

NEWS RELEASE

Aozora Bank Reports Interim Financial Results for FY 2007 and Revises Full Year Earnings Forecast

TOKYO November 14, 2007 – Aozora Bank, Ltd (“Aozora” or “the Bank”) today reported net income of 42.7 billion yen to reach 91.9% of its forecast on a consolidated basis for the first half of FY 2007. Despite recent adverse market conditions Aozora’s consolidated Tier 1 capital ratio of 16.97% remains one of the highest of the Japanese banks.

Aozora recognized unrealized valuation losses of 5.8 billion yen on its portfolio of collateralized debt obligations (of which 1.2 billion yen is in “other losses”) which the Bank fully disclosed in first quarter results in June 2007. Aozora also realized losses of 6.8 billion yen on the sale of a portfolio of securities that included Japanese Government Bonds and US Treasury Bonds. The resulting decline in net non-interest income led to a decrease of 16.0% in net revenue to 48.8 billion yen.

Aozora continued to generate significant loan book growth with loans and bills discounted expanding 7.8% to 3,971.7 billion yen in the fiscal first-half. Loan book growth combined with further enhanced interest margins, resulted in 28.7% growth in net interest income to 27.9 billion yen.

Aozora Bank Chairman, Kimikazu Noumi, commented, “ Due to the recent deteriorating market conditions we missed our half year earnings forecast and have revised our full year projections. This does not impact the core business of the Bank. There is no material impact on our capital base which is the highest of any Japanese banks, and we remain highly liquid and profitable”.

Consolidated basis (April 1, 2007 to September 30, 2007)

(Unit: Billions of yen)

	Net Revenue	Operating Profit	Net Income
FY2007 1st Half Results	48.8	23.1	42.7
FY2006 1st Half results	58.1	33.4	53.4
Percentage Change	-16.0%	-30.9%	-19.9%
FY2007 1st Half Forecast	-	30.0	46.5
Achievement Rate	-	76.9%	91.9%

Non-consolidated basis (April 1, 2007 to September 30, 2007)

(Unit: Billions of yen)

	Net Revenue	Operating Profit	Net Income
FY2007 1st Half Results	41.2	19.0	40.2
FY2006 1st Half results	54.4	32.5	53.1

Percentage Change	-24.2%	-41.6%	-24.3%
FY2007 1 st Half Forecast	-	26.0	42.0
Achievement Rate	-	72.9%	95.7%

OUTLOOK

Aozora has revised its earnings forecast for the full year ending March 31, 2008, as below. This incorporates the impact of the first half results as well as our estimate on further valuation losses of the Bank's CDO investment portfolio.

Consolidated basis (April 1, 2007 to March 31, 2008)

(Unit: Billions of yen)

	Operating Income	Net Revenue	Business Profit	Operating Profits	Net Income	Earnings per share
Previous Forecast (a)	229.0	126.0	69.0	66.5	84.5	49.89 Yen
Revised Forecast (b)	229.0	107.0	51.0	47.6	62.6	36.62Yen
Change (b-a)	-	-19.0	-18.0	-18.9	-21.9	-13.27Yen
Percentage Change	-	-15.1%	-26.1%	-28.4%	-25.9%	-26.6%
(FYI) FY2006 Financial Result	197.5	114.4	61.6	62.4	81.5	52.59 Yen

Non-consolidated basis (April 1, 2007 to March 31, 2008)

(Unit: Billions of yen)

	Operating Income	Business Profit before Credit Costs	Operating Profits	Net Income	Earnings per share
Previous Forecast (a)	213.0	60.0	57.0	76.0	44.74Yen
Revised Forecast (b)	213.0	42.0	38.1	56.1	32.68Yen
Change (b-a)	-	-18.0	-18.9	-19.9	-12.06Yen
Percentage Change	-	-30.0%	-33.2%	-26.2%	-27.0%
(FYI) FY2006 Financial Result	188.1	61.3	62.0	82.2	53.03Yen

INTERIM RESULTS GLOBAL CONFERENCE CALL

Aozora will hold a global conference call to discuss the interim financial results and answer questions on Wednesday, November 14, 2007. The call will begin at 10.00pm in Tokyo, 9.00pm in Hong Kong, 1.00pm in London and 8.00am in New York. To register, please call Taylor Rafferty on the following numbers:

James Hawrylak, Tokyo +81 3 3221 9513
 Maria Ruiz, London +44 20 7614 2900
 Reema Parikh, New York +1 212 889 4350

Alternatively, you can register online at

http://invite.taylor-rafferty.com/_aazorabank/global

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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.

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

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