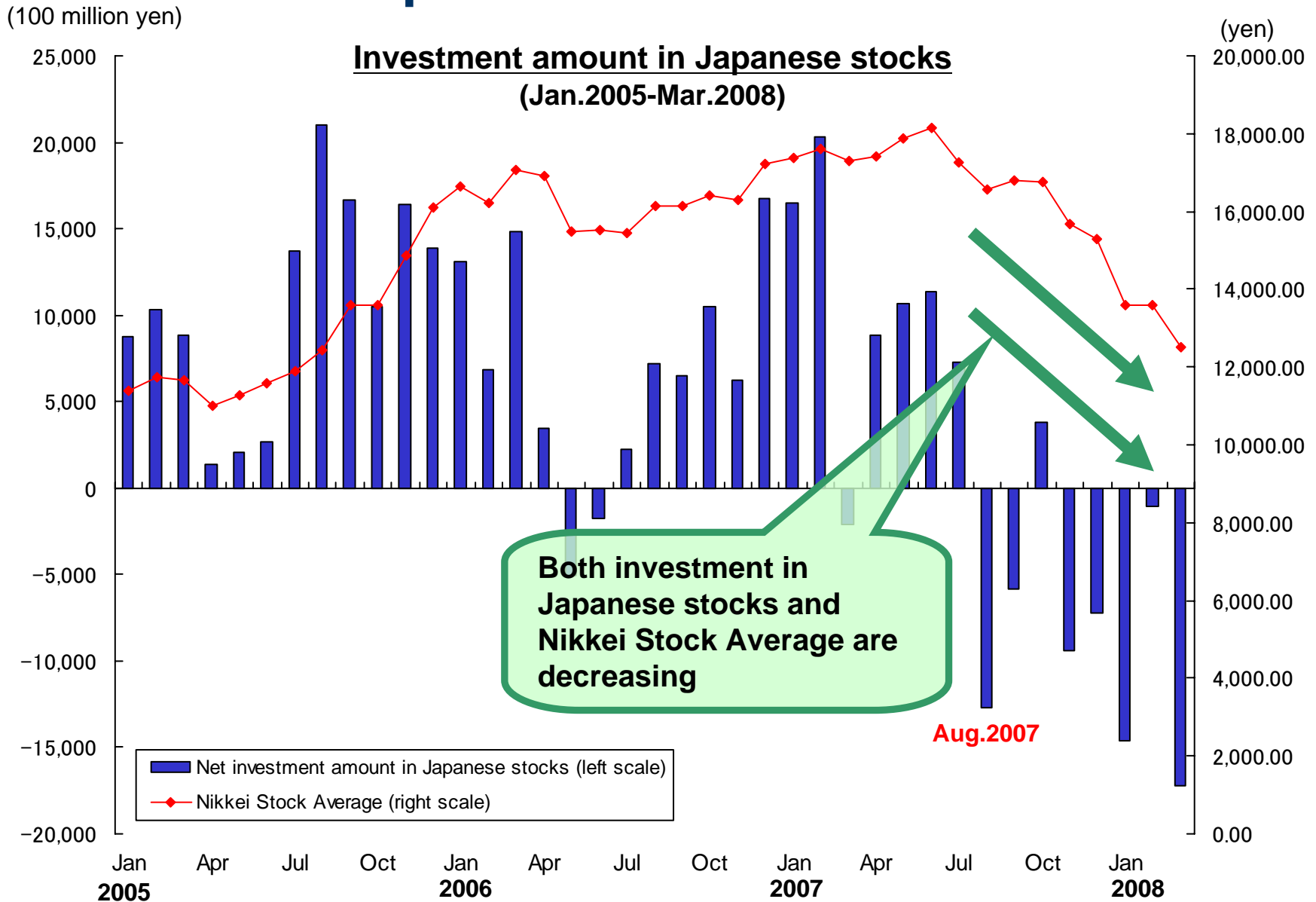
### **(1) Oversold Japanese Stocks**

### **(2) Japan's Future Drivers of Growth**

- 1) Biotechnology, Environmental Service and Energy**
- 2) Broadband and Mobile Internet Services**
- 3) Digital Terrestrial Broadcasting**
- 4) The Shift from Savings to Investments**

# **(1) Oversold Japanese Stocks**

# Foreign Investors' Movement in Japanese Stock Market



# The Recovery of the Japanese Stock Market after April was Very Conspicuous in the Asian Markets

Among the eight major Asian markets, the Japanese stock market recorded the largest rate of increase after April

Increase in indices of the eight Asian major stock markets (%)

Newspaper Article

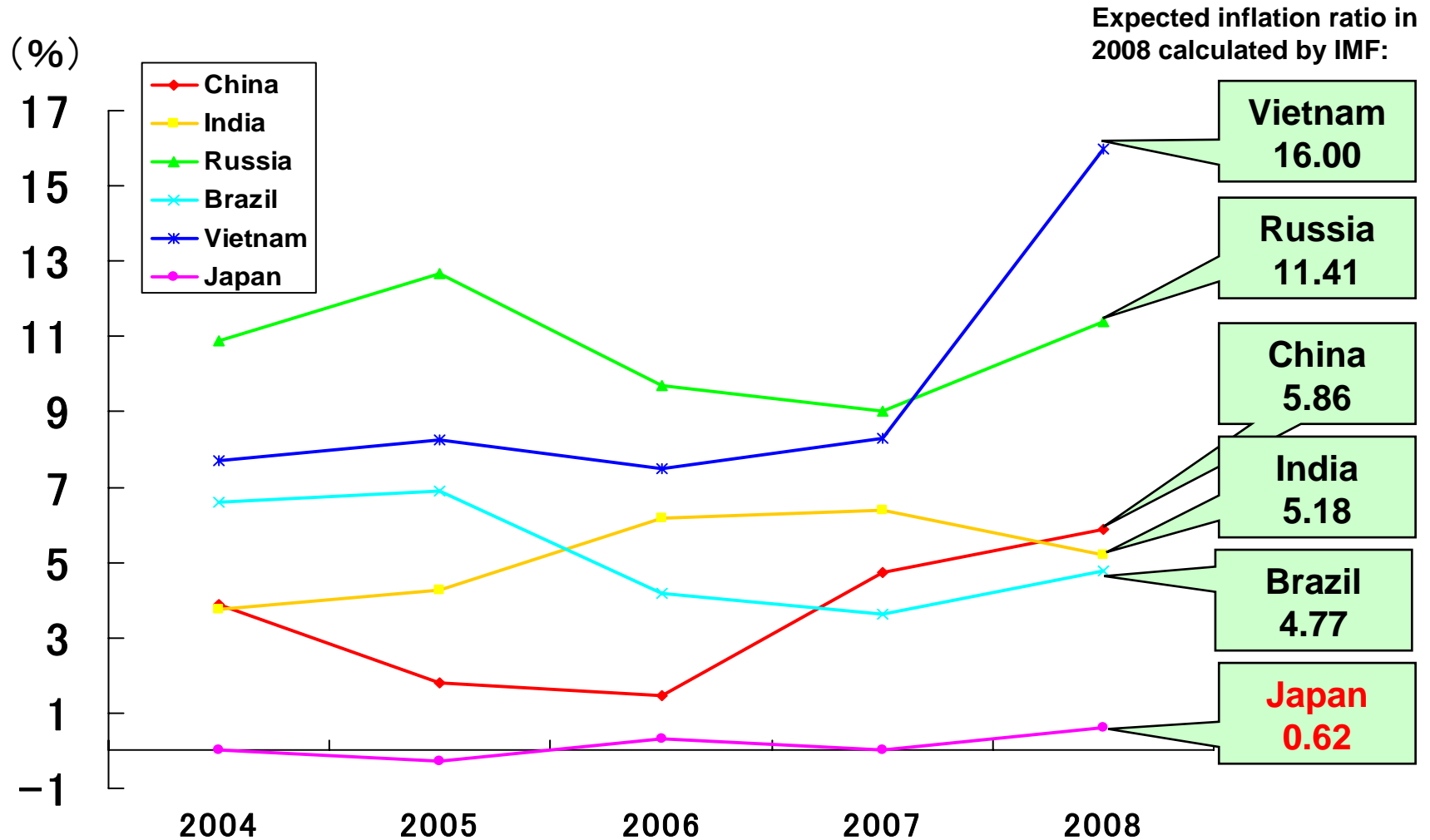
2007		2008	
Jul - Sep	Jul - Dec	Jan - Mar	After Apr
Shanghai 45.3	India 17.3	Taiwan 0.8	Japan 12.6
Hong Kong 24.7	Malaysia 8.1	Korea -10.2	Hong Kong 12.1
India 18.0	Hong Kong 2.5	Singapore -13.2	India 10.8
Korea 11.6	Korea -2.5	Malaysia -13.7	Korea 8.8
Taiwan 6.0	Singapore -4.9	Hong Kong -17.9	Singapore 7.4
Singapore 4.9	Shanghai -5.2	Japan -18.2	Taiwan 4.1
Malaysia -1.3	Japan -8.8	India -22.9	Malaysia 3.2
Japan -7.5	Taiwan -9.6	Shanghai -34.0	Shanghai 3.1

“Foreign investors are now attempting to buy back Japanese stocks, most of which they sold in the second half of 2007. They are buying stocks of global companies that seized upon the needs of the emerging countries, and subsequently achieved high returns”

(Excerpt from Nikkei Shimbun on May 8, 2008)

