

Corporate Governance

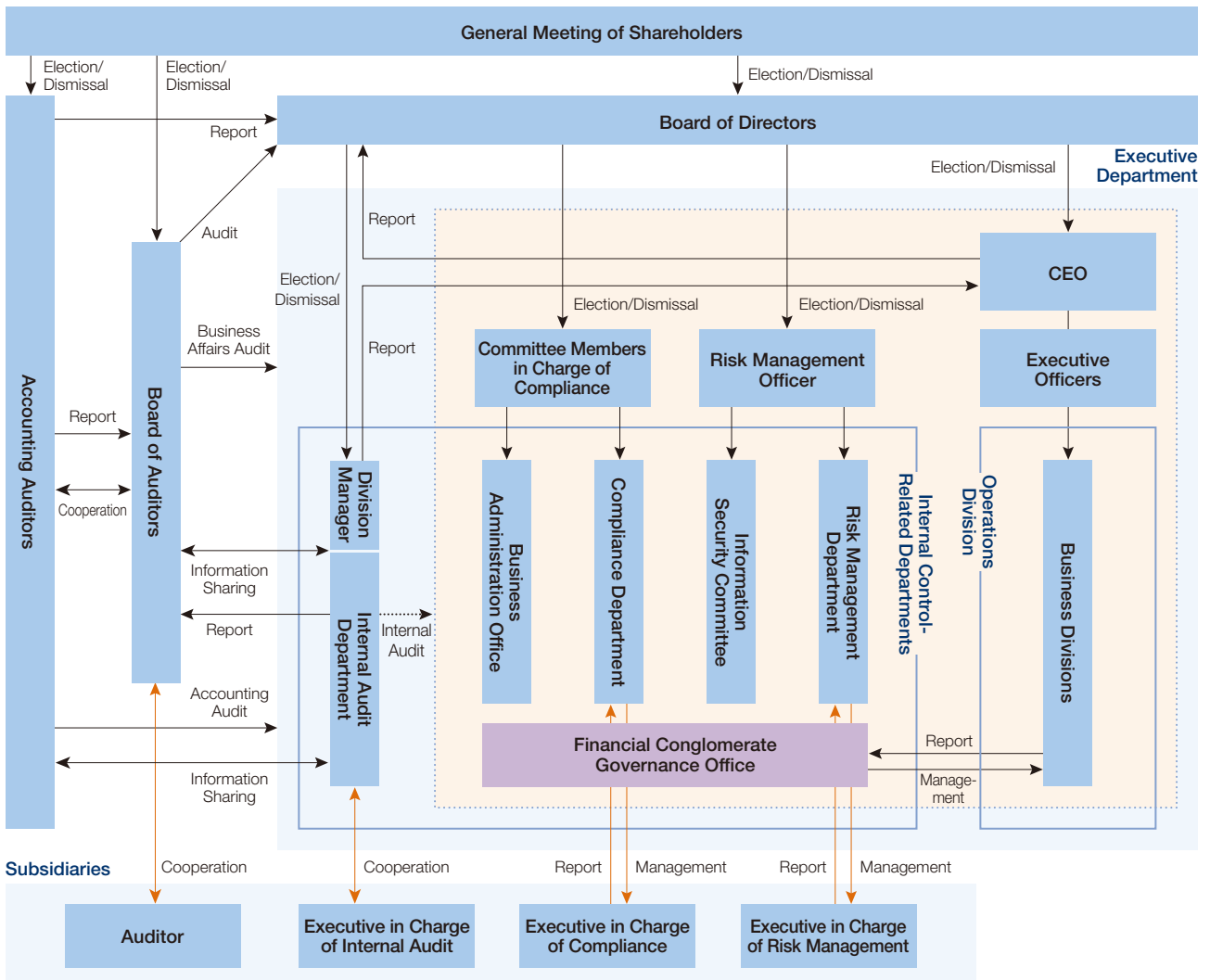
To enhance management transparency and corporate governance, SBI Holdings recognizes that one of its most crucial management tasks is to build and maintain an organizational structure capable of responding quickly to changes in the business environment, as well as a shareholder-oriented and fair management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

Basic Framework for Corporate Governance

SBI Holdings' Board of Directors consists of 13 directors (as of June 26, 2009), and the company has adopted the Executive Officer System to clarify the functions and responsibilities of directors and the Board of Directors. Currently, the executive officers manage the execution of business affairs. These officers include the CEO, and the executive officers who manage each business division. By differentiating in this manner, SBI Holdings has built a flexible structure for executing business affairs that also facilitates quick responses to changes in the business environment. Moreover, one outside

director has been appointed to contribute to the maintenance and fortification of our governance framework from an independent perspective.

