

October 30, 2014
SBI Holdings, Inc.
(TOKYO: 8473)

Issuance of Stock Acquisition Rights (Stock Options with Charge)

SBI Holdings, Inc. (“SBIH”) hereby announces that its Board of Directors resolved on October 30, 2014 to issue stock acquisition rights (the “Stock Acquisition Rights”) to directors and employees of SBIH and its subsidiaries pursuant to the provisions of Article 236, 238, and 240 of the Companies Act as stated below. The Stock Acquisition Rights will be issued without obtaining approval from a shareholders’ meeting since the issuance will be made at fair value with charge and not on particularly favorable terms to individuals who will be allotted the Stock Acquisition Rights. SBIH will deliver the treasury stock it owns upon the exercise of the Stock Acquisition Rights.

I. Purpose and Reason for Issuance of Stock Acquisition Rights

SBIH celebrated its 15th anniversary on July 8, 2014. SBIH will issue stock acquisition rights with charge to directors and employees of SBIH and its subsidiaries in order to further increase corporate value, bolster solidarity, and enhance the commitment and motivation of the directors and employees toward producing a good consolidated business performance.

The total number of shares upon the exercise of all of the Stock Acquisition Rights shall be up to 7,500,000 shares, which is 3.34% of the total number of shares issued as of the date of the resolution (224,561,761 shares). As of September 30, 2014, SBIH holds 7,575,283 shares in treasury stock, and these will be used to issue the shares. SBIH believes the size of the issuance of the Stock Acquisition Rights is within a scope deemed reasonable since the Stock Acquisition Rights are exercisable only when predetermined criteria of SBIH’s financial results are achieved as listed in “II. Outline of Issuance of the Stock Acquisition Rights, 3. Summary of Stock Acquisition Rights, (6) Conditions for exercising stock acquisition rights.” In addition, achieving these criteria will contribute to the common interests of SBIH’s existing shareholders through enhancing corporate and shareholder value.

II. Outline of Issuance of the Stock Acquisition Rights

1. Number of Stock Acquisition Rights

75,000

The total number of shares to be granted upon the exercise of the Stock Acquisition Rights shall be 7,500,000 shares of SBIH’s common stock of SBIH. However, if the number of shares to be granted upon the exercise of the Stock Acquisition Rights is adjusted as provided for in Section 3 (1) below, the total number of shares to be granted upon the exercise of the Stock Acquisition Rights shall be adjusted to the number obtained by multiplying the adjusted number of shares granted by the number of the Stock Acquisition Rights.

The number above is the number of stock acquisition rights planned for allotment. If the number of the Stock Acquisition Rights to be allotted decreases, including the case where an application for subscription

is not made, the total number of the Stock Acquisition Rights to be allotted shall be the total number of the Stock Acquisition Rights to be issued.

2. Payment of Money in Exchange for Stock Acquisition Rights

The amount to be paid for the exercise of one Stock Acquisition Right shall be determined on October 31, 2014. The amount shall be equivalent to the value of the Stock Acquisition Rights calculated using a method based on the generalized Black-Scholes model, a generally accepted valuation method, based on the closing price of the shares of common stock of SBIH on the Tokyo Stock Exchange on the same day, share price volatility (annual rate), dividend rate (annual rate), risk-free rate (annual rate), and conditions stipulated in the “Outline of Issuance of the Stock Acquisition Rights” (exercise price, maturity of 3.6 years, and exercise conditions).

SBIH requested an independent calculation institution, Varick Investment Advisory Inc. (Representative Director: Osamu Obata; Anzen Building Residence 19th floor, 1-6-2 Motoakasaka, Minato-ku, Tokyo; “Varick Investment”) to calculate the price of the Stock Acquisition Rights listed above. In determining the method for price calculation, Varick Investment made a comparative analysis of different calculation methods such as the Black-Scholes model, which uses boundary conditions to pursue a solution analytically, and the lattice model, which uses a finite difference technique. Among generally accepted calculation methods, Varick Investment will use a calculation method based on the Black-Scholes model to calculate the Stock Acquisition Rights as it makes it possible to appropriately reflect the conditions for exercising the Stock Acquisition Rights stipulated in the issuance outline (e.g., conditions on business performance) in the calculation results.