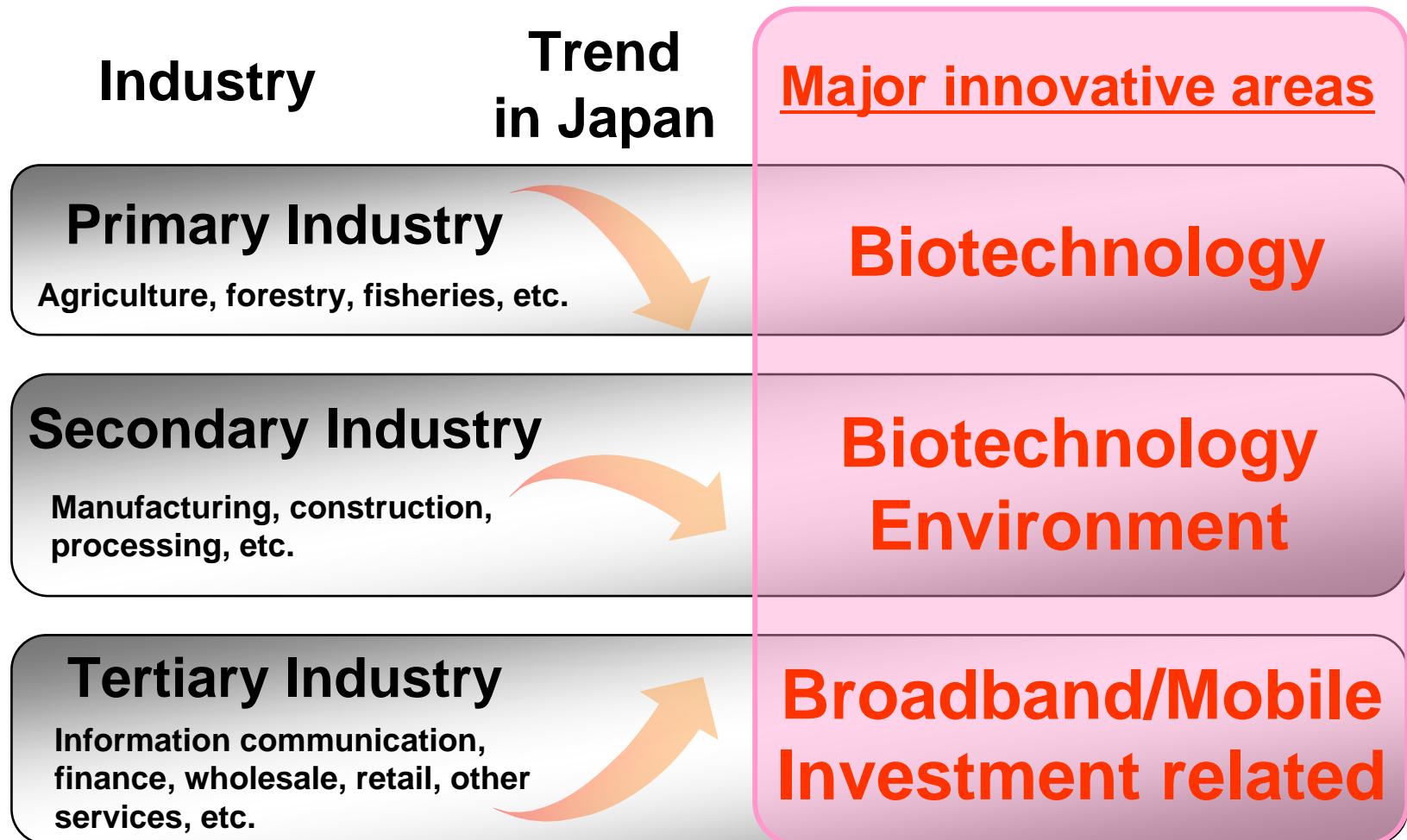
# Comparison of Inflation in Japan and in Emerging Economies

In 2008, the IMF expects inflation in emerging economies to remain high at 4% to 6% while inflation in Japan, which has just ended a period of deflation, is expected to be about zero.



# As an advanced country, Japan is Experiencing Wide Gaps in Growth Between Industries and Companies

- Need to be selective -



## **(2) Japan's Future Drivers of Growth**

### **1) Biotechnology, Environmental Service and Energy**



# Kyoto University (Professor Yamanaka) Is First in The World to Produce iPS Cells

## Stem Cells:

Cells with the ability to develop into any type of cell in the body. The best-known type is embryonic stem cells (ES cells), which are obtained from fertilized eggs before they begin to grow.



Example: Development by Professor Okano of Keio University of medical treatment technologies using ES cells.

***“First in the world to succeed at turning human skin cells into a new type of stem cell that can be developed into nerves, muscle tissue and many other types of cells”***

***“The patient’s own skin cells can be used to produce stem cells for transformation into the required cells that can be transplanted, so there are absolutely no concerns.”***

\*2

**Ranked by U.S. Science magazine as second among the top 10 scientific advances of 2007**

**Professor Yamanaka, who succeeded in creating iPS cells, was selected as one of the world’s 100 most influential people of 2008**

\*1 excerpt from Nov. 21, 2007 Nikkei Shimbun, \*2: excerpt from Mar. 3 2008 Nikkei Shimbun

京都大学の山中伸弥教授は、神経や筋肉など体の様々な細胞や組織に育つ新型の「万能細胞」を、人の皮膚の細胞から

## ヒトの皮膚から万能細胞

### 本格的な再生医療に道

京大など成功

論文を発表する。作製したのは「iPS細胞」で、体のあらゆる細胞や組織へと成長する能力を持つ細胞。代表格は胚（はい）性幹細胞（ES細胞）で、受精卵から成長前の細胞を採り出して作る。人では一九九八年に米大が初めて作製。同じ遺伝子を持つ生物を作り出すクローン技術を使いES細胞を作る方法もあるが、入手の難しい卵子が必要。

\*1

# Joint Patent Application Filed by Kyoto and Keio Universities

Newspaper Article

Two universities are at the  
forefront of iPS cell research:

**Kyoto University (Professor Yamanaka)**

Use of skin cells to produce stem cells  
(iPS cells)

**Keio University (Professor Okano)**

Development of medical treatment  
technologies using stem cells (ES cells)

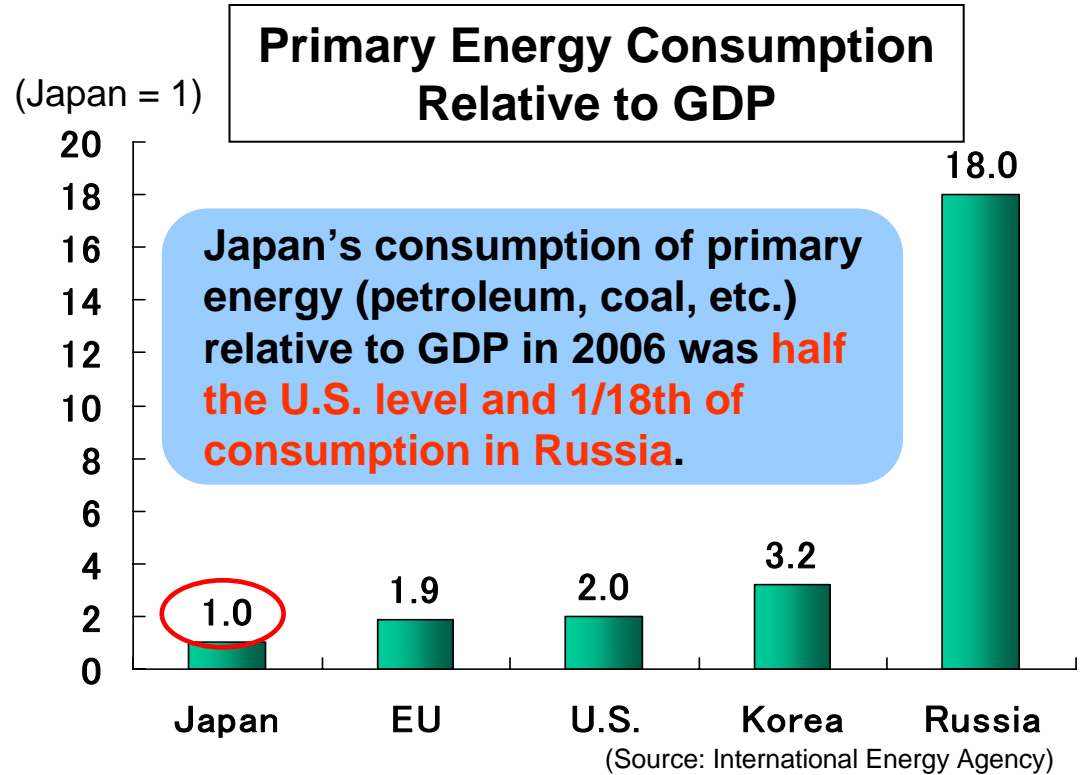
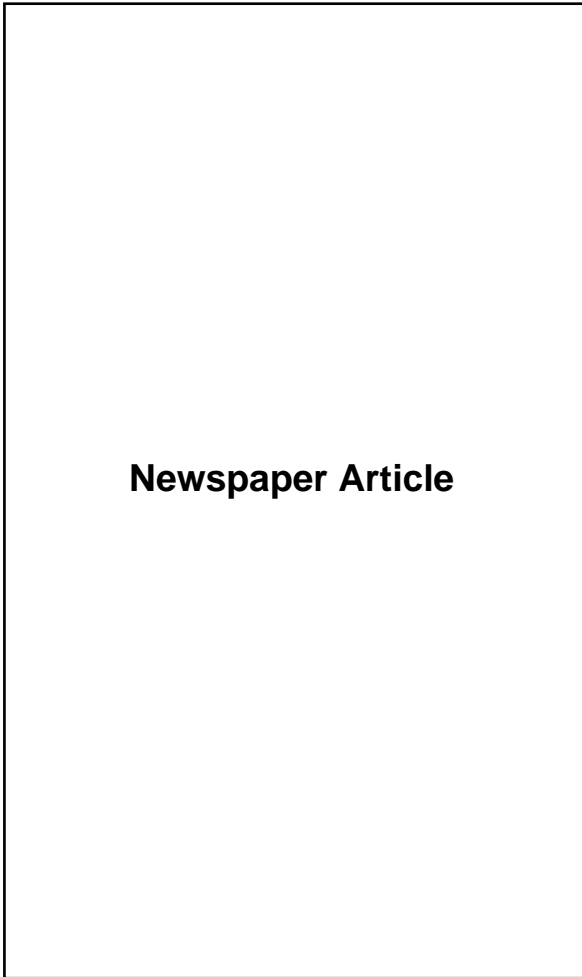


**Joint patent application involving  
applications for iPS cells**

*“There is intense competition in the field of  
iPS cell research. **The joint patent application  
is aimed at obtaining a “powerful patent” that  
can have a broad impact on medical care  
technologies using these cells.**”*

# Japan's Advantages in the Fields of Environmental Services and Energy Conservation

- Excellent opportunity to use advanced technologies to drive innovation -



- Resource recycling of discarded TVs and other home appliances
- Low-cost, highly advanced solar cells
- Fuel cell automobiles using hydrogen and oxygen power generation

others...

[Japanese companies with competitive environmental services are expected to grow rapidly](#)

(from Nikkei Shimbun, April 30, 2008)

# Developments in Biotechnology and Environmental Energy

- Biotechnology has been attracting more and more attention since the discovery of iPS cells -

## Operation of biotech-related funds

Operating biotech-related funds whose total investment amount reached 20.5 bil. yen.\*

## SBI Biotech Co., Ltd.

In preparations in the U.S. for clinical investigation of the nucleic acid medical pipeline which was introduced by “Changchun Huapu Biotechnology Co., Ltd.”, SBIH’s partner in China.

## SBI ALApromo Co., Ltd.

Established a research company in Apr. 2008 to conduct product design, development and marketing of medicine, health foods and cosmetic related products that include “5-aminolaevulinic acid (5-ALA)” (Biologically active agent).

## Operations of an environmental energy fund

Established a 7.5 bil. yen\* fund in Sep. 2007 and made new investments.

\*Commitment for investment

## ② Broadband·Mobile Internet

### (1) Broadband penetration

=> Japan's broadband household coverage increased from 7.4% in 2002 to 50.9% in 2007, and a corresponding increase in online trading of products and services may be anticipated.

