

FY2020 3rd Quarter Financial Results Overview

February 1, 2021



3rd Quarter Financial Highlights

Positive progress towards the full-year results forecast

Net revenue	69.1 billion yen (progress rate: 77%)
Business profit	29.7 billion yen (progress rate: 86%)
Profit attributable to owners of parent	22.0 billion yen (progress rate: 77%)

Key points

- Business profit represented progress of 86% towards the full-year forecast as strong 3Q results from the Bank's retail and corporate/financial institution customer-based business further improved as compared to 2Q
- Credit-related expenses in 3Q remained within expectations and are on track to finish the year in line with our original full-year forecast
- Given the strong level of earnings, gains from the sale of equities were somewhat below the original forecast
- Profit attributable to owners of parent represented progress of 77% towards the full-year forecast

Dividend for 3Q: 30 yen per common share (25% of the full-year dividend forecast of 122 yen)

PL summary

- Net revenue, business profit and profit attributable to owners of parent represented progress of 77%, 86% and 77%, respectively, towards the full-year forecasts

	FY2019 Apr. - Dec. A (billion yen)	FY2020				Change B - A	FY2020 full-year forecast	Progress
		Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Apr. - Dec. B			
Net revenue	75.0	21.3	23.7	24.1	69.1	-5.8	90.0	77%
Net interest income	37.1	12.4	13.1	12.7	38.2	+1.1		
Non-interest income	37.8	8.9	10.6	11.3	30.9	-6.9		
General & administrative expenses	-38.1	-12.8	-13.2	-13.6	-39.7	-1.6		
Gains/losses on equity method investments	-	-	-	0.2	0.2	+0.2		
Business profit	36.8	8.5	10.4	10.7	29.7	-7.1	34.5	86%
Credit-related expenses	0.5	0.1	-0.3	-1.6	-1.7	-2.2		
Gains/losses on stock transactions	4.6	1.0	0.1	1.2	2.3	-2.2		
Ordinary profit	42.2	8.7	10.1	9.9	28.8	-13.3	40.0	72%
Extraordinary profit/loss	-0.0	-	-0.0	-0.0	-0.0	+0.0		
Profit before income taxes	42.2	8.7	10.1	9.9	28.8	-13.3		
Taxes	-14.2	-1.9	-3.0	-3.5	-8.5	+5.7		
Gains/losses attributable to non-controlling interests	1.8	0.6	0.5	0.5	1.6	-0.1		
Profit attributable to owners of parent	29.7	7.4	7.6	6.8	22.0	-7.7	28.5	77%

Net interest income

- Net interest income was 38.2 billion yen, an increase of 1.1 billion yen year on year, mainly due to higher average loan balances and lower foreign currency funding costs

	FY2019 Apr. - Dec. A (billion yen)	FY2020			Apr. - Dec. B	Change B - A
		Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		
Net interest income	37.1	12.4	13.1	12.7	38.2	+1.1
Interest income	73.8	18.2	17.2	16.6	52.1	-21.7
Interest on loans and discounts	46.9	12.6	11.6	10.7	35.1	-11.8
Interest and dividends on securities	24.8	5.4	5.2	5.6	16.3	-8.4
Other interest income	2.0	0.1	0.2	0.2	0.6	-1.3
Interest expenses	-36.7	-5.8	-4.0	-3.8	-13.8	+22.8
Interest on deposits and NCDs	-5.5	-1.5	-1.4	-1.3	-4.3	+1.2
Interest on debentures and bonds	-2.1	-0.5	-0.5	-0.5	-1.6	+0.4
Interest on borrowings and rediscount	-0.8	-0.6	-0.5	-0.3	-1.4	-0.6
Other interest expenses	-9.4	-0.6	-0.4	-0.3	-1.5	+7.9
Interest on swaps	-18.8	-2.4	-1.1	-1.2	-4.8	+13.9

Decreases in expenses are shown as positive

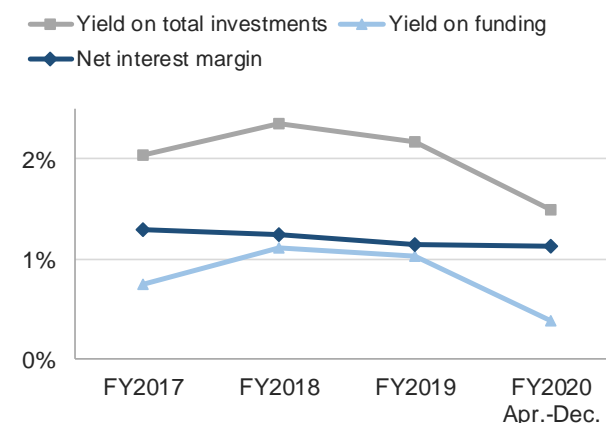
Net interest margin

■ Lending margins (yield on loans – yield on funding) increased by 11 bps compared to the previous year

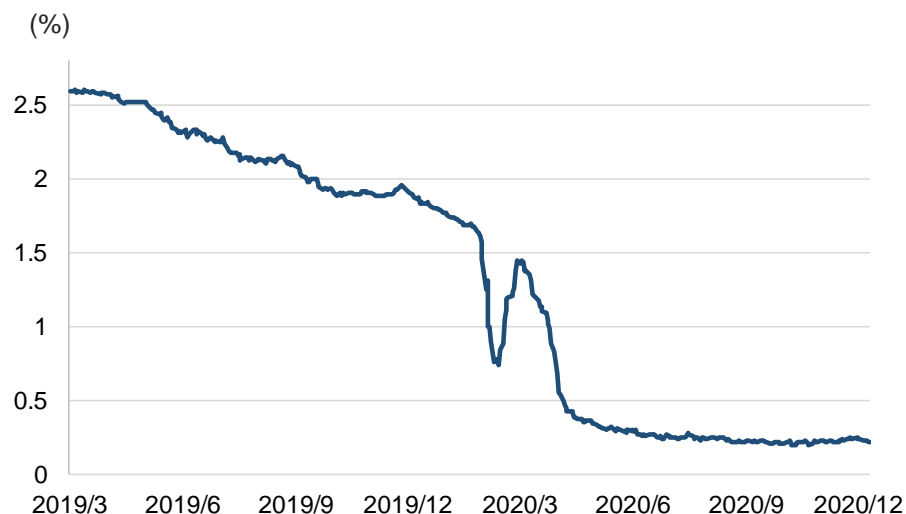
- The change was mainly due to a lower cost of funding in 3Q as a result of a lower U.S. dollar-yen basis swap spreads as well as lower U.S. dollar interest rates, following the trend in the first half

Net interest margin	FY2019	FY2020			Apr. - Dec. B	Change B - A
	Apr. - Dec. A	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		
Yield on total investments (A)	2.25%	1.55%	1.49%	1.47%	1.50%	-0.75%
Yield on loans (B)	2.19%	1.70%	1.57%	1.52%	1.60%	-0.59%
Yield on securities	2.70%	1.97%	1.89%	1.94%	1.93%	-0.77%
Yield on funding (C)	1.08%	0.49%	0.33%	0.32%	0.38%	-0.70%
Net interest margin (A) - (C)	1.17%	1.06%	1.16%	1.15%	1.12%	-0.05%
Lending margin (B) - (C)	1.11%	1.21%	1.24%	1.20%	1.22%	+0.11%

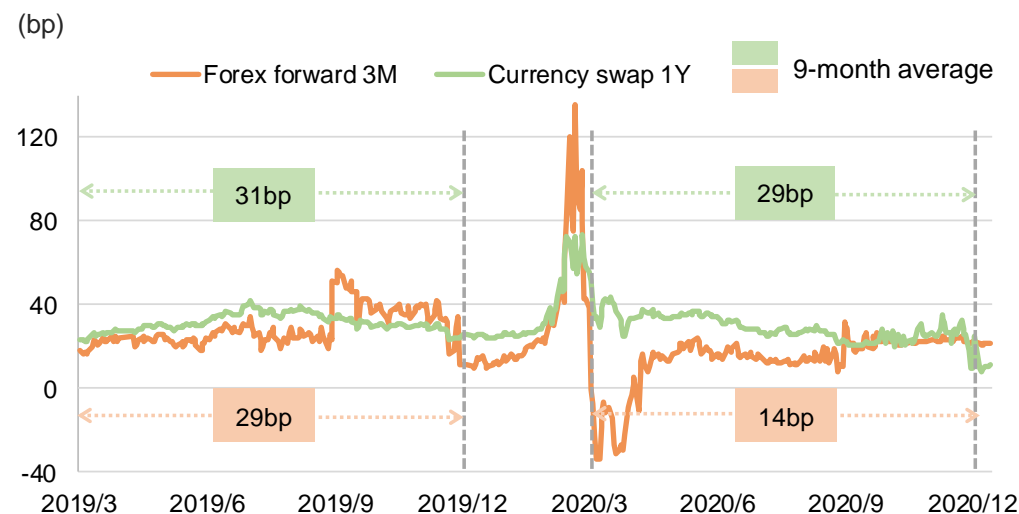
<Net interest margin>



<U.S. Dollar 3M Libor>



<U.S. dollar-yen swap spreads>



Non-interest income

■ Non-interest income was 30.9 billion yen, a decrease of 6.9 billion yen year on year

- While non-interest income was 8.9 billion yen in 1Q, from July the Bank experienced a steady recovery in customer-based transactions from its retail and corporate/financial institution customers, resulting in a trend of increasingly higher earnings for 2Q and 3Q, which were 10.6 billion yen and 11.3 billion yen, respectively

