

Securities Code: 8473

June 8, 2017

Yoshitaka Kitao
Representative Director, President & CEO

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

**CONVOCATION NOTICE
FOR THE 19TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Notice is hereby given that the 19th 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 Wednesday, June 28, 2017.

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:** Thursday, June 29, 2017, 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
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 19th fiscal year (from April 1, 2016 to March 31, 2017)

2. Report on the Non-Consolidated Financial Statements for the 19th fiscal year

Matters for Resolution

First Item of Business Election of Seventeen (17) Directors

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

Third 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, 2016 to March 31, 2017)

I. GROUP

1. BUSINESS IN THE CONSOLIDATED FISCAL YEAR ENDED MARCH 31, 2017

(1) Progress of Business and Results

While the Japanese economy continued to progress on a gradual path to recovery during the consolidated fiscal year ended March 31, 2017 as consumer spending showed general signs of recovery and corporate performance and employment conditions improved due to the effects of various government policies, prospects for the economy remained uncertain as a result of the UK's decision to withdraw from the EU, policy trends under the new administration in the US, and other factors.

Stock markets in Japan and overseas significantly impact businesses related to investment and securities. Although the domestic markets initially displayed a gradual upward trend with the postponement of the consumption tax increase being positively received, the markets declined significantly following the UK's decision to withdraw from the EU in June. However, influenced by the US stock markets, which, after the US presidential election in November, became extremely active with expectations of economic stimulus measures under the new administration, the yen weakened and share prices rose considerably, causing a sudden change in the market climate. Subsequently, despite the gradual strengthening of the yen in the foreign exchange markets resulting in stagnant share prices due to fading expectations for economic stimulus measures under the new administration in the US and uncertainties related to political prospects in Europe and other regions, the stock market showed strong progress against a backdrop of steady corporate performance, and as of March 31, 2017, the Nikkei Stock Average was up by 12.8% over the mark on March 31, 2016, at ¥18,909. In addition, there were 87 new listings (excluding the number of listings on the TOKYO PRO Market) in Japan, while overseas, the number of new listings continued on a downward trend as a result of uncertainties surrounding policy trends and monetary policy under the new administration in the US, as well as geopolitical factors such as declining economic growth in China and political tension in the Middle and Near East. While the global economy still shows a degree of weakness as stated above, the markets in the Asian emerging countries and resource-rich countries have rebounded and we believe that the global economy as a whole is making a gradual recovery.

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.

Under the circumstances as described above, the consolidated performance for the fiscal year ended March 31, 2017 resulted in revenue of ¥261,939 million (a 0.1% year-on-year increase), profit before income tax expense of ¥43,139 million (a 17.4% year-on-year decrease), and

profit attributable to owners of the Company of ¥32,455 million (a 4.9% year-on-year decrease).

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.

Outline of Each Business Segment

(millions of yen)

	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination	Consolidated
Revenue	176,989	80,392	5,530	262,911	883	(1,855)	261,939
Profit before income tax expense (loss)	48,853	13,940	(9,574)	53,219	(830)	(9,250)	43,139

(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 Sumishin Net Bank, Ltd.(*), SBI Life Insurance Co., Ltd., and SBI Insurance Co., Ltd.

Operation of Financial Services Business for the consolidated fiscal year ended March 31, 2017 resulted in revenue of ¥176,989 million (a 6.5% year-on-year increase) and profit before income tax expense of ¥48,853 million (a 3.8% 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.

Operation of Asset Management Business for the consolidated fiscal year ended March 31, 2017 resulted in revenue of ¥80,392 million (a 12.2% year-on-year decrease) and profit before income tax expense of ¥13,940 million (a 21.0% year-on-year decrease).

(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.

Operation of Biotechnology-related Business for the consolidated fiscal year ended March 31, 2017 resulted in revenue of ¥5,530 million (a 37.5% year-on-year increase), and loss before income tax expense amounted to ¥9,574 million (loss before income tax expense was ¥6,572 million for the fiscal year ended March 31, 2016).

- (*) 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, 2017 was ¥9,800 million.

This amount mainly resulted from a capital expenditure made in the amount of ¥8,364 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, 2017, the Company raised ¥35,000 million by issuing unsecured bonds, in addition to issuing ¥63,000 million in unsecured bonds under the MTN Program. The Company redeemed ¥30,000 million in unsecured bonds and ¥43,000 million in unsecured bonds under the MTN Program during the consolidated fiscal year ended March 31, 2017, and the amounts outstanding as of March 31, 2017 were ¥80,000 million and ¥60,000 million, respectively. In December 2016, the Company’s subsidiary SBI SECURITIES Co., Ltd. borrowed a total amount of ¥20,000 million through a syndicated loan in which Mizuho Bank, Ltd. acts as arranger.

2. TRENDS IN GROUP PROPERTY AND GAINS (LOSSES)

Classification	16th consolidated fiscal year	17th consolidated fiscal year	18th consolidated fiscal year	19 th consolidated fiscal year (consolidated fiscal year ended March 31, 2017)
	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
Revenue <i>(millions of yen)</i>	233,336	247,423	261,744	261,939
Profit before income tax expense <i>(millions of yen)</i>	38,899	63,067	52,227	43,139
Profit attributable to owners of the Company <i>(millions of yen)</i>	21,439	45,721	34,115	32,455
Basic earnings per share attributable to owners of the Company <i>(yen)</i>	99.04	211.18	160.83	159.38
Total assets <i>(millions of yen)</i>	2,875,304	3,400,763	3,126,784	3,850,001
Total equity <i>(millions of yen)</i>	388,463	430,615	419,063	415,524
Equity per share attributable to owners of the Company <i>(yen)</i>	1,504.19	1,771.19	1,792.08	1,856.47

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 Insurance Group Co., Ltd. (Note 6)	100.0 (3.7)
	SBI Life Insurance Co., Ltd.	100.0 (100.0)
	SBI Insurance Co., Ltd.	98.1 (98.1)
Asset Management Business	SBI Capital Management Co., Ltd.	100.0
	SBI Investment Co., Ltd.	100.0 (100.0)
	SBI GLOBAL ASSET MANAGEMENT Co., Ltd.	100.0
	Morningstar Japan K.K.	49.5 (49.5)
	SBI Asset Management Co., Ltd.	100.0 (100.0)
	SBI Estate Finance Co., Ltd.	100.0 (5.0)
	SBI Hong Kong Holdings Co., Limited (Note7)	100.0
	SBI VEN HOLDINGS PTE. LTD.	100.0
SBI SAVINGS BANK	98.9 (98.9)	

Business Segment	Name	Ownership Ratio of Voting Rights or Investment Ratio (%) (Note 1)
Biotechnology-related Business	SBI ALA Hong Kong Co., Limited	95.5 (95.5)
	SBI Pharmaceuticals Co., Ltd.	84.9 (84.9)
	SBI ALApromo Co., Ltd.	100.0 (100.0)
	SBI Biotech Co., Ltd.	87.6 (1.1)

(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 Japannext Co., Ltd. is excluded from important subsidiaries as it changed from being a consolidated subsidiary to being an equity method associate in July 2016.
- SBI Value Up Fund No.1 Limited Partnership is excluded from important subsidiaries as the partnership management period expired in August 2016 and it became subject to liquidation in September 2016.
- SBI CAPITAL Co., Ltd. is excluded from important subsidiaries as SBI Value Up Fund 1 Limited Partnership managed by SBI CAPITAL Co., Ltd. is under liquidation, so SBI CAPITAL Co., Ltd. became less important.
- SBI KOREA HOLDINGS CO., LTD. is excluded from important subsidiaries as its asset size was reduced through disposal of assets held, etc.
- SBI Insurance Group Co., Ltd. was established in March 2017 as an intermediary holding company that oversees insurance businesses.
- SBI Hong Kong Holdings Co., Limited has been added to the important subsidiaries since the consolidated fiscal year ended March 31, 2017.