### (2) Mobile Internet penetration

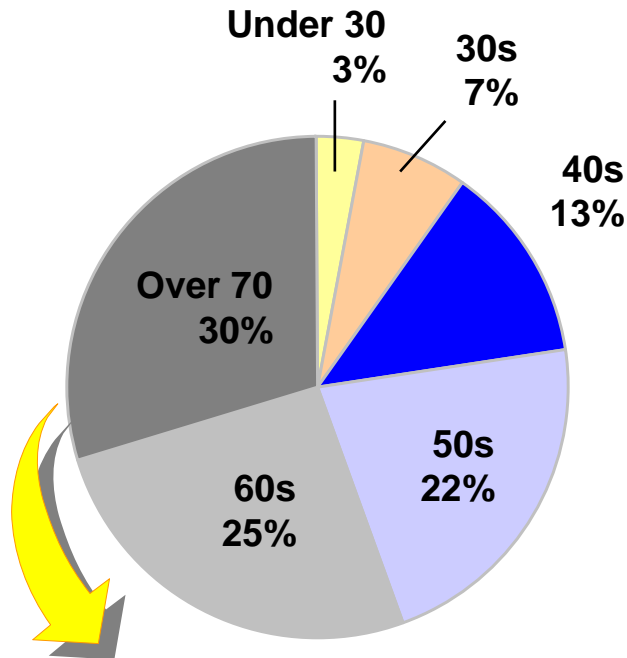
=> Mobile internet users increased from 25 mil. in 2001 to 70 mil. in 2006.

### (3) Commercial Internet usage began in Japan in 1992

=> By 2010, many younger generation Internet users, who were exposed to the Internet at an early age, will now be reaching the age where they will become consumers of financial products and services.

# Comparison of Customer Accounts by Age Between Online Securities Companies and Conventional Securities Companies

## [Conventional securities company (Example)]



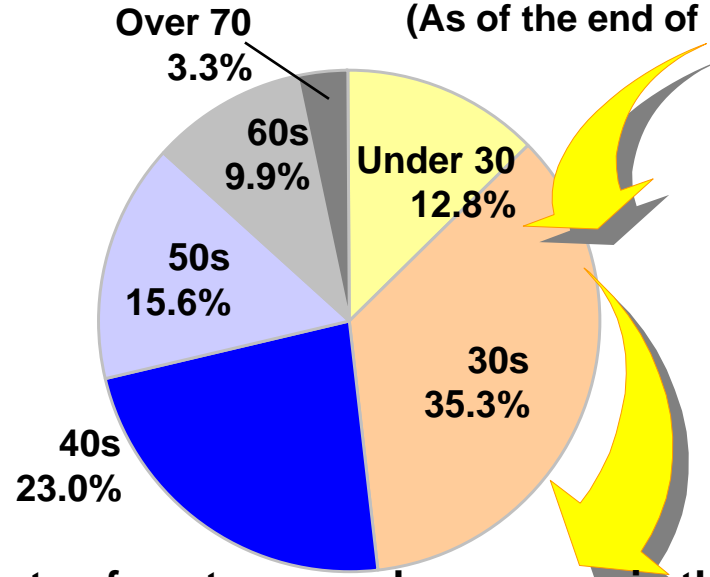
The older generation as a percentage of customers of conventional securities companies is generally higher

## [SBI E\*TRADE SECURITIES]

Commercial Internet usage began in Japan in 1992

By 2010, many younger generation Internet users, who were exposed to the Internet at an early age, will now be reaching the age where they will become consumers of financial products and services

(As of the end of Mar. 2008)



Assets of customers who are now in their 20s and 30s will increase steadily. Most of them are expected to continue to trade online, and therefore **per capita fee is expected to increase**

\*Figures on the graph of E\*TRADE SECURITIES do not include corporate accounts and face-to-face accounts.

# SOFTBANK MOBILE Corp. Releases “Stock Mobile Phone” which Enables Users to Trade Stocks on SBI E\*TRADE SECURITIES

- For the coming mobile era, this phone will display vital stock trading information on its screen, with nighttime trading capabilities -

“Stock Mobile Phone” is equipped with stock-trading oriented application software that facilitates online stock trading

**株ケータイ**  
(Kabukeitai)  
SoftBank 920SH YK

Contains as much information as a PC screen can display



Released on Mar. 22, 2008  
Accepting purchase application at special website  
(<http://www.kabukeitai.jp>)

Stock button

※ This picture is the image of the product

Available overseas with no settings



Expand the customer base by improving customer convenience, along with introducing new customers to the availability of stock trading on mobile phones

(Note) “株ケータイ(Kabukeitai)” is the trademark of SOFTBANK MOBILE Corp..

# Building a SBI Financial Portal Site

**Mobile Financial Searches**

**Use of Common ID**

**Focus mainly on services for mobile devices, a market with much growth potential!**

Established the Web Finance Dept. on Feb. 21, which is overseen directly by the CEO, in order to create Web strategies for the entire company

**SBI Financial Portal Site**

**Personalize**

*Customize the website according to users' preferences*

**Usability**

*Direct and flexible user interface*

**Design**

*Create a sophisticated website that produces credible image*

Provision of financial and corporate information as well as data for macroeconomic analysis

- A mobile site that places priority on ease of use***
- Growth in the numbers of both unique users and page views***
- Enhance the presence of the SBIH Group by increasing opportunities to reach customers***



## **3) Digital Terrestrial Broadcasting**

# Potential Benefits of the Digital Broadcasting Business

## Rising sales of information home electronics

More home electronics compatible with services linked to communication networks . . .

## Advances in mobile devices

More broadcast channels for mobile devices due to progress in one-seg products . . .

## Shift in advertising methods

Decline in TV commercial impact, due to commercial skipping functions along with development of new advertising channels

## Emergence of new sales channels

TV + Network shopping through interactive broadcast channels



**Potential for rapid growth of new Internet companies!?**

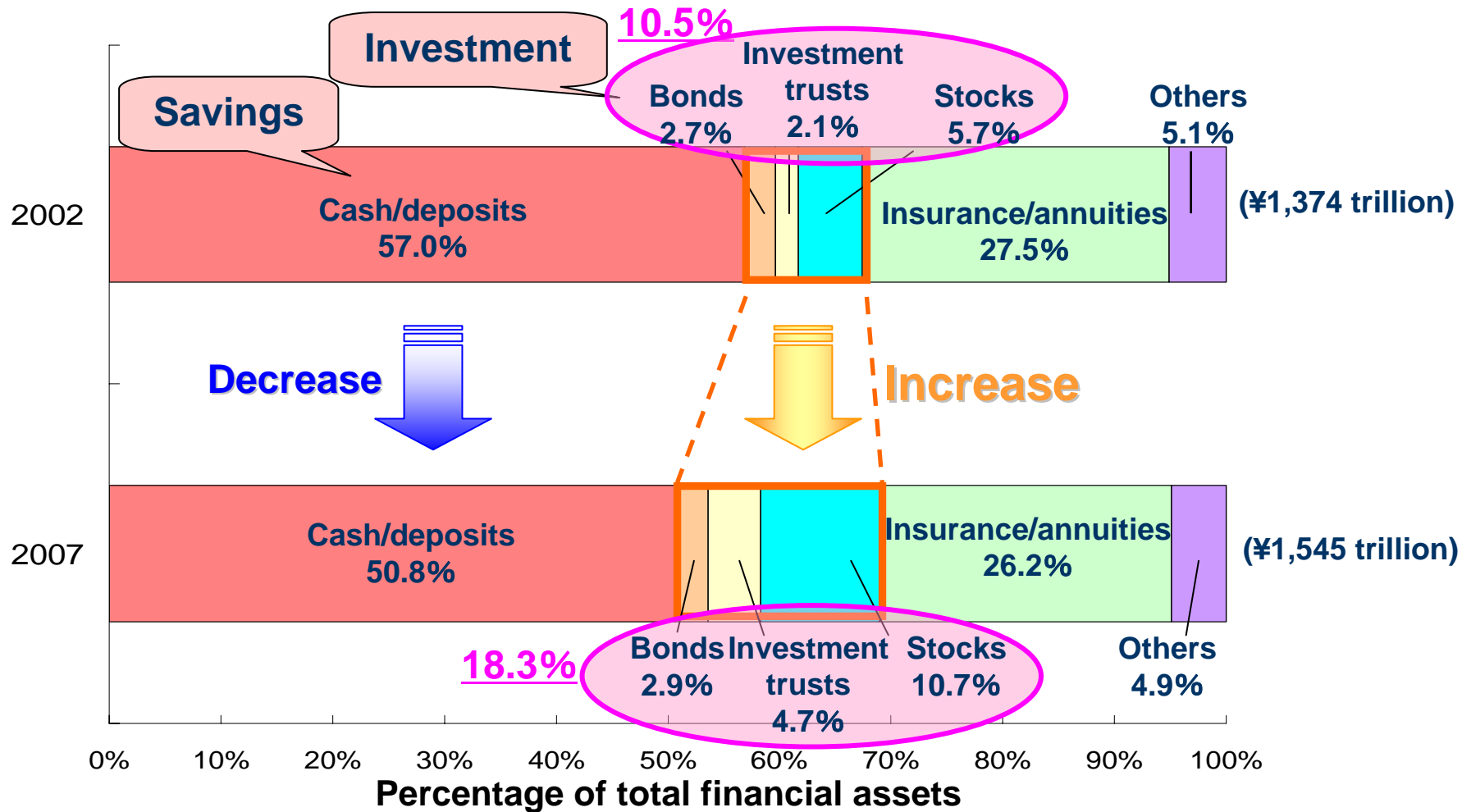
## SBI investee company, Broadmedia Corporation's business outline:

(holding ratio: 39.7% as of May 16)

- ① Contents services from making videos to broadcasting
- ② Provision of technology services to optimize the broadcasting of contents appropriately on the broadband Internet and mobile
- ③ Sales activities for communication infrastructure

## **4) The Shift from Savings to Investments**

# Change in Financial Assets of Individuals in Japan



Although “the society where the people invest and manage their assets” as in Europe or the U.S., is still away, the trend from savings to investments will continue

# Rapid Shift in Profit Structure of Securities Companies

**Investment trust revenues surpassed stock revenues for the first time at six securities companies\* in FY 2007**

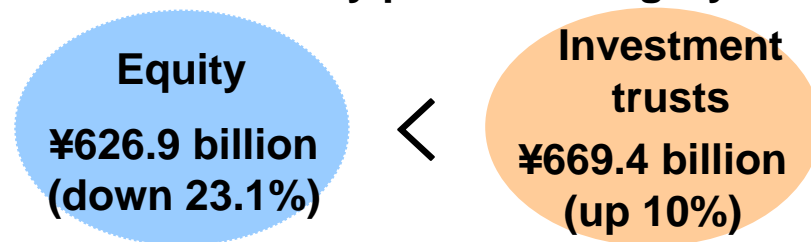
(\*Shinko, Tokai Tokyo, Ichiyoshi, Toyo, Takagi and Okasan Holdings)

Newspaper Article

*“Investment trust revenues exceed stock revenues at all other securities companies, too”*

