

For Immediate Release

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

Notice of Introduction of Restricted Stock Compensation Plan for Outside Directors

Tokyo (Wednesday, May 13, 2020) --- Shinsei Bank, Limited (hereinafter, "Shinsei Bank"; "the Bank") announced today that, it reviewed the Director and Executive Officer compensation plan and resolved to introduce a restricted stock compensation plan (the "Plan") for Outside Directors, and to submit a proposal regarding the introduction of the Plan (the "Proposal") to the 20th Annual General Meeting of Shareholders scheduled for June 17, 2020 (the "General Meeting of Shareholders") as of Wednesday, May 13, 2020.

1. Reason for introducing the Plan

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 at the 20th General Meeting of Shareholders scheduled to be held on June 17, 2020) 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. As a result of much discussion on the eligibility for the restricted stock compensation plan, the Bank's Nomination and Compensation Committee has determined to introduce the Plan as an incentive for the Outside Directors (the "Eligible Directors") to achieve sustained improvement of the corporate value of the Bank by having them hold the Bank's shares through allotment of restricted stock and with the objectives of sharing more of that value between Eligible Directors and our shareholders.

2. Overview of the Plan

(1) Amount of compensation for Directors and number of shares to be granted:

Under the Plan, the Bank shall grant monetary compensation receivables to Eligible Directors for the allotment of restricted stock. Eligible Directors shall then make in-kind contributions of the monetary compensation receivables in return for the Bank's common stock that will be issued or disposed of by the Bank. While the compensation for Directors of the Bank was approved at an amount of 180 million yen or less per year at the 15th General Meeting of Shareholders held on June 17, 2015 (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, the payment of remuneration of 20 million yen or less per year for granting the restricted stock to full-time Directors (Directors excluding Outside Directors) within the scope of the said compensation limit was approved at the 18th Ordinary General Meeting of Shareholders held on June 20, 2018.), the Bank will request approval at the General Meeting of Shareholders for payment of remuneration of 15 million yen or less per year 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 at an amount 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) approved at the 15th Ordinary General Meeting of Shareholders held on June 17, 2015. The specific timing of the payment and distribution to each Director shall be determined at the Board of Directors' meetings.

In addition, the total number of shares of common stock in the Bank to be issued or disposed of under the Plan shall be no more than 18,000 shares per year (However, in the event of unavoidable circumstances for adjustment of the total number of shares, such as a share split or a consolidation of the shares of common stock of the Bank that is effective on or after the date the Proposal is approved at the General Meeting of Shareholders, the total number of shares shall be adjusted as necessary within a reasonable range, in accordance with the split ratio or consolidation ratio, etc., from the effective date onward.).

Furthermore, the amount to be paid in per share shall be decided by the Board of Directors within a range that is not specially advantageous to the Eligible Directors who will receive the common stock, based on the closing price of the Bank's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the 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, the Equity Remuneration Type Stock Options for the Bank's full-time Directors (excluding outside directors) was approved at amount of 50 million yen or less per year in the 15th General Meeting of Shareholders held on June 17, 2015.

(2) Restricted stock allotment contract:

For the purpose of issuing and disposing of common stock in the Bank based on the Plan, the Bank shall enter into a restricted stock allotment contract with Eligible Directors. The main content of this contract shall be as follows.

- 1) Eligible Directors shall not transfer, create a security interest in, or otherwise dispose of the allotted stock during a certain period; and
- 2) The Bank may acquire the stock without consideration if certain events occur.

(Reference)

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

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>

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