

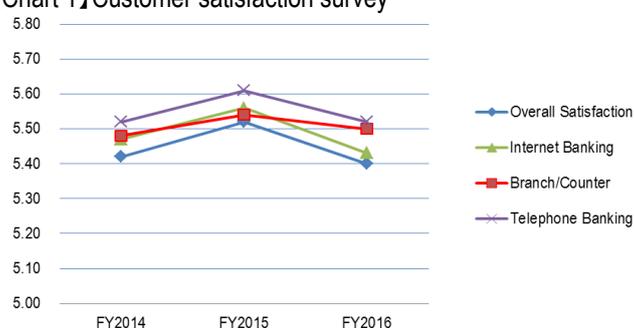
Aozora Bank Status of Initiatives for Customer Oriented Business Management

Aozora is committed to a customer-oriented business approach aimed at enhancing its financial products in response to the asset management needs of its customers, in addition to the provision of thorough follow-up services. As part of this commitment, the Bank will provide regular updates on its products and services towards further enhancing the line-up it offers to customers.

Customer Evaluation

- The Bank obtains customer feedback through regularly conducted surveys in order to better provide products and services suited to the needs of its customers. In FY2016, while customers with investment products expressed a higher level of satisfaction with the over-the-counter services offered at the Bank's retail branches, Internet banking customer satisfaction declined due to operational changes made to enhance security following the introduction of the Bank's new Kanjo-kei core banking system. The Bank will make ongoing improvements in order to ensure greater customer satisfaction.

【Chart 1】Customer satisfaction survey



•Evaluation Method :

7 : Very Satisfied 6 : Satisfied

5 : Somewhat Satisfied 4 : Neither

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 14 funds in collaboration with Aozora Investment Management (as of end-March 2017) and 42 structured bond products (retail bonds) with Aozora Securities in the 2016 fiscal year.

【Chart 2】Product line-up (as of end-March 2017)

< Investment Trust*1 >

Investment Trust*1		
Subject for Investment	No. of Products	Share
Equities	42	35%
Domestic Equities	17	14%
Developed Market Equities	5	4%
Emerging Market Equities	11	9%
Global Equities	9	8%
Bonds	38	32%
Domestic Bonds	4	3%
Developed Market Bonds	11	9%
Emerging Market Bonds	8	7%
Global Bonds	7	6%
HY Bonds	8	7%
REITs	14	12%
Domestic REIT	3	3%
Overseas REIT	7	6%
U.S. REIT	4	3%
Balance	19	16%
Domestic Balance	2	2%
Overseas Balance	17	14%
Other	6	5%
Total	119	100%
of which no-load	12	10%

< Insurance Products >

Insurance Product		
Product Type	No. of Products	Share
Single premium	7	47%
Yen	1	7%
Variable Annuity	1	7%
Fixed Annuity	1	7%
Variable Whole Life	1	7%
Fixed Whole Life	4	27%
Care/Medical Insurance	0	0%
Foreign Currency	8	53%
Variable Pension	1	7%
Fixed Pension	3	20%
Variable Whole Life	0	0%
Fixed Whole Life	4	27%
Total	15	100%
Installment	11	100%
Yen	11	100%
Whole Life Insurance	1	9%
Fixed Life Insurance	3	27%
Medical/Cancer Insurance	4	36%
Education Endowment Insurance	0	0%
Pension/Endowment Insurance	0	0%
Care Insurance	3	27%
Total	11	100%
Products with fee disclosure	13	50%

< Number of Structured Bonds >

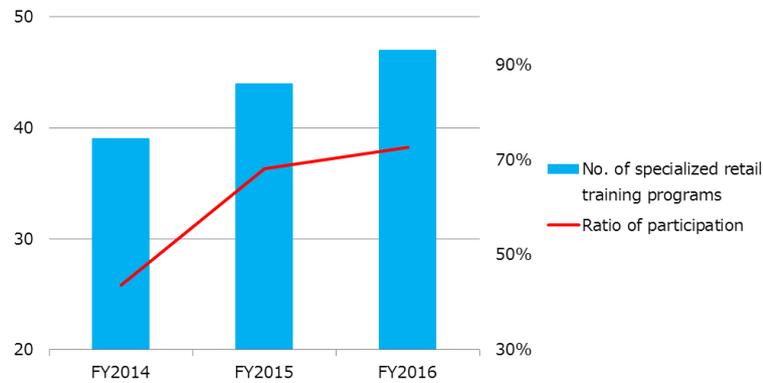
Number of Structured Bonds		
Reference Index	FY2016	Share
NKY225	17	40%
NKY225 - EUR50	15	36%
NKY225 - S&P500	10	24%
Total	42	100%

(*1) Each course of currency select funds is counted as 1 product

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.

