

Securities Code: 8473

June 8, 2016

Yoshitaka Kitao
Representative Director, President & CEO

SBI Holdings, Inc.
1-6-1, Roppongi, Minato-ku, Tokyo, Japan

**CONVOCATION NOTICE
FOR THE 18TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our deepest concerns for those persons affected by the recent earthquakes in Kumamoto Prefecture and our hopes for a swift recovery in that region.

Notice is hereby given that the 18th Ordinary General Meeting of Shareholders of SBI Holdings, Inc. (the “Company”) will be held as detailed hereinafter, and your attendance is cordially requested.

In the event that you are unable to attend the meeting, you may exercise your voting rights using one of the methods below. To do so, we kindly ask that you first examine “THE REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS” set out later in this document, and then exercise your voting rights by the close of the Company’s business (5:45 p.m., Japan time) on Tuesday, June 28, 2016.

Exercise of Voting Rights in Writing

Please indicate on the Voting Rights Exercise Form enclosed herewith your approval or disapproval of the proposals and return the form. The form must reach the Company by the above-mentioned deadline.

Exercise of Voting Rights via the Internet

Please refer to “**How to Exercise Voting Rights via the Internet**” on page 80 and exercise your voting rights by the above-mentioned deadline.

Particulars

1. **Date and time:** Wednesday, June 29, 2016, at 10 a.m., Japan time
2. **Location:** Ascot Hall, B2 Floor, South Wing, Hotel Okura Tokyo, 2-10-4 Toranomom, Minato-ku, Tokyo, Japan (This year’s venue differs from that of last year, so please see “**Access to the Meeting Room**” set out at the end of this document to ensure that you attend the correct venue.)

3. Matters to be dealt with at the Meeting:

Matters for Reporting

1. Report on the Business Report and the Consolidated Financial Statements, and report on results of the audit by the Accounting Auditor and the Board of Statutory Auditors on the Consolidated Financial Statements for the 18th fiscal year (from April 1, 2015 to March 31, 2016)
2. Report on the Non-Consolidated Financial Statements for the 18th fiscal year

Matters for Resolution

First Item of Business Election of Eighteen (18) Directors

Second Item of Business Election of One (1) Substitute Statutory Auditor

— End of convocation notice —

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- * Attendees are kindly requested to submit the enclosed Voting Rights Exercise Form at the reception desk at the entrance of the meeting room.
 - * If a shareholder exercises voting rights by proxy, another shareholder who holds voting rights may attend the general meeting of shareholders as that proxy. However, please understand that submission of a written document certifying the proxy's authority is required.
 - * In the event of any changes being made to "THE REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS," the "Business Report," "Consolidated Financial Statements," or to the "Financial Statements," matters as changed will be posted on the Company's website on the Internet.
 - * For the purpose of reducing resource consumption, we will not send notices of resolutions and other notices after the Ordinary General Meeting of Shareholders and will post such notices on the Company's website on the Internet for this meeting and future meetings. Thank you for your understanding.

The Company's website (<http://www.sbigroup.co.jp/investors/index.html>)

Information Regarding Debriefing Session on Recent Management News

We hereby inform you that, after the close of the Ordinary General Meeting of Shareholders, we will hold a debriefing session on recent developments in management at the same location.

In this session, held separately from the Ordinary General Meeting of Shareholders, we would like to provide our shareholders with details of the Group's business activities and explain our future prospects. We also hope to address questions or inquiries from our shareholders.

We would be very grateful if you could use some of your valuable time to attend the session, after the Ordinary General Meeting of Shareholders, to further your understanding of the Group.

Business Report
(April 1, 2015 to March 31, 2016)

I. GROUP

1. BUSINESS IN THE CONSOLIDATED FISCAL YEAR ENDED MARCH 31, 2016

(1) Progress of Business and Results

Despite the influence of concerns over a global slowdown in business resulting from the risk of a downturn among the newly emerging economies of Asia, the Japanese economy continued to progress on a gradual path to recovery during the consolidated fiscal year ended March 31, 2016 as consumer spending remained generally unchanged and corporate performance and employment conditions improved.

Stock markets in Japan and overseas significantly impact businesses related to investment and securities. The domestic markets were initially strong, with increased expectations for corporate performance and returns to shareholders and an increasing shift towards a weak yen and strong US dollar in the foreign exchange markets creating favorable conditions, particularly for export-related brands. However, as of March 31, 2016, the Nikkei Stock Average was down by 12.7% under the mark on March 31, 2015, at ¥16,758, with the markets softening since late August 2015 as a movement toward risk avoidance strengthened against a backdrop of share prices weakening on a global scale due to concerns of a slowdown in the Chinese economy, a lack of transparency in US monetary policy, and rapid strengthening of the yen and weakening share prices. Despite these conditions, the number of new listings showed strong progress with 94 new listings (excluding the number of listings on the TOKYO PRO Market), 8 more than those in the last fiscal period. Overseas, despite the number of new listings taking a downward turn due to the effects of the movement towards normalization of monetary policy in the US and a slowing down in the Chinese economy and some emerging economies, signs for optimism are starting to appear, including the ongoing gradual recovery of the US economy.

In the operating environment surrounding the Internet financial services business, consumers continued to be increasingly aware of the merit of utilizing Internet financial services as they sought the most advantageous terms available in pursuing financial transactions to protect their livelihood. Consequently, the business remained strong with face-to-face transactions shifting to online transactions. We recognize that the market is anticipated to demonstrate further growth despite the expected intensifying competition.

The Group's core businesses are the Financial Services Business, mainly consisting of securities brokerage business, banking business and insurance business, which offers a wide range of financial services, the Asset Management Business, which primarily involves provision of services related to investment and asset management in IT, biotechnology, environment and energy, and financial-related venture companies inside and outside of Japan, and the Biotechnology-related Business, which represents development and distribution of pharmaceutical products, cosmetics and health foods. The Group is committed to creating more innovative services and businesses for our customers and all our investors and maximizing corporate value, which represents the aggregate of customer value, shareholder value, and human capital value.

The consolidated performance for the fiscal year ended March 31, 2016 resulted in revenue of ¥261,744 million (a 5.8% year-on-year increase), profit before income tax expense of ¥52,227 million (a 17.2% year-on-year decrease), and profit attributable to owners of the Company of ¥34,115 million (a 25.4% year-on-year decrease). From the consolidated fiscal year ended March 31, 2016, the Company has changed the presentation method for the consolidated statement of income, displaying “Revenue” and the classification breakdown for “Expenses” instead of displaying “Operating income.” As a result, the year-on-year comparison of revenue indicated above has, in accordance with the presentation method for the fiscal year ended March 31, 2016, been calculated based on reconfigured data for revenue in the fiscal year ended March 31, 2015.

Outline of Each Business Segment

(millions of yen)

	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination	Consolidated
Revenue	159,012	98,725	4,021	261,758	2,259	(2,273)	261,744
Profit before income tax expense (loss)	50,458	17,996	(6,572)	61,882	(835)	(8,820)	52,227

(i) Financial Services Business

Financial Services Business consists of a wide range of financial related business, centering on securities brokerage business, banking services business, and property and casualty insurance business, and these activities are mainly carried out by SBI SECURITIES Co., Ltd., SBI Liquidity Market Co., Ltd., SBI FXTRADE Co., Ltd., SBI MONEY PLAZA Co., Ltd., SBI Japannext Co., Ltd., SBI Sumishin Net Bank, Ltd.(*), SBI Insurance Co., Ltd., and SBI Life Insurance Co., Ltd.

The result of operation of Financial Services Business for the consolidated fiscal year ended March 31, 2016 resulted in revenue of ¥159,012 million (a 0.7% year-on-year decrease) and profit before income tax expense of ¥50,458 million (a 24.2% year-on-year decrease).

(*) SBI Sumishin Net Bank, Ltd. is an equity method associate.

(ii) Asset Management Business

Asset Management Business primarily consists of fund management and investment in Internet technology, biotechnology, environment and energy, and financial-related venture companies inside and outside Japan and overseas Financial Services Business through cooperation with leading local partners, and the provision of information regarding financial products, and these activities are mainly carried out by the Company, SBI Investment Co., Ltd., and Morningstar Japan K.K.

The result of operation of Asset Management Business for the consolidated fiscal year ended March 31, 2016 resulted in revenue of ¥98,725 million (a 38.4% year-on-year increase) and profit before income tax expense of ¥17,996 million (a 101.8% year-on-year increase).

(iii) Biotechnology-related Business

Biotechnology-related Business represents development and distribution of pharmaceutical products, health foods, and cosmetics with 5-aminolevulinic acid (ALA) (*), a kind of amino acid which exists in vivo, and research and development of cancer- and immune-related antibody preparation and nucleic acid medicine, and these activities are mainly carried out by SBI Pharmaceuticals Co., Ltd., SBI ALApromo Co., Ltd. and SBI Biotech Co., Ltd.

The result of operation of Biotechnology-related Business for the consolidated fiscal year ended March 31, 2016 resulted in revenue of ¥4,021 million (an 84.3% year-on-year increase), and loss before income tax expense amounted to ¥6,572 million (loss before income tax expense

was ¥7,310 million for the fiscal year ended March 31, 2015).

- (*) 5-aminolevulinic acid (ALA) is an amino acid generated by mitochondria in the human body and is an important substance used to produce heme or cytochrome, which are proteins to generate energy. The production of ALA in the human body decreases with aging. ALA is included in food products including slops of distilled spirits, red wine, and Asiatic ginseng. ALA is also known as a chloroplastic substance from plants.

“Elimination” includes those profits or losses that are not allocated to certain business segments and eliminations of the inter-company transactions within the Group, with the price of which being based on the actual market price.

(2) Capital Expenditure

The amount of capital expenditure for the consolidated fiscal year ended March 31, 2016 was ¥11,092 million.

This amount mainly resulted from a capital expenditure made in the amount of ¥8,264 million focusing on enhancement of existing trading systems and software development to provide new services in order to smoothly respond to the increase in the number of orders caused by the increase in the number of customers as well as to provide the customers with expanded services in Financial Services Business.

(3) Financing

In the consolidated fiscal year ended March 31, 2016, the Company raised ¥15,000 million in March 2016 by issuing unsecured bonds, in addition to newly issuing ¥40,000 million in unsecured short-term bonds under the MTN Program. The amount of the Company’s unsecured bonds that were outstanding as of March 31, 2016 was ¥75,000 million. The Company also redeemed ¥20,000 million in unsecured short-term bonds under the MTN Program during the consolidated fiscal year ended March 31, 2016, and the amount outstanding as of March 31, 2016 was ¥40,000 million. In August 2015, the Company borrowed a total amount of ¥30,000 million through a syndicated loan in which Mizuho Bank, Ltd. acts as arranger, and in March 2016, the Company’s subsidiary SBI SECURITIES Co., Ltd. borrowed a total amount of ¥25,000 million through a syndicated loan in which Mizuho Bank, Ltd. acts similarly as arranger.

2. TRENDS IN GROUP PROPERTY AND GAINS (LOSSES)

Classification	15th consolidated fiscal year	16th consolidated fiscal year	17th consolidated fiscal year	18th consolidated fiscal year (consolidated fiscal year ended March 31, 2016)
	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
Revenue <i>(millions of yen)</i>	154,889	233,336	247,423	261,744
Profit before income tax expense <i>(millions of yen)</i>	15,022	38,899	63,067	52,227
Profit attributable to owners of the Company <i>(millions of yen)</i>	3,817	21,439	45,721	34,115
Basic earnings per share attributable to owners of the Company <i>(yen)</i>	17.58	99.04	211.18	160.83
Total assets <i>(millions of yen)</i>	2,494,387	2,875,304	3,400,763	3,126,784
Total equity <i>(millions of yen)</i>	360,535	388,463	430,615	419,063
Equity per share attributable to owners of the Company <i>(yen)</i>	1,401.39	1,504.19	1,771.19	1,792.08

(Note)

1. From the 15th consolidated fiscal year, the Company has prepared consolidated financial statements in compliance with International Financial Reporting Standards under Article 120, Paragraph 1 of Company Accounting Regulations.
2. “Basic earnings per share attributable to owners of the Company” for the 15th consolidated fiscal year are calculated in accordance with the new number of shares retrospectively adjusted, based on the number of shares after the Company conducted a 10 for 1 stock split, effective on October 1, 2012.
3. The figures for the 15th consolidated fiscal year are revised due to revision of the financial results.
4. From the consolidated fiscal year ended March 31, 2016, the Company has changed the presentation method for the consolidated statement of income, displaying “Revenue” and the classification breakdown for “Expenses” instead of displaying “Operating income.” Reflecting this change, data for the 15th through 17th consolidated fiscal years indicated in the table above have, in accordance with the presentation method for the fiscal year ended March 31, 2016, been reconfigured to show “Revenue” and also to show “Profit before income tax expense” instead of “Operating income.” For details regarding this change in presentation method, please see “Notes to Consolidated Financial Statements: Notes Related to Important Matters Underlying Preparation of Consolidated Financial Statements” in the “Internet Disclosure Items.”

3. IMPORTANT PARENT COMPANY AND SUBSIDIARIES

(1) Status of Parent Company

Not Applicable

(2) Important Subsidiaries

(i) Important subsidiaries

Business Segment	Name	Ownership Ratio of Voting Rights or Investment Ratio (%) (Note 1)
Financial Services Business	SBI FINANCIAL SERVICES Co., Ltd.	100.0
	SBI SECURITIES Co., Ltd.	100.0 (100.0)
	SBI Liquidity Market Co., Ltd.	100.0 (100.0)
	SBI FXTRADE Co., Ltd.	100.0 (100.0)
	SBI MONEY PLAZA Co., Ltd.	100.0 (100.0)
	SBI Japannext Co., Ltd.	52.8 (9.9)
	SBI Insurance Co., Ltd.	98.1
	SBI Life Insurance Co., Ltd. (Note 3)	100.0 (5.0)
Asset Management Business	SBI Capital Management Co., Ltd.	100.0
	SBI GLOBAL ASSET MANAGEMENT Co., Ltd. (Note 4)	100.0
	SBI Investment Co., Ltd.	100.0 (100.0)
	SBI CAPITAL Co., Ltd.	100.0 (100.0)
	Morningstar Japan K.K. (Note 5)	49.5 (49.5)
	SBI Estate Finance Co., Ltd. (Notes 5 & 6)	100.0 (57.1)
	SBI Value Up Fund No.1 Limited Partnership	49.8 (6.5)
	SBI VEN HOLDINGS PTE. LTD.	100.0
	SBI KOREA HOLDINGS CO., LTD.	100.0 (100.0)

Business Segment	Name	Ownership Ratio of Voting Rights or Investment Ratio (%) (Note 1)
Asset Management Business	SBI Savings Bank	98.9 (98.9)
	SBI Asset Management Co., Ltd.	100.0 (100.0)
Biotechnology-related Business	SBI ALA Hong Kong Co., Limited (Note 7)	100.0 (100.0)
	SBI Pharmaceuticals Co., Ltd.	76.9 (76.9)
	SBI ALApromo Co., Ltd.	100.0 (100.0)
	SBI Biotech Co., Ltd.	78.6 (71.8)

(Note)

- In the "Ownership Ratio of Voting Rights or Investment Ratio" column, the investment ratio is presented for investment partnerships, etc. and the ownership ratio of voting rights for other subsidiaries. The numbers in brackets represent the indirect ownership ratio included.
- SBI Card Co., Ltd. is excluded from important subsidiaries as the Company assigned all of its shares in SBI Card Co., Ltd. in October 2015.
- PCA Life Insurance Co., Ltd. changed its trade name to SBI Life Insurance Co., Ltd. in May 2015.
- SBI GLOBAL ASSET MANAGEMENT Co., Ltd. was founded in November 2015 as an intermediary holding company for the Asset Management Business.
- Morningstar Japan K.K. and SBI Estate Finance Co., Ltd., which until the fiscal year ended March 31, 2015 were included in the Financial Services Business, have been included in the Asset Management Business from the consolidated fiscal year ended March 31, 2016.
- CEM Corporation changed its trade name to SBI Estate Finance Co., Ltd. as of January 1, 2016.
- SBI ALA Hong Kong Co., Limited, which is an intermediary holding company for the Biotechnology-related Business, has been added to the important subsidiaries from the consolidated fiscal year ended March 31, 2016.

(ii) Matters concerning specified wholly owned subsidiary companies

Name	Address	Total book value	The Company's total assets
SBI FINANCIAL SERVICES Co., Ltd.	1-6-1, Roppongi, Minato-ku, Tokyo, Japan	¥197,100 million	¥630,092 million
SBI SECURITIES Co., Ltd.	1-6-1, Roppongi, Minato-ku, Tokyo, Japan	¥168,130 million	

(Note) SBI FINANCIAL SERVICES Co., Ltd. is an intermediary holding company that has under its

umbrella the Group companies operating the Financial Services Business.

