

FY2021 Interim Financial Results Overview

November 12, 2021



Interim Financial Highlights

**Interim results were strong both compared to the previous year and the full-year forecast.
Results for 2Q represented over 25% of the full-year forecast**

Net revenue

52.4 billion yen

(7.3 billion yen increase year-on-year, progress rate: 54%)

Business profit

25.7 billion yen

(6.6 billion yen increase year-on-year, progress rate: 60%)

Profit attributable to owners of parent

19.4 billion yen

(4.3 billion yen increase year-on-year, progress rate: 65%)

Key points

- ◆ **Non-interest income increased significantly compared to the previous year and was a major driver of net revenue growth**
- ◆ **The Bank continued to promote its Strategic Investments Business. Strong earnings were generated mainly from buyout finance, private equity and GMO Aozora Net Bank**
- ◆ **Business profit increased by 35% compared to the previous year in part due to contributions from gains associated with the Bank's equity method investment in Orient Commercial Joint Stock Bank**
- ◆ **Credit-related expenses for the interim period were a net reversal**
- ◆ **Profit attributable to owners of parent represented progress of 65% of the full-year forecast and no significant gains/losses on stock transactions were recorded**

Dividend for 2Q: 32 yen per common share (25% of the full-year dividend forecast of 128 yen)

(Note) Unless otherwise stated, all amounts stated in 1 billion yen have been rounded down to the nearest 0.1 billion yen.
In addition, "1Q" refers to the period from April to June, while "2Q" refers to the period from July to September.

PL summary

- ◆ Interim results were strong both compared to the previous year and the full-year forecast. Results for 2Q represented over 25% of the full-year forecast
 - Growth in non-interest income offset the slight year-on-year decline in net interest income due to a strong level of customer-related transactions
 - G&A expenses represented 49% of the full-year budget as the Bank continued its focus on cost control
 - Credit-related expenses were a net reversal of 0.4 billion yen for the interim period. No significant gains/losses on stock transactions were recorded in the first half

	FY2020 Interim A	FY2021		Interim B	Change B - A		FY2021 Full-year Forecast	Progress
		Apr. - Jun.	Jul. - Sep.		Amount	%		
(billion yen)								
Net revenue	45.0	26.7	25.6	52.4	+7.3	+16.4%	97.0	54%
Net interest income	25.5	11.8	12.8	24.6	-0.8			
Non-interest income	19.5	14.9	12.8	27.7	+8.1			
General & administrative expenses	-26.0	-13.8	-14.0	-27.9	-1.8			
Gains/losses on equity method investments	-	0.5	0.6	1.2	+1.2			
Business profit	19.0	13.4	12.2	25.7	+6.6	+35.2%	42.5	60%
Credit-related expenses	-0.1	2.0	-1.5	0.4	+0.5			
Gains/losses on stock transactions	1.1	0.0	0.0	0.0	-1.1			
Ordinary profit	18.9	15.6	10.8	26.4	+7.5	+39.9%	42.5	62%
Extraordinary profit/loss	-0.0	-	-0.1	-0.1	-0.1			
Profit before income taxes	18.9	15.6	10.6	26.3	+7.3	+38.9%		
Taxes	-4.9	-4.4	-3.1	-7.6	-2.7			
Gains/losses attributable to non-controlling interests	1.1	0.3	0.4	0.8	-0.3			
Profit attributable to owners of parent	15.1	11.5	7.8	19.4	+4.3	+28.5%	30.0	65%

Net interest income

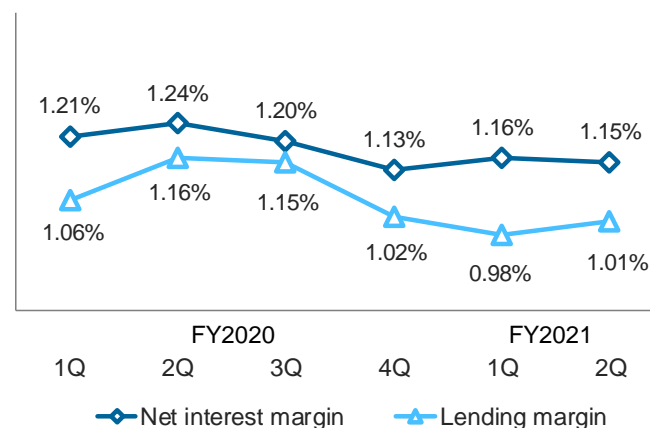
- ◆ Net interest income decreased by 0.8 billion yen year-on-year mainly due to lower interest and dividends on securities as a result of a lower level of foreign currency ETF investments
 - Net interest income increased by 0.9 billion yen in 2Q compared to 1Q primarily due to higher loan outstandings, mainly driven by domestic LBO finance, as well as a higher yield on securities
- ◆ While the net interest margin narrowed by 12 bps year-on-year, it increased by 3 bps in 2Q compared to 1Q

(billion yen)	FY2020	FY2021		Interim B	Change B - A
	Interim A	Apr. - Jun.	Jul. - Sep.		
Net interest income	25.5	11.8	12.8	24.6	-0.8
Interest income	35.4	15.6	16.1	31.8	-3.6
Interest on loans and discounts	24.3	10.8	10.9	21.7	-2.6
Interest and dividends on securities	10.6	4.5	4.9	9.5	-1.1
Other interest income	0.4	0.2	0.2	0.5	+0.0
Interest expenses	-9.9	-3.7	-3.3	-7.1	+2.8
Interest on deposits and NCDs	-2.9	-1.4	-1.4	-2.8	+0.0
Interest on debentures and bonds	-1.1	-0.6	-0.5	-1.1	-0.0
Interest on borrowings and rediscount	-1.1	-0.3	-0.2	-0.6	+0.5
Other interest expenses	-1.1	-0.2	-0.1	-0.3	+0.7
Interest on swaps	-3.6	-1.0	-0.9	-2.0	+1.5

(Note) Decreases in expenses are shown as positive.

	FY2020	FY2021		Interim B	Change B - A
	Interim A	Apr. - Jun.	Jul. - Sep.		
Yield on total investments (A)	1.52%	1.26%	1.26%	1.26%	-0.26%
Yield on loans (B)	1.64%	1.44%	1.40%	1.42%	-0.22%
Yield on securities	1.93%	1.32%	1.52%	1.42%	-0.51%
Yield on funding (C)	0.41%	0.28%	0.25%	0.27%	-0.14%
Net interest margin (A)-(C)	1.11%	0.98%	1.01%	0.99%	-0.12%
Lending margin (B)-(C)	1.23%	1.16%	1.15%	1.15%	-0.08%

Net interest margin and lending margin



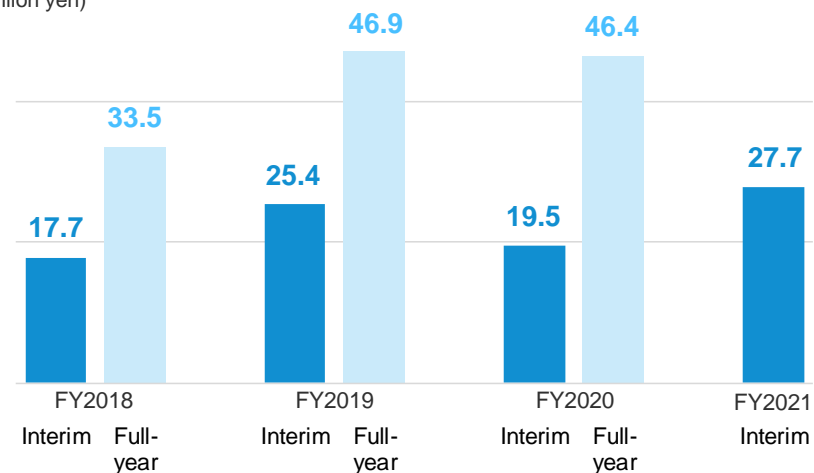
Non-interest income

- ◆ Non-interest income was 27.7 billion yen, an increase of 8.1 billion yen year-on-year
 - Net fees and commissions, net trading revenues, and net other ordinary income (excl. gains/losses on bond transactions) all increased year-on-year mainly due to strong customer-related transactions
 - Gains/losses on bond transactions were 5.4 billion yen (compared to 10.9 billion yen in FY2020). The ratio of gains/losses on bond transactions to net revenue declined to 10%

(billion yen)	FY2020	FY2021		Interim B	Change B - A
	Interim A	Apr. - Jun.	Jul. - Sep.		
Non-interest income	19.5	14.9	12.8	27.7	+8.1
Net fees and commissions	4.9	2.4	4.3	6.7	+1.8
Net trading revenues	2.2	6.4	1.5	8.0	+5.7
Gains/losses on bond transactions	10.9	1.5	3.9	5.4	-5.5
Net other ordinary income excl. gains/losses on bond transactions	1.4	4.5	2.9	7.4	+6.0
Incl. Gains from limited partnerships	3.1	3.5	1.7	5.3	+2.2
(Ref.) Ratio of gains/losses on bond transactions to net revenue	24%	-	-	10%	

Non-interest income

(billion yen)



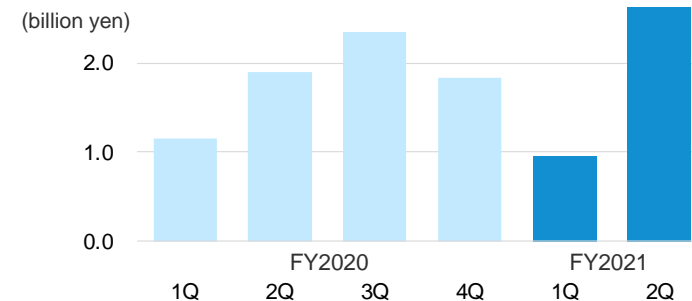
Non-interest income – Net fees and commissions / Net trading revenues

