

For Immediate Release

Company Name: Shinsei Bank, Limited
 Name of Representative: Hideyuki Kudo
 President and CEO
 (Code: 8303, TSE First Section)

Notice Regarding a Reverse Stock Split, a Change in the Number of Shares Constituting a Minimum Trading Unit and a Partial Amendment of the Articles of Incorporation

Tokyo (Wednesday, March 22, 2017) --- Shinsei Bank, Limited (hereinafter, "Shinsei Bank," "the Bank") announced today that, at its Board of Directors Meeting held today, it resolved to recommend a reverse stock split, a change in the number of shares constituting a minimum trading unit and a partial amendment of the Article of Incorporation at the 17th Annual General Meeting of Shareholders scheduled for June 2017 as described below;

1. Reverse stock split

(1) Reason for reverse stock split

All domestic stock exchanges in Japan including the Tokyo Stock Exchange are engaged in initiatives for issuing companies to reduce the number of shares constituting a minimum trading unit from 1,000 shares to 100 shares by October 2018, in its "Action Plan for Consolidating Trading Units."

Following this initiative, as Shinsei Bank is a company listed on the Tokyo Stock Exchange, it will reduce the number of the Bank's shares constituting a minimum trading unit from 1,000 shares to 100 shares. The Tokyo Stock Exchange defines the ideal price range per investment unit as equal to or greater than 50,000 yen and less than 500,000 yen. In order to achieve this appropriate price level per a minimum trading unit of the Bank's shares, the Bank will also undertake a 1-for-10 reverse stock split.

(2) Details of reverse stock split

(i) Class of shares to be reversed: Common shares

(ii) Reversal ratio: Shinsei Bank will undertake a 1-for-10 reverse stock split on October 1, 2017 based on the number of shares held by shareholders recorded in the Register of Shareholders as of the end of the day on September 30, 2017 (practically on September 29, 2017).

(iii) Decrease in number of shares due to reverse stock split

Number of outstanding shares before reverse stock split (as of December 31, 2016)	2,750,346,891 shares
Decrease in number of shares after reverse stock split	2,475,312,202 shares
Number of outstanding shares after reverse stock split	275,034,689 shares

Note: "Decrease in number of shares after reverse stock split" and "Number of outstanding shares after reverse stock split" are theoretical figures calculated based on the number of outstanding shares before reverse stock split and the reverse stock split ratio.

(iv) Impact of reverse stock split

By the reverse stock split, the total number of outstanding shares will be decreased to one-tenth, however, the amount of net assets per share will be increased by ten times because the net assets etc., will not be changed. Therefore, the asset value of the shares of Shinsei Bank will not fluctuate except for other factors such as stock market volatility.

(3) Treatment when there is less than one share

If fractional shares of less than one share arise as a result of the reverse stock split, such shares shall be subject to a bulk sale in accordance with the Companies Act. The proceeds of the said sale will be distributed to the target shareholders in proportion to their respective fractional shares.

- (4) Decrease in number of shareholders due to reverse stock split
Shareholder composition as of September 30, 2016 is as follows;

	Shareholders (ratio)	Shares owned (ratio)
Total number of shareholders	36,198(100.00%)	2,750,346,891(100.00%)
Shareholders who hold less than 10 shares	353(0.98%)	565(0.00%)
Shareholders who hold 10 or more shares	35,845(99.02%)	2,750,346,326(100.00%)

Due to the reverse stock split, the 353 shareholders who each hold less than ten shares (the total number of the shares held by such shareholders is 565 shares) would lose their status as shareholders. Please note that such shareholders may request Shinsei Bank sell to them the number of shares needed to make up one unit by adding to their shares that are less than one unit prior to the effective date of the reverse stock split. In addition, please also note that such shareholders may request that Shinsei Bank purchase from them their shares that are less than one unit prior to the effective date of the reverse stock split. For details, please contact your securities company or Shinsei Bank' shareholder registry administrator as hereinafter defined.

- (5) Aggregate number of authorized shares on the effective date
In accordance with a decrease in the number of outstanding shares after reverse stock split, the aggregate number of authorized shares will decrease at the same rate (one-tenth) as that of reverse stock split as of October 1, 2017.

Aggregate number of authorized shares before change	4 billion shares
Aggregate number of authorized shares after change (as of October 1, 2017)	400 million shares

- (6) Conditions for reverse stock split
The reverse stock split is subject to approval at the 17th Annual General Meeting of Shareholders to be held in June 2017 together with the item related to the following "3. Partial amendment of the Articles of Incorporation."

