

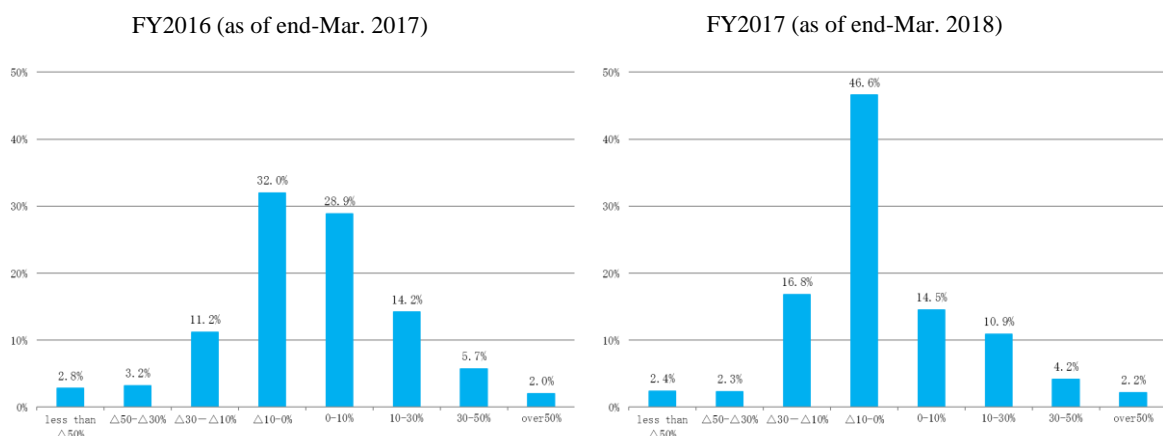
Additional Disclosure of Aozora Bank's Initiatives for Customer-Oriented Business Management

- Aozora Bank, Ltd. (“Aozora”) has been making effort to ensure its initiatives for “customer-oriented business management” to provide financial products that contribute to the growth of customer assets and thorough follow-up services, disclosing the status on a regular basis.
- In June 2018, the FSA published the common key performance indicators comparable across investment trust distributors, which are common indicators intended for use by customers when they select financial products or financial service providers (“common KPIs”).
- Accordingly, Aozora has decided to disclose its common KPIs. We will continue to strive to further enhance the quality of our services to become a bank trusted by customers by ensuring customer-oriented business management.

[Common KPIs] Rate of Customers by Investment P/L

- In FY2017, 31.8% of customers recorded a positive figure in terms of investment trust P/L, which was a decrease from FY2016. (See Figure 1.)
- Aozora selects core funds that are most suitable for mid-to long-term investments from products with a relatively low risk or products investing in diverse assets, offering them to customers for their asset growth over a mid-to long-term period.
- In FY2017, many investment trust customers selected core funds that contribute to the growth of assets over a mid-to long-term period, which resulted in a 48.9% share in the total amount sold. (See Figure 2.) It should be noted that customers with an investment P/L rate ranging from minus 10% to 0% accounted for 46.6% of the total, and of which 44.6% purchased core funds. Negative investment P/L as of the end of March 2018 is attributed to insufficient results due to a short investment period since the establishment of each fund.
- Zenzo series, key products of core funds, are designed to diversify investments and tenors by purchasing global stocks and bonds in stages, thereby gradually generating profits. The base price of Zenzo series purchased by customers in or before 2016 has risen with the elapse of each investment period. (See Figure 3.)
- We will continue to pay due attention to the investment status of funds purchased by our customers and provide detailed follow-up services.

[Figure 1] Rate of customers by investment P/L



*Calculated based on P/L of investment trusts outstanding as of end-Mar. 2017 and end-Mar. 2018, excluding P/L of cancelled investment trusts.