(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	¥667,836 million
SBI SECURITIES Co., Ltd.	1-6-1, Roppongi, Minato-ku, Tokyo, Japan	¥168,901 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 accelerate in the fields of AI, IoT, big data and robotics, as well as blockchain, a core technology of FinTech, we will continue to 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 creation of new financial businesses 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 through expansion of IPO and PO businesses and businesses for financial institutions, 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 for institutional and private investors not only in Japan but also in Hong Kong and South Korea. 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 in order to build 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.

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 making efforts to generate synergistic effects among Group companies. Accordingly, it is our key objective to realize further growth and enhance the already completed online financial ecosystem by pursuing the further generation of synergistic effects among Group companies both through online and face-to-face services, and by strengthening various alliances with companies outside the Group, including those in the same industry, in the

future.

In the Asset Management Business, we recognize that the expansion of our investments in emerging countries, primarily in Asia, and the establishment of an effective investment system are also high priorities. 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 three key areas of IT, biotechnology, and finance and concentrating our investments in growth areas in order to continuously contribute to developing industries while benefiting from high investment performance. In particular, we have more actively invested in the field of FinTech, where innovative new technology has been developing on the global stage, through the FinTech Fund (FinTech Business Innovation LPS) established in December 2015, and we will make efforts to enhance the earning capacity of investors and promote improvement in the corporate value of investee venture companies by supporting open innovation of FinTech services between the Fund's equity investors and investee venture companies. Moreover, 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 we also actively carry out global research and development of pharmaceutical products through SBI Pharmaceuticals Co., Ltd., which owns a total of 40 patents in Japan (and a total of 25 patents overseas), and photonamic GmbH & Co. KG in Germany, which became our subsidiary in January 2016. 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 (Sugar) 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.

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. University graduates employed since April 2006 already contribute strongly in key positions of the organization as people who may advance to senior executive positions and decide the future of the Group as it rapidly expands. 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, 2017)

The Group's primary businesses are the "Financial Service Business," which offers financial products and related services mainly in securities, bank, and insurance businesses, the "Asset Management Business," which offers services related to investment and asset management in IT, biotechnology, environment, energy, and financial-related venture companies inside and outside of Japan, and the "Biotechnology-related Business," which conducts research and development, manufacture, and distribution of pharmaceutical products, health foods, and cosmetics.

6. PRINCIPAL PLACE OF BUSINESS OF THE GROUP
(as of March 31, 2017)

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, 2017)

Business Segment	Number of Employees
Financial Services Business	3,146
Asset Management Business	959
Biotechnology-related Business	205
Others	12
Company-wide (Common)	133
Total	4,455

(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 1,025 from March 31, 2016 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, 2017)

(millions of yen)

Lender	Loan Balance
Mizuho Bank, Ltd.	91,149
Syndicated loans arranged by Mizuho Bank, Ltd.	74,629

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 strive to increase the payout amount in the future. With respect to levels for the total amount of return for the dividends and acquisition of own shares, the Company endeavors to achieve a return to shareholders of no less than 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, 2017, the Company determined to pay an interim dividend of ¥10 per share as it did in the fiscal year ended March 31, 2016 and a year-end dividend of ¥40 per share. As a result, the total annual dividend for the consolidated fiscal year ended March 31, 2017 increased by ¥5 from the consolidated fiscal year ended March 31, 2016 to ¥50 per share. In the fiscal year ended March 31, 2017, we implemented an acquisition of own shares totaling ¥8,000 million, and the total shareholder return percentage (the total amount of return as a percentage of the profit attributable to owners of the Company) was 55.9%.

II. COMPANY

1. SHARES (as of March 31, 2017)

- (1) Total Number of Shares Authorized for Issue 341,690,000 shares
- (2) Total Number of Outstanding Shares 224,561,761 shares
(including 20,954,080 shares of treasury stock)
- (3) Number of Shareholders 133,067 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)	9,670,430	4.7
NORTHERN TRUST GLOBAL SERVICES LIMITED RE 15PCT TREATY ACCOUNT (NON LENDING)	9,561,600	4.6
The Master Trust Bank of Japan, Ltd. (Trust account)	7,720,000	3.7
THE BANK OF NEW YORK 133524	4,892,436	2.4
JP Morgan Chase Bank 385164	4,470,400	2.1
Japan Trustee Services Bank, Ltd. (Trust account 9)	4,192,100	2.0
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,097,600	2.0
Yoshitaka Kitao	3,907,960	1.9
SAJAP	3,887,340	1.9
STATE STREET BANK WEST CLIENT – TREATY 505234	3,262,932	1.6

(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 20,954,080 shares as treasury stock.

(6) Other Important Matters Regarding Shares

The number of shares of treasury stock has increased to 6,855,600 as a result of acquisition of own stock made pursuant to a resolution of the meeting of the Board of Directors held on July 28, 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, 2017)
Not Applicable
- (2) Delivery of stock acquisition rights to employees as consideration for the execution of duties during the fiscal year ended March 31, 2017

Not Applicable

3. COMPANY OFFICERS

(1) Directors and Statutory Auditors (as of March 31, 2017)

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 & President 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. Director of SBI ALA Hong Kong Co., Limited
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. 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. Director 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 of SBI Asset Management Co., Ltd.
Director,	Shumpei Morita	Representative Director and President of SBI

Managing Executive Officer & CFO		Business Solutions Co., Ltd. Representative Director of SBI Art Auction Co., Ltd. Representative Director of SBI Incubation Co., Ltd. Representative Director of SBI Point Co., Ltd. Director of SBI FINANCIAL SERVICES Co., Ltd. Director of SBI Capital Management Co., Ltd. Statutory Auditor of SBI Pharmaceuticals Co., Ltd.
Director & Managing Executive Officer	Kazuhiro Nakatsuka	Representative Director and President of SBI ENERGY Co., Ltd.
Director & Managing Executive Officer	Masato Takamura	Representative Director and President of SBI SECURITIES Co., Ltd.
Director & Managing Executive Officer	Tatsuo Shigemitsu	President of SBI Liquidity Market Co., Ltd.
Director & Executive Officer	Masayuki Yamada	General Counsel, Legal & Compliance Dept. of the Company Statutory Auditor of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Director of SBI Incubation 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
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	Director of Tokushukai, a medical corporation (a part-time position) Director of Japan Association of Employers of Persons with Severe Disabilities Vice-President of NPO Shogaiisha Diversity Kenkyukai

Director	Teruhide Sato	Komisaris of PT MIDTRANS Komisaris of PT Tokopedia Director of BEENEXT PTE. LTD. Director of Sen Do Technology Joint Stock Company Director of DROOM PTE. LTD. Director of BEENEXT CAPITAL MANAGEMENT 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.
Director	Heizo Takenaka	Chairman & Director of Pasona Group Inc. Outside Director of ORIX Corporation President of Academy Hills Professor of Faculty of Regional Development Studies at Toyo University Emeritus Professor at Keio University
Standing Statutory Auditor	Atsushi Fujii	Statutory Auditor of SBI Investment Co., Ltd. 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	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)

1. Directors Kiyoshi Nagano, Keiji Watanabe, Akihiro Tamaki, Masanao Marumono, Teruhide Sato, Ayako Hirota Weissman, Yasumine Satake, and Heizo Takenaka are Outside Directors.
2. Statutory Auditors Yasuo Sekiguchi and Hiroaki Nagasue are Outside Statutory Auditors.
3. 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.
4. The position of the following director has changed as follows in the fiscal year ended March 31, 2017.

Name	New position	Former position	Date of change
Masato Takamura	Director & Managing Executive Officer	Director	June 29, 2016
Tatsuo Shigemitsu	Director & Managing Executive Officer	Director	June 29, 2016

5. Directors who were newly elected and assumed office at the 18th Ordinary General Meeting of Shareholders held on June 29, 2016 are Masayuki Yamada and Heizo Takenaka.
6. 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) Remuneration of Directors and Statutory Auditors

Total Amount of Remuneration for the Fiscal Year ended March 31, 2017

Classification	Number of Officers	Amount of Paid Remuneration
Directors (Outside Directors included)	18 officers (8 officers)	¥790 million (¥126 million)
Statutory Auditors (Outside Statutory Auditors included)	3 officers (2 officers)	¥21 million (¥7 million)
Total (Outside Directors and Outside Statutory Auditors included)	21 officers (10 officers)	¥811 million (¥133 million)

(Note)

1. The amount of remuneration of Directors does not include employee remuneration for any director who concurrently serves as an employee.
2. 1 Statutory Auditor does not receive remuneration.

