



Summary of the Financial Statements for FY2022

May 17, 2023

Company name	Aozora Bank, Ltd.	Listed exchange	Tokyo Stock Exchange
TSE code	8304		
Representative	Kei Tanikawa, President and CEO		
Contact person	Yukie Tajima, Joint General Manager of Financial Control Division		
Date of ordinary shareholders' meeting	June 22, 2023	URL	https://www.aozorabank.co.jp/
Dividend payable date	June 23, 2023	TEL	(03)6752-1111
Scheduled filing date of securities report	June 23, 2023	Trading accounts	Affirmative
Reference material	Affirmative		
Investor meeting	Affirmative		

(Unit: JPY millions, rounded down)

1. Business highlights for the fiscal year ended March 31, 2023 (FY2022)

(1) Consolidated business results

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

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022	183,292	36.0	7,356	(84.1)	8,719	(75.1)
FY2021	134,737	(13.5)	46,294	18.8	35,004	20.8

(Note) Comprehensive income JPY (38,507) million –% (FY2022) JPY 13,611 million (82.9%) (FY2021)

	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	%	%	%
FY2022	74.67	74.54	1.9	0.1	4.0
FY2021	299.81	299.38	7.1	0.7	34.4

(Ref.) Gains (losses) on equity method investments JPY 2,380 million (FY2022) JPY 2,620 million (FY2021)

(2) Consolidated financial condition

	Total assets	Total net assets	Net assets to total assets ratio	Net assets per common share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	7,184,070	431,119	6.1	3,751.95
March 31, 2022	6,728,653	487,265	7.3	4,222.79

(Ref.) Total net assets (less Share acquisition rights and Non-controlling interests) JPY 438,157 million (March 31, 2023)

JPY 493,105 million (March 31, 2022)

(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 equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2022	(61,382)	213,939	(18,068)	1,196,230
FY2021	253,900	(23,830)	(16,059)	1,061,743

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			
FY2021 (common share)	32.00	32.00	40.00	45.00	149.00	17,396	49.7	3.5
FY2022 (common share)	38.00	38.00	38.00	40.00	154.00	17,983	206.2	3.9
FY2023 (common share) (Forecast)	–	–	–	–	154.00	–	74.9	–

3. Consolidated earnings forecast for the year ending March 31, 2024 (FY2023)

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

	Ordinary profit		Profit attributable to owners of parent		Net income per common share
	Millions of yen	%	Millions of yen	%	Yen
FY2023 (Full Year)	31,000	321.4	24,000	175.2	205.51

* Notes

- (1) Changes in material subsidiaries during the term (changes in specified subsidiaries which affect the scope of consolidation) Affirmative
Excluded: 1 Company (Aozora Investments LLC)
- (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

	March 31, 2023	March 31, 2022
(a) The number of common shares issued (including treasury shares)	118,289,418	118,289,418
(b) The number of treasury shares	1,508,199	1,517,048

	FY2022	FY2021
(c) The average number of common shares outstanding	116,779,012	116,755,041

(Summary of non-consolidated financial statements)

1. Business highlights for the fiscal year ended March 31, 2023 (FY2022)

(1) Business results

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

	Ordinary income		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022	164,564	37.3	3,180	(92.2)	(8,127)	—
FY2021	119,899	(19.8)	41,014	(1.1)	29,854	1.1

	Net income per common share (basic)	Net income per common share (diluted)
FY2022	Yen (69.60)	Yen —
FY2021	255.69	255.33

(2) Financial condition

	Total assets	Total net assets	Net assets to total assets ratio	Net assets per common share
March 31, 2023	Millions of yen 6,767,805	Millions of yen 405,177	% 6.0	Yen 3,465.23
March 31, 2022	6,446,916	480,047	7.4	4,107.62

(Ref.) Total net assets (less Share acquisition rights): JPY 404,674 million (March 31, 2023) JPY 479,657 million (March 31, 2022)

(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, 2024 (FY2023)

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

	Ordinary profit		Profit		Net income per common share
	Millions of yen	%	Millions of yen	%	Yen
FY2023 (Full Year)	27,000	748.9	19,000	—	162.69

* 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 FY2022

① Consolidated results of operations

(Billions of yen)

	FY2021	FY2022	Change
Net revenue ※1	103.0	59.5	(43.4)
Net interest income	51.6	51.0	(0.5)
Net fees and commissions	14.0	13.3	(0.6)
Net gains on trading account transactions	16.6	4.1	(12.4)
Gains (losses) on bond transactions	4.5	(11.1)	(15.6)
Net other ordinary income excluding gains (losses) on bond transactions	16.2	2.1	(14.1)
General and administrative expenses	(57.7)	(59.3)	(1.5)
Gains (losses) on equity method investments	2.6	2.3	(0.2)
Business profit ※2	47.8	2.5	(45.2)
Credit-related expenses	(3.7)	(1.7)	2.0
Gains (losses) on stock transactions	2.0	8.4	6.4
Other	0.1	(2.0)	(2.1)
Ordinary profit	46.2	7.3	(38.9)
Extraordinary profit (loss)	(0.3)	(0.0)	0.3
Profit before income taxes	45.9	7.3	(38.6)
Total income taxes	(12.9)	(0.6)	12.2
Profit	33.0	6.6	(26.3)
Loss attributable to non-controlling interests	1.9	2.0	0.0
Profit attributable to owners of parent	35.0	8.7	(26.2)

※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 FY2022, net revenue was 59.5 billion yen, a decrease of 43.4 billion yen year-on-year, and business profit was 2.5 billion yen, a decrease of 45.2 billion yen. Profit attributable to owners of parent was 8.7 billion yen, a decrease of 26.2 billion yen.

Net interest income was 51.0 billion yen, almost flat year-on-year. Non-interest income was 8.4 billion yen, a decrease of 42.9 billion yen year-on-year. General and administrative expenses were 59.3 billion yen, an increase of 1.5 billion yen.

Gains/losses on equity method investments were a net gain of 2.3 billion yen.

Consolidated business profit was 2.5 billion yen, a decrease of 45.2 billion yen.

Credit-related expenses were a net expense of 1.7 billion yen, as compared to a net expense of 3.7 billion yen in FY2021. Gains/losses on stock transactions were a gain of 8.4 billion yen. Ordinary profit were 7.3 billion yen, a decrease of 38.9 billion yen year-on-year, and profit before income taxes were 7.3 billion yen, a decrease of 38.6 billion yen year-on-year.

Total income taxes (corporation tax, resident tax, business tax and deferred income taxes) were a net expense of 0.6 billion yen.

As a result of the above factors, profit attributable to owners of parent was 8.7 billion yen, a decrease of 26.2 billion yen year-on-year. Net income per share (basic) was 74.67 yen, as compared to 299.81 yen per share (basic) in FY2021.

Profit/loss by segment

(Billions of yen)

	FY2021	FY2022	Change
Institutional Banking Group	5.8	3.0	(2.8)
Structured Finance Group	20.2	18.9	(1.3)
International Business Group	10.6	15.7	5.0
Market Group	21.1	(17.5)	(38.6)
Customer Relations Group	0.5	(2.4)	(3.0)

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

Each operating segment consists of the following business groups.

Institutional Banking Group

: Corporate Banking Group and M&A Advisory Group

Structured Finance Group

: Acquisition & Structured Finance Group, Environment Business Group, Special Situations Group and Real Estate Finance Group

International Business Group

: International Finance Group and Asia Investment Group

Market Group

: Financial Markets Group

Customer Relations Group

: Allied Banking Group and Retail Banking Group

The Bank calculates its segment profit (loss) as Business revenue minus General administrative expenses. Business revenue includes 'Consolidated net revenue', 'Gains (losses) on equity method investments' and 'Gains (losses) on stock transactions.'

② Outlook for the next term

The consolidated earnings forecast for the year ending March 2024 is 86.0 billion yen for net revenue, 25.5 billion yen for business profit, 31.0 billion yen for ordinary profit and 24.0 billion yen for profit attributable to owners of parent.

(2) Overview of financial condition for FY2022

① Assets, liabilities, and net assets

Total assets were 7,184.0 billion yen as of March 31, 2023, an increase of 455.4 billion yen, compared to March 31, 2022.

