

REGULATIONS FOR HANDLING OF SHARES
OF
AOZORA BANK, LTD.

As of April 1, 2012

REGULATIONS FOR HANDLING OF SHARES
OF
AOZORA BANK, LTD.

CHAPTER 1 General Provisions

Article 1 (Purposes)

The procedures regarding the exercise of shareholders' rights and the handling of shares of the Bank shall be governed by laws and the regulations established by the Japan Securities Depository Center, Inc. (the "JASDEC") and account-keeping institutions such as securities companies at which the shareholders established postal transfer accounts (the "Securities Companies"; such regulations shall hereinafter be referred to as the "Rules of the JASDEC, etc.") in addition to these Regulations pursuant to the Articles of Incorporation; provided, however, that the provisions of Chapters 4 and 5 shall not apply to the Series A Preferred Shares and Series B Preferred Shares.

Article 2 (Manager of Register of Shareholders)

The managers of the register of shareholders of the Bank and its administrative office thereof shall be as follows:

Manager of Register of Shareholders

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Administrative Office of the Transfer Agent

Stock Transfer Agency Business Planning Dept.

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

CHAPTER 2 Method of Exercise of Shareholders' Rights and Related Matters

Article 3 (Method of Exercise of Minority Shareholders' Rights)

Exercise of minority shareholders' rights governed by laws and regulations shall be in writing to the Bank in the format designated by the Bank except as stipulated in Chapters 4 and 5 and Articles 22 and 28. In such case, the Bank may request that the shareholder (excluding the Series A Preferred Shareholders and Series B Preferred Shareholders) submit an acceptance slip issued by the Securities Companies which accepted the application for individual shareholder notice, together with identification documents.

Article 4 (Requests and Other Communications by Agents)

1. In the event any request, notice or notification pursuant to these Regulations is to be made by an agent, a document certifying agency shall be submitted.

2. In the event any consent of a curator or assistant is required upon making any request, notice or notification pursuant to these Regulations, a document certifying such consent shall be submitted.

Article 5 (Certificates or Guarantor)

Submission of certificates or guarantee of a guarantor may be requested upon making any request, notice or notification pursuant to these Regulations, or if otherwise required by the Bank.

Article 6 (Indication in the Reference Document for Shareholders Meeting regarding Shareholders' Proposal)

In the event a proposal at the shareholders meeting is one submitted by a shareholder, the length designated by the bank pursuant to Article 93, Paragraph 1 of the Ordinance for Enforcement of the Companies Act shall be as follows:

(i) Reason for proposal:

400 letters for each proposal

(ii) Matters to be indicated in the Reference Document for Shareholders Meeting if the proposal relates to election of officers:

400 letters for each candidate

CHAPTER 3 Matters to be Notified

Article 7 (Representatives of a Shareholder which is a Corporate Entity)

A shareholder which is a corporate entity shall notify the Bank of one (1) representative thereof through the JASDEC and the Securities Companies in accordance with the Rules of the JASDEC, etc. The same shall apply if there is a change of representative. However, with respect to a Series A Preferred Shareholder or Series B Preferred Shareholder which is a corporate entity, it shall notify the Bank in accordance with format designated by the Bank.

Article 8 (Representatives of the Joint Holding Shareholder)

Shareholders which jointly hold shares shall designate one (1) representative thereof who exercises shareholders' rights in relation to such shares and notify the Bank of the name and address of such representative through the JASDEC and the Securities Companies in accordance with the Rules of the JASDEC, etc. The same shall apply if there is a change of representative. However, with respect to Series A Preferred Shareholders or Series B Preferred Shareholders who jointly hold Series A Preferred Shares or Series B Preferred Shares, they shall notify the Bank in accordance with format designated by the Bank.

Article 9 (Statutory Agent)

A statutory agent such as a parental authority or guardian, etc. of shareholder shall notify the Bank of his/her name and address through the JASDEC and the Securities Companies in accordance with Rules of the JASDEC, etc. The same shall apply if there is a change or a termination of statutory agent. However, with respect to a statutory agent of a Series A Preferred Shareholder or Series B Preferred Shareholder, it shall notify the Bank in accordance with the format designated by the Bank.

Article 10 (Standing Attorney or Provisional Address)

In the event a shareholder, registered pledgees of shares or their statutory agent (“ the Shareholders”) designates in Japan a standing attorney or provisional address for receiving notice to shareholders, it shall notify the Bank to such effect through the Securities Companies, provided, however, that, with respect to a Series A Preferred Shareholder or a Series B Preferred Shareholder, it shall notify the Bank in accordance with format designated by the Bank.

