

Aozora Bank

FY2019 Financial Results

Analyst Meeting

May 18, 2020

Today's Agenda

FY2019 Financial Results

Mid-Term Plan (FY2020-22)

Q&A Session

FY2019 Financial Results

Mid-Term Plan (FY2020-22)

Q&A Session

I. Financial highlights

■ Earnings results

- Consolidated net revenue was 95.7 billion yen, business profit was 42.3 billion yen, and profit attributable to owners of parent was 28.1 billion yen
- Consolidated net revenue and business profit both increased year on year, reflecting strong performance from customer-based transactions
- The Bank established loan loss reserves during the fourth quarter as a result of the potential impact of COVID-19 on customer credit quality and business conditions

■ Financial condition

- Financial Reconstruction Law (FRL) ratio (non-consolidated basis) was 0.95%
- The ratio of loan loss reserves to total loans was 1.82%
- The capital adequacy ratio (domestic standard) was 10.29% (preliminary basis)

■ FY2019 full-year dividend payment: 156 yen per common share, in line with our original forecast

- FY2019 fourth quarter dividend payment: 39 yen per common share

II. PL: Summary

- Profit attributable to owners of parent was 28.1 billion yen, a decrease of 7.9 billion yen, or 22.1% year on year
 - Consolidated net revenue was 95.7 billion yen, an increase of 11.8 billion yen, or 14.2%, and business profit was 42.3 billion yen, an increase of 7.9 billion yen, or 23.0%
 - The Bank established loan loss reserves during the fourth quarter (Jan.-Mar.) as a result of potential impact of COVID-19 on customer credit quality and business conditions

(billion yen)	FY2018		FY2019		Change B-A		FY2019 full-year forecast	Progress
	3 months Jan.-Mar.	Full Year A	3 months Jan.-Mar.	Full Year B	Amount	%		
Net revenue	21.0	83.8	20.7	95.7	+11.8	+14.2%	88.0	108.8%
General & administrative expenses	-13.5	-49.4	-15.2	-53.3	-3.9	-8.0%	-	-
Business profit	7.5	34.4	5.4	42.3	+7.9	+23.0%	35.0	120.9%
Credit-related expenses	-2.7	-1.0	-12.2	-11.7	-10.7	-	-	-
Gains/losses on stock transactions	2.0	13.2	7.0	11.6	-1.6	-	-	-
Other gains/losses	-1.0	1.1	0.8	1.0	-0.0	-	-	-
Ordinary profit	5.8	47.7	1.1	43.3	-4.4	-9.3%	51.0	85.0%
Extraordinary profit/loss	-0.0	-0.0	-	-0.0	-0.0	-	-	-
Profit before income taxes	5.8	47.7	1.1	43.3	-4.4	-9.4%	-	-
Taxes	-0.1	-13.7	-3.4	-17.7	-3.9	-	-	-
Gains/losses attributable to non-controlling interests	0.7	2.1	0.7	2.5	+0.4	-	-	-
Profit attributable to owners of parent	6.4	36.1	-1.6	28.1	-7.9	-22.1%	36.5	77.1%

II. PL: Net revenue

- Net revenue was 95.7 billion yen, an increase of 11.8 billion yen, or 14.2% year on year
 - Net interest income was 48.7 billion yen, a decrease of 1.4 billion yen, or 3.0%
 - Non-interest income was 46.9 billion yen, an increase of 13.3 billion yen, or 39.8%, reflecting strong performance from customer-based transactions

(billion yen)	FY2018		FY2019		Change B-A	
	3 months Jan.-Mar.	Full-Year A	3 months Jan.-Mar.	Full-Year B	Amount	%
Net revenue	21.0	83.8	20.7	95.7	+11.8	+14.2 %
Net interest income	10.3	50.2	11.6	48.7	-1.4	-3.0 %
Non-interest income	10.6	33.5	9.0	46.9	+13.3	+39.8 %
Net fees & commissions	5.1	12.9	3.1	12.6	-0.2	-2.3 %
Net trading revenues	2.8	8.3	5.4	18.0	+9.7	+116.7 %
Gains/losses on bond transactions	0.7	4.9	2.2	14.5	+9.6	+197.3 %
Net other ordinary income excl. gains/losses on bond transactions	1.8	7.3	-1.7	1.6	-5.7	-78.2 %

II. PL: Net revenue – Net interest income

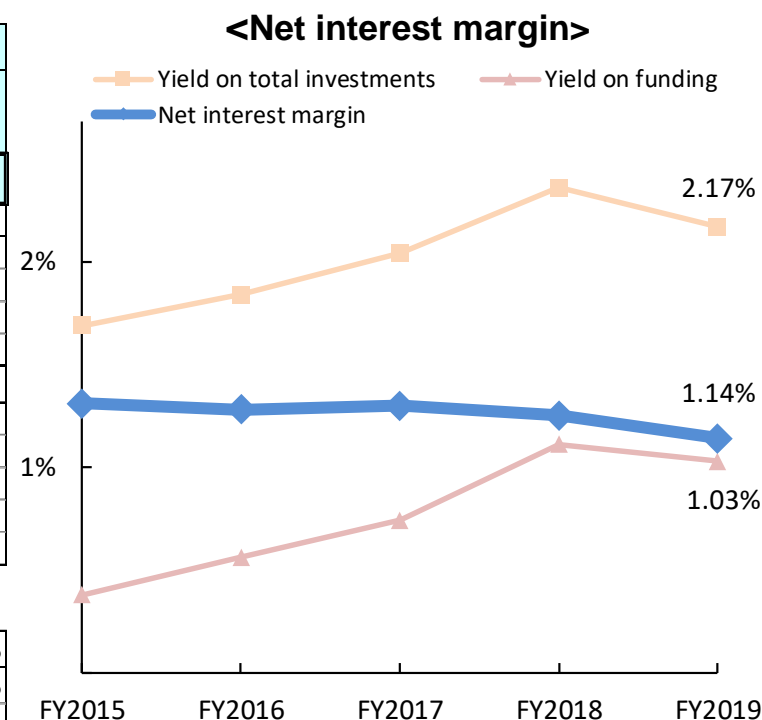
- Net interest income was 48.7 billion yen, a decrease of 1.4 billion yen, or 3.0% year on year
 - Interest on loans and discounts increased by 2.2 billion yen as a result of the higher yield earned on domestic loans as well as higher average balances
 - Interest and dividends on securities decreased by 4.7 billion yen due to a decrease in gains from the early redemption of investment trusts
 - The yield on loans and funding costs both decreased by 8 bps compared to the previous year, largely as a result of the decline in U.S. dollar interest rates
 - The net interest margin declined to 1.14%, largely as a result of lower gains from the early redemption of investment trusts

	FY2018		FY2019		Change	
	3 months Jan. - Mar. A	Full Year B	3 months Jan. - Mar. C	Full Year D	C - A	D - B
Net interest income (billion yen)	10.3	50.2	11.6	48.7	+1.3	-1.4
Interest income	23.5	97.4	21.5	95.4	-1.9	-2.0
Interest on loans and discounts	15.6	59.1	14.4	61.4	-1.1	+2.2
Interest and dividends on securities	7.3	36.1	6.5	31.4	-0.7	-4.7
Other interest income	0.5	2.0	0.5	2.5	-0.0	+0.4
Interest on swaps	-	-	-	-	-	-
Interest expenses	-13.1	-47.1	-9.8	-46.6	+3.3	+0.5
Interest on deposits and NCDs	-1.8	-7.3	-1.7	-7.2	+0.1	+0.1
Interest on debentures and bonds	-0.6	-1.9	-0.6	-2.8	-0.0	-0.8
Interest on borrowings and rediscount	-0.2	-1.1	-0.2	-1.0	+0.0	+0.0
Other interest expenses	-3.3	-10.8	-2.2	-11.7	+1.0	-0.9
Interest on swaps	-7.0	-25.7	-4.8	-23.6	+2.2	+2.0

Decreases in expenses are shown as positive

Net interest margin

Yield on total investments (A)	2.28%	2.36%	1.94%	2.17%	-0.34%	-0.19%
Yield on loans	2.34%	2.21%	1.94%	2.13%	-0.40%	-0.08%
Yield on securities	2.44%	3.02%	2.29%	2.60%	-0.15%	-0.42%
Yield on funding (B)	1.24%	1.11%	0.87%	1.03%	-0.37%	-0.08%
Net interest margin (A)-(B)	1.04%	1.25%	1.07%	1.14%	+0.03%	-0.11%



II. PL: Net revenue – Net fees and commissions – Net trading revenues

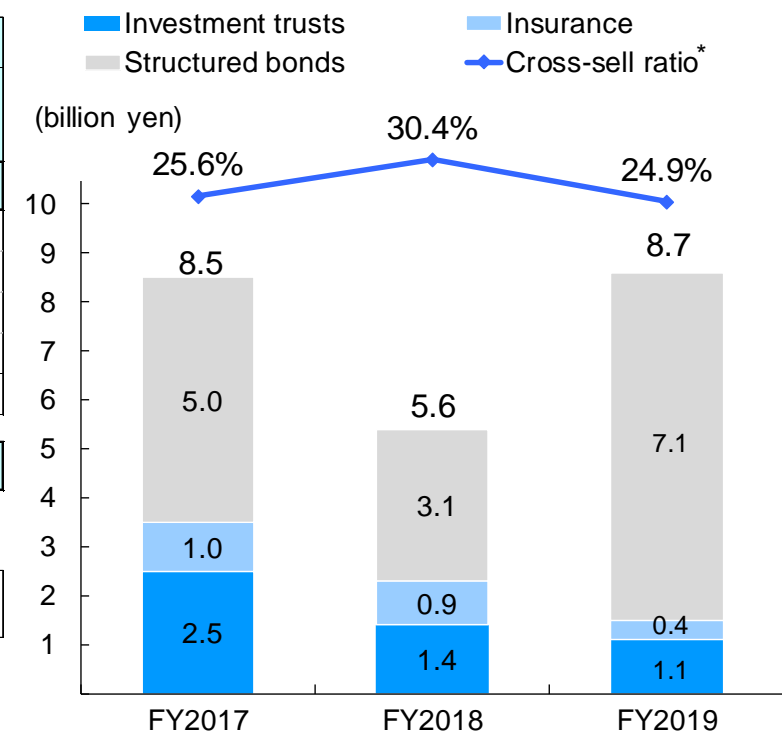
- Net fees and commissions were 12.6 billion yen, a decrease of 0.2 billion yen, or 2.3% year on year
 - Loan-related fees remained strong
- Net trading revenues were 18.0 billion yen, an increase of 9.7 billion yen, or 116.7% year on year
 - Gains associated with the sale of derivative-related products to our corporate and financial institution customers increased, as did gains on the sale of structured bonds to our retail customers
 - Trading business remained strong due to further growth in customer-based transactions

(billion yen)	FY2018		FY2019		Change	
	3 months Jan. - Mar. A	Full Year B	3 months Jan. - Mar. C	Full Year D	C - A	D - B
Net fees and commissions	5.1	12.9	3.1	12.6	-2.0	-0.2
Fees and commissions received	5.6	14.6	3.3	14.6	-2.2	+0.0
Loan business-related and deposits	3.9	8.4	1.7	8.1	-2.2	-0.2
Securities-related and agency	0.9	4.0	0.9	3.4	-0.0	-0.5
Other	0.7	2.1	0.7	2.9	+0.0	+0.8
Fees and commissions payments	-0.4	-1.6	-0.2	-1.9	+0.1	-0.3
Net trading revenues	2.8	8.3	5.4	18.0	+2.6	+9.7

Earnings from Investment Product Sales to Retail Customers (included in the two items above)

Earnings from the sale of investment trusts, insurance and structured bonds	1.1	5.6	2.9	8.7	+1.8	+3.1
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<Earnings from Investment Product Sales to Retail Customers>



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

II. PL: Net revenue – Net other ordinary income

- Gains/losses on bond transactions were a gain of 14.5 billion yen, compared with a gain of 4.9 billion yen in FY2018
 - The increase was mainly due to gains on the sale of U.S. government bonds and REITs in response to changes in market conditions
- Net other ordinary income, excluding gains/losses on bond transactions, was 1.6 billion yen, a decrease of 5.7 billion yen, or 78.2% year on year
 - Gains from limited partnerships were 7.4 billion yen

	FY2018		FY2019		Change	
	3 months Jan. - Mar. A	Full Year B	3 months Jan. - Mar. C	Full Year D	C - A	D - B
(billion yen)						
Gains/losses on bond transactions	0.7	4.9	2.2	14.5	+1.4	+9.6
Japanese government bonds (JGBs)	-	0.0	-	-	-	-0.0
Foreign government bonds and mortgage bonds	0.4	1.0	2.2	8.5	+1.7	+7.5
Others	0.2	3.8	-0.0	5.9	-0.3	+2.1
Net other ordinary income excl. gains/losses on bond transactions	1.8	7.3	-1.7	1.6	-3.6	-5.7
Incl. Gains from limited partnerships	2.5	9.7	1.0	7.4	-1.5	-2.2
Real estate-related	0.5	2.5	0.5	1.9	-0.0	-0.5
Distressed loan-related	1.3	4.6	0.1	3.3	-1.2	-1.2
Others (Buyout, etc.)	0.6	2.6	0.3	2.1	-0.2	-0.4

