

For Immediate Release

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President and CEO  
(Code: 8303, TSE First Section)

**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.**

Tokyo (September 17, 2021) --- Shinsei Bank, Limited (Chuo-ku, Tokyo, President and Chief Executive Officer: Hideyuki Kudo; hereinafter, the "Bank") announced that, given that SBI Regional Bank Holdings Co., Ltd. (the "Bidder" or "SBIRB Holdings"), a wholly-owned subsidiary of SBI Holdings, Inc. ("SBI Holdings", and together with SBIRB Holdings, "SBIHDs") started on September 10, 2021 and had prepared for a take-over bid for the Bank's shares (the "Shares") (the "TOB" <sup>(Note 1)</sup>) without any prior communication with the Bank, no information has been shared with the Bank about the terms and conditions of the TOB, and no discussion has been made with the Bank <sup>(Note 2)</sup> regarding the Bank's management policies, etc. expected to be put in place after the completion of the TOB, the Bank believes that there is a risk that the TOB may hinder the maximization of the Bank's corporate value and the common interests of the shareholders.

(Note 1) For details of the TOB, please see the TOB Registration Statement filed by the Bidder dated September 10, 2021 (the "TOB Registration Statement") (available only in Japanese) as well as SBIHDs' announcement "Notice Regarding Commencement of a Tender Offer for the Shares of Shinsei Bank, Limited" (English translation available) dated September 9, 2021.

(Note 2) Since the end of March 2021, when SBIHD acquired slightly less than 20% of the Bank's voting rights, we have proposed SBIHD conversation sessions to hear its thoughts as a large shareholder of the Bank on several occasions. However, SBIHD only responded that they have nothing to discuss with us and our proposal have been declined, and there has been no discussion between SBIHD and the Bank's management members about the management of the Bank at all and we have received no communication about the TOB. Under such circumstances, the TOB was commenced suddenly and without any prior notice, explanation or discussions with us.

In the TOB Registration Statement, SBIHD states "SBIHD continuously made proposals to the Target Company (i.e., the Bank) for a capital and business alliance; however, while certain progress was seen regarding an alliance for regional revitalization, SBIHD has not yet received a positive response from the Target Company regarding an alliance in the areas where synergies for Both Groups can

be expected, including the securities business, and given the Target Company's responses so far, no progress could be expected—based on that situation, it was not expected that positive discussions would be realized". However, the Bank believes that it has considered the proposal for a capital and business alliance made by SBIHD on September 2019 in good faith for about two months from the viewpoint of feasibility and advantages and disadvantages to the Bank. As a result of the consideration given, we finally responded that we cannot support the proposal for several reasons, and we believe that Mr. Yoshitaka Kitao, the representative director of SBIHD, also understood our response and reasons that we gave. Since then, although we have been engaged in a wide variety of transactions with SBIHD on a case-by-case basis in some business fields of the Bank, we are of the view that there has been no proposal for a capital and business alliance from SBIHD. As for "an alliance in the areas where synergies for Both Groups can be expected, including the securities business" with respect to which SBIHD says it did not receive a positive response from the Bank, it should be noted that originally the Bank was seeking a cost reduction measure in the retail business, and the Bank consulted with SBI SECURITIES Co.,Ltd. as a promising candidate. The Bank adopted a bidding process to receive proposals from three main candidates including SBI SECURITIES Co.,Ltd., and elected the most competitive proposal, made by Monex Inc. Accordingly, "an alliance in the areas where synergies for Both Groups can be expected" in SBIHD's words, was not the most competitive proposal in the Bank's view, and we simply were not able to give a "positive response" to that proposal.<sup>(Note 3)</sup>

(Note 3) In addition to the above-mentioned points, the Bank sees a number of matters significantly deviating from the Bank's understanding in the discussions and communications between SBIHD and the Bank regarding business alliances as mentioned in the TOB Registration Statement. For details, please see "Update on Status for Expression of Opinion to the TOB initiated by SBI Regional Bank Holdings" dated September 16, 2021 and its Attachment (Our understanding of the chronology up until the TOB initiated by SBI Regional Bank Holdings for the shares of Shinsei Bank).

Further, there is another risk, namely, that shareholders' judgment may be distorted (i.e. risk of coerciveness), including, for example, the case where shareholders who would not otherwise be in favor of the TOB would be forced to sell off by tendering their shares for the TOB.

In the TOB, the maximum number of shares to be purchased is set at 58,211,300 shares (which represents 27.68% in the Holding Ratio <sup>(Note 4)</sup>, and 48.00% in the Holding Ratio together with SBIHDs' existing holding of the Shares), and if the total number of shares tendered exceeds the maximum number of shares to be purchased, the excess shares will not be purchased. The maximum number of shares to be purchased is set at less than a majority of the voting rights of all shareholders of the Bank. 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, it is believed that the SBIHDs can substantially control the management of the Bank without obtaining a majority of the voting rights of all shareholders of the Bank. Additionally, SBI Holdings owns subsidiaries which are inappropriate for SBI Holdings to obtain regulatory approval to become a bank holding company <sup>(Note 5)</sup> (i.e. subsidiaries engaged in a business that cannot be conducted as a subsidiary of a bank holding company, such as companies belonging to SBIHD's bio-healthcare and medical informatics business as well as those engaging in real property brokerage business). Accordingly, SBIHD is seeking, in its proposal, to acquire shares to the extent of holding only up to 48.00% of the voting rights in the

Bank, without becoming a bank holding company or acquiring all of the outstanding shares, and by intentionally not obtaining a majority of the voting rights. Namely, it is a proposal essentially trying to control the Bank's management while saving its investment outlay and without acquiring a majority of the Shares. Since the Bank is in a situation where a third party can acquire substantial management rights without acquiring a majority of voting rights as described above, we believe that it is possible to acquire substantial management rights of the Bank at the expense of the remaining shareholders by investing, so to speak, at a low cost and without obtaining regulatory approval to become a bank holding company. The acquisition of substantial management rights of the Bank through such method may pose serious problems in terms of the corporate value of the Bank and the maximization of the common interests of the shareholders and, above all, the investments of the remaining shareholders will be substantially subject to the control of SBI Holdings and may in practice serve only the benefit of SBI Holdings.

(Note 4) "Holding Ratio" represents the ratio in percentage (rounded to the second decimal place) of (a) the number of shares held divided by (b) the number of shares of 210,310,530, which consists of (i) the number of the issued and existing shares of the Bank as of August 31, 2021 appearing on the Bank's "Status Report on the Acquisition of Treasury Shares" dated September 3, 2021 (which is 259,034,689 shares) less (ii) the number of treasury shares held by the Bank as of August 31, 2021 (which is 48,724,159 shares); unless otherwise stated, the same method is used below in calculating ratios.

(Note 5) Regulatory approval by the Prime Minister under Article 52-17, Paragraph 1 of the Banking Act. According to the TOB Registration Statement, one of the reasons why the maximum number of shares to be purchased in the TOB is set at 27.68% in the Holding Ratio (48.00%, together with SBIHDS' existing holding) is the possible necessity to obtain a regulatory approval to become a bank holding company.

Additionally, as a listed company, the Bank has a social 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 loan facilities), the Bank has a highly public nature and a significant responsibility to contribute broadly to the economy and society. Since the end of March this year, the Bank has made several requests to meet with SBI Holdings in order to hear its opinions as a major shareholder, but SBI Holdings has not responded to the requests, saying that it has nothing in particular to discuss with the Bank, and there were no discussions between the SBI Holdings and the Bank's management regarding the Bank's management plan and others. Under such circumstances, the TOB was suddenly commenced without any prior notice, explanation or discussions with the Bank. In light of the public nature of the Bank's business and the fact that the Bank provides a full range of banking services, the Bank and the acquirer should carefully and sufficiently consider and discuss in advance the management plan of the Bank and the manner of the major shareholders who may control the Bank. If there is a change in the controlling shareholder as a result of the TOB initiated in this unilateral manner, there is a strong possibility that the continuity of the management of the Bank will be lost and the management of the Bank will be seriously disrupted, and as a result, there is a possibility that the public nature of the Bank's business will be adversely affected, that the Bank would not be

able to fulfill its significant responsibility to contribute broadly to the economy and society, and consequently, there is a possibility that the corporate value of the Bank and the common interests of the shareholders will be harmed.

Based on this recognition, with the announcement of the TOB by SBIHDs, the Board of Directors of the Bank has concluded that, in order to ensure that the shareholders have the information to make an appropriate judgment and the time to carefully consider how such Large-Scale Purchases (as defined in III-2-(2) below), including the TOB, may affect the corporate value of the Bank and the source of its corporate value, in order to prevent any situation that hinders the maximization of the corporate value of the Bank and the common interests of the shareholders, such Large-Scale Purchases should be conducted in accordance with certain procedures established by the Board of Directors of the Bank.

As a result, the Board of Directors of the Bank announces as below to have resolved, at the meeting of the Board of Directors of the Bank held today, to determine the basic policies regarding those who control the determination of the Bank's financial and operational policies (as stipulated in Article 118, Item (iii) of the Ordinance for Enforcement of the Companies Act; the "Basic Policies") with the aim of securing and enhancing the corporate value of the Bank and, in turn, the common interests of the shareholders, and to introduce the Plan (as described below in detail), as initiatives for preventing parties who are inappropriate from controlling the determination of the financial and business policies of the Bank in light of the Basic Policies (as stipulated in Article 118, Item (iii)-(b)-(2) of the Ordinance for Enforcement of the Companies Act). The Plan is to be introduced primarily for the purpose of responding to the Large-Scale Purchases, including the TOB, which has already materialized, and is different from the so-called prior warning-type takeover defense measures introduced in peacetime.

The countermeasures under the Plan <sup>(Note 6)</sup> will be implemented only when the approval of the General Meeting to Confirm Shareholders' Support has been obtained and the Large-Scale Purchaser (as defined in III-2-(2) below) has not withdrawn the Large-Scale Purchase (i.e., in the TOB's context, the Bidder has not withdrawn the TOB). However, if the Large-Scale Purchaser, Etc. (as defined in III-3-(1) below) has not complied with the prescribed procedures and intends to implement the Large-Scale Purchase prior to the holding of the General Meeting to Confirm Shareholders' Support (i.e., in the TOB's context, including the case that the Bidder fails to accept the Bank's request to extend the period of the TOB to 60 business days (please see III-2-(3)(i) below) and terminates the TOB prior to the General Meeting to Confirm Shareholders' Support), the Bank inevitably plans to implement an allotment of the share subscription rights without contribution to shareholders in advance by resolution of the Board of Directors. Even in such a case, the compulsory acquisition of the stock acquisition rights in exchange for the Shares (i.e., dilution of the voting rights of the Bank held by the Non-Qualified Persons (as defined in III-3-(1)-(iv)-(a) below)) will be triggered only upon the approval of the General Meeting to Confirm Shareholders' Support <sup>(Note 7)</sup>. In the event that the approval by the General Meeting to Confirm Shareholders' Support is not obtained, the Bank will acquire all such stock acquisition rights by compulsory acquisition without consideration, in which case no dilution will occur. The details are described in III-2 below.

The introduction of the Plan was resolved by the affirmative votes of all directors, including all five

(5) independent External Directors of the Bank, and at such meeting of the Board of Directors, three (3) corporate auditors who are all corporate auditors of the Bank (including two (2) external corporate auditors) were present and all corporate auditors present expressed their opinion that they have no objections to the adoption of the above resolution.

(Note 6) Specifically, the dilution of the voting rights of the Bank held by the Non-Qualified Persons by means of (a) the allotment of share subscription rights to all shareholders without contribution with discriminatory conditions, etc. and the company's compulsory acquisition provisions, etc., and (b) the subsequent compulsory acquisition by the company of all the share subscription rights held by parties other than the Non-Qualified Persons in exchange for the Shares.

(Note 7) Even in the case the Bank conducts an allotment of share subscription rights to all shareholders without contribution in advance by the Board of Directors' resolution, the Bank will seek shareholders' approval for the Bank's compulsory acquisition of all such share subscription rights (other than those held by the Non-Qualified Persons) in exchange for the Shares and dilution in the voting rights held by the Non-Qualified Persons.

There may be amendments to the Companies Act, the Financial Instruments and Exchange Act, other laws and regulations, related rules, regulations, cabinet orders, Cabinet Office Ordinances, ministry ordinances, and the rules of the financial instruments exchanges that the Shares, etc. are listed on (collectively, the "Laws and Regulations") (including changes in the names of the Laws and Regulations and the establishment of new Laws and Regulations that succeed former Laws and Regulations; the same shall apply hereinafter). In case of the enactment of these amendments, any reference to the provisions of the Laws and Regulations in the Plan shall be deemed to be replaced with a reference to the provisions of such amended Laws and Regulations that substantively succeed to the old provisions unless otherwise prescribed by the Board of Directors of the Bank.

I. Basic Policies regarding those who control the determination of the Company's financial and operational policies

The Bank has a responsibility to contribute to the development of the market economy as a listed company. At the same time, as a core bank in the financial services industry, it has a highly public profile and a significant responsibility to contribute broadly to the economy and society.

