



*Strategic
Business
Innovator*

SBI Holdings, Inc.

First Quarter Financial Results

(Fiscal Year Ending March 31, 2011)

July 29, 2010

The items in this document are provided as information related to the business strategy of SBI Group companies and not as an invitation to invest in the stock or securities issued by each company.

None of the Group companies guarantees the completeness of this document in terms of information and future business strategy.

The content of this document is subject to revision or cancellation without warning.

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

- 1. Consolidated Results and Business Overview for the First Quarter Ended June 30, 2010**
- 2. Capital Increase through Public Offering Conducted in June 2010**
- 3. Entered into Second Stage of Group Management, Focused on Profit Growth rather than on Business Scale**
- 4. Growing as a New Business Field and the Potential Promise of the Bio-Related Businesses**

1. Consolidated Results and Business Overview for the First Quarter Ended June 30, 2010

【Changes in business segments】

Because of the application of new accounting standards relating to segment information, business segments were changed under the following conditions.

•Clarification of quantity criteria:

The System Solutions Business, which does not satisfy the quantity standard, is not disclosed as a reportable segment.

•Clarification of integration criteria

(economic characteristics of a business segment shall be generally similar):

SBI Biotech (previous Asset Management Business) and HOMEOSTYLE (previous Housing and Estate Business) are considered inappropriate to be integrated into each current segment since each of the activities and business risks differs from each business segment. Therefore, each of the business results are separated and added to Other Businesses.

1Q FY2010 Consolidated Performance

The results are recovering after bottoming out in 3Q FY2009

(Unit: million yen)

	FY2009				FY2010	
	1Q (Apr.-Jun. 2009)	2Q (Jul.-Sept. 2009)	3Q (Oct.-Dec. 2009)	4Q (Jan.-Mar. 2010)	1Q (Apr.-Jun. 2010)	QoQ (%)
Operating Revenues	35,031	28,121	27,671	33,716	32,743	-2.9
Operating Income	^{*1,2} 3,180	^{*1,2} 571	^{*1,2} 421	^{*1,2,4} -742	^{*6} 2,685	—
Ordinary Income	2,501	-489	236	-1,137	^{*7} 1,038	—
Net Income	1,899	^{*3} -1,077	663	^{*5} 863	^{*8} 1,264	+46.4

*1 Recorded provision for allowance for doubtful accounts (SBI Equal Credit: 1.1 bil. yen, SBI Card: 0.4 bil yen) throughout FY2009

*2 Recorded provision for loss on interest repayment (SBI Equal Credit: 0.5bil. yen, SBI Card: 0.3 bil yen) throughout FY2009

*3 Recorded provision for allowance for doubtful accounts for loan to ZEPHYR: 1.5 bil. yen

*4 Recorded allowance for losses on investment securities of 2.6 bil. yen for KTIC Holdings shares which is equivalent to decimated value by the ex-management

*5 Recorded an extraordinary gain of 0.8 bil. yen for the transfer of SBI AXA Life Insurance shares, and of 1.4 bil. yen for the transfer of Broadmedia shares

*6 SBI Card recorded provision for allowance for doubtful accounts of 0.3 bil. yen

*7 SBI Korea Holdings recorded ¥0.85 billion in foreign exchange loss on yen-denominated loans.

*8 HOMEOSTYLE recorded ¥1.0 billion in extraordinary loss due to impairment of fixed assets, among other factors.

Quarterly Operating Income by Segments



The Brokerage and Investment Banking Business is stably contributing to operating income although the stock market is getting uncertain compared to the same time last year. Financial Services Business is also recovering.

(Unit: million yen)

	*1 FY2009				FY2010
	1Q (Apr.-Jun. 2009)	2Q (Jul.-Sept. 2009)	3Q (Oct.-Dec. 2009)	4Q (Jan.-Mar. 2010)	1Q (Apr.-Jun. 2010)
Asset Management	2,090	380	521	*5 -448	1,109
Brokerage and Investment Banking	3,055	2,929	1,825	1,564	2,806
Financial Services	*2,3 158	*2,3 146	*2,3 -245	*2,3 147	*6 476
Housing and Real Estate	-194	*4 12	581	473	525
Others	-271	-833	-494	-505	-749

*1 The figures in FY 2009 reflect the changes in business segment.

*2 Recorded provision for allowance for doubtful accounts (SBI Equal Credit: 1.1 bil. yen, SBI Card: 0.6 bil yen) throughout FY2009

*3 Recorded provision for loss on interest repayment (SBI Equal Credit: 0.5bil. yen SBI Card: 0.3 bil yen) throughout FY2009

*4 Recorded valuation loss of 0.4 billion yen for real estate inventory at SBI Holdings, and recorded allowance for doubtful accounts of 0.1 billion yen at CEM Corporation

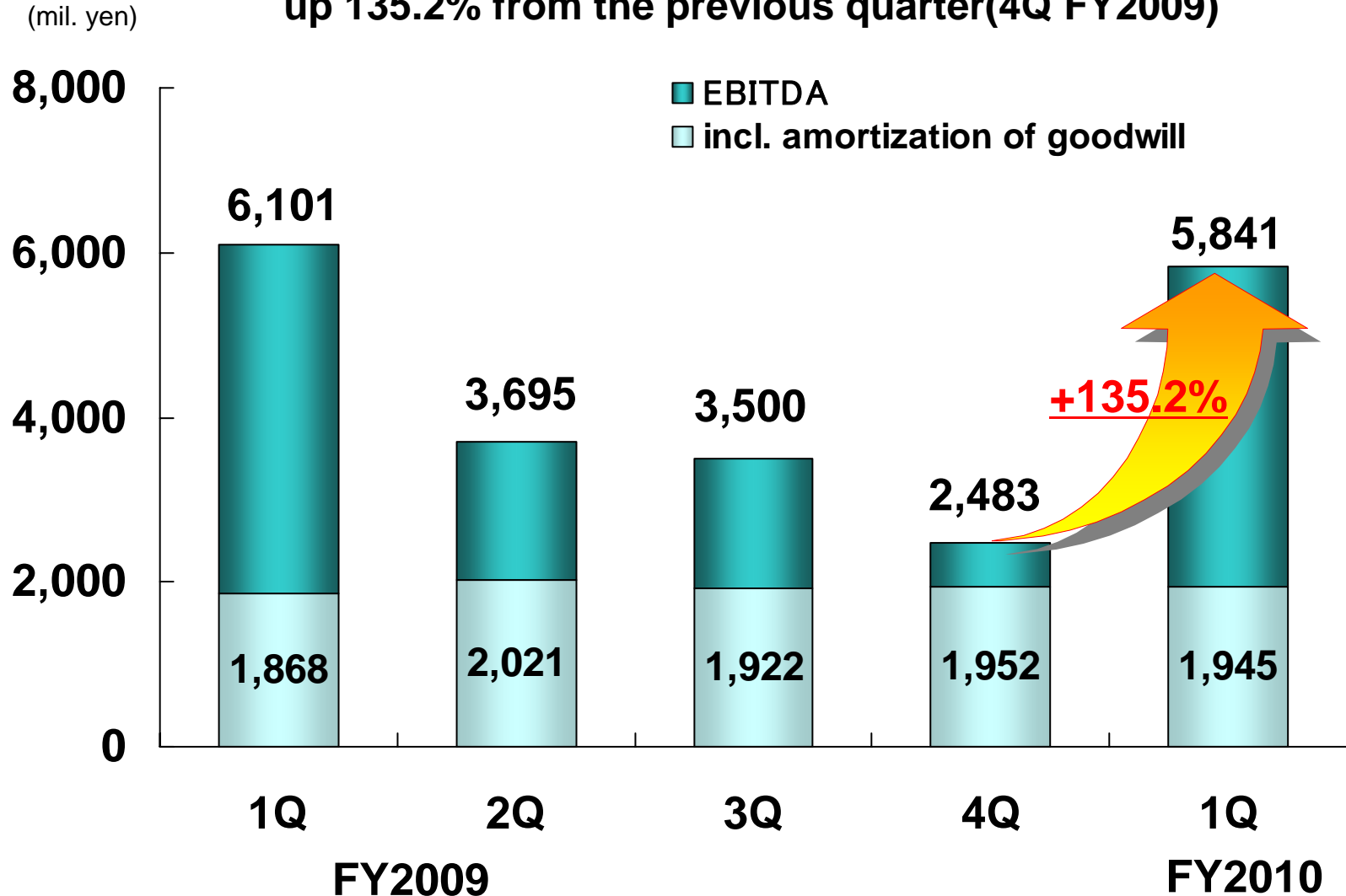
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Change in EBITDA

(EBITDA=operating income + allowance for depreciation + goodwill amortization)

EBITDA for 1Q FY2010 improved significantly to 5,841 mil. yen, up 135.2% from the previous quarter(4Q FY2009)



【Summary of Major Business Segments】

【Asset Management Business】

Fiscal 2010 First Quarter			
(Three months ended June 2010)			
		(QoQ)	(YoY)
Operating Revenues	6.1 bil. yen	+17%	-38%
Operating Income	1.1 bil. yen	N/A (*)	-47%

(*)Operating income of Asset Management Business in 4Q FY2009 is -0.4 bil. yen

- **Regarding domestic IPOs for this quarter, conditions improved slightly as the number of companies listed doubled to 6 companies from the previous year. Among SBI investee companies, 3 have already exited through an IPO or M&A (sale not completed due to lock-up period).**
- **With a 1.2 billion yen contribution to operating income in the first quarter from the New Horizon Fund I, along with the success of aggressive investments into the high growth overseas markets, an operating profit was secured. Together with the New Horizon Capital II, there is an unrealized capital gain of ¥6.6 billion (as of July 28) in our equity interest.**
- **Investments were continued at a high level compared to others in the industry (¥17.9 billion quarterly cumulative total).**

*The above figures were calculated using the new accounting standard (with fund consolidation) for each segment.

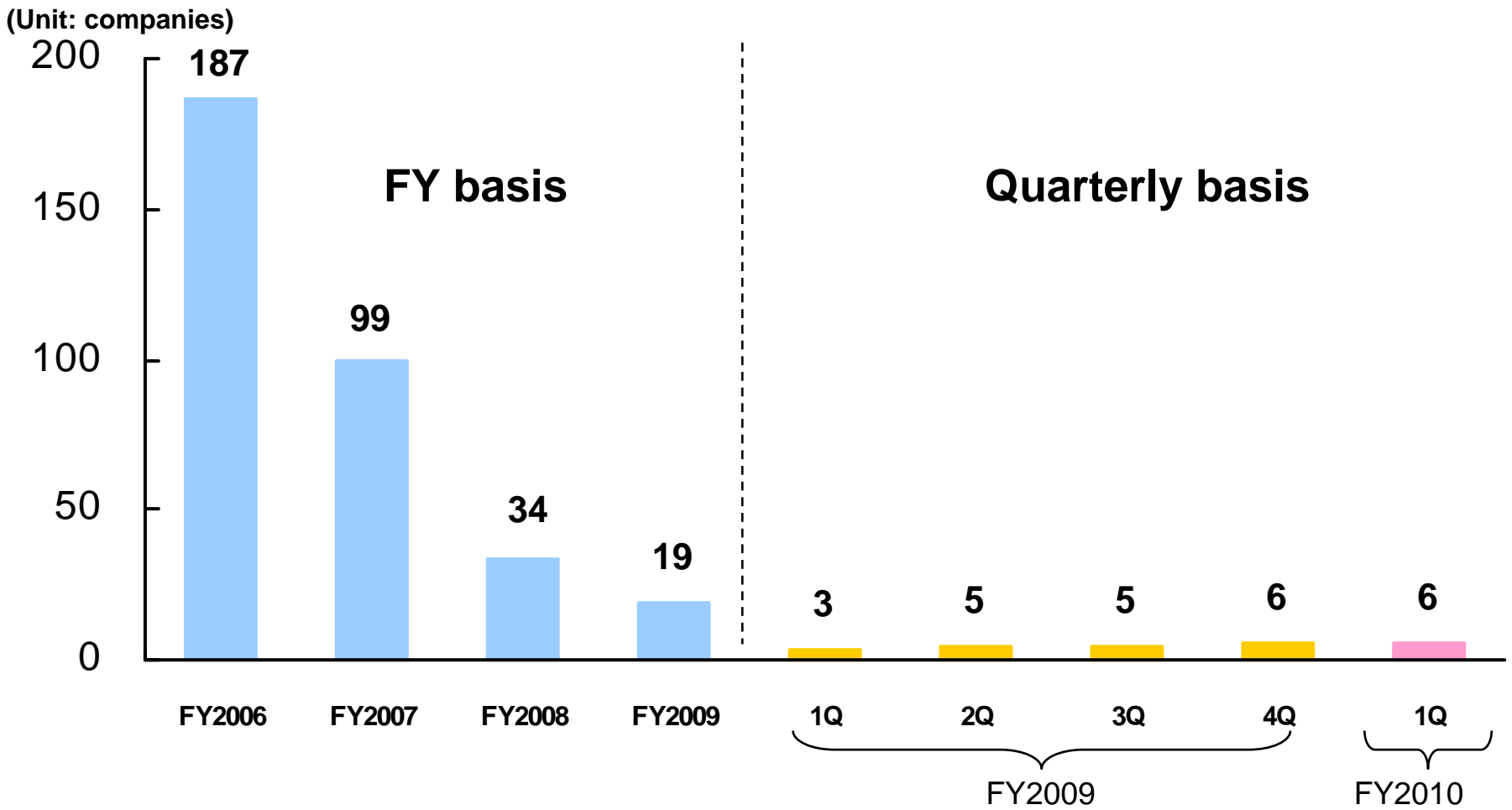
*Percentage changes QoQ and YoY reflect the changes in business segment.

*The above figures do not include eliminations for consolidation and the deduction of corporate expenses.

*Rounded to the nearest 100 million yen.

Change in Number of IPOs in Japan

During FY2009, only 19 companies completed IPOs, which was much fewer than in FY2008. For 1Q FY2010, the number of IPOs doubled to 6 companies



Source: Stock exchanges in Japan

IPOs and M&A Deals in the Asset Management Businesses

	From Jul. 1999 (start of operations) to Mar. 2009	FY2009	* FY2010
IPOs and M&A deals	111	11	14 (Forecast)

In FY 2010, 3 companies below have already exited through IPOs or M&A

April 1	MEDICAMOBILE	(M&A)
May 18	Navinfo Co., Ltd.	(Shenzhen)*
June 23	Harbin Gloria Pharmaceuticals Co. Ltd.	(Shenzhen)*

*includes 4 portfolio companies of New Horizon Capital, the second fund, in which SBIH invested as a limited partner.

Performance Comparison with a Major VC Company

1Q FY2010 performance comparison of SBI Asset Management Business and JAFCO

(bil. yen, %)

	Operating Revenues	YoY Change	Operating Income	YoY Change
SBI Group's Asset Management Business	6.1	-38.3	1.1	-47.0
JAFCO	3.4	-2.7	0.4	*3 N/A

<Reference: FY09 performance (full year)>

	Operating Revenues	YoY Change	Operating Income	YoY Change
SBI Group's Asset Management Business	20.2	+26.4	*4 1.9	-28.2
JAFCO	16.7	-22.2	-5.0	*5 N/A

*1 JAFCO adopts method of excluding the consolidation of funds, whereas the performances of the SBI include the consolidation of funds. In FY09 JAFCO's net loss posted 2.2 bil. yen. In 1Q FY10 net profit posted 0.6 bil.yen

*2 Amounts are rounded to nearest 100 million yen

*3 Operating income of FY09 posted -0.7 billion yen

*4 Recorded allowance for losses on investment securities of 2.6 bil. yen for KTIC Holdings shares.

*5 Operating income of FY08 posted -9.4 billion yen

Estimated Dividends of “New Horizon Fund I”

- 8 of the 10 companies were exited since its launch in May 2005.
- Cumulative total operating income by the end of FY2009 was 8.78 billion yen and operating income in 1Q FY10 (3M) was 1.19 bil. yen
- Our shareholding represents an unrealized profit of approx. 8.5 billion yen in and after FY2010 (as of Jul. 28).

(mil. USD) (as of Jul. 28)

Portfolio companies	Invest-ment	Category	IPO / M&A (planned)	Cumulative capital gain	Unrealized gain
Sichuan Meifeng Chemical Industry	5.5	A-Class share		21.5	8.6
Changsha Zoomlion Heavy Industry Science & Technology Development	2.6	A-Class share		108.5	64.0
Yingli Green Energy Holding	-	IPO		19.2	-
Kingsoft	-	IPO		10.6	-
Goldwind Science and Technology	0.1	A-Class share		70.9	3.2
China Cord Blood Corporation	4.1	IPO		-	8.8
Jiangsu Ealong Biotech	-	-	-	-	-
Shineway Group	12.7	Pre-IPO	2010	(trade sale) 25.8	(Estimated) 9.4
Cathay Industrial Biotech	12.0	Pre-IPO	2012	-	(Estimated) 79.1
Total	37.0			256.7	173.1

IPO'd (market value)

Pre-IPO/M&A

(Yen equivalent) (23.5 bil. yen) (15.2 bil. yen)

[Received Dividend]* (Unit: billion yen)		[Estimated Dividend in and after FY2010] (Expected amount as of July 28, 2010)			
Foundation – FY2008	FY2009	FY2010	FY2011	FY2012	Total Estimated Dividend after FY10
7.0	4.7	3.4	2.2	2.9	8.5

* Receipt of dividends depends on the timing of sales, the figures are not determined yet.

* Sales amount after deduction of expenses associated with sales.

New Horizon Capital (“New Horizon Fund II”) has Already Invested in 17 Companies

Of the 17 companies in the New Horizon Capital portfolio, 5 have already exited. 11 other companies are planning to go public or to be merged by 2013.

Company name	IPO / M&A	Date
GCL	M&A	Jun. 2009
BBMG	IPO	Jul. 2009
Windrace	M&A	Oct. 2009
Navinfo	IPO	May 2010
Yuheng	IPO	Jun. 2010

SBIH shareholding represents an unrealized gain of **2.9 bil.** for already existed companies (as of July 28)

Planned Exits: 11 companies

Company name	IPO / M&A	Schedule
New Century	M&A	2010
Emarket	M&A	2010
Meihua	M&A	2011
Jiahua	M&A	2011
Tianhe	M&A	2011
Sunac	IPO	2011

Company name	IPO / M&A	Schedule
Nineyou	M&A	2011
Haoyue	IPO	2011
Cathay	IPO	2012
CGA	IPO	2012
Sinovel	IPO	2013

* Above are estimations as of July 2010, and are subject to change over time

New Investments During 1Q FY2010 (Apr.-Jun.)

- The most aggressive investments continue as an investment company -

Unit: million yen
(Number of Invested companies)

	New Investment Amount		
	1Q FY2010 (Apr.-Jun.)	(Reference) 1Q FY2009 (Apr.-Jun)	(Reference) FY2009 (full year)
[Funds' Investment]	12,730 (49 Companies)	15,553 (48 Companies)	54,370 (132 Companies)
Breakdown: Stocks	6,573 (29 Companies)	6,384 (30 Companies)	21,709 (88 Companies)
Others (incl. bonds)	6,157 (20 Companies)	9,168 (18 Companies)	32,660 (44 Companies)
[Direct Investment]	5,206 (5 Companies)	1,109 (3 Companies)	5,161 (11 Companies)
Breakdown: Stocks	5,206 (5 Companies)	10 (2 Companies)	4,001 (9 Companies)
Others (incl. bonds)	—	1,099 (1 Companies)	1,159 (2 Companies)
[TOTAL]	17,936 (54 Companies)	16,663 (51 Companies)	59,532 (143 Companies)
[Comparison: JAFCO]	5,399 (31 Companies)	1,375 (23 Companies)	17,647 (101 Companies)

*When there are first and second quarter investments in the same company, the investment is counted as a single company to eliminate duplications.

Assets under Management of the SBI Group



522,2 billion yen as of the end of Jun. 2010

Private equity ,etc. total: 273.4 bil. yen

[IT/Biotechnology] Total: 128.6

Internet	3.8
Broadband/Media	53.3
Mobile services	27.8
Biotech/Others *1,2	43.7

[Environment/Energy *2] 8.1

[Direct investment] 29.6

[Buyout/Mezzanine] Total: 39.6

Value Up	20.9
Mezzanine	18.7

[Overseas] Total: 67.4

China *2	31.9
Vietnam	7.8
India	8.9
Hungary	13.9
Others *2	4.9

[Investment trusts, others]

Total: 197.7

Investment trusts	36.6
Investment advisory	159.6
Investment companies	1.5

[Real estate, others]

Total: 51.2

Development	29.6
Completed properties	21.5

Note: Figures for real estate reflect a total investment amount, and investment trusts, investment advisory and others reflect net assets at market value as of the end of Jun. 2010. Figures for other funds are net assets at market value based on the latest financial reports of each fund as of the end of Jun. 2010. All figures are rounded to the nearest 100 million yen.

*1 Includes funds managed by HIKARI Private Equity and by Trans-Science.

*2 Calculated based on the investment commitment amount if the fiscal year is not yet closed

Fiscal 2010 First Quarter (Three months ended June 2010)

		(QoQ)	(YoY)
Operating Revenues	13.1 bil. yen	+10%	-3%
Operating Income	2.8 bil. yen	+79%	-8%

- Despite the sluggish market, where individual stock brokerage trading value decreased by 4.6 % for the quarter, SBI SECURITIES' individual stock brokerage trading volume increased by 3.5% for the first quarter of FY2011. Owing to such performance, commission fees increased 10.8% and revenues related to investment trusts 12.4%, leading to an operating revenue increase of 9.1% and an operating income increase of 44.5% quarter on quarter.
- SBI Liquidity Market has grown to become a subsidiary that contributes substantively to the Group's consolidated performance in a very short period of time since its inception on November 17, 2008 (its contribution to the Group's operating income, including trading gains from SBI SECURITIES, for this quarter on a consolidated basis was approximately 2.5 bil. yen).

* The above figures were calculated using the new accounting standard (with fund consolidation) for each segment.

