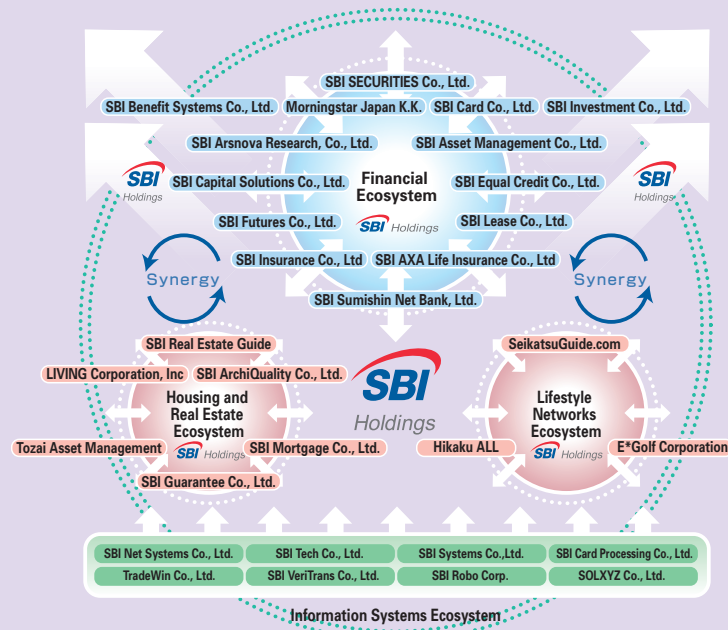


SBIH Group's New Core Business, which Started in FY 2007, with the Mission of Establishing the Information Systems Ecosystem Required to Support the Group's Internet Finance Business

## Principal companies in the System Solution Business

SBI Robo Corp. / Development of search engines, planning, development and operation of services associated primarily with Web 2.0 platforms  
SBI Net Systems Co., Ltd. (fka C4 Technology, Inc. until July 31, 2008) / R&D of C4 encryption technology, confidential data dispersion technology and electronic watermarks, and provision of information security products, which is listed on Mothers Market of TSE (code 2355)

## Systems Ecosystem That Supports Internet Finance



## Reinforcing the Information Systems Ecosystem That Supports Internet Financial Services

The SBIH Group relies on the Internet as the major distribution channel for its diverse lineup of products and services. This makes systems and software a vital component of the group's business operations. In order to supplement these components, we plan to assemble an information systems ecosystem that will play a central role in building, monitoring and maintaining the IT systems used by the Group companies. Taking this a step further, we also envision a unified finance and Internet framework based on our Information Systems Ecosystem. This framework will incorporate the elements of the "Finance 2.0" platform for the coming age of knowledge based financial services.

## Promoting "Finance 2.0" as a Platform for New Services Associated with the Internet

The SBIH Group views "Finance 2.0" as a means of creating new Internet-related services, which will permeate various communities. We also plan to use "Finance 2.0" to achieve more seamless mutual links among the service sites of the group companies.

## SBI Business — An exclusive SNS for businesses that recommend the use of real names

(<https://www.sbibusiness.com/>)

SBI Business made its debut in January 2008 as a social networking service (SNS) that recommends the use of real names. This service is operated by SBI Robo, a joint venture of SBI Holdings and FAST, a search technology company based in Norway. With SBI Business, individuals can post their real names and create their own profiles. By making this information available to the public, the SBI Business SNS allows users to achieve a high ranking for search results by name. Another advantage is ensuring that the proper information is sent to each counterparty.

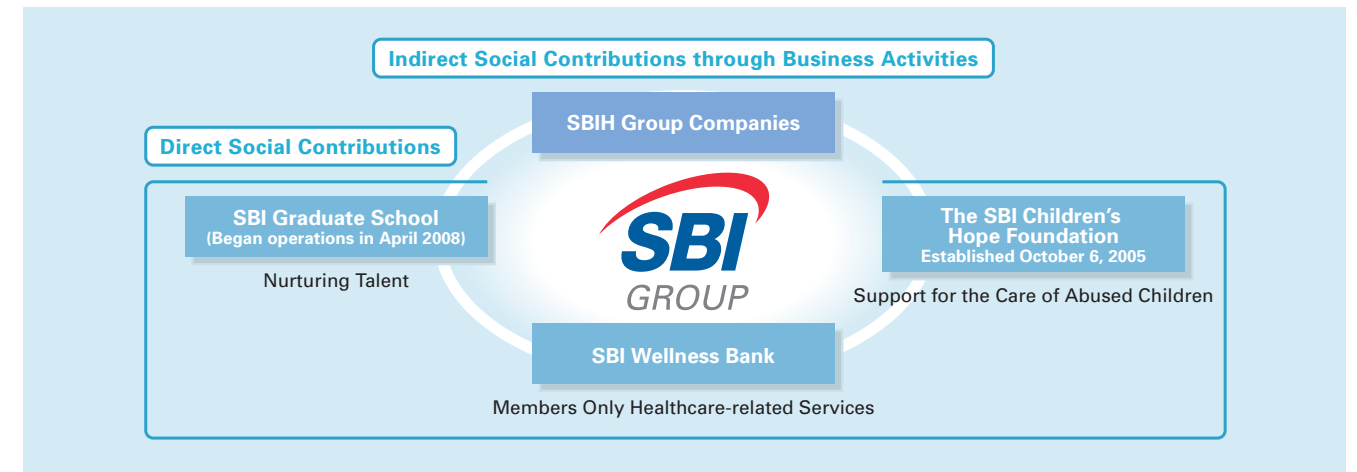
In June 2008, SBI Business added a Wikipedia search function service (<http://wiki.sbibusiness.com/>), and will take other actions to increase the selection of search functions and offer a larger lineup of services.

