

ARTICLES OF INCORPORATION
OF
AOZORA BANK, LTD.

As of Jun 26, 2009

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OF
AOZORA BANK, LTD.

CHAPTER 1 General Provisions

(Corporate Name)

Article 1

The Bank shall be called “Kabushiki Kaisha Aozora Ginko,” and in English, “Aozora Bank, Ltd.”

(Purpose)

Article 2

The purposes of the Bank shall be to engage in the following businesses:

1. The acceptance of deposits or installment savings, the lending of funds or the discounting of notes, and exchange transactions;
2. The guaranteeing of debts or the acceptance of notes, and other businesses incidental to the banking business listed in the previous item;
3. The underwriting, the handling of flotation or resale, the buying and selling of national government bonds, local government bonds, government guaranteed bonds, or other securities, and any of the businesses authorized for banks to carry out under the Financial Instruments and Exchange Act;
4. In addition to the businesses listed in any of the foregoing items, any business authorized to be carried out under the Banking Law (*ginkou hou*), the Secured Bonds Trust Law (*tanpo tsuki shasai shintaku hou*) or any other laws; and
5. Any matter incidental or relating to the business mentioned in any of the foregoing items.

(Location of Head Office)

Article 3

The Bank shall have its head office in Chiyoda-ku, Tokyo.

(Organization)

Article 4

In addition to general meetings of shareholders and directors, the bank shall have the following organizations:

1. Board of Directors
2. Statutory Auditors
3. Board of Statutory Auditors
4. Accounting Auditors

(Method of Public Notice)

Article 5

The Bank shall adopt an electronic Public Notice as its method for Public Notice; provided, however, that in the event that the Bank can not use the electronic Public Notice due to accidents or any other unavoidable cause, the Bank shall publish its Public Notice the “Nihon Keizai Shimbun.”

CHAPTER 2 Shares

(Total Number of Issuable Shares)

Article 6

The total number of shares that the Bank is authorized to issue shall be four billion two hundred twenty nine million four hundred five thousand five hundred (4,229,405,500) shares; 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 shares that the Bank is authorized to issue.

(Total Number of Issuable Class Shares)

Article 7

The total number of each class of shares that the Bank can issue shall be as follows.

1. Ordinary shares: three billion seven hundred seventy two million (3,772,000,000)
2. Series A (*Koushu*) Preferred Shares: twenty four million seventy two thousand (24,072,000)
3. Series B (*Heishu*) Preferred Shares: four hundred thirty three million three hundred thirty three thousand five hundred (433,333,500)

In these articles of incorporation, Series A and Series B Preferred Shares are collectively referred to as the “Preferred Shares”.

(Number of Shares Constituting One Unit)

Article 8

The number of shares constituting one unit (*tan-gen*) of shares of the Bank shall be one thousand (1,000) shares.

(Rights of Shares Constituting less than One Unit)

Article 9

Shareholders of the Bank shall not be entitled to exercise any rights other than the following rights in respect of shares constituting less than one unit:

- (1) Rights listed in each item of the Company Law, Article 189, paragraph 2.
- (2) Rights to demand in accordance with the provisions of the Company Law, Article 166, paragraph 1.
- (3) Rights to receive the allocation of offered shares and share purchase warrants according to the number of shares already held.
- (4) Rights to demand as provided in the following Article.

(Additional Purchase of Shares of less than One Unit)

Article 10

In accordance with the provisions of the Regulations for Handling of Shares, any shareholder shall be entitled to demand that the Bank sell such number of shares as may, together with the number of shares constituting less than one unit held by them, constitute one unit of shares.

(Manager of Register of Shareholders)

Article 11

1. The Bank shall appoint one or more managers of the register of shareholders.
2. The manager of the register of shareholders and its administrative office shall be decided by a resolution of the Board of Directors and a public notice thereof shall be given.
3. Preparation and keeping of the register of shareholders, the register of share purchase warrants of the Bank and other operations relating to the register of shareholders, the register of share purchase warrants shall be entrusted to the manager of the register of shareholders, and shall not be handled by the Bank.

(Regulations for Handling of Shares)

Article 12

The handling of shares of the Bank and the procedures regarding the exercise of shareholders' rights and fees thereof shall be governed by the Regulations for Handling of Shares enacted by the Board of Directors, as well as laws and regulations or these Articles of Incorporation.

CHAPTER 3 Preferred Shares

(Preferred Dividends)

Article 13

1. In the event that the Bank pays year-end dividends set forth in Article 51 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 below (hereinafter referred to as the "Preferred Dividends"). Provided, however, that if the Preferred Interim Dividends as set forth in Article 14 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 shall be subtracted from the Preferred Dividends.
10 yen per Series A Preferred Share per year
7.44 yen per Series B Preferred Share per year
2. 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.
3. The Bank shall not pay dividends in excess of the Preferred Dividends to the Preferred Shareholders.

(Preferred Interim Dividends)

Article 14

In the event that the Bank pays the interim dividends set forth in Article 51 hereof, the Bank shall, in preference to the Ordinary Shareholders, pay to the Preferred Shareholders the respective amount set forth below (in these articles of incorporation referred to as the "Preferred Interim Dividends").

- 5 yen per Series A Preferred Share
- 3.72 yen per Series B Preferred Share

(Distribution of Residual Assets)

Article 15

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.

- One thousand yen (¥1,000) per Series A Preferred Share
- Six hundred yen (¥600) per Series B Preferred Share

2. The Bank shall not distribute any residual assets other than those set forth in the preceding paragraph to the Preferred Shareholders.

(Voting Rights)

Article 16

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.