As a general rule, the Board of Directors convenes once per month to decide on material matters, and to monitor the status and progress regarding the execution of business operations. With four corporate auditors, the company strives to further reinforce the effectiveness of its corporate governance through systematically combining various types of audits by the accounting auditors, corporate auditors and the Internal Audit Department.



(As of March 31, 2009)

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 aspects of operating within the SBIH Group's Management Philosophy and Corporate Vision.

In accordance with regulations for the Board of Directors, the board holds regular monthly meetings, and convenes for other meetings as required. This facilitates close communications among the directors and permits supervision of the performance of the representative director. A director has been appointed to be responsible for compliance matters, and SBI Holdings has a Compliance Department that directly manages compliance activities. Further, SBI Holdings has established a system for submitting reports involving compliance matters 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 SBIH Group. These gatherings identify compliance issues and problems, and confirm 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 the Group companies.

Risk Management

SBI Holdings manages risks that may impede the execution of business operations, and the attainment of the company's Management Philosophy and Corporate Vision. The Board of Directors appoints a director to be in charge of risk management in accordance with crisis management, risk management and group risk management regulations. In addition, the Risk Management Department monitors, properly evaluates and manages risk for the entire SBIH Group.

In the event of any potential or actual management crisis threatening the company's existence, the director in charge of risk management, appointed by the Board of Directors, as the person with overall responsibility, will gather pertinent information and consider and implement countermeasures and measures to prevent reoccurrences, while reporting on the situation and

disclosing information to relevant institutions. For all the processes involved in these business activities, we have in place a checks and balances framework involving multiple departments and a system to maximize compliance efforts, all to assure not only that we comply with relevant laws and regulations but also abide by all the terms and conditions of agreements.

In addition, concerning information management and computer system risk, SBI Holdings has established a structure for the overall management of information, including customer information, and has been strengthening its information management functions. As a part of these efforts, the company has established the Group Information System Committee composed of members appointed from each division, with the director in charge of risk management as the chairman. Especially from the standpoint of business continuity, the company also has built a structure to respond to any type of contingency through redundant systems and backup structures at multiple locations.

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, when financial statements for the second quarter and full fiscal year are prepared. When necessary, the Board of Corporate Auditors also shares information and engages in discussions with the accounting auditor and the Internal Audit Department.

SBI Holdings has established an Internal Audit Department composed of five auditors by resolution of the Board of Directors. The Internal Audit Department audits the execution of duties by the directors and employees, working to prevent any violation of laws, ordinances or the Articles of Incorporation, if necessary in cooperation with external specialists. The results of internal audits are reported to the Board of Directors through the representative director once every six months. Also, when required, the Internal Audit Department shares information with the corporate auditors and the accounting auditors regarding management-related issues or problems.

Compensation for Directors and Corporate Auditors

A breakdown of compensation for directors and corporate auditors is as follows.

Directors	14 directors	¥358 million (including ¥9 million for one outside director)
Corporate auditors	3 auditors	¥23 million (including ¥13 million for two outside corporate auditors)

* The above includes compensation for directors and corporate auditors who have retired during the fiscal year.

Initiatives During the Past Year to Enhance Corporate Governance

The Board of Directors has continued to fulfill its responsibilities of reaching fair decisions and supervising management activities during the fiscal year by holding at least one meeting each month. Also, to reinforce management oversight functions, corporate auditors perform audits covering many items during each fiscal year based on an auditing plan. Furthermore, the Internal Audit Department, in conjunction with external specialists, conducts comprehensive internal audits that include the Group companies. In addition, in order to meet the demand for a “system of internal control over financial reporting” stipulated in Article 24-4-4 of the Japanese Financial Instruments and Exchange Law, companywide efforts were made to design and operate internal controls over financial reporting, whose implementation status is evaluated independently by the Internal Audit Department. 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 its varied investors with accurate information concerning its business operations. The company holds quarterly information meetings to announce earnings, and provides a report on operations following the annual shareholders meeting. In addition, information meetings are held for individual investors in major Japanese cities, where the representative of SBI Holdings discusses the company's operations and strategies. Our disclosure activities also include attendance at many investor relations conferences in Japan and other countries.

Earnings releases, press releases, along with streaming videos of quarterly earnings announcements and information meetings, as well as other relevant materials are quickly posted on the SBI Holdings website. The “SBI Channel” is another example of the company's 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 representative discusses the Group's performance and recent events.