- ◆ Net fees and commissions were 6.7 billion yen, an increase of 1.8 billion yen compared to the previous year
 - Loan-related fee income increased significantly in 2Q, mainly as a result of LBO finance activity
 - Other net fees and commissions were strong, mainly due to increased GMO Aozora Net Bank and M&A-related fee income
- ◆ Net trading revenues were a gain of 8.0 billion yen, 5.7 billion yen higher when compared with last year
 - While earnings from the sale of structured bonds to retail customers in 2Q decreased compared to 1Q, the overall result for the interim period was an increase year-on-year

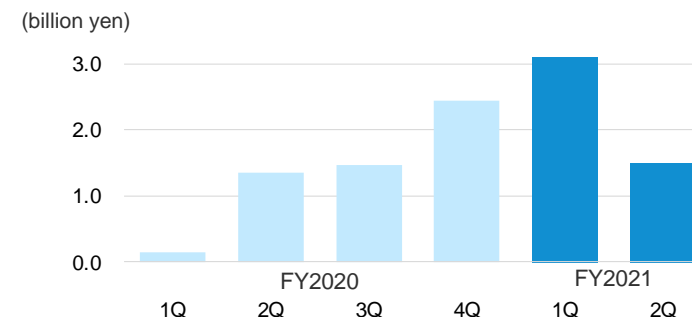
(billion yen)	FY2020	FY2021		Interim B	Change B - A
	Interim A	Apr. - Jun.	Jul. - Sep.		
Net fees and commissions	4.9	2.4	4.3	6.7	+1.8
Fees and commissions received	5.9	3.2	5.2	8.5	+2.5
Loan business-related and deposits	3.2	1.0	2.7	3.7	+0.4
Securities-related and agency	1.4	0.7	0.9	1.7	+0.3
Other	1.3	1.4	1.6	3.0	+1.7
Fees and commissions payments	-1.0	-0.8	-0.9	-1.7	-0.6
Net trading revenues	2.2	6.4	1.5	8.0	+5.7
Earnings from investment product sales					
Earnings from investment product sales	1.5	3.1	1.5	4.6	+3.1
Investment trusts	0.3	0.3	0.4	0.7	+0.3
Insurance	0.0	0.0	0.0	0.0	-0.0
Structured bonds	1.0	2.7	1.0	3.8	+2.7

(Note) Earnings from the sale of investment trusts and insurance are included in net fees and commissions. Earnings from the sale of structured bonds are included in net trading revenues.

Loan-related fee income



Earnings from investment product sales

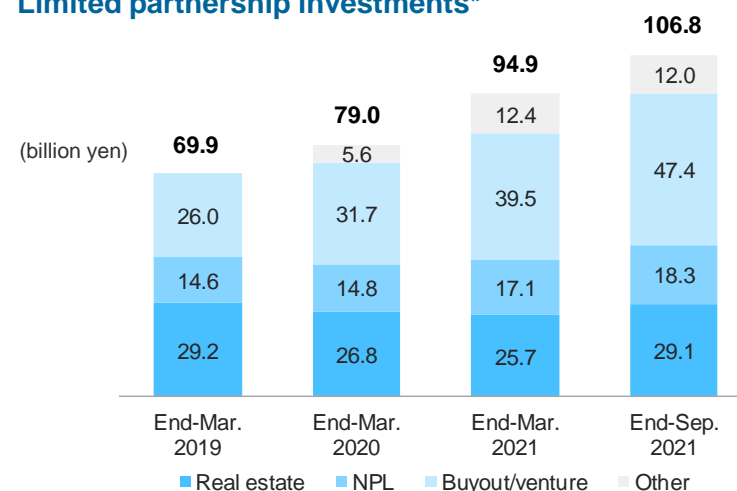


Non-interest income – Net other ordinary income

- ◆ Gains/losses on bond transactions were a gain of 5.4 billion yen, compared with a gain of 10.9 billion yen in FY2020
- ◆ Net other ordinary income (excl. gains/losses on bond transactions) was 7.4 billion yen, an increase of 6.0 billion yen year-on-year
 - Limited partnership investments, largely buyout/venture-related, grew as a result of an increased focus on the Strategic Investments Business. Gains from limited partnerships increased by 2.2 billion yen in the interim period compared to the previous year as a result of strong distressed loan-related and buyout-related gains, while decreasing in 2Q compared to 1Q

(billion yen)	FY2020 Interim A	FY2021		Interim B	Change B - A
		Apr. - Jun.	Jul. - Sep.		
Gains/losses on bond transactions	10.9	1.5	3.9	5.4	-5.5
Japanese government bonds (JGBs)	-	0.0	0.0	0.1	+0.1
Foreign government bonds and mortgage bonds	8.4	-1.0	0.8	-0.2	-8.7
Other	2.4	2.4	3.0	5.5	+3.0
Incl. Private placement investment trusts	1.4	1.3	2.0	3.3	+1.8
Incl. REITs	1.0	0.4	0.8	1.3	+0.2
Incl. Foreign currency ETFs	-0.0	-	-	-	+0.0
Net other ordinary income excl. gains/losses on bond transactions	1.4	4.5	2.9	7.4	+6.0
Incl. Gains from limited partnerships	3.1	3.5	1.7	5.3	+2.2
Real estate-related	0.6	0.1	0.2	0.3	-0.2
Distressed loan-related	1.3	2.0	0.6	2.7	+1.3
Buyout/venture-related	0.8	1.1	0.6	1.7	+0.9
Other	0.2	0.2	0.1	0.4	+0.1

Limited partnership investments*



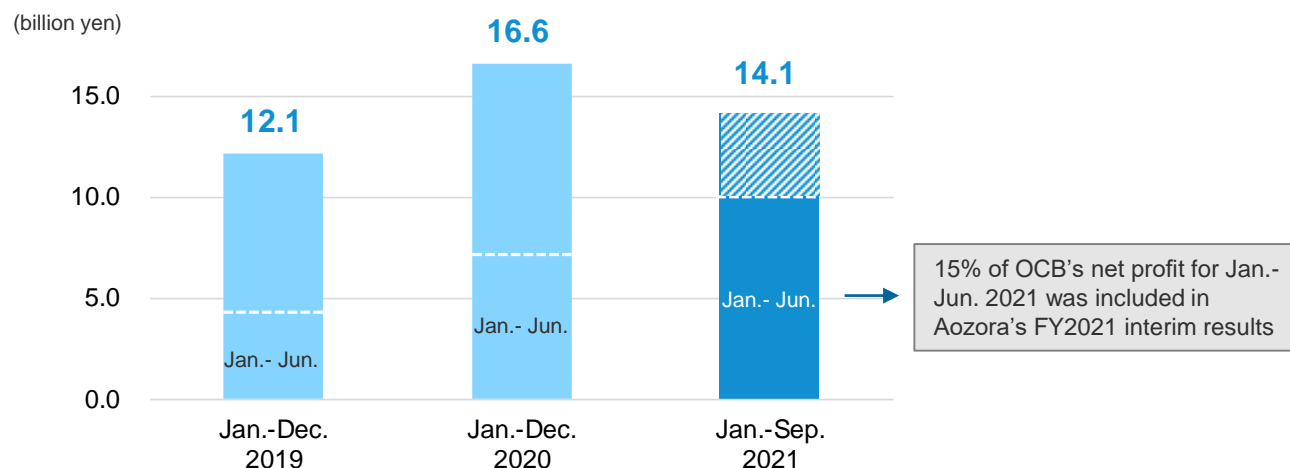
* Management accounting basis

Gains/losses on equity method investments/stock transactions

- ◆ Gains/losses on equity method investments were a net gain of 1.2 billion yen
 - Orient Commercial Joint Stock Bank's (OCB) net profit for January to June 2021 was included in Aozora's interim earnings
- ◆ No significant gains/losses on stock transactions were recorded in the first half of FY2021

(billion yen)	FY2020	FY2021			Change B - A
	Interim A	Apr. - Jun.	Jul. - Sep.	Interim B	
Gains/losses on equity method investments	-	0.5	0.6	1.2	+1.2
Gains/losses on stock transactions	1.1	0.0	0.0	0.0	-1.1

OCB Net profit*



* Taken from OCB's website. Uses an exchange rate of 0.0047 yen per 1 Vietnamese dong

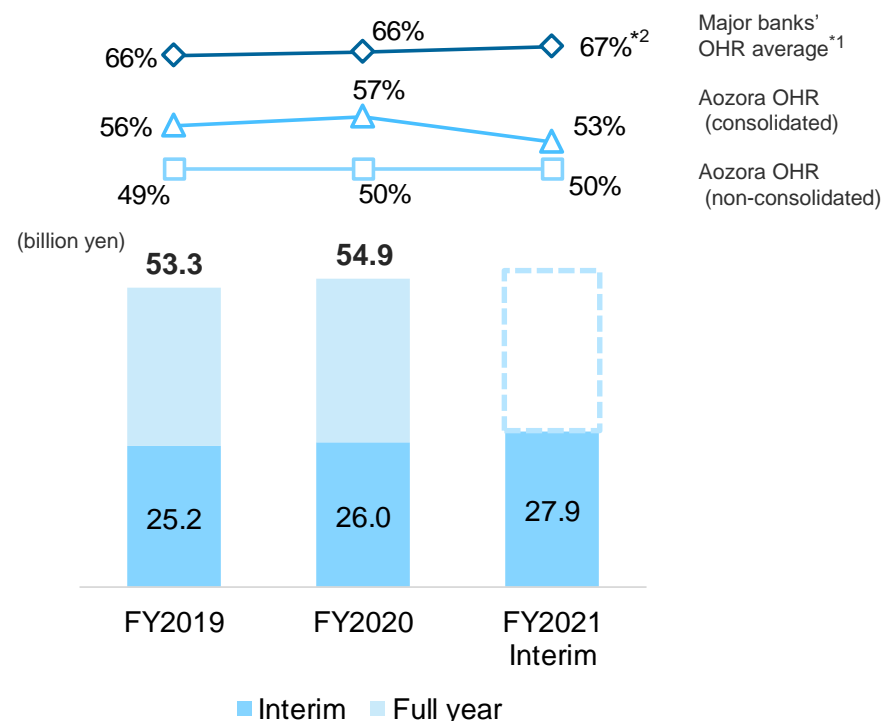
G&A expenses

- ◆ G&A expenses were 27.9 billion yen, an increase of 1.8 billion yen year-on-year, which represented 49% of the full-year budget as the Bank continued its focus on cost control
 - Personnel expenses increased, mainly due to the commencement of operations at our New York-based subsidiary as well as IT-related expenses largely focused on the Bank's retail and financial markets areas
- ◆ The Overhead Ratio (OHR) was 53% on a consolidated basis and 50% on a non-consolidated basis, reflecting the strong level of net revenue

