

For Immediate Release

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## **Enhancement of Group Governance Systems through the Establishment of the “Shinsei Bank Group Headquarters”**

-Consolidating the administrative functions of Shinsei Bank Group member companies and commencing an integrated management through the Group Headquarters from April 2017-

Tokyo (Wednesday, March 22, 2017) --- Shinsei Bank, Limited (“Shinsei Bank;” “the Bank”) today announced that the Bank will establish the virtual “Group Headquarters” within Shinsei Bank as of April 1, 2017 in order to integrate and centralize the administrative functions of the Bank and the Group member companies. Through this, Shinsei Bank seeks to improve the sophistication of its various administrative functions as well as pursue optimization as a Group, including in its nonbank functions, in order to strengthen Group governance and to improve productivity and efficiency through the consolidation of functions duplicated in multiple Group companies. Additionally, the establishment of a “virtual” Group Headquarters instead of newly establishing a holding company structure, the Bank will be able to efficiently utilize management resources and maximize the speed with which the resulting effects can be realized. Please refer to the following text for explanations regarding the purpose, overview and future initiatives related to the aforementioned changes;

### **1. Purpose**

In its medium-to-long term vision and the Third Medium-Term Management Plan, Shinsei Bank is seeking to become a financial Group which offers innovative financial services through the leveraging of the full strength of the entire Group as one organic entity. As the first step for the realization of its medium-to-long term vision, the Bank will establish the Group Headquarters to centralize and integrate the administrative functions. In addition to strengthening Group governance, the establishment of the Group Headquarters is expected to have the following specific effects: (1) Provide high value-added services to the business Divisions and Departments, (2) improve productivity of both administrative and business functions and (3) reallocate resources to strengthen strategic areas which will contribute to our growth.

#### **(1) Provision of high value-added services to the business Divisions and Departments**

In order to optimize the management resources of the entire Group, the authority related to the administrative functions of Group member companies will be consolidated within the Group Headquarters. At the same time, the Bank will establish new functions including a talent management function which will oversee the talent development and optimized allocation of human resources across our Group and a budget allocation function with a high level of transparency which is aligned with the business portfolio strategy. Additionally, each administrative function will be operated in a unified manner, and efforts to share Group best practices will be made. Through such actions the Group Headquarters will offer high value-added services to the business Divisions and Departments, which will ultimately maximize the added value for our customers.

#### **(2) Improvement of productivity in both administrative and business functions**

Shinsei Bank will improve the overall productivity of the Group’s administrative functions through their consolidation and the integration of their management. Further, the Bank will engage in efforts to centralize regulation-related tasks to the Group Headquarters in order to reduce the operational workload of the business Divisions and Departments, resulting in an increase in the time and resources these Divisions and Departments are able to commit to their critical operations, leading to the establishment of an operational structure which facilitates the undertaking of business initiatives from a customer centric point of view.

- (3) Strengthening of strategic areas which will contribute to growth  
 With the Group Headquarters at its core, Shinsei Bank will enhance its strategy development function which determines the growth and strategic focus areas of the entire Group and allocates management resources such as capital and human resources. Additionally, the Bank will further scale and accelerate the allocation of the human resources created through the increased productivity of the administrative functions into the business areas designated as growth or strategic focus areas.

