



*Strategic  
Business  
Innovator*

# **SBI Holdings, Inc. Financial Results**

**for the Six-Month Period Ended Sept. 30, 2009  
(Fiscal Year Ending March 31, 2010)**

**October 29, 2009**

**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**

- 1. Summary of Business for the First Half of FY2009**
- 2. Efforts to Secure Earnings for the Second Half of FY2009 and Beyond**
- 3. The SBIH Group's Effectual Measures for Rapid Future Growth**

- 1. Summary of Business for the First Half of FY2009**
  - (1) Consolidated Financial Performance**
  - (2) Summary of Major Business Segments**
  - (3) Continuous Reorganization of the SBIH Group for Further Management Efficiency**

# **(1) Consolidated Financial Performance**

# FY2009/1H Consolidated Performance

(Unit: million yen)

	<b>FY2008/1H</b> (Apr.-Sep. 2008)	<b>FY2009/1H</b> (Apr.-Sep. 2009)	<b>YoY Change</b> (%)
Operating Revenues	71,747	<b>63,153</b>	-12.0
Operating Income	6,330	<b>3,752</b>	-40.7
Ordinary Income	4,773	<b>2,012</b>	-57.8
Income Before Income Taxes	*1, 2 1,275	*3 <b>1,074</b>	-15.8
Net Income	-1,523	<b>822</b>	—

\*1 Recorded an extraordinary loss of 9.4 billion yen on sale of ZEPHYR stock after ZEPHYR filed for the Japanese version of Chapter 11 bankruptcy filing

\*2 Recorded an extraordinary gain of 10.4 billion yen from the sale of E\*TRADE Korea stock

\*3 Recorded allowance for doubtful accounts of 1.4 bil. yen for loan to ZEPHYR as extraordinary loss

# Change in Half Year Period Consolidated Performance

(Unit: million yen)

	FY2008		FY2009
	FY2008/1H (Apr.-Sep. 2008)	FY2008/2H (Oct.2008-Mar. 2009)	FY2009/1H (Apr.-Sep. 2009)
Operating Revenues	<b>71,747</b>	<b>59,175</b>	<b>63,153</b>
Operating Income	<b>6,330</b>	<sup>*4</sup> <b>-1,926</b>	<b>3,752</b>
Ordinary Income	<sup>*1</sup> <b>4,773</b>	<sup>*1</sup> <b>-4,735</b>	<b>2,012</b>
Income Before Income Taxes	<sup>*2, 3</sup> <b>1,275</b>	<sup>*5</sup> <b>-17,407</b>	<sup>*6</sup> <b>1,074</b>
Net Income	<b>-1,523</b>	<b>-16,852</b>	<b>822</b>

<sup>\*1</sup> Recorded Losses such as loss from investment-equity method of 2.5 bil. yen (1.8 bil. yen of SBI Sumishin Net Bank [3.17 bil. yen in FY07], 0.5 bil. yen of SBI Japannext, etc. ) and net financial charges of 1.0 bil. yen (difference between interest/dividend received and interest expense) through FY2008.

<sup>\*2</sup> Recorded an extraordinary loss of 9.4 billion yen on sale of ZEPHYR stock after ZEPHYR filed for the Japanese version of Chapter 11 bankruptcy filing

<sup>\*3</sup> Recorded an extraordinary gain of 10.4 billion yen from the sale of E\*TRADE Korea stock

<sup>\*4</sup> Recorded valuation loss on portfolio securities of 1.5 bil. yen for VSN, of which SBI Capital invests through its SBI Value Up Fund No. 1

<sup>\*5</sup> Recorded allowance for doubtful accounts of 2.4 bil. yen for loan to ZEPHYR, valuation losses on investment securities of 6.7 bil. yen for Sumitomo Trust & Banking shares and loss from investment through equity method of 1.3 bil. yen for Broadmedia (extraordinary losses)

<sup>\*6</sup> Recorded allowance for doubtful accounts of 1.4 bil. yen for loan to ZEPHYR

# Consolidated Financial Performance Highlights (1)

## I. First Half Profit in Two Years

- Recorded a fiscal year first half profit for the first time in two years. Net income recovered from a 1.5 bil. yen loss to a 0.8 bil. yen profit, despite revenue falling 12.0% YoY to 6.32 bil. yen and operating income declining 40.7% to 3.8 bil. yen.

## II. The Market is Yet to Recover Fully, but Asset Management and Brokerage & Investment Banking Businesses Secured Stable Profits

- Results were driven by net income from Brokerage & Investment Banking Business increasing 28.6% YoY to 6.0 bil. yen, due to the continued strong performance and consequent significant contribution from FX trading.
- Despite a slump in IPOs in the Japanese stock markets and continued harsh business environment (competitor JAFECO, ended 2Q with a cumulative operating loss of 1.8 bil. yen), SBIH's Asset Management Business benefitted from a recovery of Asian stock markets ahead of those in Japan, the US and Europe, securing operating income of 2.1 bil. yen.

## III. 1.4 Bil. Yen Booked as Extraordinary Loss on Provision of Allowance for Doubtful Accounts Against Loan to ZEPHYR Co., Ltd.

- After reaching a settlement with ZEPHYR Co., Ltd. regarding a lawsuit for a loan to that company, a 1.4 bil. yen extraordinary loss was booked in 2Q for a provision of allowance for doubtful accounts.



# Consolidated Financial Performance Highlights (2)

## **IV. Listed Subsidiaries' Financial Performance have Also Bottomed Out and Started to Recover**

- Morningstar Japan's consolidated operating income was down YoY, but the first half result for FY2009 was up 2.4 times compared with the second half result for last year, indicating a V-shaped recovery.
- Gomez Consulting returned to profitability through cost-cutting. Results appear to have bottomed out, with 2Q (July to September) results surpassing those of 1Q (April to June)
- SBI VeriTrans continues to show strong growth, with consolidated operating income increasing 13% from the previous year.
- SBI Life Living successfully reorganized its business to diversify its income, returning to an operating profit on a quarterly basis in 2Q (July to September).

## **V. Cash Deposits (consolidated) as of September 30, 2009 Remained High at 117.4 Bil. Yen, Demonstrating Continued Financial Soundness.**

- The Euro MTN issuance limit was increased by 30 bil. yen to 80 bil. yen. A stable fund-raising environment through flexible bond issuance operation.

# Quarterly Operating Income by Segment



Operating income of Brokerage and Investment Banking Business achieved the same level as 1Q FY2009 despite lowered commissions

(Unit: million yen)

	FY2008			FY2009	
	2Q (Jul.-Sept. 2008)	3Q (Oct.-Dec. 2008)	4Q (Jan.-Mar. 2009)	1Q (Apr.-Jun. 2009)	2Q (Jul.-Sept. 2009)
Asset Management	2,193	<sup>*1</sup> -517	586	1, 940	183
Brokerage and Investment Banking	<sup>*2</sup> 1, 265	<sup>*2</sup> 233	<sup>*2</sup> 826	<sup>*2</sup> 3, 055	<sup>*2</sup> 2, 929
Financial Services	382	358	377	158	146
Housing and Real Estate	498	103	<sup>*3</sup> -529	-119	<sup>*4</sup> -467
System Solution	-137	98	-160	-196	-155

<sup>\*1</sup> Recorded valuation losses of 2.3 bil yen on portfolio securities (e.g. 1.4 bil yen for VSN, etc.)

<sup>\*2</sup> Includes amortization of goodwill corresponding to making SBI SECURITIES a wholly owned subsidiary (2Q FY2008: 698 mil. yen, after 3Q FY2008: 1,048mil. yen)

<sup>\*3</sup> CEM Corporation, a consolidated subsidiary, recorded a 245 mil. yen write down of property and 457 mil. yen of allowance for doubtful accounts

<sup>\*4</sup> Recorded valuation loss of 393 million yen for real estate inventory at SBI Holdings, and recorded allowance for doubtful accounts of 120 million yen at CEM Corporation

# Comparison of Operating Income by Segment

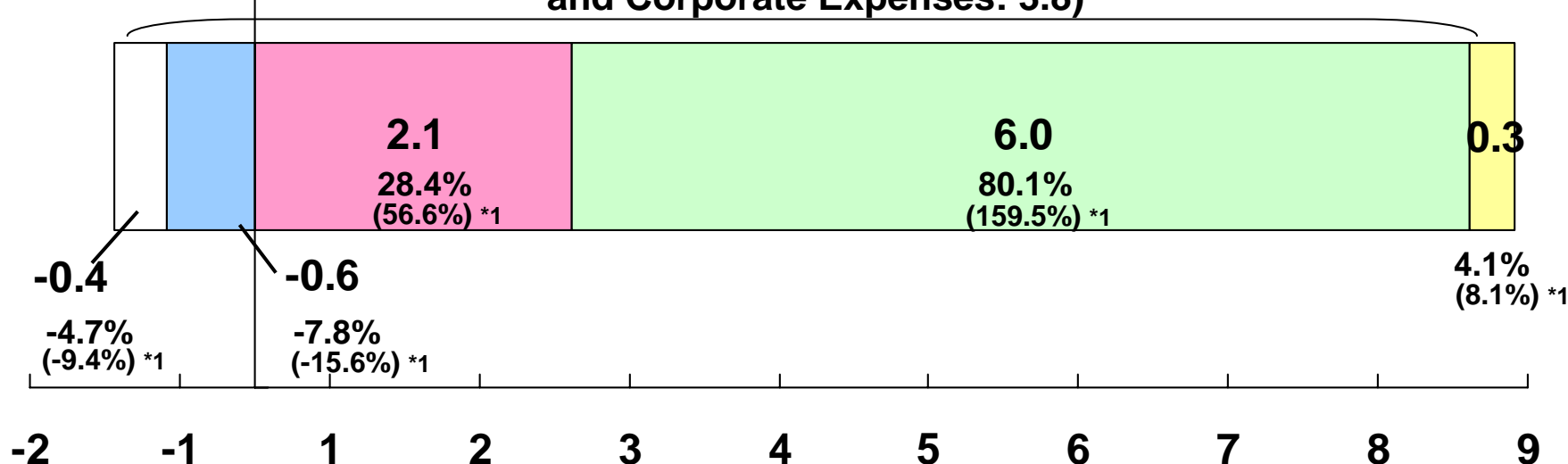
**FY2009 1H  
Operating Income**

- Asset Management
- Brokerage and Investment Banking
- Financial Services
- Housing and Real Estate
- System Solution

(Unit: billion yen)

**7.5**

(After deduction of Eliminations for Consolidation  
and Corporate Expenses: 3.8)



**Eliminations for Consolidation and Corporate Expenses: -3.7 billion yen (-99.2%) \*1**

**[Breakout] Eliminations for Consolidation: 1.2 billion yen**

**Corporate Expenses: 2.5 billion yen**

**(0.7 bil. yen of personnel cost, 0.3 bil. yen of rent account, commission paid, and others)**

\*1 Parenthetic figures indicate component ratio to operating income after deduction of eliminations for consolidation and corporate expenses

\*2 Amounts are rounded to the nearest 100 million yen.

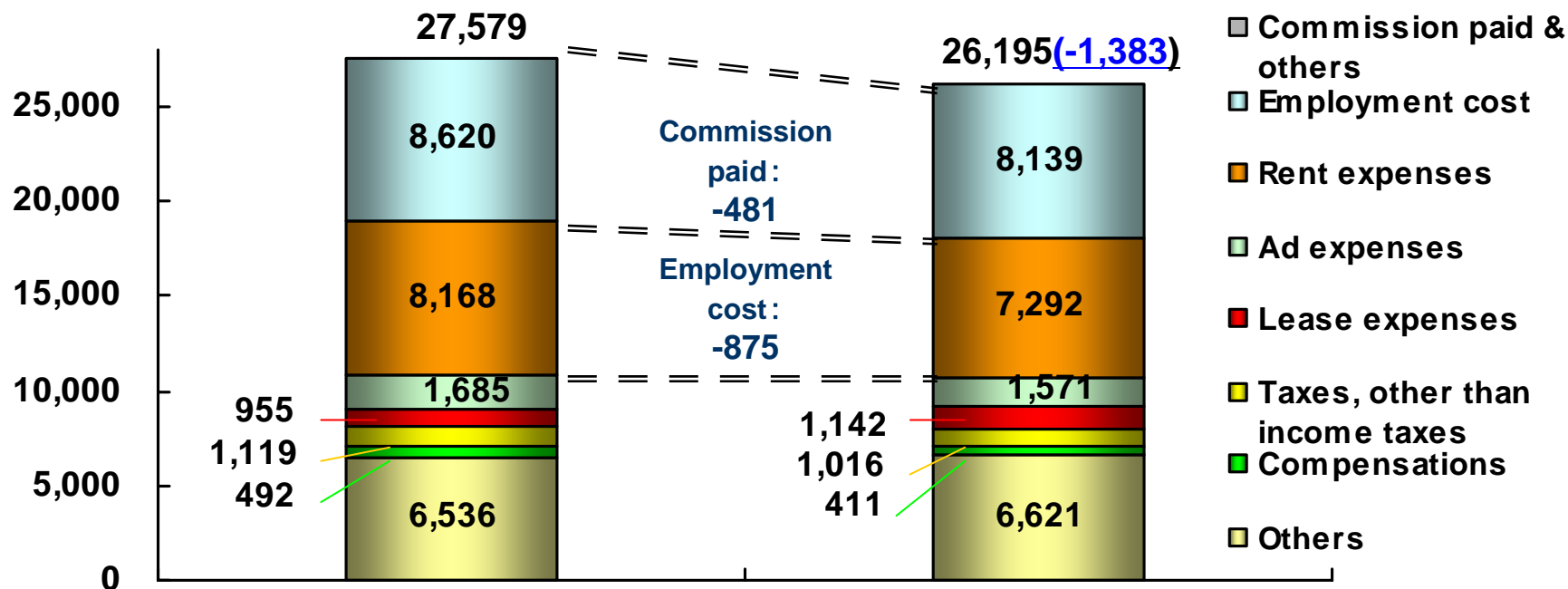
# SG&A on a Half Year Basis (Consolidated)

From October 2008, each Group company assigned an officer to be responsible for cutting costs, in order to strengthen the cost cutting movement. SG&A decreased 789 mil. yen from 1H FY08

	1H FY2008 (Apr. to Sep. 2008)	1H FY2009 (Apr. to Sep. 2009)	YoY Change amount
Total SG&A	31,916	31,126	-789

(Unit: million yen)

SG&A (excluding amortization and transfer to allowance for bad debts)



## Other SG&A items

1H FY2008

4,337

1H FY2009

4,931(+593)\*

\* Includes amortization of goodwill corresponding to making SBI SECURITIES a wholly owned subsidiary

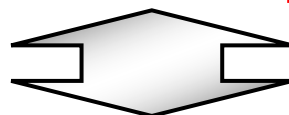
{ Amortization of goodwill,  
Amortization of fixed assets,  
Transfer to allowance for bad  
debts, etc. }

# Bonds to be Redeemed

## Bonds to be redeemed

	Amount (bil. yen)	Redemption Date
SBI Holdings Unsecured Straight Bond	30.00	Sept. 25, 2009
The first “SBI Bond” (Euro MTN)	4.50	Oct. 22, 2009
The third “SBI Bond” (Euro MTN)	5.50	Oct. 23, 2009

**Redeemed through debt from Mizuho Corporate Bank and internal capital**



➤ Cash and deposits as of the end of Sept. '09 (consolidated): 117.4 bil. yen

➤ Euro MTN\*

Issued : 50 bil. yen (Including 10 bil. yen issued on Oct. 28)

Unissued : 30 bil. yen ➡ Issues flexibly for a stable fund-raising environment

## Maintaining Continuous Financial Soundness

Note: Expanded MTN issuance limit of 30 bil. yen in October 2009.  
Current total issuance limit: 80 bil. yen.

## **(2) Summary of Major Business Segments**

# Asset Management Business

## **Fiscal 2009 First Half**

(Six-months period ended September 30, 2009)

**Operating Revenues: 12.1billion yen (+39% YoY)**

**Operating Income: 2.1 billion yen (-16% YoY)**

**Major consolidated subsidiaries and affiliated companies**

- **SBI Investment**
- **SBI CAPITAL**
- **SBI Capital Solutions**
- **SBI Asset Management**

**Notes:**

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

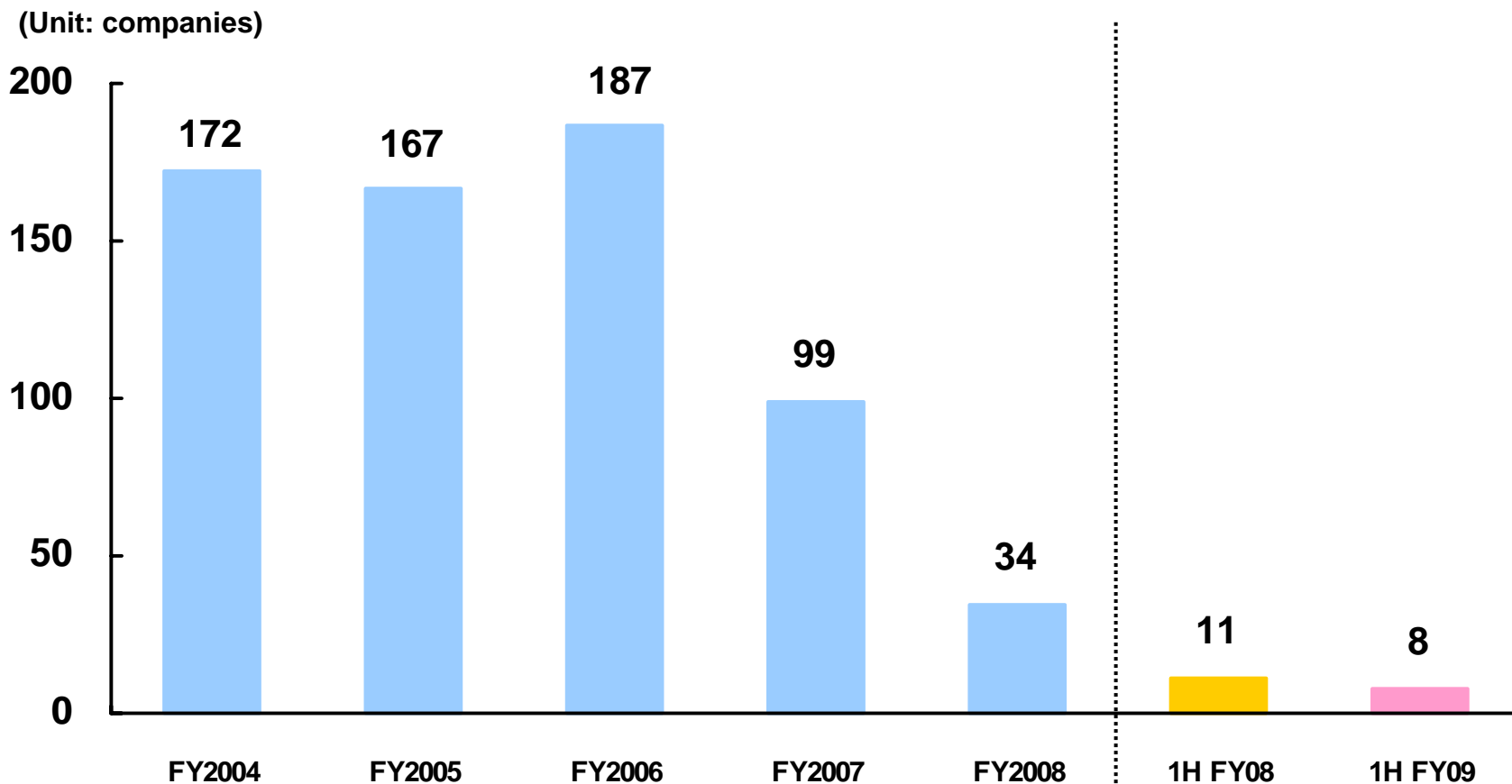
# Asset Management Business Highlights

- I. The market environment continues to be difficult, with few IPOs in Japan, such that competitor JAFCO recorded a cumulative 2Q operating loss of approximately 1.8 bil. yen. In 2Q (July to September) the New Horizon Fund, which is currently realizing some of its unrealized gains on previous investments contributed 0.6 bil. yen in operating income . This was accomplished even after postponing to 3Q and later, the sales of portfolio companies that are in the process of raising further capital, along with a selling program that carefully considered the market trends. This contribution brings the cumulative 2Q contribution from the New Horizon Fund to 1.7 bil. yen, bringing the 1H operating income of the Asset Management Business to 2.1 bil. yen (down 16% YoY).
- II. New investments for 2Q (July to September 2009) totaled 14.5 bil. yen. When the Vietnamese Tien Phong Bank decided to issue new shares to raise capital, 20% of the issued shares were acquired. Active investments into promising companies outside of Japan will continue, with a view to connecting the growth potential of SBIH to that of Asia.
- III. On September 29 we acquired executive authority over the funds operated by HIKARI Private Equity Inc., and on October 1 we received a transfer of the stock of Trans-Science INC, which operates venture funds. Assets under operation included Quark Pharmaceuticals, Inc., and other leading names, that are expected to contribute to future revenue.



# Number of IPOs in Japan on a FY Basis

During FY2008, only 34 companies completed IPOs, which was much fewer than in FY2007. In 1H FY2009, only 8 companies completed IPOs, which was also fewer than the previous year's 1H.



# IPOs and M&A Deals in the Asset Management Business

Aggressive investments produce results in rapidly developing countries such as China, despite adverse domestic IPO market conditions

	From start of operations to FY2007	FY2008	FY2009 1H
IPOs and M&A deals	111	0	* 3

The three companies below were IPO'd in 1H FY2009

23 Jun.	GCL Solar Energy Technology Holdings Inc.	(M&A) *
30 Jul.	China Cord Blood Services Corporation	(M&A)
29 Jul.	BBMG	(Hong Kong SE)*

\*

: includes 2 portfolio companies of New Horizon Capital, in which SBIH invests as a limited partner

Among 3 companies above, GCL Solar Energy Technology Holdings Inc. and BBMG are portfolio companies of New Horizon Capital

## “New Horizon Fund I” Continues its Financial Contribution

- The New Horizon Fund, which started with a relatively low book value, continued to sell stocks in its portfolio as the Chinese stock market continued its substantive recovery
- Total after tax sales value for 1H FY2009 amounted to 6.3 bil. yen, and the 1Q FY09 operating income totaled 1.7 bil. yen.
- The actual sales amount was less than initially envisioned, owing to the postponement till after 3Q of the sales of portfolio companies in the process of increasing capital. Further sales of the portfolio positions will resume in 2H.

**Total after tax sales value of “New Horizon Fund I”** (Unit: million yen)

FY2009	Meifeng	Zoomlion	Goldwind	Kingsoft	Total
1Q	-	865	1,615	1,436	3,917
2Q	1,005	916	184	267	2,372
1H Total	1,005	1,781	1,799	1,703	6,289

SBIH shareholding represents an unrealized profit of approx. 5.6 bil. yen, with targeted selling to resume at the most appropriate time to maximize profits.

# Performance Comparison with the Major VC Company

## 1H FY09 performance comparison of SBIH Asset Management business and JAFCO

(Unit: billion yen, %)

	Operating Revenues	YoY Change	Operating Income	YoY Change
<b>SBIH Group's Asset Management Business</b>	<b>12.1</b>	<b>+39.1</b>	<b>2.1</b>	<b>-15.9</b>
<b>JAFCO(*without consolidating funds)</b>	<b>7.2</b>	<b>-49.2</b>	<b>-1.8</b>	<b>N/A</b> * <sub>2</sub>

## <Reference: FY08 performance (full year)>

	Operating Revenues	YoY Change	Operating Income	YoY Change
<b>SBIH Group's Asset Management Business</b>	<b>16.0</b>	<b>-72.5</b>	<b>2.6</b>	<b>-84.3</b>
<b>JAFCO(*without consolidating funds)</b>	<b>21.4</b>	<b>-46.8</b>	<b>-9.4</b>	<b>N/A</b> * <sub>3</sub>

\*1 JAFCO adopts method of excluding the consolidation of funds, whereas the performances of the SBIH include the consolidation of funds

\*2 Operating Income of 1Q FY08 posted 1.6 billion yen

\*3 Operating Income of FY08 posted 4.2 billion yen

\*4 Amounts are rounded to nearest 100 million yen

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

# Invested 20% in Vietnamese Commercial Bank in August 2009

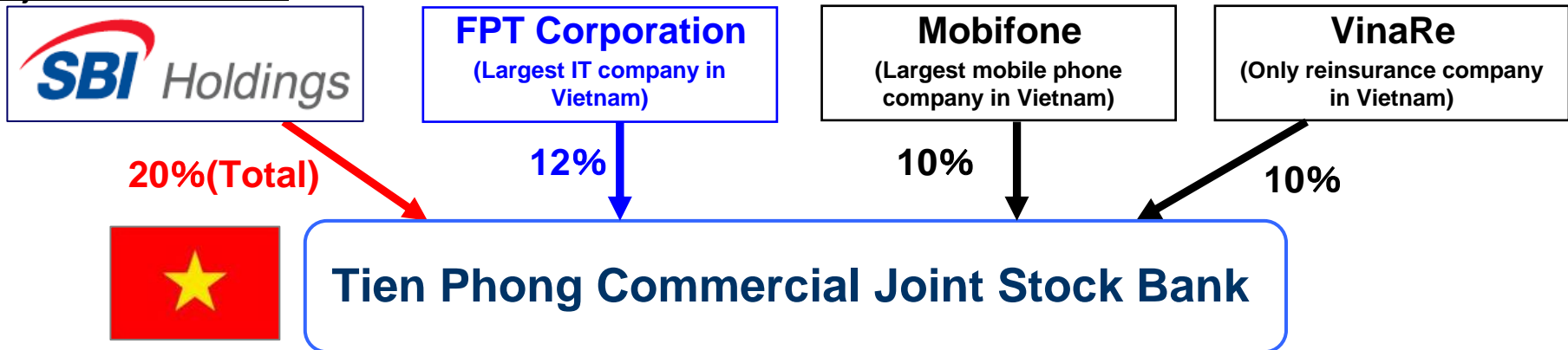


- Making inroads into the high growth potential Vietnamese banking industry -

When the bank, which is jointly invested by FPT Corporation, the investment fund management partner of SBIH, and other promising companies, determined to issue new shares to increase its capital, SBIH received an approval from the authorities to acquire a total of 20% of the outstanding shares through SBI Ven Holdings, Pte. Ltd. and the

SBIH Group managed funds.

