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## **Aozora Reports 50% Increase in First Quarter Earnings; Net Income of 11.0 Billion Yen; ~ Positive Direction Continues ~**

**TOKYO July 28, 2011** – Aozora Bank, Ltd. (“Aozora” or “the Bank”), a leading Japanese commercial bank, today announced its financial results for the first quarter of FY2011.

### **Financial Results for the First Quarter of FY2011**

Aozora reported consolidated net revenue of 18.4 billion yen and net income of 11.0 billion yen. These results represented progress of 22.8% and 33.2% towards the full-year forecasts of 81.0 billion yen in net revenue and 33.0 billion yen in net income.

Brian F. Prince, Representative Director, President and Chief Executive Officer of Aozora Bank commented, "On behalf of the management team, I want to first extend our heartfelt sympathy to the people and communities adversely impacted by the Great Eastern Japan Earthquake and related disasters. "

Prince continued, "We reported net income of 11.0 billion yen, an increase of 50% over the first quarter of FY2010, recording our 9<sup>th</sup> consecutive quarterly profit, despite recent slowdown in overall domestic economic activity following the Great Eastern Japan Earthquake. The results were primarily a function of our continued reduction in funding costs, disciplined expense management and improving credit quality.

While we expect the economic environment to gradually improve, we will stay focused on our core businesses in order to generate sustainable earnings while making a contribution to the recovery of the Japanese economy."

### **1. Summary of the First Quarter Results (Consolidated)**

- Net income increased by 3.7 billion yen, or 50.0% year on year, to 11.0 billion yen, as a result of our continued focus on the priorities described below, amid a slowdown in overall domestic economic activity following the Great Eastern Japan Earthquake. This result represented a progress of 33.2% towards the full-year forecast of 33.0 billion yen. Net income increased despite a decrease in net revenue of 1.9 billion yen, or 9.4%, to 18.4 billion yen, and a decrease in business profit of 1.5 billion yen, or 14.2%, to 8.8 billion yen as the Bank prudently managed its balance sheet under global uncertainties.
  - Funding costs were reduced 19 basis points to 0.65%, from 0.84% in the first quarter of FY2010, reflecting our ongoing effort to improve funding costs while maintaining a stable base of retail deposits. As a result of the improvement in funding costs, the net interest margin improved by 7 bps to 1.09% year on year, and the loan margin expanded by 16 bps to 1.34%.
  - General and administrative expenses were reduced by 4.4%, or 0.4 billion yen year on year, to 9.7 billion yen, as a result of the Bank's continued strict control on costs. The overhead ratio, or OHR, (general and administrative expenses as a percentage of net revenues) was 52.3%, close to the Bank's mid-term target of 50% or below.

- Credit-related expenses were a net profit of 1.9 billion yen, compared with a net expense of 2.4 billion yen in the first quarter of FY2010, due to a reversal of the loan loss reserve and the recording of gains on the disposition of NPLs. This reflected the preventative measures taken by the Bank to date including the conservative allocation of reserves, as well as the absence of significant credit events. The Bank maintains a conservative allocation of reserves for the possible impact of the Great Eastern Japan Earthquake and related disasters.
- Comprehensive income for the first quarter of FY2011 resulted in a gain of 13.7 billion yen. As a result, net assets per common share were 263.43 yen, as compared to 256.27 yen as of March 31, 2011.
- The percentage of retail funding to total core funding (the sum of deposits, negotiable certificates of deposit, debentures and bonds) remained high at 69.2%. The Bank maintained sufficient liquidity reserves of approximately 600 billion yen as of June 30, 2011.
- Financial Reconstruction Law (FRL) claims (non-consolidated) were 106.9 billion yen, a decrease of 20.5 billion yen or 16.1% from the prior year. The FRL ratio decreased 0.69 points to 3.90%. The percentage of FRL claims covered by reserves, collateral and guarantees remained high at 87.1% as of June 30, 2011. Aozora's loan loss reserve was 3.66% of loans as of June 30, 2011, remaining one of the highest among major Japanese banks.
- Aozora will announce its Tier 1 ratio and capital adequacy ratio as of June 30, 2011, at a later date. These ratios are expected to increase from the March 31, 2011 levels of 18.43% and 16.93%, respectively.

