



**AOZORA BANK, LTD.**  
Corporate Brochure

2005



## To Our Shareholders, Customers and Partners



**Michael E. Rossi**  
Chairman

**Hirokazu Mizukami**  
President

**Peter C. Hagan**  
Vice Chairman

Aozora Bank has achieved a position of financial strength and stability, with a strong capital base, a high-quality and diversified asset portfolio, and a funding base that is stable, diverse and highly liquid.

We continue to develop a business model and operating platform that will deliver sustainable superior performance to Aozora Bank's stakeholders. By establishing industry best practice policies, procedures and systems and developing our staff as specialists through enhanced training and recruiting programs, Aozora Bank is establishing a strong platform focused on growth with best practice standards of Risk Management and Internal Control. We have refined our business plans to focus our efforts on existing and new product development and markets where we can take a leadership position.

We are rapidly expanding the range of services offered to our corporate and commercial clients. On the financing side, while promoting our lending capabilities, we also arrange and invest in mezzanine and equity situations. Supplementing our lending, expertise in derivatives and risk management products allows us to help clients manage their financial risks. By delivering the full resources of our bank through customer relationship managers, we are able to increasingly deepen relationships with our client base.

Our business platform is unique in that we are active business partners with a large percentage of the Japanese regional financial institutions, many of whom are also our shareholders. We place enormous value on these relationships and aim to develop our business in this area in the nature of partnership rather than competition. We are actively working with our regional financial institution customers to provide a broader range of financial products and services that are of value to them and their customers.

Our personal banking business is targeted at providing secure savings products with attractive returns. We are also offering our range of various investment products including deposits, individual annuity insurance and investment trusts to assist our customers in protecting and managing their wealth. In conjunction with our savings and investment products, we also offer our retail customers a set of lending products.

We are committed to providing easy access to our products and services through our branches, call centers and the Internet. We will continue to work hard on improving the range of products and services that we offer to our customers. Our goal is to be innovative and flexible while maintaining the highest standards of professionalism and control.

## 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
  - Ship and aircraft finance*
  - Hospital project 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

- Securitization
- Loan syndication
- Private placement bonds
- 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

### 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
- Investment trusts
- Individual annuity insurance

#### ■ Asset Management Consulting Services

#### ■ Service Channels

- Telephone banking services
- ATM alliances
- Aozora Financial Garden (personal loans)

## Financial Data

### Income Analysis (Consolidated Basis)

(Millions of Yen)

Years Ended March 31	2005	2004
<b>Consolidated net revenue</b> (Note 1)	<b>97,161</b>	<b>86,797</b>
Net interest income	58,890	63,736
Net fees and commissions	10,035	8,732
Net trading revenues	5,803	2,865
Net other operating income	22,432	11,462
<b>General and administrative expenses</b>	<b>(46,286)</b>	<b>(45,201)</b>
<b>Credit-related expenses</b>	<b>(5,217)</b>	<b>(29,958)</b>
<b>Gain and loss on stock transactions and loss on write-down of equity securities</b>	<b>708</b>	<b>4</b>
<b>Other income (loss)</b>	<b>(673)</b>	<b>(4,035)</b>
<b>Operating profits</b>	<b>45,693</b>	<b>7,606</b>
<b>Special income (loss)</b> (Note 2)	<b>44,324</b>	<b>23,525</b>
<b>Income before income taxes and minority interests</b>	<b>90,017</b>	<b>31,131</b>
<b>Current income taxes</b>	<b>(706)</b>	<b>(495)</b>
<b>Deferred income taxes</b>	<b>813</b>	<b>80</b>
<b>Minority interests in net income</b>	<b>(231)</b>	<b>(186)</b>
<b>Net income</b>	<b>89,893</b>	<b>30,530</b>
<b>Total credit-related expenses</b> (Note 3)	<b>26,040</b>	<b>(7,285)</b>
Reversal of reserve for possible loan losses	31,257	22,672

- Notes: 1. Consolidated net revenue = (Interest income – Interest expenses) + (Fees and commissions (income) – Fees and commissions (expenses)) + (Trading profits – Trading losses) + (Other operating income – Other operating expenses)
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 = Credit-related expenses (Net provision to general loan-loss reserve + Disposal of problem loans) + Reversal of reserve for possible loan losses posted as special income (Reversal of reserve for possible loan losses + Reversal of reserve for credit losses on off-balance-sheet instruments)