G&A expenses breakdown

	FY2020 Interim A	FY2021		Interim B	Change B - A
		Apr. - Jun.	Jul. - Sep.		
(billion yen)					
G&A expenses (A)	26.0	13.8	14.0	27.9	+1.8
Personnel	12.2	6.3	6.7	13.1	+0.8
Non-Personnel	12.1	6.4	6.5	12.9	+0.8
Incl. IT-related	4.7	2.5	2.7	5.3	+0.6
Tax	1.6	1.1	0.7	1.9	+0.2
Net revenue (B)	45.0	26.7	25.6	52.4	
OHR (A) / (B)	58%	-	-	53%	
OHR (non-consolidated)	47%	-	-	50%	

G&A expenses and OHR



*1 Major banks refers to MUFG, SMFG, Mizuho FG, Resona HD, Sumitomo Mitsui Trust HD and Shinsei

*2 1Q FY2021

Credit-related expenses

- ◆ Credit-related expenses were a net reversal of 0.4 billion yen, compared to a net expense of 0.1 billion yen in the previous year
 - Credit-related expenses were a net expense of 1.5 billion yen in 2Q mainly as a result of incremental provisions to general loan loss reserves due to a higher level of loan outstandings, including LBO finance transactions
- ◆ The ratio of loan loss reserves to total loans remained adequate at 1.54%
 - The ratio of loan loss reserves to overseas loans was approximately 2.3%

(billion yen)	FY2020	FY2021		Interim B	Change B - A
	Interim A	Apr. - Jun.	Jul. - Sep.		
Credit-related expenses	-0.1	2.0	-1.5	0.4	+0.5
Write-off of loans	-0.4	-0.4	-0.2	-0.6	-0.2
Loan loss reserves	2.3	2.3	-1.3	0.9	-1.3
Specific loan loss reserves	0.6	-1.4	0.2	-1.1	-1.8
General loan loss reserves	1.7	3.8	-1.6	2.1	+0.4
Gains/losses on disposition of loans	-2.2	-	-0.0	-0.0	+2.2
Recoveries of written-off claims	0.0	0.1	0.0	0.1	+0.0
Reserve for credit losses on off-balance-sheet instruments	0.1	-0.0	0.0	0.0	-0.1

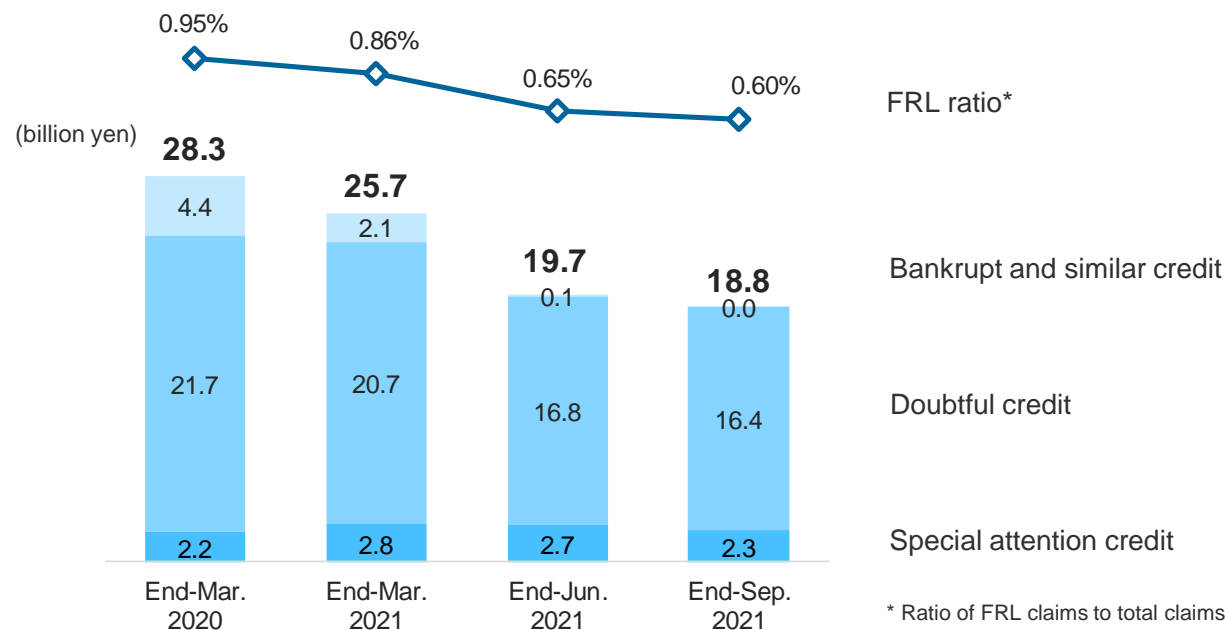
Ratio of loan loss reserves to total loans

(billion yen)	End - Mar. 2021	End - Jun. 2021	End - Sep. 2021
Loan loss reserves (A)	50.8	47.0	48.5
General loan loss reserves (B)	40.1	36.3	37.9
Total loans (C)	2,948.8	2,966.0	3,144.7
(A) / (C)	1.72%	1.58%	1.54%
(B) / (C)	1.36%	1.22%	1.20%

Financial Reconstruction Law (FRL) claims (non-consolidated)

◆ The ratio of FRL claims to total claims was 0.60%, a decrease of 0.26% from March 31, 2021

➤ FRL claims decreased by 6.9 billion yen compared to March 31, 2021 mainly due to progress in the work-out of non-performing loans



(billion yen)	End - Mar. 2020	End - Mar. 2021	End - Jun. 2021	End - Sep. 2021
Total claims	2,979.8	2,964.2	2,988.9	3,133.0
FRL claims (A)	28.3	25.7	19.7	18.8
Coverage (B)	27.5	22.8	18.4	17.9
Reserves	15.2	12.2	12.2	12.0
Collateral & guarantees	12.3	10.6	6.1	5.8
Coverage ratio (B) / (A)	97%	89%	93%	95%

Balance sheet summary

◆ Total assets were 6,074.9 billion yen, an increase of 158.0 billion yen compared to March 31, 2021. Total net assets were 516.4 billion yen, representing an increase of 26.4 billion yen from March 31, 2021

(billion yen)	End - Mar. 2021 A	End - Jun. 2021	End - Sep. 2021 B	Change B - A
Loans and bills discounted	2,948.8	2,966.0	3,144.7	+195.9
Securities	1,393.3	1,404.1	1,347.1	-46.2
Cash and due from banks	950.1	1,010.2	942.2	-7.8
Trading assets	154.6	137.5	113.8	-40.8
Other	469.9	546.0	526.9	+57.0
Total assets	5,916.8	6,064.0	6,074.9	+158.0

(billion yen)	End - Mar. 2021 A	End - Jun. 2021	End - Sep. 2021 B	Change B - A
Deposits / Negotiable certificates of deposit	4,012.5	4,253.9	4,358.8	+346.3
Bonds	198.3	185.2	178.2	-20.1
Borrowed money	349.7	353.0	340.2	-9.5
Payables under securities lending transactions	431.6	379.7	325.6	-105.9
Trading liabilities	140.4	119.1	102.0	-38.4
Other	294.0	260.7	253.5	-40.5
Total liabilities	5,426.8	5,551.9	5,558.4	+131.6
Total net assets	490.0	512.1	516.4	+26.4
Total liabilities and net assets	5,916.8	6,064.0	6,074.9	+158.0

Loans – Balance by industry

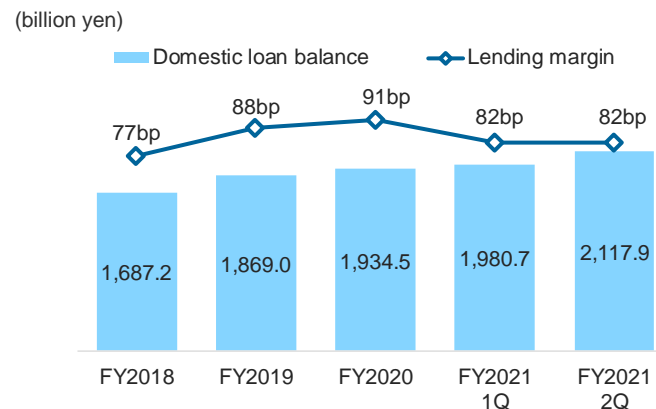
◆ Loans were 3,144.7 billion yen, an increase of 195.9 billion yen compared to March 31, 2021. Domestic loans increased by 183.3 billion yen

(billion yen)	End - Mar. 2021 A	End - Jun. 2021	End - Sep. 2021 B	Change B - A
Total loans (A)	2,948.8	2,966.0	3,144.7	+195.9
Domestic loans	1,934.5	1,980.7	2,117.9	+183.3
Overseas loans *(B)	1,014.2	985.3	1,026.8	+12.6
(B) / (A)	34.4%	33.2%	32.7%	-

