

FY2022 3rd Quarter Financial Results Overview

February 3, 2023

Financial Highlights for the First Nine Months of FY2022

Net revenue	55.2 billion yen (24.0 billion yen decrease year-on-year, progress rate*: 54%)
Business profit	12.9 billion yen (25.9 billion yen decrease year-on-year, progress rate*: 28%)
Profit attributable to owners of parent	15.7 billion yen (12.8 billion yen decrease year-on-year, progress rate*: 44%)

* Progress rate: percentage of progress towards original earnings forecasts

Key points

- Net revenue from customer-related businesses, mainly driven by Aozora's Strategic Investments Business, increased by 3.5 billion yen compared to the previous year
- Net revenue from retail business declined by 4.5 billion yen due to the Bank's policy of restricting the sale of structured bonds
- Net revenue from financial market-related business decreased by 22.9 billion yen due to a loss-cut in the securities portfolio beginning in 3Q (October–December)
 - Unrealized gains/losses on securities decreased from a net loss of 80.7 billion yen as of September 30, 2022 to a net loss of 70.1 billion yen as of December 31, 2022, and have further improved to date. The risk of further losses has been significantly reduced
 - Aozora decided to implement a loss-cut to a portion of unrealized losses during FY2022 in order to enhance flexibility in managing its securities portfolio going forward as well as improve periodic earnings under its next Mid-term Plan
- Credit-related expenses were a net reversal of 0.1 billion yen in 3Q and a net reversal of 2.2 billion yen for 1–3Q

Dividend for 3Q: 38 yen per common share

(Note) Unless otherwise stated, all amounts stated have been rounded down to the nearest unit.

In addition, "1Q" refers to the period from April to June, "2Q" refers to the period from July to September, "3Q" refers to the period from October to December, "4Q" refers to the period from January to March, and "interim period" refers to the period from April to September.

PL summary

- Net revenue from customer-related businesses (excluding financial market-related and retail businesses), mainly driven by Aozora's Strategic Investments Business, was 54.7 billion yen, an increase of 3.5 billion yen compared to the previous year. Net revenue from retail business declined by 4.5 billion yen, reflecting the Bank's policy of restricting the sale of structured bonds
- Net revenue from financial market-related business decreased by 22.9 billion yen. In 3Q, net revenue was a net loss of 5.9 billion yen
- G&A expenses increased by 1.5 billion yen mainly due to increased personnel costs
- Profit attributable to owners of parent was 15.7 billion yen (0.3 billion yen for 3Q)

	FY2021 Apr - Dec. A	FY2022				Change B - A		FY2022 Revised forecast
		Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Apr - Dec. B	Amount	%	
(billion yen)								
Net revenue	79.3	21.4	21.8	11.9	55.2	-24.0	-30.3%	62.0
Net interest income	38.7	14.2	12.9	13.1	40.4	+1.6		
Non-interest income	40.5	7.2	8.8	-1.2	14.8	-25.6		
General & administrative expenses	-42.1	-14.4	-14.6	-14.5	-43.6	-1.5		
Gains/losses on equity method investments	1.7	0.3	0.4	0.4	1.3	-0.3		
Business profit	38.8	7.3	7.6	-2.1	12.9	-25.9	-66.8%	4.5
Credit-related expenses	-1.2	3.2	-1.1	0.1	2.2	+3.5		
Gains/losses on stock transactions	0.8	-0.0	4.6	0.1	4.6	+3.8		
Ordinary profit	38.7	11.3	9.0	-1.9	18.4	-20.3	-52.5%	10.0
Profit before income taxes	38.5	11.3	9.0	-1.9	18.4	-20.1	-52.2%	
Taxes	-11.2	-3.3	-2.6	1.7	-4.2	+7.0		
Gains/losses attributable to non-controlling interests	1.3	0.4	0.5	0.5	1.5	+0.2		
Profit attributable to owners of parent	28.5	8.3	7.0	0.3	15.7	-12.8	-45.0%	10.0

Reference: Net revenue by business group (management accounting basis)

Customer-related business excl. financial market-related and retail businesses	51.2	19.2	18.2	17.2	54.7	+3.5	+6.8%
Retail business	7.0	1.0	0.8	0.5	2.4	-4.5	-65.1%
Financial market-related business	21.0	1.2	2.7	-5.9	-1.9	-22.9	-

Net interest income

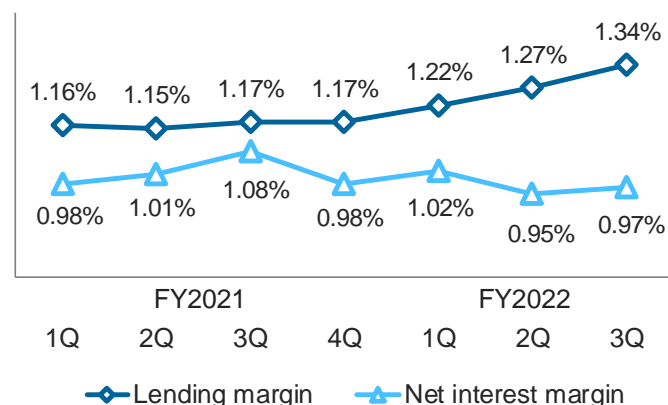
- Net interest income was 40.4 billion yen, an increase of 1.6 billion yen compared to the previous year
 - Net interest income for the 1–3Q period increased year-on-year due to higher loan outstandings and gains on the cancellation of investment trusts
 - Interest on foreign currency-denominated loans as well as foreign currency funding costs increased as a result of higher overseas interest rates
- The net interest margin decreased by 4bps compared to the previous year
 - The net interest margin slightly improved in 3Q compared to 2Q due to an increase in the lending margin

	FY2021	FY2022			Apr. - Dec. B	Change B - A
	Apr. - Dec. A	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		
(billion yen)						
Net interest income	38.7	14.2	12.9	13.1	40.4	+1.6
Interest income	49.3	21.2	26.1	32.1	79.6	+30.2
Interest on loans and discounts	33.2	14.4	19.8	25.2	59.5	+26.3
Interest and dividends on securities	15.3	6.4	5.7	6.1	18.4	+3.0
Incl. gains on cancellation of investment trusts	0.1	0.9	0.1	0.2	1.2	+1.1
Other interest income	0.8	0.3	0.5	0.8	1.6	+0.8
Interest expenses	-10.5	-7.0	-13.1	-19.0	-39.1	-28.6
Interest on deposits and NCDs	-4.4	-2.1	-2.7	-3.1	-8.0	-3.5
Interest on debentures	-1.5	-0.4	-0.4	-0.1	-1.0	+0.4
Interest on borrowings and rediscounts	-0.8	-0.2	-0.3	-0.3	-0.9	-0.0
Other interest (repurchase interest, etc.)	-0.5	-0.8	-2.1	-3.1	-6.1	-5.6
Interest on swaps	-3.1	-3.2	-7.4	-12.2	-23.0	-19.8

(Note) Decreases in expenses are shown as positive.

	FY2021	FY2022			Apr. - Dec. B	Change B - A
	Apr. - Dec. A	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		
Yield on total investments (A)	1.28%	1.48%	1.78%	2.15%	1.81%	+0.53%
Yield on loans (B)	1.42%	1.68%	2.10%	2.52%	2.12%	+0.70%
Yield on securities	1.52%	1.81%	1.63%	1.59%	1.68%	+0.16%
Yield on funding (C)	0.26%	0.46%	0.83%	1.18%	0.83%	+0.57%
Net interest margin (A)-(C)	1.02%	1.02%	0.95%	0.97%	0.98%	-0.04%
Lending margin (B)-(C)	1.16%	1.22%	1.27%	1.34%	1.29%	+0.13%

Net interest margin and lending margin



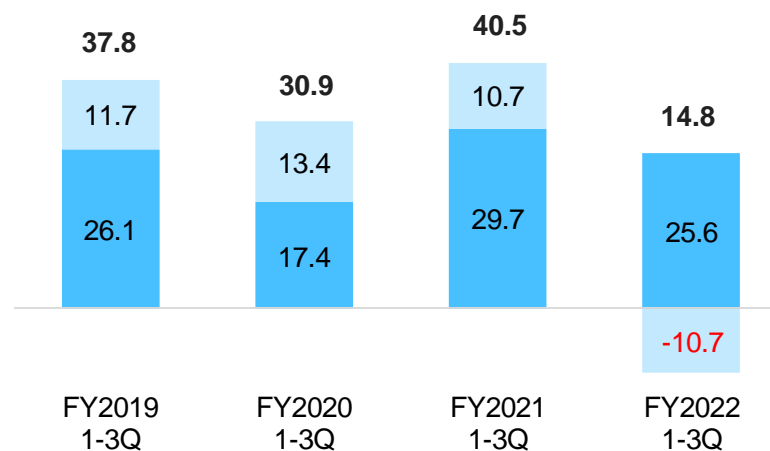
Non-interest income

- Non-interest income was 14.8 billion yen, a decrease of 25.6 billion yen year-on-year
 - Non-interest income, excluding financial market-related business, was 25.6 billion yen, representing steady progress
 - Net fees and commissions remained stable throughout the 1–3Q period
 - Net trading revenues decreased by 9.1 billion yen, mainly due to a decrease in both earnings from the sale of structured bonds and trading income
 - Gains/losses on bond transactions were a net loss of 3.9 billion yen in 3Q as the Bank implemented a loss-cut to a portion of unrealized losses in its securities portfolio

(billion yen)	FY2021	FY2022			Apr - Dec. B	Change B - A
	Apr - Dec. A	Apr.- Jun.	Jul.- Sep.	Oct. - Dec.		
Non-interest income	40.5	7.2	8.8	-1.2	14.8	-25.6
Net fees and commissions	10.1	2.8	2.8	3.7	9.4	-0.6
Net trading revenues	12.1	1.6	0.2	1.1	3.0	-9.1
Gains/losses on bond transactions	5.8	-2.3	-0.0	-3.9	-6.2	-12.1
Net other ordinary income excl. gains/losses on bond transactions	12.3	5.1	5.7	-2.2	8.5	-3.7
Incl. gains from limited partnerships	7.3	3.1	0.9	1.1	5.1	-2.1
(Ref.) Ratio of gains/losses on bond transactions to net revenue	7%	-	-	-	-	-

Non-interest income*

(billion yen)



- Non-interest income from financial market-related business
- Non-interest income excl. financial market-related business

* Management accounting basis

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

- Net fees and commissions were 9.4 billion yen, a decrease of 0.6 billion yen compared to the previous year. The 3Q saw an increase from 2Q to 3.7 billion yen
 - Loan-related fee income decreased by 0.8 billion yen, reflecting the impact of a specific large loan closed in FY2021. However, 3Q saw an increase from 2Q, mainly driven by environmental finance-related transactions
 - Investment trust AUM balances and investment trust fee income both increased as the sales of investment trust products offered by Aozora Investment Management to the retail customers of regional financial institutions were strong
- Net trading revenues were 3.0 billion yen, a decrease of 9.1 billion yen due to a decrease in both earnings from the sale of structured bonds and trading income
 - Aozora's policy regarding the sale of structured bonds is currently under review

