

OVER

VIEW

FINANCIAL & CORPORATE INFORMATION

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Consolidated Financial Highlights 5-year Summary

Adopted IFRSs from the year ended March 31, 2013

Years ended March 31	
Operating revenue / Revenue*	
Profit before income tax expense	
Profit for the year attributable to owners of the Company	
Total assets	
Total equity	
Net cash from generated (used in) operating activities	
Net cash from generated (used in) investing activities	
Net cash from generated (used in) financing activities	
Cash and cash equivalents, end of year	

*Beginning with the fiscal year ended March 31, 2016, the income categories "Operating revenue" and "Other financial income" have been eliminated, and the amounts have been combined and presented as "Revenue." Figures for the years ended March 31, 2013 to March 31, 2015 are "Operating revenue".

Revenue	Financial Services Business	
	Asset Management Business	
	Biotechnology-related Business	
	Others	
	Elimination or Corporate	
Profit before income tax expense	Financial Services Business	
	Asset Management Business	
	Biotechnology-related Business	
	Others	
	Elimination or Corporate	

*Certain subsidiaries, including SBI FinTech Solutions (formerly SBI AXES), which were included in the Asset Management Business until the previous reporting period, are now included in the Financial Services Business beginning with this fiscal year. Consequently, segment information for the year ended March 31, 2016, is restated in accordance with the new basis of segmentation. Also, in the fiscal year ended March 31, 2013 to 2015, there are Group companies that have been transferred from one segment to another, the abovementioned figures reflect disclosed figures during each fiscal year, therefore, there may be some discrepancies.

Basic earnings per share attributable to owners of the Company (EPS)	
Equity per share attributable to owners of the Company (BPS)	

*The Company conducted a 10 for 1 stock split, effective on October 1, 2012.

Ratio of equity attributable to owners of the Company to total assets	
Substantive ratio of equity attributable to owners of the Company to total assets*	
Ratio of profit to equity attributable to owners of the Company (ROE)	

*Represents the substantive equity ratio, calculated by subtracting customer asset accounts (that is, asset accounts for margin transaction assets, cash segregated as deposits, etc.) and liability accounts (margin transaction liabilities, guarantee deposits received, and deposits from customers, etc.) held by the Company's subsidiary SBI SECURITIES.

PER (Price-earnings ratio)	
PBR (Price-book-value ratio)	

PER=FY end TSE closing price/Basic earnings per share attributable to owners of the Company
 PBR=FY end TSE closing price/Equity per share attributable to owners of the Company
 Note: The closing price for the fiscal year ended March 31, 2017 was ¥1,552.

Employees	
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(Millions of yen)

2013	2014	2015	2016	2017
154,285	232,822	245,045	261,744	261,939
15,022	38,899	63,067	52,227	43,139
3,817	21,439	45,721	34,115	32,455
2,494,387	2,875,304	3,400,763	3,126,784	3,850,001
303,299	325,631	383,491	371,590	377,992
(36,984)	29,401	(36,197)	32,478	(17,952)
(19,060)	16,811	52,305	11,179	2,437
25,699	92,538	(15,524)	(76,230)	159,467
133,362	276,221	290,826	248,050	391,572

(Millions of yen)

113,340	147,835	162,645	166,208	176,989
33,011	72,725	65,843	91,543	80,392
970	2,195	2,182	4,021	5,530
9,240	11,626	15,710	2,259	883
(2,276)	(1,559)	(1,335)	(2,287)	(1,855)
18,741	37,298	67,309	50,806	48,853
6,259	8,990	8,132	17,649	13,940
(3,900)	(2,432)	(7,310)	(6,572)	(9,574)
1,659	2,438	2,779	(835)	(830)
(7,737)	(7,395)	(7,843)	(8,821)	(9,250)

(Yen)

17.58	99.04	211.18	160.83	159.38
1,401.39	1,504.19	1,771.19	1,792.08	1,856.47

(%)

12.2	11.3	11.3	11.9	9.8
22.9	22.2	22.2	21.7	18.3
1.3	6.8	12.9	9.0	8.7

(Times)

47.27	12.56	6.89	7.11	9.74
0.6	0.8	0.8	0.6	0.8

(Persons)

5,007	5,352	6,094	5,480	4,455
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Management Discussion and Analysis

Analysis of Business Results for the Fiscal Year

In the business environment surrounding the SBI Group during the current period, domestic stock market conditions were on a moderately rising trend initially due to the postponement of the consumption tax hike, but it fell sharply in response to the U.K. decision to withdraw from the EU in June 2016. Meanwhile, after the U.S. presidential election in November, there were sharp fluctuations in market prices, such as the depreciating yen and the appreciating stock prices, which greatly advanced from the expectations of the new administration's economic stimulus measures. Since then, despite the fact that lessened expectation for the new administration's stimulus measures, and European political uncertainties affecting a moderate yen appreciation effectively put a lid on upper limits, with the backdrop of a solid corporate performance, the stock market conditions remained relatively steady. Overseas, the major country stock markets also remained sluggish, owing to uncertainties in the policy trends and monetary policy of the new U.S. administration, along with the decline in China's economic growth rate and geopolitical factors, such as political tensions in the Middle East.

Under these circumstances, the Group's consolidated results of operations for the fiscal year ended March 31, 2017 were as follows: Operating revenue increased 0.1% year-on-year to ¥261,939 million, profit before income tax expense decreased 17.4% year-on-year to ¥43,139 million, and profit attributable to owners of the Company decreased 4.9% year-on-year to ¥32,455 million.

Financial Service Business

Operating revenue of the Financial Services Business increased 6.5% year-on-year to ¥176,989 million, and profit before income tax expense declined 3.8% year-on-year to ¥48,853 million.

SBI SECURITIES Co., Ltd. maintained a stable expansion of its customer base, as the total number of accounts reached approximately 3,840 thousand as of the end of the fiscal year under review, for an increase of approximately 276 thousand accounts from the end of the previous fiscal year. Performance-wise, trading gains for the company increased by 37.1% from the previous fiscal year due to the expansion of foreign exchange (FX) transactions, while the total individual stock brokerage trading value for Japan's two major stock markets (TSE and NSE) decreased 16.4% year-on-year. As a result, brokerage commissions for the company decreased by 9.1% from the previous fiscal year, and profit before income tax expense (based on IFRSs) for the current term decreased by 12.7% from the previous year to ¥33,043 million.

SBI Insurance Co., Ltd. continued to see significant growth in the number of contracts for auto insurance, and a thorough cost reduction effort led to an increase in profit before income tax expense (based on IFRSs) of 46.7% year-on-year to ¥132 million.

SBI Sumishin Net Bank, Ltd., accounted for by the equity method, achieved a total deposit balance of ¥4,006.1 billion, with the number of accounts steadily increasing by 2,827 thousand as of the end of March 31, 2017. However, the bank recorded a loss on valuation of securities to fluctuations in the

market price of government bonds held. As a result, investment income under the equity method declined 5.9% year-on-year to ¥3,185 million.

Asset Management Business

Operating revenue of the Asset Management Business decreased 12.2% year-on-year to ¥80,392 million, and profit before income tax expense declined 21.0% year-on-year to ¥13,940 million. In the fiscal year ended March 31, 2017, there were 87 new listings (excluding the number of listings on the TOKYO PRO Market) in Japan, while overseas, the number of new listings continued on a downward trend. A total of 14 investee companies of the SBI Group transacted IPO and M&A deals (4 companies in Japan and 10 companies overseas), with respect to the Asset Management Business.

Meanwhile, a valuation loss was recorded as a result of fluctuations in fair value measurement of stock prices, primarily of investee companies. However, at SBI SAVINGS BANK of South Korea, which became a consolidated subsidiary in March 2013, and has completed a business revitalization, its performance supported the entire Asset Management Business' results, owing to a significantly increasing balance of performing loans that established a stable earnings base.

Biotechnology-related Business

Operating revenue of the Biotechnology-related Business rose 37.5% year-on-year to ¥5,530 million, and profit before income tax expense was a loss of ¥9,574 million (loss of ¥6,572 million for the fiscal year ended March 31, 2016). The losses widened, owing to an increase in cost due to the steady progress in multiple clinical trials at Quark Pharmaceuticals, Inc., including two Phase III pipeline drugs. On the other hand, owing to revenues from out-licensing with Kyowa Hakko Kirin Co., Ltd, SBI Biotech Co., Ltd. achieved its first full-year profitability since its establishment.

SBI Pharmaceuticals Co., Ltd., which is the core entity of the 5-Aminolevulinic Acid ("5-ALA")-related business, also achieved its first full-year profit since its founding, owing to the out-licensing of diabetes and malaria therapeutic drugs and the receipt of a contract lump sum due to the provision of exclusive marketing rights for intravenous diagnostic agent "ALAGLIO® Granule 1.5g" for bladder cancer. In addition, SBI ALApromo Co., Ltd. released its first food with function claims containing 5-ALA "ALA Plus Tou (Sugar) Down," in December 2015, as a result of which the number of stores handling 5-ALA-related products sharply increased, and sales rapidly increased by approximately 2.3 times compared to the previous fiscal year, owing to an increase in sales to directly-sold subscription customers and of products jointly developed with RIZAP Co., Ltd.

Cash Flows

As at March 31, 2017, total assets amounted to ¥3,850,001 million, an increase of ¥723,217 million, from total assets of ¥3,126,784 million as at March 31, 2016. The Group's equity decreased by ¥3,539 million to ¥415,524 million from the fiscal year ended March 31, 2016. As at March 31, 2017, the Group's

cash and cash equivalents amounted to ¥391,572 million, for an increase of ¥143,522 million from that of ¥248,050 million as at March 31, 2016. The changes of cash flows for each activity and the reasons for changes are as follows:

Operating Cash Flows

Cash flows from operating activities amounted to ¥17,952 million in net cash outflows (¥32,478 million in net cash inflows for the fiscal year ended March 31, 2016). The net cash outflows were primarily due to a ¥105,238 million cash outflow from an increase in accounts receivables and other receivables and a ¥29,362 million cash outflow from an increase in operational investment securities, despite a ¥87,149 million cash inflow from an increase in customer deposits in the banking business, and a ¥43,139 million cash inflow from profit before income tax expense.

Investing Cash Flows

Cash flows from investing activities amounted to ¥2,437 million in net cash inflows (¥11,179 million in net cash inflows for the fiscal year ended March 31, 2016). The net cash inflows were primarily due to a ¥62,854 million cash inflow from proceeds from sales or redemption of investment securities, and a ¥7,091 million cash inflow from payments of loans receivable, despite a ¥66,523 million cash outflow from purchases of investment securities.

Financing Cash Flows

Cash flows from financing activities amounted to ¥159,467 million in net cash inflows (¥76,230 million in net cash outflows for the fiscal year ended March 31, 2016). The net cash inflows were primarily due to a ¥161,178 million cash inflow from an increase in short-term loans payable, a ¥102,325 million cash inflow from proceeds from issuance of bonds payable and a ¥30,462 million cash inflow from proceeds from long-term loans payable, despite a ¥74,930 million cash outflow from redemption of bonds payable, with a ¥25,574 million cash outflow from repayment of long-term loans payable.

Forward-looking descriptions provided herein are based on judgments of the Company as of June 29, 2017.

Risk Factors

Business risks related to business conditions, financial status and other risk factors that may potentially have significant influence on investment decisions are included below. From the point of information disclosure, the Group has also listed risk factors below, which may not completely match such investment decisions. In recognizing these latent risks, the Group will work to avoid any such risks and take appropriate measures in the event that any such risk arises.

1) The Group's corporate structure, which consists of a large number of public and private companies in multiple business lines, exposes the Group to challenges not found in companies with a single business line

The Group consists of portfolio companies operating in multiple industries, including Financial Services, Asset Management, Biotechnology-related Businesses, and other businesses. The Group also comprises of some publicly listed subsidiaries. Owing to the diverse characteristics of the portfolio companies, the Group faces challenges not found in companies with a single business line. In particular, there are three aspects:

- the Group is exposed to business, market and regulatory risks relating to different industries. The Group needs to devote substantial resources to monitor changes in different operating environments, in order to react with appropriate strategies that fit the needs of the portfolio companies affected;
- due to the large number of portfolio companies involved, successful operation of the Group requires an effective management system that emphasizes accountability, imposes financial discipline on portfolio companies and creates value-focused incentives for management. As the Group continues to grow through acquisitions of businesses in an increasing number of diverse industries, its operations will become more complex, which increases the difficulty of implementing its management system; and
- its portfolio companies in different operating segments may determine that it is in their respective shareholders' interests to pursue business ventures together. However there is no assurance that such business ventures will be successful or generate the synergies expected.

2) The Group's voting interests in its portfolio companies may be diluted

The Group's portfolio companies may become publicly traded, which will dilute the Group's voting interests in these entities. In addition, the Group's portfolio companies may from time to time need additional capital to achieve their growth strategy or other business objectives, and may issue additional shares or other equity securities to meet their capital needs. The Group may choose not to, or be unable to, subscribe for the securities offered in any such additional issuances by its portfolio companies. If the Group fails to subscribe for additional securities of a portfolio company on a pro-rata basis to its existing shareholding in such company, the equity interest in the portfolio company will be diluted.

A dilution in the Group's equity interest in a portfolio company would reduce its share of the profits earned by such a portfolio company, which may have an adverse effect on its financial condition and results of operations. Further, if the Group's ownership is reduced significantly, it may cause its representation on such company's annual general meeting to be reduced, or otherwise reduce its ability to direct or influence the operations of that portfolio company.

3) The growth expected in the market for the Group's online products and services may not materialize

The market in Japan for online financial products and services continues to evolve. The Group's success depends substantially on continued growth in the use of online products and services,

such as online brokerage services, Internet banking, Internet-based insurance products, and services for individuals. If this growth does not materialize, the Group's financial condition and results of operations may be adversely affected. Factors that could discourage Japanese individuals from using online products and services include security or privacy concerns, inconsistent quality of service and frustration with actual or perceived difficulties in using the Internet to conduct brokerage and other financial transactions.

4) Changes in the legal or financial stability of, or cultural or business strategic differences with, any counterparties with whom the Group enters into joint ventures or alliances

The Group operates joint ventures and enters into alliances with foreign and domestic counterparties. The success of these operations is often dependent upon the financial and legal stability of its counterparties. If one of the counterparties with whom the Group operates a joint venture, or continues a business alliance with suffers a decline in its financial condition for any reason, or is subject to instability owing to a change to the laws governing its operations after an investment has been made in the joint venture or the business alliance, the Group may be unable to successfully operate the joint venture or alliance, or may be required to invest additional capital or cease operations altogether. Likewise, significant differences in corporate culture and business strategy between the Group and such partners may come to light, and may result in significant changes to the assumptions that the Group had made when deciding to enter into the joint venture or alliance. If the joint ventures or counterparties are unable to perform as expected, or if any unexpected events relating to the alliances occur, then the Group may be unable to continue those businesses successfully. The Group's inability to successfully operate joint ventures or alliances may adversely affect its reputation and its financial condition and results of operations.

5) Risks relating to business reputation

The Group is vulnerable to poor market perception and reputational risk, since it operates in industries where integrity and the trust and confidence of its clients are of utmost importance. Negative publicity (whether or not justified) associated with the Group or any of the funds, products and services offered by it, and its officers or employees, partners or alliances, or the occurrence of any of the risks set out in this section may result in a loss of clients and/or mandates. The Group's business operations are highly dependent on its officers, employees, partners, and/or alliances. The actions, misconduct, omissions, failures, or breaches of any of its officers or employees, partners and/or alliances may, by association, create negative publicity in relation to the Group. Accordingly, any mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations, or the negative perception resulting from such activities, or any allegation of such activities, may have an adverse effect on the Group's business, growth prospects, results of operations, and/or financial condition. This may adversely affect the Group's financial condition and results of operations.

In addition, with the Group's business expansion and

increasing publicity, if there are fraudulent persons or acts, which use trade names of the Group companies, the Group may be negatively affected by rumors regardless of lack of fault. This may adversely affect the Group's financial condition and results of operations.

6) Risks relating to business restructuring and expansion

As a "Strategic Business Innovator", one of the Group's basic policies involves working to perpetuate "Self Evolution."

In addition to business restructurings, the Group intends to aggressively pursue business expansion, including mergers and acquisitions ("M&A") of businesses that it believes offer favorable synergies with its core businesses. The Group faces the risk that its restructurings and business expansion activities may not produce the results that it expects. Failure to achieve expected results may have an adverse effect on the Group's financial condition and results of operations.

The Group may not be able to identify suitable investment opportunities, partners or acquisitions candidates. Even if the Group identifies suitable investment opportunities, partners or acquisitions candidates, it may be unable to negotiate terms that are commercially acceptable, or complete those transactions at all. With respect to its acquisitions, the Group may have difficulty in integrating these companies or businesses, including internal operations, distribution networks, product lines, and personnel, with its existing business, and there is no assurance that the expected strategic benefits of any acquisitions or alliances will be realized. The acquired companies may have low margins and require significant restructuring to increase their efficiency. In addition, the key personnel of an acquired company may decide not to work for the Group. The acquired company may involve a number of specific risks, including diversion of management's attention, higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company, fall in value of investments, and impairment of goodwill and other acquired intangible assets, some or all of which may have an adverse effect on the Group's business, financial condition and results of operations. In the event that the Group plans to acquire or invest in other companies, it may be required to obtain the prior approval of the relevant regulators and/or the government, and there can be no assurance that such approvals will be obtained in a timely manner, or at all. In addition, any acquisition of an overseas company will expose the Group to foreign exchange risks, foreign regulations applicable to its business and different environments that it may not be familiar with. In the event that such risk arises, it may adversely affect the Group's financial condition and results of operations.

In addition, the Group raises working capital through various means, including equity finance in the capital markets, share exchange, loans from financial institutions, and issuances of corporate bonds, etc. If a significant amount of such funding is raised by way of debt, the Group's funding cost may increase due to factors such as a downgrade of the Group's credit ratings. Any of these factors may adversely affect the Group's financial condition and results of operations.

7) Risks relating to entering new businesses

Based on the management principle of "Endeavoring to Become

a New Industry Creator”, the Group is aggressively creating and nurturing new businesses. If the new businesses are unable to achieve their business plans as originally formulated, and if they are unable to record earnings commensurate with their initial investments, such failure may have an adverse effect on the financial condition and results of operations of the Group. In addition, the new businesses may become subject to new laws and regulations, or be placed under the guidance of particular regulatory authorities. Any violations by the new businesses of the laws, regulations, or guidance that is applicable to them, and any administrative or legal actions directed at them, may impede the conduct of their operations, and have an adverse effect on the Group’s financial condition and results of operations.

8) Risks relating to a financial conglomerate

The Group is classified as a financial conglomerate as defined by the regulations of Japanese Financial Services Agency (the “FSA”). As a result, it is further strengthening its risk management and compliance systems in order to maintain financial soundness, and to conduct business activities properly. However, if subjected to an administrative action or other punishment by the FSA, for whatever reason, the Group may have difficulty conducting its business operations, or its financial condition and results of operations may be adversely affected.

9) Risks relating to investment securities

The Group holds a significant amount of investment securities, including investments in associates. It may experience impairment losses on its investment securities as a result of declines in their value subject to the stock and bond market conditions, which may adversely affect the Group’s financial condition and results of operations.

10) Litigation risk

The Group is exposed to litigation risk relating to the operations of its business segments on an ongoing basis. While the outcome of any pending or future litigation cannot be foreseen, given the inherent unpredictability of litigation, it is possible that an adverse outcome in any one or more matters may have an adverse effect on the Group’s financial condition and results of operations.

11) Risk relating to risk management and internal control

The Group has established risk management and internal control systems and implementation procedures. Certain areas within the risk management and internal control systems may require constant monitoring, maintenance and continual improvements by the Group’s senior management and staff. If the efforts to maintain these systems are found to be ineffective or inadequate, the Group may be subject to sanctions or penalties, and its business prospects and reputation may be adversely affected.