II. PL: G&A expenses

- G&A expenses were 53.3 billion yen, an increase of 3.9 billion yen, year on year
 - Increased expenses associated with the Bank's internet banking subsidiary and the launch of our new retail banking smartphone app, BANK™
 - The level of expenses was close to the original full-year plan of 53.0 billion yen. The Overhead Ratio (OHR) was 55.8%

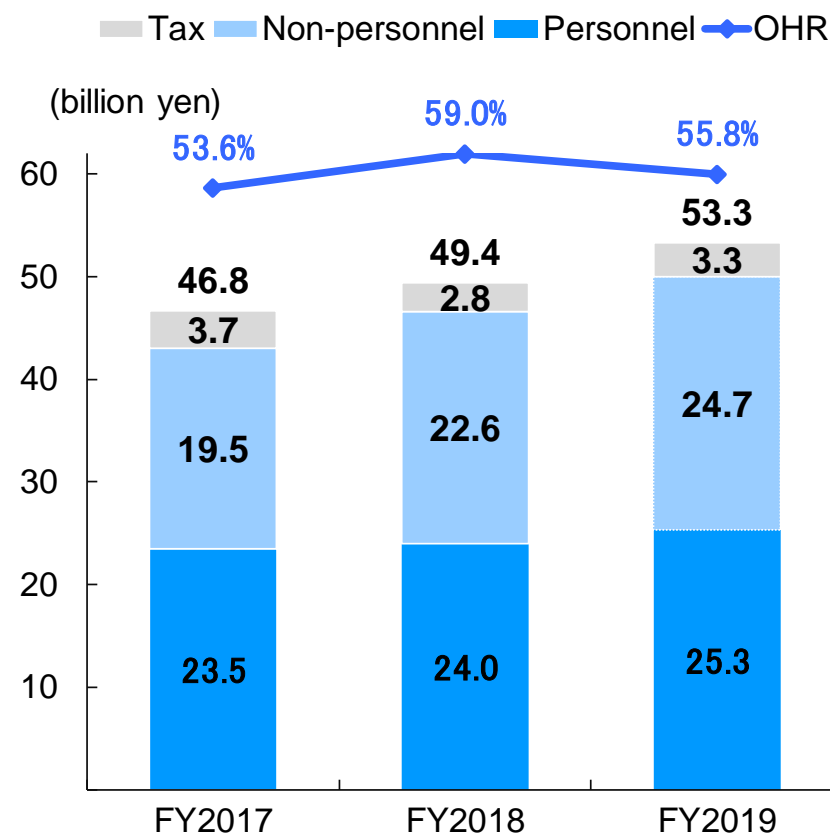
G&A expenses breakdown

(billion yen)	FY2018		FY2019		Change	
	3 months Jan. - Mar. A	Full Year B	3 months Jan. - Mar. C	Full Year D	C - A	D - B
G&A expenses (A)	13.5	49.4	15.2	53.3	+1.6	+3.9
Personnel	6.3	24.0	7.3	25.3	+0.9	+1.3
Non-Personnel	6.5	22.6	7.1	24.7	+0.5	+2.1
Tax	0.5	2.8	0.8	3.3	+0.2	+0.4

Net revenue (B)	21.0	83.8	20.7	95.7
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OHR (A)/(B) 59.0% 55.8%

<G&A expenses transition>



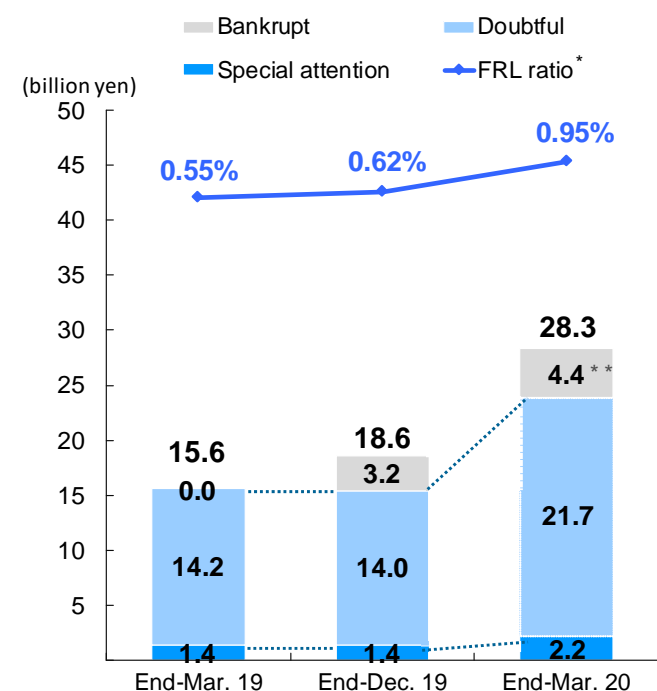
II. PL: Credit-related expenses

- Credit-related expenses were a net expense of 11.7 billion yen
 - The Bank established loan loss reserves during the fourth quarter (Jan.-Mar.) as a result of the potential impact of COVID-19 on customer credit quality and business conditions
- The Financial Reconstruction Law (FRL) ratio was 0.95%, an increase of 0.40 points from March 31, 2019
 - The ratio of loan loss reserves to total loans was 1.82%

Credit-related expenses

(billion yen)	FY2018		FY2019		Change	
	3 months Jan. - Mar. A	Full Year B	3 months Jan. - Mar. C	Full Year D	C - A	D - B
Credit-related expenses	-2.7	-1.0	-12.2	-11.7	-9.5	-10.7
Write-off of loans	-0.0	-0.2	-0.6	-1.0	-0.5	-0.8
Reserves for loan losses	-2.2	-1.6	-11.6	-10.7	-9.4	-9.0
Specific reserve for loan losses	-3.7	-4.1	-5.1	-8.0	-1.3	-3.8
General reserve for loan losses	1.5	2.5	-6.5	-2.6	-8.1	-5.2
Gains/losses on disposition of loans	-0.2	-0.3	-0.0	-0.7	+0.1	-0.3
Recoveries of written-off claims	0.0	1.0	0.0	0.5	-0.0	-0.5
Reserve for credit losses on off-balance-sheet instruments	-0.2	0.1	0.1	0.2	+0.3	+0.1

< FRL claims (Non-consolidated)>



Ratio of loan loss reserves to total loans

(billion yen)	End - Mar. 2019	End - Dec. 2019	End - Mar. 2020
Reserves for loan losses (A)	45.0	41.6	53.7
Total loans (B)	2,779.8	2,938.4	2,954.1
(A) / (B)	1.61%	1.41%	1.82%

Coverage	14.6	17.1	27.5
Reserves	8.8	9.3	15.2
Collateral & guarantees	5.7	7.7	12.3
Coverage ratio	93.6%	91.6%	97.1%

*Ratio of FRL claims to total claims

**Recovery finance business-related

III. Balance Sheet: Summary

- Total assets were 5,299.8 billion yen, an increase of 44.7 billion yen from March 31, 2019
- Total net assets were 424.7 billion yen, a decrease of 23.9 billion yen from March 31, 2019
 - The valuation difference on available-for-sale securities decreased by 47.8 billion yen from March 31, 2019

	End - Mar. 2019 A	End - Dec. 2019	End - Mar. 2020 B	Change B - A
(billion yen)				
Loans and bills discounted	2,779.8	2,938.4	2,954.1	+174.2
Domestic loans	1,687.2	1,856.0	1,869.0	+181.8
Overseas loans *	1,092.6	1,082.4	1,085.0	-7.6
Securities	1,240.8	1,246.1	1,073.6	-167.1
Incl. JGBs	5.0	-	-	-5.0
Incl. Foreign government bonds	261.4	312.2	237.6	-23.7
Cash and due from banks	618.7	658.5	464.2	-154.4
Trading assets	199.9	198.6	259.3	+59.4
Others	415.6	475.1	548.3	+132.6
Total assets	5,255.0	5,516.8	5,299.8	+44.7

	End - Mar. 2019 A	End - Dec. 2019	End - Mar. 2020 B	Change B - A
Deposits / Negotiable certificates of deposit	3,230.7	3,349.0	3,396.8	+166.1
Debentures, Bonds	283.9	302.8	259.9	-24.0
Borrowed money	320.5	346.3	427.6	+107.0
Payables under securities lending transactions	450.8	465.9	281.3	-169.5
Trading liabilities	177.7	170.6	211.2	+33.4
Others	342.4	398.3	298.0	-44.4
Total liabilities	4,806.3	5,033.3	4,875.0	+68.7
Capital stock	100.0	100.0	100.0	-
Capital surplus	87.3	87.3	87.3	+0.0
Retained earnings	259.0	275.7	269.5	+10.5
Treasury Stock	-3.3	-3.3	-3.2	+0.0
Valuation difference on available-for-sale securities	23.5	37.6	-24.3	-47.8
Others	-17.8	-13.9	-4.5	+13.3
Total net assets	448.7	483.4	424.7	-23.9
Total liabilities and net assets	5,255.0	5,516.8	5,299.8	+44.7

* Overseas loans refer to those with no final risk residing in Japan

III. Balance Sheet: Funding

- Total core funding was 3,656.8 billion yen, an increase of 142.1 billion yen, or 4.0%, from March 31, 2019
 - Since the launch of our new retail banking smartphone app, BANK™, we have seen a steady increase in new account openings
 - The percentage of retail funding to total core funding was 57%

Funding sources

(billion yen)	End-Mar. 2019 A	End-Dec. 2019	End-Mar. 2020 B	Change B - A
Total core funding	3,514.6	3,651.9	3,656.8	+142.1

<Funding sources by product>

(billion yen)	End-Mar. 2019 A	End-Dec. 2019	End-Mar. 2020 B	Change B - A
Deposits/ NCDs	3,230.7	3,349.0	3,396.8	+166.1
Debentures/ Bonds	283.9	302.8	259.9	-24.0

Liquidity reserves (non-consolidated)

(billion yen)	End-Mar. 2019	End-Dec. 2019	End-Mar. 2020
Liquidity reserves	667.8	704.0	603.3

Retail funding ratio *	53%	55%	57%
Stable funding ratio *	69%	73%	75%

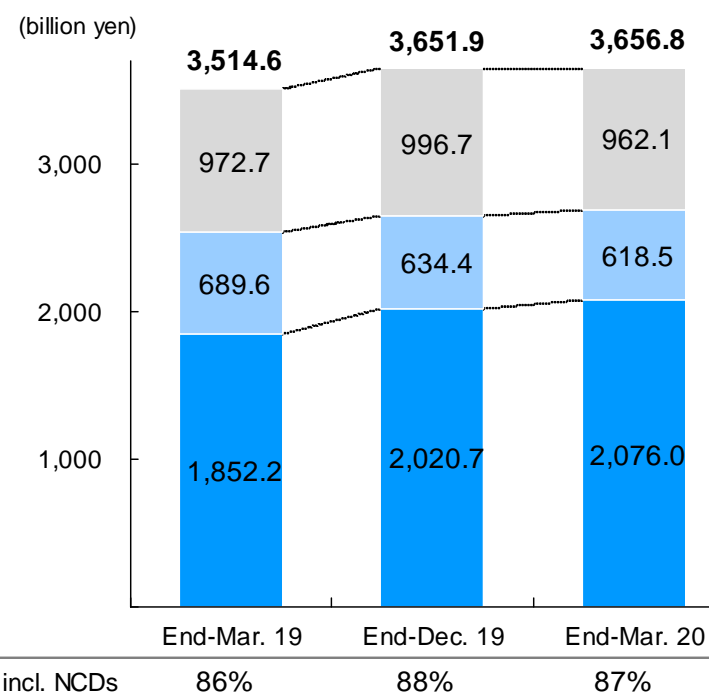
* Defined as follows:

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)

<Funding by customer segment>

■ Financial Institutions ■ Corporate and Public Institutions ■ Retail



III. Balance Sheet: Loans – Balance by industry

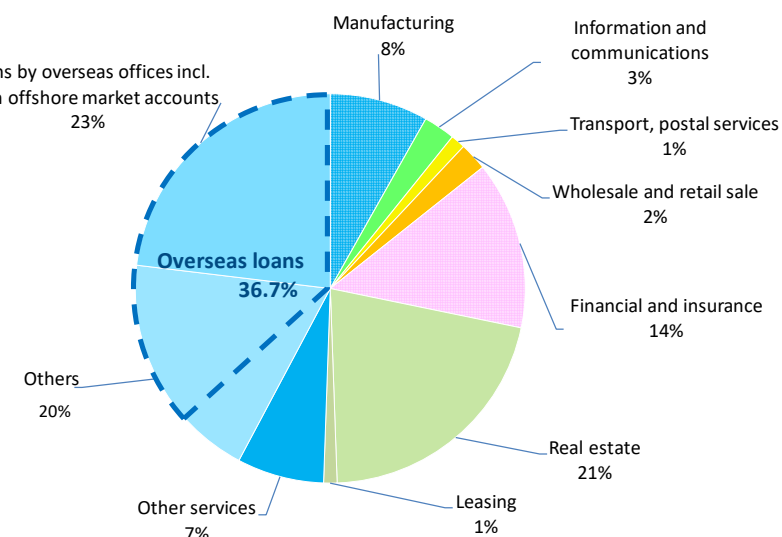
- Loans were 2,954.1 billion yen, an increase of 174.2 billion yen, or 6.3% from March 31, 2019
 - Domestic loans increased by 181.8 billion yen. Overseas loans decreased by 7.6 billion yen