* With no final risk residing in Japan

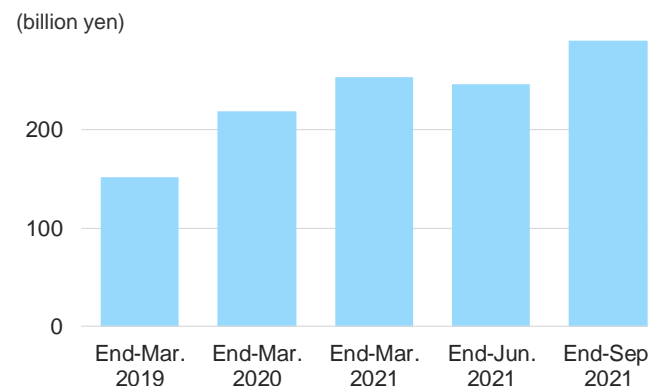
					Share
Loans by domestic offices (excl. Japan offshore market accounts)	2,329.3	2,354.8	2,487.5	+158.1	79%
Manufacturing	212.2	201.2	216.4	+4.1	7%
Information and communications	113.1	110.8	87.1	-25.9	3%
Transport, postal services	35.7	34.6	35.5	-0.2	1%
Wholesale and retail sale	71.8	70.1	76.3	+4.4	2%
Financial and insurance	363.5	369.5	370.1	+6.5	12%
Real estate	626.0	643.0	677.1	+51.0	22%
Incl. Non-recourse loans	342.8	349.4	357.6	+14.7	11%
Leasing	75.7	79.4	92.2	+16.5	3%
Other services	186.0	175.6	180.0	-5.9	6%
Other	644.8	670.2	752.4	+107.5	24%
Incl. Overseas (Headquarters booked)	421.4	398.1	397.1	-24.3	13%
Loans by overseas offices incl. Japan offshore market accounts	619.4	611.2	657.2	+37.7	21%
Total	2,948.8	2,966.0	3,144.7	+195.9	100%

Domestic loan balance and lending margin



* Management accounting basis.
Loan balances are presented as of the end of the relevant fiscal period

LBO finance and project finance balances*



* Related to domestic corporate business (internal management basis)

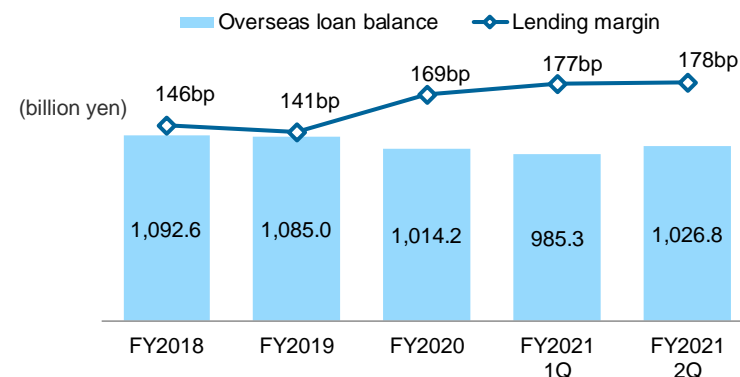
Loans - Overseas

- ◆ Overseas loans were 1,026.8 billion yen, an increase of 12.6 billion yen from March 31, 2021 (an increase of 11 million on a U.S. dollar-basis)
 - Overseas loans increased by 41.5 billion yen from June 30, 2021 (an increase of 259 million on a U.S. dollar-basis) as a result of the origination of new loans in 2Q

	(billion yen)	End - Mar. 2021 A	End - Jun. 2021	End - Sep. 2021 B	Change B - A
Total loans	(A)	2,948.8	2,966.0	3,144.7	+195.9
Overseas loans*	(B)	1,014.2	985.3	1,026.8	+12.6
	(B) / (A)	34.4%	33.2%	32.7%	-
U.S. dollar basis (\$ million)		9,160	8,912	9,172	+11
Foreign exchange rate (US\$/JPY)		¥110.72	¥110.55	¥111.95	¥1.23

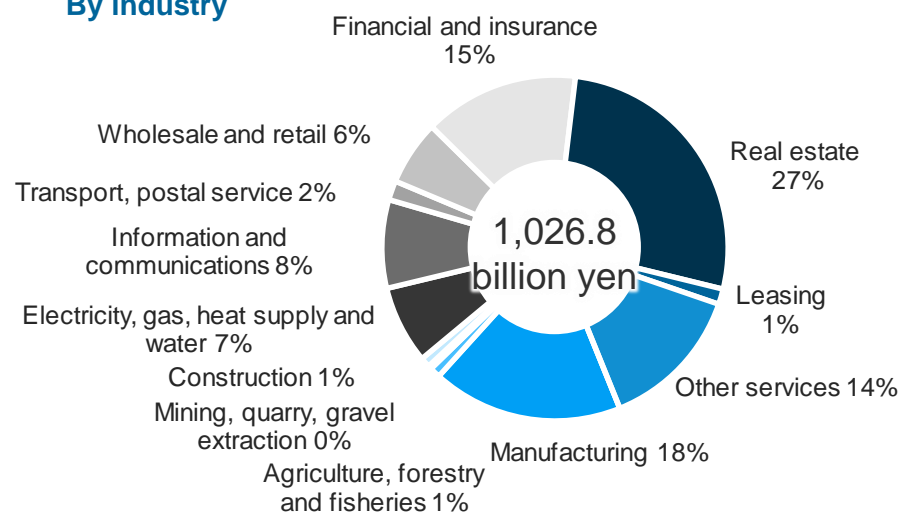
* With no final risk residing in Japan

Overseas loan balance and lending margin

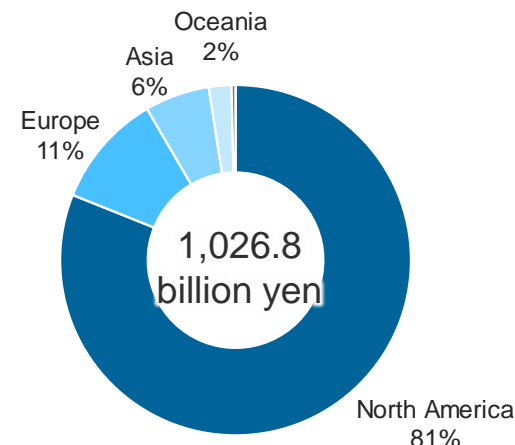


- Management accounting basis.
Loan balances are presented as of the end of the relevant fiscal period

By industry



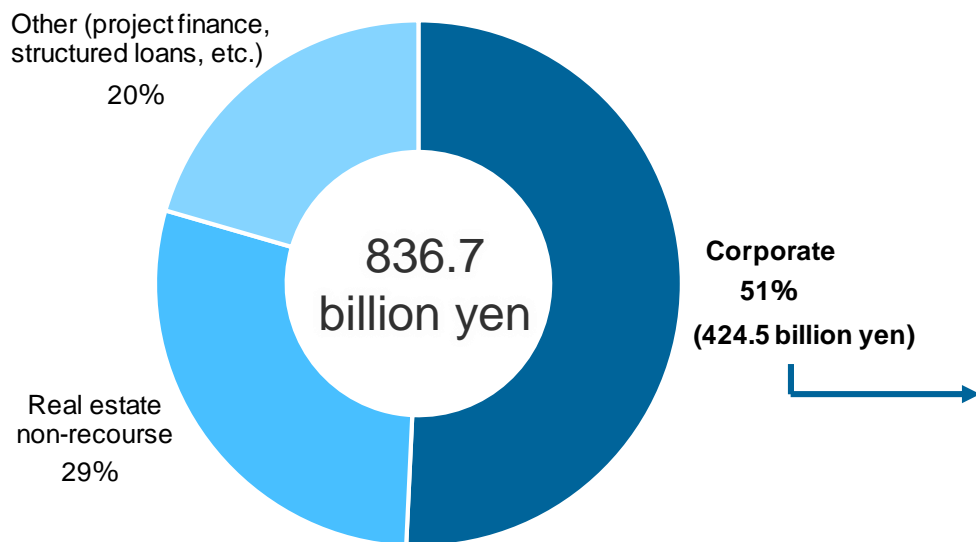
By region



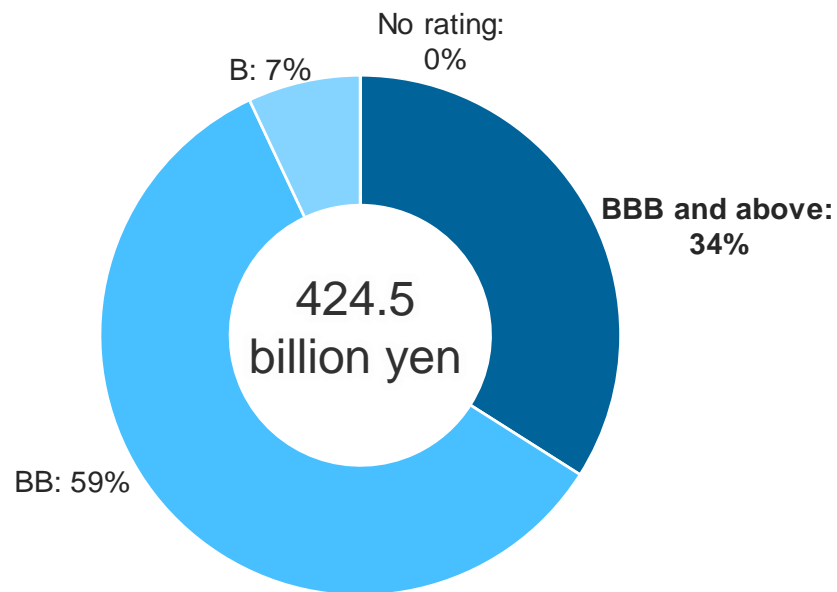
Loans – North American corporate loans

- ◆ The Bank's North American corporate loan balances totaled 424.5 billion yen, an increase of 22.6 billion yen compared to March 31, 2021
 - While loan balances decreased in 1Q mainly due to prepayments, they increased by 32.5 billion yen as of September 30, 2021 compared to June 30, 2021 as the Bank continued to originate new loans in 2Q
 - The proportion of BBB and above rated loans was 34%, an increase of 3% compared to March 31, 2021

