

September 27, 2012

Company name: Aozora Bank, Ltd.
Name of representative: Shinsuke Baba, President and CEO
Listed exchange: TSE, Code 8304
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**Re: Buyback and Retirement of a portion of Own Shares
(Class-C Series 5 Preferred Shares)**

(Buyback of own shares under the provision in the Articles of Incorporation pursuant to Paragraph 1, Article 459 of the Companies Act and retirement of own shares pursuant to Article 178 of the Companies Act)

Aozora announced today that its board resolved at its September 27, 2012 meeting to repurchase its Class-C Series 5 preferred shares (the "Prefs #5") (the "Buyback") based on Article 50 of the Bank's Articles of Incorporation pursuant to Paragraph 1, Article 459 of the Companies Act from the Resolution and Collection Corporation (the "RCC") as well as the specific Buyback method, and that the Bank obtained approval from the relevant authorities.

The Bank's board also resolved at its same meeting to retire the repurchased Prefs #5 pursuant to Article 178 of the Companies Act.

1. Rationale for the buyback of own preferred shares

The repayment of public funds has been a corporate priority for Aozora, and the Bank has announced that it has finalized a Comprehensive Recapitalization Plan toward a full repayment of public funds over time (the "Recapitalization Plan") which will benefit all of its shareholders by its August 27, 2012 press release entitled: 'Re: Aozora Bank's Comprehensive Recapitalization Plan and Where Aozora Goes From Here'.

The Bank will make a 22.7 billion yen partial repayment of public funds through the buyback of own shares (Class-C Series 5 preferred shares) as outlined in item 2 below as part of the Recapitalization Plan, since all of the change in capital composition, the buyback of a portion of own preferred shares (Class-C Series 5 preferred shares) and the amendments to the Articles of Incorporation with regard to the implementation of the Recapitalization Plan were approved by the special resolution at the extraordinary general meeting of shareholders held today, as well as the amendments to the Articles of Incorporation was approved at the respective class general meetings of common shareholders, Class-A Series 4 preferred shareholders and Class-C Series 5 preferred shareholders held on the same day.

While the approval authority for the Buyback is delegated to the Bank's board of directors pursuant to Article 459 of the Companies Act and Article 50 of the Bank's Articles of Incorporation, the Bank's board resolved it at its September 27 meeting after the Bank confirmed the intention of the shareholders by the special resolution at the extraordinary general meeting of shareholders on the same day.

Please refer to 'Re: Aozora Bank's Comprehensive Recapitalization Plan and Where Aozora Goes From Here' which was announced by the Bank on August 27, 2012 for details in the Recapitalization Plan including the Buyback.

2. Description of the details in the buyback

(1) Type of shares to be repurchased	Class-C Series 5 preferred shares
(2) Total number of shares to be repurchased	44,220,205 shares
(3) Consideration for buyback	Cash
(4) Buyback price per share	513.34 yen (Note)
(5) Total buyback amount	22,700,000,035 yen
(6) Buyback period	From the conclusion of the extraordinary general meeting of shareholders held on September 27, 2012 to March 31, 2013
(7) Date of application for assignment of the shares	September 27, 2012 (Scheduled to repurchase on October 2, 2012)

(Note) Please refer to our August 27, 2012 public announcement entitled 'Re: Buyback of Own Preferred Shares (Series 5 Preferred Shares)' for the details of the buyback price of the Prefs #5.

3. Outline of the counterparty of buyback

(1) Name	The Resolution and Collection Corporation (RCC)
(2) Official address	46-1, Honcho 2-chome, Nakano-ku, Tokyo
(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 shareholder and Shareholding %	The Deposit Insurance Corporation of Japan (DIC) 100%
(8) Relation with Aozora in:	
Capital	RCC holds 258,799,500 shares of the Prefs
Personnel	No personnel relationship
Transactions	No transactions
Relevant items	No relevant items

(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 the specific shareholders stipulated in article 160 of the Companies Act.

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