

FY2020 1st Quarter Financial Results Overview

July 31, 2020



1st Quarter Financial Highlights

Encouraging progress relative to expectations, despite lower results when compared with last year

Net revenue

21.3 billion yen (progress rate: 24%)

Business profit

8.5 billion yen (progress rate: 25%)

Profit attributable to owners of parent

7.4 billion yen (progress rate: 26%)

Key points

- Focused on meeting the financing needs of our corporate customers as well as supporting and providing guidance for our retail savings and investing customers
- Achieved an encouraging level of corporate and financial institution customer-based transactions as well as strong results within our financial markets business
- Maintained strong risk controls while also rebalancing our loan and securities portfolios, including loans in North America and foreign currency ETFs
- Comprehensive review of borrowers' business condition as well as establishing loss reserves, as was done in the prior quarter. Credit-related expenses were a net reversal of 0.1 billion yen

Dividend for 1Q: 30 yen per common share (one quarter of the full-year dividend forecast of 122 yen)

PL summary

■ While net revenue, business profit and profit attributable to owners of parent were all lower largely due to the impact of the COVID-19 pandemic, compared against this year's forecast they represented progress of 24%, 25% and 26%, respectively

	FY2019 Apr.-Jun. A	FY2020 Apr.-Jun. B	Change B - A		FY2020 full-year forecast	Progress
(billion yen)			Amount	%		
Net revenue	23.3	21.3	-1.9	-8.5%	90.0	24%
Net interest income	12.6	12.4	-0.2			
Non-interest income	10.6	8.9	-1.7			
General & administrative expenses	-12.3	-12.8	-0.5			
Gains/losses on equity method investments	-	-	-			
Business profit	11.0	8.5	-2.4	-22.6%	34.5	25%
Credit-related expenses	4.4	0.1	-4.2			
Gains/losses on stock transactions	1.1	1.0	-0.0			
Ordinary profit	16.8	8.7	-8.0	-47.9%	40.0	22%
Extraordinary profit/loss	0.0	-	-0.0			
Profit before income taxes	16.8	8.7	-8.0	-47.9%		
Taxes	-5.4	-1.9	+3.5			
Gains/losses attributable to non-controlling interests	0.5	0.6	+0.0			
Profit attributable to owners of parent	11.8	7.4	-4.4	-37.3%	28.5	26%

Net interest income

- Net interest income was 12.4 billion yen, a decrease of 0.2 billion yen year on year
- Interest income decreased by 7.3 billion yen year on year, reflecting a lower level of interest on loans and bonds as a result of lower U.S. dollar interest rates as well as a lower level of dividends on ETFs and investment trusts
- Interest expenses decreased by 7.1 billion yen due to lower foreign currency funding costs
 - Lending margins increased by 7bps

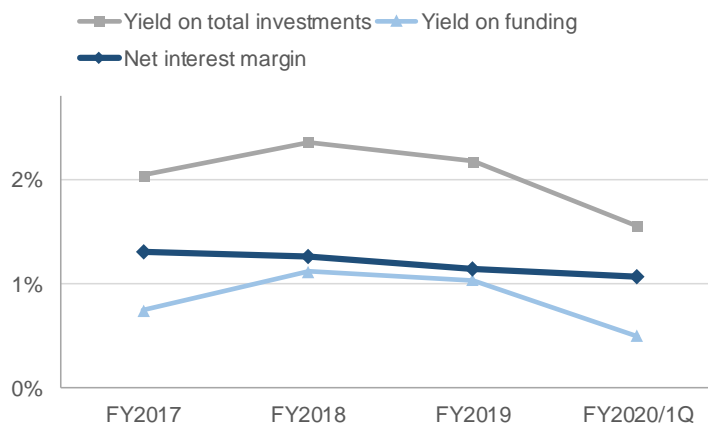
(billion yen)	FY2019 Apr.-Jun. A	FY2020 Apr.-Jun. B	Change B - A
Net interest income	12.6	12.4	-0.2
Interest income	25.6	18.2	-7.3
Interest on loans and discounts	16.0	12.6	-3.3
Interest and dividends on securities	8.8	5.4	-3.3
Other interest income	0.7	0.1	-0.5
Interest expenses	-12.9	-5.8	+7.1
Interest on deposits and NCDs	-1.8	-1.5	+0.3
Interest on debentures and bonds	-0.6	-0.5	+0.0
Interest on borrowings and rediscount	-0.2	-0.6	-0.3
Other interest expenses	-3.3	-0.6	+2.6
Interest on swaps	-6.8	-2.4	+4.3

(Note) Decreases in expenses are shown as positive.

Net interest margin

	FY2019 Apr.-Jun. A	FY2020 Apr.-Jun. B	
Yield on total investments (A)	2.38%	1.55%	-0.83%
Yield on loans (B)	2.30%	1.70%	-0.60%
Yield on securities	2.86%	1.97%	-0.89%
Yield on funding (C)	1.16%	0.49%	-0.67%
Net interest margin (A)-(C)	1.22%	1.06%	-0.16%
Lending margin (B)-(C)	1.14%	1.21%	+0.07%

<Net interest margin>



Non-interest income

- Non-interest income was 8.9 billion yen, a decrease of 1.7 billion yen year on year
- Despite the negative impact from the state of emergency and subsequent restrictions on non-essential activities, the Bank achieved an encouraging level of corporate business (loan-related fees) and financial institution business (derivative-related product sales) as well as strong results within our financial markets business

	(billion yen)	FY2019 Apr.-Jun. A	FY2020 Apr.-Jun. B	Change B - A
Non-interest income		10.6	8.9	-1.7
Net fees and commissions		1.9	1.9	-0.0
Net trading revenues		1.7	-0.7	-2.5
Gains/losses on bond transactions		4.8	7.9	+3.1
Net other ordinary income excl. gains/losses on bond transactions		2.0	-0.2	-2.3
Non-interest income ratio		46%	42%	

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

- Net fees and commissions were 1.9 billion yen, the same level as a year earlier
 - Loan-related fees remained strong mainly due to a higher level of syndicated loan activity
- Net trading revenues were a loss of 0.7 billion yen, 2.5 billion yen lower when compared with last year
 - Earnings from the sale of derivative-related products to financial institution customers were even with last year, while trading activities performed poorly

	FY2019 Apr.-Jun. A	FY2020 Apr.-Jun. B	Change B - A
(billion yen)			
Net fees and commissions	1.9	1.9	-0.0
Fees and commissions received	2.4	2.5	+0.1
Loan business-related and deposits	0.9	1.2	+0.3
Securities-related and agency	0.8	0.6	-0.1
Other	0.5	0.5	-0.0
Fees and commissions payments	-0.4	-0.5	-0.1
Net trading revenues	1.7	-0.7	-2.5

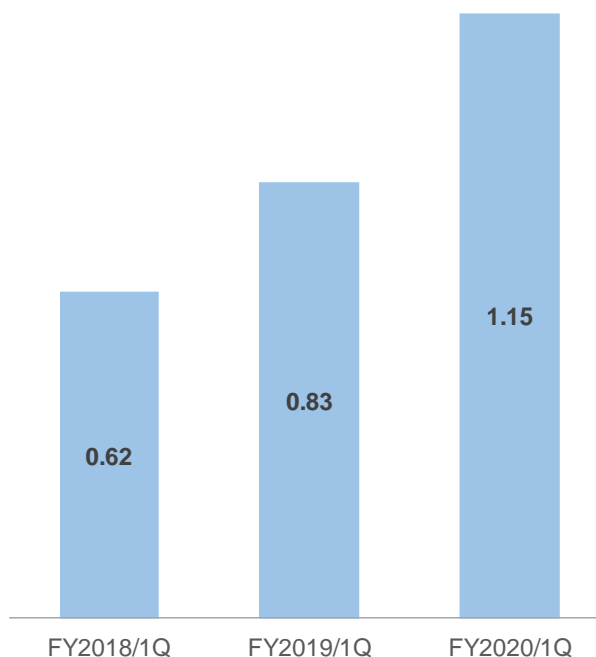
Earnings from investment product sales to retail customers (included in the two items above)

