

For Immediate Release

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

**Notice Regarding Opposition (with Certain Conditions for Changing Opinion to Support) to TOB for Shares of Shinsei Bank
 by SBI Regional Bank Holdings Co., Ltd.**

1. Shinsei Bank expresses its opposition to the takeover bid ("TOB") for the common shares of Shinsei Bank by SBI Regional Bank Holdings Co., Ltd.
 However, if the following conditions ("Requirements for Support") are satisfied by November 19, 2021 then Shinsei Bank intends to express its opinion to support the TOB.
 - (i) That the TOB shall have no maximum number of shares to be purchased (or that a tender offer with no maximum or minimum number of shares to be purchased ("Second TOB") will be commenced by June 8, 2022 or later date which Shinsei Bank designates after the discussions with SBIHDs); and
 - (ii) That the Tender Offer Price (including the tender offer price in the Second TOB, if any) be increased to a level that Shinsei Bank evaluates and judges to be sufficient in light of the intrinsic value of Shinsei Bank based on, among others, the results of value calculation by its financial advisor.

From this day on, Shinsei Bank will propose SBIHDs to hold discussions because satisfaction of the above-mentioned Requirements for Support will be of interest to general shareholders of Shinsei Bank. Depending on the discussions with the SBIHDs, the board of directors of Shinsei Bank may express an opinion supporting the TOB when the board of directors determines reasonable in doing so on terms that are different from the Requirements for Support. In that case, Shinsei Bank will announce it separately.

In passing the resolution of the board of directors regarding the aforementioned opinion expressed by Shinsei Bank and the operation policy, etc. of the countermeasures under the Plan (including the decision to hold the General Meeting to Confirm Shareholders' Support under the Plan described in 4. below), Shinsei Bank has received the recommendation and opinion from the Independent External Directors Council that such decisions are appropriate and the board of directors of Shinsei Bank has respected such recommendation and opinion to the maximum extent.

November 19, 2021, which is designated by Shinsei Bank as the deadline, falls under the date

three (3) business days prior to the date of the General Meeting to Confirm Shareholders' Support under the Plan. Please see "(i) Grounds for the Opinion" in "(2) Grounds and Reasons for the Opinion" in "3. Details of, and Grounds and Reasons for, the Opinion on the TOB" below for the reason why the Requirements for Support (i) specifies a condition regarding a tender offer in the future (i.e., the Second TOB) rather than the TOB.

2. The primary reasons for Shinsei Bank's opposition to the TOB under the current conditions are as follows:

- (i) Although the intention of the TOB is to acquire substantial control of Shinsei Bank, the TOB is a partial purchase with a limit on the number of shares to be purchased, and might be detrimental to the remaining shareholders; and
- (ii) The Tender Offer Price is low when the weighted average is applied to the premium, and is not considered to reflect Shinsei Bank's intrinsic value.

With respect to item (ii) above, Shinsei Bank estimates that premium, which represents approximately 37.65% applicable only to the number of shares to be purchased by SBIHD (approximately 27.68% of the total number of voting shares, in the maximum), represents approximately 13% as the effective premium of the Tender Offer Price to Shinsei Bank's all shareholders other than SBIHDs ^(Note).

(Note) The effective premium stated is calculated by multiplying the premium (37.65% compared to the closing price on September 8, 2021) applicable to the Tender Offer Price of JPY 2,000 by the ownership ratio of 27.68%, which is the upper limit of the number of shares to be purchased by SBIHDs, and then dividing the product by the ratio of 79.68% which represents the ownership ratio of the shareholders of our Bank excluding SBIHDs.

3. Requests to SBIHDs from the perspective of improving the corporate value of Shinsei Bank
Based on the above reasons for opposition, Shinsei Bank will request that SBIHDs publicly announce that they will comply with each of the following items. Please note that each of these items does not constitute Requirements for Support, but is only a request from Shinsei Bank. (For details of the following two requests, please refer to "(i) Grounds for the Opinion" in "(2) Grounds and Reasons for the Opinion" in "3. Details of, and Grounds and Reasons for, the Opinion on the TOB" below.)

- (a) As each and every customer and employee of Shinsei Bank is the source of the value of Shinsei Bank Group, the values of Shinsei Bank Group as an independent listed company, its relationship with its customers, and the position of its employees shall be respected to the maximum extent possible.
- (b) The interests of general shareholders other than SBIHDs should be respected, as the

TOB will substantially result in a parent-subsidary listing, depending on the result of the TOB, and the risk of conflicts of interest cannot be eliminated.

4. At the meeting of Shinsei Bank's board of directors held today, our board of directors have also unanimously resolved to hold an extraordinary general meeting of shareholders (i.e., General Meeting to Confirm Shareholders' Support under the Plan) to confirm the overall intention of Shinsei Bank's shareholders regarding allotment of share subscription rights to all shareholders without contribution as a countermeasure under the Plan, with maximum respect to the recommendations of the Independent External Directors Council. However, if (i) and (ii) of the Requirements for Support are satisfied at least three (3) business days prior to the date of the General Meeting to Confirm Shareholders' Support (November 19, 2021), Shinsei Bank will not conduct the allotment of share subscription rights without contribution as a countermeasure under the Plan and will cancel the General Meeting to Confirm Shareholders' Support accordingly. In the event that the countermeasures under the Plan are not triggered, the intent of the shareholders will be expressed by whether or not the shareholders tender their shares in the TOB.

Depending on the discussions with the SBIHDs, Shinsei Bank may cancel the General Meeting to Confirm Shareholders' Support when the board of directors determines reasonable in doing so on terms that are different from the Requirements for Support. In that case, Shinsei Bank will announce it separately.

5. In parallel with Shinsei Bank's management strategy to enhance its corporate value on its own, as part of the "value co-creation" strategy set forth in the current medium-term management strategy, Shinsei Bank has been discussing capital and business alliances with potential partners that will contribute to the maximization of corporate value over the medium to long term since the time before the commencement of the TOB, and has been searching for the most suitable alliance partners and alliance methods for a long time. In light of the situation where the TOB has been launched by the Bidder at a Tender Offer Price not reflecting Shinsei Bank's intrinsic value, for the purpose of maximizing Shinsei Bank's corporate value, not only until the General Meeting to Confirm Shareholders' Support, but also even in the event that the TOB is not successfully completed, Shinsei Bank will discuss with partner candidates and work on the process of soliciting proposals from potential capital and business alliance partners that is most appropriate for maximizing our corporate value, in parallel with Shinsei Bank's efforts to maximize its corporate value on its own.

(Please refer to the main text for definitions of the terms.)

Tokyo (Thursday, October 21, 2021) --- Shinsei Bank hereby announces that our board of directors resolved today, by unanimous consent of all directors, (A) to express its opposition to the takeover bid (the "TOB") commenced on September 10, 2021 by SBI Regional Bank Holdings Co., Ltd. ("Bidder"), a wholly owned subsidiary of SBI Holdings, Inc. ("SBIHD," and together with SBI Regional Bank Holdings Co., Ltd., "SBIHDs") for the common shares ("Shares") of Shinsei Bank; however, (B) if the Requirements for Support are satisfied (specifically, if SBIHDs represent compliance with the Requirements for Support (i) and (ii) and if Shinsei Bank and SBIHDs execute a memorandum of understanding incorporating the Requirements for Support (i) and (ii)) by November, 19, 2021, Shinsei Bank will express its opinion of support (unless there is a proposal from a third party that Shinsei Bank believes will better contribute to the maximization of the common interests of its shareholders; the same shall apply hereinafter).^(Note)

<Requirements for Support>

- (i) That the TOB shall have no maximum number of shares to be purchased (or that a tender offer with no maximum or minimum number of shares to be purchased ("Second TOB") will be commenced by June 8, 2022 or later date which Shinsei Bank designates after the discussions with SBIHDs); and
- (ii) That the Tender Offer Price (including the tender offer price in the Second TOB, if any) be increased to a level that Shinsei Bank evaluates and judges to be sufficient in light of the intrinsic value of Shinsei Bank based on, among others, the results of value calculation by its financial advisor.

Shareholders are requested not to tender their shares in the TOB, unless Shinsei Bank changes its opinion.

(Note) As notified in the press release "Notice Regarding Reservation of Opinion on TOB for Shares of Shinsei Bank by SBI Regional Bank Holdings Co., Ltd." ("Reservation Notice") announced on September 17, 2021, Shinsei Bank had announced its intention to reserve its opinion on the TOB.

In addition to the above, at the meeting of Shinsei Bank's board of directors held today, our board of directors unanimously resolved to hold an extraordinary general meeting of shareholders (i.e., General Meeting to Confirm Shareholders' Support under the Plan) to confirm the overall intention of Shinsei

Bank's shareholders regarding allotment of share subscription rights to all shareholders without contribution as a countermeasure under the Plan (as defined in "6. Response Policy with respect to Basic Policy Related to Control of the Company"). However, if (i) and (ii) of the Requirements for Support are satisfied at least three (3) business days prior to the date of General Meeting to Confirm Shareholders' Support (November 19, 2021) (specifically, if SBIHDs represent compliance with the Requirements for Support (i) and (ii) and if Shinsei Bank and SBIHDs execute a memorandum of understanding incorporating the Requirements for Support (i) and (ii)), Shinsei Bank will not conduct the allotment of share subscription rights to all shareholders without contribution as a countermeasure under the Plan and will cancel the General Meeting to Confirm Shareholders' Support accordingly (unless there is a proposal from a third party that Shinsei Bank believes will better contribute to the maximization of the common interests of its shareholders; the same shall apply hereinafter). In the event that the countermeasures under the Plan are not triggered, the intent of the shareholders will be expressed by whether or not the shareholders tender their shares in the TOB. For details, please see "(4) Holding of the General Meeting to Confirm Shareholders' Support, and future procedures, etc." in "6. Response Policy with respect to Basic Policy Related to Control of the Company" below.

In parallel with Shinsei Bank's management strategy to enhance its corporate value on its own, as part of the "value co-creation" strategy set forth in the current medium-term management strategy, Shinsei Bank has been discussing capital and business alliances with potential partners that will contribute to the maximization of corporate value over the medium to long term since the time before the commencement of the TOB, and has been searching for the most suitable alliance partners and alliance methods for a long time. In light of the situation where the TOB has been launched by the Bidder at a Tender Offer Price not reflecting Shinsei Bank's intrinsic value, for the purpose of maximizing Shinsei Bank's corporate value, not only until the General Meeting to Confirm Shareholders' Support, but also even in the event that the TOB is not successfully completed, Shinsei Bank will discuss with partner candidates and work on the process of soliciting proposals from potential capital and business alliance partners that is most appropriate for maximizing our corporate value, in parallel with Shinsei Bank's efforts to maximize its corporate value on its own.

1. Overview of the Bidder (Note 1)

(1)	Name	SBI Regional Bank Holdings Co., Ltd.
(2)	Address	6-1, Roppongi 1-chome, Minato-ku, Tokyo
(3)	Name and Title of Representative	Representative Director: Shumpei Morita

(4)	Description of Business	<p>(1) Investment business, such as holding, management, investment, and acquisition of securities, etc.</p> <p>(2) Research, planning, and intermediation in connection with business transfers, sales and purchases of assets, capital participations, business alliances, and mergers by companies</p> <p>(3) Consulting services concerning business management in general</p> <p>(4) Bookkeeping of company accounts, administrative work concerning account settlement, and diagnosis and guidance concerning management and accounts</p> <p>(5) Information provision services</p> <p>(6) Development, sale, and rental of systems</p> <p>(7) Any other businesses incidental or related to each of the above</p>	
(5)	Date of Incorporation	August 25, 2015	
(7)	Capital Amount	JPY 100,000,000 (As of September 10, 2021)	
(8)	Large Shareholder and Shareholding Ratio (As of September 10, 2021)	SBI Holdings, Inc.	100.00%
(9)	Relationship between Bidder and Shinsei Bank		
	Capital Relationship	<p>Bidder owns 100 Shares (Ownership Ratio (Note 2): 0.00%).</p> <p>SBIHD owns 42,737,700 Shares (Ownership Ratio: 20.32%).</p>	
	Personnel Relationship	<p>There is no personnel relationship to be stated herein between Shinsei Bank and the Bidder.</p> <p>There is also no personnel relationship to be stated herein between Shinsei Bank and SBIHD.</p>	
	Transactional Relationship	<p>There is no transactional relationship to be stated herein between Shinsei Bank and the Bidder.</p> <p>The following are transactions between Shinsei Bank and SBIHD:</p> <ul style="list-style-type: none"> ■ Shinsei Bank is a shareholders of Money Tap Co., Ltd., an affiliated company of SBIHD; ■ Shinsei Bank is a shareholders of Regional Revitalization Partners Co., Ltd., a subsidiary of SBIHD; 	

		<ul style="list-style-type: none"> ■ Shinsei Bank invests in FinTech Business Innovation LPS, SBI AI&Blockchain LPS, and SBI 4&5 Investment Limited Partnership, established and managed by SBI Investment Co., Ltd., a subsidiary of SBIHD; and ■ Shinsei Bank has loan transactions with SBIHD, SBI Leasing Services Co., Ltd., and SBI FinTech Solutions Co., Ltd.
	Status as a Related Party	<p>The Bidder is not a related party of Shinsei Bank.</p> <p>SBIHD owns 42,737,700 Shares (Ownership Ratio: 20.32%), and is a major shareholder and the largest shareholder of Shinsei Bank.</p>

(Note 1) Information with respect to SBIHDs is based on the TOB Registration Statement filed by the Bidder on September 10, 2021 ("TOB Registration Statement", including amendments to the TOB Registration Statement filed thereafter.).

(Note 2) "Ownership Ratio" refers to the ratio (rounded to the second decimal place; unless otherwise stated, the same shall apply in the calculation of ratios) to the number of shares (210,310,530 shares), which is obtained by deducting the treasury shares owned by Shinsei Bank as of August 31, 2021 (48,724,159 shares) from the total number of issued and outstanding shares of Shinsei Bank as of August 31, 2021 (259,034,689 shares), as stated in the "Share Buyback Report" (under Article 24-6, Paragraph 1 of the Financial Instruments and Exchange Act (No.25 of 1948, as amended) (the "FIEA")) filed by Shinsei Bank on September 3, 2021.

2. Tender Offer Price

JPY 2,000 per common share ("Tender Offer Price")

3. Details of, and Grounds and Reasons for, the Opinion on the TOB

(1) Details of the Opinion

Shinsei Bank expresses its opposition to the TOB. However, if the following Requirements for Support are satisfied (specifically, if SBIHDs represent compliance with the Requirements for Support (i) and (ii) and if Shinsei Bank and SBIHDs execute a memorandum of understanding incorporating the Requirements for Support (i) and (ii)) by November 19, 2021, then Shinsei Bank intends to express its opinion of support.

<Requirements for Support>

- (i) That the TOB shall have no maximum number of shares to be purchased (or that the Second TOB with no maximum or minimum number of shares to be purchased will be commenced by June 8, 2022 or later date which Shinsei Bank designates after the discussions with SBIHDs); and

- (ii) That the Tender Offer Price (including the tender offer price in the Second TOB, if any) be increased to a level that Shinsei Bank evaluates and judges to be sufficient in light of the intrinsic value of Shinsei Bank based on, among others, the results of value calculation by its financial advisor.

Shareholders are requested not to tender their shares in the TOB, unless Shinsei Bank changes its opinion.

(2) Grounds and Reasons for the Opinion

Shinsei Bank has been carefully evaluating and examining the details of the TOB (including the contents of the answer report submitted by the Bidder on September 28, 2021 (“Answer Report”) and various publicity materials by SBIHDs) since the commencement of the TOB.

Today, our board of directors unanimously resolved to express its opposition to the TOB, with maximum respect to the recommendations and opinions of the Independent External Directors Council. However, if Shinsei Bank believes that all of the following Requirements for Support are satisfied (specifically, if SBIHDs represent compliance with the Requirements for Support (i) and (ii) and if Shinsei Bank and SBIHDs execute a memorandum of understanding incorporating the Requirements for Support (i) and (ii)) by November 19, 2021, then Shinsei Bank intends to express its opinion of support. November 19, 2021, which is designated by Shinsei Bank as the deadline, falls under the date three (3) business days prior to the date of the General Meeting to Confirm Shareholders' Support under the Plan.

All three corporate auditors of Shinsei Bank attended the meeting of the board of directors, and stated that they had no objection to passing such resolution.

In the course of the above evaluation and examination, for the purpose of further enhancing the fairness and objectivity of the process of evaluation and examination of the TOB and the operation of the Plan, five (5) independent external directors of Shinsei Bank formed an Independent External Directors Council, consisting solely of the five independent external directors who are independent of the management team that executes the business of Shinsei Bank, and two independent external corporate auditors as observers. They have been investigating, examining and evaluating the TOB in order to provide recommendations or opinions to the board of directors on whether the TOB will hinder the maximization of the corporate value of Shinsei Bank and the common interests of its shareholders (For details, please see “(5) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest.”). Shinsei Bank has received a recommendation dated October 21, 2021 from the Independent External Directors Council (“Recommendation”). For the details of the

Recommendations, please see “(i) Grounds for the Opinion”.

