



Corporate Brochure 2006



To all of our partners around the world,



Michael E. Rossi
Chairman



Hirokazu Mizukami
President



Kimikazu Noumi
Vice Chairman

We are proud to announce that all of your ongoing hard work, support and sacrifice has resulted in an Aozora Bank that is now stronger, more flexible and better able to serve its customers than at any other point in its nearly fifty years of doing business in Japan.

We aspire to be focused and excellent. We position ourselves to be flexible and creative and have learned to unlock the value of assets that the behemoths often overlook. Underpinning these efforts are our 3 management philosophies; “Partnership”, “Corporate value”, “Global best practice in corporate governance”. The partnership philosophy pervades all aspects of Aozora Bank’s day-to-day activities. It extends to employees, customers, shareholders and business partners. The goal is to foster mutual trust, mutual respect and, ultimately, mutual benefit among all parties.

Corporate value comprises all aspects of shareholder, customer, community and employee interests. By supporting our most aluable resource, our people, we believe we can deliver sustained, superior financial strength and growth. The financial strength of our Bank is at record levels and we continue to grow rapidly ever quarter. The challenge in the future is to leverage our capital strength to maximize growth without sacrificing the value of that capital, even in the short term. By keeping our focus on driving corporate value, we can meet that challenge by pursuing only those growth opportunities

that generate true value, and not those that simply offer a short-term boost to revenue.

The 2005 fiscal year was a fantastic year for Aozora Bank, by many measures the best year our Bank has ever enjoyed. However for us this past year represents a new beginning—and not a climax—in Aozora Bank’s ongoing story. Developing the proper infrastructure, systems and technology to maintain high standards in corporate governance, internal control and risk management are fundamental steps to ensure sustainable and consistent long-term growth. At Aozora Bank, our culture of excellence drives us to go beyond this initial step and to aspire to the very highest global standards of transparency and reliability.

The future is bright, and our Bank is now ready to embark on the next stage of its development. For our part, the management team hopes to contribute in any way we can to help maintain Aozora Bank’s culture of excellence in this next important chapter of our history. Once again, the management team at Aozora Bank would like to extend our sincerest gratitude to all of our partners for their continued support, dedication and guidance. Thank you.

Sincerely,

August 2006

Overview of Operations

For Corporate Clients

Aozora Bank aims to become a trusted partner with its corporate clients by providing tailored financial solutions utilizing financing, investment and advisory products and services. We have developed strong internal capabilities to quickly and accurately assess the value of businesses and assets, allowing us to develop innovative and competitive financial solutions for our corporate customers.

Our value proposition is that we know our customers better, invest more time to understand their needs, and have the skills, capability and flexibility to deliver optimal financial solutions faster than our competitors. We have made responsiveness the cornerstone of our tactical plans to better serve existing clients and to acquire new ones.

In many ways we are partners in success and risk with our corporate clients. Our ability to provide innovate and reliable financial solutions enables our clients to achieve their own corporate objectives faster and with more certainty. Our successes in improving our own risk management platforms and structuring capabilities allow us to meet client demands in a manner that preserves our credit quality and enhances our own corporate value.

Our Japanese corporate clients cover the range of large, medium and small businesses, and our suite of products and services is designed to ensure we can very effectively meet individual circumstances and financial conditions. From straight loans and deposits, to syndicated loans and private placement bonds, from financial derivatives to asset backed finance, Aozora has the capability to competitively respond to client needs.

- Loans
- Syndicated loans
- Derivative-embedded asset management products
- Securitization
- Other products and services
- Recovery support
- Asset finance
- Leveraged finance
- Real estate finance
- Private equity

For Financial Institution Clients

Aozora has fostered broad and deep relationships with the various regional financial institutions throughout Japan over its history. Whilst Aozora has a national network of branches, its goal is to work in partnership with the regional financial institutions for mutual benefit. Through our longstanding relationships we understand their needs and challenges, and we have developed a suite of

products and services designed to assist them to achieve their corporate objectives. Recently the Financial Services Agency introduced a New Action Program entitled the "Relationship Banking Promotion Plan," and we are working closely with a number of regional financial institutions to help them address these requirements. We provide products, services and advise to the regional financial institutions for their own account, but they can also pass on these products and services to their own clients.