## 2. Q1 FY2011 Performance (April 1 to June 30, 2011):

### Consolidated basis

(100 million yen)	Ordinary Income	Net Revenue	Business Profit	Ordinary Profit	Net Income	Net Income per common share
Q1 FY2011 (a)	313	184	88	96	110	7.33 Yen
Q1 FY2010 (b)	321	204	103	73	73	4.88 Yen
Change (a) - (b)	-8	-19	-15	23	37	2.45 Yen
Percentage change ((a)-(b)) / (a)	-2.6%	-9.4%	-14.2%	32.1%	50.0%	50.2%
FY2011 Full-Year Forecast (c)	1,200	810	405	300	330	20.63 Yen
Progress (a) / (c)	26.1%	22.8%	21.7%	32.1%	33.2%	35.5%

### Non-Consolidated basis

(100 million yen)	Ordinary Income	Net Revenue	Business Profit before general loan-loss reserve	Ordinary Profit	Net Income	Net Income per common share
Q1 FY2011 (a)	302	175	84	96	110	7.34 Yen
Q1 FY2010 (b)	313	195	101	72	76	5.08 Yen
Change (a)-(b)	-11	-19	-17	23	34	2.26 Yen
Percentage change ((a)-(b)) / (a)	-3.4%	-9.8%	-16.6%	32.5%	44.5%	44.5%
FY2011 Full-Year Forecast (c)	1,150	760	375	280	310	19.29 Yen
Progress (a) / (c)	26.3%	23.1%	22.4%	34.1%	35.4%	38.1%

## I. Revenue and Expenses

(100 million yen)	FY2010 Q1 A	FY2011 Q1 B	Change B-A		FY2011 12 Month Earnings Forecast	%	Page
			Amt.	%			
<b>Net revenue</b>	<b>204</b>	<b>184</b>	<b>-19</b>	<b>-9.4%</b>	<b>810</b>	<b>22.8%</b>	-
Net interest income	121	120	-1	-1.2%	-	-	4
<i>Net interest margin</i>	<i>1.02%</i>	<i>1.09%</i>	<i>0.07%</i>	-	-	-	4
Net fees and commissions	21	21	0	0.7%	-	-	4
Net trading revenues	31	15	-16	-51.4%	-	-	5
Gains/losses on Bond Transactions	32	13	-19	-58.5%	-	-	5
Net other ordinary income excluding Gains/Losses on Bond Transactions	-2	15	17	-	-	-	5
General & administrative expenses	-101	-97	4	-4.4%	405	23.8%	6
<b>Business profit</b>	<b>103</b>	<b>88</b>	<b>-15</b>	<b>-14.2%</b>	<b>405</b>	<b>21.7%</b>	-
<b>Ordinary profit</b>	<b>73</b>	<b>96</b>	<b>23</b>	<b>32.1%</b>	<b>300</b>	<b>32.1%</b>	-
<b>Net income</b>	<b>73</b>	<b>110</b>	<b>37</b>	<b>50.0%</b>	<b>330</b>	<b>33.2%</b>	-
Credit-related expenses incl. recoveries of written-off claims	-24	19	43	-	-90	-	6
Taxes	5	13	8	168.8%	-	-	6

In the first three months of FY2011, the Bank recorded consolidated net revenue of 18.4 billion yen, a decrease of 1.9 billion yen, or 9.4%, year on year, amid a slowdown in overall domestic economic activity following the Great Eastern Japan Earthquake. This result represented steady progress of 22.8% towards the full-year forecast of 81.0 billion yen.

Net interest income was 12.0 billion yen, almost the same level as the first quarter of FY2010. The net interest margin increased as a result of the reduction in funding costs, offsetting the effect of a decline in the average balance of interest earning assets in comparison with the first quarter of FY2010. Funding costs were reduced 19 bps to 0.65%, from 0.84% in the first quarter of FY2010, reflecting our ongoing efforts to reduce funding costs while maintaining a stable base of retail deposits. Net fees and commissions increased by 0.7% to 2.1 billion yen, and net trading revenues decreased by 1.6 billion yen, or 51.4%, to 1.5 billion yen. Gains/losses on bond transactions decreased by 1.9 billion yen, or 58.5%, to 1.3 billion yen. The result reflected gains on foreign government bonds and impairment on domestic CMBS. Net other ordinary income, excluding gains/losses on bond transactions, improved by 1.7 billion yen to 1.5 billion yen mainly due to profit from limited partnerships.

