

Announcement on Subscription to Tender Offer for Purchasing SBI Mortgage's Shares

SBI Holdings, Inc. ("SBIH") hereby announces that it has decided to enter into a tender offer agreement in response to a plan by CSM Holdings Co., Ltd. (hereinafter the "Tender Offeror"), which belongs to The Carlyle Group, to start its tender offer (hereinafter the "Tender Offer") on 1 July 2014. This tender offer is for purchasing the shares, etc. of SBI Mortgage Co., Ltd. (hereinafter "SBI Mortgage"), which is a consolidated subsidiary of SBIH listed on the Korean KOSPI market. In this tender offer agreement, SBIH will subscribe to the tender offer by converting into common shares all the 12,170,612 Korean Depository Receipts (hereinafter the "KDR") that it owns.

Furthermore, SBIH would like to inform you that SBIH's consolidated subsidiaries, namely SBI Incubation Co., Ltd., SBI Broadband Fund No. 1 Limited Partnership, SBI Jefferies Asia Fund L.P. and Softbank Internet Fund, have also entered into a tender offer agreement whereby they will subscribe to the tender offer by converting into common shares all the KDRs that they respectively own.

1. Reason for subscribing to the Tender Offer

Since launching its operations in 2001 as Japan's first mortgage bank, SBI Mortgage has been providing various products and services, such as long-term, fixed-rate housing loans with the lowest interest rates in the industry. The company has been steadily expanding its business, as demonstrated by the fact that it has captured the highest share of "Flat 35," its mainstay product, in terms of the number of loans issued, for the fourth consecutive year among over 300 financial institutions providing the loans. In addition to this, the cumulative total of housing loans surpassed the JPY 2 trillion mark in May 2013. Furthermore, despite the expected long-term downsizing of the mortgage market due to a future population decline in Japan, in light of concerns about rising interest rates in the future, the market share of "Flat 35" long-term, fixed-rate housing loans, SBI Mortgage's mainstay product, is expected to remain high throughout the mortgage market.

Meanwhile, the SBI Group is promoting "selection and concentration" of businesses, and accordingly intending to sell or list shares of businesses that are not expected to generate meaningful synergies with one of the three core businesses in the Financial Services Business, namely securities, banking and insurance businesses, and of businesses that overlap within the Group. Furthermore, SBI Mortgage listed KDRs representing its common shares on the Korean KOSPI market in April 2012, since the SBI Group considered that, if SBI Sumishin Net Bank, Ltd., one of the three core businesses, continues to expand its mortgage product business, it may lead to a competitive climate within the Group.

In such situation, discussions have been underway since SBIH, which is the parent company of SBI Mortgage, received a proposal from The Carlyle Group, a global alternative asset manager with USD 199 billion of assets under management as of 31 March 2014, to purchase the shares of SBI Mortgage through the tender offer. During the course of this discussion, SBIH was advised that the best way to further enhance the corporate value of SBI Mortgage would be to make SBI Mortgage private and thereby leverage the know-how of The Carlyle Group, as a wholly owned subsidiary of the Tender Offeror, and SBIH was also offered a 19.21% (rounded off to the second decimal place) premium on the closing price of KRW 15,100 of SBI Mortgage's KDR in the KOSPI market, as of 27 June 2014, which was the business day preceding the announcement date of the Tender Offer. In view of these factors, SBIH has decided to subscribe to the Tender Offer of the shares of SBI Mortgage that are owned by the SBI Group.

Upon completion of the Tender Offer, SBIH is planning to invest JPY 2 billion in the Tender Offeror in terms of common shares, and is also planning to continue providing support so that SBI Mortgage can further enhance its corporate value by using the SBI Group's brand and business base.

