



Summary of the Financial Statements for FY2021

May 16, 2022

Company name	Aozora Bank, Ltd.	Listed exchange	Tokyo Stock Exchange
TSE code	8304		
Representative	Kei Tanikawa, President and CEO		
Contact person	Naoko Okamoto, Joint General Manager of Financial Control Division		
Date of ordinary shareholders' meeting	June. 22, 2022	URL	https://www.aozorabank.co.jp/
Dividend payable date	June. 23, 2022	TEL	(03)6752-1111
Scheduled filing date of securities report	June. 23, 2022	Trading accounts	Affirmative
Reference material	Affirmative		
Investor meeting	Affirmative		

(Unit: JPY millions, rounded down)

1. Business highlights for the fiscal year ended March 31, 2022 (FY2021)

(1) Consolidated business results

(Note: Percentages show year-on-year rates of change)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Million Yen	%	Million Yen	%	Million Yen	%
FY2021	134,737	(13.5)	46,294	18.8	35,004	20.8
FY2020	155,755	(15.5)	38,982	(10.0)	28,972	3.0

(Note) Comprehensive income JPY 13,611 million (82.9%) (FY2021) JPY 79,781 million –% (FY2020)

	Net income per common share (basic)	Net income per common share (diluted)	ROE	Ordinary profit per total assets	Ordinary profit per ordinary income
	Yen	Yen	%	%	%
FY2021	299.81	299.38	7.1	0.7	34.4
FY2020	248.27	247.90	6.3	0.7	25.0

(Ref.) Gains (losses) on equity method investments JPY 2,620 million (FY2021) JPY 1,111 million (FY2020)

(2) Consolidated financial condition

	Total assets	Total net assets	Net assets to total assets ratio	Net assets per common share
	Million Yen	Million Yen	%	Yen
Mar. 31, 2022	6,728,653	487,265	7.3	4,222.79
Mar. 31, 2021	5,916,866	490,006	8.4	4,233.53

(Ref.) Total net assets (less Share acquisition rights and Non-controlling interests) JPY 493,105 million (March 31, 2022)

JPY 494,065 million (March 31, 2021)

(Note) Net assets to total assets ratio = (Total net assets – Share acquisition rights - Non-controlling interests) / Total assets

The above Net assets to total assets ratio is different from the capital adequacy ratio prescribed in the notification of the Financial Services Agency.

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalent at the end of the period
	Million Yen	Million Yen	Million Yen	Million Yen
FY2021	253,900	(23,830)	(16,059)	1,061,743
FY2020	728,732	(223,529)	(14,882)	847,732

2. Dividend

	Annual dividend					Total dividends (Annual)	Dividend ratio (Consolidated)	Dividends to net assets ratio (Consolidated)
	1Q end	2Q end	3Q end	Year-end	Annual			
FY2020(common share)	30.00	30.00	30.00	34.00	124.00	14,470	49.9	3.1
FY2021(common share)	32.00	32.00	40.00	45.00	149.00	17,396	49.7	3.5
FY2022(common share) (Forecast)	-	-	-	-	154.00	-	50.0	-

(Note) Regarding the dividend for the next fiscal year, please refer to "FY2021 Financial Results Overview" announced on May 16.

3. Consolidated earnings forecast for the year ending March 31, 2023 (FY2022)

(Note: Percentages show year-on-year rates of change)

	Ordinary profit		Profit attributable to owners of parent		Net income per common share
	Million Yen	%	Million Yen	%	Yen
FY2022 (Full Year)	49,500	6.9	36,000	2.8	308.29

* Notes

- (1) Changes in material subsidiaries during the term (changes in specified subsidiaries which affect the scope of consolidation) None
- (2) Changes in accounting policy, accounting estimates, or retrospective restatements
 - (a) Changes with revisions of accounting standards Affirmative
 - (b) Changes other than (a) above None
 - (c) Changes in accounting estimates None
 - (d) Retrospective restatements None

(3) The number of common shares issued

	Mar. 31, 2022	Mar. 31, 2021
(a) The number of common shares issued (including treasury shares)	118,289,418	118,289,418
(b) The number of treasury shares	1,517,048	1,586,557

	FY2021	FY2020
(c) The average number of common shares outstanding	116,755,041	116,698,363

(Summary of non-consolidated financial statements)

1. Business highlights for the fiscal year ended March 31, 2022 (FY2021)

(1) Business results

(Note: Percentages show year-on-year rates of change)

	Ordinary income		Ordinary profit		Profit	
	Million Yen	%	Million Yen	%	Million Yen	%
FY2021	119,899	(19.8)	41,014	(1.1)	29,854	1.1
FY2020	149,454	(15.5)	41,473	(8.5)	29,526	3.0

	Net income per common share (basic)	Net income per common share (diluted)
FY2021	255.69 Yen	255.33 Yen
FY2020	253.01 Yen	252.65 Yen

(2) Financial condition

	Total assets	Total net assets	Net assets to total assets ratio	Net assets per common share
	Million Yen	Million Yen	%	Yen
Mar. 31, 2022	6,446,916	480,047	7.4	4,107.62
Mar. 31, 2021	5,735,238	489,440	8.5	4,189.77

(Ref.) Total net assets (less Share acquisition rights): JPY 479,657 million (March 31, 2022) JPY 488,958 million (March 31, 2021)

(Note) Net assets to total assets ratio = (Total net assets - Share acquisition rights) / Total assets

The above Net assets to total assets ratio is different from the capital adequacy ratio prescribed in the notification of the Financial Services Agency.

2. Non-consolidated earnings forecast for the year ending March 31, 2023 (FY2022)

(Note: Percentages show year-on-year rates of change)

	Ordinary profit		Profit		Net income per common share
	Million Yen	%	Million Yen	%	Yen
FY2022 (Full Year)	41,000	(0.0)	29,000	(2.9)	248.34

* Summary of financial statements is out of scope of audit (by CPAs or audit firms).

* Notes and remarks for the proper use of earnings projection

The above earnings forecast involves certain risks and uncertainties since the calculations are based on management's assumptions and beliefs in light of information currently available. This should not be interpreted as a promise or guarantee that the forecast will be achieved. Please be aware that actual results may be materially different from the forecast presented herein due to various factors.

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1. Overview of operating results

(1) Overview of operating results for FY2021

① Consolidated results of operations

(JPY 100 million)

	FY2020	FY2021	Change
Net revenue ※1	965	1,030	64
Net interest income	500	516	15
Net fees and commissions	124	140	15
Net gain on trading account transactions	134	166	32
Gains (losses) on bond transactions	81	45	(36)
Net other ordinary income excluding gains (losses) on bond transactions	124	162	38
General and administrative expenses	(549)	(577)	(28)
Gains (losses) on equity method investments	11	26	15
Business profit ※2	426	478	51
Credit-related expenses	(43)	(37)	6
Gains (losses) on stock transactions	23	20	(3)
Other	(17)	1	18
Ordinary profit	389	462	73
Extraordinary profit (loss)	(0)	(3)	(3)
Profit before income taxes	389	459	69
Total income taxes	(122)	(129)	(7)
Profit	267	330	62
Loss attributable to non-controlling interests	22	19	(2)
Profit attributable to owners of parent	289	350	60

※1 Net revenue = (Interest income – Interest expenses)

+ (Trust fees + Fees and commissions - Fees and commissions payments)
+ (Gain on trading account transactions - Loss on trading account transactions)
+ (Other ordinary income - Other ordinary expenses)

※2 Business profit = Net revenue - General and administrative expenses

+ Gains (losses) on equity method investments

※3 Regardless of nature of accounts, income or profits are shown as positive and expenses or losses are shown as negative amount on the table above.

For FY2021, net revenue was 103.0 billion yen, an increase of 6.4 billion yen year-on-year, and business profit was 47.8 billion yen, an increase of 5.1 billion yen. Profit attributable to owners of parent was 35.0 billion yen, an increase of 6.0 billion yen.

Net interest income was 51.6 billion yen, an increase of 1.5 billion yen year-on-year mainly due to higher loan outstandings.

Non-interest income was 51.3 billion yen, an increase of 4.9 billion yen year-on-year.

Customer-related business revenue, such as loan fees, gains from limited partnerships, and earnings from investment product sales to retail customers, were strong throughout the fiscal year.

General and administrative expenses were 57.7 billion yen, an increase of 2.8 billion yen. Personnel expenses increased due to the hiring of additional staff in the Bank's business areas of focus, and IT-related expenses increased mainly for cybersecurity, infrastructure development, and compliance regulations related to the Bank's market operations.

Gains/losses on equity method investments were a net gain of 2.6 billion yen.

Consolidated business profit was 47.8 billion yen, an increase of 5.1 billion yen.

Credit-related expenses were a net expense of 3.7 billion yen, as compared to a net expense of 4.3 billion yen in FY2020. Gains/losses on stock transactions were a gain of 2.0 billion yen. Ordinary profit were 46.2 billion yen, an increase of 7.3 billion yen year-on-year, and profit before income taxes were 45.9 billion yen, an increase of 6.9 billion yen year-on-year.

Total income taxes (corporation tax, resident tax, business tax and deferred income taxes) were a net expense of 12.9 billion yen.

As a result of the above factors, profit attributable to owners of parent was 35.0 billion yen, an increase of 6.0 billion yen year-on-year. Net income per share (basic) was 299.81 yen, as compared to 248.27 yen per share (basic) in FY2020.

Profit/loss by segment

(JPY 100 million)

	FY2020	FY2021	Change
Retail Banking Group	(25)	(7)	18
Institutional Banking Group	117	158	40
Allied Banking Group	22	10	(12)
Specialty Finance Group	125	118	(7)
International Finance Group	51	87	35
Financial Markets Group	255	210	(44)

The Bank has classified its Group's business operations into business groups based upon the nature of the customers served and products offered: Retail Banking Group, Institutional Banking Group, Allied Banking Group, Specialty Finance Group, International Finance Group, and Financial Markets Group. The Bank has designated these business groups as operating segments and reportable segments for the purpose of the disclosures contained herein.