■ Providing a Diverse Range of Financial Products

- Syndicated loans
- Securitization
- Private placement of securities products
- Privately placed funds
- Derivative-embedded asset management products

■ Offering Solutions to Specific Management Issues

- Helping clients revitalize their asset base
- Risk management

■ Making Collaborative Proposals to Clients' Corporate Customers

For Retail Clients

A national network of branches and a call center service Aozora's retail banking clients. We offer a range of deposit, loan, savings and investment products and financial advisory services to help our clients manage and preserve their wealth. From April 2006, Aozora converted its charter from that of a long-term credit bank to an ordinary bank, making it easier for new customers to place deposits with us. We are working to improve our offerings to our clients by introducing new branches, planning to introduce online services, and developing an innovative range of products and services to meet the diverse financial needs of our retail clients. We are committed to providing competitive interest rates on our secure time deposits and we continue to expand the features of these products so that our clients can make a selection that best meets their individual needs and circumstances.

■ Financial Products

- Time deposits
- Investment trusts
- Individual annuity insurance

■ Service Channels

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

■ Asset Management Consulting Services

Financial Data

Income Analysis (Consolidated Basis)

(Millions of Yen)

Years Ended March 31	2006	2005
Consolidated net revenue (Note 1)	114,200	97,161
Net interest income	53,001	58,890
Net fees and commissions	15,832	10,035
Net trading revenues	7,765	5,803
Net other operating income	37,600	22,432
General and administrative expenses	(49,404)	(46,286)
Credit-related expenses	(5,936)	(5,217)
Gain and loss on stock transactions and loss on write-down of equity securities	6,043	708
Other income (loss)	(3,462)	(673)
Operating profits	61,440	45,693
Special income (loss) (Note 2)	47,615	44,324
Income before income taxes and minority interests	109,055	90,017
Current income taxes	(952)	(706)
Deferred income taxes	12,154	813
Minority interests in net income	(143)	(231)
Net income	120,114	89,893
Total credit-related expenses (Note 3)	40,994	26,040
Reversal of reserve for possible loan losses (Note 2)	46,930	25,115
Reversal of reserve for credit losses on off-balance-sheet instruments	—	6,141

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)

Balance Sheet Analysis (Consolidated Basis)

(Millions of Yen)

March 31	2006	2005
Assets	5,995,947	4,775,486
Loans and bills discounted	3,136,255	2,666,389
Investment securities	1,628,154	1,128,650
Trading assets	93,886	354,706
Call loans and bills bought	216,164	100,923
Receivables under securities borrowing transactions	300,370	195,729
Cash and due from banks	365,939	218,604
Deferred tax assets	27,624	14,147
Reserve for possible loan losses	(81,686)	(133,133)
Liabilities	5,271,902	4,162,891
Debentures	1,060,331	847,993
Deposits (excluding negotiable certificates of deposit)	2,325,483	1,859,113
Negotiable certificates of deposit	870,824	515,480
Call money and bills sold	384,523	372,266
Payables under repurchase agreements	49,788	183,824
Payables under securities lending transactions	206,654	90,471
Minority interests	658	789
Total stockholders' equity	723,386	611,805

Income Analysis (Non-Consolidated Basis)

(Millions of Yen)

Years Ended March 31	2006	2005
Net revenue	108,248	90,384
Net interest income	52,581	57,609
Net fees and commissions	13,541	8,162
Net trading revenues	7,765	5,803
Net other operating income	34,359	18,808
General and administrative expenses	(44,046)	(40,694)
Business profit before general loan-loss reserve	64,201	49,690
Net provision to general loan-loss reserve (Note 1)	(164)	—
Business profit	64,037	49,690
Other income (loss)	(3,294)	(5,952)
Loss on disposal of problem loans	(4,971)	(4,229)
Gain and loss on stock transactions and loss on write-down of equity securities	6,057	589
Operating profits	60,729	43,733
Special income	47,446	42,224
Reversal of reserve for possible loan losses (Note 2)	46,943	25,862
Reversal of reserve for credit losses on off-balance-sheet instruments	—	6,132
Income before income taxes	108,175	85,958
Current income taxes	(122)	193
Deferred income taxes	11,867	708
Net income	119,920	86,859
Total credit-related expenses (Note 3)	41,808	27,764

