

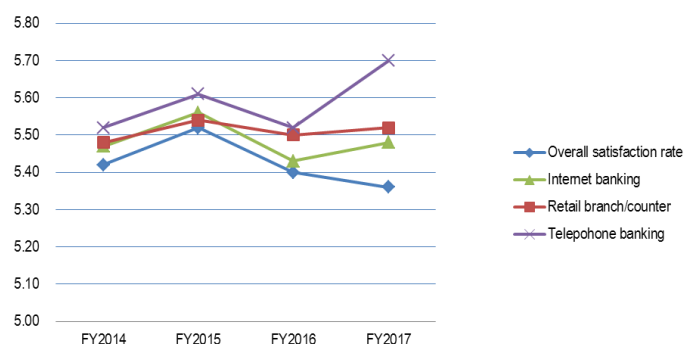
Aozora Bank Status of Initiatives for Customer Oriented Business Management

Aozora Bank is committed to maintain a customer oriented business approach in terms of sales of financial products and provision of ongoing services to contribute to the growth of customer assets. We will review and disclose our efforts in realizing a customer oriented business management on a regular basis so as to further enhance the quality of our services.

Customer Evaluation

- The Bank regularly conducts customer satisfaction surveys to reflect its customers' diverse views in its business management. For FY2017, our efforts in ensuring courteous services by telephone operators to each and every one of our customers have resulted in an improvement in satisfaction of customers using telephone banking services. We are committed to making further efforts to satisfy our customers.

【Chart 1】 Customer Satisfaction Survey



• Evaluation method :

- 7 : Very satisfied
- 6 : Satisfied
- 5 : Somewhat satisfied
- 4 : Not sure
- 3 : Somewhat dissatisfied
- 2 : Dissatisfied
- 1 : Very dissatisfied

Product Line-up

- The Bank offers a broad range of products designed to meet the diverse needs of its customers.
- The Bank provides unique products leveraging the expertise of the Aozora Bank Group, including 17 funds in collaboration with Aozora Investment Management (as of end-March 2018) and 44 structured bond products (retail bonds) with Aozora Securities in the 2017 fiscal year.

【Chart 2】 Product Line-up (as of end-March 2018)

<Investment Trust>

Subject for investment	End-Mar. 2018	
	No. of Products	Share
Equities	45	35%
Domestic	19	15%
Developed Market	6	5%
Emerging Market	10	8%
Global	10	8%
Bonds	40	31%
Domestic	4	3%
Developed Market	9	7%
Emerging Market	8	6%
Global	11	9%
HY	8	6%
REITs	14	11%
Domestic	3	2%
Overseas	7	5%
U.S.	4	3%
Balance	24	19%
Domestic	2	2%
Overseas	22	17%
Other	6	5%
Total	129	100%
Of which, no-load	19	15%

<Insurance Products>

Product type	End-Mar. 2018	
	No. of Products	Share
Single premium	9	45%
Yen	0	0%
Variable Annuity	1	5%
Fixed Annuity	1	5%
Variable Whole Life	7	35%
Fixed Whole Life	0	0%
Care/Medical Insurance	11	55%
Foreign Currency	1	5%
Variable Annuity	3	15%
Fixed Annuity	0	0%
Variable Whole Life	7	35%
Fixed Whole Life	20	100%
Total	20	100%
Installment	11	100%
Yen	1	9%
Whole life Insurance	3	27%
Fixed Life Insurance	4	36%
Medical/Cancer Insurance	0	0%
Education/Endowment Insurance	0	0%
Pension/Endowment Insurance	3	27%
Care Insurance	11	100%
Total	11	100%
Products with fee disclosure	17	55%

<Number of Structured Bonds>

Reference Index	End-Mar. 2018	
	No. of structure bonds	Share
NKY225	13	30%
NKY225 - EUR50	29	66%
NKY225 - S&P500	1	2%
JPY/AUD	1	2%
Total	44	100%