	(billion yen)	End-Mar. 2019 A	End-Dec. 2019	End-Mar. 2020 B	Change B - A
Total loans	(A)	2,779.8	2,938.4	2,954.1	+174.2
Domestic loans		1,687.2	1,856.0	1,869.0	+181.8
Overseas loans *	(B)	1,092.6	1,082.4	1,085.0	-7.6
	(B) / (A)	39.3%	36.8%	36.7%	-

* With no final risk residing in Japan

Loans by domestic offices (excluding Japan offshore market accounts)	2,086.3	2,268.8	2,272.0	+185.7
Manufacturing	226.8	225.0	240.9	+14.0
Information and communications	47.8	79.8	77.7	+29.8
Transport, postal services	42.4	40.1	35.5	-6.9
Wholesale and retail sale	72.1	69.0	68.3	-3.7
Financial and insurance	389.9	416.1	412.0	+22.0
Real estate	567.6	620.9	625.8	+58.1
Incl. Non-recourse loans	313.9	342.9	351.6	+37.7
Leasing	43.2	34.2	32.6	-10.6
Other services	185.4	219.1	213.0	+27.5
Others	510.5	564.0	565.9	+55.3
Incl. Overseas (Headquarters booked)	404.9	418.5	411.4	+6.4
Loans by overseas offices incl. Japan offshore market accounts	693.5	669.6	682.0	-11.4
Total	2,779.8	2,938.4	2,954.1	+174.2

<Loan portfolio by industry>



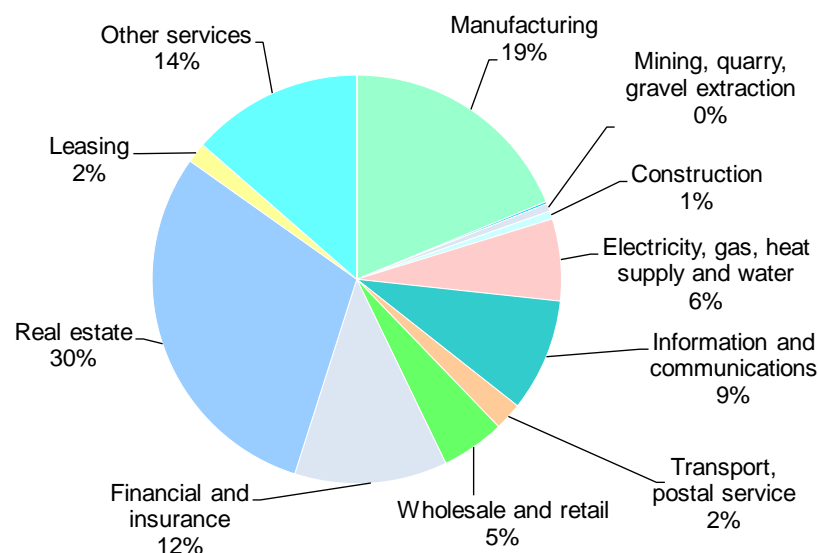
III. Balance Sheet: Loans – Overseas

- Overseas loans* were 1,085.0 billion yen, a decrease of 7.6 billion yen compared to March 31, 2019. The percentage of overseas loans to total loans was 36.7%
 - Of total overseas loans, 80% were in North America
 - The Bank maintained its disciplined risk management and selective approach to new originations

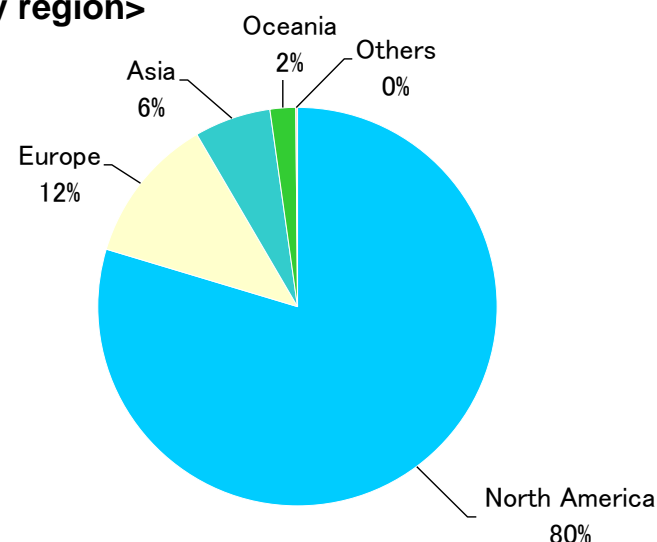
	(billion yen)	End - Mar. 2019 A	End - Dec. 2019	End - Mar. 2020 B	Change B - A
Total loans	(A)	2,779.8	2,938.4	2,954.1	+174.2
Overseas loans *	(B)	1,092.6	1,082.4	1,085.0	-7.6
	(B) / (A)	39.3%	36.8%	36.7%	-
U.S. dollar basis (\$ million)		9,844	9,885	9,970	+126

* With no final risk residing in Japan

<By industry>



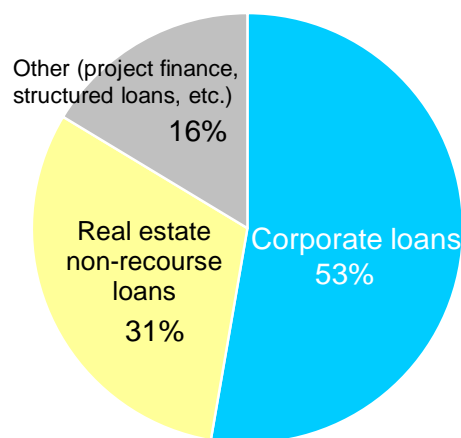
<By region>



III. Balance Sheet: Loans – North America

- Approximately 53% of North American loans were corporate loans, mainly large corporate syndicated loans
 - Aozora has rebalanced a portion of its North American corporate loan exposure in order to improve overall asset quality and reduce downside risk exposure
- Real estate non-recourse loans secured mainly by office buildings with stable cash flows in major U.S. cities

<North American loan breakdown>



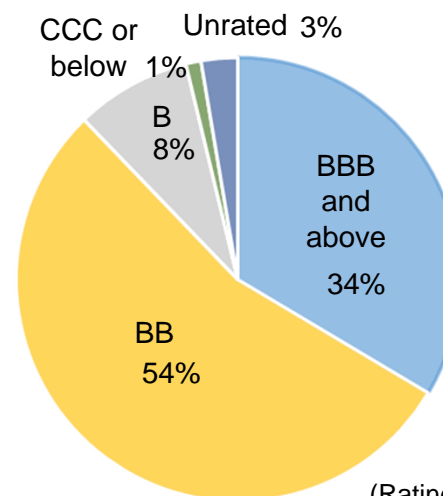
<U.S. real estate NRL by area>

City	%
New York	26%
Los Angeles	55%
Chicago	
Washington, D.C.	
Atlanta	
San Francisco	
Miami	
Minneapolis	
Boston	
Philadelphia	
Others	19%

Corporate loan credit management

- Portfolio focused on senior secured corporate loans
 - Industry diversification, high liquidity, avoided concentration of credit exposures
- Active monitoring of key portfolio metrics
- Conservative provision to loan loss reserves

<North American corporate loans by credit rating>



(Rating agency: S&P, facility base)

III. Balance Sheet: Loans – Domestic real estate

- 98% of the real estate non-recourse loans remained at an LTV of 70% or below
- Tokyo-metro focused. Most non-recourse loans were office or residential

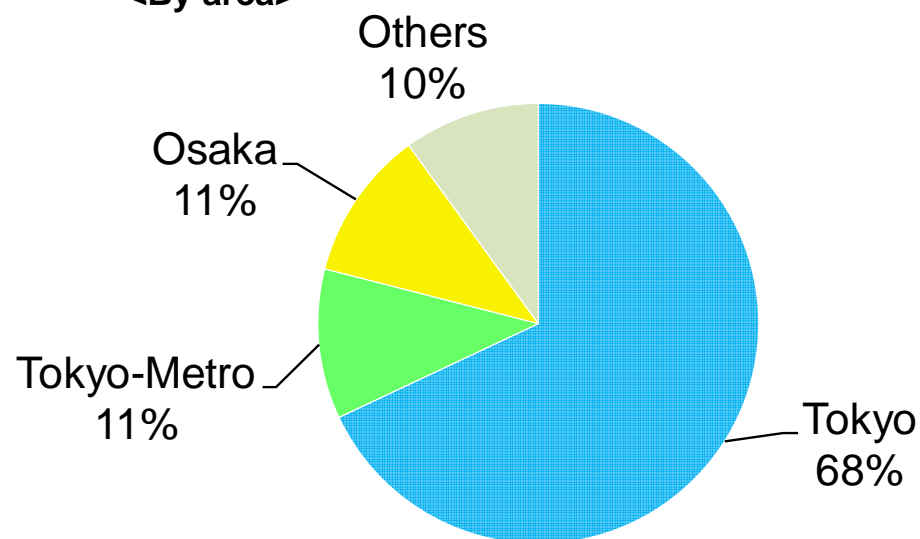
(billion yen)	End - Mar. 2019 A	End - Dec. 2019	End - Mar. 2020 B	Change B - A
Total loans	2,779.8	2,938.4	2,954.1	+174.2
Real estate sector (Domestic)	567.6	620.9	625.8	+58.1
Non-recourse loans	313.9	342.9	351.6	+37.7

LTV Status

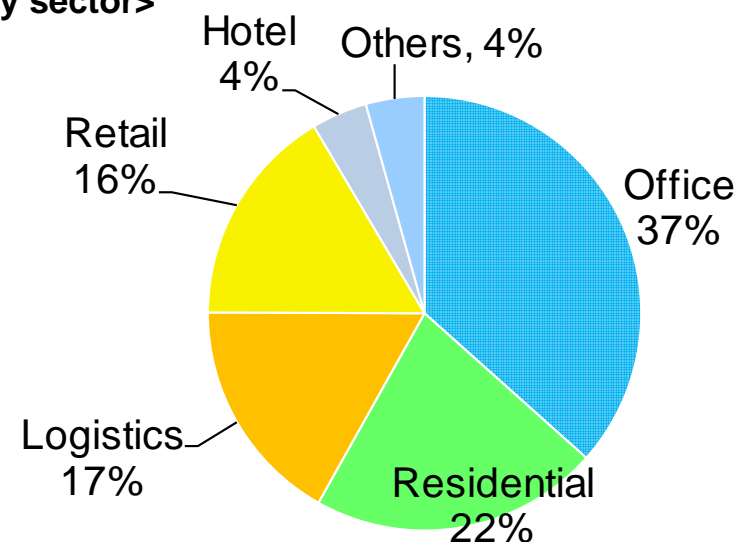
Cumulative % of portfolio	
70% or below	97.5%
80% or below	99.6%

Non-recourse loan breakdown

<By area>



<By sector>



III. Balance Sheet: Securities

- Securities were 1,073.6 billion yen, a decrease of 167.1 billion yen, or 13.5%, compared to March 31, 2019
- Total unrealized gains/losses were a net loss of 18.6 billion yen
 - This was mainly due to the sharp decline of the financial markets resulting from the COVID-19 global outbreak. (Due to the subsequent recovery in market conditions, the Bank's current unrealized gains/loss position has returned to a net gain)

(billion yen)	Book value			
	End - Mar. 2019 A	End - Dec. 2019	End - Mar. 2020 B	Change B - A
JGBs	5.0	-	-	-5.0
Municipal bonds / Corporate bonds	82.2	99.2	98.1	+15.8
Equities	66.5	47.2	16.7	-49.7
Foreign bonds	568.4	597.6	486.5	-81.8
Foreign government bonds	261.4	312.2	237.6	-23.7
MBS	193.9	217.3	189.9	-3.9
Others	113.0	68.0	58.9	-54.0
Others	518.6	502.0	472.1	-46.4
ETFs	254.3	238.2	207.9	-46.3
Investments in limited partnerships	69.9	72.1	79.0	+9.1
REIT	65.1	82.5	73.4	+8.2
Investment trusts	117.3	96.6	102.7	-14.6
Others	11.9	12.4	8.9	-2.9
Total	1,240.8	1,246.1	1,073.6	-167.1

