

FY2023 1st Quarter Financial Results Overview

August 2, 2023

1Q Financial Highlights

Net revenue

17.7 billion yen

3.7 billion yen decrease year-on-year
Progress rate*1: 21%

Business-related profit

8.9 billion yen

1.5 billion yen increase year-on-year
Progress rate*2: 29%

Profit attributable to owners of parent

6.7 billion yen

1.6 billion yen decrease year-on-year
Progress rate*1: 28%

*1 Percentage of progress towards full-year earnings forecasts *2 Percentage of progress towards the full-year plan

Key points

- Net revenue decreased by 3.7 billion yen compared to the previous year mainly due to a decline in earnings from the financial market-related business and gains/losses from limited partnerships. Business-related profit (Business profit + Gains/losses on stock transactions) was 8.9 billion yen, an increase of 1.5 billion yen year-on-year. Customer-related business (excluding financial market-related and retail businesses) was strong with business-related profit of 12.7 billion yen, an increase of 4.4 billion yen year-on-year, with a contribution from gains from the sale of equities
- Credit-related expenses were a net expense of 0.9 billion yen (provision of specific loan loss reserves for overseas real estate non-recourse loans: 0.3 billion yen, losses on loan dispositions as a result of rebalancing North American corporate loans: 0.3 billion yen, provision of general loan loss reserves due to an increase in loan outstandings: 0.2 billion yen)
- Profit attributable to owners of parent was 6.7 billion yen with a progress rate of 28% towards the full-year earnings forecast (24.0 billion yen)
- The unrealized losses in the securities portfolio were 76.9 billion yen, an increase of 13.0 billion yen from March 31, 2023, mainly due to the impact of a weaker yen (approximately 7.5 billion yen) and gains from the sale of equities (5.7 billion yen)

Dividend for 1Q: 38 yen per common share (approx. 25% of the full-year dividend forecast of 154 yen)

(Note) "1Q" refers to the period from April to June, "2Q" refers to the period from July to September, "3Q" refers to the period from October to December, and "4Q" refers to the period from January to March.

PL Summary

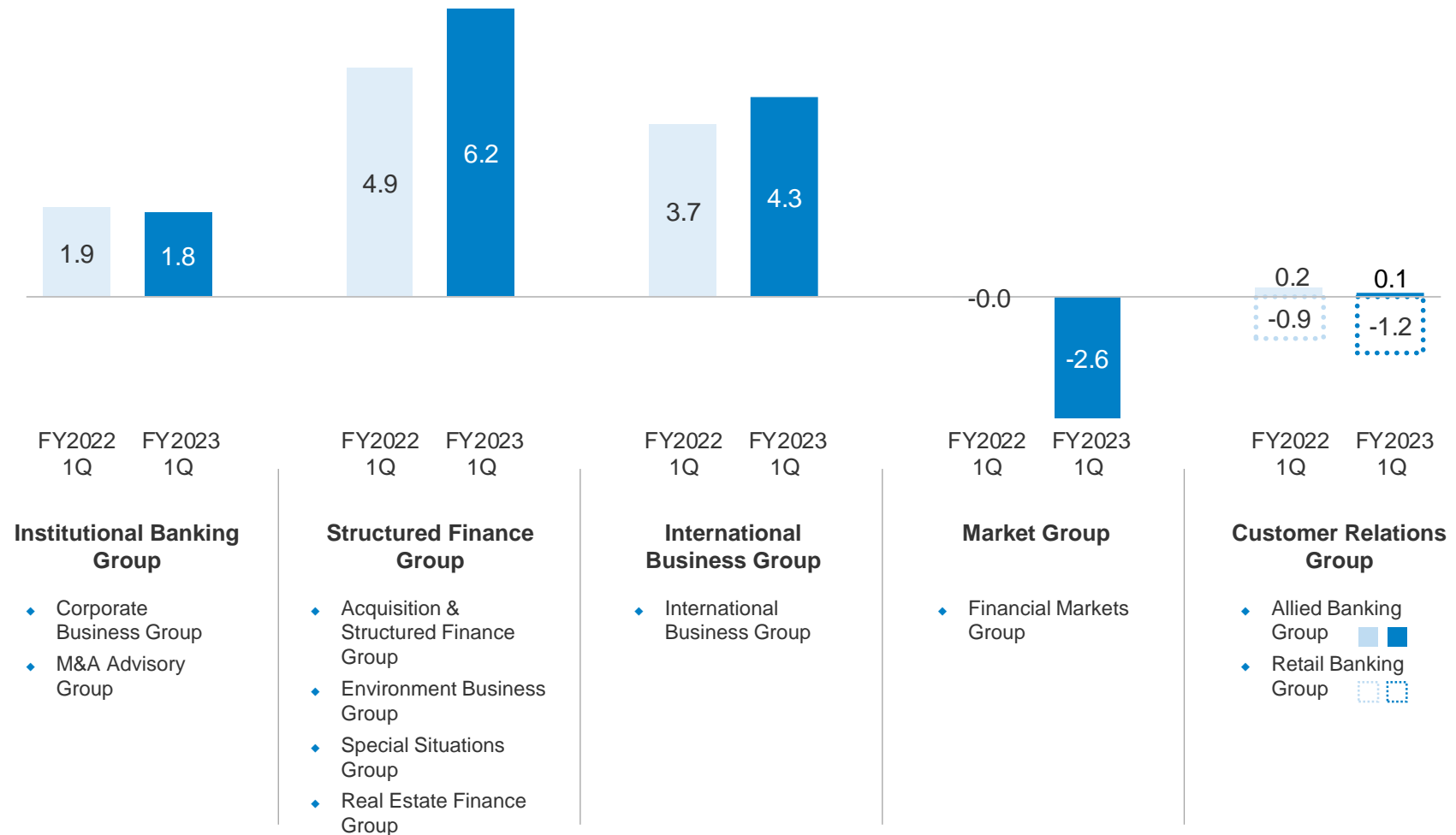
	FY2022 1Q A	FY2023 1Q B	B - A		FY2023 forecast	Progress
			Change	%		
(billion yen)						
Net revenue	21.4	17.7	-3.7	-17.5%	86.0	20.6%
Net interest income	14.2	12.0	-2.2			
Non-interest income	7.2	5.7	-1.5			
General & administrative expenses	-14.4	-15.0	-0.6			
Gains/losses on equity method investments	0.3	0.5	+0.1			
Business profit (A)	7.3	3.1	-4.2	-57.1%	25.5	12.4%
Credit-related expenses	3.2	-0.9	-4.1			
Gains/losses on stock transactions (B)	-0.0	5.7	+5.8			
Ordinary profit	11.3	7.3	-3.9	-34.8%	31.0	23.8%
Taxes	-3.3	-1.1	+2.2			
Gains/losses attributable to non-controlling interests	0.4	0.5	+0.0			
Profit attributable to owners of parent	8.3	6.7	-1.6	-19.1%	24.0	28.2%
ROE	7.0%	6.2%	-0.8%	-		
					FY2023 plan	
Business-related profit (A)+(B)*	7.3	8.9	+1.5	+21.5%	30.5	29.3%
Customer-related business (excl. financial market-related and retail businesses)	8.3	12.7	+4.4	+53.5%		
Retail business	-0.9	-1.2	-0.2	-27.3%		
Financial market-related business	-0.0	-2.6	-2.6	-		

* Business profit + Gains/losses on stock transactions
Management accounting basis

Results by business segment

Business-related profit (Business profit + Gains/losses on stock transactions)

(billion yen)



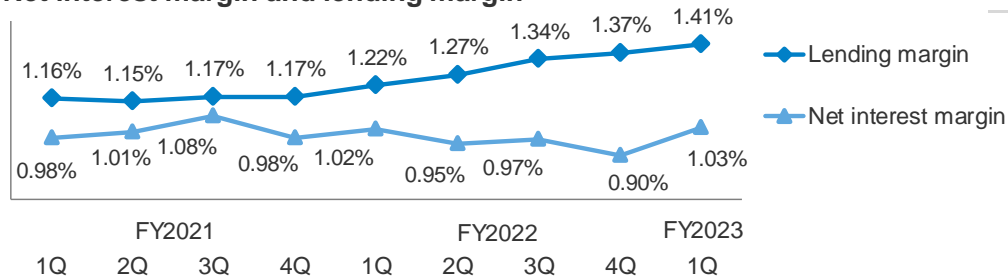
Net interest income

- Net interest income was 12.0 billion yen, a decrease of 2.2 billion yen compared to the previous year
 - Net interest income on loans increased by approximately 2.0 billion yen year-on-year due to increases in both average loan outstandings and improved interest margins
 - Net interest income on securities decreased by approximately 4.0 billion yen due to declining interest margins caused by higher interest rates in the U.S.
- The net interest margin* was 1.03%, an increase from 4Q of FY2022, partly due to the contribution of gains on the cancellation of investment trusts
- The lending margin* continued its increasing trend on a quarterly basis
 - The securities margin* improved compared to the previous quarter due to gains on the cancellation of investment trusts

(billion yen)	FY2022 1Q A	FY2023 1Q B	Change B - A
Net interest income	14.2	12.0	-2.2
Interest income	21.2	40.6	+19.3
Incl. interest on loans and discounts	14.4	31.1	+16.6
Incl. interest and dividends on securities	6.4	7.7	+1.2
Incl. gains on cancellation of investment trusts	0.9	2.0	+1.0
Interest expenses	-7.0	-28.6	-21.5
Incl. interest on deposits and NCDs	-2.1	-3.4	-1.3
Incl. repurchase interest, etc.	-0.8	-3.8	-3.0
Incl. interest on swaps	-3.2	-19.9	-16.6

(billion yen)	FY2022 1Q A	FY2023 1Q B	Change B - A
Average balance of interest-earning assets	5,739.9	5,872.6	+132.7
Yield on interest-earning assets	1.48%	2.77%	+1.3%
Average balance of loans	3,455.6	3,964.1	+508.5
Yield on loans	1.68%	3.15%	+1.5%
Average balance of securities	1,433.6	1,373.2	-60.4
Yield on securities	1.81%	2.25%	+0.4%
Average balance of interest-bearing liabilities	6,062.6	6,584.4	+521.8
Yield on interest-bearing liabilities	0.46%	1.74%	+1.3%
Net interest margin	1.02%	1.03%	+0.0%
Lending margin	1.22%	1.41%	+0.2%
Securities margin	1.35%	0.51%	-0.8%

Net interest margin and lending margin



* For quarterly yields and margins, see page 27 of the Data Book section.

Non-interest income

- Non-interest income was 5.7 billion yen, a decrease of 1.5 billion yen compared to the previous year
- Net fees and commissions were 4.0 billion yen, an increase of 1.1 billion yen year on year
 - Loan-related fee income was 1.5 billion yen. Of the expected fee income that was delayed from the previous fiscal year (approximately 2.0 billion yen), 0.8 billion yen was recognized in 1Q, with the balance of 1.1 billion yen expected to be posted in 2Q, following the closing of the transactions in July. M&A fee income increased significantly year-on-year to 0.6 billion yen
- Gains/losses on bond transactions were a net gain of 2.7 billion yen, mainly comprised of 1.9 billion yen in gains on the sale of domestic unlisted REITs and 1.2 billion yen in gains on private placement investment trusts (both included in the “Other”). For securities operations, please see page 19
- Gains/losses from limited partnerships were 1.1 billion yen, a decrease of 2.0 billion yen year-on-year. This was due to poor performance of overseas funds included in buyout/venture-related which were strong in 1Q of FY2022, while real estate-related gains were flat and distressed loan-related gains increased (see page 6–7)

(billion yen)	FY2022 1Q A	FY2023 1Q B	Change B - A
Non-interest income	7.2	5.7	-1.5
Net fees and commissions^{*1}	2.8	4.0	+1.1
Loan-related fee income	1.4	1.5	+0.1
Investment trust fee income	0.6	0.7	+0.1
GANB fee income	0.7	0.8	+0.1
M&A fee income	0.1	0.6	+0.5
Other	0.0	0.2	+0.1
Net trading revenues^{*2}	1.6	-1.7	-3.3
<Reference>			
Earnings from investment product sales to retail customers^{*3}	1.0	0.5	-0.4
Incl. investment trusts	0.3	0.4	+0.0
Incl. structured bonds	0.6	0.0	-0.5

Net other ordinary income^{*2}	2.7	3.3	+0.6
Incl. gains/losses on bond transactions	-2.3	2.7	+5.1
Japanese government bonds (JGBs)	-0.4	-	+0.4
Municipal bonds	-0.3	-0.0	+0.3
Foreign government bonds and MBS	-	-0.9	-0.9
Other	-1.5	3.6	+5.2
Incl. gains/losses from limited partnerships	3.1	1.1	-2.0
Incl. gains/losses on financial derivatives	-0.1	-0.1	+0.0
<Ref.> Gains/losses on equity derivatives	0.6	-0.3	-1.0

*1 Fees and commissions are on a net basis. For gross figures, see page 28 of the Data Book section.

