

# **FY2020 Financial Results Overview**

**May 13, 2021**



# Financial Highlights

## Strong full-year results

**Net revenue**

**96.5 billion yen**

(progress rate: 107%, 0.8 billion yen increase year-on-year)

**Business profit**

**42.6 billion yen**

(progress rate: 124%, 0.3 billion yen increase year-on-year)

**Profit attributable to owners of parent**

**28.9 billion yen**

(progress rate: 102%, 0.8 billion yen increase year-on-year)

## Key points

- In addition to strong net interest income, business profit surpassed the previous year's results and full year forecast mainly due to favorable results in customer-based transactions with retail, corporate, and financial institution customers from 2Q onwards
- The Bank continued its policy of conservative allocations to loan loss reserves amidst the uncertain economic environment
- Gains/losses on stock transactions were a gain of 2.3 billion yen (compared to 11.6 billion yen in the previous year), while unrealized gains on securities improved by 61.4 billion yen compared to March 31, 2020
- Profit attributable to owners of parent increased by 0.8 billion yen year-on-year, a strong result which represented 102% of the full-year forecast

**Dividend for 4Q: 34 yen per common share (Full-year dividend: 124 yen, 2 yen higher than the forecast)**

(Note) Unless otherwise stated, all amounts stated in 1 billion yen have been rounded down to the nearest 0.1 billion yen.

# FY2021 Earnings and Dividend Forecast

## Earnings Forecast

<Consolidated>

(billion yen)

|                                         | FY2020 Forecast | FY2020 Results |
|-----------------------------------------|-----------------|----------------|
| Net revenue                             | 90.0            | 96.5           |
| Business profit*                        | 34.5            | 42.6           |
| Ordinary profit                         | 40.0            | 38.9           |
| Profit attributable to owners of parent | 28.5            | 28.9           |

| FY2021 Forecast |
|-----------------|
| 97.0            |
| 42.5            |
| 42.5            |
| 30.0            |

\* Including gains/losses on equity method investments

<Non-consolidated>

(billion yen)

|                                                        | FY2020 Forecast | FY2020 Results |
|--------------------------------------------------------|-----------------|----------------|
| Net revenue                                            | 82.0            | 89.4           |
| Business profit<br>(before general loan-loss reserves) | 37.0            | 45.0           |
| Ordinary profit                                        | 42.0            | 41.4           |
| Net income                                             | 28.5            | 29.5           |

| FY2021 Forecast |
|-----------------|
| 87.0            |
| 42.0            |
| 42.0            |
| 29.0            |

## Dividend Forecast\*

|                                     | FY2020 Forecast | FY2020 Results |
|-------------------------------------|-----------------|----------------|
| Full-year dividend per common share | 122 yen         | 124 yen        |

| FY2021 Forecast |
|-----------------|
| 128 yen         |

\* The mid- to long-term dividend policy based on a target dividend payout ratio of 50% will be flexibly managed, along with our full-year dividend target of at least 128 yen, in light of future economic conditions and Aozora's financial results.

# PL summary

- Net revenue, business profit and profit attributable to owners of parent were strong and represented an increase compared to the previous year

|                                                        | FY2019<br>Full year<br>A<br>(billion yen) | FY2020      |             |             |             |                | Change<br>B - A | FY2020<br>full-year<br>forecast | Progress    |
|--------------------------------------------------------|-------------------------------------------|-------------|-------------|-------------|-------------|----------------|-----------------|---------------------------------|-------------|
|                                                        |                                           | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Jan. - Mar. | Full year<br>B |                 |                                 |             |
| <b>Net revenue</b>                                     | <b>95.7</b>                               | <b>21.3</b> | <b>23.7</b> | <b>24.1</b> | <b>27.3</b> | <b>96.5</b>    | <b>+0.8</b>     | <b>90.0</b>                     | <b>107%</b> |
| Net interest income                                    | 48.7                                      | 12.4        | 13.1        | 12.7        | 11.8        | 50.0           | +1.2            |                                 |             |
| Non-interest income                                    | 46.9                                      | 8.9         | 10.6        | 11.3        | 15.5        | 46.4           | -0.4            |                                 |             |
| General & administrative expenses                      | -53.3                                     | -12.8       | -13.2       | -13.6       | -15.2       | -54.9          | -1.5            |                                 |             |
| Gains/losses on equity method investments              | -                                         | -           | -           | 0.2         | 0.8         | 1.1            | +1.1            |                                 |             |
| <b>Business profit</b>                                 | <b>42.3</b>                               | <b>8.5</b>  | <b>10.4</b> | <b>10.7</b> | <b>12.9</b> | <b>42.6</b>    | <b>+0.3</b>     | <b>34.5</b>                     | <b>124%</b> |
| Credit-related expenses                                | -11.7                                     | 0.1         | -0.3        | -1.6        | -2.6        | -4.3           | +7.3            |                                 |             |
| Gains/losses on stock transactions                     | 11.6                                      | 1.0         | 0.1         | 1.2         | -0.0        | 2.3            | -9.2            |                                 |             |
| <b>Ordinary profit</b>                                 | <b>43.3</b>                               | <b>8.7</b>  | <b>10.1</b> | <b>9.9</b>  | <b>10.1</b> | <b>38.9</b>    | <b>-4.3</b>     | <b>40.0</b>                     | <b>97%</b>  |
| Extraordinary profit/loss                              | -0.0                                      | -           | -0.0        | -0.0        | -0.0        | -0.0           | -0.0            |                                 |             |
| <b>Profit before income taxes</b>                      | <b>43.3</b>                               | <b>8.7</b>  | <b>10.1</b> | <b>9.9</b>  | <b>10.1</b> | <b>38.9</b>    | <b>-4.3</b>     |                                 |             |
| Taxes                                                  | -17.7                                     | -1.9        | -3.0        | -3.5        | -3.7        | -12.2          | +5.5            |                                 |             |
| Gains/losses attributable to non-controlling interests | 2.5                                       | 0.6         | 0.5         | 0.5         | 0.5         | 2.2            | -0.3            |                                 |             |
| <b>Profit attributable to owners of parent</b>         | <b>28.1</b>                               | <b>7.4</b>  | <b>7.6</b>  | <b>6.8</b>  | <b>6.9</b>  | <b>28.9</b>    | <b>+0.8</b>     | <b>28.5</b>                     | <b>102%</b> |

# Net interest income

- Net interest income was 50.0 billion yen, an increase of 1.2 billion yen year-on-year, mainly due to improved lending margins and lower foreign currency funding costs

|                                       | FY2019<br>Full year<br>A<br>(billion yen) | FY2020      |             |             |             | Full year<br>B | Change<br>B - A |
|---------------------------------------|-------------------------------------------|-------------|-------------|-------------|-------------|----------------|-----------------|
|                                       |                                           | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Jan. - Mar. |                |                 |
| <b>Net interest income</b>            | <b>48.7</b>                               | <b>12.4</b> | <b>13.1</b> | <b>12.7</b> | <b>11.8</b> | <b>50.0</b>    | <b>+1.2</b>     |
| <b>Interest income</b>                | <b>95.4</b>                               | <b>18.2</b> | <b>17.2</b> | <b>16.6</b> | <b>15.6</b> | <b>67.8</b>    | <b>-27.6</b>    |
| Interest on loans and discounts       | 61.4                                      | 12.6        | 11.6        | 10.7        | 10.5        | 45.6           | -15.8           |
| Interest and dividends on securities  | 31.4                                      | 5.4         | 5.2         | 5.6         | 4.8         | 21.2           | -10.1           |
| Other interest income                 | 2.5                                       | 0.1         | 0.2         | 0.2         | 0.2         | 0.9            | -1.6            |
| <b>Interest expenses</b>              | <b>-46.6</b>                              | <b>-5.8</b> | <b>-4.0</b> | <b>-3.8</b> | <b>-3.8</b> | <b>-17.7</b>   | <b>+28.9</b>    |
| Interest on deposits and NCDs         | -7.2                                      | -1.5        | -1.4        | -1.3        | -1.3        | -5.6           | +1.6            |
| Interest on debentures and bonds      | -2.8                                      | -0.5        | -0.5        | -0.5        | -0.6        | -2.2           | +0.5            |
| Interest on borrowings and rediscount | -1.0                                      | -0.6        | -0.5        | -0.3        | -0.2        | -1.7           | -0.6            |
| Other interest expenses               | -11.7                                     | -0.6        | -0.4        | -0.3        | -0.3        | -1.8           | +9.8            |
| Interest on swaps                     | -23.6                                     | -2.4        | -1.1        | -1.2        | -1.3        | -6.1           | +17.5           |

Decreases in expenses are shown as positive

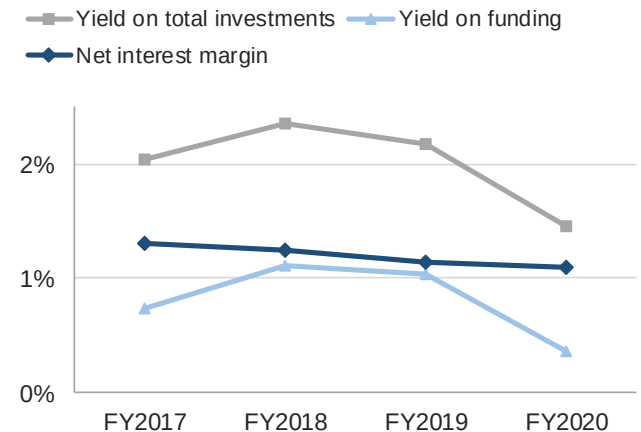
# Net interest margin

■ Lending margins (yield on loans – yield on funding) increased by 10 bps compared to the previous year

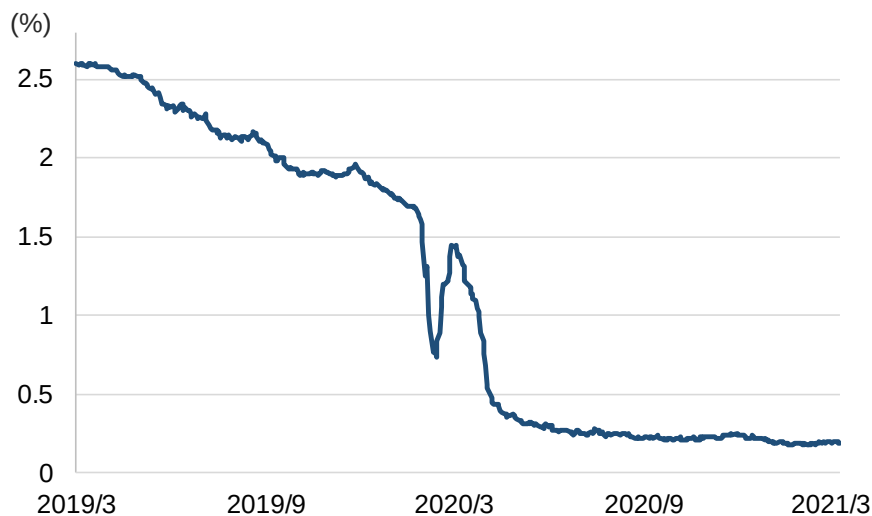
- The change was mainly due to a continued lower cost of funding as a result of a lower U.S. dollar-yen basis swap spreads as well as lower U.S. dollar interest rates

|                                | FY2019<br>Full year<br>A | FY2020      |             |             |             | Full year<br>B | Change<br>B - A |
|--------------------------------|--------------------------|-------------|-------------|-------------|-------------|----------------|-----------------|
|                                |                          | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Jan. - Mar. |                |                 |
| Yield on total investments (A) | 2.17%                    | 1.55%       | 1.49%       | 1.47%       | 1.34%       | 1.46%          | -0.71%          |
| Yield on loans (B)             | 2.13%                    | 1.70%       | 1.57%       | 1.52%       | 1.45%       | 1.56%          | -0.57%          |
| Yield on securities            | 2.60%                    | 1.97%       | 1.89%       | 1.94%       | 1.55%       | 1.83%          | -0.77%          |
| Yield on funding (C)           | 1.03%                    | 0.49%       | 0.33%       | 0.32%       | 0.32%       | 0.36%          | -0.67%          |
| Net interest margin (A) - (C)  | 1.14%                    | 1.06%       | 1.16%       | 1.15%       | 1.02%       | 1.10%          | -0.04%          |
| Lending margin (B) - (C)       | 1.10%                    | 1.21%       | 1.24%       | 1.20%       | 1.13%       | 1.20%          | +0.10%          |