Earnings from investment product sales	1.3	0.1	-1.1
Investment trusts	0.3	0.1	-0.1
Insurance	0.1	0.0	-0.0
Structured bonds	0.9	-0.0	-0.9
<i>Cross-sell ratio*</i>	31%	24%	-7%

* Cross-sell ratio = balance of investment products / retail funding

<Loan-related fee income>

(billion yen)



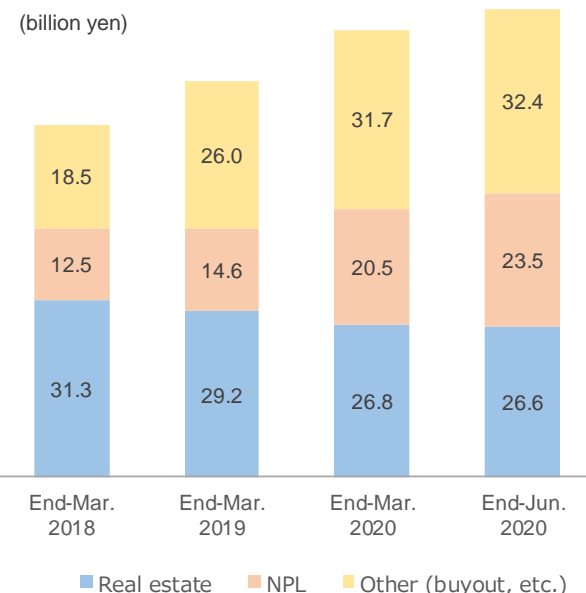
(Note) Earnings from the sale of structured bonds are included in net trading revenues.

Non-interest income – Net other ordinary income

- Gains/losses on bond transactions were a gain of 7.9 billion yen, compared with a gain of 4.8 billion yen in the first three months of FY2019
 - The Bank recorded gains on bond transactions mainly due to gains on the sale of U.S. government bonds and mortgage bonds in response to the global decline in interest rates. Unrealized gains recovered as a result of improvements in financial market conditions while the Bank rebalanced its securities portfolio
- Net other ordinary income was a loss of 0.2 billion yen, a decrease of 2.3 billion yen from last year
 - Gains from limited partnerships decreased by 1.9 billion yen. Buyout-related gains were down 1.7 billion yen, reflecting the absence of exit transactions during the quarter

(billion yen)	FY2019 Apr.-Jun. A	FY2020 Apr.-Jun. B	Change B-A
Gains/losses on bond transactions	4.8	7.9	+3.1
Japanese government bonds (JGBs)	-	-	-
Foreign government bonds and mortgage bonds	3.2	6.4	+3.1
Other	1.6	1.5	-0.0
Incl. Private placement investment trusts	0.5	0.9	+0.3
Incl. REITs	0.9	0.4	-0.4
Incl. Foreign currency ETFs	-0.0	0.4	+0.4
Net other ordinary income excl. gains/losses on bond transactions	2.0	-0.2	-2.3
Incl. Gains from limited partnerships	2.8	0.8	-1.9
Real estate-related	0.1	0.3	+0.2
Distressed loan-related	1.3	0.8	-0.4
Other (buyout, etc.)	1.3	-0.4	-1.7
<hr/>			
(Reference)			
Gains/losses on stock transactions	1.1	1.0	-0.0
Gains/losses on equity method investments	-	-	-

<Limited partnership investments>



Gains/losses on equity method investments

- Completed equity stake taken in Orient Commercial Joint Stock Bank (Vietnam) in June 2020

G&A expenses

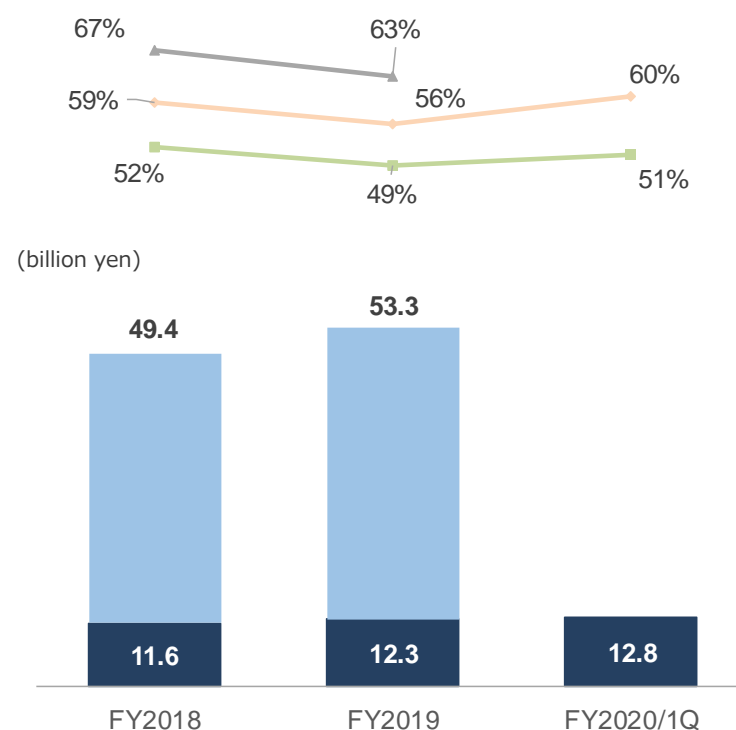
■ G&A expenses were 12.8 billion yen, an increase of 0.5 billion yen year on year

- Expenses associated with Aozora's internet banking subsidiary and our new retail banking smartphone app, BANK™ both increased
- G&A expenses were 23% of the full-year budget of 56.0 billion yen as the Bank maintained its focus on cost control. The Overhead Ratio (OHR) was 60%

<G&A expenses breakdown>

(billion yen)	FY2019 Apr. - Jun. A	FY2020 Apr. - Jun. B	Change B - A
G&A expenses (A)	12.3	12.8	+0.5
Personnel	5.6	5.9	+0.2
Non-Personnel	5.6	5.9	+0.3
Tax	0.9	0.9	-0.0
Net revenue (B)	23.3	21.3	
OHR (A) / (B)	53%	60%	

<G&A expenses and OHR>



■ Full-year
■ 1 Q
— Aozora OHR (non-consolidated)
— Aozora OHR (consolidated)
— Major banks' OHR average (consolidated)

(Note) Major banks are MUFG Bank, SMBC, Mizuho, Resona, SMTB and Shinsei.