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 (Non-Consolidated Basis)

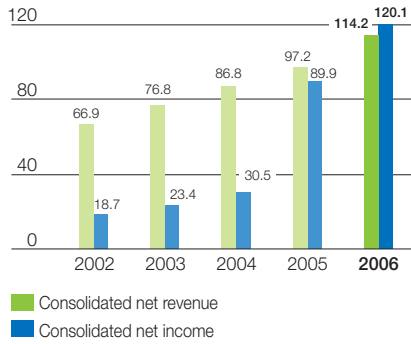
(Millions of Yen)

March 31	2006	2005
Assets	6,005,204	4,784,328
Loans and bills discounted	3,025,391	2,605,381
Investment securities	1,797,623	1,234,662
Trading assets	93,886	354,706
Call loans	151,964	70,923
Receivables under securities borrowing transactions	300,370	195,729
Cash and due from banks	353,494	210,618
Deferred tax assets	27,122	13,932
Reserve for possible loan losses	(81,708)	(133,168)
Liabilities	5,284,756	4,174,803
Debentures	1,064,331	851,993
Deposits (excluding negotiable certificates of deposit)	2,340,885	1,873,991
Negotiable certificates of deposit	870,824	515,480
Bills sold	91,700	73,400
Call money	292,823	298,866
Payables under repurchase agreements	49,788	183,824
Payables under securities lending transactions	206,654	90,471
Total stockholders' equity	720,447	609,524

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.

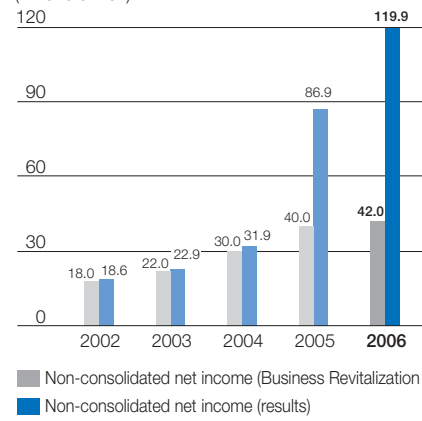
Consolidated net revenue and net income

(Years ended March 31)
(Billions of Yen)
160



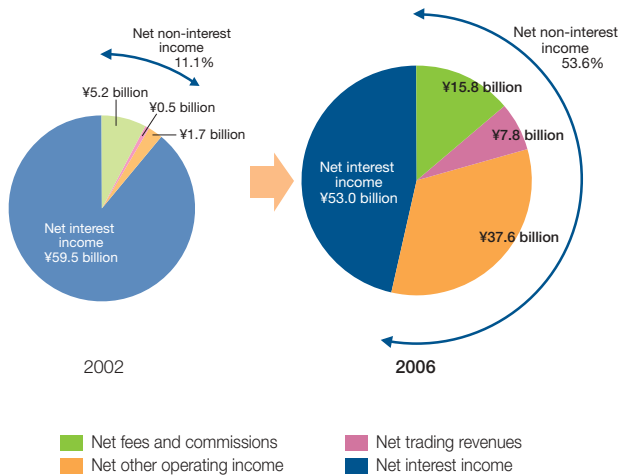
Non-consolidated net income

(Years ended March 31)
(Billions of Yen)
120



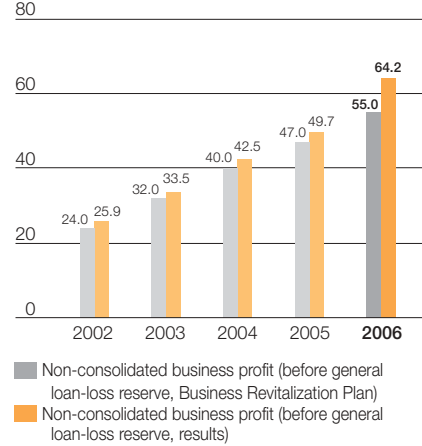
Consolidated net revenue breakdown

(Years ended March 31)