(Consolidation or Split of Shares, Rights to Receive the Allocation of Offered Shares etc.)

Article 17

1. Except as otherwise provided by laws and regulations, no consolidation or split of shares shall be made with respect to the Preferred Shares.
2. The Bank shall not grant to the Preferred Shareholders rights to receive the allocation of offered shares or share purchase warrants.
3. The Bank shall not allot to any Preferred Shares any shares or share purchase warrants without consideration.

(Request for Acquisition in Consideration of Ordinary Shares)

Article 18

A Preferred Shareholder may, during the acquisition period set forth in Exhibits 1 and 2, request the Bank to acquire its Preferred Shares in consideration of ordinary shares on the terms and conditions set forth in Exhibits 1 and 2.

(Mandatory Acquisition in Consideration of Ordinary Shares)

Article 19

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 3 and 4, in exchange of the Preferred Share.

- One thousand (1,000) yen per Series A Preferred Share
- Six hundred (600) yen per Series B Preferred Share

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.

(Priority)

Article 20

In terms of the payment of the preferred dividends, the preferred interim dividends and the distribution of the residual assets, both the Series A Preferred Shares and the Series B Preferred Shares shall be of the same priority.

CHAPTER 4 General Meetings of Shareholders

(Convocation)

Article 21

1. An ordinary general meeting of shareholders shall be convened within three (3) months from April 1 of each year.
2. An extraordinary general meeting of shareholders may be convened whenever necessary.

(Record Date for Ordinary General Meetings of Shareholders)

Article 22

The record date for the voting rights of an ordinary general meeting of shareholders of the Bank shall be March 31 of each year.

(Chairman)

Article 23

1. The Chairman, or if he so designates, the President shall act as chairman of general meetings of shareholders.
2. Should the Chairman be absent or if he is prevented from so acting, the President, the Vice Chairman, the Deputy President and the Senior Managing Director shall so act in accordance with such order of priority. In the event that there are two or more Vice Chairmen, Deputy Presidents or Senior Managing Directors, the order of priority among the Vice Chairmen, the Deputy Presidents or the Senior Managing Directors shall be determined in advance by the Board of Directors. In the event that the Chairman, the President, the Vice Chairman, the Deputy President and the Senior Managing Director fail or become unable to act, the other directors shall act in his or her place as determined in advance by the Board of Directors.

(Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders, Etc.)

Article 24

The Bank may be deemed to have provided to the shareholders, upon the convocation of a general meetings of shareholders, any information concerning the matters to be described or indicated in the reference documents for the general meetings of shareholders, business reports, financial statements, consolidated financial statements, accounting audit reports and audited reports, by disclosing such items through the Internet pursuant to the provisions set forth by the regulations stipulated by the Ministry of Justice.

(Method of Resolution)

Article 25

1. Except as otherwise provided by laws and regulations or hereby, all resolutions at a general meeting of shareholders shall be adopted by a majority of the voting rights held by the shareholders attending the meeting entitled to exercise voting rights.
2. Resolution of a general meeting of shareholders governed by Article 309, 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.

(Exercise of Voting Rights by Proxy)

Article 26

1. A shareholder may exercise his or her voting rights at a general meeting of shareholders by proxy, which shall be one (1) shareholder entitled to vote at the relevant general meeting of shareholders of the Bank.
2. The shareholder or his/her proxy shall submit to the Bank a document evidencing the authority of such proxy to act as such at each meeting of shareholders.

(General Meeting of a Class of Shareholders)

Article 27

1. The provisions of Articles 23 and 26 shall apply *mutatis mutandis* to a general meeting of a class of shareholders.
2. The provisions of Articles 22 shall apply *mutatis mutandis* to a general meeting of a class of shareholders held on the same date as the ordinary general meeting of shareholders.
3. 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.

CHAPTER 5 Directors and Board of Directors

(Number of Directors and Election)

Article 28

1. The number of directors of the Bank shall not be more than thirty (30).
2. A resolution of election of a director 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 majority of the voting rights held by such shareholders attending the meeting.

3. No cumulative voting shall be used for the election of directors.

(Tenure of Office of Directors)

Article 29

1. The tenure of office of a director shall expire at the closing of the ordinary general meeting of shareholders concerning the last business year ending within one (1) year after his or her assumption of such office.
2. The tenure of office of a director who has been elected to fill a vacancy or in order to increase the number of directors shall expire when the tenure of the other directors then serving would have expired.

(Representative Directors)

Article 30

1. The Board of Directors shall appoint the Representative Directors by its resolution.
2. Each Representative Director shall severally represent the Bank.

(Appointment of the Chairman, the President, Etc.)

Article 31

The Board of Directors may appoint one (1) Chairman, one (1) President and one (1) or more Vice Chairmen, Deputy Presidents, Senior Managing Directors and Managing Directors from among the directors.

(Duty of the Chairman, the President, Etc.)

Article 32

1. The Chairman shall be responsible for overseeing the performance of the Bank and of the executive management of the Bank.
2. The President shall exercise the resolutions of the Board of Directors and exercise general control over the business of the Bank.
3. The Vice Chairman, the Deputy President, the Senior Managing Director and the Managing Director shall assist the President and manage the business of the Bank.
4. In the event that the Chairman and the President fail or become unable to act, the Vice Chairman, the Deputy President and the Senior Managing Directors shall act in his or her place in accordance with such order of priority. In the event that there are two or more the Vice Chairmen, the Deputy Presidents or Senior Managing Directors, the order of priority among the Vice Chairmen, the Deputy Presidents or the Senior Managing Director shall be determined in advance by the Board of Directors.
5. In the event that the Chairman, the President, the Vice Chairman, the Deputy President and the Senior Managing Director fail or become unable to act, the other directors shall act in his or her place as determined in advance by the Board of Directors.