Credit-related expenses

■ Credit-related expenses were a net reversal of 0.1 billion yen

- General loan loss reserves were a reversal of 2.8 billion yen, while specific loan loss reserves were a provision of 1.8 billion yen, mainly due to downgrades to the credit ratings of several borrowers

■ The ratio of loan loss reserves to total loans remained high at 1.66%

(billion yen)	FY2019 Apr.-Jun. A	FY2020 Apr.-Jun. B	Change B - A
Credit-related expenses	4.4	0.1	-4.2
Write-off of loans	-0.0	-0.6	-0.6
Loan loss reserves	4.1	0.9	-3.1
Specific loan loss reserves	-1.0	-1.8	-0.7
General loan loss reserves	5.2	2.8	-2.4
Gains/losses on disposition of loans	-0.0	-0.2	-0.2
Recoveries of written-off claims	0.2	0.0	-0.2
Reserve for credit losses on off-balance-sheet instruments	0.1	0.1	+0.0

<Ratio of loan loss reserves to total loans>

(billion yen)	End - Mar. 2020	End - Jun. 2020
Loan loss reserves (A)	53.7	49.6
Total loans (B)	2,954.1	2,979.3
(A) / (B)	1.82%	1.66%

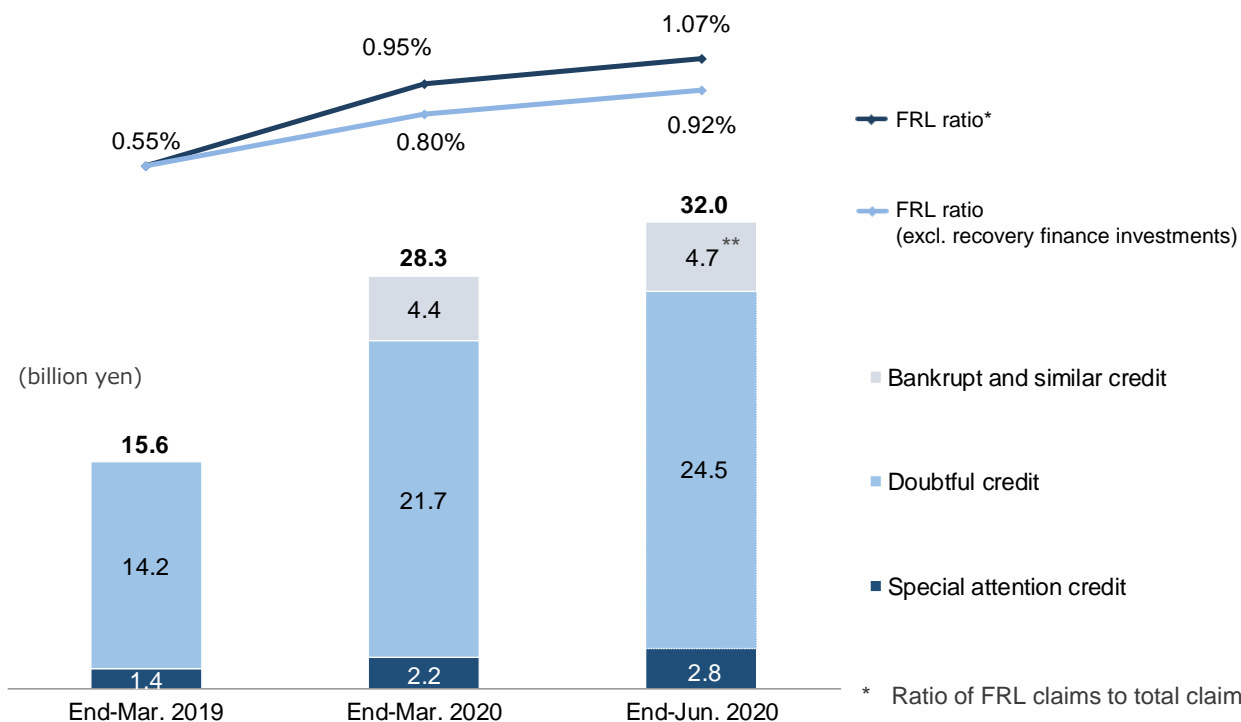
- ◆ The Bank uses a conservative approach, including the discounted cash flow (DCF) method, for certain normal (lower rated) and need attention category borrowers with larger loan exposures

- ◆ In the 4th quarter of FY2019, the Bank reviewed the business 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
- ◆ In the 1st quarter of FY2020, the Bank recorded a net reversal in credit-related expenses with a comprehensive review of borrowers and establishment of loss reserves. For FY2020, net credit costs are currently estimated to be approximately 10bps

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

■ The ratio of FRL claims to total claims was 1.07%, an increase of 0.12% from the end of March 2020

- The increase in FRLs was the result of downgrades to the credit ratings of several borrowers
- The ratio of FRL claims to total loans excluding recovery finance investments was 0.92%



* Ratio of FRL claims to total claims

** Including 4.3 billion yen in recovery finance investments

Coverage	14.6	27.5	30.9
Reserves	8.8	15.2	13.9
Collateral & guarantees	5.7	12.3	16.9
Coverage ratio	94%	97%	97%

Balance sheet summary

- Total assets were 5,694.1 billion yen, an increase of 394.3 billion yen compared to March 31, 2020
 - Overseas loans and securities portfolios were rebalanced to improve overall asset quality
- Net assets were 463.8 billion yen, representing an increase of 39.0 billion yen from March 31, 2020

(billion yen)	End - Mar. 2020 A	End - Jun. 2020 B	Change B - A
Loans and bills discounted	2,954.1	2,979.3	+25.1
Securities	1,073.6	1,132.6	+59.0
Cash and due from banks	464.2	625.9	+161.6
Trading assets	259.3	220.3	-39.0
Other	548.3	735.9	+187.5
Total assets	5,299.8	5,694.1	+394.3

(billion yen)	End - Mar. 2020 A	End - Jun. 2020 B	Change B - A
Deposits / Negotiable certificates of deposit	3,396.8	3,541.7	+144.8
Debentures / Bonds	259.9	233.8	-26.1
Borrowed money	427.6	655.8	+228.2
Payables under securities lending transactions	281.3	405.7	+124.4
Trading liabilities	211.2	180.3	-30.9
Other	298.0	212.8	-85.2
Total liabilities	4,875.0	5,230.3	+355.2
Total net assets	424.7	463.8	+39.0
Total liabilities and net assets	5,299.8	5,694.1	+394.3

Funding

■ Total core funding (deposits, negotiable certificates of deposit, debentures and bonds) was 3,775.5 billion yen, an increase of 118.7 billion yen from March 31, 2020

➤ The successful launch of BANK™, our new retail banking smartphone app, was an important driver behind the further expansion of our retail customer base during the quarter. The percentage of retail funding to total core funding was 58%

(billion yen)	End-Mar. 2020 A	End-Jun. 2020 B	Change B - A
Total core funding	3,656.8	3,775.5	+118.7
Deposits / NCDs	3,396.8	3,541.7	+144.8
Debentures / Bonds	259.9	233.8	-26.1
Retail funding ratio *	57%	58%	
Stable funding ratio *	75%	75%	

* Defined as follows:

