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November 12, 2021

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**Notice Regarding Our Response to Questions from  
Deposit Insurance Corporation of Japan**

SBI Holdings, Inc. (“SBIHD”) and its wholly owned subsidiary company, SBI Regional Bank Holdings Co., Ltd. (the “Tender Offeror,” together with SBIHD, the “SBIHD Parties”), provide their responses as below to the three questions in “Questions to SBI Holdings, Inc. and SBI Regional Bank Holdings Co., Ltd.” announced by Deposit Insurance Corporation of Japan in November 5, 2021 regarding the tender offer which the Tender Offeror is conducting for shares of Shinsei Bank, Limited. (the “Target Company”) (the “Tender Offer”)

Terms used in the answers below are in principal defined in the Tender Offer Registration Statement dated September 10, 2021 submitted by the Tender Offeror (including Amendment of Tender Offer Registration Statement submitted afterwards, the “TOB Registration Statement”).

The SBIHD Group aims to be a “Financial Innovator” as one of its management philosophies,

bring changes to a traditional financial industry style, and provides financial services which enhance customer benefits by utilizing significant price-slashing power of internet. As explained below, the SBIHD Parties believe that the Target Company hasn't been able to made enough profit although they have a variety of competitive products and services, and it is reflected in its market valuation. One purpose of the Tender Offer is to make the Target Company a consolidated company of the SBIHD Parties so that the Target Company could become a core company leading SBIHD Group's banking businesses and sufficiently utilize the SBIHD Group's know-how and experiences with internet and outgrow from a traditional banking business model by realizing business synergies, and as a result, to enhance the corporate value of the Target Company, which leads to repayment of 350 billion yen public funds, which are the essential purpose of the Tender Offer. At the same time, to contribute to the enhancement of the corporate value of the SBIHD Group itself by creating synergy effects in cooperation with the SBIHD Group companies that operate diverse. As the SBIHD Parties have explained so far, they will ensure that there is no omission in the independence of the Target Company and conflict of interest system with minority shareholders.

<Questions from Deposit Insurance Corporation of Japan>

1. It is described that "The SBIHD Parties recognizes that collaboration with the regional financial institutions with which the SBIHD Group has alliances including capital and business alliances and collaborations with other local financial institutions ... the Target Company will be able to play an active role in supporting businesses and revitalizing the local economy in each region by leveraging its strengths in the business fields it has cultivated to date and by promoting cooperation with regional financial institutions" in <Tender Offeror's Response> 4 in Appendix P37 of "Responses to the Questions to SBI Holdings and SBI Regional Bank Holdings" dated September 28, 2021. Please explain what kind of synergy effects are expected between Target Company and regional financial institutions, with which the SBIHD Parties are capital alliance partners, especially in terms of expected contributions to the enhancement of corporate value of Target Company.

<Tender Offeror's Response>

The SBIHD Parties believe that the Target Company and we have highly complementary business portfolios. The SBIHD Parties also believe that a profit opportunity mainly in the area of corporate business between the Target Company and regional financial institutions would be created if the Target Company participates in the SBIHD Group's platform network with regional financial institutions that have a need for non-bank services but do not have the

capability to provide the functions themselves as a provider of products and services, and it leads to an enhancement of corporate value of the Target Company. Although the SBIHD Parties understand that the Target Company has track records of businesses with almost 90% of regional banks, but the SBIHD Group, which contributes to regional revitalization as a social mission and leads Regional Revitalization Partners, a company aiming to promote regional revitalization, is the unrivaled company which has broad network not limited to companies with which the SBIHD Group has capital and business alliances. In terms of the enhancement of the Target Company's corporate value, they will be able to expand its profit opportunities by utilizing the SBIHD Group's network with regional financial institutions and creating business opportunities. Furthermore as the SBIHD Parties have explained, it will be ensured that there is no omission in the independence of the Target Company and conflict of interest system regarding interests of minority shareholders.

The following are some specific examples in several areas.

① **Reinforcement of Structured Finance**

As stated in the TOB Registration Statement and Appendix of "Notice Regarding Our Response to 'Questions to SBI Holdings and SBI Regional Bank Holdings' from the Target Company, Limited. (Securities Code: 8303)" dated September 28, 2021 submitted by the Tender Offeror, the SBIHD Parties understand that the Target Company has a strength in developing the structured finance with respect to a variety of assets, such as real estate, solar power generation, biomass, submarine cable, wind power generation, listed infrastructure corporation, geothermal power generation, vessel, healthcare, etc. The Target Company states in its medium-term management plan that not only on individually creating structured finance, but also partnerships with regional financial institutions, such as providing senior loans jointly with regional financial institutions is one of focused areas. On the other hand, profits of structured finance segment decreased significantly from 12 billion yen in FY2018 to 4.5 billion yen in FY2020. According to the Target Company, current main customers are major regional banks, but the SBIHD Parties believe that the Target Company could provide its products to broader regional banks instead of limiting their customer attributes to major regional banks on the premise that the customers need to judge risk by themselves and the Target Company will explain it thoroughly, considering its know-how and track records, and a finance capacity of the Target Company and profit opportunities would expand. The regional banks in which the SBIHD Group invests have strong needs of participating syndicate loans (senior loans to structured finance assets mentioned above, LBO loans to acquisition finance) to strengthen their profitability, and a profit opportunity between them would be created if the SBIHD Group connects the Target Company's products to