	FY2019 Apr. - Dec. A (billion yen)	FY2020			Apr. - Dec. B	Change B - A
		Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		
Non-interest income	37.8	8.9	10.6	11.3	30.9	-6.9
Net fees and commissions	9.5	1.9	2.9	3.8	8.7	-0.8
Net trading revenues	12.5	-0.7	3.0	4.4	6.6	-5.9
Gains/losses on bond transactions	12.3	7.9	2.9	1.7	12.7	+0.3
Net other ordinary income excl. gains/losses on bond transactions	3.3	-0.2	1.6	1.3	2.7	-0.5
<i>Non-interest income ratio</i>	<i>51%</i>	<i>42%</i>	<i>45%</i>	<i>47%</i>	<i>45%</i>	

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

- Net fees and commissions were 8.7 billion yen, a decrease of 0.8 billion yen year on year
 - Loan-related fees further recovered in 3Q over 2Q, mainly due to a higher level of LBO finance activity
- Net trading revenues were a gain of 6.6 billion yen, 5.9 billion yen lower when compared with last year. Starting in 2Q, the Bank has seen an encouraging level of recovery in both its trading business and customer business-related income
- Earnings from the sale of investment products to retail customers maintained its recovery trend, mainly in the sale of structured bonds

	FY2019	FY2020				Change B - A
	Apr. - Dec. A (billion yen)	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Apr. - Dec. B	
Net fees and commissions	9.5	1.9	2.9	3.8	8.7	-0.8
Fees and commissions received	11.2	2.5	3.4	4.4	10.4	-0.8
Loan business-related and deposits	6.4	1.2	1.9	2.3	5.6	-0.7
Securities-related and agency	2.5	0.6	0.7	0.8	2.2	-0.3
Other	2.2	0.5	0.7	1.2	2.5	+0.2
Fees and commissions payments	-1.6	-0.5	-0.5	-0.6	-1.7	-0.0
Net trading revenues	12.5	-0.7	3.0	4.4	6.6	-5.9

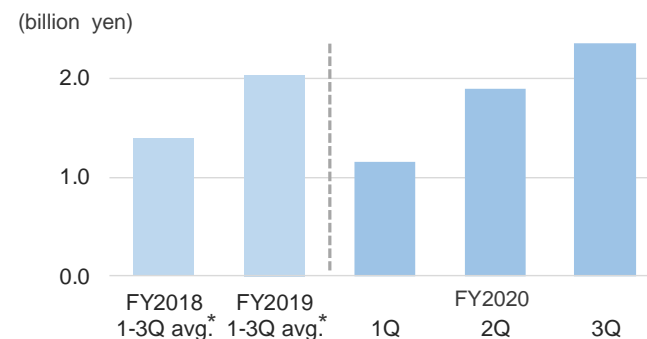
Earnings from investment product sales to retail customers

Earnings from investment product sales	5.8	0.1	1.3	1.4	2.9	-2.8
Investment trusts	0.8	0.1	0.2	0.2	0.5	-0.2
Insurance	0.3	0.0	0.0	0.0	0.1	-0.1
Structured bonds	4.5	-0.0	1.0	1.2	2.2	-2.3
<i>Cross-sell ratio*</i>	25%	-	-	-	23%	-2.6%

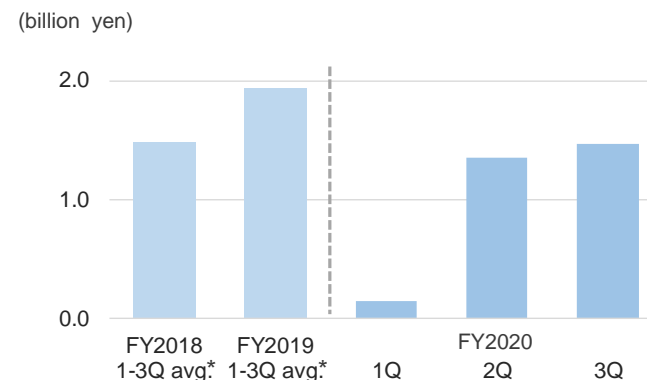
* Cross-sell ratio = balance of investment products / retail funding

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

<Loan-related fee income>



<Earnings from investment product sales>



* (1Q + 2Q + 3Q) / 3

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

- Gains/losses on bond transactions were a gain of 12.7 billion yen, compared with a gain of 12.3 billion yen in FY2019
- The ratio of gains/losses on bond transactions to net revenue was only 7% in 3Q. Unrealized gains improved even further compared to September 30, 2020

	FY2019 Apr. - Dec. A (billion yen)	FY2020			Apr. - Dec. B	Change B - A
		Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		
Gains/losses on bond transactions	12.3	7.9	2.9	1.7	12.7	+0.3
Japanese government bonds (JGBs)	-	-	-	-	-	-
Foreign government bonds and mortgage bonds	6.3	6.4	2.0	1.8	10.3	+4.0
Other	6.0	1.5	0.8	-0.1	2.3	-3.7
Incl. Private placement investment trusts	1.8	0.9	0.5	0.9	2.4	+0.5
Incl. REITs	3.5	0.4	0.5	-0.0	1.0	-2.4
Incl. Foreign currency ETFs	-0.8	0.4	-0.4	-1.1	-1.1	-0.2
(Ref.) Ratio of gains/losses on bond transactions to net revenue		37%	13%	7%		

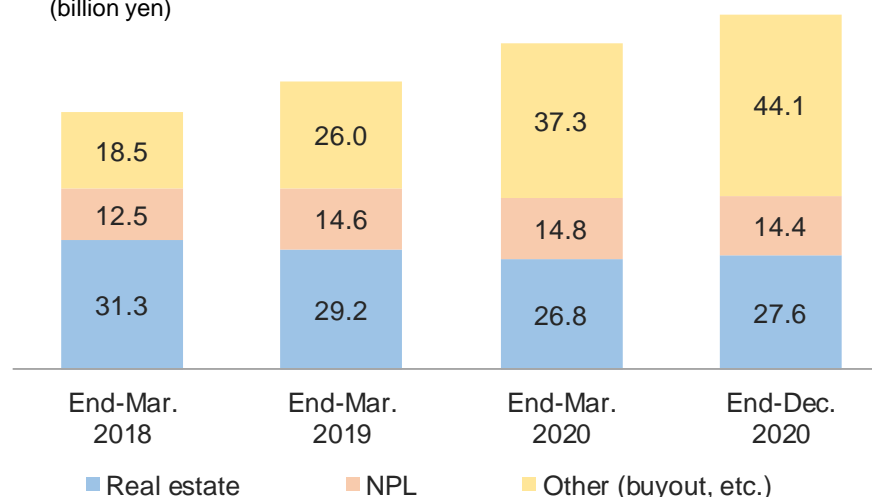
Non-interest income — Net other ordinary income (excl. gains/losses on bond transactions)

- Net other ordinary income (excl. gains/losses on bond transactions) was 2.7 billion yen. Gains from limited partnerships were 3.8 billion yen
- Aozora's 4Q results will include a 2.2 billion yen gain from limited partnerships on a significant 3Q exit transaction in accordance with J-GAAP

	FY2019 Apr. - Dec. A (billion yen)	FY2020			Apr. - Dec. B	Change B - A
		Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		
Net other ordinary income excl. gains/losses on bond transactions	3.3	-0.2	1.6	1.3	2.7	-0.5
Incl. Gains from limited partnerships	6.4	0.8	2.2	0.7	3.8	-2.5
Real estate-related	1.3	0.3	0.3	0.1	0.8	-0.5
Distressed loan-related	3.2	0.8	0.4	0.1	1.5	-1.7
Other (Buyout, etc.)	1.8	-0.4	1.5	0.4	1.5	-0.3

<Limited partnership investments*>

(billion yen)



* Management accounting basis

Gains and losses on equity method investments/stock transactions

- Gains/losses on equity method investments were a net gain of 0.2 billion yen
 - Net profit of Orient Commercial Joint Stock Bank (OCB) during July to Sept. was reflected as Aozora's 3Q gains on equity method investments
- Gains/losses on stock transactions were a gain of 2.3 billion yen, a decrease of 2.2 billion yen compared to the previous year
 - The gain included a 1.2 billion yen gain from the sale of foreign equities in 3Q, in addition to the gain on foreign equities recognized in 1Q

	FY2019	FY2020				Change B - A
	Apr. - Dec. A (billion yen)	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Apr. - Dec. B	
Gains/losses on equity method investments	-	-	-	0.2	0.2	+0.2
Gains/losses on stock transactions	4.6	1.0	0.1	1.2	2.3	-2.2

Orient Commercial Joint Stock Bank (mid-sized commercial bank located in Vietnam)

- ◆ Orient Commercial Joint Stock Bank (OCB) became an affiliated company of Aozora after the Bank acquired 15% of OCB's common shares (equity method investment) in June, 2020. Starting in 3Q 2020, OCB began contributing to Aozora's revenue on a three-month delay.

<OCB net profit>

	FY2019	FY2020	Change	Percentage
(billion yen)	Jan. - Dec.	Jan. - Dec.		
Net profit	11.8	16.2	+4.3	+37%



OCB's net profit from July to Sept. was reflected in Aozora's 3Q gains on equity method investments.