Loans and bills discounted were 3,881.3 billion yen, an increase of 564.2 billion yen from March 31, 2022. Domestic loans increased by 382.6 billion yen and overseas loans increased by 181.5 billion yen. Securities decreased by 199.4 billion yen from March 31, 2022, to 1,278.7 billion yen.

Total liabilities were 6,752.9 billion yen, an increase of 511.5 billion yen compared to March 31, 2022. Total core funding (deposits, negotiable certificates of deposit and bonds payable) was 5,645.1 billion yen, an increase of 604.6 billion yen from March 31, 2022.

Total net assets were 431.1 billion yen, a decrease of 56.1 billion yen from March 31, 2022. Net assets per common share were 3,751.95 yen, as compared to 4,222.79 yen per common share as of March 31, 2022.

② Cash flow

Cash flow from operating activities was a negative 61.3 billion yen mainly due to a decrease in net revenue. From investing activities, cash flow was a positive 213.9 billion yen mainly as a result of income from the sale and redemption of securities exceeding expenditures for the acquisition of securities. Cash flow from financing activities was a negative 18.0 billion yen mainly due to dividend payments. As a result, cash and cash equivalents as of March 31, 2023 were 1,196.2 billion yen, an increase of 134.4 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 and the policy of stable shareholder returns while maintaining capital adequacy. Aozora intends to continue quarterly dividend payments.

For this fiscal year, the Bank will pay a cash dividend of 40.00 yen for the fourth quarter (154.00 yen for the entire year) per common share.

The entire year dividend forecast for the next fiscal year is 154.00 yen per common share, the same level as this fiscal year.

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

2. Management Policy

The Bank announced Aozora's new mid-term plan for 2023-25, entitled 'Aozora 2025.' For details, please refer to 'FY2022 Financial Results and New Mid-term Plan (FY2023-25)' announced on May 17.

3. 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.

4. Consolidated financial statements and main notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Cash and due from banks	1,141,946	1,275,003
Call loans and bills bought	122,243	78,311
Monetary claims bought	101,687	75,209
Trading account assets	133,021	151,285
Money held in trust	20,930	13,083
Securities	1,478,178	1,278,749
Loans and bills discounted	3,317,125	3,881,373
Foreign exchanges	63,878	76,873
Other assets	306,215	284,650
Tangible fixed assets	21,785	21,617
Buildings, net	10,322	9,837
Land	9,235	9,235
Leased assets, net	478	247
Other tangible fixed assets	1,749	2,297
Intangible fixed assets	20,140	19,392
Software	20,072	19,325
Other intangible fixed assets	67	67
Retirement benefit asset	4,964	3,873
Deferred tax assets	31,729	53,577
Customers' liabilities for acceptances and guarantees	14,038	18,630
Allowance for loan losses	(48,677)	(44,052)
Allowance for investment loss	(553)	(3,509)
Total assets	6,728,653	7,184,070
Liabilities		
Deposits	4,838,056	5,463,352
Negotiable certificates of deposit	33,500	34,000
Call money and bills sold	16,121	10,000
Securities sold under repurchase agreements	69,876	48,224
Cash collateral received for securities lent	356,956	215,983
Trading account liabilities	129,227	121,877
Borrowed money	432,342	525,613
Bonds payable	168,959	147,773
Other liabilities	166,022	151,280
Provision for bonuses	4,332	4,373
Provision for bonuses for directors (and other officers)	86	25
Retirement benefit liability	10,974	11,288
Provision for credit losses on off-balance-sheet instruments	407	496
Provision for contingent loss	453	—
Reserves under special laws	8	8
Deferred tax liabilities	23	22
Acceptances and guarantees	14,038	18,630
Total liabilities	6,241,387	6,752,951

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Net assets		
Share capital	100,000	100,000
Capital surplus	87,476	87,481
Retained earnings	301,700	291,898
Treasury shares	(3,117)	(3,099)
Total shareholders' equity	486,060	476,280
Valuation difference on available-for-sale securities	3,985	(45,449)
Deferred gains or losses on hedges	(157)	972
Foreign currency translation adjustment	3,450	7,683
Remeasurements of defined benefit plans	(233)	(1,328)
Total accumulated other comprehensive income	7,045	(38,122)
Share acquisition rights	390	503
Non-controlling interests	(6,229)	(7,541)
Total net assets	487,265	431,119
Total liabilities and net assets	6,728,653	7,184,070

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Ordinary income	134,737	183,292
Interest income	66,141	113,570
Interest on loans and discounts	44,792	87,006
Interest and dividends on securities	20,283	23,397
Interest on call loans and bills bought	(54)	348
Interest income on securities purchased under resale agreements	(0)	—
Interest on deposits with banks	11	765
Other interest income	1,109	2,052
Trust fees	444	377
Fees and commissions	17,300	17,338
Gain on trading account transactions	16,642	14,832
Other ordinary income	28,066	23,798
Other income	6,142	13,374
Recoveries of written off receivables	156	1,199
Reversal of provision for credit losses on off-balance-sheet instruments	205	—
Other	5,780	12,175
Ordinary expenses	88,443	175,936
Interest expenses	14,529	62,490
Interest on deposits	6,179	11,278
Interest on negotiable certificates of deposit	3	3
Interest on call money and bills sold	24	184
Interest expenses on securities sold under repurchase agreements	82	1,654
Interest expenses on cash collateral received for securities lent	356	7,058
Interest on borrowings and rediscounts	1,171	1,268
Interest expenses on bonds	1,957	1,517
Interest expenses on interest rate swaps	2,768	22,570
Other interest expenses	1,986	16,955
Fees and commissions payments	3,720	4,383
Loss on trading account transactions	—	10,636
Other ordinary expenses	7,334	32,835
General and administrative expenses	57,490	59,463
Other expenses	5,368	6,127
Provision of allowance for loan losses	2,702	1,110
Provision of allowance for credit losses on off-balance-sheet instruments	—	84
Other	2,665	4,932
Ordinary profit	46,294	7,356
Extraordinary income	0	0
Gain on disposal of non-current assets	0	0
Extraordinary losses	319	2
Loss on disposal of non-current assets	49	2
Impairment losses	269	—
Profit before income taxes	45,975	7,354
Income taxes - current	13,110	437
Income taxes - deferred	(173)	260
Total income taxes	12,937	698
Profit	33,038	6,655
Loss attributable to non-controlling interests	(1,966)	(2,064)
Profit attributable to owners of parent	35,004	8,719

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	33,038	6,655
Other comprehensive income	(19,427)	(45,163)
Valuation difference on available-for-sale securities	(23,233)	(49,430)
Deferred gains or losses on hedges	593	1,129
Foreign currency translation adjustment	2,322	1,515
Remeasurements of defined benefit plans, net of tax	(1,208)	(1,095)
Share of other comprehensive income of entities accounted for using equity method	2,099	2,717
Comprehensive income	13,611	(38,507)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,600	(36,447)
Comprehensive income attributable to non-controlling interests	(1,989)	(2,059)

(3) Consolidated statement of changes in net assets

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

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100,000	87,476	301,700	(3,117)	486,060
Changes during period					
Dividends of surplus			(18,567)		(18,567)
Change in scope of consolidation			45		45
Profit attributable to owners of parent			8,719		8,719
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		4		18	22
Net changes in items other than shareholders' equity					
Total changes during period	—	4	(9,802)	18	(9,779)
Balance at end of period	100,000	87,481	291,898	(3,099)	476,280

	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	3,985	(157)	3,450	(233)	7,045	390	(6,229)	487,265
Changes during period								
Dividends of surplus								(18,567)
Change in scope of consolidation								45
Profit attributable to owners of parent								8,719
Purchase of treasury shares								(0)
Disposal of treasury shares								22
Net changes in items other than shareholders' equity	(49,435)	1,129	4,233	(1,095)	(45,167)	112	(1,311)	(46,366)
Total changes during period	(49,435)	1,129	4,233	(1,095)	(45,167)	112	(1,311)	(56,146)
Balance at end of period	(45,449)	972	7,683	(1,328)	(38,122)	503	(7,541)	431,119

