

(Translation)

The Bank assumes no responsibility for this translation or for direct, indirect or any other forms or damages arising from the translations.

[TRANSLATION]

Shinsei Bank, Limited

TSE Stock code: 8303

Notice of the Annual General Meeting of Shareholders for the 20th Term

Date and Time:

Wednesday, June 17, 2020 at 10:00 a.m.
(Doors Open at 9:00 a.m.)

Place:

Grand Hall
Nomura Conference Plaza Nihonbashi
6th floor, Nihonbashi Nomura Building
4-3 Nihonbashi-muromachi 2-chome
Chuo-ku, Tokyo

Index:

Notice of the Annual General Meeting of Shareholders for the 20th Term.....	p.1
Reference Materials.....	p.5
Business Report.....	p.25
Consolidated Financial Statements.....	p.57
Nonconsolidated Financial Statements...	p.61
Auditor's Report.....	p.65

Agenda Items:

Proposals made by the Board of Directors
Company's Proposals (Items 1 through 4)

1. Election of Seven (7) Directors
2. Election of One (1) Audit & Supervisory Board Member
3. Election of Two (2) Substitute Audit & Supervisory Board Members
4. Matters Concerning Compensation for Granting Restricted Stock to the Outside Directors

Proposal made by certain shareholder

Shareholder's Proposal (Item 5)

5. Appointment of a Director of the Board

No gifts to shareholders will be given on the meeting day.

Please exercise your voting right by mail or via internet in case you do not attend the meeting by deadline: Tuesday, June 16, 2020 by 5:00 p.m.

No gifts to shareholders will be given on the meeting day.

The Bank assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.

[TRANSLATION]

TSE Stock code: 8303
May 27, 2020
4-3 Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
Shinsei Bank, Limited

Notice of the Annual General Meeting of Shareholders for the 20th Term

Dear Shareholders,

We are pleased to invite you to the Annual General Meeting of Shareholders of Shinsei Bank, Limited (“the Bank”) for the 20th Term, which will be held as shown below.

If you are not able to attend the meeting in person, we encourage you to examine the accompanying reference materials below and exercise your voting right by either filling out the enclosed Form for Exercising Voting Rights and returning it to the Bank or by an electromagnetic method using the Internet, etc. In either case, please read the "Instructions on Exercising Voting Rights, etc." carefully and exercise your voting right, using either method, so that your vote is received by 5:00 p.m. on Tuesday, June 16, 2020.

Yours faithfully,

Hideyuki Kudo
Representative Director and President

Exercise of voting rights in writing via Voting Right Exercise Form



Please indicate your approval or disapproval for the agenda on the Voting Right Exercise Form enclosed herewith and send the Voting Right Exercise back to us (no postage is needed.)

Deadline: Tuesday, June 16, 2020 by 5:00 p.m.

Exercise of voting rights by Internet



Please refer page 3 and vote by: Tuesday, June 16, 2020 by 5:00 p.m.

If you attend the Meeting in person



Please submit to the receptionist the enclosed Voting Right Exercise Form while indicating your approval or disapproval for the agenda.

If you are not able to attend the meeting, you can designate another shareholder who is also eligible to vote at the meeting to vote on your behalf at the meeting. Please note, however, that a document must be submitted that provides evidence of this power of representation.

Description of the Meeting

1. Date and Time: Wednesday, June 17, 2020 at 10:00 a.m.
Doors Open at 9:00 a.m.
2. Place: Grand Hall, Nomura Conference Plaza Nihonbashi,
6th floor, Nihonbashi Nomura Building
4-3 Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo

No gifts to shareholders will be given on the meeting day.

3. Purposes:
Matters to be reported:
 1. Report on the Business Report, Consolidated Financial Statements and the Results of the Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and supervisory Board for the 20th Term (from April 1, 2019 to March 31, 2020).
 2. Report on the Financial Statements for the 20th Term (from April 1, 2019 to March 31, 2020).

Matters to be voted on:

Proposals made by the Board of Directors

Company's Proposals (Items 1 through 4)

Item1 : Election of Seven (7) Directors

Item2 : Election of One (1) Audit & Supervisory Board Member

Item3 : Election of Two (2) Substitute Audit & Supervisory Board Members

Item4 : Matters Concerning Compensation for Granting Restricted Stock to the Outside Directors

Proposal made by One (1) shareholder

Shareholder's Proposal (Item 5)

Item5 : Appointment of a Director of the Board

END

-
- Among the documents to be provided in conjunction with this notice, Stock Acquisition Rights of the Bank, Contents of Resolutions Concerning the Organization of a System to Ensure Business Relevance and Operational Status of the Said System (Outline of resolutions concerning a system to ensure business Relevance), and the notes to the financial statements and the notes to the consolidated financial statements are provided through the Bank's website pursuant to the laws and Article 13 of the Company's Articles of Incorporation, and they are not stated in the documents accompanying this notice. The financial statements and the consolidated financial statements audited by the Audit & Supervisory Board Members or the Independent Accounting Auditors include the notes to the financial statements and the notes to the consolidated financial statements provided through the Bank's website described above.
 - If it becomes necessary for the Bank to make corrections to the Reference Materials for the General Meeting of Shareholders, business report, financial statements (keisan-shorui) or consolidated financial statements (renketsu-keisan-shorui), the Bank will post these matters on its website.
 - We are planning to disclose the Annual General Meeting of Shareholders for the 20th Term by posting media file(s) on the Bank's website in order to enable shareholders who were unable to attend the meeting to view the images of the meeting. Images of individual shareholders who attended the meeting will not be shown.

The Bank's Website ▶▶▶▶▶ <https://www.shinseibank.com>

Registered Shareholders, such as trust banks acting as administrators (including standing proxies), can use the voting platform in order to exercise their voting rights by electromagnetic means at the Annual General Meeting of Shareholders of the Bank, provided that each has applied in advance to use the electronic voting platform for institutional investors which is operated by ICJ Inc., the joint venture company formed by the Tokyo Stock Exchange, Inc. and other entities.

Please note that this is a translation of the original document, and is provided for reference only. Although this translation is intended to be complete and accurate, the Japanese original shall take precedence over this translation in case of any discrepancies between this translation and the original.

Instructions on Exercising Voting Rights

Exercise of voting rights by Internet



Please access the website to exercise voting rights. (<https://www.web54.net>)

Log on with your "Voting Rights Exercise Code" and password written on the Voting Right Exercise Form enclosed herewith to follow the instruction on the site for approval or disapproval.



Deadline: Tuesday, June 16, 2020 by 5:00 p.m.

※You may access via the bar-code if your cell phone is able to scans it.

Procedures for Exercising Voting Rights via Internet

Please take note of the following instructions before exercising voting rights via Internet.

1. Voting rights can be exercised via Internet only by accessing the following website for exercising voting rights from a personal computer or cell phone.

Website for exercising voting rights: <https://www.web54.net>

2. When exercising voting rights via the Internet, you must enter the "Voting Rights Exercise Code" and "Password", both of which are contained in the enclosed Form for Exercising Voting Rights. Please follow the instructions on the screen to vote in favor of or against the proposed items.

3. Shareholders may exercise their voting rights via the Internet **until 5:00 p.m. on Tuesday, June 16, 2020**. However, we urge shareholders to exercise their voting rights at their earliest convenience for the purpose of tallying voting rights.

4. If you have cast your votes twice by using the Form for Exercising Voting Rights and via the Internet, the Bank will consider the vote cast via the Internet to be the valid vote.

5. If you have cast your votes more than once via Internet, the Bank will consider the vote last cast via the Internet to be the valid vote.

6. Any costs incurred to access the website for exercising voting rights, such as Internet connection costs payable to a provider or telecommunication fees (telephone charges, etc.) shall be borne by the shareholder exercising the voting rights.

Inquiries concerning Exercising Voting Rights via the Internet

Please contact the following.

Shareholder List Administrator:

Web Support, Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited.

Hotline **0120-652-031** (available from 9 a.m. to 9 p.m.)

Other inquires **0120-782-031** (available from 9 a.m. to 5 p.m., except Saturdays, Sundays, and Holidays)

- In case that you have an account at a securities company, please consult them directly.
- Any shareholder who has agreed to receive the notice of convocation by electromagnetic means, and who wishes to request that the Form for Exercising Voting Rights, etc. be delivered in written form, will be sent these written forms and documents. If any shareholder wishes such treatment, please contact the Hotline above.

Material for Annual General Meeting of Shareholders Agenda
Company's Proposals are from Items 1 through 4, pages 5 through 20.

Company's Proposal

Agenda Item 1:

Election of Seven (7) Directors

All six (6) Directors, two (2) executive directors and four (4) independent directors, will have completed their terms of office at the end of this Annual General Meeting of Shareholders. We would like to seek an approval to elect seven (7) persons as Directors including one (1) additional independent director, thus we have proposed the higher ratio of independent directors at the Board of Directors, thereby maintaining the structure of the Board of Directors to fully ensure robust supervisory functions over the execution of our businesses.

Career summary of the candidates is as follows.

Name	Positions and Responsibilities in the Bank		Attendance rate of the Board of Directors
1 Hideyuki Kudo	Representative Director, President and CEO	Reappointed	8/8 (100%)
2 Yoshiaki Kozano	Director Chief Officer, Group Business Strategy (Equivalent to Senior Managing Executive Officer)	Reappointed	8/8 (100%)
3 Ernest M. Higa	Director	Reappointed Outside	8/8 (100%)
4 Yuko Kawamoto		Newly appointed Outside	—
5 Jun Makihara	Director	Reappointed Outside	8/8 (100%)
6 Rie Murayama	Director	Reappointed Outside	7/7 (100%)
7 Ryuichi Tomimura	Director	Reappointed Outside	8/8 (100%)

Reappointed Candidate for reappointed director
 Newly appointed Candidate for newly appointed director
 Outside Candidate for outside director
 Independent Candidate for independent director

[Nominating policy of the candidates for Directors]

The appointment of each candidate for Director is deliberated by the Nomination and Compensation Committee and determined by the Board of Directors meeting with a consideration of a balance among knowledge, experience and skills, diversity and appropriate size.

1

Name (Date of Birth)

Hideyuki Kudo (September 1, 1963)
56 years old

Ownership Common Shares 23,072

Tenure 5 years

Attendance rate of BoD 8/8 (100%)

Reappointed

[Personal History/Positions and Responsibilities in the Bank]

1987 Y 4 M Joined The Dai-Ichi Kangyo Bank, Ltd. (Predecessor of Mizuho Bank, Ltd.)
 2001 Y 5 M General Manager, Advisory Department No.II, Investment Banking Division,
 Mizuho Securities Co., Ltd.
 2003 Y 8 M Director, Acquisition Group, Aetos Japan, LLC
 2005 Y 5 M Managing Director
 2006 Y 6 M Representative Director, President, MID Urban Development Co., Ltd.
 (Predecessor of Kanden Realty & Development Co., Ltd.)
 2007 Y 1 M Vice Chairman
 2007 Y 6 M Managing Director, Investments Division, Aetos Japan, LLC
 2010 Y 9 M Managing Executive Officer, Deputy Head of Institutional Group, Shinsei Bank, Limited
 2011 Y 4 M Managing Executive Officer, Head of Structured Finance Sub-Group
 2013 Y 4 M Managing Executive Officer, Chief Risk Officer, Head of Risk Management Group
 2015 Y 4 M Managing Executive Officer
 2015 Y 6 M Representative Director, President, CEO (Current)

Reasons for nominating each of the candidates for Director

Mr. Hideyuki Kudo, who served as Deputy Head of Institutional Group, Head of Structured Finance Sub-Group, and Head of Risk Management Group, etc. since he assumed the office of Executive Officer of the Bank, has extensive experience and expertise. Since assuming the office of President and CEO, he has contributed to enhancing our corporate value through taking the initiative in developing and implementing various initiatives with “Growth through Value Co-Creation” and “Enhance/Leverage our Capabilities” as basic strategies in the Medium-Term Strategies started from FY2019, in addition to steadily implementing the Second and Third Medium-Term Management Plans. He is asked to stand as a candidate for Director since the Bank judges that he is well qualified for the position for the aforementioned reasons.

2

Name (Date of Birth)

Yoshiaki Kozano (November 1, 1962)
57 years old

Ownership Common Shares 8,367

Tenure 2 years

Attendance rate of BoD8/8(100%)

Reappointed

[Personal History/Positions and Responsibilities in the Bank]

1986 Y 4 M Joined The Long-Term Credit Bank of Japan, Ltd. (Predecessor of Shinsei Bank, Limited)
 2003 Y 11M General Manager, Credit Trading Division
 2006 Y 7 M Head of Corporate Business Solutions Sub-Group
 2007 Y 12M Head of Principal Transactions Sub-Group
 2011 Y 6 M Managing Executive Officer, Head of Principal Transactions Sub-Group
 2015 Y 4 M Managing Executive Officer, Deputy Head of Institutional Group
 2016 Y 4 M Managing Executive Officer, Special Assignment (Head of Group Business Strategy)
 2016 Y 6 M Director, APLUS FINANCIAL Co., Ltd. (Current)
 2017 Y 4 M Chief Officer, Group Business Strategy, Managing Executive Officer, Special Assignment,
 Shinsei Bank, Limited
 2018 Y 4 M Chief Officer, Group Business Strategy
 (Equivalent to Senior Managing Executive Office)
 2018 Y 6 M Director, Chief Officer, Group Business Strategy
 (Equivalent to Senior Managing Executive Officer) (Current)

Important status in other company

Director (Non-executive), APLUS FINANCIAL Co., Ltd.

Reasons for nominating each of the candidates for Director

Mr. Yoshiaki Kozano has extensive experience and track records mainly in institutional businesses, including credit trading, corporate rehabilitation, and principal transactions. For the recent three years, he has contributed to enhancing the corporate value through implementing business reorganization of the Bank Group and creating new business opportunities, etc. as Chief Officer planning and promoting Group Business Strategy. He is asked to stand as a candidate for Director since the Bank judges that he is well qualified for the position for the aforementioned reasons.

3

Name (Date of Birth)

Ernest M. Higa (October 15, 1952)
67 years old

Ownership Common Shares 4,286

Tenure 7 years

Attendance rate of BoD 8/8 (100%)

Reappointed

Outside

[Personal History/Positions and Responsibilities in the Bank]

1976 Y 4 M Joined Higa Industries Co., Ltd.
 1983 Y 4 M President and Chief Executive Officer
 2008 Y 4 M Board Member, The Tokyo New Business Conference (Current)
 2009 Y 5 M Board of Overseers, Columbia Business School (Current)
 2010 Y 6 M Director, JC Comsa Corporation (Current)
 2011 Y 3 M Chief Executive Officer, Wendy's Japan
 2013 Y 6 M Director, Shinsei Bank, Limited (Current)
 2015 Y 4 M Chairman President & Chief Executive Officer, Higa Industries Co., Ltd. (Current)
 2016 Y 9 M Chairman & Representative Director, Wendy's Japan K.K. (Current)
 2017 Y 4 M Board of Trustees, Showa Women's University (Current)

Important status in other companies

Chairman President & Chief Executive Officer, Higa Industries Co., Ltd.

Chairman & Representative Director, Wendy's Japan K.K.

Director, JC Comsa Corporation

Board of Overseers, Columbia Business School

Board of Trustees, Showa Women's University

Board Member, The Tokyo New Business Conference

Reasons for nominating each of the candidates for Director

Mr. Ernest M. Higa is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his experience and deep insight of business for consumers.

4

Name (Date of Birth)

Yuko Kawamoto

(May 31, 1958)
62 years old

Ownership Common Shares Nil

Newly

Appointed

Outside

[Personal History/Positions and Responsibilities in the Bank]

1982 Y 4 M Joined the Bank of Tokyo, Ltd. (Predecessor of MUFJ Bank, Ltd.)

1988 Y 9 M Joined McKinsey & Company, Inc.

2001 Y 7 M Senior Expert, McKinsey & Company, Inc. , Tokyo office

2004 Y 4 M Professor, Waseda Graduate School of Finance, Accounting and Law
(predecessor of Business and Finance) (Current)

2004 Y 6 M Director, Osaka Exchange, Inc. (predecessor of Japan Exchange Group, Inc.)

2006 Y 6 M Audit & Supervisory Board Member, Tokio Marine Holdings, Inc.

2013 Y 6 M Director, Mitsubishi UFJ Financial Group, Inc.

Important status in other companies

Professor, Waseda Graduate School of Business and Finance

Outside Director, Panasonic Corporation *

*Ms. Kawamoto is scheduled to be elected at the General Meeting of Shareholders of Panasonic Corporation to be held in June 2020 and assume the post thereafter.

Reasons for nominating each of the candidates for Director

Ms. Yuko Kawamoto is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management her expertise in the financial area and her experience as a management consultant and university professor.

Even though Ms. Yuko Kawamoto has not been involved in the management company by means other than assuming the office of an Outside Director or Outside Audit & Supervisory Board Member, for the aforementioned reason, the Bank judges that she is expected to function appropriately as Outside Director of the Bank.

5

Name (Date of Birth)

Jun Makihara (January 15, 1958)
62 years old

Ownership Common Shares 20,000
Tenure 9 years
Attendance rate of BoD 8/8 (100%)

Reappointed

Outside

[Personal History/Positions and Responsibilities in the Bank]

1981 Y 9 M Joined Goldman, Sachs & Co.
1992 Y 11M Partner
1996 Y 11M Co-Branch Manager, Goldman Sachs Tokyo Branch
(Predecessor of Goldman Sachs Japan Co., Ltd.)
2000 Y 7 M Chairman of the Board, Neoteny Co., Ltd.
2006 Y 6 M Director, Monex Group, Inc. (Current)
2011 Y 6 M Director, Shinsei Bank, Limited (Current)
2014 Y 9 M Director, Philip Morris International Inc. (Current)

Important status in other companies

Outside Director, Monex Group, Inc.

Outside Director, Philip Morris International Inc.

Reasons for nominating each of the candidates for Director

Mr. Jun Makihara is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his extensive knowledge of finance and his domestic and international experience.

