

50th

Half a century serving our customers.



Corporate Brochure 2007

 AOZORA BANK, LTD.

To all of our partners around the world,



2007 marks the 50th anniversary of the Bank's establishment and half a century of playing a central role in the Japanese financial system. Committed to a healthy, stable and sustainable Japanese economy for the past 50 years, Aozora Bank reaffirms this commitment going forward with sincere gratitude for the support and efforts of all our stakeholders.

Our financial strength is at record levels among Japanese banks. In FY2006, Aozora posted record earnings in consolidated net revenue and consolidated net operating profit, and together with a 17.5% year-on-year increase in the loan balance, recorded a performance considerably exceeding the industry average. These results demonstrate the viability and earnings potential of our business model. Aozora's return to consistent, profitable operations has generated a sufficient level of retained earnings; accordingly, we have made the repayment of public funds a strategic priority.

Differentiating ourselves by our skills and not our size, Aozora is competitively positioned to meet needs neglected by the mega banks and unmet by regional financial institutions. We aim to partner with—rather than simply be counterparty to—our customers and affiliates, building lasting relationships based on mutual trust, respect and financial gain. As a wholesale bank, these relationships represent an integral part of our deal sourcing and product distribution platform. Our expansion into international markets provides us with expertise and capabilities many domestic financial institutions lack; at the same time, our long-standing network of regional financial institutions provides us with domestic capabilities global investment banks cannot match.

Aozora has made significant progress since the revitalization process began, culminating in the listing of our shares on the First Section of the Tokyo Stock Exchange in November of 2006. With the transformation stage complete, the Bank is positioned for further growth driven by innovative and competitive products and services that meet customer needs and add value for our shareholders, with the goal of outperforming the Japanese banking sector.

August 2007

Kimikazu Noumi, Chairman and CEO
Federico J. Sacasa, President and COO

Overview of Operations

For Corporate Clients

Aozora Bank aims to be the first port of call for our corporate clients as they seek out financial solutions to their management challenges, and our suite of products and services is designed to ensure that we can effectively meet their individual circumstances and financial conditions. From straight loans and deposits to syndicated loans and private placement bonds, from financial derivatives to asset-backed finance, our tailor-made approach enables us to competitively respond to our clients' asset and liability management needs.

We provide assistance with our clients' corporate revitalization efforts and support the start of new businesses, and through leveraged finance, we provide funding for management buyouts (MBOs) and mergers and acquisitions (M&A).

- Loans
- Syndicated loans
- Derivative products
- Securitization
- Corporate revitalization finance
- Asset finance
- Leveraged finance
- Real estate finance
- Private equity
- Other products and services

For Financial Institution Clients

Throughout its history, Aozora Bank has formed close relationships with regional financial institutions throughout Japan, and these relationships are the cornerstone of our business. We understand the needs and challenges of our financial institution clients, and have developed a suite of products and financial solutions designed to assist them achieve their own corporate objectives, including the disposal of non-performing loans, and to help them source products and services for their own clients. We aim to develop our unique business model as we leverage our strengths in investment banking to actively partner our regional financial institution clients in providing for their network of customers.

■ Providing a Wide Array of Asset Management Products

- Debentures and derivative products
- Loan-related products
- Securitized products
- Investment trusts
- Securities intermediary business

■ Offering Solutions to Specific Management Issues

- Soundness of assets
- Corporate revitalization
- Risk management

■ Making Collaborative Proposals to Clients' Corporate Customers

- Derivatives guaranteed by financial institution clients
- Jointly originated syndicated loans
- Financing

For Retail Clients

Aozora Bank delivers financial products and services through our network of retail branches that reflect our expertise and our commitment to providing high quality asset management services for our customers. Aozora has developed and sourced new products in the area of investment trusts and personal annuity insurance as we help our clients build assets for the future. Our branches in the Tokyo metropolitan area and major cities provide our clients with asset management consultation services to assist in their life-long financial planning. The enhancement of telephone banking through our call center, together with the development of our branch network are two of the ways Aozora Bank is widening its service channels in order to both

increase the level of convenience for customers, and more completely respond to their banking needs.

