

Integrated Report
—Annual Report—
(Financial and Corporate Data Section)
April 1, 2025 – March 31, 2026

2026

Financial and Corporate Data

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Corporate History

April	1957	Established as the Nippon Fudosan Bank, Limited (capital: ¥1 billion) in accordance with the Long-Term Credit Bank Law
July	1964	Started foreign exchange business as an authorized foreign exchange bank
September		Listed stock on the Tokyo Stock Exchange
February	1970	Listed stock on the Osaka Securities Exchange
October	1977	Changed name to the Nippon Credit Bank, Ltd.
February	1994	Established the Nippon Credit Trust Bank, Ltd. (currently GMO Aozora Net Bank, Ltd.)
December	1998	Started special public management and terminated listing of stock on the Tokyo Stock Exchange and the Osaka Securities Exchange
September	1999	NCB Servicer Co., Ltd. (currently Aozora Loan Services Co., Ltd.), commenced servicer operations
September	2000	Ended special public management
January	2001	Changed name to Aozora Bank, Ltd.
July	2005	Established New York Representative Office
April	2006	Converted from “Long-Term Credit Bank” to an “Ordinary Bank” Established Aozora Securities Co., Ltd.
November		Listed on the First Section of the Tokyo Stock Exchange
May	2007	Established Shanghai Representative Office
April	2009	Established Internet Branch (currently BANK Branch) and commenced Internet banking services
August	2012	Announced the Comprehensive Recapitalization Plan
March	2013	Launched Aozora Cash Card Plus (Visa debit) Established Aozora Regional Consulting Co., Ltd.
February	2014	Established Aozora Investment Management Co., Ltd.
May		Established Singapore Representative Office
January	2015	Established Aozora Real Estate Investment Advisors Co., Ltd.
June		Full repayment of public funds
December		Established a subsidiary, Aozora Europe Limited, in London
May	2016	Completed conversion to new Kanjo-kei core banking system
May	2017	Moved headquarters Established ABN Advisors Co., Ltd.
April	2018	Established Aozora Corporate Investment Co., Ltd.
July		GMO Aozora Net Bank, Ltd. commenced Internet banking services
October		Completed transfer of trust operations from GMO Aozora Net Bank, Ltd. and started concurrent trust operations
June	2020	Purchased an ownership stake in Orient Commercial Joint Stock Bank, a commercial bank based in Vietnam (making it an equity method affiliate of Aozora)
September		Aozora North America, Inc., the Bank’s New York subsidiary, commenced finance operations
April	2022	Listed on the Prime Market segment of the Tokyo Stock Exchange following the restructuring of its market segments
November	2023	Established a subsidiary, Aozora Asia Pacific Limited, in Hong Kong
May	2024	Entered into a Capital and Business Alliance Agreement with Daiwa Securities Group Inc.
April	2026	Aozora Investment Management Co., Ltd. and Aozora Securities Co., Ltd. to Merge (Surviving company: Aozora Investment Management Co., Ltd.)

Corporate Data

Business Activities (As of July 1, 2026)

● Deposits

Deposits

Checking accounts, savings accounts, time deposits, deposits-at-notice, non-residents' deposits in yen and deposits in foreign currencies

Negotiable certificates of deposit

● Lending

Loans

Loans on deeds, loans on notes and overdraft

Discount on promissory notes

Bankers' acceptances and discounts on commercial bills

● Securities investment business

Public bonds, local bonds, corporate bonds, equity and other securities for cash reserves for payment of the deposit and fund management

● Domestic exchange

Such services as money orders between branches of the Bank and those of other banks, collection of payments, etc.

● Foreign exchange

Remittance to foreign countries and other foreign currency-related businesses

● Consignment of bonds

Consignment business for soliciting or managing public bonds and issue agent or payment agent

● Trust operations

Management of various trust assets including cash, securities, monetary claims and real estate

● Other services

1. Guarantee of liabilities (acceptances and guarantees)
2. Lending of securities
3. Underwriting of public bonds
4. Over-the-counter sales of securities investment trusts
5. Trust business for secured corporate bonds
6. Agency business
 - ① Revenue agency for Bank of Japan
 - ② Handling of funds for regional public entities, including those in Tokyo
7. Custody services
8. Interest rate, currency and other derivative transactions
9. Over-the-counter sales of insurance products
10. Financial instruments intermediary business
11. Business matching services

Corporate Data

Directors, Audit & Supervisory Board Members and Executive Officers (As of July 1, 2026)

Directors and Audit & Supervisory Board Members

Representative Director and President	Hideto Oomi*
Representative Director and Deputy President	Masayoshi Ohara*
Director and Deputy President	Takashi Kato*
Directors	Sakie Tachibana Fukushima Hideyuki Takahashi Hideaki Saito Koichi Tadano Hiromasa Kawashima Satoko Gibbs
Standing Audit & Supervisory Board Member	Tomoko Yugeta
Audit & Supervisory Board Members	Toraki Inoue Junichi Maeda

Executive Officers

Senior Managing Executive Officers	Toru Takahashi Hiroki Nakazato Naoko Tanaka
Managing Executive Officers	Mitsuhiro Segawa Takashi Hagio Hiroshi Kaneko
Executive Officers	Yukiko Morita Jun Nakashima Mayumi Takada Kosuke Takai Chiharu Hirota Kimiaki Satou Yoshitsugu Kusuda Toshiya Furutaku Godai Miwatashi Mieko Kakuchi Yasumasa Yamamoto

*Serving as Executive Officer concurrently

Staff Profile (As of March 31, 2026)

Number of Employees	Average Age	Average Years of Service	Average Yearly Salary
1,928 (118)	44.6	16.6	9,277 thousand yen

Notes: 1. The number of employees includes executive officers and locally hired staff overseas, but excludes temporary employees.

2. The figure in parentheses is the average number of temporary employees for the year.

3. The average yearly salary includes bonuses and pay other than fixed wages.

Corporate Data

Executive Officers



Hideto Oomi
Representative Director and President
Chief Executive Officer (CEO)



Masayoshi Ohara
Representative Director,
Deputy President and Executive
Officer



Takashi Kato
Director, Deputy President
and Executive Officer
Chief Financial Officer (CFO)



Naoko Tanaka
Senior Managing Executive Officers
In charge of Corporate Strategy, Strategic
Initiatives and Office of Corporate Secretary



Kimiaki Satou
Executive Officers
In charge of Compliance &
Governance



Mayumi Takada
Executive Officers
Deputy CFO and in charge of
Sustainability Management



Chiharu Hirota
Executive Officers
In charge of Human Resources



Kosuke Takai
Executive Officers
Chief Credit Risk Officer (CCRO)



Toshiya Furutaku
Executive Officers
Chief Risk Officer (CRO)



Toru Takahashi
Senior Managing Executive Officers
Chief Information Officer (CIO)



Yoshitsugu Kusuda
Executive Officers
Deputy Chief Information Officer



Yukiko Morita
Executive Officers
In charge of Operations

Strategic Investments Unit



Hiroki Nakazato

Senior Managing Executive Officers
Head of Strategic Investments Unit and in
charge of Acquisition & Structured Finance
and Environment Business



Hiroshi Kaneko

Managing Executive Officers
In charge of Corporate Banking



Godai Miwatashi

Executive Officers
In charge of Real Estate Finance



Yasumasa Yamamoto

Executive Officers
In charge of M&A Advisory, Special
Situations and Corporate Banking

Market & International Business Unit



Mitsuhiro Segawa

Managing Executive Officers
Head of Market & International Business
Unit and in charge of International Business



Mieko Kakuchi

Executive Officers
In charge of Financial Markets

Customer Relations Unit



Takashi Hagio

Managing Executive Officers
Head of Customer Relations Unit
and in charge of Allied Banking



Jun Nakashima

Executive Officers
In charge of Retail Banking

Corporate Data

Office Directory (As of July 1, 2026)

Overseas Network

● Representative Offices

New York Representative Office

Chief Representative
Keisuke Yamamoto

Address

680 Fifth Avenue, Suite #503, New
York, NY 10019, U.S.A.
Tel: +1-212-830-1680
Fax: +1-212-314-3124

Shanghai Representative Office

Chief Representative
Yoichi Nakanishi

Address

27F, Hang Seng Bank Tower,
1000 Lujiazui Ring Road,
Pudong New Area,
Shanghai 200120,
People's Republic of China
Tel: +86-21-3899-6288
Fax: +86-21-6841-2882

Representative Office Registered in Singapore

Chief Representative
Kohei Nakai

Address

50 Raffles Place,
#16-05A Singapore Land Tower,
Singapore 048623
Tel: +65-6221-9221
Fax: +65-6221-9421

Domestic Network

● Head Office

6-1-1, Kojimachi,
Chiyoda-ku, Tokyo 102-8660
Japan
SWIFT: NCBTJPJT

● Branch Offices

Sapporo

4-1-4, Kita Sanjo-nishi,
Chuo-ku, Sapporo 060-0003

Sendai

3-2-1, Chuo, Aoba-ku,
Sendai 980-0021

Shinjuku

6-1-1, Kojimachi,
Chiyoda-ku, Tokyo 102-8660

Nihonbashi

2-2-1, Nihonbashi-muromachi,
Chuo-ku, Tokyo 103-0022

Shibuya

1-7-7, Shibuya, Shibuya-ku,
Tokyo 150-0002

Ueno

2-2-1, Nihonbashi-muromachi,
Chuo-ku, Tokyo 103-0022

Ikebukuro

2-28-13, Minami-Ikebukuro,
Toshima-ku, Tokyo 171-0022

Chiba

2-15-11, Fujimi, Chuo-ku,
Chiba 260-0015

Yokohama

1-1-1, Minamisaikai, Nishi-ku,
Yokohama 220-0005

Kanazawa*

2-37, Kamitsutsumicho,
Kanazawa 920-0869

Nagoya

3-28-12, Meieki, Nakamura-ku,
Nagoya 450-6404

Kyoto

79, Kankobokocho,
Muromachi-Higashiiru, Shijo-dori,
Shimogyo-ku, Kyoto 600-8009

Kansai

1-12-12, Umeda, Kita-ku,
Osaka 530-0001
(Kansai Branch deals solely with corporate clients.)

Osaka

1-12-12, Umeda, Kita-ku,
Osaka 530-0001

Umeda

1-12-12, Umeda, Kita-ku,
Osaka 530-0001

Hiroshima

13-13, Motomachi, Naka-ku,
Hiroshima 730-0011

Takamatsu

9-6, Konyamachi,
Takamatsu 760-0027

Fukuoka

2-8-36, Tenjin, Chuo-ku,
Fukuoka 810-0001

Bank Branch

Bank Blue Branch

Bank Sky Branch

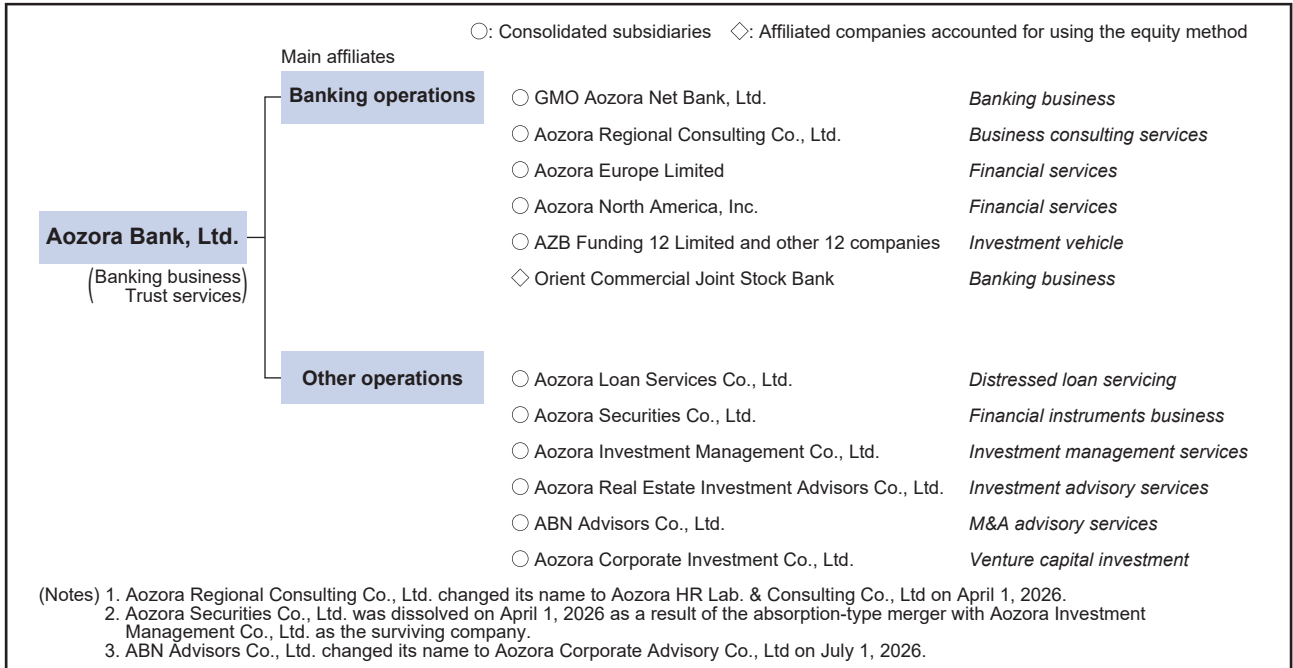
Bank Marine Branch

Bank Cobalt Branch

6-1-1, Kojimachi,
Chiyoda-ku, Tokyo 102-8660
<https://www.aozorabank.co.jp/bank/>

* Kanazawa Branch will be relocated to "3-25 Kamitsutsumi-cho, Kanazawa City, Ishikawa Prefecture" as of November 24, 2026.

