

For Immediate Release

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

## Notice on Issuance of Equity Remuneration Type Stock Options

Tokyo (Wednesday, May 15, 2019) --- Shinsei Bank, Limited (hereinafter, "Shinsei Bank"; "the Bank") announced today that its Board of Directors held today has determined to offer the equity remuneration type stock options (hereinafter, "Subscription Warrants") for the Bank's Directors (excluding outside directors) pursuant to Articles 236, 238 and 240 of the Companies Act, and the Bank shall notify the details thereof as follows.

1. Reason to issue the Subscription Warrants as Equity Remuneration Type Stock Options:  
 The Bank will issue the Subscription Warrants for the Bank's Directors (excluding outside directors) for the purpose of sharing the risks and benefits of stock price movements with the shareholders and to further motivate them to enhance the corporate value and stock price of the Bank from both a mid-term and a long-term perspective.
2. Terms and Conditions of Issuance of the Subscription Warrants as Equity Remuneration Type Stock Options:
  - (1) Name of the Subscription Warrants:  
 Subscription Warrants Series 4 (The Equity Remuneration Type) of Shinsei Bank, Limited
  - (2) Persons to be Allocated the Subscription Warrants, the Numbers of such Persons, and Number of the Subscription Warrants to be Allocated:  
 2 of the Bank's Directors (excluding outside directors)    1,817 Subscription Warrants
  - (3) Class and Number of Shares to be Delivered upon Exercise of Subscription Warrants:  
 The Class of shares to be delivered upon the exercise of the Subscription Warrants shall be common shares of the Bank, and the number of shares to be delivered per unit of the Subscription Warrants (hereinafter, "Number of Underlying Shares") shall be 10.

Provided that, however, if the Bank implements a stock split (including an allotment of common shares of the Bank without contribution; hereinafter the same with respect to the descriptions regarding a stock split) or consolidation of stocks with respect to its common shares after the date on which the Subscription Warrants are allotted (hereinafter, "Allotment Date"), the Bank shall make an adjustment to the Number of Underlying Shares in regard to the Subscription Warrants that have not yet been exercised at the time of such a stock split or consolidation of stocks by the following formula:

$$\begin{array}{l} \text{Number of Underlying} \\ \text{Shares} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Number of Underlying} \\ \text{Shares} \\ \text{before adjustment} \end{array} \times \begin{array}{l} \text{Ratio of split or} \\ \text{consolidation} \end{array}$$

If, in addition to the above, unavoidable circumstances that require adjustment of the Number of Underlying Shares arise, the Bank may make an adjustment to the Number of Underlying Shares that the Board of Directors of the Bank deems necessary.

Any fractional less than one share arising as a result of the above adjustment shall be rounded off.

- (4) Total number of Subscription Warrants to be issued:  
 1,817 Subscription Warrants  
 This number is the number of Subscription Warrants that the Bank plans to allot at this time. In the event that no subscription is made or in other cases where the total number of the

Subscription Warrants to be allotted is reduced, the total number of the Subscription Warrants to be issued shall then be equal to the total number of the Subscription Warrants to be allotted.

(5) Amount to be paid for the Subscription Warrants:

The amount to be paid for each Subscription Warrants shall be the amount calculated by multiplying the fair estimated value per share calculated based on the formula of the Black-Scholes model at the Allotment Date by the Number of Underlying Shares. The amount calculated in accordance with the above formula is the fair value of the Subscription Warrants and it is not applicable to the issue of subscription warrants with specially favorable terms.

Persons who are allotted the Subscription Warrants (hereinafter, "Subscription Warrant Holder") shall offset the payment of the amount to be paid for the Subscription Warrants with the remuneration claims against the Bank and accordingly shall not be required to make any monetary payment.

(6) Amount of the assets to be paid upon exercise of the Subscription Warrants:

The amount of the assets to be paid upon the exercise of the Subscription Warrants shall be calculated by multiplying the price of one yen per share to be delivered through the exercise of the Subscription Warrants by the Number of Underlying Shares.

