

For Immediate Release

Shinsei Bank, Limited
(Code: 8303 TSE First Section)

Shinsei Bank Launches PowerSmart Housing Loan with Conditional Five-Year Special Interest Rate of 1% p.a.

Tokyo (Friday, November 12, 2004) – Shinsei Bank, Limited (“Shinsei Bank”) today announced the launch of a new type of PowerSmart Housing Loan with a conditional five-year special interest rate of 1% p.a. Applications are accepted during a campaign period by Thursday, March 31, 2005(※1). This special loan is another innovative offering by Shinsei Bank, which has provided customer-focused products, taking advantage of the cutting-edge financial technology.

In this housing loan, customers can borrow money with a special interest rate of 1% p.a. for the initial five-year period unless a closing yield of newly issued 10-year Japanese government bonds (JGBs)(※2) reaches 3% at any time during the initial five-year period. If the closing yield of JGBs reaches 3% during the period, customers pay a 1.9% p.a. interest rate(※3), effective the immediately succeeding interest review date(※4). (See the Appendix for details.)

Shinsei Bank expects this special interest rate housing loan to meet needs of customers who wish to maximize an advantage of lower long-term interest rates while mitigating risks of rising interest rate to a certain level.

Applicable terms and conditions other than interest rate are the same as the existing PowerSmart Housing Loan. Specifically, prepayment fee, guarantee fee and guarantee handling fee are all waived. Excess amount over the pre-set balance in customer’s ordinary deposit account is automatically swept for the prepayment of the loan without penalty (“Smart Repayment”). Further, customers can reborrow up to the original amortization schedule to meet unexpected cash requirements (“PowerPocket Service”). These features offer great benefits to customers to (a) reduce interest payments during the life of the loan, and (b) shorten the life of the loan.

Shinsei Bank continues to develop new products and services to meet various customers’ needs.

(※1) Application must be postmarked by March 31, 2005, and the loan must be executed by Thursday, April 28, 2005.

(※2) The yield of newly issued 10-year JGBs, announced by Japan Bond Trading Co., Ltd. every business day.

(※3) When the applicable interest rate is revised to 1.9% p.a., the same 1.9% p.a. interest rate remains effective throughout the initial five years, regardless of any changes (whether upward or downward) in the yield of newly issued 10-year JGBs occurring thereafter. After the initial five-year period, the standard floating interest rate specified by Shinsei Bank (reviewed semiannually) applies. Customers can choose a fixed interest rate upon request.

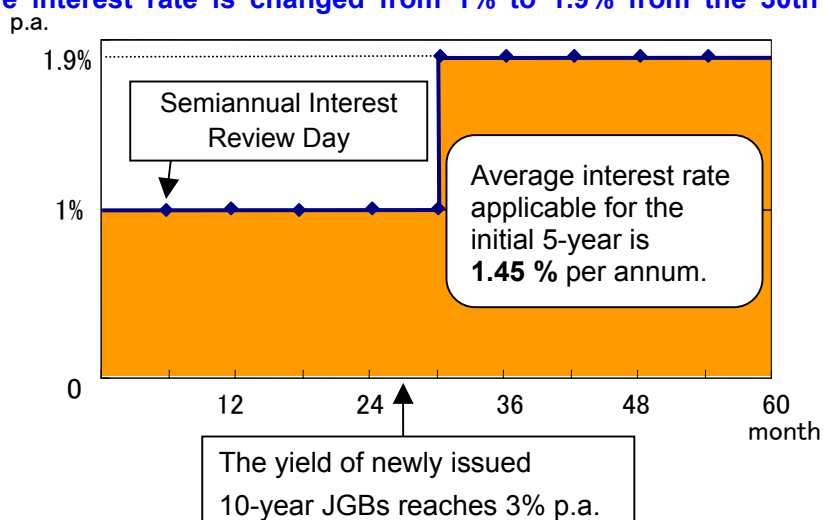
(※4) The applicable interest rate is revised in June and December every year. However, the interest rate remains at 1% p.a. until December 27, 2005, in any case. If customers preset additional repayment on the bonus month in January and July, the applicable interest rate is revised in January and July.

Shinsei Bank is a Japanese banking institution founded on global standards of governance and management. With over \$61 billion in assets and 29 branches throughout Japan, Shinsei provides a broad range of value-added financial solutions to institutional and individual customers under the banner of "Better Banking." Our PowerFlex account, free ATM network and internet banking service, and customer friendly financial centers have redefined the Japanese retail banking experience. Shinsei is committed to long-term growth and profitability by expanding its customer-focused business model.