4. MANAGEMENT ISSUES

The Group has completed the creation of a business structure in Japan as a comprehensive financial conglomerate centered on Internet-based financial services. The Group has also completed to a large extent the establishment of an investment system for its investment business in Asian countries with remarkable growth.

As new technological developments in the fields of FinTech, IoT, AI, and big data accelerate, we will actively invest in, and build alliances with, promising companies involved with these new technologies, in addition to using these new technologies to develop new services and strengthening efforts towards the streamlining of operations in the financial services offered by the Group, and by doing so we will seek to increase our competitive strength and further distinguish ourselves from our competitors.

We will also aggressively promote further expansion of our overseas investment business and provide local foreign financial institutions we invest in with innovative know-how about Internet financial services fostered through our businesses in Japan. By doing so, we expect to become a comprehensive financial group that can make contributions globally with a focus in Asia.

In the Financial Services Business, SBI SECURITIES Co., Ltd. will continue to expand its investment trust and overseas product lineups, achieve diversification of revenue sources by strengthening FX transactions, and further enhance its wholesale business, such as IPO and PO businesses, in order to achieve further growth in a context of Japanese share market instability. SBI Liquidity Market Co., Ltd., which began its operation in November 2008, provides not only liquidity but convenient and competitive market infrastructure for FX transactions to SBI SECURITIES Co., Ltd., SBI Sumishin Net Bank, Ltd., and SBI FXTRADE Co., Ltd. which started its operation in May 2012. SBI Liquidity Market Co., Ltd. will make improvements to the transaction environment, enhance liquidity, and focus on building further cost-effective, secure and safe FX transaction environment with a view to providing its services to overseas private investors. In addition to SBI Sumishin Net Bank, Ltd. and SBI Insurance Co., Ltd., which, based on the intention of producing ongoing business growth, were established during 2007 to 2008 with the aim of building an earnings structure that does not depend on stock markets, and which have been generating consistent growth as pillars for new business, the Group completed development of its online financial ecosystem with the recommencement in February 2016 of new insurance underwriting at SBI Life Insurance Co., Ltd., which the Group acquired shares in and made its subsidiary in February 2015. It is our key objective to transition into an earning structure that does not depend solely on stock markets, by thoroughly pursuing synergistic effects among Group companies and realizing further growth.

For certain financial products for individual customers, online sales alone are not sufficient, and there is a need for face-to-face consultations to explain the products to the customer directly. Therefore, SBI MONEY PLAZA Co., Ltd., which operates a face-to-face selling business that provides a one-stop response to all customers' needs for asset management, insurance and housing loans, will take the lead in developing the operation of the SBI Group's face-to-face channels and further promoting the establishment of synergies with Group companies.

In the Asset Management Business, we recognize as a high priority the expansion of our investments in emerging countries, primarily in Asia, and the establishment of an effective investment system. The Company will pursue setting up funds jointly with our leading local

partners while monitoring the economic conditions of such countries as we continue to push establishment and penetration of our global network. We pursue private equity investment by investing in the four key areas of IT, biotechnology, environment and energy, and finance and concentrating our investments in growth areas with the aim of continuously contributing to developing industries while benefiting from high investment performance. In the financial sectors, we will transfer the know-how of the Group and pursue direct investment in overseas financial institutions by which we can expect to enhance their corporate values. In undertaking these business activities, the Group will strive for further growth by continuing to aggressively utilize the resources both inside and outside of the Group and heightening the performance of the funds we operate as we swiftly improve the corporate value of companies we invest in.

In the Biotechnology-related Business, which was determined as a new reportable segment from the beginning of the consolidated fiscal year ended March 31, 2013, SBI Pharmaceuticals Co., Ltd. commercialized health foods and cosmetics that contain 5-aminolevulinic acid (ALA) and has been conducting sale of those products through SBI ALApromo Co., Ltd. in Japan. Research activities have been extended in domestic and foreign universities and research institutes to discover new applications of ALA, and SBI Pharmaceuticals Co., Ltd. also actively carries out research and development of ALA as a pharmaceutical product. In addition to commencing the domestic sale of an intraoperative diagnostic drug for malignant glioma in September 2013, the Group commenced sale in December 2015 of “ALA Plus Tow Down,” which is the first food with function claims containing ALA, and we strive to develop the products that serve customer’s healthy and enjoyable life focusing on ALA with possible applications in a wider range of fields. SBI Biotech Co., Ltd. dedicates efforts to developing new pharmaceutical products using the most advanced biotechnology in collaboration with leading research institutes around the world.

In April 2012, the Group adopted a new organizational structure in which the Financial Services Business, Asset Management Business, and Biotechnology-related Business are the three major businesses and has been accelerating this reorganization by proceeding with dispositions, public stock offerings, and mergers within the group of the other business segments in principle, regardless of whether each group segment in question is enjoying a surplus or sustaining a deficit. In the Financial Services Business in particular, the securities, banking and insurance businesses were determined to be the three core businesses, and we will further advance with selection and concentration of businesses by giving due consideration to the existence and effectiveness of synergies with such core businesses.

The Group recognizes that continuous enhancement of human resources is an essential Group-wide initiative. It has become increasingly important to secure highly competent individuals that support our rapidly-expanded businesses and to continue developing the skills of our employees. For this purpose, we have been exerting greater efforts in hiring excellent individuals who are willing to share the management philosophy of the Group as well as recruiting university graduates to secure human capital for passing on the Group’s unique corporate culture from one generation of employees to the next. The initiative of recruiting university graduates that began in April 2006 has resulted in individuals with the potential to advance to senior executive positions already contributing strongly in key positions of the organization. We will continue to secure highly competent and globally-oriented human resources and promote career development of our staff in pursuing perpetual growth and development of the Group.

5. PRINCIPAL BUSINESS DESCRIPTION OF THE GROUP
(as of March 31, 2016)

The Group, as a comprehensive financial conglomerate, engages in a wide range of business activities, primarily online financial service businesses and investments activities in Japan and overseas, and these businesses, together with Biotechnology-related Business, are the three businesses that constitute the Group's principal business description.

6. PRINCIPAL PLACE OF BUSINESS OF THE GROUP
(as of March 31, 2016)

Tokyo: The Company and headquarters of the important subsidiaries in Japan

Hong Kong: SBI Hong Kong Holdings Co., Limited

Singapore: SBI VEN CAPITAL PTE. LTD.

China: SBI (China) Co., Ltd.

7. EMPLOYEES OF THE GROUP (as of March 31, 2016)

Business Segment	Number of Employees
Financial Services Business	2,616
Asset Management Business	2,511
Biotechnology-related Business	191
Others	36
Company-wide (Common)	126
Total	5,480

(Note)

1. The number of employees represents the number of employed workers and is stated in relation to business segment.
2. The company-wide (common) employees belong to the administrative or other divisions of the Company.
3. The number of employees decreased by 614 from March 31, 2015 mainly because the companies that were acquired in the Asset Management Business for investment growth and that were consolidated companies based on recognition of them being controlled by the Company were transferred outside the Group.

8. PRINCIPAL LENDER (as of March 31, 2016)

(millions of yen)

Lender	Loan Balance
Syndicated loans arranged by Mizuho Bank, Ltd.	74,362
Mizuho Bank, Ltd.	30,937

9. POLICY ON DETERMINATION OF DIVIDENDS FROM SURPLUS

The Company will make decisions regarding distributions to the shareholders based on a comprehensive view of consolidated business performance and other factors including the Group companies.

With respect to dividends from surplus, the basic profit distribution policy of the Company is to target a payout of a minimum of ¥10 per share on an annual dividend payment. Depending on the adequacy of retained earnings for sustainable growth and business forecasts, the Company will aim to increase the payout amount in the future. With respect to levels for the total amount of return for dividends and acquisition of own shares, for the time being the Company aims to achieve a return to shareholders of 40% of the profit attributable to owners of the Company.

Based on the aforementioned basic policy and the consolidated business performance for the consolidated fiscal year ended March 31, 2016, the Company determined to pay an interim dividend of ¥10 per share for the first time since the fiscal year ended March 31, 2008 and a year-end dividend of ¥35 per share. As a result, the total annual dividend for the consolidated fiscal year ended March 31, 2016 is ¥45 per share.

II. COMPANY

1. SHARES (as of March 31, 2016)

- (1) Total Number of Shares Authorized for Issue 341,690,000 shares
- (2) Total Number of Outstanding Shares 224,561,761 shares
(including 16,815,940 shares of treasury stock)
- (3) Number of Shareholders 145,588 shareholders
- (4) Share Unit Number 100 shares

(5) Major Shareholders

Major Shareholder	Number of Shares Held shares	Percentage of Shares Held %
Japan Trustee Services Bank, Ltd. (Trust account)	10,136,230	4.8
NORTHERN TRUST GLOBAL SERVICES LIMITED RE 15PCT TREATY ACCOUNT (NON LENDING)	9,477,390	4.5
The Master Trust Bank of Japan, Ltd. (Trust account)	7,830,100	3.7
JP Morgan Chase Bank 385164	4,470,400	2.1
Japan Trustee Services Bank, Ltd. (Trust account 9)	4,456,500	2.1
SAJAP	4,351,840	2.0
Yoshitaka Kitao	3,807,960	1.8
STATE STREET BANK WEST CLIENT – TREATY 505234	3,450,892	1.6
THE BANK OF NEW YORK 133524	3,232,236	1.5
Japan Trustee Services Bank, Ltd. (Trust account 7)	3,094,900	1.4

(Note)

1. The percentage of shares held is calculated upon deducting the treasury stock.
2. Apart from the holdings of the major shareholders above, the Company holds 16,815,940 shares as treasury stock. The amount of treasury stock does not include 395,640 shares of the Company's stock owned by Trust & Custody Services Bank, Ltd. (Trust E Account) as trust assets of the "Stock Benefit Trust (employee stock ownership plan disposal type)."

(6) Other Important Matters Regarding Shares

The number of shares of treasury stock has increased to 10,095,200 as a result of acquisition of own stock made pursuant to a resolution of the meetings of the Board of Directors held on May 12, 2015 and February 25, 2016.

2. STOCK ACQUISITION RIGHTS

- (1) Delivery of stock acquisition rights as consideration for the execution of duties and held by the Company officers (as of March 31, 2016)
Not Applicable
- (2) Delivery of stock acquisition rights to employees as consideration for the execution of duties during the fiscal year ended March 31, 2016

Not Applicable

3. COMPANY OFFICERS

(1) Directors and Statutory Auditors (as of March 31, 2016)

Position	Name	Responsibilities and Other Significant Concurrent Offices Held
Representative Director, President & CEO	Yoshitaka Kitao	Representative Director and Chairman of SBI Investment Co., Ltd. Representative Director and Chairman of SBI SECURITIES Co., Ltd. Representative Director & CEO of SBI Pharmaceuticals Co., Ltd. Director of Morningstar Japan K.K. Director of SBI Japannext Co., Ltd. Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd. Director and Chairman of SBI Capital Management Co., Ltd. Representative Director and Chairman of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Representative Director of SBI Hong Kong Holdings Co., Limited Director of SBI VEN HOLDINGS PTE. LTD.
Representative Director, Senior Executive Vice President & Co- COO	Katsuya Kawashima	Representative Director and President of SBI Investment Co., Ltd. Director of SBI SECURITIES Co., Ltd. Director of SBI Savings Bank Representative Director and President of SBI Capital Management Co., Ltd. Director of SBI FINANCIAL SERVICES Co., Ltd.
Representative Director, Senior Executive Vice President & Co- COO	Takashi Nakagawa	Director and Chairman of SBI MONEY PLAZA Co., Ltd. Director of SBI SECURITIES Co., Ltd. Director of SBI Sumishin Net Bank, Ltd. Director of SBI Investment Co., Ltd. Chairman of the Board of Directors of SBI AXES Co., Ltd. Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. Director of SBI Capital Management Co., Ltd.
Director & Senior Managing Executive Officer	Tomoya Asakura	Representative Director & President of Morningstar Japan K.K. Representative Director of Morningstar Asset Management Co., Ltd. Director of SBI Insurance Co., Ltd. Representative Director and President of SBI SSI Holdings Co., Ltd. Director of SBI Life Insurance Co., Ltd. Representative Director and Chairman of SBI Bond Investment Management Co., Ltd. Representative Director, President and CEO of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Director of SBI FINANCIAL SERVICES Co., Ltd.

Director, Managing Executive Officer & CFO	Shumpei Morita	Representative Director and President of SBI Business Solutions Co., Ltd. Representative Director of SBI Art Auction Co., Ltd. Director of SBI FINANCIAL SERVICES Co., Ltd. Director of SBI Capital Management Co., Ltd.
Director, Managing Executive Officer	Kazuhiro Nakatsuka	Representative Director and President of SBI ENERGY Co., Ltd.
Director	Masato Takamura	Representative Director and President of SBI SECURITIES Co., Ltd.
Director	Tatsuo Shigemitsu	President of SBI Liquidity Market Co., Ltd.
Director	Masaki Yoshida	Representative Director of YOSHIDAMASAKI INC. Representative Director and Chairman of Watanabe Entertainment Co., Ltd. Outside Director of KLab Inc. Chairperson of Board of Trustees at WATANABE FOUNDATION FOR MUSIC & CULTURE Advisor of Giga Media Inc.
Director	Kiyoshi Nagano	Outside Audit & Supervisory Board Member of Shin-Etsu Chemical Co., Ltd. Outside Director of LEC, INC.
Director	Keiji Watanabe	Independent Outside Director of ASAHI KOGYOSHA CO., LTD. Outside Director of Aoyama Zaisan Networks Company, Limited
Director	Akihiro Tamaki	Representative Director of SiFA Co., Ltd. External Corporate Auditor of Avex Group Holdings Inc.
Director	Masanao Marumono	Vice-President of Japan Association of Employers of Persons with Severe Disabilities Counsel for SMBC Green Service Co., Ltd.
Director	Teruhide Sato	Komisaris of PT MIDTRANS Director of BEENEXT PTE. LTD.
Director	Ayako Hirota Weissman	Senior Vice President, Senior Portfolio Manager, and Director of Asia Strategy at Horizon Kinetics LLC

Position	Name	Responsibilities and Other Significant Concurrent Offices Held
Director	Yasumine Satake	Chairperson of the board of directors of The Japan Opera Foundation (established as a public interest incorporated foundation) Outside Director of Legend Partners Ltd.
Standing Statutory Auditor	Atsushi Fujii	Statutory Auditor of SBI Investment Co., Ltd. Outside Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd. Statutory Auditor of SBI Capital Management Co., Ltd.
Statutory Auditor	Minoru Tada	Outside Standing Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd. Statutory Auditor of SBI Capital Management Co., Ltd.
Statutory Auditor	Yasuo Sekiguchi	Managing Director of Global Partners Consulting, Inc.
Statutory Auditor	Hiroaki Nagasue	Director of Bicycle Safety use Promotion Association

(Note)

- Directors Kiyoshi Nagano, Keiji Watanabe, Akihiro Tamaki, Masanao Marumono, Teruhide Sato, Ayako Hirota Weissman, and Yasumine Satake are Outside Directors.
- Statutory Auditors Yasuo Sekiguchi and Hiroaki Nagasue are Outside Statutory Auditors.
- Standing Statutory Auditor Atsushi Fujii is qualified as a Certified Public Accountant, and Statutory Auditor Yasuo Sekiguchi is qualified as a Certified Public Accountant and Certified Tax Accountant. Both of these Statutory Auditors have a considerable degree of knowledge regarding finance and accounting.
- The position of the following director has changed as follows in the fiscal year ended March 31, 2016.

Name	New position	Former position	Date of change
Kazuhiro Nakatsuka	Director, Managing Executive Officer	Director	June 26, 2015

- Directors who were newly elected and assumed office at the 17th Ordinary General Meeting of Shareholders held on June 26, 2015 are Tatsuo Shigemitsu, Ayako Hirota Weissman, and Yasumine Satake.
- A Statutory Auditor who resigned from his office at the 17th Ordinary General Meeting of Shareholders held on June 26, 2015 is Hideaki Asayama. A Statutory Auditor who was newly elected and assumed office is Hiroaki Nagasue.
- Director Peilung Li resigned from his office as of October 23, 2015.
- The Company designated Directors Kiyoshi Nagano and Masanao Marumono as independent directors under the provisions of the Tokyo Stock Exchange and has notified the Exchange.