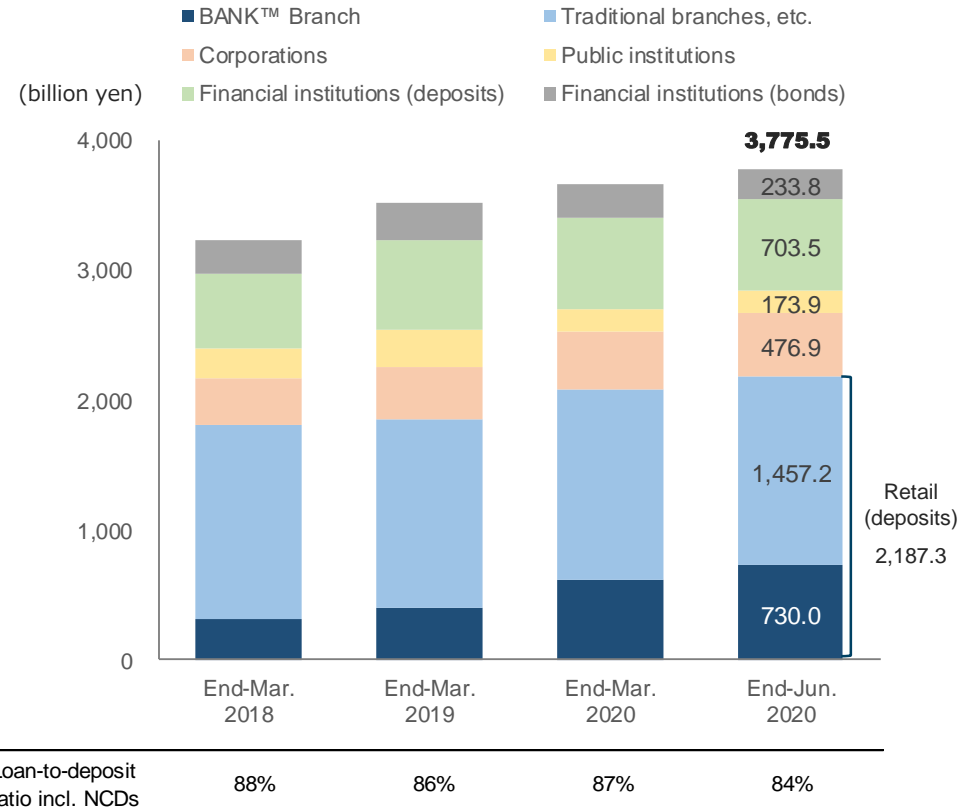
Retail funding ratio = Retail deposits / Total core funding

Stable funding ratio = (Retail deposits + Corporate long-term derivative-embedded deposits and borrowings) / (Total core funding + Corporate long-term derivative-embedded borrowings)

Foreign currency funding under stress scenarios

◆ As a precaution against further market disruptions or event shocks such as natural disasters, closed a \$1.0 billion forex forward facility which secures access to foreign currency funding at any time during the contract period

<Funding by customer segment>



Loans — Balance by industry

■ Loans were 2,979.3 billion yen, an increase of 25.1 billion yen from March 31, 2020

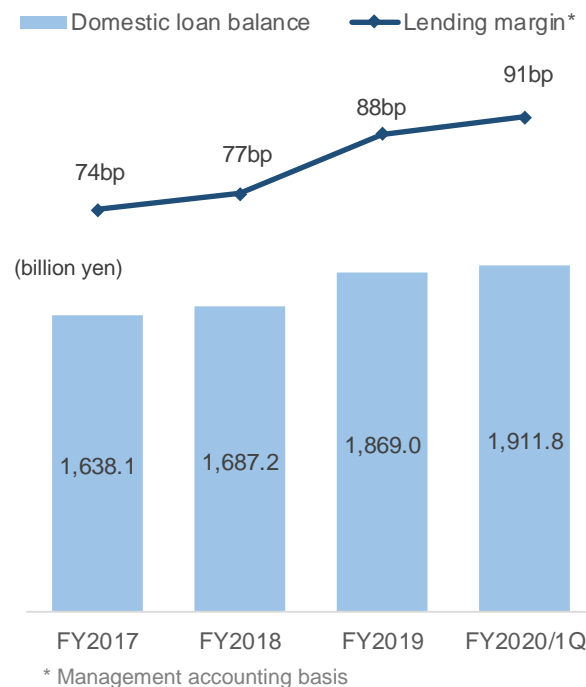
- Domestic loans increased by 42.8 billion yen together with the continued expansion of lending margins resulting from the origination of high value-added financing transactions

	(billion yen)	End - Mar. 2020 A	End - Jun. 2020 B	Change B - A
Total loans	(A)	2,954.1	2,979.3	+25.1
Domestic loans		1,869.0	1,911.8	+42.8
Overseas loans *	(B)	1,085.0	1,067.4	-17.6
	(B) / (A)	36.7%	35.8%	-

* With no final risk residing in Japan

	Share			
Loans by domestic offices (excl. Japan offshore market accounts)	2,272.0	2,310.0	78%	+37.9
Manufacturing	240.9	254.4	9%	+13.5
Information and communications	77.7	92.2	3%	+14.5
Transport, postal services	35.5	34.3	1%	-1.1
Wholesale and retail sale	68.3	66.5	2%	-1.8
Financial and insurance	412.0	410.0	14%	-2.0
Real estate	625.8	634.8	21%	+8.9
Incl. Non-recourse loans	351.6	350.2	12%	-1.4
Leasing	32.6	32.7	1%	+0.1
Other services	213.0	213.5	7%	+0.5
Other	565.9	571.2	19%	+5.3
Incl. Overseas (Headquarters booked)	411.4	406.1	14%	-5.2
Loans by overseas offices incl. Japan offshore market accounts	682.0	669.2	22%	-12.7
Total	2,954.1	2,979.3	100%	+25.1

<Domestic loan balance and lending margin>



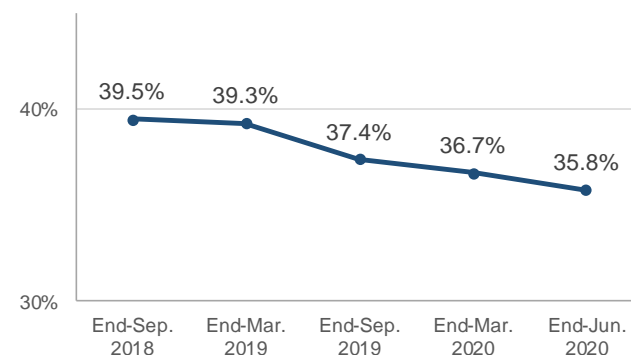
Loans – Overseas

- Overseas loans were 1,067.4 billion yen, a decrease of 17.6 billion yen from March 31, 2020
- The percentage of overseas loans to total loans was 35.8%
 - Of overseas loans, 81% were in North America. Exposure to aircraft finance was minimal, at 1.6% of overseas loans

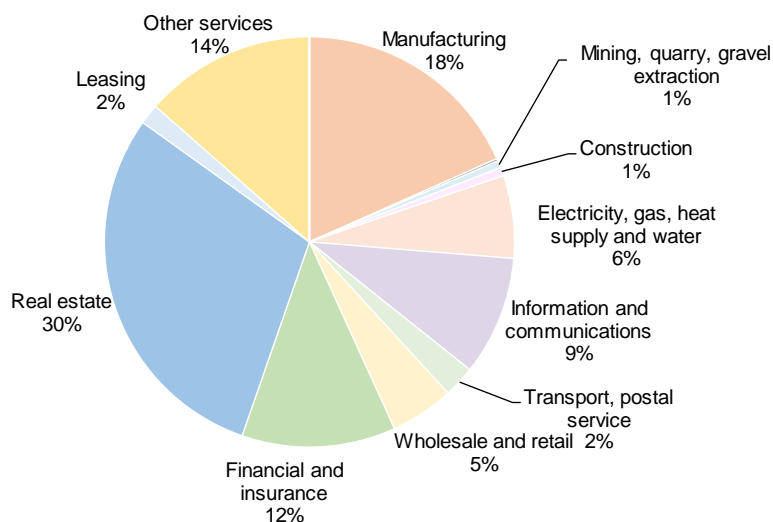
		End - Mar. 2020 A	End - Jun. 2020 B	Change B - A
	(billion yen)			
Total loans	(A)	2,954.1	2,979.3	+25.1
Overseas loans *	(B)	1,085.0	1,067.4	-17.6
	(B) / (A)	36.7%	35.8%	-
U.S. dollar basis (\$ million)		9,970	9,907	-62