General and administrative expenses were 9.7 billion yen, a reduction of 0.4 billion yen, or 4.4%, year on year, as a result of our continued strict controls on costs, including the implementation of a Bank-wide cost review, which led to broad savings in personnel cost, technology cost and other operating expense categories. As a result of the above factors, consolidated business profit was 8.8 billion yen, a decrease of 1.5 billion yen, or 14.2%. This result represented 21.7% progress towards the full-year forecast of 40.5 billion yen.

Credit-related expenses were a net profit of 1.9 billion yen, compared with a net expense of 2.4 billion yen in the first quarter of FY2010, due to a reversal of the loan loss reserve and the recording of gains on the disposition of NPLs. This reflected the preventative measures taken by the Bank to date, including the conservative allocation of reserves, as well as the absence of significant credit events. The Bank maintains a conservative allocation of reserves for the possible impact of the Great Eastern Japan Earthquake and related disasters. Taxes were a net profit of 1.3 billion yen. As a result of the above factors, consolidated net income increased 3.7 billion yen, or 50.0%, to 11.0 billion yen, representing the Bank's 9<sup>th</sup> consecutive quarterly profit. This result represented progress of 33.2% towards the full-year forecast of 33.0 billion yen in net income.

## 1. Net Revenue

### (1)① Net Interest Income

(100 million yen)	FY2010 Q1 (A)	FY2011 Q1 (B)	Change (B)-(A)
Net interest income (a)-(b)	121	120	-1
Interest income (a)	207	182	-25
Interest on loans and discounts	151	132	-19
Interest and dividends on securities	41	39	-3
Other interest income	3	3	0
Interest on swaps	11	8	-4
Interest expenses (b)	-86	-62	24
Interest on deposits and NCDs※	-63	-48	15
Interest on debentures	-15	-7	8
Interest on borrowings and rediscount	-1	-1	0
Other interest expenses	-5	-3	2
Interest on swaps	-2	-4	-1

※ Negotiable certificates of deposit

### ② Net Interest Margin

(100 million yen)	FY2010 Q1 (A)	FY2011 Q1 (B)	Change (B)-(A)
Yield on total investments (a)	1.86%	1.74%	-0.12%
Yield on loans (b)	2.02%	1.99%	-0.03%
Yield on securities	1.35%	1.17%	-0.18%
Yield on funding (c)	0.84%	0.65%	-0.19%
Net interest margin (a)-(c)	1.02%	1.09%	0.07%
Loan margin (b)-(c)	1.18%	1.34%	0.16%

Net interest income was 12.0 billion yen, almost the same level as the first quarter of FY2010. The net interest margin increased as a result of the reduction in funding costs, offsetting a decline in the average balance of interest earning assets in comparison with the first quarter of FY2010. Funding costs were reduced 19 basis points to 0.65%, from 0.84% in the first quarter of FY2010, reflecting our ongoing efforts to reduce funding costs while maintaining a stable base of retail deposits. As a result of the reduction in funding costs, the net interest margin expanded by 7 bps to 1.09% year on year, and the loan margin expanded by 16 bps to 1.34%.

### (2) Net Fees and Commissions

(100 million yen)	FY2010 Q1 (A)	FY2011 Q1 (B)	Change (B)-(A)
Net fees and commissions (a)-(b)	21	21	0
Fees and commissions received (a)	23	23	-0
Loan business-related	15	15	0
Securities-related and agency	4	4	0
Others	3	3	-1
Fees and commission paid (b)	-2	-2	0

Net fees and commissions were 2.1 billion yen, an increase of 0.7%, year on year. We continued to focus on the sale of investment products to our mass affluent retail customers.

### (3) Net Trading Revenues

(100 million yen)	FY2010 Q1 (A)	FY2011 Q1 (B)	Change (B)-(A)
Net trading revenues	31	15	-16
Net income on trading-related financial derivatives transactions	31	12	-19
Others	0	3	3

Net trading revenues decreased by 1.6 billion yen, or 51.4%, year on year, to 1.5 billion yen. Earnings from sales of derivative-embedded products decreased year on year, mainly due to changes in the market environment.

