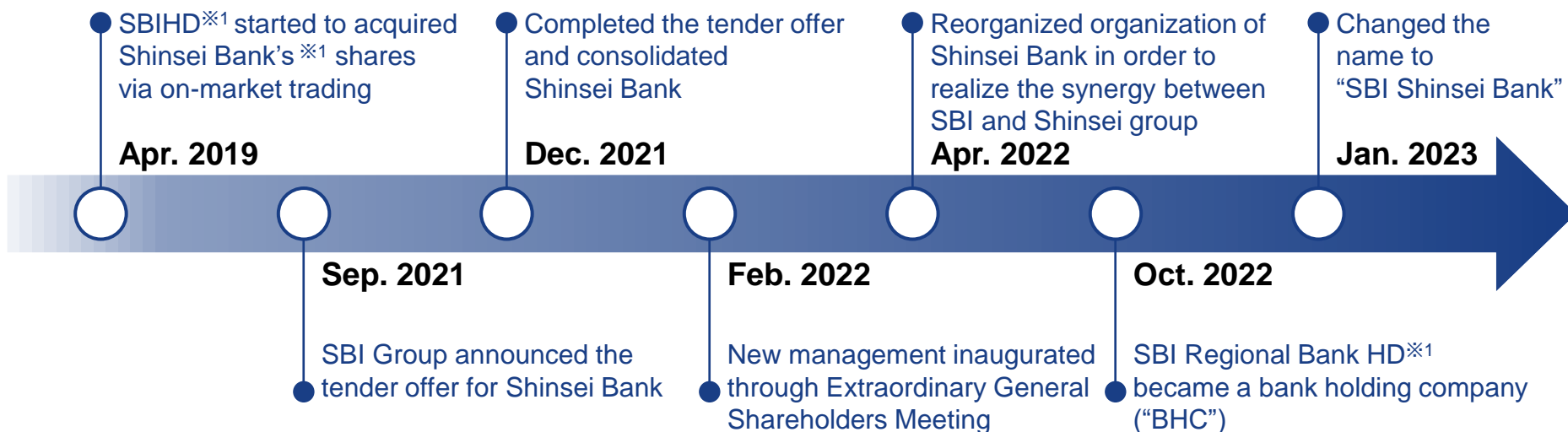


# **Briefing Material on Tender Offer for SBI Shinsei Bank**

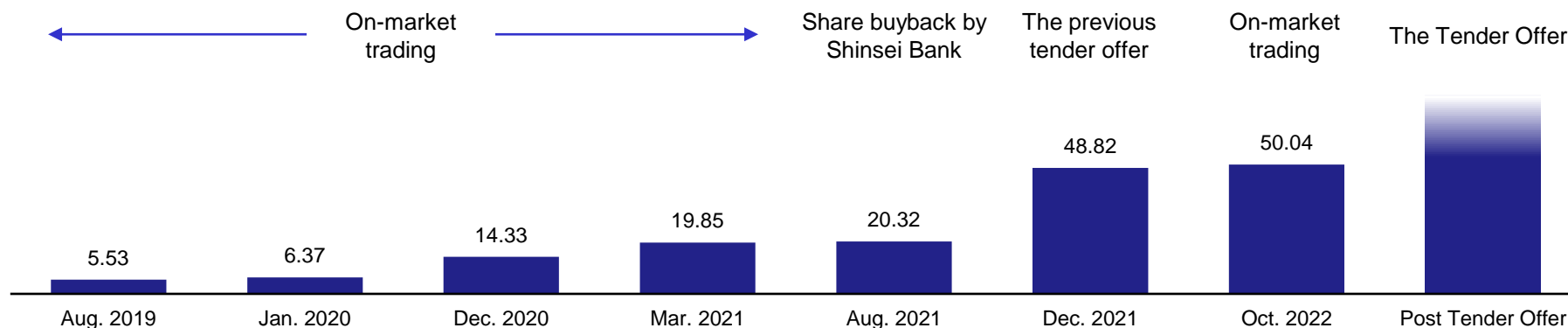
## **【Background & Outline】**

**May 12<sup>th</sup>, 2023**

# Background of the Tender Offer



## Ownership Ratio<sup>※2</sup> of SBIHD Group for SBI Shinsei Bank(%)



※1 Note SBI Holdings as "SBIHD", SBI Regional Bank Holdings as "SBI Regional Bank HD" or "Tender Offeror"

