

For Immediate Release

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**Shinsei Bank Commences the Sale of “Shinsei WA US Municipal Bond Fund
(Limited to Qualified Institutional Investors)”**

- An Investment Trust that Invests in US municipal bonds Launched by Shinsei Investment Management -

Tokyo (Tuesday, November 17, 2015) --- Shinsei Bank, Limited (hereinafter “Shinsei Bank”, “the Bank”) today announced that it has launched a private placement mutual fund that invests in US municipal bonds for financial institutions in collaboration with Western Asset Management Company Ltd. (Chiyoda-ku, Tokyo; Representative: Naoya Orime), the Japanese subsidiary of Western Asset Management Company (www.westernasset.com/us/en hereinafter, “Western Asset”).

This new product is an incremental privately placed investment trust named the “Shinsei WA US Municipal Bond Fund (available only to qualified institutional investors)” (hereinafter, “this fund”) established by Shinsei Investment Management Co., Ltd. (Chuo-ku, Tokyo; President and CEO: Masamitsu Sotowa; hereinafter, “SIM”) on November 17, 2015.

This fund invests primarily in US municipal bonds, in order to receive income revenues and achieve investment trust asset growth. For US municipal bonds, major investment targets will be revenue bonds that are redeemed only from funds from public facilities and businesses that are operated by local governments. The size of the US municipal bond market is approximately 445 trillion yen as of June 2015 (exchange rate: 120 yen/1 US dollar)*, approximately three times as the size of the Japanese local government bond market. However, the market has offered few investment opportunities to Japanese investors, because the majority of the bonds have traditionally been purchased by wealthy US domestic investors. US municipal bonds are expected to generate stable returns as a new asset class with a high credit standing, because a majority of the issuers are rated “A” or higher, meaning that the credit risk is relatively low. For major features of this fund, please refer to the list below.

Shinsei Bank will continue focusing on establishing and selling unique funds that capture market trends, in order to meet diversified asset management needs of major financial institutions such as regional financial institutions and insurance companies.

[Fund Features]

1. This fund will invest primarily in US municipal bonds through the mother fund of which managed portion of management responsibilities are delegated to Western Asset by SIM.
2. US municipal bonds constitute General Obligation bonds and Revenue bonds. General obligation bonds are redeemed with general tax revenues of local governments such as States, Counties, and Cities, while revenue bonds are issued for maintaining or developing social infrastructure and businesses operated by local governments such as electric and gas businesses, toll roads, airports, and harbors; and are redeemed only with revenues from particular facilities or businesses. This fund will mainly invest in revenue bonds. US revenue bonds are issued based on the issuer’s credit standing, independent from that of state or local governments. Many issuers have obtained a high credit rating (“A” or higher) because their financials to date are disclosed.
3. US municipal bonds have extremely low default rates and high credit standings compared to corporate bonds with a similar credit rating. Investing in bonds rated “A” or above, this fund is designed to be attractive to credit risk cautious institutional investors.

*Source: Securities Industry and Financial Markets Association (SIFMA) (<http://www.sifma.org/>)

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 8.9 trillion yen on a consolidated basis (as of September 30, 2015) 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/corporate/en/index.html>