In addition to the above, at the meeting of Shinsei Bank's board of directors held today, our board of directors unanimously resolved to hold an extraordinary general meeting of shareholders (i.e., General Meeting to Confirm Shareholders' Support under the Plan) to confirm the overall intention of Shinsei Bank's shareholders regarding the allotment of share subscription rights to all shareholders without contribution as a countermeasure under the Plan, with maximum respect to the recommendations of the Independent External Directors Council. However, if (i) and (ii) of the Requirements for Support are satisfied at least three (3) business days prior to the date of the General Meeting to Confirm Shareholders' Support (November 19, 2021) (specifically, if SBIHDs represent compliance with the Requirements for Support (i) and (ii) and if Shinsei Bank and SBIHDs execute a memorandum of understanding incorporating the Requirements for Support (i) and (ii)), Shinsei Bank will not conduct the allotment of share subscription rights to all shareholders without contribution as a countermeasure under the Plan and will cancel the General Meeting to Confirm Shareholders' Support accordingly.

For details, please see “(4) Holding of the General Meeting to Confirm Shareholders' Support, and future procedures, etc.” in “6. Response Policy with respect to Basic Policy Related to Control of the Company” below.

(i) Grounds for the Opinion

Shinsei Bank has been carefully evaluating and examining the details of the TOB since the commencement of the TOB. As described in the Reservation Notice, as of September 17, 2021, Shinsei Bank had reserved its opinion on the TOB for the following reasons and asked questions to the Bidder in the Target Company's Position Statement submitted on the same date.

- (A) The TOB was commenced unilaterally without any prior communication to Shinsei Bank. Various matters which Shinsei Bank considers important in evaluating and examining the TOB have not been made clear.
- (B) As SBIHDs will be able to substantially control the management of Shinsei Bank as a result of the TOB, it is necessary to carefully evaluate and examine the TOB from the viewpoint of the interests of the minority shareholders.
- (C) As a core bank in the financial services industry with a highly public nature and a significant responsibility to contribute broadly to the economy and society, it is necessary to carefully consider how Shinsei Bank will be managed, and what the large shareholder who will control

Shinsei Bank should be.

After the submission of the Reservation Notice, Shinsei Bank evaluated and examined in detail the answers from the Bidder to its questions in the Answer Report and the information about SBIHDs. For evaluating and examining the TOB, Shinsei Bank has appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("MUMSS") as financial advisor, and Anderson Mori & Tomotsune ("AMT") as legal advisor, which are independent of SBIHDs and Shinsei Bank, and has been receiving advice from them. For details, please see "(5) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest" below.

In addition to the above, for the purpose of further enhancing the fairness and objectivity of the evaluation and examination process of the TOB and the operation of the Plan, the five independent external directors of Shinsei Bank formed the Independent External Directors Council, which is composed of themselves, who are independent of the executive management of Shinsei Bank, as the only members and two independent external corporate auditors as observers, and decided to evaluate and examine the TOB also as the Independent External Directors Council. In relation thereto, the Independent External Directors Council appointed Plutus Consulting Co. Ltd. ("Plutus") as financial advisor, and MOMO-O, MATSUO & NAMBA as legal advisor, which are outside experts exclusively working for the Independent External Directors Council and independent of the board of directors of Shinsei Bank. Receiving professional advice from these advisors, the Independent External Directors Council has conducted investigations, examinations, and evaluations in order to make recommendations or state its opinion on each of the following (the "Requests for the Council") to the board of directors of Shinsei Bank.

1. To conduct investigations, examinations, and evaluations as to whether the TOB may hinder the maximization of the corporate value of Shinsei Bank or the common interests of shareholders ("Matter to be Examined 1");
2. To conduct examinations as to whether agree or disagree to the TOB and whether implement or not the countermeasures set forth in the Plan, based on the investigations, examinations, and evaluations mentioned above ("Matter to be Examined 2"); and
3. Other matters that the Independent External Directors Council believes should be recommended or stated as opinion to the board of directors of Shinsei Bank ("Matter to be Examined 3").

To this date, the Independent External Directors Council has held meetings for six times in total, between the meetings members exchanged questions and answers with each of its advisors, by

emails and other appropriate means, and has continuously discussed the process of evaluation and examination of the TOB and the operation of the Plan. The Independent External Directors Council stated the Recommendation outlined below to the board of directors of Shinsei Bank, after the above-mentioned examination and evaluation process and prior to the meeting of Shinsei Bank's board of directors held today.

<Outline of the Recommendation>

- Matter to be Examined 1 : Regarding “to conduct investigations, examinations, and evaluations as to whether the TOB may hinder the maximization of the corporate value of Shinsei Bank or the common interests of shareholders”

For the following reasons, the Independent External Directors Council concludes that the TOB, as it stands now, will hinder the maximization of its corporate value or the common interests of its shareholders.

(1) Although the intention of the TOB is to acquire substantial control of Shinsei Bank, the TOB is a partial purchase with the maximum number of shares to be purchased and might be disadvantageous to the remaining shareholders.

For each of the following reasons, the Independent External Directors Council cannot deny the possibility that the interests of minority shareholders may be harmed due to the management by SBIHDs, which have acquired substantial control of Shinsei Bank:

- (i) As of this date, the evaluation and recognition of synergies proposed by SBIHDs is difficult; and
- (ii) Concerns regarding conflicts of interest with general shareholders when the SBIHDs acquire substantial control of Shinsei Bank cannot be dispelled

(2) As described in (i) and (ii) below, the Tender Offer Price of the TOB is low when the weighted average is applied to the premium and cannot be considered to reflect the intrinsic value of Shinsei Bank:

- (i) While setting a limit on the number of shares to be purchased, SBIHDs will obtain the controlling power over Shinsei Bank after the TOB and the Tender Offer Price does not include the sufficient control premium associated therewith; and
- (ii) The Tender Offer Price is low when compared with the corporate value of

Shinsei Bank reflecting steady execution of our business strategy.

- Matter to be Examined 2 : Regarding “to conduct examinations as to whether agree or disagree to the TOB and whether implement or not the countermeasures set forth in the Plan, based on the investigations, examinations, and evaluations mentioned above”

As it stands now, the Independent External Directors Council concludes that the TOB will hinder the maximization of its corporate value or the common interests of its shareholders and must oppose to it. However, if Shinsei Bank considers that both (i) and (ii) of the Requirements for Support below are satisfied, the TOB should be supported as the TOB will not hinder the maximization of the corporate value of Shinsei Bank or the common interests of shareholders.

- (i) That the TOB will be a tender offer with no maximum number of shares to be purchased (or that a tender offer with no maximum or minimum number of shares to be purchased (“Second TOB”) will be commenced within appropriate periods from the last day of the tender offer period of the TOB); and
- (ii) That the Tender Offer Price (including the tender offer price in the Second TOB, if any) be increased to a level that Shinsei Bank evaluates and judges to be sufficient in light of the intrinsic value of Shinsei Bank based on, among others, the results of value calculation by its financial advisor.

In addition, as it stands now, the Independent External Directors Council concludes that the TOB will hinder the maximization of its corporate value or the common interests of its shareholders, and therefore, it should convene an extraordinary general meeting of shareholders as a General Meeting to Confirm Shareholders’ Support under the Plan. However, if Shinsei Bank believes that both of the above requirements are satisfied, it should cancel the convocation of the extraordinary general meeting of shareholders.

Further, if Shinsei Bank believes that the TOB will not hinder the maximization of its corporate value or the common interests of its shareholders when part of above requirement or other requirements which the board of directors reasonably determines is satisfied, then it should support the TOB and cancel the convocation of

the extraordinary general meeting of shareholders.

- Matter to be Examined 3 : Regarding “other matters that the Independent External Directors Council believes should be recommended or stated as opinion to the board of directors of Shinsei Bank”

There is nothing special in addition to the items described in Matter to be Examined 1 and 2 above.

In response to the Recommendation, after careful deliberation from the viewpoint of maximization of the corporate value of Shinsei Bank and the common interests of its shareholders, and with maximum respect to the Recommendation from the Independent External Directors Council, the Shinsei Bank’ board of directors unanimously resolved at the board of directors meeting held today to express its opposition to the TOB and hold an extraordinary general meeting of shareholders (i.e., the General Meeting to Confirm Shareholders’ Support under the Plan) to confirm the overall intention of Shinsei Bank’s shareholders, for the reasons listed in “(ii) Reasons for the Opinion” below.

However, all of the directors of Shinsei Bank came to have a common understanding that each of the reasons that underpin the opposition as described in “(ii) Reasons for the Opinion” below will become less reasonable to a considerable extent if the TOB conditions, such as conditions of the purchase, are changed in favor of general shareholders of Shinsei Bank. In other words, they came to an idea that, if the limitation of the maximum number of shares to be purchased in the TOB is eliminated and also the Tender Offer Price reflects the Shinsei Bank's intrinsic value correctly, the necessity of opposing to the TOB would be significantly decreased, from the viewpoint of interests of the shareholders of Shinsei Bank.

Therefore, Shinsei Bank also unanimously resolved to express its opinion in favor of the TOB if the following Requirements for Support are satisfied (specifically, if SBIHDs represent compliance with the Requirements for Support (i) and (ii) and if Shinsei Bank and SBIHDs execute a memorandum of understanding incorporating the Requirements for Support (i) and (ii)) by November 19, 2021, because in such case there is no particular reason for opposing to the TOB.

<Requirements for Support>

- (i) That the TOB shall have no maximum number of shares to be purchased (or that the

Second TOB with no maximum or minimum number of shares to be purchased will be commenced by June 8, 2022 or later date which Shinsei Bank designates after the discussions with SBIHDs); and

- (ii) That the Tender Offer Price (including the tender offer price in the Second TOB, if any) be increased to a level that Shinsei Bank evaluates and judges to be sufficient in light of the intrinsic value of Shinsei Bank based on, among others, the results of value calculation by its financial advisor.

With respect to the Requirements for Support (i), the board of directors of Shinsei Bank believed that eliminating the maximum number of shares to be purchased in the TOB is supposed to be necessary for the interests of its general shareholders. However, in order for SBIHD to eliminate the maximum number of shares to be purchased in the TOB, it is expected that SBIHD will need to obtain the approval of the Prime Minister as prescribed in Article 52-17, Paragraph 1 of the Banking Act, which is considered very difficult within the TOB period. Therefore, as the second best measure, the board of directors of Shinsei Bank decided to set a condition to commence the Second TOB with no maximum or minimum number of shares to be purchased before June 8, 2022 (or later date which Shinsei Bank designates after the discussions with SBIHDs) as an alternative condition to the elimination of the maximum number of shares to be purchased in the TOB, on the ground that SBIHDs' commitment to commence the Second TOB within six (6) months from December 8, 2021, the last day of the tender offer period of the TOB (or by later date which Shinsei Bank designates after the discussions with SBIHDs) is expected to provide general shareholders of Shinsei Bank with broad opportunities to tender its shares. In addition, in relation to the Requirements for Support (ii), Shinsei Bank believed that SBIHDs might decline to increase the Tender Offer Price on the ground that they have not conducted due diligence to Shinsei Bank Group. For this reason, Shinsei Bank will disclose materials which Shinsei Bank considers reasonably necessary for the due diligence to SBIHDs for their consideration to increase the Tender Offer Price, upon request from SBIHDs.

From this day on, Shinsei Bank will propose SBIHDs to hold discussions because satisfaction of the above-mentioned Requirements for Support will be of interest to general shareholders of Shinsei Bank. Depending on the discussions with the SBIHDs, the board of directors of Shinsei Bank may express an opinion supporting the TOB when the board of directors determines reasonable in doing so on terms that are different from the Requirements for Support. In that case, Shinsei Bank will announce it separately.

Next, Shinsei Bank came to believe that, from the viewpoint of enhancing its corporate value, it is desirable to request SBIHDs to respect the values of Shinsei Bank Group, its relationship with its customers, and the position of its employees as well as the interests of general shareholders of Shinsei Bank in the management of Shinsei Bank Group, even in the case where SBIHDs come to obtain the substantial control of Shinsei Bank after the TOB. Therefore, the board of directors of Shinsei Bank also came to believe that it is desirable for SBIHDs to comply with the following two points:

<Requests to SBIHDs from the perspective of improving the corporate value of Shinsei Bank>

- (a) As each and every customer and employee of Shinsei Bank is the source of the value of Shinsei Bank Group, the values of Shinsei Bank Group as an independent listed company, its relationship with its customers, and the position of its employees shall be respected to the maximum extent possible.
- (b) The interests of general shareholders other than SBIHDs should be respected, as the TOB will substantially result in a parent-subsidiary listing, depending on the result of the TOB, and the risk of conflicts of interest cannot be eliminated.

With respect to the requests above, if SBIHDs publicly announce that they will comply with each of the following, the board of directors of Shinsei Bank will consider that SBIHDs have satisfied the same:

- To support the performance of the management that respects “diversity and inclusion”, “promotion of the active participation of women”, “sustainable management”, and “redesigning workstyle”, which are the values of Shinsei Bank Group (related to the Request (A)); and
- In order to ensure the first point and in order to avoid major disruption in performing the business during the term, to appoint two (2) executive directors in total from the current executive directors or group’s employees as well as to ensure that independent external directors will constitute the majority of the board of directors and the opinions from the current independent external directors shall be reflected in selecting the independent external directors (related to the Request (b)).

In addition, with respect to holding of the extraordinary general meeting of shareholders (i.e., the General Meeting to Confirm Shareholders’ Support under the Plan) regarding the

allotment of share subscription rights to all shareholders without contribution as a countermeasure under the Plan, the board of directors of Shinsei Bank came to believe that, if the TOB conditions, such as conditions of the purchase, are changed in favor of general shareholders of Shinsei Bank, it is not necessary to implement the allotment and there is room to consider that it should be sufficient that the shareholders should express their intention by applying or not applying for the TOB. Therefore, if (i) and (ii) of the Requirements for Support are satisfied at least three (3) business days prior to the date of the General Meeting to Confirm Shareholders' Support (November 19, 2021) (specifically, if SBIHDs represent compliance with the Requirements for Support (i) and (ii) and if Shinsei Bank and SBIHDs execute a memorandum of understanding incorporating the Requirements for Support (i) and (ii)), Shinsei Bank will not conduct the allotment of share subscription rights to all shareholders without contribution as a countermeasure under the Plan and will cancel the General Meeting to Confirm Shareholders' Support accordingly. Depending on the discussions with the SBIHDs, Shinsei Bank may cancel the General Meeting to Confirm Shareholders' Support when the board of directors determines reasonable in doing so on terms that are different from the Requirements for Support. In that case, Shinsei Bank will announce it separately.

(ii) Reasons for the Opinion

Shinsei Bank has been carefully evaluating and examining the details of the TOB since the commencement of the TOB. However, Shinsei Bank's board of directors resolved on October 21, 2021, by unanimous consent of all directors, to oppose the TOB for the reasons described below:

- (A) Although the intention of the TOB is to acquire substantial control of Shinsei Bank, the TOB is a partial purchase with a limit on the number of shares to be purchased, and might be detrimental to the remaining shareholders; and.
- (B) The Tender Offer Price is low when the weighted average is applied to the premium, and is not considered to reflect Shinsei Bank's intrinsic value.

The specific details on the above items are as follows.

- (A) Although the intention of the TOB is to acquire substantial control of Shinsei Bank, the TOB is a partial purchase with a limit on the number of shares to be purchased, and might be detrimental to the remaining shareholders.

The maximum number of shares to be purchased is set in the TOB, and the number of shares that exceed this maximum number of shares to be purchased will not be purchased and they will be settled using the method of proportional distribution. Therefore, a certain number of our shareholders will continue to be our shareholders even after the TOB, and our remaining shareholders will have no choice but to accept the uncertainty caused by the management of the SBIHDs, which acquired substantial control of Shinsei Bank. According to the TOB Registration Statement, the SBIHDs mention possible necessity to obtain approvals under various laws and regulations, including a regulatory approval by the Prime Minister under Article 52-17, Paragraph 1 of the Banking Act concerning becoming a bank holding company (the “Bank Holding Company Approval”) as the reason why the number of shares to be purchased is set as 58,211,300 shares (Ownership Ratio: 27.68%) at maximum, but Shinsei Bank assumes that the SBIHDs have subsidiaries (biotechnology-based and real estate-based, etc.) that are not allowed to be held by bank holding companies and thus, there was an obstacle to obtaining the Bank Holding Company Approval. However, this is solely based on the circumstances on the part of the SBIHDs, and this does not serve as a reason for our shareholders to accept the uncertainty caused by the management of the SBIHDs, which acquired substantial control of Shinsei Bank.

Even if the above point is excluded, it can be said that the management of the SBIHDs, which has acquired substantial control of Shinsei Bank, has raised serious uncertainty among minority shareholders for the following reasons.

(a) The feasibility of synergies proposed by the SBIHDs is not high or its impact is limited

In the TOB Registration Statement, the SBIHDs state that synergies can be expected in the areas of retail account, etc. On the other hand, Shinsei Bank posed the following questions in the “Target Company’s Position Statement” dated September 17, 2021 based on awareness of the issues.

- i. Although customer needs vary widely among customer segments, are the customer segments in each business of Shinsei Bank and the SBIHDs truly complementary and capable of value co-creation? If they are not complementary, revenue contribution from synergies will be limited and the benefit is not significant for Shinsei Bank’s general shareholders.
- ii. If the maximum number of shares to be purchased in the TOB is set at 27.68% in the Ownership Ratio, as the SBIHDs have acknowledged, it will be further necessary to

eliminate conflicts of interests transactions between the SBIHDs and Shinsei Bank and to enforce the arms-length rule in order to avoid becoming an engine bank and to protect the interests of Shinsei Bank's general shareholders. After ensuring the arm's length and eliminating conflicts of interests, to what extent can Shinsei Bank carry out transactions with the SBIHDs that are beneficial to Shinsei Bank's general shareholders, and to what degree will they benefit Shinsei Bank's general shareholders?