The internal control system, no matter how sophisticated in design, still contains inherent limitations caused by misjudgment or fault. As such, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group’s efforts, and any failure to address any

internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Group and/or its employees, disruption to the risk management system, and an adverse effect on the Group’s financial condition and results of operations.

12) Risks relating to funding and liquidity

The Group raises working capital through various means, including equity finance in the capital markets, loans from financial institutions, and issuances of corporate bonds. Owing to the global economic crisis and the resulting deterioration in the global credit markets, including reduced lending by financial institutions, the Group may face difficulty raising funds under favorable conditions, or at all. In addition, potential downgrades to the Group’s credit ratings could interfere with its ability to raise funds from external sources. In such circumstances, the Group’s access to funds may be restricted, and the financing costs may increase. Any such events may adversely affect the Group’s financial condition and results of operations.

13) Derivatives risk

The Group utilizes derivative instruments to reduce investment portfolio price fluctuations, and to manage interest rate and foreign exchange rate risk. However, it may not be able to successfully manage its risks through the use of such derivatives. Counterparties may fail to honor the terms of their derivatives contracts with the Group. Alternatively, the Group’s ability to enter into derivative transactions may be adversely affected if its credit ratings are downgraded.

The Group may also suffer losses from trading activities, a part of which includes the use of derivative instruments, and as a result, its financial condition and results of operations may be adversely affected.

14) Partial dependence on payments from the subsidiaries and other entities

The Group depends in part on dividends, distributions and others from its subsidiaries and other entities, such as partnerships and other investment vehicles, to fund payments, including its debt obligations. Regulatory and other legal restrictions, including contractual restrictions, may limit the Group’s ability to transfer funds to or from the subsidiaries and other entities. Some of the subsidiaries and other entities which the Group depends on, in part, for payments are subject to laws and regulations that authorize regulatory bodies to block or reduce the flow of funds within the Group, or that prohibit such transfers altogether in certain circumstances. These laws and regulations may hinder the ability to access funds that the Group may need to make payments on its obligations, which may adversely affect the Group’s financial condition and results of operations.

15) Reliance on key personnel

The Group’s business operations depend on the leadership of the Company’s Representative Director, President and Chief Executive Officer, Yoshitaka Kitao, and other key members of the Group’s management team. If one or more of the key personnel of the current management team becomes unable to continue operating the Group’s businesses, such an event may

adversely affect the Group's financial condition and results of operations. Any remedial action adopted by management to deal with a loss of key personnel may not take effect immediately, or at all.

16) Risks relating to employees

The Group employs personnel who are highly skilled and qualified, in its opinion, to work under the management team. If the Group is unable to continue to employ highly skilled and qualified personnel of the requisite caliber and skills, this may adversely affect its financial condition and results of operations.

17) Risks relating to trademarks and other intellectual property rights

The Group's businesses involve various types of intellectual property, including trademark rights, patents, copyrights, and other forms of intellectual property, particularly those related to "the SBI" brand. The Group relies on its ability to protect the intellectual property it owns and uses in its business. If it fails to sufficiently protect its intellectual property, or if it is unable to acquire the necessary licenses for the use of third-party intellectual property, the Group may experience difficulty in developing technologies or providing services. The Group may also become the subject of legal actions brought by third parties alleging infringement of their intellectual property. In addition, the Group may experience increased costs in connection with intellectual property, especially those related to patent. Such additional costs may have an adverse effect on its financial condition and results of operations.

18) Risks relating to enactment of, or changes in, laws, regulations and accounting standards

Enactment of, or changes in, laws and regulations may affect the way that the Group conducts its business, the products or services that it may offer in Japan or abroad, as well as the customers, borrowers, portfolio companies and funding sources. Such enactment or changes are unpredictable, and as a result of such enactment or changes, the Group's business activities, financial condition and results of operations may be adversely affected.

Withdrawal or amendment of any regulatory approval, or of any exemption from registration in respect of any part of the Group's activities, or any of its funds in any jurisdiction might compel termination of a particular business, or change the way in which it is conducted. Similarly, the withdrawal of either a license or an approval of one or more individuals would hinder their ability to perform their current role. The carrying on of regulated activities by unauthorized persons may have a number of consequences to the Group's business operations, including the possibility of agreements made in the course of carrying on such activities being unenforceable.

Enactment of, or changes in, accounting standards may have a significant effect on how the Group records and reports its financial condition and results of operations, even if the underlying business fundamentals remain the same. As a result of such enactment or changes, its business activities, financial condition and results of operations may be adversely affected.

19) Risks relating to deferred tax assets

Temporary differences arising between the financial statements and the tax basis of assets and liabilities are posted to deferred tax assets, using the statutory effective tax rate applied when the difference is resolved.

If there is a tax reform and change in the statutory effective tax rate, the Group may reduce or increase the deferred tax assets. Such events may adversely affect the Group's financial condition and results of operations.

A valuation allowance is provided for deferred tax assets, if it is more likely than not that these items will either expire before the Group can realize their benefits, or that future deductibility is uncertain. Losses carried forward can be posted as deferred tax assets to the extent of the amount recoverable, and the Group posts deferred tax assets based on the assumption of recoverability.

Each Group company calculates the estimated future recoverable tax amount based on the expected amount of future taxable income. While the Group presumes that it is possible to realize the deferred tax assets after the valuation allowance, the amount of valuation allowance may fluctuate depending on changes in the expected amount of future taxable income. Such changes may adversely affect the Group's financial condition and results of operations.

20) Risks relating to insurance coverage

To manage operating risks, the Group companies may be covered by various insurance policies. However, there can be no assurance that all claims under such insurance policies will be honored fully, or on time. Furthermore, the Group is generally unable to insure against certain types of losses, including losses caused by earthquakes, typhoons, floods, wars and riots, and does not have business interruption insurance. To the extent that any of its portfolio companies suffer a loss or damage that is not covered by insurance, or that exceeds the limit of its insurance coverage, the Group's financial condition and results of operations and cash flows may be adversely affected.

21) Past results may not be indicative of future performance

The Group's historical financial information may not necessarily reflect its financial condition, or results of operations in the future. Slower growth may be expected in some of its businesses and it may not be successful in launching new businesses. New businesses may not achieve as quick, or as significant a growth as anticipated, and the Group's multiple business strategy may not be successful, and it may not be able to successfully integrate future businesses, or assets into the existing operations. Such cases may result in significant interruptions to, or an adverse effect on the Group's financial condition and results of operations.

22) Risk associated with natural disasters, such as an earthquake, terrorist attack or other casualty event, in Japan or other markets in which the Group operates

A substantial portion of the Group's assets, as well as its head office, are located in Japan and a substantial portion of the net assets are derived from its operations in Japan. The Group's overseas operations are subject to similar or other disaster risks.

Additionally, large disasters, outbreaks, terrorist attacks, or other casualty events affecting the Group's operational network, either in Japan or abroad, may disrupt the operations even in the absence of direct physical damage to the Group's properties. Due to a material economic downturn in the affected area or country caused by such disasters, the Group's financial condition and results of operations may be adversely affected.

23) Risks relating to the Group's investments, development of the Group's business, funding and legal regulations in overseas operations

The Group is actively investing and promoting business development in overseas countries, as such, the Group is exposed to risks relating to increasing cost or loss unique to overseas business, owing to factors that differ from those in Japan, such as systems including but not limited to laws and regulations, business practice, economic status, corporate culture, consumer attitude, and other related matters in the overseas countries. The Group conducts its investment and business development operations in the overseas countries upon careful investigation and examination, followed by appropriate measures to mitigate any related risks. Nevertheless, if events occur that the Group could not initially foresee, then those events may adversely affect the Group's financial condition and results of operations.

Additionally, since the foreign shareholder ownership ratio of the Company remains high, it may be deemed that the Group is conducting financing activities in foreign countries, regardless of the Group's intention. As a result, the Group may be affected by foreign laws and regulations, particularly those concerning investor protection, and this may cause the Group's expenses to increase and restrict its business. Furthermore, the Group may increase foreign currency debt financing to hedge against foreign currency risks by borrowing from overseas financial institutions, or by issuing corporate bonds in overseas countries. Although the Group will conduct such financing upon careful investigation and examination of associated risk, events may nevertheless occur that the Group could not initially foresee, which may adversely affect the Group's financial condition and results of operations.

Recently, in addition to the above, the application of laws and regulations in overseas countries, such as the Bribery Act in the U.K. and the Foreign Corrupt Practices Act in the U.S., might extend to the Group in other countries including Japan. The Group has responded to a variety of these laws and regulations after carefully investigating and examining them, but unexpected events may occur, since there are few precedents. Such cases may adversely affect the Group's financial condition and results of operations.

24) There is no guarantee of the accuracy of facts and statistics with respect to certain information obtained from official governmental sources and other data

Facts and statistics relating to Japan, the Japanese economy and the financial sector (including the financial services industry), and other sectors in which the Group operates are derived from official government or other industry sources, and are generally believed to be reliable. However, the Group cannot guarantee the quality or reliability of any such information, as it has not

prepared, or verified the accuracy of the information received from such sources. The Group makes no representation as to the accuracy, or completeness of such facts and statistics from these sources. Furthermore, there can be no assurance that these sources have stated, or compiled such facts and figures on the same basis, or with the same degree of accuracy, or completeness, as may be the case elsewhere. In all cases, stakeholders should not unduly rely on these facts and statistics.

25) Risks with respect to transactions with anti-social forces

In order to preclude any transaction with a party that is suspected to have a relationship with an anti-social force, the Group has taken necessary measures with the objective of precluding all transactions with anti-social forces by, prior to entering into a new transaction, confirming whether any information with respect to a relationship with an anti-social force exists, and obtaining a representation and a letter in relation to the counterparty, of a pledge to the effect that the counterparty to the transaction is not an anti-social force. However, despite the Group's strict investigations, there may be cases where the Group has not been able to preclude a transaction with an anti-social force. If such transaction is found, the Group's business may be restricted, or suspended by regulatory or other authorities, etc., or the Group may be subject to a disposition, or order such as an administrative monetary penalty payment order, and its social reputation may also be impaired.

Consolidated Financial Statements of the Group

Consolidated Statement of Financial Position

(Millions of Yen)

	Notes	As of March 31, 2016	As of March 31, 2017
Assets			
Cash and cash equivalents	5, 17	248,050	391,572
Trade and other accounts receivable	5, 7, 8, 17	369,006	472,128
Assets related to securities business			
Cash segregated as deposits		1,139,908	1,399,851
Margin transaction assets		516,843	617,550
Other assets related to securities business	9	251,924	315,640
Total assets related to securities business	5, 6	1,908,675	2,333,041
Other financial assets	5, 17	29,215	30,050
Operational investment securities	5, 7, 10	118,886	111,067
Other investment securities	5, 7, 10	173,907	186,512
Investments accounted for using the equity method	11	43,853	90,394
Investment properties	13	12,027	7,105
Property and equipment	14, 17	11,778	10,498
Intangible assets	15	188,454	185,493
Other assets		22,607	28,392
Deferred tax assets	16	326	3,749
Total assets		3,126,784	3,850,001
Liabilities			
Bonds and loans payable	5, 7, 17	324,585	518,977
Trade and other accounts payable	5, 7, 18	38,759	52,887
Liabilities related to securities business			
Margin transaction liabilities		85,677	135,698
Loans payable secured by securities		344,423	399,673
Deposits from customers		573,957	738,144
Guarantee deposits received		533,862	600,621
Other liabilities related to securities business	19	222,424	304,476
Total liabilities related to securities business	5, 6, 7	1,760,343	2,178,612
Customer deposits for banking business	5, 7	386,027	485,827
Insurance contract liabilities	20	154,133	147,573
Income tax payable		7,066	10,040
Other financial liabilities	5	12,899	14,663
Other liabilities		13,396	11,946
Deferred tax liabilities	16	10,513	13,952
Total liabilities		2,707,721	3,434,477
Equity			
Capital stock	22	81,681	81,681
Capital surplus	22	145,735	128,004
Treasury stock	22	(19,132)	(23,801)
Other components of equity	22	17,107	22,720
Retained earnings	22	146,199	169,388
Equity attributable to owners of the Company		371,590	377,992
Non-controlling interests		47,473	37,532
Total equity		419,063	415,524
Total liabilities and equity		3,126,784	3,850,001

Consolidated Statement of Income

(Millions of Yen)

	Notes	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Revenue	4, 25	261,744	261,939
Expense			
Financial cost associated with financial income	26	(15,836)	(14,543)
Operating cost	26	(83,692)	(98,982)
Selling, general and administrative expenses	26	(96,646)	(95,970)
Other financial cost	26	(4,442)	(3,477)
Other expenses	26	(10,484)	(8,677)
Total expense		(211,100)	(221,649)
Share of the profit of associates and joint ventures accounted for using the equity method	4, 11	1,583	2,849
Profit before income tax expense	4	52,227	43,139
Income tax expense	27	(15,561)	(14,836)
Profit for the year		36,666	28,303
Profit for the year attributable to			
Owners of the Company		34,115	32,455
Non-controlling interests		2,551	(4,152)
Profit for the year		36,666	28,303
Earnings per share attributable to owners of the Company			
Basic (Yen)	29	160.83	159.38
Diluted (Yen)	29	147.94	146.52

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Note	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit for the year		36,666	28,303
Items that will not be reclassified subsequently to profit or loss			
Fair value through other comprehensive income ("FVTOCI") financial assets	28	301	124
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	28	(18,349)	680
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	28	(1,555)	3,699
Other comprehensive income, net of tax		(19,603)	4,503
Total comprehensive income		17,063	32,806
Total comprehensive income attributable to			
Owners of the Company		14,750	38,082
Non-controlling interests		2,313	(5,276)
Total comprehensive income		17,063	32,806

Consolidated Statement of Changes in Equity

(Millions of Yen)

	Note	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
		Capital stock	Capital surplus	Treasury stock	Other components of equity	Retained earnings			
As at April 1, 2015		81,681	148,676	(5,137)	36,934	121,337	383,491	47,124	430,615
Profit for the year		—	—	—	—	34,115	34,115	2,551	36,666
Other comprehensive income		—	—	—	(19,365)	—	(19,365)	(238)	(19,603)
Total comprehensive income		—	—	—	(19,365)	34,115	14,750	2,313	17,063
Change in scope of consolidation		—	—	—	—	—	—	4,663	4,663
Dividends paid	23	—	—	—	—	(9,715)	(9,715)	(9,406)	(19,121)
Treasury shares purchased	22	—	—	(15,030)	—	—	(15,030)	—	(15,030)
Treasury shares sold	22	—	111	1,035	—	—	1,146	—	1,146
Changes of interests in subsidiaries without losing control		—	(3,052)	—	—	—	(3,052)	2,779	(273)
Transfer	22	—	—	—	(462)	462	—	—	—
As at March 31, 2016		81,681	145,735	(19,132)	17,107	146,199	371,590	47,473	419,063
Profit for the year		—	—	—	—	32,455	32,455	(4,152)	28,303
Other comprehensive income		—	—	—	5,627	—	5,627	(1,124)	4,503
Total comprehensive income		—	—	—	5,627	32,455	38,082	(5,276)	32,806
Change in scope of consolidation		—	(4)	—	—	—	(4)	(1,294)	(1,298)
Dividends paid	23	—	—	—	—	(9,280)	(9,280)	(35,612)	(44,892)
Treasury shares purchased	22	—	—	(8,019)	—	—	(8,019)	—	(8,019)
Treasury shares sold	22	—	304	3,350	—	—	3,654	—	3,654
Changes of interests in subsidiaries without losing control		—	(18,031)	—	—	—	(18,031)	32,241	14,210
Transfer	22	—	—	—	(14)	14	—	—	—
As at March 31, 2017		81,681	128,004	(23,801)	22,720	169,388	377,992	37,532	415,524

Consolidated Statement of Cash Flows

(Millions of Yen)

	Note	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net cash generated from (used in) operating activities			
Profit before income tax expense		52,227	43,139
Depreciation and amortization		11,103	10,690
Share of profits of associates and joint ventures accounted for using the equity method		(1,583)	(2,849)
Interest and dividend income		(72,238)	(80,891)
Interest expense		20,278	18,019
Increase in operational investment securities		(6,449)	(29,362)
Increase in accounts receivables and other receivables		(58,514)	(105,238)
(Decrease) increase in operational liabilities and other liabilities		(13,890)	15,233
Decrease (increase) in assets/liabilities related to securities business		19,882	(6,275)
Increase in customer deposits in the banking business		59,883	87,149
Others		(10,562)	(17,663)
Subtotal		137	(68,048)
Interest and dividend income received		71,537	79,991
Interest paid		(19,860)	(16,106)
Income taxes paid		(19,336)	(13,789)
Net cash generated from (used in) operating activities		32,478	(17,952)
Net cash generated from investing activities			
Purchases of intangible assets		(7,223)	(6,241)
Purchases of investment securities		(57,693)	(66,523)
Proceeds from sales or redemption of investment securities		70,533	62,854
Acquisition of subsidiaries, net of cash and cash equivalents acquired	30	(3,222)	(1,968)
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	30	550	3,344
Payments of loans receivable		(1,806)	(4,182)
Collection of loans receivable		1,942	7,091
Others		8,098	8,062
Net cash generated from investing activities		11,179	2,437
Net cash (used in) generated from financing activities			
Increase (decrease) in short term loans payable		(108,085)	161,178
Proceeds from long-term loans payable		59,690	30,462
Repayment of long-term loans payable		(30,146)	(25,574)
Proceeds from issuance of bonds payable		56,103	102,325
Redemption of bonds payable		(24,088)	(74,930)
Proceeds from stock issuance to non-controlling interests		91	222
Contributions from non-controlling interests in consolidated investment funds		8,244	20,234
Cash dividends paid		(9,684)	(9,266)
Cash dividends paid to non-controlling interests		(381)	(378)
Distributions to non-controlling interests in consolidated investment funds		(8,827)	(35,266)
Purchase of treasury stock		(15,030)	(8,019)
Proceeds from sale of interests in subsidiaries to non-controlling interests		47	1,032
Payments for purchase of interests in subsidiaries from non-controlling interests		(4,486)	(5,112)
Others		322	2,559
Net cash (used in) generated from financing activities		(76,230)	159,467
Net (decrease) increase in cash and cash equivalents		(32,573)	143,952
Cash and cash equivalents at the beginning of the year		290,826	248,050
Effect of changes in exchange rate on cash and cash equivalents		(10,203)	(430)
Cash and cash equivalents at the end of the year		248,050	391,572

Notes to Consolidated Financial Statements

1. Reporting Entity

SBI Holdings, Inc. (the “Company”) was incorporated in Japan. The consolidated financial statements of the Company consist of the Company, its subsidiaries (hereinafter referred to as the “Group”) and interests in the Group’s associates and joint ventures. The Group is engaged in various businesses, which primarily consist of three key businesses: “Financial Services Business”, “Asset Management Business” and “Biotechnology-related Business”. See Note 4 “Segment Information” for detailed information on each business.

The consolidated financial statements were approved and authorized for issue by the Company’s Representative Director, President and CEO, Yoshitaka Kitao and Director, Senior Managing Executive Officer and CFO, Shumpei Morita on June 27, 2017.

2. Basis of Preparation

(1) Compliance with IFRSs

Since the Company meets the criteria of “Specified Company under Designated International Financial Reporting Standards” defined in Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976), the consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards (“IFRSs”) pursuant to Article 93 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the below:

- Financial instruments measured at fair value through profit or loss (“FVTPL”)
- Financial instruments measured at fair value through other comprehensive income (“FVTOCI”)

The measurement basis of fair value of the financial instruments is provided in Note 5 “Fair value of financial instruments”.

(3) Reporting currency

The consolidated financial statements are presented in Japanese Yen, which is the functional currency of the Company and rounded to the nearest million yen, unless otherwise stated.

(4) Use of estimates and judgments

In the preparation of the Group’s consolidated financial statements in accordance with IFRSs, management of the Company are required to make estimates, judgments and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are

recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the current period and future periods.

(a) Measurement of financial instruments

Unlisted equity securities held by the Group are primarily included in operational investment securities and classified as fair value through profit or loss (“FVTPL”). Fair values of those unlisted equity securities are measured using valuation techniques in which some significant input may not be based on observable market data.