(2) Directors who Retired from Their Offices on or after the Day Following the Day on Which the 17th Ordinary General Meeting of Shareholders Held on June 26, 2015 Ended

Name	Position at Time of Retirement, Responsibilities and	Retirement Date	Reason for Retirement

	Other Significant Concurrent Offices Held		
Peilung Li	Director & Executive Officer of the Company Chief Representative of the Company's Representative Office in Shanghai Representative Director of SBI (China) Co., Ltd. Director and CEO of CSJ-SBI Financial Media Co., Ltd. Director of Tianan Property Insurance Company Limited	October 23, 2015	Resignation

(3) Remuneration of Directors and Statutory Auditors

(i) Total Amount of Remuneration for the Fiscal Year ended March 31, 2016

Classification	Number of Officers	Amount of Paid Remuneration
Directors (Outside Directors included)	15 officers (8 officers)	¥270 million (¥95 million)
Statutory Auditors (Outside Statutory Auditors included)	4 officers (3 officers)	¥21 million (¥7 million)
Total (Outside Directors and Outside Statutory Auditors included)	19 officers (11 officers)	¥291 million (¥101 million)

(Note)

1. The amount of remuneration of Directors does not include employee remuneration for any director who concurrently serves as an employee.
2. 2 Directors and 1 Statutory Auditor do not receive remuneration.
3. Remuneration of officers who retired from their offices during the fiscal year ended March 31, 2016 is included in the amount provided in the list above.

(ii) Total Amount of Executive Remuneration Received by Outside Directors and Outside Statutory Auditors from Subsidiaries

The total amount of remuneration received as an officer by the Outside Statutory Auditors from subsidiaries for which they concurrently serve as an officer in the fiscal year ended March 31, 2016 amounts to ¥1 million.

(4) Matters Regarding Outside Officers

(i) Relationship between the companies for which the Outside Officers hold significant concurrent offices and the Company (as of March 31, 2016)

Position	Name	Significant Concurrent Office
Director	Kiyoshi Nagano	Outside Audit & Supervisory Board Member of Shin-Etsu Chemical Co., Ltd. Outside Director of LEC, INC.
Director	Keiji Watanabe	Independent Outside Director of ASAHI KOGYOSHA CO., LTD. Outside Director of Aoyama Zaisan Networks Company, Limited
Director	Akihiro Tamaki	Representative Director of SiFA Co., Ltd. External Corporate Auditor of Avex Group Holdings Inc.
Director	Masanao Marumono	Vice-President of Japan Association of Employers of Persons with Severe Disabilities Counsel for SMBC Green Service Co., Ltd.
Director	Teruhide Sato	Komisaris of PT MIDTRANS Director of BEENEXT PTE. LTD.
Director	Ayako Hirota Weissman	Senior Vice President, Senior Portfolio Manager, and Director of Asia Strategy at Horizon Kinetics LLC
Director	Yasumine Satake	Chairperson of the board of directors of The Japan Opera Foundation (established as a public interest incorporated foundation) Outside Director of Legend Partners Ltd.
Statutory Auditor	Yasuo Sekiguchi	Managing Director of Global Partners Consulting, Inc.
Statutory Auditor	Hiroaki Nagasue	Director of Bicycle Safety use Promotion Association

(Note) There is no transaction or other relationship to be noted between the above companies in which concurrent offices are held and the Company.

(ii) Principal Activities in the Fiscal Year Ended March 31, 2016

- Attendance at the meetings of the Board of Directors and the Board of Statutory Auditors

		Meeting of Board of Directors (held 12 times)		Meeting of Board of Statutory Auditors (held 16 times)	
		Number of Times Attended	Attendance Rate	Number of Times Attended	Attendance Rate
Director	Kiyoshi Nagano	11 times	91%	—	—
Director	Keiji Watanabe	11 times	91%	—	—
Director	Akihiro Tamaki	12 times	100%	—	—
Director	Masanao Marumono	12 times	100%	—	—
Director	Teruhide Sato	11 times	91%	—	—
Director	Ayako Hirota Weissman	10 times	100%	—	—
Director	Yasumine Satake	10 times	100%		
Statutory Auditor	Yasuo Sekiguchi	12 times	100%	16 times	100%
Statutory Auditor	Hiroaki Nagasue	10 times	100%	11 times	100%

(Note)

1. Directors Ayako Hirota Weissman and Yasumine Satake were appointed as Directors on June 26, 2015. Meetings of the Board of Directors were held 10 times on and after June 26, 2015 and the attendance ratio for the above directors represent the percentage against the number of times the meetings were held on and after that date.
2. Statutory Auditor Hiroaki Nagasue was appointed as a Statutory Auditor on June 26, 2015. Meetings of the Board of Directors were held 10 times and meetings of the Board of Statutory Auditors were held 11 times on and after June 26, 2015 and the attendance ratio for the above statutory auditor represents the percentage against the number of times the meetings were held on and after that date.

- Statements at meetings of the Board of Directors and the Board of Statutory Auditors

Directors Kiyoshi Nagano, Keiji Watanabe, Akihiro Tamaki, Masanao Marumono, Teruhide Sato, Ayako Hirota Weissman, and Yasumine Satake have, as Outside Directors, asked questions from time to time regarding matters to be reported or resolved and offered opinions as necessary from an external point of view at the meetings of the Board of Directors they attended.

Statutory Auditor Yasuo Sekiguchi has, from his expert perspective based on his experience as a Certified Public Accountant and Certified Tax Accountant, and Statutory Auditor Hiroaki Nagasue has, based on the knowledge acquired through his experience

in corporate management, offered necessary statements on a timely basis at the meetings of the Board of Directors and the meetings of the Board of Statutory Auditors they attended.

(iii) Outline of Contracts for Limitation of Liability

The Company has executed contracts for limitation of liability with Outside Directors Kiyoshi Nagano, Keiji Watanabe, Akihiro Tamaki, Masanao Marumono, Teruhide Sato, Ayako Hirota Weissman, and Yasumine Satake to limit each of their liability under Article 423, Paragraph 1 of the Companies Act to the extent of the higher amount of either ¥1,000,000 or the minimum liability amount stipulated by laws and regulations under Article 427, Paragraph 1 of the Companies Act and Article 25, Paragraph 2 of the Company's Articles of Incorporation.

The Company has executed contracts for limitation of liability with Outside Statutory Auditors Yasuo Sekiguchi and Hiroaki Nagasue to limit each of their liability under Article 423, Paragraph 1 of the Companies Act to the extent of the higher amount of either ¥1,000,000 or the minimum liability amount stipulated by laws and regulations under Article 427, Paragraph 1 of the Companies Act and Article 32, Paragraph 2 of the Company's Articles of Incorporation.

4. "ACCOUNTING AUDITOR" IN BUSINESS REPORT

(1) Name Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration of Accounting Auditor for the Company's fiscal year ended March 31, 2016

¥315 million

(3) Total amount of money and other property benefits to be paid by the Company and subsidiaries to Accounting Auditor

¥599 million

(Note)

1. Since the audit agreement between the Company and the Accounting Auditor does not clearly distinguish between the amount of remuneration for auditing under the Companies Act and the amount of remuneration for auditing under the Financial Instruments and Exchange Act and it is also not possible to substantially distinguish between them, the amount in (2) above represents the total amount.
2. The Board of Statutory Auditors has consented, as provided for in Article 399, Paragraph 1 of the Companies Act, to the remuneration of the Accounting Auditor after deliberating the adequacy of the details of the audit plan, scheduled period of the audit, and the basis for calculation of remuneration estimates that the Accounting Auditor explained to the Board of Statutory Auditors based on an evaluation of audit results for the fiscal year ended March 31, 2015.
3. The Company has paid the Accounting Auditor consideration for the preparation of a comfort letter and other services other than those set out in Article 2, Paragraph 1 of the Certified Public Accountant Act.
4. Six important subsidiaries of the Company are audited by auditors other than the Accounting Auditor of the Company.

(4) Policy on Determination of Removal or Disapproval of Reappointment

If the Accounting Auditor is deemed to fall under any item of Article 340, Paragraph 1 of the Companies Act, the Board of Statutory Auditors will remove the Accounting Auditor by consent of all Statutory Auditors. In that case, the Statutory Auditors elected by the Board of Statutory Auditors shall report the removal of the Accounting Auditor and the reason therefore at the first general meeting of shareholders convened after the removal.

In addition, in light of the independence and specialization of the Accounting Auditor, as well as the status of conduct of the Accounting Auditor's duties, the Board of Statutory Auditors shall make the removal or disapproval of reappointment of the Accounting Auditor a purpose of the general meeting of shareholders if it is deemed difficult for the Accounting Auditor to properly conduct an audit.

5. "SYSTEMS FOR ENSURING PROPER EXECUTION OF BUSINESS OPERATIONS" IN BUSINESS REPORT

Details of resolutions by the Board of Directors concerning systems in place at the end of the fiscal year ended March 31, 2016 to ensure the execution of duties by Directors complies with laws, regulations, and the Articles of Incorporation and to ensure the properness of operations of the Company and operations of the group of enterprises consisting of the Company and its subsidiaries are set out below.

- (1) System for Ensuring Execution of Duties by Directors and Employees are in Compliance with Laws and Regulations and Articles of Incorporation
 - (i) The Representative Director of the Company is responsible for making all managers and employees aware of the importance of compliance with laws and regulations, as well as ethical standards. Compliance and ethics are both vital aspects of operating within the Company's Management Philosophy and Corporate Vision.
 - (ii) The Company facilitates close communication among the Directors, supervises the performance of the Representative Director, and prevents violations of laws, regulations, and the Articles of Incorporation by holding regular monthly meetings of the Board of Directors in accordance with the Board of Directors Regulations and by holding other extraordinary meetings of the Board of Directors as necessary.
 - (iii) Following a resolution by the Board of Directors, the Company appoints a Director to be responsible for compliance matters, establishes a Compliance Department that is directly managed by that Director, and causes that Director and department to identify compliance-related issues and problems relating to the Company. In addition, following a resolution by the Board of Directors the Company establishes an Internal Audit Department. The Internal Audit Department is an organizational unit independent from all business administration divisions and administrative divisions that comprehensively and objectively evaluates the appropriateness of the Company's internal management structure, which involves compliance with laws and regulations, the appropriateness of operations and the proper management of internal controls, among other responsibilities. Also, recommendations are provided and follow-up measures are taken for the purpose of seeking improvement with respect to issues uncovered as a result of internal audits. Audits are conducted with the help of employees and, if necessary, external specialists.

The results of individual internal audits are reported promptly after completion of audits, and reports are provided to the Board of Directors through the Representative Director more than once every six months, in addition to regular reports to Statutory Auditors.

- (iv) The Company has established a Whistleblower System for submitting reports directly to the Internal Audit Department and the Statutory Auditors, allowing Directors and employees to provide information concerning violations at the Company of laws, regulations, and the Articles of Incorporation as well as important facts discovered involving compliance.
- (2) System for Data Storage and Management Relating to Execution of Duties by Directors
- (i) The Company has, following a resolution by the Board of Directors, established document management regulations and stores and manages data relating to the execution of duties by the Directors by entering or recording that data on written documents or electromagnetic recordings (“Documents”).
 - (ii) Directors and Statutory Auditors may access Documents at any time.
- (3) Regulations for Managing Risk of Loss and Other Similar Systems
- (i) The Company appoints a Director to be in charge of risk management in accordance with risk management and other regulations established by the Board of Directors and has established the Risk Management Department to identify and properly evaluate and manage risks that may impede the execution of business operations or the attainment of our Management Philosophy and Corporate Vision.
 - (ii) If any management crisis comes to light, then the Company deals with that crisis in accordance with the Company’s crisis management regulations by (a) establishing a task force led by the Director responsible for risk management and (b) facilitating a structure that enables timely and appropriate sharing of information relating to the management crisis among the Director responsible for risk management, the managers in charge of the Risk Management Department, the General Affairs and Human Resources Departments, the Corporate Communications Departments, and the Legal and Compliance Departments, and other Directors and employees who require that information.
- (4) System for Ensuring the Efficient Execution of Duties by Directors
- (i) The Company determines allocation of duties following a resolution by the Board of Directors and clarifies the division of roles among the Directors.
 - (ii) The Company facilitates a data system that enables appropriate and prompt decision-making.
 - (iii) In principle, the Company holds regular monthly meetings of the Board of Directors and other extraordinary meetings of the Board of Directors as necessary, and in addition to solving problems that arise in each division in a timely and appropriate manner, makes the Directors aware of know-how gained from the problems solved. By doing so,

the Company seeks to streamline execution of duties that Directors are responsible for while also streamlining operations throughout the Company as a whole.

- (5) System to Ensure the Properness of Operations of the Group of Enterprises Consisting of the Company and its Subsidiaries
- (i) In order to ensure the properness of operations of the group of enterprises consisting of the Company and its subsidiaries (the “SBI Group”), the Company, in accordance with management regulations for related companies established by the Board of Directors, and out of respect for the management autonomy of each company, receives reports about matters relating to the execution of duties from directors and employees of companies belonging to the SBI Group and any person involved in the business of other corporate groups (the “SBI Group Officers and Employees”) and may conduct investigations within a necessary and reasonable extent.
 - (ii) The Company has established a Whistleblower System for submitting reports directly to the Statutory Auditors, enabling the SBI Group Officers and Employees to provide information concerning violations of laws, regulations, or the Articles of Incorporation or any other important facts relating to compliance. The Company reports to the Statutory Auditors on the status and details of reporting. In addition, the Company shall not dismiss or treat disadvantageously any person who makes a report using the Whistleblower System or any of the SBI Group Officers and Employees or any statutory auditor of subsidiaries who makes reports to the Statutory Auditor on matters relating to the execution of duties by the SBI Group Officers and Employees.
 - (iii) In order to ensure that the execution of duties by the SBI Group Officers and Employees conforms to laws, regulations, and the Articles of Incorporation, the Company shall, in accordance with compliance regulations established by the Board of Directors, hold compliance conferences to provide an opportunity to ascertain issues and matters and to exchange information about compliance for the entire SBI Group. The Director in charge of compliance and the Compliance Department hold these conferences along with compliance officers from companies belonging to the SBI Group. These compliance conferences are to be promptly convened when a request for convocation is made from a company belonging to the SBI Group.
 - (iv) The Company, in accordance with the internal audit regulations established by the Board of Directors, comprehensively and objectively evaluates the appropriateness of an internal management structure, which involves compliance with laws and regulations, the appropriateness of operations and the proper management of internal controls, among other responsibilities of companies belonging to the SBI Group. Also, in order to provide recommendations and to take follow-up measures for the purpose of seeking improvement with respect to issues uncovered as a result of internal audits, audits are conducted on those companies by the Internal Audit Department. The results of individual internal audits are reported promptly after completion of audits, and reports are provided to the Board of Directors through the Representative Director more than once every six months, in addition to regular reports to Statutory Auditors.
 - (v) If the Directors discover any violation of laws, regulations, or the Articles of Incorporation or any other important facts relating to compliance with regard to the execution of duties by the SBI Group Officers and Employees, they report this

information to the Company's Statutory Auditors, and the Statutory Auditor who takes receipt of that report shall notify the statutory auditor of the company in relation to which those important facts were discovered.

- (vi) In order to manage risk of loss in the SBI Group, the Company, in accordance with management regulations for related companies, risk management and other regulations established by the Board of Directors, receives from persons in charge of risk management of companies belonging to the SBI Group regular and timely reports about situations related to the risk of losses in companies belonging to the SBI Group. If necessary, the Company's Director responsible for risk management and the Risk Management Department shall, upon consultation with the persons in charge of risk management, make preparations for cases where any loss arises.
 - (vii) In order to ensure efficient execution of duties by the SBI Group Officers and Employees, the Company instructs companies belonging to the SBI Group to determine allocation of duties following a resolution by the board of directors and to clarify the division of roles among the directors. If necessary, the Company shall provide a data system that enables appropriate and prompt decision-making.
- (6) System Relating to Employees Assisting Duties of Statutory Auditors When Appointment of Those Employees is Requested by Statutory Auditors, and Matters Relating to Independence from Directors of Those Employees

When requested by a Statutory Auditor, the Company appoints, for a period determined in consultation with that Statutory Auditor, an employee who is nominated by the Internal Auditing Department as having knowledge that enables that employee to assist with the Statutory Auditor's duties independent of the Directors' chain of command. In this case, that Statutory Auditor is consulted with in advance and the opinions of that Statutory Auditor are respected with regard to personnel changes and evaluation in relation to that employee.

- (7) System for Reporting by Directors and Employees to Statutory Auditors and System for Other Types of Reporting to Statutory Auditors

The Directors and employees report to the Statutory Auditors in a timely and accurate manner when the Directors and employees come to know of any of the following concerning the SBI Group; in addition, the Directors and employees shall promptly explain the details and may not refuse to explain without reasonable grounds when the Directors and employees are asked by the Statutory Auditors for explanations on any of the following concerning the SBI Group:

- (a) any matter likely to cause significant damage to the Company;
 - (b) any important matter relating to management;
 - (c) any important matter relating to internal auditing;
 - (d) any material violation of laws, regulations, or the Articles of Incorporation; or
 - (e) any other matter judged an important matter by the Directors and employees.
- (8) Other Systems for Ensuring that Statutory Auditors Effectively Execute Audits
- (i) The Company will, at the request of the Statutory Auditors, cause the Company's

Directors and employees to hold regular meetings with the Statutory Auditors for the purpose of sharing information regarding management-based issues and problems of the SBI Group and, as necessary, facilitates sharing of information between Statutory Auditors and the Internal Auditing Department with the Accounting Auditor.