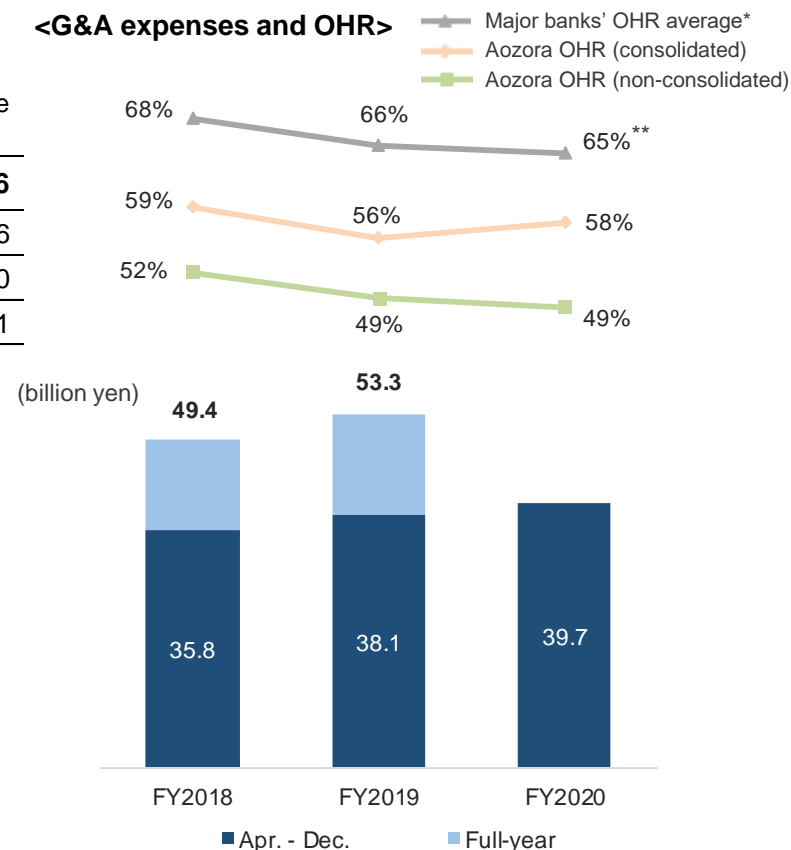
G&A expenses

- G&A expenses were 39.7 billion yen, an increase of 1.6 billion yen year on year, which represented progress of 71% towards the full-year budget of 56.0 billion yen
 - G&A expenses increased slightly in 3Q compared with 2Q mostly due to expenses associated with the Sept. 2020 commencement of operations at Aozora's New York-based U.S. subsidiary
- The Overhead Ratio (OHR) was 58% on a consolidated basis and 49% on a non-consolidated basis

<G&A expenses breakdown>

	FY2019	FY2020				Change B - A
	Apr. - Dec. A (billion yen)	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Apr. - Dec. B	
G&A expenses (A)	38.1	12.8	13.2	13.6	39.7	+1.6
Personnel	18.0	5.9	6.3	6.4	18.7	+0.6
Non-Personnel	17.6	5.9	6.1	6.5	18.6	+1.0
Tax	2.4	0.9	0.7	0.7	2.3	-0.1
Net revenue (B)	75.0	21.3	23.7	24.1	69.1	
OHR (A) / (B)	51%				58%	
OHR (non-consolidated basis)	45%				49%	

<G&A expenses and OHR>



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

** Interim period FY2020

Credit-related expenses

■ Credit-related expenses were a net expense of 1.7 billion yen

- In 3Q, specific loan loss reserves were an expense of 1.2 billion yen due to the downgrade of one overseas borrower
- General loan loss reserves were a net reversal in 3Q due to lower overseas loan balances, which was offset by provisions made primarily due to new large-lot domestic LBO finance transactions

■ The ratio of loan loss reserves to total loans remained high at 1.71%

	FY2019	FY2020			Change B - A
	Apr. - Dec. A (billion yen)	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	
Credit-related expenses	0.5	0.1	-0.3	-1.6	-1.7
Write-off of loans	-0.4	-0.6	0.1	0.3	+0.3
Loan loss reserves	0.9	0.9	1.3	-1.1	+0.2
Specific loan loss reserves	-2.9	-1.8	2.4	-1.2	+2.3
General loan loss reserves	3.8	2.8	-1.0	0.0	-2.0
Gains/losses on disposition of loans	-0.6	-0.2	-1.9	-0.9	-2.5
Recoveries of written-off claims	0.4	0.0	0.0	0.1	-0.2
Reserve for credit losses on off-balance-sheet instruments	0.1	0.1	0.0	-0.0	-0.0

<Ratio of loan loss reserves to total loans>

	End - Mar. 2020	End - Sep. 2020	End - Dec. 2020
(billion yen)			
Loan loss reserves (A)	53.7	47.6	48.7
General loan loss reserves (B)	40.2	38.4	38.4
Total loans (C)	2,954.1	2,866.6	2,850.2
(A) / (C)	1.82%	1.66%	1.71%
(B) / (C)	1.36%	1.34%	1.34%

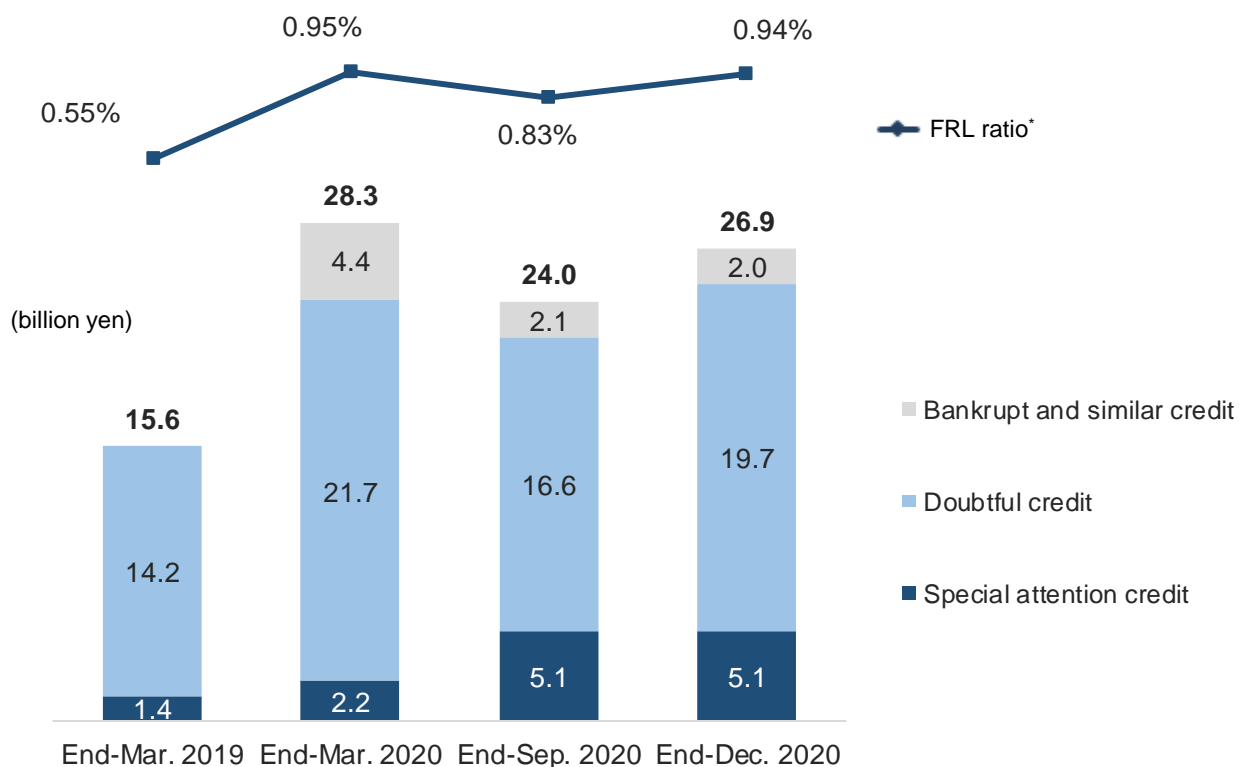
- ◆ In the 4th quarter of FY2019, the Bank reviewed the condition of all borrowers and conservatively established loan loss reserves on the assumption that some borrowers might see a decline in their credit ratings. Credit costs were 40bps.
- ◆ Additional provisions were made to loss reserves during the interim period in light of the long-term impact of COVID-19 on business and economic activity. (The Bank maintained its reserve policy into 3Q)
- ◆ Full-year credit costs for FY2020 are expected to be in line with our original forecast (10bps).

- ◆ 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.