Major shareholders



Established in May 2008. Paid-in capital: 1,250 billion VND (approx. 6 billion yen).  
Promote retail and wholesale banking business primarily in Hanoi and Ho Chi Minh City

- Potential of high growth in Vietnam, where there are only 49 banks\* in proportion to approx. 86 million people
- Recorded a profit for the first full year ended December 2008
  - Profit after tax (8 months since it established in May 2008): 2.8 million USD
- Recorded profit after tax of 7.3 million USD (actual) for 1-3Q ending December 2009, surging on a YoY basis.
- SBIH Group will offer its know-how which will be utilized for the online banking business that TPB focuses on using FPT's technology

\*Calculated by the State Bank of Vietnam

# FY2009 2Q New Investments

**Capitalizing on the financial environment through continued substantive investments**

Unit: million yen  
(Number of Invested companies)

	New Investment Amount			
	FY2009 2Q (Jul.-Sept.)	FY2009 1H (Apr.-Sept.)	(Reference) FY2008 1H (6m)	(Reference) FY2008 (full year)
<b>[ Funds' Investment ]</b>	13,876 (43 companies)	29,214 (77 companies)	40,053 (61 companies)	820133 (105 companies)
Breakdown: Stocks	3,163 (28 companies)	9,431 (53 companies)	11,502 (30 companies)	26,277 (57 companies)
Others (incl. bonds)	10,704 (15 companies)	19,783 (24 companies)	28,551 (31 companies)	55,736 (48 companies)
<b>[Direct Investment]</b>	679 (2 companies)	1,789 (5 companies)	10,633 (10 companies)	13,165 (13 companies)
Breakdown: Stocks	679 (2 companies)	689 (4 companies)	10,633 (9 companies)	11,224 (11 companies)
Others (incl. bonds)	—	1,099 (1 companies)	80 (1 companies)	1,940 (2 companies)
<b>[ TOTAL ]</b>	14,547 (45 companies)	31,003 (82 companies)	50,716 (71 companies)	95,179 (118 companies)
<b>[Comparison: JAFCO]</b>	9,750 (37 companies)	11,125 (60 companies)	23,027 (64 companies)	32,546 (106 companies)

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

(Source: compiled by SBIH based on the company material)

# Assets under Management of the SBIH Group

**AUM of the SBIH Group amounted to 543.4 billion yen as of the end of Sept. 2009 (incl. "Real estate and others")**

## Private equity total: 258.7 bil. yen

### [IT/Biotechnology] Total: 126.6

Internet 3.8

Broadband/Media 56.3

Mobile services 28.0

Biotech/Others \*1 38.5

### [Environment/Energy] \*2 8.5

### [Direct investment] 24.1

### [Buyout/Mezzanine] Total: 34.4

Value Up 18.4

Mezzanine\*2 16.0

### [Overseas] Total: 65.2

China/ Hong Kong/ Others\*2 34.3

Vietnam 8.2

India 9.5

Hungary\*2 13.2

### [Investment trusts,others]

### Total: 226.8 bil. yen

Investment trusts 44.0

Investment advisory 180.9

Investment companies 1.8

### [Real estate, others]

### Total: 57.9 bil. yen

Development 23.9

Completed properties 34.1

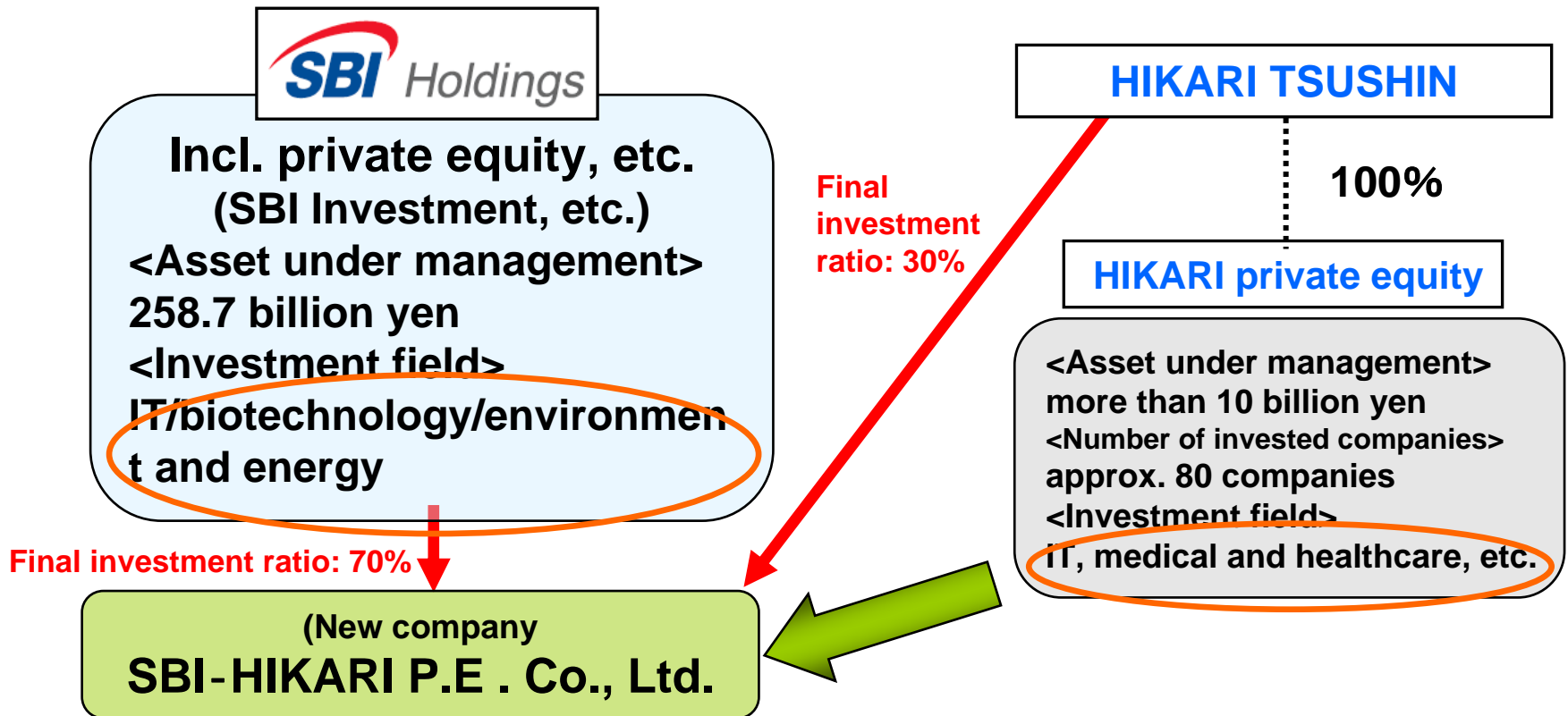
Note: Figures for real estate reflect the total amount of investments. Figures for investment trusts, investment advisory and others reflect net assets at market value as of the end of Sept. 2009. Figures for other funds are net assets at market value based on the latest financial reports of each fund as of the end of Sept. 2009. All figures are rounded to the nearest 100 million yen.

\*1 Including the fund transferred with business execution right from HIKARI Private Equity on Sept 29 .

\*2 Based on the investment commitment amount since the fiscal year is not yet closed

# Business Transfer of HIKARI Private Equity's Venture Capital Business

A part of VC business of HIKARI private equity, a subsidiary of HIKARI TSUSHIN, was transferred to SBIH with its operating authority of funds, to jointly manage the funds



In Sept. 2009, transferred the business with operating authority of funds

By inheriting promising IT and biotech portfolio companies, such as YiCha Online Corporation (operating Chinese mobile search engine), synergistic effects with the existing funds can be expected.



# Brokerage & Investment Banking Business

## Fiscal 2009 First Half

(Six-months period ended September 30, 2009)

**Operating Revenues: 26.6 billion yen (-1% YoY)**

**Operating Income: 6.0 billion yen(+29% YoY)**

**Major consolidated subsidiaries and affiliated companies**

- **SBI SECURITIES**
- **SBI Futures**
- **SBI Japannext (equity method affiliate)**
- **SBI Liquidity Market**

**Notes:**

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

## I SBI SECURITIES' dominant customer base

Since SBI SECURITIES' 1H FY2008 had included E\*trade Korea's results (operating revenues: 3.2 billion yen; operating income: 1.1 billion yen), 1H FY2009 recorded an operating revenue of 24.5 billion yen down 8.0% YoY. However, the foreign exchange margin trading showed solid growth, resulting in SBI SECURITIES' operating income of 7.5 billion yen, up 17.1% YoY.

FYI, consolidated operating revenue was up 4.4% YoY and operating income was up 41.9% YoY, if results of E\*trade Korea were eliminated from the FY2008 consolidated performance

- Total number of customer accounts as of the end of September 2009: more than 1.95 million accounts
- Stock brokerage trading value share was at 34.6%, and retail margin trading value share was at 38.7% in 1H FY09; both shares are far higher than those of its competitors

## II SBI Liquidity Market produced substantial earnings contributions since the start of operations on Nov. 17, 2008.

Its trading value increased sharply since the start of operations, with operating revenues reached at 5.61 billion yen and operating income at 1.7 billion yen for 1H FY09.

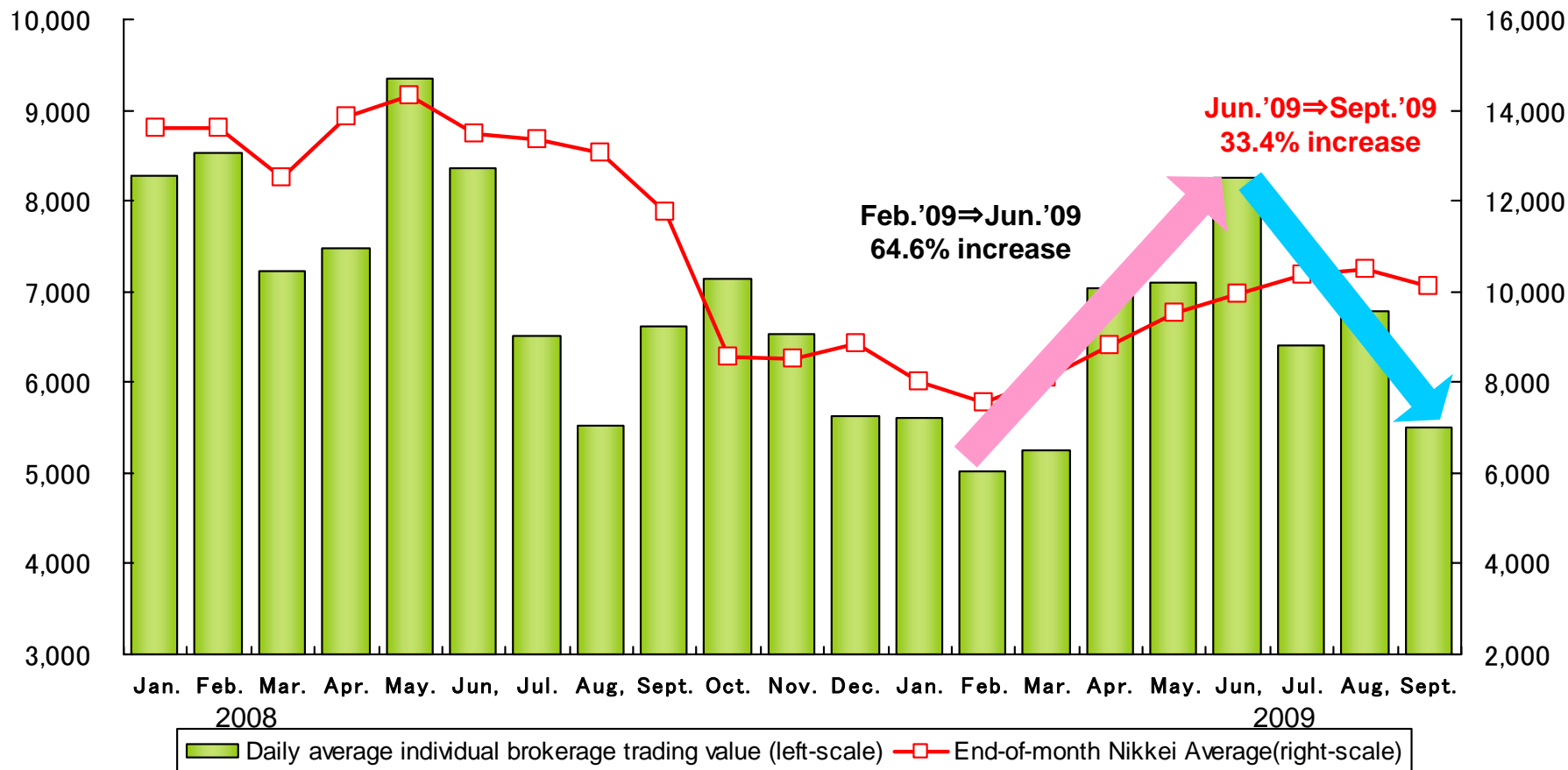
- In Sept. 2009, monthly FX margin trading value at "SBI FX  $\alpha$ " was 4.7 trillion yen, remain high.
- Nikko Cordial Securities newly connected in Aug. 3, 2009
- In FY2009, three banks (Mizuho Corporate Bank, HSBC, KALYON Bank) participated as counter parties, which totaled 15 financial institutions. SBI Liquidity Market is under negotiation with four other financial institutions.

## III Trading volume at Japannext PTS continues to increase with the inception of daytime trading

Trading volume at Japannext PTS increased steadily, with its daily average trading value increasing to 9.0 billion yen in September 2009, setting a record high.

# Japanese Stock Markets have Yet to Recover Fully

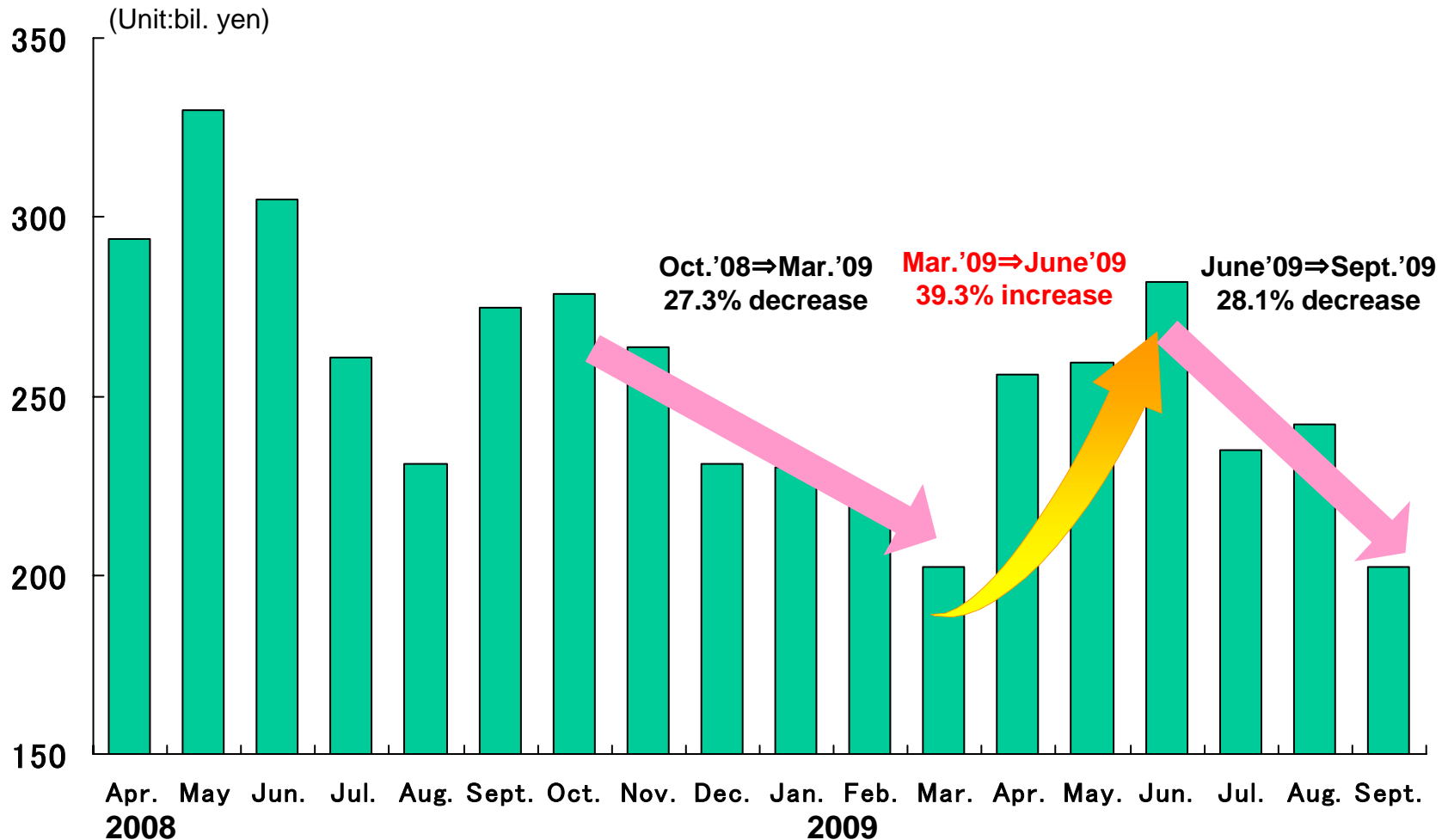
**Change in daily average individual brokerage trading value (the total of the 1st and 2nd section of the 3 major markets) and end-of-month Nikkei Average**  
(100 mil. yen) (yen)



- Daily average individual brokerage trading value has increased from 501.4 billion yen in February to 825.2 billion yen in June in four consecutive months, but decreased after July to 549.5 billion yen in September.
- Nikkei Average has recovered from 7,568 yen at the end of February to 10,133 yen at the end of September.

# Change in Daily Average Stock Brokerage Trading Value at SBI SECURITIES

Daily average stock brokerage trading value, which decreased since October 2008, started to increase in April 2009 as the market recovered, but slumped after July



# SBI SECURITIES 1H FY2009 Results (Consolidated)

There was a decrease in consolidated revenues and earnings from a year earlier, owing to the inclusion of E\*Trade Korea's results for the 1H FY08 performance.

(million yen, %)

	1H FY2008 *1 (Apr. 2008 to Sept. 2008)	1H FY2009 *1 (Apr. 2009 to Sept. 2009)	YoY Change
Operating Revenues	26,658	24,533	-8.0
Net Operating Revenues	23,699	22,611	-4.6
Operating Income	6,406	7,499	+17.1
Ordinary Income	6,445	7,423	+15.2
Net Income	*2 8,902	4,398	-50.6

\*1 Including E\*Trade Korea's result (operating revenues: 3,171 mil. yen, net operating revenues: 2,866 mil. yen, operating income: 1,121 mil. yen, ordinary income: 1,135 mil. yen, net income: 818 mil. yen)

\*2 Extraordinary gain of 9.9 billion yen was recorded due to the sale of E\*TRADE Korea stock. When excluding this extraordinary gain, SBI SECURITIES consolidated net income of 1H FY2008 is 3,002 million yen and YoY change of 1H FY 2009 is +46.5%

# 【Reference】

## Estimate of Consolidated Financial Result for 1H FY09 with Elimination of E\*TRADE Korea's Financial Result and Extraordinary Gain of the Sale of E\*TRADE Korea's Stock in FY08

(million yen, %)

	1H FY2008 * (Apr. 2008 to Sept. 2008)	1H FY2009 (Apr. 2009 to Sept. 2009)	YoY Change
Operating Revenues	23,488	24,533	+4.4
Net Operating Revenues	20,834	22,611	+8.5
Operating Income	5,285	7,499	+41.9
Ordinary Income	5,309	7,423	+39.8
Net Income	2,417	4,398	+81.9

\* After elimination of E\*TRADE Korea's financial result and extraordinary gain of the sale of E\*TRADE Korea's stock.

# SBI SECURITIES 1H FY2009 Results (Non-consolidated)

There was an increase in non-consolidated revenues and earnings mainly due to an increase in trading revenue from FX trading

(million yen, %)

	1H FY2008 *1 (Apr. to Sept. 2008)	1H FY2009 *1 (Apr. to Sept. 2009)	YoY Change
Operating Revenues	23,412	24,359	+4.0
Net Operating Revenues	20,795	22,474	+8.1
Operating Income	5,297	7,468	+41.0
Ordinary Income	5,321	7,396	+39.0
Net Income	*1 11,190	4,387	-60.8

\*1 Extraordinary gain of about 14.2 billion yen was recorded due to the sale of E\*TRADE Korea stock.

When excluding this extraordinary gain, SBI SECURITIES consolidated net income of 1H FY2008 is 2,763 mil. yen and YoY change of 1H FY 2009 is +58.8%

# SBI SECURITIES Quarterly Results (Consolidated)



(million yen, %)

	FY2008			FY2009		
	2Q (Jul.-Sept. 2008)	3Q (Oct.-Dec. 2008)	4Q (Jan.-Mar. 2009)	1Q (Apr.-Jun. 2009)	2Q (Jul.-Sept. 2009)	QoQ Change
Operating Revenues	12,736	10,568	10,316	12,448	12,084	-2.9
Net Operating Revenues	11,120	9,456	9,034	11,516	11,095	-3.7
Operating Income	2,527	1,610	1,633	3,781	3,718	-1.7
Ordinary Income	2,423	1,563	<sup>*3</sup> 1,382	3,862	3,560	-7.8
Net Income	<sup>*1</sup> 6,094	<sup>*2</sup> 435	810	2,300	2,098	-8.8

\*1 Extraordinary gain of about 9.9 billion yen was recorded due to the sale of E\*TRADE Korea stock.

\*2 Extraordinary losses of about 0.37 billion yen was recorded due to expenses for change in its corporate name, and of about 0.46 billion yen due to expenses for system integration

\*3 Non-operating profit of 0.02 billion yen was recorded for fund investment profit, while non-operating loss of 0.24 billion yen was recorded for fund investment loss.



# Comparison of FY09/1H Consolidated Performance of Major Online Securities Companies

- SBI SECURITIES achieved an increase in consolidated operating income due to an increase in FX trading even though there was a decrease in consolidated revenues from a year earlier, owing to the inclusion of E\*Trade Korea's results (operating revenue of 3,171 mil. yen and operating income of 1,121 mil. yen) for 1H FY08. Both non-consolidated revenues and profits achieved YoY increase.
- Both operating revenue and operating income highly exceeded those of its competitors

## FY09/1H consolidated performance of five major online securities (million yen, %)

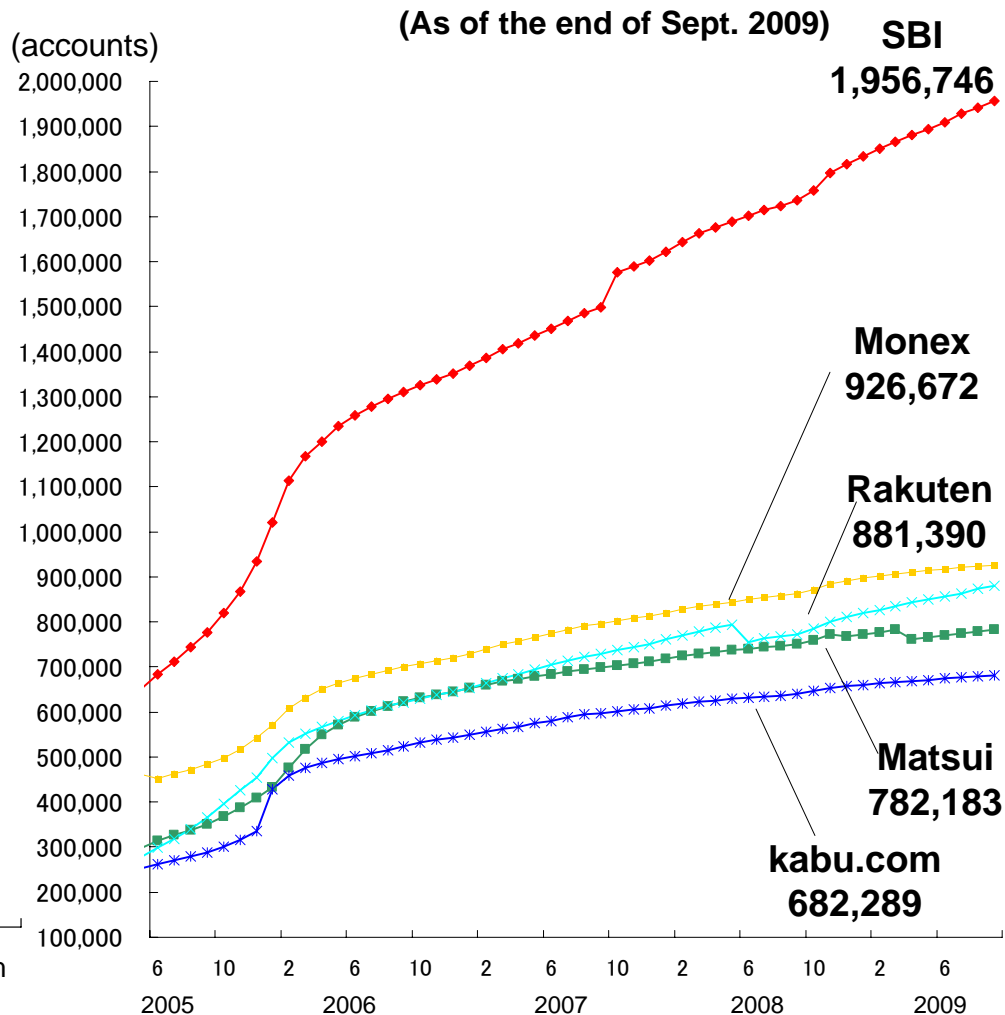
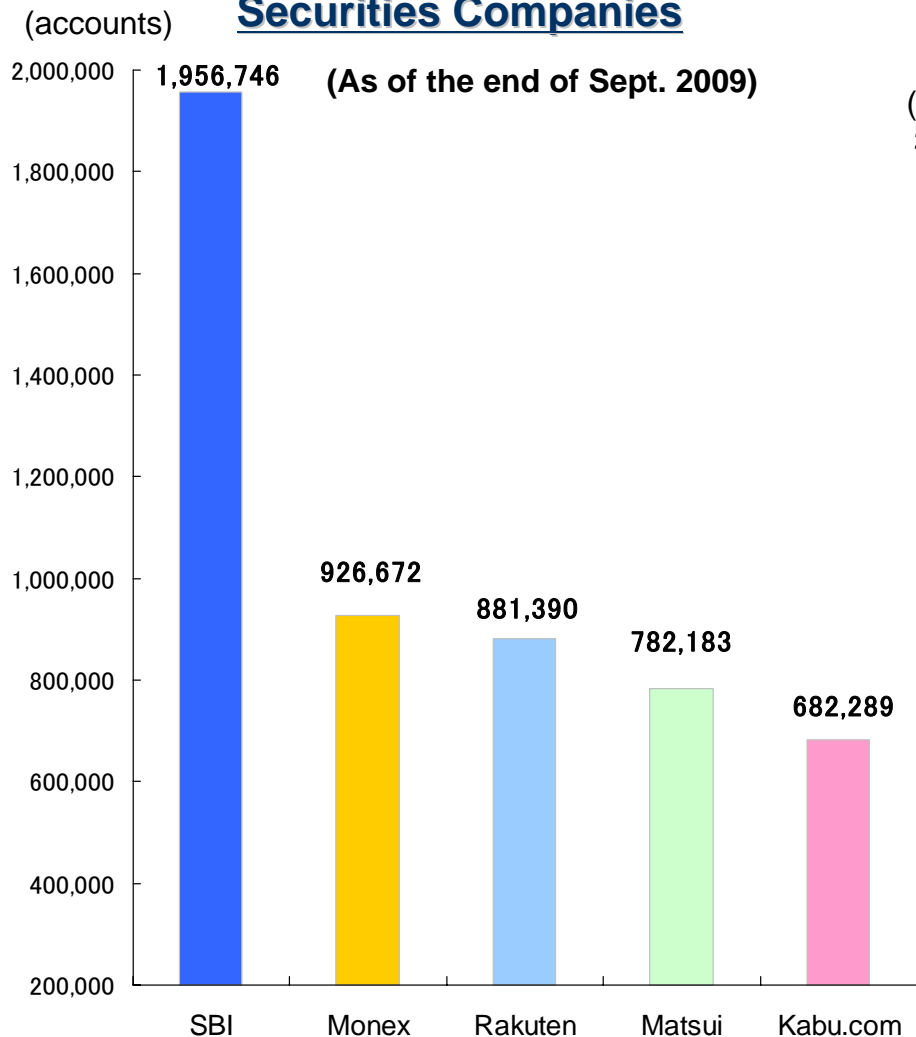
	Operating Revenues	YoY Change	Operating Income	YoY Change
<b>SBI SECURITIES</b>	<b>24,533</b>	<b>-8.0</b>	<b>7,499</b>	<b>+17.1</b>
(non-cons.)	24,359	+4.0	7,468	+41.0
<b>Rakuten</b>	<b>12,246</b>	<b>-0.7</b>	<b>3,123</b>	<b>+19.6</b>
<b>Monex</b>	<b>11,380</b>	<b>-18.4</b>	<b>2,842</b>	<b>-28.9</b>
<b>kabu.com (non-cons.)</b>	<b>8113</b>	<b>-6.6</b>	<b>2,849</b>	<b>-13.9</b>
<b>Matsui</b>	<b>13,386</b>	<b>-10.9</b>	<b>6,380</b>	<b>-1.6</b>