6

Name (Date of Birth)

Rie Murayama (May 1, 1960)
60 years old

Ownership Nil
Tenure 1 year
Attendance rate of BoD 7/7 (100%)

Reappointed

Outside

[Personal History/Positions and Responsibilities in the Bank]

1988 Y 11M Joined CS First Boston Securities
1993 Y 3 M Joined Goldman Sachs Tokyo Branch (Predecessor of Goldman Sachs Japan Co., Ltd.)
2001 Y 11M Managing Director
2016 Y 6 M Director, RENOVA, Inc.
2017 Y 4 M Chairman & Representative Director, ComTech, Ltd.
2017 Y 6 M Director, KATITAS Co., Ltd.
2019 Y 6 M Director, Shinsei Bank, Limited (Current)

Important status in other companies

Independent Member of the Oversight Committees, Moody's Japan K.K. and Moody's SF Japan K.K. *

*Ms. Murayama was elected at Board of Directors Meeting of Moody's Japan K.K. and Moody's SF Japan K.K. in April and will assume the posts in June 2020.

Reasons for nominating each of the candidates for Director

Ms. Rie Murayama is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management her wide range of expertise based on her experience as Outside Director at other companies, as well as her knowledge based on the extensive experience at an investment bank, in particular in businesses and risk analysis of the real estate, residential, construction and related sectors.

7

Name (Date of Birth)

Ryuichi Tomimura (February 17, 1959)
61 years old

Ownership Nil
Tenure (Total) 6 years
Attendance rate of BoD 8/8 (100%)

Reappointed

Outside

[Personal History/Positions and Responsibilities in the Bank]

1983 Y 10M Joined IBM Japan, Ltd.
1991 Y 10M General Manager, Network Integration Division, Recruit Co. Ltd. (Predecessor of Recruit Holdings Co., Ltd.)
1994 Y 1 M Managing Partner, Pricewaterhouse Consultant
2002 Y 10M Managing Director, IBM Business Consulting Service KK
Vice President, IBM Corporation Business Consulting Service, Asia Pacific
2004 Y 2 M Representative Director, Senior Executive Vice President, JAPAN TELECOM CO., LTD
(Predecessor of Softbank Corp.)
2007 Y 12M Representative Director, Managing Director, RHJ International Japan, Inc.
2010 Y 4 M Executive Vice President, Director, SIGMAXYZ Inc.
2012 Y 8 M Director, Plan·Do·See Inc.
2014 Y 6 M Audit & Supervisory Board Member, Shinsei Bank, Limited
2015 Y 6 M Director (Current)
2016 Y 6 M Executive Vice President, Representative Director, SIGMAXYZ Inc.
2018 Y 6 M President, Representative Director (Current)

Important status in other companies

President, Representative Director, SIGMAXYZ Inc.

Outside Director, Vector, Inc. *

*Mr. Tomimura is scheduled to be elected at the General Meeting of Shareholders of Vector, Inc. to be held on May 27, 2020 and assume the post thereafter.

Reasons for nominating each of the candidates for Director

Mr. Ryuichi Tomimura is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his extensive experience and wide range of knowledge including information systems as a management executive and a consultant.

Notes.

1. The responsibilities in Shinsei Bank, Limited (hereinafter, "the Bank") of the candidates for Directors who are currently Directors are described on page 46 of the Business Report.
2. The attendance rate to Board of Directors Meetings indicates the attendance rate to Meetings held during the period from April 1, 2019 to March 31, 2020. As for Ms. Murayama, the attendance rate to Board of Directors Meetings indicates the attendance rate to Meetings held after assuming office in June 2019.
3. Those positions or posts of candidates for Directors without "Current" in their "Personal History/Positions and Responsibilities in the Bank" section are positions or posts from which the candidate has already retired.

4. Candidates for Directors, namely, Mr. Hideyuki Kudo and Mr. Yoshiaki Kozano will be elected as Executive Directors at the Board of Directors meeting to be held after this General Meeting of Shareholders. They have the knowledge and experience to be able to carry out business management of a bank appropriately, fairly and efficiently.
5. Candidate for Director, Mr. Yoshiaki Kozano concurrently serves as Director (Non-Executive) of Shinsei Financial Co., Ltd., APLUS Co., Ltd., APLUS PERSONAL LOAN Co., Ltd. and Showa Leasing Co., Ltd. as well as Director (Non-Executive) of APLUS FINANCIAL Co., Ltd. described in his personal history. All of these companies are business entities in special relationship with the Bank (the Bank's subsidiary).
6. Special interests between the Bank and a candidate:
 - ① Ms. Yuko Kawamoto assumed the office of Senior Advisor of the Bank as of April 1, 2020, but the Bank judges that she is not an "employee" stipulated in the Article 2, Item 15-A of the Corporation Act because she provided advice for the Bank's management under an advisory agreement. Moreover, the agreement does not have any impact on her independence, since it is terminated prior to this General Meeting of Shareholders and annualized total compensation during the agreement period is less than 10 million yen.
 - ② Ms. Rie Murayama assumed the office of Senior Advisor of the Bank as of January 30, 2019, but the Bank judges that she is not an "employee" stipulated in the Article 2, Item 15-A of the Corporation Act because she provided advice for the Bank's management under an advisory agreement. Moreover, the agreement does not have any impact on her independence, since it is terminated prior to this General Meeting of Shareholders and annualized total compensation during the agreement period is less than 10 million yen.No special interests exist between any of the other candidates for Directors and the Bank.
7. Overview of the contents of the Agreement for Limitations on Liability concluded with Directors:

Messrs. Ernest M. Higa, Jun Makihara, Ryuichi Tomimura and Ms. Rie Murayama among candidates for Directors have concluded an Agreement for Limitations on Liability with the Bank under Article 427, Paragraph 1 of the Corporation Act. Under this agreement, liability of each of the Directors for any damage caused through neglect of their duties and responsibilities shall be limited. If the Bank suffers damage as a result of such neglect, the Outside Directors shall be liable up to the lowest maximum liability provided for in Article 425, Paragraph 1 of the Corporation Act, provided that there should be no willful misconduct or gross negligence involved in their duties and responsibilities. If the above-mentioned four candidates are re-elected as Directors, the Bank will continue the said Agreement for Limitations on Liability with them.

The candidate for new Outside Director, Ms. Yuko Kawamoto, once elected as Director, will conclude with the Bank an Agreement for Limitations on Liability with the same conditions as mentioned above.
8. The following persons are candidates for Outside Directors:

Messrs. Ernest M. Higa, Jun Makihara, Ryuichi Tomimura, Ms. Rie Murayama and Ms. Yuko Kawamoto
9. The registered name of Ms. Rie Murayama is "Rie Shiga".
10. Matters concerning candidates for Outside Directors:
 - (1) ***Violation of laws or articles of incorporation or other unjust business execution by the relevant joint stock company (kabushiki-kaisha) during the most recent term of office of the Outside Director candidate in the joint stock company, as well as actions actually taken by the Outside Director candidate to prevent recurrence of such violation and subsequent countermeasures taken by him/her.***

Not applicable.

- (2) If a candidate for Outside Director had been a Statutory Executive Officer, a Director, or an Auditor in other joint stock companies (kabushiki-kaisha) in the last five years, the fact (if any) of violation of laws or articles of incorporation or other unjust business execution by the relevant joint stock company during his/her term of office in the company, as well as actions actually taken by the relevant candidate to prevent a recurrence of this violation and subsequent countermeasures taken by him/her.**

Not applicable.

- (3) The number of years since candidates for Outside Directors who are currently Outside Directors became Outside Directors and Audit Supervisory Board Members:**

- ① As of the end of this General Meeting of Shareholders, Mr. Ernest M. Higa will have been an Outside Director for seven years.
 - ② As of the end of this General Meeting of Shareholders, Mr. Jun Makihara will have been an Outside Director for nine years.
 - ③ As of the end of this General Meeting of Shareholders, Ms. Rie Murayama will have been an Outside Director for one year.
 - ④ As of the end of this General Meeting of Shareholders, Mr. Ryuichi Tomimura will have been an Audit & Supervisory Board Member and Outside Director for six years in total.
11. The Bank has submitted to the Tokyo Stock Exchange, Inc. an “independent director statement” (*dokuritsu-yakuin todokede-sho*) that Messrs. Ernest M. Higa, Jun Makihara, Ryuichi Tomimura and Ms. Rie Murayama are independent directors (*dokuritsu-yakuin*). In addition, the Bank will notify the Tokyo Stock Exchange, Inc. of Ms. Yuko Kawamoto as “independent director” (*dokuritsu-yakuin*) once she is elected as Director.
- The Bank judges the independence of the Outside Directors considering the independence standards presented by the Tokyo Stock Exchange, Inc..

Company's Proposal

Agenda Item 2:

Election of One (1) Audit & Supervisory Board Member

We would like to seek approval to elect one person as an Audit & Supervisory Board Member, since Mr. Shinya Nagata will have completed his terms of office at the end of this Annual General Meeting of Shareholders.

The Audit & Supervisory Board's consent has been obtained.

Career summary of the candidate is as follows.

	Name (Date of Birth)	Ownership Common Shares 2,583
	Shinya Nagata	Tenure 8 years
	(June 29, 1958)	Attendance rate of BoD 8/8 (100%)
	61 years old	Attendance rate of Audit & Supervisory Board 12/12 (100%)

Reappointed

[Personal History/Positions and Responsibilities in the Bank]

1981 Y 4 M	Joined The Long-Term Credit Bank of Japan, Ltd. (Predecessor of Shinsei Bank, Limited)
2001 12M	General Manager, Financial and Regulatory Accounting Division
2006 Y 10M	General Manager, Group Regulatory Accounting and Tax Division, General Manager, Group Financial Projects Division
2009 Y 4 M	General Manager, Group Regulatory Accounting and Tax Division, General Manager, Group Financial Accounting Division
2009 Y 9 M	General Manager, Group Regulatory Accounting and Tax Division
2010 Y 6 M	General Manager, Group Regulatory Accounting and Tax Division, General Manager, Group Financial Accounting Division
2010 Y 9 M	Executive Officer, General Manager, Group Regulatory Accounting and Tax Division, General Manager, Group Financial Accounting Division
2010 Y 10M	Executive Officer, General Manager, Financial and Regulatory Accounting Division
2012 Y 6 M	Audit & Supervisory Board Member (Current)

Note.

No special interests exist between the candidate for Audit & Supervisory Board Member and the Bank.

Reasons for nominating each of the candidates for Audit & Supervisory Board Member

Mr. Shinya Nagata has worked for the Bank for a long time and has the knowledge and experience of finance and accounting, as well as deep understanding of the Bank's businesses. As a Full-time Audit & Supervisory Board Member, he currently plays a leading role in auditing Audit & Supervisory Board Members and provides useful opinions and advice at meetings including Board of Directors Meetings and Audit & Supervisory Boards. He is asked to stand as a candidate for Audit & Supervisory Board Member since the Bank judges that he is well qualified for the position for the aforementioned reasons.

Company's Proposal

Agenda Item 3:

Election of Two (2) Substitute Audit & Supervisory Board Members

The resolution for the election of Mr. Naohisa Aikawa, the current Substitute Audit & Supervisory Board Member as Substitute Audit & Supervisory Board Member who is not an Outside Audit & Supervisory Board Member will expire at the opening of this Annual General Meeting of Shareholders. In addition, we received a notice from Ms. Makiko Yasuda, the current Substitute Outside Audit & Supervisory Board Member expressing her intention to decline the post of Substitute Audit & Supervisory Board Member at the end of this Annual General Meeting of Shareholders. As a result, the Board of Directors approved a resolution to the cancel her election as Substitute Audit & Supervisory Board Member at the end of this Annual General Meeting of Shareholders, with a consent of the Audit & Supervisory Board, in accordance with the resolution at the Annual General Meeting of Shareholders for the eighteenth Term.

Therefore, we would like to seek approval to elect two persons as Substitute Audit & Supervisory Board Members, pursuant to Article 329, Paragraph 3 of the Corporation Act, in order to prepare for the event that the number of Audit & Supervisory Board Members falls short of the number stipulated by law. Mr. Hiroyuki Hatano is a candidate for Substitute Audit & Supervisory Board Member as a substitute for Audit & Supervisory Board Member who is not an Outside Audit & Supervisory Board Member. Ms. Kanako Murakami is a candidate for Substitute Audit & Supervisory Board Member as a substitute for Outside Audit & Supervisory Board Member. Until and prior to actually assuming office, the above election as Substitute Audit & Supervisory Board Member may be cancelled by a resolution of the Board of Directors and with a consent of the Audit & Supervisory Board.

The Audit & Supervisory Board's consent has been obtained.

Career summary of the candidate is as follows.

1	Name (Date of Birth)	Hiroyuki Hatano (November 17, 1971) 48 years old	Ownership : Common Shares 167
	[Personal History/Positions and Responsibilities in the Bank]		
Newly Appointed	1994 Y 4 M Joined The Long-Term Credit Bank of Japan, Ltd. (Predecessor of Shinsei Bank, Limited) 2007 Y 5 M Deputy General Manager, Human Resources Division 2013 Y 9 M Deputy Senior Manager, Corporate Planning Division 2015 Y 10 M Deputy General Manager, Corporate Planning Division 2017 Y 4 M Section Head, Group Corporate Planning Division 2018 Y 6 M GM, Group Investor Relations and Corporate Communications Division 2019 Y 10 M General Manager, Office of Audit & Supervisory Board Members (Current)		

Reasons for nominating each of the candidates for Substitute Audit & Supervisory Board Member

Mr. Hiroyuki Hatano has enough experience and knowledge in the banking business. He is asked to stand as a candidate for Substitute Audit & Supervisory Board Member since the Bank judges that he is well qualified for the Audit & Supervisory Board Member who is not an Outside Audit & Supervisory Board Member for the aforementioned reason.

2

Name (Date of Birth)

Kanako Murakami (March 13, 1978)
42 years old

Ownership Nil

Newly

Appointed

[Personal History/Positions in the Bank]

2001 Y 10M Registered in Daini Tokyo Bar Association

2001 Y 10M Joined Nozomi Sogo Attorneys at Law

Outside

2014 Y 5M Of Counsel (Current)

Reasons for nominating each of the candidates for Substitute Audit & Supervisory Board Member

Ms. Kanako Murakami is asked to stand as a candidate for Substitute Outside Audit & Supervisory Board Member in order to reflect in the Bank's audit operations her professional knowledge and experience as a lawyer.

Even though Ms. Kanako Murakami has not been involved in the management company by means other than assuming the office of an Outside Director or Outside Audit & Supervisory Board Member, for the aforementioned reason, the Bank judges that she is expected to function appropriately as Outside Audit & Supervisory Board Member of the Bank.

Notes.

1. Mr. Hiroyuki Hatano and Ms. Kanako Murakami, who are the candidates for Substitute Audit & Supervisory Board Members, have knowledge and experience to be able to carry out the audit of the execution of duties of directors of a bank appropriately, fairly and efficiently.
2. Special Interests between the Bank and candidate:
No Special Interests exist between any candidates for Substitute Audit & Supervisory Board Members and the Bank.
3. Overview of the contents of the Agreement for Limitations on Liability concluded with Substitute Outside Audit & Supervisory Board Member
Once assuming Audit & Supervisory Board Member, Ms. Kanako Murakami, the candidate for Substitute Outside Audit & Supervisory Board Member is to conclude an Agreement for Limitations on Liability with the Bank under Article 427, Paragraph 1 of the Corporation Act. Under this agreement, her liability for any damage caused through neglect of her duties and responsibilities shall be limited. If the Bank suffers damage as a result of such neglect, she shall be liable up to the lowest maximum liability provided for in Article 425, Paragraph 1 of the Corporation Act, provided that there should be no willful misconduct or gross negligence involved in her duties and responsibilities.
4. Ms. Kanako Murakami is the candidate for Substitute Outside Audit & Supervisory Board Member.
5. Ms. Kanako Murakami will be proposed for election and for assuming the office of Outside Audit & Supervisory Board Member of Shinsei Trust & Banking Co., Ltd. at the Annual General Meeting of Shareholders of the company scheduled for June 2020.
Shinsei Trust & Banking Co., Ltd. is a business entity in a special relationship with the Bank (the Bank's subsidiary).

6. Matters concerning a candidate for Substitute Outside Audit & Supervisory Board Member:

If a candidate for Substitute Outside Audit & Supervisory Board Member had been a Statutory Executive Officer, a Director, or an Audit & Supervisory Board Member in other joint stock companies (kabushiki-kaisha) in the last five years, the fact (if any) of violation of laws or articles of incorporation or other unjust business execution by the relevant joint stock company during his/her term of office in the company, as well as actions actually taken by the relevant candidate to prevent a recurrence of this violation and subsequent countermeasures taken by him/her.

Not applicable.

7. The Bank will notify the Tokyo Stock Exchange, Inc. of Ms. Kanako Murakami as “independent audit & supervisory board member” (*dokuritsu-yakuin*) once she assumes as Audit & Supervisory Board Member. The Bank judges the independence of the Outside Audit & Supervisory Board Member considering the independence standards presented by the Tokyo Stock Exchange, Inc..

[Reference]

Regarding the status of the evaluation and analysis of the effectiveness of the Board

The Bank periodically conducts the evaluation/analysis of the effectiveness of the Board as a whole in order to improve the functionality of the Board. The Bank conducted self-evaluation as follows in fiscal year 2019:

- (1) **Purpose:**
Enhance the Board of Directors' function by evaluating whether the Board has fulfilled its roles and responsibilities and by running the PDCA cycle
- (2) **Targets for the analysis and evaluation:**
Board of Directors' activities and operational and support systems for conducting the activities in an efficient and effective manner
- (3) **Evaluators:**
All participants of the Board of Directors (10 members including Directors, Audit & Supervisory Board Members, and others). The evaluation includes questions targeting Audit & Supervisory Board Members only, the same as last year.
- (4) **Analysis and evaluation items:**
Discussions at the Board of Directors meetings, Operation of Board of Directors meetings by the executive team, Composition and diversity, Provision of information to the Board of Directors from the executive team, Discussions at Strategy Sessions, Operation of the Strategy Sessions by the executive team, Communication, Nomination and Compensation Committee, Necessity of Third party assessment on the effectiveness of the Board of Directors, and Evaluation from Audit & Supervisory Board Member, etc.
- (5) **Method for analysis and evaluation:**
Questionnaire survey by the secretariat of the Board of Directors Meetings based on the direction of the Chairman of the Meetings (with multiple responses and open-ended responses)
- (6) **Feedback of the survey results:**
Selected responses and open-ended responses were reported to the Board.