(b) Deferred tax assets

Temporary differences which arise from differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and tax loss carryforwards are recorded as deferred tax assets up to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and tax loss carryforwards can be utilized, using the tax rates that are expected to apply to the period when they are realized.

(c) Evaluation of goodwill

The Group estimates the recoverable amount of its goodwill regardless of an indication of impairment. The recoverable amount is calculated based on the future cash flows.

(d) Impairment on financial assets at amortized cost

Impairment on financial assets at amortized cost is measured using carrying amount less present value of the future cash flows discounted at the financial assets’ original effective interest rate.

(e) Liability adequacy test for insurance contracts

A liability adequacy test for insurance contracts is performed in consideration of current estimates of all contractual cash flows and related cash flows such as claims handling costs at the end of each reporting period.

(5) Application of new and revised IFRSs

The Group adopted standards and interpretations that became mandatorily effective beginning with this fiscal year. There is no significant impact to these consolidated financial statements resulting from their adoption.

(6) Early adoption of IFRSs

The Group early adopted IFRS 9 “Financial Instruments” (issued in November 2009, revised in October 2010 and December 2011) (“IFRS 9”).

3. Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are listed below.

(1) Basis of consolidation

(a) Subsidiaries

Subsidiaries refer to the entities under control of the Group and also include the entities that have been designed in a way that voting or similar rights are not the dominant factor in deciding who controls those entities ("structured entities"). Control is defined as the Group having (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and deconsolidated on the date that the Group loses control. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Inter-company transactions, balances and unrealized gains on transactions among Group companies are eliminated in the consolidated financial statements. Unrealized losses are also eliminated and the related impairment is assessed.

Comprehensive losses arising from subsidiaries are allocated to the owners of the Company and non-controlling interests even if the balances of non-controlling interests are a negative figure.

(b) Associates and joint ventures

Associates are entities over which the Group has significant influence, and that is neither a subsidiary nor an interest in joint venture.

When the Group holds between 20% and 50% of voting rights of the other entity, the Group is presumed to have significant influence over the other entity.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are initially recognized at cost and accounted for using the equity method of accounting. However, investments held by venture capital organizations and other similar entities in the Group are accounted for at fair value through profit or loss in accordance with IFRS 9.

Under the equity method, investor's share of the profit or loss and other comprehensive income (after adjustments for the purpose of conforming with the group accounting policies), from the date of having significant influence or entering into joint control to the date of losing significant influence or ceasing joint control, of the associates and joint ventures (hereinafter referred to as "equity method associates") were recognized and recorded as adjustments to the carrying amounts of investments.

When the Group's share of losses in an equity method associate exceeds its interest in the associate, losses are

not recognized to exceed the carrying amount of the investments. The Group does not recognize further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealized gain on inter-company transactions with equity method associates are deducted from the balance of carrying amount of investments only to the extent of investor's interests in the associates.

(c) Business combination

Acquisition method is applied for acquisitions of businesses. The consideration transferred for the acquisition of a subsidiary is the total of acquisition date fair value of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair value except for the below.

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits".
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, the excess is recognized immediately in profit or loss.

The Group recognizes non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation on an acquisition-by-acquisition basis, either at fair value or at the proportionate share of the recognized amount of acquiree's identifiable net assets.

Acquisition-related cost is expensed as incurred, except for the costs related to the issuance of debt securities and equity securities.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date and resulting gain or loss is recognized in profit or loss.

(d) Changes in ownership interests in subsidiaries without loss of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions in accordance with IFRS 10 "Consolidated Financial Statements". The carrying

amount of the Group's share and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between "fair value of consideration paid or received" and "adjustments of the carrying value of non-controlling interests" is recognized in equity and attributed to owners of the Company.

(e) Loss of control

When the Group loses control, the difference between the "total fair value of consideration received and the retained interest" and "the previous carrying amount of subsidiary's assets (including goodwill), liabilities and non-controlling interests" are recognized in profit or loss.

In addition, any amount previously recognized in other accumulated comprehensive income in relation to the subsidiary is accounted for as if the Group had directly disposed of each related assets or liabilities.

The fair value of the retained interest in the former subsidiary is measured in accordance with IFRS 9.

(2) Foreign currency

(a) Foreign currency translation

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are translated in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the year-end date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency shall be retranslated using the exchange rate at the date when the fair value was measured. The exchange differences arising from the retranslation were recognized in profit or loss, except for retranslation differences in financial instruments that are measured at fair value and changes in fair value are recognized in other comprehensive income, and exchange differences arising from transactions for the purpose of hedging certain foreign exchange risk.

(b) Foreign operations

The assets and liabilities, including goodwill and fair value adjustments arising from business combinations, of all the Group entities that have a functional currency that is different from the presentation currency (mainly foreign operations) are translated into the presentation currency using the rates of exchange prevailing at the end of each reporting period. Income and expenses of foreign operations are translated into the presentation currency at the average exchange rates.

Exchange differences arising are recognized as other comprehensive income. The differences are recorded and accumulated as translation reserve in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

(3) Financial instruments

The Group early adopted IFRS 9. IFRS 9 requires all financial

assets which are within the scope of IAS 39 "Financial instruments: Recognition and Measurement" to be subsequently measured either at amortized cost or at fair value. Debt instruments are measured at amortized cost if both of the following conditions are met: (i) the debt instruments are held in order to collect contractual cash flows as according to the Group's business model for managing the financial assets and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments and equity instruments other than those above are subsequently measured at fair value.

(a) Initial recognition and measurement

The Group recognizes a financial asset or financial liability in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. Equity instruments held for purposes other than trading are designated as financial assets at FVTOCI.

(b) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(c) Non-derivative financial assets

Non-derivative financial assets are initially designated as "Financial assets measured at amortized cost", "Financial assets at FVTPL" or "Financial assets at FVTOCI" on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

Financial assets are subsequently measured using the effective interest method at amortized cost less accumulated impairment loss if both of the following conditions are met: (i) the financial assets are held in order to collect contractual cash flows according to the Group's business model for managing the financial assets and (ii) the contractual terms of the financial asset give rise on specified dates to cash

flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

Financial assets, other than those subsequently measured at amortized cost, are subsequently measured at fair value, and all changes in fair value are recognized in profit or loss.

Financial assets at FVTOCI

At initial recognition, the Group designates as a financial asset at FVTOCI an investment in an equity instrument that is not held for trading and is measured at fair value through other comprehensive income. This is an irrevocable election and the accumulative changes of fair value recorded in other comprehensive income cannot be reclassified to profit or loss. Dividends from the above-mentioned equity instrument are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. At derecognition of equity instruments at FVTOCI or when the decline in fair value is other than temporary when compared to initial cost, the recognized amount of changes in fair value accumulated in other comprehensive income is reclassified directly to retained earnings and cannot be reclassified in profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents are cash and highly liquid financial assets that are readily convertible to known amounts of cash with original maturities of three months or less.

(e) Non-derivative financial liabilities

Non-derivative financial liabilities include corporate bonds and loans, trade and other accounts payable, which are subsequently measured at amortized cost using the effective interest method.

(f) Trading assets and liabilities

Financial assets and liabilities are classified as trading assets and trading liabilities in the below situation:

- Financial assets acquired for the purpose of sale or repurchase mostly in the short term
- At initial recognition, the financial assets are managed together by the Group as part of a certain financial instrument portfolio, from which an actual short term gain has been realized.
- Derivative (either not classified as hedging instruments or proved to be not effective as hedging instruments)

Trading assets and trading liabilities are classified as financial assets and liabilities at FVTPL, changes in amounts of which are recognized in profit or loss. Trading assets and trading liabilities are presented in "Other assets (or liabilities) related to securities business" in the statement of financial position.

(g) Derecognition

The Group derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or the Group no longer retains the contractual rights to receive the cash flows and transfers all

the risks and rewards related to the financial asset.

If, as a result of a transfer, which satisfies the criteria for derecognition, a financial asset is derecognized but the transfer results in the Group obtaining or retaining certain rights and responsibilities, the Group recognizes them as new financial assets or liabilities.

(h) Fair value measurement

The Group measures the fair value of a financial asset or liability using a quoted market price from an active market, if available.

The Group uses valuation techniques to determine fair value if the financial assets are not traded in an active market. Valuation techniques include utilization of a recent arm's length transaction between knowledgeable, willing parties, current fair value of an identical or similar financial instrument, discounted cash flow analysis and an option pricing model. When there is evidence that market participants use valuation techniques to determine the price of a financial asset and liability and provide a reliable estimated market price, fair value should be determined based on that valuation technique. To ensure the validity and the effectiveness of the valuation techniques used in determining fair value, the Group reassesses the valuation techniques based on observable market data on a regular basis.

(i) Impairment of financial assets measured at amortized cost

The Group recognizes impairment losses for financial assets measured at amortized cost after the initial recognition when there is objective evidence that a loss event has occurred and it is reasonably predictable that a negative impact will be exerted on the estimated future cash flows arising from the financial assets. The Group assesses whether there is objective evidence indicating that financial assets measured at amortized cost are impaired on a quarterly basis.

The Group assesses financial assets measured at amortized cost for evidence of impairment both individually and collectively. Significant financial assets are assessed for impairment individually. Significant financial assets which are not impaired individually are assessed for impairment collectively. Financial assets which are not significant are assessed as a group based on risk characteristics.

For financial assets measured at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. An impairment loss is recognized in profit or loss in the period and the carrying amount of the financial asset is reduced by the impairment loss directly.

Interest on the impaired asset is recognized as adjustments to discounts realized through the passage of time. When the amount of impairment decreases and the decrease can be related objectively to an event occurring after the impairment, reversal of previously recognized impairment loss is recognized in profit or loss.

(j) Derivatives

The Group uses derivative instruments (interest rate swap

contracts and forward exchange contracts) in order to hedge mainly interest rate risk and exchange fluctuation risk.

Derivatives to which hedge accounting is applied
At the inception of the hedge, the Group formally documents the hedging relationship between the hedged item or transaction and the hedging instrument, which is the derivative, in compliance with our risk management objective and strategy. In addition, at the inception and on an ongoing basis, the Group documents whether the derivative is highly effective in offsetting changes in the fair value or the cash flows of the hedged item attributable to the risk of changes in interest rates, etc.

The changes in the fair value of derivatives, which are designated as hedging instruments for fair value hedges, are recognized in profit or loss. Gain or loss on the hedged item attributable to the risk of changes in interest rates, etc. shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Among the changes in the fair value of derivatives which are designated as hedging instruments for cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income, while the ineffective portion shall be recognized in profit or loss.

The amount that has been recognized in other comprehensive income shall be presented as a deduction of other comprehensive income in the consolidated statement of comprehensive income and reclassified to profit or loss in the same period during which the hedged item of cash flows affects profit or loss.

The Group shall prospectively discontinue hedge accounting when the criteria of hedge accounting are no longer satisfied. In such a situation, amounts accumulated in other comprehensive income remain unadjusted until the anticipated transaction finally affects profit or loss, or the anticipated transaction is not expected to occur, at which point the underlying amount shall be immediately recognized in profit or loss.

Derivatives to which hedge accounting is not applied
Among derivatives held for hedging purposes, the Group holds some derivatives to which hedge accounting is not applied. The Group also holds derivatives for trading purposes other than hedging purposes. The changes in fair value of such derivatives shall be recognized in profit or loss.

(k) Capital stock

Common stock

Common stocks issued by the Group are classified as equity and stock issuance costs, after tax effects, are recognized as deduction to equity.

Treasury stock

The Group's own equity instruments which are reacquired are recognized at cost including acquisition related costs, after tax effects, as a deduction from equity. When the Group sells treasury stocks, the consideration received is recognized as an addition to equity.

(4) Lease as lessee

A lease is classified as a finance lease when the Group assumes substantially all the risks and rewards according to the lease contract. Leased assets are initially recognized as the lower of the fair value of the leased property or the present value of the minimum lease payments. In subsequent measurement, leased assets are accounted for under the accounting standards applied to the assets.

(5) Property and equipment

(a) Initial recognition and measurement

Property and equipment are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss. Acquisition cost includes the costs incurred directly related to the acquisition of the assets. Any gain or loss arising on the disposal of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(b) Depreciation

Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of items of property and equipment less their residual values. Depreciation is recognized using the straight-line method to allocate their depreciable amounts over the estimated useful life of each component, and charged to profit or loss. Land is not depreciated.

The estimated useful lives of major classes of property and equipment are as follows:

- Buildings 3 – 47 years
- Furniture and equipment 2 – 20 years

The depreciation method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(6) Intangible assets

(a) Intangible assets arising on business combination (goodwill and other intangible assets)

Goodwill arising on acquisition of subsidiaries is recognized as an intangible asset. Initial recognition and measurement of goodwill are stated in “(1) Basis of consolidation, (c) Business combination.” Intangible assets arising from a business combination, other than goodwill, are recognized at fair value at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment loss. For investees to which the equity method is applied, goodwill is included in the carrying amount of the investment.

Intangible assets other than goodwill with a finite useful life that arise on a business combination are measured at initial cost less accumulated amortization and accumulated impairment loss.

(b) Research and development

Expenditure on research undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized as an expense when incurred. Development costs capitalized as a result of meeting certain

criteria are measured at initial cost less accumulated amortization and accumulated impairment loss.

(c) Other intangible assets (separately acquired)

Other intangible assets acquired by the Group are measured at initial cost less accumulated amortization and accumulated impairment loss.

(d) Amortization

Amortization of intangible assets other than goodwill with finite useful lives is recognized in profit or loss using the straight-line method over the expected useful life, which begins when the assets are available for use.

The estimated useful lives of major classes of intangible assets are as follows:

- Software 5 years
- Customer Relationship 5 – 16 years

The amortization method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(7) Investment properties

Investment properties are defined as property held to earn rentals or for capital appreciation or both, rather than for (a) sale in the ordinary course of business, or (b) use in the production or supply of goods or services or for administrative purposes. Investment properties are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of assets less their residual values. Depreciation is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful life of each component, and charged to profit or loss.

The estimated useful lives of a major component of investment properties are as follows:

- Buildings 8 – 50 years

An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gain or loss arising from the derecognition of investment properties is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss at the time of derecognition.

(8) Impairment of non-financial assets

Other than deferred tax assets, the Group's non-financial assets are subject to impairment tests at year end. When an indication of impairment exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment losses, if any. For a cash-generating unit ("CGU") including allocated goodwill and intangible assets for which the useful life cannot be determined or which is not available for use, the recoverable amount shall be estimated at the same time every year, regardless of the indication of impairment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The recoverable amount of an asset or a CGU is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. The impairment loss recognized in relation to the CGU shall be allocated to reduce the carrying amount of the assets of the unit in such order that (a) first, to reduce the carrying amount of any goodwill allocated to the CGU and (b) then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill shall not be reversed in a subsequent period. An entity shall assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Because goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset, whenever there is an indication that the investment may be impaired.

(9) Accounting for insurance contracts

For insurance contracts and reinsurance contracts, the Group applies its accounting policy determined based on the Insurance Business Act, the Ordinance for Enforcement of the Insurance Business Act, and other Japanese accounting practices, while considering the requirements under IFRS 4 "Insurance Contracts".

A liability adequacy test is performed in consideration of current estimates of all contractual cash flows and related cash flows such as claims handling costs at the end of each reporting period. If the test shows that the liability is inadequate, the entire deficiency is recognized in profit or loss.

(10) Employee benefits

(a) Defined contribution plans

The Company and certain of its subsidiaries have defined contribution plans for employee benefits. Defined contribution plans are post-employment benefit plans under

which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions related to defined contribution plans are expensed over the period during which employees render service to the entity.

(b) Short term employee benefits and share-based payment

The Group recognizes the undiscounted amount of short-term employee benefits as an expense of the period during which the related service is rendered.

Also, the Group operates share-based compensation plan as an incentive for board members and employees. The fair value of equity-settled share-based compensation plan ("stock option") which were granted after November 7, 2002 and the vesting conditions had not been satisfied as at March 31, 2011 is measured at the grant date, and the amount of fair value calculated by estimating the number of stock options that will ultimately be vested are recognized as expenses with a corresponding increase in equity over the vesting period. For cash-settled share-based compensation plan, a liability is recognized for the goods or services acquired, measured initially at fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

(11) Provisions

Provisions are recognized when the Group has a present (legal or constructive) obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the present value of the expected future cash flow using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(12) Revenue recognition

(a) Financial income related to investment portfolio (excluding trading assets)

Financial assets at FVTPL are initially recognized at their fair value and related transaction costs are charged to profit or loss as incurred. Gain and loss related to the sale of financial assets at FVTPL are determined as the difference between the fair value of the consideration received and the carrying amount.

Changes in the fair value of financial assets at FVTOCI are presented in other comprehensive income. When such financial assets are derecognized (sold) or the decline in fair value of such financial assets is other than temporary when compared with the initial cost, the cumulative gains or losses previously recognized in other comprehensive income are directly transferred to retained earnings.

However, dividends from financial assets at FVTOCI are recognized as financial income in profit or loss.

(b) Net trading income

Securities included in trading assets are classified as financial assets at FVTPL and measured at fair value. Changes in fair value are recognized in profit or loss.

(c) Commission income

Commission income arises from transactions in which the Group is involved as an agent instead of a principal who gains the main part of the profit from the transaction. Revenue from commission income is recognized by reference to the stage of completion of the transaction at the end of the reporting period if the result of the transaction can be reliably estimated.

If the below criteria are met, the transaction is regarded as the Group acting as an agent.

- The Group neither retains ownership of the goods nor assumes any responsibility for after service.
- Though the Group ultimately collect consideration from customers, all the credit risk is assumed by the supplier of the goods.

(d) Sale of goods

Revenue is measured at the fair value of the consideration received or receivable, taking into account the amount of any sales return, trade discount and volume rebates. Normally, revenue is recognized when there is persuasive evidence showing that a sales contract has been implemented; that is, (i) significant risks and rewards of ownership of the goods have been transferred to the buyer; (ii) it is probable that the economic benefits associated with the transaction will flow to the Group; (iii) the cost incurred and possibility of sales returns can be reliably estimated; (iv) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and (v) the amount of revenue can be measured reliably. When there is a probability that a sales discount is allowed by the Group, the amount shall be deducted from the original amount of revenue if it can be reasonably estimated.

(13) Income tax expense

Income tax expense consists of current and deferred tax expense, which are recognized in profit or loss, except for those arising from business combinations or recognized directly in equity and other comprehensive income. Current income tax expense is measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amount. However, deferred tax assets are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, or from deductible temporary differences related to investments in subsidiaries and investments accounted for using the equity method, under which it is probable that the difference will not be recovered in the foreseeable future. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current

tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or the deferred tax assets and liabilities are expected to be realized simultaneously.

A deferred tax asset is recognized for the unused carryforward tax losses, unused tax credits and expected deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused carryforward tax losses, unused tax credits and expected deductible temporary differences can be utilized. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and investments accounted for using the equity method, except to the extent that both of the following conditions are satisfied: (i) the Group is able to control the timing of the reversal of the temporary difference; and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

The Group shall recognize a deferred tax asset for all deductible temporary differences arising from investments mentioned above, to the extent that, and only to the extent that, it is probable that (i) taxable profit will be available against which the temporary difference can be utilized; and (ii) the temporary difference will reverse in the foreseeable future.

(14) Earnings per share

The Group discloses both the basic earnings per share and diluted earnings per share. Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders by the weighted average number of ordinary

shares outstanding (issued shares adjusted by the treasury shares) during the period. For the purpose of calculating diluted earnings per share, the Group adjusts profit for the year attributable to ordinary equity holders and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

(15) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Discrete financial information of all the segments is available so that the operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance. Operating results reported to the board of directors include items that directly belong to the segment and items allocated to the segment on a reasonable basis. Items not allocated to any reportable segment mainly consist of corporate assets such as expenses of the headquarters.