### (4) Gains/losses on Bond Transactions

(100 million yen)	FY2010 Q1 (A)	FY2011 Q1 (B)	Change (B)-(A)
Gains/losses on bond transactions	32	13	-19
Japanese government bonds	19	11	-7
Foreign government bonds and mortgage bonds	11	19	8
Others	3	-17	-19
Collateralized Debt Obligations (CDOs) only	-0	-	0
Profit from hedge funds (Available For Sale) only	2	4	2
Others	1	-21	-22

Gains/losses on bond transactions decreased by 1.9 billion yen, or 58.5%, to 1.3 billion yen. The result reflected gains on foreign government bonds, and impairment on domestic CMBS.

### (5) Net other ordinary income excluding Gains (Losses) on Bond Transactions

(100 million yen)	FY2010 Q1 (A)	FY2011 Q1 (B)	Change (B)-(A)
Net other ordinary income excluding gains/losses on bond transactions	-2	15	17
Gains /losses on foreign currency transactions	-14	-9	6
Gains /losses on derivatives other than trading, net	2	0	-2
Profit from limited partnerships	4	14	9
Real estate related	-2	5	6
Distressed loan related	2	3	1
Other (venture capital, etc.)	4	6	2
Gains on distressed loans (Aozora Loan Services)	4	5	1
Debenture issue cost	-0	-0	0
Others	3	6	3

Net other ordinary income, excluding gains/losses on bond transactions, increased by 1.7 billion yen to 1.5 billion yen, mainly due to profit from limited partnerships.

## 2. General and Administrative Expenses (G & A Expenses)

(100 million yen)	FY2010 Q1 (A)	FY2011 Q1 (B)	Change (B)-(A)
G & A expenses	-101	-97	4
Personnel	-46	-44	2
Non-personnel expense	-49	-46	3
Tax	-6	-6	-0

General and administrative expenses were reduced by 0.4 billion yen, or 4.4%, year on year to 9.7 billion yen. This result reflected our continued strict controls on costs including the implementation of a Bank-wide cost review which led to broad savings in personnel cost, technology cost and other operating expense categories. The overhead ratio, or OHR, (general and administrative expenses as a percentage of net revenues) was 52.3%, close to the Bank's mid-term target of 50% or below.

## 3. Credit-Related Expenses

(100 million yen)	FY2010 Q1 (A)	FY2011 Q1 (B)	Change (B)-(A)
Credit-related expenses	-24	19	43
Incl. recoveries of written-off claims			
Write-off of loans	-9	-2	7
Loss on disposition of loans	0	10	10
Specific allowance for loan losses	-10	-6	4
General allowance for loan losses	-10	12	23
Reversal of reserve for credit losses on off-balance- sheet instruments	4	1	-3
Recoveries of written-off claims	1	3	2

Credit-related expenses were a net profit of 1.9 billion yen, compared with a net expense of 2.4 billion yen in the first quarter of FY2010, due to a reversal of the loan loss reserve and the recording of gains on the disposition of NPLs. This reflected the preventative measures taken by the Bank to date, including the conservative allocation of reserves, as well as the absence of significant credit events. The Bank maintains a conservative allocation of reserves for the possible impact of the Great Eastern Japan Earthquake and related disasters. The ratio of loan loss reserves to loans outstanding was 3.66% as of June 30, 2011 and remained one of the highest among major Japanese banks.

## 4. Taxes

(100 million yen)	FY2010 Q1 (A)	FY2011 Q1 (B)	Change (B)-(A)
Taxes	5	13	8

A net tax profit of 1.3 billion yen was recognized in the first quarter of FY2011 as a result of the calculation of deferred tax assets, in consideration of the earnings projection.