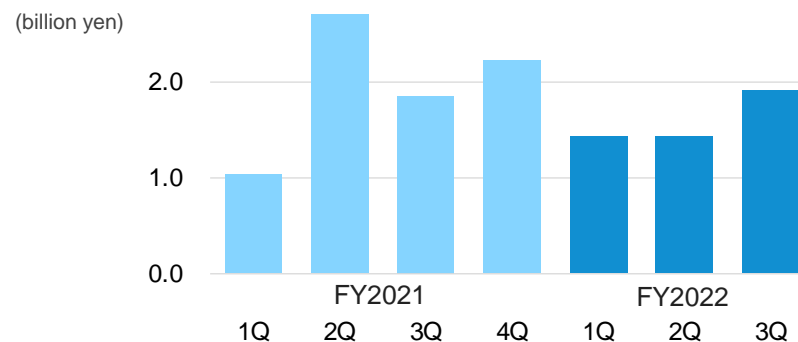
(billion yen)	FY2021	FY2022			Apr. - Dec. B	Change B - A
	Apr. - Dec. A	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		
Net fees and commissions	10.1	2.8	2.8	3.7	9.4	-0.6
Fees and commissions	12.8	3.8	3.9	4.8	12.6	-0.2
Loan business-related and deposits	5.6	1.4	1.4	1.9	4.8	-0.8
Securities-related and agency	2.8	1.0	1.2	1.1	3.3	+0.5
Incl. investment trust fee income	1.5	0.5	0.6	0.6	1.8	+0.3
Other	4.4	1.3	1.2	1.8	4.4	+0.0
Incl. GANB fee income	2.6	0.9	0.8	0.9	2.8	+0.2
Fees and commissions payments	-2.7	-1.0	-1.0	-1.0	-3.1	-0.4
Net trading revenues	12.1	1.6	0.2	1.1	3.0	-9.1

Earnings from investment product sales to retail customers*

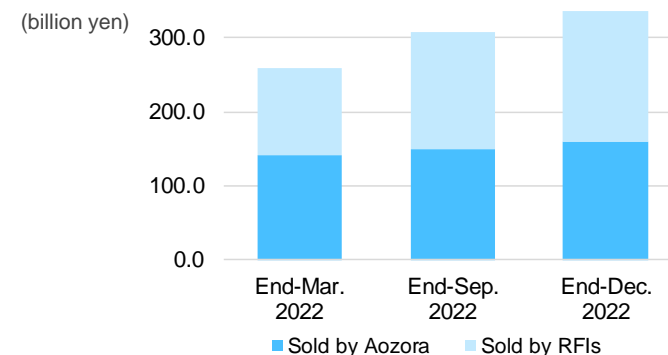
	FY2021	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Apr. - Dec. B	Change B - A
Earnings from investment product sales	6.9	1.0	0.9	0.5	2.4	-4.4
Incl. investment trusts	1.1	0.3	0.3	0.3	1.0	-0.1
Incl. structured bonds	5.6	0.6	0.5	0.1	1.3	-4.3

* Earnings from the sale of investment trusts are included in net fees and commissions. Earnings from the sale of structured bonds are included in net trading revenues.

Loan-related fee income



Retail investment trust AUM balances



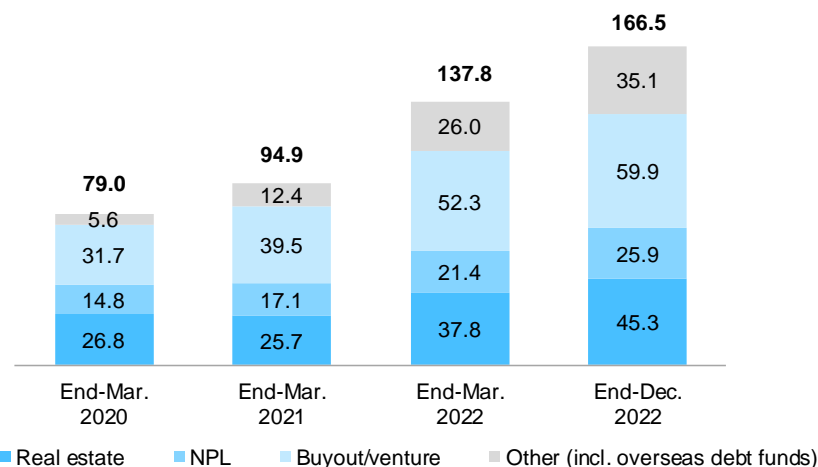
Non-interest income – Net other ordinary income

- Gains/losses on bond transactions were a net loss of 6.2 billion yen, compared to a net gain of 5.8 billion yen in the previous year
 - A net loss of 3.9 billion yen was recorded in 3Q, reflecting the Bank's implementation of a loss-cut mainly to U.S. government bonds
- Net other ordinary income (excl. gains/losses on bond transactions) was 8.5 billion yen, a decrease of 3.7 billion yen year-on-year
 - Gains/losses on financial derivatives and gains/losses on equity derivatives were the result of risk reduction operations performed on the securities portfolio
 - Distressed loan-related recovery contributed to gains from limited partnerships, while purchase transactions also increased steadily. In terms of buyout/venture-related limited partnerships, the overseas buyout fund portfolio is under review in light of market and economic conditions

(billion yen)	FY2021	FY2022			Apr. - Dec. B	Change B - A
	Apr. - Dec. A	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		
Gains/losses on bond transactions	5.8	-2.3	-0.0	-3.9	-6.2	-12.1
Japanese government bonds (JGBs)	0.1	-0.4	0.0	-	-0.3	-0.5
Municipal bonds	-	-0.3	-0.0	-0.7	-1.0	-1.0
Foreign government bonds and mortgage bonds	-1.1	-	-	-2.8	-2.8	-1.7
Other	6.8	-1.5	0.0	-0.3	-1.8	-8.7
Incl. private placement investment trusts	4.2	3.7	-0.0	-0.4	3.1	-1.0
Incl. REITs	1.6	-0.0	0.0	0.1	0.1	-1.5
Incl. foreign currency ETFs	0.0	-5.2	0.0	-	-5.2	-5.2
Net other ordinary income excl. gains/losses on bond transactions	12.3	5.1	5.7	-2.2	8.5	-3.7
Incl. gains/losses on financial derivatives	0.5	-0.1	4.5	-0.3	3.9	+3.4
Incl. gains from limited partnerships	7.3	3.1	0.9	1.1	5.1	-2.1
Real estate-related	1.3	0.4	0.4	0.2	1.1	-0.2
Distressed loan-related	3.1	0.4	0.5	1.3	2.3	-0.8
Buyout/venture-related	2.2	1.8	-0.4	-0.8	0.5	-1.6
Other	0.6	0.4	0.3	0.4	1.1	+0.5
(Ref.) Gains/losses on equity derivatives*	-	0.6	-1.9	-0.0	-1.3	-1.3

Limited partnership investments*

(billion yen)



* Management accounting basis

* Not included in net revenue or gains on stock transactions on the next page

Gains/losses on equity method investments/stock transactions

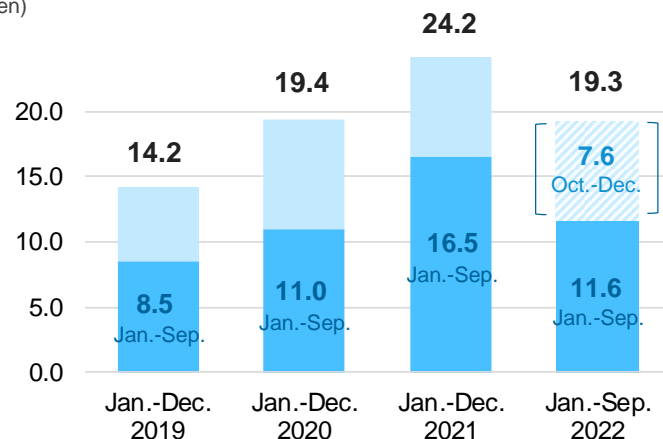
- Gains/losses on equity method investments were a net gain of 1.3 billion yen
 - Orient Commercial Joint Stock Bank's (OCB) results during the January–September period decreased compared to the previous year, mainly due to losses recorded on the sale of bonds in response to increased interest rates within Vietnam
- Gains/losses on stock transactions were a net gain of 4.6 billion yen

(billion yen)	FY2021	FY2022				Change B - A
	Apr. - Dec. A	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Apr. - Dec. B	
Gains/losses on equity method investments	1.7	0.3	0.4	0.4	1.3	-0.3
Gains/losses on stock transactions*	0.8	-0.0	4.6	0.1	4.6	+3.8

* Not including gains/losses on equity derivatives

OCB Net profit*

(billion yen)



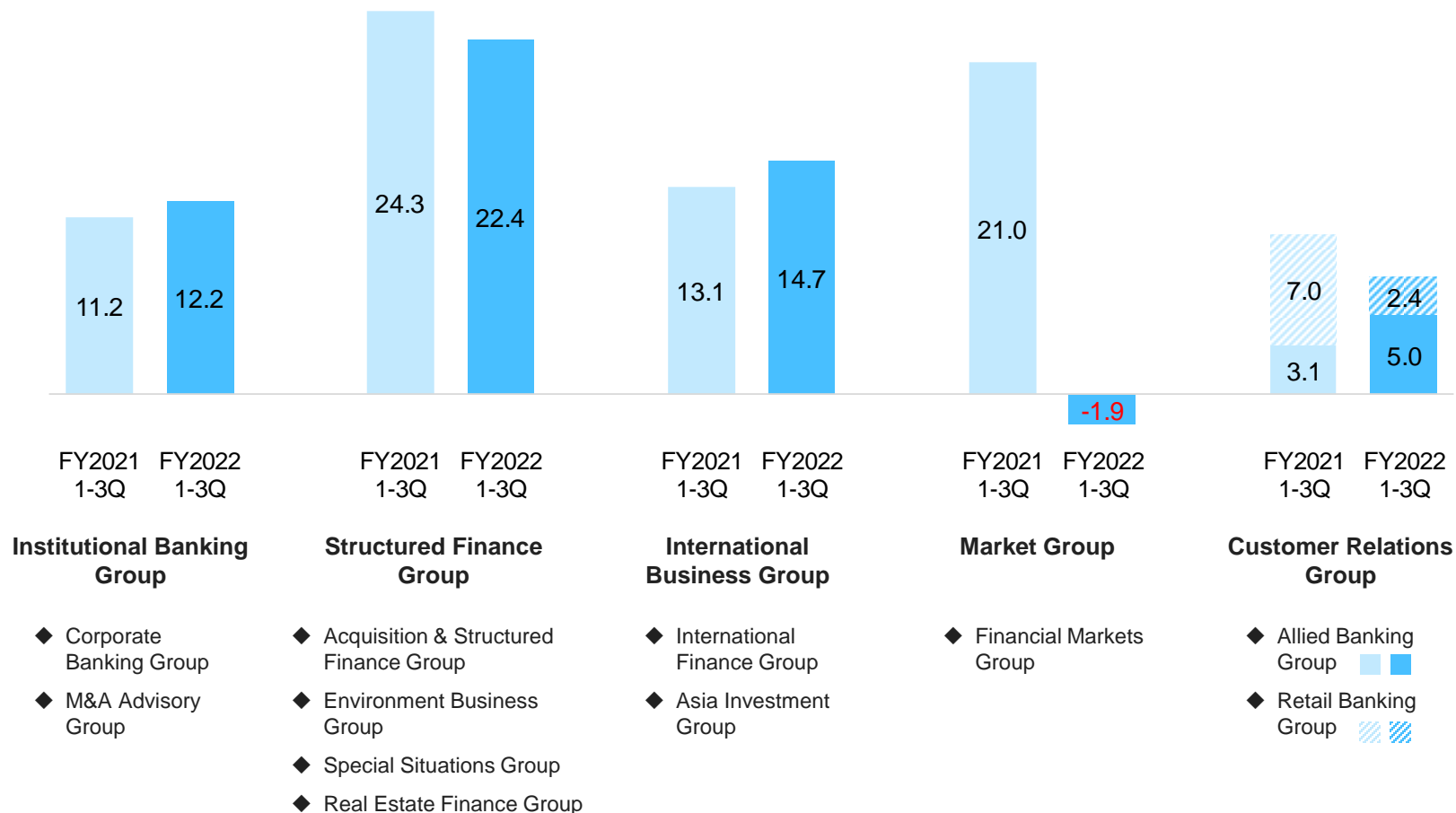
15% of OCB's net profit (including goodwill amortization) for Jan.–Sep. 2022 was included in Aozora's FY2022 1–3Q results

