

Issuance of Stock Acquisition Rights (Paid-In Capital Stock Options and Qualified Stock Options)

SBIH resolved at the Board of Directors meeting on July 27, 2017 to issue the stock acquisition rights below as stock options to be granted to Directors and employees of SBIH and its subsidiaries, in accordance with the provisions stipulated in Article 236, 238 and 240 of the Companies Act. The paid-in capital stock options shall be issued at fair value with paid-in capital and shall not offer particularly favorable conditions to those who would undertake stock acquisition rights. Therefore, the issuance shall be executed without the need to obtain approval from a general meeting of shareholders. In addition, paid-in capital stock options shall be provided not as compensation to eligible individuals, but as an option to be undertaken based on their respective investment decisions.

I. Purpose and Reason for Issuance of Stock Acquisition Rights

Aiming at enhancing medium- and long-term business growth and corporate value, SBIH shall issue paid-in capital stock options (hereinafter, the “2017 First Stock Acquisition Rights”) to Directors of SBIH and its subsidiaries, and qualified stock options (hereinafter, the “2017 Second Stock Acquisition Rights”) to employees of SBIH and its subsidiaries free of charge. The purpose is to make its solidarity stronger and further bolster Directors’ and employees’ motivation and morale toward improvements in its consolidated operating performance.

The maximum number of shares to be issued at the entire exercise of the 2017 First Stock Acquisition Rights and 2017 Second Stock Acquisition Rights together shall be 6,100,000 shares, which shall account for 2.72% of the total of 224,561,761 shares issued as of the date of the resolution on issuance. The 2017 First Stock Acquisition Rights shall be exercisable only in the event that SBIH has attained the target level of its operating results, which has been set based on profit before income tax expenses of the past two-year consolidated financial results in the Financial Services Business, with its solid profit contribution and potential growth taken into account. SBIH believes that the scale and scope of issuance for the Stock Acquisition Rights are reasonable, having the view that attaining the aforementioned target criteria would enhance SBIH’s corporate value as well as the value of shareholders, simultaneously contributing to return to existing shareholders.

II.- (i) Outline of Issuance of the 2017 First Stock Acquisition Rights

1. Number of stock acquisition Rights

28,000 units

The total number of shares to be granted upon the exercise of the Stock Acquisition Rights shall be 2,800,000 shares of 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 issuing price per unit of the Stock Acquisition Rights shall be determined on July 28, 2017. It shall be equal to the value of the unit price of the 2017 First Stock Acquisition Rights, which Plutus Consulting Co., Ltd., a third-party evaluating institution, would calculate by using the Monte Carlo method, a method commonly applied to the calculation of a stock option price. Such calculation is based on the closing price of SBIH's common stock in regular transactions on the Tokyo Stock Exchange on July 28, 2017, stock price volatility, dividend yields, risk-free interest rates, and the conditions (exercise price, period to maturity, operating performance conditions) defined in the prospectus on the issuance of the 2017 First Stock Acquisition Rights.

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 common stock of SBIH

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 July 28, 2017.

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.

$$\begin{array}{r}
 \text{Post-Adjustment} \\
 \text{Exercise Price}
 \end{array}
 =
 \begin{array}{r}
 \text{Pre-Adjustment} \\
 \text{Exercise Price}
 \end{array}
 \times
 \frac{
 \begin{array}{r}
 \text{No. of} \\
 \text{shares} \\
 \text{already} \\
 \text{issued}
 \end{array}
 +
 \frac{
 \begin{array}{r}
 \text{No. of new} \\
 \text{shares to be} \\
 \text{issued}
 \end{array}
 \times
 \begin{array}{r}
 \text{Amount to be paid per} \\
 \text{share}
 \end{array}
 }{
 \begin{array}{r}
 \text{Fair value per share before issuance} \\
 \text{of new shares}
 \end{array}
 }{
 \begin{array}{r}
 \text{No. of shares already issued} + \text{No. of new shares to be issued}
 \end{array}
 }$$

In the above formula, the “number of shares already issued” shall be the total number of shares issued pertaining to SBIH’s common stock excluding the number of treasury shares thereof. In case of disposal of treasury shares pertaining to SBIH’s common stock, the “number of new shares to be issued” and “fair value per share before issuance of new shares” shall be replaced by the “number of treasury shares to be disposed” and “fair value per share before disposal of treasury shares,” respectively.

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, 2020 to September 30, 2021.

(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 holder of the stock acquisition rights shall be able to exercise the Stock Acquisition Rights only in the event that the Financial Services Business has achieved ¥50 billion or more in its entire segment profits (profit before income tax expenses) in each fiscal year of the period from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2020, and also marked ¥170 billion or more in its cumulative segment profits (profit before income tax expenses) for the above three fiscal periods.
- (ii) A holder of the stock acquisition rights shall not be required to be a Director, Statutory Auditor or employee of SBIH or its affiliated companies at the time of the exercise of the stock acquisition rights. However, this shall not apply to the case where a holder of the stock acquisition rights is dismissed or terminated through disciplinary action during his or her term of office as Director, Statutory Auditor or employee.