# Customer Account Comparison of Five Major Online Securities Companies



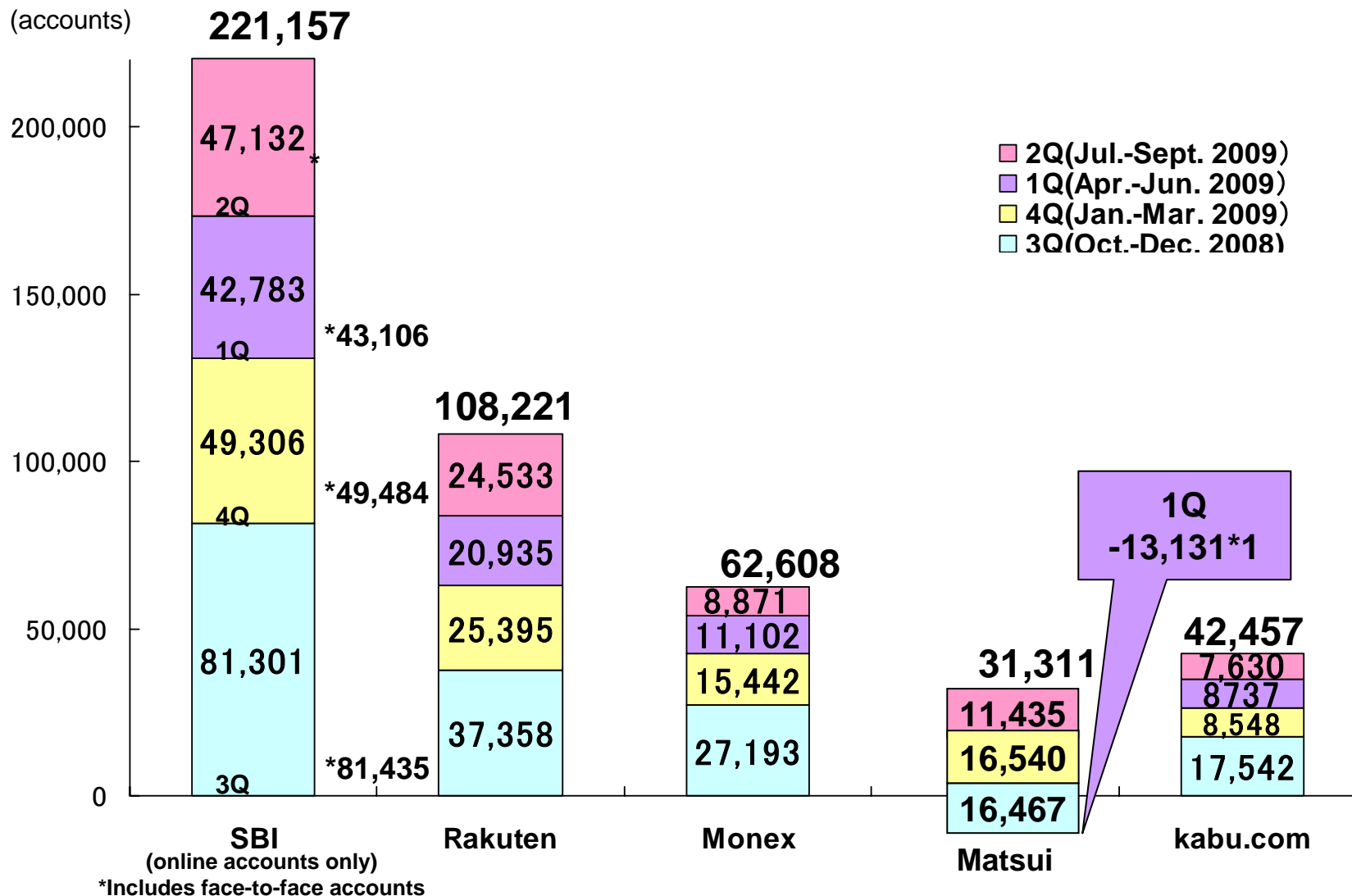
## Customer Accounts of 5 Major Online Securities Companies

## Customer Account Trend of 5 Major Online Securities Companies

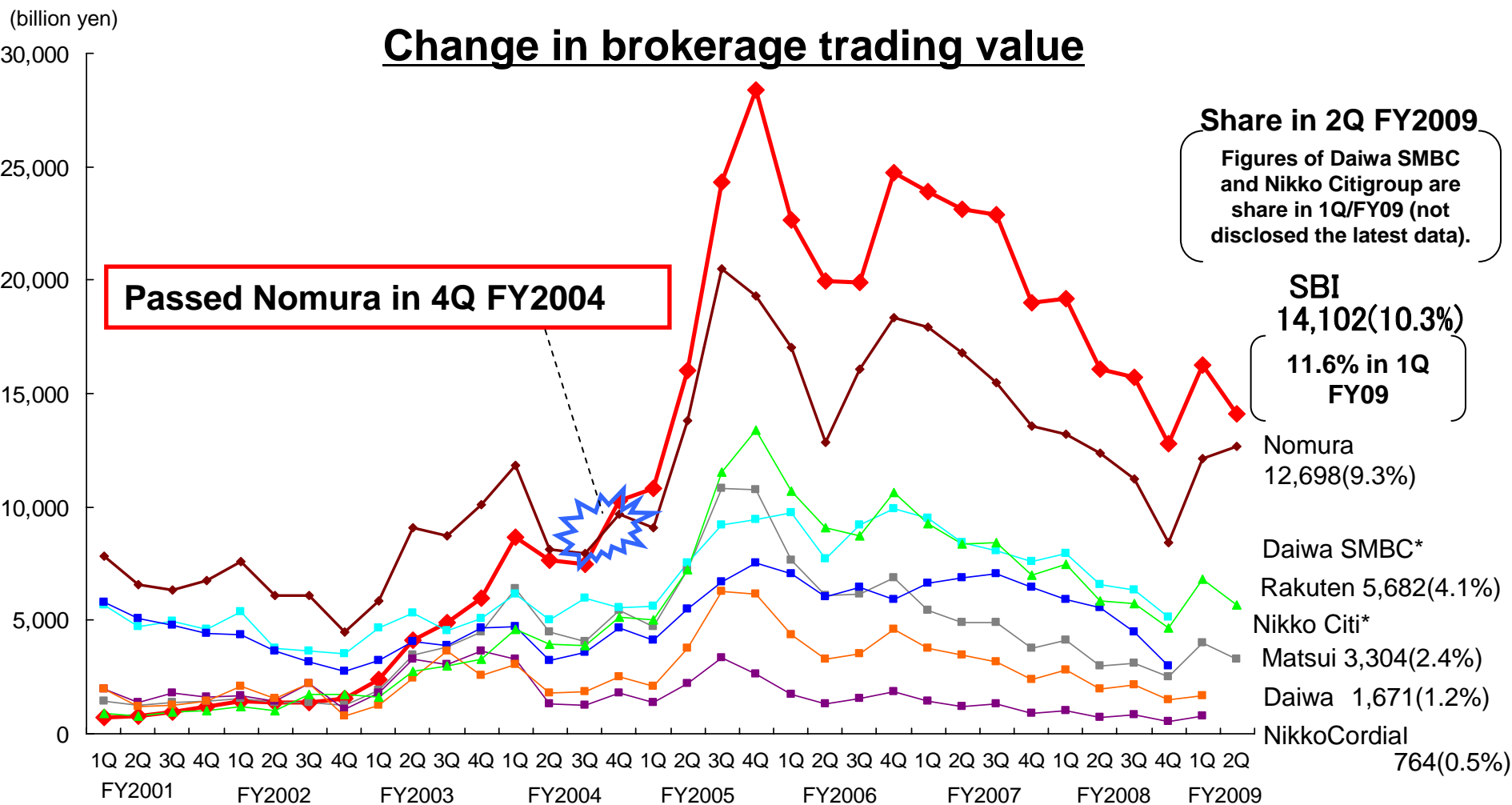


# New Accounts at Major Online Securities Companies

## New accounts from October 2008 to September 2009



# Comparison of Stock Brokerage Trading Value with Big Three Securities Companies



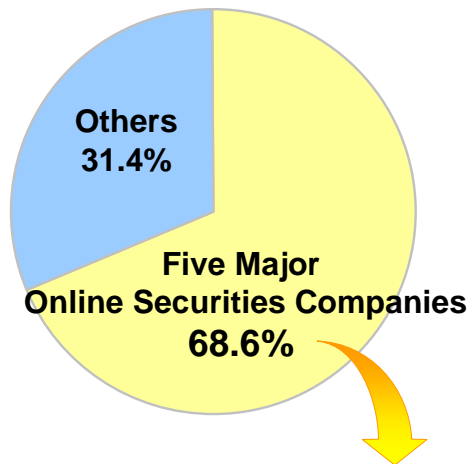
Source: Based on TSE and company materials (SBI includes orders from overseas investors)

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

\* Figures of Daiwa SMBC and Nikko Citi are not disclosed from this fiscal year.

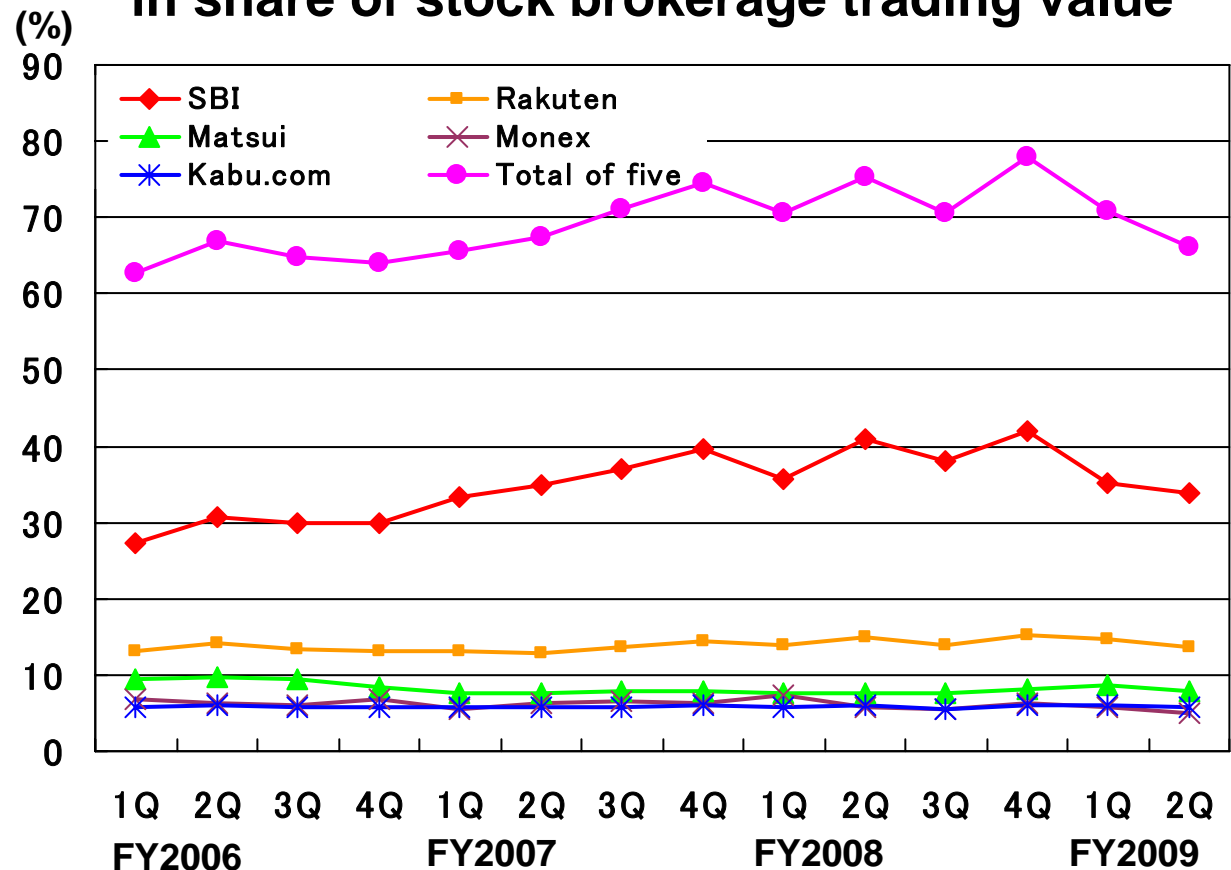
# Major Online Securities Companies' Market Share of Stock Brokerage Trading Value

**Share in 1H FY2009  
(Apr.-Sept. 2009)**



<b>SBI</b>	<b>34.6%</b>
<b>Rakuten</b>	<b>14.2</b>
<b>Matsui</b>	<b>8.3</b>
<b>kabu.com</b>	<b>5.8</b>
<b>Monex</b>	<b>5.5</b>

**Quarterly change  
in share of stock brokerage trading value**



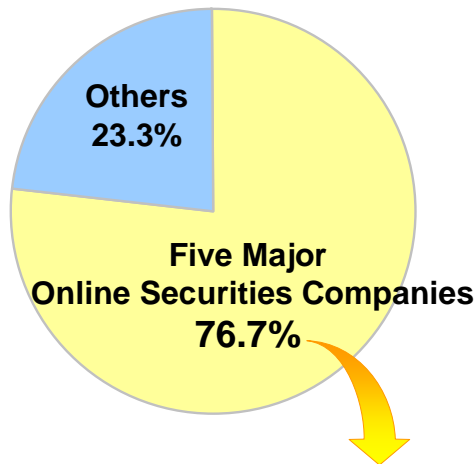
Source: Based on TSE, JASDAQ and company materials

\* 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

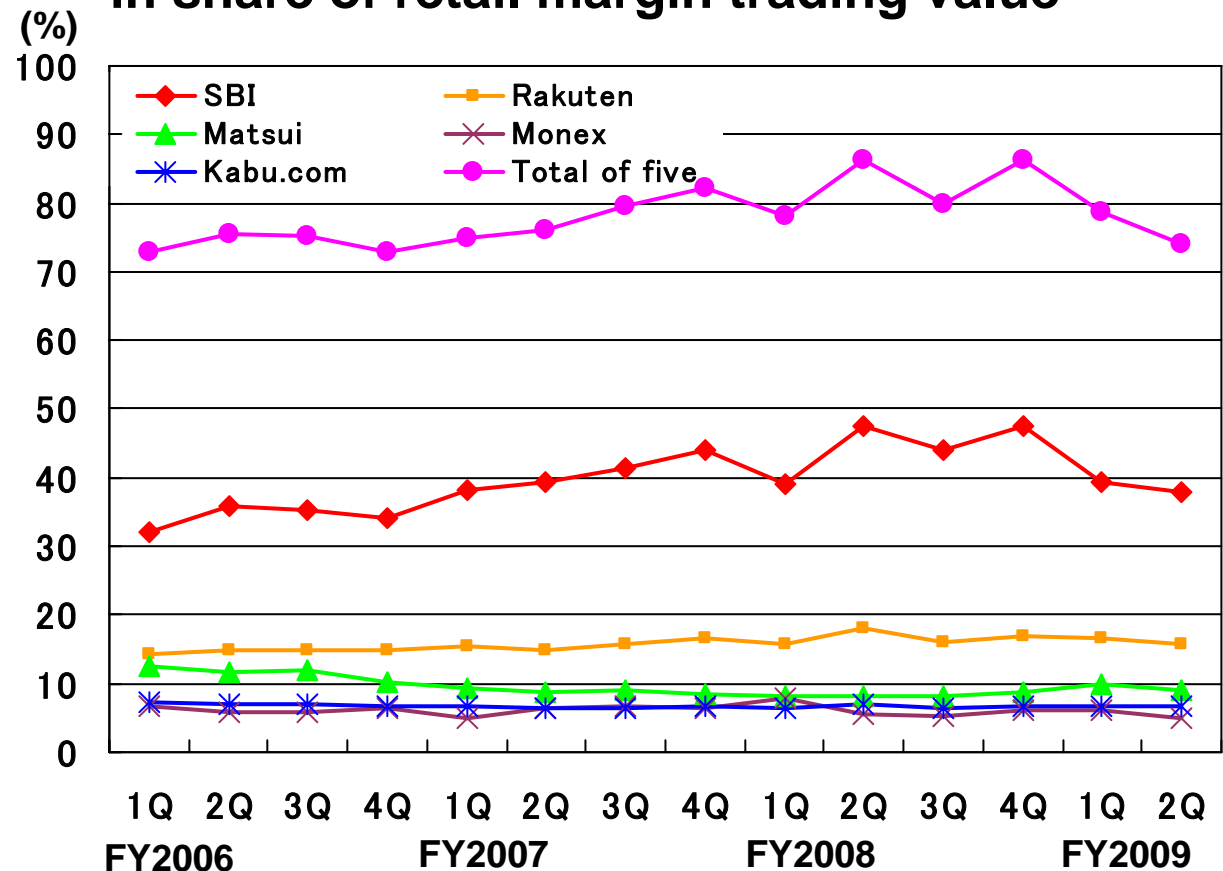
# Major Online Securities Companies' Market Share of Retail Margin Trading Value

**Share in 1H FY2009  
(Apr.-Sept. 2009)**



<b>SBI</b>	<b>38.7%</b>
<b>Rakuten</b>	<b>16.1</b>
<b>Matsui</b>	<b>9.4</b>
<b>kabu.com</b>	<b>6.8</b>
<b>Monex</b>	<b>5.6</b>

**Quarterly change  
in share of retail margin trading value**

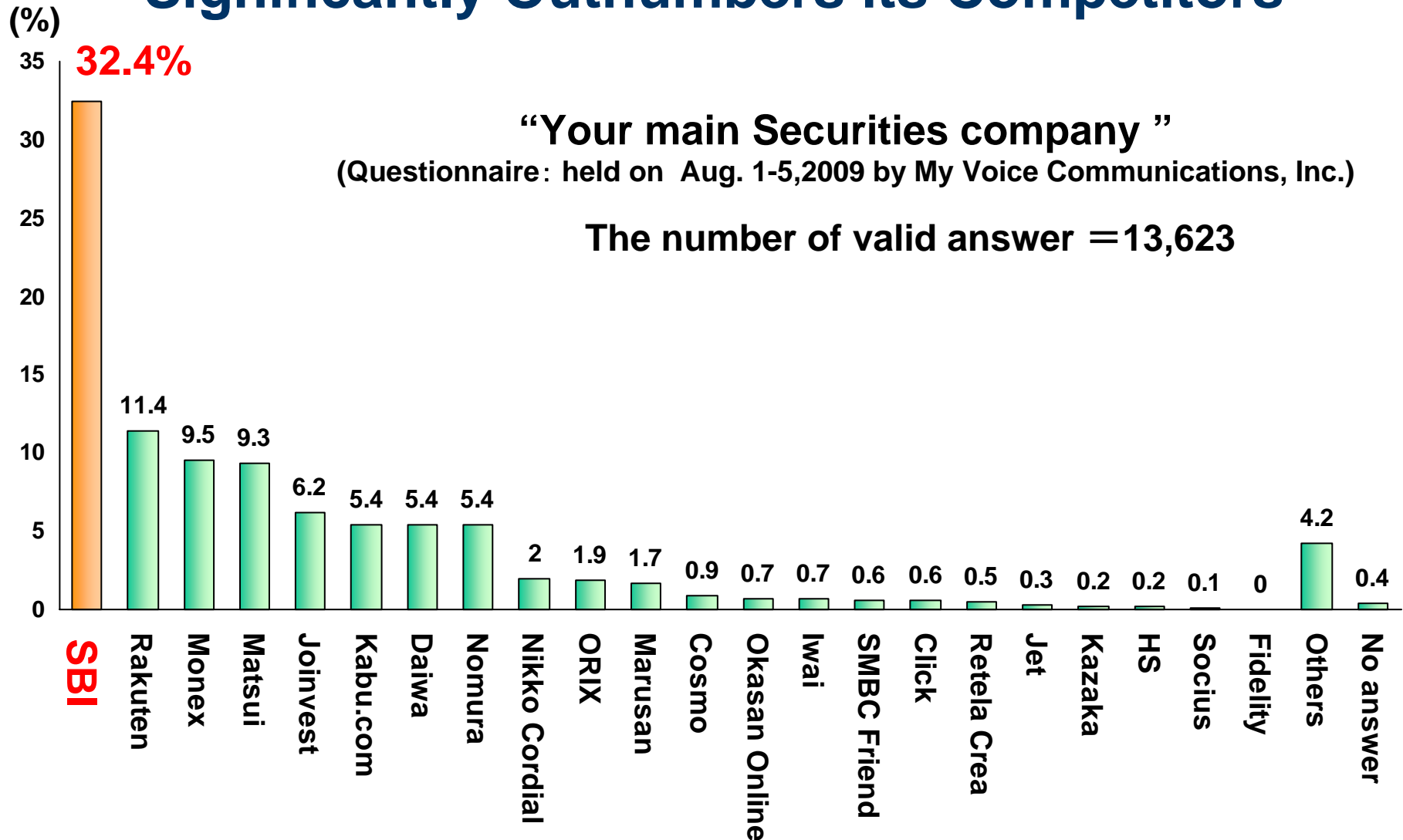


Source: Based on TSE, JASDAQ and company materials

\* 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' Number of Users Significantly Outnumbers its Competitors



**Prominent in the number of users  
among the various securities companies**

# **Impact of Lowering Commissions to SBI SECURITIES**

**Commissions were reduced by up to 27.5% from those as of the end of July  
for all trades since August 10**



# Change in Basis due to the Partial Reduction of Commissions

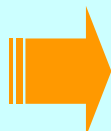
(Brokerage commissions / Brokerage trading value)

## <Ordinary trades> Standard plan

Commission per order	<u>New Commissions</u> (from Aug. 10, 2009)	<u>Commissions through</u> <u>end of July, 2009</u>
- 100,000 yen	145 yen	200 yen
100,000 yen - 200,000 yen	194 yen	250 yen
200,000 yen - 500,000 yen	358 yen	450 yen
500,000 yen - 1 million yen	639 yen	800 yen
1 million yen - 1.5 million yen	764 yen	950 yen
1.5 million yen - 30 million yen	1,209 yen	1,500 yen
Over 30 million yen	1,277 yen	1,575 yen

## Change in basis by the revision

FY2008  
**3.1 basis**



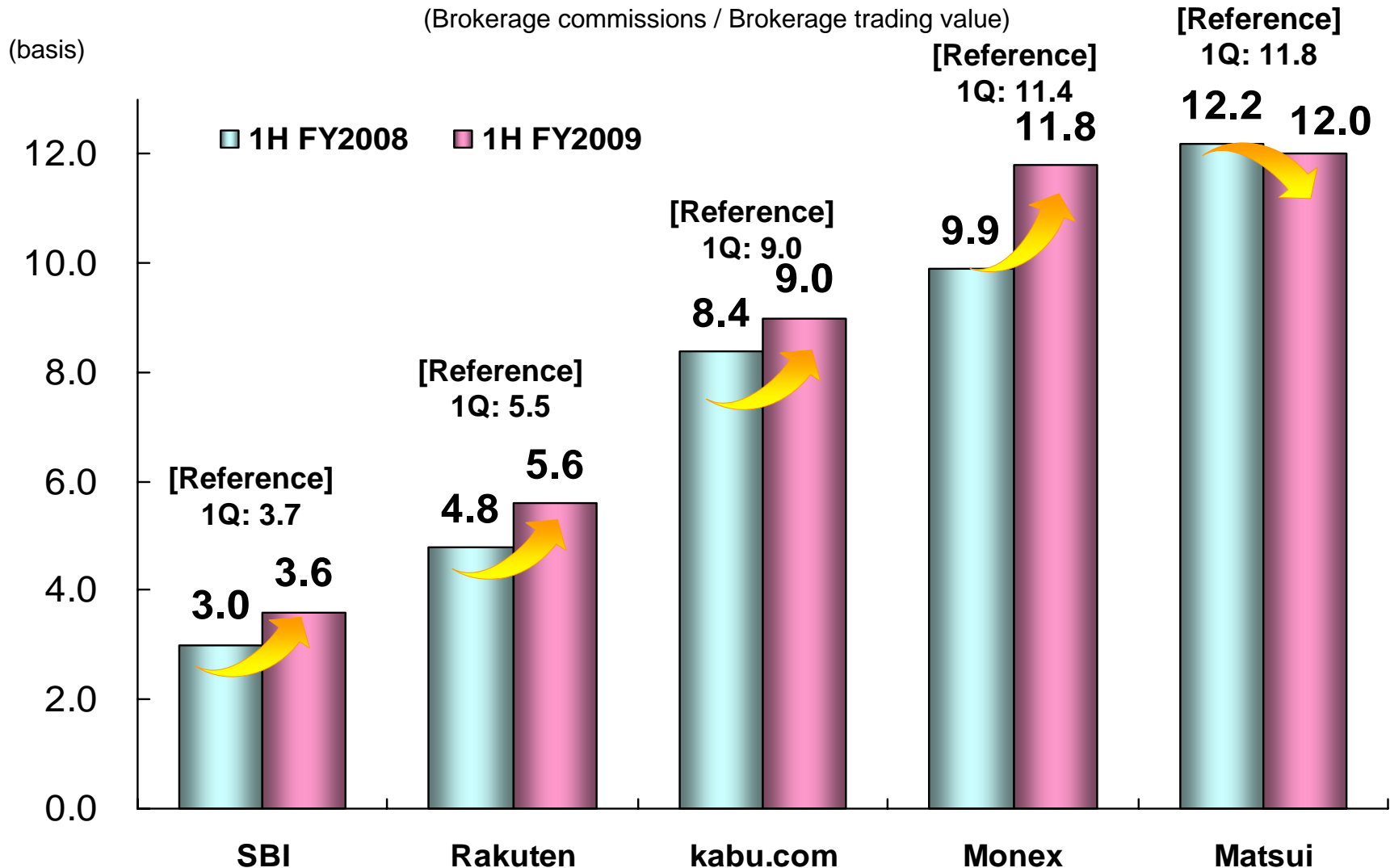
1Q FY2009  
**3.7 basis**



**Sept. 2009 (single month)**  
**3.5 basis**

# Basis Comparison of Major Online Securities Companies

## Basis comparison of five major online securities companies



Source: Based on company materials and monthly announcements. Brokerage commissions use non-consolidated data.  
SBI SECURITIES includes only trades through Internet