Business Network (As of March 31, 2026)



Corporate Data

Subsidiaries and Affiliated Companies (As of March 31, 2026)

Consolidated Subsidiaries

(%)

Company Name	Location	Business Activities	Established	Capital	Voting Rights	Group Shareholding
GMO Aozora Net Bank, Ltd.	Shibuya-ku, Tokyo	Banking business	February 28, 1994	26,629 millions of JPY	85.1	—
Aozora Loan Services Co., Ltd.	Chiyoda-ku, Tokyo	Distressed loan servicing	June 18, 1996	500 millions of JPY	67.6	—
Aozora Securities Co., Ltd.	Chiyoda-ku, Tokyo	Financial instruments business	January 23, 2006	3,000 millions of JPY	100.0	—
Aozora Regional Consulting Co., Ltd.	Chiyoda-ku, Tokyo	Business consulting services	March 21, 2013	10 millions of JPY	100.0	—
Aozora Investment Management Co., Ltd.	Chiyoda-ku, Tokyo	Investment management services	February 4, 2014	500 millions of JPY	100.0	—
Aozora Real Estate Investment Advisors Co., Ltd.	Chiyoda-ku, Tokyo	Investment advisory services	January 6, 2015	150 millions of JPY	100.0	—
ABN Advisors Co., Ltd.	Chiyoda-ku, Tokyo	M&A advisory services	May 24, 2017	200 millions of JPY	100.0	—
Aozora Corporate Investment Co., Ltd.	Chiyoda-ku, Tokyo	Venture capital investment	April 24, 2018	15 millions of JPY	100.0	—
Aozora Europe Limited	London, United Kingdom	Financial services	December 15, 2015	1,000 thousands of GBP	100.0	—
Aozora North America, Inc.	New York, USA	Financial services	November 21, 2006	411 thousands of USD	100.0	—
AZB Funding 12 Limited	Dublin, Ireland,	Investment vehicle	January 30, 2020	0 thousands of USD	—	—
Other 12 companies						

Affiliated Companies Accounted for Using the Equity Method

(%)

Company Name	Location	Business Activities	Established	Capital	Voting Rights	Group Shareholding
Orient Commercial Joint Stock Bank	Ho Chi Minh City, Vietnam	Banking business	May 10, 1996	26,630 billions of VND	15.0	—

Other Associated Companies

(%)

Company Name	Location	Business Activities	Established	Capital	Voting Rights
Daiwa Securities Group Inc.	Chiyoda-ku, Tokyo	Holding company	December 27, 1943	247,397 millions of JPY	23.9

Management Support and Efforts for Regional Economic Revitalization

Aozora Bank has been making various efforts to fully leverage the Group's competencies and effectively uses a high degree of expertise and abundant know-how in order to solve management issues faced by its customers, including medium-sized companies and SMEs, and to revitalize local communities.

Specifically, Aozora actively works on the following initiatives (1) through (3) in cooperation with regional financial institutions in order to meet a wide range of needs at start-up and growth stages as well as in business succession and business recovery of customers:

(1) Support for nurturing start-up companies

To support the growth of promising start-ups, Aozora has also cooperated with its Group Companies to establish an "Aozora Start-up Ecosystem Support Framework" that provides support according to each growth stage of companies, and offers one-stop support services. These Group Companies include "Aozora Corporate Investment Co., Ltd." that provides investments and loans for start-ups with a focus on venture debt, "B Spark" that offers solutions for customers facing DX challenges in any region in cooperation with start-ups having advanced knowledge, "GMO Aozora Net Bank, Ltd." that provides a wide range of services closely matching the needs of customers, including those in their early days under the concept of "No. 1 Bank among Small Businesses and Start-ups."

(2) Provide solutions for business succession issues

For business succession issues, Aozora provides various solutions to customers together with "Aozora Corporate Advisory Co., Ltd. (renamed from ABN Advisors, Co., Ltd. on July 1, 2026)" registered as an M&A support institution of the Small and Medium Enterprise Agency and "AJ Capital Co., Ltd." running business succession funds. Additionally, based on the FSA's "Regional Financial Strength Enhancement Plan," we work to solve business succession issues faced by the medium-sized companies and SMEs, and address revitalization of local economies also in cooperation with regional financial institutions and local companies across Japan.

(3) Solutions for issues of regional financial institutions and business recovery support

Aozora assists regional financial institutions and their clients in solving diversified issues faced by them and supports the revitalization of local economies by leveraging the wide-ranging financial service functions of the Aozora Group. Specific examples include financing such as DIP finance for medium-sized company and SME customers aiming at business recovery, assistance for M&A toward business succession, support for management improvement effectively using a network with outside experts, and business recovery support through forming and running a corporate revitalization fund.

In accordance with its "Basic Policies for Facilitation of Financing," recognizing that providing smooth financing for customers is one of the most important roles of financial institutions, Aozora has established a framework to respond appropriately to consultations from customers affected by the recent price hikes, overseas situations, labor shortages, and other factors.

Compliance

Customer Information Management

The Aozora Group believes it is an important business responsibility to appropriately manage customer information based on Need to Know Principle and to stably operate the information systems designed to provide reliable financial services to its customers. In light of these responsibilities, we have developed Internal Rules (Security Policy), which stipulate the basic policy and organizational structure regarding the protection of all information assets held by the Group.

In addition, Aozora has developed its Privacy Policy and Basic Policy, which determines the basic concept and policy to safely manage personal information and data acquired and held by Aozora, and prevent unauthorized access causing damage, falsification and leakage of customer information, and has disclosed them at sales branches and on the website.

Appropriate Management System for Conflict of Interest

Aozora has established a system for managing conflict of interest in order to carry out its business in a fair and sincere manner while always taking a customer-oriented perspective.

Specifically, based on the Policy to Manage Conflict of Interest, the Bank appropriately manages conflict of interest to prevent unreasonable damage to the interests of its customers by defining the transactions in which conflict of interest may exist and the methods for identifying such transactions, the types of conflict of interest that are covered under the Policy, how to manage conflict of interest, scope of Group Companies that are covered under the Policy, and the management system for conflict of interest.

Anti-bribery Initiatives

Aozora has established the Basic Policy on Anti-bribery, which prohibits all Aozora's officers and employees from giving, offering, or promising improper corporate hospitality, gifts, and other benefits to public officials in any country as well as from giving or receiving excessive corporate hospitality, gifts or other benefits beyond socially acceptable limits. In addition, we continue to provide opportunities for all officers and employees to learn more about our anti-bribery policy.

Customer Support Management System

With respect to management of responses to customer's voice received by the Bank ("customer support"), the Bank has established basic policies on receiving customers' inquiries, contacts for advice, requests and complaints, and responding to them, as well as processes keeping records and managing reports/responses. We ensure prompt and attentive responses, and precise reporting to the management. As to customers' inquiries, contacts for advice, requests and complaints that business branches, Call Center and the Customer Service Office receive, the Bank makes the best efforts to properly respond to them so that customers are satisfied. We identify and analyze backgrounds or causes of customer's voice.

To timely respond to customers' complaints and solve disputes with them, the Bank offers information on ADR institutions, such as the Japanese Bankers Association (JBA), Trust Companies Association of Japan and the Financial Instruments Mediation Assistance Center (FINMAC), to customers.

The Bank has concluded a basic contract for implementation of procedures with the following ADR institutions:

Japanese Bankers Association (Designated Dispute Resolution Organization for Banking Services)

Contact: JBA Consultation Desk
(Tel: 0570-017109 or 03-5252-3772)

Trust Companies Association of Japan
Contact: Trust Counseling Center
(Tel: 0120-817-335 or 03-6206-3988)

Tax Compliance

The Aozora Group recognizes that complying with tax laws and properly paying tax liabilities in all countries where it conducts business are part of our social responsibilities as a business entity. As such, we have developed the "Aozora Bank Group Tax Compliance Policy", as a way to raise awareness of tax compliance among the Group's officers and employees.

Human Resources Strategy

Aozora Group's Career Development Support Programs <Major Framework and Programs>

Area	Contents
Job rotation for junior employees	A program that enables junior employees to gain job experience in three different divisions within their first eight years. This program is designed to support their career development and internal network building.
Short-term Trainee	A development program that enables employees to gain in-depth exposure to both training and practical work through short-term transfers to divisions in which they have no prior experience.
Job-posting	An internal job-posting program that allows employees to voluntarily apply for new assignments within the bank in order to realize their desired career paths. Approximately 70 positions are posted each year.
Career course conversion	A program that enables employees to change their career paths among Global Professional, Regional Professional, and IT Professional roles
Job support	A year-round internal side-job program that allows employees to gain practical experience in their preferred division while staying in their current role without requiring a formal personnel transfer
Mushashugyo Program	An external secondment program under which junior and mid-career employees are placed on temporary assignment at external companies, etc. to enhance their creativity and expertise
Real Estate Core Talent Development Program	The content of this program became more practical in FY2025, shifting from real estate appraiser development to real estate core talent development. To flexibly support the career development of participants, the program is organized into three levels: beginner, intermediate, and advanced. The qualification as a real estate appraiser can be obtained at no cost, with all expenses covered by the Bank.
Overseas trainee	An open application program for global talent development under which young and mid-career employees are assigned to our overseas offices for up to approximately two years in order to gain international business experience.
Grad school	This open application program allows employees who are expected to take on responsibilities in corporate strategic planning and related areas to attend graduate school, with their studies fully sponsored by the Bank as part of its initiatives to develop future management talent. We also provide a development program (Executive MBA program) tailored to employees at general manager and manager levels.
Strategic Investments Seminar	Following a review of the existing Development Program for Human Resources in Aozora's Strategic Investments Business, a Strategic Investments Seminar was launched in FY2025, led by our senior management and experienced employees versed in the Strategic
AI and Data Utilization Talent Development	We internally developed a generative AI platform available to all of our Group's employees in FY2025. Our support for users included workshops for business use as well as governance-related study sessions. We are currently conducting initiatives to promote the utilization of generative AI and data in our business operations, including joint study sessions with other companies.
Self-development support	In addition to providing tuition assistance for approximately 80 qualifications that are useful in banking, we financially support all of our employees in participating in any self-development program of their choice by offering up to 150,000 yen per person a year.
Support for secondary employment and side jobs	The Bank lifted restrictions on secondary employment (only when self-employed or serving as external companies' officer) in FY2020, and created Second Employment Guidelines.
Alumni network	Our alumni network was introduced in April 2024. This program is designed to establish a system for hiring alumni (retirees) who used to work in the Aozora Group, foster relationships over the medium to long term, and strengthen our recruitment capabilities.
Referral hiring	The referral hiring allowance was newly established in April 2024 to enhance hiring through personal and friend referrals, strengthening the recruitment of specialized personnel.
Career consultation desk	The career consultation desk, which was established in October 2023, is available for anyone to use at any time. Certified career consultants provide career advice according to the wishes of employees.