* Uses an exchange rate of 0.0055 yen per 1 Vietnamese dong

Results by business segment

Business revenue* (total of net revenue, gains/losses on equity method investments and stock transactions)

(billion yen)



* Management accounting basis

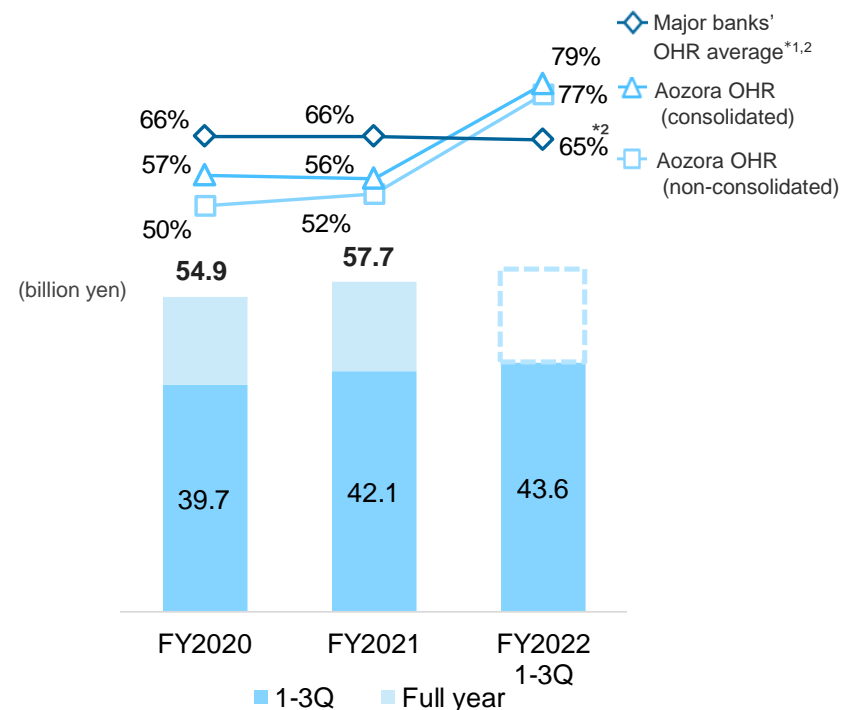
G&A expenses

- G&A expenses were 43.6 billion yen, an increase of 1.5 billion yen year-on-year, representing progress of 73% towards the original budget as the Bank maintained its focus on cost-control
 - Personnel expenses increased by 1.3 billion yen from the previous year as the Bank has continued to invest in human capital, including pay-scale increases and personnel system reform
- The Overhead Ratio (OHR) was 79% due to the decrease in net revenue

G&A expenses breakdown

	FY2021	FY2022			Change B - A	
	Apr. - Dec. A	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		Apr. - Dec. B
(billion yen)						
G&A expenses (A)	42.1	14.4	14.6	14.5	43.6	+1.5
Personnel	19.7	6.8	7.2	7.0	21.1	+1.3
Non-Personnel	19.6	6.6	6.7	6.9	20.3	+0.6
Incl. IT-related	8.1	2.8	2.8	2.9	8.6	+0.4
Taxes	2.6	0.9	0.6	0.5	2.1	-0.5
Net revenue (B)	79.3	21.4	21.8	11.9	55.2	
OHR (A) / (B)	53%	67%	67%	122%	79%	
OHR (non-consolidated)	50%	63%	62%	143%	77%	
OHR (non-consolidated, core net business profit)	54%	56%	62%	95%	67%	

G&A expenses and OHR



*1 Major banks refers to MUFG, SMFG, Mizuho FG, Resona HD, Sumitomo Mitsui Trust HD and SBI Shinsei
Values calculated based on each company's publically-available financial data

*2 FY2022 interim

Credit-related expenses

- Credit-related expenses were a net reversal of 2.2 billion yen for the 1–3Q period and a reversal of 0.1 billion yen for 3Q. In 3Q, there were no significant defaults. Aozora saw a net reversal in general loan loss reserves mainly due to a stronger yen, while losses on disposition of loans were recorded as a result of rebalancing the overseas loan portfolio
- The ratio of loan loss reserves to total loans remained adequate at 1.06%
 - The ratio of loan loss reserves to overseas loans was approximately 1.7%

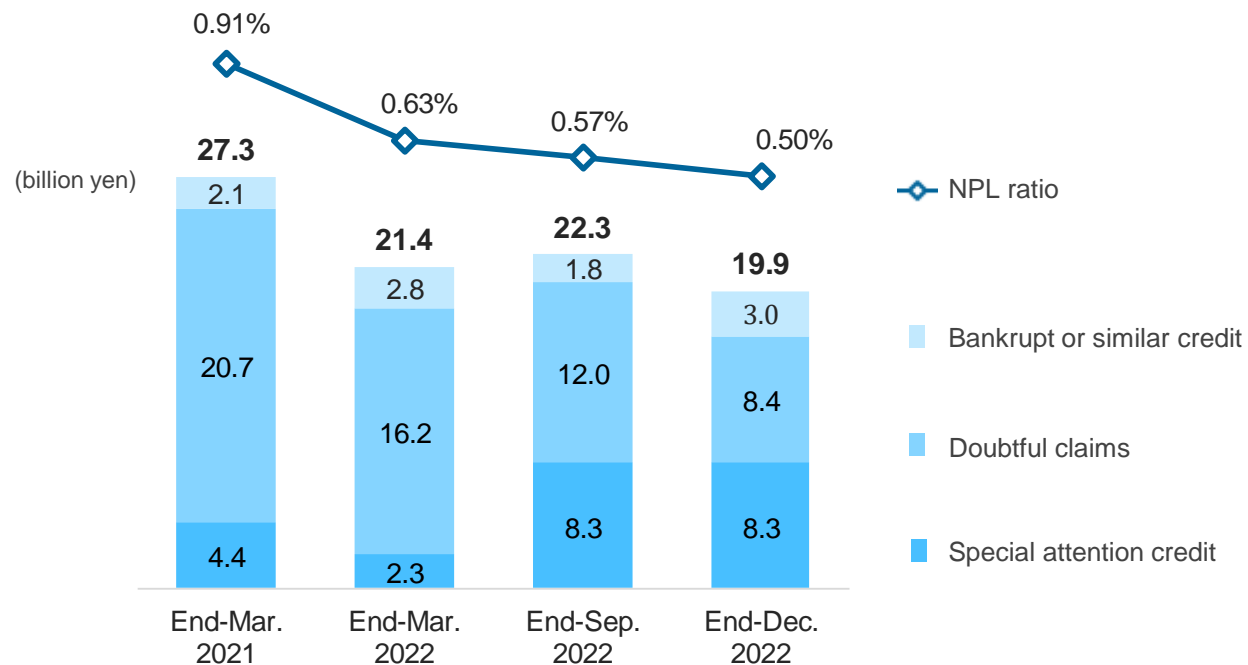
	FY2021	FY2022			Apr. - Dec. B	Change B - A
	Apr. - Dec. A	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		
(billion yen)						
Credit-related expenses	-1.2	3.2	-1.1	0.1	2.2	+3.5
Write-off of loans	-1.2	-0.0	-0.0	-0.0	-0.0	+1.2
Loan loss reserves	-0.1	2.2	-1.1	0.3	1.4	+1.6
Specific loan loss reserves	-0.4	-0.6	0.4	-0.0	-0.1	+0.2
General loan loss reserves	0.2	2.9	-1.6	0.3	1.6	+1.3
Gains/losses on disposition of loans	-0.0	-0.0	-0.0	-0.2	-0.3	-0.3
Recoveries of written off receivables	0.1	1.0	0.1	0.0	1.1	+0.9
Reserve for credit losses on off-balance-sheet instruments	-0.0	0.0	-0.0	0.0	-0.0	+0.0

Ratio of loan loss reserves to total loans

(billion yen)	End - Mar. 2022	End - Sep. 2022	End - Dec. 2022
Loan loss reserves (A)	48.6	44.2	41.4
General loan loss reserves	38.4	37.2	36.8
Total loans (B)	3,317.1	3,848.7	3,877.6
Loans subject to loss reserves (C)	3,108.0	3,457.1	3,477.4
(A) / (B)	1.46%	1.15%	1.06%
(A) / (C)	1.56%	1.28%	1.19%
Reserve ratio for need attention credit	5.0%	4.9%	5.1%
Reserve ratio for normal credit	0.7%	0.5%	0.5%

Non-performing loans based on the FRA*

- The ratio of NPLs to total claims on a consolidated basis (NPL ratio) was 0.50%, a decrease of 0.13% from March 31, 2022 and a decrease of 0.07% from September 30, 2022
 - NPLs decreased by 1.5 billion yen compared to March 31, 2022 and by 2.4 billion yen from September 30, 2022



(billion yen)	End-Mar. 2021	End-Mar. 2022	End-Sep. 2022	End-Dec. 2022
Total claims	2,994.0	3,367.4	3,907.2	3,936.8
NPLs (A)	27.3	21.4	22.3	19.9
Coverage (B)	23.4	19.1	17.8	15.3
Reserves	12.8	11.6	10.8	8.3
Collateral & guarantees	10.6	7.4	6.9	7.0
Coverage ratio (B) / (A)	86%	89%	80%	77%

* Financial Reconstruction Act

Balance sheet summary

- Total assets were 7,154.3 billion yen, an increase of 425.7 billion yen compared to March 31, 2022
- Total net assets were 439.9 billion yen, representing a decrease of 47.2 billion yen from March 31, 2022
 - The valuation difference on available-for-sale securities increased by 10.2 billion yen compared to September 30, 2022 as a result of decreased unrealized losses in the Bank's securities portfolio