- (ii) The Company shall make efforts to develop a system that enables the Statutory Auditors to hold regular meetings with statutory auditors of important subsidiaries and cooperate with each other to ensure the effectiveness of auditing of the SBI Group.
- (iii) Any ordinary expenses arising in relation to the performance of the duties of the Statutory Auditors must be included in the Company budget in advance, based on the audit plan of the Board of Statutory Auditors. In addition, the Company shall, at the request of the Statutory Auditors, pay in advance or redeem, or otherwise dispose of debts with respect to, any expenses arising in relation to the performance of the duties of the Statutory Auditors, including urgent or extraordinary audit expenses.

(9) System for Ensuring Reliability of Financial Reports

The Company maintains an effective and proper management system for its internal control reporting system with respect to financial reports pursuant to the applicable relevant laws and ordinances in order to ensure the reliability of financial reports and carries out continuous facilitation, management and evaluation of that system and promptly takes measures if any improvement is required.

(10) System for Exclusion of Anti-social Organizations

The SBI Group declares in its code of conduct its intent to resolutely defy anti-social organizations and facilitates an internal system for strengthening collaborative efforts by establishing a department for carrying out anti-social organization exclusion initiatives in the Company and by sharing knowledge with the police, centers for eliminating anti-social organizations, lawyers, and other external professional institutions. Efforts are also made to increase awareness of the requirement to cut off relationships with anti-social organizations, by carrying out training for the SBI Group Officers and Employees. In addition, the Company promotes awareness of this initiative by distributing to the SBI Group, and by posting on the SBI Group's intranet, manuals for dealing with anti-social organizations in accordance with the "Guidelines for Enterprises to Prevent Damage Caused by Antisocial Forces."

6. "OPERATIONAL STATUS OF SYSTEMS FOR ENSURING PROPER EXECUTION OF BUSINESS OPERATIONS" IN BUSINESS REPORT

A summary of the operational status of systems in place at the end of the fiscal year ended March 31, 2016 for ensuring proper execution of business operations is set out below.

(1) System for Ensuring Execution of Duties by Directors and Employees are in Compliance with Laws and Regulations and Articles of Incorporation

The first point of the Company's Management Philosophy is the concept of "Sound Ethical Values," and the Company has clearly conveyed and ensured that its officers and employees are aware that legal compliance and sound ethical values are a fundamental tenet of the Company. The Company held 12 regular meetings of the Board of Directors, and in addition to endeavoring to achieve mutual understanding among our Directors, the

Board of Directors has overseen the execution of duties by the Representative Director and actively prevented acts in breach of laws, regulations, or the Articles of Incorporation. The Company has also appointed a Director in charge of compliance and established a Compliance Department to identify compliance-related issues and problems relating to the Company. In addition, the Company has established the Internal Audit Department, which has evaluated the appropriateness of internal management and, after the completion of each audit, has reported to the Representative Director, the Board of Directors, and the Statutory Auditors. The Company has also established and operated a Whistleblower System that enables direct reporting by Officers and employees.

(2) System for Data Storage and Management Relating to Execution of Duties by Directors

The Company has established document management regulations and appropriately recorded and stored data relating to the execution of duties by the Directors, and Directors and Statutory Auditors are able to access this data when necessary.

(3) Regulations for Managing Risk of Loss and Other Similar Systems

The Company has appointed a Director to be in charge of risk management, established the Risk Management Department, and endeavored to appropriately manage risk. In cases when management crises have come to light, the Company has established and operated a system whereby a task force led by the Director responsible for risk management is established and other related measures are taken.

(4) System for Ensuring the Efficient Execution of Duties by Directors

In addition to having determined regulations related to allocation of duties and work-related authority and clarified the division of roles among the Directors, the Company has established and operates a data system for decision-making. The Company has conducted problem solving and made the Directors aware of know-how gained from the problems solved at the meetings of the Board of Directors and sought to streamline operations throughout the Company as a whole.

(5) System to Ensure the Properness of Operations of the Group of Enterprises Consisting of the Company and its Subsidiaries

The Company has formulated a compliance program and striven to ascertain and resolve compliance-related issues within the SBI Group in accordance with that compliance program. The Company has also established whistleblowing regulations and operated a Whistleblowing System. This Whistleblowing System is operated for the SBI Group Officers and Employees, and the status of whistleblowing reports and their contents have been reported to the Statutory Auditors. The Company does not dismiss or treat disadvantageously any person who makes a report using the Whistleblower System or any of the SBI Group Officers and Employees who makes reports to the Statutory Auditors on matters relating to the execution of duties. The Company has also held three SBI Group Compliance Liaison Conferences and ascertained issues and matters and exchanged information about compliance in the SBI Group. In addition, the Internal Audit Department has formulated an annual internal auditing plan, conducted audits of companies belonging to the SBI Group in accordance with that plan, and then reported to

the Representative Director, the Directors, and the Statutory Auditors. The Directors have reported necessary matters to the Statutory Auditors through face-to-face meetings with the Statutory Auditors, and the Statutory Auditors are able to access important reports. Further, the Company has established a risk management program, ascertained the status of risk in the SBI Group, and made efforts to conduct appropriate management of risk in accordance with that program. The Company has, through its Compliance Department and Internal Audit Department, also instructed its subsidiaries to clarify the division of roles among their directors and has provided, when necessary, a data system that enables decision-making.

- (6) System Relating to Employees Assisting Duties of Statutory Auditors When Appointment of Those Employees is Requested by Statutory Auditors, and Matters Relating to Independence from Directors of Those Employees

If requested by a Statutory Auditor, the Company has appointed an employee in the Internal Auditing Department as an employee who assists with the Statutory Auditor's duties and caused that employee to provide assistance, and the opinions of that Statutory Auditor have been respected with regard to evaluation and the like in relation to that employee.

- (7) System for Reporting by Directors and Employees to Statutory Auditors and System for Other Types of Reporting to Statutory Auditors

The Statutory Auditors have received reports on necessary matters by attending meetings of the Board of Directors and other important meetings and by meeting with Officers and employees. The Company has also established an environment in which Statutory Auditors are able to access major approval request documents (*ringi-sho*) and other important documents related to execution of duties.

- (8) Other Systems for Ensuring that Statutory Auditors Effectively Execute Audits

The Statutory Auditors have held regular meetings with the Company's Executive Directors, including the Representative Director, and department managers and shared information. The Statutory Auditors have also held regular auditor liaison meetings with statutory auditors of important subsidiaries and sought to develop mutual cooperation among the statutory auditors of the companies within the SBI Group. Expenses arising in relation to the performance of the duties of the Statutory Auditors have been settled appropriately.

- (9) System for Ensuring Reliability of Financial Reports

The Company has submitted an internal control report in accordance with Article 24-4-4 of the Financial Instruments and Exchange Act (Act No. 25 of 1948), maintained an effective and proper management system for its internal control reporting system with respect to financial reports, and conducted appropriate facilitation, management, and evaluation of that system.

- (10) System for Exclusion of Anti-social Organizations

The SBI Group has declared its intent to resolutely defy anti-social organizations both in

and outside its companies, including through the formulation of a basic policy against anti-social organizations and publication of that policy on the SBI Group's corporate sites. Efforts have also been made to increase awareness of the requirement to cut off relationships with anti-social organizations, including through the establishment of a department for carrying out anti-social organization exclusion initiatives, SBI Group Compliance Liaison Conferences, and e-Learning. The Company also has promoted awareness of these initiatives by publishing information in manuals that complies with the basic policy against anti-social organizations and posting those manuals on the SBI Group's intranet.

CONSOLIDATED FINANCIAL STATEMENTS
(1) Consolidated Statement of Financial Position

As at March 31,
2016

Millions of Yen

Assets	
Cash and cash equivalents	248,050
Trade and other accounts receivable	369,006
Assets related to securities business	
Cash segregated as deposits	1,139,908
Margin transaction assets	516,843
Other assets related to securities business	251,924
Total assets related to securities business	1,908,675
Other financial assets	29,215
Operational investment securities	118,886
Other investment securities	173,907
Investments accounted for using the equity method	43,853
Investment properties	12,027
Property and equipment	11,778
Intangible assets	188,454
Other assets	22,607
Deferred tax assets	326
Total assets	3,126,784
Liabilities	
Bonds and loans payable	324,585
Trade and other accounts payable	38,759
Liabilities related to securities business	
Margin transaction liabilities	85,677
Loans payable secured by securities	344,423
Deposits from customers	573,957
Guarantee deposits received	533,862
Other liabilities related to securities business	222,424
Total liabilities related to securities business	1,760,343
Customer deposits for banking business	386,027
Insurance contract liabilities	154,133
Income tax payable	7,066
Other financial liabilities	12,899
Other liabilities	13,396
Deferred tax liabilities	10,513
Total liabilities	2,707,721
Equity	
Capital stock	81,681
Capital surplus	145,735
Treasury stock	(19,132)
Other component of equity	17,107
Retained earnings	146,199
Equity attributable to owners of the Company	371,590
Non-controlling interests	47,473
Total equity	419,063
Total liabilities and equity	3,126,784

(2) Consolidated Statement of Income

	Fiscal year ended March 31, 2016
	Millions of Yen
Revenue	261,744
Expense	
Financial cost associated with financial income	(15,836)
Operating cost	(83,692)
Selling, general and administrative expenses	(96,646)
Other financial cost	(4,442)
Other expenses	(10,484)
Total expense	(211,100)
Share of the profit of associates and joint ventures accounted for using the equity method	1,583
Profit before income tax expense	52,227
Income tax expense	(15,561)
Profit for the year	36,666
Profit for the year attributable to	
Owners of the Company	34,115
Non-controlling interests	2,551
Profit for the year	36,666

(3) Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other component of equity	Retained earnings	Total		
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen		
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	—	—	—	—	(9,715)	(9,715)	(9,406)	(19,121)
Treasury shares purchased	—	—	(15,030)	—	—	(15,030)	—	(15,030)
Treasury shares sold	—	111	1,035	—	—	1,146	—	1,146
Changes of interests in subsidiaries without losing control	—	(3,052)	—	—	—	(3,052)	2,779	(273)
Transfer	—	—	—	(462)	462	—	—	—
As at March 31, 2016	81,681	145,735	(19,132)	17,107	146,199	371,590	47,473	419,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The consolidated financial statements of SBI Holdings, Inc. (the "Company") and its consolidated subsidiaries (collectively the "Group") were prepared in accordance with International Financial Reporting Standards ("IFRSs") pursuant to the first paragraph of Article 120 of the Ordinance on Company Accounting. Some disclosure items required under IFRSs were omitted pursuant to the latter part of the same paragraph.

2. Scope of consolidation

Number of consolidated subsidiaries: 178

Major consolidated subsidiaries are listed in "3. IMPORTANT PARENT COMPANY AND SUBSIDIARIES" in section "I. GROUP" of "Business Report."

Major changes in the scope of consolidation are as follows.

- Deconsolidated company due to share sales:
SBI Card Co., Ltd.

3. Application of equity method

Number of investments in associates and joint ventures accounted for using the equity method: 33

Major investment accounted for using the equity method: SBI Sumishin Net Bank., Ltd.

4. Summary of accounting policies

(1) Valuation standards and methods of significant assets

① Valuation standards and methods of financial assets

The Group applies IFRS 9 "Financial instruments" ("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.

• 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.

At initial recognition, the Group measures a financial asset at its fair value. In the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset are appropriately added to the fair value of the financial asset. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

(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 accumulated 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.

• 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 substantially all the risks and rewards related to the financial asset.

• Fair value measurement

The Group measures the fair value of a financial asset 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.

• 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 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 the adjustments to discounts 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.

- Accounting policies for derivatives including hedge accounting
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 hedge 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 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 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 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.

② Valuation standards and methods of non-financial assets

- Property and equipment other than lease assets

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.

- Investment properties other than lease assets

Investment properties are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss.

- Intangible assets other than goodwill and lease assets

Intangible assets are measured using the cost method and stated at cost less accumulated amortization and accumulated impairment loss.

- Lease assets

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

- 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 cash inflows from other assets or group of assets.

(2) Depreciation method for significant non-current assets

• Property and equipment

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 - 50 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.

• Intangible assets other than goodwill

Amortization of intangible assets 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.

• Investment properties

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 are recognized in profit or loss at the time of derecognition.

(3) Recognition and measurement of significant provisions and allowances

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 economic 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.

(4) Other important policies for preparation of consolidated financial statements

① Recognition of significant revenue and expenses

• 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 differences between 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 significant 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.

• 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.

• 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.

• 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 return 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.

• 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.

② 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.

③ Translations of significant assets and liabilities denominated in foreign currencies

• 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 into the respective functional currencies (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 that 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 the fair value recognized in other comprehensive income and exchange differences arising from transactions for the purpose of hedging certain foreign exchange risks.

• 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 are recognized as other comprehensive income.

④ Changes in presentation of consolidated statement of income

The Company presented revenue and expense from operating activities separately from those from other activities by presenting "Operating income (loss)" in the consolidated statement of income. However, since it became difficult to make such distinct classification due to varying revenue earning activities of the Group, the Company changed its presentation and now presents "Revenue" and each "Expense" category without presenting "Operating income (loss)".

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Pledged assets and related liabilities

(1) Pledged assets consisted of the following:

Cash and cash equivalents	75 Millions of Yen
Trade and other accounts receivable	6,695 Millions of Yen
Other financial assets	6 Millions of Yen
Property and equipment	311 Millions of Yen
<hr/> Total	<hr/> 7,087 Millions of Yen

(2) The assets above were pledged as collateral for:

Bonds and loans payable	5,126 Millions of Yen
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2. Accumulated depreciation and accumulated impairment loss of property and equipment:

9,772 Millions of Yen

NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. Number and class of issued shares as of March 31, 2016

Common shares	224,561,761 shares
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2. Dividends

(1) Dividend paid

Dividend approved at the Board of Director's meeting on May 12, 2015

• Dividend amount	7,594 Millions of Yen
• Amount per share	35 Yen (includes commemorative dividend of 5 yen for the 15th anniversary of the foundation of the Company)
• Record date	March 31, 2015
• Effective date	June 8, 2015

Dividend approved at the Board of Director's meeting on October 29, 2015

• Dividend amount	2,121 Millions of Yen
• Amount per share	10 Yen
• Record date	September 30, 2015
• Effective date	December 14, 2015

(2) Dividend whose record date fell in the year ended March 31, 2016, and whose effective date will be in the year ending March 31, 2017

Dividend approved at the Board of Director's meeting on April 28, 2016

• Dividend amount	7,271 Millions of Yen
• Amount per share	35 Yen
• Record date	March 31, 2016
• Effective date	June 9, 2016

3. Number and class of shares for stock acquisition rights, for which the commencement date of the exercise period has arrived, as of March 31, 2016

Common shares related to:

Stock options	6,547,700 shares
Convertible bonds	20,030,713 shares

NOTES TO FINANCIAL INSTRUMENTS

1. Group policy and risk management system for financial instruments

The Group engages in a wide range of financial related businesses, such as securities business, banking services business, insurance business, loan business, investment business and fund management business, to avoid excessive concentration of risk on specific entities or businesses. To operate its businesses, the Group raises funds through indirect financing such as bank borrowing, direct financing such as bond issuance and equity financing, and transactions with securities financing companies. 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 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.

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.

2. Fair value determination of financial instruments

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, Trade and other accounts payable, and Other financial liabilities

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

Trade and other accounts receivable

The fair values are determined based on the future cash inflows discounted at interest rates derived from appropriate indices such as government bond risk free rates considering credit risk.

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 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 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

With respect to bonds and loans payable with floating interest rates, the fair values are determined at the carrying values as the interest rates of the bonds and loans reflect the market interest rate within a short period and as the credit condition of companies that obtained the bonds and loans are not expected to change significantly. With respect to bonds payable with fixed interest rates, the fair values are determined based on the future cash outflows considering remaining periods and discount rates adjusted with credit risks. With respect to loans payable with fixed interest rates, the fair values are determined at the present value of the future cash outflows, where the sum of principal and interest of loans are grouped according to their maturities and discounted using interest rates with reference to similar types of loans. The fair value of bonds payable and loans payable with short maturities are determined at the carrying values since 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 inflows discounted at the adequate rates, such as government bond yield considering credit risk. However, the fair values of time deposits with short time maturities are determined at the carrying values since they approximate the carrying values.