(Constitution and Power of the Board of Directors)

Article 33

1. The Board of Directors shall consist of the directors.
2. The Board of Directors shall determine the business management of the Bank and supervise the directors in exercising their duties.

(Notice of Convocation of Meetings of Board of Directors)

Article 34

The notice of convocation of a meeting of the Board of Directors shall be given to each director and statutory auditor three (3) days prior to the day set for such meeting; provided, however, that in the case of emergency, such period may be shortened. In addition, with the consent of all directors and statutory auditors, a meeting of the Board of Directors may be held without conducting the procedures of convocation.

(Omission of Resolutions of the Board of Directors)

Article 35

If all the requirements of Article 370 of the Company Law of Japan are met, the resolutions of a meeting of the Board of Directors shall be deemed to be adopted.

(Chairman of Board of Directors)

Article 36

1. The Chairman, or if he so designates, the President shall act as chairman of meetings of the Board of Directors. Should the Chairman be absent or if he is prevented from so acting, the President, the Vice Chairman, the Deputy President and the Senior Managing Director shall so act in accordance with such order of priority. In the event that there are two or more Vice Chairmen, Deputy Presidents and Senior Managing Directors, the order of priority among the Vice Chairmen, the Deputy Presidents or the Senior Managing Directors shall be determined in advance by the Board of Directors.
2. In the event that the Chairman, the President, the Vice Chairman, the Deputy President and the Senior Managing Director fail or become unable to act, the other directors shall act in his or her place as determined in advance by the Board of Directors.

(Method of Resolutions at Meetings of the Board of Directors)

Article 37

Except as otherwise provided by laws and regulations, a majority of all directors in office shall constitute a quorum for any meeting of the Board of Directors, and all resolutions at a meeting of the Board of Directors shall be adopted by the affirmative vote of a majority of the directors present thereat.

(Directors' Liability Exemption, etc.)

Article 38

1. The Bank may, according to the provisions of Article 426, paragraph 1 of the Company Law, exempt the Directors (including the former Directors) from their liabilities for compensation damages incurred in neglecting to perform their duties, to the extent permitted by laws, by way of resolution of the Board of Directors.
2. The Bank may, according to the provisions of Article 427, paragraph 1 of the Company Law, with the Outside Directors, enter into agreements to limit the liabilities of the Outside Directors for compensation damages incurred in neglecting to perform their duties. However, the limit of the liability of the Outside Directors under such agreement shall be the amount provided for in laws.

(Counselor)

Article 39

The Board of Directors may appoint the Counselor by its resolution.

CHAPTER 6 Statutory Auditors and Board of Statutory Auditors

(Number of Statutory Auditors and Election)

Article 40

1. The number of statutory auditors of the Bank shall not be more than five (5).
2. A resolution of election of a statutory auditors 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. A resolution of election of a statutory auditor 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 majority of the voting rights held by such shareholders attending the meeting.

(Tenure of Office of Statutory Auditors)

Article 41

1. The tenure of office of a statutory auditor shall expire at the closing of the ordinary general meeting of shareholders concerning the last business year ending within four (4) years after his or her assumption of such office.
2. The tenure of office of a statutory auditor who has been elected to fill a vacancy of a statutory auditor who has retired before the expiration of the tenure of his/her office shall expire when the remaining tenure of the predecessor would have expired.

(Election of Standing Statutory Auditors)

Article 42

The Board of Statutory Auditors shall appoint a standing statutory auditor by its resolution.

(Constitution and Power of the Board of Statutory Auditors)

Article 43

1. The Board of Statutory Auditors shall consist of the statutory auditors.
2. The Board of Statutory Auditors shall, in addition to the matters provided for by laws and regulations or hereby, determine the auditing policy for the Bank, the method of investigation of conditions of business and assets and any other matters relating to execution of duties of the statutory auditors. Provided, however, that the Board of Statutory Auditors shall not prevent the statutory auditors from exercising their power.

(Notice of Convocation of Board of Statutory Auditors)

Article 44

The notice of convocation of a meeting of the Board of Statutory Auditors shall be given to each statutory auditor three (3) days prior to the day set for such meeting; provided, however, that in the case of emergency, such period may be shortened. In addition, with the consent of all statutory auditors, a meeting of the Board of Statutory auditors may be held without conducting the procedures of convocation.

(Method of Resolutions at the Board of Statutory Auditors)

Article 45

Except as otherwise provided by laws and regulations, all resolutions at a meeting of the Board of Statutory Auditors shall be adopted by the affirmative vote of a majority of the statutory auditors.

(Statutory Auditors' Liability Exemption, etc.)

Article 46

1. The Bank may, according to the provisions of Article 426, paragraph 1 of the Company Law, exempt the Statutory Auditors (including the former Statutory Auditors') from their liabilities for compensation damages incurred in neglecting to perform their duties, to the extent permitted by laws, by way of resolution of the Board of Directors.
2. The Bank may, according to the provisions of Article 427, paragraph 1 of the Company Law, with the Outside Statutory Auditors, enter into agreements to limit the liabilities of the Outside Statutory Auditors for compensation damages incurred in neglecting to perform their duties. However, the limit of the liability of the Outside Statutory Auditors under such agreement shall be the amount provided for in laws.

CHAPTER 7 Issuance of Specific Corporate Debentures

(Basis)

Article 47

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*).

