

Aozora Bank Announces the 3rd Quarter Information of Fiscal 2002 ending March 31, 2003

Tokyo (February 4, 2003) – Aozora Bank, Ltd. (“Aozora Bank”) today announced its 3rd quarter (October 1, 2002 to December 31, 2002) information of fiscal year 2002 ending March 31, 2003. The information in this press release is unaudited.

I. Business profit for the quarter ended December 31, 2002 before general loan-loss reserve <Non-consolidated>

(In billions of Yen)

	Fiscal 2002 ending March 31, 2003		<Reference> Fiscal 2001 ended March 31, 2002 full year
	First Quarter - Third Quarter		
	(April 1 - December 31, 2002)	Third Quarter (October 1 - December 31, 2002)	
Business profit (Before general loan-loss reserve)	23.2	7.8	25.9

Notes

1: Amounts above are rounded down.

2: Although the business profit before the general loan-loss reserve for the quarter is based on the calculation procedures of the year-end result, some procedures which may not lead to significant differences are omitted.

II. Estimated Capital Adequacy Ratio (Domestic Standard)

	As of March 31, 2003 <Estimated>	<Reference>	
		As of September 30, 2002	As of March 31, 2002
Consolidated Capital Adequacy Ratio	Approx. 13%	13.65%	14.05%
Consolidated Tier I Ratio	Approx. 12%	12.76%	12.88%

Note

: The capital adequacy ratio above is estimated figures as of today. The actual ratios are subject to change

III. Disclosed Claims Pursuant to the Financial Reconstruction Law <Non-consolidated>

(In billions of Yen and Percentages)

	As of December 31, 2002	As of June 30, 2002	<Reference>	
			As of September 30, 2002	As of March 31, 2002
Bankrupt and similar credit	10.8	14.7	50.3	21.1
Doubtful credit	127.5	274.5	136.7	306.4
Substandard credit	118.5	180.3	154.5	162.7
Total credit	256.8	469.7	341.5	489.6
Disclosed credit ratio to total credit	7.52%	13.86%	9.98%	14.19%

Notes

: Claims as of December 31, 2002 and as of June 30, 2002 are reported in accordance with the categories stipulated under Article 4 of Ordinance on Financial Reconstruction Law. The calculation methods for the December-end and June-end amounts, however, differ from March-end and September-end amounts in the following points. Consequently, there is no continuity.

Bankrupt and similar claims and Doubtful claims for December 31, 2002 and June 30, 2002 are based on the balance of claims to each borrower category (*1) at September 30, 2002 and March 31, 2002 (*2), respectively. For those borrowers who become bankrupt or whose bills are dishonored, borrower categories are reviewed in accordance with the self-assessment criteria, and claims to borrowers whose category has changed during the period from September 30, 2002 and March 31, 2002 to December 31, 2002 and June 30, 2002 are adjusted (*3).

Substandard claims for December 31, 2002 and June 30, 2002 are based on the balance of claims to each borrower category at September 30, 2002 and March 31, 2002, respectively. New claims overdue three months or relaxed the terms of new lending during the period from September 30, 2002 and March 31, 2002 to December 31, 2002 and June 30, 2002 (*2) are added. Claims to borrowers whose category is revised up and are no longer applicable to Bankrupt or similar credits or Doubtful credits are deducted (*3).

(*1) Relationship between categories based on the Financial Reconstruction Law and those of self-assessment:

Bankrupt and similar credit	Credits to bankrupt or substantially bankrupt borrower
Doubtful credit	Credits to potentially bankrupt borrowers
Substandard credit	Credits to borrowers requiring caution, overdue three months or relaxed the terms of lending

(*2) If certain events subsequent to June 30, 2003 and December 31, 2002 are significant enough to require changes in borrowers categories, they are reflected in calculations of credits as of June 30, 2003 and December 31, 2002, respectively.

(*3) Credits as of June 30, 2003 and December 31, 2002 reflect changes such as collections, write-offs and amortization during the 1st quarter and 3rd quarter, respectively.

IV. Net Unrealized Gains (Losses) on Marketable Securities <Non-consolidated>

Note: Amounts are rounded down.

(In billions of Yen)

	As of December 31, 2002				As of June 30, 2002			
	Market Value	Net Unrealized Gains (Losses)			Market Value	Net Unrealized Gains (Losses)		
		Gains	Losses			Gains	Losses	
Other securities	1,038.3	1.7	3.6	1.9	775.7	0.8	3.0	2.2
Stocks	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0
Bonds	958.1	(0.3)	1.1	1.5	701.0	(0.1)	1.6	1.7
Other	79.9	2.0	2.4	0.3	74.4	0.9	1.4	0.4

(In billions of Yen)

	(Reference) As of September 30, 2002			
	Market Value	Net Unrealized Gains (Losses)		
		Gains	Losses	
Other securities	967.4	0.6	2.6	2.0
Stocks	0.5	(0.0)	--	0.0
Bonds	901.7	(0.1)	1.4	1.5
Other	65.1	0.8	1.2	0.4

Notes

1: Net unrealized gains (losses), gains and losses as of December 31, 2002 and June 30, 2002 are differences between book values (after application of amortized cost method and devaluation) and fair values as of December 31, 2002 and June 30, 2002, respectively.