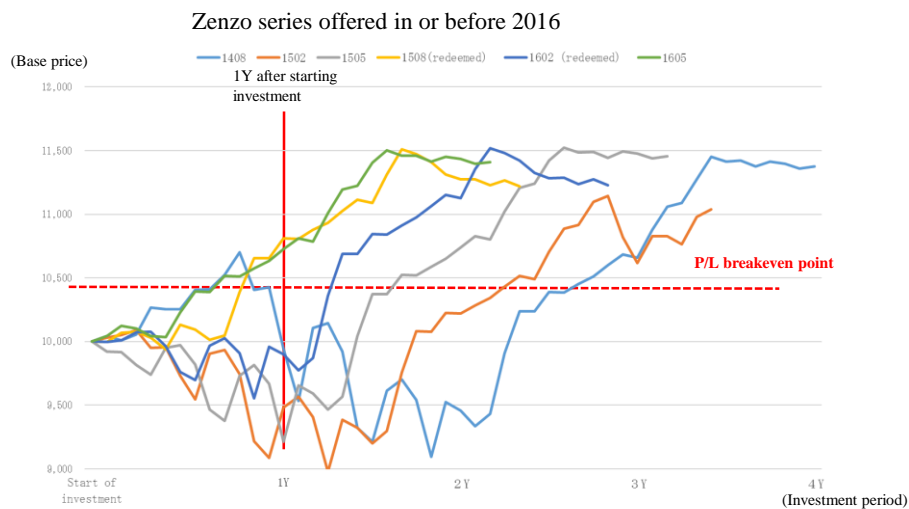
[Figure 2] Top 10 funds by sales of investment trust

	Fund name	Amount sold
1	Nomura PIMCO Global Income Strategy Fund Course A (with FX hedge, semiannual settlement type)	8,765
2	Aozora New Global Diversified Fund (limited addition)2017-04 Zenzo	7,067
3	Aozora New Global Diversified Fund (limited addition) 2017-09 Zenzo	6,923
4	Nissay Australia High Income Equity Fund (monthly settlement type)	6,094
5	Japan Excellent	5,868
6	Aozora New Global Diversified Fund (limited addition)2018-02 Zenzo	5,580
7	Robot Technology Related Equity Fund - Robotech -	5,048
8	Daiwa FE Global Value (with FX hedge)	2,861
9	Daiwa FE Global Value (without FX hedge)	2,462
10	Nomura PIMCO Global Income Strategy Fund Course C (with FX hedge, semiannual settlement type)	2,143

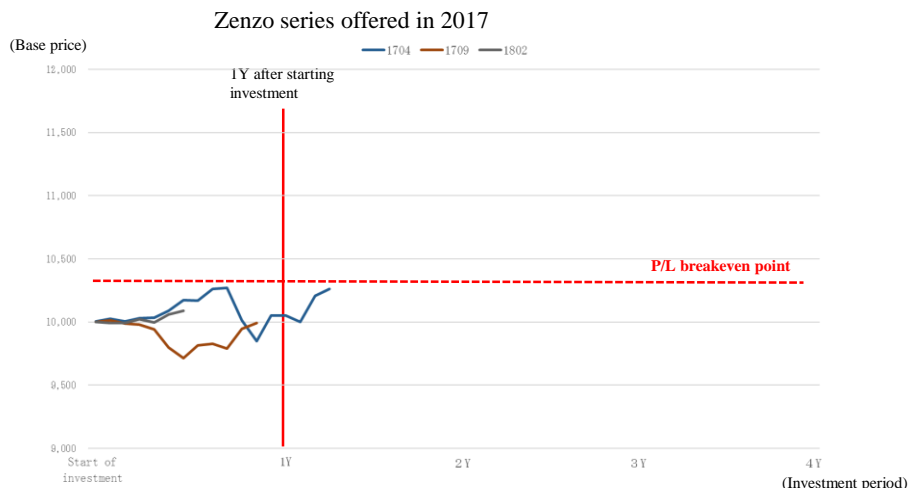
*Parts highlighted in blue are Aozora’s core funds most suitable for mid-to long-term investments selected from products with a relatively low risk or products investing in diverse assets.

[Figure 3] Zenzo series investment status

- Among six funds of Zenzo series offered in or before 2016, five exceeded a base price of 11,500 yen and were switched to bond investments.



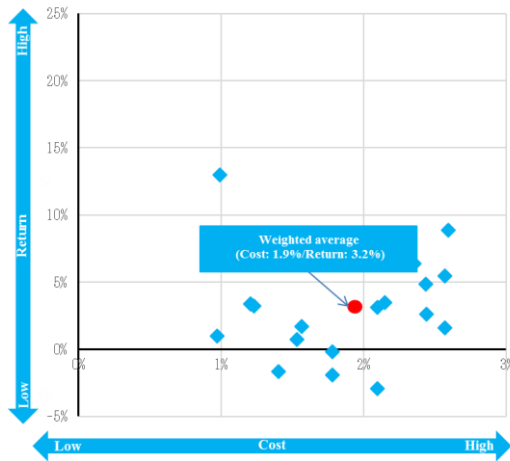
- Zenzo series offered in 2017 were established just a year ago and we have been designing the funds by raising a stock investment ratio in stages while diversifying the timing of purchase.