※2 Ownership Ratio = number of shares owned by SBIHD and SBI Regional Bank HD at each point of the time / SBI Shinsei Bank's total number of shares excluding treasury shares at the announcement of Tender Offer

# Outline of the Tender Offer

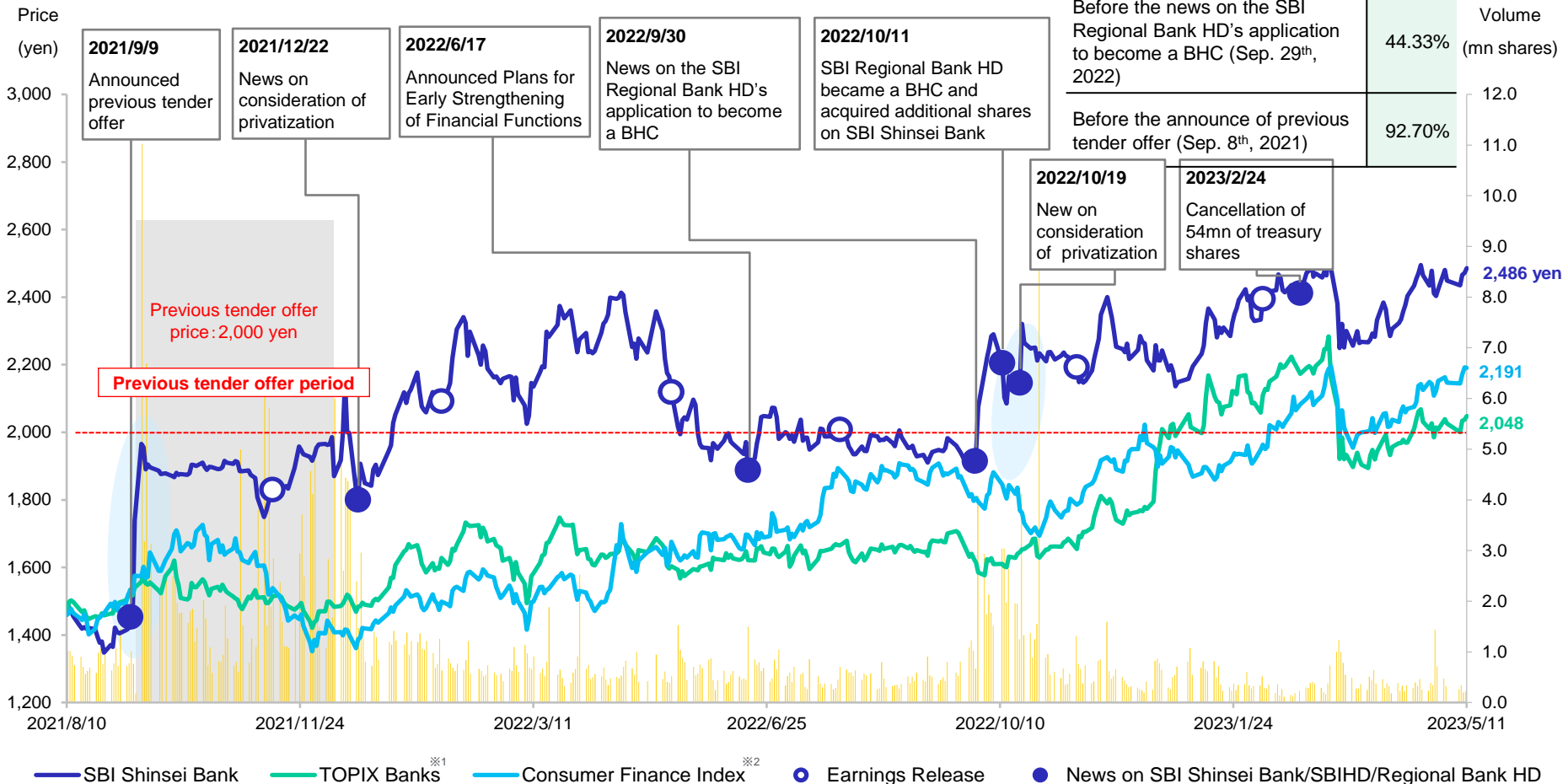
<b>Tender Offeror</b>	SBI Regional Bank Holdings Co., Ltd. (100% subsidiary of SBI Holdings, Inc.)
<b>Target</b>	SBI Shinsei Bank, Limited. (Ticker Code: 8303, Tokyo Stock Exchange Standard Market )
<b>Tender Offer Period</b>	May 15 <sup>th</sup> , 2023 (Monday) ~ June 23 <sup>rd</sup> , 2023(Friday) (30 business days)
<b>Settlement Commencement Date</b>	June 30 <sup>th</sup> , (Friday)
<b>Tender Offer Price</b>	2,800 yen per share
<b>Premiums</b>	May 11 <sup>th</sup> Closing Price: 12.63% 1 months average: 14.66% 3 months average: 16.81% 6 months average: 19.97% (Based on the business day immediately preceding the date of the announcement (May 11 <sup>th</sup> ))
<b>Number of Shares to be Purchased</b>	Maximum 55,072,084 shares※(The ownership ratio of SBI Regional Bank HD after the Tender Offer: Maximum 77.02%) ※SBI Shinsei Bank's total number of shares outstanding excluding the shares owned by SBI Regional Bank HD, SBI Shinsei Bank, Deposit Insurance Corporation of Japan ("DIC") and The Resolution and Collection Corporation ("RCC") as of March 31 <sup>st</sup> , 2023
<b>Maximum and Minimum Number of Shares to be Purchased</b>	Not set
<b>Purchase Price</b>	154,201,835,200 yen
<b>Support to Tender Offer</b>	Yes
<b>Recommendation for Application</b>	Yes
<b>Tender Offer Agent</b>	SBI Securities Co., Ltd.
<b>Financial and Legal Advisor</b>	Citigroup Global Markets Japan Inc. (Financial Advisor) Nishimura & Asahi (Legal Advisor)

