

Koyo Electric Corporation
Shinsei Bank, Limited
Shinsei Trust & Banking Co., Ltd.

Arrangement of Project Financing for Mega Solar Projects in Seven Locations in Japan Utilizing Trust Schemes

- Providing funds for projects undertaken by growing companies
utilizing Shinsei Trust & Banking as project entity -

Tokyo (Monday, April 28, 2014) --- Koyo Electric Co., Ltd. (Kobe-shi, Hyogo; President and Representative Director Yoshihiro Yamamoto; "Koyo Electric"); Shinsei Bank, Limited (Chuo-ku, Tokyo; President and CEO Shigeki Toma; "Shinsei Bank"); and Shinsei Trust & Banking Co., Ltd. (Chuo-ku, Tokyo; President and Representative Director Takehiko Goto, "Shinsei Trust & Banking"), a wholly-owned subsidiary of Shinsei Bank, have come to an agreement in regards to the arranging of financing for a large-scale solar power (mega solar) generation plant project with a total generation capacity of approximately 8.2 megawatts conducted by Koyo Electric in seven locations spread across Tochigi, Hyogo, Oita, and Okinawa Prefectures. These companies concluded the related loan agreement on April 11, 2014. The key feature of this finance arrangement, in which Shinsei Bank will finance a total of approximately 2.4 billion yen of construction costs, is the use of a scheme that positions Shinsei Trust & Banking as the main operating entity of the mega solar plant project in order to ensure a stable framework for the project's operation and to provide funding to a project undertaken by a growing company.

In this project, Koyo Electric, the sponsor of the mega solar plants, will build the plants as the construction contractor, and maintain them after completion of construction as an operator and maintenance provider. Following the completion of construction, Shinsei Trust & Banking as the main project entity will order construction of power generation facilities from and contract out operation of the plant to Koyo Electric as the plant owner. The construction of the seven facilities has started successively from September 2013, and a number of facilities have already been completed and initiated commercial operation. All of the electricity generated by the plants is to be sold to Tokyo Electric Power Company, Incorporated (TEPCO) and other power companies across Japan at a fixed price over a 20-year period in accordance with an power purchase agreement pursuant to the Act on Special Measures Concerning the Procurement of Renewable Energy by Electric Utilities (enacted in July 2012).

Koyo Electric engages in businesses such as providing energy management systems and energy-saving support services. In addition to this project, its track record in mega solar plant operations consists of developing a total of power plants in 80 locations including Kagoshima Prefecture, which are capable of generating a total of 30 megawatts, and Koyo Electric plans to increase its generation capacity to several hundred megawatts in the next several years. So far, Shinsei Bank has arranged financing for numerous projects in the mega solar sector, starting with those in Mito-shi, Ibaraki Prefecture; Koshimizu-cho, Hokkaido, and Kikugawa-shi, Shizuoka Prefecture. In the process, it has committed financing to projects which generate a total of approximately 200 megawatts.

This project represents the first project-financing arranged by Koyo Electric with support from Shinsei Bank. By adopting a scheme that simultaneously encompasses multiple power plants, Shinsei Bank has successfully provided financing for power plants that are relatively small in size. Moreover, by positioning Shinsei Trust & Banking, one of Shinsei Bank Group companies, as the trustee and main project entity, Shinsei Bank has also enhanced both the stability of the scheme and the certainty of project monitoring.

From the beginning, Koyo Electric had been considering a project structure that utilized a project finance scheme which is more challenging than the corporate recourse finance scheme. As a result, it was possible for Koyo Electric to implement the project with the strategic finance scheme which has less strain on important management indexes for sustainability and enables expansibility of the project. Koyo Electric considers that the success of the strategic finance scheme will become a driver in developing other renewable energy projects including solar, geothermal, wind and hydroelectric plants in the future.