The survey results are as follows.

- 1) **Discussions at the Board of Directors meetings**
Similarly to last year, discussions about the medium-to-long term vision and business models for increasing the Bank's corporate value and achieving sustainable growth are more constructive, which has contributed to increasing corporate value and achieving sustainable growth.
- 2) **Discussions and effectiveness at Strategy Sessions**
FY2019 Strategy Sessions focused on human resources, digital and business strategies. These themes have been evaluated as being appropriate, focusing on managerial issues and sustainable growth. As the Sessions have been evaluated as being beneficial for examining business strategies, we will continue to hold the Sessions while deliberating their agenda and schedule.

- 3) Composition and diversity of the Board of Directors meetings
Regarding the diversity of the Board including its roles and responsibilities, gender, and international background of its members, the previous evaluation confirmed that gender remained to be considered. The gender diversity issues has been addressed in FY2019 by having a female Director and a female Audit & Supervisory Board Member on the Board, but the evaluation has confirmed that examination needs to be continued from the viewpoint of diversity in a broad sense including skills and experience.
- 4) Operation of the Board of Directors meetings and Strategy Sessions, the executive team
Continued from FY2018, we worked on improving the efficiency of the meetings by selecting agenda items that do not require explanations and accepting questions about the materials before the meetings, As a result, the FY2019 questionnaire has obtained an evaluation that the meetings had covered important agenda items and had had well-balanced discussions in general, We will make efforts to operate the meetings more efficiently as we have confirmed that improvements are needed respecting the volume of meeting materials.
- 5) Provision of information to the Board of Directors from the executive team
We have confirmed that presentations at the Board of Directors meetings by the executive side have improved but have room for further improvements. We will give more consideration to the provision of information by for example providing it at Board of Directors meetings or other occasions. This is because there are some matters that are regarded to have insufficient information, while we have confirmed that we have provided information appropriately about risk management and compliance responding to the opinions at the previous evaluation.
- 6) Communication
We have confirmed that communications among Outside Directors and Outside Audit & Supervisory Board Members are generally favorable. We have also confirmed the effectiveness of Executive Sessions which comprise only Outside Directors and Outside Audit & Supervisory Board Members.
- 7) Nomination and Compensation Committee
The Nomination and Compensation Committee held five meetings by the end of January 2020, after the Committee was established in March 2019. We have confirmed that the composition of Committee members and the frequency of the Committee meetings are appropriate and that the meetings were beneficial for discussing nomination and compensation related matters.
- 8) Third-party evaluation on the effectiveness of Board of Directors
As we have received some opinions that third-party evaluation should be considered, we will discuss our action by confirming the intention of the Board of Directors.
- 9) Evaluation from Audit & Supervisory Board Members
We have confirmed that Audit & Supervisory Board Members acknowledge that Directors are in general performing their expected responsibilities appropriately.

Based on the survey results, the overall evaluation was not very different from last year, but there were better scores in general. We therefore have concluded that efficient meeting operation led to securing time for important discussions.

We will endeavor to maintain or improve items that were evaluated as appropriate or improved from fiscal year 2018, and examine and respond to challenges in order to enhance the effectiveness and functions of the Board.

[Reference]

The List of the Directors and the Audit & Supervisory Board Members in case of the Approvals for Agenda Items 1 and 2

Directors:

Hideyuki Kudo
Yoshiaki Kozano
Ernest M. Higa
Yuko Kawamoto
Jun Makihara
Rie Murayama
Ryuichi Tomimura

Audit & Supervisory Board Members:

Shinya Nagata
Ikuko Akamatsu
Shiho Konno

[Reference]

Regarding the Standards for Independent Outside Directors and Outside Audit & Supervisory Board Members

1. Policies and procedures in the nomination of candidates for Directors and Audit & Supervisory Board Members

The Bank's Board makes final decisions on the appointment/dismissal of the senior management and the nomination of the candidates for Directors and the Audit & Supervisory Board Members based on the Bank Rules.

- The Bank adopts the procedure with a high level of transparency to decide the Executive Officers and Group Headquarters Officers from among candidates based on their evaluations and performance.
- The appointment of Board of Director is deliberated by the Nomination and Compensation Committee and determined by the Board of Directors meeting with a consideration of a balance among knowledge, experience and skills, diversity and appropriate size.
- Candidates for the Audit & Supervisory Board member are decided with the consent of the Audit & Supervisory Board, considering the candidates' knowledge and experience in order to accurately, fairly and effectively audit business execution by the Bank's Directors.

2. Independence Standards for Independent Directors

The Bank judges the independence of the Directors considering the independence standards presented by the Tokyo Stock Exchange.

Outside Directors are eventually selected by the Board of Directors, through sufficient discussions at the Nomination and Compensation Committee, from candidates who are expected to contribute to frank, active and constructive discussions at Board meetings.

Company's Proposal

Agenda Item 4:

Matters Concerning Compensation for Granting Restricted Stock to the Outside Directors

1. Reason for Compensation for Granting Restricted Stock

In order to achieve sustainable growth and enhance corporate value over the medium to long term while ensuring transparency and objectivity in management, the Bank consistently emphasizes the supervision of Outside Directors. The Board of Directors is composed of two (2) Executive Directors who execute the business operations of the Bank and four (4) Outside Directors (or five (5) Outside Directors, if approved as proposed in the “Item 1: Matters Concerning Election of Seven (7) Directors”) who supervise the business operations of the Bank, all elected based on the scale of the Bank with an emphasis on the balance and diversity of knowledge, experience and capabilities of the Board of Directors as a whole. In particular, the Outside Directors play an important role in fulfilling oversight for the realization of an appropriate decision-making while ensuring objectivity and transparency in management. Now, as an incentive for the Bank’s Outside Directors (hereinafter the “Eligible Directors”) to achieve sustained improvement of the corporate value of the Bank and with the objectives of sharing more of that value with our shareholders, the Bank requests approval for the payment of remuneration at an amount of 15 million yen or less per year for granting restricted stock to the Eligible Directors, within the scope of the existing limit of compensation for the Directors of the Bank.

2. Details of Compensation for Granting Restricted Stock

In the 15th Ordinary General Meeting of Shareholders held on June 17, 2015, approval was received for an amount of basic remuneration, etc. for the Directors of the Bank of 180 million yen or less per year (including 60 million yen or less per year for the Outside Directors) (however, this does not include the portion which represents an employee salary for Directors who concurrently serve as employees). In addition, by the resolution of the 18th Ordinary General Meeting of Shareholders held on June 20, 2018, introduction of a compensation plan with restricted stock for full-time Directors, the amount of which is to be not more than 20 million yen per year within the scope of the existing limit of basic remuneration, etc. for the Directors of the Bank as mentioned above, was approved.

Furthermore, the Equity Remuneration Type Stock Options for the Bank’s full-time Directors (excluding outside directors) was approved at an amount of 50 million yen or less per year in the 15th Ordinary General Meeting of Shareholders held on June 17, 2015.

As part of the recent revision of the Director and Executive Officer compensation plan, the Bank requests approval for the payment of remuneration for granting restricted stock to the Eligible Directors, within the scope of the said existing limit of compensation for the Directors of the Bank of 180 million yen or less per year (including 60 million yen or less per year for the Outside Directors) (this does not include salaries of Directors who are also employees paid to them in their capacity as employees) approved at the 15th Ordinary General Meeting of Shareholders held on June 17, 2015 (hereinafter the “Plan”). The compensation paid in order to grant restricted stock to the Eligible Directors (based on this Item for Discussion) shall be a monetary compensation claim, and its total amount shall be 15 million yen or less per year, the amount to be appropriate based on the above objectives. Furthermore, the compensation under the Plan is to be non-performance-based compensation, and the specific payment timing and allocation for each of the Eligible Directors shall be decided in a Meeting of the Board of Directors.

If this Item for Discussion is approved, the Bank's Director and Executive Officer compensation structure will be as follows: The compensation of full-time Directors will be comprised of the following three elements: fixed compensation as the "basic compensation," Equity Remuneration Type Stock Options as the "med- to long-term incentive compensation" and restricted stock. The short-term incentive compensation will continue not to be paid.

Based on the Plan, the compensation of Outside Directors will be determined by adding non-performance-based compensation with restricted stock to the fixed compensation as the "basic compensation" in order to share more of the value with our shareholders.

The compensation of Executive Officers and Group Headquarters Chief Officers and Senior Officers will be comprised of the following three elements: fixed compensation as the "basic compensation," a performance-based bonus to be determined by the business performance in a single year as the "short-term incentive compensation" and the restricted stock compensation as the "med- to long-term incentive compensation."

Currently, there are six (6) Directors (including four (4) Outside Directors), and there are four (4) Directors who are the Eligible Directors. If Item 1 for Discussion is passed as proposed, the Eligible Directors will remain unchanged at five (5).

Furthermore, based on resolution of the Board of Directors of the Bank related to issuance or disposal of the stocks, the Eligible Directors shall make in-kind contributions of all monetary compensation claims paid under this Item for Discussion and shall, in return, receive the issuance or disposal of the common shares of the Bank. The total number of common shares of the Bank to be issued or disposed of through this process shall be 18,000 shares or less per year. (However, in the event of unavoidable circumstances for adjustment of the total number of shares, such as stock splits or consolidations of the shares of common stock of the Bank which are effective on or after the date of the approval of this Item for Discussion, the total number of shares should be adjusted as necessary within a reasonable range, in accordance with the split ratio or consolidation ratio, etc., from the effective date onward.)

Note that the amount paid in per share shall be determined by the Board of Directors within a range that is not particularly advantageous to the Eligible Directors who underwrite said common shares, based on the closing price of the common shares of the Bank in the Tokyo Stock Exchange on the business day immediately prior to the date of each resolution of the Board of Directors (in the case that the transaction has not been established on that day, the closing price on the most recent trading day preceding that day). Furthermore, when issuing or disposing of the common shares of the Bank through this process, a contract for the allocation of restricted stock (hereinafter the "Allocation Contract") which contains the overview and the following contents shall be concluded between the Bank and the Eligible Directors.

(1) Transfer Restriction Period

The Eligible Directors shall not transfer, create a security interest in, nor otherwise dispose of the common shares of the Bank (hereinafter the "Allocated Shares") for which allocation is received under the Allocation Contract (hereinafter the "Transfer Restrictions") during the period stipulated in advance by the Board of Directors of the Bank that is between three and five years after the allotment date of the Allocated Shares (hereinafter the "Transfer Restriction Period").

(2) Treatment in the Event that a Director Leaves His/Her Post or Retires

In the case that Eligible Directors leave their posts as Directors, Audit & Supervisory Board Members, Executive Officers (including Group Headquarters Officers), or employee of the Bank or the Bank's subsidiaries before the end of the Transfer Restriction Period, the Bank shall acquire the Allocated Shares at no cost except in the case of the expiration of the term of office, death, or any other reason that the Board of Directors of the Bank recognizes to be a legitimate reason for the Eligible Directors to leave their posts.

(3) Cancellation of the Transfer Restrictions

The Bank shall cancel the Transfer Restrictions for all of the Allocated Shares as of the time when the Transfer Restriction Period expires, on the condition that the Eligible Directors have maintained their status of Directors, Audit & Supervisory Board Members, Executive Officers (including Group Headquarters Officers), or employee of the Bank or the Bank's subsidiaries continuously during the Transfer Restriction Period. However, in the case that said Eligible Directors leave their posts as stipulated in (2) above before the Transfer Restriction Period expires for any of the reasons that the Board of Directors of the Bank recognizes to be legitimate as stipulated in (2) above, the number of the Allocated Shares for which the Transfer Restrictions are cancelled and the timing of the cancellation of the Transfer Restrictions shall be reasonably adjusted as necessary.

(4) Treatment in the Event of Organizational Restructuring, etc.

Notwithstanding the provision in (1) above, in the case that matters regarding merger contracts under which the Bank becomes a disappearing company, share exchange agreements or can transfer plans under which the Bank becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Bank (or at a Meeting of the Board of Directors of the Bank in the case that approval by the General Meeting of Shareholders of the Bank is not required regarding the said organizational restructuring, etc.) during the Transfer Restriction Period, the Bank shall cancel, based on the resolution of the Board of Directors of the Bank, the Transfer Restrictions before the effective date of the said organizational restructuring, etc. with regard to all or some of the Allocated Shares. Furthermore, in the case provided for above, the Bank shall acquire at no cost the Allocated Shares for which the Transfer Restrictions have not been cancelled at the time immediately after the said cancellation of Transfer Restrictions.

(5) Other Matters Determined by the Board of Directors

In addition to the above, the method of manifestation of intention and notification in the Allocation Contract, the method of revision of the Allocation Contract, and any other matters determined by the Board of Directors shall be included in the contents of the Allocation Contract.

<Shareholder's Proposal (Agenda 5) Pages 22 through 24 >

This proposal has been made by certain shareholder.

◆The Agenda 5 has been proposed by one shareholder.

We have reproduced each proposal as it originally appears, without making any changes to the factual understanding of the proposer or omissions and errors.

◆What is a Shareholder's Proposal?

Under the Companies Act, a Shareholder's Right to Propose is recognized on condition that certain requirements are satisfied. When these proposals are made, the Company is required to insert the proposals in this convocation notice regardless of the content thereof, except for the case where there is any breach of laws and regulations or the Articles of Incorporation.

As a result, the Bank inserted in this convocation notice of the proposal made by certain shareholder. The proposed Agenda 5 is for the Appointment of a Director of the Board. The Board of Directors of the Bank **objects** to this Agenda item.

Please exercise your voting rights after reading the opinions of the Board of Directors of the Bank stated on the following pages.

Shareholder's Proposal

Agenda Item 5

Appointment of a Director of the Board

[The Board of Directors of the Bank objects to this Agenda item.]

[Contents and reason for the shareholder's proposal]

We have reproduced each proposal as it originally appears, as stated in the proposed letter without making any changes to the factual understanding of the proposer or omissions and errors. The biography and major roles of the proposed candidate is slightly different from what was stated in the Japanese proposal, but we have not made any changes of such differences.

1. Agenda Proposed

We propose an appointment of below candidate to serve as an Independent Outside Director of the Board².

- Name: James B. Rosenwald, III
- Date of birth: January 19, 1958
- Biography and major roles:
 - 2020 Rising Sun Management Limited, Chief Investment Officer (present)
 - 2012 New York University, Adjunct Professor, Leonard N. Stern School of Business (present)
 - 1998 Dalton Investments LLC, Co-Founder, Managing Member (present)
 - 1992 Soros Group funds, Investment Adviser (through 1998)
 - 1986 Richmond Hill Savings Bank, Director (through 1988)
 - 1984 Rosenwald Capital Management, Inc, Chairman and President (present)
 - 1981 Sterling Grace & Co., Senior Investment Advisor/Portfolio Manager (through 1988)
- Number of Bank shares owned: None

2. Reasons for the Proposal

Our case is simple – the goal of both shareholders and management of Shinsei Bank must be the repayment of the funds provided by the Government to rescue the Bank in 1998. As a shareholder, we have recommended a series of actions to Shinsei's management we believe will greatly accelerate repayment of the public fund, an ultimate goal shared by all stakeholders (i.e. government, management and shareholders). While management has shown some progress in implementing these recommendations, we propose that shareholders approve the appointment of Mr. James B. Rosenwald to the Independent Outside Board of Directors of Shinsei Bank to accelerate the initiative. Upon appointment, Mr. Rosenwald will pursue following agenda in the board meeting.

1. Implement an additional compensation system for senior management emphasizing share ownership to align their interest with shareholders;
2. Eliminate marginally profitable lending divisions and shrink the balance sheet;
3. Implement a 45 billion yen share repurchase for the fiscal years going forward.

End of proposed letter

² If the above candidate were elected to the Board, Dalton Investments LLC, its affiliates and their clients, including without limitation we, would be restricted in the information available and ability to trade the stock during his tenure.

(NOTEs made by the Bank)

• We have reproduced the proposal as it originally appears, without making any changes to the factual understanding of the proposer or omissions and errors.

[Opinions of the Board of Directors on the shareholder's proposal]
The Board of Directors of the Bank objects to this Agenda item.

[Reasons for Objection]

After careful discussion and consideration, the Board of Directors of the Bank objects to this Agenda item for the following reasons:

- Governance by independent directors is sufficient:
 - The Board of Directors of the Bank consists of two (2) executive directors and four (4) independent directors. As a result, independent directors constitute the majority of directors. In addition, at this Annual General Meeting of Shareholders, the Bank has requested approval for the election of seven (7) directors, i.e. two (2) executive directors and five (5) independent directors including one (1) additional independent director. Thus, the Bank has proposed the higher ratio of independent directors at the Board of Directors, thereby maintaining the structure of the Board of Directors to fully ensure supervisory functions over the execution of business. Accordingly, the Board of Directors of the Bank believes that there is no need to add Mr. Rosenwald as an additional outside director.

- The directors proposed by the Bank have relevant expertise and are diverse:
 - Among the seven (7) candidates for election as directors under the Bank's proposal, four (4) candidates have experience in company management and five (5) candidates have expertise in finance. Therefore, the entire scope of Mr. Rosenwald's knowledge, as stated by Dalton, is significantly covered by candidates under the Bank's proposal. Accordingly, the election of an additional director is not meaningful.

 - Among the seven (7) candidates for election as directors under the Bank's proposal, two (2) are female candidates. In terms of promoting gender diversification, we believe that the additional election of Mr. Rosenwald's is not meaningful.