## II. Balance Sheet

(100 million yen)	Mar. 31, 2011 (A)	June 30, 2011 (B)	Change (B) – (A)		June 30, 2010	Page
			Amount	%		
<b>Total assets</b>	<b>49,184</b>	<b>48,463</b>	<b>-720</b>	<b>-1.5%</b>	<b>49,665</b>	-
Loan and bills discounted	27,296	26,887	-409	-1.5%	29,252	8
Securities	13,357	13,244	-113	-0.8%	11,529	9
Cash and due from banks	2,720	2,082	-638	-23.5%	1,415	-
Others	5,812	6,250	439	7.6%	7,469	-
<b>Total liabilities</b>	<b>43,532</b>	<b>42,726</b>	<b>-805</b>	<b>-1.9%</b>	<b>44,182</b>	-
Deposits	27,774	27,102	-672	-2.4%	28,956	} 8
Negotiable certificates of deposit	1,549	2,602	1,052	67.9%	1,443	
Debentures	2,647	2,636	-11	-0.4%	4,080	
Bonds payable	912	-	-912	-	912	
Others	10,649	10,387	-262	-2.5%	8,791	
<b>Total net assets</b>	<b>5,652</b>	<b>5,737</b>	<b>85</b>	<b>1.5%</b>	<b>5,483</b>	-
Capital stock	4,198	4,198	-	-	4,198	-
Capital surplus	333	333	-	-	333	-
Retained earnings	1,324	1,382	58	4.4%	1,069	-
Valuation difference on available-for-sale securities	18	49	31	172.9%	88	-
Others	-221	-225	-4	-	-206	-
<b>Total liabilities and net assets</b>	<b>49,184</b>	<b>48,463</b>	<b>-720</b>	<b>-1.5%</b>	<b>49,665</b>	-

Total assets were 4,846.3 billion yen as of June 30, 2011, a decrease of 72.0 billion yen, or 1.5%, compared to March 31, 2011. Loans and bills discounted were 2,688.7 billion yen, a decrease of 40.9 billion yen or 1.5%, reflecting a decrease in overseas loans of 59.6 billion yen, or 14.1%, as compared to March 31, 2011. Domestic lending remained steady, increasing 18.8 billion yen, or 0.8%, from March 31, 2011. Securities were 1,324.4 billion yen, a decrease of 11.3 billion yen, or 0.8%, almost the same level as March 31, 2011.

On the funding side, total deposits and negotiable certificates of deposit increased by 38.0 billion yen, or 1.3%, as compared to March 31, 2011, bonds payable decreased by 91.2 billion yen due to redemptions, and debentures decreased 1.1 billion yen, or 0.4%. The percentage of retail funding to total core funding remained high at 69.2% despite a slight decrease in funding from retail customers of 72.4 billion yen, or 3.1%, from March 31, 2011 to 2,239.4 billion yen. This reflects our ongoing effort to reduce funding costs while maintaining a stable base of retail deposits. Total liabilities decreased by 80.5 billion yen, or 1.9%, to 4,272.6 billion yen as compared to March 31, 2011.

Net assets were 573.7 billion yen, representing an increase of 8.5 billion yen, or 1.5%, in comparison with March 31, 2011.

## 1. Funding (Deposits and Debentures)

(100 million yen)	Mar. 31, 2011 (A)	June 30, 2011 (B)	Change (B)–(A)	June 30, 2010
Retail	23,118	22,394	-724	23,806
Corporate, etc.	4,238	4,668	431	3,513
Financial Institutions (Debentures)	3,333	2,416	-916	4,741
Financial Institutions (Deposits)	2,194	2,860	666	3,332
Deposits and Debentures total	32,883	32,339	-543	35,391

The percentage of retail funding to total core funding remained high at 69.2% despite a slight decrease in funding from retail customers of 72.4 billion yen, or 3.1%, from March 31, 2011 to 2,239.4 billion yen. This reflects our ongoing effort to reduce funding costs while maintaining a stable base of retail deposits.

The Bank maintained sufficient liquidity reserves of approximately 600 billion yen as of June 30, 2011.

## 2. Loans

(100 million yen)	Mar. 31, 2011 (A)	June 30, 2011 (B)	Change (B)–(A)	June 30, 2010
Loans outstanding	27,296	26,887	-409	29,252

Loans were 2,688.7 billion yen, a decrease of 40.9 billion yen or 1.5%, reflecting a decrease in overseas loans of 59.6 billion yen, or 14.1%, as compared to March 31, 2011. Domestic lending remained steady, increasing 18.8 billion yen, or 0.8%, from March 31, 2011. We continued our focus on middle market business. While lending to the real estate sector decreased by 4.8 billion yen, non-recourse loans increased by 1.3 billion yen.