the SBIHD Parties' network with regional financial institutions. In this way, a profit opportunity between the Target Company and regional financial institutions including ones in which the SBIHD Group invests would be created if the SBIHD Group connects them each other.

② **Alliance in Principal Transactions**

The Target Company's principal transaction business conducts private equity operations, business transfer operations, and other services for medium-sized and small businesses, and its segment profits showed downwards trends from 5.3 JPY billion in FY2018 to 3.4 JPY billion in FY2020. As the SBIHD Group also operates various asset management businesses, such as SBI Investment Co., Ltd., in addition to the expectation of mutual enhancement of productivity through cooperation in investment opportunities and knowhow sharing, etc., it is also assumed that new profit opportunities meaning that the Target Company has new investment opportunities and the regional financial institutions benefit in terms of its customers' revitalization and growth, will be created, not only for client companies but also for the Target Company, if regional financial institution can utilize the instruments, services, and financial power of the Target Company as one of the measures to support the client companies of regional financial institutions with which the SBIHD Group cooperates, for example, by participation in a syndicated loan originated by the Target Company and provision of chance to finance utilizing customer base of the Target Company, etc. Although the Target Company states that investment opportunities with good risk-return potential are limited, the SBIHD Group owns have a capability to discover great investments and know-how of building full hands-on supporting structures. The SBIHD Group has conducted broad range of deal sourcing (including corporate venture capitals jointly established with partner companies), for example, performances of SBI Investment Co., Ltd in fiscal year ended March 2021 is, conducting deal sourcing for 2,350 companies, due diligence to 415 companies, and executing investments in 78 companies (The cumulative total executed investments as of September 30, 2021: 1,023 companies). The SBIHD Group actively provides full hands-on support such as investment know-how in growth fields, strategy planning according to the business stage of the investee company, dispatch of officers, construction of internal control system, and support for overseas expansion, and believes that these will enhance corporate value of the Target Company.

③ **Reinforcement of Leasing Business**

Showa Leasing Co., Ltd., a consolidated subsidiary of the Target Company has a reasonable competitiveness because it develops sales activities centered on small and medium-sized enterprises with relatively little competition with major general leasing companies and builds

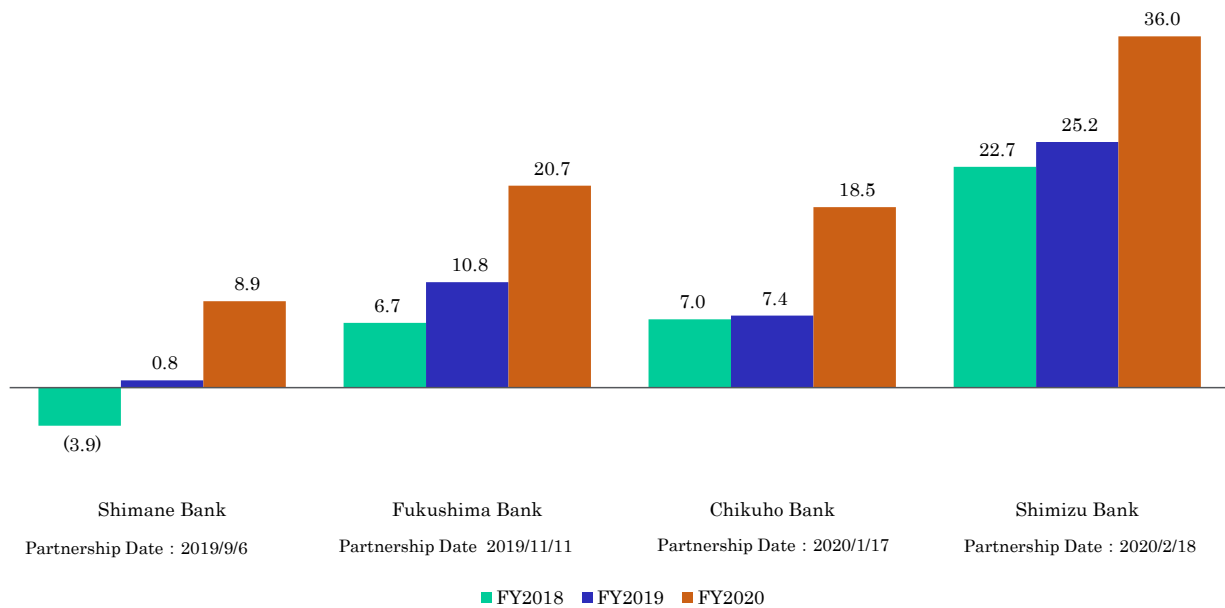
close relationships with a wide range of suppliers such as manufacturers and trading companies. The SBIHD Parties understand that the balance of operating assets is declining from 565.5 billion yen at the end of 2019 to 554.6 billion yen at the end of 2020. As a matter of course, on the premise that it will not be an abuse of superior bargaining position and that it will be a fair condition, by proactively providing opportunities for introduction to customers of regional financial institutions including companies in which the SBIHD Group invests, it will lead to revitalization and growth support of client companies for regional financial institutions. In addition, the SBIHD Group have offering operating products such as aircraft and ships to high net worth individuals, and by offering such products to the Target Company group's customers, the Target Company will be able to expand its trading products and improve customer convenience. For the Target Company, the SBIHD believe that these will expand sales base of the Target Company and lead to the enhancement of corporate value.