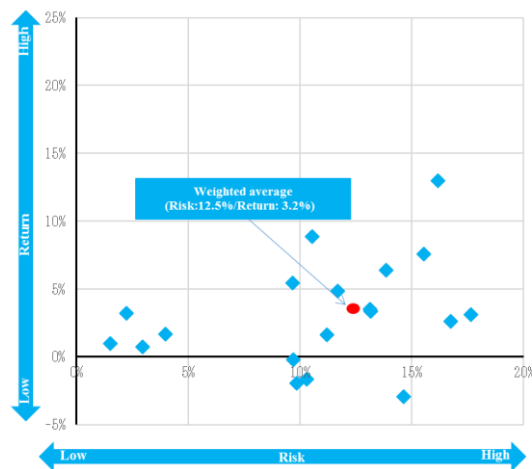
[Common KPIs] Cost and Return/Risk and Return of Top 20 Funds by Balance of Investment Trusts under Custody

➤ For top 20 funds by balance with an investment period of five years or more that accounted for 35.6% of the total balance of investment trusts under custody, the average cost was 1.9% with the average risk of 12.5%, while the average return was 3.2%.

[Figure 4] Cost and return



[Figure 5] Risk and return



*Calculated using top 20 funds by balance of investment trusts under custody with an investment period of five years or more as of end-Mar. 2018

*Cost: sales charge rate/5 + custody fee rate

*Return: total return for the last five years (converted monthly return to annual return)

*Risk: average deviation of monthly return for the last five years (converted to annual return)

[Figure 6] Cost/risk/return of top 20 funds by balance of investment trusts under custody

	Fund name	Cost	Risk	Return		Fund name	Cost	Risk	Return
1	Nissay Australia High Income Equity Fund (monthly settlement type)	2.4%	16.7%	2.6%	11	Mexico Bond Open (monthly settlement type)	2.1%	14.6%	-2.9%
2	Daiwa J-REIT Open (monthly dividend type)	1.2%	13.2%	3.4%	12	Stock Index Fund 225	1.0%	16.2%	13.0%
3	Pictet Global Income Equity Fund (monthly dividend type)	2.4%	11.7%	4.8%	13	Daiwa J-REIT Open	1.2%	13.1%	3.4%
4	Tokio Marine Japanese Yen Asset Balance Fund (monthly settlement type) (Yensokai)	1.2%	2.2%	3.2%	14	Sumitomo Mitsui U.S. High Yield Bond Fund (no FX hedge type)	2.6%	9.7%	5.5%
5	Brazil Bond Open (monthly settlement type)	2.1%	17.7%	3.1%	15	Daiwa JGB Fund (monthly dividend type)	1.0%	1.5%	1.0%
6	Daiwa US-REIT Open (monthly) Course B (without FX hedge)	2.2%	15.6%	7.6%	16	Tokio Marine Japanese/Global Bond Fund (with FX hedge)	1.5%	3.0%	0.7%
7	High Dividend Global REIT Premium Fund (without JPY hedge)	2.6%	11.2%	1.6%	17	Sumitomo Mitsui Global REIT Open	2.1%	13.1%	3.5%
8	Asia High Yield REIT Fund	2.4%	13.9%	6.4%	18	GW Seven Eggs	2.6%	10.6%	8.9%
9	Short-term Australian Bond Open (monthly dividend type)	1.4%	10.3%	-1.6%	19	UBS Public Interest and Financial Related Corporate Bond Fund (with FX hedge)	1.6%	4.0%	1.7%
10	MHAM Australian Dollars Bond Fund (monthly settlement type)	1.8%	9.7%	-0.2%	20	Daiwa High Credit Rating Canadian Dollars Bond Open (monthly dividend type)	1.8%	9.8%	-1.9%

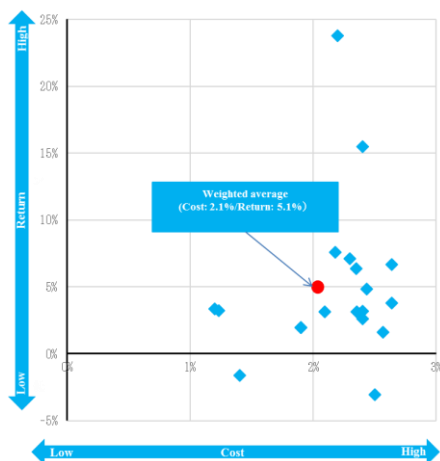
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[Reference]