* With no final risk residing in Japan

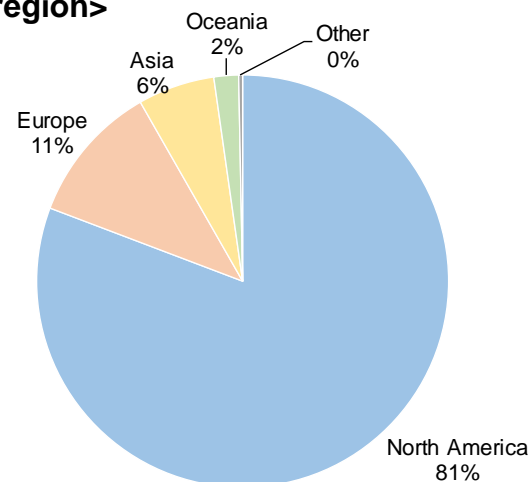
<Overseas loan ratio>



<By industry>



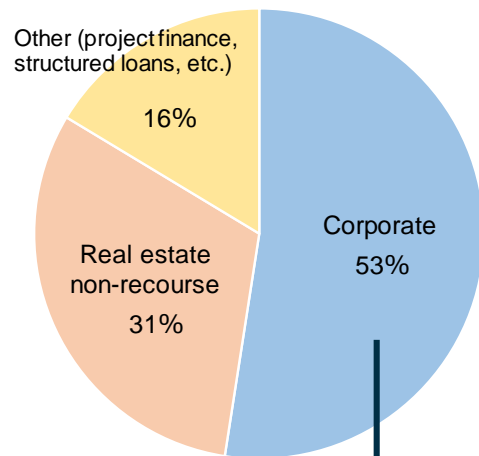
<By region>



Loans — North American corporate loans

- Over 50% of North American loans were corporate loans. The percentage of higher-rated borrowers was relatively high compared to the market index*
- The Bank continued rebalancing its loan exposure to improve overall asset quality and reduce downside risk exposure

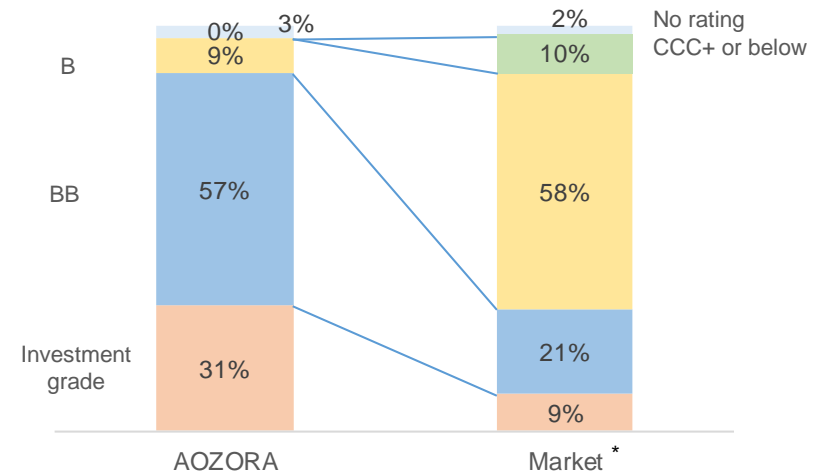
<North American loan breakdown>



<Ratio within corporate loans>

	Aozora	Market*
Retail	1.6%	3.5%
Oil & Gas	0.7%	3.5%

<North American corporate loans by credit rating**>



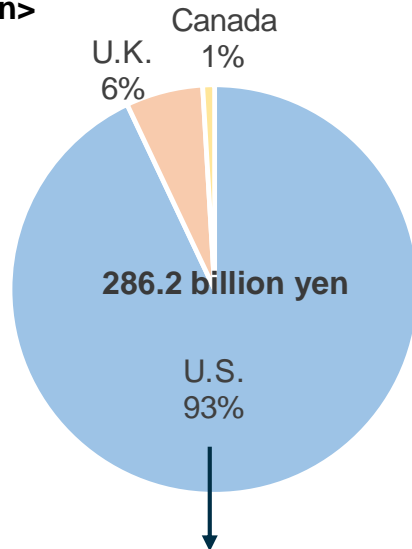
* Market data from S&P (LSTA Leveraged Loan Index basis)

** S&P credit rating (facility basis)

Loans — Overseas real estate Non-Recourse Loans (NRLs)

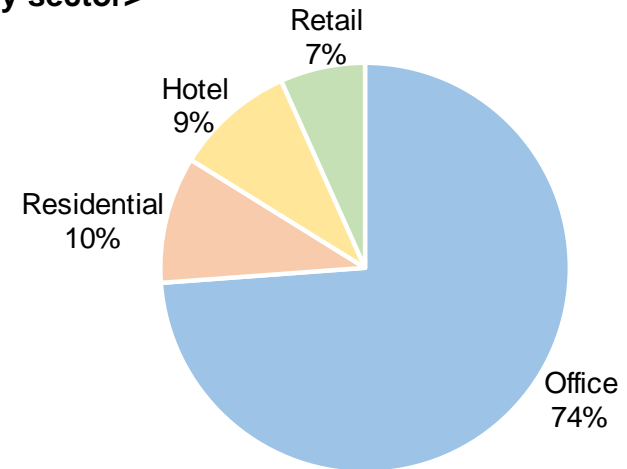
- Of overseas real estate NRLs, over 90% were in North America. A significant share was secured mainly by office buildings with stable cash flows located in major U.S. cities

<By region>



City	%
New York	26%
Los Angeles	56%
Chicago	
Washington, D.C.	
Atlanta	
San Francisco	
Miami	
Seattle	
Minneapolis	
Boston	
Other	18%

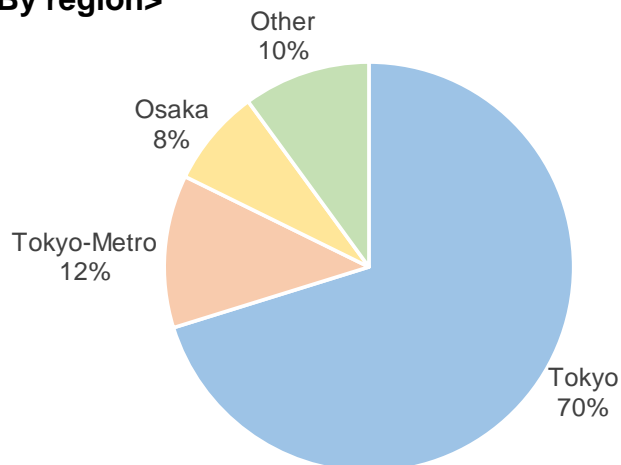
<By sector>



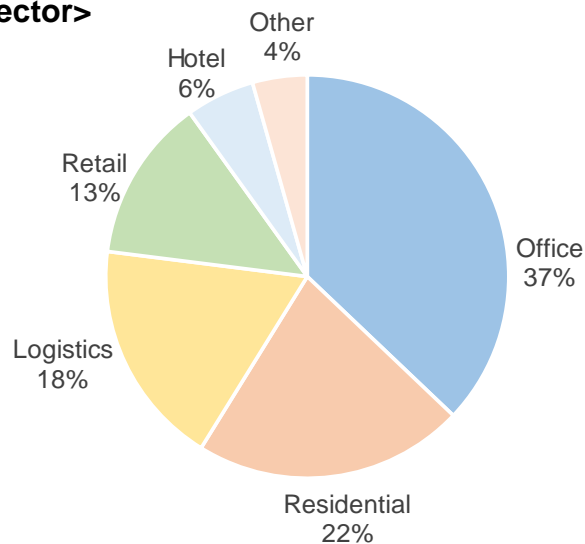
Loans — Domestic real estate Non-Recourse Loans (NRLs)

