

For Immediate Release

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

Notice Concerning the Continuation of Stock Options Compensation Plan for Full-Time Directors and the Decisions on Specific Matters regarding the Plan

Tokyo (Thursday, May 13, 2021) --- Shinsei Bank, Limited (hereinafter, the "Bank") announced today that it has resolved at its Board of Directors meeting held today to continue the Stock Options Compensation Plan (hereinafter, the "Plan") for Full-Time Directors and to decide Specific Matters regarding the Plan and will submit a proposal to continue the Plan and to decide specific matters regarding the Plan to the 21st Annual General Meeting of Shareholders planned to be held on June 23, 2021, in correspondence to the amendment of the Companies Act enacted from March 1, 2021. The 15th General Meeting of Shareholders held on June 17, 2015 resolved the introduction of the Plan and adopted a resolution to set ceilings for allotment the Subscription Warrants not exceeding 50 million yen annually to the Full-Time Directors as equity compensation type stock options, separately from the ceilings for the total amount of compensation resolved at the maximum compensation of 180 million yen, however, these amounts do not include salaries payable to Directors as the Bank's employees when they also work as the Bank's employees.

1. The Continuation of Equity Compensation Type Stock Options for Full-Time Directors

The Bank continues the Plan to share the risks and benefits of stock price movements with the shareholders and to further motivate the Directors to enhance the corporate value and stock price of the Bank from both a mid-term and a long-term perspective. The Continuation of the Plan is subject to the resolution at the 21st Annual General Meeting of Shareholders planned to be held on June 23, 2021.

2. Overview of the Plan

The overview of the Plan proposed at the 21st Annual General Meeting of Shareholders planned to be held on June 23, 2021 is described in "3. Details of Subscription Warrants Proposed as Equity Compensation Type Stock Options." as follows. It should be noted that the items proposed to be resolved at the 21st Annual General Meeting of Shareholders planned to be held on June 23, 2021, in addition to the items resolved at the 15th General Meeting of Shareholders held on June 17, 2015 is underlined.

3. Details of Subscription Warrants Proposed as Equity Compensation Type Stock Options

(1) 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 ("Number of Underlying Shares") shall be 10.

Provided that, 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 ("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:

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

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

(2) Aggregate Number of Subscription Warrants

The number of the Subscription Warrants to be allotted within one year from the date of the annual general meeting of shareholders for each business year shall not be more than 6,000.

(3) Amount to be Paid in for Subscription Warrant

The amount to be paid in for each Subscription Warrant shall be the amount determined by the Board of Directors of the Bank on the basis of the fair value of the Subscription Warrants calculated at the time of allotment of the Subscription Warrants by applying a fair calculation method such as the Black-Sholes model.

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

(4) Amount of Assets to be Paid upon Exercise of 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 shares granted.

(5) Time Period during which Subscription Warrants are Exercisable

The time period during which the Subscription Warrants are exercisable shall be determined by resolution of the Board of Directors within the scope of thirty (30) years from the date following the date of allotment of the Subscription Warrants.

(6) Conditions for Exercise of Subscription Warrants

(i) The Subscription Warrant Holder may only exercise the Subscription Warrants in a lump until the day on which ten (10) days have elapsed from the day following the day on which it ceases to be 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.

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

(iv) Other conditions for the exercise of the Subscription Warrants shall be determined at the meeting of the Board of Directors of the Bank where the offering memorandum of the

Subscription Warrants is decided.

(7) Restrictions on Acquisition of Subscription Warrants by Assignment

Acquisition of the Subscription Warrants by assignment shall be subject to the approval of the Board of Directors of the Bank.

(8) Conditions of the Bank's Acquisition of the Subscription Warrants

(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 a share 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 (6) above 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.

(9) Other Details of Subscription Warrants

Other details of the Subscription Warrants shall be determined at the meeting of the Board of Directors of the Bank where the offering memorandum of the Subscription Warrants is determined.

(Reference)

The compensation of full-time Directors will be comprised of the following three elements: fixed compensation as the "basic compensation," Equity Compensation 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.

The compensation of the Outside Directors will be comprised of 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."

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>

For further information, please contact:
Group Investor Relations & Corporate Communications Division
Shinsei Bank, Limited (www.shinseibank.com)
E-Mail: Shinsei_PR@shinseibank.com