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

■ The ratio of FRL claims to total claims was 0.94%, a decrease of 0.01% from the end of March 2020

➤ FRL claims increased by 2.8 billion yen compared to September 30, 2020 due to the downgrade of one overseas borrower, but decreased compared to March 31, 2020



Coverage	14.6	27.5	21.4	23.8
Reserves	8.8	15.2	11.6	12.7
Collateral & guarantees	5.7	12.3	9.7	11.0
Coverage ratio	94%	97%	89%	89%

* Ratio of FRL claims to total claims

Balance sheet summary

- Total assets were 5,592.9 billion yen, an increase of 293.1 billion yen compared to March 31, 2020. Overseas loans and securities portfolios were rebalanced primarily in the first half
- Net assets were 488.6 billion yen, representing an increase of 63.9 billion yen from March 31, 2020. The valuation difference on other securities improved by 55.4 billion yen from March 31, 2020

	End - Mar. 2020 A	End - Sep. 2020	End - Dec. 2020 B	Change B - A
(billion yen)				
Loans and bills discounted	2,954.1	2,866.6	2,850.2	-103.8
Securities	1,073.6	1,130.0	1,246.8	+173.2
Cash and due from banks	464.2	853.7	802.7	+338.4
Trading assets	259.3	224.8	209.9	-49.4
Other	548.3	508.4	483.1	-65.1
Total assets	5,299.8	5,583.8	5,592.9	+293.1

	End - Mar. 2020 A	End - Sep. 2020	End - Dec. 2020 B	Change B - A
(billion yen)				
Deposits / Negotiable certificates of deposit	3,396.8	3,647.0	3,771.0	+374.1
Debentures / Bonds	259.9	220.3	195.7	-64.1
Borrowed money	427.6	436.5	362.1	-65.4
Payables under securities lending transactions	281.3	349.8	337.3	+56.0
Trading liabilities	211.2	182.0	163.4	-47.7
Other	298.0	273.5	274.4	-23.6
Total liabilities	4,875.0	5,109.3	5,104.2	+229.2
Total net assets	424.7	474.4	488.6	+63.9
Total liabilities and net assets	5,299.8	5,583.8	5,592.9	+293.1

Funding

■ Total core funding (deposits, negotiable certificates of deposit, debentures and bonds) was 3,966.8 billion yen, an increase of 309.9 billion yen from March 31, 2020

➤ The successful launch of BANK™, our retail banking smartphone app, was an important driver behind the further expansion of our retail customer base, and new account openings are steadily increasing

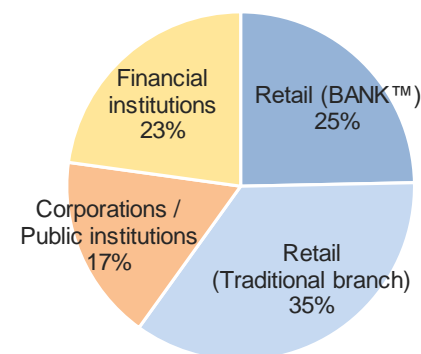
(billion yen)	End - Mar. 2020 A	End - Sep. 2020	End - Dec. 2020 B	Change B - A
Total core funding	3,656.8	3,867.3	3,966.8	+309.9
Deposits / NCDs	3,396.8	3,647.0	3,771.0	+374.1
Debentures / Bonds	259.9	220.3	195.7	-64.1
Retail funding ratio *	57%	59%	60%	
Stable funding ratio *	75%	76%	76%	
Loan-to-deposit ratio incl. NCDs	87%	79%	76%	

* Defined as follows:

Retail funding ratio = Retail deposits / Total core funding

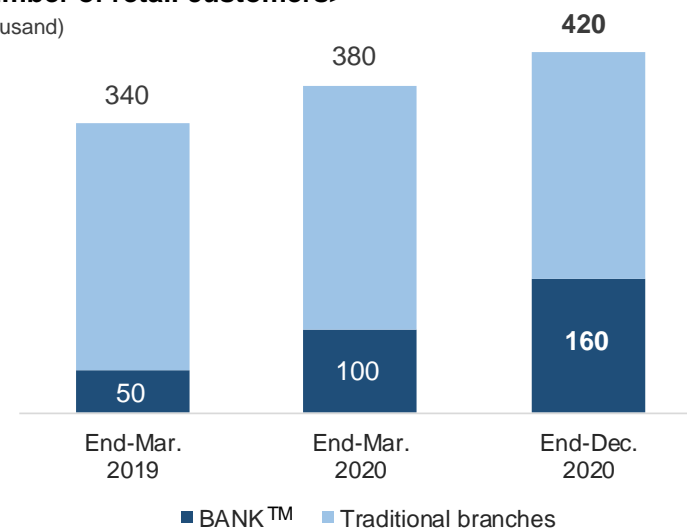
Stable funding ratio = (Retail deposits + Corporate long-term derivative-embedded deposits and borrowings) / (Total core funding + Corporate long-term derivative-embedded borrowings)

<Funding by customer segment>



<Number of retail customers>

(thousand)



Loans – Balance by industry

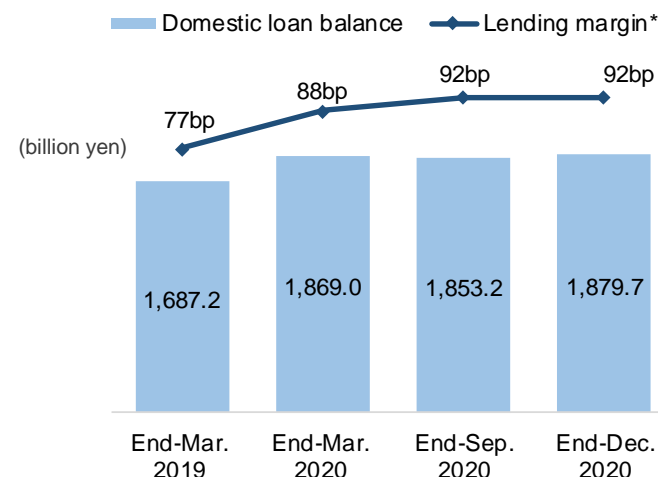
- Loans were 2,850.2 billion yen, a decrease of 103.8 billion yen from March 31, 2020. Domestic loans increased by 10.7 billion yen
 - In 3Q, domestic loans increased by 26.4 billion yen mainly due to new LBO finance transactions, while lending margins remained at 92 bps

	(billion yen)	End - Mar. 2020 A	End - Sep. 2020	End - Dec. 2020 B	Change B - A
Total loans	(A)	2,954.1	2,866.6	2,850.2	-103.8
Domestic loans		1,869.0	1,853.2	1,879.7	+10.7
Overseas loans *	(B)	1,085.0	1,013.3	970.4	-114.5
	(B) / (A)	36.7%	35.3%	34.0%	

* With no final risk residing in Japan

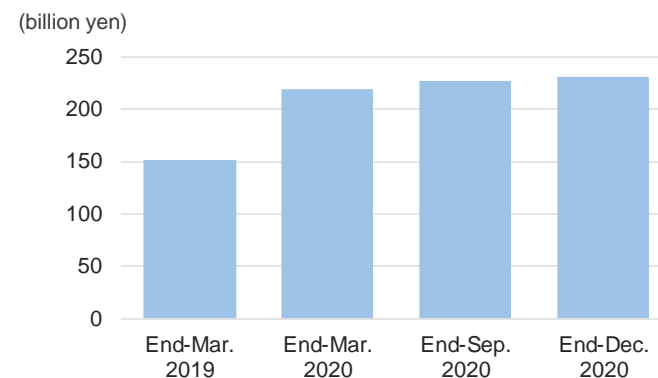
				Share	
Loans by domestic offices (excl. Japan offshore market accounts)		2,272.0	2,244.1	2,251.3	79% -20.6
Manufacturing		240.9	241.9	230.1	8% -10.7
Information and communications		77.7	87.5	120.7	4% +43.0
Transport, postal services		35.5	34.0	34.5	1% -1.0
Wholesale and retail sale		68.3	58.7	63.0	2% -5.3
Financial and insurance		412.0	390.0	379.3	13% -32.7
Real estate		625.8	636.0	610.2	21% -15.6
Incl. Non-recourse loans		351.6	359.0	324.8	11% -26.8
Leasing		32.6	32.2	51.7	2% +19.1
Other services		213.0	198.0	184.8	6% -28.1
Other		565.9	565.5	576.6	20% +10.7
Incl. Overseas (Headquarters booked)		411.4	399.8	381.0	13% -30.3
Loans by overseas offices incl. Japan offshore market accounts		682.0	622.4	598.8	21% -83.2
Total		2,954.1	2,866.6	2,850.2	100% -103.8

<Domestic loan balance and lending margin>



* Management accounting basis

<LBO finance and project finance balances*>



* Related to domestic corporate business (internal management basis)

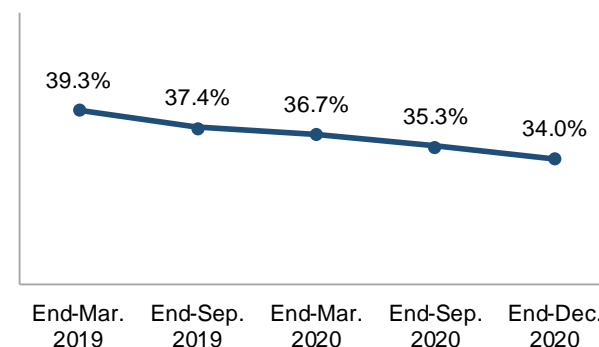
Loans — Overseas

- Overseas loans were 970.4 billion yen, a decrease of 114.5 billion yen from March 31, 2020 (a decrease of 591 million on a U.S. dollar-basis)
 - Overseas loans decreased by 42.8 billion yen in 3Q due to the repayment of North American corporate loans and the scheduled repayment of overseas real estate non-recourse loans
- The percentage of overseas loans to total loans was 34.0%