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	45,975	7,354
Depreciation	6,461	6,984
Impairment losses	269	—
Share of loss (profit) of entities accounted for using equity method	(2,620)	(2,380)
Increase (decrease) in allowance for loan losses	(2,284)	(4,696)
Increase (decrease) in allowance for investment loss	(121)	2,956
Increase (decrease) in provision for bonuses	309	25
Increase (decrease) in provision for bonuses for directors (and other officers)	6	(60)
Decrease (increase) in retirement benefit asset	(904)	(515)
Increase (decrease) in retirement benefit liability	69	340
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(4)	—
Net change in provision for credit losses on off-balance-sheet instruments	(205)	88
Interest income	(66,141)	(113,570)
Interest expenses	14,529	62,490
Loss (gain) related to securities	(6,533)	2,662
Loss (gain) on money held in trust	(328)	(315)
Foreign exchange losses (gains)	(141,148)	(137,868)
Loss (gain) on disposal of non-current assets	49	2
Net decrease (increase) in trading account assets	21,595	(18,263)
Net increase (decrease) in trading account liabilities	(11,223)	(7,349)
Net decrease (increase) in loans and bills discounted	(301,040)	(497,146)
Net increase (decrease) in deposits	859,549	625,296
Net increase (decrease) in negotiable certificates of deposit	(500)	500
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	82,574	93,271
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	25,112	4,330
Net decrease (increase) in call loans	(108,424)	70,409
Net increase (decrease) in call money	13,711	(27,773)
Net increase (decrease) in cash collateral received for securities lent	(74,717)	(140,972)
Net decrease (increase) in foreign exchanges - assets	(6,685)	(14,628)
Increase (decrease) in straight bonds - issuance and redemption	(29,405)	(21,186)
Interest received	65,583	107,336
Interest paid	(14,088)	(60,602)
Other, net	(105,502)	8,336
Subtotal	263,916	(54,946)
Income taxes refund (paid)	(10,016)	(6,436)
Net cash provided by (used in) operating activities	253,900	(61,382)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Purchase of securities	(678,529)	(416,168)
Proceeds from sale of securities	442,358	383,204
Proceeds from redemption of securities	205,959	244,860
Increase in money held in trust	(143,232)	(48,963)
Decrease in money held in trust	155,181	57,111
Purchase of tangible fixed assets	(592)	(1,524)
Purchase of intangible assets	(4,975)	(4,468)
Proceeds from sale of tangible fixed assets	0	9
Payments for asset retirement obligations	—	(122)
Net cash provided by (used in) investing activities	(23,830)	213,939
Cash flows from financing activities		
Repayments of lease liabilities	(249)	(249)
Proceeds from share issuance to non-controlling shareholders	304	756
Dividends paid	(16,109)	(18,567)
Dividends paid to non-controlling interests	(4)	(8)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	0	0
Net cash provided by (used in) financing activities	(16,059)	(18,068)
Net increase (decrease) in cash and cash equivalents	214,010	134,487
Cash and cash equivalents at beginning of period	847,732	1,061,743
Cash and cash equivalents at end of period	1,061,743	1,196,230

(5) Notes to consolidated financial statements

(Information on going concern assumption)

None

(Change in accounting policy)

(Application of 'Implementation Guidance on Accounting Standard for Fair Value Measurement')

The 'Implementation Guidance on Accounting Standard for Fair Value Measurement' (ASBJ Guidance No.31 June 17, 2021) has been applied from the beginning of the fiscal year ended March 31, 2023. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the guidance, the Bank applies new accounting policies prescribed in the 'Implementation Guidance on Accounting Standard for Fair Value Measurement' prospectively. There is no effect on the consolidated financial statements.

(Additional information)

(Accounting estimates related to COVID-19)

The Bank assumed that 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 ended March 31, 2023.

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

As of March 31, 2023, the effects of COVID-19 on the economy and corporate activities have been on a downward trend as the above assumption, and the allowance for loan losses is calculated by reflecting the borrowers' classification based on the latest information available by the end of the fiscal year.

(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: Institutional Banking Group, Structured Finance Group, International Business Group, Market Group, and Customer Relations Group. 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

Institutional Banking Group consists of Corporate Banking Group and M&A Advisory Group. Institutional Banking Group offers financial services to corporate customers. Major services offered by Institutional Banking Group are loans and deposits, sale of financial products, private equity operations, M&A advisory, and other financial services.

Structured Finance Group consists of Acquisition & Structured Finance Group, Environment Business Group, Special Situations Group and Real Estate Finance Group. Structured Finance Group offers financial services that require specialized expertise such as acquisition finance, environmental project finance, corporate restructuring finance, real estate finance and other financial services.

International Business Group consists of International Finance Group and Asia Investment Group. International Business Group offers financial services that require specialized expertise such as overseas loans and investments, and other financial services.

Market Group consists of Financial Markets Group. Market Group offers derivatives and foreign exchange products to customers, trading derivatives and foreign exchange products, as well as ALM operations.

Customer Relations Group consists of Allied Banking Group and Retail Banking Group. Customer Relations Group offers financial services to financial institutions, public sector customers and retail customers. Major services offered by Customer Relations Group are loans and deposits, sale of financial products (for financial institutions and public sector customers) and the sale of investment products, including deposits, investment trusts and insurance (for retail customers), and other financial services.

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

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

Business revenue includes 'Consolidated net revenue', 'Gains (losses) on equity method investments', and 'Gains (losses) on stock transactions'.

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.

3. Changes in reportable segments

In order to flexibly allocate and optimize the resources of the entire Aozora Group and strive to increase transparency regarding the progress of each of its business areas, as well as promote "Aozora's Strategic Investments Business", the Bank reorganized its Business Groups and changed revenue management methods from the beginning of the fiscal year ended March 31, 2023.

As a result, the Bank has also changed its method for classifying reportable segments. Specifically, the Bank

switched from using six operating segments (Retail Banking Group, Institutional Banking Group, Allied Banking Group, Specialty Finance Group, International Finance Group, and Financial Markets Group) to five operating segments (Institutional Banking Group, Structured Finance Group, International Business Group, Market Group, and Customer Relations Group).

In addition, the Bank changed "Revenues, profit/loss by reportable segment" into "Business revenue and profit/loss by reportable segment". Business revenue includes 'Consolidated net revenue', 'Gains (losses) on equity method investments', and 'Gains (losses) on stock transactions'.

The information regarding reportable segments for the fiscal year ended March 31, 2022 has been updated to reflect these new operating segments and calculation revenue management methods.

4. Business revenue, profit (loss), assets and liabilities by reportable segment

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

(Millions of yen)

	Institutional Banking Group	Structured Finance Group	International Business Group	Market Group	Customer Relations Group	Total
Consolidated net revenue	14,795	32,428	14,811	25,981	12,919	100,936
Gains (losses) on equity method investment	—	—	2,620	—	—	2,620
Gains (losses) on stock transactions	618	55	305	51	—	1,031
Business Revenue	15,414	32,483	17,737	26,033	12,919	104,588
General and administrative expenses	9,523	12,219	7,043	4,924	12,365	46,076
Segment profit (loss)	5,891	20,264	10,694	21,108	553	58,511
Segment assets	989,094	1,563,738	887,302	2,418,046	233,688	6,091,869
Segment liabilities	319,258	80,368	23	902,517	4,571,352	5,873,521

Notes

(1) Due to the nature of the banking business, the Bank uses 'Business revenue' as a substitute for 'Sales' as would be used by non-financial service companies. 'Business revenue' includes 'Consolidated net revenue', 'Gains (losses) on equity method investment', and 'Gains (losses) on stock transactions.' 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. Gains (losses) on stock transactions represents the total of Gain (loss) on sale of equity securities and Loss on devaluation of equity securities. The Bank oversees its revenue by reportable segment using Business revenue. The Bank offsets interest income and interest expense for the management purpose, 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 assets of International Business Group include investments in entities applying equity methods of 22,637 million yen.

