

SBI Holdings, Inc. 2008 Information Meeting

November 25 Osaka

November 26 Nagoya

November 29 Tokyo

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

[Part 1]

**Unprecedented Adverse Business Environment
and the Consolidated Financial Performance
for the First Six-month Period Ended
September 30, 2008**

[Part 2]

**The Current Business Environment as a
Pre-condition for Near-term Business
Developments**

[Part 3]

**Foundation for Substantive Medium-term
Business Expansion**

[Part 1]

Unprecedented Adverse Business Environment and the Consolidated Financial Performance for the First Six-month Period Ended September 30, 2008

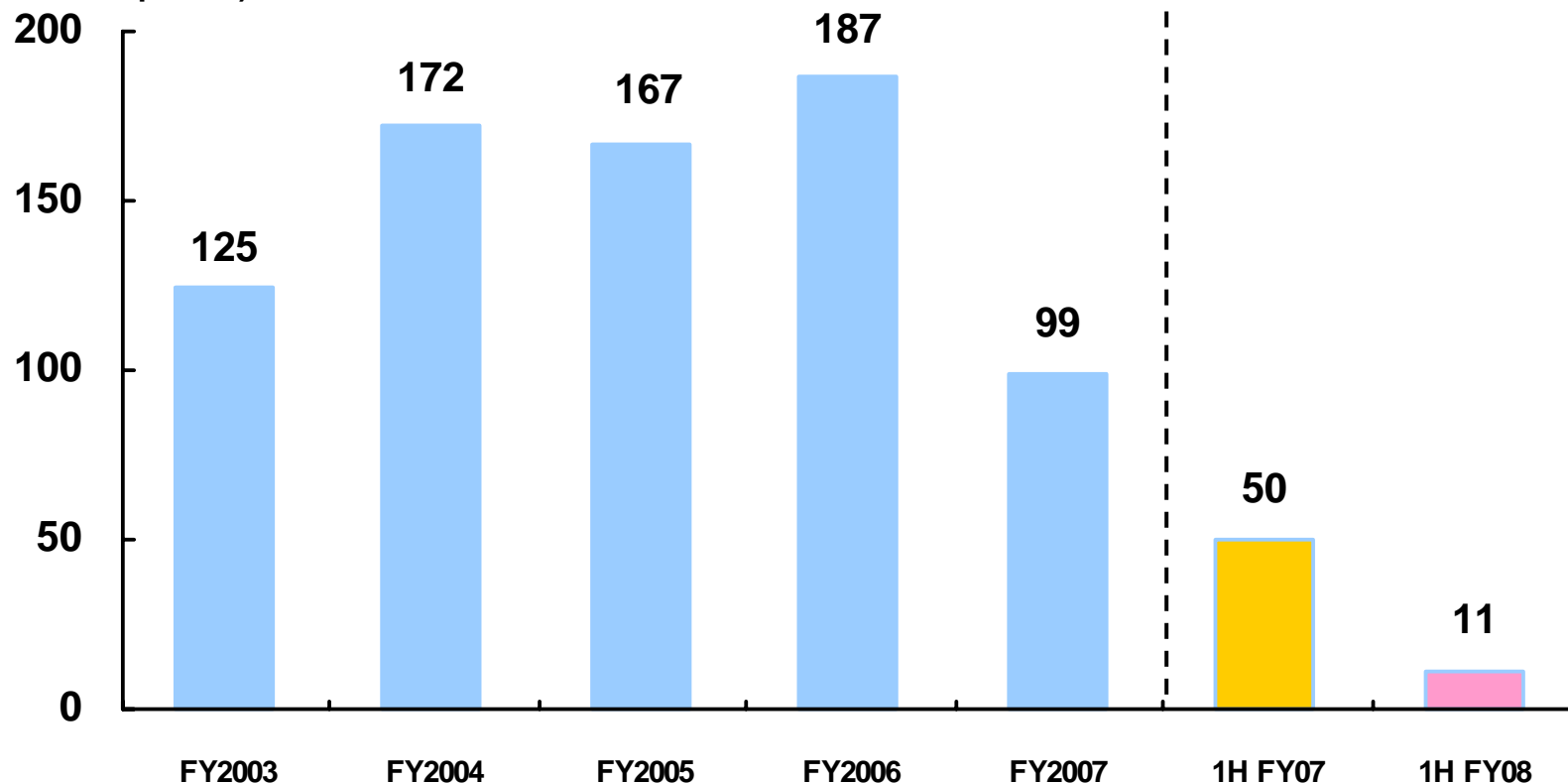
(1) Unprecedented Adverse Business Environment

Number of IPOs in Japan on a FY Basis

Fewer than 100 companies completed IPOs during FY2008, which is the lowest level of IPOs in the past 5 years.

In the first half of FY2008, only 11 companies conducted IPOs, which was even fewer than in the first half FY 2007.

(Unit: companies)



Global Market Downturn

The world financial markets were besieged by a meltdown, as the Nikkei Average declined to **6994.90 yen** on October 28, marking the lowest price level post the bursting of the bubble economy.



The world's market capitalization decreased by approx. 3,000 trillion yen from its peak at the end of Oct. 2007

Decline in the world's major stock markets since the end of Oct. 2007 (excerpt)

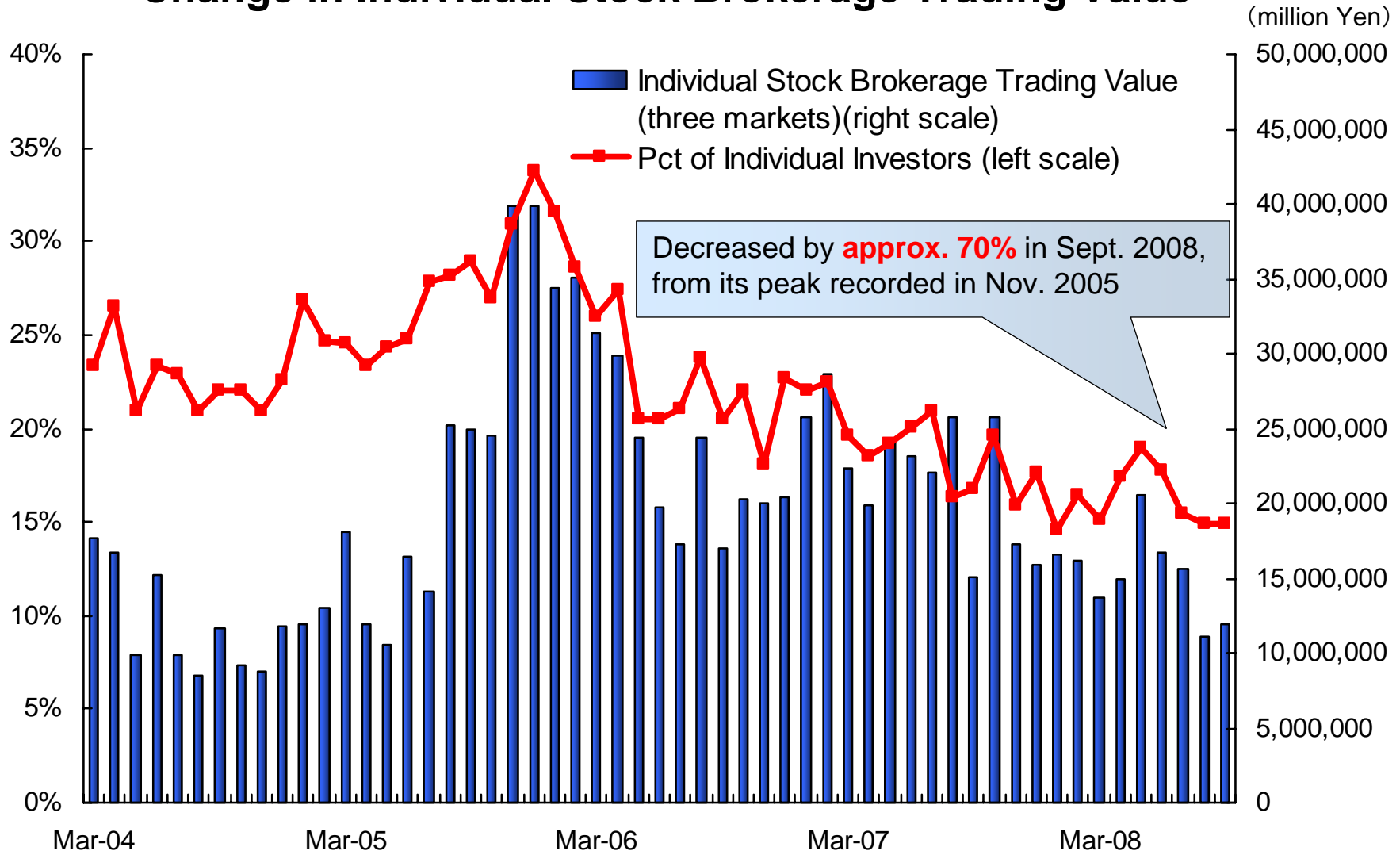
(Unit: %)

Russia	75.3
China	69.1
Singapore	57.5
India	56.1
South Korea	54.5
Japan	54.3
Brazil	51.8
Germany	46.4
United Kingdom	42.2
United States	39.8

Newspaper Article

Downward Trend of Individual Stock Brokerage Trading Value Through 1H 2008

Change in Individual Stock Brokerage Trading Value



Deepening Downturn in the Real Estate Market **SBI** Holdings

**“Total number of commercial real-estate transactions decreased by 40%”
(Sept. 2008)**

- The number of large transactions of office buildings and commercial real estate decreased by 40% YoY for the 3rd straight month -

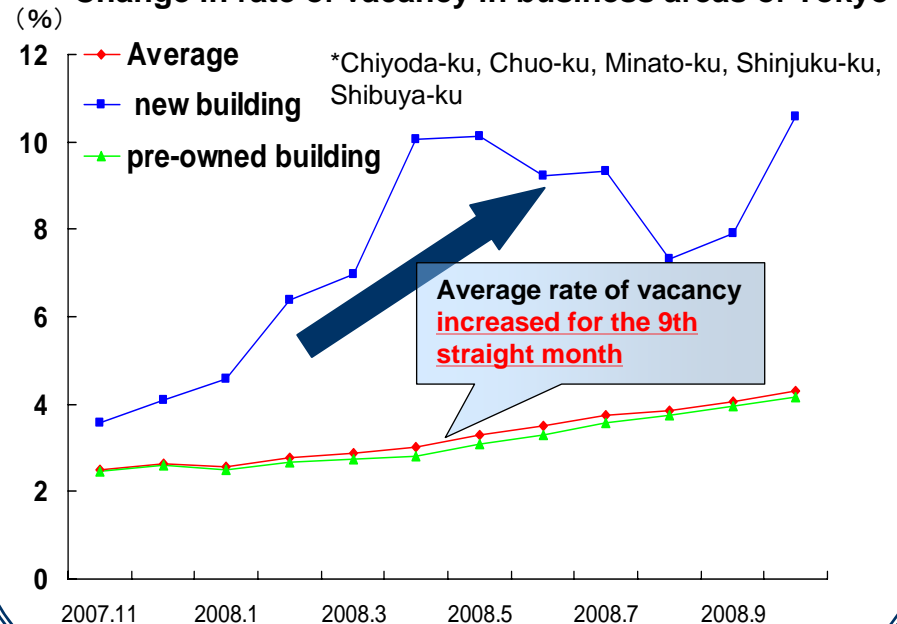
Newspaper Article

**“TSE REIT Index declined approx. 60% compared with year earlier level”
(Nov. 2008)**

- On Sept. 24, Re-plus, a listed REIT management company, fell into bankruptcy.
- On Oct. 9, New City Residence Investment Corporation filed for court protection, which was the first bankruptcy in the history of J-REIT.

“Rate of vacancy increased even in the Tokyo metropolitan area”**

Change in rate of vacancy in business areas of Tokyo



Source: Miki Shoji Company "MIKI OFFICE REPORT Tokyo 2008.11"

(2) The Consolidated Financial Performance for the First Six-month Period Ended September 30, 2008

FY2008/1H Consolidated Performance

(Unit: million yen)

	FY2007/1H (Apr.-Sept. 2007)	FY2008/1H (Apr.-Sept. 2008)	YoY Change (%)
Operating Revenues	118,031	71,747	-39.2
Operating Income	23,409	6,330	-73.0
Ordinary Income	20,937	4,773	-77.2
Income Before Income Taxes	25,075	1,275	-94.9
Net Income	8,938	-1,523	—

SBI Holdings Quarterly Results (Consolidated)



(Unit: million yen)

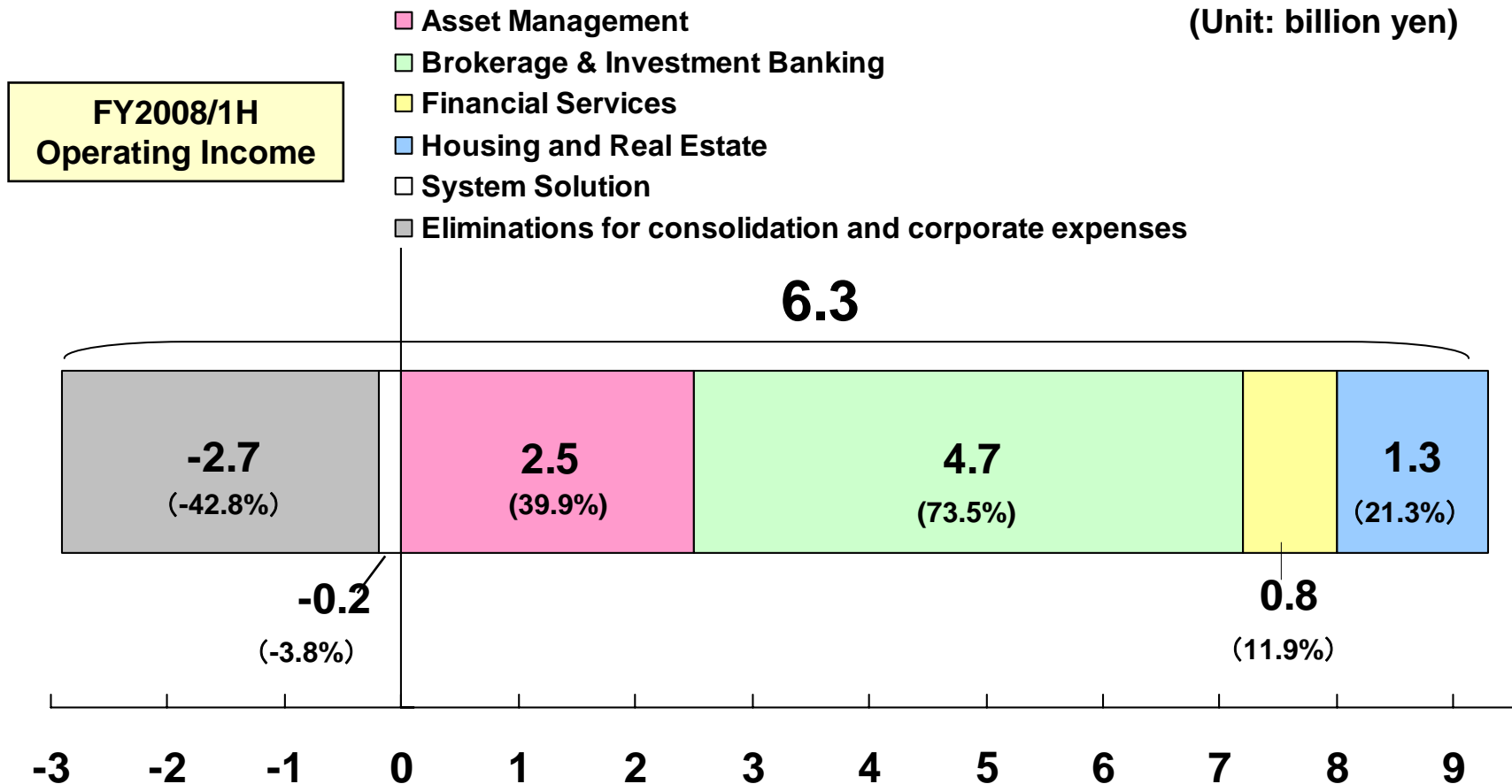
	FY2007			FY2008	
	2Q (Jul.-Sept. 2007)	3Q (Oct.-Dec. 2007)	4Q (Jan.-Mar. 2008)	1Q (Apr.-Jun. 2008)	2Q (Jul.-Sept. 2008)
Operating Revenues	61,945	52,082	52,454	34,603	37,143
Operating Income	10,688	9,482	9,714	3,908	2,421
Ordinary Income	8,747	7,062	7,687	3,296	1,476
Income Before Income Taxes	8,832	5,538	*1 -1,794	*2 -7,327	*3 8,602
Net Income	3,034	1,584	-6,294	-5,908	4,385

*1 Recorded an extraordinary loss of 9.3 billion yen for stock investment valuation losses, primarily due to the amortization of all goodwill resulting from asset impairment for the stock of affiliated companies (ZEPHYR, etc.) based on market values at the end of March 2008

*2 Recorded an extraordinary loss of 9.4 billion yen for stock investment valuation losses for ZEPHYR stock after ZEPHYR filing for the Japanese version of Chapter 11 bankruptcy filing

*3 Recorded an extraordinary gain of 10.4 billion yen from the sale of E*TRADE Korea stock

Comparison of Operating Income by Segment



All of SBIH Group's major business segments maintained positive operating incomes

Highlights of FY2008/1H Consolidated Performance

Major SBIH Group business segments remained profitable at the operating level despite challenges of an unprecedented magnitude

Despite these challenges, the Asset Management Business, Brokerage & Investment Banking Business, Financial Services Business and Housing and Real Estate Business all posted positive operating income.

Extraordinary gains were insufficient to offset extraordinary losses because of the volatility of the Korean won and other factors

Extraordinary loss of 12.0 billion yen on sale of investment securities due to sale of ZEPHYR stock and funds held by SBI SECURITIES. Extraordinary gain from sale of investment securities (E*TRADE Korea stock) was only 10.4 billion yen, due to decline in the Korean won's value.

Completed the Sale of E*TRADE Korea Stock

[Summary of Stock Transfer]

- ① **Schedule:**
 - Apr. 10, 2008 : Concluded basic agreement**
 - Sept. 26, 2008: Approved by Financial Supervisory Services of Korea**
 - Sept. 29, 2008: Completed share transfer**

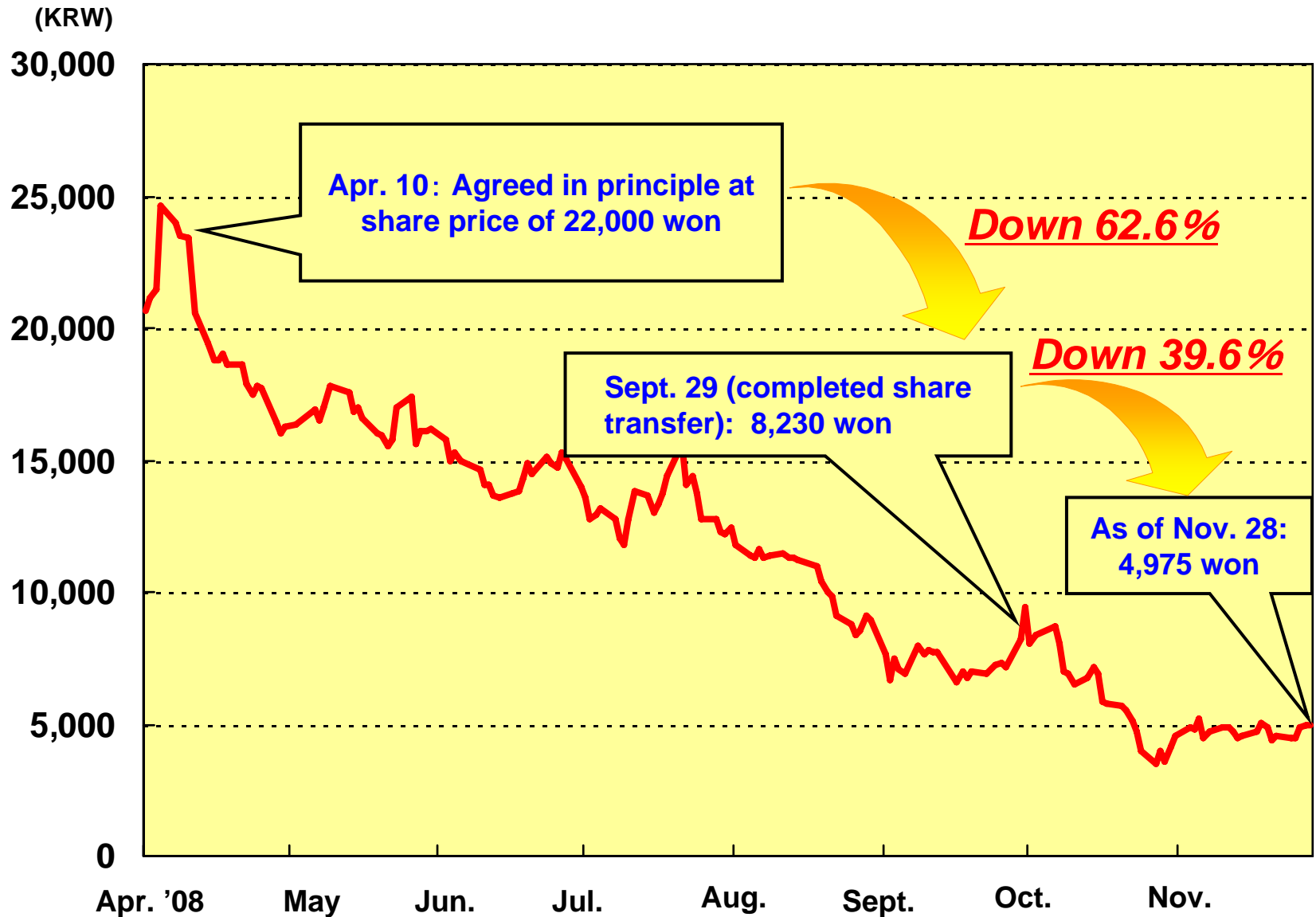
- ② **Transferee of the shares:** **G&A KBIC PRIVATE EQUITY FUND**