2: Other securities include securities, certificate of deposits and commercial paper, etc.

3: Aozora Bank has no held-to-maturity bonds and shares with market values in subsidiaries and affiliates as of December 31, 2002, June 30, 2002, and September 30, 2002, respectively.

V. Derivatives <Non-consolidated>

Note: Amounts below are rounded down.

The following net gains (losses) associated with derivatives transactions will be appropriated as the gains (losses) in the quarter or the interim report.

1) Interest Rate-Related Transactions

(In billions of Yen)

	As of December 31, 2002			As of June 30, 2002			<Reference> As of September 30, 2002		
	Contract or National Amount	Fair Value	Net Gains (Losses)	Contract or National Amount	Fair Value	Net Gains (Losses)	Contract or National Amount	Fair Value	Net Gains (Losses)
Listed	512.6	0.2	0.0	304.3	0.0	(0.1)	754.9	0.6	(0.1)
Interest Rate Swaps (OTC)	14,141.4	(7.6)	(7.6)	12,987.0	(8.9)	(8.9)	13,021.0	(3.0)	(3.0)
Others (OTC)	301.7	0.9	0.9	378.0	1.1	1.1	352.1	1.0	0.9
Total			(6.7)			(7.8)			(2.2)

Note

: Derivatives for which hedge accounting was adopted were excluded from the above table. The same applies to all derivative transactions through 5).

2) Currency-related Transactions

(In billions of Yen)

	As of December 31, 2002			As of June 30, 2002			<Reference> As of September 30, 2002		
	Contract National Amount	Market Value	Net Gains (Losses)	Contract National Amount	Market Value	Net Gains (Losses)	Contract National Amount	Market Value	Net Gains (Losses)
Currency Swaps (OTC)	125.0	(0.1)	(0.1)	286.1	(0.2)	(0.2)	239.3	(0.2)	(0.2)

Note

: Forward foreign exchange and currency options, which are discounted to present value, as well as are those currency swap transactions which are accounted for on an accrual basis are excluded from the above table.

3) Equity-related Transactions

(In billions of Yen)

	As of December 31, 2002			As of June 30, 2002			<Reference> As of September 30, 2002		
	Contract or National Amount	Fair Value	Net Gains (Losses)	Contract or National Amount	Fair Value	Net Gains (Losses)	Contract or National Amount	Fair Value	Net Gains (Losses)
Listed	48.6	0.0	(0.1)	152.5	0.3	0.1	69.5	0.2	0.1
OTC	--	--	--	1.0	0.0	9.0	3.0	0.0	(0.0)
Total			(0.1)			0.1			0.1

4) Bond-related Transactions

(In billions of Yen)

	As of December 31, 2002			As of June 30, 2002			<Reference> As of September 30, 2002		
	Contract or National Amount	Fair Value	Net Gains (Losses)	Contract or National Amount	Fair Value	Net Gains (Losses)	Contract or National Amount	Fair Value	Net Gains (Losses)
Listed	2.5	(0.0)	(0.0)	5.1	0.0	0.0	--	--	--
OTC	--	--	--	--	--	--	--	--	--
Total			(0.1)			0.0			--

5) Derivatives transactions to which hedge accounting is applied <Non-consolidated>

Note: Amounts below are rounded down.

(In billions of Yen)

	As of December 31, 2002	As of June 30, 2002	<Reference> As of September 30, 2002
	Deferred Gains (Losses)	Deferred Gains (Losses)	Deferred Gains (Losses)
Interest rate-related Swaps	28.7	25.4	29.2
Others	0.0	(0.0)	(0.0)
Total	28.7	25.3	29.2

<Reference> Information on interest rate risk, etc. associated with banking operations

At Aozora Bank, the Treasury Division, which is responsible for asset-liability management (ALM) operations, centrally manages interest rate risk associated with all banking operations, excluding market activities, and market risks associated with securities, funds and derivatives held for ALM purposes.

At the end of the 3rd quarter (December 31, 2002) fiscal 2002 ending March 31, 2003, the ALM risk level for a VaR model with a one-day holding period and a one-sided confidence interval of 99% was ¥0.6 billion.

At the end of the 3rd quarter (December 31, 2002) fiscal 2002 ending March 31, 2003, the market risk level of trading activities for a VaR model with a one-day holding period and a one-sided confidence interval of 99% was ¥0.1 billion.