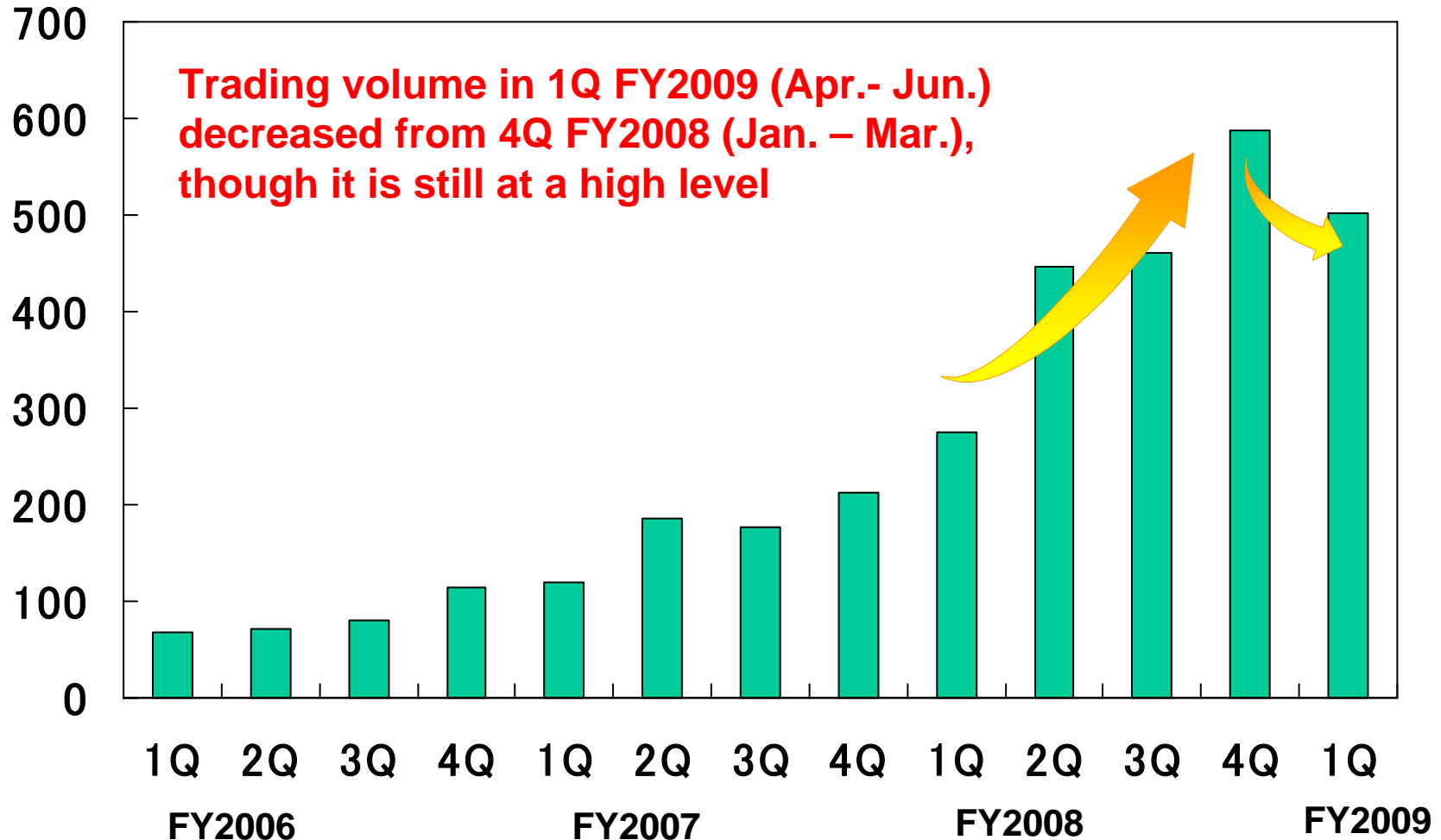
# **SBI Liquidity Market Co., Ltd.**

**(Started operations on November 17, 2008)**

# The Rapidly Expanding Foreign Exchange Margin Trading Market

## Change in the OTC foreign exchange margin trading volume

(trillion yen)

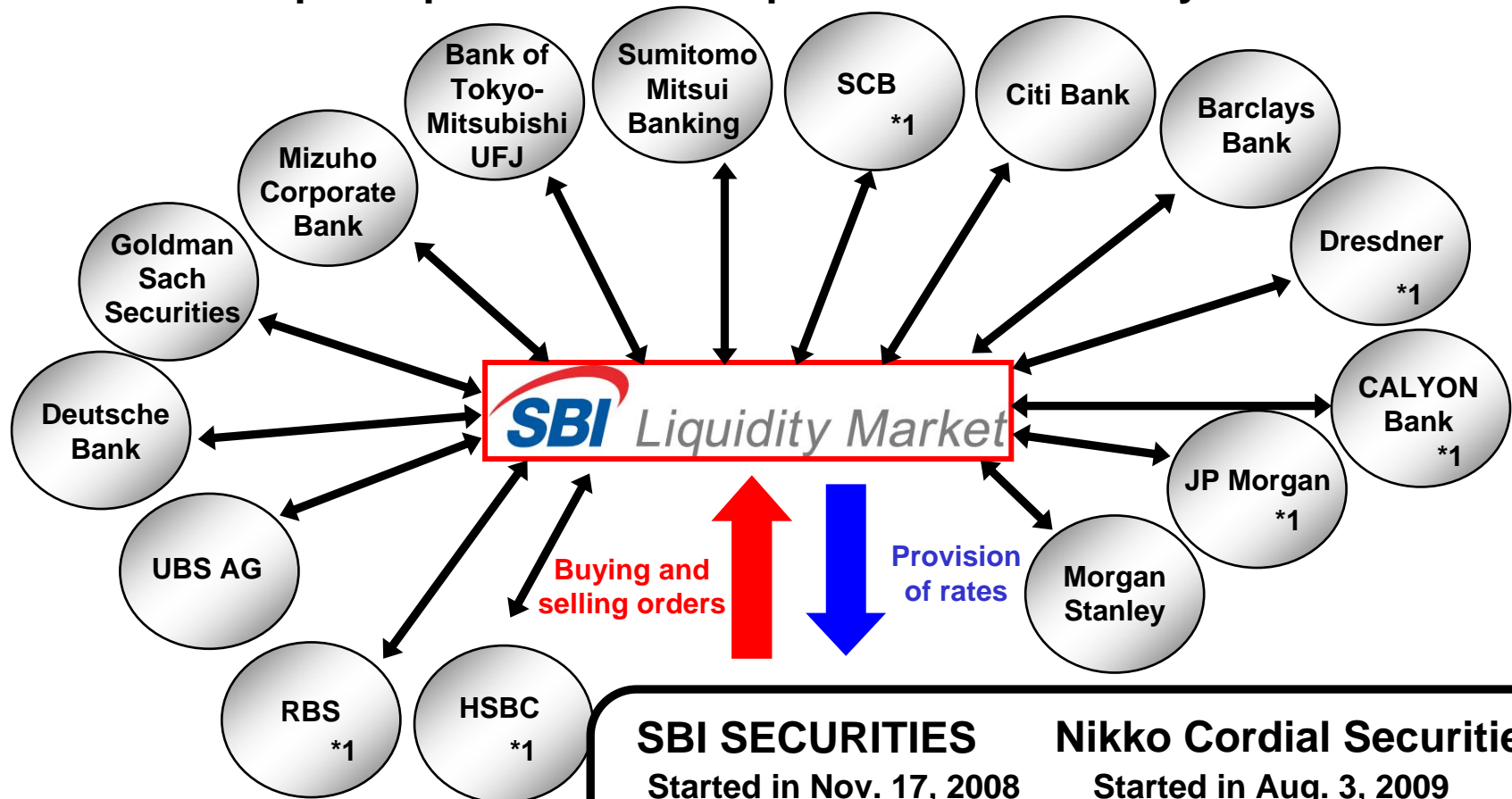


# Providing Stable Trading Opportunities Through Total of 15 Banks\* including the U.S. and European Major Financial Institutions and Major Domestic Banks as Counterparties



(\*Under negotiation with four other financial institutions)

Three banks (Mizuho Corporate Bank, HSBC, CALYON Bank) are newly participated as counterparties in this fiscal year



\*1 Abbreviated company name

RBS...Royal Bank of Scotland  
SCB...Standard Chartered Bank  
Dresdner...Dresdner Kleinwort  
JPM...JPMorgan Chase Bank  
HSBC...The Hongkong and Shanghai Bank

**SBI SECURITIES**

Started in Nov. 17, 2008



**Futures**

Started in Jan. 26, 2009

**Nikko Cordial Securities**

Started in Aug. 3, 2009



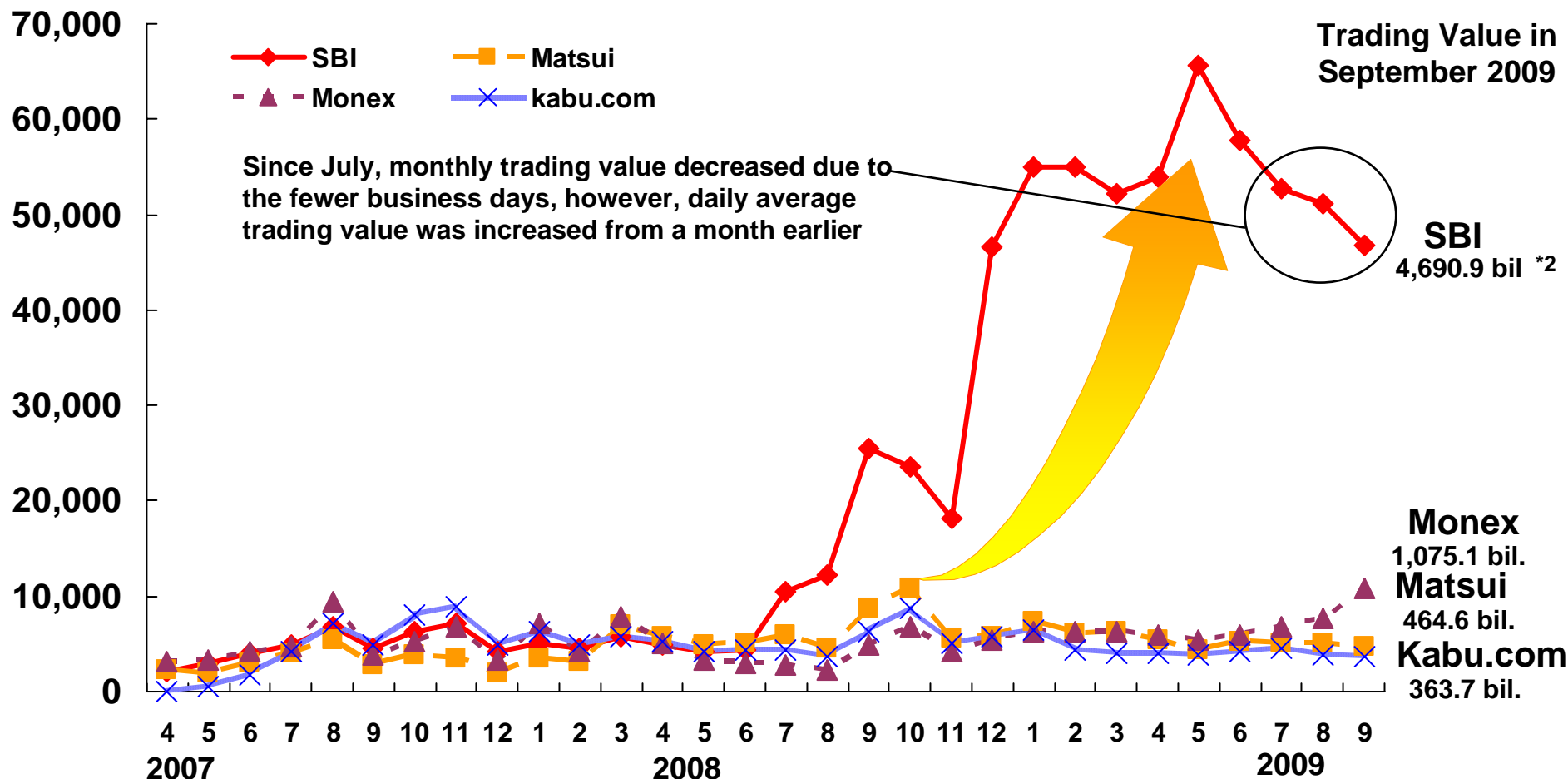
**Sumishin Net Bank**

Plan to start on a near day

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

**FX margin trading value at SBI SECURITIES increased sharply after the improvement of service offerings utilizing SBI Liquidity Market**

(Unit:  
100 mil. yen)

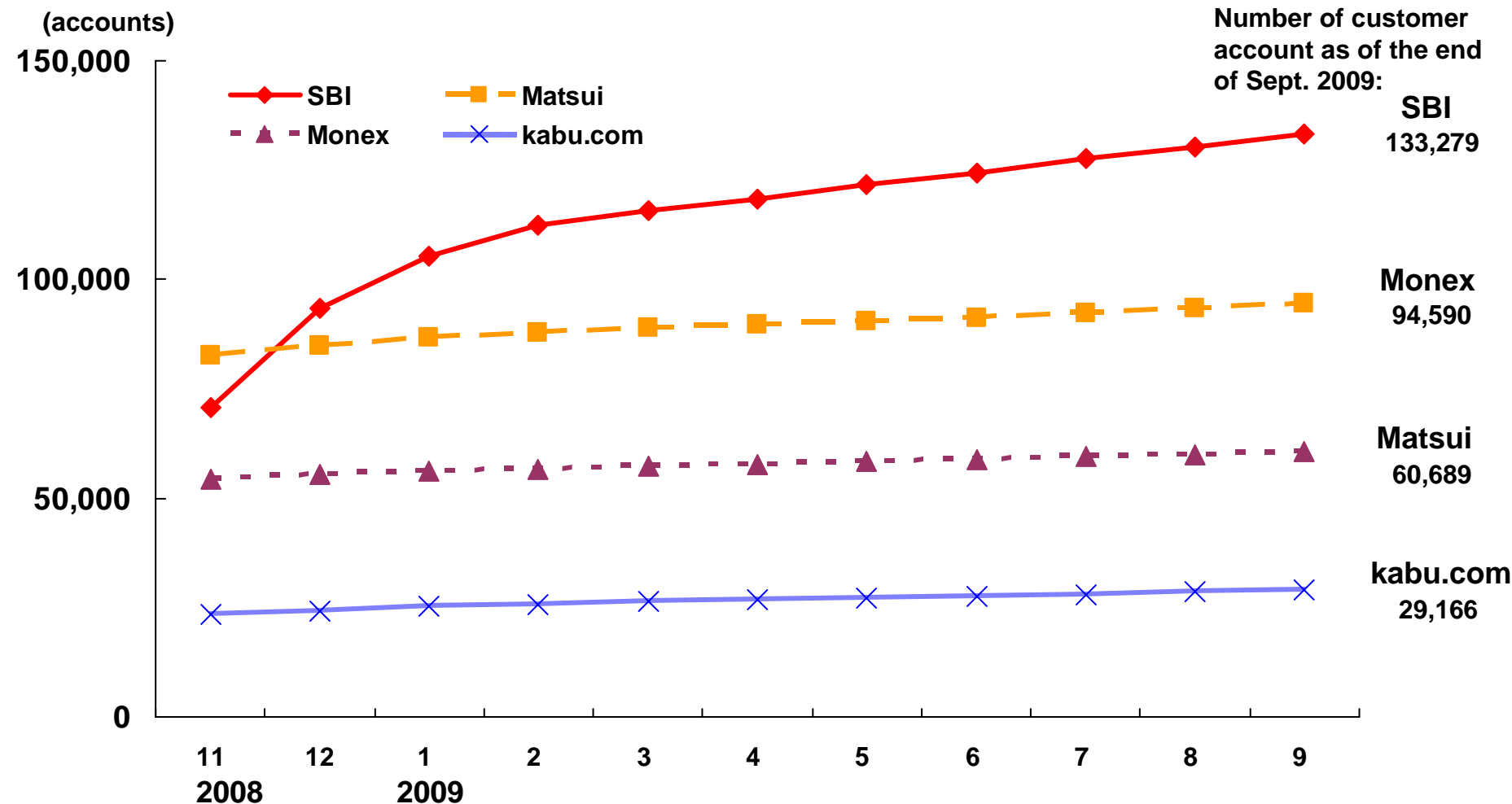


\*1 Four online securities firms that disclosed the information (SBI SECURITIES, Monex, Matsui and kabu.com)

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

# Number of FX Margin Trading Accounts of the Four<sup>\*1</sup> Major Online Securities Companies

The number of accounts at SBI FX, which was launched on November 17, 2008, continues to grow steadily



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

Source: Compiled by SBIH from disclosed information

# Comparison of FX 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
<b>SBI (SBI FX <math>\alpha</math>)</b>	<b>20</b>	<b>0.02 yen</b>	<b>0.04 yen</b>	<b>0.08 yen</b>
		<b>Free</b>		
<b>Monex (FX PLUS)</b>	<b>12</b>	<b>0.02 yen</b>	<b>0.05 yen</b>	<b>0.08 yen</b>
		<b>Free</b>		
<b>Matsui (NetFx)</b>	<b>9</b>	<b>0.04 yen</b>	<b>0.04 yen</b>	<b>0.10 yen</b>
		<b>200 yen</b>		<b>400 yen</b>
<b>kabu.com</b>	<b>12</b>	<b>0.02 yen</b>	<b>0.04 yen</b>	<b>0.06 yen</b>
		<b>Free</b>		

**\*as of 29 October 2009**

Note: 1. Complied by SBIH from disclosed information  
 2. The above spreads are adopted for normal orders  
 3. In the case that price campaigns are not applied



Since its inception on November 17, 2008, in a very short period of time, SBI Liquidity Market has grown to become a subsidiary that contributes substantively to the Group's consolidated performance

## [Earnings Contributions by SBI Liquidity Market]

(Unit: 100mil. yen)

	FY2008			FY2009		
	3Q*	4Q	2H Total	1Q	2Q	1H Total
Operating Revenue	5.5	23.5	29.0	28.2	<u>27.9</u>	<u>56.1</u>
Incl. Gain on Trading of SBI SECURITIES (Operating Income for SBI SECURITIES)	3.5	14.9	18.3	17.9	<u>17.6</u>	<u>35.5</u>
Operating Income	1.1	7.3	8.4	8.6	<u>8.4</u>	<u>17.0</u>

\* 1.5 months from the start of operations

**Plan to increase the liquidity (transaction volume) and profitability through increasing the number of connected companies**

# **SBI Japannext Co., Ltd.**

**(started operations on Aug. 27, 2007)**

**Started Daytime Trading Session from 3Q FY08**

# Becoming the Largest PTS in Japan

**The trading value at Japannext PTS has been growing steadily, as monthly trading value is reaching nearly 200 bil. yen**

## Monthly trading value comparison among PTS providers (FY2009)

(Unit: million yen)

Operating Company	Start of Operation	Jul. (22 trading days)			Aug. (21 trading days)			Sept. (19 trading days)		
		Daytime	Nighttime	Total (Daily Avg.)	Daytime	Nighttime	Total (Daily Avg.)	Daytime	Nighttime	Total (Daily Avg.)
SBI Japannext	Aug-07	142,612	24,239	166,851 (7,584)	151,362	26,782	178,144 (8,483)	158,824	16,146	174,971 (9,209)
Kabu.com	Sept-06	18,987	304	19,319	27,341	358	27,705	22,241	313	22,554
Monex	Jan-01	—	2,350	2,350	—	3,046	3,046	—	1,842	1,842
Daiwa	Aug-08	—	1,818	1,818	—	2,161	2,161	—	1,572	1,572
Matsui	May-08	19	—	19	9	—	9	12	—	12

Note: 1. Trading value is based on information from each company's website, Japan Securities Dealers Association's website and Nikkei QUICK

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

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

**Daily average : Over 9 bil. yen**

# Financial Services Business

## Fiscal 2009 First Half

(Six-months period ended September 30, 2009)

**Operating Revenues: 12.0 billion yen (+7% YoY)**

**Operating Income : 0.3 billion yen (-60% YoY)**

### Major consolidated subsidiaries and affiliated companies

#### Existing businesses

- SBI Holdings (Business Div.)
- Morningstar Japan
- Gomez Consulting
- SBI VeriTrans

#### New businesses

- SBI Sumishin Net Bank (equity method affiliate)
- SBI Insurance
- SBI AXA Life Insurance
- SBI Card
- SBI Card Processing

#### Notes:

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

# Highlights of Financial Services Business

SBI  
Holdings

## [Existing businesses]

- 1) **Morningstar Japan**'s 1H FY09 performance declined YoY in consolidated revenues and earnings due to the decline in the demand for advertisement from financial institutions, the major clients. However, there was a **significant increase in revenues and earnings which has doubled from the second half of FY08.**
- 2) **Gomez Consulting**'s 1H net income **returned to profitability** due to the cost reduction. There was a **significant increase in revenues** from the second half of FY08.
- 3) **SBI VeriTrans**'s 1H **transactions increased 15.6% YoY to 28.44 million**, along with the steady growth of Japan's e-commerce market. Its consolidated operating revenues, operating income and ordinary income **increased more than 11% YoY.**
- 4) **At the Marketplace business,** 1H transactions at the financial comparison websites (total 8 websites) **increased 11.4% to 476,000 YoY**, and operating revenues increased YoY.

## [New businesses]

- 1) **SBI Sumishin Net Bank** continued to achieve steady growth in **deposits to 827.6 billion yen**, and **customer accounts to 569,000 (end Sept. 2009)**. It **continued to be profitable in 2Q following the previous quarter**, and consolidated profit/loss for investment equity-method (non-operating profit/loss) is expected to improve dramatically as well.
- 2) **SBI Insurance increased the accumulated number of contracts to more than 80,000 (end Sept. 2009)** due to the discount of premium and the expansion of its channels.
- 3) **SBI AXA Life Insurance** increased the number of monthly average policies written to **approximately 1,000** owing to new measures such as the sales of its products at its Internet-based agencies and the publicity recognition.

# 1H FY2009 Performance of Publicly Owned Subsidiaries

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

<sup>*1</sup>	Operating Revenues	Operating Income	Ordinary Income	Net Income
Morningstar Japan	1,154 (-28.0)	183 (-25.4)	238 (-16.7)	135 (-25.0)
Gomez Consulting	188 (-17.2)	0 ( - )※2	10 ( - )※3	8 ( - )※4
SBI VeriTrans	2,445 (+11.4)	509 (+13.3)	512 (+13.0)	291 (+8.6)

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

\*2 Operating Loss of 1H FY08 posted 7 million yen

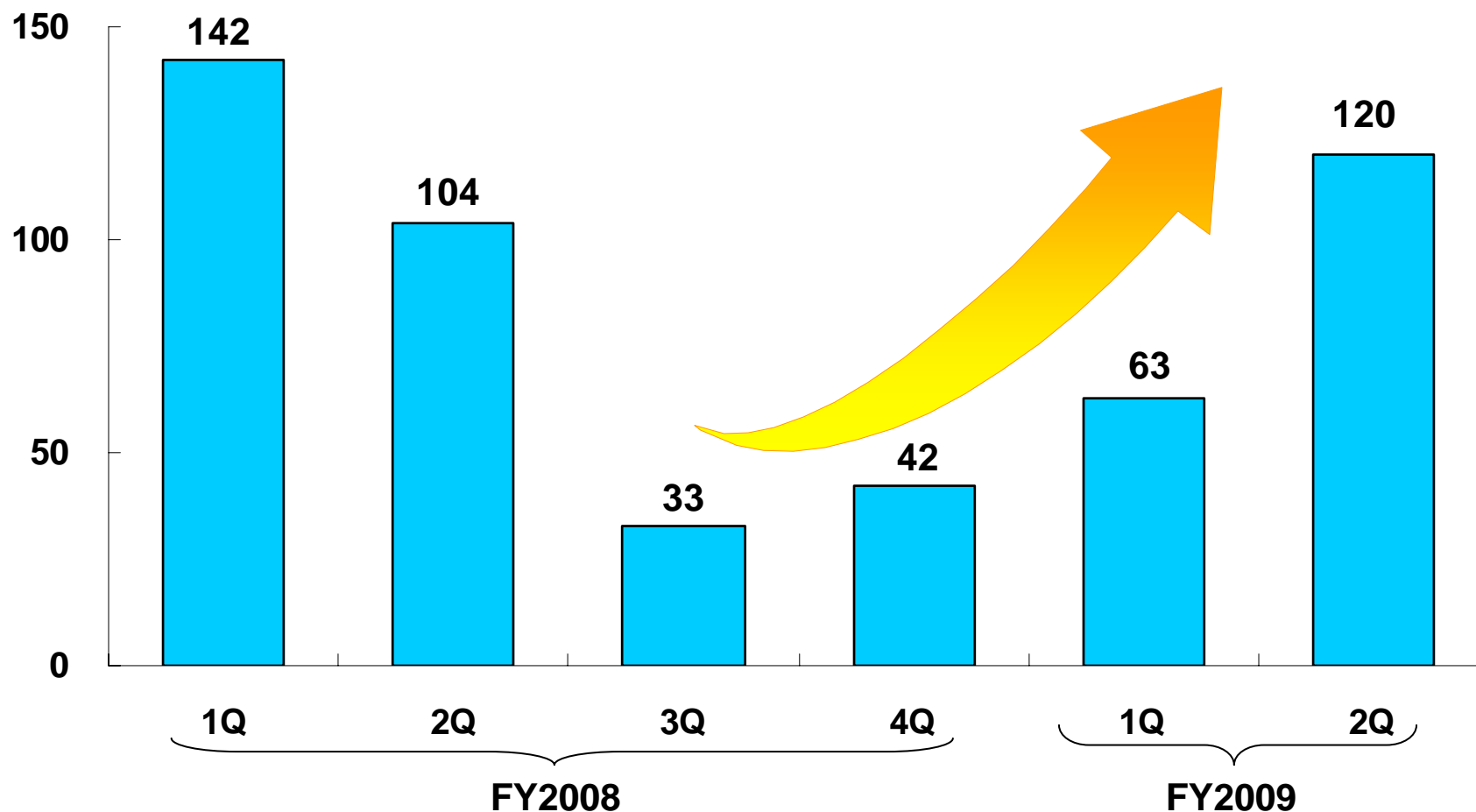
\*3 Ordinary loss of 1H FY08 posted 3 million yen