2. Change in the number of shares constituting a minimum trading unit

- (1) Reason for change

Shinsei Bank will implement this change in order to follow the action plan by all domestic stock exchanges mentioned in, "1. (1) Reason for reverse stock split."

- (2) Details of change

Shinsei Bank will reduce the number of the Bank's shares constituting a minimum trading unit from 1,000 shares to 100 shares.

- (3) Date of change

October 1, 2017.

- (4) Conditions for change

The change in the number of shares constituting a minimum trading unit is subject to approval at the 17th Annual General Meeting of Shareholders to be held in June 2017 together with the above-mentioned item related to, "1. Reverse stock split" and the item related to the following "3. Partial amendment of the Articles of Incorporation."

3. Partial amendment of the Articles of Incorporation

- (1) Reason for amendment

As stated in "1.(1) Reason for reverse stock split" above, Shinsei Bank will amend Article 6 of the Articles of Incorporation in order to implement a reverse stock split and to reduce the aggregate amount of authorized shares at the same rate of the reverse stock split. The Bank will also amend Article 7 of the Articles of Incorporation in order to change the number of shares constituting a minimum trading unit from 1,000 shares to 100 shares. Shinsei bank will set supplementary provisions whereby these amendments take effect on October 1, 2017. The supplementary provisions shall be deleted after the amendments have taken effect.

- (2) Details of partial amendment of the Articles of Incorporation
Shinsei Bank's Articles of Incorporation will be amended as follows (underlines reflect the amendments);

Current	Proposed Revision
<p>Article 6. (Aggregate Number of Shares Authorized to Be Issued) The aggregate number of shares which the Bank shall have the authority to issue shall be <u>four billion (4,000,000,000)</u> shares.</p> <p>Article 7. (Number of Shares Constituting One Predetermined Minimum Unit of Shares (tan-gen kabu)) 1. One predetermined minimum unit of shares (tan-gen kabu) shall be <u>one thousand (1,000)</u> shares.</p>	<p>Article 6. (Aggregate Number of Shares Authorized to Be Issued) The aggregate number of shares which the Bank shall have the authority to issue shall be <u>four hundred million (400,000,000)</u> shares.</p> <p>Article 7. (Number of Shares Constituting One Predetermined Minimum Unit of Shares (tan-gen kabu)) 1. One predetermined minimum unit of shares (tan-gen kabu) shall be <u>one hundred (100)</u> shares.</p> <p><u>(Supplementary Provisions)</u> <u>The revisions to Article 6. (Aggregate Number of Shares Authorized to Be Issued) and Article 7. (Number of Shares Constituting One Predetermined Minimum Unit of Shares (tan-gen kabu)) shall take effect on October 1, 2017. These Supplementary Provisions shall be deleted after the day they have taken effect.</u></p>

- (3) Conditions for change
The amendment of the Articles of Incorporation is subject to approval at the 17th Annual General Meeting of Shareholders to be held in June 2017 together with the above-mentioned item related to, "1. Reverse stock split."

4. Schedule

Resolution at the Board of Directors meeting	March 22, 2017
Resolution at the Annual General Meeting of Shareholders	June 2017 (provisional)
Effective date of the reverse stock split	October 1, 2017 (provisional)
Effective date of change in the number of shares constituting a minimum trading unit	October 1, 2017 (provisional)
Effective date of change in aggregate number of authorized shares	October 1, 2017 (provisional)

As described above, while the effective date of the reverse stock split and the change in the number of shares constituting a minimum trading unit will be October 1, 2017, the trading unit will be changed from 1,000 shares to 100 shares at the Tokyo Stock Exchange on September 27, 2017 because of the book-entry procedure following trades of shares.

Shinsei Bank' shareholder registry administrator:
Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited.
Phone: +81 - 3 - 3323-7111
Reception hours: 9:00 a.m. to 5:00 p.m. (Excluding weekends and holidays) (Tokyo time)

Shinsei Bank is a leading diversified Japanese financial institution providing a various range of financial products and services to both institutional and individual customers. The Bank has a network of outlets throughout Japan and is committed in its pursuit of uncompromising levels of integrity and transparency in all of its activities in order to earn the trust of its customers, staff and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders. News and other information about Shinsei Bank is available at <http://www.shinseibank.com/corporate/en/index.html>

[Reference] Q&A regarding a reverse stock split and a change in the number of shares constituting a minimum trading unit

Q1: What is the purpose of the reverse stock split and the change in the number of shares constituting a minimum trading unit?