(7) Time Period during which Subscription Warrants are Exercisable:

From May 31, 2019 to May 30, 2049.

(8) Conditions of Exercise of the Subscription Warrants:

(i) The Subscription Warrant Holder may only exercise the Subscription Warrants in a lump, during the period as described in (7) above, until the day on which ten (10) days have elapsed from the day following the day on which it ceases to be a director of the Bank (if the tenth (10th) day falls on a holiday, the following business day).

(ii) Notwithstanding the (i) above, if a proposal for approval of a merger agreement under which the Bank is to be dissolved, a proposal for approval of a split agreement or a split plan under which the Bank shall be split, or a proposal for approval of a share exchange agreement or a share transfer plan, under which the Bank will become a wholly-owned subsidiary is approved at a general meeting of shareholders of the Bank (or resolved by the board of directors of the Bank if a resolution at a general meeting of shareholders is not required), the Subscription Warrant Holder may exercise the Subscription Warrants within 30 days from the following day of the day on which such proposal for approval is approved, except where subscription warrants of a restructured company are to be issued to the Subscription Warrant Holder in accordance with item (12) below.

(iii) If any Subscription Warrant Holder dies, the successor thereof may only exercise the Subscription Warrants in a lump.

(iv) Other terms and conditions for exercise of the Subscription Warrants shall be set forth in the agreement for the allotment of Subscription Warrants between the Bank and the Subscription Warrant Holder.

(9) Matters concerning the increase in capital stock and capital reserve by issuing of shares upon exercise of the Subscription Warrants:

(i) Amount of increase in capital stock by issuing shares upon exercise of the Subscription Warrants shall be half of the upper limit of capital increase as calculated pursuant to the Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, where any resultant fraction less than one yen shall be rounded up.

(ii) Amount of increase in capital reserve by issuing shares upon exercise of the Subscription Warrants shall be the amount determined by deducting the amount of capital to be increased as described in (i) above from the upper limit of capital stock increase set forth in (i) above.

(10) Conditions of Acquisition of the Subscription Warrants by the Bank:

(i) If any of the agendas set forth in (a), (b), (c), (d) and (e) below is approved at a general meeting of shareholders of the Bank (or, if a resolution of a general meeting of shareholders is not required, is resolved at the board of directors of the Bank), the Bank

may acquire the Subscription Warrants without consideration on the date to be separately determined by the board of directors of the Bank:

- (a) Agenda for approval of a merger agreement under which the Bank shall become a dissolving company;
  - (b) Agenda for approval of a split agreement or split plan under which the Bank shall be split;
  - (c) Agenda for approval of a stock exchange agreement or stock transfer plan under which the Bank shall become a wholly-owned subsidiary;
  - (d) Agenda for approval of an amendment to the Articles of Incorporation in order to establish the provision, with respect to all the shares of the Bank, that an acquisition by way of transfer of all shares to be issued by the Bank shall require the approval of the Bank; and
  - (e) Agenda for approval of an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of a class of shares to be issued or transferred upon exercise of the Subscription Warrants shall require the approval of the Bank or that the Bank may acquire all of such class of shares upon a resolution of a general meeting of shareholders.
- (ii) In case that the Subscription Warrant Holder may not exercise the Subscription Warrants in accordance with item (8) or the agreement for the allotment of Subscription Warrants, the Bank may acquire the Subscription Warrants without consideration on the date to be separately determined by the board of directors of the Bank.

(11) Restrictions on the Transfer of the Subscription Warrants:

Acquisition of the Subscription Warrants by assignment shall be subject to the approval of the board of directors of the Bank.

