

Summary of the Financial Statements for FY2023 [JGAAP] (Consolidated)



May 13, 2024

Company name	Aozora Bank, Ltd.	Listed exchange	Tokyo Stock Exchange
TSE code	8304		
Representative	Hideto Oomi, President and CEO		
Contact person	Yukie Tajima, Joint General Manager of Financial Control Division		
Date of ordinary shareholders' meeting	June 25, 2024	URL	https://www.aozorabank.co.jp/
Dividend payable date	—	TEL	(03)6752-1111
Scheduled filing date of securities report	June 26, 2024	Trading accounts	Affirmative
Reference material	Affirmative		
Investor meeting	Affirmative		

(Unit: JPY millions, rounded down)

1. Business highlights for the fiscal year ended March 31, 2024 (FY2023)

(1) Consolidated business results

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

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023	246,299	34.4	(54,816)	—	(49,904)	—
FY2022	183,292	36.0	7,356	(84.1)	8,719	(75.1)

(Note) Comprehensive income JPY (42,703) million —% (FY2023) JPY (38,507) million —% (FY2022)

	Net income per common share (basic)	Net income per common share (diluted)	ROE	Ordinary profit per total assets	Ordinary profit per ordinary income
	Yen	Yen	%	%	%
FY2023	(427.22)	—	(12.1)	(0.7)	(22.3)
FY2022	74.67	74.54	1.9	0.1	4.0

(Ref.) Gains (losses) on equity method investments JPY 2,342 million (FY2023) JPY 2,380 million (FY2022)

(2) Consolidated financial condition

	Total assets	Total net assets	Net assets to total assets ratio	Net assets per common share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	7,603,002	391,078	5.0	3,285.94
March 31, 2023	7,184,070	431,119	6.1	3,751.95

(Ref.) Total net assets (less Share acquisition rights and Non-controlling interests) JPY 383,871 million (March 31, 2024)
JPY 438,157 million (March 31, 2023)

(Note) Net assets to total assets ratio = (Total net assets – Share acquisition rights – Non-controlling interests) / Total assets

The above Net assets to total assets ratio is different from the capital adequacy ratio prescribed in the notification of the Financial Services Agency.

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2023	133,949	167,439	2,136	1,499,756
FY2022	(61,382)	213,939	(18,068)	1,196,230

2. Dividend

	Annual dividend					Total dividends (Annual)	Dividend ratio (Consolidated)	Dividends to net assets ratio (Consolidated)
	1Q end	2Q end	3Q end	Year-end	Annual	Millions of yen	%	%
FY2022(common share)	38.00	38.00	38.00	40.00	154.00	17,983	206.2	3.9
FY2023(common share)	38.00	38.00	0.00	0.00	76.00	8,877	—	2.2
FY2024(common share) (Forecast)	—	—	—	—	76.00		58.4	

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

3. Consolidated earnings forecast for the year ending March 31, 2025 (FY2024)

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

	Ordinary profit		Profit attributable to owners of parent		Net income per common share
	Millions of yen	%	Millions of yen	%	Yen
FY2024 (Full Year)	24,000	—	18,000	—	130.13

(Note) Net income per common share is calculated based on the assumption that issuing new shares of 21,500,000 through third-party allotment was implemented at the beginning of FY 2024 as stated in "Notice Regarding Issuance of New Shares Through Third Party Allotment Under the Capital and Business Alliance with Daiwa Securities Group Inc., and Changes in the Major Shareholders, Largest Shareholder, Which Is a Major Shareholder, and Other Associated Companies" dated today.

* Notes

(1) Changes in material subsidiaries during the term (changes in specified subsidiaries which affect the scope of consolidation) None

(2) Changes in accounting policy, accounting estimates, or retrospective restatements

- (a) Changes with revisions of accounting standards None
- (b) Changes other than (a) above None
- (c) Changes in accounting estimates None
- (d) Retrospective restatements None

(3) The number of common shares issued

	March 31, 2024	March 31, 2023
(a) The number of common shares issued (including treasury shares)	118,289,418	118,289,418
(b) The number of treasury shares	1,467,109	1,508,199

	FY2023	FY2022
(c) The average number of common shares outstanding	116,812,393	116,779,012

(Summary of non-consolidated financial statements)

1. Business highlights for the fiscal year ended March 31, 2024 (FY2023)

(1) Business results

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

	Ordinary income		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023	221,737	34.7	(60,992)	—	(50,792)	—
FY2022	164,564	37.3	3,180	(92.2)	(8,127)	—

	Net income per common share (basic)	Net income per common share (diluted)
	Yen	Yen
FY2023	(434.82)	—
FY2022	(69.60)	—

(2) Financial condition

	Total assets	Total net assets	Net assets to total assets ratio	Net assets per common share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	6,942,657	344,004	4.9	2,940.12
March 31, 2023	6,767,805	405,177	6.0	3,465.23

(Ref.) Total net assets (less Share acquisition rights): JPY 343,472 million (March 31, 2024) JPY 404,674 million (March 31, 2023)

(Note) Net assets to total assets ratio = (Total net assets - Share acquisition rights) / Total assets

The above Net assets to total assets ratio is different from the capital adequacy ratio prescribed in the notification of the Financial Services Agency.

2. Non-consolidated earnings forecast for the year ending March 31, 2025 (FY2024)

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

	Ordinary profit		Profit		Net income per common share
	Millions of yen	%	Millions of yen	%	Yen
FY2024 (Full Year)	21,000	—	15,000	—	108.44

(Note) Net income per common share is calculated based on the assumption that issuing new shares of 21,500,000 through third-party allotment was implemented at the beginning of FY 2024 as stated in "Notice Regarding Issuance of New Shares Through Third Party Allotment Under the Capital and Business Alliance with Daiwa Securities Group Inc., and Changes in the Major Shareholders, Largest Shareholder, Which Is a Major Shareholder, and Other Associated Companies" dated today.

* Summary of financial statements is out of scope of audit (by CPAs or audit firms).

* Notes and remarks for the proper use of earnings projection

The above earnings forecast involves certain risks and uncertainties since the calculations are based on management's assumptions and beliefs in light of information currently available. This should not be interpreted as a promise or guarantee that the forecast will be achieved. Please be aware that actual results may be materially different from the forecast presented herein due to various factors.

[Attachment]

1. Overview of operating results	2
(1) Overview of operating results for FY2023	2
(2) Overview of financial condition for FY2023	4
(3) Policy for appropriation of earnings and dividend for the year and next year	4
2. Basic view on selection of Accounting Standards	5
3. Consolidated financial statements and main notes	6
(1) Consolidated balance sheet	6
(2) Consolidated statement of operations and Consolidated statement of comprehensive income	8
Consolidated statement of operations	8
Consolidated statement of comprehensive income	9
(3) Consolidated statement of changes in net assets	10
(4) Consolidated statement of cash flows	12
(5) Notes to consolidated financial statements	14
(Information on going concern assumption)	14
(Additional information)	14
(Segment information)	15
(Per share information)	19
(Material subsequent event)	20
4. Non-consolidated financial statements	21
(1) Non-consolidated balance sheet	21
(2) Non-consolidated statement of operations	23
(3) Non-consolidated statement of changes in net assets	25
(4) Notes to non-consolidated financial statements	27
(Information on going concern assumption)	27

1. Overview of operating results

(1) Overview of operating results for FY2023

Consolidated results of operations

(Billions of yen)

	FY2022	FY2023	Change
Net revenue ※1	59.5	50.9	(8.6)
Net interest income	51.0	42.0	(9.0)
Net fees and commissions	13.3	20.4	7.0
Net gains on trading account transactions	4.1	1.6	(2.5)
Gains (losses) on bond transactions	(11.1)	(18.6)	(7.4)
Net other ordinary income excluding gains (losses) on bond transactions	2.1	5.3	3.2
General and administrative expenses	(59.3)	(61.8)	(2.4)
Gains (losses) on equity method investments	2.3	2.3	(0.0)
Business profit (loss) ※2	2.5	(8.5)	(11.1)
Credit-related expenses	(1.7)	(46.9)	(45.2)
Gains (losses) on stock transactions	8.4	1.6	(6.8)
Other	(2.0)	(0.9)	1.1
Ordinary profit (loss)	7.3	(54.8)	(62.1)
Extraordinary profit (loss)	(0.0)	1.6	1.6
Profit (loss) before income taxes	7.3	(53.1)	(60.5)
Total income taxes	(0.6)	1.4	2.1
Profit (Loss)	6.6	(51.7)	(58.3)
Loss attributable to non-controlling interests	2.0	1.8	(0.2)
Profit (Loss) attributable to owners of parent	8.7	(49.9)	(58.6)

※1 Net revenue = (Interest income – Interest expenses)

+ (Trust fees + Fees and commissions - Fees and commissions payments)

+ (Gain on trading account transactions - Loss on trading account transactions)

+ (Other ordinary income - Other ordinary expenses)

※2 Business profit (loss) = Net revenue - General and administrative expenses

+ Gains (losses) on equity method investments

※3 Regardless of nature of accounts, income or profits are shown as positive and expenses or losses are shown as negative amount on the table above.

