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## **SBI HOLDINGS, INC.**

(Incorporated in Japan with limited liability)

(Stock code: 6488)

### **OVERSEAS REGULATORY ANNOUNCEMENT**

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the attached copy of the Announcement.

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.*

## **Notice on Subscribing to a Capital Increase of South Korean Subsidiary**

SBI Holdings, Inc. (hereinafter “SBIH”) hereby announces that it will subscribe to a capital increase amounting to KRW 340.0 billion (equivalent to approximately JPY 32.6 billion at the conversion rate of JPY 0.096 to KRW 1.0) to be conducted by SBI Savings Bank (hereinafter “SBI 1 Savings Bank”) of South Korea, a subsidiary of SBIH, and the affiliated banks of SBI 1 Savings Bank (hereinafter “SBI Savings Bank Group” collectively with SBI 1 Savings Bank) through its subsidiaries. With regard to the subscription to the capital increase, SBIH will consider receiving funding contributions from outside the SBI Group. While SBIH will temporarily fully fund the payment of the subscription through the subsidiaries, they may obtain some funds from outside investors in the future.

### **1. Reasons for subscribing to the capital increase and future outlook**

In line with the amendment of the guidelines for provisions for credit loans held by Savings Bank in South 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 SBI Savings Bank 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 South Korean accounting standards (K-GAAP).

Through the capital increase, the capital adequacy ratio of each bank of the SBI Savings Bank Group will exceed a level required by South Korean financial authorities. (The capital adequacy ratios of SBI 1 Savings Bank and SBI 2 Savings Bank will be more than 7%, and those of SBI 3 Savings Bank and SBI 4 Savings Bank will be more than 10%, as of the end of December 2013.)

The SBI Savings Bank Group will continue to aggressively promote 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 SBI 1 Savings Bank, will be considered.

The increase in the provisions carried out by the SBI Savings Bank Group following the amendment of the guidelines for provisions in South 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 SBIH took a conservative approach in recognizing the provisions when making the SBI Savings Bank Group its consolidated subsidiary in March 2013 based on the International Financial Reporting Standards

(IFRS), the impact of the amendment of the guidelines for provisions in South Korea on the consolidated financial results of SBIH (IFRS basis) will be minimal. The SBI Savings Bank 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. Further increases in profits are expected for the period of January – March 2014.

The impact of the said subscription of capital increase on the consolidated financial results of SBIH will be minimal.

## 2. Number of shares to be acquired by the SBI Group, acquisition price and shareholding before and after acquisition

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

	SBI 3 Savings Bank	SBI 4 Savings Bank
Number of shares held by the SBI Group prior to acquisition (*1)	33,590,633 (shareholding ratio: 100.0%)	14,405,280 (shareholding ratio: 69.8%)
Number of shares to be subscribed	7,200,000	8,000,000
Number of shares to be subscribed by the SBI Group, excluding SBI 1 Savings Bank	—	3,135,320 (*2) (acquisition price: KRW 15.7 billion)
Number of shares to be subscribed by SBI 1 Savings Bank	7,200,000 (acquisition price: KRW 36.0 billion)	4,864,680 (acquisition price: KRW 24.3 billion)
Number of shares held by the SBI Group after acquisition (*1)	40,790,633 (shareholding ratio: 100.0%)	22,405,280 (shareholding ratio: 78.3%) (*3)

\*1 The figures include the shares held through SBI 1 Savings Bank.

\*2 The figures represent the maximum number of shares when shareholders other than the SBI Group give up the right to acquire the shares allotted and the SBI Group subscribes all of the forfeited shares.

\*3 The figures show the number of shares held by the SBI Group when it subscribes the maximum number of shares, including the above forfeited shares, and the voting right ratio.

## 3. Schedule

(1) Signing on the share subscription agreement of SBI 1 Savings Bank	26 March 2014 (tentative)
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(2) Payment of share subscription of SBI 1 Savings Bank	27 March 2014 (tentative)
(3) Signing on the share subscription agreement of SBI 2 Savings Bank as well as SBI 4 Savings Bank	27 March 2014 (tentative)
(4) Payment of share subscription of SBI 2 Savings Bank as well as SBI 4 Savings Bank	28 March 2014 (tentative)
(5) Signing on the share subscription (forfeited shares) agreement of SBI 4 Savings Bank and payment	28 March 2014 (tentative)

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For further information, please contact:

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