



*Strategic
Business
Innovator*

SBI Holdings, Inc. Financial Results

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

October 28, 2010

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

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

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

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

- 1. Consolidated Business Results and Review of Operations for the First Half of the Fiscal Year Ending March 2011 Amid a Weak Business Environment**
- 2. Progress on the SBI Group's "Brilliant Cut" Initiative**
- 3. The Potential of the Bio-Related Businesses as a New Business Field**

1. Consolidated Business Results and Review of Operations for the First Half of the Fiscal Year Ending March 2011 Amid a Weak Business Environment

Consolidated Performance for Half Year Period

The results are recovering after bottoming out in 2H FY2009

(Unit: million yen)

	FY2009	FY2010	YoY (%)	FY2009	
	1H (Apr.-Sept. 2009)	1H (Apr.-Sept. 2010)		2H (Oct. 2009- Mar. 2010)	Full year (Apr. 2009- Mar. 2010)
Operating Revenues	63,153	62,948	-0.3	61,388	124,541
Operating Income	*1, 2 3,752	*4 3,605	-3.9	*1, 2, 7 -320	3,431
Ordinary Income	2,012	*5 695	-65.4	-899	1,112
Net Income	*3 822	*6 686	-16.6	*8 1,527	2,350

- *1 SBI Card recorded a 1.5 bil. yen provision for allowance for doubtful accounts (of which 1.2 bil. yen is for loans of former SBI Equal Credit) throughout FY2009
- *2 SBI Card Recorded a 0.8 bil. yen provision for loss on interest repayment (of which 0.5 bil. is for loans of former SBI Equal Credit) throughout FY2009
- *3 Recorded provision for allowance for doubtful accounts for loan to ZEPHYR: 1.5 bil. yen
- *4 SBI Card Recorded a 0.7 bil. yen provision for allowance for doubtful accounts (of which 0.6 bil. yen is for loans of former SBI Equal Credit) throughout FY2009
- *5 SBI Korea Holdings recorded 0.67 bil. yen in foreign exchange loss on yen-denominated loans
- *6 HOMEOSTYLE recorded 1.0 bil. yen in extraordinary loss due to impairment of fixed assets, among other factors
- *7 Recorded allowance for losses on investment securities of 2.6 bil. yen (total invested amount) for KTIC Holdings shares which is equivalent to decimated value by the ex-management
- *8 Recorded an extraordinary gain of 0.8 bil. yen for the transfer of SBI AXA Life Insurance shares, and of 1.4 bil. yen for the transfer of Broadmedia shares

Operating Income by Segments for Half Year Period

Profitability in core segments has become well established even amid increasing uncertainty in stock market conditions, compared with the same period of the previous year.

(Unit: million yen)

	*1 FY2009	FY2010	Rate/amount of YoY change	*1 FY2009	
	1H (Apr.-Sept. 2009)	1H (Apr.-Sept. 2010)		2H (Oct. 2009- Mar. 2010)	Full year (Apr. 2009- Mar. 2010)
Asset Management	2,471	2,679	+8.4%	*6 72	2,543
Brokerage and Investment Banking	5,985	3,780	-36.8%	3,389	9,374
Financial Services	*2, 3 304	*5 435	+42.9%	*2, 3 -97	206
Housing and Real Estate	*4 -181	1,205	+1,387	1,054	872
Others	-1,104	-1,020	+83	-999	-2,104

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

*2 SBI Card recorded a 1.5 bil. yen provision for allowance for doubtful accounts (of which 1.2 bil. yen is for loans of former SBI Equal Credit) throughout FY2009

*3 SBI Card Recorded a 0.8 bil. yen provision for loss on interest repayment (of which 0.5 bil. is for loans of former SBI Equal Credit) throughout FY2009

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


*5 SBI Card recorded a 0.7 bil. yen provision for allowance for doubtful accounts, and SBI Credit, which became a consolidated subsidiary this 2Q, recorded a 0.14 bil. yen operating loss

*6 Recorded allowance for losses on investment securities of 2.6 bil. yen (total invested amount) for KTIC Holdings shares which is equivalent to decimated value by the ex-management

Results were Affected by the Yen's Sharp Appreciation

	Avg. in 1H FY2009 (Apr.-Sept. 2009)	Avg. in 2H FY2009 (Oct. 2009- Mar. 2010)	Avg. in 1H FY2010 (Apr.-Sept. 2010)	YoY Change	Change from 2H FY2009
USD/JPY	95.49	90.25	88.94	-6.9%	-1.5%
CNY/JPY	13.98	13.22	13.08	-6.4%	-1.1%
KRW/JPY(×100)	7.57	7.81	7.58	+0.1%	-2.9%

(e.g.)

- New Horizon Fund's contribution to operating income (First half): approx. 1.34 bil. yen
If the exchange rate had been stable in the past year, it would be: approx. 1.44 bil. yen*  **-0.1 bil. yen**

⇒affected operating income

- SBI Korea Holdings recorded **0.67 bil. yen** in foreign exchange loss on yen-denominated loans

⇒affected ordinary income



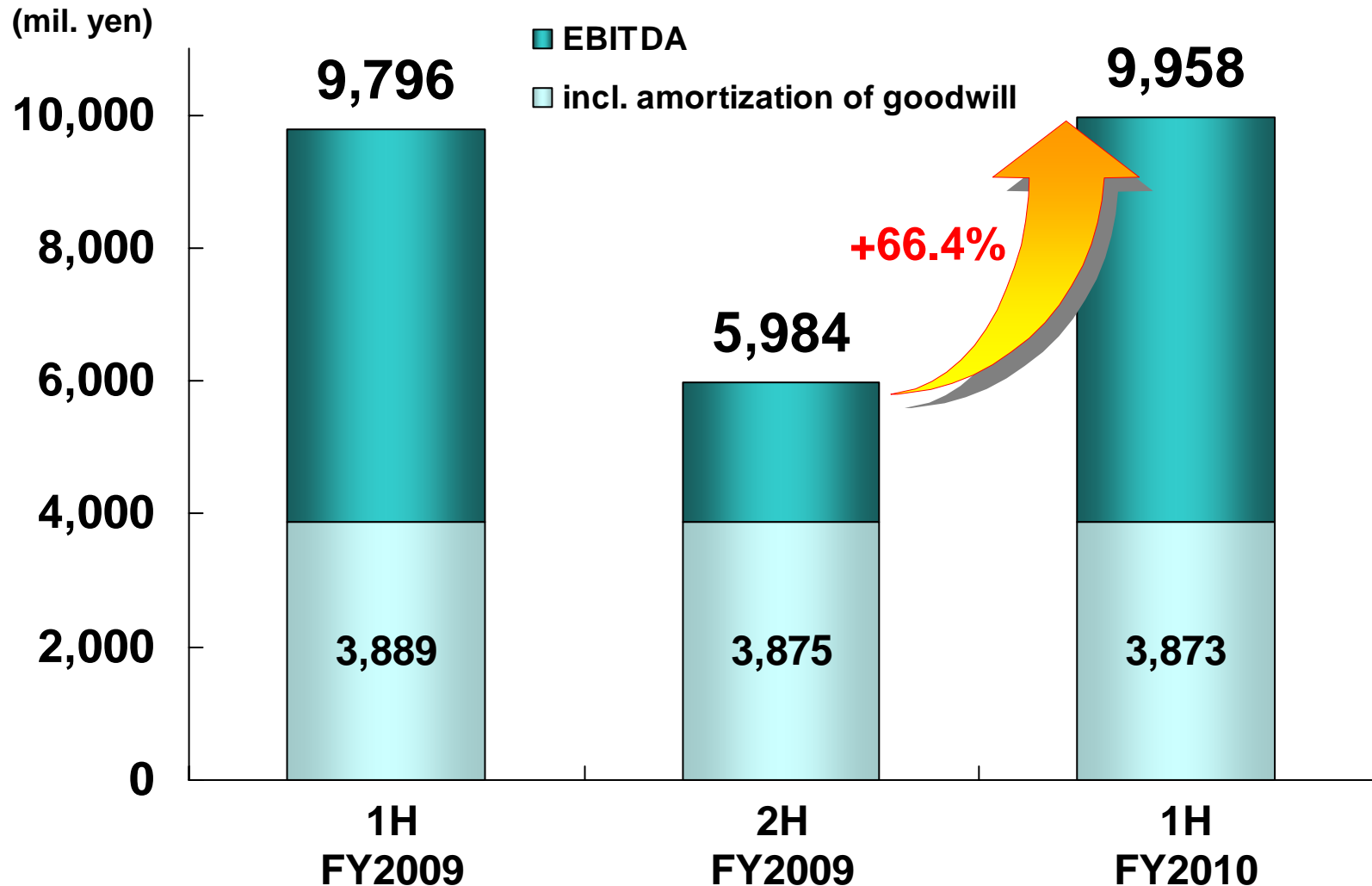
On the other hand, foreign investment costs were considerably reduced, owing to the strong yen

* Simple calculation based on average USD/JPY exchange rates in each period

Change in EBITDA

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

EBITDA for 1H FY2010 improved significantly to 9,958 mil. yen, up 66.4% from the previous period, although year-on-year increase was only 1.7%



[Review of Each Business Segment Amid a Weak Business Environment]

<Asset Management Business>

Fiscal 2010 First Half (Six months ended September 2010)

		(YoY)	(HoH)
Operating Revenues	10.5 bil. yen	-13%	+30%
Operating Income	2.7 bil. yen	+8%	+3,611%

- The number of new IPOs in Japan finished the first half of the current fiscal year at a low level, mostly unchanged from the same period last year.
In this context, however, 3 SBI portfolio companies have already conducted IPOs in overseas markets, and 1 portfolio company has achieved an exit through an M&A. Going forward, IPOs are projected to continue increasing overseas as well as in Japan.
- With a 1.3 billion yen contribution to operating income in the first half from the New Horizon Fund I, along with the success of aggressive investments into the high growth overseas markets, an operating profit was secured.
Together with the New Horizon Fund, there is an unrealized capital gain of 10.0 billion yen (as of October 27) for overseas funds in our equity interest.
- Investments were continued at a high level compared to others in the industry (37.1 bil. yen six-month cumulative total).

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

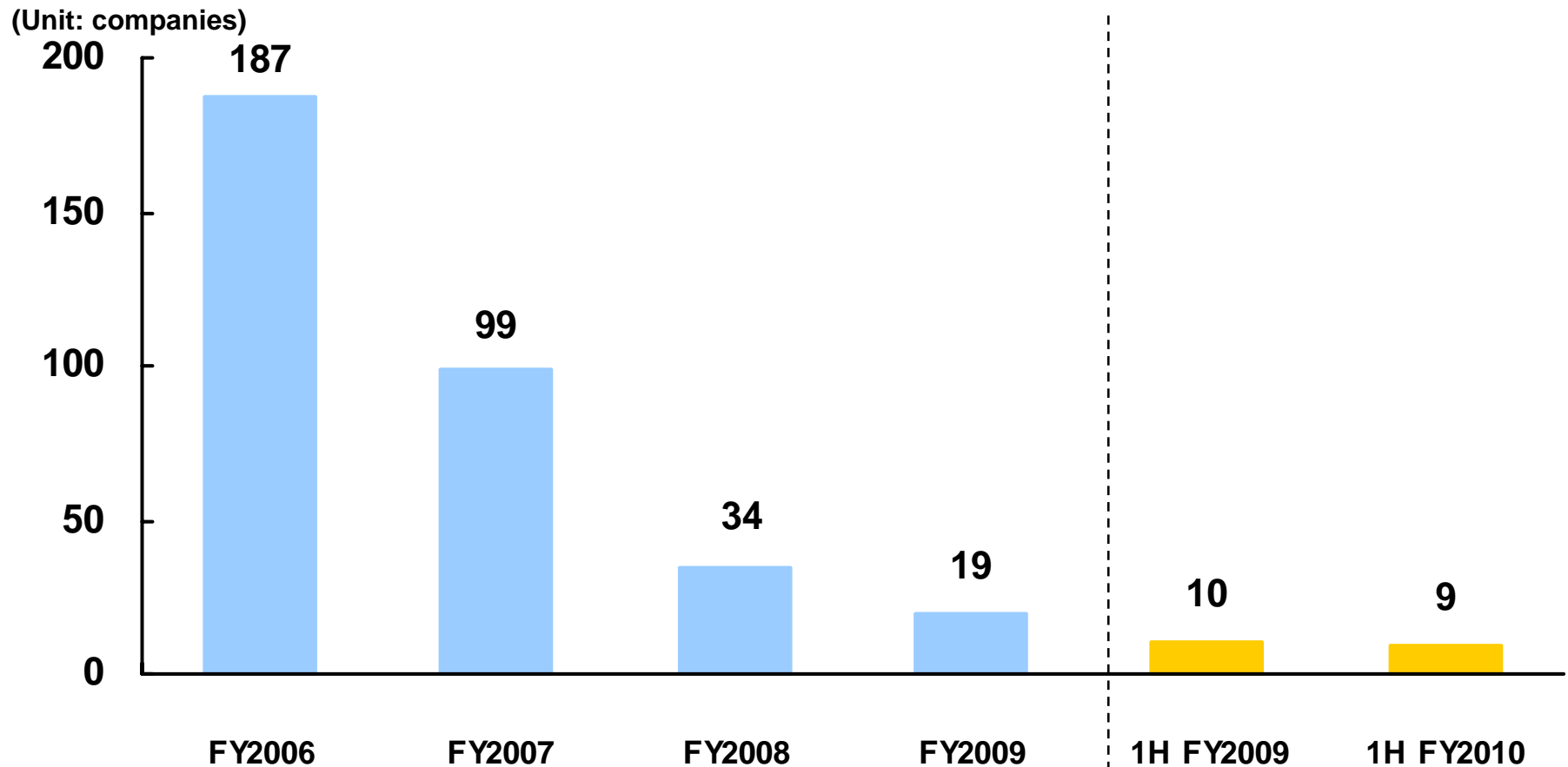
* Percentage changes YoY and HoH reflect the changes in business segment.

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

* Rounded to the nearest 100 million yen.

Sluggish Domestic IPO Market

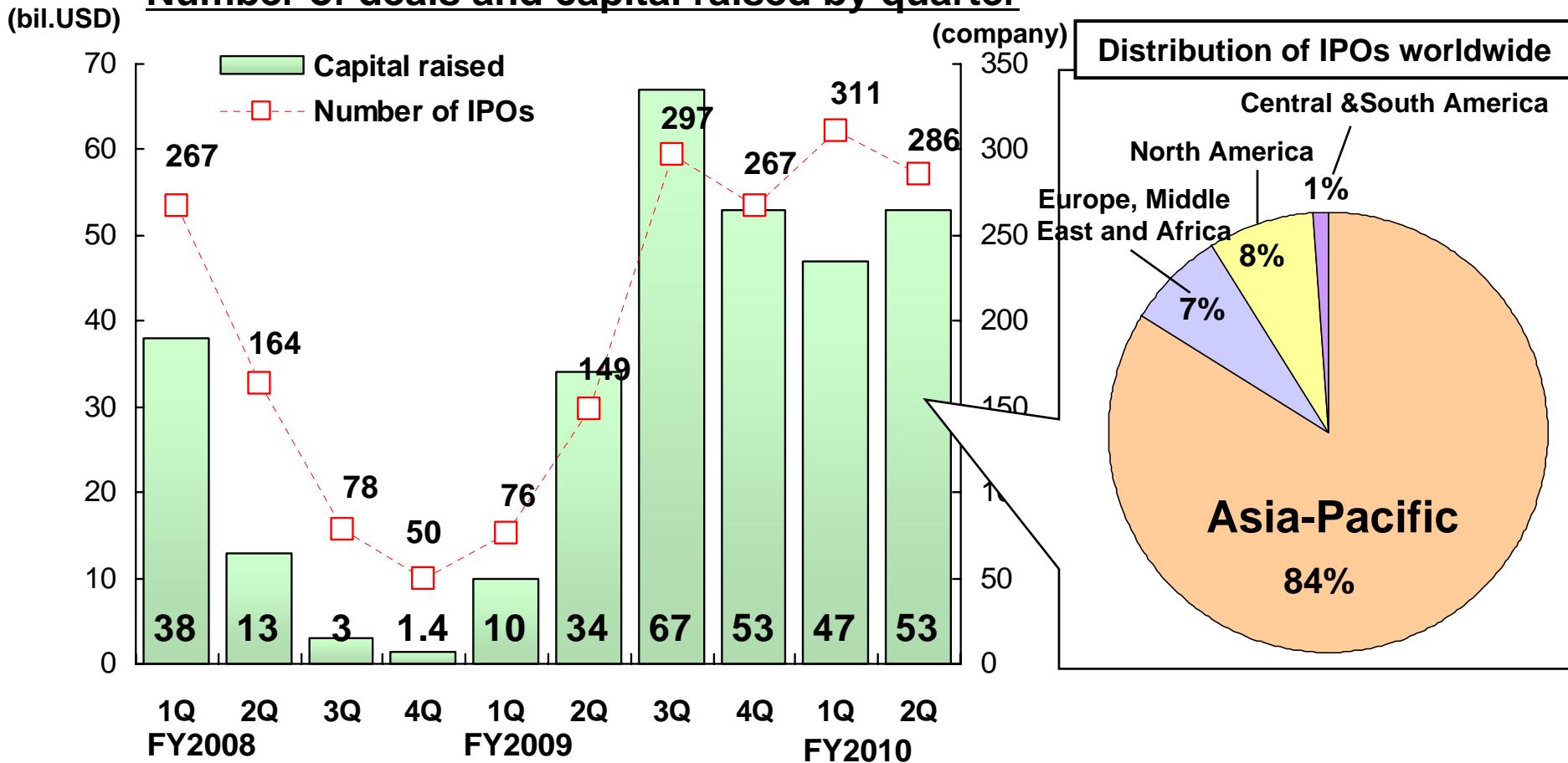
During FY2009, only 19 companies completed IPOs, which was much fewer than in FY2008. IPOs remained at a low level in 1H FY2010, with only 9 IPOs which is about the same as the previous year



Source: Stock exchanges in Japan

Global IPOs Remain Active, Especially in the Asian Region

Number of deals and capital raised by quarter



- Of the top 10 IPOs (by capital raised), 5 deals were from emerging countries
Also of the top 20 IPOs, 10 deals were from emerging countries
- 84% of all capital raised through IPOs are in the Asia Pacific Region

IPO and M&A Deals in the Asset Management Businesses

Without a dependence on the sluggish domestic IPO market, smooth exits in foreign stock markets are expected going forward

	Up to FY2008				* FY2009 Full year				* FY2010 Full year (forecast)			
IPO and M&A deals	113				11				19			
Breakdown	IPO		M&A		IPO		M&A		IPO		M&A	
	Japan	Overseas	Japan	Overseas	Japan	Overseas	Japan	Overseas	Japan	Overseas	Japan	Overseas
	60	31	8	14	4	1	1	5	0	14	1	4

By the end of 2Q, 4 companies below have already exited through IPOs or M&A

April 1	MEDICAMOBILE	(M&A)
May 18	Navinfo Co., Ltd.	(Shenzhen)*
June 23	Harbin Gloria Pharmaceuticals Co. Ltd.	(Shenzhen)*
September 11	Wisol Co., Ltd.	(KOSDAQ)

* includes portfolio companies (FY2009: 3 companies, FY2010: 5 companies) of New Horizon Capital, the second fund, in which SBIH invested as a limited partner.

IPO and M&A Deals Extends Globally

In 3Q, 3 companies below have already exited through IPO

	Company	Market (Country)	Fund
Oct. 7	Sunac China Holdings Limited	Hong Kong (China)	New Horizon Capital (second fund)
Oct. 26	ITEK Semiconductor, Inc.	KOSDAQ (Korea)	Fund managed by KTIC
Oct. 27	Betfair Group plc	London (UK)	SBIHD / Fund managed by SBI Investment

12 companies below are expected to exited through IPO or M&A after Nov. 2011



	Company	Market (Country)	Fund
3Q	A	Tel Aviv (Israel) also filed to NASDAQ S-1	Fund managed by SBI Investment
	B	Budapest (Hungary)	SBI European Fund (Hungary fund)
	C	M&A	New Horizon Capital (second fund)
	D	M&A	SBI Global
4Q	E	KOSDAQ (Korea)	Fund managed by SBI Investment
	F	Hong Kong (China)	Fund managed by SBI Investment and SBIH
	G	Ho Chi Min (Vietnam)	Vietnam Japan Fund (Vietnam fund)
	H	Taiwan (Taiwan)	SBI & Capital22 (Taiwan fund)
	I	GTSM (Taiwan)	SBI & Capital22 (Taiwan fund)
	J	M&A	New Horizon Capital (Second fund)
	K	M&A	SBIH
	L	KOSDAQ (Korea)	Fund managed by KTIC

Performance Comparison with a Major VC Company

1H FY2010 performance comparison of SBI Asset Management Business and JAFECO

<Performance>

(Unit: bil. yen, %)

	Operating Revenues	YoY % change	Operating Income	YoY % change
SBI Group's Asset Management Business	10.5	-13.2	2.7	+8.4
JAFECO *1	6.5	-9.7	0.6	*3 -

(*1) JAFECO adopts method of excluding the consolidation of funds, whereas the performances of the SBI include the consolidation of funds.

(*2) Amounts are rounded to nearest 100 million yen

(*3) JAFECO's operating income of 1H FY2009 posted -1.8 billion yen

(*4) JAFECO's net profit of 1H FY2010 posted 0.6 bil. yen (net profit of FY2009 full-year posted -2.2 bil. yen)

<New investment amount, number of invested companies>

	New investment amount (Unit: mil. yen)		Number of invested companies (Unit: companies)	
	1H FY2010	1H FY2009	1H FY2010	1H FY2009
SBI Group's Asset Management Business	37,106	31,003	102	82
JAFECO	10,905	11,125	62	60

New Horizon Fund Records High Returns

New Horizon Fund (the first fund, 50% SBI investment)

- 8 of the 10 investee companies exited since its launch in May 2005
- Cumulative total contribution to SBIH's operating income by the end of FY2009 was **8.78 bil. yen** and that in 1H FY10 (Apr.-Sept.) was **1.34 bil. yen**

[Received Dividend] ^{*} (Unit: billion yen) → [Estimated Dividend in and after FY2010] (Expected amount as of Oct 27, 2010)

Foundation – FY2008	FY2009	FY2010	FY2011	FY2012	Total Estimated Dividend after FY10
7.0	4.7	3.6	2.5	2.7	8.8

*Sales amount after deduction of expenses associated with sales.

