



FINANCIAL AND
NON-FINANCIAL ACTIVITIES

SBI GROUP ACTION

Strengthening and Enhancing Our Financial Capabilities to Support Continuing Business Expansion

Hideyuki Katsuchi

SBI Holdings
Managing Executive Officer & CFO



Record Performance Despite an Unstable Economic Environment

The economic environment remained unstable throughout FY2021. In the second half of the fiscal year, just as the economic environment appeared to be emerging from the COVID-19 pandemic and returning to normal, an unexpected geopolitical factor in the form of Russia's invasion of Ukraine triggered a surge in energy prices that have resulted in an upward trend for inflation. World interest rates, which had previously remained low, grew in Europe and the United States, although in contrast to that, remained low in Japan. This created an unusual situation in which the yen was the only major currency to experience extreme weakening. Despite this challenging situation, the consolidated results for the SBI Group in FY2021 set new records for the second consecutive year. Revenue increased 41.1% year-over-year to ¥763.6 billion, profit before income tax expense increased 194.0% to ¥412.7 billion, and profit for the year attributable to owners of the Company increased 352.4% to ¥366.9 billion. In each case, these figures are record highs for the Company since its founding.

These results include one-off profit (loss) items, such as a gain from negative goodwill resulting from the acquisition of Shinsei Bank as a consolidated subsidiary in December 2021. However, even if the effect of adding Shinsei Bank to the con-

solidation were excluded, consolidated results for the SBI Group still represent record highs, with revenue increasing 29.1% year-over-year to ¥698.7 billion, profit before income tax expense increasing 42.6% to ¥200.1 billion, and profit for the period attributable to owners of the Company increasing 60.5% to ¥130.1 billion.

We also set new records for segment revenues in FY2021. The Financial Services Business increased 26.1% year-over-year to ¥396.2 billion; the Asset Management Business increased 54.4% to ¥317.8 billion; and the Biotechnology, Healthcare & Medical Informatics Business increased 76.3% to ¥9.9 billion.

Early Realization of Benefits from Synergy with Shinsei Bank

The effects of the acquisition of Shinsei Bank as a consolidated subsidiary on the financial results for FY2021 included recording of gain on negative goodwill, etc., which was reflected in the figures for the third quarter and added to period profit and loss in the January–March quarter of 2022. The corresponding amounts were ¥212.6 billion for profit before income tax expense, and ¥236.8 billion for profit for the year attributable to owners of the Company. Profits from Shinsei Bank will be included in profits for the whole year for

the first time in FY2022. While this one-time factor in FY2021 will no longer apply, we believe that closer collaboration between Shinsei Bank and the SBI Group will result in a steady contribution to our profitability. We are currently considering a variety of collaborative initiatives with Shinsei Bank with the goal of achieving benefits from synergy with them, while also exercising due care over potential conflicts of interest. Shinsei Bank has a broad customer base with over eight million customers. We will examine the attributes of these customers and match them with the services offered by the SBI Group.

Continuing Business Expansion is Our Basic Policy

The SBI Group has achieved rapid business growth to date. We have identified priority business areas and our basic policy calls for the continuing pursuit of a strategy for business expansion through concentrated capital investment in those areas. Regarding the balance between investments and recoveries, we anticipate the amount invested will continue to outpace recoveries. While recoveries are significantly influenced by market trends, our policy is to recover funds from investments after a specific number of years. Our goal is to manage our financial activities in a manner that ensures the continual expansion of our investments while renewing our assets each year.

We will prioritize the balance between internal reserves and the procurement of new funds in our investment activities. When sound, attractive opportunities emerge, we will invest aggressively. Our main investment areas will continue

to be fintech, crypto-asset, FX, and asset management. The SBI Group has been investing in crypto-asset related businesses since 2017 and continue to have a strong interest in this area. We will also continue to prioritize the Asset Management Business as we expect both individuals and corporations to focus increasingly on ways to protect their assets under the circumstances of high interest rates and a weak yen. A key event in relation to this area was the signing in May 2022 of a basic agreement on the conversion of Okasan Asset Management Co., Ltd., which handles asset management for the OKASAN SECURITIES GROUP INC., into a joint venture. We are striving to maintain an active investment posture in this business segment because of the potential for synergies, not only with crypto-asset and asset management, but also with our existing businesses.

As we pursue this business expansion strategy, we expect post-merger integration (PMI) and the maintenance of plan-do-check-act (PDCA) cycles for new businesses to become increasingly important in relation to our mergers and acquisitions (M&A) activities. The acquisition of Shinsei Bank is a good example of this approach. The SBI Group and the Shinsei Bank Group have started to explore the potential for synergies across our organizations, from the front- and middle-, to back-office operations. We expect to see benefits to these synergies emerge in the near future through collaboration with the SBI Group. Speedy decision-making is vital in times of uncertainty, and the SBI Group places a high value on the entrepreneurial spirit. Ideally, that philosophy will have a positive influence on Shinsei Bank Group, triggering changes that will lead to improved profitability.

Consolidated Financial Results for FY2021 (IFRS)

	FY2020	Before consolidation of Shinsei Bank*		After consolidation of Shinsei Bank	
		FY2021	YoY % change	FY2021	YoY % change
Revenue (Billions of yen)	541.1	698.7	+29.1	763.6	+41.1
Profit before income tax expense (Billions of yen)	140.4	200.1	+42.6	412.7	+194.0
Profit for the year (Billions of yen)	97.5	148.5	+52.3	355.7	+264.8
Profit attributable to owners of the Company (Billions of yen)	81.1	130.1	+60.5	366.9	+352.4
Ratio of profit to equity attributable to owners of the Company (ROE) (%)	16.0	20.8	+4.8 points	49.4	+33.4 points

* Excluding recording of gain on negative goodwill, etc., resulting from Shinsei Bank becoming a consolidated subsidiary, and Shinsei Bank's consolidated statement of income for the January–March period of 2022

Financial Strategy Reflecting the Cost of Capital

The methods used to procure funds can be broadly categorized into procurement from internal sources, such as revenues earned by Group companies and amounts recovered from investments, and procurement from external sources, including loans from financial institutions. Because the SBI Group has invested actively in recent years, our liabilities have also tended to increase. However, we believe that we still have ample scope to raise additional funds. In fact, Rating and Investment Information, Inc. raised the rating for SBI Holdings and SBI SECURITIES by one notch in April 2022, to A- and A, respectively. Reasons for these higher ratings include the expansion of our business base following Shinsei Bank becoming a consolidated subsidiary, with which we have a complementing relationship. In general, M&A rarely results in a higher rating. We see the new ratings as a positive factor, since they will allow us to expand our procurement capacity while curbing interest rate hikes. Utilizing internal reserves together with funds procured externally, we would like to financially support a well-balanced growth trajectory, while rigorously screening investments to ensure returns that will be commensurate with the cost of capital.

Management Focused on Stakeholder Dialog

In the past, shareholders, investors, and other stakeholders have commented that the SBI Group's business areas were difficult to understand. In part as a response to this feedback,

we have changed our business structure from three segments to five in management accounting, effective from FY2022. For example, our overseas financial businesses, such as the SBI SAVINGS BANK in South Korea, were included in the Asset Management Business because they were originally positioned as investments. In keeping with the nature of their business activities, they have now been reallocated to the Financial Services Business. The Asset Management Business has been divided into the Investment Business and the Asset Management Business. The Crypto-asset Business has become a segment in its own right, reflecting the importance of this business area. As a result of these changes, the new Financial Services Business will focus mainly on securities-, banking-, and insurance-related businesses in Japan and overseas. We also made changes affecting the strategic direction and scale of our investment in the Biotechnology, Healthcare & Medical Informatics Business, including the sale in February 2022 of our entire shareholding in Quark Pharmaceuticals, which was the main cause of losses in this area. The remaining assets have been placed in the Non-financial Business, together with the digital space business, which was previously included in the "Others" segment. We hope this new segment structure will lead to a better understanding of the SBI Group by clearly identifying business areas that are easily affected by the market environment and those that are more resilient.

Stance on Shareholder Composition

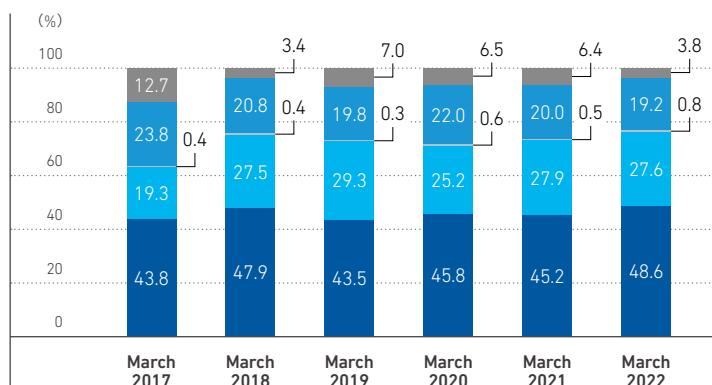
- The total number of shareholders is **134,576**, of which the number of shareholders who hold one unit or more is **88,261***
- Shareholding ratio of domestic and foreign institutional investors is **76.1%**

Actively promote initiatives for individual investors to raise the ratio of individual shareholders to achieve a balanced shareholder composition.