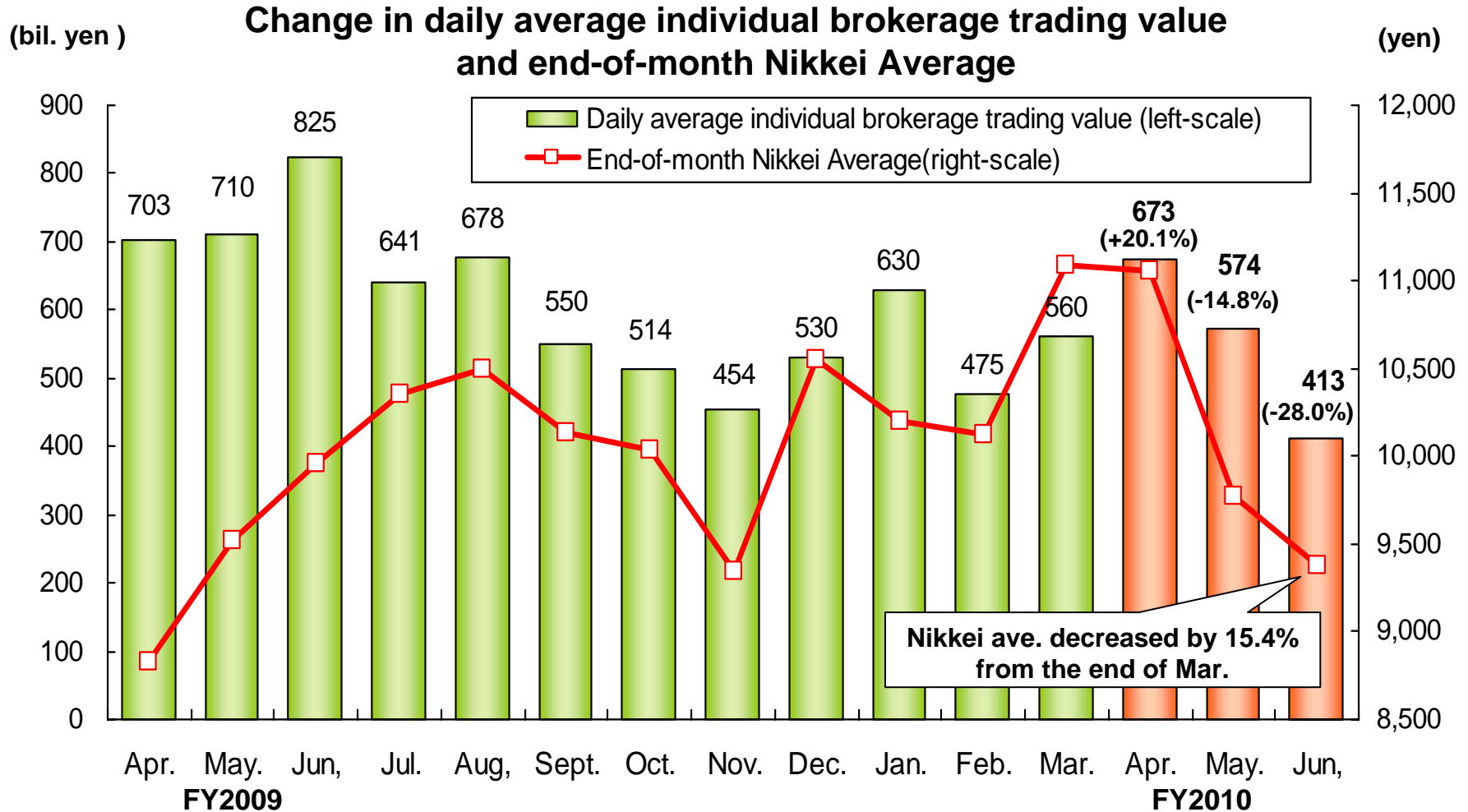
* Percentage changes QoQ and YoY reflect the changes in business segment.

* The above figures do not include eliminations for consolidation and the deduction of corporate expenses.

* Rounded to the nearest 100 million yen.

Trading Value of the Japanese Stock Markets Declined Every Month in FY2010

Individual stock brokerage trading value in 1Q FY2010 was down 4.6% from the previous quarter



•Japanese Stocks listed on Tokyo Stock Exchange, Osaka Stock Exchange and Nagoya Stock Exchange (including TSE Mothers, OSE Hercules and NSE Centrex)

Source: Compiled by SBIH from disclosed data from TSE

SBI SECURITIES Quarterly Results (Consolidated)

(from 1Q FY2009 to 1Q FY2010)

(million yen, %)

	FY2009				FY2010	
	1Q (Apr.-Jun. 2009)	2Q (Jul.-Sep.2009)	3Q (Oct.-Dec. 2009)	4Q (Jan.-Mar. 2010)	1Q (Apr.-Jun. 2010)	YoY Change
Operating Revenues	12,448	12,084	10,629	10,952	11,950	+9.1
Net Operating Revenues	11,516	11,095	9,747	10,033	10,964	+9.3
Operating Income	3,781	3,718	2,555	2,400	3,468	+44.5
Ordinary Income	3,862	3,560	2,648	2,274	3,607	+58.6
Net Income	2,300	2,098	1,561	1,351	*3,900	+188.6

*Recorded 2,022 million yen extraordinary gain for the reversal of reserve for financial products transaction liabilities

Comparison of 1Q FY10 Consolidated Performance of Conventional and Five Online Securities Companies

(million yen, %)

	Operating Revenues	YoY Change	Net Income	YoY Change
SBI	11,950	-4.0	3,900	+69.6
Rakuten (non-cons)	6,390	+5.7	2,045	+23.6
Matsui	6,177	-9.7	2,027	-4.3
Monex	7,407	+20.7	1,212	-14.2
Kabu.com (non-cons)	4,042	-5.9	1,040	-1.6
Nomura HD	To be announced on July 30			
Daiwa	94,151	-28.7	-1,191	N/A *

(Source : Based on company materials)

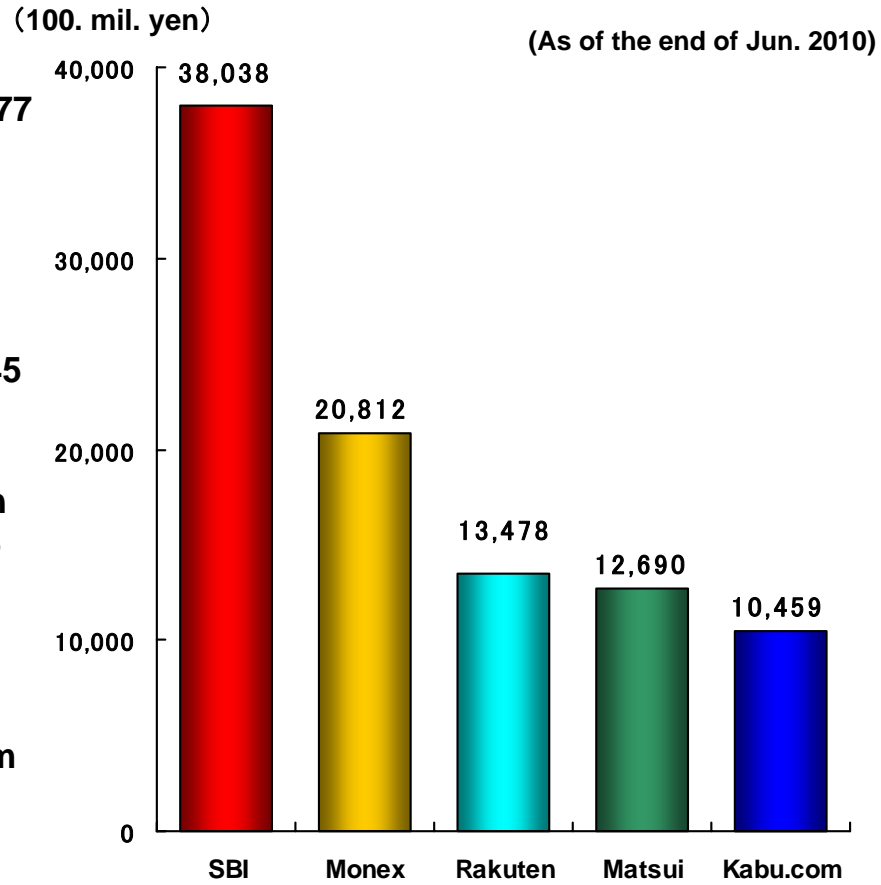
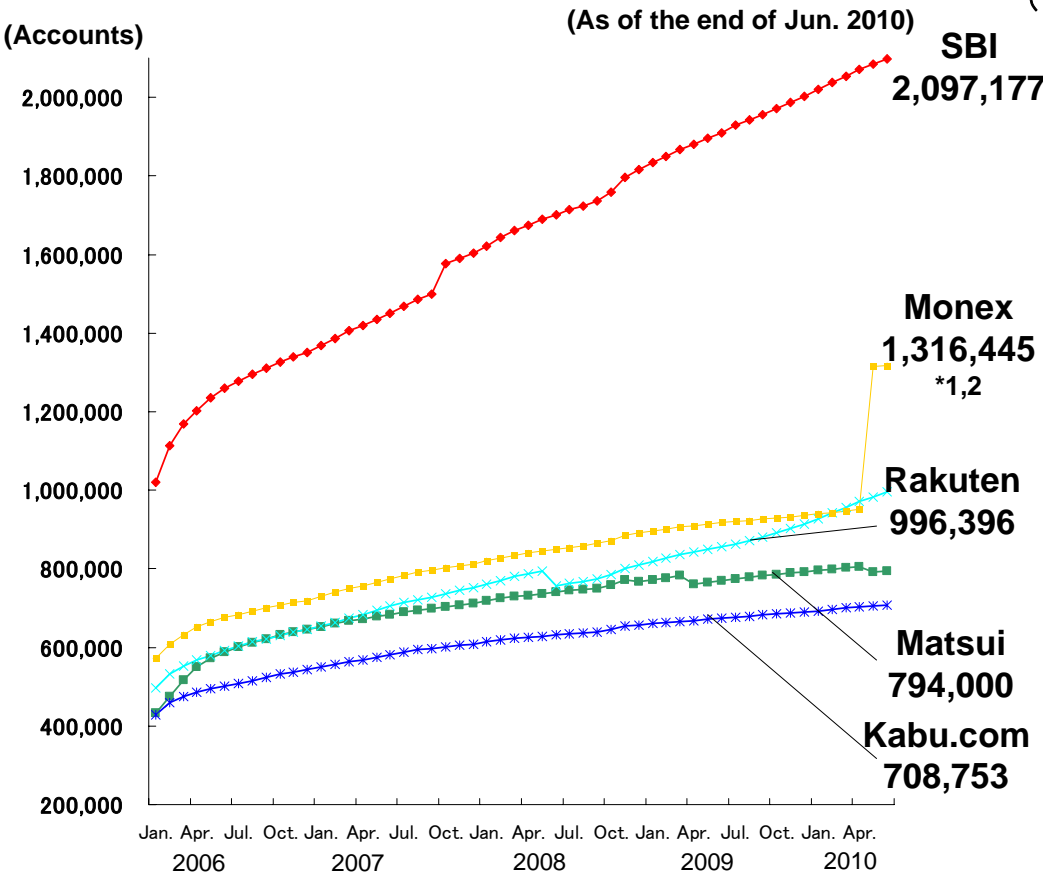
* Net income of 1Q FY2009 is 17,870 mil.yen

Solid Customer Base of SBI SECURITIES (1)

Exceeded 2 million accounts in Dec. 2009, the first for online brokers

Customer Account Trend of Major Online Securities Companies

Customer assets of 5 major online securities



Source: Compiled by SBI SECURITIES based on websites and other public information for each company

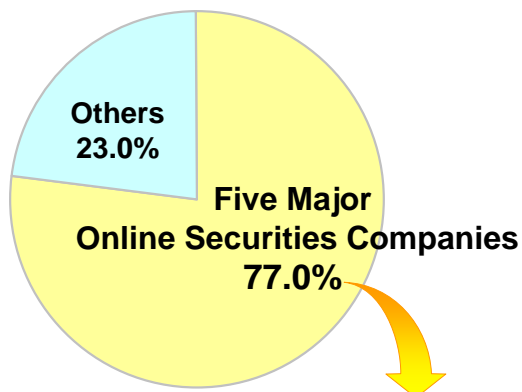
*1 Accounts after May. 2010 is sum of those at Monex and ex-ORIX Securities, and overlapping accounts (about 140,000, as of the end of Jun.) are included.

*2 The number of ex-ORIX Securities' accounts is 372,347 as of the end of Dec. 2009 (not disclosed after Jan.2010)

Solid Customer Base of SBI SECURITIES (2)

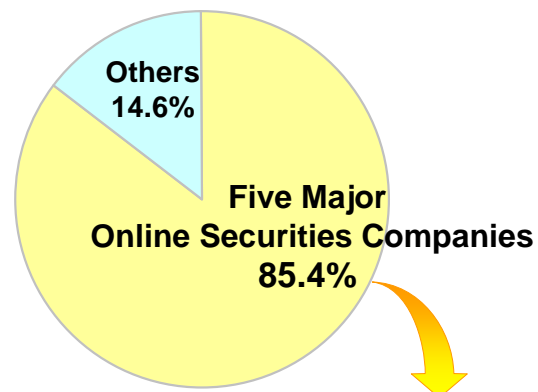
SBI SECURITIES' lion share of both individual stock trading value and retail margin trading value

Share of individual stock trading value
Share in FY2010 1Q
(Apr.- Jun. 2010)



	Share	QoQ
SBI	38.3%	+3.1p
Rakuten	15.8%	+1.7p
Matsui	8.6%	+1.3p
Monex	7.3%	+2.4p
Kabu.com	6.9%	+0.9p

Share of retail margin trading value
Share in FY2010 1Q
(Apr.- Jun. 2010)



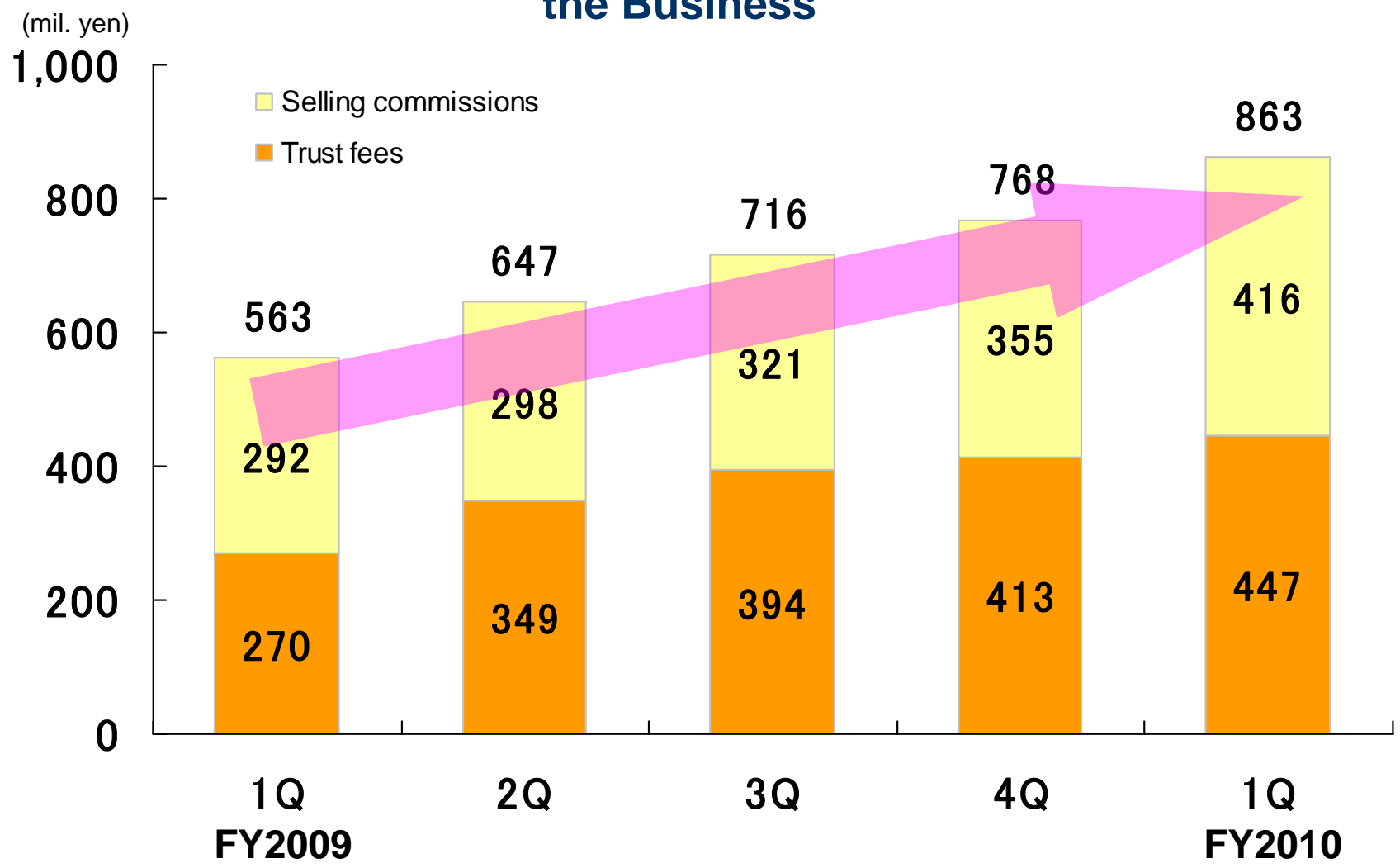
	Share	QoQ
SBI	42.4%	+2.6p
Rakuten	17.7%	+1.4p
Matsui	9.4%	+1.1p
Kabu.com	8.3%	+1.0p
Monex	7.6%	+2.7p

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

SBI SECURITIES' Commitment to the Investment Trust Business Results in a Continuous Revenue Increase from the Business

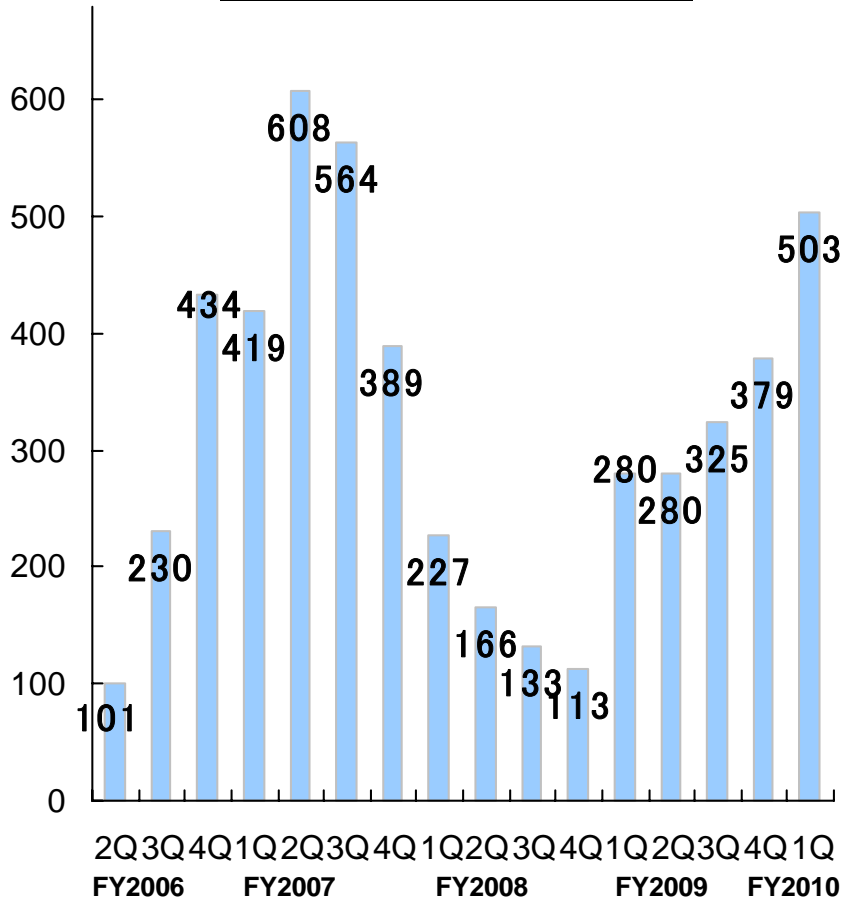


*Sum of sales commissions and trust fees (trust fees include MRF)
 *Trust fees are included in "Other commissions received"

Change in SBI SECURITIES' Sales and Balance of Investment Trust

Quarterly change in sales of Investment trusts

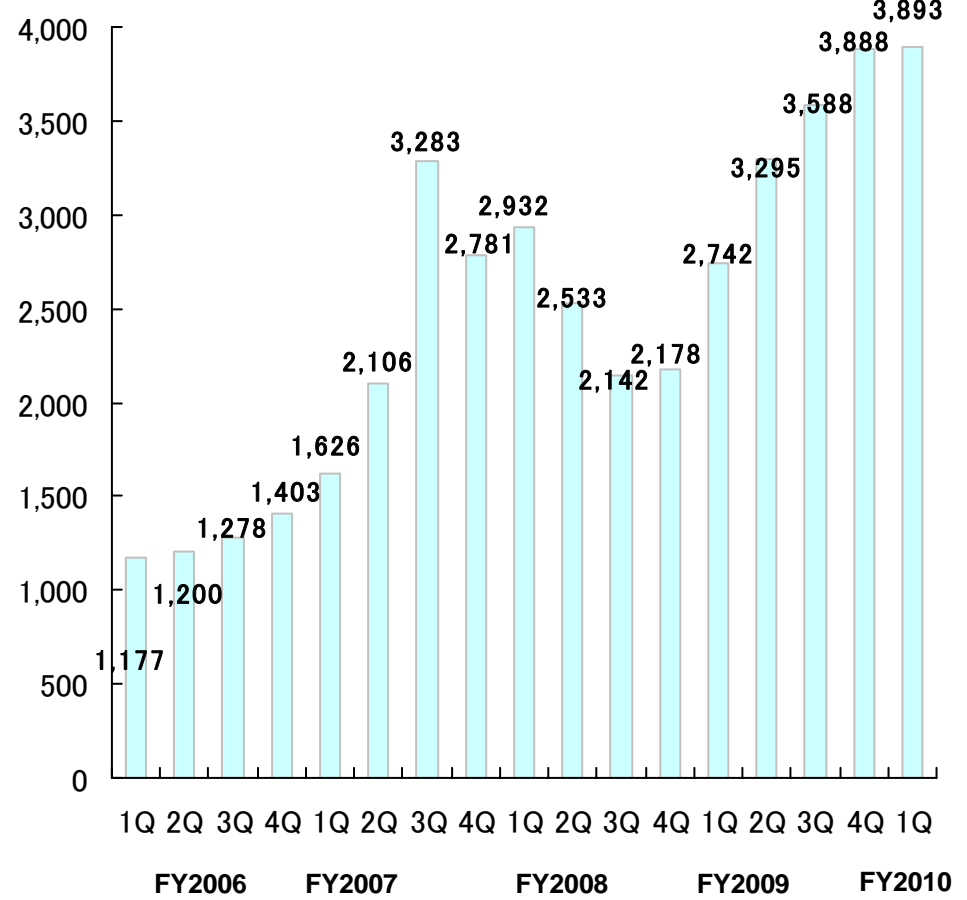
(100 mil. yen)