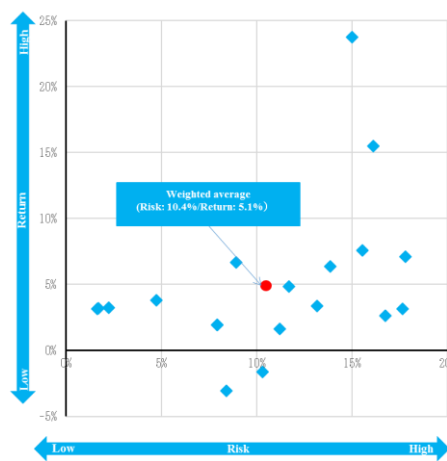
Cost and Return/Risk and Return of Top 20 Funds by Balance of Investment Trusts under Custody (including those with an investment period of less than five years)

- For top 20 funds by balance including those with an investment period of less than five years that accounted for 68.7% of the total balance of investment trusts under custody, the average cost was 2.1% with the average risk of 10.4%, while the average return was 5.1%.

[Figure 7] Cost and return



[Figure 8] Risk and return



*Calculated using top 20 funds by balance of investment trusts under custody as of end-Mar. 2018

*Cost: sales charge rate/5 + custody fee rate

*Return: total return for the last five years (converted monthly return to annual return); funds with an investment period of less than five years were calculated based on the period since the establishment of each fund.

*Risk: average deviation of monthly return for the last five years (converted to annual return); funds with an investment period of less than five years were calculated based on the period since the establishment of each fund.

*For “Aozora/New Global Diversified Fund (limited addition)” series that were established less than a year ago, the figure of “Aozora/New Global Diversified fund (limited addition 2015-02)” that has not yet been switched to steady bond investments and that has the longest investment period was used.

[Figure 9] Cost/risk/return of top 20 funds by balance of investment trusts under custody (including those with an investment period of less than five years)

	Fund name	Cost	Risk	Return		Fund name	Cost	Risk	Return
1	Nissay Australia High Income Equity Fund (monthly settlement type)	2.4%	16.7%	2.6%	11	Daiwa FE Global Value (with FX hedge)	2.6%	4.7%	3.8%
2	Nomura PIMCO Global Income Strategy Fund Course A (with FX hedge, semiannual settlement type)	2.4%	1.7%	3.2%	12	Pictet Global Income Equity Fund (monthly dividend type)	2.4%	11.7%	4.8%
3	Aozora New Global Diversified Fund (limited addition)2017-09	1.9%	7.9%	2.0%	13	Tokio Marine Japanese Yen Asset Balance Fund (monthly settlement type)	1.2%	2.2%	3.2%
4	Aozora New Global Diversified Fund (limited addition) 2017-04	1.9%	7.9%	2.0%	14	Daiwa FE Global Value (without FX hedge)	2.6%	8.9%	6.7%
5	Aozora New Global Diversified Fund (limited addition) 2018-02	1.9%	7.9%	2.0%	15	Brazil Bond Open (monthly settlement type)	2.1%	17.7%	3.1%
6	Daiwa J-REIT Open (monthly dividend type)	1.2%	13.2%	3.4%	16	Nomura PIMCO Global Income Strategy Fund Course C (with FX hedge, monthly settlement type)	2.4%	1.7%	3.2%
7	Japan Excellent	2.2%	15.0%	23.8%	17	Daiwa US-REIT Open (monthly settlement type) Course B (without FX hedge)	2.2%	15.6%	7.6%
8	Robot Technology Related Equity Fund - Robotech -	2.4%	16.1%	15.5%	18	High Dividend Global REIT Premium Fund (without JPY hedge)	2.6%	11.2%	1.6%
9	Aozora Global Dividend Growth Equity Vega Fund (monthly dividend type)	2.5%	8.4%	-3.1%	19	Asia High Yield REIT Fund	2.4%	13.9%	6.4%
10	Aozora Japanese Equity Focus Strategy Fund	2.3%	17.8%	7.1%	20	Short-term Australian Bond Open (monthly dividend type)	1.4%	10.3%	-1.6%

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