

May 27, 2016

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Amendments to the Articles of Incorporation

Aozora Bank, Ltd. (the “Bank”) announced today that its board resolved at its May 27, 2016 meeting the proposal of Amendments to the Articles of Incorporation to the annual general meeting of shareholders, which will be held on June 28, 2016.

1. Purpose of the Amendments to the Articles of Incorporation

- (a) On June 29, 2015, the Bank fully repaid its remaining public funds through a buyback of all its Class A Preferred Shares and Class C Preferred Shares, immediately cancelling the repurchased shares. On that same day, the Bank also cancelled 467,253,171 shares of treasury stock. The Bank will amend the Articles of Incorporation to reflect the deduction of the cancelled shares from the total number of issuable class shares, in addition to the deduction of ordinary shares retained in the event of a request for acquisition of preferred shares in consideration of ordinary shares. The Bank will also delete the relevant provisions related to preferred shares.
- (b) In accordance with the “Law for Partial Amendment of the Companies Act” (Law No. 90, 2014), which took effect on May 1, 2015, the Bank will amend the Articles of Incorporation to include the attached Article 27 (2) and Article 34 (2), which will enable the Bank to execute limited liability agreements with directors who do not conduct business operations, and Audit & Supervisory Board Members.
The Bank has obtained the consent of each Audit & Supervisory Board Member to submit a resolution proposal related to the amended Article 27 (2) above, to the annual general meeting of shareholders scheduled for June 28, 2016.
- (c) The Bank was granted permission to issue specific corporate debentures for 10 years from April 2006 under the “Law Relating to Merger and Conversion of Financial Institutions”. In light of the March 31, 2016 conclusion of this period, the Bank will delete the provision for corporate debenture issuance from the Articles of Incorporation.
- (d) The Bank will make all other relevant amendments to its Articles of Incorporation, in addition to adjusting the chapter and article numbers in conjunction with the deletion of articles related to (a) and (c) above.

2. Details of the Amendments

Please refer to the attachment for further details on the proposed amendments.

3. Timeline

Annual general meeting of shareholders	June 28, 2016 (scheduled)
Effective date of the above amendments	June 28, 2016 (scheduled)

(Underlined portions indicate the amendments.)

(Current)	(After amendment)
<p style="text-align: center;">CHAPTER 2 Shares</p> <p>(Total Number of Issuable Shares) Article 6 The total number of shares that the Bank is authorized to issue shall be <u>four billion ten million six hundred fifty one thousand two hundred ninety five (4,010,651,295)</u> shares; provided, however, that if any <u>ordinary share or preferred share</u> is retired, the number of shares so retired shall be subtracted from the total number of shares that the Bank is authorized to issue.</p>	<p style="text-align: center;">CHAPTER 2 Shares</p> <p>(Total Number of Issuable Shares) Article 6 The total number of shares that the Bank is authorized to issue shall be <u>two billion eight hundred ninety eight million two hundred eighty two thousand (2,898,282,000)</u> shares; provided, however, that if any share is retired, the number of shares so retired shall be subtracted from the total number of shares that the Bank is authorized to issue.</p>
<p>(Total Number of Issuable Class Shares) <u>Article 7</u> <u>The total number of each class of shares that the Bank can issue shall be as follows; provided, however, that if any ordinary share or preferred share is retired, the number of shares so retired shall be subtracted from the total number of each class of shares that the Bank can issue.</u></p> <p>1. <u>Ordinary shares: three billion seven hundred seventy two million (3,772,000,000)</u></p> <p>2. <u>Class A (Koushu) Preferred Shares: twenty four million seventy two thousand (24,072,000)</u></p> <p>3. <u>Class C (Heishu) Preferred Shares: two hundred fourteen million five hundred seventy nine thousand two hundred ninety five (214,579,295)</u></p> <p><u>In these articles of incorporation, Class A and Class C Preferred Shares are collectively referred to as the "Preferred Shares".</u></p>	(Deleted)
<p>(Number of Shares Constituting One Unit) Article <u>8</u> The number of shares constituting one unit (<i>tan-gen</i>) <u>of each class of shares of the Bank</u> shall be one thousand (1,000) shares.</p>	<p>(Number of Shares Constituting One Unit) Article <u>7</u> The number of shares constituting one unit (<i>tan-gen</i>) shall be one thousand (1,000) shares.</p>
<p>(Rights of Shares Constituting less than One Unit) Article <u>9</u> (Omitted)</p>	<p>(Rights of Shares Constituting less than One Unit) Article <u>8</u> (No Change)</p>
<p>(Additional Purchase of Shares of less than One Unit) Article <u>10</u> (Omitted)</p>	<p>(Additional Purchase of Shares of less than One Unit) Article <u>9</u> (No Change)</p>