3. Fair value of financial instruments

(Millions of Yen)

	Carrying Amount	Fair Value
Financial assets		
Cash and cash equivalents	248,050	248,050
Trade and other accounts receivable	369,006	373,990
Assets related to securities business	1,908,675	1,908,675
Other financial assets	29,215	29,215
Operational investment securities	118,886	118,886
Other investment securities	173,907	175,997
Financial liabilities		
Bonds and loans payable	324,585	325,804
Trade and other accounts payable	38,759	38,878
Liabilities related to securities business	1,760,343	1,760,343
Customer deposits for banking business	386,027	386,132
Other financial liabilities	12,899	12,899

NOTES TO PER SHARE INFORMATION

Equity per share attributable to owners of the Company	1,792.08 Yen
Basic earnings per share attributable to owners of the Company	160.83 Yen

(Note) The amounts in the consolidated financial statements are rounded to the nearest million Japanese yen.

FINANCIAL STATEMENTS
(1)

Balance Sheet

As at March 31,
2016

Millions of Yen

Assets	
Current assets	
Cash and deposits	22,603
Accounts receivable-trade	1,069
Operational investment securities	26,372
Supplies	28
Prepaid expenses	295
Operational loans receivable	868
Short-term loans receivable	40,602
Deferred tax assets	109
Others	12,648
Allowance for doubtful accounts	(650)
Total current assets	103,944
Non-current assets	
Property and equipment	
Buildings	1,566
Structures	13
Machinery and equipment	4
Vehicles	7
Tools and fixtures	229
Land	245
Lease assets	1
Construction in progress	19
Total property and equipment	2,084
Intangible assets	
Patents	910
Trademark	11
Software	307
Telephone rights	5
Total intangible assets	1,233

	As at March 31, 2016
	<u>Millions of Yen</u>
Investments and other assets	
Investment securities	685
Stocks of subsidiaries and associates	494,835
Investments in other securities of subsidiaries and associates	25,287
Investments in subsidiaries and associates other than equity securities	41
Long-term prepaid expenses	125
Lease and guarantee deposits	1,582
Others	0
Total investments and other assets	<u>522,555</u>
Total non-current assets	<u>525,872</u>
Deferred charges	
Bonds issuance costs	276
Total deferred charges	<u>276</u>
Total assets	<u>630,092</u>
Liabilities	
Current liabilities	
Short-term loans payable	74,040
Current portion of bonds payable	70,000
Current portion of long-term loans payable	147
Lease obligations	1
Accounts payable	4,910
Accrued expenses	560
Accrued income tax	3,323
Advances received	4
Deposits received	206
Others	12
Total current liabilities	<u>153,203</u>
Non-current liabilities	
Bonds payable	75,000
Long-term loans payable	30,000
Deferred tax liability	722
Asset retirement obligation	127
Long-term deposits received	12,447
Total non-current liabilities	<u>118,296</u>
Total liabilities	<u>271,499</u>

	As at March 31, 2016
	<u>Millions of Yen</u>
Net assets	
Shareholders' equity	
Capital stock	81,681
Capital surplus	
Legal capital surplus	126,792
Other capital surplus	101,309
Total capital surplus	<u>228,101</u>
Retained earnings	
Other retained earnings	
Retained earnings brought forward	64,199
Total retained earnings	<u>64,199</u>
Treasury stock	<u>(19,132)</u>
Total shareholders' equity	<u>354,849</u>
Valuation and translation adjustments	
Unrealized gains on available-for-sale securities	<u>3,645</u>
Total valuation and translation adjustments	<u>3,645</u>
Stock acquisition rights	<u>99</u>
Total net assets	<u>358,593</u>
Total liabilities and net assets	<u>630,092</u>

(2) Statement of Income

	Fiscal Year ended March 31, 2016
	Millions of Yen
Net sales	26,086
Cost of sales	14,333
Gross profit	11,753
Selling, general and administrative expenses	6,256
Operating income	5,497
Non-operating income	
Interest income	1,080
Dividend income	7
Others	71
Total non-operating income	1,158
Non-operating expense	
Interest expense	3,570
Amortization of bond issuance costs	362
Commission fees	1,099
Others	275
Total non-operating expense	5,306
Ordinary income	1,349
Extraordinary income	
Gain on sales of investment securities	936
Gain on liquidations of subsidiaries and associates	122
Others	40
Total extraordinary income	1,098
Extraordinary expense	
Loss on sales of investment in subsidiaries and associates	1,019
Others	54
Total extraordinary expense	1,073
Income before income taxes	1,374
Income taxes-current	3,323
Income taxes-deferred	(1,245)
Total income taxes	2,078
Net income	3,452

(3) Statement of Changes in Net Assets

	Shareholders' Equity							
	Capital stock	Capital surplus			Retained earnings		Treasury stock	Total
		Legal capital surplus	Other capital surplus	Total	Other retained earnings	Total		
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	
As at April 1, 2015	81,681	126,792	101,184	227,976	70,462	70,462	(5,137)	374,982
Dividends paid	—	—	—	—	(9,715)	(9,715)	—	(9,715)
Net income	—	—	—	—	3,452	3,452	—	3,452
Treasury shares purchased	—	—	—	—	—	—	(15,030)	(15,030)
Treasury shares sold	—	—	125	125	—	—	1,035	1,160
Net changes other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes during the year	—	—	125	125	(6,263)	(6,263)	(13,995)	(20,133)
As at March 31, 2016	81,681	126,792	101,309	228,101	64,199	64,199	(19,132)	354,849

	Valuation and Translation Adjustments			Stock Acquisition Rights	Total Net Assets
	Unrealized gains on available-for-sale securities	Total			
	Millions of Yen	Millions of Yen		Millions of Yen	Millions of Yen
	As at April 1, 2015	3,258	3,258		113
Dividends paid	—	—		—	(9,715)
Net income	—	—		—	3,452
Treasury shares purchased	—	—		—	(15,030)
Treasury shares sold	—	—		—	1,160
Net changes other than shareholders' equity	387	387		(14)	373
Total changes during the year	387	387		(14)	(19,760)
As at March 31, 2016	3,645	3,645		99	358,593

NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

1. Valuation standards and methods of assets

(1) Stocks of subsidiaries and associates

Cost determined by the moving-average cost method

(2) Available-for-sale securities (including operational investment securities)

· Listed securities

At fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of net assets. The cost of securities sold is determined based on the moving-average cost method.

· Unlisted securities

At cost determined by the moving-average cost method

(3) Investment in funds

For the investments in funds which are categorized as subsidiaries, the Company's proportionate share in the net assets of those funds are calculated based on the provisional financial statements of the funds as at the Company's year end and are presented as "investments in other securities of subsidiaries and associates" (non-current assets).

For the investments in funds which are not categorized as subsidiaries, the Company's proportionate share in the net assets of those funds is calculated based on the funds' annual financial statements or interim financial statements and is presented in "operational investment securities" (current assets).

Shares of the Company's subsidiaries and associates that are held by funds are included in "Stocks of subsidiaries and associates" (non-current assets) based on the Company's percentage of shares owned.

2. Depreciation method of depreciable assets

(1) Property and equipment other than lease assets

Depreciation is computed using the declining balance method, while the straight-line method is applied to buildings. The range of useful lives is principally from 3 to 50 years for buildings, from 15 to 50 years for structures, 8 years for machinery and equipment, from 3 to 20 years for tools and fixtures, and 6 years for vehicles.

(2) Intangible assets other than lease assets

Intangible assets are amortized using the straight-line method. Software used for internal purposes is amortized using the straight-line method over its estimated useful life (5 years).

(3) Lease assets

Lease assets treated as finance leases without ownership transfer are depreciated using the straight-line method over the lease term with a residual value of zero.

3. Recognition and measurement of significant provisions and allowances

Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on the Company's past credit loss experience.

Allowance for doubtful accounts for outstanding receivables deemed to be uncollectable is provided based on the estimated loss on an individual basis.

4. Recognition of revenue and expenses

(1) Net sales and cost of sales

Net sales principally consist of revenue from operational investment securities, revenue from real estate business, and dividend income. Cost of sales principally consists of the cost of operational investment securities, provision of allowance for investment losses and the cost of real estate business.

(2) Revenue and cost of operational investment securities

Revenue from operational investment securities consists of proceeds from the sale of operational investment securities and securities held by funds and interest and dividend income from these securities. Cost of operational investment securities consists of the carrying value on the sale of operational investment securities and securities held by funds, fees related to securities transactions, and write down of operational investment securities and securities held by funds.

(3) Dividend income

Dividends from subsidiaries and associates are recorded as dividend income which is included in net sales in the statement of income.

5. Other significant accounting policies for financial statements

(1) Deferred charges

Bond issuance costs

Bond issuance costs are amortized over the bond term by using the straight-line method.

(2) Translations of significant assets and liabilities denominated in foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen using the exchange rates at the balance sheet date. The resulting translation gain or loss is recognized in income statement.

(3) Accounting for investments in funds

As for the investments in funds categorized as subsidiaries, the Company's proportionate share in the net assets and revenue/expenses of those funds are calculated based on the provisional financial statements of the funds as at the Company's year end and are presented as "Investment in other securities of subsidiaries and associates" (non-current assets) and revenue/expenses. For investments in funds which are not categorized as subsidiaries, the Company's proportionate share in the net assets and revenue/expenses of those funds are calculated based on the funds' annual financial statements or interim financial statements and are presented in "Operational investment securities" (current assets) and revenue/expenses. The Company's proportionate share of investments in subsidiaries or associates held by funds and related gains/losses from the sale by funds are presented as "Stocks of subsidiaries and associates" (non-current assets).

(4) Accounting for consumption tax

The amounts in the financial statements are presented without consumption or local consumption taxes. Nondeductible consumption taxes are recorded as selling, general and administrative expenses.

(5) Adoption of tax consolidation

The Company adopts tax consolidation.

ADDITIONAL INFORMATION

Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts

(1) Overview of the transaction

At the Board of Directors' meeting held on September 29, 2011, the Company introduced an employee incentive plan called the "Stock Benefit Trust (Employee Stockholding Association Purchase-type)" (hereinafter "the Plan"). The purpose of the implementation of the Plan is to improve employees' welfare and increase their motivation for work and awareness of stock performance through steady stock provision to the employee stockholding association and distribution of the profit created by trust property management so that we can increase our corporate value.

The Plan is an incentive plan to return the benefits of stock price increases to all members of both "SBI Holdings Employee Stockholding Association" and "the SBI Group Employee Stockholding Association" (hereinafter the Stockholding Associations).

The trust bank, trustee of the trust dedicated to the Plan (hereinafter "the Trust"), acquires the same number of stocks, all at once, as the Stockholding Associations expect to acquire in 5 years from the establishment of the Trust, and sells off the stocks to the Stockholding Associations. The remaining funds will be distributed to qualified members of the Stockholding Associations when there are earnings resulting from an upward swing in stock price when the Trust terminates. When a loss occurs due to a drop in stock prices, the Company will pay back the loan based on the guarantee clause of the loan agreement.

(2) Accounting for transactions of delivering the Company's own stock through trusts

Pursuant to paragraph 20 of "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015), the Company continues to use the same accounting method as it previously used.

(3) Company's stock owned by the trust

As at March 31, 2016, the carrying value of the Company's stock owned by the Trust was 248 million yen, which was recorded as treasury stock under shareholders' equity. The number of shares owned by the Trust as at March 31, 2016 was 395,640 shares, and the average number of shares owned by the Trust during the fiscal year ended March 31, 2016 was 428,519.51 shares. The number of shares owned by the Trust is included in the number of treasury stock, which is deducted from the total number of shares in the calculation process of per share information.

(4) Loans payable recorded under the gross method

The carrying value of loans payable recorded under the gross method as at March 31, 2016 was 147 million yen.

NOTES TO BALANCE SHEET

1. Accumulated depreciation:

	As at March 31, 2016
	<u>Millions of Yen</u>
Property and equipment	1,498

2. Contingent Liabilities:

(1) Guarantees for trade liability of subsidiaries and associates 337 Millions of Yen

(2) Others

SBI Liquidity Market Co., Ltd., a consolidated subsidiary, enters into banking cover deals to ensure liquidity in foreign exchange margin trading. The Company entered into an agreement to provide credit and joint guarantees to the current and future obligation relating to this business which SBI Liquidity Market Co., Ltd. owes to counterparties. As at the end of the period, there was no obligations balance outstanding.

With respect to the currency margin transaction between SBI Liquidity Market Co., Ltd. and SBI SECURITIES Co., Ltd., a consolidated subsidiary of the Company linked to the foreign exchange margin trading between SBI SECURITIES Co., Ltd., and its customers, the Company jointly guarantees all obligations which SBI SECURITIES Co., Ltd. owes to SBI Liquidity Market Co., Ltd. The obligations balance outstanding as at the end of the period was 683 million yen.

3. Assets and liabilities of subsidiaries and associates:

	As at March 31, 2016
	<u>Millions of Yen</u>
(1) Short-term receivables	46,680
(2) Long-term receivables	4
(3) Short-term payables	45,476
(4) Long-term payables	11,758

NOTES TO STATEMENT OF INCOME

Transactions with subsidiaries and associates:

	As at March 31, 2016
	<hr/> Millions of Yen
Net sales	10,623
Purchases	692
Other transactions	3,164

NOTES TO STATEMENT OF CHANGES IN NET ASSETS

Class and number of treasury stock

	As at March 31, 2016
	<hr/> Shares
Common shares	17,211,580

(Note) The number of common shares includes the shares held by the Stock Benefit Trust, which was 395,640.

NOTES TO DEFERRED TAX ACCOUNTING

Major factors resulting in deferred tax assets and liabilities

Deferred tax assets are mainly due to losses on valuation of investment securities and tax loss carried forward.

Deferred tax liabilities are mainly due to unrealized gains on available-for-sale securities.

NOTES TO LEASED NONCURRENT ASSETS

Other than those recorded as noncurrent assets on the balance sheet, the Company uses office machinery and furniture and fixtures under finance lease agreements where the ownership is not transferred.

RELATED PARTY TRANSACTIONS

Transactions with subsidiaries and associates

Type	Company name	Voting rights holding ratio (%) ^{(*)1}	Relationship with related party	Transaction description	Amount (Millions of Yen)	Account name	Balance (Millions of Yen)
Subsidiary	SBI Incubation Co., Ltd.	100 (79.8)	Interlocking directors	Finance (*2)	21,601	Short-term loans receivable	6,188
Subsidiary	SBI Financial Support Co., Ltd. (*3)	100 (100)	—	Finance (*2)	21,525	Short-term loans receivable	10,750
Subsidiary	SBI Estate Finance Co., Ltd. (*4)	100 (57.1)	—	Finance (*2)	20,280	Short-term loans receivable	6,000
Subsidiary	SBI Guarantee Co., Ltd.	100 (100)	—	Finance (*2)	8,518	Short-term loans receivable	170
Subsidiary	SBI Biotech Co., Ltd.	78.6 (71.8)	—	Finance (*2)	15,470	Short-term loans receivable	5,780
Subsidiary	SBI Hong Kong Holdings Co., Limited	100	Interlocking directors	Finance (*2)	15,240	Short-term loans receivable	8,926
Subsidiary	SBI LK Co., Ltd. (*5)	100	—	Capital contribution	21,531	—	—
Subsidiary	SBI PK Co., Ltd. (*5)	100	—	Capital contribution	9,371	—	—
Subsidiary	SBI GLOBAL ASSET MANAGEMENT Co., Ltd.	100	Interlocking directors	Capital contribution	7,886	—	—
Subsidiary	SBI SECURITIES Co., Ltd.	100 (100)	Interlocking directors	Transaction of individual allocated amount of consolidated corporation Tax	8,890	Other receivable	4,376
				Borrowing (*2)	196,000	Short-term loans payable	37,000
Subsidiary	SBI FINANCIAL SERVICES Co., Ltd.	100	Interlocking directors	Dividend in kind	9,000	—	—
				Repayment of Capital	9,400	—	—
				Guaranteed (*6)	56,000	—	—
Associate	SBI Sumishin Net Bank, Ltd.	50	Interlocking directors	Sale of investment in subsidiary (*7)			
				Proceeds from sale	2,334	—	—
				Loss on sale	1,000	—	—

Note:

(*1) The figures in parentheses represent the indirect holding ratio of voting rights.

(*2) The interest rate for finance and borrowing was determined based on the market interest rate.

(*3) e-Research Inc. changed its company name to SBI Financial Support Co., Ltd. as at March 18, 2016.

(*4) CEM Corporation Co., Ltd. changed its company name to SBI Estate Finance Co., Ltd. as at January 4, 2016.

(*5) SBI PK Co., Ltd. was dissolved through the absorption merger with SBI LK Co., Ltd., which was the surviving entity, as at October 30, 2015. The amount represents the transaction amount prior to the merger.

(*6) A borrowing from a subsidiary was pledged for by SBI FINANCIAL SERVICES Co., Ltd. The amount represents the outstanding balance.

(*7) The sale price of investment in subsidiary was determined based on the stock valuation report of an independent third-party advisory firm.

