

## **Aozora Bank Launches Corporate Rehabilitation Fund in Hokkaido Partnership with Local Shinkin Lenders**

**TOKYO December 28, 2006** – Aozora Bank, Ltd., a leading Japanese commercial bank, announced today the launch of a new corporate rehabilitation fund dedicated to assisting small and medium-sized businesses in Japan's northern island of Hokkaido. The new fund will work in partnership with 23 Shinkin credit unions operating in this key region. This move is part of Aozora's medium-term growth strategy of leveraging longstanding relationships with Japanese regional financial institutions to generate new business opportunities for the Bank.

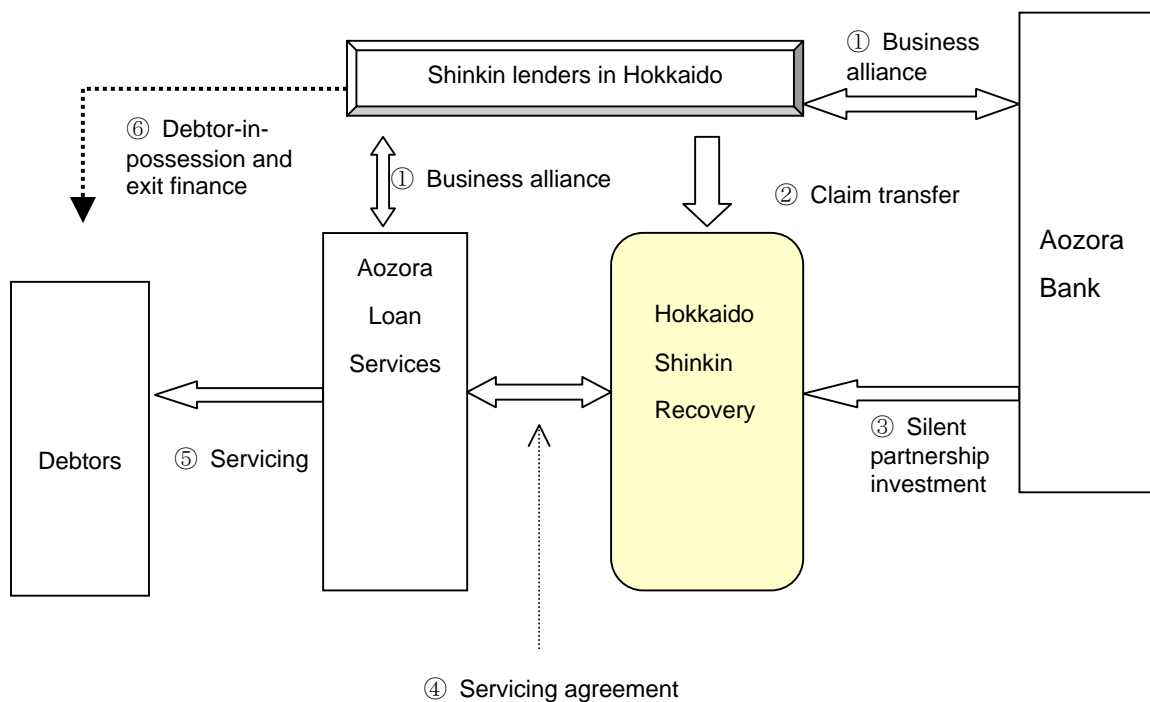
To support this initiative, Aozora has established a new, wholly owned fund into which Shinkin lenders in Hokkaido can transfer loans, loan guarantees and collateral from small and medium-sized businesses under corporate rehabilitation.

Aozora Loan Services Co., Ltd., a subsidiary of the Bank, will manage the fund. Aozora Loan Services draws on 10 years of expertise in processing loans associated with corporate rehabilitation programs. Working closely with these Hokkaido-based Shinkin lenders, Aozora aims to help local small and medium-sized businesses recover and contribute to the revitalization of the regional economy.

### 1. Fund Overview (see appended diagram)

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|------------------------|--|
| (1) Fund name          | Hokkaido Shinkin Recovery  |
| (2) Fund structure     | Tokumei Kumiai (Silent Investment Partnership)   |
| (3) Partner            | Aozora Bank. (100% investment)   |
| (4) Operator           | Hokkaido Shinkin Recovery Co., Ltd.<br>(Subsidiary of Aozora Loan Services)  |
| (5) Target claims      | Recoverable loans to small and medium-sized businesses impacted by temporary downturns in performance or factors unrelated to their core operations. |
| (6) Date established   | November 2006  |
| (7) Fund duration      | Five years   |
| (8) Investment ceiling | ¥3 billion   |
| (9) Loan agent         | Aozora Loan Services will manage recovery procedures and claims  |

## Overview of Financing Structure



## Outline of Agreement Process

- ① Hokkaido Shinkin lenders, Aozora Bank, and Aozora Loan Services sign memorandum of understanding
- ② Transfer claims to loans of rehabilitating borrowers
- ③ Aozora Bank purchases loan claims through silent partnership
- ④ Hokkaido Shinkin Recovery and Aozora Loan Services sign servicing agreement
- ⑤ Servicing agreement encompasses recovery assistance, claims management, and debtor maintenance
- ⑥ Consider debtor-in-possession and exit finance activities within the framework of the agreement

### About Aozora Bank:

Aozora Bank, Ltd. is a leading provider of lending, securitization, business and asset revitalization, asset management, loan syndication and investment advisory services to financial institutions, corporate and retail customers. Originally established in 1957 as the Nippon Fudosan Bank, Ltd., the Bank changed its name to Aozora Bank, Ltd. in 2001. In 2003, it became majority owned by Cerberus NCB Acquisition, L.P. Aozora is proud of its heritage and the long-term relationships it has developed with corporate, financial and individual customers over the years. Building on this heritage, Aozora has created a strong customer-oriented and performance-based culture that will contribute to both innovative business solutions for customers and sustainable earnings growth for investors and shareholders. On November 14, 2006, Aozora successfully listed its shares on the First Section of the Tokyo Stock Exchange.

News and other information about Aozora Bank, Ltd. is available at <http://www.aozorabank.co.jp/en/company/>

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