

For Immediate Release

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

## Notice concerning Disposal of Treasury Shares for Restricted Stock Compensation

Tokyo (Wednesday, June 20, 2018) --- Shinsei Bank, Limited (hereinafter, the “Bank”) announced today that its Board of Directors resolved, at a meeting held on June 20, 2018, to dispose of treasury shares (hereinafter the “Disposal of Treasury Shares”) as follows:

### 1. Outline of the disposal of treasury shares

(1) Disposal Date	July 19, 2018
(2) Class and number of shares to be disposed	11,675 shares of common stock of the Bank
(3) Disposal value	1,713 yen per share
(4) Total disposal value	19,999,275 yen
(5) Recipients of allocation and the numbers thereof; numbers of shares to be disposed	Full-time Directors of the Bank (Directors excluding Outside Directors): 2 persons, total of 11,675 shares
(6) Others	With regard to the Disposal of Treasury Shares, the Bank has submitted the written notice of securities in accordance with the Financial Instruments and Exchange Act.

### 2. Purpose of and reasons for the disposal

The Bank resolved, as of April 23, 2018, to introduce a restricted stock compensation plan (hereinafter, the “Restricted Stock Compensation Plan”) as a new remuneration plan for full-time Directors of the Bank (Directors excluding Outside Directors; hereinafter, “Eligible Directors”), for the purpose of granting a mid- to long-term incentive to Eligible Directors and promoting shared value with shareholders. At the 18th General Meeting of Shareholders held on June 20, 2018, it was approved that, pursuant to the Restricted Stock Compensation Plan, (i) monetary compensation not exceeding 20 million yen per year shall be paid to Eligible Directors as monetary compensation to serve as the property to be contributed for acquisition of restricted stocks (hereinafter, the “Restricted Stock Compensation”) and (ii) the transfer restriction period for the restricted stock shall be the period specified by the Board of Directors of the Bank which shall be the period between three (3) to five (5) years.

The outline of the Restricted Stock Compensation Plan and other matters are as described below.

#### [Outline of the Restricted Stock Compensation Plan and other matters]

Eligible Directors will make in-kind contributions of all monetary compensation claims to be provided by the Bank in accordance with the Restricted Stock Compensation Plan, and, in return, receive shares of common stock of the Bank that will be issued or disposed of by the Bank. The total number of shares of common stock to be issued or disposed of by the Bank for Eligible Directors under the Restricted Stock Compensation Plan shall be no more than 24,000 shares per year, and the amount to be paid in per share shall be decided by the Board of Directors within a range that is not specially advantageous to Eligible Directors who will receive the common stock, based on the closing price of the common stock of the Bank on the First Section of the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors (in the case that the transaction has not been established on that day, the closing price on the most recent trading day preceding that day).

For the purpose of issuing or disposing of common stock in the Bank based on the Restricted Stock Compensation Plan, the Bank shall enter into a restricted stock allotment agreement with Eligible Directors, which includes the provisions that (1) Eligible Directors shall not, during a certain period, transfer, create a security interest on, or otherwise dispose of the common stock of the Bank which are allotted to them

pursuant to the restricted stock allotment agreement, and (2) the Bank may acquire the relevant common stock without consideration if certain events occur.

The Bank has decided to provide the total sum of monetary compensation claims of 19,999,275 yen (hereinafter, the "Monetary Compensation Claims") and 11,675 shares of common stocks of the Bank to increase motivation of each of the Eligible Directors. In order to accomplish the purpose of introducing the Restricted Stock Compensation Plan which is to achieve shared value with shareholders over a mid- to long-term period, the Bank has decided the transfer restriction period to be three (3) years.

For the Disposal of Treasury Shares, two Eligible Directors, who are the planned recipients of an allocation of shares, will make an in-kind contribution of all Monetary Compensation Claims to the Bank in accordance with the Restricted Stock Compensation Plan, and will receive the disposed shares of common stock of the Bank (hereinafter, "the Allotted Stocks"). The outline of a restricted stock allotment agreement to be entered into by and between the Bank and Eligible Directors in connection with the Disposal of Treasury Shares is as described in 3. below (hereinafter, "the Allotment Agreement").

