



# Summary of the Financial Statements for the First Three Months of FY2023 [JGAAP] (Consolidated)

August 2, 2023

Company name	Aozora Bank, Ltd.	Listed exchange	Tokyo Stock Exchange
TSE code	8304	URL	<a href="https://www.aozorabank.co.jp/">https://www.aozorabank.co.jp/</a>
Representative	Kei Tanikawa, President and CEO		
Contact person	Yukie Tajima, Joint General Manager of Financial Control Division		
Scheduled filing date of securities report	August 10, 2023	Dividend payable date	September 15, 2023
Reference material	Affirmative	Trading accounts	Affirmative
Investor meeting	Affirmative	TEL	(03)6752-1111

(Unit: JPY millions, rounded down)

## 1. Business highlights for the first three months of FY2023

### (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	%
Three months ended						
June 30, 2023	66,801	31.4	7,385	(34.8)	6,771	(19.1)
June 30, 2022	50,831	37.9	11,319	(27.7)	8,372	(27.6)

(Note) Comprehensive income JPY (997) million —% (Three months ended June 30, 2023)  
JPY (25,517) million —% (Three months ended June 30, 2022)

	Net income per common share (basic)	Net income per common share (diluted)
	Yen	Yen
Three months ended		
June 30, 2023	57.98	57.87
June 30, 2022	71.69	71.59

### (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
June 30, 2023	7,513,000	425,435	5.8	3,707.57
March 31, 2023	7,184,070	431,119	6.1	3,751.95

(Ref.) Total net assets (less Share acquisition rights and Non-controlling interests) JPY 433,050 million (June 30, 2023)  
JPY 438,157 million (March 31, 2023)

(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.

## 2. Dividend

	Annual dividend				
	1Q end	2Q end	3Q end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2022(common share)	38.00	38.00	38.00	40.00	154.00
FY2023(common share)	38.00				
FY2023(common share) (Forecast)		—	—	—	154.00

(Note) Revision of dividends forecast to the latest announcement None

Aozora will continue to pay dividends on a quarterly basis, although dividend payment forecast was announced only on an annual basis.

### 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	205.47

(Note) Revision of consolidated earnings forecast to the latest announcement None

#### \* Notes

- (1) Changes in material subsidiaries during the first three months  
(changes in specified subsidiaries which affect the scope of consolidation) None
- (2) Accounting treatments particularly used for the quarterly financial statements None
- (3) Changes in accounting policy, accounting estimates, or retrospective restatements
  - (a) Changes with revisions of accounting standards None
  - (b) Changes other than (a) above None
  - (c) Changes in accounting estimates None
  - (d) Retrospective restatements None

#### (4) The number of common shares issued

	June 30, 2023	March 31, 2023
(a) The number of common shares issued (including treasury shares)	118,289,418	118,289,418
(b) The number of treasury shares	1,487,819	1,508,199

	Three months ended June 30, 2023	Three months ended June 30, 2022
(c) The average number of common shares outstanding (3 months)	116,783,011	116,772,370

\* Quarterly summary is out of scope of quarterly review (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.

## [ Attachment ]

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## 1. Quarterly consolidated financial statements and main notes

## (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Cash and due from banks	1,275,003	1,298,142
Call loans and bills bought	78,311	65,129
Monetary claims bought	75,209	67,764
Trading account assets	151,285	133,764
Money held in trust	13,083	13,250
Securities	1,278,749	1,389,137
Loans and bills discounted	3,881,373	4,013,397
Foreign exchanges	76,873	68,057
Other assets	284,650	393,519
Tangible fixed assets	21,617	21,267
Intangible fixed assets	19,392	19,357
Retirement benefit asset	3,873	3,994
Deferred tax assets	53,577	57,384
Customers' liabilities for acceptances and guarantees	18,630	17,538
Allowance for loan losses	(44,052)	(45,424)
Allowance for investment loss	(3,509)	(3,282)
Total assets	7,184,070	7,513,000
<b>Liabilities</b>		
Deposits	5,463,352	5,615,343
Negotiable certificates of deposit	34,000	23,000
Call money and bills sold	10,000	18,700
Securities sold under repurchase agreements	48,224	66,690
Cash collateral received for securities lent	215,983	265,830
Trading account liabilities	121,877	155,641
Borrowed money	525,613	529,100
Bonds payable	147,773	163,770
Other liabilities	151,280	218,681
Provision for bonuses	4,373	1,492
Provision for bonuses for directors (and other officers)	25	17
Retirement benefit liability	11,288	11,187
Provision for credit losses on off-balance-sheet instruments	496	541
Reserves under special laws	8	8
Deferred tax liabilities	22	22
Acceptances and guarantees	18,630	17,538
Total liabilities	6,752,951	7,087,565
<b>Net assets</b>		
Share capital	100,000	100,000
Capital surplus	87,481	87,488
Retained earnings	291,898	293,998
Treasury shares	(3,099)	(3,057)
Total shareholders' equity	476,280	478,429
Valuation difference on available-for-sale securities	(45,449)	(58,969)
Deferred gains or losses on hedges	972	3,879
Foreign currency translation adjustment	7,683	10,950
Remeasurements of defined benefit plans	(1,328)	(1,238)
Total accumulated other comprehensive income	(38,122)	(45,378)
Share acquisition rights	503	454
Non-controlling interests	(7,541)	(8,069)
Total net assets	431,119	425,435
Total liabilities and net assets	7,184,070	7,513,000

