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SBI HOLDINGS, INC.
(Incorporated in Japan with limited liability)
(Stock code: 6488)

NOTIFIABLE TRANSACTION SUBSCRIPTION OF SHARES IN SUBSIDIARIES

The Company wishes to announce that the Group has decided to subscribe shares to be issued by SSB group at the maximum aggregate consideration of KRW 340.0 billion (approximately JPY 32.6 billion) by the end of March 2014. The Group will subscribe shares to be issued by SSB1, SSB2 and SSB4. After that, SSB1 will spend partial funds raised by the subscription in subscribing shares to be issued by SSB2, SSB3 and SSB4.

During the Series of Subscription, the maximum aggregate consideration at which the Group will subscribe shares to be issued by SSB group will be KRW768.2 billion (approximately JPY 71.9 billion).

The percentage ratios in relation to the aggregate investments in SSB group's shares for the Series of Subscription under Chapter 14 of the Listing Rules will have exceeded 25% but is less than 100%. Accordingly, the aggregate investments in SSB group's shares for the period constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

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During the Series of Subscription, the maximum aggregate consideration at which the Group will subscribe shares to be issued by SSB group will be KRW 768.2 billion (approximately JPY 71.9 billion).

The Group has held 89.4% of equity interest in SSB1 right before the Series of Subscription and will hold 96.9% of equity interest in it after the Subscription on 28 March 2014. SSB group has been consolidated subsidiaries of the Company since the end of March 2013.

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THE SUBSCRIPTION OF SHARES TO BE ISSUED BY SSB GROUP

Number of shares to be acquired, transaction amount and the number of shares held before and after the Subscription:

	SSB1	SSB2
Number of shares held prior to the Subscription (*1)	98,759,057 (shareholding ratio:95.4%)	44,766,212 (shareholding ratio: 98.4%)
Number of new shares to be obtained after the Subscription	49,991,016	19,600,000
Number of shares to be subscribed by the Group (*2)	49,991, 016 (Transaction amount: KRW 250.0 billion)	14,869,511 (Transaction amount: KRW 74.3 billion)
Number of shares to be subscribed by SSB1(*4)	—	4,730,489 (Transaction amount: KRW 23.7 billion)
Number of shares held after the Subscription (*1)	148,750,073 (shareholding ratio: 96.9%)	64,366,212 (shareholding ratio:98.8%)

	SSB3	SSB4
Number of shares held prior to the Subscription (*1)	33,590,633 (shareholding ratio:100.0%)	14,405,280 (shareholding ratio: 69.8%)
Number of new shares to be obtained after the Subscription	7,200,000	8,000,000
Number of shares to be subscribed by the Group (*2)	—	3,135,320 (*3) (Transaction amount: KRW 15.7 billion)
Number of shares to be subscribed by SSB1 (*4)	7,200,000 (Transaction amount: KRW 36.0 billion)	4,864,680 (Transaction amount: KRW 24.3 billion)
Number of shares held after the Subscription (*1)	40,790,633 (shareholding ratio: 100.0%)	22,405,280 (*3) (shareholding ratio: 78.3%)

*Note

- (1) Including shareholding owned by SSB1
- (2) Excluding existing shareholding owned by SSB1
- (3) Maximum amount of subscription to be underwritten by the Group; in the case that existing shareholders other than the Group and/or SSB1 do not participate in the subscription of their shares allocated and such allocated shares would be forfeited
- (4) SSB1 will utilize the fund raised for this capital increase by the Group to subscribe shares to be issued by SSB2, SSB3 and SSB4

Consideration

SSB1, SSB2 and SSB4 set the subscription price based on the nominal value of the shares.

SSB1 resolved the issuance of new shares to existing shareholders and the Company decided to let the Group subscribe shares allocated. The number of SSB1's new shares to be held by the Group and the amount of subscription to be underwritten by the Group would be 49,991,016 shares and KRW 250.0 billion respectively (shareholding ratio: 96.9%). The consideration would be satisfied in cash on 27 March 2014. According to the unaudited financial statements of SSB1, the negative net assets were KRW 143.5 billion as of 31 December 2013.