Profit/loss by segment for FY2021 is calculated as net revenue minus general and administrative expenses plus gains/losses on equity method investments by each segment.

In response to changes in the overall business environment as well as the Bank's financing structure, the Bank changed its methods for calculating the profits and losses of reportable segments starting in FY2021. Profit/loss by segment for FY2020 is calculated based on the updated

methods.

② Outlook for the next term

The consolidated earnings forecast for the year ending March 2023 is 103.0 billion yen for net revenue, 46.0 billion yen for business profit, 49.5 billion yen for ordinary profit and 36.0 billion yen for profit attributable to owners of parent.

(2) Overview of financial condition for FY2021

① Assets, liabilities, and net assets

Total assets were 6,728.6 billion yen as of March 31, 2022, an increase of 811.7 billion yen, compared to March 31, 2021.

Loans and bills discounted were 3,317.1 billion yen, an increase of 368.3 billion yen from March 31, 2021. Domestic loans increased 192.9 billion yen and overseas loans increased 175.3 billion yen. Securities increased by 84.8 billion yen from March 31, 2021, to 1,478.1 billion yen.

Total liabilities were 6,241.3 billion yen, an increase of 814.5 billion yen compared to March 31, 2021. Total core funding (deposits, negotiable certificates of deposit and bonds payable) was 5,040.5 billion yen, an increase of 829.6 billion yen from March 31, 2021.

Total net assets were 487.2 billion yen, a decrease of 2.7 billion yen from March 31, 2021. Net assets per common share were 4,222.79 yen, as compared to 4,233.53 yen per common share as of March 31, 2021.

② Cash flow

Cash flow from operating activities was a positive 253.9 billion yen mainly due to an increase in deposits. From investing activities, cash flow was a negative 23.8 billion yen mainly as a result of expenditures for the acquisition of securities exceeding income from the sale and redemption of securities. Cash flow from financing activities was a negative 16.0 billion yen mainly due to dividend payments. As a result, cash and cash equivalents as of March 31, 2022 were 1,061.7 billion yen, an increase of 214.0 billion yen compared to the previous fiscal year end.

(3) Policy for appropriation of earnings and dividend for the year

The Bank's policy is to provide returns to our shareholders primarily in the form of cash dividends based on our earnings results with a target dividend payout ratio of 50%. Aozora intends to continue quarterly dividend payments.

For this fiscal year, the Bank will pay a cash dividend of 45.00 yen for the fourth quarter (149.00 yen for the entire year) per common share.

Regarding the dividend for the next fiscal year, please refer to "FY2021 Financial Results Overview" announced on May 16.

(Note) Figures are rounded down to the nearest unit specified.

2. Basic view on selection of Accounting Standards

The Bank's consolidated financial statements are prepared in accordance with accounting principals generally accepted in Japan ("J GAAP"), in order to ensure the comparability with other domestic banks.

In terms of the application of IFRS, the Bank will take appropriate actions in consideration of the Group's business operations, based on internal and external situations, etc.

3. Consolidated financial statements and main notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Cash and due from banks	950,109	1,141,946
Call loans and bills bought	41,000	122,243
Monetary claims bought	74,506	101,687
Trading account assets	154,616	133,021
Money held in trust	33,521	20,930
Securities	1,393,357	1,478,178
Loans and bills discounted	2,948,808	3,317,125
Foreign exchanges	58,154	63,878
Other assets	232,409	306,215
Tangible fixed assets	23,311	21,785
Buildings, net	11,251	10,322
Land	9,235	9,235
Leased assets, net	709	478
Construction in progress	0	—
Other tangible fixed assets	2,114	1,749
Intangible fixed assets	20,133	20,140
Software	20,065	20,072
Other intangible fixed assets	67	67
Retirement benefit asset	5,740	4,964
Deferred tax assets	16,984	31,729
Customers' liabilities for acceptances and guarantees	15,773	14,038
Allowance for loan losses	(50,886)	(48,677)
Allowance for investment loss	(674)	(553)
Total assets	5,916,866	6,728,653
Liabilities		
Deposits	3,978,506	4,838,056
Negotiable certificates of deposit	34,000	33,500
Call money and bills sold	15,536	16,121
Securities sold under repurchase agreements	56,750	69,876
Cash collateral received for securities lent	431,673	356,956
Trading account liabilities	140,451	129,227
Borrowed money	349,767	432,342
Bonds payable	198,365	168,959
Other liabilities	190,033	166,022
Provision for bonuses	4,006	4,332
Provision for bonuses for directors (and other officers)	80	86
Retirement benefit liability	10,844	10,974
Provision for retirement benefits for directors (and other officers)	4	—
Provision for credit losses on off-balance-sheet instruments	612	407
Provision for contingent loss	421	453
Reserves under special laws	8	8
Deferred tax liabilities	24	23
Acceptances and guarantees	15,773	14,038
Total liabilities	5,426,859	6,241,387

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Net assets		
Share capital	100,000	100,000
Capital surplus	87,412	87,476
Retained earnings	283,464	301,700
Treasury shares	(3,260)	(3,117)
Total shareholders' equity	467,615	486,060
Valuation difference on available-for-sale securities	27,196	3,985
Deferred gains or losses on hedges	(750)	(157)
Foreign currency translation adjustment	(971)	3,450
Remeasurements of defined benefit plans	974	(233)
Total accumulated other comprehensive income	26,449	7,045
Share acquisition rights	482	390
Non-controlling interests	(4,541)	(6,229)
Total net assets	490,006	487,265
Total liabilities and net assets	5,916,866	6,728,653

(2) Consolidated statement of income and Consolidated statement of comprehensive income
(Consolidated statement of income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Ordinary income	155,755	134,737
Interest income	67,807	66,141
Interest on loans and discounts	45,631	44,792
Interest and dividends on securities	21,234	20,283
Interest on call loans and bills bought	(31)	(54)
Interest income on securities purchased under resale agreements	(142)	(0)
Interest on deposits with banks	29	11
Other interest income	1,085	1,109
Trust fees	386	444
Fees and commissions	14,552	17,300
Gain on trading account transactions	32,723	16,642
Other ordinary income	35,495	28,066
Other income	4,790	6,142
Recoveries of written off receivables	240	156
Reversal of provision for credit losses on off-balance-sheet instruments	—	205
Other	4,550	5,780
Ordinary expenses	116,773	88,443
Interest expenses	17,717	14,529
Interest on deposits	5,650	6,179
Interest on negotiable certificates of deposit	4	3
Interest on debentures	55	—
Interest on call money and bills sold	34	24
Interest expenses on securities sold under repurchase agreements	107	82
Interest expenses on cash collateral received for securities lent	1,513	356
Interest on borrowings and rediscounts	1,744	1,171
Interest on bonds	2,230	1,957
Other interest expenses	6,376	4,754
Fees and commissions payments	2,457	3,720
Loss on trading account transactions	19,322	—
Other ordinary expenses	14,920	7,334
General and administrative expenses	56,128	57,490
Other expenses	6,226	5,368
Provision of allowance for loan losses	767	2,702
Transfer to provision for credit losses on off-balance-sheet instruments	49	—
Other	5,409	2,665
Ordinary profit	38,982	46,294
Extraordinary income	—	0
Gain on disposal of non-current assets	—	0
Extraordinary losses	4	319
Loss on disposal of non-current assets	4	49
Impairment losses	—	269
Profit before income taxes	38,977	45,975
Income taxes - current	13,680	13,110
Income taxes - deferred	(1,449)	(173)
Total income taxes	12,230	12,937
Profit	26,746	33,038
Loss attributable to non-controlling interests	(2,226)	(1,966)
Profit attributable to owners of parent	28,972	35,004

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	26,746	33,038
Other comprehensive income	53,035	(19,427)
Valuation difference on available-for-sale securities	51,535	(23,233)
Deferred gains or losses on hedges	(980)	593
Foreign currency translation adjustment	207	2,322
Remeasurements of defined benefit plans, net of tax	2,644	(1,208)
Share of other comprehensive income of entities accounted for using equity method	(372)	2,099
Comprehensive income	79,781	13,611
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	82,009	15,600
Comprehensive income attributable to non-controlling interests	(2,227)	(1,989)

(3) Consolidated statement of changes in net assets

For the fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100,000	87,388	269,545	(3,297)	453,635
Changes during period					
Dividends of surplus			(15,053)		(15,053)
Profit attributable to owners of parent			28,972		28,972
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		23		37	60
Net changes in items other than shareholders' equity					
Total changes during period	—	23	13,919	37	13,980
Balance at end of period	100,000	87,412	283,464	(3,260)	467,615

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(24,340)	229	(806)	(1,669)	(26,587)	444	(2,734)	424,758
Changes during period								
Dividends of surplus								(15,053)
Profit attributable to owners of parent								28,972
Purchase of treasury shares								(0)
Disposal of treasury shares								60
Net changes in items other than shareholders' equity	51,537	(980)	(164)	2,644	53,036	37	(1,807)	51,267
Total changes during period	51,537	(980)	(164)	2,644	53,036	37	(1,807)	65,247
Balance at end of period	27,196	(750)	(971)	974	26,449	482	(4,541)	490,006

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100,000	87,412	283,464	(3,260)	467,615
Cumulative effects of changes in accounting policies			(657)		(657)
Restated balance	100,000	87,412	282,806	(3,260)	466,958
Changes during period					
Dividends of surplus			(16,109)		(16,109)
Profit attributable to owners of parent			35,004		35,004
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		64		142	207
Net changes in items other than shareholders' equity					
Total changes during period	—	64	18,894	142	19,102
Balance at end of period	100,000	87,476	301,700	(3,117)	486,060