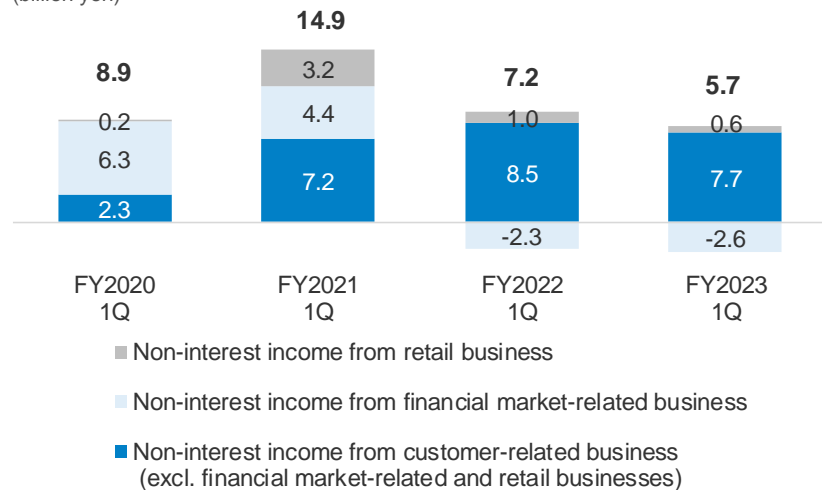
*2 Net trading revenues included a net loss of 1.3 billion yen and net other ordinary income included a net gain of 1.3 billion yen, which were adjusted for financial reporting purposes.

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

Non-interest income

Non-interest income breakdown*

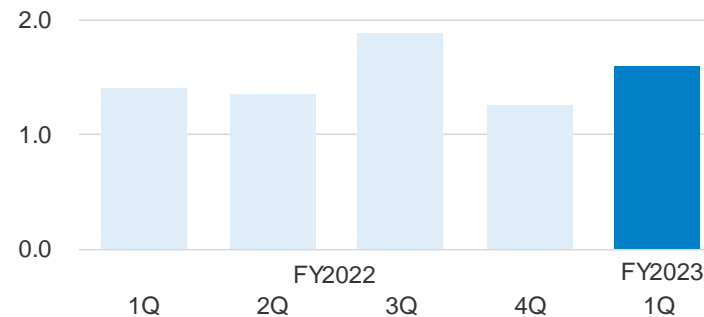
(billion yen)



* Management accounting basis

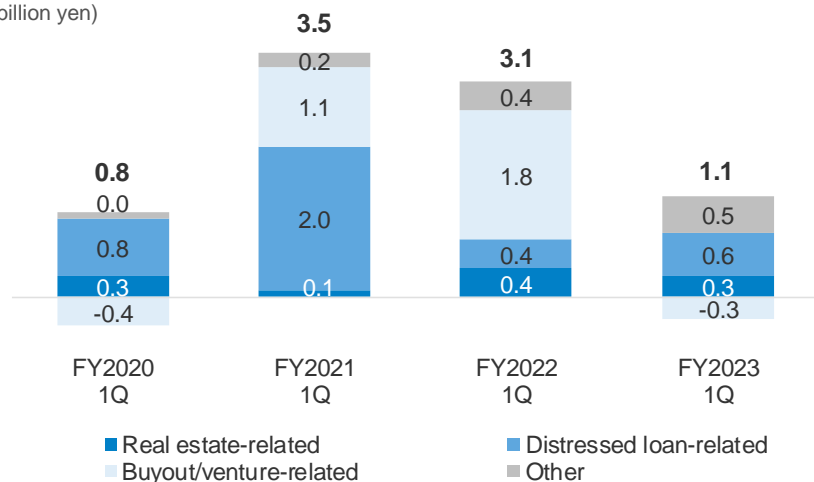
Loan-related fee income

(billion yen)



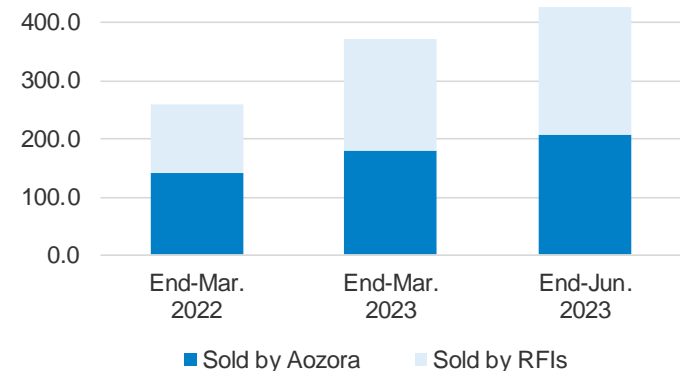
Gains/losses from limited partnerships

(billion yen)



Retail investment trust AUM balances

(billion yen)



Aozora's Strategic Investments Business — Equity investments —

- Capital gains and other equity returns from equity investments were 4.9 billion yen. The equity investments were almost unchanged compared with March 31, 2023
 - Gains of 1.9 billion yen on real estate-related equities were recognized as a result of the sale of domestic unlisted REITs as part of the Bank's risk control over real estate exposure. Buyout funds recorded a net loss of 0.4 billion yen due to poor performance in some overseas funds. Domestic/overseas equity investments recorded a 2.1 billion yen gain from the sale of overseas equities and 0.4 billion yen in gains from exit transactions on domestic equities
- A new venture fund “AOZORA HYBRID Investment Limited Partnership, III” (total amount: 9.0 billion yen) was launched in July 2023

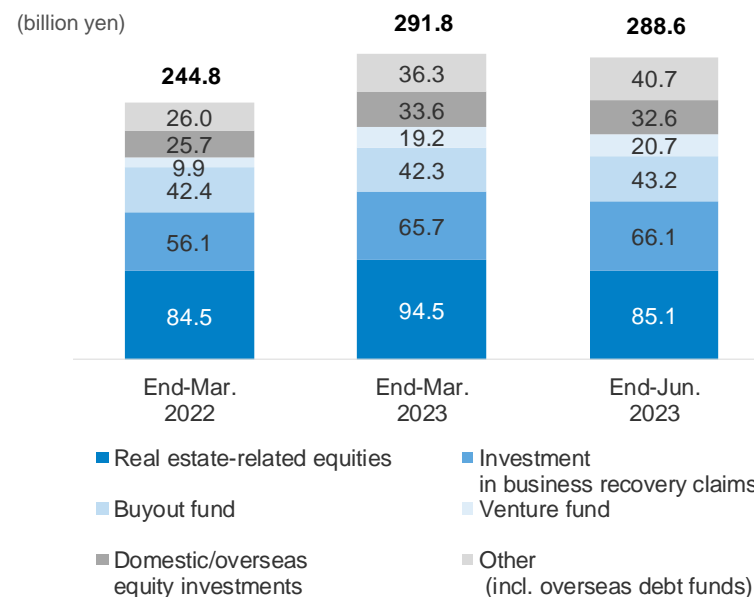
Capital gains and other equity returns*1

(billion yen)	FY2022 1Q A	FY2023 1Q B	Change B - A
Real estate-related equities	0.6	2.5	+1.8
Investment in business recovery claims	0.3	0.3	-0.0
Buyout fund	1.1	-0.4	-1.6
Venture fund	0.6	-0.2	-0.9
Domestic/overseas equity investments	0.3	2.6	+2.3
Other (incl. overseas debt funds)	0.3	0.1	-0.2
Total	3.4	4.9	+1.4

<Reference>

(billion yen)	FY2022 1Q A	FY2023 1Q B	Change B - A
Gains/losses on stock transactions	-0.0	5.7	+5.8
Gains/losses on equity method investments	0.3	0.5	+0.1

Equity investments*2



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

*2 Management accounting basis, customer business-related equity investments on a mark-to-market basis

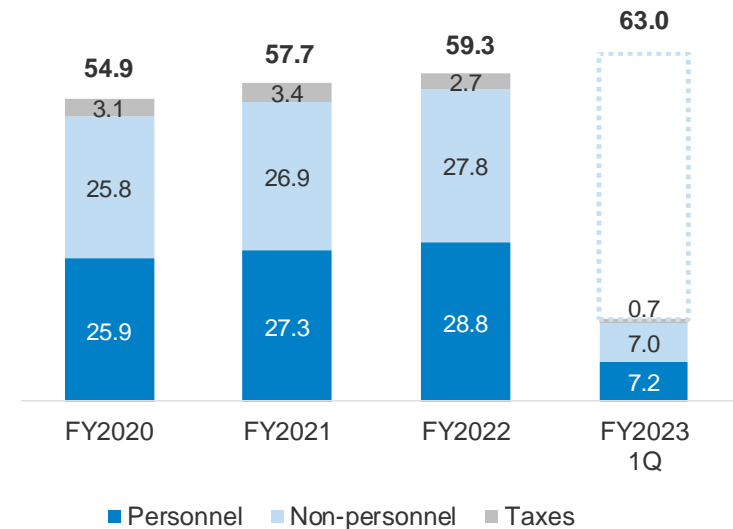
G&A expenses

- G&A expenses were 15.0 billion yen, an increase of 0.6 billion yen from the previous year
 - G&A expenses in 1Q represented 24% of the original budget (63.0 billion yen) as the Bank maintained its focus on cost control
 - Personnel expenses increased by 0.4 billion yen from the previous year as the Bank has continued to invest in its human capital, including pay-scale increases

	FY2022 1Q A	FY2023 1Q B	Change B - A
(billion yen)			
G&A expenses	14.4	15.0	+0.6
Personnel	6.8	7.2	+0.4
Non-personnel	6.6	7.0	+0.3
Incl. IT-related	2.8	3.0	+0.1
Taxes	0.9	0.7	-0.1
(million yen)			
Business-related profit per employee	2.7	3.3	+0.5

G&A expenses

(billion yen)



Credit-related expenses

- Credit-related expenses were a net expense of 0.9 billion yen, compared to a net reversal of 3.2 billion yen in the previous year
 - The Bank made a provision of 0.3 billion yen for specific loan loss reserves for office-related overseas real estate non-recourse loans, and recorded 0.3 billion yen losses on loan dispositions as a result of rebalancing North American corporate loans, and a provision of 0.2 billion yen for general loan loss reserves against increased loan outstandings due to the impact of a weaker yen
- The ratio of loan loss reserves to total loans remained adequate at 1.13%
 - The ratio of loan loss reserves to overseas loans was approximately 2%. Of overseas real estate non-recourse loans, the ratio of loan loss reserves to the U.S. office loans was 5.6% compared to 4.7% as of March 31, 2023

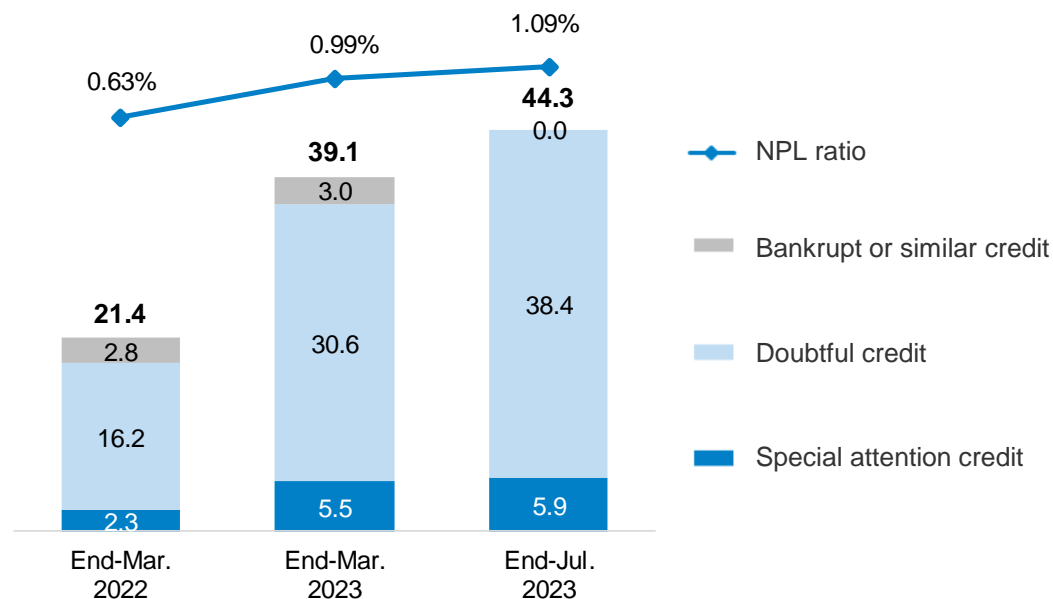
(billion yen)	FY2022				FY2023
	1Q	2Q	3Q	4Q	1Q
Credit-related expenses	3.2	-1.1	0.1	-3.9	-0.9
Loan loss reserves	2.2	-1.1	0.3	-2.5	-0.6
Specific loan loss reserves	-0.6	0.4	-0.0	-5.7	-0.3
General loan loss reserves	2.9	-1.6	0.3	3.1	-0.2
Reserve for credit losses on off-balance-sheet instruments	0.0	-0.0	0.0	-0.0	-0.0
Write-off of loans	-0.0	-0.0	-0.0	-0.1	-0.0
Gains/losses on disposition of loans	-0.0	-0.0	-0.2	-1.2	-0.3
Recoveries of written-off receivables	1.0	0.1	0.0	0.0	0.1