Human Resources Strategy

<Training>

Area	Contents
Development of junior employees	Basic training for the Aozora Group's junior employees in their first and second years
OJT support	OJT Trainers training, Followers training.
Business Mindset Training	Training that fosters new employees' mindset, with the aim to enhance the skill set that is required to play active roles in the Aozora Group. Launched in FY2024
Female Leadership Development Program	Training that helps female manager candidates become more aware of the required roles and expectations of female leaders as well as acquire essential skills as leaders
Enhancement of management capabilities	New Manager and New General Manager Training, Manager Training (360-degree survey feedback, coaching)
Leader Mindset Training	Starting from FY2025, our year-specific training programs have been gradually discontinued. Instead, for employees at the higher pay step in each grade (i.e., those awaiting promotion), we implement management skills training, 360-degree surveys, and other programs as required in accordance with the role criteria at higher levels. Leader Mindset Training is comprised of three components: Basic, Advanced, and Leader Development Training.
Career Ownership Training	Training that provides guidance to employees aged around 50 on how to design their career path and think subjectively about life planning
Proactive Career Training	Training that provides guidance to employees who experience a significant change in their job duties and roles upon reaching the age of 55 on how to develop the necessary mindset for continued self-growth. Launched in FY2022
Aozora University	Internal and external experts, as well as guest speakers, deliver specialized lectures on a wide range of topics, including our Strategic Investments Business, business recovery support, digital transformation (DX), and SDGs. In FY2022, we launched the "Takumi (craftspersonship) Succession Project."
Training/Seminar Platform	This system centrally manages and lists training programs and seminars conducted by each business group, thereby promoting the sharing of knowledge and expertise across divisions.

Human Resources Strategy

<Programs to Ensure a More Comfortable Working Environment>

Program	Overview
4-day on 3-day off Work Program	A program that allows employees aged 55 and above to take one additional day off per week on a weekday of their choice. Launched in April 2022
Flextime Program	A program that allows employees to determine their daily start and end times at their own discretion within the prescribed total monthly working hours
Work from Home and Mobile Work Program	A program that allows employees to work from home in accordance with their personal work styles. Launched in April 2017
Staggered Work Hours Program	A program that allows employees to adjust their start and end times, while maintaining their regular daily working hours
Short-time Work Program	Employees engaged in childcare or nursing care: Their working hours may be reduced when they provide: (a) childcare, up to the end of their child's third grade of elementary school; or (b) nursing care to family members requiring continuous care (in care level 2 or higher). Employees aged 55 and above: Effective from April 2022
Exemption from overtime, late-night, and holiday work	A program that allows employees who are pregnant or within one year after childbirth to be exempted from working overtime, late at night, and on holidays
Exemption from non-scheduled and late-night work, and limitations on overtime	A program that allows employees who raise children below elementary school age or have family members in need of nursing care to be exempted from working beyond scheduled hours and late at night, as well as to limit working overtime
Maternity Leave Program	A program that allows employees to take maternity leave for the period from six weeks before the expected date of delivery to eight weeks after childbirth
Childcare Leave Program	A program that allows employees to take childcare leave during the period up to the day their child reaches one year and six months of age, or until the end of April in the following fiscal year after the child's first birthday
Paternity Leave Program	A program with company-specific features, launched in October 2022 in line with the amended Act on Childcare Leave and Caregiver Leave. This program allows employees to take up to four weeks of leave as paid leave as well as undertake temporary work during the leave period, thereby supporting more flexible work styles. To increase the utilization rate of the paternity leave program, starting in FY2024, eligible male employees are required to take at least five days of childcare leave per year.
Child Nursing Care, etc. Leave	A program that allows employees to take up to five days of leave per year, or up to 10 days if they have two or more eligible children, to care for children up to the third grade of elementary school in the case of injury, illness, and similar circumstances (including class closures affecting the child as well as attendance at the child's entrance and graduation ceremonies)
Nursing Care Leave (Tokubetsu Kyuka)	A program that allows employees who need to provide nursing care for family members to take up to 10 days of leave per year, or up to 20 days if such care is required for two or more family members
Nursing Care Leave Program	A program that allows employees who need to provide ongoing nursing care for family members to take 365 days of leave in total, which can be divided into up to 12 separate periods as needed
Career Support Leave Program	A program that allows employees to take long-term leave for reasons such as studying abroad or attending graduate school to improve their skills, accompanying their spouse's job transfer, and undergoing infertility treatment

Risk Management

Key Risks

The Aozora Group identifies the major risks that may have a material impact on its soundness, stability, and business strategy as key risks. We work to enhance our risk management primarily through early detection and prevention of potential risks, and also strive for a higher level of risk management by reviewing our risk appetite and discussing our business planning while taking into consideration these key risks. Key risks in our business operations for FY2026 are shown below.

Key Risks	Upper Section: Major Risk Factors
	Lower Section: Major Countermeasures
Increase in credit costs	• Accelerating inflation driven by surging crude oil prices due to worsening conditions in the Middle East • Deterioration in the performance of borrowers affected by higher interest rates and supply chain disruptions • Decline in the corporate value of investee companies, borrowers, and sectors with high market sensitivity due to volatility in domestic and overseas financial markets • Accelerating inflation and economic downturn caused by delays in monetary policy responses
	• Adhere to lending and investment management policies. • Selectively originate high-quality transactions. • Establish guidelines to limit credit concentration risk. • Implement capital management, including stress testing.
Instability of funding	• Decline in deposit balances driven by intense competition for attracting deposits amid a decreasing population and higher interest rates • Deterioration in the foreign currency funding environment due to heightened political and geopolitical risks, including worsening conditions in the Middle East • Sudden and unexpected cash flow pressures caused by the spread of rumors via social media
	• Conduct predictive risk management using early warning indicators from multiple perspectives, with the aim to identify early any changes in the funding environment. • Perform monitoring and verification through liquidity stress testing. • Diversify countermeasures, including establishing a foreign currency funding facility available for emergencies.
Deterioration in unrealized gains/losses on the securities portfolio	• Volatility in financial markets attributable to political and geopolitical risks, including deteriorating conditions in the Middle East • Deterioration in unrealized gains and losses attributable to the accelerating inflation and economic downturn caused by delays in monetary policy responses
	• Build an efficient and highly liquid portfolio diversified by interest rate, equity, and credit risks. • Implement flexible risk control by taking into consideration market trends and the broader financial environment. • Develop an early response framework by establishing points for discussions.
Damage from cyberattacks	• Interruption of banking operations and damage to customer assets caused by cyberattacks • Decline in corporate value resulting from information leaks
	• Enhance knowledge related to cyberattacks among all officers and employees. • Evolve technological countermeasures. • Strengthen detection capabilities. • Implement incident response drills involving executives and business groups. • Strengthen operational and management frameworks, including those involving third parties.
Damage from system failures	• Damage to customer assets due to critical system failures (including those at third parties) • Decline in corporate value resulting from the misuse of information
	• Share information with business groups regarding system changes. • Implement drills for responding to the occurrence of system failures. • Provide continued training to all officers and employees. • Strengthen operational and management frameworks, including those involving third parties.

Risk Management

Inadequate response to financial crimes	• Damage to customer assets and deterioration of corporate value resulting from inadequate measures against financial crimes
	• Further strengthen measures to prevent financial crimes. • Set quantitative targets to ensure the effectiveness of these measures. • Conduct training and other programs designed to raise awareness of financial crimes. • Promote collaboration with regulatory authorities and external experts as well as associated countermeasures.
Risk of internal fraud and misconduct	• Misconduct by officers and employees (such as misappropriation of customer assets and violations of insider trading regulations) • Criminal penalties, administrative sanctions, and impairment of corporate value due to any conduct deviating from customer-oriented business management
	• Develop higher ethical standards and implement compliance programs. • Enhance the level and effectiveness of the three-line defense framework for the prevention and early detection of misconduct. • Enhance the reliability of our whistle-blower program. • Ensure and promote initiatives for customer-oriented business management.
Outbreak of large-scale disasters and other crises	• Interruption of banking operations, impact on the maintenance of social functions, and impairment of corporate value due to major disasters such as the Tokyo Inland Earthquake, as well as large-scale system failures and pandemics
	• Ensure operational resilience by enhancing crisis management frameworks, business continuity plans (BCPs), and a range of infrastructures. • Strengthen crisis response capabilities by conducting drills on a regular basis.
Reduced competitiveness due to changes in the social structure or industrial structure	• Foregone growth opportunities due to delays in responding to irreversible changes in the business environment • Advances in digital technologies and heightened competition with other business sectors • Impairment of corporate value due to lower ESG evaluation provided to the Aozora Group • Decline in the corporate value of investee companies and borrowers due to delays in their response to climate change and human rights issues, as well as the resulting losses
	• Develop human resources (DX human resources) capable of utilizing data and information in business workplaces. • Work on sustainability initiatives primarily related to the environment and human rights across the Aozora Group. • Support the sustainability initiatives of investee companies and borrowers mainly through sustainable financing.
Sustainability of human resources	• Shortage and departure of human resources who are effective at responding to changes in the business environment or possess the skill sets necessary for our focus business areas
	• Conduct ongoing investment in human capital that will lead to sustainable growth and enhanced corporate value. • Redeploy human resources to focus business areas through strategic personnel reassignment and promotion as well as external recruitment activities. • Implement initiatives to develop human resources and enhance employee engagement mainly through a range of training programs.

Risk Management

Risk Definition

The Aozora Group classifies, defines and manages the risks that should be managed as follows.

Risk Classification	Risk Definition
Credit Risk	Credit risk is defined as the risk of incurring losses due to the impairment or loss of asset values (including off-balance-sheet assets) as a result of a deterioration in the credit standing of counterparties (including the government of a country or region).
Market Risk	Market risk refers to the risk of incurring losses due to fluctuations in the value of the Group's financial asset and liability positions caused by market movements.
Liquidity Risk	Liquidity risk refers to the risk of becoming insolvent due to a failure to ensure sufficient asset liquidity to meet liabilities or an unexpected outflow of funds as well as the risk of incurring losses due to a significant rise in funding costs on liabilities (funding liquidity risk). The other type of Liquidity Risk is the risk of incurring losses that result from not being able to engage in market transactions mainly due to market turbulence or thin trading volumes as well as from being forced to transact at extremely unfavorable prices (market liquidity risk).
Operational Risk	Operational risk refers to the risk of losses arising from inappropriate or failed internal business processes, activities of officers and employees, or systems, or from external events.
Operations Risk	Operations risk is the risk that the Group may incur losses from the neglect by officers and employees to properly conduct administrative work due to human errors or processing failures and from the accidents caused by them.
System Risk	System risk is the risk that the Group may incur losses due to inadequate systems, etc., including the breakdown or malfunction of the Group's or external computer systems, or due to the improper use of computer systems by its officers and employees, or third parties (including system risk to address cybersecurity threats).
Compliance Risk	Compliance risk refers to the risk that the Group may incur losses as legal responsibilities or social reputation are harmed by officers and employees engaging in activities or actions in violation of compliance, whether business or personal (including penalty risk and litigation risk).
Legal Risk	Legal risk refers to the risk that expected profit cannot be earned or unexpected loss is incurred due to such factors as the non-existence of a fact, and inadequate evidence or legal grounds, as to the matters that have been judged or should be judged for the Group's business activities as well as the matters used as the bases for judgment.
Human Risk	Human risk is the risk that the Group may incur losses mainly from labor disputes and reconciliations due to the violations of laws, including labor laws, or HR management against compliance; neglect in leaving the environment where crisis or incidents are liable to happen as it is or inadequate working environment measures for external factors such as terrorism, natural disasters, infectious diseases; harassments or acts of discrimination; and other reasons. Human risk also refers to the risk of losing profit-earning opportunities due to the shortage or drain of personnel who can deal with the changes in the business environment or those with the skill sets necessary for the Bank's focused business areas.
Tangible Asset Risk	Tangible asset risk is the risk that the Group may incur losses from damage to properties, etc., mainly caused by natural phenomena, external factors attributable to third parties, as well as human errors, incidents, etc., by officers and employees (IT equipment is included in system risk).
Reputation Risk	Reputation risk refers to the risk that the Group may incur losses mainly due to inappropriate response by the Group or its officers and employees, risk events emerging in connection with business operations, erroneous rumors, or a deterioration in the Group's reputation.
Crisis & Disaster Risk	Crisis & disaster risk refers to the risk of incurring losses due to the occurrence of an event where natural disasters, critical systems failures, cyberattacks, terrorism, armed attacks, and other factors have a serious impact on the Group's business operations in part or in whole, and require a cross-divisional response.