Unrealized gains / losses			
End - Mar. 2019 C	End - Dec. 2019	End - Mar. 2020 D	Change D - C
0.0	-	-	-0.0
0.5	0.9	0.5	+0.0
48.5	38.2	10.1	-38.3
-8.5	-0.0	14.3	+22.8
-5.3	-2.6	11.6	+16.9
-4.3	-0.8	4.5	+8.9
1.1	3.4	-1.8	-2.9
-2.5	15.9	-43.7	-41.2
-10.4	-0.3	-27.7	-17.3
0.2	0.5	1.7	+1.4
5.3	8.5	-3.6	-8.9
-2.5	2.0	-16.8	-14.3
4.9	5.2	2.8	-2.0
37.9	55.1	-18.6	-56.6

Unrealized gains, incl. gains/losses on hedging instruments

14.3	39.5	-18.6	-32.9
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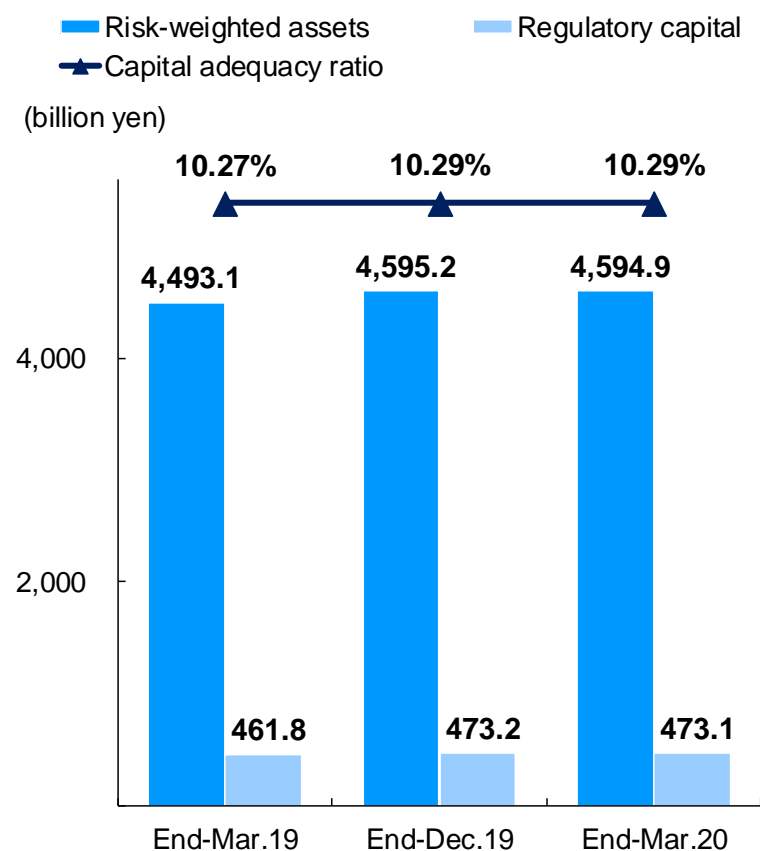
IV. Capital adequacy ratio (preliminary basis)

- Aozora's consolidated capital adequacy ratio (domestic standard) remained at an adequate level at 10.29% (preliminary basis)
 - The CET1 ratio (Tier 1 Common Capital Ratio) was approximately 8.7%

Domestic standard

(billion yen)	End-Mar. 2019 A	End-Dec. 2019	End-Mar. 2020 B	Change B - A
Capital adequacy ratio	10.27%	10.29%	10.29%	0.02%

Regulatory capital (A-B)	461.8	473.2	473.1	+11.2
Instruments and reserve (A)	477.5	489.5	488.3	+10.7
Shareholders' equity	439.3	455.4	449.2	+9.9
Others	38.2	34.1	39.1	+0.8
Regulatory adjustment (B)	15.7	16.3	15.2	-0.4
Risk-weighted assets	4,493.1	4,595.2	4,594.9	+101.7
Credit risk assets	4,006.3	4,037.3	4,065.1	+58.7
Market risk assets	335.0	405.4	380.1	+45.0
Operational risk assets	151.7	152.4	149.6	-2.0



IV. Earnings Forecast for FY2020

- FY2020 Full-year Net Earnings Forecast of 28.5 billion yen

	FY2018 Results	FY2019 Results	(billion yen) FY2020 Full-Year Forecast
Net revenue	83.8	95.7	90.0
G&A expenses	-49.4	-53.3	-56.0
Business profit	34.4	42.3	34.5*
Ordinary profit	47.7	43.3	40.0
Net earnings	36.1	28.1	28.5
<hr/>			
Net earnings per common share	309.67 yen	241.18 yen	244.24 yen

* Including gains/losses on equity method investments

IV. Dividends

- The full-year dividend for FY2019 is 156 yen per common share, in line with our original forecast. The dividend for the fourth quarter is 39 yen per common share
- The full-year dividend forecast for FY2020 is 122 yen per common share* (based on a target dividend payout ratio of 50%). Aozora intends to continue quarterly dividend payments
- 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

	Dividend per common share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Full-year
Current forecast (FY2020)					122 yen*
Dividend payment (FY2019)	39 yen	39 yen	39 yen	39 yen	156 yen

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

V. Reference: Results by Business Group

■ FY2019 Full-Year Results

FY2019 Results

	Retail Banking Group	Institutional Banking Group	Allied Banking Group	Specialty Finance Group	International Finance Group	Financial Markets Group	Company Total
Net revenue	12.2	21.8	7.1	19.6	12.8	20.0	95.7
G&A expenses	-10.6	-11.5	-3.6	-9.4	-6.8	-5.5	-53.3
Business profit	1.6	10.3	3.5	10.1	6.0	14.5	42.3

FY2018 Results

	Retail Banking Group	Institutional Banking Group	Allied Banking Group	Specialty Finance Group	International Finance Group	Financial Markets Group	Company Total
Net revenue	9.0	19.7	7.9	19.3	12.7	11.4	83.8
G&A expenses	-9.1	-11.1	-3.8	-9.1	-6.5	-5.2	-49.4
Business profit	-0.0	8.6	4.1	10.2	6.1	6.2	34.4

V. Reference: Consolidated, Non-consolidated Difference

■ Difference between consolidated and non-consolidated earnings

		(billion yen)
Non-consolidated profit attributable to owners of parent		28.6
Subsidiaries		
Company name	Shareholding, etc.	Net Earnings
GMO Aozora Net Bank, Ltd.	50.0% *	-5.1
Aozora Loan Services Co., Ltd.	67.6%	0.0
Aozora Securities Co., Ltd.	100.0%	1.9
Aozora Regional Consulting Co., Ltd.	100.0%	0.0
Aozora Investment Management Co., Ltd.	100.0%	-0.0
Aozora Real Estate Investment Advisors Co., Ltd.	100.0%	0.0
ABN Advisors Co., Ltd.	100.0%	0.1
Aozora Corporate Investment Co., Ltd.	100.0%	0.0
Aozora Asia Pacific Finance Limited	100.0%	0.0
Aozora Europe Limited	100.0%	0.3
AZB Funding	100.0%	-1.3
Aozora North America, Inc., etc.	100.0%	-0.1
Total		-3.8
Consolidation adjustments		3.3
Profit attributable to owners of parent		28.1
Difference		-0.5
Reference: Loss attributable to non-controlling interests		-2.5

* Voting rights ratio is 85.1%

V. Reference: Mid-term KPIs

	FY2017 Results	FY2018 Results	FY2019 Results	* Mid-term targets (FY2018-2020)
Net interest margin	1.30%	1.25%	1.14%	1.20%
Non-interest income ratio	44%	40%	49%	45-55%
Overhead ratio (OHR)	53.6%	59.0%	55.8%	50%
ROE	10.0%	8.2%	6.4%	9.0%
ROA	0.9%	0.7%	0.5%	0.8%

* Aozora announced its new mid-term plan for 2020-22, entitled “Aozora 2022”, which is the result of an internal review completed one year earlier than scheduled

FY2019 Financial Results

Mid-Term Plan (FY2020-22)

Q&A Session

Mid-Term Plan (FY2020-22)

AOZORA 2022

~ Establishing Aozora Partner Bank ~

Aozora's New Management Philosophy



Aozora Mission

Contribute to the development of society through the creation of new value-added financial services



Aozora Vision

Adapt to a rapidly changing world while remaining a trusted, valued and specialized financial service provider



Aozora's Key Priorities

- ✓ **Provide specialized and value-added financial services**
- ✓ **Move quickly, while responding patiently and politely**
- ✓ **Prioritize teamwork**
- ✓ **Respect one's colleagues and support professional growth of all team members**
- ✓ **Learn from the past while adapting to and focusing on the future**
- ✓ **Take smart risks in new areas based upon our skills and experience**
- ✓ **Actively contribute to the sustainable growth of society**



Establishing Aozora Partner Bank

Over the three years ending in fiscal year 2022, Aozora intends to generate new ideas and innovation within each of its business areas, leveraging its skill base and organizational flexibility to become a distinctive Partner Bank within Japan, offering our retail, corporate and financial institution customers value-added products and services based on ideas drawn from our experienced staff members.

FY2020-22 Mid-Term Plan: AOZORA 2022

AOZORA 2022: Key Strategies

Contribution to all stakeholders
(society, customers, shareholders and employees)



Response to environmental changes

- Digitalization
- Global economy
- Domestic financial environment
- Realization of sustainable society



Aozora Bank Group's characteristics

- Manageable size
- Specialized skills
- Not a Mega or a Regional Bank

AOZORA 2022



Business model reforms

Mid-term Areas of Focus (6 Areas of Focus)

New growth initiatives: “Closer collaboration across divisions” and “digitalization”

Sound risk-taking and strong risk controls



New human resources system



Initiatives on SDGs/ESG



Mid-term Areas of Focus (6 Areas of Focus)

Retail Banking

Specialized consulting and integrated financial services for retail customers

Corporate Finance

Established position as the key player in restructuring business such as M&A and buyout finance

Financial Institutions

Contribution to the revitalization of local economy by solving the management issues of regional financial institutions

Specialty Finance

Expanded specialty finance by capitalizing on high-level expertise in real estate and business recovery finance

International

Enhanced capacity for flexibly controlling the portfolio by forming a seamless monitoring framework on a global scale

Financial Markets

Better capability for risk-hedging sales and product development, establishment of the portfolio resistant to market fluctuation



Closer collaboration across divisions



Digitalization

Active support for corporate customers

- Capitalize on Aozora's features to support business improvement and restructuring
- Customized support In light of customer needs

Enhanced consulting services for retail customers

- Establish the Financial Advisor Office
- Respond to business succession needs using the Aozora network

Reinforcement of solutions for financial institutions

- Establish the Financial Institutions Solutions Group
- Comprehensive consulting services focused on assets, liabilities, equity capital and customer initiated transactions

Collaboration with GMO Aozora Net Bank (GANB)

- Establish the FinTech Sales Management Office
- Support FinTech-related new businesses of corporate customers and start-ups
- Utilize GANB's IT solution capability as the "API No.1 bank"

Focus 1: Retail Banking Business (1)

Specialized consulting and integrated financial services
delivered via traditional and virtual channels



Staffed branch

Towards “Branch where people gather”

Provide **specialized consulting** for the estate planning needs of customers



- Assign FPs and tax advisory staff at all branches
- Promote asset succession consulting focusing on estate planning and inheritance arrangement services



BANK Branch

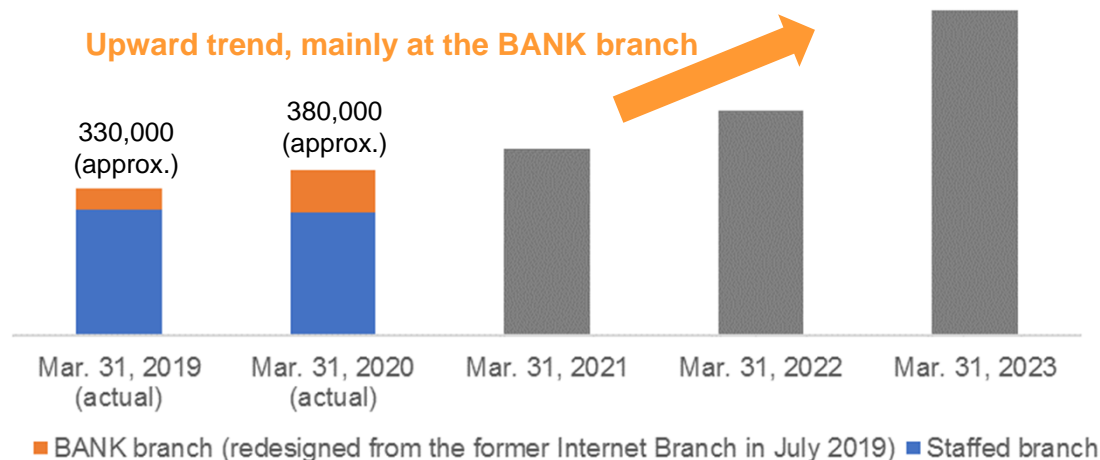
Expansion of products/services at BANK Branch