Ratio of loan loss reserves to total loans

(billion yen)	End - Mar. 2023	End - Jun. 2023
Loan loss reserves (A)	44.0	45.4
General loan loss reserves	33.6	33.9
Total loans (B)	3,881.3	4,013.3
Loans subject to loss reserves (C)	3,482.8	3,615.8
(A) / (B)	1.13%	1.13%
(A) / (C)	1.26%	1.25%
Reserve ratio for need attention credit	4.9%	5.0%
Reserve ratio for normal credit	0.5%	0.5%

Non-performing loans based on the FRA*

- The ratio of NPLs to total claims (NPL ratio) was 1.09%, an increase of 0.1% from March 31, 2023
 - Doubtful claims increased by approximately 5.0 billion yen as a result of changes in the obligor classification of overseas real estate non-recourse loans, and by approximately 2.5 billion yen due to the impact of a weaker yen compared to March 31, 2023



(billion yen)	End-Mar. 2022	End-Mar. 2023	End-Jun. 2023
Total claims	3,367.4	3,936.0	4,065.7
NPLs (A)	21.4	39.1	44.3
Coverage (B)	19.1	36.5	41.3
Reserves	11.6	13.2	14.4
Collateral & guarantees	7.4	23.3	26.9
Coverage ratio (B) / (A)	89%	93%	93%

* Financial Reconstruction Act

Balance sheet summary

(billion yen)	End - Mar. 2023 A	End - Jun. 2023 B	Change B - A
Loans and bills discounted	3,881.3	4,013.3	+132.0
Securities	1,278.7	1,389.1	+110.3
Cash and due from banks	1,275.0	1,298.1	+23.1
Trading assets	151.2	133.7	-17.5
Other	597.6	678.5	+80.8
Total assets	7,184.0	7,513.0	+328.9

(billion yen)	End - Mar. 2023 A	End - Jun. 2023 B	Change B - A
Deposits / Negotiable certificates of deposit	5,497.3	5,638.3	+140.9
Bonds payable	147.7	163.7	+15.9
Borrowed money	525.6	529.1	+3.4
Cash collateral received for securities lent	215.9	265.8	+49.8
Trading liabilities	121.8	155.6	+33.7
Other	244.3	334.8	+90.5
Total liabilities	6,752.9	7,087.5	+334.6
Capital stock / Capital surplus	187.4	187.4	+0.0
Retained earnings	291.8	293.9	+2.0
Valuation difference on available-for-sale securities	-45.4	-58.9	-13.5
Foreign currency translation adjustment	7.6	10.9	+3.2
Other	-10.4	-8.0	+2.4
Total net assets	431.1	425.4	-5.6
Total liabilities and net assets	7,184.0	7,513.0	+328.9

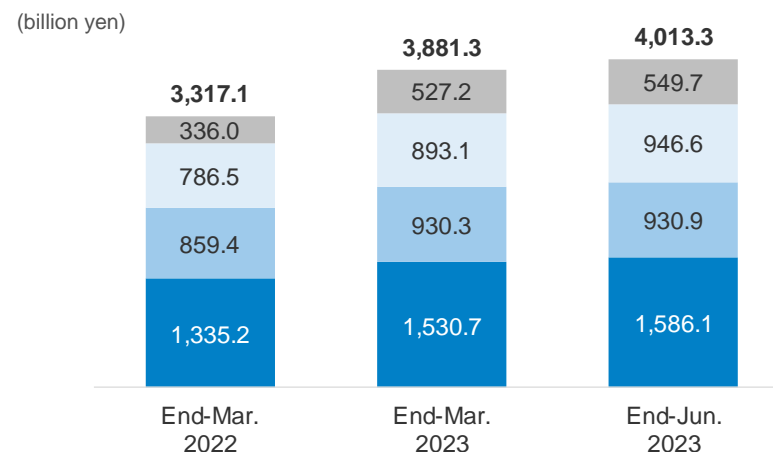
Loans — Summary —

- Total loans were 4,013.3 billion yen, an increase of 132.0 billion yen compared to March 31, 2023
 - The Structured Finance Group recorded an increase of 55.4 billion yen from March 31, 2023 mainly due to the origination of LBO loans
 - The International Business Group saw a decline of US\$ 160 million (an increase of 53.5 billion yen due to the impact of a weaker yen) compared to March 31, 2023

(billion yen)	End - Mar. 2023 A	End - Jun. 2023 B	Change B - A
Total loans (A)	3,881.3	4,013.3	+132.0
Domestic loans	2,510.1	2,553.5	+43.3
Overseas loans* (B)	1,371.1	1,459.8	+88.6
(B) / (A)	35.3%	36.4%	-

* With no final risk residing in Japan

Loan outstandings by segment



■ Structured Finance Group ■ Institutional Banking Group
■ International Business Group ■ Other

Loan outstandings by segment

(billion yen)	End - Mar. 2023 A	End - Jun. 2023 B	Change B - A
Structured Finance Group	1,530.7	1,586.1	+55.4
Institutional Banking Group	930.3	930.9	+0.6
International Business Group	893.1	946.6	+53.5
Other	527.2	549.7	+22.5
Total	3,881.3	4,013.3	+132.0

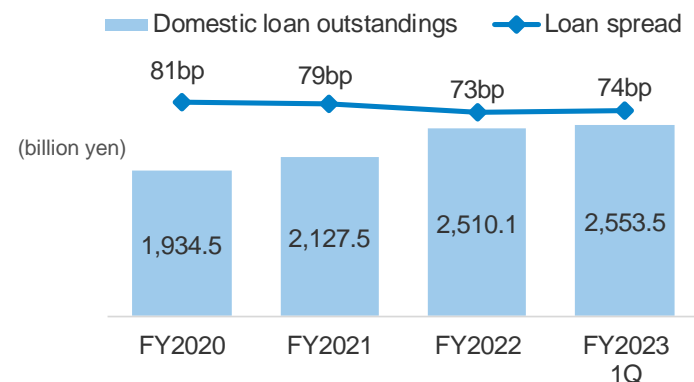
Loans — Domestic —

- Domestic loans were 2,553.5 billion yen, an increase of 43.3 billion yen compared to March 31, 2023
 - Loan outstandings increased in “Manufacturing” (by 21.6 billion yen compared to March 31, 2023) mainly due to LBO loans as well as in “Leasing” (by 25.2 billion yen) and “Other services” (by 17.1 billion yen) mainly due to loans to borrowers with strong credit ratings
- Domestic loan spreads remained flat compared to FY2022

Balance by industry

(billion yen)	End - Mar. 2023 A	End - Jun. 2023 B	Change B - A	Share
Manufacturing	258.7	280.4	+21.6	11%
Utilities (electric power/gas/ heat supply/water service)	141.5	140.3	-1.1	5%
Information and communications	105.3	101.9	-3.3	4%
Transport, postal services	49.7	49.3	-0.3	2%
Wholesale and retail sale	86.9	81.2	-5.6	3%
Financial and insurance	342.4	333.8	-8.6	13%
Real estate	760.4	760.6	+0.2	30%
Incl. non-recourse loans	428.0	420.8	-7.2	16%
Leasing	148.7	174.0	+25.2	7%
Other services	155.2	172.3	+17.1	7%
Other	460.9	459.2	-1.6	18%
Total	2,510.1	2,553.5	+43.3	100%

Domestic loan outstandings and loan spread*



* Management accounting basis. Loan balances and loan spreads at fiscal-year/quarter end

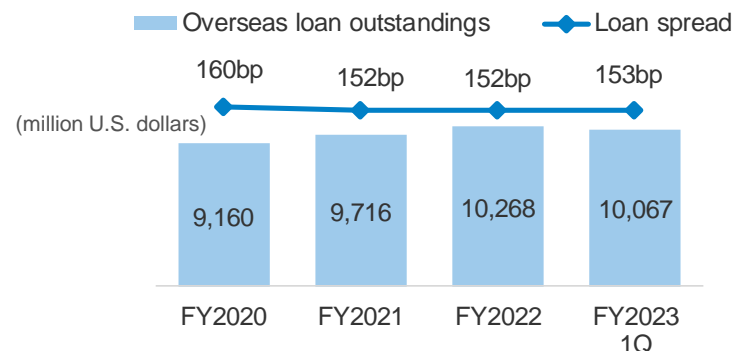
Loans — Overseas —

- Overseas loans were 1,459.8 billion yen, or 10.1 billion on a U.S. dollar-basis (a decrease of US\$ 200 million from March 31, 2023)
 - North American corporate loans and overseas real estate non-recourse loans decreased by US\$ 179 million and US\$ 37 million, respectively, compared to March 31, 2023
- Overseas loan spreads remained flat at 153 bps

(billion yen)	End - Mar. 2023 A	End - Jun. 2023 B	Change B - A
Total loans (A)	3,881.3	4,013.3	+132.0
Overseas loans* (US\$ million)	10,268	10,067	-200
Overseas loans (B)	1,371.1	1,459.8	+88.6
(B) / (A)	35.3%	36.4%	-
Foreign exchange rate (US\$/JPY)	¥133.54	¥145.00	¥11.46

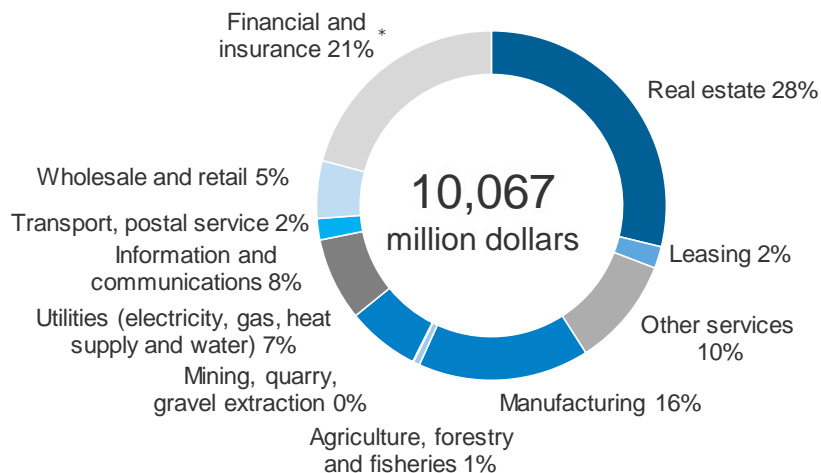
* With no final risk residing in Japan

Overseas loan outstandings and loan spread*

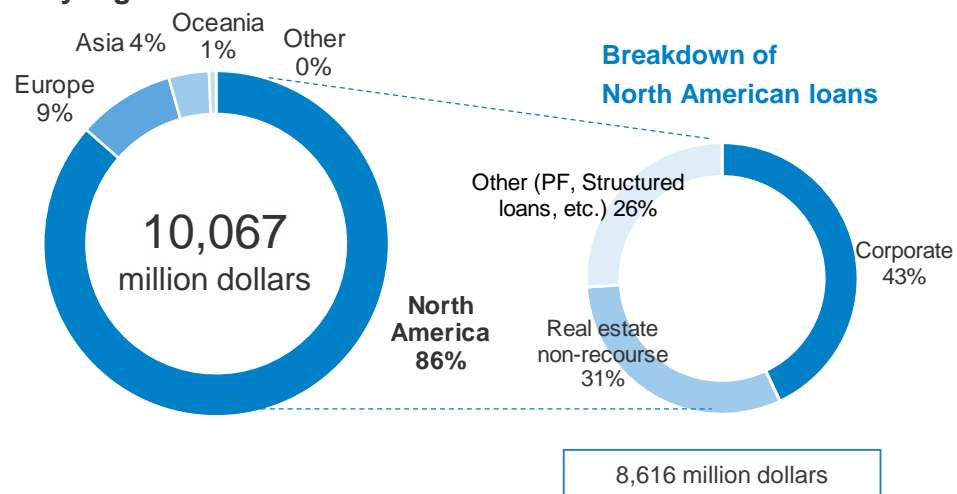


* Management accounting basis. Loan outstandings and loan spreads at fiscal-year/quarter end

By industry



By region



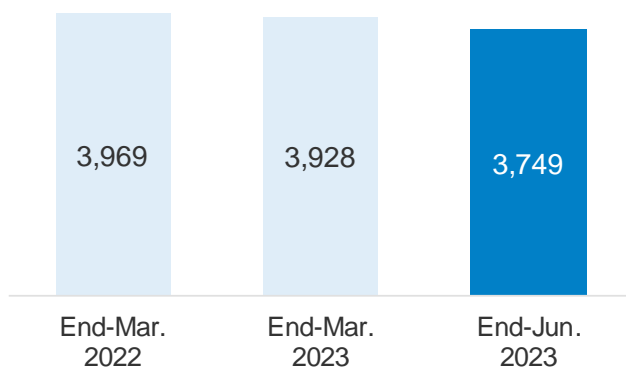
* The majority of "Financial and insurance" consist of the highest senior tranche (AAA-rated) of middle-market CLO backed by diversified portfolio of the U.S. medium-sized companies.