Risk Management

Comprehensive Risk Management

The Aozora Group's basic policy is to recognize the significant importance of risk management, strive to achieve capital adequacy and corporate growth by building stable earnings through the efficient management and use of corporate resources as well as sound risk-taking, and realize its corporate philosophy: "Contribute to the development of society through the creation of new value-added financial services."

In addition, for comprehensive risk management, the Group has set out the scope and definition of risks to be managed, including credit risk, market risk, and operational risk, and evaluates and manages each risk according to its specific characteristics. Risk management is conducted by the Management Committee and its sub-committees, which have delegated authority from the Board of Directors, etc., as core organizations for the Group's risk management, while the Board of Directors is committed to ensuring appropriate corporate governance by approving material decisions made by each sub-committee and regularly receiving detailed reports on risk management.

Capital Management System

One of the most important challenges in the Aozora Group's business operations is increasing capital efficiency while securing financial soundness. With this in mind, the Group prioritizes the establishment of an appropriate capital management system and an improvement in return on capital.

Capital management is comprised of risk capital management and regulatory capital management. Risk capital management, which is performed for internal management purposes, is the process to control the size of business by allocating capital to business groups according to their risk categories and business characteristics while setting certain limits on the total amount of capital from the perspective of sound business operations, as well as to verify that an adequate level of capital for the risk faced by the Group continues to be secured. Regulatory capital management is the process to secure the minimum required capital for regulatory capital purposes as well as to verify that such capital is at a reasonable level in light of target capital adequacy ratios. By allocating risk-weighted assets (RWA) to each business group, we manage our risk levels.

<Assessment of Capital Adequacy>

An assessment of capital adequacy is the process to confirm that capital reserves are sufficient to cover the risks by comparing the total amount of capital with the amount of risk capital used, after incorporating the risk profile, for the fiscal year.

The Aozora Group assesses its capital adequacy by periodically monitoring the amount of risk capital used, through a comparison with the capital during the fiscal year, and also by conducting stress tests to estimate the Group's potential losses, risk, and capital comprehensively in the event that economic and market environments as the premise for risk assessment are under stressed conditions.

The Group estimates risk capital for major risks, i.e., credit, market and operational risks, using the following methodologies.

Our approach for measuring the risk capital for credit risk is based on the concept of unexpected loss, or credit value at risk (VaR). Following our estimation of the probability of default (PD) by internal rating, the loss given default (LGD) by collateral type, and default correlations, the credit VaR with a confidence interval of 99.9% and a one-year holding period is categorized as risk capital.

To measure risk capital for market risk, we employ the VaR approach. The applicable confidence interval is 99.9%, while the holding period depends on the business characteristics and liquidity of the asset.

Risk capital for operational risk is measured based on the regulatory capital approach (Standardized Measurement Approach: an approach using the Bank's business size, historical operational risk losses, and other factors).

<Risk Capital Allocation System>

Risk capital is allocated to each business group according to their risk tolerance and expected returns with the goal of improving the financial soundness, profitability and efficiency of the Group. The Board of Directors initially determines the capital that will not be allocated to individual business groups (buffer capital) in view of the amount of capital required for continued business growth and future capital policies, and subsequently allocates capital to individual business groups up to the amount of capital remaining after subtraction of buffer capital. In addition, the Board of Directors allocates capital for credit risk, market risk and operational risk, in line with the management and business strategies, to individual business groups within the allocable capital. Individual business groups are responsible for conducting operations while managing risk within the risk capital allocated to them, and report on their capital usage to management, in principle, on a monthly basis.

Risk Management

Credit Risk Management

Credit risk is defined as the risk of incurring losses due to the impairment or loss of asset value (including off-balance-sheet assets) as a result of a deterioration in the credit standing of counterparties (including the government of a country or region). Aozora is committed to providing value-added financial solutions to its customers, and also strives to maintain the soundness of its assets by adequately managing losses arising when credit risk materializes within the acceptable range while also conducting the accurate identification and quantification of credit risk as well as appropriate risk-based pricing.

(1) Credit Risk Management System

Aozora maintains a quality asset portfolio across the Group through our credit risk management focused on both “strict credit screening of individual transactions and post-approval management, including the detection of signs of deterioration” and “portfolio management aimed at eliminating concentrations of credit risk.”

The approval authority for investment and loan transactions resides with the Credit Committee or the Investment Committee, whose members include Representative Directors, Chief Risk Officer, and Chief Credit Risk Officer, and deliberations for investment and loan transactions are made at the respective committees.

The Credit Committee and the Investment Committee have delegated part of their approval authority to Chief Credit Risk Officer, who, in turn, has re-delegated the authority delegated by the respective committees to credit divisions or business divisions within certain limits. The Group’s credit portfolio is carefully monitored, and its status is reported to the Board of Directors and the Management Committee on a regular basis.

(2) Credit Rating System

Credit ratings are subject to a review on a regular basis based on the updated financial results of our customers and, where appropriate, when changes are identified in the quality of their credit.

With regard to our system to assign credit ratings, business divisions and branches provide an initial rating, which, in turn, is approved by the credit divisions. In addition, the Asset Assessment Division has the authority to verify the assigned ratings on a sampling basis and make amendments as necessary. The Bank validates its credit rating system through benchmarking (verification through comparison with the ratings assigned by rating agencies) and back testing (assessment of the effectiveness of the credit rating system based on past defaults).

<Obligor Rating>

We assign an obligor rating, which is based on the probability of default, to all of our customers engaged in credit transactions. The rating is determined through our quantitative and qualitative analysis of each obligor.

<Facility Rating>

Aozora uses a facility rating system to assess the risk-return profile of credit exposures and quantify credit risk, taking into consideration collectability by transaction in terms of collateral and guarantees as well as the tenor of the credit facility. With respect to collateral, we recognize its important role in mitigating credit risk in the event of default, while also remaining attentive to the impact of a change in the obligor’s creditworthiness on collateral values. We also assign credit ratings to guarantors to recognize their effect on mitigating credit risk.

<Expected Loss Grade>

We assign an expected loss grade to transactions such as real estate non-recourse loans, securitization of monetary claims, and structured bonds in senior/junior tranches by ranking the extent of potential loss for each transaction.

<Utilization of Credit Ratings>

We use credit ratings as key components in determining an approval system for credit screening and interest rate spreads, and also as benchmarks in managing our self-assessment framework and quantifying credit risks.

Risk Management

(3) Measurement of Credit Risk

Our understanding of credit risk exposure to customers and their corporate groups is the starting point for credit risk management. With this in mind, we centrally manage and recognize all of the assets with credit risk, regardless of the types of transactions, such as loans, securities, equities, funds, securitized transactions, and off-balance-sheet transactions (e.g., commitment lines, derivative transactions). With regard to counterparty risk for derivative transactions, we use a combination of the market value at the time of measurement and the risk of market value fluctuations in the future to define exposure, and manage this exposure by setting a credit line (credit limit) for each counterparty.

In our portfolio management, unexpected loss is calculated and analyzed on a monthly basis, and its comparison with the allocated capital is regularly reported to the Board of Directors and the Management Committee. To measure unexpected loss, our internal model employs a holding period of one year and a confidence interval of 99.9%, as well as parameters such as PD, LGD, intra-sector correlation, inter-sector correlation, and parent/subsidiary correlation of the obligor group.

(4) Credit Portfolio Management

We are committed to our credit portfolio operations with a focus on an adequate risk-return profile, mainly based on credit ratings.

For credit concentration risk, we conduct risk management in accordance with our guidelines on exposure by country, region, and industry as well as by the rating of borrowers. For example, concentration risk is managed by establishing credit limits for each credit rating, and then setting additional limits or guidelines on the real estate-related risk portfolio. We also submit reports to management regarding the status of the credit portfolio and sectors with a significant level of exposure on a regular basis.

Market Risk Management

Market risk refers to the risk of incurring losses due to fluctuations in the value of the Group's financial asset and liability positions caused by market movements. The Group performs a comprehensive analysis from various perspectives to identify market risk for all of the assets, liabilities and off-balance-sheet transactions in its trading and banking businesses. We also strive to manage market risk by clearly documenting our target transactions, risk management method, and market price valuation method.

(1) Procedures for Market Risk Management

The Board of Directors and the Management Committee allocate market risk capital to the entire Group and respective front-office business groups and divisions, and set risk and loss limits, based on the allocated capital. The status of usage of, and compliance with, these risk and loss limits as well as the status of risk management, including confirmation of risk reduction methods and hedging effectiveness, are centrally monitored by the Risk Management Division, which is independent of front office operations in terms of organization and human resources. The Division reports the status directly to Chief Risk Officer and Executive Officers in charge of front office operations on a daily basis, and also reports periodically to the Board of Directors, the Management Committee, and the Asset and Liability Committee.

(2) Overview of Market Risk Measurement Methods

The Bank employs the VaR approach to quantify market risk for its trading and banking businesses and, based on this VaR, we set market risk limits and conduct risk monitoring. VaR is a statistical methodology to estimate maximum losses that could arise at a given confidence interval, and serves as a common standard of measurement for estimating maximum losses that could arise as a result of fluctuations in risk factors such as interest rates and equity prices of various countries as well as exchange rates. The Bank calculates VaR using the historical simulation method.

Risk Management

» Overview of Market Risk

1. Value at Risk (VaR) at term-end

(100 Millions of Yen)

	March 31, 2025				
	Interest rate	Equity	Forex	Other	Total
Trading	5	1	4	0	10
Banking	51	21	9	12	77
Total	57	22	14	13	87

Notes: 1. "Other" includes credit derivatives and funds.

2. The above figures are based on a holding period corresponding to each business and product (a period of 10, 20, 60 and 250 days respectively) and a 99% confidence level.

3. The figures for total VaR do not represent the sum of individual components, due to correlations.

(100 Millions of Yen)

	March 31, 2026				
	Interest rate	Equity	Forex	Other	Total
Trading	7	0	1	0	8
Banking	88	30	0	10	109
Total	96	30	2	10	117

2. Highest, lowest and average VaR during the disclosure period

(100 Millions of Yen)

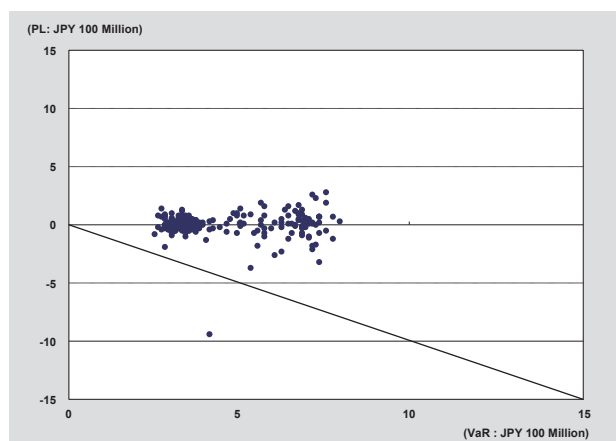
	March 31, 2025			
	Average	Maximum	Minimum	As of March 31, 2025
Trading	15	23	9	10
Banking	64	85	48	77

(100 Millions of Yen)

	March 31, 2026			
	Average	Maximum	Minimum	As of March 31, 2026
Trading	13	24	8	8
Banking	95	114	71	109

(3) Back Testing

The Bank verifies the reliability of its VaR through back testing that compares the VaR calculated using a one-day holding period with daily profit and losses. The following chart represents the results of back testing for VaR in our trading business over 244 business days from April 1, 2025 through March 31, 2026. This testing indicated that daily losses exceeded daily VaR only on one business day, which supports the reliability of the Bank's VaR estimates.



