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INVESTMENT

Regional Revitalization through the Investment Business



Co-creating New Value with Regional Financial Institutions

Katsuya Kawashima

Representative Director,
Senior Executive Vice President & COO, SBI Holdings
Representative Director and President,
SBI Investment

The Basic Strategy: Investment, Adoption and Diffusion

Since its founding, the SBI Group has achieved growth by pioneering the use of innovative technologies. With the current development of next-generation technologies represented by fintech, AI and blockchain, we consider it a great opportunity for our next stage of growth. For that reason, SBI Investment, which develops the Group's venture capital business, established the Fintech Fund (with a total commitment amount of ¥30 billion) in December 2015, as the first fund in the industry to specialize in investments in startup companies involved in fintech-related businesses. The Fund has subsequently worked on the discovery and incubation of fintech-related companies. Since we also regard AI and blockchain as highly promising technologies that will be utilized not only in the financial sector but also in a range of industries, in January 2018 we established the SBI AI&Blockchain Fund, in order to target investments in those fields. Initially, we launched the Fund with ¥20 billion in total commitment amount, but this was ultimately increased to ¥60 billion.

The purpose of this kind of fund management is not simply to pursue financial returns, but also to provide added value to all the parties concerned, including the SBI Group, investors in the Group's funds and the companies in which they invest. For example, while fintech startup companies have superior technology that we do not possess, there are many cases in which they need financial support and business partners. There are already systems and mechanisms to support growth for these companies, such as actively introducing the technology of

investee companies to the SBI Group companies that provide financial services. It should also be noted that the investors in the two funds are primarily regional financial institutions, and by so investing they are exposed to opportunities to form partnerships with startup companies, as well as to adopt new technologies, which was previously difficult for them to access on their own. I believe that these regional financial institutions understand that there is more significance to their participation than just a simple investment.

The SBI Group's ability to create this sort of added value is a result of its 20 years of accumulated know-how and expertise in the venture capital business, which is a core founding of the organization, and its subsequent enhanced sourcing capabilities which is germane to the work involved in the selection of companies in which to invest. In collaboration with our Group companies, we are able to put into practice our basic processes of investment, adoption and diffusion. That is, investing in startup companies through funds, adopting the technologies and services of the investee companies within the Group to verify applicability and the external diffusion of those technologies and services to investors such as the regional financial institutions.

