

CORPORATE GOVERNANCE

In order to ensure the transparency of management and corporate governance, SBI Holdings recognizes that one of its most crucial management issues is to establish, maintain, and improve upon an organizational structure that is capable of responding quickly to changes in the business environment, as well as maintaining a shareholder-oriented and fair management system.

Basic Framework for Corporate Governance

The Company's Board of Directors consists of 15 directors (as of June 27, 2013), and the Company has adopted the Executive Officer System. A total of 14 individuals, comprised of 7 Directors and Executive Officers including the Representative Director, President & CEO, who control each business department, and 7 Executive Officers, have been appointed and are charged with managing the execution of business affairs to clarify the functions and responsibilities of Directors, Executive Officers and the Board of Directors, as well as to respond promptly and flexibly to sudden changes in the business environment. As a general rule, the Board of Directors makes decisions on important matters and monitors the execution of business operations by convening once a month, and holding extraordinary meetings when necessary. The Company has appointed 5 Outside Directors, with each having a high degree of independence and no conflicts of interest with general shareholders, to fortify the supervision of management appropriateness.

The Board of Statutory Auditors, which comprises 4 members all proficient in financial affairs and includes 2 Outside Statutory Auditors, organically combines the audits performed by each Statutory Auditor, the Internal Auditing Department and the Accounting Auditors in an effort to maintain the appropriateness of corporate governance.

Based on the above, we believe that the current system allows us to adhere to the basic principles of corporate governance, namely to preserve the transparency of management and execute management's third-party accountability.

Initiatives for Strengthening Corporate Governance

Internal Control System

The Company has established an internal control system to enhance the transparency of management and corporate governance. The Company is devoting its efforts to the system in recognition of the importance of executing business operations based on a sound internal control system in order to ensure appropriate corporate governance. The Representative Director takes the lead in ensuring that all officers and employees are aware that, together with working to maintain that system, realizing the Company's Corporate Mission and Vision assume legal compliance and ethical codes of conduct.

Specifically, this involves regular meetings of the Board of Directors as well as extraordinary meetings in accordance with regulations of the Board to facilitate close communication among the Directors and the supervision of the execution of duties of the Representative Director. In addition, the Company appoints a Compliance Officer, has established the compliance division reporting directly to the Compliance Officer, and sees that the division makes efforts in identifying compliance issues and problems. Further, the Company has established an internal whistleblowing system to

enable Directors and employees to report directly to the Internal Auditing Department and Statutory Auditors of any violation against laws, regulations and the Articles of Incorporation, and any other important fact relating to compliance. In order to identify compliance issues and problems and ensure appropriateness of operations in the SBI Group, the Company ensures that the Compliance Officer and the compliance division work in cooperation with Compliance Officers of the SBI Group companies, and holds a Group-wide committee for exchanging information on compliance.

Risk Management System

The Company manages risks that may impede the execution of business operations or the attainment of the Corporate Mission and Vision. The Board of Directors appoints a Risk Management Officer in accordance with crisis management and risk management regulations. In addition, the risk management division was established to identify, properly evaluate, and manage risks on a cross-sectional basis for the entire Group, including the Company.

In the event of a potential or actual management crisis that may threaten the Company's existence, the Risk Management Officer appointed by the Board of Directors would lead a gathering of pertinent information to consider and implement countermeasures and measures to prevent recurrences, while also reporting and disclosing information to related parties. For all the processes involved in the Company's business activities, we have in place a mutual checking framework involving multiple departments, and aspire to ensure operations that conform to not only the respective laws and regulations, but also to agreements, terms, and other rules, all as part of the overall system to maximize compliance efforts.

With regard to information management and system risk, the Company has in place a Group Information System Committee chaired by the Risk Management Officer and composed of members appointed from each of the divisions. The committee is engaged in efforts to maintain an overall information system including the management of customer information and to reinforce the system-risk management system. From the perspective of business continuity in particular, the Company has put in place a system that readily responds to any type of contingency through the utilization of a back-up structure that incorporates dual systems and back-up sites.

Internal Audits, Audits by Statutory Auditors and Accounting Audits (Internal Audits)

The Company has organized the Internal Auditing Department, which is independent of both the Operations Division and the Administrative Division. The department comprehensively and objectively evaluates whether the state of internal control is appropriate. In regard to the issues raised from the audit's results, it implements proposals and follow-ups so that improvements may be made. At the time audits are implemented, the department may also

draw upon the assistance of outside specialists besides the employees, if required. Audit results are reported immediately after each audit's conclusion to the Board of Directors via the Representative Director, and also periodically to the Statutory Auditors.