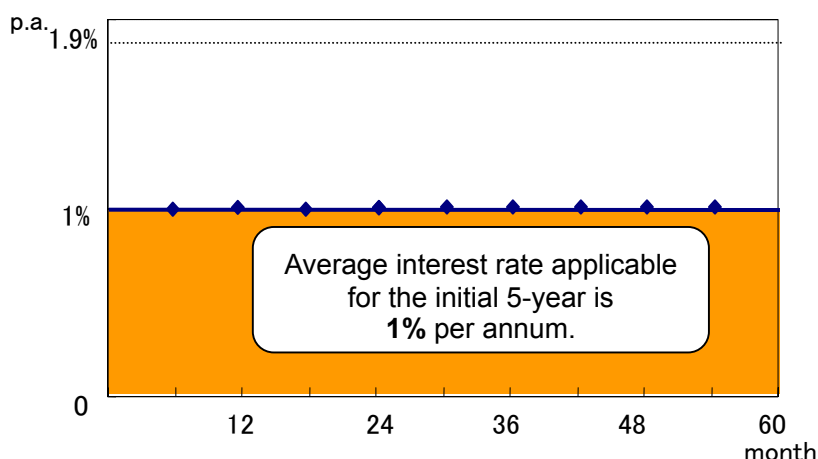
*News and other information about Shinsei Bank are available at
<http://www.shinseibank.com/english/index.html>.*

Simulation of PowerSmart Housing Loan
with provisional 5-year special interest rate of 1% p.a.

Case 1 The yield of newly issued 10-year JGBs reaches 3% during the 27th month and the interest rate is changed from 1% to 1.9% from the 30th month.



Case 2 The yield of newly issued 10-year JGBs does not reach 3% for 5 years.



Average Interest Rate Simulation

The month when yield of newly issued 10-year JGBs reaches 3% p.a.	Average interest rate of the initial 5-year
From 1st to 6th month	1.81 p.a.
From 7th to 12th month	1.72 p.a.
From 13th to 18th month	1.63 p.a.
From 19th to 24th month	1.54 p.a.
From 25th to 30th month	1.45 p.a.
From 31st to 36th month	1.36 p.a.
From 37th to 42nd month	1.27 p.a.
From 43rd to 48th month	1.18 p.a.
From 49th to 54th month	1.09 p.a.
From 55th to 60th month	1 p.a.

- The charts of applicable interest rate and average interest rate simulation should be used as a rough guide and do not show the conditions and terms of the housing loan. The figures are subject to change according to the starting date of the loan and other factors.
- The figure is calculated by weighted average deeming 6 month as half year.

【PowerSmart Housing Loan】 Product Outline

(as of November 12, 2004)

Who Can Use	Individual customer satisfying all of the following requirements: <ul style="list-style-type: none"> • Age 20 or above but 60 or younger at the time of borrowing, and younger than 75 on maturity date • Qualifies for group life insurance • Annual income before tax for the previous fiscal term of 4 million yen or more • Consecutive employment record or business record of 2 years or longer • A Japanese national or a foreign national residing in Japan and owning "Certificate of alien registration" • Satisfying other qualifications and conditions specified by Shinsei Bank • Person who would have PowerFlex account as repayment deposit account 	
Purpose of Loan	Funds to be used for acquiring the following properties to be used as own residence: <ul style="list-style-type: none"> • Purchasing a house including second hand • Purchasing a flat including second hand • Refinancing of existing housing loan 	
Loan Amount	5 million yen or more not exceeding 100 million yen in units of 100,000 yen <ul style="list-style-type: none"> * Maximum loan amount is limited depending on the customer's income so as to secure safe repayment by the customer. * Maximum loan amount is limited depending on the valuation of collateral. 	
Loan Term	5 years or longer up to 35 years (Unit 1 year)	
Interest Rate	Floating Rate	Fixed Rate
	<p>"Initial borrowing interest" for the selected loan term applies for the period to but excluding the first Interest Rate Change Date. "Housing Loan Base Rate" applies from and including the first Interest Rate Change Date.</p> <ul style="list-style-type: none"> • Interest rate is reviewed semiannually during the term of the loan. • A type of interest rate can be changed (from a floating rate to a fixed rate) at the interest rate review date. • Interest rate change to a fixed rate must be requested during the period from 1st to 15th of the month for interest rate review. * A type with interest rates changed on certain condition for a certain period is also offered. <ul style="list-style-type: none"> • For Fixed Rate period, you can choose from among 1 year, 3 years, 5 years, 7 years and 10 years. • During Fixed Rate period, applicable interest rate remains unchanged. • After the Fixed Rate period, interest rate is changed to Floating Rate. However, a new Fixed Rate could be chosen again upon request. 	
Repayment Method	<ul style="list-style-type: none"> • Monthly level payment amortization Same amount (principal and interest) is directly debited from the PowerFlex account on 26th every month (if it falls on a non-business day, on the immediately succeeding business day). Installment amount in monthly payment portion and bonus payment portion are recalculated and changed at the time of interest rate change. • Up to 40% of the loan amount can be repaid using your bonuses in addition to the ordinary monthly repayment. 	
Smart Repayment	<ul style="list-style-type: none"> • Excess amount over the pre-set balance in your ordinary deposit account is automatically swept for the prepayment of the loan without penalty ("Smart Repayment"). • Smart Repayment is done to reduce the effective life of the loan and is done from the bonus portion if additional repayment on the bonus month is preset. • Minimum Smart Repayment unit is 10,000 yen. 	
Reborrow ("PowerPocket Service")	<ul style="list-style-type: none"> • Reborrow can be used together with Smart Repayment. • Purpose of the reborrowed loan is free but excluding business purpose. • Interest rate for the reborrow service is monthly floating rate (during the period of reborrow service). • You can reborrow up to the original amortization schedule for the Housing Loan. • New drawdowns under the reborrow service cannot be made after full repayment of the Housing Loan. • So long as the Housing Loan remains outstanding, the funds credited to your ordinary deposit account is first appropriated to repayment of the reborrowed amount. • If a reborrowed amount remains outstanding at full repayment of the Housing Loan, it shall be repaid by level payment amortization until the original maturity of the Housing Loan. • If the above item applies, additional payment by bonus cannot be made. Other payment conditions are the same as the Housing Loan. • Outstanding balance of reborrow is not eligible for the Special Deduction for Housing Loans, etc. (the so-called "housing loan deduction") 	
Collateral	<ul style="list-style-type: none"> • Until full repayment of both the Housing Loan and redraw, a first priority "revolving mortgage" (ne-teitou-ken) is perfected on the land and the house for which the loan is granted. • It is necessary to take out a long-term fire insurance for the house/flat, covering the period longer than the term of the loan. 	
Guarantor	No need to appoint any guarantor in principle. There may be a case however that we ask some guarantor by request of credit section.	
Group Life Insurance	Necessary to apply group life insurance. Redraw amount is not covered with this Group Life Insurance.	
Commission	<ul style="list-style-type: none"> • 50,000 yen (including consumption tax) is required as handling commission. • For each change of interest rate to fixed rate excluding the time of initial borrowing, 5,000 yen (including consumption tax) is required. 	