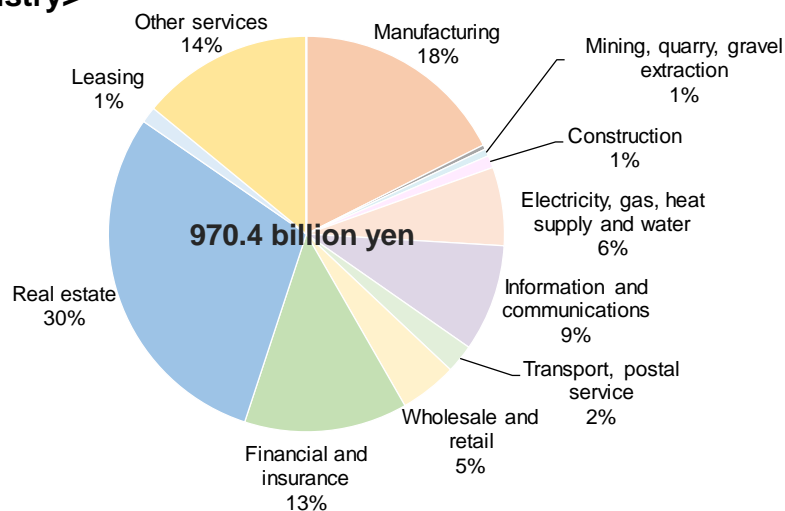
		End - Mar. 2020 A	End - Sep. 2020	End - Dec. 2020 B	Change B - A
	(billion yen)				
Total loans	(A)	2,954.1	2,866.6	2,850.2	-103.8
Overseas loans*	(B)	1,085.0	1,013.3	970.4	-114.5
	(B) / (A)	36.7%	35.3%	34.0%	-
U.S. dollar basis (\$ million)		9,970	9,581	9,379	-591
Foreign exchange rate (US\$/JPY)		¥108.83	¥105.76	¥103.47	¥-5.36

* With no final risk residing in Japan

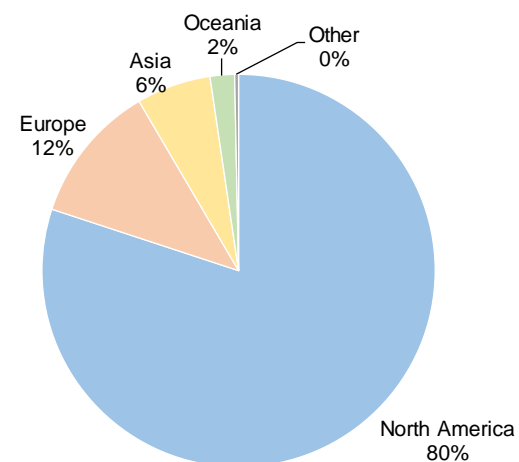
<Overseas loan ratio>



<By industry>



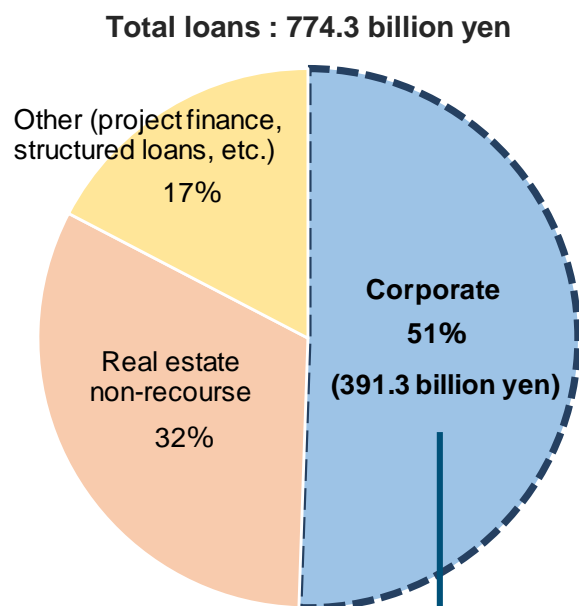
<By region>



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*
- Aozora conducted a rebalancing of its North American corporate loan portfolio during the first half to improve overall asset quality. The Bank will continue to focus on the selective origination of new overseas loans while maintaining the quality of its loan portfolio.
- In September, the Bank commenced operations of Aozora North America, Inc. (ANA), its wholly-owned U.S. subsidiary, strengthening its monitoring capabilities and expanding its information network

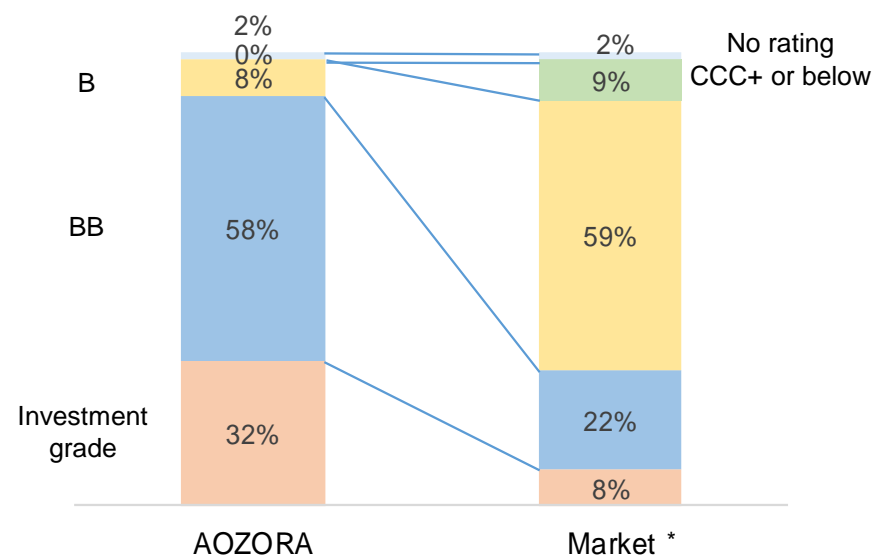
<North American loan breakdown>



<Ratio within corporate loans>

	Aozora	Market*
Retail:	1.8%	3.2%
Oil & Gas:	0.8%	3.1%

<North American corporate loans by credit rating**>



◆ Aggregate of investment grade and BB rated lending share (compared to March 31, 2020):
Aozora: +2% Market: -3%

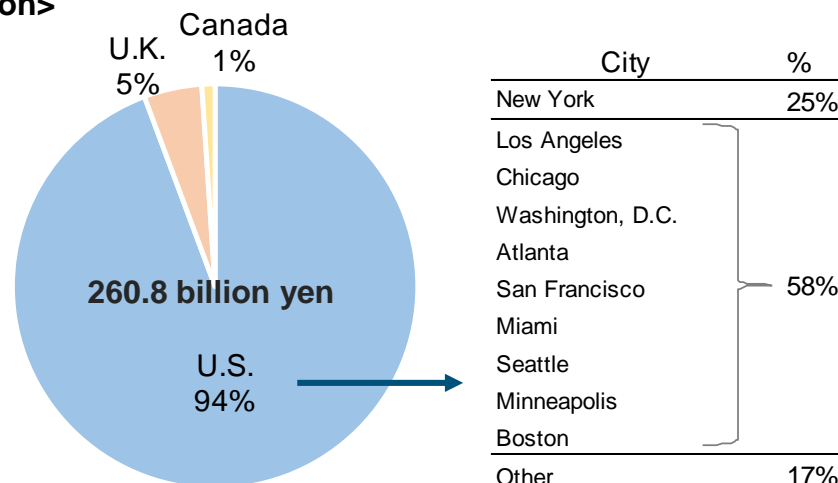
* Market data from S&P (LSTA Leveraged Loan Index basis)

** S&P credit rating (facility basis)

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

- Of overseas real estate NRLs, over 90% were in the U.S. A significant share are secured mainly by office buildings located in major U.S. cities
 - Outstandings decreased by 19.0 billion yen compared to September 30, 2020 as a result of scheduled repayments and the selective origination of new loans

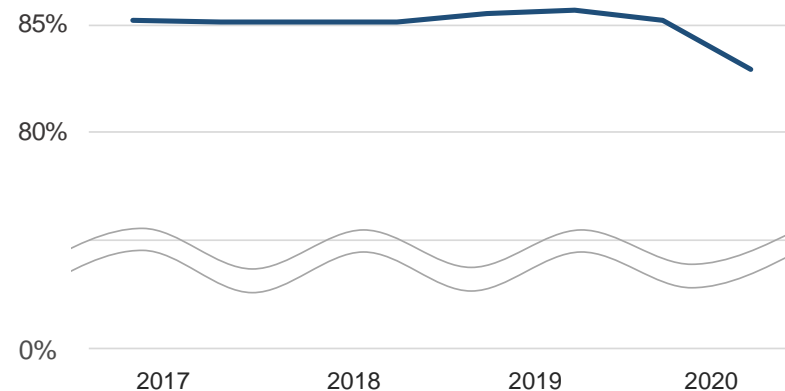
<By region>



U.S. NRL policy

- ◆ Senior loans only
- ◆ No construction loans
- ◆ Primarily loans with LTVs below 65% at time of approval

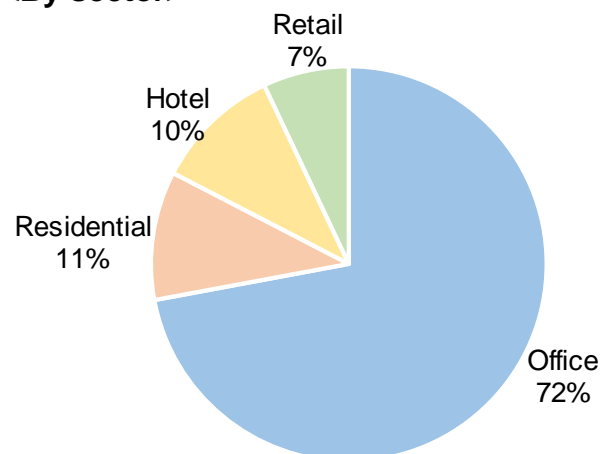
<U.S. Office Average Occupancy Rate>



Source: Jones Lang LaSalle

- The U.S. office average occupancy rate declined by 1% compared to September 30, 2020. The Bank will maintain strict monitoring of its loan portfolio