The Internal Auditing Department is comprised of a dedicated General Manager and other employees (total of 7) who are specialists in audits (internal audits, accounting audits, internal control and other). The department works in close association with the Board of Statutory Auditors and Accounting Auditors. For example, it periodically provides reports to the Board of Statutory Auditors, after completing each internal audit.

The department also organically exchanges opinions with the Board of Statutory Auditors and incorporates requests from the Board in determining audit themes and scope. Whenever necessary, the Internal Auditing Department shares information with the Accounting Auditors, particularly with respect to areas related to internal control over financial reporting.

(Audits by Statutory Auditors)

Statutory Auditors are independent of the Company's executive bodies and bear the responsibility of securing trust from society by establishing a sound corporate governance system based on audits performed over the executive actions of Directors. The Board of Statutory Auditors of the Company is comprised of 4 Auditors, including 2 Outside Statutory Auditors. Of the 4 Auditors, 3 have worked in financial institutions for many years and hold a wide range of expertise in the overall financial industry. The remaining auditor possesses extensive knowledge of finance and accounting based on long years of experience in accounting.

Specifically, Statutory Auditors take the following procedures: In accordance with the Standards for Audits by Statutory Auditors, which were established by the Board of Statutory Auditors, Statutory Auditors attend meetings of the Board of Directors and other important corporate meetings, review documents underlying important decisions, and exchange opinions with the Representative Director, Directors, and other senior members when appropriate. The Statutory Auditors perform audits of the Company's internal control system in accordance with the Practice Standards for Internal Controls.

Statutory Auditors coordinate with the Internal Auditing Department through periodically exchanging information and opinions as described above.

The Board of Statutory Auditors receives explanations from Accounting Auditors regarding the annual audit plan and other matters based on audit reports prepared at the quarterly and year-end closing periods. Whenever necessary, the Board of Statutory Auditors also shares information and holds discussions with the Accounting Auditors with regard to management issues and problems. As described above, Statutory Auditors, the Internal Auditing Department and Accounting Auditors work together organically, while performing audits to ensure that the Company maintains an appropriate corporate governance system.

Outside Directors and Outside Statutory Auditors

The Company has 5 Outside Directors and 2 Outside Statutory Auditors. They assume objective and neutral positions that eliminate the risk of conflict of interest with general shareholders. The Outside Directors and Outside Statutory Auditors monitor or audit and provide advice and suggestions by leveraging their respective expertise as well as their wide range of experience and knowledge

on high-level management. They are charged with the roles and functions to ensure adequacy and appropriateness of the decision making and execution of duties by the Board of Directors.

Their appointment enables the adherence to basic principles of corporate governance such as ensuring management transparency and executing management's accountability for providing explanations to third parties, as they are selected primarily for their expert accounting knowledge, specialized knowledge, and independence.

Attendance at Board Meetings by Outside Directors (Fiscal Year 2012)

Kiyoshi Nagano	14/16
Keiji Watanabe	14/16
Akihiro Tamaki	15/16
Masanao Marumono*	13/13

* Director Masanao Marumono was appointed as a Director on June 28, 2012.

Compensation for Directors and Statutory Auditors

Directors (Excluding Outside Directors)	17	¥193 million
Statutory Auditors (Excluding Outside Statutory Auditors)	1	¥ 12 million
Outside Directors and Statutory Auditors	5	¥ 56 million

* The above figures include compensation for Directors and Statutory 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 as an organ for supervising management and fair decision making, holding at least one meeting each month. Also, to reinforce management oversight functions, Statutory Auditors conduct exhaustive audits based on the annual auditing plan. The Internal Auditing Department, in conjunction with external specialists, conducts comprehensive internal audits that include the Group companies. In addition, in order to meet the requirement for a "system of internal control over financial reporting" stipulated in Article 24-4-4 of the Financial Instruments and Exchange Act, companywide efforts are being made to design and operate internal controls over financial reporting, whose implementation status is evaluated independently by the Internal Auditing Department. Through these activities, the Company is working on further improving the quality of operations and preventing the occurrence of financially improper errors.

Regarding information disclosure to investors, the Company is dedicated to supplying its varied investors with accurate corporate information. We hold a financial results briefing quarterly and Current Management Information Briefing following the General Meeting of Shareholders. Explanatory meetings (called "Information Meetings") are held for individual investors in major Japanese cities, where information is provided directly by a representative of the Company. Our disclosure activities also include attendance at many investor relations conferences in Japan and other countries.

The Company is firmly committed to the transmission of information. Financial results, press releases, streaming videos and/or materials of quarterly financial results briefings, and Information Meetings for shareholders, as well as other relevant materials, are promptly posted on our website.