Loans — North American corporate loans —

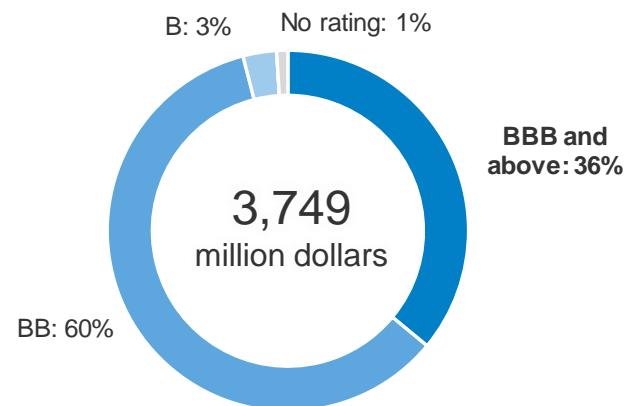
- North American corporate loans were US\$ 3.75 billion, a decrease of US\$ 179 million compared to March 31, 2023
 - Aozora continued control over its exposure mainly through flexible rebalancing in response to market conditions under the policy of prioritizing maintaining portfolio quality
 - The average bid price of the Bank’s loan portfolio continued to outperform the market index. Loans rated BB or higher represented 96%, which was flat compared to March 31, 2023

North American corporate loan outstandings

(million U.S. dollars)

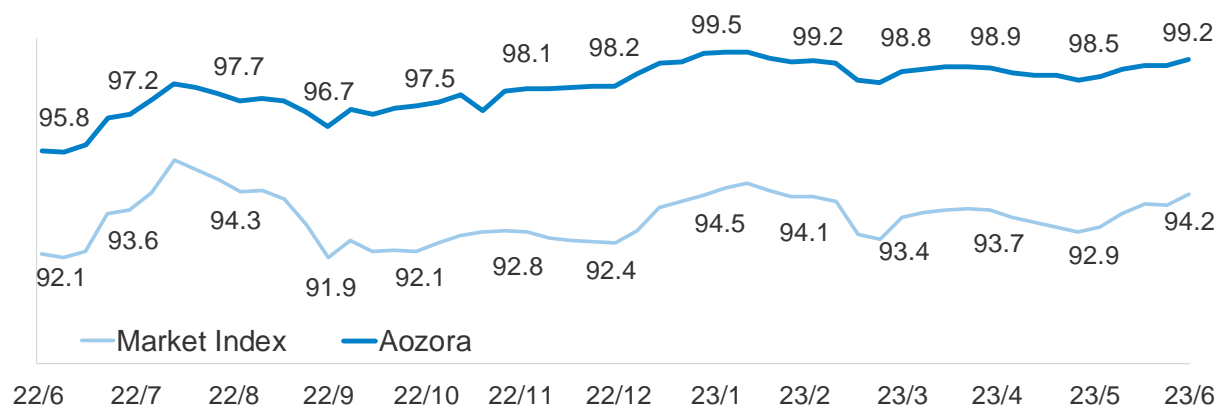


North American corporate loans by credit rating*



* S&P credit rating (facility basis)

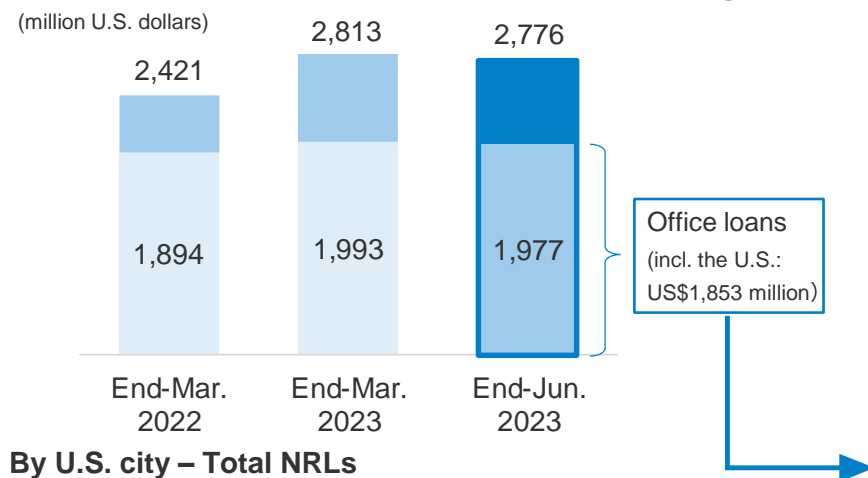
Average bid price



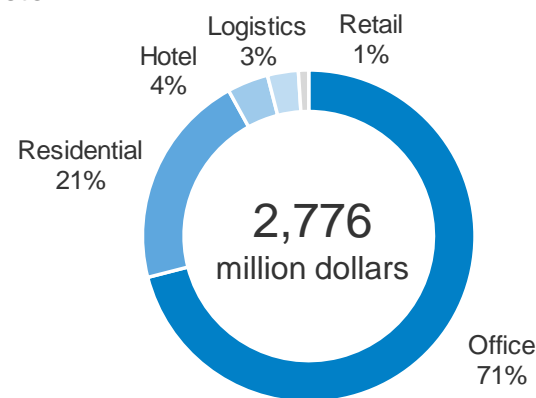
Loans — Overseas real estate non-recourse loans (NRLs) —

- Overseas real estate non-recourse loans were US\$ 2.78 billion, a decrease of US\$ 37 million compared to March 31, 2023. The ratio of overseas real estate non-recourse loans to total loans was 10%
 - For overseas real estate non-recourse loans by region, U.S. represented 95%, U.K. 4% and Canada 1%
 - Of U.S. office loans of US\$ 1.85 billion, NPLs based on the FRA were US\$ 177 million (an increase of US\$ 36 million from March 31, 2023) and the NPL ratio was 9.5% (7% as of March 31, 2023). The loan loss reserve ratio for U.S. office loans was 5.6% (4.7% as of March 31, 2023)
 - Aozora made additional provisions against U.S. office loans based on its ongoing conservative review process. In addition, a reversal from the previous fiscal year's provision of loan loss reserves were recorded as the work-out process progressed

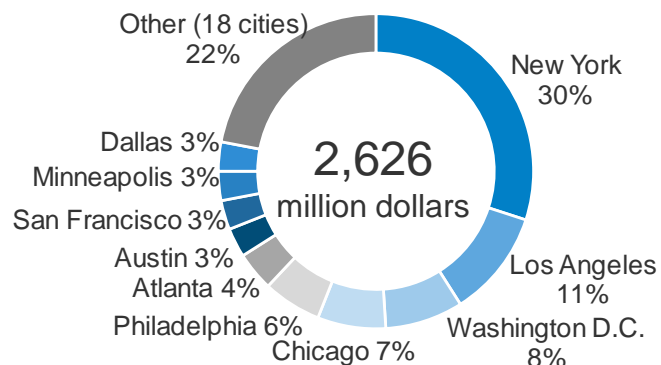
Overseas real estate non-recourse loan outstandings



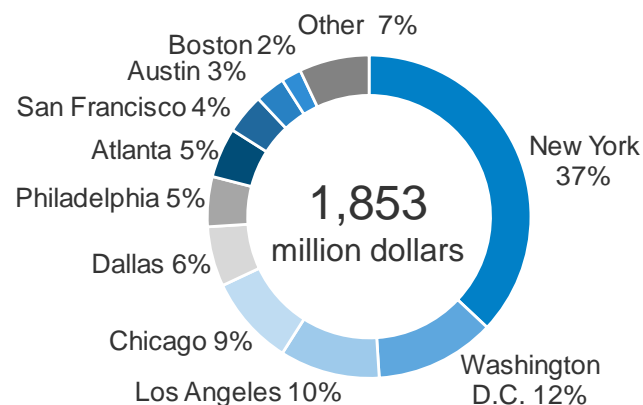
By sector



By U.S. city – Total NRLs



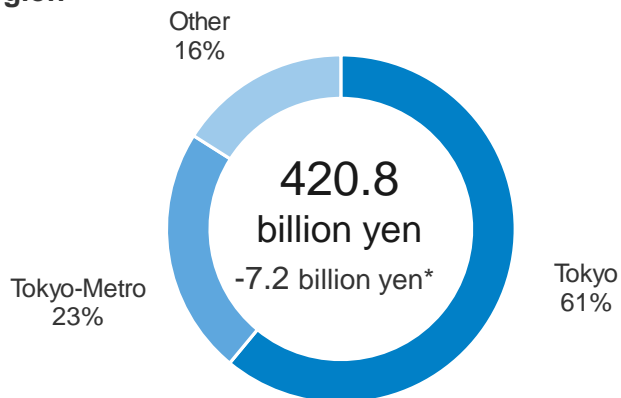
By U.S. city – Office loans only



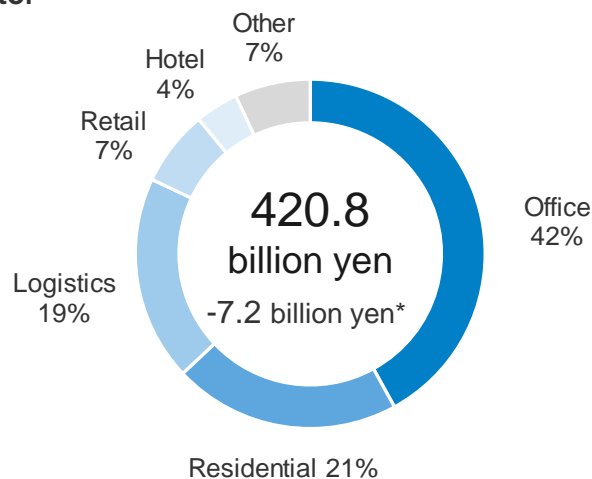
Loans — Domestic real estate non-recourse loans (NRLs) —

- Domestic real estate non-recourse loan outstandings totaled 420.8 billion yen, a decrease of 7.2 billion yen from March 31, 2023. This was the result of an increase of 2.8 billion yen in REITs, offset by a 10.0 billion yen decrease in real estate non-recourse loans excluding REITs
 - The Bank continued its selective origination of higher credit quality loans. Real estate non-recourse loans (excluding REITs) with an LTV of 70% or less accounted for 99% of its total, and REIT loans with an LTV of below 50% represented 100% of its total

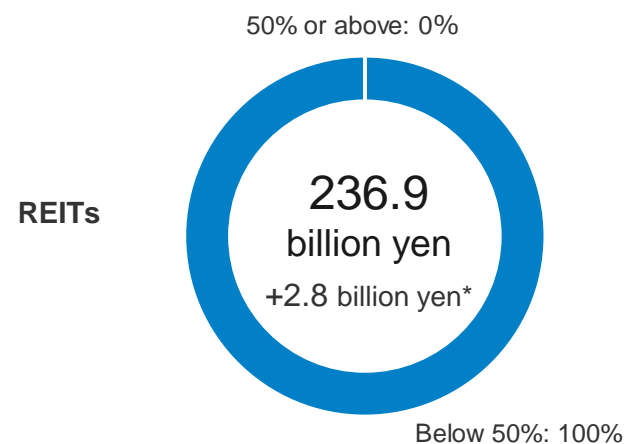
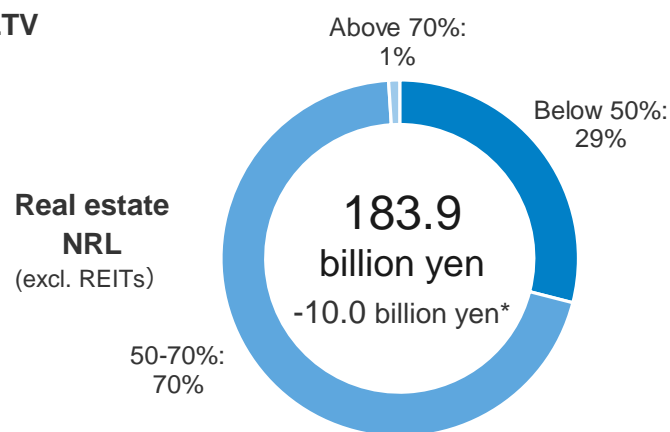
By region



By sector



LTV



* Compared to March 31, 2023

Securities

- Securities were 1,389.1 billion yen, an increase of 110.3 billion yen compared to March 31, 2023
 - The increase was the result of the impact of a weaker yen (approximately 60.0 billion yen) and the rebalancing of the securities portfolio
 - For investment trusts, the balance of investments in “bear funds” was 167.7 billion yen (primarily used as a means to manage interest rate risk)
- Unrealized gains/losses, including unrealized gains/losses on hedging instruments, were a net loss of 76.9 billion yen. Unrealized losses increased by 13.0 billion yen compared to March 31, 2023 mainly due to the impact of a weaker yen (7.5 billion yen) and recognizing gains from the sale of equities (5.7 billion yen)
 - No securities are booked as held-to-maturity