FY2022 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Institutional Banking Group	Structured Finance Group	International Business Group	Market Group	Customer Relations Group	Total
Consolidated net revenue	12,658	31,560	16,829	(12,636)	7,651	56,063
Gains (losses) on equity method investment	—	—	2,380	—	—	2,380
Gains (losses) on stock transactions	(72)	—	4,018	—	1,744	5,690
Business Revenue	12,585	31,560	23,228	(12,636)	9,395	64,134
General and administrative expenses	9,551	12,650	7,472	4,938	11,845	46,458
Segment profit (loss)	3,033	18,910	15,755	(17,574)	(2,449)	17,675
Segment assets	1,062,195	1,770,071	1,001,280	2,411,635	193,797	6,438,982
Segment liabilities	289,953	86,046	9	722,290	5,139,457	6,237,757

Notes

(1) Due to the nature of the banking business, the Bank uses 'Business revenue' as a substitute for 'Sales' as would be used by non-financial service companies. 'Business revenue' includes 'Consolidated net revenue', 'Gains (losses) on equity method investment', and 'Gains (losses) on stock transactions.' 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. Gains (losses) on stock transactions represents the total of Gain (loss) on sale of equity securities and Loss on devaluation of equity securities. The Bank oversees its revenue by reportable segment using Business revenue. The Bank offsets interest income and interest expense for the management purpose, 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 6,984 million yen.

(3) Segment assets of International Business Group include investments in entities applying equity methods of 27,734 million yen.

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

(1) Reconciliation between total business revenue of reportable segments and business revenue derived from the consolidated financial statement of income

(Millions of yen)

Items	FY2021 (March 31, 2022)	FY2022 (March 31, 2023)
Total business revenue of reportable segments	104,588	64,134
Variances resulting from profit or loss not covered by reportable segments or differences in the basis of revenue and expense recognition and measurement	3,076	6,314
Business revenue derived from the consolidated statement of income	107,664	70,449

(2) Reconciliation between total segment profits and ordinary profit in the consolidated statement of income
(Millions of yen)

Items		FY2021 (March 31,2022)	FY2022 (March 31, 2023)
Total segment profits		58,511	17,675
	Variances resulting from profit or loss not covered by reportable segments or differences in the basis of revenue and expense recognition and measurement	(8,639)	(6,588)
	Amortization of actuarial differences on retirement benefit plans, etc.	302	(101)
	Credit-related expenses, etc.	(3,740)	(1,700)
	Others	(1,140)	(1,927)
Ordinary profit in the consolidated statement of income		46,294	7,356

(Note)

Credit-related expenses, etc., represent the total of write-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
(Millions of yen)

Items		FY2021 (March 31,2022)	FY2022 (March 31, 2023)
Total segment assets		6,091,869	6,438,982
	Allowance for loan losses	(38,489)	(33,693)
	Assets not allocated to reportable segments	675,273	778,781
Total assets in the consolidated balance sheet		6,728,653	7,184,070

(Note)

As of March 31, 2022, assets not allocated to reportable segments include foreign exchange of 63,873 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. As of March 31, 2023, assets not allocated to reportable segments include foreign exchange of 76,873 million yen, other assets of 209,953 million yen, fixed assets of 41,010 million yen and deferred tax assets of 53,577 million yen.

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

Items		FY2021 (March 31,2022)	FY2022 (March 31, 2023)
Total segment liabilities		5,873,521	6,237,757
	Liabilities not allocated to reportable segments	367,866	515,194
Total liabilities in the consolidated balance sheet		6,241,387	6,752,951

(Note)

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. As of March 31, 2023, liabilities not allocated to reportable segments include other liabilities of 72,848 million yen and retirement benefit liability of 11,288 million yen.

(Per share information)

	FY 2021 (From April 1, 2021 to March 31, 2022)	FY 2022 (From April 1, 2022 to March 31, 2023)
Net assets per common share	4,222.79 yen	3,751.95 yen
Net income per common share	299.81 yen	74.67 yen
Diluted net income per common share	299.38 yen	74.54 yen

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

		FY 2021 (As of March 31, 2022)	FY 2022 (As of March 31, 2023)
Net assets	Millions of yen	487,265	431,119
Deductions from net assets	Millions of yen	(5,839)	(7,038)
Share acquisition rights	Millions of yen	390	503
Non-controlling interests	Millions of yen	(6,229)	(7,541)
Net assets available to common stock	Millions of yen	493,105	438,157
Number of common stock at the end of fiscal year for calculation of Net assets per share	Thousand shares	116,772	116,781

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

		FY 2021 (From April 1, 2021 to March 31, 2022)	FY 2022 (From April 1, 2022 to March 31, 2023)
Net income per common share			
Profit attributable to owners of parent	Millions of yen	35,004	8,719
Not available to common stockholders	Millions of yen	–	–
Profit attributable to owners of parent available to common stock	Millions of yen	35,004	8,719
Average number of common stock	Thousand shares	116,755	116,779
Diluted net income per common share			
Adjustments for profit attributable to owners of parent	Millions of yen	–	–
Number of common stock to increase	Thousand shares	167	199
Share acquisition rights	Thousand shares	167	199

(Material subsequent event)

None

5. Non-consolidated financial statements

(1) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Cash and due from banks	980,590	1,056,452
Cash	6,288	4,601
Due from banks	974,301	1,051,850
Call loans	122,243	78,311
Monetary claims bought	78,477	51,723
Trading account assets	133,008	151,229
Trading securities derivatives	14,392	7,811
Trading account securities derivatives for hedging	10,570	4,493
Trading account financial derivatives	108,045	138,924
Money held in trust	9,639	4,517
Securities	1,494,578	1,319,450
Government bonds	51,352	18,381
Local government bonds	133,452	14,336
Short-term corporate bonds	34,998	10,999
Corporate bonds	129,837	110,616
Stocks	65,525	61,053
Other securities	1,079,411	1,104,062
Loans and bills discounted	3,230,905	3,710,072
Bills discounted	5,674	7,223
Loans on bills	24,443	14,034
Loans on deeds	3,057,969	3,543,033
Overdrafts	142,817	145,781
Foreign exchanges	63,878	76,873
Due from foreign banks (our accounts)	63,878	76,873
Other assets	286,308	249,721
Prepaid expenses	971	1,275
Accrued revenue	8,234	17,490
Margin deposits for futures transactions	962	962
Variation margins of futures markets	—	667
Financial derivatives	53,268	74,550
Cash collateral paid for financial instruments	143,786	81,168
Bond issuance costs	259	361
Other	78,826	73,245
Tangible fixed assets	21,147	21,026
Buildings, net	10,046	9,565
Land	9,235	9,235
Leased assets, net	478	247
Other tangible fixed assets	1,386	1,978
Intangible fixed assets	12,125	10,896
Software	12,059	10,830
Other intangible fixed assets	66	65
Prepaid pension costs	5,132	5,647
Deferred tax assets	31,962	53,595
Customers' liabilities for acceptances and guarantees	25,381	25,004
Allowance for loan losses	(47,910)	(43,206)
Allowance for investment loss	(553)	(3,509)
Total assets	6,446,916	6,767,805

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Deposits	4,564,081	5,081,374
Current deposits	36,782	34,399
Ordinary deposits	1,972,403	2,629,614
Savings deposits	32,352	49,846
Deposits at notice	995	935
Time deposits	2,386,837	2,232,558
Other deposits	134,709	134,020
Negotiable certificates of deposit	33,500	34,000
Call money	16,121	10,000
Securities sold under repurchase agreements	69,876	48,224
Cash collateral received for securities lent	356,956	215,983
Trading account liabilities	129,227	121,877
Trading account securities derivatives for hedging	14,936	14,001
Trading account financial derivatives	114,290	107,876
Borrowed money	432,100	525,600
Borrowings from other banks	432,100	525,600
Bonds payable	168,959	147,773
Other liabilities	155,968	137,842
Income taxes payable	6,525	—
Accrued expenses	3,819	5,749
Unearned revenue	311	231
Variation margins of futures markets	6,728	981
Financial derivatives	101,576	78,431
Cash collateral received for financial instruments	7,239	21,386
Lease liabilities	510	260
Asset retirement obligations	2,022	1,914
Other	27,237	28,885
Provision for bonuses	3,854	3,817
Provision for bonuses for directors (and other officers)	70	7
Provision for retirement benefits	10,367	10,609
Provision for credit losses on off-balance-sheet instruments	403	514
Acceptances and guarantees	25,381	25,004
Total liabilities	5,966,868	6,362,628
Net assets		
Share capital	100,000	100,000
Capital surplus	87,476	87,481
Legal capital surplus	87,313	87,313
Other capital surplus	163	167
Retained earnings	291,448	264,752
Legal retained earnings	12,686	12,686
Other retained earnings	278,761	252,065
Retained earnings brought forward	278,761	252,065
Treasury shares	(3,117)	(3,099)
Total shareholders' equity	475,807	449,134
Valuation difference on available-for-sale securities	4,007	(45,432)
Deferred gains or losses on hedges	(157)	972
Total valuation and translation adjustments	3,850	(44,460)
Share acquisition rights	390	503
Total net assets	480,047	405,177
Total liabilities and net assets	6,446,916	6,767,805