(Regulation for Handling of the Specific Corporate Debentures)

Article 48

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.

CHAPTER 8 Accounting

(Business Year)

Article 49

The business year of the Bank shall be from April 1 each year to March 31 of the ensuing year.

(Decision-Making Body for Dividends of Surplus)

Article 50

Except as otherwise provided by laws and regulations, the Bank may, by a resolution of the Board of Directors, stipulate the dividends of surplus etc. prescribed in the items of Article 459, Paragraph 1 of the Company Law.

(Record Date for Dividends of Surplus)

Article 51

1. Dividends of surplus shall be made with the record date being March 31 and September 30 of each year (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" and dividends of surplus with the record date of September 30 of each year being referred to as the "interim dividends")
2. In addition to the forgoing paragraph, the Bank may set a record date for a dividend of surplus.

(Exclusion Period of Dividends, etc.)

Article 52

If dividends of surplus are monetary form, the Bank shall not be obliged to pay any dividends remaining unaccepted for more than five (5) years after the date on which the Bank commenced the payment thereof.

Supplementary Provisions

Article 1

Preparation and keeping of the register of lost share certificates (*kabuken souchitsu touroku bo*) of the Bank and other operations relating to the register of lost share certificates shall be entrusted to the manager of the register of shareholders, and shall not be handled by the Bank.

Article 2

The preceding article and this article shall be effective unit1 January 5, 2010 and the preceding article and this article shall be deleted on the following day.

Exhibit 1. Acquisition Period for Series A Preferred Shareholders and Terms and Conditions of Acquisition

(1) **Acquisition Period**
 The acquisition period shall be from October 1, 1998 to March 31, 2018; provided, however, that the period from the day immediately following the record date to determine those shareholders who are entitled to exercise their rights at the general meeting of shareholders to the conclusion date of the general meeting of shareholders subject to the record date shall be excluded.

(2) **Terms and Conditions of Acquisition**
 Series A Preferred Shareholders can request the delivery of ordinary shares of the Bank in exchange for the Bank's acquisition of the Series A Preferred Shares at the acquisition rate set forth in (A) through (C) below pursuant to (D) below.

(A) **Current Acquisition Rate**
 The acquisition rate as of September 11, 2006 shall be 5.

(B) **Amendment of Acquisition Rate**
 (a) On October 1 of every year commencing on October 1, 1999 (hereinafter referred to as the "Amendment Date"), if the rate calculated by using the following formula (the rate shall be calculated to the fourth decimal place and rounded to the nearest third decimal place (.0005 being rounded upwards)) is higher than the acquisition rate as of the day before the Amendment Date, the acquisition rate shall be amended to the rate so calculated on and after the relevant Amendment Date (hereinafter referred to as the "Amended Acquisition Rate"); provided, however, that in the case that the rate so calculated is higher than 5 (hereinafter referred to as the "Maximum Acquisition Rate"), the Maximum Acquisition Rate shall be the Amended Acquisition Rate:

$$\text{Amended Acquisition Rate} = 1000 \text{ yen/market value}$$

(b) The market value to be used in the formula above shall be the average closing price (including quoted price (*kehai hyoji*)) at the Tokyo Stock Exchange of the ordinary trade of the Bank's ordinary shares for the period of thirty (30) trading days (excluding trading days on which there was no such closing price) commencing on the forty-fifth (45th) trading day prior to the Amendment Date. The average shall be calculated in yen to the second decimal place and rounded to the nearest first decimal place (.05 being rounded upwards). In case of occurrence of any event adjusting the acquisition rate as set forth in (C) below during the aforementioned period of forty-five (45) trading days, the market value to be used in the formula above shall be adjusted *mutatis mutandis* in accordance with (C) below.

(C) **Adjustment of Acquisition Rate**
 (a) In cases falling under any of the following items on and after October 1, 1998, the acquisition rate set forth in (A) and (B) above shall be adjusted by using the following formula (hereinafter referred to as the "Acquisition Rate Adjustment Formula") (the rate so adjusted shall be hereinafter referred to as the "Adjusted Acquisition Rate"); the Adjusted Acquisition Rate shall be calculated to the fourth decimal place and rounded to the nearest third decimal place (.0005 being rounded upwards); provided, however, that in the case that the rate so calculated is higher than the Maximum Acquisition Rate, the Maximum Acquisition Rate shall be the Adjusted Acquisition Rate:

$$\text{Adjusted Acquisition Rate} = \frac{\text{Acquisition rate before adjustment} \times \left(\frac{\text{Number of issued ordinary shares} + \text{Number of newly issued and disposed ordinary shares}}{\text{Number of issued ordinary shares} + \text{Number of newly issued and disposed ordinary shares}} \right) \times \text{Subscription price per share}}{\text{Market value per share}}$$

(i) when ordinary shares of the Bank are issued, or ordinary shares of the Bank held by it are disposed of, for a subscription price lower than the market value to be used in the Acquisition Rate Adjustment Formula;

the Adjusted Acquisition Rate shall apply on and after the day immediately following the payment date (or, if a payment period is specified, the last day thereof), or if there is a record date for the offering, on and after the day immediately following such date;

(ii) when ordinary shares of the Bank are issued upon stock split or allotment without consideration (in the case of allotment without consideration, including the disposition of ordinary shares held by the Bank; the same is hereinafter applied);

the Adjusted Acquisition Rate shall apply on and after the day immediately following the record date for stock split or allotment without consideration or, if allotment without consideration is made without specifying a record date, on or after the day immediately following the effective date thereof; provided, however, that in the event that the board of directors has adopted a resolution to the effect that, subject to the decrease of the surplus together with the increase of the stated capital, ordinary shares be issued for such portion by way of stock split or allotment without consideration, if the record date for

stock split or allotment without consideration is set for any day that falls on or before the day on which the general meeting of shareholders adopting the resolution for the increase of stated capital ends, the Adjusted Acquisition Rate shall apply on and after the day immediately following such end date;