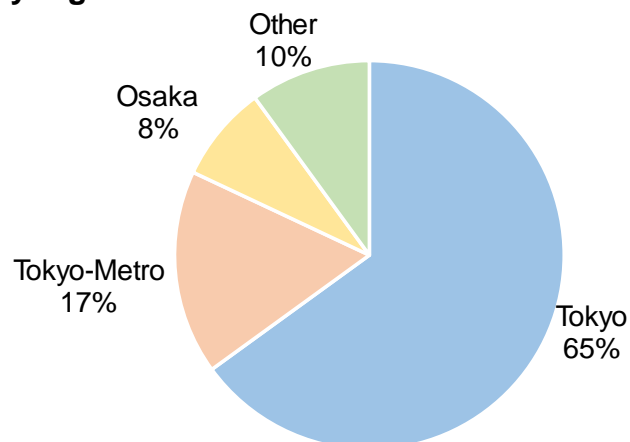
<By sector>



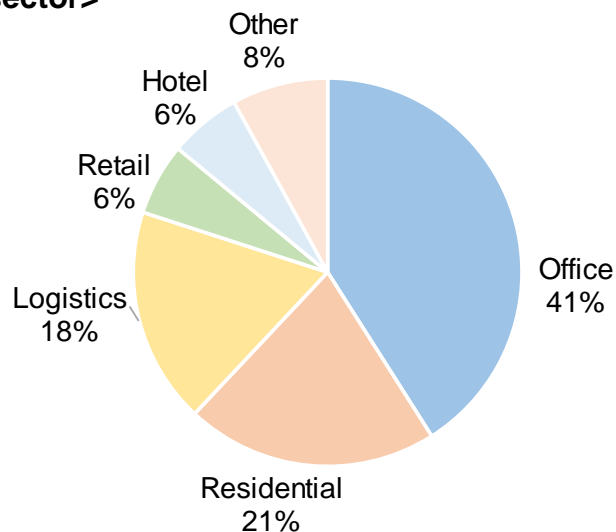
Loans – Domestic Real Estate Non-Recourse Loans (NRLs)

- Tokyo-metro focused. Most NRLs were office, residential or warehouse
- 85% 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%. The Bank will continue to closely monitor developments in the commercial real estate market

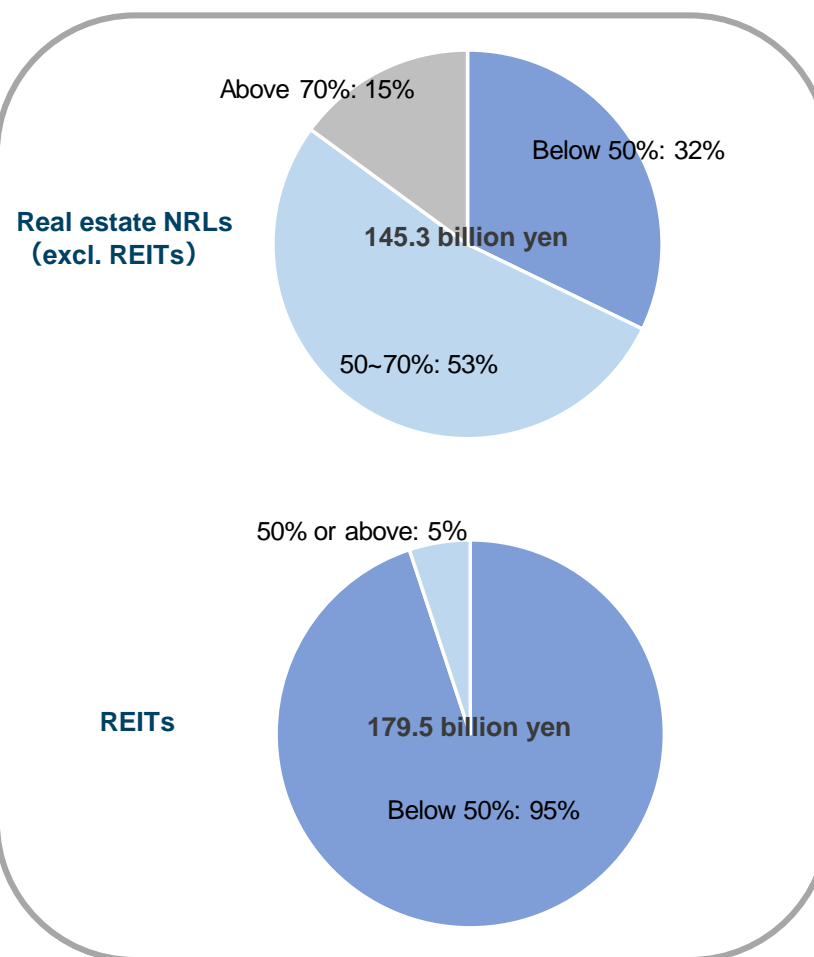
<By region>



<By sector>



<LTV>



(Note) Third-party evaluation basis

Securities

- Securities were 1,246.8 billion yen, an increase of 173.2 billion yen compared to March 31, 2020
- Total unrealized gains were a net gain of 44.8 billion yen, an improvement of 63.4 billion yen from March 31, 2020 and 16.6 billion yen from September 30, 2020

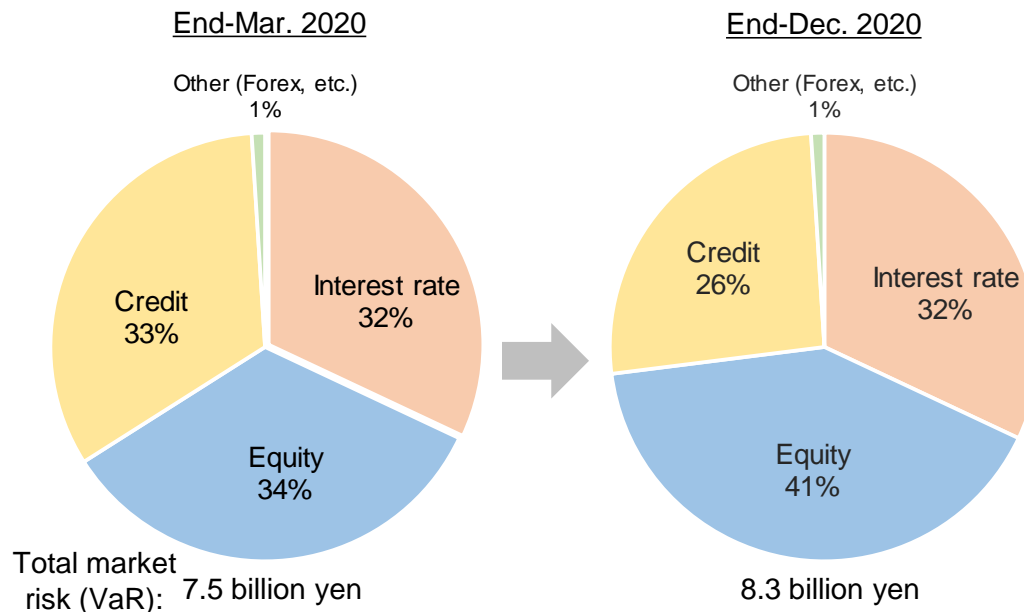
	Book value				Unrealized gains/losses			
	End - Mar. 2020 A	End - Sep. 2020	End - Dec. 2020 B	Change B - A	End - Mar. 2020 C	End - Sep. 2020	End - Dec. 2020 D	Change D - C
(billion yen)								
JGBs	-	5.0	20.5	+20.5	-	0.0	0.0	+0.0
Municipal bonds	37.8	60.1	137.2	+99.3	0.1	0.1	0.0	-0.0
Corporate bonds / short-term corporate bonds	60.2	80.6	111.9	+51.6	0.4	0.6	0.8	+0.3
Equities	16.7	22.0	23.2	+6.4	10.1	15.4	16.6	+6.5
Foreign bonds	486.5	525.3	512.1	+25.5	14.3	10.6	8.3	-5.9
Foreign government bonds	237.6	236.5	226.7	-10.9	11.6	7.7	4.4	-7.2
MBS	189.9	218.8	215.2	+25.2	4.5	0.8	0.6	-3.9
Other	58.9	69.9	70.2	+11.2	-1.8	2.0	3.3	+5.1
Other securities	472.1	436.7	441.6	-30.4	-43.7	1.2	18.8	+62.6
ETFs	207.9	161.6	170.2	-37.7	-27.7	-4.1	3.8	+31.5
Investments in limited partnerships	79.0	83.5	86.2	+7.1	1.7	1.3	1.4	-0.3
REITs	73.4	71.4	75.4	+2.0	-3.6	0.5	2.6	+6.2
Investment trusts	102.7	92.7	81.8	-20.8	-16.8	-0.6	6.5	+23.4
Other	8.9	27.3	27.8	+18.9	2.8	4.1	4.4	+1.6
Total	1,073.6	1,130.0	1,246.8	+173.2	-18.6	28.1	44.8	+63.4