④ **Alliance in Business for Succession of Business**

The SBIHD Group has established a business succession fund to invest in small medium sized companies in Japan that have successor problems. By providing financing, M&A brokerage, and other services to the fund's investees and to the clients of regional financial institutions that are facing business succession issues, the Target company intends to support the future business continuity and business expansion of companies that are facing business succession issues.

In this way, the SBIHD Parties believe that collaborations between the Target Company and regional financial institutions including the capital and business alliance partners of the SBIHD Parties could contribute to the enhancement of the corporate value of the Target Company. In addition, as its track records, the SBIHD Group has improved performances of regional financial institutions in which the they invest after its investment as below. (showing investments before the end of FY2019)

<Core Net Business Income> (Note) (Unit: JPY billion)



(Note) Core Net Business Income = Net Business Income – Gains (losses) related to bonds

- ① In addition, the SBIHD does not expect the Target Company to consider to invest in regional financial institutions to promote “Coalition Plan”. In addition, SBIHD Parties has established Regional Revitalization Partners Co., Ltd. as an active entity to promote regional innovation, and the Target Company participates in the company as a shareholder. However, if it is thought to contribute to regional development and improvement of profitability and corporate value of the Target Company, especially if it doesn’t damage to financial soundness such as capital ratio, and its board of directors judges that it won’t damage interest of minority shareholders, investments in regional institutions by the Target Company is worth consideration depending on the intent of the regional financial institutions as a counterparty.

<Questions from Deposit Insurance Corporation of Japan>

2. We would like to know how the SBIHD Parties think the Target Company’s entry into the SBIHD Parties will enhance the corporate value of the SBIHD Parties. In addition, in order for the minority shareholders of the Target Company to benefit from the increase in corporate value, we would like to know what SBIHD think about the positioning of the Target Company within SBIHD, including the future capital relationship within the group.

<Tender Offeror's Response>

The SBIHD Group has a wide variety of businesses, including financial services, asset management, and biotechnology, healthcare and medical informatics under SBIHD. In the half of fiscal year 2021, sales in all business segments reached record highs, and the company continues to grow rapidly. With the addition of the Target Company, which has a wide range of full banking products and has strength in the non-banking business, which the SBIHD Group does not have and which can be expected to complement its business, under SBIHD, SBIHD expects the Target Company to provide each function as the cornerstone of SBIHD Group cooperation with SBIHD companies that operate diverse businesses, and to enhance the corporate value of SBIHD through synergy effects.

In other words, the additional acquisition of the Target Company shares through the Tender Offer will enable the Target Company to join the SBIHD Parties as a consolidated subsidiary, thereby organically combining the management resources of the Target Company group and the SBIHD Parties. This will enable the two groups to strongly leverage synergies by complementing each other's business field through collaboration, expanding the customer base through cross-selling, and strengthening earnings. Although the SBIHD Group also includes SBI Sumishin Net Bank, a joint venture with Sumitomo Mitsui Trust Bank, Limited (both 50% owned by Sumitomo Mitsui Trust Bank and SBIHD Parties) specializing in Internet banking, there are differences between the SBIHD Parties specializing in Internet banking and the Target Company with physical stores in the business structure, product approach and merchantability, and the Target Company's participation means that the Target Company is entering a completely new stage of growth. In addition, SBI Sumishin Net Bank has applied for listing on October 8, 2021, and if the listing is approved, it is expected to reduce its shareholding ration due to the above, and will also implement business operations with greater autonomy and independence.

