

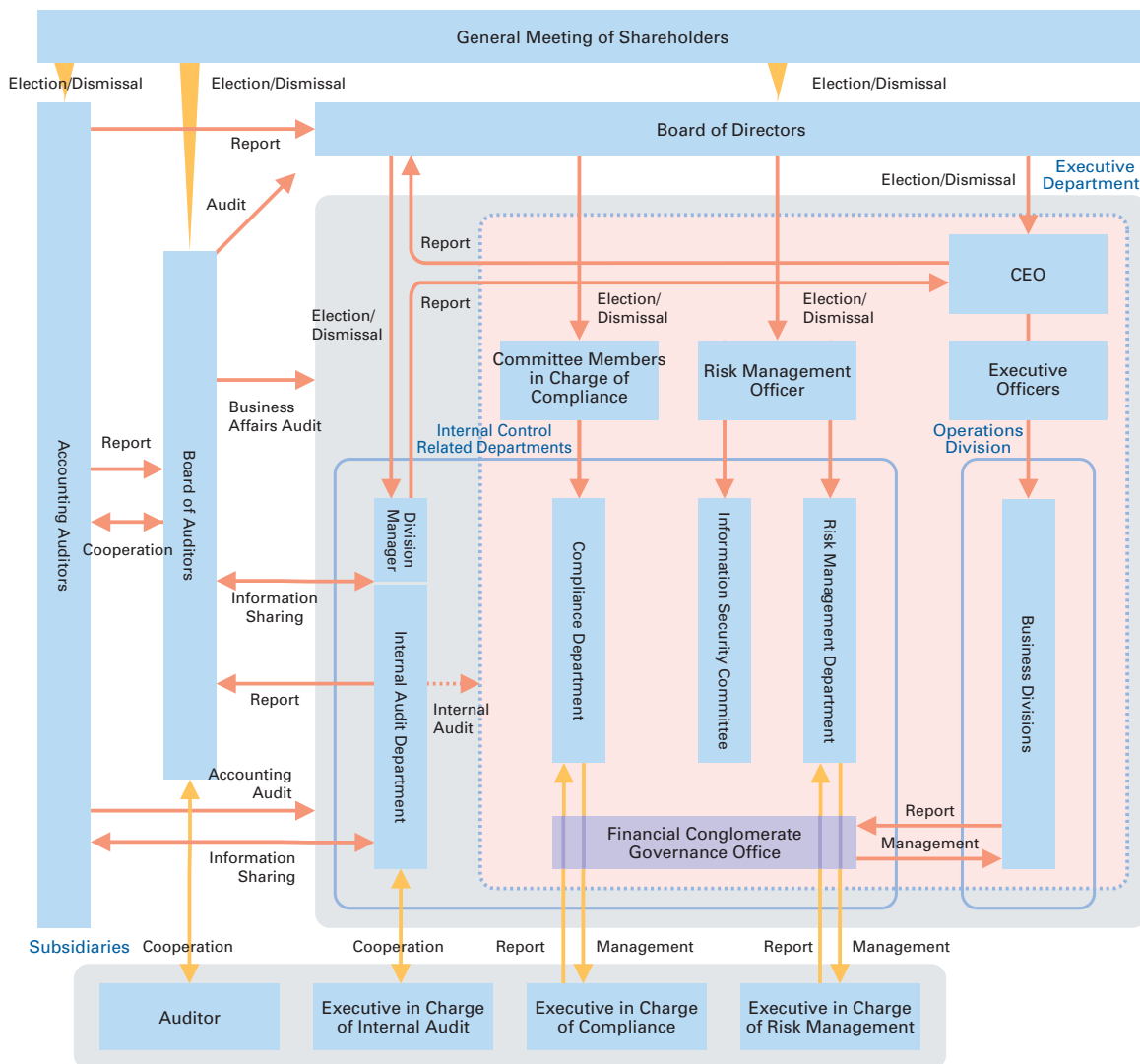
# Corporate Governance

To enhance management transparency and corporate governance, SBI Holdings recognizes that one of its most crucial management tasks is to build and maintain an organizational structure capable of responding quickly to changes in the business environment as well as a fair management system that emphasizes the interests of shareholders.

