

For Immediate Release

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President and CEO

Shinsei Bank to Begin Card Loan Service under the Lake Brand
Contributing to the development of a sound and healthy unsecured personal loan market

Tokyo (Wednesday, June 22, 2011) --- Shinsei Bank, Limited, (“Shinsei Bank”; “the Bank”) announced today that it plans to take over a portion of the unsecured personal loan business currently operated by its consolidated subsidiary Shinsei Financial Co., Ltd. (“Shinsei Financial”), and begin full-scale operations of “Shinsei Bank Card Loan – Lake,” a new unsecured personal card loan service, from October 1, 2011, subject to the approval of the Financial Services Agency of Japan (“FSA”).

1. Objective of the New Service

Factors such as the full-scale implementation of the revised Money Lending Control and Regulation Law (“MLBL”) in 2010 and the excess interest repayment issue have brought about an improvement in the transparency and social value of the Japanese unsecured personal loan market. On the other hand, the market has also reached an unprecedented turning point with its size shrinking significantly and an increasing number of lenders shutting down their operations. However, the needs for sound small-lot personal finance in Japan remain strong, and lenders are faced with the challenge of providing smooth and flexible service to meet these needs.

In light of these circumstances, Shinsei Bank will aim to offer small-lot personal finance more smoothly and flexibly to individual customers whom it was unable to serve adequately at the Bank level in the past, and to contribute to the development of a sound and healthy market as one of the leading providers in the sector, by leveraging the brand equity, marketing expertise and credit assessment capabilities it has honed within the Shinsei Bank Group.

Customers will enjoy highly convenient and quick service - including immediate loan disbursement, an application process that does not require a visit to a branch at any stage, fee-free usage of partner ATMs and a network of approximately 800 proprietary unmanned branches throughout Japan - coupled with the peace-of-mind and trustworthiness of Bank service. In addition, Shinsei will become the first bank in Japan to offer unsecured card loan services for individual customers through a large-scale unmanned branch network.

Individual customer business is extremely important for Shinsei Bank, and we believe that the launch of this new service will greatly expand our business development potential over the mid- to long-term. This initiative means that Shinsei will be able to offer an even wider range of financial services for individuals via the Bank, from our current retail banking products to this new unsecured card loan service. On the other hand, going forward, Shinsei Financial will aim to continue generating stable earnings and pursue further growth by continuing to serve existing customers and through expansion of its credit guarantee business for the “Shinsei Bank Card Loan – Lake” service and for other banks.

2. Overview of the New Service

(1) Overview of “Shinsei Bank Card Loan – Lake”

- Through the transfer of a portion of Shinsei Financial’s unsecured personal loan business to the Bank, Shinsei Bank will acquire the Lake brand, the entire network of unmanned branches and automated contract machines (ACM) and Card Loan – Lake ATMs, and other assets necessary for the business. However, Shinsei Bank will not acquire assets or liabilities (including grey zone claims) relating to lending contracts made by Shinsei Financial in its capacity as a money-lender nor counterparty status for such contracts.
- Shinsei Financial has built up high recognition for the Lake brand, offering convenient and rapid

service that has become a hallmark of the brand, to a primarily young adult customer demographic. The “Shinsei Bank Card Loan – Lake” business will continue to utilize these strengths and combine them with the reliability and peace-of-mind offered by the Bank, aiming to serve a greater number of customers.

- Shinsei Bank will conduct the marketing, application processes, making loans, customer service, credit assessment, asset management and other operations associated with this business. Shinsei Financial will provide credit guarantees.

(2) Service for Existing Customers

- Assets relating to existing customers of Shinsei Financial’s unsecured personal loans business will not be transferred to Shinsei Bank, but will continue to be managed by Shinsei Financial.
- After transfer of the business, Shinsei Financial will cease accepting applications from and making contracts with new customers. However, Shinsei Financial will continue to serve its existing customers under the “Shinsei Financial” name. In addition, Shinsei Financial’s existing customers will continue to be able to borrow, make repayments and make balance inquiries at the “Shinsei Bank Card Loan – Lake” unmanned branches, Card Loan - Lake ATMs, and at Shinsei Bank ATMs or partner ATMs and cash dispensers.

(3) Services Provided (subject to change)

	Counterparty	Brand	Available Network	Transactions
New customers (Applications accepted from October 1, 2011)	Shinsei Bank (guarantees provided by Shinsei Financial)	“Shinsei Bank Card Loan – Lake”	<ul style="list-style-type: none"> • “Shinsei Bank Card Loan – Lake” unmanned branches (unmanned ACMs, Card Loan - Lake ATMs) • Shinsei Bank ATMs • Planned partner ATMs, cash dispensers • Website • Call centers 	Applications, contracts, borrowing, repayments, inquiries

3. Strategic Significance of New Service for Shinsei Bank Group

(1) **Building the Foundations for the Development of Integrated Financial Services for Individual Customers**

- Shinsei Bank will create a new business domain serving individual customers through full-scale promotion of the unsecured personal loan business at the Bank level
- Shinsei Bank will be able to provide even more value to customers through its products and services by collaboration between its retail banking operations and other consumer finance subsidiaries

