

Company Name: GMO Internet, Inc.  
(TSE First Section, Code: 9449)  
Address: 26-1 Sakuragaoka-cho Shibuya-ku Tokyo JAPAN  
Representative: Masatoshi Kumagai, CEO and Representative Director  
Contact: Masashi Yasuda, Chief Financial Officer  
Telephone: +81 3 5456 2555  
URL: <http://www.gmo.jp/en>

## **GMO Internet forms capital and business alliance with Aozora Bank and Aozora Trust to operate joint net bank**

GMO Internet, Inc. announced a capital and business alliance with Aozora Bank, Ltd. and Aozora Trust Bank, Ltd. regarding a joint venture Internet bank, to be operated under Aozora Trust. Effective today, the parties executed an investment agreement, a shareholder agreement, and a business alliance agreement.

### **1. Objectives of the Alliance**

Technological advancements in the IT industry have given rise to significant changes in customer behavior and society as a whole. Within the finance industry, “FinTech” has been attracting considerable attention. FinTech services leverage information technology to provide enhanced convenience in finance-related businesses, and the trend towards offering financial services that extend beyond the existing framework has gained momentum.

Currently, only a few banks in Japan provide services focused on SMEs and other small e-commerce businesses, and we believe that we can meet the needs of this customer segment through the establishment of a next-generation Internet bank offering innovative IT functions.

GMO Internet and Aozora Bank have partnered on this next-generation Internet bank with the aim of responding to the changing needs of these customers. This partnership brings together Aozora Bank Group’s extensive banking experience and risk management expertise, as well as GMO Internet Group’s knowledge and expertise in Internet technology and track record in the e-commerce market and Internet securities business. Leveraging their respective expertise, the parties will strive to further enhance each group’s business and corporate value, and contribute to the creation of added social value.

GMO Internet Group is a major player in the e-commerce market providing shopping cart and settlement agent services. The joint venture Internet bank will enable GMO Internet to create synergies with its existing businesses, providing more convenient services and expanding its new

earnings base.

Aozora Bank Group intends to take full advantage of IT in order to provide SME customers and other small business operators with cost effective banking services that lead to enhanced productivity. In addition, by offering Internet banking services targeting the smartphone user generation, the Bank will make efforts to acquire new customers, building upon its current retail customer base focused on the Bank's "Brilliant60s" senior generation customer segment.

## 2. Details of the Alliance

### (1) Overview of business alliance agreement

#### i. Internet Bank Concept

"Offer new experiences and convenience to our customers through simple and highly sophisticated services leveraging banking and IT"

- Provide SME customers and other small e-commerce businesses with cost effective and productivity enhancing banking services
- Take full advantage of IT in providing smart next-generation functions to our retail customers, and collaborate with GMO CLICK Securities, Inc. to offer attractive services integrating banking and securities
- Ensure timely development of unique services through partnerships with external FinTech companies, in addition to collaborations between GMO Internet groups and the Aozora Bank
- Leverage the latest system technology in order to provide services at a significantly reduced cost

#### ii. Commencement of operations

We will aim to commence operations during FY2017. In preparation for the scheduled launch, the Bank will set up an "Internet Bank Project Launch Office" within Aozora Trust immediately after the latter's third party allocation of shares outlined below.

#### iii. Projected expenditure for Internet bank launch

The cost for Aozora Trust to commence the Internet banking operations is an estimated 5.5 billion yen.

#### ix. Trust services provided by Aozora Trust

Aozora Trust intends to continue providing the trust services currently offered.

### (2) Capital and business alliance

Under the Alliance, Aozora Trust will implement a capital increase of 6.6 billion yen through a third party allocation of new shares. Details of this capital increase are outlined below.

Agreements under the Alliance, including the shareholders' agreement, provide for the transfer to GMO Internet of all Class A and Class B shares acquired by Aozora Bank on either the date on which GMO Internet obtains necessary authorization from the relevant authority to become a major shareholder of Aozora Trust, or 5 years from the official launch date of the Internet bank, whichever comes first. In addition, subject only to obtaining the aforementioned authorization from the relevant authority, GMO Internet may convert any class shares acquired to common shares.

Aozora Trust will issue the following 3 types of shares.

i. Common shares

No. of shares	20,580 shares
Issuance amount	1,160,917,800 yen
Underwriter	GMO Internet

ii. Class A shares

No. of shares	96,430 shares
Issuance amount	5,439,616,300 yen
Underwriter	Aozora Bank

iii. Class B shares

No. of shares	490 shares
Issuance amount	27,640,900 yen
Underwriter	Aozora Bank

The ratio of voting rights after the capital increase will be as follows, on assumption that GMO Internet acquires all relevant class shares from Aozora Bank and exercises its right to convert said shares to common shares. In accordance with the agreements under the Alliance, including the shareholders' agreement, GMO Internet intends to transfer a portion of common shares acquired from the capital increase to its subsidiary, GMO CLICK Holdings, Inc., after the latter completes necessary procedures. In the event of such transfer, GMO Internet voting rights would change accordingly.