- FY07 performance at 30 securities companies/groups -

Revenues by product category



Pct. in parenthesis is year-on-year comparison

(YoY)	Investment trust	Stock
Shinko	8.2	-32.1
Okasan	23.3	-21.1
Tokai Tokyo	8.7	-23.1
Ichiyoshi	-6.8	-30.6
Toyo	77.8	-8.8
Takagi	16.5	-27.8

(Unit: %)

*“Since investment trust revenue was already higher in FY 2006 at Japan’s major securities companies, including Nomura, Daiwa and Nikko Cordial, there is a clear shift in profit structure to investment trusts.”*

(from Nihon Keizai Shimbun, May 8, 2008)

**Provide a clear cost structure utilizing original cost indicators: “Zero Return Principal” and “Expense Ratio”**

(Available on “Cost Comparison 700”, a website service provided by SBI Fund Bank)

**Other SBI Fund Bank services:**

**1. Reward points for “Sales commission” and “Trust fees”**

**-Sales commission: Give back 50% of sales commission through reward points**

**-Trust fees: Give back 20% of sales companies’ share of trust fees through reward points\***



**Increase the number of gifts to exchange through reward points for customers who have a large number of points**

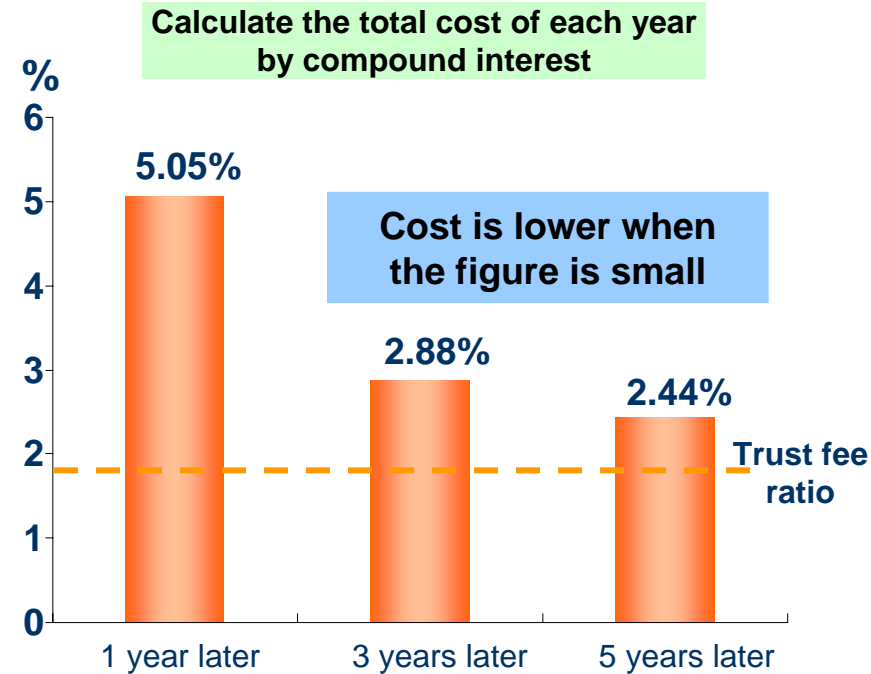
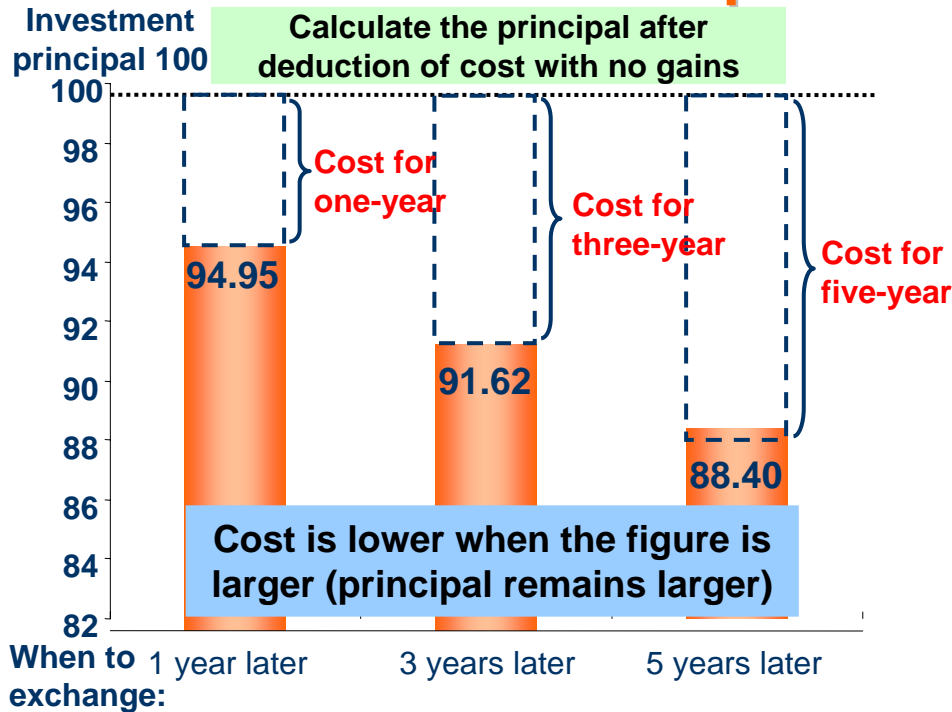
**Ex. Traveling coupons to stay at Japanese-style and western hotels**

**2. Planning to release a worldwide diversified fund over six categories at the lowest cost level in Japan (Researched by Sumishin Asset Management )**

\*Except for trust fees of less than 0.9% (pre-tax)

## Zero Return Principal

## Expense Ratio



\*Calculated based on sales commission of 3.15%, Trust fees of 1.785% and Trust assets withheld of 0.3%

(Ex.)

Fund	Sales commission (%)	Trust fees (%)	Trust fees withheld (%)	Cost ratio (annual compound interest)			Zero Return Principal 5 years later
				1 year	3 years	5 years	
<b>A fund</b>	0	0.5250	0	0.52	0.52	0.52	97.41
<b>B fund</b>	2.625	3.2550	0.300	5.96	4.13	3.76	82.56

If the fund manager achieves the performance of 0.15% in the five years,

**A fund: Five year Total cost is 2.6% (0.52%, annually) → Actual return is 12.4% (=15%-2.6%)**

**B fund: Five year Total cost is 17.4% (3.76%, annually) → Actual return is -2.4% (=15%-17.4%)**

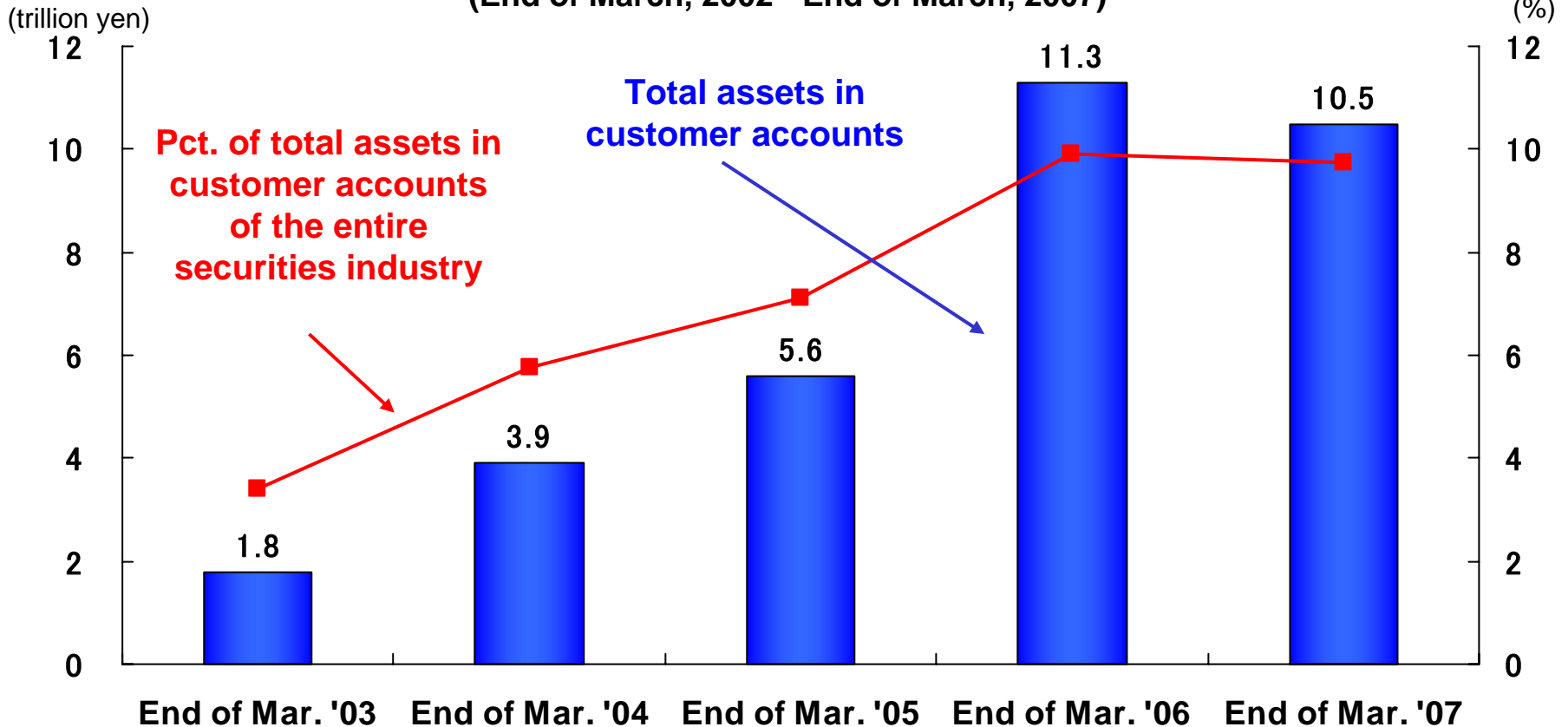
# Online Securities Brokerage is Expected to Grow Steadily

Assets of customer accounts at the five major online securities companies(\*) as a percentage of the total assets of customer accounts of the entire securities industry is increasing, but currently stands at only 10%

\*SBI E\*TRADE, Monex, Rakuten, Matsui, Kabu.com

## Assets of customer accounts at the five major online securities companies as a percentage of the total assets of customer accounts of the entire securities industry in Japan

(End of March, 2002 - End of March, 2007)