As stated in the Tender Offer registration statement, if the Tender Offer is successful, all shares of the Target Company currently held by SBIHD will be transferred to the Tender Offeror. As a result, the Tender Offeror will hold all shares of the Target Company in the SBI HD Group

- ① **Enhancing corporate value through bank-securities alliance with SBI Securities**
  - (i) **Alliance in the retail sector (simultaneous account opening, deposit alliance, financial product brokerage, etc.)**

SBI Securities handles a variety of financial products such as stocks, investment trusts, and FX, and as an online securities company, has the largest share of individual stock brokerage trading value, assets under custody, and operating profit compared to its competitors (in the first half of fiscal year 2021), as well as a track record and expertise in opening accounts simultaneously with banks and

linking deposits. If the Target Company's retail accounts with SBI Securities can be opened simultaneously and deposits can be linked, the convenience of the Target Company's customers of SBI Securities will be sent to the Target Company, which will lead to an increase in the number of retail accounts of the Target Company, which has been declining in recent years. The Target Company sells investment trusts over the counter, and the balance of assets under custody for investment trusts is on a downward trend from 318.4 billion yen in fiscal 2018 to 256.3 billion yen in fiscal 2020. The alliance with SBI Securities in the financial instruments intermediary business will increase the number of products, etc. that can be sold and enable the Target Company to make a wide range of proposals to its customers, which we believe will lead to enhanced earnings. In addition, the SBIHD Parties believe that we will be able to contribute to the enhancement of earnings through the sale of structured bonds, investment trust, etc. structured by the subsidiaries of the Target Company to the retail customers of the SBIHD Parties. Although the Target Company has stated that an increase in retail accounts alone will not necessarily lead to an increase in the level of profits, we believe that the bank-securities linkage between SBI Securities and the Target Company, as described above, will simultaneously increasing the number of retail customers through mutual customer transfers while greatly enhancing customer convenience.

(ii) **Enhanced Corporate Coverage**

At SBI Securities, we are strengthening our relationship with corporate clients, and in addition to initial public offerings, which already boast a high underwriting involvement rate, and we are focusing on public offerings and debt underwriting, as well as strengthening our M&A advisory division and building a system to provide multifaceted proposals. On the other hand, in the Target company's corporate business, revenue have been on a downward trend, with gross business profit declining from 16.8 billion yen in fiscal 2018 to 14.9 billion yen in fiscal 2020. We believe that by providing the Target Company's banking services to SBI Securities' business corporation customers, a comprehensive coverage system for business corporations will be realized through the alliance of banks and securities companies, which will lead to increased earnings and corporate value for both companies.

② **Strengthen the business of the Target Company by utilizing the know-how of the SBIHD Parties**

(i) **Alliance in the field of consumer finance (small-lot finance)**



The SBIHD Group has established SBI Neo Mobile Securities Co., Ltd. which specializes in smartphone trading targeting investment beginners and young people, and is also engaged in services such as FX trading at SBI FX Trade Co. On the other hand, the Target Company's Group is engaged in unsecured loans such as "Lake ALSA", , and "Card Loan L", individual installment loans, credit guarantees, rent guarantees, credit cards, and prepaid cards. SBIHD Parties believe that customer base of young customers also has the opportunity to expand its earnings base by mutually supplying products and sending customers according to customer needs because customers of the SBIHD Group's Internet Securities and smart phone securities and the Target Company's small-lot finance business are young. In addition, the SBIHD Group understands that such young customers will create profit opportunities in the future life events and contribute to long-term profitability.

In addition, SBI Securities has been offering a service that enables customers to purchase investment trusts in reserve by credit card since June 2021, as a contribution to the convenience of settlement for customer groups seeking asset formation, and has achieved tens of thousands of customer transfers in about six months. The customer base of this type of investment trusts able to be purchased with a credit card is considered to have little overlap with the Target Company's existing customer base in that it can approach not only the customer base which uses credit cards for daily payments, but also the customer base which is seeking asset formation. In addition, considering the affinity between the fact that the most common credit cards issued by APLUS are cards affiliated with the T Point program and the fact that SBI Securities has introduced the same program, SBIHD Parties believe that this will contribute to expansion of APLUS's customer base and usage. Furthermore, SBIHD Parties believe that it is important to have big data in order to make highly accurate credit decisions and marketing, etc., as Shinsei faces the challenge of reducing the cost of acquiring new customers with funding needs and credit costs. SBIHD Parties understand that the accumulation of data from both companies through cross-selling will improve the accuracy of credit decisions and marketing at the Target Company group, and contribute to cost reduction.