(3) 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, 2017)

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	Director of Tokushukai, a medical corporation (a part-time position) Director of Japan Association of Employers of Persons with Severe Disabilities Vice-President of NPO Shogaisha Diversity Kenkyukai
Director	Teruhide Sato	Komisaris of PT MIDTRANS Komisaris of PT Tokopedia Director of BEENEXT PTE. LTD. Director of Sen Do Technology Joint Stock Company Director of DROOM PTE. LTD. Director of BEENEXT CAPITAL MANAGEMENT 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.

Director	Heizo Takenaka	Chairman & Director of Pasona Group Inc. Outside Director of ORIX Corporation President of Academy Hills Professor of Faculty of Regional Development Studies at Toyo University Emeritus Professor at Keio University
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, 2017

- 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	12 times	100%	—	—
Director	Akihiro Tamaki	12 times	100%	—	—
Director	Masanao Marumono	12 times	100%	—	—
Director	Teruhide Sato	11 times	91%	—	—
Director	Ayako Hirota Weissman	11 times	91%	—	—
Director	Yasumine Satake	12 times	100%	—	—
Director	Heizo Takenaka	8 times	80%	—	—
Statutory Auditor	Yasuo Sekiguchi	12 times	100%	16 times	100%
Statutory Auditor	Hiroaki Nagasue	12 times	100%	16 times	100%

(Note)

Director Heizo Takenaka was appointed as a Director on June 29, 2016. Meetings of the Board of Directors were held 10 times on and after June 29, 2016, and the attendance rate for Heizo Takenaka above represents a percentage of the total number of meetings 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, Yasumine Satake, and Heizo Takenaka 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, Yasumine Satake, and Heizo Takenaka 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, 2017

¥314 million

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

¥591 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, 2016.
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. Five 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 or 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 effective resolutions by the Board of Directors concerning systems in place at the end of the fiscal year ended March 31, 2017 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 officers 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 Rules for the Board of Directors 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 an Officer in Charge of 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 Auditing Department. The Internal Auditing 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 Whistleblowing System for submitting reports directly to the Internal Auditing 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 the Rules for Document Management 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 an Officer in Charge of Risk Management in accordance with the Rules for Risk Management and other regulations established by the Board of Directors. The Company has also established 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 Rules for Crisis Management by (a) establishing a task force led by the Officer in Charge of Risk Management and (b) facilitating a structure that enables timely and appropriate sharing of information relating to the management crisis among the Officer in Charge of Risk Management, the managers in charge of a risk management department, the General Affairs and Human Resources Department, the Corporate Communications Department, and the Legal and Compliance Departments, and other officers 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. Through this process, 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 the Rules for Management of Affiliated 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 Whistleblowing 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 Whistleblowing 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 the Compliance Rules 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 Officer in Charge of Compliance and a 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 Rules for Internal Audit 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 Auditing 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 the Rules for Management of Affiliated 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 Officer in Charge of Risk Management and a risk management 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 the 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, the Statutory Auditor is consulted with in advance and the opinions of the 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, 2017 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 twelve 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 an Officer 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 Auditing 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 Whistleblowing 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 the Rules for Document Management and appropriately recorded and stored data relating to the execution of duties by the Directors, and the Directors and the 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 an Officer in Charge of Risk Management, established 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 Officer in Charge of 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 the Rules for Whistleblowing 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 Whistleblowing 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 Auditing 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 Auditing 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

Corresponding to the request by the 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 the 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 the 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, 2017
	Millions of Yen
Assets	
Cash and cash equivalents	391,572
Trade and other accounts receivable	472,128
Assets related to securities business	
Cash segregated as deposits	1,399,851
Margin transaction assets	617,550
Other assets related to securities business	315,640
Total assets related to securities business	2,333,041
Other financial assets	30,050
Operational investment securities	111,067
Other investment securities	186,512
Investments accounted for using the equity method	90,394
Investment properties	7,105
Property and equipment	10,498
Intangible assets	185,493
Other assets	28,392
Deferred tax assets	3,749
Total assets	3,850,001
Liabilities	
Bonds and loans payable	518,977
Trade and other accounts payable	52,887
Liabilities related to securities business	
Margin transaction liabilities	135,698
Loans payable secured by securities	399,673
Deposits from customers	738,144
Guarantee deposits received	600,621
Other liabilities related to securities business	304,476
Total liabilities related to securities business	2,178,612
Customer deposits for banking business	485,827
Insurance contract liabilities	147,573
Income tax payable	10,040
Other financial liabilities	14,663
Other liabilities	11,946
Deferred tax liabilities	13,952
Total liabilities	3,434,477
Equity	
Capital stock	81,681
Capital surplus	128,004
Treasury stock	(23,801)
Other component of equity	22,720
Retained earnings	169,388
Equity attributable to owners of the Company	377,992
Non-controlling interests	37,532
Total equity	415,524
Total liabilities and equity	3,850,001

(2) Consolidated Statement of Income

	Fiscal year ended March 31, 2017
	Millions of Yen
Revenue	261,939
Expense	
Financial cost associated with financial income	(14,543)
Operating cost	(98,982)
Selling, general and administrative expenses	(95,970)
Other financial cost	(3,477)
Other expenses	(8,677)
Total expense	(221,649)
Share of the profit of associates and joint ventures accounted for using the equity method	2,849
Profit before income tax expense	43,139
Income tax expense	(14,836)
Profit for the year	28,303
Profit for the year attributable to:	
Owners of the Company	32,455
Non-controlling interests	(4,152)
Profit for the year	28,303

(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 components 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, 2016	81,681	145,735	(19,132)	17,107	146,199	371,590	47,473	419,063
Profit for the year	—	—	—	—	32,455	32,455	(4,152)	28,303
Other comprehensive income	—	—	—	5,627	—	5,627	(1,124)	4,503
Total comprehensive income	—	—	—	5,627	32,455	38,082	(5,276)	32,806
Change in scope of consolidation	—	(4)	—	—	—	(4)	(1,294)	(1,298)
Dividends paid	—	—	—	—	(9,280)	(9,280)	(35,612)	(44,892)
Treasury shares purchased	—	—	(8,019)	—	—	(8,019)	—	(8,019)
Treasury shares sold	—	304	3,350	—	—	3,654	—	3,654
Changes of interests in subsidiaries without losing control	—	(18,031)	—	—	—	(18,031)	32,241	14,210
Transfer	—	—	—	(14)	14	—	—	—
As at March 31, 2017	81,681	128,004	(23,801)	22,720	169,388	377,992	37,532	415,524

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: 187

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.

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

3. Application of equity method

Number of investments in associates and joint ventures accounted for using the equity method: 36

Major investment accounted for using the equity method: SBI Sumishin Net Bank., Ltd. and SBI Japannext Co., 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 the 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 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 hedging instrument, which is the derivative, in compliance with our risk management objective and strategy. In addition, at the inception and on an ongoing basis, the Group documents whether the derivative is highly effective in offsetting changes in the fair value or the cash flows of the hedged item attributable to the risk of changes in interest rates, etc.

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

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

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

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

(Derivatives to which hedge accounting is not applied)

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

② Valuation standards and methods of non-financial assets

- Property and equipment other than leased 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 leased 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 leased assets
Intangible assets are measured using the cost method and stated at cost less accumulated amortization and accumulated impairment loss.
- Leased assets
A lease is classified as a finance lease when the Group assumes substantially all the risks and rewards according to the lease contract. Leased assets are initially recognized as the lower of the fair value of the leased property 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 - 47 years
• Furniture and equipment	3 - 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
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 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 difference between the fair value of the consideration received and the carrying amount.

Changes in the fair value of financial assets at FVTOCI are presented in other comprehensive income. When such financial assets are derecognized (sold) or the 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.