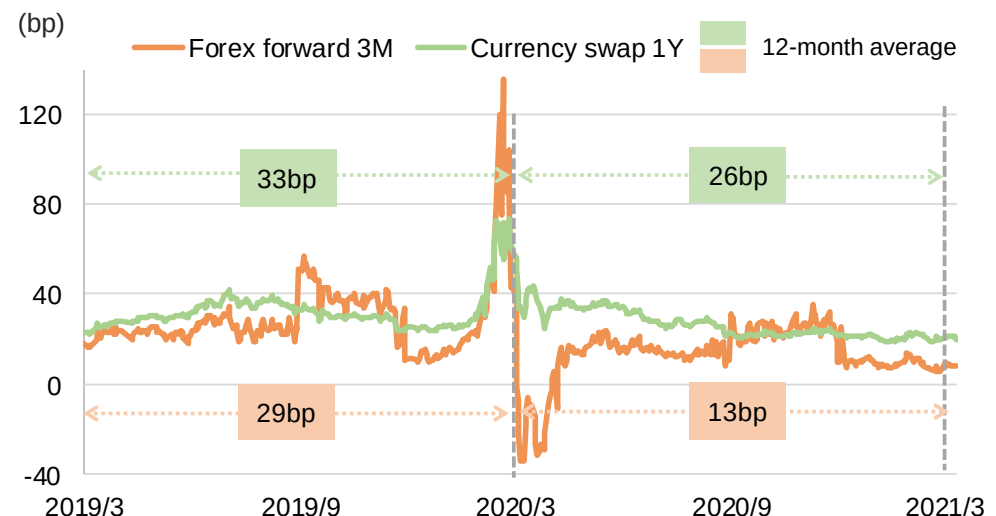
<Net interest margin>



<U.S. Dollar 3M Libor>



<U.S. dollar-yen swap spreads>



# Non-interest income

■ Non-interest income was 46.4 billion yen, a decrease of 0.4 billion yen year-on-year

- Non-interest income steadily increased starting in 2Q as the Bank experienced a recovery in customer-based transactions from its retail and corporate/financial institution customers

|                                                                   | FY2019<br>Full year<br>A<br>(billion yen) | FY2020      |             |             |             | Full year<br>B | Change<br>B - A |
|-------------------------------------------------------------------|-------------------------------------------|-------------|-------------|-------------|-------------|----------------|-----------------|
|                                                                   |                                           | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Jan. - Mar. |                |                 |
| <b>Non-interest income</b>                                        | <b>46.9</b>                               | <b>8.9</b>  | <b>10.6</b> | <b>11.3</b> | <b>15.5</b> | <b>46.4</b>    | <b>-0.4</b>     |
| Net fees and commissions                                          | 12.6                                      | 1.9         | 2.9         | 3.8         | 3.7         | 12.4           | -0.1            |
| Net trading revenues                                              | 18.0                                      | -0.7        | 3.0         | 4.4         | 6.7         | 13.4           | -4.6            |
| Gains/losses on bond transactions                                 | 14.5                                      | 7.9         | 2.9         | 1.7         | -4.5        | 8.1            | -6.4            |
| Net other ordinary income excl. gains/losses on bond transactions | 1.6                                       | -0.2        | 1.6         | 1.3         | 9.6         | 12.4           | +10.8           |
| <i>Non-interest income ratio</i>                                  | <i>49%</i>                                | <i>42%</i>  | <i>45%</i>  | <i>47%</i>  | <i>57%</i>  | <i>48%</i>     |                 |

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

- Net fees and commissions were 12.4 billion yen, a decrease of 0.1 billion yen year-on-year
  - Loan-related fees were strong, mainly due to a higher level of LBO finance activity
- Net trading revenues were a gain of 13.4 billion yen, 4.6 billion yen lower when compared with last year. The Bank has seen an encouraging level of recovery in both revenue from its trading business and the sale of derivative-related products
- Earnings from the sale of investment products to retail customers maintained its recovery trend, mainly in the sale of structured bonds

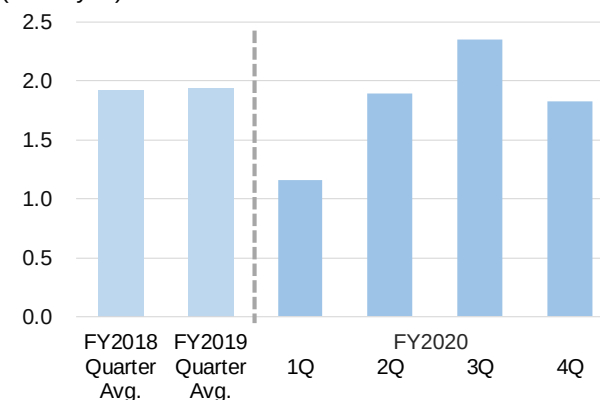
|                                      | FY2019<br>Full year<br>A<br>(billion yen) | FY2020      |             |             |             |                | Change<br>B - A |
|--------------------------------------|-------------------------------------------|-------------|-------------|-------------|-------------|----------------|-----------------|
|                                      |                                           | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Jan. - Mar. | Full year<br>B |                 |
| <b>Net fees and commissions</b>      | <b>12.6</b>                               | <b>1.9</b>  | <b>2.9</b>  | <b>3.8</b>  | <b>3.7</b>  | <b>12.4</b>    | <b>-0.1</b>     |
| <b>Fees and commissions received</b> | <b>14.6</b>                               | <b>2.5</b>  | <b>3.4</b>  | <b>4.4</b>  | <b>4.5</b>  | <b>14.9</b>    | <b>+0.3</b>     |
| Loan business-related and deposits   | 8.1                                       | 1.2         | 1.9         | 2.3         | 1.9         | 7.5            | -0.5            |
| Securities-related and agency        | 3.4                                       | 0.6         | 0.7         | 0.8         | 0.9         | 3.1            | -0.3            |
| Other                                | 2.9                                       | 0.5         | 0.7         | 1.2         | 1.6         | 4.1            | +1.1            |
| <b>Fees and commissions payments</b> | <b>-1.9</b>                               | <b>-0.5</b> | <b>-0.5</b> | <b>-0.6</b> | <b>-0.7</b> | <b>-2.4</b>    | <b>-0.4</b>     |
| <b>Net trading revenues</b>          | <b>18.0</b>                               | <b>-0.7</b> | <b>3.0</b>  | <b>4.4</b>  | <b>6.7</b>  | <b>13.4</b>    | <b>-4.6</b>     |

## Earnings from investment product sales to retail customers

|                                               |            |            |            |            |            |            |             |
|-----------------------------------------------|------------|------------|------------|------------|------------|------------|-------------|
| <b>Earnings from investment product sales</b> | <b>8.7</b> | <b>0.1</b> | <b>1.3</b> | <b>1.4</b> | <b>2.4</b> | <b>5.4</b> | <b>-3.3</b> |
| Investment trusts                             | 1.1        | 0.1        | 0.2        | 0.2        | 0.2        | 0.8        | -0.3        |
| Insurance                                     | 0.4        | 0.0        | 0.0        | 0.0        | 0.0        | 0.2        | -0.2        |
| Structured bonds                              | 7.1        | -0.0       | 1.0        | 1.2        | 2.1        | 4.3        | -2.7        |

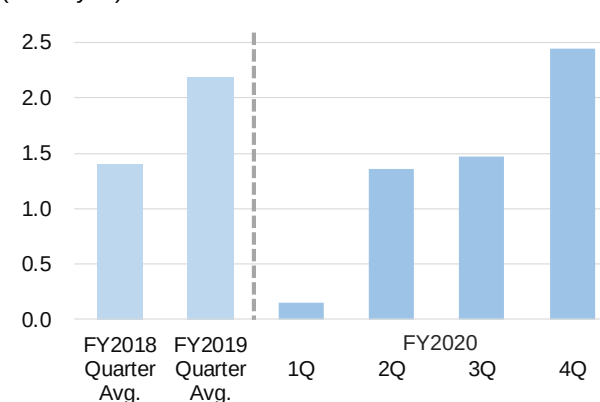
## <Loan-related fee income>

(billion yen)



## <Earnings from investment product sales>

(billion yen)



(Note) Earnings from the sale of investment trusts and insurance are included in net fees and commissions.  
Earnings from the sale of structured bonds are included in net trading revenues.

# Non-interest income – Net other ordinary income (gains/losses on bond transactions)

- Gains/losses on bond transactions were a gain of 8.1 billion yen, compared with a gain of 14.5 billion yen in FY2019
  - The Bank rebalanced its U.S. government bond, mortgage bond, and foreign currency ETF positions in order to secure future income
  - The ratio of gains/losses on bond transactions to net revenue was only 8% for the full year

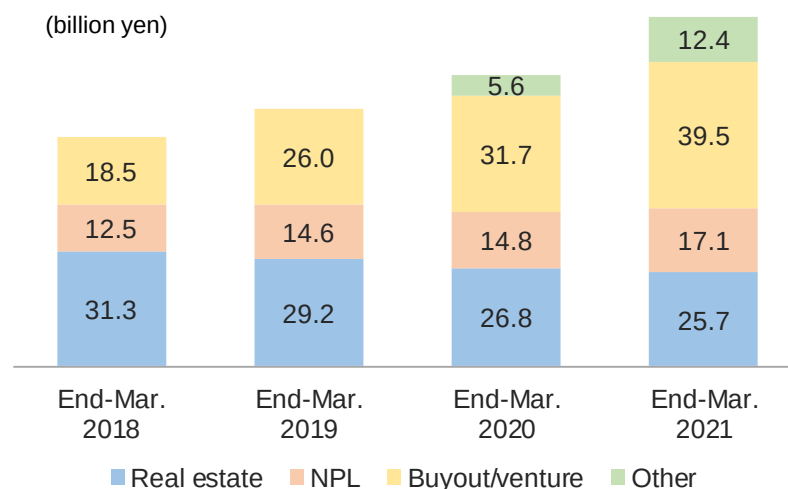
|                                                                     | FY2019<br>Full year<br>A<br>(billion yen) | FY2020      |             |             |             | Full year<br>B | Change<br>B - A |
|---------------------------------------------------------------------|-------------------------------------------|-------------|-------------|-------------|-------------|----------------|-----------------|
|                                                                     |                                           | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Jan. - Mar. |                |                 |
| <b>Gains/losses on bond transactions</b>                            | <b>14.5</b>                               | <b>7.9</b>  | <b>2.9</b>  | <b>1.7</b>  | <b>-4.5</b> | <b>8.1</b>     | <b>-6.4</b>     |
| Japanese government bonds (JGBs)                                    | -                                         | -           | -           | -           | -0.4        | -0.4           | -0.4            |
| Foreign government bonds and mortgage bonds                         | 8.5                                       | 6.4         | 2.0         | 1.8         | -3.0        | 7.3            | -1.2            |
| Other                                                               | 5.9                                       | 1.5         | 0.8         | -0.1        | -1.0        | 1.2            | -4.7            |
| Incl. Private placement investment trusts                           | 1.7                                       | 0.9         | 0.5         | 0.9         | -0.0        | 2.3            | +0.6            |
| Incl. REITs                                                         | 3.8                                       | 0.4         | 0.5         | -0.0        | -0.2        | 0.7            | -3.1            |
| Incl. Foreign currency ETFs                                         | -1.2                                      | 0.4         | -0.4        | -1.1        | -0.8        | -2.0           | -0.8            |
| (Ref.) Ratio of gains/losses<br>on bond transactions to net revenue | 15%                                       |             |             |             |             | 8%             |                 |

# Non-interest income – Net other ordinary income (excl. gains/losses on bond transactions)

- Net other ordinary income (excl. gains/losses on bond transactions) was 12.4 billion yen. Gains from limited partnerships were 8.2 billion yen
  - Gains from limited partnerships associated with a real estate-related large-lot exit investment realized in 3Q were reflected in Aozora's 4Q results
  - Aozora's 4Q results included approximately 4.0 billion yen in recoveries of write-offs related to a past hedge fund investment

|                                                                              | FY2019<br>Full year<br>A<br>(billion yen) | FY2020      |             |             |             | Full year<br>B | Change<br>B - A |
|------------------------------------------------------------------------------|-------------------------------------------|-------------|-------------|-------------|-------------|----------------|-----------------|
|                                                                              |                                           | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Jan. - Mar. |                |                 |
| <b>Net other ordinary income<br/>excl. gains/losses on bond transactions</b> | <b>1.6</b>                                | <b>-0.2</b> | <b>1.6</b>  | <b>1.3</b>  | <b>9.6</b>  | <b>12.4</b>    | <b>+10.8</b>    |
| Incl. Gains from limited partnerships                                        | 7.4                                       | 0.8         | 2.2         | 0.7         | 4.3         | 8.2            | +0.8            |
| Real estate-related                                                          | 1.9                                       | 0.3         | 0.3         | 0.1         | 3.1         | 4.0            | +2.1            |
| Distressed loan-related                                                      | 3.3                                       | 0.8         | 0.4         | 0.1         | 0.1         | 1.6            | -1.6            |
| Buyout/venture-related                                                       | 2.2                                       | -0.4        | 1.3         | 0.2         | 0.8         | 2.0            | -0.2            |
| Other                                                                        | -0.0                                      | 0.0         | 0.1         | 0.1         | 0.1         | 0.5            | +0.5            |