(ii) **Improvement in annual earnings through fund management at SBI Asset Management Group and SBI Liquidity Market**

The SBIHD Parties understand that the Target Company has a small shareholding and has extremely orthodox portfolio focusing on Japanese National Government

Bonds including securities being held to maturity, Japanese corporate bonds, and foreign securities. The investment yield of the Target Company's securities is significantly low as 0.58% for the fiscal year ending March 31, 2021, and is expected to decline further when the future redemption schedule of receivables is taken into account. Taking into account the Target Company's current interest rate risk management in the banking book (IRRBB: 4.4%) and regulatory capital ratio (11.3%), we believe that there is significant room for yield improvement, utilizing the expertise of SBI Asset Management Group Co., Ltd., the asset management company of SBIHD, by taking measures such as replacing the portfolio we expect to enhance yields while maintaining a sufficient level of capital adequacy and asset management safety.

SBI Liquidity Market Co., Ltd. a subsidiary of SBIHD that over sees the group's foreign exchange business, has counterparties from 31 major financial institutions in Europe and Japan. In Addition to FX for retail customers such as SBI Securities and SBI FX Trade Co., Ltd., SBIHD Parties handles a variety of foreign exchange flows from the Group's actual demand (foreign currency procurement, management using options and derivatives, hedging, etc.), funds, and domestic and overseas financial institutions (including regional financial institution, etc.). As the total annual foreign exchange transaction value (FY2000) has reached over \$10 trillion, it is expected that the Target Company and its counterparties who conduct foreign exchange transactions through the Target Company will be able to reduce their foreign exchange trading opportunities at competitive spreads based on the abundant trading liquidity.

(iii) **Re-strengthening of retail business by providing the SBIHD Parties' know-how related to mortgages**

Although the Target Company provides mortgages for retail clients, its outstanding balance have remained almost flat for many years. On the other hand, mortgage loan balance of SBIHD Group have been steadily increasing. SBIHD Group have deep knowledge and know-how of mortgages, and the SBIHD Parties believe that by utilizing those knowledge and know-how, the Target Company could reinforce its retail business which used to earn high customer satisfaction and make it primary sources of revenue.

(iv) **Development and provision of equity-backed loans**

Subject to the management of conflicts of interest and the fairness of transaction conditions, the SBIHD Parties believe that we can achieve reasonable cross-selling

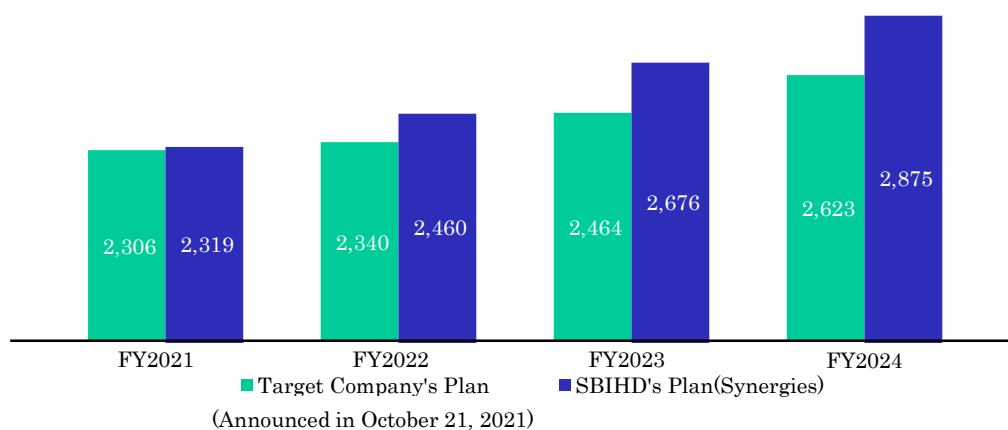
effects and synergies through alliance in loans secured by share certificates, etc., and the development and provision to SBIHD's customers of services similar to those provided by the Target Company and NTT DOCOMO, INC. to Docomo users.

(v) **Contribution to earnings from financial product brokerage through joint store management**