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

Unit: million USD, Figures in parentheses are JPY equivalent

Investment amount	Cumulative capital gain	Unrealized gain
33.4(2.73 bil. yen)	266.0(21.66 bil.yen)	108.7(8.85 bil. yen)

*amount of the fund as a whole

*FX rate is 1USD=81.41 on Oct.27

New Horizon Capital (the second fund , SBI invested 10% as LP)

- 6 of the 18 investee companies exited, and 10 others are planning an exit by 2012.
- With unrealized gain of 34.81 bil. yen for already exited companies (as of Oct.27)

	IPO	M&A	Trade Sale	Total EXITs
EXITed	4	2	-	6
EXIT(plan)	5	4	1	10

<Brokerage & Investment Banking Business>

Fiscal 2010 First Half (Six months ended September 2010)

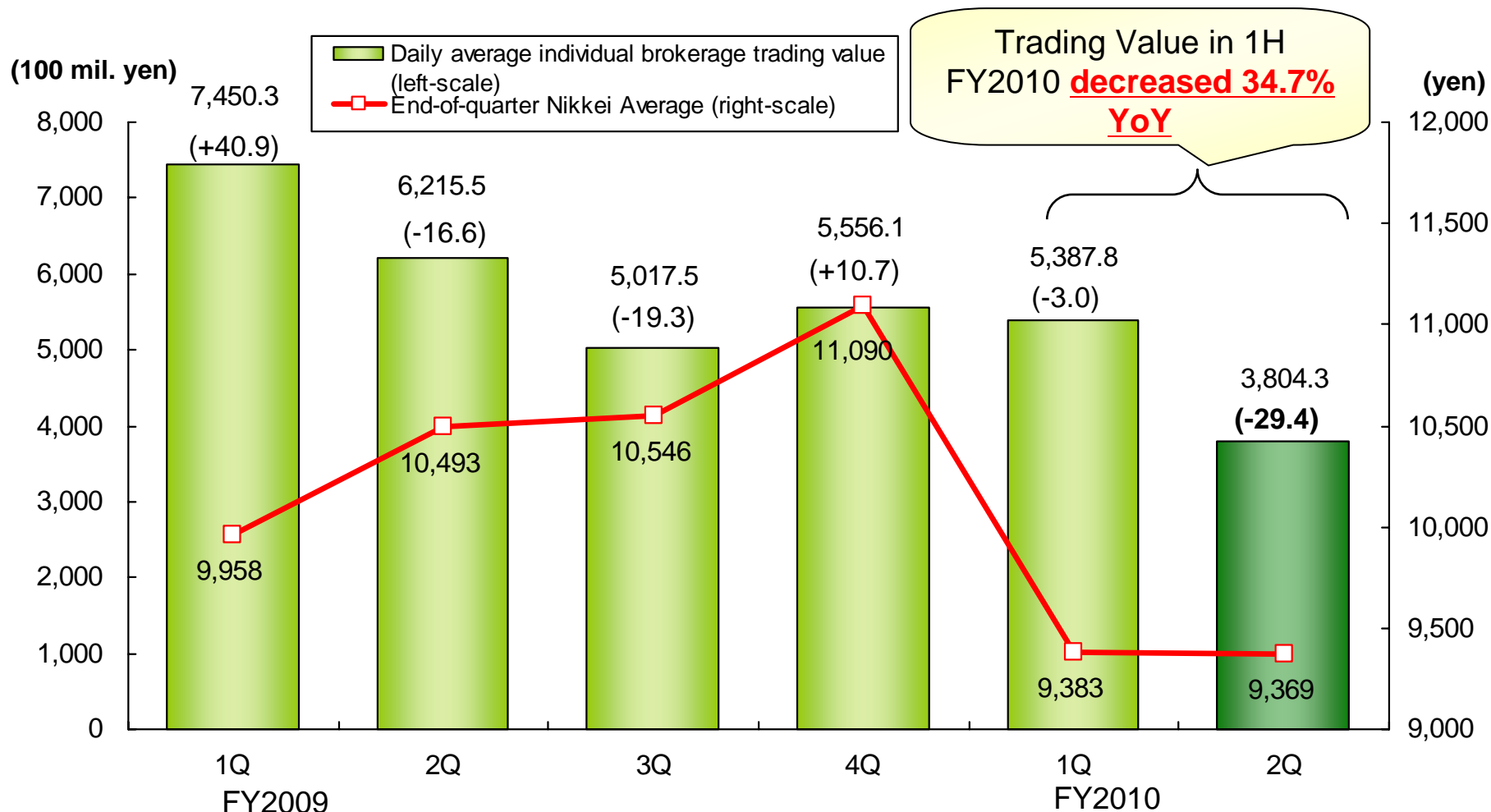
		(YoY)	(HoH)
Operating Revenues	24.2 bil. yen	-9%	+3%
Operating Income	3.8 bil. yen	-37%	+12%

- **SBI SECURITIES**' consolidated operating revenues decreased 9.8% year-on-year and consolidated operating income declined 28.1% year-on-year, as individual stock brokerage trading value continued to decline. However, compared with the second half of the previous fiscal year, consolidated operating revenues increased 2.5%, and consolidated operating income rose 8.8%, mainly based on increased revenue from investment trusts, supported by strong investment trust sales.
- **SBI Liquidity Market** has grown to become a subsidiary that contributes substantively to the Group's consolidated performance in a very short period of time since its inception on November 17, 2008 (its contribution to the Group's operating income for this period on a consolidated basis was approximately 4.3 bil. yen, including trading gains from SBI SECURITIES).

- * The above figures were calculated using the new accounting standard (with fund consolidation) for each segment.
- * Percentage changes YoY and HoH reflect the changes in business segment.
- * The above figures do not include eliminations for consolidation and the deduction of corporate expenses.
- * Rounded to the nearest 100 million yen.

Decreased Trading Value of the Japanese Stock Markets

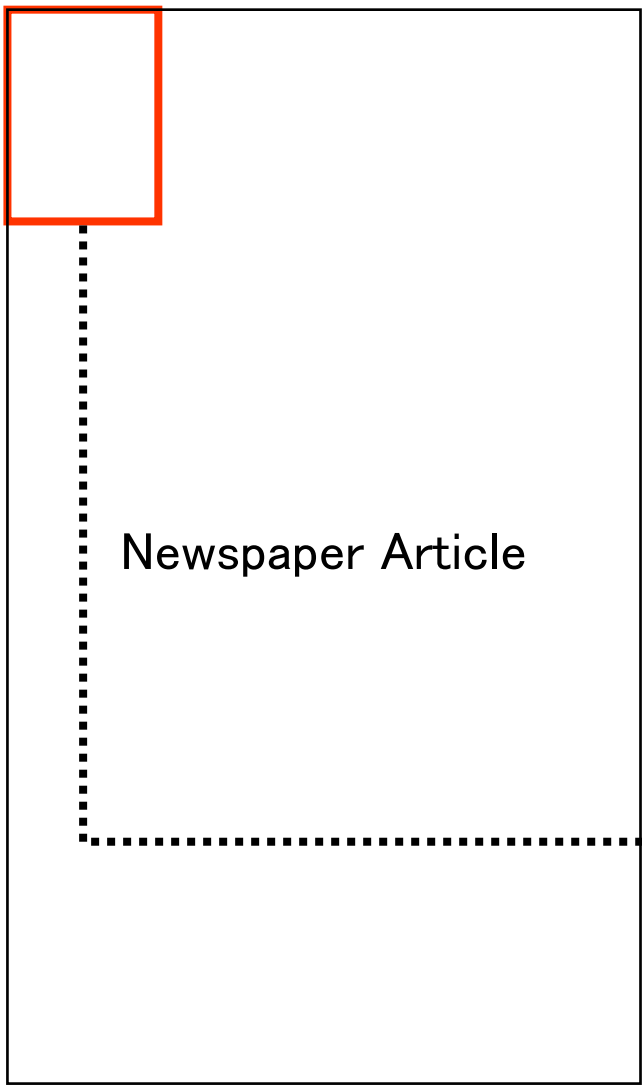
**Change in daily average individual brokerage trading value*
and end-of-quarter Nikkei Average
(figures in parentheses are QoQ % change)**



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

Source: Compiled by SBIH from disclosed data from TSE

Japan's Stock Markets Slow to Catch Up



Newspaper Article

Market Cap at the Highest Level in the Last Two Years

“Inflated by expectations of monetary easing in U.S. and other countries, investment funds are flowing into developing nations’ equities, where higher growth is expected. Some funds have started to return to the equities of developed nations, including the U.S. and Europe, despite lingering economic concerns. It is clear that stock market gains are being driven primarily by these flows of money.”

Rate of rise in share indexes worldwide since September 2010

(Unit: %)

China	15.3
India	13.0
Germany	12.1
USA	11.5
Japan	6.3

(Excerpt from “The Nikkei” newspaper on October 27, 2010)

*Japan and China: as of Oct. 26. The others: as of Oct. 25

Conventional Securities Firm's 1H FY2011 Results

(Unit: mil. yen, %)

	Operating Revenues	YoY Change	Net Profit		
			First Half Period	YoY Change	Jul.- Sept. Period
Nomura HD	634,434	-11.8	4,968	-87.3	1,051
Daiwa Securities Gr.	201,388	-15.3	-5,384	—	-4,192
Nikko	111,370	+30.1	16,138	-48.9	5,893
Mizuho	163,143	-7.1	6,396	-95.3	5,926
Mitsubishi UFJ	158,502	-17.6	*1 19,430	-13.4	-3,368
Okasan	30,559	-13.2	907	- 64.2	- 698
Mizuho Investors	26,473	+1.6	4,590	+4.0	1,957
SMBC Friend	26,405	-29.3	2,540	-72.9	534
Tokai Tokyo	25,188	-16.4	2,342	-37.8	- 238
IwaiCosmo HD	9,463	*2 -28.2	3,991	*2 +375.1	-540
Marusan	7,346	-13.8	-297	—	-353
Ichiyoshi	6,101	-25.2	-1,199	—	-989
Toyo	5,646	-17.3	-769	—	-389
Mito	4,775	-17.6	-963	—	-671
Kyokuto	4,152	-31.5	831	-61.7	520
Takagi	2,317	-46.6	-6,379	—	-6,565
Kosei	278	-39.2	-329	—	-79

*1 Recorded a 27,913 mil. yen extraordinary profit as a gain on change in equity by affiliate stock offering, and the operating income was -6,944 mil. yen

Source: Information disclosed by each company.
Amounts are rounded down to nearest million yen

*2 YoY change is calculated using the combined figures of former Iwai Securities and Cosmo Securities, as IwaiCosmo HD (former Iwai Securities) acquired 100% ownership of Cosmo Securities on April 16, 2010

SBI SECURITIES' 1H FY2010 Results (Consolidated)

Although SBI SECURITIES' consolidated operating income decreased year-on-year amid ongoing soft market conditions, it increased 8.8% over the second half of the previous year owing to increased revenue from investment trusts supported by strong investment trust sales, and to higher trading profits reflecting increased foreign bond sales.

(Unit: mil. yen, %)

	1H FY2009 (Apr. 2009- Sept. 2009)	1H FY2010 (Apr. 2010- Sept. 2010)	YoY Change	2H FY2009 (Oct. 2009- Mar. 2010)	FY2009 (full year)
Operating Revenues	24,533	22,117	-9.8	21,581	46,114
Net Operating Revenues	22,611	20,300	-10.2	19,782	42,393
Operating Income	7,499	*1 5,393	-28.1	4,955	12,454
Ordinary Income	7,423	*2 5,362	-27.8	4,922	12,345
Net Income	4,398	*3 4,829	+9.8	2,913	7,311

*1 Recorded an additional provision of 196 mil. yen for point allowance in 2Q

*2 Recorded loss of 245 mil. yen on fund investment (Future Venture Capital, etc.) under non-operating losses

*3 Recorded valuation loss of 124 mil. yen on investment securities (for Jubilee Lab) as an extraordinary loss

Special Factors Affected the Results of 1H FY2010

(Unit: mil. yen, %)

Without special factors

	1H FY2009 (Apr.'09- Sept.'09)	1H FY2010 (Apr.'10- Sept.'10)	YoY % Change	Special factors	1H FY2010 (Apr.'10- Sept.'10)	YoY % change
Operating Revenues	24,533	22,117	-9.8	-	22,117	-9.8
Net Operating Revenues	22,611	20,300	-10.2	-	20,300	-10.2
Operating Income	7,499	5,393	-28.1	Recorded an additional provision of 196 mil. yen for point allowance in 2Q	5,589	-25.5
Ordinary Income	7,423	5,362	-27.8	Recorded loss of 245 mil. yen on fund investment (Future Venture Capital, etc.) under non-operating losses	5,803	-21.8
Net Income	4,398	4,829	+9.8	Recorded valuation loss of 124 mil. yen on investment securities (for Jubilee Lab) as an extraordinary loss	5,164	+17.4

Major Online Securities Companies Stayed Profitable, although Conventional Securities' Results were Negative

Performance comparison of major online securities for 1H FY2010

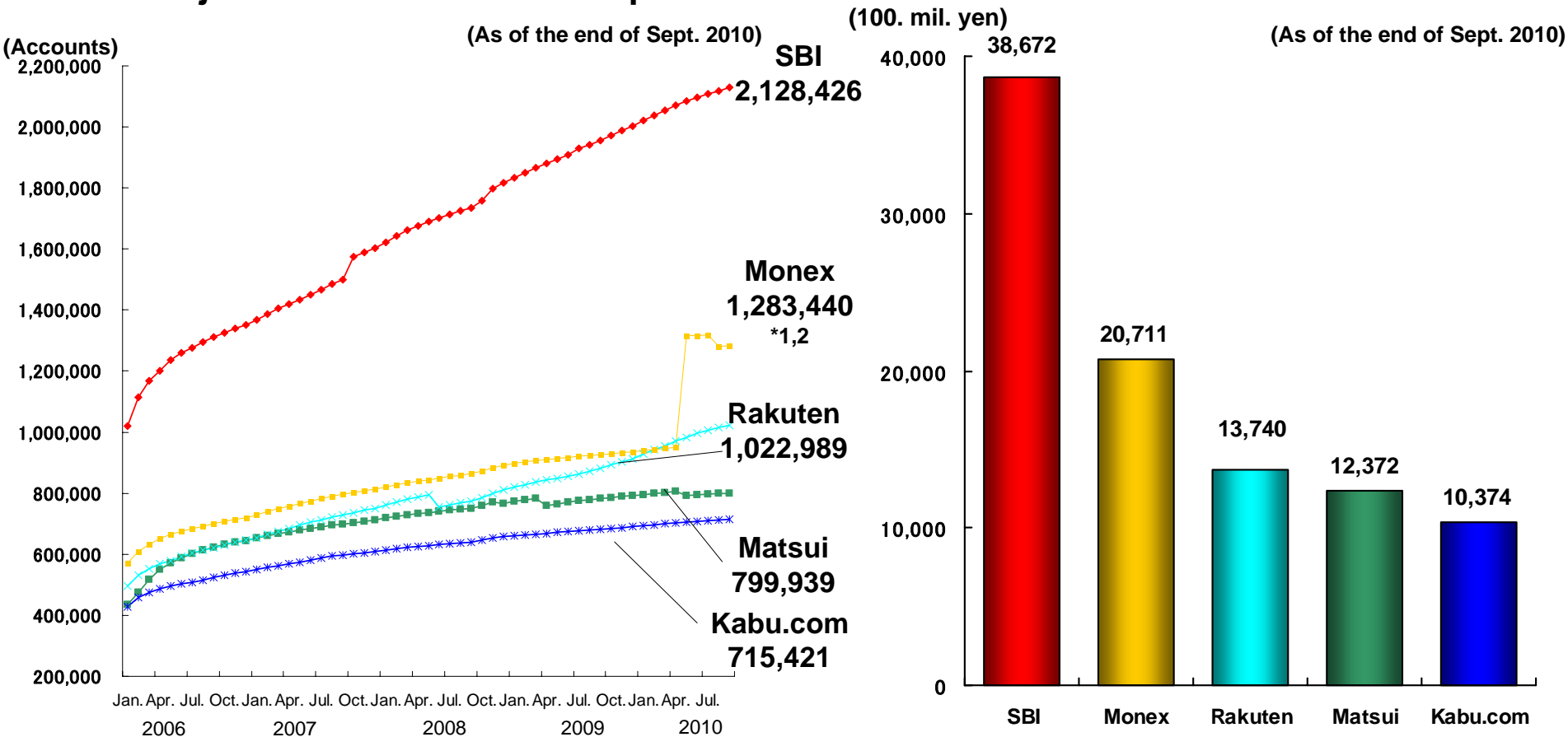
(Unit: mil. yen, %)

	Operating Revenues	YoY % Change	Net Income	YoY % Change
SBI SECURITIES	22,117	-9.8	4,829	+9.8
Monex *	12,685	+11.5	1,600	-21.4
Rakuten (non cons.)	11,608	-2.8	2,585	-6.4
Matsui	11,026	-17.6	3,305	-19.1
kabu.com (non cons.)	7,020	-13.7	1,487	-17.7

(Source: Compiled from information disclosed by each company)

* Monex, Inc. and ORIX Securities Corporation merged in March 5, 2010

Customer assets of 5 major online securities



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

*1 Accounts after May. 2010 is sum of those at Monex and ex-ORIX Securities, and overlapping accounts (about 100,000, as of the end of Sept.) are included.

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

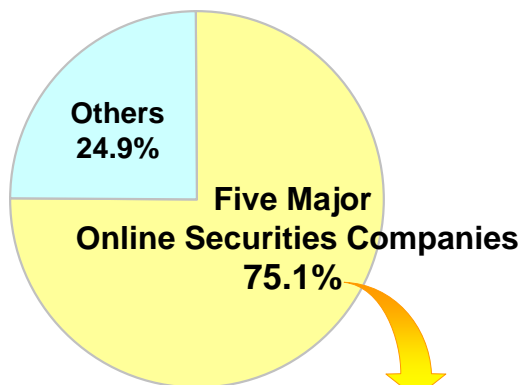
Solid Customer Base of SBI SECURITIES -2-

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

Share of individual stock trading value

Share in FY2010 1H

(Apr.- Sept. 2010)

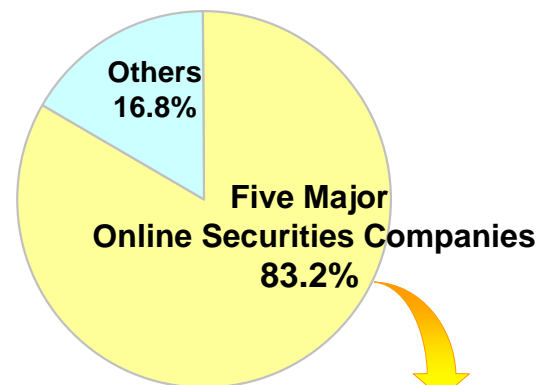


	Share	HoH
<u>SBI</u>	<u>37.2%</u>	<u>+2.6p</u>
Rakuten	15.6%	+1.4p
Matsui	8.3%	0p
Monex	7.3%	+1.8p
Kabu.com	6.8%	+1.0p

Share of retail margin trading value

Share in FY2010 1H

(Apr.- Sept. 2010)



	Share	HoH
<u>SBI</u>	<u>41.1%</u>	<u>+2.4p</u>
Rakuten	17.3%	+1.2p
Matsui	9.0%	-0.4p
Kabu.com	8.3%	+1.5p
Monex	7.6%	+2.0p

Source: Based on TSE, JASDAQ and company materials

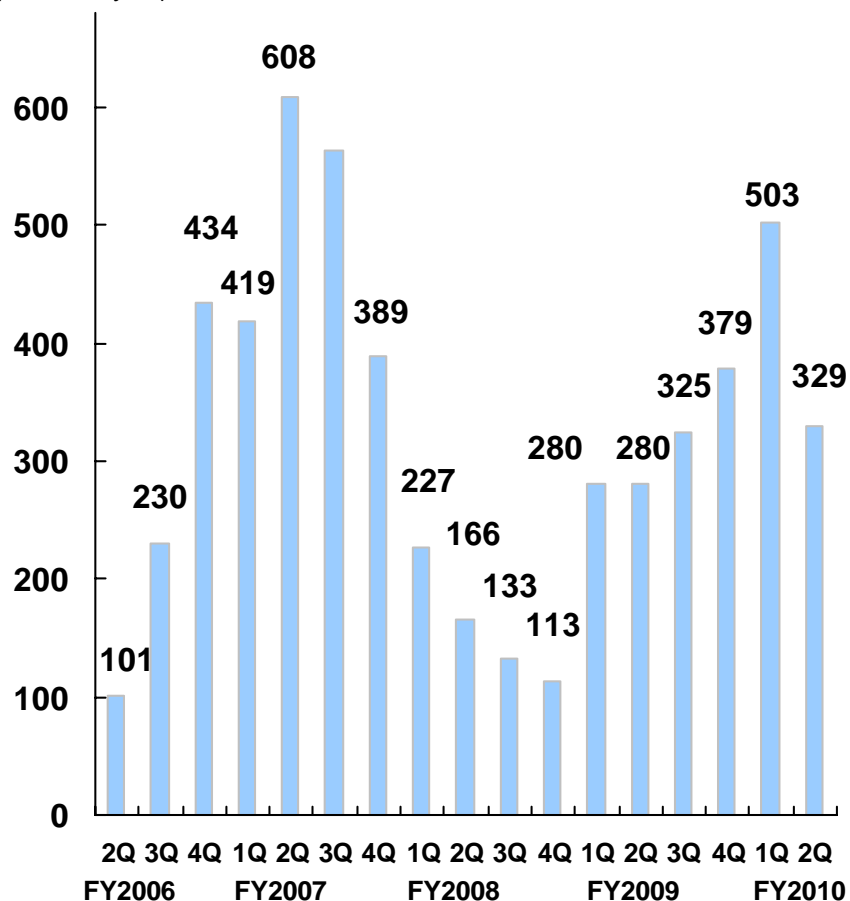
* Individual brokerage trading value is the sum of trades on the three major exchanges and JASDAQ.