NOTES TO PER SHARE INFORMATION

	Year ended March 31, 2016
	Yen
Net assets per share	1,728.93
Net income per share	16.27
Diluted net income per share	14.81

(Note) The number of treasury shares and the number of shares of the Company held by the Stock Benefit Trust, which was 395,640 shares as at the end of the fiscal year and which averaged 428,519.51 shares outstanding during the fiscal year, are excluded from the calculation of the number of ordinary shares used for the calculation of net assets per share and the average number of ordinary shares used for the calculation of net income per share.

(Note) The amounts in the financial statements are rounded to the nearest million Japanese yen.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 20, 2016

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

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Akemi Mochizuki

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Nozomu Kunimoto

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Kunikazu Awashima

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2016 of SBI Holdings, Inc. (the "Company") and its consolidated subsidiaries, and the consolidated statement of income, statement of changes in equity for the fiscal year from April 1, 2015 to March 31, 2016, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under 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 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 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.

Audit Opinion

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of SBI Holdings, Inc. and its consolidated subsidiaries as of March 31, 2016, and the results of their operations for the year then ended.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 20, 2016

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

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Akemi Mochizuki

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Nozomu Kunimoto

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Kunikazu Awashima

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2016 of SBI Holdings, Inc. (the "Company"), and the related statements of income and changes in net assets for the 18th fiscal year from April 1, 2015 to March 31, 2016, and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules 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 financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, 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 financial statements and the accompanying supplemental schedules 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 financial statements and the accompanying supplemental schedules.

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

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of SBI Holdings, Inc. as of March 31, 2016, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

Report by the Board of Statutory Auditors

AUDIT REPORT

With respect to the directors' performance of their duties during the 18th fiscal year (from April 1, 2015 to March 31, 2016), the Board of Statutory Auditors has prepared this audit report after deliberations based on the audit reports prepared by each Statutory Auditor, and hereby reports as follows.

1. Method and Contents of Audit by Each Statutory Auditor and Board of Statutory Auditors
 - (1) The Board of Statutory Auditors has established the audit policies, assignment of duties, etc. and received a report from each Statutory Auditor regarding the status of implementation of their audits and results thereof. In addition, the Board of Statutory Auditors has received reports from the Directors and the Accounting Auditor regarding the status of performance of their duties, and requested explanations as necessary.
 - (2) In conformity with the Statutory Auditors' auditing standards established by the Board of Statutory Auditors, and in accordance with the audit policies and assignment of duties, etc., each of the Statutory Auditors endeavored to facilitate a mutual understanding with the directors, the internal audit division, and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and conducted the audit in the following manner.
 - (i) Each Statutory Auditor has attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the Company's head office. With respect to subsidiaries, each Statutory Auditor endeavored to facilitate a mutual understanding and exchanged information with the directors and statutory auditors, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.
 - (ii) In relation to (a) the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties described in the Business Report complied with all laws, regulations, and the Articles of Incorporation and other systems set out in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a joint stock company (kabushiki kaisha) and the corporate group consisting of its subsidiaries, and (b) the systems (internal control systems) based on those resolutions, each Statutory Auditor has regularly received reports on the structure of that system and status of operation from Directors and other employees, requested explanations as necessary, and expressed its opinion. With respect to internal

controls over financial reporting, the Board of Statutory Auditors has received reports regarding assessments and the status of auditing of such internal controls from the Directors, etc. and Deloitte Touche Tohmatsu LLC and requested explanations as necessary.

- (iii) Each Statutory Auditor monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of their performance of duties, and requested explanations as necessary. Each Statutory Auditor was notified by the Accounting Auditor that it had established a “system to ensure that the performance of the duties of the Accounting Auditor was properly conducted” (the matters listed in the items of Article 131 of the Ordinance of Companies Accounting) in accordance with the “Quality Control Standards for Audits” (Business Accounting Council on October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Statutory Auditor examined the Business Report and the supplementary statements, the Non-Consolidated Financial Statements (the balance sheets, the statements of operations, the statements of changes in net assets, and the related notes) and the supplementary statements, and the Consolidated Financial Statements (the consolidated statement of financial position, the related consolidated statements of income and changes in net assets, and the related notes that were prepared in accordance with International Financial Reporting Standards with some omissions of disclosure items pursuant to the latter part of first paragraph of Article 120 of the Ordinance of Companies Accounting) for the fiscal year under consideration.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the Business Report and the supplementary statements fairly present the status of the Company in conformity with the applicable laws, regulations, and the Articles of Incorporation.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of laws, regulations, or the Articles of Incorporation was found with respect to the Directors' performance of their duties.
- (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter in the Business Report or the Directors' performance of their duties concerning the internal control systems that required mentioning.

(2) Results of Audit of the Non-Consolidated Financial Statements and the Supplementary Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Results of Audit of the Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 24, 2016

The Board of Statutory Auditors of SBI Holdings, Inc.

Standing Statutory Auditor

Atsushi Fujii (seal)

Statutory Auditor:

Minoru Tada (seal)

Outside Statutory Auditor:

Yasuo Sekiguchi (seal)

Outside Statutory Auditor:

Hiroaki Nagasue (seal)

-End-

**THE REFERENCE MATERIALS FOR
THE GENERAL MEETING OF SHAREHOLDERS**

First Item of Business: Election of Eighteen (18) Directors

The term of office of all sixteen (16) current Directors expires as of the end of this Ordinary General Meeting of Shareholders, so in order to further reinforce the management structure, the Company proposes that eighteen (18) Directors be elected, including two (2) candidates for new Directors.

1. The candidates for Directors to be reelected upon expiry of the term of office are as described in pages 65 to 74:

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
1	Yoshitaka Kitao (January 21, 1951)	<p>April 1974 Entered Nomura Securities Co., Ltd.</p> <p>June 1995 Executive Vice President and CFO of SOFTBANK CORP. (Currently, SoftBank Group Corp.)</p> <p>March 1999 Representative Director of Softbank Finance Corp. (Currently, SoftBank Corp.)</p> <p>July 1999 Representative Director and President of the Company</p> <p>June 2003 Representative Director and CEO of the Company</p> <p>July 2004 Director and Chairman of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>June 2005 Representative Director and CEO of SBI VENTURES K.K. (Currently, SBI Investment Co., Ltd.)</p> <p>June 2007 Director of SBI VEN HOLDINGS PTE. LTD. (present)</p> <p>April 2008 Representative Director & CEO of SBI ALApromo Co., Ltd. (Currently, SBI Pharmaceuticals Co., Ltd.) (present)</p> <p>Oct. 2010 Representative Director and Chairman of SBI SECURITIES Co., Ltd. (present)</p> <p>Feb. 2011 Director of SBI Japannext Co., Ltd. (present)</p> <p>June 2012 Representative Director, President & CEO of the Company (present)</p> <p>July 2012 Director of Morningstar Japan K.K. (present)</p> <p>July 2012 Representative Director of SBI Hong Kong Holdings Co., Limited (present)</p> <p>May 2013 Representative Director and Chairman of SBI Investment Co., Ltd. (present)</p> <p>June 2014 Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd. (present)</p> <p>June 2014 Director and Chairman of SBI Capital Management Co., Ltd. (present)</p> <p>Nov. 2015 Representative Director and Chairman of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. (present)</p> <p>April 2016 Director of SBI ALA Hong Kong Co., Limited (present)</p>	3,807,960 shares
	Reason why the Company selected Mr. Yoshitaka Kitao as a candidate for Director Mr. Yoshitaka Kitao has demonstrated excellent management capabilities as Representative Director, President & CEO since the Company's establishment, establishing a strong foundation for the Group, including building an Internet-based financial conglomerate system for the Financial Services Business, which covers a broad range of business activities including securities brokerage business, banking services business, and property and casualty insurance business, in addition to leading the Asset Management Business and the Biotechnology-related Business. He has excellent knowledge and a		

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
		wealth of experience in general managerial issues, and the Company has again selected him as a candidate for Director because the Company deems he will continue to be essential for the sustainable enhancement of the corporate value of the Group.	
2	Katsuya Kawashima (March 30, 1963)	<p>April 1985 Entered Nomura Securities Co., Ltd.</p> <p>Aug. 1995 Entered SOFTBANK CORP. (Currently, SoftBank Group Corp.)</p> <p>July 1999 Director of the Company</p> <p>Oct. 1999 Representative Director and President of SOFTBANK FRONTIER SECURITIES CO., LTD. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>Nov. 2000 Representative Director and President of Softbank Finance Corp. (Currently, SoftBank Corp.)</p> <p>March 2001 Representative Director and President of Morningstar Japan K.K.</p> <p>Dec. 2005 Director, Senior Executive Vice President & COO of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>April 2006 Deputy President of Sumishin SBI Net Bank Research Co., Ltd. (Currently, SBI Sumishin Net Bank, Ltd.)</p> <p>Sep. 2007 Deputy President and COO of SBI Sumishin Net Bank, Ltd.</p> <p>Aug. 2011 President of SBI Sumishin Net Bank, Ltd.</p> <p>April 2014 Director of SBI Sumishin Net Bank, Ltd.</p> <p>April 2014 Representative Director and President of SBI MONEY PLAZA Co., Ltd.</p> <p>June 2014 Director of SBI SECURITIES Co., Ltd. (present)</p> <p>June 2014 Representative Director, Senior Executive Vice President & Co-COO of the Company (present)</p> <p>April 2015 Director of SBI FINANCIAL SERVICES Co., Ltd. (present)</p> <p>April 2015 Representative Director and President of SBI Capital Management Co., Ltd. (present)</p> <p>April 2015 Representative Director and President of SBI Investment Co., Ltd. (present)</p> <p>Sep. 2015 Director of SBI Savings Bank (present)</p>	437,870 shares
		Reason why the Company selected Mr. Katsuya Kawashima as a candidate for Director Mr. Katsuya Kawashima has served successively in important positions at SBI SECURITIES Co., Ltd., SBI Sumishin Net Bank, Ltd., and other companies that play a central role in the Financial Services Business, and from April 2015, he has led the venture capital business and overseas Financial Services Business as Representative Director and President of SBI Capital Management Co., Ltd. He has broad knowledge and a wealth of experience in general managerial issues, and the Company has again selected him as a candidate for Director because the Company deems it can be expected that he will continue to contribute to the sustainable enhancement of the corporate value of the Group.	
3	Takashi Nakagawa (September 6, 1963)	<p>April 1987 Entered The Fuji Bank, Limited (Currently, Mizuho Financial Group, Inc.)</p> <p>April 1999 Entered Softbank Finance Corp. (Currently, SoftBank Corp.)</p> <p>June 2000 Entered the Company</p> <p>Dec. 2002 Director of the Company</p> <p>June 2005 Director and Managing Executive Officer of SBI VENTURES K.K. (Currently, SBI Investment Co., Ltd.)</p> <p>July 2006 Representative Director and COO of SOFTBANK INVESTMENT CORPORATION (Currently, SBI</p>	42,000 shares

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
		<p>Investment Co., Ltd.)</p> <p>June 2007 Director and Managing Executive Officer of the Company</p> <p>June 2008 Director and Senior Managing Executive Officer of the Company</p> <p>June 2012 Director & Senior Managing Executive Officer, and Head of Fund Investments, Overseas Business Div. of the Company</p> <p>Feb. 2013 Director & Senior Managing Executive Officer of the Company</p> <p>June 2014 Chairman of the Board of Directors of SBI AXES Co., Ltd. (present)</p> <p>June 2014 Representative Director & Senior Managing Executive Officer of the Company</p> <p>March 2015 Representative Director, Senior Executive Vice President & Co-COO of the Company (present)</p> <p>April 2015 Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. (present)</p> <p>April 2015 Director of SBI Capital Management Co., Ltd. (present)</p> <p>April 2015 Director of SBI Investment Co., Ltd. (present)</p> <p>April 2015 Director and Chairman of SBI MONEY PLAZA Co., Ltd. (present)</p> <p>June 2015 Director of SBI SECURITIES Co., Ltd. (present)</p> <p>June 2015 Director of SBI Sumishin Net Bank, Ltd. (present)</p>	
<p>Reason why the Company selected Mr. Takashi Nakagawa as a candidate for Director Mr. Takashi Nakagawa has served successively in important positions such as Representative Director of SBI Investment Co., Ltd., which plays a central role in the Asset Management Business, and from April 2015, he has led the Financial Services Business as Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. He has broad knowledge and a wealth of experience in general managerial issues, and the Company has again selected him as a candidate for Director because the Company deems it can be expected that he will continue to contribute to the sustainable enhancement of the corporate value of the Group.</p>			
4	Tomoya Asakura (March 16, 1966)	<p>April 1989 Entered The Hokkaido Takushoku Bank, Ltd.</p> <p>Jan. 1990 Entered Merrill Lynch Japan Incorporated (Currently, Merrill Lynch Japan Securities Co., Ltd.)</p> <p>June 1995 Entered SOFTBANK CORP. (Currently, SoftBank Group Corp.)</p> <p>Nov. 1998 Entered Morningstar Japan K.K.</p> <p>March 2000 Director and General Manager of Internet Business Division of Morningstar Japan K.K.</p> <p>July 2004 Representative Director and President of Morningstar Japan K.K.</p> <p>March 2005 Representative Director and CEO of Morningstar Japan K.K.</p> <p>Dec. 2005 Representative Director and COO of Morningstar Japan K.K.</p> <p>June 2007 Director and Executive Officer of the Company</p> <p>May 2009 Representative Director of Morningstar Asset Management Co., Ltd. (present)</p> <p>June 2012 Director of SBI FINANCIAL SERVICES Co., Ltd. (present)</p> <p>June 2012 Director of SBI Insurance Co., Ltd. (present)</p> <p>June 2012 Director & Managing Executive Officer of the Company</p> <p>July 2012 Representative Director & President of Morningstar</p>	—

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
		<p>Japan K.K. (present)</p> <p>June 2013 Director & Senior Managing Executive Officer of the Company (present)</p> <p>Feb. 2015 Representative Director and President of SBI SSI Holdings Co., Ltd. (present)</p> <p>Feb. 2015 Director of PCA Life Insurance Co., Ltd. (Currently, SBI Life Insurance Co., Ltd.) (present)</p> <p>Nov. 2015 Representative Director, President and CEO of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. (present)</p> <p>Dec. 2015 Representative Director and Chairman of SBI Bond Investment Management Co., Ltd. (present)</p>	
<p>Reason why the Company selected Mr. Tomoya Asakura as a candidate for Director Mr. Tomoya Asakura has served as Representative Director & President of Morningstar Japan K.K. and Representative Director, President and CEO of SBI GLOBAL ASSET MANAGEMENT Co., Ltd., has greatly contributed to the growth of the Asset Management Business, and has a wealth of experience and a broad range of knowledge as a manager. The Company has again selected him as a candidate for Director because the Company deems it can be expected that he will continue to contribute to the sustainable enhancement of the corporate value of the Group.</p>			
5	Shumpei Morita (December 31, 1974)	<p>April 1998 Entered SOFTBANK CORP. (Currently, SoftBank Group Corp.)</p> <p>April 1999 Entered Softbank Accounting Corp. (Currently, SoftBank Corp.)</p> <p>July 2000 Representative Director and President of Office Work Corporation (Currently, SBI Business Solutions Co., Ltd.)</p> <p>Oct. 2002 Representative Director and President of Office Work Systems Corporation. (Currently, SBI Business Solutions Co., Ltd.)</p> <p>Nov. 2005 Representative Director and President of JCN Land Co., Ltd (Currently, SBI Business Solutions Co., Ltd.) (present)</p> <p>June 2009 Director and Executive Officer of the Company</p> <p>June 2011 Outside Statutory Auditor of Morningstar Japan K.K.</p> <p>Oct. 2011 Director and CFO of the Company</p> <p>May 2012 Representative Director of SBI Art Auction Co., Ltd. (present)</p> <p>June 2012 Director of SBI FINANCIAL SERVICES Co., Ltd. (present)</p> <p>June 2012 Director of SBI Capital Management Co., Ltd. (present)</p> <p>June 2012 Director, Managing Executive Officer & CFO of the Company (present)</p> <p>Feb. 2013 Statutory Auditor of SBI Pharmaceuticals Co., Ltd. (present)</p>	20,000 shares
<p>Reason why the Company selected Mr. Shumpei Morita as a candidate for Director After assuming office as a Director of the Company, Mr. Shumpei Morita has provided support in relation to the accounting and financial aspects of the Group's management strategy as CFO since October 2011. In addition to a highly logical outlook, he possesses considerable professional knowledge regarding finance and accounting, and the Company has again selected him as a candidate for Director because the Company deems it can be expected that he will continue to contribute to the sustainable enhancement of the corporate value of the Group.</p>			