For FY2023, net revenue was 50.9 billion yen, decrease of 8.6 billion yen from the previous year, and business profit (loss) was (8.5) billion yen, a decrease of 11.1 billion yen from the previous year. Loss attributable to owners of parent was 49.9 billion yen, as compared to a profit of 8.7 billion yen in FY2022

Net interest income was 42.0 billion yen, a decrease of 9.0 billion yen from the previous year. Non-interest income was 8.8 billion yen, an increase of 0.3 billion yen from the previous year.

General and administrative expenses were 61.8 billion yen, an increase of 2.4 billion yen from the previous year.

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

From the above, business profit (loss) was (8.5) billion yen, a decrease of 11.1 billion yen from the previous year.

Credit-related expenses were a net expense of 46.9 billion yen, as compared to a net expense of 1.7 billion yen in FY2022. Gains (losses) on stock transactions were a net gain of 1.6 billion yen. Ordinary loss was 54.8 billion yen, as compared to profit of 7.3 billion yen in FY2022, and loss before income taxes was 53.1 billion yen, as compared to profit of 7.3 billion yen in FY2022.

Total income taxes (corporation tax, resident tax, business tax and deferred income taxes) were a net profit of 1.4 billion yen.

As a result of the above factors, loss attributable to owners of parent was 49.9 billion yen, as compared to profit of 8.7 billion yen in FY2022. Net loss per share (basic) was 427.22 yen, as compared to net income per share (basic) of 74.67 yen in FY2022.

Business profit (loss) by reportable segments

(Billions of yen)

	FY2022	FY2023	Change
Institutional Banking Group	3.0	6.5	3.5
Structured Finance Group	18.9	27.8	8.9
International Business Group	15.7	11.2	(4.5)
Market Group	(17.5)	(45.6)	(28.0)
Customer Relations Group	(2.4)	(2.9)	(0.5)

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

Each operating segment consists of the following business groups.

Institutional Banking Group

: Corporate Banking Group and M&A Advisory Group

Structured Finance Group

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

International Business Group

: International Finance Group and Asia Investment Group

Market Group

: Financial Markets Group

Customer Relations Group

: Allied Banking Group and Retail Banking Group

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

(2) Overview of financial condition for FY2023

① Assets, liabilities, and net assets

Total assets were 7,603.0 billion yen as of March 31, 2024, an increase of 418.9 billion yen, compared to March 31, 2023.

Loans and bills discounted were 4,071.2 billion yen, an increase of 189.9 billion yen from March 31, 2023. Domestic loans increased by 87.9 billion yen and overseas loans increased by 101.9 billion yen. Securities decreased by 92.1 billion yen from March 31, 2023, to 1,186.5 billion yen.

Total liabilities were 7,211.9 billion yen, an increase of 458.9 billion yen compared to March 31, 2023. Total core funding (deposits, negotiable certificates of deposit and bonds payable) was 5,957.7 billion yen, an increase of 312.6 billion yen from March 31, 2023.

Total net assets were 391.0 billion yen, a decrease of 40.0 billion yen from March 31, 2023. Net assets per common share were 3,285.94 yen, as compared to 3,751.95 yen per common share as of March 31, 2023.

② Cash flow

Cash flow from operating activities was a positive 133.9 billion yen mainly due to increase in deposits. From investing activities, cash flow was a positive 167.4 billion yen mainly as a result of income from the sale and redemption of securities exceeding expenditures for the acquisition of securities. Cash flow from financing activities was a positive 2.1 billion yen mainly as a result of income from the sale of shares of subsidiaries not resulting in change in scope of consolidation exceeding dividend payment. As a result, cash and cash equivalents as of March 31, 2024 were 1,499.7 billion yen, an increase of 303.5 billion yen compared to the previous fiscal year end.

(3) Policy for appropriation of earnings and dividend for the year and next year

The Bank's policy is to provide returns to our shareholders primarily in the form of cash dividends based on our earnings results and the policy of stable shareholder returns while maintaining capital adequacy. Aozora intends to continue quarterly dividend payments.

For this fiscal year, the Bank paid a cash dividend of 76.00 yen for the entire year per common share. (No dividend will be paid for the fourth quarter.)

The entire year dividend forecast for the next fiscal year is 76.00 yen per common share.

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

2. Basic view on selection of Accounting Standards

The Bank's consolidated financial statements are prepared in accordance with accounting principals generally accepted in Japan ("J GAAP"), in order to ensure the comparability with other domestic banks.

In terms of the application of IFRS, the Bank will take appropriate actions in consideration of the Group's business operations, based on internal and external situations, etc.

3. Consolidated financial statements and main notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Cash and due from banks	1,275,003	1,579,781
Call loans and bills bought	78,311	17,269
Monetary claims bought	75,209	68,093
Trading account assets	151,285	173,713
Money held in trust	13,083	12,963
Securities	1,278,749	1,186,561
Loans and bills discounted	3,881,373	4,071,295
Foreign exchanges	76,873	51,267
Other assets	284,650	420,921
Tangible fixed assets	21,617	23,159
Buildings, net	9,837	10,355
Land	9,235	9,235
Leased assets, net	247	1,313
Other tangible fixed assets	2,297	2,254
Intangible fixed assets	19,392	18,962
Software	19,325	18,895
Other intangible fixed assets	67	67
Retirement benefit asset	3,873	8,741
Deferred tax assets	53,577	44,580
Customers' liabilities for acceptances and guarantees	18,630	18,084
Allowance for loan losses	(44,052)	(87,929)
Allowance for investment loss	(3,509)	(4,463)
Total assets	7,184,070	7,603,002
Liabilities		
Deposits	5,463,352	5,634,992
Negotiable certificates of deposit	34,000	141,380
Call money and bills sold	10,000	—
Securities sold under repurchase agreements	48,224	29,903
Cash collateral received for securities lent	215,983	260,689
Trading account liabilities	121,877	165,078
Borrowed money	525,613	563,300
Bonds payable	147,773	181,397
Other liabilities	151,280	199,472
Provision for bonuses	4,373	4,646
Provision for bonuses for directors (and other officers)	25	76
Retirement benefit liability	11,288	10,912
Provision for credit losses on off-balance-sheet instruments	496	1,960
Reserves under special laws	8	8
Deferred tax liabilities	22	21
Acceptances and guarantees	18,630	18,084
Total liabilities	6,752,951	7,211,924

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Net assets		
Share capital	100,000	100,000
Capital surplus	87,481	87,498
Retained earnings	291,898	228,444
Treasury shares	(3,099)	(3,015)
Total shareholders' equity	476,280	412,928
Valuation difference on available-for-sale securities	(45,449)	(45,803)
Deferred gains or losses on hedges	972	4,332
Foreign currency translation adjustment	7,683	10,137
Remeasurements of defined benefit plans	(1,328)	2,277
Total accumulated other comprehensive income	(38,122)	(29,056)
Share acquisition rights	503	532
Non-controlling interests	(7,541)	6,673
Total net assets	431,119	391,078
Total liabilities and net assets	7,184,070	7,603,002

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Ordinary income	183,292	246,299
Interest income	113,570	166,436
Interest on loans and discounts	87,006	131,308
Interest and dividends on securities	23,397	26,964
Interest on call loans and bills bought	348	812
Interest income on securities purchased under resale agreements	—	(0)
Interest on deposits with banks	765	1,523
Other interest income	2,052	5,826
Trust fees	377	370
Fees and commissions	17,338	25,794
Gain on trading account transactions	14,832	11,304
Other ordinary income	23,798	27,590
Other income	13,374	14,802
Recoveries of written off receivables	1,199	758
Other	12,175	14,043
Ordinary expenses	175,936	301,116
Interest expenses	62,490	124,362
Interest on deposits	11,278	14,384
Interest on negotiable certificates of deposit	3	12
Interest on call money and bills sold	184	463
Interest expenses on securities sold under repurchase agreements	1,654	2,838
Interest expenses on cash collateral received for securities lent	7,058	15,050
Interest on borrowings and rediscounts	1,268	1,462
Interest expenses on bonds	1,517	5,407
Interest expenses on interest rate swaps	22,570	43,576
Other interest expenses	16,955	41,166
Fees and commissions payments	4,383	5,744
Loss on trading account transactions	10,636	9,671
Other ordinary expenses	32,835	40,794
General and administrative expenses	59,463	62,424
Other expenses	6,127	58,118
Provision of allowance for loan losses	1,110	44,584
Transfer to provision for credit losses on off-balance-sheet instruments	84	1,463
Other	4,932	12,070
Ordinary profit (loss)	7,356	(54,816)
Extraordinary income	0	1,870
Gain on disposal of non-current assets	0	0
Reversal of foreign currency translation adjustments	—	1,869
Extraordinary losses	2	227
Loss on disposal of non-current assets	2	7
Impairment losses	—	220
Profit (loss) before income taxes	7,354	(53,174)
Income taxes - current	437	810
Income taxes - deferred	260	(2,247)
Total income taxes	698	(1,437)
Profit (loss)	6,655	(51,737)
Loss attributable to non-controlling interests	(2,064)	(1,832)
Profit (loss) attributable to owners of parent	8,719	(49,904)

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss)	6,655	(51,737)
Other comprehensive income	(45,163)	9,034
Valuation difference on available-for-sale securities	(49,430)	(385)
Deferred gains or losses on hedges	1,129	3,359
Foreign currency translation adjustment	1,515	1,503
Remeasurements of defined benefit plans, net of tax	(1,095)	3,606
Share of other comprehensive income of entities accounted for using equity method	2,717	950
Comprehensive income	(38,507)	(42,703)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(36,447)	(40,838)
Comprehensive income attributable to non-controlling interests	(2,059)	(1,864)