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income  
 (Quarterly consolidated statement of income)  
 (For the three months ended June 30)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Ordinary income	50,831	66,801
Interest income	21,298	40,615
Interest on loans and discounts	14,490	31,152
Interest and dividends on securities	6,499	7,716
Trust fees	84	79
Fees and commissions	3,779	5,234
Gain on trading account transactions	9,805	7,287
Other ordinary income	11,239	6,819
Other income	4,624	6,764
Ordinary expenses	39,512	59,415
Interest expenses	7,057	28,604
Interest on deposits	2,179	3,487
Fees and commissions payments	1,006	1,273
Loss on trading account transactions	8,177	8,989
Other ordinary expenses	8,483	3,437
General and administrative expenses	14,480	15,217
Other expenses	305	1,893
Ordinary profit	11,319	7,385
Extraordinary income	—	0
Gain on disposal of non-current assets	—	0
Extraordinary losses	1	0
Loss on disposal of non-current assets	1	0
Profit before income taxes	11,318	7,385
Income taxes – current	1,196	533
Income taxes – deferred	2,172	599
Total income taxes	3,369	1,133
Profit	7,948	6,252
Loss attributable to non-controlling interests	(423)	(518)
Profit attributable to owners of parent	8,372	6,771

(Quarterly consolidated statement of comprehensive income)  
 (For the three months ended June 30)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	7,948	6,252
Other comprehensive income	(33,466)	(7,250)
Valuation difference on available-for-sale securities	(42,197)	(13,513)
Deferred gains or losses on hedges	3,754	2,907
Foreign currency translation adjustment	3,134	2,763
Remeasurements of defined benefit plans, net of tax	9	89
Share of other comprehensive income of entities accounted for using equity method	1,832	502
Comprehensive income	(25,517)	(997)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(25,095)	(484)
Comprehensive income attributable to non-controlling interests	(421)	(512)

(3) Notes to quarterly consolidated financial statements

(Information on going concern assumption)

None

(Changes in shareholders' equity)

None

**Financial Results  
for the First Three Months  
of FY2023**



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\* NPLs : Non-performing loans

\* FRA : Financial Reconstruction Act



**I . Summary of Revenue and Expenses**

【Consolidated】

(Millions of yen)

	For the three months ended June 30, 2023		For the three months ended June 30, 2022
	(A)	(A)-(B)	(B)
Consolidated net revenue ※1	17,731	(3,750)	21,481
Net interest income	12,010	(2,230)	14,240
Net fees and commissions	4,040	1,182	2,857
Net gains on trading account transactions	(1,702)	(3,330)	1,628
Net other ordinary income	3,382	627	2,755
General and administrative expenses	(15,087)	(620)	(14,467)
Gains (losses) on equity method investments	530	149	381
Business profit ※2	3,174	(4,222)	7,396
Credit-related expenses	(922)	(4,138)	3,215
Write-off of loans	(36)	(19)	(16)
Provision of specific allowance for loan losses	(358)	312	(671)
Provision of general allowance for loan losses	(265)	(3,201)	2,936
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	(388)	(297)	(91)
Recoveries of written-off receivables	171	(845)	1,016
Provision of allowance for credit losses on off-balance-sheet instruments	(44)	(86)	41
Gains (losses) on stock transactions	5,758	5,805	(47)
Other	(624)	(1,379)	754
Ordinary profit	7,385	(3,933)	11,319
Extraordinary profit (loss)	0	1	(1)
Profit before income taxes	7,385	(3,932)	11,318
Income taxes-current	(533)	663	(1,196)
Income taxes-deferred	(599)	1,573	(2,172)
Profit	6,252	(1,696)	7,948
Loss attributable to non-controlling interests	518	94	423
Profit attributable to owners of parent	6,771	(1,601)	8,372