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	27,196	(750)	(971)	974	26,449	482	(4,541)	490,006
Cumulative effects of changes in accounting policies		(1)			(1)			(659)
Restated balance	27,196	(752)	(971)	974	26,447	482	(4,541)	489,346
Changes during period								
Dividends of surplus								(16,109)
Profit attributable to owners of parent								35,004
Purchase of treasury shares								(0)
Disposal of treasury shares								207
Net changes in items other than shareholders' equity	(23,210)	595	4,421	(1,208)	(19,402)	(91)	(1,688)	(21,182)
Total changes during period	(23,210)	595	4,421	(1,208)	(19,402)	(91)	(1,688)	(2,080)
Balance at end of period	3,985	(157)	3,450	(233)	7,045	390	(6,229)	487,265

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	38,977	45,975
Depreciation	5,827	6,461
Impairment losses	—	269
Share of loss (profit) of entities accounted for using equity method	(1,111)	(2,620)
Increase (decrease) in allowance for loan losses	(2,933)	(2,284)
Increase (decrease) in allowance for investment loss	275	(121)
Increase (decrease) in provision for bonuses	(57)	309
Increase (decrease) in provision for bonuses for directors (and other officers)	(6)	6
Decrease (increase) in retirement benefit asset	441	(904)
Increase (decrease) in retirement benefit liability	632	69
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	(4)
Net change in provision for credit losses on off-balance-sheet instruments	49	(205)
Interest income	(67,807)	(66,141)
Interest expenses	17,717	14,529
Loss (gain) related to securities	(10,529)	(6,533)
Loss (gain) on money held in trust	(513)	(328)
Foreign exchange losses (gains)	(36,174)	(141,148)
Loss (gain) on disposal of non-current assets	4	49
Net decrease (increase) in trading account assets	104,761	21,595
Net increase (decrease) in trading account liabilities	(70,772)	(11,223)
Net decrease (increase) in loans and bills discounted	18,850	(301,040)
Net increase (decrease) in deposits	628,847	859,549
Net increase (decrease) in negotiable certificates of deposit	(13,240)	(500)
Net increase (decrease) in debentures	(44,660)	—
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(77,842)	82,574
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	5,159	25,112
Net decrease (increase) in call loans	22,283	(108,424)
Net increase (decrease) in call money	5,800	13,711
Net increase (decrease) in cash collateral received for securities lent	150,347	(74,717)
Net decrease (increase) in foreign exchanges - assets	8,094	(6,685)
Increase (decrease) in straight bonds - issuance and redemption	(16,909)	(29,405)
Interest received	69,772	65,583
Interest paid	(19,164)	(14,088)
Other, net	36,289	(105,502)
Subtotal	752,410	263,916
Income taxes refund (paid)	(23,677)	(10,016)
Net cash provided by (used in) operating activities	728,732	253,900

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Purchase of securities	(1,154,429)	(678,529)
Proceeds from sale of securities	783,026	442,358
Proceeds from redemption of securities	160,234	205,959
Increase in money held in trust	(111,959)	(143,232)
Decrease in money held in trust	106,194	155,181
Purchase of tangible fixed assets	(1,596)	(592)
Purchase of intangible assets	(4,842)	(4,975)
Proceeds from sale of tangible fixed assets	0	0
Payments for asset retirement obligations	(157)	—
Net cash provided by (used in) investing activities	(223,529)	(23,830)
Cash flows from financing activities		
Repayments of lease liabilities	(249)	(249)
Proceeds from share issuance to non-controlling shareholders	427	304
Dividends paid	(15,053)	(16,109)
Dividends paid to non-controlling interests	(6)	(4)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	0	0
Net cash provided by (used in) financing activities	(14,882)	(16,059)
Net increase (decrease) in cash and cash equivalents	490,320	214,010
Cash and cash equivalents at beginning of period	357,411	847,732
Cash and cash equivalents at end of period	847,732	1,061,743

(5) Notes to consolidated financial statements

(Information on going concern assumption)

None

(Change in accounting policy)

(Application of 'Accounting Standard for Revenue Recognition, and other guidances')

The 'Accounting Standard for Revenue Recognition' (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the 'Accounting Standard for Revenue Recognition'), and other guidances have been applied from the beginning of the fiscal year ended March 31, 2022. The Bank recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer hence revenues from certain transactions are recorded net of related expenses.

The Bank has applied this in accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standards for Revenue Recognition. The cumulative effect of applying the new accounting policy retrospectively prior to the beginning of the fiscal year ended March 31, 2022 was added to or subtracted from retained earnings at the beginning of the fiscal year ended March 31, 2022, and the new accounting policy was applied from the beginning balance of the current fiscal year.

As a result, ordinary income and ordinary expenses for the fiscal year ended March 31, 2022 decreased by 1,659 million yen. There is no effect on the balance of retained earnings at the beginning of the period.

(Application of 'Accounting Standard for Fair Value Measurement, and other standards and guidances')

The 'Accounting Standard for Fair Value Measurement' (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the 'Accounting Standard for Fair Value Measurement') and other standards and guidances has been applied from the beginning of the fiscal year ended March 31, 2022. In accordance with Paragraph 8 of the Accounting Standard for Fair Value Measurement, and other standards and guidances, the Bank has revised its fair value adjustment method for calculating the fair value of derivative transactions to a method that maximizes the use of observable inputs estimated from derivatives traded in the market. This revision is due to the application of Accounting Standard for Fair Value Measurement, and other standards and guidances, hence in accordance with the transitional treatment prescribed in the Paragraph 20 of the Accounting Standard for Fair Value Measurement, and other standards and guidances, the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the fiscal year ended March 31, 2022 has been reflected in retained earnings at the beginning of the period. As a result, Retained earnings at the beginning of the fiscal year ended March 31, 2022 decreased by 657 million yen, Trading account assets increased by 350 million yen, Other assets decreased by 14 million yen, Deferred tax assets increased by less than 1 million yen, Trading account liabilities increased by 873 million yen, Other liabilities increased by 122 million yen, and Deferred gains or losses on hedges decreased by 1 million yen.

(Additional information)

(Accounting estimates related to COVID-19)

The effects of the global novel coronavirus ('COVID-19') pandemic on the economy and corporate activities

would continue long term and that certain borrowers' business performance may continue to be affected until the fiscal year ending March 31, 2023.

Based on this general assumption, the allowance for loan losses is provided with consideration of possible future credit deterioration for the borrowers.

The assumption of the period affecting economic and corporate activities was unchanged from the fiscal year ended March 31, 2021.

Since the relevant assumption has a high degree of uncertainty, the loss amount can be increased or decreased in the future depending on the situation.

(Segment information)

1. Description of reportable segments

(1) Identification of operating segments

The Bank has classified its Group's business operations into business groups based upon the nature of the customers served and products offered: Retail Banking Group ('RBG'), Institutional Banking Group ('IBG'), Allied Banking Group ('ABG'), Specialty Finance Group ('SFG'), International Finance Group ('IFG'), and Financial Markets Group ('FMG'). The Bank has designated these business groups as operating segments and reportable segments for the purpose of the disclosures contained herein.

Financial information for these groups is regularly reported to the Management Committee, which comprises members from amongst the Executive Officers who are approved and appointed by the Board of Directors, and is utilized for management decisions on the allocation of resources, an evaluation of the performance of each business group, etc.

(2) Services provided by each reportable segment

RBG offers financial services to retail customers. RBG's major services are the sale of investment products, including deposits, investment trusts and insurance, and other financial services.

IBG offers financial services to corporate customers, public sector customers. Major services offered by IBG are loans and deposits, sale of financial products, financing through securitization, privately placed bonds, M&A advisory, private equity operations, acquisition finance, and other financial services.

ABG offers financial services to financial institutions. Major services offered by ABG are loans and deposits, sale of financial products, and other financial services.

SFG offers financial services that require specialized expertise such as corporate restructuring finance, real estate finance.

IFG offers financial services that require specialized expertise such as overseas loans and investments.

FMG offers derivatives and foreign exchange products to customers, trading derivatives and foreign exchange products, as well as ALM operations.

2. Methods of measurement for the amounts of revenues, profit (loss), assets and liabilities by reportable segments

Revenues, profit (loss), assets and liabilities of reportable segments are recognized and measured mainly in accordance with accounting policies applied to consolidated financial statements.

The Bank calculates its net interest income from funding and investing across reportable segments based on i) the internal transfer rates determined by the average rate of funding by the currency and by contractual term, and ii) the expense allocation ratio for funding activities. In addition, the expenses related to the operations of the Bank's Head Office, which is not directly related to its business activities, is excluded from each reportable segment.

Fixed assets are not allocated to reportable segments, while the associated expenses are allocated to specific reportable segments and included in the segments' expenses.

(Changes in the method of calculating the amount of revenues, profit (loss) by reportable segments)

In response to changes in the overall business environment as well as the Bank's financing structure, the Bank changed its methods for calculating the profits and losses of reportable segments starting in the current consolidated fiscal year.

Regarding the profit and loss of financing transaction in each reportable segment, the Bank changed the calculation method from the revenue allocation ratio based on the compensation for funding activities to the expense allocation ratio based on the expenses for funding activities.

In addition, the expenses related to the operations of the Bank's Head Office, which is not directly related to its business activities, is excluded from each reportable segment. The information regarding reportable segments for the fiscal year ended March 31, 2021, has been updated to reflect these new calculation methods.