(Current)	(After amendment)
(Manager of Register of Shareholders) Article <u>11</u> (Omitted)	(Manager of Register of Shareholders) Article <u>10</u> (No Change)
(Regulations for Handling of Shares) Article <u>12</u> (Omitted)	(Regulations for Handling of Shares) Article <u>11</u> (No Change)
<p style="text-align: center;"><u>CHAPTER 3 Preferred Shares</u></p> <p>(Preferred Dividends) Article <u>13</u></p> <p>1. <u>In the event that the Bank pays year-end dividends set forth in Article 49 hereof, the Bank shall, in preference to the holders of the ordinary shares (hereinafter referred to as the “Ordinary Shareholders”), pay to the holders of the Preferred Shares (hereinafter referred to as the “Preferred Shareholders”) the respective amount set forth in Exhibit 1 (in the case of the Class C Preferred Shares, the sum of the Basic Preferred Dividends and Special Preferred Dividends set forth in Exhibit 1; hereinafter referred to as the “Preferred Dividends”). Provided, however, that if the Preferred Interim Dividends as set forth in Article 14 and the Preferred Quarterly Dividends as set forth in Article 14.2 hereof were paid during the relevant business year which the record date of the relevant year-end dividends belongs to, the amount of such Preferred Interim Dividends and Preferred Quarterly Dividends shall be subtracted from the Preferred Dividends.</u></p> <p>2. <u>If the amount of dividends of surplus to be paid to the Preferred Shareholders is less than the amount of the Preferred Dividends in any business year which the record date of the relevant dividends of surplus belongs to, such deficiency shall not be carried over for accumulation to the subsequent business years.</u></p> <p>3. <u>The Bank shall not pay dividends in excess of the Preferred Dividends to the Preferred Shareholders.</u></p>	(Deleted)
<p>(Preferred Interim Dividends) Article <u>14</u></p> <p><u>In the event that the Bank pays the interim dividends set forth in Article 49 hereof, the Bank shall, in preference to the Ordinary Shareholders, pay to the Preferred Shareholders the respective amount set forth in Exhibit 2 (in these articles of incorporation referred to as the “Preferred Interim Dividends”), provided, however, that if the Preferred Quarterly Dividends as set forth in Article 14.2 hereof were paid during the relevant interim period which the record date of the relevant interim dividends belongs to, the amount of such Preferred Quarterly Dividends shall be subtracted from the Preferred Interim Dividends.</u></p>	(Deleted)