■ Foreign institutions and individuals
■ Domestic financial institutions
■ Other domestic companies
■ Individuals
■ Others*

* Including treasury shares

Trends of Shareholder Composition



Policy on Shareholder Returns

Following the aforementioned changes to our business segment structure, we have also changed our basic policy on shareholder returns, effective from FY2022. Previously, our policy was to determine the total shareholder return ratio, which is the total amount for dividends plus share repurchase, by 1) setting the minimum total shareholder return ratio to be at least 40%, and 2) including an adjustment to the return ratio due to deductions in the fair value through profit and loss (FVTPL) of operating investment securities from consolidated profit before income tax expense, which is separate from cash flows. However, shareholders and investors appear to have found this policy difficult to understand, in part because of the way the second condition has been applied over the past couple of years, during which there has been an increase in the percentage of profit before income tax expense contributed by the Asset Management Business. As an interim measure, we have decided to set the total shareholder returns at around 30% of profit before income tax expense from the new Financial Services Business segment, effective from FY2022. We aspire to clarify our approach to shareholder returns by using the Financial Services Business, which has a relatively stable profit level compared with other segments of the SBI Group, as the standard level for shareholder returns.

Our ability to engage in dialog with individual shareholders and investors has been limited over the past couple of years because of the COVID-19 pandemic. We are striving to take a more active stance on communications going forward, and in June 2022 we have begun to resume our briefings for individ-

ual shareholders in Japan. Overseas institutional investors currently hold 48.6% of shares in SBI Holdings (as of March 31, 2022). Our goal is to achieve a more balanced shareholder mix by actively implementing initiatives targeting these individual shareholders and investors.

My Mission and Goals

Few financial institutions in the world are as actively committed to growth as the SBI Group. I see this as a key advantage. My most important mission is to strengthen and expand the financial functions that will enable the SBI Group to maintain its position as a unique financial institution. Financial institutions are often adopting a more cautious stance in this unstable economic environment, but I see the present environment as an opportunity to leverage the strengths of the SBI Group, including our ability to make speedy decisions. I believe that it is precisely in times such as these that we should maintain a consistent investment policy of using SBI Group's unique qualities to proactively enter and invest in new fields ahead of our competitors, while also thoroughly applying the PDCA assessment and review cycle.

IR Activities (FY2021)

Activity	Times	Activity Content
Financial results briefing for institutional investors and analysts	4	Financial results briefing held quarterly focusing on financial performance and outlook
IR conferences for overseas institutional investors	1	Conducts online meetings with overseas institutional investors during IR conferences hosted by securities companies
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 sustainability initiatives

Note: Meetings for individual investors and small meetings for domestic institutional investors, which are normally held every year, were canceled for FY2021 due to the COVID-19 pandemic.

At a Glance

Overview of the SBI Group's Business Operations

SBI GROUP AT A GLANCE (FY2021)

Revenue
breakdown
by business
segment*1, 2

BIOTECHNOLOGY, HEALTHCARE & MEDICAL INFORMATICS BUSINESS

Revenue
¥9.9 billion
YoY +76.3% ↑

ASSET MANAGEMENT BUSINESS

Revenue
¥317.8 billion
YoY +54.4% ↑

Profit before
income tax
expense*2

FINANCIAL SERVICES BUSINESS

¥282.9 billion YoY +¥196.5 billion ↑

ASSET MANAGEMENT BUSINESS

¥166.0 billion YoY +¥81.8 billion ↑

BIOTECHNOLOGY, HEALTHCARE & MEDICAL INFORMATICS BUSINESS

¥(11.8) billion YoY ¥(3.2) billion ↓

1.4%

43.9%

54.7%

FINANCIAL SERVICES BUSINESS

Revenue
¥396.2 billion
YoY +26.1% ↑

Changes to Business Segments

From FY2022, the SBI Group will change its business segment structure in management accounting from three core businesses (Financial Service Business; Asset Management Business; and Biotechnology, Healthcare & Medical Informatics Business) to five. This change will be made because, under the previous structure, market conditions such as the stock market had a significant impact on specific businesses within each business segment, and as non-financial fields such as Web 3.0-related businesses are expected to expand in the future, problems such as unclear affiliations became apparent.

*1 The ratio of revenue breakdown by business segment is presented as the composite ratio of the total revenue of Financial Services Business, Asset Management Business, and Biotechnology, Healthcare & Medical Informatics Business

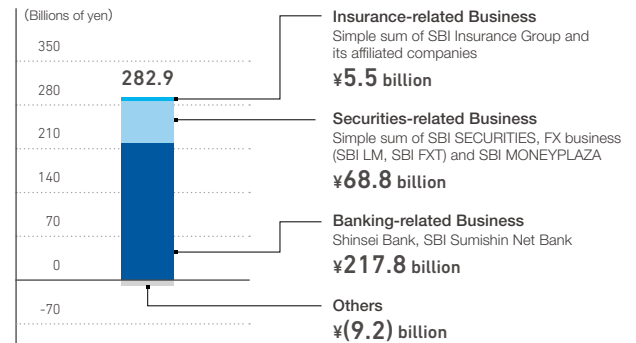
*2 Owing to Group company segmentation realignments, the figures compared to FY2020, which reflect the relevant segment changes, are shown as year-over-year figures

FINANCIAL SERVICES BUSINESS

Principal Companies

SBI SECURITIES	Showa Leasing
SBI Liquidity Market (SBI LM)	Shinsei Corporate Investment
SBI FXTRADE (SBI FXT)	SBI Insurance Group (insurance holding company)
SBI VC Trade	SBI Insurance
SBI MONEYPLAZA	SBI Life Insurance
SBI NEOMOBILE SECURITIES	SBI IKIKI SSI
SBI Neotrade Securities	SBI Nihon SSI
Rheos Capital Works	SBI Resta SSI
SBI Benefit Systems	SBI PRISM SSI
SBI BITS	JOGUCHI SAFETY SSI
SBI NEO FINANCIAL SERVICES	SBI FinTech Solutions
Japannext	SBI Remit
Osaka Digital Exchange	SBI Business Solutions
SBI Sumishin Net Bank	SBI Ripple Asia
Shinsei Bank	B2C2
Shinsei Financial	
APLUS	

FY2021 Profit (Loss) before Income Tax Expense of the Major Businesses by Business Area (Based on IFRS)



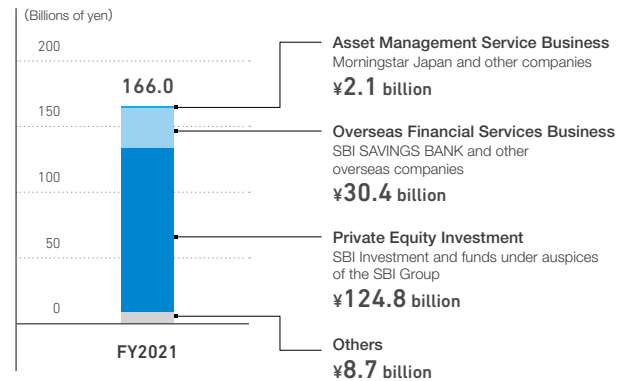
Note: Including a negative goodwill of ¥263.8 billion due to inclusion of Shinsei Bank in the Financial Services Business from the third quarter of FY2021

ASSET MANAGEMENT BUSINESS

Principal Companies

SBI Investment	SBI Bank
SBI FinTech Incubation	PT BNI SEKURITAS
SBI VEN CAPITAL	SBI LY HOUR BANK
SBI Hong Kong Holdings	SBI Regional Bank Holdings
SBI (China)	SBI Estate Finance
SBI & TH (Beijing) Venture Capital Management	SBI Leasing Services
SBI Ventures Malaysia	
SBI GLOBAL ASSET MANAGEMENT	
Morningstar Japan	
SBI Asset Management	
Carret Asset Management	
SBI SAVINGS BANK	
SBI Investment KOREA	
SBI Royal Securities	
SBI Thai Online Securities	

FY2021 Profit before Income Tax Expense of the Major Businesses by Business Area (Based on IFRS)



BIOTECHNOLOGY, HEALTHCARE & MEDICAL INFORMATICS BUSINESS

Principal Companies

SBI ALApharma	SBI ALApharma Canada
SBI Biotech	Photonics Healthcare
Quark Pharmaceuticals ("Quark")*	Medical Data Vision
SBI Pharmaceuticals	
SBI ALApromo	
photonamic	
NX Development	

* Shares of Quark were completely sold in February 2022

Profit (Loss) before Income Tax Expense of the Biotechnology, Healthcare & Medical Informatics Business Companies (Based on IFRS)

(Millions of yen)

	FY2020	FY2021
SBI Biotech	(278)	366
Quark Pharmaceuticals	(4,234)	(68)
5-ALA-related business	(1,726)	(1,103)
SBI ALApromo	348	298
photonamic	71	328
Medical Data Vision (Equity method affiliate)*	36	239

* The results of the previous quarter are recorded as SBI Holdings' equity method, FY2020 includes only the December results after the acquisition of its shares. The SBI Holdings' equity interest in Medical Data Vision's fiscal year ending December 2021 is included in SBI Holdings' results for FY2021.

5-ALA-related Products (Products sold as of the end of June 2022)

Ethical drug



ALAGLIO®
Divided Granules 1.5g

Health foods and cosmetics



ALA PLUS
GOLD EX



ALA PLUS
TOH (Sugar) DOWN



ALA PLUS TOH (Sugar)
DOWN ALACIA



ALA PLUS FUKAI
NEMURI (Deep Sleep)



ALA PLUS GOLD
HIROU-KAN KEIGEN



ALA PLUS
Cosmetic Series

Addressing Climate Change (Initiatives Based on TCFD Recommendations)

The SBI Group recognizes that climate change is a critical strategic management issue that will have significant impact on society and the Group's operations. The Group began disclosures in line with the information disclosure framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD) starting in July 2022, disclosing information in four thematic areas: governance, strategy, risk management, and metrics and targets. An initial scenario analysis was carried out using scenarios published by international organizations and others in major businesses of the SBI Group, the securities business, and the investment (private equity) business. The analysis was conducted based on FY2020 data.