Reinforce **non-face-to-face** banking services



- Release exclusive new products at the BANK Branch such as savings-type investment trusts for the working generation
- Partner with other industries centering on the services at the BANK Branch

Number of customers

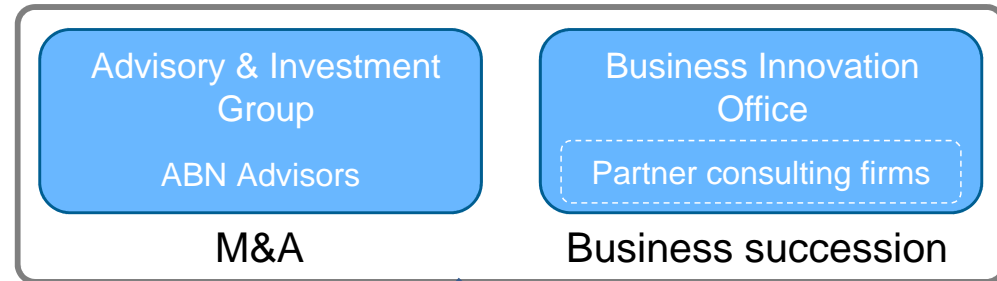
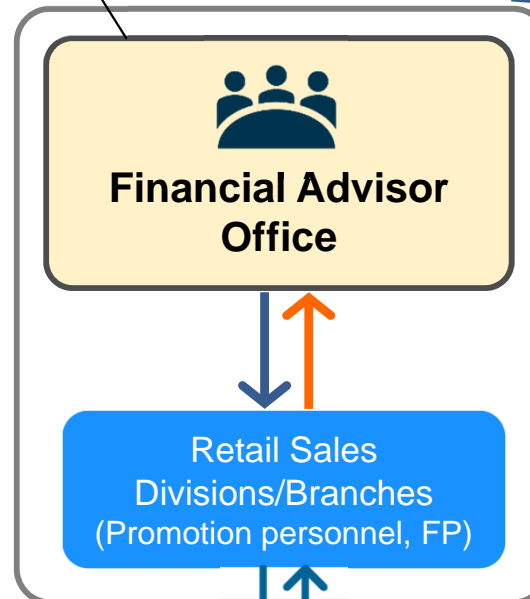


Retail: Create Financial Advisor Office to serve business succession and M&A needs

- Specialized consulting services from tax accountants, FPs, and those having experience in M&A and corporate business



Use the network with tax accountants and lawyers



Co-work with other business groups



Focus 2: Corporate Finance Business (1)



Establishment of a position as the key player in restructuring business

- Evolution of corporate banking services, away from existing business relationship
- Proactive response to M&A and business succession needs
- Origination of hybrid finance



Flexible response to customer needs as well as proper asset control and improvement of RORA

- Disciplined loan management while avoiding excessive rate competition
- Gradual increase in loans over three years

SMEs' business succession

Syndicated loans, securitization

Large firm groups' restructuring/M&A

Derivatives (interest rate, FX, commodity)

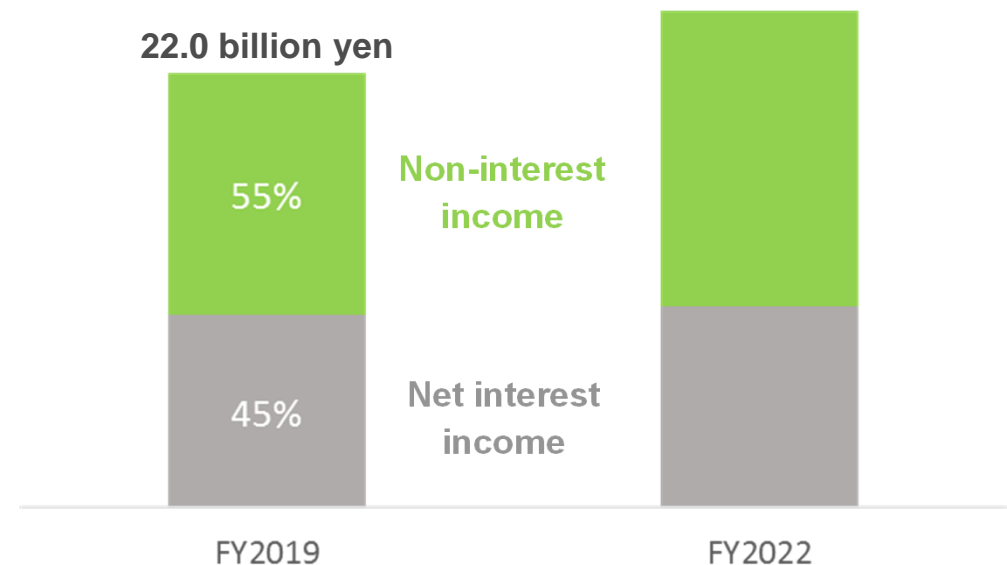
LBO finance

Project finance

Equity finance

Corporate loan

Breakdown of earnings from corporate finance





Active support for corporate customers

- ❑ We are now responding to our customers who are facing difficulties attributable to the ongoing economic environment in consideration of their needs.
- ❑ In addition to banking services, we will leverage our core competencies to actively support our customers by capitalizing on Aozora's features, such as support for the revitalization and improvement of their businesses.

Aozora has begun offering specialized financing for corporate customers affected by the COVID-19 pandemic

- ✓ Amount: Up to 30 million yen
- ✓ Term: Up to 5 years (with a principal grace period of one year)

Focus 3: Financial Institutions Business (1)



Leveraging Aozora's historic strength in offering solutions to regional financial institutions

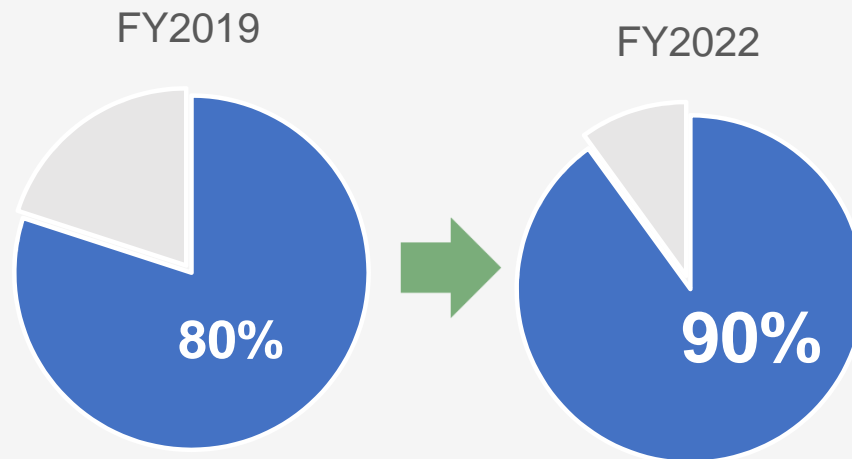
- Comprehensive support covering fund management, loan business, NPLs and business recovery related finance, retail business, business succession and M&A



Development of products and business solution tools for regional financial institutions and their customers

- Customized support responsive to the needs of regional financial institutions and their customers by fully leveraging Aozora's expertise and product development capacity

**<Transaction coverage ratio>
(regional banks and Shinkin banks)**



Derivative-related products

Private placement investment funds

Syndicated loans, LBO finance

LP investment

Support for NPLs and business recovery

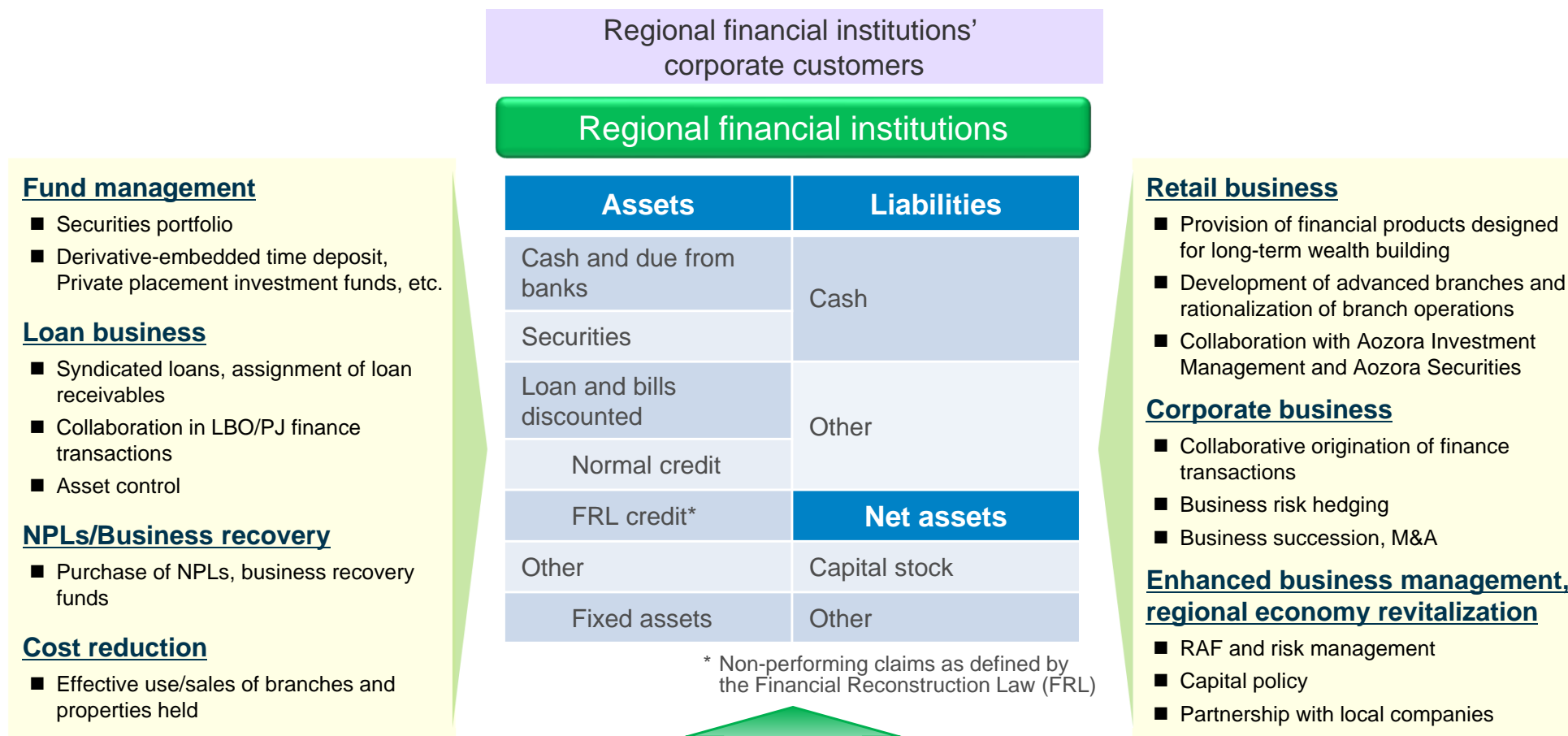
Publicly offered investment trusts for retail customers

Support for business recovery and M&A

Support for loan and other business

Financial Institutions Business (2) – Solutions for regional financial institutions

Establishment of the Financial Institutions Solutions Group



Focus 4: Specialty Finance Business

Flexible origination of business recovery finance

- Continued increase in earnings power in collaboration with Aozora Loan Services, which has established its presence in the servicing industry
- Further focus on overseas NPL investments/loans

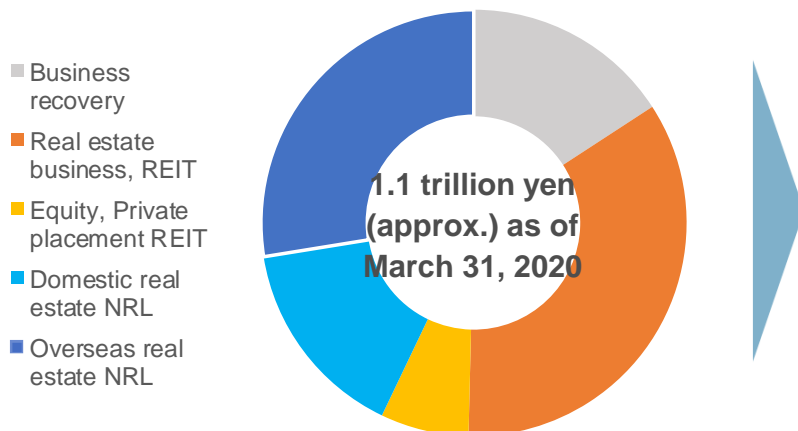
Creating an investment and loan portfolio comprised of diversified loans and real properties from around the world

- Pursuit of sustainable growth as stable revenue basis by leveraging the network with major players in the real estate industry

Promotion of non-asset business, collaboration with IT corporations

- Beneficiary right intermediary service at Aozora Investment Management, real-estate-related advisory services for regional banks, etc.
- Collaboration with other industries including ReTech companies, creation of new business opportunities such as finance-related services