- ③ **Number of shares:** **9,744,000 (71.4% of total outstanding shares)**

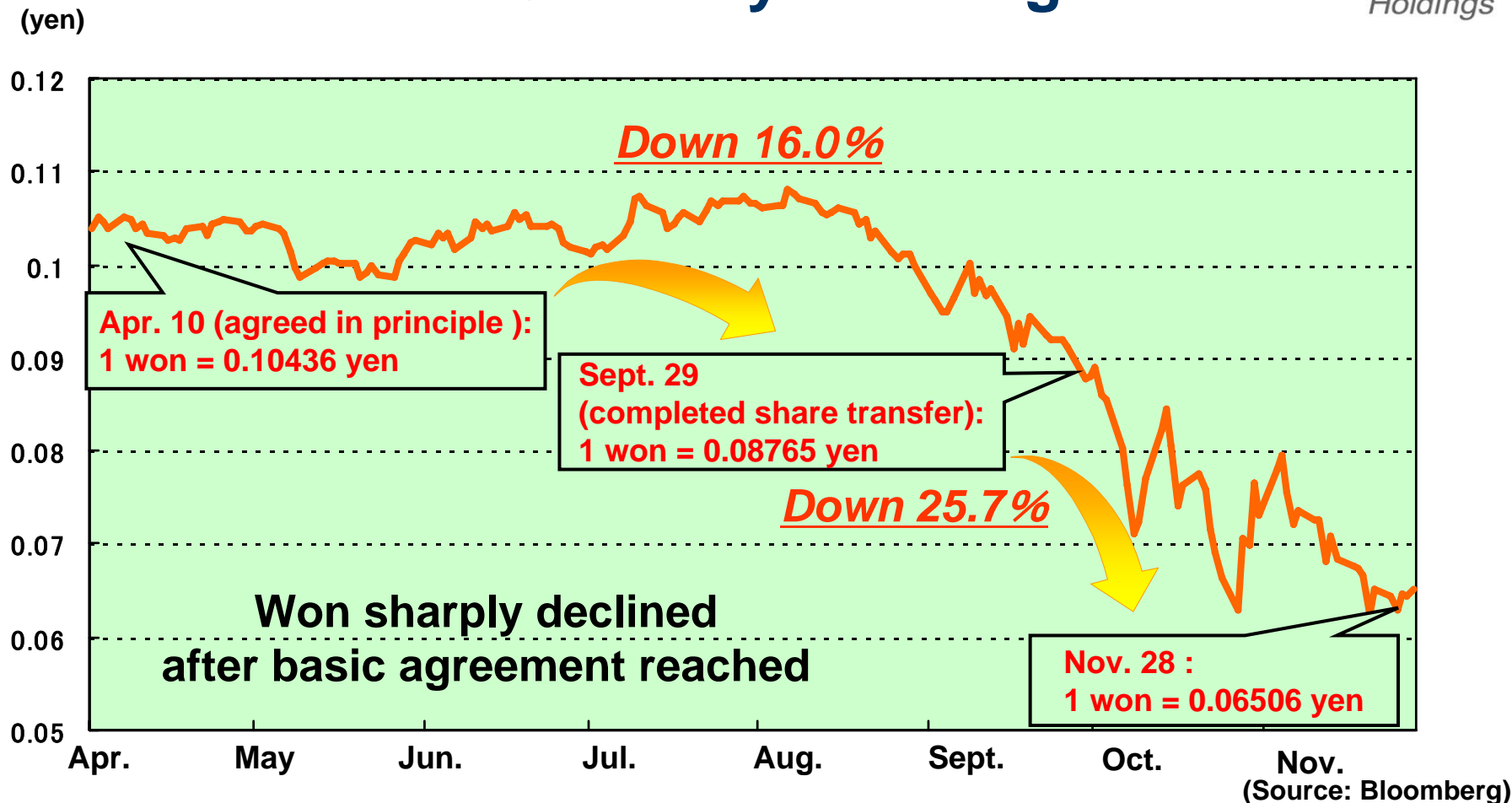
- ④ **Amount transferred:** **214,368 mil. won (22,000 won per share)**

Note: Share price of E*TRADE Korea as of Sept. 29, 2008: 8,230 won
Share price of E*TRADE Korea as of Nov. 19, 2008 : 4,885 won

Change in Share Price of E*TRADE Korea



KRW – JPY Currency Exchange Rate



**Extraordinary gain
Effect on net income**

Basic agreement
(estimate)*

13.9 bil. yen

8.2 bil. yen



FY08/1H Performance
(fixed)

10.4 bil. yen

6.2 bil. yen

* Assuming that SBI SECURITIES was wholly owned subsidiary when basic agreement was reached

(3) Comparison of the SBIH Group's Major Business Segments with Competitors

Comparison with the Major VC Companies (1)

FY08/1H performance comparison of SBIH Asset Management business and major venture capital companies

(Unit: billion yen, %)

	Operating Revenues	YoY Change	Operating Income	YoY Change
SBIH Group's Asset Management Business	8.7	-78.3	2.5	-67.8
JAFCO (*without consolidating funds)	14.1	-20.7	1.5	-66.6
JAIC	6.7	-41.2	-3.1	- *2
Daiwa SMBC Capital	5.3	-33.4	-9.1	- *3

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

*1 JAFCO adopts method of excluding the consolidation of funds, whereas the performances of other 3 companies include the consolidation of funds

*2 Operating Income of 1H/FY07 posted -4.2 billion yen

*3 Operating Income of 1H/FY07 posted 1.9 billion yen

*4 Amounts are rounded to nearest 100 million yen

Comparison with the Major VC Companies (2)

(Unit: million Yen)

	New Investment Amount			
	2Q FY2008 (Jul-Sept)	1H FY2008 (Apr-Sept)	(ref.) 1H FY2007	(ref.) FY 2007 (full year)
SBIH Group's Asset Management Business	23,543	50,716	48,740	101,041
JAFCO	8,317	23,027	28,493	39,094
JAIC	6,042	10,526	12,358	23,950
Daiwa SMBC Capital	4,326	6,309	7,546	15,420

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

Note: Figures of New investment amount above are the total amount of each company and its consolidated investment funds.

SBI SECURITIES' Ranking in the Securities Industry (1)

(Customer Base and Revenues - Six-month period FY2008, consolidated)

Ranking by Customer Accounts

(number of accounts)

1	Nomura *1	4,281,000
2	Daiwa *2	3,088,000
3	Nikko *3	2,384,000
4	SBI	1,735,589
5	Mitsubishi UFJ *4	1,207,000
6	Shinko	1,048,000
7	Monex	864,064
8	Rakuten *5	773,169
9	Matsui	750,872
10	kabu.com	639,832

(Source: Compiled by SBIH based on available information)

*1 Residual accounts

*2 As of the end of June 2008

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

*4 As of the end of June 2007

*5 Rakuten Securities closed certain non-active customer accounts in June 2008

*6 Total Revenues
(based on the U.S. accounting standard)

*7 Non-consolidated basis

Ranking by Operating Revenues

(million yen)

1	Nomura *6	515,608
2	Daiwa	296,935
3	Mitsubishi UFJ	288,254
4	Mizuho	207,193
5	Nikko *3	141,352
6	Shinko	63,400
7	Okasan	29,301
8	SBI	26,658
9	Tokai Tokyo	24,827
10	SMBC Friend	24,582
11	Mizuho Investors	21,241
12	Matsui	15,022
13	Monex	13,952
14	Rakuten	12,331
15	kabu.com *7	8,706
16	Ichiyoshi	8,640
17	Cosmo	8,142
18	Toyo	7,102

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

SBI SECURITIES' Ranking in the Securities Industry (2)

(Income - Six-month period FY2008, consolidated)

Ranking by Operating Income

(million yen)

1	Matsui	6,487
2	SBI	6,406
3	Mitsubishi UFJ	5,120
4	Nikko *2	4,285
5	Monex	3,998
6	SMBC Friend	3,432
7	kabu.com *3	3,310
8	Rakuten	2,611
9	Tokai Tokyo	1,506
10	Okasan	122
11	Ichiyoshi	-501
12	Toyo	-591
13	Shinko	-994
14	Cosmo	-3,563
15	Mizuho Investors	-6,152
16	Mizuho	-17,239
17	Daiwa	-26,616
18	Nomura *1	-153,605

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

Ranking by Net Income

(million yen)

1	SBI	8,902
2	Matsui	3,923
3	SMBC Friend	2,872
4	kabu.com *3	2,091
5	Tokai Tokyo	2,047
6	Nikko *2	1,954
7	Okasan	683
8	Monex	244
9	Shinko	56
10	Toyo	-372
11	Ichiyoshi	-865
12	Cosmo	-2,523
13	Rakuten	-3,966
14	Mizuho Investors	-5,913
15	Mitsubishi UFJ	-11,081
16	Daiwa	-14,637
17	Mizuho	-19,810
18	Nomura	-149,464

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

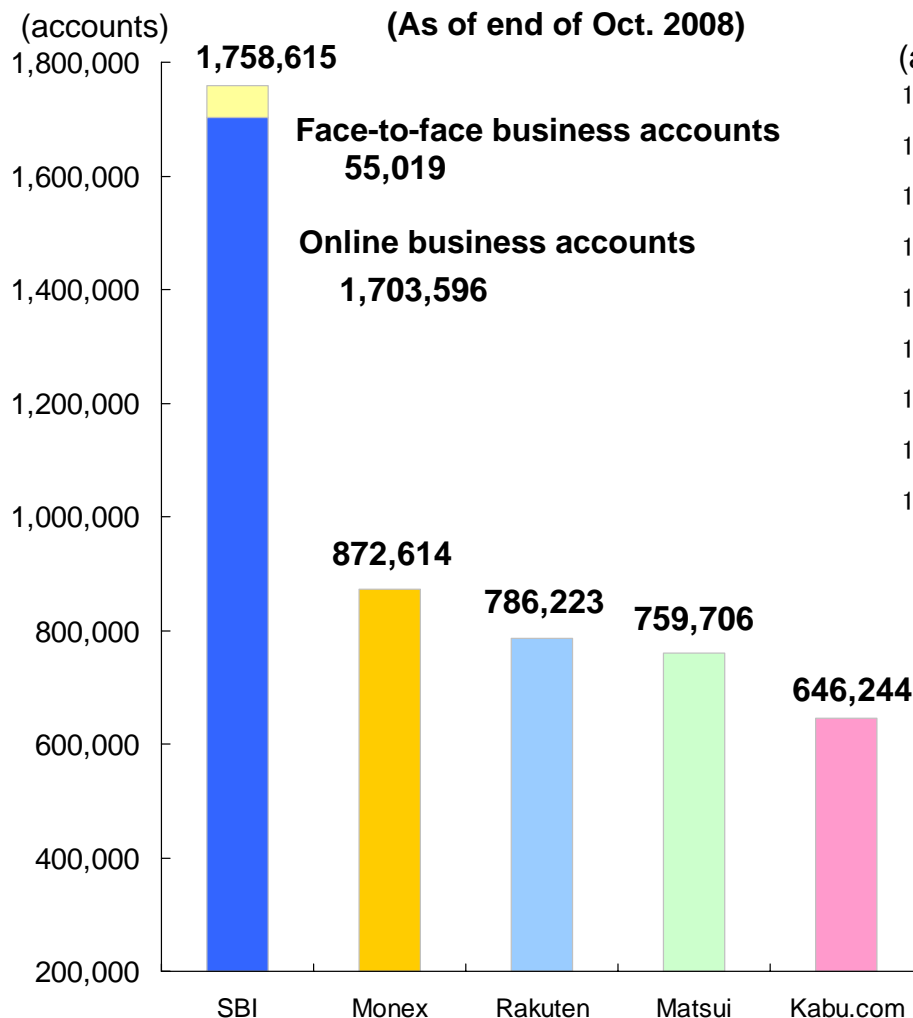
*1 Pre-tax income in operating income (based on the U.S. accounting standard)

*2 Nikko includes the total of Nikko Cordial Securities and Nikko Citigroup

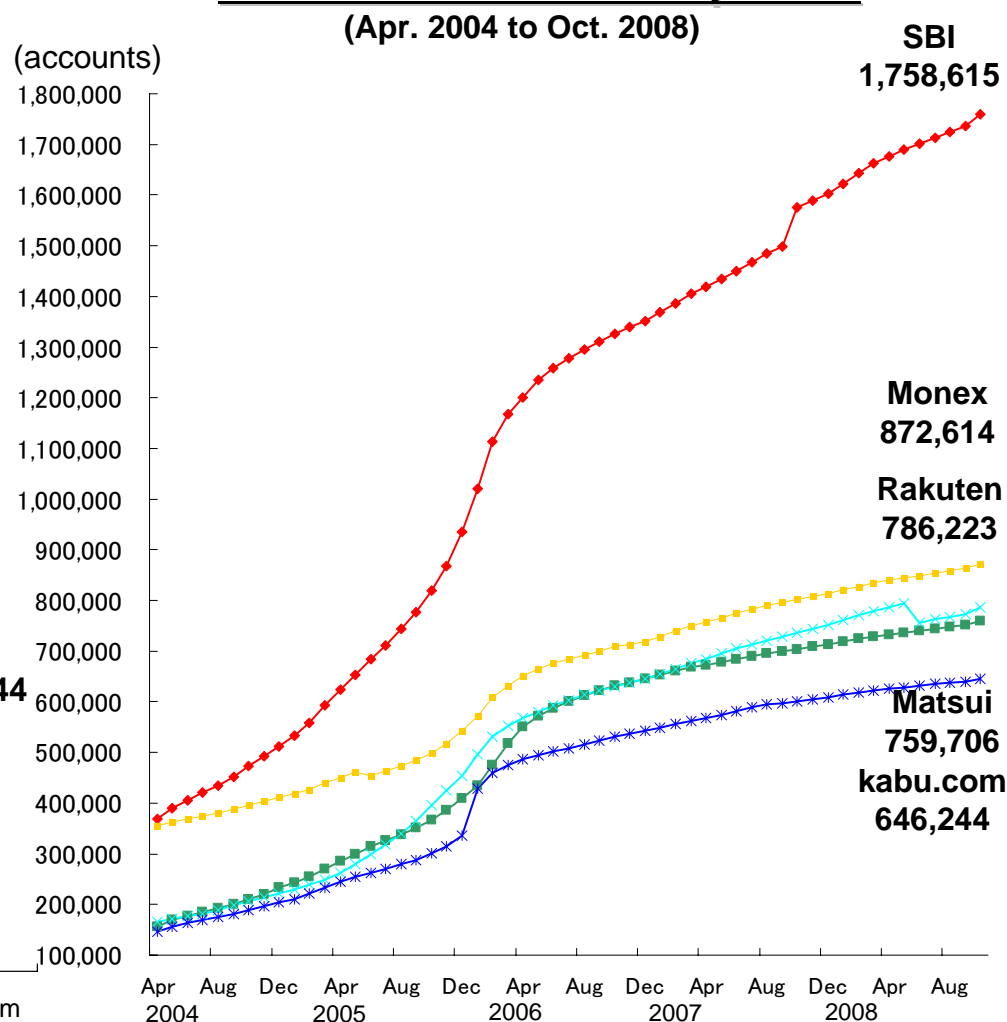
*3 Non-consolidated basis

Customer Account Comparison of Five Major Online Securities Companies

Customer accounts of 5 major online securities companies



Customer account trend of 5 major online securities companies



Note: 1. Monex includes the total of Monex Securities and Nikko Beans.
2. kabu.com Securities merged with MeNet Securities on January 1, 2006.
3. SBI SECURITIES merged with SBI Securities on October 1, 2007.

4. Rakuten Securities closed certain non-active customer accounts in June 2008

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

Comparison of Stock Brokerage Trading Value with Big Three Securities Companies

Change in brokerage trading value

Share in 2Q FY2008:

Passed Nomura in 4Q FY2004

SBI
16,079
(8.6%)

Nomura 12,368 (6.6%)

Daiwa SMBC 6,583 (3.5%)

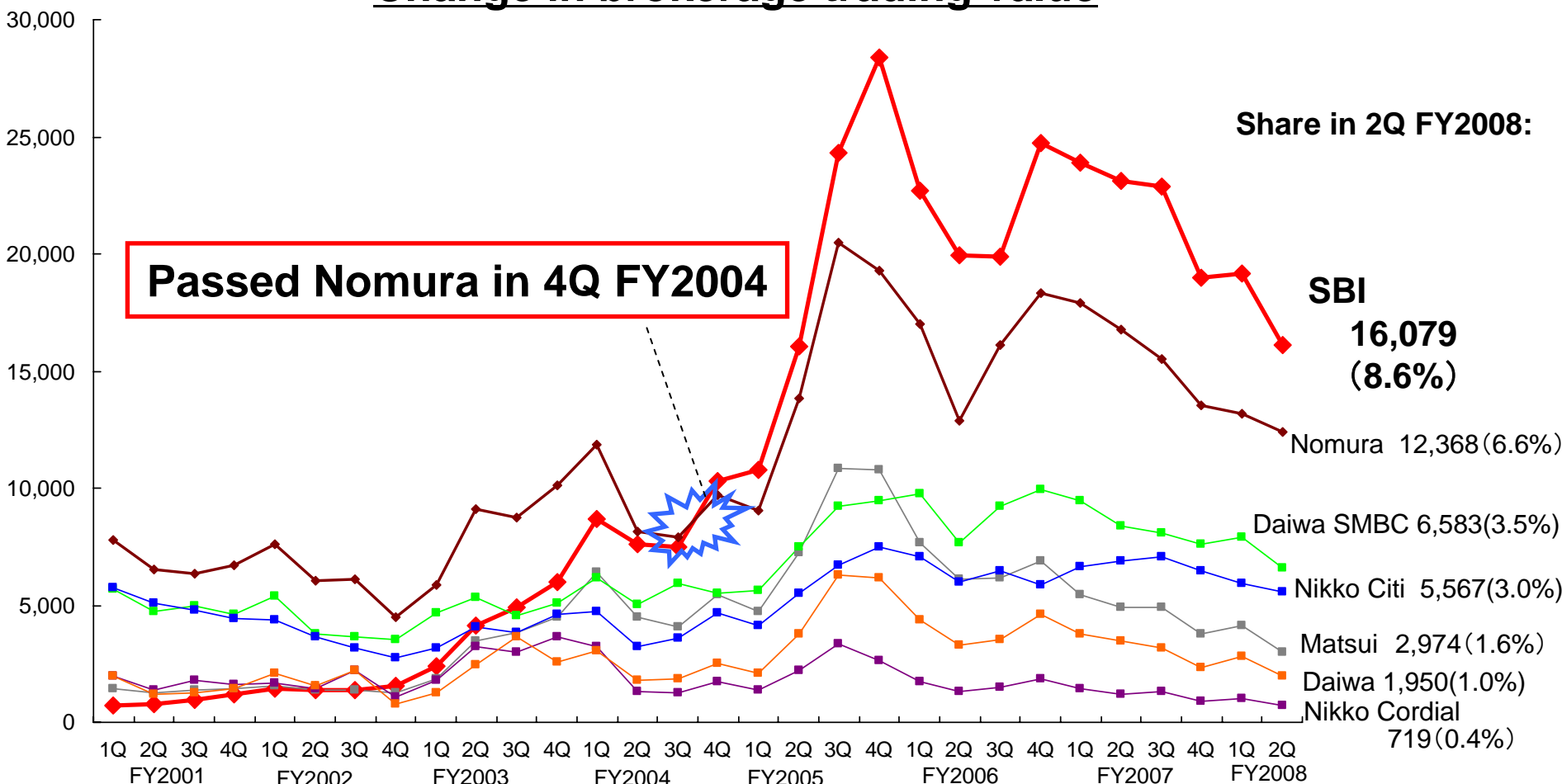
Nikko Citi 5,567 (3.0%)

Matsui 2,974 (1.6%)

Daiwa 1,950 (1.0%)

Nikko Cordial
719 (0.4%)

(billion yen)



[Part 2]

The Current Business Environment as a Pre-condition for Near-term Business Developments

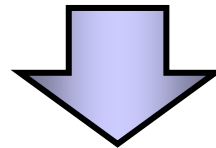
- (1) Concentrate on Stable Financial Management**
- (2) Streamline the SBIH Group to Reflect the Existing
Operating Environment**
- (3) Endeavor to Make New Businesses Profitable or
Reduce the Deficit Earlier**
- (4) Establish Businesses That can Quickly Contribute
to an Increase in Profits**

(1) Concentrate on Stable Financial Management

Bonds to Be Redeemed (SBI Holdings)

Bonds of SBIH to be redeemed during this fiscal year

	Amount (100 mil. yen)	Redemption period
Unsecured Straight Bond (Already Redeemed)	500.0	Sept. 2008
Yen-denominated CB (maturing in 2008)	59.4[*]	Nov. 2008
Total	559.4	



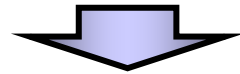
*** Amount of bonds yet to be converted
as of the end of Sept. 2008**

Required funds already secured through refinancing with Mizuho Corporate Bank, Sumitomo Mitsui Banking, the Sumitomo Trust and Banking, Bank of Tokyo-Mitsubishi UFJ, and SBIH's own capital

Bonds to Be Redeemed (SBI SECURITIES)

Bonds of SBI SECURITIES to be redeemed during this fiscal year

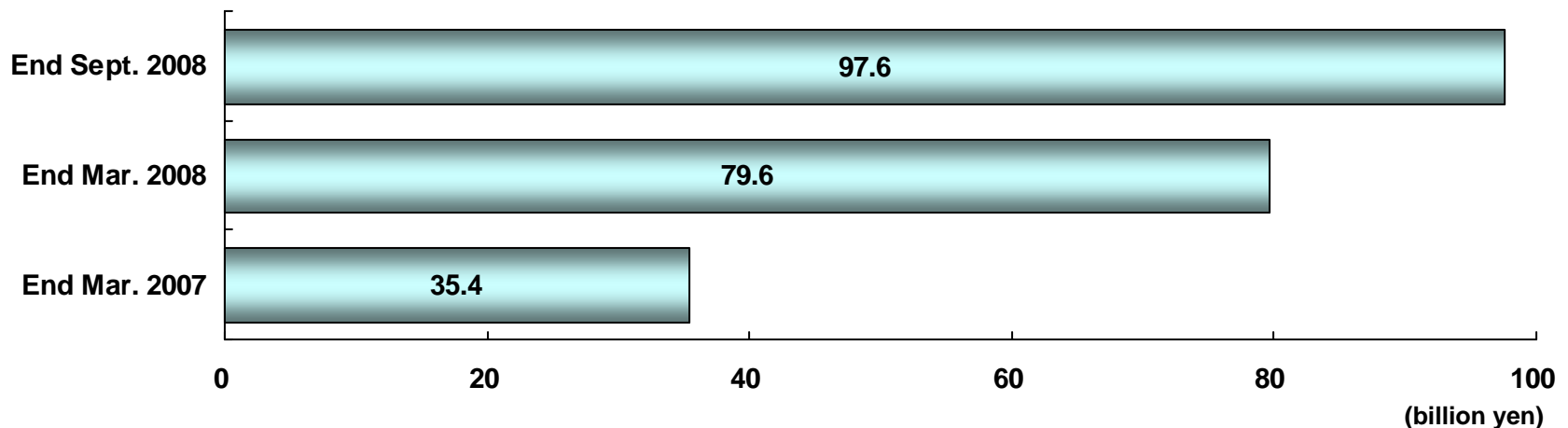
	Amount (100 mil. yen)	Redemption period
Unsecured Straight Bond	500.0	Mar. 2009



Plan to be redeemed with SBI SECURITIES' own cash and deposits.

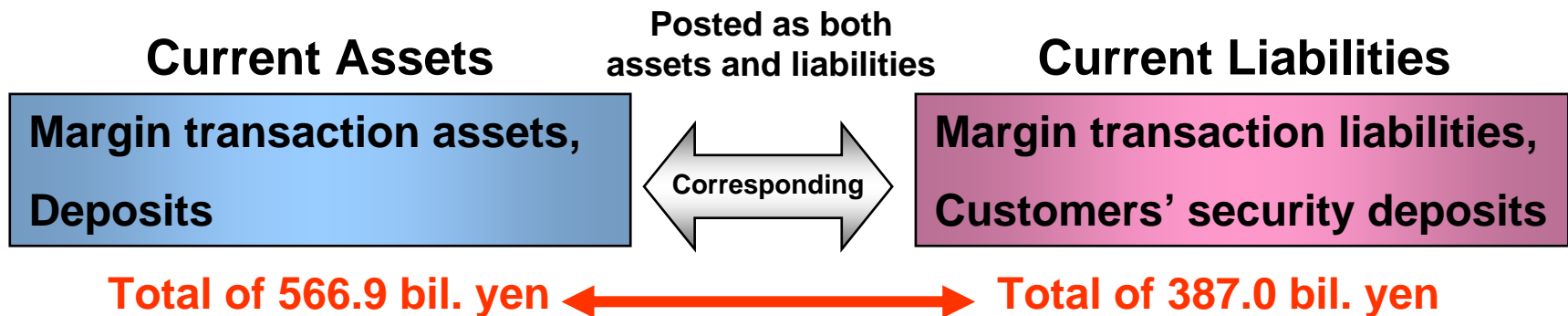
Since SBI SECURITIES possesses cash and deposits of 97.6 billion yen as of the end of Sept. 2008, neither a bond issuance nor a bank borrowing is planned.

