



2004

AOZORA BANK, LTD.
Corporate Brochure
Year Ended March 31, 2004

Joint Message from the Chairman and President

We were honored to assume the leadership of Aozora Bank, Ltd., during the past year, a year of consolidation, change and strong financial performance. In September 2003, Cerberus NCB Acquisition, L.P., a U.S.-based investment group, became the majority shareholder of the Bank. Subsequently, we were appointed to the senior management positions of the Bank. Since then, we have focused on the development and implementation of strategic plans for the Bank in order to ensure the achievement of a position of sustainable competitive advantage and superior performance. To achieve this, our priority is to understand and service the requirements of customers, while simultaneously addressing the needs and requirements of our regulators, shareholders and staff. We believe that Aozora Bank can continue to grow by utilizing its strong capital, funding and liquidity positions to enhance the development and delivery of new products for existing and new customers and markets. We are excited by the opportunities presented to Aozora Bank to grow, prosper and regain its position as a leading Japanese financial institution and are pleased to present this corporate brochure for the fiscal year ended March 31, 2004, which reflects the Bank's continuing ability to achieve its targeted level of performance. We would also like to take this opportunity to thank our customers, staff and shareholders for their continuing strong support in achieving the results of which Aozora is capable.

August 2004



Mr. Hirokazu Mizukami
President

Mr. Edward G. Harshfield
Chairman

Overview of Operations

For Corporate Clients

For corporate clients, we provide a broad range of asset and liability products and services. With a dedicated sales force working alongside product specialists and operating through our branch network, we tailor financial solutions for corporations of all sizes. We deliver simple and structured financial products to meet the funding, investment and risk management needs of Japanese and foreign corporations, and provide financial support for the business revitalization of corporations in Japan through a broad range of specialized financial services.

■ Providing a Diverse Lineup of Funding and Investment Methods

- Loans
- Loan syndication
- Securitization
- Derivative-embedded loans
- Investment products
- Risk hedging products
- Other products and services

■ Supporting Business Revitalization

- Leveraged finance
- Recovery support
- Real estate finance
- Private equity
 - Buyout funds*
 - Venture capital investment*
- Other financing
 - Hospital project finance*
 - Ship finance*

For Financial Institution Clients

We develop a wide variety of structured investment products and offer them to financial institution clients. In addition, we partner our financial institution clients to provide their corporate customers with syndicated loans and various products and services for business revitalization. We also offer solutions and provide hedging and other risk management products to improve the asset quality of financial institution clients and their corporate customers.

■ Providing a Diverse Range of Financial Products

- Loan syndication
- Securitization and privately placed funds
- Derivative-embedded asset management products
- Debentures and other products

■ Offering Solutions to Specific Management Issues

- Helping clients revitalize their asset base
- Risk management
- Internet-related services

■ Making Collaborative Proposals to Clients' Corporate Customers

- Recovery support
- Real estate finance
- Private equity
- Other financing

For Retail Clients

To provide products and services that meet the investment and financial planning needs of our retail clients, we are making it easier to deal with us through the expansion of our remote access network, including telephone banking and other services, in addition to our branch network.

■ Asset Management Products

- Time deposits
- Debentures
- Investment trusts
- Personal annuity insurance

■ Service Channels

- Telephone banking
- ATM alliances
- Asset management consulting services
- Aozora Financial Garden

■ Card Loan Business

Financial Data (Non-Consolidated Basis)

(Yen amounts stated in millions of yen have been truncated. Amounts expressed in billions of yen have been rounded to the nearest ¥0.1 billion.)