### Income Analysis (Non-Consolidated Basis)

(Millions of Yen)

Years Ended March 31	2005	2004
<b>Net revenue</b>	<b>90,384</b>	<b>81,647</b>
Net interest income	57,609	62,790
Net fees and commissions	8,162	7,540
Net trading revenues	5,803	2,865
Net other operating income	18,808	8,451
<b>General and administrative expenses</b>	<b>(40,694)</b>	<b>(39,184)</b>
<b>Business profit before general loan-loss reserve</b>	<b>49,690</b>	<b>42,463</b>
<b>Net provision to general loan-loss reserve</b> (Note 1)	<b>—</b>	<b>(7,283)</b>
<b>Business profit</b>	<b>49,690</b>	<b>35,180</b>
<b>Other income (loss)</b>	<b>(5,952)</b>	<b>(27,870)</b>
Loss on disposal of problem loans	(4,229)	(22,283)
Gain and loss on stock transactions and loss on write-down of equity securities	589	11
<b>Operating profits</b>	<b>43,733</b>	<b>7,309</b>
<b>Special income</b> (Note 2)	<b>42,224</b>	<b>23,878</b>
Reversal of reserve for possible loan losses	25,862	23,033
Reversal of reserve for credit losses on off-balance-sheet instruments	6,132	—
<b>Income before income taxes</b>	<b>85,958</b>	<b>31,187</b>
<b>Current income taxes</b>	<b>193</b>	<b>189</b>
<b>Deferred income taxes</b>	<b>708</b>	<b>477</b>
<b>Net income</b>	<b>86,859</b>	<b>31,854</b>
<b>Total credit-related expenses</b> (Note 3)	<b>27,764</b>	<b>(6,532)</b>

- 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 (Consolidated Basis)

(Millions of Yen)

March 31	2005	2004
<b>Assets</b>	<b>4,775,486</b>	<b>5,176,005</b>
Loans and bills discounted	2,666,389	2,965,552
Investment securities	1,128,650	964,964
Trading assets	354,706	488,449
Receivables under securities borrowing transactions	195,729	211,821
Cash and due from banks	218,604	384,664
Deferred tax assets	14,147	12,323
Reserve for possible loan losses	(133,133)	(162,247)
<b>Liabilities</b>	<b>4,162,891</b>	<b>4,648,453</b>
Debentures	847,993	1,054,973
Deposits (excluding negotiable certificates of deposit)	1,859,113	2,039,910
Negotiable certificates of deposit	515,480	548,120
Call money and bills sold	372,266	420,042
Payables under repurchase agreements	183,824	131,598
Payables under securities lending transactions	90,471	97,322
<b>Minority interests</b>	<b>789</b>	<b>703</b>
<b>Total stockholders' equity</b>	<b>611,805</b>	<b>526,848</b>

### Balance Sheet Analysis (Non-Consolidated Basis)

(Millions of Yen)

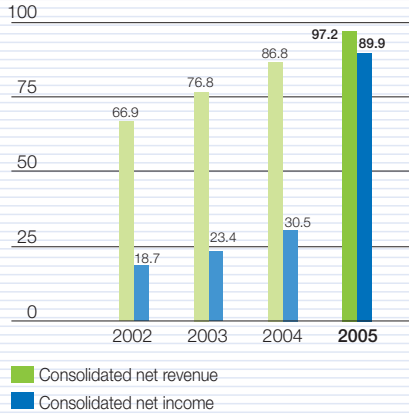
March 31	2005	2004
<b>Assets</b>	<b>4,784,328</b>	<b>5,188,071</b>
Loans and bills discounted	2,605,381	2,969,770
Investment securities	1,234,662	971,763
Trading assets	354,706	488,449
Receivables under securities borrowing transactions	195,729	211,821
Cash and due from banks	210,618	383,565
Deferred tax assets	13,932	12,227
Reserve for possible loan losses	(133,168)	(162,323)
<b>Liabilities</b>	<b>4,174,803</b>	<b>4,660,488</b>
Debentures	851,993	1,058,973
Deposits (excluding negotiable certificates of deposit)	1,873,991	2,058,961
Negotiable certificates of deposit	515,480	548,120
Bills sold	73,400	98,500
Call money	298,866	321,542
Payables under repurchase agreements	183,824	131,598
<b>Total stockholders' equity</b>	<b>609,524</b>	<b>527,582</b>

Note: 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.