3. Revenues, profit (loss), assets and liabilities by reportable segment

FY2020 (From April 1, 2020 to March 31, 2021)

(In millions of yen)

	RBG	IBG	ABG	SFG	IFG	FMG	Total
Consolidated net revenue	5,749	22,474	5,148	22,088	12,143	29,832	97,435
General and administrative expenses	8,325	11,854	2,892	9,523	6,959	4,300	43,855
Segment profit (loss)	(2,575)	11,730	2,256	12,565	5,183	25,531	54,691
Segment assets	27,665	1,309,235	133,588	1,063,949	759,944	2,181,466	5,475,850
Segment liabilities	2,515,153	553,616	1,060,031	53,518	57	946,684	5,129,062

Notes

- (1) Due to the nature of the banking business, the Bank uses 'Consolidated net revenue' as a substitute for 'Sales' as would be used by non-financial service companies. Consolidated net revenue represents the total of net interest income, trust fees, net fees and commissions, net gains on trading account transactions and net other ordinary income. The Bank oversees its revenue by reportable segment using consolidated net revenue. The Bank offsets interest income and interest expense for the management purposes, therefore, revenue in transactions between reportable segments is not disclosed.
- (2) Depreciation expenses are included in the general and administrative expenses of each reportable segment, but are not disclosed as a separate item, because in the calculation process of the segment profit (loss), a part of depreciation expenses is allocated to each reportable segment, aggregated with other general and administrative expenses. Therefore, depreciation expenses by reportable segment are not managed separately. The amount of depreciation expense for this period is 5,827 million yen.
- (3) Segment profit of IBG includes gains (losses) on equity method investments of 1,111 million yen and segment assets of IBG include investments in entities applying equity methods of 17,917million yen.

FY2021 (From April 1, 2021 to March 31, 2022)

(In millions of yen)

	RBG	IBG	ABG	SFG	IFG	FMG	Total
Consolidated net revenue	8,041	25,647	4,570	21,350	15,345	25,981	100,936
General and administrative expenses	8,767	12,463	3,537	9,511	6,570	4,924	45,775
Segment profit (Loss)	(725)	15,804	1,032	11,838	8,775	21,056	57,781
Segment assets	15,244	1,434,530	124,284	1,180,066	919,697	2,418,046	6,091,869
Segment liabilities	3,173,848	536,439	1,209,971	50,686	57	902,517	5,873,521

Notes

- (1) Due to the nature of the banking business, the Bank uses 'Consolidated net revenue' as a substitute for 'Sales' as would be used by non-financial service companies. Consolidated net revenue represents the total of net interest income, trust fees, net fees and commissions, net gains on trading account transactions and net other ordinary income. The Bank oversees its revenue by reportable segment using consolidated net revenue. The Bank offsets interest income and interest expense for the management purposes, therefore, revenue in transactions between reportable segments is not disclosed.
- (2) Depreciation expenses are included in the general and administrative expenses of each reportable segment, but are not disclosed as a separate item, because in the calculation process of the segment profit

(loss), a part of depreciation expenses is allocated to each reportable segment, aggregated with other general and administrative expenses. Therefore, depreciation expenses by reportable segment are not managed separately. The amount of depreciation expense for this period is 6,461 million yen.

(3) Segment profit of IBG includes gains (losses) on equity method investments of 2,620 million yen and segment assets of IBG include investments in entities applying equity methods of 22,637million yen.

4. Reconciliation between total segment amounts and the consolidated financial statements

(1) Reconciliation between total consolidated net revenue of reportable segments and the consolidated net revenue in the consolidated financial statement of income

(In millions of yen)

Items	FY2020 (March 31,2021)	FY2021 (March 31, 2022)
Total consolidated net revenue of reportable segments	97,435	100,936
Variations resulting from differences in the basis of revenue and expense recognition and measurement	(889)	2,074
Net revenue derived from the consolidated statement of income	96,546	103,011

(2) Reconciliation between total segment profits and the consolidated statement of income

(In millions of yen)

Items	FY2020 (March 31,2021)	FY2021 (March 31, 2022)
Total segment profits	54,691	57,781
Variations resulting from differences in the basis of revenue and expense recognition and measurement	(12,022)	(9,942)
Amortization of actuarial differences on retirement benefit plans, etc.	(1,139)	302
Credit-related expenses, etc.	(4,348)	(3,740)
Gains (losses) on sales of stocks and other securities	2,375	2,033
Others	(575)	(139)
Ordinary profit in the consolidated statement of income	38,982	46,294

(Note)

Credit-related expenses, etc., represent the total of written-off of loans, provision of allowance for loan losses and losses on disposition of non-performing loans.

(3) Reconciliation between total segment assets and total assets in the consolidated balance sheet

(In millions of yen)

Items	FY2020 (March 31,2021)	FY2021 (March 31, 2022)
Total segment assets	5,475,850	6,091,869
Allowance for loan losses	(40,123)	(38,489)
Assets not allocated to reportable segments	481,139	675,273
Total assets in the consolidated balance sheet	5,916,866	6,728,653

(Note)

As of March 31, 2021, assets not allocated to reportable segments include foreign exchange of 58,154 million yen, other assets of 176,366 million yen, fixed assets of 43,444 million yen and deferred tax assets of 16,984 million yen. As of March 31, 2022, assets not allocated to reportable segments include foreign exchange of 63,878 million yen, other assets of 252,834 million yen, fixed assets of 41,925 million yen and deferred tax assets of 31,729 million yen.

(4) Reconciliation between total segment liabilities and total liabilities in the consolidated balance sheet

(In millions of yen)

Items	FY2020 (March 31,2021)	FY2021 (March 31, 2022)
Total segment liabilities	5,129,062	5,873,521
Liabilities not allocated to reportable segments	297,797	367,866
Total liabilities in the consolidated balance sheet	5,426,859	6,241,387

(Note)

As of March 31, 2021, liabilities not allocated to reportable segments include other liabilities of 98,530 million yen and retirement benefit liability of 10,844 million yen. As of March 31, 2022, liabilities not allocated to reportable segments include other liabilities of 64,446 million yen and retirement benefit liability of 10,974 million yen.

5. Change in reportable segments

None

(Per share information)

	FY 2020 (From April 1, 2020 to March 31, 2021)	FY 2021 (From April 1, 2021 to March 31, 2022)
Net assets per common share	4,233.53 yen	4,222.79 yen
Net income per common share	248.27 yen	299.81 yen
Diluted net income per common share	247.90 yen	299.38 yen

(Note 1) Basis of calculation for Net assets per common share is shown below.

		FY 2020 (As of March 31, 2021)	FY 2021 (As of March 31, 2022)
Net assets	Million yen	490,006	487,265
Deductions from net assets	Million yen	(4,059)	(5,839)
Non-controlling interests	Million yen	(4,541)	(6,229)
Share acquisition rights	Million yen	482	390
Net assets available to common stock	Million yen	494,065	493,105
Number of common stock at the end of fiscal year for calculation of Net assets per share	Thousand shares	116,702	116,772

(Note 2) Basis of calculation of Net income per common share and Diluted net income per common share is shown below.

		FY 2020 (From April 1, 2020 to March 31, 2021)	FY 2021 (From April 1, 2021 to March 31, 2022)
Net income per common share			
Profit attributable to owners of parent	Million yen	28,972	35,004
Not available to common stockholders	Million yen	-	-
Profit attributable to owners of parent available to common stock	Million yen	28,972	35,004
Average number of common stock	Thousand shares	116,698	116,755
Diluted net income per common share			
Adjustments for profit attributable to owners of parent	Million yen	-	-
Number of common stock to increase	Thousand shares	169	167
Share acquisition rights	Thousand shares	169	167

(Material subsequent event)

None

4. Non-consolidated financial statements

(1) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Cash and due from banks	818,103	980,590
Cash	6,147	6,288
Due from banks	811,955	974,301
Call loans	41,000	122,243
Monetary claims bought	49,470	78,477
Trading account assets	154,611	133,008
Trading securities derivatives	3,624	14,392
Trading account securities derivatives for hedging	5,907	10,570
Trading account financial derivatives	145,080	108,045
Money held in trust	4,975	9,639
Securities	1,445,782	1,494,578
Government bonds	29,773	51,352
Local government bonds	128,971	133,452
Short-term corporate bonds	29,998	34,998
Corporate bonds	82,401	129,837
Stocks	58,219	65,525
Other securities	1,116,418	1,079,411
Loans and bills discounted	2,918,317	3,230,905
Bills discounted	4,633	5,674
Loans on bills	15,960	24,443
Loans on deeds	2,749,373	3,057,969
Overdrafts	148,349	142,817
Foreign exchanges	58,154	63,878
Due from foreign banks (our accounts)	58,154	63,878
Other assets	222,907	286,308
Prepaid expenses	874	971
Accrued revenue	7,670	8,234
Margin deposits for futures transactions	962	962
Variation margins of futures markets	13	—
Financial derivatives	55,978	53,268
Cash collateral paid for financial instruments	91,510	143,786
Bond issuance costs	282	259
Other	65,615	78,826
Tangible fixed assets	22,596	21,147
Buildings, net	10,960	10,046
Land	9,235	9,235
Leased assets, net	709	478
Other tangible fixed assets	1,691	1,386
Intangible fixed assets	12,461	12,125
Software	12,395	12,059
Other intangible fixed assets	66	66
Prepaid pension costs	4,227	5,132
Deferred tax assets	17,262	31,962
Customers' liabilities for acceptances and guarantees	16,083	25,381
Allowance for loan losses	(50,043)	(47,910)
Allowance for investment loss	(674)	(553)
Total assets	5,735,238	6,446,916

