

December 6, 2007

Aozora Bank, Ltd.

**Corrections of BIS Capital Adequacy Ratio Related Information
For FY 2006, 1st Quarter of FY 2007 and 1st Half of FY 2007**

Aozora Bank, Ltd. has made the following corrections to information related to the BIS Capital Adequacy Ratio for FY 2006 ended March 31, 2007, the 1st quarter of FY 2007 ended June 30, 2007 and the 1st half of FY 2007 ended September 30, 2007. The main corrections are summarized below. Please see page 2 and thereafter for details.

【Consolidated】

(Millions of Yen)	Before correction			After correction		
	Sep. 30, '07	Jun. 30, '07	Mar. 31, '07	Sep. 30, '07	Jun. 30, '07	Mar. 31, '07
BIS capital adequacy ratio	15.79%	16.33%	15.82%	<u>15.75%</u>	<u>16.30%</u>	<u>15.70%</u>
Tier 1 ratio	16.97%	18.07%	17.50%	<u>16.92%</u>	<u>18.04%</u>	<u>17.36%</u>
Regulatory capital	763,474	742,583	714,232	<u>763,559</u>	<u>742,634</u>	<u>714,457</u>
Risk-weighted assets	4,832,170	4,545,457	4,512,606	<u>4,845,679</u>	<u>4,553,516</u>	<u>4,548,525</u>

【Non-consolidated】

(Millions of Yen)	Before correction			After correction		
	Sep. 30, '07	Jun. 30, '07	Mar. 31, '07	Sep. 30, '07	Jun. 30, '07	Mar. 31, '07
BIS capital adequacy ratio	16.01%	16.39%	15.98%	<u>15.96%</u>	<u>16.36%</u>	<u>15.86%</u>
Tier 1 ratio	16.96%	17.86%	17.37%	<u>16.91%</u>	<u>17.82%</u>	<u>17.23%</u>
Regulatory capital	769,616	744,960	723,156	<u>769,704</u>	<u>745,010</u>	<u>723,380</u>
Risk-weighted assets	4,806,111	4,543,348	4,523,735	<u>4,820,190</u>	<u>4,551,409</u>	<u>4,559,655</u>

Details for the corrections

【Summary of Financial Results for FY 2006】

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III. BIS Capital Adequacy Ratio (Consolidated, Domestic Standards)
Mar. 31, 2007 (JPY 100 millions)

		Before correction	After correction
Regulatory Capital	A	7,142	<u>7,145</u>
Risk-weighted Assets	C	45,126	<u>45,485</u>
Capital Adequacy Ratio	A/C	15.82%	<u>15.70%</u>
Tier 1 Ratio	B/C	17.50%	<u>17.36%</u>

【Financial Results for FY 2006】

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9. Capital Adequacy Ratio (under Japanese domestic standard)

【Consolidated】

(Before correction)

(Unit: JPY
millions)

	Mar. 31, 2007		
	(A)	(A)-(B)	(A)-(C)
(1) Capital adequacy ratio	15.82%	(3.65%)	(2.92%)
Tier I ratio	17.50%	(1.62%)	(1.02%)
(2) Tier I	789,707	71,730	24,551
(3) Tier II (qualifying as capital)	28,203	4,735	2,395
(a) General loan loss reserve	28,203	4,735	2,395
(b) Subordinated debt	-	-	-
(a) + (b)	28,203	4,735	2,395
(4) Deductions	103,678	93,555	86,793
(Amounts equivalent to funding of other financial institutions)	-	-	-
(5) Regulatory capital (2) + (3) - (4)	714,232	(17,090)	(59,846)
(6) Risk-weighted assets	4,512,606	757,646	383,296

(After correction)

(Unit: JPY
millions)

	Mar. 31, 2007		
	(A)	(A)-(B)	(A)-(C)
(1) Capital adequacy ratio	<u>15.70%</u>	<u>(3.77%)</u>	<u>(3.04%)</u>
Tier I ratio	<u>17.36%</u>	<u>(1.76%)</u>	<u>(1.16%)</u>
(2) Tier I	789,707	71,730	24,551
(3) Tier II (qualifying as capital)	<u>28,428</u>	<u>4,960</u>	<u>2,620</u>
(a) General loan loss reserve	<u>28,428</u>	<u>4,960</u>	<u>2,620</u>
(b) Subordinated debt	-	-	-
(a) + (b)	<u>28,428</u>	<u>4,960</u>	<u>2,620</u>
(4) Deductions	103,678	93,555	86,793