(4) Stress Testing

To complement VaR, the Bank periodically conducts stress tests to assess the potential impact of volatile market movements that could exceed statistical estimates. Specifically, we develop stress scenarios that take into account our positions and market conditions at each point of time, such as those in which market risk factors, including interest rates, equity prices, and foreign exchange rates, experience turbulence equivalent to major market fluctuations in the past, or in which the shape of the yield curves changes. We then calculate potential losses that could arise from our current positions when a stress scenario materializes, and report the findings to the Asset and Liability Committee.

(5) Risk-weighted Assets and Capital Requirement for Market Risk

The Bank classifies our transactions aimed to gain profits by controlling risks arising from short-term price fluctuations in the markets, including derivative sales or trading operations, into the trading book. Among the financial instruments classified into the trading book subject to the FSA's Ministerial Public Notice, we classify those held for purposes other than trading into the banking book by reporting them to the FSA in advance. For foreign exchange risk associated with the instruments classified into the trading book and the banking book, we calculate the amount of risk-weighted assets for market risk (by dividing the total amount equivalent to market risk by 8%) and that of capital requirement for market risk.

The Bank does not implement any transfer of its positions between the banking and trading books. Also, we engage in transactions for the purpose of hedging market risk in the banking book and funding-related transactions through internal transactions with the Internal Risk Transfer Desk placed within a trading desk.

(6) Market Liquidity Risk Management

Market liquidity risk is the risk of incurring losses that result from not being able to engage in market transactions mainly due to market turbulence or thin trading volumes as well as from being forced to transact at extremely unfavorable prices. The Risk Management Division monitors the Bank's market liquidity risk positions relative to the market size to ensure that the positions do not become excessive.

(7) Funding Liquidity Risk Management

Funding liquidity risk refers to the risk of becoming insolvent due to a failure to ensure sufficient asset liquidity to meet liabilities or an unexpected outflow of funds as well as the risk of incurring losses due to a significant rise in funding costs on liabilities. At Aozora, the Financial Management Division centrally monitors the funding liquidity risk both in yen and foreign currencies and takes all possible measures to maintain sufficient assets, including cash on hand and securities with high liquidity, to ensure that the Bank appropriately secures funds required for various settlements at all times. The Board of Directors and the Asset and Liability Committee approve the Sources and Uses Plan on a monthly and annual basis. The Financial Management Division reports our funding and liquidity positions directly to Chief Financial Officer, Chief Risk Officer, and other relevant Executive Officers on a daily basis. Additionally, as a precaution against funding liquidity risk, we conduct simulations assuming scenarios where our funding is hindered, and confirm the availability of sufficient cash on hand and collateral necessary for settlements to maintain our asset size. We also implement training to review the steps for response measures.

Operational Risk Management

Operational risk refers to the risk of losses arising from inappropriate or failed internal business processes, activities of officers and employees, or systems, or from external events. The Group fully recognizes the importance of operational risk management, and appropriately establishes and manages the operational risk management system in line with the basic policies set out in the Master Policy "Operational Risk."

(1) Comprehensive Management of Operational Risk

The Group manages operational risk by classifying it into eight categories: operations risk, system risk, compliance risk, legal risk, human risk, tangible asset risk, reputation risk, and crisis & disaster risk. We comprehensively manage the Group's operational risk by formulating a management policy and placing dedicated risk management divisions for each of these risk categories, as well as establishing a division responsible for the overall management of operational risk.

Any operational risk loss events that actually occur within the Group are immediately reported by the division where the event occurred to risk management divisions, and are managed centrally through the system. Each of the risk management divisions analyzes the cause and takes the appropriate countermeasures. Any material operational risk loss events are reported individually to management, where causes and countermeasures are discussed.

In addition, all of the divisions, offices, branches, subsidiaries, etc. of the Group perform a self-assessment of risk management for their own operations, and identify and evaluate risks. The risk management divisions identify and evaluate risks by contacting each division, office, and branch through one-on-one interviews, surveys, and other means based on risks.

As to operational risk, required capital is secured in view of regulatory capital.

Operational risk will change in accordance with factors such as the Group's commitment to a new business and changes in the external environment. We strive to maintain our appropriate management system that is capable to respond to changes while utilizing information on external loss incidents and other relevant events.

(2) Securing Operational Resilience

In order to secure operational resilience, the Group has identified and selected priority operations, taking into consideration the impact on the financial system and customers' viewpoint, and set RLO (recovery level objective) and RTO (recovery time objective) as indices

Risk Management

in order to deliver a minimum level of the priority operations.

For execution of the priority operations, we strive to secure internal and external management resources by implementing actions such as securing necessary organizations and human resources and facilitating responses to system redundancy.

We also include system failures and cybersecurity incidents that affect not only the Bank but also outside parties such as vendors (third parties) in the scope of our risk management, thereby enhancing the comprehensiveness of our risk coverage.

We work to maintain effectiveness in our operational resilience framework by conducting a periodical verification and review.

(3) Operations Risk Management

The Bank has documented operations risk management policy and rules. The Compliance Management Division, which is independent of business divisions, supervises operations risks and takes the initiative in implementing necessary measures in close cooperation with the Process Innovation Division. We aim to further enhance our back-office operations on a Bank-wide level by establishing necessary procedures and manuals for each business operation as well as providing relevant guidance and training, and strive to build an effective and stable back-office operations system primarily through monitoring. By considering and promoting our initiatives to achieve more streamlined back-office operations and higher quality of business, we intend to build an operational system that results in a low level of human errors.

(4) System Risk Management

<Governance and Strategic Position>

We recognize that one of our critical management challenges is proper management of customer and confidential information as well as stable operations of our information systems. To this end, we are committed to preventing disruptions to our financial services primarily caused by information system failures, system flaws attributable to malfunction, and information leaks due to unauthorized access to our systems.

To achieve appropriate protection of our information assets and stable operations of our information systems, we have established internal regulations (Security Policy and System Risk Management Policy). We have designated the Chief Information Officer (CIO) who is responsible for overall governance and management of information system security, and also placed data,

system, and network administrators for each system with the aim to protect data, manage and prevent unauthorized use, and prevent system risks from materializing.

<Risk Identification and Assessment (Current Situation Analysis)>

When adopting new external systems and services using cloud platforms or API integrations, we assess their security measures, access controls, and monitoring capabilities, and strive to strengthen our controls by conducting periodic post-introduction evaluations.

We recognize system failures and cyberattacks as the most critical threats to our business continuity. Aozora works to maintain and enhance its cyber resilience framework. For system failures, we conduct ongoing tests aimed at rapid recovery. For cyberattacks, we continuously update and share information on trends in cyber threats, monitor logs, and conduct server recovery drills that simulate specific destructive failure scenarios. We also validate the effectiveness of our technological countermeasures through Threat-Led Penetration Testing (TLPT) by external specialists, while also securing and developing personnel with specialized expertise. In particular, we recognize ongoing advances in the sophistication of cyber threats, such as a substantial reduction in the time between the discovery of vulnerabilities and the execution of attacks, due to the malicious use of rapidly advancing frontier AI (high-performance AI). In response to these trends, we continue working to enhance the level of our security. We periodically undergo third-party assessments of our cybersecurity management framework based on external frameworks such as the CRI Profile, a cybersecurity framework for financial institutions that is maintained and regularly updated by a non-profit organization Cyber Risk Institute.

<Specific Measures and Operational Resilience>

We restrict access to our information systems to the minimum necessary level by setting access rights. Our measures for the information systems infrastructure include equipment redundancy, dual network lines, installation of backup equipment, and regular backups, depending on the level of criticality. To prevent incidents, we conduct thorough verification and ensure a well-structured schedule and framework when introducing, modifying, or migrating systems. For early incident detection, when implementing changes to customer services that involve system modifications, we perform an initial operational check immediately after

the service is launched. We have established an IT Business Continuity Plan (IT-BCP) and an emergency contact system, which allows for prompt reporting to user divisions and management when an incident occurs, and conduct drills for system recovery and emergency communications.

In the event of a disruption to our customer services due to system failures, we take prompt action to restore the system. We have also established a framework for providing timely and appropriate guidance and response to our customers, including prompt communication of information through close collaboration between our business, technology, and other relevant divisions.

In addition, we conduct periodic training, including e-learning modules, for all of our officers and employees to ensure they are prepared to respond appropriately to incidents.

(5) Crisis/Disaster Risk Management

A part or the whole of the Group's operations could be seriously affected by large-scale natural disasters, such as earthquakes and typhoon, serious system failures, cyberattacks, terrorism, armed attacks or pandemic. Anticipating these risk events, we work to develop and strengthen our crisis management and business continuity framework so as to minimize the impact on our financial system and secure operational resilience in light of the characteristics of the Group's business.

In normal times, we set a resilience level, such as RTO (recovery time objective), for the priority operations we select, and develop business continuity plans (BCP), which describe responses and business continuity procedures at times of crisis, by assessing the impact in the event that the infrastructure, systems, and personnel for major operations become unavailable. We also conduct a range of drills for officers and employees to further enhance effectiveness in our crisis management.

When a crisis occurs, Aozora places a Command Center, which is comprised of all of its Executive Officers, including the President, as well as General Managers of major divisions, branches, and offices, etc., to centrally manage gathering information and conducting restoration activities. The President is responsible for making decisions on the implementation of the BCP and other actions as Head of the Command Center. We have also developed a framework to engage in primary operations at a backup office within the Kansai Branch in the event that the Head Office, the Fuchu Annex, or other major bases in the Tokyo metropolitan area becomes inoperable due to an earthquake directly hitting the region.

(6) Management of Other Types of Operational Risk

To manage operational risk comprehensively, the Group defines compliance risk, legal risk, human risk, tangible asset risk, and reputation risk, and also works to appropriately manage them as operational risk components other than operations risk, system risk, and crisis & disaster risk.

As for compliance risk and legal risk, which may result in losses mainly due to illegal activities, the violation of internal rules, and lawsuits, the Compliance Management Division and the Legal Division centrally monitor compliance risk and legal risk, respectively, conduct investigation and analysis, and strive to reduce risks by implementing measures to prevent occurrence and recurrence.

Through the following initiatives, we are working to reduce the human risk of shortage or outflow of human resources who are necessary for the realization of operational strategies and business continuity:

- Continued human capital investment contributing to the sustainable growth and enhancement of corporate value of the Group
- Rotating human resources to focus business areas through strategic personnel reassignments, promotions, and external recruitment
- Development of "human capital" supporting the enhancement of corporate value through a range of training programs and talent management
- Support for employees' career autonomy through HR interviews, including career counseling, and support for expanding business experience
- Employee surveys and engagement survey aimed at improving employee engagement as well as implementation of associated measures
- Improvement of talent management through information gathering via exit interviews, etc.
- Strengthening of mid-career recruitment through diversification of hiring methods such as alumni hiring and referral hiring

With regard to human risk, which may result in losses primarily due to labor disputes, the Human Resources Division appropriately operates the HR system, and also conducts monitoring of potential human risk at each division and branch as a risk mitigation measure.

As for tangible asset risk, which may result in losses due to damage to fixed assets caused by external factors, including natural disasters, and accidents, the Corporate Administration & Service Division conducts monitoring of the inventory and losses of tangible assets and works to reduce the risk by implementing disaster and crime prevention measures.

Risk Management

For reputation risk, the Bank analyzes potential risk when planning new business or products. The Corporate Communication Division works to identify, and prevent the spread of, adverse rumors that could occur each day through the monitoring of information sources such as the media. We have established a framework where officers and employees are required to report any reputation risk of the Group they detect to the Corporate Communication Division, which in turn reports to management as necessary.