* Figures of SBI SECURITIES only includes trades through Internet

Change in SBI SECURITIES' Sales and Balance of Investment Trust

Quarterly change in sales of investment trusts

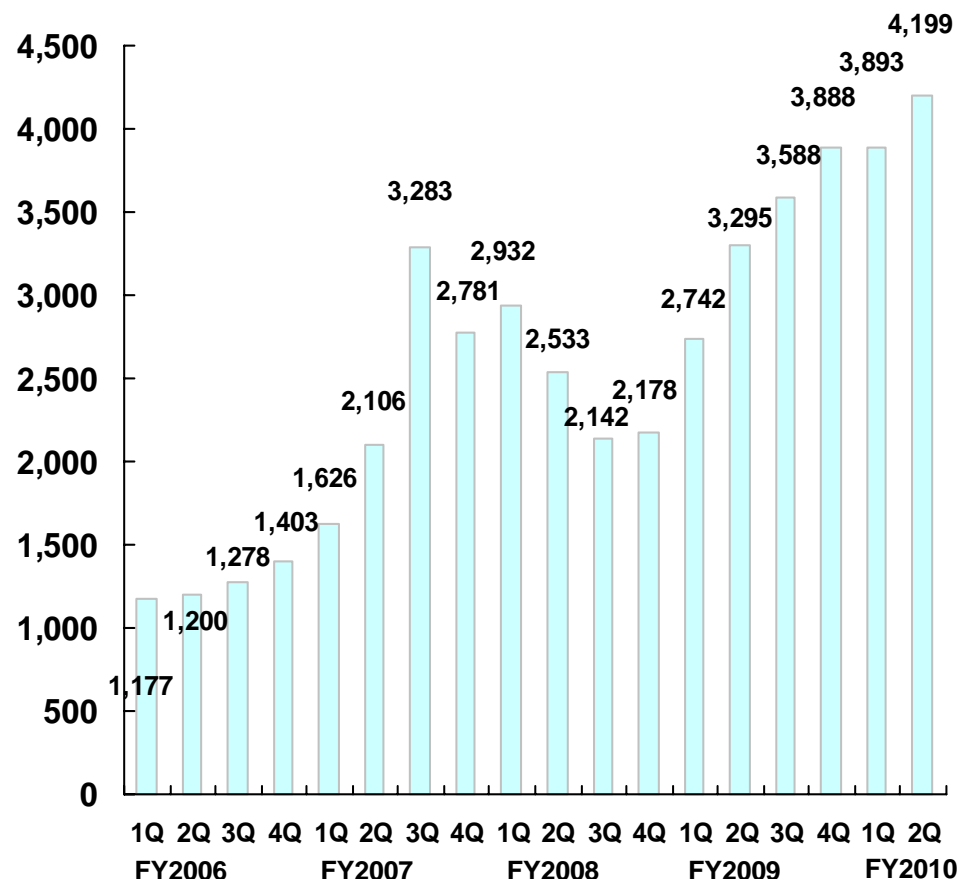
(100 mil. yen)



*Including MMF and China funds

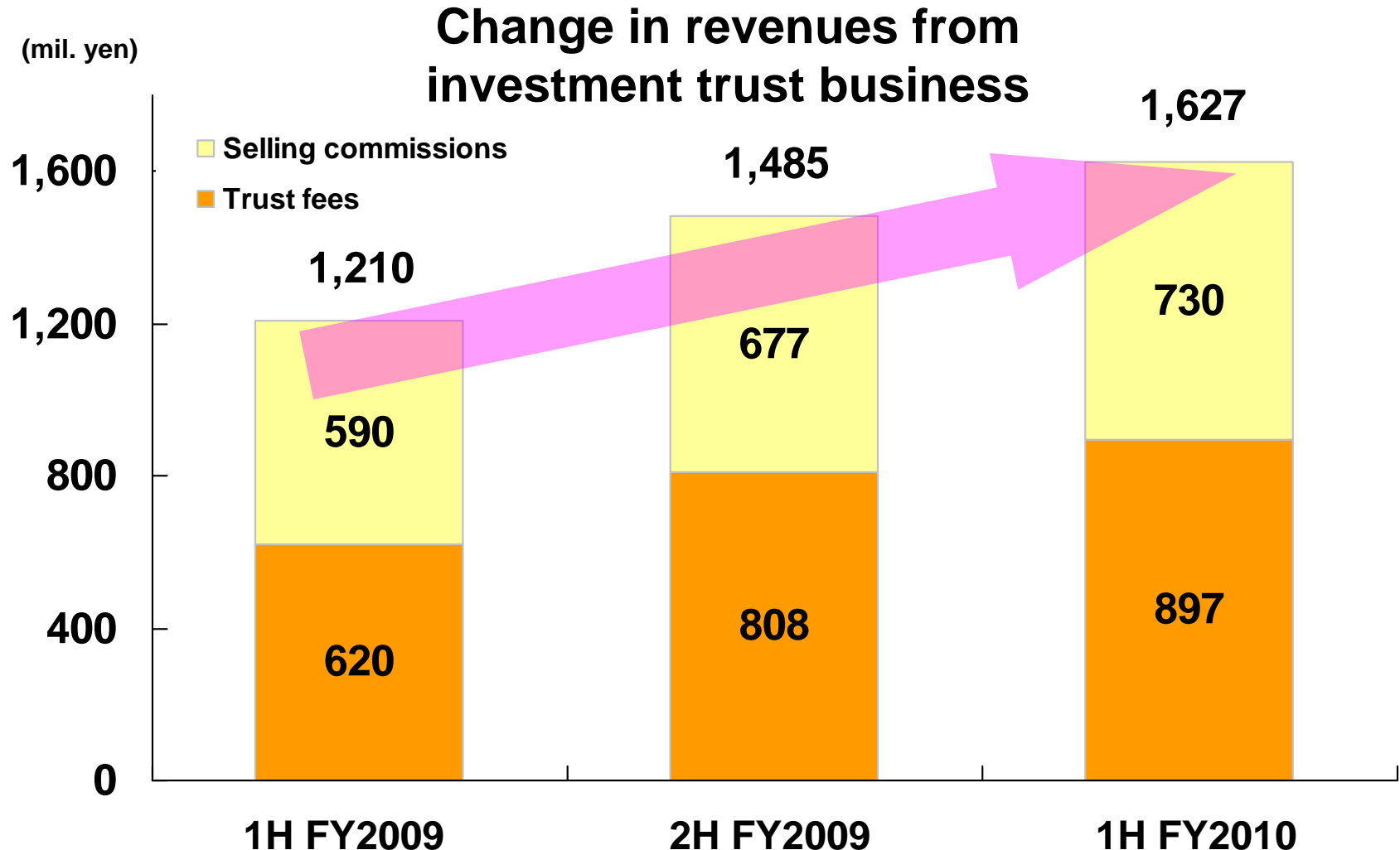
Quarterly change in balance of investment trust

(100 mil. yen)



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

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



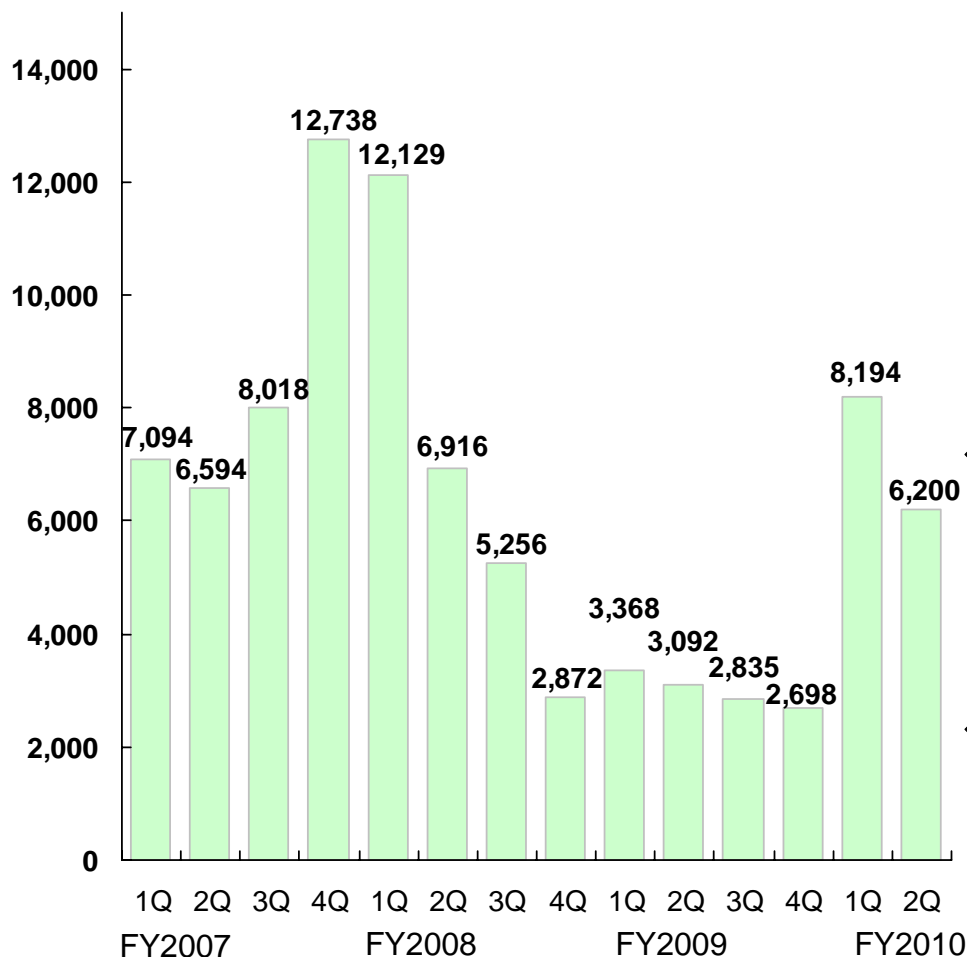
*1 Sum of sales commissions and trust fees (trust fees include MRF)

*2 Trust fees are included in "Other commissions received"

SBI SECURITIES' Foreign Bond Sales Performance

Sales of foreign bonds




(mil. yen)



* Above figures include commissioned sales

Foreign Bond Offerings

◆ Focused products

- Brazilian Real-denominated bonds 
- South African Rand-denominated bonds 
- Australian Dollar-denominated bonds 
- Turkish Lira-denominated bonds 
- US Treasury (already issued) 

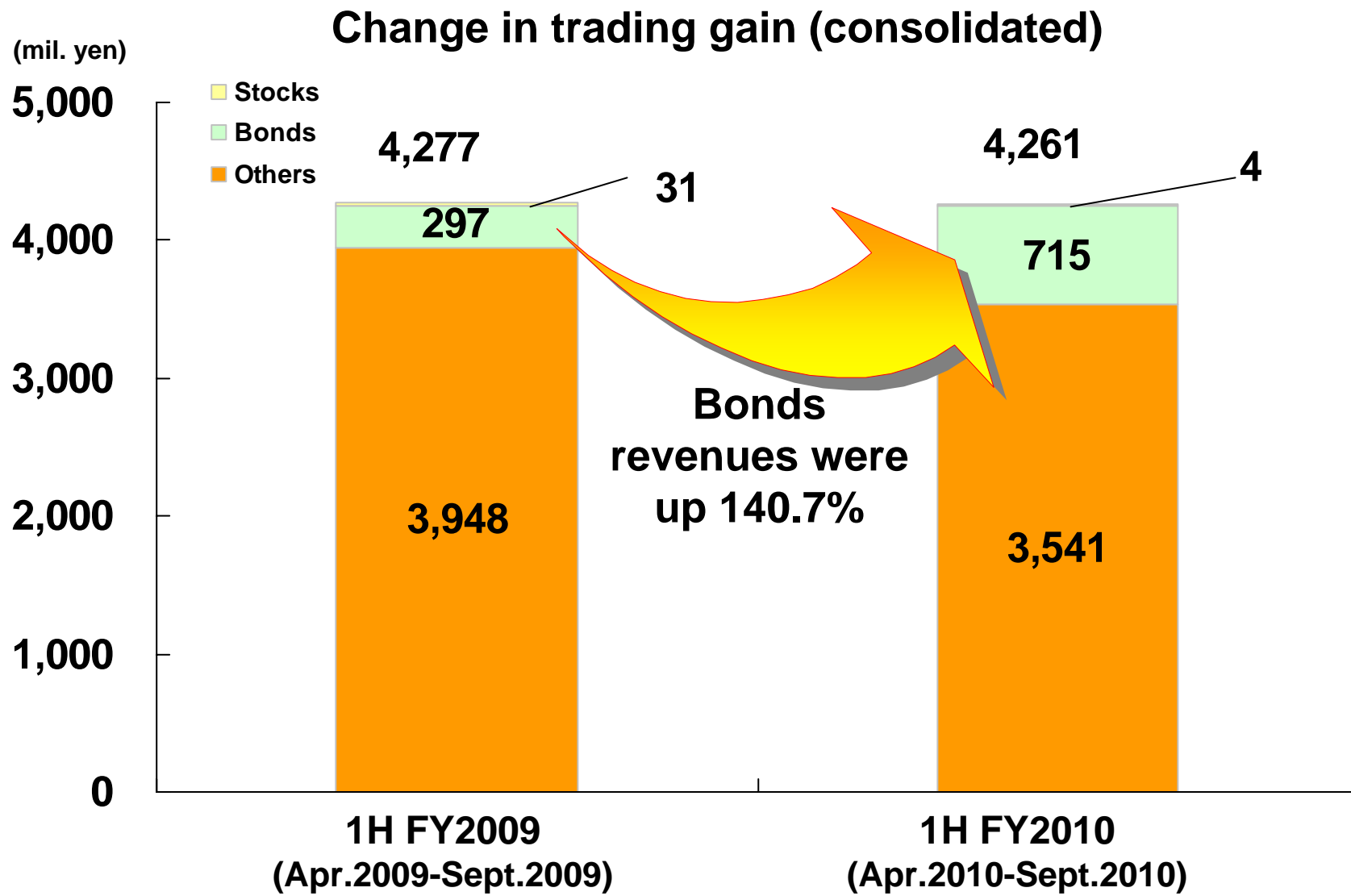
◆ Foreign currency settlement service

Investors can decide and execute foreign exchange foreign exchange rates, which can sway the investment performance of foreign bonds

◆ Internet-based purchasing and sale of bonds already issued

Information on market prices can be easily checked over the Internet

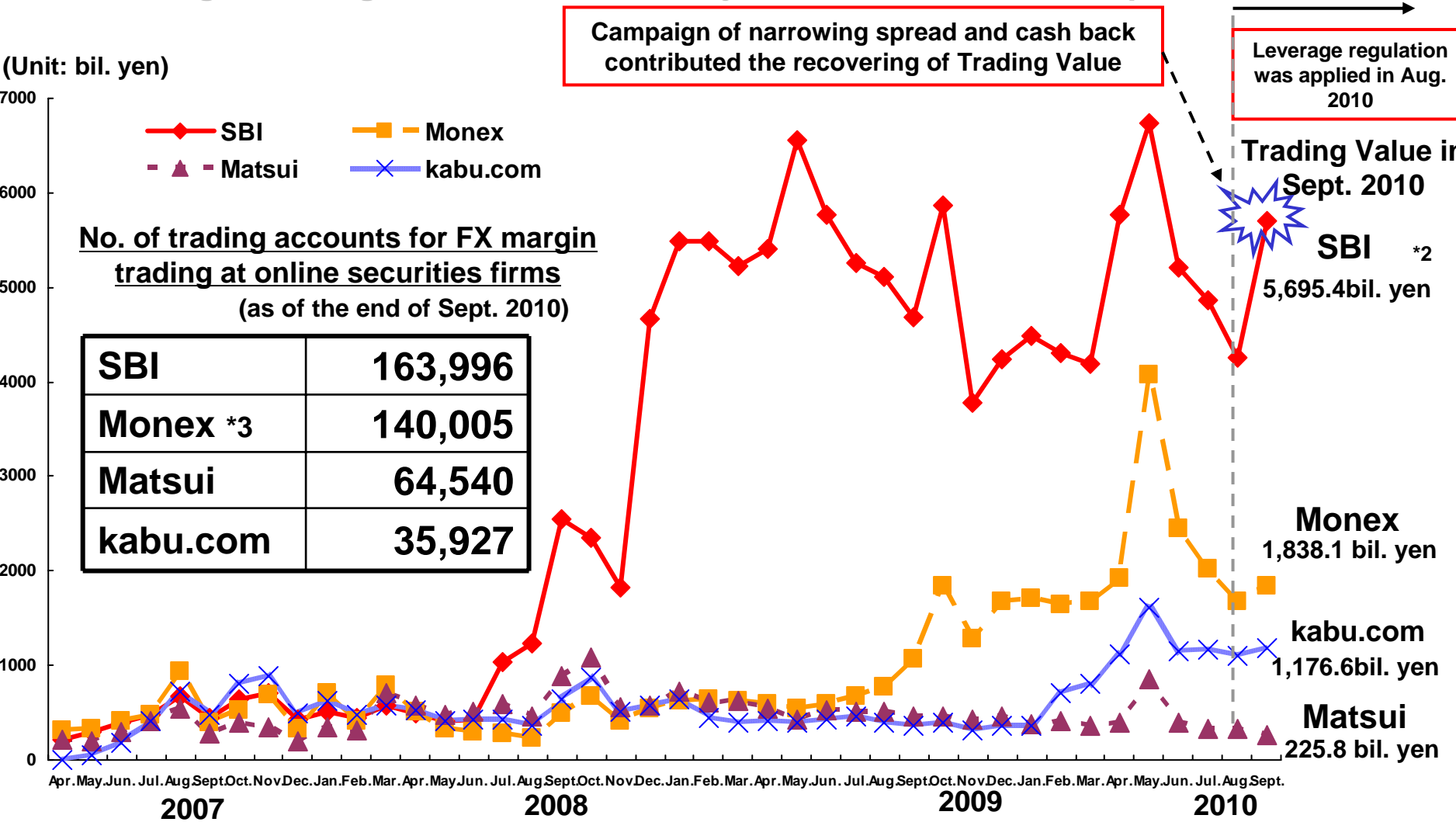
Healthy Sales of Foreign Bonds Compensated for the Decrease in FX Revenues caused by Spreads Reductions





FX Margin Trading Value at SBI SECURITIES Remains High Despite the Start of Leverage Regulation on August 1

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



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

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

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

SBI SECURITIES' FX Trading Services Improved, Utilizing SBI Liquidity Market, Which Offers Heightened Liquidity

Narrowed spreads of 13 currency-pairs

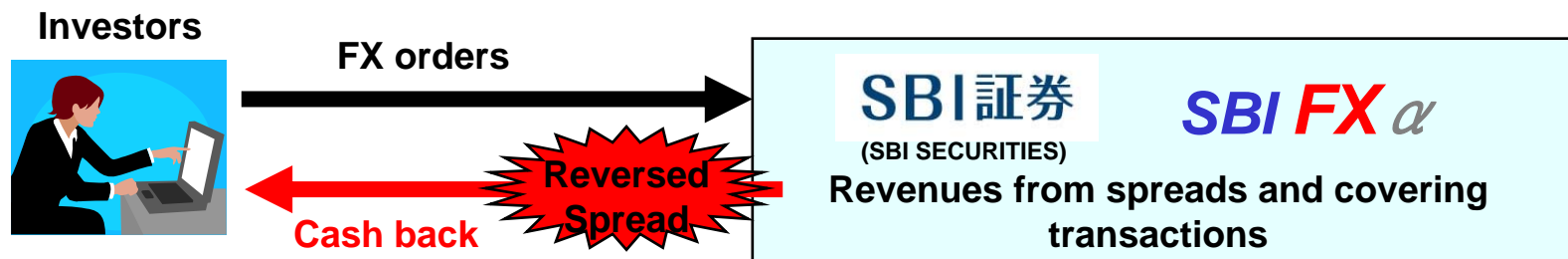
Conducted **Narrower Spread Campaign** of 13 pairs such as USD/JPY (Aug.9-31, 2010)



Normalized in Sept. due to positive response

Cash-back campaign
(Sept.7 -Oct.29, 2010)

Cash-back depending on trading volume of each currencies



With enhanced attractiveness, new customer acquisitions and heightened liquidity are expected

Change in spreads of main currency pairs

Pair	Formerly	Aug.29-
USD/JPY	2 Sen	1-2 Sen
EUR/JPY	4 Sen	3-4 Sen * ₁
GBP/JPY	6 Sen	5-6 Sen * ₂

*1 2-4 Sen during the campaign (-Oct.29)

*2 3-5 Sen during the campaign (-Oct.29)

Recent Performance of SBI Liquidity Market

FY2009

(Unit: 100 million yen)

	1Q	2Q	1H	3Q	4Q	2H	FY2009 _(12M)
Operating Revenue (Sales)	28.2	27.9	56.1	25.4	24.2	49.6	105.7
Incl. Gain on Trading of SBI SECURITIES (Operating Income for SBI SECURITIES)	17.9	17.5	35.5	15.9	14.8	30.7	66.2
Operating Income	8.6	8.4	17.0	7.5	6.3	13.8	30.8

FY2010

	1Q	2Q	1H
Operating Revenue (Sales)	28.8	<u>22.2</u>	<u>50.9</u>
Incl. Gain on Trading of SBI SECURITIES (Operating Income for SBI SECURITIES)	17.1	<u>13.1</u>	<u>30.1</u>
Operating Income	7.7	<u>4.9</u>	<u>12.6</u>

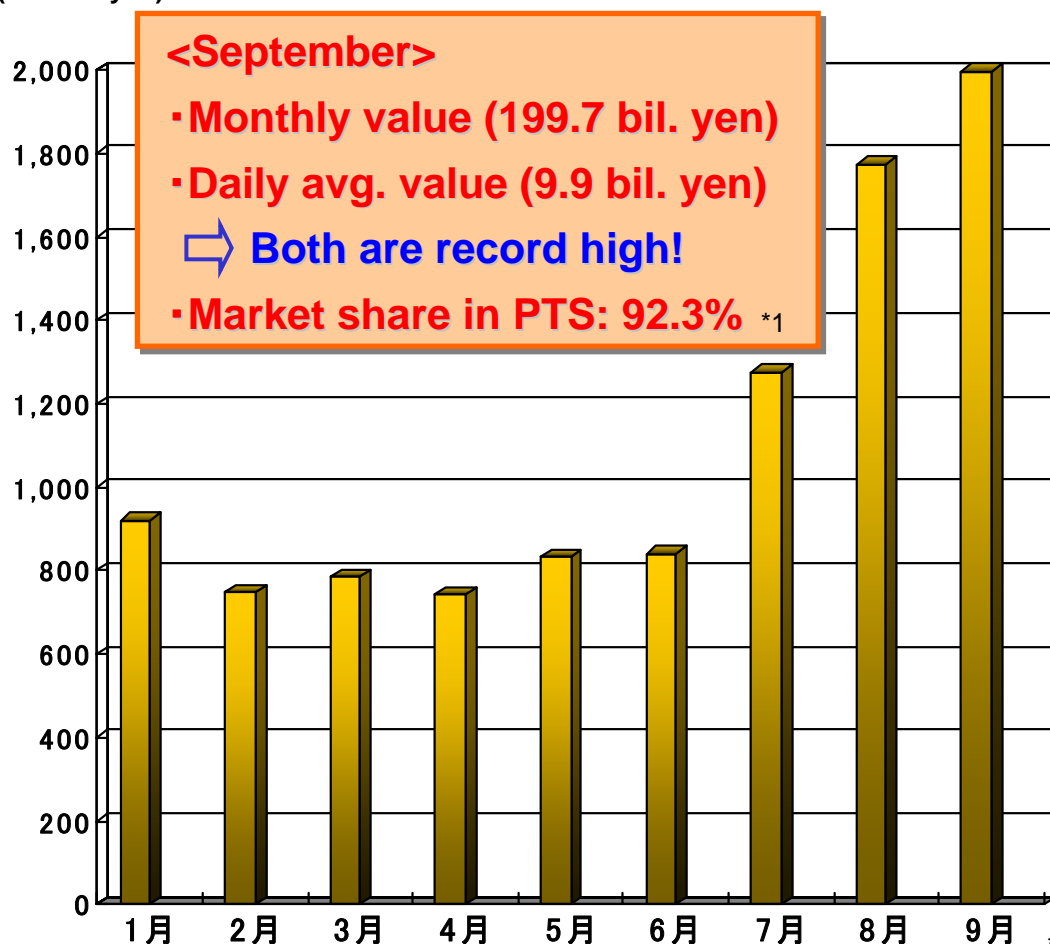
Expecting further increase of liquidity (trading volume) and revenues by increasing the number of connected companies

Japannext PTS Expands Trading by Increasing Connected Securities Companies

- 4 foreign securities companies newly connected this FY -

Japannext PTS trading value (2010)

(100 mil. yen)



<September>

▪ Monthly value (199.7 bil. yen)

▪ Daily avg. value (9.9 bil. yen)

⇒ Both are record high!

▪ Market share in PTS: 92.3% *1

<Participating 12 companies>

SBI SECURITIES*2, Rakuten Securities*2, CLICK Securities*2, Goldman Sachs Japan, Credit Suisse Securities (Japan) Limited*2, Merrill Lynch Japan Finance Co., Ltd.*2, UBS Japan, Morgan Stanley MUFG Securities, [Instinet](#)*3, [BNP Paribas Securities \(Japan\) Limited](#)*3, [Deutsche Bank](#)*3, [Citigroup Global Markets Japan](#)*3

Started various services to enhance investors' convenience

- Debt assumption by Japan Securities Clearing Corporation has started. (High efficiency of settlement, resolution of settlement risks)
- Increasing distributors of market data
Reuters, QUICK, Morningstar (Jul.22-),
Bloomberg (Aug.2-)

(*) Trading value is based on "single count"

*1 Compiled by SBI Japannext. Excluding "crossing"

*2 Capital participation *3 Newly connected in FY2010 32

<Financial Services Business>

Fiscal 2010 First Half (Six months ended September 2010)

		(YoY)	(HoH)
Operating Revenues	14.5 bil. yen	+21%	+6%
Operating Income	0.4 bil. yen	+43%	-*

* Operating loss was -0.1 bil. yen in 2H FY2009

- The 3 listed subsidiaries, Morningstar, Gomez Consulting and SBI VeriTrans, hit bottom during FY2009, and achieved YoY increases both in operating revenue and operating income.
- SBI Sumishin Net Bank, which started its operations in September 2007, expanded its customer base steadily. Its financial result for 2Q FY2010 (Jul.- Sept.), scheduled to be announced on Nov.12, will probably surpass that for 1Q FY2010 (Apr.-Jun.)

Notes:

- * The above figures were calculated using the new accounting standard (with fund consolidation) for each segment.
- * Percentage changes YoY and HoH reflect the changes in business segment.
- * The above figures do not include eliminations for consolidation and the deduction of corporate expenses.
- * Rounded to the nearest 100 million yen.