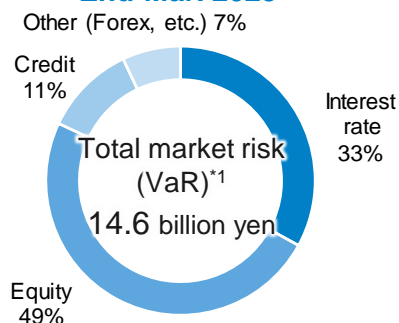
	Book value			Unrealized gains/losses			
	(billion yen)	End - Mar. 2023 A	End - Jun. 2023 B	Change B - A	End - Mar. 2023 C	End - Jun. 2023 D	Change D - C
JGBs		18.3	18.5	+0.1	-1.3	-1.1	+0.1
Municipal bonds		38.9	34.3	-4.6	-0.1	-0.0	+0.0
Corporate bonds / short-term corporate bonds		127.9	146.2	+18.3	-0.9	-0.0	+0.8
Equities		30.1	29.5	-0.5	12.8	13.0	+0.1
Foreign bonds		458.7	532.3	+73.5	-62.4	-72.2	-9.8
Foreign government bonds		195.8	250.0	+54.2	-27.0	-31.9	-4.9
MBS		152.3	159.6	+7.2	-32.5	-37.1	-4.6
Other		110.6	122.6	+12.0	-2.8	-3.1	-0.2
Other securities		604.4	628.0	+23.5	-14.0	-24.8	-10.8
ETFs		123.3	132.6	+9.3	-23.7	-27.0	-3.3
Investments in limited partnerships		169.5	181.1	+11.6	1.8	1.8	+0.0
REITs		46.5	38.3	-8.1	6.5	4.6	-1.8
Investment trusts		225.0	236.2	+11.1	-1.4	-4.9	-3.4
Other		40.0	39.6	-0.3	2.7	0.5	-2.1
Total		1,278.7	1,389.1	+110.3	-65.9	-85.4	-19.4
Unrealized gains/losses, incl. unrealized gains/losses on hedging instruments					-63.8	-76.9	-13.0

Securities operations

- Aozora initiated portfolio rebalancing at the beginning of FY2023, carefully monitoring market conditions
- The Bank has conducted timely risk control operations for its European government bond and MBS positions, and made new investments in US treasury bonds (the net balance after hedging increased from March 31, 2023)
- We executed a loss-cut to a portion of the unrealized losses in US treasury bonds (value of US\$ 100 million, losses of 0.9 billion yen)
- In response to the risk of yen interest rate increases, we continued risk hedging and, as a result, 10BPV for yen interest rates decreased compared to March 31, 2023

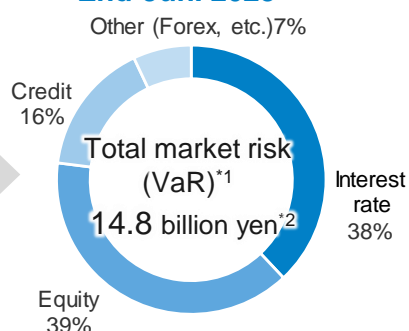
Market risk (VaR)

End-Mar. 2023



US dollar interest rate risk
(10BPV): -0.1 billion yen
Yen interest rate risk
(10BPV): -0.3 billion yen

End-Jun. 2023



US dollar interest rate risk
(10BPV): -0.8 billion yen
Yen interest rate risk
(10BPV): -0.1 billion yen

*1 Changed from market risk based on one-day VaR to VaR considering the holding period

*2 Preliminary basis

ALM/securities operations

		Balance ^{*1, 2}		Net balance after hedging ^{*1, 2}		Gains from sale ^{*3}	Losses from sale / redemption ^{*3}	Net gains/losses ^{*3}
		End-Mar. 2023	End-Jun. 2023	End-Mar. 2023	End-Jun. 2023			
JGBs, municipal bonds	(billion yen)	38.2	37.7	27.7	16.4	(billion yen)	0.0	0.0
US government bonds	(US\$ million)	1,250	1,550	-	400	(billion yen)	0.3	-0.6
European government bonds	(EUR million)	405	405	-	249	(billion yen)	0.4	0.4
MBS	(US\$ million)	1,341	1,314	158	330	(billion yen)	0.5	0.5
ETFs	(US\$ million)	1,101	1,101	163	25	(billion yen)	-	-
REITs	(billion yen)	6.9	7.5	6.9	7.5	(billion yen)	0.4	0.4
Investment trusts ^{*4}	(billion yen)	38.5	39.6	20.9	28.6	(billion yen)	1.7	1.7
Total						Total	3.5	-0.9
						Gains/losses on financial derivatives	(billion yen)	-0.1
						Gains/losses on equity derivatives	(billion yen)	-0.3
						Total	(billion yen)	-0.5

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

*1 Under "Balance" and "Net balance after hedging", bonds are calculated based on face value. All others are calculated based on book value

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

*3 All realized gains/losses converted to yen. Includes 1.7 billion yen in gains on the cancellation of investment trusts recorded as net interest income

*4 Excluding bear funds

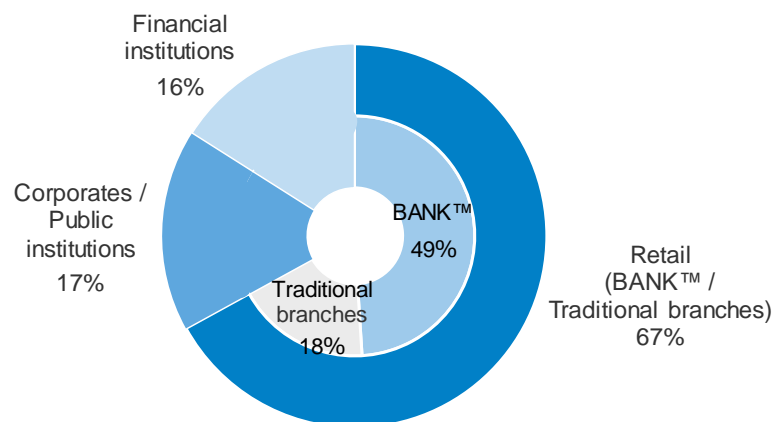
Funding

- Core funding (deposits, negotiable certificates of deposit, and bonds) was 5,802.1 billion yen, an increase of 156.9 billion yen compared to March 31, 2023
 - The balance of retail deposits increased by 121.2 billion yen from March 31, 2023. Retail funding ratio was 67%, almost flat compared to March 31, 2023

(billion yen)	End - Mar. 2023 A	End - Jun. 2023 B	Change B - A
Total core funding	5,645.1	5,802.1	+156.9
Deposits / NCDs	5,497.3	5,638.3	+140.9
Incl. the balance of retail deposits	3,739.6	3,860.8	+121.2
Bonds	147.7	163.7	+15.9
Retail funding ratio*	66%	67%	
Loan-to-deposit ratio incl. NCDs	71%	71%	

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

Core funding by customer segment



Liquidity reserves*

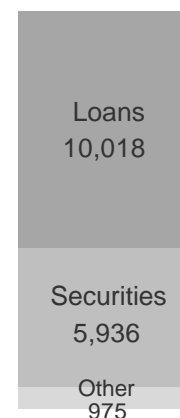
(billion yen)	End - Mar. 2023 A	End - Jun. 2023 B	Change B - A
Liquidity reserves	1,356.6	1,304.5	-52.0

* Non-consolidated basis
Surplus funds at hand for cash management purpose operated with high liquidity method including BOJ current account balance, JGBs, U.S. government bonds and call loans

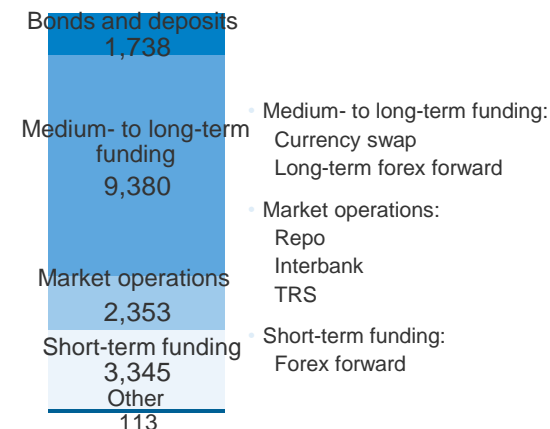
Foreign currency investments/funding

(million U.S. dollars)

Investments 16,928



Funding 16,928



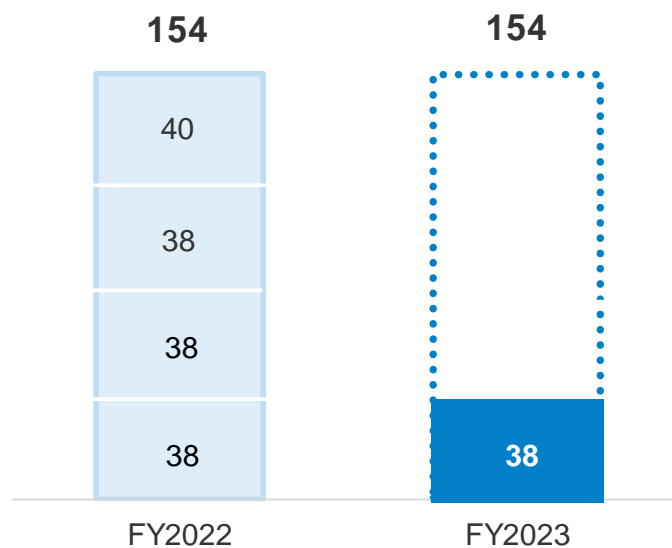
Dividends

- As both business-related profit and profit attributable to owners of parent progressed favorably, the first quarter dividend is 38 yen per common share, approximately 25% of the full-year dividend forecast of 154 yen

Dividend per common share

Record date	June 30 (1st quarter)	September 30 (2nd quarter)	December 31 (3rd quarter)	March 31 (4th quarter)	Full-year
Current forecast (FY2023)		—	—	—	154 yen
Dividend payment (FY2023)	38 yen				

Dividend payments

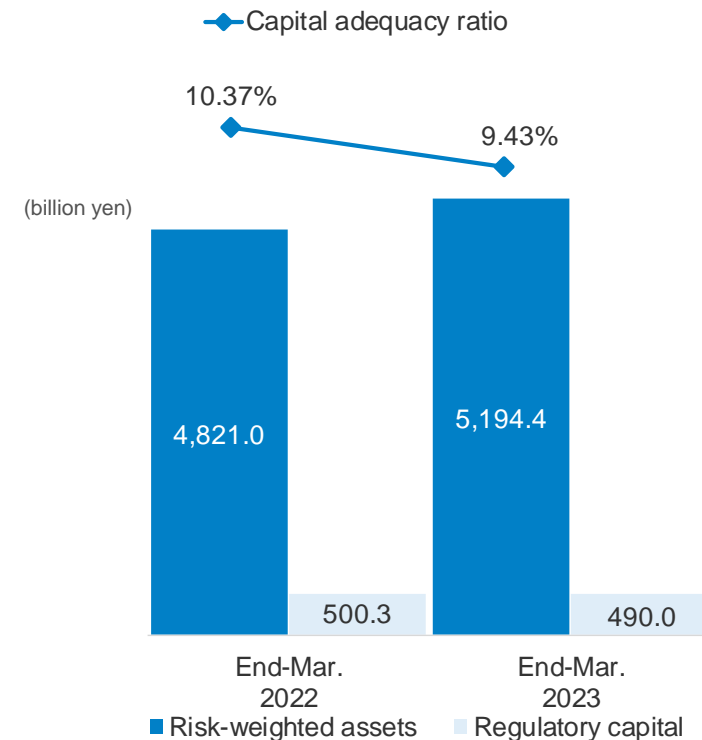


Reference: Capital adequacy ratio (as of March 31, 2023)

- The consolidated capital adequacy ratio (domestic standard) as of June 30, 2023 will be announced in mid-August 2023 and is expected to remain at an adequate level

Domestic standard

(billion yen)	End-Mar. 2022 A	End-Mar. 2023 B	Change B - A
Capital adequacy ratio	10.37%	9.43%	-0.94 %
Regulatory capital (A - B)	500.3	490.0	-10.2
Instruments and reserves (A)	523.7	512.9	-10.7
Shareholders' equity	481.0	471.8	-9.1
Other	42.6	41.1	-1.5
Regulatory adjustment (B)	23.3	22.8	-0.4
Risk-weighted assets	4,821.0	5,194.4	+373.4
Credit risk assets	4,245.7	4,558.1	+312.4
Market risk assets	407.8	478.4	+70.6
Operational risk assets	167.4	157.7	-9.6

