

# Consistent Growth in Step with Favorable Trends Such as the Shift from Savings to Investments and Increasing Use of Broadband

## Principal Companies in the Financial Services Business

SBI Holdings, Inc. (Financial Services Business Division)  
 Morningstar Japan K.K. Hercules Market of Osaka Securities Exchange (code: 4765); Rating information for financial products, mainly investment trusts  
 Gomez Consulting Co., Ltd. Hercules Market of Osaka Securities Exchange (code: 3813); Business support and evaluation of websites  
 SBI VeriTrans Co., Ltd. Hercules Market of Osaka Securities Exchange (code: 3749); Electronic settlement services for e-commerce businesses  
 SBI Technology Co., Ltd. Development and provision of "Money Look" account aggregation software and other IT solutions for financial institutions  
 SBI Equal Credit Co., Ltd. Unsecured consumer loans, loans to business owners  
 SBI Lease Co., Ltd. Comprehensive lease services, specializing in IT fields  
 SBI Card Co., Ltd. Credit card services, including issuing the MasterCard-branded SBI World Card

### Performance of Financial Services Subsidiaries

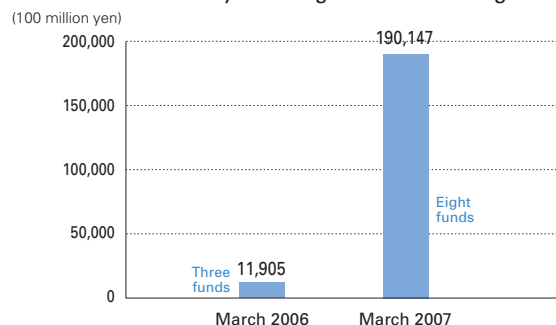
(Unit: Million yen)  
 Figures in parentheses: YoY change (%)

	Operating revenues	Operating income	Ordinary income	Net income
<b>Morningstar Japan FY06* (cons)</b>	1,628 (+29.3)	431 (+71.0)	537 (+103.9)	672 (+155.5)
<b>Gomez Consulting FY06* (non-cons)</b>	512 (+37.6)	160 (+25.6)	159 (+25.3)	93 (△1.4)
<b>SBI VeriTrans FY06 (non-cons)</b>	2,812 (+46.8)	592 (+47.8)	588 (+48.9)	336 (+32.6)

\*Morningstar Japan and Gomez Consulting changed from December to March fiscal year in 2007. Therefore, the current fiscal period will be the 15-month period from January 2007 through March 2008.

### Growth in Fund of Funds AUM Where Morningstar Asset Management is an Advisor

License fees growing along with assets in funds of funds served by Morningstar Asset Management



### Information Magazine Published for Japan Post Becomes Japan's Most Widely Circulated Money-themed Magazine



Japan Post  
(120,000 copies)



Yokohama Bank  
(50,000 copies)



Kansai Urban Bank  
(60,000 copies)

There are a number of macro trends occurring in Japan that are creating a favorable climate for the Financial Services Business, such as the shift in individuals' assets from savings to investments, the proliferation of broadband and the revisions to laws and regulations for financial services. SBI Group companies in this business segment are well positioned to benefit from these trends, and the result has been consistent growth in earnings, making the Financial Services Business an increasingly important contributor to consolidated earnings.

### Morningstar Japan and Gomez Consulting Benefit from the Shift from Savings to Investments

Rising interest among Japanese individuals in investment trust ratings fueled the growth in the operations of Morningstar Japan, a major provider of ratings and information on investment trusts. In the six-month period that ended in June 2007 (\*), Morningstar Japan achieved year-on-year growth of 132.5% in consolidated operating revenues to ¥1,988 million and a 59.2% increase in operating income to ¥419 million. Internet advertising and an asset management advisory service contributed significantly to the results. Also, advertising agency, Agent ALL Co., Ltd. and The Kabushiki Shimibun Co., Ltd., which publishes Japan's largest newspaper specializing in the stock market, are both newly acquired subsidiaries that made significant contributions as well.

Morningstar Japan publishes a magazine for Japan Post called "Recipe for Happiness" that is distributed free at post offices in Japan. As of March 2007, 120,000 copies of this magazine were sent to 1,155 post offices. Japan Post plans to increase the number of post offices that sell investment trusts, which consequently will raise the number of copies circulated to about 200,000. Reaching this level will rank "Recipe for Happiness" as Japan's largest money-themed magazine in circulation. In January 2007, Morningstar Japan started publishing two more free money-themed periodicals: 50,000 copies of "Ra Ra Ra" magazine for the Bank of Yokohama and 60,000 copies of "Kore Kara" magazine for Kansai Urban Bank.

Morningstar Japan subsidiary Gomez Consulting was publicly listed in August 2006 with a listing on the Hercules Market of the Osaka Securities Exchange. This company is posting steady growth in both of its core businesses, which are the design of bank mobile phone sites and independent website analysis services for securities companies. In the six-month period that ended in June 2007 (\*), Gomez Consulting achieved significant gains in revenues and earnings, with operating revenues up 29.2% to ¥321 million and operating income up 38.3% to ¥113 million.