- (iii) when securities (rights) for making a request to the Bank for the delivery of ordinary shares of the Bank in exchange for acquisition of such securities are issued for a price lower than the market value to be used in the Acquisition Rate Adjustment Formula, or stock acquisition rights for requesting the delivery of ordinary shares of the Bank are issued for a price lower than the market value to be used in the Acquisition Rate Adjustment Formula (including the case of allotment without consideration);

the Adjusted Acquisition Rate shall be calculated by applying *mutatis mutandis* the Acquisition Rate Adjustment Formula, as if all of such securities (rights) were acquired for the specified price or all of the stock acquisition rights were exercised for the specified exercise price (i) on the payment date for such securities (rights) (if a payment period is specified, the last day thereof), (ii) at the close of the record date for the offering or allotment without consideration of such securities (rights), if such record date is set, or (iii) on the effective date if such securities (rights) are allotted without consideration without specifying a record date; and the Adjusted Acquisition Rate so calculated shall apply on and after the day immediately following (i) the payment date (if there is a payment period, the last day thereof), (ii) the record date for the offering or allotment without consideration, or (iii) the effective date;

- (b) The market value to be used in the Acquisition Rate Adjustment Formula shall be the average closing price (including quoted price (*kehai hyoji*)) at the Tokyo Stock Exchange of the ordinary trade of the Bank's ordinary shares for the period of thirty (30) trading days (excluding trading days on which there was no such closing price) commencing on the forty-fifth (45th) trading day prior to the day on which the Adjusted Acquisition Rate becomes applicable (or the record date in the event of stock split or allotment without consideration as set forth in the proviso clause of (a)(ii) above). The average shall be calculated in yen to the second decimal place and rounded to the nearest first decimal place (.05 being rounded upwards). In case of occurrence of any event adjusting the acquisition rate as set forth in (C) during the aforementioned period of forty-five (45) trading days, the market value to be used in the Acquisition Rate Adjustment Formula shall be adjusted *mutatis mutandis* in accordance with (C).
- (c) The acquisition rate before adjustment to be used in the Acquisition Rate Adjustment Formula shall be the acquisition rate as of the day before the day on which the Adjusted Acquisition Rate becomes applicable and the number of issued ordinary shares to be used in the Acquisition Rate Adjustment Formula shall be the number of ordinary shares of the Bank issued (excluding the number of ordinary shares of the Bank held by it) as of the record date if there is such date, or as of the day one month prior to the day on which the Adjusted Acquisition Rate becomes applicable if there is no record date.
- (d) In addition to cases where it is necessary to adjust the acquisition rate as set forth in (a) above, if it is necessary to adjust the acquisition rate due to merger, capital reduction, and consolidation of ordinary shares, etc., the acquisition rate shall be amended to the rate determined by the board of directors of the Company to be appropriate.

(D) Number of Ordinary Shares to Be Delivered in Exchange for Acquisition

The number of ordinary shares of the Bank to be delivered in exchange for the Series A Preferred Shares shall be as follows:

Number of ordinary shares to be delivered in exchange for acquisition = Number of Series A Preferred Shares requested by the Series A Preferred Shareholders for acquisition x Acquisition rate

Any fraction of less than one share arising as a result of the calculation of the number of ordinary shares to be delivered in exchange for acquisition shall be ignored. The money prescribed in Article 167, Paragraph 3 of the Company Law shall not be paid.

Exhibit 2. Acquisition Period for Series B Preferred Shareholders and Terms and Conditions of Acquisition

(1) Acquisition Period

The acquisition period shall be from October 3, 2005 (hereinafter referred to as the “Acquisition Commencement Date”) to October 2, 2012; provided, however, that the period from the day immediately following the record date to determine those shareholders who are entitled to exercise their rights at the general meeting of shareholders to the conclusion date of the general meeting of shareholders subject to the record date shall be excluded.

(2) Terms and Conditions of Acquisition

Series B Preferred Shareholders can request the delivery of ordinary shares of the Bank in exchange for the Bank’s acquisition of the Series B Preferred Shares pursuant to the terms and conditions of acquisition below.

(A) Current Acquisition Price

The acquisition price as of September 11, 2006 shall be 450 yen.

(B) Amendment of Acquisition Rate

On October 3 of every year from October 3, 2006 to October 3, 2011 (hereinafter referred to as the “Amendment Date”), the acquisition price shall be amended to the current market value as calculated pursuant to (a) or (b) below (hereinafter referred to as the “Adjusted Acquisition Price”); provided, however, that in the case that the amount so calculated is lower than four hundred fifty yen (¥450) (hereinafter referred to as the “Minimum Acquisition Price”); this price shall be adjusted pursuant to (D) below, the Minimum Acquisition Price shall be the initial acquisition price. In the event that such amount is higher than five hundred forty yen (¥540) (hereinafter referred to as the “Maximum Acquisition Price”); this price shall be adjusted pursuant to (D) below, the Maximum Acquisition Price shall be the initial acquisition price.

