

For Immediate Release

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

Opinions of the Board of Directors on the shareholder's proposal

Tokyo (Friday, May 11, 2018) --- Shinsei Bank, Limited (Chuo-ku, Tokyo; President and CEO: Hideyuki Kudo; hereinafter, "Shinsei Bank" or "the Bank") today announced that its Board of Directors approved opinions at the Board of Directors meeting held today to recommend the proposed agenda submitted by the Bank instead of the shareholder's proposal at the 18th Annual General Meeting of Shareholders (hereinafter, "General Meeting of Shareholders") scheduled for June 20, 2018 regarding an introduction of a restricted stock compensation plan.

1. Proposed Shareholder
DALTON KIZUNA (MASTER) FUND LP
2. Summary and Reason of Shareholder's Proposal
 - (1) Summary of Shareholder's Proposal
Proposal Determination of the amount of remuneration in the Restricted Stock Compensation System for Directors of the Board
Please refer to the summary of shareholder's proposal in an appendix, which is from the original document.

Shinsei Bank received an explanation from the shareholder that its proposal aims to establish separate additional amount of remuneration from an amount of 180 million yen or less per year which was approved at the 15th General Meeting of Shareholders and amount of compensation to be granted through a restricted stock compensation plan (hereinafter, the "Plan") which was announced in the "Notice of Introduction of Restricted Stock Compensation Plan" on April 23, 2018, and is scheduled to be submitted to the 18th General Meeting of Shareholders.
 - (2) Reason for Shareholder's Proposal
Please refer to the reason for shareholder's proposal in the appendix, which is from the original document.
3. Opinions of the Board of Directors on the shareholder's proposal
The Board of Directors of Shinsei Bank decides to recommend the agenda submitted by the Bank instead of the proposed agenda by the shareholder regarding the introduction of the restricted stock compensation plan.
4. Reason for opinions of the Board of Directors on the shareholder's proposal
Shinsei Bank considers that the restricted stock compensation plan is an effective system in order to provide an incentive for eligible Directors to strive for the sustainable enhancement of the Bank's corporate value by having them hold the Bank's shares through allotment of restricted stock, in addition to sharing more of that value between eligible Directors and shareholders. As stated in the shareholder's proposal, this system has been substantially lifted by revision of tax regulation in 2016 in which the allotment of shares with conditions to restrict to transfer during a certain period has become available for companies to introduce in exchange for rewards for services provided by directors and executive officers by the tax treatment regarding a tax period of their income tax and deduction of expenses for services provided by them.

As a result, as announced on April 23, 2018, Shinsei Bank requests approval for payment of remuneration for granting the restricted stock to the eligible Directors within the scope of the said existing limit of compensation for the Directors of the Bank.

Both of shareholder's proposal and the proposed agenda submitted by the Bank have the same purpose of providing an incentive for eligible Directors to strive for the sustainable enhancement of the Bank's corporate value by having them hold the Bank's shares. The shareholder's proposal differs from the proposed agenda by the Bank in terms of i) an introduction of the restricted stock compensation is proposed as an addition of the current amount of remuneration, and ii) the total amount of monetary compensation receivables to be provided to eligible Directors shall be no greater than 200 million yen per year.

Recognizing to fulfill its social responsibilities as a financial institution with public funds, Shinsei Bank believes that remuneration amount requested in the agenda submitted by the Bank is more appropriate. Subject to receiving the shareholders' approval for the introduction of the Plan at the General Meeting of Shareholders, the Bank also plans to introduce a restricted stock compensation plan, which will have content similar to that of the Plan, for Executive Officers and Group Headquarters Chief Officers and Senior Officers of the Bank in order to strengthen the commitment to improve the corporate value.

Furthermore, even if the shareholder's proposal is approved, the actual execution of the restricted stock compensation plan will be within the compensation amount approved at the 15th General Meeting of Shareholders because Shinsei Bank has stated the planed amount of compensation and remuneration for directors and executive officer in its newly revised "Plan for Restoring Sound Management" issued in March 2018.

As a result, the Board of Directors of Shinsei Bank decides to recommend the agenda submitted by the Bank instead of the proposed agenda by the shareholder regarding the introduction of the restricted stock compensation plan.

Finally, since the shareholder's proposal is considered as an additional proposal to the proposed agenda submitted by the Bank, in case a shareholder votes for both proposals, both votes are valid.

Shinsei Bank is a leading diversified Japanese financial institution providing a full 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>

[Contents and reason for the shareholder's proposal]

The relevant part of the shareholder's proposal is written as original text;

1. Agenda Proposed

The Bank shall grant to each of the Directors of the Board excluding Outside Directors (collectively the "Eligible Directors") as the remuneration for their service, in addition to existing remuneration, monetary compensation receivables for the allocation of restricted stock, provided that:

- the Eligible Directors shall make contribution in kind using the monetary compensation receivables as contributed assets for the allocation of restricted stock;
- The total amount of monetary compensation receivables to be provided to Eligible Directors shall be no greater than ¥200,000,000; and
- Other details regarding the monetary compensation including the actual timing of grant, number of shares to be issued as the restricted stock, and allocation of the restricted stock among the Eligible Directors shall be determined by the Board.

2. Reasons for the Proposal

We suggest that the management persons of our portfolio companies positively consider introducing remuneration in a form of shares. Our desire is that the Directors of the Board shall have significant ownership (i.e. over 5x of base salary over time), and alignment of interest on long-term survival and prosperity of the companies from business owner's perspective. We expect that the long-term benefit of improving performance and shareholder value will well exceed the cost of the compensation.

Among the various forms of share remuneration, we recommend the restricted stock system. This is the system which has been substantially lifted by revision of tax regulation on 2016 as the "officer remuneration system to encourage aggressive management" under the initiative of Ministry of Economy, Trade and Industry (METI).

As opposed to the stock option which is a synthetic form of holding the shares, the restricted stock will grant the voting rights and rights to receive dividends from the date of the subscription. We believe this aspect of restricted stock is extremely desirable in term of fostering the sense of ownership.