

For Immediate Release

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President and CEO
(Code: 8303, TSE First Section)

**Notice regarding Response from SBI Regional Bank Holdings Co., Ltd.
to Shinsei Bank's Request for Extension of TOB Period**

The request for extension of the TOB period by the Bank is **intended to ensure that the Bank's shareholders have sufficient time in order to confirm the shareholders' general opinion.**

The Board of Directors of the Bank where the independent outside directors, who are expected to ensure the common interests of shareholders as a whole, account for the majority of all directors determined that **extending the period of the TOB to 60 business days is necessary to confirm the shareholders' general opinion and is in the common interests of shareholders as a whole.**

The Bank **maintains its request to the Bidder to extend the period of the TOB to 60 business days.**

Tokyo (September 27, 2021) --- Shinsei Bank, Limited (hereinafter, the "Bank") announced that, as stated in "Notice of the Introduction of Takeover Defense Measures subject to Confirmation of Shareholders' Support after the commencement of the TOB for Shinsei Bank's shares by SBI Regional Bank Holdings Co., Ltd." (the "Takeover Defense Measures Press Release") dated September 17, 2021, the Bank requested SBI Regional Bank Holdings Co., Ltd. (the "Bidder") to extend the period of its takeover bid for the Bank's common shares (the "TOB") to 60 business days (the longest period permitted by law) based on the takeover defense measures described in the Takeover Defense Measures Press Release (the "Plan") in order to ensure that the General Meeting to Confirm Shareholders' Support (as defined in the Takeover Defense Measures Press Release) can be duly held.

Nevertheless, this time, the Bank received from the Bidder and SBI Holdings, Inc. (together with the Bidder, "SBIHDs") a notice dated September 24, 2021 to extend the period of the TOB to 50 business days (the last date of the period will be November 24, 2021) if the Bank issues a press release no later than September 28, 2021 to the effect that it will comply with certain conditions requested and designated by SBIHDs.

<Background of Bank's Request to Extend the Period of TOB>

The Bank notes that the request for extension of the TOB period by the Bank is intended to “protect general shareholders of the Bank” in order to confirm the shareholders’ general opinion on the TOB and the Plan when the General Meeting to Confirm Shareholders’ Support is to be held. While holding such General Meeting to Confirm Shareholders’ Support provides the following advantages with the shareholders of the Bank, there is no disadvantage arising out of it.

Advantages for Shareholders of Holding General Meeting to Confirm Shareholders’ Support

- Under Japanese TOB system, there is a structural problem (coercive pressure issue) that even shareholders who wish to continue to hold the Bank’s shares or who would otherwise not agree to the TOB may feel compelled to sell or tender their shares in order not to be left behind, for fear of a decline in the Bank’s corporate value as a result of a change of control after the successful TOB. At the General Meeting to Confirm Shareholders’ Support, **the shareholders will be able to decide on the merits of the TOB without any concerns of being left behind.**
- The Bank believes that the accuracy and comprehensiveness of the information in the TOB Registration Statement is insufficient under the situation where the TOB suddenly commenced without prior consultation with the Bank. **Securing sufficient time and information to hold the General Meeting to Confirm Shareholders’ Support will clearly contribute to the consideration and decision of the shareholders.**
- **If the shareholders of the Bank as their general opinion consider the TOB to be desirable, the shareholders will be able to tender their shares in the TOB without any concern and the completion of the TOB will not be impeded.**
- Unlike conventional type takeover defense measures, **the Bank’s takeover defense measures are strictly subject to a general meeting of shareholders to confirm shareholders’ support,** and the Bank’s takeover defense measures are structured in such a way that confirmation of shareholders’ support is always necessary to finally implement the countermeasure (i.e., effectuating the dilution) of the takeover defense measures. In other words, the countermeasure of the takeover defense measures will be implemented only when the shareholders themselves determine that there is a better option than accepting the TOB. The Board of Director of the Bank where the independent outside directors account for the majority considers that such a mechanism is in the common interest of all shareholders when introducing the Plan.