Governance

SBI Holdings has established a Sustainability Committee under the Board of Directors, composed of Senior Managing Directors and chaired by the Representative Director, President & CEO. As part of the SBI Group's corporate strategy, the committee not only discusses and decides upon strategic initiatives related to sustainability, including those regarding climate change, but also verifies and examines the progress of these initiatives as well as reports on their findings to the Board of Directors as needed. In addition, the sustainability measures decided upon through discussions by the committee are implemented across the entire SBI Group through a Sustainability Promotion Office that serves as the secretariat of the committee.

Risk Management

As a constant framework for risk management, in order to provide proper assessment and management of risks, including climate change, which has the possibility of obstructing business activities, the SBI Group has designated an officer in charge of risk management at the Group level and has established a Risk Management Department so that it can carry out integrated risk management. [P48](#)

Strategy: Identification of Risks/Opportunities and Scenario Analysis

In the scenario analysis, the SBI Group analyzed and examined the risks and opportunities and financial implications of two scenarios based on FY2020 data, assuming global mean temperature increases of 4°C and 1.5°C respectively by 2100 compared to before the Industrial Revolution.

Risks and Opportunities (example)

Category	Type	Potential risks and opportunities		Impact	
		Securities business	Investment (private equity) business	4°C	1.5°C
Risks	Transition Risks ^{*1}	Increased costs due to the introduction of carbon taxes and other carbon pricing, as well as policies related to renewable energy use and energy conservation		—	Low
	Physical Risks ^{*2}	Physical damage to offices due to extreme weather (typhoons, floods, high tides, etc.) and costs incurred in response to system failures		High	Low
Opportunities	Development of a decarbonized society	<ul style="list-style-type: none"> • Increase in volume of financial instruments, such as shares issued by companies engaged in businesses that contribute to decarbonization • Increase in opportunities to offer related businesses due to an increase in M&A needs in relevant business areas • Expanding business opportunities related to growing preference for ESG investment 	<ul style="list-style-type: none"> • Increase in earnings opportunities as the value of investee companies engaged in businesses that contribute to decarbonization increases • Increase in opportunities to acquire fund investors through increased investment needs in venture capital (VC) funds 	Low	High

^{*1} Business risks posed by actions taken by the government, enterprise, and consumers to solve climate change

^{*2} Business risks posed by natural disasters owing to extreme weather, rising average temperatures, high tides, etc.

Financial Impact Forecast for FY2030 (Compared to FY2020)

4°C scenario: ¥66 million

1.5°C scenario: ¥169 million

(For reference) SBI Holdings' profit before income tax expense was ¥412,724 million in FY2021.

Examples of SBI Group Initiatives to Resolve Environmental and Social Issues

- Support for the issuance of social impact bonds, including green bonds (SBI SECURITIES)
- Promotion of sustainable finance (Shinsei Bank)
- Awards for outstanding ESG-related funds (Morningstar Japan)

Metrics and Targets

Toward realizing the national target of carbon neutrality by 2050, the SBI Group targets net zero CO₂ emissions (Scope 1 and Scope 2) by FY2050. Its interim target is a 33% reduction by FY2030 (compared to its FY2018 levels).

For full disclosure in accordance with the TCFD,
please refer to the following website:



<https://www.sbigroup.co.jp/english/sustainability/environment/tcdf.html>

Changes in CO₂ Emissions

	FY2019	FY2020	FY2021
CO ₂ emissions (Scope 1)	107	85	1,299
CO ₂ emissions (Scope 2)	4,140	4,463	18,191
Total	4,246	4,548	19,490

Note 1: Scope of coverage: defined by the GHG Protocol at SBI Holdings and domestic sites of Group companies. Scope 1 (direct emissions from the use of fossil fuels, etc.) and Scope 2 (indirect emissions owing to use of purchased electricity and heat) as defined by the GHG Protocol. Includes some overseas business (UDC Finance) from FY2021

Note 2: Calculation method: based on electricity usage of SBI Holdings and its Group companies, the CO₂ emissions in the relevant range are calculated using various emission factors announced by the Ministry of the Environment

Note 3: Due to the expansion of the scope of aggregation owing to M&As, figures may be discontinuous from FY2019 to FY2021

Achieving Sustainable Growth Through Stakeholder Engagement

We recognize that in order to increase the medium- to long-term corporate value of the SBI Group in an external business environment, which is growing more uncertain, we must accurately identify the needs and expectations of various stakeholders by engaging with them through dialog and other methods, and reflect these results in our business activities.

Customers



The SBI Group has set forth the “Customer-centric Principle” as its core management principle for business development and has put customer benefits first in its business activities. In addition, the Group has built one of the world’s first Internet-based financial ecosystems, in which non-face-to-face transactions are characteristic between the service providers and consumers. It is precisely for this reason that the Group has made various considerations to allow customers to complete transactions with peace of mind and a sense of trust, including thorough protection of personal information.

Examples of Engagement

- Reducing stock brokerage commissions charged by SBI SECURITIES
- Received the highest rank of “Three Stars” in the 2021 “Inquiry Counter Rating” (SBI SECURITIES and SBI Insurance) and “Web Support Rating” (SBI SECURITIES, SBI Sumishin Net Bank and SBI Insurance) in the survey “HDI Rating Benchmark” conducted by HDI-Japan

Shareholders and Investors



We are engaged in sound, highly transparent management by actively disclosing information to shareholders and investors, communicating through the General Meeting of Shareholders and financial results briefings, and striving to build better relationships. In addition to the self-growth and propagation of corporate value of listed companies and manifestation of Group corporate value through the initial public offerings of unlisted companies, we will increase shareholder value through M&As, joint ventures, strategic alliances, and other such efforts.

Examples of Engagement

- Financial results briefings for institutional investors and analysts and individual meetings for institutional investors and analysts
- Information meetings for individual investors, as well as Current Management Information Briefing for shareholders

Employees



As a comprehensive corporate group that innovates without getting caught up in preconceived notions, we have implemented various measures such as the provision of open employment opportunities and the establishment of a robust educational system that includes a program for dispatching employees to the SBI Graduate School. In addition, through the realization of a fair evaluation and compensation system that rewards ambition and performance, we train employees to develop and pass down a unique corporate culture and to promote fostering a healthy work ethic.

Examples of Engagement

- Health and diversity management
- Development of employees at SBI Graduate School

Partners (Suppliers)



The SBI Group is promoting open alliances in which win-win relationships are formed through partnerships with many non-Group companies across a variety of industries. Through these open alliances, we are collaborating with diverse partners to create a system that can provide comprehensive services that cannot be achieved by a single company alone, in order to meet the diverse demands of various customers.

Examples of Engagement

- Neo-bank initiatives promoted by SBI Sumishin Net Bank
- Linkage by SBI SECURITIES to various common points issued by non-Group companies

Local Communities



The SBI Group believes that a company is a part of society, and that corporate activities have various impacts on it. In order to fulfill the role of the company as a social entity, we will work to find solutions to social issues through our core business activities in a variety of different ways, thereby contributing to the maintenance and development of society.

Examples of Engagement

- Formulation of Basic Sustainability Principles and the SBI Group’s Materiality
- Regional revitalization initiatives

Global Environment



The SBI Group recognizes the importance of long-term coexistence between society and the natural environment, and that environmental issues have an impact on, and present both risks and opportunities to organizations and society. The SBI Group Environmental Policy has been established based on this recognition. Based on this policy, we will continue to contribute to the maintenance and development of a sustainable society through our business activities.

Examples of Engagement

- Addressing Climate Change (Initiatives Based on TCFD Recommendations)
- Promoting sustainable finance and activities for increasing awareness of ESG investment

Diversity and Inclusion

We are Focused on Further Enhancing the Value of Our Human Resources, as a Source of Creativity and Competitiveness.

Katsumi Shiragami

Executive Officer in Charge of Human Resources and General Affairs at SBI Holdings



Approach to Human Resources

The SBI Group believes that people are the main source of creativity and differentiation that give us a competitive edge. The SBI Group is unique in that more than 90% of its human resources are mid-career hires. These mid-career hires are able to work successfully alongside new graduates thanks to continuous training activities that help disseminate the SBI Group's management philosophy and corporate culture while allowing employees to acquire a broad overview of the Group as a whole. Furthermore, active communication by senior management via books and other publications on management and business, is helping to raise employees' knowledge in areas such as "human studies" and business administration. We believe that these efforts are also contributing to a sense of unity within the Group.

We recognize that securing talented, global human resources is even more important in executing our management strategies. In 2018, we established the Highly Specialized Professionals System, which enables us to respond differently from the existing framework in terms of salary treatment and working style, and we are focusing on securing human resources who can play strategically important roles. From April 2022, we implemented a significant increase in starting salary for new graduates and in the salary table up to the third year of employment. In addition, we introduced a remuneration system for all executives and employees that reflects the consolidated performance of the Group. The SBI Group will continue its efforts to enhance the value of its human resources, including the use of M&A and other methods to recruit talented people with abilities that enable them to make a strategic contribution.