- The current director compensation structure is appropriate:
 - In order to better align the interests of directors with those of shareholders, the Bank introduced a restricted stock compensation plan for executive directors with the approval of the Annual General Meeting of Shareholders held on June 20th, 2018. The Bank has also introduced a restricted stock compensation plan for its executive officers.
 - In addition to the above plans, the Bank has proposed the introduction of a restricted stock compensation plan for outside directors at the Annual General Meeting of Shareholders to be held on June 17th, 2020. We have decided to implement the initiatives regarding "Implement an additional compensation system for senior management emphasizing share ownership to align their interest with shareholders" mentioned in the shareholder's proposal within the Bank's Revitalization Plan below.

- The Bank's Revitalization Plan submitted pursuant to the Act on Emergency Measures for Early Strengthening of Financial Functions will accomplish the goal of repayment of public funds:
 - The Bank, as a bank with public funds, submitted a Revitalization Plan ("Plan") to the Financial Services Agency ("FSA") pursuant to the Act on Emergency Measures for Early Strengthening of Financial Functions ("Early Strengthening Act"). As part of that Plan, the Bank set the number of directors at seven (7). The Board of Directors of the Bank must comply with the number of directors at seven (7) set forth in the Plan, and, in addition, believes that seven (7) directors under the Bank's proposal represent the best portfolio of directors as described above. Therefore, there is no need to appoint Mr. Rosenwald as a director.
 - Repayment of public funds is one of the most important management issues of the Bank. As part of the Bank's efforts to chart a new path for repayment, shareholder return has been significantly improved from the nominal dividend of only one (1) Yen, and the Bank has inserted a clause into the Plan, based on the discussion with the FSA, to the effect that the Bank will "aim to maintain and improve its shareholder return within the scope of general total return ratio of a domestic bank." Thus, the shareholder return has come closer to the level comparable to other financial institutions and, based on the intent of the Early Strengthening Act, under which steady accumulation of the fund for repayment is required, the Bank believes that it has already made best efforts to maximize the interests of shareholders from the perspective of shareholder return to the extent permitted under applicable laws and regulations. Dalton proposes to "implement a massive share repurchase and cancellation program of the Bank's shares," but considering Dalton's suggestions so far, its proposal is expected to deviate from the scope of the total return ratio permitted under the Plan pursuant to the Early Strengthening Act. The Board of Directors of the Bank believes that Dalton's proposal runs counter to the intent of the Early Strengthening Act, and therefore, should not be accepted.

- ESG:
 - We believe that it is expected of the Bank to provide its functions keeping in mind social infrastructure. Therefore, it is quite important for us to provide our customers with appropriate finance functions from the S (Social) perspective of ESG Management.
 - Under the current situation of COVID-19 (what is called novel coronavirus), we believe that it is even more strongly required for private financial institutions to protect customers who are affected and to provide them with smooth finance functions. Generally speaking, it is not necessarily a wrong opinion asking to "eliminate marginally profitable lending divisions and shrink the balance sheet", which Mr. Rosenwald will pursue in the board meeting. However, we do not think that it is an appropriate company behavior to take such short-term profit enhancing measures for ourselves at least under the current situation.

- Conclusion:
 - Accordingly, after careful discussion in the Nomination and Compensation Committee of the Bank, the Bank requests approval for the election of its proposed candidates for directors. The Board of Directors of the Bank believes that the composition of the Board of Directors as proposed by the Bank's Board of Directors is ideal, and objects to this Agenda item.

END

(Attachment)

Business Report for the 20th Fiscal Year (From April 1, 2019 to March 31, 2020)

1. Current State of the Bank

(1) Business Development and Performance of the Group

[Principal Business of the Group]

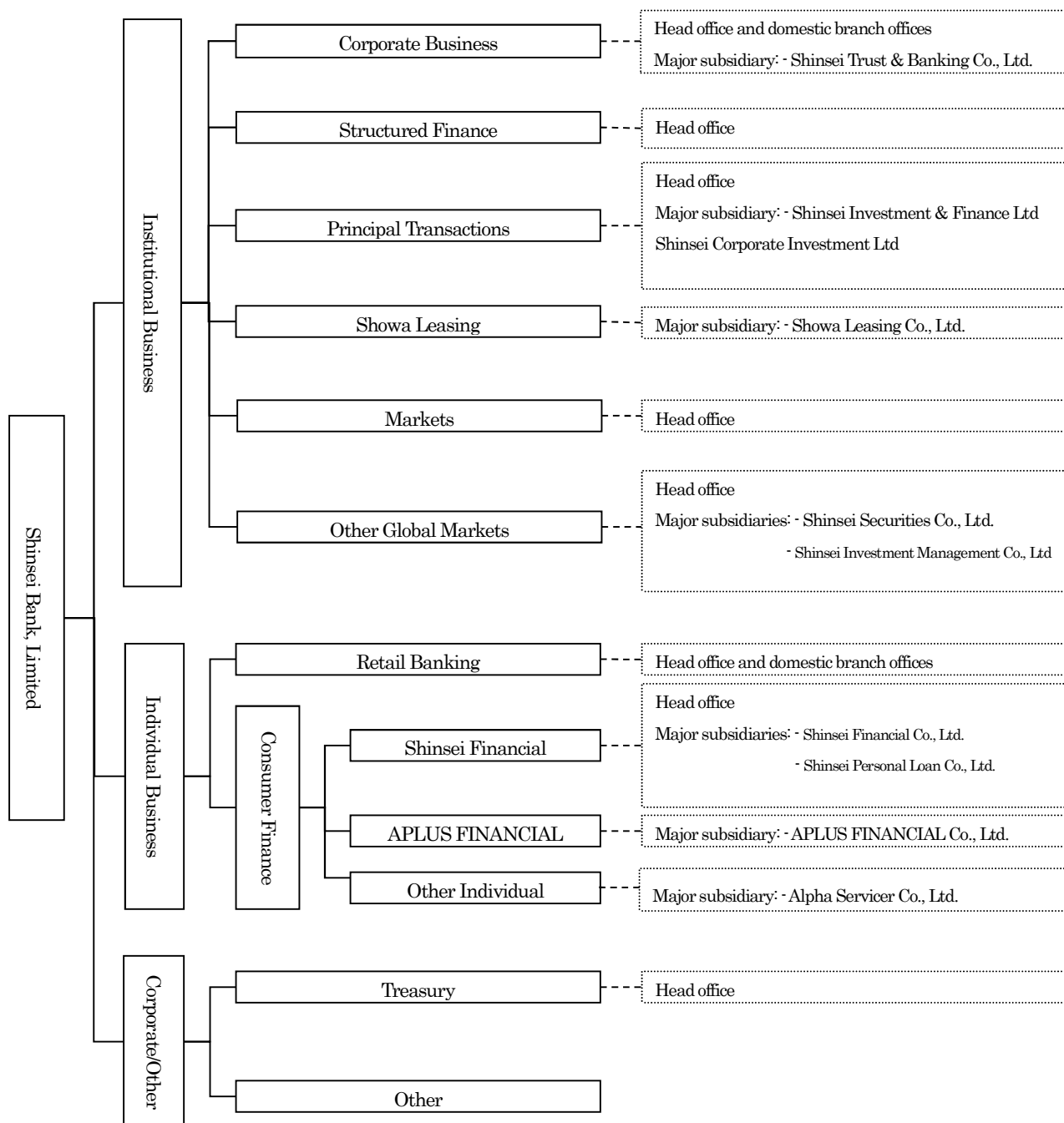
The Shinsei Group, which consists of Shinsei Bank, Limited, 163 subsidiaries (comprised of 91 consolidated subsidiaries including APLUS FINANCIAL Co., Ltd., Showa Leasing Co., Ltd., Shinsei Financial Co., Ltd., Shinsei Investment & Finance Ltd. and 72 unconsolidated subsidiaries) and 43 affiliated companies (comprised of 43 affiliates accounted for under the equity method including Jih Sun Financial Holding Company, Limited) as of March 31, 2020, provides a wide variety of financial products and services to customers through our Institutional Business and Individual Business. These groups consist of business segments which provide their respective financial products and services. Shinsei Bank, Limited, subsidiaries and affiliated companies are related to each segment as follows.

In the Institutional Business, the “Corporate Business” segment provides financial products and services, advisory services, and trust business for corporate, public, and financial sectors. The “Structured Finance” segment provides real estate finance such as nonrecourse loans, financial products and services for real estate and construction industries, and financial products and services related to project finance and specialty finance, such as M&A finance. The “Principal Transactions” segment provides financial products and services related to private equity, business succession finance and credit trading. “Showa Leasing” segment primarily provides financial products and services related to leasing. The “Markets” segment engages in foreign exchanges, derivatives, equity-related transactions and other capital markets transactions. The “Other Global Markets” segment consists of securities business provided by Shinsei Securities Co., Ltd., asset management and wealth management businesses.

In the Individual Business, the “Retail Banking” segment provides financial products and services for retail customers, “Shinsei Financial” segment provides consumer finance products and services and guarantee services (Shinsei Financial, Shinsei Bank Card Loan "L" (Former Shinsei Bank Card Loan "Lake"), NOLOAN, Lake ALSA). “APLUS FINANCIAL” segment provides installment sales credit, credit cards, loans and payment services. The “Other Individual” segment in the Individual Business consists of profit and loss attributable to other subsidiaries.

In the Corporate/Other, the “Treasury” segment engages in ALM operations and fund raising including capital instruments.

The aforementioned can be illustrated in a business organization chart as follows.



[Financial and Economic Environment]

In the fiscal year under review, from April 2019 to the end of the year, the economy deteriorated due to the slowdown in overseas economies caused by trade frictions between the United States and China, and the slump in the domestic economy caused by the consumption tax hike in October. Since January 2020, economic downward pressure has been exerted in response to the outbreak of the novel coronavirus disease, including self-restraint and prohibition of going abroad and the suspension of face-to-face business operations at branches in various countries.

Large-scale economic policies were implemented in each country, the Bank of Japan decided to increase the amount of financial assets purchases substantially at the bank's Monetary Policy Meeting in March 2020. In April 2020, the government decided to implement additional economic stimulus measures that would exceed the amount recorded at the time of the Lehman crisis in 2008.

In the financial markets, long-term interest rates (10-year JGB yields) temporarily declined to minus 0.29% in the first half of the fiscal year due to concerns over the deterioration of the trade friction between the United States and China. From September 2019, however, interest rates began to increase due to the alleviation of tensions between the 2 countries, reaching around 0% at the end of the year. Since January 2020, the financial markets have fluctuated greatly in conjunction with the expansion of the novel coronavirus, and long-term interest rates have temporarily declined to minus 0.15%. By the end of March 2020, however, they had increased to around 0.03% (compared with minus 0.08% at the end of March 2019).

In the foreign exchange market, the yen temporarily appreciated to around 105 yen against the U.S. dollar and 116 yen against the euro in the first half of the fiscal year due to the worsening trade friction between the United States and China. However, after September 2019, the yen weakened due to the relief of tensions between the 2 countries, reaching 109 yen against the U.S. dollar and 122 yen against the euro at the end of the year. From January 2020 onwards, a sharp appreciation of the yen and a depreciation of the U.S. dollar to the 102 yen level due to the influence of the novel coronavirus. However, due to the effects of various policies, the U.S. dollar rate at the end of March 2020 was around 108 yen (an appreciation of approximately 2 yen against the U.S. dollar from the end of March 2019). Meanwhile, the euro-yen rate fluctuated more slowly than the U.S. dollar rate, reaching approximately 119 yen at the end of March 2020 (an appreciation of approximately 5 yen against the euro from the end of March 2019).

Finally, the Nikkei 225 Stock Average remained at approximately 21 thousand yen in the first half of the fiscal year, reflecting developments to assess the impact of trade frictions between the United States and China. However, since September 2019, the 2 countries have shown signs of mitigating tensions, and by January 2020, the Nikkei 225 Stock Average rose to the 24 thousand yen level. Thereafter, the price fell rapidly and sharply due to the impact of the novel coronavirus, falling to approximately 18,917 yen (down approximately 2,288 yen from the previous year) at the end of March 2020.

In the future, there is a risk that the economic and financial markets will fluctuate greatly depending on the pace of increase in the number of people confirming the novel coronavirus in each country or the extent to which the economy will decline due to measures against infectious diseases.

[Business Developments and Performances of the Group in Fiscal Year 2019]

The Shinsei Bank Group formalized its “Medium-Term Strategies”, which runs from April 1, 2019 to March 31, 2022. The current fiscal year is the first year of the Medium-Term Strategies. Initiatives undertaken in each business area are as follows.

(Institutional Business)

[Business strategy]

In Institutional Business, the Shinsei Bank Group has set " Partnership-style business" and " One-stop service for alternative investments". The Shinsei Bank Group will realize the core strategies of the Medium-Term Strategies, "Growth through Value Co-Creation," mainly in the following fields.

1. Institutional Investors

Capture customer needs in the alternative investment space

- Service offerings for investments in renewable energy, real estate, domestic private equity etc.
- Expand networks with institutional investors, provide investment opportunities

The field of structured finance, such as real estate finance and project finance, is where the Bank has a competitive advantage, and the Bank will pursue initiatives that leverage our expertise and new growth opportunities.

In the current fiscal year, as for project finance, the Shinsei Bank will continue to focus on structuring renewable energy projects such as solar power, while also working on offshore wind power projects in Japan. In real estate finance, the Bank has originated transactions which meet customer needs carefully taking into account not only the risks of individual transactions but also the risks and returns of the real estate market as a whole.

In our past business activities centered on senior loans, the Bank has utilized the knowledge, analytical capabilities, and finance structuring capabilities the Bank has cultivated to date, while paying attention to market conditions. The Bank will take a cautious stance on risk and return in order to promptly and flexibly originate new deals. The Bank has also actively pursued syndications with banks and insurance companies.

Furthermore, for new growth, the Bank has been working to developing a framework for institutional investors to arrange and provide investment products related to such as real estate and infrastructure that are highly compatible with structured finance.

Through expansion of investor channels and diversification of sales methods, including the use of the functions of Shinsei Bank Group companies, the Group will improve asset efficiency and expand profit opportunities.

2. Non-financial Corporations

Deploy partnership-style business

- Deploy solutions that merge financial to non-financial service
- Strengthen value proposition for existing financial services
- Strengthen asset business for core areas such as construction machinery

In the business for non-financial corporations, in addition to the traditional lending business, the Bank has also pursued initiatives aimed at collaborating with the functions of outside companies as an opportunity to grow further. And the Bank has pursued business partner-oriented businesses that provide solutions that go beyond the financial domain by helping customers resolve their management issues and create new businesses.

In the current fiscal year, the Bank has established a financial business company in collaboration with USEN-NEXT HOLDINGS Co., Ltd. The Shinsei Bank Group will provide the financial functions

of the Bank Group to USEN-NEXT GROUP's small businesses customers.

In the traditional lending business, while continuing to promote qualitative expansion of the customer base with an awareness of transaction profitability, the Bank has strengthened our ability to offer solutions that combine financial services, such as providing derivatives, M&A, balance sheet solutions by purchasing fixed receivables and non-core assets from Financial Institutions and institutional business customers, financing for real estate investments, debt investments for customers suffering from sluggish business conditions, and private equity investments to meet growth levels, in order to respond flexibly to customer needs. In addition, the Bank has further strengthened asset business, in which our subsidiary Showa Leasing Co., Ltd. has strengths, while pursuing synergies with its business.

3. Financial Institutions

Partner with regional financial institutions

- Provide Shinsei Bank Group's services to regional customers
- Support regional financial institutions to solve their own issues by utilizing Shinsei Bank Group's functions

In the business for Financial Institutions, in addition to selling structured products and other investment products and providing investment opportunities through syndicated loans and loan receivables sales, the Shinsei Bank Group has promoted the establishment of strong partnerships by providing functions and services both inside and outside the Shinsei Bank Group to address management issues faced by regional financial institutions.

The Bank will also contribute to the revitalization of regional economies by providing various functions and services both inside and outside the Shinsei Bank Group to customers of regional financial institutions in cooperation with regional financial institutions.

4. Initiatives to differentiate Institutional Business

- In addition to emphasizing sustainability ESG/SDGs and social impact, which have been attracting attention in recent years, the Bank will actively promote differentiated initiatives that have positive impact on society by integrating this business with the entire Institutional Business, including the institutional business, which is our focus area.

In the current fiscal year, the Bank established a new division to promote these efforts. The Bank will address environmental and social challenges through financial solutions that facilitate the circulation of sustainable social capital.

(Individual Business)

[Business strategy]

In Individual Business, the Shinsei Bank Group has set "Data analysis to capture customer needs" and "personalized solutions" as business strategy, and will realize the core strategies of the Medium-Term Strategies "Growth through Value Co-Creation" mainly in the following fields.

1. Small-scale finance

Build / participate in ecosystems, use data to enhance services

- Collaboration with external parties which own customer base, data etc.
- Enhance strengths in credit assessment and collection by using payment / credit data, AI and digital technology

The Shinsei Bank Group recognizes that small-scale finance is an area in which it has a competitive advantage not only in the unsecured loans, which has been particularly strengthened up to the present time, but also in shopping credit, credit cards, payments and other businesses, in terms of data analysis and utilization in marketing, credit assessment, and collection, as well as stable operations. By utilizing the know-how the Shinsei Bank Group has accumulated in various business, the Group is working to provide a variety of financing products not only to individual business customers but also to a wide range of

customers, including individual business owners, small and medium-sized enterprises, and non-Japanese customers. In addition, by providing the financial functions and platforms of the Shinsei Bank Group to companies that have strengths in customer bases and data, and creating new value and services, the Shinsei Bank Group will continue to deepen customer understanding and promote fusion with other services, with the aim of building and participating in ecosystems (economic ecosystems) and enhancing services.