As announced in the Takeover Defense Measures Press Release, in the TOB, the maximum number of shares to be purchased is set at approximately 48% (i.e., the acquisition of shares equivalent to

approximately 28% of all outstanding shares in light of the number of shares currently held by SBIHD (i.e., 20%)) and the shares tendered exceeding such maximum number will not be purchased. Thus, minority shareholders which hold approximately 52% of all outstanding shares will remain after the TOB. While the maximum number to be purchased is set at less than a majority of the voting rights of all shareholders of the Bank in order for SBIHD to avoid becoming a bank holding company, SBIHDs can substantially control the management of the Bank after the TOB since the purpose of TOB is to make the Bank a consolidated subsidiary of SBIHD and to change all or part of the directors of the Bank. Due to the purposes and conditions of the TOB, there is a risk, namely, that shareholders' judgment may be distorted (i.e. risk of coerciveness), including, for example, the case where shareholders who would not otherwise be in favor of the TOB would be forced to sell off by tendering their shares for the TOB. It is possible that SBIHDs can acquire substantial management rights of the Bank by investing, so to speak, at a low cost and without acquiring the majority of voting rights and that the remaining shareholders of the Bank will be substantially subject to the control of SBIHDs. Such investment may in practice serve only the benefits of SBIHDs. The Bank believes that the TOB may pose serious problems in terms of the corporate value of the Bank and the maximization of the common interests of the shareholders. Accordingly, the Bank has introduced the Plan in order for shareholders of the Bank to make an appropriate judgement through holding the General Meeting to Confirm Shareholders' Support after the shareholders are provided the sufficient information and time.

In the notice dated September 24, 2021 by SBIHDs, they stated that it is unjustifiable for the Bank to introduce the Plan and there is a suspicion that the management of the Bank introduced the Plan out of self-protection. However, this argument ignores or glosses over the problem of coercion faced by minority shareholders and thus the Bank believes that SBIHDs misunderstand the essence and fundamental parts of this Plan. While The Takeover Code in the U.K., for example, allows shareholders of the target company to express their approval or disapproval of a partial TOB in addition to individually tendering their shares to such TOB, the Japanese TOB system is not designed to allow shareholders to express their approval or disapproval of the partial TOB in the course of the TOB procedures. Based on the premise that Japanese TOB regulations do not have the mechanism to protect minority shareholders when partial TOB is commenced, the introduction of takeover defense measures such as the Plan is the only way to appropriately protect minority shareholders. Thus, the Plan is intended to "protect general shareholders of the Bank." Shinsei Bank asks our shareholders to pay close attention to information to be disclosed by us, and act carefully.

The Bank believes that the proposal made in a notice dated September 24, 2021 by SBIHDs is a new proposal to us rather than accepting the Bank's request, which means a rejection of our request. Thus the Bank intends to maintain our request to the Bidder to submit an amendment to the TOB Registration Statement which reflects extension of the TOB period to 60 business days, by the noon of September 30, 2021, which is the deadline designated in the letter dated September 17, 2021 sent to the Bidder from

the Bank for requesting extension of the TOB period. If the Bidder does not accept the request for extension of the TOB period and fails to submit an amendment to the TOB Registration Statement by the noon of September 30, 2021 which reflects extension of the period in accordance with the request, the Bank may inevitably implement some of the countermeasures described in the Plan temporarily and execute an allotment of the Class A Share Subscription Rights without contribution in advance.

<Background of Bank's Request to Extend the Period to 60 Business Days>

The extension of TOB period to 60 business days was requested by us for the following reasons, and it should be noted that the 50 business days proposed by SBIHDs (the last date of the period will be November 24, 2021) does not allow the Bank to hold the General Meeting to Confirm Shareholders' Support to "protect general shareholders of the Bank" by confirming the shareholders' general opinion on the TOB and the Plan:

- (i) Since the TOB was commenced without any prior notice to the Bank, the Bank considers it necessary to pose many questions to SBIHDs and has various matters to be considered. Thus, the Bank's Board of Directors needs sufficient evaluation period which is important in light of the common benefits of shareholders of the Bank. The period of about 30 days, which is set under the Plan as the Board of Directors' Evaluation Period, is relatively short compared to other takeover defense measures in similar cases and is the reasonably and necessary minimum period given the circumstances stated above;
- (ii) If the Bank holds the General Meeting to Confirm Shareholders' Support because of its opposition to the TOB, the Bank is required to secure the reasonable period for the identification of the shareholders, the preparation of the convocation notice as well as the voting cards and delivery of these materials;
- (iii) In light of the Supplementary Principle 1.2.2 of the Corporate Governance Code (June 2021(Revised)), three weeks or more will be necessary as the convocation period for the General Meeting to Confirm Shareholders' Support to ensure that the Bank's shareholders have sufficient time to consider the proposals; and
- (iv) If the General Meeting to Confirm Shareholders' Support is held and the implementation of the Plan is approved, it will be necessary to implement the allotment of Class A Share Subscription Rights without contribution (as defined in the Takeover Defense Measures Press Release) under the Plan after the approval, in which case the Bank will be required to secure certain period after the General Meeting to Confirm Shareholders' Support and before the last date of the TOB period in order to satisfy the statutory waiting period under the Financial Instruments and Exchange Act of Japan.