North American loan portfolio summary



North American corporate loans by credit rating*



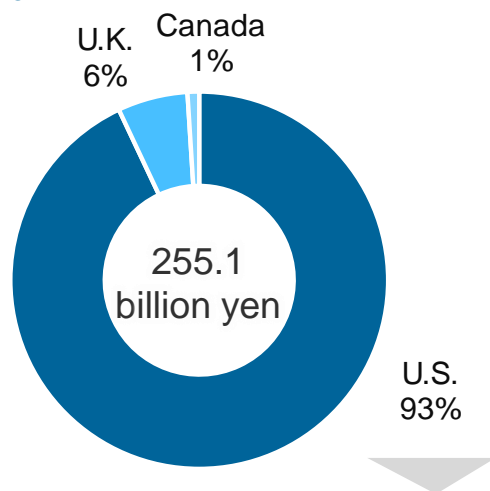
* S&P credit rating (facility basis)

Loans – Overseas Real Estate Non-Recourse Loans (NRLs)

◆ Loan balances decreased by 14.1 billion yen compared to March 31, 2021

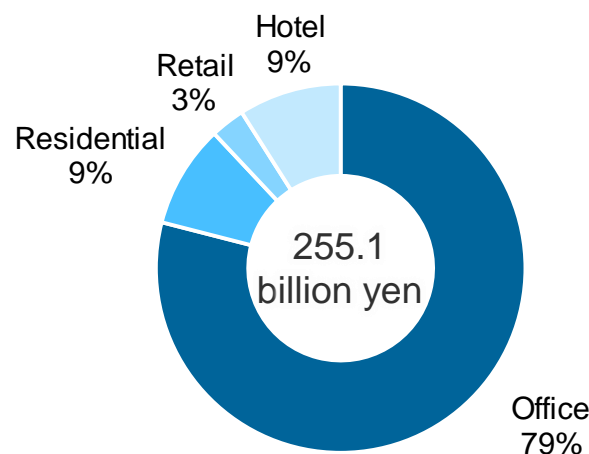
- While overseas real estate non-recourse loans experienced an increase in repayment activity in large measure due to recovery in U.S. real estate markets, loan balances increased by 2.5 billion yen compared to June 30, 2021 as the Bank continued to focus on the selective origination of new loans

By region



City	%
New York	29%
Los Angeles	12%
Washington, D.C.	11%
Chicago	8%
Atlanta	6%
San Francisco	5%
Miami	4%
Minneapolis	4%
Philadelphia	3%
Arlington	3%
Other (10 cities)	15%

By sector



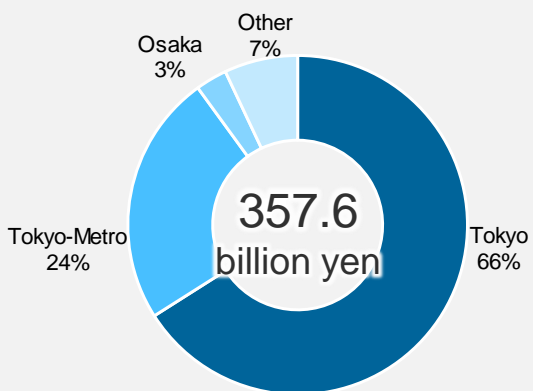
Overseas real estate NRL policy

- ◆ Senior secured loans only. No mezzanine or construction loans
- ◆ Loans arranged via sponsors with excellent management ability and banks with proven track records
- ◆ Loans with LTVs below 65% at time of approval according to an evaluation by a U.S.-based appraisal office (third-party evaluation)

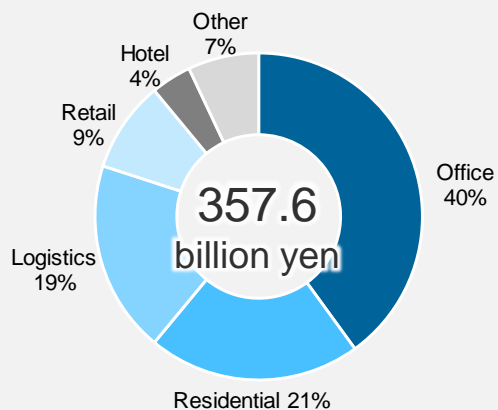
Loans – Domestic Real Estate Non-Recourse Loans (NRL)

- ◆ The Bank's domestic real estate non-recourse loan balance was 357.6 billion yen, an increase of 14.7 billion yen compared to March 31, 2021
 - Office loans decreased by 3% and hotel loans decreased by 2% compared to March 31, 2021, while the percentage of logistics loans increased by 3% during the same period

By region

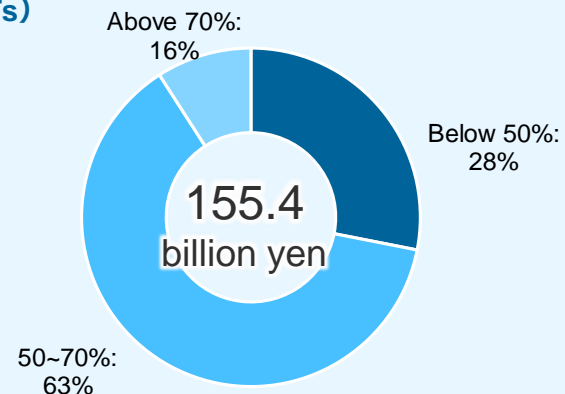


By sector

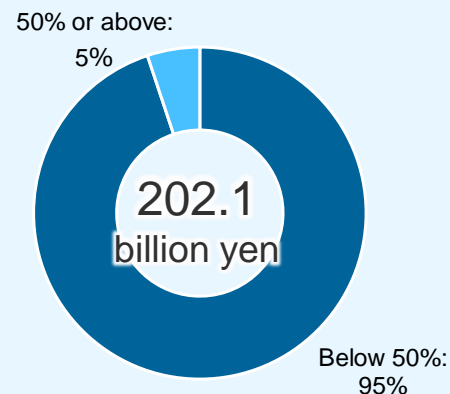


LTV

Real estate NRLs (excl. REITs)



REITs

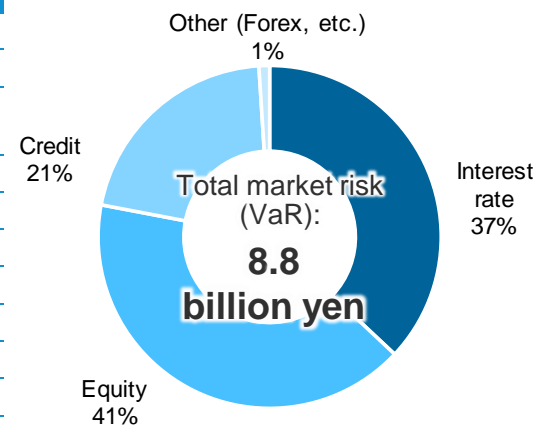


Securities

- ◆ Securities were 1,347.1 billion yen, a decrease of 46.2 billion yen compared to March 31, 2021
 - U.S. government bonds and U.S. mortgage-backed securities decreased in 2Q as in 1Q in response to U.S. interest rate trends
- ◆ Unrealized gains, including unrealized gains/losses on hedging instruments, were a net gain of 58.6 billion yen, an improvement of 15.8 billion yen from March 31, 2021

(billion yen)	Book value				Unrealized gains/losses			
	End - Mar. 2021 A	End - Jun. 2021	End - Sep. 2021 B	Change B - A	End - Mar. 2021 C	End - Jun. 2021	End - Sep. 2021 D	Change D - C
JGBs	37.7	40.0	37.5	-0.2	0.2	0.4	0.3	+0.0
Municipal bonds	145.1	163.5	163.1	+17.9	-0.3	0.0	0.0	+0.3
Corporate bonds / short-term corporate bonds	117.8	134.8	136.2	+18.4	0.9	1.1	0.9	+0.0
Equities	27.4	28.9	33.4	+6.0	20.4	21.3	26.4	+5.9
Foreign bonds	600.5	554.1	481.5	-119.0	-4.5	1.7	0.1	+4.7
Foreign government bonds	283.2	244.5	211.2	-71.9	-3.3	0.6	-0.0	+3.2
MBS	213.8	210.4	174.7	-39.0	-4.7	-2.4	-3.1	+1.5
Other	103.4	99.1	95.4	-7.9	3.5	3.6	3.4	-0.0
Other securities	464.6	482.6	495.2	+30.6	26.6	35.8	32.5	+5.8
ETFs	164.5	168.0	168.3	+3.7	-0.9	2.8	0.9	+1.9
Investments in limited partnerships	94.9	99.7	106.8	+11.9	2.6	3.1	2.9	+0.3
REITs	72.7	77.0	78.5	+5.7	8.3	11.3	9.1	+0.7
Investment trusts	103.1	103.9	106.1	+2.9	11.2	12.5	12.5	+1.3
Other	29.2	34.0	35.4	+6.1	5.3	6.0	6.9	+1.5
Total	1,393.3	1,404.1	1,347.1	-46.2	43.4	60.6	60.5	+17.0
Unrealized gains, incl. unrealized gains/losses on hedging instruments					42.8	60.0	58.6	+15.8

Market risk (VaR)



U.S. dollar interest rate risk (10BPV)

Mar. 31, 2021:	-3.5 billion yen
Jun. 30, 2021:	-2.9 billion yen
Sep. 30, 2021:	-2.6 billion yen

