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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 SSB1 and SSB2 at the aggregate consideration of KRW 180 billion (approximately JPY 18 billion) around the middle of June 2014. The Group will subscribe shares to be issued by SSB1 and SSB2. After that, SSB1 will spend partial funds raised by the subscription in subscribing shares to be issued by SSB2.

During the Series of Subscription, the aggregate consideration at which the Group will subscribe shares to be issued by SSB group will be KRW 952.7 billion (approximately JPY 90.4 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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The Group has held 89.4% of equity interest in SSB1 right before the Series of Subscription and will hold 97.4% of equity interest in it after the Subscription on 13 June 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) | 149,352,673 (shareholding ratio: 96.9%) | 64,758,212 (shareholding ratio: 98.9%) |
| Number of new shares to be obtained after the Subscription | 26,997,921 | 11,863,200 |
| Number of shares to be subscribed by the Group (*2) | 26,997,921 (Transaction amount: KRW 135 billion) | 8,999,998 (Transaction amount: KRW 45 billion) |
| Number of shares to be subscribed by SSB1(*3) | — | 2,863,202 (Transaction amount: KRW 14.3 billion) |
| Number of shares held after the Subscription (*1) | 176,350,594 (shareholding ratio: 97.4%) | 76,621,412 (shareholding ratio: 99.0%) |

*Note

- (1) Including shareholding owned by SSB1
- (2) Excluding existing shareholding owned by SSB1
- (3) SSB1 will utilize the fund raised for this capital increase by the Group to subscribe shares to be issued by SSB2

Consideration

SSB1 and SSB2 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 26,997,921 shares and KRW 135 billion respectively (shareholding ratio: 97.4%). The consideration would be satisfied in cash on 12 June 2014. According to the unaudited financial statements of SSB1, the net assets were KRW 60.8 billion as of 31 March 2014.

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 11,863,200 shares and KRW 59.3 billion respectively (shareholding ratio: 99.0%). The consideration would be satisfied in cash on 13 June 2014. According to the unaudited financial statements of SSB2, the net assets were KRW 14.3 billion as of 31 March 2014.

Expected Timetable

| | |
|--|--------------------------|
| Signing on the share subscription agreement of SSB1 by the Group | 11 June 2014 (tentative) |
| Payment of the share subscription agreement of SSB1 by the Group | 12 June 2014 (tentative) |
| Signing on the share subscription agreement of SSB2 by SSB1 and | 12 June 2014 (tentative) |

the Group

Payment of the share subscription agreement of SSB2 by SSB1 13 June 2014 (tentative)
and the Group

REASONS AND BENEFITS FOR ENTERING INTO THE TRANSACTION

With regard to the capital increase carried out by SSB group, the Group has been considering the possibility of receiving funding contributions from financial institutions and investors outside of the Group. As it became possible to receive funding from several financial institutions in Korea, the Group decided to proceed with the Subscription.

Out of the total amount of the Subscription, the subsidiary of the Company has raised KRW 130 billion (approximately JPY 13 billion) through a syndicated loan from local institutional investors, including a major life insurance company. The Company is also considering raising the remaining KRW 50 billion (approximately JPY 5.0 billion) from financial institutions in Korea.

Through the Subscription, the capital adequacy ratios of SSB1 and SSB2 are each expected to be greater than 8% (as of the end of June 2014).

Owing to the capital increase, the SSB Group will further strengthen its financial base on the basis of K-GAAP, and more aggressively promote business development through the utilization of the raised funds. Additionally, SSB1 is considering an organization restructuring, including affiliated bank mergers and will continue to strengthen its profitability toward a future IPO.

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 SSB group has been focusing on debt collection by means including the sale of bad debt, and promoting business development to extend loans to individuals and to small and medium-sized enterprises in order to strengthen profitability. In the consolidated financial results of the Company based on the IFRS, the SSB group posted profit before income tax expense of approximately JPY 4 billion for the fiscal year ended 31 March 2014.

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 March 2014. And it is the largest savings bank in Korea with KRW 3.7 trillion of aggregate amounts of total assets as of 31 March 2014 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 29 August 2013 to 13 June 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 in SSB1 allotted to the Group; and subscription of new shares in SSB2 allotted to the Group and SSB1 |
| “%” | Per cent |

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

Japan, 9 June 2014

As of the date of this announcement, the executive Directors are Mr. Yoshitaka Kitao, Mr. Takashi Nakagawa, Mr. Tomoya Asakura, Mr. Shumpei Morita 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.