

For Immediate Release

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

## **Shinsei Bank to Launch *Power Step Up Gaika Teiki (USD)***

*- A U.S. dollar-denominated structured deposit offering interest rates that can rise for a maximum of 5 years -*

Tokyo (Tuesday, January 20, 2009) – Shinsei Bank, Limited, today announced the launch of the *Power Step Up Gaika Teiki (USD)*, a U.S. dollar-denominated time deposit designed to meet the needs of customers considering mid-term investment in U.S. dollars.

This new structured deposit has an initial term of one year and maximum term of five years. After the initial one-year term, Shinsei will decide whether to extend the deposit term for an additional year. If the bank decides not to extend the term, the deposit reaches maturity.

With the *Power Step Up Gaika Teiki (USD)*, customers enjoy the opportunity to earn a higher rate of interest than Shinsei's rates for regular U.S. dollar-denominated time deposits for the first year, in return for allowing the bank to determine the deposit's maturity each year thereafter.

During the first subscription period for this product (Tuesday, January 20 - Thursday, January 29, 2009), the interest rate for the initial one year term is 1.50% p.a. (1.20% p.a. after tax).<sup>\*1</sup> Interest rates rise with each one year extension to reach 2.30% p.a. (1.84% p.a. after tax) <sup>\*1</sup> in the fifth year. Customers receive interest each year in U.S. dollars.

Shinsei Bank's retail banking services aim to enrich and "color" the lives of our customers by providing them with high value-added products and services.

<sup>\*1</sup> Interest is subject to a withholding tax of 20% upon commencement of the deposit. Applicable interest rates may differ for customers who purchase this product in subsequent subscription periods. In subsequent subscription periods, interest rates may remain unchanged when the deposit term is extended.

\* Please refer to the attachment for further details.

*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 12.4 trillion yen (US\$119 billion) on a consolidated basis (as of September 2008) and a network of 36 outlets that includes 34 Shinsei Financial Centers and 2 Platinum Centers in 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>.

**Power Step Up Gaika Teiki (USD) (Power Step Up U.S. Dollar Time Deposit) Product Overview**

(As of January 20, 2009)

Official name	Structured deposit – U.S. Dollar Time Deposit with Provision for Extension of Deposit Term (Maximum 5-year tenor, multiple extension type)
Currency	U.S. dollars
Term	1 year (initial deposit) However, each year following the initial deposit, Shinsei Bank will determine whether or not to extend the term for an additional year, and the aggregate term may be up to a maximum of five years.
Extensions	On each extension determination date (in principle, the fourth business day prior to each maturity date) Shinsei Bank will determine whether or not to extend the term to the next maturity date. No party other than Shinsei Bank can determine whether or not to extend the deposit term.
Determination of extensions	<ul style="list-style-type: none"> <li>● If the market interest rate for the following year is higher than the applicable interest rate for the following term because of inflation or other changes in economic conditions, there is a high probability that Shinsei Bank will extend the term. If a decision to extend the term of the deposit is made, the term of the deposit will be extended to the next maturity date and the customer will lose the opportunity to invest the funds deposited at a market rate that is higher than the applicable interest rate after extension until the next maturity date.</li> <li>● Conversely, if the market interest rate for the following year is lower than the applicable interest rate for the following term, there is a low probability that Shinsei Bank will extend the term. If Shinsei Bank decides not to extend the term of the deposit, the term of the deposit will end on the next maturity date and the customer will not be able to invest the funds deposited at the rate that would have been applied had the term been extended.</li> <li>● Furthermore, the determination of whether or not to extend the term of the deposit will not be made solely based on the comparison of the market interest rate for the following year with the applicable interest rate for the following term. Considerations including volatility in future interest rates and Shinsei Bank's funding environment will also be taken into account, and the preceding scenarios may not necessarily apply.</li> </ul>
Applicable interest rates (for the subscription period from Tuesday, January 20 - Thursday, January 29, 2009)	<p>Initial term (1<sup>st</sup> year): 1.50% p.a. (1.20% p.a. after tax)</p> <p>Extended terms (2<sup>nd</sup> year): 1.70% p.a. (1.36% p.a. after tax)</p> <p>(3<sup>rd</sup> year): 1.90% p.a. (1.52% p.a. after tax)</p> <p>(4<sup>th</sup> year): 2.10% p.a. (1.68% p.a. after tax)</p> <p>(5<sup>th</sup> year): 2.30% p.a. (1.84% p.a. after tax)</p> <p>Interest is subject to a withholding tax of 20% upon commencement of the deposit.</p> <p>Applicable interest rates will be reviewed for each subscription period.</p>
Sales channels / Minimum deposit	<p>Branches: From US\$25,000, in increments of \$0.01.</p> <p>Call center (Shinsei <i>PowerCall</i>): From US\$25,000, in increments of \$0.01.</p> <p>Internet (Shinsei <i>PowerDirect</i>): From US\$5,000, in increments of \$0.01.</p>

