

For Immediate Release

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(Code: 8303, TSE First Section)

## Announcement Regarding the Acquisition of Full Ownership of Consolidated Subsidiary (Showa Leasing Co., Ltd.), Through a Simplified Share Exchange

Tokyo (Wednesday, September 21, 2016) --- Shinsei Bank, Limited (hereinafter, "Shinsei Bank"; "the Bank") announced today that it resolved at its board of directors meeting held today to execute a share exchange effective December 1, 2016, to make the Bank a wholly-owning parent company of Showa Leasing Co., Ltd. (hereinafter, "Showa Leasing"), the Bank's consolidated subsidiary, and to make Showa Leasing the Bank's wholly-owned subsidiary (hereinafter, "the Share Exchange"). The Bank concluded a share exchange agreement with Showa Leasing effective today.

The Share Exchange is subject to approval at Showa Leasing's extraordinary shareholders meeting scheduled for November 11, 2016. Meanwhile, Shinsei Bank will execute the Share Exchange without obtaining approval at the Bank's general shareholders meeting, using the simplified share exchange method stipulated by Article 796, of the Company Act. Some disclosure items are also omitted, because this is a simplified share exchange for making a consolidated subsidiary a wholly-owned subsidiary.

### 1. Purpose of making Showa Leasing Shinsei Bank's wholly-owned subsidiary through the Share Exchange

In accordance with management principles, Shinsei Bank established its "medium-to-long term vision" aiming to become a financial group that is truly needed by its customers. In order to build a business model that would enable stable and sustainable growth, the Bank is promoting its Third Medium-Term Management Plan (hereinafter, "the Third MTMP") during the period from fiscal year 2016 to fiscal year 2018. The Share Exchange will be executed as part of the Bank's initiatives in the Third MTMP. By making Showa Leasing the Bank's wholly-owned subsidiary, the Bank seeks to accelerate the achievement of the Group integration set forth in its "medium-to-long term vision" and Third MTMP by establishing a framework that would enable rapid, flexible decision-making by the Group's management. Through this, the Bank will maximize the corporate value of the Shinsei Bank Group in order to become a financial innovator.

Following its acquisition by Shinsei Bank in February 2006, Showa Leasing has partnered with Resona Bank, Limited (hereinafter "Resona Bank"), a major shareholder of Showa Leasing, in order to expand its customer base. Going forward Showa Leasing looks to continue and strengthen its partnership with Resona Bank.

### 2. Summary of the Share Exchange

#### (1) Schedule

Resolution of the Share Exchange at the board of directors meeting	(Shinsei Bank and Showa Leasing)	September 21, 2016
Conclusion of the share exchange agreement	(Shinsei Bank and Showa Leasing)	September 21, 2016
Date of public notice of the record date of extraordinary meeting of shareholders to resolute to approve conclusion of the share exchange agreement	(Showa Leasing)	October 12, 2016 (scheduled)
Record date of extraordinary meeting of shareholders to resolute to approve conclusion of the share exchange agreement	(Showa Leasing)	October 26, 2016 (scheduled)
Date of extraordinary meeting of shareholders to approve the share exchange agreement	(Showa Leasing)	November 11, 2016 (scheduled)
Effective date of the Share Exchange		December 1, 2016 (scheduled)

Note: Shinsei Bank plans to execute the Share Exchange without obtaining approval at the Bank's general shareholders meeting due to the application of the simplified share exchange method stipulated by Article 796, Paragraph 2 of the Company Act.

(2) Share Exchange Method

A share exchange that makes Shinsei Bank a wholly-owning parent company and Showa Leasing a wholly-owned subsidiary.

(3) Details of the share allocation

	Shinsei Bank (wholly-owning parent company)	Showa Leasing (wholly-owned subsidiary)
Allocation ratio	1	2.17

i Share allocation ratio

2.17 Shinsei Bank common shares will be allocated to one Showa Leasing common share. However, no shares will be allocated to the 301,651,206 common shares of Showa Leasing currently owned by the Bank.

ii Shares to be issued as a result of the Share Exchange

Through the Share Exchange, 10,037,782 shares of Shinsei Bank (scheduled) will be allocated to Showa Leasing's shareholders (excluding the Bank) as of the time immediately before the Bank's acquisition of all outstanding Showa Leasing shares (excluding Showa Leasing shares owned by the Bank) (hereinafter, "the Base time"). The Bank plans to use treasury shares for the allocation and therefore does not intend to issue new shares.

It should be noted that through a resolution in its board of directors meeting to be held by the day preceding the effective date of the Share Exchange, Showa Leasing intends to cancel all treasury shares it owns and treasury shares it will own by the Base time (including the treasury stock Showa Leasing will acquire through the share purchase request to be exercised in accordance with Article 785, Paragraph 1 of the Company Act) by the Base time. Accordingly, the number of common shares to be allocated by Shinsei Bank may be revised depending on the number of treasury shares owned by Showa Leasing at the Reference Period.

(4) Subscription warrants and bonds with subscription warrants

Because Showa Leasing has not issued either share options or bonds with share options, there are no applicable items.