SSB2 resolved the issuance of new shares to existing shareholders and the Company decided to let SSB1 and the Group subscribe shares allocated. The number of SSB2's new shares to be held by SSB1 and the Group, and the amount of subscription to be underwritten by SSB1 and the Group would be 19,600,000 shares and KRW 98.0 billion respectively (shareholding ratio: 98.8%). The consideration would be satisfied in cash on 28 March 2014. According to the unaudited financial statements of SSB2, the negative net assets were KRW 60.3 billion as of 31 December 2013.

SSB4 resolved the issuance of new shares to existing shareholders and the Company decided to let SSB1 and the Group subscribe shares allocated. Moreover, in the case that existing shareholders other than SSB1 and the Group do not participate in the subscription of their shares allocated and such allocated shares would be forfeited; the Company decided to let the Group subscribe all such forfeited shares as well. Where the shares allocated to existing shareholders other than SSB1 and the Group are forfeited, it follows that the maximum number of SSB4's new shares to be held by SSB1 and the Group, and the maximum amount of subscription to be underwritten by SSB1 and the Group would be 8,000,000 shares and KRW 40.0 billion respectively (shareholding ratio: 78.3% at maximum). The consideration would be satisfied in cash on 28 March 2014. According to the unaudited financial statements of SSB4, the net assets were KRW 19.5 billion as of 31 December 2013.

Expected Timetable

Signing on the share subscription agreement of SSB1 by the Group	26 March 2014 (tentative)
Payment of the share subscription agreement of SSB1 by the Group	27 March 2014 (tentative)
Signing on the share subscription agreement of SSB2 as well as SSB4 by SSB1 and the Group	27 March 2014 (tentative)
Payment of the share subscription agreement of SSB2 as well as SSB4 by SSB1 and the Group	28 March 2014 (tentative)
Signing on the share subscription (forfeited shares) agreement of SSB4, payment by the Group	28 March 2014 (tentative)

REASONS AND BENEFITS FOR ENTERING INTO THE TRANSACTION

In line with the amendment of the guidelines for provisions for credit loans held by Savings Bank in Korea in November 2013, a more conservative approach has been required for recognizing provisions. In order to cope with this situation, each bank of the SSB group increased the provisions in the first half of the fiscal year ending June 2014 (July – December 2013) and decided to make a capital increase with the aim of further strengthening financial standing based on K-GAAP.

Through the capital increase, the capital adequacy ratio of each bank of the SSB group will exceed a level required by financial authorities in Korea. (The capital adequacy ratios of SSB1 and SSB2 will be more than 7%, and those of SSB3 and SSB4 will be more than 10%, as of the end of December 2013.)

The SSB group will continue to aggressively promoting business development, by stepping up lending to small and medium-sized enterprises and individuals that will lead to an increase in credit loans, and improve profitability with the aim of going public in the future.. Additionally, with regard to the affiliated banks, organizational restructuring, including mergers with SSB1, will be considered.

With regard to the subscription to the capital increase, the Company will consider receiving funding contributions from outside the Group. While the Company will temporarily fully fund the payment of the subscription, through the subsidiaries, they may obtain some funds from outside investors in the future.

The Directors believe that the terms thereof are fair and reasonable and in the interests of the shareholders as a whole.

FINANCIAL EFFECTS OF THE SUBSCRIPTION

The increase in the provisions carried out by the SSB group following the amendment of the guidelines for provisions in Korea temporarily affected the business results of the Group under K-GAAP. However, since the future burden for provisions has been mitigated, it is expected to contribute to speeding up the business improvement of the Group.

Since the Company took a conservative approach in recognizing the provisions when making the SSB group its consolidated subsidiary in March 2013 based on the IFRS, the impact of the amendment of the guidelines for provisions in Korea on the consolidated financial results of the Company (IFRS basis) will be minimal. The SSB group posted profit before income tax expense of approximately JPY 1.0 billion for the period of October – December 2013 and approximately JPY 3.0 billion for the nine months of April – December 2013.

The Subscription will not have any material impact on its consolidated financial results.