## <Limited partnership investments\*>



\* Management accounting basis

# Gains/losses on equity method investments/stock transactions

- Gains/losses on equity method investments were a net gain of 1.1 billion yen
  - Net profit of Orient Commercial Joint Stock Bank (OCB), a mid-sized commercial bank based in Vietnam, was reflected as Aozora's gains on equity method investments starting in 3Q
- Gains/losses on stock transactions were a gain of 2.3 billion yen, compared with a gain of 11.6 billion yen in FY2019
  - Gains from the sale of foreign equities were recorded in 1Q and 3Q. No gains were recorded in 4Q

|                                                          | FY2019<br>Full year<br>A<br>(billion yen) | FY2020      |             |             |             |                | Change<br>B - A |
|----------------------------------------------------------|-------------------------------------------|-------------|-------------|-------------|-------------|----------------|-----------------|
|                                                          |                                           | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Jan. - Mar. | Full year<br>B |                 |
| Gains/losses on equity method investments (See slide 24) | -                                         | -           | -           | 0.2         | 0.8         | 1.1            | +1.1            |
| Gains/losses on stock transactions                       | 11.6                                      | 1.0         | 0.1         | 1.2         | -0.0        | 2.3            | -9.2            |

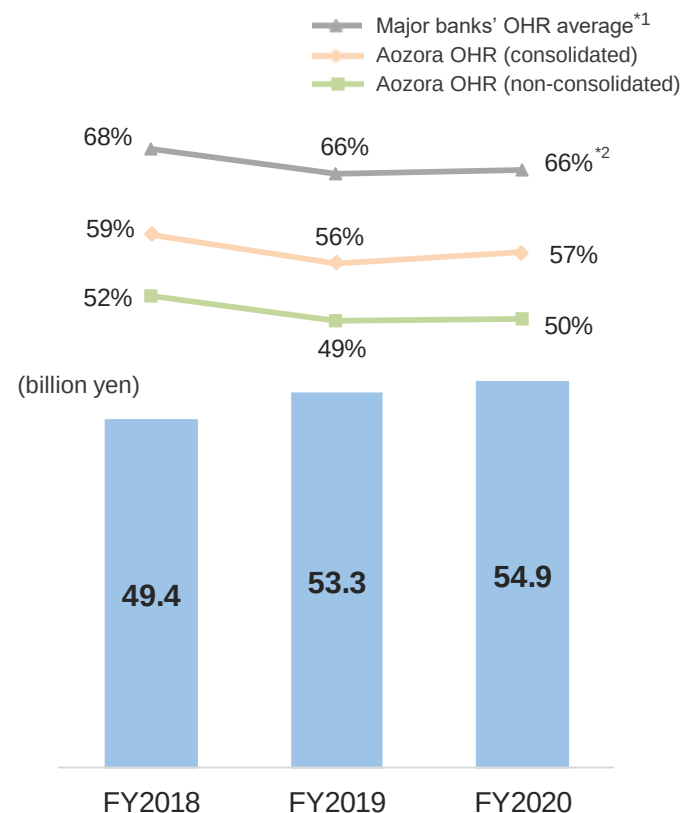
# G&A expenses

- G&A expenses were 54.9 billion yen, an increase of 1.5 billion yen year-on-year, which represented 98% of the full-year budget of 56.0 billion yen
  - G&A expenses increased mainly due to expenses associated with the commencement of operations at Aozora's New York-based U.S. subsidiary and other system-related investments
- The Overhead Ratio (OHR) was 57% on a consolidated basis and 50% on a non-consolidated basis

## <G&A expenses breakdown>

| (billion yen)                       | FY2019<br>Full year<br>A | FY2020      |             |             |             |                | Change<br>B - A |
|-------------------------------------|--------------------------|-------------|-------------|-------------|-------------|----------------|-----------------|
|                                     |                          | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Jan. - Mar. | Full year<br>B |                 |
| <b>G&amp;A expenses (A)</b>         | <b>53.3</b>              | <b>12.8</b> | <b>13.2</b> | <b>13.6</b> | <b>15.2</b> | <b>54.9</b>    | <b>+1.5</b>     |
| Personnel                           | 25.3                     | 5.9         | 6.3         | 6.4         | 7.2         | 25.9           | +0.6            |
| Non-Personnel                       | 24.7                     | 5.9         | 6.1         | 6.5         | 7.1         | 25.8           | +1.0            |
| Tax                                 | 3.3                      | 0.9         | 0.7         | 0.7         | 0.8         | 3.1            | -0.1            |
| <b>Net revenue (B)</b>              | <b>95.7</b>              | <b>21.3</b> | <b>23.7</b> | <b>24.1</b> | <b>27.3</b> | <b>96.5</b>    |                 |
| <b>OHR (A) / (B)</b>                | 56%                      |             |             |             |             | 57%            |                 |
| <b>OHR (non-consolidated basis)</b> | 49%                      |             |             |             |             | 50%            |                 |

## <G&A expenses and OHR>



\*1 Major banks refers to MUFG, SMFG, Mizuho FG, Resona HD, Sumitomo Mitsui Trust HD and Shinsei.

\*2 Third quarter of FY2020

# Credit-related expenses

- Credit-related expenses were a net expense of 4.3 billion yen, compared to a net expense of 11.7 billion yen in the previous year
  - In 4Q, general loan loss reserves were an expense of 1.6 billion yen, mainly due to increased loan balances and conservative allocations made to North American real-estate non-recourse loans
- The ratio of loan loss reserves to total loans remained high at 1.72%
  - The ratio of loan loss reserves to overseas loans was approximately 2.7%

|                                                            | FY2019<br>Full year<br>A<br>(billion yen) | FY2020      |             |             |             | Full year<br>B | Change<br>B - A |
|------------------------------------------------------------|-------------------------------------------|-------------|-------------|-------------|-------------|----------------|-----------------|
|                                                            |                                           | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Jan. - Mar. |                |                 |
| <b>Credit-related expenses</b>                             | <b>-11.7</b>                              | <b>0.1</b>  | <b>-0.3</b> | <b>-1.6</b> | <b>-2.6</b> | <b>-4.3</b>    | <b>+7.3</b>     |
| Write-off of loans                                         | -1.0                                      | -0.6        | 0.1         | 0.3         | -0.0        | -0.1           | +0.9            |
| Loan loss reserves                                         | -10.7                                     | 0.9         | 1.3         | -1.1        | -1.9        | -0.7           | +9.9            |
| Specific loan loss reserves                                | -8.0                                      | -1.8        | 2.4         | -1.2        | -0.2        | -0.8           | +7.1            |
| General loan loss reserves                                 | -2.6                                      | 2.8         | -1.0        | 0.0         | -1.6        | 0.1            | +2.7            |
| Gains/losses on disposition of loans                       | -0.7                                      | -0.2        | -1.9        | -0.9        | -0.4        | -3.5           | -2.8            |
| Recoveries of written-off claims                           | 0.5                                       | 0.0         | 0.0         | 0.1         | 0.0         | 0.2            | -0.2            |
| Reserve for credit losses on off-balance-sheet instruments | 0.2                                       | 0.1         | 0.0         | -0.0        | -0.2        | -0.0           | -0.3            |

## <Ratio of loan loss reserves to total loans>

|                                | End - Mar.<br>2020<br>(billion yen) | End - Dec.<br>2020 | End - Mar.<br>2021 |
|--------------------------------|-------------------------------------|--------------------|--------------------|
| Loan loss reserves (A)         | 53.7                                | 48.7               | 50.8               |
| General loan loss reserves (B) | 40.2                                | 38.4               | 40.1               |
| Total loans (C)                | 2,954.1                             | 2,850.2            | 2,948.8            |
| (A) / (C)                      | 1.82%                               | 1.71%              | 1.72%              |
| (B) / (C)                      | 1.36%                               | 1.34%              | 1.36%              |

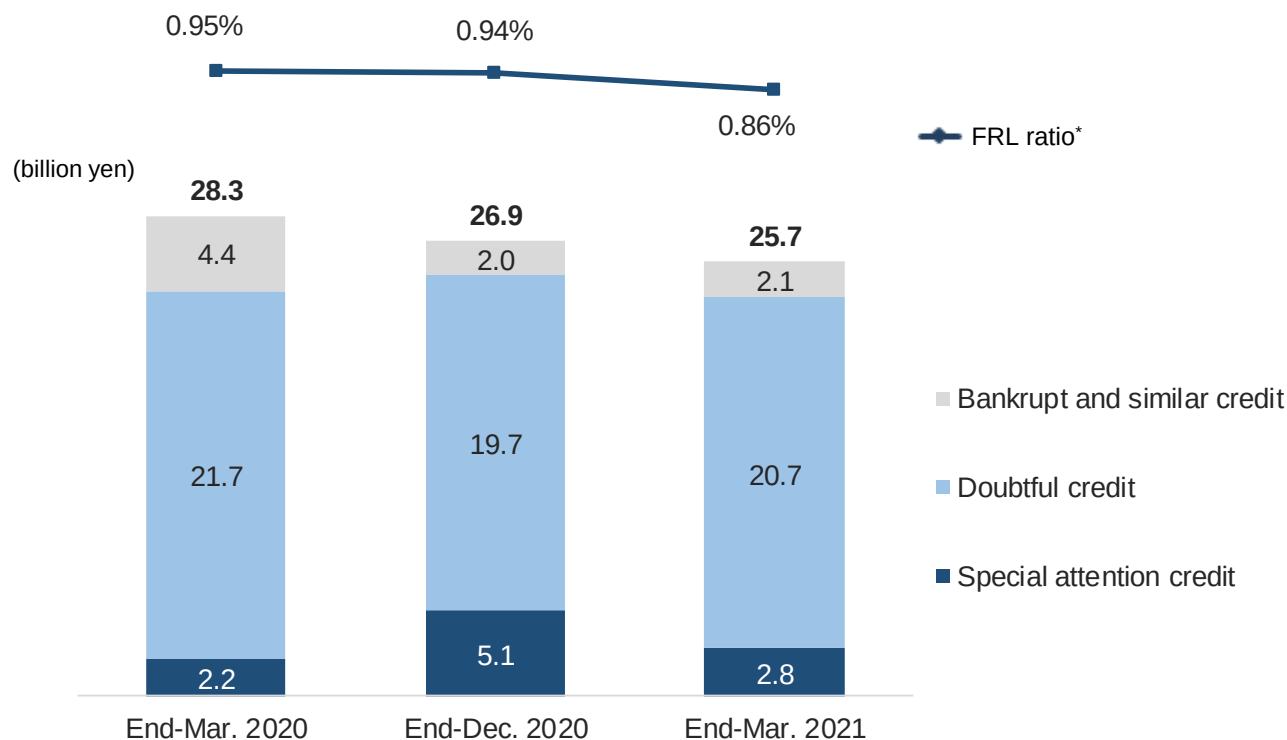
- ◆ In the 4th quarter of FY2019, the Bank reviewed the condition of all borrowers and conservatively established loan loss reserves on the assumption that some borrowers might see a decline in their credit ratings. Credit costs were 40bps
- ◆ Additional provisions were made to loan loss reserves in FY2020 in order to cover borrowers with a higher potential of delayed business recovery in light of the impact of COVID-19. In addition, conservative allocations were made to the Bank's credit portfolio in 4Q FY2020, mainly in response to North American real estate non-recourse loans, primarily office buildings. Full-year credit costs were 15bps
- ◆ Full-year credit costs for FY2021 are estimated at 10bps level

|                                                                  |      |      |      |
|------------------------------------------------------------------|------|------|------|
| Ratio of general loan loss reserves to overseas real estate NRLs | 2.1% | 2.8% | 3.4% |
|------------------------------------------------------------------|------|------|------|

# Financial Reconstruction Law (FRL) claims (non-consolidated)

■ The ratio of FRL claims to total claims was 0.86%, a decrease of 0.09% from the end of March, 2020

➤ FRL claims decreased by 2.6 billion yen compared to March 31, 2020



|                         |      |      |      |
|-------------------------|------|------|------|
| Coverage                | 27.5 | 23.8 | 22.8 |
| Reserves                | 15.2 | 12.7 | 12.2 |
| Collateral & guarantees | 12.3 | 11.0 | 10.6 |
| Coverage ratio          | 97%  | 89%  | 89%  |