■ Financial Products

- Time deposits
- Derivative-embedded 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	2007	2006
Consolidated net revenue (Note 1)	114,398	114,200
Net interest income	44,883	53,001
Net fees and commissions	16,035	15,832
Net trading revenues	5,452	7,765
Net other operating income	48,026	37,600
General and administrative expenses	(52,795)	(49,404)
Consolidated business profit (Note 2)	61,603	64,796
Credit-related expenses (Note 3)	(4,764)	(5,936)
Gain and loss on stock transactions and loss on write-down of equity securities	5,179	6,043
Other income (loss)	386	(3,462)
Operating profits	62,405	61,440
Extraordinary profits (Note 3)	18,626	47,615
Income before income taxes and minority interests	81,031	109,055
Current income taxes	(910)	(952)
Deferred income taxes	1,572	12,154
Minority interests in net income	(183)	(143)
Net income	81,510	120,114
Total credit-related expenses (Note 4)	12,357	40,994
Reversal of reserve for possible loan losses	16,553	46,930
Reversal of reserve for credit losses on off-balance-sheet instruments	568	—

- 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. Consolidated business profit = Consolidated net revenue – General and administrative expenses
3. Since reversal of reserve for possible loan losses exceeded provisions for the current year, it resulted in a surplus, which is recorded as extraordinary profits. Reversal of reserve for credit losses on off-balance-sheet instruments also exceeded provisions, and resulted in a surplus which is recorded as extraordinary profits.
4. Total credit-related expenses = Non-performing loan write-offs + Reversal of reserve for possible loan losses booked as extraordinary profits (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	2007	2006
Assets	6,543,994	5,995,947
Cash and due from banks	132,433	365,939
Call loans and bills bought	178,826	216,164
Receivables under securities borrowing transactions	281,914	300,370
Trading assets	67,519	93,886
Securities	1,918,895	1,628,154
Loans and bills discounted	3,684,601	3,136,255
Deferred tax assets	29,169	27,624
Reserve for possible loan losses	(62,571)	(81,686)
Liabilities	5,751,514	5,271,902
Deposits (excluding negotiable certificates of deposit)	2,330,925	2,325,483
Negotiable certificates of deposit	902,980	870,824
Debentures	1,450,525	1,060,331
Call money and bills sold	313,213	384,523
Payables under repurchase agreements	33,734	49,788
Payables under securities lending transactions	146,248	206,654
Borrowed money	223,815	85,415
Corporate bonds	99,467	—
Minority interests		658
Equity/Shareholders' equity (Note)	792,480	723,386

Note: Paralleling implementation of the Company Law, the equity is presented as net assets, effective from the fiscal year ended March 31, 2007.

Income Analysis (Non-Consolidated Basis)

(Millions of Yen)

Years Ended March 31	2007	2006
Net revenue	107,697	108,248
Net interest income	43,423	52,581
Net fees and commissions	12,588	13,541
Net trading revenues	5,428	7,765
Net other operating income	46,256	34,359
General and administrative expenses	(46,444)	(44,046)
Business profit before general loan-loss reserve	61,252	64,201
Net provision to general loan-loss reserve (Note 1)	—	(164)
Business profit	61,252	64,037
Other income (loss)	707	(3,308)
Loss on disposal of problem loans	(3,807)	(4,971)
Gain and loss on stock transactions and loss on write-down of equity securities	4,812	6,057
Operating profits	61,960	60,729
Extraordinary profits	18,874	47,446
Reversal of reserve for possible loan losses (Note 2)	16,871	46,943
Reversal of reserve for credit losses on off-balance-sheet instruments	519	—
Income before income taxes	80,835	108,175
Current income taxes	73	(122)
Deferred income taxes	1,260	11,867
Net income	82,168	119,920

- Notes: 1. Net provision to general loan-loss reserve includes net provisions to reserve for credit losses on off-balance-sheet instruments.
2. Since reversal of reserve for possible loan losses exceeded provisions for the current year, it resulted in a surplus, which is recorded as extraordinary profits. Reversal of reserve for credit losses on off-balance-sheet instruments also exceeded provisions, and resulted in a surplus which is recorded as extraordinary profits.
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)