(Amounts equivalent to funding of other financial institutions)	-	-	-
(5) Regulatory capital (2) + (3) - (4)	<u>714,457</u>	<u>(16,865)</u>	<u>(59,621)</u>
(6) Risk-weighted assets	<u>4,548,525</u>	<u>793,565</u>	<u>419,215</u>

【Non-consolidated】

(Before correction)
millions)

(Unit: JPY

	Mar. 31, 2007		
	(A)	(A)-(B)	(A)-(C)
(1) Capital adequacy ratio	15.98%	(3.57%)	(3.02%)
Tier I ratio	17.37%	(1.55%)	(1.01%)
(2) Tier I	785,812	71,353	24,591
(3) Tier II (qualifying as capital)	28,273	4,683	2,393
(a) General loan loss reserve	28,273	4,683	2,393
(b) Subordinated debt	-	-	-
(a) + (b)	28,273	4,683	2,393
(4) Deductions	90,929	90,929	90,929
(Amounts equivalent to funding of other financial institutions)	-	-	-
(5) Regulatory capital (2) + (3) - (4)	723,156	(14,894)	(63,945)
(6) Risk-weighted assets	4,523,735	749,230	382,889

(After correction)
millions)

(Unit: JPY

	Mar. 31, 2007		
	(A)	(A)-(B)	(A)-(C)
(1) Capital adequacy ratio	<u>15.86%</u>	<u>(3.69%)</u>	<u>(3.14%)</u>
Tier I ratio	<u>17.23%</u>	<u>(1.69%)</u>	<u>(1.15%)</u>
(2) Tier I	785,812	71,353	24,591
(3) Tier II (qualifying as capital)	<u>28,497</u>	<u>4,907</u>	<u>2,617</u>
(a) General loan loss reserve	<u>28,497</u>	<u>4,907</u>	<u>2,617</u>
(b) Subordinated debt	-	-	-
(a) + (b)	<u>28,497</u>	<u>4,907</u>	<u>2,617</u>
(4) Deductions	90,929	90,929	90,929
(Amounts equivalent to funding of other financial institutions)	-	-	-
(5) Regulatory capital (2) + (3) - (4)	<u>723,380</u>	<u>(14,670)</u>	<u>(63,721)</u>
(6) Risk-weighted assets	<u>4,559,655</u>	<u>785,150</u>	<u>418,809</u>

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1. Consolidated Capital Adequacy

(Before correction)
millions)

(Unit: JPY 100

	Risk-weighted	Regulatory	Deferred tax	Capital
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	Assets	Capital		assets	Adequacy ratio
		Tier1	Tier2		
March 31, 2007	45,126	7,142	7,897	292	15.82%

(After correction)
millions)

(Unit: JPY 100

	Risk-weighted Assets	Regulatory Capital		Deferred tax assets	Capital Adequacy ratio
		Tier1	Tier2		
March 31, 2007	<u>45,485</u>	<u>7,145</u>	7,897	292	<u>15.70%</u>

【Consolidated Financial and Business Results for the 1st Quarter of FY 2007】

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4. Capital Adequacy Ratio (based on Japanese domestic standards)

【Consolidated】

(Before correction)
millions)

(Unit: JPY

	Jun. 30, 2007		Mar.31, 2007
	(A)	(A)-(B)	(B)
(1) Capital adequacy ratio	16.33%	0.51%	15.82%
Tier I ratio	18.07%	0.57%	17.50%
(2) Tier I	821,536	31,829	789,707
(3) Tier II (qualifying as capital)	28,409	206	28,203
(a) General loan loss reserve	28,409	206	28,203
(b) Subordinated debt	-	-	-
(a) + (b)	28,409	206	28,203
(4) Deductions	107,361	3,683	103,678
(Amounts equivalent to funding of other financial institutions)	-	-	-
(5) Regulatory capital (2) + (3) - (4)	742,583	28,351	714,232
(6) Risk-weighted assets	4,545,457	32,851	4,512,606
(7) Required Capital (6)*4%	181,818	1,314	180,504