The Diffusion of SBI Group's New Technologies and Services

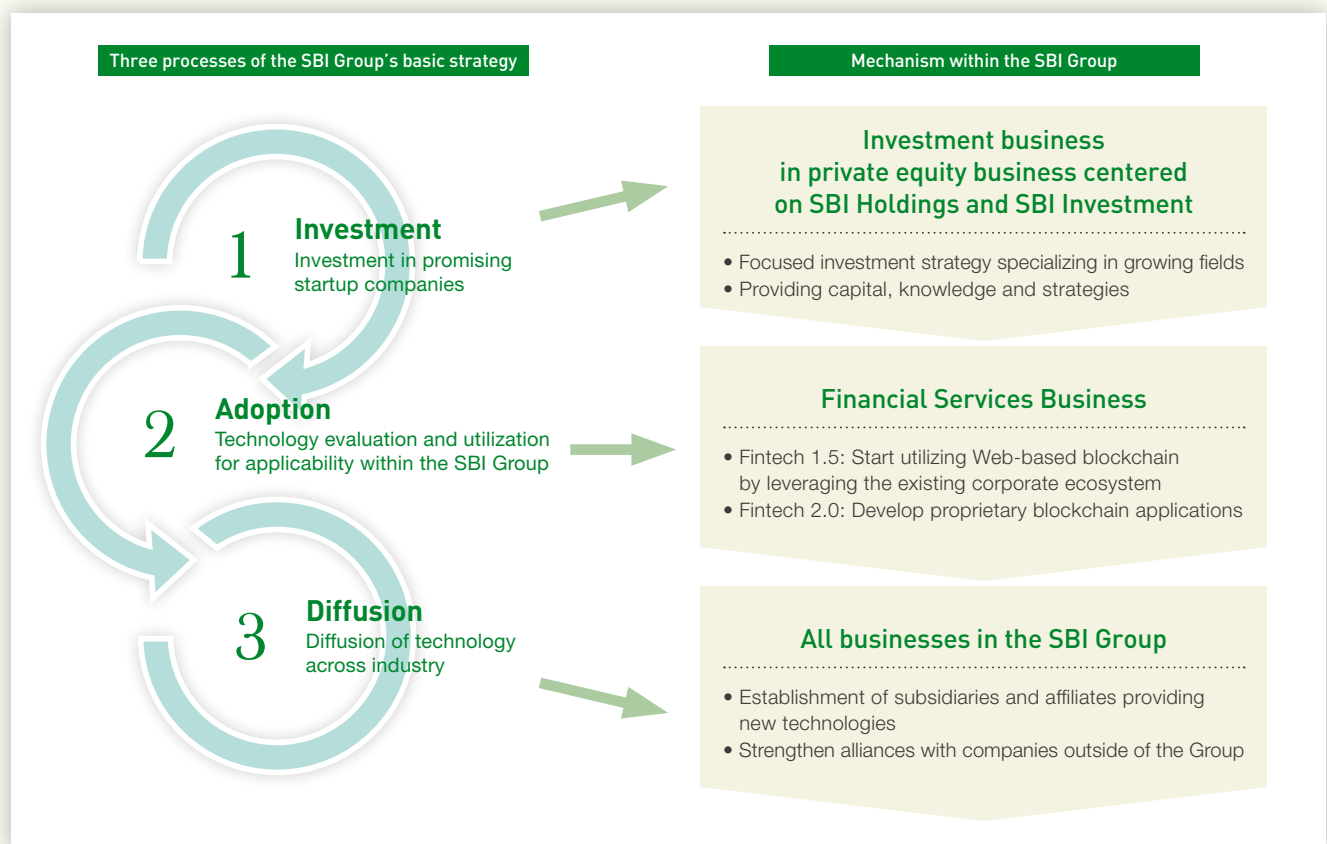
Currently, the business environment for regional financial institutions remains challenging, characterized by the continued negative interest rate policy, the progressing evolution of financial innovations driven by fintech, and social changes resulting from

the demographic aging and population decline. Under such circumstances, we believe that the adoption of new fintech-related technologies and the provision of new services can contribute to solving the problems faced by each financial institution.

Recently, the connections between the SBI Group and regional financial institutions have deepened, and such connections are needed and sought by fintech-related startup companies, and SBI Investment would like to fulfill the role of an intermediary between startup companies and regional financial institutions. At the same time, information on products and services of Group companies and investee companies is wide-ranging. So, in order to better serve as an intermediary, we are consolidating such solutions at SBI NEO FINANCIAL SERVICES, which promotes the establishment of a system that can deliver the necessary information in an efficient and timely manner and provide solutions required by regional financial institutions. In terms of technology introduction, SBI FinTech Incubation provides the mechanism for presenting services by means of an open API (see “Glossary” on p. 107). We would like to contribute to the revitalization of regional industries by not only providing leading-edge technologies and services to the financial

institutions, but also by providing their customers with high-quality services that utilize new technologies.

Another new initiative for regional revitalization is the business succession fund to be managed and administered by SBI Regional Business Investment, which was established in February 2019. The business succession of small- and medium-sized enterprises (SMEs) has recently become a social problem (see “Glossary” on p. 107). SBI Regional Business Investment, through the business succession fund that it plans to establish going forward, will invest in SMEs that have encountered a business succession problem, and will endeavor to achieve smooth business succession by leveraging the Group’s management resources and relationships with regional financial institutions and public institutions. Also, in December 2018, SBI SECURITIES entered into a business partnership with TRANBI, a SBI Investment investee company that operates an online M&A matching platform, and started offering business succession and support services. Through such endeavors, we will contribute not only to the Group’s growth, but also to the revitalization of regional economies, and ultimately to regional revitalization as a whole.