Investment and loan balances



Business recovery	➡ Flexible origination of domestic and overseas finance
Real estate business, REIT	➡ Focus on maintaining the quality of the portfolio
Equity, Private placement REIT	➡ Optimizing the portfolio in consideration of capital efficiency
Domestic real estate NRL	➡ Continued growth focusing on risk-return profiles
Overseas real estate NRL	➡ Selective investment mainly in North America

Focus 5: International Business



Development of a well-diversified portfolio through the targeting of assets with attractive risk/return profiles

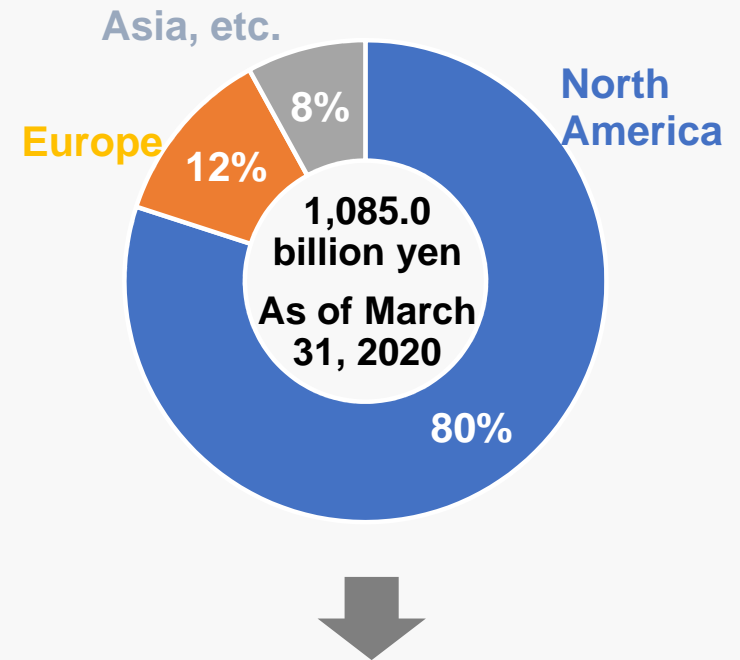
- Maintain strong risk control, with the potential turn of the credit cycle in mind, while keeping an eye on the impact of the COVID-19 pandemic on the global economy
- International loans are planned to gradually increase over the next three years, with the percentage to total loans remaining in the range of 35-40%
- Ongoing evaluation of complementary business areas and loan targets



Launch of Aozora North America (ANA)

- Enhance a risk control and monitoring framework and reinforce the function of gathering information

Overseas loans by area



- ✓ Establish a seamless monitoring framework in cooperation between Tokyo and overseas bases in North America, Asia and Europe
- ✓ Flexibly control the portfolio

Focus 6: Financial Markets Business



**Stable revenues from
ALM/securities investments and
trading-related transactions**

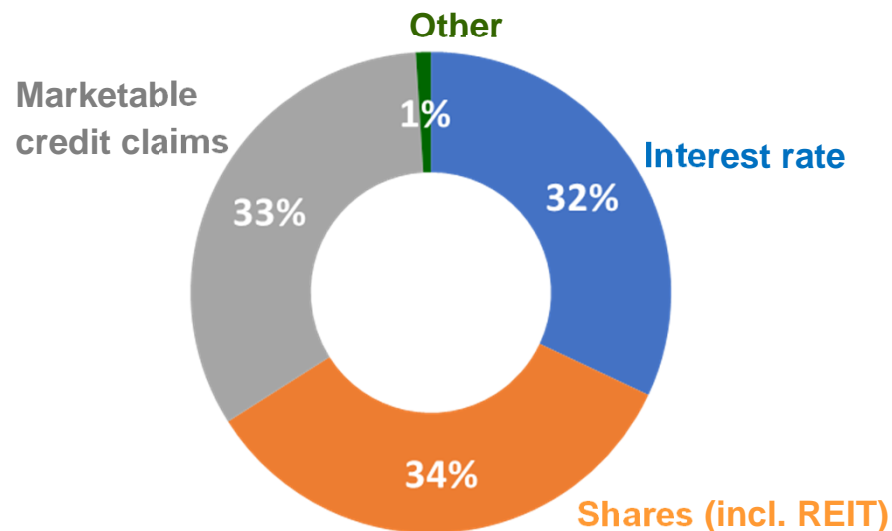
- Build a securities portfolio with ample risk tolerance and with an awareness of our position in the economic cycle
- Make diversified investments in consideration of liquidity and correlations
- Prioritize the origination of customer-based trading-related revenues



**Product development based on
customer needs, flexible provision of
products, high-level risk consulting**

- Contribute to corporate customers' risk control and business solutions

Market risk (VAR)



Customer support incorporating sales, trading and product development

Corporate

Exploration of new prime customers by enhancing consulting competencies

Financial institutions

Enhancement of the product development ability in response to individual asset management needs

Retail

Design of customized products based on Aozora's customer attributes, such as investment trusts and structured bonds

Internet Banking Business: GMO Aozora Net Bank (GANB)

- ❑ Become a unique online bank primarily targeting corporate customers by leveraging API (Application Programming Interface)
- ❑ Automate and streamline customers' operation flow with API to acquire settlement accounts. Offer GANB's banking function to customers as a platform for their financial services in order to establish the stable fee business model



Selection and Concentration approach

Focus resources on corporate banking

Allocate resources including workforce and expenses to corporate banking

No. 1 API bank

Open the first-ever API experimental site in Japan ("sunabar – GANB's API Experimental Site"), which allows engineers to freely develop API

Promotion of platform banking

Open GANB's banking functions to corporations intending to offer financial services to their customers (subject to fees)

Cooperation with FinTech Sales Group (newly established)

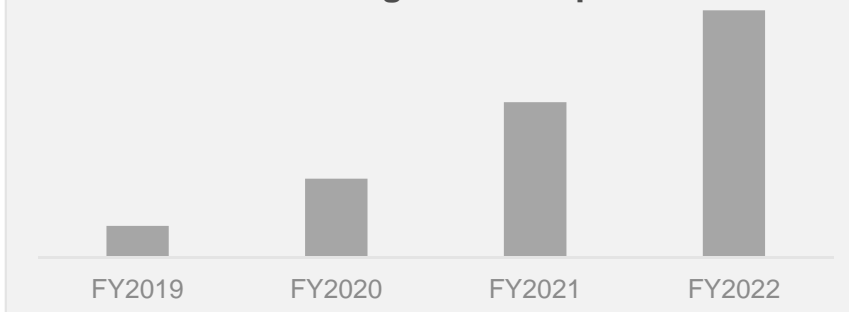
Business solutions for Aozora's customers through GANB's services

Capturing opportunities for finance while observing new sales channels stemming from FinTech firms' growth

New investments/loans to GANB's customers



GANB's numerical targets for corporate accounts



Sound Risk-taking and Strong Risk Controls



Refinement of risk appetite

- ▶ Set a sound risk-taking policy based on the group capital and expected revenue
- ▶ Actualize the most appropriate asset allocation through continued PDCA cycle



Strengthened risk controls based on proactive monitoring

- ▶ Continue predictive control based on close communication among Business Group, Risk Group and Management
- ▶ Monitor capital utilization using advanced stress testing
- ▶ Strengthen operations to better control the aggregate level of risk assets and each type of asset as well as contingency simulation levels



Further diversification of funding sources

- ▶ Control the entire funding in terms of quantitative balance and cost, and promote diversification of each funding channel (in yen/foreign currency, individuals/financial institutions/corporations)
- ▶ Maintain the retail funding ratio mainly at the BANK Branch (yen currency)
- ▶ Expand the pipelines for foreign currency funding through yen investments and diversify the means of foreign bond issuance. (foreign currency)



Strengthening of compliance framework

- ▶ Promote advancement of the group governance/compliance system in cooperation with each group company
- ▶ Faithfully and adequately respond to amendments of laws and systems



Cybersecurity controls

- ▶ Further strengthen defenses against targeted cyber-attacks and unauthorized data access
- ▶ Develop cybersecurity staff members and improve data security literacy for all employees
- ▶ Confirm and maintain the necessary level by regularly undergo a third-party evaluation

Introduction of New Human Resources System



New human resources system

- ❑ Introduce a new human resources system designed to better enable Aozora to become an organization which continues to take on new challenges as one unified team
- ❑ Eliminate some of the limitations of career-oriented tracks as well as age-related constraints, so as to create a stronger sense of unity among our employees and encourage their growth and active engagement

Unification of
career-oriented courses

Improvement of
Challenge Programs
to increase growth
opportunities for younger
employees

Leveraging of
specialized personnel

Greater utilization of
senior generation
employees

Initiatives on SDGs/ESG

Management philosophy

Contribute to the development of society through the creation of new value-added financial services

Key issues

Environmental protection












Promoting innovation

Facilitating the life satisfaction of our employees

Recent activities relating to SDGs/ESG

March 2020: Announcement of support for Task Force on Climate-related Financial Disclosures Recommendations (TCFD)

April 2020: Establishment of the Sustainability Management Office in the Business Strategy Division

Key issues	High-priority items	SDGs category
Environmental protection	<ul style="list-style-type: none"> Contribution to solutions of environmental and energy issues from a business perspective Response to environmental risk Reduction of environmental burdens as a business operator 	 
Promoting innovation (industry)	<ul style="list-style-type: none"> Development of emerging industries and new companies Business promotion and creation by utilizing digital innovation Regional revitalization and development 	  
Life satisfaction (individual)	<ul style="list-style-type: none"> Wealth building and smooth business succession Alleviation of healthcare concerns Improvement of financial education 	  
Enhancement of corporate structure	<ul style="list-style-type: none"> Enhance a compliance program Improve job satisfaction and provide a more comfortable working environment for officers and employees 	  

Mid-Term Financial Targets and KPIs

Earnings targets

Under the new Mid-Term Plan, Aozora will focus on the further development of its core business model's "6 Areas of Focus" as well as selected new growth initiatives. For fiscal year 2022, the final year of the plan, Aozora will aim to exceed the level of fiscal year 2019's earnings.

In light of uncertain conditions, annual earnings targets will be communicated at the beginning of each fiscal year.

KPIs targets

The table below shows our KPIs (Key Performance Indicator) targets over the new Mid-Term Plan period. Aozora aims for stable and sustainable growth through business expansion while maintaining efficiency as one of its key strengths.

Key Performance Indicators (KPIs)	FY2019 Results	Mid-Term Plan targets (FY2020-22)
Overhead ratio (OHR)	56%	lower 50%
Business profit ROA*	0.8%	1%
ROE	6.4%	8% or higher

* Including gains/losses on equity method investments

Capital Policy

Capital and dividend policy

To enhance our sustainable corporate value, Aozora has created and adheres to a capital and dividend policy which aims to maintain a proper balance among “stable shareholder returns”, “strategic investments” and “financial strength.”

Equity capital

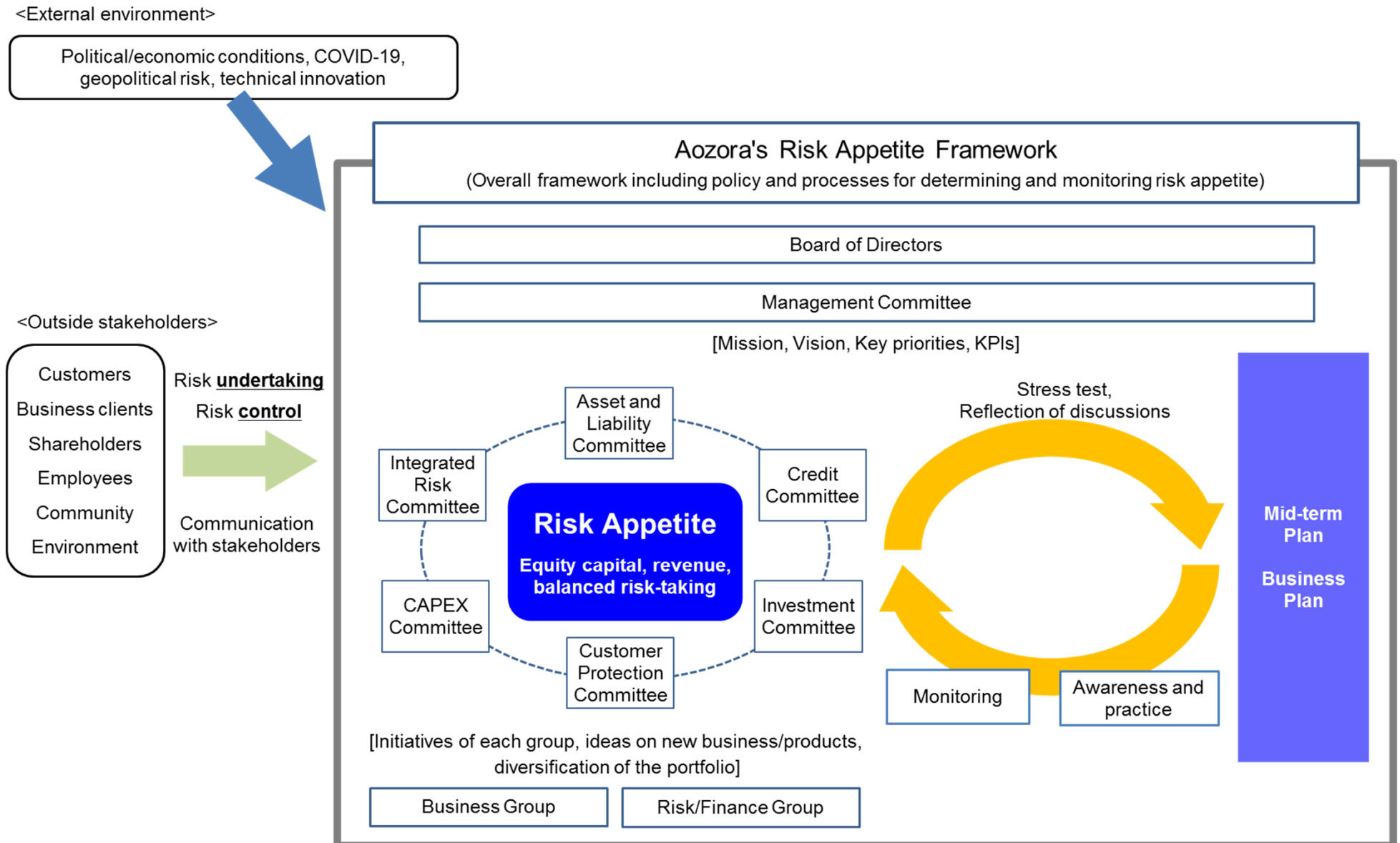
Aozora's capital adequacy ratio (domestic standard) targets are 9% on a full implementation (of the Basel III) basis and 9.5% on an operational basis.