SBI SECURITIES' cash and deposits as of end of each period (non-consolidated)



Characteristics of SBIH's Consolidated Balance Sheet (1)

The consolidated balance sheet is larger than normal in relation to the group's scale of operations because it includes deposits and other assets in customer accounts at subsidiary SBI SECURITIES.



The difference is mainly margin transaction loans using SBI SECURITIES' own funds; normally, these margin transactions can be financed by margin loans of securities finance companies, etc.

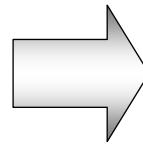
Current assets (cash) increases even more if loans from securities finance companies are used for the margin transaction loans for all customers.

Characteristics of SBIH's Consolidated Balance Sheet (2)

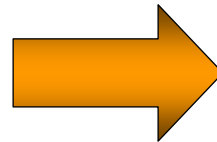
(Unit: billion yen)

Assets 1,259.5	Liabilities, etc. 812.9
	Net Assets 446.6

- Eliminated all asset and liability items associated solely with the securities company
- Assumed that securities finance companies are used for all customer margin transaction loans, and then added the difference between these assets and liabilities to current assets



Same result as deducting an amount equal to all liability accounts from current assets and current liabilities



Assets 872.5	Liabilities, etc. 425.9
	Net Assets 446.6

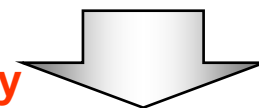
Analysis of SBIH's Financial Statements

Consolidated financial indicators of SBI Holdings

(%)

	FY2007	FY2008/1H
Current Ratio	144.4	135.9
Interest-bearing Debt Ratio	101.0	70.1
Equity Ratio	19.8	30.0

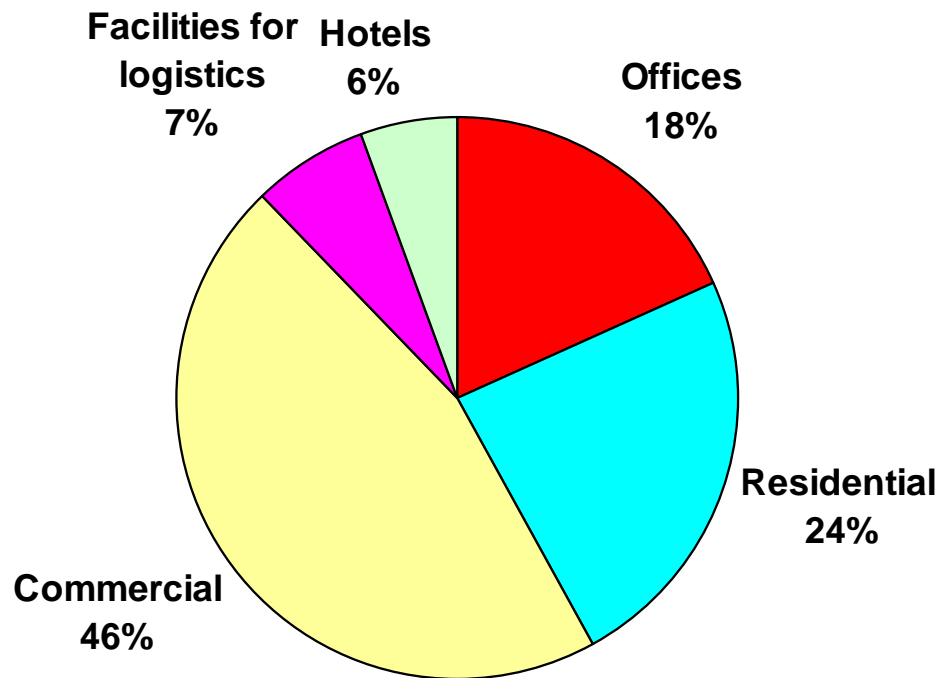
Effective figures after adjusting for asset and liability accounts solely for the securities company



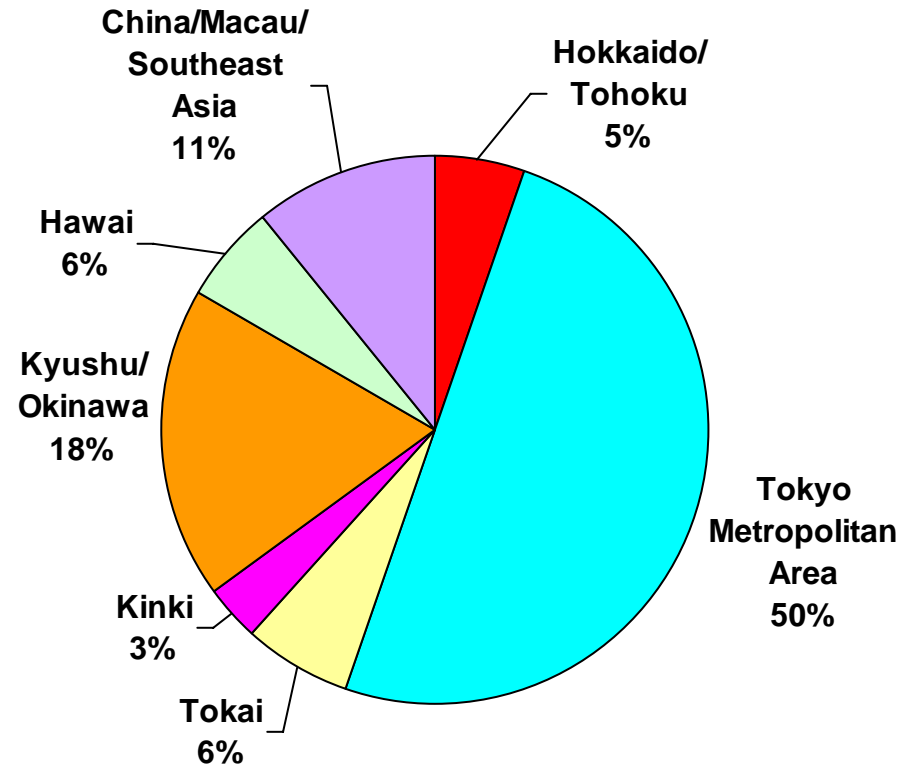
	FY2007	FY2008/1H
Current Ratio	201.3	173.3
Interest-bearing Debt Ratio	101.0	70.1
Equity Ratio	30.0	43.3

Properties Owned by the SBIH Real Estate Business Division

Property Type



Location



Note: As of the end of September 2008

Primarily developing properties with our own capital instead of leveraged loans

(2) Streamline the SBIH Group to Reflect the Existing Operating Environment

Central Themes for Restructuring

- From the CEO's 2008 New Year Greeting -

“... We will continue streamlining our organization based on the current outlook of our operating environment. We will establish clear priorities for each group business and project, in order to conduct a focused allocation of resources. There is always a time when a company needs to create an environment for fostering new life through a pruning and streamlining process...”

(SBIH Group New Year ceremony, Jan. 4, 2008)

- From “SBI Money World” Blog -

“... Every SBIH Group company was created so that it can generate synergies with all other group companies. Our most important theme in 2008 is reorganizing the SBIH Group in order to make even greater use of those synergies...”

(excerpt from “SBI Money World”, Feb. 25, 2008)

Streamlining the SBIH Group for Future Growth (1)

Reallocation of resources ⇒ Create a framework for new growth vectors

SBI SECURITIES as a wholly owned subsidiary:

- **SBI E*TRADE SECURITIES (now SBI SECURITIES)** became a wholly owned subsidiary with considerable potential to produce various synergies with the three new core businesses (Valid from Aug. 1)

Sale of investments:

- Sold shares of **Kyobo Life Insurance**, one of the three major life insurance companies
 - Feb. 07: Share acquisition
 - Sept. 07: Completed Share transfer (Gain on sale: approx. 3.3 bil. yen)
- Proceeds of **E*TRADE Korea** share sale will be used to invest in businesses with the potential to provide new sources of growth.
 - Apr. 08: Agreed in principle,
 - Sept.08: Received approval from Financial Supervisory Services of Korea
 - Sept.08: Completed share transfer
 - (Extraordinary income: approx. 10.4 bil. yen)

Streamlining the SBIH Group for Future Growth (2)

Reallocation of resources (continued)

Establish new companies which will soon contribute to our earnings:

- Established “**SBI Liquidity Market**”, a foreign exchange margin trading platform company
- Established **SBI ALApromo** in the biotechnology field

Transfer of assets to enhance future growth potential of operating base:

- Plan to combine part of **SBI Equal Credit** with the consumer loan business of SBI Sumishin Net Bank. Established “Nex Co., Ltd.” to be registered as a moneylender, as well as preparing for other procedures

(3) Endeavor to Make New Businesses Profitable or Reduce the Deficit Earlier

【SBI Sumishin Net Bank, Ltd.】

- Single-year profitability in sight for the next fiscal year -

Ordinary Loss (Quarterly)

1Q FY2008 : 1.78 billion yen => 2Q FY2008 : 1.28 billion yen

**Internal targets
at the start of operations**

(started operations in Sept. 24, 2007)

- Targeted No. of accounts FY2009: around 400,000
FY2011: around 600,000
- Targeted deposit amount FY2009: around 700 billion yen
FY2011: around 1 trillion yen
- Targeted profits FY2009: **Become profitable**
FY2011: around 5 billion yen of net income
eliminate cumulative loss

SBI Sumishin Net Bank Deposits Topped 500 Billion Yen After Only 389 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 500 billion yen after only 389 days^(*2) since its start of operations on Sept. 24.

Days required by major Internet banks to reach 500 billion yen in deposits:

	Start of operations	Time needed to reach 100 billion yen (*1)	Days after start of operations	Time needed to reach 500 billion yen (*1)	Days after start of operations	Deposit outstanding (*2)
eBANK	2001/07/23	2003/10/01 ~ 2004/03/31	801-983 days	2007/4/20	<u>2,098 days</u>	776.8 bil. yen
Japan Net Bank	2000/10/12	2002/10/01 ~ 2003/03/31	720-901 days	—	—	434.3 bil. yen
Sony Bank	2001/06/11	2002/03/01 ~ 2002/03/31	264-294 days	2004/12/1 ~ 2004/12/31	<u>1,270-1,300 days</u>	1,338.2 bil. yen
SBI Sumishin Net Bank	2007/09/24	2007/11/19	57 days	2008/10/16	<u>389 days</u>	519.8 bil. yen

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

*2 Deposit outstanding of SBI Sumishin Net Bank are based on the figures as of Nov. 27, 2008, that of Japan Net Bank as of the end of Jun. 2008 and that of other banks as of the end of Sept. 2008

Steady Growth in Accumulated Total of Housing Loans Outstanding

~Topped **100 billion yen** after **411 Days** since the start of its business~
(November 7, 2008)

(Japan Net Bank and eBank do not provide housing loans products)

	Sony Bank	SBI Sumishin Net Bank (Note 1)
Start of operation	June 2001	September 2007
Start of housing loans business	March 2002	September 2007
Days required to reach 100 billion yen	1020~1110 days (Note 2)	411 days

The fastest among the pure-play Internet banks!

SBI Sumishin Net Bank offers various customer-oriented services, such as competitive interest rates including the preferred rate during the campaign period which is 2.2% lower than the standard rate, free indemnification coverage for eight major illnesses, free partial advanced payment, free rate change, and a service for customers to close the contract without visiting branches.

Steadily Growing Customer Base of SBI Sumishin Net Bank

住信SBIネット銀行

SBI Sumishin Net Bank

As of the end of Oct 2008

*parenthetic figures based on quick estimation as of Nov. 27, 2008

Accounts: 277,226 (306,178)

Deposits: 507.2 bil. yen (519.8 bil. yen)

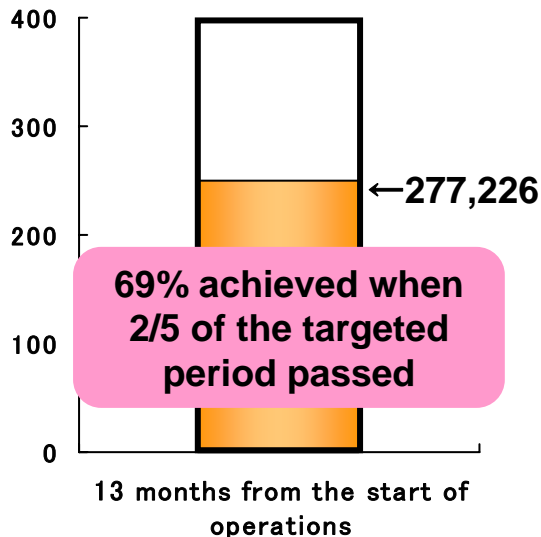
Loans issued: 101.7 bil. yen (111.5 bil. yen)
(Mortgage + Internet loan)

<Ratio to reach the target as of Sept.>

Accounts

Target: approx. 400,000 accounts
by the end of Mar. 2010

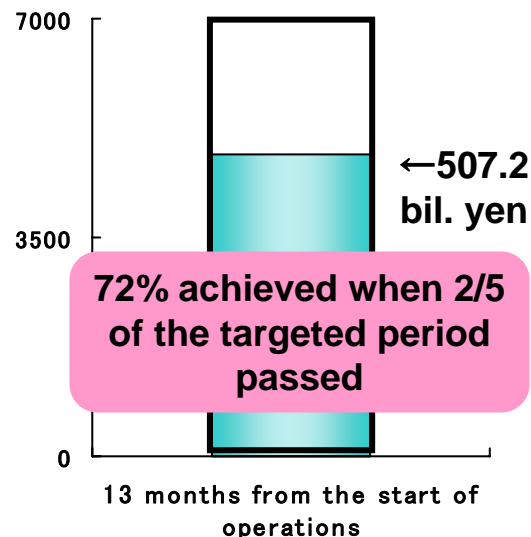
(thousand accounts)



Deposits

Target: approx. 700 bil. yen
by the end of Mar. 2010

(100 mil. yen)



Ratio to reach the target as of Nov. 27

Accounts: 306,178

Reached approx. 77%

Deposits: 519.8 bil. yen

Reached approx. 74%

FY2008/2Q Results for SBI Sumishin Net Bank

Reflects Good Start for the Bank

Comparison of 2Q FY2008 Results of Five Online Banking Companies

	Increase/Decrease in 2Q FY2008 (Jul-Sept)			At the end of Sept-08
	Number of Account	Loan Balance (million yen)	Deposit Balance (million yen)	Deposit per customer (*2) (thousand yen)
SBI Sumishin Net Bank	<u>82,139</u>	<u>49,728</u>	<u>146,560</u>	<u>1,944</u>
Sony Bank	30,045	27,407	96,856	1,994
eBANK	90,000 (*1)	2,000	-25,041	268
Japan Net Bank	38,000	481	11,880	234
Jibun Bank	179,000	—	14,707	82

*1 Increase of approvals for accumulated account opening (excluding cancellation)

*2 Total deposit / Number of accounts

SBI Sumishin Net Bank was Ranked First in a Money Magazine “Ranking of the Most Useful Bank”



(“Diamond money!” / Ranked major 20 banks with Internet channels)

Broadening the lineup!

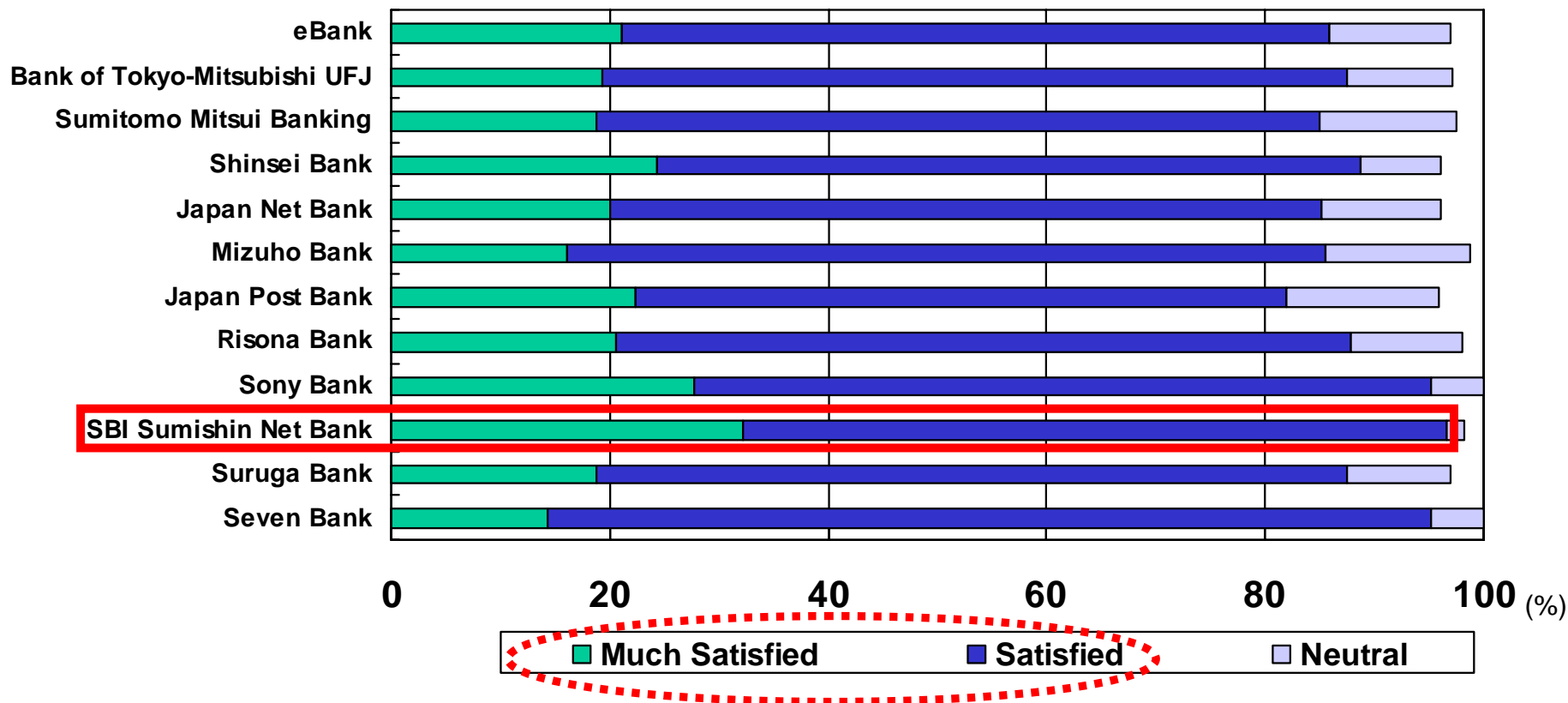
Rank	Bank Name	Commission (30-point scale)	Usability (30-point scale)	Interest Rate (20-point scale)	Product Lineup (20-point scale)	Total
1	SBI Sumishin Net Bank	26	24	20	9	79
2	Sony Bank	16	23	19	14	72
3	Shinsei Bank	22	25	8	12	67
4	SURUGA bank	13	23	19	10	65
5	eBANK	20	22	13	9	64
6	Mizuho Bank	14	25	9	12	60
7	Tokyo Star Bank	16	24	10	9	59
8	Japan Net Bank	12	24	19	3	58
9	Bank of Tokyo-Mitsubishi UFJ	13	25	7	13	58
10	Sumitomo Mitsui Banking	10	24	7	13	54

*For SURUGA Bank, services at online branches compared

Source: Diamond money! (Sept./Oct. issue)

SBI Sumishin Net Bank Selected as “The Most Satisfactory Internet Banking Service” in the “Internet Banking Survey”

~SBI Sumishin Net Bank achieved the highest rate of satisfied customers, with a 96.6% score, in the satisfaction rating of banks used as a primary bank~



Source: Compiled by SBIH from a survey announced by Interwired Co., Ltd. on Sept. 25, 2008, where monitored customers are who are from teens to 60s.

Five Pillars to Strengthen Asset Management Services for Rapidly Increasing Customer Deposits

Stabilize and diversify asset management by further pursuing group synergies as well as providing total solutions for a variety of customer's needs

◆ **Housing Loans**

- Operations are growing steadily; number of loans reached 10,000 in the previous fiscal year based on applications received (4,691 in 2nd half of FY2007)

◆ **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 claimable assets

◆ **Auto Loans**

- Have selected a loan guarantee company and determined almost all terms for these loans. Currently under preparation.