【Chart 3】 Number of specialized retail training programs/ study sessions & ratio of participation (*2)

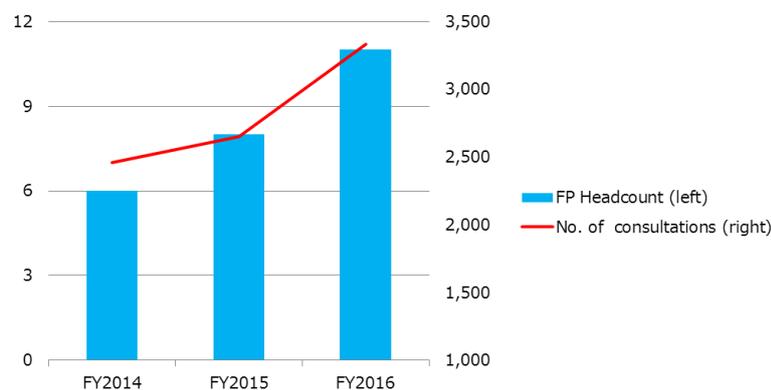


*2 Participation Ratio = Number of Participants /Sales Headcount

Expansion of Customer Services

- In addition to Aozora's financial consultants, who select financial products catering to the needs of each and every customer, the bank provides general consulting services by experienced financial planners at the 19 branches throughout Japan.
- 11 financial planners have been assigned to the 19 branches by March 2017 and the bank will continue to make use of professionals to provide customers with better quality services.

【Chart 4】 FP headcount and number of consultations



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.

【Chart 5】 Status of Remodeling Progress Since FY2014 (*3)

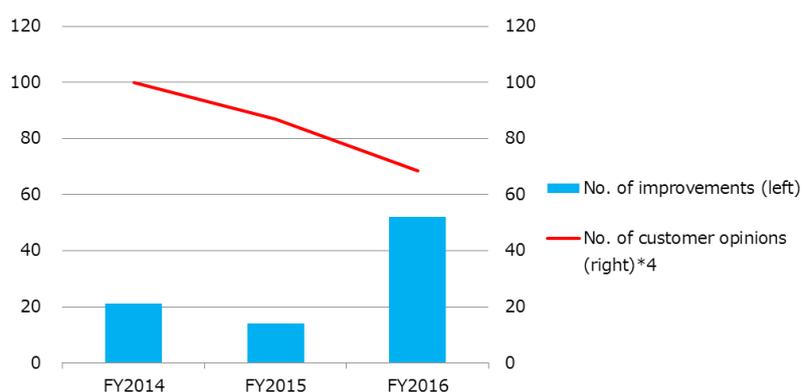
FY	Month/Date	Branch	Relocation/Remodel
2014	June 2	Shinjuku	Remodel
2015	June 29	Ikebukuro	Remodel
	Nov. 24	Nagoya	Relocation
2016	Sep. 20	Takamatsu	Relocation
2017	May 8	H.O. Retail	Relocation

*3 13 out of total 19 branches have been remodeled

Response to Customer Feedback

- The number of improvements made based on “Customer Opinions” is increasing each year.

【Chart6】Number of improvements made based on “Customer Opinions”



*4 : Index using FY2014 as a base of 100

《 Examples of the Bank's response to Customer Feedback 》

- 1) A customer visited a branch in a wheelchair and was not able to enter due to the steps at the entrance.
(Bank Response) The Bank installed folding ramps for customers who visit retail branches in a wheelchair (portable ramp for wheelchair users, “DECPAC”).
- 2) A customer had difficulty in understanding the telephone banking recording
(Bank Response) The Bank is making ongoing improvements to the automated voice reply system to help customer better understand the recording
- 3) A customer requested the disclosure of interest rates applied to term deposits (term deposit payment operation screen)
(Bank Response) The Bank disclosed applicable rates