(After correction)
millions)

(Unit: JPY

	Jun. 30, 2007		Mar.31, 2007
	(A)	(A)-(B)	(B)
(1) Capital adequacy ratio	<u>16.30%</u>	<u>0.60%</u>	<u>15.70%</u>
Tier I ratio	<u>18.04%</u>	<u>0.68%</u>	<u>17.36%</u>
(2) Tier I	821,536	31,829	789,707
(3) Tier II (qualifying as capital)	<u>28,459</u>	<u>31</u>	<u>28,428</u>
(a) General loan loss reserve	<u>28,459</u>	<u>31</u>	<u>28,428</u>
(b) Subordinated debt	-	-	-
(a) + (b)	<u>28,459</u>	<u>31</u>	<u>28,428</u>

(4) Deductions	107,361	3,683	103,678
(Amounts equivalent to funding of other financial institutions)	-	-	-
(5) Regulatory capital (2) + (3) - (4)	<u>742,634</u>	<u>28,177</u>	<u>714,457</u>
(6) Risk-weighted assets	<u>4,553,516</u>	<u>4,991</u>	<u>4,548,525</u>
(7) Required Capital (6)*4%	<u>182,140</u>	<u>199</u>	<u>181,941</u>

【Non-consolidated】

(Before correction)
millions)

(Unit: JPY

	Jun. 30, 2007		March 31, 2007
	(A)	(A)-(B)	(B)
(1) Capital adequacy ratio	16.39%	0.41%	15.98%
Tier I ratio	17.86%	0.49%	17.37%
(2) Tier I	811,506	25,694	785,812
(3) Tier II (qualifying as capital)	28,395	122	28,273
(a) General loan loss reserve	28,395	122	28,273
(b) Subordinated debt	-	-	-
(a) + (b)	28,395	122	28,273
(4) Deductions	94,942	4,013	90,929
(Amounts equivalent to funding of other financial institutions)	-	-	-
(5) Regulatory capital (2) + (3) - (4)	744,960	21,804	723,156
(6) Risk-weighted assets	4,543,348	19,613	4,523,735
(7) Required Capital (6)*4%	181,733	784	180,949

(After correction)
millions)

(Unit: JPY

	Jun. 30, 2007		March 31, 2007
	(A)	(A)-(B)	(B)
(1) Capital adequacy ratio	<u>16.36%</u>	<u>0.50%</u>	<u>15.86%</u>
Tier I ratio	<u>17.82%</u>	<u>0.59%</u>	<u>17.23%</u>
(2) Tier I	811,506	25,694	785,812
(3) Tier II (qualifying as capital)	<u>28,446</u>	<u>(51)</u>	<u>28,497</u>
(a) General loan loss reserve	<u>28,446</u>	<u>(51)</u>	<u>28,497</u>
(b) Subordinated debt	-	-	-
(a) + (b)	<u>28,446</u>	<u>(51)</u>	<u>28,497</u>
(4) Deductions	94,942	4,013	90,929

(Amounts equivalent to funding of other financial institutions)	-	-	-
(5) Regulatory capital (2) + (3) - (4)	<u>745,010</u>	<u>21,630</u>	<u>723,380</u>
(6) Risk-weighted assets	<u>4,551,409</u>	<u>(8,246)</u>	<u>4,559,655</u>
(7) Required Capital (6)*4%	<u>182,056</u>	<u>(330)</u>	<u>182,386</u>

【Summary of Consolidated Financial and Business Result for the 1st Quarter of FY 2007】

IV Capital Adequacy Ratio (based on Japanese domestic standards)
(Before correction)

	As of Jun. 30, '07	As of Mar. 31, '07
Capital adequacy ratio	16.33%	15.82%
Tier 1 ratio	18.07%	17.50%

(After correction)

	As of Jun. 30, '07	As of Mar. 31, '07
Capital adequacy ratio	<u>16.30%</u>	<u>15.70%</u>
Tier 1 ratio	<u>18.04%</u>	<u>17.36%</u>

【Summary of Financial Statements for the 1st Half of FY 2007】

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1. Business Highlights for the Interim Period Ended September 30, 2007 (Fiscal Year 2007)