3. Calculation of the share allocation at the Share Exchange

(1) Grounds of the allocation

In order to ensure fairness and reasonability in calculating the allocation ratio described in item 2., (3), i, above (hereinafter, "the Share Exchange Ratio"), Shinsei Bank has appointed KPMG FAS Co., Ltd. (hereinafter, "KPMG FAS") as the third-party calculation agent. The Bank has scrutinized the share exchange ratio, giving consideration to the share exchange ratio calculation result submitted from KPMG FAS, and engaged in numerous discussions and negotiations with relevant parties. As a result, both Shinsei Bank and Showa Leasing have found the Share Exchange Ratio to be appropriate and not damaging to the interests of the shareholders of the two companies, and the Share Exchange Ratio has been determined and approved through board of directors meetings of each company as of today. Subject to grounds of the allocation, both Shinsei Bank and Showa Leasing don't expect any large gain or loss therefrom.

(2) Relationship with the calculation agent

KPMG FAS is an independent third-party calculation agent and does not qualify to be a related party of Shinsei Bank or Showa Leasing and lacks material interests related to the Share Exchange requiring disclosure.

(3) Summary of the Share Exchange Ratio calculation

KPMG FAS analyzed the value of Shinsei Bank common shares and Showa Leasing common shares, and calculated the Share Exchange Ratio by comprehensively considering the result of the

analysis. For Shinsei Bank common shares, KPMG FAS adopted the stock market value method due to the shares having market value as they are listed on the Tokyo Stock Exchange. For common shares of Showa Leasing, a private company, KPMG FAS adopted the stock price multiple method due to the ability to estimate the share value through comparison with similar companies, as there are multiple comparable companies, as well as applied the discounted cash flow method in order to reflect Showa Leasing's future business activity in the valuation. These two methods were utilized in order to analyze the value of the company's shares and the results were comprehensively incorporated into the calculation of the Share Exchange Ratio. Shinsei Bank hasn't received a fairness opinion regarding fairness on the Share Exchange Ratio from KPMG FAS.

#### 4. Overview of the relevant companies

	Wholly-owning parent company	Wholly-owned subsidiary
(1) Name	Shinsei Bank, Limited	Showa Leasing, Co., Ltd.
(2) Location	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo	4-14, Kouraku 1-chome, Bunkyo-ku, Tokyo
(3) Name and title of the representative	Hideyuki Kudo Representative Director & President	Kiyohiro Kiyotani Representative Director & President
(4) Business	Banking	Leasing
(5) Capital (As of March 31, 2016)	JPY512,204 million	JPY29,360 million
(6) Established	December 1952	April 2, 1969
(7) Number of shares outstanding (As of March 31, 2016)	2,750,346,000	309,000,000
(8) Financial closing date	March 31	March 31
(9) Major shareholders and shareholding ratio (As of March 31, 2016)	SATURN IV SUB LP (JPMCB 380111) 11.76% Deposit Insurance Corporation of Japan 9.78% THE RESOLUTION AND COLLECTION CORPORATION 7.27% SATURN JAPAN III SUB C.V. (JPMCB 380113) 4.01% THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT) 3.55%	Shinsei Bank Limited 96.98% THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT) 0.64% Resona Bank, Limited 0.48% Showa Leasing Employee Stockholders' Association 0.42% SNT Corporation 0.16%
(10) Financial standing and management results for the most recent fiscal year		
Accounting period (consolidated)	FYE March 2016	FYE March 2016
Net assets	JPY793,124 million	JPY101,271 million
Total assets	JPY8,928,789 million	528,355 million
Net assets per share	JPY294.41	JPY330.16
Ordinary revenue (sales)	JPY375,732 million	JPY104,636 million
Operating profit	-	JPY5,209 million
Ordinary profit	JPY62,090 million	JPY4,978 million
Net income attributable to the parent company shareholders	JPY60,951 million	JPY8,218 million
Net income per share	JPY22.96	JPY26.83

Note: Showa Leasing held 2,723,088 common shares (0.88% of outstanding shares) as treasury shares but has been excluded from the preceding list of major shareholders.

#### 5. Status after the Share Exchange

The names, locations, titles and names of the representatives, businesses, capital, and accounting periods of the two companies will remain unchanged after the Share Exchange.

6. Impact of the Share Exchange

The impact of the Share Exchange on Shinsei Bank's consolidated performance will be immaterial, because the Share Exchange aims to make the Bank's consolidated subsidiary a wholly-owned subsidiary.

[Reference] Earning Forecasts for Fiscal Year 2016 (announced May 11, 2016) and Consolidated Financial Results for Fiscal Year 2015

(Billions of yen)

	Consolidated Ordinary revenue	Consolidated Ordinary Profit	Net income attributable to the parent company shareholders
Earning Forecast for FY2016	-	-	52.0
Financial Results for FY2015	375.7	62.0	60.9

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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 total assets of 9.2 trillion yen on a consolidated basis (as of June 30, 2016) and a network of outlets throughout Japan. Shinsei Bank demands uncompromising levels of integrity and transparency in all its activities to earn the trust of 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>