Making Greater Strides in the Securities Business through Group Synergies

Masato Takamura

Representative Director,
Senior Executive Vice President, SBI Holdings
Representative Director and President, SBI SECURITIES

Further Strengthening of the Retail Business

SBI SECURITIES launched its Internet-based stock trading in 1999, and as of March 31, 2019, its customer base has increased to 4.63 million accounts. This increase is the result of Group synergies, such as the enhancement of services linked to improvements in customer satisfaction brought about by collaborations between securities-related Group companies, including SBI Liquidity Market and SBI Japannext, and improved collaborative services, such as SBI Hybrid Deposits and mutual customer transfers with SBI Sumishin Net Bank. In addition to collaborations within the Financial Services Business, collaborations across all business segments have also progressed. When a startup company invested in by the venture capital business, a business that is categorized as the Asset Management Business, proceeds to conduct an initial public offering, the SBI SECURITIES underwriting business can take charge of the newly issued shares. By strategically exerting Group synergies to increase added value, rather than to compete as individual business units, it allows for business development opportunities even if the business field is entered into at a later stage.

SBI NEOMOBILE SECURITIES started its operations in April 2019 to further strengthen the retail business, in which we have already secured a dominant position. Specializing in smartphone-based stock trading, it is working to attract investment novices and the younger generation by partnering with CCC Marketing, which conducts a marketing platform business based on lifestyle data from “T-Point,” whose membership includes 80% of all Japanese in their twenties. Throughout the Group, in the years to

come we will endeavor to strengthen the retail business by coordinating services between SBI NEOMOBILE SECURITIES and the various financial services companies within the Group, as well as by coordinating mutual customer transfers to expand our customer base.

Business Expansion through Corporate Business Growth

Over the past four years, SBI SECURITIES has been rapidly expanding not only the retail business, but also the corporate business for business corporations and financial institutions, and it feels as if the corporate customer base has been solidified. Specifically, we launched a Financial Institutional Sales Department, and expanded the associated underwriting business to include trading and research, which we had traditionally done on a small scale. In addition, since sales to institutional investors on a global level have so far not been functioning as we would have liked, we are accelerating the overseas development by setting up specialized departments and making arrangements for appropriate staffing. There are plans to expand our network from just Hong Kong and Singapore to include, for example, Europe, and to cover overseas institutional investors as well. By strengthening the corporate business in addition to the retail business, which already has a dominant customer base, SBI SECURITIES will endeavor to become a comprehensive securities company, and will achieve further significant progress as a core company of the SBI Group.

As a part of contributing to regional revitalization (see “Glossary” on p. 107), on which the Group is focused, we are promoting the creation of partnerships with regional financial institutions to provide financial instruments intermediary services. This will enable us to provide our extensive offerings of financial products at a low cost to local individual investors. We are also strengthening face-to-face sales activities by having our subsidiary SBI MONEY PLAZA operate co-managed shops with regional banks, such as The Shimizu Bank, CHIKUHO BANK, THE SENDAI BANK, The Ehime Bank, THE MIE BANK, and THE TOWA BANK.

Strengthening the Global Asset Management Structure

The SBI Group's financial ecosystem was completed in 2016, and as a result, the Group companies' assets under management, including those for life insurance, non-life insurance and banking, have rapidly increased, necessitating a strengthening of the asset management structure to efficiently manage the assets. SBI Bond Investment Management, a joint venture with the world's leading U.S. bond investment management company, PIMCO, develops and provides active bond funds that can perform well over the long term. Since commencing its business in April 2016, its balance of assets under management has steadily increased, growing to more than ¥600 billion, as of the end of March 2019. Furthermore, by either establishing joint ventures with leading overseas asset management companies or through M&As, the Group has exceeded its management target of ¥1 trillion in assets under management. For example, Carret Asset Management, which was established by Philip Carret, the founder of one of the first funds in the U.S., was converted to a subsidiary in February 2019.

Like in Japan, developed countries in Europe and the U.S. are experiencing demographic aging and longer life spans, and the need for asset management is increasing. In China and other emerging countries, I believe the need for asset management will also increase as the middle-income groups grow in number. Therefore, in my view, it can be said that the asset management services business may certainly be considered "the last frontier (untapped market) of the financial business," and there are likely to be significant strides made in asset management from now going forward. Looking ahead, the SBI Group's asset management services business will work on structural expansion through integration with Morningstar Japan, while endeavoring a Group balance of assets under management to reach ¥5 trillion within three years. In addition to the U.S., we are also considering the acquisition of leading asset management companies in Europe, Hong Kong, Singapore, etc., to gain a global investor base.