(16) Non-current assets held for sale

The Group classifies a non-current asset or asset group as held for sale if (i) its carrying amount will be recovered principally through a sale transaction rather than through continuing use; (ii) the assets are available for immediate sale and their sale within one year is highly probable; and (iii) management of the Group is committed to a plan to sell the asset.

When the Group is committed to a plan to sell a subsidiary with a loss of control and all the above criteria are satisfied, it classifies the subsidiary's entire assets and liabilities as held for sale regardless of retaining any non-controlling interest of the subsidiary.

Non-current assets (or asset groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(17) New standards, amendments to existing standards, and interpretations that are published but have not yet been adopted by the Group

Of the new standards, amendments to existing standards, and interpretations that have been published before the approval date of the consolidated financial statements, the main ones that the Group has not early adopted are as follows. The impact to the consolidated financial statements resulting from their adoption is still under investigation and it is difficult to estimate at this moment.

IFRSs	Mandatory for fiscal year beginning on or after	Adopted by the group from fiscal year ended	Summary of new standards and amendments	
IFRS 9	Financial Instruments	January 1, 2018	March 2019	Amendment with regard to hedge accounting, impairment accounting, and classification and measurement of financial instruments
IFRS 10	Consolidated Financial Statements	To be determined	To be determined	Clarification of the accounting treatment for sale or contribution of assets between an investor and its associate and joint venture
IAS 28	Investments in Associates and Joint Ventures			
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	March 2019	Amendment with regard to the accounting of revenue recognition
IFRS 16	Lease	January 1, 2019	March 2020	Amendment with regard to the definition and the accounting treatment of lease
IFRS 17	Insurance Contracts	January 1, 2021	March 2022	Amendment with regard to measurement method of insurance liability
IAS 7	Statement of Cash Flows	January 1, 2017	March 2018	Additional disclosure requirement relating to changes in liabilities arising from financial activities

4. Segment Information

The Group engages in a wide range of business activities, primarily online financial service businesses and investment activities in Japan and overseas. Based on the similarities or economic characteristics of business or nature of services, “Financial Services Business,” “Asset Management Business,” and “Biotechnology-related Business,” which is anticipated to be a growth industry in the 21st century, are determined as reportable segments.

The reportable segments of the Group represent businesses activities for which separate financial information of the Group’s components is available and reviewed regularly by the board of directors for the purpose of allocation of financial resources and performance evaluation.

The following is a description of business activities for the reportable segments.

“Financial Services Business”

The Financial Services Business consists of a wide range of finance-related business, including securities brokerage business, banking services business, and life, property and casualty insurance business.

“Asset Management Business”

The Asset Management Business primarily consists of fund management and investment in Internet technology, biotechnology and finance-related venture companies in Japan and overseas, financial services business overseas, and asset management services business which provides financial products information.

“Biotechnology-related Business”

The Biotechnology-related Business represents development and distribution of pharmaceutical products, health foods, and cosmetics with 5-Aminolevulinic Acid (5-ALA), a kind of amino acid which exists in vivo, and research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology.

“Others” includes the real estate business and other businesses, but they did not meet the quantitative criteria to be defined as reportable segments for the fiscal year ended March 31, 2017.

“Elimination or Corporate” includes profit or loss that is not allocated to certain business segments and the elimination of the inter-company transactions within the Group, at a price based on the actual market price.

The following represents segment information of the Group:

Certain subsidiaries, including SBI AXES Co., Ltd., which were included in the Asset Management Business until the previous reporting period, are now included in the Financial Services Business beginning with this fiscal year. Consequently, segment information for the year ended March 31, 2016, is restated in accordance with the new basis of segmentation.

(Millions of Yen)

For the year ended March 31, 2016	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination or Corporate	Consolidated Total
Revenue							
Revenue from customers	164,381	90,914	3,874	259,169	2,259	316	261,744
Inter-segment revenue	1,827	629	147	2,603	—	(2,603)	—
Total	166,208	91,543	4,021	261,772	2,259	(2,287)	261,744
Segment operating income (loss)							
Profit before income tax expense	50,806	17,649	(6,572)	61,883	(835)	(8,821)	52,227
Other Items							
Interest income	32,880	38,253	0	71,133	0	(1,079)	70,054
Interest expense	(6,224)	(11,102)	(121)	(17,447)	(40)	(2,791)	(20,278)
Depreciation and amortization	(5,421)	(5,097)	(225)	(10,743)	(115)	(180)	(11,038)
Gain or loss from investments applying the equity-method	3,556	(279)	(1,683)	1,594	(11)	—	1,583

(Millions of Yen)

For the year ended March 31, 2017	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination or Corporate	Consolidated Total
Revenue							
Revenue from customers	175,266	79,993	5,398	260,657	880	402	261,939
Inter-segment revenue	1,723	399	132	2,254	3	(2,257)	—
Total	176,989	80,392	5,530	262,911	883	(1,855)	261,939
Segment operating income (loss)							
Profit before income tax expense	48,853	13,940	(9,574)	53,219	(830)	(9,250)	43,139
Other Items							
Interest income	32,476	47,922	0	80,398	0	(935)	79,463
Interest expense	(4,863)	(10,201)	(247)	(15,311)	(50)	(2,659)	(18,020)
Depreciation and amortization	(5,435)	(4,081)	(536)	(10,052)	(85)	(253)	(10,390)
Gain or loss from investments applying the equity-method	3,448	109	(697)	2,860	(11)	—	2,849

Geographical information regarding non-current assets and revenues from external customers are presented as below.

(Millions of Yen)

Non-current assets	As at March 31, 2016	As at March 31, 2017
Japan	68,791	65,051
South Korea	124,421	119,678
Others	19,047	18,367
Consolidated total	212,259	203,096

Note: Non-current assets excluding financial assets and deferred tax assets are allocated depending on the location of the assets.

(Millions of Yen)

Revenue from external customers	For the year ended March 31, 2016	For the year ended March 31, 2017
Japan	215,709	204,501
Overseas	46,035	57,438
Consolidated total	261,744	261,939

Note: Revenue is recognized at the location of the companies.

5. Fair Value of Financial Instruments

(1) Fair value measurement

Fair values of financial assets and financial liabilities are determined based on quoted market prices. If quoted market prices are not available, fair values are calculated using valuation models such as a discounted cash flow analysis. The Group determined fair values of financial assets and financial liabilities as follows:

Cash and cash equivalents, Other financial assets, and Other financial liabilities

The fair values are determined at the carrying values as they approximate the carrying values due to their short-term maturities.

Trade and other accounts receivable

The fair values are determined based on the future cash inflows discounted using interest rates adjusted for the term to maturity and credit risk. The fair values of those with short-term maturities are determined at the carrying values as they approximate the carrying values.

Assets and liabilities related to securities business

With respect to loans on margin transactions included in margin transaction assets, the fair values are determined at the carrying values as the interest rates of the loans are floating rates and reflect the market interest rate within a short period. The fair values of assets and liabilities related to the securities business, except for loans on margin transactions, are considered to approximate the carrying values as those assets and liabilities are settled within a short period. With respect to trading assets and trading liabilities, the fair values are determined based on market closing price at the reporting date in principal stock exchanges.

Operational investment securities and other investment securities

The fair values of listed equity securities are determined based on the quoted market prices in the stock exchange. The fair values of unlisted equity securities, bonds with share options and stock warrants are determined using valuation models appropriate in the circumstances including discounted cash flow analysis, pricing analysis with reference to comparable industry prices, and analysis based on revenues, profits and net assets. The fair values of bonds are determined using reasonable valuation techniques based on available information such as Reference Statistical Prices and quoted price provided by the financing banks. The fair values of investments in funds are determined at the fair values of partnership net assets based on the Group's percentage share in the contributed capital, if such fair values are available.

Bonds and loans payable and Trade and other accounts payable

With respect to those with floating interest rates, the fair values are determined at the carrying values as the interest rates of the bonds and loans, and trade and other accounts payable reflect the market interest rate within a short period and as the credit condition of companies that obtained them are not expected to change significantly. With respect to those with fixed interest rates, the fair values are determined based on the future cash outflows discounted using interest rates adjusted for the remaining term and credit risk or discounted using expected interest rates with reference to similar types of new loans or lease transactions. The fair value of bonds payable and loans

payable with short-term maturities are determined at the carrying values as they approximate the carrying values.

Customer deposits for banking business

The fair values of demand deposits are determined at the carrying values which are the amounts paid on demand at the reporting date. The fair values of time deposits are determined based on the future cash outflows discounted using interest rates adjusted for the term to maturity and credit risk. The fair values of time deposits with short-term maturities are determined at the carrying values as they approximate the carrying values.

[2] Classification and fair value of financial instruments

Classification and fair value of financial assets were as follows:

(Millions of Yen)

As at March 31, 2016	Carrying amount			Total	Fair value
	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets measured at amortized cost		
Trade and other accounts receivable	—	—	369,006	369,006	373,990
Assets related to securities business	11,948	—	1,896,727	1,908,675	1,908,675
Operational investment securities	118,886	—	—	118,886	118,886
Other investment securities	109,109	1,158	63,640	173,907	175,997
Total	239,943	1,158	2,329,373	2,570,474	2,577,548

(Millions of Yen)

As at March 31, 2017	Carrying amount			Total	Fair value
	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets measured at amortized cost		
Trade and other accounts receivable	—	—	472,128	472,128	477,051
Assets related to securities business	22,816	—	2,310,225	2,333,041	2,333,041
Operational investment securities	111,067	—	—	111,067	111,067
Other investment securities	107,853	1,243	77,416	186,512	187,680
Total	241,736	1,243	2,859,769	3,102,748	3,108,839

Classification and fair value of financial liabilities were as follows:

(Millions of Yen)

As at March 31, 2016	Carrying amount			Total	Fair value
	Financial liabilities at FVTPL	Financial liabilities measured at amortized cost			
Bonds and loans payable	—	324,585	324,585	324,585	325,804
Trade and other accounts payable	1,987	36,772	38,759	38,759	38,878
Liabilities related to securities business	2,092	1,758,251	1,760,343	1,760,343	1,760,343
Customer deposits for banking business	—	386,027	386,027	386,027	386,132
Total	4,079	2,505,635	2,509,714	2,509,714	2,511,157

(Millions of Yen)

As at March 31, 2017	Carrying amount			Total	Fair value
	Financial liabilities at FVTPL	Financial liabilities measured at amortized cost			
Bonds and loans payable	—	518,977	518,977	518,977	518,887
Trade and other accounts payable	2,118	50,769	52,887	52,887	53,013
Liabilities related to securities business	51,854	2,126,758	2,178,612	2,178,612	2,178,612
Customer deposits for banking business	—	485,827	485,827	485,827	485,997
Total	53,972	3,182,331	3,236,303	3,236,303	3,236,509

(3) Financial instruments categorized by fair value hierarchy

“IFRS 13 Fair Value Measurement” requires measurement of fair value to be categorized into three levels with reference to the fair value hierarchy that reflects the significance of the inputs used in making fair value measurements.

The fair value hierarchy is defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level of hierarchy used in fair value measurement is determined at the lowest level with relevant significant inputs to the measurement.

A transfer of financial instruments between levels of the hierarchy is recognized at the date when the cause of the transfer or change in circumstances occurs.

The table below presents the financial assets and liabilities measured at the fair values in the consolidated statement of financial position of the Group.

(Millions of Yen)

	As at March 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Assets related to securities business	11,948	—	—	11,948
Operational investment securities and other investment securities				
Financial assets at FVTPL	117,673	614	109,708	227,995
Financial assets at FVTOCI	36	—	1,122	1,158
Total financial assets	129,657	614	110,830	241,101
Financial liabilities				
Trade and other accounts payable	—	—	1,987	1,987
Liabilities related to securities business	2,092	—	—	2,092
Total financial liabilities	2,092	—	1,987	4,079

(Millions of Yen)

	As at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Assets related to securities business	22,816	—	—	22,816
Operational investment securities and other investment securities				
Financial assets at FVTPL	96,206	614	122,100	218,920
Financial assets at FVTOCI	20	—	1,223	1,243
Total financial assets	119,042	614	123,323	242,979
Financial liabilities				
Trade and other accounts payable	—	—	2,118	2,118
Liabilities related to securities business	51,854	—	—	51,854
Total financial liabilities	51,854	—	2,118	53,972

The table below presents the financial assets and liabilities not measured at the fair values in the consolidated statement of financial position of the Group.

(Millions of Yen)

	As at March 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trade and other accounts receivable	—	373,990	—	373,990
Assets related to securities business	—	1,896,727	—	1,896,727
Operational investment securities and other investment securities	65,730	—	—	65,730
Total financial assets	65,730	2,270,717	—	2,336,447
Financial liabilities				
Bonds and loans payable	—	325,804	—	325,804
Trade and other accounts payable	—	36,891	—	36,891
Liabilities related to securities business	—	1,758,251	—	1,758,251
Customer deposits for banking business	—	386,132	—	386,132
Total financial liabilities	—	2,507,078	—	2,507,078

(Millions of Yen)

	As at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trade and other accounts receivable	—	477,051	—	477,051
Assets related to securities business	—	2,310,225	—	2,310,225
Operational investment securities and other investment securities	75,084	—	3,500	78,584
Total financial assets	75,084	2,787,276	3,500	2,865,860
Financial liabilities				
Bonds and loans payable	—	518,887	—	518,887
Trade and other accounts payable	—	50,895	—	50,895
Liabilities related to securities business	—	2,126,758	—	2,126,758
Customer deposits for banking business	—	485,997	—	485,997
Total financial liabilities	—	3,182,537	—	3,182,537

(4) Financial instruments categorized as Level 3

Based on the valuation methods and policies as reported to the board of directors, external evaluating agencies and appropriate individuals of the Group measure and analyze the valuation of financial instruments categorized as Level 3 of the fair value hierarchy. The valuation results are reviewed and approved by CFO and General Manager of the Financial and Accounting Division.

The valuation techniques and unobservable inputs used for recurring fair value measurements categorized as Level 3 are as follows:

(Millions of Yen)

	As at March 31, 2016			
	Fair Value	Valuation Technique	Unobservable Input	Range
Operational investment securities and other investment securities	110,830	Income approach and market approach	Discount rate P/E ratio EBITDA ratio Illiquidity discount	9%–16% 8.6–20.1 8.8 10%–30%

(Millions of Yen)

	As at March 31, 2017			
	Fair Value	Valuation Technique	Unobservable Input	Range
Operational investment securities and other investment securities	123,323	Income approach and market approach	Discount rate P/E ratio EBITDA ratio Illiquidity discount	5%–10% 9.8–30.4 7.9–24.8 10%–30%

Within the fair value of financial instruments categorized as Level 3 by recurring fair value measurements, the fair value of “Operational investment securities” and “Other investment securities,” which is measured through the income approach or market approach, increases (decreases) when the discount rate decreases (increases), when the P/E ratio increases (decreases), when the EBITDA ratio increases (decreases), or when the illiquidity discount decreases (increases).

With respect to the financial instruments categorized as Level 3, no significant impact on the fair values is assumed even if one or more of the unobservable inputs were changed to reasonably possible alternative assumptions.

The movement of financial assets and liabilities categorized as Level 3 is presented as follows:

(Millions of Yen)

For the year ended March 31, 2016	Financial assets			Financial liabilities
	Operational investment securities and other investment securities		Total	Trade and other accounts payable
	Financial assets at FVTPL	Financial assets at FVTOCI		
Balance as at April 1, 2015	123,658	841	124,499	1,987
Acquisitions through business combinations	—	—	—	—
Purchase	30,819	579	31,398	—
Comprehensive income				
Net profit (Note 1)	(318)	—	(318)	—
Other comprehensive income (Note 2)	—	33	33	—
Dividends	(7,782)	—	(7,782)	—
Sale or redemption	(22,013)	(286)	(22,299)	—
Currency translation differences	(4,247)	(45)	(4,292)	—
Others	(111)	—	(111)	—
Transferred from Level 3 (Note 4)	(10,298)	—	(10,298)	—
Transferred to Level 3	—	—	—	—
Balance as at March 31, 2016	109,708	1,122	110,830	1,987

(Millions of Yen)

For the year ended March 31, 2017	Financial assets			Financial liabilities
	Operational investment securities and other investment securities		Total	Trade and other accounts payable
	Financial assets at FVTPL	Financial assets at FVTOCI		
Balance as at April 1, 2016	109,708	1,122	110,830	1,987
Acquisitions through business combinations	29	—	29	200
Purchase	36,910	—	36,910	—
Comprehensive income				
Net profit (Note 1)	(1,527)	—	(1,527)	—
Other comprehensive income (Note 2)	—	150	150	—
Dividends	(5,185)	—	(5,185)	—
Sale or redemption	(13,630)	(59)	(13,689)	—
Settlements	—	—	—	(69)
Currency translation differences	(118)	10	(108)	—
Others (Note 3)	906	—	906	—
Transferred from Level 3 (Note 4)	(4,993)	—	(4,993)	—
Transferred to Level 3	—	—	—	—
Balance as at March 31, 2017	122,100	1,223	123,323	2,118

Notes: 1. Gains and losses recognized as profit (loss) for the period in relation to financial instruments are included in “Revenue” in the consolidated statement of income. Gains and losses recognized arising from financial assets at FVTPL held as at March 31, 2016 and 2017 were ¥135 million of gains and ¥3,041 million of losses, respectively.

2. Gains and losses recognized as other comprehensive income (loss) in relation to financial instruments are included in “FVTOCI financial assets” in the consolidated statement of comprehensive income.

3. Transfer due to obtaining or losing of control.

4. Transfer due to significant input used to measure fair value becoming observable.

6. Offsetting Financial Assets and Financial Liabilities

Quantitative information for recognized financial assets and recognized financial liabilities set off in the consolidated statement of financial position of the Group and the amounts of potential effect of recognized financial assets and recognized financial liabilities subject to an enforceable master netting arrangement or similar agreement that are not set off in the consolidated financial position of the Group are presented as follows:

(Millions of Yen)

As at March 31, 2016	Financial assets					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Assets related to securities business (Securities borrowing agreements and other similar transactions)	1,089,319	(441,248)	648,071	(541,464)	(106,607)	—
Assets related to securities business (Receivables related to securities transactions)	259,111	(192,308)	66,803	(19,177)	—	47,626
Assets related to securities business (Financial assets related to foreign exchange transactions)	10,037	—	10,037	(354)	(7,979)	1,704

(Millions of Yen)

As at March 31, 2016	Financial liabilities					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
Liabilities related to securities business (Securities loan agreements and other similar transactions)	1,347,586	(441,248)	906,338	(689,139)	—	217,199
Liabilities related to securities business (Payables related to securities transactions)	901,588	(192,308)	709,280	(19,177)	—	690,103
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	143,506	—	143,506	(8,333)	—	135,173

(Millions of Yen)

As at March 31, 2017	Financial assets					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Assets related to securities business (Securities borrowing agreements and other similar transactions)	1,140,312	(356,987)	783,325	(671,519)	(111,649)	157
Assets related to securities business (Receivables related to securities transactions)	287,576	(194,397)	93,179	(21,593)	—	71,586
Assets related to securities business (Financial assets related to foreign exchange transactions)	6,752	—	6,752	(381)	(6,005)	366

(Millions of Yen)

As at March 31, 2017	Financial liabilities					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
Liabilities related to securities business (Securities loan agreements and other similar transactions)	1,441,678	(356,987)	1,084,691	(690,523)	—	394,168
Liabilities related to securities business (Payables related to securities transactions)	1,133,945	(194,397)	939,548	(21,593)	—	917,955
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	153,083	—	153,083	(6,386)	—	146,697

The rights of set-off for recognized financial assets and liabilities that are subject to an enforceable master netting arrangement or similar agreement are enforced when debt default or other specific events that are unexpected in the ordinary course of business occurs, and have an effect on realization or settlement of individual financial assets and liabilities.

7. Financial Risk Management

(1) Risk management policy over capital management and financing

In order to maintain financial strength, the Group has basic capital management policies to maintain an appropriate level of capital and debt equity structure.