In light of such social responsibilities, in order to maximize the Bank's corporate value and the common interests of the shareholders, it is paramount, from a medium to long-term perspective, to nurture and strengthen sources that generate the Bank's corporate value, and the Bank's financial and operational policies need to be determined based on this recognition. Of course, as a listed company, the Bank recognizes that if a certain person makes a purchase proposal that would have a material impact on the Bank's basic management policy, the final decision on whether or not to accept such proposal should be made by the shareholders. However, if a Large-Scale Purchase is to be made, it will be difficult for the shareholders to

properly judge the impact of such Large-Scale Purchase on the Bank's corporate value and the common interests of the shareholders unless necessary and sufficient information is provided by the Large-Scale Purchaser, Etc.. Furthermore, some Large-Scale Purchases may make it difficult for the Bank to maintain good relationship with its stakeholders; fail to provide the Bank, its Board of Directors and shareholders with reasonably necessary time and information for them to consider the acquisition or take-over proposal and/or for the Board of Directors to propose any alternative plans; or fail to reflect the corporate value of the Bank appropriately, and may damage the corporate value of or the common interests of the shareholders that the Bank has maintained and improved. If a Large-Scale Purchase is forced through despite the expression of opposition and request for provision of additional information under the tender offer system, there is a risk that shareholders will not be given the necessary and sufficient information disclosure and time to consider the purchase, and as a result, there is a risk that the common interests of shareholders will be damaged and the remaining minority shareholders will be harmed.

Based on this recognition, the Bank believes that it is the responsibility of the Board of Directors of the Bank to (1) have the Large-Scale Purchaser, Etc. provide information that is necessary and sufficient for the shareholders to make their decisions; (2) provide the shareholders with the results of the Bank's Board of Directors' evaluation and examination of the impact of the Large-Scale Purchaser, Etc.'s proposal on the Bank's corporate value or the common interests of the shareholders as a reference when making a decision on the proposal; and in some cases, (3) have the Board of Directors of the Bank negotiate or discuss with the Large-Scale Purchaser, Etc. with respect to the Large-Scale Purchase or the management policy of the Bank, or present to the shareholders an alternative proposal such as the management policy, etc., of the Board of Directors of the Bank, and in order to fulfill such responsibility, the Bank believes that it is necessary to ensure that sufficient information is provided by the Large-Scale Purchaser, Etc. to secure an opportunity to confirm the overall intention of the shareholders, and to ensure that such intention is reflected by introducing the Plan.

Based on this basic stance, the Board of Directors of the Bank will take measures that are deemed appropriate and within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act, other laws and regulations, and the Articles of Incorporation, such as requiring the Large-Scale Purchaser, Etc. to provide information that is necessary and sufficient for the shareholders to make an appropriate decision on whether or not to make the Large-Scale Purchase, and disclosing such provided information in a timely and appropriate manner, in order to ensure that the Bank's corporate value and the common interests of the shareholders are maximized.

## II. Special initiatives contributing to realization of the Basic Policies

### 1. Source of corporate value

Japan faces various challenges, including a declining birthrate and aging population, and a declining population. The business environment surrounding the Bank is also undergoing major changes as the financial industry undergoes a number of environmental changes, such as the introduction of cashless services due to the advancement of digital technology and the

entry from other industries. Furthermore, in response to the spread of COVID-19 worldwide, trial and error has begun to recover "daily life" in a new way. Even after overcoming this global crisis, it is said that the changed values and behavior of the world will become the "New Normal" and that we will not return to the previous state of affairs. In order to realize maximum corporate value amid these changes in the environment, it is necessary to fulfill our responsibilities and mission as a social infrastructure and contribute to activities that create new ways of living for humans in the New Normal environment, as a person responsible for financial functions that are closely linked to people's daily lives and social activities.

The Bank always carries out corporate activities with this awareness in mind. Since its foundation, the Bank has expanded its business in a wide range of fields, including retail banking, consumer finance, and corporate banking, and has grown as a financial services company group that discovers and provides solutions to needs that are not met by conventional financial products and services. The sources of the Bank's corporate value lie in its provision of creative financial services based on the financial expertise cultivated by each business division.

The foundation of these sources of corporate value is the Bank's knowledge of financial services that it has accumulated since its foundation, the experience and know-how of individual employees, outstanding productivity and efficiency, and the corporate culture and management policy that nurture them, as well as the deep trust of its customers, business partners, and other stakeholders.

In addition, from the perspective that the improvement of corporate value results from having a positive impact on society, we have been working to create value in cooperation with external partners, both financial and non-financial. The Bank Group is working with society to further enhance its corporate value through these business activities.

## 2. Initiatives aimed at increasing the Bank's corporate value and common interests of the shareholders

### (1) The Bank's management philosophy and management policy

The Bank Group has established the following Management Principles and is working on a day-by-day basis toward their attainment.

- To become a banking group that is sought out by customers, and contributes to the development of both domestic and international industrial economies, while maintaining stable profitability.
- To become a banking group that values diverse talents and cultures and is constantly taking on new challenges presented by change, based on its experiences and history.
- To become a banking group that strives for highly transparent management and

values, one that is trusted by all stakeholders including customers, investors, and employees.

(2) Medium-Term Management Strategy to realize the management policy

In FY 2019, the Bank formulated its medium-term management strategy with the theme of "Redesigning Finance" in order to further strengthen the above-mentioned sources of corporate value and enhance its corporate value. In light of changes in the business environment, we will not aim for growth as an extension of the current situation, but for "discontinuous" growth through the constant review (redesigning) of financial services provided by the Bank Group.

(i) Two core strategies of the Medium-Term Management Strategy

Specifically, we are pursuing the core strategies of "grow through value co-creation" and "enhancement/leverage of our capabilities" based on our high level of expertise and execution capabilities, including the Bank Group's strengths in the areas of flexible and mobile management platforms, highly specialized financial technology, and information technology that enables the speedup and automation of financial operations.

(Grow through value co-creation)

"Grow through value co-creation" means to create businesses that are closer to customers and easier to use by taking out the Bank Group's strengths and integrating them with other companies' services. These core strategies consist of three components: "Integration with external services"; "Finance as a Service"; and a "Deeper understanding of our customers".

➤ Integration with external services

Create and expand touchpoints with our customers by developing markets and more sophisticated services through building and participating in ecosystems with digital technology and data analysis

➤ Finance as a Service

Provide our functions and processes when our customers need us

➤ Deeper understanding of our customers

Identify target markets and customers through data integration with external partners, and provide high added value based on deep understanding of our customers

(Enhance/leverage our capabilities)

In addition, "enhance/leverage our capabilities" means fostering strengths that can be the source of value creation, competitiveness, and differentiation by strengthening



and utilizing organizational capabilities that can be the source of corporate growth. This strategy focuses on four key elements: "Diverse people and flexible workstyle"; "Customer-centric organization"; "Productive operations"; and "Optimal capital usage".

- Diverse people and flexible workstyle  
Promote women's active participation at every level, acquire skilled senior and young employees, and hire and grow talented personnel with different abilities. Implement human resource policies to support this diversity.
- Customer-centric organization  
Respond to customer needs with one-stop services by unifying business strategy planning functions for institutional and individual customers on a Group-wide basis. Further optimize and streamline our Group HQ corporate services.
- Productive operations  
Implement productive operations through accelerated productivity reforms including utilization of digital technologies, work-style reform, and more efficient sales channels. Continue initiatives for stable and safe management such as information system development and compliance measures.
- Optimal capital usage  
While managing capital at an appropriate level, maximize returns against risk-taking through responsible capital usage including inorganic strategies.

(ii) Focus Areas

Our four focus areas consist of individual and institutional businesses and areas related to our management base.

- Small-Scale Finance (Individual Businesses)  
Offer small amount and frequent financing (lending) and settlement services to individuals and small businesses. Our small-scale finance has been strong at data analysis and its usage in marketing, credit decision-making, collection and ensuring robust operations, and in future it will work on upgrading services by utilizing digital technology and data analysis, in addition to integrating services with external services and offering functions to partners based on "Value Co-Creation".
- Institutional Investors (Institutional Businesses)  
Aim for one-stop services related to alternative investments in real assets such as renewable energy, infrastructure, and real estate to a wide range of institutional investors, leveraging our network with investors, our trust-structuring capability, and our knowledge of a broad range of assets.

- Group Organization  
Unify business strategy planning functions for institutional and individual customers on a Group-wide basis in order to further promote Group business integration. Work together as a single entity to provide best solutions for the needs and challenges of our customers.
- Productivity Reforms  
Further promote cost structure reform with no sanctuaries through optimization of branch channel and office space, using digital technologies and through work style reform.

(iii) Initiatives for Sustainable Growth

By implementing the above two core strategies, we should be able to achieve sustainable growth. The Bank Group's priority materiality issues for sustainable growth are classified into the following three categories.

- Address social and environmental issues  
Provide financial services tailored to the needs of customers who are not satisfied with traditional financial services. Create an appropriate flow of funds for society by providing financial solutions that promote the circulation of funds into sustainable social capital. Build and participate in ecosystems through integration with external services, and utilize digital technologies to solve a broader range of social issues.
- Fulfill our social responsibilities  
Firmly provide fundamental financial functions (deposit, loan, payment, etc.) as a social infrastructure, as well as high-level efforts to secure cyber security, prevent money laundering and the financing of terrorism. Provide customer-oriented services by placing customer benefit first and giving information that is accurate and easy to digest.
- Foundation for meeting our goals/responsibilities  
Be the base that supports the "roles for solving social issues" and the "fulfillment of social responsibilities." Key issues are "human resources," "organizations, which make the most of human resources", "highly productive operations," "capital," "expertise and execution," and "robust governance functions."

3. Initiatives aimed at reinforcement of corporate governance

The Bank's basic policy for information disclosure is to continue to provide information that is always fair, in a timely manner, on an ongoing basis, and voluntarily, as well as to establish a system to improve management efficiency and soundness in order to realize the improvement of corporate value. The Bank is working to improve the transparency of its corporate management through proactive IR activities, such as regularly holding briefing sessions for

investors (analysts and individual investors), holding IR Days, and distributing timely disclosure materials.

The Bank's Board of Directors—the Bank's decision-making body for its business management—consists of seven directors—two full-time directors who are directly responsible for the execution of the Bank's businesses and five outside directors who primarily supervise the Bank's business execution.

The composition of the Board of Directors ensures the objectivity and transparency of business management and facilitates appropriate management decision-making. The current outside directors are a balanced group of executives who bring to the Bank their extensive experience and expertise in a range of fields, including domestic and overseas financial businesses, consumer-related businesses, management consulting, and the fields of information systems and risk management. Backed by this experience and expertise, the outside directors express their opinions in an independent and objective manner fulfilling their roles in providing advice and oversight for executives performing their duties.

Regarding transactions with parties such as directors, the Bank conducts checks to avoid conflicts of interest and to maintain the fairness of transactions, and when necessary, it uses established frameworks for deliberating on such transactions in Board of Directors meetings and conducting any necessary follow-ups.

Through the auditing of the Bank's Board of Directors and business execution by the Audit & Supervisory Board and its members, which are independent from the Board of Directors, the Bank seeks to create a strict corporate governance framework which encourages the adoption of optimal and balanced management policies that benefit stakeholders such as shareholders and customers, through which the Bank seeks to enhance its corporate value.

### III. Initiatives for preventing parties who are inappropriate, in light of Basic Policies, from controlling the determination of the Bank's financial and operational policies (the "Plan")

#### 1. Purpose of the Plan

The Plan is introduced in accordance with "Basic Policies regarding those who control the determination of the Company's financial and operational policies" as described in I. above for the purpose of maximizing the corporate value of the Bank and the common interests of the shareholders

The Board of Directors of the Bank believe that, from the viewpoint of maximization of the corporate value of the Bank and the common interests of the shareholders, the final decision

on whether a Large-Scale Purchase may be accepted or not should be made by the shareholders. The Board of Directors also believes that it is necessary to confirm the shareholders' general opinion through the General Meeting to Confirm Shareholders' Support prior to commencement of such Large-Scale Purchase in order to enable the shareholders to make an appropriate decision on whether they accept a Large-Scale Purchase or not, and that it requires provision of necessary and sufficient information by the Large-Scale Purchaser, Etc. and sufficient time for shareholders' consideration thereof, to ensure that such confirmation is substantial and based on careful consideration. Although tender offer regulations restrict abusive Large-Scale Purchases of shares to some extent in Japan, they do not apply to on-market acquisitions in principle, and even if they do, there is a possibility that the shareholders may not be provided with necessary and sufficient information or time for consideration due to a failure to legally ensure disclosure of information and sufficient time for consideration before the commencement of a tender offer. If a Large-Scale Purchase is forced through despite the expression of dissenting opinions and the request for the provision of additional information under the tender offer system, there is a risk that the shareholders will not be given the necessary and sufficient information disclosure and time for their consideration, and as a result, there is a risk that the common interests of shareholders will be damaged and the remaining minority shareholders will be harmed.

Based on the above understanding, the Board of Directors of the Bank believes that it is our responsibility to enable the shareholders to decide whether a Large-Scale Purchase may impede maximization of the corporate value of the Bank and the common interests of the shareholders in advance, on the basis of sufficient information. To fulfil such responsibility, the Bank believes that it is necessary to ensure that sufficient information is provided by the Large-Scale Purchaser, Etc. to secure an opportunity to confirm the overall intention of the shareholders, and to ensure that such intention is reflected thereby. To ensure these matters, the Board of Directors will request Large-Scale Purchaser, Etc. to provide the required information, and introduce the Plan as a procedure to be taken in case a Large-Scale Purchase occurs as follows, which will act as a framework that ensures the provision of such information in an effective manner and provides for the time necessary for the shareholders to give careful consideration on whether such Large-Scale Purchase should be conducted or not, based on such information. The Bank believes that such procedures will contribute to maximization of the corporate value of the Bank and the common interests of the shareholders, because it will be conducted for the purpose of providing the shareholders with the information and time that are necessary and sufficient for making an appropriate decision on whether a Large-Scale Purchase should be accepted or not.