(2) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Ordinary income	119,899	164,564
Interest income	59,857	105,148
Interest on loans and discounts	38,463	78,541
Interest and dividends on securities	20,298	23,424
Interest on call loans	(34)	385
Interest income on securities purchased under resale agreements	(0)	—
Interest on deposits with banks	22	693
Interest income on interest rate swaps	—	529
Other interest income	1,107	1,572
Trust fees	444	379
Fees and commissions	14,975	11,539
Fees and commissions on domestic and foreign exchanges	196	207
Other fees and commissions	14,778	11,332
Gain on trading account transactions	15,432	14,832
Net gain on trading securities	7,576	—
Net gain on trading account securities	2,251	10,943
Net gain on trading account financial derivatives	5,604	3,888
Other ordinary income	26,537	22,672
Gain on foreign exchange transactions	2,583	—
Gain on sale of bonds	9,408	5,914
Gain on financial derivatives	1,082	1,957
Other	13,462	14,799
Other income	2,652	9,992
Recoveries of written off receivables	135	1,070
Reversal of provision for credit losses on off-balance-sheet instruments	206	—
Gain on sale of equity securities	2,034	8,576
Gain on money held in trust	78	62
Other	196	283
Ordinary expenses	78,885	161,384
Interest expenses	14,186	62,495
Interest on deposits	6,130	11,286
Interest on negotiable certificates of deposit	3	3
Interest on call money	24	184
Interest expenses on securities sold under repurchase agreements	82	1,654
Interest expenses on cash collateral received for securities lent	356	7,058
Interest on borrowings and discounts	878	1,265
Interest expenses on bonds	1,957	1,517
Interest expenses on interest rate swaps	2,768	22,570
Other interest expenses	1,986	16,955
Fees and commissions payments	7,324	2,841
Fees and commissions on domestic and foreign exchanges	158	139
Other fees and commissions	7,165	2,702
Loss on trading account transactions	—	11,150
Net loss on trading securities	—	11,150
Other ordinary expenses	7,498	33,759
Loss on foreign exchange transactions	—	7,810
Loss on sale of bonds	4,908	16,109
Loss on redemption of bonds	—	590
Loss on devaluation of bonds	—	373
Amortization of bond issuance costs	214	165
Other	2,375	8,709

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
General and administrative expenses	45,684	46,105
Other expenses	4,191	5,032
Provision of allowance for loan losses	2,848	1,089
Write-off of loans	1,062	1,482
Provision of allowance for investment loss	0	—
Provision of allowance for credit losses on off- balance-sheet instruments	—	111
Loss on sale of equity securities	1	—
Loss on devaluation of equity securities	—	80
Other	278	2,267
Ordinary profit	41,014	3,180
Extraordinary income	0	0
Gain on disposal of non-current assets	0	0
Extraordinary losses	319	11,021
Loss on disposal of non-current assets	49	2
Impairment losses	269	—
Loss on valuation of shares of subsidiaries and associates	—	11,018
Profit (loss) before income taxes	40,695	(7,840)
Income taxes - current	11,569	(78)
Income taxes - deferred	(728)	366
Total income taxes	10,841	287
Profit (loss)	29,854	(8,127)

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

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

For the fiscal year ended March 31, 2023

(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	163	87,476	12,686	278,761	291,448	(3,117)	475,807
Changes during period									
Dividends of surplus						(18,567)	(18,567)		(18,567)
Loss (Δ)						(8,127)	(8,127)		(8,127)
Purchase of treasury shares								(0)	(0)
Disposal of treasury shares			4	4				18	22
Net changes in items other than shareholders' equity									
Total changes during period	—	—	4	4	—	(26,695)	(26,695)	18	(26,672)
Balance at end of period	100,000	87,313	167	87,481	12,686	252,065	264,752	(3,099)	449,134

	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	4,007	(157)	3,850	390	480,047
Changes during period					
Dividends of surplus					(18,567)
Loss (Δ)					(8,127)
Purchase of treasury shares					(0)
Disposal of treasury shares					22
Net changes in items other than shareholders' equity	(49,440)	1,129	(48,310)	112	(48,197)
Total changes during period	(49,440)	1,129	(48,310)	112	(74,870)
Balance at end of period	(45,432)	972	(44,460)	503	405,177

(4) Notes to non-consolidated financial statements

(Information on going concern assumption)

None

Financial Results for FY2022

 AOZORA BANK, LTD.

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* NPLs : Non-performing loans

* FRA : Financial Reconstruction Act

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I. Overviews of the Financial Results for the Year Ended March 31, 2023 (Fiscal Year 2022)

1. Summary of Revenue and Expenses

[Consolidated]

(Millions of yen)

	FY2022		FY2021
	(A)	(A)-(B)	(B)
Consolidated net revenue ※1	59,573	(43,437)	103,011
Net interest income	51,080	(531)	51,612
Net fees and commissions	13,333	(691)	14,024
Net gains on trading account transactions	4,196	(12,445)	16,642
Net other ordinary income	(9,036)	(29,768)	20,731
General and administrative expenses	(59,362)	(1,569)	(57,792)
Gains (losses) on equity method investments	2,380	(240)	2,620
Business profit ※2	2,591	(45,247)	47,839
Credit-related expenses	(1,700)	2,039	(3,740)
Write-off of loans	(176)	1,190	(1,367)
Provision of specific allowance for loan losses	(5,920)	(1,558)	(4,362)
Provision of general allowance for loan losses	4,809	3,150	1,659
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	(1,528)	(1,495)	(33)
Recoveries of written-off receivables	1,199	1,042	156
Provision of allowance for credit losses on off-balance-sheet instruments	(84)	(289)	205
Gains (losses) on stock transactions	8,495	6,462	2,033
Other	(2,029)	(2,191)	162
Ordinary profit	7,356	(38,937)	46,294
Extraordinary profit (loss)	(2)	316	(319)
Profit before income taxes	7,354	(38,621)	45,975
Income taxes-current	(437)	12,672	(13,110)
Income taxes-deferred	(260)	(434)	173
Profit	6,655	(26,382)	33,038
Loss attributable to non-controlling interests	2,064	98	1,966
Profit attributable to owners of parent	8,719	(26,284)	35,004

※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)

	FY2022		FY2021
	(A)	(A)-(B)	(B)
Consolidated subsidiaries	25	0	25
Subsidiaries and affiliated companies applying equity-method	1	0	1

【Non-consolidated】

(Millions of yen)

	FY2022		FY2021
	(A)	(A)-(B)	(B)
Net revenue	44,333	(43,915)	88,249
(Excluding gains (losses) on bond transactions)	55,492	(28,256)	83,748
Net interest income	42,660	(3,021)	45,681
Net fees and commissions ※	9,077	981	8,095
Net gains on trading account transactions	3,682	(11,750)	15,432
Net other ordinary income	(11,086)	(30,125)	19,038
(Gains (losses) on bond transactions)	(11,158)	(15,659)	4,500
General and administrative expenses	(46,004)	(17)	(45,986)
Personnel	(23,196)	(902)	(22,293)
Property and equipment	(20,683)	108	(20,792)
Taxes	(2,125)	776	(2,901)
Core net business profit	(1,671)	(43,933)	42,262
Core net business profit excluding gains(losses) on bonds	9,487	(28,274)	37,762
Core net business profit excluding gains(losses) on bonds and cancellation on investment trusts	8,159	(29,164)	37,324
Credit-related expenses	(1,612)	1,955	(3,568)
Write-off of loans	(1,482)	(419)	(1,062)
Provision of specific allowance for loan losses	(5,742)	(1,878)	(3,864)
Provision of general allowance for loan losses	4,653	3,637	1,016
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	-	-	-
Recoveries of written-off receivables	1,070	934	135
Provision of allowance for credit losses on off-balance-sheet instruments	(111)	(317)	206
Gains (losses) on stock transactions	8,495	6,462	2,033
Other	(2,031)	(2,318)	287
Ordinary profit	3,180	(37,833)	41,014
Extraordinary profit (loss)	(11,021)	(10,702)	(318)
Profit (loss) before income taxes	(7,840)	(48,535)	40,695
Income taxes-current	78	11,648	(11,569)
Income taxes-deferred	(366)	(1,094)	728
Profit (loss)	(8,127)	(37,981)	29,854
Business profit	2,870	(40,407)	43,278

※ Trust fees are included.