- Tokyo-metro focused. Most NRLs were office, residential or warehouse
- Approximately 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%

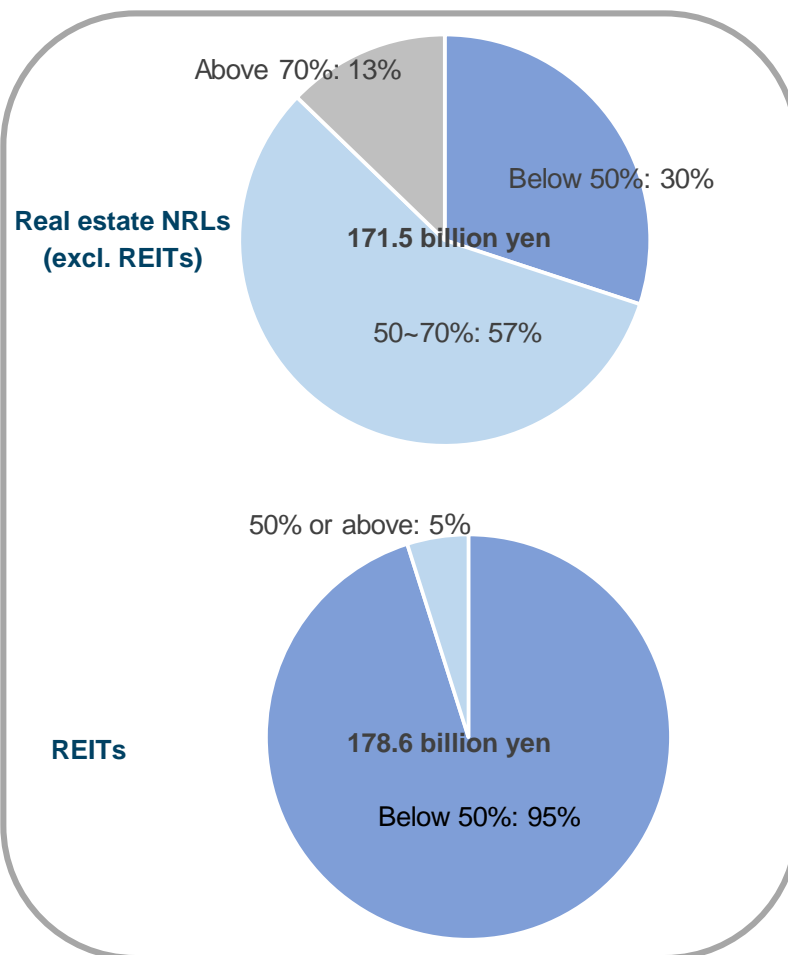
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<LTV>



(Note) Third-party evaluation basis

Securities

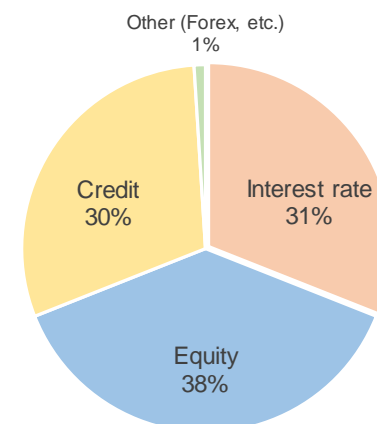
■ Securities were 1,132.6 billion yen, an increase of 59.0 billion yen compared to March 31, 2020

➢ U.S. mortgage bonds increased, while foreign currency credit ETFs decreased as a result of portfolio rebalancing

■ Total unrealized gains were a net gain of 17.7 billion yen, an improvement of 36.3 billion yen from March 31, 2020

	Book value			Unrealized gains / losses		
	End - Mar. 2020 A	End - Jun. 2020 B	Change B - A	End - Mar. 2020 C	End - Jun. 2020 D	Change D - C
(billion yen)						
JGBs	-	-	-	-	-	-
Municipal bonds	37.8	58.1	+20.2	0.1	0.0	-0.0
Corporate bonds	60.2	62.8	+2.5	0.4	0.5	+0.0
Equities	16.7	20.0	+3.3	10.1	13.3	+3.2
Foreign bonds	486.5	527.6	+41.0	14.3	12.3	-1.9
Foreign government bonds	237.6	245.0	+7.4	11.6	8.2	-3.3
MBS	189.9	220.0	+30.1	4.5	2.5	-1.9
Other	58.9	62.4	+3.5	-1.8	1.4	+3.3
Other securities	472.1	464.0	-8.1	-43.7	-8.6	+35.0
ETFs	207.9	180.4	-27.5	-27.7	-9.2	+18.4
Investments in limited partnerships	79.0	82.5	+3.4	1.7	1.7	+0.0
REITs	73.4	74.3	+0.8	-3.6	-0.8	+2.7
Investment trusts	102.7	99.6	-3.0	-16.8	-3.9	+12.8
Other	8.9	26.9	+18.0	2.8	3.8	+0.9
Total	1,073.6	1,132.6	+59.0	-18.6	17.7	+36.3

<Market risk (VaR)>



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

	End - Mar. 2020	End - Jun. 2020
(billion yen)	-2.3	-2.4

Dividends

■ The 1st quarter dividend for FY2020 is one quarter of the full-year dividend forecast of 122 yen per common share

➤ Aozora intends to continue quarterly dividend payments

Dividend per common share

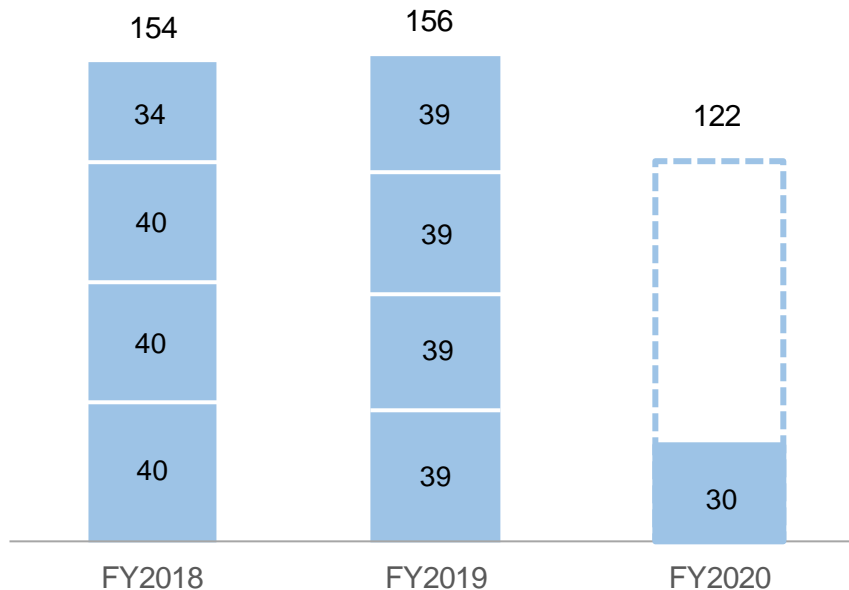
	1st quarter	2nd quarter	3rd quarter	Year-end	Full-year
Current forecast (FY2020)		—	—	—	122 yen*
Dividend payment (FY2020)	30 yen				