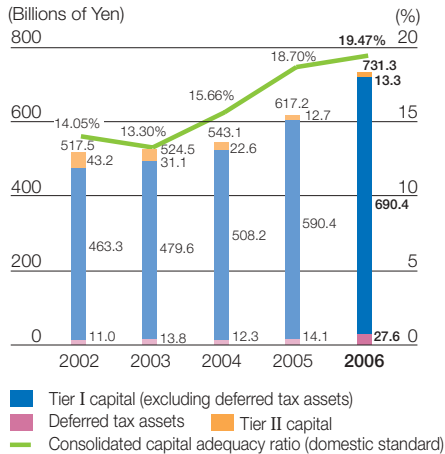
Non-consolidated business profit (before general loan-loss reserve)

(Years ended March 31)
(Billions of Yen)
80



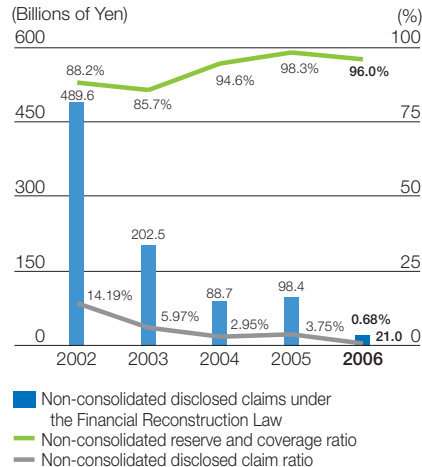
Consolidated capital adequacy ratio

(At March 31)
(Billions of Yen)
800



Non-consolidated disclosed claims under the Financial Reconstruction Law

(At March 31)
(Billions of Yen)
600



Corporate Data

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.
September 2000	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
January 2001	Changed name to Aozora Bank, Ltd.
September 2003	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
April 2006	Converted from "Long-Term Credit Bank" to an "Ordinary Bank"

Major Shareholders (As of March 31, 2006)

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
Total	2,834,870	100.00

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, 2006)

Capital stock (non-consolidated)	¥419.8 billion
Total assets (non-consolidated)	¥6,005.2 billion
Consolidated capital adequacy ratio (domestic standard)	19.47%
Number of employees (Bank only)	1,359
Branch network	Domestic: 18 offices Overseas: 4 representative offices
Long-term credit ratings	
JCR	A
R&I	A-
Moody's	Baa1
Standard & Poor's	BBB+
Fitch Ratings	BBB+

Note: Long-term credit ratings are as of June 28, 2006.

Directors and Auditors, Executive Officers

(As of July 1, 2006)

Directors and Auditors

Chairman	Michael E. Rossi*
President	Hirokazu Mizukami*
Vice Chairman	Kimikazu Noumi*
Director, Senior Managing Executive Officer	Lee Millstein*
Director	Yoshihiko Miyauchi
Director	James Danforth Quayle
Director	Frank W. Bruno
Director	Yoichiro Iwama
Director	Pieter Korteweg
Director	Lawrence B. Lindsey
Director	John L. Steffens
Director	Kiyoshi Tsugawa
Director	Marius J. L. Jonkhart

Standing Auditor	Tadaaki Satoyoshi
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	Takeyoshi Morikawa
Senior Managing Executive Officer	Hiroshi Jinno
Senior Managing Executive Officer	Carlos A. Erchuck
Senior Managing Executive Officer	Katsutoshi Ishida
Managing Executive Officer	Hirokazu Takino
Executive Officer	Ryoichi Kawai
Executive Officer	Shinsuke Baba
Executive Officer	Hiromi Watanabe
Executive Officer	Peter R. Fowler
Executive Officer	Tadashi Umino
Executive Officer	Tetsuo Matsui

Office Directory (As of July 1, 2006)

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

* Kansai Branch deals solely with corporate clients.

Subsidiaries (As of July 1, 2006)

(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	100.0
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 Information Systems Co., Ltd.	Systems development Administrative temporary staff services	April 1, 1967	150	100.0
AOZORA SOFTWARE CORPORATION	Systems development	May 9, 1973	12	100.0
Aozora Securities Co., Ltd	Securities services	April 27, 2006	500	100.0
AZURE Funding	Investment vehicle	August 6, 2004	0	—
Aozora Asia Pacific Finance Limited	Financial services	June 28, 2005	11,376	100.0
Aozora Investment Managemnt Limited	Financial services	March 28, 2006	717	100.0
Azure Funding Europe S.A.	Investment vehicle	April 3, 2006	4	99.9

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