- iii. After eliminating abuse of dominant position, to what extent is it possible to refer Shinsei Bank's customers to the SBIHDs and to what degree will they benefit Shinsei Bank's general shareholders?

The responses concerning synergies made by the SBIHDs in the Answer Report were not specific or persuasive. Therefore, Shinsei Bank has determined that there is a high possibility that the feasibility of any synergies proposed by the SBIHDs are not high or have limited impacts.

For example, the SBIHDs have stated that customers can be referred to Shinsei Bank through simultaneous account opening and deposit alliance, but Shinsei Bank understands that the existing 6.8 million securities accounts of the SBIHDs are already linked with SBI Sumishin Net Bank, Ltd., and it is not practical to switch the linked bank accounts of these securities accounts from SBI Sumishin Net Bank, Ltd. to Shinsei Bank, especially considering that SBI Sumishin Net Bank, Ltd. filed an application for listing on October 8, 2021, and many unspecified shareholders will have interests as a result of the listing. Therefore, Shinsei Bank does not expect that existing customers can be referred to Shinsei Bank by opening a securities account. In addition, Shinsei Bank has determined that it would not be practical to establish a system that would lead even new customers to Shinsei Bank, rather than to SBI Sumishin Net Bank, Ltd., which has already established a business alliance with the SBIHDs.

- (b) Concerns regarding risks of dis-synergies and conflicts of interest with general shareholders when the SBIHDs acquire substantial control of Shinsei Bank cannot be dispelled

In light of our current composition of shareholders and the fact that the ratio of voting rights exercised by our shareholders has been around 90% in the past, the SBIHDs can substantially control the management of Shinsei Bank as a result of the TOB. On the other hand, the SBIHDs state that it would be possible to eliminate conflicts of interest through the majority of independent outside directors and the special committee, but the specific

names of outside directors are not disclosed, and the special committee's examination of transactions without market prices may not be sufficient as a check. Even among the three candidates for directors specified in the TOB Registration Statement, there are some who do not seem to have sufficient business experience to assume management of the Bank Group centered around a full range of commercial banking services and various nonbank services, and from the perspective of management ability, Shinsei Bank has concerns compared with the current management of Shinsei Bank. In addition, there are some persons in the candidates for directors, who are evaluated from their backgrounds as close advisors to the representative of the SBIHD, and there are some doubts that when the interests of general shareholders and SBIHDs are in conflict, the decision to sacrifice the interests of general shareholders must be made in fact, and Shinsei Bank believes that it is unclear whether the personnel selection ensures sufficient independence. Thus, Shinsei Bank believes that concerns over the so-called risks of dis-synergies and impairment of the interests of general shareholders are not completely dispelled given the control of the management of Shinsei Bank by the SBIHDs. The following may be given as examples.

1. Issue of business alliance with respect to financial instruments intermediary service

The SBIHDs responded in the Answer Report regarding the financial instruments intermediary service operations between Shinsei Bank and Monex Inc. that there are clearly advantages to selecting SBI SECURITIES Co., Ltd. as a business alliance partner. The reason why Shinsei Bank selected Monex Inc. as the counterparty to comprehensive business alliance in the area of securities business was because the company had the best economic conditions in a fair bidding format, and qualitatively also in line with Shinsei Bank's needs. If conditions of the business alliance with SBI SECURITIES Co., Ltd including economic ones are in the best economic interests of our shareholders, such business alliance would be beneficial, but this cannot be read from the Answer Report.

2. Risk of financing or investment in related parties of SBIHDs and jointly participating in high-risk matters

Shinsei Bank understands that the flow of funds exceeding JPY 10 billion in the scandal involving SBI Social Lending Co., Ltd. has not yet been clarified. With respect to this, according to the Answer Report, the SBIHDs state that they are "strengthening internal

control”, but Shinsei Bank considers the explanation as a mere abstract logic. In addition, when asked about the article that the SBIHDs’ affiliated regional financial institutions are providing “indirect support” to THE Global Ltd., which is receiving funding from the SBIHD. The SBIHDs responded that they “do not make any approach” to affiliated regional financial institutions, but did not explicitly deny the existence or nonexistence of “consideration” to or “incentives” for the SBI Group by the regional banks in which SBIHD has invested.

With respect to Shinsei Bank’s concerns in this item (b), however, Shinsei Bank believes that the concerns may be mitigated if Shinsei Bank and SBIHDs have discussions to solve these issues.

- (B) The Tender Offer Price is low when the weighted average is applied to the premium, and cannot be considered to reflect Shinsei Bank's intrinsic value.
- (a) While the number of shares that can substantially control the management of Shinsei Bank is set as the maximum number of shares to be purchased, it is difficult to say that the price including the control premium associated therewith is sufficient.

The Tender Offer Price is a price with a certain premium (approximately 37.65% of the closing price of JPY 1,453 of the Shares on the First Section of the Tokyo Stock Exchange on September 8, 2021, which is the trading day prior to the date of announcement of the TOB) attached to the market price of the latest Shares, but the maximum number of shares to be purchased is set in the TOB, and the number of shares to be purchased is up to 58,211,300 shares (Ownership Ratio: 27.68%). Therefore, the number of shares that exceed this maximum number of shares to be purchased will not be purchased and the tendered shares will be settled using the method of proportional distribution and thus, not all shares held by our shareholders are guaranteed to be sold at premium. Shinsei Bank estimates that when the premium of approximately 37.65% of the maximum number of shares to be purchased by the SBIHDs (Ownership Ratio: approximately 27.68%) is converted to an effective premium for the Tender Offer Price for our shareholders other than the SBIHDs, it will be up to approximately 13%. This substantial premium is approximately 14% compared to the one-month average, approximately 13% compared to the three-month average and

approximately 9% compared to the six-month average on September 8, 2021 as the reference date, which is the trading day prior to the date of announcement of the TOB (Note).

(Note) The effective premium described in the same paragraph is calculated by multiplying each premium (37.65% compared to the closing price on September 8, 2021 as the reference date, approximately 41.25% compared to the one-month average, approximately 36.95% compared to the three-month average and approximately 25.71% compared to the six-month average on September 8, 2021 as the reference date) with respect to the Tender Offer Price of JPY 2,000 by the Ownership Ratio of 27.68%, which is the maximum number of shares to be purchased by the SBIHDs, and then dividing the Ownership Ratio of 79.68% of Shares of our shareholders excluding SBIHDs.

In light of our current composition of shareholders and the fact that the ratio of voting rights exercised by our shareholders has been around 90% in the past, the SBIHDs can substantially control the management of Shinsei Bank by holding shares equivalent to 48% of the maximum number of shares to be purchased in the TOB, without obtaining a majority of the voting rights of all shareholders of Shinsei Bank. In fact, the SBIHDs have represented in the TOB Registration Statement its purpose to make Shinsei Bank a consolidated subsidiary in accordance with international accounting standards. Thus, the number of shares that can substantially control the management of Shinsei Bank is set as the maximum number of shares to be purchased, and it must be said that the weighted average premium is small and thus, the purpose of the TOB is to acquire substantial control of Shinsei Bank through investment at a low price, without paying an appropriate premium.

- (b) It must be said that the Tender Offer Price is too low when compared to the corporate value that reflects the steady implementation of Shinsei Bank's management strategy.

Even if the maximum number of shares is not set in the TOB, Shinsei Bank believes that the Tender Offer Price of JPY 2,000 does not reflect the economic value to be enjoyed by Shinsei Bank's general shareholders. According to the calculation results of a total of two companies, the financial advisor of Shinsei Bank and the financial advisor dedicated to the Independent External Directors Council, which utilized the Dividend Discount Model which is commonly used for the valuation of financial institutions and is a typical

measure to evaluate the intrinsic value, the Tender Offer Price does not reach to the lower limit of the range of the calculation results reflecting the following (i) and (ii), and is not a sufficient level compared to the calculation results.

- (i) The Tender Offer Price does not reflect Shinsei Bank's latest earnings forecast
In the medium-term management strategy "Redesigning Finance" (FY 2019 to FY 2021) announced on May 15, 2019, Shinsei Bank proposed its direction for the next three years to shareholders as a universal growth story emphasizing the direction of qualitative strategies. Instead of aiming for growth as an extension of the current situation, Shinsei Bank has aimed to enhance the corporate value through "discontinuous" growth by the constant review (redesigning) of financial services provided by Shinsei Bank, and carried this out.

(1) Organic Growth Strategy

(A) Hybrid Business Portfolio

- Hybrid business model of banking and nonbanking functions
- Provision of services distinctive to a highly independent and neutral comprehensive financial group

(B) Focus on small-scale finance and institutional investors business, which have strengths and are highly profitable

- Small-scale Finance (Individual Businesses): Building and participation in ecosystems, and upgrading of services through utilization of digital technology and data
- Institutional Investors (Institutional Businesses): One-stop services related to alternative investments

(C) Development of Value Co-creation Business with Partners

- Active development of value co-creation initiatives with business partners outside the group

(2) Active Capital Usage: Two wheels of enhancement of shareholder returns and building of a business portfolio

Shinsei Bank has steadily increased the value per share while enhancing shareholder returns. In addition, Shinsei Bank has actively made strategic investments and decided to sell non-core business in consideration of capital efficiency. The performance to date is as follows.

Investments and Acquisitions: NWB (Hong Kong), MCredit (Vietnam), Easylend (Hong Kong), UDC (New Zealand), Latitude (Australia), SHINKO LEASE and Financial Japan, etc.

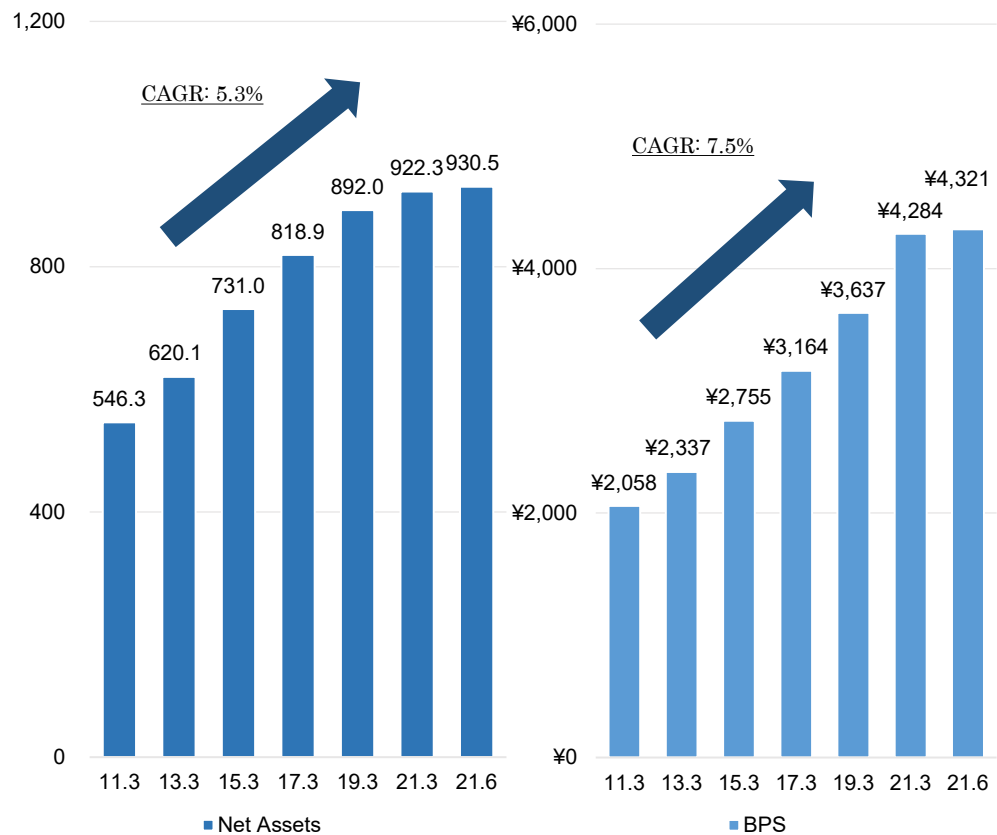
Sales: Jih Sun (Taiwan)

By its nature, Shinsei Bank cannot touch on potential matters here, but Shinsei Bank will continue to utilize abundant capital and actively pursue strategic investments and capital alliances with partners.

In particular, with regard to value co-creation, Shinsei Bank believes that the concern that the conclusion of the Tender Offer would hinder Shinsei Bank's alliance with partners cannot be dispelled. On the assumption of the principle of shareholder equality, Shinsei Bank aims to repay public funds through steadily implementing the above measures and increasing the value per share.

Consolidated net assets amounted to JPY 930.5 billion in the fiscal year ended June 2021, up from JPY 546.3 billion in the fiscal year ended March 2011, compared with JPY 349 billion in the amount required for repayment, and the accumulation of funds for repayment is progressing smoothly (please see Chart 1). Net assets per share have also accelerated further than the accumulation of net assets due to the impact of shareholder returns to date (please see Chart 1).

Chart 1: Changes in Net Assets and Net Assets per Share (BPS) (Consolidated)
(Bn) (JPY)



(Note) Net Assets and Net Assets per Share (BPS) is calculated by deducting stock acquisition rights and non-controlling interests (minority interests before the fiscal year ended March 2015) from the total amount of net assets

It is expected that the period of awareness of social distancing will continue for the time being with the spread of COVID-19 and its termination after, and recovery of supply chains in various industries will also take time. Shinsei Bank also recognizes that not everything will return to the original state, and irreversible changes will occur, including changes in consumer mindset and behavior, a shift to a decentralized society, accelerated digital investment, a review of the supply chain, a review of physical space use, and a review of excess services.

Shinsei Bank recognizes medium to long-term environmental changes as follows:

- Digitization accompanying changes in market structure due to advances in information technology;
- Changes in consumer needs due to labor shortages and longevity caused

by a decline in the working-age population;

- Diversification of working and consumption styles through diversification of values;
- Internationalization of people, goods and money, such as acceleration of foreign investment due to overseas expansion of companies and increase of foreign tourists and workers;
- Expansion of investment opportunities through infrastructure development in response to deterioration and capital inflow from overseas; and
- Deepening of disparities in IT literacy due to rapid advances in information technology and regional disparities due to population concentration in urban areas.

Based on the above, the earnings forecast is as follows.

(Unit: JPY hundred millions; Rounded down to the nearest hundred million yen)

	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023	Fiscal Year Ended March 2024	Fiscal Year Ended March 2025
Gross Profit	2,306	2,340	2,464	2,623
Net Business Profits (Note)	733	731	861	1,013
Net Profit for the Current Year Attributable to Shareholders of the Parent Company	388	322	425	548
Operating Assets	77,898	80,064	82,400	84,571

Note: Net business profits is gross profit before provision of general allowance for doubtful accounts.

The formulation of the next medium-term management strategy has begun with the aim of publication within the fiscal year, and the above earnings forecast was formulated under the time constraints of the TOB. The above earnings forecast assumes that the business environment and its impacts for the past two years, such as responses to COVID-19 will continue for a while. In addition, the above earnings forecast is restrictive in that it does not take into account Shinsei Bank's

basic strategies, such as capital and business alliances in the field of small-scale finance and the promotion of acquisition strategies centered on overseas.

In the above earnings forecast, Shinsei Bank expects to achieve a profit level of approximately JPY 55 billion for fiscal 2024, as a result of the enhancement of basic earning power and the accumulation of strategic impacts through the medium-term management strategy and individual strategy. The overall view is as follows.

- During the second half of the current medium-term management strategy period, the top line was sluggish due to the impact of the decline in economic activities caused by the spread of COVID-19, while Shinsei Bank had secured a certain level of profit by controlling expenses and credit-related expenses, but Shinsei Bank has not been able to achieve the growth it was aiming for in the current medium-term management strategy.
- During the next medium-term management strategy period, Shinsei Bank expects to achieve a profit level of approximately JPY 55 billion for fiscal 2024 by promptly returning to a growth path through active investment in existing strategic areas and individual strategies.
- Although the pace of earnings recovery in fiscal 2022 will decline due to an increase in initial credit-related expenses resulting from the reversal of outstanding balances in small-scale finance and the input of initial expenses necessary for promoting value co-creation projects in each segment, Shinsei Bank will build the basis for growth to achieve the profit level in fiscal 2024.
- Shinsei Bank's basic strategies, such as capital and business alliances in the field of small-scale finance and the promotion of acquisition strategies centered on overseas, are not reflected in the above plan as a numerical value as mentioned above, but based on the premise of maintaining a certain level of capital adequacy ratio (CET1 ratio of 10% or more), Shinsei Bank plans to continue to take proactive measures in the future as in the past, and has the capital capacity to realize this strategy.

Since the TOB was unilaterally commenced against Shinsei Bank without any prior notice, Shinsei Bank has not been able to hold discussions with the Bidder based on Shinsei Bank's latest earnings forecast above and thereby, the Tender Offer Price does not reflect the intrinsic value of Shinsei Bank matter of course

based on such forecast.

- (ii) The Tender Offer Price may not appropriately reflect the expected increase in surplus capital of Shinsei Bank in response to the Basel III finalization

Shinsei Bank expects that the amount of risk assets will be reduced and the amount of capital will increase due to the advancement of the risk asset measurement method, etc. due to the finalization of Basel III. According to the estimation as of October 15, 2021, the amount of risk assets (Basel III and national standards) is estimated to be reduced by approximately JPY 490.6 billion as of the record date at the end of June 2021, and the amount of adjustment item pertaining to core capital is expected to increase by JPY 1.6 billion. Shinsei Bank believes that this impact will be approximately the same under the uniform international standard. Shinsei Bank has set a Common Equity Tier 1 ratio (uniform international standard) of 10% as its capital ratio, which is necessary to continue operations while maintaining a sound financial position. While Shinsei Bank's intrinsic value should reflect surplus capital remaining after maintaining this 10% Common Equity Tier 1 ratio as the value attributed to shareholders through effective management such as business acquisitions or through return to shareholders, the TOB was unilaterally commenced without any prior notice to Shinsei Bank, and does not reflect an increase in the amount of surplus capital of approximately JPY 50.7 billion (based on the reference date at the end of June, 2021) due to a decrease in such risk assets and an increase in the amount of capital, and Shinsei Bank believes that Shinsei Bank's intrinsic value has not been appropriately reflected.

