

**FY2017 Shinsei IR Day (February 28, 2018)**  
**Condensed Transcript of Q&A Session**

**Overview**

**Hideyuki Kudo (President & CEO, Shinsei Bank, Limited)**

Q: How do you intend to balance repayment of public funds, business growth and shareholder returns?

A: Our total payout ratio is 25%, near the lower end of 20-50% range for banks' total payout ratios in Japan. We aim to stably maintain or improve the total payout ratio. In terms of capital level, we absolutely need a certain amount of capital to maintain our businesses, but we consider any capital in excess of this required level to be surplus capital deployable in pursuit of nonorganic business growth. With our public fund already converted into common shares, we will not make progress toward repaying the public funds unless our share price rises. We have two measures to boost our share price: effective utilization of capital and shareholder returns. For us, effective utilization of capital entails growth strategies, including nonorganic ones.

Q: So in other words, after ensuring that your capital level is sufficient to maintain your businesses while maintaining or increasing your 25% total payout ratio, you will invest any surplus capital in growth opportunities. Is that correct?

A: Yes.