(Current)	(After amendment)
<p><u>(Preferred Quarterly Dividends)</u> <u>Article 14.2</u> <u>In the event that the Bank pays the quarterly dividends set forth in Article 49 hereof, the Bank shall, in preference to the Ordinary Shareholders, pay to the Preferred Shareholders the respective amount set forth in Exhibit 2.2 (in these articles of incorporation referred to as the “Preferred Quarterly Dividends”).</u></p>	(Deleted)
<p><u>(Distribution of Residual Assets)</u> <u>Article 15</u> <u>1. In the event that the Bank distributes its residual assets, the Bank shall pay the respective amount set forth below per Preferred Share to the Preferred Shareholders in preference to the Ordinary Shareholders.</u> <u>One thousand yen (¥1,000) per Class A Preferred Share</u> <u>Six hundred yen (¥600) per Class C Preferred Share</u> <u>2. The Bank shall not distribute any residual assets other than those set forth in the preceding paragraph to the Preferred Shareholders.</u></p>	(Deleted)
<p><u>(Voting Rights)</u> <u>Article 16</u> <u>Preferred Shareholders shall have no voting rights at general meetings of shareholders. Provided, however, that Preferred Shareholders shall have voting rights from (i) the time of an ordinary general meeting of shareholders if the payment of the Preferred Dividends for a particular business year has not been resolved at a meeting of the Board of Directors by the date of sending the convocation notice of the ordinary general meeting of shareholders held in the following business year and an agenda item for payment of the Preferred Dividends has not been submitted to such ordinary general meeting of shareholders; or (ii) the end of such meeting if such agenda item is rejected at the meeting, until the payment of the Preferred Dividends is first resolved at a meeting of the Board of Directors or at a general meeting of shareholders.</u></p>	(Deleted)
<p><u>(Consolidation or Split of Shares, Rights to Receive the Allocation of Offered Shares etc.)</u> <u>Article 17</u> <u>1. Except as otherwise provided by laws and regulations, no consolidation or split of shares shall be made with respect to the Preferred Shares.</u> <u>2. The Bank shall not grant to the Preferred Shareholders rights to receive the allocation of offered shares or share purchase warrants.</u> <u>3. The Bank shall not allot to any Preferred Shares any shares or share purchase warrants without</u></p>	(Deleted)

(Current)	(After amendment)
<u>consideration.</u>	
<p>(Request for Acquisition in Consideration of Ordinary Shares) <u>Article 18</u> <u>A Preferred Shareholder may, during the acquisition period set forth in Exhibits 3 and 4, request the Bank to acquire its Preferred Shares in consideration of ordinary shares on the terms and conditions set forth in Exhibits 3 and 4.</u></p>	(Deleted)
<p>(Mandatory Acquisition in Consideration of Ordinary Shares) <u>Article 19</u> <u>1. The Bank shall, as of the date immediately following the last day of the acquisition period (hereinafter referred to as the “Mandatory Acquisition Date of the Preferred Shares”), mandatorily acquire Preferred Shares which have not been requested for acquisition during the acquisition period, and deliver the number of ordinary shares of the Bank as is obtained by dividing the respective amount set forth below per Preferred Share by the Mandatory Acquisition Price of the Preferred Shares set forth in Exhibits 5 and 6, in exchange of the Preferred Share.</u> <u>One thousand (1,000) yen per Class A Preferred Share</u> <u>Six hundred (600) yen per Class C Preferred Share</u> <u>2. Any fraction of less than one share arising as a result of calculation of the number of ordinary shares shall be treated in accordance with the provisions of Article 234 of the Company Law of Japan.</u></p>	(Deleted)
<p>(Priority) <u>Article 20</u> <u>In terms of the payment of the preferred dividends, the preferred interim dividends and the preferred quarterly dividends and the distribution of the residual assets, both the Class A Preferred Shares and the Class C Preferred Shares shall be of the same priority.</u></p>	(Deleted)
<p>CHAPTER <u>4</u> General Meetings of Shareholders (Convocation) Article <u>21</u> (Omitted)</p>	<p>CHAPTER <u>3</u> General Meetings of Shareholders (Convocation) Article <u>12</u> (No Change)</p>
<p>(Record Date for Ordinary General Meetings of Shareholders) Article <u>22</u></p>	<p>(Record Date for Ordinary General Meetings of Shareholders) Article <u>13</u></p>