- (iii) Receipt of an Inadequacy Opinion Letter from an independent financial advisor at Shinsei Bank and from an independent financial advisor in the Independent External Directors Council

Shinsei Bank asked for an opinion whether the Tender Offer Price of JPY 2,000 per share is sufficient from a financial point of view for the shareholders of the common shares of Shinsei Bank to Mitsubishi UFJ Morgan Stanley and received the opinion that the Tender Offer Price is not sufficient from a financial point of view for the shareholders of the common shares of Shinsei Bank (excluding the Bidder and its affiliates) ("Inadequacy Opinion Letter (Mitsubishi UFJ Morgan

Stanley)”) dated October 21, 2021 from Mitsubishi UFJ Morgan Stanley.

In addition, the Independent External Directors Council asked for an opinion whether the Tender Offer Price of JPY 2,000 per share is sufficient from a financial point of view for the shareholders of the common shares of Shinsei Bank to Plutus, an independent financial advisor in the Independent External Directors Council and received the opinion that the Tender Offer Price is not sufficient from a financial point of view for the shareholders of the common shares of Shinsei Bank (excluding the Bidder and its affiliates) (“Inadequacy Opinion Letter (Plutus)”) dated October 19, 2021 from Plutus.

(c) Conclusion

As set forth above, Shinsei Bank opposes to the TOB for the reasons that (i) although the intention of the TOB is to acquire substantial control of Shinsei Bank, the TOB is a partial purchase with a limit on the number of shares to be purchased, and might be detrimental to the remaining shareholders and (ii) the Tender Offer Price is low when the weighted average is applied to the premium, and is not considered to reflect Shinsei Bank's intrinsic value (also, the TOB seems to be coercive in light of (i) above). However, if the Requirements for Support are satisfied (specifically, if SBIHDs represent compliance with the Requirements for Support (i) and (ii) and if Shinsei Bank and SBIHDs execute a memorandum of understanding incorporating the Requirements for Support (i) and (ii)) by November 19, 2021 then Shinsei Bank intends to express its opinion of support.

In addition, since the Board of Directors of Shinsei Bank is opposed to the TOB, we have also resolved to hold an extraordinary general meeting of shareholders (i.e. General Meeting to Confirm Shareholders' Support under the Plan) to confirm the overall intention of Shinsei Bank's shareholders regarding the allotment of share subscription rights to all shareholders without contribution as a countermeasure under the Plan. In the event that the shareholders do not approve the proposal for implementation of the countermeasures at the General Meeting to Confirm Shareholders' Support, the Board of Directors of Shinsei Bank will not implement the countermeasures in accordance with the will of the shareholders.

However, if (i) and (ii) of the Requirements for Support are satisfied at least three (3) business days prior to the date of the General Meeting to Confirm Shareholders' Support (November 19, 2021) (specifically, if SBIHDs represent compliance with the Requirements for Support (i) and (ii) and if Shinsei Bank and SBIHDs execute a memorandum of understanding

incorporating the Requirements for Support (i) and (ii)), Shinsei Bank will not conduct the allotment of share subscription rights to all shareholders without contribution as a countermeasure under the Plan and will cancel the General Meeting to Confirm Shareholders' Support accordingly. For details, please see "(4) Holding of the General Meeting to Confirm Shareholders' Support, and future procedures, etc." in "6. Response Policy with respect to Basic Policy Related to Control of the Company" below.

(3) Possibility of Delisting and Reasons Therefor

As of today, the Shares are listed on the First Section of the Tokyo Stock Exchange ("TSE").

According to the TOB Registration Statement, the Bidder has set the maximum number of shares to be purchased (58,211,300 shares) since it does not intend to delist the Shares through the TOB, and intends to maintain the listing of the Shares after the completion of the TOB. The number of Shares to be held by SBIHD and SBI Regional Bank after the TOB will be up to 100,949,100 shares (Ownership Ratio: 48.00%). As such, the Shares will remain listed on the First Section of the TSE after the completion of the TOB (see page 11 of the TOB Registration Statement).

(4) Plans to Acquire Additional Shares of Shinsei Bank by the Bidder after the TOB

According to the TOB Registration Statement, SBIHD and SBI Regional Bank intend to (i) make Shinsei Bank a consolidated subsidiary of SBIHD, and (ii) secure voting rights which will enable SBIHD and SBI Regional Bank to change all or part of the officers of Shinsei Bank in order to achieve the optimal composition of officers, through the TOB. As such, as of September 10, 2021, SBIHD and SBI Regional Bank do not have any plan to acquire additional shares, etc. of Shinsei Bank after the TOB, if the Bidder is able to acquire the Shares necessary to achieve the purposes stated in (i) and (ii) above.

However, SBIHD and SBI Regional Bank have a plan to acquire additional Shares through on-market trading or other measures to the extent necessary to achieve these purposes, if the Bidder fails to acquire the Shares necessary to achieve the purposes stated in (i) and (ii) above. SBIHD and SBI Regional Bank will determine the method, terms and conditions, timing and appropriateness of acquiring additional Shares by taking into consideration such factors as the trends of the share price, discussions with Shinsei Bank, other shareholders of Shinsei Bank, and other related parties, and the availability of financing by SBIHD and SBI Regional Bank (see page 11 of the TOB Registration Statement).

(5) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

The TOB is not intended to delist the Shares, and is not an MBO or a tender offer by the controlling shareholder. In addition, although SBIHD, a wholly-owning company of the Bidder, is a major shareholder and the largest shareholder of Shinsei Bank, it has commenced the TOB unilaterally without any prior communication to Shinsei Bank, and Shinsei Bank believes that there is no factor which requires Shinsei Bank to ensure fairness in expressing the opinion on the TOB.

However, Shinsei Bank has decided to retain outside experts (e.g., financial advisors, attorneys, certified public accountants and tax counsels), who are independent of Shinsei Bank's board of directors, so that independent external officers of Shinsei Bank can obtain their advice on the operation of the Plan when having discussions, and Shinsei Bank will bear all the reasonable costs required to obtain such advice. Through this measure, Shinsei Bank has established a system under which independent external officers can obtain independent expert advice from outside experts in operating the Plan.

In addition, for the purpose of further enhancing the fairness and objectivity of the process of evaluation and examination of the TOB and the operation of the Plan, Shinsei Bank has implemented following measures.

(A) Maximum respect for the Recommendation from the Independent External Directors Council comprised of five independent external directors

At Shinsei Bank, five of the seven directors are independent external directors, and two of the three auditors are independent external auditors. Therefore, as we described 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." ("Press Release Regarding Takeover Defense Measures") announced on September 17, 2021, which is the date of submission of the Target Company's Position Statement, Shinsei Bank believes that, with this composition of officers, it will be sufficiently possible to prevent arbitrary decision by the board of directors and ensure the fairness and objectivity in course of evaluation and examination of the TOB, expression of opinions for and against the TOB, and the operation of the Plan, and that it is not necessary to separately establish a so-called independent committee, which is independent of the board of directors.

On the other hand, the opportunity of discussion solely by the independent external officers should not be eliminated. Thus, for the purpose of further enhancing the fairness and objectivity of the process of evaluation and examination of the TOB and the operation of the Plan, the five external directors of Shinsei Bank formed the Independent External Directors

Council, consisting solely of the five independent external directors who are independent of the management team that executes the business of Shinsei Bank, and two independent external corporate auditors as observers, and decided to evaluate and examine the TOB also as the Independent External Directors Council. Upon such formation, as described in the Press Release Regarding Takeover Defense Measures, the Counsel determined to appoint a financial advisor and a legal advisor, who are outside experts independent of Shinsei Bank's board of directors (separate from outside experts for Shinsei Bank's board of directors) so that the independent external officers can obtain their advice when discussing at the Independent External Directors Council (for details, please see (B) below).

Shinsei Bank believes that organizing the Independent External Directors Council, where five independent outside directors of Shinsei Bank are the members and two independent outside corporate auditors are observers, further enhances the fairness and objectivity of the process of evaluation and examination of the TOB and the operation of the Plan since the responsibilities of independent outside directors are to supervise Shinsei Bank's conflicts of interest with the management and controlling shareholders, etc., and to appropriately reflect the opinions of minority shareholders and other stakeholders in the board of directors, from a standpoint independent of the management and controlling shareholders (Principle 4 -7 (iii) and (iv) of the Corporate Governance Code) and the independent outside corporate auditors are also responsible for taking actions to protect the interests of general shareholders, such as expressing necessary opinions so that consideration is given to the interests of general shareholders ("Roles Expected of Independent Directors" on the Tokyo Stock Exchange).

Shinsei Bank shall bear all the reasonable costs required for the Independent External Directors Council to obtain such advice. The Independent External Directors Council is supposed to evaluate and examine the Requests for the Independent External Directors Council, and to provide recommendations or opinions to the Shinsei Bank's board of directors based on the results of such evaluation and examination. In this regard, Shinsei Bank received the Recommendation from the Independent External Directors Council on October 21, 2021. The outline of the Recommendation is as described in "(i) Grounds for the Opinion" in "(2) Grounds and Reasons for the Opinion" in "3. Details of, and Grounds and Reasons for, the Opinion on the TOB" above.

In addition to careful evaluation and review of relative information, Shinsei Bank's board of directors has been conducting evaluation and examination of whether it should approve or disapprove the TOB, and whether it should implement countermeasures specified in the Plan

while having maximum respect for the Recommendation from the Independent External Directors Council.

(B) Obtainment of advice from independent outside experts by the Independent External Directors Council

The Independent External Directors Council has appointed Plutus as financial advisor, and MOMO-O, MATSUO & NAMBA as legal advisor, which are independent of SBIHDs and Shinsei Bank, so that independent external officers can obtain their advice when discussing at the Independent External Directors Council as stated in (A) above. Based on their advice (including the receipt of the Inadequacy Opinion Letter (Plutus)), the Counsel has been carefully evaluating and examining the TOB and the allotment of share subscription rights to all shareholders without contribution under the Plan. Plutus and MOMO-O, MATSUO & NAMBA do not have any material interest in SBIHDs or Shinsei Bank.

(C) Obtainment of advice from independent outside experts by Shinsei Bank

Shinsei Bank has appointed MUMSS as financial advisor, and AMT as legal advisor, which are independent of SBIHDs and Shinsei Bank, for the purpose of further enhancing the fairness and objectivity of the process of evaluation and examination of the TOB and the operation of the Plan. Based on their advice (including the receipt of the Inadequacy Opinion Letter (MUMSS)), Shinsei Bank has been carefully evaluating and examining the TOB and the allotment of share subscription rights to all shareholders without contribution under the Plan. MUMSS and AMT do not have any material interest in SBIHDs or Shinsei Bank.

(D) Approval of all of directors of Shinsei Bank without conflicts of interest and the opinion of non-objection of all auditors without conflicts of interest

Shinsei Bank has carefully discussed and examined the TOB and the allotment of share subscription rights to all shareholders without contribution under the Plan by considering the Recommendation from the Independent External Directors Council, advice of MUMSS and AMT provided to directors of Shinsei Bank, and other relative materials.

As a result, Shinsei Bank's board of directors resolved to express its opinion of opposition to the TOB at the meeting held on October 21, 2021 by unanimous consent of all directors of Shinsei Bank who had attended the discussion and the vote. All three corporate auditors of Shinsei Bank attended the meeting of the board of directors, and stated that they had no objection to passing the resolution above.

4. Matters Related to Important Agreements between the Bidder and the Shareholders and/or Directors of the Company Concerning the Tendering of Shares in the Tender Offer

Not applicable.

5. Provisions of Benefits by the Bidder or its Specially Related Parties

Not applicable.

6. Response Policy with respect to Basic Policy Related to Control of the Company

As stated in the “Press Release Regarding Takeover Defense Measures, at the meeting of the board of directors held on September 17, 2021, Shinsei Bank has resolved to determine the “basic policies regarding those who control the determination of Shinsei Bank’s financial and operational policies” (Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act; “Basic Policy”) and to introduce takeover defense measures (“Plan”) as initiatives to prevent inappropriate parties from controlling the determination of the financial and business policies of Shinsei Bank in light of the Basic Policy (Article 118, Item 3-(b)-(2) of the Ordinance for Enforcement of the Companies Act), with the aim of securing and enhancing the corporate value of Shinsei Bank and the common interests of the shareholders.

- (1) Background of and reasons for the decision to introduce the Plan

In the TOB, the maximum number of shares to be purchased is set, and if the total number of shares tendered exceeds the maximum number of shares to be purchased, the excess Shares will not be purchased. As stated in “(2) Grounds and Reasons for the Opinion” in “3. Details of, and Grounds and Reasons for, the Opinion on the TOB,” Shinsei Bank believes that the TOB is nothing but a proposal to effectively control Shinsei Bank’s management through a reduced investment without acquiring a majority of the voting rights of all shareholders of Shinsei Bank.

The acquisition of the management rights of Shinsei Bank through such method may pose serious problems in terms of the corporate value of Shinsei Bank and the maximization of the common interests of the shareholders and, above all, the investments of the remaining shareholders may be effectively controlled by SBIHD and may be used for the benefit of SBIHD. In addition, as a listed company, Shinsei Bank has a responsibility to contribute to the development of the market economy, and at the same time, as a core bank in the financial services industry (i.e., a banking service provider taking ordinary and time deposits as well as providing loans), Shinsei Bank has a highly public nature and a significant responsibility to contribute broadly to the economy and society.

Since the end of March 2021, when SBIHD acquired slightly less than 20% of Shinsei Bank's voting rights, Shinsei Bank has requested SBIHD to hold a meeting on several occasions to hear their opinion as the large shareholder of Shinsei Bank. However, SBIHD rejected such request, claiming that it had nothing to discuss or it would contact us shortly, and there has been no discussion between SBIHD and Shinsei Bank's management members about the management of Shinsei Bank. Under these circumstances, the Tender Offer was suddenly commenced without any prior notice, explanation or consultation to Shinsei Bank. In light of the public nature of the business of Shinsei Bank, which operates a full-service banking business, Shinsei Bank and the acquirer should carefully and sufficiently consider and discuss in advance how Shinsei Bank will be managed, and what the large shareholder who will control Shinsei Bank should be. If, however, there is a change in the controlling shareholder as a result of the TOB initiated in a unilateral manner, it is highly likely that the continuity of the management of Shinsei Bank will be lost and the management of Shinsei Bank will be seriously disrupted, and as a result, there is a possibility that the public nature of Shinsei Bank's business will be adversely affected and that Shinsei Bank is not able to perform a significant responsibility to contribute broadly to the economy and society, which may undermine the corporate value of Shinsei Bank and the common interests of the shareholders. Based on such understanding, following the announcement of the TOB by SBIHD, the board of directors of Shinsei Bank has come to the conclusion that, in order to ensure that the shareholders have the information to make a proper judgment as to, and the time to carefully consider how Large-Scale Purchases (as defined in the Press Release Regarding Takeover Defense Measures), including the TOB, may affect the corporate value of Shinsei Bank and the source of such corporate value, such Large-Scale Purchases should be conducted in accordance with certain procedures established by the board of directors of Shinsei Bank so that the maximization of the corporate value of Shinsei Bank and the common interests of the shareholders will not be hindered. As a result, at the meeting of the board of directors of Shinsei Bank held on September 17, 2021, the board of directors of Shinsei Bank has resolved to determine the Basic Policy and introduce the Plan, with the aim of securing and enhancing the corporate value of Shinsei Bank and the common interests of the shareholders.

(2) Extension of tender offer period by the Bidder upon request of Shinsei Bank

Given that the tender offer period for the TOB was set at 30 business days, Shinsei Bank considered that it might not be possible to hold a General Meeting to Confirm Shareholders' Support under the Plan during that 30 business-day period if such meeting was to be held. Accordingly, in order to ensure that such meeting is held as set forth in the Plan, Shinsei Bank, in its letter dated

September 17, 2021, requested SBIHDs to submit an amendment to the TOB Registration Statement, which provides for an extension of the end date of the tender offer period to Wednesday, December 8, 2021 (the 60th business day in the longest tender offer period permitted by law), with a deadline of noon on September 30, 2021. If SBIHDs does not accept Shinsei Bank's request, since SBIHDs may attempt the purchase through a tender offer before the General Meeting to Confirm Shareholders' Support is held, the board of directors of Shinsei Bank was going to tentatively make an allotment of share subscription rights to all shareholders without contribution with discriminatory exercise conditions, etc. and compulsory acquisition provisions, etc. ("Class A Share Subscription Rights") at the rate of one Class A Share Subscription Right per Share ("Tentative Measures"), in advance of holding the General Meeting to Confirm Shareholders' Support to confirm the shareholders' intention.

Subsequently, on September 30, 2021, the Bidder accepted the request of Shinsei Bank, and extended the tender offer period to Wednesday, December 8, 2021. For this reason, Shinsei Bank has decided not to make an allotment of Class A Share Subscription Rights to all shareholders without contribution as the Tentative Measures with a record date of Wednesday, October 13, 2021, and decided to make its final decision and announce its opinion on whether to approve or disapprove the TOB after carefully evaluating and examining the content of the Answer Report and other relevant information.