## SBI Money World — A Community Site Specializing in Finance

(<https://www.sbi-com.jp/>)

The SBIH Group is constantly seeking new ways to expand and upgrade its Internet-based financial services. SBI Money World, a community website that began operations in April 2007, has significantly increased the volume of its content, and as of April 2008, the website's first anniversary, more than 65,000 members were registered. With such scale, SBI Money World is already developing into one of Japan's largest SNS sites for the sharing of financial knowledge.

## The Four Pillars of Social Contributions at the SBIH Group



## Approach to Nurturing Human Capital

The SBIH Group strives to develop as many "promising individuals" as possible who will play important roles in leading Japan's future. "Promising" does not refer solely to an individual's ability to contribute to the earnings of a single division or company. The SBIH Group also wants to nurture individuals, those who have a strong desire to contribute to the economy and society in many ways. Such individuals must acquire resolute ethical values, outstanding business expertise, an international perspective, and the capacity to make bold business decisions.

### Recruiting New University Graduates

Until recently, the SBIH Group hired primarily experienced individuals rather than new graduates. In 2005, the Group started recruiting university graduates for the first time, which resulted 42 new university graduates in April 2006, 91 in April 2007 and 31 in April 2008 joining SBIH Group. The objective is to recruit individuals with the potential to advance to senior executive positions, where they will oversee the continued growth of the SBIH Group, and to increase the number of employees who will pass on the Group's unique corporate culture to the next generation of employees.

### Classes Begin at SBI Graduate School

SBI Holdings had planned for some time to establish the SBI Graduate School, and received permission to open the school by the Japan's Ministry of Education, Culture, Sports, Science and Technology in November 2007. The first classes started in April 2008.

Yoshitaka Kitao, CEO of SBI Holdings, serves as president of the school and chairman of the Board of Regents. Courses cover a broad spectrum of subjects, including Mr. Kitao's philosophy concerning contributions to society. A central objective of the graduate school is to nurture the development of individuals who have a thorough grounding in ethical values and scientific management theory. To accomplish this, SBI Graduate School emphasizes both "moral education" and "practical lessons." Moral education classes use as text books, classical Chinese literature, chiefly *Shisho Gokyo* (the Four Books and Five Classics), and books about the modern history of thought in

Japan. This gives students knowledge about the humanities that is vital to becoming an effective business leader. For practical lessons, the goal is create professional business leaders who have practical skills, rather than merely an understanding of theories.

SBI Graduate School's goal is to assist individuals to quickly develop into leaders who can play key roles in Japan's future. This is why the school welcomes applications from a broad range of individuals who already have working experience. To make classes accessible to individuals with full-time jobs, the school offers Internet-based e-learning, where most classes have no restrictions in terms of time and location.

## Major Events at SBI Graduate School

May 2006	<b>Establishment of SBI University Co., Ltd. to nurture talent</b>
	<ul style="list-style-type: none"> <li>Open-door seminars led by instructors who can guide students to develop their skills</li> <li>Preparation for the establishment of a graduate school</li> </ul>
April 2007	<b>Submitted application to Ministry of Education, Culture, Sports, Science and Technology to establish a graduate school</b>
Nov. 2007	<b>Received permission to establish graduate school</b>
April 2008	<b>Began operation of the graduate school</b>

- A professional educational institution for the development of entrepreneurs
- Classes employ e-learning based on the latest advances in technology

**Goals**

- Serve as a learning hub for Asia
- Become a forum for exchanging information on research involving Internet technology and start-up companies backed by venture capital
- Promote joint research projects with Asian countries
- Establish alliances with business schools in China, India and other countries

**CSR Initiatives**

As integral members of society, companies owe their own existence to the very existence of society. Consequently, no company can function as a going concern without contributing to the sustained development of society. The SBIH Group has a strong awareness of the "social nature" of companies and the need to be a "strong and respected company." With this in mind, the Group is aggressively conducting many corporate social responsibility (CSR) programs.

**Using The SBI Children's Hope Foundation to Strengthen CSR Activities**

As a direct social contribution, the SBIH Group has established a fundamental policy of donating a reasonable portion of its earnings to child welfare facilities. The SBI Children's Hope Foundation, which received permission from the Ministry of Health, Labour and Welfare, was established in October 2005 to administer such donations. The foundation is involved in many issues and activities dealing with child welfare in Japan.

**Activities of The SBI Children's Hope Foundation**

**1. Donations to Child Welfare Facilities**

To improve conditions at facilities that care for abused children, the SBIH Group companies donated approximately ¥350 million to the Foundation during FY2007. Of this amount, the Foundation donated ¥216 million to 137 facilities.

