

For Immediate Release

December 19, 2002

## Shinsei Bank to securitize NPLs

- Shinsei Multi Asset Recovery Transaction will privately issue total ¥13.4 billion of floating rate notes -

Tokyo (Thursday, December 19, 2002) – Shinsei Bank, Limited (“Shinsei Bank”) announced today that it would securitize a portion of a non-performing loan (“NPL”) portfolio purchased for trading purposes (issuance size ¥13.4 billion). This is the first NPL securitization transaction arranged by a Japanese bank.

In this transaction, NPLs (secured and unsecured) that Shinsei Bank purchased for trading purposes through its credit trading business are securitized and will be sold privately to the institutional investors in Japan. Initial face value of the securitized loans amounts to ¥253.6 billion in total and the number of borrowers is 592. In the securitization pool, some performing loans (secured and unsecured), trust certificates and other assets are also included for diversification. (Please refer to the summary below and the attached chart.)

Shinsei Bank is the arranger of the transaction, and BM Asset Management Co., Ltd. (“BM Asset Management”), a licensed servicer of Shinsei Bank Group, services the loans in the pool. After Standard and Poor’s and Fitch Ratings rate the notes, Shinsei Securities Co., Ltd. will privately sell the notes to institutional investors. BM Asset Management recently obtained 3+ Commercial Mortgage Special Servicer Rating from Fitch Ratings.

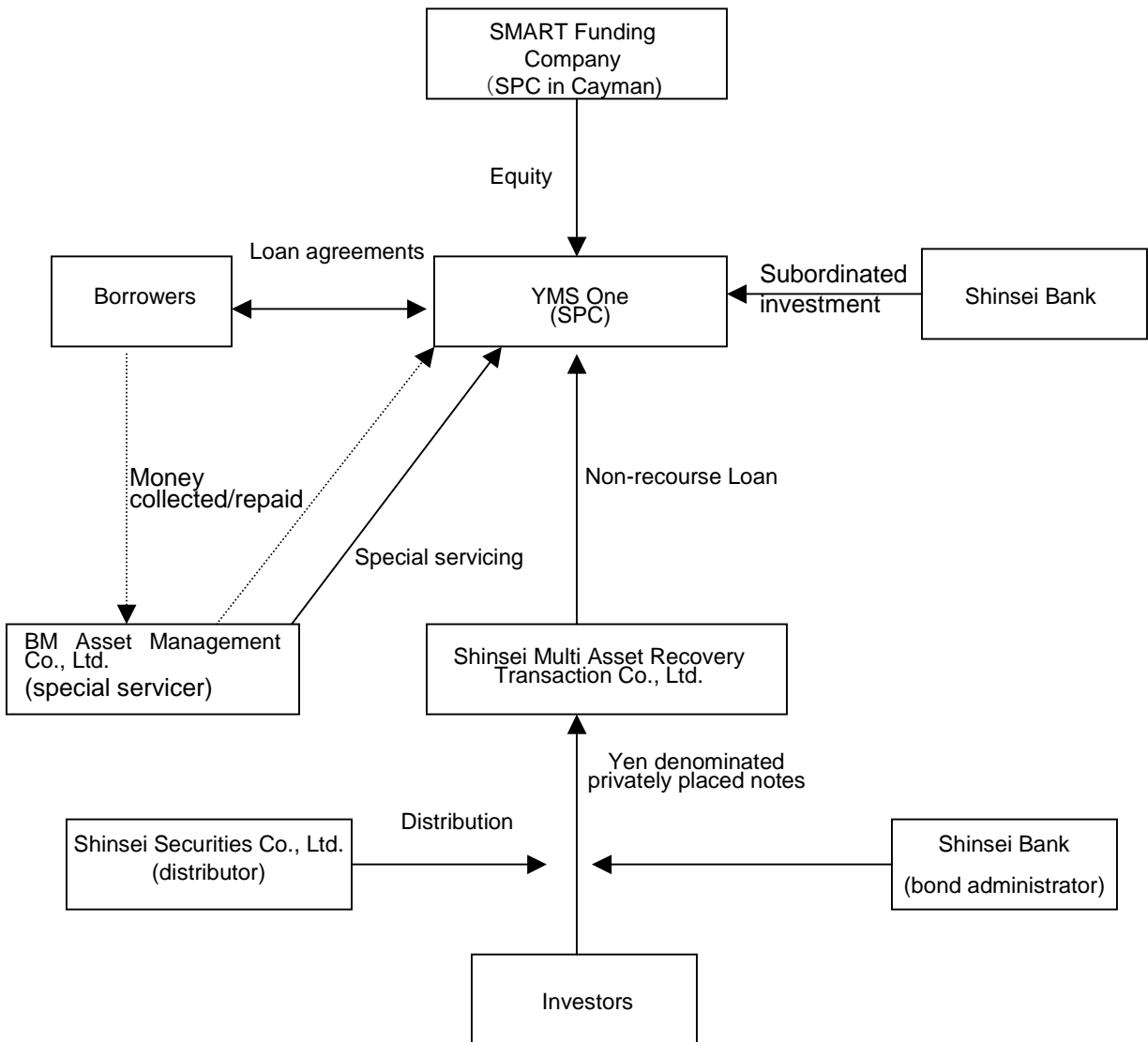
NPL securitization is common in the US and European markets. In Japan, foreign investment banks, foreign investment funds, and the Resolution and Collection Corporation (RCC) have securitized part of their own NPL portfolio. However, this is the first securitization transaction of an NPL portfolio by a Japanese bank.

This transaction is significant for Shinsei Bank in terms of its portfolio management and risk control because it will enable Shinsei Bank to increase the liquidity of the assets and to control risk more effectively. In addition, it could become a solution to non-performing loan problems for Japanese financial institutions. Shinsei Bank plans to issue the NPL-backed securitization once or twice a year.

The summary of Shinsei Multi Asset Recovery Transition (SMART):

Issuer:	Shinsei Multi Asset Recovery Transaction Co., Ltd (SMART)
Total amount of issuance:	¥13.4 billion
Closing date:	January 31, 2003 (expected)
Legal maturity:	January 15, 2008
Arranger:	Shinsei Bank, Limited
Servicer:	BM Asset Management Co., Ltd
Bond administrator:	Shinsei Bank, Limited
Cash manager:	Shinsei Trust and Banking Co., Ltd
Distribution agent:	Shinsei Securities Co., Ltd

## Structure of NPL securitization (SMART)



In non-performing loan portfolios, collection timing and amounts are volatile. In this transaction, performing loans, etc. are included to stabilize these factors.

Early collection by the servicing company in the Shinsei Bank Group is encouraged by the structure in which Shinsei Bank has a subordinated investment in the issuer of the notes, and the dividend payment to such investment starts only after the full repayment of the notes.