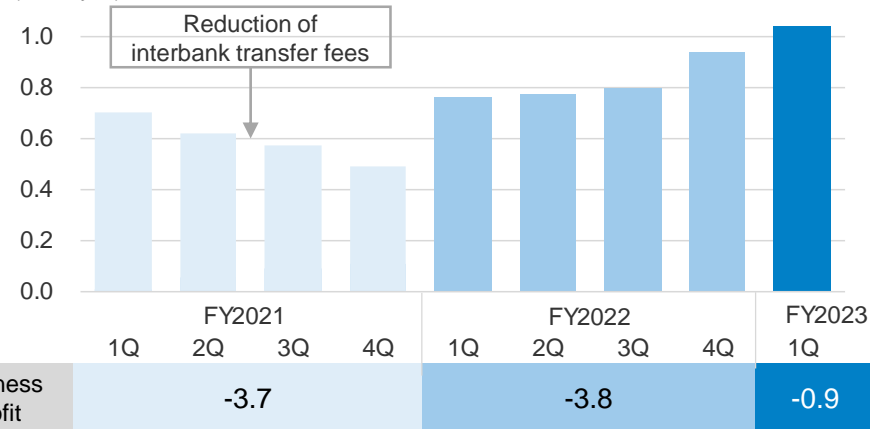


GMO Aozora Net Bank (GANB)

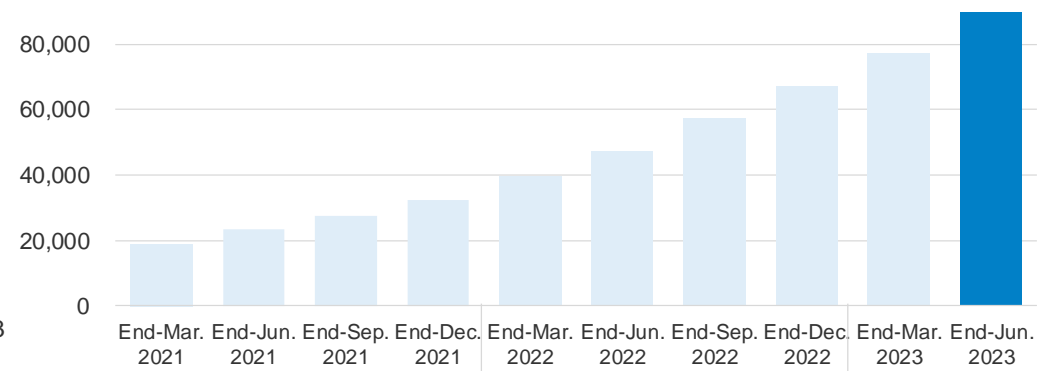
- The net revenue for 1Q was 1.04 billion yen almost in line with GANB's new Mid-term Plan established in October 2022
- The number of corporate accounts increased to approximately 90,000 as of June 30, 2023 and accordingly the number of transfer transactions increased steadily. With regards to corporate loans, usage mainly by small businesses and start-ups also increased and the number of applications as of June 30, 2023 reached approximately 20,000
- The number of "Simple Embedded Finance Services" contracts steadily increased due to GANB's effort to provide a wide range of API lineups and prompt technical support
- Aozora transferred class shares in GANB to the GMO Internet group in July 2023. The ratio of voting rights between Aozora and the GMO Internet group remains unchanged

Quarterly net revenue

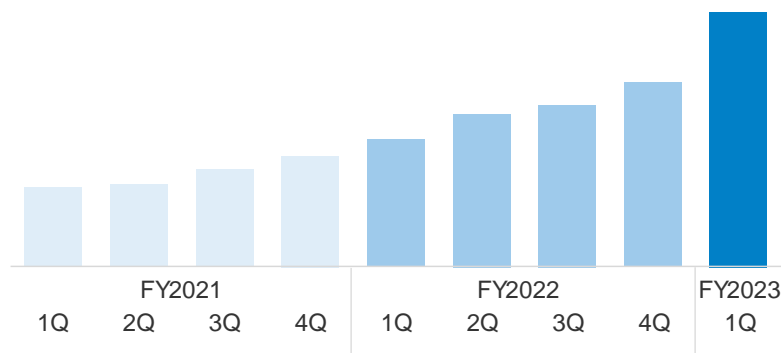
(billion yen)



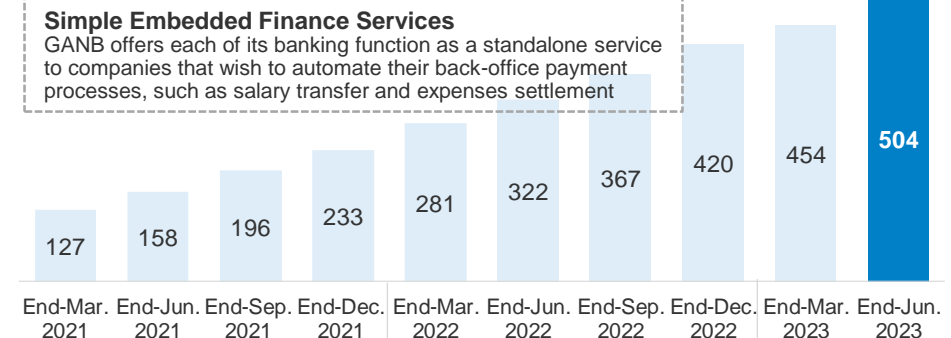
Number of corporate accounts



Number of transfer transactions



Number of "Simple Embedded Finance Services" contracts



Simple Embedded Finance Services

GANB offers each of its banking function as a standalone service to companies that wish to automate their back-office payment processes, such as salary transfer and expenses settlement

Aozora Group companies / consolidated, non-consolidated difference

(billion yen)

(A) Non-consolidated net income	5.1
(B) Profit attributable to owners of parent	6.7
(B) - (A) (a + b) Difference	1.6

Breakdown of the difference

(a) Consolidated subsidiaries/affiliates	0.6
---	------------

	Share of Earnings ^{*1}	Net Revenue	Net Income
GMO Aozora Net Bank, Ltd.	50.0% ^{*2}	1.0	-1.0
Aozora Loan Services Co., Ltd.	67.6%	0.3	-0.0
Aozora Securities Co., Ltd.	100.0%	0.0	-0.1
Aozora Regional Consulting Co., Ltd.	100.0%	0.0	0.0
Aozora Investment Management Co., Ltd.	100.0%	0.3	0.1
Aozora Real Estate Investment Advisors Co., Ltd.	100.0%	0.0	-0.0
ABN Advisors Co., Ltd.	100.0%	0.1	-0.0
Aozora Corporate Investment Co., Ltd.	100.0%	0.0	0.0
Aozora Asia Pacific Finance Limited	100.0%	0.2	0.0
Aozora Europe Limited	100.0%	0.1	0.0
Aozora North America, Inc.	100.0%	1.1	0.5
Other	-	0.9	0.5
Orient Commercial Joint Stock Bank	15.0%	-	0.5 ^{*3}

(b) Consolidation adjustments	0.9
--------------------------------------	------------

Gains/losses attributable to non-controlling interests (GMO Aozora Net Bank, Ltd.)	-	0.5
Other	-	0.4

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

*2 Voting rights ratio is 85.1%

*3 Revenue contribution from equity method investments

Data Book

Data Book

PL summary (billion yen)	FY2021					FY2022					FY2023
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q
Net revenue	26.7	25.6	26.8	23.7	103.0	21.4	21.8	11.9	4.2	59.5	17.7
Net interest income	11.8	12.8	14.0	12.8	51.6	14.2	12.9	13.1	10.6	51.0	12.0
Non-interest income	14.9	12.8	12.7	10.8	51.3	7.2	8.8	-1.2	-6.3	8.4	5.7
General & administrative expenses	-13.8	-14.0	-14.1	-15.6	-57.7	-14.4	-14.6	-14.5	-15.6	-59.3	-15.0
Gains/losses on equity method investments	0.5	0.6	0.4	0.9	2.6	0.3	0.4	0.4	1.0	2.3	0.5
Business profit	13.4	12.2	13.1	8.9	47.8	7.3	7.6	-2.1	-10.3	2.5	3.1
Credit-related expenses	2.0	-1.5	-1.7	-2.4	-3.7	3.2	-1.1	0.1	-3.9	-1.7	-0.9
Gains/losses on stock transactions	0.0	0.0	0.8	1.1	2.0	-0.0	4.6	0.1	3.7	8.4	5.7
Ordinary profit	15.6	10.8	12.3	7.4	46.2	11.3	9.0	-1.9	-11.0	7.3	7.3
Profit before income taxes	15.6	10.6	12.2	7.4	45.9	11.3	9.0	-1.9	-11.0	7.3	7.3
Taxes	-4.4	-3.1	-3.6	-1.6	-12.9	-3.3	-2.6	1.7	3.5	-0.6	-1.1
Gains/losses attributable to non-controlling interests	0.3	0.4	0.5	0.6	1.9	0.4	0.5	0.5	0.5	2.0	0.5
Profit attributable to owners of parent	11.5	7.8	9.1	6.4	35.0	8.3	7.0	0.3	-6.9	8.7	6.7

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

Customer-related business excl. financial market-related and retail businesses	16.2	17.3	17.6	17.7	68.9	19.2	18.2	17.2	14.5	69.3	18.7
Retail business	3.1	1.4	2.3	1.0	8.0	1.0	0.8	0.5	0.4	2.8	0.5
Financial market-related business	7.3	6.8	6.8	4.9	25.9	1.2	2.7	-5.9	-10.7	-12.6	-1.5

Data Book

Net interest income (billion yen)	FY2021					FY2022					FY2023
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q
Net interest income	11.8	12.8	14.0	12.8	51.6	14.2	12.9	13.1	10.6	51.0	12.0
Interest income	15.6	16.1	17.5	16.7	66.1	21.2	26.1	32.1	33.9	113.5	40.6
Interest on loans and discounts	10.8	10.9	11.4	11.5	44.7	14.4	19.8	25.2	27.4	87.0	31.1
Interest and dividends on securities	4.5	4.9	5.8	4.9	20.2	6.4	5.7	6.1	4.9	23.3	7.7
Incl. gains on cancellation of investment trusts	-	0.1	-	0.3	0.4	0.9	0.1	0.2	0.0	1.3	2.0
Other interest income	0.2	0.2	0.2	0.2	1.0	0.3	0.5	0.8	1.5	3.1	0.9
Interest expenses	-3.7	-3.3	-3.4	-3.9	-14.5	-7.0	-13.1	-19.0	-23.2	-62.4	-28.6
Interest on deposits and NCDs	-1.4	-1.4	-1.5	-1.7	-6.1	-2.1	-2.7	-3.1	-3.2	-11.2	-3.4
Interest on bonds	-0.6	-0.5	-0.4	-0.3	-1.9	-0.4	-0.4	-0.1	-0.4	-1.5	-0.9
Interest on borrowings and rediscounts	-0.3	-0.2	-0.2	-0.2	-1.1	-0.2	-0.3	-0.3	-0.3	-1.2	-0.3
Other interest expenses (repurchase interest, etc.)	-0.2	-0.1	-0.1	-0.2	-0.7	-0.8	-2.1	-3.1	-3.1	-9.2	-3.8
Interest on swaps	-1.0	-0.9	-1.0	-1.3	-4.5	-3.2	-7.4	-12.2	-16.1	-39.1	-19.9

Yield and Margin	FY2021					FY2022					FY2023
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q
Yield on total investments (A)	1.26%	1.26%	1.33%	1.25%	1.27%	1.48%	1.78%	2.15%	2.36%	1.94%	2.77%
Yield on loans (B)	1.44%	1.40%	1.42%	1.44%	1.42%	1.68%	2.10%	2.52%	2.83%	2.30%	3.15%
Yield on securities (C)	1.32%	1.52%	1.72%	1.46%	1.50%	1.81%	1.63%	1.59%	1.47%	1.63%	2.25%
Yield on funding (D)	0.28%	0.25%	0.25%	0.27%	0.26%	0.46%	0.83%	1.18%	1.46%	0.99%	1.74%
Net interest margin (A)-(D)	0.98%	1.01%	1.08%	0.98%	1.01%	1.02%	0.95%	0.97%	0.90%	0.95%	1.03%
Lending margin (B)-(D)	1.16%	1.15%	1.17%	1.17%	1.16%	1.22%	1.27%	1.34%	1.37%	1.31%	1.41%
Securities margin (C)-(D)	1.04%	1.27%	1.47%	1.19%	1.24%	1.35%	0.80%	0.41%	0.01%	0.64%	0.51%

Data Book

Non-interest income (billion yen)	FY2021					FY2022					FY2023
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q
Non-interest income	14.9	12.8	12.7	10.8	51.3	7.2	8.8	-1.2	-6.3	8.4	5.7

Non-interest income - Net fees and commissions / Net trading revenues (billion yen)	FY2021					FY2022					FY2023
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q
Net fees and commissions	2.4	4.3	3.3	3.8	14.0	2.8	2.8	3.7	3.8	13.3	4.0
Fees and commissions	3.2	5.2	4.3	4.8	17.7	3.8	3.9	4.8	5.0	17.7	5.3
Loan business-related and deposits	1.0	2.7	1.8	2.2	7.8	1.4	1.4	1.9	1.3	6.1	1.6
Securities-related and agency	0.7	0.9	1.1	1.1	3.9	1.0	1.2	1.1	1.2	4.6	1.3
Other	1.4	1.6	1.3	1.5	5.9	1.3	1.2	1.8	2.4	6.9	2.3
Incl. GANB fee income	0.9	0.8	0.7	0.6	3.2	0.9	0.8	0.9	1.1	3.9	1.3
Fees and commissions payments	-0.8	-0.9	-0.9	-0.9	-3.7	-1.0	-1.0	-1.0	-1.1	-4.3	-1.2

Net trading revenues	6.4	1.5	4.1	4.4	16.6	1.6	0.2	1.1	1.1	4.1	-1.7
----------------------	-----	-----	-----	-----	------	-----	-----	-----	-----	-----	------

(Ref.)