(billion yen)	End - Mar. 2022 A	End - Sep. 2022	End - Dec. 2022 B	Change B - A
Loans and bills discounted	3,317.1	3,848.7	3,877.6	+560.5
Securities	1,478.1	1,420.3	1,333.5	-144.5
Cash and due from banks	1,141.9	971.0	1,060.7	-81.1
Trading assets	133.0	176.3	271.8	+138.8
Other	658.3	740.9	610.4	-47.9
Total assets	6,728.6	7,157.5	7,154.3	+425.7

(billion yen)	End - Mar. 2022 A	End - Sep. 2022	End - Dec. 2022 B	Change B - A
Deposits / Negotiable certificates of deposit	4,871.5	5,302.1	5,406.1	+534.5
Bonds payable	168.9	125.9	117.7	-51.2
Borrowed money	432.3	500.9	509.0	+76.7
Cash collateral received for securities lent	356.9	263.4	194.8	-162.1
Trading liabilities	129.2	171.6	180.8	+51.6
Other	282.3	354.6	305.7	+23.4
Total liabilities	6,241.3	6,718.8	6,714.3	+472.9
Capital stock / Capital surplus	187.4	187.4	187.4	+0.0
Retained earnings	301.7	307.3	303.3	+1.6
Valuation difference on available-for-sale securities	3.9	-65.2	-55.0	-59.0
Foreign currency translation adjustment	3.4	11.3	9.7	+6.3
Other	-9.3	-2.2	-5.5	+3.7
Total net assets	487.2	438.6	439.9	-47.2
Total liabilities and net assets	6,728.6	7,157.5	7,154.3	+425.7

Loans – Balance by industry

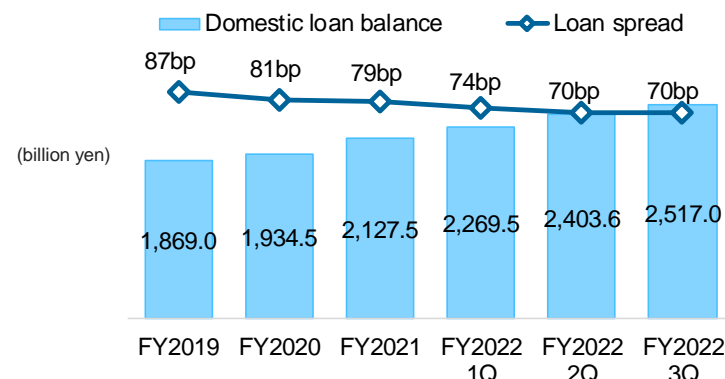
- Loans were 3,877.6 billion yen, an increase of 560.5 billion yen compared to March 31, 2022.
 - Domestic loans increased by 389.5 billion yen compared to March 31, 2022 and by 113.3 billion yen compared to September 30, 2022. In 3Q, environmental finance and loans to borrowers with strong credit ratings both increased

(billion yen)	End - Mar. 2022 A	End - Sep. 2022	End - Dec. 2022 B	Change B - A
Total loans (A)	3,317.1	3,848.7	3,877.6	+560.5
Domestic loans	2,127.5	2,403.6	2,517.0	+389.5
Overseas loans* (B)	1,189.6	1,445.1	1,360.6	+171.0
(B) / (A)	35.9%	37.5%	35.1%	-

* With no final risk residing in Japan

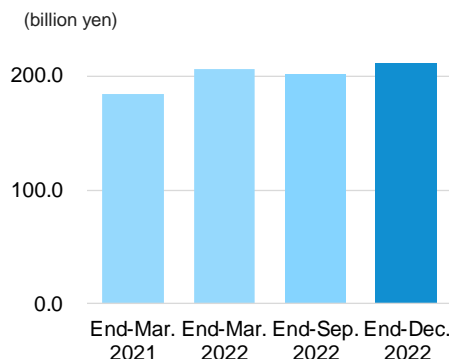
				Share	
Loans by domestic offices (excl. Japan offshore market accounts)	2,545.7	2,915.2	3,001.0	+455.3	77%
Manufacturing	236.8	242.6	244.1	+7.3	6%
Utilities (electric power/gas/heat supply/water service)	87.0	111.0	154.2	+67.2	4%
Information and communications	102.6	105.1	105.3	+2.6	3%
Transport, postal services	40.3	42.0	48.3	+7.9	1%
Wholesale and retail sale	77.9	82.7	86.0	+8.0	2%
Financial and insurance	352.0	356.0	349.8	-2.2	9%
Real estate	715.0	724.9	753.8	+38.7	19%
Incl. non-recourse loans	380.8	393.1	420.4	+39.5	11%
Leasing	100.5	123.5	144.8	+44.3	4%
Other services	153.8	165.1	166.5	+12.6	4%
Other	679.3	961.9	947.9	+268.5	24%
Incl. overseas (HQ booked)	439.2	532.3	508.1	+68.9	13%
Loans by overseas offices incl. Japan offshore market accounts	771.3	933.4	876.5	+105.1	23%
Total	3,317.1	3,848.7	3,877.6	+560.5	100%

Domestic loan balance and loan spread*



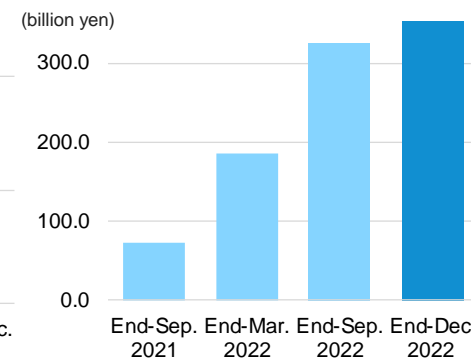
* Management accounting basis. Loan balance and loan spread are as of the end of the period. The disclosure is based on the loan spread at the end of the period.

LBO loans (non-consolidated)*



* Management accounting basis

Environmental finance (non-consolidated)*



* Management accounting basis
Including corporate bonds and equities

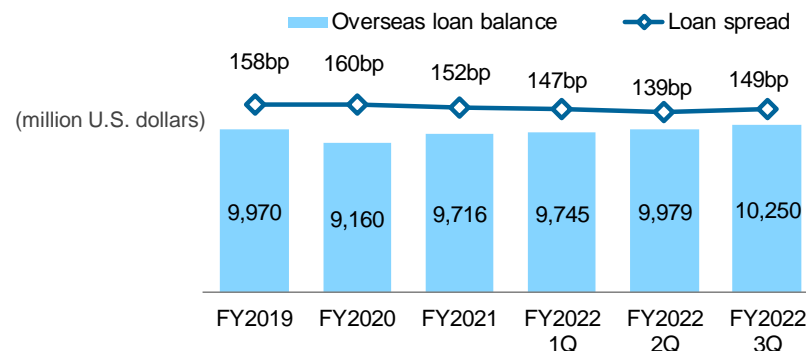
Loans – Overseas

- Overseas loans were 1,360.6 billion yen, or 10,250 million on a U.S. dollar-basis (an increase of 533 million dollars compared to March 31, 2022 and an increase of 271 million dollars compared to September 30, 2022)
 - The Bank continued its careful and selective origination of loans with favorable risk-return profiles in light of overseas economic trends and financial market conditions

(billion yen)	End - Mar. 2022 A	End - Sep. 2022	End - Dec. 2022 B	Change B - A
Total loans (A)	3,317.1	3,848.7	3,877.6	+560.5
Overseas loans* (B)	1,189.6	1,445.1	1,360.6	+171.0
(B) / (A)	35.9%	37.5%	35.1%	-
U.S. dollar basis (\$ million)	9,716	9,979	10,250	+533
Foreign exchange rate (US\$/JPY)	¥122.43	¥144.81	¥132.74	¥10.31

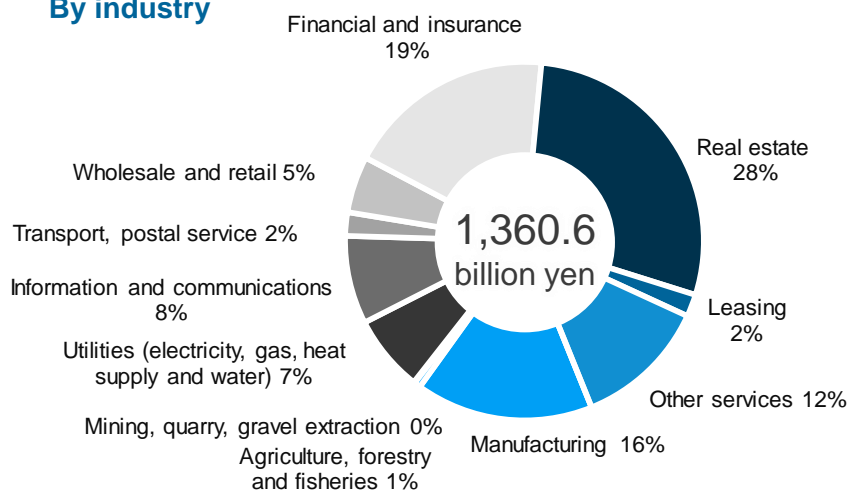
* With no final risk residing in Japan

Overseas loan balance and loan spread*

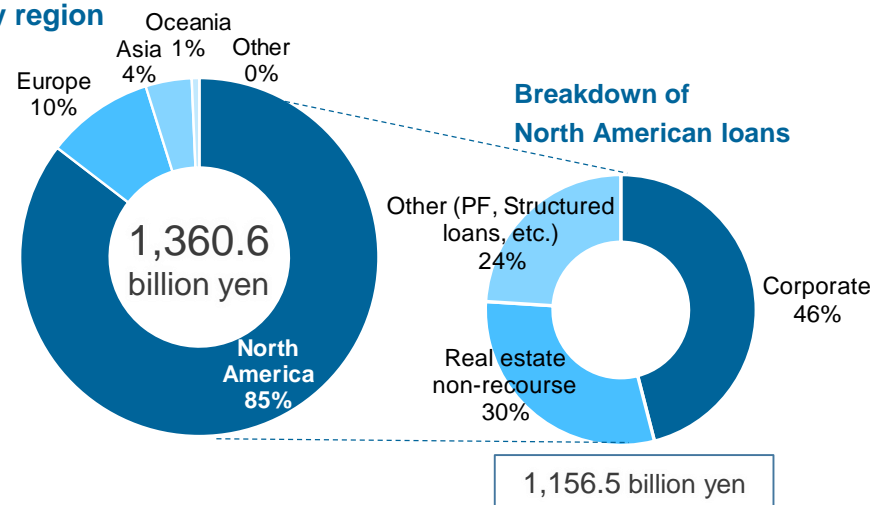


* Management accounting basis. Loan balance and loan spread are as of the end of the period. To eliminate the impact of foreign exchange rate fluctuations in calculating lending margin, the disclosure is based on the loan spread at the end of the period.