* The dividend forecast is based on the total dividend amount, which is 50% of the consolidated earnings forecast for FY2020 of 28.5 billion yen divided by the total number of common shares issued, excluding treasury stock, as of March 31, 2020

The dividend policy based on a dividend payout ratio of 50% will be flexibly managed, along with maintaining our full year dividend forecast of 122 yen, in light of the uncertain economic environment

<Dividends*>

(yen)



Reference: PL summary (non-consolidated basis)

	FY2019 Apr.-Jun. A	FY2020 Apr.-Jun. B	Change B - A		FY2020 full-year forecast	Progress
(billion yen)			Amount	%		
Net revenue	21.4	20.4	-0.9	-4.3%	82.0	25%
Business profit (before general loan-loss reserves)	11.2	10.0	-1.2	-10.7%	37.0	27%
Ordinary profit	17.0	10.0	-7.0	-41.1%	42.0	24%
Net income	11.5	8.1	-3.4	-29.6%	28.5	28%

Reference: Consolidated, non-consolidated difference

(billion yen)

Non-consolidated net income	8.1
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Subsidiaries

Company Name	Line of Business	Share of Earnings*	Net Earnings
GMO Aozora Net Bank, Ltd.	Internet banking business	50.0% **	-1.2
Aozora Loan Services Co., Ltd.	Distressed loan servicing	67.6%	-0.0
Aozora Securities Co., Ltd.	Financial instruments business	100.0%	-0.1
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%	-0.0
ABN Advisors Co., Ltd.	M&A advisory services	100.0%	-0.0
Aozora Corporate Investment Co., Ltd.	Venture Capital investment	100.0%	0.0
Aozora Asia Pacific Finance Limited	Financial services (Hong Kong)	100.0%	0.0
Aozora Europe Limited	Financial services (London)	100.0%	0.0
Aozora North America, Inc., etc.	Financial services (New York), etc.	100.0%	-0.0
AZB Funding	SPC	100.0%	-0.2
Total			-1.6
Consolidation adjustments			1.0
Profit attributable to owners of parent			7.4
Difference			-0.6

Reference: Loss attributable to non-controlling interests	-0.6
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* Percentage of profit and loss attributable to owners of parent

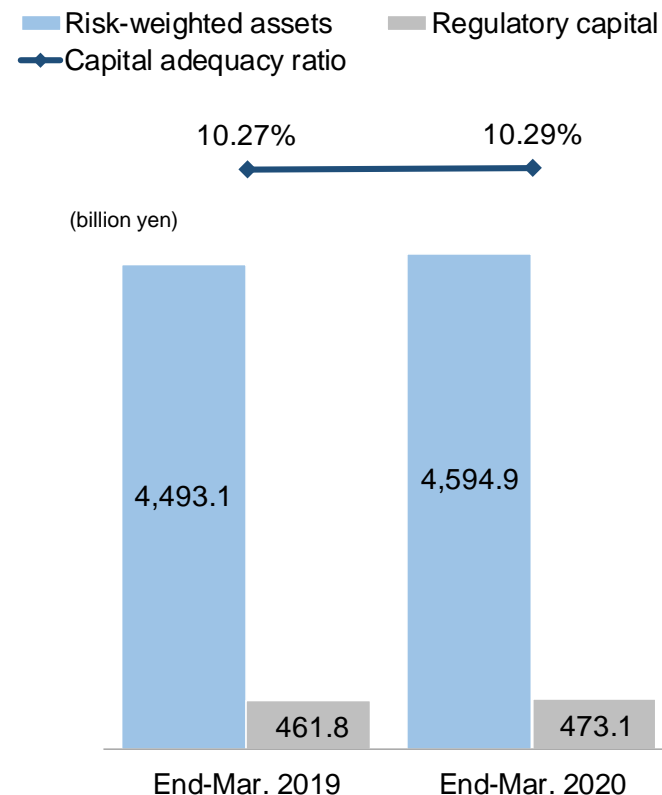
** Voting rights ratio is 85.1%.

Reference: Capital adequacy ratio (as of end March 2020)

The consolidated capital adequacy ratio (domestic standard) is expected to remain at an adequate level (to be announced in mid-August)

<Domestic standard>

(billion yen)	End-Mar. 2019 A	End-Mar. 2020 B	Change B - A
Capital adequacy ratio	10.27%	10.29%	0.02%
Regulatory capital (A-B)	461.8	473.1	+11.2
Instruments and reserve (A)	477.5	488.3	+10.7
Shareholders' equity	439.3	449.2	+9.9
Other	38.2	39.1	+0.8
Regulatory adjustment (B)	15.7	15.2	-0.4
Risk-weighted assets	4,493.1	4,594.9	+101.7
Credit risk assets	4,006.3	4,065.1	+58.7
Market risk assets	335.0	380.1	+45.0
Operational risk assets	151.7	149.6	-2.0



Reference: Mid-term KPIs

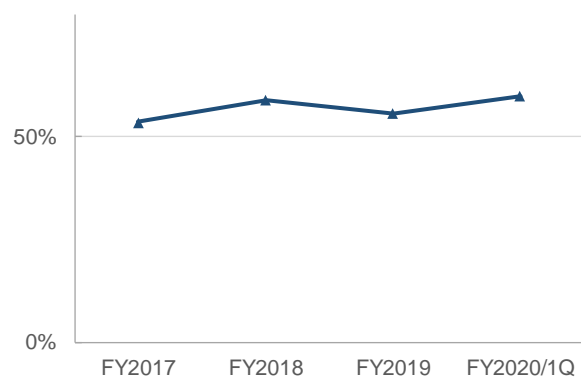
	FY2019 Results	FY2020 1Q Results	Mid-Term Plan Targets (FY2020-22)	(Ref.) FY2019 Major Banks' Average***
Overhead ratio (OHR)	56%	60%	Below 55%	63%
Business profit* ROA	0.8%	0.6%**	1%	0.6%
ROE	6.4%	6.7%**	8% or higher	6.1%