Diversity and Inclusion

The SBI Group recognizes that human rights are fundamental rights that all human beings equally and universally have, and that respecting these rights is a matter of corporate operations. In 2021, we clearly stated this belief in our "Human Rights Policy." We also believe that to remain as a company that innovates without getting caught up in preconceived notions requires an environment in which diverse people can fully demonstrate their potential and stimulate each other to grow, regardless of race, nationality, gender, or other attributes. The SBI Group operates in 25 countries and regions, and overseas offices account for 22.9% of the total number of employees. We are committed to actively promoting talented employees regardless of their attributes, and the ratio of female managers

(domestic consolidated) is currently 18.3%. Recognizing that increasing diversity is important in the future, we have set goals of increasing the ratios of female managers and non-Japanese employees to at least 20% and 40%, respectively, by 2025 and will work to maintain and improve the current ratios (26.5% and 36.5%, respectively, as of March 31, 2022).

Please visit our website for more information on "SBI Group Human Rights Policy"



https://www.sbigroup.co.jp/english/sustainability/social/human_rights.html

Creating a Pleasant Work Environment

We believe that good physical and mental health is important for employees to always perform at their maximum potential. The SBI Group has instituted the Health Management Declaration stating the need to actively promote the creation of an environment that encourages employees to maintain and promote their health. In addition to providing opportunities for self-actualization, we are striving to make effective use of employees and to put the right people in the right place through our career opening system. Many employees have utilized this program to make career changes by requesting transfers to their desired operating companies within the SBI Group.

Furthermore, in order to improve work efficiency and productivity, the entire Group is promoting the introduction of robotic process automation (RPA) to automate various routine tasks, and we have established a short-time regular employee system and staggered working hours system to create a comfortable working environment.

Recognition for Employees that Rewards Performance

Since our founding, we have maintained a policy of "giving a stipend to those with merit and a position to those with good judgement and insights," emphasizing not only results but also the process that leads to those results. In addition, in order to ensure fair and impartial evaluations, we conduct 360-degree evaluations, in which employees are evaluated not only by their superiors, but also by their subordinates and colleagues. Furthermore, in order to further enhance the cohesiveness of the Group and to further increase motivation and morale toward consolidated performance, the Company issues paid stock options to directors of the Company and its subsidiaries and

tax-qualified stock options to employees without cost.

Approach to Human Resource Development

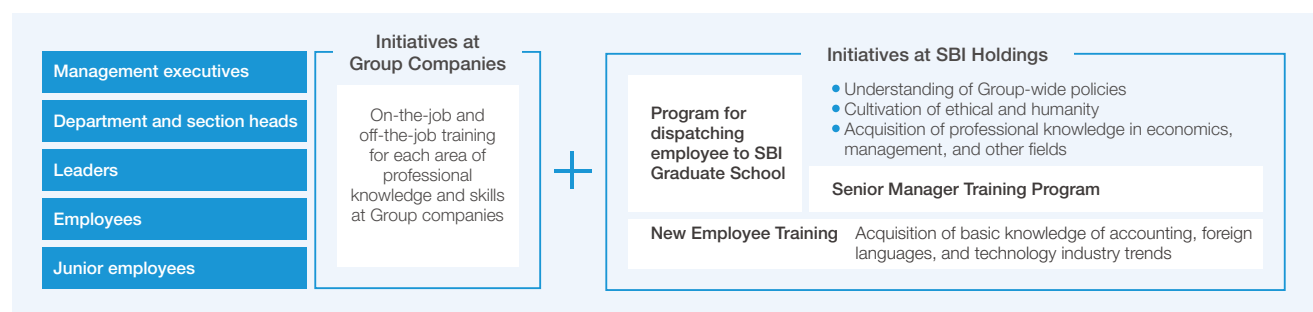
The SBI Group is training future generations of skilled workers through a combination of on-the-job-training and courses at the SBI Graduate School, which opened in 2008 with the full support of the SBI Group. Employees who aspire to become senior managers must complete the SBI Group Senior Manager Training Program as a requirement for promotion. We have also established a program for employees wanting to study a wider range of management subjects by sending them to study at the SBI Graduate School. As of March 31, 2022, 143 individuals have obtained MBA degrees through this program. For new employees, we provide training by submission of assignments, which is unique to the Company, to help our employees acquire knowledge and management perspectives as executives of the SBI Group from early on in their careers. New employees are required to submit a report every two weeks which is then evaluated by management executives including the CEO.

Dissemination of Management Philosophy in Group Companies

In order to share our management philosophy and corporate culture with Shinsei Bank, which became our consolidated subsidiary in December 2021, we have held briefings for executives and employees of Shinsei Bank Group, as well as conducted regular roundtable discussions with executives from our major Group companies for junior employees. In the first session, our Representative Director, Chairman, President & CEO Yoshitaka Kitao discussed the theme of “what the SBI Group is striving for” to promote exchange. Videos of the roundtable discussions are maintained for viewing by executives and employees of both groups.



The SBI Group's Human Resource Development Process



Employee Data

Employee Status (Consolidated)	FY2019	FY2020	FY2021
Number of employees	8,003	9,209	17,496
Percentage of employees at overseas business sites (%)	35.4	39.1	22.9

Status of Employment of Women		FY2019	FY2020	FY2021
Consolidated	Number of female employees	3,393	3,898	7,630
	Ratio of female employees (%)	42.4	42.3	43.6
	Number of female executive officers	5	13	20
	Ratio of female executive officers (%)	6.0	12.6	9.4
Domestic consolidated	Number of women hired*	367	750	933
	Ratio of women among regular employees hired (%)	22.9	32.1	39.1
	Number of female managers	219	262	688
	Ratio of female managers (%)	16.5	16.0	18.3

Domestic Consolidated	FY2019	FY2020	FY2021
Average years of service (men)	6.6	5.2	10.1
Average years of service (women)	5.5	5.1	8.4
Average annual salary (men)	¥7,997,157	¥6,617,207	¥8,239,218
Average annual salary (women)	¥4,885,217	¥4,959,279	¥4,793,669
Turnover rate (%)	14.2	23.2	14.9

Non-consolidated	FY2019	FY2020	FY2021
Average monthly non-statutory working hours	18hr 1min	15hr 19min	17hr 41min
Ratio of annual paid leave taken (%)	69.8	60.9	65.4
Ratio of childcare leave taken by female employees (%)	100	100	100
Ratio of managers of foreign nationality (%)	12.3	12.3	11.4
Ratio of mid-career hires among management (%)	81.5	84.4	81.1

* Figures may not be continuous due to changes in calculation methods, M&A, etc. from FY2019 to FY2021.

Target Figures for Human Resources (Through to 2025)

*1 Non-consolidated
*2 Consolidated

Ratio of female managers*1
20% or higher

Ratio of employees of foreign nationality*2
40% or higher

Please visit our website for more information on “Enhancing Human Capital Value”



<https://www.sbigroup.co.jp/english/sustainability/social/employee.html>

Strengthening and Enhancing the Management Base to Support Sustainable Growth

Results of Main Efforts for FY2021

Number of Ordinary Board of Directors' meetings held per year	13
Average attendance rate at Board of Directors' meetings for Independent Outside Directors	100%
Average attendance rate at Board of Directors' meetings for Outside Statutory Auditors	100%
Number of Board of Statutory Auditors' meetings	15
Average attendance rate at Board of Statutory Auditors' meetings for Outside Statutory Auditors	100%


Major Items Discussed at the Board of Directors

- Application for selection of new market segments
- Tender offer for shares of Shinsei Bank, Limited by SBI Regional Bank Holdings Co., Ltd.
- Establishment of the Sustainability Committee
- Establishment and revision of policies in accordance with the amendment of the Corporate Governance Code
- New structure for Representative Directors and change in management and responsibilities

Basic View Toward Corporate Governance

A company's stakeholders include consumers, business partners, and the community at large, in addition to customers, shareholders, and investors. The SBI Group keenly recognizes the social nature of companies, contributes to the preservation and development of society, and uncompromisingly engages in customer-oriented businesses in accordance with the "Customer-centric Principle," which is the Group's core management principle. The Group also considers it essential to obtain public trust during the course of business activities and is working to ensure transparency and fairness in its decision-making, and to establish an organizational structure capable of promptly responding to changes in the business environment, as well as to enhance appropriate corporate governance to increase corporate value.

Corporate Governance Principles Based on the Corporate Governance Code

 <https://www.sbigroup.co.jp/english/sustainability/governance/policy.html>

Corporate Governance System

The Company has selected an organizational structure with a board of statutory auditors and consequently established a Board of Directors and Board of Statutory Auditors. The Company's Board of Directors, consisting of 14 Directors, with 7 Independent Outside Directors (as of July 27, 2022), is strengthening its oversight of the appropriateness of the Company's management. The Board of Directors meets once a month, in principle, to decide important matters and to oversee the status of business execution. In addition to Executive Directors including the President, Senior Executive Vice Presidents, and Senior Managing Directors, 11 Executive Officers with expertise and insight aligned with the Directors are in charge of business execution. The Company clearly defines the functions and responsibilities of the Executive Directors, Executive Officers, and the Board of Directors, and has put in place an organizational structure capable of promptly and flexibly responding to sudden changes in the business environment.

Statutory Auditors are responsible for establishing a solid corporate governance system worthy of public trust, by means including auditing the Directors' performance of duties. Statutory Auditors ensure collaboration with Outside Directors and Accounting Auditors and endeavor to realize a more effective corporate governance system.

