

Brokerage and Investment Banking Business

Key companies

E*トレード証券

E*TRADE SECURITIES CO., LTD.
Comprehensive online brokerage

ワールド日栄フロンティア証券

WORLD NICHIEI FRONTIER Securities Co., Ltd.
Nippon New Market ("Hercules") of Osaka
Securities Exchange (Code:8696)

Fides フィデス証券株式会社
Fides Securities Corporation

Fides Securities Corporation
Securities products and services

E*Commodity

e-Commodity Co., Ltd.
Online commodity futures
brokerage

E*TRADE
K O R E A

E*TRADE KOREA CO., LTD.
(Became a subsidiary in
June 2004)

エース証券株式会社

Ace Securities Co., Ltd.
(Became a subsidiary in
August 2004)

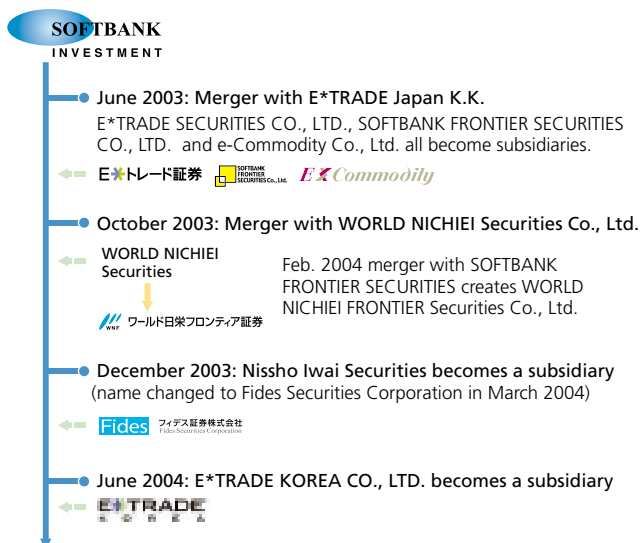
Segment Performance in Fiscal 2004

The Brokerage and Investment Banking Business is composed of E*TRADE SECURITIES, WORLD NICHIEI FRONTIER Securities, Fides Securities and e-Commodity Co., Ltd.

Upon the occasion of E*TRADE SECURITIES becoming a SBI subsidiary along with merging of operations between SBI and the holding company E*TRADE Japan in June 2003, we also brought two additional companies into the SBI Group: WORLD NICHIEI FRONTIER Securities, which draws on its strengths in marketing to individual investors utilizing a solid base consisting of a nationwide network of 27 main and branch offices, and Fides Securities, which offers institutional investors sophisticated financial products drawing on its strong product formation capabilities. Moreover, while combining the entire SBI Group's Internet and brick-and-mortar marketing channels, we are steadily building a structure that allows us to compete on even terms with the major securities companies.

During the fiscal year, all SBI Group securities company subsidiaries reported favorable results thanks to brisk securities markets. Specifically, E*TRADE SECURITIES attained record-high earnings, while WORLD NICHIEI FRONTIER Securities achieved profitability for the first time in four fiscal terms and paid out cash dividends. As evidenced by ¥1,640.7 billion in deposits in customer accounts, 416,809 securities accounts, and daily average value of trading of ¥123.0 billion, SBI's securities business is of a large scale comparable to that of Japan's major securities companies.

Milestones in Evolution of SBI Group (Fiscal 2004)



Performance of Individual Securities-Related Subsidiaries

Firm-specific fiscal full-year basis

(Units: ¥m)

	Total	E*TRADE SECURITIES	WORLD NICHIEI FRONTIER Securities	Fides Securities	e-Commodity
Operating revenues	28,055	14,765	11,655	281	1,354
Operating costs	19,533	9,962	8,039	274	1,258
Operating income	8,520	4,802	3,615	7	96
Recurring profit	8,612	4,833	3,675	7	97
Net income	7,800	2,190	5,559	5	46

* Totals are a simple summation of results, including any intercompany transaction.

Scale of SBI Securities Business

(As of Mar. 31, 2004)

	Total	E*TRADE SECURITIES	WORLD NICHIEI FRONTIER Securities	Fides Securities
Deposits in customer accounts	¥1,640.7bn	¥1,217.4bn	¥406.2bn	¥17.1bn
Securities accounts	416,809	351,950	64,161	698
Margin trading accounts	33,207	30,417	2,790	—
Daily average value of trading	¥123.0bn	¥116.3bn	¥6.6bn	—

* Daily average value of trading is computed from March 2004 trading data.

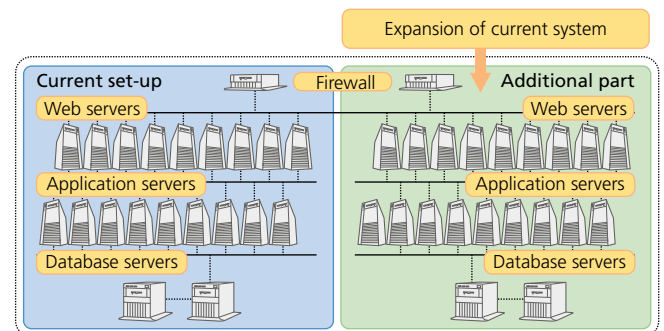
Future Strategy and Business Development

To achieve steady growth in the Brokerage and Investment Banking Business while successfully vying with its competitors, SBI believes it must further enhance its products and services. Acting on this conviction, we are thus implementing the following strategies. First, we aim to aggressively utilize Japan's new Securities Brokerage System to expand our customer base by forming alliances with investee companies, companies maintaining a network of accountants and financial planners and companies with membership organizations. Additionally, giving consideration to the convenience of individual investors, from April 19, 2004 we began handling unlimited margin trading transactions. We are also responding to a continued accelerating rise in the number of individual customer accounts by concentrating on establishing even more stable front and back office systems. Specifically, we plan to make investments for the multiplexing of current systems, build a mirror system that raises the level of our systems and develop the industry's highest-level real-time trading tools.

In June 2004, we acquired E*TRADE KOREA CO., LTD. Established in December 1999 as Korea's first Internet securities company, E*TRADE KOREA offers the industry's lowest trading fees in Korea and has steadily expanded the contents of its business.

SBI will furnish E*TRADE KOREA with the management know-how cultivated by subsidiary E*TRADE SECURITIES through its business activities in Japan's stock markets. By doing so, SBI aims to accelerate the speed with which E*TRADE KOREA expands its business operations. Looking ahead, SBI aims to make a capital increase in E*TRADE KOREA as early as possible and to obtain an underwriting license for this company. This will pave the way for E*TRADE KOREA to grow from an online trading company to a comprehensive securities company. Moreover, we will work to develop E*TRADE KOREA's Japan/Korea cross-border brokerage and underwriting businesses through a tie-up with E*TRADE SECURITIES. We will also integrate computer systems while providing support that will allow E*TRADE KOREA to make a smooth and speedy public offering.

Strengthening of Trading System through Multiple Sites



Expansion of current system, scheduled for end of November 2004, will roughly double capacity.

Most Advanced Real-Time Trading Tools in Industry

Introduction of most advanced real-time data and trading tools in online securities industry scheduled for end of February 2005

Sample screen shots



Promotion of Japan/Korea Cross-Border Trading

Creation of Japan/Korea cross-border equity trading environment through E*TRADE SECURITIES and E*TRADE KOREA