	Current	After capital increase	After GMO Internet acquires Class A shares and converts to common shares	After GMO Internet acquires Class A and Class B shares and converts to common shares
Aozora	100.0%	85.1%	50.1%	50.0%
GMO	0.0%	14.9%	49.9%	50.0%

### 3. Schedule

June 24, 2016	Signing of investment agreement, shareholder's agreement, and business alliance
June 29, 2016	Payment date for newly issued shares, Alliance commencement (scheduled)

FY2017	Internet bank launch (scheduled)
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#### 4. Outlook

In the event that the company expects the execution of the agreement to impact consolidated earnings, details will be announced promptly.

(For Reference)

Overview of Aozora Bank

(1) Name	Aozora Bank, Ltd.																					
(2) Location	3-1 Kudan-Minami 1-chome, Chiyoda-ku, Tokyo																					
(3) Representative	Shinsuke Baba, President and CEO																					
(4) Operations	Banking services																					
(5) Capital	100 billion yen (As of March 31, 2016)																					
(6) Established	April 1, 1957																					
(7) Major shareholders; % of outstanding shares (As of March 31, 2016)	<table border="0"> <tr> <td>The Master Trust Bank of Japan, Ltd.(Trust Account)</td> <td>5.72%</td> </tr> <tr> <td>Japan Trustee Service Bank, Ltd.(Trust Account)</td> <td>5.44%</td> </tr> <tr> <td>ORIX Bank Corporation(Trust Account 5200011)</td> <td>2.31%</td> </tr> <tr> <td>STATE STREET BANK WEST CLIENT-TREATY</td> <td>2.18%</td> </tr> <tr> <td>Japan Trustee Service Bank, Ltd.(Trust Account 9)</td> <td>2.11%</td> </tr> <tr> <td>STATE STREET BANK AND TRUST COMPANYJPMORGAN CHASE BANK 380055</td> <td>1.58%</td> </tr> <tr> <td>Japan Trustee Service Bank, Ltd.(Trust Account 7)</td> <td>1.39%</td> </tr> <tr> <td>Japan Trustee Service Bank, Ltd.(Trust Account 4)</td> <td>1.34%</td> </tr> <tr> <td>Japan Trustee Service Bank, Ltd.(Trust Account 1)</td> <td>1.22%</td> </tr> <tr> <td>Japan Trustee Service Bank, Ltd.(Trust Account 1)</td> <td>1.11%</td> </tr> </table>		The Master Trust Bank of Japan, Ltd.(Trust Account)	5.72%	Japan Trustee Service Bank, Ltd.(Trust Account)	5.44%	ORIX Bank Corporation(Trust Account 5200011)	2.31%	STATE STREET BANK WEST CLIENT-TREATY	2.18%	Japan Trustee Service Bank, Ltd.(Trust Account 9)	2.11%	STATE STREET BANK AND TRUST COMPANYJPMORGAN CHASE BANK 380055	1.58%	Japan Trustee Service Bank, Ltd.(Trust Account 7)	1.39%	Japan Trustee Service Bank, Ltd.(Trust Account 4)	1.34%	Japan Trustee Service Bank, Ltd.(Trust Account 1)	1.22%	Japan Trustee Service Bank, Ltd.(Trust Account 1)	1.11%
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(8) Reportable Related Party	Capital	None																				

Relationships	Personnel	None
	Transactions	Aozora Bank conducts banking Transaction with GMO Internet
	Related party	Not applicable

(9) Earnings results & financial condition (consolidated; million yen)

Fiscal Year	FY2013	FY2014	FY2015
Net assets	516,038	567,414	405,498
Total assets	4,805,439	4,924,472	4,592,921
Total equity per share (yen)	292.83	336.83	346.83
Ordinary income	131,834	130,035	124,054
Ordinary profit	52,186	59,671	55,721
Net income	40,559	42,328	43,689
Basic net income per share (yen)	34.87	36.19	37.29
Dividends per share (yen)	14.50	14.90	18.60

Overview of Aozora Trust Bank

(1) Name	Aozora Trust Bank, Ltd.		
(2) Location	3-1 Kudan-Minami 1-chome, Chiyoda-ku, Tokyo		
(3) Representative	Masaki Yamagata, Director and President		
(4) Operations	Banking, trust services		
(5) Capital	5.437 billion yen (As of March 31, 2016)		
(6) Established	February 28, 1994		
(7) Major shareholders; % of outstanding shares (As of March 31, 2016)	Aozora Bank 100.0%		
(8) Reportable Related Party Relationships	Capital	None	
	Personnel	None	
	Transactions	None	
	Related party	None	
(9) Earnings results & financial condition (consolidated; million yen)			
Fiscal Year	FY2013	FY2014	FY2015

Net assets	6,584	6,555	6,626
Total assets	6,673	6,634	6,750
Total equity per share (yen)	56,037.03	55,791.33	56,394.69
Ordinary income	358	318	443
Ordinary profit	13	△21	100
Net income	10	△33	69
Basic net income per share (yen)	91.23	△280.88	587.69
Dividends per share (yen)	-	-	-