For the above reasons, the Board of Directors of the Bank will request Large-Scale Purchasers, Etc. to comply with the Plan. Also, if such Large-Scale Purchaser, Etc. does not comply with

the Plan, the Board of Directors will implement a part of the countermeasures temporarily in advance in order to ensure that we have an opportunity to obtain the shareholders' determinations in accordance with the Plan.

As stated above, whereas the Board of Directors of the Bank have made the decision to introduce the Plan, based on the judgment that there is a need to establish a certain procedure to deal with the TOB by SBIHDs and other Large-Scale Purchases that may occur in the situation where the TOB is being conducted, from the viewpoint of maximization of the corporate value of the Bank and the common interests of the shareholders, the shareholders are able to make the final decision on whether the Bank should implement the prescribed countermeasures or not through the General Meeting to Confirm Shareholders' Support, in case that a Large-Scale Purchase actually occurs. Therefore, the Board of Directors is of the view that, if implementation of the countermeasures is approved by ordinary resolution at the General Meeting to Confirm Shareholders' Support after the Board of Directors of the Bank has fulfilled its responsibility for giving explanations to the shareholders, such countermeasures will be deemed to rely on rational decision-making by the shareholders and there will be no adverse issues regarding the rationality of such decision, on the premise that the shareholders have time and information that are sufficient and necessary for an evaluation and examination of the details of a Large-Scale Purchase (Please see 5. below for the details of Mechanism to improve the rationale of the Plan.).

## 2. Content of the Plan

### (1) Summary of the Plan

#### (i) Procedures regarding the Plan

As stated above, the Bank is of the belief that the final decision on whether a Large-Scale Purchase may be accepted or not should be made by the shareholders. As such, if the implementation of countermeasures is approved by the General Meeting to Confirm Shareholders' Support and the Large-Scale Purchase has not been revoked, the Bank will implement the prescribed countermeasures in order to maximize the corporate value of the Bank and the common interests of the shareholders.

The purpose of the Plan is to confirm the shareholders' opinions on whether a Large-Scale Purchase should be accepted or not through the General Meeting to Confirm Shareholders' Support, after requesting a Large-Scale Purchaser, Etc. to provide required information and giving the shareholders sufficient time to consider whether such Large-Scale Purchase should be accepted based on such information. Therefore, if such purpose is not achieved, in other words, if a Large-Scale Purchaser, Etc. does not comply with the procedures described in (3) below

and intends to conduct the Large-Scale Purchase before the General Meeting to Confirm Shareholders' Support described in (3)-(iii) below is held, the Board of Directors of the Bank will confirm the shareholders' intentions through the General Meeting to Confirm Shareholders' Support after implementing a part of the prescribed countermeasures temporarily in advance. Please see the Appendix for the details of the procedures for the Plan.

(ii) Advice from Independent Outside Experts for Independent Directors and Corporate Auditors

Five out of Seven directors of the Bank are independent External Directors and two out of three corporate auditors are independent external corporate auditors. Therefore, the Bank is of the view that it is not necessary to separately establish a so-called independent committee that is independent from the Board of Directors because the present composition of directors and corporate auditors is sufficient to prevent arbitrary judgments by the Board of Directors and to ensure the fairness and objectivity of the operation of the Plan. On the other hand, the independent External Directors and the independent external corporate auditors are not prevented from having an opportunity for discussions only by themselves.

To enable the independent External Directors and the independent external corporate auditors to receive advice for their discussions, the Bank will appoint outside experts (such as financial advisors, lawyers, certified public accountants, tax accountants) who are independent from the Board of Directors of the Bank. All costs arising from obtaining such advice will be borne by the Bank to a reasonable extent.

(iii) Allotment of the Share Subscription Rights without Contribution to Shareholders as Countermeasures

In the case countermeasures described in (i) above should be implemented, the Bank will allot share subscription rights with discriminatory conditions for exercise to the effect that a Non-Qualified Person may not exercise the rights and a discriminatory compulsory acquisition provision to the effect that the Bank will acquire share subscription rights from persons who are not Non-Qualified Persons in exchange for the Shares (the "Class A Share Subscription Rights") to all shareholders of the Bank using the method of allotment of share subscription rights to shareholders without contribution (Articles 277 to 279 of the Companies Act) (Please see 3 below for details.).

(iv) Acquisition of the Class A Share Subscription Rights by the Bank

If allotment of the Class A Share Subscription Rights to shareholders without contribution is conducted in accordance with the Plan and the Shares are issued to

the shareholders who are not Non-Qualified Persons in exchange for acquisition of the Class A Share Subscription Rights by the Bank, voting rights relating to the Shares held by Non-Qualified Persons will be diluted to some extent.

(2) Large-Scale Purchases subject to the Plan

For the purpose of the Plan, “Large-Scale Purchase” means the following items, excluding those agreed by the Board of Directors of the Bank in advance to be so excluded:

- (i) Purchase of shares etc. <sup>(Note 3)</sup> of the Bank for the purpose of securing 20% or more of the Voting Right Ratio <sup>(Note 2)</sup> of the Bank by a Specified Shareholder Group <sup>(Note 1)</sup> (including purchases by a person who already holds 20% or more of the voting rights before such purchase; regardless of whether by on-market trading, tender offer or any other method whatsoever; the same applies hereinafter);
- (ii) Purchase of shares, etc. of the Bank which results in a Specified Shareholder Group holding 20% or more of the voting rights; or
- (iii) Regardless of whether the acts specified in (i) or (ii) above have been conducted or not, any other agreements or acts executed or conducted by a Specified Shareholder Group with other shareholder of the Bank (including the cases where there is more than one shareholder; hereinafter the same applies in this paragraph) in which such other shareholder falls under the category of a Joint Holder of such Specified Shareholder Group as a result, or any acts that establish a relationship between such Specified Shareholder Group and such other shareholder in which one party substantially controls the other party or both parties act jointly or cooperatively <sup>(Note 4)(Note 5)</sup> (limited to the cases where the total of the holding ratios of voting rights of such specified shareholder group and such other shareholder regarding the shares, etc. issued by the Bank amounts to 20% or more).

“Large-Scale Purchaser” means persons who conduct or intend to conduct such Large-Scale Purchase by themselves or jointly or cooperatively with other persons as described above.

- (Note1) Specified Shareholder Group means (i) Holders (meaning holders as set forth in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act and including those who are included in the holders under Article 27-23, Paragraph 3) and their Joint Holders (meaning joint holders

as set forth in Article 27-23, Paragraph 5 in the same Act and including joint holders under Article 27-23, Paragraph 6) of shares, etc. of the Bank, (ii) persons who conduct a purchase, etc. (meaning a purchase, etc. as set forth in Article 27-2, Paragraph 1 of the same Act and including those made in a financial instruments exchange market) of shares, etc. (meaning shares, etc. as set forth in Article 27-2, Paragraph 1 of the same Act) of the Bank and their Specially Related Parties (meaning a specially related party as set forth in Article 27-2, Paragraph 7 of the same Act) and (iii) Related Parties to (i) or (ii) (meaning investment banks, securities firms and other financial institutes that have entered into a financial advisory agreement with those persons, or any other parties that share a substantial interest with those persons, tender offer agents, lawyers, accountants and other advisors, or persons who the Board of Directors of the Bank reasonably deems are substantially controlled by or act jointly or in concert with those persons).

(Note 2) Voting Right Ratio means, depending on the method of purchase used by a Specified Shareholder Group, (i) if the Specified Shareholder Group is a Holder and Joint Holder of shares, etc. (meaning shares, etc. as set forth in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act) of the Bank, the Holding Ratio of Shares, Etc. of such Holder (meaning holding ratio of shares, etc. as set forth in Article 27-23, Paragraph 4 of the same Act; in this case, the number of shares, etc. held (meaning number of shares, etc. held as set forth in the same paragraph) by the Joint Holder of such holder shall also be taken into consideration; provided that, as used in the Plan, the phrase “the total Number of issued shares of the issuer” (divisor used for the purpose of calculating the Holding Ratio of Shares, Etc.) as referred to in said paragraph shall be replaced by “the total Number of issued shares of the issuer (excluding the treasury shares held by the issuer)”), or (ii) if the Specified Shareholder Group is a person who conducts a purchase, etc. of the shares, etc. (meaning shares, etc. as set forth in 27-2, Paragraph 1 of the same Act) of the Bank or a Specially Related Party thereof, the total of the Ownership Ratio of Shares, Etc. (meaning ownership ratio as set forth in Article 27-2, Paragraph 8 of the same Act) of the person who conducts such purchase, etc. and such Specially Related Party. For calculation of Holding Ratio of Shares, Etc. or



Ownership Ratio of Shares, Etc., the most recent report among Annual Securities Report, Quarterly Report and Share Buyback Report may be used as reference to the total number of outstanding shares (as set forth in Article 27-23, Paragraph 4 of the same Act), the number of treasury shares held by the issuer and the total number of voting rights (as set forth in Article 27-2, Paragraph 8 of the same Act).

(Note 3) Shares, etc. means “shares, etc.” as set forth in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.

(Note 4) Judgment of whether a “relationship between such specified shareholder group and such other shareholder in which one party substantially controls the other party or both parties act jointly or cooperatively” has been established or not shall be based on new investment relationships, business alliances, trading or contractual relationships, shared officials between both parties, funding relationships, credit granting, establishment of substantial mutual interests regarding the shares, etc. of the Bank through derivatives and borrowing of shares, or the impact that such Specified Shareholder Group and such other shareholder have on the Bank directly or indirectly.

(Note 5) Board of Directors of the Bank shall make a reasonable decision on whether the acts described in (iii) above have been conducted or not. Board of Directors of the Bank may request that the shareholders of the Bank provide necessary information to the extent necessary for making a decision on whether their acts fall under (iii).

(3) Procedures leading to implementation of the countermeasures

The purpose of the Plan is to secure the opportunity for shareholders to express their intentions as to whether or not to accept the Large-Scale Purchase. It will require a reasonable preparation period for administrative procedures to hold a General Meeting to Confirm Shareholders' Support of the Bank. Given that our shareholders will give due consideration to the appropriateness of the Large-Scale Purchase, the Plan is also intended to secure the time required to request the Large-Scale Purchaser, Etc. to provide information, and for shareholders to give due consideration based on the information so provided.

Therefore, in order to ensure that the General Meeting to Confirm Shareholders' Support can be held after obtaining information on the Large-Scale Purchase from the Large-Scale

Purchaser, Etc. and securing the time for shareholders to give due consideration, the Large-Scale Purchaser, Etc. must follow the procedures indicated below as set forth in the Plan.

- (i) Confirmation with a person with specific likelihood of making the Large-Scale Purchase as to whether or not such person intends to make the Large-Scale Purchase, and a request for information to the Large-Scale Purchaser as well as a request for temporary suspension of the Large-Scale Purchase (extension of tender offer period)

If the Board of Directors of the Bank reasonably determines that there is a specific likelihood of the Large-Scale Purchase being made, the Board of Directors of the Bank will confirm with the person with a specific likelihood of making the Large-Scale Purchase whether or not such person intends to make the Large-Scale Purchase. In addition, in the case where the Large-Scale Purchase is made, if the Board of Directors of the Bank reasonably determines that the information disclosed by the Large-Scale Purchaser, Etc. or provided to the Bank is insufficient for the determination of the shareholders and the evaluation and examination by the Board of Directors of the Bank in light of the content and manner of the Large-Scale Purchase, the Board of Directors of the Bank may request the Large-Scale Purchaser, Etc. to provide additional information (Please note, however, that the Board of Directors of the Bank will not request additional information beyond the level necessary for the shareholders to properly determine the appropriateness of the acquisition and for the Board of Directors to conduct an evaluation and examination in light of the profile of the Large-Scale Purchaser, Etc., the details of the Large-Scale Purchase proposed by the Large-Scale Purchaser, Etc. and the content and nature of the information disclosed by the Large-Scale Purchaser, Etc. or provided to the Bank). In connection with this, such request for additional information may be made to the person with specific likelihood of making the Large-Scale Purchase at the same time as confirming whether or not such person intends to make the Large-Scale Purchase.

The Board of Directors of the Bank will promptly disclose information to the shareholders (i) if the Board of Directors receives information from the person with specific likelihood of making the Large-Scale Purchase as to whether or not such person intends to make the Large-Scale Purchase, the fact of such receipt, and (ii) if the Large-Scale Purchase is to be made and the Board of Directors receives additional information from the Large-Scale Purchaser, Etc., the fact of such receipt. All or part of such information provided to the Board of Directors of the Bank will be

disclosed to the shareholders at such time as the Board of Directors of the Bank determines it necessary for the shareholders to make their determinations.

If the Board of Directors of the Bank reasonably determines that the Large-Scale Purchase is unlikely to be made due to reasons such as by way of receiving a clear answer from the Large-Scale Purchaser, Etc. indicating that the Large-Scale Purchase is not planned, the Board of Directors will disclose the relevant information to the shareholders at the time of making such determination, and will not implement any further procedures or countermeasures.

In order to ensure that the General Meeting to Confirm Shareholders' Support can be duly held, the Bank requests that the Large-Scale Purchaser, Etc. temporarily suspend the Large-Scale Purchase (extension of the period in the case of the tender offer) (the "Request for Temporary Suspension of Large-Scale Purchases").