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

2. Profit Margins [Non-consolidated]

(Total)

	FY2022		FY2021
	(A)	(A)-(B)	(B)
(1) Yield on total investments (A)	1.88%	0.70%	1.18%
Yield on loans (B)	2.18%	0.95%	1.23%
Yield on securities	1.61%	0.14%	1.47%
(2) Rate of funding cost (including general and administrative expenses) (C)	1.81%	0.66%	1.15%
Cost of deposits & certificates of deposit (including general and administrative expenses) (D)	1.15%	(0.08%)	1.23%
Yield on deposits & certificates of deposit (E)	0.22%	0.08%	0.14%
Yield on borrowings	0.28%	0.05%	0.23%
(3) Profit margins (A) - (C)	0.07%	0.04%	0.03%
(4) Loan margin (B) - (D)	1.03%	1.03%	0.00%
(5) Yield spread (B) - (E)	1.96%	0.87%	1.09%

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

(Domestic operations)

	FY2022		FY2021
	(A)	(A)-(B)	(B)
(1) Yield on total investments (A)	0.58%	(0.03%)	0.61%
Yield on loans (B)	0.91%	(0.03%)	0.94%
Yield on securities	0.84%	(0.12%)	0.96%
(2) Rate of funding cost (including general and administrative expenses) (C)	0.96%	(0.10%)	1.06%
Cost of deposits & certificates of deposit (including general and administrative expenses) (D)	1.04%	(0.13%)	1.17%
Yield on deposits & certificates of deposit (E)	0.16%	0.02%	0.14%
Yield on borrowings	0.25%	0.02%	0.23%
(3) Profit margins (A) - (C)	(0.38%)	0.07%	(0.45%)
(4) Loan margin (B) - (D)	(0.13%)	0.10%	(0.23%)
(5) Yield spread (B) - (E)	0.75%	(0.05%)	0.80%

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

3. Business Profit [Non-consolidated]

(Millions of yen)

	FY2022		FY2021
	(A)	(A)-(B)	(B)
Core net business profit	(1,671)	(43,933)	42,262
per employee (thousand yen)	(832)	(22,102)	21,269

4. ROE [Non-consolidated]

	FY2022		FY2021
	(A)	(A)-(B)	(B)
Core net business profit basis	(0.37%)	(9.09%)	8.72%
Profit basis	(1.83%)	(7.99%)	6.16%

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

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

(Millions of yen)

	FY2022		FY2021
	(A)	(A)-(B)	(B)
Gains (losses) on bond transactions	(11,158)	(15,659)	4,500
Gain on sale of bonds	5,914	(3,493)	9,408
Gain on redemption of bonds	-	-	-
Loss on sale of bonds	(16,109)	(11,201)	(4,908)
Loss on redemption of bonds	(590)	(590)	-
Loss on devaluation of bonds	(373)	(373)	-
Gains (losses) on stock transactions	8,495	6,462	2,033
Gain on sale of equity securities	8,576	6,542	2,034
Loss on sale of equity securities	-	1	(1)
Loss on devaluation of equity securities	(80)	(80)	-

6. Investments and Funding

【Consolidated】

(Total)

(Millions of yen)

	FY2022				FY2021	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	5,824,833	1.94%	647,120	0.67%	5,177,712	1.27%
Due from banks	56,531	1.35%	(5,246)	1.34%	61,777	0.01%
Call loans and bills bought	286,996	0.12%	(161,873)	0.13%	448,869	(0.01%)
Securities purchased under resale agreements	-	-	(4)	0.09%	4	(0.09%)
Cash collateral provided for securities borrowed	-	-	-	-	-	-
Securities	1,432,846	1.63%	88,454	0.13%	1,344,391	1.50%
Loans and bills discounted	3,771,517	2.30%	635,020	0.88%	3,136,496	1.42%
Total funding	6,289,698	0.99%	876,127	0.73%	5,413,570	0.26%
Deposits	5,241,142	0.21%	875,145	0.07%	4,365,996	0.14%
Negotiable certificates of deposit	28,563	0.01%	(5,709)	0.00%	34,272	0.01%
Call money and bills sold	19,996	0.92%	4,070	0.77%	15,925	0.15%
Securities sold under repurchase agreements	61,179	2.70%	(1,640)	2.57%	62,819	0.13%
Cash collateral received for securities lent	287,040	2.45%	(77,078)	2.36%	364,118	0.09%
Borrowed money	485,000	0.26%	114,749	(0.05%)	370,250	0.31%
Bonds payable	146,251	1.03%	(34,341)	(0.05%)	180,593	1.08%

【Non-consolidated】

(Total)

(Millions of yen)

	FY2022				FY2021	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	5,569,132	1.88%	528,094	0.70%	5,041,038	1.18%
Due from banks	26,431	2.62%	2,457	2.53%	23,974	0.09%
Call loans	210,419	0.18%	(187,875)	0.18%	398,294	(0.00%)
Securities purchased under resale agreements	-	-	(4)	0.09%	4	(0.09%)
Cash collateral provided for securities borrowed	-	-	-	-	-	-
Securities	1,453,629	1.61%	77,594	0.14%	1,376,034	1.47%
Loans and bills discounted	3,624,917	2.16%	544,900	0.92%	3,080,017	1.24%
Total funding	5,948,059	1.05%	746,400	0.78%	5,201,659	0.27%
Deposits	4,899,671	0.23%	745,348	0.09%	4,154,323	0.14%
Negotiable certificates of deposit	28,563	0.01%	(5,709)	0.00%	34,272	0.01%
Call money	19,996	0.92%	4,070	0.77%	15,925	0.15%
Securities sold under repurchase agreements	61,179	2.70%	(1,640)	2.57%	62,819	0.13%
Cash collateral received for securities lent	287,040	2.45%	(77,078)	2.36%	364,118	0.09%
Borrowed money	484,832	0.26%	114,818	0.03%	370,013	0.23%
Bonds payable	146,251	1.03%	(34,341)	(0.05%)	180,593	1.08%

(Domestic operations)

(Millions of yen)

	FY2022				FY2021	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	4,953,746	0.58%	580,431	(0.03%)	4,373,314	0.61%
Due from banks	1,266	0.08%	751	0.08%	515	0.00%
Call loans	196,287	(0.01%)	(192,731)	(0.00%)	389,019	(0.01%)
Securities purchased under resale agreements	-	-	(4)	0.09%	4	(0.09%)
Cash collateral provided for securities borrowed	-	-	-	-	-	-
Securities	527,300	0.84%	22,730	(0.12%)	504,569	0.96%
Loans and bills discounted	2,212,375	0.91%	245,866	(0.05%)	1,966,508	0.96%
Total funding	5,356,816	0.17%	798,775	0.03%	4,558,041	0.14%
Deposits	4,757,613	0.16%	725,814	0.02%	4,031,799	0.14%
Negotiable certificates of deposit	28,563	0.01%	(5,709)	0.00%	34,272	0.01%
Call money	13,942	(0.01%)	3,942	(0.02%)	10,000	0.01%
Securities sold under repurchase agreements	-	-	-	-	-	-
Cash collateral received for securities lent	1,389	0.00%	(3,515)	0.00%	4,904	0.00%
Borrowed money	484,832	0.26%	115,727	0.03%	369,104	0.23%
Bonds payable	66,435	0.14%	(32,073)	0.02%	98,509	0.12%

7. Unrealized Gains and Losses on Securities

【Consolidated】

(Millions of yen)

	March 31, 2023				March 31, 2022		
	Unrealized gains and losses				Unrealized gains and losses		
	(A)	(A)-(B)	gains	losses	(B)	gains	losses
Held-to-maturity bonds	-	-	-	-	-	-	-
Available-for-sale securities	(65,917)	(71,928)	28,192	94,110	6,011	50,670	44,658
Japanese stocks	12,882	(7,526)	13,190	308	20,408	20,480	71
Japanese debt securities	(2,317)	(732)	481	2,798	(1,584)	720	2,305
Other	(76,482)	(63,669)	14,521	91,003	(12,812)	29,468	42,281