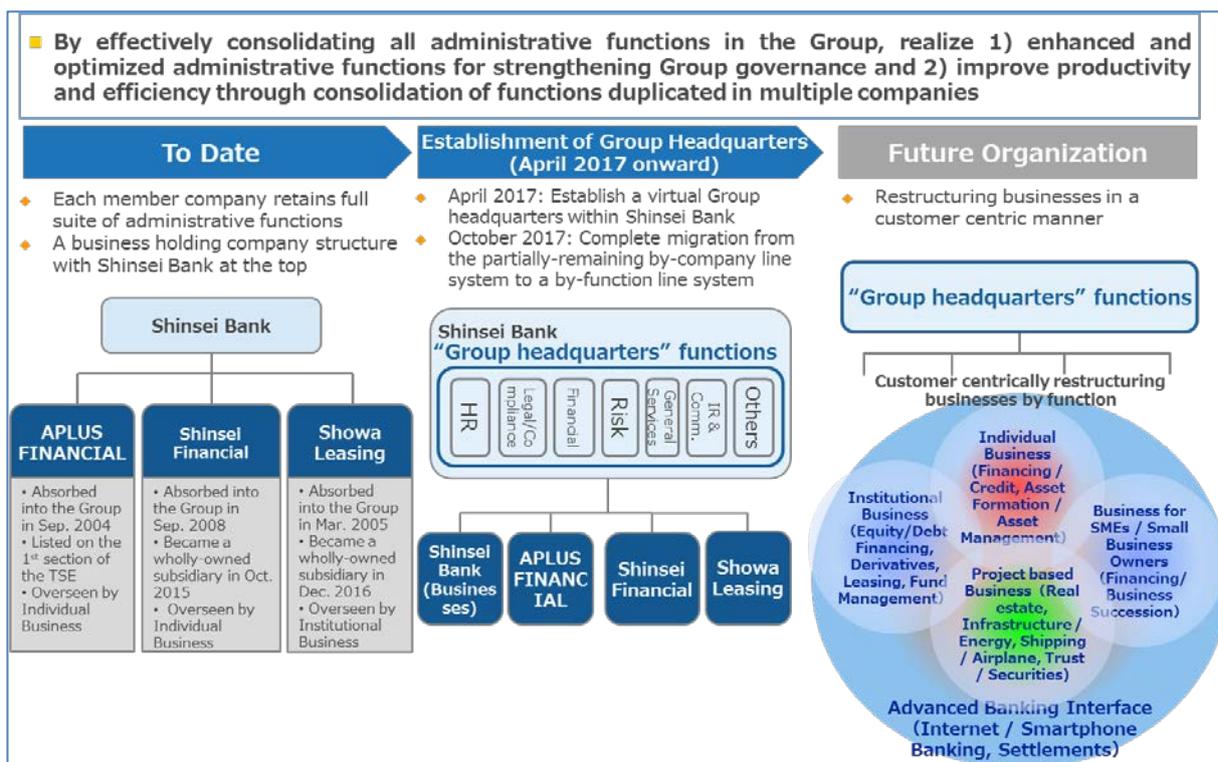
## 2. Overview

Shinsei Bank will consolidate the administrative functions of the Group member companies, specifically the HR, Finance<sup>1</sup>, General Affairs, IR and Corporate Communications, Audit, a portion of Risk Management, a portion of Legal and Compliance, a portion of business planning<sup>2</sup> functions as well as the IT Committee, a key committee, within the virtual Group Headquarters effective April 1. Shinsei Bank itself will also be treated as a “subsidiary” in a manner equitable to Group member companies.

In the Group Headquarters a “Group Executive Committee” will be set in to resolute important decisions regarding the Group management, and a “Chief Officer” will be assigned responsibility for the oversight of each relevant function within the Group in order to consolidate authority and to realize optimized, efficient decision-making across the entire Group. It should be noted that the Group member company APLUS FINANCIAL Co., Ltd. (hereinafter, “APLUS FINANCIAL”), which is listed on the Tokyo Stock Exchange, will maintain its independence of management, while continuing to establish appropriate internal control systems.

<sup>1</sup> “Finance” includes accounting and tax, business planning and control and treasury functions.

<sup>2</sup> “Business planning” includes Shinsei Bank’s Individual Business Planning Division, Institutional Business Planning Division and Global Markets Business Division.



## 3. Future Initiatives

Shinsei Bank will seek to complete the tasks related to the consolidation and integration of administrative functions necessary for the establishment of the simplified organization structures of each administrative function, by October, 2017. While the consolidation and integration are currently being pursued with a focus on Shinsei Bank, APLUS FINANCIAL, Showa Leasing Co., Ltd. and Shinsei Financial Co., Ltd., those of the remaining Group member companies will also be completed by October 2017.

Additionally, in regard to the productivity enhancement project, the Bank is undertaking efforts other than the consolidation and integration of the management of administrative functions, including initiatives such as the call center optimization project and a project related to improving the processes related to installment sales, and Shinsei Bank will look to accelerate initiatives that are currently underway in order to achieve improved productivity throughout the Group.

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*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>*