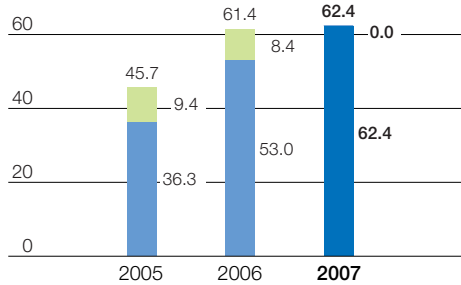
March 31	2007	2006
Assets	6,558,891	6,005,204
Cash and due from banks	97,505	353,494
Call loans	178,826	151,964
Receivables under securities borrowing transactions	281,914	300,370
Trading assets	67,519	93,886
Securities	2,332,881	1,797,623
Loans and bills discounted	3,362,528	3,025,391
Deferred tax assets	28,382	27,122
Reserve for possible loan losses	(62,275)	(81,708)
Liabilities	5,770,354	5,284,756
Deposits (excluding negotiable certificates of deposit)	2,349,165	2,340,885
Negotiable certificates of deposit	902,980	870,824
Debentures	1,454,525	1,064,331
Call money	313,213	292,823
Payables under repurchase agreements	33,734	49,788
Payables under securities lending transactions	146,248	206,654
Bills sold	—	91,700
Borrowed money	223,700	85,300
Corporate bonds	99,967	—
Equity/Shareholders' equity (Note)	788,537	720,447

Note: Paralleling implementation of the Company Law, the equity is presented as net assets, effective from the fiscal year ended March 31, 2007.

Consolidated operating profits

(Years ended March 31)

(Billions of Yen)
80

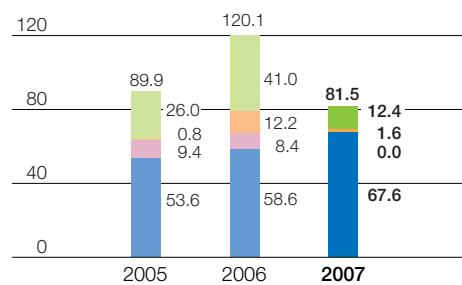


■ Operating profits (without taking account of amortization of deferred income on macro-hedge)
■ Deferred income on macro-hedge (Note)

Consolidated net income

(Years ended March 31)

(Billions of Yen)
160



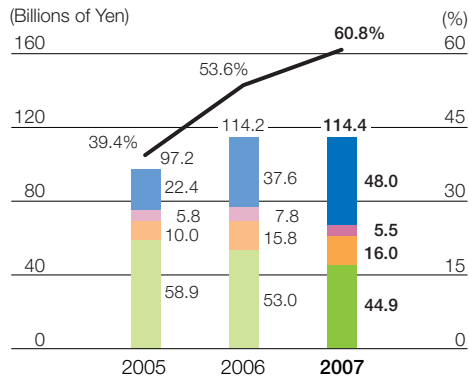
■ Net income (without taking account of amortization of deferred income on macro-hedge, credit-related expenses, and deferred income taxes)
■ Deferred income on macro-hedge (Note)
■ Deferred income taxes
■ Credit-related expenses

Note: Interest rate swap positions used for hedging purposes (macro-hedging) were closed in the fiscal year ended March 31, 2003, in line with accounting standard changes. Unrealized gains generated at the time such positions closed were booked as deferred income and amortized over the next three years.

Consolidated net revenue breakdown

(Years ended March 31)

(Billions of Yen)
160

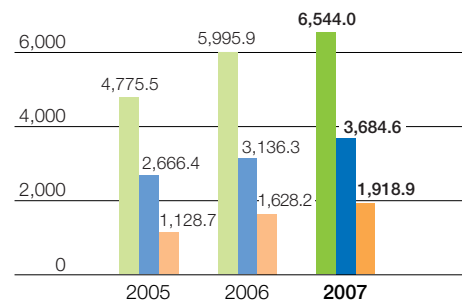


■ Net interest income
■ Net trading revenues
■ Net fees and commissions
■ Net other operating income
— Net non-interest income ratio

Total assets, loans and bills discounted, and securities

(Years ended March 31)