(3) Consolidated statement of changes in net assets

For the fiscal year ended March 31, 2023

(Millions of yen)

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

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,985	(157)	3,450	(233)	7,045	390	(6,229)	487,265
Changes during period								
Dividends of surplus								(18,567)
Change in scope of consolidation								45
Profit attributable to owners of parent								8,719
Purchase of treasury shares								(0)
Disposal of treasury shares								22
Net changes in items other than shareholders' equity	(49,435)	1,129	4,233	(1,095)	(45,167)	112	(1,311)	(46,366)
Total changes during period	(49,435)	1,129	4,233	(1,095)	(45,167)	112	(1,311)	(56,146)
Balance at end of period	(45,449)	972	7,683	(1,328)	(38,122)	503	(7,541)	431,119

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100,000	87,481	291,898	(3,099)	476,280
Changes during period					
Dividends of surplus			(13,548)		(13,548)
Loss attributable to owners of parent			(49,904)		(49,904)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		17		84	101
Net changes in items other than shareholders' equity					
Total changes during period	—	17	(63,453)	84	(63,352)
Balance at end of period	100,000	87,498	228,444	(3,015)	412,928

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(45,449)	972	7,683	(1,328)	(38,122)	503	(7,541)	431,119
Changes during period								
Dividends of surplus								(13,548)
Loss attributable to owners of parent								(49,904)
Purchase of treasury shares								(0)
Disposal of treasury shares								101
Net changes in items other than shareholders' equity	(353)	3,359	2,453	3,606	9,066	29	14,214	23,310
Total changes during period	(353)	3,359	2,453	3,606	9,066	29	14,214	(40,041)
Balance at end of period	(45,803)	4,332	10,137	2,277	(29,056)	532	6,673	391,078

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	7,354	(53,174)
Depreciation	6,984	7,174
Impairment losses	—	220
Share of loss (profit) of entities accounted for using equity method	(2,380)	(2,342)
Increase (decrease) in allowance for loan losses	(4,696)	43,813
Increase (decrease) in allowance for investment loss	2,956	953
Increase (decrease) in provision for bonuses	25	241
Increase (decrease) in provision for bonuses for directors (and other officers)	(60)	51
Decrease (increase) in retirement benefit asset	(515)	(16)
Increase (decrease) in retirement benefit liability	340	(28)
Net change in provision for credit losses on off-balance-sheet instruments	88	1,464
Interest income	(113,570)	(166,436)
Interest expenses	62,490	124,362
Loss (gain) related to securities	2,662	16,969
Loss (gain) on money held in trust	(315)	(374)
Foreign exchange losses (gains)	(137,868)	(200,203)
Loss (gain) on disposal of non-current assets	2	7
Net decrease (increase) in trading account assets	(18,263)	(22,428)
Net increase (decrease) in trading account liabilities	(7,349)	43,200
Net decrease (increase) in loans and bills discounted	(497,146)	(74,014)
Net increase (decrease) in deposits	625,296	171,639
Net increase (decrease) in negotiable certificates of deposit	500	107,380
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	93,271	37,686
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	4,330	3,214
Net decrease (increase) in call loans	70,409	68,158
Net increase (decrease) in call money	(27,773)	(28,320)
Net increase (decrease) in cash collateral received for securities lent	(140,972)	44,705
Net decrease (increase) in foreign exchanges - assets	(14,628)	14,758
Increase (decrease) in straight bonds - issuance and redemption	(21,186)	33,624
Interest received	107,336	160,459
Interest paid	(60,602)	(123,750)
Other, net	8,336	(74,126)
Subtotal	(54,946)	134,870
Income taxes refund (paid)	(6,436)	(920)
Net cash provided by (used in) operating activities	(61,382)	133,949

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Purchase of securities	(416,168)	(742,715)
Proceeds from sale of securities	383,204	707,562
Proceeds from redemption of securities	244,860	209,839
Increase in money held in trust	(48,963)	(39,926)
Decrease in money held in trust	57,111	40,162
Purchase of tangible fixed assets	(1,524)	(2,394)
Purchase of intangible assets	(4,468)	(5,082)
Proceeds from sale of tangible fixed assets	9	3
Payments for asset retirement obligations	(122)	(10)
Net cash provided by (used in) investing activities	213,939	167,439
Cash flows from financing activities		
Repayments of lease liabilities	(249)	(394)
Proceeds from share issuance to non-controlling shareholders	756	—
Dividends paid	(18,567)	(13,548)
Dividends paid to non-controlling interests	(8)	(15)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	0	0
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	—	16,095
Net cash provided by (used in) financing activities	(18,068)	2,136
Net increase (decrease) in cash and cash equivalents	134,487	303,525
Cash and cash equivalents at beginning of period	1,061,743	1,196,230
Cash and cash equivalents at end of period	1,196,230	1,499,756

(5) Notes to consolidated financial statements

(Information on going concern assumption)

None

(Additional information)

(Allowance for Loan Losses for Overseas Real Estate Non-Recourse Loans)

For overseas real estate non-recourse loans, the Bank assumes a decrease in market liquidity mainly due to the deteriorating environment of the U.S. real estate market, and it will take approximately 1-2 years particularly for the U.S. office market to stabilize, considering the market trends.

In line with this, from the fiscal year ended March 31, 2024, for all borrowers of overseas real estate non-recourse loans that require careful monitoring in the future, the loan loss amount mainly estimated by the DCF method is reflected as an addition to the allowance for loan losses determined based on the estimated loan loss ratio. The estimated loan loss ratio to be applied to other overseas real estate non-recourse loans is calculated by classifying them to reflect the appropriate risk characteristics of the loan portfolio.

In addition, for non-recourse loans backed by underperforming office properties in the U.S. due to the changes in work styles post-COVID-19 period, in order to prepare for the disposal of these properties, for cases where there is a possibility to debt recovery in the future, the Bank evaluates the property considering estimated disposal price taking into account the risk price decline over the next 1-2 years and determines individual borrower category. The allowance for loan losses is made based on the estimated disposal price assuming the price decline risk.

The above assumptions, which are the basis for the estimates, have a high degree of uncertainty, and depending on the situation, future profits and losses may fluctuate.

(Segment information)

1. Description of reportable segments

The description of profit (loss) for segment information has been changed from 'Segment profit (loss)' to 'Business profit (loss)' due to the alignment with the description of management accounting. Note that there is no change in the measurement method.

(1) Identification of operating segments

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

Financial information for these groups is regularly reported to the Management Committee, which comprises members from amongst the Executive Officers who are approved and appointed by the Board of Directors, and is utilized for management decisions on the allocation of resources, an evaluation of the performance of each business group, etc.

(2) Services provided by each reportable segment

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

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

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

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

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

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

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

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

The Bank calculates its net interest income from funding and investing across reportable segments based on i) the internal transfer rates determined by the average rate of funding by the currency and by contractual term, and ii) the expense allocation ratio for funding activities. In addition, the expenses related to the operations of the Bank's Head Office, which is not directly related to its business activities, is excluded from each reportable segment.

Fixed assets are not allocated to reportable segments, while the associated expenses are allocated to specific reportable segments and included in the segments' expenses.

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

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

(Millions of yen)

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

Notes

- (1) Due to the nature of the banking business, the Bank uses 'Business revenue' as a substitute for 'Sales' as would be used by non-financial service companies. 'Business revenue' includes 'Consolidated net revenue', 'Gains (losses) on equity method investment', and 'Gains (losses) on stock transactions.' Consolidated net revenue represents the total of net interest income, trust fees, net fees and commissions, net gains on trading account transactions and net other ordinary income. Gains (losses) on stock transactions represents the total of Gain (loss) on sale of equity securities and Loss on devaluation of equity securities. The Bank oversees its revenue by reportable segment using Business revenue. The Bank offsets interest income and interest expense for the management purpose, therefore, revenue in transactions between reportable segments is not disclosed.
- (2) Depreciation expenses are included in the general and administrative expenses of each reportable segment, but are not disclosed as a separate item, because in the calculation process of the business profit (loss), a part of depreciation expenses is allocated to each reportable segment, aggregated with other general and administrative expenses. Therefore, depreciation expenses by reportable segment are not managed separately. The amount of depreciation expense for this period is 6,984 million yen.
- (3) Segment assets of International Business Group include investments in entities applying equity methods of 27,734 million yen.

