

October 25, 2005

The Sumitomo Trust & Banking Co., Ltd.
S B I H o l d i n g s , I n c .

**Master agreement for Joint establishment of Internet-based bank and
Business alliance between Sumitomo Trust Group and SBI Group with capital involvement**

The Sumitomo Trust & Banking Co., Ltd. (Sumitomo Trust) and SBI Holdings, Inc. (SBIH) jointly announced today that, subject to official approval from the authority, the two companies have reached a master agreement for Joint establishment of Internet-based bank and business alliance with capital involvement.

1. Objective of the master agreement

As the number of Internet-based financial transactions such as online securities trade is increasing rapidly, we expect that number of customers that use Internet-based bank for asset formation and management will increase more with the respect of convenient settlement, timeliness, and offering of various attractive products.

With these shared views, we decided to establish an innovative customer-oriented Internet-based bank on equal footing. The new Internet-based bank will fuse Internet-based and physical-based channels and substantialize the amalgamation of banking, securities, and trust services. Sumitomo Trust group will furnish the know-how of bank management and Asset Liability Management operation. SBI Group will furnish know-how of Internet-based financial services and Internet-related business as well.

The new Internet-based bank will offer the superior cost performance depositary, investment, and loan products based on convenient settlement system. In addition, the bank also will offer the Internet-based bank's first products and services described below in order to improve customer convenience and satisfaction whereby contributing to society with offering the new asset management infrastructure:

- (i) One-stop financial services with amalgamation of banking and securities business through full-scale alliance with E*TRADE SECURITIES Co., Ltd. (E*TRADE SECURITIES).
- (ii) Products and services offered by trust banks such as money trust, estate and will services, real estate related services, and stock transfer agency services for the first time as an Internet-based bank.
- (iii) Incubation banking products and services such as loans to venture companies for the first time as an Internet-based bank.

Sumitomo Trust Group and SBI Group will mutually furnish and utilize products, services, and know-how to strengthen each party's competitiveness and profitability.

2. Outline of the “New Internet-based bank”

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|---------------------------------|---|
| (1) Company name | To be determined |
| (2) Representative | President (First President will be appointed by Sumitomo Trust)
Deputy President (First Deputy President will be appointed by SBIH) |
| (3) Location of the head office | Izumi Garden Tower, 1-6-1, Roppongi, Minatoku, Tokyo |
| (4) Capital contribution | 20 billion JPY at the start of the business |
| (5) Shareholders | Sumitomo Trust Group 50% SBI Group 50% |
| (6) Start of business | After going through the procedure of receiving permission from the authority, we will aim to start business in the early date of 1 st Half Fiscal Year 2007. |
| (7) Business area | Planning to conduct below businesses |
| a. | Deposit, domestic and foreign exchange, sales of securities and other investment products using Internet |
| b. | Loans to individuals, small to medium companies, and small business owners using Internet |
| c. | Agency business related to banking, trust and other business to individuals and companies |
| d. | Investment business with buying and selling securities |

3. Outline of the business alliance

Sumitomo Trust Group, SBI Group, and the new Internet-based bank are planning to conduct the below business alliances.

- (1) Between the new Internet-based bank and Sumitomo Trust Group
 - Exclusive agency alliance with Sumitomo Trust regarding banking, trust and other business
 - Alliance with Sumitomo Trust regarding market-related business
 - Exclusive customer introduction with real estate-related needs
 - Above alliances may be conducted by the new Internet-based bank and SBI Group
- (2) Between Internet-based bank and SBI Group
 - Preferential alliance regarding seamless connection of interface and money transfer which is expected to be started with E*TRADE SECURITIES
 - Exclusive alliance with E*TRADE SECURITIES regarding securities intermediary business
 - Above alliances may be conducted by the new Internet-based bank and Sumitomo Trust Group
- (3) Between Sumitomo Trust Group and SBI Group
 - Other than the above mentioned, we will consider business alliances, such as real estate related business, that will contribute to each groups' competitiveness and profitability.

4. Outline of the capital alliance

Sumitomo Trust and SBI Group will make capital alliance by cross shareholding.

- (1) Sumitomo Trust will accept 7 billion JPY equivalent of SBIH's common stock as a third-party allocation of new shares on November 2005 and will acquire approximately 3 billion JPY equivalent of E*TRADE SECURITIES' common stock.
- (2) SBIH will acquire approximately 10 billion JPY equivalent of Sumitomo Trust's common stock from the secondary market as soon as practicable.

5. Schedule

Today, we set up "Alliance Promotion Meeting" with Yutaka Morita, President and CEO of Sumitomo Trust, and Yoshitaka Kitao, CEO of SBI Holdings, and two companies' executives that are in charge of this project.