# **Part5    Stock Price Information**

# **(1) Change in Stock Price and Shareholder Composition**

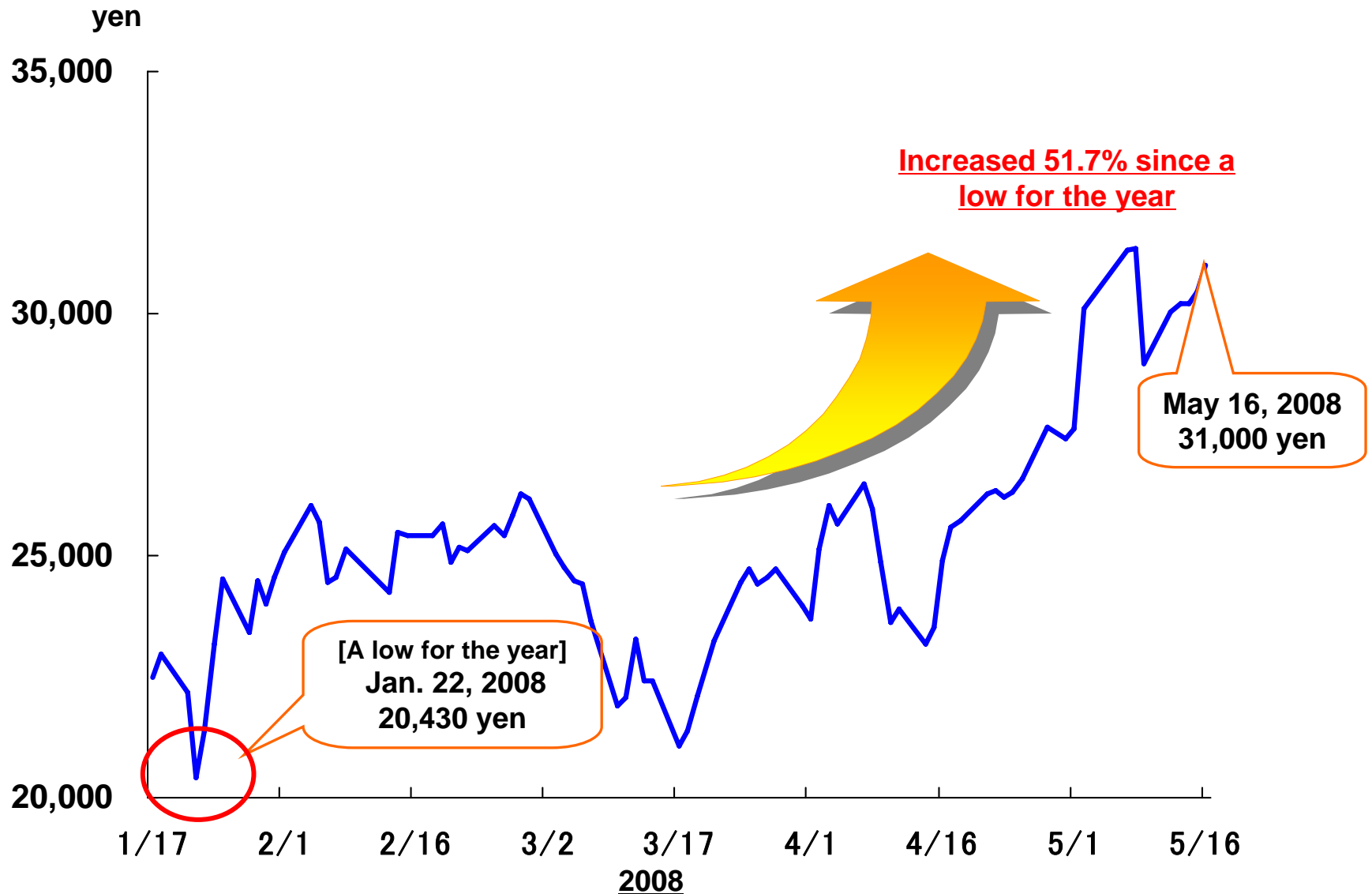
# Stock Price of SBIH

(January 1, 2005 - May 16, 2008)



# Stock Price of SBIH in the Last Four Months

(January 17, 2008 - May 16, 2008)



# Correlation of Stock Price of SBIH with Nikkei Average and Emerging Markets

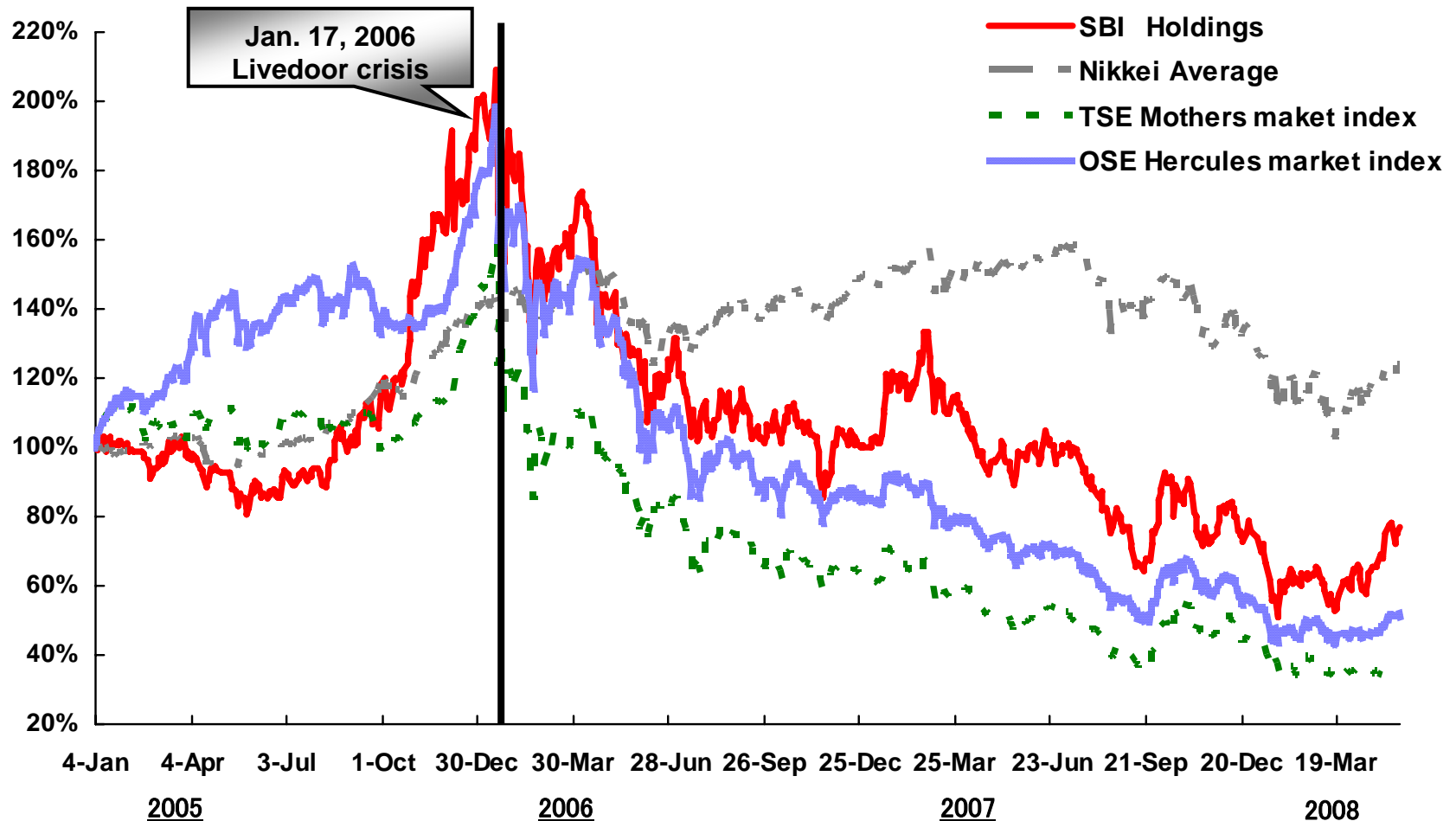
(January 1, 2005 - May 16, 2008)

## Coefficient of correlation before the “Livedoor crisis”

Nikkei Average: 0.96, TSE Mothers Market index: 0.80, OSE Hercules market index 0.60

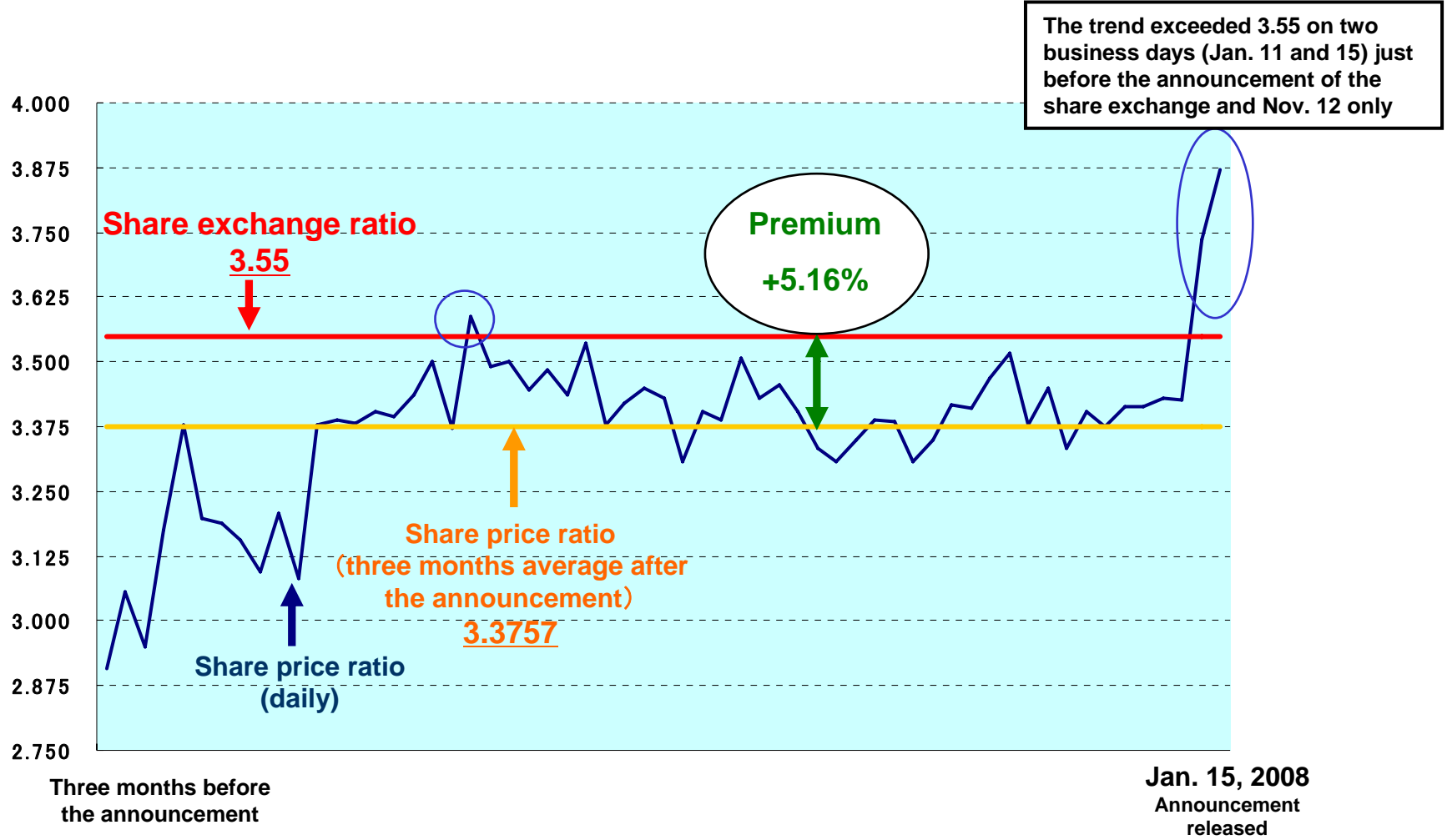
## Coefficient of correlation after the “Livedoor crisis”:

Nikkei Average: 0.48 , TSE Mothers Market index: 0.96 , OSE Hercules market index 0.97



# Change in the Share Price Ratio before the Announcement of Merger with SBI E\*TRADE SECURITIES

## Change in share price ratio of the past three months after the announcement of making SBI E\*TRADE SECURITIES a wholly owned subsidiary



\*Share price ratio = share price of SBI E\*TRADE SECURITIES / share price of SBI Holdings

# Press release regarding new reports (on Jan. 10, 2008) of last year's brokerage trading value for the five major Internet securities companies

**In response to the Nikkei Shimbun's article of Jan. 10, SBI E\*TRADE SECURITIES announced on the same day that its brokerage trading value increased on a YoY basis.**

\*announced 14:47 on Jan. 10, 2008

Newspaper Article

## 【Change in stock brokerage trading value】(Unit: million yen, %)

	2005 Jan. – Dec.	2006 Jan. – Dec.	2007 <sup>(*1)</sup> Jan. – Dec.
<b>SBI E*TRADE SECURITIES (YoY)</b>	59,827,920 —	88,985,639 (48.7%)	93,006,913 <b>(4.5%)</b>
<b>Total of the five major Internet securities companies<sup>(*2)</sup> (YoY)</b>	153,243,806 —	202,062,138 (31.9%)	185,458,049 <b>(-8.2%)</b>

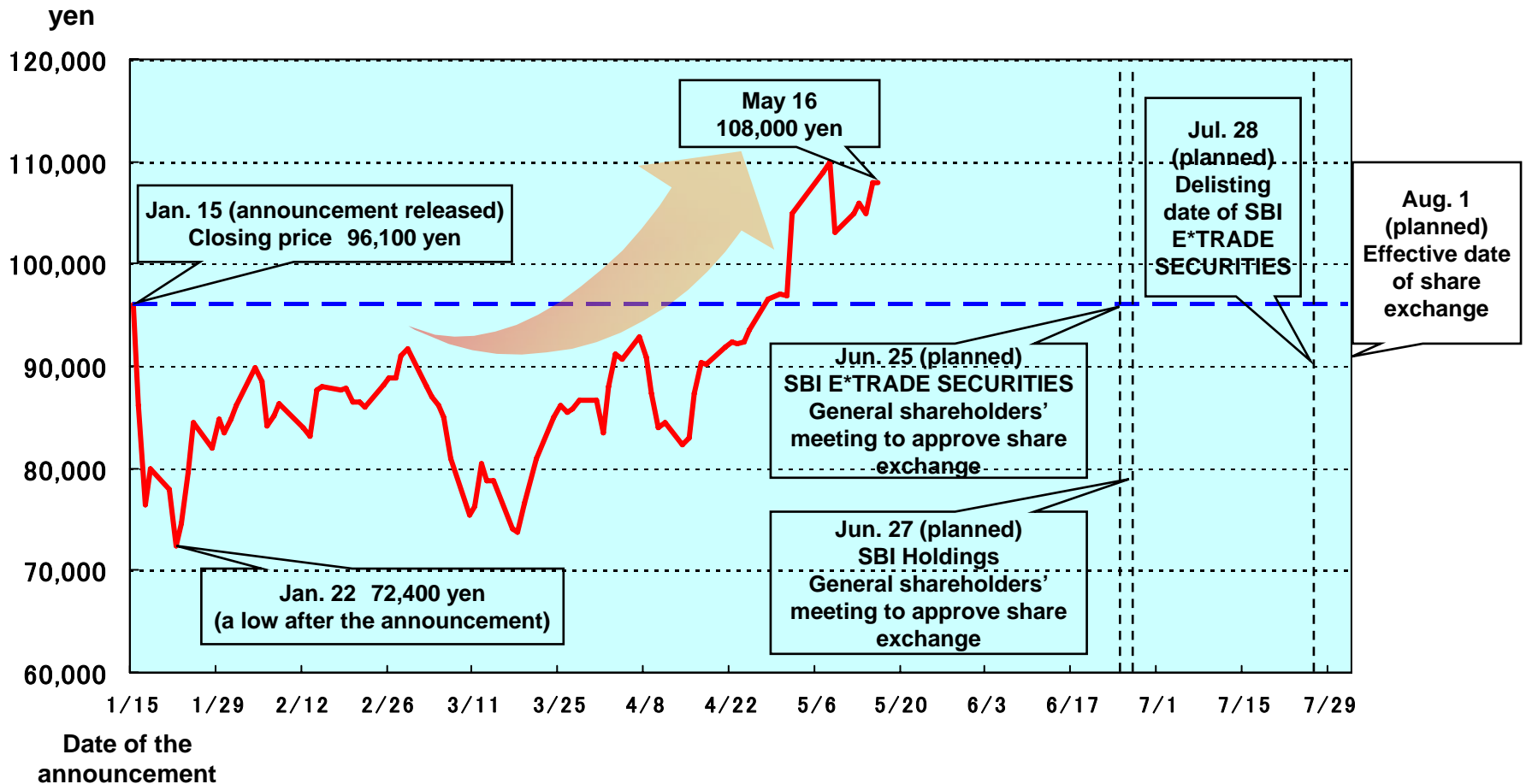
\*1 The above figure is based on online accounts though SBI E\*TRADE SECURITIES merged with SBI Securities in Nov. 2007 and holds face-to-face accounts.

\*2 The five major Internet securities companies are SBI E\*TRADE SECURITIES, Kabu.com, Matsui, Rakuten and Monex (Figures are based on companies materials from their websites and etc.)

(excerpt from Jan. 10 Nikkei Shimbun (morning paper))

# Change in the Stock Price after the Announcement of Making **SBI GROUP** SBI E\*TRADE SECURITIES a Wholly Owned Subsidiary

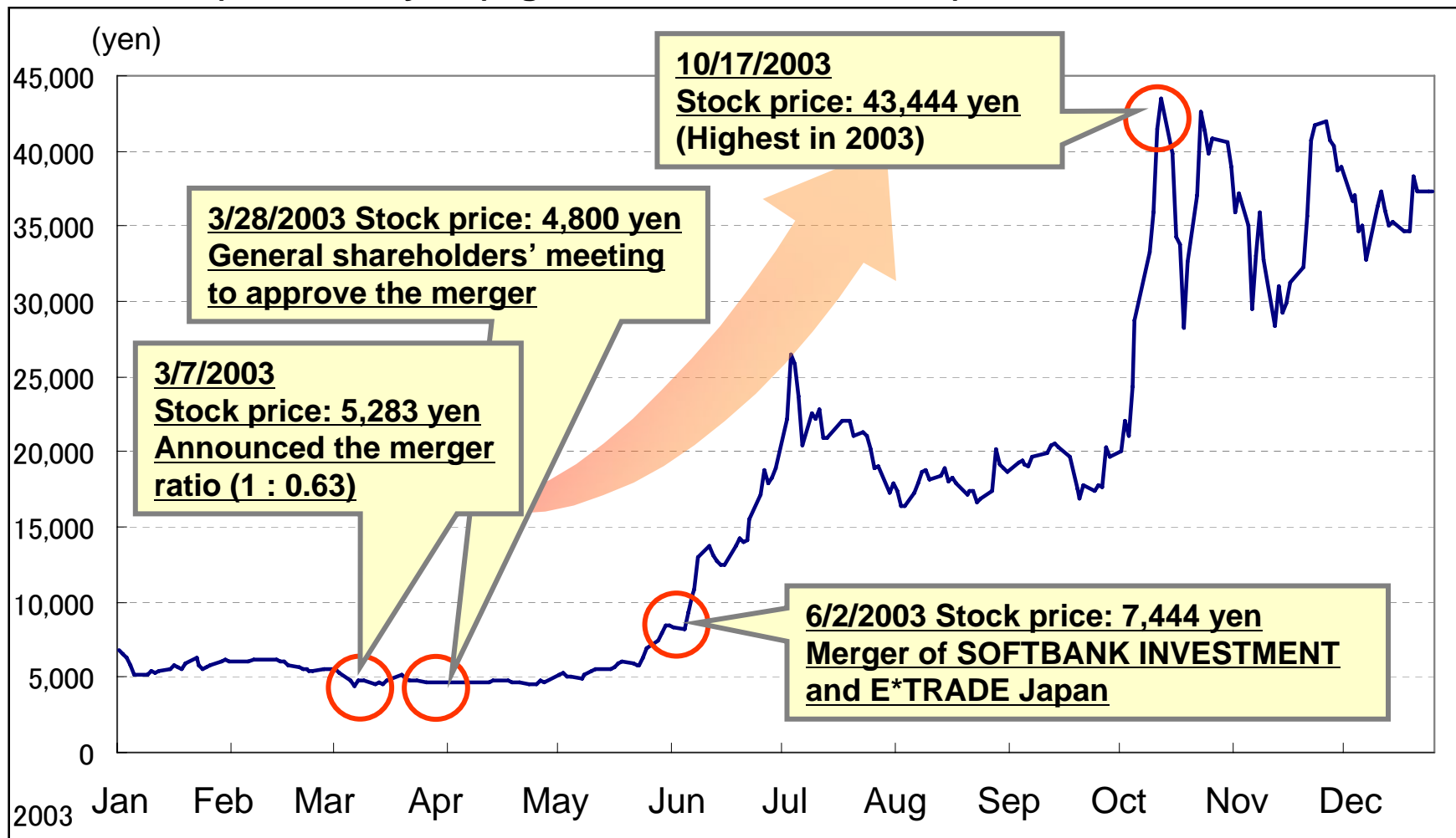
## Change in share price of SBI E\*TRADE SECURITIES after the announcement of making SBI\*TRADE SECURITIES a wholly owned subsidiary





# SBI Holdings Stock Price Following the June 2003 E\*TRADE SECURITIES Merger

When SBIH (formerly SOFTBANK INVESTMENT) merged with E\*TRADE Japan, the number of shares issued increased 124% from about 337 thousand to about 756 thousand. But the SBIH stock price rose from 5,283 yen (when merger ratio was announced) to 43,444 yen (high for month of Oct. 2003), an increase of 722%.