The balances of interest-bearing debt (Bonds and borrowings), cash and cash equivalents and equity attributable to owners of the Company which the Group manages were as follows:

	(Millions of Yen)	
	As at March 31, 2016	As at March 31, 2017
Interest-bearing debt (Bonds and borrowings)	324,585	518,777
Cash and cash equivalents	(248,050)	(391,572)
Net	76,535	127,405
Equity attributable to owners of the Company	371,590	377,992

Pursuant to the Financial Instruments and Exchange Act ("FIEA") and Insurance Business Act of Japan, domestic subsidiaries of the Group are obligated to maintain a certain level of capital adequacy ratio.

Significant capital adequacy regulations under which domestic subsidiaries of the Group are obligated are as follows:

1. SBI SECURITIES Co., Ltd. is required to maintain a certain level of capital-to-risk ratio set forth under the FIEA. If the ratio falls below 120%, the Financial Services Agency ("FSA") may order changes to operational methods and other changes.
2. SBI Life Insurance Co., Ltd. and SBI Insurance Co., Ltd. are required to maintain a certain level of Solvency Margin Ratio in conformity with the Insurance Business Act of Japan. If the Solvency Margin Ratio falls below 200%, the FSA may order submission and implementation of a reasonable improvement plan for sound management.

SBI SAVINGS BANK whose headquarter is in the Republic of Korea is obligated to maintain certain level of capital adequacy ratio in conformity with the Main Shareholder eligibility standard or standard of KIPCO Asset Management Company KSC (KAMCO) or other standards. If the capital adequacy ratio falls below certain level, Korean Financial Supervisory Service may give warning or order business suspension.

The Group engages in a wide range of finance related businesses, such as investment business, fund management business, securities business, banking business, loan business and insurance businesses, to avoid excessive concentration of risk on specific entities or businesses. To operate these businesses, the Group raises funds through indirect financing such as bank borrowings, direct financing such as bond issuance and equity financing, transactions with securities financing companies, and receiving customer deposits for banking business. The Group also considers the market environment and maintains an appropriate strategy for short and long term financing.

The Group conducts trading of derivative instruments including foreign currency forward contracts, interest rate swaps and index futures. The Group enters into foreign currency forward contracts and interest rate swap transactions primarily to hedge foreign exchange risk and to manage its interest rate exposures on borrowings, respectively. The Group does not hold or issue these instruments for speculative purposes. Index futures are entered into for the purpose of day trading with a cap placed on their trading volume. Index futures were mainly daily trading under a limited trading scale.

In order to maintain financial strength and appropriate operational procedures, it is the Group's basic policy of risk management to identify and analyze various risks relevant to the Group entities and strive to carry out integral risk management using appropriate methods.

The Group is exposed to the following risks over financial instruments:

- Credit risk
- Market risk
- Liquidity risk

(2) Risks arising from financial instruments

Financial assets held by the Group primarily consist of investment-related assets, securities-related assets and financing-related assets.

Investment-related assets include operational investment securities, other investment securities, and investments in associates which primarily represent investments in stocks and funds. These assets are held for the purpose of fostering the development of venture capital portfolio companies or earning capital gains. These assets are exposed to the issuer's credit risk and the stock price fluctuation risk. Furthermore, unlisted equity securities are exposed to liquidity risk and investment assets denominated in foreign currency are exposed to the risk of foreign exchange fluctuations.

Securities-related assets consist of cash segregated as deposits, margin transaction assets, trading instruments, trade date accrual, and short-term guarantee deposits. These assets are exposed to the credit risk and the interest rate risk of the brokerage customers of the Group, securities financing companies, and financial institutions. Trading instruments are exposed to the credit risk of issuers and the risk of market price fluctuation. Trading instruments, trade date accrual, and short-term guarantee deposits are presented as "other assets related to securities business" in the consolidated statement of financial position.

Financing-related assets consist of operational loans receivable. These assets mainly include real estate loans for companies and individuals, and unsecured personal loans. These assets are exposed to credit risk of accounts, such as default due to worsening economic conditions with higher credit risk exposure, and interest rate risk. Financing-related assets are presented as "trade and other accounts receivable" in the consolidated statement of financial position.

Financial liabilities of the Group primarily consist of loans payable, bonds payable, customer deposits for the banking business and securities-related liabilities. The loans payable of the Group are exposed to liquidity risk from changes in the pricing policy of the financial institutions to the Group. Also, the bonds payable are exposed to liquidity risk that restricts the Group's ability to raise funds due to changes in market conditions or the lowering of the credit rating of the Group. Customer deposits for the banking business are important financing arrangements and are managed considering adequate safety but are exposed to liquidity risk which makes it difficult to arrange requisite finance due to withdrawals or other reasons.

Securities-related liabilities consist of margin transaction liabilities, loans payable secured by securities on repurchase agreement transactions, deposits from customers, guarantee deposits received from margin transactions, and trade date accrual. The financing environment of the security business operated by the Group is affected by changes in the business policy of securities financing companies and the investment strategy. The Group exercises control by matching the financing with the related security assets. Trade date accrual is presented as other liabilities related to securities business in the consolidated statement of financial position.

The Group enters into foreign currency forward contracts and interest rate swap transactions primarily to hedge the risk of short-term foreign exchange fluctuations relating to the

settlement of foreign currency denominated receivables and payables and purchase and sale transactions of securities denominated in foreign currencies and to manage its interest rate exposures on borrowings, respectively.

The Group manages index futures as a part of its investment business, which is exposed to market risk. Because the counterparties of foreign currency forward contracts and interest rate swap agreements are limited to creditworthy major Japanese financial institutions and index futures are traded in the public market, the credit risk arising from default is considered to be minimal.

(3) Risk management system over financial instruments

The Company assigns a risk management officer who is in charge of risk management and sets up a risk management department in line with the risk management rules and the group management rules in order to properly analyze and control these risks. The risk management department analyzes and monitors the Group's risk on a timely basis.

(4) Credit risk management

Credit risk is the risk that the Group may suffer losses from decrease or losses of assets due to deteriorated financial conditions of investees/debtors. Credit risk includes country risk that the Group may suffer losses from changes in the currency, political or economic circumstances of a country where investees/debtors operate.

Credit risk management policies of the Group are as follows:

- (a) Accurately analyze financial conditions of investees/debtors and quantify relevant credit risk.
- (b) Appropriately manage the Group's own capital and the related risks by periodic monitoring.
- (c) Under foreign investments or lending transactions, the Group identifies intrinsic risk of investees/debtors with domestic/foreign offices as well as overseas partners followed by periodic monitoring.
- (d) Recognize investment risk as significant risk to be controlled among various credit risks and perform detailed analysis of fluctuation in risk associated with operational investment securities.

The Group operates in line with the above risk management policies. Subsidiaries which allow credits to corporate or individual customers as a part of business are monitored in accordance with respective basic rules as needed.

The maximum exposure to credit risk for financial assets excluding the evaluation value of collateral is the carrying amount of financial assets after impairment loss presented in the consolidated statement of financial position. The maximum exposure to credit risk for loan commitment, which the Group grants, is as described in Note 33 "Contractual Liabilities".

The Group evaluates recoverability of operating receivables and other receivables by considering the credit condition of customers and recognizes impairment losses. The Group is not exposed to excessively concentrated credit risk from a specific customer.

Impairment losses and analysis of the age regarding "trade and other accounts receivable" presented in the consolidated statement of financial position are as follows:

There are no financial assets that are past due related to the securities business.

Impairment losses regarding trade and other accounts receivable as at March 31, 2016 and 2017 were as follows:

	(Millions of Yen)	
	March 31, 2016	March 31, 2017
Trade and other accounts receivable (gross)	396,281	502,204
Impairment losses	(27,275)	(30,076)
Trade and other accounts receivable (net)	369,006	472,128

The analysis of the age of trade and other accounts receivable that are past due but not impaired as at March 31, 2016 and 2017 were as follows:

	(Millions of Yen)	
	March 31, 2016	March 31, 2017
No later than 6 months	218	123
Later than 6 months and not later than 1 year	5	94
Later than 1 year	3,867	23
Total	4,090	240

Trade and other accounts receivable include the amount recoverable by insurance or collateral. Collateral received mainly consists of real estate assets received on loan to small-middle real estate companies or individual or other assets. Evaluation on receiving collateral is made by an independent third party appraiser and the amount of the loan is determined to be filled with evaluation value. However, the value of the collateral may be inadequate due to a declining real estate market. If the Group obtains collateral assets by exercise of security interests, the Group immediately collects the loan by conducting sales or auction of the assets.

(5) Market risk management

Market risk is the risk that the Group may suffer losses from fluctuation of interest rate, stock price, foreign exchange rate or other factors.

Market risk management policies of the Group are as follows:

- Understand underlying currency and term of assets and quantify market risk.
- Appropriately manage the balance between the Group's own capital and its related risk by periodic monitoring.
- Never enter into derivative transactions for speculative purposes in the absence of established operating rules.

① Stock Market Risk

The Group is exposed to stock market risk arising from its investment portfolio. If the market price of operational investment securities and other investment securities held by the Group as at March 31, 2016 and 2017 increased by 10%, profit before income tax expense in the consolidated statement of income would have increased by ¥11,767 million and ¥9,621 million, respectively.

The investment portfolios as at March 31, 2016 and 2017 were as follows:

	(Millions of Yen)	
	March 31, 2016	March 31, 2017
Operational investment securities		
Listed equity securities	37,327	17,212
Unlisted equity securities	53,821	66,749
Bonds	3,759	4,602
Investments in funds	23,979	22,504
Total	118,886	111,067
Other investment securities		
Listed equity securities	113	133
Unlisted equity securities	6,322	5,020
Bonds	91,734	94,717
Investments in funds	75,738	86,642
Total	173,907	186,512

② Foreign Exchange Risk

The Group is exposed to foreign exchange risk with regard to assets and liabilities dominated in currencies used by various entities other than the Group's functional currency, mainly including USD and HKD. The Group's main exposures to foreign exchange risk are as follows:

	(Millions of Yen)		
As at March 31, 2016	USD	HKD	Others
Monetary financial instruments dominated in foreign currency			
Assets	37,192	5,810	22,334
Liabilities	31,475	5,603	13,271

	(Millions of Yen)		
As at March 31, 2017	USD	HKD	Others
Monetary financial instruments dominated in foreign currency			
Assets	62,912	5,541	14,464
Liabilities	42,913	5,270	10,311

If the foreign currencies strengthened by 1% against the functional currency with all other variables (such as interest rate) held constant, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2016 and 2017 would have increased by ¥150 million and ¥244 million, respectively, mainly as a result of monetary financial instruments dominated in foreign currency held by the Group.

③ Interest Rate Risk

The Group is exposed to various interest rate fluctuation risks in its business operations. Interest rate fluctuation affects financial income arising from financial assets, which primarily consist of bank balances, money in trust held by subsidiaries in the Financial Service Business, call loans, and loans receivable from individual and corporate customers, and also affects financial costs arising from financial liabilities, which primarily consist of

borrowings from financial institutions, bonds payable, and customer deposits for the banking business.

In management's sensitivity analysis, if interest rates had been 100 basis points higher and all other variables were held constant, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2016 and

2017 would have increased by ¥1,997 million and ¥2,840 million, respectively.

The analysis is prepared assuming the financial instruments subject to interest rate risk and all other variables were held constant throughout the years ended March 31, 2016 and 2017.

(6) Liquidity risk management

Liquidity risk is defined as the Group's exposure to the below situations:

- Necessary financing cannot be secured due to deterioration of the Group's financial condition
- Risk of loss from financing at higher interest rate than usual with no option
- Risk of loss from transaction at significantly unreasonable price with no option or unable to conduct transactions due to severe situation such as market turmoil.

The Group manages its liquidity risk through the following policies.

- (a) Secure various financing arrangements such as bank overdraft facility, bond issuance registration or stock issuance.
- (b) Collect information on the Group's working capital requirement and understand the cash flow positions.
- (c) Obtain reports from the department responsible for cash management based upon the liquidity risk management policies stated in (a) and (b) above to monitor cash flow risks.

Liquidity risk arises from financial liabilities settled by transfer of cash and other financial assets. Balances of financial liabilities held by the Group by maturity are as follows;

(Millions of Yen)

As at March 31, 2016	Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds and loans payable	324,585	329,535	195,078	87,627	46,596	119	101	14
Trade and other accounts payable	38,759	38,915	36,709	751	662	549	244	—
Liabilities related to securities business	1,760,343	1,760,343	1,760,343	—	—	—	—	—
Customer deposits for banking business	386,027	391,323	356,047	32,623	2,634	10	1	8

(Millions of Yen)

As at March 31, 2017	Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds and loans payable	518,977	523,039	352,364	138,404	15,258	383	16,558	72
Trade and other accounts payable	52,887	53,038	50,405	896	986	521	180	50
Liabilities related to securities business	2,178,612	2,178,612	2,178,612	—	—	—	—	—
Customer deposits for banking business	485,827	493,203	428,948	55,887	8,327	31	2	8

The Group entered into line of credit agreements (e.g., overdraft facilities) with leading domestic financial institutions to ensure an efficient operating funds procurement and to mitigate liquidity risk.

Contractual amounts and used amounts of overdraft facilities as at each reporting date are as follows:

(Millions of Yen)

	March 31, 2016	March 31, 2017
Lines of credit	333,650	345,590
Used balance	51,500	217,950
Unused portion	282,150	127,640

8. Trade and Other Accounts Receivable

Trade and other accounts receivable as at March 31, 2016 and 2017, consisted of the following:

	(Millions of Yen)	
	As at March 31, 2016	As at March 31, 2017
Trade accounts receivable and installment receivables	5,003	3,954
Loans receivable	332,862	430,967
Operational receivables	10,819	13,244
Deposits in relation to banking business	19,904	23,525
Others	418	438
Total	369,006	472,128

Maturity analysis to the collection or the settlement of trade and other accounts receivable as at March 31, 2016 and 2017, consisted of the following:

	(Millions of Yen)	
	As at March 31, 2016	As at March 31, 2017
No later than 1 year	189,930	164,463
Later than 1 year	179,076	307,665
Total	369,006	472,128

9. Other Assets Related to Securities Business

Other assets related to securities business as at March 31, 2016 and 2017, consisted of the following:

	(Millions of Yen)	
	As at March 31, 2016	As at March 31, 2017
Trade date accrual	195,905	195,732
Short-term guarantee deposits	43,824	49,671
Loans receivable secured by securities	—	46,977
Others	12,195	23,260
Total	251,924	315,640

10. Operational Investment Securities and Other Investment Securities

“Operational investment securities” and “Other investment securities” in the consolidated statement of financial position as at March 31, 2016 and 2017 consisted of the following:

	(Millions of Yen)	
	As at March 31, 2016	As at March 31, 2017
Operational investment securities		
Financial assets at FVTPL	118,886	111,067
Total	118,886	111,067
Other investment securities		
Financial assets at FVTPL	109,109	107,853
Financial assets at FVTOCI	1,158	1,243
Financial assets measured at amortized cost	63,640	77,416
Total	173,907	186,512

Investments in equity instrument for the purpose of maintaining and improving business relations with the investees are designated as financial assets at FVTOCI by the Group.

Fair values of financial assets at FVTOCI presented as “Other investment securities” in the consolidated statement of financial position and related dividends income presented as “Revenue” in the consolidated statement of income consisted of the following, respectively:

	(Millions of Yen)	
	As at March 31, 2016	As at March 31, 2017
Fair value		
Listed	36	20
Unlisted	1,122	1,223
Total	1,158	1,243

	(Millions of Yen)	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Dividends income		
Listed	0	0
Unlisted	1	1
Total	1	1

Name of investee and related fair values of financial assets at FVTOCI presented as “Other investment securities” in the consolidated statement of financial position mainly consisted of the following:

	(Millions of Yen)	
	As at March 31, 2016	As at March 31, 2017
Other investment securities		
Money Forward, Inc.	579	681
Asahi Fire & Marine Insurance Co., Ltd.	213	213

Fair value at disposal, cumulative gain (net of tax) transferred from other components of equity to retained earnings and dividend income of financial assets at FVTOCI disposed during the years ended March 31, 2016 and 2017 are as follows:

For the year ended March 31, 2016			For the year ended March 31, 2017		
Fair value at disposal	Cumulative gain	Dividend income	Fair value at disposal	Cumulative gain	Dividend income
1,019	462	7	78	14	0

Financial assets at FVTOCI are sold (derecognized) to enhance the effective operation and efficiency of assets.

11. Investments Accounted for Using the Equity Method

(1) Investments in associates

The combined financial information of associates accounted for using the equity method is as follows:

	For the year ended March 31, 2016	For the year ended March 31, 2017
Profit for the year attributable to the Group	(1,435)	(123)
Other comprehensive income attributable to the Group	(1,513)	4,105
Total comprehensive income attributable to the Group	(2,948)	3,982

	As at March 31, 2016	As at March 31, 2017
Book value	12,938	57,403

An impairment loss of ¥2,191 million was recognized in the Asset Management Business as the recoverable amount of certain associates fell below the carrying amount at March 31, 2017. The impairment loss is included in "Other expenses" in the consolidated statement of income.

(2) Investments in joint ventures

The combined financial information of joint ventures accounted for using the equity method is as follows:

	For the year ended March 31, 2016	For the year ended March 31, 2017
Profit for the year attributable to the Group	3,018	2,972
Other comprehensive income attributable to the Group	(77)	(406)
Total comprehensive income attributable to the Group	2,941	2,566

	As at March 31, 2016	As at March 31, 2017
Book value	30,915	32,991

12. Structured Entities

The Group conducts investment partnerships and investment trusts for investment activities in Japan and overseas. These investment partnerships and investment trusts raise funds from investors/partners, and provide funding mainly in the form of capital contribution to investees. These investment partnerships are structured in a way that voting rights are not the dominant factor in deciding who controls the partnerships.

The purpose of using the assets and liabilities of the structured entities is restricted by contractual arrangements between the Group and the structured entities.

(1) Consolidated structured entities

Total assets of the consolidated investment partnerships and investment trusts were ¥99,063 million and ¥69,372 million as

at March 31, 2016 and 2017, respectively. Total liabilities were ¥2,769 million and ¥269 million as at March 31, 2016 and 2017, respectively.

(2) Unconsolidated structured entities

The Group invests in investment partnerships and investment trusts, etc. that third parties have control on their operations.

The Group has not entered into any arrangement to provide financial support for the assets and liabilities of these structured entities. Accordingly, the maximum exposure of loss resulting from our involvement with unconsolidated structured entities is limited to the book value, the details of which are as described below:

	As at March 31, 2016	As at March 31, 2017
Operational investment securities	24,784	23,233
Other investment securities	79,187	83,215
Total	103,971	106,448

The maximum exposure indicates the maximum amount of possible loss, but not the possibility of such loss being incurred.

13. Investment Property

The movement of cost and accumulated depreciation and impairment losses of investment property consisted of the following:

Cost	For the year ended March 31, 2016	For the year ended March 31, 2017
Balance, beginning of year	23,272	16,195
Acquisitions	100	—
Sales or disposals	(5,194)	(6,883)
Foreign currency translation adjustment on foreign operations	(1,983)	3
Balance, end of year	16,195	9,315

Accumulated depreciation and impairment losses	For the year ended March 31, 2016	For the year ended March 31, 2017
Balance, beginning of year	(4,794)	(4,168)
Depreciation	(134)	(49)
Impairment losses	(1,317)	(42)
Sales or disposals	1,518	2,033
Foreign currency translation adjustment on foreign operations	559	16
Balance, end of year	(4,168)	(2,210)

Impairment losses recognized for the years ended March 31, 2016 and 2017 were ¥1,317 million and ¥42 million, respectively, due to a significant decline in fair value of certain investment properties, and were recorded in "Other expenses" in the consolidated statement of income. Impairment losses recognized by segment for the year ended March 31, 2016 were ¥1,205 million in the Asset Management Business and ¥112 million in the real estate business, which is included in "Others." Impairment

losses for the year ended March 31, 2017 were recognized in the Asset Management Business. The recoverable amount of the investment properties is measured at fair value less cost of disposal through real estate valuation.