### 3. Securities

(100 million yen)	Book value				Unrealized gains/losses			
	Mar. 31, 2011 (A)	June 30, 2011 (B)	(B) - (A)	June 30, 2010	Mar. 31, 2011 (A)	June 30, 2011 (B)	(B) - (A)	June 30, 2010
JGBs	6,771	6,823	52	6,106	57	68	11	90
Municipal bonds	103	126	23	21	-0	1	1	1
Corporate bonds	752	766	14	553	-1	1	2	0
Equities	267	267	0	272	-2	-1	1	-1
Foreign bonds	3,404	3,447	43	2,991	-38	3	41	39
Others	2,061	1,816	-244	1,586	28	25	-3	35
Hedge funds	146	127	-20	239	25	23	-2	40
ETFs (Linked to Japanese stocks index)	25	25	-0	29	0	0	-0	-1
Investment in limited partnerships	681	653	-28	724	3	5	2	2
REIT	93	91	-2	61	7	3	-4	-3
Others	1,115	921	-194	534	-7	-6	1	-2
Money markets funds only	995	806	-189	500	-5	-4	1	0
Total	13,357	13,244	-113	11,529	44	96	53	164

Securities decreased by 11.3 billion yen, or 0.8%, in comparison with March 31, 2011. Major factor in this change was an increase in JGBs of 5.2 billion yen, or 0.8%, offset by a decrease in money market funds, assets comparable to the liquidity reserve, of 18.9 billion yen, or 19.0%.

Total unrealized gains amounted to 9.6 billion yen as of June 30, 2011, reflecting unrealized gains on JGBs and hedge funds of 6.8 billion yen and 2.3 billion yen, respectively.

Note (1): Floating rate JGBs as of June 30, 2011, were valued in the same way as at March 31, 2011, on the basis of internal calculations pursuant to Practical Issues Task Force No.25, 'Practical Solution on Measurement of Fair Value for Financial Assets' issued by the Accounting Standards Board of Japan.

Note (2): A portion of beneficial interests in investment trusts within 'monetary claims bought' are marked at fair value from - March 31, 2011, but the amounts (balance sheet total 17.6 billion yen; valuation loss 2.2 billion yen as of June 30, 2011) are not included in the table above.

### 4. Investment in Limited Partnerships and Hedge Funds

(100 million yen)	Mar. 31, 2011 (A)	June 30, 2011 (B)	Change (B)-(A)	June 30, 2010
Limited partnerships	681	653	-28	724
Real estate related	143	128	-15	171
Distressed loan related	306	295	-11	323
Others	232	230	-2	230
Hedge funds	146	127	-20	239

Investment in limited partnerships decreased by 2.8 billion yen, or 4.1%, from March 31, 2011, mainly due to redemptions. Hedge fund investments decreased 2.0 billion yen, or 13.4%, as compared to March 31, 2011.

**III. Disclosed Claims under the Financial Reconstruction Law  
(Non-consolidated)**

(100 million yen, %)	Mar. 31, 2011 (A)	June 30, 2011 (B)	Change (B)–(A)	June 30, 2010
Bankrupt and similar credit	119	104	-16	369
Doubtful credit	804	641	-162	849
Special attention credit	352	324	-27	429
FRL credit, total (a)	1,275	1,069	-205	1,647
Normal credit (b)	26,443	26,347	-97	28,041
Total credit (c)/((a)+(b))	27,718	27,416	-302	29,689
FRL credit ratio (a)/(c)	4.59%	3.90%	-0.69%	5.54%

Non-performing claims as defined by the Financial Reconstruction Law (FRL) decreased by 20.5 billion yen, or 16.1%, to 106.9 billion yen, as compared to March 31, 2011. The FRL Ratio improved by 0.69 points to 3.90%.

The percentage of FRL claims covered by reserves, collateral and guarantees remained high at 87.1% as of June 30, 2011.

*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/english/>*

*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 including the effects of changes in general economic conditions, changes in interest rates, stock markets and foreign currency, and any ensuing decline in the value of our securities portfolio, incurrence of significant credit-related cost and the effectiveness of our operational, legal and other risk management policies.*