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Pledged assets and related liabilities

(1) Pledged assets consisted of the following:

Trade and other accounts receivable	9,453 Millions of Yen
Other financial assets	6 Millions of Yen
Property and equipment	308 Millions of Yen
<u>Total</u>	<u>9,767 Millions of Yen</u>

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

Bonds and loans payable	7,648 Millions of Yen
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2. Accumulated depreciation and accumulated impairment loss of property and equipment:

9,374 Millions of Yen

NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. Number and class of issued shares as of March 31, 2017

Common shares	224,561,761 shares
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2. Dividends

(1) Dividend paid

Dividend approved at the Board of Directors 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

Dividend approved at the Board of Directors meeting on October 27, 2016

• Dividend amount	2,009 Millions of Yen
• Amount per share	10 Yen
• Record date	September 30, 2016
• Effective date	December 12, 2016

(2) Dividend whose record date fell in the year ended March 31, 2017, and whose effective date will be in the year ending March 31, 2018

Dividend approved at the Board of Directors meeting on April 28, 2017

• Dividend amount	8,144 Millions of Yen
• Amount per share	40 Yen
• Record date	March 31, 2017
• Effective date	June 9, 2017

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, 2017

Common shares related to:

Stock options	3,817,600 shares
Convertible bonds	20,645,516 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 the 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 borrowings, 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 as follows:

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

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

Trade and other accounts receivable

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

Assets and liabilities related to securities business

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

Operational investment securities and other investment securities

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

Bonds and loans payable and Trade and other accounts payable

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

Customer deposits for banking business

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

3. Fair value of financial instruments

(Millions of Yen)

	Carrying Amount	Fair Value
Financial assets		
Cash and cash equivalents	391,572	391,572
Trade and other accounts receivable	472,128	477,051
Assets related to securities business	2,333,041	2,333,041
Other financial assets	30,050	30,050
Operational investment securities	111,067	111,067
Other investment securities	186,512	187,680
Financial liabilities		
Bonds and loans payable	518,977	518,887
Trade and other accounts payable	52,887	53,013
Liabilities related to securities business	2,178,612	2,178,612
Customer deposits for banking business	485,827	485,997
Other financial liabilities	14,663	14,663

NOTES TO PER SHARE INFORMATION

Equity per share attributable to owners of the Company	1,856.47 Yen
Basic earnings per share attributable to owners of the Company	159.38 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,
2017

Millions of Yen

Assets	
Current assets	
Cash and deposits	28,445
Accounts receivable-trade	933
Operational investment securities	22,748
Supplies	21
Prepaid expenses	209
Operational loans receivable	43
Short-term loans receivable	58,046
Deferred tax assets	216
Others	6,362
Allowance for doubtful accounts	(1,545)
Total current assets	115,478
Non-current assets	
Property and equipment	
Buildings	189
Structures	9
Vehicles	11
Tools and fixtures	259
Leased assets	4
Total property and equipment	472
Intangible assets	
Patents	818
Trademark	9
Software	275
Telephone rights	5
Total intangible assets	1,107

	As at March 31, 2017
	<u>Millions of Yen</u>
Investments and other assets	
Investment securities	1,551
Stocks of subsidiaries and associates	528,408
Investments in other securities of subsidiaries and associates	14,462
Investments in subsidiaries and associates other than equity securities	41
Long-term prepaid expenses	14
Lease and guarantee deposits	1,827
Deferred tax assets	3,995
Others	0
Total investments and other assets	<u>550,298</u>
Total non-current assets	<u>551,887</u>
Deferred charges	
Bond issuance costs	481
Total deferred charges	<u>481</u>
Total assets	<u><u>667,836</u></u>
Liabilities	
Current liabilities	
Short-term loans payable	96,650
Current portion of bonds payable	60,000
Current portion of lease obligations	1
Accounts payable	1,948
Accrued expenses	668
Accrued income tax	8,031
Deposits received	53
Total current liabilities	<u>167,351</u>
Non-current liabilities	
Bonds payable	110,000
Long-term loans payable	35,500
Lease obligations	4
Asset retirement obligation	130
Long-term deposits received	4,729
Total non-current liabilities	<u>150,363</u>
Total liabilities	<u><u>317,714</u></u>

	As at March 31, 2017
	<u>Millions of Yen</u>
Net assets	
Shareholders' equity	
Capital stock	81,681
Capital surplus	
Legal capital surplus	126,792
Other capital surplus	101,654
Total capital surplus	<u>228,446</u>
Retained earnings	
Other retained earnings	
Retained earnings brought forward	<u>60,578</u>
Total retained earnings	<u>60,578</u>
Treasury stock	<u>(23,801)</u>
Total shareholders' equity	<u>346,904</u>
Valuation and translation adjustments	
Unrealized gains on available-for-sale securities	<u>3,160</u>
Total valuation and translation adjustments	<u>3,160</u>
Stock acquisition rights	<u>58</u>
Total net assets	<u>350,122</u>
Total liabilities and net assets	<u>667,836</u>

(2) Statement of Income

	Fiscal Year ended March 31, 2017
	Millions of Yen
Net sales	39,524
Cost of sales	19,442
Gross profit	20,082
Selling, general and administrative expenses	7,085
Operating income	12,997
Non-operating income	
Interest income	1,251
Others	156
Total non-operating income	1,407
Non-operating expense	
Interest expense	3,242
Amortization of bond issuance costs	301
Others	1,397
Total non-operating expense	4,940
Ordinary income	9,464
Extraordinary income	
Gain on sales of stocks of subsidiaries and associates	12,159
Others	453
Total extraordinary income	12,612
Extraordinary expense	
Loss on valuation of stocks of subsidiaries and associates	3,695
Loss on sales of stocks of subsidiaries and associates	15,335
Others	1,334
Total extraordinary expense	20,364
Income before income taxes	1,712
Income taxes-current	545
Income taxes-deferred	(4,492)
Total income taxes	(3,947)
Net income	5,659

(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, 2016	81,681	126,792	101,309	228,101	64,199	64,199	(19,132)	354,849
Dividends paid	—	—	—	—	(9,280)	(9,280)	—	(9,280)
Net income	—	—	—	—	5,659	5,659	—	5,659
Treasury shares purchased	—	—	—	—	—	—	(8,019)	(8,019)
Treasury shares sold	—	—	345	345	—	—	3,350	3,695
Net changes other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes during the year	—	—	345	345	(3,621)	(3,621)	(4,669)	(7,945)
As at March 31, 2017	81,681	126,792	101,654	228,446	60,578	60,578	(23,801)	346,904

	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, 2016	3,645	3,645		99
Dividends paid	—	—		—	(9,280)
Net income	—	—		—	5,659
Treasury shares purchased	—	—		—	(8,019)
Treasury shares sold	—	—		—	3,695
Net changes other than shareholders' equity	(485)	(485)		(41)	(526)
Total changes during the year	(485)	(485)		(41)	(8,471)
As at March 31, 2017	3,160	3,160		58	350,122

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 leased assets

Depreciation is computed using the declining-balance method, while the straight-line method is applied to facilities attached to buildings and to structures acquired on and after April 1, 2016. The range of useful lives is principally from 3 to 18 years for buildings, 50 years for structures, from 3 to 20 years for tools and fixtures, and 6 years for vehicles.

(2) Intangible assets other than leased 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) Leased assets

Leased assets treated as finance leases without transfer of ownership 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 the real estate business, and dividend income. Cost of sales principally consists of the cost of operational investment securities and provision of allowance for investment losses.

(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-downs 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 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.

(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.

CHANGE IN ACCOUNTING POLICIES

Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016

Pursuant to an amendment in the Corporation Tax Act, the Company has applied “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (ASBJ Practical Issues Task Force (PITF) No. 32, June 17, 2016) from this fiscal year. Accordingly, the Company changed the depreciation method for facilities attached to buildings and structures acquired on and after April 1, 2016 from the declining-balance method to the straight-line method.

The effect of this change in accounting policies on the financial statements for this fiscal year is not material.

ADDITIONAL INFORMATION

Application of implementation guidance on recoverability of deferred tax assets

The Company has applied “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016) from this fiscal year.

