

For Immediate Release

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

**Notice of Mandatory Share Sale Request  
concerning APLUS FINANCIAL Co., Ltd. (Securities Code: 8589)**

Tokyo (Friday, October 30, 2020) --- Shinsei Bank, Limited (Chuo-ku, Tokyo, President and Chief Executive Officer: Hideyuki Kudo; hereinafter, "Shinsei Bank") announced that it will make its subsidiary, APLUS FINANCIAL Co., Ltd., into a wholly owned subsidiary via a mandatory share sale request. As of today, Shinsei Bank owns 1,446,267,484 common stock (constituting 93.3% of voting rights) of the common stock in APLUS FINANCIAL Co., Ltd, (listed on the first section of the Tokyo Stock Exchange, securities code: 8589, hereinafter referred to as the "Target Company", shares in the Target Company are hereinafter referred to as "Target Common Stock"). Shinsei Bank's existing shares are held by Shinsei Financial Co., Ltd., its wholly owned subsidiary (hereinafter referred to as "Shinsei Financial"). Shinsei Bank also owns 25,250,000 preferred shares in the Target Company (comprised of 2,500,000 shares of Series 1 class B preferred shares and 22,750,000 shares of class H preferred shares, constituting 1.6% of voting rights). Accordingly, Shinsei Bank is a Special Controlling Shareholder of the Target Company under the Companies Act (Act No. 86 of 2005, as amended).

Shinsei Bank has decided to request all common shareholders of the Target Company (excluding Shinsei Bank, Shinsei Financial, and the Target Company owning its shares in treasury) to sell all of the Target Common Stock owned by such shareholders to Shinsei Bank (hereinafter referred to as the "Mandatory Share Sale Request") pursuant to Article 179, Paragraph 1 of the Companies Act. Shinsei Bank has notified the Target Company to that effect as of today. We have been advised that, following this notice, the Target Company passed a resolution to approve the Mandatory Share Sale Request at a Board of Directors' meeting of the Target Company, which was held today.

The Mandatory Share Sale Request is outlined below. For further details, please refer to "Announcement of Shinsei Bank's Decision to make a Mandatory Share Sale Request concerning the Company's common shares, the Company's Approval of the Mandatory Share Sale Request and Delisting of the Common Shares in the Company" published today by the Target Company (hereinafter referred to as "Target Company's Press Release").

Please note that, while Shinsei Bank has yet to determine its FY2020 forecast as of today, it anticipates that the impact of the Mandatory Share Sale Request on its FY2020 results would be immaterial.

1. Positioning of the Target Company among our group companies, our intentions, and background of the Mandatory Share Sale Request:

Shinsei Bank has positioned the Target Company as a strategic subsidiary in the settlement business, as well as the small-lot financing business, for the Shinsei Bank Group. In this regard, it has worked with the Target Company to focus on promoting co-creation of value, as well as the small-lot financing business, which are also stated goals in its Medium-Term Strategies.

Furthermore, Shinsei Bank has also realized that, because the Target Company is a listed company, it needs to cater not only to the interests of the Shinsei Bank Group, but also to the expectations of capital markets. This fact has made it difficult to ensure the total optimization of the Shinsei Bank Group.

Therefore, Shinsei Bank has decided to make the Target Company its wholly owned subsidiary. This will allow optimization of group-based resources, as well as enable the Bank to focus its decision-making towards further promoting its Medium-Term Strategies. This should hopefully facilitate achieving a higher level of corporate governance throughout the Shinsei Bank Group via our group headquarters, which was established in 2017.

As a result, it has been decided that it would be appropriate for Shinsei Bank, which is already the Special Controlling Shareholder of the Target Company, to take the approach of making a Mandatory Share Sale Request pursuant to Article 179, Paragraph 1 of the Companies Act. This arrangement does not require approval via a resolution of a meeting of the Target Company's shareholders. Our decision was made by taking into account the burdensome procedural requirements of a shareholder meeting on the Target Company, as well as the costs and time required.

Shinsei Bank made a proposal to the Target Company on August 12, 2020 to commence discussions concerning making the Target Company its wholly owned subsidiary. In response to this proposal, the Target Company notified that, its Board of Directors has established a special committee consisting of an outside director and an outside corporate auditor, etc., who have no interest in, and are highly independent of, Shinsei Bank. The Target Company then asked this special committee to submit opinions on the Mandatory Share Sale Request. For more details, please refer to the Target Company's Press Release.

After repeated discussions with the special committee of the Target Company, as well as negotiations with the Board of Directors of the Target Company thereafter, it has been finally decided to consider the Mandatory Share Sale Request as stated in Item 3 below.

2. Timetable:

Date of Mandatory Share Sale Request	Friday, October 30, 2020
Date of Board Meeting at Target Company	Friday, October 30, 2020
Last Date for Trading	Thursday, November 26, 2020
Delisting Date	Friday, November 27, 2020
Acquisition Date	Tuesday, December 1, 2020

3. Consideration for the Mandatory Share Sale Request:

JPY 85 per share of Target Common Stock.

4. Appropriateness of Consideration:

The consideration stated in Item 3 above (hereinafter referred to as “Consideration for Sale”) is a price determined based on the results of an evaluation conducted by PwC Advisory LLC, a third-party valuation agent that is independent of Shinsei Bank. The valuation took into account a consolidated financial forecast based on business plans provided by the Target Company, the market price of the Target Common Stock, as well as negotiations with the Target Company. Therefore, it is deemed to be a reasonable purchase price for Shinsei Bank and it also takes into consideration the interests of minority shareholders in the Target Company.

Furthermore, in order to ensure procedural fairness while considering the Mandatory Share Sale Request, including review of the Consideration for Sale, the Target Company carried out negotiations with Shinsei Bank only after taking measures such as: (i) establishing the special committee and directing the committee to consider the Mandatory Share Sale Request and report to the Board of Directors of the Target Company; (ii) engaging Nakamura, Tsunoda & Matsumoto, as independent legal counsel, to provide the Target Company with advice; and (iii) engaging Nomura Securities Co., Ltd. as a financial advisor and third-party evaluation agent that is independent of both Shinsei Bank and the Target Company to calculate the value of the Target Common Stock, as well as conduct financial analysis pertaining thereto and submitting a report on the calculation of common stock values. For more details, please refer to the Target Company’s Press Release.

The Consideration for Sale was determined by discussions and negotiations between Shinsei Bank and the Target Company, after taking measures to ensure fairness and to protect the interests of minority shareholders of the Target Company. These discussions and negotiations were based on objective information, including common share values calculated by each of the third-party evaluation agents engaged by Shinsei Bank and the Target Company, respectively. Shinsei Bank believes that it is a reasonable price which does not cause minority shareholders any disadvantage.

Lastly, according to the Target Company, the directors of the Target Company who

concurrently serve as directors and/or officers, etc. of Shinsei Bank have not taken part in the consideration of the Mandatory Share Sale Request, nor in discussions or negotiations with Shinsei Bank on behalf of the Target Company. Furthermore, no concurrent officers have participated in the deliberations or the resolution of the Board of Directors of the Target Company. This eliminates any risk of the Board of Directors of the Target Company being affected by the issue of structural conflict of interests concerning the Mandatory Share Sale Request. Furthermore, the corporate auditors of the Target Company who concurrently serve as executive officers (or any position equivalent thereto) of Shinsei Bank have not participated in the discussions of the Board of Directors of the Target Company and have refrained from stating their opinions concerning the resolution. For more details, please refer to the Target Company's Press Release.

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

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