(Billions of Yen)
8,000

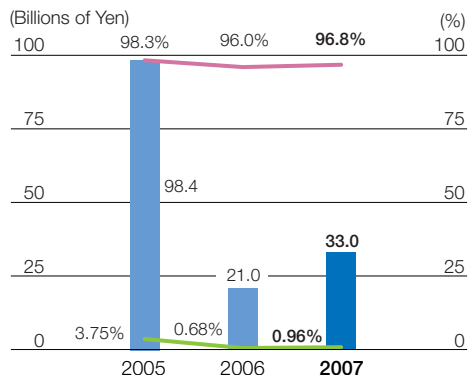


■ Total assets
■ Loans and bills discounted
■ Securities

Non-consolidated disclosed claims under the Financial Reconstruction Law

(At March 31)

(Billions of Yen)
100

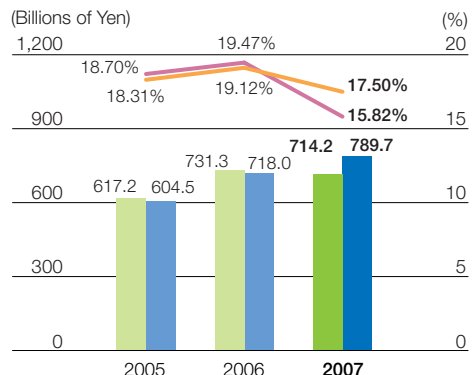


■ Non-consolidated disclosed claims under the Financial Reconstruction Law
■ Non-consolidated disclosed claim ratio
— Non-consolidated reserve and coverage ratio

Consolidated capital adequacy ratio

(At March 31)

(Billions of Yen)
1,200



■ Regulatory capital
■ Tier capital
— Capital adequacy ratio (domestic standard)
— Tier ratio (domestic standard)

Note: The ratio as of March 31, 2007 has been calculated according to Basel criteria.

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"
November 2006	Listed stock on the Tokyo Stock Exchange

Major Shareholders (As of March 31, 2007)

Common stock	(Thousands, %)	
	Number of Shares Held	Percentage of Total Outstanding Shares
Cerberus NCB Acquisition, L.P., General Partner Cerberus Aozora GP LLC	618,659	37.49
ORIX Coporation	149,981	9.08
Tokio Marine & Nichido Fire Insurance Co., Ltd.	149,974	9.08
BNY FOR GCM CLIENT ACCOUNTS (E) ISG	53,071	3.21
GOLDMAN SACHS INTERNATIONAL	35,966	2.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,620	1.37
Japan Trustee Services Bank, Ltd. (Trust Account)	20,245	1.22
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	19,102	1.15
STATE STREET BANK AND TRUST COMPANY	15,211	0.92
BARCLAYS BANK PLC SUB-ACCOUNT BARCLAYS CAPITAL SECURITIES LIMITED SBL/PB	14,752	0.89
Others	550,563	33.42
Total	1,650,147	100.00

Note: On November 14, 2006, Aozora Bank's Common stock was listed on the First Section of the Tokyo Stock Exchange.

The 4th preferred stock (Thousands, %)

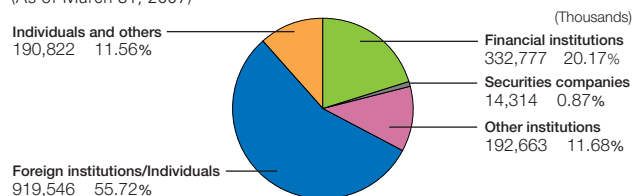
	Number of Shares Held	Percentage of Total Outstanding Shares
Deposit Insurance Corporation	24,072	100.00

The 5th preferred stock (Thousands, %)

	Number of Shares Held	Percentage of Total Outstanding Shares
Resolution and Collection Corporation	258,799	100.00

Common Stock Classification by Type of Shareholders

(As of March 31, 2007)



Profile (As of March 31, 2007)

Capital stock (consolidated)	¥419.8 billion
Total assets (consolidated)	¥6,544.0 billion
Consolidated capital adequacy ratio (domestic standard)	15.82%
Number of employees (non-consolidated)	1,384
Branch network	Domestic: 19 offices Overseas: 5 representative offices
Long-term credit ratings	
JCR	A
R&I	A-
Moody's	A2
Standard & Poor's	A-
Fitch Ratings	A-

Note: Number of overseas representative offices and long-term credit ratings are as of June 28, 2007.

