

MESSAGE FROM AN OUTSIDE DIRECTOR



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Outside Director

The Role of Outside Directors and Independent Officers

In my view, the purpose of outside directors is to enhance a company's risk management function. Independent officers, who are selected from among outside corporate officers, are expected to act to protect the interest of ordinary shareholders in situations such as the deciding of the execution of business matters at meetings of the Board of Directors. For this reason, at board meetings, outside directors at times broach delicate subjects with the inside directors who execute business, to discourage unwise action. However, that is not the only role of independent officers and outside directors. We share with inside directors the objective of increasing corporate value and shareholder value, and we outside directors seek to utilize our experience and knowledge to contribute to the enhancement of corporate brand value.

Corporate Governance Issues

One issue is overseas risk management as the SBI Group is accelerating its overseas business development and investment. It is therefore necessary to pay even more scrupulous attention to risks overseas than in Japan, including country risk. Owing to this, I believe it is crucial for the Group to further recruit excellent personnel who combine various areas of specialized expertise.

Another issue is coping with systems risk. The SBI Group's principal financial services are provided to customers via the Internet. Speaking from my experience as a top executive at the JASDAQ Securities Exchange (currently Japan Exchange Group), the Internet and IT systems entail the risk of trouble of some sort occurring at any time, and a simple human error may lead to enormous damage. For this reason, it is critical to take all possible measures to counter systems risk.

At present, the SBI Group's Financial Services Business and Asset Management Business are benefitting from a tailwind, and the Biotechnology-related Business has the

potential to become a major source of earnings in the future. However, it is the nature of business that good times do not continue forever. We should require inside directors at all times to exercise both prudence and boldness by taking into account both risk and return, when making investment decisions. Additionally, I want the inside directors to always bear in mind financial soundness, to avoid panicking when something happens.

The most important factors in corporate governance are increasing transparency and accountability. In that sense, I would like the SBI Group to continue its various activities to fairly disclose information to all investors, such as the quarterly financial results briefings, Information Meetings at which ordinary shareholders can participate and the Current Management Information Briefing, following the General Meeting of Shareholders.

SBI Holdings became the first company headquartered in Japan to be listed on the Hong Kong Stock Exchange in April 2011, and adopted the International Financial Reporting Standards (IFRSs) from the first quarter of the fiscal year ended March 2013. At each General Meeting of Shareholders the outside directors are asked extremely detailed questions by the Hong Kong Stock Exchange. I think that listing the Company in Hong Kong and adopting IFRSs have been highly beneficial from the perspective of increasing transparency and strengthening corporate governance.