Strengthening the Asset Management Services, the Last Frontier of the Financial Business

Tomoya Asakura

Representative Director & President,
Morningstar Japan K.K.

Contributing to an Enhancement of the Management Capabilities of Regional Financial Institutions

Many regional financial institutions in Japan are facing difficulties with their asset management capabilities, owing to factors that include the protracted negative interest rate policy, and we believe that the SBI Group's domestic and overseas asset management capabilities and its wealth of asset management knowledge, services, etc., will be of assistance in addressing those difficulties. In March 2018, we established SBI Regional Revitalization Asset Management, in which regional financial institutions jointly invested for the purpose of bolstering their management capabilities. As of March 2019, the company has been invested in by 35 regional financial institutions, and is providing support to those shareholders in the form of asset management for both customer deposits and the banks' own capital.

In support of these regional financial institutions, we are fully utilizing the network that is at the Group's disposal. For example, we provide products that control foreign exchange hedge costs by using SBI Liquidity Market, which provides liquidity for FX trading, and products developed by utilizing Morningstar Japan's global database. The SBI Group believes that supporting the regional financial institutions in both their asset management services for customer deposits and the banks' own capital will contribute to the improvement of the institutions' profitability, which will consequently lead to regional revitalization. Through co-creation with regional financial institutions, we would like to create new value and grow together with them.





Management Structure to Support the Increase of Corporate Value

The SBI Group is endeavoring to continuously enhance its corporate value by securing and fostering talented personnel who will support the rapidly expanding businesses (see pages 46 and 47), as well as strengthening the Company's corporate governance structure that balances both "offense" and "defense" strategies, and as a Group that is engaged in global finance, focusing on enhancing its anti-money laundering measures (see "Glossary" on p. 107). By strengthening the Company's management structure in these ways, we will be able to firmly grasp growth opportunities while also preparing for medium- to long-term risks that may possibly adversely impact the SBI Group's businesses.

Strengthening Corporate Governance Structure to Enhance Effectiveness

Since the SBI Group makes rapid decisions to conduct its businesses, one of its management challenges is to strengthen its corporate governance structure, which is rooted in its "defense" strategy. The Company has chosen a Board of Statutory Auditors structure and has appointed multiple Outside Directors, in order to attain substantive oversight functionality with a prompt decision-making process. However, on the premise that further technological innovations will accelerate changes in the business environment, it will be essential to make decisions with a sense of speed more than ever before.

Strengthening Management Structure for Future Medium- to Long-term Advancements

Takashi Nakagawa

Representative Director,
Senior Executive Vice President,
SBI Holdings

Meanwhile, the Company must constantly endeavor to strengthen management oversight and transparency. Therefore, from June 2019 at least one third of the Board of Directors is, in principle, comprised of Independent Outside Directors. Moreover, a Management Advisory Committee, comprising a majority of Independent Outside Directors as committee members, has been established to replace the previous Outside Director Liaison Committee. This committee is a voluntary advisory body to the Board of Directors that strengthens the objectivity and transparency of Board functions and deliberation processes, such as the selection of Directors and Statutory Auditors, appointing and dismissing management executives, including the President, deciding on remuneration for Directors, and developing the next generation of management executives.

Increasing Global Importance of Anti-money Laundering Measures

Another important management issue facing financial institutions is that of strengthening anti-money laundering measures, and measures to prevent funds from reaching terrorist organizations. In this regard, the Financial Action Task Force (FATF)* was established, in which major developed and developing countries are members, and efforts are being made in line with global standards, including the development of international standards and the examination and guidance of member countries. With FATF planning a review of all Japanese financial institutions in the fall of 2019, the Japanese Financial Services Agency (FSA) published guidelines on anti-money laundering and combating the financing of terrorism (AML/CFT) (see "Glossary" on p. 107) in February 2018. The SBI Group is also strengthening its stance in line with this guideline. A corporate group like ours, with a diverse range of services including international money remittance and crypto-assets, in addition to securities, banking and insurance, is rare within the Japanese financial sector. We

are strengthening our AML/CFT measures with the awareness that our actions may receive a high level of scrutiny.