### 3. Outline of the Allotment Agreement

(1) Transfer restriction period: July, 19, 2018 to July 18, 2021

(2) Conditions for removal of transfer restrictions

The Bank will remove the transfer restrictions on the entirety of the Allotted Stocks upon expiration of the transfer restriction period on the condition that the Eligible Directors continuously retain the position as any of Director, Auditor, Executive Officer or employee of the Bank or its subsidiary during the transfer restriction period.

(3) Treatment in case of resignation of Eligible Directors due to expiration of the term of office, attainment of retirement age or any other justifiable reasons during the transfer restriction period

(i) Timing of removal of transfer restrictions

If an Eligible Director resigns or retires from the position of Director, Auditor, Executive Officer or employee of the Bank or its subsidiary due to expiration of the term of office, attainment of retirement age or any other justifiable reasons (including resignation or retirement by death), the transfer restrictions will be removed at the time immediately after the resignation or retirement of the Eligible Director.

(ii) Number of shares subject to removal of transfer restrictions

The number of shares obtained by multiplying the number of Allotted Stocks held by an Eligible Director at the time of his/her resignation or retirement set forth in (i) above by the value obtained as a result of dividing the period of service of the Eligible Director during the transfer restriction period (on a monthly basis) by 12 (if the value is above 1, then 1 shall apply) (provided, however, that, any fraction less than one share as a result of the calculation shall be rounded off) shall be removed.

(4) Acquisition by the Bank without consideration

The Bank shall automatically acquire, without consideration, the Allotted Stocks for which transfer restrictions have not been removed at the time of expiration of the transfer restriction period or at the time of removal of the transfer restrictions set forth in (3) above.

(5) Management of shares

The Allotted Stocks shall be managed in dedicated accounts at Nomura Securities Co., Ltd. opened by the Eligible Directors during the transfer restriction period in order to ensure that it is not possible to transfer, create any security interest on, or otherwise dispose of the shares during the transfer restriction period. The Bank has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the accounts of the Allotted Stocks held by the Eligible Directors to ensure the effectiveness of the transfer restrictions on the Allotted Stocks. In addition, the Eligible Directors shall agree to the details of the management of the accounts.

(6) Treatment upon reorganization

If, during the transfer restriction period, a merger agreement in which the Bank is a disappearing company, a share exchange agreement or a share transfer plan in which the Bank becomes a wholly owned subsidiary, or any other matters concerning reorganization is approved by the General Shareholders' Meeting of the Bank (or by the Board of Directors of the Bank, if the approval by the General Shareholders' Meeting of the Bank is not required in relation to the relevant reorganizations), based on the resolution of the Board of Directors, the Bank will remove the transfer restrictions on the number of shares obtained by multiplying the number of shares of the Allotted Stocks held at the time being by the value obtained as a result of dividing the number of months from the commencement month of the transfer restriction period to the month including the date of the approval of reorganization

by 12 (if the value is above 1, then 1 is applied) at the time immediately before the preceding business day of the effective date of reorganization (provided, however, that, any fraction less than one share as a result of the calculation shall be rounded off). The Bank shall automatically acquire, without consideration, the entire Allotted Stocks for which transfer restrictions are not removed at the time immediately after the removal of the transfer restrictions.

4. Basis for calculating the amount to be paid in and details thereof

The Disposal of Treasury Shares will be performed as an in-kind contribution based on the monetary compensation claims provided as the Restricted Stock Compensation for the 19<sup>th</sup> term of the Bank based on the Restricted Stock Compensation Plan. To eliminate any arbitrariness in the disposal price, the closing price for common stock of the Banks on June 19, 2018 (which is the business day immediately before the date of resolution of the Board of Directors) on the First Section of the Tokyo Stock Exchange of 1,713 yen is used as the disposal price. As this is the market price of the shares the day immediately before the date of resolution of the Board of Directors, the Bank believes it is reasonable and does not constitute a particularly favorable price.

The Bank continues to consider an introduction of a restricted stock compensation plan for Executive Officers and Group Headquarters Officers of the Bank as well, which has content similar to that of the Restricted Stock Compensation Plan.

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*Shinsei Bank is a leading diversified Japanese financial institution providing a full range of financial products and services to both institutional and individual customers. The Bank has a network of outlets throughout Japan and is committed in its pursuit of uncompromising levels of integrity and transparency in all of its activities in order to earn the trust of its customers, staff and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders. News and other information about Shinsei Bank is available at <http://www.shinseibank.com/corporate/en/index.html>*

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