

Establishment of Business Recovery Fund, 'Shinkumi Recovery'

Tokyo, December 12, 2007 – Aozora Bank, Ltd. (“Aozora Bank”) and AOZORA Loan Services, Co., Ltd. (“AOZORA Loan Services”) today announced the conclusion of a business agreement with Shinkumi Federation Bank (hereinafter “Zenshinkumiren”) for the joint establishment of “Shinkumi Recovery”. This business recovery fund – the first of its kind in Japan – will provide support for small and medium-sized enterprises throughout the country, differentiating itself from existing regional funds. The joint establishment of this recovery fund will strengthen the collaboration between Aozora and Zenshinkumiren, which is currently addressing the reduction of disclosed claims through its Credit Union Sales Promotion Division. Zenshinkumiren has an existing capital investment in AOZORA Loan Services, and has employees dispatched with the company.

1. Objectives of the fund

Taking full advantage of Aozora Bank’s expertise in corporate recovery, the establishment of this fund, aimed exclusively at credit unions all over Japan that have previously operated independently, will provide an opportunity to facilitate the speedy recovery of small and medium-sized enterprises struggling with over-indebtedness, and contribute to the recovery of the country’s regional economies.

2. Overview of fund

Fund name : Shinkumi Recovery

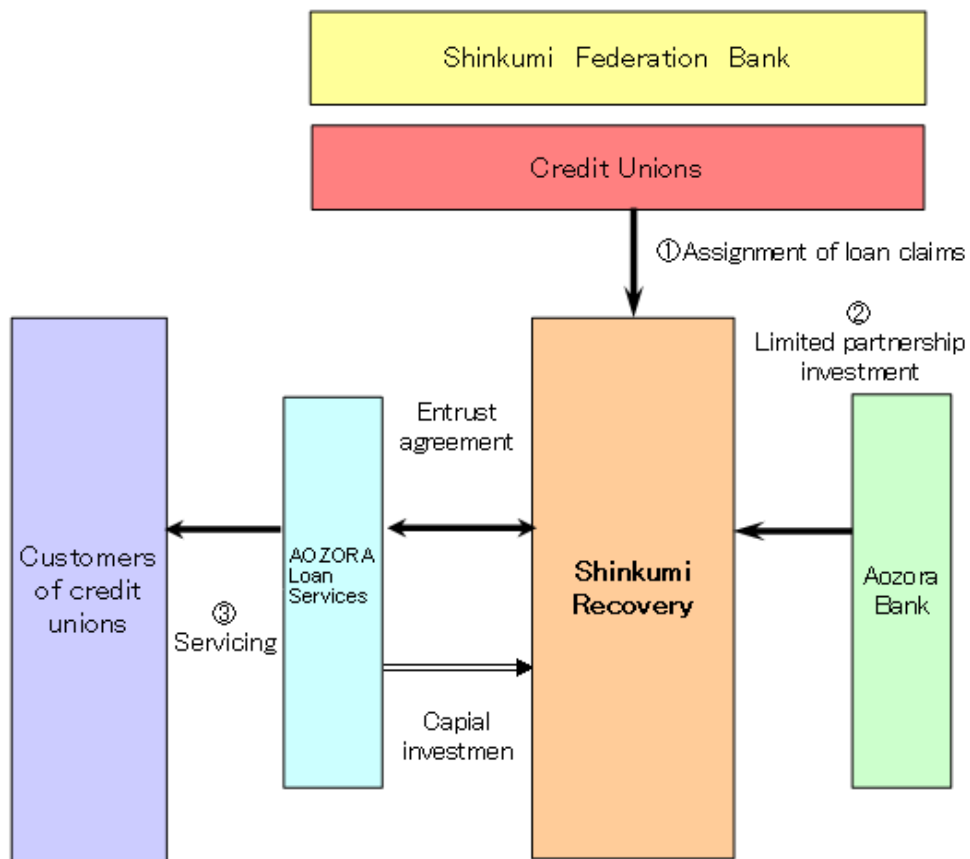
Target claims : Loan claims to SMEs held by credit unions

Details of business : Business recovery advisory services and management of claims entrusted to AOZORA Loan Services

To be established : March 2008

Overview of operation : See attachment

End



① Assignment of loan claims, etc. for customers of credit unions.

② Aozora Bank distributes funds for the purchase of loan claims through its limited partnership investment.

③ AOZORA Loan Services provides recovery support and manages claims, etc., based on the entrustment agreement with Shinkumi Recovery.