Securities – Net gains/losses and Risk

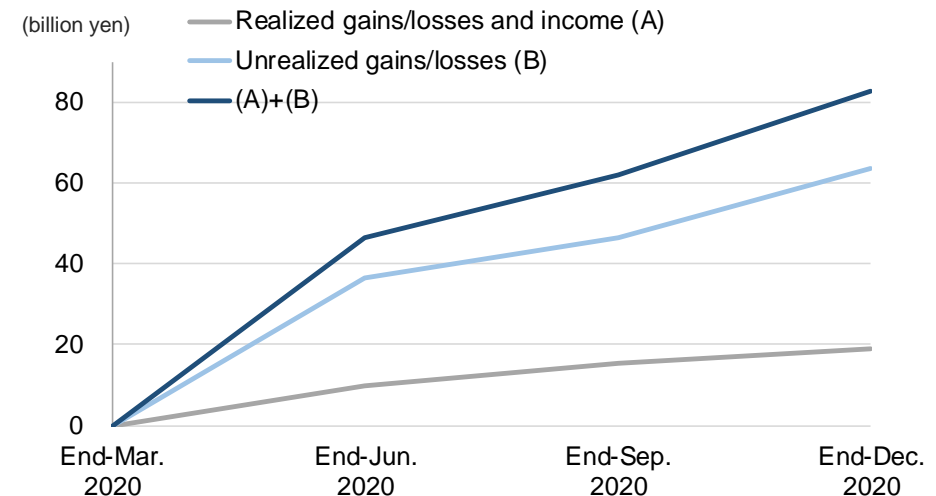
■ Securities-related gains/losses (the sum of unrealized gains, realized gains and income) improved in the first nine months and were a gain of approximately 83 billion yen

➤ Securities-related gains increased by approximately 21 billion yen from September 30, 2020

<Market risk (VaR)>



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



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

	End-Mar. 2020	End-Sep. 2020	End-Dec. 2020
(billion yen)	-2.3	-2.2	-2.6

Mid-term KPIs

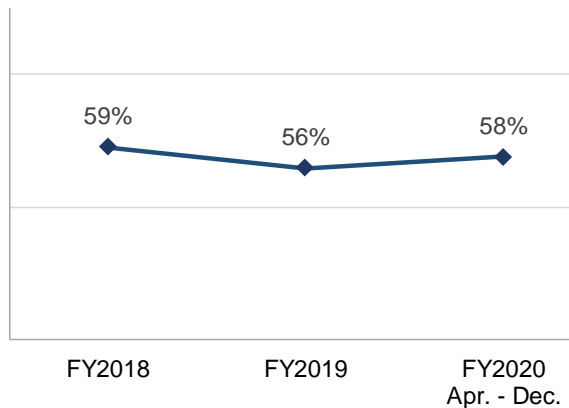
	FY2019 Results	FY2020 3Q Results	Mid-Term Plan Targets (FY2020-22)	(Ref.) FY2020 Interim Major Banks' Average***
Overhead ratio (OHR)	56%	58%	Below 55%	65%
Business profit* ROA	0.8%	0.7%**	1%	0.5%**
ROE	6.4%	6.4%**	8% or higher	4.7%**

* Including gains/losses on equity method investments

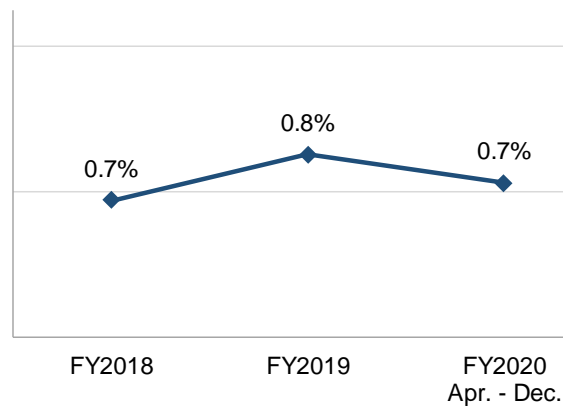
** Annualized basis

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

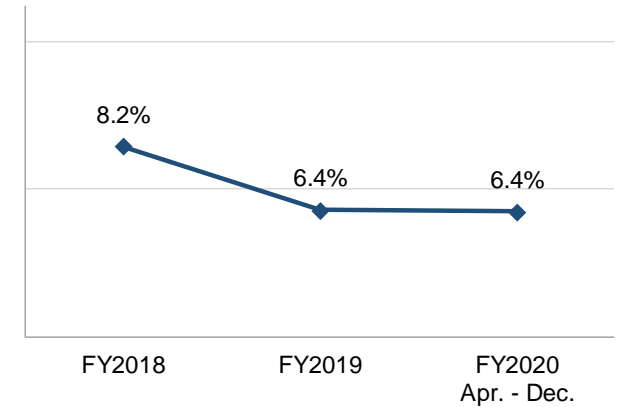
OHR



Business profit ROA



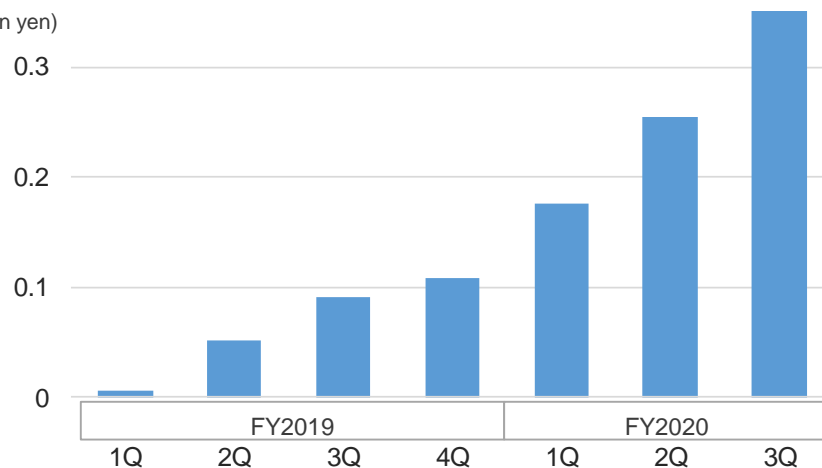
ROE



GMO Aozora Net Bank (GANB)

<Quarterly net revenue>

(billion yen)



Business profit	-5.0	-3.3
-----------------	------	------

- ◆ GANB's business profit saw higher than expected progress

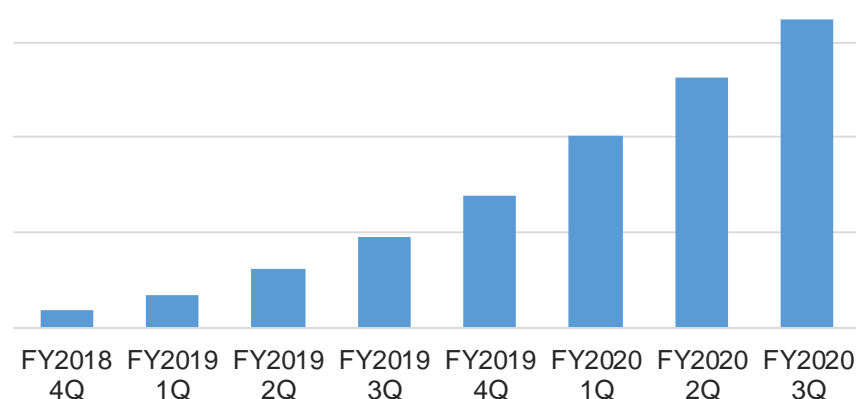
<Number of API Connection Contracts>

Type of Access	End of Dec. 2019	End of March 2020	End of June 2020	End of Sept. 2020	End of Dec. 2020
Public Access (Mostly Electronic Payment Agencies)	4	6	7	11	12
Private Access (General Businesses, etc.)	14	29	41	56	73

- ◆ API alliances with 85 firms as of December 31, 2020 (up by 50 from March 31)
 - A significant increase in the number of API connection contracts as a result of DX (digital transformation) promotion across all industries

<Number of corporate accounts>

Progress towards full-year plan: 91%



<3Q topics>

- ◆ Launch of "Corporate Navigator"
 - Seal-less and paperless online corporate account opening system
- ◆ "Transfer Fee 'Toku-Toku' Membership"
 - Monthly subscription service
- ◆ Two new ways of providing finance to customers:
 - "GMO Aozora Speed Payment" and "GMO Aozora Business Loan"
- ◆ Business alliance with ITOUCHU Corporation
 - Mutual leveraging of both companies' service bases and networks in order to provide financial services, including quick payment of fees, that perfectly meet the needs of businesses and their customers

Dividends

- The 3rd quarter dividend for FY2020 is 30 yen per common share, 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

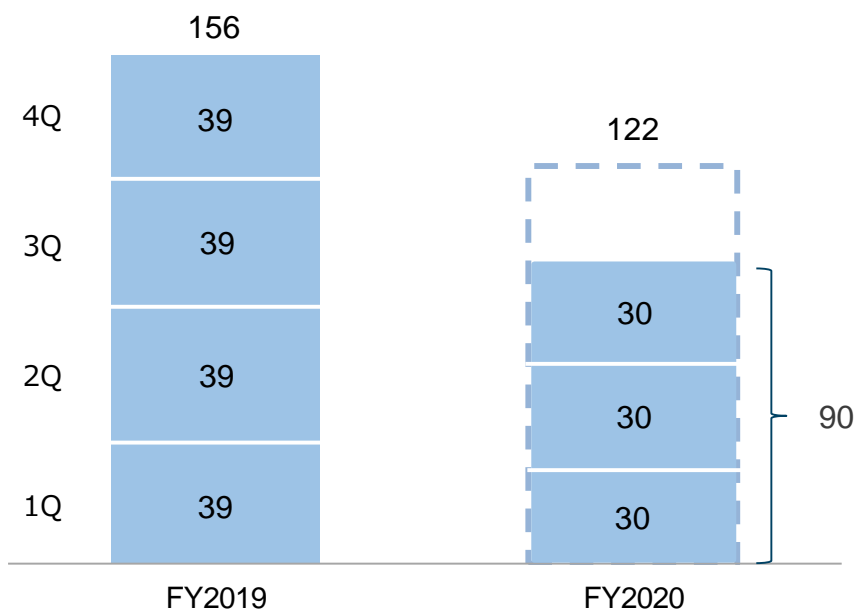
	1st quarter	2nd quarter	3rd quarter	Year-end	Full-year
Current forecast (FY2020)			—	32 yen	122 yen *
Dividend payment (FY2020)	30 yen	30 yen	30 yen		