The Board of Directors and the Board of Statutory Auditors are composed of diverse individuals, irrespective of race, nationality, gender, etc., who possess a high level of expertise and will contribute to the strengthening of the Company's corporate governance system. [▶ P42](#)

Overview of Organization (As of July 27, 2022)

Configuration	Company with Board of Statutory Auditors
Number of Directors (Independent Outside Directors)	14 (7)
Term of office of Directors	1 year
Average age of Directors	57.5
Number of Statutory Auditors (Outside Statutory Auditors)	4 (2)
Number of Directors registered as Independent Executives	9
Number of Management Advisory Committee members (Independent Outside Directors)	8 (7)
Involvement of Independent Outside Directors in compensation decisions (Yes/No)	Yes

Improving the Effectiveness of the Board of Directors

1. Method of Analysis and Evaluation

From February to March 2022, the Company conducted a self-assessment for all Directors and Statutory Auditors

Items Included in Evaluation of Effectiveness

- Structure and composition of organizations such as the Board of Directors
- Operation of the Board of Directors
- Agenda, deliberation, and decision-making of the Board of Directors
- Supervisory system of the Board of Directors
- Relationships with shareholders and other stakeholders
- Other
- Self-evaluation

invited Shigehiko Mori, Managing Director of Deloitte Touche Tohmatsu LLC, to participate in November for training regarding TCFD and ESG disclosure.

Key Themes Discussed During the Director Training

- Amendment of Corporate Governance Code
- Main points in the response toward TCFD
- Analysis of the ESG assessments toward the Company
- Regulations in Japan and overseas

Director Training

The Company maintains a training environment in which each Director and Statutory Auditor can acquire and update the knowledge required of management. In FY2021, the Company

The diagram illustrates the internal control system of a company, showing the hierarchy and relationships between various departments and committees.

General Meeting of Shareholders (Top Level)

- Reports to: **Board of Directors**
- Elects/Dismisses: **Board of Directors**, **Accounting Auditors**, **Board of Statutory Auditors**

Board of Directors (Second Level)

- Reports to: **General Meeting of Shareholders**
- Elects/Dismisses: **Executive Department**, **Compliance Officer**, **Risk Management Officer**, **Information Security Officer**
- Appoints/Dismisses: **Representative Directors**

Accounting Auditors (Left Side)

- Reports to: **Board of Statutory Auditors**
- Cooperates with: **Board of Statutory Auditors**

Board of Statutory Auditors (Left Side)

- Reports to: **General Meeting of Shareholders**
- Cooperates with: **Accounting Auditors**, **Internal Auditing Department**
- Performs: **Business affairs audit**

Internal Control-related Division (Central Core)

- Contains: **Internal Auditing Department**, **Operations Division**
- Reports to: **Board of Directors**
- Cooperates with: **Internal Auditing Officer**, **Compliance Officer**, **Risk Management Officer**, **Information Security Officer**

Executive Department (Central Core)

- Reports to: **Board of Directors**
- Contains: **Compliance Officer**, **Risk Management Officer**, **Information Security Officer**

Representative Directors (Central Core)

- Reports to: **Board of Directors**
- Cooperates with: **Administrative Department, etc.**

Administrative Department, etc. (Central Core)

- Contains: **Accounting Department**, **Finance Department**, **General Affairs Department**, **Human Resources Department**
- Cooperates with: **Representative Directors**, **IT Strategy Headquarters**, **Sustainability Promotion Office**

IT Strategy Headquarters (Central Core)

- Cooperates with: **Information Security Officer**, **Administrative Department, etc.**

Sustainability Promotion Office (Central Core)

- Cooperates with: **Representative Directors**, **Administrative Department, etc.**

Subsidiaries (Bottom Level)

- Reports to: **Internal Auditing Department**
- Cooperates with: **Internal Auditing Department**

Statutory Auditors (Bottom Level)

- Reports to: **Board of Statutory Auditors**

Internal Auditing Officer (Bottom Level)

- Reports to: **Internal Auditing Department**

Compliance Officer (Bottom Level)

- Reports to: **Compliance Officer**

Risk Management Officer (Bottom Level)

- Reports to: **Risk Management Officer**

Information Security Officer (Bottom Level)

- Reports to: **Information Security Officer**

Board of Directors and Statutory Auditors (As of July 27, 2022)

Directors

① Attendance at Board Meetings ② Number of Company's shares owned ③ Main areas of expertise ④ Reasons for selection

Name/Position	Principal responsibilities and concurrent offices held	Other information
Yoshitaka Kitao Representative Director, Chairman, President & CEO 	Representative Director, Chairman and President of SBI Investment Co., Ltd. Representative Director and Chairman of SBI SECURITIES Co., Ltd. Representative Director & President of SBI Pharmaceuticals Co., Ltd. Director of SBI VC Trade Co., Ltd. Representative Director & Chairman of SBI Digital Asset Holdings Co., Ltd. Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd. Representative Director & President of SBI Capital Management Co., Ltd. Representative Director & President of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Representative Director & President of Regional Revitalization Partners Co., Ltd.	① 13/13 ② 4,007,960 ③ General management (financial assets and biotechnology) ④ Mr. Yoshitaka Kitao has demonstrated excellent management capabilities as Representative Director, President & CEO since the Company's establishment, 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, insurance business, and a wide range of financial services businesses. He has also helped establish a strong business foundation for the SBI Group by leading the Asset Management Business and the Biotechnology, Healthcare & Medical Informatics Business in Japan and abroad.
Masato Takamura Representative Director, Senior Executive Vice President & COO 	Representative Director and President of SBI SECURITIES Co., Ltd. Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Director of Rheos Capital Works Inc. Outside Director of ASCOT Corp. Director of The Global Ltd. Outside Director of ALBERT Inc.	① 13/13 ② 310,000 ③ General management (financial assets) ④ Mr. Masato Takamura has served as Representative Director and President of SBI SECURITIES Co., Ltd., and has greatly contributed to the growth of the securities businesses and has a wealth of experience and broad knowledge as a manager. In addition, he has been responsible for the Financial Services Business as Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. since June 2018.
Takashi Nakagawa Director, Senior Executive Vice President 	Representative Director and President of SBI Wellness Bank Co., Ltd. Director of SBI Investment KOREA Co., Ltd.	① 13/13 ② 292,000 ③ General management (financial assets) ④ Mr. Takashi Nakagawa has served successively in important positions such as Representative Director of SBI Investment Co., Ltd. and Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd., in the Asset Management Business and Financial Services Business, which are core businesses of the SBI Group, and has broad knowledge and a wealth of experience in general managerial issues. In addition, he is responsible for operations focused on the planning and promotion of human resources throughout the SBI Group, as an officer in charge of human resources and general affairs.
Tomoya Asakura Director, Senior Executive Vice President 	Representative Director & President of Morningstar Japan K.K. Representative Director of SBI ASSET MANAGEMENT GROUP Co., Ltd. Director of SBI Asset Management Co., Ltd. Director of SBI Sumishin Net Bank, Ltd. Director of SBI Insurance Group Co., Ltd.	① — ② 285,000 ③ General management (financial assets) ④ At the Asset Management Business, a core business of the SBI Group, Mr. Tomoya Asakura, who has served as Representative Director & President of Morningstar Japan K.K. and Representative Director of SBI ASSET MANAGEMENT GROUP Co., Ltd., has greatly contributed to growth in all aspects of asset management, including the information service business and the investment management business, and has a wealth of experience and broad knowledge as a manager.
Shumpei Morita Senior Managing Director 	Representative Director of SBI Regional Bank Holdings Co., Ltd. Outside Director of The Shimane Bank, Ltd. Director of SBI SAVINGS BANK Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Director of SBI Business Solutions Co., Ltd. Director of SBI Security Solutions Co., Ltd. Director of SBI Art Auction Co., Ltd. Director of SBINFT Co., Ltd.	① 13/13 ② 70,000 ③ Finance and accounting ④ After his appointment as a Director of the Company, Mr. Shumpei Morita provided support in relation to the accounting and financial aspects of the SBI Group's management strategy as CFO from October 2011. In addition to a highly ethical outlook, he possesses considerable professional knowledge regarding finance and accounting as a certified public accountant. Furthermore, as Representative Director of SBI Regional Bank Holdings Co., Ltd., he works on regional revitalization and value enhancement for regional financial institutions, in which SBI Regional Bank Holdings Co., Ltd. has invested.
Satoe Kusakabe Managing Director 	Managing Director and in charge of Risk Management Department of SBI SECURITIES Co., Ltd. Director of SBI VC Trade Co., Ltd. Director of Japannext Co., Ltd.	① 13/13 ② 2,000 ③ Internal control, legal affairs and compliance ④ Ms. Satoe Kusakabe has been engaged in corporate internal control and audit-related tasks as a certified public accountant and has a wealth of experience in that field. In addition, she has conducted duties mainly in the audit and risk management departments at the Company, as well as at SBI SECURITIES Co., Ltd. With the importance of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) on the rise, it can be expected that she will utilize her wealth of experience in the field to further strengthen and enhance the SBI Group's risk management function.
Masayuki Yamada Director 	Statutory Auditor of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Director of SBI Capital Management Co., Ltd.	① 13/13 ② 14,030 ③ Internal control, legal affairs and compliance ④ Mr. Masayuki Yamada has served as an officer in charge of legal affairs and compliance in the SBI Group as an attorney at law admitted to the New York Bar (U.S.), and has a wealth of practical experience and a highly ethical outlook.