### **Regarding *Power Step Up Gaika Teiki (USD)***

- Applicable interest rates are as of January 20, 2009. Shinsei Bank may change the applicable interest rates or discontinue handling this product depending on changes in market conditions.
- The rate at which U.S. dollars are exchanged into yen (the exchange rate) will fluctuate based on foreign exchange rate movements, and there is a possibility of a foreign exchange loss resulting when converting U.S. dollars to yen. The amount in yen upon final maturity may therefore be less than the amount initially deposited.
- Deposits must be made in a lump sum from either a yen savings account or a U.S. dollar savings account. When the deposit is made from a yen savings account, or a request is made to make a conversion from a foreign currency other than yen or U.S. dollars to U.S. dollars, a foreign exchange commission will be charged. (The foreign exchange commission will be the following amount multiplied per unit of base currency: For conversions between yen and U.S. dollars – ¥1 per side, for a TTS-TTB spread of ¥2; for conversions between U.S. dollars and currencies other than yen – 0.01 or 0.02 multiplied by one of the currencies. Please refer to the product brochure for details.) Conversions of the amount at final maturity to yen will be made at Shinsei Bank's TTB rate (for converting a foreign currency to yen), which includes this foreign exchange commission. It is therefore possible that even if the foreign exchange rate does not move, the amount received will be less than the principal and less than the amount initially deposited.
- Regardless of whether or not the term of deposit has been extended, early cancellations of the deposit are in principle not allowed. For early cancellations in cases that Shinsei Bank accepts as unavoidable, an amount calculated by Shinsei Bank corresponding to the amount required to fund the deposit from the cancellation date to the final maturity date and any associated fees will be deducted from the principal, and the remaining principal will be deposited to the customer's U.S. dollar *PowerFlex* savings account. In such instances, the amount deposited is very likely to be less than the amount of the initial principal deposited.
- The initial term of the deposit is one year. Shinsei Bank will decide whether or not to extend the term of the deposit, in principle on the fourth business day prior to the initial maturity date, which is one year after the initial deposit date. If the decision is made to extend the term, the term of the deposit will be extended by one year. Each subsequent year, in principle on the fourth business day prior to the next maturity date, Shinsei Bank will make a similar decision on whether to extend the term by an additional year. However, the aggregate term of the deposit will not exceed five years (five-year maximum term).
- After the maturity date (the next maturity date or final maturity date in cases in which the term has been extended), the matured funds will be deposited to a U.S. dollar savings account, and Shinsei Bank's displayed interest rate for U.S. dollar savings accounts will be applied.
- The current account overdraft service does not apply to this deposit.
- Please refer to the product brochure (explanatory materials exchanged prior to concluding the contract), which is available at Shinsei Bank branches.
- This product is available to retail customers who have a *PowerFlex* account.
- This product is not covered by deposit insurance.
- Cash deposits and withdrawals in U.S. dollars are not available.