Shareholder returns

Management's intent is to deliver a cash dividend with a target payout ratio of 50%. Dividend payments will continue to be made on a quarterly basis.

[Ref.] Risk Appetite Framework

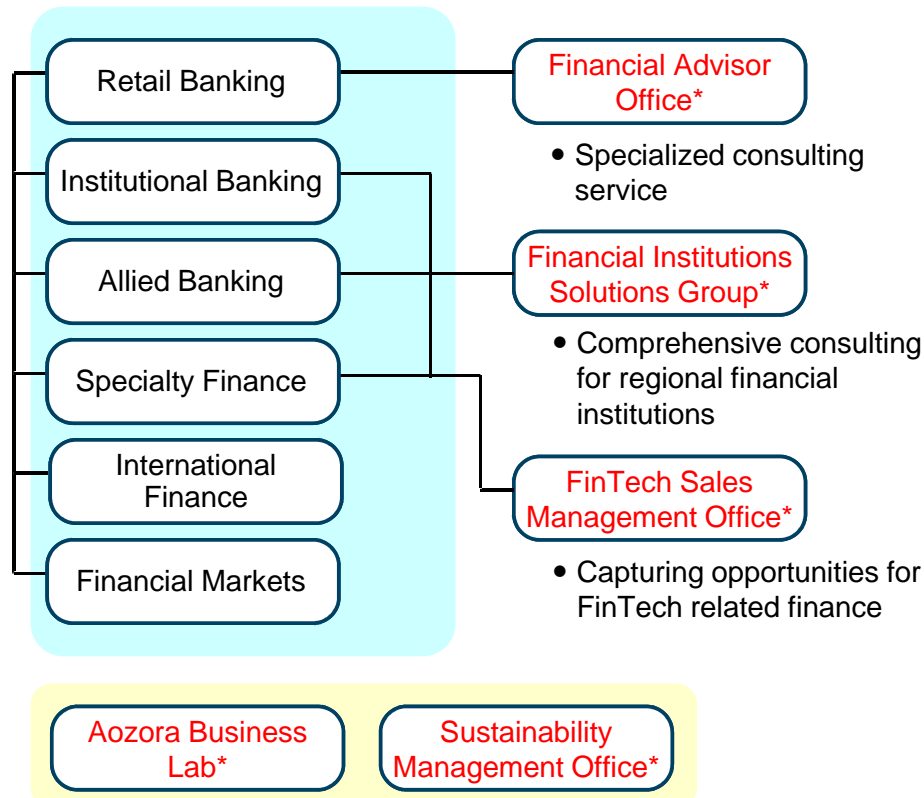
- Sound risk-taking based on Aozora's equity capital and expected revenue



[Ref.] Internal Process Improvements: Organization & Staff

Reorganization

- Establishment of the Financial Advisor Office in the Retail Banking Group
- Establishment of the Financial Institutions Solutions Group to provide comprehensive consulting for regional financial institutions
- Establishment of the FinTech Sales Management Office to take opportunities for FinTech finance



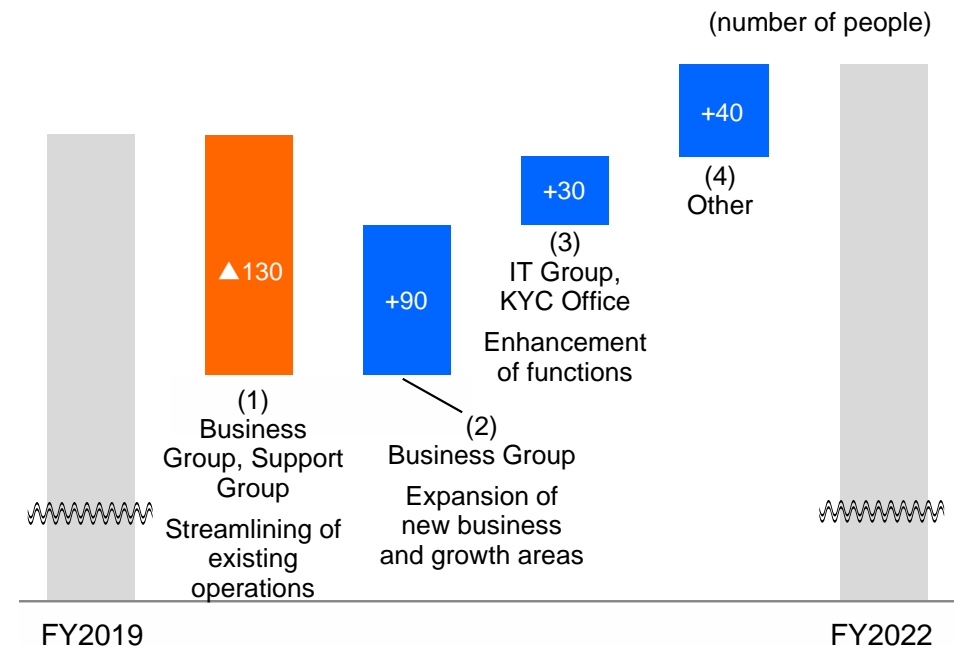
- Creation of new businesses

* New function

Human resource redeployment

- Thorough cost reduction centering on existing operations
- Redeployment of staff to new business and growth areas

Human resource redeployment



[Ref.] Initiatives for Sustainable Growth: ESG

Society

■ SDGs Conference

- Solution of environmental and social issues through business activities

■ Enhanced opportunities for female employees

- Appointment of a female director and a female executive officer
- Length of service: 14.8 years for female employees, 14.5 years for male employees (as of Mar. 31, 2020)
- Percentage of female managers: 11.9% (as of Apr. 2020)
- Aozora was added to the MSCI Japan Empowering Women Index (WIN), and also received an “Eruboshi” certification based on the Act on Promotion of Women’s Participation and Advancement in the Workplace

■ Human resources strategy

- Establishment of the Work Style Reform Conference, support for balancing work with child and nursing care
- Improvement of educational training, Student Loan Repayment Assistance Program for new employees

■ Business support, contribution to local economies

- Closing of the Business Succession Fund, creation and management of business recovery fund
- Regional revitalization business, business feasibility evaluation, dispatch of information
- Support for activating local economies in partnership with regional financial institutions
- Estate planning and inheritance arrangement services, Sign Language Interpretation Services for Customers with a Hearing Impairment

■ Joint projects with Sophia University

- Cooperative study on “Aozora-Sophia Senior Consumption Trend Index” and “Gerontology”, “Fundamental Banking Practices” lecture

Environment

■ Development of the coal-fired power plant project finance policy (June 2019)

■ Reduction of CO2 emissions and power consumption

■ Renewable energy business

- Active support for project finance that drives the use and adoption of renewable energy, including project finance for large-scale solar, wind and biomass power generations
- Partnership with regional financial institutions

Governance

■ Corporate governance structure

- 4 of the 8 board members are outside directors. The Board has a female director
- 2 of 3 members of the Audit and Supervisory Board are outside auditors
- Voluntary Audit and Compliance Committee, and Nomination and Remuneration Committee are both chaired by outside directors

■ Communication with stakeholders

- Meeting between outside directors and institutional investors
- Retail investor presentation meetings:
17 meetings held in FY2019 and 20 in FY2018
- Attendance at the General shareholders’ meeting:
2.0% in June 2019 (major banks’ average: 0.2%)

Appendix

Aozora at a Glance

■ Franchise (as of March 31, 2020)

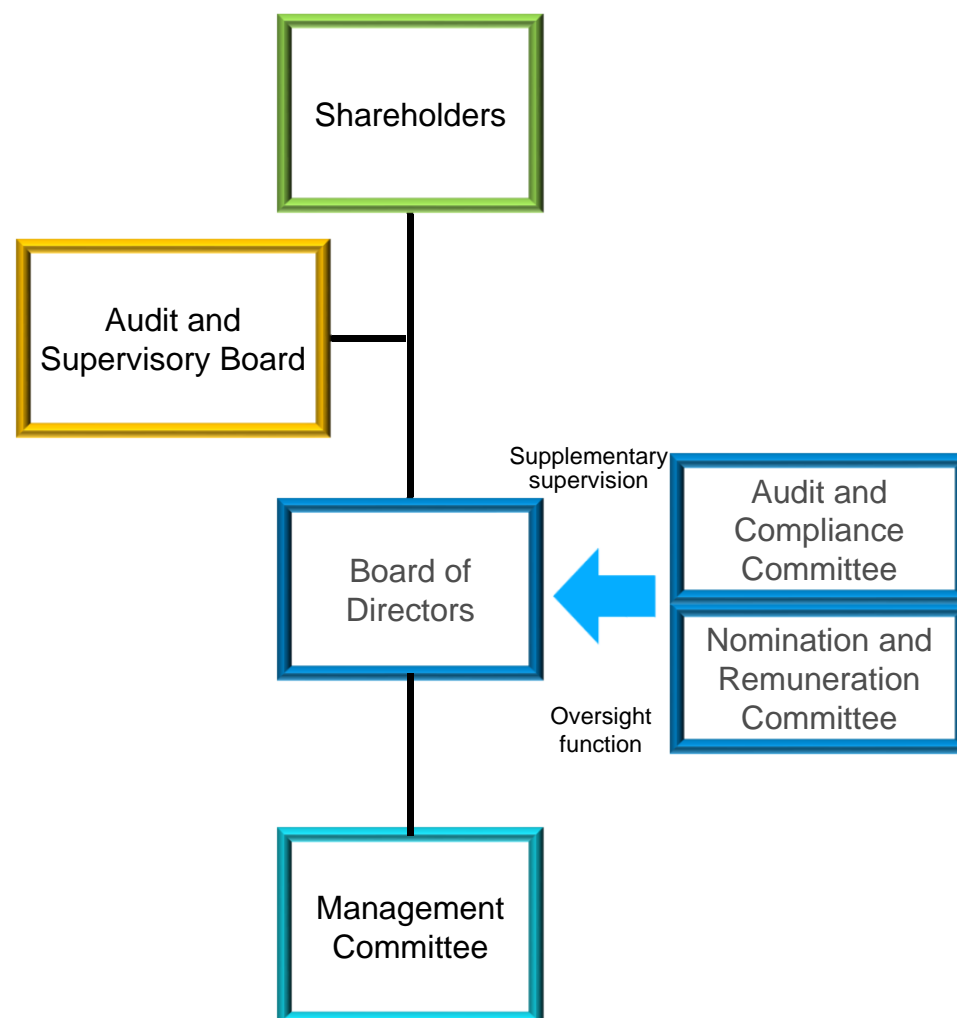
- ◆ **Headquarters:** 6-1-1 Kojimachi, Chiyoda-ku, Tokyo
- ◆ **Total Assets:** JPY 5,299.8 billion yen
- ◆ **Credit Ratings:** BBB+ / A- / A (S&P / R&I / JCR)
- ◆ **Office Network:**
 - Domestic: 21 offices nationwide
 - Overseas: New York, London, Shanghai, Singapore, Hong Kong
- ◆ **Major Subsidiaries:**
 - GMO Aozora Net Bank, Ltd.
 - Aozora Loan Services Co., Ltd.
 - Aozora Securities Co., Ltd.
 - Aozora Regional Consulting Co., Ltd.
 - Aozora Investment Management Co., Ltd.
 - Aozora Real Estate Investment Advisors Co., Ltd.
 - ABN Advisors Co., Ltd.
 - Aozora Corporate Investment Co., Ltd.
 - Aozora Asia Pacific Finance Limited
 - Aozora Europe Limited
 - Aozora North America, Inc
- ◆ **Full-time Employees:** 2,268 (consolidated basis, as of March 31, 2020)

■ History

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

Corporate Governance / Management Oversight

- 4 of the 8 board members are outside directors; 2 of 3 members of the Audit and Supervisory Board are outside members



Board of Directors (as of March 31, 2020)

Director and Chairman *¹ Mr. Makoto Fukuda
Former Deputy Chairman and Senior Managing Director of the Regional Banks Association of Japan

Representative Director, President and CEO *² Mr. Shinsuke Baba
Appointed Representative Director and Deputy President in 2009 and Representative Director, President and CEO in 2012

Representative Director and Deputy President *³ Mr. Kei Tanikawa
Appointed SMEO, Head of Business Banking Group, Head of Corporate Banking Group in 2017, and Representative Director and Deputy President in 2018

Director, Senior Managing Executive Officer, and CFO Ms. Tomomi Akutagawa
Appointed MEO, Head of Corporate Strategy Unit, and Head of Office of Corporate Secretary in 2017, and Director, Senior Managing Executive Officer, and CFO in 2019

Director *⁴ Mr. Shunsuke Takeda
Former Director, Deputy Chairman and CEO, Orix Corporation

Director *⁴ Mr. Hiroyuki Mizuta
Former President and Representative Director, Resona Bank, Ltd.