\*Closing price adjusted by modifying the figures before the stock split into those after the stock split

# Shares to be Issued in the Share Exchange

**Total Shares to be issued in the Share Exchange:  
About 5.4 million shares  
(about 44% of shares outstanding)**

[Assumption]

All figures are calculated based on the current share prices of both SBI Holdings and SBI E\*TRADE SECURITIES

Note: All figures are calculated based on current share prices and are subject to change owing to market conditions

# Current Estimate of FY08 Earnings Per Share (1)

- In fiscal 2007, net income was affected by an extraordinary loss resulting from impairment for the stock of affiliated companies, deferred tax liabilities associated with the agreement to sell E\*TRADE Korea stock. After excluding these items, fiscal 2007 effective net income was about 11.3 billion yen and earnings per share was 1,003.26 yen.
- This EPS is equivalent to net income of about 14.9 billion yen for FY08.

⇒ **Reaching this figure will require additional earnings of 3.6 billion yen  
(14.9 billion yen – 11.3 billion yen) -----(1)**

- **About 2.3 billion yen  
(Assuming no changes in other items, an earnings increase of this amount will prevent a decline in EPS)**

## [Assumptions for this estimate]

- Average shares issued of about 14.87 million for FY08
- SBI E\*TRADE SECURITIES net income in fiscal 2008 is assumed to be about 13.4 billion yen, which is this company's fiscal 2007 net income after excluding the effect of deferred tax liabilities recorded in conjunction with the agreement to sell E\*TRADE Korea stock.
- Additional goodwill of 78 billion yen owing to the share exchange to make SBI E\*TRADE SECURITIES a wholly owned subsidiary, to be amortized in 20 years.

\*The above figures are based on currently available information and may be changed in the future.

# Current Estimate of FY08 Earnings Per Share (2)

## <Positive Factors for Net Income>

- **Growth in overseas earnings for the Asset Management Business**  
**Example: Earnings from New Horizon Fund**  
**FY07: 3.6 billion yen (actual) ⇔ FY08: 9.6 billion yen (estimate)**
- **Expect extraordinary gain of 13.9\* billion yen by selling stocks of E\*TRADE Korea** \*Converted from won to yen based on the exchange rate as of Apr. 9, 2008 (1 won=0.1034 yen)
- **Larger contribution to earnings through growth at SBI E\*TRADE SECURITIES**

## Estimate of Required Net Income Growth at SBI E\*TRADE SECURITIES

	Current assumption	+10%	+20%	+30%
FY Net Income (billion yen)	13.4	14.8	16.1	17.4
Required Growth in Net Income (billion yen)	2.3	1.0	-0.4	-1.7

### [Assumptions for this estimate]

- Average shares issued of about 14.87 million for FY08
- SBI E\*TRADE SECURITIES net income in fiscal 2008 is assumed to be about 13.4 billion yen, which is this company's fiscal 2007 net income after excluding the effect of deferred tax liabilities recorded in conjunction with the agreement to sell E\*TRADE Korea stock.
- Additional goodwill of 78 billion yen owing to the share exchange to make SBI E\*TRADE SECURITIES a wholly owned subsidiary, to be amortized in 20 years.

\*The above figures are based on currently available information and may be changed in the future.

# Current Estimate of FY09 Earnings Per Share (1)

- In fiscal 2007, net income was affected by an extraordinary loss resulting from impairment for the stock of affiliated companies, deferred tax liabilities associated with the agreement to sell E\*TRADE Korea stock. After excluding these items, fiscal 2007 effective net income was about 11.3 billion yen and earnings per share was 1,003.26 yen.
- This EPS is equivalent to net income of about 16.7 billion yen for FY09.

⇒ **Reaching this figure will require additional earnings of 5.4 billion yen (16.7 billion yen – 11.3 billion yen) -----(1)**

- About 3.4 billion yen (Assuming no changes in other items, an earnings increase of this amount will prevent a decline in EPS)

## [Assumptions for this estimate]

- Average shares issued of about 16.68 million for FY09
- SBI E\*TRADE SECURITIES net income in fiscal 2009 is assumed to be about 13.4 billion yen, which is this company's fiscal 2007 net income after excluding the effect of deferred tax liabilities recorded in conjunction with the agreement to sell E\*TRADE Korea stock.
- Additional goodwill of 78 billion yen owing to the share exchange to make SBI E\*TRADE SECURITIES a wholly owned subsidiary, to be amortized in 20 years.

\*The above figures are based on currently available information and may be changed in the future.

# Current Estimate of FY08 Earnings Per Share (2)

## <Positive Factors for Net Income>

- Growth in overseas earnings for the Asset Management Business  
Example: Earnings from New Horizon Fund  
FY07: 3.6 billion yen (actual) ⇔ FY09: 9.1 billion yen (estimate)
- Larger contribution to earnings through growth at SBI E\*TRADE SECURITIES

## Estimate of Required Net Income Growth at SBI E\*TRADE SECURITIES

	Current assumption	+10%	+20%	+30%
FY Net Income (billion yen)	13.4	14.8	16.1	17.4
Required Growth in Net Income (billion yen)	3.4	2.1	0.8	-0.6

### [Assumptions for this estimate]

- Average shares issued of about 16.68 million for FY09
- SBI E\*TRADE SECURITIES net income in fiscal 2009 is assumed to be about 13.4 billion yen, which is this company's fiscal 2007 net income after excluding the effect of deferred tax liabilities recorded in conjunction with the agreement to sell E\*TRADE Korea stock.
- Additional goodwill of 78 billion yen owing to the share exchange to make SBI E\*TRADE SECURITIES a wholly owned subsidiary, to be amortized in 20 years.

\*The above figures are based on currently available information and may be changed in the future.

# Examination of SBIH's Shareholder Value after Merger with SBI E\*TRADE SECURITIES (1)



## <Assumptions >

- The number of shares issued used for calculation of the theoretical stock price is 16.68 million, the number of shares outstanding after making SBI E\*TRADE SECURITIES a wholly owned subsidiary.
- Market capitalization based on closing prices on May 16, 2008.
- Asset Management Business: Product of average market cap multiples for peer companies (JAFCO, JAIC) versus FY2007 operating income and FY2007 operating income for this SBIH business unit.
- Brokerage & Investment Banking Business: Also includes 100% of the market cap of SBI E\*TRADE SECURITIES and that of SBI Futures in proportion to the equity interest of SBIH (including indirect holdings).
- Financial Services Business: Also includes the market cap of SBI VeriTrans and Morningstar Japan, in proportion to the equity interest of SBIH.
- Housing and Real Estate Business: Product of average market cap multiples for peer companies (Joint Corporation, ZEPHYR, CREED and Raysum (former RECRM RESERCH)) versus the FY2008 operating income forecast and the FY2008 operating income forecast for this SBIH business unit.

# Examination of SBIH's Shareholder Value after Merger with SBI E\*TRADE SECURITIES (2)

(Unit: million yen)

	Market cap by segment (Theoretical value)
Asset Management	239,582
Brokerage & Investment Banking	375,097
Financial Services (listed subsidiaries)	11,642
Financial Services (new and other businesses)	(+)
Housing and Real Estate	17,486
<b>Total</b>	<b>643,807(+)</b>

**Theoretical stock price** (yen)  
(based on closing prices on May 16, 2008)

**38,604(+)**

<reference> based on closing stock price of Mar. 31, 2008: **29,734(+)** yen  
based on closing stock price of Apr. 30, 2008: **34,806(+)** yen

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

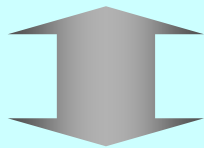


# Comparison of Stock-related Indicators of SBIH

Stock price  
as of Mar. 31, 2008

Forecasted PER(\*1)

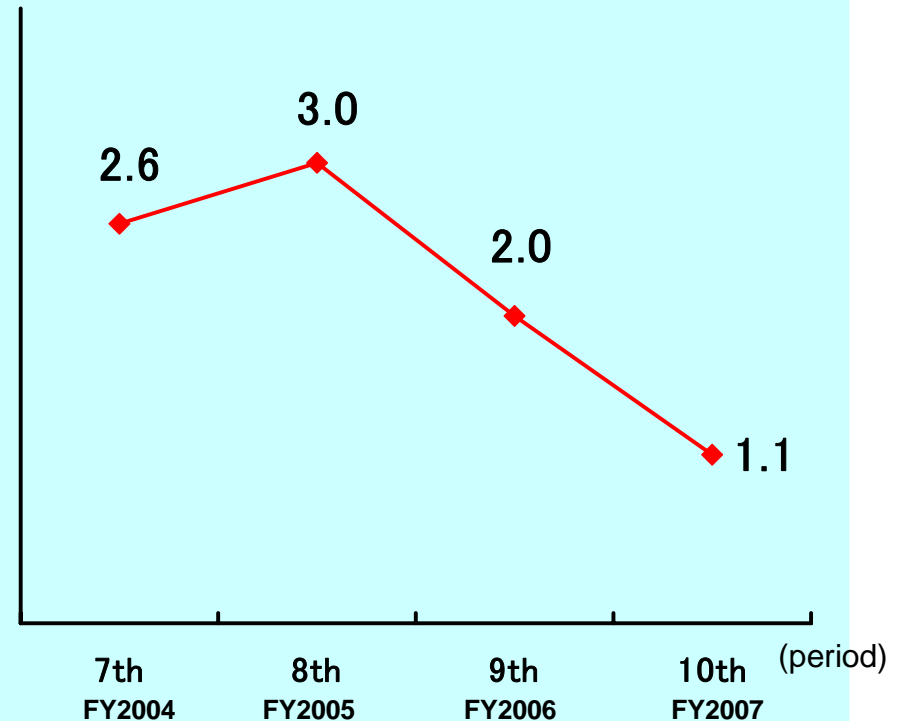
**14.1 times**



Average forecasted  
PER(\*1) of the three  
major VC companies

**26.1 times**

## Change in PBR(\*2)



\*1 Based on forecasted net income per share in FY2008 on the spring issue of Toyo Keizai Shimpousha and Kaisha Shikihou

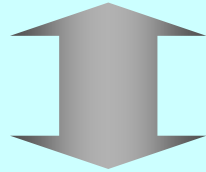
\*2  $PBR = (\text{Closing price as of the end of each fiscal year}) \div (\text{Net assets per share as of the end of each fiscal year})$

# Comparison of Stock-related Indicators of SBI E\*TRADE

**Stock price  
as of Mar. 31, 2008**

**Forecasted PER(\*1)**

**19.2 times**



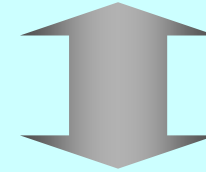
**Average forecasted PER(\*1)  
of listed online securities  
companies**