	Donations (million yen)	Facilities
FY2007	216	137
FY2006	259	174
FY2005	155	105
FY2004	167	173

Note: FY2004 donations are by the SBIH Group. All subsequent donations are by the Foundation.

**2. Training for Child Care Personnel**

The Foundation sponsored training for about 50 care workers at child care facilities, conducting separate programs in eastern and western Japan. To make the training more effective, the six-day courses were divided into two sessions. The objective was to provide on-the-job training programs that give personnel at facilities the knowledge and skills required to help abused children heal their emotional scars. In FY2007, there were four seminars in eastern Japan and two in western Japan.

**3. Support for Self-Reliance**

The foundation donated ¥17 million to five facilities (homes for self-reliance, shelter support and counseling centers) for programs that assist children to live on their own after leaving a care facility. In addition, the foundation held clay animation workshops for children living at care facilities.

**4. Public Awareness Activities**

As in 2006, the foundation once again supported the Orange Ribbon Campaign in 2007, which uses a nationwide child abuse prevention network to raise public awareness of this social problem. During November, which is Child Abuse Prevention Month, SBI Holdings CEO Yoshitaka Kitao and other SBIH Group executives and employees wore orange ribbons, raising awareness of this issue within the group and elsewhere. In fiscal 2007, the SBIH Group collected donations totaling ¥716,270 by distributing 4,249 orange ribbons and 1,175 orange ribbon badges.

The foundation provided support for the National Child Abuse Prevention Forum in Kumamoto, which was held by the Ministry of Health, Labour and Welfare. The foundation also extends assistance to a telephone consultation service for child rearing and child abuse prevention. The service is operated by a private-sector network for the prevention of child abuse in Japan.



**Participation in Members-only Healthcare Services Business**

The SBIH Group entered the members-only healthcare business in April 2007 by establishing SBI Wellness Bank Co., Ltd. This company plans to provide comprehensive support for healthy living that includes disease prevention, the treatment and cure of disorders, and anti-aging treatments. In June 2008, SBI Wellness Bank signed an agreement for exclusive rights in Japan to offer the services of Clinique La Prairie of Switzerland, one of the world's preeminent anti-aging medical institutions. The company plans to construct Clinique La Prairie Yugawara, the first Clinique La Prairie facility outside of Switzerland, on a site of more than 40,000 square meters that it owns in Atami City, Shizuoka Prefecture. Prior to the start of operations at the Atami clinic, SBI Wellness Bank in July 2008 began offering some services through an agreement with Sakakibara Sapia Tower Clinic, which is in a building conveniently located next to Tokyo Station.

Clinique La Prairie Yugawara expects its membership to include wealthy individuals who live in Japan's neighboring countries, such as China and Southeast Asia. There is growing interest among these individuals in undergoing treatments in Japan, where they can receive highly advanced medical care. SBI

Wellness Bank is planning a tour of the Atami facility and medical check-ups in the fall of 2008 for prospective members living in China. In addition, plans call for making a business conference part of the tour by using the network of the SBIH Group. Opening this clinic will allow SBI Wellness Bank to contribute to society by helping people lead healthy lives while establishing a source of earnings in a new business domain for the SBIH Group.



Rendering of the completed Clinique La Prairie Yugawara

**Major SBIH Group CSR Activities Associated with Business Operations**

**Operation of the Environment and Energy Fund**

The SBIH Group established an Environment and Energy Fund in September 2007 with commitments for contributions totaling about ¥7.5 billion. The fund invests in Japanese and foreign companies that are associated with environmental protection and energy. As Japan's leader in venture capital investments, the SBIH Group has much experience in investing in and nurturing small companies. Information technology and biotechnology currently account for a large share of these investments.

The SBIH Group plans to make environment and energy its third core investment sector, owing to its excellent prospects for future growth, and through these venture capital investments, the group plans to nurture the development of new industries and increase the value of portfolio companies.

**The Morningstar Japan SRI Index**

As of June 30, 2008, three SRI (socially responsible investing) funds utilizing Morningstar Japan data managed their funds whose net assets totaled approximately ¥6.7 billion. Morningstar Japan's SRI index encourages companies to increase their commitments to CSR activities. The index also creates an environment conducive to socially responsible investing by providing a benchmark for SRI funds and supplying information for investors.

**CSR at SBI SECURITIES**

① Customers of SBI SECURITIES may use the points they accumulate under its points program for donations to The SBI Children's Hope Foundation, which supports facilities for abused children, and the Green Fund of the National Land Afforestation Promotion Organization, which is used to plant trees. Offering these options for using points provides customers with further awareness of these two important social issues.

② In July 2008, SBI SECURITIES started selling Eco-Link Bonds, which are linked to the price of emission futures. The bonds give individuals an indirect means of participating in the emissions trading market, since direct participation is usually not practical. This provides another way for individuals to protect the environment. By introducing Eco-Link Bonds, SBI SECURITIES became the first Internet securities company to sell an investment linked to emission futures that is accessible to individual investors, and is sold in relatively small amounts.