\*4 Net Loss of 1H FY08 posted 2 million yen

# Morningstar Japan Consolidated Quarterly Operating Income

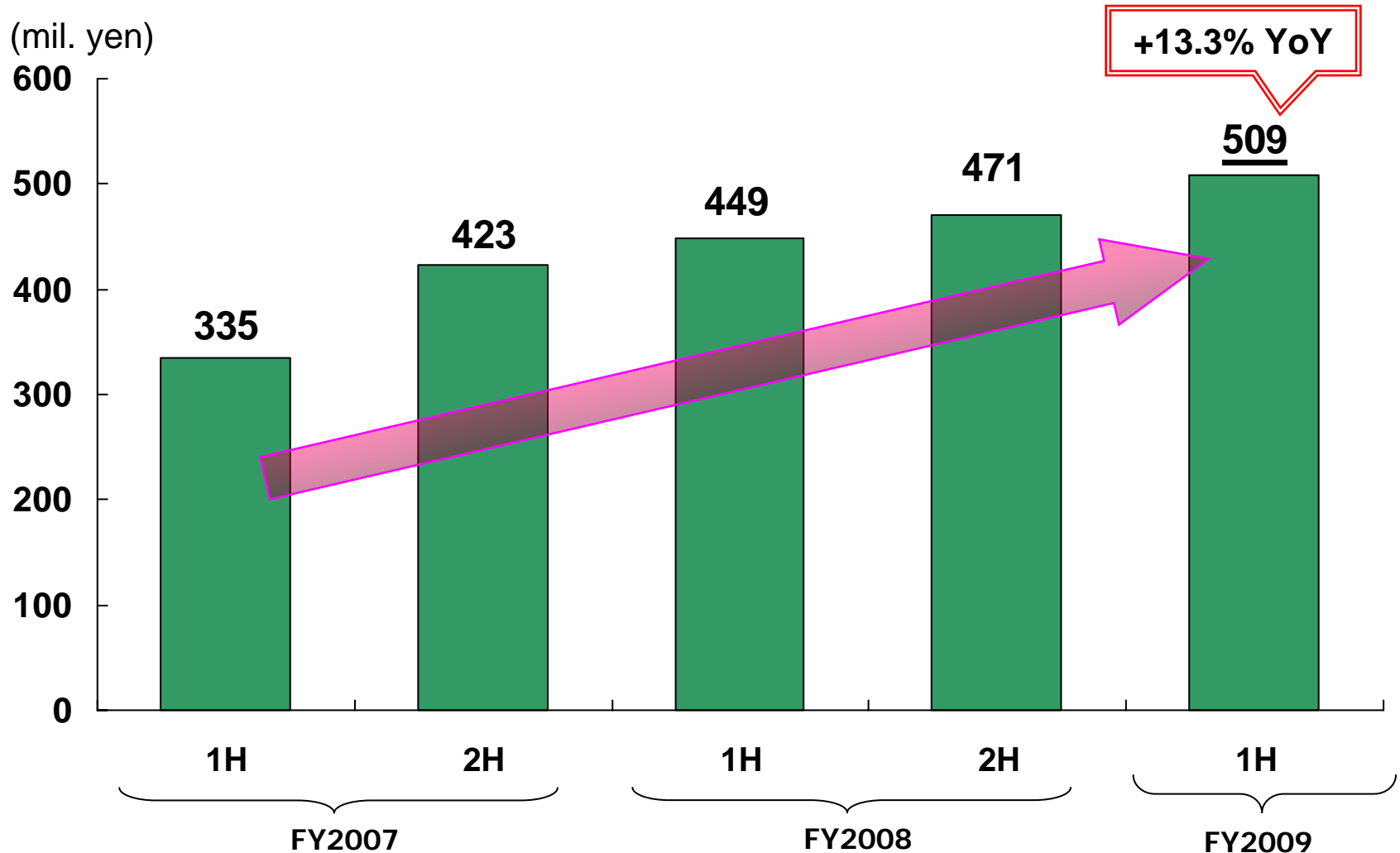
Operating income showed a V-shaped recovery, due to a decrease in SG&A (-174 million yen YoY) and the steady performance of information distribution of investment trust and stocks

(mil. yen)



# SBI VeriTrans Consolidated Half Year Operating Income

Operating income increased 13.3% YoY, and operating margin ratio was steady at over 20%





# Transaction at the Marketplace Business, which consists mainly of “InsWeb” and “E-LOAN,” steadily increased 11.4% YoY



Affiliated non-life insurance companies, etc.: 23 / Affiliated life insurance companies, etc.: 20

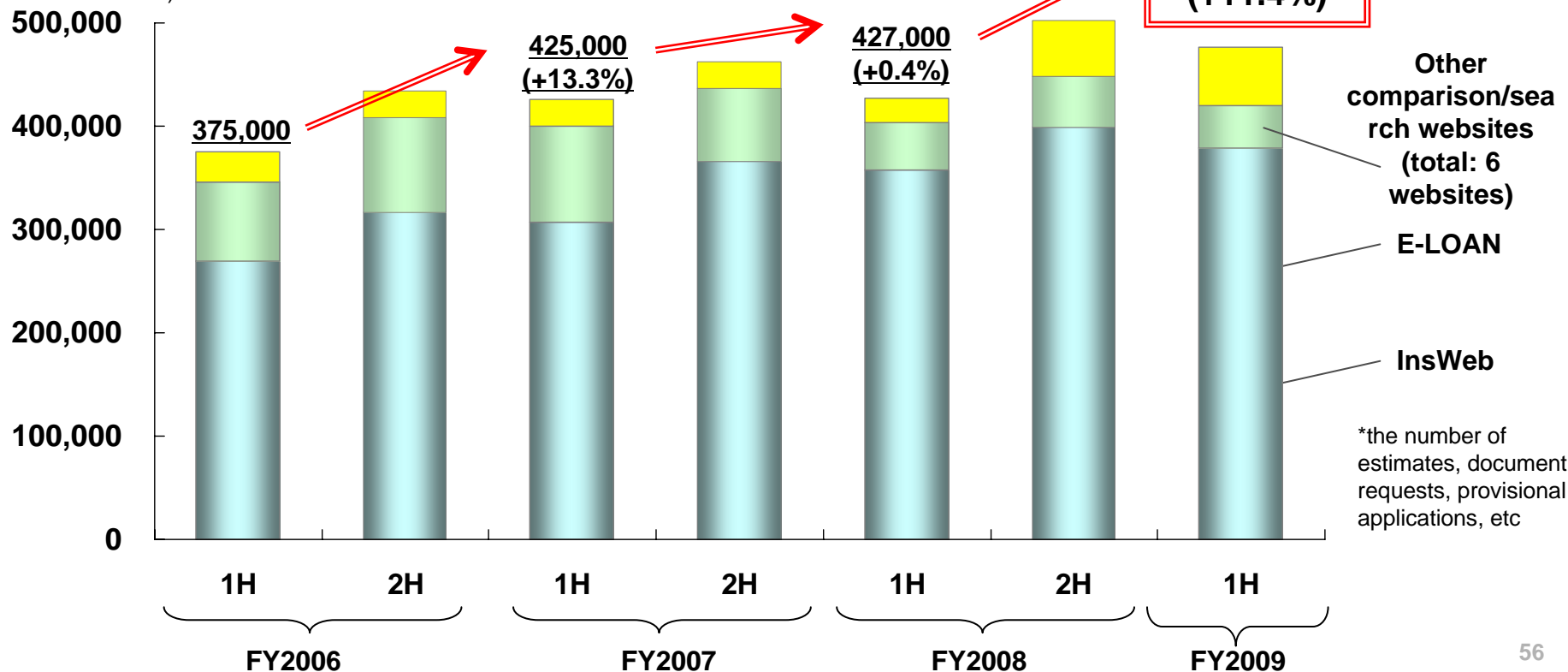
Affiliated financial institutions: 67 / Types of loan products: 552

Other financial comparison websites (total: 6): comparison of Securities / FX companies, estimate of auto lease, etc.

## Change in transaction at the Marketplace Business\*

(Transaction of the last half year increased temporarily due to seasonal factors)

(Unit: transactions)



# Progress of the New Businesses

# **SBI Sumishin Net Bank, Ltd.**

# 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 Sept. 2009 (\*actual)

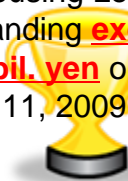
**Accounts: 569,864**

**Deposits: 827.3 bil. yen**

**Loans issued: 319.6 bil. yen**

(Mortgage + Internet loan)

Accumulated Total of  
Housing Loans  
Outstanding **exceeded**  
**300 bil. yen** on Sept  
11, 2009!!

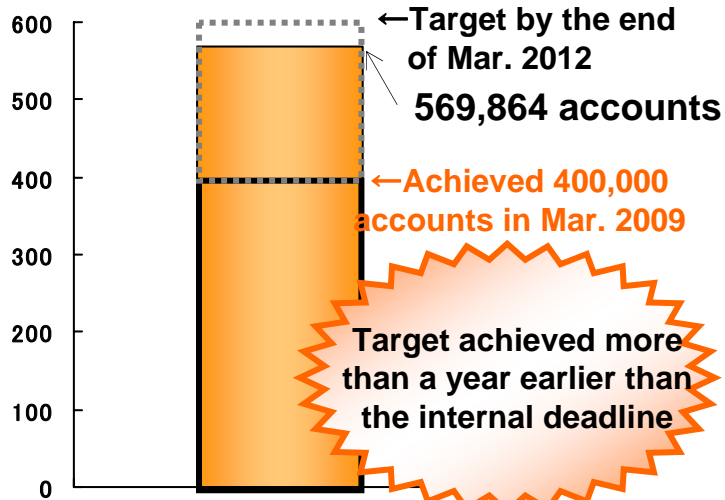


## <Comparison with the target as of September 2009>

### Accounts

(thousand accounts)

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



24 months from the start of

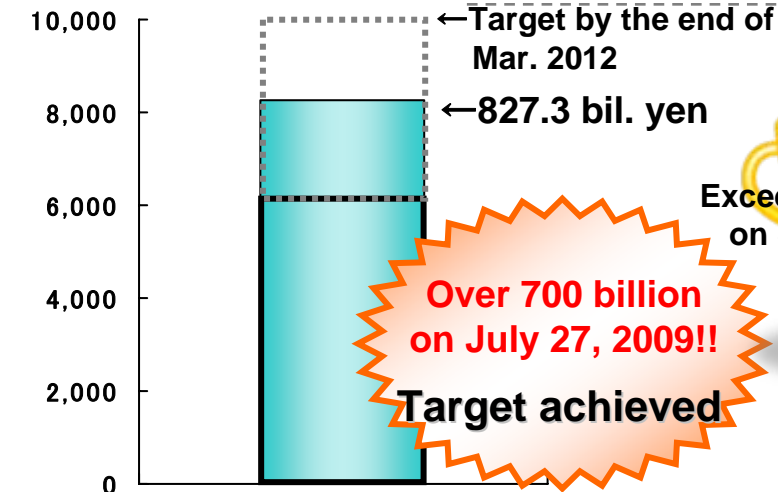
operations

Next target: approx. 600,000 accounts by the end of Mar. 2012

### Deposits

( 100 mil. yen)

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



24 months from the start

of operations

Next target: approx. 1 trillion yen by the end of Mar. 2012

Exceeded 800 bil. yen  
on Sept 15, 2009!!



# Deposits Topped 800 Billion Yen After Only 723 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 **800 billion yen** after only **723 days**(\*) since its start of operations on September 24, 2007.

## Days required by major Internet banks to reach 800 billion yen in deposits:

	Start of operations	Time needed to reach 100 billion yen (*1)	Days after start of operations	Time needed to reach 800 billion yen (*1)	Days after start of operations	Deposit outstanding (*2)
eBANK	2001/07/23	2003/10/01 ~ 2004/03/31	801-983 days	—	—	682.7 bil. yen
Japan Net Bank	2000/10/12	2002/10/01 ~ 2003/03/31	720-901 days	—	—	440.5 bil. yen
Sony Bank	2001/06/11	2002/03/01 ~ 2002/03/31	264-294 days	2007/7/1 ~ 2007/7/31	<u>2,212-2,242 days</u>	1,334.8 bil. yen
<b>SBI Sumishin Net Bank</b>	<b>2007/09/24</b>	<b>2007/11/19</b>	<b>57 days</b>	<b>2009/9/16</b>	<b><u>723 days</u></b>	<b>827.3 bil. yen</b>

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

\*2 Deposit outstanding of SBI Sumishin Net Bank, Sony Bank, eBank are based on the figures as of September 2009, that of Japan Net Bank as of the end of June 2009.

# Steady Growth in Accumulated Total of Housing Loans Outstanding

~Topped **300 billion yen** after **719 Days** since the start of its business~  
(Sept. 11, 2009)

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

	SBI Sumishin Net Bank (Note 1)	Sony Bank
Start of operation	September 2007	June 2001
Start of housing loans business	September 2007	March 2002
Days required to reach 300 billion yen	719 days	1931 ~ 2023 days (Note 2)

**The fastest among the pure-play Internet banks!**




Days needed to achieve the loan amount below

From the start to 250 bil. yen : 639 days (increasing 10 bil. yen in 25.56 days)  
From the start to 300 bil. yen : 719 days (increasing 10 bil. yen in 23.96 days)

(Note 1) Calculation for Sony Bank is based upon loans outstanding after reflecting agreed repayment. Calculation for SBI Sumishin Net Bank is based upon loan provided. (Note 2) Compiled by SBIH from information disclosed. 311,492 billion yen as of the end of September 2009

# Both Number of Customer Accounts and Deposit Amount Increased More Than Those of Other Internet Banks in 2Q (July-Sept.)

## Comparison of 2Q FY09 (July-Sept.) Results of Online Banking Companies

	Increase/Decrease in FY09/2Q (Jul.-Sept.)		At the end of Sept.'09	
	Number of Account	Deposit Balance (million yen)	Deposit per customer (thousand yen)	( ): as of the end of June 2009
<b>SBI Sumishin Net Bank</b>	<b>84,523</b>	<b>154,891</b>	<b>1,451</b> 	<b>(1,385)</b>
<b>Sony Bank</b>	<b>13,652</b>	<b>3,900</b>	<b>1,778</b> 	<b>(1,806)</b>
<b>eBANK</b>	<b>69,000</b> (*1)	<b>-28,000</b>	<b>205</b> 	<b>(218)</b>

**Deposit amount per customer of SBI Sumishin Net Bank increased from 1Q, while those of other banks decreased**

# SBI Sumishin Net Bank is Profitable for Three Consecutive Quarters in 2Q FY09

Ordinary profit of over a billion is in sight in 1H FY2009

## 【Change in ordinary income and loss】

FY2008

FY2009

1Q	2Q	3Q	4Q	1Q	2Q
Ordinary loss 1.78 bil. yen	Ordinary loss 1.28 bil. yen	Ordinary loss 0.75 bil. yen	Ordinary income 0.137 bil. yen	Ordinary income 0.856 bil. yen	? To be announced on November 20

Improved by  
500 mil. yen

Improved by  
530 mil. yen

### FY2008 (full year)

Ordinary loss: 3,687 mil. yen

Net loss: 3,699 mil. yen

( Recorded non-operating loss of 1,849 mil. yen for loss from investment-equity method )

Became profitable on a monthly basis in January 2009 and on a quarterly basis (net income 0.134 ) in 4Q for the very first time!





# SBI Sumishin Net Bank Expands its Business within the Intensively Competitive Internet Banking Business

“The Internet banks had seemingly carved out their own focus markets, with eBank and Japan Net Bank focused on the settlement business, and Sony Bank focused on asset management. With the entrance of a new force, it is likely that these banks will have to compete much harder to lure customers away from the competition. ” (Nikkei Veritas as of the end of Aug. 16)

## <Performance comparison of the pure-play Internet banks>

	Net income in 1Q/FY09	Number of customer accounts(*1)	Deposit Amount (*1)	*(): YoY basis
SBI Sumishin Net Bank	<b>¥851 mil.</b> (recorded loss)	569,864 <b>(approx. 3X)</b>	<b>¥827.3 bil.</b> <b>(+340.7 bil/ 2X )</b>	Full-line banking
Sony Bank	<b>¥171 mil.</b> (-73%)	750,354 (approx. 1.1X)	1,334.8 bil. (-3.4 bil.)	Asset management
ebank	<b>¥201 mil.</b> (recorded loss)	3,324,000 (approx. 1.1X)	¥682.7 bil. (-¥94.1 bil.)	Settlement
Japan Net Bank	<b>¥554 mil.</b> (5.2X)	2,028,000 (approx. 1.1X)	¥440.5 bil. (+6.2 bil.)	Settlement

(\*)Source: Compiled by SBIH through the disclosed information

(\*1) Figures of SBI Sumishin Net Bank, eBank and Sony are as of Sept 30, 2009,, and that of Japan Net Bank is as of the end of June 2009.

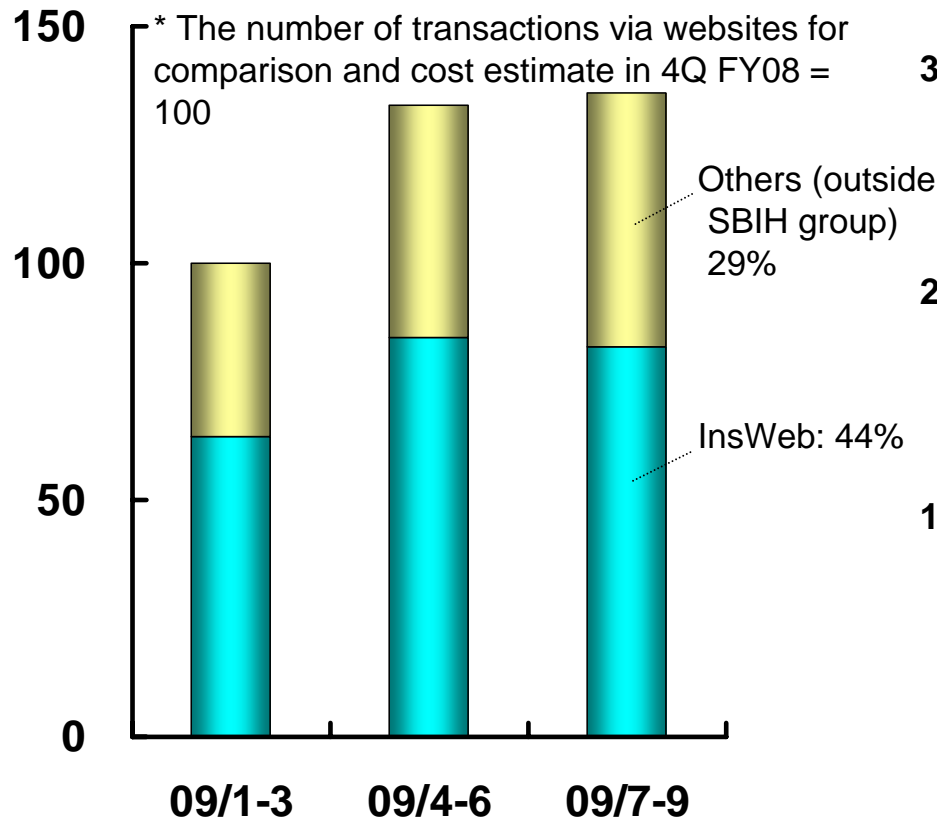
# **SBI Insurance Co., Ltd.**

# Through the Full Utilization of the SBIH Group Synergies, the Number of Contracts Increased Steadily

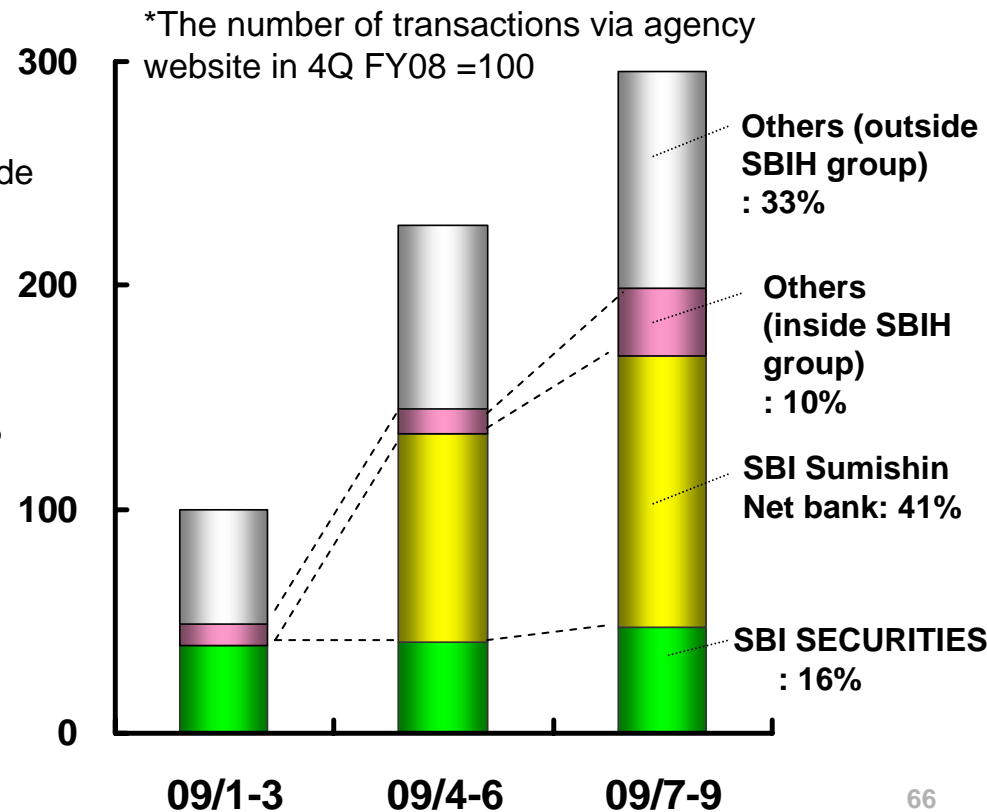
-Increased sales channels, by the start of sales through SBI Sumishin Net Bank in April and SBI AXA Life Insurance in September, **led to a steady increase in transactions through the SBIH Group-**

## Quarterly comparison of the number of SBI Insurance's contracts in each channels

### Websites for comparisons and cost estimates



### Agency websites



# Target Number of 150,000 Insurance Contracts by the End of FY2009 will Certainly be Achieved

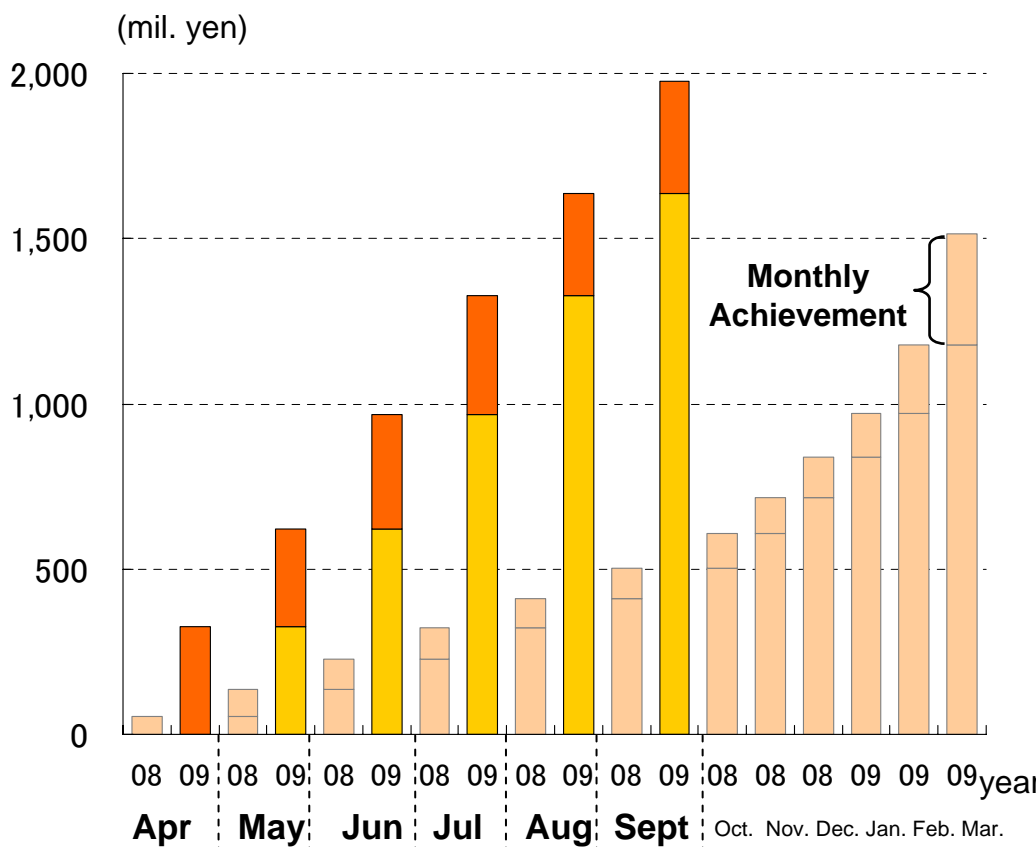
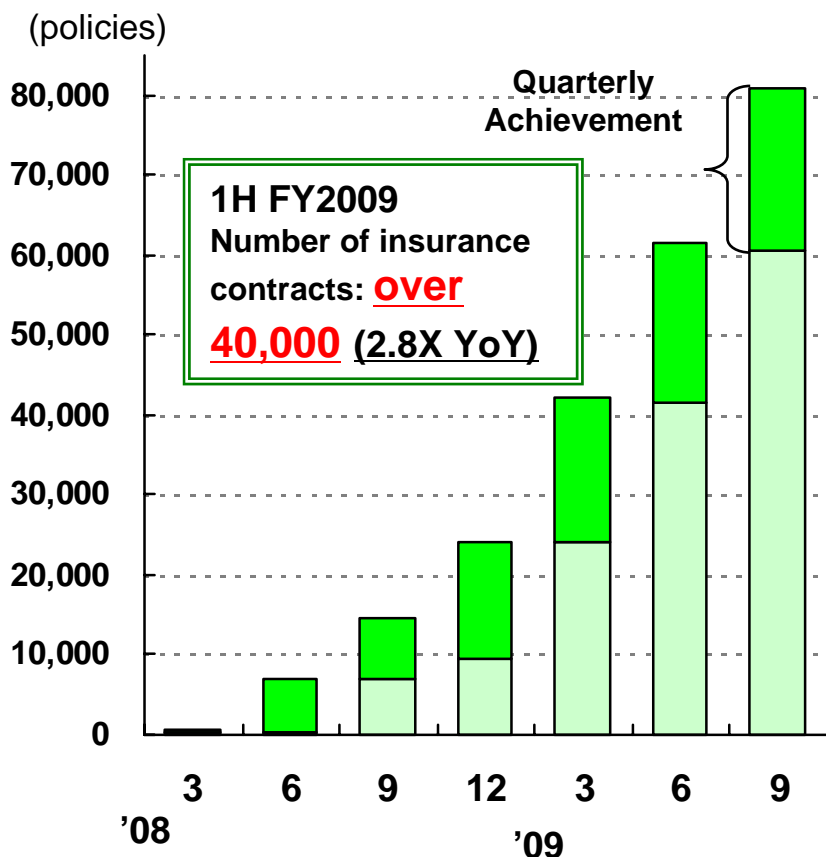
## Growth in the number of policies and direct income of insurance premium

Change in the number of insurance contracts  
(written basis) / accumulated total

Change in direct income of insurance premium  
(written basis\*) / accumulated total

Cumulative number of insurance contracts: more than 80,000 (as of Sept. 30, 2009)

Direct income of insurance premium in Apr.-Sept 2009 increased approx. 4 times YoY to approx. 1.98 bil. yen



\*Written basis: Completion of receiving transaction of insurance premiums.