INFORMATION OF THE GROUP

The Company is a holding company incorporated under laws of Japan in July 1999 and was listed on the former Tokyo Stock Exchange (First section) and the former Osaka Securities Exchange (First section) in February 2002 and November 2002, respectively. These two exchanges have been integrated and are now called “Tokyo Stock Exchange (First section)”. The Company listed its Hong Kong depositary receipts (by way of secondary listing) on the Main Board of the Stock Exchange of Hong Kong Limited on 14 April 2011. The Group consists of four business segments as follows:

- (i) Financial service business, which offers various financial related services and provides information of the financial products. It primarily involves the securities business, banking business and insurance services;
- (ii) Asset management business, which primarily involves the operation of investment funds;
- (iii) Biotechnology business, which involves developing and offering medical products, health foods and cosmetics;
- (iv) Other businesses.

INFORMATION OF SSB GROUP

SSB1 commenced operations in October 1971 and its core business is provision of financial products, such as deposit products and lending services. SSB group consists of SSB1 as a leading bank, SSB2(SSB1’s

shareholding ratio: 24.1%), SSB3 (SSB1's shareholding ratio: 100.0%), and SSB4 (SSB1's shareholding ratio: 60.8%) as of 31 December 2013. And it is the largest savings bank in Korea with KRW 3.7 trillion of aggregate amounts of total assets as of 31 December 2013 and owns operation network nationwide excluding Busan and Gyeongsang-do.

According to the audited consolidated financial statements of SSB1, the net loss before and after tax for the fiscal year ended 30 June 2012 were approximately KRW 157.1 billion and KRW 196.8 billion respectively. The net loss before and after tax for the fiscal year ended 30 June 2013 were approximately KRW 400.5 billion and KRW 401.3 billion respectively.

GENERAL

The holders of HDRs of the Company and potential investors are reminded that regardless to the contents of this announcement, care should be exercised when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context indicates or specifies otherwise, the following defined expressions have the following meanings:

“Company”	SBI Holdings, Inc., a company incorporated in Japan with limited liability
“Group”	The Company and its subsidiaries except SSB group
“IFRS”	International Financial Reporting Standards
“JPY”	Japanese Yen, the lawful currency of Japan
“Korea”	The Republic of Korea
“KRW”	Korean Won, the lawful currency of the Republic of Korea
“K-GAAP”	The accounting principles generally accepted in Korea
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Series of Subscription”	The Subscriptions done in the period from 28 March 2013 to 28 March 2014
“SSB1”	SBI Savings Bank, a company incorporated in Korea with limited liability and the corporate name was changed from “Hyundai Swiss Savings Bank,” on 1 September 2013.
“SSB2”	SBI 2 Savings Bank, a company incorporated in Korea with limited liability and the corporate name was changed from “Hyundai Swiss 2 Savings Bank” on 1 September 2013.
“SSB3”	SBI 3 Savings Bank, a company incorporated in Korea with limited liability and the corporate name was changed from “Hyundai Swiss 3 Savings Bank” on 1 September 2013.
“SSB4”	SBI 4 Savings Bank, a company incorporated in Korea with limited liability and the corporate name was changed from “Hyundai Swiss 4

	Savings Bank” on 1 September 2013.
“SSB group”	SSB1, SSB2, SSB3 and SSB4
“Subscription”	Both subscription of new shares allotted to the Group and SSB1; and subscription of other shareholders’ forfeited shares by the Group in SSB4
“%”	Per cent

On behalf of the Board
SBI Holdings, Inc.
Yoshitaka Kitao
*Representative Director,
President & Chief Executive Officer*

Japan, 14 March 2014

As of the date of this announcement, the executive Directors are Mr. Yoshitaka Kitao, Mr. Taro Izuchi, Mr. Takashi Nakagawa, Mr. Tomoya Asakura, Mr. Shumpei Morita, Mr. Noriaki Maruyama and Mr. Peilung Li, the non-executive Directors are Mr. Masato Takamura, Mr. Hiroshi Tasaka and Mr. Teruhide Sato and the independent non-executive Directors are Mr. Masaki Yoshida, Mr. Kiyoshi Nagano, Mr. Keiji Watanabe, Mr. Akihiro Tamaki and Mr. Masanao Marumono.