FY2023 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Institutional Banking Group	Structured Finance Group	International Business Group	Market Group	Customer Relations Group	Total
Consolidated net revenue	15,720	41,580	14,997	(33,161)	7,582	46,719
Gains (losses) on equity method investment	—	—	2,342	—	—	2,342
Gains (losses) on stock transactions	570	(12)	2,189	(8,086)	248	(5,089)
Business Revenue	16,291	41,567	19,529	(41,248)	7,830	43,971
General and administrative expenses	9,725	13,709	8,319	4,399	10,800	46,954
Business profit (loss)	6,566	27,858	11,209	(45,647)	(2,969)	(2,982)
Segment assets	1,123,844	1,806,654	1,103,567	2,426,912	128,841	6,589,820
Segment liabilities	240,779	91,380	13	859,139	5,312,689	6,504,002

Notes

- (1) Due to the nature of the banking business, the Bank uses 'Business revenue' as a substitute for 'Sales' as would be used by non-financial service companies. 'Business revenue' includes 'Consolidated net revenue', 'Gains (losses) on equity method investment', and 'Gains (losses) on stock transactions.' Consolidated net revenue represents the total of net interest income, trust fees, net fees and commissions, net gains on trading account transactions and net other ordinary income. Gains (losses) on stock transactions represents the total of Gain (loss) on sale of equity securities and Loss on devaluation of equity securities. The Bank oversees its revenue by reportable segment using Business revenue. The Bank offsets interest income and interest expense for the management purpose, therefore, revenue in transactions between reportable segments is not disclosed.
- (2) Depreciation expenses are included in the general and administrative expenses of each reportable segment, but are not disclosed as a separate item, because in the calculation process of the business profit (loss), a part of depreciation expenses is allocated to each reportable segment, aggregated with other general and administrative expenses. Therefore, depreciation expenses by reportable segment are not managed separately. The amount of depreciation expense for this period is 7,174 million yen.
- (3) Segment assets of International Business Group include investments in entities applying equity methods of 31,027 million yen.

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

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

(Millions of yen)

Items	FY2022 (March 31, 2023)	FY2023 (March 31, 2024)
Total business revenue of reportable segments	64,134	43,971
Variances resulting from profit or loss not covered by reportable segments or differences in the basis of revenue and expense recognition and measurement	6,314	10,929
Business revenue derived from the consolidated statement of income	70,449	54,900

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

Items		FY2022 (March 31, 2023)	FY2023 (March 31, 2024)
Total business profits (losses)		17,675	(2,982)
	Variances resulting from profit or loss not covered by reportable segments or differences in the basis of revenue and expense recognition and measurement	(6,588)	(3,977)
	Amortization of actuarial differences on retirement benefit plans, etc.	(101)	(564)
	Credit-related expenses, etc.	(1,700)	(46,930)
	Others	(1,927)	(362)
Ordinary profit (loss) in the consolidated statement of income		7,356	(54,816)

(Note)

Credit-related expenses, etc., represent the total of write-off of loans, provision of allowance for loan losses and losses on disposition of non-performing loans.

(3) Reconciliation between total segment assets and total assets in the consolidated balance sheet
(Millions of yen)

Items		FY2022 (March 31, 2023)	FY2023 (March 31, 2024)
Total segment assets		6,438,982	6,589,820
Allowance for loan losses		(33,693)	(37,475)
Assets not allocated to reportable segments		778,781	1,050,658
Total assets in the consolidated balance sheet		7,184,070	7,603,002

(Note)

As of March 31, 2023, assets not allocated to reportable segments include foreign exchange of 76,873 million yen, other assets of 209,953 million yen, fixed assets of 41,010 million yen and deferred tax assets of 53,577 million yen. As of March 31, 2024, assets not allocated to reportable segments include foreign exchange of 51,267 million yen, other assets of 328,544 million yen, fixed assets of 42,121 million yen and deferred tax assets of 44,580 million yen.

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

Items		FY2022 (March 31, 2023)	FY2023 (March 31, 2024)
Total segment liabilities		6,237,757	6,504,002
Liabilities not allocated to reportable segments		515,194	707,922
Total liabilities in the consolidated balance sheet		6,752,951	7,211,924

(Note)

As of March 31, 2023, liabilities not allocated to reportable segments include other liabilities of 72,848 million yen and retirement benefit liability of 11,288 million yen. As of March 31, 2024, liabilities not allocated to reportable segments include other liabilities of 77,401 million yen and retirement benefit liability of 10,912 million yen.

(Per share information)

	FY 2022 (From April 1, 2022 to March 31, 2023)	FY 2023 (From April 1, 2023 to March 31, 2024)
Net assets per common share	3,751.95 yen	3,285.94 yen
Net income (loss) per common share	74.67 yen	(427.22) yen
Diluted net income per common share	74.54 yen	–

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

		FY 2022 (As of March 31, 2023)	FY 2023 (As of March 31, 2024)
Net assets	Millions of yen	431,119	391,078
Deductions from net assets	Millions of yen	(7,038)	7,206
Share acquisition rights	Millions of yen	503	532
Non-controlling interests	Millions of yen	(7,541)	6,673
Net assets available to common stock	Millions of yen	438,157	383,871
Number of common stock at the end of fiscal year for calculation of Net assets per share	Thousand shares	116,781	116,822

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

		FY 2022 (From April 1, 2022 to March 31, 2023)	FY 2023 (From April 1, 2023 to March 31, 2024)
Net income per common share			
Profit (loss) attributable to owners of parent	Millions of yen	8,719	(49,904)
Not available to common stockholders	Millions of yen	–	–
Profit (loss) attributable to owners of parent available to common stock	Millions of yen	8,719	(49,904)
Average number of common stock	Thousand shares	116,779	116,812
Diluted net income per common share			
Adjustments for profit attributable to owners of parent	Millions of yen	–	–
Number of common stock to increase	Thousand shares	199	220
Share acquisition rights	Thousand shares	199	220

(Material subsequent event)

The Bank has resolved to enter into a capital and business alliance agreement with Daiwa Securities Group Inc. and to issue new shares through third-party allotment to Daiwa Securities Group Inc. as the allottee at the Board of Directors' meeting held today.

For the detail, please refer to "Notice Regarding the Capital and Business Alliance of Daiwa Securities Group Inc. and Aozora Bank, Ltd." and "Notice Regarding Issuance of New Shares Through Third Party Allotment Under the Capital and Business Alliance with Daiwa Securities Group Inc., and Changes in the Major Shareholders, Largest Shareholder, Which Is a Major Shareholder, and Other Associated Companies" that were separately announced today.

4. Non-consolidated financial statements

(1) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Cash and due from banks	1,056,452	1,201,608
Cash	4,601	3,587
Due from banks	1,051,850	1,198,020
Call loans	78,311	17,269
Monetary claims bought	51,723	43,069
Trading account assets	151,229	173,713
Trading securities derivatives	7,811	—
Trading account securities derivatives for hedging	4,493	1,566
Trading account financial derivatives	138,924	172,146
Money held in trust	4,517	5,367
Securities	1,319,450	1,194,907
Government bonds	18,381	42,530
Local government bonds	14,336	12,403
Short-term corporate bonds	10,999	—
Corporate bonds	110,616	103,137
Stocks	61,053	45,934
Other securities	1,104,062	990,901
Loans and bills discounted	3,710,072	3,880,684
Bills discounted	7,223	6,457
Loans on bills	14,034	3,628
Loans on deeds	3,543,033	3,722,527
Overdrafts	145,781	148,070
Foreign exchanges	76,873	51,267
Due from foreign banks (our accounts)	76,873	51,267
Other assets	249,721	359,723
Prepaid expenses	1,275	1,445
Accrued revenue	17,490	22,384
Margin deposits for futures transactions	962	962
Variation margins of futures markets	667	26
Financial derivatives	74,550	92,052
Cash collateral paid for financial instruments	81,168	141,301
Bond issuance costs	361	366
Other	73,245	101,184
Tangible fixed assets	21,026	22,459
Buildings, net	9,565	10,111
Land	9,235	9,235
Leased assets, net	247	1,313
Other tangible fixed assets	1,978	1,798
Intangible fixed assets	10,896	9,892
Software	10,830	9,826
Other intangible fixed assets	65	65
Prepaid pension costs	5,647	5,663
Deferred tax assets	53,595	44,783
Customers' liabilities for acceptances and guarantees	25,004	24,084
Allowance for loan losses	(43,206)	(87,371)
Allowance for investment loss	(3,509)	(4,463)
Total assets	6,767,805	6,942,657

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Deposits	5,081,374	5,043,062
Current deposits	34,399	23,150
Ordinary deposits	2,629,614	2,627,967
Savings deposits	49,846	55,109
Deposits at notice	935	585
Time deposits	2,232,558	2,273,276
Other deposits	134,020	62,973
Negotiable certificates of deposit	34,000	141,380
Call money	10,000	—
Securities sold under repurchase agreements	48,224	29,903
Cash collateral received for securities lent	215,983	260,689
Trading account liabilities	121,877	165,078
Trading account securities derivatives for hedging	14,001	1,607
Trading account financial derivatives	107,876	163,470
Borrowed money	525,600	563,300
Borrowings from other banks	525,600	563,300
Bonds payable	147,773	181,397
Other liabilities	137,842	173,446
Income taxes payable	—	370
Accrued expenses	5,749	6,123
Unearned revenue	231	176
Variation margins of futures markets	981	19
Financial derivatives	78,431	122,070
Cash collateral received for financial instruments	21,386	13,051
Lease liabilities	260	1,444
Asset retirement obligations	1,914	1,886
Other	28,885	28,301
Provision for bonuses	3,817	3,955
Provision for bonuses for directors (and other officers)	7	70
Provision for retirement benefits	10,609	10,491
Provision for credit losses on off-balance-sheet instruments	514	1,794
Acceptances and guarantees	25,004	24,084
Total liabilities	6,362,628	6,598,653
Net assets		
Share capital	100,000	100,000
Capital surplus	87,481	87,498
Legal capital surplus	87,313	87,313
Other capital surplus	167	185
Retained earnings	264,752	200,411
Legal retained earnings	12,686	12,686
Other retained earnings	252,065	187,724
Retained earnings brought forward	252,065	187,724
Treasury shares	(3,099)	(3,015)
Total shareholders' equity	449,134	384,894
Valuation difference on available-for-sale securities	(45,432)	(45,754)
Deferred gains or losses on hedges	972	4,332
Total valuation and translation adjustments	(44,460)	(41,422)
Share acquisition rights	503	532
Total net assets	405,177	344,004
Total liabilities and net assets	6,767,805	6,942,657