- (3) Background of and reasons for the decision of holding the General Meeting to Confirm Shareholders' Support to confirm the intentions regarding the allotment of share subscription rights to all shareholders without contribution

As stated in "(2) Grounds and Reasons for the Opinion" in "3. Details of, and Grounds and Reasons for, the Opinion on the TOB", Shinsei Bank has been carefully evaluating and examining the details of the TOB since the commencement of the TOB. Subsequently, on October 21, 2021, the board of directors of Shinsei Bank resolved, by unanimous consent of all directors, to oppose to the TOB. However, if the following Requirements for Support are satisfied (specifically, if SBIHDs represent compliance with the Requirements for Support (i) and (ii) and if Shinsei Bank and SBIHDs execute a memorandum of understanding incorporating the Requirements for Support (i) and (ii)) by November 19 2021, then Shinsei Bank intends to express its opinion of support.

<Requirements for Support>

- (i) That the TOB shall have no maximum number of shares to be purchased (or that the Second TOB with no maximum or minimum number of shares to be purchased will be commenced by June 8, 2022 or later date which Shinsei Bank designates after the discussions with SBIHDs);

and

- (ii) That the Tender Offer Price (including the tender offer price in the Second TOB, if any) be increased to a level that Shinsei Bank evaluates and judges to be sufficient in light of the intrinsic value of Shinsei Bank based on, among others, the results of value calculation by its financial advisor.

In addition, as the board of directors of Shinsei Bank is in a position to oppose the TOB, it has also resolved to hold an extraordinary general meeting of shareholders to confirm the overall intention of our shareholders with respect to the allotment of the share subscription rights to all shareholders without contribution as a countermeasure under the Plan (i.e., the General Meeting to Confirm Shareholders' Support under the Plan). However, if (i) and (ii) of the Requirements for Support are satisfied at least three (3) business days prior to the date of the General Meeting to Confirm Shareholders' Support (November 19, 2021) (specifically, if SBIHDs represent compliance with the Requirements for Support (i) and (ii) and if Shinsei Bank and SBIHDs execute a memorandum of understanding incorporating the Requirements for Support (i) and (ii)), Shinsei Bank will not conduct the allotment of share subscription rights to all shareholders without contribution as a countermeasure under the Plan and will cancel the General Meeting to Confirm Shareholders' Support accordingly.

- (4) Holding of the General Meeting to Confirm Shareholders' Support, and future procedures, etc.

Under the Plan, if the board of directors of Shinsei Bank opposes to the TOB and considers that countermeasures should be implemented, Shinsei Bank is supposed to decide to hold a general meeting of shareholders within the Board of Directors' Evaluation Period (as defined in the Press Release Regarding Takeover Defense Measures), and promptly hold a general meeting of shareholders after such decision is made.

As stated in "3. Details of, and Grounds and Reasons for, the Opinion on the TOB", the board of directors of Shinsei Bank decided to announce its opinion to oppose to the TOB and has resolved to hold an extraordinary general meeting of shareholders to confirm the overall intention of our shareholders with respect to the allotment of the share subscription rights to all shareholders without contribution as a countermeasure under the Plan (i.e., General Meeting to Confirm Shareholders' Support under the Plan). Therefore, at the General Meeting to Confirm Shareholders' Support, Shinsei Bank will confirm whether shareholders will accept the TOB by taking a vote on the proposal for the implementation of countermeasures. However, if (i) and (ii) of the Requirements for Support are satisfied at least three (3) business days prior to the date of the General Meeting to Confirm Shareholders' Support (November 19, 2021) (specifically, when SBIHDs represent their

compliance with the Requirements for Support (i) and (ii), and when Shinsei Bank and SBIHDs execute a memorandum of understanding incorporating the Requirements for Support (i) and (ii)), Shinsei Bank will not conduct the allotment of share subscription rights to all shareholders without contribution as a countermeasure under the Plan and will cancel the General Meeting to Confirm Shareholders' Support accordingly. In the event that the countermeasures under the Plan are not triggered, the intent of the shareholders will be expressed by whether or not the shareholders tender their shares in the TOB.

If the shareholders approve the proposal for the implementation of countermeasures offered by the board of directors of Shinsei Bank by an ordinary resolution at the General Meeting to Confirm Shareholders' Support (the proposal will be resolved by majority voting rights of shareholders present at the meeting, and no quorum will be set), and the TOB is not suspended or withdrawn, the board of directors of Shinsei Bank will implement the countermeasures (meaning the dilution of the voting rights of Shinsei Bank held by the large-scale purchaser through (a) an allotment to shareholders of Class A Share Subscription Rights to all shareholders without contribution, and (b) a subsequent compulsory acquisition of such share subscription rights from the holders other than the Non-eligible Persons (as defined in the Press Release Regarding Takeover Defense Measures) in exchange for Shares) in accordance with the intention of the shareholders. However, if the shareholders disapprove the proposal for the implementation of countermeasures at the General Meeting to Confirm Shareholders' Support, the board of directors of Shinsei Bank will not implement the countermeasures in accordance with the intention of the shareholders.

For the date and time, place, and outline of agenda of the extraordinary general meeting of shareholders (i.e., General Meeting to Confirm Shareholders' Support), please see "Notice to Convene an Extraordinary General Meeting of Shareholders with respect to tender offer for the common shares of Bank by SBI Regional Bank Holdings Co., Ltd." released today.

With respect to the General Meeting to Confirm Shareholders' Support, Shinsei Bank plans to submit a proposal for support for the allotment of Class A Share Subscription Right to all shareholders without contribution as a countermeasure under the Plan, and such proposal for resolution will require an ordinary resolution (the proposal will be resolved by majority voting rights of shareholders present at the meeting, and no quorum will be set). The reasons for requiring an ordinary resolution are as follows.

- (i) Under the Companies Act, no special resolution at the general meeting of shareholders is required for allotment of share subscription rights to all shareholders without contribution;
- (ii) Even in the case where a resolution of a general meeting of shareholders is required in the case of issuance of shares for subscription which results in a change in controlling

shareholders, the required resolution is an ordinary resolution (Article 206-2, Paragraph 5 of the Companies Act). Therefore, similarly, it is reasonable to ask the intention of shareholders by an ordinary resolution of a general meeting of shareholders in the case of acquisition of controlling rights by buying up shares;

- (iii) When the affirmative votes at the shareholders meeting exceed a majority, there is no substantial basis for not taking into consideration the intention of such majority; and
- (iv) In the provisional disposition motion for injunction against allotment of share subscription rights to all shareholders without contribution by Fuji Kosan Company, Ltd., in which an allotment of share subscription rights to all shareholders without contribution based on an anti-takeover measure similar to the Plan was contested, no special resolution was found to be necessary as a requirement for a resolution at a general meeting of shareholders concerning deliberation of an allotment of share subscription rights to all shareholders without contribution based on an anti-takeover measure in either the decision of the Tokyo District Court (Tokyo District Court on June 23, 2021) or the decision of the Tokyo High Court (Tokyo High Court on August 10, 2021).

In addition, Shinsei Bank plans to accept the exercise of voting rights by the Bidders at the above-mentioned General Meeting to Confirm Shareholders' Support.

7. Questions to the Bidder

Not applicable.

8. Request for Postponement of TOB Period

Not applicable.

(Appendix) Please see "Opinions of Board of Shinsei Bank pertaining to TOB for Shinsei Bank's Shares by SBI Regional Bank Holdings" for more details.

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>

For further information, please contact:
Group Investor Relations & Corporate Communications Division

Shinsei Bank, Limited (www.shinseibank.com)
Shinsei_PR@shinseibank.com (Inquiries for the media)
Shinsei_IR@shinseibank.com (Inquiries for investor and shareholder relations)

Opinions of Board of Shinsei Bank pertaining to TOB for Shinsei Bank's Shares by SBI Regional Bank Holdings

October 21st, 2021



Shinsei Bank, Limited.

A series of overlapping blue circles of various sizes, some with thin white outlines, arranged in a diagonal line from the top right towards the bottom right of the page.

Opinions of Board of Shinsei Bank pertaining to TOB

Opinion by Board of Directors: Opposition

(with Certain Conditions for Changing Opinion to Support)

- The primary reasons for Shinsei Bank's opposition to the TOB under the current conditions are:
 - ① Although the intention of the TOB is to acquire substantial control of Shinsei Bank, the TOB is a partial purchase with a limit on the number of shares to be purchased, and might be detrimental to the remaining shareholders
 - ② The Tender Offer Price is low when the weighted average is applied to the premium, and is not considered to reflect Shinsei Bank's intrinsic value
- Shareholders are requested not to tender their shares in the TOB, unless Shinsei Bank changes its opinion
- If the following conditions ("Requirements for Support") are satisfied by November 19, 2021 then Shinsei Bank intends to express its opinion to support the TOB:
 - ① That the TOB shall have no maximum number of shares to be purchased (or that a tender offer with no maximum or minimum number of shares to be purchased ("Second TOB") will be commenced by June 8, 2022 or later date which Shinsei Bank designates after the discussions with SBIHDs)
 - ② That the Tender Offer Price (including the tender offer price in the Second TOB, if any) be increased to a level that board of directors evaluates and judges to be sufficient in light of the intrinsic value of Shinsei Bank based on the results of value calculation by its financial advisor
- From this day on, Shinsei Bank will propose SBIHDs to hold discussions because satisfaction of the above-mentioned Requirements for Support will be of interest to general shareholders of Shinsei Bank. Depending on the discussions with the SBIHDs, the board of directors of Shinsei Bank may cancel the General Meeting to Confirm Shareholders' Support when the board of directors determines reasonable in doing so on terms that are different from the Requirements for Support. In that case, Shinsei Bank will announce it separately
- In addition, Shinsei Bank will request that SBIHDs publicly announce that they will comply with each of the following items:
 - ✓ The values of Shinsei Bank group, relationship with its customers, and the position of its employees shall be respected to the maximum extent possible
 - ✓ The interests of general shareholders other than SBIHDs should be respected

Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

■ Maximum respect for the Recommendation from the Independent External Directors Council (the Council)

- Five external directors of Shinsei Bank formed the Council with two independent external corporate auditors as observers to process evaluation and examination, holding 6 meetings
- Shinsei Bank has received the recommendation and opinion from the Council

■ Obtainment of advice from independent outside experts by the Council

- The Council has appointed financial advisor and legal advisor, which are independent of SBIHDs and Shinsei Bank, so that independent external officers can obtain their advice including the receipt of the Inadequacy Opinion Letter by Plutus

■ Obtainment of advice from independent outside experts by Shinsei Bank

- We have appointed financial advisor and legal advisor, which are independent of SBIHDs and Shinsei Bank so that we can obtain their advice including Inadequacy Opinion Letter by Mitsubishi UFJ Morgan Stanley

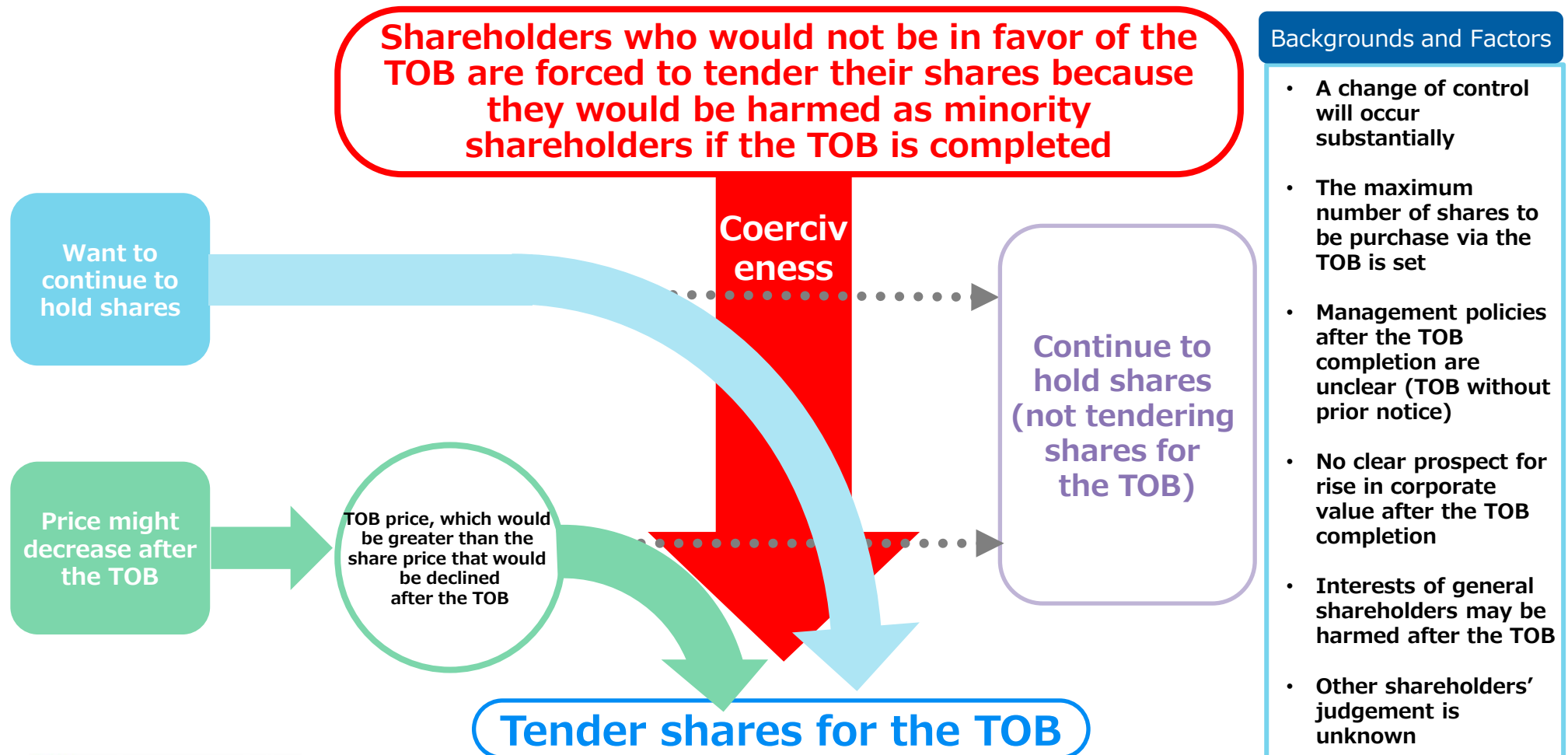
■ Approval of all of directors of Shinsei Bank without conflicts of interest and the opinion of non-objection of all auditors without conflicts of interest

- Our board of directors resolved to express its opinion of opposition by unanimous consent of all directors who had attended the discussion and the vote
- All three corporate auditors attended the meeting of the board of directors, and stated that they had no objection to passing the resolution above

Reasons for Opposition **1**: Detrimental to the Remaining Shareholders

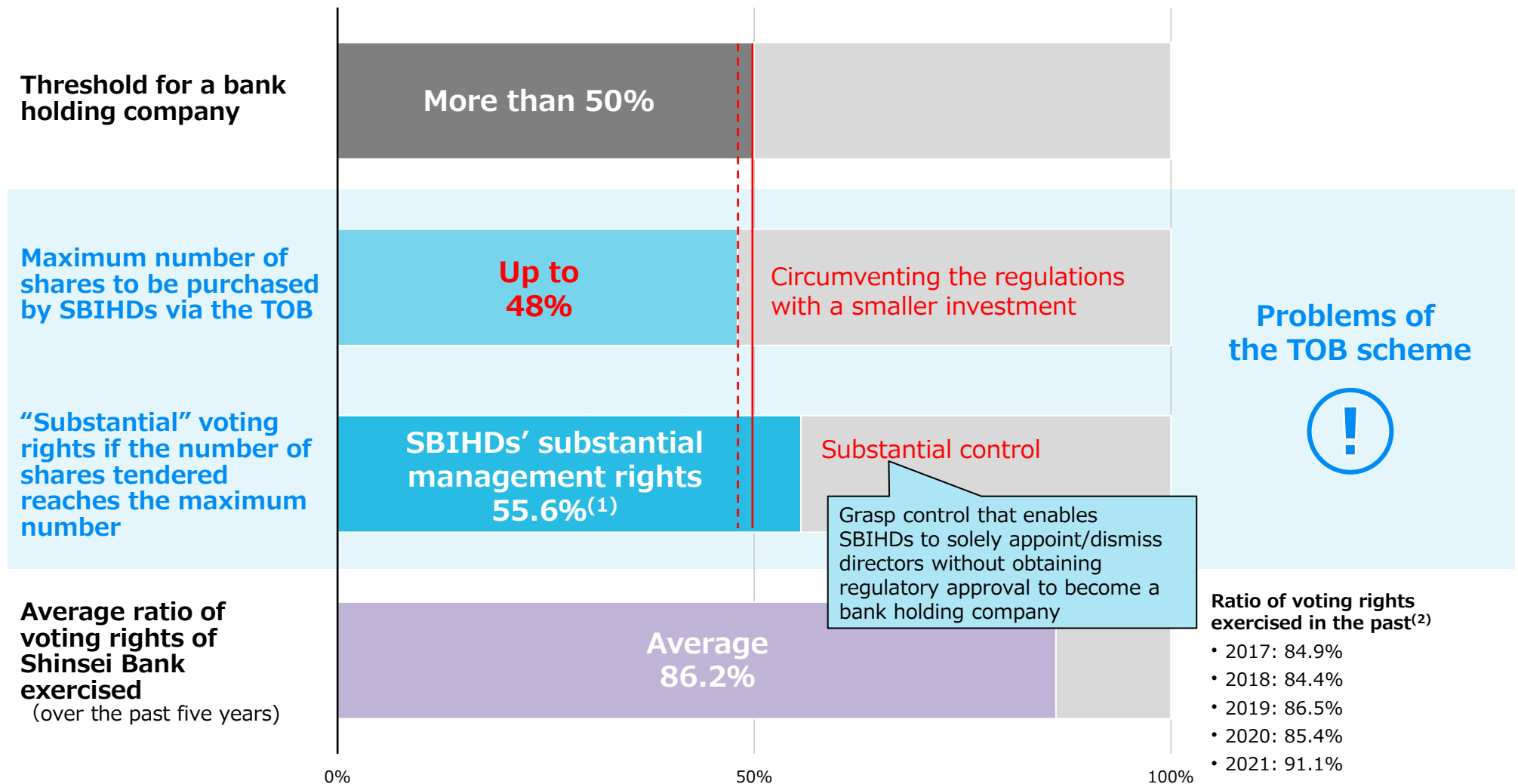
- The number of shares that exceed this maximum number to be purchased **will not be purchased and they will be settled using the method of proportional distribution**. It might be detrimental to the remaining shareholders who have no choice but to tender considering the uncertainty caused by acquisition of substantial control by SBIHDs
- There is a problem of **coerciveness** that general shareholders who are not be in favor of the TOB are forced to think that they need to tender its shares