* 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)



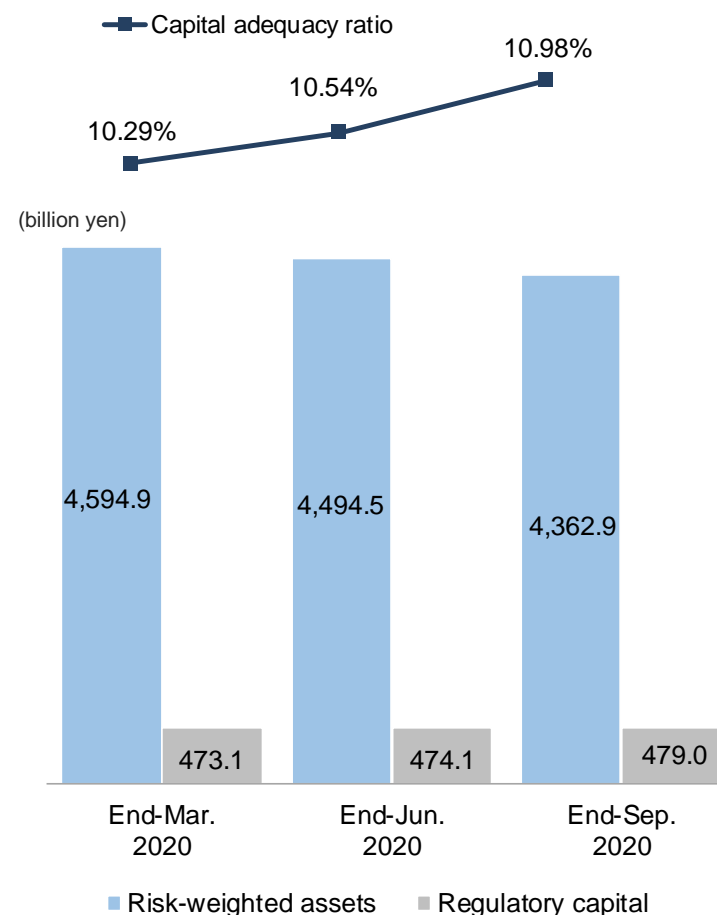
Reference: Capital adequacy ratio (as of September 30, 2020)

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

➤ Capital adequacy ratio was 10.98% as of September 30, 2020. The CET1 ratio (Tier 1 Common Capital Ratio) was approximately 10.3%

<Domestic standard>

(billion yen)	End-Mar. 2020 A	End-Jun. 2020	End-Sep. 2020 B	Change B - A
Capital adequacy ratio	10.29%	10.54%	10.98%	+0.69 %
Regulatory capital (A - B)	473.1	474.1	479.0	+5.9
Instruments and reserve (A)	488.3	489.3	494.5	+6.1
Shareholders' equity	449.2	453.2	457.4	+8.1
Other	39.1	36.1	37.0	-2.0
Regulatory adjustment (B)	15.2	15.2	15.4	+0.1
Risk-weighted assets	4,594.9	4,494.5	4,362.9	-231.9
Credit risk assets	4,065.1	4,006.1	3,869.0	-196.1
Market risk assets	380.1	338.7	349.0	-31.0
Operational risk assets	149.6	149.6	144.8	-4.7



Reference: PL summary (non-consolidated basis)

	FY2019	FY2020			Apr. - Dec. B	Change B - A		FY2020 full-year forecast	Progress
	Apr. - Dec. A (billion yen)	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		Amount	%		
Net revenue	69.7	20.4	24.8	20.7	66.1	-3.5	-5.2%	82.0	81%
Business profit (before general loan-loss reserves)	38.5	10.0	14.1	9.9	34.0	-4.5	-11.7%	37.0	92%
Ordinary profit	43.8	10.0	13.6	9.2	32.9	-10.9	-24.9 %	42.0	79%
Net income	30.2	8.1	9.9	6.0	24.0	-6.1	-20.3 %	28.5	85%

Reference: Consolidated, non-consolidated difference

(billion yen)

(A) Non-consolidated net income	24.0
(B) Profit attributable to owners of parent	22.0
(B) - (A) (a + b) Difference	-2.0

<Breakdown of the difference>

(a) Consolidated subsidiaries / affiliates			-2.4
	Line of Business	Share of Earnings*	Net Earnings
GMO Aozora Net Bank, Ltd.	Internet banking business	50.0% **	-3.4
Aozora Loan Services Co., Ltd.	Distressed loan servicing	67.6%	0.0
Aozora Securities Co., Ltd.	Financial instruments business	100.0%	0.5
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%	0.1
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%	0.1
Aozora Europe Limited	Financial services (London)	100.0%	0.1
Aozora North America, Inc.	Financial services (New York)	100.0%	0.4
AZB Funding	SPC	100.0%	-0.6
Aozora GMAC Investment Limited	Investments	100.0%	-0.0
Orient Commercial Joint Stock Bank	Commercial Bank (Vietnam)	15.0%	0.2 ***
(b) Consolidation adjustments			0.3
Gains/losses attributable to non-controlling interests (GMO Aozora Net Bank, Ltd.)			1.7
Other			-1.4

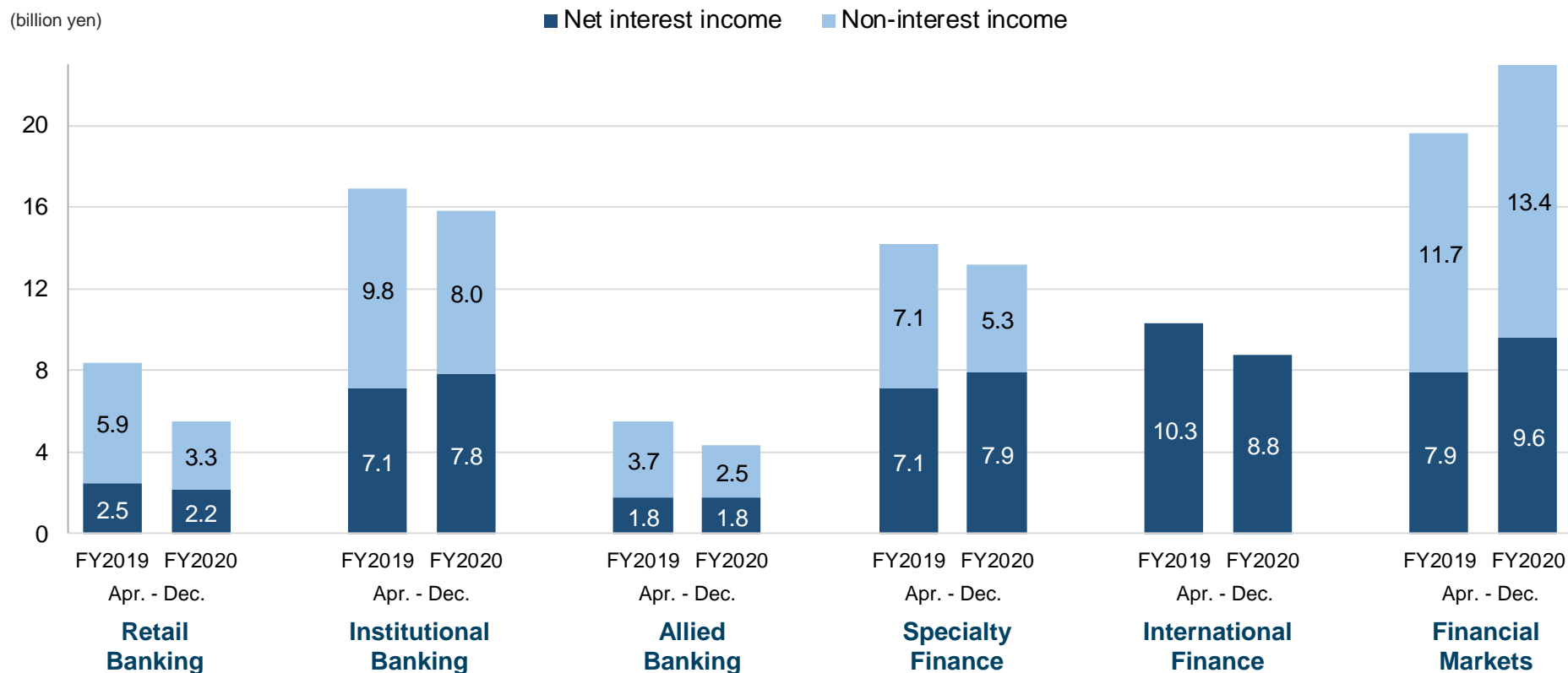
* Percentage of profit and loss attributable to owners of parent

** Voting rights ratio is 85.1%.

*** Revenue contribution from equity method investments

Reference: Results by business segment

<Consolidated net revenue by business segment>



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

<Contact>

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