In the TOB, it is clear based on the details announced by SBIHDs at this time that the Bidder plans to make the Large-Scale Purchase and, thus, the Bank will omit the confirmation as to whether or not SBIHDs intend to make the Large-Scale Purchase, and proceed with the procedures for confirming shareholders' Supports in accordance with the Plan. As the Request for Temporary Suspension of Large-Scale Purchases in order to ensure that the General Meeting to Confirm Shareholders' Support can be duly held, the Bank today made a written request to SBIHDs to extend the period of the TOB to 60 business days (longest period permitted by law).

(ii) Board of Directors' Evaluation Period

The Board of Directors of the Bank evaluates and examines if it should be in support of or against the Large-Scale Purchase, and whether it should implement countermeasures, based on the information provided by the Large-Scale Purchaser, Etc. In order for the shareholders to properly determine the appropriateness of the Large-Scale Purchase and for the Board of Directors of the Bank to conduct the evaluation and examination, the Board of Directors of the Bank may request the Large-Scale Purchaser, Etc. to provide certain information, as necessary. At this time, the Board of Directors of the Bank has requested the Large-Scale Purchaser, Etc. to provide at least the information described in Attachment 2 to our press release "Notice Regarding Reservation of Opinion on TOB for Shares of Shinsei Bank by SBI Regional Bank Holdings Co., Ltd." dated September 17, 2021, as well as, going forward, if the Board of Directors of the Bank determine that the information provided by the Large-Scale Purchaser, Etc. is insufficient, it may request the Large-Scale Purchaser, Etc. to provide additional information.

The Board of Directors of the Bank will, from today on, fully evaluate and examine the information provided by the Large-Scale Purchaser, Etc. with advice from a third party who is independent of the Bank (including investment banks, securities companies, financial advisors, lawyers, certified public accountants and other experts) as necessary. The Board of Directors of the Bank will then carefully form its opinions on the Large-Scale Purchase, notify the Large-Scale Purchaser, Etc. of its opinions, and disclose the relevant information to the shareholders in a timely and appropriate manner. As stated above, in this process, the independent External Directors and the independent external corporate auditors of the Bank will not be prevented from holding discussions only amongst themselves, separately from the meeting of the Board of Directors, and may also obtain advice from separate outside experts appointed solely for themselves.

If necessary, the Board of Directors of the Bank may also negotiate with the Large-Scale Purchaser, Etc. on the terms and method of the Large-Scale Purchase and may present alternative proposals to the shareholders.

The evaluation and examination by the Board of Directors of the Bank above will be conducted from today onwards as soon as possible. In consideration of the time required for preparation of the materials necessary for the evaluation and examination, etc., a period of about 30 days ("Board of Directors' Evaluation Period") is assumed sufficient for examination. In addition, if there are unavoidable reasons for the Board of Directors of the Bank to fail to establish its opinion on whether to support or oppose to the TOB and whether to implement or not to implement the countermeasures within the Board of Directors' Evaluation Period, the Board of Directors of the Bank may extend the Board of Directors' Evaluation Period by a maximum of 30 additional days (which shall be calculated from the day following the expiration date of the initial Board of Directors' Evaluation Period) to the extent necessary (such extension shall be allowed only once). If the Board of Directors of the Bank resolves to extend the Board of Directors' Evaluation Period, the Board of Directors of the Bank will disclose information to the shareholders in a timely and appropriate manner concerning the specific period so resolved, as well as the reason why such specific period is necessary.

The Large-Scale Purchase shall only be launched after the Board of Directors' Evaluation Period is completed (or, in case where the General Meeting to Confirm Shareholders' Support is to be held, only after the proposal for implementing the countermeasures is rejected and such general meeting is concluded) (i.e., in the

TOB's context, if the Bank decides to convene the General Meeting to Confirm Shareholders' Support, the TOB can be closed only after the proposal for implementing the countermeasures is rejected and such general meeting is concluded).

(iii) Convening the General Meeting to Confirm Shareholders' Support

If the Board of Directors of the Bank objects to the Large-Scale Purchase and believes that countermeasures should be implemented, the Bank must decide to convene a general meeting of shareholders within the Board of Directors' Evaluation Period and promptly after such decision, must convene a general meeting of shareholders (the "General Meeting to Confirm Shareholders' Support"). At the General Meeting to Confirm Shareholders' Support, the Bank will confirm whether or not shareholders will accept the Large-Scale Purchase by way of requesting their approval or disapproval of the proposal regarding the implementation of the countermeasures. In addition, at the General Meeting to Confirm Shareholders' Support, the Board of Directors of the Bank may present alternative proposals aimed at increasing the corporate value of the Bank and maximizing the interests of shareholders to replace the Large-Scale Purchase. The Board of Directors of the Bank may set a preliminary record date in advance of the determination to convene the General Meeting to Confirm Shareholders' Support so that such meeting can be convened promptly.

We will ask our shareholders to review the information on the Large-Scale Purchase, and present the decision on whether to accept the Large-Scale Purchase by way of approving or disapproving the proposal for the implementation of the countermeasures proposed by the Board of Directors of the Bank. If a General Meeting to Confirm Shareholders' Support is convened, the Bank will notify shareholders of the record date for exercising voting rights, the date and time of the meeting and other details in a timely and appropriate manner.

If a General Meeting to Confirm Shareholders' Support is convened, the Large-Scale Purchaser must not commence the Large-Scale Purchase until the conclusion of such meeting. If the Large-Scale Purchaser has already commenced the Large-Scale Purchase, the Large-Scale Purchaser must take appropriate measures, such as the suspension of the purchase and the extension of the tender offer period.

(iv) Countermeasures

If the shareholders approve the proposal for the implementation of the countermeasures proposed by the Board of Directors of the Bank by an ordinary

resolution at the General Meeting to Confirm Shareholders' Support, and the Large-Scale Purchase is not suspended or withdrawn, the Board of Directors of the Bank will implement the countermeasures as described in 3 below (the dilution of the voting rights of the Bank held by the Non-Qualified Persons by means of (a) the allotment of share subscription rights to shareholders without contribution with discriminatory conditions, etc. and compulsory acquisition provisions, etc., and (b) the subsequent compulsory acquisition of all the share subscription rights held by parties other than the Non-Qualified Persons in exchange for the Shares) in accordance with the Support of the shareholders. On the other hand, if the shareholders disapprove the proposal for the implementation of the countermeasures at the General Meeting to Confirm Shareholders' Support, in accordance with such intention of the shareholders, the Board of Directors of the Bank will not implement the countermeasures.

Please note, however, that if the Large-Scale Purchaser fails to comply with the Request for Temporary Suspension of Large-Scale Purchases and intends to conduct or continue the Large-Scale Purchase before the General Meeting to Confirm Shareholders' Support as described in (iii) is convened, the shareholders will not be able to secure the time necessary for giving due consideration as to whether or not to accept the Large-Scale Purchase based on the information disclosed by the Large-Scale Purchaser, Etc., nor will the Bank be able to secure an opportunity to confirm the shareholders' intentions. In such a case, prior to the General Meeting to Confirm Shareholders' Support, the Board of Directors of the Bank will implement a part of the countermeasures temporarily, and then, upon confirmation of the shareholders' intentions at the General Meeting to Confirm Shareholders' Support, the Board of Directors of the Bank will finally implement the countermeasures. Specifically, the Bank will implement an allotment of the Class A Share Subscription Rights to shareholders without contribution prior to the holding of the General Meeting to Confirm Shareholders' Support, but it will hold the General Meeting to Confirm Shareholders' Support without implementing the compulsory acquisition of Class A Share Subscription Rights in exchange for the Shares (i.e. no dilution of the voting rights in the Bank held by the Non-Qualified Persons has yet occurred), and will confirm the intention of the shareholders. If the implementation of countermeasures is approved at the General Meeting to Confirm Shareholders' Support, (unless the Large-Scale Purchase is withdrawn, etc.), the Bank will finally implement the countermeasures, and implement compulsory acquisition of Class A Share Subscription Rights in exchange for the Shares. If the implementation of countermeasures is not approved at the General Meeting to Confirm Shareholders' Support, the Bank will not implement the countermeasures in the end, and

compulsorily acquire all of the Class A Share Subscription Rights with no Shares in exchange.

In the TOB, the Bank today requested SBIHDs to extend the period of the TOB to 60 business days (longest period permitted by law), but if the amendment of the TOB Registration Statement which reflects the compliance with such request is not submitted by the noon of September 30, 2021 (Japan time), the allotment of Class A Share Subscription Rights to shareholders without contribution will be implemented in advance. In preparation of the advance allotment of Class A Share Subscription Rights, the Bank plans to submit a shelf registration statement of the share subscription rights.

3. Outline of Countermeasures (Allotment of the Class A Share Subscription Rights to Shareholders without Contribution)

The outline of the allotment of the Class A Share Subscription Rights to shareholders without contribution which the Bank will conduct under the Plan as countermeasures is as follows. (In addition to the following, the details of the Class A Share Subscription Rights shall be separately determined by the Board of Directors of the Bank upon allotment of the Class A Share Subscription Rights to shareholders without contribution.)

(1) Details of the Class A Share Subscription Rights to be allotted

(i) Type of shares to be issued for the Class A Share Subscription Rights

The Shares

(ii) Number of shares to be issued for the Class A Share Subscription Rights

The number of shares to be issued upon exercise of one (1) Class A Share Subscription Right shall be separately determined by the Board of Directors of the Bank.

(iii) Value of assets to be contributed upon exercise of the Class A Share Subscription Rights

The property to be contributed upon exercise of the Class A Share Subscription Rights shall be cash, and the value (the amount to be paid in) shall be one (1) yen multiplied by the number of shares being the object of each Class A Share Subscription Right.

(iv) Exercise Period of the Class A Share Subscription Rights

The exercise period of the Class A Share Subscription Rights will be a fixed period separately determined by the Board of Directors of the Bank.

- (v) Conditions for exercising the Class A Share Subscription Rights
  - (a) The Class A Share Subscription Rights held by a Non-Qualified Person (including those beneficially owned) may not be exercised.

The term "Non-Qualified Person" refers to a person who falls under any of the following categories.

- (i) Large-Scale Purchaser, Etc. (meaning a Large-Scale Purchaser and a controlling shareholder, etc. (Article 14-7, Paragraph 1, Item 2 of the Financial Instruments and Exchange Act Enforcement Ordinance) of a Large-Scale Purchaser)
- (ii) Joint Holders (Article 27-23, Paragraph 5 and Paragraph 6 of the Financial Instruments and Exchange Act) of a Large-Scale Purchaser, Etc.
- (iii) A person to whom a Joint Holder of a Large-Scale Purchaser, Etc. has a special capital relationship (Article 9, Paragraph 1, Item 2 of the Financial Instruments and Exchange Act Enforcement Ordinance) (including another person to whom the relevant person has a special capital relationship, and the same shall apply downstream)
- (iv) Specially Related Parties (Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act) of a Large-Scale Purchaser, Etc.
- (v) A person to whom a Specially Related Party of a Large-Scale Purchaser, Etc. has a special capital relationship (including another person to whom the relevant person has a special capital relationship, and the same shall apply downstream)
- (vi) A person who the Board of Directors of the Bank reasonably determines to fall under any of the following;
  - (x) Any person who has assumed or succeeded to the Class A Share Subscription Rights from any person falling under (i) above through this (vi) without the Bank's approval
  - (y) A "Related Party" of a person who falls under (i) above through this (vi) <sup>(Note)</sup>

(Note) A "Related Party" means an investment bank, securities firm or other financial institute that has entered into a financial advisory agreement with any of the foregoing parties, or any other party that shares a substantial interest with any of the foregoing parties, or any tender offer agent, lawyer, accountant or other advisor, or any party that such party substantially controls or that acts jointly or in concert with any of the foregoing parties. In determining "Related Party" in relation to



partnerships and other funds, the substantial identity of the fund manager and other various circumstances will be taken into consideration.

- (b) The Class A Share Subscription Rights may be exercised only when the holder of the Class A Share Subscription Rights submits to the Bank a document stating a representation and warranty clause, an indemnity clause and other matters as the Bank may prescribe that the holder of the Class A Share Subscription Rights is not a Non-Qualified Person as set forth in (v)-(a) above (including, in the case of exercising the Class A Share Subscription Rights on behalf of a third party, that the third party is not a Non-Qualified Person as set forth in (v)-(a) above), materials showing the fulfillment of the conditions required by the Bank to a reasonable extent, and documents required by Laws and Regulations.
- (c) In the event that applicable foreign securities laws or other Laws and Regulations require the performance of certain procedures or the satisfaction of certain conditions with respect to the exercise of the Class A Share Subscription Rights by a person located in the jurisdiction of such Laws and Regulations, a person located in such jurisdiction may exercise the Class A Share Subscription Rights only if all such procedures and conditions are performed or satisfied. Even if a person located in the relevant jurisdiction can exercise the Class A Share Subscription Rights upon execution or fulfillment by the Bank of the above procedures and conditions, the Bank will not be obligated to execute or fulfill such procedures and conditions.
- (d) Confirmation of the fulfillment of the conditions set forth in (v)-(c) above will be made in accordance with the procedures set forth in (v)-(b) above, as determined by the Board of Directors of the Bank.
- (e) No Class A Share Subscription Right may be partially exercised.
- (vi) Provisions for Acquisition  
The Bank may, at any time on or after the effective date of the allotment of the Class A Share Subscription Rights to shareholders without contribution, and on a date to be determined by the Board of Directors of the Bank, acquire the Class A Share Subscription Rights that have been unexercised, with the consideration specified by the Board of Directors of the Bank or without contribution.
- (a) In the case of implementing countermeasures (Acquisition from holders of the

Class A Share Subscription Rights other than Non-Qualified Persons)

If the countermeasures in the Plan are implemented, the Bank will, at any time on or after the effective date of the allotment of the Class A Share Subscription Rights to shareholders without contribution, and on a date to be determined by the Board of Directors of the Bank, compulsorily acquire the Class A Share Subscription Rights that are unexercised and exercisable pursuant to (v)-(a) and (b) above (i.e., held by persons who are not Non-Qualified Persons) (referred to as "Exercisable Class A Share Subscription Rights" in (vi)-(b) below), in exchange for delivering the number of the Shares which will be calculated as the integer portion of the number obtained by multiplying the number of the Class A Share Subscription Rights to be acquired by the number of shares to be issued per one (1) Class A Share Subscription Right (shares less than one unit will be discarded).