*Including MMF and China funds

Quarterly change in balance of Investment trust

(100 mil. yen)



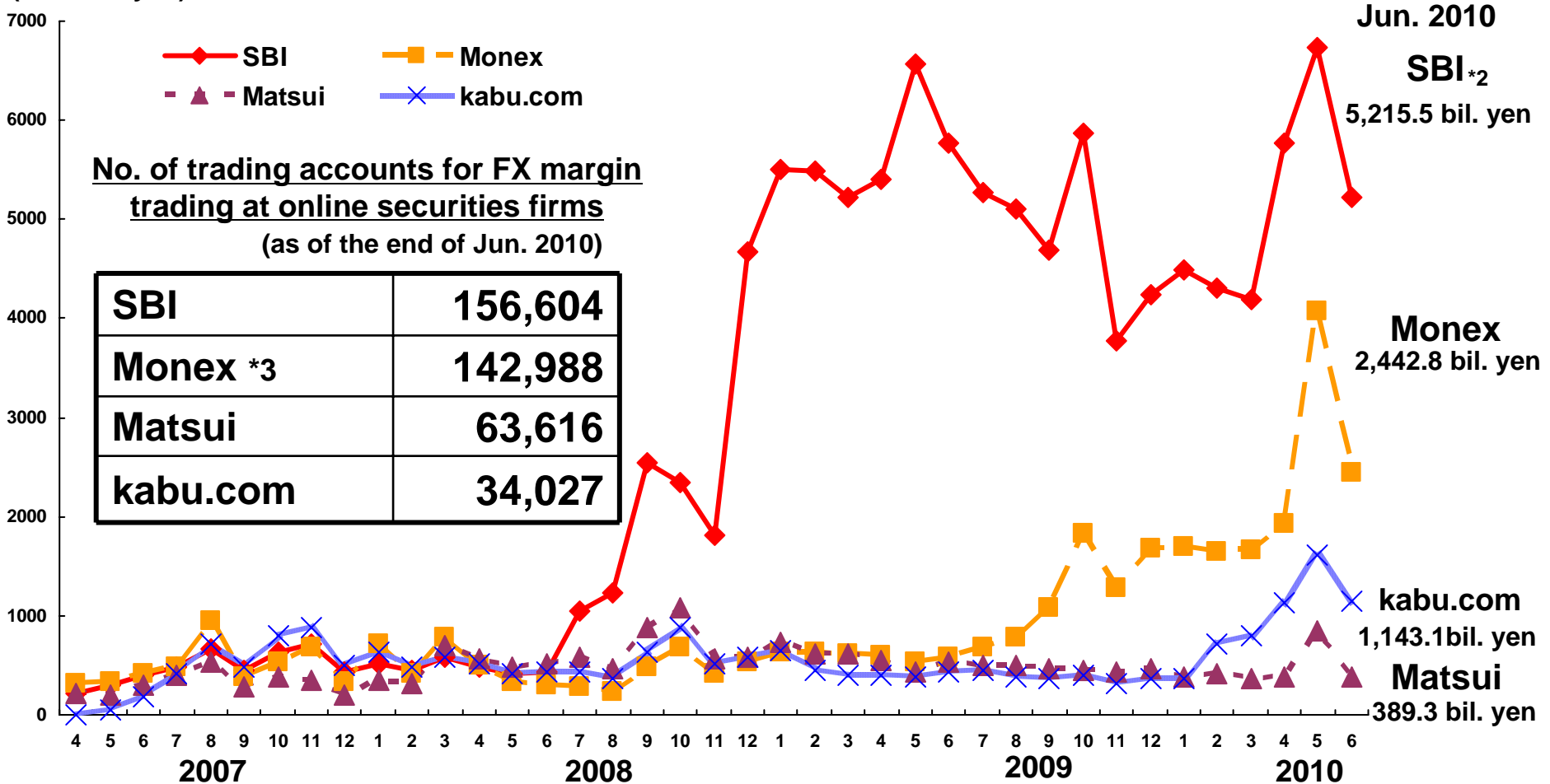
*Including MMF, China funds, and balance in face-to-face accounts.

FX Margin Trading Value of the Four Major Online Securities Companies *1



FX margin trading value at SBI SECURITIES increased sharply by utilizing SBI Liquidity Market

(Unit: bil. yen)



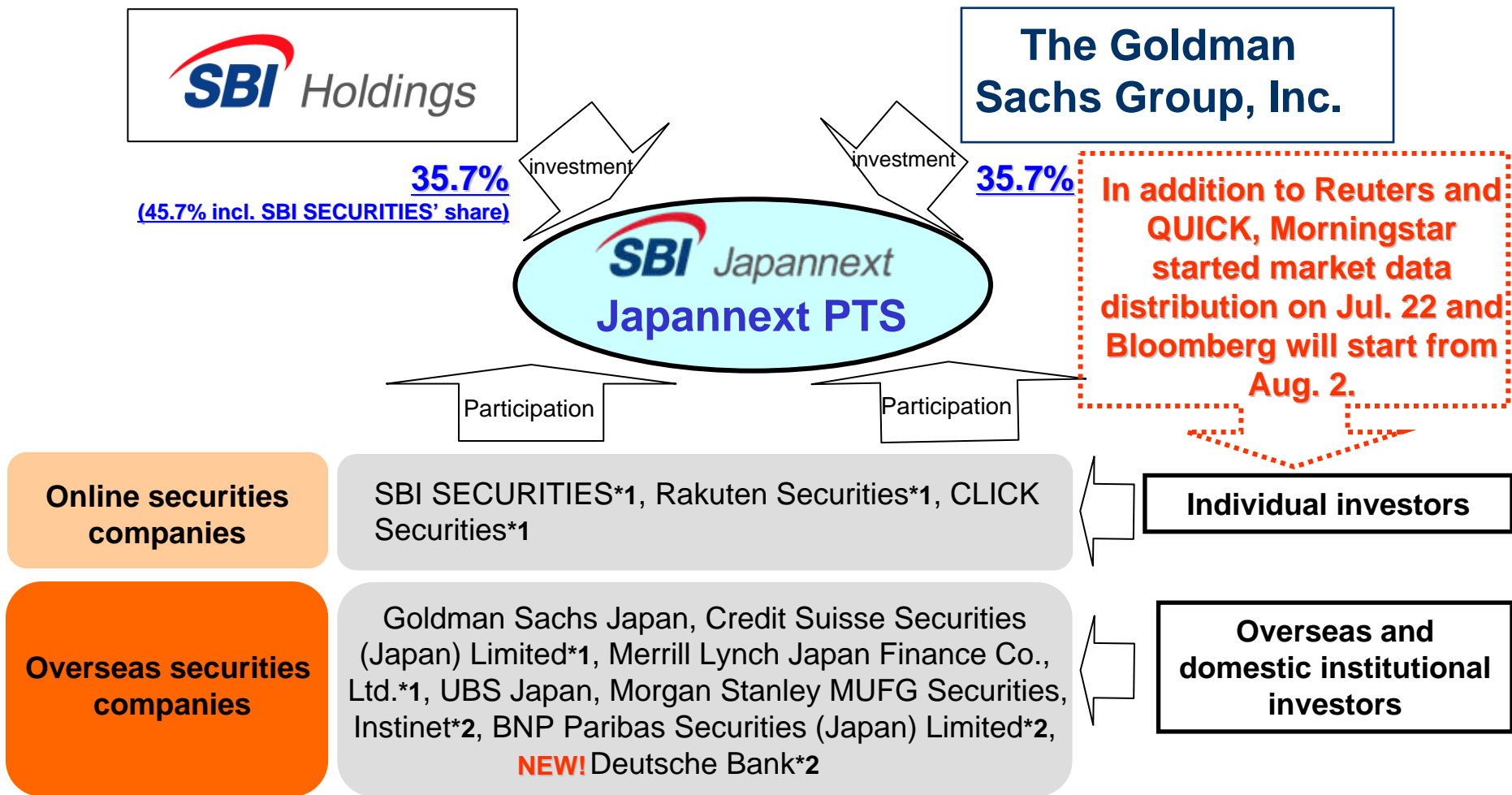
*1 Four online securities firms that disclosed the information (SBI SECURITIES, Monex, Matsui and kabu.com)

*2 Trading value total of "SBI FX" and "SBI FX α " from Nov. 2008 to Feb. 2009

*3 Accounts at the end of Jun. 2010 includes overlapping accounts

Increase in Trading Volume at Japannext PTS is Expected from the Newly Connected Securities Firms

4 Japanese and 6 foreign firms are developing systems for participation for this FY



*1 Capital participation *2 Newly connected in FY2010

【Financial Services Business】

Fiscal 2010 First Quarter (Three months ended June 2010)

		(QoQ)	(YoY)
Operating Revenues	7.2 bil. yen	-5%	+18%
Operating Income	0.5 bil. yen	+224%	+202%

- The 3 listed subsidiaries, Morningstar, Gomez Consulting and SBI VeriTrans, hit bottom during FY2009, and achieved YoY increases both in operating revenue and operating income. SBI VeriTrans also recorded profit increases QoQ in the both categories, and Morningstar in all profit categories.

* The above figures were calculated using the new accounting standard (with fund consolidation) for each segment.

* Percentage changes QoQ and YoY reflect the changes in business segment.

* The above figures do not include eliminations for consolidation and the deduction of corporate expenses.

* Rounded to the nearest 100 million yen.

Performance of Publicly Owned Subsidiaries for 1Q FY2010



- **Morningstar** recorded an increase in operating revenues and operating income, both on a consolidated and non-consolidated basis due to an increase in the demand for advertisement from financial institutions, and its own cost reductions. Consolidated operating income exceeded that before the Lehman Shock.
- **Gomez consulting** increased its operating revenues YoY, due to an increase of orders primarily from financial institutions. It has turned profitable, and recovered considerably in all categories.
- **SBI VeriTrans** has continued to grow steadily along with the expansion of the domestic Internet and e-commerce (EC) markets. For 1Q FY2010, **the number of transactions increased 18.1% from 1Q FY2009 to 16.49 million.**

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

*1	Operating Revenues	Operating Income	Ordinary Income	Net Income
Morningstar Japan	607 (+9.3)	142 (+125.9)	169 (+87.9)	94 (+94.3)
Gomez Consulting	105 (+49.9)	6 (-) *2	11 (-) *2	9 (-) *2
SBI VeriTrans	1,383 (+12.6)	280 (+6.3)	282 (+6.5)	164 (+6.8)

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

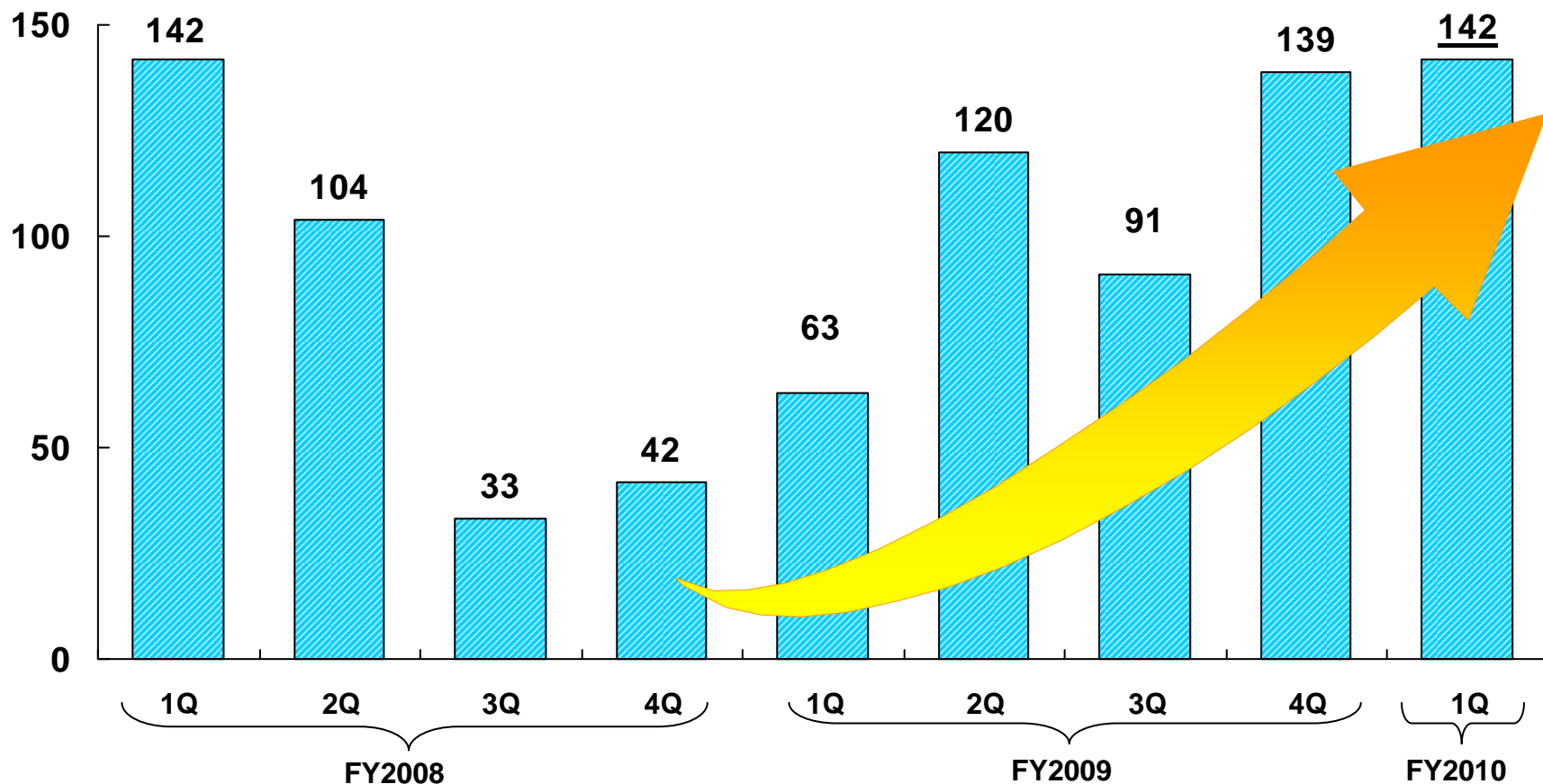
*2 In 1Q FY2009 Operating loss was 18 mil. yen, ordinary loss was 13 mil. yen and net loss was -13 mil.yen.

Morningstar Japan: Change in Consolidated Quarterly Operating Income

Morningstar's consolidated operating income increased by 2.3% QoQ, and by 125.9% YoY.

(Operating income: mil.yen)

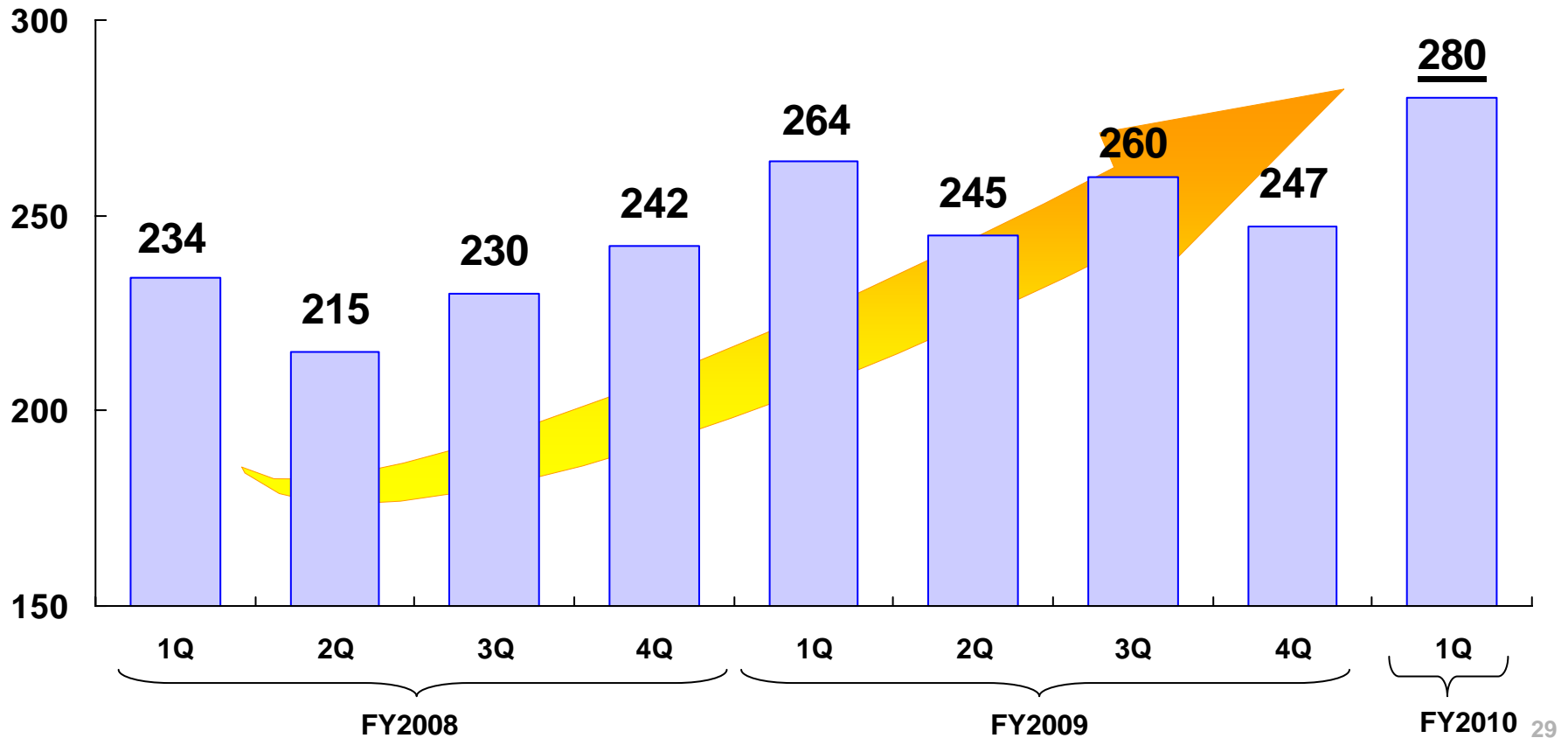
Change in Morningstar Japan's Consolidated Quarterly Operating Income



SBI VeriTrans: Change in Consolidated Quarterly Operating Income

SBI VeriTrans operating income in 1Q FY10 steadily increased by 6.3% QoQ and 13.8% YoY

(Operating income: mil.yen)



【Housing and Real Estate Business】

Fiscal 2010 First Quarter (Three months ended June 2010)

		(QoQ)	(YoY)
Operating Revenues	4.2 bil. yen	-32%	+54%
Operating Income	0.5 bil. yen	+11%	N/A (*)

(*) Operating loss in Housing and Real Estate Business for 1Q FY2009 was 0.1 bil.yen

- **Although the domestic real estate market is still difficult, the Housing and Real Estate Business has kept operating income in the black since 3Q FY2009. Recovery signs can be seen especially in the middle and small property markets.**
- **Internet media business in SBI Life Living is steadily growing**
- **SBI Mortgage's loans outstanding has steadily increased to 689,7 bil. yen as of the end of June.**

* The above figures were calculated using the new accounting standard (with fund consolidation) for each segment.

* Percentage changes QoQ and YoY reflect the changes in business segment.

* The above figures do not include eliminations for consolidation and the deduction of corporate expenses.

* Rounded to the nearest 100 million yen.

SBI Life Living Turned Profitable in FY2009, and Improved in 1Q FY2010 on a YoY Basis

Unit: mil. yen, figures in parentheses are YoY change (%)

	FY2009				FY2010
	1Q (Apr.-Jun. 2009)	2Q (Jul.-Sept. 2009)	3Q (Oct.-Dec. 2009)	4Q (Jan.-Mar. 2010)	1Q (Apr.-Jun. 2010)
Operating Revenues	653	789	975	3,199	857 (31.3)
Operating Income	-172	103	107	131	42 (-)
Ordinary Profit	-188	85	75	98	15 (-)
Net Income	-189	85	83	48	-34 (-)

Continued strength was demonstrated by property sales and internet media business, and both sales and profits were in recovery trends. Nevertheless, we recorded a net loss on a quarterly basis, due to factors such as [the application of new accounting standards relating to asset retirement obligations](#), [reversal of deferred tax assets with respect to goodwill generated due to partial transfer of business](#), etc.

