

# ***NEWS RELEASE***

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## **Aozora Bank Receives Business Improvement Order from the Financial Services Agency**

Aozora Bank, Ltd. today received a Business Improvement Order from the Financial Services Agency (FSA), in accordance with Article 20.2 of the Early Strengthening Law and Article 26.1 of the Banking Law.

The order relates to the Bank's non-achievement of PL targets stipulated in its FY2007 Business Revitalization Plan following the recognition of valuation losses on Collateralized Debt Obligations (CDOs), as well as a provision for investment loss in FIM LLC (the 51% owner of GMAC LLC) in turbulent market conditions resulting from the US sub-prime loan problem. FY2007 non-consolidated net income stood at 3.5 billion yen as a consequence.

### 1. Grounds for administrative action

As actual profits fell significantly short of targets, the FSA deemed administrative action necessary in order to ensure the achievement of the BRP.

### 2. The contents of the Business Improvement Order are as follows:

- (1) The Bank is required to forward a Business Improvement Plan to the FSA by August 25, 2008. The plan must contain specific measures for fundamentally improving profitability.
- (2) The Bank's Business Improvement Plan must be implemented steadily.
- (3) A progress report on the plan must be submitted to the FSA within two months of the end of every quarter, starting from the end of September 2008 until it is confirmed that the plan is fulfilled.

The Business Improvement Order does not affect the Bank's ability to conduct business as usual, and the management would like to reassert its commitment to the further strengthening of its business base and the achievement of the BRP through establishment of sustainable profits base. The early repayment of public funds, i.e. redemption and cancellation of all remaining preferred stocks remains our strategic priority, subject to reaching an appropriate stock price.

The Bank wishes to extend its gratitude to all customers and shareholders for their continued support, dedication and guidance.

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