## Basic Framework for Corporate Governance

SBI Holdings' Board of Directors consists of 12 directors (as of August 1, 2007), and the Company has adopted the Executive Officer System to clarify the functions and responsibilities of directors and the Board of Directors. Currently, 11 executive officers manage the execution of business affairs. These officers include the CEO, COO and CFO as well as eight executive officers who manage each business division. By differentiating functions in this manner, SBI Holdings has built a flexible structure for executing

business affairs that also facilitates quick responses to changes in the management environment. As a general rule, the Board of Directors convenes once per month to decide on important matters and to monitor the status and progress regarding the execution of business operations. With four corporate auditors, we strive to further reinforce the effectiveness of our corporate governance by systematically combining various types of audits by the accounting auditors, corporate auditors and the Internal Audit Department.



## Initiatives for Strengthening Corporate Governance

### Internal Controls

SBI Holdings recognizes the importance of conducting business activities in conjunction with a sound internal control system. The company has an internal control structure that preserves the transparency of management and enhances corporate governance. The representative director of the company is responsible for making all managers and employees aware of the importance of compliance with laws and regulations as well as ethical standards. Compliance and ethics are both vital to operating in line with the company's Management Principles and Management Vision. In accordance with regulations for the Board of Directors, the board holds regular monthly meetings as well as other meetings as required. This facilitates close communication among the directors and permits supervision of the performance of the representative director. A director has been appointed to be in charge of compliance and SBI Holdings has a Compliance Department that directly manages compliance activities.

SBI Holdings has established a system for submitting reports involving compliance directly to the Internal Audit Department and the corporate auditors. This reporting system allows directors and employees to provide information concerning violations of laws, regulations and the Articles of Incorporation as well as other matters involving compliance.

Compliance conferences are held to provide an opportunity to exchange information about compliance issues for the entire SBI Group. These gatherings allow to the identification of compliance issues and problems and the confirmation that business operations are conducted properly. The director in charge of compliance and the Compliance Department hold these conferences along with the compliance officers of group companies.

### Risk Management

SBI Holdings manages risks that may impede the execution of business operations or prevent the company from operating in line with its Management Principles and Management Vision. The Board of Directors names a director to be in charge of risk management in accordance with crisis management, risk management and group risk management regulations. In addition, there is the Risk Management Department to monitor and properly evaluate and manage risk for the entire SBI Group.

### Audits by the Corporate Auditors, Internal Audits and Accounting Audits

The Board of Corporate Auditors receives explanations from the accounting auditors on the annual auditing plan and other matters based on the Audit Report at the time of interim and full-year settlements. When necessary, the Board of Corporate Auditors also shares information and engages in discussions with the accounting auditor and the Internal Audit Department. The Internal Audit Department audits the execution of duties by the directors, working to prevent any violations of laws, ordinances or the articles of

incorporation, if necessary in cooperation with external specialists. Also, when needed, the Internal Audit Department shares information with the Board of Corporate Auditors and the accounting auditors regarding management-related issues or problems.

### Initiatives During Past Year to Upgrade Corporate Governance

The Board of Directors continued to fulfill its responsibilities of reaching necessary decisions and supervising management activities during the fiscal year by holding at least one meeting each month.

In addition, the SBI Group took steps to reinforce its management and administration systems in anticipation of the start of banking and insurance activities. The goals are to preserve financial soundness and the suitability of business operations, and for this purpose, SBI Holdings established the Financial Conglomerate Governance Office, Compliance Department and Risk Management Department. Another goal is to reinforce management oversight, and to accomplish this, corporate auditors performed audits covering many items during the fiscal year based on an auditing plan. Furthermore, the Internal Audit Department, in conjunction with external specialists, conducted comprehensive internal audits that included group companies. Through these activities, the company worked to further improve its operating efficiency and to prevent the occurrence of improper activities and errors.

SBI Holdings is dedicated to supplying a wide range of investors with accurate information concerning business operations. The company holds quarterly information meetings to announce earnings, and provide a report on operations following the annual shareholders meeting. In addition, there are information meetings in major Japanese cities where the SBI Holdings CEO discusses operations and strategies. Our disclosure activities also include attendance at many investor relations conferences in Japan and other countries.

We quickly post earnings and press releases, along with streaming videos of quarterly earnings announcements and information meetings, as well as other materials on the SBI Holdings website. The SBI Channel is another example of our firm commitment to the disclosure of information. This channel, found on the SBI Holdings website, gives investors the opportunity to view streaming videos where the CEO discusses the group's performance and recent events.