(2) Non-consolidated statement of operations

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Ordinary income	164,564	221,737
Interest income	105,148	156,487
Interest on loans and discounts	78,541	121,345
Interest and dividends on securities	23,424	27,000
Interest on call loans	385	872
Interest income on securities purchased under resale agreements	—	(0)
Interest on deposits with banks	693	1,346
Interest income on interest rate swaps	529	3,489
Other interest income	1,572	2,434
Trust fees	379	370
Fees and commissions	11,539	15,422
Fees and commissions on domestic and foreign exchanges	207	168
Other fees and commissions	11,332	15,254
Gain on trading account transactions	14,832	11,304
Net gain on trading account securities	10,943	8,275
Net gain on trading account financial derivatives	3,888	3,029
Other ordinary income	22,672	26,733
Gain on sale of bonds	5,914	8,139
Gain on financial derivatives	1,957	322
Other	14,799	18,271
Other income	9,992	11,417
Recoveries of written off receivables	1,070	677
Gain on sale of equity securities	8,576	10,278
Gain on money held in trust	62	60
Other	283	401
Ordinary expenses	161,384	282,729
Interest expenses	62,495	124,978
Interest on deposits	11,286	15,000
Interest on negotiable certificates of deposit	3	12
Interest on call money	184	463
Interest expenses on securities sold under repurchase agreements	1,654	2,838
Interest expenses on cash collateral received for securities lent	7,058	15,050
Interest on borrowings and rediscounts	1,265	1,462
Interest expenses on bonds	1,517	5,407
Interest expenses on interest rate swaps	22,570	43,576
Other interest expenses	16,955	41,166
Fees and commissions payments	2,841	2,094
Fees and commissions on domestic and foreign exchanges	139	138
Other fees and commissions	2,702	1,955
Loss on trading account transactions	11,150	9,918
Net loss on trading securities	11,150	9,918
Other ordinary expenses	33,759	42,466
Loss on foreign exchange transactions	7,810	8,233
Loss on sale of bonds	16,109	23,188
Loss on redemption of bonds	590	3,555
Loss on devaluation of bonds	373	—
Amortization of bond issuance costs	165	227
Other	8,709	7,262

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
General and administrative expenses	46,105	47,237
Other expenses	5,032	56,033
Provision of allowance for loan losses	1,089	44,125
Write-off of loans	1,482	1,244
Transfer to provision for credit losses on off-balance-sheet instruments	111	1,280
Loss on sale of equity securities	—	8,187
Loss on devaluation of equity securities	80	450
Other	2,267	745
Ordinary profit (loss)	3,180	(60,992)
Extraordinary income	0	9,942
Gain on disposal of non-current assets	0	0
Gain on liquidation of subsidiaries and associates	—	5,759
Gain on capital reduction of subsidiaries and associates	—	4,183
Extraordinary losses	11,021	67
Loss on disposal of non-current assets	2	7
Impairment losses	—	59
Loss on valuation of shares of subsidiaries and associates	11,018	—
Loss before income taxes	(7,840)	(51,116)
Income taxes - current	(78)	(120)
Income taxes - deferred	366	(203)
Total income taxes	287	(323)
Loss	(8,127)	(50,792)

(3) Non-consolidated statement of changes in net assets
For the fiscal year ended March 31, 2023

(Millions of yen)

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

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	4,007	(157)	3,850	390	480,047
Changes during period					
Dividends of surplus					(18,567)
Loss					(8,127)
Purchase of treasury shares					(0)
Disposal of treasury shares					22
Net changes in items other than shareholders' equity	(49,440)	1,129	(48,310)	112	(48,197)
Total changes during period	(49,440)	1,129	(48,310)	112	(74,870)
Balance at end of period	(45,432)	972	(44,460)	503	405,177

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	100,000	87,313	167	87,481	12,686	252,065	264,752	(3,099)	449,134
Changes during period									
Dividends of surplus						(13,548)	(13,548)		(13,548)
Loss						(50,792)	(50,792)		(50,792)
Purchase of treasury shares								(0)	(0)
Disposal of treasury shares			17	17				84	101
Net changes in items other than shareholders' equity									
Total changes during period	—	—	17	17	—	(64,341)	(64,341)	84	(64,239)
Balance at end of period	100,000	87,313	185	87,498	12,686	187,724	200,411	(3,015)	384,894

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	(45,432)	972	(44,460)	503	405,177
Changes during period					
Dividends of surplus					(13,548)
Loss					(50,792)
Purchase of treasury shares					(0)
Disposal of treasury shares					101
Net changes in items other than shareholders' equity	(321)	3,359	3,037	29	3,067
Total changes during period	(321)	3,359	3,037	29	(61,172)
Balance at end of period	(45,754)	4,332	(41,422)	532	344,004

(4) Notes to non-consolidated financial statements

(Information on going concern assumption)

None

Financial Results for FY2023



【 INDEX 】

I . Overviews of the Financial Results for the Year Ended March 31, 2024 (Fiscal Year 2023)

1. Summary of Revenue and Expenses	【Consolidated】		1
	【Non-consolidated】		2
2. Profit Margins	【Non-consolidated】		3
3. Business Profit	【Non-consolidated】		
4. ROE	【Non-consolidated】		
5. Gains (losses) on Securities Transactions	【Non-consolidated】		
6. Investments and Funding	【Consolidated】	【Non-consolidated】	4
7. Unrealized Gains and Losses on Securities	【Consolidated】	【Non-consolidated】	5
8. Sales of investment trusts and annuity insurance to retail customers	【Non-consolidated】		
9. Employees' Retirement Benefits	【Consolidated】	【Non-consolidated】	6
10. Capital Adequacy Ratio (under Japanese domestic standards)	【Consolidated】	【Non-consolidated】	7

II . Status of Loans, etc.

1. NPLs based on the Banking Act and the FRA, and coverage	【Consolidated】	【Non-consolidated】	8
2. Allowance for Loan Losses	【Consolidated】	【Non-consolidated】	9
3. Coverage for NPLs based on the FRA by Borrowers' Category	【Consolidated】		1 0
4. Off-Balancing of NPLs based on the FRA	【Non-consolidated】		1 1
5. Breakdown of Loans and Bills Discounted Classified by Industry	【Consolidated】		1 3

* NPLs : Non-performing loans

* FRA : Financial Reconstruction Act

III. Deferred Tax Assets		1 4
--------------------------	-------	-----

I . Overviews of the Financial Results for the Year Ended March 31, 2024 (Fiscal Year 2023)

1 . Summary of Revenue and Expenses

【Consolidated】

(Millions of yen)

	FY2023		FY2022
	(A)	(A)-(B)	(B)
Consolidated net revenue ※1	50,924	(8,648)	59,573
Net interest income	42,074	(9,006)	51,080
Net fees and commissions	20,420	7,087	13,333
Net gains on trading account transactions	1,633	(2,562)	4,196
Net other ordinary income	(13,204)	(4,167)	(9,036)
General and administrative expenses	(61,860)	(2,498)	(59,362)
Gains (losses) on equity method investments	2,342	(37)	2,380
Business profit ※2	(8,594)	(11,185)	2,591
Credit-related expenses	(46,930)	(45,229)	(1,700)
Write-off of loans	(683)	(506)	(176)
Provision of specific allowance for loan losses	(40,805)	(34,885)	(5,920)
Provision of general allowance for loan losses	(3,778)	(8,588)	4,809
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	(957)	570	(1,528)
Recoveries of written-off receivables	758	(440)	1,199
Provision of allowance for credit losses on off-balance-sheet instruments	(1,463)	(1,379)	(84)
Gains (losses) on stock transactions	1,634	(6,861)	8,495
Other	(926)	1,102	(2,029)
Ordinary profit (loss)	(54,816)	(62,173)	7,356
Extraordinary profit (loss)	1,642	1,644	(2)
Profit (loss) before income taxes	(53,174)	(60,528)	7,354
Income taxes-current	(810)	(372)	(437)
Income taxes-deferred	2,247	2,508	(260)
Profit (loss)	(51,737)	(58,392)	6,655
Loss attributable to non-controlling interests	1,832	(232)	2,064
Profit (loss) attributable to owners of parent	(49,904)	(58,624)	8,719

※1 Consolidated net revenue = (Interest income - Interest expenses)

+ (Trust fees + Fees and commissions - Fees and commissions payments)

+ (Gain on trading account transactions - Loss on trading account transactions)

+ (Other ordinary income - Other ordinary expenses)

※2 Business profit = Consolidated net revenue - General and administrative expenses + Gains (losses) on equity method investments

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

(Scope of Consolidation and Equity-Method Application)