**17.0 times**

**Share price  
as of Mar. 31, 2008**

**PBR(\*2)**

**1.9 times**



**Average PBR(\*2) of  
listed online securities  
companies**

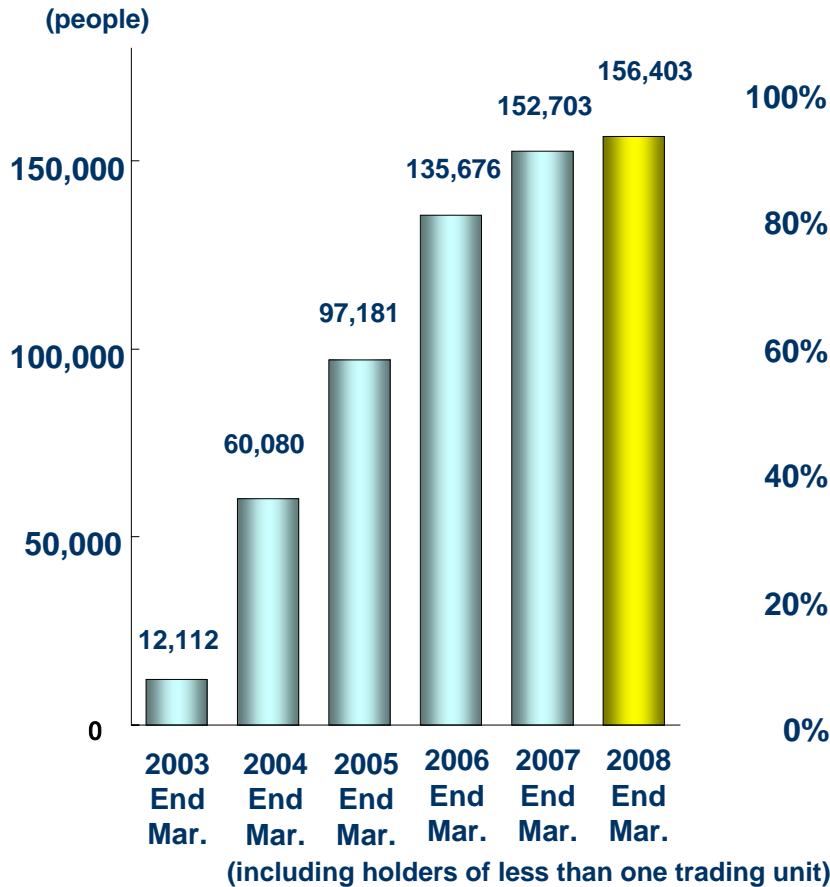
**2.4 times**

\*1 Based on forecasted net income per share in FY2008 on the spring issue of Toyo Keizai Shimpousha and Kaisha Shikihou

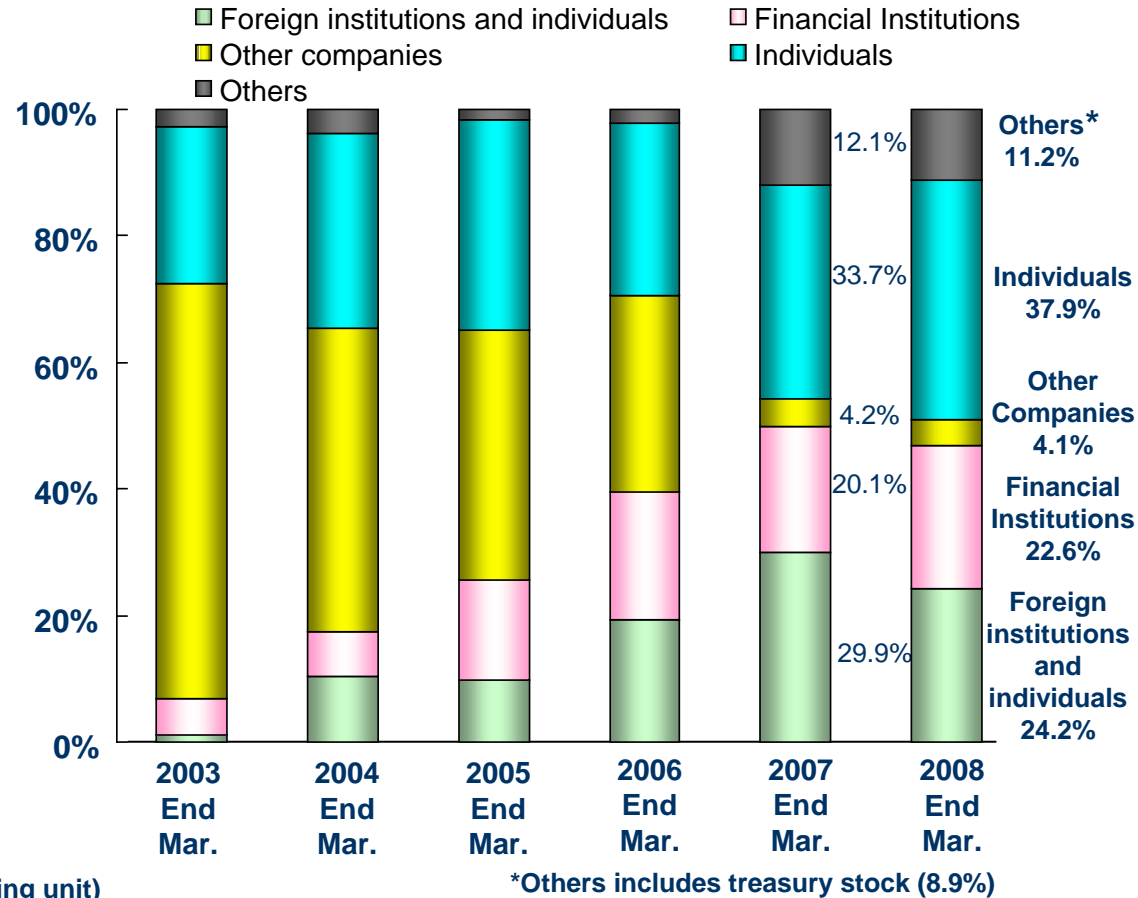
\*2 Based on net assets per share as of the end of FY2007

# SBI Holdings Shareholder Composition

## Number of Shareholders



## Shareholder Composition



### 【Reference】

Number of shareholders of SBI E\*TRADE SECURITIES as of Mar. 31, 2008: 86,368

Simple combination with that of SBIH as of Mar. 31, 2008: 242,771

# Recent Major Shareholdings Report of SBIH

Shareholding entity	Mitsubishi UFJ Trust and Banking Mitsubishi UFJ Securities Mitsubishi UFJ Asset Management MU Investments	Capital Guardian Trust Company Capital International Limited Capital International Inc. Capital International S.A.			
		Report Obligation Incurred	Feb. 29, 2008	Apr. 15, 2008	Apr. 30, 2008
Number of shares currently held (shares)	627,131 (Total)	717,348 (Total)	922,561 (Total)	1,064,822 (Total)	
Currently held shares as Pct. of the total outstanding shares of SBIH (%)	<b>Total: 5.05</b> Mitsubishi UFJ Trust and Banking (1.73) Mitsubishi UFJ Securities (0.14) Mitsubishi UFJ Asset Management (1.35) MU Investments (1.82)	<b>Total: 5.77</b> Capital Guardian Trust Company (1.35) Capital International Limited (3.07) Capital International Inc. (0.90) Capital International S.A. (0.45)	<b>7.42</b> (1.82) (3.89) (1.15) (0.56)	<b>8.56</b> (2.08) (4.50) (1.35) (0.62)	

## **Capital Group purchased and increased shares of SBIH (Apr. 15 & 30)**

5 companies of Capital Group International (incl. 4 companies that purchased shares of SBIH), are the asset management section for institutional investors such as pension funds, and are acknowledged for its excellent long-term investment returns. [Their total assets under management is estimated at 39 trillion yen](#), and they have been investing in Japanese stocks for about 50 years. Their investment amount in Japan is estimated at about 5 trillion yen, exceeding Fidelity Investments' estimated assets in Japan of about 4 trillion yen (as of Jun. 2007).

\* The number of shares held and those as pct. of the total outstanding shares as of the dates of each report obligation incurred.

## **(2) SBIH's Commitment to Shareholder Value**

# SBIH Group Companies' Firm Commitment to Distributing Earnings to Shareholders - FY2007 Dividends



## SBI E\*TRADE

The FY07 ordinary dividend is 1,700 yen per share, which is the same as in FY06 that included a 100 yen commemorative dividend for the E\*TRADE Korea IPO that year.

## Morningstar Japan

The FY07 ordinary dividend is 550 yen per share, which is 120% higher than the 250 yen dividend in FY06, owing to the strong consolidated operating results of that company. Even after including the 250 yen commemorative dividend in FY06 for the IPO of subsidiary Gomez Consulting, the dividend is 50 yen higher.

## Gomez Consulting: Started paying a dividend in FY07

The FY07 ordinary dividend is 2,400 yen per share, including an interim dividend of 1,200 yen.

## SBI VeriTrans: Started paying a dividend in FY07

The FY07 ordinary dividend is 500 yen per share.

# SBI Holdings Dividend

**Total dividend of 1,200 yen per share to be paid for FY2007  
(allotment by 600 yen each in interim and year-end)**

(Expected starting date of year-end dividend payment : June 13, 2008)

(Unit: yen, per share)

	Interim	Year end		Annual
		Commemorative (for merger)	Ordinary	
Fiscal 2007	<u>600</u>	-	<u>600</u>	<u>1,200</u>
Fiscal 2006	600	-	600	1,200
Fiscal 2005	-	100	500	600
Fiscal 2004	-	-	350	350

# SBIH Starts Shareholder Special Benefit Plan to

## Promote Opening of Internet Bank Accounts

- Planning to introduce shareholder special benefit plan to other SBIH Group companies -

Number of shares owned as of Mar. 31, 2008 (share)	Number of rewards points offered
Over 1 – Under 10	500
Over 10 – Under 30	1,000
Over 30 – Under 50	3,000
Over 50 – Under 100	5,000
Over 100 – Under 300	10,000
Over 300	30,000

Offers rewards points “Arigaton”, which is available on “EG Satellite”, a website operated by SBI Point Union



(500 points = 400yen)



Shareholders are able to change “Arigaton” into cash if they designate SBI Sumishin Net Bank for transfer

(Number of shareholders of SBIH as of Mar. 31, 2008: 156,403)



# Started Production of Radio Program (Radio Nikkei)

- Program includes SBH Group commercials -

**Name of program: “The Search for Companies with Big Dreams”**

**The program takes listeners to companies in all areas of Japan that have big dreams. The objective of the program is to provide investors with information on companies that may become publicly owned in the future and small companies that have recently conducted an initial public offering.**

**Media: 1) Radio Nikkei 2) Internet on demand broadcast (\*1)  
3) Podcasting (\*2)**

**Time: 9:00-9:30AM Saturday (on Radio Nikkei)**

**Season: May 3, 2008 to March 28, 2009**



**Radio Nikkei (short-wave band) can be heard by 8.81 million households throughout Japan**

(\*1) Individuals can use an Internet link to hear a program at any time after the initial radio broadcast.

(\*2) Programs can be downloaded to an iPod or other digital audio player by using software used for listening to music.

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