- (a) In the case that ordinary shares of the Bank are listed on any of the stock exchanges or registered on the register of over-the-counter securities held by any of the securities dealers associations (this situation shall be hereinafter referred to as “Listed”) at the time of the forty-fifth (45th) trading day prior to the relevant Amendment Date, the market value shall be the average closing price (including quoted price (*kehai hyoji*)) of the ordinary trade of the Bank’s ordinary shares at the relevant exchange (hereinafter referred to as the “Exchange”; this term shall refer to the relevant stock exchange or the over-the-counter market established by the relevant securities dealers association (hereinafter referred to as the “Over-the-Counter Market”) of the ordinary trade of the Bank’s ordinary shares) for the period of thirty (30) trading days (excluding trading days on which there was no such closing price) commencing on such forty-fifth (45th) trading day. If ordinary shares of the Bank are Listed or traded on several stock exchanges or Over-the-Counter Markets in total on the forty-fifth (45th) trading day referred to above, the market value shall be the average closing price of the ordinary trade of the Bank’s ordinary shares at the stock exchange or the Over-the-Counter Market that has the largest total trading volume during the relevant period of such forty-five (45) trading days.
- (b) In the case that ordinary shares of the Bank are not Listed on any stock exchange or registered on a register of over-the-counter securities at the time of the forty-fifth (45th) trading day prior to the relevant Amendment Date (this situation shall be hereinafter referred to as “Not Listed”), the market value shall be the net asset value per share calculated by using the following formula:

$$\text{Net asset value per share} = \frac{\text{Net asset value as of the last day of the preceding fiscal year} - \text{Number of Series B Preferred Shares issued as of the last day of the preceding fiscal year} \times 600\text{yen}}{\text{Number of ordinary shares issued as of the last day of the preceding fiscal year} + \text{Number of potential shares of Series A Preferred Shares issued as of the last day of the preceding fiscal year}}$$

The terms used in the above formula shall be defined as follows:

- (i) “Net asset value as of the last day of the preceding fiscal year” means the total amount of the “net assets” after the deduction of “stock acquisition rights” and “minority shareholders’ interest” in the consolidated balance sheet as of the last day of the preceding fiscal year prepared in accordance with the “Regulations on Terms, Styles and Method of Preparation of the Consolidated Financial Statements”; and
- (ii) “Number of potential shares of Series A Preferred Shares issued as of the last day of the preceding fiscal year” means the number of ordinary shares to be issued if all of Series A Preferred Shares of Aozora Bank, Ltd. outstanding as of the last day of the preceding fiscal year are deemed to have been acquired on the then effective terms and conditions.

In such calculation, the number shall be calculated in yen to the first decimal place and rounded to the nearest whole number (.5 being rounded upwards). In case of occurrence of any event adjusting the acquisition price as set forth in (C) below during the aforementioned period of forty-five (45) trading days (or the period from the first day of the fiscal year containing the Amendment Date to the Amendment Date if such shares are not Listed), the market value above shall be adjusted *mutatis mutandis* in accordance with (C) below.

(C) Adjustment of Acquisition Price

- (a) In cases falling under any of the following items on and after the Acquisition Commencement Date, the acquisition price set forth in (A) and (B) above shall be adjusted by using the following formula (hereinafter referred to as the "Acquisition Price Adjustment Formula") (the price so adjusted shall be hereinafter referred to as the "Adjusted Acquisition Price"); provided, however, that if the amount so adjusted is lower than two hundred yen (¥200), two hundred yen (¥200) shall be the Adjusted Acquisition Price:

$$\text{Adjusted Acquisition Price} = \text{Acquisition price before adjustment} \times \frac{\text{Number of issued ordinary shares} + \frac{\text{Number of newly issued ordinary shares and disposed ordinary shares} \times \text{Subscription price per share}}{\text{Market value per share}}}{\text{Number of issued ordinary shares} + \text{Number of newly issued and disposed ordinary shares}}$$

In such calculation, the Adjusted Acquisition Price shall be calculated in yen to the first decimal place and rounded to the nearest whole number (.5 being rounded upwards).

- (i) when ordinary shares of the Bank are issued for a subscription price lower than the market value to be used in the Acquisition Price Adjustment Formula or when the Bank disposes of its ordinary shares held by it;

the Adjusted Acquisition Price shall apply on and after the day immediately following the payment date (or, if a payment period is specified, the last day thereof), or if there is a record date for the purpose of offering, on and after the day immediately following such date;

- (ii) when ordinary shares of the Bank are issued upon stock split or allotment without consideration (in the case of allotment without consideration, including the disposition of the ordinary shares of the Bank held by it; the same is hereinafter applied);

the Adjusted Acquisition Price shall apply on and after the day immediately following the record date for stock split or allotment without consideration or, if allotment without consideration is made without specifying a record date, on or after the day immediately following the effective date thereof; provided, however, that in the event that the board of directors has adopted a resolution to the effect that, subject to the decrease of the surplus together with the increase of the stated , ordinary shares be issued for such portion by way of stock split or allotment without consideration, if the record date for stock split or allotment without consideration is set for any day that falls on or before the day on which the general meeting of shareholders adopting the resolution for the increase of stated capital ends, the Adjusted Acquisition Price shall apply on and after the day immediately following such end date;