\* Ratio of FRL claims to total claims

# Balance sheet summary

- Total assets were 5,916.8 billion yen, an increase of 617.0 billion yen compared to March 31, 2020
- Total net assets were 490.0 billion yen, representing an increase of 65.2 billion yen from March 31, 2020. The valuation difference on other securities improved by 51.5 billion yen from March 31, 2020

| (billion yen)              | End - Mar.<br>2020<br><b>A</b> | End - Dec.<br>2020 | End - Mar.<br>2021<br><b>B</b> | Change<br><b>B - A</b> |
|----------------------------|--------------------------------|--------------------|--------------------------------|------------------------|
| Loans and bills discounted | 2,954.1                        | 2,850.2            | 2,948.8                        | -5.3                   |
| Securities                 | 1,073.6                        | 1,246.8            | 1,393.3                        | +319.6                 |
| Cash and due from banks    | 464.2                          | 802.7              | 950.1                          | +485.8                 |
| Trading assets             | 259.3                          | 209.9              | 154.6                          | -104.7                 |
| Other                      | 548.3                          | 483.1              | 469.9                          | -78.3                  |
| <b>Total assets</b>        | <b>5,299.8</b>                 | <b>5,592.9</b>     | <b>5,916.8</b>                 | <b>+617.0</b>          |

| (billion yen)                                     | End - Mar.<br>2020<br><b>A</b> | End - Dec.<br>2020 | End - Mar.<br>2021<br><b>B</b> | Change<br><b>B - A</b> |
|---------------------------------------------------|--------------------------------|--------------------|--------------------------------|------------------------|
| Deposits /<br>Negotiable certificates of deposit  | 3,396.8                        | 3,771.0            | 4,012.5                        | +615.6                 |
| Debentures / Bonds                                | 259.9                          | 195.7              | 198.3                          | -61.5                  |
| Borrowed money                                    | 427.6                          | 362.1              | 349.7                          | -77.8                  |
| Payables under securities<br>lending transactions | 281.3                          | 337.3              | 431.6                          | +150.3                 |
| Trading liabilities                               | 211.2                          | 163.4              | 140.4                          | -70.7                  |
| Other                                             | 298.0                          | 274.4              | 294.0                          | -3.9                   |
| <b>Total liabilities</b>                          | <b>4,875.0</b>                 | <b>5,104.2</b>     | <b>5,426.8</b>                 | <b>+551.8</b>          |
| <b>Total net assets</b>                           | <b>424.7</b>                   | <b>488.6</b>       | <b>490.0</b>                   | <b>+65.2</b>           |
| <b>Total liabilities and net assets</b>           | <b>5,299.8</b>                 | <b>5,592.9</b>     | <b>5,916.8</b>                 | <b>+617.0</b>          |

# Funding

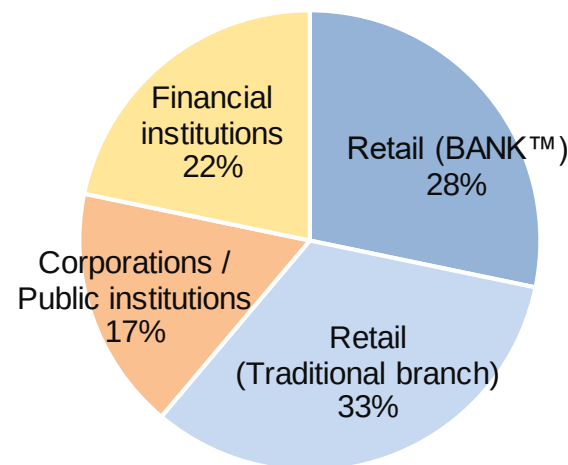
- Total core funding (deposits, negotiable certificates of deposit, debentures and bonds) was 4,210.8 billion yen, an increase of 554.0 billion yen from March 31, 2020
  - BANK™, our retail banking smartphone app, was an important driver behind the further expansion of our retail customer base, and new account openings are continuing to steadily increase
  - The Bank issued its first 'Green Bond' (domestic U.S. dollar-denominated senior unsecured bonds totaling USD 135 million) in March, 2021

| (billion yen)                    | End - Mar.<br>2020<br><b>A</b> | End - Dec.<br>2020 | End - Mar.<br>2021<br><b>B</b> | Change<br><b>B - A</b> |
|----------------------------------|--------------------------------|--------------------|--------------------------------|------------------------|
| <b>Total core funding</b>        | <b>3,656.8</b>                 | <b>3,966.8</b>     | <b>4,210.8</b>                 | <b>+554.0</b>          |
| Deposits / NCDs                  | 3,396.8                        | 3,771.0            | 4,012.5                        | +615.6                 |
| Debentures / Bonds               | 259.9                          | 195.7              | 198.3                          | -61.5                  |
| Retail funding ratio *           | 57%                            | 60%                | 61%                            |                        |
| Loan-to-deposit ratio incl. NCDs | 87%                            | 76%                | 73%                            |                        |

\* Defined as follows:

Retail funding ratio = Retail deposits/ Total core funding

<Funding by customer segment>



# Loans – Balance by industry

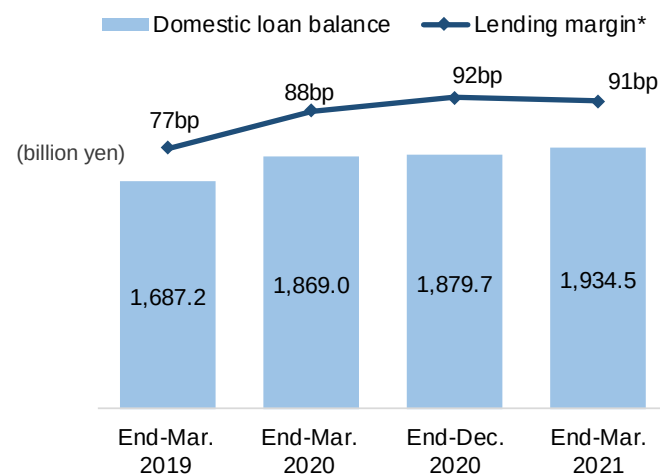
- Loans were 2,948.8 billion yen, approximately the same compared to March 31, 2020. Domestic loans increased by 65.5 billion yen
  - LBO loan and project finance balances increased compared to March 31, 2020 while lending margins increased by 3bps

|                    |               | End - Mar.<br>2020<br>A | End - Dec.<br>2020 | End - Mar.<br>2021<br>B | Change<br>B - A |
|--------------------|---------------|-------------------------|--------------------|-------------------------|-----------------|
|                    | (billion yen) |                         |                    |                         |                 |
| <b>Total loans</b> | <b>(A)</b>    | <b>2,954.1</b>          | <b>2,850.2</b>     | <b>2,948.8</b>          | <b>-5.3</b>     |
| Domestic loans     |               | 1,869.0                 | 1,879.7            | 1,934.5                 | +65.5           |
| Overseas loans *   | (B)           | 1,085.0                 | 970.4              | 1,014.2                 | -70.8           |
|                    | (B) / (A)     | 36.7%                   | 34.0%              | 34.4%                   | -               |

\* With no final risk residing in Japan

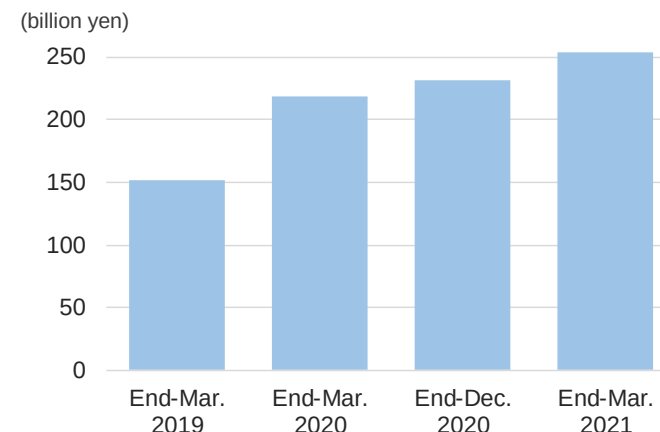
|                                                                            |  |                |                | Share          |             |
|----------------------------------------------------------------------------|--|----------------|----------------|----------------|-------------|
| <b>Loans by domestic offices</b><br>(excl. Japan offshore market accounts) |  | <b>2,272.0</b> | <b>2,251.3</b> | <b>2,329.3</b> | <b>79%</b>  |
| Manufacturing                                                              |  | 240.9          | 230.1          | 212.2          | 7%          |
| Information and communications                                             |  | 77.7           | 120.7          | 113.1          | 4%          |
| Transport, postal services                                                 |  | 35.5           | 34.5           | 35.7           | 1%          |
| Wholesale and retail sale                                                  |  | 68.3           | 63.0           | 71.8           | 2%          |
| Financial and insurance                                                    |  | 412.0          | 379.3          | 363.5          | 12%         |
| Real estate                                                                |  | 625.8          | 610.2          | 626.0          | 21%         |
| <i>Incl. Non-recourse loans</i>                                            |  | 351.6          | 324.8          | 342.8          | 12%         |
| Leasing                                                                    |  | 32.6           | 51.7           | 75.7           | 3%          |
| Other services                                                             |  | 213.0          | 184.8          | 186.0          | 6%          |
| Other                                                                      |  | 565.9          | 576.6          | 644.8          | 22%         |
| <i>Incl. Overseas (Headquarters booked)</i>                                |  | 411.4          | 381.0          | 421.4          | 14%         |
| <b>Loans by overseas offices</b><br>incl. Japan offshore market accounts   |  | <b>682.0</b>   | <b>598.8</b>   | <b>619.4</b>   | <b>21%</b>  |
| <b>Total</b>                                                               |  | <b>2,954.1</b> | <b>2,850.2</b> | <b>2,948.8</b> | <b>100%</b> |

## <Domestic loan balance and lending margin>



\* Management accounting basis

## <LBO finance and project finance balances\*>



\* Related to domestic corporate business (internal management basis)

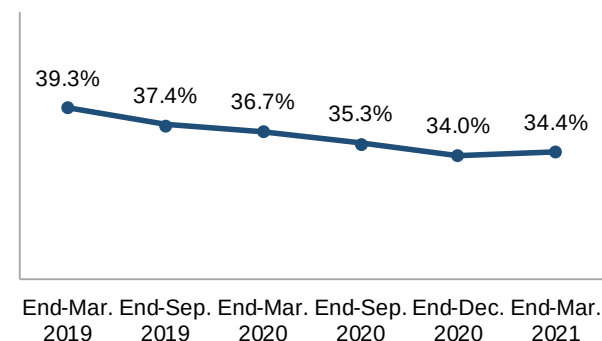
# Loans — Overseas

- Overseas loans were 1,014.2 billion yen, a decrease of 70.8 billion yen from March 31, 2020 (a decrease of 809 million on a U.S. dollar-basis)
- The percentage of overseas loans to total loans was 34.4%

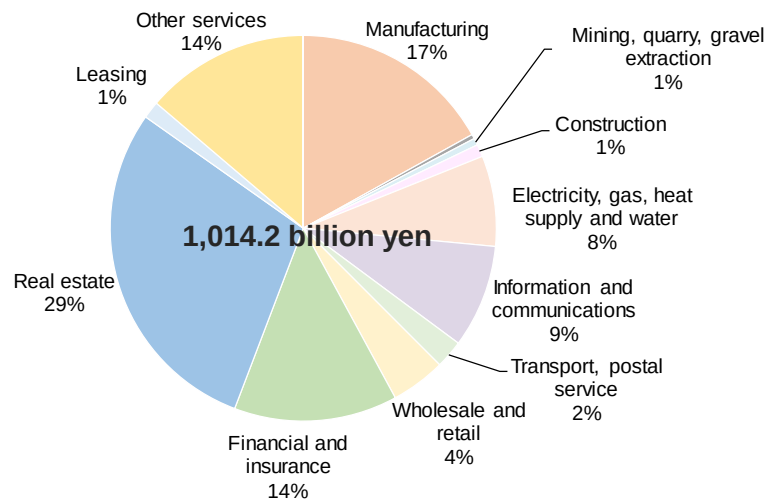
|                                  |               | End - Mar.<br>2020<br><b>A</b> | End - Dec.<br>2020 | End - Mar.<br>2021<br><b>B</b> | Change<br><b>B - A</b> |
|----------------------------------|---------------|--------------------------------|--------------------|--------------------------------|------------------------|
|                                  | (billion yen) |                                |                    |                                |                        |
| Total loans                      | (A)           | 2,954.1                        | 2,850.2            | 2,948.8                        | -5.3                   |
| <b>Overseas loans*</b>           | <b>(B)</b>    | <b>1,085.0</b>                 | <b>970.4</b>       | <b>1,014.2</b>                 | <b>-70.8</b>           |
|                                  | (B) / (A)     | 36.7%                          | 34.0%              | 34.4%                          | -                      |
| U.S. dollar basis (\$ million)   |               | 9,970                          | 9,379              | 9,160                          | -809                   |
| Foreign exchange rate (US\$/JPY) |               | ¥108.83                        | ¥103.47            | ¥110.72                        | ¥1.89                  |