Performance of Publicly Owned Subsidiaries for 1H FY2010

- **Morningstar recorded an increase in operating revenues and all income items**, due to an increase in the demand for advertisement from financial institutions, and its own cost reductions.
- **Gomez consulting** increased its operating revenues YoY, due to an increase of orders primarily from financial institutions, and **it recorded profitability of operating income and** an increase in net income for 4 consecutive quarters, also due to its cost reduction continued from FY2009 .
- **SBI VeriTrans** has continued to grow steadily along with the expansion of the domestic Internet and e-commerce (EC) markets. For 1H FY2010, **the number of transactions increased 26.8% from 1H FY2009 to 18.36 million**. Acquiring treasury stock with 0.1 bil yen limitation was announced on Oct.21

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

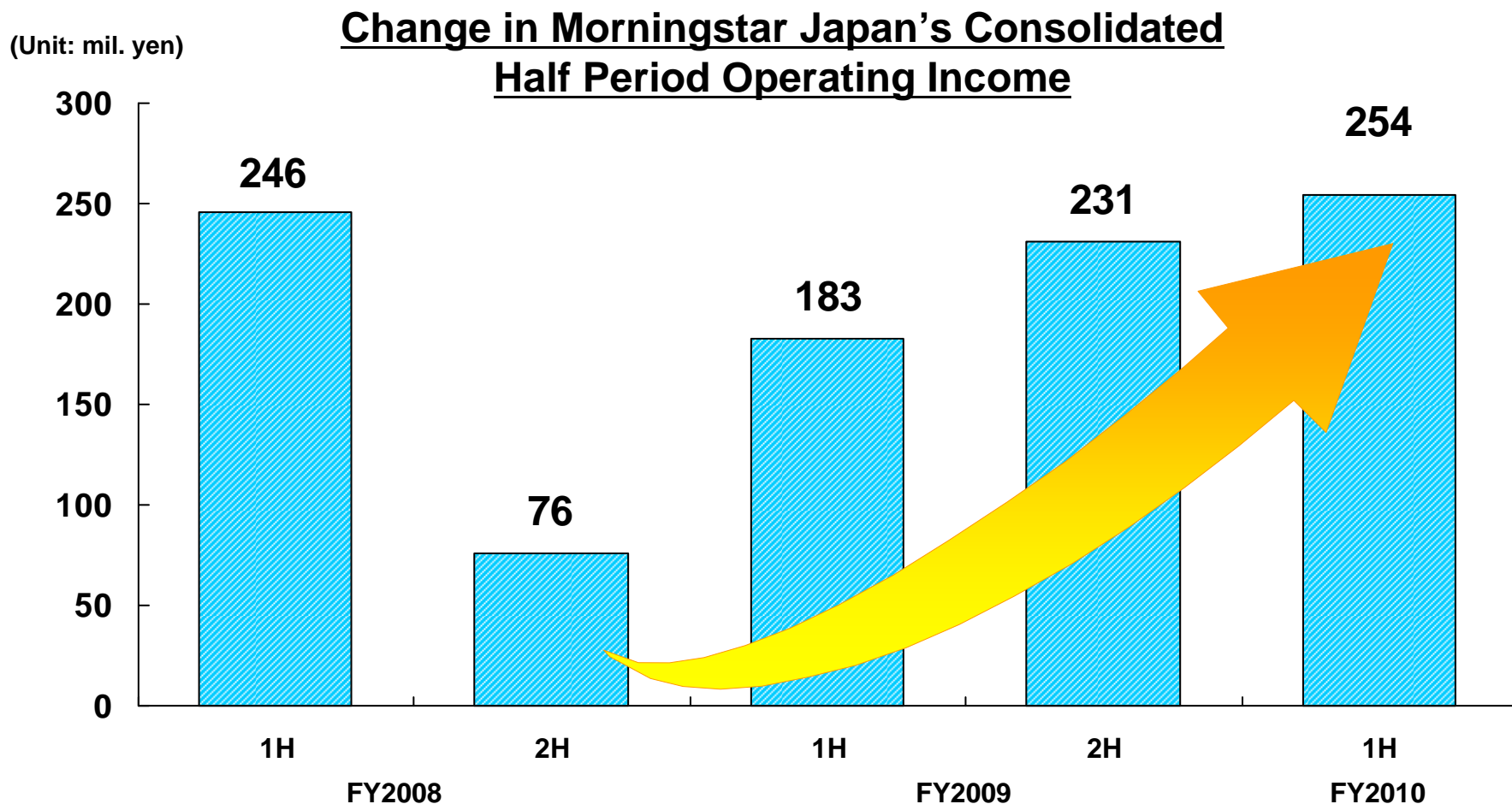
*1	Operating Revenues	Operating Income	Ordinary Income	Net Income
Morningstar Japan	1,179 (+2.2)	254 (+38.6)	308 (+29.4)	171 (+26.5)
Gomez Consulting	210 (+11.6)	16 (-) *2	27 (+163.3)	18 (+105.5)
SBI VeriTrans	2,888 (+18.1)	570 (+11.9)	574 (+12.0)	341 (+17.4)

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

*2 In 1H FY2009, operating income was 0 yen

Morningstar Japan: Change in Consolidated Half Year Operating Income

Morningstar's consolidated operating income keeps recovering, up 10.2% HoH, 38.6% YoY



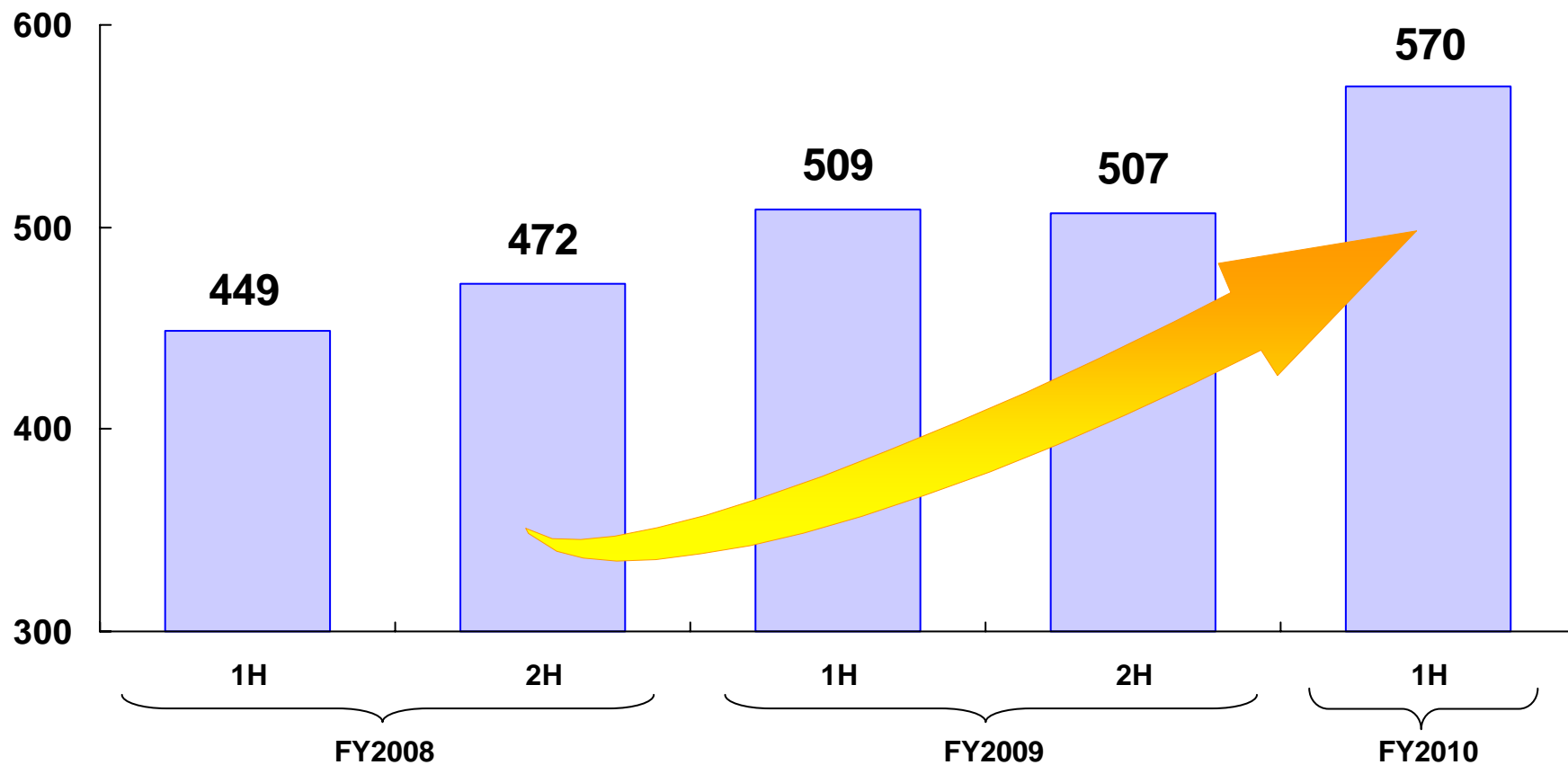
Change in Consolidated Half Year Operating Income

**SBI VeriTrans' consolidated operating income stayed robust,
up 12.4% HoH, 11.9% YoY**

Change in SBI VeriTrans Consolidated Half Period Operating Income

*(Oct.21, 2010)
Announced acquisition
of own share, up to
100 mil. yen

(Unit: mil. yen)



<Housing and Real Estate Business>

Fiscal 2010 First Half (Six months ended September 2010)

		(YoY)	(HoH)
Operating Revenues	8.6 bil. yen	+36%	-21%
Operating Income	1.2 bil. yen	- (*)	+14

(*) Operating loss in Housing and Real Estate Business for 1H FY2009 was 0.2 bil.yen

- **Internet media business of SBI Life Living is steadily growing and secured an operating profit on 1H FY2010**
- **SBI Mortgage's loans outstanding has steadily increased to 756.5 bil. yen for the end of Sept.**

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

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

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

* Rounded to the nearest 100 million yen.

SBI Life Living Recorded a Solid 2Q, Following a Sound 1Q

Internet media business (life-related business, such as Ticket Ryutsu Center and muSBI.net) boosted revenues, and a net profit was secured for this 1H

(Unit: mil. yen)

	FY2009 1H (Apr.09-Sept.09)	FY2010 1H (Apr.10-Sept.10)	Rate/amount of YoY change	FY2009 2H (Oct.09-Mar.10)	FY2009 Full year
Operating Revenues	1,442	1,838	+27.4%	4,174	5,616
Operating Income	-69	161	+231	238	169
Ordinary Profit	-103	106	+210	173	70
Net Income	-104	* 7	+112	131	27

* Posted 8 mil. yen extraordinary loss ⇒ 2 mil. yen loss on retirement of fixed assets, 6 mil. yen loss involving the application of asset retirement obligation accounting standard.

Posted 89 mil. yen tax expenses of income tax adjustments, accompanied by partial reversal of deferred tax assets, etc.

2. Progress on the SBI Group's "Brilliant Cut" Initiative

- (1) Overview of Major Business Companies**
- (2) Continued Efforts Geared toward Organizational Cuts in SG&A**
- (3) Building and Expanding a Highly Profitable Overseas Business Framework**

SBI Group's Major Business Entities Engaged in "Brilliant Cut"

SBI Group's Major 50 Business Entities

(Excl. SBI Holdings and 7 overseas local subsidiaries and representative offices)

1H FY2009

1H FY2010

**Profitable
companies and
divisions**

**29 companies and
divisions**
**Total operating
profit: 14.2 bil. yen**

30 companies and divisions
Total operating profit: 13.5 bil. yen

A company and a division which
turned profitable (2)

- SBIH Real Estate Division
- SBI Life Living

**Unprofitable
companies and
divisions**

**12 companies and
divisions**
**Total operating loss:
2.7 bil. yen**

11 companies and divisions
Total operating loss: 3.2 bil. yen

A company turned unprofitable

- SBI Point Union

**Newly established
or acquired
companies: (incl. plans)**

(New group companies which
started operation or were
acquired after April 2009)

9 companies

Group companies (5): Wall Street Journal Japan (established in May 2009) / SBIGEO Marketing (established in Nov. 2009) / SBI Global Investment (became a consolidated subsidiary in June 2010) / KTIC (became a equity-method affiliate in July 2010) / SBI Credit (became a consolidated subsidiary in June)

Companies preparing for starting operation(4):
SBI Remit, SBI Prosper, JV with China Securities Journal, and
Preparation for life Insurance company

Analysis of Factors behind Year-on-year Changes at Profitable Companies and Business Departments

1H FY2009: Profitable companies and divisions

29 companies **14.2** bil. yen

	No. of Companies	YoY Change	
Profit increased	18	+1.7 bil. yen	SBI Mortgage, SBI Investment, SBI Sumishin Net Bank, etc. >over 60% of the profitable companies show upward momentum
Profit decreased	10	-2.7 bil. yen	SBI SECURITIES (profit decreased by 2.1 bil. yen): stagnation in individual brokerage trading value. SBI Liquidity Market (profit decreased by 0.4 bil. yen): Major factors are aftereffect of the leverage regulation and lowering volatility in the FX rates >Most of the profit decrease is attributed to the two companies above (-2.5 bil. yen)
Turned profitable	2	Recorded operating profit of 0.3 bil. yen in 1H FY2010	SBIH Real Estate Division, SBI Life Living (Recorded operating loss of 0.5 bil. yen in 1H FY2009)
Turned unprofitable	1	Recorded operating profit of 0.01 bil. yen in 1H FY2009	SBI Point Union (Recorded operating loss of 0.3 bil. yen in 1H FY2010)

1H FY2010: Profitable companies and divisions

30 companies **13.5** bil. yen

Targeting profit stability and profit increase, through the utilization of group synergies, and developing businesses that are less susceptible to market volatility

Analysis of Factors behind Year-on-year Changes at Unprofitable Companies and Business Departments

1H FY2009: Unprofitable companies and divisions

12 companies **-2.7** bil. yen

	No. of Companies	YoY Change	
Loss increased	5	+0.1 bil. yen	SBI Net Systems, SBI AutoSupport, Autoc one, etc.
Loss decreased	5	-1.1 bil. yen	SBI Card (-0.8 bil. yen YoY), SBI ALApromo (-0.2 bil. yen YoY), SBI Japannext, etc.
Turned profitable	2	Recorded operating loss of 0.5 bil. yen in 1H FY2009	SBIH Real Estate Division, SBI Life Living (Recorded operating profit of 0.3 bil. yen in 1H FY2010)
Turned unprofitable	1	Recorded operating loss of 0.3 bil. yen in 1H FY2010	SBI Point Union (Recorded operating profit of 0.01 bil. yen in 1H FY2009)

1H FY2010: Unprofitable companies and divisions

11 companies **-3.2** bil. yen

>Target **profitability by Sept. 2013, or within 3 years after establishment**

* Set policy that consistently eliminates unprofitable companies through liquidation or sale

Forecast for 9 Newly Established or Acquired Companies

(Started operation or newly acquired after Apr. 2009 incl. plan)

3 companies are expected to be profitable this fiscal year

- **KTIC** (Operating profit for 1H fiscal ending Dec. 2010: 170 mil. yen), **SBI Global Investment** (Operating profit for 1Q fiscal ending Mar. 2011: 30 mil. yen) **already recorded profit.**
- The joint venture to be established with the China Securities Journal is expected to be profitable from its founding because a profitable advertising firm (net income: approx. 200 mil. yen in previous year) will be transferred into it.

1 company is expected to be profitable next fiscal year

- **SBI Credit** (formerly G-ONE Credit), which became a subsidiary in Jul. 2010, is expected to record an operating profit of 300 mil. yen in the next fiscal year
*in this fiscal year, it recorded a temporary loss due to the change in the accounting system at acquisition

(1) Overview of Major Business-companies

- 1- Profitable and Profit-increasing Companies
(SBI Mortgage, SBI Sumishin Net Bank)**
- 2- Of the Newly Established or Acquired Companies,
Those Expected to Become Profitable Soon (KTIC, SBI
Global Investment, SBI Credit, a Joint Venture
Company with China Securities)**
- 3- Unprofitable Companies Targeting Profitability
within 3 Years (SBI Insurance, SBI AutoSupport)**

-1- Profitable and Profit-increasing Companies (SBI Mortgage, SBI Sumishin Net Bank)

SBI Mortgage's Enhanced Performance

**All profit items more than doubled
with rapid increase of new housing loans**

(Unit: million yen, %)

	FY2009 1H (Apr. 2009- Sept.2009)	FY2010 1H (Apr. 2010- Sept.2010)	YoY Change	FY2009 2H (Oct. 2009-Mar. 2010)	FY2009 (Full Year)
Operating Revenue	2,620	4,126	+57.5	3,657	6,278
Operating Profit	503	1,140	+126.6	1,078	1,582
Ordinary income	512	1,154	+125.2	1,082	1,595
Net Profit	222	963	+332.4	575	797

**Appointed Hana Daetoo Securities to lead managing
underwriter, and preparing for IPO in FY2011**

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

Change in Housing Loans Outstanding

End of Sept. 2010 : **756.5 bil. yen**

Increase of new loans

FY2009 1H

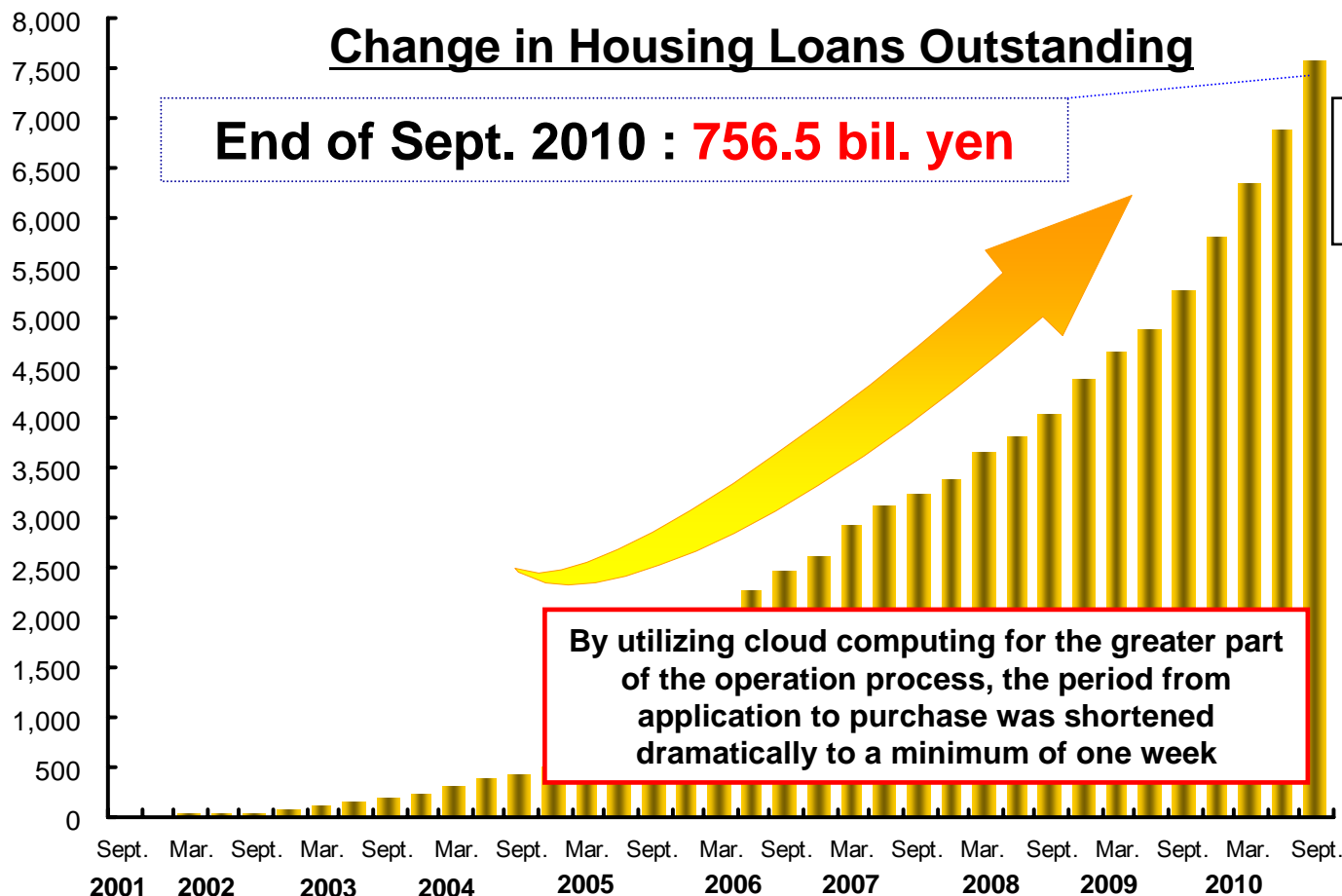
80.5 bil. yen



FY2010 1H

147.8 bil. yen
(+83.6%)

By utilizing cloud computing for the greater part of the operation process, the period from application to purchase was shortened dramatically to a minimum of one week



● Offers the lowest level of interest rates (2.160%)

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

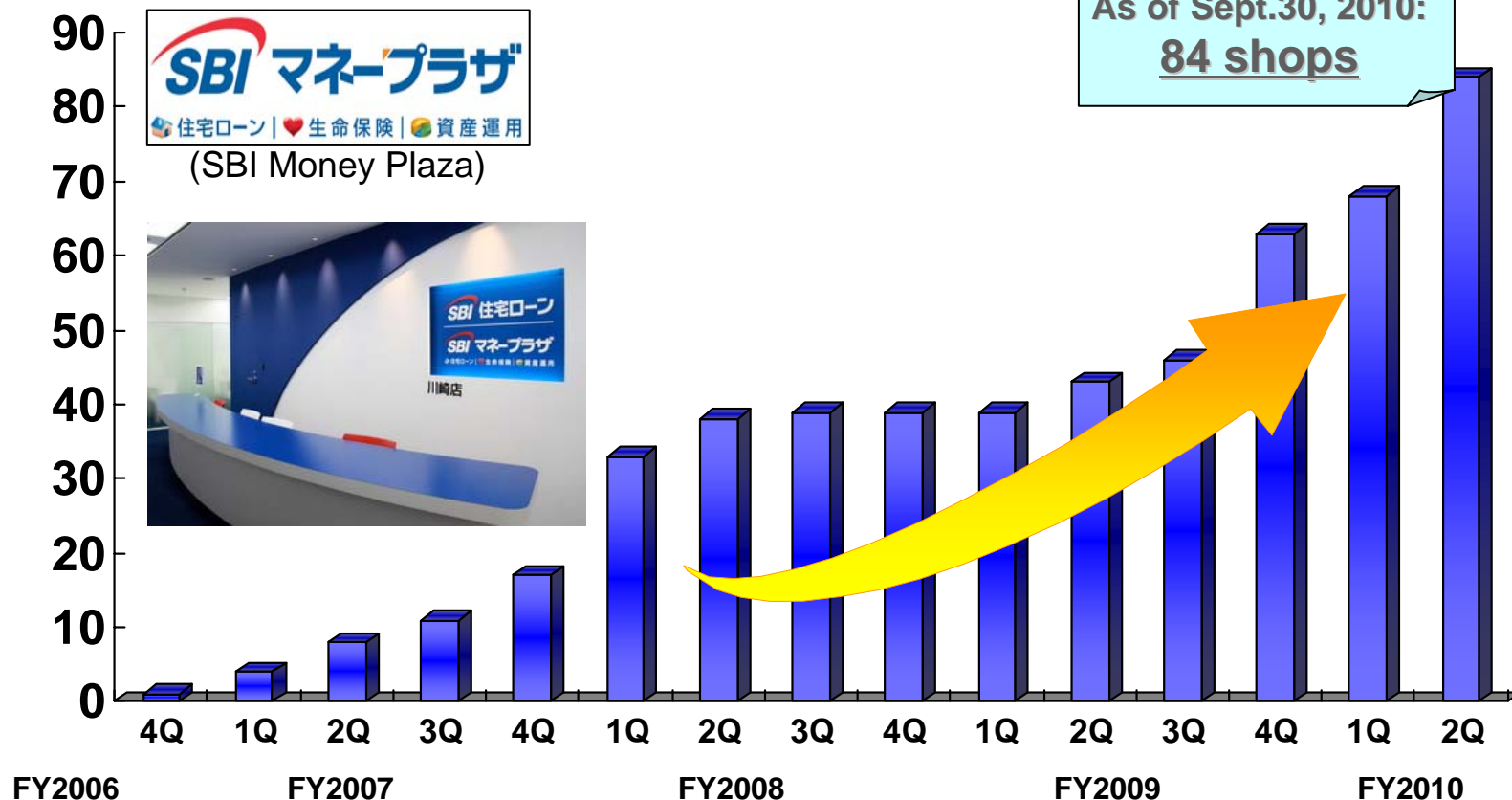
● SBI Mortgage's "Flat 35" share in 1H(Apr.-Sept.): **14.73% 1st** among 339 companies