A1:

- For the greater convenience of investors and other market participants, all Japanese stock exchanges including Tokyo Stock Exchange are promoting an “Action Plan for Consolidating Trading Units”, under which trading units (the number of shares in share unit) of common shares of domestically listed companies are uniformly set at 100 shares. In light of the intent of this action plan, the Bank, as a company listed on the Tokyo Stock Exchange, decided to change the number of shares in share unit from 1,000 shares to 100 shares as of October 1, 2017.
- The Tokyo Stock Exchange defines the ideal price range per investment unit as equal to or greater than 50,000 yen and less than 500,000 yen. In order to achieve this appropriate price level per a minimum trading unit of the Bank’s shares, the Bank will also undertake a 1-for-10 reverse stock split.

Q2: How the investment unit will be affected?

A2:

- Shinsei Bank will implement a change in the number of shares constituting a minimum trading unit from 1,000 shares to 100 shares and a 1-for-10 reverse stock split at the same time. Therefore, a current investment unit won’t practically change because 100 shares after the reverse stock split will be worth to 1,000 shares before the reverse stock split, and the theoretical stock price after the reverse stock split will be ten times more than that before the reverse stock split.

Q3: How will the number of shares owned and voting rights be affected?

A3:

- The number of shares held by each shareholder after the reverse stock split will be the number of shares obtained by multiplying the number of shares recorded in the latest register of shareholders as of September 30, 2017 by one-tenth (rounded down to the nearest whole share). The number of voting rights will be one (1) per 100 shares.
- Specifically, the number of shares held and number of voting rights before and after the reverse stock split and change of the number of shares in share unit are as follows. Though the number of shares held by each shareholder will be reduced, there will be no change to the number of shareholders’ voting rights.

	Before reverse stock split		After reverse stock split		
	Number of shares held	Number of voting rights	Number of shares held	Number of voting rights	Resulting fractional shares
Ex. 1	5,000 shares	5 votes	500 shares	5 votes	None
Ex. 2	2,500 shares	2 votes	250 shares	2 votes	None
Ex. 3	505 shares	None	50 shares	None	0.5 shares
Ex. 4	1 share	None	None	None	0.1 shares

- In case that the shareholder’s share become fraction of shares after the reverse stock split (in the Example 3 and Example 4), Shinsei Bank will sell fractional shares that arise, and pay the proceeds to shareholders whose shares become fractions of shares in proportion to their respective fractions around December 2017.
- In case that the shareholder holds constituting less than ten share units before the changes come into effect (in the Example 4), the shareholder’s shares become fraction of shares after the reverse stock split, and therefore loses its status as a shareholder.
- Please note that such shareholders may request Shinsei Bank sell to them the number of shares

needed to make up one unit by adding to their shares that are less than one unit prior to the effective date of the reverse stock split. In addition, please also note that such shareholders may request that Shinsei Bank purchase from them their shares that are less than one unit prior to the effective date of the reverse stock split. For details, please contact your securities company or Shinsei Bank' shareholder registry administrator as hereinafter defined.

Q4: Will the reverse stock split have any impact on asset value?

A4:

- Because The Bank's assets and stated capital will remain unchanged after the reverse stock split, there will be a tenfold increase in the amount of net assets per share, although the number of shares held by a shareholder will be one-tenth of the original number.
- Therefore aside from share market trends and other factors, in theory, there will be no change to the asset value of shareholders' shares.

Q5: How will dividends be affected?

A5:

- Although the number of shares held by shareholders will be one-tenth after the reverse stock split, Shinsei Bank will set dividend per share taking the 1-for-10 ratio into account after the effective date of the reverse stock split. Thus, aside from change in performance results or other factors, total dividends of each shareholder after the reverse stock split will not be affected. However, dividends will not be paid on the fractional shares resulting from the reverse stock split.

Q6: Are there any procedures that shareholders must take?

A6:

- No special procedures are necessary.

Q7: What is the specific schedule going forward?

A7:

- The summary (planned) schedule for the change of the number of shares in share unit and reverse stock split is as follows;

June, 2017	Annual General Meeting of Shareholders
September 26, 2017	Last date of the trading unit of 1,000 shares
September 27, 2017	Change of the trading unit of shares to 100 shares
October 1, 2017	Effective date of the reverse stock split and the change in the number of shares constituting a minimum trading unit

[Inquiries]

If you have any questions regarding the reverse stock split and the change in the number of shares constituting a minimum trading unit, please inquire with your securities company or the following registration agent with respect to the shares;

Registration agent:

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

1-4-1 Marunouchi, Chiyoda-ku, Tokyo

Telephone number: 0120-782-031 (Toll-free for domestic phone calls only)

Telephone number from Overseas: Country Code+81 - 3 - 3323-7111

Reception hours: 9:00 a.m. to 5:00 p.m. (Excluding weekends and holidays) (Tokyo time)

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