\* With no final risk residing in Japan

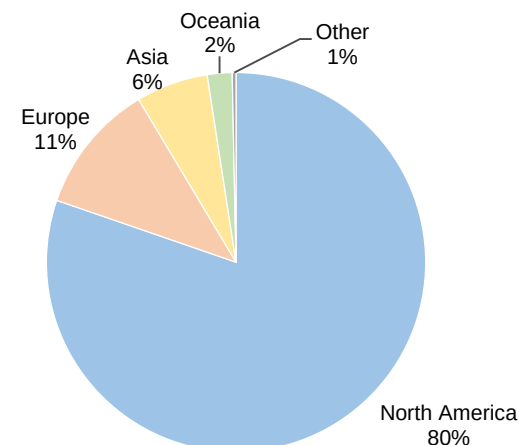
## <Overseas loan ratio>



## <By industry>



## <By region>

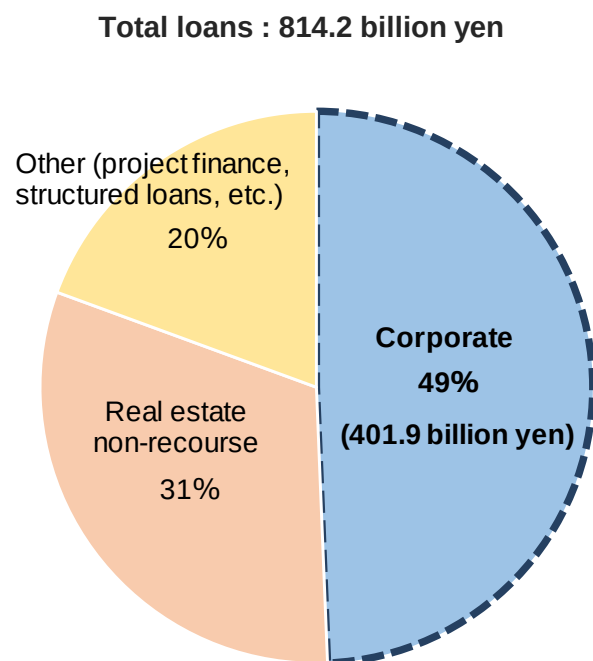


# Loans – North American corporate loans

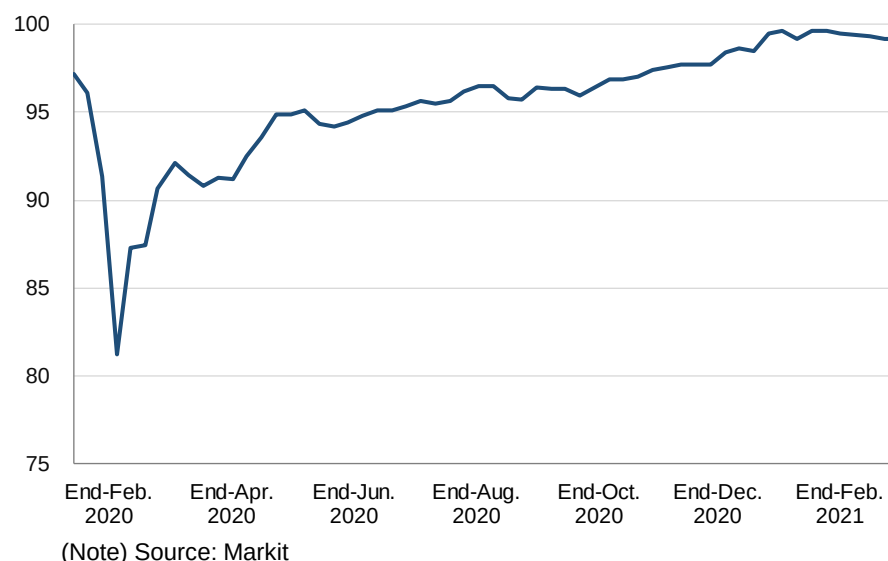
## ■ The Bank maintained the quality and size of its loan portfolio through selective origination and rebalancing

- The proportion of North American corporate loans with relatively higher credit ratings in the Bank's portfolio increased compared to March 31, 2020. Loan price recovery exceeded pre-COVID levels
- The Bank strengthened its monitoring capabilities and expanded its information network through its wholly-owned U.S. subsidiary. The Bank resumed its policy of selective origination in the second half, and will continue to accumulate high-quality investments

### <North American loan breakdown>



### <North American corporate loan price change (End of Feb. 2020 onward)>



### <North American corporate loans by credit rating\*>

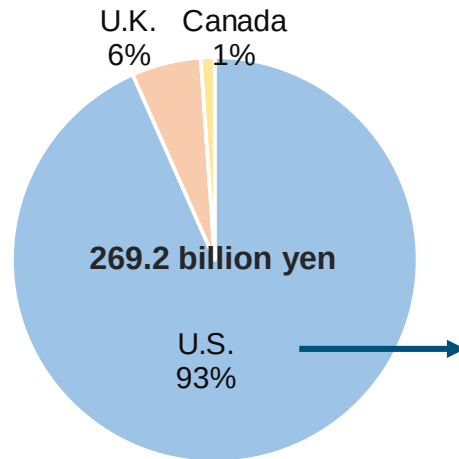
|                       | March 31, 2020 | Sep. 30, 2020 | March 31, 2021 | Full-year change | 2 <sup>nd</sup> half change |
|-----------------------|----------------|---------------|----------------|------------------|-----------------------------|
|                       | a              | b             | c              | c-a              | c-b                         |
| Investment grade / BB | 88%            | 87%           | 90%            | +2%              | +3%                         |
| B or lower            | 12%            | 13%           | 10%            | -2%              | -3%                         |

\* S&P credit rating (facility basis)

# Loans – Overseas Real Estate Non-Recourse Loans (NRLs)

- Loan balances decreased by 17.1 billion yen compared to March 31, 2020 as the Bank continued its focus on disciplined risk management
- The Bank's office building portfolio had an average LTV of approximately 76% as of March 31, 2021 based on the Bank's internal appraisal reflecting current market trends and outlook

## <By region>



| City              | %   |
|-------------------|-----|
| New York          | 24% |
| Chicago           | 12% |
| Los Angeles       | 11% |
| Washington, D.C.  | 11% |
| Atlanta           | 7%  |
| San Francisco     | 5%  |
| Miami             | 4%  |
| Seattle           | 3%  |
| Minneapolis       | 3%  |
| Philadelphia      | 3%  |
| Other (10 cities) | 17% |

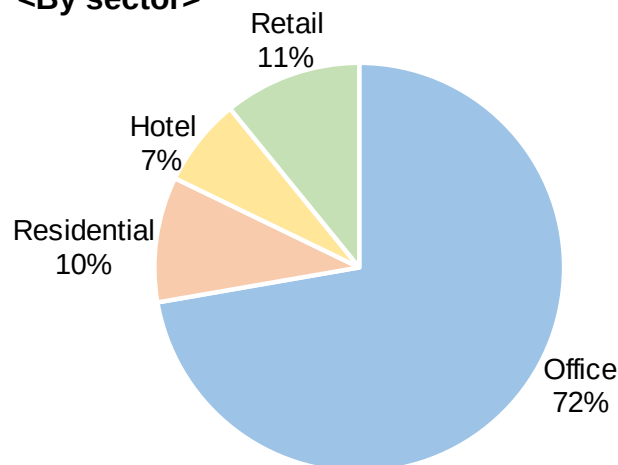
## Overseas real estate NRL policy

- ◆ Senior secured loans only. No mezzanine or construction loans
- ◆ Investments arranged via sponsors with excellent management ability and banks with proven track records
- ◆ Loans with LTVs below 65% at time of approval according to an evaluation by a U.S.-based appraisal office (third-party evaluation)

## <U.S. Office Building Portfolio>

- ◆ Based on the Bank's internal appraisal, LTV was approximately 76%, an increase of approximately 5% compared to March 31, 2020, although LTVs continued to be sufficient to provide a strong measure of credit quality protection
- ◆ The Bank's internal appraisal is generally more conservative than the third-party evaluation, as a result of which LTVs on average are estimated to be approximately 10% higher
- ◆ In 4Q, conservative allocations were made to loan loss reserves in response to the Bank's North American office building loan portfolio (See slide 12)

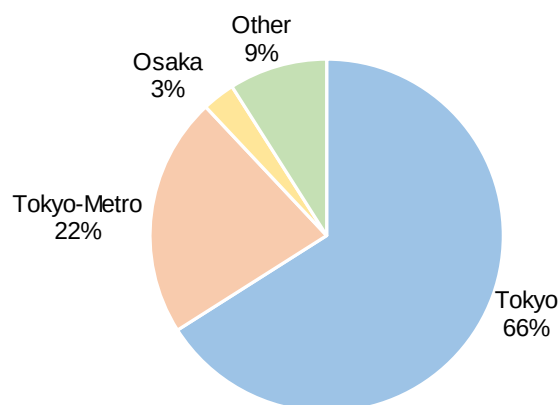
## <By sector>



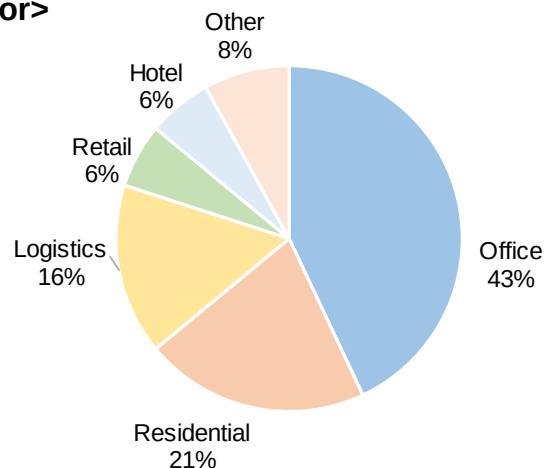
# Loans – Domestic Real Estate Non-Recourse Loans (NRLs)

- Tokyo-metro focused. Most NRLs were office, residential or warehouse
- Almost 90% of the real estate NRLs, excluding REITs, remained at an LTV of 70% or below. Over 90% of REITs remained at an LTV of less than 50%
- Despite the market trend of declining rent prices, rents remained at a favorable level. The Bank will continue to closely monitor price trends while paying attention to developments in the commercial real estate market

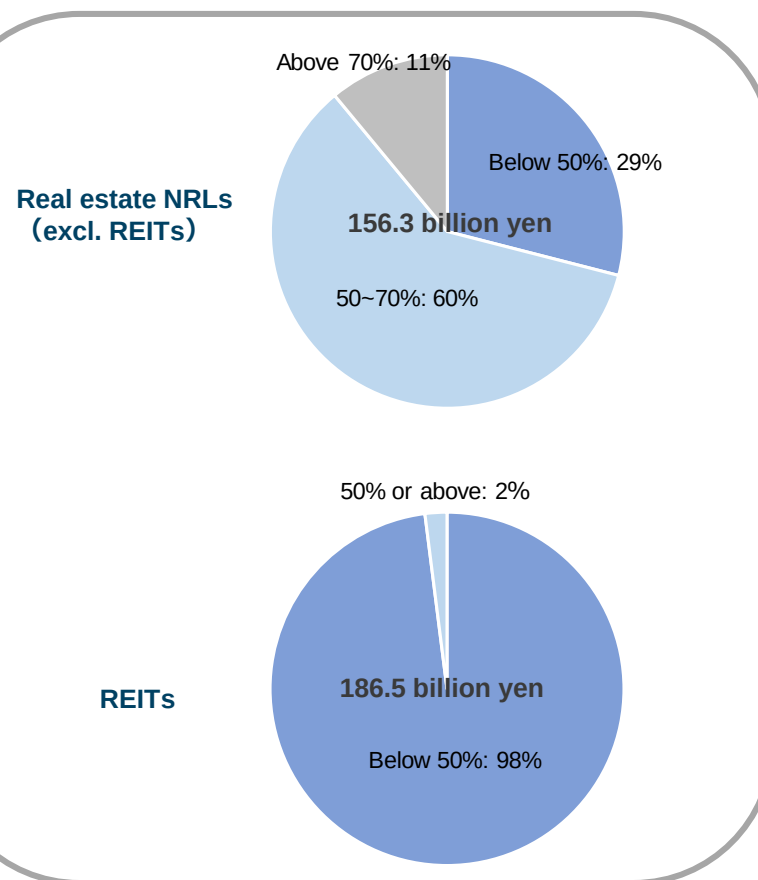
<By region>



<By sector>



<LTV>



(Note) Third-party evaluation basis

# Securities

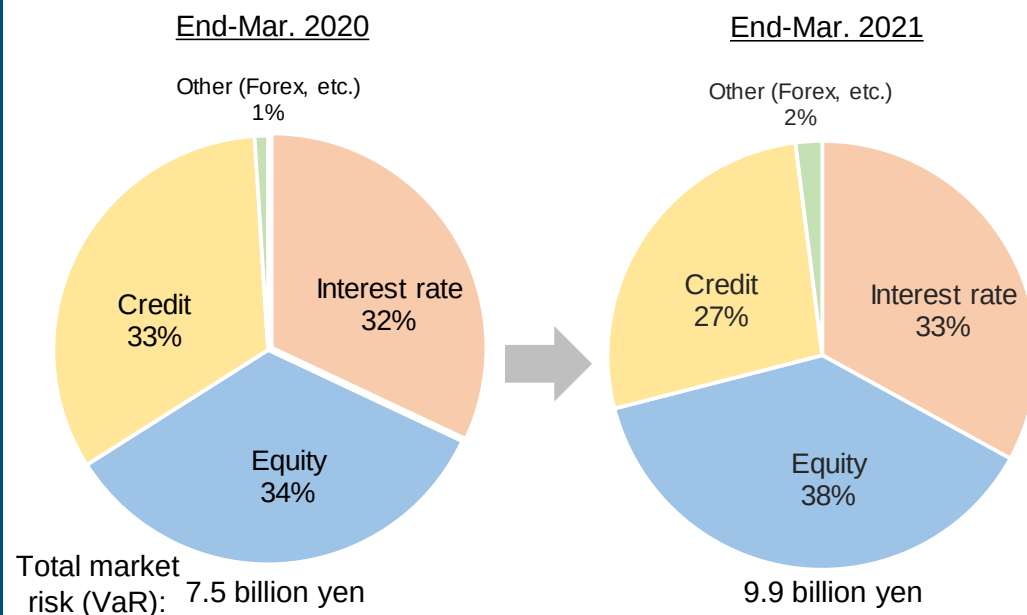
- Securities were 1,393.3 billion yen, an increase of 319.6 billion yen compared to March 31, 2020
- Total unrealized gains, including unrealized gains/losses on hedging instruments, were a net gain of 42.8 billion yen, an improvement of 61.4 billion yen from March 31, 2020