(2) Consolidated Financial Condition

Consolidated BIS capital adequacy ratio (domestic standard)

	(Before correction)	(After correction)
1H of FY 2007	(preliminary) 15.79%	(preliminary) <u>15.75%</u>
FY 2006	15.82%	<u>15.70%</u>

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(Ref.) Summary of Non-consolidated Financial Statements

1. Business Highlights for the Interim Period Ended September 30, 2007 (Fiscal Year 2007)

(2) Financial Condition

BIS capital adequacy ratio (domestic standard)

	(Before correction)	(After correction)
1H of FY 2007	(preliminary) 16.01%	(preliminary) <u>15.96%</u>
FY 2006	15.98%	<u>15.86%</u>

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1. Results of operations

(2) Analysis of financial condition

<Capital adequacy ratio>

(Before correction)

As of September 30, 2007, the consolidated regulatory capital for BIS calculation stood at ¥ 763.5 billion, recognizing ¥ 42.7 billion of net income and decrease of

deducted items. Consolidated risk-weighted assets were ¥ 4,832.2 billion due to an increase in the balance of loans.

As a result, the consolidated capital adequacy ratio (domestic standard, preliminary) remained almost flat at 15.79%.

(After correction)

As of September 30, 2007, the consolidated regulatory capital for BIS calculation stood at ¥ 763.6 billion, recognizing ¥ 42.7 billion of net income and decrease of deducted items. Consolidated risk-weighted assets were ¥ 4,845.7 billion due to an increase in the balance of loans.

As a result, the consolidated capital adequacy ratio (domestic standard, preliminary) remained almost flat at 15.75%.

【Summary of Financial Results for 1st Half of FY 2007】

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III. BIS Capital Adequacy Ratio (Consolidated, Domestic Standards)

Sep. 30, 2007 (preliminary) (JPY 100 millions)

		Before correction	After correction
Regulatory Capital	A	7,635	<u>7,636</u>
Risk-weighted Assets	C	48,322	<u>48,457</u>
Capital Adequacy Ratio	A/C	15.79%	<u>15.75%</u>
Tier 1 Ratio	B/C	16.97%	<u>16.92%</u>

Mar. 31, 2007 (JPY 100 millions)

		Before correction	After correction
Regulatory Capital	A	7,142	<u>7,145</u>
Risk-weighted Assets	C	45,126	<u>45,485</u>
Capital Adequacy Ratio	A/C	15.82%	<u>15.70%</u>
Tier 1 Ratio	B/C	17.50%	<u>17.36%</u>

【Financial Results for the 1st Half of FY 2007】

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9. Capital Adequacy Ratio (under Japanese domestic standards)

【Consolidated】

(Before correction)
millions)

(Unit: JPY

	September 30, 2007 (preliminary)			March 31, 2007 (B)
	(A)	(A)-(B)	(A)-(C)	
(1) Capital adequacy ratio	15.79%	(0.03%)	(2.95%)	15.82%
Tier I ratio	16.97%	(0.53%)	(1.55%)	17.50%
(2) Tier I	820,115	30,408	54,959	789,707

(3) Tier II (qualifying as capital)	30,201	1,998	4,393	28,203
(a) General loan loss reserve	30,201	1,998	4,393	28,203
(b) Subordinated debt	-	-	-	-
(a) + (b)	30,201	1,998	4,393	28,203
(4) Deductions	86,841	(16,837)	69,956	103,678
(Amounts equivalent to funding of other financial institutions)	4,003	4,003	4,003	-
(5) Regulatory capital (2) + (3) - (4)	763,474	49,242	(10,604)	714,232
(6) Risk-weighted assets	4,832,170	319,564	702,860	4,512,606

(After correction)
millions)