### Consolidated net revenue and net income

(Years ended March 31)

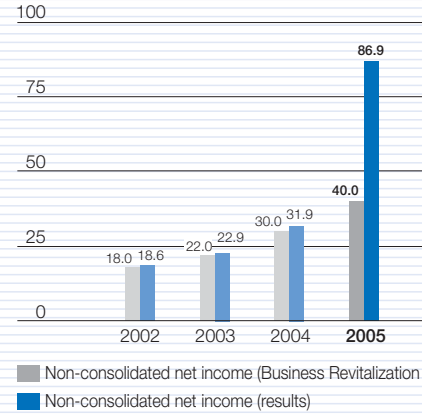
(Billions of Yen)



### Non-consolidated net income

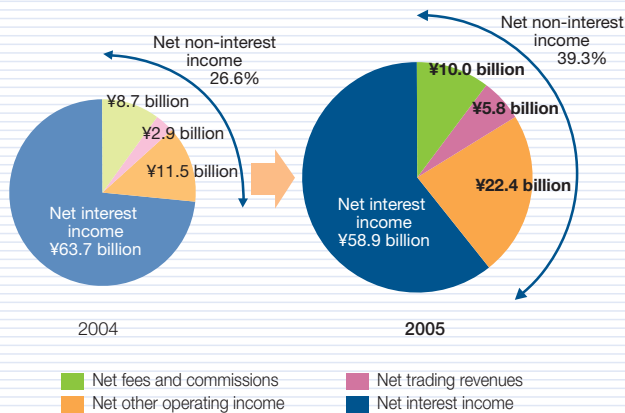
(Years ended March 31)

(Billions of Yen)



### Consolidated net revenue breakdown

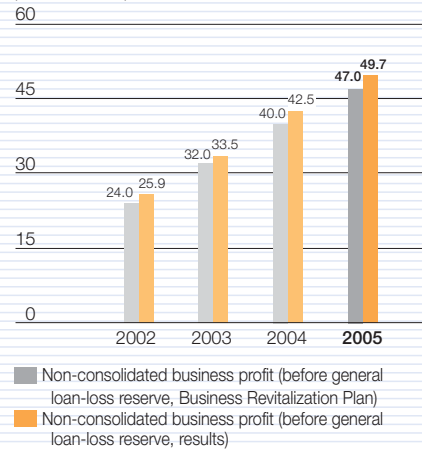
(Years ended March 31)



### Non-consolidated business profit (before general loan-loss reserve)

(Years ended March 31)

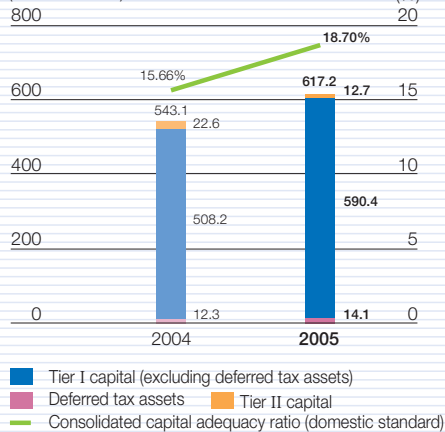
(Billions of Yen)



### Consolidated capital adequacy ratio

(At March 31)

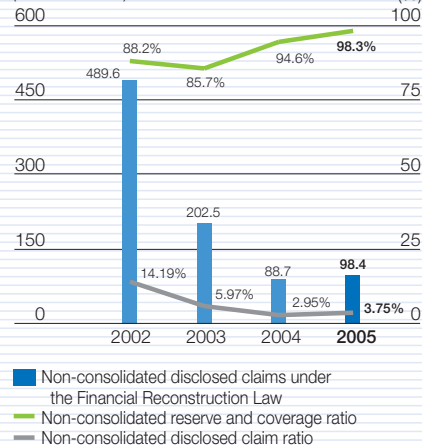
(Billions of Yen)