In the current fiscal year, the Shinsei Bank Group launched a financial service for Individual Business in collaboration with NTT DoCoMo, INC., established a financing business company in collaboration with USEN-NEXTHOLDINGS Inc., and established a financing business company for foreigners with Seven Bank, Ltd. In addition, the Shinsei Bank has started to provide the system for the neobank platform "BANKIT®" *, and the Bank Group will focus on cooperation with various partner companies.

* The BANKIT® is a service in which Aplus Co., Ltd. is the main business entity and provides financial services including payment, exchange and authorization functions of the Shinsei Bank Group to its partner companies in a cafeteria format.

2. Retail asset management

Improve customer experience, and use alliances to uncover new customer opportunities

- Personalize communication and product offerings by using digital technology and customer data
- Use alliances with brokerage / insurance companies to uncover new customer opportunities

In retail asset management business, the Bank has provided personalized solutions utilizing digital technologies and customer data, thereby realizing consulting tailored to individual needs and enhancing customer experience value. The Bank also has expanded our approach to new customer segments with diverse needs through alliances with external companies.

The Bank have formulated and announced the "Policy on Customer-Oriented Operational Management" and the "Action Plan" to ensure the realization of this policy as guidelines for conducting business operations that prioritize the "best interests" of our customers. The Bank will contribute to the sustainable growth and development of society and the economy by thoroughly implementing customer-oriented business management based on a renewed recognition of the importance of "adhering to a customer-oriented approach to business management and helping customers build valuable assets."

3. Housing-related loans

Broaden customer segment via partnerships and new products

- Collaboration with housing-related companies and other financial institutions
- Capture customer needs for securing post-retirement cashflows and financing home renovations

In housing-related loans business, the Bank has worked to develop new products and expand sales channels through collaboration with real estate companies and other financial institutions as the business environment for newly borrowed housing loans is becoming increasingly challenging as demand for refinancing drops. In the current fiscal year, the Bank started a tie-up with Asahi Kasei Homes Corp. and outsourcing intermediary services to Japan Post Bank Co., Ltd. In addition, as the Bank approaches the 100-year-life and the diversification of lifestyles and consumer behavior, the Bank aims to expand our customer base by offering products that meet the needs of customers who do not satisfy our existing products.

(Financial Position)

At the end of fiscal year 2019, our consolidated Basel III (domestic standard) core capital adequacy ratio was 11.21%, and has continued to be maintained at a sufficient level. As a part of the Shinsei Bank's efforts to identify the path to the repayment of public funds, the Bank had acquired 14,579,300 treasury shares until February 28, 2020, based on a resolution of acquiring treasury shares up to 23.5 billion yen approved through a meeting of its Board of Directors held on May 15, 2019. Assuming the maintenance of capital at sufficient levels, the Bank aims to increase the per share values through the implementation of an appropriate capital policy.

(Business Performance)

As a result of the above-mentioned business developments, in the fiscal year ended March 31, 2020, Shinsei Bank reported a consolidated ordinary income of 399.5 billion yen (increased 27.2 billion yen compared to the previous fiscal year) and consolidated ordinary expenses of 348.4 billion yen (increased 31.6 billion yen compared to the previous fiscal year). As a result, the Bank recorded a consolidated ordinary profit of 51.0 billion yen (decreased 4.3 billion yen compared to the previous fiscal year) and a profit attributable to owners of parent of 45.5 billion yen (decreased 6.7 billion yen compared to the previous fiscal year). Segment profits of the Shinsei Bank Group on a management accounting basis totaled 51.2 billion yen (decreased 4.4 billion yen compared to the previous fiscal year).

On a business segment level, the Institutional Business has started to deliver results from its initiatives for expanding its customer base and enhancing profitability. Its revenue increased due to the interest income increased in the Structured Finance, gain on sales of shares held, and steady performance in derivatives-related income and securities intermediary business. On the other hand, its net credit costs increased due to the absence of a gain on reversal of allowance for doubtful accounts recorded in the previous fiscal year and additional provisions recorded in preparation for a deterioration in borrowers' business conditions caused by the infection spread of the novel coronavirus. As a result, its segment profit decreased compared to the previous fiscal year.

In Individual Business, Retail Banking performed better compared to the previous fiscal year and recorded its segment profit. This was mainly due to an increased revenue resulting from the effect of the revision of Shinsei Step Up Program, charging ATM fees on Standard-stage customers, although interest income from housing loans decreased.

Consumer Finance experienced not only an increase in the volume of APLUS FINANCIAL shopping credits but also a decrease in interest income from housing-related loans in APLUS FINANCIAL and a decline in the balance amount guaranteed to regional banks by Shinsei Financial, and its revenue decreased. On the other hand, its net credit costs decreased due to the absence of an additional provisions related to delinquent loans in APLUS FINANCIAL recorded in the previous fiscal year. As a result, its segment profit decreased compared to the previous fiscal year.

Regarding reserves for losses associated with interest repayments (gray zone), it should be noted that the reversal of reserve of 2.6 billion yen was made in the current fiscal year based upon a recalculation of future grey zone risk.

The "Corporate/Other" decreased its segment profit compared to the previous fiscal year, despite an increase in gains on sales of bonds such as Japanese government bonds in ALM operations at Treasury.

The business segments attained the following results for the fiscal year ended March 31, 2020.

(Millions of yen)

	Fiscal 2019 (20th Fiscal Period)						Total
	Institutional Business						
	Corporate Business	Structured Finance	Principal Transactions	Showa Leasing	Markets	Other Global Markets Business	
Revenue	18,956	19,703	10,010	14,499	9,598	4,038	
Net Interest Income(loss)	10,825	12,022	4,360	(132)	2,365	595	
Non-interest income(loss)	8,130	7,680	5,650	14,631	7,233	3,443	
Expense	12,576	8,347	4,109	10,794	3,367	3,130	
Net Credit costs (Recoveries)	755	4,958	161	93	(30)	(68)	
Segment Profit (loss)	5,624	6,396	5,740	3,610	6,261	977	
	Individual Business				Corporate/Other		Total
	Retail Banking	Consumer Finance			Treasury	Other	
		Shinsei Financial	APLUS FINANCIAL	Other			
Revenue	28,399	68,371	58,282	1,592	5,991	551	239,996
Net Interest Income(loss)	23,474	69,329	9,713	906	50	0	133,510
Non-interest income(loss)	4,925	(958)	48,569	685	5,940	551	106,485
Expense	28,036	34,380	38,948	2,007	1,631	2,288	149,619
Net Credit costs (Recoveries)	13	14,441	15,105	(191)	—	3	35,242
Segment Profit (loss)	348	19,548	4,228	(223)	4,360	(1,739)	55,134

Note

In the amount shown above, all figures have been truncated to the unit stated.

[Challenges Facing the Shinsei Bank Group]

The Shinsei Bank Group has clarified its “Medium to Long Term Vision” based on its management philosophy, in order to better pursue its goal of becoming a financial group which is truly needed by its customers. In its Medium to Long Term Vision the Bank recognizes that in order to establish a sustainable business model, it is essential that the Shinsei Bank Group fully utilizes its management resources. In order to accomplish this, the Bank Group will seek to develop and provide cutting edge products and services through our customers by truly integrating the customer bases, financial expertise and services of each Group company through “Group Integration” and pursue highly efficient operations by undertaking a periodic business review cycle at the Group level in order to achieve high productivity and efficiency.

1. Overall strategy of the Shinsei Bank Group

Shinsei Bank Group has established its “Medium-Term Strategies” targeting fiscal years from 2019 to 2021. The Strategy is a growth stories focusing more on qualitative strategic direction than quantitative values, with the Medium to Long Term Vision and medium-to long-term change in business environment as starting points. The Strategy has also re-defined the Group’s core strategies and focus areas based on the achievements made in the First, Second, and Third MTMP.

(1) Core strategies and focus areas

(Grow through Value Co-Creation)

One of the core strategies in the Medium-Term Strategies is “Grow through Value Co-Creation”, which will identify growth opportunities through the “Value-Co-Creation Model”. The Value-Co-Creation Model is to generate more customer-friendly businesses by identifying the strengths of the Shinsei Bank Group and integrate them with external services. This core strategy consists of the following three components:

① Integration with external services

Create and expand touchpoints with our customers by developing markets and more sophisticated services through building and participating in ecosystems with digital technology and data analysis

② Finance as a Service

Provide our functions and processes when our customers need us

③ Deeper understanding of our customers

Identify target markets and customers through data integration with external partners, and provide high added values based on deep understanding of our customers

(Enhance / Leverage our capability)

Another core strategy is “Enhance / Leverage our capability”, which will foster our advantages that will serve as the source of value creation, competitiveness, and differentiation, by strengthening and utilizing our organizational capability, the source of our corporate growth. This core strategy focuses on the following four components:

① Diverse people and expertise

Promote women's active participation at every level, acquire skilled senior and young employees, and hire and grow talented personnel with different abilities. Implement human resource policies to support this diversity.

② Customer-centric organization

Respond to customer needs with one-stop services by unifying business strategy planning functions for institutional and individual customers on a Group-wide basis. Further optimize and streamline our Group HQ corporate services.

③ Productive operations

Implement productive operations through accelerated productivity reforms including utilization of digital technologies, work-style reform, and more efficient sales channels. Continue initiatives for stable and safe management such as information system development and compliance measures, as well.

④ Optimal capital usage

While managing capital at an appropriate level, maximize returns against risk-taking through responsible capital usage including non-organic strategies.

(Four focus areas)

Our four focus areas consist of one area in the individual and institutional businesses respectively and two areas related to our management base.

① Small-Scale Finance (Individual Business)

Offer small amount and frequent financing (lending) and settlement services to individuals and small businesses. Small-scale finance has been strong at data analysis and its usage in marketing, credit decision-making, collection and robust operations, and in future it will work on upgrading services by utilizing digital technology and data analysis, in addition to integrating services with external services and offering functions to partners based on “Value Co-Creation”.

② Institutional Investors (Institutional Business)

Aim for one-stop services related to alternative investments in real assets such as renewable energy, infrastructure, and real estate to a wide range of institutional investors, leveraging our network with the investors, trust-structuring capability, and knowledge of a broad range of assets.

③ Group Organization

Unify business strategy planning functions for institutional and individual customers on a Group-wide basis in order to further promote Group business integration. Work together as a single entity to provide best solutions for the needs and challenges of our customers.

④ Productivity Reforms

Further promote cost structure reform with no sanctuaries through optimization of branch channel and office space, and using digital technologies and through work style reform

(2) Initiatives for Sustainable Growth

By implementing the above two core strategies, we should be able to achieve sustainable growth. Shinsei Bank Group's priority materiality issues for sustainable growth are classified into the following three categories.

① Address social and environmental issues

Provide financial services tailored to the needs of customers who are not satisfied with traditional financial services. Create an appropriate flow of funds for society by providing financial solutions that promote the circulation of funds into sustainable social capital. Build and participate in ecosystems through integration with external services, and utilize digital technologies to solve a broader range of social issues.

② Fulfill our social responsibilities

Firmly provide fundamental financial functions (deposit, loan, payment, etc.) as a social infrastructure, as well as high-level efforts to secure cyber security, prevent money laundering and financing of terrorism. Provide customer-oriented services by placing customer benefit first and giving information that is accurate and easy to digest.

③ Foundation for meeting our goals/responsibilities

Be the base that supports the "roles for solving social issues" and the "fulfillment of social responsibilities." Key issues are "human resources," "organizations, which make the most of human resource", "highly productive operations," "capital," "expertise and execution," and "robust governance functions."

2. Response to the novel coronavirus

Even after the outbreak of the novel coronavirus is over, the direction of the Medium-Term Strategies of Shinsei Bank Group remains unchanged, and we believe it is necessary to further accelerate various initiatives. Specifically, we will continue to strengthen our sustainable revenues capabilities over a medium-to long-term perspective based on the following principles.

First of all, as a defense against risks, we will prioritize the protection of the lives of all our stakeholders, while at the same time fulfilling our responsibilities as a financial institution as a social infrastructure to contribute to our customers and society. In addition, we have already completed the establishment of a operating system focused on important tasks for fulfilling our social responsibilities and a telecommuting system. On the business side, we will support customers' business and lifestyle reconstruction by providing loans and cloud factoring in cooperation with our business partners.

On that basis, we will promote initiatives based on the following concepts through a cross-organizational task force as an opportunity-based offence.

(1) Response to New Normal

As the world changes in various ways due to the recent crisis, businesses based on new values and needs are expected to be born, and some businesses will be lost in the medium to long term. In this context, we believe it will become increasingly important to provide financial services to newly emerging Underserved Customers.

(2) Making New Normal a sustainable form

It is important to promote remote and virtual business with customers. In addition to aiming to stabilize business operations and processes and improve security through digitalization, we will promote the establishment of changed business content and work styles, and further review of physical facilities.

3. Strengthening Risk Management and Corporate Governance and Ensuring Highly Transparent Management

Shinsei Bank will establish balanced business operations through the smooth implementation of Basel III (capital adequacy requirements in accordance with the Banking Act; Shinsei Bank utilizes an internal ratings based approach) by the Bank and its Group companies, as well as by enhancing risk management and by using risk and return identified accurately for optimized allocation of management resources. In regards to Basel III, while Shinsei Bank is considered a domestic bank from a regulatory standpoint, it has engaged in management that has been mindful of international standards and has been working to put into place necessary frameworks and systems in order to accommodate the new standards.

In addition, Shinsei Bank has a concept of business management framework based on the consistency of risk appetite and financial plan. From fiscal 2020, Shinsei Bank will work to clarify the risk appetite of the Group by establishing a “risk appetite policy”.

Shinsei Bank employs a “Company with Audit & Supervisory Board” board model. The purpose of this corporate governance framework is to ensure appropriate managerial decision-making and business execution and to establish a corporate governance framework with sufficient check and balance functions. The Bank achieves this through the following two key actions:

- 1) Establishing the broad direction of the Bank and creating an environment which supports appropriate risk-taking by senior management, by deciding the Bank’s important business execution matters including basic management policies such as the Medium-Term Management Plan and annual plan at the Board of Directors, the highest decision-making authority; and
- 2) Assignment of audit responsibilities, including the auditing and monitoring of the Board of Directors, to Audit & Supervisory Board Members and an Audit & Supervisory Board that are independent of business execution and the Board of Directors.

Shinsei Bank engages in management which emphasizes the oversight functions of Outside Directors, and in fiscal year 2019, had appointed two internal Directors as well as five Outside Directors (four Outside Directors after August 27) who have extensive experiences and high specialist knowledges in financial business, a business targeting consumers, the information system and risk management in both inside and outside Japan to its Board of Directors, resulting in a Board of Directors with a majority composition of Outside Directors. Furthermore, including the Bank’s two Outside Audit & Supervisory Board members, Shinsei Bank has registered a total of seven executives (six executives after August 27) with the Tokyo Stock Exchange as independent executives. Under such composition, members of the Board of Directors meeting decide the company policy through free and active discussions, and enhance to secure profits for various stakeholders including shareholders and customers and to increase the sustainable corporate value of the Group which is required by the “Corporate Governance Code.” In March 2019, the Bank established the Nomination and Compensation Committee voluntarily, aiming to further enhance the objectivity and transparency of the Board’s role related to appointing candidates for directors and deciding executive remuneration. The Bank periodically conducts the evaluation and analysis of the effectiveness of the Board as a whole and implements improvement measures toward issues and challenges being found from the evaluation every year in order to improve the functionality of the Board. As to the “Corporate Governance Code”, since FY2018 the Bank has been disclosing the entire text of its corporate governance policy, which is a voluntary disclosure matter in the corporate governance report. Please click the following link for the Bank’s Policies for Initiatives Concerning the “Corporate Governance Code”: https://www.shinseibank.com/corporate/en/policy/governance/pdf/governance_code_e.pdf

Additionally, the Bank has adopted an Executive Officer system and placing the Chief Officers and Senior Officers at the Group Headquarters in order to ensure flexible day to day business execution. Under this system, as well as the leadership of the President & CEO, executive officers entrusted by the Board of Directors will execute their operations in an efficient manner. Furthermore, with approval from the Board of Directors, the Bank established an Executive Committee consisting of executive directors, executive officers (at the level of the Heads of executive officers in charge), and others in order to enable swift and efficient business administration. The “Group

Executive Committee” and “Group Important Committees” in which executive directors of the major Group companies will participate were set in to resolute important decisions regarding the Group-wide management in order to enhance internal control of Group companies. Furthermore, a “Chief Officer” was assigned responsibility for the oversights of each relevant administrative function within the Group in order to consolidate authority and to realize optimize efficient decision-making across the entire Group. It should be noted that APLUS FINANCIAL, our Group company listed on the Tokyo Stock Exchange, has its management independence and has been working to maintain an appropriate internal control systems.

The Shinsei Bank Group is fully compliant with J-SOX, and as a listed company, the Group will continue to endeavor to perform disclosure in a timely, appropriate, and highly transparent manner for the benefit of investors, as well as improving its internal control systems. In accordance with regulations such as the Financial Instruments and Exchange Law, the Group will also continue to strive to further ensure compliance, by reinforcing its compliance structure, with customer protection and appropriate business operations in mind.

Concerning of the development of management infrastructure to support the execution of the next Medium-Term Strategies, Shinsei Bank recognizes that operating IT systems stably is necessary for a financial institution which plays a part in social infrastructure. The Bank therefore continues to undertake efforts to stabilize its IT systems, as one of its important management tasks.

4. Achievement of the Revitalization Plan

Shinsei Bank submitted a “Plan for Restoring Sound Management” (the “Revitalization Plan”) to the Financial Services Agency in March 2020. Shinsei Bank has created a “Medium- to Long-Term Vision” in accordance with its management principles in order to better pursue its goal of becoming a Bank Group which is truly needed by its customers, and have started a new approach to the Medium-Term Strategies, a three fiscal year business plan from fiscal year 2019 to fiscal year 2021.

In the fiscal year ended March 31, 2020, the Bank recorded a nonconsolidated net business profit of 33.1 billion yen and a nonconsolidated net income of 41.8 billion yen, both increased from the target established in the Business Revitalization Plan.