Income Analysis

(Millions of Yen)

Years Ended March 31	2004	2003
Net revenue	81,647	72,208
Net interest income	62,790	59,500
Net fees and commissions	7,540	6,229
Net trading revenues	2,865	3,446
Net other operating income	8,451	3,031
General and administrative expenses	(39,184)	(38,729)
Business profit before general loan-loss reserve	42,463	33,479
Net provision to general loan-loss reserve (Note 1)	(7,283)	—
Business profit	35,180	33,479
Other income (loss)	(27,870)	(26,042)
Loss on disposal of problem loans	(22,283)	(16,536)
Gain and loss on stock transactions and loss on write-down of equity securities	11	(1,034)
Ordinary profit	7,309	7,437
Special income (Note 2)	23,878	11,946
Reversal of reserve for possible loan losses	23,033	17,610
Reversal of reserve for credit losses on off-balance-sheet instruments	—	349
Income before income taxes	31,187	19,384
Current income taxes	189	(146)
Deferred income taxes	477	3,638
Net income	31,854	22,875
Total credit-related expenses (Note 3)	(6,532)	1,422

Notes: 1. Net provision to general loan-loss reserve includes net provisions to reserve for credit losses on off-balance-sheet instruments.

2. Reversal of reserve for possible loan losses exceeded provisions to this reserve, resulting in a surplus, which was recorded as a special income item.

3. Total credit-related expenses = Net provision to general loan-loss reserve + Loss on disposal of problem loans + Reversal of reserve for possible loan losses + Reversal of reserve for credit losses on off-balance-sheet instruments.

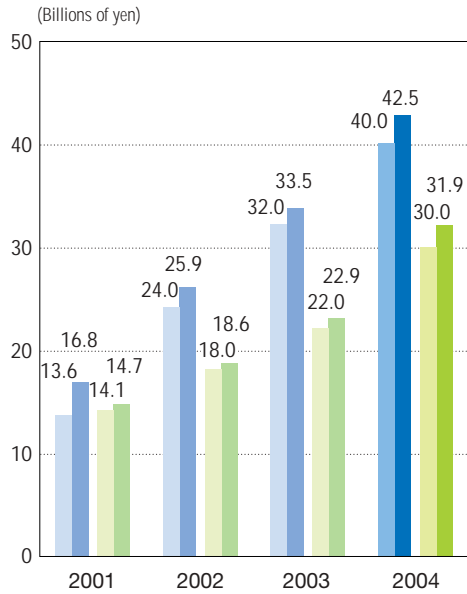
Balance Sheet Analysis

(Millions of Yen)

March 31	2004	2003
Assets	5,188,071	5,895,314
Loans and bills discounted	2,969,770	3,271,087
Securities	971,763	1,356,754
Trading account assets	488,449	532,291
Deferred tax assets	12,227	13,270
Reserve for possible loan losses	(162,323)	(199,320)
Liabilities	4,660,488	5,398,396
Debentures	1,058,973	1,473,126
Deposits (excluding negotiable certificates of deposit)	2,058,961	2,138,399
Negotiable certificates of deposit	548,120	417,506
Call money and bills sold	420,042	574,895
Total stockholders' equity	527,582	496,918

Earnings Growth

Years Ended March 31

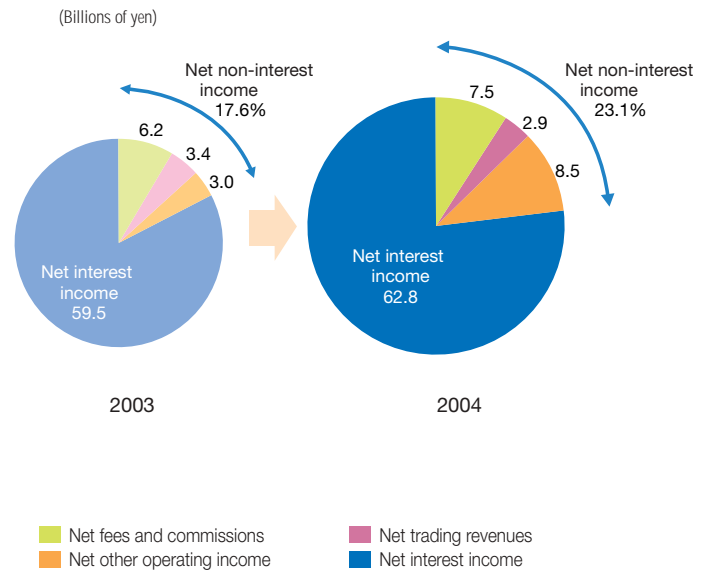


- Business profit before general loan-loss reserve (Plan)
- Business profit before general loan-loss reserve (Result)
- Net income (Plan)
- Net income (Result)