# Share Price and Premium of SBI Shinsei Bank

- Since the previous tender offer, SBI Shinsei Bank's share price has hiked at the level of around 2,500 yen

Premium of the Tender Offer

Latest (May 11 <sup>th</sup> , 2023)	12.63%
Before the news on the SBI Regional Bank HD's application to become a BHC (Sep. 29 <sup>th</sup> , 2022)	44.33%
Before the announce of previous tender offer (Sep. 8 <sup>th</sup> , 2021)	92.70%



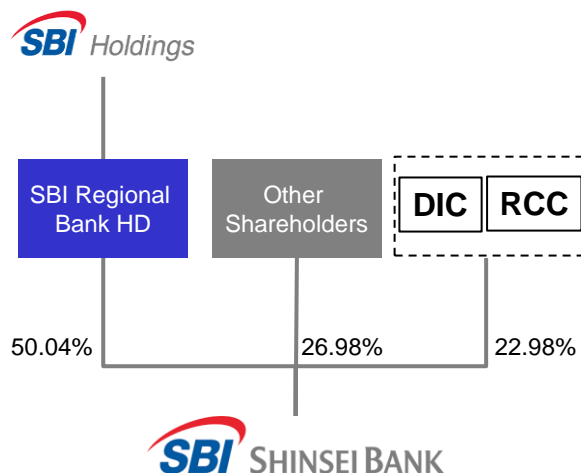
※1 Indexed based on the closing share price of SBI Shinsei Bank (1,460 yen) as of August 10<sup>th</sup>, 2021

※2 Indexed the weighted average market cap of five consumer finance companies (Acom, Credit Saison, Orico, AIFUL and JACCS), as of August 10<sup>th</sup>, 2021 based on the closing share price of SBI Shinsei Bank

# Transaction Scheme

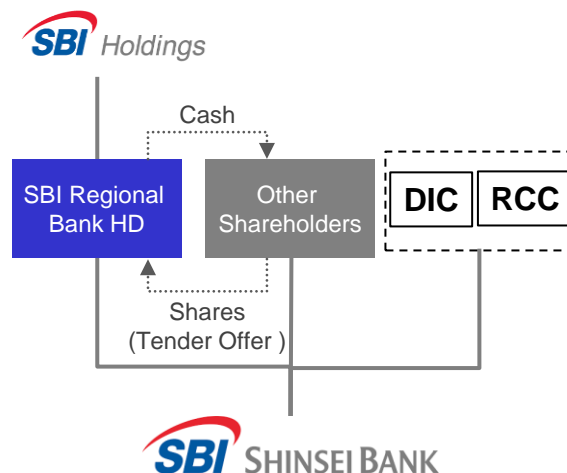
- The transaction scheme entails the acquisition of SBI Shinsei Bank's shares through Tender Offer and the privatization of SBI Shinsei Bank through the subsequent squeeze out. After this transaction, only SBI Regional Bank HD and the Governmental Shareholders ※<sup>1</sup> would remain as SBI Shinsei Bank's shareholders

