

For Immediate Publication

SBI Capital Markets Limited (SBICAP) ties-up with Japan's SOFTBANK INVESTMENT

(To Launch Japan's First Major India Focussed VC Fund)

Mumbai, August 22, 2006: SBI Capital Markets Limited (SBICAP), the investment banking subsidiary of State Bank of India (SBI), and SOFTBANK INVESTMENT, the venture capital arm of Japan's SBI Holdings Inc. (TOKYO: 8473), today announced their plans to launch a new USD 100 million venture capital fund. The fund will target India's rapidly growing knowledge industrial base with typical investments in the USD 5 to USD 10 million-range over a holding period of 3 to 5 years. The knowledge sectors being targeted include BPO, KPO, life sciences, online businesses, technology-enabled design and manufacturing, as well as in emerging areas of nanotechnology and environmental technology.

The launch of SBICAP's first venture capital fund makes good on Indian President Abdul Kalam's recent public statement citing India's need to incubate vital knowledge sectors by increasing access to venture capital funds. For SBI Group, this alliance means it is finally entering the VC business.

SOFTBANK INVESTMENT currently manages 18 other venture funds across numerous sectors around the world, including a recent collaboration with Singapore's Temasek Holdings focused on China. In terms of both size and in the number of its funds, SOFTBANK INVESTMENT remains one of Asia's most prolific venture capitalists, yet the new India effort represents its first and only India fund. Apart from making investments and bringing them to market, the partners seek to provide a bridge between the two countries to facilitate knowledge transfer and establish new corporate relationships between India and Japan.

State Bank of India's Chairman, Sri O.P. Bhatt, described the alliance as "a small but significant step towards creating and nurturing knowledge-based industries in India. Much more so than simply foreign capital, India today requires expertise and know-how. We see this relationship fulfilling that, as well as the immense untapped potential for cooperation between the world's second-largest economy and the world's second-fastest growing economy."

Yoshitaka Kitao, the CEO of SOFTBANK INVESTMENT, hailed his firm's entry into South Asia together with SBI Capital Markets. "We believe they are the absolute best partner by which to tap into India's most promising private equities. Our fund with SBICAP is only a first step in a well-planned strategy to partner with leading financial services companies and deliver creative financial products focused on India. We will soon be making some important – even historic -- long-term announcements about our comprehensive India strategy."

Mrs. Renu Challu, President & COO, SBICAP, said, "We are delighted to finally have for offer a venture capital product serving the needs of our diverse and growing customer base. This alliance will mark our foray into the private equity space and further strengthen the State Bank of India Group's positioning as India's full-service financial provider. SOFTBANK INVESTMENT occupies a premier position as far as technology and knowledge sector funds are concerned and we are very positive about this alliance, as it will leverage their strength of domain expertise with the deal origination and client relationship strengths of SBICAP. "

About SBICAP and State Bank of India:

Founded in 1986, SBI Capital Markets Ltd. is India's largest investment bank having a presence across all investment banking products and offering services across all business segments. A subsidiary of State Bank of India, India's largest bank, SBICAP was one of the earliest entrants in the Indian capital markets. Over the past two decades, SBICAP has earned a comprehensive understanding of Indian financial systems and regulatory framework. In January 1997, Asian Development Bank acquired 13.84 % stake in the company. SBICAP enjoys a strong working relationship with corporate and government clients, having lead-managed several fund-raising efforts, strategic sales and other advisory transactions. SBICAP has 9 locations in India and operates in the UK through its subsidiary SBICAP (UK) Ltd.

State Bank of India is India's largest bank in terms of balance sheet size, profit, number of branches and number of employees. It is also the largest in the world in terms of number of branches and is the only Bank from India figuring in the list of top 100 banks in the world, including U.S., UK, Japan and China. The Bank offers almost every product in the financial super market to its customers. The Bank has completed its 200th Year of business.

About SOFTBANK INVESTMENT CORP and SBI Holdings, Inc.:

SOFTBANK INVESTMENT is the venture capital subsidiary of SBI Holdings (TOKYO:8473), which began as the investment arm of Japan's Softbank



Corporation. SOFTBANK INVESTMENT currently manages 18 venture capital funds, making it one of the largest, most active venture capitalists in Asia. Previous investments by Softbank affiliated companies and their managed funds include early internet success stories like Yahoo! and E*TRADE.

The parent, SBI Holdings, operates three business units: (1) Asset Management; (2) Brokerage and Investment Banking; and (3) Financial Services. The company's genesis hails from the union of two former Softbank Corporation subsidiaries, Softbank Finance and Softbank Investment. In addition to venture capital, many of the firm's 70 companies have taken leadership positions in various consumer-oriented online financial services such as equities and commodities brokering, home equity loans, and insurance comparison. Internationally, the firm recently formed a joint China partnership with Temasek Holdings. SBI also plans to launch Japan's first full-service Internet bank sometime next year, in concert with Sumitomo Trust & Banking, as well as a new non-life insurance company with Aioi Insurance Co. SBI's corporate website: www.sbigroup.co.jp

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