* Including gains/losses on equity method investments

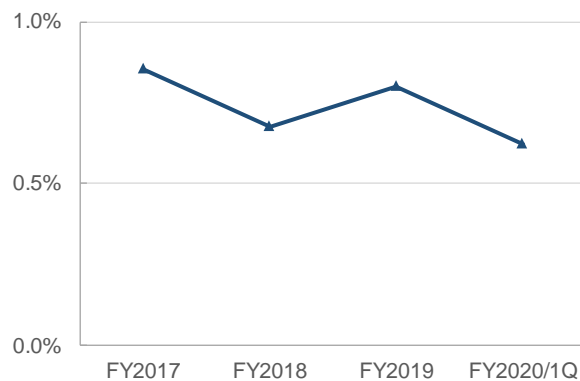
** Annualized basis

*** Major banks are MUFG Bank, SMBC, Mizuho, Resona, SMTB and Shinsei.

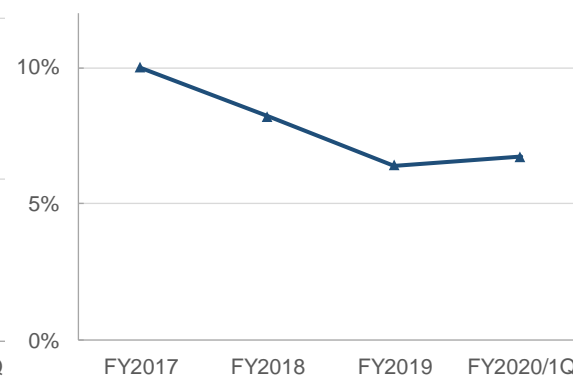
OHR



Business profit ROA



ROE

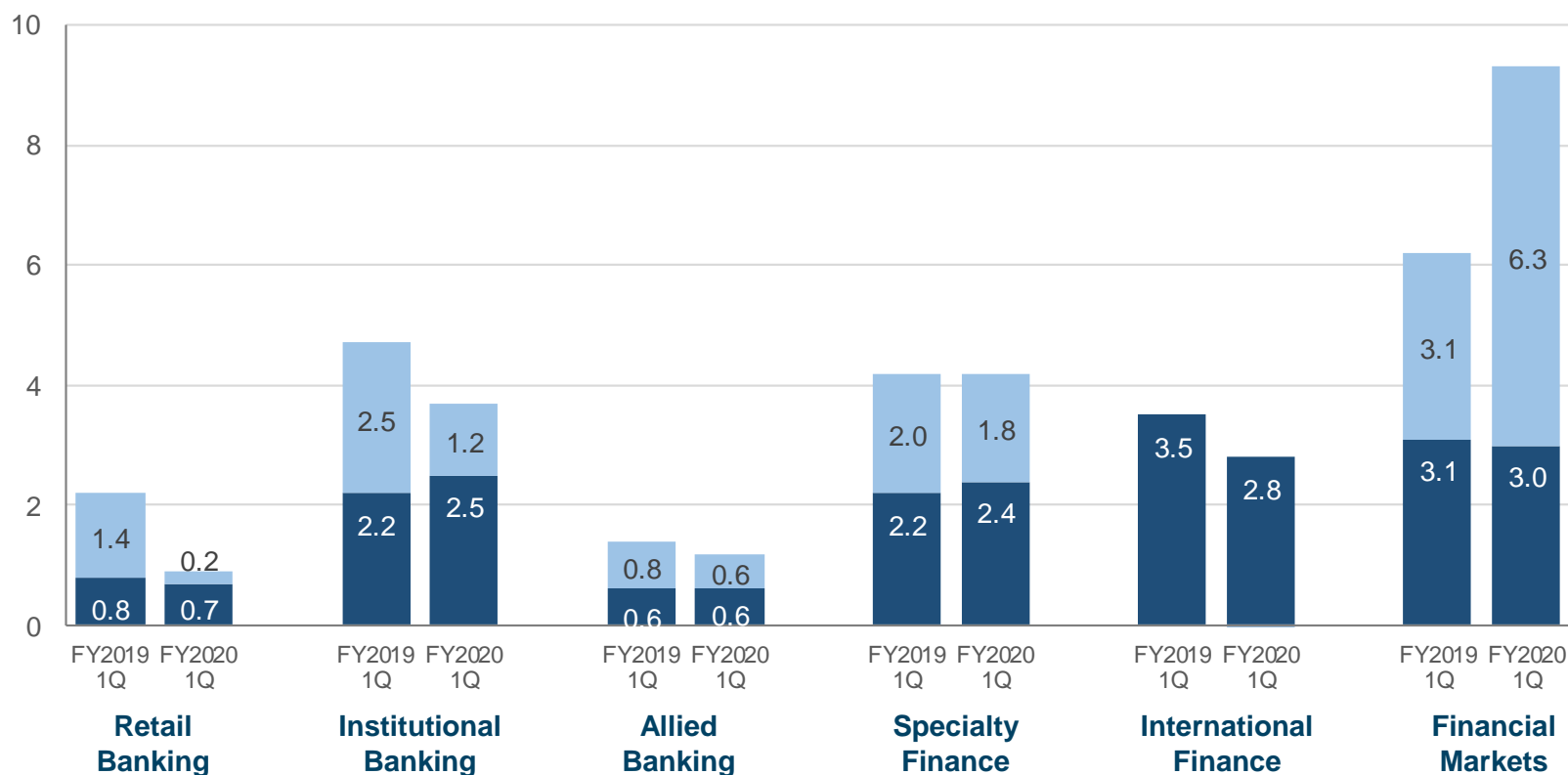


Reference: Results by business segment

<Consolidated net revenue by business segment>

(billion yen)

■ Net interest income ■ Non-interest income



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

Reference: GMO Aozora Net Bank Business Overview

- ◆ A unique online bank primarily targeting corporate customers
 - New corporate customer accounts opened at a strong pace. Supported new ventures and SMEs in receiving grants and subsidies as well as using FinTech collaborations to streamline their accounting processes
- ◆ No.1 API (Application Programming Interface) Bank
 - Automate and streamline customers' operational flow through a wide range of GMO Aozora Net Bank's APIs
 - Initiated API collaborations with 48 firms as of June 30, 2020 (up by 13 from March 31)
- ◆ Promotion of platform banking
 - Provide banking functions to corporate clients looking to offer financial services to their customers
 - Launched “sunabar” (a free-of-charge bank API testing environment and community for IT engineers)
- ◆ First bank in Japan to offer a bank transfer fee subscription program
- ◆ Collaboration with Aozora's FinTech Sales Management Office
 - Capitalize on opportunities to finance FinTech-related businesses
 - Provide solutions for customers across the Aozora Group



Reference: Orient Commercial Joint Stock Bank (OCB)

Profile

Company name:	Orient Commercial Joint Stock Bank, Ltd.
Headquarters:	Vietnam (Ho Chi Minh City)
Date of establishment:	June 1996
Representative:	Trinh Van Tuan (Chairman)
Number of employees:	5,961 (as of December 2019)
Branch network:	129 branches in Vietnam (as of December 2019)

Source: OCB

Features

- ◆ A mid-sized commercial bank based in Vietnam
- ◆ Strengths in loans to mid-size firms and SMEs
- ◆ Focus on strengthening risk management consulting and digital banking services
- ◆ Consistently high growth rate with a high level of profitability
- ◆ First bank in Vietnam to achieve Basel II capital standards in 2017
- ◆ B1 long-term credit rating given by Moody's

Financial Overview

	(million yen)				
PL	FY2015	FY2016	FY2017	FY2018	FY2019
Net interest income	6,096	7,606	10,997	15,737	18,846
Net profit	959	1,772	3,741	8,066	11,827
Balance Sheet					
Net loans and advances	125,732	174,842	218,827	255,340	322,276
Total assets	226,468	292,273	386,095	457,836	541,172
KPIs					
ROE	5.1%	8.7%	15.0%	23.7%	25.4%
ROA	0.1%	0.7%	1.1%	2.0%	2.4%

Source: OCB (Figures are converted at the rate of 0.00458 yen to the Vietnam dong.)

Aozora's Ownership Stake since June 2020

- ◆ Formed capital and business alliance with OCB to gain more direct access to the highly promising Vietnamese market
- ◆ Acquired 15% of OCB's common shares, making OCB an equity method affiliate of Aozora. Investment gains/losses to be recognized from the 3rd quarter of FY2020
- ◆ Ensure Aozora will provide its specialized and differentiated services by sharing its financial experience and knowledge with OCB

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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 effectiveness of our operational, legal and other risk management policies.