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 to 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 the Company can increase its corporate value. The Plan was terminated on January 23, 2017.

The Plan is an incentive plan to return the benefits of stock price increases to all members of both the “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

The average number of shares owned by the Trust during the fiscal year ended March 31, 2017 was 237,533.48 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.

NOTES TO BALANCE SHEET

1. Accumulated depreciation:

	As at March 31, 2017
	<u>Millions of Yen</u>
Property and equipment	1,234

2. Contingent Liabilities:

(1) Guarantees for trade liability of subsidiaries and associates	2,262 Millions of Yen
Guarantees for bonds and loans payable of subsidiaries and associates	1,357 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, the obligation balance outstanding was 610 million yen.

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. As at the end of the period, there was no obligation balance outstanding.

3. Assets and liabilities of subsidiaries and associates:

	As at March 31, 2017
	<u>Millions of Yen</u>
(1) Short-term receivables	64,338
(2) Long-term receivables	4
(3) Short-term payables	51,808
(4) Long-term payables	4,036

NOTES TO STATEMENT OF INCOME

Transactions with subsidiaries and associates:

	Fiscal Year ended March 31, 2017
	<u>Millions of Yen</u>
Net sales	21,370
Purchases	598
Other transactions	19,470

NOTES TO STATEMENT OF CHANGES IN NET ASSETS

Class and number of treasury stock

	As at March 31, 2017
	<u>Shares</u>
Common shares	20,954,080

NOTES TO DEFERRED TAX ACCOUNTING

Major factors resulting in deferred tax assets and liabilities

Deferred tax assets are mainly due to deferral of losses, and losses on valuation of investment securities.

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

RELATED PARTY TRANSACTIONS

1. 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 Financial Support Co., Ltd.	100 (100)	—	Finance (*2)	23,752	Short-term loans receivable	11,400
Subsidiary	SBI Ventures Two Co., Ltd.	100 (100)	—	Finance (*2)	18,050	Short-term loans receivable	14,215
Subsidiary	Quark Pharmaceuticals, Inc.	87.6 (87.6)	—	Finance (*2)	22,659	Short-term loans receivable	12,023
Subsidiary	SBI Hong Kong Holdings Co., Limited	100	Interlocking directors	Finance (*2)	13,233	Short-term loans receivable	4,610
				Capital contribution	25,775	—	—
Subsidiary	SBI Capital Management Co., Ltd.	100	Interlocking directors	Finance (*2)	9,610	—	—
				Purchase of investment in subsidiary (*3)	14,315	—	—
Subsidiary	SBI FINANCIAL SERVICES Co., Ltd.	100	Interlocking directors	Dividend in kind	17,000	—	—
				Guaranteed (*4)	50,000	—	—
Subsidiary	SBI Incubation Co., Ltd.	100 (79.8)	Interlocking directors	Finance (*2)	27,998	Short-term loans receivable	11,970
				Sale of investment in subsidiary (*3)			
				Proceeds from sale	5,590	—	—
	Loss on sale	5,069	—	—			
Subsidiary	SBI Insurance group Co., Ltd.	100 (3.7)	—	Stock exchange	12,620	—	—
				Sale of investment in subsidiary(*5)			
				Proceeds from sale	5,880	—	—
	Loss on sale	8,890	—	—			
Subsidiary	SBI SECURITIES Co., Ltd.	100 (100)	Interlocking directors	Borrowing (*2)	209,000	Short-term loans payable	50,000
				Return of guarantee	7,750	Long-term deposits received	3,345
				Transaction of individual allocated amount of consolidated corporation Tax	8,811	Accounts receivable-other	2,870
				Interest expense	887	Accrued expenses	3

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) The purchase and sales price of investment in subsidiary was determined based on the market price at the time of each transaction.

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

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

2. Corporate officers and major individual shareholders

Type	Company name or Name	Ratio of voting rights held (%)	Relationship with related party	Transaction description	Amount (Millions of Yen)	Account name	Balance (Millions of Yen)
Corporate officer	Yoshitaka Kitao	1.9	Representative Director	Exercise of stock options(*)	873	—	—
Corporate officer	Takashi Nakagawa	0.0	Representative Director	Exercise of stock options(*)	499	—	—
Corporate officer	Shumpei Morita	0.0	Executive Officer	Exercise of stock options(*)	200	—	—
Corporate officer	Masayuki Yamada	0.0	Executive Officer	Exercise of stock options(*)	20	—	—

(*) Transaction terms and policy for determining transaction terms

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

NOTES TO PER SHARE INFORMATION

Fiscal Year ended March 31,
2017

Yen

Net assets per share	1,719.31
Net income per share	27.79
Diluted net income per share	25.21

(Note) The number of treasury shares and the number of shares of the Company held by the Stock Benefit Trust, which was 0 shares as at the end of the fiscal year and which averaged 237,533.48 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 19, 2017

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

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, 2017 of SBI Holdings, Inc. (the "Company") and its consolidated subsidiaries, and the consolidated statement of income and statement of changes in equity for the fiscal year from April 1, 2016 to March 31, 2017, 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, 2017, 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 19, 2017

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

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, 2017 of SBI Holdings, Inc. (the "Company"), and the related statements of income and changes in net assets for the 19th fiscal year from April 1, 2016 to March 31, 2017, 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, 2017, 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 19th fiscal year (from April 1, 2016 to March 31, 2017), 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 23, 2017

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 Seventeen (17) Directors

The term of office of all eighteen (18) current Directors expires as of the end of this Ordinary General Meeting of Shareholders, so the Company proposes that seventeen (17) Directors be elected, including four (4) candidates for new Directors.

1. The candidates for Directors to be reelected upon expiry of the term of office are as described in pages 66 to 73:

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
1	Yoshitaka Kitao (January 21, 1951) Number of Company's Shares Owned: 3,907,960 shares	<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.)</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> <p>June 2016 Representative Director, President of SBI Pharmaceuticals Co., Ltd. (present)</p>
<p>Reason why the Company selected Mr. Yoshitaka Kitao as a candidate for Director</p> <p>Mr. Yoshitaka Kitao has demonstrated excellent management capabilities as Representative Director, President & CEO since the Company's establishment, establishing a strong business foundation for the Group, including building a financial conglomerate focused on Internet-based financial services 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, which have expanded in Japan and abroad. He has excellent 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 he will continue to be essential for the sustainable enhancement of the corporate value</p>		

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
	of the Group.	
2	<p>Katsuya Kawashima (March 30, 1963)</p> <p>Number of Company's Shares Owned: 437,870 shares</p>	<p>April 1985 Entered Nomura Securities Co., Ltd. Aug. 1995 Entered SOFTBANK CORP. (Currently, SoftBank Group Corp.) July 1999 Director of the Company Oct. 1999 Representative Director and President of SOFTBANK FRONTIER SECURITIES CO., LTD. (Currently, SBI SECURITIES Co., Ltd.) Nov. 2000 Representative Director and President of Softbank Finance Corp. (Currently, SoftBank Corp.) March 2001 Representative Director and President of Morningstar Japan K.K. Dec. 2005 Director, Senior Executive Vice President & COO of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.) April 2006 Deputy President of Sumishin SBI Net Bank Research Co., Ltd. (Currently, SBI Sumishin Net Bank, Ltd.) Sep. 2007 Deputy President and COO of SBI Sumishin Net Bank, Ltd. Aug. 2011 President of SBI Sumishin Net Bank, Ltd. April 2014 Director of SBI Sumishin Net Bank, Ltd. April 2014 Representative Director and President of SBI MONEY PLAZA Co., Ltd. June 2014 Director of SBI SECURITIES Co., Ltd. (present) June 2014 Representative Director, Senior Executive Vice President & Co-COO of the Company (present) April 2015 Director of SBI FINANCIAL SERVICES Co., Ltd. (present) April 2015 Representative Director and President of SBI Capital Management Co., Ltd. (present) April 2015 Representative Director and President of SBI Investment Co., Ltd. (present) Sep. 2015 Director of SBI SAVINGS BANK (present) May 2017 Director of SBI Sumishin Net Bank, Ltd. (present)</p> <p>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.</p>
3	<p>Takashi Nakagawa (September 6, 1963)</p> <p>Number of Company's Shares Owned: 42,000 shares</p>	<p>April 1987 Entered The Fuji Bank, Limited (Currently, Mizuho Financial Group, Inc.) April 1999 Entered Softbank Finance Corp. (Currently, SoftBank Corp.) June 2000 Entered the Company Dec. 2002 Director of the Company June 2005 Director and Managing Executive Officer of SBI VENTURES K.K. (Currently, SBI Investment Co., Ltd.) July 2006 Representative Director and COO of SOFTBANK INVESTMENT CORPORATION (Currently, SBI Investment Co., Ltd.) June 2007 Director and Managing Executive Officer of the Company June 2008 Director and Senior Managing Executive Officer of the Company June 2012 Director & Senior Managing Executive Officer, and Head of Fund Investments, Overseas Business Div. of the Company Feb. 2013 Director & Senior Managing Executive Officer of the Company June 2014 Chairman of the Board of Directors of SBI AXES Co., Ltd. June 2014 Representative Director & Senior Managing Executive Officer of the Company March 2015 Representative Director, Senior Executive Vice President & Co-COO of</p>