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

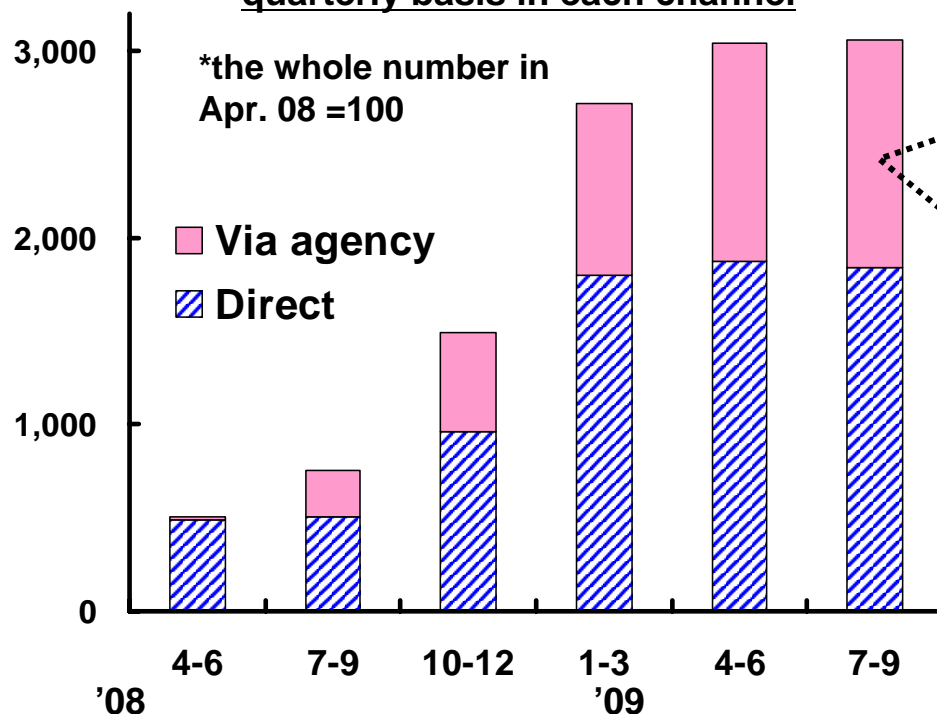
# Expect to Increase the Number of Contracts Through the Continuous Expansion of the Sales Channel

The number of Internet based agencies increased to 91 (as of Oct. 29, 2009)

## Approaches utilizing the synergies within the SBIH Group

- Nov. '08~ Started sales through SBI Sumishin Net Bank
- Jun. '09~ Started sales through SBI Insurance
- Oct. 19, '09~ Started sales through SBI Money Plaza (at Kashiwa, Kawasaki and Ginza)

Change in the number of new contract on quarterly basis in each channel



Share of the number of new contracts in the agency channel

The SBIH Group total: 21.4%  
(breakout)

- SBI SECURITIES: 10.9%
- SBI Sumishin Net Bank: 9.4%
- SBI Insurance: 0.7%

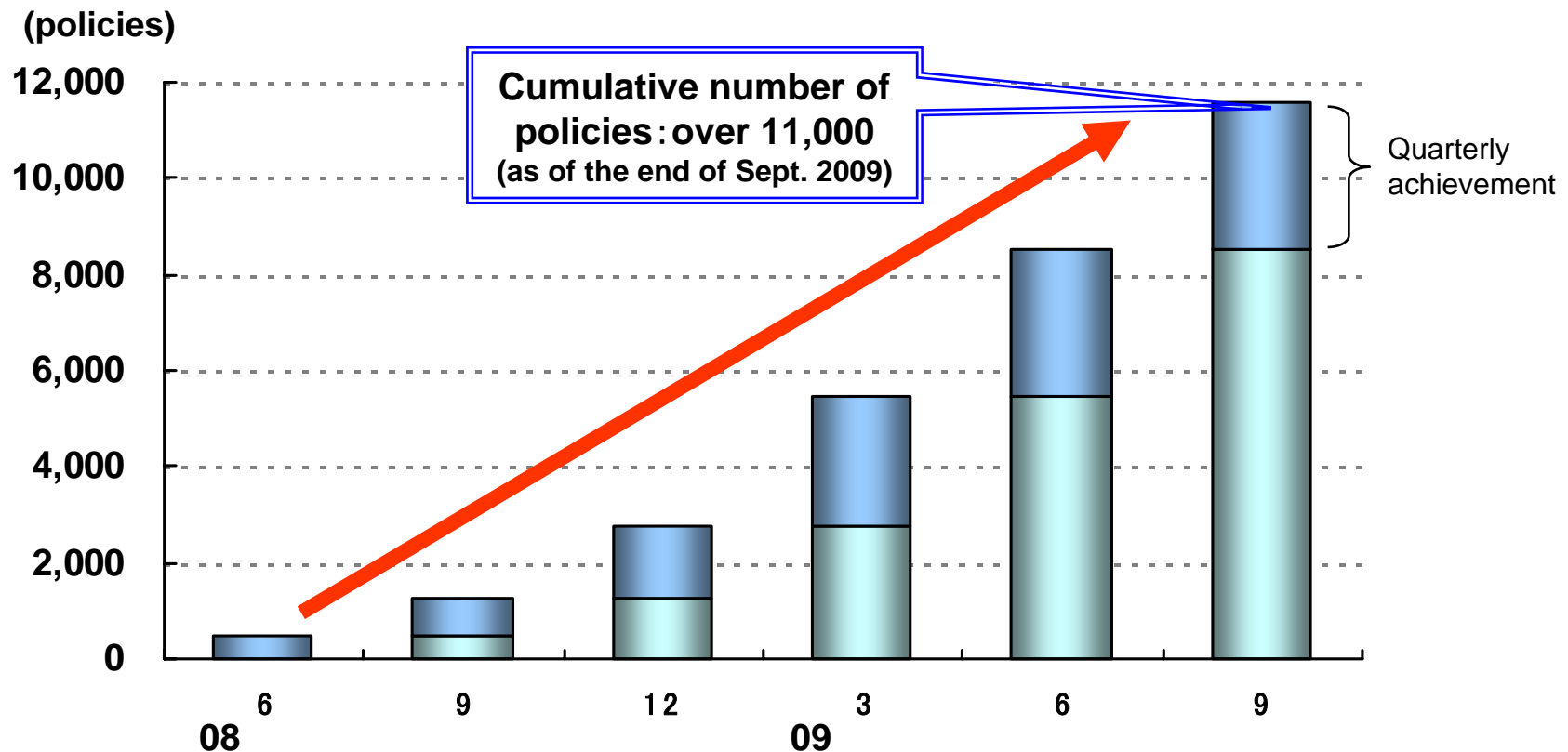
(\*actual achievement in 1H FY09)

# The Number of Monthly Average Policies Written Jumped to Approx. 1,000

- Dramatically increased from 210 monthly average policies in 1H FY2008 -

Surpassed the average of the two leading direct insurance companies  
(Zurich: 666 monthly average policies, Sompo Japan DIY: 431 monthly average policies) \*

## SBI AXA: cumulative number of new insurance policies written



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

\* Average Figures of Zurich and DIY are calculated based on the disclosed material for FY08

# SBI AXA Life Assessed as Providing Lowest Premiums Based on Overall Offering



Weekly Economist special edition, Economist Money's article "A Comprehensive Comparison of Insurance Premiums", pointed out that SBI AXA Life's Kachitto term insurance when compared to 6 other firms' term insurance, was the least expensive on an overall offering basis.

For death payments over 20 million yen, the premiums are least expensive for the younger age group.

## Comparison of 6 representative "term insurances" which disclose detail information on the Internet

Company name		SBI AXA life insurance "Kachitto term insurance"*	Lifenet insurance	Orix insurance	Aflac	Alico Japan	CO-OP mutual
Monthly premium for term insurance with the death payment of 10 million yen (years old, yen)	30	1,530	1,328	1,840	2,380	3,370	1,700
	35	1,940	1,764	2,250	2,810	3,810	2,200
	40	2,690	2,580	2,980	3,600	4,640	3,100
	45	3,870	3,923	4,220	4,910	5,980	4,600
	50	5,620	5,898	5,960	6,690	7,790	6,900
	55	8,200	8,722	8,400	9,210	10,370	10,000

\*with a discount for high premium policies (more than 20 million yen)

Note: Compiled by SBIH from article from "Economist Money" Economist weekly special number published on October 19, 2009



# Housing and Real Estate Business

## **Fiscal 2009 First Half**

**(Six-months period ended September 30, 2009)**

**Operating Revenues: 12.6 billion yen (-47% YoY)**

**Operating Income: -0.6 billion yen ( - )**

### **Major consolidated subsidiaries and affiliated companies**

- **SBI Holdings (Business Div.)**
- **SBI Life Living** (changed its corporate name from LIVING Corporation on July 1)
- **SBI Mortgage**
- **CEM Corporation**

#### **Notes:**

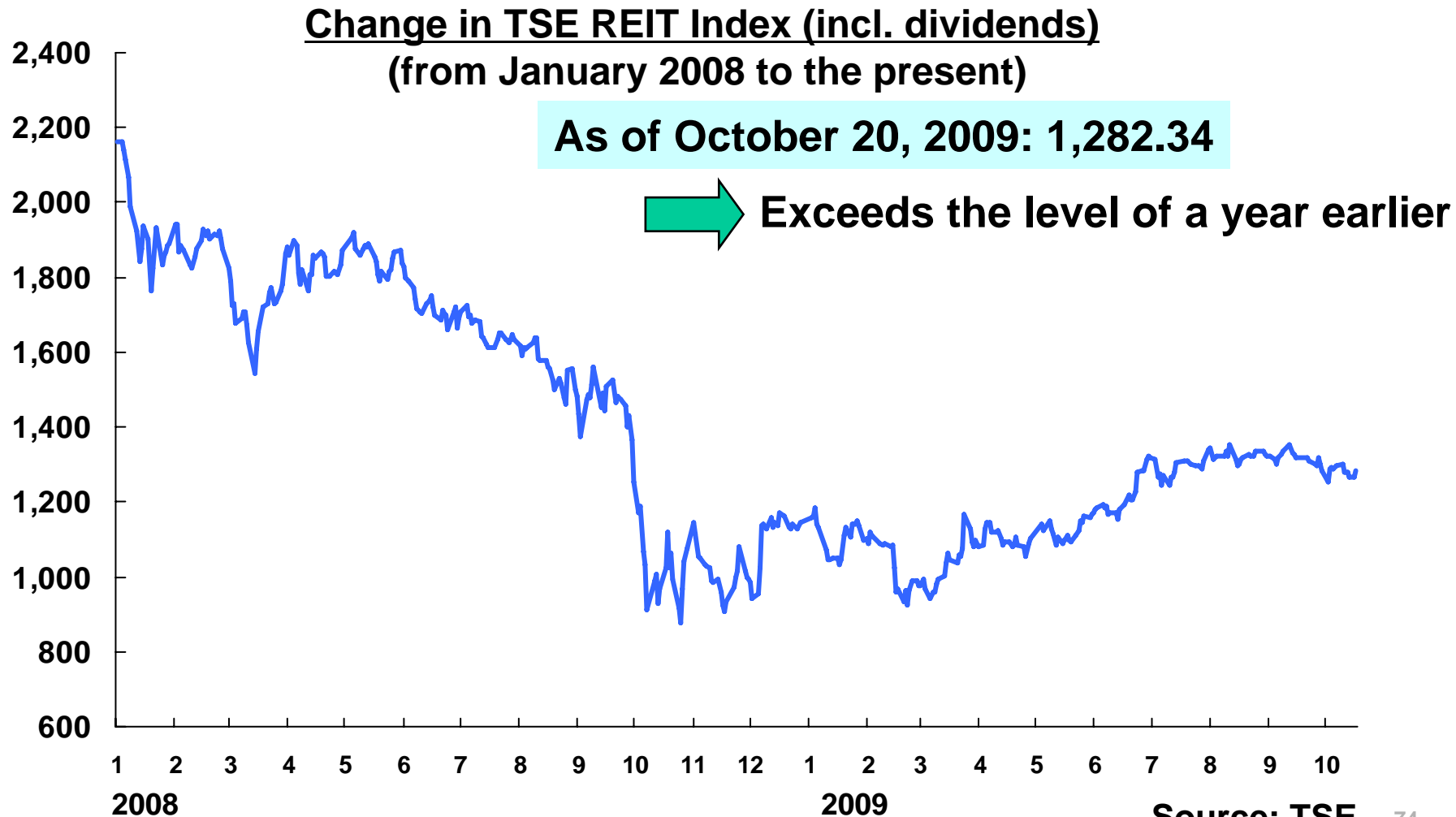
1. The above figures were calculated using the new accounting standard (with fund consolidation) for each segment.
2. The above figures do not include eliminations for consolidation and the deduction of corporate expenses.
3. Rounded to the nearest 100 million yen.

# Highlights of Housing and Real Estate Business

- I. Japan's shrinking real estate market adversely impacted the performance of the Housing and Real Estate Business. The result was a **47% drop to 12.6 billion yen** in revenue YoY, and an **operating deficit of 0.6 billion yen**. Recorded valuation loss of 0.4 billion yen for real estate inventory (valued at 38.1 billion yen) , and provision of allowance for doubtful accounts of 1.4 billion yen as extraordinary loss after reaching a settlement with ZEPHYR Co., Ltd. regarding a lawsuit for a loan to that company. We plan to proceed sale of real estate properties collateralized against loans to ZEPHYR aftertime.
- II. In the Real Estate Business, sales and profits were down sharply from a year earlier, because transactions with the real estate funds and major buyers were poor due to the adverse financial environment and the shrinking real estate market. However, there are some signs of recovery in the real estate market, and properties will be sold taking the market forces fully into consideration . Currently, new investments are being carefully considered in accordance with the market condition.
- III. SBI Mortgage continues to offer the industry's lowest interest rate for "Flat 35", and has steadily increased its **loans outstanding to 582.5 billion yen** as of the end of September 2009, exceeding 500.0 billion yen in July 2009.
- IV. The search/comparison and intermediary websites, that were merged by SBI Life Living achieved consistent growth, recording operating revenues of 349 million yen and operating income of 135 million yen for 2Q FY2009 (three month), returning a profitability on a quarterly basis.

# Signs of Recovery in the Domestic Real Estate Market

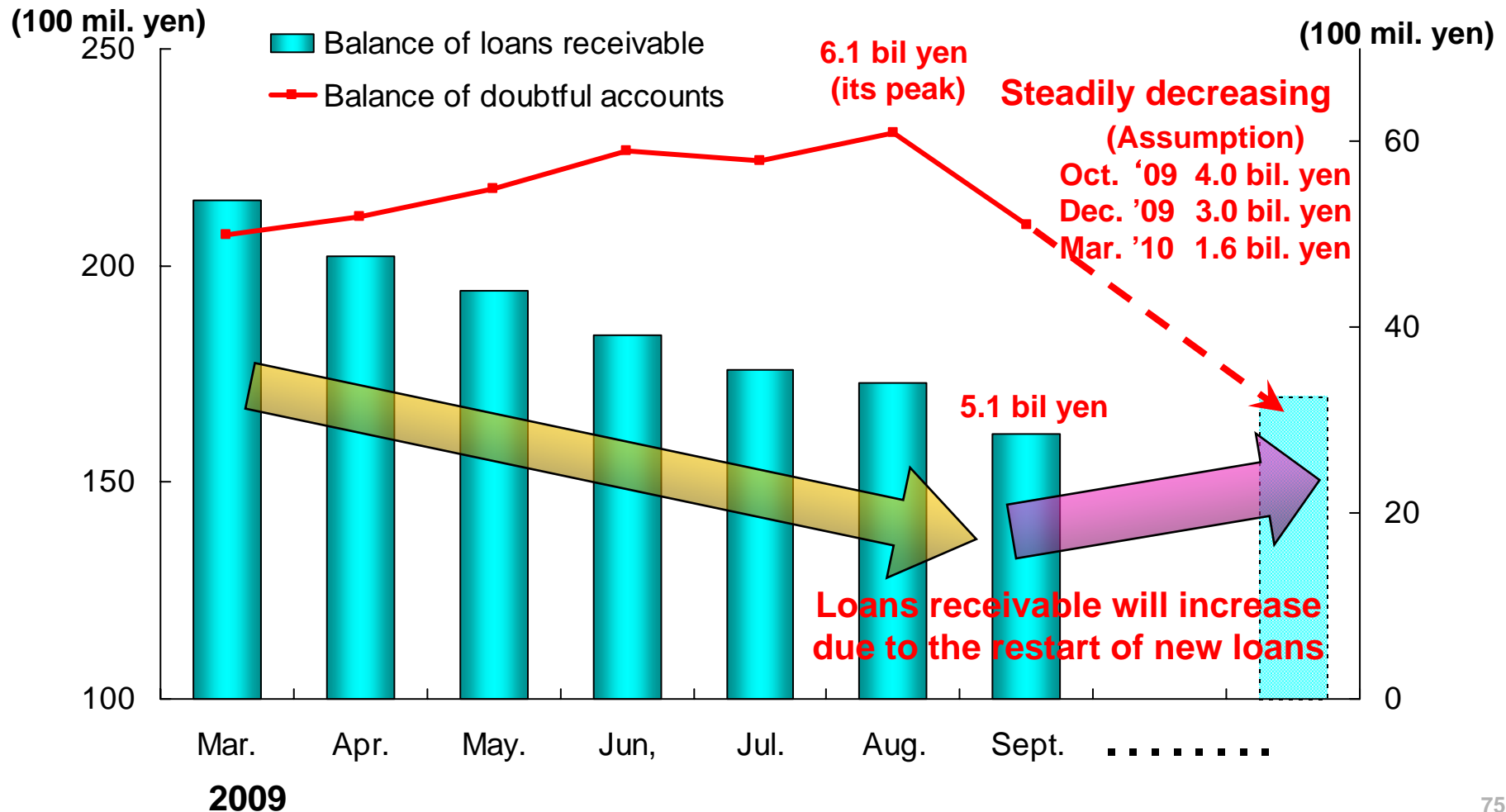
**Proceeding to sell real estate holdings  
upon a sufficient recovery in market conditions**



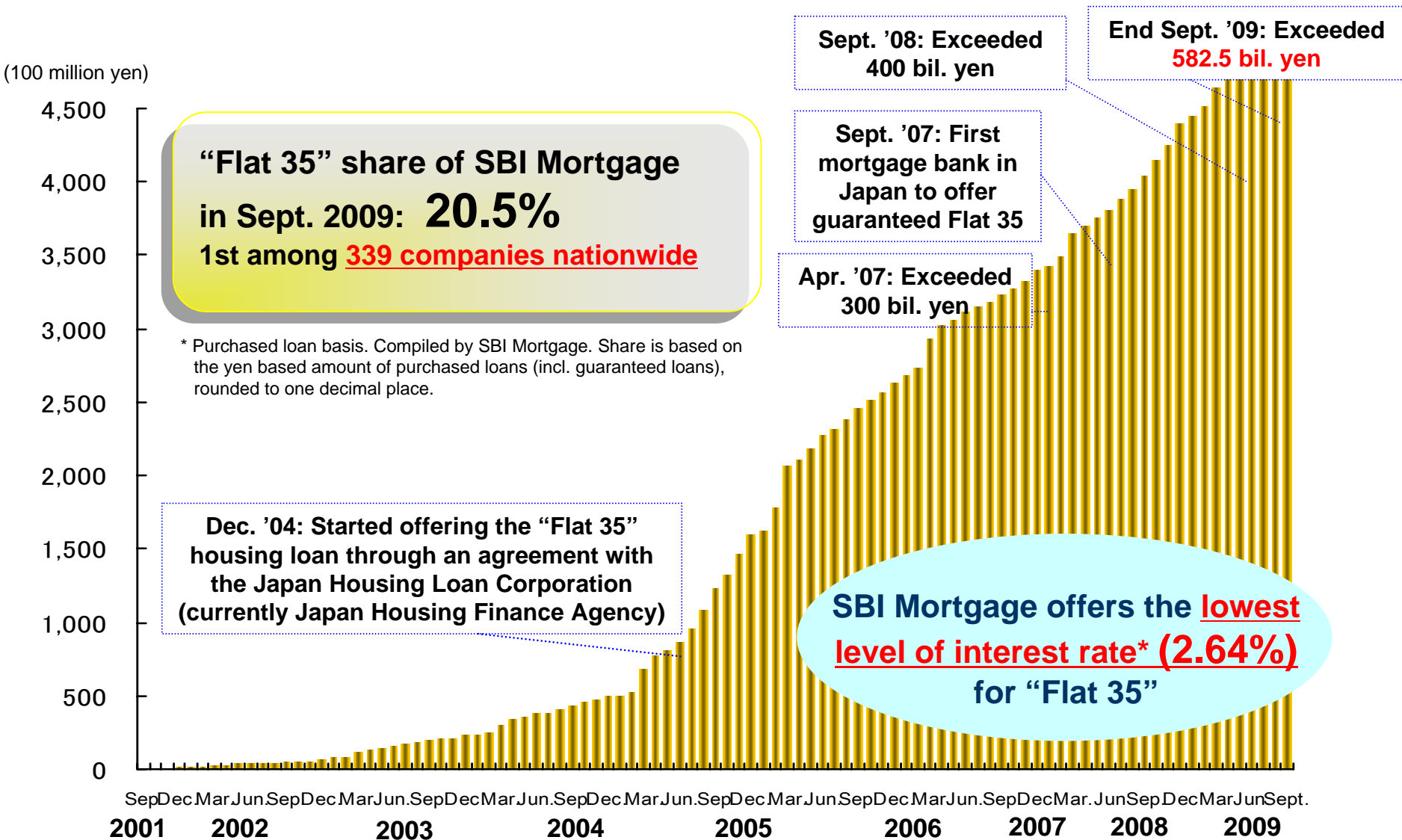
# CEM Corporation Successfully Promotes Collection of Doubtful Accounts

CEM Corporation, which conducts a real estate secured loans business, successfully promotes the collection of doubtful accounts, and aggressively increases new loans

## Change in number of loans receivable and doubtful accounts at CEM Corporation



## Change in Housing Loans Outstanding



(\*Interest rate is the lending rate for October '09 purchased loans)

### **(3) Continuous Reorganization of the SBIH Group for Further Management Efficiency**

# Continuous Reorganization of the SBIH Group for Further Management Efficiency (1)

## Making a wholly owned subsidiary

### **SBI Futures**

As the domestic commodity futures market continues to shrink and the business environment continues to dampen, SBIH will discontinue its commodity trading brokerage business on July 31, '09, and will make SBI Futures, a wholly owned subsidiary through a stock exchange on August 1, '09 (effective date).

## Sales

### **SBI Card Processing**

Separated the card processing business due to its insignificance in the SBIH Group's business portfolio, and reached final contract of its sale to Silverlake Axis Limited, which was a joint partner (October 6, 2009).

## To achieve business efficiency

### **Intechstra (formerly SBI Intechstra)**

Intechstra conducted the allocation of new shares to Nihon Unisys, which made it a subsidiary on August 24. SBIH continues to own 45% of its shares.

# **Continuous Reorganization of the SBIH Group for Further Management Efficiency (2)**

**Transfer of business segment to an environment with higher growth potential**

## **SBI Life Living (formerly LIVING Corporation)**

**Transferred a part of SBIH Lifestyle Networks Business and Real Estate Related Businesses in order to establish an unique business model and diversify revenue source, that will also lead to an expansion of its business scope on July 1**

## **SBI Equal Credit**

**Plan to integrate SBI Equal Credit with SBI Card for further management efficiency through a combined operation of card related business.**



## **2. Efforts to Secure Earnings for the Second Half of FY2009 and Beyond**

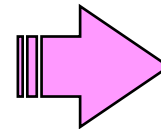
- (1) Bright Prospects for the Asset Management Business, and Transferring the Business Ecosystem Overseas**
- (2) The Brokerage & Investment Banking Business Continues to Steadily Increase its Customer Base Even Under Current Stock Market Conditions**
- (3) SBI Sumishin Net Bank Continues to Expect Significant Growth Over the Near Term**

# **(1) Bright Prospects for the Asset Management Business, and Transferring the Business Ecosystem Overseas**

# Expected IPOs and M&A Deals in Second Half of FY2009

The current quarter IPO and M&A outlook is that two more companies will be added to the list, for a total 14 companies. BJB Career Education Company, Limited, is expected to be IPO'd after November. The SBI BDJB China Fund, LP, which was established in February of 2008, has invested in this company, and the overseas funds that were recently established have been successfully involved in the incubation efforts.

	Forecast as of the end of the first quarter
IPOs and M&A deals *1	12



Forecast as of the end of the second quarter
14 (3 companies have already IPO'd or be merged in the first half)

## The third quarter: 7 companies

(expect 3 companies to IPO or be merged other than 4 companies below)

Oct. 23	D. Western Therapeutics Institute, Inc.	(JASDAQ NEO)
Nov. 10	Helixir Co., Ltd	(M&A)
Nov. 20	FOI Corporation	(TSE Mothers approved)
Nov.-Dec.	BJB Career Education Company, Limited	(NYSE applying)

## The fourth quarter: 4 companies

Note 1: includes 6 portfolio companies of New Horizon Capital, in which SBIH invests as a limited partner. 2 of 6 companies has already IPOed or merged in the first half, 2 companies are expected to IPO or be merged in the third quarter, and 2 companies in the fourth quarter.

Note 2: The estimated number of IPOs represents companies in the highest of five categories used to evaluate portfolio companies by SBI Investment's Investment Committee, which meets weekly. The IPO estimate represents the outlook of SBI Investment based on its own evaluations and is not a guarantee of the number of future IPOs. Past performance includes companies that have already been sold. <sup>82</sup>

# Performance of “New Horizon Fund I”

- Seven of the 10 companies are now public since its launch in May 2005.
- Accumulated total operating income was **9.4 billion yen** from the beginning through 2Q FY2009.
- Our shareholding represents unrealized profit of **approx. 5.6 billion yen**, and profits will be maximized by selling at the most appropriate timing.

Portfolio companies	Investment	Category	IPO / M&A (planned)	Capital Gain		
				End Mar.08	End Mar. 09	as of Oct. 28
Sichuan Meifeng Chemical Industry	9.8	A-Class share		63.7	26.4	22.9
Changsha Zoomlion Heavy Industry Science & Technology Development	2.6	A-Class share		144.6	66.6	74.5
China Printing &Dyeing Holding	-	IPO		0.2	-	※1 -
Yingli Green Energy Holding	-	IPO		4.5	-	-
Kingsoft	-	IPO		2.3	4.4	-
Goldwind Science and Technology	0.5	A-Class share		124.9	29.9	10.9
China Cord Blood Corporation	4.1	IPO		17.6	17.6	14.7
Jiangsu Ealong Biotech	2.5	Pre-M&A	2010	5.6	5.6	5.6
Shineway Group	20.4	Pre-IPO	2010	15.0	15.0	15.0
Cathay Industrial Biotech	12.0	Pre-IPO	2011	79.1	79.1	79.1
<b>Total</b>	<b>51.9</b>			<b>457.5</b>	<b>244.6</b>	<b>222.7</b>

(Unit: million US\$ )

IPO'd  
(market value)

Pre-IPO/M&A  
(estimated value)

bil. yen (approx.): (45.8) (24.0) (20.4)

【Received Dividend】<sup>\*2</sup> (Unit: billion yen) → 【Estimated Dividend after 3Q FY2009】 (as of Oct. 28, 2009)

Foundation – FY2007	FY2008	FY2009 1-2Q	FY2009 3-4Q	FY2010	FY2011	Total Estimated Dividend after FY09 3Q
0.9	6.1	3.2	4.6	2.8	3.0	10.4

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

\*1 in the course of liquidation

\*2 sales amount after deduction of expenses associated with sales. Estimated dividend has been reduced due to the occurrence of success fee payment for the general partner.

## New Horizon Capital (“New Horizon Fund II”) is Also Expected to Perform Exceptionally Well

Of the 14 companies in the New Horizon Capital portfolio, 2 have already exited. 7 other companies are planning to go public, or to be merged in this or the next fiscal year.