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

【Non-consolidated】

(Millions of yen)

	March 31, 2023				March 31, 2022		
	Unrealized gains and losses				Unrealized gains and losses		
	(A)	(A)-(B)	gains	losses	(B)	gains	losses
Held-to-maturity bonds	-	-	-	-	-	-	-
Available-for-sale securities	(65,878)	(71,937)	28,192	94,071	6,058	50,668	44,609
Japanese stocks	12,882	(7,526)	13,190	308	20,408	20,480	71
Japanese debt securities	(2,278)	(741)	481	2,759	(1,537)	718	2,255
Other	(76,482)	(63,669)	14,521	91,003	(12,812)	29,468	42,281

(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)

(Billions of yen)

	FY2022		FY2021
	(A)	(A)-(B)	(B)
Investment trusts	64.5	(4.9)	69.4
Annuity insurance	1.8	0.1	1.7

9. Employees' Retirement Benefits

① Provision for retirement benefits

【Consolidated】 (Millions of yen)

		March 31, 2023		March 31, 2022
		(A)	(A) - (B)	(B)
	Defined retirement benefit obligation (A)	(41,944)	102	(42,047)
	Fair value of plan assets (B)	34,529	(1,507)	36,037
	Unfunded retirement benefit obligation (C)=(A)+(B)	(7,414)	(1,404)	(6,009)
	Retirement benefit asset (D)	3,873	(1,090)	4,964
	Retirement benefit liability (C)-(D)	(11,288)	(313)	(10,974)
	Unrecognized actuarial losses (E)	(1,915)	(1,578)	(336)
	Unrecognized prior-service cost (F)	-	-	-
	Remeasurements of defined benefit plans (before income tax effect) (E)+(F)	(1,915)	(1,578)	(336)

【Non-consolidated】 (Millions of yen)

		March 31, 2023		March 31, 2022
		(A)	(A) - (B)	(B)
	Defined retirement benefit obligation (A)	(41,407)	201	(41,608)
	Fair value of plan assets (B)	34,529	(1,507)	36,037
	Unfunded retirement benefit obligation (C)=(A)+(B)	(6,877)	(1,306)	(5,571)
	Unrecognized actuarial losses (D)	1,915	1,578	336
	Unrecognized prior-service cost (E)	-	-	-
	Net liability recognized (F)=(C)+(D)+(E)	(4,962)	272	(5,234)
	Prepaid pension costs (G)	5,647	515	5,132
	Provision for retirement benefits (F)-(G)	(10,609)	(242)	(10,367)

② Net periodic retirement benefit costs

【Consolidated】 (Millions of yen)

		FY2022		FY2021
		(A)	(A) - (B)	(B)
	Net periodic retirement benefit costs regarding defined benefit pension plans	1,037	439	598

【Non-consolidated】 (Millions of yen)

		FY2022		FY2021
		(A)	(A) - (B)	(B)
	Net periodic retirement benefit costs	895	415	479
	Service cost	1,569	(4)	1,573
	Interest cost	164	(0)	165
	Expected return on plan assets	(900)	26	(927)
	Amortization of prior-service cost	-	81	(81)
	Recognized actuarial losses	54	318	(263)
	Other	7	(6)	13

10. Capital Adequacy Ratio (under Japanese domestic standards)

■Basel III

【Consolidated】

(Millions of yen)

	March 31, 2023			March 31, 2022 (B)	September 30, 2022 (C)
	preliminary (A)	(A) - (B)	(A) - (C)		
(1) Capital adequacy ratio (4)/(5)	9.43%	(0.94%)	(0.36%)	10.37%	9.79%
(2) Core capital: instruments and reserves	512,968	(10,737)	(24,109)	523,706	537,077
(3) Core capital: regulatory adjustments	22,872	(463)	(889)	23,335	23,761
(4) Regulatory capital (2)-(3)	490,096	(10,274)	(23,220)	500,370	513,316
(5) Risk-weighted assets	5,194,480	373,465	(47,985)	4,821,014	5,242,466
(6) Total required capital (5)*4%	207,779	14,938	(1,919)	192,840	209,698

【Non-consolidated】

(Millions of yen)

	March 31, 2023			March 31, 2022 (B)	September 30, 2022 (C)
	preliminary (A)	(A) - (B)	(A) - (C)		
(1) Capital adequacy ratio (4)/(5)	8.99%	(1.34%)	(0.41%)	10.33%	9.40%
(2) Core capital: instruments and reserves	479,091	(30,518)	(23,918)	509,609	503,009
(3) Core capital: regulatory adjustments	12,138	23	283	12,115	11,854
(4) Regulatory capital (2)-(3)	466,952	(30,541)	(24,202)	497,494	491,155
(5) Risk-weighted assets	5,191,040	375,272	(32,360)	4,815,768	5,223,400
(6) Total required capital (5)*4%	207,641	15,010	(1,294)	192,630	208,936

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.

- * NPLs : Non-performing loans
- * FRA : Financial Reconstruction Act

1. NPLs based on the Banking Act and the FRA, and coverage

After partial and direct write-off

【Consolidated】

(Millions of yen)

	March 31, 2023			March 31, 2022	September 30, 2022
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Bankrupt and similar credit	3,039	216	1,199	2,822	1,839
Doubtful credit	30,623	14,422	18,523	16,201	12,099
Special attention credit	5,511	3,119	(2,888)	2,392	8,399
Loans overdue for 3 months or more	-	-	(2,888)	-	2,888
Restructured loans	5,511	3,119	-	2,392	5,511
NPL Credit (a)	39,174	17,757	16,835	21,416	22,339
Normal credit	3,896,873	550,869	11,943	3,346,004	3,884,929
Total credit (b)	3,936,047	568,626	28,778	3,367,420	3,907,269
NPL ratio (a/b)	1.0%	0.4%	0.4%	0.6%	0.6%

	March 31, 2023			March 31, 2022	September 30, 2022
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance & Coverage (c)	36,585	17,453	18,750	19,131	17,834
Allowance for loan losses (d)	13,281	1,636	2,445	11,645	10,835
Collateral / guarantee coverage (e)	23,303	15,817	16,305	7,485	6,998
Coverage Ratio (c/a)	93.4%	4.1%	13.6%	89.3%	79.8%
Allowance Ratio (d/(a-e))	83.7%	0.1%	13.1%	83.6%	70.6%

(Note) Allowance for loan losses (d) is the sum of specific allowance and general allowance for NPL Credit (a).

After partial and direct write-off

【Non-consolidated】

(Millions of yen)

	March 31, 2023			March 31, 2022	September 30, 2022
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Bankrupt and similar credit	3,039	216	1,199	2,822	1,839
Doubtful credit	29,840	14,356	18,566	15,483	11,273
Special attention credit	5,511	3,119	(2,888)	2,392	8,399
Loans overdue for 3 months or more	-	-	(2,888)	-	2,888
Restructured loans	5,511	3,119	-	2,392	5,511
NPL Credit (a)	38,391	17,692	16,878	20,698	21,513
Normal credit	3,737,419	465,111	(35,654)	3,272,308	3,773,074
Total credit (b)	3,775,811	482,803	(18,775)	3,293,007	3,794,587
NPL ratio (a/b)	1.0%	0.4%	0.4%	0.6%	0.6%

	March 31, 2023			March 31, 2022	September 30, 2022
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance & Coverage (c)	35,802	17,388	18,794	18,413	17,008
Allowance for loan losses (d)	12,518	1,414	2,452	11,103	10,065
Collateral / guarantee coverage (e)	23,284	15,973	16,341	7,310	6,942
Coverage Ratio (c/a)	93.3%	4.3%	14.2%	89.0%	79.1%
Allowance Ratio (d/(a-e))	82.9%	0.0%	13.8%	82.9%	69.1%

(Note) Allowance for loan losses (d) is the sum of specific allowance and general allowance for NPL Credit (a).