Earnings from investment product sales to retail customers	3.1	1.5	2.3	1.1	8.0	1.0	0.9	0.5	0.4	2.9	0.5
Incl. investment trusts	0.3	0.4	0.4	0.3	1.4	0.3	0.3	0.3	0.3	1.3	0.4
Incl. structured bonds	2.7	1.0	1.8	0.7	6.4	0.6	0.5	0.1	0.0	1.4	0.0

Data Book

Non-interest income - Net other ordinary income (billion yen)	FY2021					FY2022					FY2023
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q
Gains/losses on bond transactions	1.5	3.9	0.3	-1.3	4.5	-2.3	-0.0	-3.9	-4.8	-11.1	2.7
Japanese government bonds (JGBs)	0.0	0.0	-	-	0.1	-0.4	0.0	-	-0.2	-0.6	-
Municipal bonds	-	-	-	-	-	-0.3	-0.0	-0.7	-2.3	-3.4	-0.0
Foreign government bonds and MBS	-1.0	0.8	-0.9	-0.8	-1.9	-	-	-2.8	-2.1	-5.0	-0.9
Other	2.4	3.0	1.3	-0.5	6.2	-1.5	0.0	-0.3	-0.1	-2.0	3.6
Incl. private placement investment trusts	1.3	2.0	0.9	-0.1	4.1	3.7	-0.0	-0.4	-	3.1	1.2
Incl. REITs	0.4	0.8	0.3	0.5	2.2	-0.0	0.0	0.1	0.2	0.3	2.4
Incl. foreign currency ETFs	-	-	0.0	-0.9	-0.9	-5.2	0.0	-	-	-5.2	-
Net other ordinary income excl. gains/losses on bond transactions	4.5	2.9	4.8	3.8	16.2	5.1	5.7	-2.2	-6.4	2.1	0.5
Incl. gains/losses on financial derivatives	-0.1	0.4	0.1	0.5	1.0	-0.1	4.5	-0.3	-2.0	1.9	-0.1
Incl. gains/losses from limited partnerships	3.5	1.7	2.0	1.8	9.1	3.1	0.9	1.1	-0.5	4.6	1.1
Real estate-related	0.1	0.2	0.9	0.9	2.2	0.4	0.4	0.2	1.4	2.5	0.3
Distressed loan-related	2.0	0.6	0.4	0.2	3.3	0.4	0.5	1.3	1.2	3.6	0.6
Buyout/venture-related	1.1	0.6	0.4	0.4	2.6	1.8	-0.4	-0.6	-0.9	-0.1	-0.3
Other	0.2	0.1	0.1	0.2	0.8	0.4	0.2	0.1	-2.2	-1.4	0.5
(Ref.)											
Gains/losses on equity derivatives	-	-	-	-0.2	-0.2	0.6	-1.9	-0.0	-0.6	-2.0	-0.3

Gains/losses on equity method investments	FY2021					FY2022					FY2023	
	(billion yen)	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q
Gains/losses on equity method investments ^{*1}		0.5	0.6	0.4	0.9	2.6	0.3	0.4	0.4	1.0	2.3	0.5
		Jan.-Mar. 2021	Apr.-Jun. 2021	Jul.-Sep. 2021	Oct.-Dec. 2021	Jan.-Dec. 2021	Jan.-Mar. 2022	Apr.-Jun. 2022	Jul.-Sep. 2022	Oct.-Dec. 2022	Jan.-Dec. 2022	Jan.-Mar. 2023
(Ref) OCB's net profit ^{*2}	(billion yen)	5.6	6.2	4.9	7.8	24.6	3.7	4.0	4.0	7.7	19.6	4.4

*1 The Bank's quarterly and full-year results include 15% of OCB's net profit (including goodwill amortization)

*2 Uses an exchange rate of 0.0056 yen per 1 Vietnamese dong

Gains/losses on stock transactions	FY2021					FY2022					FY2023	
	(billion yen)	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q
Gains/losses on stock transactions		0.0	0.0	0.8	1.1	2.0	-0.0	4.6	0.1	3.7	8.4	5.7

Data Book

Equity investments - Capital gains and other equity returns (billion yen)	FY2021					FY2022					FY2023
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q
Investment in business recovery claims	2.0	0.6	0.4	0.1	3.2	0.3	0.4	1.1	1.1	3.0	0.3
Real estate-related equities	0.4	0.6	1.3	1.6	4.1	0.6	0.8	0.3	1.7	3.6	2.5
Buyout/venture (private equity funds, etc.)	1.0	0.6	0.3	0.4	2.5	1.7	-0.5	-0.8	-1.2	-0.9	-0.7
Domestic/overseas equity investments	0.0	0.0	1.2	0.3	1.7	0.3	1.9	-	4.0	6.3	2.6
Other (incl. overseas debt funds)	0.2	0.1	0.1	0.1	0.7	0.3	0.1	-0.1	-2.6	-2.3	0.1
Total	3.7	2.1	3.6	2.7	12.3	3.4	2.7	0.4	3.0	9.7	4.9

Equity investments (billion yen)	End - Jun. 2021	End - Sep. 2021	End - Dec. 2021	End - Mar. 2022	End - Jun. 2022	End - Sep. 2022	End - Dec. 2022	End - Mar. 2023	End - Jun. 2023
Investment in business recovery claims	52.3	52.4	53.1	56.1	54.0	56.9	58.9	65.7	66.1
Real estate-related equities	71.1	74.7	73.1	84.5	92.6	96.0	99.1	94.5	85.1
Buyout/venture (private equity funds, etc.)	43.2	47.4	47.8	52.3	56.2	60.7	60.0	61.5	63.9
Domestic/overseas equity investments	20.3	21.6	23.8	25.7	27.0	30.7	32.4	33.6	32.6
Other (incl. overseas debt funds)	12.1	11.9	13.6	26.0	32.0	34.2	35.1	36.3	40.7
Total	199.2	208.2	211.6	244.8	262.0	278.7	285.7	291.8	288.6

Data Book

G&A expenses (billion yen)	FY2021					FY2022					FY2023
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q
G&A expenses (A)	13.8	14.0	14.1	15.6	57.7	14.4	14.6	14.5	15.6	59.3	15.0
Personnel	6.3	6.7	6.6	7.6	27.3	6.8	7.2	7.0	7.6	28.8	7.2
Non-personnel	6.4	6.5	6.6	7.2	26.9	6.6	6.7	6.9	7.4	27.8	7.0
Incl. IT-related	2.5	2.7	2.8	3.0	11.2	2.8	2.8	2.9	3.3	11.9	3.0
Taxes	1.1	0.7	0.7	0.7	3.4	0.9	0.6	0.5	0.5	2.7	0.7
Net revenue (B)	26.7	25.6	26.8	23.7	103.0	21.4	21.8	11.9	4.2	59.5	17.7
OHR (A) / (B)	52%	55%	53%	66%	56%	67%	67%	122%	366%	100%	85%

Data Book

Credit-related expenses (billion yen)	FY2021					FY2022					FY2023
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q
Credit-related expenses	2.0	-1.5	-1.7	-2.4	-3.7	3.2	-1.1	0.1	-3.9	-1.7	-0.9
Loan loss reserves	2.3	-1.3	-1.1	-2.5	-2.7	2.2	-1.1	0.3	-2.5	-1.1	-0.6
Specific loan loss reserves	-1.4	0.2	0.6	-3.8	-4.3	-0.6	0.4	-0.0	-5.7	-5.9	-0.3
General loan loss reserves	3.8	-1.6	-1.8	1.3	1.6	2.9	-1.6	0.3	3.1	4.8	-0.2
Reserve for credit losses on off-balance-sheet instruments	-0.0	0.0	-0.0	0.2	0.2	0.0	-0.0	0.0	-0.0	-0.0	-0.0
Write-off of loans	-0.4	-0.2	-0.5	-0.1	-1.3	-0.0	-0.0	-0.0	-0.1	-0.1	-0.0
Gains/losses on disposition of loans	-	-0.0	-	-0.0	-0.0	-0.0	-0.0	-0.2	-1.2	-1.5	-0.3
Recoveries of written-off receivables	0.1	0.0	0.0	-0.0	0.1	1.0	0.1	0.0	0.0	1.1	0.1

Ratio of loan loss reserves to total loans (billion yen)	End - Jun. 2021	End - Sep. 2021	End - Dec. 2021	End - Mar. 2022	End - Jun. 2022	End - Sep. 2022	End - Dec. 2022	End - Mar. 2023	End - Jun. 2023
Loan loss reserves (A)	47.0	48.5	47.7	48.6	42.4	44.2	41.4	44.0	45.4
General loan loss reserves	36.3	37.9	39.8	38.4	35.5	37.2	36.8	33.6	33.9
Total loans (B)	2,966.0	3,144.7	3,225.3	3,317.1	3,600.9	3,848.7	3,877.6	3,881.3	4,013.3
Loans subject to loss reserves (C)				3,108.0		3,457.1	3,477.4	3,482.8	3,615.8
(A) / (B)	1.58%	1.54%	1.48%	1.46%	1.17%	1.15%	1.06%	1.13%	1.13%
(A) / (C)				1.56%		1.28%	1.19%	1.26%	1.25%

Reserve ratio for need attention credit				5.0%	5.1%	4.9%	5.1%	4.9%	5.0%
Reserve ratio for normal credit				0.7%	0.5%	0.5%	0.5%	0.5%	0.5%

Data Book

Non-performing loans based on the FRA*	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.
(billion yen)	2021	2021	2021	2022	2022	2022	2022	2023	2023
Total claims			3,275.5	3,367.4	3,656.1	3,907.2	3,936.8	3,936.0	4,065.7
NPLs (A)			16.3	21.4	19.2	22.3	19.9	39.1	44.3
Coverage (B)			15.4	19.1	15.1	17.8	15.3	36.5	41.3
Reserves			9.4	11.6	9.1	10.8	8.3	13.2	14.4
Collateral & guarantees			6.0	7.4	5.9	6.9	7.0	23.3	26.9
Coverage ratio (B) / (A)			94.4%	89.3%	78.3%	79.8%	77.4%	93.4%	93.2%

* Consolidated basis

Balance sheet summary	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.
(billion yen)	2021	2021	2021	2022	2022	2022	2022	2023	2023
Loans and bills discounted	2,966.0	3,144.7	3,225.3	3,317.1	3,600.9	3,848.7	3,877.6	3,881.3	4,013.3
Securities	1,404.1	1,347.1	1,342.0	1,478.1	1,361.4	1,420.3	1,333.5	1,278.7	1,389.1
Cash and due from banks	1,010.2	942.2	1,096.6	1,141.9	1,107.9	971.0	1,060.7	1,275.0	1,298.1
Trading assets	137.5	113.8	107.5	133.0	155.6	176.3	271.8	151.2	133.7
Other	546.0	526.9	605.8	658.3	759.2	740.9	610.4	597.6	678.5
Total assets	6,064.0	6,074.9	6,377.5	6,728.6	6,985.2	7,157.5	7,154.3	7,184.0	7,513.0

Balance sheet summary	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.
(billion yen)	2021	2021	2021	2022	2022	2022	2022	2023	2023
Deposits / Negotiable certificates of deposit	4,253.9	4,358.8	4,580.8	4,871.5	5,144.9	5,302.1	5,406.1	5,497.3	5,638.3
Bonds payable	185.2	178.2	170.4	168.9	166.3	125.9	117.7	147.7	163.7
Borrowed money	353.0	340.2	413.1	432.3	448.3	500.9	509.0	525.6	529.1
Cash collateral received for securities lent	379.7	325.6	343.8	356.9	273.5	263.4	194.8	215.9	265.8
Trading liabilities	119.1	102.0	96.6	129.2	170.6	171.6	180.8	121.8	155.6
Other	260.7	253.5	250.6	282.3	324.9	354.6	305.7	244.3	334.8
Total liabilities	5,551.9	5,558.4	5,855.5	6,241.3	6,528.7	6,718.8	6,714.3	6,752.9	7,087.5
Capital stock / Capital surplus	187.4	187.4	187.4	187.4	187.4	187.4	187.4	187.4	187.4
Retained earnings	290.3	294.5	299.9	301.7	304.8	307.3	303.3	291.8	293.9
Valuation difference on available-for-sale securities	41.2	42.3	42.0	3.9	-38.2	-65.2	-55.0	-45.4	-58.9
Foreign currency translation adjustment				3.4	8.4	11.3	9.7	7.6	10.9
Other				-9.3	-6.0	-2.2	-5.5	-10.4	-8.0
Total net assets	512.1	516.4	521.9	487.2	456.4	438.6	439.9	431.1	425.4
Total liabilities and net assets	6,064.0	6,074.9	6,377.5	6,728.6	6,985.2	7,157.5	7,154.3	7,184.0	7,513.0

