

May 15, 2015

Company Name: Aozora Bank, Ltd.
Name of representative: Shinsuke Baba, President and CEO
Listed exchange: TSE, Code 8304
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Buyback and Cancellation of All Preferred Shares
(Class-A Series 4 Preferred Shares and Class-C Series 5 Preferred Shares)
(Buyback of preferred shares under the provision in the Articles of Incorporation pursuant to Paragraph 1, Article 459 of the Companies Act and cancellation of preferred shares pursuant to Article 178 of the Companies Act)

Aozora announced the decision made at the Board of Directors meeting held today to repurchase all Class-A Series 4 Preferred Shares and Class-C Series 5 Preferred Shares ('Preferred Shares') from the Deposit Insurance Corporation of Japan (DIC) and The Resolution and Collection Corporation (RCC), respectively. Subject only to the approval of the regulatory authorities, the Bank will implement the buyback of its Preferred Shares on June 29, 2015 following the next installment payment (annual super preferred dividend) on June 22, 2015, in accordance with Article 48 of the Bank's Articles of Incorporation pursuant to Paragraph 1, Article 459 of the Companies Act.

The Bank's board also resolved to cancel the repurchased preferred shares pursuant to Article 178 of the Companies Act.

1. Rationale for the buyback of preferred shares

The full repayment of public funds has been a corporate priority at Aozora, and the Bank has strived to ensure sound management as well as increase its corporate value. In August 2012, Aozora announced its 'Comprehensive Recapitalization Plan' towards the annual installment repayment of public funds over 10 years. Since Aozora started its repayment process, the Bank has repaid a total of 63.7 billion yen. Aozora has expressed its intention to fully repay public funds as early as possible when conditions, such as the share price requirement, are met, also carefully considering the Bank's financial soundness and market conditions.

As a result of the Bank's strong business performance and the increase in its share price, we believe that conditions have now been satisfied for the early and full repayment of public funds. Subject only to the approval of the regulatory authorities, the Bank intends to fully repay the remaining 143.4 billion yen in public funds on June 29, 2015, as outlined in item 2 below, following the next installment payment of approximately 20.5 billion yen on June 22, 2015.

For further details, please refer to the Bank's press release entitled 'Aozora Announces Early and Full Repayment of Public Funds; Establishes Updated Business Model and Mid-term Financial Targets', which was also issued today.

2. Description of the details in the buyback

(1) Type and total number of shares to be repurchased	Class-A Series 4 preferred shares	24,072,000 shares
	Class-C Series 5 preferred shares	214,579,295 shares
(2) Consideration for buyback	Cash	
(3) Total buyback amount	143,429,999,965 yen	
(4) Date of buyback	June 29, 2015	
(5) Date of application for assignment of the shares	June 22, 2015	

3. Overview of counterparties for buyback

<Counterparty for Class-A Series 4 Preferred Shares>

(1) Name	Deposit Insurance Corporation of Japan (DIC)
(2) Official address	9th Floor, Shin-Yurakucho Building 1-12-1 Yurakucho, Chiyoda-ku, Tokyo, Japan
(3) Title and name of representative	Governor Katsunori Mikuniya
(4) Business	Deposit insurance, failure resolution, purchase of non-performing loans/pursuit of liability, capital injection, financial support operations, etc.
(5) Capital stock	35,135 million yen
(6) Establishment	July 1, 1971
(7) Major shareholding and shareholding %	Government of Japan 99%
(8) Relation with Aozora in:	
Capital	DIC holds 24,072,000 Series 4 Preferred Shares
Personnel	No personnel relationships
Transactions	No transactions
Relevant items	No relevant items

(as of the end of March, 2015)

<Counterparty for Class-C Series 5 Preferred Shares >

(1) Name	The Resolution and Collection Corporation (RCC)
(2) Official address	Shin-Nisseki Building 3-4-2 Marunouchi, Chiyoda-ku, Tokyo, Japan
(3) Title and name of representative	Representative Director & President Shozo Fujita
(4) Business	Purchase of assets including loans, and management/services of such assets; Subscription of shares, etc. issued by financial institutions; Lending to financial institutions through subordinated loans; Purchase of trust beneficiary rights, etc.
(5) Capital stock	12 billion yen
(6) Establishment	April 1, 1999
(7) Major shareholding and shareholding %	Deposit Insurance Corporation of Japan 100%
(8) Relation with Aozora in:	
Capital	RCC holds 214,579,295 Series 5 Preferred Shares
Personnel	No personnel relationships
Transactions	No transactions
Relevant items	No relevant items

(as of the end of March, 2015)

(Note) This buyback is implemented under the procedures pursuant to articles 158 and 159 of the Companies Act, and is not implemented as a buyback from specific shareholders stipulated in article 160 of the Companies Act.

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