The confirmation of the fulfillment of the conditions for the acquisition of the Class A Share Subscription Rights will be made in accordance with the procedures set forth in (v)-(b) above, as determined by the Board of Directors of the Bank.

(b) In the case of implementing countermeasures (Acquisition from Non-Qualified Persons)

If the countermeasures in the Plan are implemented, the Bank will compulsorily acquire the unexercised Class A Share Subscription Rights, other than Exercisable Class A Share Subscription Rights, in exchange for another class of share subscription rights in the number of the same number of Class A Share Subscription Rights subject to acquisition, with certain restrictions on the exercise by Non-Qualified Persons (subject to the exercise conditions and provisions for compulsory acquisition as set forth below and as otherwise determined by the Board of Directors of the Bank. Such share subscription rights are hereinafter referred to as the "Class B Share Subscription Rights") on a date determined by the Board of Directors of the Bank that is on or after the effective date of the allotment of the Class A Share Subscription Rights to shareholders without contribution.

The confirmation of the fulfillment of the conditions for the acquisition of the Class A Share Subscription Rights will be made in accordance with the procedures set forth in (v)-(b) above, as determined by the Board of Directors of the Bank.

(i) Exercise Conditions

If the holder of the Class B Share Subscription Rights does not fulfill the following conditions (including, in the case of exercising the Class B Share Subscription Rights on behalf of a third party, that the third party does not fulfill the following conditions), they will not be permitted to exercise the

Class B Share Subscription Rights. In addition, partial exercise of any Class B Share Subscription Rights will not be permitted.

(x) If the holder of the Class B Share Subscription Rights has discontinued the Large-Scale Purchase and has pledged not to conduct the Large-Scale Purchase thereafter, and

(y) If the ratio recognized by the Board of Directors of the Bank as the voting rights ratio of the holder of the Class B Share Subscription Rights is less than 20%, (in such case, the holder of the Class B Share Subscription Rights and other Non-Qualified Persons may exercise the Class B Share Subscription Rights only to the extent that the ratio recognized by the Board of Directors of the Bank as the voting rights ratio after exercise is less than 20%). (However, in calculating the voting rights ratio, the Non-Qualified Persons other than the holder of the Class B Share Subscription Rights and its joint holders or specially related parties will be deemed to be joint holders or specially related parties of the holder of the Class B Share Subscription Rights, and the calculation will be made by excluding the Class B Share Subscription Rights held by the Non-Qualified Persons for which the terms and conditions of the exercise of rights have not been satisfied.)

(ii) Provisions for Acquisition

The Bank may, as of a date separately determined by the Board of Directors of the Bank on or after the date on which ten (10) years have elapsed from the date on which the Class B Share Subscription Rights were delivered until the date on which eleven (11) years have elapsed, compulsorily acquire Class B Share Subscription Rights (those that have not been exercised and for which the terms and conditions of the exercise of rights have not been satisfied) for cash equivalent to the fair value of such Class B Share Subscription Rights at that time.

(c) In the case of withdrawing the provisional implementation of some of the countermeasures (Acquisition from all of the Class A Share Subscription Rights holders without consideration)

The Bank may compulsorily acquire all of the Class A Share Subscription Rights without any consideration on a date separately determined by the Board of Directors of the Bank, if the Board of Directors of the Bank deems it appropriate for the Bank to acquire the Class A Share Subscription Rights, at any time up to the day before the commencement date of the period during which the Class A

Share Subscription Rights can be exercised. In the event that the Large-Scale Purchaser fails to follow the Request for Temporary Suspension of Large-Scale Purchases, and where thereby the Bank has implemented the allotment of the Class A Share Subscription Rights to shareholders without contribution in advance as a temporary implementation of a part of the countermeasures, and where the proposal for the implementation of countermeasures is not approved at the General Meeting to Confirm Shareholders' Support, the Bank will acquire all of the Class A Share Subscription Rights without contribution.

(vii) Approval of Transfer

Acquisition of the Class A Share Subscription Rights by transfer requires approval of the Board of Directors of the Bank.

(viii) Matters concerning capital and reserves

Matters concerning capital and capital reserves to be increased in connection with the exercise of the Class A Share Subscription Rights and acquisition, etc., under the provisions for acquisition will be determined in accordance with the provisions of Laws and Regulations.

(ix) Issuance of Share Subscription Right Certificates

Share Subscription Right certificates will not be issued for the Class A Share Subscription Rights.

(2) Number of the Class A Share Subscription Rights to be allotted to the shareholders

One Class A Share Subscription Right per Share (excluding treasury shares held by the Bank) will be allotted.

(3) Shareholders subject to the allotment of the Class A Share Subscription Rights to shareholders without contribution

The Class A Share Subscription Rights will be allotted to all shareholders of the Shares (excluding the Bank) who are listed or recorded on the final shareholder register as of the record date separately determined by the Board of Directors of the Bank.

(4) Total number of the Class A Share Subscription Rights

The total number of the Share Subscription Rights will be same as the final total number of outstanding shares (excluding the number of treasury shares held by the Bank) of the Bank as of the record date separately determined by the Board of Directors of the Bank.

(5) Effective date of the allotment of the Class A Share Subscription Rights to shareholders

without contribution

The effective date of the allotment of the Share Subscription Rights will be a date on and after the record date separately determined by the Board of Directors of the Bank and which will be separately determined by the Board of Directors of the Bank.

(6) Suspension or withdrawal of the implementation of countermeasures

After the Board of Directors of the Bank or the General Meeting to Confirm Shareholders' Support has passed a resolution approving the implementation of countermeasures, if (i) the Large-Scale Purchaser has suspended or withdrawn the Large-Scale Purchase, or (ii) there have been changes in the facts on which the judgment as to whether countermeasures should be implemented and it is no longer considered objectively appropriate to maintain the implemented countermeasures from the perspective of protecting and enhancing the Bank's corporate value and the common interests of the shareholders, the Board of Directors of the Bank must decide whether to maintain the countermeasures.

If the Board of Directors of the Bank has determined to suspend or withdraw the implemented countermeasures, it must promptly disclose to that effect.

4. Impact on shareholders and investors

(1) Impact of the Plan on shareholders and investors upon introduction thereof

At the time of introduction of the Plan, the allotment of the Class A Share Subscription Rights to shareholders without contribution will not be carried out and thus, it will not directly have any specific impact on the legal rights or economic benefits of shareholders and investors.

(2) Impact of the implementation of allotment of the Class A Share Subscription Rights to shareholders without contribution on shareholders and investors

The Class A Share Subscription Rights will be allotted without contribution, to shareholders as of the record date, at the rate of one Share Subscription Right per common share held and thus, as long as the exercise of the Share Subscription Rights is assumed, the allotment thereof does not cause dilution of the total value of the Shares held by each shareholder.

If shareholders do not exercise the Class A Share Subscription Rights during the exercise period of the Class A Share Subscription Rights, the exercise of the Class A Share Subscription Rights by other shareholders will dilute the value of the Shares held. However, with respect to the Class A Share Subscription Rights, in principle, the Bank plans to compulsorily acquire, prior to the arrival of the exercise period, all of the Class A Share Subscription Rights pursuant to the provisions for acquisition set thereon and

deliver the Shares to the Class A Share Subscription Rights that satisfy the exercise conditions. If the Bank carries out such procedures for compulsory acquisition, all shareholders other than Non-Qualified Persons will receive the Shares without exercising the Class A Share Subscription Rights or making monetary contributions equivalent to the exercise price of the Class A Share Subscription Rights, and dilution of the value per-share of the Shares already held by each shareholders will occur, but when combined with the new shares to be received, no dilution of the total value of the Shares held by each shareholder will occur.

Please note that in cases where the Bank cancels the allotment of the Class A Share Subscription Rights to shareholders without contribution after the shareholders to receive the allotment of the Class A Share Subscription Rights to shareholders without contribution are determined, or the Bank compulsorily acquires the Class A Share Subscription Rights allotted for no consideration, no dilution of the value per-share of the Shares will occur. Accordingly, investors who have traded the Shares, etc. based on the assumption that dilution of value per-share of the Shares would occur may be exposed to a substantial loss due to share price fluctuation.

Thus, whether or not dilution of value of the Shares will occur in the end may change for various reasons even once the Bank has made a resolution for the allotment of the Class A Share Subscription Rights to shareholders without contribution. The Bank kindly asks investors to note this.

Since discriminatory conditions will be attached in relation to the exercise or acquisition of the Class A Share Subscription Rights, dilution of the legal rights or economic benefits of Non-Qualified Persons are expected to occur upon the said exercise or acquisition, but even in such case, such conditions are not expected to directly have a specific impact on the legal rights and economic benefits pertaining to the Shares held by shareholders and investors other than Non-Qualified Persons. Please note, however, that since the transfer of the Class A Share Subscription Rights themselves is restricted, if the Shares are delivered to shareholders as a result of the exercise of the Class A Share Subscription Rights or the compulsory acquisition by the Bank of the Class A Share Subscription Rights on or after the Allotment Date, the collection of invested capital through such transfer may be subject to restrictions in terms of the portion of the value of the Shares held by each shareholder that is attributable to the Class A Share Subscription Rights, until such time as the additional Shares are recorded in each shareholder's book-entry securities account.

Depending on how the number of shares to be issued per one Share Subscription Right is set, there may be a fraction less than one share or shares less than one unit in the

Shares to be acquired by shareholders and investors other than Non-Qualified Persons. In such case, shares less than one share may be discarded. In addition, no voting rights will be granted to shares less than one unit (shares less than one unit cannot be traded on financial instruments exchanges as they are. You may continue to hold the shares, but you may also request the Bank to purchase them or to sell additional shares from the Bank so that they will constitute one unit of shares.).

(3) Procedures necessary for shareholders to follow at the time of allotment of the Class A Share Subscription Rights to shareholders without contribution

(a) Procedures for exercise of the Class A Share Subscription Rights

The Bank will, in principle, send the exercise request form for Class A Share Subscription Rights (in the format prescribed by the Bank which includes necessary matters such as the description and number of the Class A Share Subscription Rights to be exercised, the date of exercise of the Class A Share Subscription Rights and the transfer account (excluding a special account) for recording the Shares, as well as a representations and warranties clause requiring that the shareholders themselves satisfy the exercise conditions of the Class A Share Subscription Rights, etc., an indemnification clause and any other written pledge) and any other documents necessary for the exercise of the Class A Share Subscription Rights, to those shareholders whose names are stated or recorded in the last shareholder register as of the reference date separately determined by the Board of Directors. After the allotment of the Class A Share Subscription Rights to shareholders without contribution, the number of the Shares determined by the Bank's Board of Directors will be delivered for each Class A Share Subscription Right, as long as the shareholders submit these necessary documents during the exercise period and pay one (1) yen multiplied by the number of shares being the object of the Class A Share Subscription Rights per Class A Share Subscription Right, to the designated place for payments.

Please note that under the provisions of the Act on Book-Entry Transfer of Corporate Bonds and Shares, the Shares delivered as a result of the exercise of the Class A Share Subscription Rights cannot be recorded in a special account. Therefore, when shareholders exercise the Class A Share Subscription Rights, they are required to open a transfer account such as a brokerage account.

(b) Procedures for acquisition of Class A Share Subscription Rights by the Bank

The conditions of the exercise of the Class A Share Subscription Rights allotted to shareholders and the procedures for the exercise thereof are as stated in 3 above. In principle, the Bank plans to compulsorily acquire all of the Class A Share Subscription Rights pursuant to the provisions for acquisition set thereon and deliver the Shares to the Class A Share Subscription Rights that satisfy the exercise conditions prior to the arrival of the exercise period. In such case, the Bank will carry out the acquisition in accordance with Laws and Regulations and upon making a public notice at least two weeks prior to the acquisition date.

If the Bank acquires the Class A Share Subscription Rights pursuant to the provisions for acquisition in accordance with 3-(1)-(vi)-(a) above, shareholders will receive the delivery of the Shares as consideration for the Bank acquiring the Class A Share Subscription Rights without making monetary contributions equivalent to the value of the Class A Share Subscription Rights. In receiving the Shares, while shareholders are not required to make any payment of money, shareholders may be requested to take certain procedures in connection with the securities account into which such Shares will be credited.

However, in the case of Non-Qualified Persons, their treatment in relation to the exercise of the Class A Share Subscription Rights or acquisition, etc. by the Bank will differ from that of other shareholders, and the Class A Share Subscription Rights will be acquired in exchange for the Class B Share Subscription Rights as described in 3(1)-(vi)-(b) above.