Mechanism of Coerciveness (decision making process / behavior of general shareholders)



Reasons for Opposition **1**: Detrimental to the remaining shareholders

- The scheme of the TOB is intended to **hold control over Shinsei Bank** with a smaller investment and without obtaining approval of the Financial Services Agency to become a bank holding company



(1) Based on the average ratio of voting rights exercised over the past five years

(2) At ordinary meetings of shareholders

Reasons for Opposition **1**: Detrimental to the remaining shareholders

a. The feasibility of synergies proposed by the SBIHDs is not high or its impact is limited

- In the TOB Registration Statement, the SBIHDs state that synergies can be expected in the areas of retail account, etc, and we posed questions on September 17, 2021 to ask the background of the synergies and possibility to realize it
- The responses concerning synergies made by the SBIHDs were **not specific or persuasive**. Therefore, Shinsei Bank has determined that there is a high possibility that the feasibility of any synergies proposed by the SBIHDs are **not high or have limited impacts**

b. Concerns regarding **risks of dis-synergies and conflicts of interest with general shareholders** when the SBIHDs acquire substantial control of Shinsei Bank **cannot be dispelled**

- The SBIHDs state that it would be possible to eliminate conflicts of interest through the majority of independent external directors and the special committee, but **the specific names of external directors are not disclosed**, and the **special committee's examination** of transactions without market prices **may not be sufficient as a check**
- Three candidates for directors specified in the Tender Offer Registration Statement, there are some members who do not seem to have sufficient business experience as management of Shinsei Bank group. There are some people in the candidates for directors, **who are evaluated from their backgrounds as close advisors to the representative of the SBIHDs**, and there are some doubts that when **the interests of general shareholders and SBIHDs are in conflict**
- Concerns over the so-called **risks of dis-synergies and impairment of the interests of general shareholders** are not completely dispelled given the control of the management by the SBIHDs – such as problem regarding financial instruments intermediary services and risk of financing or investment in related parties of SBIHDs and jointly participating in high-risk matters
- However, Shinsei Bank believes that the concerns may be mitigated if Shinsei Bank and SBIHDs have discussions to solve these issues

Reasons for Opposition **2**: Not Considered to Reflect our Intrinsic Value

- a. While the number of shares that can substantially control the management of Shinsei Bank is set as the maximum number of shares to be purchased, **it is difficult to say that the price including the control premium associated therewith is sufficient**

Premiums over maximum stake to be purchased		
TOB Price : JPY 2,000		
	Premium: Approx. 38%	
Market Share Price prior to TOB : JPY 1,453 ⁽¹⁾		
SBIHDs' current stake (20%)	Max stake to be purchased (28%)	Stake not to be purchased (52%)
	General Shareholders (80%)	

Premiums from all general shareholders' perspective		
TOB Price : JPY 2,000		
Weighted Avg. Premium : Approx. 13% ⁽²⁾		
Market Share Price prior to TOB : JPY 1,453 ⁽¹⁾		
SBIHDs' current stake (20%)	Max stake to be purchased (28%)	Stake not to be purchased (52%)
General Shareholders (80%)		

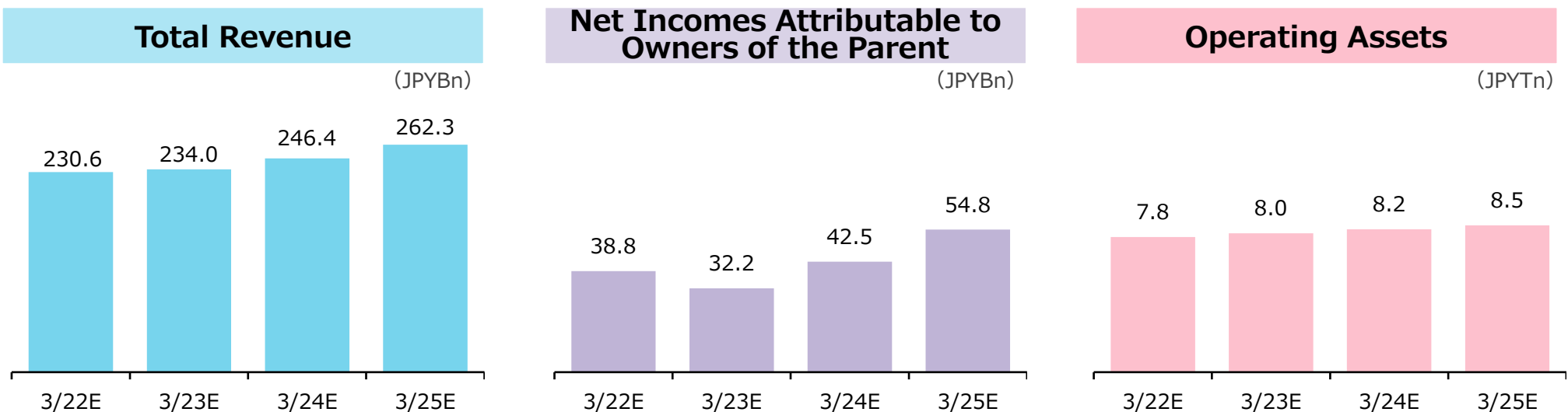
- The maximum number of shares to be purchased is set in the TOB, and the number of shares that exceed this maximum number of shares to be purchased will not be purchased and the tendered shares will be settled using the method of proportional distribution. **Therefore, it is not guaranteed that all the tendered shares are purchased via this TOB**
- We estimate that when the premium of approx. 37.65% of the maximum number of shares to be purchased by the SBIHDs (Ownership Ratio: approximately 27.68%) is converted to an effective premium for the Tender Offer Price for our shareholders other than the SBIHDs, it will be up to approx. 13%. This substantial premium is approx. 14% compared to the one-month avg., approx. 13% compared to the three-month avg., and approx. 9% compared to the six-month avg. on September 8, 2021 as the reference date, which is the trading day prior to the date of announcement of the TOB

Reasons for Opposition **2**: Not Considered to Reflect our Intrinsic Value

b. It must be said that the Tender Offer Price is **too low when compared to the corporate value that reflects the steady implementation of Shinsei Bank's management strategy**

The Tender Offer Price does not reflect Shinsei Bank's latest earnings forecast

- Earnings forecast assumes that the business environment and its impacts such as responses to COVID-19, which are not normal, will continue for a while. This is formulated under the time constraints and is restrictive since it does not take into account basic strategies, such as capital and business alliances in the field of small-scale finance and the promotion of acquisition strategies centered on overseas



- We have not been able to hold discussions with SBIHDs based on the latest earnings forecast, and thereby, we assume that the tender offer price does not reflect the intrinsic value of Shinsei Bank based on such forecast as a matter of course

Reasons for Opposition **2**: Not Considered to Reflect our Intrinsic Value

b. It must be said that the Tender Offer Price is **too low when compared to the corporate value that reflects the steady implementation of Shinsei Bank's management strategy**

The tender offer price may not appropriately reflect the expected increase in surplus capital in response to the Basel III finalization

- Shinsei Bank's intrinsic value should reflect utilization of surplus capital while maintaining a sound financial position as the value attributed to shareholders through effective capital management such as business acquisitions or shareholders return
- Amount of risk weighted assets to be reduced : Approx. JPY490.6bn
- Additional surplus capital to be generated : Approx. JPY50.7bn

Simulated based on the advancement of the risk asset measurement method due to the finalization of Basel III

Estimated as of October 15, 2021

(As of end of June 2021 / Basel III and Domestic Standards)

※ Common Equity Tier 1 ratio necessary to continue operations while maintaining a sound financial position is 10%

The impact is almost same as International Standard

Receipt of an Inadequacy Opinion Letter from independent financial advisors

- Shinsei Bank received from Mitsubishi UFJ Morgan Stanley and the Council received from Plutus the opinions which the Tender Offer Price of JPY 2,000 per share is inadequate from a financial point of view (Inadequacy Opinion Letter)

Discussion with Partner Candidates for Maximizing Corporate Value

- In parallel with Shinsei Bank's management strategy to enhance its corporate value on its own, as part of the "value co-creation" strategy set forth in the current medium-term management strategy, Shinsei Bank has been discussing capital and business alliances with **potential partners that will contribute to the maximization of corporate value over the medium to long term** since the time before the commencement of the TOB, and has been searching for the most suitable alliance partners and alliance
- However, the TOB has been launched at a TOB Price not reflecting Shinsei Bank's intrinsic value
- For the purpose of maximizing Shinsei Bank's corporate value, not only until the General Meeting to Confirm Shareholders' Support, but also even in the event that the TOB is not successfully completed, Shinsei Bank will discuss with partner candidates and work on the process of soliciting proposals, from potential capital and business alliance partners that are most appropriate for maximizing our corporate value in parallel with Shinsei Bank's efforts to maximize its corporate value on its own

Areas where Shinsei Bank is considering to have partnership

Area	Retail (Shinsei Bank)	Unsecured loans (Shinsei Financial)	Credit loans / installment / cards (APLUS)	Business loans (Showa Leasing / APLUS)	Leasing (Showa Leasing)	Entire group
Businesses / values to be shared	<ul style="list-style-type: none"> • BaaS using Bankit ⁽²⁾ • Approach by customer segment • Insurance agency business 	<ul style="list-style-type: none"> • Know-how of screening and collecting unsecured loans • Core systems 	<ul style="list-style-type: none"> • Various know-how on purpose loan 	<ul style="list-style-type: none"> • Know-how of finance based on transactions with 200k SMEs • Factoring functions 	<ul style="list-style-type: none"> • Network of SME clients 	<ul style="list-style-type: none"> • Wide range of financial services from unsecured loans to structured finance • Leveraging capital surplus

(1) Basic Policies regarding those who control the determination of the Company's financial and operational policies defined on our press release "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." announced on Sep 17th, 2021

(2) A platform that provides financial services held by the Shinsei Bank Group, such as settlement, exchange and credit functions to partner companies in cafeteria format

Anticipated Schedule

Shinsei Bank	★ 9/17: Shinsei Bank's reservation of opinion on the TOB Announcement of takeover defense measures and issuance of questionnaire	★ 10/21 : Shinsei Bank's expression of opinion	★ 11/19 : Due date to meet the requirements for support
Shareholder		★ 10/13: Record date for shareholders to exercise voting rights	★ 11/25: Extraordinary general meeting of shareholders
TOB	★ 9/10: Commencement of TOB by SBIHDs		★ 12/8 : Last day of the extended TOB period

- In addition, since the Board of Directors of Shinsei Bank is opposed to the TOB, we have also resolved to hold an extraordinary general meeting of shareholders to confirm the overall intention of our shareholders regarding allotment of share subscription rights as a countermeasure under the Plan
- However, if both of the Requirements for Support are satisfied at least three business days prior to the date of the General Meeting to Confirm Shareholders' Support (November 19, 2021), we will not conduct the allotment of share subscription rights without contribution as a countermeasure under the Plan and will cancel the General Meeting to Confirm Shareholders' Support accordingly
- Depending on the discussions with the SBIHDs, Shinsei Bank may cancel the General Meeting to Confirm Shareholders' Support when the board of directors determines reasonable in doing so on terms that are different from the Requirements for Support. In that case, Shinsei Bank will announce it separately
- In the event that the shareholders do not approve the proposal for implementation of the countermeasures at the General Meeting to Confirm Shareholders' Support, the Board of Directors will not implement the countermeasures in accordance with the will of the shareholders

Strategy to Enhance Corporate Value

Strategy to Enhance Corporate Value

A

Strategy for Organic Growth:

- Hybrid business model combining banking and nonbanking functions
- Focus on profitable business areas in which Shinsei Bank has strengths (Nonbank: small-scale finance, Bank: businesses for institutional investors)
- Steady profits generation through value co-creation with business partners outside the Group

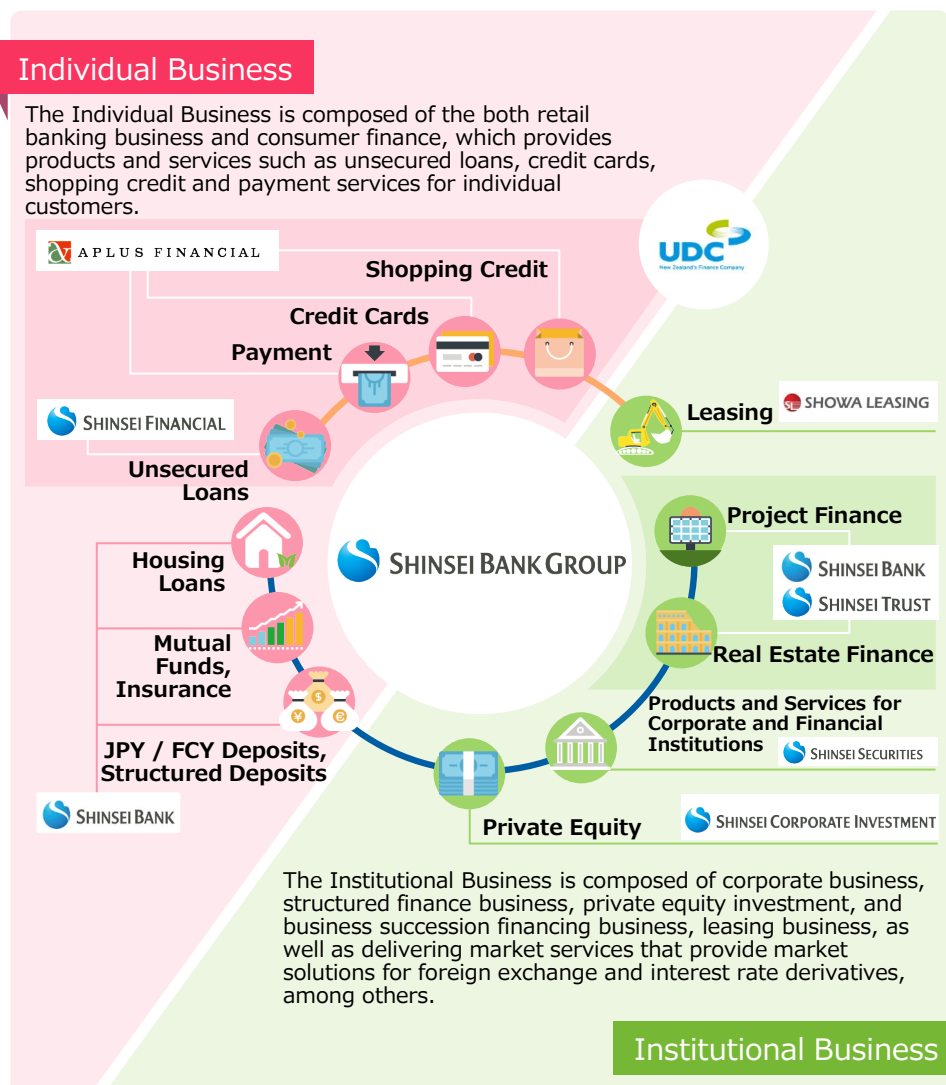
B

Capital Deployment Strategy:

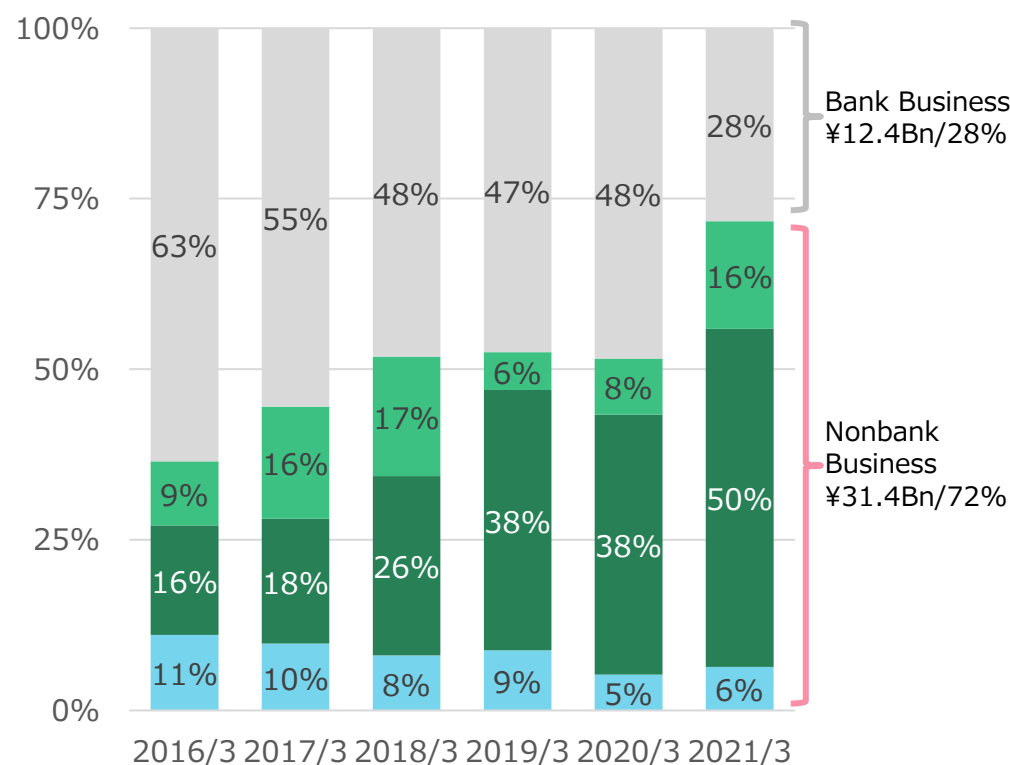
- Steady shareholders return
- Steady improvement in book-value per share (BPS)
- Acquisition of and investment in overseas nonbank businesses
- Build overseas business portfolio that is aligned with the business strategy

A Hybrid Business Portfolio

- Hybrid comprehensive financial group that is engaged in both bank and nonbank businesses
- Independent and neutral financial group offering services in both the individual and institutional businesses



Ordinary Business Profit After Net Credit Costs



Nonbank ■ Shinsei Financial ■ APLUS FINANCIAL ■ Showa Leasing

Bank ■ Bank businesses

Increasing Profit Contribution of Small-scale Finance and Institutional Investors Businesses

Business Strategy

Individual Business

Focus Area

Small-scale Finance

Enhance service offerings through building / participating in ecosystems, using digital technology and data analysis

Business Strategy

Institutional Business

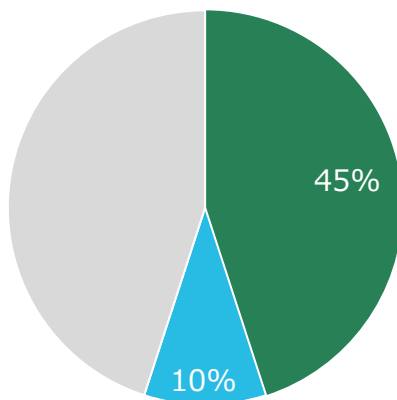
Focus Area

Business for Institutional Investors

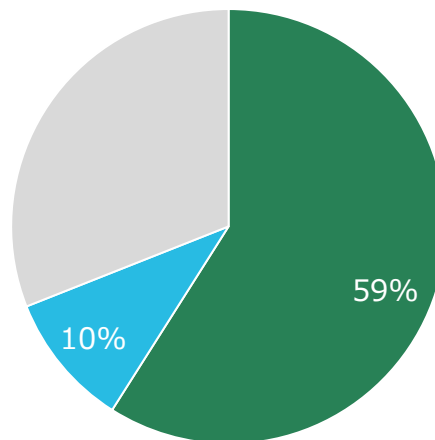
Provide one-stop services for alternative investments

Profit Contribution of Focus Area ⁽¹⁾

2020/3
Actual



2021/3
Actual



■ Small-scale Finance ■ Institutional Investors ■ Other

Financial Targets Set Forth
in Medium Term Strategies

Small-scale Finance

2019/3
45%



2022/3
50%

Institutional Investors

2019/3
10%

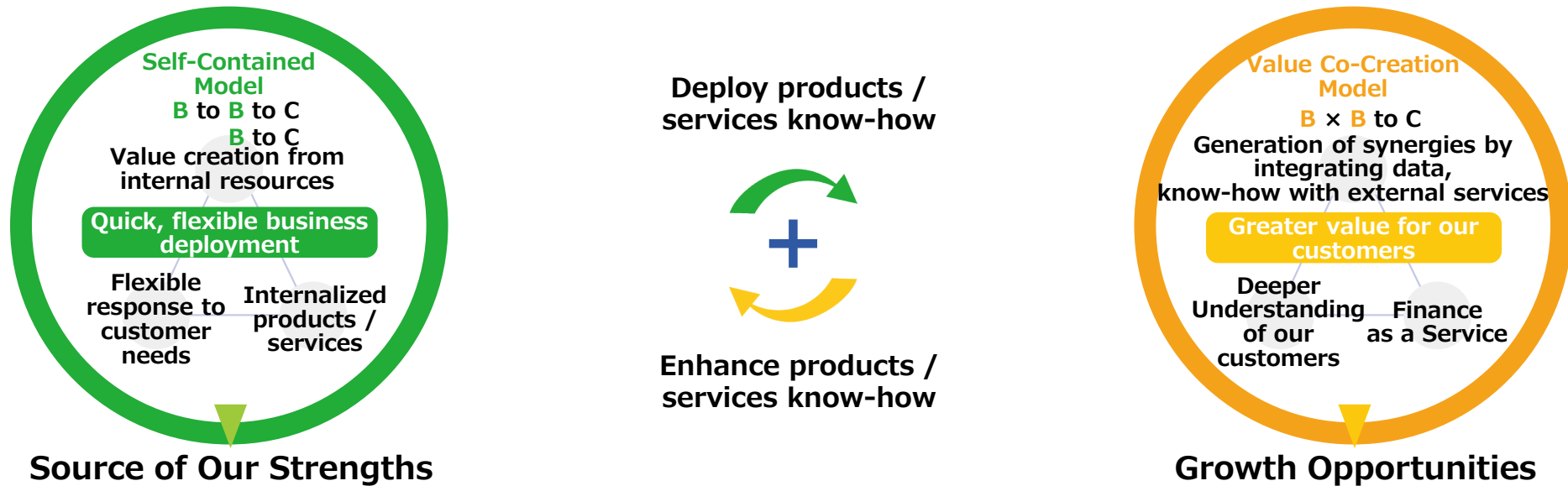


2022/3
15%

(1) Share of ordinary business profit after net credit costs, excluding one-time factors

A Growth of Value Co-Creation Business with Partners

Self-contained and Value Co-creation Business Models



Progress in Initiatives to Co-create Value

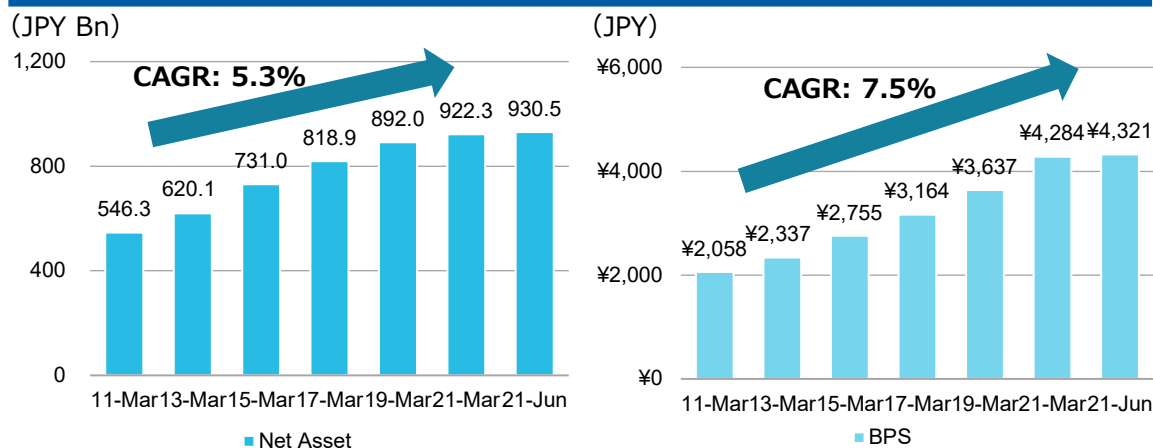
Active Engagement in Initiatives to Co-create Value with Business Partners Outside the Group

Small-scale Finance	Provision of financial products for corporate customers of USEN-NEXT GROUP
Small-scale Finance	Collaboration on FamiPay Loan, a new loan service for FamiPay users
Small-scale Finance	Provision of a loan service, "Smart Money Lending" for Docomo users
Institutional Investors	Mezzanine finance for domestic renewable energy projects with Daiwa Energy & Infrastructure

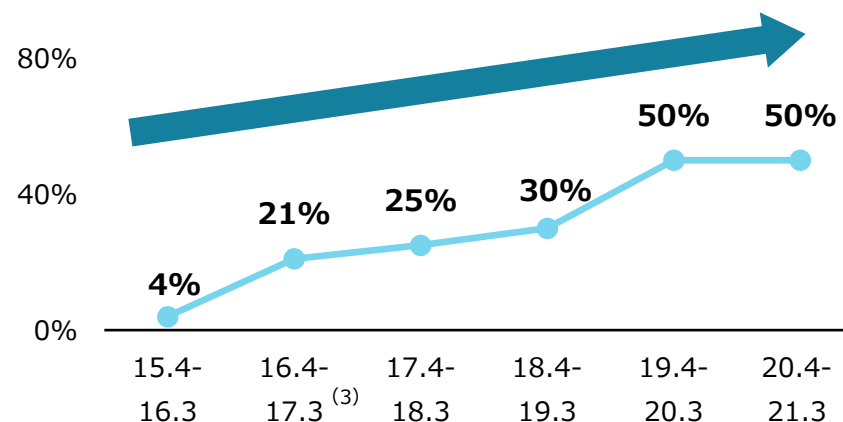
Capital Deployment: Both Enhancement of Shareholders Return and Building Overseas Business Portfolio

- Have enhanced shareholders return and improved book-value per share (BPS)
- Made strategic investments with an aim to enhance equity value, and decided to sell off non-core business assets to improve capital efficiency
- Use capital to pursue opportunities for strategic investment and capital alliance with partners

Accumulation of Net Asset and BPS⁽¹⁾⁽²⁾



Total Shareholder Return Ratio



Building of Overseas Business Portfolio Aligned with Business Strategy

Inorganic growth strategy to focus on Small-scale Finance in APAC

New Zealand

UDC Finance

Acquisition of the country's largest nonbank financial institution, to make it a wholly owned subsidiary

Australia

Latitude Group

Conclusion of a capital and business alliance with a leading company of shopping credit and consumer finance

Taiwan

Jih Sun Financial Holding

Sale of shares, after considering its strategic position in the Group

(1) Shinsei Bank executed a 1-for-10 reverse stock split in October 2017

(2) Net asset and BPS are the amounts after deducting share subscription rights and non-controlling interest

(3) Excluding repurchase of treasury shares (2.0Bn yen) in association with conversion of Showa Leasing into a wholly owned subsidiary

What is Needed for Repayment of Public Funds

Consideration of repayment structure:

- Complying with “Principle of Shareholders Equality”
- Complying with revitalization plan to accumulate source of repayment
- Discussion with various investment banks and legal advisors
- No special measure but **enhancement of enterprise value and share price**



What Shinsei Bank needs to do to repay public funds

- ✓ Increase the enterprise value
- ✓ Raise the share price

The above two points represent common interests of shareholders

Strategy for Organic Growth:

- Hybrid business model
- Focus on profitable business areas in which Shinsei Bank has strengths
- Steady track record of profits through value co-creation with business partners outside the Group

Capital Deployment Strategy:

- Steady shareholders return
- Steady increase in BPS
- Acquisition of and investment in overseas nonbank businesses
- Building of the overseas business portfolio

- Though the amount that needs to be repaid is JPY 349bn; but the bank's net asset increased to JPY 930bn (21/6) from JPY 546bn (11/3) – steady track record for the repayment of public fund
- BPS is also increased even faster than the accumulation of net assets, reflecting improved shareholder returns

Business Infrastructure Driving Above Strategy

Corporate governance developing management strategy and supervising business execution, with the focus on common interests of shareholders

(Reference) Outline of Public Funds

Overview of Injection of Public Funds

- In March 1998, Long-Term Credit Bank of Japan (“LTCB”, current Shinsei Bank) received public funds through the issuance of preferred shares, upon decision made by the Committee on Financial Crisis Management based on the Act on Emergency Measures for the Stabilization of Financial Functions (preferred shares were acquired by the Deposit Insurance Corporation of Japan and the Resolution and Collection Corporation)
- In October 1998, LTCB was put under special public management by the Japanese government

Partial Repayment of Public Funds

- In August 2006, Shinsei Bank repaid a part of public funds through conversion of 300 million preferred shares out of the 600 million preferred shares into common shares at the government’s request for acquisition, and repurchase of most of the common shares in exchange for cash (the remainder would be purchased by other investors)

Conversion from Preferred Shares to Common Shares

- After the partial repayment, all the remaining preferred shares were completely converted into common shares in March 2008

Essence of Repayment of Public Funds

- Repayment of approximately 349.0 billion yen does not mean the only goal of repayment of public funds
- In the process of repayment of public funds, all the holders of common shares, different from preferred shares, need to be treated equally = **“Principle of Shareholders Equality”**
- If Shinsei Bank held injected public funds in the form of preferred shares, it could repay approximately 349.0 billion yen to the government by repurchasing preferred shares
- However, as the preferred shares were converted into common shares, value per share of common stock should be raised in order to increase the value of the government’s 21.79% stake up to approximately 349.0 billion yen: the amount of shareholders’ equity required for repayment of public funds would be approximately 1.6 trillion yen in total

Transition of Stock

2000 Preferred stock capital injection and a partial reduction of preferred stock capital without compensation
2003 Reduction of capital through the merger of two shares of common stock into one share

2006 Partial repayment of public funds / Cancellation of treasury shares
2007 Conversion of preferred stock into common stock
2008 Issuance of new shares by third-party allotment / Conversion of preferred stock into common stock

2011 Issuance of new shares through international offering
2016 Acquisition of treasury shares
2017 Acquisition of treasury shares / Merger of 10 shares of common stock into one share

2018 Acquisition and cancellation of treasury shares
2019 Implemented a secondary offering of shares of common stock of the Bank / Acquired treasury shares
2020 Acquired treasury shares

Corporate Governance Driving Strategy to Enhance Corporate Value

Directors Elected with High Approval Rates at General Shareholders' Meetings

- Five directors are well-experienced Independent External Directors with strong expertise, who express their opinions independently and objectively to provide advice and oversight for executives performing their duties

#	Name	Title	Approval Rate			Independent External Directors (5/7)	Skills/Experience of Independent External Directors			
			2019	2020	2021 (excl. SBIHD's)		Management Experience	Financial Experience	Other Necessary Experience	Management, Finance and IT/Digital
1	Hideyuki Kudo	Chairman of the Board	92.0%	99.0%	98.0%					
2	Akira Hirasawa	Director			99.4%					
3	Ernest M. Higa	Independent External Director	91.3%	99.9%	99.4%	✓	● Corporate management, Outside director		● Consumer business	
4	Jun Makihara	Independent External Director	93.6%	99.9%	96.3%	✓	● Outside director	● DF ⁽¹⁾ , EI ⁽²⁾		
5	Rie Murayama	Independent External Director	93.7%	99.9%	99.4%	✓	● Outside director	● DF ⁽¹⁾ , EI ⁽²⁾ , Risk management	● Real estate business	
6	Hiroko Sasaki	Independent External Director			99.9%	✓	● Corporate management at venture company		● Healthcare, elderly-related business	● Consulting, academia and related administration bureau
7	Ryuichi Tomimura	Independent External Director	93.6%	94.1%	94.4%	✓	● Corporate management, Outside director	● EI ⁽²⁾		● IT/Digital, Consulting, academia and related administration bureau

- ✓ From the perspective of protecting the interests of shareholders, formed the Council which is composed of five Independent External Directors
- ✓ The Council, together with two independent external corporate auditors and external experts (financial advisor and legal advisor) independent of the Board of Directors, has scrutinized the proposal by SBIHDs and the takeover defense measure

(1) Debt finance
(2) Equity investment

Shareholder-approved Board in Charge of Development of Management Strategy and Supervision of Business Execution