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
		<p>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.</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	<p>Tomoya Asakura (March 16, 1966)</p> <p>Number of Company's Shares Owned: —</p>	<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>April 2011 Director of SBI 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 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.</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>Sep. 2016 Director of SBI SSI Holdings 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	<p>Shumpei Morita (December 31, 1974)</p>	<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</p>

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	
	Number of Company's Shares Owned: 40,000 shares	<p>Nov. 2005 Corporation. (Currently, SBI Business Solutions Co., Ltd.) 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> <p>Dec. 2014 Representative Director of SBI Point Co., Ltd. (present)</p> <p>June 2016 Representative Director of SBI Incubation Co., Ltd. (present)</p>	
	<p>Reason why the Company selected Mr. Shumpei Morita as a candidate for Director</p> <p>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>		
6	<p>Masato Takamura (Feb. 26, 1969)</p> <p>Number of Company's Shares Owned: —</p>	<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 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</p> <p>June 2016 Director & Managing Executive Officer of the Company (present)</p>	
	<p>Reason why the Company selected Mr. Masato Takamura as a candidate for Director</p> <p>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.</p>		
7	<p>Kazuhiro Nakatsuka (April 4, 1965)</p> <p>Number of Company's Shares Owned: —</p>	<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>	

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
		<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>	
8	<p>Tatsuo Shigemitsu (January 24, 1958)</p> <p>Number of Company's Shares Owned: 6,000 shares</p>	<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</p> <p>June 2016 Director & Managing Executive Officer of the Company (present)</p>
	<p>Reason why the Company selected Mr. Tatsuo Shigemitsu as a candidate for Director</p> <p>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.</p>	

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	
9	Masayuki Yamada (Oct. 13, 1962) Number of Company's Shares Owned: 14,030 shares	<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>April 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</p> <p>April 2015 General Counsel, Legal Dept. of SBI Investment Co. Ltd.</p> <p>Nov. 2015 Statutory Auditor, SBI GLOBAL ASSET MANAGEMENT Co., Ltd. (present)</p> <p>June 2016 Director & Executive Officer & General Counsel, Legal & Compliance Dept. of the Company (present)</p> <p>March 2017 Director of SBI Incubation Co., Ltd. (present)</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 again 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.			
10	Masaki Yoshida (August 13, 1959) Number of Company's Shares Owned: 10,000 shares	<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 FOUNDATION FOR MUSIC & CULTURE (present)</p> <p>Nov. 2012 Outside Director of KLab Inc. (present)</p> <p>Dec. 2012 Adviser of Giga Media Inc.</p>	
Reason why the Company selected Mr. Masaki Yoshida as a candidate for Director After serving in important positions in relation to management of common funds with the Group at Fuji Television Network, Inc. (Currently, Fuji Media Holdings, Inc.), Mr. Masaki Yoshida has served 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 utilize his wealth of experience and extensive knowledge to continue contributing to the sustainable enhancement of the corporate value of the Group.			
11	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</p>	

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	
	Number of Company's Shares Owned: 2,820 shares	April 2000 Feb. 2007 Sep. 2011 Jan. 2012 May 2012 Jan. 2013 June 2013 April 2014 May 2014 Nov. 2014 Dec. 2014 Feb. 2015 April 2015 July 2015 July 2016 Nov. 2016	the Secondment to CyberCash K.K. (Currently, VeriTrans Inc.) Representative Director, President and CEO of netprice, Ltd. (Currently, BEENOS Inc.) President and Group CEO of netprice.com, Ltd. (Currently, BEENOS Inc.) Director of Open Network Lab, Inc. Komisararis of PT MIDTRANS (present) CEO and Managing Director of Netprice Partners Co., Ltd. (Currently, BEENOS Partners, Inc.) President of BEENOS Asia Pte. Ltd. Outside Director of the Company (present) President of BEENOS VN, Inc. President of BEENOS Plaza Pte. Ltd. Komisararis of PT Tokopedia (present) Director of BEENOS Inc. Founder and Adviser of BEENOS Inc. Director of BEENEXT PTE. LTD. (present) Director of Sen Do Technology Joint Stock Company (present) Director of DROOM PTE. LTD. (present) Director of BEENEXT CAPITAL MANAGEMENT PTE. LTD. (present)
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 utilizing his wealth of experience and extensive knowledge he can adequately continue to conduct duties as an Outside Director of the Company.			
12	Ayako Hirota Weissman (May 9, 1957) Number of Company's Shares Owned: —	Jan. 1984 Jan. 1987 Oct. 1999 Jan. 2002 June 2006 Nov. 2010 June 2015	Vice president of Equitable Capital Management Managing Director of Smith Barney, Harris Upham & Co. Inc. (Currently, CitiGroup Inc.) Partner of Feirstein Capital Management LLC Portfolio Manager of Kingdon Capital Management LLC Founder and Chief Investment Officer of AS Hirota Capital Management LLC Senior Vice President, Senior Portfolio Manager, Director of Asia Strategy of Horizon Asset Management, Inc. (Currently, Horizon Kinetics LLC) (present) Outside Director of the Company (present)
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 utilizing her wealth of experience and extensive knowledge she can adequately continue to conduct duties as an Outside Director of the Company.			

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
13	<p>Heizo Takenaka (March 3, 1951)</p> <p>Number of Company's Shares Owned: —</p>	<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 Emeritus Professor, Keio University (present)</p> <p>June 2016 Outside Director of the Company (present)</p> <p>April 2017 Professor, Faculty of Global and Regional Studies, Toyo University (present)</p>
<p>Reason why the Company selected Mr. Heizo Takenaka as a candidate for Outside Director The Company again selected Mr. Heizo Takenaka 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 utilizing his wealth of experience and broad knowledge, which includes having served 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 and teaching at Keio University and Toyo University, while also serving as an outside director in private companies.</p>		