The Bank recognizes its expected role in fulfilling social responsibilities as a financial institution with public funds, and in addition to fulfilling these responsibilities, all employees of the Bank will work in a unified manner toward the achievement of business revitalization.

Going forward we hope to enjoy your continued understanding and support.

Note

The description of item 4. does not include subsidiaries.

(2) Overview of Assets, Profit and Loss

i. Overview of Assets, Profit and Loss of the Group

	(Hundred millions of yen)			
	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
	(17th Fiscal Period)	(18th Fiscal Period)	(19th Fiscal Period)	(20th Fiscal Period)
Ordinary income	3,804	3,838	3,722	3,995
Ordinary profit	475	568	553	510
Profit attributable to owners of the parent	507	514	523	455
Comprehensive income	506	474	494	363
Total equity	8,207	8,560	8,966	9,104
Total assets	92,583	94,566	95,711	102,265

Note

Figures have been truncated to the unit stated in all amounts shown above.

ii. Overview of Assets, Profit and Loss of the Bank

(Hundred millions of yen)

	Fiscal 2016 (17th Fiscal Period)	Fiscal 2017 (18th Fiscal Period)	Fiscal 2018 (19th Fiscal Period)	Fiscal 2019 (20th Fiscal Period)
Deposits	59,926	62,281	62,068	64,510
Time deposits	27,567	26,910	22,719	26,521
Other	32,358	35,371	39,348	37,988
Debentures (Long-Term Credit Bank Bond)	65	4	—	—
Corporate bonds (Excluding Long-Term Credit Bank Bond)	576	450	423	1,165
Loans and bills discounted	45,364	46,379	49,326	50,408
To individuals	15,929	15,601	14,575	13,934
To small- and medium-sized businesses	13,893	14,655	18,057	19,682
Other	15,541	16,122	16,692	16,791
Trading assets	2,276	1,998	2,002	2,065
Trading liabilities	2,100	1,813	1,797	1,829
Securities	13,693	14,523	14,459	12,658
Japanese national government bonds	4,935	5,025	4,995	3,585
Other	8,757	9,498	9,463	9,072
Total assets	80,517	82,074	83,285	86,866
Total equity	8,079	8,305	8,486	8,536
Domestic exchange transactions	236,208	238,298	243,521	269,899
Foreign exchange transactions	(Millions of dollars) 10,322	(Millions of dollars) 12,260	(Millions of dollars) 10,866	(Millions of dollars) 10,361
Ordinary profits	(Millions of yen) 32,858	(Millions of yen) 36,586	(Millions of yen) 38,630	(Millions of yen) 33,938
Net income	(Millions of yen) 43,425	(Millions of yen) 40,510	(Millions of yen) 35,443	(Millions of yen) 33,180
Net income per share	(Yen) 166.53	(Yen) 156.80	(Yen) 143.10	(Yen) 138.75

Notes

1. Figures have been truncated to the unit stated in all amounts shown above.
2. Deposits and other deposits include negotiable certificates of deposits.
3. Long-Term Credit Bank Bond' represents a long-term credit bank bond, as classified in Item 5, paragraph 2, Article 2 of the Deposit Insurance Act.
4. Shinsei Bank consolidated its shares with a rate of ten shares of common stock into one share on October 1, 2017. The above Net income per share data is calculated as if the consolidation of shares had occurred at the beginning of the FY2016.

(3) Employees on consolidated basis

	End of this fiscal year	End of the previous fiscal year
Number of employees		
Institutional Business		
Corporate Business	396	397
Structured Finance	155	145
Principal Transactions	148	150
Showa Leasing	553	468
Global Markets Business		
Markets	46	54
Other Global Markets	85	101
Individual Business		
Retail Banking	880	808
Consumer Finance		
Shinsei Financial	966	908
APLUS FINANCIAL	1,241	1,261
Other	106	96
Corporate / Other		
Treasury	20	31
Other	753	760
Total	5,349	5,179

Note

These numbers include overseas local employees.

(4) Status of Main Offices of the Group

- i. The Bank
1) Number of business offices

	End of this fiscal year (Annex)	End of the previous fiscal year (Annex)
Hokkaido/Tohoku areas	2 (—)	2 (—)
Kanto area	16 (—)	16 (—)
(Tokyo).....	(11 (—))	(11 (—))
Chubu area	2 (1)	2 (1)
Kinki area	7 (2)	7 (2)
Chugoku/Shikoku/Kyushu areas	2 (—)	2 (—)
Domestic total.....	29 (3)	29 (3)
Overseas.....	— (—)	— (—)
Grand total.....	29 (3)	29 (3)

Note

Unmanned branches for Shinsei Bank Card Loan L business were installed at 707 locations by the end of this fiscal year.

Also, the number of business offices where bank agents, for which Shinsei Bank serves as a principal bank, operate bank agency services, are not included in the above lists.

2) Newly established business offices in this fiscal year

None

3) List of agencies of the bank

Company name	Address	Main business except bank agent
JAPAN POST BANK Co., Ltd.	7-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo	Banking

4) Agent activities operated by the Bank

None

ii. Subsidiaries

1) Institutional Business

Main company name and main office location

Company name	Name of office	Address
Shinsei Trust & Banking Co., Ltd.	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
Shinsei Investment & Finance Limited	Head office	12-8 Sotokanda 3-chome, Chiyoda-ku, Tokyo
Shinsei Corporate Investment Limited	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
Showa Leasing Co., Ltd.	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
Shinsei Securities Co., Ltd.	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
Shinsei Investment Management Co., Ltd.	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo

2) Individual Business

Main company name and main office location

Company name	Name of office	Address
Shinsei Financial Co., Ltd.	Head office	12-8, Sotokanda 3-chome, Chiyoda-ku, Tokyo
Shinsei Personal Loan Co., Ltd.	Head office	12-8, Sotokanda 3-chome, Chiyoda-ku, Tokyo
APLUS FINANCIAL Co., Ltd.	Tokyo office	12-8, Sotokanda 3-chome, Chiyoda-ku, Tokyo
Alpha Servicer Co., Ltd	Head office	12-8, Sotokanda 3-chome, Chiyoda-ku, Tokyo

(5) Facility Investment of the Group

i. Total facility investment

<u>Business segment</u>	(Millions of yen) Amount
Shinsei Bank (Note 2)	6,948
Subsidiaries	
Institutional Business	1,535
Individual Business	4,403
Corporate/Other	13
Total	12,901

Notes

1. Figures have been truncated to the unit stated in all amounts shown above.

2. This amount is the total amount invested in each business segment on a nonconsolidated basis.

ii. New establishment of important facilities

None

(6) Important Parent Company and Subsidiaries

i. Parent Company

None

ii. Subsidiaries

Company Name	Address	Major business	Establishment date	Capital (millions of yen)	Percentage of voting rights of subsidiaries, etc. held by Shinsei Bank (%)	Other
APLUS FINANCIAL Co., Ltd.	Osaka City, Osaka	Consumer credit business	October 6, 1956	15,000	94.97 (93.34)	—
Showa Leasing Co., Ltd.	Chuo-ku, Tokyo	Leasing business	April 2, 1969	29,360	100.00	—
Shinsei Personal Loan Co., Ltd.	Chiyoda-ku, Tokyo	Consumer finance business	December 1, 1954	100	100.00 (100.00)	—
Shinsei Financial Co., Ltd.	Chiyoda-ku, Tokyo	Consumer finance business	June 3, 1991	100	100.00	—
Shinsei Trust & Banking Co., Ltd.	Chuo-ku, Tokyo	Trust business	November 27, 1996	5,000	100.00	—
Shinsei Securities Co., Ltd.	Chuo-ku, Tokyo	Securities business	August 11, 1997	8,750	100.00	—
Shinsei Investment & Finance Limited	Chiyoda-ku, Tokyo	Financial instruments business	April 11, 2006	100	100.00	—

Notes

- Fractions of amounts shown less than one million yen have been truncated.*
- Numbers included in parentheses in the "Percentage of voting rights of subsidiaries, etc. held by Shinsei Bank" column indicate indirect holdings.*
- Shinsei has 91 consolidated subsidiaries, including the major subsidiaries listed above, as well as 43 affiliated companies that are accounted for under the equity method.*

Summary of Important Business Alliances

1. Shinsei Bank offers automated cash withdrawal services under alliance relationships with the following financial institutions:

Commercial banks:

MUFG Bank, Ltd.; Mizuho Bank, Ltd.; Sumitomo Mitsui Banking Corporation;
Resona Bank, Ltd.; Saitama Resona Bank, Ltd.

Trust and banking companies:

Sumitomo Mitsui Trust Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation;
Mizuho Trust & Banking Co., Ltd.

Others:

The Shoko Chukin Bank, Ltd.; Aozora Bank, Ltd.

2. The Bank offers cash withdrawal and depository services under an alliance with Japan Post Bank Co., Ltd., and has signed a bank agency service contract for handling Shinsei Bank's housing loan.
3. The Bank offers cash withdrawal and depository services through ATMs operated by Seven Bank, Ltd., AEON Bank, Ltd., Lawson Bank, Inc., and E-net Co., Ltd. These ATMs are installed primarily in supermarkets and convenience stores.
4. The Bank offers ATM services through "VIEW ALTTE" ATMs which are located throughout East Japan Railway Company railway stations under a partnership agreement with Viewcard Co., Ltd., and also "Patsat" ATMs installed in major stations in the Hankyu Railway and other railways under a partnership agreement with Station Network Kansai Co., Ltd. and The Senshu Ikeda Bank, Ltd.
5. The Bank is introducing financial products and services to members, who are the users of "T Points," "d Points," and "nanaco Points," each loyalty program provided by T point Japan Co., Ltd., NTT Docomo Inc. and Seven Card Service Co., Ltd. under a business alliance agreement with each company.
6. The Bank has an alliance with APLUS Co., Ltd., a consolidated subsidiary, and has been processing applications for the Luxury Card and the Shinsei APLUS Gold Card, a credit card issued by APLUS Co., Ltd.
7. The Bank has an alliance with MONEY DESIGN, Co., Ltd., and has provided the discretionary ETF (Exchange Trade Fund) investment service, "THEO Plus Shinsei Bank," using a robo-advisor developed by MONEY DESIGN, Co., Ltd.
8. The Bank entered into an agreement on consignment of guarantee with Shinsei Financial Co., Ltd., a consolidated subsidiary, which acts as a guarantor for "Shinsei Bank Card Loan - L," and "Shinsei Bank Smart Card Loan Plus, unsecured personal card loan services.

9. The Bank has an alliance with NTT DOCOMO, INC., and has provided "Shinsei Bank Smart Money Lending" with NTT DOCOMO, INC. as the guarantee company and Shinsei Financial Co., Ltd., a consolidated subsidiary of the Bank, as the reinsurance company.
10. The Bank has signed a business alliance agreement on business cooperation regarding business matching and lending with Military Commercial Joint Stock Bank (MB Bank), a major commercial bank in Vietnam.
11. The Bank has signed a memorandum of understanding on broad business cooperation in areas such as business matching, loans, trade finance, advisory, and provision of financial instruments with Jih Sun Financial Holdings Co., Ltd. a Taiwanese equity-method affiliate of the Bank.
12. The Bank has signed a memorandum of understanding on a business alliance concerning institutional business with RHB Bank Berhad, a major commercial bank in Malaysia as its strategic partner.
13. The Bank has signed a memorandum of understanding on a business alliance concerning institutional business with CIMB Bank Berhad, a major commercial bank in Malaysia, and CIMB Investment Bank Berhad.

(7) State of Business Transfer, etc.

i. Significant Business Transfer, Merger and Splitting, New Establishment and Splitting

None

ii. Significant Transfer of Business from Other Companies

None

iii. Significant Acquisition or Disposal of Stock, Other Equities or Stock Acquisition Rights of Other Companies

None

iv. Significant Succession of Rights and Obligations regarding Other Corporations' Business through Merger or Company Split

None

(8) Other Important Items Regarding the Current State of the Group

None

2. Matters Concerning Corporate Directors and Audit & Supervisory Board Members

(1) Corporate Directors and Audit & Supervisory Board Members

(As of March 31, 2020)

Name	Position(s)/ Responsibility(ies)	Important Concurrent Post(s)	Other(s)
Hideyuki Kudo	Representative Director, President and CEO	—	—
Yoshiaki Kozano	Director Chief Officer, Group Business Strategy	Director (Non-executive), APLUS FINANCIAL Co., Ltd.	—
J. Christopher Flowers	Director (Outside)	Managing Director and Chief Executive Officer, J. C. Flowers & Co. LLC Member of the Supervisory Board, NIBC Holding N.V. Member of the Supervisory Board, Hamburg Commercial Bank	Mr. Flowers resigned as of August 27, 2019. Important Concurrent posts are as of his resignation date.
Ernest M. Higa	Director (Outside)	Chairman President & Chief Executive Officer, Higa Industries Co., Ltd. Chairman & Representative Director, Wendy's Japan K.K. Director, JC Comsa Corporation Board of Trustees, Showa Women's University Board of Overseers, Columbia Business School Board Member, The Tokyo New Business Conference	—
Jun Makihara	Director (Outside)	Outside Director, Monex Group, Inc. Outside Director, Philip Morris International Inc.	
Rie Murayama	Director (Outside)	—	—
Ryuichi Tomimura	Director (Outside)	President, Representative Director, SIGMAXYZ Inc.	—
Shinya Nagata	Audit & Supervisory Board Member	—	Mr. Nagata has extensive experience in the operational area of financial control and accounting and has a considerable level of knowledge of matters of finance and accounting.
Ikuko Akamatsu	Audit & Supervisory Board Member (Outside)	Certified Public Accountant, Certified Fraud Examiner Board of Directors, The Japanese Institute of Certified Public Accountants Outside Director, TOP'S Inc.	Ms. Akamatsu is qualified as a Certified Public Accountant has a considerable level of knowledge of matters of finance and accounting.
Shiho Konno	Audit & Supervisory Board Member (Outside)	Lawyer Outside Director, Alfresa Holdings Corporation Outside Director, Monex Group, Inc.	—

Notes

1. *Outside Directors Ernest M. Higa, Jun Makihara, Rie Murayama and Ryuichi Tomimura and Outside Audit & Supervisory Board Members Ikuko Akamatsu and Shiho Konno submitted an “independent director statement” (dokuritsu-yakuin todokede-sho) to the Tokyo Stock Exchange, Inc.*
2. *The Bank has adopted the Executive Officer system and Chief Officers and Senior Officers have been assigned to the Group Headquarters. As of March 31, 2020, there were 35 Executive Officers and Officers including those who also serve as Directors.*

(2) Compensation for Corporate Directors and Officers

Total Amount of Compensation, etc. for Corporate Directors and Officers for this Fiscal Year

Classification	Number of payees	Compensation, etc.	Remarks
Directors	8 (Of whom, 2 has already resigned)	169 million yen	
Audit & Supervisory Board members	4 (Of whom, 1 has already resigned)	42 million yen	
Total	12 (Of whom, 3 has already resigned)	211 million yen	

Notes

1. *Figures have been truncated to the unit stated in all amounts shown above.*
2. *In the above categories, 2 Directors also work as Executive Officer.*
3. *The 15th General Meeting of Shareholders held on June 17, 2015 adopted a resolution to set ceilings for the total amount of compensation, etc. paid to Directors at 180 million yen a year (including 60 million yen for outside Directors) and the 10th General Meeting of Shareholders held on June 23, 2010 adopted a resolution to set ceilings for the total amount of compensation, etc. paid to Audit & Supervisory Board members at 60 million yen a year. However, these amounts do not include salaries payable to Directors as the Bank’s employees when they also work as the Bank’s employees.*
4. *The Bank resolved at its Board of Directors meeting held on May 12, 2015 to abolish the retirement allowance plan for Officers and the introduction of equity remuneration type stock options to the Full-Time Directors was resolved at the 15th General Meeting of Shareholders held on June 17, 2015. Separately from the maximum remuneration stated above in the note 3, the 15th General Meeting of Shareholders held on June 17, 2015 adopted a resolution to set ceilings for allotment the Subscription Warrants not exceeding 50 million yen annually to the Full-Time Directors as equity remuneration type stock options.*
5. *The Bank resolved at the 18th Ordinary General Meeting of Shareholders held on June 20, 2018, the introduction of a restricted stock remuneration system targeting full-time Directors. The amount of the compensation for Director is up to 20 million yen per year, which is within the annual limit of 180 million yen per year as stated above in the note 3.*

6. *Equity remuneration type stock options of 27 million yen granted to the Full-Time Directors is included in ‘Compensation, etc.’ in the table above.*
7. *Individual amounts of the remuneration for the Bank’s Directors are decided by the Board of Directors based on the contents of the Revitalization Plan and within the total remuneration amount resolved at the General Meeting of Shareholders. For full-time Directors, the Bank has implemented equity remuneration type stock options and restricted stock remuneration in order to give them a medium-to long-term incentive and a share in shareholder value. The Bank does not pay director bonuses to Directors in order to reduce the incentive for excessive risk-taking.*
8. *Based on the resolution passed at the 15th General meeting of Shareholders held on June 17, 2015, the Bank paid 11 million yen for retirement benefit to one Director who retired at the close of the 19th General meeting of Shareholders held on June 19, 2019 and one Director who resigned and retired on August 27, 2019. The amount is included in ‘Compensation, etc.’ in the table above.*

(3) Agreement for Limitation on Liability

Name	Overview of Contents of Agreement for Limitation on Liability
J. Christopher Flowers Ernest M. Higa Jun Makihara Rie Murayama Ryuichi Tomimura Ikuko Akamatsu Shiho Konno	The Outside Directors and the Outside Audit & Supervisory Board Members’ liability for any damage caused through neglect of their duties and responsibilities shall be limited under Article 427, Paragraph 1 of the Corporation Act. If the Bank suffers damage as a result of such neglect, the Outside Directors and the Outside Audit & Supervisory Board Members shall be liable up to the lowest maximum liability provided for in Article 425, Paragraph 1 of the Corporation Act, provided that there should be no willful misconduct or gross negligence involved in their duties and responsibilities. Mr. J. Christopher Flowers, who resigned as of August 27, 2019, concluded with the Bank the Agreement for Limitation on Liability.