(c) Other

The Bank will make timely and appropriate disclosures regarding the details of each of the above procedures in accordance with Laws and Regulations when such procedures are actually required, so please check the details upon disclosure.

5. Mechanism to improve the rationale of the Plan

(1) Based on the purpose of the guidelines on takeover defense measures in peace times

The Plan differs from the so-called prior warning-type takeover defense measures introduced in peacetime, but it is established based on the purpose of the contents of the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interest” jointly published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27,



2005, the contents of recommendations of the “Takeover Defense Measures in Light of Recent Environmental Changes” by the Ministry of Economy, Trade and Industry's Corporate Value Study Group dated June 30, 2008, as well as “Principle 1-5. Takeover Defense Measures” of the Corporate Governance Code (June 11, 2021 Revision) introduced through revisions to the Rules on the Introduction of Takeover Defense Measures at Normal Times stipulated by the Tokyo Stock Exchange and the Securities Listing Regulations of the Tokyo Stock Exchange, which application commenced on June 1, 2015. Among the requirements set forth in these guidelines, the Plan also satisfies those that are applicable to the emergency response policy.

(2) Respect for shareholders' intention (mechanism that directly reflects the shareholders' intention)

In implementing countermeasures under the Plan, the Bank will reflect the shareholders' intention by holding the General Meeting to Confirm Shareholders' Support. The Bank will request the Large-Scale Purchaser, Etc. to comply with the procedures set forth in 2-(3) above, however, when the Large-Scale Purchaser, Etc. complies with the procedures in accordance with the same request, as well as when it does not comply with the same, countermeasures will ultimately be implemented only based on the shareholders' intention at the General Meeting to Confirm Shareholders' Support.

Furthermore, as stated in 6 below, the effective period of the Plan will, in principle, expire at the conclusion of the first meeting of the Board of Directors held after the 2022 General Meeting of Shareholders of the Bank.

Thus, the Plan respects the shareholders' intention to the maximum extent.

(3) Preclusion of arbitrary decisions by the Board of Directors

As stated in (2) above, the Bank will hold the General Meeting to Confirm Shareholders' Support, follow the shareholders' intention and decide whether or not to implement countermeasures against the Large-Scale Purchase. When the Large-Scale Purchaser, Etc. complies with the procedures set forth in 2-(3) above, as well as when it does not comply with the same, whether or not to implement countermeasures will be finally decided based on the General Meeting to Confirm Shareholders' Support, and the countermeasures will not be implemented at the arbitrary discretion of the Bank's Board of Directors.

In addition, a majority of the Bank's Directors (five out of seven Directors) are independent External Directors, and a majority of the Bank's corporate auditors (two out of three corporate auditors) are independent external corporate auditors. The Bank's Board of

Directors may obtain the advice of outside experts (financial advisors, lawyers, certified public accountants and certified public tax accountants, etc.) as necessary, as well as appoint separate outside experts for independent officers, and independent officers may obtain the advice of such outside experts. Thus, the Bank's Board of Directors has sufficient mechanisms in place to ensure the fairness, objectivity and reasonableness of the decisions, and to preclude arbitrary decisions.

(4) The Plan is not a dead-hand type takeover defense measure or slow-hand type takeover defense measure

As stated in 6 below, the Plan may be abolished at any time by the Board of Directors consisting of Directors who are elected at the General Meeting of Shareholders and thus, the Plan is not a so-called dead-hand type takeover defense measure (takeover defense measure whose implementation cannot be prevented even after replacing a majority of the members of the Board of Directors) or a slow-hand type takeover defense measure (takeover defense measure that requires time to prevent the implementation of the plan because the members of the Board of Directors cannot be replaced at once).

6. Abolishment procedures and effective period of the Plan

The effective period of the Plan starts as of today and expires at the conclusion of the first meeting of the Board of Directors held after the Annual General Meeting of Shareholders of the Bank in 2022. If, however, there exists a person currently carrying out the Large-Scale Purchase or a person who intends to carry out such purchase and who is specified by the Bank's Board of Directors at the conclusion of the first meeting of the Board of Directors held after the Annual General Meeting of Shareholders of the Bank in 2022, the effective period will be extended to the extent necessary to respond to such purchase being carried out or intended. As stated in the above, the Plan is introduced mainly for the purpose of responding to the Large-Scale Purchase including the TOB that is already taking shape and thus, the Bank does not plan to maintain the Plan after the particular Large-Scale Purchase is no longer intended.

In addition, if a resolution approving the abolition of the Plan is passed by the General Meeting of Shareholders or the Board of Directors any time before the expiration of the effective period, the Plan will be abolished at that point in time.

End

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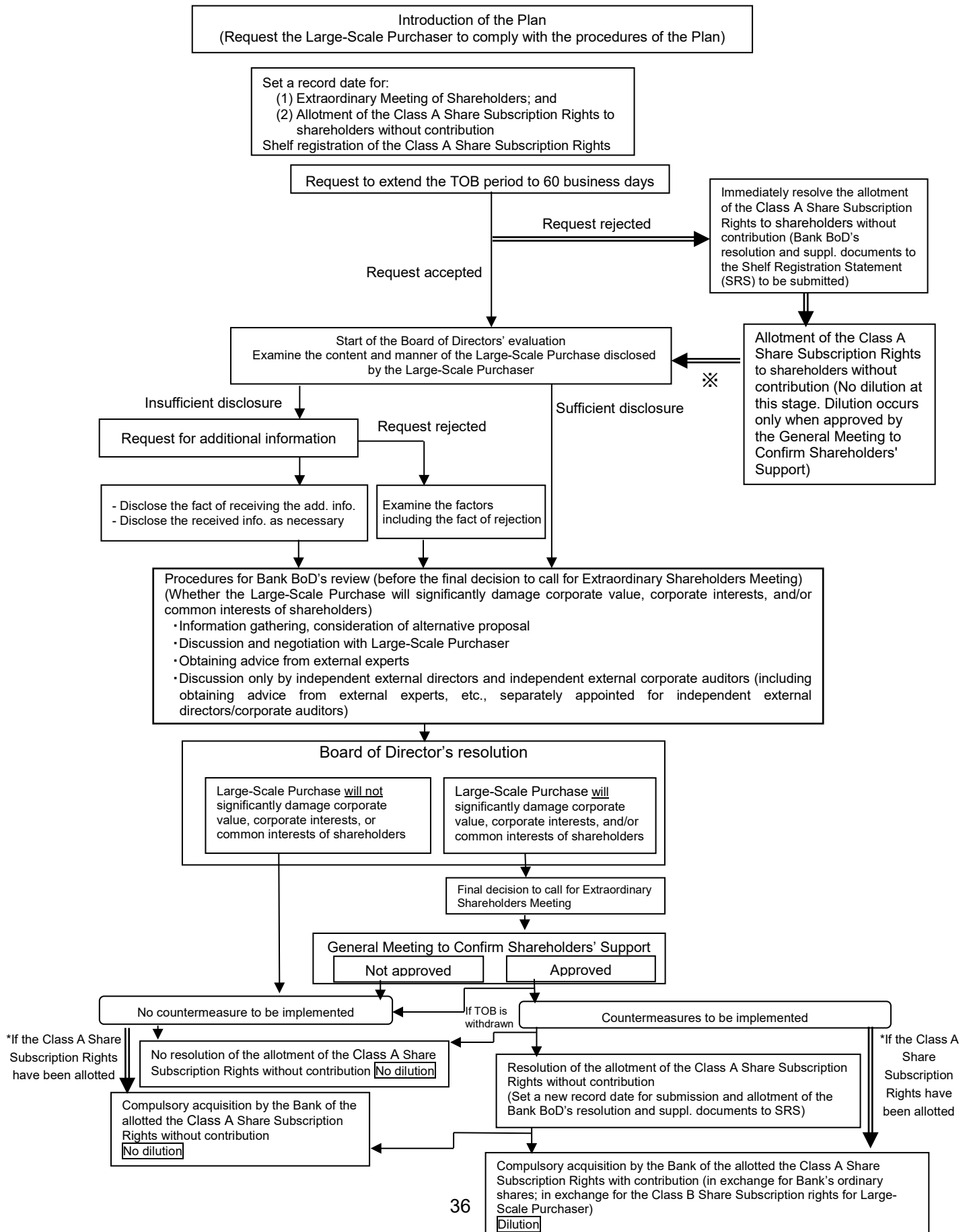
*Shinsei Bank is a leading diversified Japanese financial institution providing a various range of financial products and services to both institutional and individual customers. The Bank has a network of outlets throughout Japan and is committed in its pursuit of uncompromising levels of integrity and 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:  
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## Appendix

### Overview of the Plan's procedures



# **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.**

September 17, 2021

# Summary of the Introduced Policy

At this moment, it cannot be ruled out that there is a risk that the Tender Offer announced by SBI Regional Bank Holdings Co., Ltd. ("SBIRB Holdings"), a wholly-owned subsidiary of SBI Holdings, Inc. ("SBI Holdings", and together with SBIRB Holdings, "SBIHDs") on September 9, 2021 ("the TOB") may impede the maximization of Shinsei Bank's ("the Bank") corporate value and the common interests of the shareholders. Therefore, the Board of Directors of the Bank ("the BoD") decided to introduce the following policy to respond to the TOB

## The Policy

The BoD decided to set **the procedure to ensure that the shareholders have the information and time that enables them to make an appropriate judgement** on the potential impact on the Bank's corporate value and the source of its corporate value due to the Large-Scale Purchase by SBIHDs

1. Introduced Basic Policies regarding those who control the determination of the Company's financial and operational policies
2. In light of the Basic Policies, introduced Takeover Defense Measures as initiatives subject to Confirmation on Shareholders' Intention for preventing parties who are inappropriate from controlling the determination of the financial and business policies

# Background of Introduction of Takeover Defense Measures

- Since the end of March 2021, the Bank has proposed SBI Holdings conversation sessions but our proposal has been declined. Hence, there has been no discussions between SBI Holdings and the Bank's management members about the management. Under such circumstances, the TOB was suddenly commenced without any prior notice, explanation or discussions with the Bank
  - Considering the fact that the maximum number of shares to be purchased is set, it cannot be ruled out that there is a risk that the TOB may hinder the maximization of the Bank's corporate value and the common interests of the shareholders, and may exert coercive pressure on minority shareholders at all
  - Shareholders' judgment may be distorted including, for example, the case where shareholders who would not otherwise be in favor of the TOB would be forced to sell off by tendering their shares for the TOB
- The maximum number of shares to be purchased is set at less than a majority of the voting rights of all shareholders of the Bank. 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, it is a proposal essentially trying to control the Bank's management while saving its investment outlay and without obtaining regulatory approval to become a bank holding company
  - The TOB may pose serious problems in terms of a highly public nature and a significant responsibility as a bank
- The Bank sees a number of matters significantly deviating from the Bank's understanding in the discussions and communications between SBIHDs and the Bank regarding business alliances as mentioned in the TOB Registration Statement
  - The Bank believes that it has considered the proposal for a capital and business alliance made by SBIHD on September 2019, in good faith for about two months from the viewpoint of feasibility and advantages and disadvantages to the Bank
  - As for "an alliance in the areas where synergies for Both Groups can be expected, including the securities business" with respect to which SBIHDs says it did not receive a positive response from the Bank, it should be noted that originally the Bank was seeking a cost reduction measure in the retail business, and the Bank adopted a bidding process to receive proposals from three main candidates including SBI SECURITIES Co.,Ltd., and elected the most competitive proposal

# Basic Policies regarding those who control the determination of the Company's financial and operational policies

## Preconditions

- As a core bank in the financial services industry, it has a highly public profile and a significant responsibility. In order to maximize the Bank's corporate value and the common interests of the shareholders, it is paramount, from a medium to long-term perspective, to nurture sources that generate the Bank's corporate value
- As a listed company, the Bank recognizes that if a certain person makes a purchase proposal that would have a material impact on the Bank's basic management policy, **the final decision on whether or not to accept such proposal should be made by the shareholders**

## Concerns over a Potential Large-Scale Purchase (as defined in P.5)

- It will be difficult for the shareholders to properly judge the impact of such Large-Scale Purchase on the Bank's corporate value and the common interests of the shareholders unless necessary and sufficient information is provided by the Large-Scale Purchaser, Etc. (as defined in P.5)

## Responsibilities of the BoD Facing Any Large-Scale Purchase

- 1) Have the Large-Scale Purchaser, Etc. provide information that is necessary and sufficient for the shareholders to make their decisions
- 2) Provide the shareholders with the results of the BoDs' evaluation and examination of the impact of the Large-Scale Purchaser, Etc.'s proposal on the Bank's corporate value or the common interests of the shareholders as a reference for making a decision on the proposal
- 3) In some cases, have the BoD negotiate or discuss with the Large-Scale Purchaser, Etc. with respect to the Large-Scale Purchase or the management policy of the Bank, or present to the shareholders an alternative proposal of the management policy, etc., of the BoD



## Initiatives for preventing parties who are inappropriate, in light of Basic Policies, from controlling the determination of the Bank's financial and operational policies (the "Plan")

The Bank introduces the Plan to ensure the matters below in order for **shareholders to make a proper judgment on whether a Large-Scale Purchase may be accepted or not**

