

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: Update on 'Aozora Bank's Comprehensive Recapitalization Plan'

Aozora publicly announced in its August 27 press release entitled: 'Aozora Bank's Comprehensive Recapitalization Plan and Where Aozora Goes From Here' that the Bank has finalized its Comprehensive Recapitalization Plan (the "Plan") which insures the full repayment of public funds over time and will benefit the interests of all shareholders. Today the Bank would like to update the status of the Plan, including the approvals received today at the Extraordinary General Meeting of Shareholders.

The Bank would like to thank all of our stakeholders and ask for everyone's continued support.

1. Approval of the relevant agenda items at the Extraordinary General Meeting of Shareholders

As announced in the August 27 press release, today the Bank held an Extraordinary General Meeting of Shareholders, as well as the respective class general meetings of the common shareholders, the Series 4 preferred shareholders and the Series 5 preferred shareholders (hereinafter, the "Extraordinary Shareholders Meetings" collectively), where approval was obtained on "Change in capital composition", "Buyback of a portion of Own Preferred Shares (Class-C Preferred Shares)" and "Amendments to the Articles of Incorporation concerning the preferred shares" with regard to the implementation of the Plan (Note).

"Change in capital composition" shall become effective subject to the approval pursuant to Paragraph 3, Article 5 of the Banking Act.

(Note) Please refer to the respective documents publicly announced on August 27, 2012 entitled: 'Re: Change in capital composition', 'Re: Buyback of a portion of Own Preferred Shares (Series 5 Preferred Shares)' and 'Re: Amendments to the Article of Incorporation' for details of the respective agenda items.

2. Buyback of a portion of the Class-C Series 5 preferred shares

As stated above in item 1, the agenda item: 'Buyback of a portion of Own Preferred Shares (Class-C Series 5 Preferred Shares)' was approved at the Extraordinary General Meeting of Shareholders today. The Bank's board of directors accordingly resolved at its meeting today that the Bank would repurchase 44 million shares of the Class-C Series 5 preferred shares from the Resolution and Collection Corporation for total consideration of 22.7 billion yen in accordance with the Plan, and has obtained approval from the relevant authorities.

Buyback of the Class-C Series 5 preferred shares will be conducted on October 2, 2012,

and the repurchased Class-C Series 5 preferred shares will be retired immediately after the buyback.

Please refer to the document entitled: 'Buyback and Retirement of a portion of Own Shares (Class-C Series 5 Preferred Shares)' separately announced today for more details.

3. Common share buyback

As stated above in item 1, all the proposals with regard to the implementation of the Plan were approved today at the Extraordinary General Meeting of Shareholders, and the Bank's board of directors resolved at its meeting today that the Bank would conduct a 330 million common share buyback in accordance with the Plan.

Please refer to the document entitled: 'Buyback of Own Shares (Common Shares)' separately announced today for more details.

As announced in the August 27 press release, the common share buyback will be implemented through an open market buyback program beginning on October 1, 2012, as well as through the ToSTNeT-3, the TSE system, and/or a tender process to be arranged at a later date.

4. Letter agreement with the Deposit Insurance Corporation of Japan ("DIC") on the repayment amount of public funds

As the respective proposals with regard to the implementation of the Plan were approved today at the Extraordinary General Meeting of Shareholders, we entered into a letter agreement with the DIC, which includes mutual confirmation that the total amount of public funds to be repaid should be 227.6 billion yen. The contents of the agreement was publicly disclosed today by the DIC.

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