|                                                             | Book value              |                    |                         |                 | Unrealized gains/losses |                    |                         |                 |
|-------------------------------------------------------------|-------------------------|--------------------|-------------------------|-----------------|-------------------------|--------------------|-------------------------|-----------------|
|                                                             | End - Mar.<br>2020<br>A | End - Dec.<br>2020 | End - Mar.<br>2021<br>B | Change<br>B - A | End - Mar.<br>2020<br>C | End - Dec.<br>2020 | End - Mar.<br>2021<br>D | Change<br>D - C |
| (billion yen)                                               |                         |                    |                         |                 |                         |                    |                         |                 |
| JGBs                                                        | -                       | 20.5               | 37.7                    | +37.7           | -                       | 0.0                | 0.2                     | +0.2            |
| Municipal bonds                                             | 37.8                    | 137.2              | 145.1                   | +107.2          | 0.1                     | 0.0                | -0.3                    | -0.4            |
| Corporate bonds / short-term corporate bonds                | 60.2                    | 111.9              | 117.8                   | +57.5           | 0.4                     | 0.8                | 0.9                     | +0.4            |
| Equities                                                    | 16.7                    | 23.2               | 27.4                    | +10.6           | 10.1                    | 16.6               | 20.4                    | +10.3           |
| Foreign bonds                                               | 486.5                   | 512.1              | 600.5                   | +113.9          | 14.3                    | 8.3                | -4.5                    | -18.9           |
| Foreign government bonds                                    | 237.6                   | 226.7              | 283.2                   | +45.5           | 11.6                    | 4.4                | -3.3                    | -15.0           |
| MBS                                                         | 189.9                   | 215.2              | 213.8                   | +23.9           | 4.5                     | 0.6                | -4.7                    | -9.2            |
| Other                                                       | 58.9                    | 70.2               | 103.4                   | +44.4           | -1.8                    | 3.3                | 3.5                     | +5.3            |
| Other securities                                            | 472.1                   | 441.6              | 464.6                   | -7.5            | -43.7                   | 18.8               | 26.6                    | +70.3           |
| ETFs                                                        | 207.9                   | 170.2              | 164.5                   | -43.4           | -27.7                   | 3.8                | -0.9                    | +26.8           |
| Investments in limited partnerships                         | 79.0                    | 86.2               | 94.9                    | +15.8           | 1.7                     | 1.4                | 2.6                     | +0.9            |
| REITs                                                       | 73.4                    | 75.4               | 72.7                    | -0.6            | -3.6                    | 2.6                | 8.3                     | +12.0           |
| Investment trusts                                           | 102.7                   | 81.8               | 103.1                   | +0.4            | -16.8                   | 6.5                | 11.2                    | +28.1           |
| Other                                                       | 8.9                     | 27.8               | 29.2                    | +20.2           | 2.8                     | 4.4                | 5.3                     | +2.5            |
| <b>Total</b>                                                | <b>1,073.6</b>          | <b>1,246.8</b>     | <b>1,393.3</b>          | <b>+319.6</b>   | <b>-18.6</b>            | <b>44.8</b>        | <b>43.4</b>             | <b>+62.1</b>    |
| Unrealized gains, incl. gains/losses on hedging instruments |                         |                    |                         |                 | <b>-18.6</b>            | <b>44.8</b>        | <b>42.8</b>             | <b>+61.4</b>    |

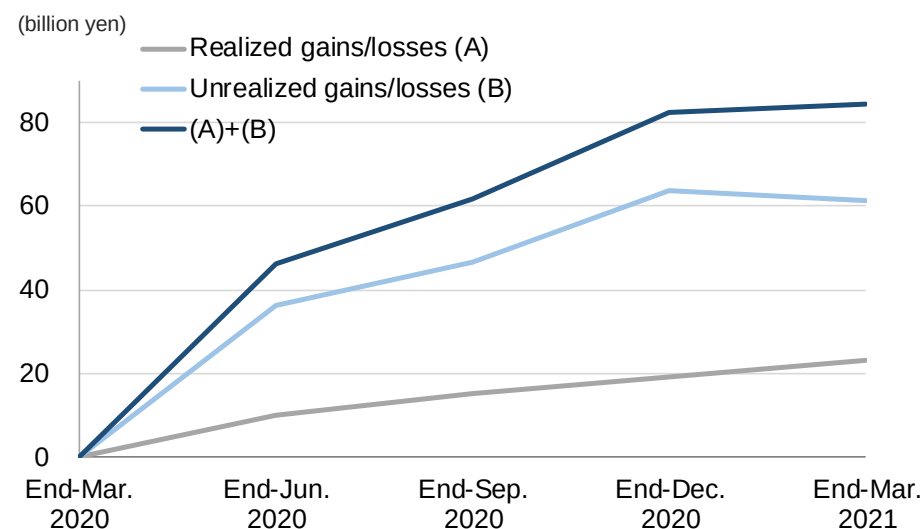
# Securities – Gains/losses and Risk

- Securities-related gains/losses (the sum of realized and unrealized gains) improved overall and were a gain of 84.6 billion yen
  - Securities-related gains increased by approximately 2.0 billion yen from December 31, 2020

## <Market risk (VaR)>



## <Change in securities-related gains/losses in FY2020>



### U.S. dollar interest rate risk (10 BPV)

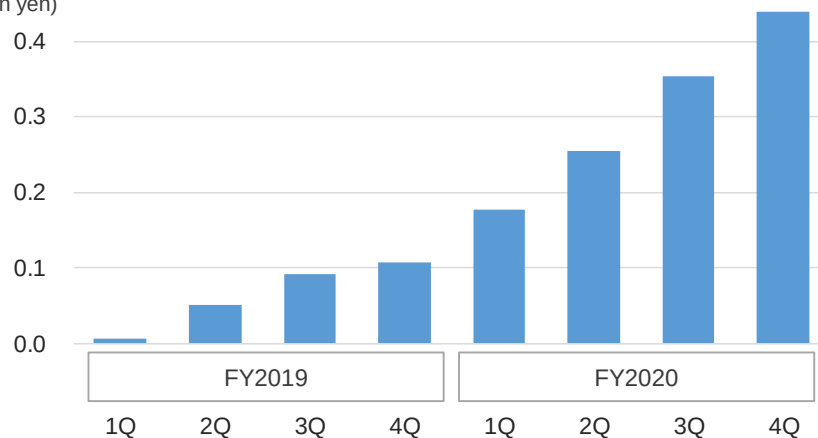
|               | End-Mar.<br>2020 | End-Dec.<br>2020 | End-Mar.<br>2021 |
|---------------|------------------|------------------|------------------|
| (billion yen) | -2.3             | -2.6             | -3.5             |

# GMO Aozora Net Bank (GANB)

■ No. 1 bank among small businesses and start-ups. Unique corporate Internet Bank with a focus on financial inclusion

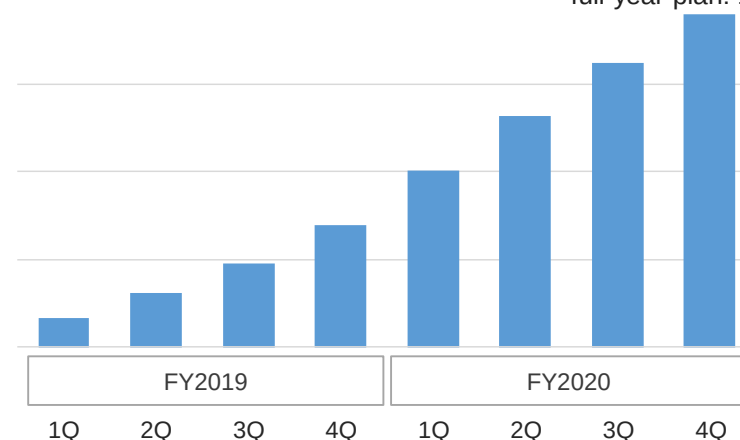
## <Quarterly net revenue>

(billion yen)



## <Number of corporate accounts>

Progress towards full-year plan: 106%



Business profit

-5.0

-4.4

- ◆ GANB's FY2020 full-year business profit and corporate account openings saw higher than expected progress

## <Number of API Connection Contracts>

| Type of Access                                        | End of March 2020 | End of June 2020 | End of Sept. 2020 | End of Dec. 2020 | End of March 2021 |
|-------------------------------------------------------|-------------------|------------------|-------------------|------------------|-------------------|
| Public Access<br>(Mostly Electronic Payment Agencies) | 6                 | 7                | 11                | 12               | 14                |
| Private Access<br>(General Businesses, etc.)          | 29                | 41               | 56                | 73               | 92                |
| TOTAL                                                 | 35                | 48               | 67                | 85               | 106               |

- ◆ A significant increase in the number of API connection contracts as a result of DX (digital transformation) promotion across all industries

## <Topics>

- ◆ “Business Support Services” for start-ups
  - Began referral of services such as cloud accounting and support for government subsidy utilization in collaboration with third-party companies (with benefits to GANB customers)
- ◆ Launched “No. 1 Bank API Line-up Project”
- ◆ Added two new roles for “sunabar”, a bank API laboratory:
  - “Yorozu” Development Support Office: Support for the realization of business ideas
  - Financing Support: In addition to “GMO Aozora Business Loans”, collaborate with Aozora Corporate Investment with an aim towards providing venture debt
- ◆ Business alliance with ITOCHU Corporation
  - Provide financial services, including quick payment of fees, that perfectly meet the needs of businesses and their customers

# Orient Commercial Joint Stock Bank (OCB)

## ■ Promotion of allied business, Vietnam economic growth initiative

### ◆ OCB (mid-sized commercial bank based in Vietnam) became an affiliated company of Aozora

- The Bank acquired 15% of OCB's common shares (equity method investment) in June, 2020
- Starting in 3Q 2020, OCB began contributing to Aozora's revenue on a three-month delay

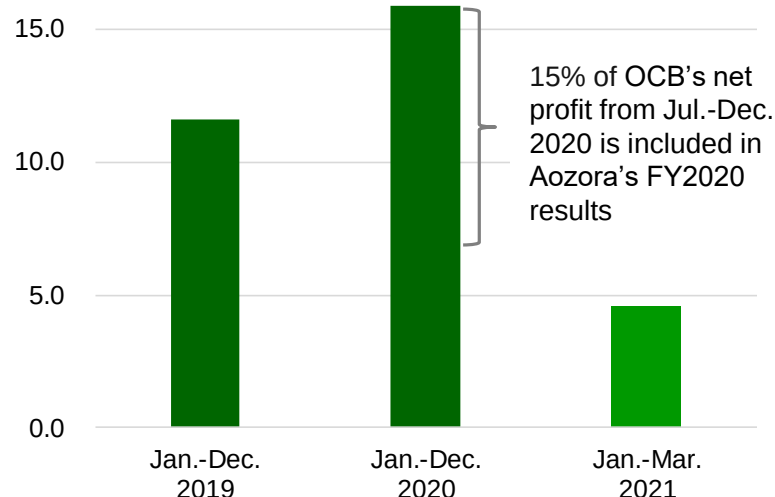
### ◆ Promotion of allied business

- Established a "Japan Desk" at OCB which provides support to Vietnam-based Japanese customers
- Launch of M&A business throughout Vietnam