(Current)	(After amendment)
(Omitted)	(No Change)
(Chairman) Article <u>23</u>	(Chairman) Article <u>14</u>
(Omitted)	(No Change)
(Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders, Etc.) Article <u>24</u>	(Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders, Etc.) Article <u>15</u>
(Omitted)	(No Change)
(Method of Resolution) Article <u>25</u>	(Method of Resolution) Article <u>16</u>
(Omitted)	(No Change)
(Exercise of Voting Rights by Proxy) Article <u>26</u>	(Exercise of Voting Rights by Proxy) Article <u>17</u>
(Omitted)	(No Change)
(General Meeting of a Class of Shareholders) Article <u>27</u> 1. <u>The provisions of Articles 23 and 26 shall apply <i>mutatis mutandis</i> to a general meeting of a class of shareholders.</u> 2. <u>The provisions of Articles 22 shall apply <i>mutatis mutandis</i> to a general meeting of a class of shareholders held on the same date as the ordinary general meeting of shareholders.</u> 3. <u>Resolution of a general meeting of a class of shareholders governed by Article 324, paragraph 2 of the Company Law shall require the attendance of shareholders holding not less than one-third (1/3) of the total number of voting rights held by all the shareholders who are entitled to exercise voting rights and shall be adopted by a vote of two-thirds (2/3) or more of the voting rights held by such shareholders attending the meeting.</u>	(Deleted)
CHAPTER <u>5</u> Directors and Board of Directors (Number of Directors and Election) Article <u>28</u> (Omitted)	CHAPTER <u>4</u> Directors and Board of Directors (Number of Directors and Election) Article <u>18</u> (No Change)
(Tenure of Office of Directors) Article <u>29</u> (Omitted)	(Tenure of Office of Directors) Article <u>19</u> (No Change)
(Representative Directors) Article <u>30</u> (Omitted)	(Representative Directors) Article <u>20</u> (No Change)
(Appointment of the Chairman, the President, etc.) Article <u>31</u> (Omitted)	(Appointment of the Chairman, the President, etc.) Article <u>21</u> (No Change)

(Current)	(After amendment)
(Constitution and Power of the Board of Directors) Article <u>32</u> (Omitted)	(Constitution and Power of the Board of Directors) Article <u>22</u> (No Change)
(Notice of Convocation of Meetings of Board of Directors) Article <u>33</u> (Omitted)	(Notice of Convocation of Meetings of Board of Directors) Article <u>23</u> (No Change)
(Omission of Resolutions of the Board of Directors) Article <u>34</u> (Omitted)	(Omission of Resolutions of the Board of Directors) Article <u>24</u> (No Change)
(Chairman of Board of Directors) Article <u>35</u> (Omitted)	(Chairman of Board of Directors) Article <u>25</u> (No Change)
(Method of Resolutions at Meetings of the Board of Directors) Article <u>36</u> (Omitted)	(Method of Resolutions at Meetings of the Board of Directors) Article <u>26</u> (No Change)
(Directors' Liability Exemption, etc.) Article <u>37</u> 1. (Omitted) 2. The Bank may, according to the provisions of Article 427, paragraph 1 of the Company Law, with the <u>Outside</u> Directors, enter into agreements to limit the liabilities of <u>the Outside</u> Directors for compensation damages incurred in neglecting to perform their duties. However, the limit of the liability of <u>the Outside</u> Directors under such agreement shall be the amount provided for in laws.	(Directors' Liability Exemption, etc.) Article <u>27</u> 1. (No Change) 2. The Bank may, according to the provisions of Article 427, paragraph 1 of the Company Law, with the Directors (<u>excluding Executive Directors, etc. (gyomushikkou torishimari yaku tou)</u>), enter into agreements to limit the liabilities of <u>such</u> Directors for compensation damages incurred in neglecting to perform their duties. However, the limit of the liability of <u>such</u> Directors under such agreement shall be the amount provided for in laws.
CHAPTER <u>6</u> Statutory Auditors and Board of Statutory Auditors (Number of Statutory Auditors and Election) Article <u>38</u> (Omitted)	CHAPTER <u>5</u> Statutory Auditors and Board of Statutory Auditors (Number of Statutory Auditors and Election) Article <u>28</u> (No Change)
(Tenure of Office of Statutory Auditors) Article <u>39</u> (Omitted)	(Tenure of Office of Statutory Auditors) Article <u>29</u> (No Change)
(Election of Standing Statutory Auditors) Article <u>40</u> (Omitted)	(Election of Standing Statutory Auditors) Article <u>30</u> (No Change)
(Constitution and Power of the Board of Statutory Auditors) Article <u>41</u> (Omitted)	(Constitution and Power of the Board of Statutory Auditors) Article <u>31</u> (No Change)