(Number of companies)

	FY2023		FY2022
	(A)	(A)-(B)	(B)
Consolidated subsidiaries	25	0	25
Subsidiaries and affiliated companies applying equity-method	1	0	1

【Non-consolidated】

(Millions of yen)

	FY2023		FY2022
	(A)	(A)-(B)	
Net revenue	30,869	(13,464)	44,333
(Excluding gains (losses) on bond transactions)	49,473	(6,018)	55,492
Net interest income	31,517	(11,143)	42,660
Net fees and commissions ※	13,699	4,621	9,077
Net gains on trading account transactions	1,386	(2,296)	3,682
Net other ordinary income	(15,733)	(4,646)	(11,086)
(Gains (losses) on bond transactions)	(18,604)	(7,445)	(11,158)
General and administrative expenses	(46,673)	(668)	(46,004)
Personnel	(23,536)	(340)	(23,196)
Property and equipment	(21,255)	(572)	(20,683)
Taxes	(1,880)	244	(2,125)
Core net business profit	(15,803)	(14,132)	(1,671)
Core net business profit excluding gains(losses) on bonds	2,800	(6,687)	9,487
Core net business profit excluding gains(losses) on bonds and cancellation on investment trusts	258	(7,900)	8,159
Credit-related expenses	(45,969)	(44,357)	(1,612)
Write-off of loans	(1,244)	238	(1,482)
Provision of specific allowance for loan losses	(40,559)	(34,816)	(5,742)
Provision of general allowance for loan losses	(3,566)	(8,219)	4,653
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	1	1	-
Recoveries of written-off receivables	677	(392)	1,070
Provision of allowance for credit losses on off-balance-sheet instruments	(1,280)	(1,169)	(111)
Gains (losses) on stock transactions	1,639	(6,856)	8,495
Other	(857)	1,173	(2,031)
Ordinary profit (loss)	(60,992)	(64,172)	3,180
Extraordinary profit (loss)	9,875	20,896	(11,021)
Loss before income taxes	(51,116)	(43,275)	(7,840)
Income taxes-current	120	42	78
Income taxes-deferred	203	569	(366)
Loss	(50,792)	(42,664)	(8,127)
Business profit	(20,649)	(23,520)	2,870

※ Trust fees are included.

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

2. Profit Margins [Non-consolidated]

(Total)

	FY2023		FY2022
	(A)	(A)-(B)	(B)
(1) Yield on total investments (A)	2.72%	0.84%	1.88%
Yield on loans (B)	3.16%	0.98%	2.18%
Yield on securities	1.82%	0.21%	1.61%
(2) Rate of funding cost (including general and administrative expenses) (C)	2.71%	0.90%	1.81%
Cost of deposits & certificates of deposit (including general and administrative expenses) (D)	1.17%	0.02%	1.15%
Yield on deposits & certificates of deposit (E)	0.28%	0.06%	0.22%
Yield on borrowings	0.34%	0.06%	0.28%
(3) Profit margins (A) - (C)	0.01%	(0.06%)	0.07%
(4) Loan margin (B) - (D)	1.99%	0.96%	1.03%
(5) Yield spread (B) - (E)	2.88%	0.92%	1.96%

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

(Domestic operations)

	FY2023		FY2022
	(A)	(A)-(B)	(B)
(1) Yield on total investments (A)	0.65%	0.07%	0.58%
Yield on loans (B)	0.96%	0.05%	0.91%
Yield on securities	1.15%	0.31%	0.84%
(2) Rate of funding cost (including general and administrative expenses) (C)	0.95%	(0.01%)	0.96%
Cost of deposits & certificates of deposit (including general and administrative expenses) (D)	1.01%	(0.03%)	1.04%
Yield on deposits & certificates of deposit (E)	0.17%	0.01%	0.16%
Yield on borrowings	0.26%	0.01%	0.25%
(3) Profit margins (A) - (C)	(0.30%)	0.08%	(0.38%)
(4) Loan margin (B) - (D)	(0.05%)	0.08%	(0.13%)
(5) Yield spread (B) - (E)	0.79%	0.04%	0.75%

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

3. Business Profit [Non-consolidated]

(Millions of yen)

	FY2023		FY2022
	(A)	(A)-(B)	(B)
Core net business profit	(15,803)	(14,132)	(1,671)
per employee (thousand yen)	(7,905)	(7,073)	(832)

4. ROE [Non-consolidated]

	FY2023		FY2022
	(A)	(A)-(B)	(B)
Core net business profit basis	(4.22%)	(3.85%)	(0.37%)
Profit basis	(13.57%)	(11.74%)	(1.83%)

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

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

(Millions of yen)

	FY2023		FY2022
	(A)	(A)-(B)	(B)
Gains (losses) on bond transactions	(18,604)	(7,445)	(11,158)
Gain on sale of bonds	8,139	2,224	5,914
Gain on redemption of bonds	-	-	-
Loss on sale of bonds	(23,188)	(7,079)	(16,109)
Loss on redemption of bonds	(3,555)	(2,964)	(590)
Loss on devaluation of bonds	-	373	(373)
Gains (losses) on stock transactions	1,639	(6,856)	8,495
Gain on sale of equity securities	10,278	1,701	8,576
Loss on sale of equity securities	(8,187)	(8,187)	-
Loss on devaluation of equity securities	(450)	(369)	(80)

6. Investments and Funding

【Consolidated】

(Total)

(Millions of yen)

	FY2023				FY2022	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	6,086,481	2.73%	261,647	0.79%	5,824,833	1.94%
Due from banks	60,469	2.51%	3,938	1.16%	56,531	1.35%
Call loans and bills bought	222,980	0.36%	(64,016)	0.24%	286,996	0.12%
Securities purchased under resale agreements	4	(0.10%)	4	(0.10%)	-	-
Cash collateral provided for securities borrowed	-	-	-	-	-	-
Securities	1,441,320	1.87%	8,473	0.24%	1,432,846	1.63%
Loans and bills discounted	4,088,421	3.21%	316,904	0.91%	3,771,517	2.30%
Total funding	6,802,136	1.82%	512,438	0.83%	6,289,698	0.99%
Deposits	5,670,605	0.25%	429,462	0.04%	5,241,142	0.21%
Negotiable certificates of deposit	42,539	0.02%	13,976	0.01%	28,563	0.01%
Call money and bills sold	14,237	3.25%	(5,758)	2.33%	19,996	0.92%
Securities sold under repurchase agreements	51,450	5.51%	(9,729)	2.81%	61,179	2.70%
Cash collateral received for securities lent	286,182	5.25%	(857)	2.80%	287,040	2.45%
Borrowed money	547,334	0.26%	62,334	0.00%	485,000	0.26%
Bonds payable	179,213	3.01%	32,961	1.98%	146,251	1.03%

【Non-consolidated】

(Total)

(Millions of yen)

	FY2023				FY2022	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	5,733,824	2.72%	164,692	0.84%	5,569,132	1.88%
Due from banks	26,701	5.04%	270	2.42%	26,431	2.62%
Call loans	100,026	0.87%	(110,392)	0.69%	210,419	0.18%
Securities purchased under resale agreements	4	(0.10%)	4	(0.10%)	-	-
Cash collateral provided for securities borrowed	-	-	-	-	-	-
Securities	1,478,528	1.82%	24,899	0.21%	1,453,629	1.61%
Loans and bills discounted	3,879,060	3.12%	254,142	0.96%	3,624,917	2.16%
Total funding	6,305,055	1.98%	356,995	0.93%	5,948,059	1.05%
Deposits	5,173,526	0.28%	273,854	0.05%	4,899,671	0.23%
Negotiable certificates of deposit	42,539	0.02%	13,976	0.01%	28,563	0.01%
Call money	14,237	3.25%	(5,758)	2.33%	19,996	0.92%
Securities sold under repurchase agreements	51,450	5.51%	(9,729)	2.81%	61,179	2.70%
Cash collateral received for securities lent	286,182	5.25%	(857)	2.80%	287,040	2.45%
Borrowed money	547,331	0.26%	62,499	0.00%	484,832	0.26%
Bonds payable	179,213	3.01%	32,961	1.98%	146,251	1.03%

(Domestic operations)

(Millions of yen)

	FY2023				FY2022	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	5,085,800	0.65%	132,054	0.07%	4,953,746	0.58%
Due from banks	1,448	0.00%	182	(0.08%)	1,266	0.08%
Call loans	82,811	(0.01%)	(113,476)	(0.00%)	196,287	(0.01%)
Securities purchased under resale agreements	4	(0.10%)	4	(0.10%)	-	-
Cash collateral provided for securities borrowed	-	-	-	-	-	-
Securities	510,030	1.15%	(17,269)	0.31%	527,300	0.84%
Loans and bills discounted	2,373,622	0.96%	161,246	0.05%	2,212,375	0.91%
Total funding	5,689,440	0.20%	332,623	0.03%	5,356,816	0.17%
Deposits	5,046,858	0.17%	289,244	0.01%	4,757,613	0.16%
Negotiable certificates of deposit	42,539	0.02%	13,976	0.01%	28,563	0.01%
Call money	6,475	0.01%	(7,467)	0.02%	13,942	(0.01%)
Securities sold under repurchase agreements	-	-	-	-	-	-
Cash collateral received for securities lent	-	-	(1,389)	0.00%	1,389	0.00%
Borrowed money	547,328	0.26%	62,496	0.00%	484,832	0.26%
Bonds payable	42,415	0.24%	(24,020)	0.10%	66,435	0.14%