By industry



By region

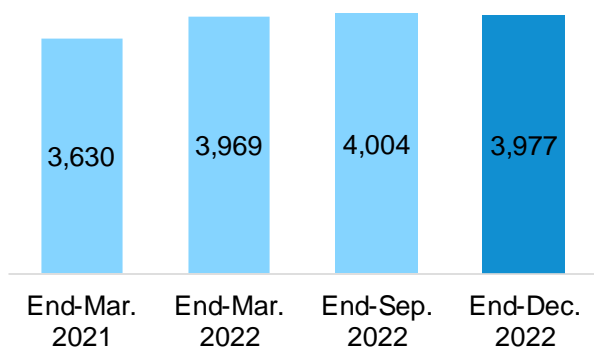


Loans – North American corporate loans

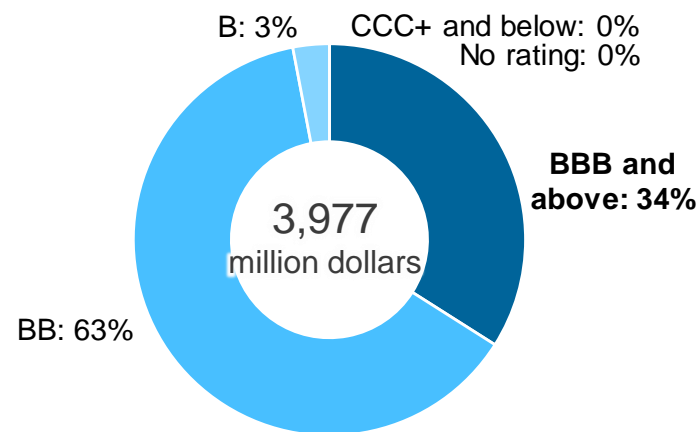
- The Bank’s North American corporate loan balances remained stable, totaling 3,977 million on a U.S. dollar-basis, an increase of 7 million dollars compared to March 31, 2022
 - The average bid price of Aozora’s loan portfolio continued to outperform the market index
 - Loans rated BB or higher represented 97%, an increase from 91% as of March 31, 2022

North American corporate loan balances

(million U.S. dollars)

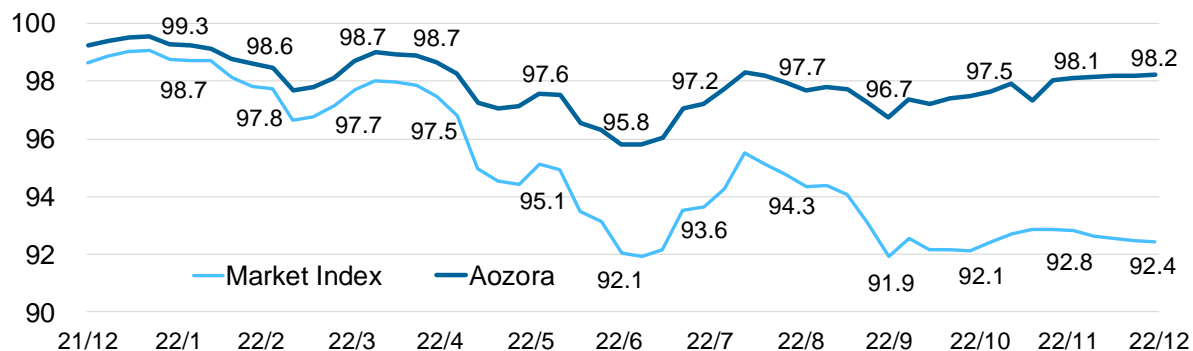


North American corporate loans by credit rating*



* S&P credit rating (facility basis)

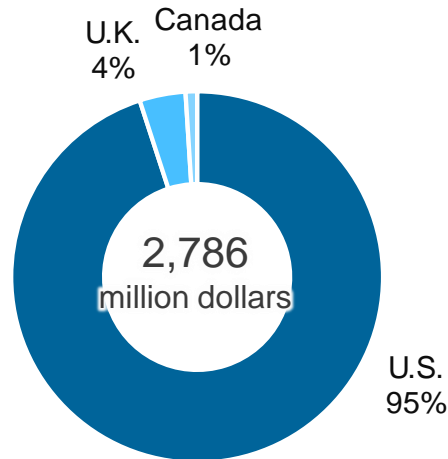
Average bid price



Loans – Overseas real estate non-recourse loans (NRLs)

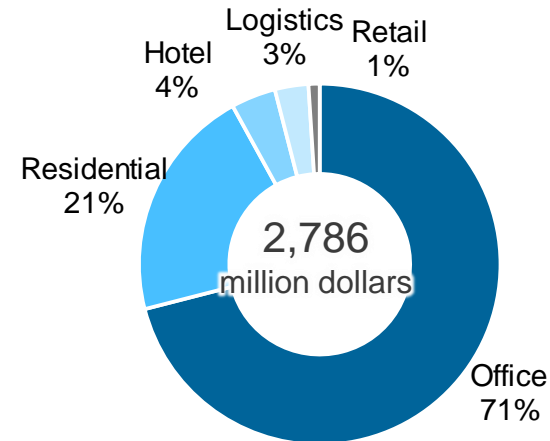
- Overseas real estate non-recourse loan outstandings were 2,786 million on a U.S. dollar-basis, an increase of 364 million compared to March 31, 2022
 - Aozora focused on originating strong credit loans, mainly residential and logistics, while reducing the percentage of office loans

By region



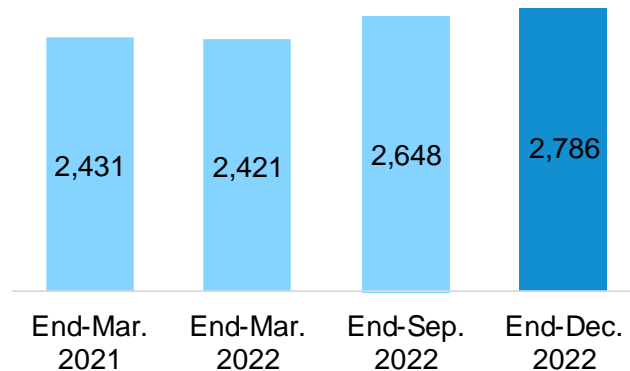
City	%
New York	30%
Los Angeles	11%
Washington, D.C.	8%
Chicago	7%
Philadelphia	6%
Atlanta	4%
Austin	3%
San Francisco	3%
Minneapolis	3%
Dallas	3%
Other (18 cities)	22%

By sector



Overseas real estate non-recourse loans balances

(million U.S. dollars)



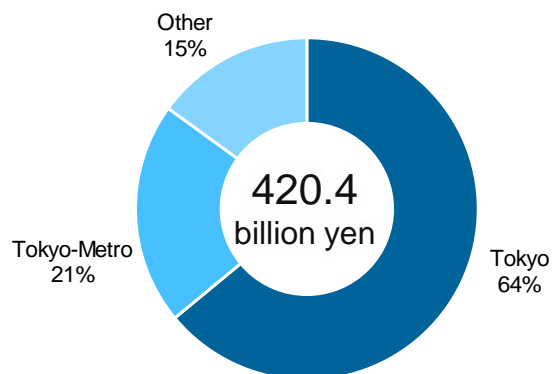
U.S. real estate non-recourse loan market conditions

- The real estate finance environment experienced further stress on the back of significant U.S. interest rate hikes. Refinancing and property purchases/sales were stagnant while the number of extended loans increased
- Loans have been polarized in terms of regions and sectors (particularly offices), and Aozora carefully originated financing while paying closer attention to U.S. economic activity
- The Bank selectively originated mainly multifamily loans with stable cash flows via sponsors with strong track records

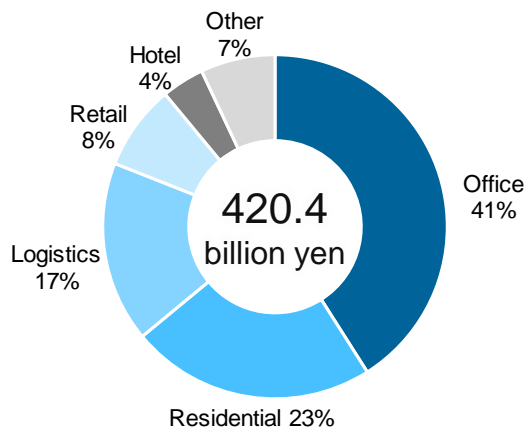
Loans – Domestic real estate non-recourse loans (NRLs)

- The Bank's domestic real estate non-recourse loan balance totaled 420.4 billion yen, an increase of 39.5 billion yen compared to March 31, 2022
 - The Bank continued its selective loan origination while taking into consideration post-COVID-19 market conditions and the financial environment

By region

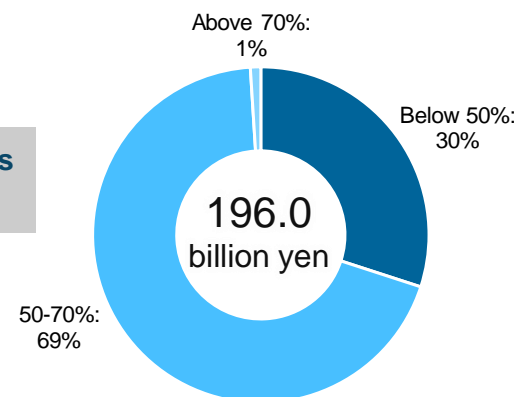


By sector

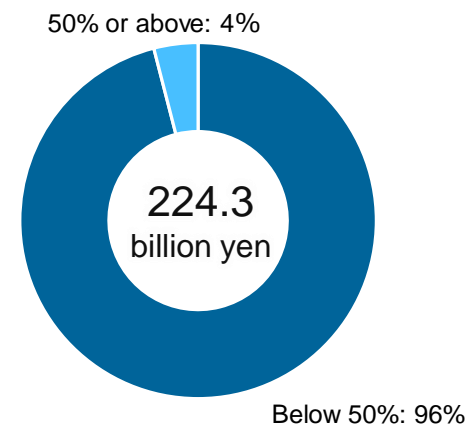


LTV

Real estate NRLs
(excl. REITs)



REITs



Securities

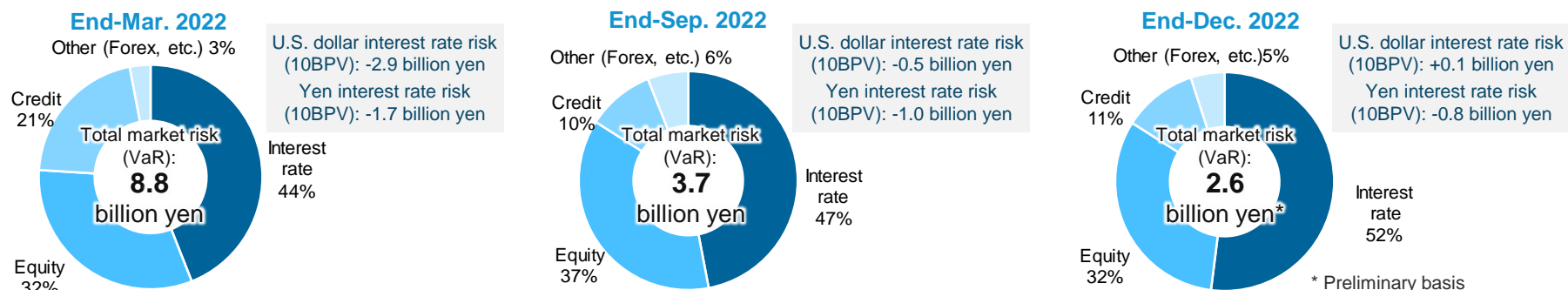
- Securities were 1,333.5 billion yen, a decrease of 144.5 billion yen compared to March 31, 2022
 - Foreign government bond and municipal bond balances decreased due to the Bank's loss-cut in the securities portfolio beginning in 3Q
 - Investment trusts increased as a result of investing in bear funds for risk hedging purposes
- Unrealized gains/losses, including unrealized gains/losses on hedging instruments, were a net loss of 70.1 billion yen, an improvement of 10.5 billion yen from September 30, 2022
 - These unrealized losses were reduced to approximately 60 billion yen as of January 31, 2023
- The bond duration as of December 31, 2022 was 7.9 years for Japanese government bonds, 5.3 years for municipal bonds, 4.6 years for U.S. government bonds and 6.3 years for mortgage-backed securities