◆ **Real estate-secured loans**

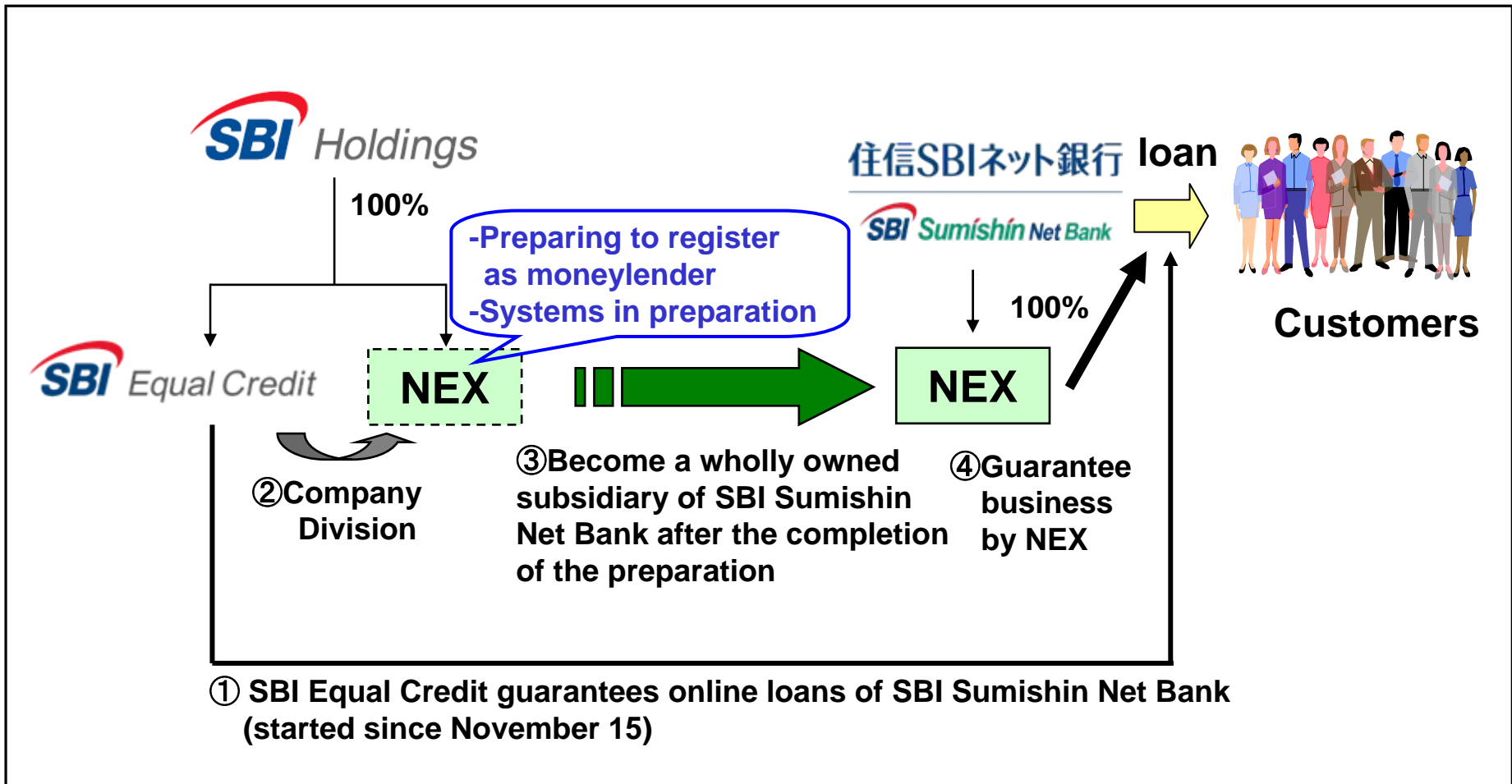
- Started offering this loan service guaranteed by First Credit Corporation (for individuals) and CEM Corporation (for corporations)

◆ **Health care financing**

- Plan to start a program where SBI Receipt purchases receivables for medical care and other services fees in November

In Preparation to Expand the Individual Online Loan Business

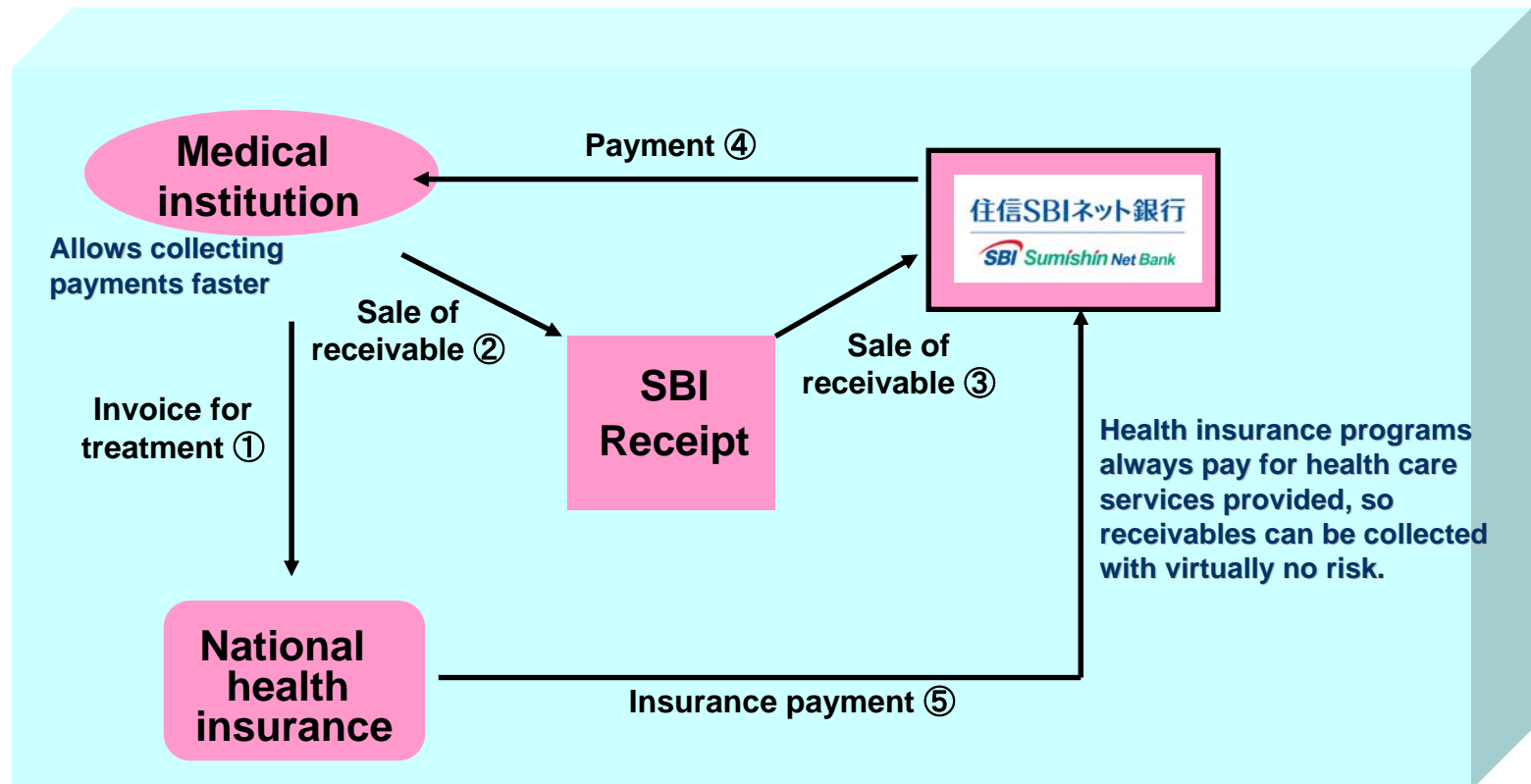
Establish a guarantee program by utilizing SBI Equal Credit's know-how for individual loan business



Alliance with SBI Receipt to Start a Medical Care Payment Receivable Factoring Business as a New Asset Investment Vehicle

~Made the first deal in November ~

Medical institutions submit billing services provided to one of Japan's two national health care systems. Medical institutions then sell the portion that becomes a receivable for future payment to SBI Receipt. Then, SBI Sumishin Net Bank buys the confirmed receivable portion. This scheme shortens the payment collection cycle for medical institutions. Risk is minimal because SBI Sumishin Net Bank collects these payments from Japan's two national health insurance programs.



【SBI Insurance Co., Ltd.】

Internal targets at the start of operations

(started operations in Jan. 16, 2008)

- Targeted No. of contracts 5th term : around 300,000
- Targeted revenues 5th term : Turn a single-year profit
 10th term: 25-30 bil. yen of net
 premium income

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



Example1: Insurance Premium (Mini Van)

When a couple drives for weekend outings and regular shopping (with vehicle insurance)

(Note) annual premium, unit: yen

SBI Insurance	Company A (Direct selling)	Company B (Direct selling)	Company C (Agency selling)
41,510 (annual)	43,950	51,200	69,460

Start of insurance: Dec. 1, 2008
 Model: Serena Type: NC25 District of residence: Kanagawa
 Gender: male Driving distance: 5,000km/year
 Initial registration: Oct. 2007
 Drivers: limited to insurer and spouse NF class: 15
 License color: 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)

When only the insurer commutes to work by car everyday (no vehicle insurance)

(Note) annual premium, unit: yen

SBI Insurance	Company A (Direct selling)	Company B (Direct selling)	Company C (Agency selling)
14,770 (annual)	16,050	18,360	26,760

Start of insurance: Dec. 1, 2008
 Model: Wagon R Type: MH21S District of residence: Miyagi
 Gender: Male Driving distance: 5,000km/year
 Initial registration: Oct. 2006 Drivers: limited to insurer
 NF class: 12 License color: 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 outside of the family also drives (with vehicle insurance)

(Note) annual premium, unit: yen

SBI Insurance	Company A (Direct selling)	Company B (Direct selling)	Company C (Agency selling)
53,440 (annual)	54,500	67,590	85,470

Start of insurance: Dec. 1, 2008
 Model: Mark X Type: GRX121 District of residence: Tokyo
 Gender: Male Driving distance: 2,000 km/year
 Initial registration: Oct. 2007
 Drivers: no limitation NF class: 17
 License color: 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

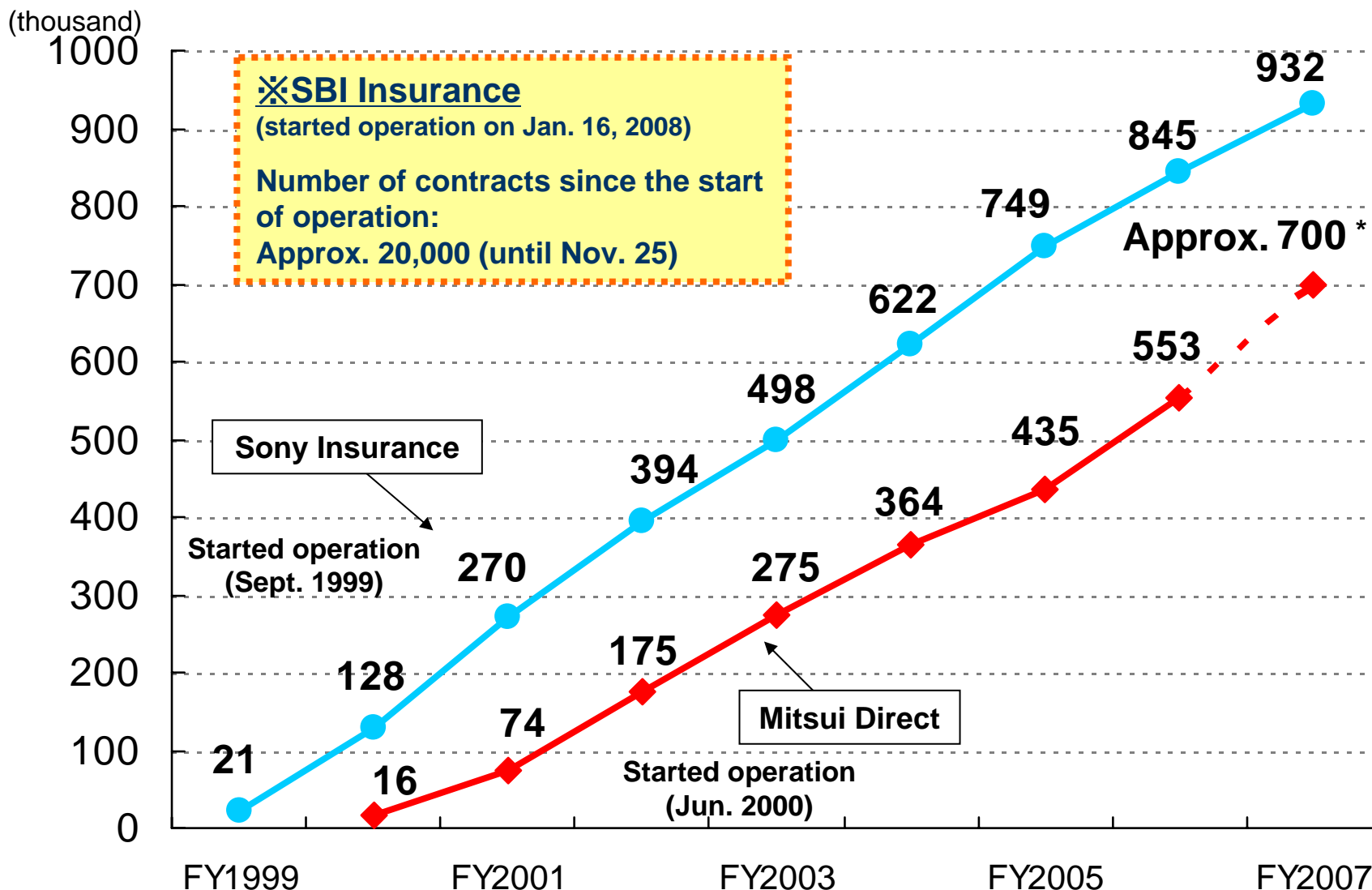
New vehicle, antitheft security system, Application through Internet, non securities issuing

*The terms of contract, coverage and other conditions offered by SBI Life Insurance Co., Ltd. are not necessarily identical in all cases, although they may be identical or very similar in certain cases, to those offered by insurance companies A, B, and C, peer companies that market their policies directly to customers, and to those offered by company D, which markets its policies through a network of insurance agents.

*The insurance premiums quoted above are as of October 24, 2008 and may be changed due to revisions of premium rates. Premium rates also vary according to policy terms and other factors.

Comparison of Major Direct Non-life Insurance Companies as of the Start of Operation

Growth in the Number of Contracts Since the Start of Operations



*Number of contracts of Mitsui Direct as of FY2007 is the figure estimated by SBIH
(Source: Compiled by SBIH from information disclosed by each company)

Comparison of Financial Results at the Start of Operations

SBI
Holdings

Sony Insurance (started operations in Sept. 1999)

(million yen)	FY1999	FY2000	FY2001
Insurance Revenues	1,308	7,529	16,372
Insurance Expense	1,709	7,019	12,910
SGA	5,502	9,297	9,486
Insurance Income	-5,902	-8,786	-6,025

Mitsui Direct (started operations in Jun. 2000)

(million yen)	FY2000	FY2001	FY2002
Insurance Revenues	876	3,756	8,300
Insurance Expense	997	3,413	6,834
SGA	3,497	4,352	5,349
Insurance Income	-3,618	-4,008	-3,883

SBI Insurance* (started operations in Jan. 2008)

(million yen)	FY2007	FY2008 (Planned)	FY2009 (Planned)
Insurance Revenues	1	1,524	4,886
Insurance Expense	15	1,611	4,370
SGA	202	1,189	2,017
Insurance Income	-216	-1,276	-1,501

*Fiscal 2007 is the three-month period following the start of operations. Plans for fiscal 2008 and 2009 are goals calculated solely by SBI Insurance. These plans do not include any reinsurance payments. Consequently, actual performance may differ significantly from these goals. Insurance underwriting earnings are an indicator of only the profitability of insurance underwriting activities. Consequently, ordinary income and other earnings on the income statement are different from underwriting earnings due to deferred operating expenses in accordance with Article 113 of the Insurance Business Law.

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

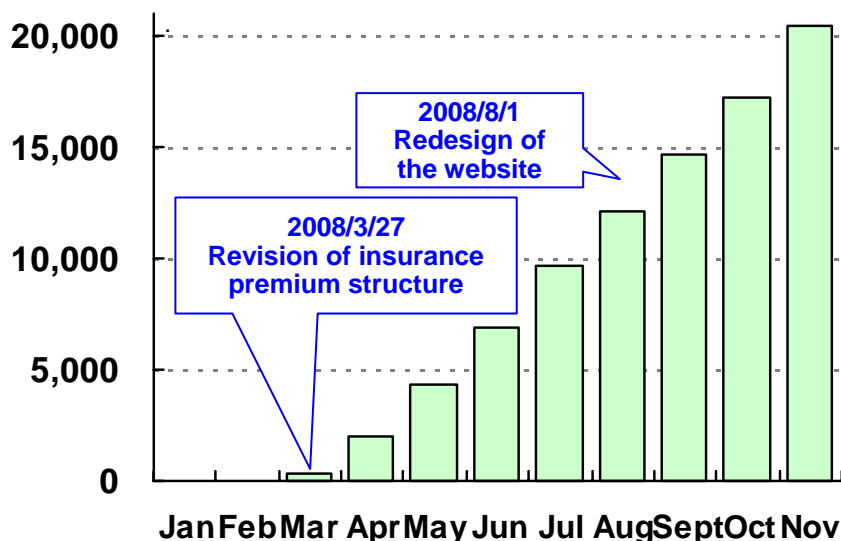
Full-scale Launch of SBI Nonlife Insurance Business

Current Status

- On Mar. 27, lowered the insurance premium level. Due to the substantial price cut, the number of contracts steadily increased afterwards
- In May, established an alliance with “Autoc one”, which operates an auto purchase supporting website, and acquired a new sales channel.
- On Aug. 1, renewed the website. Updated the designs and added new contents.
- On Oct. 10, started “SBI Insurance GPS Navi”, a location information notification service utilizing the mobile GPS

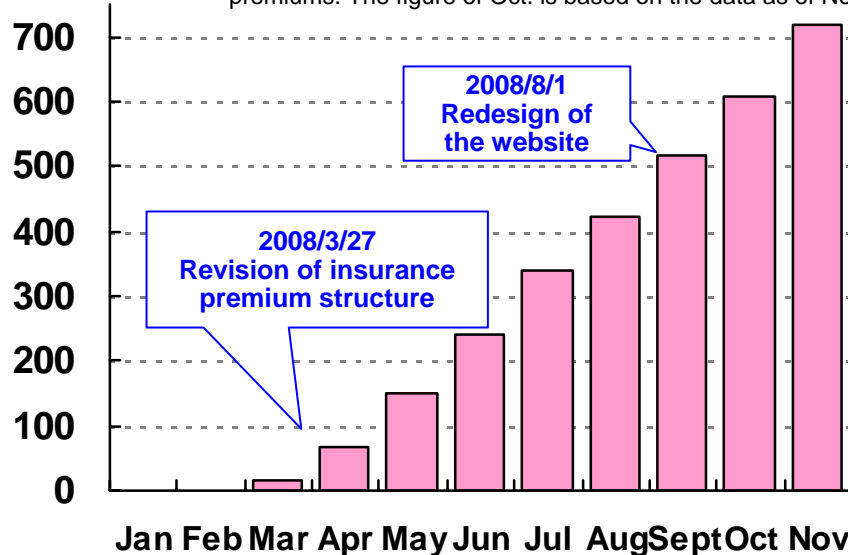
Change in the Number of Insurance Contracts (written basis) / accumulated total

(contracts) *Written basis: Completion of receiving transaction of insurance premiums. The figure of Oct. is based on the data as of Nov. 27

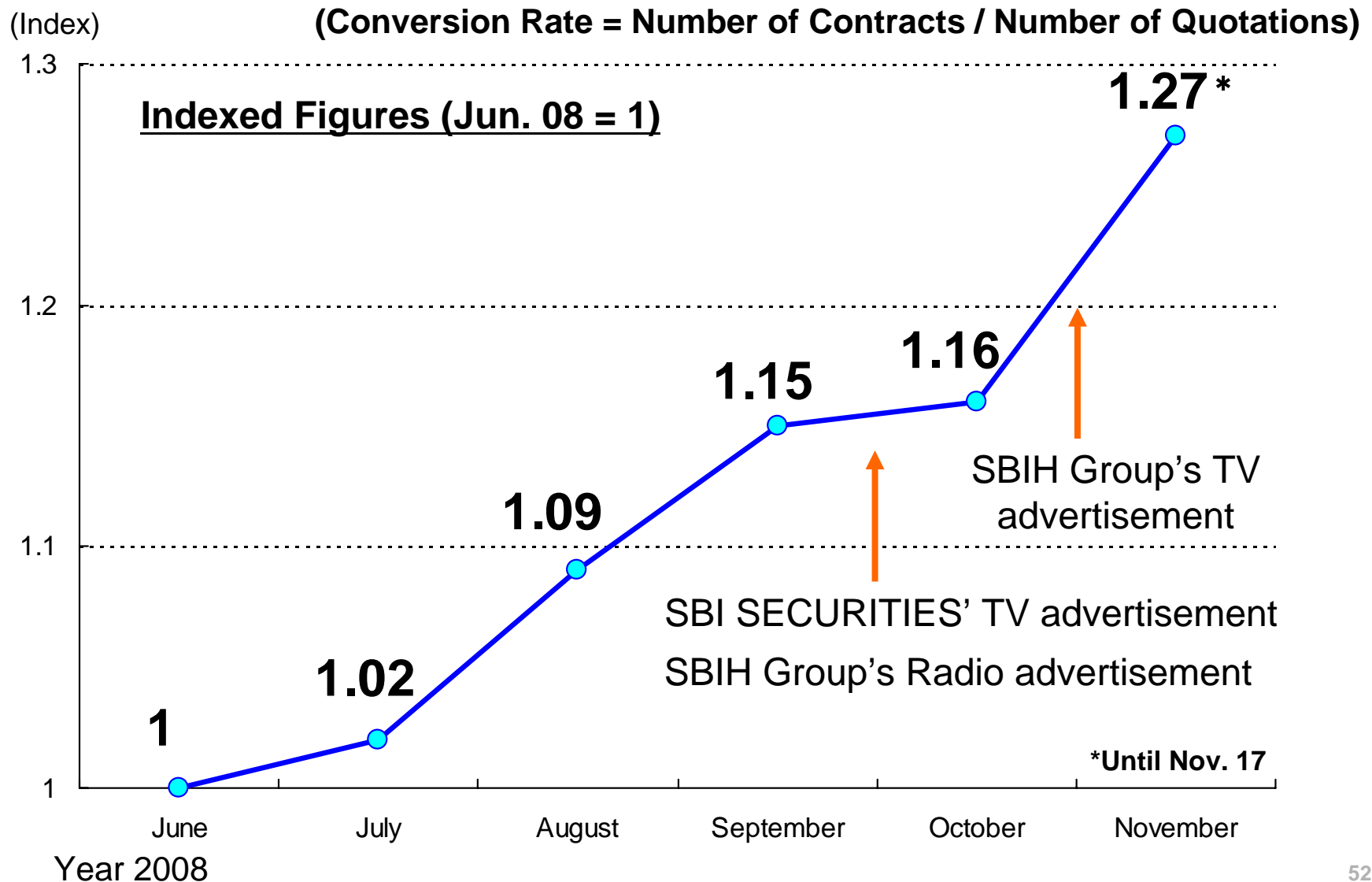


Change in Direct Income of Insurance Premium (written basis) / accumulated total

(million yen) *Written basis: Completion of receiving transaction of insurance premiums. The figure of Oct. is based on the data as of Nov. 27.



Conversion Rate at SBI Insurance



“Doubling Plan for the Insurance Premium Income” of SBI Insurance

Plan to be displayed on every estimate and comparison website by 2008

InsWeb



“Insurance Square bang!”

★ Plan to start in Dec. 2008

Approx. 20,000 estimates per month

+
Approx. 15,000 estimates per month

+
Approx. 18,000 estimates per month

+
Approx. 3,500 estimates per month

“NTTiF”

★ Plan to start in Dec. 2008



“Kakaku.com”

★ Plan to start in Dec. 2008



For Making the Insurance Premium Income Three Times

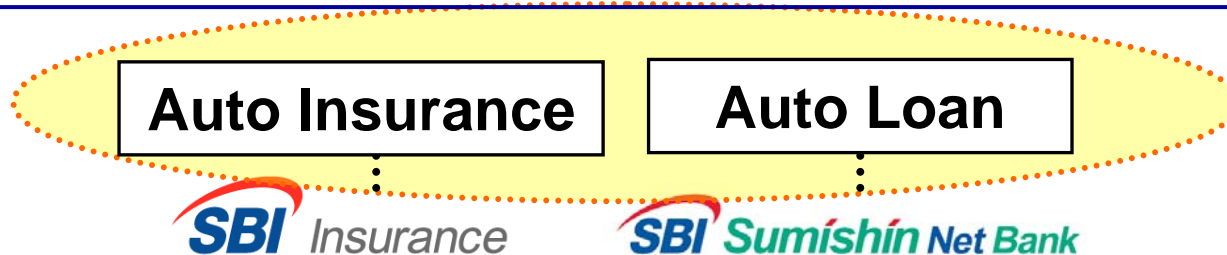
Launched full-scale approach to bricks-and-mortar services of “SBI AutoSupport”

~SBI AutoSupport started operations on October 14., and 579 preowned auto companies already registered as a service provider. SBI Insurance expects approximately 100 companies to register monthly~

-At the start: Plan to acquire auto insurance contracts offered by SBI Insurance



-In the future, expect to significantly increase in registered companies by fully utilizing the full capabilities of the SBIH Group!!



【SBI AXA Life Insurance Co., Ltd.】

Internal targets at the start of operations

(started operations in Apr. 7, 2008)

- Targeted No. of contracts

1st fiscal year: around 20,000

5th term: around 200,000

- Targeted revenues

5th term: Turn a single-year profit

SBI AXA Life Insurance: Japan's First Pure-play Internet Life Insurer (1)

Increased sales channels

- In June 2008, started using agents to sell policies in addition to selling policies directly
Agents selling SBI AXA policies: 27 as of the end of Oct., 2008
- In October 2008, SBI AXA started trial sales of policies at insurance agencies
SBI AXA policies are available at 63 locations: the 62-location nationwide network of “Hoken Ichiba” shops operated by Advance Create Co., Ltd. and at the Yao Seibu shop of “Hoken Consultation: Acarumic” operated by Attractive, inc.