Since this will require a Group-wide effort, we established a new team within the Financial Conglomerate Governance Dept., in October 2018, as a unified response to this problem. Under this organizational structure, and in line with the FSA guidelines, the team is proactively assessing and countering risk situations through a risk-based approach, and is planning and implementing countermeasures focused on Group-wide and global consistency.

The Group efforts are focused on four main initiatives: 1) make a “heat map” of AML/CFT risk by investigating and analyzing the risk of each Group company, creating an overall picture so the Group can clearly pinpoint where to focus resources; 2) enable adoption and consideration of new IT solutions in order to develop and incorporate new IT systems for filtering high-risk transactions and monitoring irregular transactions; 3) hold Group AML/CFT Committee meetings every three months to share and discuss information with management from all Group companies,

as it is vital that management executives are fully aware and involved in anti-money laundering measures; and 4) develop a “milestone roadmap” of concrete goals and schedules to be set and shared with each Group company in order to ensure that results are achieved. These AML/CFT countermeasures will be fully implemented to provide a strong stance against money laundering and terrorism financing.

*Financial Action Task Force (FATF): Established in 1989 as an inter-governmental organization. As of April 2019, 36 countries and two regional organizations are members.

FOCUS

Cybersecurity

My Mission is the Thorough Enforcement of Cybersecurity

It is clear that there must be an intensification of cybersecurity in the coming era, as its importance will only increase. However, when compared on a global basis, such an awareness is relatively low in Japan. As the SBI Group and other Japanese financial institutions increase their global presence, strong cybersecurity has become a priority prerequisite. For Japanese companies, cybersecurity generally consists of measures to prevent access by outsiders, but cybersecurity is by nature much more multifaceted. Preventing a data breach is only the beginning of cybersecurity. After a breach, there are various countermeasures such as isolating the program, complete deletion, system recovery and post-breach measures. When considering security countermeasures, the key is to think in terms of “when” not “if.” That is why the SBI Group designs and thoroughly implements countermeasures across the entire Group on the premise there will be a security breach.

SBI Security Solutions is developing its own security services using the latest technology from companies in which the Group has invested, and it plans to roll out these services to those inside and outside of the Group in 2019. The services currently under development will also be able to protect the confidential information of companies outside of the financial industry, and will meet the requirements of FATF for use in the field of AML/CFT.



Fernando Vázquez

General Manager of Cybersecurity Office,
SBI Holdings
Representative Director, SBI Security Solutions

Message from the Chief Financial Officer

The SBI Group Decisively Advances Forward on the Occasion of Its 20th Anniversary, by Terminating Underperforming Legacy Operations

Shumpei Morita

Senior Managing Director,
SBI Holdings

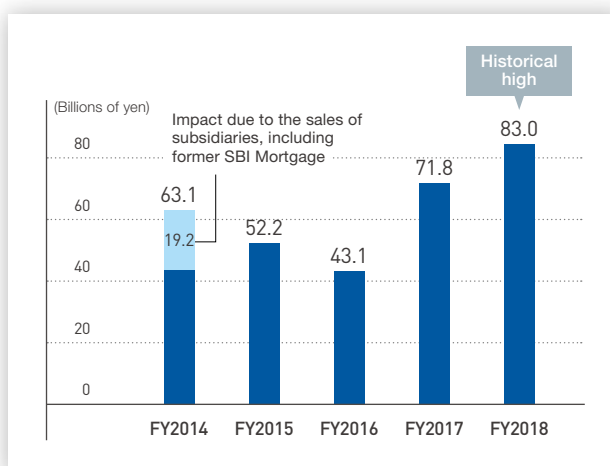


Summary of FY2018 Financial Results

The fiscal year ended March 31, 2019 (FY2018) was a year in which the Group's adherence to a basic policy of the "Customer-centric Principle" and establishment of a business ecosystem produced positive results, leading to the achievement of record-high financial results on the occasion of the SBI Group's 20th anniversary. It was also a year in which we sought to reduce future risks by taking decisive measures to address unresolved issues in preparation for future sustained growth.

The business environment that the SBI Group faced was characterized by a heightened sense of uncertainty about political and economic circumstances worldwide, owing to factors such as the growing concern about the slowing of the Chinese economy due to the trade friction between the U.S. and China, and the bogging down of Brexit negotiations in the U.K. In the equity markets, which substantively influences our investment and securities-related businesses, there was a marked tendency for investors to avoid risk, especially in the emerging markets, leading to weak stock prices from October 2018 onward, accompanied by an increase in the U.S. long-term interest rates. As a result, the total domestic individual stock brokerage trading value of the two markets* declined 16.3% year-on-year.