Directors, Auditors and Executive Officers

(As of June 28, 2007)

Directors and Auditors

Chairman	Kimikazu Noumi*
President	Federico J. Sacasa*
Director	James D. Quayle
Director	Frank W. Bruno
Director	Pieter Korteweg
Director	Lawrence B. Lindsey
Director	John L. Steffens
Director	Kiyoshi Tsugawa
Director	Marius J. L. Jonkhart
Director	Lee Millstein
Director	Hiroshi Amemiya
Director	Gerardus Johannes Schipper
Director	Shunsuke Takeda
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	Takeyoshi Morikawa
Senior Managing Executive Officer	Hiroshi Jinno
Senior Managing Executive Officer	Carlos A. Erchuck
Senior Managing Executive Officer	Katsutoshi Ishida
Senior Managing Executive Officer	Shinsuke Baba
Senior Managing Executive Officer	Hiroshi Nishihara
Senior Managing Executive Officer	Hiromi Watanabe
Senior Managing Executive Officer	Nikolai Safavi
Senior Managing Executive Officer	James Mudie
Senior Managing Executive Officer	Ambi Venkateswaran
Managing Executive Officer	Hirokazu Takino
Managing Executive Officer	Kenji Fujii
Managing Executive Officer	Ryoichi Kawai
Executive Officer	Peter R. Fowler
Executive Officer	Tadashi Umino
Executive Officer	Tetsuo Matsui
Executive Officer	Shigeyuki Tsuchida

Office Directory (As of June 28, 2007)

Overseas

	Country	Address	Telephone
New York Representative Office	U.S.A.	780 Third Avenue, 11th Floor, New York, NY 10017, U.S.A.	+1-212-759-3900
Singapore Representative Office	Singapore	6 Temasek Boulevard, #23-02 Suntec Tower Four, 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
Shanghai Representative Office	China	Unit 3559, CITIC Square, 1168 Nanjing Road West, Shanghai 200041, China	+86-21-5117-8952

Domestic

	〒	Address	Telephone
Head Office			
	〒102-8660	3-1, Kudan-minami 1-chome, Chiyoda-ku, Tokyo	03-3263-1111

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
Nihonbashi	〒103-0027	3-11, Nihonbashi 3-chome, Chuo-ku, Tokyo	03-3517-7888
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 June 28, 2007)

(%)

Company Name	Business Activities	Established	Capital	Aozora Bank Shareholding	Group Shareholding
Aozora Trust Bank, Ltd.	Trust services, banking operations	February 28, 1994	5,437 millions of JPY	100.0	—
AOZORA Loan Services Co., Ltd.	Distressed loan servicing	June 18, 1996	500 millions of JPY	67.6	—
Aozora Investment Co., Ltd.	Venture capital investment	May 17, 1991	20 millions of JPY	100.0	—
Aozora Information Systems Co., Ltd.	Systems development Administrative temporary staff services	April 1, 1967	150 millions of JPY	100.0	—
AOZORA SOFTWARE CORPORATION	Systems development	May 9, 1973	12 millions of JPY	—	100.0
Aozora Securities Co., Ltd.	Securities services	April 27, 2006	3,000 millions of JPY	100.0	—
AZURE Funding North America ^(*)	Investment vehicle	August 6, 2004	0 thousands of USD	—	—
Aozora Asia Pacific Finance Limited	Financial services	June 29, 2005	100,000 thousands of USD	100.0	—
Aozora Investment Management Limited	Financial services	March 28, 2006	3,500 thousands of GBP	100.0	—
Azure Funding Europe S.A.	Investment vehicle	April 3, 2006	31 thousands of EUR	99.9	—
AZURE Funding North America	Investment vehicle	October 10, 2006	0 thousands of USD	—	—
Aozora GMAC Investment Limited	Investments	November 6, 2006	502,000 thousands of USD	100.0	—
Aozora GMAC Investment, Inc.	Investments	November 21, 2006 ^(*)	145,180 thousands of USD	—	100.0
Aozora GMAC Investments LLC	Investments	November 22, 2006	500,000 thousands of USD	—	100.0

(*) AZURE Funding changed its name to AZURE Funding North America on October 10, 2006.

(*) On November 21, 2006, our Group acquired Aozora GMAC Investment, Inc., which was established on July 10, 2006.

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