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

Development of Face-to-face Channels Greatly Contributed to the Growth of SBI Mortgage

Change in number of SBI Money Plaza/ SBI Housing Loan Shops

(No. of shops)



Endeavor to increase cross-selling of life insurance through sales of housing loans

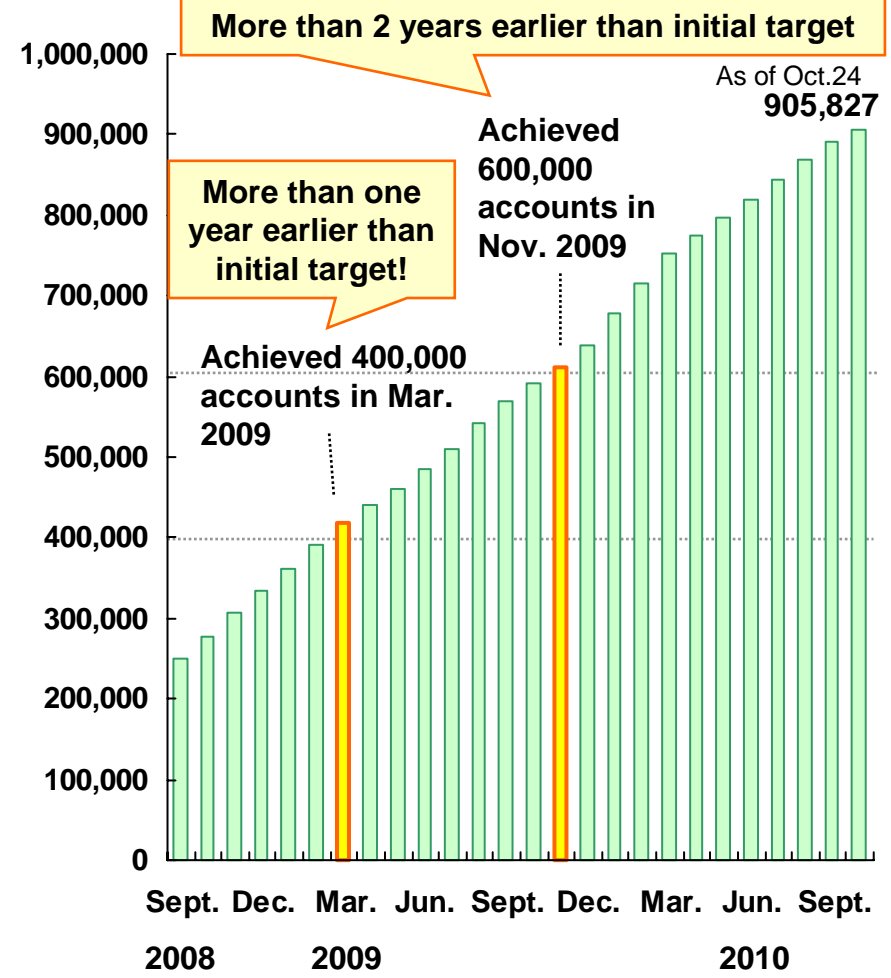
Change in Number of Accounts and Deposits of SBI Sumishin Net Bank

Change in numbers of accounts

Sept.30, 2010: 892,009 accounts

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

(accounts)

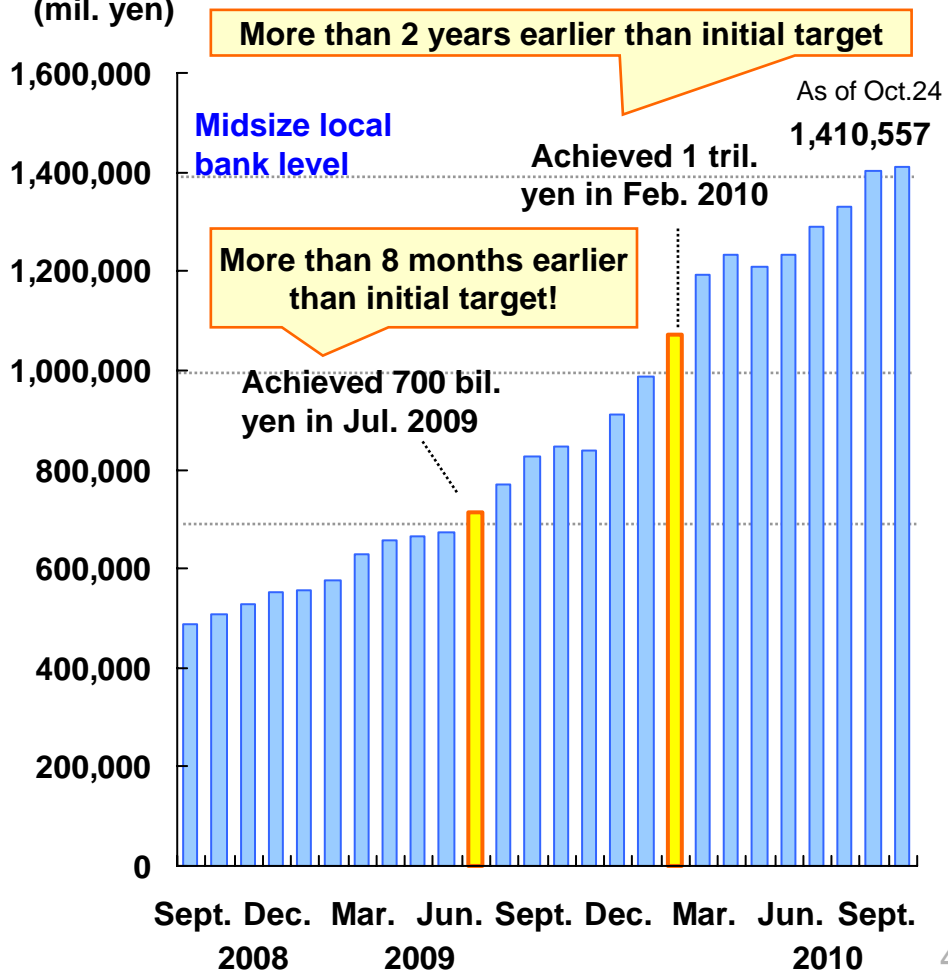


Change in deposits

Sept.30, 2010: 1,402.7 bil. yen

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

(mil. yen)



Sony Bank vs. SBI Sumishin Net Bank -1-

(Launched on Jun. 2001)

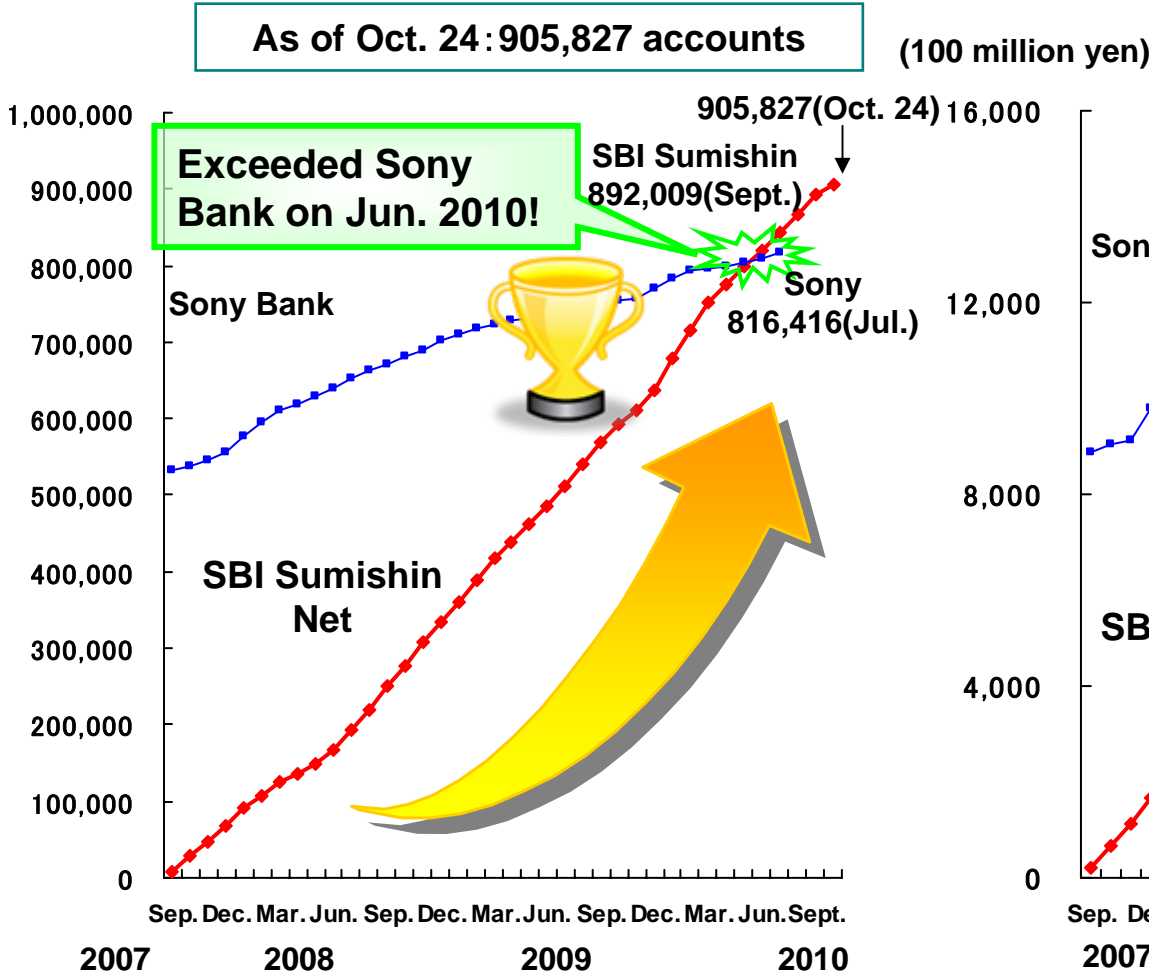
(Launched on Sept. 2007)

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

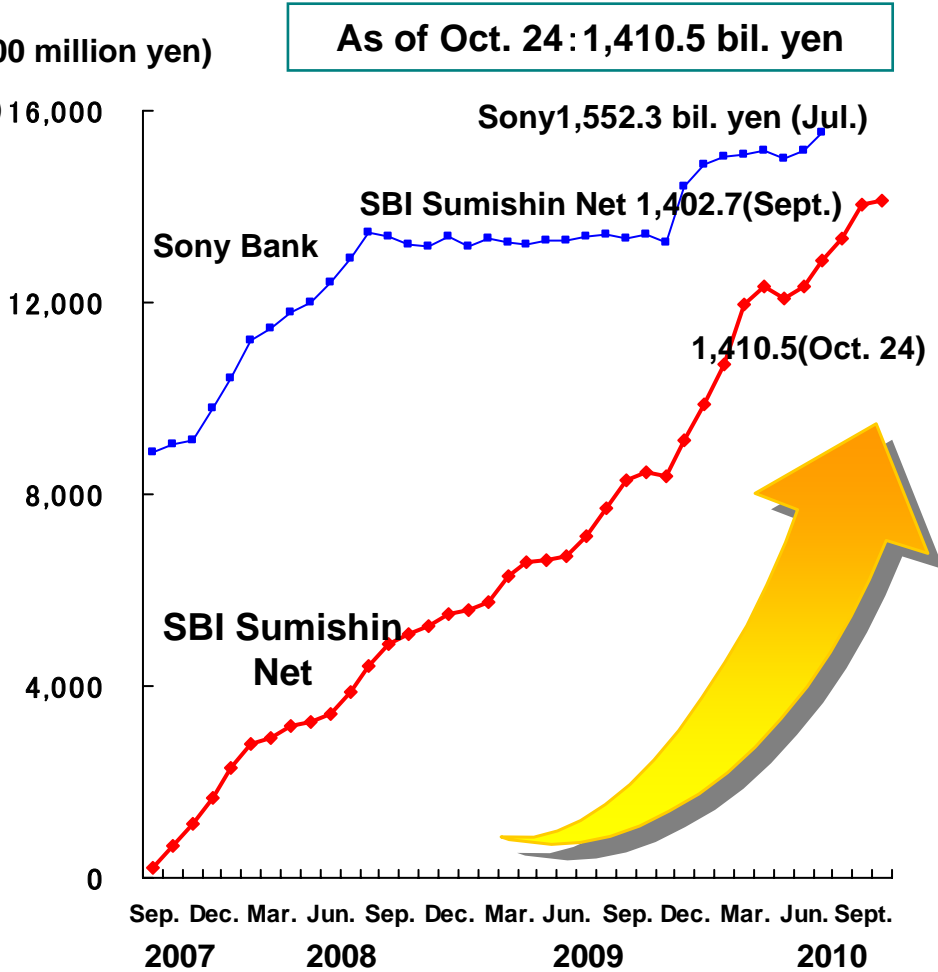


*Sony Bank stop monthly disclosure after Aug. 2010

(accounts) **Change in number of customer accounts**



Change in deposit amount



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

Sony Bank vs. SBI Sumishin Net Bank -2-

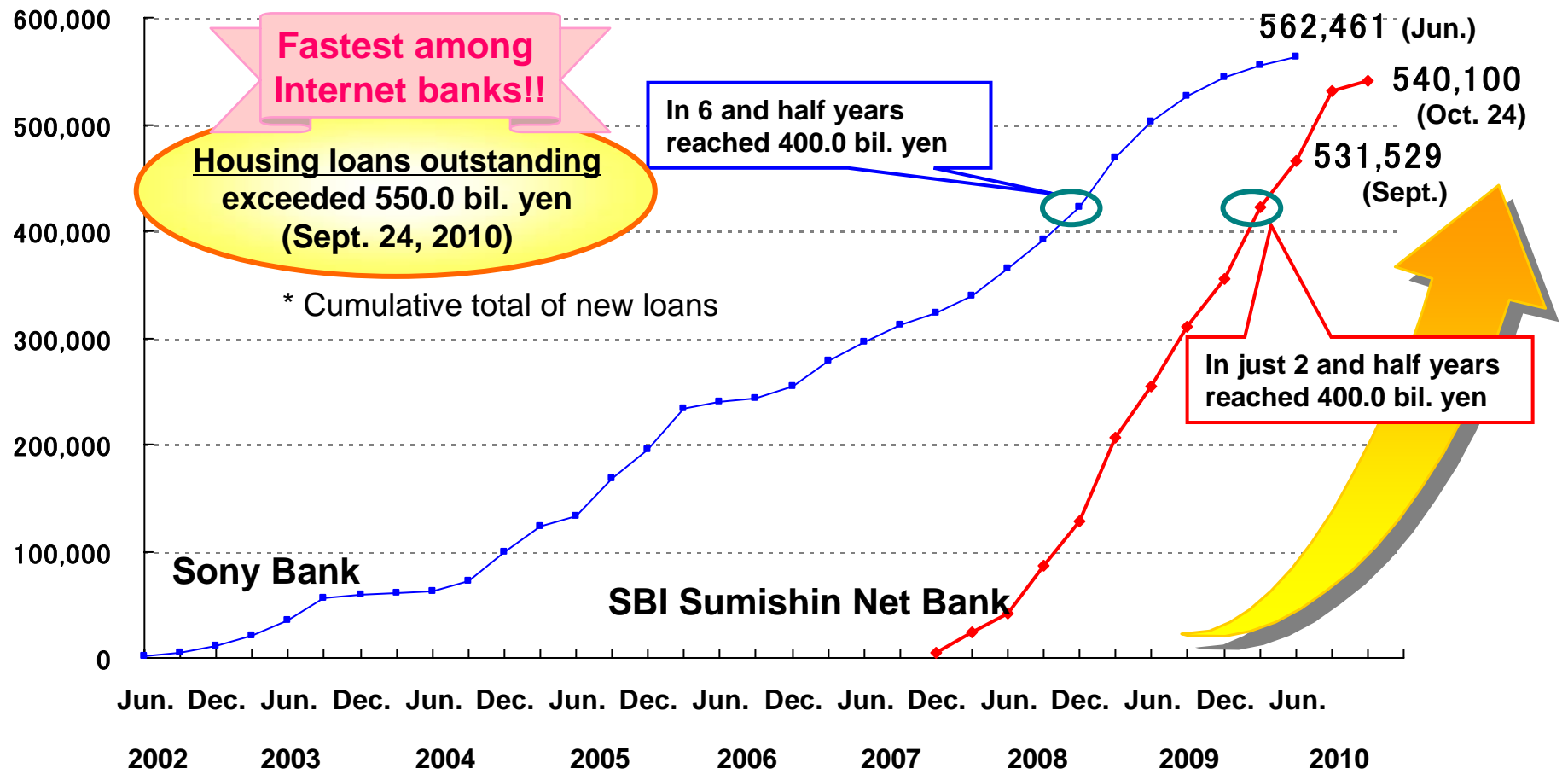


(Launched on Jun. 2001)

(Launched on Sept. 2007)

Change in housing loans outstanding (from Jun. 30 2002 to Sept.30 2010, and Oct. 24, 2010)

*eliminated amount of repayment from cumulative new housing loan



The housing loans outstanding has approximately doubled in a year

Auto Loans at SBI Sumishin Net Bank are Steadily Increasing

Cumulative auto loans outstanding*


(mil. yen)
20,000


(Aug.2009-Sept.2010, Oct.: as of Oct.17)

19,500

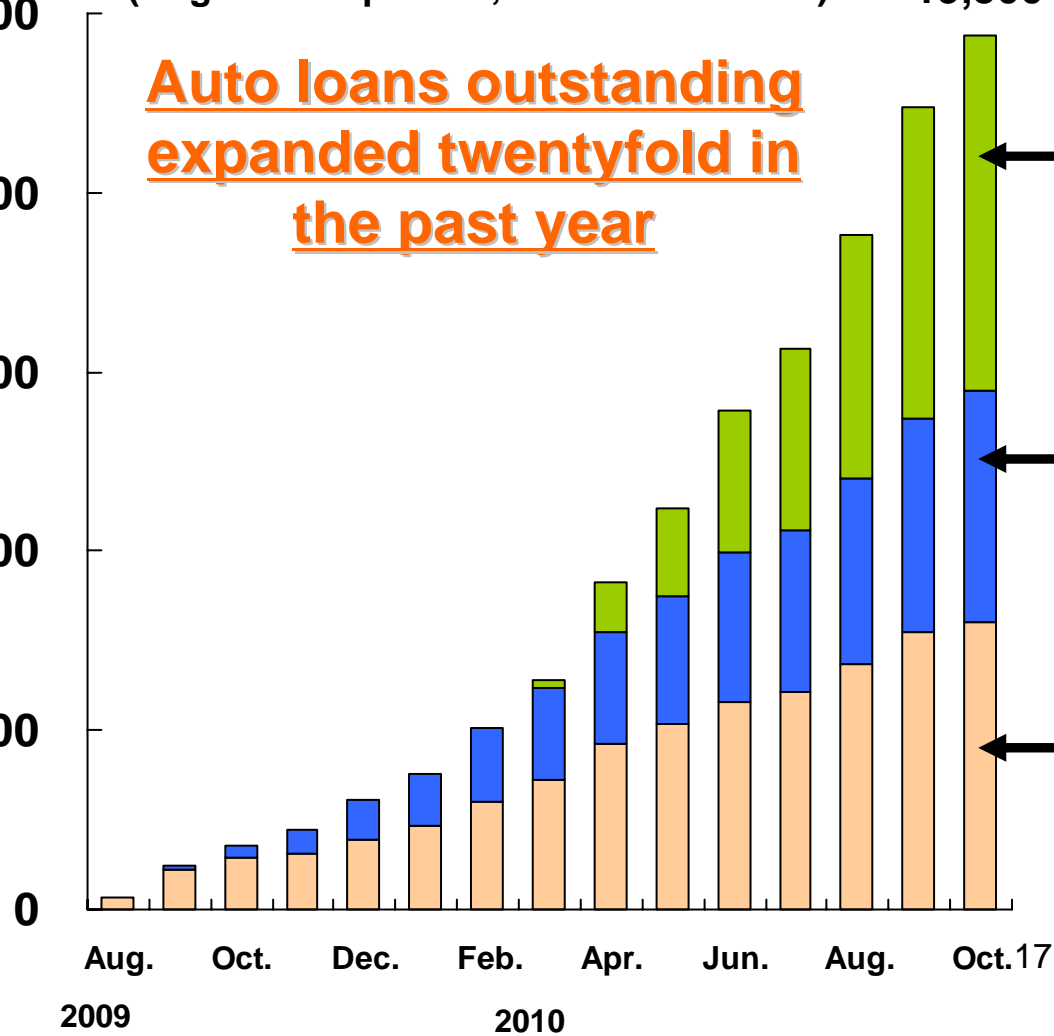
Via: * Figures in parentheses are ratio

Auto loans outstanding expanded twentyfold in the past year

 **SBI Credit**
Oct.1 Changed its corporate name from G-ONE Credit Service
(40.7%)

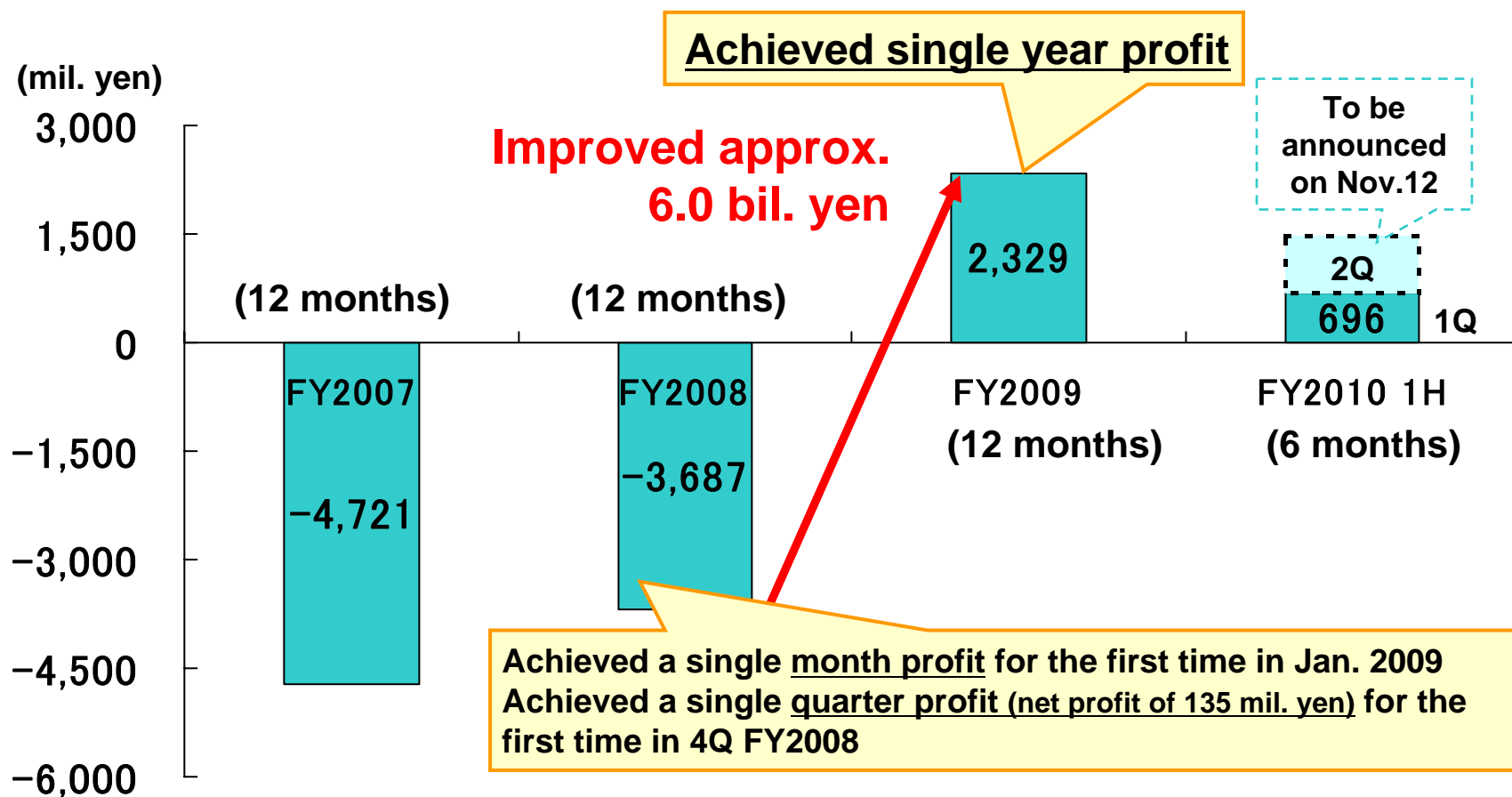
 **SBI AutoSupport**
(26.5%)

Others
(Credit companies etc.)
(32.8%)



SBI Sumishin Financial Results for 2Q FY2010 (Jul.-Sept.) Appears Much Improved from That for 1Q FY2010 (Apr.-Jun.)