Note: Net income for the fiscal year ended March 31, 2001, excludes a one-off ¥85.0 billion gain on sales of equity securities, carried out as a measure to strengthen the Bank's capital base when it returned to private ownership.

Earnings Quality Continues to Improve

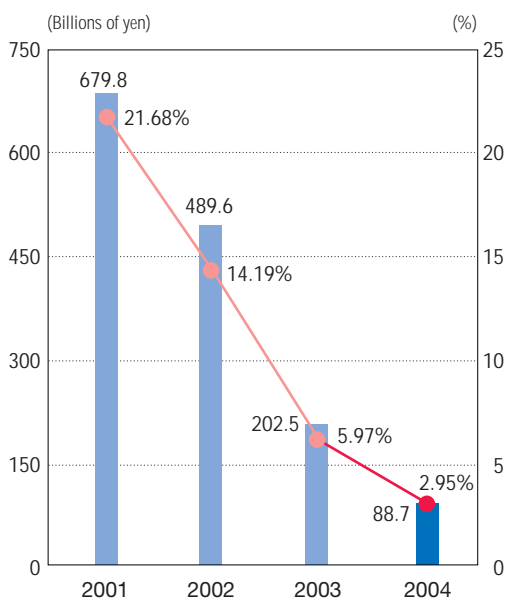
Years Ended March 31



- Net fees and commissions
- Net trading revenues
- Net other operating income
- Net interest income

Credit Quality Continues to Improve

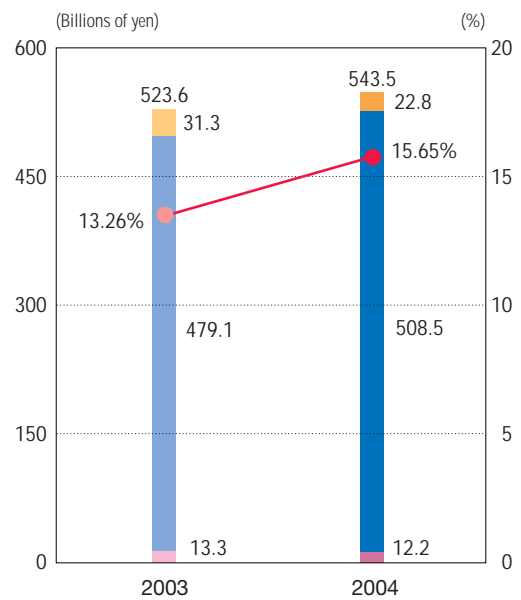
As of March 31



- Disclosed claims pursuant to the Financial Reconstruction Law
- Disclosed claims pursuant to the Financial Reconstruction Law as a percentage of total credit held by the Bank

Strong Capital Base

As of March 31



- Tier I capital (excluding deferred tax assets)
- Deferred tax assets
- Tier II capital
- Capital adequacy ratio (domestic standard)

Corporate Data

(As of June 29, 2004)

Corporate History

April 1957	Established as the Nippon Fudosan Bank, Limited (Capital: ¥1 billion) in accordance with the Long-Term Credit Bank Law
October 1977	Changed name to The Nippon Credit Bank, Ltd.
June 2000	Share Purchase Agreement regarding the transfer of the Bank's shares is signed between Deposit Insurance Corporation and SOFTBANK CORP., ORIX Corporation, The Tokio Marine and Fire Insurance Co., Ltd., and other financial institutions.
January 2001	Changed name to Aozora Bank, Ltd.
September 2003	All common stock of the Bank held by SOFTBANK CORP. is transferred to the ownership of Cerberus NCB Acquisition, L.P. General Partner Cerberus Aozora GP LLC.