SBI Mortgage Boosts its Housing Loans Outstanding with the Impetus of a Policy of Favorable Interest Rate

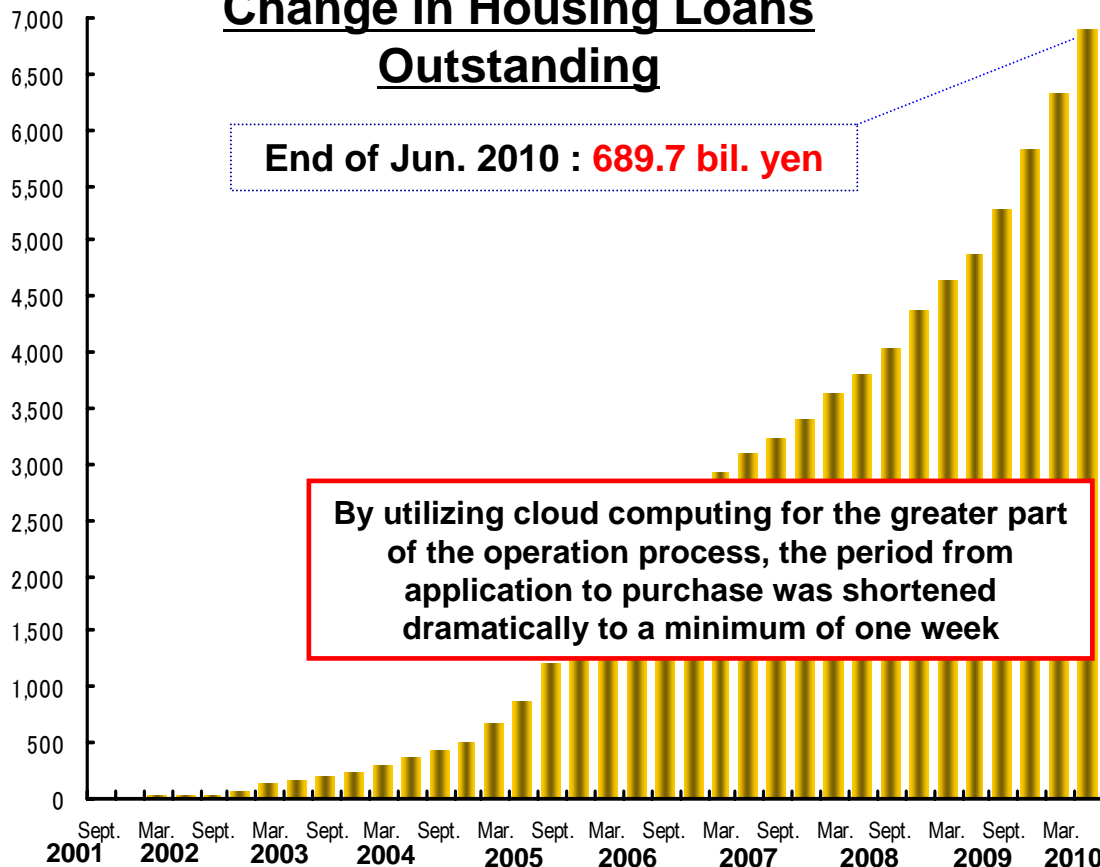
Application of “Flat 35” in 1Q(Apr.-Jun.) dealt by all institutions increased to 2.7 times YoY



Newspaper article

“The Nikkei” newspaper, July 13, 2010

Change in Housing Loans Outstanding



● Offers the lowest level of interest rates (2.320%)

* The lending rate for 21-35 years loans purchased in Jun. 2010 (no annexed life insurance)

● SBI Mortgage’s “Flat 35” share in 1Q(Apr.-Jun.): **16.7%**
1st among 339 companies (for consecutive 16 months)

Compiled by SBI Mortgage. Share is based on the amount of purchased loans (incl. guaranteed loans).

2. Capital Increase through Public Offering Conducted in June 2010

- (1) Capital Increase through Public Offering
Strengthened the Financial Base**
- (2) Aggressive Investment in Emerging Countries
During the Decline in Investment Cost**

**(1) Capital Increase through Public Offering
Strengthened the Financial Base**

Outline of Recent Capital Raise through a Public Offering

Issue Price	11,834 yen per share
Number of shares to be issued	3,112,000 shares
Dilution ratio	18.5%
Total amount to be paid	35.3 bil. yen (paid on Jun.23)

The demand was 10 times the number of stock offered (when limited to demand from overseas investors, it was more than 20 times)

Maintaining a Stable Financial Base for the Prospect of a Higher Rating

Change in Stated Capital and Additional Paid-in Capital to be Increased	(consolidated, bil. yen)	
	Mar. 2010	Jun. 2010 (After capital increase)
Capital	55.2	<u>73.2</u>
Additional Paid-in capital	218.9	<u>236.9</u>

Consolidated financial indicators of SBI Holdings (%)

	Mar. 2010	Jun. 2010
Interest-bearing Debt Ratio	58.2	54.7
Equity Ratio	29.2	30.1
		<u>43.9%</u>

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

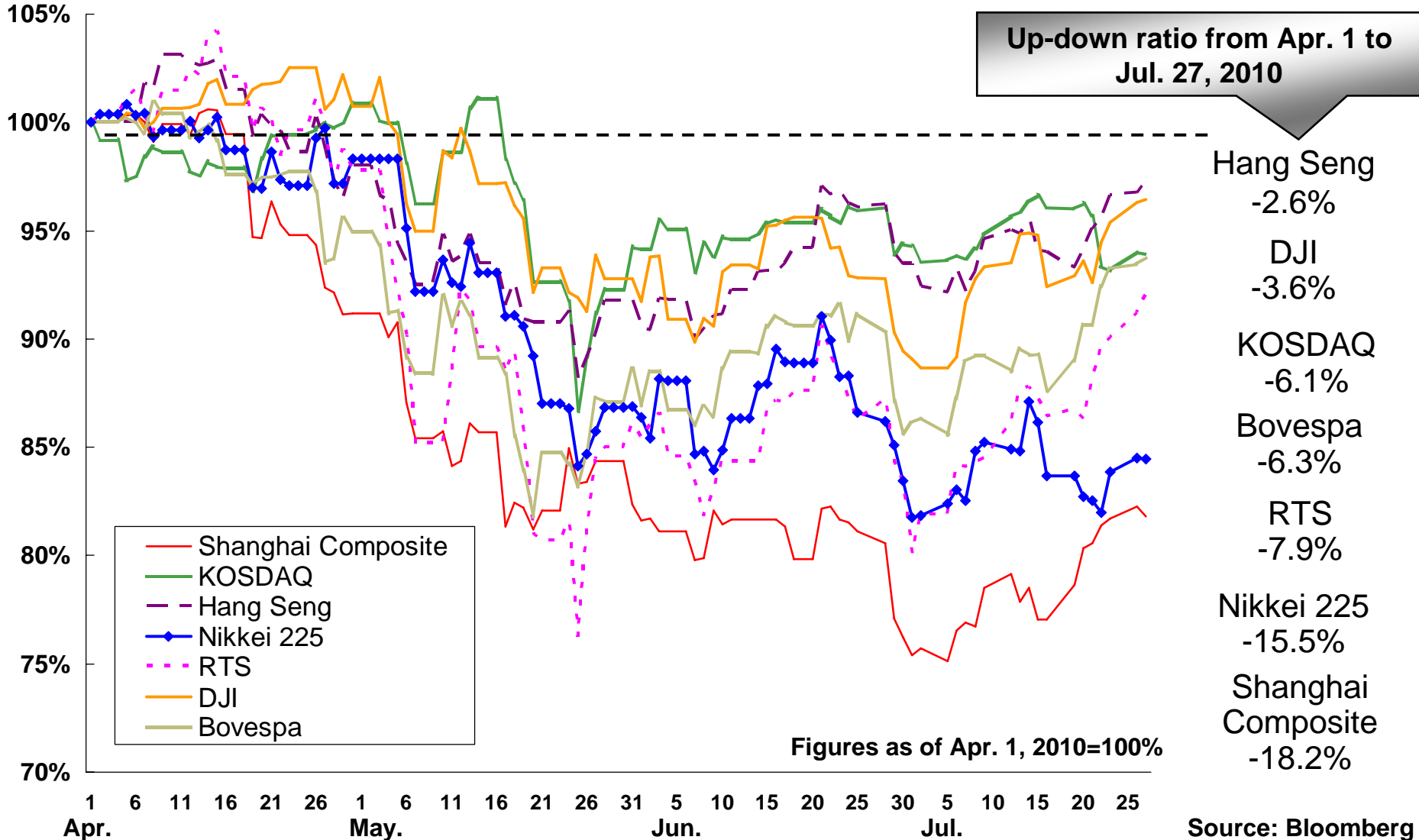
(2) Aggressive Investment in Emerging Countries During the Decline in Investment Cost

- 1) The Fund Business Accelerates Investment
in Emerging Countries where Investment
Cost has Declined**
- 2) Investing in Overseas Financial Institutions**

1) The Fund Business Accelerates Investment in Emerging Countries where Investment Cost has Declined

Change in Major Country Stock Indices

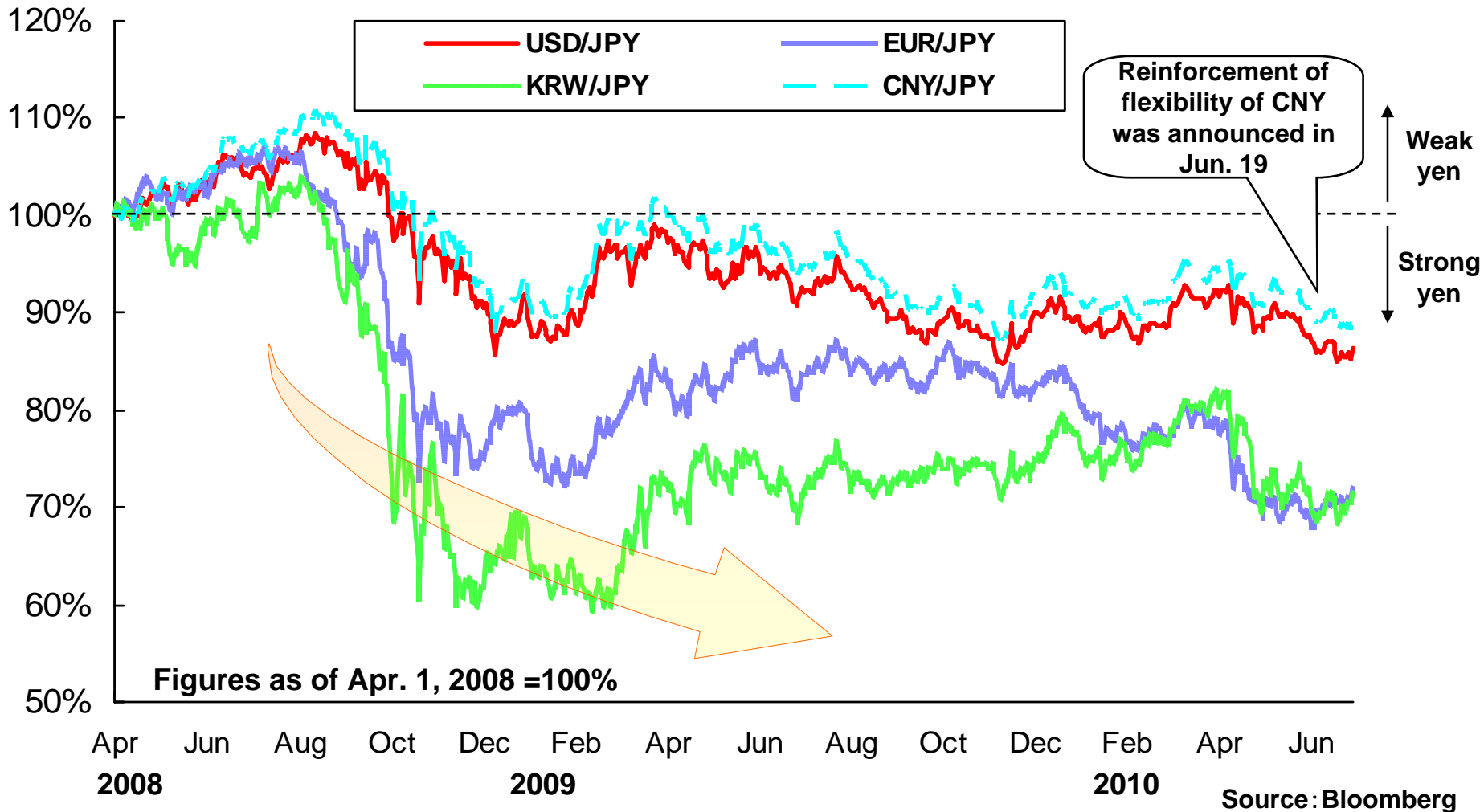
(Apr. 1, 2010- Jul. 27)



Stock prices worldwide have declined due to the European debt crisis

The Trend of a Stronger Yen

Change in foreign exchange rates from Apr. 1, 2008 to Jul. 27, 2010



Current environment of a strong yen is ideal for foreign investment

Funds Scheduled for Full-scale Investment: (1) Russia



IFC METROPOL



SBI Holdings

Established in May 2010 and scheduled for August launch

SBI-METROPOL Investment Fund

【IFC METROPOL】

- Established in March 1995 as a securities company
- One of the largest multiple financial groups in Russia, that includes securities company, asset management company, commercial bank, natural resources company, leasing company and insurance company.

【Outline of the Fund】

- Commitment amount : 100 mil. USD
- SBI's shareholding ratio : 50%
- Target : promising unlisted companies in Russia

PNB-SBI ASEAN Gateway Fund



PNB Equity Resource Corporation Sdn. Berhad



SBI Holdings

Planned launch in August 2010

【Outline of the Fund】

- Commitment amount: 50 mil. USD
- SBI's shareholding ratio: 50%
- Promising companies in ASEAN countries, India and China



【PNB Equity Resource Corporation Sdn. Berhad】

A wholly owned subsidiary of Permodalan Nasional Berhad (PNB), the largest national asset management institution of Malaysia established in 1990, which primarily operates an equity finance business in the PNB Group.

Funds Scheduled for Full-scale Investment: (3) Brunei



Established Shariah-compliant PE Funds to Target the Establishment of a Broad Network in the Islamic Zone

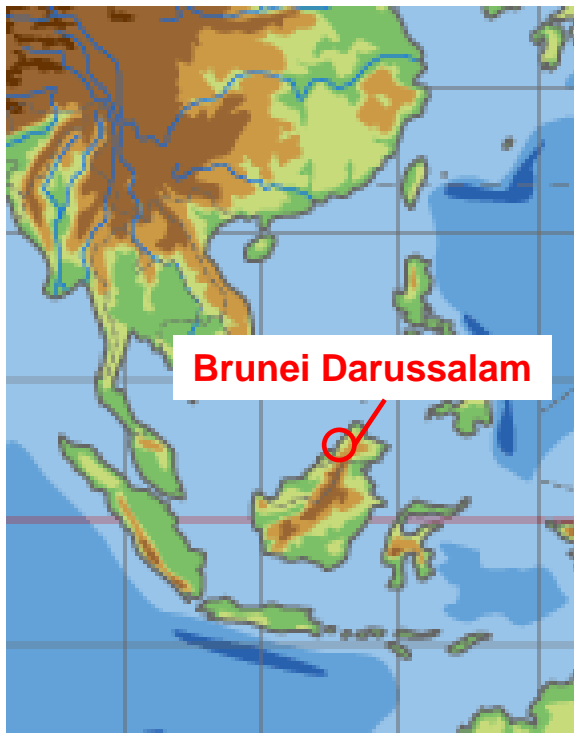


**Brunei Ministry
of Finance**



SBI Holdings

Acquired license in July 2010 and now preparing for a September launch



SBI Islamic Fund (Brunei) Limited

- **Commitment amount: 75 mil. SGD
(approx. 54 mil. USD)**
- **SBI's shareholding ratio: 50%**
- **Jointly established a fund management company incorporated in Brunei**
- **Manage PE funds making shariah-compliant investments into companies mainly in Asia**

New funds:

Basic Agreement with Jefferies Group, an American Investment Bank, to Establish JV Funds for USA and Asia



Jefferies & Group, Inc.

**A major global securities and investment banking firm
(maintains offices in more than 25 cities throughout the world)**



Newspaper article

“The Nikkei” newspaper, June 29, 2010

Fund towards American companies: “Jefferies-SBI USA Fund”

- **Target : Prominent unlisted companies in USA**
- **Commitment amount: 150 mil. USD**
- **Shareholding ratio : SBIH 50%, Jefferies 50%**










Fund towards Asian companies: “SBI-Jefferies Asia Fund”

- **Target : promising unlisted and listed companies in Asia, in regions such as China, South Asia (including India) and Southeastern Asia**
- **Commitment amount: 50 mil. USD**
- **Shareholding ratio : SBIH 80%, Jefferies 20%**


Commencing Full Scale Overseas Fund Management with Backdrop of Lower Investment Cost

【Additional Investment Amount for each fund (SBI's shareholding)】







China and Taiwan

Fund Name (abbreviated)	Additional investment amount (mil. yen)
New Horizon Fund #1	 (finished)
New Horizon Fund #2 (LP)	 1,467
New Horizon Fund #3 (LP)	 3,143
Peking University Fund	 3,515
Tsinghua University Fund	 2,212
JV Fund with three Chinese companies	 1,795
Taiwan Fund	 1,269
Total	13,401



USA

Fund Name (abbreviated)	Additional investment amount (mil. yen)
Jefferies-SBI USA Fund	 6,577
Total	6,577

Other Asian region (excl. China and Taiwan)

Fund Name (abbreviated)	Additional investment amount (mil. yen)
India Japan Fund	 7,943
Vietnam Japan Fund	 4,509
Malaysia Fund	 2,192
SBI SOI Fund	 500
SBI Islamic Fund	 2,409
SBI-Jefferies Asia Fund	 3,508
Total	21,061

Russia, central and east Europe

Fund Name (abbreviated)	Additional investment amount (mil. yen)
SBI-METROPOL Investment Fund	 4,385
Hungary Fund	 6,156
Total	10,541

51.5 bil. yen will be invested through overseas funds within 3 to 4 years

2) Investing in Overseas Financial Institutions

- i) Commercial Bank of Ceylon**
- ii)Tianan Insurance**
- iii) OBIBANK**

i) Investment into Commercial Bank of Ceylon PLC (Sri Lanka)

Acquired 9.99% shareholding in June 2010



Commercial Bank of Ceylon PLC

Newspaper article

“Nikkan Kogyo Shimbun”, June 10, 2010

- Established in 1920, **the largest nongovernmental commercial bank** with a 190 branches network nationwide (as of Mar. 2010).
- **Deploys branches and ATMs, also in Bangladesh** and associates with local banks.
- Listed on Colombo Stock Exchange with a market capitalization of 64.6 bil. (50.32 bil. yen, as of July 28, 2010) *
- Dividend ratio in FY2009 was 41%.

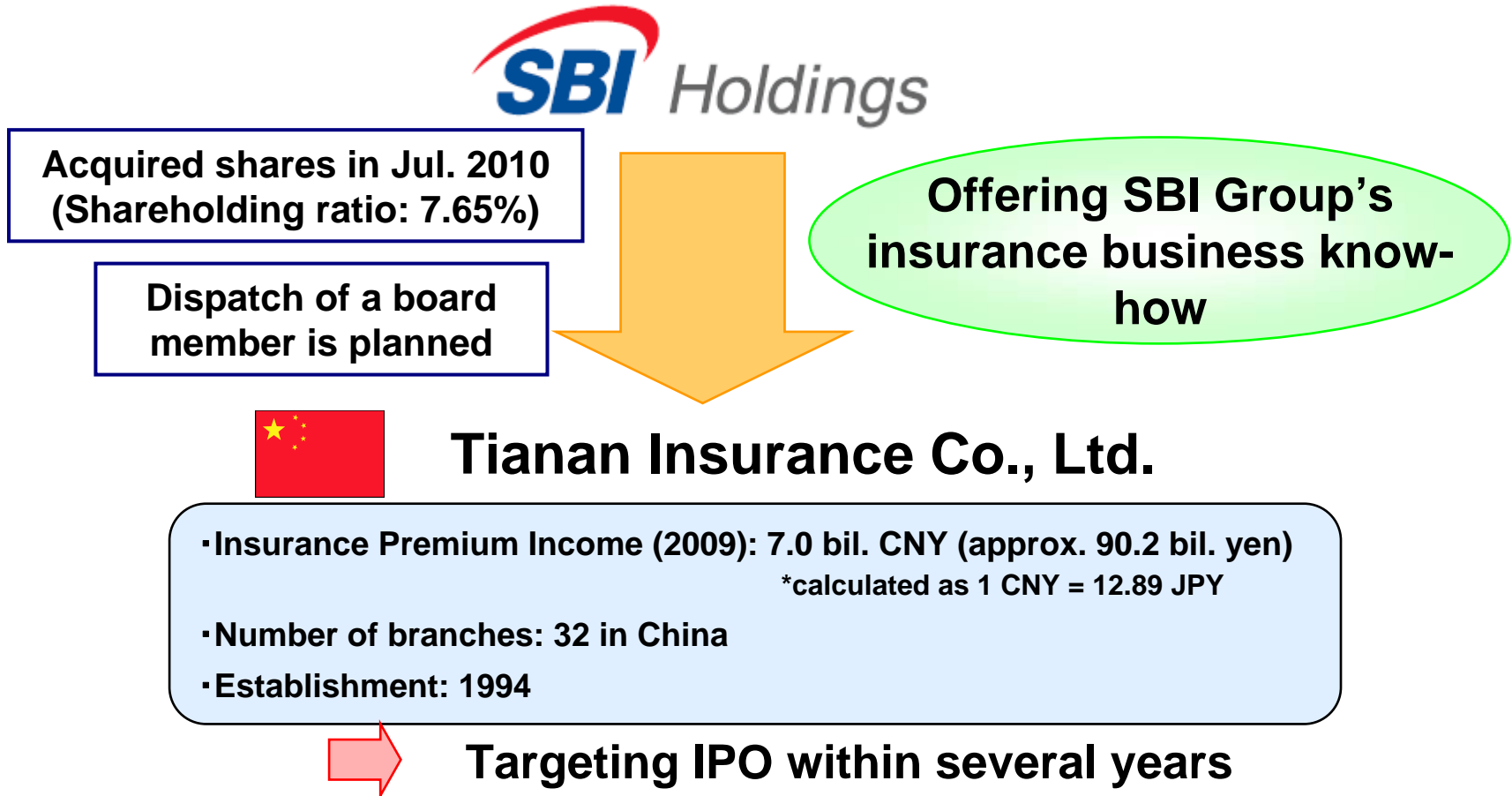
Financial results of Commercial Bank of Ceylon for fiscal year ended in Dec.2009 (full year) *

Ordinary revenue	: 43.6 bil. LKR (33.9 bil. yen)	Total asset	: 322.5 bil. LKR (251.3 bil. yen)
Net profit	: 4.2 bil. LKR (3.3 bil. yen)	Deposits	: 234.7 bil. LKR (182.9 bil. yen)
Paid-in capital	: 10.6 bil. LKR (8.3 bil. yen)	Loans	: 178.6 bil. LKR (139.2 bil. yen)

* LKR=Sri Lanka Rupee, FX rate is 1LKR = 0.779 JPY on July 27, 2010

ii)Acquisition of Shares in Chinese Nonlife Insurance Company “Tianan Insurance Co., Ltd.”