(Unit: JPY

	September 30, 2007 (preliminary)			March 31, 2007 (B)
	(A)	(A)-(B)	(A)-(C)	
(1) Capital adequacy ratio	<u>15.75%</u>	<u>0.05%</u>	<u>(2.99%)</u>	<u>15.70%</u>
Tier I ratio	<u>16.92%</u>	<u>(0.44%)</u>	<u>(1.60%)</u>	<u>17.36%</u>
(2) Tier I	820,115	30,408	54,959	789,707
(3) Tier II (qualifying as capital)	<u>30,285</u>	<u>1,857</u>	<u>4,477</u>	<u>28,428</u>
(a) General loan loss reserve	<u>30,285</u>	<u>1,857</u>	<u>4,477</u>	<u>28,428</u>
(b) Subordinated debt	-	-	-	-
(a) + (b)	<u>30,285</u>	<u>1,857</u>	<u>4,477</u>	<u>28,428</u>
(4) Deductions	86,841	(16,837)	69,956	103,678
(Amounts equivalent to funding of other financial institutions)	4,003	4,003	4,003	-
(5) Regulatory capital (2) + (3) - (4)	<u>763,559</u>	<u>49,102</u>	<u>(10,519)</u>	<u>714,457</u>
(6) Risk-weighted assets	<u>4,845,679</u>	<u>297,154</u>	<u>716,369</u>	<u>4,548,525</u>

【Non-consolidated】

(Before correction)
millions)

(Unit: JPY

	September 30, 2007 (preliminary)			March 31, 2007 (B)
	(A)	(A)-(B)	(A)-(C)	
(1) Capital adequacy ratio	16.01%	0.03%	(2.99%)	15.98%
Tier I ratio	16.96%	(0.41%)	(1.42%)	17.37%
(2) Tier I	815,269	29,457	54,048	785,812
(3) Tier II (qualifying as capital)	30,038	1,765	4,158	28,273
(a) General loan loss reserve	30,038	1,765	4,158	28,273
(b) Subordinated debt	-	-	-	-
(a) + (b)	30,038	1,765	4,158	28,273
(4) Deductions	75,690	(15,239)	75,690	90,929
(Amounts equivalent to funding of	4,003	4,003	4,003	-

	other financial institutions)				
(5) Regulatory capital (2) + (3) - (4)	769,616	46,460	(17,485)	723,156	
(6) Risk-weighted assets	4,806,111	282,376	665,265	4,523,735	

(After correction)

(Unit: JPY

millions)

	September 30, 2007 (preliminary)			March 31, 2007
	(A)	(A)-(B)	(A)-(C)	(B)
(1) Capital adequacy ratio	<u>15.96%</u>	<u>0.10%</u>	<u>(3.04%)</u>	<u>15.86%</u>
Tier I ratio	<u>16.91%</u>	<u>(0.32%)</u>	<u>(1.47%)</u>	<u>17.23%</u>
(2) Tier I	815,269	29,457	54,048	785,812
(3) Tier II (qualifying as capital)	<u>30,126</u>	<u>1,629</u>	<u>4,246</u>	<u>28,497</u>
(a) General loan loss reserve	<u>30,126</u>	<u>1,629</u>	<u>4,246</u>	<u>28,497</u>
(b) Subordinated debt	-	-	-	-
(a) + (b)	<u>30,126</u>	<u>1,629</u>	<u>4,246</u>	<u>28,497</u>
(4) Deductions	75,690	(15,239)	75,690	90,929
(Amounts equivalent to funding of other financial institutions)	4,003	4,003	4,003	-
(5) Regulatory capital (2) + (3) - (4)	<u>769,704</u>	<u>46,324</u>	<u>(17,397)</u>	<u>723,380</u>
(6) Risk-weighted assets	<u>4,820,190</u>	<u>260,535</u>	<u>679,344</u>	<u>4,559,655</u>

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2. Consolidated Capital Adequacy

(Before correction)

(Unit: JPY 100

millions)

	Risk-weighted Assets	Regulatory Capital		Deferred tax assets	Capital Adequacy ratio
		Tier1	Tier2		
March 31, 2007	45,126	7,142	7,897	282	15.82%
September 30, 2007	48,322	7,635	8,201	302	15.79%

(After correction)

(Unit: JPY 100

millions)

	Risk-weighted Assets	Regulatory Capital		Deferred tax assets	Capital Adequacy ratio
		Tier1	Tier2		
March 31, 2007	<u>45,485</u>	<u>7,145</u>	7,897	<u>284</u>	<u>15.70%</u>
September 30, 2007	<u>48,457</u>	<u>7,636</u>	8,201	<u>303</u>	<u>15.75%</u>