

# An overwhelmingly dominant position in online securities

E\*TRADE SECURITIES Co., Ltd. has surpassed the 700,000 level in customer securities accounts.

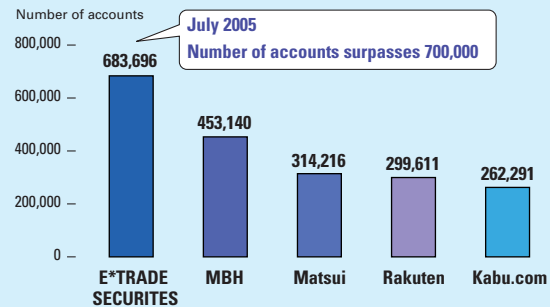
## Key Companies

E*TRADE SECURITIES Co., Ltd.	_____ JASDAQ (Code: 8701): Comprehensive online securities business
SBI Securities Co., Ltd.	_____ Hercules market of the Osaka Securities Exchange (Code: 8696): Securities business
e-Commodity Co., Ltd.	_____ Online commodity futures brokerage
E*TRADE KOREA Co., Ltd.	_____ Online securities business in Korea

## Our Positioning in the Securities Industry

In July 2005, E\*TRADE SECURITIES Co., Ltd. earned the distinction of becoming the first online securities company to surpass the 700,000 level in customer securities accounts, while its total deposits in customer accounts at the end of August 2005 amounted to ¥2,739.5 billion. Both of these figures are by far the highest figures among all online securities companies in Japan. When including figures for SBI Securities Co., Ltd., the SBI Group's securities business had a total of 878,505 securities accounts and ¥3,320.7 billion in total deposits in customer accounts at the end of June 2005. Comparing these figures with those of other Japanese securities companies, SBI Holdings is fifth in terms of comprehensive securities accounts, ranking behind Nomura Securities, the Daiwa Securities Group, the Nikko Securities Group and Shinko Securities. SBI Holdings ranks 11th in terms of total deposits in customer accounts.

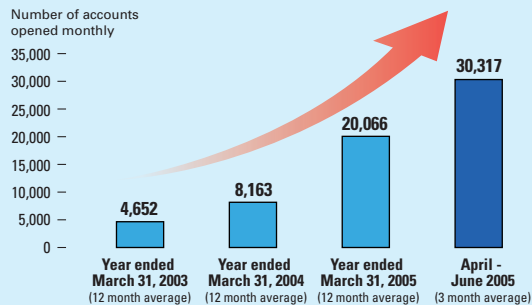
## Comparison of Securities Accounts at Major Online Securities Companies (end of June 2005)



## Monthly Growth in New Accounts Accelerates

E\*TRADE SECURITIES has been achieving steady monthly increases in the number of new customer accounts. In the fiscal year ended March 31, 2003, E\*TRADE SECURITIES recorded an average monthly increase of 4,652 customer accounts. This figure surged to a monthly average of 8,163 accounts in fiscal 2004 and 20,066 accounts in fiscal 2005. In March 2005, E\*TRADE SECURITIES recorded an all-time monthly high of 33,968 new accounts. The number of new accounts has remained at a high level since April 2005, with the increase accelerating to a monthly average of 30,317 accounts from April to June 2005, as we further increase our overwhelming advantage over competing online securities firms.

## Trends in the Number of Accounts Opened Monthly of E\*TRADE SECURITIES

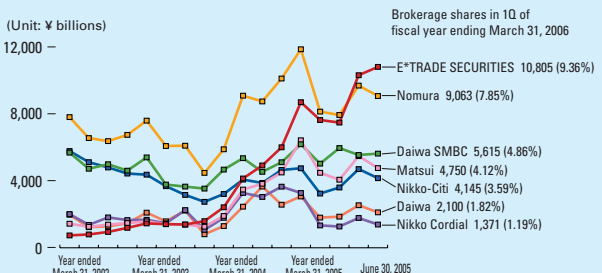


## Comparisons of Values of Stock Brokerage Trading

From January to March 2005, E\*TRADE SECURITIES surpassed Nomura Securities to become the number-one securities company in value of brokerage trading (figures include brokerage transactions with institutional and foreign investors). Moreover, in April to June 2005, even though trading volumes of other securities companies declined, E\*TRADE SECURITIES continued to increase its trading volume, extending its lead over the second-ranked company. E\*TRADE SECURITIES is particularly popular among individual investors, as evidenced by its 24.8% share of the individual investor segment during the period from April to June 2005.

The monthly value of trading of Japanese stocks by E\*TRADE SECURITIES in August 2005 surpassed ¥5,000.0 billion, with the daily average value of trading reaching an all-time high of ¥240.0 billion.