### Already Exited: 2 company

Company name	IPO / M&A	Date
GCL	M&A	June 2009
<b>New</b> BBMG	IPO	July 2009

### Planned to Exit: 7 companies

\* Below are the estimation as of October 20, and are subject to change over time

Company name	IPO / M&A	Date
New Century	M&A	2009
Meihua	M&A	2009
Navinfo	IPO	1Q FY2010
YuHeng	IPO	2Q FY2010
Rong Sheng	M&A	2010
<b>New</b> Sunac	IPO	1Q FY2010
<b>New</b> Sinovel	IPO	2010

**In October 2009, reached final contract to invest 40 million USD (10% of the total investment amount) in “New Horizon Fund III”**

# Management Situation of Other Overseas VC Funds

One portfolio company of Peking University Fund, which was established in February 2008, plans an IPO



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

## • Peking University Fund :



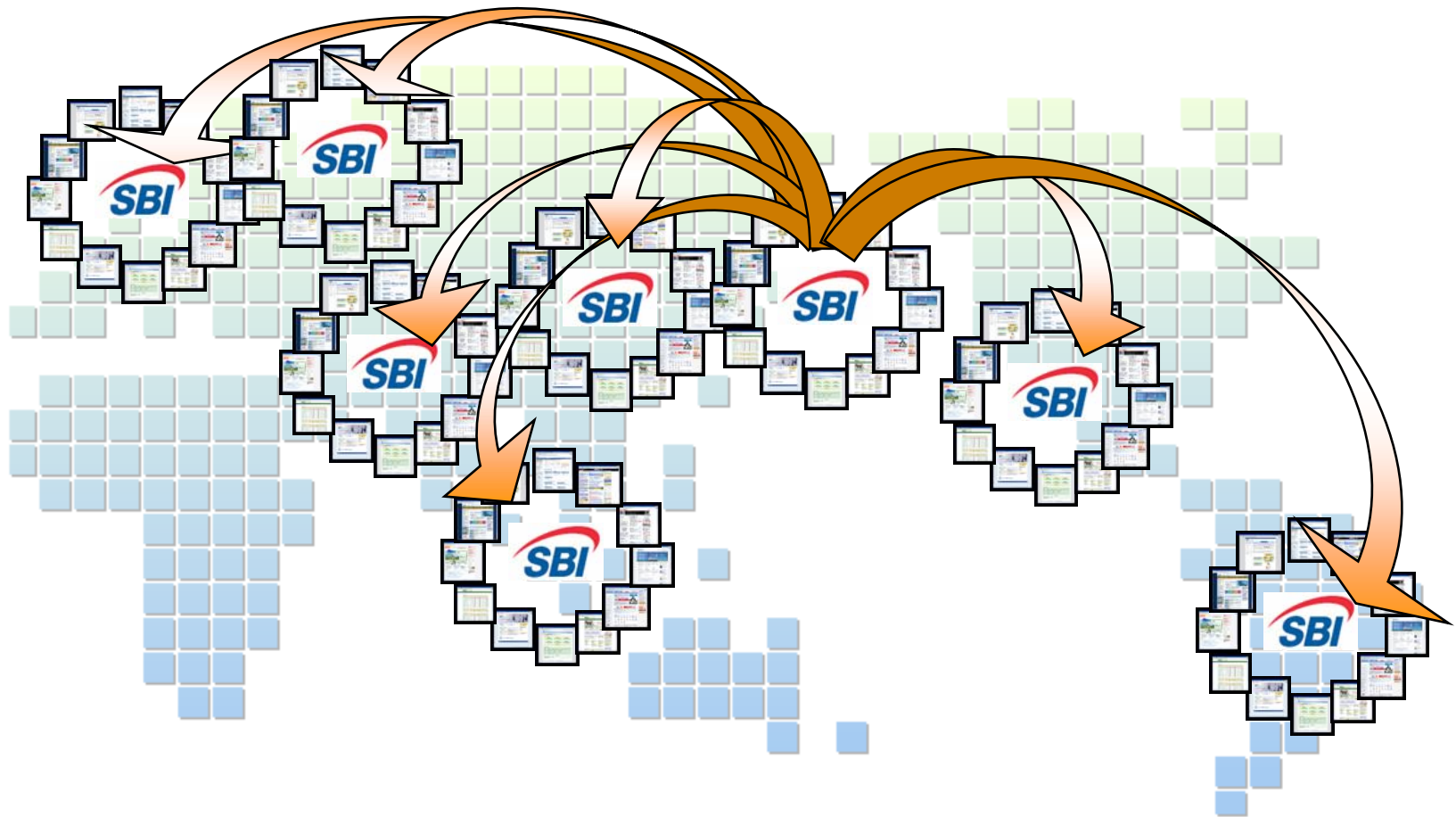
One portfolio company ([BJB Career Education Company, Limited.](#)) of joint fund, which was jointly established with Beida Jade Bird in February 2008, [plans to go public in late November](#)

## • South Korean Fund:



In September '09, [approved to establish a target fund \(with 50 bil. KRW\)](#) by the South Korean Financial Supervisory Service, and plan to complete investment in a savings bank

# Transferring SBIH Group's Internet based financial ecosystem to emerging markets in Asia and elsewhere, utilizing partnerships built through the establishment of overseas JV funds



# Asian Growth Power Accelerates SBIH's Rate of Growth

-Develop financial businesses along with fund management as the core business-



**SBI VEN CAPITAL PTE. LTD**

Singapore

## • China:



Plan to invest in major nonlife insurance company in China

## • Cambodia:



Phnom Penh Commercial Bank, which was launched in September 2008, recovered a cumulative loss for the fiscal year starting Jan. 2009, and became profitable for the fiscal year in April 2009.

## • Vietnam:



In August 2009, acquired a total of 20% shares of Tien Phong Bank in Vietnam by the issuance of new shares to increase capital

## • India:



Negotiating to establish a securities company in India as a joint venture with an Indian financial institution

## • Russia:



Negotiating on terms and conditions to an investment in a Russian bank, an affiliate bank of IFC METROPOL, which is SBIH's business partner in Russia

## • Sri Lanka:



Considering an investment in a Sri Lankan bank

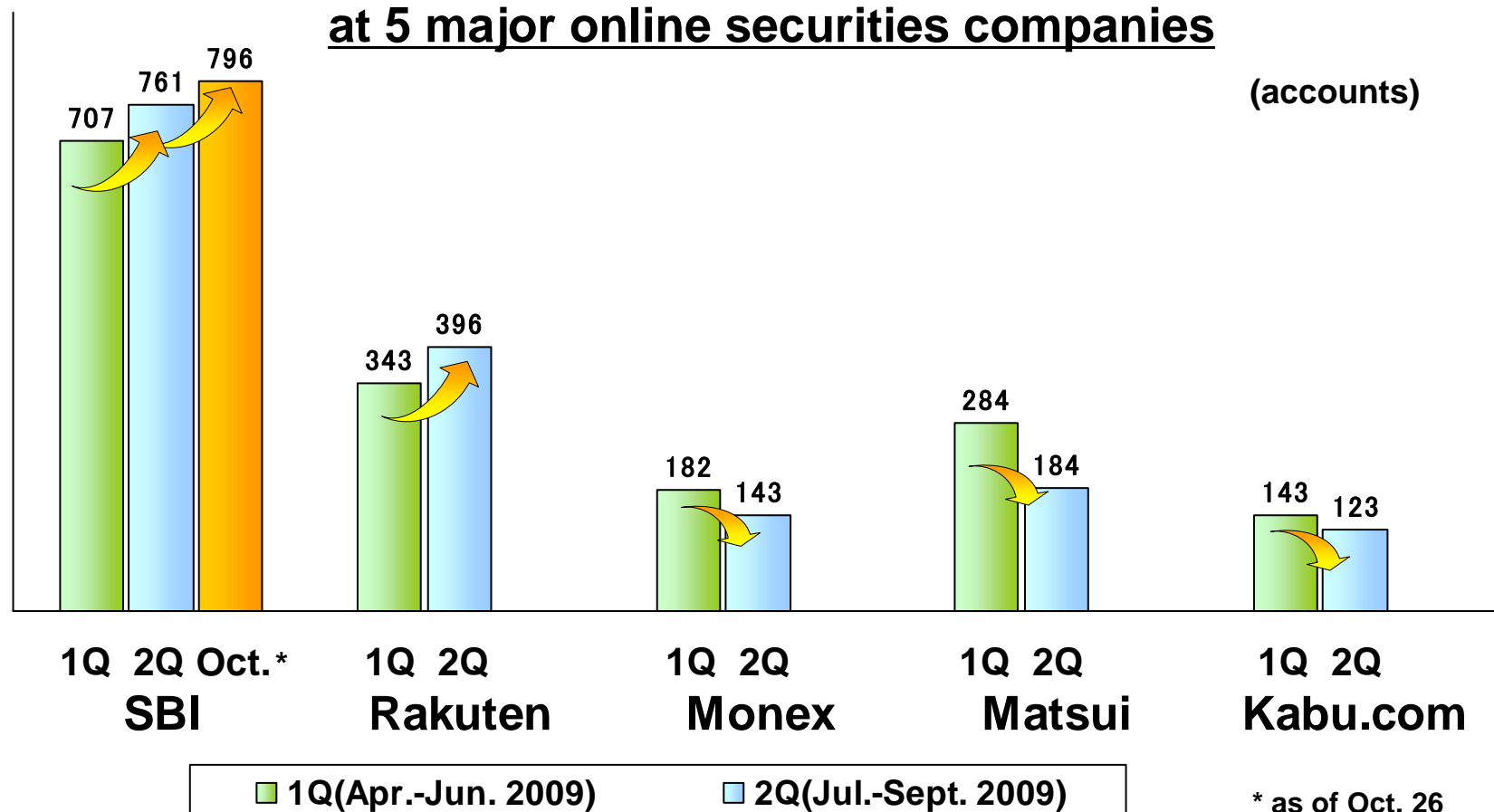


**(2) The Brokerage & Investment Banking  
Business Continues to Steadily Increase its  
Customer Base Even Under Current Stock  
Market Conditions**

# The Increasing Number of New Account Openings

The number of account openings at SBI SECURITIES continues to increase and exceed competitor firms, owing to its low commission rate and diversified products and services

## Daily average number of account openings at 5 major online securities companies



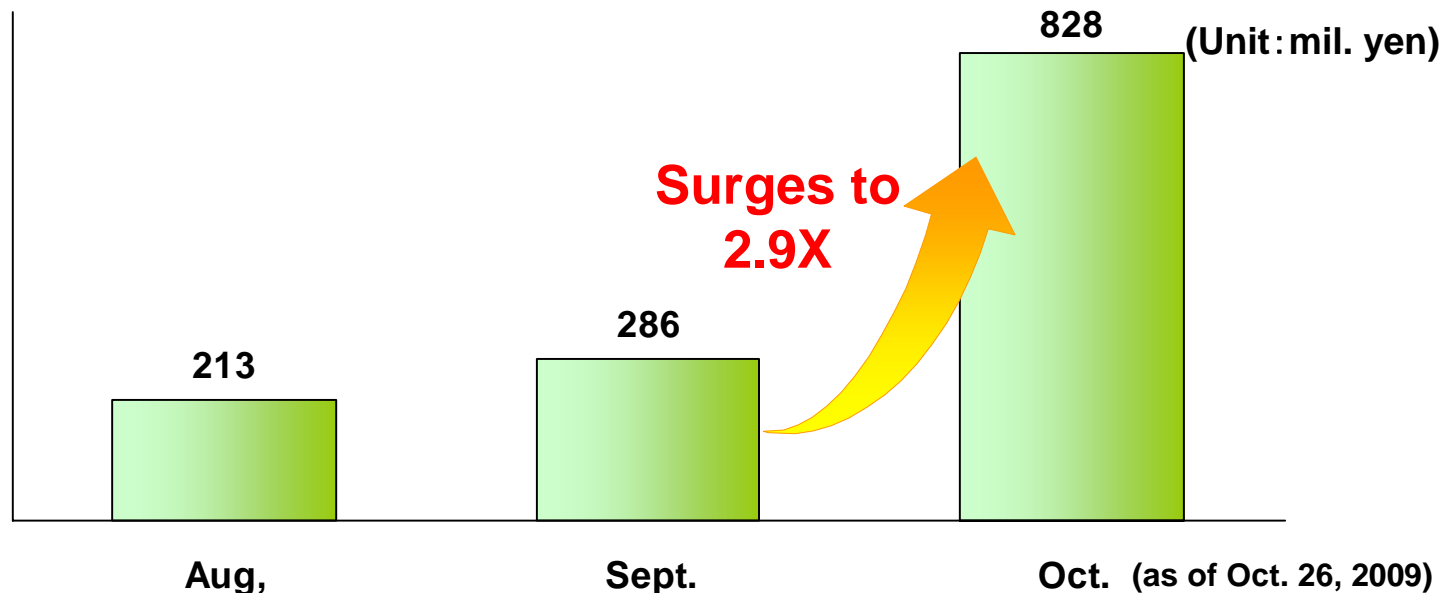
# Drastic Increase of Stock Inflow at SBI SECURITIES in October

## Nomura Holdings

Jan. 27, 2009: Announced the consideration of merging Joinvest Securities

Sept. 18, 2009: Formally announced the merger of Joinvest Securities on Nov. 23

## Daily average stock inflow of SBI SECURITIES (inflow - outflow)

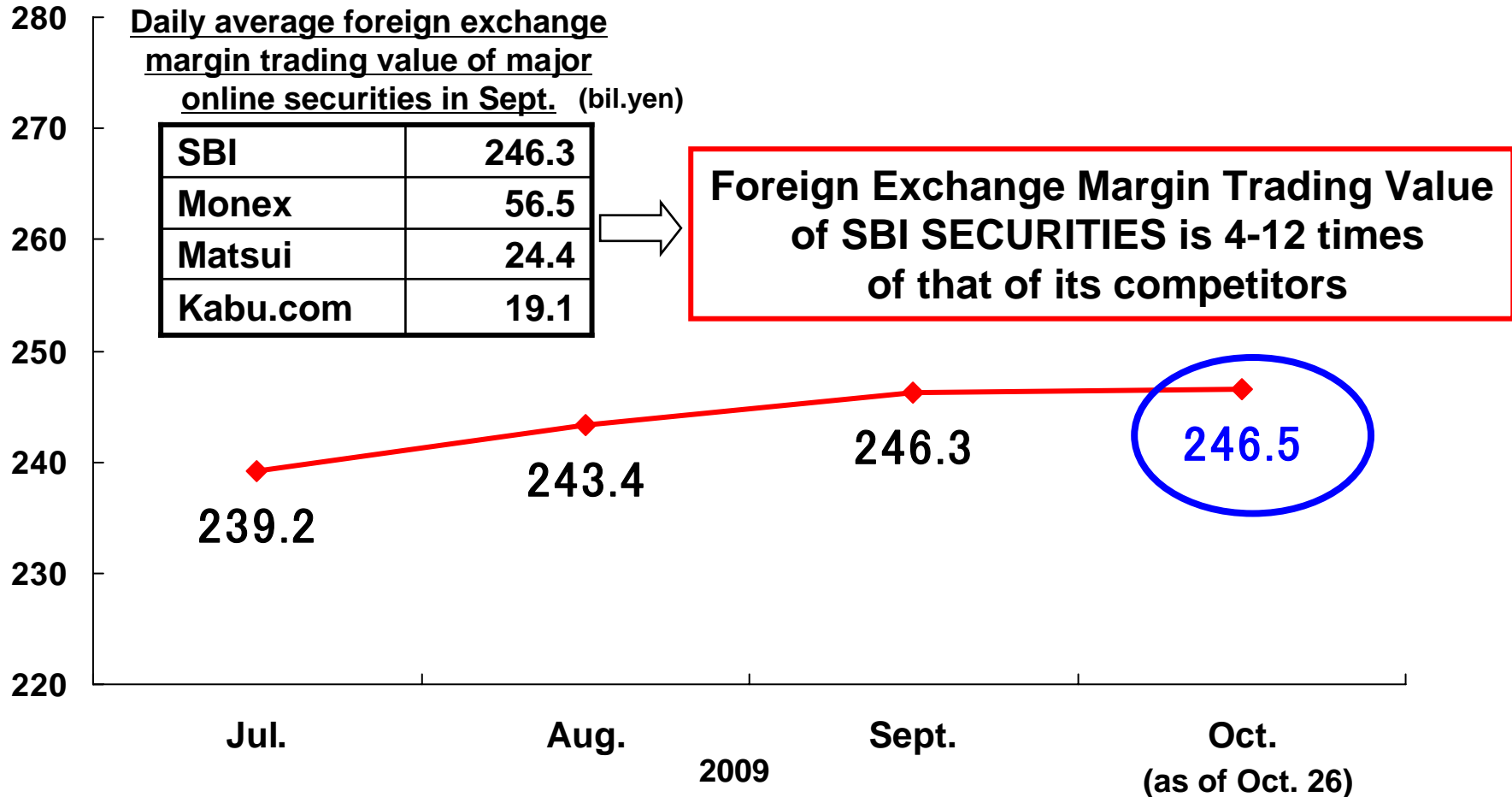


**SBI SECURITIES's lowering commissions in July was successful, and in October many customers of Joinvest Securities transferred their stock assets to SBI SECURITIES**

# Foreign Exchange Margin Trading Value at SBI SECURITIES Continuously Maintaining a High Level

Expansion of services utilizing SBI Liquidity Market increases trading volume at SBI SECURITIES to greatly exceeds that of its competitors

(unit: bil. yen)



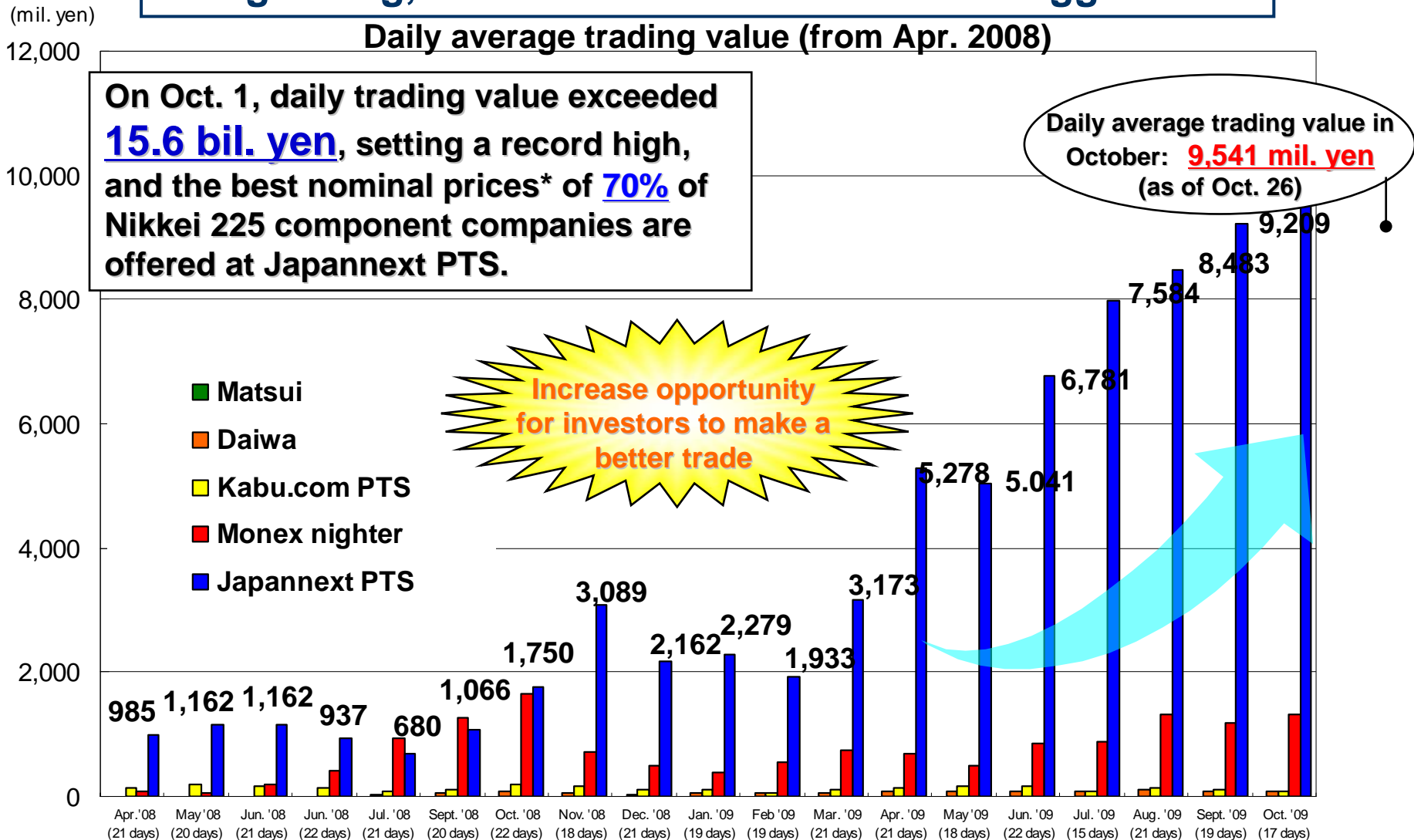
# Continuously and Steadily Increasing Trading Volume at Japannext PTS

The trading value in Japannext PTS has been steadily growing, while those at other PTS are sluggish.

Daily average trading value (from Apr. 2008)

On Oct. 1, daily trading value exceeded **15.6 bil. yen**, setting a record high, and the best nominal prices\* of **70%** of Nikkei 225 component companies are offered at Japannext PTS.

Daily average trading value in October: **9,541 mil. yen** (as of Oct. 26)



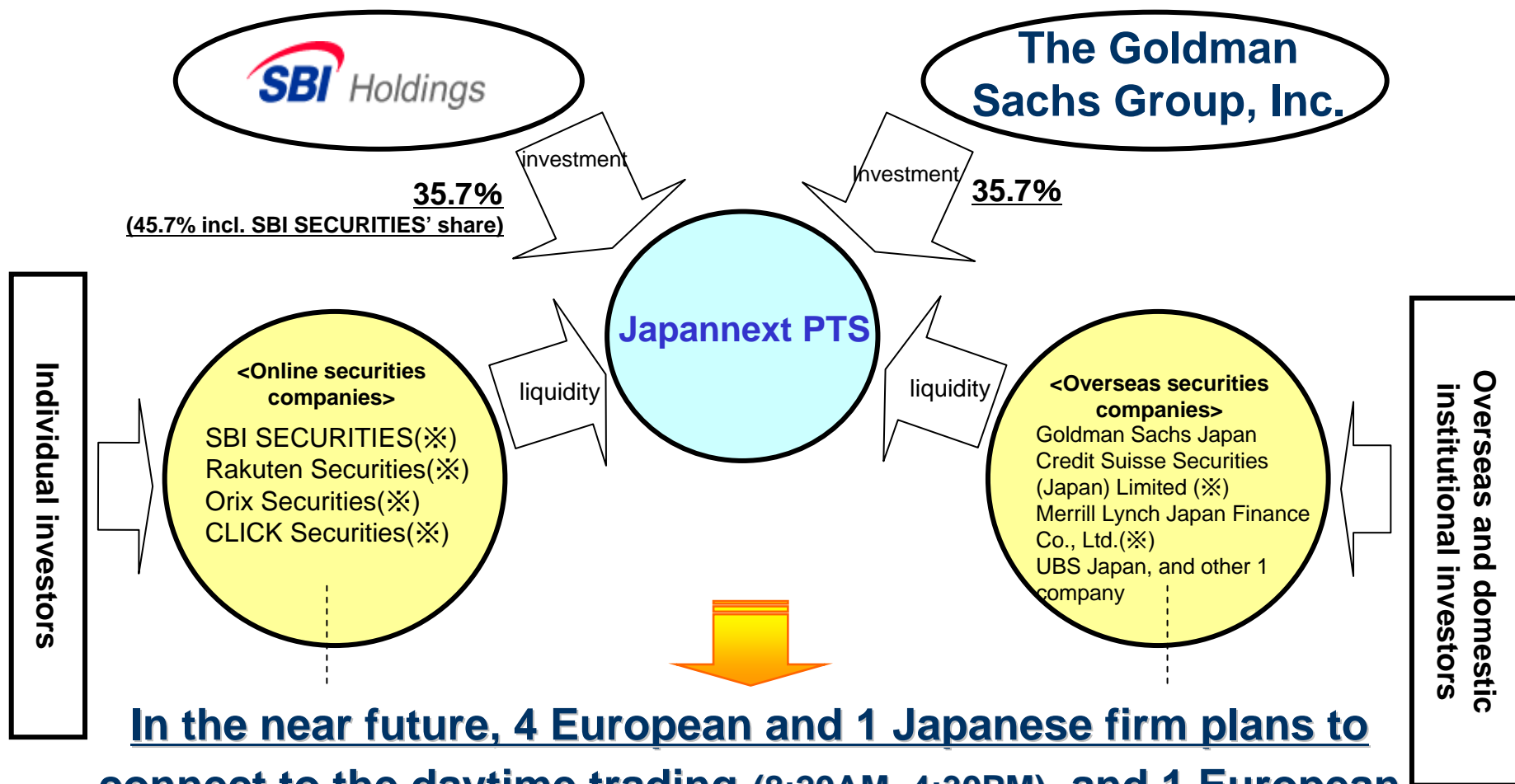
Note: 1. Trading value is based on information from each company's website, Japan Securities Dealers Association's website and Nikkei QUICK

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

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

# Increase in Trading Volume at Japannext PTS is Expected Owing to the Newly Connected Securities Firms

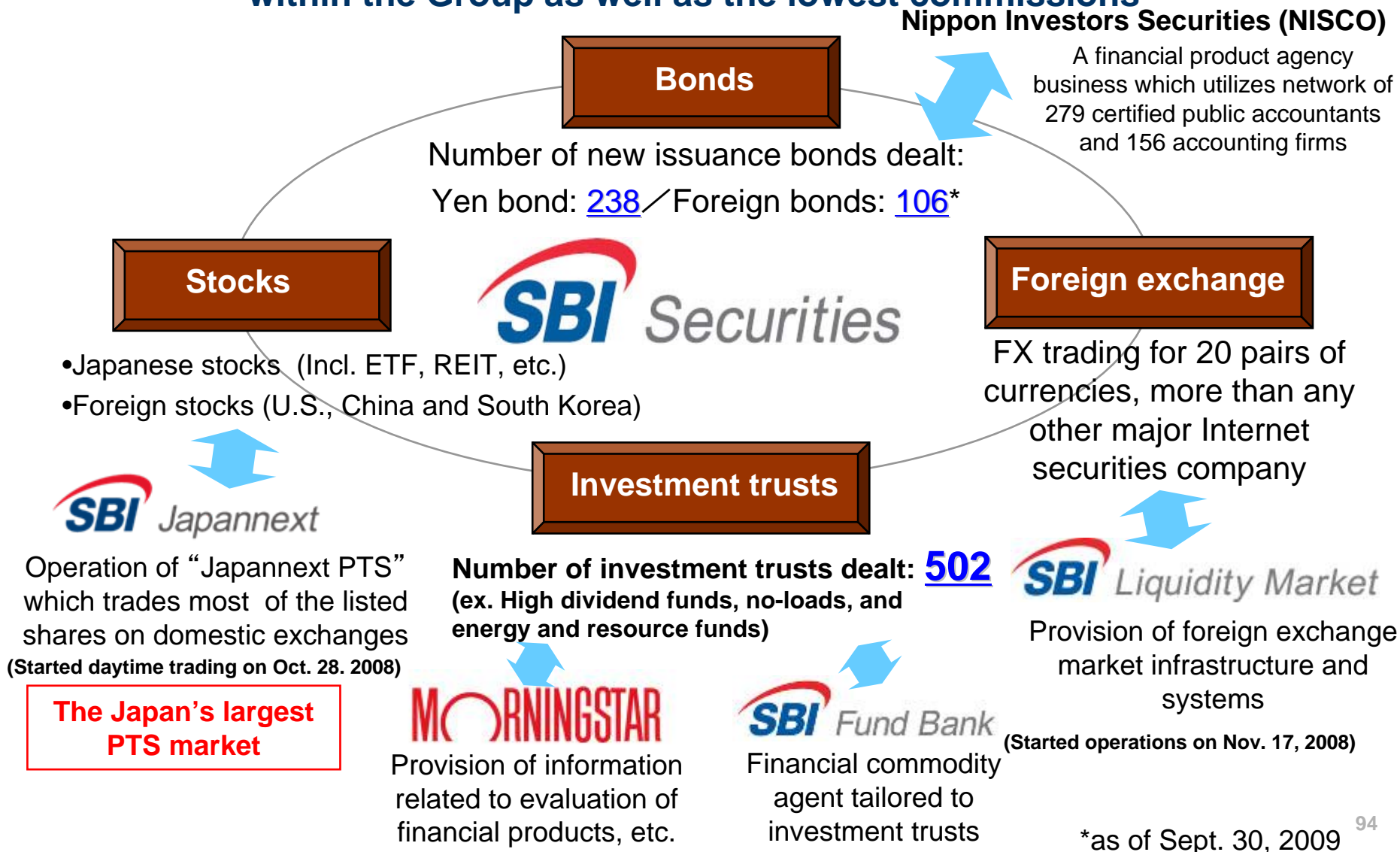
- Providing more trading opportunities to investors -



