

Management's Report on Internal Control Over Financial Reporting

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

1. Matters relating to the basic framework for internal control over financial reporting

Management, with the participation of Yoshitaka Kitao, Representative Director, and Yasutaro Sawada, Chief Financial Officer, are responsible for the design and operation of the internal control over financial reporting prepared by SBI Holdings, Inc. (the "Company"). The Company's internal control over financial reporting of the consolidated financial statements is designed and operated effectively in accordance with the basic framework of internal control set forth in the report "On the Setting of the Standards and Practice Standards for Management Assessment and Audit Concerning Internal Control Over Financial Reporting (Council Opinions)" issued by the Business Accounting Council.

Internal control may not necessarily respond to unexpected changes in internal or external environments when controls were designed for non-routine transactions. Internal control cannot provide absolute assurance with respect to the achievement of objectives, which can prevent or detect misstatements, due to the following inherent limitations, but it aims at achieving the objectives to a reasonable extent with the organized and integrated function of individual components as a whole

2. Matters relating to the scope of assessment, the basic date of assessment and the assessment procedures

The assessment of internal control over financial reporting was performed as of March 31, 2011, which is the end of this fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material impact on our entire financial reporting in a consolidation ("company-level controls"). Based on that, we appropriately selected business processes to be evaluated. When we assessed internal controls of the selected business processes, we analyzed them and identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of the Company.

The scope of evaluation for internal control over financial reporting was adequately set from the perspective of the degree of quantitative and qualitative impact on the reliability of financial reporting presentation and disclosure. Therefore, based on the results of assessment of company-level controls of 42 subsidiaries and affiliates (including 21 funds and 2 equity-method affiliates) which represent all the significant locations or business units, in principle, management determined the reasonable scope of assessment. Management eliminate subsidiaries or affiliates from the scope of assessment that are found to have little relevance of the degree of quantitative and qualitative impact on the reliability of financial reporting.

When evaluating process-level controls, based on the effectiveness of company-level controls, we selected significant locations or business units. Specifically, locations or business units are selected in descending order of total assets until their combined amount reaches approximately two-thirds of the total consolidated assets. In the locations and business units selected, all business processes which impact the accounts that are closely associated with the Company's business objectives are included in the scope. Further, not only at selected significant locations and business units but also at other locations and business units, we added to the scope of assessment, as business processes having greater materiality considering their impact on the financial reporting. The accounts within the scope are "operating revenues," "operating costs," "cash required to be segregated under regulation and other," "operational investment securities," "real estate inventory," "trading assets" "margin transaction assets," "investment securities," "customer's deposits for securities transactions," "margin transaction liabilities," and "guarantee deposits received".

3. Matters relating to the results of the assessment

As a result of the assessment described above, we concluded that the Company's internal control over financial reporting was effective as of the end of this fiscal year.

4. Supplementary Information

Not applicable

5. Special Information

Not applicable



Representative Director and Chief Executive Officer