According to the numerical calculation method based on the generalized Black-Scholes equation, it is assumed that the price of the stock, which is the underlying asset of the stock acquisition rights, will change in the stochastic process defined in that equation, repeatedly generating both normal random numbers included in the process and different normal random numbers based on probability distributions of future performance at the same time. The rate of achieving performance conditions (i.e., conditions for the exercise of the stock acquisition rights) is also calculated. Based on the result of this calculation, it becomes possible to obtain the number of future price channels that is equivalent to that of trials conducted on a voluntary basis. Then the theoretical price can be obtained by referring to the average present value of payoffs generated by the exercise of the stock acquisition rights through each channel.

The issue price of the stock acquisition rights is not considered to be a particularly advantageous price and has been finalized because the price was calculated by the said rating agency using the generally adopted calculation method for the values of stock acquisition rights and in consideration of events that may affect the calculation of these values.

3. Summary of Stock Acquisition Rights

(1) Type and number of shares granted through stock acquisition rights

The number of shares granted for each stock acquisition right (hereinafter the “number of shares granted”) is 100 shares of SBIH’s common stock.

The number of shares granted shall be adjusted using the following calculation formula in case SBIH conducts a stock split (hereinafter including share allotment without contribution) or a reverse stock split after the allotment of the stock acquisition rights. However, this adjustment of the number of shares is only applicable to the stock acquisition rights not exercised at that point in time. Any fraction less than one share resulting from the adjustment shall be omitted.

Number of shares granted after adjustment = Number of shares granted before adjustment × Ratio for stock split (or reverse stock split)

In case, after the date of allotment of the stock acquisition rights, SBIH merges with another company, conducts a company split, or reduces its capital, or in an equivalent case where the number of shares granted needs to be adjusted, SBIH shall adjust such number in an appropriate manner within a reasonable range.

(2) Asset value contributed through the exercise of the stock acquisition rights, or the relevant calculation method

The asset value contributed through the exercise of the stock acquisition rights shall be the amount calculated by multiplying the amount paid per share that is issuable through the exercise of the stock acquisition rights (hereinafter “exercise price”) and the number of shares granted together.

The exercise price shall be the same as the closing price of SBIH’s common stock at the Tokyo Stock Exchange on October 31, 2014.

In case SBIH conducts a stock split or reverse stock split after the date of allotment of the stock acquisition rights, the exercise price shall be adjusted using the following calculation formula, with any fraction less than one yen rounded up.

$$\text{Post-Adjustment Exercise Price} = \text{Pre-Adjustment Exercise Price} \times \frac{1}{\text{Ratio of share split (or reverse share split)}}$$

Furthermore, in the case where, after the date of allotting the stock acquisition rights, SBIH issues SBIH’s new common shares at a price lower than their market price or disposes of treasury shares (except for the cases of issuing new shares through exercise of stock acquisition rights, disposing of treasury shares and transferring treasury shares through share exchange), the exercise price shall be adjusted by the following formula and any fraction less than one (1) yen resulting from the adjustment shall be rounded up to the nearest whole yen.

$$\text{Post-Adjustment Exercise Price} = \text{Pre-Adjustment Exercise Price} \times \frac{\text{No. of shares already issued} + \frac{\text{No. of new shares to be issued} \times \text{Amount to be paid per share}}{\text{Market price per share}}}{\text{No. of shares already issued} + \text{No. of new shares to be issued}}$$

The “number of shares already issued” in the above formula shall refer to the number of shares obtained by deducting the number of treasury shares of SBIH’s common shares from the total number of SBIH’s common shares already issued. In the case of disposing of treasury shares of SBIH’s common shares, the terms “number of new shares to be issued,” “number of treasury shares to be disposed of” and “amount to be paid per share” shall be replaced by the term “disposition price per share.”

In addition to the above, in the case where, after the date of allotting stock acquisition rights, SBIH merges with another company or executes a company split, or any other case equivalent thereto

necessitating the exercise price to be adjusted, SBIH may appropriately adjust the exercise price to a reasonable extent.