2. In the event the Shareholders’ address is outside Japan, the notification in the preceding paragraph shall be made.
3. Any change in the standing attorney or provisional address for receiving notice to the Shareholders in Paragraph 1 shall be promptly notified to such effect.

CHAPTER 4 Handling of Request for Purchases of Shares Less than One Unit of Shares

Article 11 (Method of Request)

1. Requests of purchases of shares less than one unit of shares shall be made through the Securities Companies in the method designated by the Rules of the JASDEC, etc.
2. The request in the preceding paragraph shall become effective when the request (including electromagnetic record of requested matters) is submitted to the Administrative Office of the Transfer Agent prescribed in Article 2.

Article 12 (Purchase Value per Share)

1. Purchase value per share shall be the final price (the “Closing Price”) at the market established by the Tokyo Stock Exchange, Inc. (the “TSE”) on the date the request of purchase in the preceding article becomes effective (the “Purchase Request Date”).
2. If there has been no trading on the Purchase Request Date at the TSE, the purchase value shall be the effective price of the first trade at the TSE on the following day (the “Opening Price”), and if there has been no trading on that day, the same shall apply thereafter.

Article 13 (Payment of Purchase Price)

1. The purchase price for requests of purchases of shares less than one unit of shares shall be an amount obtained by multiplying the number of shares requested by the purchase value per share determined pursuant to the preceding article.
2. The purchase price shall be paid to the requesting shareholders without delay after the date of determination of purchase value pursuant to the preceding article.
3. The requesting shareholders may designate method of remittance of the purchase price or a substitute recipient.

Article 14 (Transfer of Ownership of Purchased Shares)

1. The shares less than one unit of shares in which a purchase request has been made shall be transferred to the account of the Bank on the day when the Bank makes the payment of the purchase price set forth in the preceding article.
2. The shares less than one unit of shares for which the method of remittance of the purchase price has been designated pursuant to Paragraph 3 of the preceding article, shall be transferred to the account of the Bank on the day the remittance procedure has been completed.

CHAPTER 5 Handling of Request for Sale of Shares Less Than One Unit of Shares

Article 15 (Method of Request)

1. Requests of sale of shares less than one unit of shares shall be made through the Securities Companies in the method designated by the Rules of the JASDEC, etc., and shall be accompanied by payment of the sales price prescribed in Article 17.
2. The request in the preceding paragraph shall become effective when the request (including the electromagnetic record of requested matters) is submitted to the Administrative Office of the Transfer Agent prescribed in Article 2; provided, however, that the foregoing shall not apply in the case of Article 19.

Article 16 (Period of Request for Sale)

1. Handling of requests for sale of shares less than one unit of shares in the preceding article shall be suspended from the day ten (10) business days prior to the reference day established for determining rights until the reference date.
2. In addition to the preceding paragraph, the Bank may designate a handling suspension period for Requests for sale any time it deems necessary.

Article 17 (Sales Value per Share and Sales Price)

1. Sales value per share shall be the Closing Price at the TSE on the date the request for sale in the preceding Article 15 becomes effective (the "Sales Request Date").

2. If there has been no trading on the Sales Request Date at the TSE, the sales value shall be the opening price of the shares on the following day, and the same shall apply thereafter.
3. The amount obtained by multiplying the sales value per share in Paragraph 1 by the number of shares requested to be sold shall be the sales price.

Article 18 (Transfer of Title to Sold Shares)

The transfer of the shares less than one unit of shares for which a request for sale is made to the account of the shareholder who made the request for sale shall be applied for on the date the Bank confirms receipt of the sales price in the preceding article.

Article 19 (Limitation on the Request for Sale of Shares)

In the event the Bank does not have any shares transferable upon request on the Sales Request Date, the Bank will not respond to such request.

CHAPTER 6 Series A (*Koushu*) Preferred Shares

Article 20 (Notice or Public Notice of Changes in the Amount of Series A Preferred Dividends)

In the event that changes or modifications are made to the Series A Preferred Dividends as provided for in the Articles of Incorporation, notice to the Series A Preferred Shareholders or public notice shall be promptly provided or made.