- (iii) when securities (rights) for making a request to the Bank for the delivery of ordinary shares of the Bank in exchange for acquisition of such securities are issued for a price lower than the market value to be used in the Acquisition Price Adjustment Formula, or stock acquisition rights for requesting the delivery of ordinary shares of the Bank are issued for a price lower than the market value to be used in the Acquisition Price Adjustment Formula (including the case of allotment without consideration);

the Adjusted Acquisition Price shall be calculated by applying *mutatis mutandis* the Acquisition Price Adjustment Formula, as if all of such securities (rights) were acquired for the specified price or all of the stock acquisition rights were exercised for the specified exercise price (i) on the payment date for such securities (rights) (if a payment period is specified, the last day thereof), (ii) at the close of the record date for the offering or allotment without consideration of such securities (rights), or (iii) on the effective date if such securities (rights) are allotted without consideration without specifying a record date; and the Adjusted Acquisition Price so calculated shall apply on and after the day immediately following (i) the payment date (if there is a payment period, the last day thereof), if such record date is set, (ii) the record date for the offering or allotment without consideration, or (iii) the effective date;

- (iv) in cases where securities (rights) for making a request to the Bank for the delivery of ordinary shares of the Bank in exchange for acquisition of such securities, for which the acquisition price or the exercise price shall be settled based on the market value, etc. on a certain date after the issuance (hereinafter referred to as the "Pricing Date"), are issued (including the allotment without consideration), when an initial acquisition price or initial exercise price so settled is lower than the market value to be used in the Acquisition Price Adjustment Formula;

the Adjusted Acquisition Price shall be calculated by applying *mutatis mutandis* the Acquisition Price Adjustment Formula, as if all of the outstanding securities (rights) were acquired for the initial acquisition price or all of the outstanding stock acquisition rights were exercised for the initial exercise price, on the relevant Pricing Date; and the Adjusted Acquisition Price so calculated shall apply on and after the day immediately following the Pricing Date; provided that in making the subsequent adjustment, the number of such deemed shares above, as long as such number is more than the number of ordinary shares actually delivered in exchange for acquisition or issued upon such exercise, shall be counted in the number of issued ordinary shares.

- (b) In addition to the cases where it is necessary to adjust the acquisition price as set forth in (a) above, if it is necessary to adjust the acquisition price due to merger, capital reduction, and consolidation or retirement of ordinary shares, etc., the acquisition price shall be adjusted to the acquisition price determined by the board of directors of the Bank to be appropriate.
- (c) The market value per share to be used in the Acquisition Price Adjustment Formula above shall be the average closing price (including quoted price (*kehai hyoji*)) at the Exchange of the ordinary trade of the Bank's ordinary shares for the period of thirty (30) trading days (excluding trading days on which there was no such closing price) commencing on the forty-fifth (45th) trading day prior to the day on which the Adjusted Acquisition Price becomes applicable (or the record date in the event set forth in the proviso clause of (b)(ii) above; this day shall be referred to as the "Application Date" in this item (c)) if such shares are Listed at the time of the forty-fifth (45th) trading day, or the net asset value per share calculated by using the formula set forth in (A)(b) if such shares are not Listed at such time.

In such calculation, the number shall be calculated in yen to the first decimal place and rounded to the nearest whole number (.5 being rounded upwards). In case of occurrence of any event adjusting the acquisition price as set forth in (a) or (b) above during the aforementioned period of forty-five (45) trading days (or the period from the first day of the fiscal year containing the Application Date to the Application Date if such shares are not Listed), the market value per share to be used in the Acquisition Price Adjustment Formula shall be adjusted *mutatis mutandis* in accordance with (C).

- (d) The acquisition price before adjustment to be used in the Acquisition Price Adjustment Formula shall be the acquisition price as of the day before the day on which the Adjusted Acquisition Price becomes applicable and the number of issued ordinary shares to be used in the Acquisition Price Adjustment Formula shall be the number of ordinary shares of the Bank issued (excluding the number of the Bank's ordinary shares held by it) as of the record date if there is such date, or as of the day one month prior to the day on which the Adjusted Acquisition Price becomes applicable if there is no record date.
- (e) The subscription price per share to be used in the Acquisition Price Adjustment Formula shall be the amount set forth in any of the following items (i) through (iv):
- (i) when ordinary shares of the Bank are issued for a subscription price lower than the market value as set forth in (a)(i) above or when the Bank's ordinary shares held by it are disposed of, such subscription price (or duly assessed amount in the case of payment with assets other than money);
 - (ii) when ordinary shares of the Bank are issued upon stock split or allotment without consideration as set forth in (a)(ii) above, zero yen (¥0);
 - (iii) when securities (rights) for making a request to the Bank for the delivery of ordinary shares of the Bank in exchange for acquisition of such securities are issued for a price lower than the market value as set forth in (a)(iii) above, or stock acquisition rights for requesting the delivery of ordinary shares of the Bank are issued for a price lower than the market value (including the case of allotment without consideration), the specified acquisition price of such securities (rights) or the specified exercise price of stock acquisition rights as the case may be; or
 - (iv) in cases where securities (rights) for making a request to the Bank for the delivery of ordinary shares of the Bank in exchange for acquisition of such securities, for which the acquisition price or the exercise price shall be settled based on the market value, etc. on the Pricing Date, are issued (including the allotment without consideration), when an initial acquisition price or initial exercise price so settled is lower than the market value, the initial acquisition price or the initial exercise price as the case may be.

(D) Adjustment of Maximum Acquisition Price and Minimum Acquisition Price

In case of occurrence of any event adjusting the acquisition price as set forth in (C) above on and after the issuance of Series B Preferred Shares, the Maximum Acquisition Price and Minimum Acquisition Price shall be adjusted *mutatis mutandis* in accordance with (C) above; provided, however, that if the amount so adjusted is lower than two hundred yen (¥200), such amount shall be the Maximum Acquisition Price or Minimum Acquisition Price.