■ Structure of Board of Directors

Executive Directors

Hideyuki Kudo
Akira Hirasawa

Independent External Director

Ernest M. Higa
Ryuichi Tomimura
Jun Makihara

Rie Murayama
Hiroko Sasaki

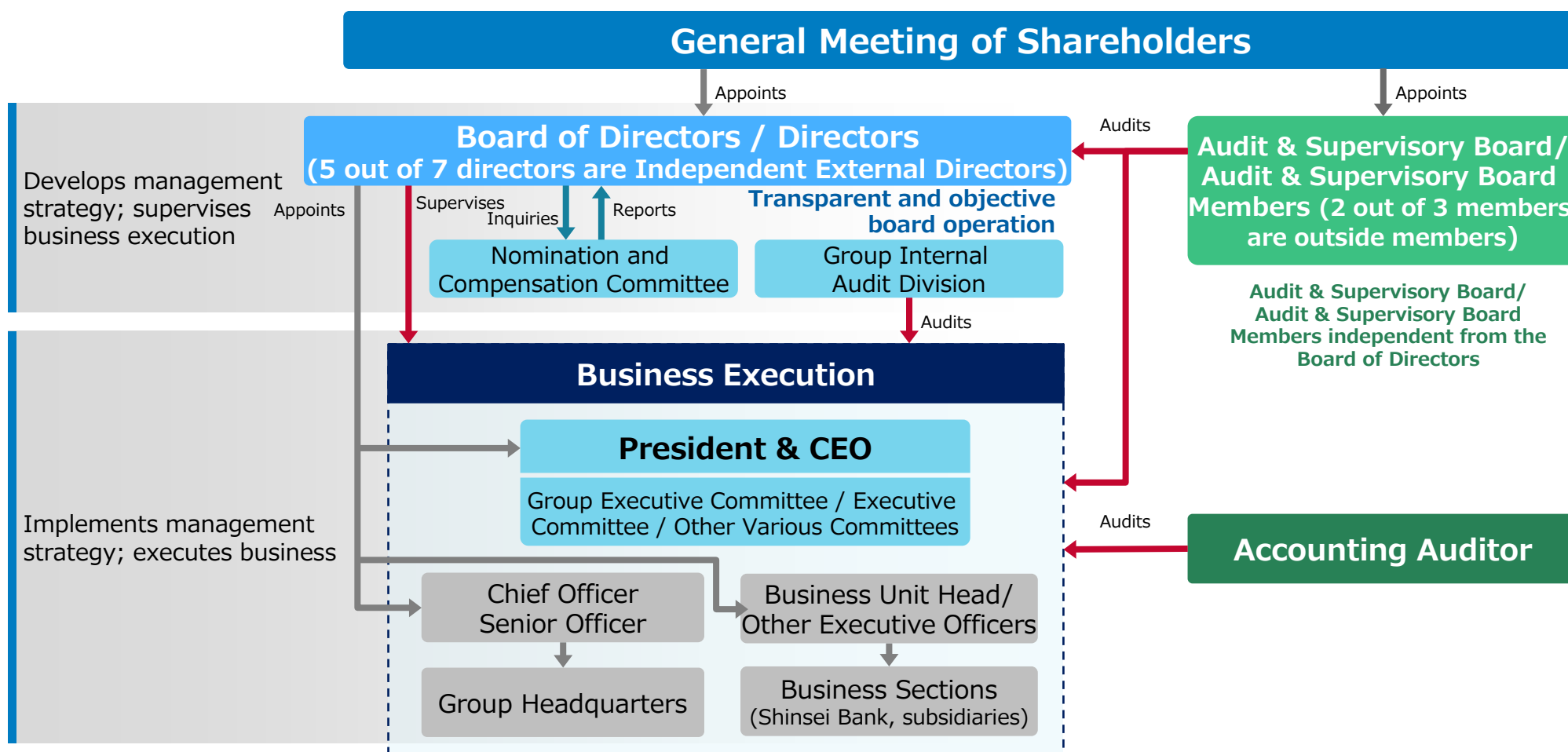
■ Structure of Audit & Supervisory Board

Board Member

Shinya Nagata

Independent External Board Member

Ikuko Akamatsu
Shiho Konno



As of September 30, 2021

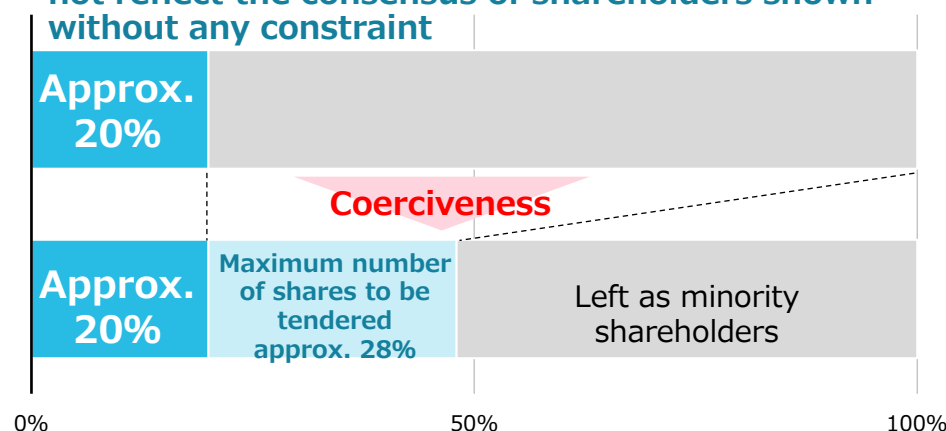
Appendix: Outline of Takeover Defense Measures

Takeover Defense Measures Subject to Shareholders' Approval

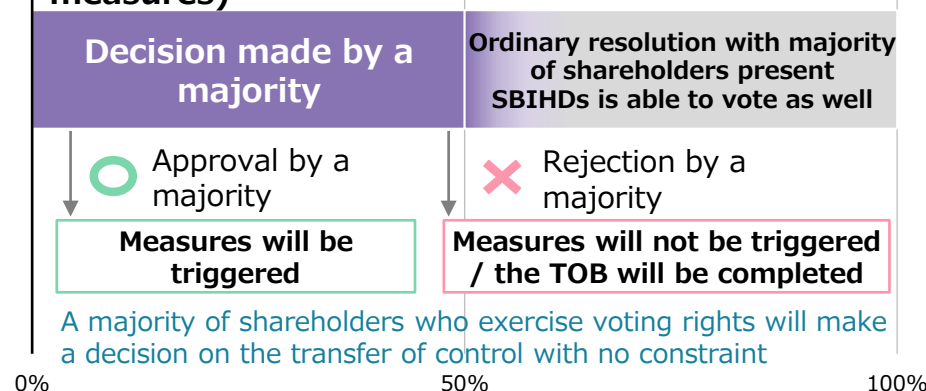
■ Problems of the TOB and Outline of the Takeover Defense Measures

- In this TOB, which was commenced abruptly without any prior consultation and poses some problems of “coerciveness” and “substantial control with just 48% acquisition”, transfer of substantial control will be determined if a minority (28%) of all the shareholders tender their shares without taking adequate time for examination based on sufficient information
⇒ **need of takeover defense measures subject to confirmation of shareholders' approval**
- The Takeover Defense Measures are **subject to confirmation of shareholders' approval** and **enable shareholders to make a decision on whether the TOB should be conducted or not**

Whether to tender shares for the TOB or not will not reflect the consensus of shareholders shown without any constraint



General Meeting to Confirm Shareholders' Support (to decide whether to trigger the takeover defense measures)

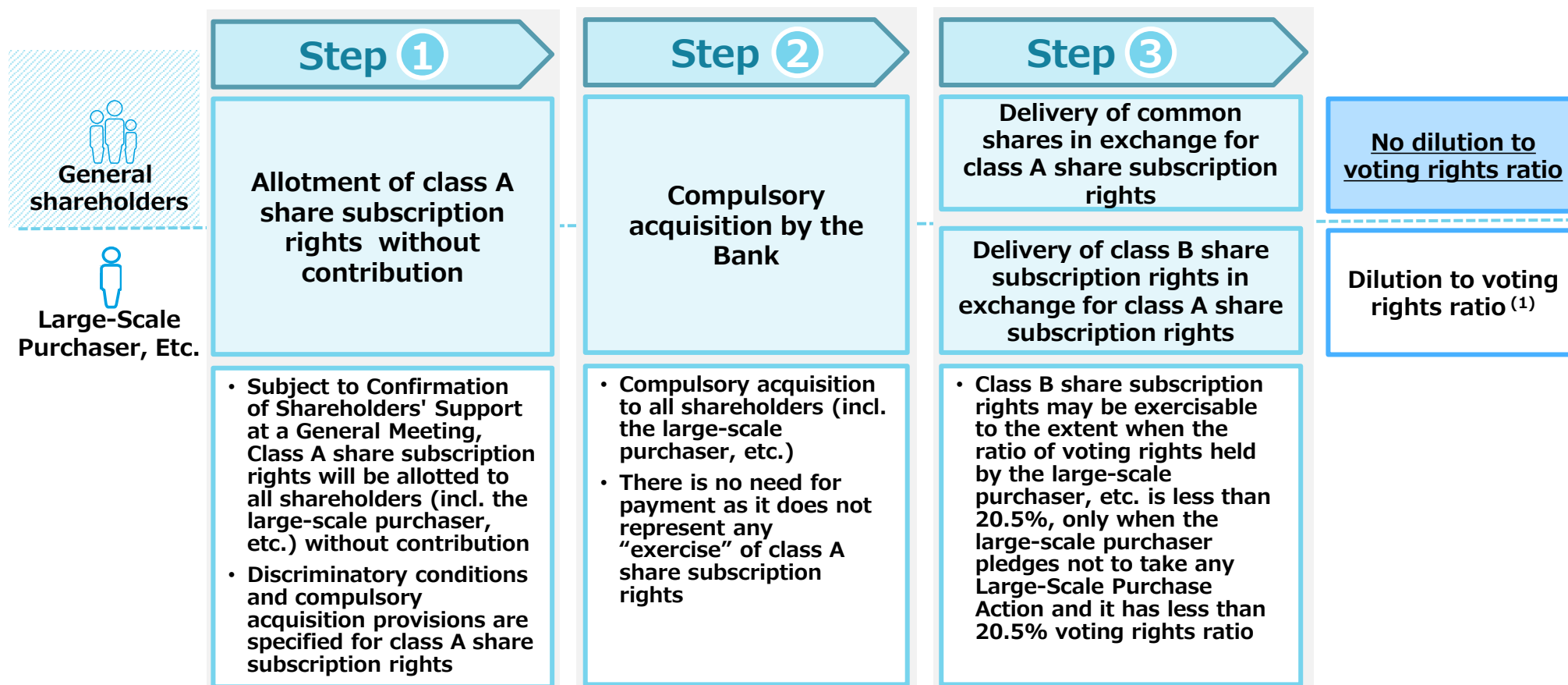


【Difference from Conventional Takeover Defense Measures】

#	Type of Measures	Resolution	By what measures are triggered
1	Advance-warning type	General meeting of shareholders	Resolution at the board of directors or a general meeting of shareholders
2	Contingency-driven type	Board of directors	Resolution only at the board of directors (in some cases)
3	Protocol to protect minority shareholders (contingency-driven)	Board of directors	<u>In Shinsei Bank's plan, shareholders' approval is always required without any exception</u> (Whether to trigger the measures cannot be determined without a general meeting to confirm shareholders' approval)

Steps to be Taken When Countermeasures are Implemented

- The Bank will allot class A share subscription rights with discriminatory conditions and compulsory acquisition provisions to all shareholders without contribution. The Bank will carry out compulsory acquisition, and issue common shares to general shareholders and class B share subscription rights to the Large-Scale Purchaser, Etc.
- As a result, in exchange for acquisition of the Class A Share Subscription Rights, the common shares are issued to the general shareholders and Class B Share Subscription Rights with certain restrictions on the exercise are issued to Large-Scale Purchaser, Etc. Therefore voting rights relating to the Shares held by Large-Scale Purchaser, Etc. will be diluted to some extent



(1) Class B share subscription rights are exercisable with the Large-Scale Purchaser's voting rights less than 20.5% only when the Large-Scale Purchaser, etc. pledges not to take any Large-Scale Purchase and to the extent that the ratio of voting rights held by the Large-Scale Purchaser, etc. is less than 20.5%. If the Large-Scale Purchaser, etc. exercises share subscription rights, the voting right ownership of the Large-Scale Purchaser, etc. may restore to the level of approx. 20.5%

Appendix: Guidelines of Proxy Advisors

The Rationale of the Plan

- To respect shareholders interest, the Plan is subject to shareholders approval, the below forms part of the 1st stage rationale to meet proxy advisors' 1st stage analysis criteria

ISS (Necessary conditions) ⁽¹⁾

Examination conditions for not objecting the introduction of takeover defense measures	The Bank's Status	
Independent directors who meet ISS guidelines on attendance comprise at least 1/3 of the board after the shareholder meeting	✓	5 out of 7 directors are independent external directors (they all meet ISS guidelines)
The number of independent directors who meet ISS guidelines on attendance is at least two after the shareholder meeting	✓	
The directors are subject to annual elections	✓	The Bank's directors are subject to annual elections
The bid evaluation committee is composed entirely of independent directors, or independent statutory auditors, who meet ISS guidelines on attendance	✓	The council is entirely composed of the Bank's independent external directors, and its observers are also the independent external corporate auditors only
The trigger threshold is set at no less than 20 percent of shares outstanding	✓	The scope of the Plan is about purchase of shares of the Bank for the purpose of securing 20% or more of the voting right
The duration of the poison pill does not exceed three years	✓	The effective period expires at the conclusion of the first meeting of the BoD held after the AGM of Shareholders of the Bank in 2022
The pill's total duration does not exceed three years	✓	The Plan was introduced in September, 2021
There are no other protective or entrenchment tools that can serve as takeover defenses, including blocking stakes held by management-friendly shareholders, or setting the maximum board size to the actual board size to eliminate vacant seats, or tightening of procedures for removing a director from office	✓	No other takeover defense measures are introduced except for the Plan
The company posts its proxy circular on the stock exchange website at least four weeks prior to the meeting, to give shareholders sufficient time to study the details of the proposal and question management about them	✓	The Bank is supposed to post its proxy circular on the stock exchange website at least four weeks prior to the EGM

(1) Based on "6. Takeover Defense Plans (Poison Pills)" of "Proxy Voting Guidelines Benchmark Policy Recommendations 2021" issued by ISS (There is second stage of analysis, to be applied only when all necessary conditions are met / ISS makes situational decisions in case of fighting for the company's management control)

The Rationale of the Plan (cont'd)

GLASS LEWIS (1)

Examination conditions supporting the adoption of takeover defense measures	The Bank's Status	
Shareholder approval is required for adoption and renewal	(✓)	While the Plan was introduced by the resolution at the BoD, implementation of the Plan is subject to a resolution at the General Meeting
The term of the takeover defense plan is no more than three years	✓	The effective period expires at the conclusion of the first meeting of the BoD held after the AGM of Shareholders of the Bank in 2022
The takeover defense plan can be abolished by a resolution submitted by shareholders	✓	The Plan can be abolished by a resolution submitted by shareholders
The trigger threshold of the plan is 20% or higher	✓	The scope of the Plan is about purchase of shares of the Bank for the purpose of securing 20% or more of the voting right
Regardless of the type of board structure, the board of directors must be majority independent	✓	5 out of 7 directors are independent external directors
The administration of the defense plan is monitored by an independent third party	✓	The council is entirely composed of the Bank's independent external directors, and its observers are also the independent external corporate auditors only
The information disclosure requirement, if any, is reasonable with respect to amount, timing and type of information required	✓	The requirements of the Plan are reasonable level
The total consideration period, if any, of the information disclosed pursuant to the defense plan does not exceed 120 calendar days, given that the initial consideration period does not go over 90 calendar days	✓	The BoD's evaluation period is 35 calendar days
There is no unreasonable exceptions clause	✓	The Plan has no unreasonable exceptions clause
There is no clause that allows for the provision of monetary compensation to the bidder	✓	There is no clause that allows for the provision of monetary compensation to the bidder in the Plan
There is no evidence of the board's abuse of a prior takeover defense plan, gross negligence, and egregious lack of oversight or disregard of shareholder value	✓	The BoD members are elected by shareholders at high approval rates at the General Meeting The Board members are also properly advised by professional financial and legal advisers

(1) Based on "ANTI-TAKEOVER MEASURES" of "2021 PROXY PAPER GUIDELINES" issued by GLASS LEWIS

Appendix: FAQ

FAQ

1. As a shareholder, how should I act?

- Shareholders are requested not to tender their shares in the TOB, unless Shinsei Bank changes its opinion

2. If the countermeasures are implemented, the value of current shares declines?

- The Bank shares will be delivered to all the shareholders except the Large-Scale Purchaser even when the countermeasures are implemented. While value per share will be diluted, the value of entire shareholdings in the Bank of each shareholder will not be diluted since the number of shares held will increase accordingly

3. Is there any specific procedure or cost to receive share subscription rights?

- The procedure has been introduced as a part of proposals of a General Meeting to confirm shareholders' support. Therefore, please kindly look at the notice of convocation
- There is not any cost to receive share subscription rights

4. Is there any reason why the bank does not simply subscribe common shares to the shareholders instead of distributing common shares conducting compulsory acquisition of share subscription rights?

- It is difficult to subscribe common shares except for large-scale purchaser in light of principle of equal treatment of shareholders
- It is commonly accepted that commencement of takeover defense measure by issuing share subscription rights in case there is a possibility that corporate value is damaged by large scale purchaser

5. If the Tender Offer is withdrawn, is there any impact on existing shareholders?
- If the Tender Offer is withdrawn, no countermeasure is implemented
 - The Bank shares will be delivered to all the shareholders except the Large-Scale Purchaser even when the countermeasures are implemented. While value per share will be diluted, the value of entire shareholdings in the Bank of each shareholder will not be diluted since the number of shares held will increase accordingly

Disclaimer

- The preceding description of Shinsei Bank Group's Medium-Term Strategies and other strategy to enhance corporate value contain forward-looking statements regarding the intent, belief and current expectations of our management with respect to our financial condition and future results of operations. These statements reflect our current views with respect to future events that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks include those described in our annual securities report filed with the Kanto Local Finance Bureau, and you are cautioned not to place undue reliance on forward-looking statements.
- Unless otherwise noted, the financial data contained in these materials are presented under Japanese GAAP. Shinsei Bank Group disclaims any obligation to update or to announce any revision to forward-looking statements to reflect future events or developments. Unless otherwise specified, all the financials are shown on a consolidated basis.
- Information concerning financial institutions and their subsidiaries other than Shinsei Bank Group are based on publicly available information.
- These materials do not constitute an invitation or solicitation of an offer to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis for any contract or commitment whatsoever.

