

Shinsei Bank, the Annual General Meeting of Shareholders for the 20th Term

Questions received from shareholders in advance

June 2020

<Question 1>

Please tell us about the road map for repayment of public funds.

<Answer 1>

Repayment of public funds is one of the most important management issues, and we have been continually studying the repayment methods.

Since the public funds which were initially injected in the form of preferred shares have already been converted to common stocks, we believe that in order to make progress toward the repayment of public funds we need to continue to build-on our sustainable and differentiated business model as well as work on improving evaluation of our business model by the stock market along with improving per share values with an appropriate capital policy while securing repayment resources.

In order to repay the public funds, first and foremost, we will implement initiatives in accordance with the Medium-Term Strategies and focus on the most effective capital usage including an appropriate shareholders return.

<Question 2>

As a means of shareholders return, please consider further share buyback and/or increase the dividend.

<Answer 2>

We recognize that shareholders return is one of our most important management issues. On May 13, 2020, the Board of Directors resolved a year-end dividend of 10 yen per share and share buyback program up to a maximum of 20.5 billion yen. As a result, the total shareholders return ratio is targeted to be as high as 50% towards FY2019 net income of 45.5 billion yen. If we are able to implement the full share buyback program, we will probably have one of the highest total shareholders return ratios within the domestic financial industry under the current situation.

Going forward, in accordance with the policy of "we will continue to aim to maintain and improve the total shareholders return, taking into consideration the level of the general total shareholders return ratio of Japanese domestic banks" set forth in the Revitalization Plan, we will endeavor to provide appropriate shareholder returns based on a comprehensive assessment of the current share price, financial and capital situation, market environment, and other factors.

At this time, we cannot state our judgment on the future. However, considering the current low Price to Book-value Ratio (PBR), we believe that an efficient reduction of the number of common shares through share buybacks will lead to the maximization of shareholders return.

We also recognized the voices from our shareholders seeking increased dividends. We would like to take the most appropriate actions for shareholders return on a case-by-case basis while considering the share price trends going forward.

<Question 3>

Why is there no description about dividends in the Notice of Convocation?

<Answer 3>

The Articles of Incorporation defines that dividend payment is subject to a resolution of the Board of Directors within the surplus. In other words, it is not subject to a resolution of the annual general meeting of shareholders.

With regard to the shareholders return including dividends, we will continue to provide appropriate shareholder returns based on a comprehensive assessment of the current share price, financial and capital situation, market environment, and other factors in accordance with the policy of "we will continue to aim to maintain and improve the total shareholders return, taking into consideration the level of the general total shareholders return ratio of Japanese domestic banks" set forth in the Revitalization Plan.

Considering the current low Price to Book-value Ratio (PBR), we believe that an efficient reduction of the number of common shares through share buybacks will lead to the maximization of shareholders return. Hence, the Board of Directors resolved a year-end dividend of 10 yen per common share and a share buyback program up to a maximum of 20.5 billion yen on May 13, 2020. If we are able to implement the full share buyback program, the total shareholders return will be 22.8 billion yen. This will bring our total shareholders return ratio to about 50% and this probably will be one of the highest total shareholders return ratio within the domestic financial industry under the current situation.

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