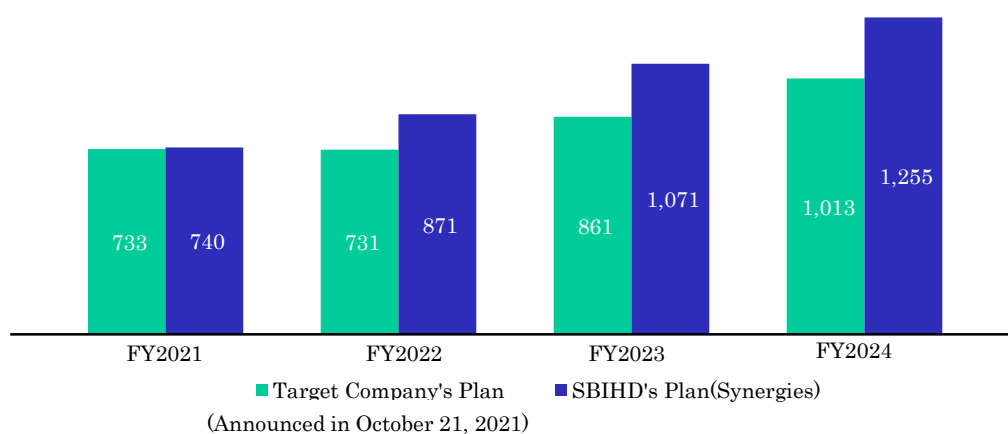
The SBIHD Parties has been operating SBI Money Surprise as a joint branch with regional financial institutions (with 14 banks, total 22 shops), including those with which it has capital and business alliances, and the balance of deposits and revenues from such operations have been expanding dramatically. The SBIHD Parties believe that by implementing such performance-based initiatives with the target company (22 branches and 3 branch offices) new profit opportunities can be created for the Target Company through financial product intermediation.

Through the promotion of various procedures that are expected to create synergies on both sides as described above, we initially believed that the Target Company is expected to increase its earnings and corporate value as described below by promoting various treatments that are expected to create synergies for both parties as described above, and joining the SBIHD Group at this time.

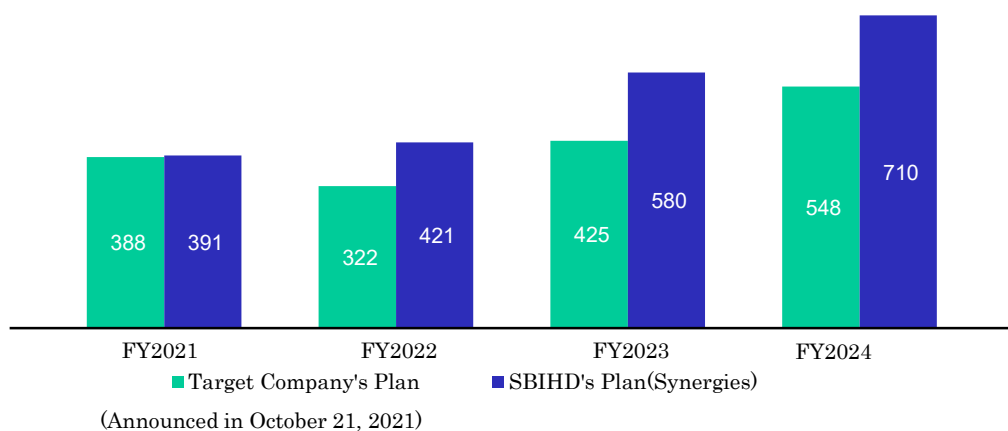
< **Gross Business Profit** > (Unit : JPY Bn)



< Net Business Profit > (Unit : JPY Bn)



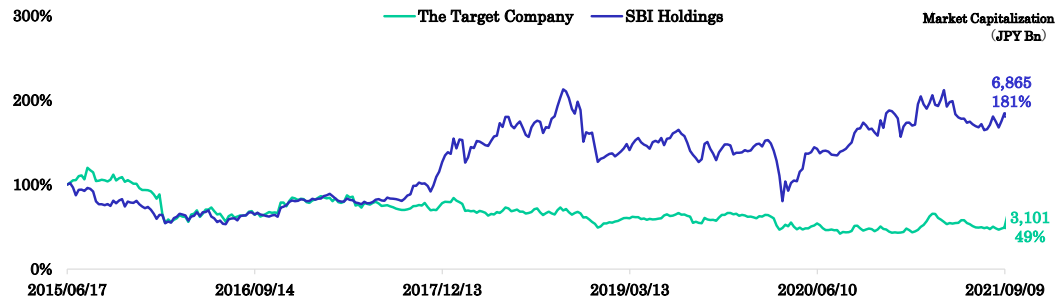
< Net Income Attributable to Owners of the Parent > (Unit : JPY Bn)



In addition, as shown blow, since June 2015, the date of President Kudo's inauguration, the market capitalization of the Target Company has been roughly halved, while the market capitalization of the SBIHD Parties have grown to approximately 1.8 times. SBIHD believe that the biggest differences between the Tender Offeror and the Target Company are the management philosophy and the speed of management, and we are proud that this point has been highly evaluated