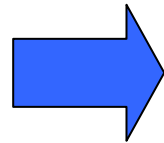
- Received approval from Chinese authorities in June, 2010 -



China now possesses the largest sales of new cars in the world, and an expansion in auto insurance market is expected along with a continued growth in their auto market.

iii) Investment into Russian Commercial Bank

Basic agreement on 50% investment in OBIBANK, an affiliate bank of IFC METROPOL, which is SBI's fund business partner in Russia



Invests
50%



Planning entry into online banking business in Russia

By utilizing the know-how of online banking business, which SBI Group has cultivated in Japan, offering more convenient online banking services with highly safe/stable systems



3. Entered into Second Stage of Group Management, Focused on Profit Growth rather than on Business Scale

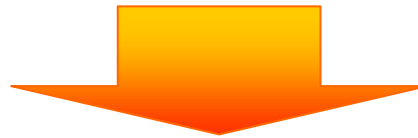
- (1) Organizational Perspective Based on “Complexity Science” of Over a 10-year Group Growth Period Since Inception**
- (2) Second Stage, Focused on Growth in Earnings Per Share (EPS)**

**(1) Organizational Perspective Based on
“Complexity Science” of Over a 10-year Group
Growth Period Since Inception**

Organizational Perspective Based on “Complexity Science”

The two propositions in “complexity science”

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

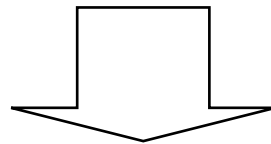


In the Internet era, absolute competitiveness can be obtained through an establishment of a “business ecosystem”, which realizes a high growth potential through a synergistic effect, and mutual evolution among the various members of the ecosystem that cannot be accomplished by a stand-alone company.

The Financial Ecosystem that the Group Strategy Implemented at Its Establishment is Close to Completion

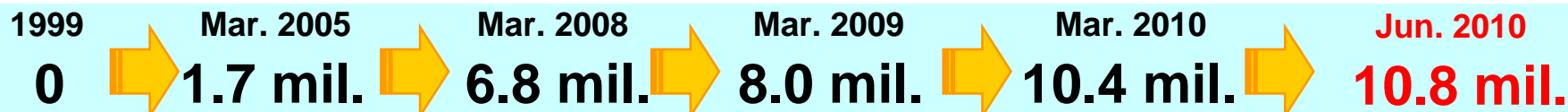
A Decade Since Our Founding

- Grew to become the world's only “Internet-based financial conglomerate”, which operates securities, banking and insurance businesses utilizing the Internet as the primary channel
- Established investment structure with prominent local partners in emerging countries primarily in Asia
- Completion of initial deployment in emerging countries for the operation of financial businesses.



The first stage of group scale expansion is Finished

SBI Group's Customer Base



(Unit: thousand)

SBI Group company and division		End of Jun. 2010
SBI SECURITIES	(Accounts)	2097
SBIH InsWeb	(No. of customers)	3454
E-LOAN	(No. of customers)	956
Other financial websites	(No. of customers)	122
MoneyLook	(Total no. of customer registrations)	576
Morningstar Japan	(New portfolio customer registrations)	59
SBI Card	(Cards issued)	78
SBI Sumishin Net Bank	(Accounts)	821
SBI Insurance	(Total no. of contracts)	170
Autoc one	(Total no. of service users in FY2009)	1280
Lifestyle related comparison websites	(Total no. of customer registrations)	564
Others		677
Total		10,854

*The counting method was changed on Sept. 2009, so the total count method is somewhat different before and after then.

* 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.

*The number of total number of contract of SBI Insurance excludes continuing contracts, expiring contracts, and early-withdrawal

(2) Second Stage, Focusing on Growth in Earnings Per Share (EPS)

-From an uncut rock to a brilliantly cut diamond-

SBI Group's Second Growth Stage

A Decade Since Our Founding

First stage: Expanded the Group Scale

Placed top priority on scale expansion and establishment of business ecosystem



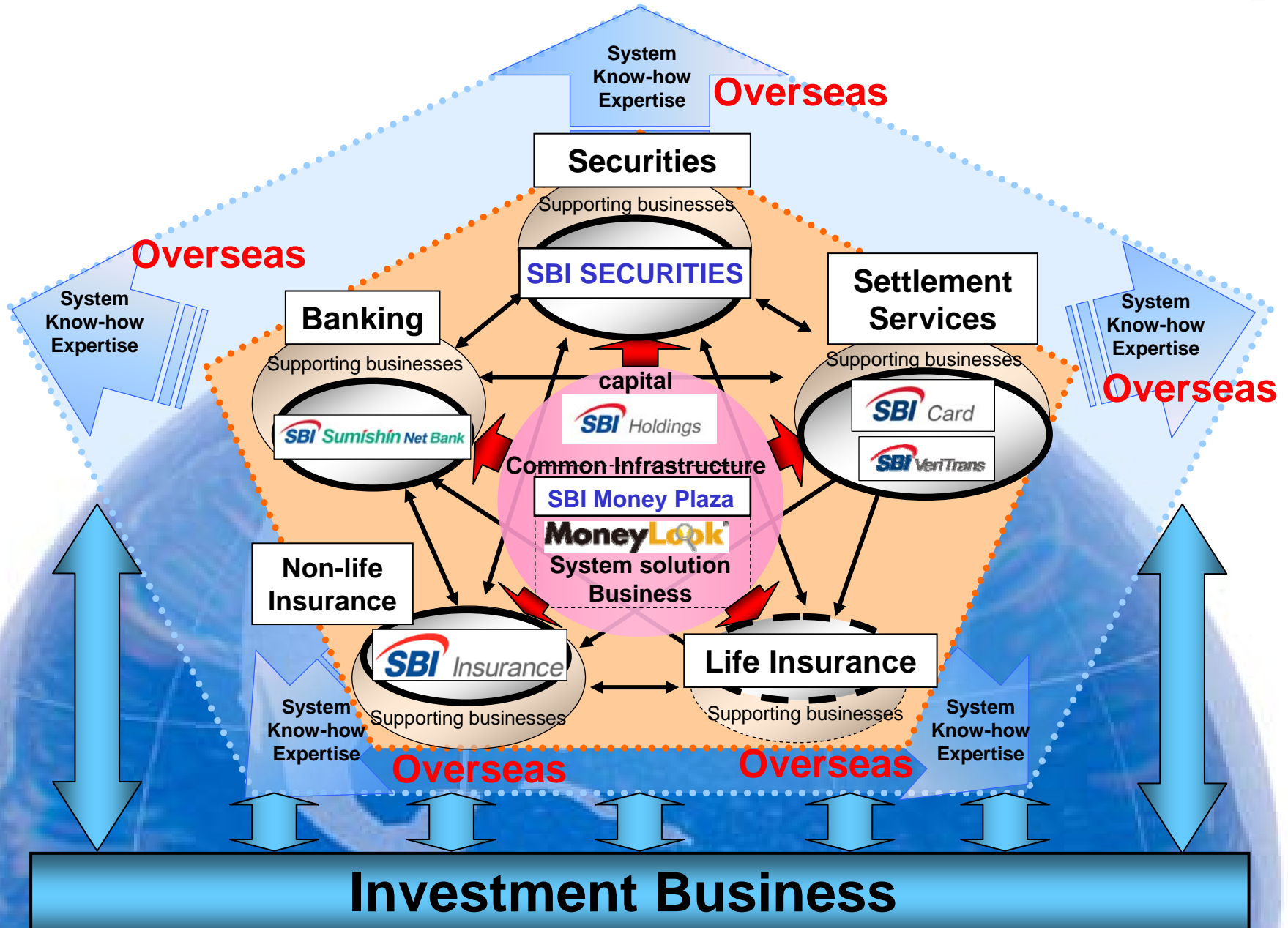
After FY2010

Second stage: Pursuing increase in Earnings Per Share (EPS)

- Strengthening group synergy and heightening profitability through advancement of “Pentagon Management” business strategy for the financial services business
- Realize transformation “from Japan’s SBI to the world’s SBI” through the transference of our financial ecosystem

Toward a management focus on higher profitability to sustain continued EPS growth

Advancing Pentagon Management in the Financial Services Business



SBI Group Organizational Perspective Based on “Diamond Management”

Tsunao Okumura (first post-war president of Nomura Securities Co., Ltd. and pioneering hero of the Nomura Empire)

“A diamond, that has a central surface surrounded by several or tens of facets cut in multiple arrangements, shines brilliantly. We want management that resembles a diamond. Dominated neither by a single person, nor by a group of equals. Individuals come together to form the whole, however, each individual can only exist with the whole and the whole never exists for an individual. And these individuals simply do not form the whole by coming together, but have their own respective positions that create order. These individuals’ positions are created through their own effort, and is not decided by other individuals but by the whole. This is the essence of democratic management and the spirit of the unseen traditions practiced throughout our history. The sprit of this diamond management is immortalized in Article 1 of the Articles of Incorporation of Nomura Securities”



Working towards brilliant management that leverages the characteristics of each and every one of our many individuals

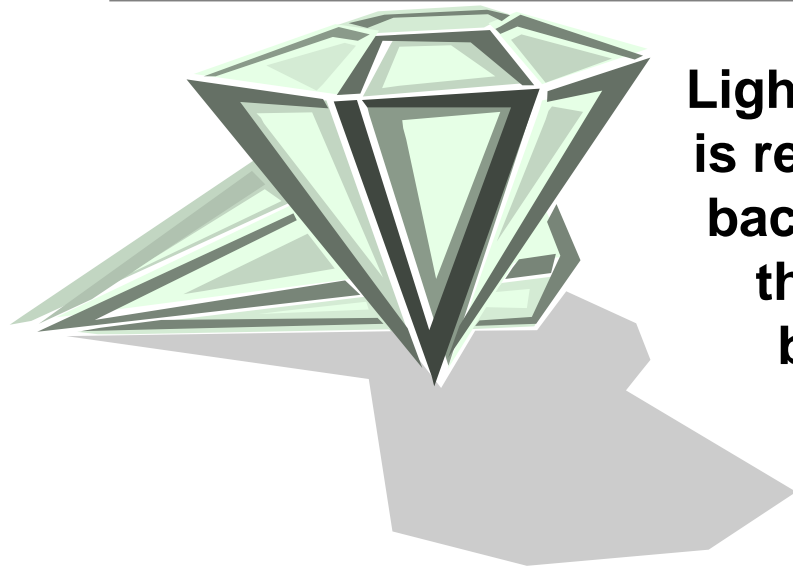


**Facets of
a diamond**

**= Various
companies and
businesses**

Making the SBI Group a “Brilliant Cut Diamond”

The “brilliant cut,” consists of **58 facets**, which was originally developed in 17th Century Venice, was theorized in 1919 by Belgian-born mathematician Marcel Tolkowski as the most brilliant cut for a diamond.



Brilliant Cut:

Light entering from the polished upper facets is refracted inside the diamond and reflected back from the rear facets through the top to the viewer, it is designed to be the most beautiful and brilliant type of diamond



Application to business ecosystem

By forming a suitable-size business ecosystem, companies with their own individual brilliance can join forces to generate synergy effects and propel mutual progress. As a result, the integrated business ecosystem shines more brilliantly as one.

Toward “Brilliant Cut” of the SBI Group (1)



Overview of SBI Group companies

	End Jun. 2010	+/-	After Jul. (est.)	Added or eliminated company after the end of June
SBI Holdings	1	-	1	
Consolidated subsidiary	75	4	79	KTIC, G-ONE credit, SBI Remit, Preparation for life Insurance company E-Golf (Sold shareholding in July)
Consolidated union	27	0	27	
Total	102		105	
Equity-method/non-consolidated company *1	1	0	1	
Non-consolidated subsidiary*2	59	0	59	
Non-consolidated union	26	0	26	
Total	86		86	
Equity-method company/ affiliated company *3	6	0	6	JV with China Securities Journal
Non-equity method company/ affiliated company*4	17	1	18	
Total	23		24	
Total number of entities in the SBI Group	212		216	
Eliminating consolidated/non-consolidated union from the total number above	159		163	
Business division in SBIH*5	5	0	5	Hanoi, Moscow, Kuala Lumpur
Over seas representative office	2	3	5	
Total number of entities including two items above	166		173	

*1 SBI Japannext

*2 SBI ALApromo, SBI Hong Kong, SBI VEN CAPITAL, Seachina, SBI Autosupport, SBI Money Plaza etc.

*3 SBI Sumishin Net Bank, TIEN PHONG COMMERCIAL JOINT STOCK BANK, PHNOM PENH COMMERCIAL BANK etc.

*4 SBI (B) Sdn. Bhd. (Brunei), Wall street Journal Japan, etc.

*5 InsWeb div., E-loan div., Investment Information Comparison Website div., Solution planning div, Real estate div.

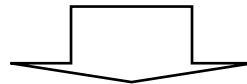
Toward “Brilliant Cut” of the SBI Group (2)

The number of entities within the Group, excluding the consolidated/non-consolidated unions, but including the business divisions and overseas representative offices:

173 entities

Eliminating the following 115 entities below

- | | |
|--|----|
| • Overseas holding company and fund managing company other than an overseas base. | 28 |
| • Subsidiary of subsidiary (excluding the abovementioned category)
(Excluding SBI Benefit systems and Gomez Consulting, a listed company) | 55 |
| • Companies consolidated due to high equity ratio of the funds
(CEM Corporation, HOMEOSTYLE) | 2 |
| • Companies functioning as part of headquarters and companies mainly engaged in asset management. | 16 |
| • Other non-consolidated companies and affiliates of low importance | 14 |



The number of SBI Group’s vital entities: 58

Toward “Brilliant Cut” of the SBI Group (3)

The SBI Group’s 58 vital entities

SBI Holdings

[FY2009 (common cost)* : -5.4 bil. yen]

Profitable companies and divisions : 29

(companies with less than three years since establishment or acquisition: 6)

[Total operating income for FY2009 :
16.4 bil. yen]

For example, SBI SECURITIES, SBI Investment, SBI Sumishin Net Bank, SBI Liquidity Market, SBI Mortgage, SBI Business Support, SBI Lease etc.

Unprofitable companies and divisions : 14

(companies with less than three years since establishment or acquisition: 8)

[Total operating income for FY2009 :
-5.3 bil. yen]

For example, SBI Insurance, SBI Card, SBI Autosupport*, SBI GEO Marketing*, SBI Net systems* (* expecting profitability in this FY)

Newly established or acquired companies : 7

(incl. plans)

[Estimated annual operating loss :
0.7 bil. yen]

Preparation for life Insurance company, SBI Remit ,G-one Credit (planning to change corporate name to SBI Credit in October), SBI Prosper, KTIC, SBI Global Investment, JV with China Securities Journal

Overseas local subsidiary and representative office : 7

[Estimated annual operating cost :
0.7 bil. yen]

Local subsidiaries in Singapore, Hong Kong, and representative offices in Beijing, Shanghai, Hanoi (plan), Moscow (plan), Kuala Lumpur (plan)

* Eliminating SBIH’s five business divisions and Beijing office.

3-year basic strategy

-From scale expansion to high profitability-

➤ Profitable companies and divisions:

Toward **further profitability** through mutual synergies (especially by advancing the “pentagon business management”)

➤ Unprofitable companies and divisions:

Targeting **profitability within 3 years** (3 years from establishment for new companies) by utilizing resources in the Group and pursuing Group synergies.

*Companies which do not show signs of profitability are to be liquidated or sold

- **Establishment:** New companies will not be established except for those currently under preparation
- **Acquisition:** Target acquisition company will be limited to a company that is both profitable and can be expected to bring great synergies with SBI Group companies

Toward “Brilliant Cut” of the SBI Group (4)

(3-year basic strategy cont.)

➤ Further cost reduction at head office :

We will continue to reduce costs at the head office by managing taxes on a global basis, revising our personnel system, continuing efforts geared toward companywide cuts in selling, general and administrative expenses, among others.

➤ Overseas business:

i) Overseas fund business

Investment capital collected through existing funds will be reinvested, in principle, for the purpose of future estimated new investment* in funds etc.

*Establishment of new funds limited to some regions of Brazil, India, Indonesia and the part of Africa currently under negotiation

ii) Transfer of business ecosystem

Start from banking and then focus on securities, insurance and foreign exchange businesses, work mainly on capital contributions to local financial institutions and joint ventures with local partners

iii) Overseas organization

Upgrade overseas representative offices to local corporations one by one and

pursue self-supporting accounting

Establish a sound, highly profitable organization by fortifying a compliance system

A new overseas organizational system to be announced within 3 months

(1) Specific Examples of Turning Profitable within 3 Years after Establishment

- i) SBI Sumishin Net Bank**
- ii) SBI Liquidity Market**

i) SBI Sumishin Net Bank

(Started operations on September 24, 2007)

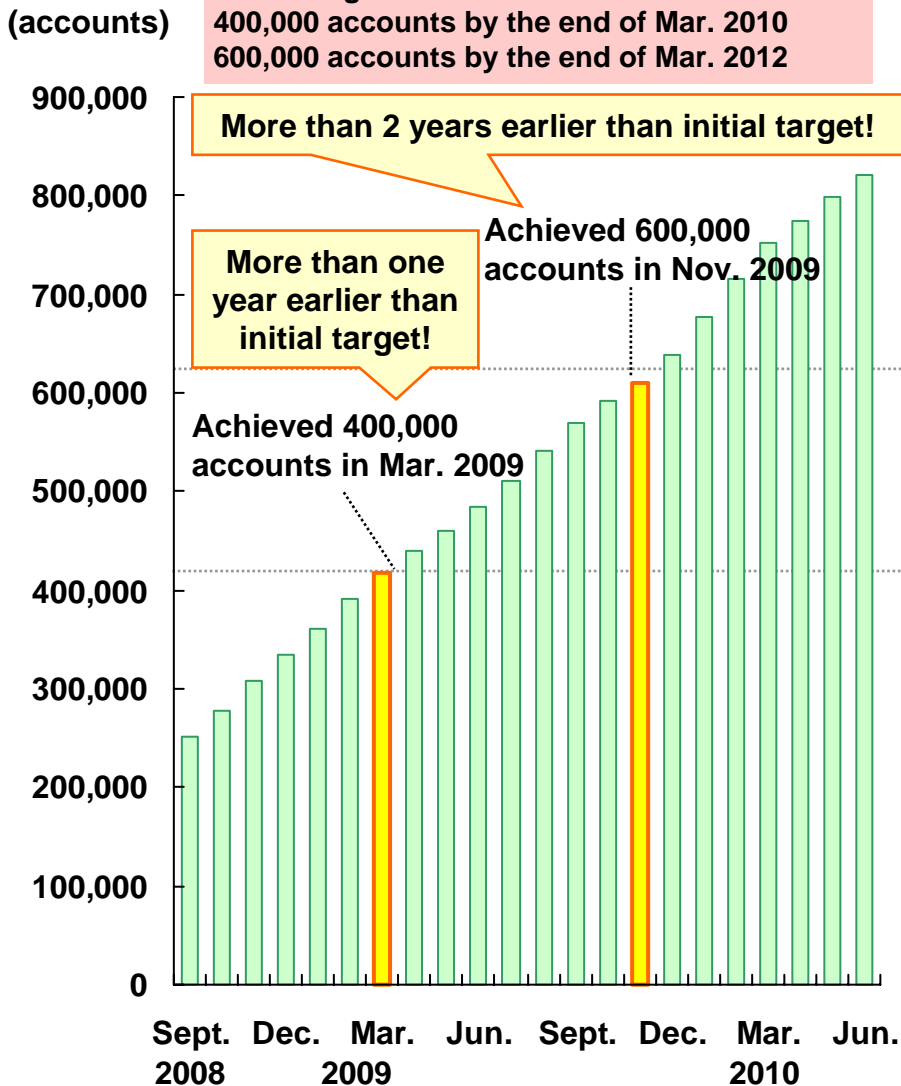
The most rapid growing online bank since its establishment