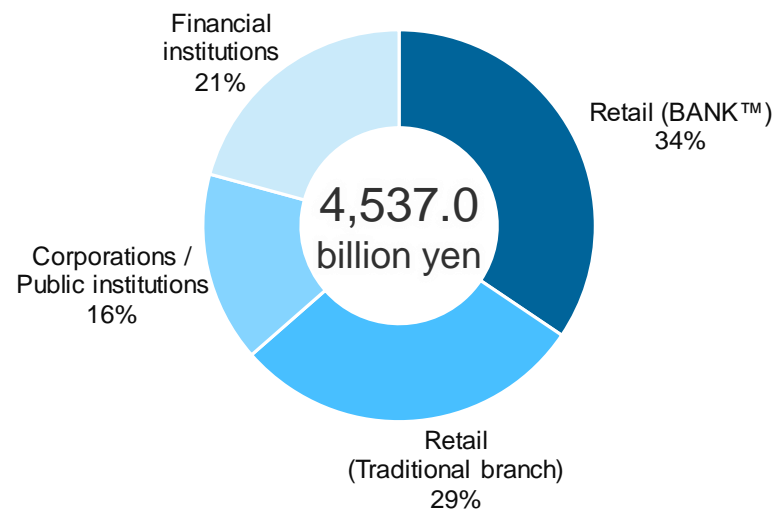
Funding

- ◆ Total core funding (deposits, negotiable certificates of deposit, and bonds) was 4,537.0 billion yen, an increase of 326.2 billion yen from March 31, 2021
 - New account openings for BANK™, our retail internet banking platform, continued to grow and were an important driver in the further expansion of our retail funding ratio

(billion yen)	End - Mar. 2021 A	End - Jun. 2021	End - Sep. 2021 B	Change B - A
Total core funding	4,210.8	4,439.2	4,537.0	+326.2
Deposits / NCDs	4,012.5	4,253.9	4,358.8	+346.3
Bonds	198.3	185.2	178.2	-20.1
Retail funding ratio *	61%	62%	64%	
Loan-to-deposit ratio incl. NCDs	73%	70%	72%	

* Defined as follows:
Retail funding ratio = Retail deposit / Total core funding

Funding by customer segment



Mid-term KPIs

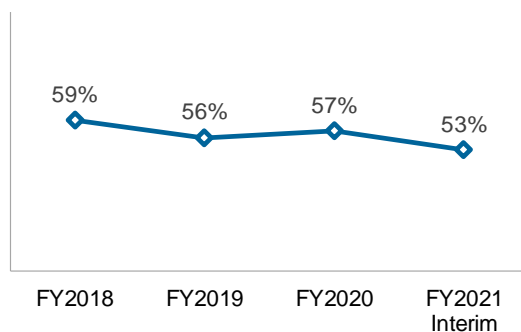
	FY2020 Results	FY2021 Interim Results	Mid-Term Plan Targets (FY2020~2022)	(Ref.) FY2020 Full-year Major Banks' Average ^{*3}
Overhead Ratio (OHR)	57%	53%	Below 55%	66%
Business Profit ^{*1} ROA	0.8%	0.9% ^{*2}	1%	0.4%
ROE	6.3%	7.7% ^{*2}	8% or higher	4.9%

* 1 Including gains/losses on equity method investments

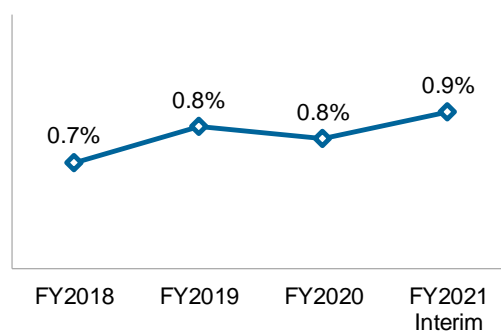
* 2 Annualized basis

* 3 Major banks refers to MUFG, SMFG, Mizuho FG, Resona HD, Sumitomo Mitsui Trust HD, and Shinsei.

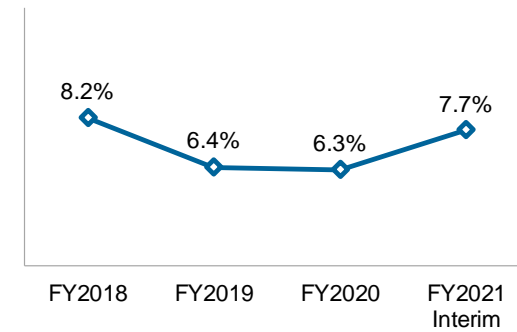
Overhead Ratio (OHR)



Business Profit ROA



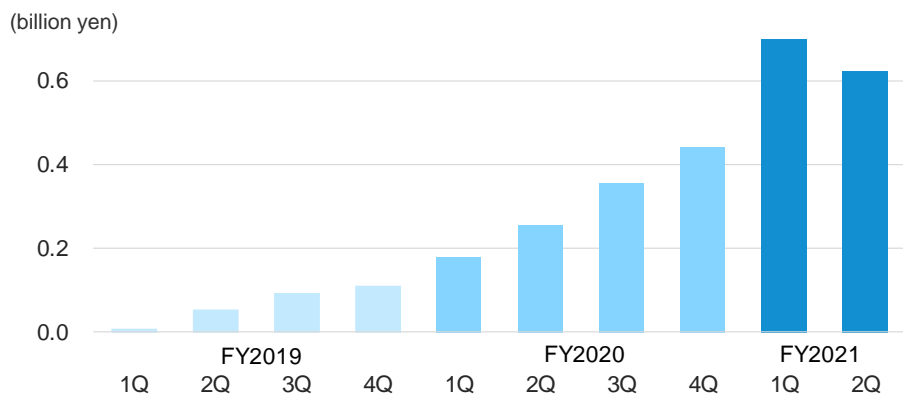
ROE



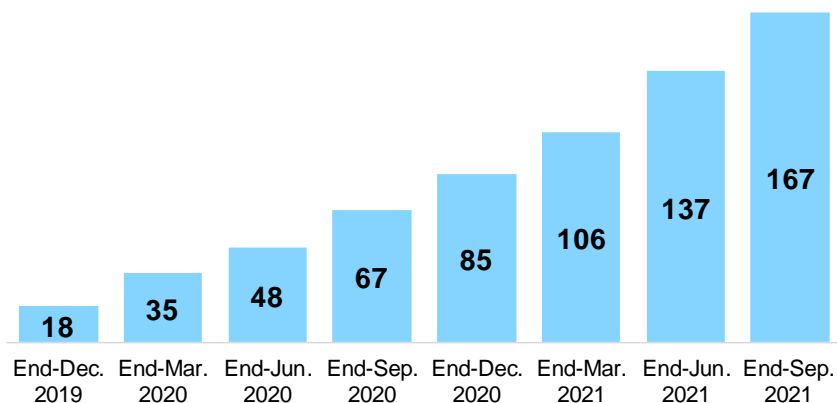
GMO Aozora Net Bank (GANB)

◆ While net revenue in 2Q decreased slightly compared to 1Q, overall net revenue and business profit for the interim period represented better than expected progress. The number of corporate accounts also continued to grow

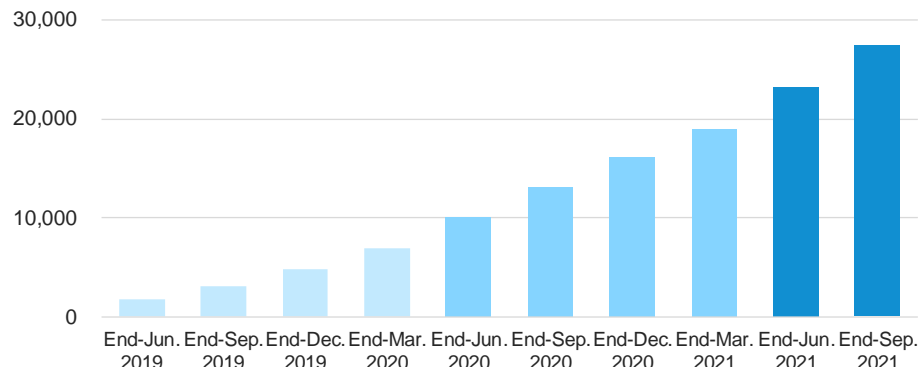
Quarterly net revenue



Number of API connection contracts



Number of corporate accounts



Progress within the mid- to long-term strategic focus areas

◆ No. 1 bank among small businesses and start-ups

- Launch of Overdraft Protection up to 100,000 yen “Anshin 100,000 yen”, an automatic feature for all corporate accounts, and “free payment and transfer management with GMO Aozora Net Bank” payments and transfers app
- Expansion of business support services: “Online support for company registration applications”, “Web advertising management support”, “Fiber optic internet provider intermediary services”, and “electronic invoice issuance service”

◆ No.1 Bank APIs

- Number of API connection contracts steadily increased
- Launch of Embedded Finance Marketplace “ichibar”. Plans to launch an “Online Marketplace” and “Business Idea Testing Environment” alongside the “Online Community”

◆ No. 1 Tech-first banking services

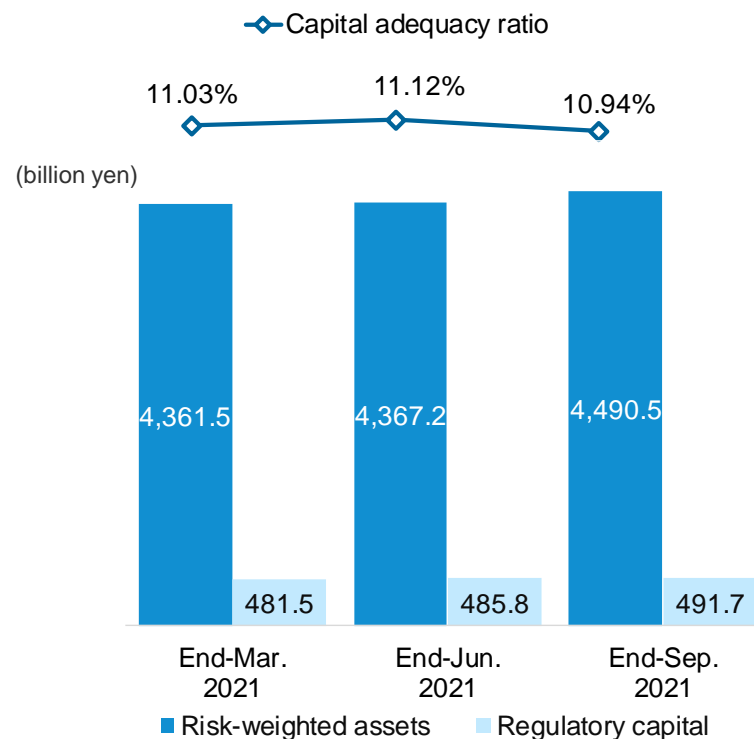
- Aim to become a XaaS-focused bank that provides IT services to meet its customers’ needs while promoting the hiring of engineers

