

Shinsei Bank 15th Annual General Meeting of Shareholders Q&A Transcript

June 17, 2015

Shareholder 1

Question 1:

Wouldn't an increase in the dividend be the faster route to increasing the share price?

Answer:

We consider shareholder returns to be a key issue. We work in order to make an increase in the dividend a reality, with striking a balance between the three factors of the increasing the internal reserve, the repayment of public funds and the maintaining the capital required for future growth.

Question 2:

Although Shinsei has double total amount of capital compared with the AOZORA Bank, you are not utilizing it. I'd like to request the Bank look to be more efficient in its usage of capital.

Answer:

We will continue efforts to lend capital for the new technologies, business methods, industries that have genuine needs and help meet the needs of society in order to increase high quality assets.

Shareholder 2

Question 1:

Why is the dividend paid into my account without the approval by the general meeting of shareholders?

Answer:

Due to Shinsei Bank determining its dividend at its board of directors' meeting in accordance with the Bank's Articles of Incorporation,

Shareholder 3

Question 1:

The market evaluation of your share price is poor. Do you consider this evaluation as fair? If you consider it is an unfair price, what are the plans to improvement it?

Answer:

We have no comments regarding the stock price; however, I personally consider it to be an unfair evaluation. We would like to contribute to the raising of our share price

through the acquisition of new customers in the growth areas and to show them our growth potential by providing our unique products and services.

Shareholder 4

Question 1:

I want you to amend the Articles of Incorporation so that the dividend may be resolved by the general meeting of shareholders like other companies.

Answer:

Shinsei Bank considers resolution through a meeting of the board of directors offers greater proactivity. Through this, there is a merit correspond flexibly to shareholders' expectations.

Question 2:

Shouldn't the Bank at least somewhat increase the dividend and strengthen shareholder returns?

Answer:

We do not consider the current dividend to be sufficient, and will continue to consider ways to resolve the issue, which we view as a key management issue.

Shareholder 5

Question 1:

I bought shares of Shinsei Bank approximately 7 years ago around the price of 575 yen per share. How many more years will it take for the share price to return to this level?

Answer:

We are making every effort to increase the share price and continue to view this as our highest priority issue. Raising the share price is also the shortest path to the repayment of public funds, and the Bank will continue to make every effort to make this a reality.

Shareholder 6

Question 1:

I receive an e-mail notification when I withdraw money at overseas ATMs. Why do I not receive an e-mail notification when I withdraw money at domestic ATMs?

Answer:

We are currently considering an e-mail notification service for domestic ATM use.

Shareholder 7

Question 1:

Please tell me the balance of public funds, the capital and share price required for repayment, and method of repayment. Is amount required for repayment actually increasing as time goes by?

Answer:

The balance is a little higher than 2,000 million yen. The repayment methods, excluding the sale of the shares held by the government on the market, are share buybacks, acquisition by third parties and so on. The share price that will not generate taxpayer losses is around 450 yen. Time value of money is not applicable to the public funds.

Question 2:

You should set the target price if it is the primary target to pay off the public funds.

Answer:

In responding to the questions in the Diet at that time, the calculated target price was said around 700 yen however, it has not been our target share price to pay it off.

Question 3:

Why does the Bank not payback public funds utilizing its retained earnings?

Answer:

While share buybacks are in fact a realistic method which will not impact the market, however, we cannot buy back shares with a price of 200 yen at 500 yen per share. Thus we consider raising our share price to be necessary for repayment. We will make every effort in order to increase shareholders returns.

Shareholder 8

Question 1:

How much earnings have been retained this year? Does the Bank have a vision in regard to the eventual repayment of public funds?

Answer:

The internal reserve is the line item "other retained earnings" in the balance sheet printed on page 53 of our notice of convocation. Regarding the payment of public funds, we must first raise our share price and improve our business performance. We will continue our efforts to become a Bank with more value than current and have to have greater growth-expectations. Our medium- to long-term vision will be disclosed in our Third Medium-Term Management Plan.

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