

For Immediate Release

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

## Shinsei Bank to Launch New Type of “PowerSmart” Home Mortgage

- Convertible from variable to fixed interest rate -

Tokyo (Monday, November 7, 2005) – Shinsei Bank Limited (“Shinsei Bank”) today announced the launch of “PowerSmart” Home Mortgage, with a conditional 10-year convertible variable rate option, which will be offered from today through March 31, 2006. This new product offers a real-time solution to customers who want to protect themselves against rising interest rates.

The “PowerSmart” Home Mortgage will provide a variable interest rate of 1% p.a. (as of November 7, 2005/interest rate may change daily/0.5% will be subtracted from the daily variable rate) for customers to benefit from the current low interest rate and also to hedge against a rise in interest rates in the future. The “PowerFreeze” function in the “PowerSmart” Home Mortgage allows customers to lock in on a fixed interest rate for the remaining term of the 10-year loan. Customers can easily switch to a fixed interest rate by contacting the Shinsei *PowerCall* call center (calls are accepted everyday). A special interest rate, standard rate minus 1% p.a., will be applied as the fixed interest rate (Please refer to the attachment).

As with the existing “PowerSmart Home Mortgage”, a guarantee fee will not be charged to customers who use the “SmartPayment” service, which automatically makes early repayment with funds exceeding the designated balance in the savings account. Customers can also utilize “PowerPocket” service, which enables them to overdraw funds up to the total early repayment amount (in case of additional financial needs after early repayment). These features of the “PowerSmart Home Mortgage” offer great benefits to customers who want to reduce their loan principal, shorten the life of the loan and improve financial flexibility.

There is no processing fee for those who apply for “PowerSmart Home Mortgage” during the period from November 7 to December 31, 2005.

Under the brand concept “Color your life”, Shinsei will continue to develop products and services to satisfy customer’s diverse needs.

<Applicable interest rate after changing to a fixed interest rate  
for the remaining period of the initial 10 years>

Remaining Period	Applicable Interest Rate (annual interest)
More than 7 years	Standard rate for 10-year Fixed rate - 1%
More than 5 years but not more than 7 years	Standard rate for 7-year Fixed rate - 1%
More than 3 years but not more than 5 years	Standard rate for 5-year Fixed rate - 1%
More than 1 year but not more than 3 years	Standard rate for 3-year Fixed rate - 1%
1 year or less	Standard rate for 1-year Fixed rate - 1%

\*1 Loan disbursement to be made by Friday, April 28, 2006.

\*2 As for refinancing from other banks, the service fee of 50,000 yen (including tax) shall be charged unless a loan contract is made within 1 month after the screening approval.

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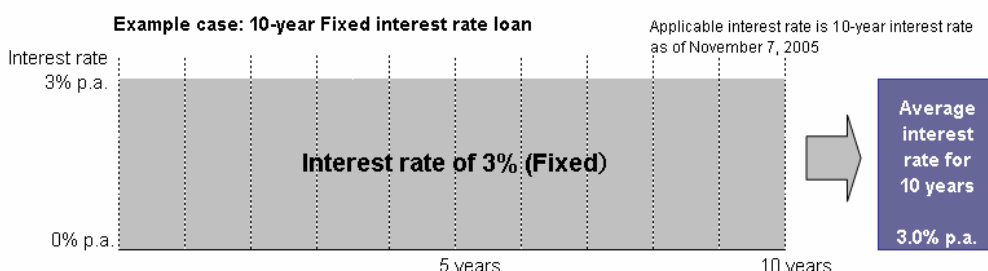
*Shinsei Bank is a Japanese banking institution founded on global standards of governance and management. With over \$56 billion in assets and 29 branches throughout Japan (non-consolidated, as of June 2005), Shinsei provides a broad range of value-added financial solutions to institutional and individual customers under the banner of "Better Banking." Our PowerFlex account, free ATM network and internet banking service along with our 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>.*

**Outline of PowerSmart Housing Mortgage <10-Year Convertible Variable Rate Type>**

- Period  
Application by Friday, March 31, 2006 and Loan disbursement by Friday, April 28, 2006
- Features
  - Customers may choose to fix the interest rate from floating to fixed during the initial 10 years.
  - Applicable floating interest rate is a preferential interest rate (=1.00% p.a., as of November 7, 2005) which is “Daily floating rate type” Standard Rate minus 0.5%.
  - Customers may switch to a fixed interest rate anytime with no handling charge during the initial 10 years.
    - (1) The interest rate can be fixed only once.
    - (2) The fixed rate will apply the following day a customer makes the request to the Bank.
    - (3) Fixed rate tenor will be set according to the remaining period of the loan at the time the customer makes the request. Fixed standard rate minus 1% p.a. will apply as the Fixed Rate.
    - (4) The request for fixing an interest rate will be accepted only through the Shinsei PowerCall call center (0120-456-007) from 9 a.m. to 7 p.m. every day.
    - (5) The fixed interest rate will apply for the rest of the initial 10 years.

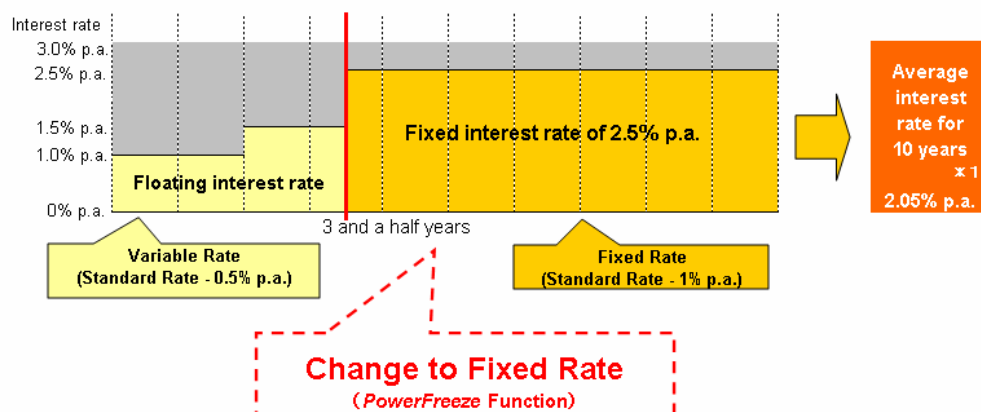
**Case 1 Image of Regular fixed interest rate**



**Case 2 Image of PowerFreeze Function**

Assumption: Starts with a variable rate. In 2 years, the floating interest rate rises by 0.5% p.a. (1.5%→2.0%) and the rate is fixed in 3 and a half years.

**Example case: 7-year Fixed interest rate (Standard Rate) is 3.5% p.a. after 3 and a half years**



\*1 6 months is 0.5 year, and a simple weighted average method applies.