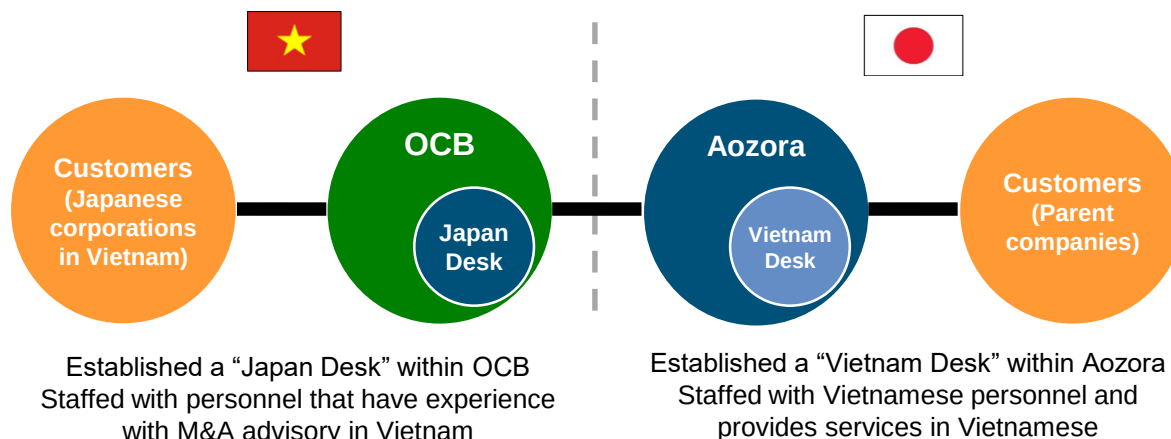


### <OCB Net profit\*>

(billion yen)



### Full support framework for both Japan and Vietnam



\* Taken from OCB's homepage. Uses an exchange rate of 0.0045 yen per 1 Vietnamese dong

# Mid-term KPIs

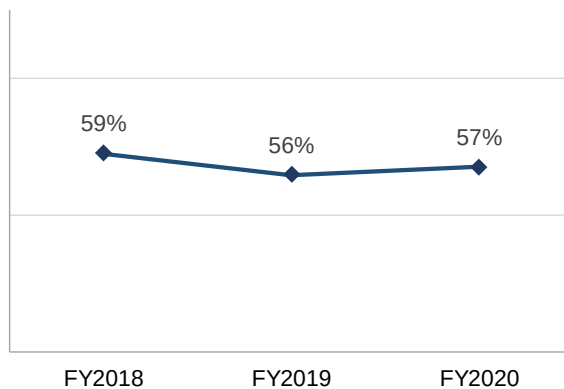
|                                   | FY2019<br>Results | FY2020<br>Results | Mid-Term Plan Targets<br>(FY2020-22) | (Ref.) FY2020 Apr.-Dec.<br>Major Banks' Average <sup>*2</sup> |
|-----------------------------------|-------------------|-------------------|--------------------------------------|---------------------------------------------------------------|
| Overhead ratio (OHR)              | 56%               | 57%               | Below 55%                            | 66%                                                           |
| Business profit <sup>*1</sup> ROA | 0.8%              | 0.8%              | 1%                                   | 0.4% <sup>*3</sup>                                            |
| ROE                               | 6.4%              | 6.3%              | 8% or higher                         | 5.1% <sup>*3</sup>                                            |

\*1 Including gains/losses on equity method investments

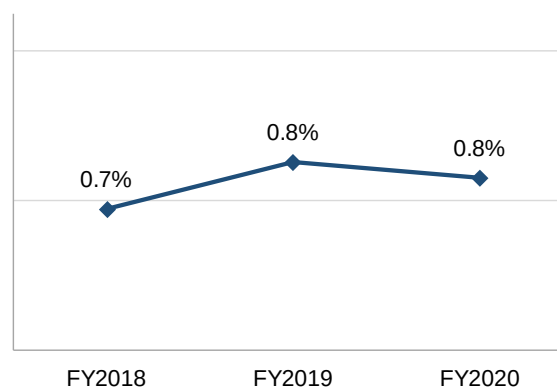
\*2 Major banks refers to MUFG, SMFG, Mizuho FG, Resona HD, Sumitomo Mitsui Trust HD and Shinsei.

\*3 Annualized basis

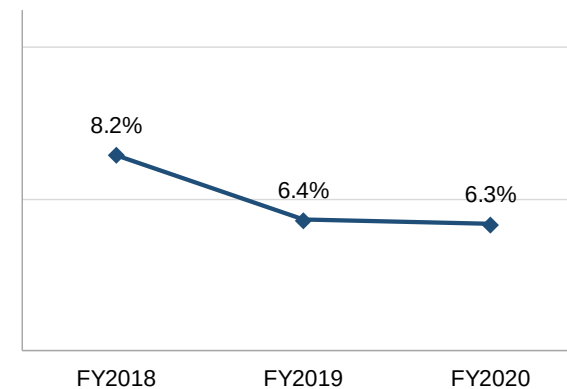
OHR



Business profit ROA



ROE

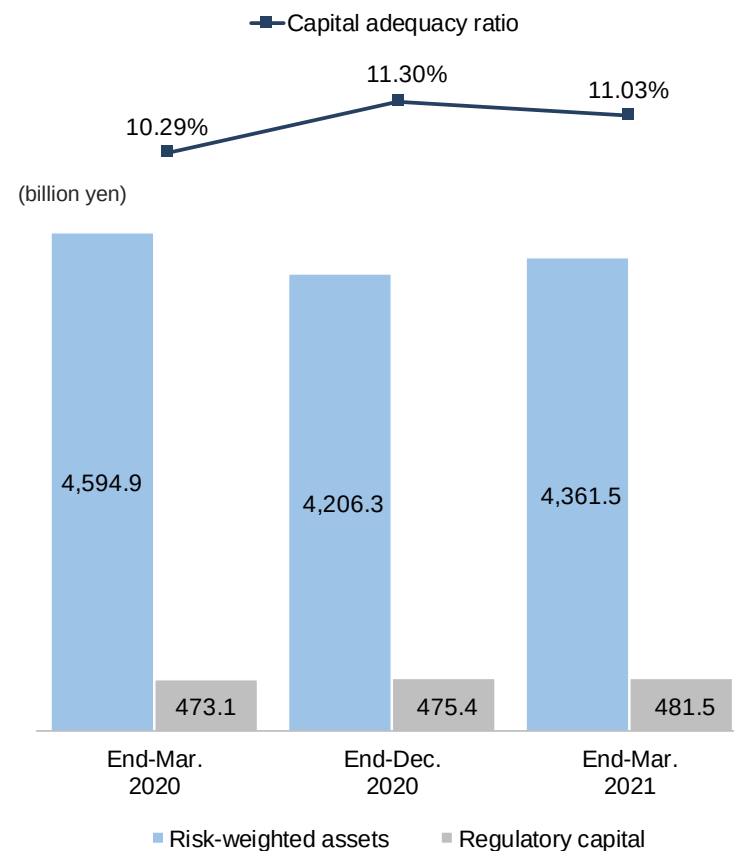


# Capital adequacy ratio (preliminary basis)

- The consolidated capital adequacy ratio (domestic standard) remained at an adequate level of 11.03% (preliminary basis)
  - The CET1 ratio (Tier 1 Common Capital Ratio) was approximately 10.5%

## <Domestic standard>

| (billion yen)               | End-Mar.<br>2020<br>A | End-Dec.<br>2020 | End-Mar.<br>2021<br>B | Change<br>B - A |
|-----------------------------|-----------------------|------------------|-----------------------|-----------------|
| Capital adequacy ratio      | 10.29%                | 11.30%           | 11.03%                | +0.74 %         |
| Regulatory capital (A - B)  | 473.1                 | 475.4            | 481.5                 | +8.3            |
| Instruments and reserve (A) | 488.3                 | 497.7            | 505.3                 | +16.9           |
| Shareholders' equity        | 449.2                 | 460.8            | 463.8                 | +14.5           |
| Other                       | 39.1                  | 36.8             | 41.4                  | +2.3            |
| Regulatory adjustment (B)   | 15.2                  | 22.2             | 23.8                  | +8.5            |
| Risk-weighted assets        | 4,594.9               | 4,206.3          | 4,361.5               | -233.3          |
| Credit risk assets          | 4,065.1               | 3,740.7          | 3,853.5               | -211.5          |
| Market risk assets          | 380.1                 | 320.6            | 355.7                 | -24.4           |
| Operational risk assets     | 149.6                 | 144.8            | 152.2                 | +2.5            |



# Dividends

- The 4th quarter dividend is 34 yen per common share. The full-year dividend for FY2020 is 124 yen per common share, 2 yen higher than the initial forecast of 122 yen per common share
- The full-year dividend forecast for FY2021 is 128 yen per common share\* (50% pay-out ratio). Aozora intends to continue quarterly dividend payments

## Dividend per common share

|                              | 1st quarter | 2nd quarter | 3rd quarter | Year-end      | Full-year       |
|------------------------------|-------------|-------------|-------------|---------------|-----------------|
| Current forecast<br>(FY2021) |             |             |             |               | <b>128 yen*</b> |
| Dividend payment<br>(FY2020) | 30 yen      | 30 yen      | 30 yen      | <b>34 yen</b> | <b>124 yen</b>  |

\* The mid- to long-term dividend policy based on a target dividend payout ratio of 50% will be flexibly managed, along with our full-year dividend target of at least 128 yen, in light of future economic conditions and Aozora's financial results

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

(Note) The dividend forecast for FY2021 of 128 yen per common share is based on the total dividend amount, which is 50% of the consolidated net earnings forecast divided by the total number of common shares issued, excluding treasury stock, as of March 31, 2021

## Reference: PL summary (non-consolidated basis)

|                                                        | FY2019<br>Full year<br>A<br>(billion yen) | FY2020      |             |             |             | Full year<br>B | Change B - A |       | FY2020<br>full-year<br>forecast | Progress |
|--------------------------------------------------------|-------------------------------------------|-------------|-------------|-------------|-------------|----------------|--------------|-------|---------------------------------|----------|
|                                                        |                                           | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Jan. - Mar. |                | Amount       | %     |                                 |          |
| Net revenue                                            | 87.9                                      | 20.4        | 24.8        | 20.7        | 23.3        | 89.4           | +1.5         | +1.7% | 82.0                            | 109%     |
| Business profit<br>(before general loan-loss reserves) | 44.4                                      | 10.0        | 14.1        | 9.9         | 11.0        | 45.0           | +0.6         | +1.5% | 37.0                            | 122%     |
| Ordinary profit                                        | 45.3                                      | 10.0        | 13.6        | 9.2         | 8.4         | 41.4           | -3.8         | -8.5% | 42.0                            | 99%      |
| Net income                                             | 28.6                                      | 8.1         | 9.9         | 6.0         | 5.4         | 29.5           | +0.8         | +3.0% | 28.5                            | 104%     |

# Reference: Consolidated, non-consolidated difference

(billion yen)

|                                                    |             |
|----------------------------------------------------|-------------|
| <b>(A) Non-consolidated net income</b>             | <b>29.5</b> |
| <b>(B) Profit attributable to owners of parent</b> | <b>28.9</b> |
| <b>(B) - (A) (a + b) Difference</b>                | <b>-0.5</b> |

## <Breakdown of the difference>

| (a) Consolidated subsidiaries / affiliates                                         |                                |                                 | -1.2              |
|------------------------------------------------------------------------------------|--------------------------------|---------------------------------|-------------------|
|                                                                                    | Line of Business               | Share of Earnings <sup>*1</sup> | Net Earnings      |
| GMO Aozora Net Bank, Ltd.                                                          | Internet banking business      | 50.0% <sup>*2</sup>             | -4.4              |
| Aozora Loan Services Co., Ltd.                                                     | Distressed loan servicing      | 67.6%                           | 0.0               |
| Aozora Securities Co., Ltd.                                                        | Financial instruments business | 100.0%                          | 1.2               |
| Aozora Regional Consulting Co., Ltd.                                               | Business consulting services   | 100.0%                          | 0.0               |
| Aozora Investment Management Co., Ltd.                                             | Investment management services | 100.0%                          | 0.0               |
| Aozora Real Estate Investment Advisors Co., Ltd.                                   | Investment advisory services   | 100.0%                          | 0.3               |
| ABN Advisors Co., Ltd.                                                             | M&A advisory services          | 100.0%                          | -0.1              |
| Aozora Corporate Investment Co., Ltd.                                              | Venture Capital investment     | 100.0%                          | 0.0               |
| Aozora Asia Pacific Finance Limited                                                | Financial services (Hong Kong) | 100.0%                          | 0.1               |
| Aozora Europe Limited                                                              | Financial services (London)    | 100.0%                          | 0.1               |
| Aozora North America, Inc.                                                         | Financial services (New York)  | 100.0%                          | 0.7               |
| AZB Funding                                                                        | SPC                            | 100.0%                          | -0.5              |
| Aozora GMAC Investment Limited                                                     | Investments                    | 100.0%                          | -0.0              |
| Orient Commercial Joint Stock Bank                                                 | Commercial Bank (Vietnam)      | 15.0%                           | 1.1 <sup>*3</sup> |
| (b) Consolidation adjustments                                                      |                                |                                 | 0.7               |
| Gains/losses attributable to non-controlling interests (GMO Aozora Net Bank, Ltd.) |                                |                                 | 2.2               |
| Other                                                                              |                                |                                 | -1.5              |