3. Matters concerning Outside Directors and Outside Audit & Supervisory Board Members

(1) Concurrent Posts and Other Details of Outside Directors and Outside Audit & Supervisory Board Members

Name	Concurrent Posts and Other Details	Relationship between the Bank and the company in question
J. Christopher Flowers	Managing Director and Chief Executive Officer (Executive Officer), J. C. Flowers & Co. LLC	Investors in private investment funds advised by J.C. Flowers & Co. LLC (JCF) were also investors in Shinsei through certain of the Bank’s former major shareholders that are also advised by JCF. The Bank has invested in private investment funds advised by JCF.
	Member of the Supervisory Board, NIBC Holding N.V.	The Bank invests in NIBC Holding N.V. indirectly.
	Member of the Supervisory Board, Hamburg Commercial Bank	The Bank has no particular transactions with Hamburg Commercial Bank including shareholdings, etc.

Ernest M. Higa	Chairman President & Chief Executive Officer (Executive Officer), Higa Industries Co., Ltd.	The Bank has no particular transactions with Higa Industries Co., Ltd. including shareholdings, etc.
	Chairman & Representative Director, (Executive Officer), Wendy's Japan K.K.	The Bank has no particular transactions with Wendy's Japan K.K. including shareholdings, etc.
	Director, JC Comsa Corporation	The Bank has no particular transactions with JC Comsa Corporation including shareholdings, etc.
	Board of Trustees, Showa Women's University	The Bank has no particular transactions with Showa Women's University including shareholdings, etc.
	Board of Overseers, Columbia Business School	The Bank has no particular transactions with Columbia Business School including shareholdings, etc.
	Board Member, The Tokyo New Business Conference	The Bank has no particular transactions with The Tokyo New Business Conference including shareholdings, etc.
Jun Makihara	Outside Director, Monex Group, Inc.	The Bank has no particular transactions with Monex Group, Inc. including shareholdings, etc.
	Outside Director, Philip Morris International Inc.	The Bank has no particular transactions with Philip Morris International Inc. including shareholdings, etc.
Ryuichi Tomimura	President, Representative Director (Executive Officer), SIGMAXYZ Inc.	The Bank has no particular transactions with SIGMAXYZ Inc. including shareholdings, etc.
Ikuko Akamatsu	Board of Directors, The Japanese Institute of Certified Public Accountants	The Bank has no particular transactions with The Japanese Institute of Certified Public Accountants including shareholdings, etc.
	Outside Director, TOP'S Inc.	The Bank has no particular transactions with TOP'S, Inc. including shareholdings, etc.
Shiho Konno	Outside Director, Alfresa Holdings Corporation	The Bank has no particular transactions with Alfresa Holdings Corporation including shareholdings, etc.
	Outside Director, Monex Group, Inc.	The Bank has no particular transactions with Monex Group, Inc. including shareholdings, etc.

Note

Mr. J. Christopher Flowers resigned our Outside Director as of August 27, 2019. Regarding "Concurrent posts and other details" and "Relationship between the Bank and the company in question", the status until his resignation is described.

(2) Major Activities of Outside Directors and Outside Audit & Supervisory Board Members

Name	Term of Office	Participation in Meetings of Board of Directors etc.	Participated in all six meetings of the Board of Directors held during this fiscal year
J. Christopher Flowers	18 years 5 months as an Outside Director and 1 year as a Director (Non-executive)	Participated in all three meetings of the Board of Directors held until his resignation on August 27, 2019	Provided timely and necessary remarks and advice on general agenda items and deliberations based upon his wide-ranging financial knowledge.
Ernest M. Higa	6 years 9 months	Participated in all eight meetings of the Board of Directors held during this fiscal year	Provided timely and necessary remarks and advice on agenda items and deliberation based upon his extensive knowledge regarding business for consumers and his experience as an executive officer.
Jun Makihara	8 years 9 months	Participated in all eight meetings of the Board of Directors held during this fiscal year	Provided timely and necessary remarks and advice on general agenda items based upon his wide-ranging financial knowledge.
Rie Murayama	9 months	Participated in all seven meetings of the Board of Directors held during this fiscal year after assuming office in June 2019	Provided timely and necessary remarks and advice on general agenda items based upon her wide-ranging financial knowledge.
Ryuichi Tomimura	4 year 9 months as an Outside Director and 1 year as an Outside Audit & Supervisory Board Member	Participated in all eight meetings of the Board of Directors held during this fiscal year	Provided necessary remarks and advice on general agenda items and deliberations with extensive experience and wide range of knowledge including information system as a management executive and a consultant.
Ikuko Akamatsu	9 months	Participated in all seven meetings of the Board of Directors and all 9 meetings of the Audit & Supervisory Board held during this fiscal year after assuming office in June 2019	Provided necessary remarks and advice on agenda items and deliberations mainly from her special viewpoint and extensive experience as a certified public accountant and a certified fraud examiner.

Shiho Konno	1 year 9 months	Participated in all eight meetings of the Board of Directors and all twelve meetings of the Audit & Supervisory Board held during this fiscal year	Provided necessary remarks and advice on agenda items and deliberations mainly from her special viewpoint as a lawyer and experienced outside auditor and director of other companies.
-------------	-----------------	--	--

(3) Compensation for Outside Directors and Outside Audit & Supervisory Board Members

	Number of payees	Compensation, etc. received from the Bank	Compensation, etc. received from the Bank's parent company
Total compensation, etc. for Outside Directors and Outside Audit & Supervisory Board Members	9 (Of whom, 3 has already resigned)	77 million yen	—

Notes

1. *Figures have been truncated to the unit stated in all amounts shown above.*
2. *The Bank does not pay performance-linked compensation to its Directors.*
3. *Based on the resolution passed at the 15th General meeting of Shareholders held on June 17, 2015, the Bank paid 11 million yen for retirement benefit to one Director who retired at the close of the 19th General meeting of Shareholders held on June 19, 2019 and one Director who resigned and retired on August 27, 2019. The amount is included in 'Compensation, etc. received from the Bank' in the table above.*

(4) Opinions from Outside Directors and Outside Audit & Supervisory Board Members

None

4. Matters concerning Shares of the Bank

(1) The Number of Shares

Aggregate number of shares authorized to be issued	400,000,000
Aggregate number of shares issued	259,034,689

Note

The aggregate number of shares issued includes treasury shares (28,290,791 shares).

(2) The Number of Shareholders at the End of the Fiscal Year

Shareholder's name	Investment in the Bank	
	Number of shares	Shareholding percentage
Deposit Insurance Corporation of Japan	26,912,888	11.66%
SBI Holdings, Inc.	21,926,200	9.50%
The Resolution and Collection Corporation	20,000,000	8.66%
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,013,700	6.07%
SSBTC CLIENT OMNIBUS ACOOUNT	9,110,436	3.94%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8,131,100	3.52%
Japan Trustee Services Bank, Ltd. (Trust Account)	6,062,300	2.62%
GOLDMAN SACHS& CO. REG.	6,044,308	2.61%
STATE STREET BANK AND TRUST COMPANY 505103	4,047,704	1.75%
JP MORGAN CHASE BANK 385151	3,385,594	1.46%

Note

Shareholding percentages have been calculated by deducting treasury shares (28,290,791) from the denominator and rounding down to the second decimal place.

5. Stock Acquisition Rights of the Bank

Disclosed the Bank's website (<https://www.shinseibank.com>).

6. Matters concerning the Bank's Independent Accounting Auditor

(1) The Bank's Independent Accounting Auditor

Name	Fees for This Fiscal Year (millions of yen)		Others
Deloitte Touche Tohmatsu LLC	Audit certification business	355	Business other than audit certification business includes 1. Comfort letter for issuance corporate bonds, etc. 2. Advisory service for Anti-Money Laundering and Combating the Financing of Terrorism 3. Research and reporting on internal control systems for capital adequacy ratios etc.
	Business other than audit certification business	119	
	Total fees	474	

Notes

- Fractions are rounded down.*
- Yoshio Sato, Hidetaka Hayakawa, and Akihiko Uchida are managing partners.*
- The audit certification business is the business that falls under Article 2, Paragraph 1 of the Certified Public Accountant Law.*
- The Audit & Supervisory Board gives consent, as set forth in Article 399, Paragraph 1 of the Corporation Act, to compensation for independent accounting auditors, judging that the compensation is reasonable in light of ensuring the audit quality and governance framework of the accounting auditor after necessary examination of the details of their audit plans, execution of their duties of accounting audit, and the basis of calculation of compensation estimates.*
- Compensation for independent accounting auditors of the Bank and the consolidated subsidiaries of the Bank for this fiscal year is as follows.*

Fees for This Fiscal Year (millions of yen)	
Audit certification business	689
Business other than audit certification business	131
Total fees	820

(2) Agreement for Limitation on Liability

None

(3) Other Matters Concerning the Bank's Independent Accounting Auditor

Policy to determine dismissal or non-reassignment of independent accounting auditor

The Audit & Supervisory Board has a policy to discuss the dismissal or non-reassignment of the independent accounting auditor if it falls under any of the provisions in each item of Article 340, Paragraph 1 of the Corporation Act.

In addition, the Audit & Supervisory Board's determine the agenda regarding the dismissal or non-reassignment of the independent accounting auditor to the General Meeting of Shareholders, if it is certain that the independent accounting auditor cannot exercise its duties properly or as otherwise demanded necessary. And then the Board of Directors submits the Agenda to the General Meeting of Shareholders based on the Audit & Supervisory Boards' resolution.

7. Basic Policy for Persons Who Determine Financial and Business Policies

None

8. Contents of Resolutions Concerning the Organization of a System to Ensure Business Relevance and Operational Status of the Said System

8-1. Outline of resolutions concerning a system to ensure business Relevance

Disclosed on the Bank's website (<https://www.shinseibank.com>).

8-2. Outline of operational status of the system to ensure appropriate business operations

The major operational status in this fiscal year is as follows.

(1) Framework of the organization

As organizations in charge of the Second Line, specialized divisions are established in the Group Headquarters to take charge in risk management and compliance functions. Furthermore, the Group Internal Audit Division is established to take charge in the Third Line function.

(2) Status of activities to ensure that the Bank's directors and employees perform their duties and responsibilities in compliance with laws, regulations and the Articles of Incorporation

All officers and directors of the Bank including the Representative Director receive training (e-learning) on the "Shinsei Bank Group Code of Conduct" and pledge their compliance with the Code each year. In addition, an external legal counsel attends the Board of Directors meetings so that when it is necessary to make judgment concerning matters related to compliance with laws, regulations and so forth, the counsel can be consulted as needed and in an appropriate manner. Furthermore, the Audit & Supervisory Board Members audit business execution by directors from the viewpoint of compliance with laws, regulations, and so forth.

For compliance-related issues, we appoint a Chief Compliance Officer and Compliance Officer in all the Divisions, Departments, and Branches to conduct monitoring.

We have a whistle-blowing system as an independent system from business execution lines. In addition to the Group Legal and Compliance Division, full-time Audit & Supervisory Board Members and external lawyers work as contact persons and keep the full-time Audit & Supervisory Board Members informed of any reports made to them and the details of the investigations conducted.

(3) Status of activities for retaining and managing information related to the execution of duties and responsibilities of directors of the Bank

Pursuant to the Information Security Policy, we recognize information as our important assets and prepare and retain various types of information assets in a manner consistent with internal procedures stipulated in the Policy. We ensure that access to such information assets is controlled in accordance with their characteristics and manage them appropriately. Further, we conduct information security self-checks targeting all Divisions and Branches on a regular basis and make improvements on issues as

needed. We are also working on measures and trainings to prevent damage caused by any cyberattack from extending to business applications and customer data.

(4) Status of activities for managing risk of losses for the Bank

We have established the Group Risk Management Policy and created a risk management system based on this Policy. Pursuant to the basic approach delineated in the Policy, we perform risk management through the divisions responsible for each risk, the Group Risk Policy Committee, Transaction Committee, Doubtful Debt Committee, Group ALM Committee, Market Business Management Committee, and Group New Business and Product Committee. In addition, we are operating by focusing on stable continuation of important operations, our customers and society including countermeasures against coronavirus expansion.

(5) Status of activities to ensure that the Bank's directors efficiently perform their duties and responsibilities

Executive Officers, Chief Officers and Senior Officers who are delegated authorities from the Board of Directors execute businesses for which they are responsible pursuant to the "Regulations of Business Execution" and under the directions given by the President. In addition, the Group Executive Committee and the Executive Committee makes decisions when necessary.

Under this system, we set annual plans/budgets and important management indicators (KPI: Key Performance Indicator) for each fiscal year to make the Medium-Term Strategies more specific. The Bank's management review the process and progress status for achieving the Plan at the PDCA Session conducted four times a year. The Bank's management also reviews the progress of new businesses and strategic capital partnerships at quarterly monitoring sessions.

Furthermore, we have strengthened our group governance by pursuing more sophisticated functions and optimization of the Group as a whole under the Group Headquarters which substantially integrated the support functions held by the Bank and Group member companies. We have also improved productivity and efficiency by eliminating functional overlaps.

As for business functions, we have assigned Business Unit Heads and Executive Officers in charge of business Divisions among Executive Officers to have the Executive Officers and the Head of Executive Officer in charge promote transactions with our customers under the Group business strategies and management resource allocation planned by the Business Unit Heads.

(6) Status of activities to ensure appropriate business operations of corporate groups consisting of the Bank and its parent company and subsidiaries

Pursuant to the Subsidiaries and Affiliates Policy, we have designated the Divisions in charge of each subsidiary and affiliate and have created a system where mainly the specialized divisions of the Group Headquarters generally give guidance and manage the management of the subsidiaries and affiliates, while the Group Corporate Planning Division oversees overall management of the subsidiaries and affiliates. The relevant Divisions in the Bank report to the Group Executive Committee the business activities of the subsidiaries and matters concerning their governance periodically and submit important matters concerning the management of the subsidiaries to the Group Executive Committee for its approval. The Group Corporate Planning Division and the specialized divisions in the Group Headquarters are in charge of operations related to providing managerial guidance and managing subsidiaries and affiliates, pursuant to Group Headquarters Organization Management Policy.

- (7) Status of activities concerning employees, if any, who are appointed to assist the Audit & Supervisory Board Members of the Bank in performing their duties, and activities concerning independence of the said employees from directors

We have established the Office of Audit & Supervisory Board Members to assist the Audit & Supervisory Board Members of the Bank in the performance of audits. The Assistants who belong to the said Office report to the Audit & Supervisory Board Members the results of their work in accordance with the directions and orders given by the Audit & Supervisory Board Members.

- (8) Status of activities concerning a system for the Bank's directors and employees to give reports to the Audit & Supervisory Board Members and other systems for giving reports to the Audit & Supervisory Board Members, and activities to ensure that audits by the Audit & Supervisory Board Members are performed effectively

The Audit & Supervisory Board consists of three Audit & Supervisory Board Members including two outside Audit & Supervisory Board Members. As a general rule, the Audit & Supervisory Board holds a meeting every month where they receive reports on, discuss, and make resolutions for, important matters concerning audits. In addition, the Audit & Supervisory Board has regular meetings with accounting auditors to exchange opinions on the current status of compliance and internal controls.

Standing Audit & Supervisory Board Members attend various important committees including the Group Compliance Committee and the Compliance Committee and conduct interviews on the relevant Divisions and Branches including the Group member companies in an attempt to improve the effectiveness of audits.

- (9) Status of initiatives for eliminating anti-social forces and preventing money laundering and terrorism financing

We have established "Guidelines for Handling Antisocial Forces" and the Financial Crime Information Department in the Group Legal and Compliance Division oversees planning, promotion, and management concerning the measures to deal with antisocial forces and liaises with external specialist organizations and mainly takes the measures described below in close collaboration with the Group General Services Division. As the measures to eliminate antisocial forces, we regularly perform screening checks to determine if our customers fall under antisocial forces before and after we start transactions with them. In addition, we include designated clauses on the elimination of relationships with antisocial forces in contracts, agreements and other documents we sign at the time of transactions. We have also organized a Group-wide control structure for preventing money laundering and terrorism financing under the control policy established by the Financial Information Control Department under the Group Legal and Compliance Division.

9. Matters Concerning Wholly Owned Subsidiary Companies

None

10. Matters Concerning Transactions with the Parent Company, etc.

None

11. Matters Concerning Accountants

None

12. Others

Policy concerning exercise of authorities granted to the Board of Directors in accordance with the provisions of the Articles of Incorporation under the provision of Article 459, Paragraph 1 of the Corporation Act.

We plan to exercise the authorities granted to the Board of Directors in accordance with Article 36 of our Article of Incorporation under the provision of Article 459, Paragraph 1 of the Corporation Act from the viewpoint of flexible and agile capital policy implementation, taking into consideration the soundness, stability and efficiency of finance.