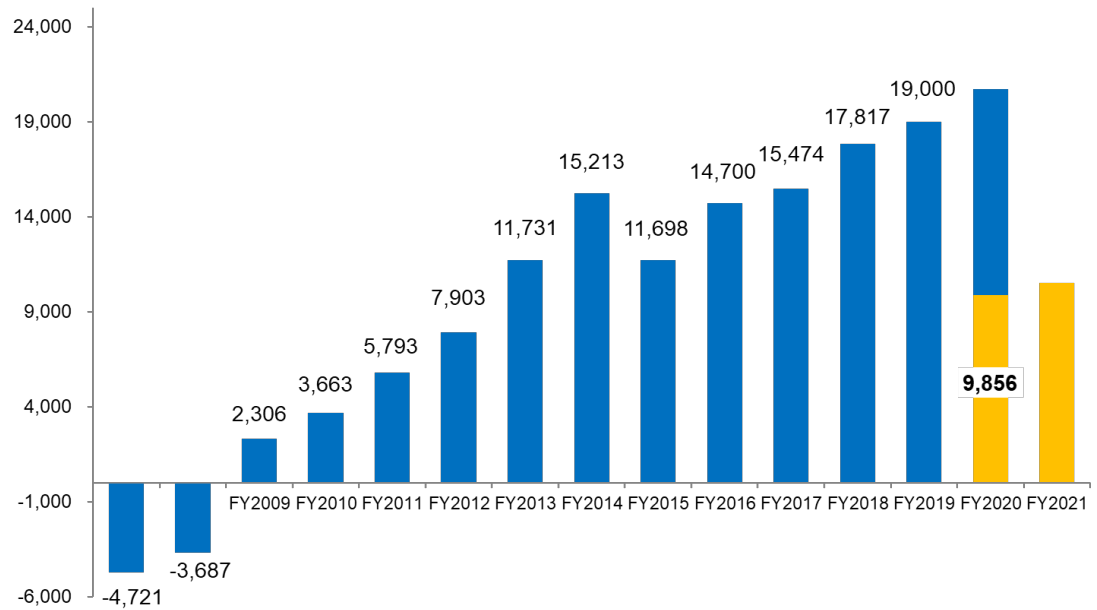
by the market.

< Changes in market capitalization of the Target Company and SBIHD >

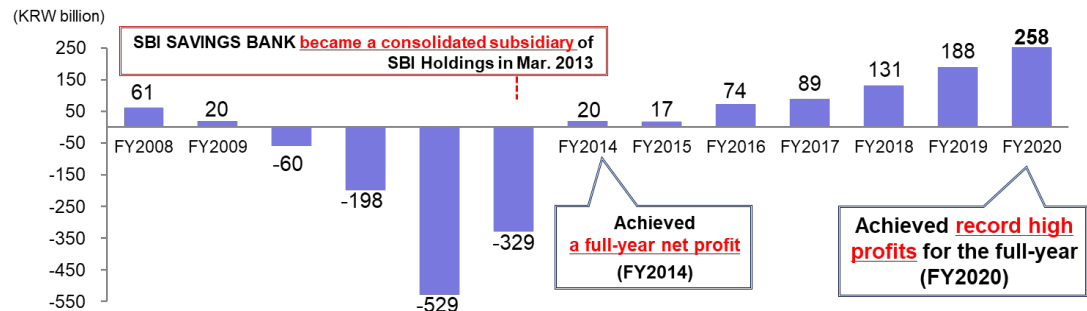


< Reference : Performance of SBI Sumishin Net Bank and SBI Saving Bank >

SBI Sumishin Net Bank, Ltd.



## SBI Saving Bank



On the other hand, considering the minority shareholders of the Target Company, which will continue to exist as a listed company after the Tender Offer, the SBIHD Parties believe that it is natural that the Target Company's corporate value will be enhanced through the efforts described above, and that the fruits synergy effects will be fairly described to the minority shareholders. The SBIHD Parties recognize that a situation such as engine bank or damage to the interests of minority shareholders of the Target Company should never occur, and does not expect to engage in any action that would raise such suspicion. From the perspective of implementing a through conflict of interest management system to prevent such a situation from occurring, the following system is assumed to be in place. In other words, when a decision is made on an important transaction between the Target Company and the SBIHD Parties, the Target Company's board of directors, which maintains independence and includes a majority of independent outside directors, will carefully deliberate and consider whether the transaction will not be disadvantageous to the minority shareholders of the Target Company. The SBIHD Parties determine the terms of transactions appropriately based on market discipline, using the arms-length rule as a general rule. In the event that the Target Company becomes a consolidated subsidiary of the SBIHD Parties through the TOB, a special committee consisting of independent members will be established by the Target company with respect to transactions between the Target Company and SBIHD parties, and the committee will conduct a preliminary review and post-transaction monitoring to ensure that there is no omission in the conflict of interest system. We believed that adopting a through conflict-of-interest management system and taking strict procedures for

transactions with the Target Company and, in turn, the expansion of profits for minority shareholders, but will not diminish them. In this way, the SBIHD Parties promise that the Target Company will become one of the core companies in SBIHD, and that the Target Company will not only benefit from the synergy effects, but also the Target Company's corporate value will be enhanced, and the profits will be distributed to minority shareholders in a fair manner.