Policy and Procedures concerning the Nomination of Director Candidates and Statutory Auditors

Please refer to the "Basic Policy on the Governance System" III-1-(3) and III-2-(3) on our Company website.
<https://www.sbigroup.co.jp/english/sustainability/governance/policy.html>

Independent Outside Directors

① Attendance at Board Meetings ② Number of Company's shares owned ③ Main areas of expertise ④ Reasons for selection

Name/Position	Principal responsibilities and concurrent offices held	Other information
Teruhide Sato Independent Outside Director 	Director of BEENEXT PTE. LTD. Director of BEENEXT CAPITAL MANAGEMENT PTE. LTD. Director of Sen Do Technology Joint Stock Company	① 13/13 ② 2,820 ③ General management (advanced technology), overseas experience ④ Mr. Teruhide Sato participated in launching CyberCash K.K. (currently, DG Financial Technology, Inc.) in Japan and has served as Representative Director, President and CEO of netprice, Ltd. (currently, BEENOS Inc.), and has a wealth of experience and extensive knowledge, particularly in relation to Internet businesses in Asia.
Heizo Takenaka Independent Outside Director 	Chairman and Director of Pasona Group Inc. Director of 3DOM Alliance Inc. Outside Director of MAYA SYSTEM Inc. Director of XICA CO., LTD. President of Academy Hills Emeritus Professor at Keio University	① 13/13 ② — ③ General management (financial assets), finance and accounting ④ Mr. Heizo Takenaka has 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, while also serving as an outside director in private companies.
Yasuhiro Suzuki Independent Outside Director 	Representative Director and President of digitalshiftwave Co., Ltd. President of Japan Omni Channel Association Visiting Professor at Joho Keiei Innovation Semmonshoku Daigaku	① 13/13 ② — ③ General management (advanced technology) ④ 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 businesses.
Hiroshi Ito Independent Outside Director 	Advisor of SBI Insurance Group Co., Ltd	① 13/13 ② — ③ General management (financial assets), risk management ④ Mr. Hiroshi Ito has served successively in important positions such as Representative Director of Marsh Japan, Inc., which is a global-leading company that provides services related to insurance and risk management, and has expert knowledge in insurance fields that the SBI Group focuses on.
Kanae Takeuchi Independent Outside Director 	Freelance Announcer Outside Director of dip Corporation	① 13/13 ② — ③ Public relations ④ One of the Company's most important challenges is to ensure that the Board of Directors heeds women's perspectives and strengthens its approach in this regard. Moreover, Ms. Kanae Takeuchi has played active roles, both in the past and presently, particularly in the media, and is well-suited to reflect the opinions of the stakeholders of the Company, including many individual shareholders, at Board meetings.
Junichi Fukuda Independent Outside Director 	Commissioned Lecturer at SBI Graduate School Lawyer at Uryu & Itoga LPC Special advisor	① 11/11 ② — ③ Finance ④ Mr. Junichi Fukuda has served successively as Vice-Minister of Finance and has extensive experience in the field of finance. He can be expected to bring constructive opinions to the SBI Group's financial business in general, especially in the fields of regional revitalization and expanding cooperation with regional financial institutions.
Hiroyuki Suematsu Independent Outside Director 	Professor at the Tokyo NODAI Research Institute of Tokyo University of Agriculture Outside Director (Audit & Supervisory Committee member) of TRE HOLDINGS CORPORATION Outside Director (Audit & Supervisory Committee member) of Nexyz Group Corporation	① 11/11 ② — ③ Agriculture, forestry and fisheries, and the food industry ④ Mr. Hiroyuki Suematsu has successively served as Vice-Minister of Agriculture, Forestry and Fisheries and has extensive experience in agriculture, forestry and fisheries industry, and the food industries. He can be expected to bring constructive opinions to the SBI Group in many fields including the use of supply chain management with blockchains and operating the Osaka Dojima Exchange, Inc., which handles commodities futures.

Statutory Auditors

① Attendance at Board Meetings/Attendance at Statutory Auditor Meetings
② Number of Company's shares owned ③ Main areas of expertise ④ Reasons for selection

Name/Position	Principal responsibilities and concurrent offices held	Other information
Toru Ichikawa Outside Standing Statutory Auditor 	Outside Statutory Auditor of The Shimane Bank, Ltd.	① 13/13・15/15 ② 1,000 ③ Finance and accounting, internal control, legal affairs and compliance ④ Mr. Toru Ichikawa has served successively as chief inspector of the Financial Services Agency and has extensive experience in the financial field.
Minoru Tada Statutory Auditor 	Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI NEO MOBILE SECURITIES Co., Ltd.	① 13/13・15/15 ② 26,510 ③ Internal control, legal affairs and compliance ④ Mr. Minoru Tada has many years of experience in financial institutions and possesses expertise as an auditor of the Company and Group companies.
Yasuo Sekiguchi Outside Statutory Auditor 	Managing Director of Global Partners Consulting, Inc.	① 13/13・15/15 ② — ③ Finance and accounting, overseas experience ④ Mr. Yasuo Sekiguchi is qualified as a Certified Public Accountant and Certified Tax Accountant and has a considerable degree of knowledge regarding finance and accounting.
Akemi Mochizuki Statutory Auditor 	Member of AKAHOSHI AUDIT CORPORATION Outside Director and Audit and Supervisory Committee member of TSUMURA & CO. Outside Statutory Auditor of Asahi Kasei Corporation	① — ② — ③ Finance and accounting ④ Ms. Akemi Mochizuki has a wealth of experience and a high level of knowledge as a certified public accountant over many years, as well as a high degree of professional knowledge and a wealth of experience regarding finance and accounting, in addition to auditing of companies.

Note: The number of shares owned is as of March 31, 2022.

Skills Matrix for Directors

Position	Name	Management/ Business Strategy	Industry Experience in Key Businesses	Global Experience	Technology	Academic Background	Finance/ Accounting	Legal affairs/ Compliance	Sustainability (ESG/Risk Management)
Representative Director, Chairman, President & CEO	Yoshitaka Kitao	●	●	●		●	●		
Representative Director, Senior Executive Vice President & COO	Masato Takamura	●	●						
Director, Senior Executive Vice President	Takashi Nakagawa	●	●						●
Director, Senior Executive Vice President	Tomoya Asakura	●	●	●					
Senior Managing Director	Shumpei Morita	●	●				●		
Managing Director	Satoe Kusakabe		●				●		●
Director	Masayuki Yamada			●				●	
Independent Outside Director	Teruhide Sato	●	●	●	●				
Independent Outside Director	Heizo Takenaka	●	●	●		●			●
Independent Outside Director	Yasuhiro Suzuki	●			●				
Independent Outside Director	Hiroshi Ito	●	●	●					●
Independent Outside Director	Kanae Takeuchi			●					●
Independent Outside Director	Junichi Fukuda		●	●		●	●	●	
Independent Outside Director	Hiroyuki Suematsu		●			●			●

Messages from the Independent Outside Directors



During This Era of Major Change, Overall and Individual Strategies are Important

Teruhide Sato

Major changes will likely continue because of environmental changes that accompany advances in technology, with new business risks arising from geopolitical issues, and new customer requirements stemming from population dynamics and the macro-economy. I believe that the SBI Group always proposes and executes strategies that treat such changes as opportunities, but as the number of companies in the Group increases, it will become increasingly necessary for the Board of Directors to further discuss short-, medium-, and long-term strategies for each business area, in addition to the overall strategy.

Expectations for Strong Leadership and Synergies from Diversity

Heizo Takenaka

I feel that the current composition of the Board of Directors is an appropriate one. However, going forward, an increase in female Directors in both management and business strategy, as well as Directors with expertise concerning the environment and climate change would start influencing Board deliberations and have an impact there. The extent to which diversity is pursued toward improving medium- to long-term corporate value depends on the nature of the Board of Directors. However, based on the strong leadership of President Kitao, I believe that, by being aware of diversity as much as possible, synergies with strong leadership will be generated.





Developing Technology Talent for Further Growth

Yasuhiro Suzuki

As one of the new social trends, the advent of digital society is upon us, and technology is becoming an increasingly important issue for the SBI Group. The Group's management focuses on value creation with digital technology at its core, and I believe that we will be better prepared for this challenge as more members on the Board of Directors become more deeply knowledgeable about technology. At future Board meetings, I would like to deepen discussions on the development of human resources who understand digital technology and can apply it to the business.

Expecting Measures Adapted to the Importance of Greater Human Talent

Hiroshi Ito

Going forward, the economic situation in Japan is expected to remain sluggish due to population decline and stagnant business activities. In light of these conditions, our future challenges may include initiatives for new businesses in each segment and the development of both human resources and organizations with an eye toward overseas expansion. Recently, there has been an increased focus on the importance of human capital. I believe that more in-depth discussions are needed at the management level in the Group for cases such as employee engagement and inclusion, and the method of enhancing corporate value by strengthening human resource strategies. As these strategies are carried out, I would like to fulfill my duties as an Independent Outside Director and ensure that implementation of these programs are properly managed.



ESG Initiatives Based on Changes in Social Conditions

Kanae Takeuchi

The Management Advisory Committee has been discussing ways to address ESG and SDGs initiatives that fit the unique character of the Group. It is also exchanging views on matters including implementing initiatives through proactive information disclosure and investment, as well as reducing environmental impact. Drafted in December 2021, the SBI Group's Materiality contains policies that are continuously revised based on changes in social conditions. Preferably, they should be reaffirmed through on-going discussion as needed at the Management Advisory Committee.

Management of the Board of Directors Adapted to the Growth Phase of the Company

Junichi Fukuda

In order for the SBI Group to gain the trust of our stakeholders, it is important that we achieve sustainable growth and that our investment decisions are made appropriately and promptly. I believe the current Board of Directors is well positioned to respond fully to these requests. While observing the Corporate Governance Code, we look forward to the operation of a Board of Directors that forms the foundation for raising medium- to long-term corporate value. This would be done by maintaining a system that facilitates flexible decision-making in light of the SBI Group's growth phase and the conditions of these times.