<Four Conditions and Three Questions Raised by SBIHDs>

Finally, although SBIHDs have attached four conditions to the extension of the TOB period, the Bank takes it for granted to operate the Plan and hold the General Meeting to Confirm Shareholders' Support in a lawful manner pursuant to applicable laws and regulations. With regard to the additional questions, the Bank has already announced in the Takeover Defense Measures Press Release that "the Bank will not request additional information beyond the level necessary for the shareholders to properly determine the appropriateness of the acquisition and for the Bank to evaluate and examine the TOB". Thus, the Bank believes that it is not necessary to respond to the requests other than the above. Thus, as stated above, the Bank will continue to maintain its request to extend the period of TOB to 60 business days.

In addition, with regards to the three questions described in the last page of the notice dated September 24, 2021 from SBIHDs, they unilaterally set the short deadline for the response to the questions. Rather than having questions and making answers outside of the TOB procedure, the Board of Directors of the Bank will consider these questions as valuable comments when evaluating and examining the TOB and preparing for the final opinion with respect to the TOB after the Bank receives the Answer Report to be submitted by the Bidder in accordance with the statutory procedure.

The Bank will inform you of any progress on this matter in a timely manner.

End

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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“The Protocol for Protection of Interests of our General Shareholders” of Shinsei Bank : Shinsei Bank’s Takeover Defense Measures subject to Confirmation of Shareholders' Support (the Plan) Largely Different from Conventional Takeover Defense Measures

***This document is disclosed in order to ensure that the purpose and mechanism of the Plan is correctly understood, so that the Plan may not be confused with conventional takeover defense measures that can be implemented solely by the resolution at Board of Directors (BoD) in certain circumstances**

<The Plan is subject to confirmation of shareholders' support and enables our shareholders to decide on the merits of the tender offer by SBIHDs (the TOB) without any concerns of being left behind>

Since whether to implement the Plan will be ultimately determined at the General Meeting to confirm shareholders’ support, regardless of whether or not the large-scale purchaser complies with the procedures, the Plan will never be implemented at the sole discretion of the BoD, which precludes arbitrary decisions by the BoD

As mentioned above, the Plan is largely different from the conventional takeover defense measures in that the Plan is subject to confirmation of shareholders' support while the conventional measures can be implemented sole by the resolution at BoD in certain circumstances. Therefore, our shareholders will be able to decide on the merits of the TOB without any concerns of being left behind

Types of Takeover Defense Measures	
1	Advance-warning takeover defense measures: Introduction of the measures is resolved at the General Meeting. Implementation of the measures is resolved either at the BoD or the General Meeting
2	Conventional contingency-driven takeover defense measures: Introduction of the measures is resolved at the BoD. Implementation of the measures is resolved at the BoD only in certain circumstances
3	The Shinsei Bank’s contingency-driven takeover defense measures: Introduction of the measures is resolved at the BoD. <u>Implementation of the measures is resolved at the General Meeting</u>

→ Whether to implement the Plan will be ultimately determined at the General Meeting

**“The Protocol for Protection of Interests of our General Shareholders” of Shinsei Bank :
Shinsei Bank’s Takeover Defense Measures subject to Confirmation of Shareholders’ Support (the Plan)
Largely Different from Conventional Takeover Defense Measures (cont’d)**

<There is a coercive pressure issue in the TOB where general shareholders’ judgment may be distorted>

Because the maximum number of shares to be purchased is set in the TOB, there can be a structural problem (coercive pressure issue) that the general shareholders who would otherwise not agree to the TOB may feel compelled to sell or tender their shares in order not to be left behind, for fear of a decline in the Bank's corporate value as a result of a change of control after the successful TOB

<The Plan should be called “The Protocol for Protection of Interests of our General Shareholders” >

The Plan should be called “The Protocol for Protection of Interests of our General Shareholders” because the Plan prevents the general shareholders’ judgement from being distorted and their interests from being damaged possibly caused by the coercive pressure issue of the TOB

Additionally, the Plan not only protects, but ensures and improves the interests of our general shareholders by enabling them to have the required information and sufficient time for making an appropriate judgment on whether a large-scale purchase may be accepted or not, and by giving the opportunity for them to express their opinions on the TOB and to compare the TOB with other proposals if presented

<(Reference) Mechanism intended to improve the rationale of the Plan>

Five out of seven directors of the Bank are independent external directors and two out of three corporate auditors are independent external corporate auditors, ensuring the fairness and objectivity of the operation of the Plan

The fact that the Purpose of the plan is not to protect the Bank’s executives but to protect the interests of our General Shareholders is in line with the Corporate Governance Code