(2) **Establishing a Solid Position in the Market**

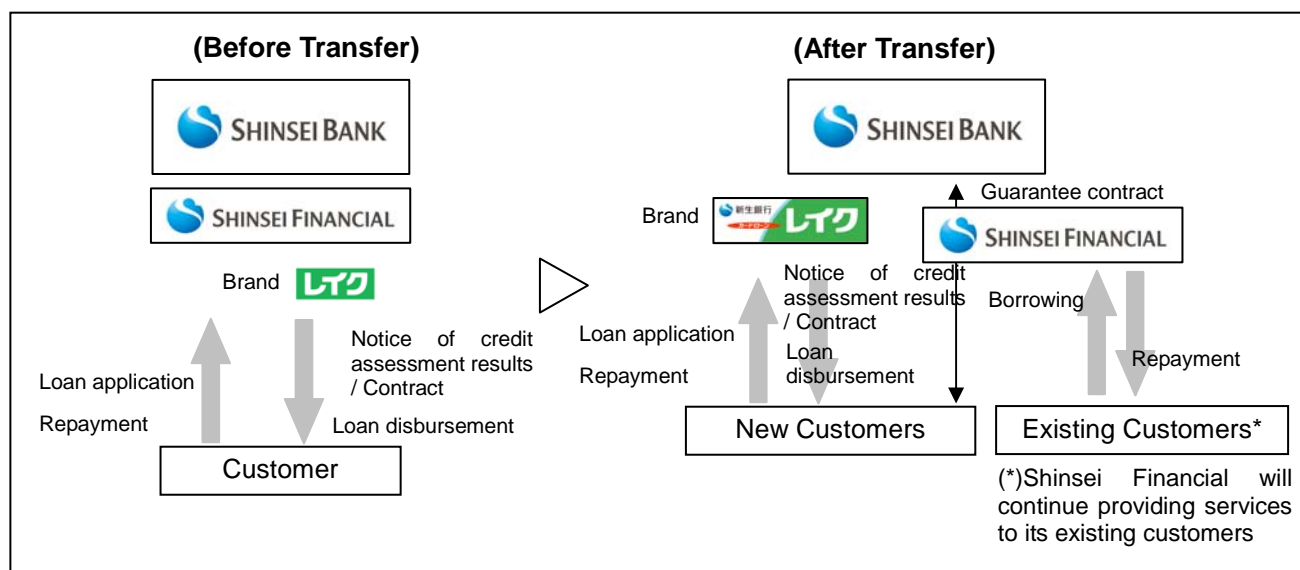
- By taking over these operations from its subsidiary, Shinsei Bank will begin offering unsecured personal card loans from the Bank using the Lake brand and its top-level track record, to establish itself as a leading company in the market

(3) **Strengthening Earnings Power through Clarifying Business Function throughout the Bank Group**

- Shinsei will work to grow the loan balance at the Bank through appropriate needs-based marketing to increase sustainable earnings power.
- Going forward, Shinsei Financial will aim to continue generating stable earnings and pursue further growth by continuing to serve existing customers and through expansion of its credit guarantee business for the “Shinsei Bank Card Loan – Lake” service and for other banks.

4. Outlook

There will be no revision to the earnings forecast for fiscal year 2011 due to this transaction.

Framework after Business Transfer (From October 1, 2011 (subject to change))**Product Specifications of “Shinsei Bank Card Loan – Lake” (subject to change)**

	Details
Product Name	Shinsei Bank Card Loan - Lake
Application Process	Internet (including mobile telephone), telephone, ACM, post *This product will not be offered at counters in Shinsei Bank's retail banking outlets.
Eligibility	<ul style="list-style-type: none"> From 20 – 65 years of age (loans are renewable until 70 years of age) Are able to receive a guarantee from Shinsei Financial Non-Japanese nationals must possess permanent resident status in Japan
Use of Funds	No restrictions in principle (excluding for commercial purposes)
Maximum Borrowing Amount	Maximum of 3 million yen (in units of 10,000 yen)
Interest Rate (annual)	9~18% p.a. * Interest free credit for 30 days from the day following the contract date available on new contracts
Interest Calculation Methodology	Calculated in units of 1 yen based on the day-end outstanding balance every day, on a pro-rata basis based on a year of 365 days
Borrowing Channels	<ol style="list-style-type: none"> Shinsei Bank Card Loan – Lake ATMs, Shinsei Bank ATMs, planned partners ATMs / cash dispensers Telephone (audio response system) application for funds transfer into designated account Internet application for funds transfer into designated account
Repayment Channels	<ol style="list-style-type: none"> Shinsei Bank Card Loan – Lake ATMs, Shinsei Bank ATMs, planned partner ATMs / cash dispensers Direct debit from specified bank account (including from banks other than Shinsei Bank) Funds transfer to a designated Shinsei Bank account Convenience store (for late repayments only)
Repayment Amount	Based on outstanding balance at time of latest disbursement (or repayment)
Repayment Dates	<ol style="list-style-type: none"> A date determined by the customer Shinsei Bank will decide the date for repayments made by bank transfer

Shinsei Bank is a leading diversified Japanese financial institution providing a full range of financial products and services to both institutional and individual customers. The Bank has total assets of 10.2 trillion yen (US\$123.7 billion) on a consolidated basis (as of March 2011) and a network of outlets throughout Japan. Shinsei Bank demands uncompromising levels of integrity and transparency in all its activities to earn the trust of customers, staff and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders.

News and other information about Shinsei Bank is available at <http://www.shinseibank.com/english/index.html>