### Non-consolidated disclosed claims under the Financial Reconstruction Law

(At March 31)

(Billions of Yen)



## Corporate Data

### Corporate History

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

### Major Shareholders (As of March 31, 2005)

#### 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
Tokio Marine & Nichido Fire Insurance Co., Ltd.	425,041	14.99
THE NISHI-NIPPON CITY BANK, LTD.	11,360	0.40
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
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
Momiji Bank, Ltd.	5,680	0.20
Others	146,260	5.18
<b>Total</b>	<b>2,834,870</b>	<b>100.00</b>

#### 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, 2005)

Capital stock (non-consolidated) .....	¥419.8 billion
Total assets (non-consolidated) .....	¥4,784.3 billion
Consolidated capital adequacy ratio (domestic standard) .....	18.70%
Number of employees (Bank only) .....	1,384
Branch network .....	Domestic: 18 offices Overseas: 4 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, 2005, and long-term credit ratings are as of June 8, 2005.

### Directors and Auditors, Executive Officers

(As of July 19, 2005)

#### Directors and Auditors

<b>Chairman</b>	Michael E. Rossi*
<b>President</b>	Hirokazu Mizukami*
<b>Vice Chairman</b>	Peter C. Hagan*
<b>Director</b>	Yoshihiko Miyauchi
<b>Director</b>	James Danforth Quayle
<b>Director</b>	Edward G. Harshfield
<b>Director</b>	Frank W. Bruno
<b>Director</b>	Jake Garn
<b>Director</b>	Yoichiro Iwama
<b>Director</b>	Pieter Korteweg
<b>Director</b>	Lawrence B. Lindsey
<b>Director</b>	John L. Steffens
<b>Director</b>	John C. Stomber
<b>Director</b>	Kiyoshi Tsugawa

<b>Standing Corporate Auditor</b>	Ken Shigihara
<b>Corporate Auditor</b>	Mitch R. Fulscher
<b>Corporate Auditor</b>	Akira Tachimoto

\* Concurrently serving as Executive Officer

#### Executive Officers

<b>Senior Managing Executive Officer</b>	Yuji Inagaki
<b>Senior Managing Executive Officer</b>	Izumi Ogura
<b>Senior Managing Executive Officer</b>	David Hackett
<b>Senior Managing Executive Officer</b>	William Chute
<b>Senior Managing Executive Officer</b>	Lee Millstein
<b>Senior Managing Executive Officer</b>	Takeyoshi Morikawa
<b>Senior Managing Executive Officer</b>	Hiroshi Jinno
<b>Senior Managing Executive Officer</b>	Carlos A. Erchuck
<b>Managing Executive Officer</b>	Tomoaki Ishii
<b>Managing Executive Officer</b>	Hirokazu Takino
<b>Executive Officer</b>	Ryoichi Kawai
<b>Executive Officer</b>	Tadaaki Satoyoshi
<b>Executive Officer</b>	Katsutoshi Ishida

## Office Directory (As of July 20, 2005)

### Overseas

	Country	Address	Telephone
New York Representative Office	U.S.A.	450 Park Avenue, 22nd Floor, New York NY 10022, U.S.A.	+1-212-759-3900
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, 1-ka, Chongro, 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 (As of June 23, 2005)

(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	5,437	85.1
AOZORA Loan Services Co., Ltd.	Distressed loan servicing	June 18, 1996	500	67.6
Aozora Investment Co., Ltd.	Venture capital investment	May 17, 1991	20	100.0
Aozora Business Service Co., Ltd.	Administrative temporary staff services	September 21, 1987	10	100.0
Aozora Information Systems Co., Ltd.	Systems development	April 1, 1967	150	100.0
AOZORA SOFTWARE CORPORATION	Systems development	May 9, 1973	12	100.0
Aozora Computer Co., Ltd.	Computer operation	April 1, 1991	20	100.0
Blue Planet Corporation	Management consulting services	April 20, 2001	370	55.1
AZURE Funding	Investment vehicle	August 6, 2004	0	—

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