In addition, Sumitomo Trust and SBI Holdings will establish a company for preparation of establishing bank, "SBI Sumishin Net Bank Establishment Preparation Company (Tentative name)", by end of March 2006 and promote the consideration and preparation process regarding the establishment of the new Internet-based bank. Both companies' President and CEO will be the part-time board members of this company.

For further information, please contact:

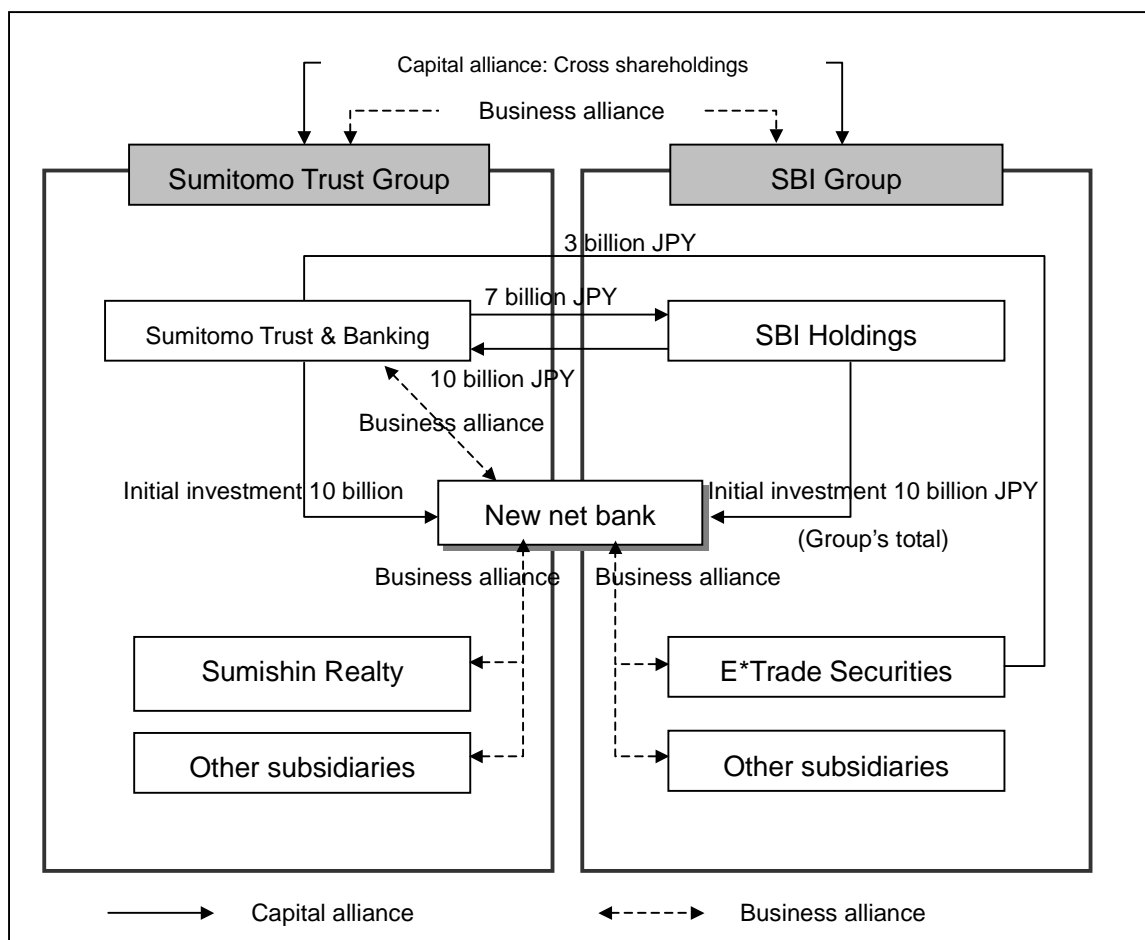
Koichi Onaka, Head of IR Office, Financial Management Department

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<For reference>

1. Scheme of the master agreement



2. Outline of The Sumitomo Trust & Banking Co., Ltd. and SBI Holdings, Inc.

(As of end of March 31, 2005)

(1) Company name	The Sumitomo Trust & Banking Co., Ltd.	SBI Holdings, Inc.
(2) Representative	President & CEO Yutaka Morita	CEO Yoshitaka Kitao
(3) Location of head office	4-5-33, Kitahama, Chuoku, Osaka	1-6-1, Roppongi, Minatoku, Tokyo
(4) Establishment date	July 28, 1925	July 8, 1999
(5) Main area of business	Trust and banking business	Control and management of SBI Group through share ownership
(6) Capital	287.0 billion JPY	34.7 billion JPY
(7) Shareholder's equity	903.0 billion JPY	110.8 billion JPY
(8) Total asset	16,018.5 billion JPY	149.7 billion JPY
(9) End of fiscal year	March 31st	March 31st
(10) Number of employees	4,991	98