Product Line-up

- The top ranking products in sales have changed significantly due to efforts made to establish a product line-up in response to customer needs. 【Chart 3】

【Chart 3】 Top 10 Sales Ranking of Investment Trust
<FY2014>

Rank	Fund name	Asset	Managed by	Monthly dividend type	Core fund	Fee (tax included)
1	Double Strategy (without FX hedge)	Overseas REIT	Sompo Japan Nippon Kowa AM	○		3.24%
2	Zenzo 1502	Balanced	AIM		○	2.70%
3	Daiwa J-REIT Open	J-REIT	Daiwa AM	○		2.16%
4	JPM Japan Meister	Domestic stock	JPM AM			3.24%
5	Sumitomo Mitsui U.S. High Yield Bond Fund (without FX hedge)	HY bond	Sumitomo Mitsui AM	○		3.24%
6	Lucky Country	Overseas stock	Nissei AM	○		3.24%
7	Major Leader	Overseas stock	Mitsubishi Kokusai AM			3.24%
8	Mexican Bond	Emerging C bond	Daiwa AM	○		3.24%
9	Index 225	Domestic stock	Daiwa AM			2.16%
10	Aozora U.S. Triple Plus	Other	AIM			3.78%



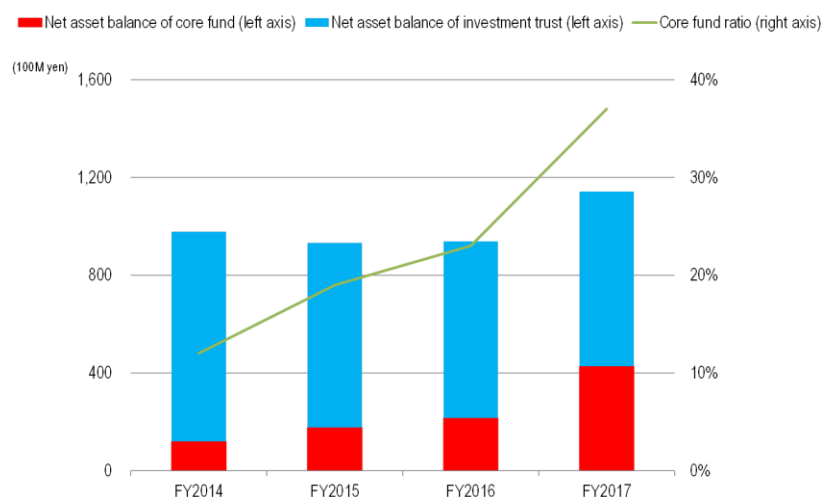
<FY2017>

Rank	Fund name	Asset	Managed by	Monthly dividend type	Core fund	Fee (tax included)
1	Nomura Pimco Global Income Strateg Fund Course A (with FX hedge, semi-annual dividend type)	Balanced	Nomura AM		○	2.70%
2	Zenzo 1704	Balanced	AIM		○	2.70%
3	Zenzo 1709	Balanced	AIM		○	2.70%
4	Lucky Country	Overseas stock	Nissei AM	○		3.24%
5	Japan Excellent	Domestic stock	Daiwa AM			3.24%
6	Zenzo 1802	Balanced	AIM		○	2.70%
7	Robot/Technology-related Stock Fund - Robotech	Overseas stock	Daiwa AM			3.24%
8	Daiwa FE Global Value (with FX hedge)	Overseas stock	Daiwa AM			3.24%
9	Daiwa FE Global Value (without FX hedge)	Overseas stock	Daiwa AM			3.24%
10	Nomura Pimco Global Income Strategy Fund Course C (with FX hedge, monthly dividend type)	Balanced	Nomura AM	○	○	2.70%