7. Unrealized Gains and Losses on Securities

【Consolidated】

(Millions of yen)

	March 31, 2024				March 31, 2023		
	Unrealized gains and losses				Unrealized gains and losses		
	(A)	(A)-(B)	gains	losses	(B)	gains	losses
Held-to-maturity bonds	-	-	-	-	-	-	-
Available-for-sale securities	(58,770)	7,146	26,077	84,847	(65,917)	28,192	94,110
Japanese stocks	14,786	1,904	15,202	415	12,882	13,190	308
Japanese debt securities	(2,847)	(529)	300	3,147	(2,317)	481	2,798
Other	(70,710)	5,771	10,574	81,284	(76,482)	14,521	91,003

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

【Non-consolidated】

(Millions of yen)

	March 31, 2024				March 31, 2023		
	Unrealized gains and losses				Unrealized gains and losses		
	(A)	(A)-(B)	gains	losses	(B)	gains	losses
Held-to-maturity bonds	-	-	-	-	-	-	-
Available-for-sale securities	(58,667)	7,210	26,077	84,745	(65,878)	28,192	94,071
Japanese stocks	14,786	1,904	15,202	415	12,882	13,190	308
Japanese debt securities	(2,744)	(465)	300	3,045	(2,278)	481	2,759
Other	(70,710)	5,771	10,574	81,284	(76,482)	14,521	91,003

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

8. Sales of investment trusts and annuity insurance to retail customers 【Non-consolidated】

(Sales Total)

(Billions of yen)

	FY2023		FY2022
	(A)	(A)-(B)	(B)
Investment trusts	112.7	48.2	64.5
Annuity insurance	7.6	5.7	1.8

9. Employees' Retirement Benefits

① Provision for retirement benefits

【Consolidated】

(Millions of yen)

			March 31, 2024		March 31, 2023
			(A)	(A) - (B)	(B)
	Defined retirement benefit obligation	(A)	(38,110)	3,834	(41,944)
	Fair value of plan assets	(B)	35,938	1,408	34,529
	Unfunded retirement benefit obligation	(C)=(A)+(B)	(2,171)	5,242	(7,414)
	Retirement benefit asset	(D)	8,741	4,867	3,873
	Retirement benefit liability	(C)-(D)	(10,912)	375	(11,288)
	Unrecognized actuarial losses	(E)	3,282	5,198	(1,915)
	Unrecognized prior-service cost	(F)	-	-	-
	Remeasurements of defined benefit plans (before income tax effect)	(E)+(F)	3,282	5,198	(1,915)

【Non-consolidated】

(Millions of yen)

			March 31, 2024		March 31, 2023
			(A)	(A) - (B)	(B)
	Defined retirement benefit obligation	(A)	(37,483)	3,924	(41,407)
	Fair value of plan assets	(B)	35,938	1,408	34,529
	Unfunded retirement benefit obligation	(C)=(A)+(B)	(1,544)	5,332	(6,877)
	Unrecognized actuarial losses	(D)	(3,282)	(5,198)	1,915
	Unrecognized prior-service cost	(E)	-	-	-
	Net liability recognized	(F)=(C)+(D)+(E)	(4,827)	134	(4,962)
	Prepaid pension costs	(G)	5,663	16	5,647
	Provision for retirement benefits	(F)-(G)	(10,491)	118	(10,609)

② Net periodic retirement benefit costs

【Consolidated】

(Millions of yen)

			FY2023		FY2022
			(A)	(A) - (B)	(B)
	Net periodic retirement benefit costs regarding defined benefit pension plans		1,529	491	1,037

【Non-consolidated】

(Millions of yen)

			FY2023		FY2022
			(A)	(A) - (B)	(B)
	Net periodic retirement benefit costs		1,373	478	895
	Service cost		1,554	(14)	1,569
	Interest cost		163	(1)	164
	Expected return on plan assets		(863)	37	(900)
	Amortization of prior-service cost		-	-	-
	Recognized actuarial losses		518	464	54
	Other		-	(7)	7

10. Capital Adequacy Ratio (under Japanese domestic standards)

■Basel III

【Consolidated】

(Millions of yen)

	March 31, 2024			March 31, 2023	September 30, 2023
	preliminary (A)	(A) - (B)	(A) - (C)	(B)	(C)
(1) Capital adequacy ratio (4)/(5)	9.23%	(0.20%)	(0.40%)	9.43%	9.63%
(2) Core capital: instruments and reserves	467,585	(45,382)	(61,812)	512,968	529,397
(3) Core capital: regulatory adjustments	38,572	15,700	15,775	22,872	22,796
(4) Regulatory capital (2)-(3)	429,013	(61,082)	(77,587)	490,096	506,601
(5) Risk-weighted assets	4,645,636	(550,249)	(610,054)	5,195,885	5,255,691
(6) Total required capital (5)*4%	185,825	(22,009)	(24,402)	207,835	210,227

【Non-consolidated】

(Millions of yen)

	March 31, 2024			March 31, 2023	September 30, 2023
	preliminary (A)	(A) - (B)	(A) - (C)	(B)	(C)
(1) Capital adequacy ratio (4)/(5)	8.68%	(0.31%)	(0.34%)	8.99%	9.02%
(2) Core capital: instruments and reserves	423,223	(55,868)	(57,827)	479,091	481,050
(3) Core capital: regulatory adjustments	24,587	12,449	12,874	12,138	11,713
(4) Regulatory capital (2)-(3)	398,635	(68,317)	(70,701)	466,952	469,337
(5) Risk-weighted assets	4,590,174	(602,270)	(612,445)	5,192,445	5,202,619
(6) Total required capital (5)*4%	183,606	(24,090)	(24,497)	207,697	208,104

The 'Composition of Capital Disclosure' is available on our website at

<https://www.aozorabank.co.jp/english/ir/library/results/>

II. Status of Loans, etc.

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

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

☐ After partial and direct write-off

【Consolidated】

(Millions of yen)

	March 31, 2024			March 31, 2023	September 30, 2023
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Bankrupt and similar credit	18	(3,021)	11	3,039	7
Doubtful credit	118,572	87,949	73,232	30,623	45,339
Special attention credit	12,514	7,003	5,749	5,511	6,765
Loans overdue for three months or more	6,361	6,361	5,978	-	382
Restructured loans	6,153	641	(228)	5,511	6,382
Subtotal (a)	131,105	91,931	78,993	39,174	52,111
Normal credit	3,996,188	99,315	(120,137)	3,896,873	4,116,326
Total credit (b)	4,127,294	191,246	(41,143)	3,936,047	4,168,438
NPL ratio (a/b)	3.2%	2.2%	1.9%	1.0%	1.3%

	March 31, 2024			March 31, 2023	September 30, 2023
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance & Coverage (c)	122,894	86,309	74,568	36,585	48,325
Allowance for loan losses (d)	54,753	41,471	33,930	13,281	20,822
Collateral / guarantee coverage (e)	68,140	44,837	40,638	23,303	27,502
Coverage ratio (c/a)	93.7%	0.3%	1.0%	93.4%	92.7%
Allowance ratio (d/(a-e))	87.0%	3.3%	2.4%	83.7%	84.6%

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

☐ After partial and direct write-off

【Non-consolidated】

(Millions of yen)

	March 31, 2024			March 31, 2023	September 30, 2023
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Bankrupt and similar credit	18	(3,021)	11	3,039	7
Doubtful credit	118,292	88,451	73,900	29,840	44,391
Special attention credit	12,149	6,637	5,559	5,511	6,590
Loans overdue for three months or more	6,361	6,361	5,978	-	382
Restructured loans	5,788	276	(419)	5,511	6,207
Subtotal (a)	130,459	92,068	79,471	38,391	50,988
Normal credit	3,818,635	81,215	(109,704)	3,737,419	3,928,339
Total credit (b)	3,949,094	173,283	(30,233)	3,775,811	3,979,328
NPL ratio (a/b)	3.3%	2.3%	2.0%	1.0%	1.3%

	March 31, 2024			March 31, 2023	September 30, 2023
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance & Coverage (c)	122,526	86,724	75,171	35,802	47,355
Allowance for loan losses (d)	54,410	41,892	34,541	12,518	19,869
Collateral / guarantee coverage (e)	68,115	44,831	40,629	23,284	27,485
Coverage ratio (c/a)	93.9%	0.6%	1.0%	93.3%	92.9%
Allowance ratio (d/(a-e))	87.3%	4.4%	2.8%	82.9%	84.5%

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

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

【Consolidated】

(Millions of yen)

	March 31, 2024			March 31, 2023	September 30, 2023
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	87,929	43,877	34,186	44,052	53,742
General allowance	37,475	3,782	1,579	33,693	35,896
Specific allowance	50,453	40,094	32,606	10,359	17,846
Allowance for loans to restructuring countries	-	-	-	-	-

☐ After partial and direct write-off

【Non-consolidated】

(Millions of yen)