(12) Treatment Concerning the Subscription Warrants in accordance with the Acts of Structural Reorganization:

If the Bank conducts a merger (limited to the case where the Bank ceases to exist due to the merger), an absorption-type or incorporation-type company split (both, limited to the case where the Bank is split), or a stock exchange or transfer (both, limited to the case where the Bank becomes a wholly-owned subsidiary) (hereinafter, collectively the "Acts of Structural Reorganization"), the Bank shall, in each of the above cases, deliver the subscription warrants of any of the relevant companies listed in "a" through "e" of Article 236, Paragraph 1, Item 8 of the Companies Act (hereinafter, "Reorganized Company") to those who hold the Subscription Warrants remaining at the time immediately preceding the effective date of the relevant Act of Structural Reorganization (hereinafter, "Remaining Subscription Warrants") (the effective date of the relevant Act of Structural Reorganization shall mean, in the case of a merger, the date on which the merger becomes effective; in the case of a consolidation, the date of establishment of a newly-incorporated company through consolidation; in the case of an absorption-type company split, the date on which such absorption-type company split becomes effective; in the case of an incorporation-type company split, the date of establishment of a newly-incorporated company through such incorporation-type company split; in the case of a stock exchange, the date on which the stock exchange becomes effective; and in the case of a stock transfer, the date of establishment of a wholly-owning parent company through the stock transfer; hereinafter the same shall apply).

Provided, however, that the foregoing shall be on the condition that delivery of such subscription warrants of the Reorganized Company in accordance with each of the following items is stipulated in a merger agreement, a consolidation agreement, an absorption-type company split agreement, an incorporation-type company split plan, a stock exchange agreement or a stock transfer plan.

The terms and conditions of the new subscription warrants to be granted shall be as follows:

- (i) Number of subscription warrants of the Reorganized Company to be delivered: A number equal to the number of the Remaining Subscription Warrants held by the holder shall be delivered to such holder
- (ii) Class of shares of the Reorganized Company to be issued or transferred upon exercise of the subscription warrants: Shares of common stock of the Reorganized Company

- (iii) Number of shares of the Reorganized Company to be issued or transferred upon exercise of the subscription warrants: To be determined in accordance with (3) above, taking into consideration the conditions, etc. of the Act of Structural Reorganization
  - (iv) Amount of assets to be paid upon exercise of the subscription warrants: The amount of assets to be paid upon exercise of each subscription warrants to be delivered shall be the amount obtained by multiplying (x) the Exercise Price After Reorganization set forth below by (y) the number of shares of the Reorganized Company to be issued or transferred upon exercise of the relevant subscription warrants as determined in accordance with (iii) above. The Exercise Price After Reorganization shall be 1 yen per share of the shares of the Reorganized Company to be delivered upon exercise of each of its subscription warrants to be delivered.
  - (v) Period during which subscription warrants may be exercised: From and including whichever is the later of (x) the commencement date of the period during which the Subscription Warrants may be exercised as provided for in (7) above or (y) the effective date of the Act of Structural Reorganization, to and including the expiry date of the period during which the Subscription Warrants may be exercised as provided for in (7) above.
  - (vi) Matters concerning the capital stock and capital reserve to be increased due to the issuance of shares upon exercise of the subscription warrants: To be determined in conformity with (9) above
  - (vii) Restrictions on acquisition by assignment of subscription warrants: Acquisition by assignment of the subscription warrants shall be subject to the approval of the board of directors of the Reorganized Company.
  - (viii) Conditions of exercise of subscription warrants: To be determined in conformity with (8) above
  - (ix) Conditions of acquisition of the subscription warrants: To be determined in conformity with (10) above
- (13) Rules pertaining to fractions of less than one share arising from the exercise of the Subscription Warrants:  
Fractions of less than one share in the number of shares to be issued or delivered to Subscription Warrant Holder who exercised the Subscription Warrants shall be discarded.
- (14) Date of allotment of the Subscription Warrants:  
May 30, 2019
- (15) Issuance of the Subscription Warrants Certificates:  
No certificates shall be issued for the Subscription Warrants.

\*\*\*\*\*

*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 <https://www.shinseibank.com/corporate/en/index.html>*