2. Allowance for Loan Losses After partial and direct write-off

【Consolidated】

(Millions of yen)

	March 31, 2023			March 31, 2022	September 30, 2022
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	44,052	(4,625)	(225)	48,677	44,278
General allowance	33,693	(4,796)	(3,523)	38,489	37,216
Specific allowance	10,359	170	3,297	10,188	7,061
Allowance for loans to restructuring countries	-	-	-	-	-

 After partial and direct write-off

【Non-consolidated】

(Millions of yen)

	March 31, 2023			March 31, 2022	September 30, 2022
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	43,206	(4,703)	(43)	47,910	43,250
General allowance	33,611	(4,653)	(3,348)	38,264	36,959
Specific allowance	9,595	(50)	3,304	9,646	6,291
Allowance for loans to restructuring countries	-	-	-	-	-

3. Coverage for NPLs based on the FRA by Borrowers' Category

After partial and direct write-off

[Consolidated]

(Billions of yen)

Borrower categories for self-assessment	NPLs based on the FRA		Allowance & Coverage	Allowance Ratio	Coverage Ratio
	Loans	other			
Bankrupt borrowers	Bankrupt and similar credit		Collateral / Guarantee coverage 3.0	100.0%	100.0%
De facto bankrupt borrowers	3.0				
In Danger of Bankruptcy borrowers	Doubtful credit		Collateral / Guarantee coverage 20.2 Allowance 10.3 Estimated collections -	100.0%	100.0%
	30.6				
Need Attention borrowers	Special attention credit		Collateral / Guarantee coverage - Allowance 2.9 Estimated collections 2.5	53.0%	53.0%
	5.5				
Normal borrowers	(Normal credit) (3,896.8)				

NPL Credit	Collateral / Guarantee coverage 23.3 Allowance 13.2 Estimated collections 2.5	NPLs based on the FRA Allowance Ratio	NPLs based on the FRA Coverage Ratio
39.1		83.7%	93.4%

Total credit	Total allowance	Allowance Ratio = Allowance / (NPL Credit – Collateral, Guarantees, etc.)
3,936.0	44.0	Coverage Ratio = (Collateral, Guarantees + Allowance) / NPL Credit

Allowance ratio for the unsecured portion of special attention credit	52.9%
Allowance ratio for the need attention credit	4.9%
Allowance ratio for the normal credit	0.5%

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

4. Off-Balancing of NPLs based on the FRA 【Non-consolidated】

① Balance of doubtful credit, and bankrupt and similar credit

(Billions of yen)

Newly added within:		As of	As of	As of	As of	As of	As of	As of	As of	
		Sep. 30, 2019	Mar. 31, 2020	Sep. 30, 2020	Mar. 31, 2021	Sep. 30, 2021	Mar. 31, 2022	Sep. 30, 2022	(B)	increase (decrease) (A)-(B)
-Sep. 30, 2019	Bankrupt and similar credit	3.2	4.3	-	-	-	1.8	1.8	1.2	3.0
	Doubtful credit	16.0	13.7	9.1	7.8	7.8	5.5	3.7	(2.1)	1.5
subtotal		19.2	18.0	9.1	7.8	7.8	7.4	5.5	(0.9)	4.5
Oct. 1, 2019 -Mar. 31, 2020	Bankrupt and similar credit	-	0.0	0.2	0.0	-	-	-	-	-
	Doubtful credit	-	7.9	0.1	-	-	-	-	-	-
subtotal		-	8.0	0.3	0.0	-	-	-	-	-
Apr. 1, 2020 -Sep. 30, 2020	Bankrupt and similar credit	-	-	1.8	2.0	-	-	-	-	-
	Doubtful credit	-	-	7.4	6.3	2.1	2.3	2.7	(0.2)	2.5
subtotal		-	-	9.3	8.4	2.1	2.3	2.7	(0.2)	2.5
Oct. 1, 2020 -Mar. 31, 2021	Bankrupt and similar credit	-	-	-	0.0	-	0.9	0.0	(0.0)	0.0
	Doubtful credit	-	-	-	6.4	6.4	2.1	0.0	(0.0)	-
subtotal		-	-	-	6.5	6.4	3.1	0.0	(0.0)	0.0
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	-	-	-	-	-	5.3	-	-	-
subtotal		-	-	-	-	-	5.3	-	-	-
Apr. 1, 2022 -Sep. 30, 2022	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	-	4.7	(3.1)	1.5
subtotal		-	-	-	-	-	-	4.7	(3.1)	1.5
Oct. 1, 2022 -Mar. 31, 2023	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	-	-	24.1	24.1
subtotal		-	-	-	-	-	-	-	24.1	24.1

(Note1) The amounts are rounded down to the nearest billions of yen.

(Note2) Balance as of March 31, 2023 includes those borrowers (3.0 billion yen) for whom measures are undertaken which will lead to eventual off-balancing.

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

(Billions of yen)

Newly added within:	-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	Oct. 1, 2021 -Mar. 31, 2022	Apr. 1, 2022 -Sep. 30, 2022
Liquidation-type disposition	-	-	-	-	-	-	-
Restructuring-type disposition	-	-	-	-	-	-	-
Loan liquidations	(0.0)	-	-	-	-	-	(2.7)
Direct write-off	(1.7)	-	-	0.1	-	-	-
Other	0.8	-	(0.2)	(0.1)	-	-	(0.4)
Total	(0.9)	-	(0.2)	(0.0)	-	-	(3.1)

(Note1) The amounts are rounded down to the nearest billions of 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 write-off of book cost, relevant amounts are reentered in 'Liquidation-type disposition', 'Restructuring-type disposition' or 'Other' where appropriate and subtracted from 'Direct write-off.'

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

□ After partial and direct write-off

① Loans and Bills Discounted Classified by Industry

(Millions of yen)

	March 31, 2023	March 31, 2022
Loans by domestic offices (excluding Japan offshore market accounts)	3,000,048	2,545,736
Manufacturing	258,789	236,800
Agriculture, forestry and fisheries	3,119	4,129
Mining, quarry and gravel extraction	-	-
Construction	12,769	10,311
Electricity, gas, heat supply and water	141,507	87,017
Information and communications	105,336	102,695
Transport and postal service	49,774	40,379
Wholesale and retail trade	86,957	77,982
Finance and insurance	342,472	352,055
Real estate	760,426	715,081
Leasing	148,798	100,517
Other services	155,215	153,857
Local government	8,588	16,980
Others	926,292	647,928
Loans by overseas offices (including Japan offshore market accounts)	881,324	771,389
Government	-	-
Financial institutions	-	-
Others	881,324	771,389
Total	3,881,373	3,317,125

② NPLs based on the FRA Classified by Industry

(Millions of yen)

	March 31, 2023	March 31, 2022
NPL credit by domestic offices (excluding Japan offshore market accounts)	36,850	19,739
Manufacturing	5,692	7,801
Agriculture, forestry and fisheries	3,144	4,161
Mining, quarry and gravel extraction	-	-
Construction	7	1
Electricity, gas, heat supply and water	-	-
Information and communications	14	7
Transport and postal service	0	0
Wholesale and retail trade	125	1,962
Finance and insurance	0	0
Real estate	3	2,139
Leasing	-	-
Other services	1,302	1,300
Local government	-	-
Others	26,558	2,364
NPL credit by overseas offices (including Japan offshore market accounts)	2,323	1,677
Government	-	-
Financial institutions	-	-
Others	2,323	1,677
Total	39,174	21,416

(Note) NPL credit includes 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

(Billions of yen)

	FY 2020	FY 2021	FY 2022
Taxable income (before offsetting of tax loss carryforwards)	38.5	36.6	(2.3)

2. Temporary Differences and Loss Carryforwards [Non-consolidated]

(Billions of yen)

	March 31, 2023		March 31, 2022
	(A)	(A) - (B)	(B)
Deferred tax assets	56.7	22.0	34.6
Provision of allowance for loan losses	13.7	(1.1)	14.9
Provision for retirement benefits	3.2	0.0	3.1
Write-offs for securities	22.1	2.9	19.1
Valuation difference on available-for-sale securities	21.3	20.9	0.3
Tax loss carryforwards	0.4	0.4	—
Other	10.0	0.8	9.2
Subtotal	71.1	24.1	46.9
Less valuation allowance	(14.3)	(2.1)	(12.2)
Deferred tax liabilities	3.1	0.3	2.7
Valuation difference on available-for-sale securities	0.3	(0.2)	0.6
Net deferred tax assets	53.5	21.6	31.9