Measures to offer greater convenience

- In October, extended weekday operating hours of customer centers to 10PM and started operations on weekends and holidays (previously was only 9AM-6PM on weekdays)
- Improved Internet screen layout so customers can more easily compare policies, ask for materials and receive estimates
To sell policies to larger customer segments by providing easy access for even PC novices, the policy explanation space on the first screen has been more than doubled, and there is a clear link to request materials and estimates.
- SBI AXA started operating a cell phone site on October 28, providing cell phone users with policy information, premium estimates based on age and gender, a channel for requesting information and other services.
- On November 14, started accepting applications for our Account Transfer Service through the Web. The first of its kind in the insurance industry (*), the service simplifies bothersome account transfer formalities. Formerly customers were required to fill out and mail application forms to the company. Now customers can complete account transfer formalities easily through our website.

SBI AXA Life Insurance: Japan's First Pure-play Internet Life Insurer (2)

Insurance premium reduction

- SBI AXA's "Kachitto Term Policy," which already offered the lowest premiums of any term life policy in Japan, added a discount for high premium policies on October 2.

=> Discounts of up to 46.6% compared with previous premiums

(*Discount applies to death benefits of at least 20 million yen)

[Comparison with Typical Term Life Policy]

(10 years with 30 mil. yen death benefit, Unit: Yen)

After discount for high premium policies

Insurance company			SBI AXA Life Insurance* "Kachitto Term Policy"	Internet life insurer Company A	Internet life insurer Company B	Internet life insurer Company C
Insurance premiums (monthly payments)	Male	Age 30	4,590	3,484	4,650	4,920
		Age 40	8,070	7,240	8,190	8,370
		Age 50	16,860	17,194	17,400	17,280
	Female	Age 30	3,570	2,344	3,660	3,870
		Age 40	5,610	4,528	5,700	5,850
		Age 50	9,630	9,034	9,840	9,870

SBI AXA Life Insurance* "Kachitto Term Policy"
3,450
7,020
16,230
2,400
4,560
8,970

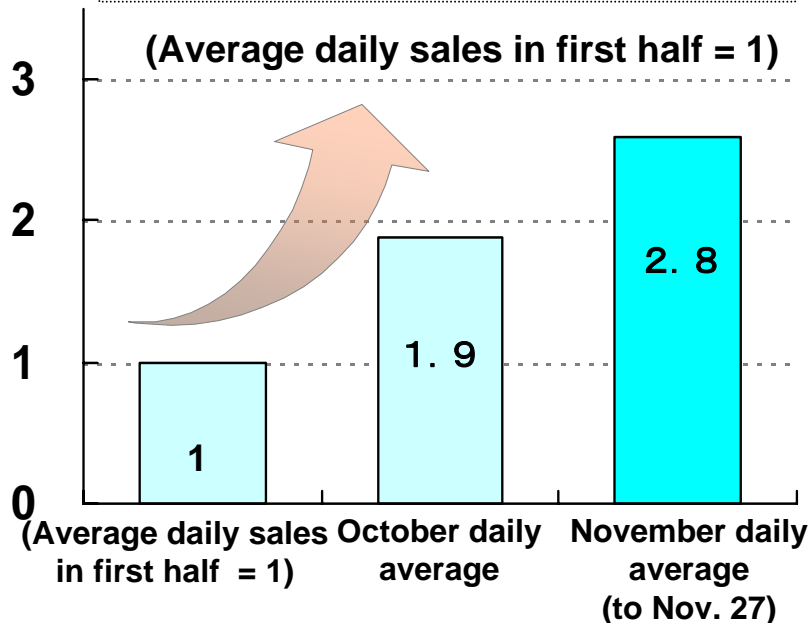
*Before discount for high premium policies

SBI AXA Life Insurance: Japan's First Pure-play Internet Life Insurer (3)

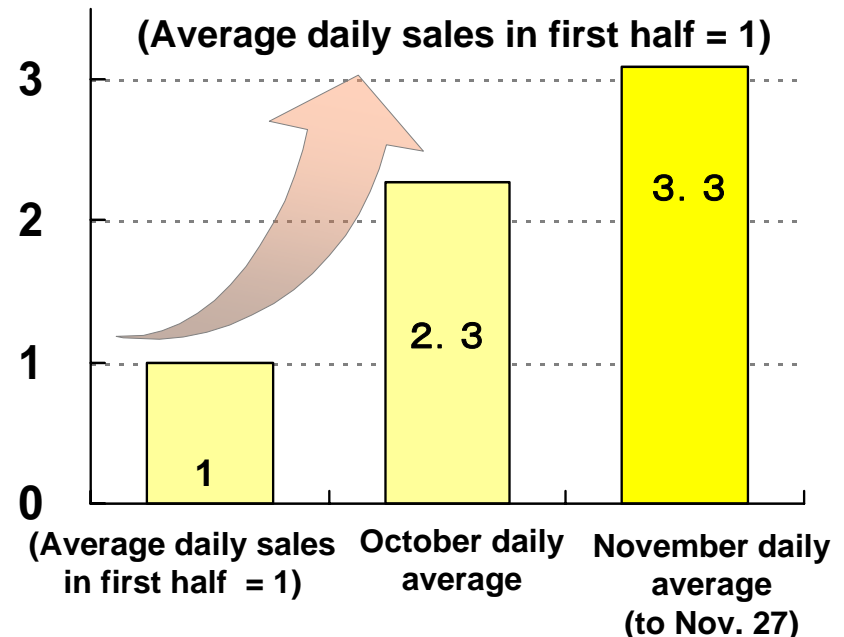
Number of policies

- New policies from April to September 2008 : 1,256
(Of the total: 607 term life policies and 649 medical policies)
- Significant increase in sales of policies since October start of discount for high premium policies (term life insurance)
- The pace of increase accelerated since November start of online debit application service
=>Daily policy sales in November were about 2.8 times as high as past average sales, and insured amount increased more than 3 times

Sales of New Term Life Policies



Insured Amount for Term Life Policies



“Initiated Advertisements of the SBIH Group”

TV advertisements

Oct. 1 – 31: Notification of the change of the company name from “SBI E*TRADE SECURITIES” to “SBI SECURITIES”

Nov. 4 – : “What is SBI?” Introduction to company names and services of the SBIH Group

Radio advertisements

Oct. 1 - : Introduction of company names and services of the SBIH Group

New TV Advertisement Starting from Nov. 4

Introduce the SBIH Group's diverse services and comprehensive capabilities

“What is SBI?": 30 seconds

(Started in Nov. 4)



SBI SECURITIES
(Securities)



SBI Sumishin Net Bank
(Bank)



SBI AXA Life Insurance
(Life Insurance)



SBI Insurance
(Nonlife Insurance)



SBI Housing Loan (SBI Mortgage)
/ SBI Sumishin Net Bank
(Housing Loan)

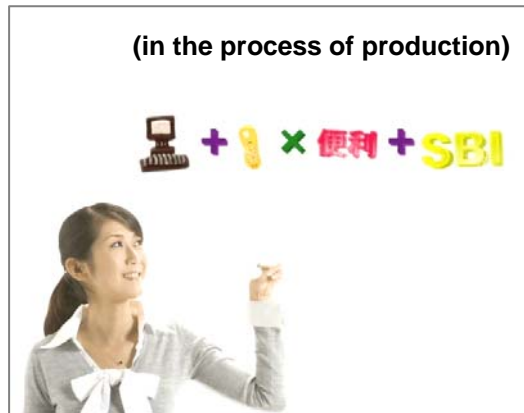


New TV Advertisement in Preparation

Coming Soon !

~Will coordinate TV and radio advertisements to work synergistically ~

“Equation”



....(abbr.)...

Female: PC + Mobile × Convenience + SBI =

Male: Internet Bank!

Female: Safety × Safety – Waste + SBI =

Male: Internet Insurance!

....(abbr.)...

(S)Subete-ni (B)Benri-ga (I)Ippai

SBI ♪

“Synergetic Effect”



....(abbr.)...

SBI Group... is like an orchestra,
where each instrument gives their best
performance.

....(abbr.)...

All for customers, All for Investors,
And All for the people
We are the SBI Group.

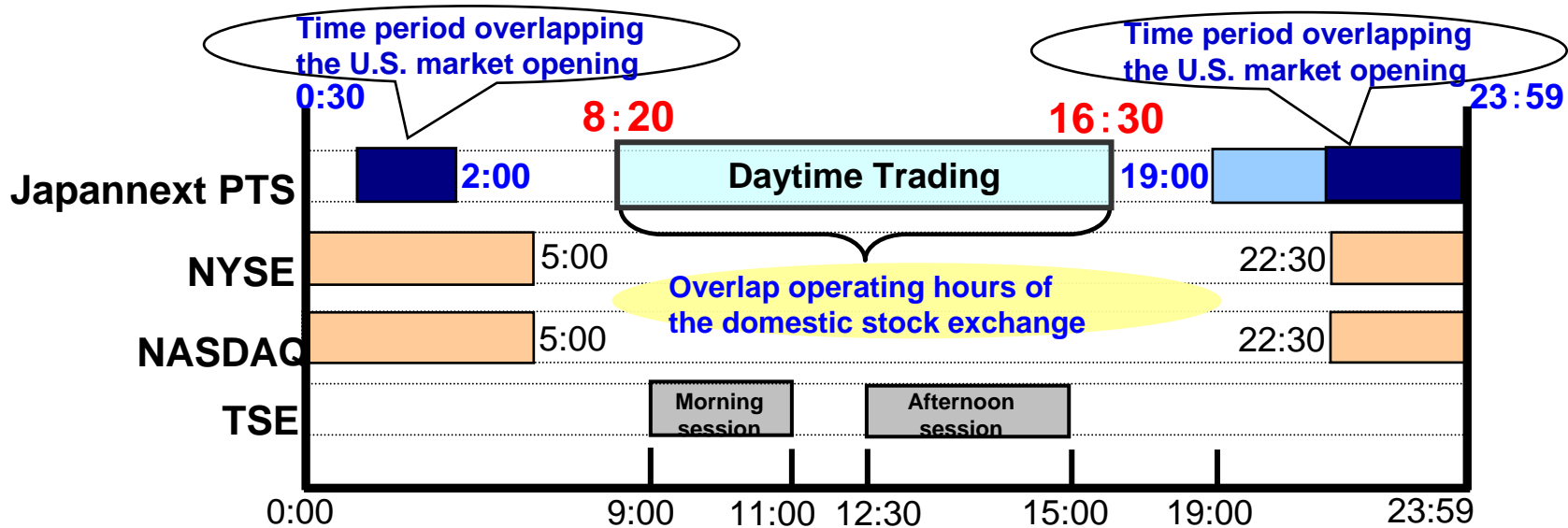
【SBI Japannext Co., Ltd.】

**~Substantial Improvement in Profitability
Expected Upon the Launch of the Daytime
Trading Session~**

Start of Daytime Trading

(8:20 AM - 4:30 PM)

Started test trading from October 28,
and shift to full-fledged structure in December



*Time in JST. NYSE and NASDAQ on daylight savings time

Participating securities companies in daytime trading

- The Goldman Sachs Japan Co., Ltd.
- Merrill Lynch Japan Securities Co., Ltd.
- CREDIT SUISSE SECURITIES (JAPAN) LIMITED
- UBS Securities Japan Ltd.

Five major foreign affiliated securities companies incl. the above

SBI SECURITIES expects to start its daytime trading in mid-December

Several other major foreign affiliated securities companies
also plan to participate in daytime trading

*Each participating company will start trading after conducting their respective final checks for systems and operations 63

Becoming the Largest PTS in Japan

A further increase in the volume of transactions is expected as daytime trading becomes fully operational

Monthly Trading Value Comparison Among PTS Providers (2008)

(Unit: million yen)

Operating Company	Start of Operation	Oct.	Until Nov. 27		
			Daytime	Nighttime	Total
SBI Japannext	Aug-07	38,503	31,953	22,409	54,362
Kabu.com	Sept-06	36,572	11,719	460	12,179
Monex	Jan-01	4,250	—	2,883	2,883
Daiwa	Aug-08	1,706	—	956	956
Matsui	May-08	181	17	—	17

Recorded an all-time high on a monthly basis!

(Majority of trading value in Oct. generated by nighttime transactions)

Although not all participants have fully started trading, daytime trading value on Nov. 25 reached: **8.4 billion Yen**

(Japan's highest daytime trading value as of today among competitors)

4.7 billion yen

(The highest daytime trading value recorded by Kabu.com)

Note: 1. Trading value in October is based on Nikkan Kogyo Shimbun on November 18.

2. Trading value in November is based on information from each company's website, Japan Securities Dealers Association's website and Nikkei QUICK

3. The above figures are compiled by SBIH and might be different from those announced by each company

4. Figures are single count (purchases and sales not counted separately)

Toward the Improvement of Customer Convenience

◆ Tick Size:

Tick-size during the daytime trading session is **smaller than a tenth of TSE**



Provide investors with the opportunity to trade stocks at more favorable prices than the best bid and ask prices offered on the stock exchanges

(Tick-size during the nighttime trading session corresponds with TSE)

Price Range		Tick Size (yen)		
		Japannext PTS (daytime)	kabu.comPTS	TSE
Over 1 yen	Under 2,000 yen	0.1	1	1
Over 2,000 yen	Under 3,000 yen	0.5	1	5
Over 3,000 yen	Under 30,000 yen	1	1	10
Over 30,000 yen	Under 50,000 yen	5	10	50
Over 50,000 yen	Under 300,000 yen	10	10	100
Over 300,000 yen	Under 3,000,000 yen	100	100	1,000
Over 3,000,000 yen	Under 20,000,000 yen	100	1,000	10,000
Over 20,000,000 yen	Under 30,000,000 yen	100	1,000	50,000
Over 30,000,000 yen		100	10,000	100,000

◆ Introduced various order types with specific conditions for the order execution attached

(Only limit orders available during the nighttime trading session)

(4) Establish Businesses That can Quickly Contribute to an Increase in Profits

【SBI Liquidity Market Co., Ltd.】

(Started operation from November 17, 2008)

**～Establish Businesses That can Quickly
Contribute to an Increase in Profits～**

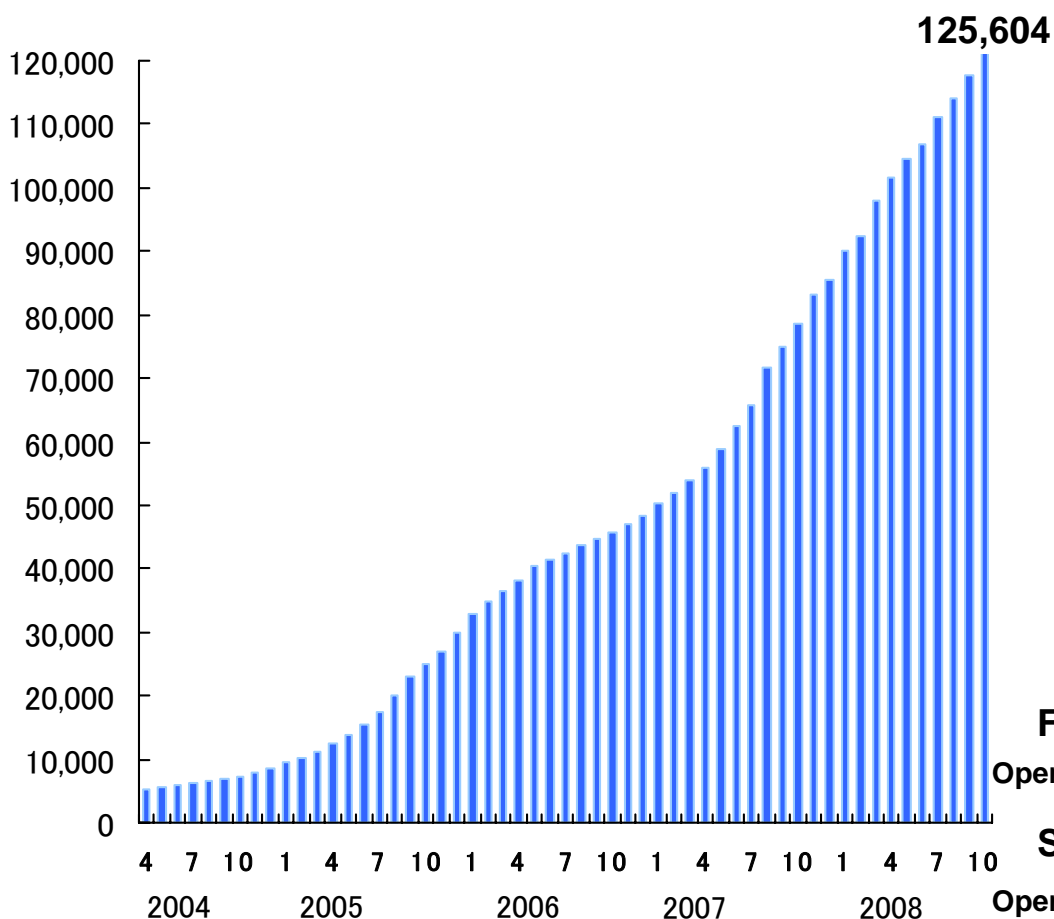
(FY2008)

**Target for contributions to earnings of SBI SECURITIES:
approx. 800 mil. yen of operating income**

**Targeted earnings of SBI Liquidity Market:
approx. 400 mil. yen of operating income**

Number of Foreign Exchange Margin Trading Accounts Steadily Increased, and SBI SECURITIES Now Holds the Most Accounts among the Four Major Online Securities Companies*

Change in the number of foreign exchange margin trading accounts



Number of foreign exchange margin trading accounts at online securities companies

(as of the end of Oct. 2008)

SBI	125,604
Monex	80,774
Matsui	53,104
Kabu.com	22,100

[Reference]

MONEY PARTNERS	70,603
-----------------------	---------------

Full-term ending in Dec-07 (bil. yen)

Operating Revenues 7.14 Operating Income 4.67 Net Income 2.85

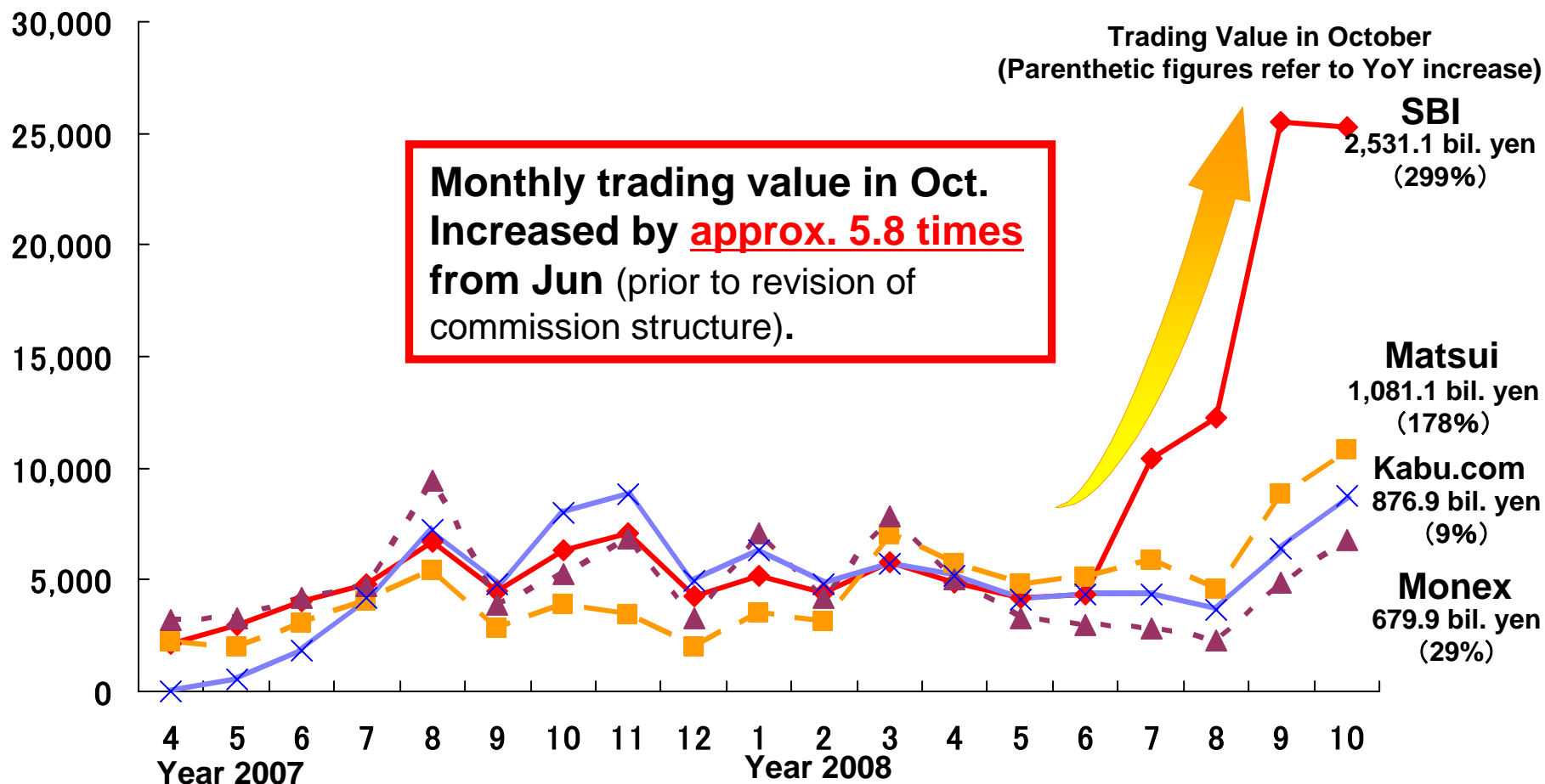
Second Quarter ending in Sept-08 (bil. yen)

Operating Revenues 4.01 Operating Income 1.47 Net Income 0.95

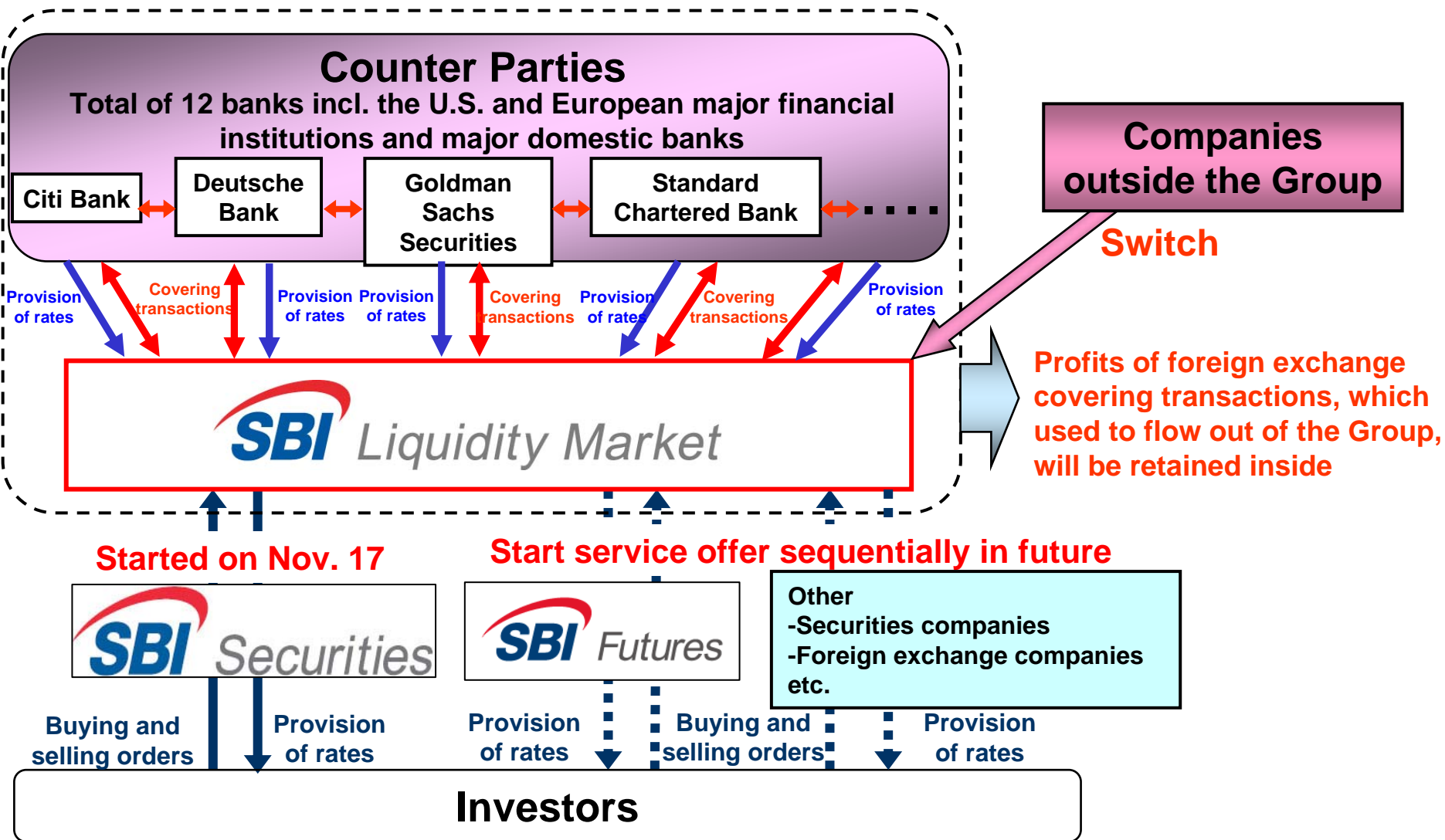
Offer of Free Foreign Exchange Margin Trading Services and Narrowed Spreads (started in Jul. 2008) Contributes to the Rapid Increase in Trading Value at SBI SECURITIES

Foreign exchange margin trading value of the four major online securities companies*

(100 million yen)



Acquire a New Profit Source Through the Establishment of SBI Liquidity Market



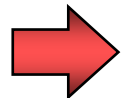
In the future, SBI Liquidity Market plans to handle a full lineup of OTC derivatives (overseas stock indexes, gold, petroleum, etc.)