Change in Number of Accounts and Deposits of SBI Sumishin Net Bank

Change in numbers of accounts

At the end of Jun 2010: 820,511

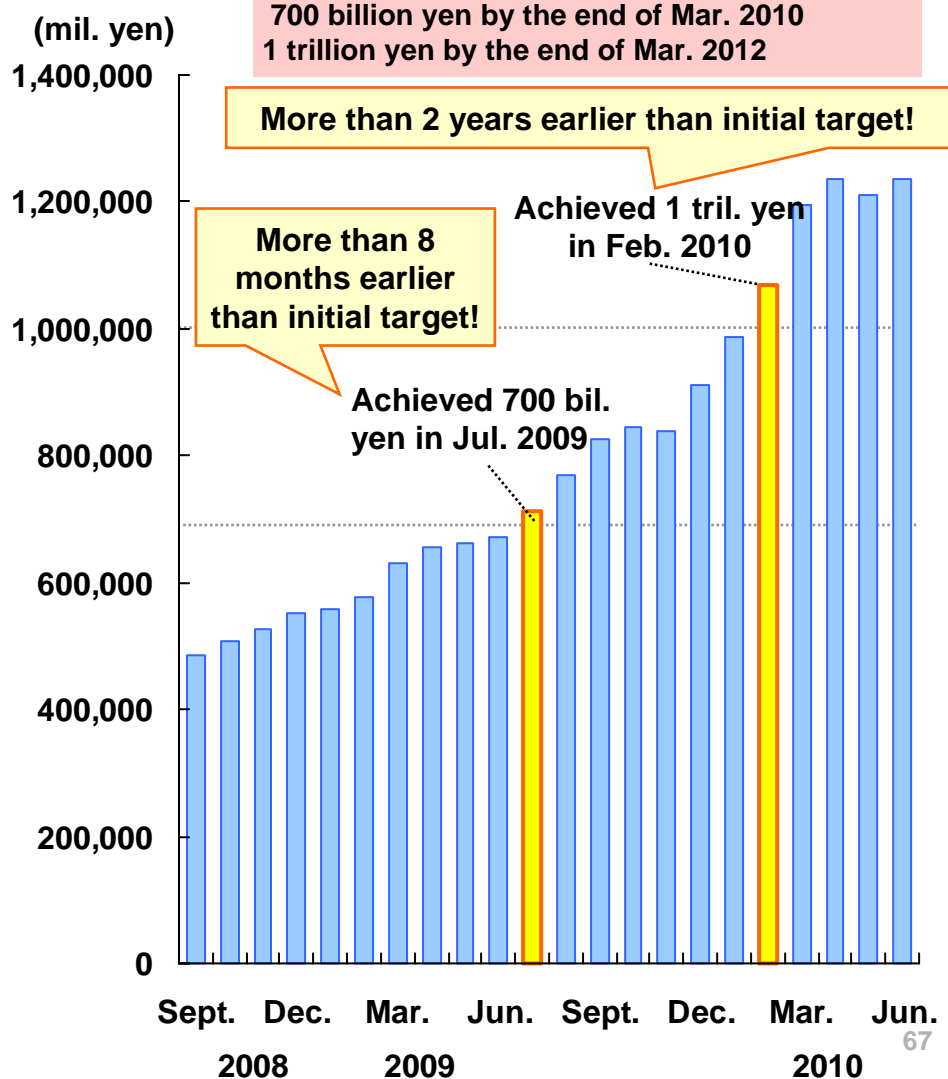
Initial Target:
 400,000 accounts by the end of Mar. 2010
 600,000 accounts by the end of Mar. 2012



Change in deposits

At the end of Jun. 2010: 1,234.6 bil. yen

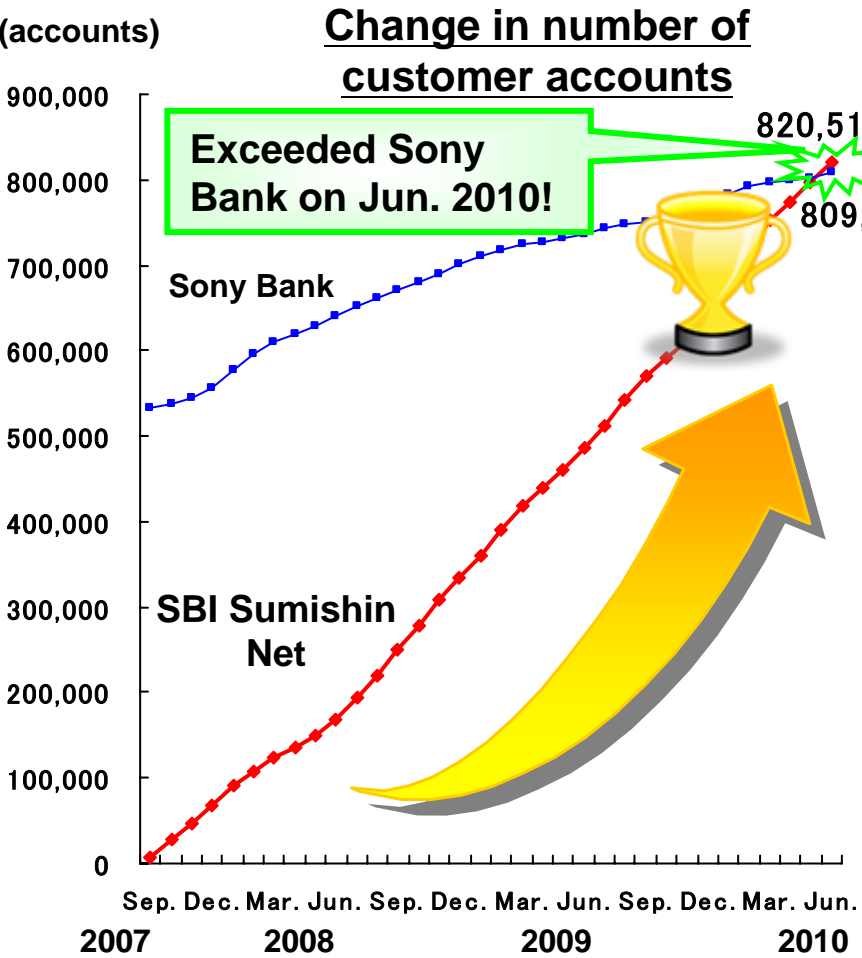
Initial Target:
 700 billion yen by the end of Mar. 2010
 1 trillion yen by the end of Mar. 2012



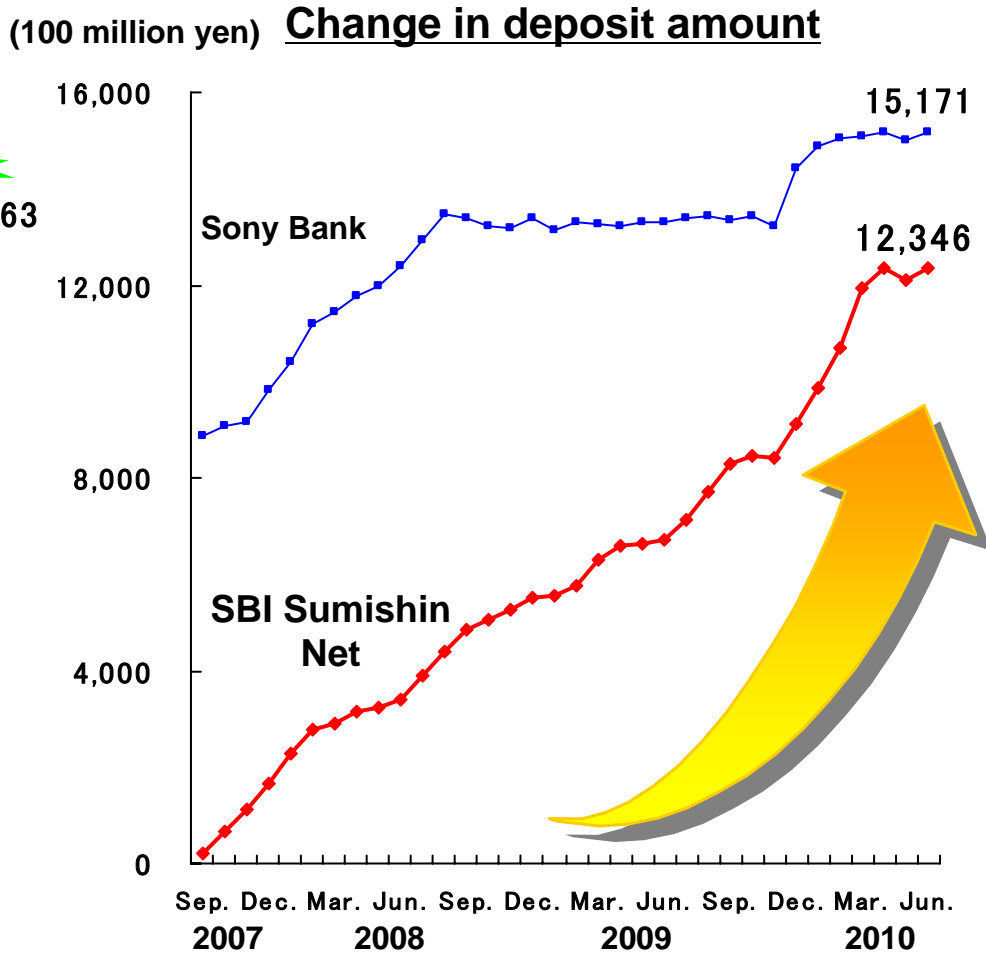
Expansion in Customer Base of SBI Sumishin Net Bank



(From Sept. 30, 2007 to June 30, 2010)



As of Jul. 27: 840,383 accounts

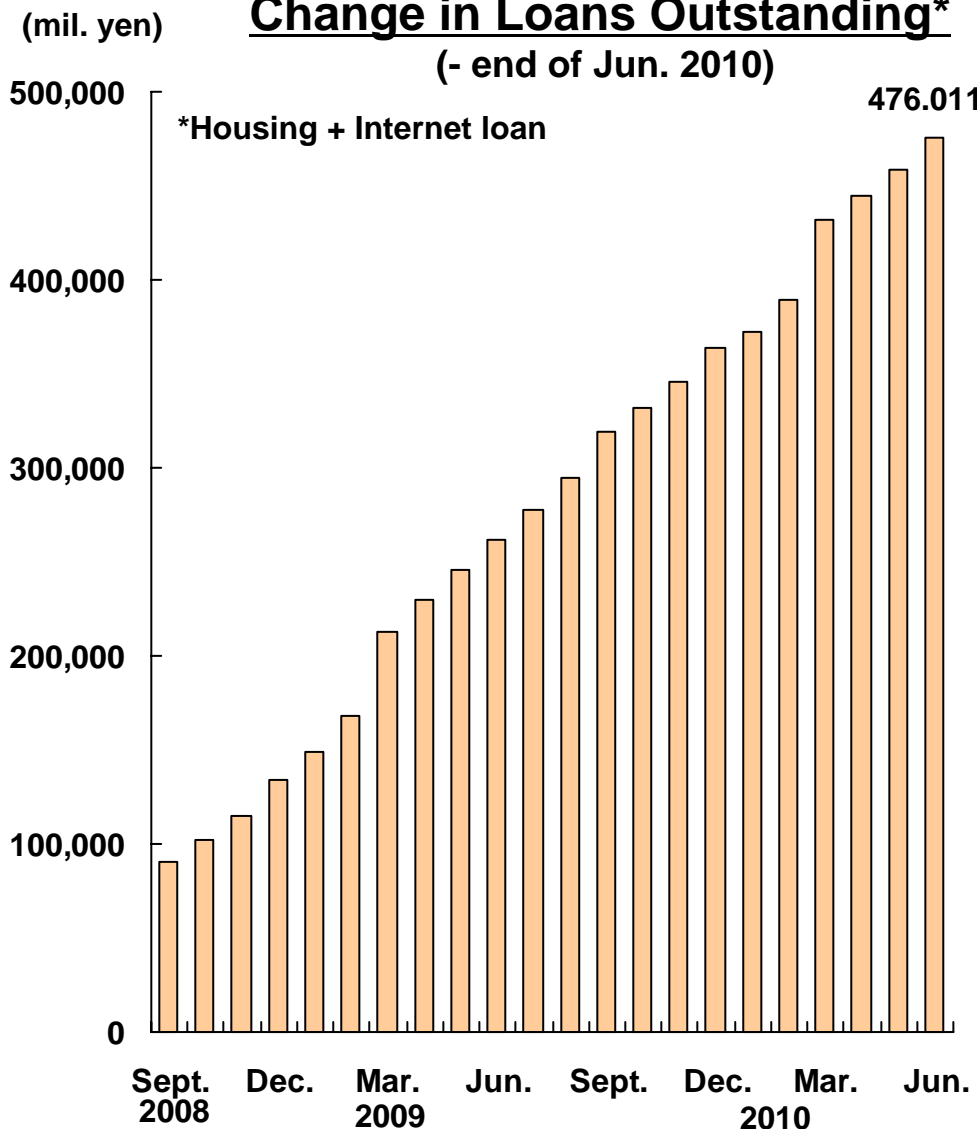


As of Jul. 27: 1,279.2 bil. yen

Both number of customer accounts and deposit amount at SBI Sumishin Net Bank approximately doubled YoY

Business Review of SBI Sumishin Net Bank

Change in Loans Outstanding*
(- end of Jun. 2010)



Fastest among Internet banks!!

Housing loans outstanding exceeded 500.0 bil. yen (Jul. 20, 2010)

Features of SBI Sumishin Net Bank's housing loans transacted through the Internet:

- **Competitive interest rates** for floating interest type and fixed interest contract type
- **Offering mix-loan** where floating interest type and fixed interest contract type can be combined
- **The bank bears the premium of 8 diseases' security insurance**
- **Partial prepayment** is possible on a 1 yen to 1 yen basis, without a fee charged
- **Able to switch interest type with no fee**
- **Able to complete application process on the web and in the mail**

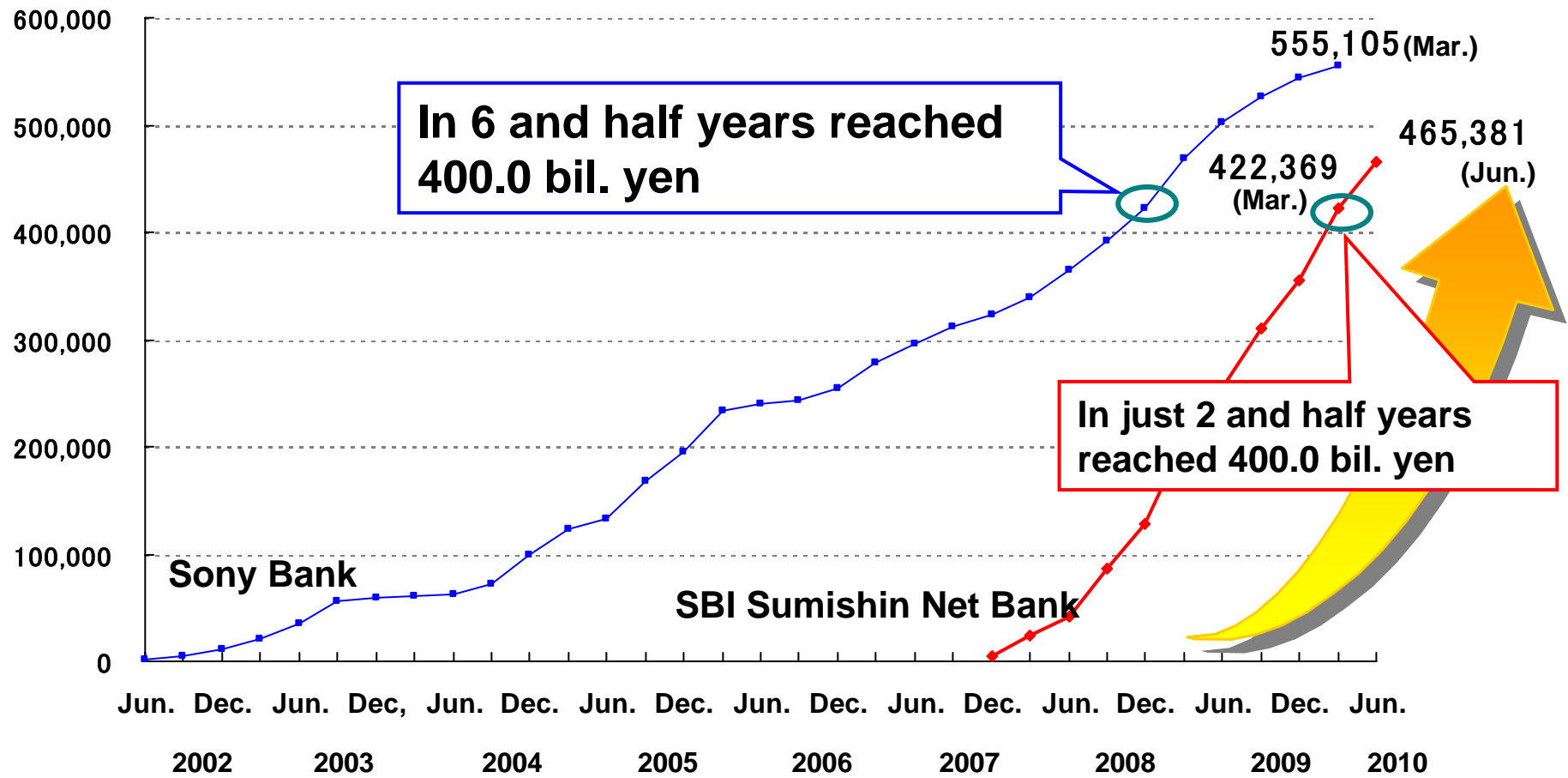
* Cumulative total of new loans

Steadily Accumulated Housing Loans Outstanding

*eliminated amount of repayment from cumulative new housing loan

Change in housing loans outstanding (Jun.2002- Jun. 2010)

(mil. yen)



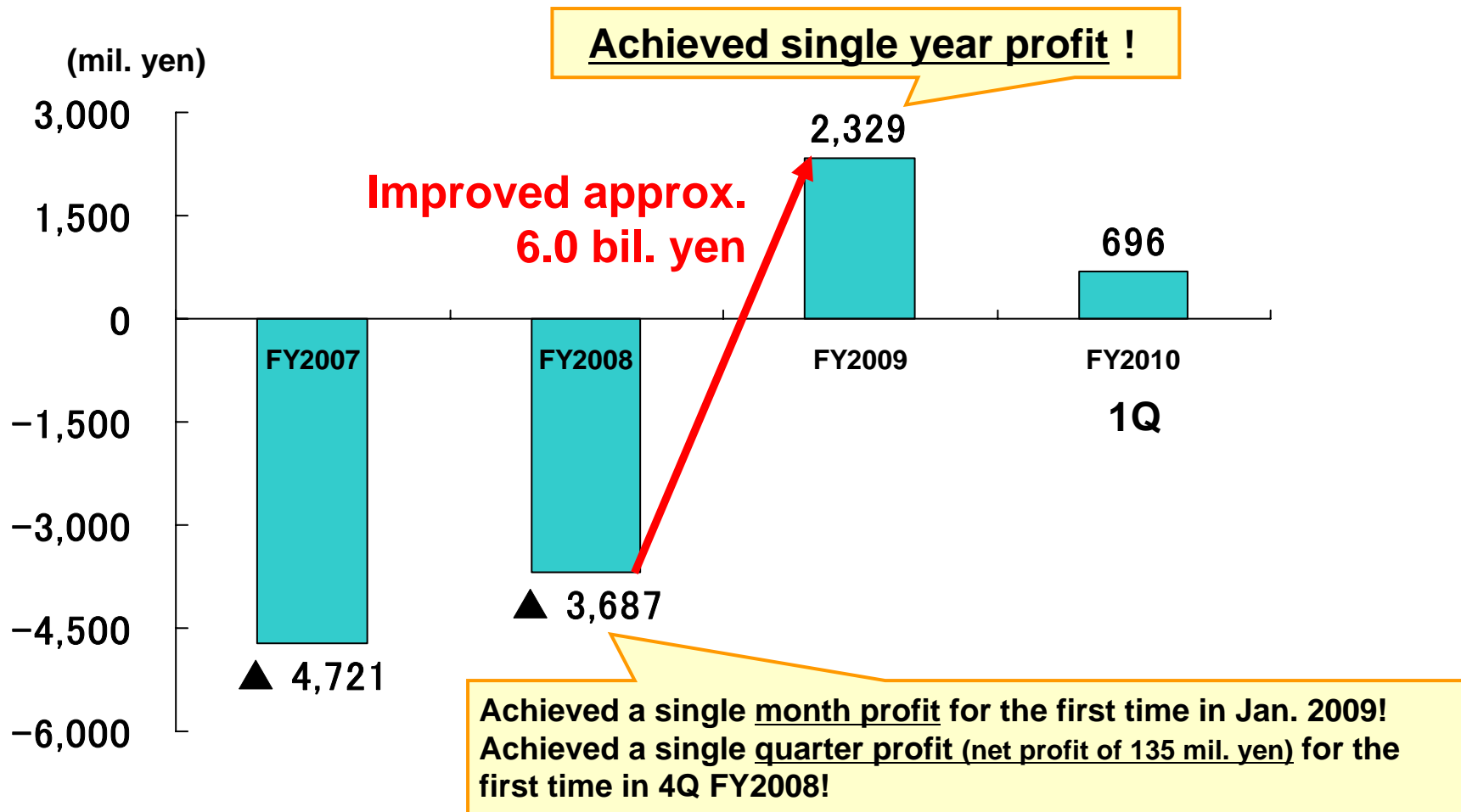
In 6 and half years reached 400.0 bil. yen

In just 2 and half years reached 400.0 bil. yen

The housing loans outstanding has approximately doubled in a year

Financial Results of SBI Sumishin Net Bank Remains Steady

Change in ordinary income and loss (non-cons):



New medium-term management plan
FY2012: over 10 billion yen of ordinary income

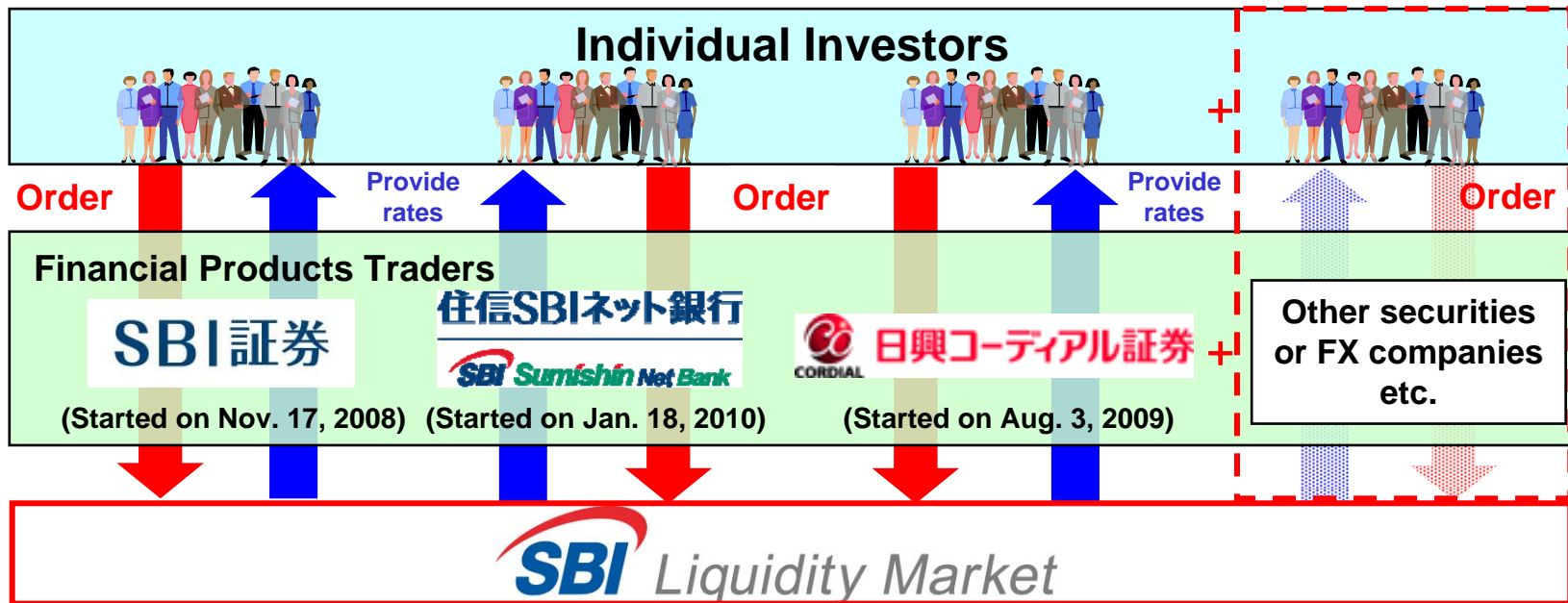
ii) SBI Liquidity Market

(Started operations on November 17, 2008)