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
6	Kazuhiro Nakatsuka (April 4, 1965)	<p>April 1990 Secretary to a Diet member</p> <p>Jan. 1996 Policy planning staff of a political party (staff of the New Frontier Party and the Liberal Party)</p> <p>June 2000 Elected as a member of the House of Representatives for the first time (at the 42nd general election)</p> <p>Jan. 2002 Director of the Finance Committee of the House of Representatives</p> <p>Nov. 2003 Elected as a member of the House of Representatives (at the 43rd general election)</p> <p>July 2009 Elected as a member of the House of Representatives (at the 45th general election)</p> <p>Nov. 2009 Director of the Finance Committee of the House of Representatives</p> <p>Feb. 2010 Lead director of the Finance Committee of the House of Representatives</p> <p>Oct. 2010 Director of the Committee on Audit and Oversight of Administration of the House of Representatives</p> <p>Sep. 2011 Senior Vice-Minister of the Cabinet Office (in charge of finance, nuclear energy policy, matters for nuclear power plant, government revitalization, gender equality, policies on cohesive society and reform of the postal system) (the Noda cabinet)</p> <p>Feb. 2012 Senior Vice-Minister of the Cabinet Office (in charge of finance, government revitalization, administrative reform, integrated reform of the social security and tax systems, reform of the civil servant system and reform of the postal system) and Senior Vice-Minister for reconstruction (the Noda reshuffled cabinet)</p> <p>Oct. 2012 Minister of State for Financial Services, the New Public Commons, Measures for Declining Birthrate, and Gender Equality (the Noda third reshuffled cabinet)</p> <p>May 2014 Representative Director of Nakatsuka Research Institute, Inc.</p> <p>June 2014 Outside Director of the Company</p> <p>June 2015 Director, Managing Executive Officer of the Company (present)</p> <p>Nov. 2015 Representative Director and President of SBI ENERGY Co., Ltd. (present)</p>	—
<p>Reason why the Company selected Mr. Kazuhiro Nakatsuka as a candidate for Director</p> <p>After being in charge of the easing of regulations related to renewable energy as the Senior Vice-Minister of the Cabinet Office, Mr. Kazuhiro Nakatsuka has served successively as the Senior Vice-Minister for reconstruction, Minister of State for Financial Services, and in other posts and, from November 2015, as Representative Director and President of SBI ENERGY Co., Ltd., and he has a wealth of experience and broad knowledge in a wide range of fields, including financial services and renewable energy. The Company has again selected him as a candidate for Director because the Company deems it can be expected that he will continue to contribute to the sustainable enhancement of the corporate value of the Group.</p>			
7	Masato Takamura (Feb. 26, 1969)	<p>April 1992 Entered The Sanwa Bank, Limited (Currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>March 2005 Entered E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>Oct. 2005 General Manager of Corporate Dept. of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>March 2006 Executive Officer and General Manager of Corporate</p>	—

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
		<p>Dept. of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>June 2007 Director and Executive Officer, management of Corporate Dept. of SBI E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>April 2012 Managing Director, management of Corporate Dept. of SBI SECURITIES Co., Ltd.</p> <p>March 2013 Representative Director and President of SBI SECURITIES Co., Ltd. (present)</p> <p>June 2013 Director of the Company (present)</p>	
Reason why the Company selected Mr. Masato Takamura as a candidate for Director Mr. Masato Takamura has served as Representative Director and President of SBI SECURITIES Co., Ltd., has greatly contributed to the growth of the securities businesses, and has a wealth of experience and broad knowledge as a manager. The Company has again selected him as a candidate for Director because the Company deems it can be expected that he will continue to contribute to the sustainable enhancement of the corporate value of the Group.			
8	Tatsuo Shigemitsu (January 24, 1958)	<p>April 1981 Entered the Union Boeki Co. Ltd. (Currently, UNICOM GROUP HOLDINGS, INC.)</p> <p>June 1992 Director of the Union Boeki Co. Ltd. (Currently, UNICOM GROUP HOLDINGS, INC.)</p> <p>June 1999 Managing Director of the Union Boeki Co. Ltd. (Currently, UNICOM GROUP HOLDINGS, INC.)</p> <p>June 2002 Executive Managing Director of the Union Boeki Co. Ltd (Currently, UNICOM GROUP HOLDINGS, INC.)</p> <p>June 2002 Managing Director of the Board of Access Securities, Inc. (Currently, NISSAN SECURITIES CO., LTD)</p> <p>June 2004 Vice President of NIHON UNICOM, INC. (Currently, UNICOM GROUP HOLDINGS, INC.)</p> <p>March 2005 President of FX Platform Co., Ltd.</p> <p>June 2006 President of UNICOM GROUP HOLDINGS, INC.</p> <p>Oct. 2006 President of NIHON UNICOM, INC.</p> <p>July 2008 Entered the Company</p> <p>July 2008 President of SBI Liquidity Market Co., Ltd. (present)</p> <p>June 2015 Director of the Company (present)</p>	6,000 shares
Reason why the Company selected Mr. Tatsuo Shigemitsu as a candidate for Director Mr. Tatsuo Shigemitsu has served as President of SBI Liquidity Market, Co., Ltd., has greatly contributed to the growth of the foreign exchange transaction businesses, and has a wealth of experience and broad knowledge as a manager. The Company has again selected him as a candidate for Director because the Company deems it can be expected that he will continue to contribute to the sustainable enhancement of the corporate value of the Group.			
9	Masaki Yoshida (August 13, 1959)	<p>April 1983 Entered Fuji Television Network, Inc. (Currently, Fuji Media Holdings, Inc.)</p> <p>June 2006 Senior Director of Music and Variety Center of Programming and Production Department of Fuji Television Network, Inc. Senior Director of Digital Content Development of Digital Content Department of Fuji Television Network, Inc.</p> <p>April 2007 Outside Statutory Auditor of KLab Inc.</p> <p>Jan. 2009 Representative Director of YOSHIDAMASAKI INC. (present) Representative Director and Chairman of Watanabe Entertainment Co., Ltd. (present)</p> <p>June 2010 Director of the Company (present)</p> <p>Oct. 2011 Chairperson of Board of Trustees at WATANABE</p>	10,000 shares

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
		FOUNDATION FOR MUSIC & CULTURE (present) Nov. 2012 Outside Director of KLab Inc. (present) Dec. 2012 Advisor of Giga Media Inc.(present)	
	Reason why the Company selected Mr. Masaki Yoshida as a candidate for Director Mr. Masaki Yoshida has served in important positions in relation to management of common funds with the Group at Fuji Television Network, Inc. (Currently, Fuji Media Holdings, Inc.) and as Representative Director and Chairman of Watanabe Entertainment Co., Ltd. and has a wealth of experience and extensive knowledge, particularly in media-related fields. The Company has again selected him as a candidate for Director because the Company deems it can be expected that he will continue to contribute to the sustainable enhancement of the corporate value of the Group.		
10	Kiyoshi Nagano (November 29, 1940)	April 1963 Entered The Nikko Securities Co., Ltd. (Currently, SMBC Nikko Securities Inc.) June. 1994 Executive Director of The Nikko Securities Co., Ltd. Feb. 1996 Executive Managing Director of The Nikko Securities Co., Ltd. June 1997 Representative Director and President of Yamaka Shoken K.K. (Currently, NAITO Securities, Co., Ltd.) June 1999 President of Jasdaq Market Services, Inc. (Currently, Japan Exchange Group, Inc.) June 2004 Chairman & President of Jasdaq Market Inc. (Currently, Japan Exchange Group, Inc.) Dec. 2004 Chairman & President of Jasdaq Securities Exchange, Inc. (Currently, Japan Exchange Group, Inc.) June 2005 Senior Corporate Advisor of Jasdaq Securities Exchange, Inc. June 2007 Outside Audit & Supervisory Board Member of Shin-Etsu Chemical Co., Ltd. (present) June 2010 Outside Director of the Company (present) June 2012 Outside Auditor of LEC, INC. June 2015 Outside Director of LEC, INC. (present)	—
	Reason why the Company selected Mr. Kiyoshi Nagano as a candidate for Outside Director Mr. Kiyoshi Nagano has served successively as the Representative Director and President of Yamaka Shoken K.K. (currently, NAITO Securities, Co., Ltd.) and Chairman & President of Jasdaq Market Inc. (currently, Japan Exchange Group, Inc.) and has a wealth of experience and broad knowledge in a wide range of fields, including securities markets. The Company has again selected him as a candidate for Outside Director because the Company deems that he can adequately continue to conduct duties as an Outside Director of the Company.		
11	Keiji Watanabe (January 21, 1943)	Oct. 1975 Entered Price Waterhouse (Currently, PricewaterhouseCoopers Aarata) July 1987 Partner of Aoyama Audit Corporation (Currently, PricewaterhouseCoopers Aarata) (concurrent position as Partner of Price Waterhouse (Currently, PricewaterhouseCoopers Aarata)) Aug. 1995 Entered Deloitte Touche Tohmatsu (Currently, Deloitte Touche Tohmatsu LLC) April 1996 Partner of Deloitte Touche Tohmatsu (retired in June 2008) June 2000 Outside Director of Ichiyoshi Securities Co., Ltd. July 2003 Deloitte Touche Tohmatsu Global Middle Market Leader (retired in June 2009) June 2008 Independent Outside Director of ASAHI KOGYOSHA CO., LTD. (present) June 2010 Outside Director of the Company (present) March 2011 Outside Director of Funai Zaisan Consultants Co., Ltd. (Currently, Aoyama Zaisan Networks Company,	—

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
		Limited) (present)	
	Reason why the Company selected Mr. Keiji Watanabe as a candidate for Outside Director Mr. Keiji Watanabe has served successively as a Deloitte Touche Tohmatsu Global Board Member and Global Middle Market Leader and an Outside Director of Ichiyoshi Securities Co., Ltd., Funai Zaisan Consultants Co., Ltd. (Currently, Aoyama Zaisan Networks Company, Limited), and other companies, and in addition to possessing expertise as a Certified Public Accountant, he has a wealth of experience both in Japan and overseas. The Company has again selected him as a candidate for Outside Director because the Company deems that he can adequately continue to conduct duties as an Outside Director of the Company.		
12	Akihiro Tamaki (October 25, 1966)	<p>Sep. 1994 Entered Price Waterhouse LLP, New York (Currently, PricewaterhouseCoopers LLP)</p> <p>Sep. 1996 Entered Deloitte Touche Tohmatsu (Currently, Deloitte Touche Tohmatsu LLC) (retired in Dec. 1999)</p> <p>March 1998 Registered as a US certified public accountant</p> <p>June 2006 Representative Director of SiFA Co., Ltd. (present)</p> <p>June 2008 External Corporate Auditor of Avex Group Holdings Inc. (present)</p> <p>June 2010 Outside Director of the Company (present)</p> <p>Dec. 2013 External Corporate Auditor of DWANGO Co., Ltd. (Currently, KADOKAWA DWANGO CORPORATION)</p>	—
	Reason why the Company selected Mr. Akihiro Tamaki as a candidate for Outside Director Mr. Akihiro Tamaki is a US certified public accountant, and after joining Price Waterhouse LLP, New York (currently, PricewaterhouseCoopers LLP) and Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu LLC), he has served successively as External Corporate Auditor of Avex Group Holdings Inc. and External Corporate Auditor of DWANGO Co., Ltd. (currently, KADOKAWA DWANGO CORPORATION). In addition to possessing professional expertise through his audit and consulting services in Japan and the U.S., he has experience in a wide range of fields. The Company has again selected him as a candidate for Outside Director because the Company deems that he can adequately continue to conduct duties as an Outside Director of the Company.		
13	Masanao Marumono (May 13, 1950)	<p>April 1974 Entered Sumitomo Bank (Currently, Sumitomo Mitsui Banking Corporation)</p> <p>Jan. 1990 Deputy Manager of 1st Tokyo Sales Dept. of Sumitomo Bank</p> <p>April 1991 Deputy Manager of 3rd Tokyo Sales Dept. of Sumitomo Bank</p> <p>April 1992 Branch Manager of Shintomicho Branch of Sumitomo Bank</p> <p>Oct. 1994 Branch Manager of Higashi-Shinjuku Branch of Sumitomo Bank</p> <p>Oct. 1996 Branch Manager of Sakaemachi Branch of Sumitomo Bank</p> <p>Oct. 1998 General Manager of Branch Operations Dept. of Head Office of Sumitomo Bank</p> <p>Oct. 1999 General Manager of Planning Dept., Consumer Banking Unit of Head Office of Sumitomo Bank</p> <p>April 2003 General Manager of Human Resources Development Dept. of Head Office of Sumitomo Mitsui Banking Corporation</p> <p>May 2004 Chief of Human Resources Development Dept. of Head Office of Sumitomo Mitsui Banking Corporation</p> <p>June 2005 Senior Managing Director of SMBC Center Service Co., Ltd.</p> <p>June 2007 Representative Director and President of SMBC Green Service Co., Ltd.</p>	—

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
		<p>June 2010 Outside Statutory Auditor of GINSEN CO., LTD.</p> <p>May 2011 Managing Director of Japan Association of Employers of Persons with Severe Disabilities</p> <p>May 2012 Vice-President of Japan Association of Employers of Persons with Severe Disabilities</p> <p>June 2012 Counsel for SMBC Green Service Co., Ltd. (scheduled to retire in June 2016)</p> <p>June 2012 Outside Director of the Company (present)</p> <p>April 2016 Director of Tokushukai, a medical corporation (a part-time position) (present)</p> <p>June 2016 Executive Director of Japan Association of Employers of Persons with Severe Disabilities (present)</p>	
<p>Reason why the Company selected Mr. Masanao Marumono as a candidate for Outside Director Mr. Masanao Marumono has served successively in important positions at Sumitomo Bank (currently, Sumitomo Mitsui Banking Corporation) and has a wealth of experience and knowledge in a wide range of fields, including financial services. The Company has again selected him as a candidate for Outside Director because the Company deems that he can adequately continue to conduct duties as an Outside Director of the Company.</p>			
14	Teruhide Sato (Feb. 24, 1975)	<p>Sep. 1997 Entered SOFTBANK CORP. (Currently, SoftBank Group Corp.) Assigned to CyberCash K.K. (Currently, VeriTrans Inc.)</p> <p>April 1999 Moved to Softbank Finance Corp. (Currently SoftBank Corp.) from SOFTBANK CORP.</p> <p>March 2000 Retired Softbank Finance Corp. (Currently SoftBank Corp.) (Terminated the Secondment to CyberCash K.K. (Currently, VeriTrans Inc.))</p> <p>April 2000 Representative Director, President and CEO of netprice, Ltd. (Currently, BEENOS Inc.)</p> <p>Feb. 2007 President and Group CEO of netprice.com, Ltd. (Currently, BEENOS Inc.)</p> <p>Sep. 2011 Director of Open Network Lab, Inc.</p> <p>Jan. 2012 Komisarar of PT MIDTRANS (present)</p> <p>May 2012 CEO and Managing Director of Netprice Partners Co., Ltd. (Currently, BEENOS Partners, Inc.)</p> <p>Jan. 2013 President of BEENOS Asia Pte. Ltd.</p> <p>June 2013 Outside Director of the Company (present)</p> <p>April 2014 President of BEENOS VN, Inc.</p> <p>May 2014 President of BEENOS Plaza Pte. Ltd.</p> <p>Dec. 2014 Director of BEENOS Inc.</p> <p>Feb. 2015 Founder and Adviser of BEENOS Inc.</p> <p>April 2015 Director of BEENEXT PTE. LTD. (present)</p>	2,820 shares
<p>Reason why the Company selected Mr. Teruhide Sato as a candidate for Outside Director Mr. Teruhide Sato participated in launching the Japanese corporation CyberCash K.K. (currently, VeriTrans Inc.) and has served as Representative Director, President and CEO of netprice, Ltd. (currently, BEENOS Inc.), and he has a wealth of experience and extensive knowledge, particularly in relation to Internet business in Asia. The Company has again selected him as a candidate for Outside Director because the Company deems that he can adequately continue to conduct duties as an Outside Director of the Company.</p>			
15	Ayako Hirota Weissman (May 9, 1957)	<p>Jan. 1984 Vice president of Equitable Capital Management</p> <p>Jan. 1987 Managing Director of Smith Barney, Harris Upham & Co. Inc. (Currently, CitiGroup Inc.)</p> <p>Oct. 1999 Partner of Feirstein Capital Management LLC</p> <p>Jan. 2002 Portfolio Manager of Kingdon Capital Management LLC</p> <p>June 2006 Founder and Chief Investment Officer of AS Hirota</p>	—

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
		<p>Nov. 2010 Capital Management LLC Senior Vice President, Senior Portfolio Manager, Director of Asia Strategy of Horizon Asset Management, Inc. (Currently, Horizon Kinetics LLC) (present)</p> <p>June 2015 Outside Director of the Company (present)</p>	
	Reason why the Company selected Ms. Ayako Hirota Weissman as a candidate for Outside Director Ms. Ayako Hirota Weissman has for many years been involved in various investment businesses, such as equity investments both in Japan and overseas, and she has a wealth of experience and extensive knowledge, particularly in relation to investment businesses. The Company has again selected her as a candidate for Outside Director because the Company deems that she can adequately continue to conduct duties as an Outside Director of the Company.		
16	Yasumine Satake (December 1, 1953)	<p>April 1976 Entered The Mitsubishi Bank, Ltd. (Currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>March 1993 Assistant Branch Manager of Singapore branch of The Mitsubishi Bank, Ltd.</p> <p>July 1997 Chief of Planning Division of Tokyo Mitsubishi Asset Management (Currently, Mitsubishi UFJ Kokusai Asset Management Co., Ltd.)</p> <p>May 2001 Chief of Asset Management Planning Division of The Bank of Tokyo-Mitsubishi, Ltd. (Currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>July 2004 Representative Director and Chairman of Mitsubishi-Tokyo Wealth Management Bank (Switzerland), Ltd. and Representative Director and President of Mitsubishi-Tokyo Wealth Management Securities, Ltd.</p> <p>April 2006 Representative Director and President of Mitsubishi UFJ Wealth Management Securities, Ltd.</p> <p>Aug. 2008 Director of The Tokyo Star Bank, Limited</p> <p>April 2011 Director of The Japan Opera Foundation (established as an incorporated foundation) (Currently, The Japan Opera Foundation (established as a public interest incorporated foundation))</p> <p>June 2011 Chairman of The Tokyo Star Bank, Limited</p> <p>April 2012 Chairperson of the board of directors of The Japan Opera Foundation (established as a public interest incorporated foundation) (present)</p> <p>June 2014 Adviser of The Tokyo Star Bank, Limited</p> <p>June 2015 Outside Director of the Company (present)</p> <p>Sep. 2015 Outside Director of Legend Partners Ltd. (present)</p>	—
	Reason why the Company selected Mr. Yasumine Satake as a candidate for Outside Director Mr. Yasumine Satake has served successively in important positions for asset management at The Bank of Tokyo-Mitsubishi, Ltd. (currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.) and as Chairman of The Tokyo Star Bank, Limited, and he has a wealth of experience and broad knowledge in the financial sector, mainly in the banking services business. The Company has again selected him as a candidate for Outside Director because the Company deems that he can adequately continue to conduct duties as an Outside Director of the Company.		