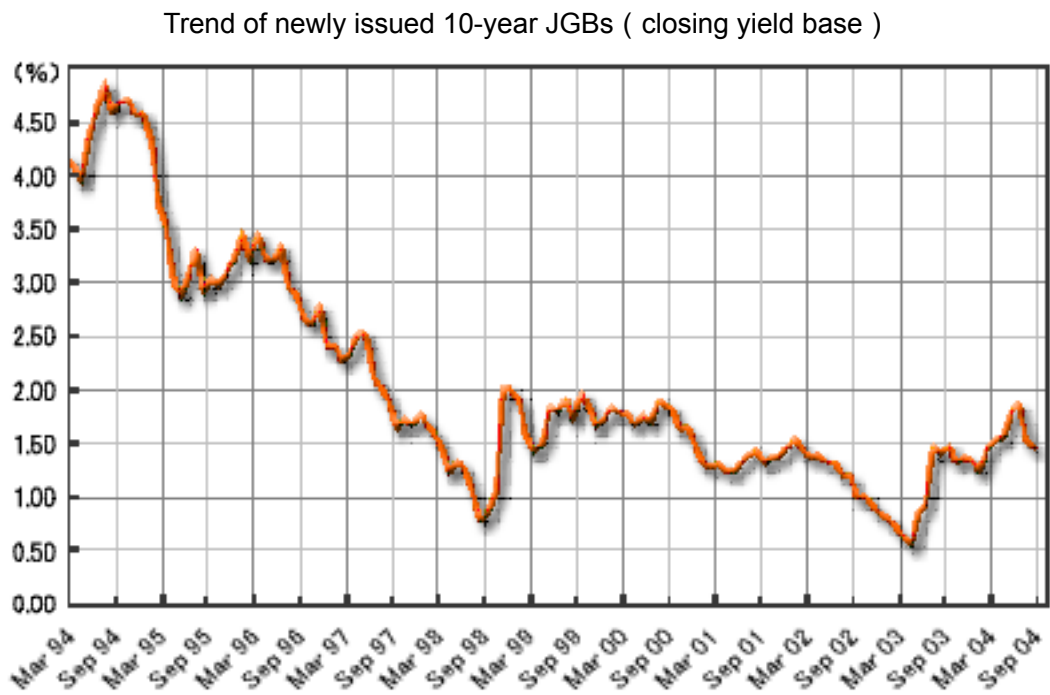
* Please note that credit analysis is conducted after application of the loan. The requested loan may not be accepted depending on the result.

* Currently, refinancing of loans and loans for new purchase of house or flat are only handled. Loans for purchasing land only or purchasing/building/remodeling building only are not handled, even if it is to be taken out in tandem with loans for refinancing. Shinsei Bank do not accommodate a customer's request to take out two or more housing loans from the Bank.

* Please refer Shinsei PowerCall (Tel: 0120-456-515, 9:00 - 19:00 excluding Saturdays, Sundays, national holidays and year-end and New Year holidays) regarding current loan interest rates or installments. (Japanese Language Only)

Reference

▪ Long Term Japanese Government Bond Yield Data



Source: Japan Bond Trading Co., Ltd.

* The graph does not represent Shinsei's forecast or expectations.