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



-2- Of the Newly Established or Acquired Companies, Those Expected to Become Profitable Soon

**KTIC, SBI Global Investment, SBI Credit,
a joint venture company with China securities**

The Two Korean Investment Companies, which Newly Became SBI Group Companies, Turned Around in FY2010

Korea Technology Investment Corporation (KTIC)

(an equity-method affiliated company, listed on KOSDAQ)

Unit: 100 million KRW

	FY2007 (full year)	FY2008 (full year)	FY2009 (full year)
Operating Revenues	543	222	341
Operating Income	208	-185	-829

FY2010 1H (Jan.-Jun.)
142 (approx.1,040 mil. yen)
24 (approx.170 mil. yen)

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

Informally designated as a management company of the 100 bil. KRW size Korean government fund called "Japan Korea Parts and Material Fund"

SBI Global Investment Co., Ltd.

(Formerly Global Investment Advisory Co., Ltd.)

(Consolidated subsidiary, listed on KOSDAQ)

Unit: 100 million KRW

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

FY2010 1Q (Apr.-Jun.)
16 (approx.120 mil. yen)
4 (approx.30 mil. yen)

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

Focused on SPAC*, which is attracting attention in Korean financial market.

In this field, two funds with 20.0 bil. KRW were established (one has already been listed) and another fund is under preparation for establishment

Newly Acquired SBI Credit (Formerly G-One Credit Service) Estimates Operating Profit in FY2011 Despite Temporary Deterioration Due to Change of Accounting Standard at Acquisition



Oct. 2009	SBIH and Gulliver International reached basic agreement of comprehensive business alliance in auto-finance businesses
Jul. 1, 2010	Transfer of G-ONE Credit Service stock to SBIH (100%)
Oct. 1, 2010	Change of its corporate name to “SBI Credit”

Expand the lineup of financial product

Oct. 13~	Auto credit at Gulliver International
Oct. 14~	Credit for solar-power generators and all-electric systems

[Future business development]

- Expand number of participating stores (now approx. 2500) and network of operation bases (now 8), which represent the strength of G-ONE Credit, expecting to **further expand collaborative auto loans**
- Gradual increase in types of financial products handled such as **credit for solar-power generators and all-electric systems**
- **Provision of used car guarantees and SBI Group's financial products** to users of credit

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

Reference: 1H in the Previous FY 0.1 bil. yen

* Before the change of accounting standard

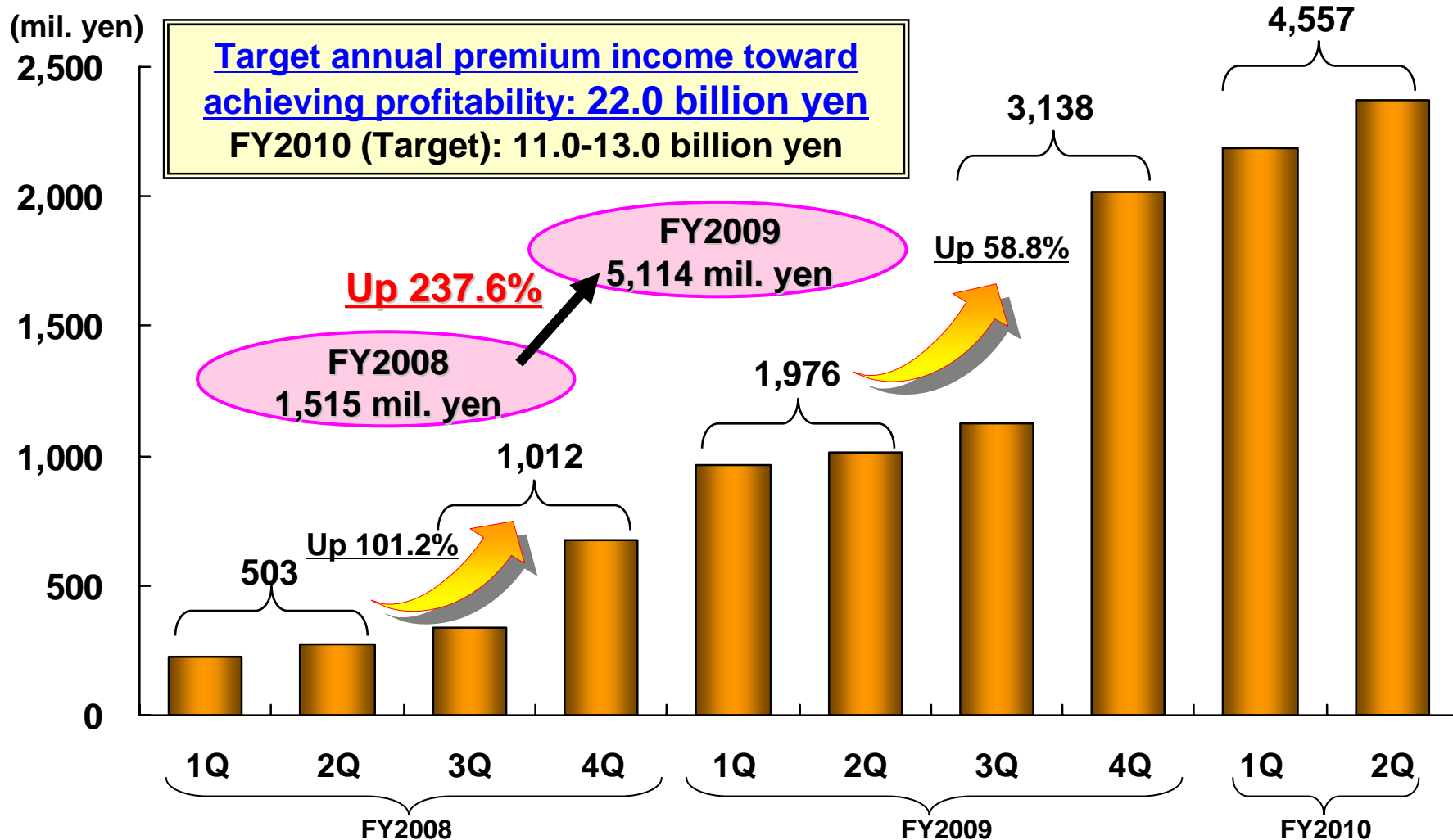
-3- Unprofitable Companies Targeting Profitability within 3 Years (SBI Insurance*, SBI AutoSupport)

* SBI Insurance applies Insurance Business Act Article 113 (deferred assets)

SBI Insurance: Insurance Premium Income at SBI Insurance is Steadily Increasing

The income for 1H FY2010 (Apr.-Sept.) was approx. 4.6 bil. yen, up 130.6% YoY and 45.2% HoH, reflecting robust growth

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



* Written basis: Completion of receiving transaction of insurance premiums

Number of SBI Insurance's Auto Insurance Contracts Written has Steadily Grown to Over 200,000

Cumulative number of contracts written reached over 200,000 as of Sept. 30, 2010

Just after 2 years and 8 months
since its start of operations

(policies)

220,000

200,000

180,000

160,000

140,000

120,000

100,000

80,000

60,000

40,000

20,000

0

Number of auto insurance contracts (written basis*) / cumulative

(Excluding continuing contracts, expiring contracts, and early-withdrawals)

**Target of number of contracts for
FY2010: 300-330 thousand**

Compound Annual Growth Rate

(Sept. 2008 - Sept. 2010)

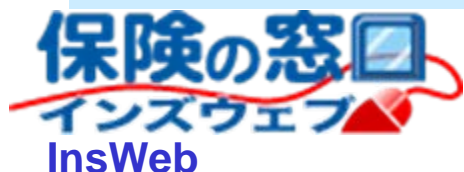
275.0%

Mar. 2008 Jun. 2008 Sept. 2008 Dec. 2008 Mar. 2009 Jun. 2009 Sept. 2009 Dec. 2009 Mar. 2010 Jun. 2010 Sept. 2010

SBI Insurance and InsWeb

InsWeb neutrally introduces the most suited products for customers, not only financial products of the SBI Group but also non-SBI products

Insurance estimate and comparison website, “Insurance Market Place” InsWeb



An insurance portal providing cost estimates and documents quickly upon request

Automobile insurance

Participation by 20 companies

Life insurance

Participation by 23 companies

Personal pension, Educational endowment insurance, Overseas travel insurance, Fire insurance, Motorcycle insurance, Driver insurance, Golf insurance, Leisure insurance, Pet insurance ,etc



Other life insurance companies, non-life insurance companies and financial institutions etc.

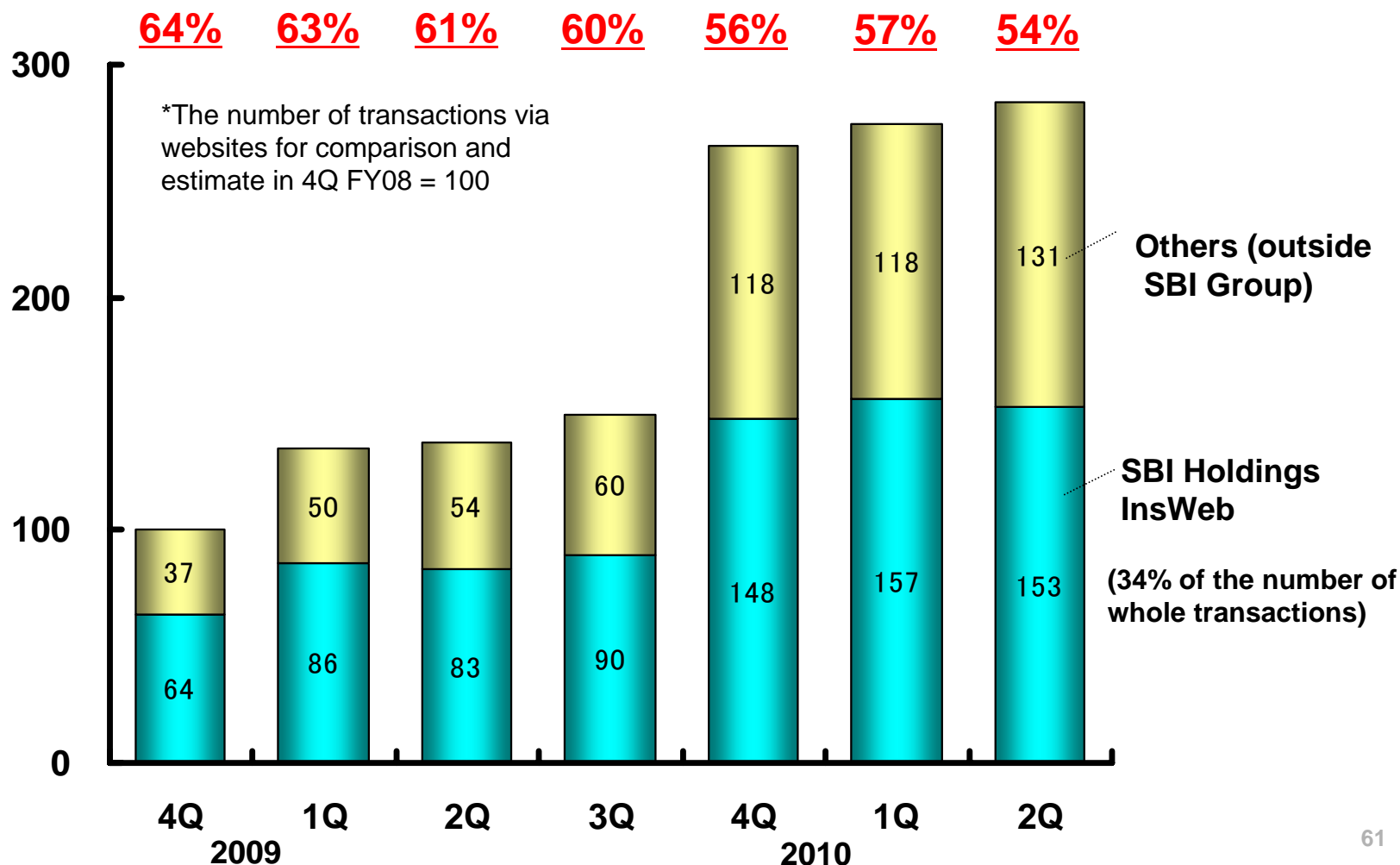
Cumulative number of automobile insurance estimation service users
topped 4.55 mil. !

The Synergy between SBI Insurance and InsWeb



SBI Insurance's Quarterly Change in the Number of Contracts through Websites for Comparisons and Estimates (Indices)

InsWeb's share in new contracts through websites for comparisons and estimates:

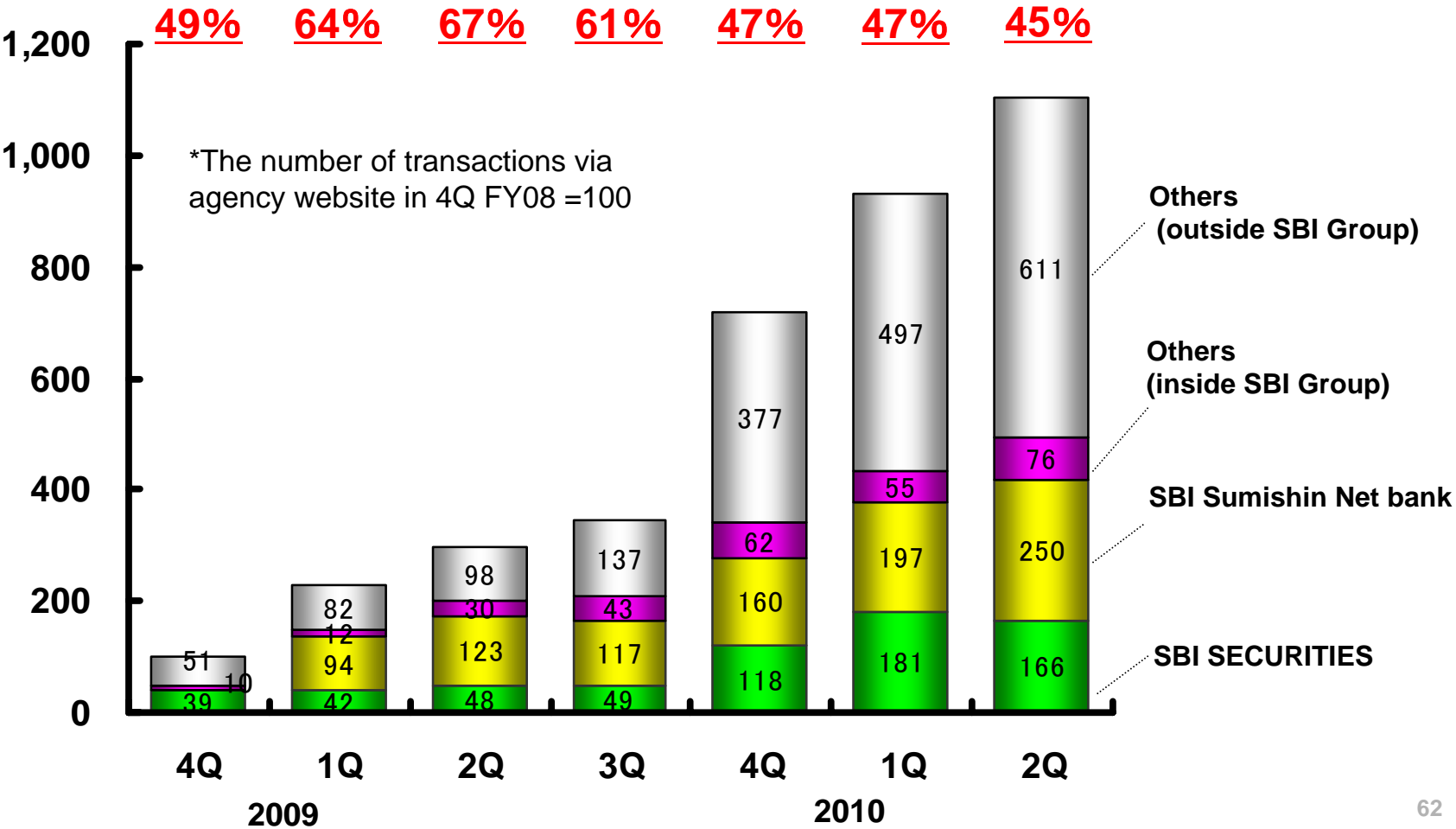


Synergies between SBI Insurance and Other Group Companies



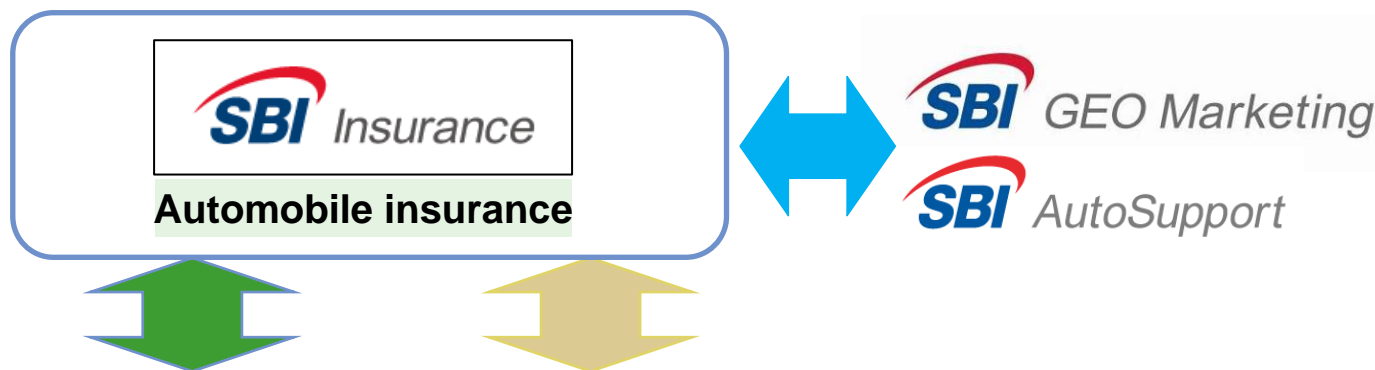
Quarterly change in the number of SBI Insurance's contracts in each agency channel (index)

The SBI Group's share of new contracts through agency sites:







Utilizing Channels Inside the Group and Channel Expansion through Business Alliances with Companies in Various Industries

Effective approach to customers who do not use the Internet,
yet taking full advantage of offering SBI Insurance's auto insurance



Existing Channels of the SBI Group

 [SBI SECURITIES] 2.12 mil. accounts (as of the end of Sept. 2010)	 890,000 accounts (as of the end of Sept. 2010)
 [InsWeb] Cumulative number of estimation: over 4.55 mil. (as of the end of Sept. 2010)	 [SBI Money Plaza] 84 Shops (as of the end of Sept. 2010)

Expanded Channels through Alliances

Announcement of alliance Aug. 2009	Oct. 2009	Mar. 2008
DVD Rental Giant 	Used Car Purchasing/ Selling Giant 	Used Car Auction Giant 
<ul style="list-style-type: none"> • 12.54 mil. registered customers • 1,025 stores nationwide (include FC shops) (As of the end of Sept. 2010)	<ul style="list-style-type: none"> • Purchasing 200,000 used cars per year • Selling 40,000 used cars per year • 423 stores nationwide (As of the end of Sept. 2010)	<ul style="list-style-type: none"> • Registered companies: 15,200 • Annual number of cars listed: 570,000 (As of the end of Mar. 2010)

At Money Plaza, started installation of terminal units inducing customers to SBI Insurance mobile site!

Source: Compiled from information disclosed by each company

Performances of SBI AutoSupport are Steadily Improving

SBI AutoSupport, a JV business with JAA, used car auction company, improved financial result with recovering of major factors such as number of registered used car dealers and new loans.