※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)

	June 30, 2023		June 30, 2022
	(A)	(A)-(B)	(B)
Consolidated subsidiaries	25	0	25
Subsidiaries and affiliated companies applying equity-method	1	0	1

【Non-consolidated】

(Millions of yen)

	For the three months ended June 30, 2023		For the three months ended June 30, 2022
	(A)	(A)-(B)	(B)
Net revenue	13,365	(4,915)	18,281
(Excluding gains (losses) on bond transactions)	10,577	(10,049)	20,626
Net interest income	9,435	(2,802)	12,238
Net fees and commissions ※	2,918	1,079	1,838
Net gains on trading account transactions	(1,748)	(3,189)	1,440
Net other ordinary income	2,760	(2)	2,762
(Gains (losses) on bond transactions)	2,788	5,133	(2,344)
General and administrative expenses	(11,595)	(119)	(11,476)
Personnel	(5,848)	(209)	(5,638)
Property and equipment	(5,153)	(81)	(5,071)
Taxes	(594)	171	(766)
Core net business profit	1,770	(5,034)	6,805
Core net business profit excluding gains(losses) on bonds	(1,018)	(10,168)	9,149
Core net business profit excluding gains(losses) on bonds and cancellation on investment trusts	(3,036)	(11,247)	8,210
Credit-related expenses	(857)	(4,173)	3,315
Write-off of loans	(406)	(310)	(95)
Provision of specific allowance for loan losses	(320)	239	(560)
Provision of general allowance for loan losses	(266)	(3,195)	2,929
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	-	-	-
Recoveries of written-off receivables	131	(869)	1,000
Provision of allowance for credit losses on off-balance-sheet instruments	4	(38)	42
Gains (losses) on stock transactions	5,758	5,805	(47)
Other	(609)	(1,298)	689
Ordinary profit	6,061	(4,700)	10,762
Extraordinary profit (loss)	(0)	1	(1)
Profit before income taxes	6,061	(4,699)	10,761
Income taxes-current	(576)	497	(1,074)
Income taxes-deferred	(324)	1,491	(1,815)
Profit	5,160	(2,711)	7,872
Business profit	1,504	(5,300)	6,805

※ Trust fees are included.

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

## II. Unrealized Gains and Losses on Securities

【Consolidated】

(Millions of yen)

	June 30, 2023				March 31, 2023		
	Unrealized gains and losses				Unrealized gains and losses		
	(A)	(A)-(B)	gains	losses	(B)	gains	losses
Held-to-maturity bonds	-	-	-	-	-	-	-
Available-for-sale securities	(85,354)	(19,436)	22,701	108,056	(65,917)	28,192	94,110
Japanese stocks	13,067	185	13,431	363	12,882	13,190	308
Japanese debt securities	(1,327)	989	529	1,857	(2,317)	481	2,798
Other	(97,094)	(20,612)	8,740	105,834	(76,482)	14,521	91,003

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

## III. NPLs based on the Banking Act and the FRA, and coverage

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

□ After partial and direct write-off

【Consolidated】

(Millions of yen)

	June 30, 2023		March 31, 2023 (B)
	(A)	(A) - (B)	
Bankrupt and similar credit	7	(3,032)	3,039
Doubtful credit	38,418	7,795	30,623
Special attention credit	5,970	458	5,511
Loans overdue for three months or more	-	-	-
Restructured loans	5,970	458	5,511
NPL credit (a)	44,396	5,222	39,174
Normal credit	4,021,401	124,528	3,896,873
Total credit (b)	4,065,798	129,750	3,936,047
NPL ratio (a/b)	1.1%	0.1%	1.0%

	June 30, 2023		March 31, 2023 (B)
	(A)	(A) - (B)	
Allowance & Coverage (c)	41,371	4,786	36,585
Allowance for loan losses (d)	14,407	1,126	13,281
Collateral / guarantee coverage (e)	26,963	3,660	23,303
Coverage ratio (c/a)	93.2%	(0.2%)	93.4%
Allowance ratio (d/(a-e))	82.6%	(1.1%)	83.7%

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