SBI SECURITIES Starts “SBI FX α ,” a New Foreign Exchange Service Using the SBI Liquidity Market

Launched on November 17 with a greatly enhanced lineup of services

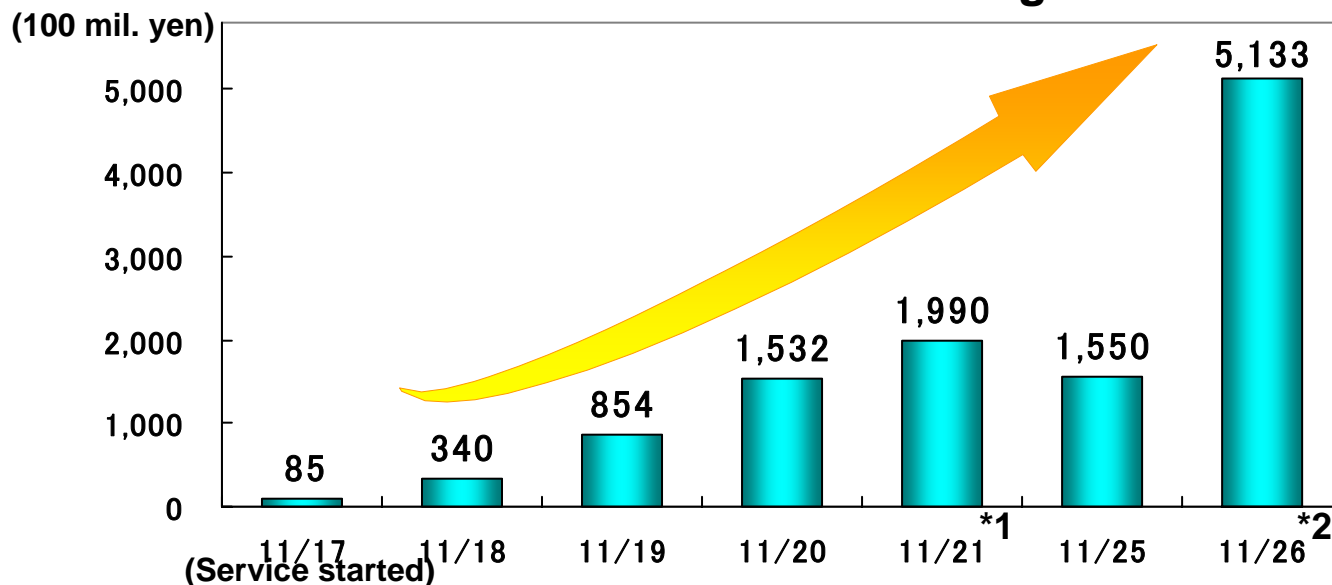
- Up to 20 pairs of currencies, more than any other major Internet securities company*
- Larger selection of choices for leverage
- Addition of “SBI FX Mini” to permit buying and selling in blocks of 1,000 units of any currency, one-tenth of the previous minimum
- More ways to place orders to provide greater flexibility

*SBI SECURITIES, kabu.com Securities, Matsui Securities, Monex and Rakuten Securities



Goal for earnings contribution: About 800 million yen
(operating income in fiscal year ending March 2009)

Growth in “SBI FX α ” Trading Value



*1 The figure for 11/21 includes 11/24 (holiday) trading value. *2 The figure for 11/26 includes 11/27 (the U.S. holiday) trading value.

Comparison of Foreign Exchange Margin Trading Provided by the Major Online Securities Companies

Handle the most currency pairs with the lowest cost level
among the major online securities companies

	Number of Currency Pairs	Upper : Spread Lower : Commission (10,000 units)		
		USD-JPY	EUR-JPY	GBP-JPY
SBI (SBI FX α)	20	JPY 0.02	JPY 0.04	JPY 0.08
		Free		
Monex (FX PLUS)	12	Not disclosed		
		JPY 200		
Matsui (NetFx)	9	JPY 0.04	JPY 0.04	JPY 0.10
		JPY 200		JPY 400
kabu.com	12	JPY 0.04	JPY 0.04	JPY 0.10
		JPY 200		
Rakuten (Rakuten FX)	10	JPY 0.02	JPY 0.04	JPY 0.08
		Free		

Note: 1. Complied by SBIH from disclosed information
2. The above spreads are adopted for normal orders

[Part 3]

Groundwork for the Medium-term Substantial Business Expansion

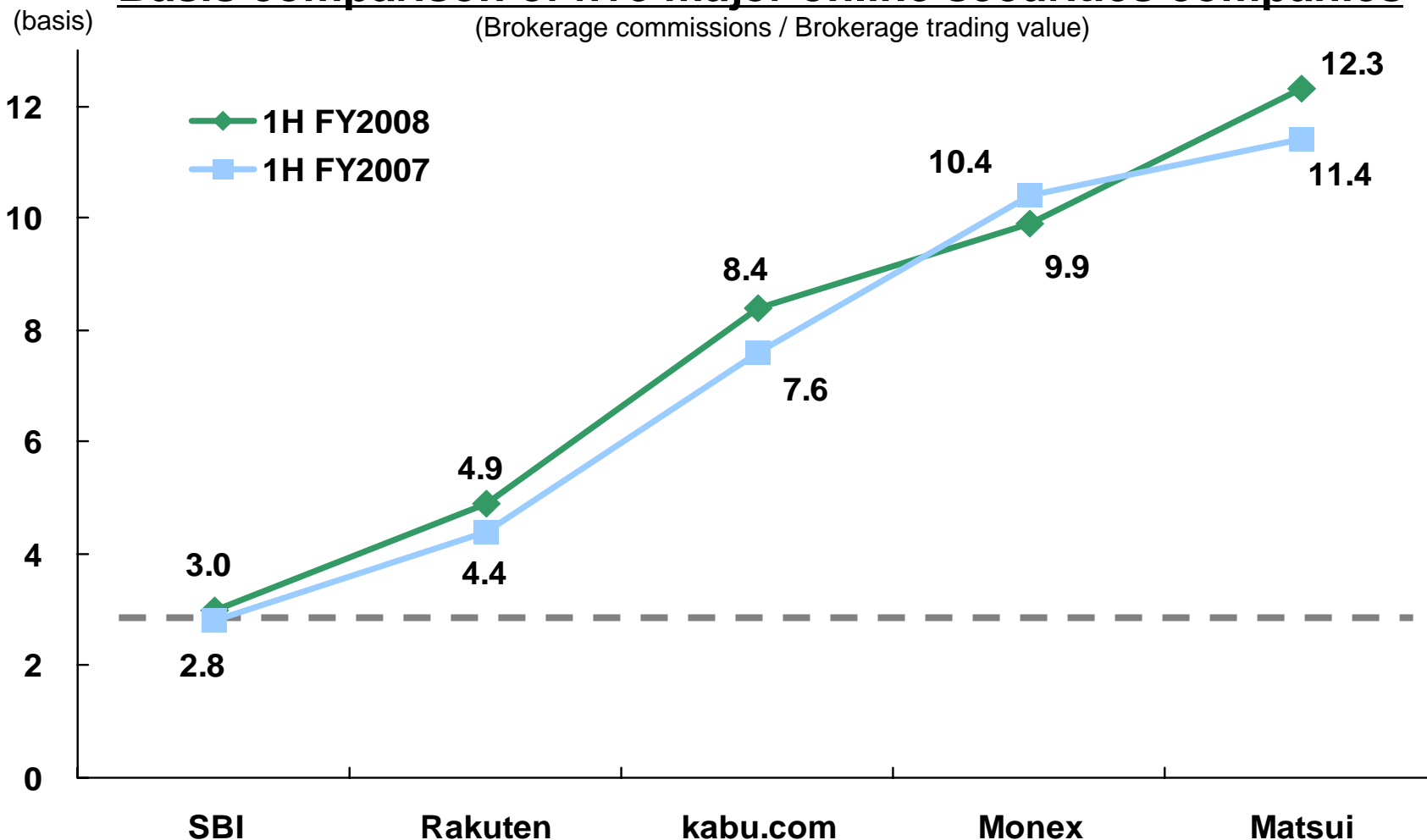
- (1) SBI SECURITIES's Market Share Expansion for the Substantial Growth After the Equity Market Recovery**
- (2) Steady Growth in Housing Loans Outstanding and an Increase in Franchise Shops**
- (3) Quickly Cultivate Biotechnology Related Businesses that are Less Sensitive to the Stock Market Volatility**
- (4) Continuous Development of Overseas Businesses in the Asset Management Business**

(1) SBI SECURITIES's Market Share Expansion for the Substantial Growth After the Equity Market Recovery

Basis Comparison of Major Online Securities Companies

Basis increased because of the decrease in trading value per trade
although there was no change in the fee structure

Basis comparison of five major online securities companies



Source: Based on company materials and monthly announcements.

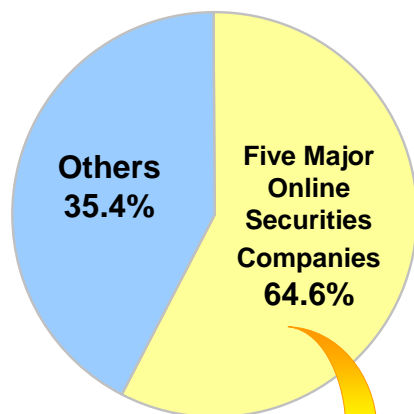
Cumulative figures for April 2007 to March 2008. Brokerage commissions use non-consolidated data.

SBI SECURITIES includes only trades through Internet

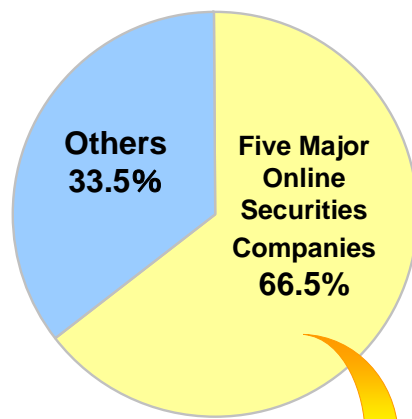
Major Online Securities Companies' Market Share of Retail Trading Value

Change in share of retail trading value

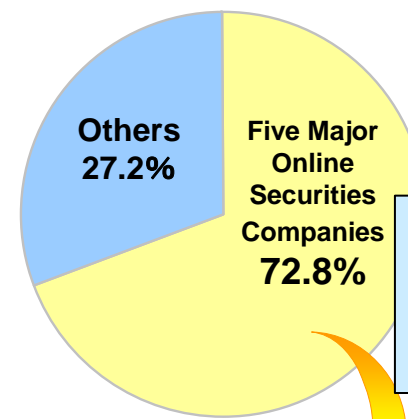
1H FY2006
(Apr. to Sept. 2006)



1H FY2007
(Apr. to Sept. 2007)



1H FY2008
(Apr. to Sept. 2008)



In Sept. '08
set record-high
on a monthly basis
45.4%

In Oct.
(single month)
35.4%

Source: Based on TSE, JASDAQ and company materials

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

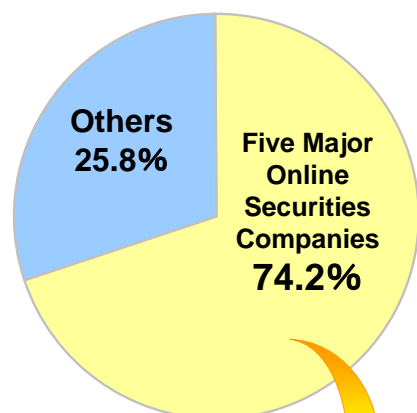
Figures of SBI SECURITIES only includes trades through Internet

Major Online Securities Companies' Market Share of Retail Margin Trading Value

Change in share of retail margin trading value

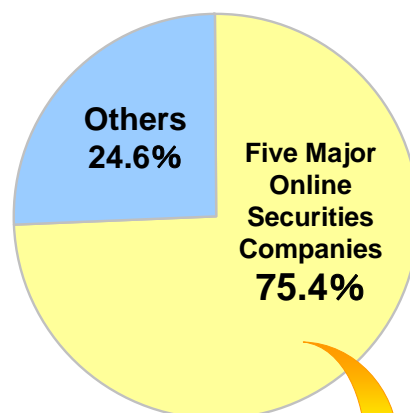
1H FY2006

(Apr. to Sept. 2006)



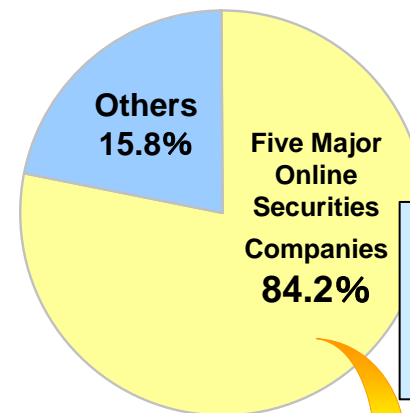
1H FY2007

(Apr. to Sept. 2007)



1H FY2008

(Apr. to Sept. 2008)



In Sept. '08
set record-high
on a monthly basis
50.8%

In Oct.
(single month)
41.1%

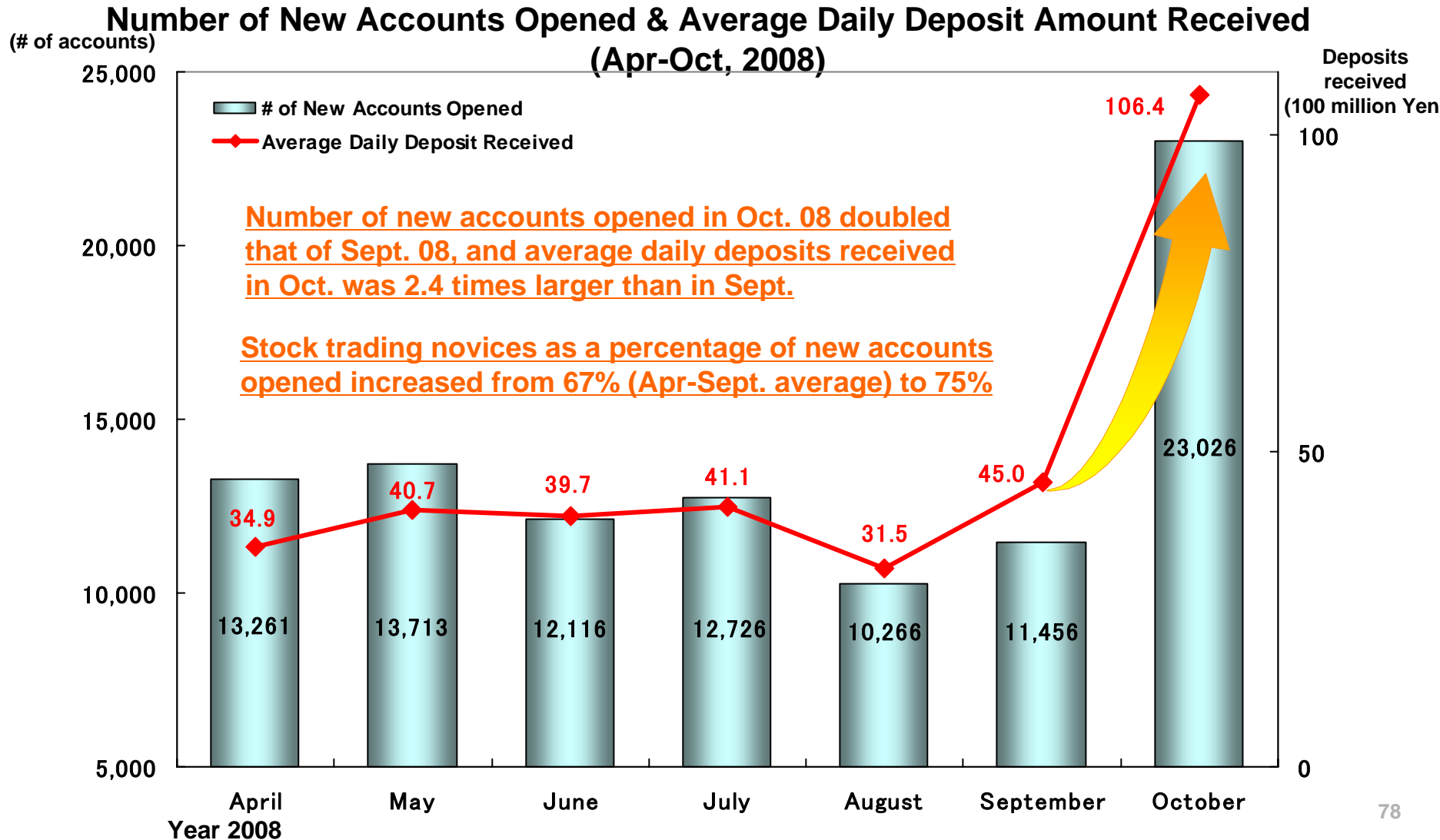
Source: Based on TSE, JASDAQ and company materials

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

Figures of SBI SECURITIES only includes trades through Internet

Rapid Expansion of Customer Base at SBI SECURITIES

The number of new accounts and deposits increased rapidly. The market downturn is considered an opportunity as the new account openings of stock trading novices also increased, leading to an expansion of the customer Base

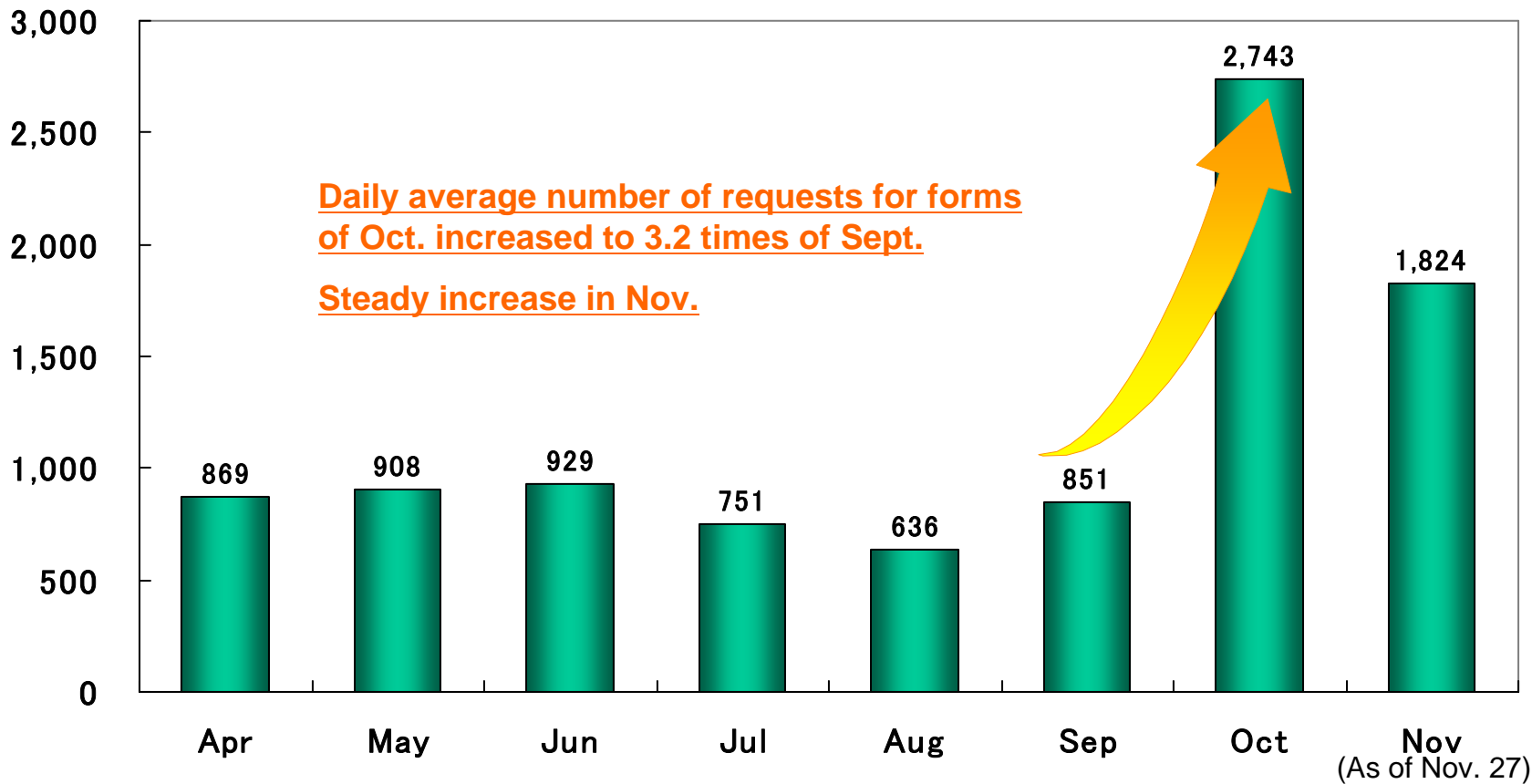


Application for Account Establishment Continues to Increase after October

- Enhance the SBI brand awareness through TV advertisement (started on Oct. 1)
- Utilize the bear market as an investment opportunity

Rapid increase in account applications

Daily Average Number of Requests for Account Application Forms at SBI SECURITIES



(2) Steady Growth in Housing Loans Outstanding and an Increase in Franchise Shops

Accelerating the Expansion of “SBI Housing Loan Shops”

Nationwide network that started in Feb. 2007
continues to expand since the beginning of 2008

Number of SBI Housing Loan Shops

No. of Flat 35 contracts signed through shops as Pct.