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Deposits	3,821,140	4,564,081
Current deposits	36,475	36,782
Ordinary deposits	1,297,833	1,972,403
Savings deposits	11,490	32,352
Deposits at notice	1,095	995
Time deposits	2,346,518	2,386,837
Other deposits	127,727	134,709
Negotiable certificates of deposit	34,000	33,500
Call money	15,536	16,121
Securities sold under repurchase agreements	56,750	69,876
Cash collateral received for securities lent	431,673	356,956
Trading account liabilities	140,451	129,227
Trading securities derivatives	74	—
Trading account securities derivatives for hedging	11,000	14,936
Trading account financial derivatives	129,376	114,290
Borrowed money	349,503	432,100
Borrowings from other banks	349,503	432,100
Bonds payable	198,365	168,959
Other liabilities	167,661	155,968
Income taxes payable	3,309	6,525
Accrued expenses	3,688	3,819
Unearned revenue	184	311
Variation margins of futures markets	701	6,728
Financial derivatives	91,503	101,576
Cash collateral received for financial instruments	34,826	7,239
Lease liabilities	759	510
Asset retirement obligations	1,914	2,022
Other	30,775	27,237
Provision for bonuses	3,573	3,854
Provision for bonuses for directors (and other officers)	64	70
Provision for retirement benefits	10,383	10,367
Provision for credit losses on off-balance-sheet instruments	609	403
Acceptances and guarantees	16,083	25,381
Total liabilities	5,245,797	5,966,868
Net assets		
Share capital	100,000	100,000
Capital surplus	87,412	87,476
Legal capital surplus	87,313	87,313
Other capital surplus	98	163
Retained earnings	278,361	291,448
Legal retained earnings	12,686	12,686
Other retained earnings	265,675	278,761
Retained earnings brought forward	265,675	278,761
Treasury shares	(3,260)	(3,117)
Total shareholders' equity	462,513	475,807
Valuation difference on available-for-sale securities	27,195	4,007
Deferred gains or losses on hedges	(750)	(157)
Total valuation and translation adjustments	26,445	3,850
Share acquisition rights	482	390
Total net assets	489,440	480,047
Total liabilities and net assets	5,735,238	6,446,916

(2) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Ordinary income	149,454	119,899
Interest income	62,003	59,857
Interest on loans and discounts	39,837	38,463
Interest and dividends on securities	21,251	20,298
Interest on call loans	(23)	(34)
Interest income on securities purchased under resale agreements	(142)	(0)
Interest on deposits with banks	27	22
Other interest income	1,052	1,107
Trust fees	386	444
Fees and commissions	14,563	14,975
Fees and commissions on domestic and foreign exchanges	198	196
Other fees and commissions	14,364	14,778
Gain on trading account transactions	32,723	15,432
Net gain on trading securities	—	7,576
Net gain on trading account securities	26,378	2,251
Net gain on trading account financial derivatives	6,345	5,604
Other ordinary income	37,008	26,537
Gain on foreign exchange transactions	—	2,583
Gain on sale of bonds	18,357	9,408
Gain on financial derivatives	182	1,082
Other	18,468	13,462
Other income	2,768	2,652
Recoveries of written off receivables	197	135
Reversal of provision for credit losses on off- balance-sheet instruments	—	206
Gain on sale of equity securities	2,400	2,034
Gain on money held in trust	123	78
Other	47	196
Ordinary expenses	107,981	78,885
Interest expenses	17,711	14,186
Interest on deposits	5,607	6,130
Interest on negotiable certificates of deposit	4	3
Interest on debentures	55	—
Interest on call money	34	24
Interest expenses on securities sold under repurchase agreements	107	82
Interest expenses on cash collateral received for securities lent	1,513	356
Interest on borrowings and rediscounts	1,782	878
Interest on bonds	2,230	1,957
Interest expenses on interest rate swaps	3,806	2,768
Other interest expenses	2,569	1,986
Fees and commissions payments	4,623	7,324
Fees and commissions on domestic and foreign exchanges	153	158
Other fees and commissions	4,469	7,165
Loss on trading account transactions	20,851	—
Net loss on trading securities	20,851	—
Other ordinary expenses	14,084	7,498
Loss on foreign exchange transactions	527	—
Loss on sale of bonds	9,340	4,908
Loss on redemption of bonds	794	—
Loss on devaluation of bonds	68	—
Amortization of bond issuance costs	233	214
Other	3,118	2,375

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
General and administrative expenses	45,488	45,684
Other expenses	5,223	4,191
Provision of allowance for loan losses	571	2,848
Written-off of loans	3,020	1,062
Provision of allowance for investment loss	—	0
Transfer to provision for credit losses on off- balance-sheet instruments	52	—
Loss on sale of equity securities	—	1
Loss on devaluation of equity securities	0	—
Other	1,578	278
Ordinary profit	41,473	41,014
Extraordinary income	—	0
Gain on disposal of non-current assets	—	0
Extraordinary losses	4	319
Loss on disposal of non-current assets	4	49
Impairment losses	—	269
Profit before income taxes	41,468	40,695
Income taxes - current	12,645	11,569
Income taxes - deferred	(704)	(728)
Total income taxes	11,941	10,841
Profit	29,526	29,854

(3) Non-consolidated statement of changes in net assets

For the fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	100,000	87,313	74	87,388	12,686	251,201	263,888	(3,297)	447,979
Changes during period									
Dividends of surplus						(15,053)	(15,053)		(15,053)
Profit						29,526	29,526		29,526
Purchase of treasury shares								(0)	(0)
Disposal of treasury shares			23	23				37	60
Net changes in items other than shareholders' equity									
Total changes during period	—	—	23	23	—	14,473	14,473	37	14,534
Balance at end of period	100,000	87,313	98	87,412	12,686	265,675	278,361	(3,260)	462,513

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	(24,343)	229	(24,113)	444	424,309
Changes during period					
Dividends of surplus					(15,053)
Profit					29,526
Purchase of treasury shares					(0)
Disposal of treasury shares					60
Net changes in items other than shareholders' equity	51,539	(980)	50,558	37	50,596
Total changes during period	51,539	(980)	50,558	37	65,130
Balance at end of period	27,195	(750)	26,445	482	489,440

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	100,000	87,313	98	87,412	12,686	265,675	278,361	(3,260)	462,513
Cumulative effects of changes in accounting policies						(657)	(657)		(657)
Restated balance	100,000	87,313	98	87,412	12,686	265,017	277,703	(3,260)	461,855
Changes during period									
Dividends of surplus						(16,109)	(16,109)		(16,109)
Profit						29,854	29,854		29,854
Purchase of treasury shares								(0)	(0)
Disposal of treasury shares			64	64				142	207
Net changes in items other than shareholders' equity									
Total changes during period	—	—	64	64	—	13,744	13,744	142	13,951
Balance at end of period	100,000	87,313	163	87,476	12,686	278,761	291,448	(3,117)	475,807

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	27,195	(750)	26,445	482	489,440
Cumulative effects of changes in accounting policies		(1)	(1)		(659)
Restated balance	27,195	(752)	26,443	482	488,780
Changes during period					
Dividends of surplus					(16,109)
Profit					29,854
Purchase of treasury shares					(0)
Disposal of treasury shares					207
Net changes in items other than shareholders' equity	(23,188)	595	(22,593)	(91)	(22,684)
Total changes during period	(23,188)	595	(22,593)	(91)	(8,733)
Balance at end of period	4,007	(157)	3,850	390	480,047

(4) Notes to non-consolidated financial statements

(Information on going concern assumption)

None

Financial Results for FY 2021

 AOZORA BANK, LTD.

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1.	Summary of Revenue and Expenses	【Consolidated】	1
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5.	Gains (losses) on Securities Transactions	【Non-consolidated】		
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II . Status of Loans, etc.

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I. Overviews of the Financial Results for the Year Ended March 31, 2022 (Fiscal Year 2021)

1. Summary of Revenue and Expenses

[Consolidated]

(million yen)

	FY2021		FY2020
	(A)	(A)-(B)	(B)
Consolidated net revenue ※1	103,011	6,464	96,546
Net interest income	51,612	1,522	50,089
Net fees and commissions	14,024	1,543	12,481
Net gains on trading account transactions	16,642	3,241	13,401
Net other ordinary income	20,731	157	20,574
General and administrative expenses	(57,792)	(2,803)	(54,988)
Gains (losses) on equity method investments	2,620	1,509	1,111
Business profit ※2	47,839	5,169	42,669
Credit-related expenses	(3,740)	607	(4,348)
Written-off of loans	(1,367)	(1,192)	(174)
Provision of specific allowance for loan losses	(4,362)	(3,468)	(893)
Provision of general allowance for loan losses	1,659	1,533	125
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	(33)	3,563	(3,596)
Recoveries of written-off receivables	156	(83)	240
Provision of reserve for credit losses on off-balance-sheet instruments	205	255	(49)
Gains (losses) on stock transactions	2,033	(342)	2,375
Other	162	1,877	(1,714)
Ordinary profit	46,294	7,312	38,982
Extraordinary profit (loss)	(319)	(314)	(4)
Profit before income taxes and non-controlling interests	45,975	6,997	38,977
Income taxes-current	(13,110)	569	(13,680)
Income taxes-deferred	173	(1,275)	1,449
Profit	33,038	6,291	26,746
Loss attributable to non-controlling interests	1,966	(259)	2,226
Profit attributable to owners of parent	35,004	6,031	28,972

※1 Consolidated net revenue = (Interest income - Interest expenses)
+ (Trust fees + Fees and commissions - Fees and commissions payments)
+ (Gain on trading account transactions - Loss on trading account transactions)
+ (Other ordinary income - Other ordinary expenses)

※2 Business profit = Consolidated net revenue - General and administrative expenses + Gains (losses) on equity method investments

(Note) The amounts are rounded down to the nearest million yen.