## 1. Status Quo



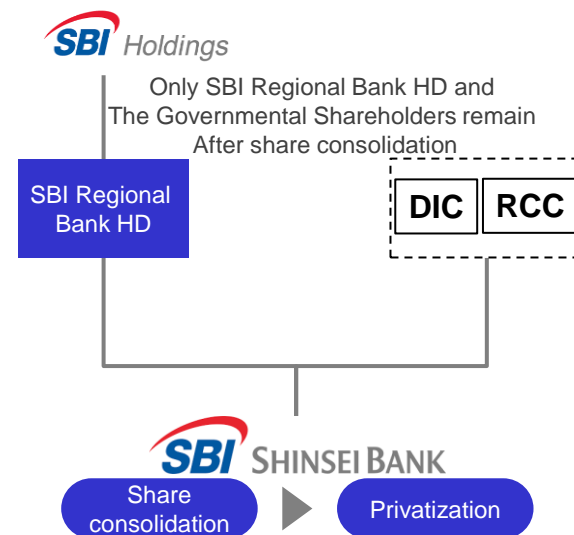
- As a result of the additional acquisition via on-market trading in October 2022, SBI Regional Bank HD holds 50.04% of the SBI Shinsei Bank's shares
- The Governmental Shareholders jointly hold 22.98% of the SBI Shinsei Bank's shares

## 2. Tender Offer



- SBI Regional Bank HD implements Tender Offer sourcing equity/loans injected from SBIHD
- The Governmental Shareholders have agreed not to tender in the Tender Offer

## 3. Squeeze Out



- Implement share consolidation in order to exclude minority shareholders
- As a result of the share consolidation, only SBI Regional Bank HD and the Governmental Shareholders would remain SBI Shinsei Bank's shareholders

※<sup>1</sup> Deposit Insurance Corporation of Japan and The Resolution and Collection Corporation

# Disadvantages of Listing on TSE

- It is difficult to quickly and flexibly implement necessary mid to long-term growth strategies while SBI Shinsei Bank is listing on TSE

## Disadvantages of Listing on TSE

- 1** It is difficult to implement the prior costly investment to maximize the interest of SBI Shinsei Bank, if minority shareholders cannot understand the value easily
  - ▶▶ Flexible implementation of mid-long term growth investment in SBI Shinsei Bank would be enabled after the privatization
- 2** If the profits of SBI Shinsei Bank increases through a partnership with the SBIHD Group, there might be the case where it is difficult to explain the benefit to the shareholders of the SBIHD, even if the measures will lead to the long-term growth of the entire group, as the minority shareholders enjoy some of the increased profits from SBI Shinsei Bank
  - ▶▶ Above situation would less likely happen after the privatization, leading to flexible implementation of active measures
- 3** When making transaction among SBIHD Group, it is necessary to carefully examine the usefulness and objective fairness of a transaction. Therefore, SBI Shinsei Bank is unable to promptly determine whether to conduct transactions with the SBIHD Group
  - ▶▶ Privatization would realize prompt and flexible business judgement on trans-group initiatives

# Agreement with SBI Shinsei Bank and the Governmental Shareholders

## 1 Agreement on the Tender Offer

- As announced on its press release dated May 12, 2023, SBI Shinsei Bank expressed its **opinion in support of the tender offer** and **recommended the shareholders to tender** the company's shares in the Tender Offer
- SBI Shinsei Bank stated that the privatization will promote the company to make prompt/flexible decisions and pursue further group unification, as well as to formulate mid- and long-term business plans – which will enable **(1) Further reinforcement of business through mutual complementation of functions and customer bases**  
**(2) Prompt and optimal allocation of management resources across both groups**  
**(3) Reduction of listing maintenance costs**
- **The Governmental Shareholders have agreed not to tender in the Tender Offer** provided that the SBI Shinsei Bank resolved at the board of directors meeting to agree to the Tender Offer and recommend the shareholders to tender their shares and the decision has not been withdrawn or changed, and would **exercise their voting rights to agree with the proposal on the squeeze out**

## 2 Repayment of the public funds

- SBIHD, DIC/RCC and SBI Shinsei Bank entered into an agreement on the handling of public funds injected into SBI Shinsei Bank and have agreed on:
  - The amount of public funds (the "Required Collection Amount") is **349,374,894,942 yen** in total
  - **Shall discuss the specific mechanism for the repayment** in good faith and reach an agreement on the specific mechanism **by the end of June 2025**

*<https://www.sbigroup.co.jp>*