In the near future, 4 European and 1 Japanese firm plans to connect to the daytime trading (8:20AM -4:30PM), and 1 European firm to nighttime trading (7:00PM-11:59PM/0:30AM-2:00AM)

# Customer Acquisition Utilizing Advantages of Brokerage Related Services

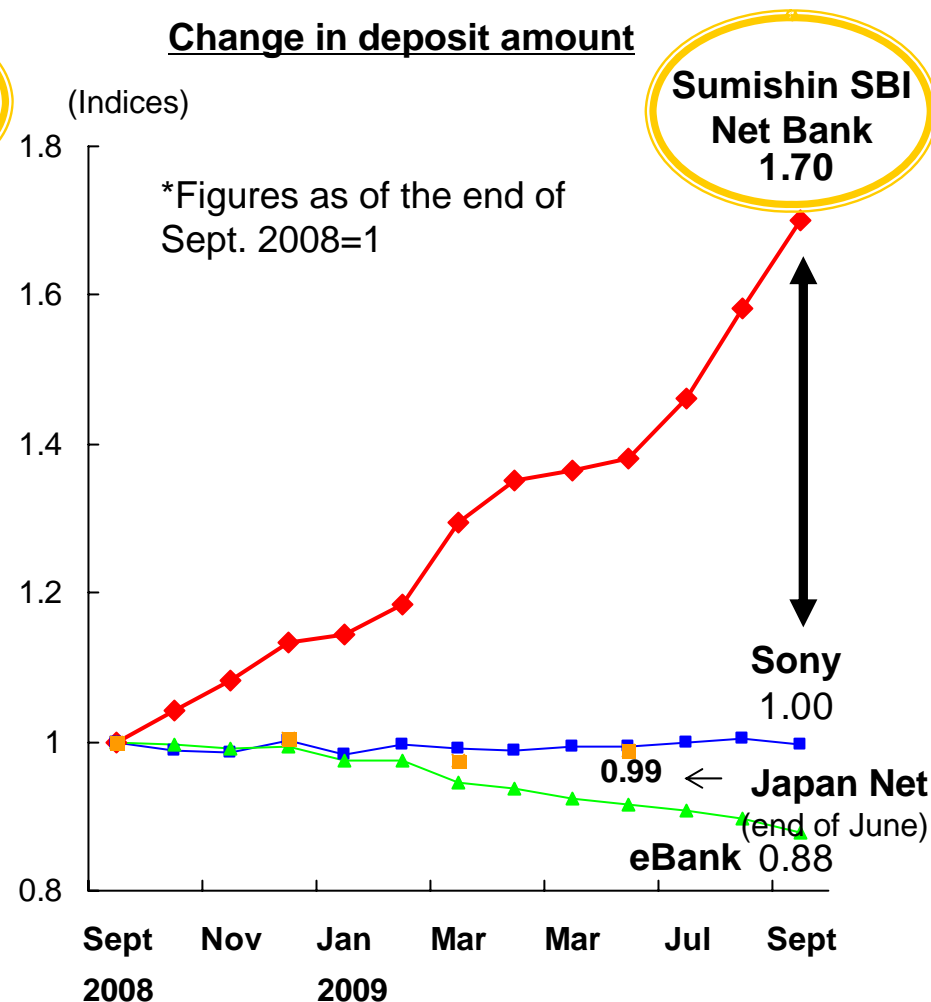
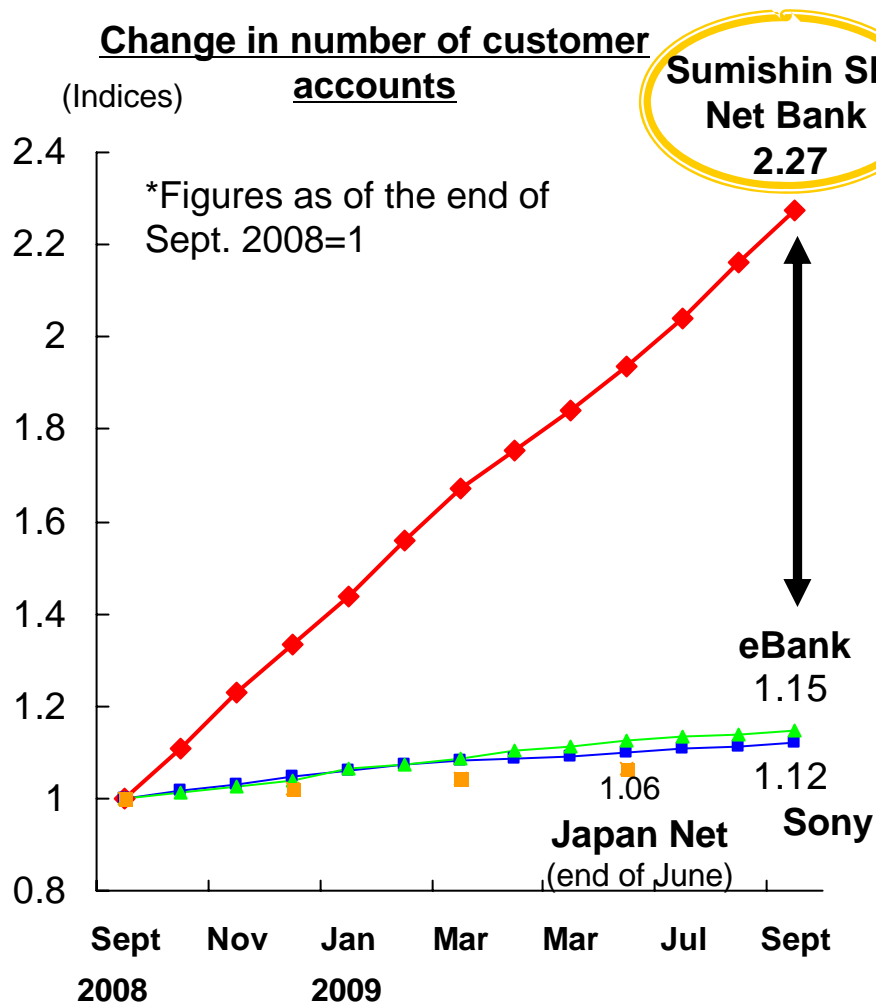
Plan to maximize SBI SECURITIES' customer base and profits through the utilization of brokerage related content within the Group as well as the lowest commissions



### **(3) SBI Sumishin Net Bank Continues to Expect Significant Growth Over the Near Term**



# Customer Base Development of Four Major Internet Banks in the Previous Year



**Number of customer accounts and deposit amount of Sumishin SBI Net Bank increased approximately two times from the previous quarter**

# Asset Management Expansion Plans

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

住信SBIネット銀行

 **SBI** Sumishin Net Bank

Accounts: 587,201  
Deposits: 844 bil. yen

(as of Oct. 25 \*advance report)

- **Housing loans**: accumulated total of housing loans outstanding topped 300 billion yen on Sept. 11, 2009
- **Auto loans**: provision of auto loan through SBI Auto Loan from Jul. 2009
- Asset management expansion through the utilization of **real estate secured loans**, **unsecured consumer loans** and **health care financing**

## <Future possibilities>

- Diversification of business and asset management by the integration of the securities business through interest rate swaps, CP underwriting, originating safe and high interest rate securitized products
- Utilizing asset management functions of the SBIH Group

### **3. The SBIH Group's Effectual Measures for Rapid Future Growth**

- (1) Expanding Services through Business Alliances with Companies in Various Industries for the Rapid Growth of New Businesses**
- (2) Expanding Face-to-Face Channels to Further Extend Customer Reach**

**(1) Expanding Services through Business Alliances with Companies in Various Industries for the Rapid Growth of New Businesses**

# SBI AutoSupport, a JV with Used Car Auction Sites Giant “JAA”, Increasing the Number of Registered Used Car Dealers



【Auto-related financial services】

・Auto Insurance:

SBI損保

・Auto Loan:

住信SBIネット銀行

SBI Sumishin Net Bank

70%



30%



**SBI AutoSupport Co., Ltd.**

Provide customers to get financial services through used car dealers

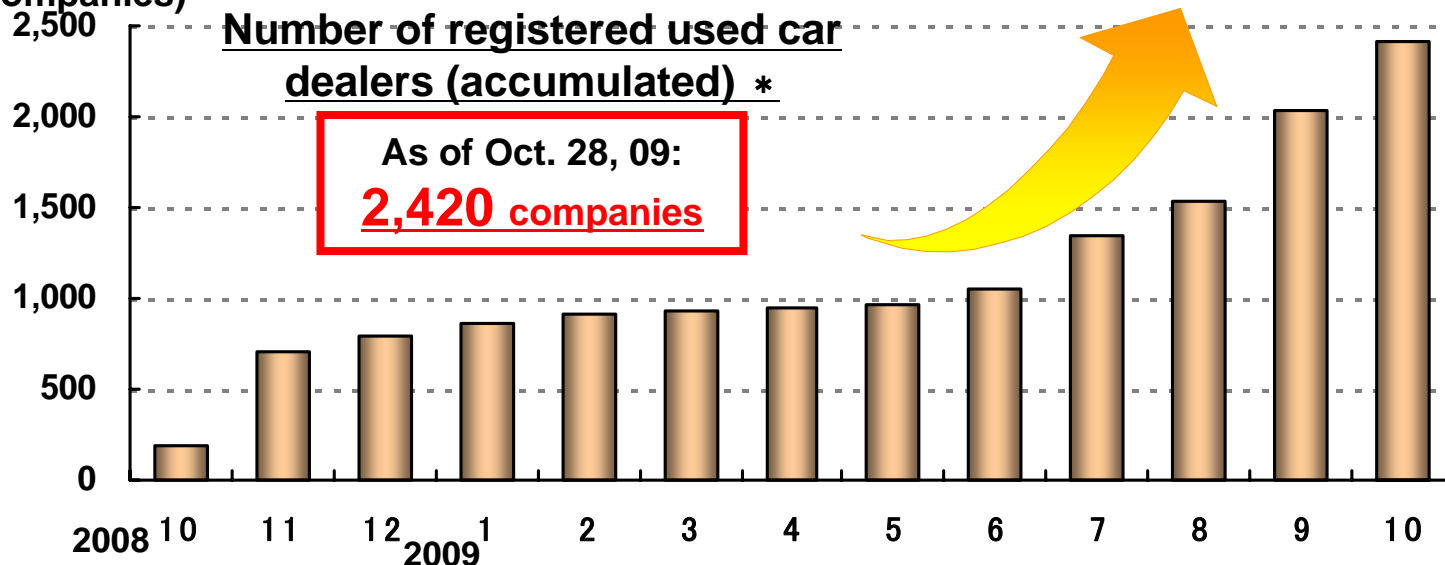
- Know-how of auction sites (Runs 3 domestic sites)
- Registered companies: more than 15,000
- Annual number of cars listed: approx. 700,000

**Used Car Dealers**

**Purchasers of Used Cars**



(Companies)



\* Total of insurance and loan.  
Auto loan started from July 2009.  
As of Oct., 28 2009.

# Business Alliance with DVD Rental Giant “GEO Group”

(Announced on Aug. 28, 2009)Holdings

## 【Establishment of a Joint Venture Company (plan to establish this autumn)】



51%



49%



### 【SBIH Group】

- Internet financial know-how
- Various financial products (insurance, bank, securities, credit card, etc.)

### SBI GEO Co., Ltd. (tentative name)

- Capital: 50 million yen (initial)
- Offering of the SBIH Group's financial services to the customers of the GEO

- 964 stores nationwide (including FC, as of Sept. 30, 09)
- Over 10 mil. registered customers

## 【Auto Insurance (SBI Insurance)】

- From July 2009, auto insurance have been offered and applications have been received at GEO stores (initially at 350 stores).
- Plan to offer other SBIH Group financial products and services in the future.

## 【Issuance of Credit Cards via Alliance with GEO (SBI Card)】

- Plan to issue credit cards to registered customers of the GEO Group (June 2010 target).

## 【Establishment of “SBI Money Plaza” at GEO Stores】

- Currently preparing to open its first shop.

## 【Provision of Settlement Function (SBI VeriTrans, SBI Sumishin Net Bank)】

- Plan to offer settlement function to the GEO Group's web channel.

# Business Alliance with Used Car Giant “Gulliver International”



**【SBIH Group】**

Various Financial Products:

Auto insurance, auto loan,  
credit card, lease, etc.

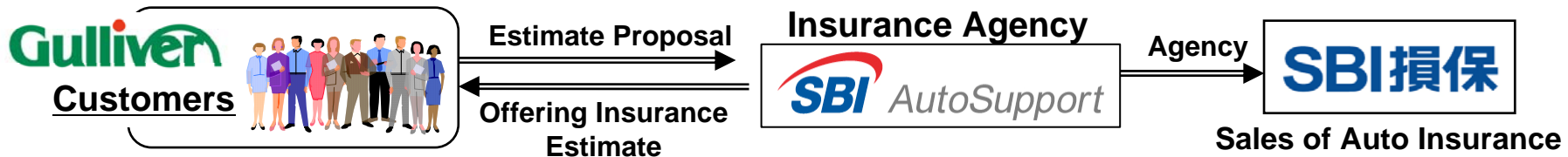


- 417 stores nationwide (directly managed and FC, as of Aug.31, 09)
- Purchasing approx. 250,000 used cars per year
- Selling used cars of approx. 40,000 used cars per year

## **【Auto Insurance (SBI Insurance)】**

- From Oct. 09, started to offer auto insurance to Gulliver's customers who purchased cars
- From Nov. 09, plans to offer insurance estimation based on the previous car information to customers who sell used cars

=> Enables customers to compare the current auto insurance premiums



## **【Auto Loan (SBI Sumishin Net Bank)】**

- Plan to offer auto loans to the Gulliver Group customers

## **【Credit Card (SBI Card, SBI Servicer)】**

- Plan to issue credit cards via an alliance with Gulliver to customers of Gulliver
- Plan to do debt collection business for credit cards issued by the Gulliver Group

## **(1) Expanding Face-to-Face Channels to Further Extend Customer Reach**



# “Small-size” and “Community-based” as Key Components of SBI SECURITIES’ Marketing Strategies

Becoming the No. 1 retail securities firm including the face-to-face channel through the establishment of an agency network



SBI SECURITIES  
branches  
**23 branches**



SBI SECURITIES agencies  
(face-to-face financial  
intermediary)  
**75 bases**

NISCO

Networks of CFA, CPTA, financial planners

SBI Financial Shop

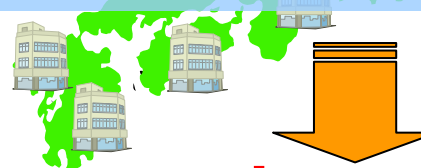
Operation of SBI Housing Loan shops  
etc.

Cross-sell (e.g. housing loans, insurances)  
in addition to the sale of financial products

Store development of SBI SECURITIES



Utilization of financial intermediaries  
such as NISCO, SBI Financial Shop

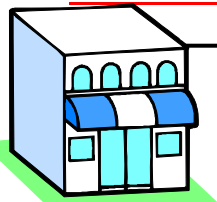


**Target number of bases in  
FY2009: over 150**  
(Incl. 23 branches of SBI SECURITIES)

# Expansion of SBI Money Plaza Utilizing SBI Housing Loan Shops

- Accelerate store opening of SBI Money Plaza mainly through the transformation of SBI Housing Loan Shops -

**Planning to open one hundred shops by the end of March 2010**



## SBI Housing Loan Shops Total 43 shops

Develop networks through agency formula  
Sale of housing loans such as "Flat 35"  
Loans outstanding as of the  
end of Sept.: 582.5 billion yen  
Many of the franchise owners were originally  
insurance agents  
**Almost all shops which started the operation  
more than a year ago became profitable**



**Construction or  
rebuild**



Develop a financial one stop service, which  
handles various financial products both  
within and outside of the SBIH Group

July 1	Kashiwa, Chiba *
August 3	Kawasaki, Kanagawa*
August 10	Ginza, Tokyo*
September 7	Tachikawa, Tokyo
September 28	Nagoya-station, Aichi

October 18	Machida, Tokyo
October 21	Jiyugaoka, Tokyo Nagoya, Aichi Fukuoka, Fukuoka
October 25	Numazu, Shizuoka Omiya, Saitama Kawaguchi, Saitama Hiroshima, Hiroshima
October 28	Kumagaya, Saitama Aomori, Aomori Fukui, Fukui Osaka, Osaka
November 1 (plan)	Funabashi, Chiba Chuo-ku, Niigata Yokohama, Kanagawa Kita-kyushu, Fukuoka Kumamoto, Kumamoto

**Already opened SBI Housing Loan Shop/SBI Money Plaza: **22 shops** (including planned)**

\*Direct management

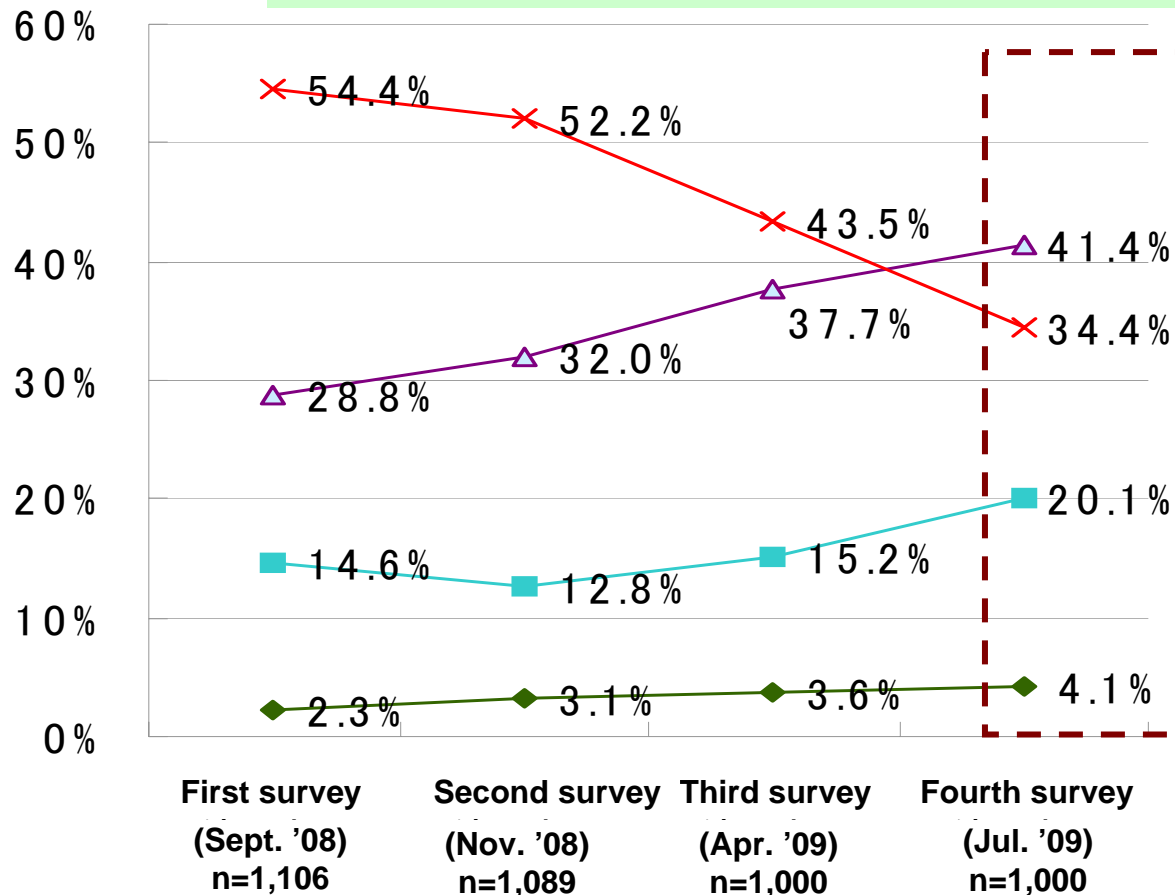
Note: The above list includes plans and is subject to change over time

# Reference Material

# Growing Visibility of the SBIH Group

## ◆ Do you know “the SBIH Group”?

**45.7% → 47.9% → 56.5% → 65.6%**  
(+2.2 pt.) (+8.6 pt.) (+9.1 pt.)



※ Visibility of the SBIH Group is growing

(①+②+③)

③ Have heard of the name

④ Never heard of

② Know roughly

① Know in detail

Survey method: online surveys utilizing “goo research”

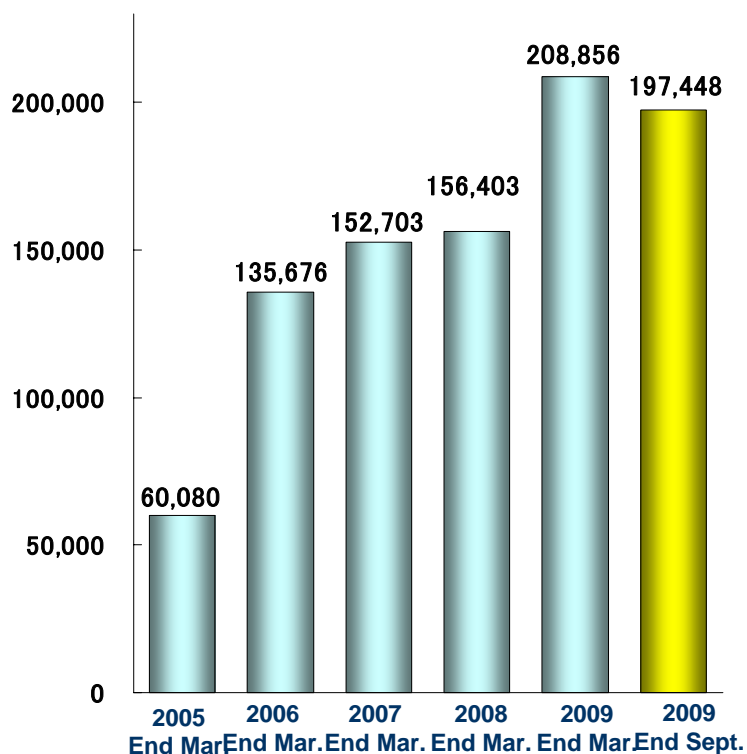
Survey period: the first (from Sept. 9 to 11, 2008), the second (from Nov. 26 to 28, 2008), the third (Apr. 13 to 16, 2009), and the fourth (from Jul. 1 to 3, 2009)

# SBI Holdings Shareholder Composition

Foreign investors' shareholding ratio remains high

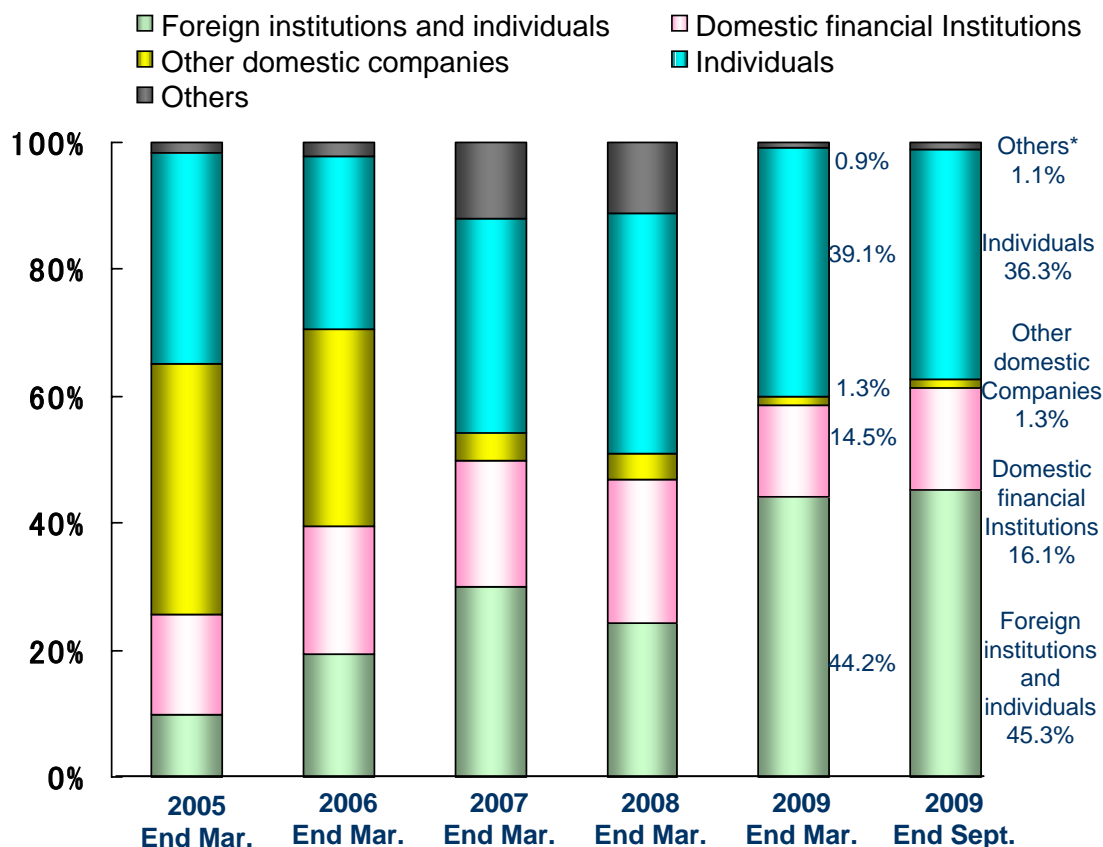
(44.2% as of the end of March 2009 → 45.3% as of the end of September 2009)

## Number of Shareholders



(including holders of less than one trading unit)

## Shareholder Composition



\*Others includes treasury stock (0.2%)

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