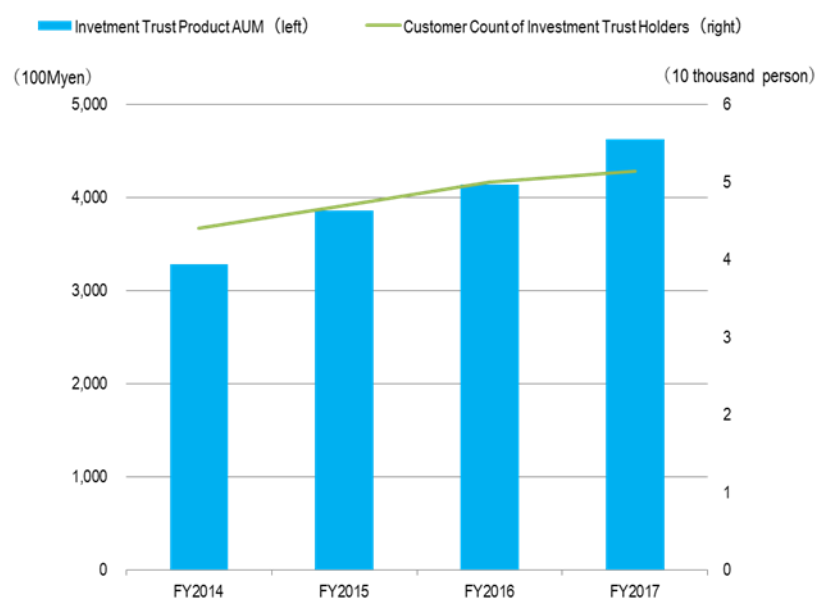
Customer Oriented Consulting

- Aozora's core funds are relatively low risk products that invest in diverse assets suitable for medium to long term investment. The core funds match well with the Bank's customer's investment needs and the increase in core fund customers has contributed to the steady increase in its net asset balance 【Chart4】
- Investment trust product AUM and customer count of investment trust holders have steadily increased thanks to a better market environment and a rise in the number of customers purchasing products including investment trust and structured bonds for the first time. 【Chart5】

【Chart4】 Core Fund Balance & Ratio to Total Investment Trust



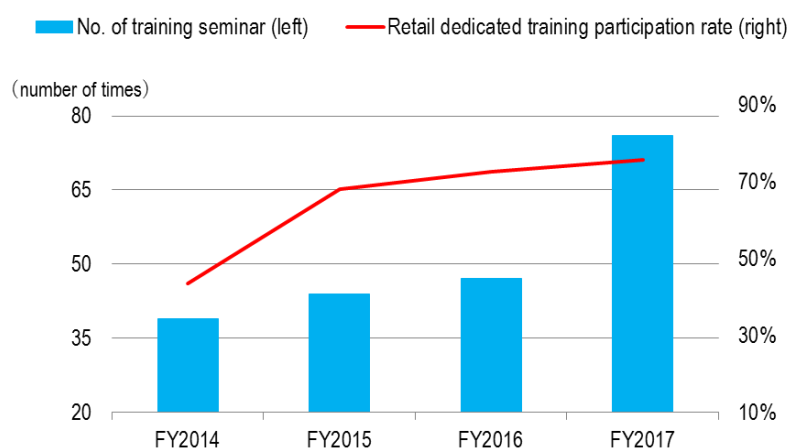
【Chart5】 Investment Trust Product AUM & Customer Count of Investment Trust Holders



Enhanced Training Leveraging Specialized Retail Training Program

- The Bank is making ongoing efforts to enhance its specialized retail training program in order to strengthen the skills of its sales staff, as well as ensure a pleasant and comfortable experience for its customers.