2. The candidates for new Directors are as follows:

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
14	<p>Tatsuyoshi Otobe (April 21, 1958)</p> <p>Number of Company's Shares Owned: —</p>	<p>April 1981 Entered the Ministry of Finance (<i>Okura-sho</i>) (Currently, the Ministry of Finance (<i>Zaimu-sho</i>))</p> <p>Oct. 1998 Deputy Commissioner, First Taxation Department, Tokyo Regional Taxation Bureau of National Tax Agency</p> <p>July 1999 Director, Receivables Securitization Office, Planning Division, Financial System Planning Bureau of the Ministry of Finance (<i>Okura-sho</i>) (Currently, Ministry of Finance (<i>Zaimu-sho</i>))</p> <p>July 2000 Director, Financial Stability Organizations Office, Financial System Stabilization Division, Minister's Secretariat of the Ministry of Finance (<i>Okura-sho</i>) (Currently, the Ministry of Finance (<i>Zaimu-sho</i>))</p> <p>July 2001 Director, Corporate Taxation System Planning Office, Indirect Tax Policy Division, Tax Bureau of the Ministry of Finance (<i>Okura-sho</i>) (Currently, the Ministry of Finance (<i>Zaimu-sho</i>))</p> <p>July 2002 Director, Financial Markets Division, Planning and Coordination Bureau of Financial Services Agency</p> <p>July 2003 Director, Credit Division, Planning and Coordination Bureau of Financial Services Agency</p> <p>July 2004 Director, Policy and Legal Division, Planning and Coordination Bureau of Financial Services Agency</p> <p>July 2006 Director, Inspection Coordination Division, Inspection Bureau of Financial Services Agency</p> <p>July 2008 Director, Supervisory Coordination Division, Supervisory Bureau of Financial Services Agency</p> <p>July 2009 Secretary-General of Executive Bureau, Certified Public Accountants and Auditing Oversight Board of Financial Services Agency</p> <p>July 2010 Deputy Director-General for Financial Markets, the Planning and Coordination Bureau of Financial Services Agency</p> <p>July 2012 Director-General of Tokai Local Finance Bureau, the Ministry of Finance (<i>Zaimu-sho</i>)</p> <p>June 2013 General Manager of Planning and Coordination Department, Deposit Insurance Corporation of Japan</p> <p>July 2015 Director-General of Kanto Local Finance Bureau, the Ministry of Finance (<i>Zaimu-sho</i>)</p> <p>June 2016 Resigned from the Ministry of Finance (<i>Zaimu-sho</i>)</p> <p>Oct. 2016 Adviser of SBI FINANCIAL SERVICES Co., Ltd.</p> <p>Feb. 2017 Registered as Attorney at Law (Tokyo Bar Association)</p> <p>March 2017 Director and Chairman of SBI Insurance Group, Co., Ltd. (present)</p>
<p>Reason why the Company selected Mr. Tatsuyoshi Otobe as a candidate for Director</p> <p>Mr. Tatsuyoshi Otobe has served as Director-General of Kanto Local Finance Bureau, the Ministry of Finance (<i>Zaimu-sho</i>) and in other posts, and has a wealth of experience in the general financial sector. The Company newly selected him as a candidate for Director because the Company deems it can be expected that he will utilize his wealth of experience and broad knowledge to contribute to the sustainable enhancement of the corporate value of the Group.</p>		

15	Hirofumi Gomi (May 13, 1949) Number of Company's Shares Owned: —	April 1972	Entered the Ministry of Finance (<i>Okura-sho</i>) (Currently, the Ministry of Finance (<i>Zaimu-sho</i>))
		July 1993	Director for Budget Bureau of the Ministry of Finance (<i>Okura-sho</i>) (Currently, the Ministry of Finance (<i>Zaimu-sho</i>))
		July 1994	Director, Special Finance Division, Bank Bureau of the Ministry of Finance (<i>Okura-sho</i>) (Currently, the Ministry of Finance (<i>Zaimu-sho</i>))
		July 1996	Director, Research Division, Bank Bureau of the Ministry of Finance (<i>Okura-sho</i>) (Currently, the Ministry of Finance (<i>Zaimu-sho</i>))
		June 1998	Director-General of the Inspection Department, Financial Supervisory Agency (Currently, Financial Services Agency)
		July 2000	Secretary-General of the Executive Bureau, Securities and Exchange Surveillance Commission of Financial Services Agency
		July 2001	Director-General of the Inspection Bureau of Financial Services Agency
		July 2002	Director-General of the Supervisory Bureau of Financial Services Agency
		July 2004	Commissioner of Financial Services Agency
		Oct. 2007	Counselor of Nishimura & Asahi
		Oct. 2009	CEO of PricewaterhouseCoopers Research Institute (Japan) Co., Ltd. (Currently, PwC Research Institute (Japan) LLC)
		Jan. 2014	Adviser of Nishimura & Asahi (present)
		Feb. 2015	Senior Adviser of The Boston Consulting Group (present)
June 2015	External Director of Aida Engineering, Ltd. (present)		
June 2016	Director of Infoteria Corporation (present)		
June 2016	Outside Director of Miroku Jyoho Service Co., Ltd. (present)		
Reason why the Company selected Mr. Hirofumi Gomi as a candidate for Outside Director Mr. Hirofumi Gomi has served as Commissioner of the Financial Services Agency and in other posts, and has a wealth of experience in the general financial sector. The Company newly selected Mr. Hirofumi Gomi 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 wealth of experience and broad knowledge.			
16	Yoshitaka Asaeda (January 17, 1956) Number of Company's Shares Owned: —	Sep. 1978	Entered Shinko Audit Corporation
		Oct. 1985	Entered US Price Waterhouse LLP (Currently, PricewaterhouseCoopers LLP)
		July 1994	Partner of US Price Waterhouse LLP (Currently, PricewaterhouseCoopers LLP)
		June 1996	Entered Tohmatsu & Co (Currently, Deloitte Touche Tohmatsu LLC)
		July 1997	Representative Member (Currently, Member) of Tohmatsu & Co (Currently, Deloitte Touche Tohmatsu LLC) (Scheduled date of resignation is June 26, 2017)
		July 2013	Deloitte Touche Tohmatsu EMEA Regional Leader, Japanese Services Group (Scheduled date of resignation is June 26, 2017)
Reason why the Company selected Mr. Yoshitaka Asaeda as a candidate for Outside Director As a Certified Public Accountant, Mr. Yoshitaka Asaeda has global audit experience and has expertise in International Financial Reporting Standards (IFRS) applied by the Company. The Company newly selected Mr. Yoshitaka Asaeda 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 wealth of experience and expertise.			

17	<p>Yasuhiro Suzuki (February 28, 1965)</p> <p>Number of Company's Shares Owned: —</p>	<p>April 1987 Entered Fujitsu Limited</p> <p>Sep. 1996 Entered SOFTBANK CORP. (Currently, SoftBank Group Corp.)</p> <p>April 1999 Executive officer of SoftBank Commerce Corp. (Currently, SOFTBANK CORP.)</p> <p>Aug. 1999 Director of e-Shopping! Books Corp. (Currently, Seven Net Shopping Co., Ltd.)</p> <p>June 2000 Representative Director and President of e-Shopping! Books Corp. (Currently, Seven Net Shopping Co., Ltd.)</p> <p>July 2008 Director of Seven & i Netmedia Co., Ltd.</p> <p>March 2014 Representative Director and President of Seven & i Netmedia Co., Ltd. Executive Officer, CIO of Seven & i Holdings Co., Ltd.</p> <p>May 2015 Director & Executive Officer, CIO of Seven & i Holdings Co., Ltd.</p> <p>March 2017 Representative Director and President of digitalshiftwave Co., Ltd. (present)</p>
	<p>Reason why the Company selected Mr. Yasuhiro Suzuki as a candidate for Outside Director Mr. Yasuhiro Suzuki has served successively as Representative Director and President of Seven & i Netmedia Co., Ltd., Director & Executive Officer, CIO of Seven & i Holdings Co., Ltd., and in other posts, and has a wealth of experience in a wide range of fields, including Internet business. The Company newly selected Mr. Yasuhiro Suzuki 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 wealth of experience and broad knowledge.</p>	

(Note)

1. None of the candidates have any special interest in the Company.
2. If Mr. Teruhide Sato, Ms. Ayako Hirota Weissman, and Mr. Yasuhiro Suzuki 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 neither Mr. Hirofumi Gomi nor Mr. Yoshitaka Asaeda has been directly involved in company management in a way other than being Outside Director or Outside Statutory Auditor, the Company has judged that both can properly perform their duties as Outside Director in accordance with the reasons why the Company selected both as candidates for Outside Director.
4. Mr. Teruhide Sato 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. Ms. Ayako Hirota Weissman is currently Outside Director of the Company, and she will have served for two (2) years as Outside Director as of the end of this Ordinary General Meeting of Shareholders. Mr. Heizo Takenaka is currently an Outside Director of the Company, and he 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. Teruhide Sato, Ms. Ayako Hirota Weissman, and Mr. Heizo Takenaka 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. Sato, Ms. Hirota Weissman, and Mr. Takenaka if their respective reelections are approved.
6. If the election of Mr. Hirofumi Gomi, Mr. Yoshitaka Asaeda, and Mr. Yasuhiro Suzuki is approved, the Company will enter into an agreement with each of Mr. Gomi, Mr. Asaeda, and Mr. Suzuki similar to the contracts for limitation of liability described in 5. above.