End

Consolidated Balance Sheet

Shinsei Bank, Limited, and Consolidated Subsidiaries
As of March 31, 2020

	Millions of yen
ASSETS	
Cash and due from banks	¥1,614,134
Other monetary claims purchased	63,575
Trading assets	213,707
Monetary assets held in trust	415,107
Securities	957,040
Loans and bills discounted	5,110,404
Foreign exchanges	73,879
Lease receivables and leased investment assets	193,445
Other assets	1,007,605
Premises and equipment	69,414
Buildings	12,350
Land	2,665
Tangible leased assets as lessor	47,148
Construction in progress	741
Other premises and equipment	6,508
Intangible assets	67,073
Software	52,405
Goodwill	10,626
Intangible leased assets as lessor	65
Intangible assets acquired in business combinations	2,496
Other intangible assets	1,479
Assets for retirement benefits	5,683
Deferred tax assets	16,977
Customers' liabilities for acceptances and guarantees	526,520
Reserve for credit losses	(107,998)
Total assets	¥10,226,571
LIABILITIES AND EQUITY	
Liabilities:	
Deposits	¥5,849,211
Negotiable certificates of deposit	455,950
Call money and bills sold	165,000
Payables under repurchase agreements	38,956
Payables under securities lending transactions	350,407
Trading liabilities	183,943
Borrowed money	881,991
Foreign exchanges	687
Short-term corporate bonds	221,300
Corporate bonds	166,500
Other liabilities	404,973
Accrued employees' bonuses	8,560
Accrued directors' bonuses	47
Liabilities for retirement benefits	8,422
Reserve for directors' retirement benefits	50
Reserve for reimbursement of deposits	621
Reserve for reimbursement of debentures	3,513
Reserve for losses on interest repayments	49,308
Deferred tax liabilities	119
Acceptances and guarantees	526,520
Total liabilities	9,316,086
Equity:	
Common stock	512,204
Capital surplus	78,506
Retained earnings	389,600
Treasury stock, at cost	(61,097)
Total shareholders' equity	919,214
Unrealized gain (loss) on available-for-sale securities	4,755
Deferred gain (loss) on derivatives under hedge accounting	(15,719)
Foreign currency translation adjustments	(1,670)
Defined retirement benefit plans	(3,585)
Total accumulated other comprehensive income	(16,219)
Stock acquisition rights	125
Noncontrolling interests	7,364
Total equity	910,485
Total liabilities and equity	¥10,226,571

Consolidated Statement of Income

Shinsei Bank, Limited, and Consolidated Subsidiaries

For the fiscal year ended March 31, 2020

	Millions of yen
ORDINARY INCOME	¥399,503
Interest income	153,777
Interest on loans and bills discounted	140,204
Interest and dividends on securities	10,794
Interest on call loans and bills bought	11
Interest on receivables under securities borrowing transactions	0
Interest on deposits with banks	1,121
Other interest income	1,645
Fees and commissions income	59,213
Trading income	15,821
Other business income	144,855
Other ordinary income	25,835
Recoveries of written-off claims	6,464
Other	19,370
ORDINARY EXPENSES	348,466
Interest expenses	20,266
Interest on deposits	6,295
Interest on negotiable certificates of deposit	61
Interest on call money and bills sold	43
Interest on payables under repurchase agreements	356
Interest on payables under securities lending transactions	840
Interest on borrowings	2,875
Interest on short-term corporate bonds	145
Interest on corporate bonds	283
Other interest expenses	9,364
Fees and commissions expenses	26,782
Other business expenses	97,532
General and administrative expenses	152,494
Amortization of goodwill	2,144
Amortization of intangible assets acquired in business combinations	291
Other general and administrative expenses	150,057
Other ordinary expenses	51,391
Provision of reserve for credit losses	44,818
Other	6,572
ORDINARY PROFIT	51,036
Extraordinary gains	26
Gain on disposal of premises and equipment	0
Other extraordinary gains	25
Extraordinary losses	1,862
Loss on disposal of premises and equipment	423
Impairment losses	660
Other extraordinary losses	778
Income before income taxes	49,200
Income taxes (benefit) - current	4,119
Income taxes (benefit) - deferred	(45)
Total income taxes (benefit)	4,073
Profit	45,126
Profit (loss) attributable to noncontrolling interests	(449)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	¥45,575

Consolidated Statement of Changes in Equity

Shinsei Bank, Limited, and Consolidated Subsidiaries

For the fiscal year ended March 31, 2020

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Total shareholders' equity
Balance at beginning of the year (Millions of yen)	¥512,204	¥78,506	¥346,562	(¥37,729)	¥899,544
Changes during the year					
Dividends			(2,452)		(2,452)
Profit attributable to owners of the parent			45,575		45,575
Purchase of treasury stock				(23,500)	(23,500)
Disposal of treasury stock		(53)		132	78
Transfer to Capital surplus from retained earnings		53	(53)		—
Changes in ownership interest of the parent related to transactions with noncontrolling interests		(0)			(0)
Decrease by exclusion of consolidated subsidiaries			(0)		(0)
Transfer to retained earnings from unrealized gain (loss) on available-for-sale securities			(32)		(32)
Net changes during the year excluding shareholders' equity					
Total changes during the year	—	(0)	43,037	(23,368)	19,669
Balance at end of the year (Millions of yen)	¥512,204	¥78,506	¥389,600	(¥61,097)	¥919,214

	Accumulated other comprehensive income					Stock acquisition rights	Noncontrolling interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance at beginning of the year (Millions of yen)	¥10,041	(¥16,391)	(¥1,527)	¥378	(¥7,500)	¥99	¥4,498	¥896,642
Changes during the year								
Dividends								(2,452)
Profit attributable to owners of the parent								45,575
Purchase of treasury stock								(23,500)
Disposal of treasury stock								78
Transfer to Capital surplus from retained earnings								—
Changes in ownership interest of the parent related to transactions with noncontrolling interests								(0)
Decrease by exclusion of consolidated subsidiaries								(0)
Transfer to retained earnings from unrealized gain (loss) on available-for-sale securities								(32)
Net changes during the year excluding shareholders' equity	(5,285)	671	(142)	(3,963)	(8,719)	26	2,865	(5,826)
Total changes during the year	(5,285)	671	(142)	(3,963)	(8,719)	26	2,865	13,842
Balance at end of the year (Millions of yen)	¥4,755	(¥15,719)	(¥1,670)	(¥3,585)	(¥16,219)	¥125	¥7,364	¥910,485

Nonconsolidated Balance Sheet

Shinsei Bank, Limited

As of March 31, 2020

	Millions of yen
ASSETS	
Cash and due from banks	¥1,475,672
Cash	6,124
Due from banks	1,469,547
Other monetary claims purchased	42,795
Trading assets	206,547
Derivatives for securities held to hedge trading transactions	2,255
Trading-related financial derivatives	204,291
Monetary assets held in trust	312,128
Securities	1,265,800
Japanese national government bonds	358,567
Japanese corporate bonds	168,949
Equity securities	346,266
Other securities	392,017
Loans and bills discounted	5,040,819
Loans on bills	28,313
Loans on deeds	4,087,003
Overdrafts	925,502
Foreign exchanges	73,879
Due from foreign banks	73,879
Other assets	234,006
Prepaid expenses	2,767
Accrued income	8,055
Margin on futures transactions	4,782
Suspense payment on futures transactions	266
Derivatives held in banking account	71,745
Cash collateral paid for financial instruments	66,258
Deferred issuance expenses for corporate bonds	349
Accounts receivable	5,775
Other	74,006
Premises and equipment	12,435
Buildings	8,386
Leased assets	38
Construction in progress	307
Other premises and equipment	3,703
Intangible assets	25,631
Software	23,617
Goodwill	537
Leased assets	1,463
Other intangible assets	12
Prepaid pension cost	6,940
Deferred tax assets	2,731
Customers' liabilities for acceptances and guarantees	18,787
Reserve for credit losses	(31,480)
Total assets	¥8,686,696

	Millions of yen
LIABILITIES AND EQUITY	
Liabilities :	
Deposits	¥5,995,082
Current accounts	94,819
Ordinary deposits	2,703,933
Notice deposits	3,353
Time deposits	2,652,189
Other deposits	540,786
Negotiable certificates of deposit	455,950
Call money	165,000
Payables under repurchase agreements	38,956
Payables under securities lending transactions	345,357
Trading liabilities	182,969
Derivatives for securities held to hedge trading transactions	1,985
Trading-related financial derivatives	180,984
Borrowed money	342,683
Borrowed money	342,683
Foreign exchanges	687
Foreign bills payable	687
Corporate bonds	116,500
Other liabilities	162,115
Income taxes payable	1,532
Accrued expenses	10,533
Unearned income	658
Suspense receipt on futures transactions	77
Derivatives held in banking account	85,080
Cash collateral received for financial instruments	25,110
Lease obligations	12
Asset retirement obligations	7,307
Other	31,802
Accrued employees' bonuses	4,840
Reserve for reimbursement of deposits	621
Reserve for reimbursement of debentures	3,513
Acceptances and guarantees	18,787
Total liabilities	7,833,066
Equity:	
Common stock	512,204
Capital surplus	79,465
Additional paid-in capital	79,465
Retained earnings	338,529
Legal reserve	15,734
Other retained earnings	322,795
Unappropriated retained earnings	322,795
Treasury stock, at cost	(61,097)
Total shareholders' equity	869,102
Unrealized gain (loss) on available-for-sale securities	624
Deferred gain (loss) on derivatives under hedge accounting	(16,174)
Total net unrealized gain (loss) and translation adjustments	(15,549)
Stock acquisition rights	76
Total equity	853,629
Total liabilities and equity	¥8,686,696

Nonconsolidated Statement of Income

Shinsei Bank, Limited

For the fiscal year ended March 31, 2020

	Millions of yen
ORDINARY INCOME	¥170,640
Interest income	120,335
Interest on loans and bills discounted	98,008
Interest and dividends on securities	20,003
Interest on call loans	11
Interest on deposits with banks	1,080
Other interest income	1,230
Fees and commissions income	21,295
Domestic and foreign exchange commissions income	1,085
Other fees and commissions income	20,210
Trading income	10,994
Income from securities held to hedge trading transactions	827
Income from trading-related financial derivatives	10,167
Other business income	10,022
Gains on foreign exchange	529
Gains on sales of bonds	7,385
Income from derivatives held in banking	254
Other	1,853
Other ordinary income	7,992
Recoveries of written-off claims	105
Gains on sales of equity securities and others	4,626
Gains on monetary assets held in trust	2,381
Other	877
ORDINARY EXPENSES	136,702
Interest expenses	17,244
Interest on deposits	6,300
Interest on negotiable certificates of deposit	61
Interest on call money	43
Interest on payables under repurchase agreements	356
Interest on payables under securities lending transactions	840
Interest on borrowings	141
Interest on corporate bonds	137
Interest on swaps	9,344
Other interest expenses	17
Fees and commissions expenses	27,530
Domestic and foreign exchange commissions expenses	1,262
Other fees and commissions expenses	26,268
Trading losses	0
Other trading losses	0
Other business expenses	6,614
Losses on sales of bonds	3,538
Losses on write-down of bonds	422
Amortization of deferred issuance expenses for corporate bonds	74
Other	2,578
General and administrative expenses	72,308
Other ordinary expenses	13,004
Provision of reserve for credit losses	8,813
Losses on write-off of loans	5
Losses on sales of equity securities and others	86
Losses on write-down of equity securities and others	2,784
Losses on monetary assets held in trust	0
Other	1,312
ORDINARY PROFIT	33,938
Extraordinary gains	2,109
Gain on disposal of premises and equipment	0
Other extraordinary gains	2,109
Extraordinary losses	2,334
Loss on disposal of premises and equipment	80
Impairment losses	631
Other extraordinary losses	1,622
Income before income taxes	33,713
Income taxes (benefit) - current	1,792
Income taxes (benefit) - deferred	(1,260)
Total income taxes (benefit)	532
NET INCOME	¥33,180

Nonconsolidated Statement of Changes in Equity

Shinsei Bank, Limited

For the fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock, at cost	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings	Total retained earnings		
Balance at beginning of the year	¥512,204	¥79,465	—	¥79,465	¥15,243	¥292,611	¥307,855	¥(37,729)	¥861,796
Changes during the year									
Dividends					490	(2,943)	(2,452)		(2,452)
Net income						33,180	33,180		33,180
Purchase of treasury stock								(23,500)	(23,500)
Disposal of treasury stock			(53)	(53)				132	78
Transfer to capital surplus from retained earnings			53	53		(53)	(53)		—
Net changes during the year excluding shareholders' equity									
Total changes during the year	—	—	—	—	490	30,183	30,674	(23,368)	7,306
Balance at end of the year	¥512,204	¥79,465	—	¥79,465	¥15,734	¥322,795	¥338,529	¥(61,097)	¥869,102

	Net unrealized gain (loss) and translation adjustments			Stock acquisition rights	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Total net unrealized gain (loss) and translation adjustments		
Balance at beginning of the year	¥4,719	¥(17,925)	¥(13,205)	¥49	¥848,640
Changes during the year					
Dividends					(2,452)
Net income					33,180
Purchase of treasury stock					(23,500)
Disposal of treasury stock					78
Transfer to capital surplus from retained earnings					—
Net changes during the year excluding shareholders' equity	(4,094)	1,751	(2,343)	27	(2,316)
Total changes during the year	(4,094)	1,751	(2,343)	27	4,989
Balance at end of the year	¥624	¥(16,174)	¥(15,549)	¥76	¥853,629

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 11, 2020

To the Board of Directors of
Shinsei Bank, Limited:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Yoshio Sato

Designated Engagement Partner,
Certified Public Accountant:

Hidetaka Hayakawa

Designated Engagement Partner,
Certified Public Accountant:

Akihiko Uchida

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Shinsei Bank, Limited and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet, the consolidated statement of income, and the consolidated statement of changes in equity for the fiscal year from April 1, 2019 to March 31, 2020, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

(TRANSLATION)

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

(TRANSLATION)

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 11, 2020

To the Board of Directors of
Shinsei Bank, Limited:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Yoshio Sato

Designated Engagement Partner,
Certified Public Accountant:

Hidetaka Hayakawa

Designated Engagement Partner,
Certified Public Accountant:

Akihiko Uchida

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of Shinsei Bank, Limited (the "Bank"), namely, the nonconsolidated balance sheet, the nonconsolidated statement of income, and nonconsolidated statement of changes in equity for the 20th fiscal year from April 1, 2019 to March 31, 2020, and the related notes and the accompanying supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Bank as of March 31, 2020, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Bank in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

(TRANSLATION)

In preparing the nonconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

(TRANSLATION)

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Bank which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(Translation)

This translation is made for convenience only. The original report was issued in Japanese.

REPORT OF THE AUDIT & SUPERVISORY BOARD

The Audit & Supervisory Board of Shinsei Bank, Limited (hereinafter, the “Bank”) prepared this report, upon deliberation based on audit reports prepared by each Audit & Supervisory Board Member, in relation to the execution of duties by the Bank’s Directors during the 20th fiscal year (from April 1, 2019 to March 31, 2020).

1. Process and Details of Audits by Audit & Supervisory Board Members and the Audit & Supervisory Board
 - (1) The Audit & Supervisory Board determined the audit plan, the assignment of audit duties, and other matters under the audit basic policy of: serving as the supervising functions of the Bank in collaboration with the Board of Directors; creating the sound and sustainable growth and medium- to long-term corporate value of the Bank and its Group; and establishing a good corporate governance framework. The Audit & Supervisory Board received reports from each Audit & Supervisory Board Member on the status and results of audits. Moreover, we received reports from Directors and employees, etc. and the Accounting Auditor on the execution of their duties and requested explanations, as needed.
 - (2) In accordance with the audit policy, audit plan and assignment of audit duties, etc. determined by the Audit & Supervisory Board, each Audit & Supervisory Board Member made efforts to communicate with Directors, the internal audit section and other employees, etc., collect information and improve the audit environment, and conducted audits as follows:
 - A. At the same time, we investigated the status of the Bank’s business activities and assets by attending important meetings, including the Board of Directors meetings, receiving reports and requesting explanations, as needed, from Directors and employees, etc. on the execution of their duties, referring to important approval documents, etc. In addition, with respect to the Bank’s subsidiaries, we communicated and exchanged information with their Directors, Audit & Supervisory Board Members and so forth and received reports on their business, as needed.
 - B. With regard to the Board of Directors resolutions on the establishment of frameworks to ensure that the execution of duties by Directors mentioned in the business report complies with laws, ordinances and the Bank’s Articles of Incorporation as well as other frameworks that are necessary to ensure appropriate business activities by a corporate group consisting of a corporation and its subsidiaries as stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Corporation Act, and frameworks (internal control system) based on such resolutions, we received reports from Directors and employees, etc., on a regular basis, on the status of establishing and administering such frameworks and requested explanations and expressed opinions, as needed.

In relation to internal controls over financial reporting, we were provided reports on internal control assessments and audit status from Division in charge and from the Auditor – Deloitte Touche Tohmatsu LLC – and requested explanations, as needed.
 - C. We monitored and examined whether the Bank’s Accounting Auditor was maintaining its independence and conducting appropriate audits; received its reports on the status of the execution of its duties; and requested explanations, as needed. Moreover, we received from

the Accounting Auditor a notice stating that the “System for Ensuring the Appropriate Execution of Duties” (a matter listed in each item of Article 131 of the Corporate Calculation Rules) is in operation in line with the “Audit Quality Control Standards” (released on October 28, 2005 by the Business Accounting Council), etc. and requested explanations, as needed. We discussed an internal audit plan with the internal audit section prior to their audits, and received reports on the audit results and the status of improvements as needed.

Based on the above process, we examined the Bank’s business report and its attached schedules, financial statements (balance sheet, income statement, statements of changes in equity, notes), schedules attached thereto, and consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statements of changes in equity, consolidated notes) for the relevant fiscal year.

2. Results of the Audit

(1) Results of the audit of the business report, etc.

- A. We acknowledge that the business report and its attached schedules fairly present the state of the Bank and its subsidiaries in accordance with laws, ordinances and its Articles of Incorporation.
- B. We acknowledge that nothing came to our attention which falls within the definition of misconduct or a material violation of laws, ordinances or the Bank’s Articles of Incorporation with respect to the execution of duties by Directors.
- C. We acknowledge that the contents of the Board of Directors resolutions concerning the system of internal controls were reasonable. In addition, we acknowledge that nothing came to our attention which should be pointed out concerning the contents of the business report and the execution of duties by Directors in relation to the said internal control system, including internal controls over financial reporting.

(2) Results of the audit of financial statements and attached schedules

We acknowledge that the process and results of the audit by the Bank’s Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Results of the audit of consolidated financial statements

We acknowledge that the process and results of the audit by the Bank’s Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 12, 2020

The Audit & Supervisory Board of Shinsei Bank, Limited
Shinya Nagata, Full-time Audit & Supervisory Board Member (Seal)
Shiho Konno, Outside Audit & Supervisory Board Member (Seal)
Ikuko Akamatsu, Outside Audit & Supervisory Board Member (Seal)