

English Translation*
Provided as courtesy. Japanese original is the binding version.

Shareholder's Proposal

April 16, 2018

Shinsei Bank, Limited
Nihonbashi Muromachi Nomura Building
4-3, Nihonbashi-muromachi, 2-chome,
Chuo-ku, Tokyo, Japan
c/o Mr Hideyuki Kudo, Representative Director

Dalton Kizuna (Master) Fund LP
1601 Cloverfield Blvd, Suite 5050 N
Santa Monica, California 90404

Kizuna GP LLC
As General Partner

By Dalton Investments LLC
Its: Managing Member

By: _____

Name: James B. Rosenwald III
Title: Managing Member

Dalton Kizuna (Master) Fund LP is a fund managed by Dalton Investments LLC, and is a shareholder of Shinsei Bank Limited (the “**Bank**”) holding not less than three hundred votes of the Bank for not less than six months under its name¹. We request you to include the following in the agenda for the annual general meeting of shareholders scheduled to

¹ Including the above, as of March 31, 2018, Dalton Investments LLC manages 14,084,600 shares of the ordinary shares of the Bank in its client' accounts under the name of the account/custodian financial institutions.

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be held in June 2018 or otherwise (the “AGM”) and state the details of the proposal in the notice of convention for the AGM.

Proposal Determination of the amount of remuneration in the Restricted Stock Compensation System for Directors of the Board

1. Agenda Proposed

The Bank shall grant to each of the Directors of the Board excluding Outside Directors (collectively the “Eligible Directors”) as the remuneration for their service, in addition to existing remuneration, monetary compensation receivables for the allocation of restricted stock, provided that:

- the Eligible Directors shall make contribution in kind using the monetary compensation receivables as contributed assets for the allocation of restricted stock;
- The total amount of monetary compensation receivables to be provided to Eligible Directors shall be no greater than ¥200,000,000; and
- Other details regarding the monetary compensation including the actual timing of grant, number of shares to be issued as the restricted stock, and allocation of the restricted stock among the Eligible Directors shall be determined by the Board.

2. Reasons for the Proposal

We suggest that the management persons of our portfolio companies positively consider introducing remuneration in a form of shares. Our desire is that the Directors of the Board shall have significant ownership (i.e. over 5x of base salary over time), and alignment of interest on long-term survival and prosperity of the companies from business owner’s perspective. We expect that the long-term benefit of improving performance and shareholder value will well exceed the cost of the compensation.

Among the various forms of share remuneration, we recommend the restricted stock system. This is the system which has been substantially lifted by revision of tax regulation on 2016 as the “officer remuneration system to encourage aggressive management” under the initiative of Ministry of Economy, Trade and Industry (METI). As opposed to the stock option which is a synthetic form of holding the shares, the

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restricted stock will grant the voting rights and rights to receive dividends from the date of the subscription. We believe this aspect of restricted stock is extremely desirable in term of fostering the sense of ownership.

End of document.

DaltonInvestments

April 24, 2018

Shinsei Bank, Limited
Nihonbashi Muromachi Nomura Building
4-3, Nihonbashi-muromachi, 2-chome,
Chuo-ku, Tokyo, Japan
c/o Mr Hideyuki Kudo, Representative Director

Re: The Bank's Notice of Introduction of Restricted Stock Compensation Plan

To Whom it May Concern,

Dalton Investments LLC ("we," or "Dalton") refer to the Notice of Introduction of Restricted Stock Compensation Plan (the "Bank's Plan") announced by Shinsei Bank, Limited (the "Bank") as of April 23, 2018.

1. As of April 16, 2018, on behalf of Dalton Kizuna (Master) Fund LP, we submitted a shareholder proposal to include introduction of a Restricted Stock Compensation Plan to the agenda for the annual general meeting of shareholders scheduled to be held in June 2018 or otherwise (the "AGM") and request inclusion of the details of the proposal in the notice of convention for the AGM (the "Dalton Plan").
2. We note that the Bank's Plan will only grant the restricted stock remuneration within the scope of the existing limit of compensation for the directors of the Bank approved at the 15th General Meeting of Shareholders held on June 17, 2015 (the "Existing Limit"). The Dalton Plan is proposed to be introduced in addition to the Existing Limit. Thus, both plans are different in the source of funds (i.e. within or outside the Existing Limit) and also in amount.
3. However, the Dalton Plan does not prohibit the Bank from granting the restricted stock remuneration to the directors using funds within the Existing Limit in addition to the restricted stock remuneration granted outside the Existing Limit.

4. Based on our review of the Bank's Plan, it appears that the Bank's Plan also does not prohibit the Bank from granting the restricted stock remuneration to the directors using funds outside the Existing Limit.
5. We are of the view that the Bank's Plan and the Dalton Plan do not contradict each other. Further, since both plans have common objectives to provide an incentive for directors to strive for the sustainable enhancement of the Bank's corporate value, we believe that it is possible for shareholders' to vote in favor to both plans. Accordingly, for the purpose of avoiding unnecessary shareholder confusion, we hereby request that the Bank clarify the above points in the notice of convention for the AGM.

Sincerely,

Dalton Investments LLC

James B. Rosenwald III
Managing Member