Director *⁴ Mr. Ippei Murakami
Former President, Nisshin Seifun Group Inc.

Director *⁴ Mr. Tomonori Ito
Professor, Hitotsubashi University Business School

* 1 Makoto Fukuda will retire from his current position as Director and Chairman as of June 24 2020, and will continue to serve as Special Advisor

* 2 Shinsuke Baba will retire from his current position as President, Representative Director and CEO, and be appointed as Director and Chairman at the Board of Directors Meeting following the Ordinary General Meeting of Shareholders scheduled for June 24, 2020

* 3 Kei Tanikawa will be appointed as President, Representative Director and Chief Executive Officer at the Board of Directors Meeting following the Ordinary General Meeting of Shareholders scheduled for June 24, 2020

* 4 Outside Directors

* 5 Senior Managing Executive Officer Koji Yamakoshi will be appointed as Director at the Board of Directors Meeting following the Ordinary General Meeting of Shareholders scheduled for June 24, 2020

Management Team (as of March 31, 2020)

- **Mr. Makoto Fukuda** *1 Director and Chairman
 - **Mr. Shinsuke Baba** *2 Representative Director, President and CEO
 - **Mr. Kei Tanikawa** *3 Representative Director, Deputy President, and Head of Trust Business Group
 - **Ms. Tomomi Akutagawa** Director, Senior Managing Executive Officer, and CFO
-
- | | | |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| ➤ Mr. Koji Yamakoshi *4
SMEO, Head of Business Banking Group and Corporate Banking Group | ➤ Mr. Masaki Onuma
EO, Head of International Finance Group | ➤ Mr. Yukio Sekizawa
SMEO, Head of Compliance & Governance Unit, and Head of Operations Group |
| ➤ Mr. Fumihiko Hirose
MEO, Head of Specialty Finance Group | ➤ Mr. Kazuhiro Yasuda
EO, General Manager of Kansai Branch | ➤ Mr. Masayoshi Ohara
SMEO, CRO and CCRO |
| ➤ Mr. Masato Mano
MEO, Head of Allied Banking Group | ➤ Ms. Akemi Hashimoto
EO, Deputy Head of Business Banking Group and Corporate Banking Group | ➤ Mr. Yutaka Aoyama
MEO, Head of Human Resources Unit |
| ➤ Mr. Takayoshi Nomura
MEO, Head of Retail Banking Group | ➤ Mr. Tetsuji Okuda
EO, Deputy Head of Financial Markets Group | ➤ Mr. Hideto Oomi
MEO, Head of Corporate Strategy Unit, Head of Office of Corporate Secretary, and Special Assignment |
| ➤ Mr. Takeshi Ito
MEO, Head of Advisory & Investment Group | | ➤ Mr. Tomoyuki Yamada
EO, CTO |
| ➤ Mr. Takashi Kato
MEO, Head of Financial Markets Group | | ➤ Mr. Akira Sakai
EO, Deputy CFO |
| | | ➤ Mr. Jun Shinozaki
EO, Deputy CCRO |

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* 2 Shinsuke Baba will retire from his current position as President, Representative Director and CEO, and be appointed as Director and Chairman at the Board of Directors Meeting following the Ordinary General Meeting of Shareholders scheduled for June 24, 2020

* 3 Kei Tanikawa will be appointed as President, Representative Director and Chief Executive Officer at the Board of Directors Meeting following the Ordinary General Meeting of Shareholders scheduled for June 24, 2020

* 4 Koji Yamakoshi will be appointed as Director at the Board of Directors Meeting following the Ordinary General Meeting of Shareholders scheduled for June 24, 2020. He will then be appointed as Senior Managing Executive Officer, Head of Corporate Banking Group on July 1, 2020

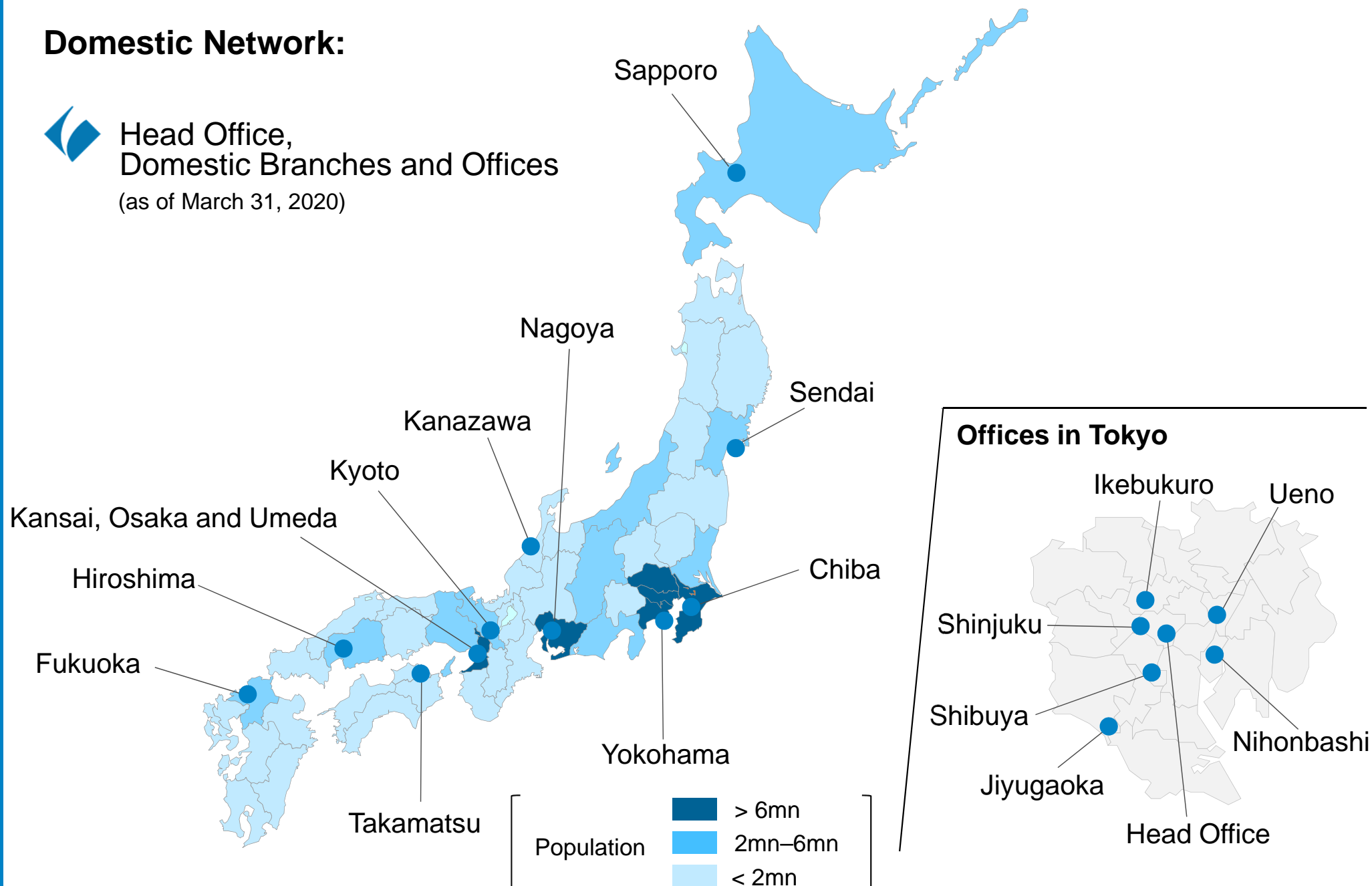
Aozora Network

Domestic Network:



Head Office,
Domestic Branches and Offices

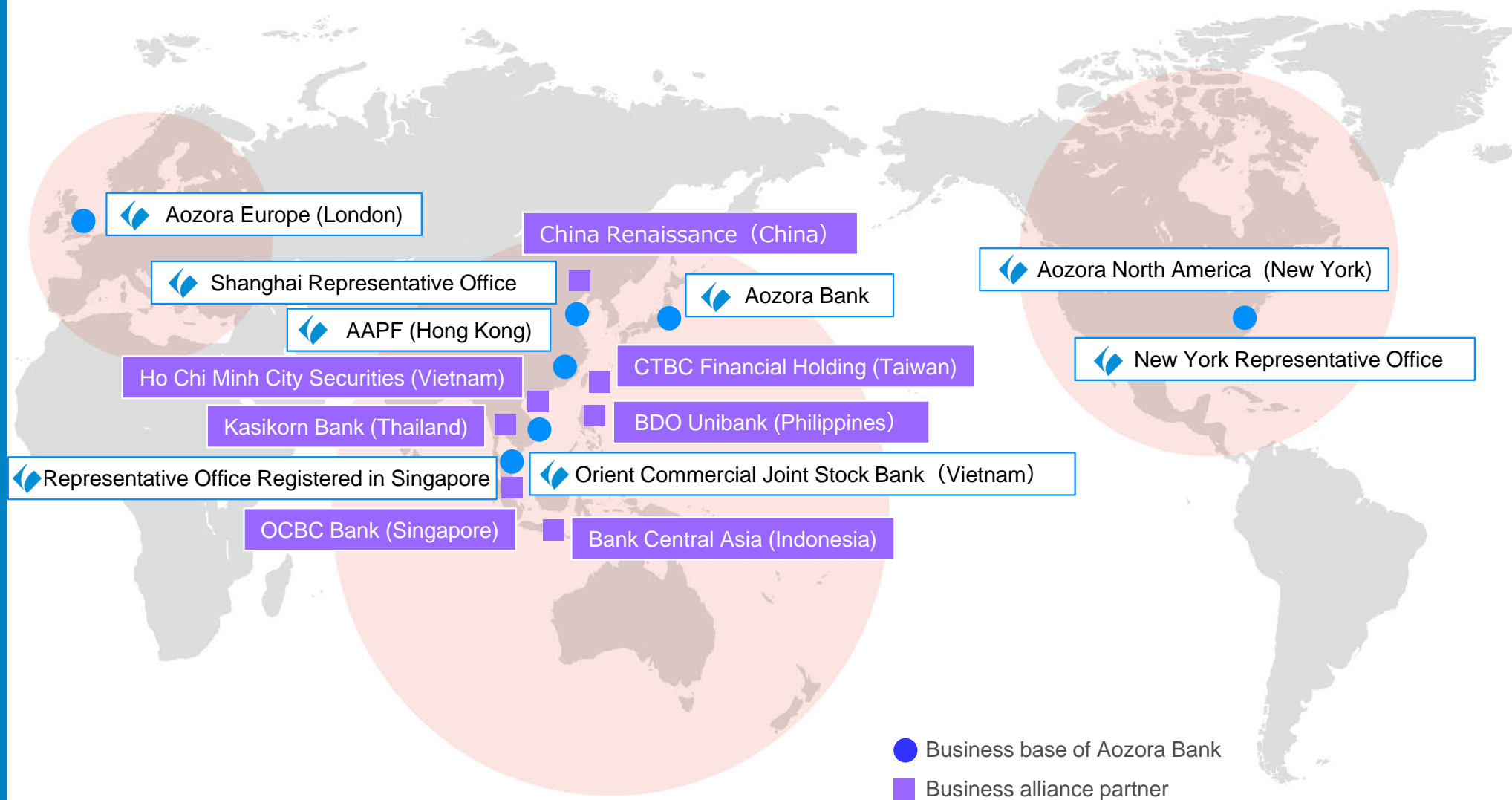
(as of March 31, 2020)



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

Aozora Network

Overseas Network



<Contact>

AOZORA BANK, LTD.

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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