### **Purposes of the Plan**

- 1) To provide required information with shareholders** that enables shareholders to make a judgment on whether or not the Large-Scale Purchase against the Bank may hinder maximization of its corporate value and common interests of its shareholders
- 2) To secure sufficient time for the shareholders to give careful consideration for shareholders** on whether such Large-Scale Purchase should be conducted or not
- 3) To prevent its corporate value from being harmed** in case the Large-Scale Purchase is regarded as disadvantageous **for the shareholders**

If a Large-Scale Purchase is forced through without giving the necessary and sufficient information disclosure and sufficient time to consider the purchase to the shareholders, there is a risk that the common interests of shareholders will be damaged and the remaining minority shareholders will be harmed

The Plan is intended to ensure that sufficient information is provided by the Large-Scale Purchaser, Etc. to secure an opportunity to confirm the overall intention of the shareholders, and to ensure that such intention is reflected, which is believed to be **contributive to maximization of the corporate value of the Bank and the common interests of the shareholders**

# Summary of Countermeasures and the Subject of the Plan

## Summary of Countermeasures subject to the Plan

- 1) Allotment of class A share subscription rights without contribution
  - The Bank **will allot class A share subscription rights to all shareholders of the Bank** without contribution that the Bank can acquire in exchange for the shares. **The Non-Qualified Persons may not exercise the rights**
- 2) Acquisition of the class A share subscription rights by the Bank
  - If the shares are issued to the shareholders who are not Non-Qualified Persons in exchange for the class A share subscription rights by the Bank, voting rights relating to the shares held by Non-Qualified Persons will be diluted to some extent

## Scope of “Large-Scale Purchase” and Definition of “Large-Scale Purchaser, Etc.” subject to the Plan

### **Scope of “Large-Scale Purchase”**

- a) Purchase of shares of the Bank for the purpose of securing 20% or more of the voting right
  - Including purchases by a Specified Shareholder Group who already holds 20% or more of the voting rights before such purchase; regardless of whether by on-market trading
- b) Purchase of shares, etc. of the Bank which results in holding 20% or more of the voting rights
- c) Any other agreements or acts executed with other shareholder of the Bank (limited to the cases where the total of the holding ratios of voting rights amounts to 20% or more)

### **Definition of “Large-Scale Purchaser, Etc.”**

Persons who conduct or intend to conduct such Large-Scale Purchase by themselves or jointly or cooperatively with other persons

# Outline of Procedures for the Plan and Executive Structure

## Procedures for the Plan

- If the shareholders approve the proposal for the implementation of the countermeasures at the General Meeting, and the Large-Scale Purchase is not withdrawn;
  - The prescribed countermeasures will be implemented
- If the Request for Temporary Suspension of Large-Scale Purchase is not complied and the Large-Scale Purchaser intends to conduct or continue the Large-Scale Purchase before the General Meeting;
  - A part of the prescribed countermeasures will be implemented temporarily, and then, confirm the shareholders' intentions at the General Meeting

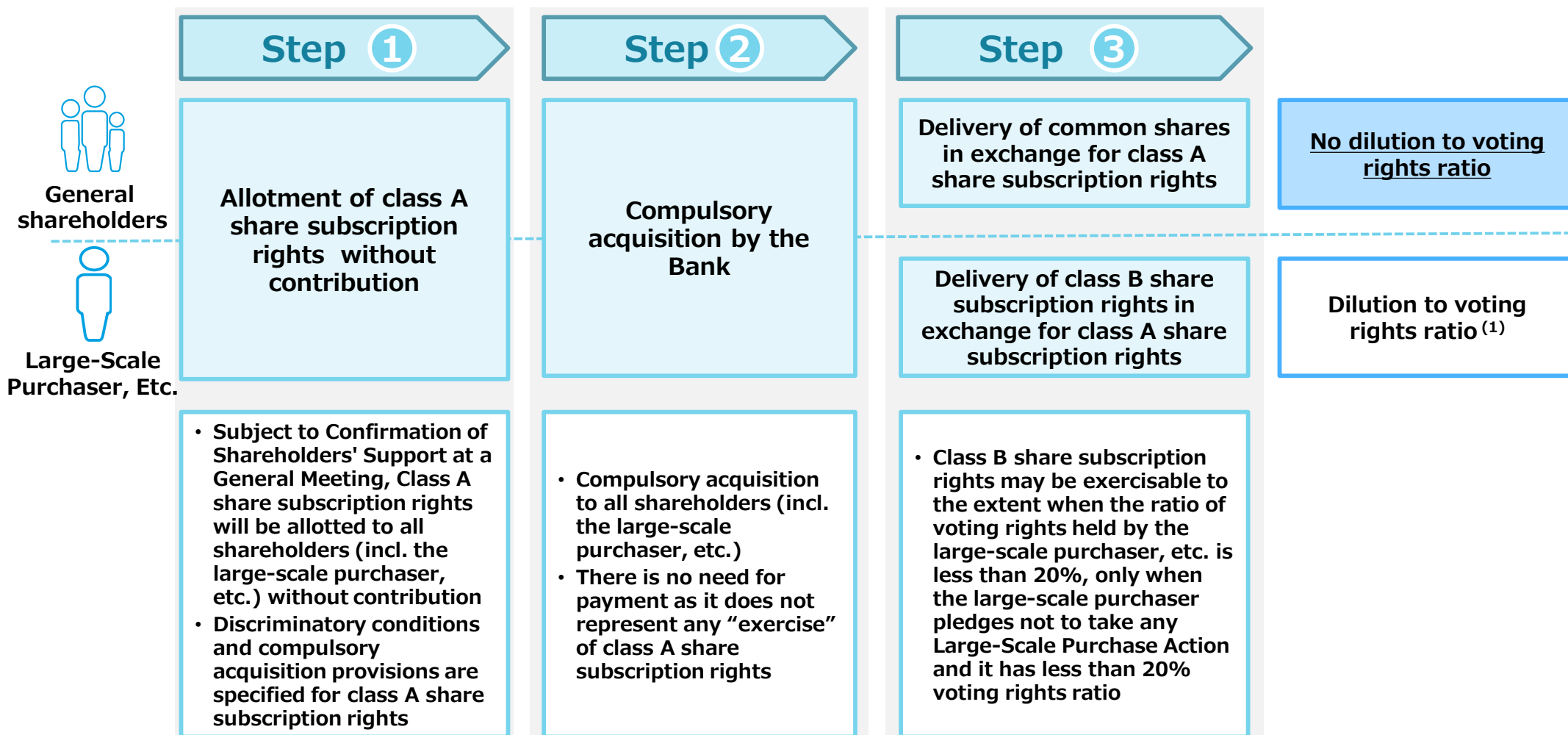
## Ensuring the fairness and objectivity of the operation of the Plan

- **Five out of Seven directors of the Bank are independent external directors and two out of three corporate auditors are independent external corporate auditors.**

Therefore, the Bank is of the view that it is not necessary to separately establish a so-called independent committee that is independent from the BoD because the present composition of directors and corporate auditors is sufficient to prevent arbitrary judgments by the BoD and to ensure the fairness and objectivity of the operation of the Plan
- The opportunity itself for discussions only among independent external directors and external corporate auditors is not impeded at all. To enable the independent external directors and the independent external corporate auditors to receive advice for their discussions, the Bank will appoint outside experts who are independent from the BoD. All costs arising from obtaining such advice will be borne by the Bank to a reasonable extent

## (Reference) Steps to be Taken When Countermeasures are Implemented

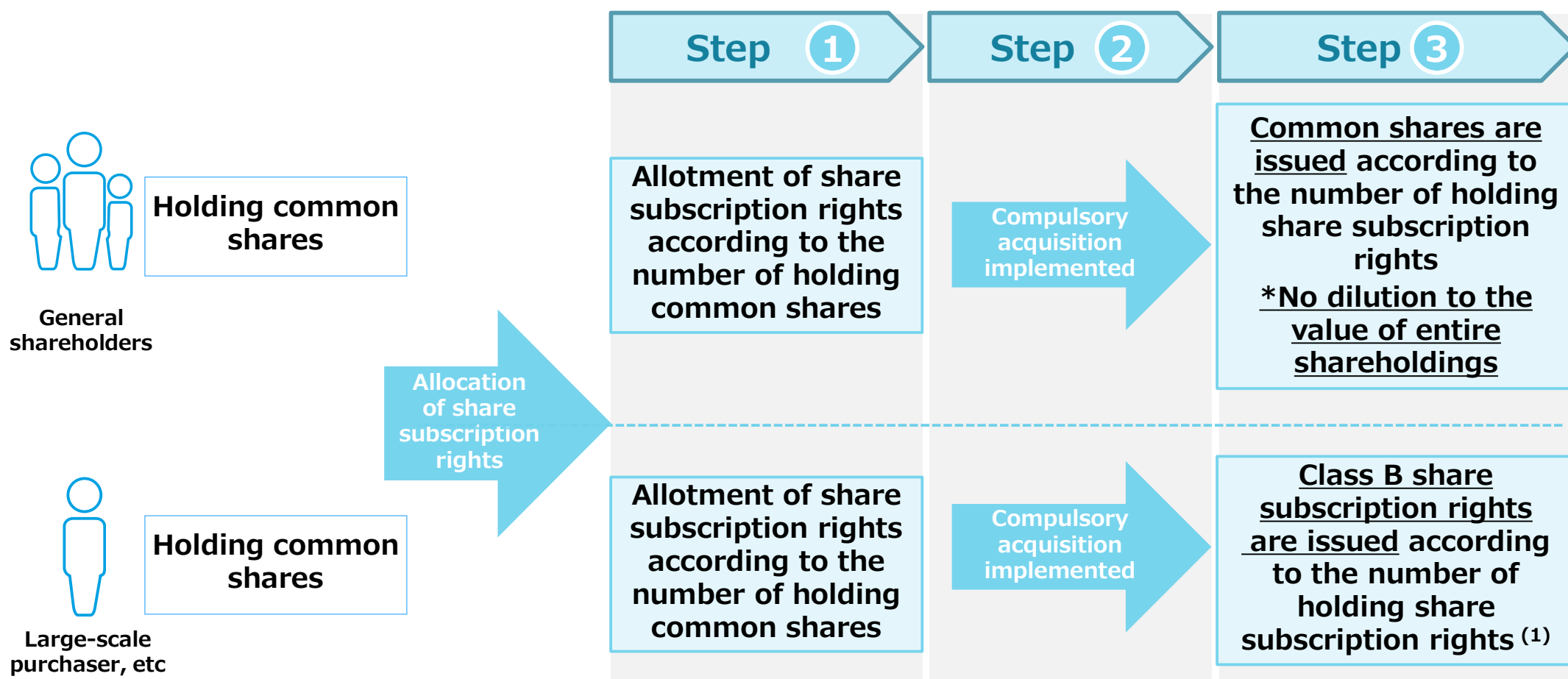
The Bank will allot class A share subscription rights with discriminatory conditions and compulsory acquisition provisions to all shareholders without contribution. The Bank will carry out compulsory acquisition, and issue common shares to general shareholders and class B share subscription rights to the Large-Scale Purchaser, Etc.



(1) Class B share subscription rights are exercisable 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%. 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%

## (Reference) Indicative Dilution When Countermeasures are Implemented

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 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%. 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%.

# (Reference) Q&As Regarding the Plan

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- 1) Is an introduction of any anti-takeover measure necessary, as whether or not to tender shares to the Tender Offer is up to respective shareholders?
  - If a Large-Scale Purchase is forced through despite the expression of opposition and request for provision of additional information under the tender offer system, there is a risk that shareholders will not be given the necessary and sufficient information disclosure and time to consider the purchase, and as a result, there is a risk that the common interests of shareholders will be damaged and the remaining minority shareholders will be harmed
  - The decision on the introduction of the Plan is made with an intention to secure information and time for proper decisions on potential impacts of the Large-Scale Purchase on corporate value and sources of value of the Bank, and to enable shareholders to reject such Large-Scale Purchase if they regard such action as disadvantageous
  
- 2) If the Tender Offer is withdrawn after the introduction of Takeover Defense Measures, 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

## (Reference) Q&As Regarding the Plan (Cont'd)

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- 3) What is the purpose of holding a General Meeting to confirm shareholders' support?
- The meeting will be held for the purpose of confirming overall intention of the shareholders
  - The countermeasures will never be implemented at the discretion of the Bank BoD arbitrarily: Whether to implement the countermeasures will be ultimately determined at the General Meeting to confirm Shareholders' Support, regardless of whether or not the Large-Scale Purchaser complies with the procedures
- 4) Don't you think the introduction and implementation of Takeover Defense Measures of an act of incumbent directors for the purpose of protecting themselves?
- The purpose of the Plan is to secure appropriate provision of information and time for deliberation and to prevent Large-Scale Purchase if shareholders regard such purchase as disadvantageous. The countermeasures are not intended to enable or make it easier for the company executives to protect themselves, and it is thus believed not to reduce a level of alertness in the management and among the company executives
  - Since the Plan is subject to Confirmation of Shareholders' Support at a General Meeting of shareholders, pointing out countermeasures as an act of incumbent directors for the purpose of protecting themselves is not applicable
  - Five out of Seven directors of the Bank are independent external directors and two out of three corporate auditors are independent external corporate auditors. Therefore, the decision-making process is believed to ensure the fairness and objectivity