	Book value				Unrealized gains/losses				
	End - Mar. 2022 A	End - Sep. 2022	End - Dec. 2022 B	Change B - A	End - Mar. 2022 C	End - Sep. 2022 D	End - Dec. 2022 E	Change E - C	Change E - D
(billion yen)									
JGBs	76.3	43.3	42.3	-33.9	-0.7	-1.3	-2.3	-1.5	-0.9
Municipal bonds	164.2	119.5	93.3	-70.9	-1.2	-1.6	-2.3	-1.1	-0.6
Corporate bonds / short-term corporate bonds	172.9	168.0	152.3	-20.5	0.4	-0.2	-1.6	-2.1	-1.4
Equities	31.5	26.8	29.5	-1.9	20.4	13.9	14.0	-6.3	+0.1
Foreign bonds	536.0	554.4	474.2	-61.8	-28.4	-85.4	-73.3	-44.9	+12.0
Foreign government bonds	264.1	280.0	217.4	-46.6	-13.3	-39.8	-34.1	-20.8	+5.7
MBS	171.9	167.4	151.3	-20.5	-15.6	-40.5	-35.3	-19.7	+5.1
Other	99.9	107.0	105.4	+5.4	0.5	-5.0	-3.8	-4.3	+1.2
Other securities	497.0	508.1	541.7	+44.7	15.4	-19.7	-14.0	-29.4	+5.7
ETFs	153.0	127.6	118.9	-34.1	-11.4	-31.8	-27.1	-15.7	+4.6
Investments in limited partnerships	137.8	162.5	166.5	+28.6	2.4	1.9	1.6	-0.7	-0.3
REITs	76.0	46.5	45.7	-30.2	7.7	6.9	6.8	-0.9	-0.1
Investment trusts	93.0	126.3	165.1	+72.0	10.4	-3.0	-1.7	-12.2	+1.2
Other	36.9	44.9	45.3	+8.3	6.2	6.1	6.4	0.1	+0.3
Total	1,478.1	1,420.3	1,333.5	-144.5	5.8	-94.5	-79.6	-85.5	+14.8
Unrealized gains/losses, incl. unrealized gains/losses on hedging instruments					5.2	-80.7	-70.1	-75.4	+10.5

Securities operations

- Aozora further reduced the level of risk (VaR) in 3Q, from 3.7 billion yen as of September 30, 2022 to 2.6 billion yen as of December 31, 2022
- As of December 31, 2022, all of the Bank's U.S. government bonds, 90% of its European government bonds and mortgage-backed securities, as well as 70% of its ETFs were hedged. The risk of further losses has been significantly reduced
- In 3Q, Aozora began implementing a loss-cut mainly in foreign bonds, taking advantage of a stronger yen
- Yen interest rate risk (10BPV) was almost halved compared to March 31, 2022, mainly the result of selling government and municipal bonds

Market risk (VaR)



ALM/securities operations

	Balance ^{*1, 2}			Net balance after hedging ^{*1, 2}	Realized gains ^{*3} (gains from sale)	Realized losses ^{*3} (losses from sale/redemption)	Net gains/losses ^{*3}		
	End-Mar. 2022	End-Sep. 2022	End-Dec. 2022					End-Dec. 2022	Apr.-Dec. 2022
JGBs, municipal bonds	(billion yen)	195.5	121.1	95.1	(billion yen)	0.0	-1.5	-1.5	
US government bonds	(US\$ million)	1,800	1,800	1,450	-	-	-2.8	-2.8	
European government bonds	(EUR million)	440	440	440	38	-	-	-	
MBS	(US\$ million)	1,483	1,390	1,362	136	-	-	-	
ETFs	(US\$ million)	1,344	1,101	1,101	352	-	-5.2	-5.2	
REITs	(billion yen)	42.6	9.0	6.9	6.9	(billion yen)	2.1	-1.2	0.8
Investment trusts ^{*4}	(billion yen)	67.3	45.5	38.2	28.3	(billion yen)	4.7	-1.0	3.7
Total						6.9	-11.9	-4.9	

	Apr.-Dec. 2022
Gains/losses on financial derivatives	(billion yen) 3.9
Gains/losses on equity derivatives	(billion yen) -1.3
Total	(billion yen) 2.5

Note: Assets managed under the ALM securities portfolio. Non-consolidated, management accounting basis (risk basis)

*1 Under "balance" and "net balance after hedging", bonds are calculated based on face value, all others are calculated based on book value

*2 Foreign currency-denominated REITs and investment trusts converted to yen. Other categories stated in original currency

*3 All realized gains/losses converted to yen. Includes 1.2 billion yen in gains on the cancellation of investment trusts recorded as net interest income

*4 Excluding bear funds

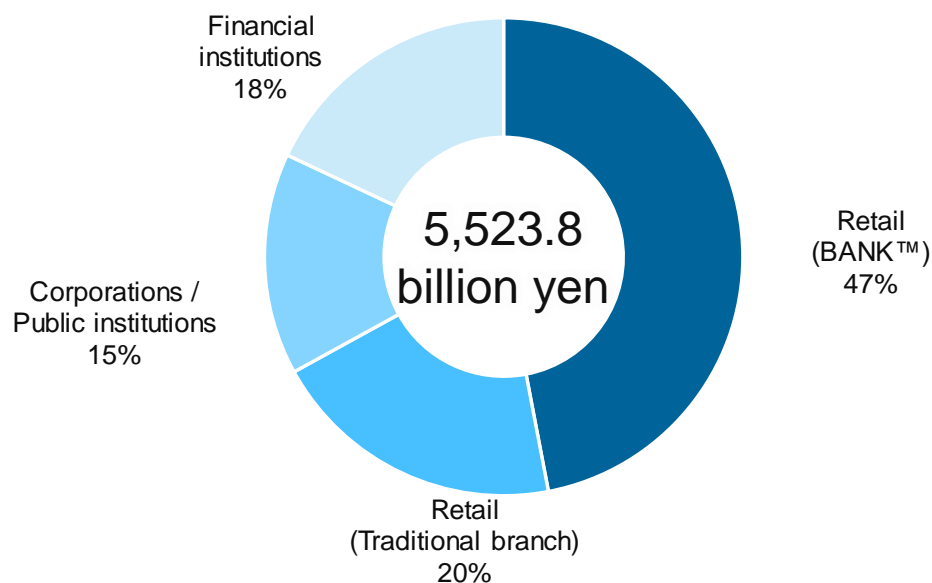
Funding

- Total core funding (deposits, negotiable certificates of deposit, and bonds) was 5,523.8 billion yen, an increase of 483.3 billion yen from March 31, 2022

(billion yen)	End - Mar. 2022 A	End - Sep. 2022	End - Dec. 2022 B	Change B - A
Total core funding	5,040.5	5,428.1	5,523.8	+483.3
Deposits / NCDs	4,871.5	5,302.1	5,406.1	+534.5
Bonds	168.9	125.9	117.7	-51.2
Retail funding ratio *	64%	66%	67%	
Loan-to-deposit ratio incl. NCDs	68%	73%	72%	

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

Funding by customer segment



Mid-term KPIs

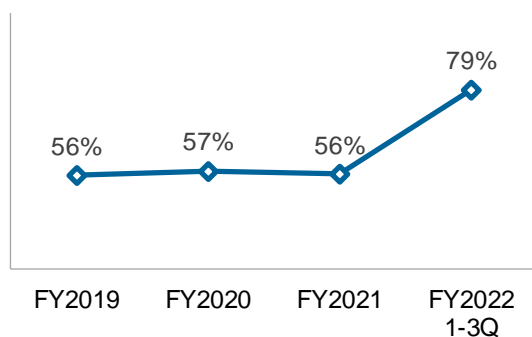
	FY2021 Results	FY2022 1-3Q Results	Mid-term Plan Targets (FY2020–22)	(Ref.) FY2022 Interim Major Banks' Average ^{*3}
Overhead Ratio (OHR)	56%	79%	Below 55%	65%
Business Profit^{*1} ROA	0.8%	0.2% ^{*2}	1.0%	0.4% ^{*2}
ROE	7.2%	4.5% ^{*2}	8.0% or higher	6.3% ^{*2}

* 1 Including gains/losses on equity method investments

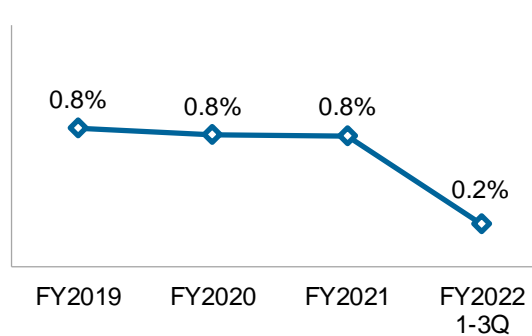
* 2 Annualized basis

* 3 Major banks refers to MUFG, SMFG, Mizuho FG, Resona HD, Sumitomo Mitsui Trust HD, and SBI Shinsei.
Values calculated based on each company's publically-available financial data

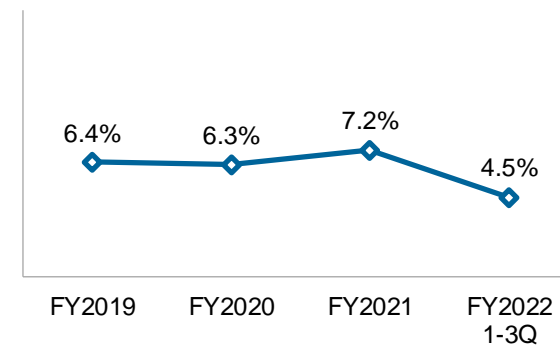
Overhead Ratio (OHR)



Business Profit ROA



ROE



Progress of Aozora's Sustainability Targets

Promoting Aozora's Strategic Investments Business

Realizing "Financial Inclusion"

◆ Growth Support for Venture Companies

	FY2021-FY2030 Targets	Results as of Dec. 31, 2022
Number of Venture-related Investments:	100 transactions	31 (+19)
GMO Aozora Net Bank Small businesses & start-ups:	200,000 account openings	Progress in line with plan

◆ Contributing to Regional Communities through Business Recovery

	FY2021-FY2025 Targets	Results as of Dec. 31, 2022
Number of Business Recovery Fund-based transactions:	100 transactions	45 (+24)

Promoting "Industrial Transition"