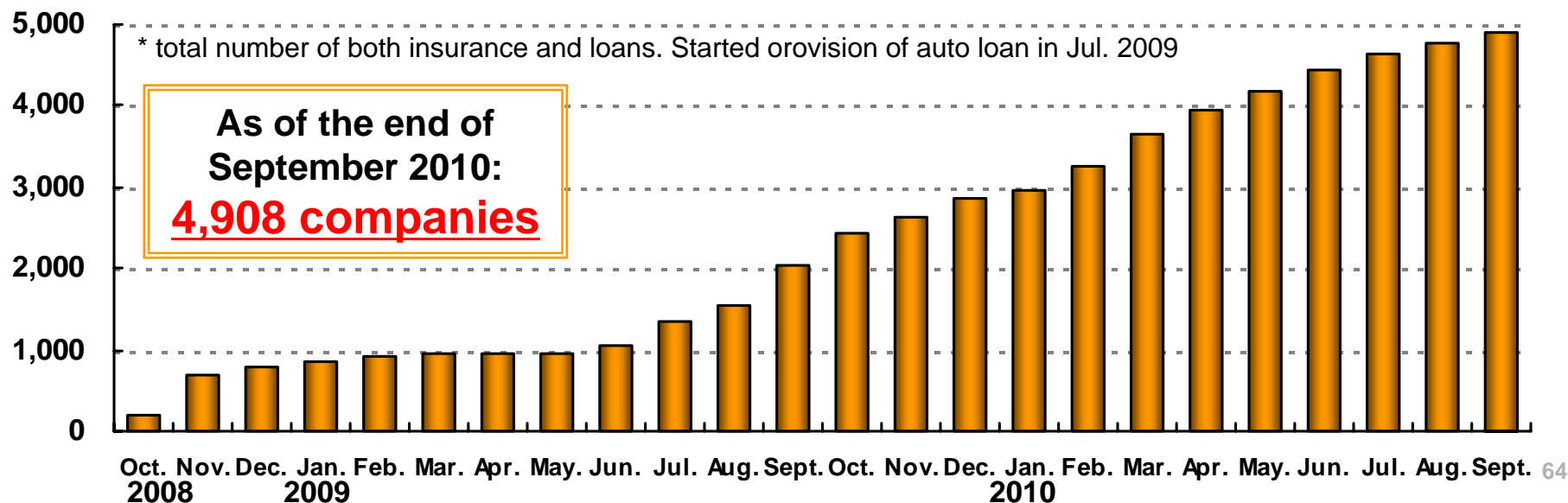


(Unit: mil. yen,%)

	FY2009 1H (Apr. 2009- Sept.2009)	FY2010 1H (Apr. 2010- Sept.2010)	YoY	FY2009 2H (Oct. 2009-Mar. 2010)	FY2009 (Full Year)
Operating income	-32	-9	+23 mil. yen	-18	- 51

Number of registered used car dealers (cumulative*)

(companies)



(2) Continuing Group's Endeavors to Reduce SG&A

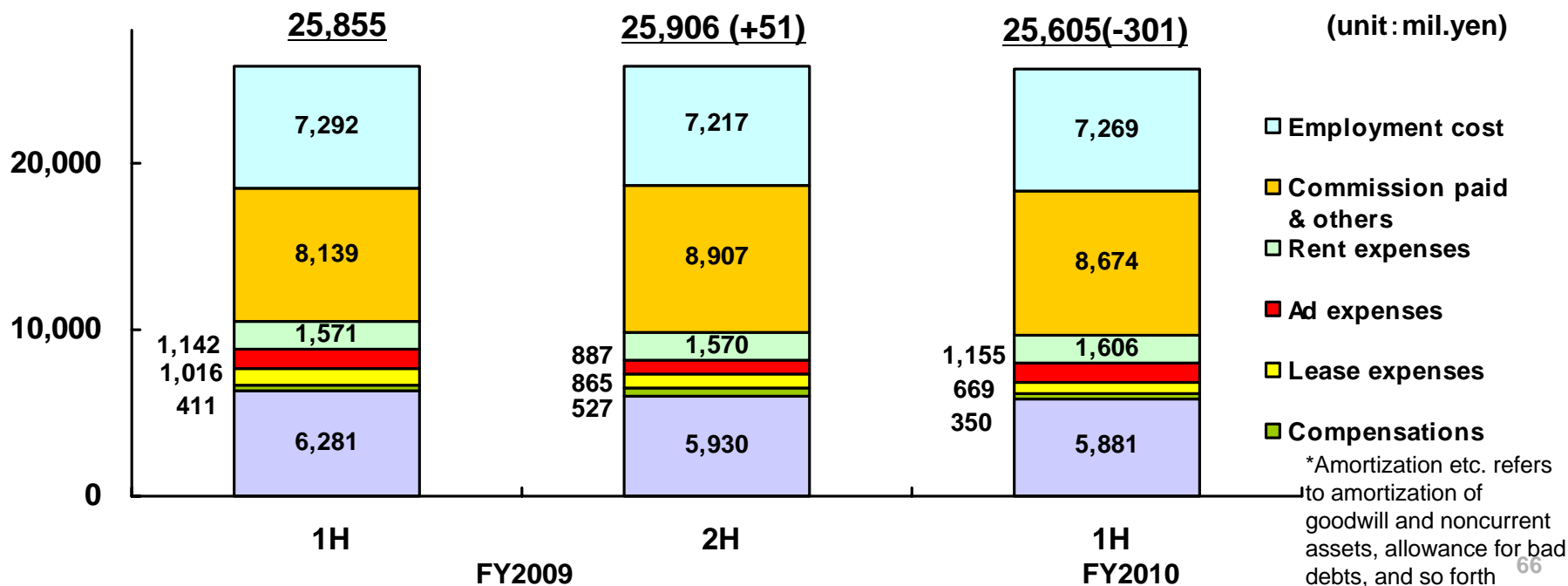
Reduction of SG&A

- From October 2008, each Group company assigned an officer with the responsibility of cutting costs, in order to strengthen the cost cutting movement
- SG&A in 1H FY2010 decreased by 430 million yen QoQ

	FY2009		FY2009 (Full year)
	1H (Apr. 2009- Sept.2009)	2H (Oct. 2009-Mar. 2010)	
Total SG&A	31,126	30,844	61,971
Controllable costs	25,855	25,906	51,762
Amortization etc.*	5,270	4,938	10,209

FY2010	
1H (Apr. 2010- Sept.2010)	HoH change
30,696	-430
25,605	-250
5,098	-179

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



(3) Building and Expanding a Highly Profitable Overseas Business Framework

- 1- Fast Growing Overseas Financial Businesses**
- 2- Towards Creation of “Global Network Value”**
- 3- Expansion of Global Financial Information Contents Businesses**

Building a Highly Profitable and Well Controllable Overseas Business Framework

New organization structure started on Sept. 1, 2010

- Establish Overseas Business Div. with Overseas Business Promotion Dept. and Overseas Business Administration Dept. under umbrella
- Yoshitaka Kitao, CEO, serves concurrently as the chief of Overseas Business Div.

Started the initial summit conference of overseas bases in Sept. 2010, and hold it every week afterwards

Key measures

<Fund management business>

- Hire people of talent
- Establishment of performance management system

<Overseas transplantation of financial services >

- With holding some stake of overseas financial institution, transplant system and know-how accumulated in Japan and strengthen collaboration with each business in Japan

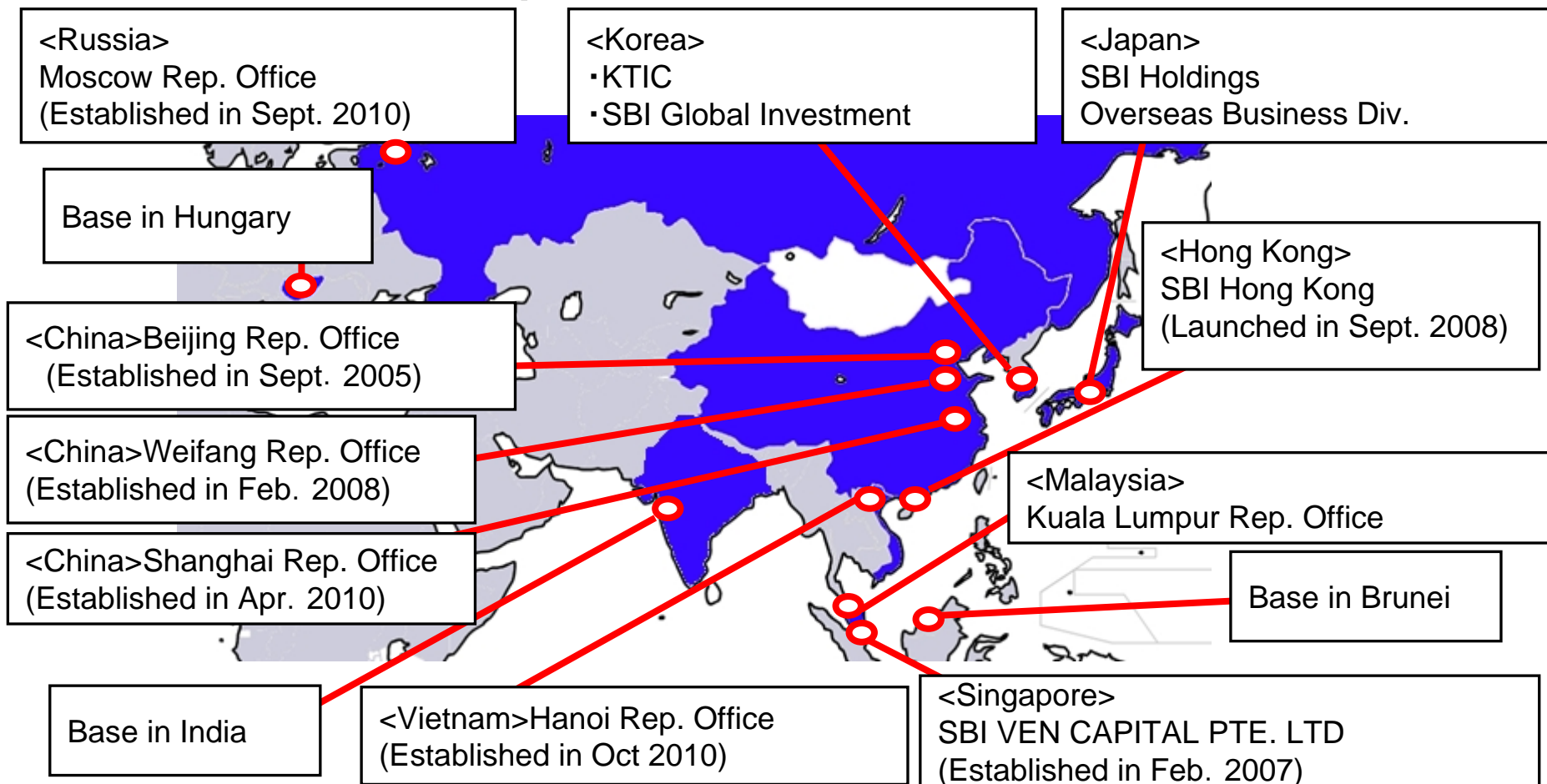
<Group Management>

- Convert representative offices into local subsidiaries as early as possible
- Rigorous implementation of overseas management accounting system to clarify degree of earnings contribution
- Establish compliance management and risk management systems locally



Overseas Bases Expansion is in Progress

Aims at sound and highly profitable overseas regime with earlier transfer of local representative offices to local subsidiaries



**Estimated annual operating cost of
Overseas local subsidiary and representative office: 0.7 bil. yen**

Operating income of overseas businesses in 1H FY2010: approx. 2.0 bil. yen

(Including KTIC, SBI Global Investment, Tien Phong Bank and Phnom Penh Commercial Bank)

-1- Fast Growing Overseas Financial Businesses

Rapid Growth of Overseas Investee Financial Institutions

Profit before tax in 1H FY2010 of the three investee banks showed large YoY increase

TIEN PHONG COMMERCIAL JOINT STOCK BANK

(Equity ratio : 20.0%, Equity-method company/affiliated company)

(Unit: mil. yen)*

	FY2009 1H (Jan.-Jun.)	FY2009 2H (Jul.-Dec.)	FY2010 1H (Jan.-Jun.)	YoY
Profit before tax	385	438	544	41.4%

Phnom Penh Commercial Bank

(Equity ratio: 40.0%, Equity-method company/affiliated company)

	FY2009 1H(Jan.-Jun.)	FY2009 2H(Jul.-Dec.)	FY2010 1H (Jan.-Jun.)	YoY
Profit before tax	8	26	28	246.6%

Commercial Bank of Ceylon

(Listed on Colombo Stock Exchange, Equity ratio: 9.99%)

	FY2009 1H(Jan.-Jun.)	FY2009 2H(Jul.-Dec.)	FY2010 1H (Jan.-Jun.)	YoY
Profit before tax	2,872	2,887	3,156	9.9%

 **Dividend ratio in FY2009 was 41%**

*Calculated on FX rates as of the end of each term

-2- Towards Creation of “Global Network Value”

- i) Building a Global Network through Alliances with Prominent Local Partners Primarily for Private Equity Business**
- ii) Pursuit of “Global Network Value”**

**i) Building a Global Network through Alliances with
Prominent Local Partners Primarily for Private
Equity Business**

New Funds with Overseas Prominent Partners:

-1- Brazil

Jardim Botânico



Reached basic agreement to jointly establish an investment fund which focuses on promising unlisted companies in Brazil

<Outline of Jardim Botânico Investimentos>

Establishment : May 2003

Asset under management : 157 mil. USD (as of Jun. 2010)

Managing three funds, including PE fund. JB Focus Fund, its flagship fund, boasts high track record with IRR 26.5%

<Outline of the JV Fund>

Investment target: unlisted companies in Brazil

Commitment amount: 125mil. USD

SBI's shareholding ratio: 50%

A fund management company is going to be established by both the SBI Group and Jardim Botânico

New Funds with Overseas Prominent Partners:

-2- Abu Dhabi



Invest AD (Abu Dhabi governmental)



Reached basic agreement to jointly establish an investment fund which focuses on promising companies in middle and north Africa, such as Nigeria, Ghana, Kenya, Egypt, Tunisia and Morocco

<Outline of Invest AD>

Establishment: 1977

- **A leading Abu Dhabi government-owned financial services company, focused on tapping the growth markets of the Middle East and Africa.**
- **Manages funds such as focusing on listed companies in Africa and as on listed and unlisted companies in Middle East and North Africa**

<Outline of the JV Fund>

Target: Several sectors, including banking, mining, consumer products and manufacturing

Commitment amount: 100 mil. USD

SBI's shareholding ratio: 50%

New Funds with Overseas Prominent Partners:

-3- China

Fudan University(Shanghai)



Expects to experience a multiplier effect for SBI's business expansion into southern China, such as Shanghai and the Yangtze River Delta

<Outline of Fudan University>

- Established in 1905
- One of the three major prestigious universities in China, along with Beijing University and Tsinghua University
- Amongst the venture companies in its group, SHANGHAI FUDAN FORWARD S&T CO., LTD (Shanghai [A-Class shares]), Shanghai Fudan Microelectronics Company Limited (Hong Kong GEM) and Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (Hong Kong GEM) are listed
- the incubation center of Fudan University was approved as a “National-level Science and Technology Innovation Center” in 2005 by the Ministry of Science and Technology of the People's Republic of China

<Outline of the JV Fund>

- Commitment amount (minimum): 50 mil. USD(SBI), 30 mil. USD(Fudan Univ.)
- Focusing mainly on the fields of biotechnology, green technology, IT, media, and alternative energy, areas where the University has expertise
- Establishes 2 funds (USD based and RMB based). SBI is going to establish a fund management company to manage the both funds

Cooperation with All of Three Major Prestigious Universities in China

Established JV fund
on Jan. 2008

Tsinghua Holdings



100% Subsidiary of Tsinghua University, one of China's leading universities, especially in the technology field.

Established JV fund
on Feb. 2008

Peking University BDJB Group



One of China's leading high-tech companies which belongs to the Beijing University Jade Bird corporate group

Reached
basic agreement on Oct. 2010

Fudan University



Amongst the venture companies in its group, SHANGHAI FUDAN FORWARD S&T CO., LTD (Shanghai [A-Class shares]), Shanghai Fudan Microelectronics Company Limited (Hong Kong GEM) and Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (Hong Kong GEM) are listed

Significance of Joint Fund Management With Chinese Universities

- In China, industry, government and academia are building extremely tight relationships while steadily identifying and utilizing cutting-edge research seeds from universities.
 - ➡ The major universities are spearheading the creation of a vast industrial group, giving rise to conditions similar to those in the U.S. Silicon Valley.
- Technology evaluations and various specialized advice can be obtained by utilizing university resources and faculty members.
- When subscribing for funds, relationships with listed companies managed by graduates who have already achieved success can be utilized.

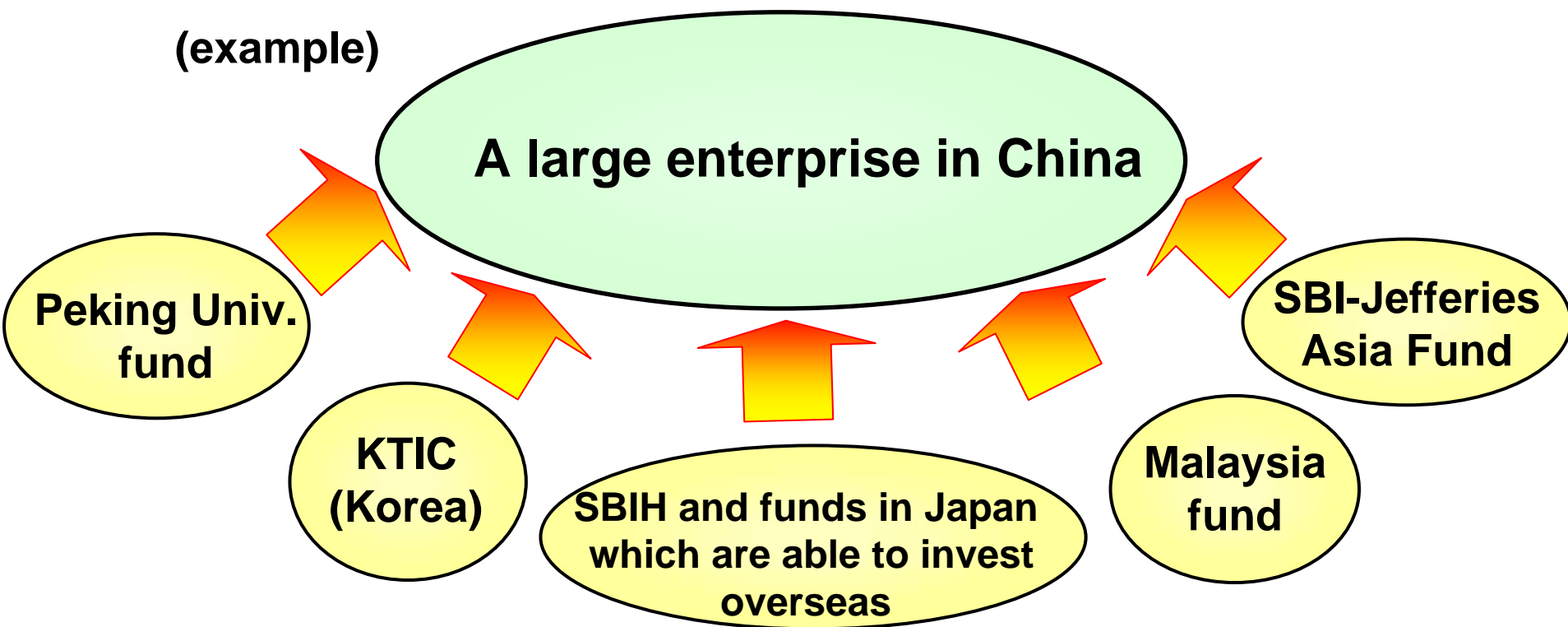
ii) Pursuit of “Global Network Value”

Pursuit of “Global Network Value”: Example 1

Global Network Value 1 :

Expansion of investment scale through co-investments

(example)



- Beyond the investment capacity of each fund
- Beyond each fund's shareholding limitation for an investee company as the whole SBI Group

➡ Enables larger stake holding of a corporation along with due influence

Pursuit of “Global Network Value”: Example 2

Global Network Value 2 :
Enhanced value at IPO through investments from prominent global partners

SBI Group's prominent partners

	Japan's No.1 VC SBI Investment		Company of the Tsinghua University Group Tsinghua Holdings
	Korea's No.1 VC KTIC		Strategic investment arm of Peking University Peking University BDJB Group
	Singaporean governmental investment group Temasek Group		Fudan University (Shanghai)
	Malaysian governmental investment management company PNB Equity Resource Corporation		China Merchants Securities, Resource Capital China, China CITIC Bank
	Brunei Darussalam, Ministry of Finance		Vietnamese largest IT company FPT
	Major U.S. securities company Jefferies Group		Wholly owned subsidiary of the Hungarian Development Bank MFB Invest Ltd.
	Leading Russian financial group IFC METROPOL		Subsidiary of a Abu Dhabi governmental ADIC Invest AD

etc.

With the investment participation of the various funds with prominent global partners, the investee company's valuation will be enhanced at the time of the IPO

Pursuit of “Global Network Value”: Example 3

**“Global Network Value” 3:
Mutual synergies between financial service businesses
in each country**

The First Japanese Company to Acquire a Securities Business License in Cambodia



SBI Phnom Penh Securities Co., Ltd.

- Acquired the “full license” from Cambodian Securities and Exchange Commission
 - After the stock exchange becomes operational, SBI Phnom Penh Securities will operate a comprehensive securities business including securities underwriting and securities brokering
- ⇒ Targeting for global business development, such as securities underwriting of IPOs of state-owned enterprises and sales of Cambodian company stocks in Japan in conjunction with SBI SECURITIES

Cambodia

- Many foreign companies (including Korean and Chinese) have made inroads into Cambodia, and the manufacturing industry (including garment manufacturing) is now in a growth phase.
- With future economic development, Cambodia’s financial markets are expected to grow substantially
- Superior domestic companies including state-owned enterprises are expected to be listed

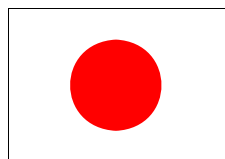
Phnom Penh Commercial Bank

(SBIH invested in 40% /
Launched in Sept. 2008)



(e.g.) Global Synergies in Securities Business

Japan's Largest Online Securities



SBI証券
[SBI SECURITIES]

Financial
products
of each
country

Investors



Approx. 2.13
mil. accounts
(as of the end of
Sept. 2010)

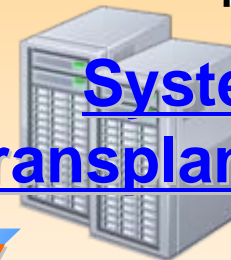
System
transplantation



Mutual Provision
of Products



System
transplantation



Cambodia

SBI Phnom Penh Securities

Acquired license on Oct. 20, 2010

(Wholly owned subsidiary of SBIH)

Other Securities
companies
overseas

Others: Underwrite securitization of government owned companies in emerging countries at their privatization and sell them in Japanese market (Global Underwriting business) etc.

Pursuit of Mutual Synergies between Overseas Banks of New Group Companies -1-

Vietnam



Tien Phong Bank (Started operations in May 2008)

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

Recorded a profit in the first FY, and surged in the second FY. Established 7 branches and 17 sub-branches in addition to the head office.

<Result in 3Q total (Jan.-Sept.) FY ending Dec. 2010* >

Ordinary revenue	6.92 bil. yen	No. of accounts	27,812
Net income	0.55 bil. yen	Deposits	28.72 bil. yen
Total asset	62.7 bil. yen	Loans	21.87 bil. yen



Cambodia



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

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

Profitability is steadily increasing, and recorded a profit in the second FY. Opened first branch in Jan 2010 and eliminated cumulative loss in March 2010.

<Result in 3Q total (Jan.-Sept.) FY ending Dec. 2010*>

Ordinary revenue	0.21 bil. yen	No. of accounts	4,169
Net profit	0.04 bil. yen	Deposits	3.21 bil. yen
Total asset	4.52 bil. yen	Loans	1.72 bil. yen



* Preliminary figures before audit

* FX rates are at the end of Sept. 2010

Pursuit of Mutual Synergies between Overseas Banks of New Group Companies -2-

-Operation of online banking businesses through investing in OBIBANK-

Concluded basic agreement on 50% investment.

Plan to make it an affiliate after the acquisition of shares



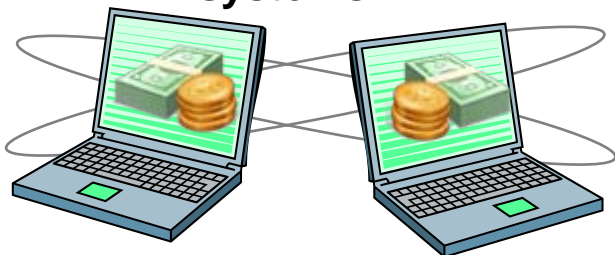
Russia



OBIBANK

(Established in 1994)

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



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

Ordinary revenue	3.19 bil. yen
Net profit	0.43 bil. yen
Paid-in capital	2.99 bil. yen
Total asset	31.12 bil. yen

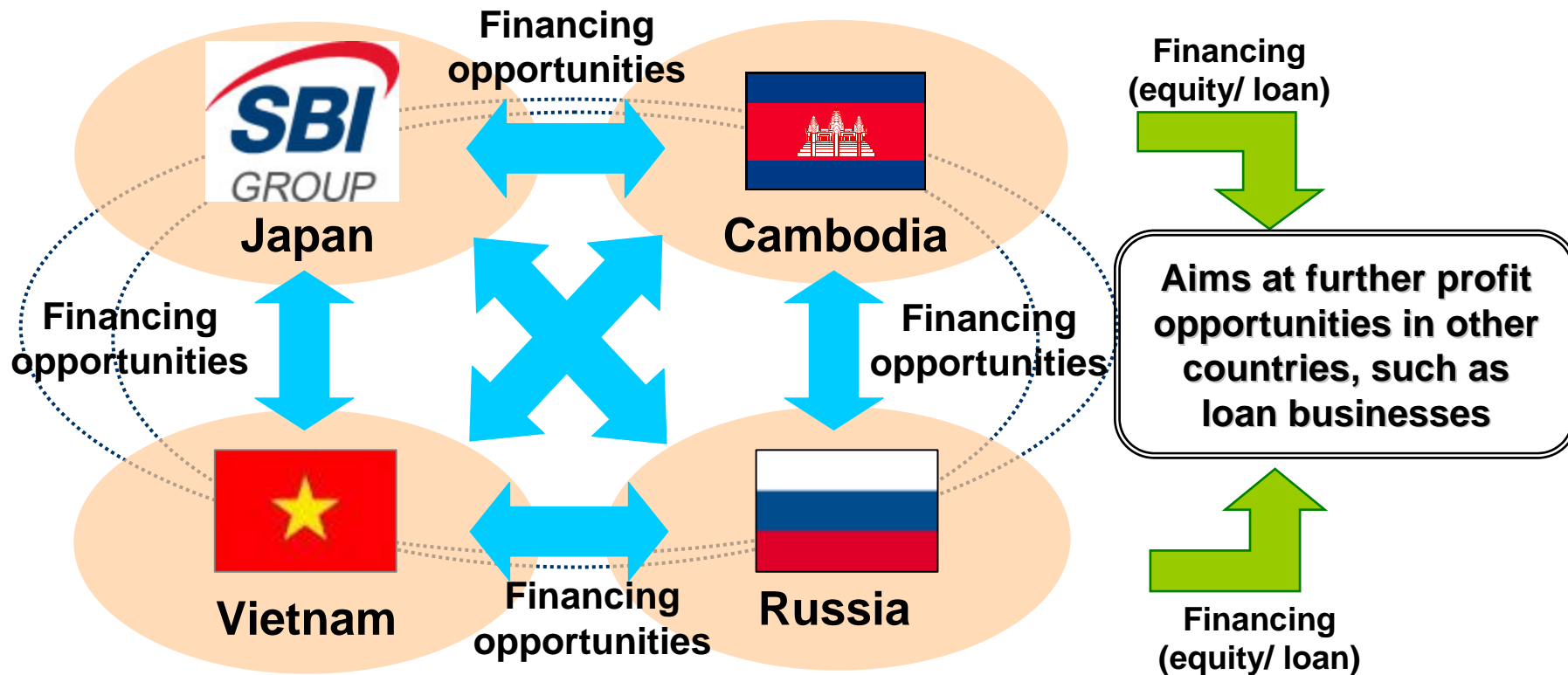
No. of accounts	4,861
Deposits	25.65 bil. yen
Loans	7.82 bil. yen

* FX rates are at the end of Dec. 2009

(e.g.) Global Synergies in Banking Business

Through providing financing opportunities mutually between the SBI Group and each banks, aims for accelerated growth of banking business

Image:



Provide financial support to Japanese companies entering overseas countries by accepting their trade receivables as collateral or by obtaining guarantees from parent companies, among other measures.