(Millions of Yen)

Carrying amount and fair value			
As at March 31, 2016		As at March 31, 2017	
Carrying amount	Fair value	Carrying amount	Fair value
12,027	11,953	7,105	8,091

The fair value as at the end of each reporting period is based on a valuation conducted by independent valuation appraisers with

appropriate qualifications, who have had recent experience in local practice for relative categories of assets.

The inputs used for the fair value measurement of investment properties are categorized as Level 3 (unobservable inputs).

Rental income from investment property for the years ended March 31, 2016 and 2017 was ¥264 million and ¥31 million, respectively, which was included in "Revenue" in the consolidated statement of income. Expenses incurred in direct relation to the rental income (including repairs and maintenance) for the years ended March 31, 2016 and 2017, were ¥585 million and ¥249 million, respectively, which were included in "Operating cost" and "Selling, general and administrative expenses".

14. Property and Equipment

The movements of cost, accumulated depreciation and impairment loss of property and equipment were as follows:

(Millions of Yen)

Cost	Buildings	Furniture and fixtures	Land	Others	Total
Balance as at April 1, 2015	7,230	8,773	3,555	1,414	20,972
Acquisitions	1,495	2,505	—	57	4,057
Acquisitions through business combinations	9	315	—	—	324
Sales or disposals	(870)	(862)	(1,467)	(176)	(3,375)
Foreign currency translation adjustment on foreign operations	(62)	(372)	(80)	(110)	(624)
Others	200	133	—	(137)	196
Balance as at March 31, 2016	8,002	10,492	2,008	1,048	21,550
Acquisitions	894	1,528	—	88	2,510
Acquisitions through business combinations	29	1	1	41	72
Sales or disposals	(3,172)	(1,291)	(7)	(13)	(4,483)
Foreign currency translation adjustment on foreign operations	11	5	5	20	41
Others	44	31	—	107	182
Balance as at March 31, 2017	5,808	10,766	2,007	1,291	19,872

(Millions of Yen)

Accumulated depreciation and impairment losses	Buildings	Furniture and fixtures	Land	Others	Total
Balance as at April 1, 2015	(3,143)	(5,242)	(1,174)	(823)	(10,382)
Sales or disposals	527	735	1,132	176	2,570
Depreciation	(689)	(1,224)	—	(170)	(2,083)
Impairment losses	(136)	(110)	—	—	(246)
Foreign currency translation adjustment on foreign operations	9	211	—	149	369
Balance as at March 31, 2016	(3,432)	(5,630)	(42)	(668)	(9,772)
Sales or disposals	1,696	921	—	—	2,617
Depreciation	(470)	(1,303)	—	(187)	(1,960)
Impairment losses	(177)	(72)	—	—	(249)
Foreign currency translation adjustment on foreign operations	(1)	1	—	(10)	(10)
Balance as at March 31, 2017	(2,384)	(6,083)	(42)	(865)	(9,374)

(Millions of Yen)

Carrying amount	Buildings	Furniture and fixtures	Land	Others	Total
Balance as at March 31, 2016	4,570	4,862	1,966	380	11,778
Balance as at March 31, 2017	3,424	4,683	1,965	426	10,498

The carrying amount of property and equipment in the above table includes the carrying amount of the following leased assets:

(Millions of Yen)

Carrying amount	Buildings	Furniture and fixtures	Others	Total
Balance as at March 31, 2016	689	1,846	—	2,535
Balance as at March 31, 2017	—	2,176	14	2,190

Impairment losses recognized for the years ended March 31, 2016 and 2017 were ¥246 million and ¥249 million, respectively, due to no expectation of initially expected profits and were included in "Other expenses" in the consolidated statement of income. Impairment losses recognized by segment for the year ended March 31, 2016 were ¥204 million in the Financial Services Business and ¥42 million in the Asset Management Business, respectively. Impairment losses recognized for the year ended March 31, 2017 were ¥186 million in the Financial Services Business, ¥5 million in the Asset Management Business and ¥58 million in the real estate business, which is included in "Others", respectively.

15. Intangible Assets

(1) The movement of cost, accumulated amortization and accumulated impairment losses of intangible assets including goodwill

The movements in cost, accumulated amortization and impairment losses of intangible assets including goodwill for the years ended March 31, 2016 and 2017 were as follows:

(Millions of Yen)

Cost	Goodwill	Software	Customer relationship	Others	Total
Balance as at April 1, 2015	170,442	35,379	34,185	2,305	242,311
Acquisitions	—	6,796	—	239	7,035
Acquisitions through business combinations	5,215	195	1,650	177	7,237
Sales or disposals	(2,729)	(5,556)	—	(1)	(8,286)
Foreign currency translation adjustment on foreign operations	(11,355)	(571)	(2,330)	(52)	(14,308)
Balance as at March 31, 2016	161,573	36,243	33,505	2,668	233,989
Acquisitions	—	7,283	—	7	7,290
Acquisitions through business combinations	1,947	18	840	—	2,805
Sales or disposals	(4,088)	(3,805)	(1,624)	(5)	(9,522)
Foreign currency translation adjustment on foreign operations	1,791	109	87	(6)	1,981
Balance as at March 31, 2017	161,223	39,848	32,808	2,664	236,543

(Millions of Yen)

Accumulated amortization and impairment losses	Goodwill	Software	Customer relationship	Others	Total
Balance as at April 1, 2015	(8,114)	(20,573)	(12,577)	(1,237)	(42,501)
Sales or disposals	1,105	5,434	—	0	6,539
Amortization	—	(5,584)	(3,127)	(175)	(8,886)
Impairment losses	(1,541)	(416)	—	—	(1,957)
Foreign currency translation adjustment on foreign operations	—	344	887	39	1,270
Balance as at March 31, 2016	(8,550)	(20,795)	(14,817)	(1,373)	(45,535)
Sales or disposals	—	3,521	437	2	3,960
Amortization	—	(5,388)	(3,017)	(277)	(8,682)
Impairment losses	(5)	(417)	—	—	(422)
Foreign currency translation adjustment on foreign operations	—	(104)	(265)	(2)	(371)
Balance as at March 31, 2017	(8,555)	(23,183)	(17,662)	(1,650)	(51,050)

(Millions of Yen)

Carrying amount	Goodwill	Software	Customer relationship	Others	Total
Balance as at March 31, 2016	153,023	15,448	18,688	1,295	188,454
Balance as at March 31, 2017	152,668	16,665	15,146	1,014	185,493

The carrying amount of software in the above table as at March 31, 2016 and 2017 includes the carrying amount of leased assets of ¥106 million and ¥801 million, respectively. Amortization expenses were recorded in “Operating cost” and “Selling, general and administrative expenses” in the consolidated statement of income.

(2) Impairment losses for each business segment

The Group recognized impairment losses totaling ¥1,957 million and ¥422 million for the years ended March 31, 2016 and 2017, respectively, due to no expectation of initially expected profits, and recorded them in “Other expenses” in the consolidated statement of income. Impairment losses recognized by segment for the year ended March 31, 2016 were ¥400 million in the Financial Services Business and ¥1,557 million in the Asset Management Business, respectively. Impairment losses recognized by segment for the year ended March 31, 2017 were ¥413 million in the Financial Services Business and ¥9 million in the Asset Management Business, respectively.

(3) Carrying amount of goodwill

Goodwill arising from business combinations is allocated to cash-generating units that are expected to benefit from the synergies of the business combination at the date of acquisition of the business.

Significant goodwill arising from business combinations were ¥105,204 million and ¥107,235 million as at March 31, 2016 and 2017, respectively, related to SBI SAVINGS BANK in the Asset Management Business and ¥24,910 million as at March 31, 2016 and 2017, related to SBI SECURITIES Co., Ltd. in the Financial Services Business.

The recoverable amounts used for impairment test of goodwill and intangible assets are calculated based on the value in use. Value in use is the present value calculated by discounting the estimated cash flows based on the projection approved by management and a growth rate. The business plans are not longer than five years in principle, and reflect the management assessments of future industry trends and historical data based on the external and internal information. The growth rate is determined by considering the long-term average growth rate of the market or the country which the CGU belongs to. The growth rate used for measuring value in use was 5% and 3% at the maximum per annum as at March 31, 2016 and 2017, respectively. The discount rate used for measuring value in use was 6.4% to 23.7% and 5.9% to 25.9% per annum as at March 31, 2016 and 2017, respectively.

Any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

16. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended March 31, 2016 and 2017:

(Millions of Yen)						
For the year ended March 31, 2016	As at April 1, 2015	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2016
Deferred Tax Assets						
Impairment on financial assets measured at amortized cost	968	120	—	(164)	—	924
Fixed assets (Note)	1,184	(370)	—	(1)	—	813
Tax loss carryforwards	1,719	487	—	(230)	—	1,976
Other	942	630	—	—	0	1,572
Total	4,813	867	—	(395)	0	5,285
Deferred Tax Liabilities						
Financial Assets at FVTPL	5,059	2,206	—	—	—	7,265
Financial Assets at FVTOCI	126	—	(122)	—	—	4
Financial Assets measured at amortized cost	1,718	(427)	—	—	—	1,291
Intangible assets	4,074	2,033	(267)	532	—	6,372
Other	594	138	2	(194)	—	540
Total	11,571	3,950	(387)	338	—	15,472

(Millions of Yen)

For the year ended March 31, 2017	As at April 1, 2016	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2017
Deferred Tax Assets						
Impairment on financial assets measured at amortized cost	924	(9)	—	—	—	915
Fixed assets (Note)	813	(143)	—	(183)	—	487
Tax loss carryforwards	1,976	(1,726)	—	(180)	—	70
Other	1,572	(80)	—	—	6	1,498
Total	5,285	(1,958)	—	(363)	6	2,970
Deferred Tax Liabilities						
Financial Assets at FVTPL	4	—	32	—	—	36
Financial Assets at FVTOCI	1,291	(167)	—	—	—	1,124
Financial Assets measured at amortized cost	—	(1,598)	1,270	5,162	—	4,834
Intangible assets	6,372	(1,477)	(48)	(175)	—	4,672
Other	540	(302)	1	—	—	239
Total	15,472	(3,379)	1,255	(175)	—	13,173

Note: Fixed assets represent property and equipment, and investment property.

In assessing the recoverability of the deferred tax assets, the Group considers the future taxable temporary differences, projected future taxable income, and tax planning strategies. The tax losses for which deferred tax assets were not recognized as at March 31, 2016 and 2017, were ¥276,663 million (including ¥238,036 million with the carryforward period over 5 years), and ¥268,431 million (including ¥227,757 million with the carryforward period over 5 years), respectively.

The Group recognized deferred tax assets of ¥1,855 million and ¥10 million as at March 31, 2016 and 2017, respectively, associated with certain subsidiaries that had net losses during the years ended March 31, 2016 and 2017. The Group's management assessed that it is probable that tax credit carryforwards and

deductible temporary differences will be utilized as the tax losses are not expected to arise on an ongoing basis.

As at March 31, 2016 and 2017, in principle, the Group did not recognize a deferred tax liability on the taxable temporary differences associated with investments in subsidiaries because the Group was in a position to control the timing of the reversal of the temporary differences and it was probable that such differences would not reverse in the foreseeable future. The amount of taxable temporary differences associated with investments in subsidiaries on which deferred tax liabilities were not recognized were ¥117,831 million and ¥126,829 million as at March 31, 2016 and 2017, respectively.

17. Bonds and Borrowings

(1) Details of bonds and borrowings

Bonds and borrowings as at March 31, 2016 and 2017, consisted of the following:

	(Millions of Yen)		(%)	
	As at March 31, 2016	As at March 31, 2017	Average interest rate (Note 1)	Due (Note 2)
Short-term loans payable	101,099	262,336	0.58	—
Current portion of long-term loans payable	22,014	26,694	0.43	—
Current portion of bonds payable	70,141	61,003	—	—
Long-term loans payable	56,351	56,763	0.48	2018–2023
Bonds payable	74,980	112,181	—	—
Total	324,585	518,977		

Notes: 1. The average interest rate is calculated using the weighted average coupon rate of the outstanding balance as at March 31, 2017.

2. The due represents the repayment term of the outstanding balance as at March 31, 2017.

Details of the bonds were as follows:

Issuer and the name of bond	Date of issuance	(Millions of Yen)		Interest rate (Note 1)	Due
		As at March 31, 2016	As at March 31, 2017		
The Company Japanese yen straight bond (Note 2)	April 2015– March 2017	39,988	59,902	0.48–0.70	April 2016– March 2019
The Company No. 5 Unsecured straight bond	August 2013	29,983	—	—	August 2016
The Company No. 6 Unsecured straight bond	December 2014	29,932	29,969	2.00	January 2018
The Company No. 7 Unsecured straight bond	March 2016	14,943	14,962	1.10	March 2019
The Company No. 8 Unsecured straight bond	April 2016	—	4,985	0.75	April 2018
The Company No. 9 Unsecured straight bond	June 2016	—	15,941	0.85	June 2021
The Company No. 10 Unsecured straight bond	September 2016	—	13,956	0.55	September 2019
The Company Euroyen convertible bonds (Note 3)	November 2013	28,960	29,614	—	November 2017
SBI SECURITIES Co., Ltd. Exchangeable bond · Stock price linked bond (Note 2)	January 2016– March 2017	1,195	2,990	0.32–0.71	September 2016– April 2022
SBI SECURITIES Co., Ltd. No. 1 Microfinance bond	August 2016	—	785	2.50	August 2017
SBI Trade Win Tech Co., Ltd. No. 1 Unsecured straight bond	March 2014	120	80	1.99	March 2019
Total		145,212	173,184		

Notes: 1. Interest rate is the coupon rate of the balance as at March 31, 2017. The interest rate of the bonds hedged with interest rate swap is the interest rate after the swap execution.

2. The aggregate amount issued based on euro medium term note program is stated above.

3. The stock acquisition rights of Euroyen convertible bonds are recognized as embedded derivatives. The amount of the stock acquisition rights are separated from the host, measured at fair value, and recorded as capital surplus after tax effects.

(2) Assets pledged as security

Assets pledged for liabilities and contingent liabilities were as follows:

	(Millions of Yen)	
	As at March 31, 2016	As at March 31, 2017
Cash and cash equivalents	75	—
Trade and other accounts receivable	6,695	9,453
Other financial assets	6	6
Property and equipment	311	308
Total	7,087	9,767

The corresponding liabilities were as follows:

	(Millions of Yen)	
	As at March 31, 2016	As at March 31, 2017
Bonds and borrowings	5,126	7,648

Besides the above, securities received as collateral for financing from broker's own capital of ¥16,321 million and ¥25,621 million were pledged as collateral for borrowings on margin transactions as at March 31, 2016 and 2017, respectively.

18. Trade and Other Payables

The components of trade and other payables were as follows:

	(Millions of Yen)	
	As at March 31, 2016	As at March 31, 2017
Accounts payable and notes payable	2,932	2,025
Accounts payable-other	10,290	11,941
Advances received and guarantee deposit received	22,636	35,650
Finance lease liability	2,901	3,271
Total	38,759	52,887

19. Other Liabilities Related to Securities Business

The components of other liabilities related to the securities business were as follows:

	(Millions of Yen)	
	As at March 31, 2016	As at March 31, 2017
Trade date accrual	219,114	251,333
Trading products	2,091	51,853
Deposits for subscription	1,219	1,290
Total	222,424	304,476

20. Insurance Contract Liabilities

(1) Risk management system over insurance contracts

The Group engages in the insurance business such as life and casualty insurance and strives to accurately identify, analyze and assess as well as appropriately manage and administer risk relating to insurance contracts in order to secure management stability. The subsidiaries engaged in the insurance business have established a Risk Management Committee which strives to identify a wide range of risks associated with insurance contracts, and regularly and continuously reports to their respective board of directors, etc. about the risks to ensure the effectiveness of risk management. The Group's primary approach to risks relating to insurance contracts is as follows:

(a) Market risk management

Interest rate risk management

Considering the long-term nature of insurance liabilities, the Group invests principally in bonds. For investments in bonds, interest rate fluctuation risk is mitigated by matching the duration of bonds (to the extent of bond price fluctuations due to interest rate fluctuations) with the duration of policy reserves within certain parameters.

Price fluctuation risk management

Regarding market risk management, the Group conducts risk management focusing on indices such as VaR (Value at Risk), which denotes the maximum loss amount expected due to market changes based on the confidence interval, and Basis Point Value (BPV), which denotes price fluctuations in the bond portfolio due to changes in the market interest rate, in addition to identifying risks based on the Solvency Margin Ratio.

(b) Conducting of stress testing

The Group regularly conducts stress testing assuming scenarios such as significant deterioration in the investment environment or the worsening of the incidence rate of insured accidents, in order to analyze the impact on financial soundness, and reports the results of stress testing to the Risk Management Committee, etc.

(c) Insurance underwriting risk

Regarding insurance underwriting risk, the department-in-charge of each company engaged in the insurance business determines its underwriting policies, and conducts risk control by managing the risk portfolio, reforming or abolishing products, establishing the underwriting standards, changing sales policies, designing and arranging reinsurance, etc.

(2) Insurance contract liabilities

(a) Details and movements of insurance contract liabilities

Insurance contract liabilities as at March 31, 2016 and 2017, consisted of the following:

(Millions of Yen)

	As at March 31, 2016	As at March 31, 2017
Claims reserves	14,484	15,317
Policy reserves	139,649	132,256
Total	154,133	147,573

The movements in insurance contract liabilities for the years ended March 31, 2016 and 2017 were as follows:

(Millions of Yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Balance, beginning of year	170,042	154,133
Life insurance business		
Expected cash flows from policy reserves	(18,351)	(19,987)
Interest incurred	163	143
Adjustments	20	9,584
Non-life insurance business		
Insurance premiums	29,571	33,264
Unearned premium	(27,580)	(30,987)
Others	268	1,423
Balance, end of year	154,133	147,573

Net cash outflows by due period resulting from recognized insurance liabilities are as follows:

	Total	No later than 1 year	1 to 3 years	3 to 5 years	Over 5 years
Insurance contract liabilities	147,573	47,287	26,238	13,428	60,620

(b) Sensitivity to insurance risk

In the life insurance business, the Group records insurance contract liabilities by estimating the present value of all cash flows generated from insurance contracts using the prerequisite conditions at initial recognition.

The prerequisite conditions include discount rates (interest rates), death rates, morbidity rates, renewal rates, business expenses and commission, etc. In the case where increases in death rates, morbidity rates, business expenses and commission are expected, future net income and equity are expected to decrease from the increase in future cash outflows. In the case where the liability adequacy test reveals that insurance contract liabilities are insufficient for the amount of reserves based on the prerequisite conditions at initial recognition, it may be necessary to recognize the effects for the period of increasing insurance contract liabilities at the end of each reporting period.

(3) Concentration of insurance risk

The Group is not exposed to excessively concentrated insurance risk since the insurance contract portfolios are dispersed geographically throughout Japan.

(4) Claims development (difference between actual claim and previous estimates) of non-life insurance business is as follows:

	Accident year				
	2012	2013	2014	2015	2016
Cumulative payments and claim reserves					
At end of accident year	14,442	16,518	16,377	18,471	20,489
1 year later	14,418	16,442	16,810	18,813	—
2 year later	14,697	16,513	17,188	—	—
3 year later	14,980	16,802	—	—	—
4 year later	15,186	—	—	—	—
Estimate of cumulative claims	15,186	16,802	17,188	18,813	20,489
Less: Cumulative payments to date	14,994	16,411	16,281	16,927	13,944
Claim reserves (gross)	192	391	907	1,886	6,545

(Millions of Yen)

21. Leases as Lessee

The Group leases servers for online transaction systems and certain other assets under finance leases. Future minimum lease payments and their present value under finance lease contracts of each payment period as at March 31, 2016 and 2017 were as follows:

	(Millions of Yen)	
	As at March 31, 2016	As at March 31, 2017
No later than 1 year		
Future minimum lease payments	888	961
Less: future financial cost	(63)	(55)
Present value	825	906
Later than 1 year and not later than five years		
Future minimum lease payments	2,193	2,429
Less: future financial cost	(117)	(111)
Present value	2,076	2,318
Later than 5 years		
Future minimum lease payments	—	50
Less: future financial cost	—	(3)
Present value	—	47
Total		
Future minimum lease payments	3,081	3,440
Less: future financial cost	(180)	(169)
Present value	2,901	3,271

The Group leases office buildings and certain other assets under operating leases. The total future minimum lease payments recorded as expenses under cancellable or non-cancellable operating lease contracts for the years ended March 31, 2016 and 2017 were ¥5,261 million and ¥4,429 million, respectively.