◆ Investments Designed to Support Structural Transformation

	FY2021-FY2025 Targets	Results as of Dec. 31, 2022
Number of equity investments with a primary focus on engagement:	100 transactions	65 (+32)

Response to Climate Change

◆ Sustainable Financing Amount

	FY2021-FY2030 Targets	Results as of Dec. 31, 2022
Total: 1 trillion yen		367.2 billion yen (+218.7 billion yen)
Includes Environmental Financing of 700 billion yen		328.7 billion yen (+191.0 billion yen)

◆ CO2 Emissions as a Business Entity

By FY2030 Targets	By FY2050* Targets	FY2021 Results
↓ 50% reduction (compared to FY2020)	0 (net zero) *Or as early as possible	21% reduction (FY2022 results to be disclosed in July 2023)

◆ Amount of Project Financing for Coal-fired Power Plants

By FY2040 Targets	Results as of Dec. 31, 2022
0 (zero)	28.4 billion yen (-0.8 billion yen from Mar. 31, 2022)

Protecting and Providing for the Next Generation

◆ Business/Asset Succession Consulting

	FY2021-FY2025 Targets	Results as of Dec. 31, 2022
Number of Consulting contracts:	1,800	495 (+181)

(Note) Results recorded starting from April 2021. Parentheses denote results during 1-3Q of FY2022

Aozora's Strategic Investments Business - Equity investments -

- Investments in overseas real estate-related equities and purchase of business recovery claims were active in 3Q. Equity investments increased by 6.9 billion yen compared to September 30, 2022 and by 40.9 billion yen compared to March 31, 2022
- Recovery gains (1.1 billion yen) from the investment in business recovery claims mainly contributed to capital gains and other equity returns in 3Q. The buyout/venture-related segment saw a net loss of 0.8 billion yen in capital gains and other equity returns. Aozora is now reviewing its portfolio in overseas buyout funds in light of market and economic conditions

(billion yen)	Equity investments*1					Capital gains and other equity returns*2		
	End - Mar. 2022 A	End - Sep. 2022 B	End - Dec. 2022 C	Change C - A	Change C - B	FY2021 Apr.-Dec.	FY2022	
							Apr.-Dec.	Oct.-Dec.
Investment in business recovery claims	56.1	56.9	58.9	+2.8	+1.9	1.0	1.9	1.1
Real estate-related equities	84.5	96.0	99.1	+14.6	+3.0	1.9	1.8	0.3
Buyout/venture (Private equity funds, etc.)	52.3	60.7	60.0	+7.6	-0.7	1.0	0.3	-0.8
Domestic/overseas equity investments	25.7	30.7	32.4	+6.7	+1.7	2.4	2.2	-
Other (incl. overseas debt funds)	26.0	34.2	35.1	+9.1	+0.9	0.3	0.3	-0.1
Total	244.8	278.7	285.7	+40.9	+6.9	6.8	6.6	0.4

*1 Management accounting basis, customer business-related equity investment balances on a mark-to-market basis

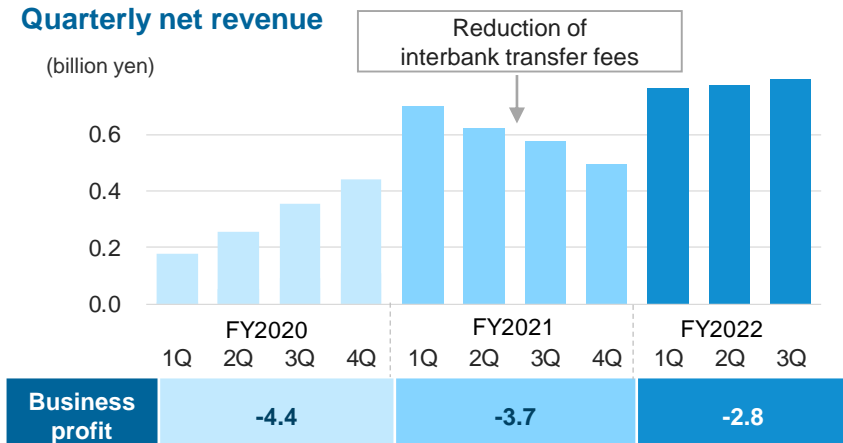
*2 Management accounting basis, including gains/losses on stock transactions, gains/losses from limited partnerships, and interest and dividends on securities

GMO Aozora Net Bank (GANB)

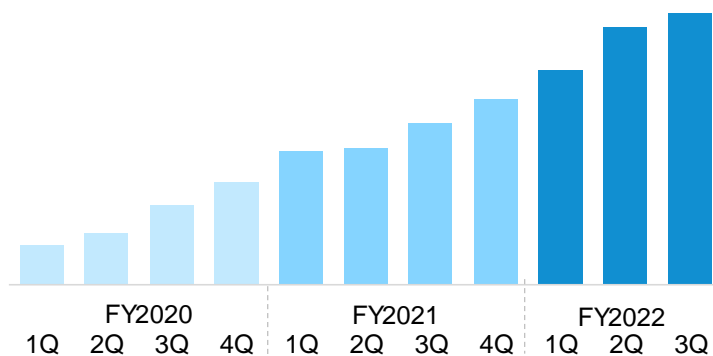
- GANB developed a new Mid-term Plan in October 2022 that aims to attain profitability in FY2024
- Net revenue in 3Q was 0.8 billion yen, higher than the target set in the new Mid-term Plan
 - The number of corporate accounts expanded to approximately 65,000 as of December 31, 2022, boosted by approximately 10,000 new account openings in 3Q. GANB received a record-high number of account opening applications in December 2022
 - The number of transfer transactions fell below the target set in the new Mid-term Plan, but steadily increased. GANB will strive to reach this target by promoting its “Pay-easy” service as well as launching a new direct debit service specially designed to make payments for loans extended by Japan Finance Corporation, which is the first approach among online banks
 - The number of “Simple Embedded Finance Services” contracts represented steady progress almost as planned

Quarterly net revenue

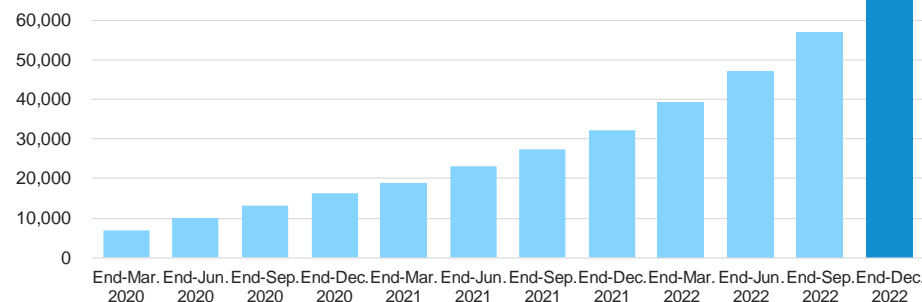
(billion yen)



Number of transfer transactions

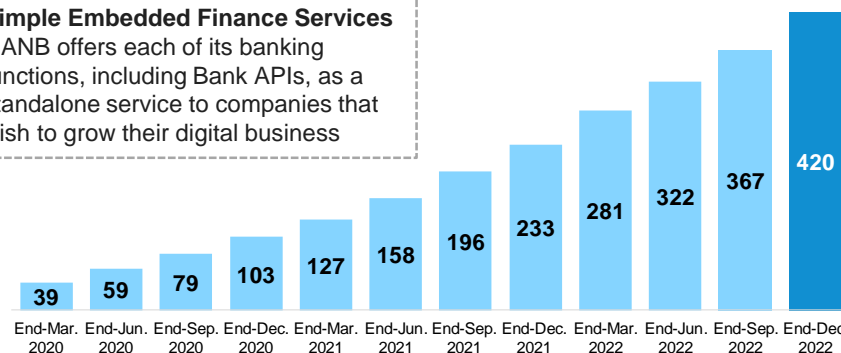


Number of corporate accounts



Number of “Simple Embedded Finance Services” contracts

Simple Embedded Finance Services
GANB offers each of its banking functions, including Bank APIs, as a standalone service to companies that wish to grow their digital business



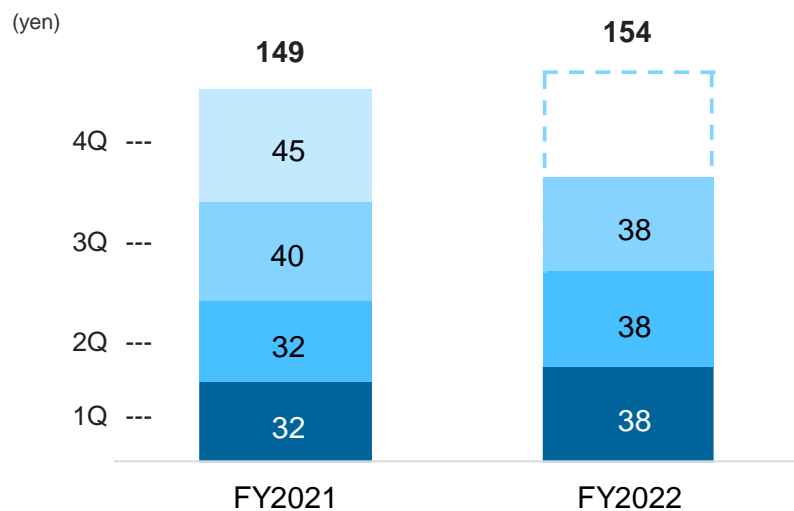
Dividends

- Aozora has decided not to revise the original FY2022 full-year dividend forecast. The third quarter dividend is 38 yen per common share

Dividend per common share

	1st quarter	2nd quarter	3rd quarter	4th quarter	Full-year
Current forecast (FY2022)				40 yen	154 yen
Dividend payment (FY2022)	38 yen	38 yen	38 yen		

Dividend payments



(Note) Aozora's mid- to long-term dividend policy is based on a target dividend payout ratio of 50% of net earnings.

The current FY2022 dividend forecast per common share (154 yen) is based on the total dividend amount, which is 50% of the original consolidated net earnings forecast of 36.0 billion yen.

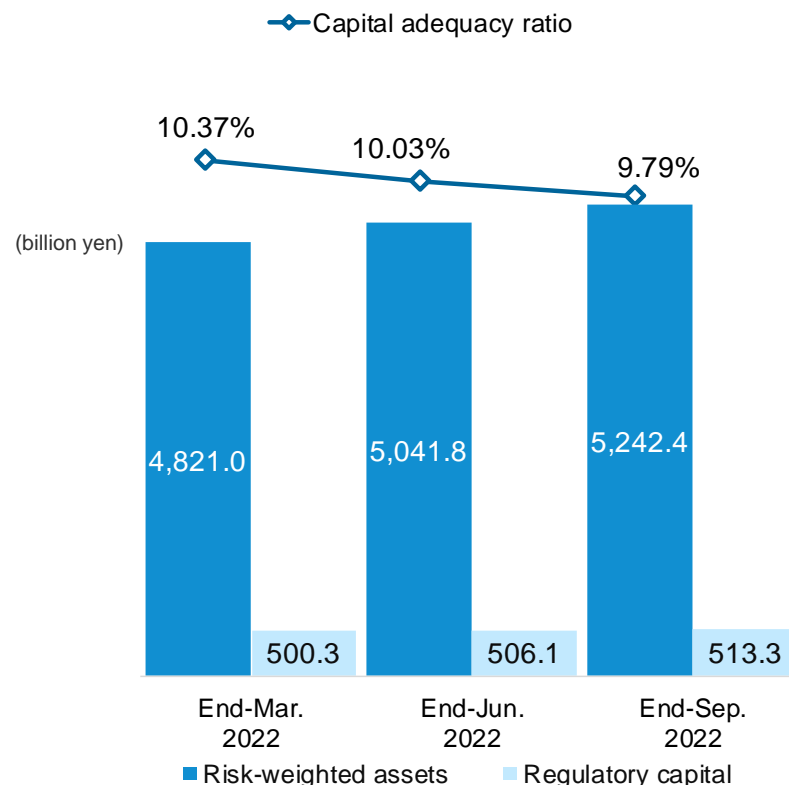
While only the full-year dividend forecast is shown here, the Bank intends to continue quarterly dividend payments.