A Chinese Nonlife Insurance Company “Tianan Insurance Co., Ltd.”

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



Acquired shares in Jul. 2010
(Shareholding ratio: 7.65%)

Dispatch of a board
member is planned

Offering SBI Group's insurance
business know-how

→ Proceed its going online



Tianan Insurance Co., Ltd.


- Insurance Premium Income (2009): 7.0 bil. CNY (approx. 90.2 bil. yen)
*calculated as 1 CNY = 12.89 JPY
- Number of branches: 32 in China
- Establishment: 1994



Targeting IPO within 2 or 3 years

Regional Expansion of Overseas Financial Services Businesses

Planning inception of financial services businesses in India and Indonesia, and entering into securities businesses in Vietnam



<Russia>
OBI Bank
(Establishment: 1994)

<China>
Tianan Insurance (Non-life insurer)
(Establishment: 1994)

<India>
Planning start of Businesses in
securities, banking, insurance, OTC
trading of FX

<Vietnam>

- TIEN PHONG COMMERCIAL JOINT STOCK BANK
(Launched in May 2008)
- Planning start of securities business

<Indonesia>
Planning start of Businesses in
securities and banking

<Cambodia>

- Phnom Penh Commercial Bank
(Launched in Sept. 2008)
- SBI Phnom Penh Securities
(Acquired license in Oct. 2010)

-3- Expansion of Global Financial Information Contents Businesses

~A Man with Information Wins on Financial Business~

Expansion of Investment Information through Utilization of Serchina's Abundant Information

Chinese stock information



Monthly Page Views: 88.47 million
Monthly Unique Visitors: 4.89 million

(* as of the end of Sept. 2010)

Synergy

SBI証券 Provides approx. 450
 [SBI SECURITIES] stocks and ETFs

Introduce "VIP-Level III," a SearchChina's tool for investment information

Main functions:

Search for Chinese stocks/ fluctuations ranking by industries/ details of individual stocks/ screening and multi functional charts etc..

Synergy

Launch of a new financial portal site 「**SBIF**」

SBIF Finance TM

(Operated by SBIH)

- Easy to compare macro index and stocks between China and Japan
- Chart using Flash

etc.

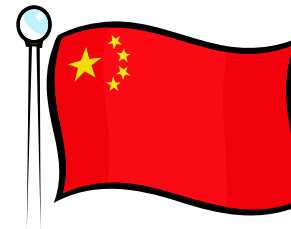
Planning to develop the site as an overseas investment information site, through the addition of information on U.S. stocks, etc.

Searchina Secures Competitiveness in Chinese Information with its Unique Research



Monthly Page Views: 88.47 million
Monthly Unique Visitors: 4.89 million

(* as of the end of Sept. 2010)



Local subsidiary in Shanghai “Searchina Shanghai” (Searchina Research Institute)

Self-monitoring database of approximately 0.45 mil.

Commissioned to Operate JETRO Antenna Shop

As part of a project by the JETRO Shanghai Center to study the feasibility of exporting Japanese foods to China, an antenna shop for Japanese foods has been set up in Changsha, Hunan Province.



Conducted trial sales/ taste-test marketing for a month

Disclosure of “Lifestyle Survey of Chinese Consumers” as an Online White Paper on China

Online disclosure of a white paper (book) concerning consumer awareness survey and fixed-point observations conducted every year since 2004.

Developed and Published Statistics on Chinese Cities

Published over the Internet major economic indicators for each Chinese city since 2003 in a time-series format.

Current Affairs Opinion Survey (in Japanese and Chinese)

Local Chinese consumer monitors post questionnaires on the latest news in China, and other member monitors respond to them. The results are displayed in graphs by city, gender, and age group, and are made available to the public.

Entry Into Sino-Japanese Business News Publishing Service through Alliance with China Securities Journal, a Wholly Owned Subsidiary of Xinhua News Agency Located in China

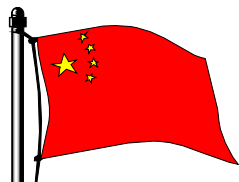


- Plan to establish [the Japanese Website of “China Securities Journal”](#), the largest economic newspaper in terms of number of copies printed, in Japan. In addition, English information distribution at the new company is also under discussion
- Plan to provide comprehensive advertising agency businesses in China by transferring shares of [Xinzheng Advertising Company \(net profit in 2009: approximately 200 mil. yen\)](#) from CSJ to the new company
- Capable of utilization of [a listed company database \(covering more than 1,200 companies for the last 18 years\) and a fund database \(covering the last 10 years\)](#)
- Accelerate business development by fully utilizing the SBI Group’s know-how of financial information distribution

About China Securities Journal

- Business news publisher which boasts the largest distribution in China (1 million copies per day)
- CSJ annually awards investment trust grading organization “Golden Bull Award,” which is well known amongst Chinese investors. (fund award: held 7 times, listed company award: held 12 times)
- Information is collected from its local offices located in 14 provinces and cities directly under the central government authority, including Beijing, Shanghai and Shenzhen, and from the Xinhua News Agency’s overseas bureaus

Enforcement of Financial Information Content Businesses on Global Scale



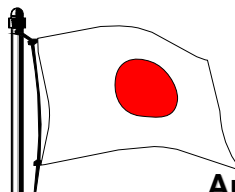
Searchina
Overseas information such
as that of China

Became subsidiary in Feb. 2010

**JV with China Securities
Journal**

Information provision through the
utilization of Xinhua News Agency
Network,

Agreed in Establishment of JV in Oct. 2010



MORNINGSTAR

August 1998
Website Launched

**Morningstar Japan/
Kabushiki Shimbun**
Information about Japanese
equities and investment trusts

SBIFinance TM

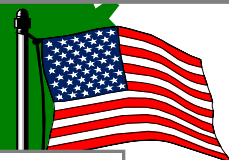
Comprehensive financial portal site



Morningstar Inc.
Distribute stock report in US, UK,
Switzerland, China, India and
Brazil to Morningstar Japan

WSJ Japan Edition
Overseas economic information
from an unique standpoint

December 2009
Service Launched



THE WALL STREET JOURNAL.
ウォール・ストリート・ジャーナル 日本版 japan.WSJ.com

To capture demand for economic and financial information on India, the Vietnam area, and other regions where high growth is expected, we will expand and enhance the financial information content business on a worldwide scale going forward.

3. The Potential of the Bio-Related Businesses as a New Business Field

- (1) SBI Biotech**
- (2) SBI ALApromo**
- (3) Bio-related investee**

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

• Immune moderation medicine



In conjunction with Changchun Huapu Biotechnology in China, clinical phase I test is in progress in the U.S. Also, in preparation of clinical test due to the requisition for the adhibition to acute leukemia in childhood by a North American research group. Started tie-up negotiations with foreign pharmaceutical companies.

• Immunocell therapy



Under testing clinical phase II in the U.S. in an alliance with Baylor Research Institute (U.S.) Currently, plans are in place to start clinical tests in Japan.

• R&D of immune body for cancers and autoimmune diseases



In tie-up negotiations with domestic and overseas promising pharmaceutical companies for anti-BST-2 body, in addition to anti-ILT-7 protein which aligned with MedImmune, the global biologics unit of AstraZeneca.

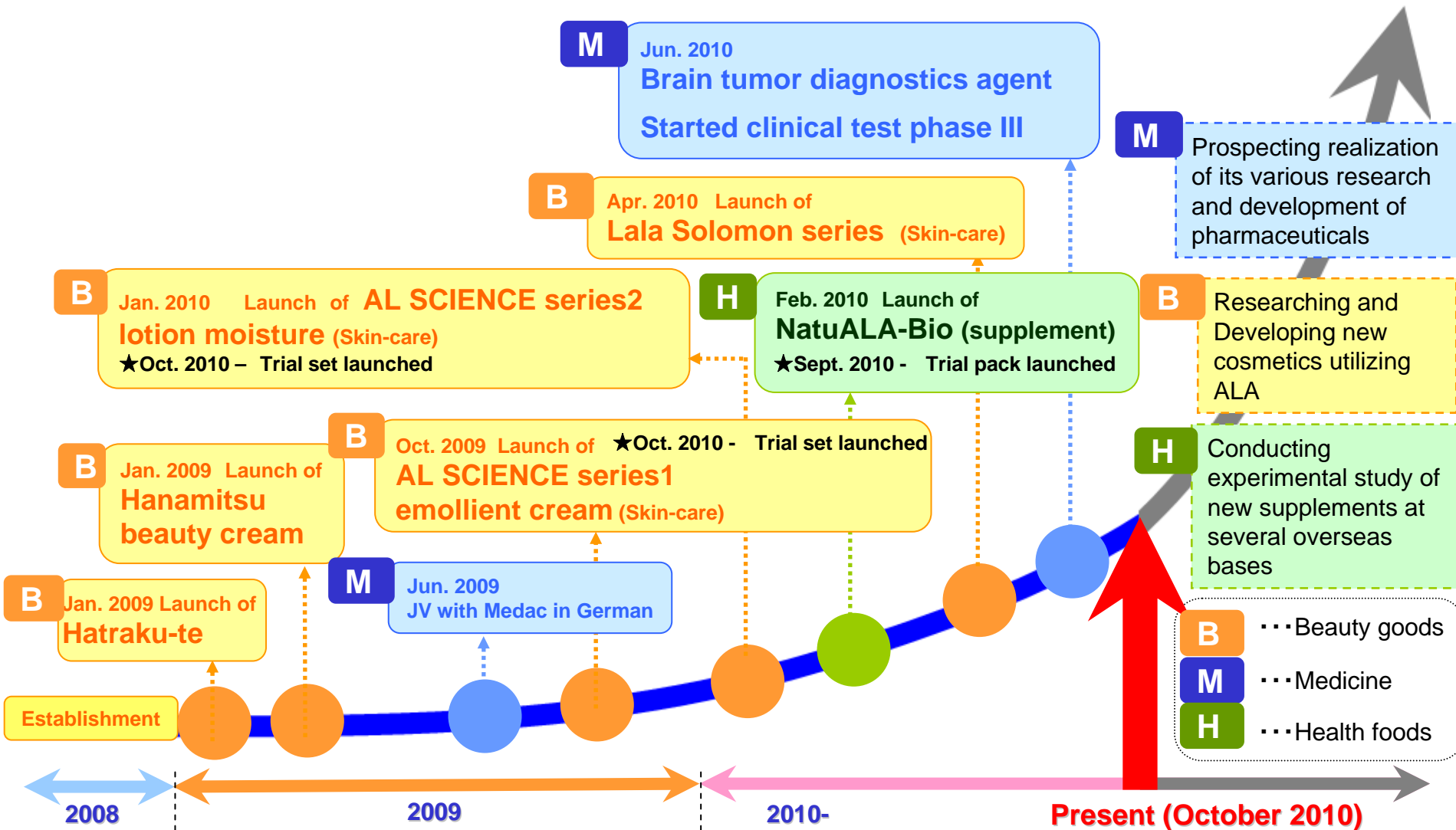
• Development of new anti-cancer agent



Applied for international patent of drug discovery hit to lead associated with CrystalGenomics in South Korea, and is currently preparing for an international patent application of drug discovery, owing to a cooperation with a bio-venture company in Japan.

Progress in SBI ALApromo

SBI ALApromo is steadily growing



(3) Bio-related investee:

Biotechnology Related Investee Companies' R&D



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

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

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

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

- Developed in collaboration with BioSpring GmbH as a neuroprotective agent for eye diseases
- Started a Phase I trial in March 2010, and dosed first Non-Arteritic Anterior Ischemic Optic Neuropathy (NAION) Patient in Oct. 2010

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

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

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

Acucela Inc. (Shareholding ratio of the SBI Group: 27.48 %)

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

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

2) OPA-6566 (Glaucoma)

- Acucela and Otsuka pharmaceutical enter new co-development and co-promotion agreement
- The compound OPA-6566 is currently under preclinical study, with clinical development scheduled to begin next year.

<Reference>

SBI Holdings' Shareholder Composition

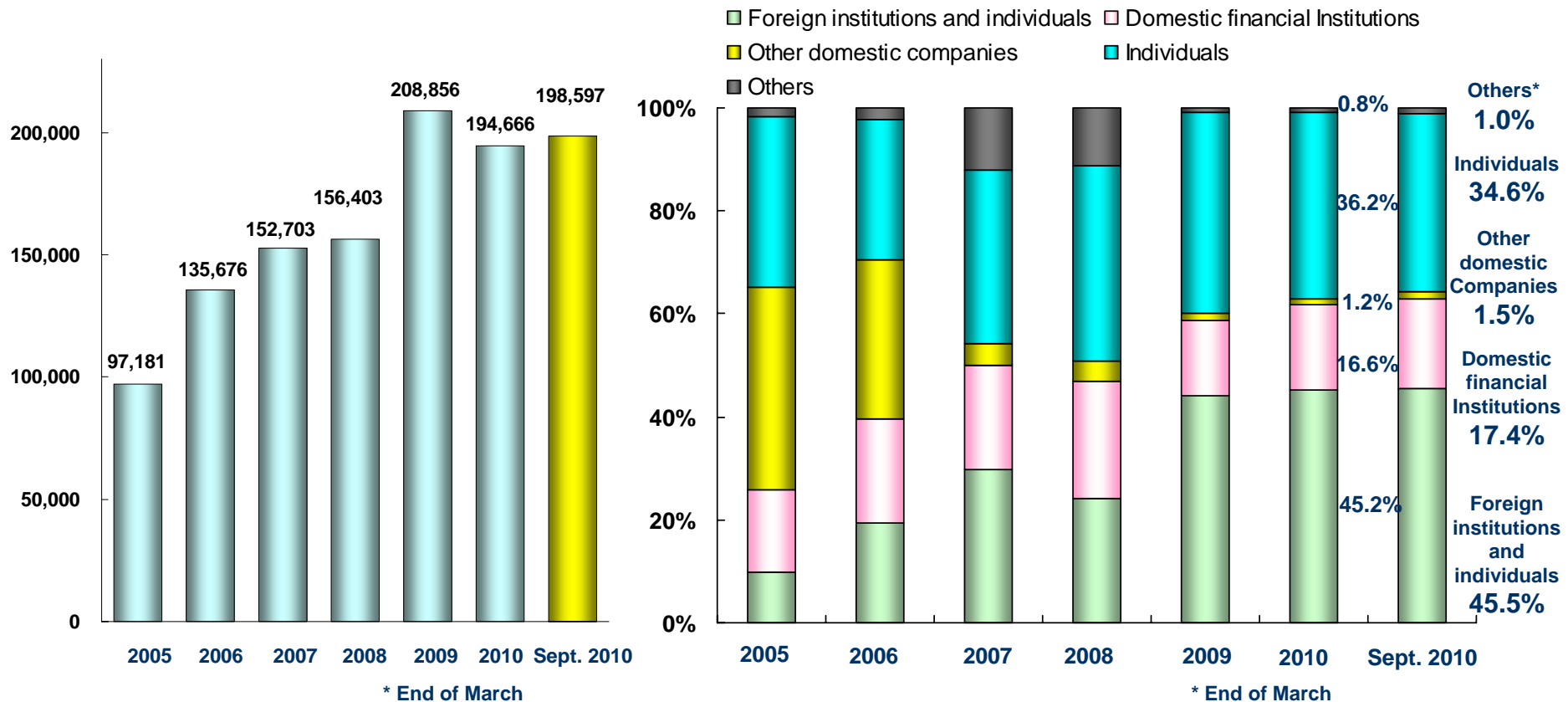


Foreign investors' shareholding ratio rapidly increased after FY2008

24.2% (Mar.2008) → 44.2% (Mar.2009) → 45.2% (Mar.2010) → 45.5% (Sept.2010)

Number of Shareholders

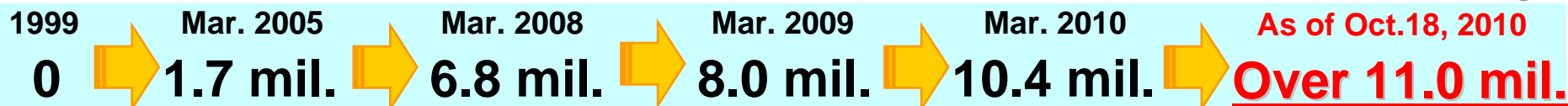
Shareholder Composition



(including holders of less than one trading unit)

*Others includes treasury stock (0.07%)

SBI Group's Rapidly Expanding Customer Base



(Unit: thousand)

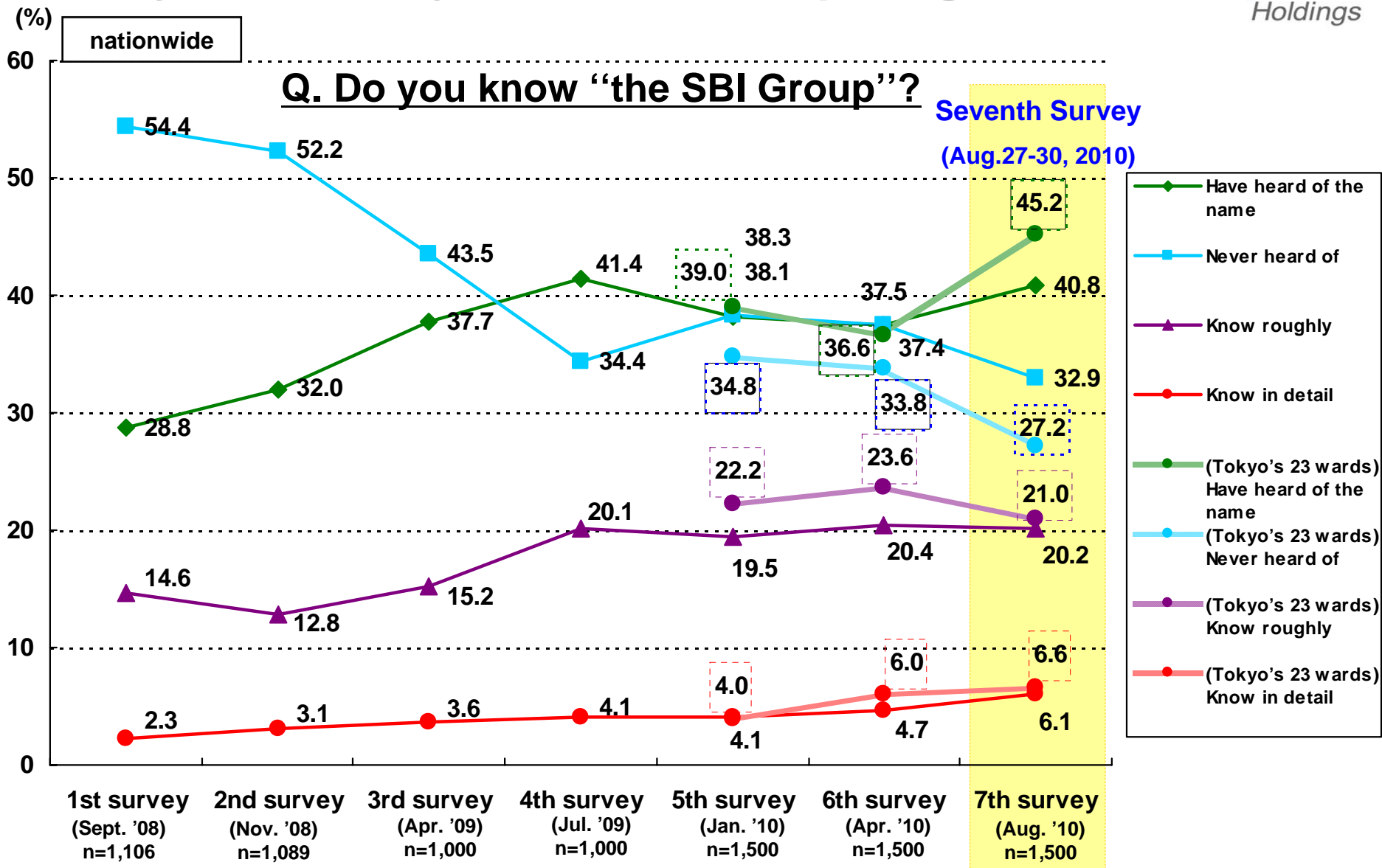
SBI Group company and division		End of Sept. 2010
SBI SECURITIES	(Accounts)	2,128
SBIH InsWeb	(No. of customers)	3,605
E-LOAN	(No. of customers)	973
Other financial websites	(No. of customers)	127
MoneyLook	(Total no. of customer registrations)	589
Morningstar Japan	(New portfolio customer registrations)	62
SBI Card	(Cards issued)	84
SBI Sumishin Net Bank	(Accounts)	892
SBI Insurance	(Total no. of contracts)	207
Autoc one	(Total no. of service users in FY2009)	1,280
Lifestyle related comparison websites	(Total no. of customer registrations)	616
SBI Credit	(No. of customers)	79
Others		331
Total		10,973

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

* Repetition customers between group companies are counted double while it is omitting repetition in each service site when it can be recognized as a unique user.

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

Survey on Visibility of the SBI Group, Aug.27-30, 2010



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 (from Apr.13 to 16, 2009), the fourth (from Jul.1 to 3, 2009), the fifth (from Jan.6 to 8, 2010), the sixth (from Apr.2 to 6, 2010), and the seventh (from Aug.27 to 30, 2010)

Assets under Management of the SBI Group

565.2 billion yen as of the end of Sept.2010

Private equity ,etc. total: 311.7 bil. yen

[IT/Biotechnology] Total: 123.5

Broadband/Media 52.4

Mobile services 27.8

Biotech 15.2

Others *1,2 28.1

[Buyout/Mezzanine] Total: 43.6

Value Up 20.9

Mezzanine 22.6

[Direct investment] 33.4

[Environment/Energy *2] 8.0

[Overseas] Total: 103.2

China *2 31.1

Korea 15.2

Vietnam 7.8

India 8.9

Hungary 13.9

USA *2 12.6

Others *2 13.7

[Investment trusts, others] Total: 202.7

Investment trusts 40.2

Investment advisory 161.0

Investment companies 1.5

[Real estate, others] Total: 50.8

Development 29.4

Completed properties 21.4

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

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

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

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