

March 22, 2019

Company name: Aozora Bank, Ltd.
Name of representative: Shinsuke Baba, President and CEO
Listed exchange: TSE, Code 8304
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Aozora Announces Capital Increase to Newly Specified Subsidiary

TOKYO March 22, 2019 - Aozora Bank, Ltd. (President and CEO: Shinsuke Baba; Head Office: Tokyo) ('Aozora' or 'the Bank') announced at today's Board of Directors Meeting that it will provide a capital increase to its consolidated subsidiary GMO Aozora Net Bank (Representative Director: Masaki Yamagata; Head Office: Tokyo) ('The Net Bank') via a third party allotment of shares. Through this capital increase, the proportion of the Net Bank's capital to Aozora's capital will be more than 100 to 10, establishing the Net Bank as a specified subsidiary of Aozora.

1. Reasons for the Capital Increase

GMO Aozora Net Bank started its next-generation Internet Banking operations on July 17, 2018 with the aim of meeting new customer needs by leveraging its competitive advantage in advanced security authentication, blockchain, artificial intelligence, IoT, and new media. The Net Bank strives to be the No. 1 tech bank and plans to introduce series of products and services one-by-one over the course of its first year of operation, such as the reference system API (Application Programming Interface) it released on January 15, 2019 designed to retrieve customer account information including account balances, withdrawals and deposits. The aim of this capital increase is to provide the capital to facilitate these developments.

2. Overview of GMO Aozora Net Bank

1) Name	GMO Aozora Net Bank, Ltd.	
2) Location	26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo	
3) Representatives	Takehito Kaneko, Representative Executive Officer Masaki Yamagata, Representative Director	
4) Operations	Banking services	
5) Capital	8.751 billion yen (as of March 31, 2018)	
6) Established	February 28, 1994	
7) Ownership	Aozora Bank, Ltd. (85.1%)	
Structure	GMO Internet, Inc. (7.45%)	
(Voting Interest)	GMO Financial Holdings, Inc. (7.45%)	
8) Relationship with GMO Aozora Net Bank	Capital	GMO Aozora Net Bank is a subsidiary of Aozora Bank.
	Personnel	An executive officer of Aozora Bank serves concurrently as director of GMO Aozora Net Bank. Aozora also provides

		personnel to GMO Aozora Net Bank.		
	Transactions	Aozora conducts deposit transactions and real-estate rental transactions with GMO Aozora Net Bank.		
9) Earnings results & financial condition for the past 3 years				
Fiscal Year		FY2015	FY2016	FY2017
Total equity		6.626 billion yen	12.880 billion yen	11.714 billion yen
Total assets		6.759 billion yen	13.136 billion yen	12.155 billion yen
Total equity per share (yen)		56,394.69 yen	54,810.25 yen	49,849.46 yen
Ordinary income		0.443 billion yen	0.429 billion yen	0.441 billion yen
Ordinary profit		0.1 billion yen	-0.370 billion yen	-1.154 billion yen
Net income		0.069 billion yen	-0.373 billion yen	-1.164 billion yen
Basic net income		587.69 yen	-1,811.20 yen	-4,995.86 yen
Basic net income per share		-	-	-

3. Overview of the Capital Increase

GMO Aozora Net bank will issue the following 3 types of shares. After this capital increase, the total capital of GMO Aozora Net Bank will be 13.101 billion yen.

1. Common shares

No. of shares: 90,620 shares

Issuance amount: 5,111,874,200 yen

Underwriter: Aozora Bank 77,114 shares

GMO Internet 6,753 shares

GMO Financial Holdings 6,753 shares

2. Class A shares

No. of shares: 63,286 shares

Issuance amount: 3,569,963,260 yen

Underwriter: Aozora Bank 63,286 shares

3. Class B shares

No. of shares: 322 shares

Issuance amount: 18,164,020 yen

Underwriter: Aozora Bank 322 shares

4. Schedule

March 25, 2019	Signing of the capital increase agreement
March 25, 2019	GMO Aozora Net Bank General Shareholders' Meeting (including All Shareholders' Meeting) (scheduled)
March 27, 2019	Payment of the capital increase (scheduled)

5. Please refer to the attachment for an overview of each related party.

6. Outlook

This capital increase will only have a minor impact on Aozora's consolidated results.

Attached

Overview of Aozora Bank

1. Name	Aozora Bank, Ltd.
2. Location	6-1-1 Kojimachi, Chiyoda-Ku, Tokyo
3. Representative Officer	President and CEO, Shinsuke Baba
4. Operations	Bank Operations
5. Capital	100 Billion yen (as of December 31, 2018)
6. Founding Date	April 1, 1957
7. Total Assets	5,045.825 billion yen (as of December 31, 2018)

Overview of GMO Internet

1. Name	GMO Internet, Inc.
2. Location	26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo
3. Representative Officer	Founder and Group CEO, Masatoshi Kumagai
4. Operations	Internet infrastructure, online advertising and media, Internet securities, mobile entertainment
5. Capital	5 Billion yen (as of December 31, 2018)
6. Founding Date	May 24, 1991
7. Total Assets	752.627 billion yen (as of December 31, 2018)

Overview of GMO Financial Holdings

1. Name	GMO Financial Holdings, Inc.
2. Location	20-1 Sakuragaoka-cho, Shibuya-ku, Tokyo
3. Representative Officer	Group CEO, Hiroyasu Kito
4. Operations	Financial holding company
5. Capital	657 Million yen (as of December 31, 2018)
6. Founding Date	January 4, 2012
7. Total Assets	524.733 billion yen (as of December 31, 2018)