(Incl. applications on Internet at first)

Feb. 2007	Jan. 2008	Oct. 2008
0%	46%	80%

*incl. guaranteed Flat 35

As of Oct. 31, 2008 **43 shops**

By the end of 2008
44 shops

Jul. 2008: 40 shops

May 2008: 30 shops

Mar. 2008: 20 shops

Sept. 2007: 10 shops

Feb. 2007: opened **the first shop**



No. of shops opened in 2008 (Jan.-Oct.): **28**

- Broaden the lineup of financial products other than housing loans (started to sell life insurance product on July 2008)
- Planning to postpone IPO because of the downturn in stock markets
- Considering sharing and operating shops with SBI SECURITIES
- Preparing to offer auto insurance product of SBI Insurance

(3) Quickly Cultivate Biotechnology Related Businesses That are Less Sensitive to the Stock Market Volatility

【SBI Biotech】

The Three Key Global Elements to Developing a Successful Biotechnology Industry

Global Researcher Network

Identify drug creation seeds by using a global network of researchers centered around SBI Biotech CEO Dr. Kenichi Arai (former director of the Tokyo University Institute of Medical Sciences)

Global Marketing Channel

Utilize alliances with overseas biotech companies to sell worldwide products resulting from successful drug creation projects

Establishment of Global System for Obtaining Approvals for New Drugs

Utilize alliances with overseas venture capital-backed biotech firms to target rapid approval of new drugs by submitting applications in the countries best suited to receive approval



By assembling these three key global elements, SBIH intends to maintain a consistent drug creation stream, obtain approval in carefully selected countries, and then increase sales through global marketing. The ultimate objective is to establish Japan's leading biotechnology company

→ Establishment of SBI Biotech

SBI Biotech's Full-Fledged Entrance into the Drug Creation Business

SBI Biotech formed alliance with leading institutions, bio-ventures and pharmaceutical companies in the U.S., China and Korea



• In Sept. : Entered into a licensing and collaboration agreement with MedImmune, the global biologics unit of AstraZeneca to develop and commercialize SBI Biotech's anti-ILT-7 protein for the potential treatment of systemic lupus erythematosus and other autoimmune diseases. MedImmune has global rights to any resulting product candidates, and will be responsible for preclinical and clinical development in the U.S.



• In Oct. : Entered into a contract with Baylor Research Institute (BRI), located in Texas, to develop DC (dendritic cell) immunotherapy, one of the latest treatments for cancer. SBI Biotech obtained a license in certain Asian countries including Japan under BRI's proprietary DC technology and is to expand further research in DC.



• In Oct. : Entered into a license agreement with Changchun Huapu Biotechnology in China, to expand novel nucleotide drug pipeline. SBI Biotech acquired the three licensed compounds, and plan to collaboratively develop these in the U.S., China, and Japan, depending on indications to develop drugs for the treatment of cancers, infections and autoimmune diseases.



• In Oct. : Entered into a contract with Helixir in Korea to develop and sell Helixir's nutraceutical, Sarunashi (kind of a kiwi fruit) extract, PG102 with anti-allergic effect. PG102 is expected to be useful for therapy of allergic diseases such as atopic dermatitis, pollen allergy, the allergic rhinitis, the food allergies, and asthma.

SBI Biotech's Project Development Schedule

To be a global drug discovery company with promising drug creation seeds by networking in Japan, United States, China, and Korea. SBI Biotech is working with top world researchers and forming alliances with leading institutions, bio-ventures and pharmaceutical companies in the world.

[Drug Creation Seeds]

Huapu: -GNKG168 (B cells, Chronic lymphatic leukemia)

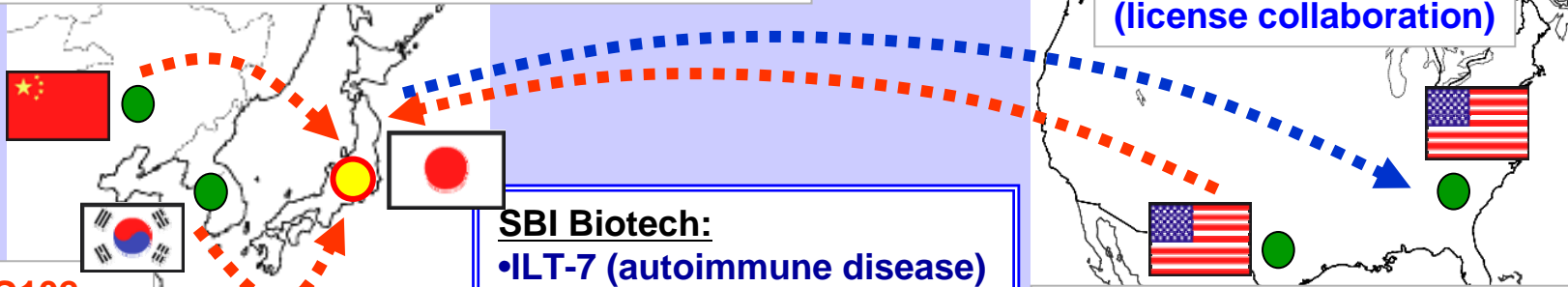
MedImmune: -ILT-7
(license collaboration)

Helixir: -PG102
(allergy disease)

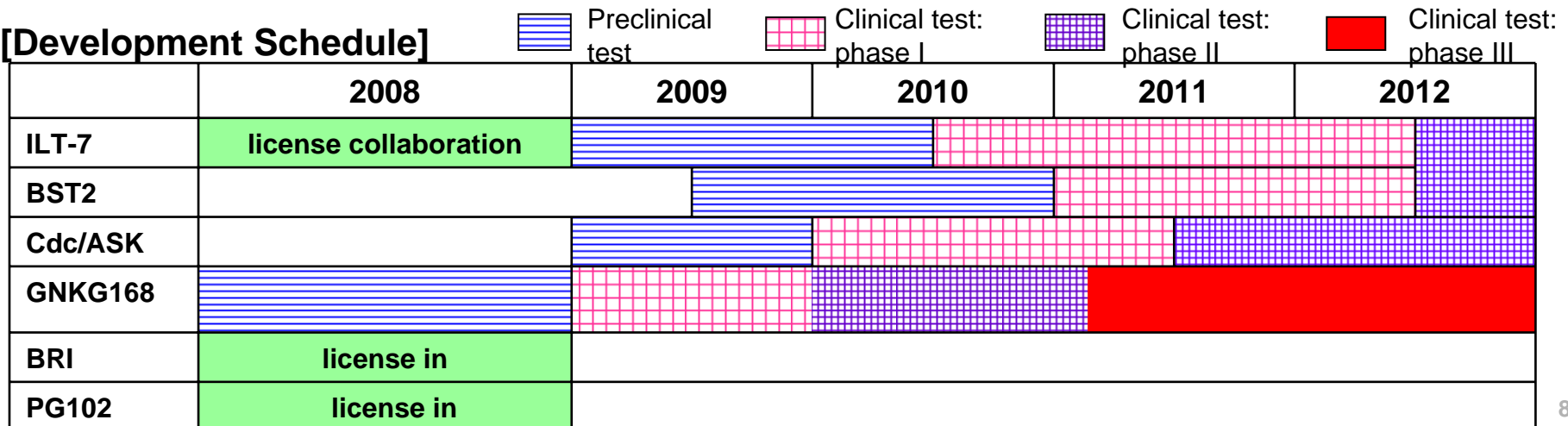
SBI Biotech:

- ILT-7 (autoimmune disease)
- BST2 (cancer, autoimmune)
- Cdc7 (cancer, cell growth)

Baylor Research Institute (BRI)
-Immunotherapy (cancer)



[Development Schedule]

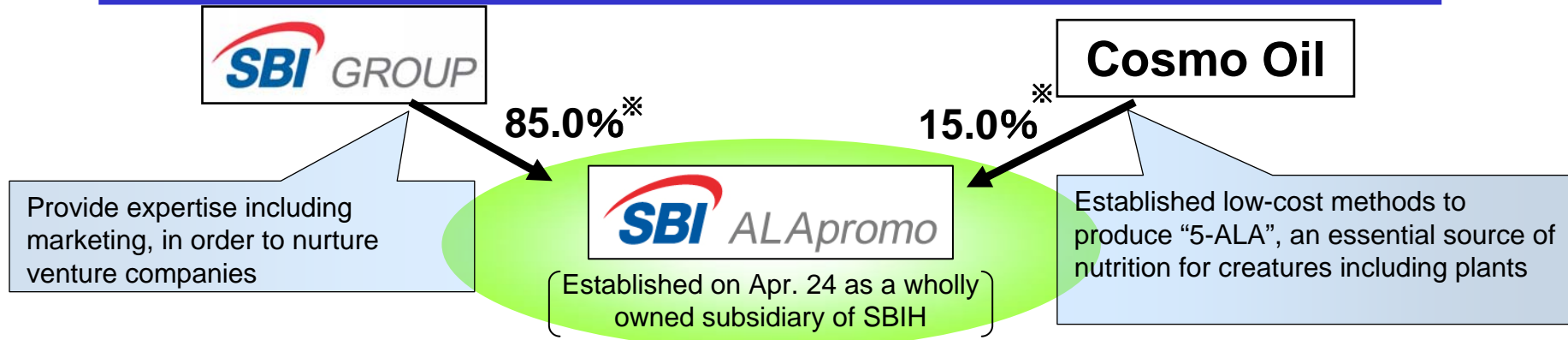


【SBI ALApromo】

R&D Progress Report at SBI ALApromo

A joint venture contract was signed on May 27 to jointly develop methods to utilize 5-aminolaevulinic acid (5-ALA), and to expand the market for 5-ALA related products

5-ALA is expected to be utilized in a variety of ways for diagnosis during operations for brain cancer, cancer screening, prevention of anemia and medical care for rough skin, or atopy



In Nov. 2008, Established R&D base in Tokyo

<R&D Progress Report>

◆ **Cosmetics**: Received permission to manufacture and sell products and established sales organization. Plan to start sales of the first line of products by the end of 2008.

◆ **Therapeutic drugs**: Plan to establish a company with an overseas partner by the end of 2008 to conduct joint R&D programs.

◆ **Diagnostic drugs**: Negotiations under way with several companies in Japan concerning the establishment of business alliances

◆ **Health food**: Clinical trials under way to receive certification of health food products as food for specified health use

【Other Biotechnology Related Investee Companies】

Biotechnology Related Investee Companies Expected to Be a Profit-Making Source

Quark Pharmaceuticals, Inc. (Shareholding ratio of the SBI Group: 24.87%)

- Development of novel therapeutic RNAi drug candidates.
- In Jun. 2006, entered into licensing agreements with Pfizer for PF-4523655, molecules targeting AMD. Potential milestone payments from Pfizer totaling over \$600 million.
- In Jul. 2008, initiated dosing in DME and received milestone payment.
- In Oct. 2008, published the paper that reports efficacy of siRNA targeting its proprietary target gene against NSCLC on “*Cancer Research*”. The results provide a basis for a potential new drug candidate to be added to Quark’s pipeline.
- Mr. Kazuyuki Matsui, a Director and Officer of SBIH, assumed a board membership of Quark Pharmaceuticals
- Considering Conducting an IPO or M&A to a major foreign or domestic pharmaceutical company.

Acucela Inc. (Shareholding ratio of the SBI Group: 26.34 %)

- Development of new drug therapies for blinding eye diseases.
- In Sept. 2008, entered co-development agreement with Otsuka Pharmaceutical for ACU-4429 in dry AMD and for Rebamipide Ophthalmic Suspension for Dry Eye. Potential milestone payments from Otsuka Pharmaceutical totaling \$258 million.
- Considering Conducting an IPO on stock exchanges including NASDAQ.

(4) Continuous Development of Overseas Investments in the Asset Management Business

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 **4.8 billion yen** was recorded through the sales of a portion of its portfolio as of Sept. 2008.

Portfolio companies	Invest-ment	Category	IPO / M&A (planned)	Capital gain			(Unit: US\$ million)
				End Mar.07	End Sept. 08	As of Nov.28	
Sichuan Meifeng Chemical Industry	14.8	A-Class share		63.7	16.3	18.4	IPO'd (market value)
Changsha Zoomlion Heavy Industry Science & Technology Development	10.2	A-Class share		144.6	87.8	80.6	
China Printing & Dyeing Holding	3.4	IPO		0.2	-1.9	* -2.9	
Yingli Green Energy Holding	-	IPO		4.5	-	-	
Kingsoft	9.4	IPO		2.3	-0.5	0.1	
Goldwind Science and Technology	4.1	IPO		124.9	50.5	48.3	Pre-IPO/M&A (estimated value)
Cathay Industrial Biotech	12.0	Pre-M&A	Late 2009	79.1	79.1	79.1	
China Stem Cells Holdings	4.1	Pre-IPO	2008	17.6	17.6	17.6	
Jiangsu Ealong Biotech	2.5	Pre-M&A	Late 2009	5.6	5.6	5.6	
Shineway Group	20.4	Pre-IPO	2010	15.0	15.0	15.0	
TOTAL	81.1			457.5	269.3	261.8	

*Based on the closing price of Oct. 8, owing to the SGX announced of the trading suspension of China Printing & Dyeing Holding stock

(Approx. 45.8 bil. Yen) (Approx. 27.9 bil. Yen) (Approx. 25.0 bil. Yen)

【Estimated Dividend】(estimate as of Nov. 28)

FY2008 5.3 billion yen

FY2009 4.5 billion yen

FY2010 6.6 billion yen

Estimated total dividend 16.4 billion yen

Receipt of dividends is expected to fully start in 2009 when lock-up period expires

Note: The above figures are not confirmed as they are based on estimated stock values of pre-IPO or M&A companies


Overseas Funds Waiting for Investment Opportunities (1)

Started in 2005

Started in
Mar. 2008

Plan to start
in Dec. 2008

Final phase to close
the official contract

Fund name	New Horizon Fund	Tsinghua University Fund	Peking University Fund	JV Fund with three Chinese companies
Progress	6 of the 10 companies IPOed. <u>Another company plans to go public in 2008.</u>	The first fund in Beijing to be established with a foreign affiliated company. <u>Invested in two promising companies.</u>	Received final approval. <u>The fund is primarily targeting promising unlisted companies in China.</u>	In Jun. 2008, reached an agreement in principal to jointly establish an investment fund. This fund <u>targets unlisted companies in China through a management company which will be jointly established by four companies.</u>
Partner	TEMASEK	Tsinghua Holdings	Beida Jade Bird	<ul style="list-style-type: none"> China Merchants Securities Resource Capital China China CITIC Bank
Countries to Invest in	<p>China</p> 			
Investment Object	Non-distributed shares and Unlisted companies	Domestic unlisted companies	Companies and real estate related	Manufacture, consumer goods, service and retail industries, logistics and transportation, energy and resource industries
Investment Amount (mil. USD)	100 〔SBIH's investment ratio : 50%〕	30 〔SBIH's Investment ratio : 99%〕	100 〔SBIH's investment ratio : 50%〕	Offshore: approx. 50 (SBIH) Onshore: approx. 21 (China)




Overseas Funds Waiting for Investment Opportunities (2)

Expect to close the
official contract
in mid-Dec. 2008

Started in
Apr. 2008

Started in
Apr. 2008

Started in
Jun. 2008

Fund name	SBI-METROPOL Investment Fund	India Japan Fund	Vietnam Japan Fund	SBI SOI Fund
Progress	In Dec. 2007, reached an agreement in principal to jointly establish an investment fund. This fund <u>targets prospective listed and unlisted companies in Russia.</u>	<u>This fund targets unlisted companies which are based in India. Invested in two promising companies.</u>	Established a VND based investment fund, which <u>targets promising listed and unlisted companies in Vietnam. Have decided to invest in two listed companies.</u>	Established in Jun. 2008 This fund <u>invests in businesses originating from Asian universities.</u>
Partner	IFC METROPOL	State Bank of India	FPT	Keio University
Countries to Invest in	Russia 	India 	Vietnam 	Asia
Investment Object	Unlisted companies (70%) Listed companies (30%)	Unlisted companies (70%) Listed companies (30%)	Domestic listed and unlisted companies	Venture companies originating from universities
Investment Amount (mil. USD)	100 〔 SBIH's Investment ratio : 50% 〕	100 〔 SBIH's Investment ratio : 95% 〕	100 〔 SBIH's Investment ratio : 90% 〕	500 mil. yen 〔 SBIH's Investment ratio : 100% 〕




New Overseas Funds for which Basic Agreements were Signed in the Second Quarter

Expect to close the official contract in mid-Dec. 2008

Started in Oct. 2008

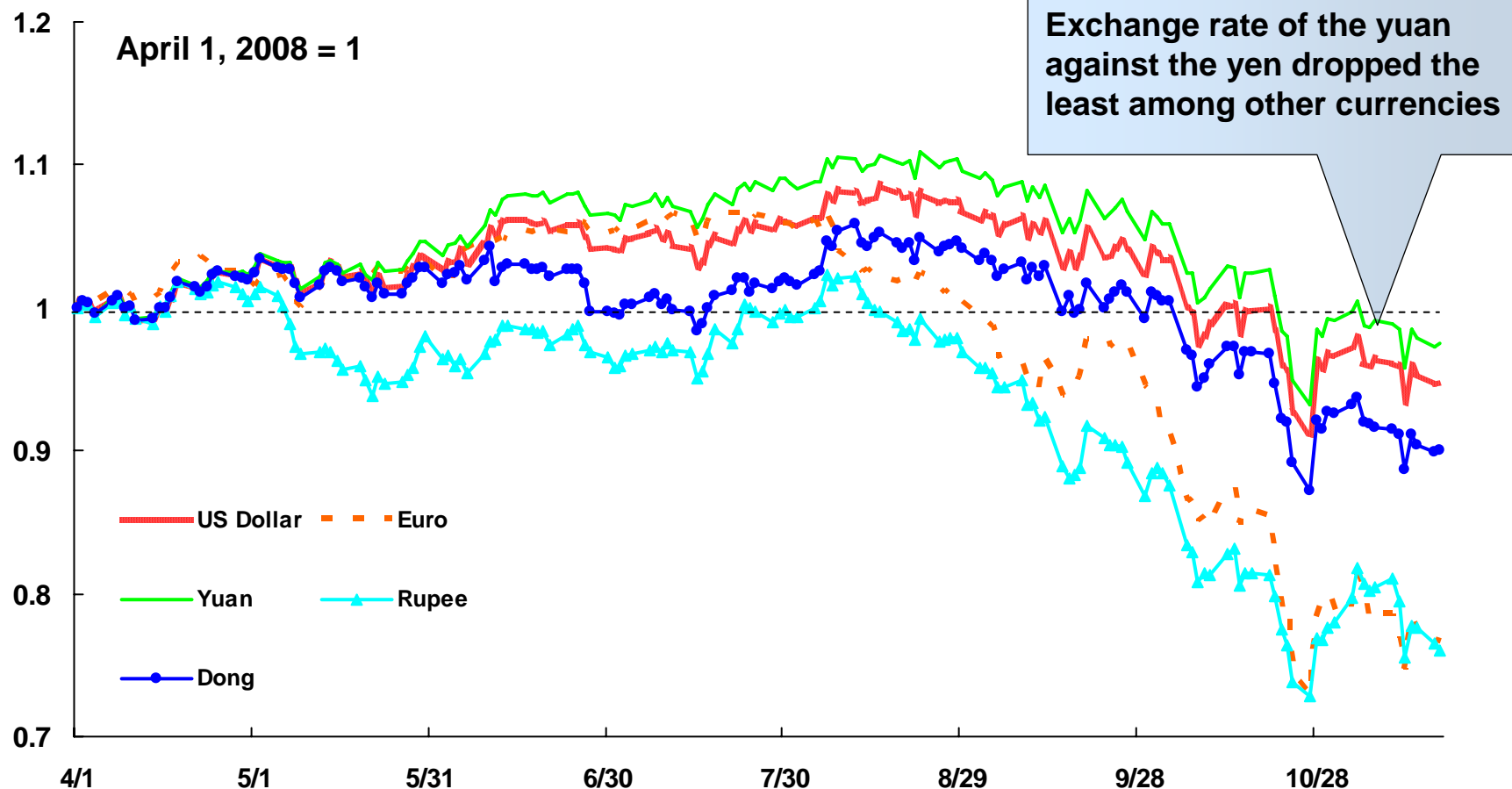
Started in Nov. 2008

Plan to start in 2008

Fund name	Hungary Fund	Fullerton Asia Financials Fund	Taiwan Fund	SBI PRIVATE EQUITY FUND
Progress	Reached a basic agreement to establish a fund in Aug. 2008.	Jointly established in Oct. 2008.	To be established in Oct. 2008.	To be established in 2008.
Partner	MFB Invest Ltd., a wholly owned subsidiary of the Hungarian Development Bank	Fullerton Fund Management Company Ltd, a wholly owned subsidiary of TEMASEK	Founder of a Taiwanese IT company	—
Countries to Invest in	Hungary  and other countries in Central and Eastern Europe	Major Asian countries	Taiwan and China 	Korea 
Investment Object	Promising unlisted companies in Central and Eastern Europe	Listed financial institutions (banks and others)	Taiwanese and Chinese unlisted companies	Listed financial institutions and chaebol-related companies
Investment Amount	100 mil. EUR (SBIH's Investment ratio : 60%)	60 mil. USD (SBIH's Investment ratio : 50%)	22.5 mil. USD (SBIH's Investment ratio : 66.7%)	100-300 bil. KRW

Change in Exchange Rate of Major Currencies Against the Yen (April 2008 - November 2008)

As the currency situation is currently favorable for the yen, the unpaid commitment investment amount for the overseas funds that are waiting for investment opportunities has decreased **by approximately 15% on a yen basis (as of November 2008)**. Meanwhile, there has not been much change in the estimated dividend amount for the yuan based “New Horizon Fund” that just began to realize capital gains because the yuan-yen exchange rate has maintained about the same level with a slight decline.