Reference: Capital adequacy ratio (as of September 30, 2022)

- The consolidated capital adequacy ratio (domestic standard) as of December 31, 2022 is expected to be in the high 9% range (to be disclosed in mid-February 2023)
 - The capital adequacy ratio as of September 30, 2022 was 9.79%. The CET1 ratio (Tier 1 Common Capital Ratio) was approximately 7.3%

Domestic standard

(billion yen)	End-Mar. 2022 A	End-Jun. 2022	End-Sep. 2022 B	Change B - A
Capital adequacy ratio	10.37%	10.03%	9.79%	-0.58 %
Regulatory capital (A - B)	500.3	506.1	513.3	+12.9
Instruments and reserves (A)	523.7	529.6	537.0	+13.3
Shareholders' equity	481.0	484.9	487.5	+6.5
Other	42.6	44.7	49.5	+6.8
Regulatory adjustment (B)	23.3	23.4	23.7	+0.4
Risk-weighted assets	4,821.0	5,041.8	5,242.4	+421.4
Credit risk assets	4,245.7	4,418.8	4,627.7	+381.9
Market risk assets	407.8	455.5	443.7	+35.9
Operational risk assets	167.4	167.4	170.9	+3.5



Reference: Aozora Group companies

(billion yen)	FY2021 Apr - Dec.			FY2022 Apr - Dec.		
	Net revenue	Business profit	Net income	Net revenue	Business profit	Net income
Aozora Bank (non-consolidated)	67.7	34.1	24.4	44.2	10.2	1.4*
GMO Aozora Net Bank	1.8	-2.6	-2.7	2.3	-2.8	-3.0
Aozora Loan Services	1.2	0.2	0.1	0.8	-0.1	0.0
Aozora Securities	3.7	2.6	1.8	0.8	-0.1	-0.1
Aozora Investment Management	0.4	0.1	0.1	0.8	0.3	0.2
Aozora Real Estate Investment Advisors	0.0	-0.0	0.0	0.0	-0.0	-0.0
ABN Advisors	0.3	0.0	0.0	0.1	-0.2	-0.1
Aozora Corporate Investment	0.0	0.0	0.0	0.2	0.1	0.1
Aozora Asia Pacific Finance	0.6	0.2	-0.3	0.6	0.1	0.0
Other subsidiaries	4.3	2.9	2.5	5.2	3.6	3.2
Total of subsidiaries	12.8	3.6	1.6	11.1	0.8	0.3

Consolidated, non-consolidated difference

(billion yen)		
Profit attributable to owners of parent	28.5	15.7
Non-consolidated net income	24.4	1.4
Difference	4.1	14.2

* The Bank recorded an extraordinary loss of 9.9 billion yen as losses on the valuation of equities of subsidiaries and affiliates in its FY2022 2Q Non-consolidated Financial Statement

Supplement to the revision to FY2022 full-year earnings forecast

Supplement to the revision to FY2022 full-year earnings forecast

Net revenue

(billion yen)	FY2021 results	FY2022					FY2023 estimated net interest income (6.0)* ¹ or better
		Interim results	3 rd quarter results	4 th quarter estimate	Revised full-year forecast	Compared to FY2021	
Net revenue	103.0	43.3	11.9	Approx. 7.0	62.0	-41.0	
Incl. customer-related business (excl. financial market-related and retail businesses)	68.9	37.5	17.2	Approx. 20.0	75.0	Approx. +6.0	
Incl. retail business	8.0	1.8	0.5	Approx. 0.5	3.0	Approx. -5.0	
Incl. financial market-related business	25.9	3.9	(5.9)	Approx. (14.0)	(16.0)	Approx. -42.0	

*¹ Estimated net interest income (a loss of 6.0 billion yen) as part of net revenue of financial market-related business for FY2023 is based on the assumption that the portfolio after hedging transactions as of December 2022 is maintained. Aozora will strive to increase overall earnings, including non-interest income, in the financial-related market business through portfolio restructuring.

Unrealized gains/losses on securities

(billion yen)	Results		Estimate	Estimate
	September 30, 2022	December 31, 2022	March 31, 2023	March 31, 2026
	Overall unrealized gains/losses on securities	(80.7)	(70.1)	Approx. (50.0)*²

*² Estimate as of January 31, 2023

*³ Estimated figure based on the securities portfolio and market conditions in December 2022, which takes into account a decrease in unrealized losses due to redemptions but does not reflect any environmental changes in January 2023. Unrealized losses were reduced as of January 31, 2023 compared to December 31, 2022. Aozora will work to further improve unrealized gains/losses by replacing the portfolio in response to future market changes.



January 27, 2023

Company name: Aozora Bank, Ltd.
 Name of representative: Kei Tanikawa, President and CEO
 Listed exchange: TSE Prime Market, Code 8304,
 Contact: Masaharu Matsuura
 Corporate Communication Division (Tel: 03 6752 1111)

Aozora Announces Revision to FY2022 Full-Year Earnings Forecast

TOKYO January 27, 2023 — Aozora Bank, Ltd. ('Aozora' or 'the Bank') today announced that it has decided to implement a loss-cut to a portion of unrealized losses in the securities portfolio during FY2022, with a view to achieving stable and steady growth under Aozora's next Mid-term Plan (FY2023-25). Following this, the Board of Directors today resolved to revise the FY2022 full-year earnings forecast announced on May 16, 2022, as specified below.

Aozora's FY2022 full-year dividend forecast remains unchanged (154 yen per common share).

1. Revision to FY2022 Full-Year Earnings Forecast (April 1, 2022 to March 31, 2023)

Consolidated basis

(billion yen)	Net revenue	Business profit	Ordinary profit	Profit attributable to owners of parent	Profit attributable to owners of parent per common share
Previous forecast	103.0	46.0	49.5	36.0	308.29 yen
Revised forecast	62.0	4.5	10.0	10.0	85.63 yen
Change	(41.0)	(41.5)	(39.5)	(26.0)	-
Percentage change	(39.8%)	(90.2%)	(79.8%)	(72.2%)	-

Non-consolidated basis

(billion yen)	Net revenue	Business profit (before general loan-loss reserves)	Ordinary profit	Net income	Net income per common share
Previous forecast	85.0	38.0	41.0	29.0	248.34 yen
Revised forecast	47.0	1.0	7.0	(5.0)	(42.81 yen)
Change	(38.0)	(37.0)	(34.0)	(34.0)	-
Percentage change	(44.7%)	(97.4%)	(82.9%)	-	-

2. Reason for Revision

The sharp rise in U.S. interest rates since the beginning of the current fiscal year has caused unrealized losses mainly on foreign bonds. Aozora has conducted risk control operations primarily through hedging transactions throughout FY2022, the result of which unrealized losses have decreased and the risk of further losses has been significantly reduced. In order to ensure flexibility in managing its securities portfolio for the future as well as improve periodic earnings under the next Mid-term Plan starting from FY2023, Aozora has decided to implement a loss-cut to a portion of these unrealized losses during FY2022. As a result, earnings from market-related business are expected to be significantly lower compared to the initial forecast. Aozora has accordingly revised downward its consolidated and non-consolidated earnings forecasts.

The consolidated capital adequacy ratio (domestic standard) as of March 31, 2023 is expected to remain at 9% or higher, the target set in the current Mid-term Plan.

The Bank's non-consolidated earnings forecast has already reflected losses on the valuation of equities of subsidiaries and affiliates related to GMO Aozora Net Bank ('GANB') (an extraordinary loss of 9.9 billion yen recorded in the FY2022 2nd quarter financial results on a non-consolidated basis). Please refer to "Notice Regarding Additional Capital Investment in GANB, Valuation Loss on Equities of Subsidiaries and Affiliates Recorded in Non-consolidated Financial Statements" released on October 25, 2022.

Aozora is scheduled to announce the FY2022 3rd quarter consolidated financial results on February 3, 2023. Following the aforementioned partial recognition of unrealized losses on the securities portfolio starting from the 3rd quarter (October-December), profit attributable to owners of parent is expected to be 15.7 billion yen for the first nine months of FY2022 (0.3 billion yen for the 3rd quarter).

Given the current portfolio, unrealized gains/losses on securities (after hedging) reflecting the partial recognition of unrealized losses this time are estimated to be a loss of 24.0 billion yen in FY2025, the final year of the next Mid-term Plan (a loss of 80.7 billion yen as of September 30, 2022 and a loss of approximately 70.0 billion yen as of December 31, 2022).

Following the partial recognition of unrealized losses, net interest income in the Financial Markets Group during the next Mid-term Plan period is expected to be a loss of 6.0 billion yen in FY2023 and break-even in FY2025.

(Note) All figures mentioned in this paragraph are estimates based on current market conditions.

In the next Mid-term Plan (to be announced in May 2023), Aozora will strive to realize stable and steady earnings growth by shifting resources to its business areas of focus, in particular Aozora's Strategic Investments Business, improving income from the securities portfolio and proactively investing in human capital.

(Reference)

FY2022 Full-Year Dividend Forecast

Aozora's dividend policy is based on a target dividend payout ratio of 50% while flexibly managing its dividend payment in light of its earnings trend every quarter.

Despite the revision to the full-year earnings forecast, Aozora has decided not to revise its FY2022 dividend forecast per common share.

Record date	Dividend per common share				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Total
Current forecast for FY2022			-	-	154 yen
Payments in FY2022	38 yen	38 yen			
Payments in FY2021	32 yen	32 yen	40 yen	45 yen	149 yen

(Note) Dividend from retained earnings (3rd quarter of FY2022) is planned to be announced on February 3, 2023.

The forecasts contained in this announcement are based on certain assumptions reasonably determined by the Bank according to the most recently available information, and are not intended as a guarantee of future results. Actual results may differ from the forecasts due to a variety of factors.

Contact

AOZORA BANK, LTD.

Corporate Communication Division

TEL: 03-6752-1218

URL: <https://www.aozorabank.co.jp/english/>

Mr. Masaharu Matsuura m.matsuura@aozorabank.co.jp

Mr. Hiroyuki Kajitani h.kajitani@aozorabank.co.jp

Ms. Yumi Adachi y2.adachi@aozorabank.co.jp

Mr. Shota Kamegi s.kamegi@aozorabank.co.jp

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