

<Aozora Bank Establishes Securities Unit to Expand Product Offerings>

TOKYO – May 19, 2006- Aozora Bank, Ltd, (“Aozora”), a leading Japanese commercial bank, today announced the establishment of a new subsidiary called “Aozora Securities Co. Ltd” to expand the range of products available to clients. A stockbrokerage application has been submitted to the Kanto Local Financial Bureau.

The establishment of this new subsidiary is part of Aozora’s ongoing drive to grow non-interest income and diversify the Bank’s earnings base. Aozora Securities will be headquartered in Tokyo and is scheduled to begin operations in August 2006.

The new subsidiary will enable Aozora to begin handling a more diverse range of financial products to meet the evolving needs of the Bank’s growing client base. Specifically, the new subsidiary will respond to the asset management needs of many of Aozora’s long-standing institutional clients who have diversified their offerings to include a wider variety of products such as structured debt. The new unit is also aimed at satisfying the rising demand from public service corporations who are looking for alternative investment options for surplus capital beyond deposits and bank debentures.

Initially, the new subsidiary will act as a dedicated intermediary brokerage for Aozora Bank, marketing products exclusively to corporate clients and will not as a matter of policy target retail customers.

Aozora Securities will handle a range of products such as structured debt, straight bonds, and securitized products including Collateralized Debt Obligations (CDO’s).

The main benefits of establishing Aozora Securities:

- The creation of a securities subsidiary means Aozora will be able to source various products directly from the secondary market. This will enable the Bank to strengthen pricing competitiveness, expand the product lineup and will make a major contribution to improving the quality of services offered.
- Although the Bank does not currently hold certification as a securities underwriter, a significant expansion in this business area is planned for the future. The establishment of a securities subsidiary will make a big contribution to the range of financing options available to clients. Aozora Securities may also act as an underwriter and seller of the Bank’s own corporate bond issues.

Company Outline

Name: Aozora Securities Co. Ltd.

Address: Eiha Building (7th Floor), Kanda Nishiki-cho, Chiyoda-ku, Tokyo

Date of Establishment: April 27, 2006

Capital: 500 million yen

Share ownership: A wholly owned subsidiary of Aozora Bank Ltd.

Representative Director: Masaya Mizobuchi

Number of Employees: 12

Personal History

Mar' 1966 - Graduated Tokyo University Faculty of Economics

Apr' 1966 - Joined Long-Term Credit Bank of Japan, Ltd.

Sept' 1988 - President, LTCB International Ltd.

July 1995 - Senior Managing Director, Long-Term Credit Bank of Japan

Nov' 1996 - President, LTCB Trust and Banking Co., Ltd.

June 1998 - President, Representative Director Daiichi Securities, Ltd.

Apr' 1999 - Chairman of the Board of Directors, Daiichi Securities, Ltd.

Apr' 2000 - Special Advisor, UFJ Partners Asset Management Co., Ltd.

Jun' 2000 - President, Representative Director, UFJ Partners Asset Management Co., Ltd.

Mar' 2002 - Retired from UFJ Partners Asset Management Co., Ltd.

May 2006 - President, Aozora Securities, Ltd.