22. Capital Stock and Other Equity Items**(1) Capital stock and treasury stock**

The number of authorized shares as at March 31, 2016 and 2017 was 341,690,000 shares.

The Company's issued shares were as follows:

	(Shares)	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Number of issued shares (common shares with no par value)		
As at the beginning of the year	224,561,761	224,561,761
Increase during the year	—	—
As at the end of the year	224,561,761	224,561,761

The Company's treasury stock included in the above issued shares was as follows:

	(Shares)	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Number of treasury stock		
As at the beginning of the year	8,046,610	17,211,580
Increase during the year (Notes 1, 3)	10,114,550	6,869,170
Decrease during the year (Notes 2, 4)	(949,580)	(3,126,670)
As at the end of the year	17,211,580	20,954,080

- Notes:
- The increase of 10,114,550 shares related to the acquisition of 10,095,200 shares subject to Article 156 of the Companies Act (replacement of the third paragraph of Article 165) and 19,350 shares purchased from shareholders with less than one unit of shares.
 - The decrease of 949,580 shares related to 1,680 shares sold to shareholders with less than one unit of shares, and sales of 59,900 shares to the Employee Stockholding Association and appropriation of 888,000 shares for the exercise of stock acquisition rights.
 - The increase related to the acquisition of 6,855,600 shares subject to Article 156 of the Companies Act (replacement of the third paragraph of Article 165) and 13,570 shares purchased from shareholders with less than one unit of shares.
 - The decrease related to 930 shares sold to shareholders with less than one unit of shares, appropriation of 2,730,100 shares for the exercise of stock acquisition rights, 44,600 shares to sold to the Employee Stockholding Association by the Stock Benefit Trust (Employee Stockholding Association Purchase-type) and 351,040 shares sold.

(2) Reserves

a. Capital surplus

Capital surplus of the Group includes additional paid-in capital of the Company, which is legal capital surplus.

Under the Companies Act of Japan (“the Companies Act”), at least 50% of the proceeds of certain issues of common shares shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval of the shareholders meeting, the transfer of amounts from additional paid-in capital to common stock.

b. Retained earnings

Retained earnings of the Group include the reserve of the Company legally required as legal retained earnings.

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as legal retained earnings until the aggregate amount of capital surplus and statutory reserve reaches 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval of the shareholders meeting.

(3) Other components of equity

The movements of other component of equity were as follows:

(Millions of Yen)

	Other components of equity		
	Currency translation differences	Financial assets at FVTOCI	Total
Balance as at April 1, 2015	36,862	72	36,934
Change for the year	(19,668)	303	(19,365)
Transfer to retained earnings	—	(462)	(462)
Balance as at March 31, 2016	17,194	(87)	17,107
Change for the year	5,501	126	5,627
Transfer to retained earnings	—	(14)	(14)
Balance as at March 31, 2017	22,695	25	22,720

23. Dividends

Dividends paid were as follows:

Year ended March 31, 2016	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on May 12, 2015	Common shares	7,594	35 (Note)	March 31, 2015	June 8, 2015
Board of Directors' Meeting on October 29, 2015	Common shares	2,121	10	September 30, 2015	December 14, 2015

Note: The amount per share of 35 yen consists of common dividend of 30 yen and commemorative dividend of 5 yen for the 15th anniversary of the foundation of the Company.

Year ended March 31, 2017	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on April 28, 2016	Common shares	7,271	35	March 31, 2016	June 9, 2016
Board of Directors' Meeting on October 27, 2016	Common shares	2,009	10	September 30, 2016	December 12, 2016

Dividends for which the declared date fell in the year ended March 31, 2017, and for which the effective date will be in the year ending March 31, 2018

Year ended March 31, 2017	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on April 28, 2017	Common shares	8,144	40	March 31, 2017	June 9, 2017

24. Share-based Payment

The Company and certain of its subsidiaries have share-based compensation plans for their directors or employees. The share-based compensation plans are granted to persons resolved by the board of directors based on the approval of the shareholders meeting of the Company or certain of its subsidiaries.

(1) Equity-settled share-based compensation plan ("Stock option")

Vesting conditions of the stock options include accomplishment of the IPO, the directors or employees holding their positions as directors or employees until the accomplishment of the IPO. Also, certain of the stock options vest upon receipt of cash from the directors or employees for the price equivalent to their fair value.

None of the expenses arising from granted stock options are recorded during the years ended March 31, 2016 and 2017.

The outline of the stock option plans of the Group is as follows:

① The Company

The outline of the Company's stock option plan is as follows:

	(Shares)		(Yen)		(Shares)		(Yen)	
	For the year ended March 31, 2016		For the year ended March 31, 2017		For the year ended March 31, 2016		For the year ended March 31, 2017	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	7,604,405	1,315	6,547,700	1,247	6,547,700	1,247	6,547,700	1,247
Forfeited	(168,705)	4,317	—	—	—	—	—	—
Exercised	(888,000)	1,247	(2,730,100)	1,247	(2,730,100)	1,247	(2,730,100)	1,247
Unexercised balance	6,547,700	1,247	3,817,600	1,247	3,817,600	1,247	3,817,600	1,247

Notes: 1. Weighted average stock prices upon exercise of stock options for the years ended March 31, 2016 and 2017 were ¥1,616 and ¥1,570, respectively.

2. The stock options noted for the year ended March 31, 2017 vest upon receipt of cash for the price equivalent to their fair value.

The unexercised stock options as at March 31, 2017 are as follows:

Name	(Yen)	(Shares)	Expiration date
	Exercise price	Number of shares	
SBI Holdings, Inc. 2014 Stock Acquisition Rights	1,247	3,817,600	June 30, 2018

② Subsidiaries

The outline of the Company's subsidiaries' stock option plans is as follows. For those subsidiaries having no stock option balances as at March 31, 2016, the details of their stock option plans are not provided below.

(a) Stock option plans which were unvested as at March 31, 2017

a-1 SBI Biotech Co., Ltd.	(Shares)		(Yen)		(Shares)		(Yen)	
	For the year ended March 31, 2016		For the year ended March 31, 2017		For the year ended March 31, 2016		For the year ended March 31, 2017	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	280	59,643	100	5,000	100	5,000	100	5,000
Forfeited	(180)	90,000	—	—	—	—	—	—
Unvested balance	100	5,000	100	5,000	100	5,000	100	5,000

Notes: 1. The exercise period as at March 31, 2017 was defined as 30 months after 6 months passed from the IPO date.

2. The remaining stock options as at March 31, 2017 were granted before November 7, 2002; thus, the Group does not apply IFRS 2 "Share-based Payment".

a-2 SBI Japannext Co., Ltd.	(Shares)		(Yen)		(Shares)		(Yen)	
	For the year ended March 31, 2016		For the year ended March 31, 2017		For the year ended March 31, 2016		For the year ended March 31, 2017	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	12,251	81,092	12,251	81,092	12,251	81,092	12,251	81,092
Change in scope of consolidation	—	—	(12,251)	81,092	(12,251)	81,092	—	—
Unvested balance	12,251	81,092	—	—	—	—	—	—

a-3 SBI MONEYPLAZA CO., Ltd.	(Shares)		(Yen)	
	For the year ended March 31, 2016		For the year ended March 31, 2017	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	—	—	885,200	971
Granted	885,200	971	—	—
Unvested balance	885,200	971	885,200	971

Notes: 1. The fair value of the stock option granted during the year ended March 31, 2016 was ¥5,975 (The number of shares to be issued per stock acquisition right: 100 shares). The fair value was determined based on a binomial Model and was evaluated by an external specialist. The following assumptions were used in a binomial Model regarding the stock options:

Stock price at the grant date	: ¥760	Estimated remaining exercise period	: 2 years
Exercise price	: ¥971	Dividend yield	: 0.00%
Estimated volatility	: 30.4%	Risk free rate	: 0.04%

2. The average remaining exercise period as at March 31, 2017 was 0.1 years.

a-4 BroadBand Security, Inc.	(Shares)		(Yen)	
	For the year ended March 31, 2016		For the year ended March 31, 2017	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	—	—	217,400	400
Granted	—	—	160,500	800
Forfeited	—	—	(10,000)	540
Change in scope of consolidation	217,400	400	—	—
Unvested balance	217,400	400	367,900	571

Notes: 1. The effect of the consolidation of shares executed at the rate of 1 for 100 shares of common stock on October 28, 2016 has been adjusted retrospectively in the number of shares and the weighted average exercise price in the table above.

2. The fair value of the stock option granted during the year ended March 31, 2017 was ¥4,053 (The number of shares to be issued per stock acquisition right: 10 share). The fair value was determined based on the Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

Stock price at the grant date	: ¥800	Estimated remaining exercise period	: 6 years
Exercise price	: ¥800	Dividend yield	: 0.00%
Estimated volatility	: 56.0%	Risk free rate	: (0.07)%

3. The average remaining exercise period as at March 31, 2017 was 4.1 years.

(b) Stock option plans which were vested at the time of receiving cash

	(Shares)		(Yen)	
	For the year ended March 31, 2016		For the year ended March 31, 2017	
b-1 Morningstar Japan K.K.	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	1,676,700	267	1,499,700	267
Exercised	(177,000)	267	(11,000)	267
Unexercised balance	1,499,700	267	1,488,700	267

Notes: 1. Weighted average stock price of stock options upon exercise for the year ended March 31, 2016 and 2017 was ¥318 and ¥338, respectively.

2. The average remaining exercise period as at March 31, 2017 was 1.2 years.

	(Shares)		(Yen)	
	For the year ended March 31, 2016		For the year ended March 31, 2017	
b-2 NARUMIYA INTERNATIONAL CO., LTD.	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	3,650	78,557	3,650	78,557
Change in scope of consolidation	—	—	(3,650)	78,557
Unvested balance	3,650	78,557	—	—

[2] Cash-settled share-based compensation plan

Certain of subsidiaries of the Company have cash-settled share-based compensation plans for their directors or employees. The compensation is made in the form of cash-settled payments based on the difference between the exercise price and the stock price as at the exercise date.

The expenses arising from granted cash-settled share-based compensation plan for the year ended March 31, 2017 were ¥10 million, which was recorded in "Selling, general and administrative expenses". The corresponding liability as at March 31, 2017 was ¥1 million, which was recorded in "Other financial liabilities".

The outline of the cash-settled share-based compensation plan of the Group is as follows:

	(Shares)		(Yen)	
	For the year ended March 31, 2016		For the year ended March 31, 2017	
SBI AXES Co., Ltd.	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	153,113	259	133,039	259
Forfeited	(20,074)	259	—	—
Exercised	—	—	(126,078)	259
Unexercised balance	133,039	259	6,961	259

Note: The average remaining exercise period as at March 31, 2017 was 2.3 years.

25. Revenue

Revenue for the years ended March 31, 2016 and 2017 consisted of the following:

	(Millions of Yen)	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Revenue		
Financial income		
Interest income (Note)	70,054	79,463
Dividends received	2,118	1,524
Income arising from financial assets at FVTPL	14,057	10,776
Gain from trading	18,892	17,686
Others	854	58
Total financial income	105,975	109,507
Revenue arising on insurance contracts	48,922	55,605
Revenue from rendering of services	75,296	70,710
Others	31,551	26,117
Total revenue	261,744	261,939

Note: Interest income in financial income arises from financial assets measured at amortized cost.

26. Expense

Expense for the years ended March 31, 2016 and 2017 consisted of the following:

(1) Financial cost associated with financial income

	(Millions of Yen)	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Financial cost associated with financial income		
Interest expense		
Financial liabilities measured at amortized cost	(15,836)	(14,543)
Total financial cost associated with financial income	(15,836)	(14,543)

(2) Operating cost

(Millions of Yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Payroll	(7,413)	(8,196)
Outsourcing fees	(3,025)	(5,393)
Depreciation and amortization	(1,264)	(1,168)
Cost arising on insurance contracts	(32,626)	(41,690)
Others	(39,364)	(42,535)
Total operating cost	(83,692)	(98,982)

(3) Selling, general and administrative expenses

(Millions of Yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Payroll	(27,343)	(25,592)
Outsourcing fees	(16,640)	(17,051)
Depreciation and amortization	(9,774)	(9,222)
Research and development	(4,613)	(8,622)
Others	(38,276)	(35,483)
Total selling, general and administrative expenses	(96,646)	(95,970)

(4) Other financial cost

(Millions of Yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Other financial cost		
Interest expense		
Financial liabilities measured at amortized cost	(4,442)	(3,477)
Total other financial cost	(4,442)	(3,477)

(5) Other expenses

(Millions of Yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Impairment loss	(3,520)	(2,904)
Foreign exchange loss	(2,947)	(4,143)
Others (Note)	(4,017)	(1,630)
Total other expenses	(10,484)	(8,677)

Note: Others for the year ended March 31, 2016 includes the loss on sales of investment in subsidiaries amounting to ¥709 million, which arose mainly from the sale of SBI Card Co., Ltd.

27. Income Tax Expense

The amount of income tax expenses for the years ended March 31, 2016 and 2017 were as follows:

	(Millions of Yen)	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Income tax expense		
Current	(12,478)	(16,257)
Deferred	(3,083)	1,421
Total income tax expense	(15,561)	(14,836)

The Company and its domestic subsidiaries are subject to mainly a national corporate tax, an inhabitants tax, and an enterprise tax, which, in aggregate, resulted in a normal effective statutory tax rate of 30.9%. Foreign subsidiaries are subject to the income taxes of the countries in which they operate.

A reconciliation between the normal effective statutory tax rates and the Group's average effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2016 and 2017 is as follows:

	(%)	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Normal effective statutory tax rate	33.1	30.9
Expenses not deductible for income tax purposes	0.5	0.8
Tax effect on minority interests of investments in fund	(2.1)	0.4
Temporary differences arising from consolidation of investments	(1.5)	1.1
Change in valuation allowance	(3.9)	(0.8)
Other	3.7	2.0
Average effective tax rate	29.8	34.4

28. Other Comprehensive Income

Amounts recorded during the year, reclassification adjustments and income tax effects on each item of other comprehensive income for the years ended March 31, 2016 and 2017 were as follows:

	(Millions of Yen)				
For the year ended March 31, 2016	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
Items that will not be reclassified subsequently to profit or loss					
FVTOCI financial assets	179	—	179	122	301
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	(18,349)	—	(18,349)	—	(18,349)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1,609)	54	(1,555)	—	(1,555)
Total	(19,779)	54	(19,725)	122	(19,603)

	(Millions of Yen)				
For the year ended March 31, 2017	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
Items that will not be reclassified subsequently to profit or loss					
FVTOCI financial assets	156	—	156	(32)	124
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	680	—	680	—	680
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	5,592	(623)	4,969	(1,270)	3,699
Total	6,428	(623)	5,805	(1,302)	4,503

29. Earnings per Share

Basic earnings per share and diluted earnings per share attributable to owners of the Company were calculated based on the following information:

(Millions of Yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Earnings		
Profit attributable to owners of the Company	34,115	32,455
Dilutive effect: Convertible bonds	373	435
Profit attributable to owners of the Company after dilutive effect	34,488	32,890
Shares		
Basic weighted average number of ordinary shares (shares)	212,117,299	203,627,774
Dilutive effect: Stock options (shares)	980,540	206,932
Dilutive effect: Convertible bonds (shares)	20,030,713	20,645,516
Weighted average number of ordinary shares after the dilutive effect (shares)	233,128,552	224,480,222
Earnings per share attributable to owners of the Company		
Basic (in Yen)	160.83	159.38
Diluted (in Yen)	147.94	146.52

Note: The calculation of diluted earnings per share does not assume exercise of stock acquisition rights that would have an antidilutive effect on earnings per share.

30. Cash Flow Information

Supplemental disclosure of consolidated statement of cash flow information for the years ended March 31, 2016 and 2017 was as follows:

(1) Expenditures on acquisition of subsidiaries

The amounts of payments for acquisition of subsidiaries were ¥4,594 million and ¥2,944 million for the years ended March 31, 2016 and 2017, respectively. Consideration paid consisted solely of cash and cash equivalents. Amounts of major classes of assets and liabilities of subsidiaries, of which the Group obtained control through share acquisition, at the date of acquisition were as follows:

(Millions of Yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Cash and cash equivalents	1,372	976
Trade and other receivables	337	31
Other assets	2,606	1,256
Total assets	4,315	2,263
Liabilities		
Bonds and loans payable	207	—
Trade and other payables	364	535
Other liabilities	1,689	600
Total liabilities	2,260	1,135

(2) Proceeds from sales of subsidiaries

Total consideration received in respect of sales of subsidiaries was ¥4,005 million and ¥9,693 million for the years ended March 31, 2016 and 2017, respectively. Amounts of major classes of assets and liabilities of subsidiaries, of which the Group lost control through share sale, at the date of sale were as follows:

(Millions of Yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Cash and cash equivalents	3,455	6,349
Trade and other receivables	4,177	1,878
Other assets	1,229	9,998
Total assets	8,861	18,225
Liabilities		
Bonds and loans payable	2,000	1
Trade and other payables	1,702	2,931
Other liabilities	2,095	1,793
Total liabilities	5,797	4,725

31. Subsidiaries

Major subsidiaries of the Group as at March 31, 2017 were as follows:

Business segment	Name	Location	Voting Rights Holding Ratio (%)
Financial Services Business	SBI FINANCIAL SERVICES Co., Ltd.	Japan	100.0
	SBI SECURITIES Co., Ltd.	Japan	100.0 (100.0)
	SBI Liquidity Market Co., Ltd.	Japan	100.0 (100.0)
	SBI FXTRADE Co., Ltd.	Japan	100.0 (100.0)
	SBI MONEYPLAZA Co., Ltd.	Japan	100.0 (100.0)
	SBI Insurance Group Co., Ltd.	Japan	100.0 (3.7)
	SBI Life Insurance Co., Ltd.	Japan	100.0 (100.0)
	SBI Insurance Co., Ltd.	Japan	98.1 (98.1)
Asset Management Business	SBI Capital Management Co., Ltd.	Japan	100.0
	SBI Investment Co., Ltd.	Japan	100.0 (100.0)
	SBI Global Asset Management Co., Ltd.	Japan	100.0
	Morningstar Japan K. K.	Japan	49.5 (49.5)
	SBI Asset Management Co., Ltd.	Japan	100.0 (100.0)
	SBI Estate Finance Co., Ltd.	Japan	100.0 (5.0)
	SBI Hong Kong Holdings Co., Ltd.	Hong Kong	100.0
	SBI VEN HOLDINGS PTE. LTD.	Singapore	100.0
Biotechnology-related Business	SBI SAVINGS BANK	South Korea	98.9 (98.9)
	SBI ALA Hong Kong Co., Ltd.	Hong Kong	95.5 (95.5)
	SBI Pharmaceuticals Co., Ltd.	Japan	84.9 (84.9)
	SBI ALApromo Co., Ltd.	Japan	100.0 (100.0)
	SBI Biotech Co., Ltd.	Japan	87.6 (1.1)

Notes: Major changes in the scope of consolidation are as follows:

- Newly consolidated due to establishment of company: SBI Insurance Group Co., Ltd.
- Deconsolidated due to change from subsidiary to associate accounted for using the equity method: SBI Japannext Co., Ltd.

32. Related Party Transactions

(1) Related Party Transactions

The Group entered into the following related party transactions during the year ended March 31, 2017. There were no significant related party transactions during the year ended March 31, 2016.