(Scope of Consolidation and Equity-Method Application)

(Number of companies)

	FY2021		FY2020
	(A)	(A)-(B)	(B)
Consolidated subsidiaries	25	0	25
Subsidiaries and affiliated companies applying equity-method	1	0	1

【Non-consolidated】

(million yen)

	FY2021		FY2020
	(A)	(A)-(B)	(B)
Net revenue	88,249	(1,185)	89,434
(Excluding gains (losses) on bond transactions)	83,748	2,467	81,281
Net interest income	45,681	1,370	44,311
Net fees and commissions ※	8,095	(2,230)	10,326
Net gains on trading account transactions	15,432	3,560	11,872
Net other ordinary income	19,038	(3,886)	22,924
(Gains (losses) on bond transactions)	4,500	(3,653)	8,153
General and administrative expenses	(45,986)	(1,636)	(44,349)
Personnel	(22,293)	(780)	(21,512)
Property and equipment	(20,792)	(594)	(20,197)
Taxes	(2,901)	(261)	(2,639)
Core net business profit	42,262	(2,822)	45,085
Core net business profit excluding gains(losses) on bonds	37,762	830	36,931
Core net business profit excluding gains(losses) on bonds and cancellation on investment trusts	37,324	533	36,790
Credit-related expenses	(3,568)	436	(4,005)
Written-off of loans	(1,062)	1,957	(3,020)
Provision of specific allowance for loan losses	(3,864)	(2,960)	(903)
Provision of general allowance for loan losses	1,016	684	332
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	-	557	(557)
Recoveries of written-off receivables	135	(61)	197
Provision of reserve for credit losses on off-balance-sheet instruments	206	259	(52)
Gains (losses) on stock transactions	2,033	(367)	2,400
Other	287	2,295	(2,008)
Ordinary profit	41,014	(458)	41,473
Extraordinary profit (loss)	(318)	(314)	(4)
Profit before income taxes	40,695	(772)	41,468
Income taxes-current	(11,569)	1,075	(12,645)
Income taxes-deferred	728	24	704
Profit	29,854	327	29,526
Business profit	43,278	(2,085)	45,364

※ Trust fees are included.

(Note) The amounts are rounded down to the nearest million yen.

2. Profit Margins [Non-consolidated]

(Total)

	FY2021		FY2020
	(A)	(A)-(B)	(B)
(1) Yield on total investments (A)	1.18%	(0.17%)	1.35%
Yield on loans (B)	1.23%	(0.13%)	1.36%
Yield on securities	1.47%	(0.28%)	1.75%
(2) Rate of funding cost (including general and administrative expenses) (C)	1.15%	(0.17%)	1.32%
Cost of debentures, deposits & certificates of deposit (including general and administrative expenses) (D)	1.23%	(0.16%)	1.39%
Yield on debentures, deposits & certificates of deposit (E)	0.14%	(0.01%)	0.15%
Yield on borrowings	0.23%	(0.14%)	0.37%
(3) Profit margins (A) - (C)	0.03%	0.00%	0.03%
(4) Loan margin (B) - (D)	0.00%	0.03%	(0.03%)
(5) Yield spread (B) - (E)	1.09%	(0.12%)	1.21%

(Note) The figures are calculated in the method specified in "Kessan Jokyohyo".

(Domestic operations)

	FY2021		FY2020
	(A)	(A)-(B)	(B)
(1) Yield on total investments (A)	0.61%	(0.08%)	0.69%
Yield on loans (B)	0.94%	(0.10%)	1.04%
Yield on securities	0.96%	(0.30%)	1.26%
(2) Rate of funding cost (including general and administrative expenses) (C)	1.06%	(0.11%)	1.17%
Cost of debentures, deposits & certificates of deposit (including general and administrative expenses) (D)	1.17%	(0.13%)	1.30%
Yield on debentures, deposits & certificates of deposit (E)	0.14%	(0.00%)	0.14%
Yield on borrowings	0.23%	(0.15%)	0.38%
(3) Profit margins (A) - (C)	(0.45%)	0.03%	(0.48%)
(4) Loan margin (B) - (D)	(0.23%)	0.03%	(0.26%)
(5) Yield spread (B) - (E)	0.80%	(0.10%)	0.90%

(Note) The figures are calculated in the method specified in "Kessan Jokyohyo".

3. Business Profit [Non-consolidated]

(million yen)

	FY2021		FY2020
	(A)	(A)-(B)	(B)
Core net business profit	42,262	(2,822)	45,085
per employee (thousand yen)	21,269	(1,792)	23,061

4. ROE [Non-consolidated]

	FY2021		FY2020
	(A)	(A)-(B)	(B)
Core net business profit basis	8.72%	(1.15%)	9.87%
Profit basis	6.16%	(0.30%)	6.46%

$$\text{ROE} = \frac{\text{Profit}}{\{(\text{Total net assets at beginning of term} - \text{Share acquisition rights}) + (\text{Total net assets at end of term} - \text{Share acquisition rights})\} \div 2}$$

5. Gains (losses) on Securities Transactions [Non-consolidated]

(million yen)

	FY2021		FY2020
	(A)	(A)-(B)	(B)
Gains (losses) on bond transactions	4,500	(3,653)	8,153
Gain on sale of bonds	9,408	(8,948)	18,357
Gain on redemption of bonds	-	-	-
Loss on sale of bonds	(4,908)	4,432	(9,340)
Loss on redemption of bonds	-	794	(794)
Loss on devaluation of bonds	-	68	(68)
Gains (losses) on stock transactions	2,033	(367)	2,400
Gain on sale of equity securities	2,034	(366)	2,400
Loss on sale of equity securities	(1)	(1)	-
Loss on devaluation of equity securities	-	0	(0)

6. Investments and Funding

【Consolidated】

(Total)

(million yen)

	FY2021				FY2020	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	5,177,712	1.27%	562,375	(0.19%)	4,615,337	1.46%
Due from banks	61,777	0.01%	(4,449)	(0.03%)	66,226	0.04%
Call loans and bills bought	448,869	(0.01%)	290,329	0.00%	158,540	(0.01%)
Securities purchased under resale agreements	4	(0.09%)	(142,346)	0.00%	142,350	(0.09%)
Cash collateral provided for securities borrowed	-	-	-	-	-	-
Securities	1,344,391	1.50%	187,104	(0.33%)	1,157,287	1.83%
Loans and bills discounted	3,136,496	1.42%	224,885	(0.14%)	2,911,611	1.56%
Total funding	5,413,570	0.26%	629,219	(0.10%)	4,784,351	0.36%
Deposits	4,365,996	0.14%	738,555	(0.01%)	3,627,441	0.15%
Negotiable certificates of deposit	34,272	0.01%	(5,302)	(0.00%)	39,574	0.01%
Debentures	-	-	(20,925)	(0.26%)	20,925	0.26%
Call money and bills sold	15,925	0.15%	(2,995)	(0.03%)	18,921	0.18%
Securities sold under repurchase agreements	62,819	0.13%	19,540	(0.11%)	43,279	0.24%
Cash collateral received for securities lent	364,118	0.09%	15,818	(0.34%)	348,299	0.43%
Borrowed money	370,250	0.31%	(92,454)	(0.06%)	462,705	0.37%
Bonds payable	180,593	1.08%	(17,789)	(0.04%)	198,383	1.12%

【Non-consolidated】

(Total)

(million yen)

	FY2021				FY2020	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	5,041,038	1.18%	467,352	(0.17%)	4,573,685	1.35%
Due from banks	23,974	0.09%	(14,108)	0.02%	38,083	0.07%
Call loans	398,294	(0.00%)	258,604	0.01%	139,689	(0.01%)
Securities purchased under resale agreements	4	(0.09%)	(142,346)	0.00%	142,350	(0.09%)
Cash collateral provided for securities borrowed	-	-	-	-	-	-
Securities	1,376,034	1.47%	162,276	(0.28%)	1,213,757	1.75%
Loans and bills discounted	3,080,017	1.24%	196,802	(0.14%)	2,883,214	1.38%
Total funding	5,201,659	0.27%	525,193	(0.10%)	4,676,466	0.37%
Deposits	4,154,323	0.14%	634,528	(0.01%)	3,519,794	0.15%
Negotiable certificates of deposit	34,272	0.01%	(5,302)	(0.00%)	39,574	0.01%
Debentures	-	-	(20,925)	(0.26%)	20,925	0.26%
Call money	15,925	0.15%	(2,995)	(0.03%)	18,921	0.18%
Securities sold under repurchase agreements	62,819	0.13%	19,540	(0.11%)	43,279	0.24%
Cash collateral received for securities lent	364,118	0.09%	15,818	(0.34%)	348,299	0.43%
Borrowed money	370,013	0.23%	(92,453)	(0.15%)	462,466	0.38%
Bonds payable	180,593	1.08%	(17,789)	(0.04%)	198,383	1.12%

(Domestic operations)

(million yen)

	FY2021				FY2020	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	4,373,314	0.61%	536,042	(0.08%)	3,837,272	0.69%
Due from banks	515	0.00%	(314)	(0.00%)	829	0.00%
Call loans	389,019	(0.01%)	249,673	0.00%	139,345	(0.01%)
Securities purchased under resale agreements	4	(0.09%)	(142,346)	0.00%	142,350	(0.09%)
Cash collateral provided for securities borrowed	-	-	-	-	-	-
Securities	504,569	0.96%	138,240	(0.30%)	366,328	1.26%
Loans and bills discounted	1,966,508	0.96%	157,780	(0.10%)	1,808,727	1.06%
Total funding	4,558,041	0.14%	584,555	(0.02%)	3,973,485	0.16%
Deposits	4,031,799	0.14%	630,404	(0.00%)	3,401,395	0.14%
Negotiable certificates of deposit	34,272	0.01%	(5,302)	(0.00%)	39,574	0.01%
Debentures	-	-	(20,925)	(0.26%)	20,925	0.26%
Call money	10,000	0.01%	(5,164)	0.01%	15,164	(0.00%)
Securities sold under repurchase agreements	-	-	-	-	-	-
Cash collateral received for securities lent	4,904	0.00%	3,935	0.00%	969	0.00%
Borrowed money	369,104	0.23%	21,568	(0.17%)	347,536	0.40%
Bonds payable	98,509	0.12%	(35,353)	0.01%	133,863	0.11%

7. Unrealized Gains and Losses on Securities

【Consolidated】

(million yen)

	March 31, 2022				March 31, 2021		
	Unrealized gains and losses				Unrealized gains and losses		
	(A)	(A)-(B)	gains	losses	(B)	gains	losses
Held-to-maturity bonds	-	-	-	-	-	-	-
Available-for-sale securities	6,011	(37,467)	50,670	44,658	43,478	56,570	13,092
Japanese stocks	20,408	(46)	20,480	71	20,455	20,462	7
Japanese debt securities	(1,584)	(2,490)	720	2,305	905	1,408	502
Other	(12,812)	(34,929)	29,468	42,281	22,117	34,699	12,582

(Note) A portion of beneficial interests in investment trust within 'Monetary claims bought' is included in the table above.