Policies

- **Code of Ethics and Conduct**
<https://www.aozorabank.co.jp/english/corp/governance/ethics/>
- **Aozora Bank Group Environmental Policy**
<https://www.aozorabank.co.jp/english/sustainability/policy/pdf/environment.pdf>
- **Aozora Bank Group Human Rights Policy**
https://www.aozorabank.co.jp/english/sustainability/policy/pdf/human_rights.pdf
- **Aozora Bank Group Social Contribution Activity Policy**
https://www.aozorabank.co.jp/english/sustainability/policy/pdf/social_contribution_activity_policy.pdf
- **Investment and Lending Policies regarding Environmental & Societal Issues**
https://www.aozorabank.co.jp/english/sustainability/policy/pdf/investment_and_loans.pdf
- **Aozora Bank Group Outsourcing Policy**
<https://www.aozorabank.co.jp/english/sustainability/policy/pdf/outsourcing.pdf>
- **Aozora Bank Group Basic Policy on the Elimination of Anti-Social Elements**
<https://www.aozorabank.co.jp/english/corp/governance/compliance/pdf/compliance01.pdf>
- **Aozora Bank Group Basic Policy on Anti-Money Laundering**
<https://www.aozorabank.co.jp/english/corp/governance/compliance/pdf/compliance02.pdf>
- **Aozora Bank Group Basic Policy on Anti-bribery**
<https://www.aozorabank.co.jp/english/corp/governance/compliance/pdf/compliance03.pdf>
- **Aozora Bank Group Tax Compliance Policy**
<https://www.aozorabank.co.jp/english/corp/governance/compliance/pdf/compliance04.pdf>
- **Aozora Bank Group Basic Policy on Customer-Oriented Business Conduct**
<https://www.aozorabank.co.jp/english/corp/governance/fiduciary/>
- **Customer-Oriented Business Conduct Policy**
<https://www.aozorabank.co.jp/english/corp/governance/fiduciary/>

Non-financial Information Index

Environmental Data

Category	FY2021	FY2022	FY2023	FY2024	FY2025
Greenhouse gas emissions (t-CO ₂) ^{*1}					
Scope 1 ^{*2}	110	106	95 ^{*15}	91 ^{*15}	75 ^{*16}
Scope 2 Market-based method ^{*3}	4,884	4,267	3,701 ^{*15}	1,799 ^{*15}	506 ^{*16}
Scope 2 Location-based method ^{*3}			5,761	5,313	5,262
Scope 3 ^{*4} (1. Purchased goods and services) ^{*5}	85	83	78	58	57
(2. Capital goods) ^{*6}	8,632	4,974	12,006 ^{*15}	5,597 ^{*15}	7,207 ^{*16}
(3. Fuel- and energy-related activities) ^{*7}	1,122	1,084	1,109	1,087	1,044
(5. Waste generated in operations) ^{*8}	25	26	38	35	26
(6. Business travel) ^{*9}	64	135	201	195	236
(7. Employee commuting) ^{*10}	295	379	700	693	680
(15. Investment and loan portfolio) ^{*11}	Please refer to page 14 in the Sustainability Report.				
Direct energy consumption ^{*2}					
City gas (thousand m ³)	19	13	10	11	10
Heavy oil / Kerosene (kl)	5	6	8	6	4
Gasoline / Light oil (kl)	23	26	23	23	19
Indirect energy consumption ^{*3}					
Electricity (thousand kWh)	12,794	12,160	12,602	12,019	11,510
Percentage of renewable energy-driven electricity ^{*12}	21%	23%	26%	67%	90%
Vapor (GJ)	0	0	0	0	0
Hot water (GJ)	1,499	1,281	904	1,057	951
Cold water (GJ)	6,112	6,469	6,729	6,499	6,440
Waste ^{*13}					
Amount (t)	173	160	151	161	153
Recycled amount (t)	123	110	119	119	128
Recycling ratio	71%	68%	79%	74%	83%
Amount of printing paper purchased (t) ^{*14}	47	45	43	32	32

*1 With regard to the calculation of greenhouse gas emissions, we applied the operational control approach as defined in the GHG Protocol.

*2 Scope 1 emissions and direct energy consumption cover Aozora's domestic bank offices (Head Office, Fuchu Annex, and all branches; the same applies below).

For Scope 1, in principle, actual measurements of used amount were calculated based on the "List of Calculation Methods and Emission Factors in the Calculation, Reporting, and Publication System" published by the Ministry of the Environment.

*3 Scope 2 emissions and indirect energy consumption cover Aozora's consolidated operations (excluding consolidated subsidiaries with no offices; the same applies below).

For Scope 2, in principle, actual measurements of used amount were calculated based on the "adjusted emission factor (market-based method)" and "national average emission factor (location-based method)" from the "List of Emission Factors by Electric Power Company" under the "Act on Promotion of Global Warming Countermeasures".

Of the consolidated subsidiaries, the emissions of GMO Aozora Net Bank were calculated based on the ownership ratio of 50% in and before FY2022, and 100% in FY2023 and beyond.

*4 There are no activities applicable to Category 4 and 8–14 of Scope 3 due to the nature of the business.

*5 Scope 3 Category 1 covers Aozora's domestic bank offices, and the amount of printing paper and other paper purchased was calculated based on the Ministry of the Environment's Emission Intensity Database (formally known as the "Emission Intensity Database for Calculating Greenhouse Gas Emissions, etc. of Organizations through Supply Chains" (Ver. 3.6) published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry; the same applies below).

*6 Scope 3 Category 2 covers Aozora Bank's non-consolidated operations (domestic bank offices and overseas representative offices; the same applies below), and the amount of capital investment was calculated based on the Ministry of the Environment's Emission Intensity Database.

*7 Scope 3 Category 3 covers Aozora's consolidated operations, and the electricity, hot water, and cold water consumption was calculated based on the Ministry of the Environment's Emission Intensity Database.

*8 Scope 3 Category 5 covers Aozora's domestic bank offices, and the amount of wastes was calculated based on the Ministry of the Environment's Emission Intensity Database.

*9 Scope 3 Category 6 covers Aozora Bank's non-consolidated operations, and the length of the business travel and public transportation costs were calculated based on the Ministry of the Environment's Emission Intensity Database.

*10 Scope 3 Category 7 covers Aozora Bank's non-consolidated operations, and the commuting expenses (train and bus) were calculated based on the Ministry of the Environment's Emission Intensity Database.

*11 Scope 3 Category 15 covers Aozora Bank's non-consolidated operations as well as overseas subsidiaries' operations, and the corporate loans and project financing in FY2024 were calculated based on the Partnership for Carbon Accounting Financials (PCAF) database.

*12 The percentage of renewable energy-driven electricity includes virtual renewable energy such as purchasing non-fossil fuel energy certificates.

*13 Wastes cover Aozora's domestic bank offices, excluding general industrial wastes in Aozora's domestic bank offices.

*14 The amount of printing paper purchased covers Aozora's domestic bank offices.

*15 With regard to greenhouse gas emissions in FY2023 and FY2024, independent third-party assurance was obtained from Deloitte Tohmatsu Sustainability Co., Ltd. for Scope 1, Scope 2, and Scope 3 Category 2.

*16 With regard to greenhouse gas emissions in FY2025, third-party assurance will be obtained for Scope 1, Scope 2, and Scope 3 Category 2. The figures for FY2025 are the aggregate of the current figures, and the figures after obtaining third-party assurance will be disclosed on Aozora's website.

Non-financial Information Index

Social Data

Employee data (non-consolidated)^{*1}

Category		FY2021	FY2022	FY2023	FY2024	FY2025
Number of employees		1,966	1,980	1,964	1,936	1,928
	Male	1,056	1,068	1,049	1,026	1,035
		54%	54%	53%	53%	54%
	Female	910	912	915	910	893
		46%	46%	47%	47%	46%
Temporary employees		117	127	121	123	118
Locally hired overseas staff ^{*2}		43	38	41	40	27
Employee composition	New grad hires	59%	60%	61%	60%	60%
	Mid-career hires	41%	40%	39%	40%	40%
Average age		43.4	43.8	44.1	44.5	44.6
	Male	43.9	44.3	44.5	44.9	44.7
	Female	42.8	43.2	43.5	44.5	44.5
Average length of tenure (years)		15.1	15.7	16.1	16.5	16.6
	Male	14.6	15.2	15.5	15.7	15.7
	Female	15.8	16.4	16.8	17.4	17.7
Average annual salary (1,000 yen)		8,232	8,696	8,873	9,068	9,277
Annual salary gap (male =100%) ^{*3}			66.6%	65.0%	65.8%	67.9%
	Regular employees		66.1%	65.3%	65.9%	67.1%
	Non-regular employees		53.4%	55.8%	59.2%	68.6%
Number of new grad hires		70	51	53	41	66
	Male	41	27	32	23	47
		59%	53%	60%	56%	71%
	Female	29	24	21	18	19
		41%	47%	40%	44%	29%
Number of mid-career hires		37	33	30	39	42
	Male	26	24	18	27	28
		70%	73%	60%	69%	67%
	Female	11	9	12	12	14
		30%	27%	40%	31%	33%
Male/female ratio (new grads and mid-career)	Male	63%	61%	60%	63%	69%
	Female	37%	39%	40%	38%	31%
New grad / mid-career ratio	New grad hires	65%	61%	64%	51%	61%
	Mid-career hires	35%	39%	36%	49%	39%
Retention of new grads 3 years after employment		95%	97%	87%	84%	98%
Number of retirees (non-mandatory retirement)		47	49	57	64	69
		2.4%	2.5%	2.9%	3.3%	3.6%
Female managers ratio ^{*4}		12.5%	13.3%	14.2%	14.9%	15.2%
Non-Japanese managers ratio ^{*2}		2.9%	2.8%	2.9%	3.2%	2.6%
Mid-career managers ratio		43.7%	49.6%	53.9%	58.3%	60.5%
Employees' monthly average overtime hours ^{*5}		11.8	11.3	10.6	10.8	11.4
Days of paid leave used (annual average)		14.4	15.2	16.1	16.2	16.2
Employees with disabilities (as of June when submitting a report to authorities)	Number of employees	33	35	35	36	39
	Employment ratio	2.4%	2.5%	2.4%	2.6%	2.7%
Number of childcare leave users ^{*6}		55	60	77	68	64
	Male	22	33	39	37	36
		58%	91%	90%	105%	102%
	Female	33	27	38	31	28
		100%	108%	100%	96%	100%
Female reinstatement ratio after childcare leave		100%	100%	100%	100%	100%
Number of unpaid nursing care leave users		1	1	0	1	1
Number of paid nursing care leave users		19	23	29	32	46
Number of employees suffering work-related accidents		3	11	12	10	6
Regular health checkup screening rate ^{*7}		100%	100%	100%	100%	100%
Full-scale health checkup screening rate ^{*8}		65%	67%	69%	70%	68%
Presenteeism ^{*9}					13.6	14.1
Number of applicants for secondary employment		31	37	42	42	48

Non-financial Information Index

Category	FY2021	FY2022	FY2023	FY2024	FY2025
Training hours per employee	32.5	33.4	28.2	31.4	35.6
Total of training hours	63,951	66,135	55,308	60,777	68,708
Total of training participants	11,393	19,201	24,075	23,362	24,968
Training cost per employee (1,000 yen) ^{*10}	27.3	80.4	51.8	60.6	65.0

*1 Employee data for Aozora Bank's non-consolidated basis

*2 Data of employees of domestic and overseas Group companies, excluding GMO Aozora Net Bank, Ltd.

*3 The number of employees is calculated in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life, under which those seconded from other companies to the Bank are included and those seconded from the Bank to other companies are excluded, using the following formula: Male and female wage differences = Female average annual wage ÷ Male average annual wage; and Average annual wage = Total wages ÷ Number of employees. With regard to factors behind the gender pay gap, please refer to page 23 in the Sustainability Report.

*4 Managers refer to the total of general managers and group managers.

*5 Non-statutory overtime hours of employees except those in supervisory or managerial positions

*6 Childcare leave ratio = Number of employees who used childcare leave during the fiscal year under review (a) ÷ Number of employees whose spouse has given birth during the fiscal year under review (b) rounded down to one decimal point

Since (a) above includes employees whose children were born before the fiscal year in question but who took new childcare leave in the fiscal year in question, the take-up rate may exceed 100%.

*7 Excludes employees on leave

*8 Provided every year to all employees aged 30 and over.

