

May 14, 2018

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Name of representative: Shinsuke Baba, President and CEO
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Transfer of Trust Business Operations

Tokyo May 14, 2018 — Aozora Bank, Ltd. (President and CEO: Shinsuke Baba; Head Office: Tokyo) ('Aozora' or 'the Bank') today announced that it has proceeded with its evaluation of the transfer of trust operations of its consolidated subsidiary Aozora Trust Bank Co., Ltd. (Representative Executive Officer: Takehito Kaneko; Representative Director: Masaki Yamagata; Head Office: Tokyo) ('Aozora Trust Bank') as announced in the March 23, 2018 release "Aozora Evaluating Transfer of Trust Operations." At today's Board of Directors' meeting, it was decided that trust business operations would be transferred to Aozora Bank through a company split, and an agreement with Aozora Trust Bank was finalized today.

The following is a summary of the content and disclosure items of the absorption-type split and the operating division transferred to Aozora from its consolidated subsidiary.

1. Purpose of the Company Split

Aozora will be able to more effectively provide trust services to its customers through the ongoing operation of trust business, and in consideration of all other conditions, it was decided that Aozora will assume responsibility for all operations related to Aozora Trust Bank's trust business by means of a company split (simplified absorption-type split).

2. Overview of the Company Split

1. Important Dates

Board of Directors'	May 14, 2018
Signing of Absorption-type Split Agreement	May 14, 2018
Aozora Trust Bank Shareholder's Decision	June 28, 2018 (Planned)
Absorption-type Split Effective Date	October 1, 2018 (Planned)

Note: As determined by the relevant section of the Companies Act Article 796 (2), the absorption-type split will be conducted without seeking a decision from Aozora's shareholders.

2. Company Split Method

An absorption-type split with Aozora Trust Bank as the divesting company and Aozora Bank as the successor company.

3. Company Split Costs

Aozora plans to remit 51 million yen to Aozora Trust Bank as consideration for the transfer.

4. New Share Reservation Rights related to the Company Split

Not applicable.

5. Influence on Capital Stock

The absorption-type split will have no effect on the Bank's capital account.

6. Rights and Duties of the Successor Company

Aozora will receive all assets, obligations, contracts, and other rights and duties related to trust operations through the absorption-type split as established by the absorption-type split agreement.

7. Estimated Obligations

It was determined that Aozora will no have no issue meeting its estimated obligations once the absorption-type split is effective.

3. Company Split Cost Calculations

The above company split cost was agreed upon by both parties as a result of a mutual consultation and consideration of the transferred assets and operations.

4. Outline of Companies Involved (as of March 31, 2018)

a Name	Aozora Bank, Ltd. (Successor Company)	Aozora Trust Bank Co., Ltd. (Divesting Company)
b Location	6-1-1, Kojimachi, Chiyoda-ku, Tokyo	6-1-1, Kojimachi, Chiyoda-ku, Tokyo
c Representative Officer	President and CEO Shinsuke Baba	Representative Director Masaki Yamagata
d Operations	Bank Operations	Bank Operations, Trust Operations
e Assets	100 Billion yen	8.7 Billion yen
f Founding Date	April 1, 1957	February 28, 1994
g Stocks Issued *1	1,182,894,181	235,000
h End of Fiscal Year	March	March
i Large shareholders and percentage of shareholding *2	The Master Trust Bank of Japan, Ltd. (Trust Account) 6.38% Japan Trustee Services Bank, Ltd. (Trust Account) 5.77% Japan Trustee Services Bank, Ltd.	Aozora Bank 85.1% GMO Internet Inc. 7.45% GMO Financial Holdings Inc. 7.45%

	(Trust Account 9) 2.10%	
	Japan Trustee Services Bank, Ltd.	
	(Trust Account 5) 1.93%	
j Previous year's financial status and performance (As of March 31, 2018)		
	Aozora Bank, Ltd. (consolidated)	Aozora Trust Bank Co., Ltd. (non-consolidated)
Net Assets	420 billion yen	12.8 billion yen
Total Assets	4,586 billion yen	13.1 billion yen
Assets per share	358.61 yen	54,810.25 yen
Operating Income	134 billion yen	429 million yen
Ordinary Income	51 billion yen	- 370 million yen
Net Earnings *3	43 billion yen	- 373 million yen
Net Income per share	37.59 yen	- 1,811.20 yen

*1) Common shares as of March 31, 2017

*2) As of March 31, 2017

*3) Net earnings indicates Aozora Trust Bank's "Profit attributable to owners of parent".

Outline of Transferred Division

(1) Transferred Division's Operations

Trust Business

(2) Transferred Division's Operating Performance

Operating Income : 429 million yen

(3) Transferred Assets and Obligations (as of December 29, 2017)

Assets		Obligations	
	Book Value		Book Value
Liquid Assets	71 million yen	Debt	58 million yen
Non-liquid Assets	33 million yen	-	
Total Net Assets	105 million yen	Total Net Obligations	58 million yen

5. Post-Company Split

Assuming Aozora receives permission to handle trust operations from the relevant authorities and all other necessary procedures pertinent to other related guidelines are completed, the Bank plans to begin handling trust business operations as of the effective date. Aside from what is described above, there will be no other changes regarding the name, representative director, location, operations, assets, or accounting period, etc. of the Bank related to the absorption-type split.

6. Future estimates

The transfer will have no material effect on consolidated earnings.

(Ref.) Earnings Forecast for FY 2017 and FY2018 (Announced May 14, 2018)

	Ordinary Income	Net Income
FY 2018 Earnings Forecast	58,500million yen	43,000million yen
FY 2017 Earnings Forecast	57,984million yen	43,064million yen