“SBI PRIVATE EQUITY FUND” Being Newly Established in Korea to Use the Global Bear Market as an Investment Opportunity

“SBI Private Equity Co., Ltd.”, the General Partner of the fund, will invest in undervalued domestic companies for improvement of enterprise value through enterprise revitalization and reformation of business structure



Outline of SBI PRIVATE EQUITY FUND (planned)

Chairman: Lee Deok Hoon

(The Former Finance & Currency Committee Member
at Bank of Korea, the former president of Woori Bank)

Investment Target



- ▶ Companies that can increase enterprise value through enterprise revitalization and reformation of business structure (primarily in the financial sector)
- ▶ Small and medium-sized enterprises with high growth potential

Scale



- ▶ To be established with the initial commitment of 100 bil. won by the end of this fiscal year
- ▶ Commitment may amount to a maximum of 300 bil. won

Investment Strategy



- ▶ Financial and business turnaround
- ▶ Utilize the SBIH Group's network and synergistic effects

Commercial Bank Business Started in Cambodia on September 1, 2008

~Groundwork for business development in Cambodia where companies are transferring factories from China~

The bank was jointly established in Cambodia by the SBIH Group, and the Hyundai Swiss Group of Korea, and received permission from the Financial Supervisory Agency of Cambodia on Aug. 27

This is the first bank in Cambodia to be established by a Japanese financial entity



Utilize both groups' know-how and expertise to expand businesses

Manage deposit management, project finance for real estate and provide loans

Latter half of 2009 **Cambodia Stock Exchange will commence operations**

Economic development and expansion into Cambodia by Japanese and other foreign companies are expected



Manage loan businesses for overseas companies that start operations in Cambodia

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

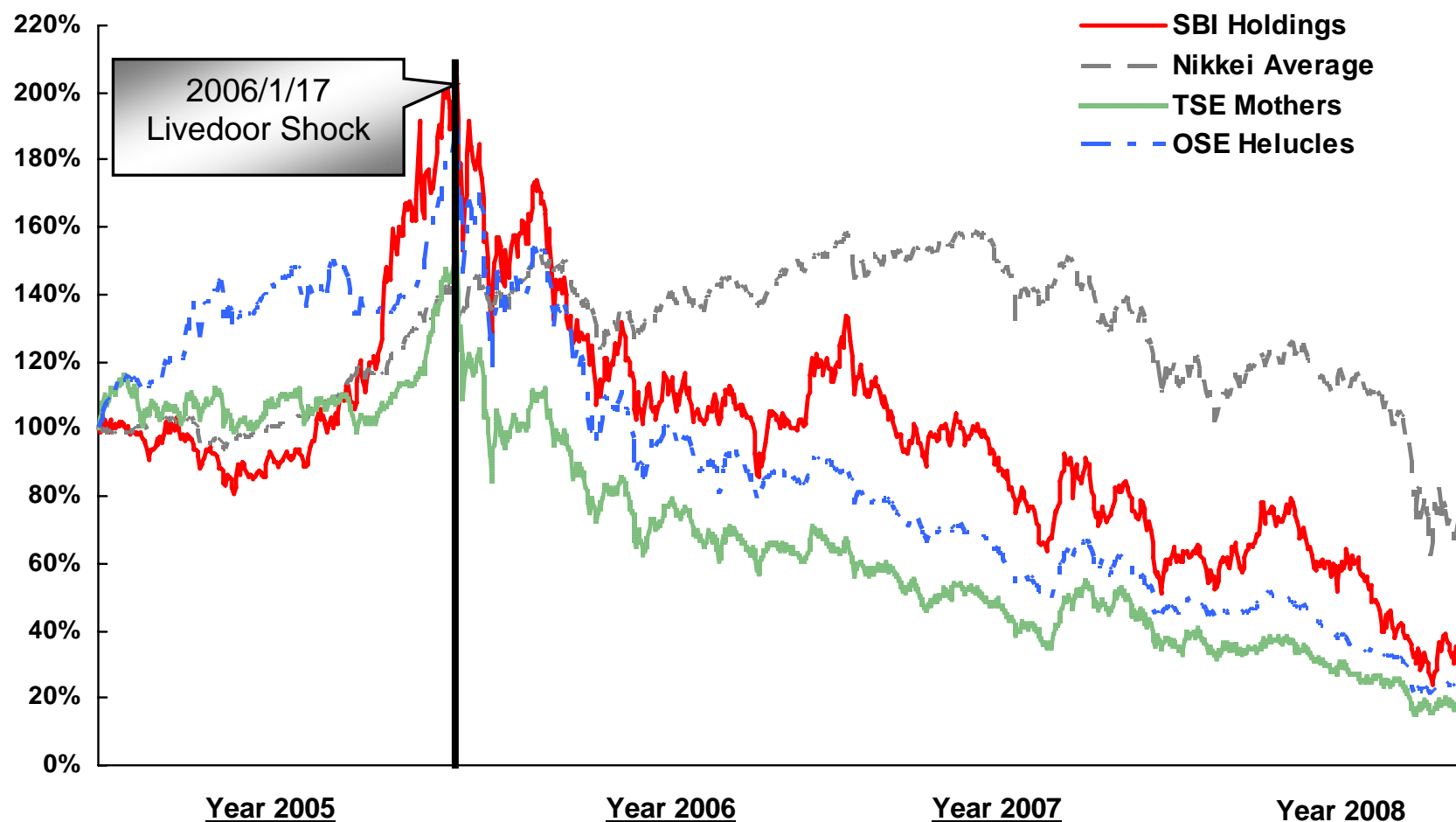
【Stock Price Information】

Correlation Between SBI Holdings Share Price and the Nikkei Average, the Mothers and Hercules Indexes

(Jan. 4, 2005 to Nov. 28, 2008)

Prior to “Livedoor shock”, Correlation coefficient: 0.96 (Nikkei Avg.), 0.80 (Mothers) and 0.60 (Hercules)

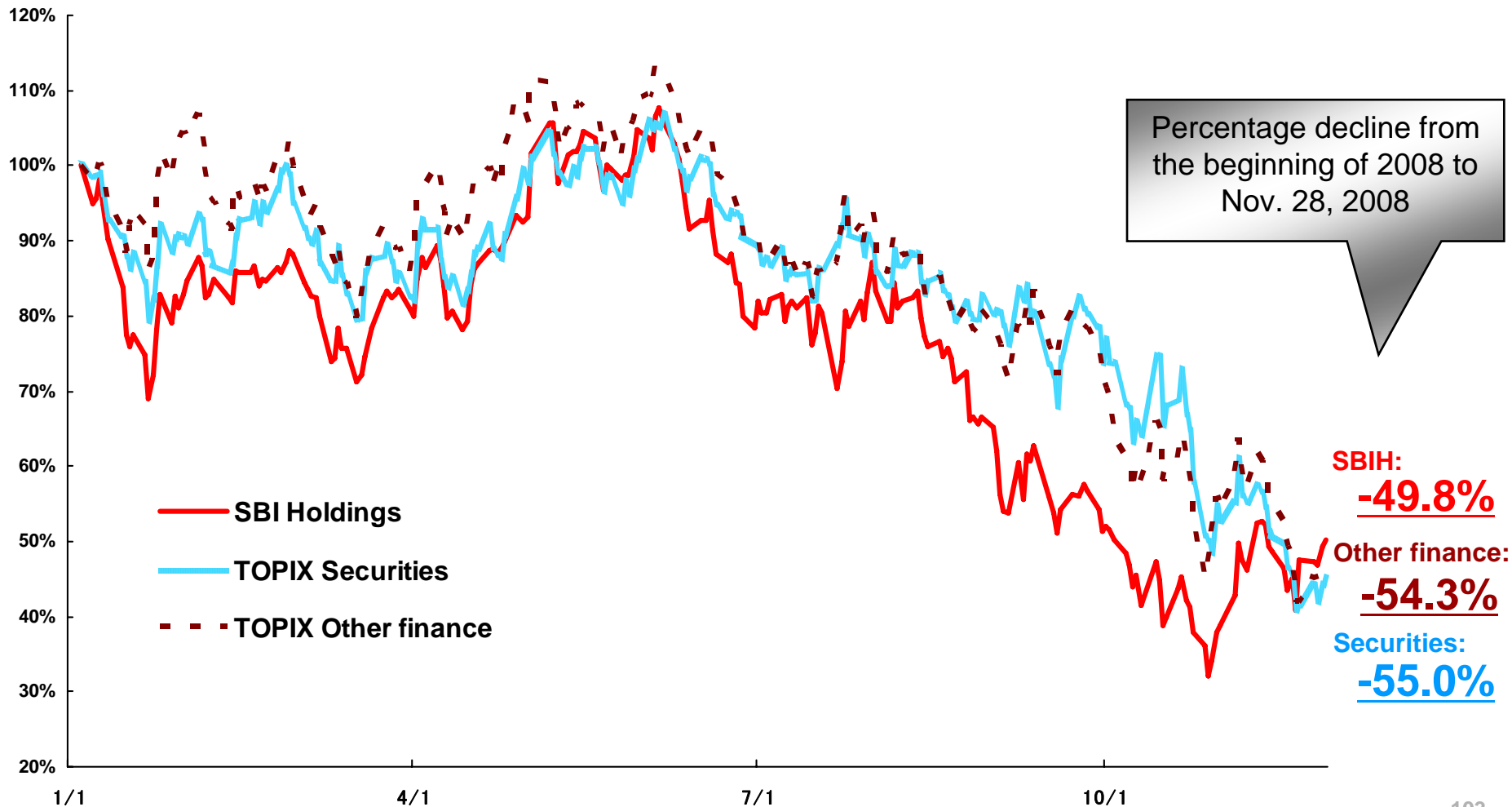
After “Livedoor shock”, Correlation coefficient: 0.70 (Nikkei Avg.), 0.97 (Mothers) and 0.98 (Hercules)



Correlation Between SBI Holdings Stock Price and TOPIX Industry-specific Average (Securities/Other Finance)

(Jan. 4, 2008 to Nov. 28, 2008)

Correlation coefficient : 0.91 (Securities), 0.95 (Other finance)



Correlation Between SBI Holdings Stock Price and TOPIX Industry-specific Average (Real Estate)

(Jan. 1, 2008 to Nov. 28, 2008)

Correlation coefficient : 0.90 (Real Estate)



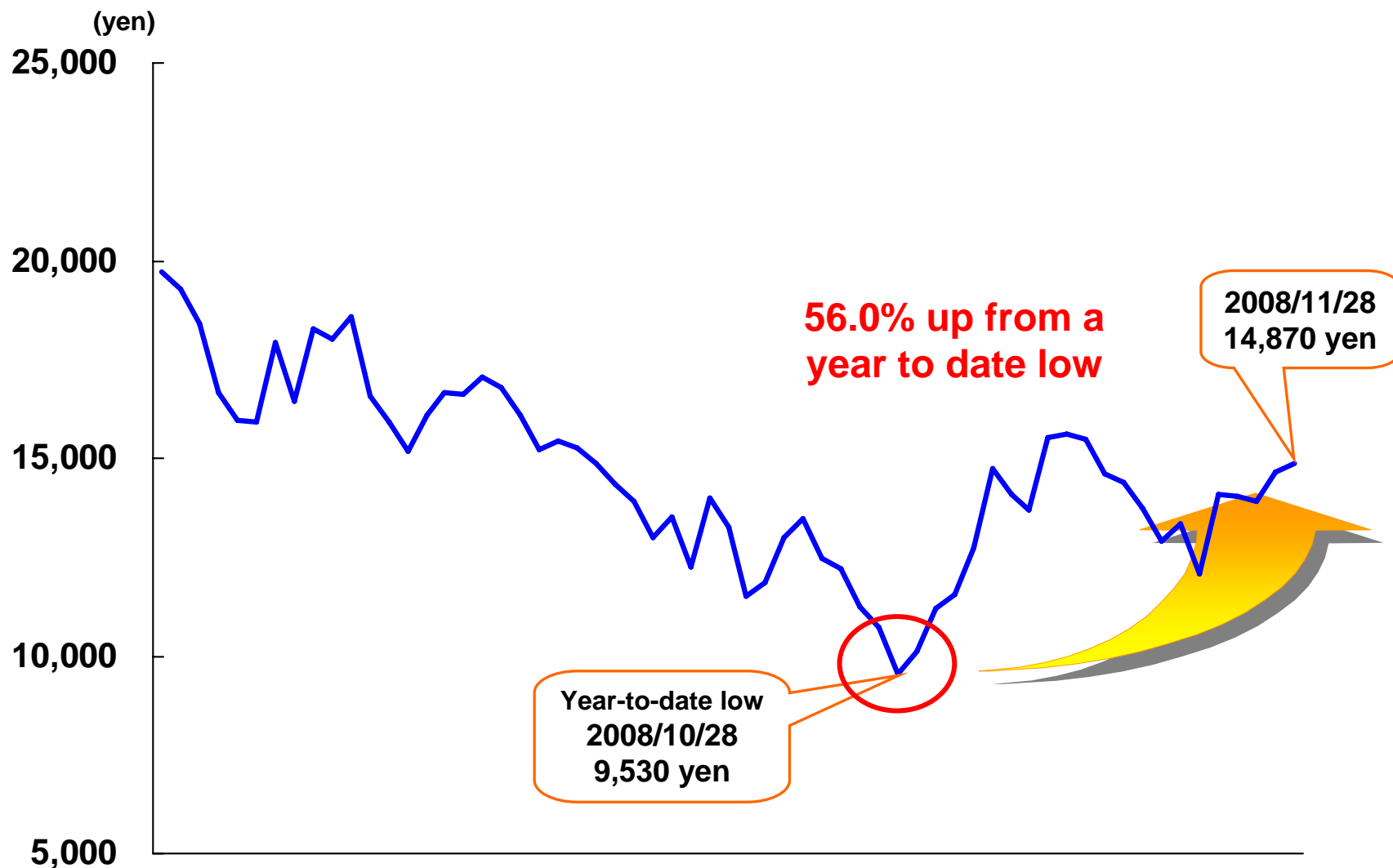
Share Price of SBI Holdings

(Jan. 1, 2005 to Nov. 28, 2008)

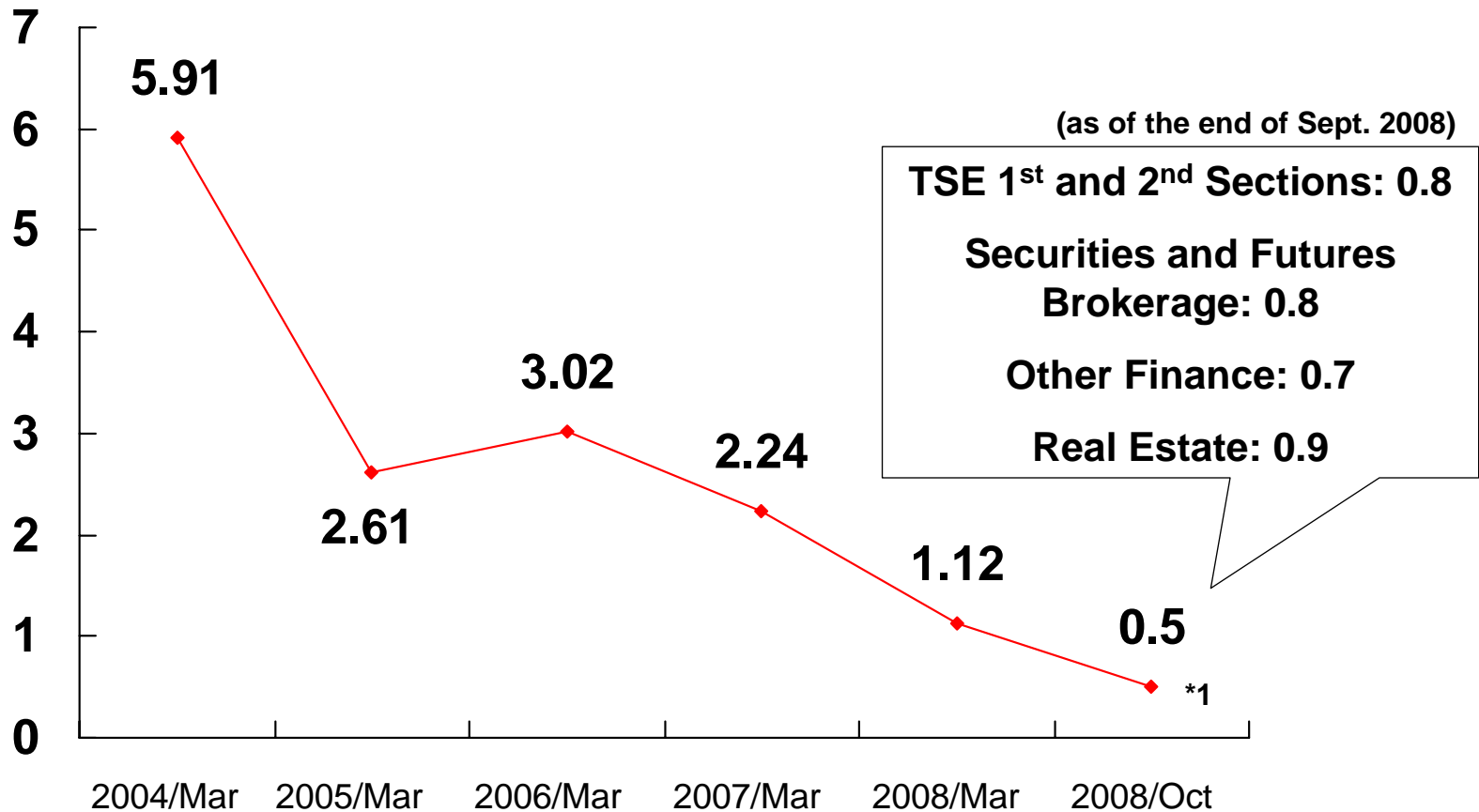


Share Price of SBI Holdings in the Current Three Months

(from Aug. 29, 2008 to Nov. 28, 2008)



Change in SBIH's PBR



*1 The latest PBR is based on PBS as of the end of FY08 2Q

Valuation of SBI Holdings by Using Summing Up Method (1)

<Assumptions >

- The number of shares issued used for calculation of the theoretical stock price is about 16.76 million shares, which is the number of shares outstanding after making SBI SECURITIES a wholly-owned subsidiary of SBI Holdings.
- Market capitalization based on closing prices on Nov. 28, 2008.
- Asset Management Business: Product of a market cap multiple for a peer company (JAFCO) versus FY2007 operating income (new accounting standard) and FY2007 operating income (new accounting standard) for this SBIH business unit.
- Brokerage & Investment Banking Business: Product of average market cap multiples for peer companies (Matsui and kabu.com) versus FY2007 operating income and FY2007 operating income for this SBIH business unit.
- 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 (RISA Partners, GOLDCREST and Raysum (former RECRM RESERCH)) versus FY2007 operating income and FY2007 operating income for this SBIH business unit.

Valuation of SBI Holdings by Using Summing Up Method (2)

(Unit: million yen)

	Market cap by segment (Theoretical value)
Asset Management	160,579
Brokerage & Investment Banking	208,859
Financial Services (listed subsidiaries)	7,189
Financial Services (new and other businesses)	(+)
Housing and Real Estate	10,740
Total	387,367(+)

Theoretical stock price (yen)

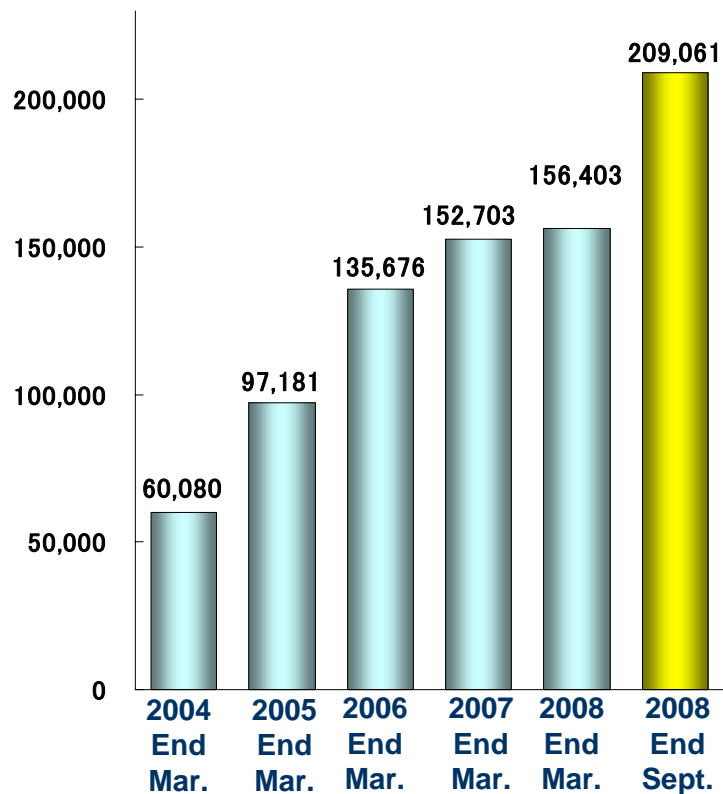
23,112(+)

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.

SBI Holdings Shareholder Composition

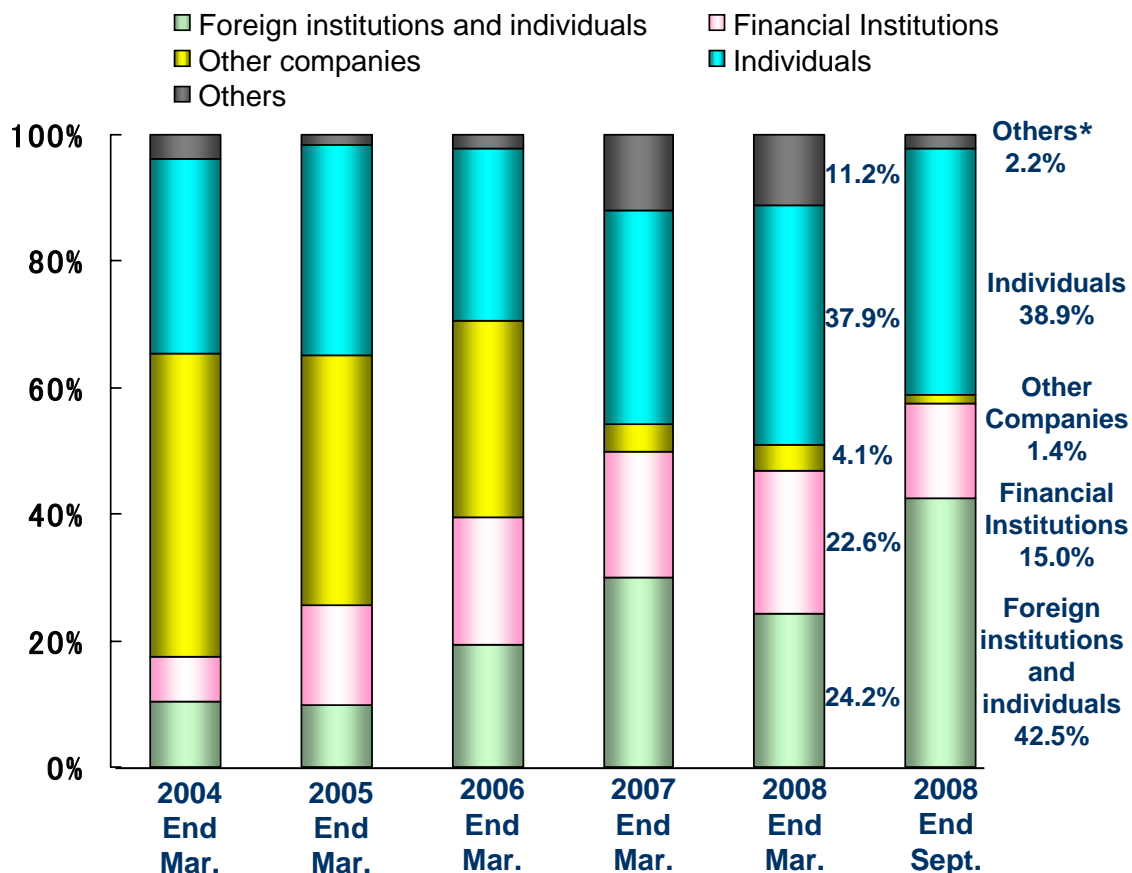
Rapid increase in shareholding ratio of foreign investors compared to that at the end of Mar. 2008

Number of Shareholders



*Include holders of less than one trading unit

Shareholder Composition



*Others includes treasury stock (0.2%)

Recent Major Shareholdings Report of SBIH Submitted by Foreign Investors

Shareholding entity		Report Obligation Incurred	Number of shares currently held (shares)	Currently held shares as Pct. of the total outstanding shares of SBIH (%)
The Capital Group (U.S.)	Capital Guardian Trust Company Capital International Limited Capital International Inc. Capital International S.A. Capital International K.K.	Aug. 29, 2008	1,201,929	7.17
The Orbis Group (U.K.)	Orbis Investment Management (B.V.I.) Limited Orbis Investment Management Limited	Oct. 15, 2008	1,503,188	8.97
			↓	↓
		Oct. 27, 2008	1,685,181	10.05
			↓	↓
		Nov. 6, 2008	1,861,389	11.11
			↓	↓
		Nov. 19, 2008	2,301,092	<u>12.12</u>

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