【Chart6】 Number of specialized retail training programs/ study sessions & ratio of participation (*1)

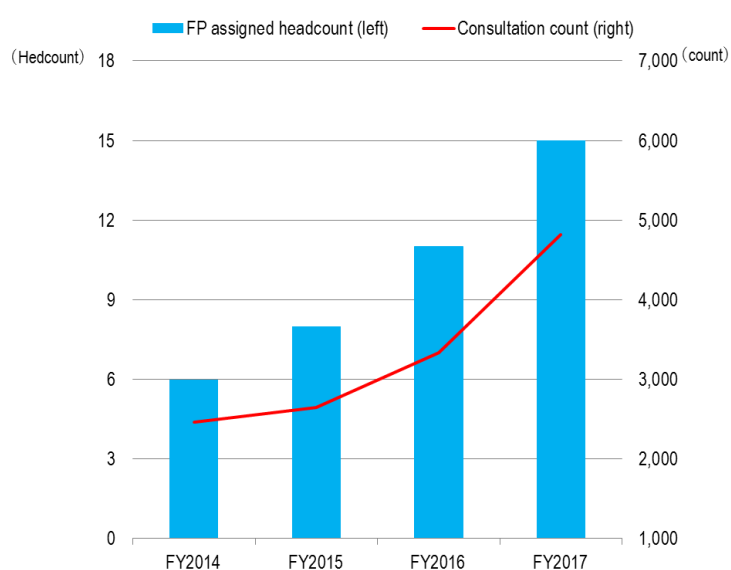


*1Participation Ratio=Number of Participants /Sales Headcount

Expansion of Customer Services

- In addition to Aozora's financial consultants(FCs), who select financial products catering to the needs of each and every customer, the bank provides general consulting services by experienced financial planners(FPs) at the 19 branches throughout Japan.

【Chart 7】 FP Assigned Headcount, Consultation Count



Enhancement of Retail Branches/Infrastructure

- Under its innovative “Urban Oasis” design concept, the Bank continues to remodel its retail branches in order to offer customers a more comfortable and relaxing atmosphere, while allowing staff to focus on the asset management needs of customers.

【Chart8】 Status of Remodeling Progress Since FY2014 (*2)

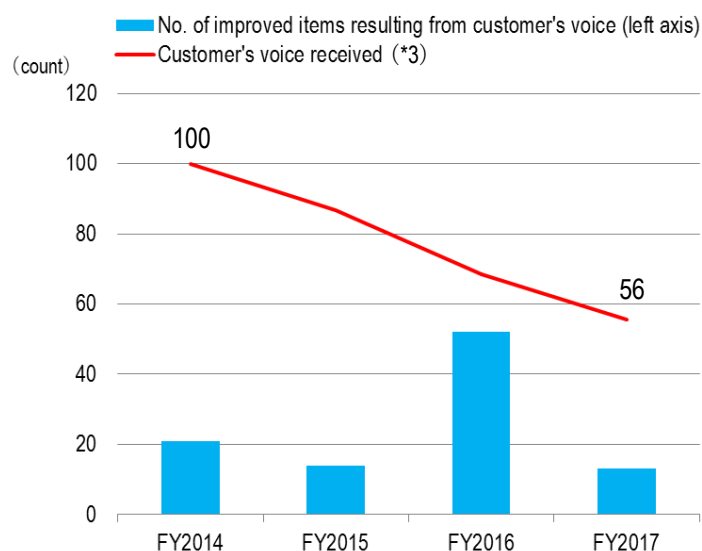
FY	Month/Date	Branch	Relocation/Remodel
2014	June 2	Shinjuku	Remodel
2015	June 29	Ikebukuro	Remodel
	Nov. 24	Nagoya	Relocation
2016	Sep. 20	Takamatsu	Relocation
2017	May 8	H.O. Retail	Relocation

*2 13 out of total 19 branches have been remodeled

Response to Customer Feedback

- The Bank has been making all its efforts to improve its services to respond to “Customer’s Opinions.”

【Figure 9】 Number of improvements made based on “Customer Opinions”



*3 : Customer's voice received with FY2014's figure being set as 100

«Examples of the Bank's response to Customer Feedback.»

- 1) A request for charge-free ATMs at convenience stores
(Bank Response) The partnership with Seven Bank will become effective as of August 27, 2018, which will allow customers to use deposit/inquiry/password change services free of charge.
- 2) A request to raise the daily limit of Visa Debit to 2M yen or more
(Bank Response) Raised the daily limit for shopping to 5M yen from May 2018.