Major Shareholders (As of March 31, 2004)

a. Common stock

(Thousands, %)

	Number of Shares Held	Percentage of Total Outstanding Shares
Cerberus NCB Acquisition, L.P. General Partner Cerberus Aozora GP LLC	1,753,328	61.84
ORIX Corporation	425,041	14.99
The Tokio Marine and Fire Insurance Co., Ltd.	425,041	14.99
Shinkin Central Bank	5,680	0.20
The Shinkumi Federation Bank	5,680	0.20
The Rokinren Bank	5,680	0.20
THE MICHINOKU BANK, LTD.	5,680	0.20
The Hachijuni Bank, Ltd.	5,680	0.20
THE SURUGA BANK, LTD.	5,680	0.20
The Bank of Kyoto, Ltd.	5,680	0.20
The Chugoku Bank, Limited	5,680	0.20
The Hiroshima Bank, Ltd.	5,680	0.20
The Yamaguchi Bank, Ltd.	5,680	0.20
THE BANK OF FUKUOKA, LTD.	5,680	0.20
THE SHINWA BANK, LTD.	5,680	0.20
THE NISHI-NIPPON BANK, LTD.	5,680	0.20
The Fukuoka City Bank, Ltd.	5,680	0.20

b. The 4th Preferred stock

(Thousands, %)

	Number of Shares Held	Percentage of Total Outstanding Shares
Deposit Insurance Corporation	48,144	100.00

c. The 5th Preferred stock

(Thousands, %)

	Number of Shares Held	Percentage of Total Outstanding Shares
Resolution and Collection Corporation	866,667	100.00

Profile (As of March 31, 2004)

Capital stock	¥419.8 billion
Total assets	¥5,188.1 billion
Consolidated capital adequacy ratio (domestic standard)	15.66%
Number of employees (Bank only)	1,345
Branch network	Japan: 18 branches Overseas: 3 representative offices
Long-Term Credit Ratings	
JCR	A-
R&I	BBB+
Moody's	Baa1
Standard & Poor's	BBB-
Fitch Ratings	BBB-

Note: Branch network is as of July 20, 2004.

Directors and Auditors, Executive Officers

Directors and Auditors

Chairman	Edward G. Harshfield*
President	Hirokazu Mizukami*
Director	Yoshihiko Miyauchi
Director	James Danforth Quayle
Director	Frank W. Bruno
Director	Jake Garn
Director	Yoichiro Iwama
Director	Pieter Korteweg
Director	Lawrence B. Lindsey
Director	Michael E. Rossi
Director	John L. Steffens
Director	John C. Stomber
Director	Kiyoshi Tsugawa
Standing Auditor	Ken Shigihara
Auditor	Alan S. Waldenberg
Auditor	Mitch R. Fulscher
Auditor	Akira Tachimoto

* Concurrently serving as Executive Officer

Executive Officers

Senior Managing Executive Officer	Yuji Inagaki
Senior Managing Executive Officer	Izumi Ogura
Senior Managing Executive Officer	David Hackett
Senior Managing Executive Officer	William Chute
Senior Managing Executive Officer	Lee Millstein
Senior Managing Executive Officer	Yoshiyuki Kurihara
Senior Managing Executive Officer	Takeyoshi Morikawa
Managing Executive Officer	Tomoaki Ishii
Managing Executive Officer	Norimichi Kurakake
Managing Executive Officer	Hirokazu Takino
Executive Officer	Ryoichi Kawai
Executive Officer	Tadaaki Satoyoshi
Executive Officer	Yukimichi Nakatani
Executive Officer	Katsutoshi Ishida
Executive Officer	Akira Takami

Office Directory (As of July 20, 2004)