Using the Skills Matrix to Improve the Quality of Board Meetings

Hiroyuki Suematsu

The SBI Group of the future will be asked to contribute to regional revitalization and the resolution of social issues, as well as make progress together with its stakeholders. From this perspective, in addition to having finance specialists who come from within the Company, I believe it is also important to move toward having a Board consisting of members with knowledge of regional development and business from a consumer's perspective. Because of this and the management strategy, we must regularly revise the skills matrix to accurately reflect the Board of Directors and to improve the quality of the Board of Directors.

Independent Outside Directors

Name	Reasons for Appointment	Attendance at Board of Directors' meetings
Teruhide Sato	Mr. Teruhide Sato participated in launching CyberCash K.K. (currently, DG Financial Technology, Inc.) in Japan and has served as Representative Director, President and CEO of netprice, Ltd. (currently, BEENOS Inc.). He has a wealth of experience and extensive knowledge, particularly in relation to Internet businesses in Asia.	13/13 (100%)
Heizo Takenaka	Mr. Heizo Takenaka successively served 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 is teaching at Keio University while also serving as an outside director in private companies.	13/13 (100%)
Yasuhiro Suzuki	Mr. Yasuhiro Suzuki successively served 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 businesses.	13/13 (100%)
Hiroshi Ito	Mr. Hiroshi Ito successively served in important positions such as Representative Director of Marsh Japan, Inc., which is a globally leading company that provides services related to insurance and risk management and is a subject matter expert in insurance fields, an area on which the SBI Group focuses.	13/13 (100%)
Kanae Takeuchi	One of the Company's most important challenges is to ensure that the Board of Directors heeds women's perspectives and strengthens its approach in this regard. Ms. Kanae Takeuchi has played active roles both in the past and presently and is well-suited particularly in the area of media to reflect the opinions of stakeholders of the Company, including individual shareholders, at Board of Directors' meetings.	13/13 (100%)
Junichi Fukuda	Mr. Junichi Fukuda successively served as Vice Minister of Finance and has extensive experience in the field of finance. He can be expected to bring constructive opinions to the SBI Group's financial business in general, especially in the fields of regional revitalization and expanding cooperation with regional financial institutions.	11/11 (100%)
Hiroyuki Suematsu	Mr. Hiroyuki Suematsu successively served as Vice Minister of Agriculture, Forestry and Fisheries and has extensive experience in agriculture, forestry and fisheries industry, and the food industries. He can be expected to bring constructive opinions to the SBI Group in many fields including the use of supply chain management with blockchains and operating the Osaka Dojima Exchange, Inc., which handles commodities futures.	11/11 (100%)

Management Advisory Committee

The Company is strengthening the supervisory function of the Board of Directors by increasing the transparency of the Company's management from an outside perspective by utilizing the efforts of several Independent Outside Directors. From June 27, 2019, it was decided to further strengthen the Company's supervisory function, to ensure an appropriateness of management through increased management transparency, and that at least one-third of the Board of Directors will be Independent Outside Directors, in accordance with the Company's independence standards. Moreover, it was decided to establish the Management Advisory Committee as the voluntary advisory body to the Board of Directors, and a majority will be Independent Outside Directors.

Similar to the former Outside Director Liaison Committee, this committee will share information and opinions from an objective perspective, while maintaining an environment in which Independent Outside Directors may engage appropriately and actively in discussions of the Board of Directors.

The Committee will further solidify the Company's corporate governance framework, by increasing the objectivity and transparency of Board decisions through appropriate involvement in the Board's functions and deliberation processes, which include the selection of candidate Directors and Statutory Auditors, appointment and dismissal of management executives (President, Senior Executive Vice Presidents, Senior Managing Directors, Managing Directors) and the determination of compensation for Directors, as well as the development of the next generation of management executives.

At the third meeting of the Management Advisory Committee for FY2021, held in September 2021, there was a vigorous discussion on disclosure policies and strategies, particularly with regard to the environmental field within sustainability. As companies will be required to further address sustainability and ESG issues in the future, which is expected to become even more important, opinions were exchanged

on the necessity of developing internal systems and proactively disclosing information.

Members of the Management Advisory Committee
(As of July 27, 2022)

Chairman of the Management Advisory Committee	Heizo Takenaka*
Member of the Management Advisory Committee	Teruhide Sato*
Member of the Management Advisory Committee	Yoshitaka Asaeda
Member of the Management Advisory Committee	Yasuhiro Suzuki*
Member of the Management Advisory Committee	Hiroshi Ito*
Member of the Management Advisory Committee	Kanae Takeuchi*
Member of the Management Advisory Committee	Junichi Fukuda*
Member of the Management Advisory Committee	Hiroyuki Suematsu*

* Independent Outside Directors of the Company

Compensation for Directors

In principle, the compensation for Directors is decided by the Board of Directors within the total compensation amount approved at the General Meeting of Shareholders after receiving feedback from the Management Advisory Committee, in order to secure fairness and clarity.

A compensation system that includes restricted stock units was introduced from June 2019 for Directors (excluding Outside Directors), as an incentive to continue to grow corporate value and to further share value with all Group shareholders. The recipient Directors of this system exchange their monetary compensation received as property in kind to receive a specified number of common shares or treasury shares.

Policy on Determining Compensation for Directors

1) The Company established the Management Advisory Committee, the majority of which is composed of Independent Outside Directors, in order to secure fairness and clarity in the processes for determining executive remuneration, etc. The

policy on determining the amount and calculation method of executive remuneration, etc. is to be decided by the Board of Directors after receiving feedback from the Management Advisory Committee. The policy on determining the amount and calculation method of remuneration for Directors for FY2021 was decided by the Board of Directors after receiving a report and feedback from the Management Advisory Committee.

- 2) The amount of remuneration, which is made up of fixed basic remuneration as well as bonuses based on the Company's performance and restricted stock units for each Director (excluding Outside Directors), is decided by the Board of Directors after receiving feedback from the Management Advisory Committee, and is to be within the total remuneration limits approved at the General Meeting of Shareholders. Similarly, the amount of remuneration for each Outside Director, which is made up of fixed basic remuneration and bonuses, is decided by the Board of Directors, and is to be within the total remuneration limit approved at the General Meeting of Shareholders. However, when these decisions have been entrusted to the Representative Directors by the Board of Directors, the Representative Directors will determine the above remuneration matters.

The basic remuneration is paid by monthly monetary remuneration and the amount of basic remuneration for each Director is decided based on the following:

- The maximum amount of employee salary

- The prevailing rate of compensation for directors
- Remuneration paid to executives of the same rank in the past
- The Company's business performance outlook
- The circumstances of assumption of office
- The degree of contribution to the Company's business performance
- Any other factors

In principle, bonuses are paid annually; restricted stock units are paid in a timely manner during the term of office of each Director; and the amounts paid to each Director as bonuses and restricted stock units are decided based on an overall assessment of basic factors, such as their work duties and how they are conducting their work, as well as the business environment, and their overall contribution to the Company. Accordingly, no specific quantitative targets are set.

The ratio of the basic remuneration, bonuses, and restricted stock units are decided appropriately based on the business environment, level of remuneration in other companies, and other factors so that such remuneration acts as an incentive to enhance corporate value.

- 3) Remuneration of Statutory Auditors consists only of fixed basic remuneration, and the amount of remuneration for each Statutory Auditor is decided by consultation with the Statutory Auditors and is to be within the total remuneration limit approved at the General Meeting of Shareholders.

Total Compensation for Directors and Statutory Auditors, Total Compensation by Type, and Number of Corresponding Executives (FY2021)

Executive Classification	Total Compensation (Millions of Yen)	Total Compensation by Type (Millions of Yen)			Number of Corresponding Executives
		Basic Compensation	Bonuses	Non-monetary Compensation, etc.	
Directors (Excluding Outside Directors)	1,168	196	582	390	8
Statutory Auditors (Excluding Outside Statutory Auditors)	13	13	—	—	1
Outside Directors and Outside Statutory Auditors	111	101	10	—	9

Basic Policy on Parent and Subsidiary Listings, and Protection of Minority Shareholders

Since the SBI Group has a wide range of business areas, some investors have voiced out the difficulty of understanding the full picture. In response, we are working to make the corporate value of the whole Group more visible by promoting initial public offerings (IPOs) for our subsidiaries to clarify the business value of each operational unit. While increasing the capital procurement capability of each Group company, these IPOs enable strengthening of their financials and to be self-reliant. Meanwhile, to protect minority shareholders, we adhere to the arm's length principle to ensure the fairness and rationality of transactions with each Group company and respect the independence of their management.

Morningstar Japan, which is listed on the Prime Market of the Tokyo Stock Exchange, maintains a basic policy of ensuring that transactions with the SBI Group are objective and apply the same conditions to that with other business associates, using fair market prices, and ensuring transactions are appropriate, as determined by the Board of Directors. Moreover, internal auditing and audits by Statutory Auditors prioritize to

ensure that the conditions of transactions within the Group are determined comparably to general transaction conditions.

Listed on the Standard Market of the Tokyo Stock Exchange, Shinsei Bank has established a Parent Company Transaction Screening Committee, which will facilitate a system for preliminary examination and post-monitoring of transactions involving conflicts of interest between the SBI Group and Shinsei Bank to construct a management system with greater care toward protecting the interest of minority shareholders. The committee is composed of all Independent Outside Directors, and the Statutory Auditors may also attend the meeting and give opinions. In doing so, a system for adequate management of conflicts of interests with the Group is constructed.

SBI Insurance Group, which is listed on the Growth Market of the Tokyo Stock Exchange, maintains a basic policy of ensuring that transactions with the SBI Group are the same appropriate terms and conditions as those for general transactions. When a transaction with the SBI Group is expected, the appropriateness of the conditions of the transaction is discussed at the Board of Directors meetings in advance, to protect the profits of shareholders excluding controlling shareholders.