Reference: Capital adequacy ratio (preliminary basis)

- ◆ The consolidated capital adequacy ratio (domestic standard) remained at an adequate level at 10.94% (preliminary basis)
- The CET1 ratio (Tier 1 Common Capital Ratio) was approximately 10.8%

Domestic Standard

(billion yen)	End-Mar. 2021 A	End-Jun. 2021	End-Sep. 2021 B	Change B - A
Capital adequacy ratio	11.03%	11.12%	10.94%	-0.09 %
Regulatory capital (A - B)	481.5	485.8	491.7	+10.1
Instruments and reserve (A)	505.3	509.9	516.0	+10.7
Shareholders' equity	463.8	471.0	475.3	+11.5
Other	41.4	38.9	40.6	-0.8
Regulatory adjustment (B)	23.8	24.1	24.3	+0.5
Risk-weighted assets	4,361.5	4,367.2	4,490.5	+128.9
Credit risk assets	3,853.5	3,887.2	3,959.0	+105.4
Market risk assets	355.7	327.8	375.6	+19.9
Operational risk assets	152.2	152.2	155.8	+3.5

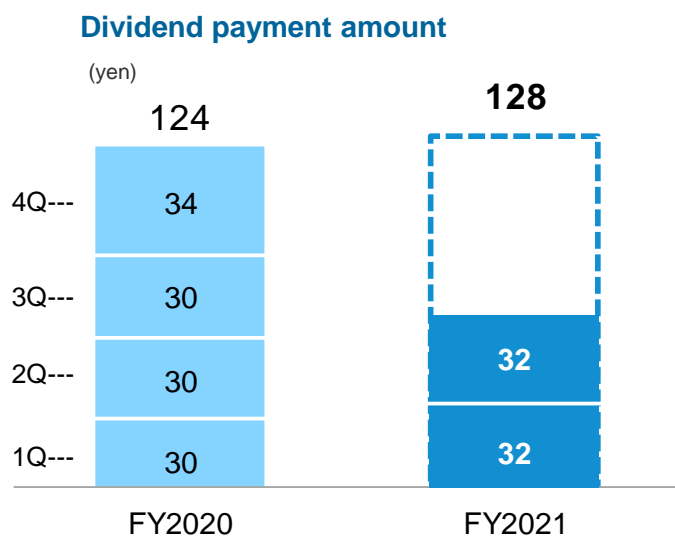


Dividends

- ◆ The 2nd quarter dividend is 32 yen per common share, one quarter of the full year dividend forecast of 128 yen per common share
- ◆ Aozora intends to continue quarterly dividend payments

Dividend per common share

	1st quarter	2nd quarter	3rd quarter	Year-end	Full-year
Current forecast (FY2021)	-	-	-	-	128 yen*
Dividend payment (FY2021)	32 yen	32 yen			



- The mid- to long-term dividend policy based on a target dividend payout ratio of 50% will be flexibly managed, along with our full-year dividend target of at least 128 yen, in light of future economic conditions and Aozora's financial results. While only the full-year dividend forecast is shown here, the Bank intends to continue quarterly dividend payments.

(Note) The dividend forecast for FY2021 of 128 yen per common share is based on the total dividend amount, which is 50% of the consolidated net earnings forecast divided by the total number of common shares issued, excluding treasury stock, as of March 31, 2021.

Reference: PL summary (non-consolidated basis)

	FY2020 Interim A	FY2021			Change B - A		FY2021 Full-year Forecast	Progress
		Apr. - Jun.	Jul. - Sep.	Interim B	Amount	%		
(billion yen)								
Net revenue	45.3	22.7	22.2	44.9	-0.3	-0.8%	87.0	52%
Business profit (before provisions to general loan-loss reserves)	24.1	11.5	11.0	22.6	-1.4	-6.0%	42.0	54%
Ordinary profit	23.7	13.7	9.8	23.6	-0.0	-0.2%	42.0	56%
Net income	18.0	10.1	6.8	16.9	-1.1	-6.1%	29.0	59%

Reference: Consolidated, non-consolidated difference

(billion yen)

(A) Non-consolidated net income	16.9
(B) Profit attributable to owners of parent	19.4
(B) - (A) (a + b) Difference	2.4

Breakdown of the difference

(a) Consolidated subsidiaries / affiliates	1.0
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	Line of Business	Share of Earnings ^{*1}	Net Earnings
GMO Aozora Net Bank, Ltd.	Internet banking business	50.0% ^{*2}	-1.6
Aozora Loan Services Co., Ltd.	Distressed loan servicing	67.6%	0.1
Aozora Securities Co., Ltd.	Financial instruments business	100.0%	1.2
Aozora Regional Consulting Co., Ltd.	Business consulting services	100.0%	0.0
Aozora Investment Management Co., Ltd.	Investment management services	100.0%	0.0
Aozora Real Estate Investment Advisors Co., Ltd.	Investment advisory services	100.0%	-0.0
ABN Advisors Co., Ltd.	M&A advisory services	100.0%	0.0
Aozora Corporate Investment Co., Ltd.	Venture Capital investment	100.0%	0.0
Aozora Asia Pacific Finance Limited	Financial services (Hong Kong)	100.0%	-0.4
Aozora Europe Limited	Financial services (London)	100.0%	0.1
Aozora North America, Inc.	Financial services (New York)	100.0%	0.7
AZB Funding	SPC	100.0%	-0.2
Aozora GMAC Investment Limited	Investments	100.0%	-0.0
Orient Commercial Joint Stock Bank	Commercial Bank (Vietnam)	15.0%	1.2 ^{*3}

(b) Consolidation adjustments	1.3
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Gains/losses attributable to non-controlling interests (GMO Aozora Net Bank, Ltd.)	0.8
Other	0.5

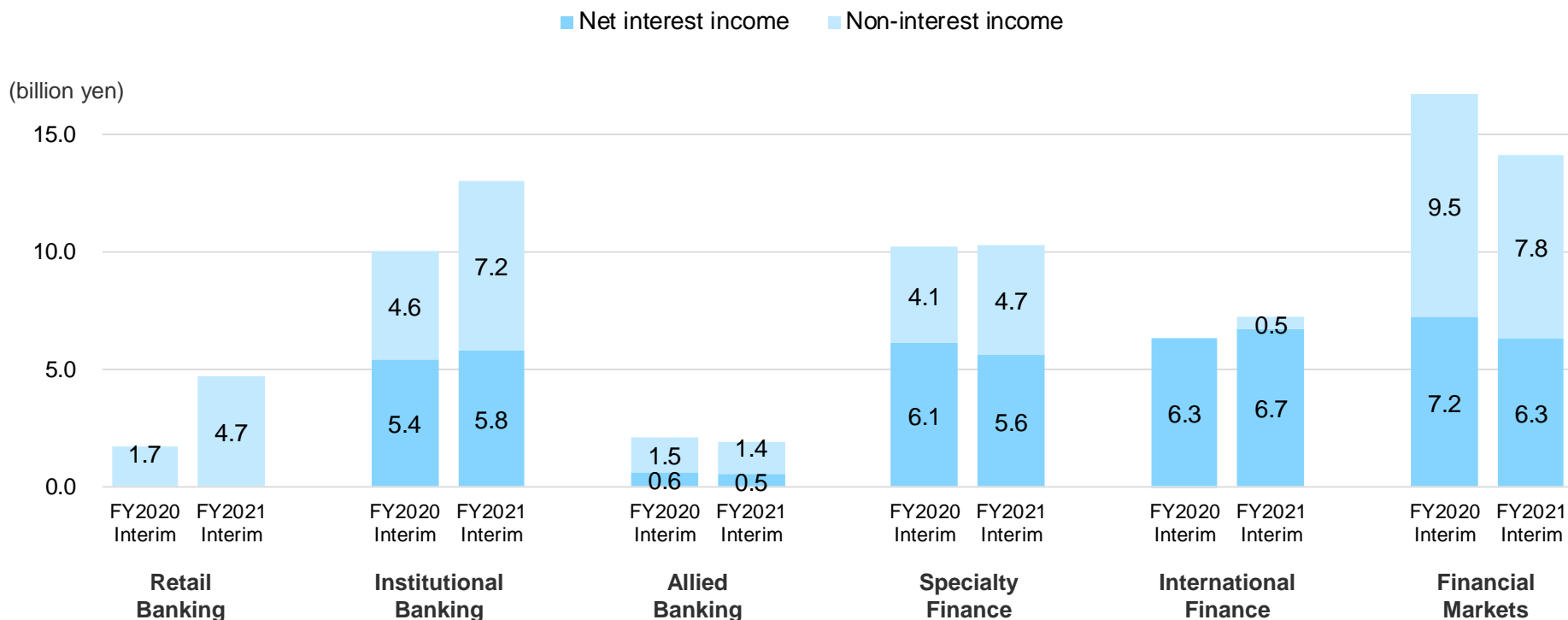
*1 Percentage of profit and loss attributable to owners of parent

*2 Voting rights ratio is 85.1%

*3 Revenue contribution from equity method investments

Reference: Results by business segment

Consolidated net revenue by business segment*



* Management accounting basis, excluding non-business segment income

* Aozora changed its methods for calculating the net revenue by business segment starting in FY2021. Net revenue by business segments for interim FY2020 is presented to reflect these new calculation methods