Overseas

	Country	Address	Telephone
Singapore Representative Office	Singapore	6 Temasek Boulevard, #23-02 Suntec Tower 4, Singapore 038986, Singapore	+65-6333-6781
Seoul Representative Office	Republic of Korea	12th Floor, Kyobo Building, 1 Chongro, 1-ka, Chongro-ku, Seoul 110-714, Republic of Korea	+82-2-734-8120
Jakarta Representative Office	Indonesia	17th Floor, Jakarta Stock Exchange Building Tower II, Jl. Jend. Sudirman Kav. 52-53, Jakarta 12190, Indonesia	+62-21-515-5155

Domestic

	〒	Address	Telephone
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Head Office

	〒 102-8660	3-1, Kudan-minami 1-chome, Chiyoda-ku, Tokyo	03-3263-1111
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Branch Offices

Sapporo	〒 060-0003	1-4, Kita Sanjo-Nishi 4-chome, Chuo-ku, Sapporo	011-241-8171
Sendai	〒 980-0021	2-1, Chuo 3-chome, Aoba-ku, Sendai	022-225-1171
Shinjuku	〒 160-0022	37-11, Shinjuku 3-chome, Shinjuku-ku, Tokyo	03-3354-1600
Shibuya	〒 150-0002	24-12, Shibuya 1-chome, Shibuya-ku, Tokyo	03-3409-6411
Ueno	〒 110-0005	6-12, Ueno 2-chome, Taito-ku, Tokyo	03-3835-7511
Ikebukuro	〒 171-0022	28-13, Minami-Ikebukuro 2-chome, Toshima-ku, Tokyo	03-3988-0911
Chiba	〒 260-0015	3-1, Fujimi 2-chome, Chuo-ku, Chiba	043-227-3111
Yokohama	〒 220-0004	4-1, Kita-saiwai 1-chome, Nishi-ku, Yokohama	045-319-1588
Kanazawa	〒 920-0864	37, Takaokacho 2-chome, Kanazawa	076-231-4151
Nagoya	〒 450-0002	5-28, Meieki 4-chome, Nakamura-ku, Nagoya	052-566-1900
Kyoto	〒 604-8006	Oike-Kado, Kawaramachi-dori, Nakagyo-ku, Kyoto	075-211-3341
Kansai	〒 541-0053	5-7, Honmachi 3-chome, Chuo-ku, Osaka	06-6263-2512
Osaka	〒 542-0076	2-3, Namba 2-chome, Chuo-ku, Osaka	06-4708-2051
Umeda	〒 530-0017	47, Kakutacho 8-chome, Kita-ku, Osaka	06-6315-1111
Hiroshima	〒 730-0011	13-13, Motomachi, Naka-ku, Hiroshima	082-211-0125
Takamatsu	〒 760-0017	6-1, Bancho 1-chome, Takamatsu	087-821-5521
Fukuoka	〒 810-0001	14-18, Tenjin 1-chome, Chuo-ku, Fukuoka	092-751-9627

Subsidiaries at a Glance

(Millions of Yen, %)

Company Name	Business Activities	Established	Capital	Aozora Bank and Group Shareholding
Aozora Trust Bank, Ltd.	Trust services, banking operations	February 28, 1994	5,000	100.00
AOZORA Loan Services Co., Ltd.	Distressed loan servicing	June 18, 1996	500	67.60
Aozora Card Co., Ltd.	Card loan services	December 6, 2001	1,000	60.00
Aozora Investment Co., Ltd.	Venture capital investment	May 17, 1991	20	100.00
Aozora Business Service Co., Ltd.	Administrative temporary staff services	September 21, 1987	10	100.00
Aozora Information Systems Co., Ltd.	Systems development	April 1, 1967	150	100.00
AOZORA SOFTWARE CORPORATION	Systems development	May 9, 1973	12	100.00
Aozora Computer Co., Ltd.	Computer operation	April 1, 1991	20	100.00
Blue Planet Corporation	Management consulting services	April 20, 2001	370	55.10

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