As part of its business strategy for corporate customers under its Second Medium-Term Management Plan, the Shinsei Bank Group has set forth renewable energy projects as one of its strategic priority areas of business. Under this strategy, Shinsei Bank has been building its project finance track record and associated arrangement operations for mega solar projects since FY2012, and Shinsei Trust & Banking has been promoting new business in which trust accounts hold solar power plant facilities and

sell electricity to electric power companies. Typically, growing companies serve as the main entities for mega solar projects, meaning project-financing endeavors tend to be accompanied by the challenge of ensuring a stable framework for operating those projects and, therefore, there are high expectations regarding the potential applications of the financing scheme utilized in this project. Going forward, Shinsei Bank will continue to actively implement efforts in renewable energy projects by, taking advantage of the expertise of its group companies.

[Outline of Project]

Project Name: Koyo Electric Mega Solar Project
 Generation Capacity: Approximately 8.2 megawatts
 Project Sites: Tochigi Prefecture, Hyogo Prefecture, Oita Prefecture and Okinawa Prefecture
 Main Project Entity: Shinsei Trust & Banking Co., Ltd.
 Sponsor: Koyo Electric Co., Ltd.
 Commercial Operation Commenced: November 2013 (Scheduled to commence successively at each power plant)

[Outline of Koyo Electric Co., Ltd]

Name: Koyo Electric Co., Ltd.
 Representative: Yoshihiro Yamamoto, President and Representative Director
 Headquarters: 7-14, Sumiyoshi-miyamachi 3-chome, Higashinada-ku, Kobe-shi, Hyogo
 Capital Stock: 179 million yen (As of November 30, 2013)

[Outline of Shinsei Bank, Limited]

Name: Shinsei Bank, Limited
 Representative: Shigeki Toma, President and CEO
 Headquarters: 4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
 Capital Stock: 512.2 billion yen (As of December 31, 2013)

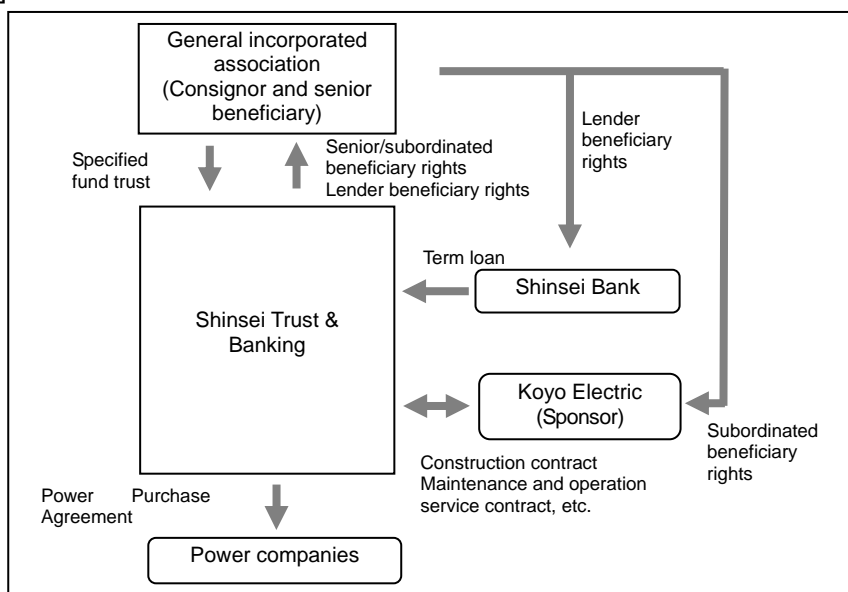
[Outline of Shinsei Trust & Banking Co., Ltd.]

Name: Shinsei Trust & Banking Co., Ltd.
 Representative: Takehiko Goto, President and Representative Director
 Headquarters: 4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
 Capital Stock: 5 billion yen (As of September 30, 2013)

[Outline of Loan Agreement]

Lender: Shinsei Bank, Limited (Arranger)
 Loan Amount: Approximately 2.4 billion yen in total
 Agreement Executed: April 11, 2014

[Project Scheme]



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 9.1 trillion yen (US\$86.8 billion) on a consolidated basis (as of December 2013) 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>