Consolidated Profit Before Income Tax Expense (IFRSs) for the Past Five Fiscal Years



* Japanese stocks listed on the Tokyo Stock Exchange and Nagoya Stock Exchange (including TSE Mothers, JASDAQ and NSE Centrex)

Even under such circumstances, in FY2018 the SBI Group achieved record-high consolidated business performance on an International Financial Reporting Standards (IFRSs) basis, with revenue up 4.3% year-on-year to ¥351.4 billion, profit before income tax expense up 15.6% year-on-year to ¥83.0 billion and profit attributable to owners of the Company up 12.6% year-on-year to ¥52.5 billion, which were all record highs since the adoption of IFRSs. The Group recorded impairment losses in FY2018, as it did in FY2017, for a total amount of approximately ¥9.7 billion. The fact that the Group was nevertheless able to achieve record-high profits is evidence that the basic earning capacity has increased, and that the Group can expect sustained growth, albeit some ups and downs owing to the market environment.

In the Financial Services Business, SBI SECURITIES, a pillar of the SBI Group's revenue, achieved record-high results in all profit categories, including operating revenue. Steady growth continued in the retail business with continuing increases in the number of accounts and customer deposit assets. Also, a breakdown of operating revenue shows that, with trading gains, primarily in the FX business, and underwriting, subscription and distribution commissions from the corporate business increasing, revenue other than brokerage commissions is also continuing to grow. In addition, SBI Sumishin Net Bank has made steady progress in the Financial Services Business, outside of the securities business, having achieved a substantial increase in profits, owing to growth in the balance of housing loans and other factors, and companies involved in the insurance-related businesses saw satisfactory increases in their numbers of policies in force. Overall, revenue rose 5.5% year-on-year to ¥229.2 billion, and profit before income tax expense increased 4.2% year-on-year to ¥66.6 billion.

In the Asset Management Business, SBI SAVINGS BANK of South Korea continues to support overall performance, and is achieving sustained growth, as indicated by a 24.6% year-on-year increase in profit before income tax expense. In addition, profit from a change in fair value of investee companies and profit on sales of investment securities of the Fintech Fund, SBI AI&Blockchain Fund and other funds remained at high levels, as experienced in FY2017. By FY2018, seven investee companies from the Fintech Fund, established in December 2015, carried out successful exit strategies, including IPOs, and have already shifted to the monetization phase. These strong results owe to the fact that SBI's venture capital funds are actively discovering startup companies with leading-edge technologies such as fintech, AI and blockchain, and have focused their investments in these growth fields. As a result, overall revenue rose 0.9% year-on-year to ¥118.6 billion, and while profit before income tax expense fell 9.5% year-on-year to ¥51.1 billion, it exceeded ¥50.0 billion for the second consecutive year.

For the second consecutive year, the SBI Group achieved record-high profits by increasing basic earnings capacity, despite recording certain impairment losses

In the Biotechnology-related Business, revenue decreased 11.2% year-on-year to ¥3.7 billion, and loss before income tax expense was ¥19.2 billion (loss of ¥37.3 billion in FY2017). Loss before income tax expense includes impairment losses of approximately ¥2.9 billion for Quark Pharmaceuticals, which is preparing for an IPO on the NASDAQ Market in the U.S., and approximately ¥4.6 billion for an equity method associate Kubota Pharmaceutical Holdings. We believe that future risk has been reduced, owing

to the recording of impairment losses as a result of a review of the pipeline development plans of both companies. SBI ALApromo steadily increased profits by expanding sales of products including foods with functional claims containing 5-ALA. In addition, photonamic, a pharmaceutical company based in Germany that sells in-house developed pharmaceuticals containing 5-ALA in Europe and North America, increased its sales and continues to be profitable. As a result, the Biotechnology-related Business as a whole is steadily progressing toward profitability. As a part of pursuing the "selection and concentration" process within the Biotechnology-related Business, the Group divested its shareholding in Kubota Pharmaceutical Holdings in May 2019.