	March 31, 2024			March 31, 2023	September 30, 2023
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	87,371	44,165	34,686	43,206	52,685
General allowance	37,177	3,566	1,404	33,611	35,773
Specific allowance	50,194	40,599	33,282	9,595	16,912
Allowance for loans to restructuring countries	-	-	-	-	-

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

☐ After partial and direct write-off

【Consolidated】

(Billions of yen)

Borrower categories for self-assessment	NPLs based on the FRA		Allowance & Coverage	Allowance ratio	Coverage ratio	
	Loans	other				
Bankrupt borrowers	Bankrupt and similar credit 0.0		Collateral / Guarantee coverage0.0		100.0%	100.0%
De facto bankrupt borrowers						
In Danger of Bankruptcy borrowers	Doubtful credit 118.5		Collateral / Guarantee coverage68.1 Allowance50.4 Estimated collections-		100.0%	100.0%
Need Attention borrowers	Special attention credit 12.5		Collateral / Guarantee coverage0.0 Allowance4.2 Estimated collections8.2		34.4%	34.4%
Normal borrowers	(Normal credit) (3,996.1)					

NPL credit 131.1	Collateral / Guarantee coverage 68.1 Allowance 54.7 Estimated collections 8.2	NPLs based on the FRA Allowance ratio 87.0%	NPLs based on the FRA Coverage ratio 93.7%
Total credit 4,127.2	Total allowance 87.9	Allowance ratio = Allowance / (NPL credit – Collateral, Guarantees, etc.) Coverage ratio = (Collateral, Guarantees + Allowance) / NPL credit	
Allowance ratio for the unsecured portion of special attention credit		34.3%	
Allowance ratio for the need attention credit		6.8%	
Allowance ratio for the normal credit		0.4%	

(Note) Japanese yen figures of less than 100 million yen are truncated.

4. Off-Balancing of NPLs based on the FRA [Non-consolidated]

① Balance of doubtful credit, and bankrupt and similar credit

(Billions of yen)

Newly added within:		As of Sep. 30, 2020	As of Mar. 31, 2021	As of Sep. 30, 2021	As of Mar. 31, 2022	As of Sep. 30, 2022	As of Mar. 31, 2023	As of Sep. 30, 2023 (B)	increase (decrease) (A)-(B)	As of Mar. 31, 2024 (A)
-Sep. 30, 2020	Bankrupt and similar credit	2.1	2.1	-	1.8	1.8	3.0	-	-	-
	Doubtful credit	16.6	14.2	9.9	7.9	6.4	4.0	3.2	0.0	3.2
	subtotal	18.8	16.3	9.9	9.7	8.3	7.1	3.2	0.0	3.2
Oct. 1, 2020 -Mar. 31, 2021	Bankrupt and similar credit	-	0.0	-	0.9	0.0	0.0	0.0	(0.0)	0.0
	Doubtful credit	-	6.4	6.4	2.1	0.0	-	-	-	-
	subtotal	-	6.5	6.4	3.1	0.0	0.0	0.0	(0.0)	0.0
Apr. 1, 2021 -Sep. 30, 2021	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	-	-	-	-
	subtotal	-	-	-	-	-	-	-	-	-
Oct. 1, 2021 -Mar. 31, 2022	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	5.3	-	-	-	-	-
	subtotal	-	-	-	5.3	-	-	-	-	-
Apr. 1, 2022 -Sep. 30, 2022	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	4.7	1.5	1.7	(0.0)	1.7
	subtotal	-	-	-	-	4.7	1.5	1.7	(0.0)	1.7
Oct. 1, 2022 -Mar. 31, 2023	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	24.1	21.3	0.2	21.6
	subtotal	-	-	-	-	-	24.1	21.3	0.2	21.6
Apr. 1, 2023 -Sep. 30, 2023	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	-	18.0	0.2	18.2
	subtotal	-	-	-	-	-	-	18.0	0.2	18.2
Oct. 1, 2023 -Mar. 31, 2024	Bankrupt and similar credit	-	-	-	-	-	-	-	0.0	0.0
	Doubtful credit	-	-	-	-	-	-	-	73.4	73.4
	subtotal	-	-	-	-	-	-	-	73.4	73.4

(Note1) Japanese yen figures of less than 100 million yen are truncated.

(Note2) Balance as of March 31, 2024 includes those borrowers (0.1 billion yen) for whom measures are undertaken which will lead to eventual off-balancing.

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

(Billions of yen)

Newly added within:	-Sep. 30, 2020	Oct. 1, 2020 -Mar. 31, 2021	Apr. 1, 2021 -Sep. 30, 2021	Oct. 1, 2021 -Mar. 31, 2022	Apr. 1, 2022 -Sep. 30, 2022	Oct. 1, 2022 -Mar. 31, 2023	Apr. 1, 2023 -Sep. 30, 2023
Liquidation-type disposition	-	(1.9)	-	-	-	-	-
Restructuring-type disposition	(1.0)	-	-	-	-	-	-
Loan liquidations	-	-	-	-	-	-	(0.0)
Direct write-off	1.1	2.2	-	-	-	-	-
Other	(0.0)	(0.2)	-	-	(0.0)	0.2	0.2
Total	0.0	(0.0)	-	-	(0.0)	0.2	0.2

(Note1) Japanese yen figures of less than 100 million yen are truncated.

(Note2) Liquidation-type disposition : debt waiver in event of bankruptcy or special liquidation

Restructuring-type disposition : debt waiver in event of restructuring-type proceedings, such as corporate reorganization, civil rehabilitation, composition and winding-up; or debt forgiveness

Other : collection by disposition of collateral, business improvement of debtor, etc.

(Note3) If legal proceedings such as debt waiver, forgiveness, collection and so on, occur after direct write-off of book cost, relevant amounts are reentered in 'Liquidation-type disposition', 'Restructuring-type disposition' or 'Other' where appropriate and subtracted from 'Direct write-off.'

5. Breakdown of Loans and Bills Discounted Classified by Industry 【Consolidated】

□ After partial and direct write-off

① Loans and Bills Discounted Classified by Industry

(Millions of yen)

	March 31, 2024	March 31, 2023
Loans by domestic offices (excluding Japan offshore market accounts)	3,098,275	3,000,048
Manufacturing	300,950	258,789
Agriculture, forestry and fisheries	152	3,119
Mining, quarry and gravel extraction	-	-
Construction	16,668	12,769
Electricity, gas, heat supply and water	126,090	141,507
Information and communications	128,199	105,336
Transport and postal service	42,792	49,774
Wholesale and retail trade	85,987	86,957
Finance and insurance	363,825	342,472
Real estate	758,169	760,426
Leasing	183,255	148,798
Various services	162,957	155,215
Local government	813	8,588
Others	928,411	926,292
Loans by overseas offices (including Japan offshore market accounts)	973,019	881,324
Government	-	-
Financial institutions	-	-
Others	973,019	881,324
Total	4,071,295	3,881,373

② NPLs based on the FRA Classified by Industry

(Millions of yen)

	March 31, 2024	March 31, 2023
NPL credit by domestic offices (excluding Japan offshore market accounts)	129,357	36,850
Manufacturing	6,806	5,692
Agriculture, forestry and fisheries	108	3,144
Mining, quarry and gravel extraction	-	-
Construction	111	7
Electricity, gas, heat supply and water	8	-
Information and communications	63	14
Transport and postal service	16	0
Wholesale and retail trade	212	125
Finance and insurance	1	0
Real estate	33	3
Leasing	-	-
Various services	417	1,302
Local government	-	-
Others	121,577	26,558
NPL credit by overseas offices (including Japan offshore market accounts)	1,748	2,323
Government	-	-
Financial institutions	-	-
Others	1,748	2,323
Total	131,105	39,174

(Note) NPL credit includes accrued interest and suspense payments in other assets and customers' liabilities for acceptances and guarantees.

III. Deferred Tax Assets

1. Decision on Recoverability of Deferred Tax Asset

We have categorized the Bank under Category 3 in accordance with Paragraph 29 of 'Guidance on Recoverability of Deferred Tax Assets' (ASBJ Guidance on Corporate Accounting Standard No.26) and have calculated recoverable deferred tax assets based on a scheduling of the reversals of temporary differences and the estimation of future taxable income for the next 5 years.

Reference) Past Taxable income

(Billions of yen)

	FY 2021	FY 2022	FY 2023
Taxable income (before offsetting of tax loss carryforwards)	36.6	(2.7)	(*) (61.3)

(*) The tax-losses were recognized mainly due to the liquidation of an overseas subsidiary. For accounting purposes, the impairment losses have already been recorded in the past profit and loss statements.

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

(Billions of yen)

	March 31, 2024		March 31, 2023
	(A)	(A) - (B)	(B)
Deferred tax assets	49.1	(7.5)	56.7
Provision of allowance for loan losses	26.8	13.0	13.7
Provision for retirement benefits	3.2	(0.0)	3.2
Write-offs for securities	4.2	(17.9)	22.1
Valuation difference on available-for-sale securities	18.5	(2.7)	21.3
Tax loss carryforwards	18.8	18.3	0.4
Other	12.5	2.4	10.0
Subtotal	84.2	13.1	71.1
Less valuation allowance	(35.0)	(20.6)	(14.3)
Deferred tax liabilities	4.3	1.2	3.1
Valuation difference on available-for-sale securities	0.2	(0.1)	0.3
Net deferred tax assets	44.7	(8.8)	53.5