(3) Period during which stock acquisition rights may be exercised

The period during which the stock acquisition rights may be exercised (hereinafter the “exercise period”) shall be from July 1, 2015 to June 30, 2018. (Provided, however, that if June 30, 2018 is not a bank business day, the exercise period shall end on the preceding bank business day.)

(4) Matters concerning the capital and capital reserve to be increased

- (i) The amount of capital to be increased in the case of issuing shares by exercising the stock acquisition rights shall be a half of the maximum amount of capital increase, etc. which is calculated in accordance with Article 17, Paragraph 1 of the Corporation Accounting Regulations. Any fraction less than one (1) yen resulting from the calculation shall be rounded up to the nearest whole yen.
- (ii) The amount of capital reserve to be increased in the case of issuing shares by exercising the stock acquisition rights shall be the amount obtained by deducting the amount of capital to be increased set forth in (i) above from the maximum amount of capital increase, etc. set forth in (i) above.

(5) Restrictions on the acquisition of stock acquisition rights by way of transfer

The acquisition of stock acquisition rights by way of transfer shall be subject to approval by a resolution of the Board of Directors of SBIH.

(6) Conditions for exercising stock acquisition rights

- (i) A person to whom the stock acquisition rights have been allotted (hereinafter a “the stock acquisition rights holder”) may exercise the stock acquisition rights only in the case where the segment profit (profit before income tax expense) for the financial service business stated in the notes of SBIH’s consolidated financial statement in the Securities Report for the period ending March 31, 2015, which SBIH submits in accordance with the Financial Instruments and Exchange Act, is JPY 50 billion or over.
- (ii) (a) Where the condition for exercise in the (i) above is met and in the event that a closing price of normal trading for SBIH’s common stock on the Tokyo Stock Exchange is ever greater than the exercise price (after such adjustments if there have been any adjustments in accordance with clause 3. (2); same hereinafter in (ii)) multiplied by 200% (rounded down to the nearest yen) after the start date of the exercise period, a holder of the stock acquisition rights shall not be able to exercise the stock acquisition rights after the day when one year has passed since the closing price of normal trading first exceeds such a price.

(b) In the event that an average of the closing prices of normal trading for common stock of SBIH over any five consecutive trading days during a period from the date of allotment to the maturity date of the exercise period of the stock acquisition rights is ever less than the exercise price multiplied by 50% (rounded down to the nearest yen), the stock acquisition rights shall not be exercisable even if either the condition in (i) above or the condition in (a) above is met.
- (iii) A holder of the stock acquisition rights does not need to be a director, auditor or employee of SBIH or its subsidiaries at the time of the exercise of the stock acquisition rights. However, should such a holder be suspended from the position of a director or auditor of SBIH or its subsidiaries or subject

to punitive dismissal by SBIH or its subsidiaries, he or she shall not be able to exercise the stock acquisition rights on or after the date of such suspension or dismissal.

- (iv) Where an exercise of the stock acquisition rights would cause the total number of shares issued of SBIH to exceed the number of shares authorized at a relevant time, such an exercise would not be allowed.
- (v) The stock acquisition rights shall not be exercisable for less than one unit of those rights.
- (vi) Should a holder of the stock acquisition rights die, an heir to such a holder can exercise the stock acquisition rights until the earlier of the day when one year has passed since the date of death of the holder and the maturity date of the exercise period (the last possible exercise date in the event that the right to exercise extinguishes in accordance with the provision in the (ii) above).
- (vii) Regardless of the provision in the above (vi), where SBIH accepts an exercise of the stock acquisition rights by an heir to a relevant holder of the stock acquisition rights in writing after taking into account various considerations in the event of his or her death, such an heir shall be able to exercise the stock acquisition rights until the maturity date of the exercise period (the last possible exercise date in the event that the right to exercise extinguishes in accordance with the provision in the (ii) above).
- (viii) In the event that the process of inheritance commences with regard to a person who has inherited the stock acquisition rights from the person who originally received the allotment, the right to exercise them shall extinguish on the date of commencement of such inheritance.
- (ix) Other terms shall be specified in the "Agreement of Allotment of the Stock Acquisition Rights" to be entered into by SBIH and a holder of the stock acquisition rights.