<Questions from Deposit Insurance Corporation of Japan>

3. In regard to the composition of The Target Company's board of directors, it is extremely important whether it will represent the interests of all shareholders, including minority shareholders, and it is also extremely important from the perspective of stability as a financial institution. In this regard, the SBIHD Parties have stated that it will nominate three director candidates and make independent outside directors compose a majority of the board of directors. Please provide your views on the composition of the Target Company's board of directors if the SBIHD Parties become the controlling shareholder, including the process of selecting independent outside directors to ensure that they are truly independent, as well as the possibility of internally appointing the Target Company's employees.

<Tender Offeror's Response>

As stated in the TOB Registration Statement, from the perspective of confidentiality, the SBIHD Parties have not had sufficient contact with potential candidates for the outside directors of the Target Company prior to the announcement and commencement of the Tender Offer, and therefore, the SBIHD Parties are unable to announce the name of specific independent outside director candidates at this time. However, the SBIHD Parties will make independent outside-director compose a majority of the board of directors in order to strengthen the governance system of the Target Company.

In addition, in order to ensure that the independent outside directors are truly independent from the SBIHD Group, the SBIHD Group will apply the mechanism that the director candidates will be recommended by the voluntary nomination and remuneration committee, which are comprised of a majority of independent outside directors.

If the Tender Offer is successfully consummated, the SBIHD Parties will request the convening of an extraordinary shareholders' meeting to discuss the proposal for the appointment of directors of the Target Company. While the three executive directors to be nominated as

candidates for directors at said shareholders' meeting are as described in the TOB Registration Statement, the independent outside director candidates will not be selected at the sole discretion of the SBIHD Parties, and the SBIHD Parties intend to propose to the Target Company promptly after the completion of the Tender Offer that **an independent outside director selection committee** be formed by the Target Company and the SBIHD Parties, and the candidates will be selected by such committee through a transparent and objective process. The committee is **planned to be chaired by a person who is a legal professional, independent from the current directors of SBIHD Parties and the Target Company, has extensive knowledge, and is objectively evaluated as fair and neutral, while the SBIHD and the Target Company recommend one member each.** The committee intends to ensure the fairness and neutrality of the selection of independent outside directors at the extraordinary general shareholders meeting by selecting the candidates while respecting the “Corporate Governance Code” of the Tokyo Stock Exchange and the “Practical Guidelines for Group Governance Systems” of the Ministry of Economy, Trade and Industry.

In addition, from the perspective of maintaining the continuous growth of the Target Company, maximizing the Target Company’s corporate value, and motivating the Target Company’s employees, several executive directors may be appointed in addition to the executive directors (internal directors) already proposed by the SBIHD Parties, as well as maintaining independent outside directors to be a majority of the board of directors, with taking into account the intent of the stakeholders of the Target Company.

Further, in the event that the “Allotment of the Share Subscription Rights without Contribution” proposed by the Target Company is resolved by the shareholders of the Target Company at the extraordinary shareholders’ meeting of the Target Company to be held on November 25, 2021, and the Takeover Defense Measure is implemented, the SBIHD Parties will withdraw the Tender Offer. The SBIHD Parties are strategic investors that have clearly presented synergy and proposed a tender offer price with a sufficient level of premium. The SBIHD Parties continuously believe that the Takeover Defense Measures were introduced by management in order to protect their own interests by denying a fair transaction by the Tender Offeror in the capital market.

If the Tender Offer is successfully consummated, the SBIHD Parties will (i) form a new composition of directors at the extraordinary shareholders’ meeting, (ii) begin discussions with the Target Company on specific measures to enhance corporate value including establishment and reinforcement of a business



alliance between the SBIHD group and the the Target Company group, and will implement such measures sequentially with the Target Company reviewing thoroughly on the premise of the conflict-of-interest prevention system.

As stated in the Tender Offer Registration Statement, the reason why the SBIHD Parties made the maximum number of the shares to be purchased the number which results in the SBIHD Parties' ownership ratio of 48% combined with the number of shares currently held by them is that it takes certain time to obtain the approval for a bank holding company and it becomes difficult to immediately plan the renovation of management while the improvement of the Target Company's management is urgent. However, the SBIHD Parties will make effort to enhance the Target Company's corporate value at first and at the stage where the enhancement of the Target Company's corporate value is put on the road under its new composition of directors, the SBIHD Parties plan to consider that they will obtain a requisite approval for a bank holding company and will acquire a majority of the shares of the Target Company with sufficiently considering the interests of general shareholders if the authority approves.

End

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For further information, please contact:

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