Providing market infrastructure primarily for SBI SECURITIES

Providing Stable Trading Opportunities through a Total of 20 Foreign and Domestic Major Financial Institutions (planned)* as Counterparties

(* Currently under negotiation with another financial institution)



Covering transaction

Provide rates

Counterparties (20 major financial institutions in Japan and abroad)

- Credit Agricole *1
- Credit Suisse Bank *1
- Goldman Sachs Securities
- Commerz-bank
- JPMorgan Chase Bank
- Citi Bank
- Standard Chartered Bank
- New** • Societe Generale (planned) *2
- Deutsche Bank
- Nomura Securities *2
- Barclays Bank
- Bank of America *1
- New** • BNP Paribas *2
- HSBC *1
- Mizuho Corporate Bank *1
- Sumitomo Mitsui Banking
- Bank of Tokyo-Mitsubishi UFJ
- Morgan Stanley MUFJ
- UBS AG
- Royal Bank of Scotland

*1. Newly participated in FY2009

*2. Newly participated in FY2010

Recent Performance of SBI Liquidity Market

(Unit: 100 million yen)

	FY2009					FY2010
	1Q	2Q	3Q	4Q	Total	1Q
Operating Revenue (Sales)	28.2	27.9	25.4	24.2	105.7	<u>28.8</u>
Incl. Gain on Trading of SBI SECURITIES (Operating Income for SBI SECURITIES)	17.9	17.5	15.9	14.8	66.2	<u>17.1</u>
Operating Income	8.6	8.4	7.5	6.3	30.8	<u>7.7</u>

Expecting further increase of liquidity (trading volume) and revenues by increasing the number of connected companies

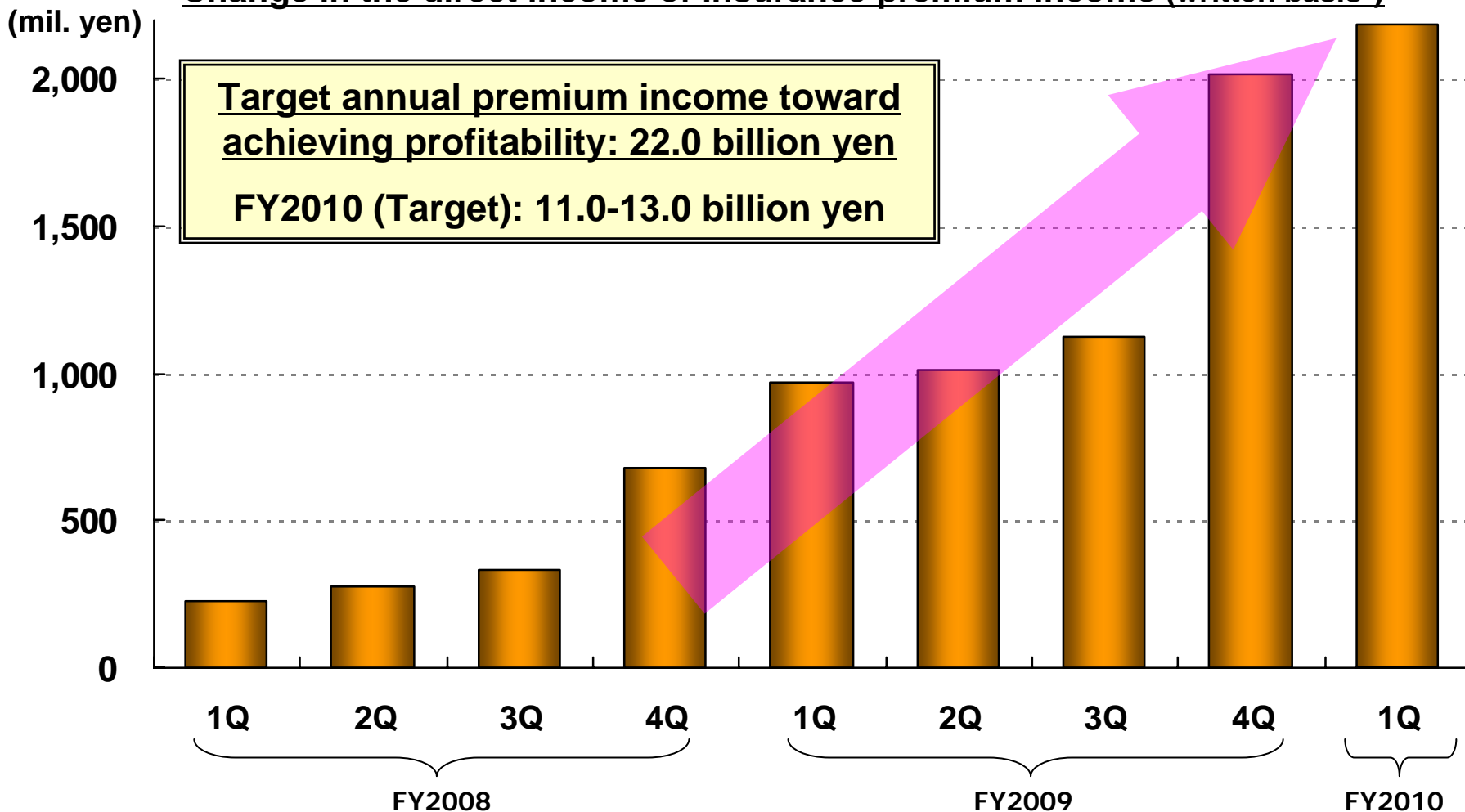
(2) Business Overview of Major Unprofitable Subsidiaries

- i) SBI Insurance** (expected to be profitable in 2-3 years)
- ii) SBI Card** (expected to be profitable in 2 years)
- iii) G-ONE Credit Service** (expecting profitability in next FY;
corporate name change to SBI Credit planned for October 2010)
- iv) KTIC** (became a subsidiary on July 6, 2010)
SBI Global Investment (became a subsidiary on June 1, 2010)
(expecting profitability in this FY)

Insurance Premium Income at SBI Insurance is Steadily Increasing

Increased 126.3% year on year, and 8.6% quarter on quarter to approx. 2.2 billion yen in 1Q FY2010, reflecting robust growth

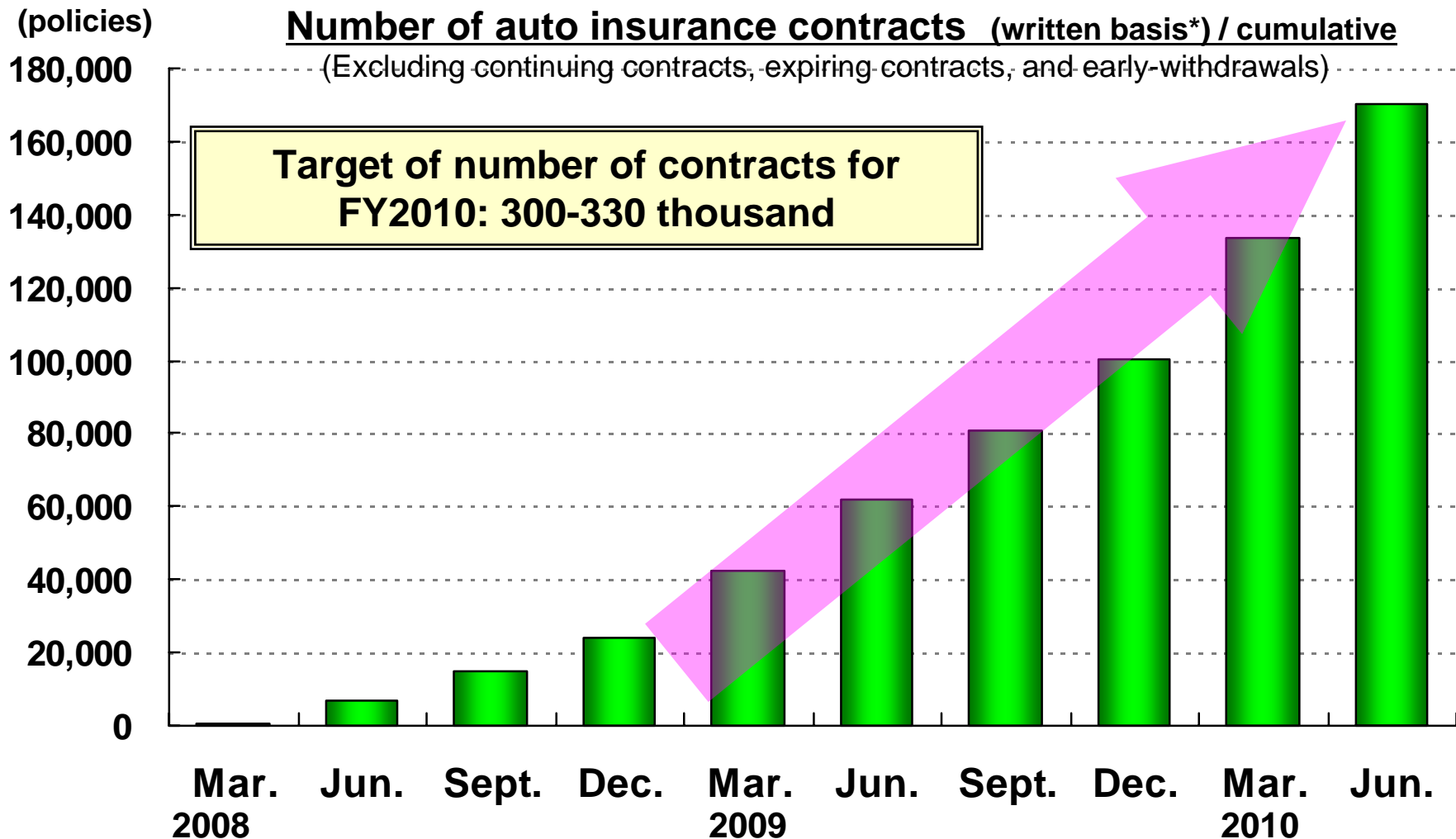
Change in the direct income of insurance premium income (written basis*)



* Written basis: Completion of receiving transaction of insurance premiums

Number of SBI Insurance's Auto Insurance Contracts Written has Steadily Grown to Over 170,000

Cumulative number of contracts written reached over 170,000 as of June 30, 2010



* Written basis: Completion of receipt of insurance premium

ii) SBI Card:

Expansion Plan to Substantially Increase SBI Card Members

Expand customer base by issuing “GEO Ponta Visa Card” and “SBI Card Plus”



: High function card with top-class cash back return rate in the industry (max. 1.2%)

Timeline for returning card business to profitability and for issuance of 1 mil. cards by March 2013 (target)

Feb. 2009

Acquired license from VISA Card

Jun. 2010

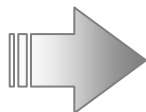
Started issuing “**GEO Ponta Visa Card**”

Steadily adding shops accepting applications, and starting nationwide acceptance at shops from November (planned), to enable full-scale issuance increase

Oct. 2010

Plan to start issuing “**SBI Card Plus**”

Plan to increase point return to a maximum of over 2% depending on level of transactions with SBI Group companies, adding to top-class cash back return rate in the industry



Intends to attract users of other Group companies and to promote an increase in transactions inside the Group

Target to increase number of card issuances from 77,000 (end of June 2010) to 1 mil. in 3 years

iii) G-ONE Credit Service:

Acquired All of G-ONE Credit Service, a Subsidiary of the Gulliver Group



(Comprehensive business alliance in October 2009)

[Timeline]

- Jul. 1, 2010 Transfer of G-ONE Credit Service stock
- Oct. 1, 2010 Change of its corporate name to “SBI Credit” (planned)

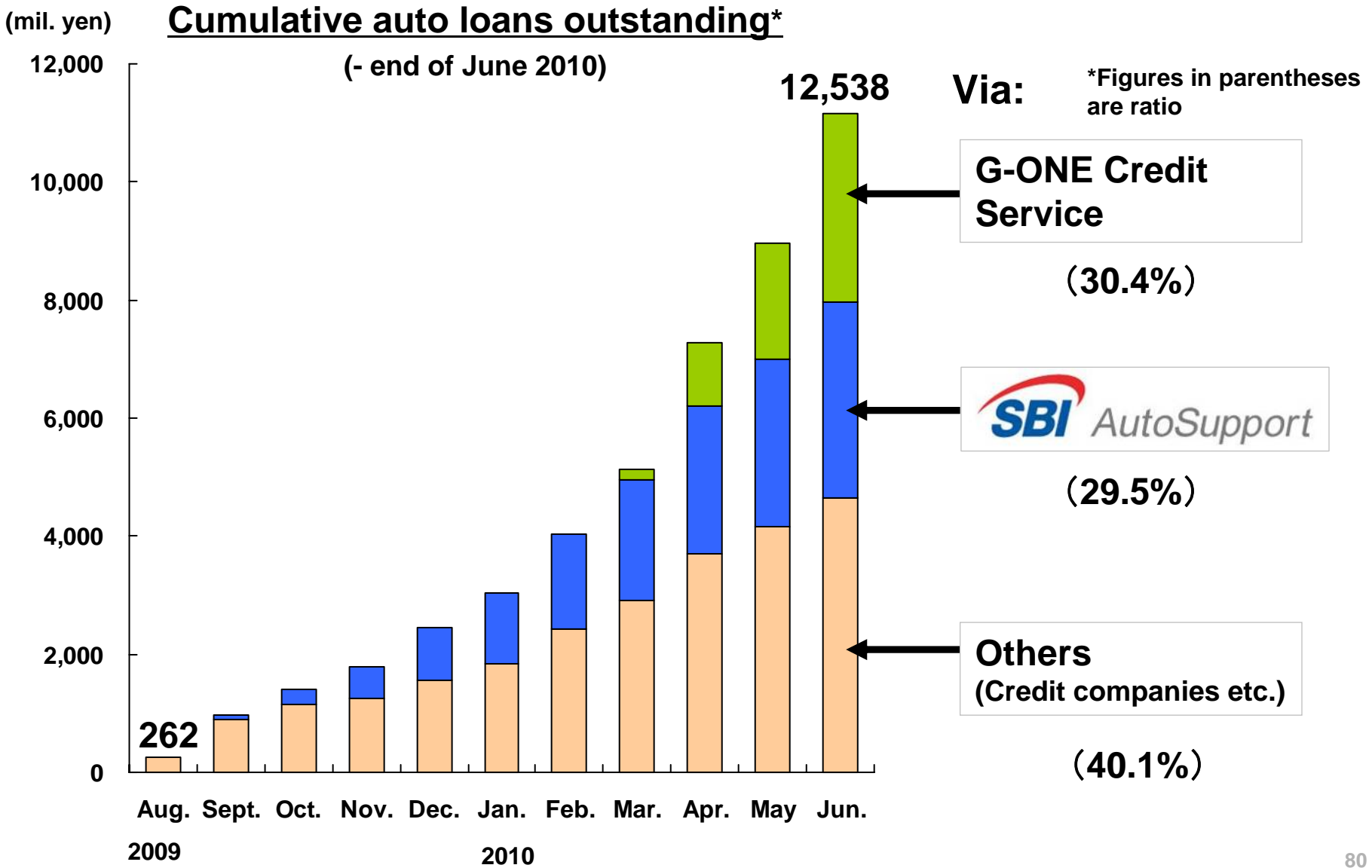
[Future business development (planned)]

- Expand number of participating stores (now approx. 2000) and network of operation bases (now 7), which represent the strength of G-ONE Credit, expecting to **further expand collaborative auto loans**
- Gradual increase in types of financial products handled such as **credit for solar-power generators and all-electric systems**
- **Provision of used car guarantees and SBI Group’s financial products** to users of credit

Expected operating income This FY: -0.7 bil. yen ➡ Next FY: 0.3 bil. yen

iii) G-ONE Credit Service:

Auto Loans at SBI Sumishin Net Bank are Steadily Increasing



Acquired Management Rights of Korean VC Group of Two Companies and Made Them Consolidated Subsidiaries

Korea Technology Investment Corporation (KTIC, listed on KOSDAQ)

- VC firm in Korea with 300.0 billion KRW in managed assets
- The first Korean VC established in 1986, which has incubated 10% of KOSDAQ listed companies
- The average IRR (the return rate for investors) is 17%
- Became a consolidated subsidiary of SBIH in July with its own capital increase through share allotment and public offering (SBIH holds 41.9% share through a subsidiary, and 44.4% if shares of managed funds are included)

SBI Global Investment Co., Ltd. (listed on KOSDAQ)

(Former KTIC GLOBAL INVESTMENT ADVISORY CO., LTD)

- Focused on SPAC*, which is attracting attention in Korean financial market
- In this field, two funds with 20.0 billion KRW were established (planned to be listed after August) and another is under preparation for establishment
- Became a consolidated subsidiary of SBIH in June with its own capital increase through third-party allotment (SBIH holds 42.9% share through a subsidiary, and 47.7% if shares of managed funds are included)



Plan to increase investments into the Asian region

* Abbreviation of Special Purpose Acquisition Company, a listing fund specialized in corporate acquisition

* 100 million KRW = 7,186 thousand JPY (as of July 21, 2010)

Performance of KTIC, SBI Global Investment



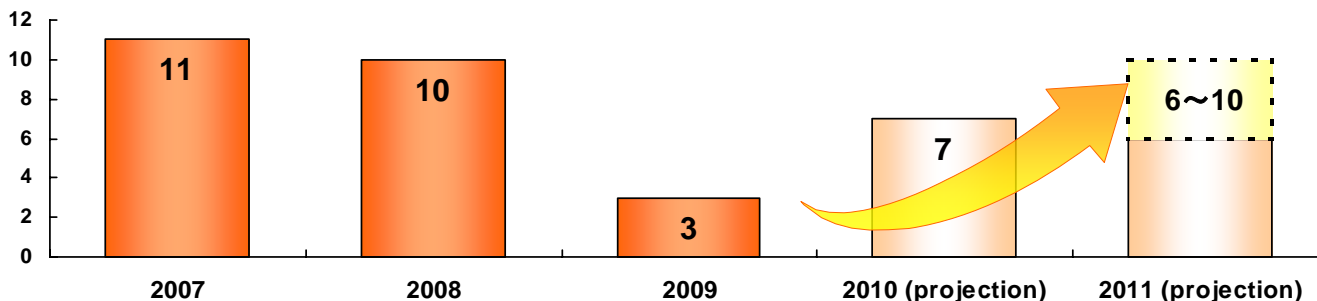
Recent performance of KTIC

Unit: 100 million KRW

	FY2007 (full year)	FY2008 (full year)	FY2009 (full year)	FY2010 1Q(Jan.-Mar.)
Operating Revenues	543	222	341	59
Operating Income	208	-185	-829	14

(Reference) Number of IPO and M&A deals of KTIC

* KTIC's FY is from Jan. to Dec.



Recent performance of SBI Global Investment (former KTIC GLOBAL INVESTMENT ADVISORY)

	FY2007 (full year)	FY2008 (full year)	FY2009 (full year)
Operating Revenues	31	38	49
Operating Income	-13	-55	-200

FY2010
1Q (Apr.-Jun.) Expected to
 turn to profitability
 (unaudited)
 ⇓
Full year profitability
expected

* 100 million KRW = 7,186 thousand yen (as of July 21, 2010)

* SBI Global Investment's FY is from Apr. to Mar.