## (Reference) Q&As Regarding the Plan (Cont'd)

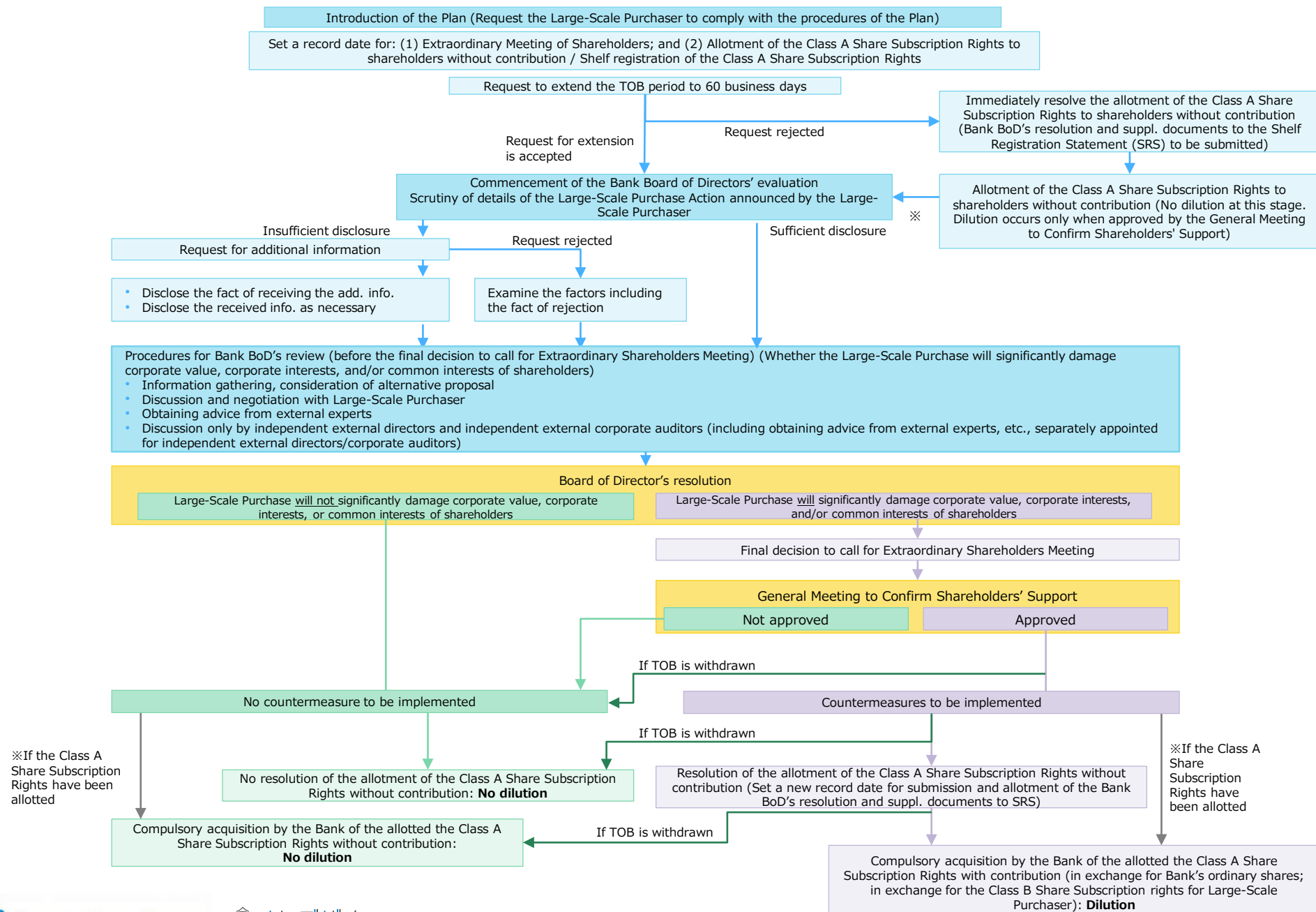
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- 5) Is there any problem in treating a specific shareholder in a discriminatory manner in the countermeasures?
- the Bank recognizes that risks of the Large-Scale Purchase concerning potential damages on common interests of shareholders and on residual minority shareholders cannot be ruled out completely
  - In such circumstances, potential discriminatory treatment of the Large-Scale Purchaser to some extent, according to the overall intention of shareholders, will result in protection of corporate value and interests of shareholders
- 6) Why will SBIHDs be able to control the management substantially without acquiring a majority of voting rights?
- As the average ratio of voting rights exercised in the past is about 90%, SBIHDs will be able to control the management of the Bank substantially without acquiring a majority of voting rights
  - SBIHDs stated, in its press release, that its ownership ratio of voting rights after the Tender Offer would be 48% at a maximum and one of its purposes of the Tender Offer was to change all or part of the Bank's officers



# Appendix A: Procedures for the Plan

# Overview of the Plan's procedures



# Mechanism intended to improve the rationale of the Plan

The Plan respects overall intention of shareholders, as the decision-making process and structure, as well as the framework, are properly designed ensuring a rationale mechanism that respects guidelines on Takeover Defense Measures

## (1) Based on the purpose of the guidelines on takeover defense measures in peacetime

- The Plan differs from the so-called prior warning-type takeover defense measures introduced in peacetime, but it is established based on the purpose of the guidelines by relevant regulators and the Tokyo Stock Exchange<sup>(1)</sup>

## (2) Respect for shareholders' intention (mechanism that directly reflects the shareholders' intention)

- Regardless of whether the Large-Scale Purchaser, etc. complies with the prescribed procedures as requested, countermeasures will ultimately be implemented only based on the shareholders' intention at the General Meeting to Confirm Shareholders' Support.

## (3) Preclusion of arbitrary decisions by the BoD (to secure fairness, objectivity and reasonableness in judgments)

- Countermeasures are implemented based only on the shareholders' intention at the General Meeting to Confirm Shareholders' Support, and never arbitrarily at the discretion of the BoD
- Independent outside members accounts for a majority in both BoD and Audit & Supervisory Board of the Bank, and the BoD and independent executives are able to obtain the advice of outside experts, respectively

## (4) The Plan is not a dead-hand type takeover defense measure or slow-hand type takeover defense measure

- The Plan may be abolished at any time by the BoD consisting of Directors who are elected at the General Meeting of Shareholders and thus, the Plan is not a so-called dead-hand type takeover defense measure<sup>(2)</sup> or a slow-hand type takeover defense measure<sup>(3)</sup>

(1) "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interest" jointly published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, the contents of recommendations of the "Takeover Defense Measures in Light of Recent Environmental Changes" by the Ministry of Economy, Trade and Industry's Corporate Value Study Group dated June 30, 2008, as well as "Principle 1-5. Takeover Defense Measures" of the Corporate Governance Code (June 11, 2021 Revision) introduced through revisions to the Rules on the Introduction of Takeover Defense Measures at Normal Times stipulated by the Tokyo Stock Exchange and the Securities Listing Regulations of the Tokyo Stock Exchange, which application commenced on June 1, 2015.

(2) Takeover defense measure whose implementation cannot be prevented even after replacing a majority of the members of the Board of Directors

(3) Takeover defense measure that requires time to prevent the implementation of the plan because the members of the BoD cannot be replaced at once

# Effective period and Abolishment procedures of the Plan

The Plan is formulated for the purpose of respecting overall shareholders' intention and not intended to remain effective after any specific Large-Scale Purchase is no longer planned. The Plan may be abolished before the expiration of the effective period once a resolution on such abolition is passed

## ( 1 ) Effective period

- The effective expires at the conclusion of the first meeting of the BoD held after the Annual General Meeting of Shareholders of the Bank in 2022. If any party as specified by the BoD<sup>(1)</sup> exists at the conclusion of the first meeting of the BoD held after the Annual General Meeting of Shareholders of the Bank in 2022, the effective period will be extended to the extent necessary to respond to such purchase being carried out or intended
- The Plan is introduced mainly for the purpose of responding to the Large-Scale Purchase including the TOB that is already taking shape and thus, the Bank does not plan to maintain the Plan after the particular Large-Scale Purchase is no longer intended

## ( 2 ) Procedures for abolition

- If a resolution approving the abolition of the Plan is passed by the General Meeting of Shareholders or the BoD any time before the expiration of the effective period, the Plan will be abolished at that point in time

(1) A person currently carrying out the Large-Scale Purchase or a person who intends to carry out such purchase

## **Appendix B: the Bank's Initiatives**

# Initiatives for Improvement in Corporate Value and Common Interests of Shareholders

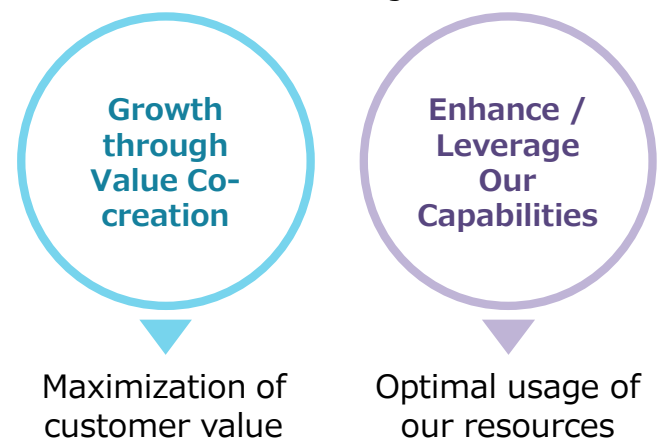
The Bank formulates and executes the Medium-Term Plan in line with our management principles and policies to prop up a source of corporate value from a medium- to long-term perspective, in order to achieve an ultimate goal of improvement in corporate value and common interests of shareholders

## Management Principles and Policies

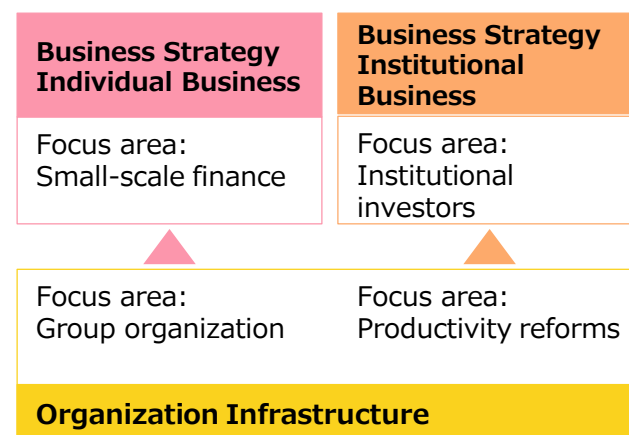
- The Bank Group has established the following Management Principles and is working on a day-by-day basis toward their attainment
  - To become a banking group that is sought out by customers, and contributes to the development of both domestic and international industrial economies, while maintaining stable profitability
  - To become a banking group that values diverse talents and cultures and is constantly taking on new challenges presented by change, based on its experiences and history
  - To become a banking group that strives for highly transparent management and values that is trusted by all stakeholders including customers, investors and employees

## Medium-Term Strategies to Materialize Management Principles and Policies

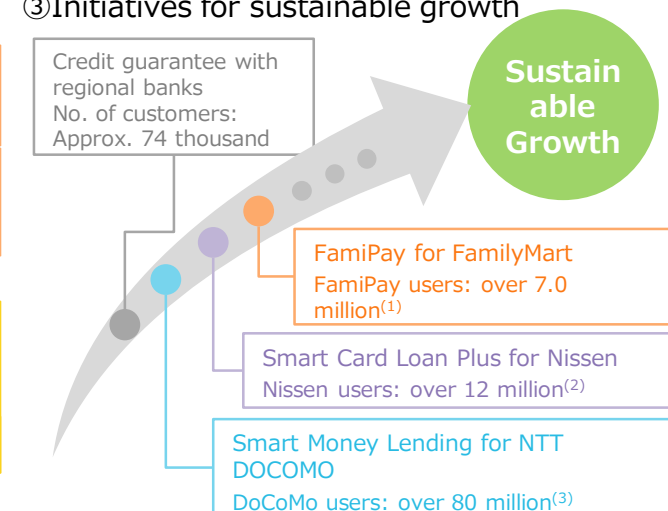
### ① Execution of core strategies



### ② Dedication of resources to focus areas



### ③ Initiatives for sustainable growth



(1) Starting summer of 2021 on the assumption that the necessary approvals will be obtained from authorities

(2) Launched in November 2020: total number of Nissen Credit and Nissen customers

(3) Launched in August 2019

# Initiatives for Enhancement of Corporate Governance

The Bank aims to improve corporate value and common interests of shareholders by, from a perspective of corporate governance, adopting management policies into which interests of shareholders, customers and other stakeholders are reflected

## ( 1 ) Formulation of appropriate disclosure policy

- The Bank's basic policy of corporate governance is intended to establish a structure that helps improvement in efficiency and soundness of management and to proactively provide fair information in a timely and consistent manner, in order to achieve improvement in corporate value

## ( 2 ) Transparency and objectivity of the functions of the Board of Directors

- The Board of Directors, consisted of two full-time directors in charge of execution of the businesses and five outside directors primarily in charge of supervision of the business execution, secures the transparency and objectivity of management and realizes appropriate management decision-making

## ( 3 ) Supervision by and advice from outside directors with strong expertise

- Outside directors, a well-balanced group of executives with extensive experience and high levels of expertise in a range of fields, express their opinions independently and objectively and fulfill their roles providing advice and oversight for executives performing their duties

## ( 4 ) Enhanced a strict corporate governance framework of Audit & Supervisory Board Members/Audit & Supervisory Board

- Audit & Supervisory Board Members and Audit & Supervisory Board, which are independent from the BoD, are responsible for auditing the BoD and business execution, which contributes to the establishment of a strict corporate governance framework