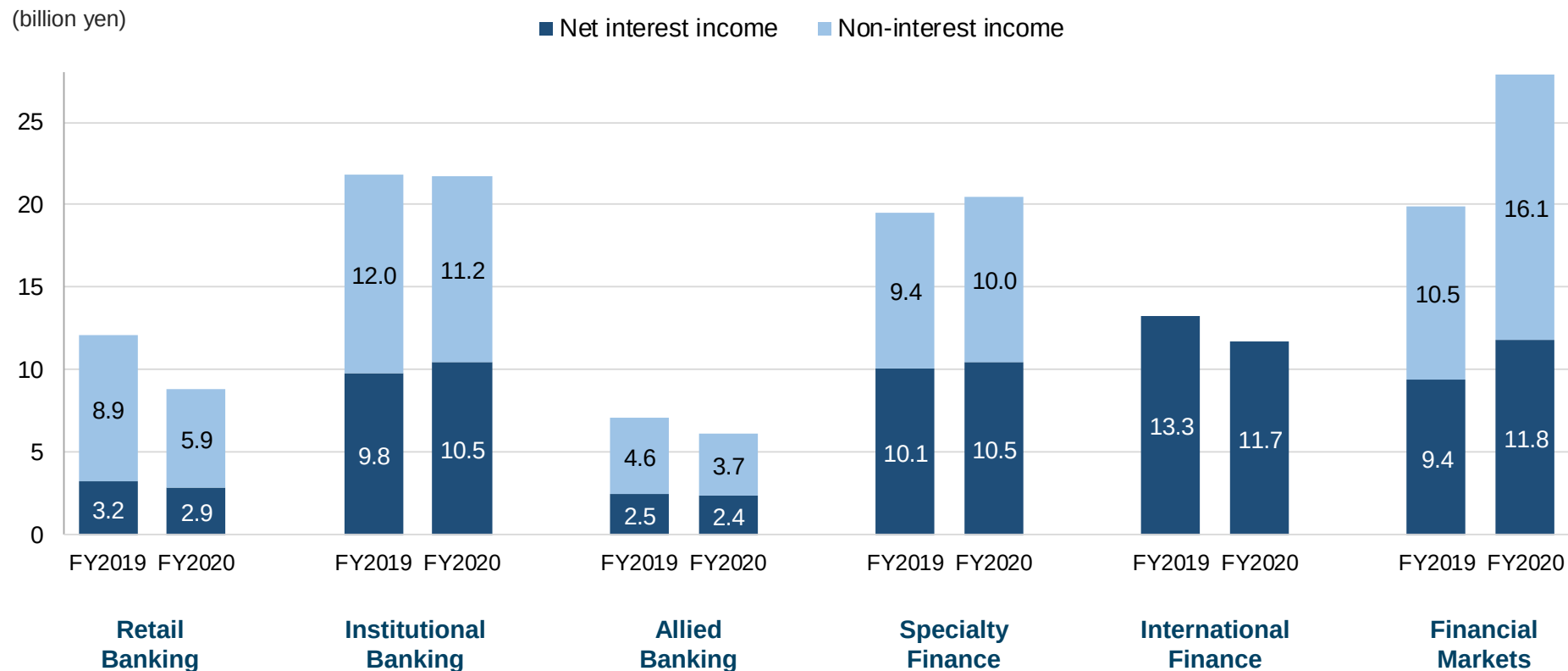
\*1 Percentage of profit and loss attributable to owners of parent

\*2 Voting rights ratio is 85.1%.

\*3 Revenue contribution from equity method investments

# Reference: Results by business segment

## <Consolidated net revenue by business segment>



(Note) Management accounting basis, excluding non-business segment income

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# Appendix

# Aozora at a Glance

## ■ Franchise

- ◆ **Headquarters:** 6-1-1 Kojimachi, Chiyoda-ku, Tokyo
- ◆ **Total Assets:** JPY 5,916.8 billion yen
- ◆ **Credit Ratings:** BBB+ / A- / A (S&P / R&I / JCR)
- ◆ **Office Network:**
  - Domestic: 21 offices nationwide
  - Overseas: New York, London, Shanghai, Singapore, Hong Kong
- ◆ **Major Subsidiaries:**
  - GMO Aozora Net Bank, Ltd.
  - Aozora Loan Services Co., Ltd.
  - Aozora Securities Co., Ltd.
  - Aozora Regional Consulting Co., Ltd.
  - Aozora Investment Management Co., Ltd.
  - Aozora Real Estate Investment Advisors Co., Ltd.
  - ABN Advisors Co., Ltd.
  - Aozora Corporate Investment Co., Ltd.
  - Aozora Asia Pacific Finance Limited
  - Aozora Europe Limited
  - Aozora North America, Inc.
- ◆ **Full-time Employees:** 2,332 (consolidated basis, as of March 31, 2021)

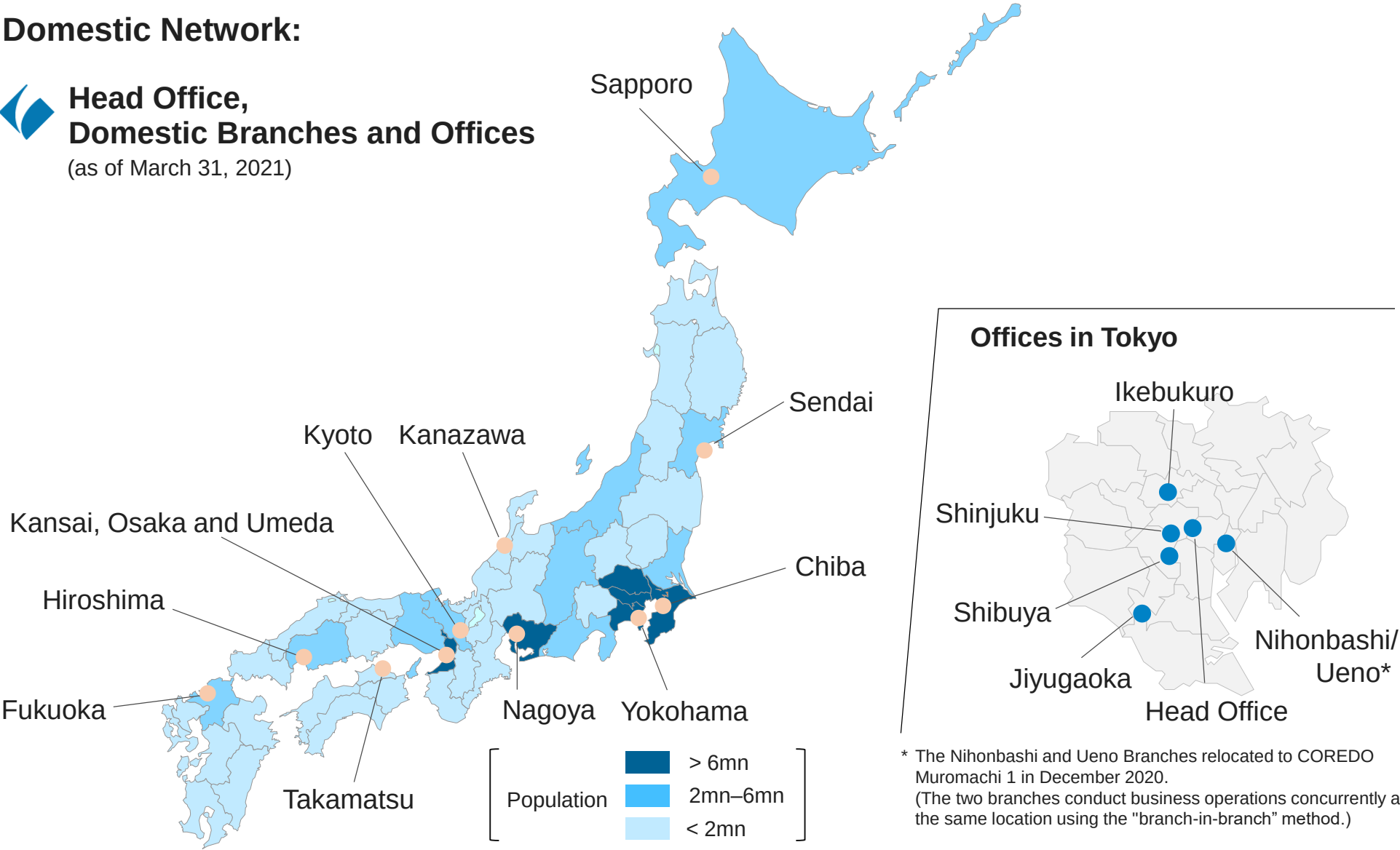
## ■ History

- 1957:** Established as The Nippon Fudosan Bank, Limited
- 1977:** Changed name to The Nippon Credit Bank, Ltd.
- 1998:** Temporarily nationalized
- 2000:** Re-privatized
- 2001:** Changed name to Aozora Bank, Ltd.
- 2006:** Listed on the First Section of the Tokyo Stock Exchange
- 2012:** Announced Comprehensive Recapitalization Plan
- 2015:** Early and full repayment of public funds
- 2017:** Headquarters relocated to Chiyoda-ku, Kojimachi

# Aozora Network

## Domestic Network:

 **Head Office,  
Domestic Branches and Offices**  
(as of March 31, 2021)

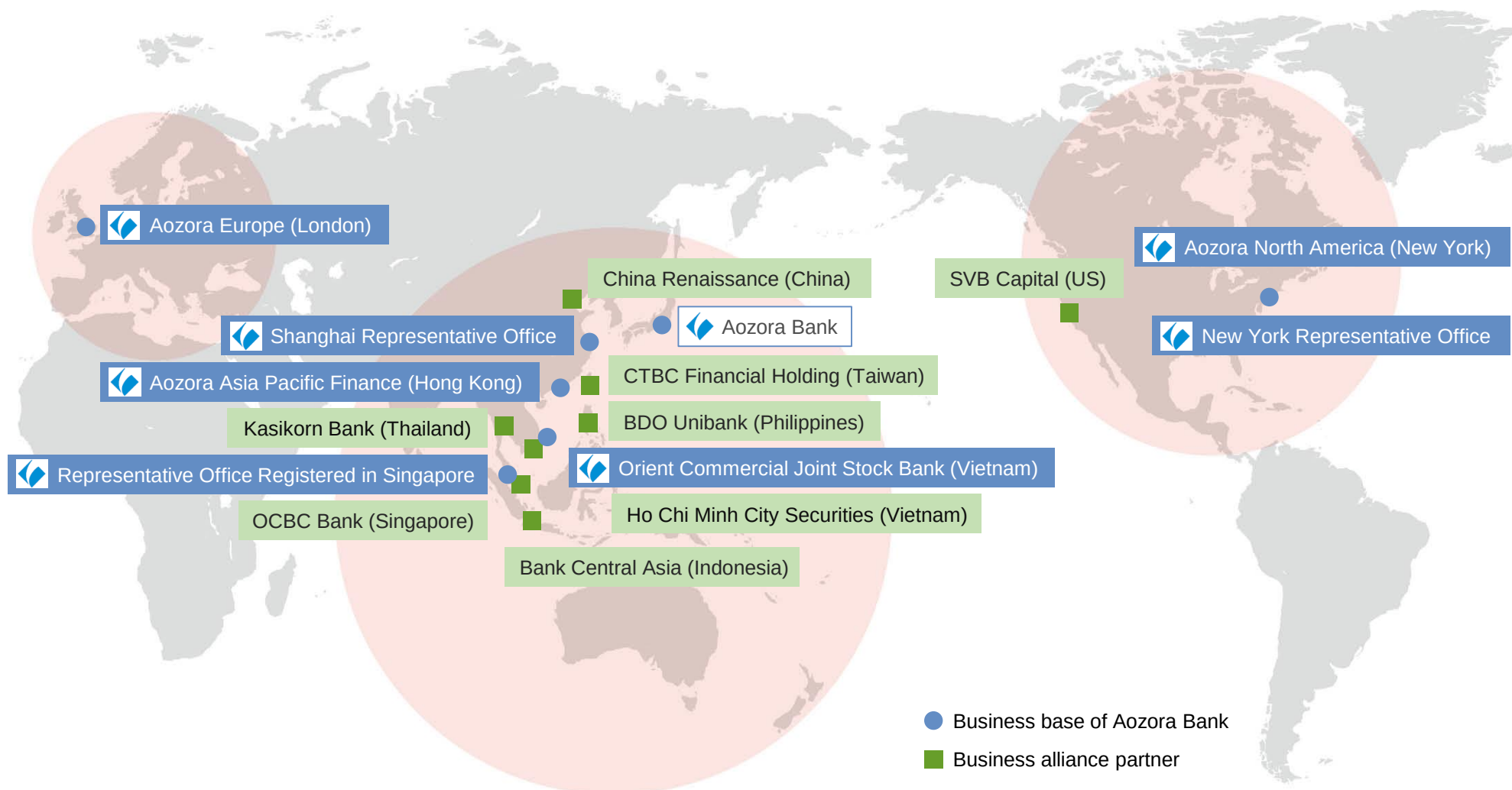


Source: MIS Statistics Bureau (as of Oct. 1, 2019)

\* The Nihonbashi and Ueno Branches relocated to COREDO Muromachi 1 in December 2020.  
(The two branches conduct business operations concurrently at the same location using the "branch-in-branch" method.)

# Aozora Network

## Overseas Network



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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