2. Outline of SBI Mortgage (as of 31 March 2014)

(1) Name	SBI Mortgage Co., Ltd.		
(2) Address	6-1, 1-chome, Roppongi, Minato-ku, Tokyo		
(3) Title/name of representative	Yoshitaka Kitao, Representative Director, Chairman and CEO Tomoyuki Naomi, Representative Director, President and COO		
(4) Business	Mortgage issuing and intermediary businesses, and fire insurance agent business		
(5) Capital	JPY 4,556 million		
(6) Date of establishment	9 June 2000		
(7) Major shareholder and shareholding ratio	SBI Holdings, Inc.	51.26%	
	SBI Broadband Fund No. 1 Limited Partnership	6.97%	
	HANABANK [KB ASSET MANAGEMENT]	6.31%	
	SBI Incubation Co., Ltd.	5.05%	
	SBI Jefferies Asia Fund L.P.	1.82%	
	PNB-SBI ASEAN Gateway Fund Ltd. P.	1.82%	
(8) Relationship between the listed company and SBI Mortgage	Capital relationship	SBIH owns 51.26% of the total number of issued shares of SBI Mortgage.	
	Personal relationship	SBIH's director is concurrently serving as an executive of SBI Mortgage.	
	Business relationship	SBIH is engaged in a lease transaction with SBI Lease, a wholly owned subsidiary of SBI Mortgage.	
(9) Business results and financial conditions of SBI Mortgage in the previous three years			
Fiscal Year Ended	31 March 2012 (Non-consolidated)	31 March 2013 (Non-consolidated)	31 March 2014 (Consolidated)
Net assets	JPY 11,885,255 thousand	JPY 14,994,178 thousand	JPY 16,648,212 thousand
Total assets	JPY 46,109,889 thousand	JPY 43,228,213 thousand	JPY 79,101,340 thousand
Net assets per share	JPY 595.99	JPY 631.57	JPY 701.24
Operating revenue	JPY 9,522,236 thousand	JPY 12,013,024 thousand	JPY 15,787,881 thousand
Ordinary income	JPY 2,615,088 thousand	JPY 3,257,667 thousand	JPY 3,945,745 thousand
Net income	JPY 1,465,009 thousand	JPY 1,995,154 thousand	JPY 2,413,746 thousand
Net income per share	JPY 73.46	JPY 84.74	JPY 101.66
Dividend per share	—	JPY 50.40	JPY 32.00

* The figures for the fiscal years ended 31 March 2012 and 31 March 2013, respectively, are non-consolidated results, while the figures for the fiscal year ended 31 March 2014 are consolidated results, since SBI Mortgage has been preparing its financial statements on a consolidated basis since the fiscal year ended 31 March 2014.

3. Outline of the company that will be purchasing shares (as of 30 June 2014)

(1) Name	CSS Holdings Co., Ltd.
(2) Address	5-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo
(3) Title/name of representative	Tamotsu Adachi, Representative Director
(4) Business	Control and management of business activities through holding shares, and the associated businesses
(5) Capital	JPY 8.5 billion
(6) Date of establishment	20 May 2014
(7) Net assets	JPY 17 billion
(8) Total assets	JPY 17 billion

(9) Major shareholder and shareholding ratio	CJP CSM Holdings, L.P.		100.0%
(10) Relationship between the listed company and CSM Holdings	Capital relationship	None	
	Personal relationship	None	
	Business relationship	None	
	Status of relationship with related parties	None	

4. Number of shares for subscription, price, and the status of shares held before and after subscription

(1) Number of shares held before subscription (consolidated basis)	15,787,906 shares (Number of voting rights: 15,787,906) (Ownership ratio of voting rights: 66.50%)
(2) Scheduled number of shares for subscription (consolidated basis)	15,787,906 shares (Number of voting rights: 15,787,906) (Share transfer price: KRW 284,182 million (KRW 18,000 per share))
(3) Number of shares held after subscription (consolidated basis)	0 shares (Number of voting rights: 0) (Ownership ratio of voting rights: 0.00%)

* The above figures for the number of shares represent the number of KDRs in terms of the number of common shares.

5. Date of the Tender Offer

(1) Conclusion of tender offer agreement	27 June 2014
(2) Period of purchase	From 1 July 2014 to 12 August 2014
(3) Date of result announcement	13 August 2014
(4) Settlement start date	21 August 2014

6. Future outlook

If the Tender Offer is successful, SBI Mortgage will no longer be a consolidated subsidiary of SBIH as a result of subscribing to the Tender Offer. Furthermore, as a result of subscribing to the Tender Offer, SBIH is expected to post profit on sale of shares of approximately JPY 14 billion on a consolidated basis for the second quarter of the fiscal year ending 31 March 2015.

For further information, please contact:

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