Type	Name	Relationship with related party	Transaction description	(Millions of Yen)	(Millions of Yen)
				Transaction Amount	Balance
Corporate officer	Yoshitaka Kitao	Representative Director	Exercise of stock options (Note 1)	873	—
			Investment in kind of subsidiary (Note 2)	1,016	—
			Sale of investment in associates (Note 3)	204	—
Corporate officer	Takashi Nakagawa	Representative Director	Exercise of stock options (Note 1)	499	—
Corporate officer	Shumpei Morita	Executive Officer	Exercise of stock options (Note 1)	200	—
			Sale of investment in subsidiary (Note 4)	45	—
Corporate officer	Masayuki Yamada	Executive Officer	Exercise of stock options (Note 1)	20	—

Notes: 1. Exercise of stock options represents the exercise of stock acquisition rights which were issued based on the resolution by the Board of Directors meeting held on October 30, 2014, and November 19, 2014, pursuant to Article 236, 238 and 240 of the Companies Act.

2. In connection with a reorganization within the Group, shares held in a subsidiary were invested in kind to subscribe shares issued for a capital increase by another subsidiary. Stated in the "Transaction Amount" column is the amount of capital increased by the transaction, which was determined considering the share price calculation by an independent third-party advisory firm.

3. The sales price of investment in associates was determined based on the market price at the time of each transaction.

4. The sales price of investment in subsidiary was determined based on the stock valuation report of an independent third-party advisory firm.

(2) The remuneration of key management personnel of the Company for the years ended March 31, 2016 and 2017

	(Millions of Yen)	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Remuneration and bonuses	469	1,025
Post-employment benefits	4	4
Total	473	1,029

33. Contract Liabilities

The Group has entered into loan agreements with the customers in accordance with the condition of the contracts. The total amount of loan commitments amounted to ¥18,315 million and ¥10,847 million, with an unused portion of ¥9,545 million and ¥4,531 million, as at March 31, 2016 and 2017, respectively. However, contracts are revised regularly upon changes to customer's credit condition and other matters considered necessary to ensure secure credit facilities. Thus, the unused portion of the commitment will not affect the Group's future cash flow.

34. Events after the Reporting Period

There were no significant events after the reporting period.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SBI Holdings, Inc.:

We have audited the accompanying consolidated statement of financial position of SBI Holdings, Inc. and its subsidiaries as at March 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SBI Holdings, Inc. and its subsidiaries as at March 31, 2017, and the consolidated results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte Touche Tohmatsu LLC

June 27, 2017

The SBI Group (Principal Group Companies)

SBI Holdings, Inc.

TSE First Section

Financial Services Business

A diversified line of financial services

1 SBI FINANCIAL SERVICES Co., Ltd. Control and management of the Financial Services Business 100.0%	1 SBI Insurance Group Co., Ltd. Insurance Holding Company 99.5%
1 SBI SECURITIES Co., Ltd. Comprehensive online securities company 100.0%	1 SBI Insurance Co., Ltd. Internet-based non-life insurance company 98.1%
1 SBI Liquidity Market Co., Ltd. Provision of market infrastructure to supply liquidity to FX margin trading 100.0%	1 SBI Life Insurance Co., Ltd. Life insurance business 100.0%
1 SBI FXTRADE Co., Ltd. Pure-play FX broker 100.0%	1 SBI SSI Holdings Co., Ltd. Small-amount, short-term insurance policy businesses 100.0%
1 SBI MONEY PLAZA Co., Ltd. Face-to-face shops that provide financial products 100.0%	1 SBI IKIKI SSI Inc. Small-amount, short-term insurance policy businesses 100.0%
1 SBI Benefit Systems Co., Ltd. Operational management of defined-contribution pension, etc. 66.6%	1 SBI Resta SSI Co., Ltd. Small-amount, short-term insurance policy businesses 99.6%
1 SBI Business Support Co., Ltd. Call center planning and operation, staffing 100.0%	1 Nihon Small amount & Short term Insurance Co., Ltd. Small-amount, short-term insurance policy businesses 100.0%
1 SBI Trade Win Tech Co., Ltd. Development of financial systems 100.0%	1 SBI FinTech Solutions Co., Ltd. KOSDAQ Control and operation of the e-commerce settlement business and Group FinTech-related businesses 77.5%
1 SBI FX Co., Limited Provision of FX trading system in Hong Kong 100.0%	1 SBI Social Lending Co., Ltd. Loan and social lending operations 100.0%
2 SBI Japannext Co., Ltd. Operation of PTS (Proprietary Trading System) 48.8%	1 SBI Remit Co., Ltd. International remittance business 100.0%
1 SBI BITS Co., Ltd. Development and operation of financial systems 100.0%	1 SBI Business Solutions Co., Ltd. Back office support services 100.0%
2 SBI Sumishin Net Bank, Ltd. Internet-based full service bank 50.0%	1 SBI Ripple Asia Co., Ltd. Selling agency of international settlement system 60.0%
SBI Card Co., Ltd. Credit card business	1 SBI Virtual Currencies Co., Ltd. Virtual currency exchange and transaction services and systems provision 100.0%
1 SBI AutoSupport Co., Ltd. Provision of financial services through used car dealers, etc. 70.0%	2 SOLXYZ Co., Ltd. TSE First Section Software development 23.2%

Asset Management Business

Private equity investment and overseas financial services business

1 SBI Capital Management Co., Ltd. Control and management of the private equity business 100.0%	1 SBI Investment Co., Ltd. Venture capital fund management 100.0%
1 SBI FinTech Incubation Co., Ltd. Support for introduction of FinTech services 90.0%	1 SBI VEN CAPITAL PTE. LTD. Overseas private equity fund management 100.0%
2 SBI Investment KOREA Co., Ltd. KOSDAQ Venture capital in South Korea 43.9%	1 SBI SAVINGS BANK Savings bank in South Korea 98.9%
1 SBI (China) Co., Ltd. Management of businesses in China 100.0%	1 SBI & TH (Beijing) Venture Capital Management Co., Ltd. Private equity fund management in China 100.0%
1 SBI Royal Securities Plc. Comprehensive securities company in Cambodia 65.3%	2 SBI Thai Online Securities Co., Ltd. Pure-play Internet securities in Thailand 59.5%
2 YAR Bank LLC Commercial bank in Russia 49.5%	2 PT BNI SEKURITAS Securities company in Indonesia 25.0%

As of July 1, 2017 / Note: Percentages are the total Group ownership, which is the sum total of the voting rights in possession by the Company and the companies and funds defined as its subsidiaries by IFRSs.

1 Consolidated subsidiary 2 Equity method associate

Asset management-related services

1 SBI GLOBAL ASSET MANAGEMENT Co., Ltd.	Control and management of the asset management services business	100.0%
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JASDAQ

1 Morningstar Japan K.K.	Rating information for investment trust, others	49.5%
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1 Morningstar Asset Management Co., Ltd.	Investment advisory services, others	100.0%
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1 SBI Asset Management Co., Ltd.	Investment advisory services, investment trust management	100.0%
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1 SBI ENERGY Co., Ltd.	Power business using renewable energy	100.0%
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1 SBI Bond Investment Management Co., Ltd.	Financial asset-related investment advisory services, agency and investment management business	90.0%
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1 SBI Gold Co., Ltd.	Provision of online system for trading and management of precious metals	60.0%
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1 SBI Arsnova Research, Co., Ltd.	Arrangement and management of alternative investments	99.0%
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1 SBI Estate Finance Co., Ltd.	Rent guarantees for rental housing	100.0%
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1 SBI Guarantee Co., Ltd.	Rent guarantees for rental housing	100.0%
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Biotechnology-related Business

R&D, manufacturing and sales of pharmaceuticals, health foods and cosmetics

1 SBI ALA Hong Kong Co., Limited	Management of the 5-ALA-related business	95.5%
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1 SBI Pharmaceuticals Co., Ltd.	R&D, manufacturing and sales of pharmaceuticals, health foods and cosmetics using 5-ALA	86.2%
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1 SBI ALApromo Co., Ltd.	Manufacturing and sales of health foods and cosmetics using 5-ALA	100.0%
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1 photonamic GmbH & Co. KG	R&D, manufacturing and sales of pharmaceuticals using 5-ALA	100.0%
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2 Suzhou Yian Biotech Co., Ltd.	Manufacturing and sales of health foods using 5-ALA	40.0%
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2 SBI Neopharma FZ-LLC	Sale of products containing 5-ALA overseas	49.0%
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1 SBI Biotech Co., Ltd.	R&D of pharmaceuticals	87.6%
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1 Quark Pharmaceuticals, Inc.	R&D of siRNA pharmaceuticals	100.0%
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TSE Mothers

2 Kubota Pharmaceutical Holdings Co., Ltd.	Development of drugs specializing in ophthalmic diseases	38.2%
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Others

1 SBI Estate Management Co., Ltd.	Investment in real estate	100.0%
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1 SBI Wellness Bank Co., Ltd.	Healthcare services for membership	100.0%
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For details of each Group company's business, please refer to our website (<http://www.sbigroup.co.jp/english/company/group/>)

The SBI Group Overseas Offices

U.S.

- Quark Pharmaceuticals

Malaysia

- SBI Ventures Malaysia
- PNB-SBI ASEAN Gateway Investment Management

Singapore

- SBI Ven Capital
- SBI VENTURES SINGAPORE

India

- Milestone River Venture Advisory

Sri Lanka

- First Guardian Equities

Philippines

- ICCP SBI Venture Partners

Indonesia

- BNI SEKURITAS

Brunei

- SBI (B) SDN

Vietnam

- FPT Securities
- TPBank
- FPT Capital Fund Management

Cambodia

- SBI Royal Securities

Thailand

- SBI Thai Online Securities

South Korea

- SBI Investment KOREA
- SBI SAVINGS BANK

China

- SBI (China)
- Beijing Representative Office
- Shanghai Representative Office
- INESA-SBI Leasing (Shanghai)
- SBI & TH (Beijing) Venture Capital Management
- Yian Biotech

Hong Kong

- SBI Hong Kong Holdings
- SBI Securities (Hong Kong)
- SBI FX
- SBI ALA Hong Kong

Taiwan

- SBI Capital 22 Management



Russia

- YAR Bank

Germany

- photonic

Bahrain

- SBI Pharmaceuticals
- Bahrain Representative Office

Israel

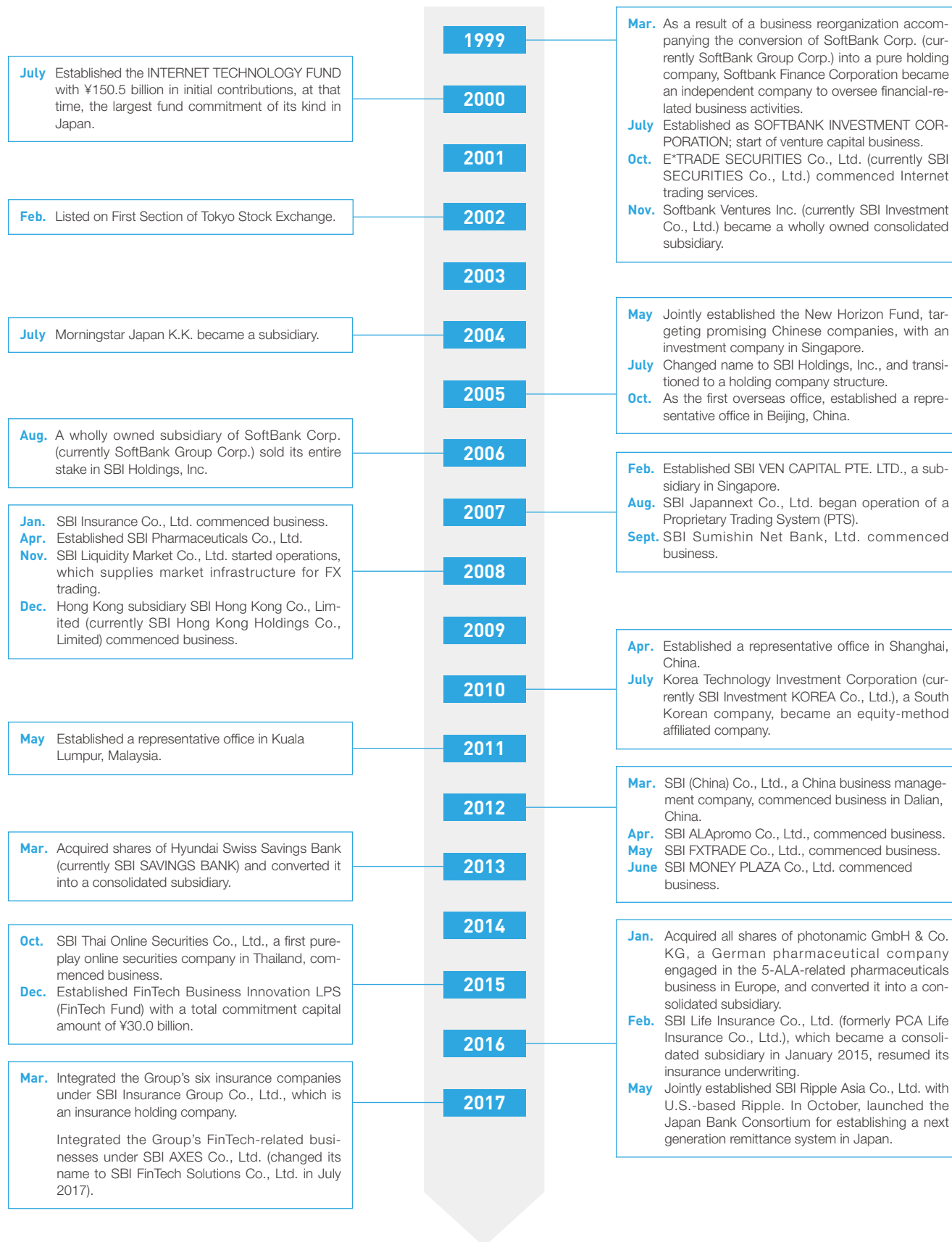
- SBI JI Innovation Fund Advisory
- QBI Enterprise (Research institute of Quark Pharmaceuticals)

UAE

- SBI Neopharma

● Financial Services Business ● Asset Management Business ● Biotechnology-related Business ● Representative Office of SBI Holdings

Corporate History



Corporate Data

Company Outline (As of March 31, 2017)

Company Name	SBI Holdings, Inc.
Date of Establishment	July 8, 1999
Head Office	Izumi Garden Tower 19F, 1-6-1 Roppongi, Minato-ku, Tokyo 106-6019, Japan TEL: +81-3-6229-0100 FAX: +81-3-3589-7958
Number of Employees	4,455 (consolidated)
Paid-in Capital	¥81,681 million
Fiscal Year	April 1 to March 31



Stock Information (As of March 31, 2017)

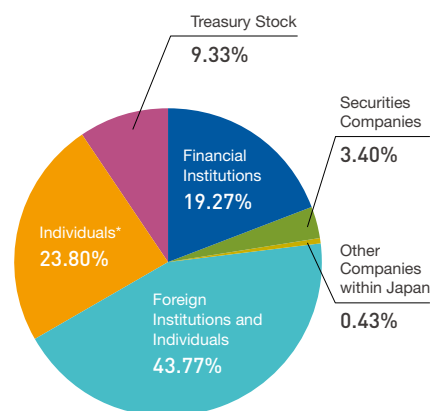
Listing	First Section of the Tokyo Stock Exchange
Code	8473
Shares Authorized	341,690,000 shares
Shares Outstanding	224,561,761 shares (including treasury stock)
Shareholder Register	Mizuho Trust & Banking Co., Ltd.

Principal Shareholders

Name	Number of shares held (shares)	Percentage of outstanding shares (%)
Japan Trustee Services Bank, Ltd. (Trust account)	9,670,430	4.31
NORTHERN TRUST GLOBAL SERVICES LIMITED RE 15PCT TREATY ACCOUNT (NON LENDING)	9,561,600	4.26
The Master Trust Bank of Japan, Ltd. (Trust account)	7,720,000	3.44
THE BANK OF NEW YORK 133524	4,892,436	2.18
JP Morgan Chase Bank 385164	4,470,400	1.99
Japan Trustee Services Bank, Ltd. (Trust account 9)	4,192,100	1.87
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,097,600	1.82
Yoshitaka Kitao	3,907,960	1.74
SAJAP	3,887,340	1.73
STATE STREET BANK WEST CLIENT-TREATY 505234	3,262,932	1.45

*Apart from the holdings of the principal shareholders above, the Company holds 20,954,080 shares (9.33%) as treasury stock.

Distribution of Ownership among Shareholders



*Includes shares of SBI Holdings Employee Stockholding Association

Information on Bonds and Credit Rating (As of September 15, 2016)

Rating agency	Rating and Investment Information
Long-term	BBB (Stable)
Short-term	a-2

Books by Yoshitaka Kitao, Representative Director, President & CEO



Learning Practical FinTech from Successful Companies
Nikkei Publishing Inc.
March 2017



An Encouragement of Self-cultivation
Chichi Publishing Co., Ltd.
December 2016



Daily Reawakening
Keizaikai Co., Ltd.
November 2016



Realizing Yourself through Self-cultivation
Keizaikai Co., Ltd.
November 2015



The Essence of the Words of Masahiro Yasuoka
PRESIDENT Inc.
July 2015



Using Knowledge of the Jikkan and Junishi to Create Good Fortune
Chichi Publishing Co., Ltd.
December 2014



Revitalizing Lives
Keizaikai Co., Ltd.
(VN) ThaiHaBooks JSC
November 2014



Correcting the Abuses of the Times
Keizaikai Co., Ltd.
November 2013



Be a True Japanese—Reflections on Sazo Idemitsu
ASA Publishing Co., Ltd.
October 2013



Learn from the Ancient Sages
Keizaikai Co., Ltd.
November 2012



When Confounded in Business, Analects Point the Way
Asahi Shimbun Publication Inc.
August 2012



The Tailwind Behind Japan's Economy
Sankei Shimbun Publications Inc.
June 2012



Applying the "Analects of Confucius" in Business
Chichi Publishing Co., Ltd.
May 2012



Yoshitaka Kitao's Management Dialogue
Kosaido Publishing Co., Ltd.
March 2012



Understanding the Times
Keizaikai Co., Ltd.
November 2011



The Lessons of Shinzo Mori for Nurturing Human Fortitude
Chichi Publishing Co., Ltd.
February 2011



Penetrating Insight
Keizaikai Co., Ltd.
November 2010



The Meaning of Life
Kodansha Ltd.
August 2010
Co-authored with Takeshi Natsuno



Notes on Masahiro Yasuoka
Chichi Publishing Co., Ltd.
December 2009



Change will be, When Things are at Their Worst
Keizaikai Co., Ltd.
October 2009



Yoshitaka Kitao's Business Management Lecture
KIGYOKA NETWORK
June 2009



Think Big, Don't be the Little Guy
Chichi Publishing Co., Ltd.
January 2009



Reading the Times
Keizaikai Co., Ltd.
August 2008



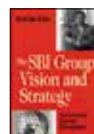
Japanese Wisdom and Power
PHP Research Institute
(CN) Fudan University Press
April 2011



Proverbs of Sages and Renowned Executives Who Overcame Adversity
Asahi Shimbun Publication Inc.
(CN) Tsinghua University Press
December 2009



Why do We Work?
Chichi Publishing Co., Ltd.
(KR) Joongang Books
March 2007



The SBI Group Vision and Strategy: Continuously Evolving Management
Toyo Keizai Inc.
(EN) John Wiley & Sons, Inc.
(CN) Tsinghua University Press
October 2005



"Mysterious Powers" Gained from Chinese Classics
Mikasa Shobo Co., Ltd.
(CN) Peking University Press
July 2005



Developing Character
PHP Research Institute
(CN) World Affairs Press
April 2003



Universal Management, Growth Management
PHP Research Institute
(KR) Dongbang Media Co. Ltd.
(CN) World Affairs Press
October 2000



Challenges of E-Finance II
Toyo Keizai Inc.
(KR) Dongbang Media Co. Ltd.
April 2000



Challenges of E-Finance I
Toyo Keizai Inc.
(CN) The Commercial Press
(KR) Dongbang Media Co. Ltd.
December 1999



"Value-Creation" Management
Toyo Keizai Inc.
(CN) The Commercial Press
(KR) Dongbang Media Co. Ltd.
December 1997