Focused Investment of Management Resources in Growth Fields to Seek Further Growth

The SBI Group's current fields of focus include investments and business development in the fintech-related fields for the Financial Services Business and Asset Management Business, as well as the digital asset business, centered on crypto-assets (cryptocurrencies) and blockchain. Furthermore, despite the fact that R&D expenses, primarily at Quark Pharmaceuticals in the U.S., are a financial burden to the Biotechnology-related Business, there is the potential to generate substantial income, depending on the results of those R&D activities.

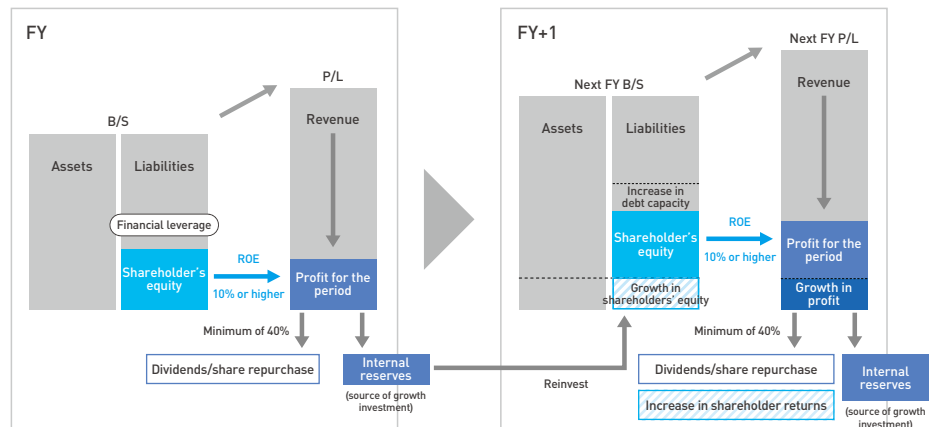
The SBI Group is developing various businesses, such as the Financial Services Business, Asset Management Business and the Biotechnology-related Business, but our basic policy for building these portfolios is to fulfill our role as a "Financial Innovator" and "New Industry Creator," as defined in our corporate mission, through focused investments in fields that are likely to grow to become core industries of the 21st century.

In fact, areas in which the Group has made focused investments to date are industries and sectors with high latent growth potential—such as the Internet and mobile-related businesses, financial businesses in high-growth countries in Asia, bio-related businesses—and more recently, fintech, AI, blockchain and digital assets, and the funds that we have established in the venture capital business are specific to these investment themes. Funds managed and operated by SBI Investment are the Group's primary investment entities, performing the role of pursuing and

Stance on Shareholder Returns and Growth Investments

The Company secures a stable supply of funds through sustained business growth, and accumulates internal reserves to make further investments in growth fields, while returning a portion of these funds to its shareholders.

By coordinating the invested capital to attain ROE that exceeds shareholders' expected return ratio (the cost of shareholders' equity), we accomplish profit growth, dividend increases and an increase in capital in preparation for further growth investments.



discovering promising investee companies. When the technologies or products and services of such companies offer promising synergies with the SBI Group, we may proceed beyond a mere investment to steps such as business alliances with SBI Holdings or Group operating companies, to directly invest in and develop closer relationships with those investee companies.

The digital asset business is a field of focus, and in this field, companies affiliated with SBI Digital Assets Holdings engage in businesses involving crypto-asset mining, and funds that incorporate crypto-assets. The SBI Group has been involved with businesses handling crypto-assets since 2016, and today we are involved in most of the business fields necessary for building an ecosystem on a foundation of crypto-assets and other digital assets. Going forward, we will engage in business activities in these fields and enter the monetization phase. One of the SBI Group's strengths is the ability to quickly build an ecosystem for an emerging growth area. In the digital assets field, we will thoroughly pursue synergies within our existing financial ecosystem, with the expectation of monetizing this field at an early stage, owing to synergies with the Group companies.

Financial Management that is Cognizant of the Cost of Shareholders' Equity

When we engage or invest in new businesses, we are mindful of

the capital cost. Since the SBI Group has set an ROE target of 10%, the first consideration is whether or not a business offers the profit potential to meet this target over the medium- to long-term period.