2. The candidates for new Directors are as follows:

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
17	Masayuki Yamada (Oct. 13, 1962)	<p>April 1987 Entered Sogo Horei Co., Ltd. (Currently, Sogo Horei Publishing Co., Ltd.)</p> <p>May 1999 Registered as Attorney at Law, Admitted to New York Bar (US.)</p> <p>Nov. 1999 Entered Softbank Finance Corp. (Currently, SoftBank Corp.)</p> <p>June 2001 Manager, Legal Dept. of Softbank Finance Corp. (Currently, SoftBank Corp.)</p> <p>June 2004 Statutory Auditor, Benefit Systems Co., Ltd. (Currently, SBI Benefit Systems Co., Ltd.)</p> <p>Nov. 2004 Entered the Company</p> <p>Apr. 2007 Deputy General Counsel, Legal Dept. of the Company</p> <p>June 2009 Executive Officer, the Company</p> <p>July 2009 Executive Officer & General Counsel, International Legal Dept. of the Company</p> <p>June 2014 Executive Officer & General Counsel, Legal & Compliance Dept. of the Company (present)</p> <p>April 2015 General Counsel, Legal Dept. of SBI Investment Co. Ltd. (present)</p> <p>Nov. 2015 Statutory Auditor, SBI GLOBAL ASSET MANAGEMENT Co., Ltd. (present)</p>	16,030 shares
<p>Reason why the Company selected Mr. Masayuki Yamada as a candidate for Director Mr. Masayuki Yamada has served as Executive Officer & General Counsel in the Legal & Compliance Dept. and other departments of the Company as an attorney at law admitted to the New York Bar (US) and has a wealth of practical experience and a highly logical outlook. The Company has newly selected him as a candidate for Director because the Company deems it can be expected that he will contribute to the sustainable enhancement of the corporate value of the Group.</p>			
18	Heizo Takenaka (March 3, 1951)	<p>April 1990 Assistant Professor, Faculty of Policy Management, Keio University</p> <p>April 1996 Professor, Faculty of Policy Management, Keio University</p> <p>April 2001 Minister of State for Economic and Fiscal Policy</p> <p>Sep. 2002 Minister of State for Financial Services, Minister of State for Economic and Fiscal Policy</p> <p>July 2004 Member of the House of Councilors</p> <p>Sep. 2004 Minister of State for Economic and Fiscal Policy, Minister of State for Postal Privatization</p> <p>Oct. 2005 Minister of State for Internal Affairs and Communications, Minister of State for Postal Privatization</p> <p>Nov. 2006 The head of Global Security Research Institute, Keio University</p> <p>Dec. 2006 President, Academy Hills (present)</p> <p>Aug. 2009 Chairman & Director, Pasona Group Inc. (present)</p> <p>April 2010 Professor, Faculty of Policy Management, Keio University</p> <p>June 2015 Outside Director, ORIX Corporation (present)</p> <p>April 2016 Professor, Faculty of Regional Development Studies, Toyo University (present) Emeritus Professor, Keio University (present)</p>	—

<p>Reason why the Company selected Mr. Heizo Takenaka as a candidate for Outside Director</p> <p>The Company newly selected Mr. Heizo Takenaka as a candidate for Outside Director because the Company deems that he can adequately conduct duties as an Outside Director of the Company utilizing his ample experience and knowledge, including serving successively as the Minister of State for Economic and Fiscal Policy, the Minister of State for Financial Services, the Minister of State for Internal Affairs and Communications, and in other posts; teaching at Keio University and Toyo University; and serving as an outside director in private companies.</p>

(Note)

1. None of the candidates have any special interest in the Company.
2. If Mr. Kiyoshi Nagano and Mr. Masanao Marumono are elected in accordance with the original proposal, they will become Independent Directors who are not likely to have a conflict of interest with general shareholders as stipulated by Tokyo Stock Exchange.
3. Although Mr. Watanabe has not been directly involved in company management in a way other than being Outside Director or Outside Statutory Auditor, the Company has judged that he can properly perform his duties as Outside Director in accordance with the reason why the Company selected him as a candidate for Outside Director.
4. Mr. Kiyoshi Nagano, Mr. Keiji Watanabe, and Mr. Akihiro Tamaki are currently Outside Directors of the Company, and they will have served for six (6) years as Outside Director as of the end of this Ordinary General Meeting of Shareholders. Mr. Masanao Marumono is currently Outside Director of the Company, and he will have served for four (4) years as Outside Director as of the end of this Ordinary General Meeting of Shareholders. Mr. Teruhide Sato is currently Outside Director of the Company, and he will have served for three (3) years as Outside Director as of the end of this Ordinary General Meeting of Shareholders. Ms. Ayako Hirota Weissman and Mr. Yasumine Satake are currently Outside Directors of the Company, and they will have served for one (1) year as Outside Director as of the end of this Ordinary General Meeting of Shareholders.
5. The Company maintains individual agreements with each of Mr. Kiyoshi Nagano, Mr. Keiji Watanabe, Mr. Akihiro Tamaki, Mr. Masanao Marumono, Mr. Teruhide Sato, Ms. Ayako Hirota Weissman, and Mr. Yasumine Satake to limit each of their liability for compensation under Article 423, Paragraph 1 of the Companies Act. The limit of that liability is the higher amount of either 1,000,000 yen or the minimum liability amount under laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act and the provision of Article 25, Paragraph 2 of the Company's Articles of Incorporation. The Company will continue those individual agreements with each of Mr. Nagano, Mr. Watanabe, Mr. Tamaki, Mr. Marumono, Mr. Sato, Ms. Ayako Hirota Weissman, and Mr. Satake if their respective reelections are approved.
6. If the election of Mr. Heizo Takenaka is approved, the Company will enter into an agreement with Mr. Heizo Takenaka similar to the contracts for limitation of liability described in 5. above.

Second Item of Business: Election of One (1) Substitute Statutory Auditor

In order to maintain the continuity of auditing even when the number of Statutory Auditors required under laws and regulations is lacking, the Company proposes that Mr. Hideaki Asayama be elected as a substitute Outside Statutory Auditor.

The effect of election of Mr. Hideaki Asayama as a substitute Outside Statutory Auditor may be revoked, only before his assumption of office, by a resolution of the Board of Directors with the consent of the Board of Statutory Auditors.

The Board of Statutory Auditors agrees to this Second Item of Business.

Name (Date of Birth)	Career Summary, Position and Significant Concurrent Offices Held	Number of Company's Shares Owned
Hideaki Asayama (December 5, 1949)	April 1974 Entered TOKYO SHIBAURA ELECTRIC CO., LTD. (Currently, TOSHIBA CORPORATION)	—
	Oct. 1986 Assigned to TOSHIBA MEDICAL DO BRASIL LTDA., Director of Administration & Finance	
	July 1992 Manager of Finance Div. of TOSHIBA CORPORATION	
	June 1995 Assigned to Toshiba Pension Fund, Investment Manager	
	June 1997 Assigned to TOSHIBA INTERNATIONAL CORPORATION, Vice President and Treasurer	
	Dec. 1999 Chief Specialist, Finance & Accounting Div. of Toshiba Information & Social Infrastructure Systems Company, TOSHIBA CORPORATION	
	Oct. 2000 Chief Specialist, Corporate Audit Div. of Toshiba Information & Social Infrastructure Systems Company, TOSHIBA CORPORATION	
	May 2004 Retired from TOSHIBA CORPORATION	
	May 2004 Entered Toshiba Matsushita Display Technology Co., Ltd. (Currently, Japan Display Inc.), General Manager of Corporate Audit Dept.	
	June 2006 Standing Statutory Auditor of Toshiba Matsushita Display Technology Co., Ltd.	
	June 2009 Retired from position of Standing Statutory Auditor of Toshiba Matsushita Display Technology Co., Ltd.	
	June 2009 Entered TOSHIBA DESIGN & MANUFACTURING SERVICE CORPORATION, Group Manager of Internal Audit Group	
	June 2010 Statutory Auditor of SBI Liquidity Market Co., Ltd. (present)	
Jan. 2015 Outside Statutory Auditor of the Company		
June 2015 Retired from position of Outside Statutory Auditor of the Company		
Reason why the Company selected Mr. Hideaki Asayama as a candidate for Substitute Outside Statutory Auditor		
Mr. Hideaki Asayama has for many years been involved in the auditing of financial affairs, accounting, and management at business entities and has served as a Statutory Auditor of SBI Liquidity Market Co., Ltd. since June 2010. He has ample experience and extensive knowledge, particularly in financial affairs, accounting, and internal controls. The Company has selected him as a candidate for substitute Outside		

Statutory Auditor because the Company deems that he can adequately conduct duties as an Outside Statutory Auditor of the Company.

(Note)

1. The candidate has no special interest in the Company.
2. In the past, Mr. Hideaki Asayama has at a certain time been an officer who did not execute the business of the Company (Outside Statutory Auditor).
3. If Mr. Hideaki Asayama assumes the office of a Statutory Auditor, the Company will enter into an individual agreement with Mr. Hideaki Asayama to limit his liability for compensation under Article 423, Paragraph 1 of the Companies Act. The limit of that liability is the higher amount of either 1,000,000 yen or the minimum liability amount under laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act and the provision of Article 32, Paragraph 2 of the Company's Articles of Incorporation.

— End —

How to Exercise Voting Rights via the Internet

1. Exercising voting rights via the Internet

- (1) You may exercise voting rights at “the website for exercising voting rights” designated by the Company (the URL below) instead of exercising your voting rights in writing. If you wish to exercise your voting rights at this website, please log in to the website with the code and the password for exercising voting rights that are set out on the right-hand side of the Voting Rights Exercise Form enclosed herewith and enter the necessary matters by following the instructions that appear onscreen. In order to ensure security, you will need to change the password when you log in to the website for the first time.

<http://www.it-soukai.com/>

- (2) The deadline for exercising voting rights is 5:45 p.m. on Tuesday, June 28, 2016, and you will need to have finished the voting process by that time. Please exercise your voting rights as soon as possible.
- (3) If you have exercised your voting rights both in writing and via the Internet, your vote via the Internet will be the effective vote. If you have exercised your voting rights multiple times, your last vote will be the effective vote.
- (4) The password for exercising voting rights (including passwords changed by shareholders) is only effective for this Ordinary General Meeting of Shareholders. A new password for exercising voting rights will be issued to each shareholder for the next general meeting of shareholders.
- (5) You will bear all costs for your Internet connection.

(Note)

- The password for exercising voting rights is a means for confirming the identity of individual voters. Please note that the Company will not contact you to request information about your password.
- If you enter the wrong password a certain number of times, the website will become locked and you will be unable to use it. If the website is locked, please follow the instructions that appear onscreen.
- Although the compatibility of the website for exercising voting rights has been verified with devices commonly used for accessing the Internet, in some cases your device might not be able to access the website.

2. Inquiries

If you have any concerns, please contact the Stock Transfer Agent Department, Mizuho Trust & Banking Co., Ltd. (below), which is the shareholder registry administrator.

(1) Contact details for inquiries about operating instructions or the like regarding the website for exercising voting rights

Toll free number: 0120-768-524 (Weekdays from 9:00 a.m. to 9:00 p.m.)

(2) Contact details for any inquiries for handling of shares other than that set out in (1) above

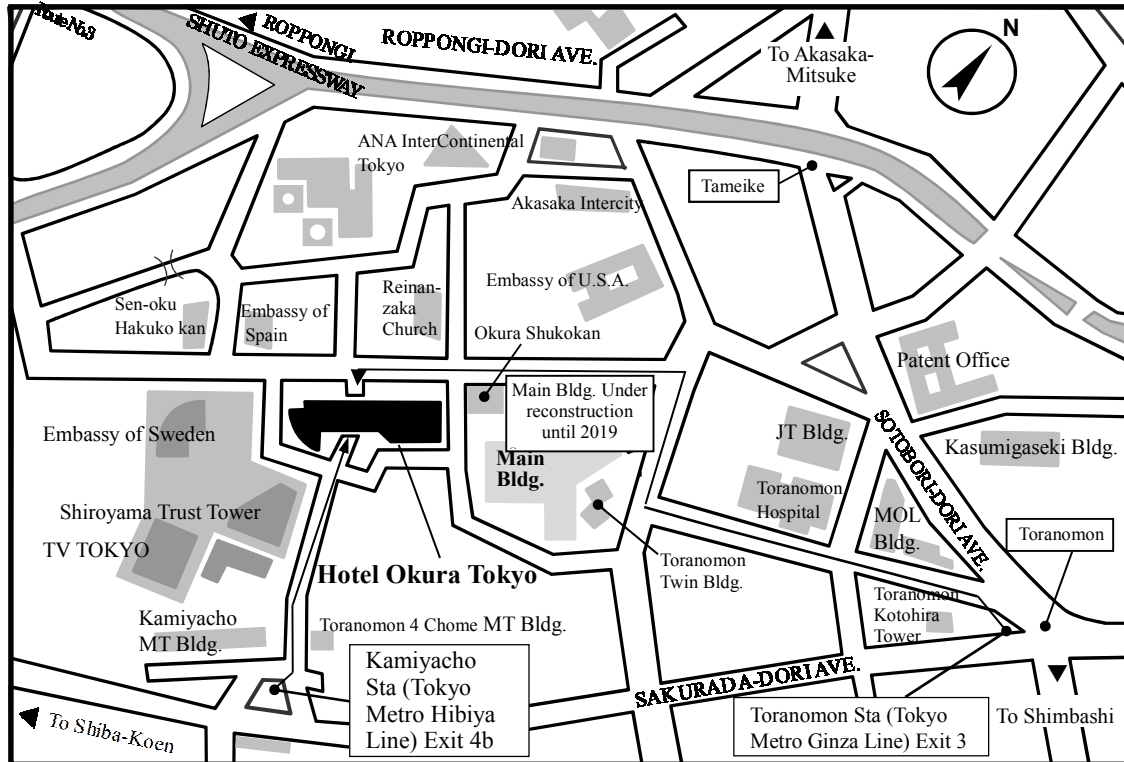
Toll free number: 0120-288-324 (Weekdays from 9:00 a.m. to 5:00 p.m.)

(For your reference)

If you are an institutional investor, you may use the Electronic Voting Platform operated by ICJ, Inc.

Access to the Meeting Room of the 18th Ordinary General Meeting of Shareholders

Location: Hotel Okura Tokyo
Ascot Hall, B2 Floor, South Wing
2-10-4 Toranomon, Minato-ku, Tokyo
Telephone: +81-3-3582-0111



Access:

Tokyo Metro/Hibiya Line: About nine minutes' walk from Kamiyacho Station, Exit 4b
Ginza Line: About fifteen minutes' walk from Toranomon Station, Exit 3

We recommend that you use public transportation when travelling to the venue.

End of the translation