Enhancing the Internal Control System

The Company believes that in order to enhance its corporate governance, it is important to have an internal control system in place and to conduct business through a sound internal control system. With the goal of enhancing the internal control system, the Representative Director works to ensure that all corporate officers and employees understand that compliance with laws and ethical behavior are essential in realizing the corporate management philosophy and vision.

To identify compliance issues and problems, the Board of Directors has appointed an Officer in charge of compliance, and the Legal and Compliance Department is under the direct control of that individual.

The Company maintains a whistle-blowing system for Directors and employees for direct reporting upon finding violations of laws, regulations, the Articles of Incorporation, or other important compliance-related matters to the independent Internal Auditing Department and Statutory Auditors, who are independent of both executive and management departments.

The Company has established a stringent compliance system of checks and balances across multiple departments to ensure that all processes under business activities comply fully with not only laws and regulations, but also with contracts, agreements, etc. Moreover, the Company conducts regular compliance training, using e-learning and other means, to raise the knowledge and awareness of the employees regarding compliance issues.

In addition, the Officer in charge of compliance and the Compliance Department, in cooperation with those in charge of compliance at each Group company, hold regular meetings to exchange information throughout the Group.

Internal Control

<https://www.sbigroup.co.jp/english/sustainability/governance/internalcontrol.html>

Policy and Status of Strategic Shareholding

The Company acquires and holds the shares of other companies when entering into business alliances or collaborations that are likely to contribute to the SBI Group's business development or to increase the Company's corporate value, and when it can be rationally expected that such collaborations will increase the corporate value of the other company, namely, when it can be expected that profits can be gained in the future by selling those shares. The Board of Directors annually examines the rationality and purpose of holding listed shares for strategic reasons. Specifically, this involves examining qualitatively whether the strategic shareholding contributes to strengthening or maintaining the relationship with the relevant parties, and quantitatively whether the dividend or profit from the business that the relevant parties are involved in is appropriate considering the cost of capital to the Company. The Company will, in principle, sell shares if the rationality of the shareholding cannot be confirmed according to the aforementioned evaluation.

In a certain case where the Company's shares are held by a strategic shareholder, it will not engage in economically unreasonable transactions that are detrimental to the joint corporate and shareholder interests with the relevant company. Moreover,

if the owner of strategic shareholdings in the Company indicates the intention to sell the shares, it is the basic policy of the Company to respond appropriately and not take any action that would obstruct the sale, such as by indicating that business transactions with the holder will be reduced.

As of March 31, 2022 the Company was not engaged in any strategic shareholding. Moreover, in one of the Group's main businesses, the venture capital business, all of the Group-owned shares of startup companies, such as those invested in via venture capital funds, are in principle included as operational investment securities in the Company's Consolidated Financial Statements.

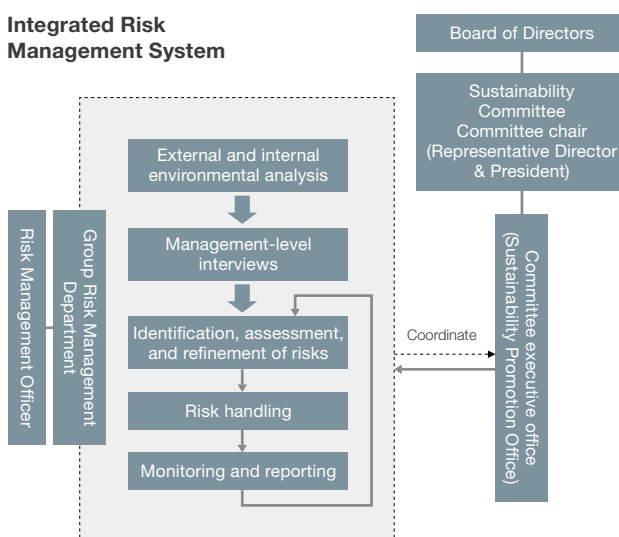
Enhancing the Risk Management System

The SBI Group has business operations spanning the globe focused on financial services. Thus, it has implemented a Risk Management Department and has designated an Officer in charge of risk management to ensure risks capable of inhibiting the Group's business activities are adequately comprehended, evaluated, and managed.

When a management crisis capable of seriously impacting the continued operation of the Company occurs, or has the possibility of occurring, the Officer in charge of risk management will gather and evaluate information, and respond to the crisis, as well as report to applicable organizations and disclose pertinent information.

To handle information management and systemic risks, the SBI Group appointed an Officer responsible for information security in 2018 and established an IT Management Department to promote cross-Group information security measures and conducts Group security self-assessments as part of endeavors to improve and maintain the Group-wide information security level.

Integrated Risk Management System



Risk Management

<https://www.sbigroup.co.jp/english/sustainability/governance/risk.html>

Internal Auditing

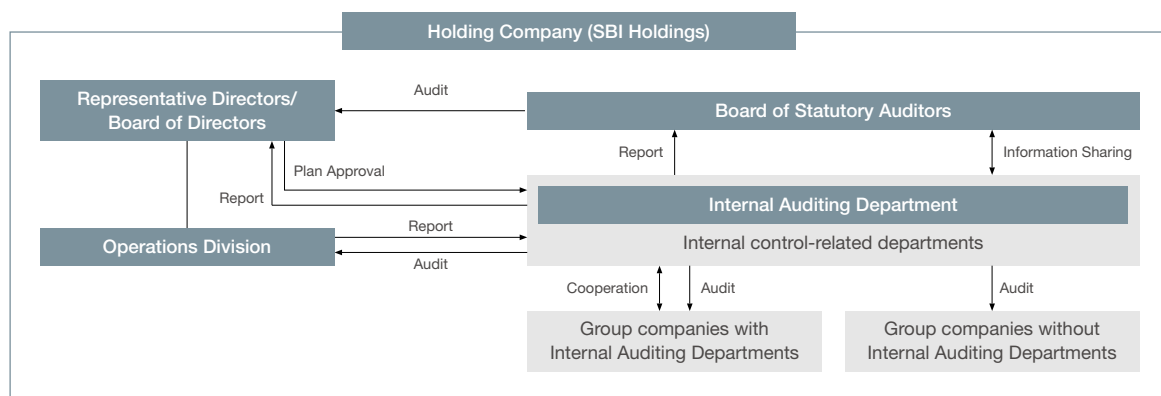
The Internal Auditing Department comprehensively and objectively evaluates the appropriateness of internal management conditions, such as the appropriate operation of internal control systems, compliance, and business operations. The department also makes proposals on and follows up measures to remedy and improve issues found during the auditing process. The results of audits are reported to the Representative Director and Board of Directors without delay after the completion of each audit. Moreover, where necessary, proposals on corrective measures and improvements of issues are made to relevant departments.

In addition, the Internal Auditing Department and the Board of Statutory Auditors cooperate with the department regularly reporting to and exchanging opinions with the Board after each internal audit has been completed, as well as to incorporate the

requests of the Board into its auditing themes and selection of audit targets.

The Internal Auditing Department consists of a general manager and members with expert knowledge of internal auditing, accounting auditing, and internal control, etc., and it conducts audits according to generally accepted internal auditing standards. Auditing targets are grouped according to elements such as capital relationships; then they are given a score according to various types of risks, such as credit risk, market risk, liquidity risk, and operational risk. Based on these results, the frequency of auditing is determined in descending order from the highest-scored target. Internal audits are conducted combining document auditing, interviews, physical inspections, and other methods. In addition to subsidiaries, affiliate companies are also audited when necessary.

Outline of Internal Control Department



Auditor Viewpoints



Minoru Tada
Statutory Auditor

Strengthening Group Governance Through Dialog

In order to perform a proper audit and to comprehend the current state of the SBI Group, with its major presence in the financial sector, we constantly strive to better ourselves by raising our sensitivity to the diversity of information, so that we can attain a higher level of expertise. Our audit activities focus on delivering the current status to management without tempering our views with the intent of building bridges between the worksite and management.

In FY2021, one major auditing theme that was raised is the consideration of IT controls within the SBI Group. In the area of IT controls, we evaluated the IT environment from a business perspective and solicited opinions from local worksites in order to grasp the status of our information security system infrastructure. As a result, we discovered important management resources in the form of people, goods, and money have been heavily invested in IT, where we understand that steady progress is being achieved in upgrading IT controls.

Looking ahead, we are rolling out new flagship financial businesses not seen in the past and showing their presence on a global stage. Moreover, to raise transparency of organizational management from all points of view, we seek to realize management with effective Group governance.



Yasuo Sekiguchi
Outside
Statutory Auditor

Helping to Achieve Credibility as a Cornerstone of Sustainable Growth

I feel that the SBI Group, as a financial conglomerate, is expected to provide one-stop financial services not only in Japan but also overseas in the future. By providing digital assets and other new financial products to customers at an early stage, I also understand that we see ourselves as an entity that can play a role different from other financial institutions.

In the future, it will be vital for the SBI Group to establish trust as the main element behind sustainable growth. For this reason, in FY2021, we focused on: 1) auditing the information security management and systems risk management systems, 2) auditing the system for AML/CFT, 3) auditing our response to address labor risks, 4) auditing our response to address the risk of having overseas sites, and 5) auditing the SBI Group's management system. Because we are Outside Statutory Auditors and not standing auditors, in order to collect information proactively, we hold interviews with Representative Directors and attend important meetings for reports by the financial auditing firm. In addition, we regularly request reports and exchange views with executive officers and general managers.

As the role of Statutory Auditors becomes even more important with the strengthening of corporate governance, we will continue to strive to conduct audits while maintain our independency.