(3) Further Reduction of Costs at Head Office

- ✓ **Continue efforts geared toward organizational cuts in SG&A (selling, general and administrative expenses)**

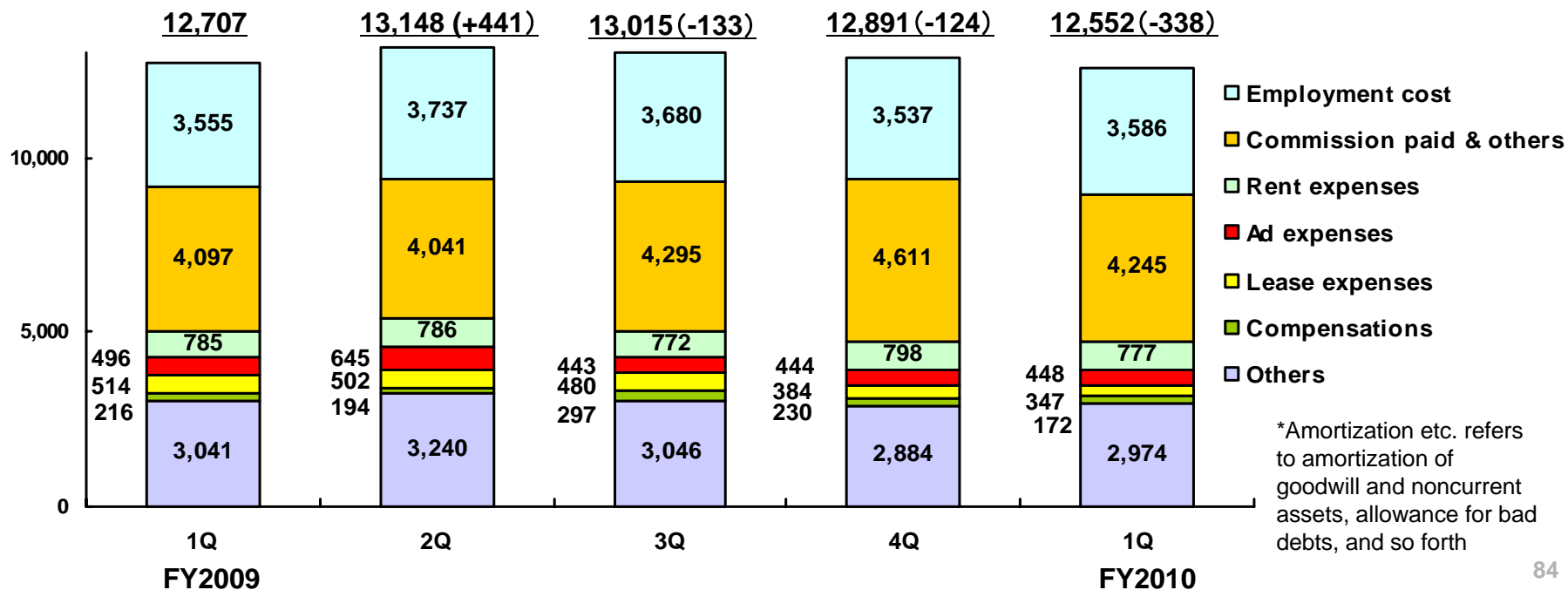
Reduction of SG&A

- From October 2008, each Group company assigned an officer with the responsibility of cutting costs, in order to strengthen the cost cutting movement
- SG&A in Q1 FY2010 decreased by 320 million yen QoQ

(Unit: million yen)

	FY2009				FY2010	
	Q1	Q2	Q3	Q4	Q1	QoQ change
Total SG&A	15,314	15,812	15,423	15,420	15,100	-320
Controllable costs	12,707	13,148	13,015	12,891	12,552	-338
Amortization etc.	2,607	2,663	2,408	2,529	2,547	+18

■ Breakdown of controllable costs (unit: mil. yen, figures in parentheses are QoQ change)



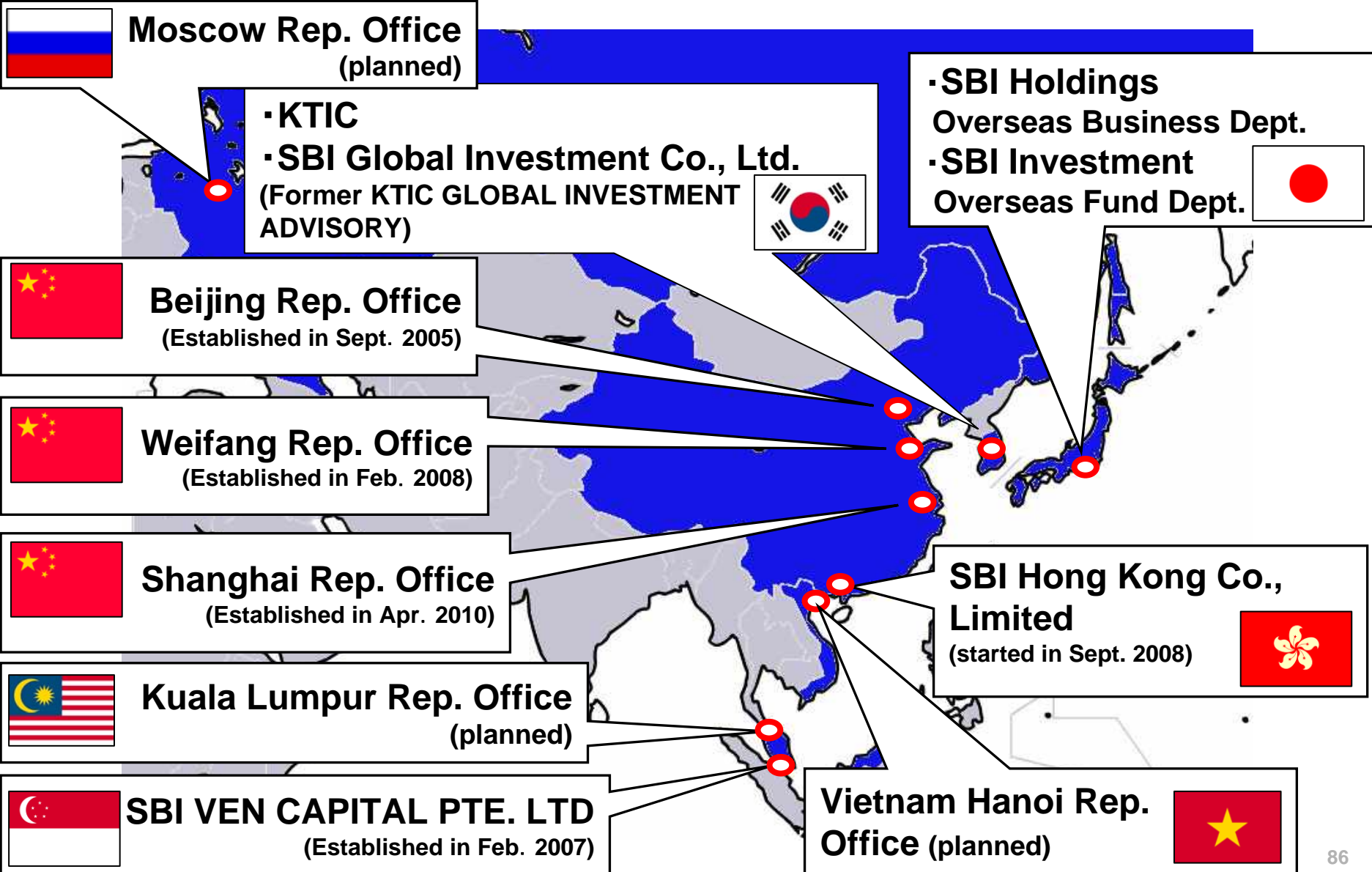
(4) Build a Profitable Overseas Business System

- ✓ **Upgrade overseas representative offices to local corporations and pursue self-supporting accounting**
- ✓ **Invest in overseas financial institutions from which short-term profitability can be expected**

Deployment of Overseas Bases is Progressing



Build sound and profitable overseas operations by upgrading representative offices to local corporations seriatim



Grouping of Overseas Financial Institutions, which Instantly Contributes to Profitability of Overseas Business

Vietnam



Tien Phong Bank (Started operations in May 2008.)

SBIH acquired 20% shares in Aug. 2009, and it became an equity method affiliate from this FY

Recorded a profit in the first FY, and surged in the second FY. Established 6 branches and 13 sub-branches in addition to the head office.

<Result in 2Q total (Jan.-Jun.) FY ending Dec. 2010* >

Ordinary revenue	4.68 bil. yen	No. of accounts	23,902
Net income	0.35 bil. yen	Deposits	25.9 bil. yen
Total asset	57.2 bil. yen	Loans	17.6 bil. yen



* FX rate is 10,000 VND = 46.06 JPY

Cambodia



Phnom Penh Commercial Bank (Started operations in Sept. 2008.)

SBIH invested in 40% of the shares at its establishment, and it became an equity method affiliate from this FY

Profitability is steadily increasing, and recorded a profit in the second FY. Eliminated cumulative loss in March 2010.

<Result in 2Q total (Jan.-Jun.) FY ending Dec. 2010*>

Ordinary revenue	0.15 bil. yen	No. of accounts	3,816
Net profit	0.03 bil. yen	Deposits	2.23 bil. yen
Total asset	3.59 bil. yen	Loans	1.48 bil. yen



* FX rate is 1 USD = 87.9 JPY

Russia



OBIBANK (Established in 1994)

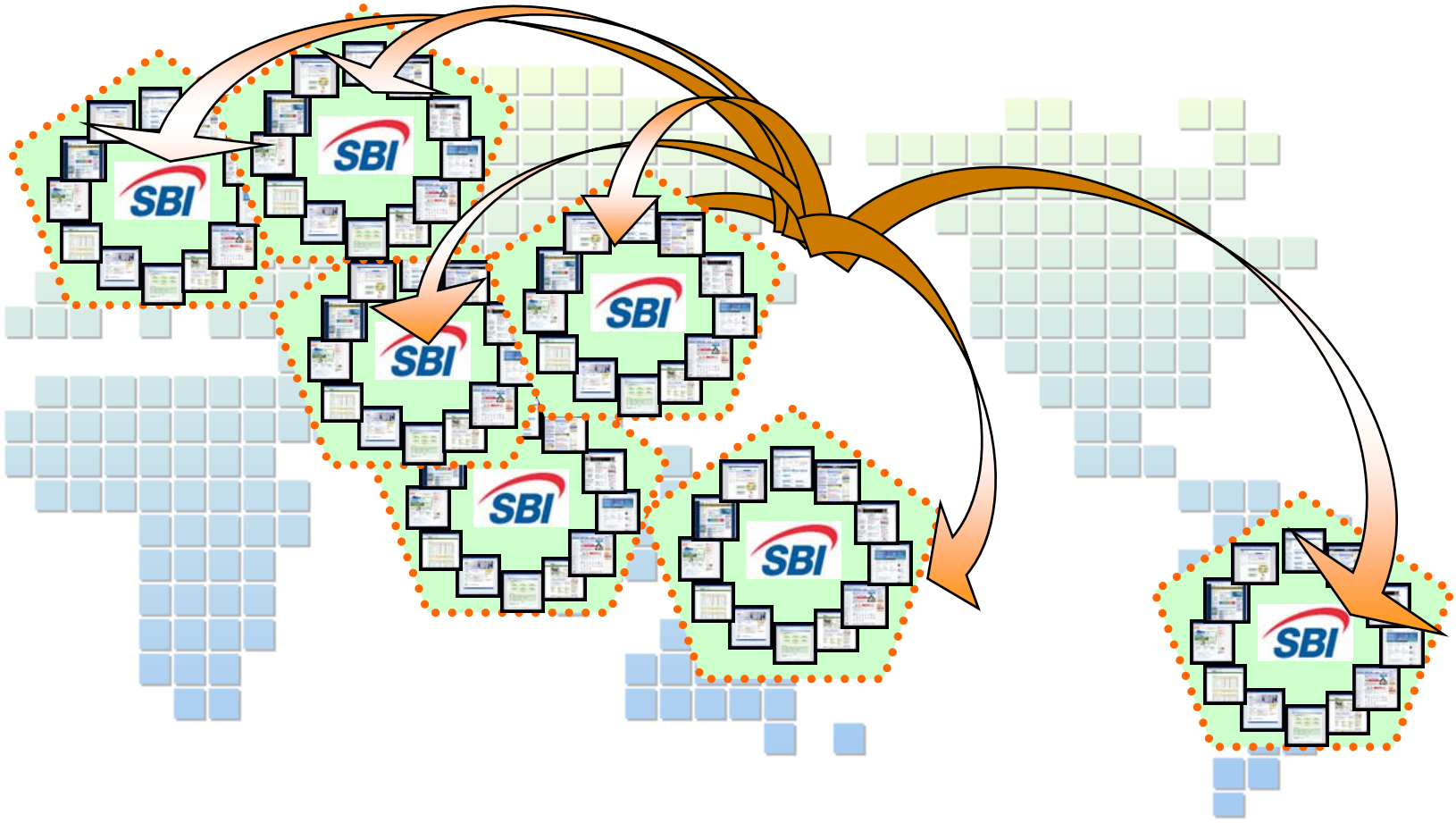
Concluded basic agreement on 50% investment. Expected to become an affiliate after the acquisition of shares

<Result in FY ending Dec. 2009 (full year)*>

Ordinary revenue	3.00 bil. yen	No. of accounts	4,861
Net profit	0.41 bil. yen	Deposits	24.11 bil. yen
Paid-in capital	2.81 bil. yen	Loans	7.35 bil. yen
Total asset	29.25 bil. yen		

* FX rate is 1 RUB = 2.91 JPY

Transferring SBI Group's Internet-based financial services businesses to emerging markets in Asia and elsewhere, utilizing partnerships built through the establishment of overseas JV funds



From Japan's SBI to the world's SBI

4. Growing as a New Business Field and the Potential Promise of the Bio-Related Businesses

a. SBI Biotech

b. SBI ALApromo

c. Bio-related investee

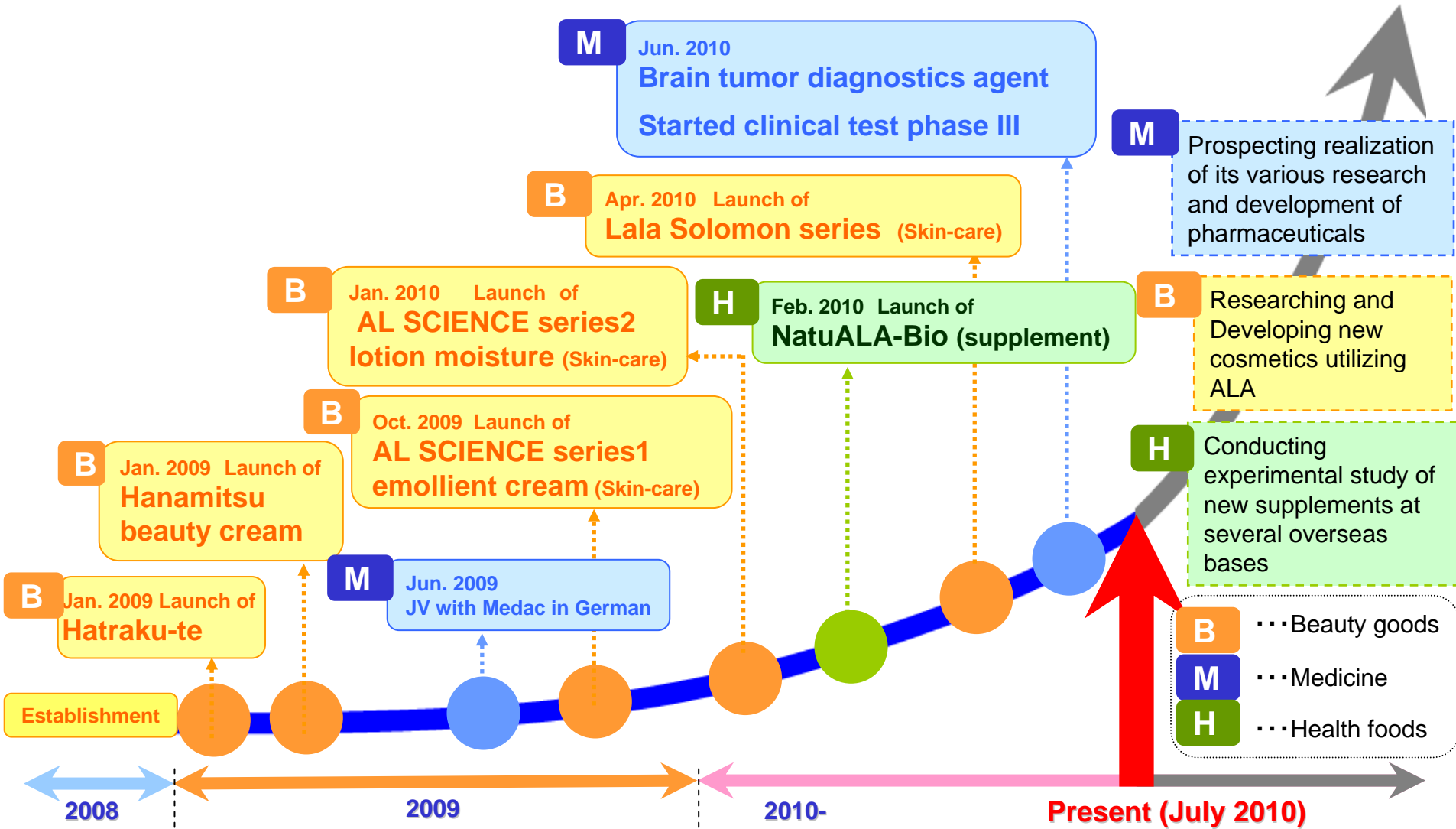
(Possible to be sold (partly or completely) instead of waiting for IPOs)

Progress of Drug Discovery Projects, etc. by SBI Biotech with a Global Network

- In early December 2009, a novel nucleotide project through an alliance with Changchun Huapu Biotechnology in China started clinical phase I test in the U.S. Also, in preparation of clinical test due to the requisition for the adhibition to acute leukemia in childhood by an North U.S. Research Group.
- An immunocell therapy project through an alliance with Baylor Research Institute (U.S.) is testing clinical phase II in the U.S., and plans are in place to start clinical tests in Japan.
- In the field of research and development of immune body for cancers and autoimmune diseases, started tie-up negotiations with domestic and overseas promising pharmaceutical companies for anti-BST-2 body, in addition to anti-ILT-7 protein which aligned with **MedImmune**, the global biologics unit of **AstraZeneca**.
- Regarding the anti-cancer agent, applied for international patent of drug discovery hit to lead in April 2010 associated with CrystalGenomics in South Korea, and is currently preparing for international patent application of drug discovery hit to lead due to a cooperation with a bio-venture company in Japan.

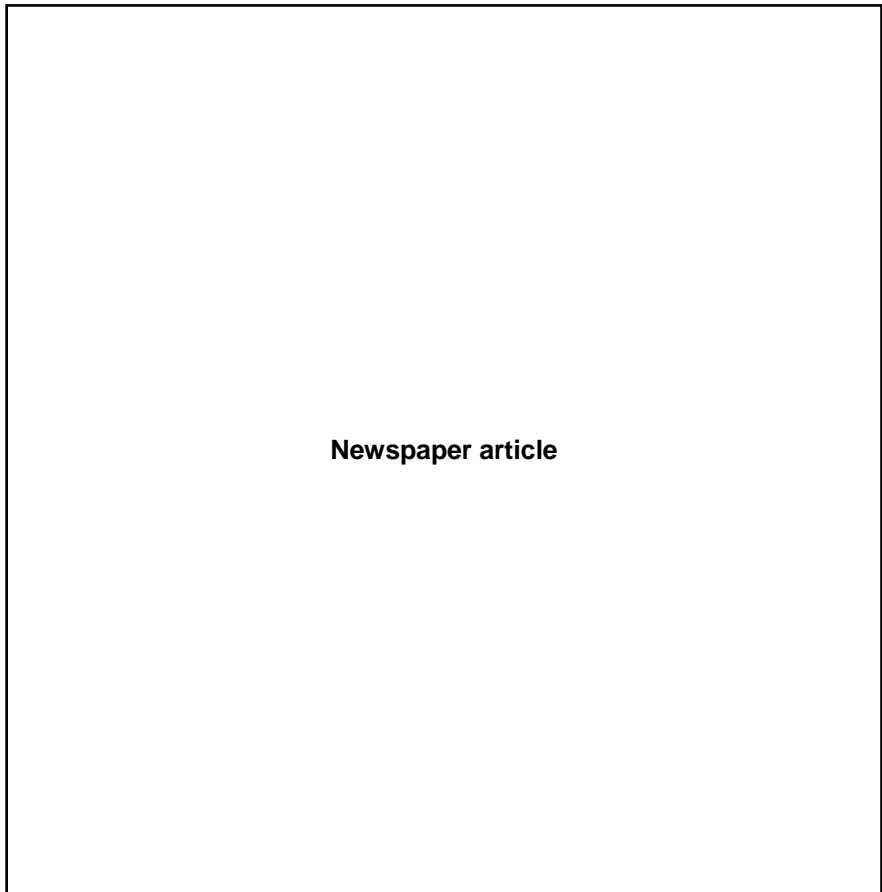
Progress in SBI ALA promo

SBI ALA promo is steadily growing



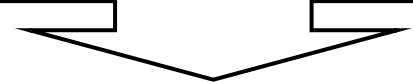
SBI ALA promo Started Phase 3 Clinical Test on Internal Diagnostic Agent Utilizing ALA

Toward visualization of extraction part of malignant glioma, a brain tumor.

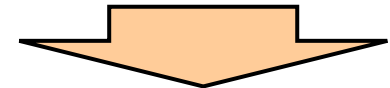


Gliolan, a diagnostic agent in operation for malignant glioma

Used in 10 European countries as Medac, a German JV partner, got approval from European Medicines Agency



SBI ALA promo got license for monopoly use of necessary data to develop the diagnostic agent



Started clinical test from phase 3 as a JV business with Nobel Pharma

(3) Bio-related investee:

Biotechnology Related Investee Companies' R&D

Quark Pharmaceuticals, Inc. (Shareholding ratio of the SBI Group: 36.02%)

1) QPI-1002 (prophylaxis of delayed graft function (DGF) and acute kidney injury (AKI))

- In Jan. 2010, the independent Data Safety Monitoring Board recommended that QPI-1002 continue on to the next phase of clinical testing.
- FDA (in February) and European Commission (in June) grants Orphan Drug Status for Quark's QPI-1002 for the Prophylaxis of Delayed Graft Function in Kidney Transplant Patients

2) QPI-1007 (ischemic optic neuropathy, glaucoma)

- Developed in collaboration with BioSpring GmbH as a neuroprotective agent for eye diseases
- Started a Phase I trial in March 2010

3) PF-4523655 (Wet age-related macular degeneration (AMD), diabetic macular edema (DME))

- Licensed to Pfizer on an exclusive worldwide basis
- In Oct. 2009, granted to Quark from a Japanese National Phase Application of International (PCT) Patent Application No. PCT/US98/17296, a patent which is part of the intellectual property estate that is the basis of PF-4523655.
- Currently, in its Phase II a clinical trial.

■ On July 15, 2010, agreed and concluded a licensing contract with NITTO DENKO CORPORATION in joint research and development of siRNA drugs for fibrosis

Acucela Inc. (Shareholding ratio of the SBI Group: 28.71 %)

ACU-4429 (Dry age-related macular degeneration (AMD))

- Acucela has forged a strategic partnership with Otsuka Pharmaceutical, Co., Ltd. to co-develop ACU-4429
- In Jan. 2010, initiated phase II clinical trial
- In Mar. 2010, received FDA Fast Track Designation for ACU-4429 in Patients with Dry AMD

In addition, planning to invest in other promising bio-venture companies shortly

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