Article 21 (Notice or Public Notice of Changes in the Acquisition Ratio)

In the event that among the terms and conditions of the acquisition of Series A Preferred Shares as provided for in the Articles of Incorporation, modification or adjustment of the acquisition ratio is made, notice of the contents thereof shall be provided to the Series A Preferred Shareholders or public notice of such contents shall be made by the day immediately preceding the modification date or the day such adjusted acquisition ratio shall be applied (hereinafter in this article referred to as the "Modification Date, etc."); provided, however, that if such notices to the Series A Preferred Shareholders or public notices may not be provided or made by the day immediately preceding the Modification Date, etc., notice to the Series A Preferred Shareholders or public notices shall be promptly provided or made after the Modification Date, etc.

Article 22 (Method of Requesting Acquisitions)

1. In the event of requesting acquisitions of the Series A Preferred Shares, the Series A Preferred Shareholders shall submit a prescribed acquisition request form to the administrative office of the managers of the register of shareholders provided in Article 2.

2. No request set forth in the preceding paragraph may be cancelled after the acquisition request form is submitted.

Article 23 (Accrual of Effect of Acquisition)

Acquisition of the Series A Preferred Shares for ordinary shares as consideration for such acquisition shall become effective at the time the documents necessary for the acquisition request have reached the administrative office of the managers of the register of shareholders provided in Article 2.

Article 24 (Notice or Public Notice of Restriction of the Acquisition Period)

With respect to the acquisition period, in which acquisition of Series A Preferred Shares can be requested, as provided for in the Articles of Incorporation, if the period is restricted, notice of such period shall be provided to the Series A Preferred Shareholders or public notice of such period shall be made in advance.

Article 25 (Notice or Public Notice of Mandatory Acquisition)

In the event that Mandatory Acquisition of the Series A Preferred Shares as provided for in the Articles of Incorporation is made, notice of necessary matters such as the number of ordinary shares provided for in the same Article shall be promptly provided to the Series A Preferred Shareholders or public notice of such matters shall be promptly made.

CHAPTER 7 Series B (*Heishu*) Preferred Shares

Article 26 (Notice or Public Notice of Changes in the Amount of Series B Preferred Dividends)

In the event that changes or modifications are made to the Series B Preferred Dividends as provided for in the Articles of Incorporation, notice to the Series B Preferred Shareholders or public notice shall be promptly provided or made.

Article 27 (Notice or Public Notice of Changes in the Acquisition Price)

In the event that among the terms and conditions of the acquisition Series B Preferred Shares as provided for in the Articles of Incorporation, modification or adjustment of the acquisition price is made, notice of the contents thereof shall be provided to the Series B Preferred Shareholders or public notice of such contents shall be made by the day immediately preceding the modification date or the day such adjusted acquisition price shall be applied (hereinafter in this article referred to as the "Modification Date, etc."); provided, however, that if such notices to the Series B Preferred Shareholders or public notices may not be provided or made by the day immediately preceding the Modification Date, etc., notice to the Series B Preferred Shareholders or public notices shall be promptly provided or made after the Modification Date, etc.

Article 28 (Method of Requesting Acquisitions)

1. In the event of requesting acquisitions of the Series B Preferred Shares, the Series B Preferred Shareholders shall submit a prescribed acquisition request form to the administrative office of the managers of the register of shareholders provided in Article 2.
2. No request set forth in the preceding paragraph may be cancelled after the acquisition request form is submitted.

Article 29 (Accrual of Effect of Acquisition)

Acquisition of the Series B Preferred Shares for ordinary shares as consideration for such acquisition shall become effective at the time the documents necessary for the acquisition request have reached the administrative office of the managers of the register of shareholders provided in Article 2.

Article 30 (Notice or Public Notice of Restriction of the Acquisition Period)

With respect to the acquisition period in which acquisition Series B Preferred Shares can be requested, as provided for in the Articles of Incorporation, if the period is restricted, notice of such period shall be provided to the Series B Preferred Shareholders, or public notice of such period shall be made in advance.

Article 31 (Notice or Public Notice of Mandatory Acquisition)

In the event that Mandatory Acquisition of the Series B Preferred Shares as provided for in the Articles of Incorporation is made, notice of necessary matters such as the number of ordinary shares provided for in the same Article shall be promptly provided to the Series B Preferred Shareholders or public notice of such matters shall be promptly made.

CHAPTER 8 Special Provisions for Special Accounts

Article 32 (Special Provisions for Special Account)

The procedures for identification of the Shareholders whose shares are deposited in special accounts and other handling in relation to special accounts shall be in accordance with the Rules of the JASDEC, etc. and by account-keeping institutions which opened the special accounts.

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