(Current)	(After amendment)
(Notice of Convocation of Board of Statutory Auditors) Article <u>42</u> (Omitted)	(Notice of Convocation of Board of Statutory Auditors) Article <u>32</u> (No Change)
(Method of Resolutions at the Board of Statutory Auditors) Article <u>43</u> (Omitted)	(Method of Resolutions at the Board of Statutory Auditors) Article <u>33</u> (No Change)
(Statutory Auditors' Liability Exemption, etc.) Article <u>44</u> 1. (Omitted) 2. The Bank may, according to the provisions of Article 427, paragraph 1 of the Company Law, with the <u>Outside</u> Statutory Auditors, enter into agreements to limit the liabilities of the <u>Outside</u> Statutory Auditors for compensation damages incurred in neglecting to perform their duties. However, the limit of the liability of the <u>Outside</u> Statutory Auditors under such agreement shall be the amount provided for in laws.	(Statutory Auditors' Liability Exemption, etc.) Article <u>34</u> 1. (No Change) 2. The Bank may, according to the provisions of Article 427, paragraph 1 of the Company Law, with the Statutory Auditors, enter into agreements to limit the liabilities of the Statutory Auditors for compensation damages incurred in neglecting to perform their duties. However, the limit of the liability of the Statutory Auditors under such agreement shall be the amount provided for in laws.
<u>CHAPTER 7 Issuance of Specific Corporate Debentures</u> (Basis) Article <u>45</u> <u>The Bank may issue specific corporate debentures on the approval of the Prime Minister as provided in the "Law Relating to Merger and Conversion of Financial Institutions" (kinyukikan no gappei oyobi tenkan ni kansuru houritsu).</u>	(Deleted)
<u>(Regulation for Handling of the Specific Corporate Debentures)</u> Article <u>46</u> <u>The procedures related to specific corporate debentures such as re-issuance and the fees thereof, etc. shall be subject to the Regulation for Handling of the Specific Corporate Debentures determined by the Board of Directors.</u>	(Deleted)
<u>CHAPTER 8 Accounting</u> (Business Year) Article <u>47</u> (Omitted)	<u>CHAPTER 6 Accounting</u> (Business Year) Article <u>35</u> (No Change)
(Decision-Making Body for Dividends of Surplus) Article <u>48</u> (Omitted)	(Decision-Making Body for Dividends of Surplus) Article <u>36</u> (No Change)
(Record Date for Dividends of Surplus) Article <u>49</u> 1. Dividends of surplus <u>shall</u> be made with the	(Record Date for Dividends of Surplus) Article <u>37</u> 1. Dividends of surplus <u>may</u> be made with the

(Current)	(After amendment)
<p>record date being March 31, June 30, September 30 and December 31 of each year (<u>in these articles of incorporation, dividends of surplus with the record date of March 31 of each year being referred to as the “year-end dividends”, dividends of surplus with the record date of September 30 of each year being referred to as the “interim dividends” and dividends of surplus with the record date of June 30 and December 31 of each year being referred to as “quarterly dividends”</u>).</p> <p>2. (Omitted)</p>	<p>record date being March 31, June 30, September 30 and December 31 of each year.</p> <p>2. (No Change)</p>
<p>(Exclusion Period of Dividends, etc.) Article <u>50</u> (Omitted)</p>	<p>(Exclusion Period of Dividends, etc.) Article <u>38</u> (No Change)</p>
<p><u>Exhibit 1~Exhibit 6</u> (Omitted)</p>	<p>(Deleted)</p>

End