Data Book

Loans — Summary and domestic	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.
(billion yen)	2021	2021	2021	2022	2022	2022	2022	2023	2023
Total loans (A)	2,966.0	3,144.7	3,225.3	3,317.1	3,600.9	3,848.7	3,877.6	3,881.3	4,013.3
Domestic loans	1,980.7	2,117.9	2,143.7	2,127.5	2,269.5	2,403.6	2,517.0	2,510.1	2,553.5
Overseas loans* (B)	985.3	1,026.8	1,081.5	1,189.6	1,331.4	1,445.1	1,360.6	1,371.1	1,459.8
(B) / (A)	33.2%	32.7%	33.5%	35.9%	37.0%	37.5%	35.1%	35.3%	36.4%

Loans by domestic offices (excl. Japan offshore market accounts)	2,354.8	2,487.5	2,530.0	2,545.7	2,742.3	2,915.2	3,001.0	3,000.0	3,072.9
Manufacturing	201.2	216.4	233.9	236.8	236.0	242.6	244.1	258.7	280.4
Utilities (electric power/gas/heat supply/water service)				87.0	120.3	111.0	154.2	141.5	140.3
Information and communications	110.8	87.1	98.7	102.6	103.4	105.1	105.3	105.3	101.9
Transport, postal services	34.6	35.5	37.5	40.3	40.1	42.0	48.3	49.7	49.3
Wholesale and retail sale	70.1	76.3	82.6	77.9	82.8	82.7	86.0	86.9	81.2
Financial and insurance	369.5	370.1	360.6	352.0	337.4	356.0	349.8	342.4	333.8
Real estate	643.0	677.1	681.3	715.0	716.7	724.9	753.8	760.4	760.6
Incl. non-recourse loans	349.4	357.6	358.3	380.8	388.7	393.1	420.4	428.0	420.8
Leasing	79.4	92.2	94.9	100.5	97.6	123.5	144.8	148.7	174.0
Other services	175.6	180.0	152.7	153.8	159.0	165.1	166.5	155.2	172.3
Other				679.3	848.5	961.9	947.9	950.7	978.6
Incl. overseas (HQ booked)	398.1	397.1	409.1	439.2	492.1	532.3	508.1	514.9	545.4
Loans by overseas offices incl. Japan offshore market accounts	611.2	657.2	695.3	771.3	858.6	933.4	876.5	881.3	940.3
Total	2,966.0	3,144.7	3,225.3	3,317.1	3,600.9	3,848.7	3,877.6	3,881.3	4,013.3

Loans — Overseas	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.
(billion yen)	2021	2021	2021	2022	2022	2022	2022	2023	2023
Total loans (A)	2,966.0	3,144.7	3,225.3	3,317.1	3,600.9	3,848.7	3,877.6	3,881.3	4,013.3
Overseas loans* (US\$ million)	8,912	9,172	9,408	9,716	9,745	9,979	10,250	10,268	10,067
Overseas loans (B)	985.3	1,026.8	1,081.5	1,189.6	1,331.4	1,445.1	1,360.6	1,371.1	1,459.8
(B) / (A)	33.2%	32.7%	33.5%	35.9%	37.0%	37.5%	35.1%	35.3%	36.4%
Foreign exchange rate (US\$/JPY)	¥110.55	¥111.95	¥114.96	¥122.43	¥136.62	¥144.81	¥132.74	¥133.54	¥145.00

* With no final risk residing in Japan

Data Book

Securities -Book value	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.
(billion yen)	2021	2021	2021	2022	2022	2022	2022	2023	2023
JGBs	40.0	37.5	37.4	76.3	53.5	43.3	42.3	18.3	18.5
Municipal bonds	163.5	163.1	165.5	164.2	126.8	119.5	93.3	38.9	34.3
Corporate bonds / short-term corporate bonds	134.8	136.2	159.0	172.9	170.2	168.0	152.3	127.9	146.2
Equities	28.9	33.4	35.6	31.5	28.0	26.8	29.5	30.1	29.5
Foreign bonds	554.1	481.5	447.1	536.0	560.9	554.4	474.2	458.7	532.3
Foreign government bonds	244.5	211.2	172.4	264.1	279.8	280.0	217.4	195.8	250.0
MBS	210.4	174.7	179.7	171.9	174.1	167.4	151.3	152.3	159.6
Other	99.1	95.4	94.9	99.9	107.0	107.0	105.4	110.6	122.6
Other securities	482.6	495.2	497.2	497.0	421.7	508.1	541.7	604.4	628.0
ETFs	168.0	168.3	163.9	153.0	126.7	127.6	118.9	123.3	132.6
Investments in limited partnerships	99.7	106.8	108.6	137.8	150.8	162.5	166.5	169.5	181.1
REITs	77.0	78.5	79.9	76.0	45.8	46.5	45.7	46.5	38.3
Investment trusts	103.9	106.1	108.5	93.0	58.9	126.3	165.1	225.0	236.2
Other	34.0	35.4	36.1	36.9	39.2	44.9	45.3	40.0	39.6
Total	1,404.1	1,347.1	1,342.0	1,478.1	1,361.4	1,420.3	1,333.5	1,278.7	1,389.1

Securities -Unrealized gains/losses	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.
(billion yen)	2021	2021	2021	2022	2022	2022	2022	2023	2023
JGBs	0.4	0.3	0.3	-0.7	-1.1	-1.3	-2.3	-1.3	-1.1
Municipal bonds	0.0	0.0	0.0	-1.2	-1.4	-1.6	-2.3	-0.1	-0.0
Corporate bonds / short-term corporate bonds	1.1	0.9	1.0	0.4	0.3	-0.2	-1.6	-0.9	-0.0
Equities	21.3	26.4	27.3	20.4	15.0	13.9	14.0	12.8	13.0
Foreign bonds	1.7	0.1	-2.0	-28.4	-57.4	-85.4	-73.3	-62.4	-72.2
Foreign government bonds	0.6	-0.0	-0.6	-13.3	-25.5	-39.8	-34.1	-27.0	-31.9
MBS	-2.4	-3.1	-4.1	-15.6	-27.6	-40.5	-35.3	-32.5	-37.1
Other	3.6	3.4	2.8	0.5	-4.1	-5.0	-3.8	-2.8	-3.1
Other securities	35.8	32.5	33.3	15.4	-10.7	-19.7	-14.0	-14.0	-24.8
ETFs	2.8	0.9	0.6	-11.4	-23.6	-31.8	-27.1	-23.7	-27.0
Investments in limited partnerships	3.1	2.9	2.5	2.4	1.8	1.9	1.6	1.8	1.8
REITs	11.3	9.1	8.9	7.7	6.8	6.9	6.8	6.5	4.6
Investment trusts	12.5	12.5	14.1	10.4	-1.3	-3.0	-1.7	-1.4	-4.9
Other	6.0	6.9	7.1	6.2	5.5	6.1	6.4	2.7	0.5
Total	60.6	60.5	60.0	5.8	-55.4	-94.5	-79.6	-65.9	-85.4

Unrealized gains/losses, incl. unrealized gains/losses on hedging instruments	60.0	58.6	58.1	5.2	-51.6	-80.7	-70.1	-63.8	-76.9
---	------	------	------	-----	-------	-------	-------	-------	-------

Funding	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.
(billion yen)	2021	2021	2021	2022	2022	2022	2022	2023	2023
Total core funding	4,439.2	4,537.0	4,751.2	5,040.5	5,311.3	5,428.1	5,523.8	5,645.1	5,802.1
Deposits / NCDs	4,253.9	4,358.8	4,580.8	4,871.5	5,144.9	5,302.1	5,406.1	5,497.3	5,638.3
Incl. the balance of retail deposits				3,247.9	3,454.2	3,587.1	3,697.6	3,739.6	3,860.8
Bonds	185.2	178.2	170.4	168.9	166.3	125.9	117.7	147.7	163.7
Retail funding ratio	62%	64%	64%	64%	65%	66%	67%	66%	67%
Loan-to-deposit ratio incl. NCDs	70%	72%	70%	68%	70%	73%	72%	71%	71%
Liquidity reserves (non-consolidated basis)	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.	End - Sep.	End - Dec.	End - Mar.	End - Jun.
(billion yen)	2021	2021	2021	2022	2022	2022	2022	2023	2023
Liquidity reserves				1,367.6			1,156.5	1,356.6	1,304.5

Data Book

Aozora Group companies		FY2021					FY2022					FY2023
(billion yen)		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q
Aozora Bank (non-consolidated)	Net revenue	22.7	22.2	22.7	20.5	88.2	18.2	18.1	7.7	0.1	44.3	13.3
	Business profit	11.5	11.0	11.4	8.0	42.2	6.8	6.8	-3.3	-11.9	-1.6	1.7
	Net income	10.1	6.8	7.4	5.4	29.8	7.8	-4.4	-2.0	-9.5	-8.1	5.1
GMO Aozora Net Bank	Net revenue	0.7	0.6	0.5	0.4	2.3	0.7	0.7	0.7	0.9	3.2	1.0
	Business profit	-0.7	-0.8	-1.0	-1.1	-3.7	-0.8	-1.0	-1.0	-0.9	-3.8	-0.9
	Net income	-0.8	-0.8	-1.0	-1.2	-3.9	-0.8	-1.0	-1.1	-1.0	-4.1	-1.0
Aozora Loan Services	Net revenue	0.4	0.4	0.2	0.4	1.6	0.2	0.2	0.2	0.5	1.3	0.3
	Business profit	0.0	0.1	-0.0	0.0	0.2	-0.0	-0.0	-0.0	0.1	-0.0	-0.0
	Net income	0.0	0.0	0.0	-0.0	0.0	-0.0	0.0	0.0	0.0	0.0	-0.0
Aozora Securities	Net revenue	1.7	0.7	1.2	0.5	4.3	0.3	0.3	0.1	0.0	0.9	0.0
	Business profit	1.3	0.4	0.8	0.0	2.7	0.0	-0.0	-0.2	-0.3	-0.5	-0.2
	Net income	0.9	0.2	0.5	0.0	1.9	0.0	-0.0	-0.1	-0.2	-0.4	-0.1
Aozora Investment Management	Net revenue	0.1	0.1	0.1	0.2	0.6	0.2	0.2	0.3	0.3	1.1	0.3
	Business profit	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.1	0.5	0.2
	Net income	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.3	0.1
Aozora Real Estate Investment Advisors	Net revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0
	Business profit	-0.0	-0.0	0.0	-0.0	-0.0	-0.0	-0.0	-0.0	0.1	0.0	-0.0
	Net income	-0.0	-0.0	0.0	-0.0	-0.0	-0.0	-0.0	-0.0	0.0	0.0	-0.0
ABN Advisors	Net revenue	0.0	0.1	0.1	0.1	0.4	0.0	0.0	0.0	0.3	0.5	0.1
	Business profit	0.0	0.0	0.0	-0.0	0.0	-0.0	-0.1	-0.0	0.2	0.0	-0.0
	Net income	0.0	0.0	0.0	-0.0	0.0	-0.0	-0.0	-0.0	0.1	0.0	-0.0
Aozora Corporate Investment	Net revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.3	0.0
	Business profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.0
	Net income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0
Aozora Asia Pacific Finance	Net revenue	0.2	0.2	0.1	0.0	0.7	0.2	0.1	0.1	0.1	0.7	0.2
	Business profit	0.1	0.0	0.0	-0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0
	Net income	-0.4	0.0	0.1	-0.0	-0.3	0.1	0.0	-0.1	0.0	0.1	0.0
Other subsidiaries	Net revenue	1.3	1.3	1.7	1.6	6.0	1.6	1.3	2.1	1.7	6.9	2.2
	Business profit	0.8	0.8	1.2	1.1	4.0	1.1	0.8	1.5	1.1	4.7	1.6
	Net income	0.7	0.7	1.1	0.9	3.5	0.9	0.7	1.6	-0.0	3.2	1.1
Total of consolidated subsidiaries	Net revenue	4.6	3.7	4.3	3.5	16.3	3.6	3.3	4.1	4.3	15.4	4.4
	Business profit	1.7	0.6	1.2	0.0	3.7	0.4	-0.1	0.5	0.4	1.3	0.7
	Net income	0.4	0.2	0.8	-0.2	1.3	0.2	-0.2	0.4	-0.8	-0.4	0.1

Contact

AOZORA BANK, LTD.

Corporate Communication Division

TEL: 03-6752-1218

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

Mr. Masaharu Matsuura	m.matsuura@aozorabank.co.jp
Mr. Hiroyuki Kajitani	h.kajitani@aozorabank.co.jp
Ms. Yumi Adachi	y2.adachi@aozorabank.co.jp
Ms. Mio Ueno	m3.ueno@aozorabank.co.jp
Mr. Shota Kamegi	s.kamegi@aozorabank.co.jp

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