【Non-consolidated】

(million yen)

	March 31, 2022				March 31, 2021		
	Unrealized gains and losses				Unrealized gains and losses		
	(A)	(A)-(B)	gains	losses	(B)	gains	losses
Held-to-maturity bonds	-	-	-	-	-	-	-
Available-for-sale securities	6,058	(37,422)	50,668	44,609	43,481	56,570	13,088
Japanese stocks	20,408	(46)	20,480	71	20,455	20,462	7
Japanese debt securities	(1,537)	(2,445)	718	2,255	908	1,407	498
Other	(12,812)	(34,929)	29,468	42,281	22,117	34,699	12,582

(Note) A portion of beneficial interests in investment trust within 'Monetary claims bought' is included in the table above.

8. Sales of investment trusts and annuity insurance to retail customers 【Non-consolidated】

(Sales Total)

(100 millions yen)

	FY2021		FY2020
	(A)	(A)-(B)	(B)
Investment trusts	694	402	292
Annuity insurance	17	(19)	36

9. Employees' Retirement Benefits

① Provision for retirement benefits

【Consolidated】

(million yen)

		March 31, 2022		March 31, 2021	
		(A)	(A) - (B)	(B)	
	Defined retirement benefit obligation	(A)	(42,047)	140	(42,188)
	Fair value of plan assets	(B)	36,037	(1,046)	37,084
	Unfunded retirement benefit obligation	(C)=(A)+(B)	(6,009)	(906)	(5,103)
	Retirement benefit asset	(D)	4,964	(775)	5,740
	Retirement benefit liability	(C)-(D)	(10,974)	(130)	(10,844)
	Unrecognized actuarial losses	(E)	(336)	(1,659)	1,322
	Unrecognized prior-service cost	(F)	-	(81)	81
	Remeasurements of defined benefit plans (before income tax effect)	(E)+(F)	(336)	(1,741)	1,404

【Non-consolidated】

(million yen)

		March 31, 2022		March 31, 2021	
		(A)	(A) - (B)	(B)	
	Defined retirement benefit obligation	(A)	(41,608)	226	(41,835)
	Fair value of plan assets	(B)	36,037	(1,046)	37,084
	Unfunded retirement benefit obligation	(C)=(A)+(B)	(5,571)	(820)	(4,751)
	Unrecognized actuarial losses	(D)	336	1,659	(1,322)
	Unrecognized prior-service cost	(E)	-	81	(81)
	Net liability recognized	(F)=(C)+(D)+(E)	(5,234)	921	(6,155)
	Prepaid pension costs	(G)	5,132	904	4,227
	Provision for retirement benefits	(F)-(G)	(10,367)	16	(10,383)

② Net periodic retirement benefit costs

【Consolidated】

(million yen)

		FY2021		FY2020
		(A)	(A) - (B)	(B)
	Net periodic retirement benefit costs regarding defined benefit pension plans	598	(1,482)	2,081

【Non-consolidated】

(million yen)

		FY2021		FY2020
		(A)	(A) - (B)	(B)
	Net periodic retirement benefit costs	479	(1,491)	1,970
	Service cost	1,573	19	1,554
	Interest cost	165	0	164
	Expected return on plan assets	(927)	(77)	(849)
	Amortization of prior-service cost	(81)	245	(327)
	Recognized actuarial losses	(263)	(1,693)	1,429
	Other	13	13	-

10. Capital Adequacy Ratio (under Japanese domestic standards)

■Basel III

【Consolidated】

(million yen)

		March 31, 2022			March 31, 2021 (B)	September 30, 2021 (C)
		preliminary (A)	(A) - (B)	(A) - (C)		
(1) Capital adequacy ratio	(4)/(5)	10.37%	(0.66%)	(0.57%)	11.03%	10.94%
(2) Core capital: instruments and reserves		523,706	18,394	7,690	505,311	516,015
(3) Core capital: regulatory adjustments		23,335	(470)	(975)	23,806	24,311
(4) Regulatory capital	(2)-(3)	500,370	18,864	8,665	481,505	491,704
(5) Risk-weighted assets		4,821,014	459,463	330,478	4,361,551	4,490,536
(6) Total required capital	(5)*4%	192,840	18,378	13,219	174,462	179,621

【Non-consolidated】

(million yen)

		March 31, 2022			March 31, 2021 (B)	September 30, 2021 (C)
		preliminary (A)	(A) - (B)	(A) - (C)		
(1) Capital adequacy ratio	(4)/(5)	10.33%	(0.80%)	(0.65%)	11.13%	10.98%
(2) Core capital: instruments and reserves		509,609	10,730	3,440	498,879	506,169
(3) Core capital: regulatory adjustments		12,115	526	(41)	11,589	12,156
(4) Regulatory capital	(2)-(3)	497,494	10,204	3,481	487,290	494,012
(5) Risk-weighted assets		4,815,768	437,673	317,780	4,378,094	4,497,987
(6) Total required capital	(5)*4%	192,630	17,506	12,711	175,123	179,919

The 'Composition of Capital Disclosure' is available on our website at
<https://www.aozorabank.co.jp/english/ir/library/results/>

II . Status of Loans, etc.

1. Disclosed Claims under the Financial Reconstruction Law ("FRL Credit") - Risk Monitored Loans

After partial and direct written-off

[Consolidated]

(million yen)

FRL Credit	Risk Monitored Loans	March 31, 2022		March 31, 2021
		(A)	(A) - (B)	(B)
Bankrupt and similar credit		2,822	677	2,145
Doubtful credit		16,201	(4,589)	20,790
Special attention credit		2,392	(2,054)	4,447
	Loans overdue for 3 months or more	-	(1,577)	1,577
	Restructured loans	2,392	(476)	2,869
Total		21,416	(5,966)	27,382
Normal credit		3,346,004	379,360	2,966,643
Total credit		3,367,420	373,394	2,994,026

Ratio to Total credit balance

Bankrupt and similar credit	0.1%	0.0%	0.1%
Doubtful credit	0.5%	(0.2%)	0.7%
Special attention credit	0.1%	(0.0%)	0.1%
	Loans overdue for 3 months or more	-	(0.1%)
	Restructured loans	0.1%	(0.0%)
Total (FRL ratio)	0.6%	(0.3%)	0.9%

After partial and direct written-off

[Non-consolidated]

(million yen)

FRL Credit	Risk Monitored Loans	March 31, 2022		March 31, 2021
		(A)	(A) - (B)	(B)
Bankrupt and similar credit		2,822	677	2,145
Doubtful credit		15,483	(5,253)	20,737
Special attention credit		2,392	(476)	2,869
	Loans overdue for 3 months or more	-	-	-
	Restructured loans	2,392	(476)	2,869
Total		20,698	(5,053)	25,751
Normal credit		3,272,308	333,775	2,938,533
Total credit		3,293,007	328,722	2,964,285

Ratio to Total credit balance

Bankrupt and similar credit	0.1%	0.0%	0.1%
Doubtful credit	0.5%	(0.2%)	0.7%
Special attention credit	0.1%	(0.0%)	0.1%
	Loans overdue for 3 months or more	-	-
	Restructured loans	0.1%	(0.0%)
Total (FRL ratio)	0.6%	(0.3%)	0.9%

2. Allowance for Loan Losses

After partial and direct written-off

【Consolidated】

(million yen)

	March 31, 2022			March 31, 2021 (B)	September 30, 2021 (C)
	(A)	(A) - (B)	(A) - (C)		
Allowance for loan losses	48,677	(2,208)	174	50,886	48,503
General allowance	38,489	(1,633)	534	40,123	37,954
Specific allowance	10,188	(574)	(360)	10,763	10,549
Allowance for loans to restructuring countries	-	-	-	-	-

After partial and direct written-off

【Non-consolidated】

(million yen)

	March 31, 2022			March 31, 2021 (B)	September 30, 2021 (C)
	(A)	(A) - (B)	(A) - (C)		
Allowance for loan losses	47,910	(2,132)	(246)	50,043	48,157
General allowance	38,264	(1,016)	656	39,280	37,608
Specific allowance	9,646	(1,116)	(902)	10,763	10,549
Allowance for loans to restructuring countries	-	-	-	-	-

3. Allowance and Coverage for FRL Credit

After partial and direct written-off

【Consolidated】

(million yen)

	March 31, 2022			March 31, 2021 (B)	September 30, 2021 (C)
	(A)	(A) - (B)	(A) - (C)		
FRL Credit, total (a)	21,416	(5,966)	2,446	27,382	18,970
Allowance & Coverage (b)	19,131	(4,349)	1,068	23,480	18,062
Allowance for loan losses (c)	11,645	(1,172)	(388)	12,817	12,034
Collateral / guarantee coverage (d)	7,485	(3,177)	1,456	10,663	6,028
Coverage Ratio b/a	89.3%	3.5%	(5.9%)	85.8%	95.2%
Allowance Ratio c/(a-d)	83.6%	6.9%	(9.4%)	76.7%	93.0%

(Note) Allowance for loan losses (c) is the sum of specific allowance for loan losses and general allowance for loan losses for FRL Credit.

