

# ***NEWS RELEASE***

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## **Aozora Bank Revises Interim and Full Year Earnings Forecasts for FY2008**

**TOKYO September 12, 2008** – Aozora Bank, Ltd. (“Aozora” or “the Bank”), a leading Japanese commercial bank, today announced revised consolidated and non-consolidated financial forecasts for FY2008. These update the Bank’s August 7<sup>th</sup> earnings forecasts (see tables below). The full-year ordinary profit and net income forecasts have been reduced, primarily reflecting a conservative approach to the accounting treatment of certain tax benefits as described below. However, the full-year consolidated net revenue and business profit forecasts have been revised upward.

Aozora has raised its FY2008 full year forecast for net revenue from 90.2 billion to 97.0 billion and its estimate for business profit from 36.2 billion to 43.0 billion yen to reflect the continued strong performance of its core business augmented by the emergence of specific opportunities arising from the de-leveraging taking place in the global credit markets. The Bank’s capital base is among the highest in its peer group and it has ample liquidity to allow it to actively pursue transactions that meet its risk return parameters.

On August 29, the Bank reaffirmed its full year earnings forecast based on the expectation that the Bank will recognize a tax benefit resulting from the cumulative write-downs of the Bank’s investment in GMAC. Because the accounting treatment for the tax effect of the GMAC write-downs has not been finalized, the Bank has taken a conservative approach and not included such a tax effect in its current earnings forecast. For reference: with this tax benefit factored in at expected levels, the Bank had projected consolidated net income exceeding its previous forecast of 26.2 billion yen.

The Bank has lowered its net income forecast from 26.2 billion yen to 15.0 billion yen and its ordinary profit forecast from 23.2 billion yen to 20.0 billion yen. This reflects the conservative approach to the accounting treatment of the tax benefits described above and a prudent increase in credit-related expenses reflecting current domestic and international economic conditions, together with the losses resulting from futures transactions for the hedging of Exchange Traded Funds that are classified as Available for Sale Securities.

### **<Full year forecasts: 12 month period from April 1, 2008 to March 31, 2009> 【Consolidated basis】**

(100 million yen)	Ordinary Income	Net Revenue	Business Profit	Ordinary Profit	Net Income
Previous Forecast (a)	2,100	902	362	232	262
Revised Forecast (b)	2,200	970	430	200	150
Change (b-a)	100	68	68	-32	-112
Percentage Change	4.8%	7.5%	18.8%	-13.8%	-42.7%
(FYI) Q1 FY2008 (c)	488	175	50	-21	29
Achievement Rate (c)/(b)	22.2%	18.0%	11.5%	-	19.2%

**【Non-consolidated basis】**

(100 million yen)	Ordinary Income	Business Profit before general loan-loss reserve	Ordinary Profit	Net Income
Previous Forecast (a)	2,000	510	186	226
Revised Forecast (b)	2,100	580	140	105
Change (b-a)	100	70	-46	-121
Percentage Change	5.0%	13.7%	-24.7%	-53.5%
(FYI) Q1 FY2008 (c)	473	112	-40	15
Achievement Rate (c)/(b)	22.5%	19.3%	-	14.3%

**Analysis of Revisions to Interim Earnings Forecasts (Consolidated Basis)**

The Bank has revised downwards its net income forecast from 15.5 billion yen to -4.0 billion yen, and ordinary profit from 12.5 billion yen to -8.0 billion yen. The main factor is the change in the timing, but not the amount, of the previously disclosed valuation losses of 17.8 billion yen related to its investment in GMAC. The August 7<sup>th</sup> forecast had write-downs of 6.5 billion in the first half of FY2008 and 11.3 billion yen in the second half which have now been amended to 16.0 billion yen and 1.8 billion yen, respectively. For reference: Aozora projected positive net income inclusive of the tax benefit resulting from the write-down of the Bank's investment in GMAC.

**<Interim forecast: Six month period from April 1, 2008 to September 30, 2008>  
【Consolidated basis】**

(100 million yen)	Ordinary Income	Ordinary Profit	Net Income
Previous Forecast (a)	1,000	125	155
Revised Forecast (b)	1,000	-80	-40
Change (b-a)	0	-205	-195
Percentage Change	0%	-	-
(FYI) Q1 FY2008 (c)	488	-21	29
Achievement Rate (c)/(b)	48.8%	-	-

**【Non-consolidated basis】**

(100 million yen)	Ordinary Income	Ordinary Profit	Net Income
Previous Forecast (a)	950	107	137
Revised Forecast (b)	950	-120	-70
Change (b-a)	0	-227	-207
Percentage Change	0%	-	-
(FYI) Q1 FY2008 (c)	473	-40	15
Achievement Rate (c)/(b)	49.8%	-	-

## Management Commentary

Full year forecasts for consolidated net income and ordinary profit are projected to post positive numbers despite the downward revision of the Bank's interim forecasts which were primarily due to the recognition of GMAC losses. Our core business continues to perform strongly, which has led to a full year upward revision of our forecasts for net revenue and business profit. The Bank's capital adequacy and Tier 1 capital ratios, standing at 14.04% and 15.03% respectively as of June 30, 2008, remain among the highest in its peer group. With an ample level of liquidity and a management team enhanced by the recent hiring of senior executives with proven-track records of successful business development, the Bank remains well-positioned to pursue a business model that delivers sustainable, client-driven earnings.

## GLOBAL CONFERENCE CALL

Aozora will hold a global conference call to discuss the revised interim and full-year forecasts and answer questions on Monday, September 15 2008. This call will begin at 10.00pm in Tokyo, 9pm in Hong Kong, 2pm in London and 9am in New York. To register, please call Taylor Rafferty on the following numbers:

Tokyo - +81 3 3221 9513  
London - +44 20 7614 2900  
New York - +1 212 889 4350

Alternatively, you can register online at:  
[http://invite.taylor-rafferty.com/\\_aozorabank/global](http://invite.taylor-rafferty.com/_aozorabank/global)

This announcement is also available on Aozora Bank's website at:  
<http://www.aozorabank.co.jp/en/company/>

*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/>*

### *Forward-Looking Statements*

*This announcement contains forward-looking statements regarding the Bank's financial condition and results of operations. These forward-looking statements, which include the Bank's views and assumptions with respect to future events, involve certain risks and uncertainties. Actual results may differ from forecasts due to changes in economic conditions and other factors.*