(E) Number of Ordinary Shares to Be Delivered in Exchange for Acquisition

The number of ordinary shares of the Bank to be delivered in exchange for the acquisition of Series B Preferred Shares shall be as follows:

$$\text{Number of ordinary shares to be delivered in exchange for acquisition} = \frac{\text{Aggregate issue amount of Series B Preferred Shares requested by the Series B Preferred Shareholders for acquisition}}{\text{Acquisition price}}$$

Any fraction of less than one share arising as a result of the calculation of the number of ordinary shares to be delivered in exchange for acquisition shall be ignored. The money prescribed in Article 167, Paragraph 3 of the Company Law shall not be paid.

Exhibit 3. Mandatory Acquisition Price of Series A Preferred Shares

- (1) The Mandatory Acquisition Price of Series A Preferred Shares shall be as follows:
- (i) In the case that ordinary shares of the Bank are listed on any of the stock exchanges or registered on the register of over-the-counter securities held by any of the securities dealers associations at the time of the forty-fifth (45th) trading day prior to the Mandatory Acquisition Date, the Mandatory Acquisition Price shall be the average closing price (including quoted price (*kehai hyoji*)) at the relevant stock exchange or the over-the-counter market established by the relevant securities dealers association (hereinafter referred to as the “Over-the-Counter Market”) of the ordinary trade of the Bank’s ordinary shares for the period of thirty (30) trading days commencing on the abovementioned forty-fifth (45th) trading day (excluding trading days on which there was no such closing price). In the case that ordinary shares of the Bank are listed or traded on several stock exchanges or Over-the-Counter Markets in total on the said forty-fifth (45th) trading day, the Mandatory Acquisition Price shall be the average calculated based upon the daily closing prices of the ordinary trade of the Bank’s ordinary shares at the stock exchange or Over-the-Counter Market that has the largest total volume of trading during the period from the abovementioned forty-fifth (45th) trading day until the day before the Mandatory Acquisition Date. In such calculation, the average shall be calculated in yen to the second decimal place and rounded to the nearest first decimal place (.05 being rounded upwards).
 - (ii) In the case that ordinary shares of the Bank are neither listed on any of the stock exchanges nor registered on any of the registers of over-the-counter securities as of the forty-fifth (45th) trading day prior to the Mandatory Acquisition Date, the Mandatory Acquisition Price shall be the amount of “net assets in the consolidated balance sheet as of March 31, 2018 (excluding stock acquisition rights and minority shareholders’ interest)” minus “the aggregate issue amount of Series 4 Preferred Shares issued as of March 31, 2018” divided by “the number of ordinary shares issued as of March 31, 2018 (excluding the number of shares held by the Bank)”.
 - (iii) In the case that the Mandatory Acquisition Price set forth in the preceding two items is lower than 119.60 yen (¥119.60), such amount shall be the Mandatory Acquisition Price.

Exhibit 4. Mandatory Acquisition Price of Series B Preferred Shares

- (1) The Mandatory Acquisition Price of Series B Preferred Shares shall be as follows:
- (i) In the case that ordinary shares of the Bank are listed on any of the stock exchanges or registered on the register of over-the-counter securities held by any of the securities dealers associations at the time of the forty-fifth (45th) trading day prior to the Mandatory Acquisition Date, the Mandatory Acquisition Price shall be the average closing price (including quoted price (*kehai hyoji*)) at the relevant stock exchange or the over-the-counter market established by the relevant securities dealers association (hereinafter referred to as the “Over-the-Counter Market”) of the ordinary trade of the Bank’s ordinary shares for the period of thirty (30) trading days commencing on the abovementioned forty-fifth (45th) trading day (excluding trading days on which there was no such closing price). In the case that ordinary shares of the Bank are listed or traded on several stock exchanges or Over-the-Counter Markets in total on the said forty-fifth (45th) trading day, the Mandatory Acquisition Price shall be the average calculated based upon the daily closing prices of the ordinary trade of the Bank’s ordinary shares at the stock exchange or Over-the-Counter Market that has the largest total volume of trading during the period from the abovementioned forty-fifth (45th) trading day until the day before the Series B Mandatory Acquisition Date. In such calculation, the average shall be calculated in yen to the first decimal place and rounded to the nearest first decimal place (.5 being rounded upwards).
 - (ii) In the case that ordinary shares of the Bank are neither listed on any of the stock exchanges nor registered on any of the registers of over-the-counter securities at that time, the Mandatory Acquisition Price shall be the amount of net assets per share to be calculated in accordance with the formula set forth in (2)(B)(b) of Exhibit 2: Acquisition Period for Series B Preferred Shareholders and Terms and Conditions of Acquisition.
 - (iii) In the case that the Mandatory Acquisition Price set forth in the preceding paragraph is lower than four hundred fifty yen (¥450) (hereinafter referred to as the “Minimum Mandatory Acquisition Price”), the Minimum Mandatory Acquisition Price shall be the Mandatory Acquisition Price of the Series B Preferred Shares. In the event that the Mandatory Acquisition Price is higher than five hundred forty yen (¥540) (hereinafter referred to as the “Maximum Mandatory Acquisition Price”), the Maximum Mandatory Acquisition Price shall be the Mandatory Acquisition Price. Provided, however, that if the consolidation, splits or allotment without consideration of the ordinary shares are made after issuance of the Preferred Shares, the price obtained by dividing the Minimum Acquisition Price or the Maximum Mandatory Acquisition Price prior to the relevant consolidation, splits or allotment without consideration by the number of shares after consolidation, splits or allotment without consideration of each ordinary share shall be the Minimum Mandatory Acquisition Price or the Maximum Mandatory Acquisition Price subsequent to the relevant consolidation, splits or allotment without consideration.