## Comparison of Stock Brokerage Volumes



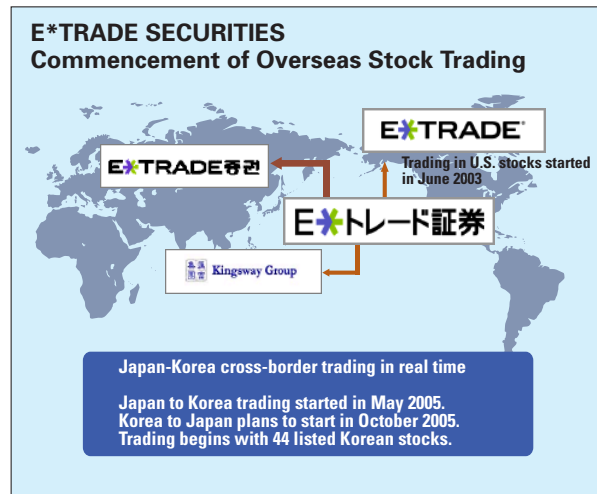
Sources: Compiled by SBI Holdings based on publicly announced figures by respective securities companies and the Tokyo Stock Exchange. (Unit: Billions of yen; figures in parentheses indicate each brokerage turnover share as a percentage of turnover in three markets.)

## Handling of Overseas Stocks

Following the commencement of trading of U.S. stocks in June 2003, E\*TRADE SECURITIES began handling Hong Kong and Chinese stocks in March 2005 and Korean stocks in May 2005. To engage in real-time trading utilizing the various characteristics of the Internet, E\*TRADE SECURITIES has formed a tie-up with E\*TRADE FINANCIAL Corp. of the United States as an intermediary for trading U.S. stocks, and a similar tie-up with Hong-Kong-based SW Kingsway Capital Holdings Limited for Hong Kong and Chinese stocks. Further, for Korean stocks, we converted E\*TRADE KOREA Co., Ltd. into a subsidiary in March 2005 to carry out cross-border trading between Japan and Korea.

## E\*TRADE SECURITIES Track Record in IPO Underwriting

In fiscal 2005, E\*TRADE SECURITIES participated as underwriters in 87 IPOs, raising its cumulative total to 236 companies (served as underwriting manager for 29 companies). From April to June 2005, E\*TRADE SECURITIES underwrote IPOs for 26 of the 40 companies making IPOs, giving it a participation rate of 65% and ranking E\*TRADE SECURITIES as the top company among all securities companies. We have also inaugurated our lead manager operations, beginning with the IPO for ArkCore Inc., which was listed on the Centrex section of the Nagoya Stock Exchange on September 15, 2005.



## By offering attractive products and services, we are encouraging to expand investor base.

As a noteworthy milestone, E\*TRADE SECURITIES became the first online securities company to reach the 700,000 level in customer accounts. Moreover, E\*TRADE SECURITIES has secured over 70,000 margin accounts, as it expands its shares for these and comprehensive securities accounts.

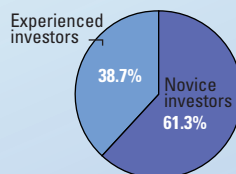
Adhering to its "Customer First" principle since commencing online trading business in 1999, E\*TRADE SECURITIES has achieved steady growth through its winning combination of offering the industry's highest level of services and the industry's lowest commission fees. This approach has won E\*TRADE SECURITIES the support of numerous individual investors, a primary factor enabling this company to secure 700,000 customer accounts. In addition to increases in customer accounts, E\*TRADE SECURITIES has maintained its position as the top online securities company in terms of deposits in customer accounts and the value of trading.

In the first quarter of fiscal 2005 (April-June), a monthly average of approximately 30,000 customers opened new accounts with E\*TRADE SECURITIES. After reaching a cumulative 600,000 accounts in April 2005, E\*TRADE SECURITIES secured an additional 100,000 new accounts over the next approximately 100 days, the shortest time ever for securing 100,000 accounts. This represents a 1.8 times increase over the same period in the previous year and more than 2.0 times the level recorded by industry competitors.

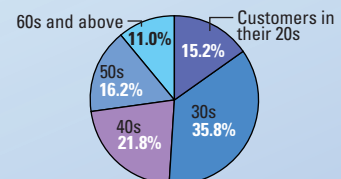
Until very recently, most accounts at E\*TRADE SECURITIES were established mainly by customers in their 30s and 40s. From fiscal 2005, however, we have also secured an increase in the number of accounts opened by individuals in their 20s as well as customers in their 50s and 60s. As another recent noteworthy trend, investor base has been expanding as evidenced by an increase in the number of female customers opening new accounts as well as novice stock investors, with the latter accounts for over 60% of new accounts. While continuing to respond to a wide range customer needs, we will offer an attractive commission structure, products and services,

### E\*TRADE SECURITIES Securing New Customer Segments

Accounts opened by experienced and novice stock investors in 1Q fiscal 2005



Composition of customer account holders by age bracket (end of June 2005)



expand our investment content for novice investors and upgrade the functions of our website as we work to build an investment environment that allows an even larger number of investors to participate in securities markets.



**Taro Izuchi**  
President  
E\*TRADE SECURITIES Co., Ltd.