Appendix

Aozora at a Glance

■ Franchise


- ◆ **Headquarters:** 6-1-1 Kojimachi, Chiyoda-ku, Tokyo
- ◆ **Total Assets:** JPY 6,074.9 billion yen
- ◆ **Credit Ratings:** BBB+ / A- / A (S&P / R&I / JCR)
- ◆ **Office Network:**
 - Domestic: 21 offices nationwide
 - Overseas: New York, London, Shanghai, Singapore, Hong Kong
- ◆ **Major Subsidiaries:**
 - GMO Aozora Net Bank, Ltd.
 - Aozora Loan Services Co., Ltd.
 - Aozora Securities Co., Ltd.
 - Aozora Regional Consulting Co., Ltd.
 - Aozora Investment Management Co., Ltd.
 - Aozora Real Estate Investment Advisors Co., Ltd.
 - ABN Advisors Co., Ltd.
 - Aozora Corporate Investment Co., Ltd.
 - Aozora Asia Pacific Finance Limited
 - Aozora Europe Limited
 - Aozora North America, Inc.
- ◆ **Full-time Employees:** 2,388 (consolidated basis, as of September 30, 2021)

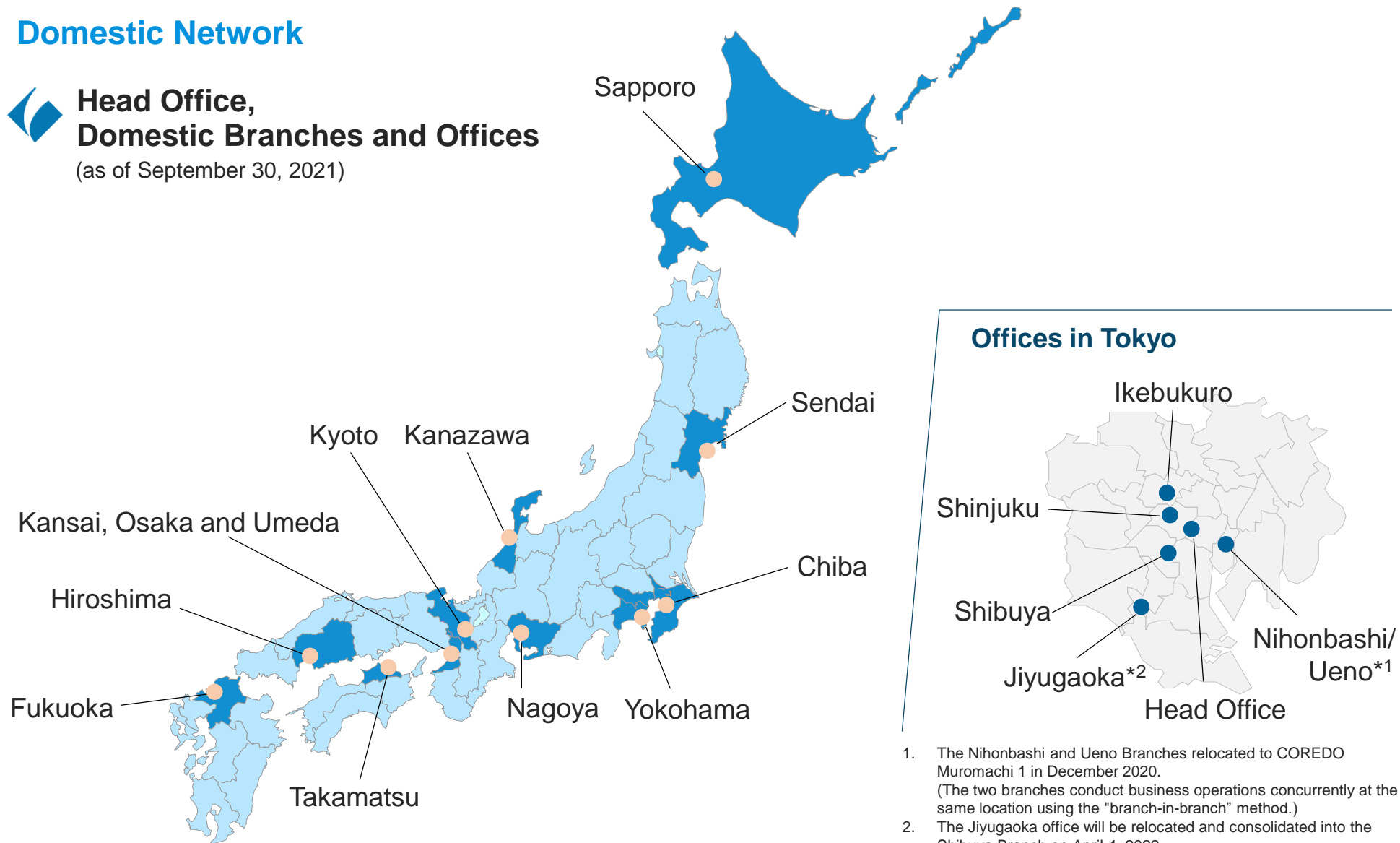
■ History

- 1957:** Established as The Nippon Fudosan Bank, Limited
- 1977:** Changed name to The Nippon Credit Bank, Ltd.
- 1998:** Temporarily nationalized
- 2000:** Re-privatized
- 2001:** Changed name to Aozora Bank, Ltd.
- 2006:** Listed on the First Section of the Tokyo Stock Exchange
- 2012:** Announced Comprehensive Recapitalization Plan
- 2015:** Early and full repayment of public funds
- 2017:** Headquarters relocated to Chiyoda-ku, Kojimachi

Aozora Network

Domestic Network

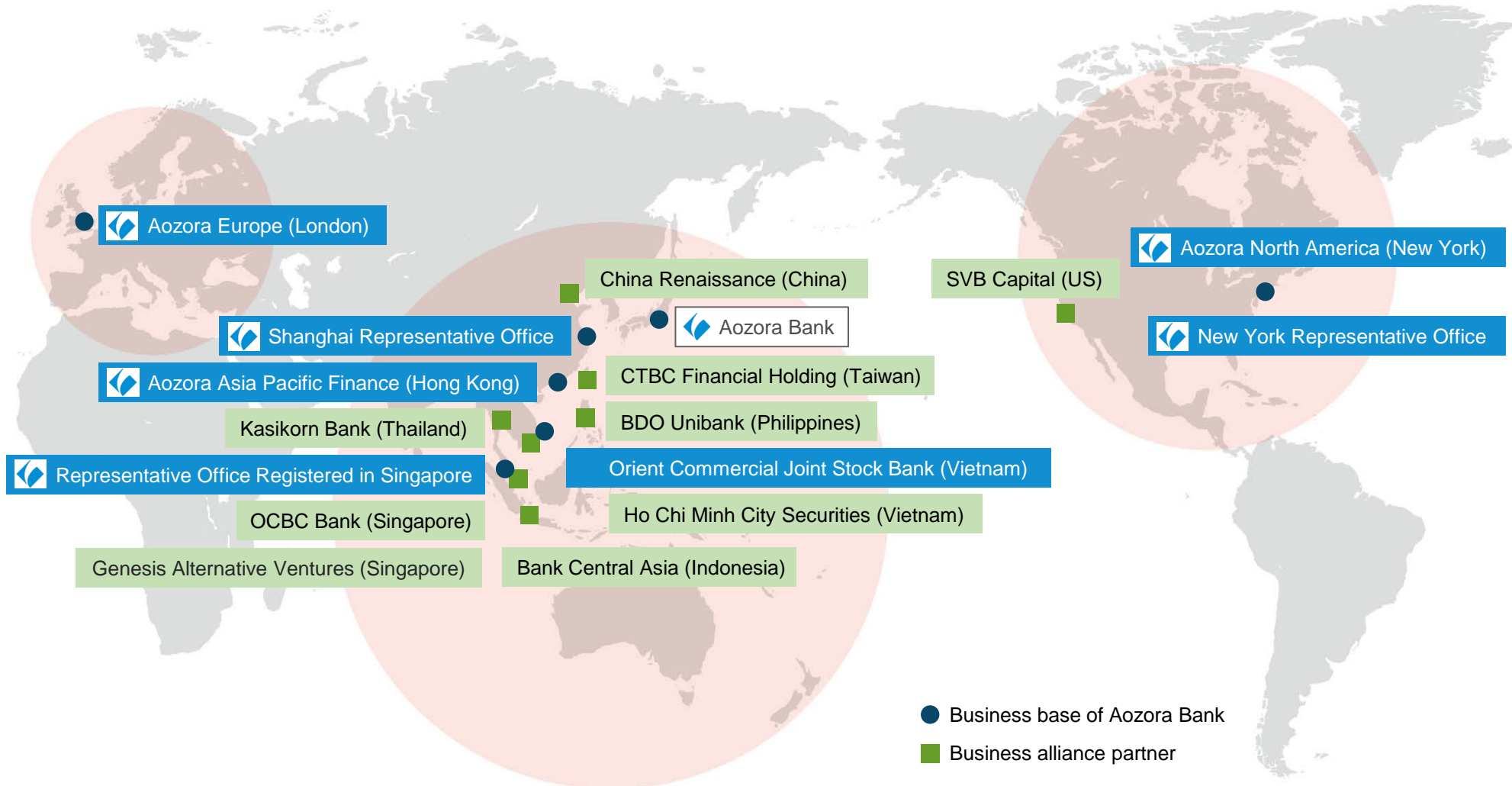
 **Head Office,
Domestic Branches and Offices**
(as of September 30, 2021)



1. The Nihonbashi and Ueno Branches relocated to COREDO Muromachi 1 in December 2020.
(The two branches conduct business operations concurrently at the same location using the "branch-in-branch" method.)
2. The Jiyugaoka office will be relocated and consolidated into the Shibuya Branch on April 4, 2022

Aozora Network

Overseas Network



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This presentation contains forward-looking statements regarding the Bank's financial condition and results of operations. These forward-looking statements, which include the Bank's views and assumptions with respect to future events, involve certain risks and uncertainties. Actual results may differ from forecasts due to changes in economic conditions and other factors including the effects of changes in general economic conditions, changes in interest rates, stock markets and foreign currency, and any ensuing decline in the value of our securities portfolio, incurrence of significant credit-related cost and the effectiveness of our operational, legal and other risk management policies