Amount of financial support:

Women: 82,500 yen (including gynecological option)

Men: 60,500 yen

*9 A state in which employees' performance and productivity decline as a result of coming to work while suffering illness or symptoms. Employees rated their job performance during the past four weeks on a 1–100% scale, where 100% represented the level of performance they can achieve when they are free from illness or injury. The presenteeism score was then calculated by subtracting their self-rated performance from 100% (University of Tokyo Single-Item Presenteeism Question, (SPQ)). Lower scores are considered preferable.

Reference:

Average among Japanese employees: 15.1% (The University of Tokyo Working Group, 2016)

Average among SMEs: 22.5% (Institute for Future Initiatives, The University of Tokyo, 2026).

*10 Includes cost for external instructors and usage costs for self-development support systems

Status of female employees

Category	July 2022	July 2023	July 2024	July 2025	July 2026
1. Executive officers	5 18.5%	5 19.2%	4 17.4%	4 15.4%	5 25.0%
Category	March 2022	March 2023	March 2024	March 2025	March 2026
2. General managers	11 9.6%	10 9.4%	7 7.1%	6 6.0%	5 5.3%
3. Group managers	71 13.2%	71 14.1%	70 15.8%	71 17.1%	69 17.6%
4. Total of (2+3)	82 12.5%	81 13.3%	77 14.2%	77 14.9%	74 15.2%
5. Deputy managers	123 37.1%	115 37.3%	117 39.3%	118 40.7%	135 44.1%
6. Female employees	910 46.3%	912 46.1%	915 46.6%	910 47.0%	893 46.3%

*Executive officers include those in the position of Director and Executive Officer.

Respect for human rights

Category	FY2021	FY2022	FY2023	FY2024	FY2025
Number of employees completing e-learning on human rights			2,147	2,150	2,164

Social contribution

Category	FY2021	FY2022	FY2023	FY2024	FY2025
CSR expenses (million yen)*	35	23	31	20	20
Number of participants in volunteer activities*2	248	175	203	225	227

*Includes monetary value of donated goods and similar items

Non-financial Information Index

Governance

Corporate governance (status of activity of the Board of Directors and each committee)

Category	FY2021	FY2022	FY2023	FY2024	FY2025
Composition of the directors and the Board of Directors meeting					
Number of persons	8	8	8	9	9
Number of outside directors	4	4	4	5	5
Number of independent outside directors	4	4	4	4	4
Percentage of independent outside directors	50.0%	50.0%	50.0%	44.4%	44.4%
Number of female directors	1	2	1	1	1
Percentage of female directors	12.5%	25.0%	12.5%	11.1%	11.1%
Number of Board of Directors meetings held	15	15	13	17	14
Average attendance ratio for the Board of Directors meeting	100%	100%	99%	100%	100%
Nomination and Remuneration Committee					
Number of Nomination and Remuneration Committee meetings held	6	7	6	5	9
Average attendance ratio for the Nomination and Remuneration Committee	100%	100%	100%	100%	100%
Audit and Compliance Committee (from June 2025)*					
Number of Audit and Compliance Committee meetings held	6	6	6	7	1
Average attendance ratio for the Audit and Compliance Committee	100%	100%	100%	100%	100%
Risk Governance Committee (from June 2025)*					
Number of Risk Governance Committee meetings held					5
Average attendance ratio for the Risk Governance Committee					100%

*The Audit and Compliance Committee was reorganized to the Risk Governance Committee in July 2025.

Compliance

Category	FY2021	FY2022	FY2023	FY2024	FY2025
Number of cases opened by the Aozora Hotline (whistle-blower program)					
Total	10	13	16	21	20
Internal contact point	4	7	7	12	8
External contact point	6	6	9	9	12
Number of compliance incidents					
Cease and desist notice by relevant government ministries and agencies	0	0	0	0	0
Suspension of operation/business due to misconduct	0	0	0	0	0
Criminal accusation due to an incident or an accident violating a law	0	0	0	0	0

Cybersecurity

Category	FY2021	FY2022	FY2023	FY2024	FY2025
Number of targeted email training for all officers and employees*	3	3	3	3	3

*This training was provided to the domestic and overseas officers and employees across the Aozora Group, excluding GMO Aozora Net Bank, Ltd.

Consolidated Business Results

Consolidated Financial Highlights [Five-Year Summary]

Years Ended March 31

(Millions of yen)

	2026	2025	2024	2023	2022
Ordinary income	242,314	231,460	246,299	183,292	134,737
Trust fees	465	373	370	377	444
Ordinary profit (loss)	27,183	17,561	(54,816)	7,356	46,294
Net income (loss) attributable to owners of the parent	25,705	20,518	(49,904)	8,719	35,004
Comprehensive income (loss)	41,523	21,561	(42,703)	(38,507)	13,611
Share capital	125,966	125,966	100,000	100,000	100,000
Total equity	491,611	459,685	391,078	431,119	487,265
Total assets	8,601,673	7,762,434	7,603,002	7,184,070	6,728,653
Bonds payable	57,962	124,640	181,397	147,773	168,959
Deposits ^(Note 1)	6,094,475	5,672,901	5,776,372	5,497,352	4,871,556
Loans and bills discounted	4,486,392	4,206,564	4,071,295	3,881,373	3,317,125
Securities	1,434,823	1,355,458	1,186,561	1,278,749	1,478,178
Net assets per share (yen)	3,463.73	3,258.51	3,285.94	3,751.95	4,222.79
Basic net income (loss) per share (yen)	185.75	154.26	(427.22)	74.67	299.81
Diluted net income per share (yen) ^(Note 2)	185.41	154.02	—	74.54	299.38
Consolidated capital adequacy ratio (domestic standard) (%)	10.87	10.72	9.23	9.43	10.37
Net cash provided by (used in) operating activities	132,619	(56,900)	133,949	(61,382)	253,900
Net cash provided by (used in) investing activities	(14,281)	(147,849)	167,439	213,939	(23,830)
Net cash provided by (used in) financing activities	(9,947)	46,592	2,136	(18,068)	(16,059)
Cash and cash equivalents, end of year	1,449,989	1,341,599	1,499,756	1,196,230	1,061,743
Trust assets ^(Note 3)	1,038,925	935,579	905,987	871,414	879,535

Notes: 1. Deposits include negotiable certificates of deposit (NCDs).

2. Diluted net income per share for the year ended March 31, 2024 is not described in the above table, because of net loss per share although there are diluted shares.

3. 'Trust assets' is assets in trust pertaining to trust business under the Act on Engagement in Trust Business by a Financial Institution (the Concurrent Business Act). The company operating the trust business among the Bank and its subsidiaries is the Bank.

Consolidated Financial Review

1. Consolidated and Equity-Method Companies

(Number of Companies)

Years Ended March 31	2026	2025	Change
Consolidated subsidiaries	23	24	(1)
Subsidiaries and affiliated companies accounted for using the equity method	1	1	0

The consolidated financial statements include the accounts of the Bank, its significant subsidiaries and affiliated companies.

The number of consolidated subsidiaries was 23 and 24 as of March 31, 2026 and 2025, respectively.

The number of subsidiaries and affiliated companies accounted for using the equity method was 1 as of March 31, 2026 and 2025, respectively.

Aozora Asia Pacific Limited was excluded from the scope of consolidation as a subsidiary because it has only a slight effect on the Group's assets, ordinary income, net income and retained earnings and its importance has diminished.

There was no change in subsidiaries and affiliated companies accounted for using the equity method from March 31, 2025.

2. Analysis of Business Results

(1) Income

(Millions of yen)

Years Ended March 31	2026	2025	Change
Total income	¥242,314	¥234,869	¥7,444
Interest income	160,334	161,104	(769)
Interest on loans and discounts	120,134	128,297	(8,162)
Interest and dividends on securities	26,328	22,499	3,828
Interest on due from banks	598	1,103	(504)
Other interest income	13,273	9,204	4,068
Fees and commissions income (including trust fees)	39,852	31,511	8,341
Gains on trading account transactions	4,827	3,706	1,121
Other ordinary income	29,382	24,417	4,965
Gains on sales of bonds and other securities	3,147	3,351	(204)
Gains on foreign exchange transactions	1,511	—	1,511
Gains on derivatives	676	951	(275)
Other	24,047	20,113	3,933
Other income	7,917	14,130	(6,212)
Gains on sales of stocks and other securities	1,238	3,833	(2,594)
Gains on investments in money held in trust	333	323	10
Equity in earnings of associates	2,926	2,265	660
Recoveries of written-off receivables	269	2,490	(2,220)
Reversal of allowance for loan losses	1,864	—	1,864
Reversal of provision for credit losses on off-balance-sheet instruments	—	742	(742)
Gains on disposal of fixed assets	0	0	(0)
Reversal of foreign currency translation adjustment	—	3,408	(3,408)
Other	1,284	1,066	218

- Total income was ¥242.3 billion, an increase of ¥7.4 billion year-on-year
- Interest income was ¥160.3 billion, a decrease of ¥0.7 billion year-on-year
 - Domestic net interest income maintained an upward trend, driven by larger differences in yields between loans and deposits resulting from the cumulative effect of higher yen interest rates, as well as an increase in domestic loan outstandings
 - Overseas net interest income declined year-on-year due to a decrease in loan balances as well as narrower market credit spreads, but showed some signs of recovery
- Fees and commissions income was ¥39.8 billion, an increase of ¥8.3 billion year-on-year
 - Net fees and commissions increased mainly due to an increase in loan-related fee income from LBO finance and GMO Aozora Net Bank's fee income
- Gains on trading account transactions were ¥4.8 billion, an increase of ¥1.1 billion year-on-year
- Other ordinary income was ¥29.3 billion, an increase of ¥4.9 billion year-on-year

Consolidated Financial Review

(2) Expenses

(Millions of yen)

Years Ended March 31	2026	2025	Change
Total expenses	¥215,142	¥215,483	¥(340)
Interest expenses	107,973	112,393	(4,420)
Interest on deposits	30,454	15,657	14,797
Interest on bonds payable	5,839	6,067	(227)
Interest on borrowings and rediscounts	5,769	2,861	2,908
Interest expenses on interest rate swaps	23,969	35,011	(11,042)
Other interest expenses	41,939	52,795	(10,855)
Fees and commissions expenses	8,038	6,859	1,179
Losses on trading account transactions	509	560	(51)
Other ordinary expenses	19,283	15,286	3,996
Amortization of bond issuance costs	146	179	(32)
Losses on foreign exchange transactions	—	6,603	(6,603)
Losses on sales of bonds and other securities	11,075	1,092	9,983
Losses on redemption of bonds and other securities	2,323	137	2,185
Losses on devaluation of bonds and other securities	73	142	(68)
Other	5,664	7,132	(1,467)
General and administrative expenses	65,999	62,384	3,615
Other expenses	13,337	17,998	(4,660)
Losses on sales of stocks and other securities	34	289	(254)
Losses on devaluation of stocks and other securities	64	288	(223)
Write-off of loans	8,198	6,215	1,982
Provision of allowance for loan losses	—	6,105	(6,105)
Provision of allowance for credit losses on off-balance-sheet instruments	130	—	130
Losses on disposition of loans	2,270	357	1,913
Losses on disposal of fixed assets	7	2	4
Losses on impairment of fixed assets	4	263	(258)
Other	2,626	4,475	(1,849)

- Total expenses were ¥215.1 billion, a decrease of ¥0.3 billion year-on-year
- Interest expenses were ¥107.9 billion, a decrease of ¥4.4 billion year-on-year
- Other ordinary expenses were ¥19.2 billion, an increase of ¥3.9 billion year-on-year
 - Recognized losses on ALM securities as part of the repositioning of portfolio as well as on the disposal of legacy securities
- General and administrative expenses were ¥65.9 billion, an increase of ¥3.6 billion year-on-year
 - G&A expenses were managed almost in line with budget (¥66 billion for the year ended March 31, 2026), while the Group continued investments in human capital and GMO Aozora Net Bank incurred higher costs associated with business expansion
- Other expenses were ¥13.3 billion, a decrease of ¥4.6 billion year-on-year

Consolidated Financial Review

(3) Net income

(Millions of yen)