4. Date of Allotment of the Stock Acquisition Rights

November 21, 2014

5. Matters Relating to the Acquisition of the Stock Acquisition Rights

- (1) In the event that a merger agreement by which SBIH becomes a merged company, an agreement or plan to divest by which SBIH is divested, or a stock exchange agreement or stock transfer plan by which SBIH becomes a sole subsidiary be approved by a general meeting of the shareholders (or resolution by the Board of the Directors in the case that no approval by a general meeting of the shareholders is required), SBIH shall be able to acquire all of the stock acquisition rights free of charge when a day that would be determined separately by the Board of the Directors of SBIH arrives.
- (2) In the event that the provisions in the clauses 3(6) (iii), (vi) and (viii) disable a holder of the stock acquisition rights to exercise them before he or she exercises them, SBIH shall be able to acquire those stock acquisition rights free of charge.

6. Handling of the Stock Acquisition Rights in the Event of Reorganization Actions

In the event that SBIH engages in a merger (limited to where SBIH becomes extinct as a result of the merger), absorption-type company split, incorporation-type company split, stock exchange or stock transfer (these are collectively referred to as "reorganization actions" hereinafter), stock acquisition rights of a limited company as listed in Article 236, Section 1-8 (i) to (v), of the Companies Act, respectively, (referred to as a "company subject to restructure" hereinafter) shall be distributed in each case in accordance with the terms below to the holder of the remaining stock acquisition rights (referred to as "remaining stock acquisition rights") as of the effective date of reorganization actions. In such a case, the

remaining stock acquisition rights shall extinguish and a company subject to restructure shall issue new stock acquisition rights. However, this is limited to where an agreement for an absorption-type merger, incorporation-type merger or absorption-type split, an incorporation-type split plan, a stock exchange agreement, or stock transfer plan specifies that stock acquisition rights of a company subject to restructure be distributed in accordance with the below terms.

- (1) The number of the stock acquisition rights of a company subject to restructure to be distributed
The same number of the rights as the stock acquisition rights held by holders of the remaining stock acquisition rights shall be distributed.
- (2) Type of the shares of a company subject to restructure which will be the underlying of the new stock acquisition rights
Common stock of SBIH subject to restructure.
- (3) The number of the shares of a company subject to restructure which will be the underlying of the new stock acquisition rights
To be determined in accordance with the above 3. (1) by taking into consideration the terms of reorganization actions.
- (4) The value of the assets to be contributed upon the exercise of the new stock acquisition rights
The value of the assets to be contributed upon the exercise of the new stock acquisition rights to be distributed shall be an exercise price after restructuring which would be obtained by adjusting the exercise price as determined based on 3. (2) above after taking into consideration the terms of reorganization actions and others, multiplied by the number of the shares of a company subject to restructure which would be the underlying of the new stock acquisition rights as determined in accordance with 6. (3) above.
- (5) The period in which the new stock acquisition rights can be exercised
It shall be from the later of the first date of the exercise period as specified in 3. (3) above and the effective date of reorganization actions through the last date of the exercise period as specified in 3. (3) above.
- (6) Matters relating to an increase in capital and capital surplus reserve in the event of stock issuance as a result of the exercise of the new stock acquisition rights
To be determined in accordance with 3. (4) above.
- (7) Restriction on the acquisition of the new stock acquisition rights through transfer
As for restriction on the acquisition through transfer, an approval by resolution of the board of the directors of a company subject to restructure shall be applicable.
- (8) Other terms for the exercise of the new stock acquisition rights
To be determined in accordance with 3. (6) above.
- (9) The reason for and terms of the acquisition of the new stock acquisition rights
To be determined in accordance with 5.
- (10) Other terms shall be determined in accordance with the terms of a company subject to restructure.

7. Matters Relating to Stock Acquisition Right Certificates with Regard to the Stock Acquisition Rights
SBIH shall not issue stock acquisition right certificates with regard to the stock acquisition rights.

8. Deadline for the Subscription
November 17, 2014

9. Deadline for Payment of Monies for the Stock Acquisition Right
November 21, 2014

10. Those Who Receive the Allotment of the Stock Acquisition Right and the Number of Them
Directors and employees of SBIH and its subsidiaries, 700 persons / 75,000 units

For further information, please contact:

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