\*From January 1, 2007 to June 30, 2007

### SBI VeriTrans Grows Along with the Utilization of Broadband Technology

SBI VeriTrans has been increasing revenues and earnings primarily by capitalizing on opportunities created by the growth of Japan's e-commerce, credit card and electric payment markets. For the March 2007 fiscal year, non-consolidated operating revenues and all earnings indicators set new

records, as SBI VeriTrans handled 27.88 million transactions, which was up 31.1%. Furthermore, 3,060 retailers utilized the company's settlement platforms as of June 30, 2007.

The company started offering VeriTrans e-Money in October 2006, which is a service to assist e-commerce retailers start using e-money. VeriTrans e-Money is compatible with the popular Suica and Edy e-money systems of financial institutions. Currently, VeriTrans e-Money is the only service that accepts both Phone-based Suica and Edy, and SBI VeriTrans plans to continue expanding this service to cover even more types of e-money.

### Historical Levels of Transactions and Revenues at Japan's Foremost Financial Comparison Websites

The SBI Group's marketplace business is anchored by "InsWeb" and "E-LOAN" websites that provide comparisons and estimates for insurance policies and loans respectively. User numbers are climbing steadily, due in large part to the popularity of websites for mobile phone transactions. On an annual basis, the websites in marketplace business handled estimates and other transactions for about 800,000 individuals. "InsWeb" includes a comprehensive estimate for auto insurance, a service that has attracted more than 2 million users since its inception. The company will continue to work on raising awareness of its services to attract more users, as well as to supply more content and value-added information to major portal sites.

### SBI Equal Credit Records First Profit After Only 30 Months of Starting Operations Even as Earnings Decline at Competitor Firms

SBI Equal Credit provides loans to individuals and business owners, and its operations are rapidly expanding as loans outstanding totaled approximately ¥17.4 billion and 49,000 loan accounts were acquired as of June 30, 2007. Whereas earnings are declining at many competitor firms, SBI Equal Credit continues to grow, having reached profitability on a stand-alone basis only 30 months after starting operations.

While the maximum lending rate prescribed by Japan's Capital Subscription Law is being deliberated, SBI Equal Credit has been building a business model for the provision of automated loan application screening services through application service providers (ASPs). Offering this service will diversify the company's profit structure through the generation of fee income. In dealing with lower maximum interest rates, SBI Equal Credit introduced "Equal Credit NEO" in April 2007. NEO is a personal loan that utilizes the interest rate structure that is expected to become effective in a few years.

### Profile of the VeriTrans e-Money Settlement Service

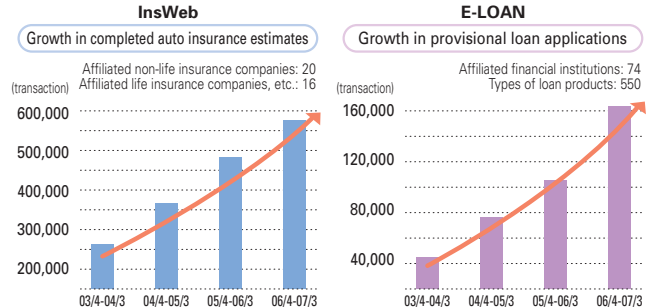
A service that helps e-commerce companies to start using e-money



Currently, only SBI VeriTrans permits the unified use of both Mobile Suica and Edy.

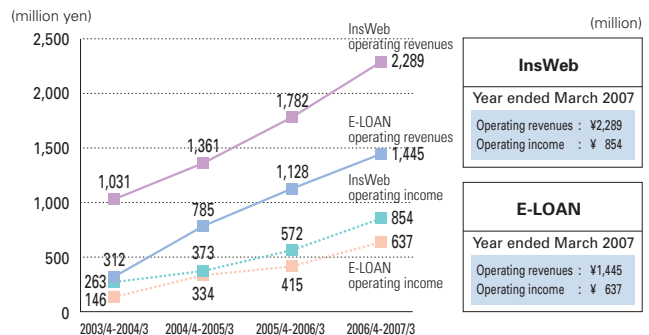
### Comparison Websites Continue to Set New Records for Transactions and Revenues

Japan's Largest Financial Comparison Websites "InsWeb" and "E-LOAN"



### Growth of InsWeb and E-LOAN

Operating revenues and operating income in past four fiscal years



## COLUMN

### Lifestyle Networks Business

Creating a network of services for events ranging from marriage, child-raising, the purchase of a home, and the consequently arising financial needs, as well as many other lifestyle needs

The Lifestyle Networks Business is made up of more than 10 websites. Among these sites are "Hikaku ALL" (<http://www.hikakuall.jp>), a comprehensive comparison portal site, "SeikatsuGuide.com" (<http://seikatsu-guide.com>), a source of local and lifestyle information, and "Ticket Ryutsu Center" (<http://www.ticket.co.jp>), a website where individuals can sell tickets to each other. The SBI Group is currently embarking on a full-scale expansion of these activities to develop Lifestyle Networks Business into another core business of the Group.

In the March 2007 fiscal year, two business units became profitable, generating a combined ordinary income of more than ¥100 million. One is the Internet Media Department, which operates comparison and search websites, such as "Hikkoshi Tatsujin Select," which has assisted about 200,000 users thus far in selecting moving companies. The other is the Marketplace Department, which includes "Ticket Ryutsu Center," where there are more than 100,000 registered users.

### Consistent Growth in Lifestyle Networks Business

Internet Media Dept. and Marketplace Dept., which operate life-related comparison website, became profitable in FY2006 and achieved total ordinary income of more than ¥100 million

#### Lifestyle events and needs

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