The Group continues to maintain ROE at a level above 10%, reaching 11.9% in FY2018, following that of 11.6% in FY2017.

We will continue to work to increase profits while making effective use of a certain level of financial leverage, and pursue business growth on the basis of capital efficiency.

Profit before income tax expenses has increased in each of the past three fiscal years, reaching a record high for a second consecutive year in FY2018, and is approaching our near-term target of ¥100 billion. We have secured necessary business capital through the continuous growth of individual businesses and accomplished overall Group growth, while reinvesting capital recovered through business "selection and concentration" in new growth fields. We will continue to carefully examine our businesses, taking into account factors such as return on investment (ROI), return on equity

(ROE) and the degree of impact on Group internal synergies, to make decisions on business entry, continuation or withdrawal, with a focus on businesses offering prospects for higher profit growth potential.

Through the business "selection and concentration" process, recovered capital will be reinvested in growth fields such as digital assets

Shareholder and Investor Engagement Activities

Analysis of SBI Holdings' shareholder composition as of March 31, 2019 indicates that the total shareholding ratio of Japanese and foreign institutional investors is above 70%, with the shareholding ratio of foreign investors at a high level exceeding 40%. Major foreign institutional investors include Baillie Gifford, a company based in Edinburgh, Scotland, with a hundred-year history, JPMorgan Asset Management, an affiliate of JPMorgan Chase, and J.O. Hambro Capital Management, a U.K.-based asset management company. We consider it a great honor that the SBI Group is valued by the world's leading institutional investors. Through proactive engagement in IR activities, we are endeavoring to build and maintain an excellent relationship with these investors. Also, in order to meet the expectations of various stakeholders regarding the medium- to long-term growth of the SBI Group, we will enhance information disclosure, emphasizing transparency, fairness and continuity, and increase opportunities for constructive dialogue with our shareholders and investors.

We will continue to provide shareholder returns while considering the balance between shareholder returns and funds necessary for business growth. Although we have set a clear guideline of a minimum total shareholder return ratio of 40%, as calculated by the sum of the total amount of dividends and the amount of share repurchases, beginning in FY2018, we have incorporated into our basic policy on shareholder returns the possibility of adjusting the return ratio according to the level of fair value gains

and losses from operating investment securities, which does not involve cash flow. Having taken this into account, in view of the achievement of record-high profits since the introduction of IFRSs and the milestone of the SBI Group's 20th anniversary on July 8, 2019, we have declared an annual dividend for FY2018 of ¥100 per share (consolidated dividend payout ratio of 43.2%), including a 20th anniversary commemorative dividend of ¥5. Also, since the Company conducted share repurchases in the amount of approximately ¥19.4 billion from November 2018 to January 2019, the total shareholder return ratio for FY2018 was 80.7%. The Company will continue to actively provide shareholder returns while undertaking business expansion, remaining mindful of financial management that strikes a balance between growth and returns.

As we work to meet expectations for medium- to long-term growth, we will increase opportunities for constructive dialogue with our shareholders and investors

Major Shareholders

Institutional investors	Shareholding ratio
Baillie Gifford	14.43%
JPMorgan Asset Management	8.04%
J.O. Hambro Capital Management	6.57%
Nomura Securities	5.49%
BlackRock	5.49%

Note: Prepared by the Company based on large shareholding reports (as of June 30, 2019)

IR Activities (FY2018)

Activity	Times	Activity content
Financial results briefing for institutional investors and analysts	4	Financial results briefing held quarterly focused on financial performance and outlook
Non-deal road shows for overseas institutional investors	3	Meetings for overseas institutional investors conducted by the President and Executive Officers
Small meetings for domestic institutional investors	2	Small meetings for domestic institutional investors held semi-annually and conducted by the President and Executive Officers
Meetings for individual investors	6	Meetings held semi-annually in Tokyo, Osaka and Nagoya (from FY2019 also will be held in Yokohama and Fukuoka)
Current Management Information Briefing for shareholders	1	Briefing held shortly after the General Meeting of Shareholders every June
Individual meetings for institutional investors and analysts	As required	Meetings held as needed upon request from domestic and overseas institutional investors and analysts
Uploading of IR materials and videos to the Company website	As required	Posting of timely disclosure materials including financial results, press releases, videos, and information on CSR activities