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

The Statutory Auditor Mr. Hiroaki Nagasue will retire from his office because of his resignation as of the end of this Ordinary General Meeting of Shareholders, so the Company proposes that one (1) Statutory Auditor be elected to fill the vacancy left by Mr. Hiroaki Nagasue and that the Statutory Auditor candidate Mr. Toru Ichikawa be elected as that Statutory Auditor.

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

The term of office of the Statutory Auditor to be elected at this Ordinary General Meeting of Shareholders is to be the same as the remaining period of his predecessor in accordance with the provisions of the Company's Articles of Incorporation.

The candidate for new Statutory Auditor is as follows:

Name (Date of Birth)	Career Summary, Position and Significant Concurrent Offices Held
Toru Ichikawa (July 3, 1957) Number of Company's Shares Owned: —	April 1980 Entered The Fuji Bank, Limited (Currently, Mizuho Financial Group, Inc.)
	April 2002 Deputy Manager, Derivatives & Forex Department of Mizuho Bank, Ltd.
	July 2005 Senior Manager, General Risk Management Division of Mizuho Financial Group, Inc.
	March 2006 General Manager, General Risk Management Division of Mizuho Financial Group, Inc.
	Aug. 2008 Resigned from Mizuho Financial Group, Inc.
	Sep. 2008 Entered Financial Services Agency; Special Inspector, Inspection Coordination Division, Inspection Bureau of Financial Services Agency
	July 2012 Senior Inspector, Inspection Coordination Division, Inspection Bureau of Financial Services Agency
	July 2015 Chief Senior Inspector, Inspection Coordination Division, Inspection Bureau of Financial Services Agency
March 2017 Retired from Financial Services Agency Reason why the Company selected Mr. Toru Ichikawa as a candidate for Outside Statutory Auditor Mr. Toru Ichikawa has served as Chief Senior Inspector at the Financial Services Agency and in other posts, and has a wealth of experience in the financial sector. The Company newly selected Mr. Toru Ichikawa as a candidate for Outside Statutory Auditor because the Company deems that he can adequately conduct duties as an Outside Statutory Auditor of the Company utilizing his wealth of experience and broad knowledge.	

(Note)

1. The candidate has no special interest in the Company.
2. If Mr. Toru Ichikawa is elected in accordance with the original proposal, he will become an independent officer who is not likely to have a conflict of interest with general shareholders as stipulated by Tokyo Stock Exchange.
3. Although Mr. Toru Ichikawa 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 an Outside Statutory Auditor in accordance with the reason why the Company selected him as a candidate for Outside Statutory Auditor.
4. If the election of Mr. Toru Ichikawa is approved, the Company will enter into an individual agreement with Mr. Toru Ichikawa 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.

Third 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. Tetsutaro Wakatsuki be elected as a substitute Outside Statutory Auditor.

The effect of election of Mr. Tetsutaro Wakatsuki 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 consents to this Third Item of Business.

Name (Date of Birth)	Career Summary, Position and Significant Concurrent Offices Held	
Tetsutaro Wakatsuki (October 22, 1974) Number of Company's Shares Owned: —	April 2000	Registered as Attorney at Law (Tokyo Bar Association) Entered Mori Sogo (Currently, Mori Hamada & Matsumoto)
	April 2004	Representative Partner of Murata & Wakatsuki Law Offices (present)
	April 2008	Lecturer in the Law School of Hosei University (while concurrently serving in other positions)
	April 2010	Professor in the Law School of Hosei University (while concurrently serving in other positions)
	Dec. 2012	Outside Auditor of Do House Inc.
	March 2015	Outside Auditor of Otsuka Corporation (present)
June 2015	Outside Statutory Auditor of SBI MONEY PLAZA Co., Ltd. (present)	
Reason why the Company selected Mr. Tetsutaro Wakatsuki as a candidate for Substitute Outside Statutory Auditor Mr. Tetsutaro Wakatsuki has a wealth of experience as an attorney and has expertise in general legal matters. The Company has newly selected him as a candidate for substitute Outside Statutory Auditor because the Company deems that he can utilize his expertise to adequately conduct duties as an Outside Statutory Auditor of the Company.		

(Note)

1. The candidate has no special interest in the Company.
2. Although Mr. Tetsutaro Wakatsuki 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 an Outside Statutory Auditor in accordance with the reason why the Company selected him as a candidate for Substitute Outside Statutory Auditor.
3. If Mr. Tetsutaro Wakatsuki assumes the office of a Statutory Auditor, the Company will enter into an individual agreement with Mr. Tetsutaro Wakatsuki 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 Wednesday, June 28, 2017, 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

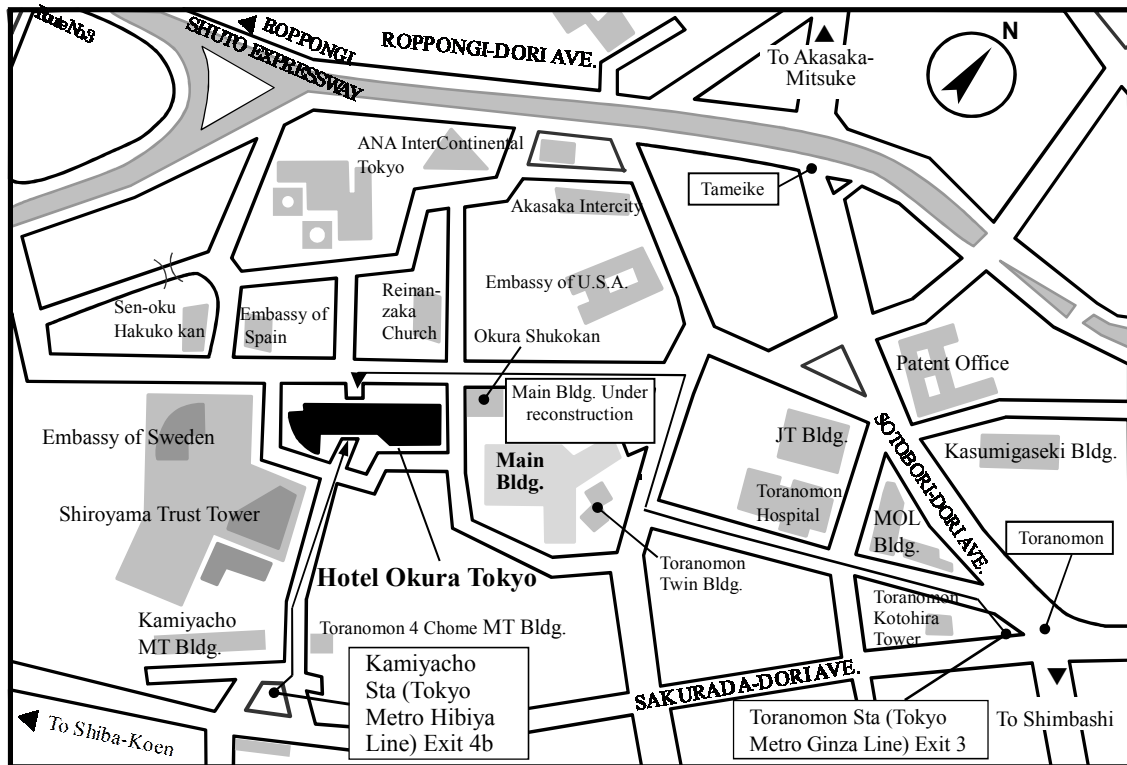
Toll free number: 0120-288-324 (Weekdays from 9:00 a.m. to 5:00 p.m.)

(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 19th 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: Within ten minutes' walk from Kamiyacho Station, Exit 4b

Ginza Line: Within fifteen minutes' walk from Toranomon Station, Exit 3

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

End of the translation