- (iii) Any heirs of a holder of the stock acquisition rights shall not be allowed to exercise the Stock Acquisition Rights.
- (iv) If the exercise of the Stock Acquisition Rights makes the total number of SBIH shares issued become greater than the total number of its shares authorized at the said point of time, the said Stock Acquisition Rights shall not be allowed to be exercised.
- (v) The stock acquisition rights shall not be exercisable for less than one unit of those rights.

4. Date of allotment of the stock acquisition rights
September 1, 2017

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) disable a holder of the stock acquisition rights to exercise them before he or she exercises them, SBIH shall be able to acquire the stock acquisition rights free of charge when a day that would be determined separately by the Board of the Directors of SBIH arrives.

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. 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 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. Period for the subscription

From August 14, 2017 to August 25, 2017

9. Deadline for payment of monies for the stock acquisition right

August 25, 2017

10. Those who receive the allotment of the stock acquisition right and the number of them

Directors of SBIH and its subsidiaries, 28,000 units

The number of recipients in the above scope shall be disclosed once determined.

II-(ii). Outline of Issuance of the 2017 Second Stock Acquisition Rights

1. Number of Stock Acquisition Rights

33,000 units

The total number of shares to be granted upon the exercise of the Stock Acquisition Rights shall be 3,300,000 shares of 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

No payment of money shall be required in exchange for the Stock Acquisition Rights.

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 common stock of SBIH

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 value equal to the closing price of SBIH’s common stock in regular transactions on the Tokyo Stock Exchange on July 28, 2017 (hereinafter, the “Closing Price of July 28”). However, if the Closing Price of July 28 becomes lower than the closing price of SBIH’s common stock in regular transactions on the Tokyo Stock Exchange on the date of allotment*, the exercise price shall be considered equal to the closing price on the date of allotment. (*If the closing price is not available on the date of allotment, the closing price of SBIH’s common stock in regular transactions on the Tokyo Stock Exchange on the trading date immediately before the date of allotment shall be taken; hereinafter, the same shall apply.)

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.

$$\begin{array}{r}
 \text{Post-Adjustment} \\
 \text{Exercise Price}
 \end{array}
 =
 \begin{array}{r}
 \text{Pre-Adjustment} \\
 \text{Exercise Price}
 \end{array}
 \times
 \frac{
 \begin{array}{r}
 \text{No. of} \\
 \text{shares} \\
 \text{already} \\
 \text{issued}
 \end{array}
 +
 \frac{
 \begin{array}{r}
 \text{No. of new} \\
 \text{shares to be} \\
 \text{issued}
 \end{array}
 \times
 \begin{array}{r}
 \text{Amount to be paid per} \\
 \text{share}
 \end{array}
 }{
 \begin{array}{r}
 \text{Fair value per share before issuance} \\
 \text{of new shares}
 \end{array}
 }{
 \begin{array}{r}
 \text{No. of shares already issued} + \text{No. of new shares to be issued}
 \end{array}
 }$$

In the above formula, the “number of shares already issued” shall be the total number of shares issued pertaining to SBIH’s common stock excluding the number of treasury shares thereof. In case of disposal of treasury shares pertaining to SBIH’s common stock, the “number of new shares to be issued” and “fair value per share before issuance of new shares” shall be replaced by the “number of treasury shares to be disposed” and “fair value per share before disposal of treasury shares,” respectively.

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 29, 2019 to September 30, 2024.

(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 holder of the stock acquisition rights shall be required to be a Director, Statutory Auditor, or employee of SBIH or its affiliates at the time of exercise of the stock acquisition rights. However, this shall not apply if the holder has retired due to the expiration of his or her term of office, reaching the mandatory retirement age, or other justifiable reasons approved by the Board of Directors.
- (ii) Any heirs of a holder of the stock acquisition rights shall not be allowed to exercise the Stock Acquisition Rights.
- (iii) If the exercise of the Stock Acquisition Rights makes the total number of SBIH shares issued become greater than the total number of its shares authorized at the said point of time, the said Stock Acquisition Rights shall not be allowed to be exercised.
- (iv) The stock acquisition rights shall not be exercisable for less than one unit of those rights.

4. Date of allotment of the stock acquisition rights
September 1, 2017

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) disable a holder of the stock acquisition rights to exercise them before he or she exercises them, SBIH shall be able to acquire the stock acquisition rights free of charge when a day that would be determined separately by the Board of the Directors of SBIH arrives.

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. 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 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. Period for the subscription
From August 14, 2017 to August 25, 2017

9. Those who receive the allotment of the stock acquisition right and the number of them
Employee (including Executive Officer) of SBIH and its subsidiaries, 33,000 units
The number of recipients in the above scope shall be disclosed once determined.

For further information, please contact:

SBI Holdings, Inc. Corporate Communications Dept., Tel: +81 3 6229-0126