After partial and direct written-off

【Non-consolidated】

(million yen)

	March 31, 2022			March 31, 2021 (B)	September 30, 2021 (C)
	(A)	(A) - (B)	(A) - (C)		
FRL Credit, total (a)	20,698	(5,053)	1,877	25,751	18,820
Allowance & Coverage (b)	18,413	(4,466)	500	22,879	17,913
Allowance for loan losses (c)	11,103	(1,166)	(930)	12,269	12,034
Collateral / guarantee coverage (d)	7,310	(3,299)	1,431	10,609	5,879
Coverage Ratio b/a	89.0%	0.2%	(6.2%)	88.8%	95.2%
Allowance Ratio c/(a-d)	82.9%	1.9%	(10.1%)	81.0%	93.0%

(Note) Allowance for loan losses (c) is the sum of specific allowance for loan losses and general allowance for loan losses for FRL Credit.

4. Coverage for FRL Credit by Borrowers' Category

After partial and direct written-off

【Consolidated】

(100 millions yen)

Borrower categories for self-assessment	FRL Credit		Allowance & Coverage	Allowance Ratio	Coverage Ratio
	Loans	other			
Bankrupt borrowers De facto bankrupt borrowers	Bankrupt and similar credit 28		Collateral / Guarantee coverage 28	100.0%	100.0%
In Danger of Bankruptcy borrowers	Doubtful credit 162		Collateral / Guarantee coverage 46 Allowance 101 Estimated collections 13	88.3%	91.7%
Need Attention borrowers	Special attention credit 23		Collateral / Guarantee coverage - Allowance 14 Estimated collections 9	60.9%	60.9%
Normal borrowers	(Normal credit) (33,460)				

FRL Credit, total 214	Collateral / Guarantee coverage 74 Allowance 116 Estimated collections 22	FRL Credit Allowance Ratio 83.6%	FRL Credit Coverage Ratio 89.3%
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Total credit 33,674	Total allowance 486	Allowance Ratio = Allowance / (Credit – Collateral, Guarantees, etc.) Coverage Ratio = (Collateral, Guarantees + Allowance) / Credit
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The reserve ratio for the non-secured portion of special attention credit	60.9%
The reserve ratio for the need attention credit	5.0%
The reserve ratio for the normal credit	0.7%

(Note) The amounts are rounded down to the nearest 100 millions yen.

5. Off-Balancing of FRL Credit [Non-consolidated]

① Balance of doubtful credit, and bankrupt and similar credit

(100 millions yen)

Newly added within:		As of	As of	As of	As of	As of	As of	As of	increase (decrease) (A)-(B)	As of
		Sep. 30, 2018	Mar. 31, 2019	Sep. 30, 2019	Mar. 31, 2020	Sep. 30, 2020	Mar. 31, 2021	Sep. 30, 2021 (B)		Mar. 31, 2022 (A)
-Sep. 30, 2018	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	69	60	43	33	32	32	31	(0)	31
	subtotal	69	60	43	33	32	32	31	(0)	31
Oct. 1, 2018 -Mar. 31, 2019	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	81	25	24	11	-	-	-	-
	subtotal	-	81	25	24	11	-	-	-	-
Apr. 1, 2019 -Sep. 30, 2019	Bankrupt and similar credit	-	-	32	43	-	-	-	18	18
	Doubtful credit	-	-	91	78	47	46	46	(21)	24
	subtotal	-	-	124	121	47	46	46	(3)	42
Oct. 1, 2019 -Mar. 31, 2020	Bankrupt and similar credit	-	-	-	0	2	0	-	-	-
	Doubtful credit	-	-	-	79	1	-	-	-	-
	subtotal	-	-	-	80	3	0	-	-	-
Apr. 1, 2020 -Sep. 30, 2020	Bankrupt and similar credit	-	-	-	-	18	20	-	-	-
	Doubtful credit	-	-	-	-	74	63	21	2	23
	subtotal	-	-	-	-	93	84	21	2	23
Oct. 1, 2020 -Mar. 31, 2021	Bankrupt and similar credit	-	-	-	-	-	0	-	9	9
	Doubtful credit	-	-	-	-	-	64	64	(43)	21
	subtotal	-	-	-	-	-	65	64	(33)	31
Apr. 1, 2021 -Sep. 30, 2021	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	-	-	-	-
	subtotal	-	-	-	-	-	-	-	-	-
Oct. 1, 2021 -Mar. 31, 2022	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	-	-	53	53
	subtotal	-	-	-	-	-	-	-	53	53

(Note1) The amounts are rounded down to the nearest 100 millions yen.

(Note2) Balance as of Mar. 31, 2022 includes those borrowers (JPY 2.8 billion) for whom measures are undertaken which will lead to eventual off-balancing.

② Off-balancing of doubtful credit, and bankrupt and similar credit

(100 millions yen)

Newly added within:	-Sep. 30, 2018	Oct. 1, 2018 -Mar. 31, 2019	Apr. 1, 2019 -Sep. 30, 2019	Oct. 1, 2019 -Mar. 31, 2020	Apr. 1, 2020 -Sep. 30, 2020	Oct. 1, 2020 -Mar. 31, 2021	Apr. 1, 2021 -Sep. 30, 2021
Liquidation-type disposition	-	-	-	-	-	-	-
Restructuring-type disposition	(1)	-	-	-	-	-	-
Loan liquidations	-	-	-	-	-	(9)	-
Direct written-off	(1)	-	(18)	-	-	(27)	-
Other	2	-	15	-	2	3	-
Total	(0)	-	(3)	-	2	(33)	-

(Note1) The amounts are rounded down to the nearest 100 millions yen.

(Note2) Liquidation-type disposition : debt waiver in event of bankruptcy or special liquidation

Restructuring-type disposition : debt waiver in event of restructuring-type proceedings, such as corporate reorganization, civil rehabilitation, composition and winding-up; or debt forgiveness

Other : collection by disposition of collateral, business improvement of debtor, etc.

(Note3) If legal proceedings such as debt waiver, forgiveness, collection and so on, occur after direct written-off of book cost, relevant amounts are reentered in "Liquidation-type disposition", "Restructuring-type disposition" or "Other" where appropriate and subtracted from "Direct written-off".

6. Breakdown of Loans and Bills Discounted Classified by Industry [Consolidated]

□ After partial and direct written-off

① Loans and Bills Discounted Classified by Industry

(million yen)

	March 31, 2022	March 31, 2021
Loans by domestic offices (excluding Japan offshore market accounts)	2,545,736	2,329,336
Manufacturing	236,800	212,283
Agriculture, forestry and fisheries	4,129	4,501
Mining, quarry and gravel extraction	-	-
Construction	10,311	12,228
Electricity, gas, heat supply and water	87,017	49,788
Information and communications	102,695	113,121
Transport and postal service	40,379	35,778
Wholesale and retail trade	77,982	71,899
Finance and insurance	352,055	363,597
Real estate	715,081	626,079
Leasing	100,517	75,701
Other services	153,857	186,045
Local government	16,980	21,115
Others	647,928	557,195
Loans by overseas offices (including Japan offshore market accounts)	771,389	619,471
Government	-	-
Financial institutions	-	-
Others	771,389	619,471
Total	3,317,125	2,948,808

② Risk Monitored Loans Classified by Industry

	March 31, 2022	March 31, 2021
Loans by domestic offices (excluding Japan offshore market accounts)	19,739	22,036
Manufacturing	7,801	2,905
Agriculture, forestry and fisheries	4,161	4,501
Mining, quarry and gravel extraction	-	-
Construction	1	-
Electricity, gas, heat supply and water	-	-
Information and communications	7	2
Transport and postal service	0	-
Wholesale and retail trade	1,962	2,025
Finance and insurance	0	-
Real estate	2,139	2,273
Leasing	-	861
Other services	1,300	1,405
Local government	-	-
Others	2,364	8,060
Loans by overseas offices (including Japan offshore market accounts)	1,677	5,346
Government	-	-
Financial institutions	-	-
Others	1,677	5,346
Total	21,416	27,382

(Note) Risk monitored loans include accrued interest and suspense payments in other assets and customers' liabilities for acceptances and guarantees.

III. Deferred Tax Assets

1. Judgement for Recoverability of Deferred Tax Asset

We have categorized the Bank under Category 2 of 'Guidance on Recoverability of Deferred Tax Assets' (ASBJ Guidance on Corporate Accounting Standard No.26) and have calculated recoverable deferred tax assets based on a scheduling of the reversals of temporary differences.

Reference) Past Taxable income

(100 millions yen)

	FY 2019	FY 2020	FY 2021
Taxable income (before offsetting of tax loss carryforwards)	594	385	367

2. Temporary Differences and Loss Carryforwards 【Non-consolidated】

(100 millions yen)

	March 31, 2022		March 31, 2021
	(A)	(A) - (B)	(B)
Deferred Tax Assets	346	7	339
Allowance for loan losses	149	0	149
Provision for employees' retirement benefits	31	0	31
Securities write-off	191	0	192
Unrealized gain on available-for-sale securities	3	3	—
Tax loss carryforwards	—	—	—
Other	92	(7)	99
Subtotal	469	(3)	472
Less valuation allowance	(122)	11	(133)
Deferred tax liabilities	27	(139)	166
Unrealized gain on available-for-sale securities	6	(141)	148
Net deferred tax assets	319	147	172