Years Ended March 31	2026	2025	Change
Income before income taxes	¥27,171	¥19,386	¥7,785
Income taxes	574	(248)	822
Current	2,213	2,059	154
Deferred	(1,639)	(2,307)	667
Net income	26,597	19,634	6,963
Net income (loss) attributable to non-controlling interests	891	(884)	1,776
Net income attributable to owners of the parent	¥25,705	¥20,518	¥5,186

- Income before income taxes was ¥27.1 billion, an increase of ¥7.7 billion year-on-year
- Consolidated net income attributable to owners of the parent was ¥25.7 billion, an increase of ¥5.1 billion year-on-year
- Net income per share was ¥185.75

3. Analysis of Financial Condition

(1) Loans and bills discounted

(Millions of yen)

Years Ended March 31	2026	2025	Change
Total loans	¥4,486,392	¥4,206,564	¥279,828
Domestic loans	3,165,704	2,904,274	261,430
Overseas loans	1,320,687	1,302,290	18,397
Ratio of overseas loans	29.4%	31.0%	(1.6%)

Breakdown of Loans and Bills Discounted by Industry (Consolidated)

(Millions of yen)

Years Ended March 31	2026	2025
Domestic offices (excluding Japan offshore market accounts)	¥3,473,238	¥3,298,786
Manufacturing	417,717	369,666
Agriculture, forestry and fisheries	781	883
Mining, quarry and gravel extraction	—	—
Construction	24,929	25,765
Electricity, gas, heat supply and water	176,833	140,184
Information and communications	126,853	117,077
Transport and postal service	79,214	58,669
Wholesale and retail trade	133,078	75,646
Finance and insurance	417,242	411,033
Real estate	814,864	748,573
Leasing	207,534	208,079
Various services	213,468	168,009
Local government	6,982	4,931
Others	853,737	970,263
Overseas offices (including Japan offshore market accounts)	1,013,154	907,777
Government	—	—
Financial institutions	—	—
Others	1,013,154	907,777
Total	¥4,486,392	¥4,206,564

Notes: 1. 'Domestic offices' includes the Bank (except foreign branches) and consolidated subsidiaries in Japan.

2. 'Overseas offices' includes foreign branches of the Bank and consolidated subsidiaries based overseas.

Consolidated Financial Review

Non-performing loans ('NPLs') based on the Banking Act and the Financial Reconstruction Act (Consolidated)

(Millions of yen)

Years Ended March 31	2026	2025	Change
Bankrupt and similar credit	¥437	¥—	¥437
Doubtful credit	45,702	76,241	(30,538)
Special attention credit	9,058	15,472	(6,413)
Loans overdue for three months or more	—	6,088	(6,088)
Restructured loans	9,058	9,383	(325)
Subtotal	55,197	91,713	(36,515)
Normal credit	4,495,823	4,176,195	319,628
Total credit	¥4,551,021	¥4,267,908	¥283,113
NPL ratio	1.2%	2.1%	(0.9%)

- Total loans were ¥4,486.3 billion, an increase of ¥279.8 billion compared to March 31, 2025
- Domestic loans were ¥3,165.7 billion, an increase of ¥261.4 billion compared to March 31, 2025
 - Corporate loans increased approximately ¥140 billion, or 12%, compared with March 31, 2025, as the Group's domestic customer base expanded through an increase in new customers including client referrals from the Daiwa Securities Group
 - LBO loans increased by approximately ¥110 billion, or 36%, compared with March 31, 2025 against a backdrop of the strong M&A market
- Overseas loans were ¥1,320.6 billion, an increase of ¥18.3 billion from March 31, 2025
 - Overseas corporate loan outstandings slightly increased as the Group maintained a selective stance. Amid narrowing trend in market credit spreads, the Group continued disciplined loan origination by strictly adhering to the Group's policy of maintaining the credit quality of the Group's loan portfolio
- NPL ratio (consolidated) was 1.2%, a decrease of 0.9% from March 31, 2025

(2) Securities

(Millions of yen)

Years Ended March 31	2026	2025	Change
Japanese debt securities	¥331,790	¥265,438	¥66,351
Japanese national government bonds	146,587	128,590	17,996
Japanese local government bonds	91,465	33,700	57,765
Japanese short-term corporate bonds	—	—	—
Japanese corporate bonds	93,737	103,147	(9,410)
Japanese stocks	37,708	29,957	7,751
Other securities	1,065,324	1,060,062	5,261
Foreign securities	886,280	892,797	(6,516)
Others	179,043	167,265	11,778
Total	¥1,434,823	¥1,355,458	¥79,364

- Securities were ¥1,434.8 billion, an increase of ¥79.3 billion compared to March 31, 2025

(3) Deposits and bonds payable

(Millions of yen)

Years Ended March 31	2026	2025	Change
Deposits	¥6,094,475	¥5,672,901	¥421,574
Time deposits	2,825,175	2,652,757	172,418
Liquid deposits	3,171,813	2,954,968	216,844
Other	97,486	65,175	32,311
Bonds payable	¥57,962	¥124,640	¥(66,678)

Note: Total of deposits and time deposits include negotiable certificates of deposit (NCDs).

- Total core funding (deposits and bonds payable) was ¥6,152.4 billion, an increase of ¥354.8 billion from March 31, 2025

(4) Equity

- Equity was ¥491.6 billion, an increase of ¥31.9 billion from March 31, 2025.
- Net assets per common share were ¥3,463.73

Consolidated Financial Statements

Consolidated Balance Sheet

Aozora Bank, Ltd. and Consolidated Subsidiaries
March 31, 2026

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Assets			
Cash and cash equivalents (Notes 3 and 27)	¥1,449,989	¥1,341,599	\$9,068,669
Due from banks (Note 27)	58,502	67,772	365,894
Call loans and bills bought (Note 27)	81,283	31,782	508,374
Monetary claims bought (Note 27)	55,280	58,530	345,744
Trading account assets (Notes 4, 12, 27 and 28)	501,566	262,803	3,136,950
Money held in trust (Notes 6 and 27)	11,053	12,728	69,132
Securities (Notes 5, 7, 12 and 27)	1,434,823	1,355,458	8,973,818
Loans and bills discounted (Notes 7, 12 and 27)	4,486,392	4,206,564	28,059,245
Foreign exchange (Notes 7, 8, 12 and 27)	46,837	46,420	292,935
Other assets (Notes 7, 12, 16 and 27)	411,740	331,054	2,575,152
Tangible fixed assets (Note 9)	22,874	22,385	143,066
Intangible fixed assets (Note 9)	18,091	19,075	113,150
Retirement benefit asset (Note 17)	12,319	9,430	77,049
Deferred tax assets (Note 25)	49,790	51,583	311,407
Customers' liabilities for acceptances and guarantees (Notes 7 and 10)	16,218	18,711	101,433
Allowance for loan losses (Note 11)	(52,974)	(71,025)	(331,319)
Allowance for investment losses	(2,119)	(2,439)	(13,256)
Total	¥8,601,673	¥7,762,434	\$53,797,443

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Liabilities and Equity			
Liabilities:			
Deposits (Notes 13 and 27)	¥6,094,475	¥5,672,901	\$38,116,679
Call money and bills sold (Note 27)	50,993	5,000	318,928
Securities sold under repurchase agreements (Notes 12 and 27)	38,123	27,924	238,438
Cash collateral received for securities lent (Notes 12 and 27)	375,943	345,719	2,351,263
Trading account liabilities (Notes 4, 27 and 28)	482,295	209,155	3,016,419
Borrowed money (Notes 12, 15 and 27)	784,400	726,300	4,905,873
Bonds payable (Notes 14 and 27)	57,962	124,640	362,513
Other liabilities (Notes 16 and 27)	198,416	160,816	1,240,959
Retirement benefit liability (Note 17)	9,875	10,353	61,766
Provision for credit losses on off-balance-sheet instruments	1,348	1,218	8,434
Reserves under special laws	8	8	51
Acceptances and guarantees (Note 10)	16,218	18,711	101,433
Total liabilities	8,110,061	7,302,748	50,722,756
Equity:			
Shareholders' equity:			
Share capital (Note 18)	125,966	125,966	787,833
Capital surplus (Note 18)	113,483	113,483	709,758
Retained earnings (Notes 18 and 33)	254,992	241,485	1,594,798
Treasury stock—at cost (Note 18)	(2,894)	(2,894)	(18,102)
Total	491,547	478,040	3,074,287
Accumulated other comprehensive income (loss):			
Valuation difference on available-for-sale securities	(24,972)	(39,532)	(156,186)
Deferred gains or losses on hedges	(545)	517	(3,412)
Foreign currency translation adjustment	9,674	9,604	60,504
Remeasurements of defined benefit plans (Note 17)	3,611	2,286	22,590
Total	(12,232)	(27,123)	(76,504)
Share acquisition rights (Notes 18 and 19)	626	501	3,921
Non-controlling interests	11,669	8,267	72,983
Total equity	491,611	459,685	3,074,687
Total	¥8,601,673	¥7,762,434	\$53,797,443

See the accompanying notes to consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Income

Aozora Bank, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2026

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Income:			
Interest income:			
Interest on loans and discounts	¥120,134	¥128,297	\$751,358
Interest and dividends on securities	26,328	22,499	164,666
Interest on due from banks	598	1,103	3,742
Other interest income	13,273	9,204	83,014
Trust fees	465	373	2,909
Fees and commissions income	39,387	31,137	246,340
Gains on trading account transactions	4,827	3,706	30,195
Other ordinary income (Note 20)	29,382	24,417	183,765
Other income (Note 21)	7,917	14,130	49,518
Total income	242,314	234,869	1,515,507
Expenses:			
Interest expenses:			
Interest on deposits	30,454	15,657	190,475
Interest on bonds payable	5,839	6,067	36,524
Interest on borrowings and rediscounts	5,769	2,861	36,086
Interest expenses on interest rate swaps	23,969	35,011	149,911
Other interest expenses	41,939	52,795	262,301
Fees and commissions expenses	8,038	6,859	50,276
Losses on trading account transactions	509	560	3,189
Other ordinary expenses (Note 22)	19,283	15,286	120,605
General and administrative expenses (Note 23)	65,999	62,384	412,783
Other expenses (Note 24)	13,337	17,998	83,418
Total expenses	215,142	215,483	1,345,568
Income before income taxes	27,171	19,386	169,939
Income taxes (Note 25):			
Current	2,213	2,059	13,846
Deferred	(1,639)	(2,307)	(10,254)
Total income taxes	574	(248)	3,592
Net income	26,597	19,634	166,347
Net income (loss) attributable to non-controlling interests	891	(884)	5,578
Net income attributable to owners of the parent	¥25,705	¥20,518	\$160,769

	Yen		U.S. dollars (Note 1)
	2026	2025	2026
Per share information:			
Basic net income per share of common stock (Note 30)	¥185.75	¥154.26	\$1.16
Diluted net income per share of common stock (Note 30)	185.41	154.02	1.16
Cash dividends applicable to the year:			
Common stock	91.00	79.00	0.57

See the accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Aozora Bank, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2026

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Net income	¥26,597	¥19,634	\$166,347
Other comprehensive income (loss) (Note 29):			
Valuation difference on available-for-sale securities	14,594	6,265	91,277
Deferred gains or losses on hedges	(1,063)	(3,814)	(6,650)
Foreign currency translation adjustment	1,790	(2,748)	11,196
Remeasurements of defined benefit plans	1,325	8	8,291
Share of other comprehensive income (loss) in associates	(1,720)	2,215	(10,763)
Total other comprehensive income	14,925	1,927	93,351
Comprehensive income (Note 29)	¥41,523	¥21,561	\$259,698
Comprehensive income (loss) attributable to:			
Owners of the parent	¥40,597	¥22,451	\$253,906
Non-controlling interests	926	(889)	5,792

See the accompanying notes to consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

Aozora Bank, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2026

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income (loss)					Share acquisition rights	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock—at cost	Total	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance, April 1, 2024	¥100,000	¥87,498	¥228,444	¥(3,015)	¥412,928	¥(45,803)	¥4,332	¥10,137	¥2,277	¥(29,056)	¥532	¥6,673	¥391,078
Net income attributable to owners of the parent			20,518		20,518								20,518
Issuance of new shares	25,966	25,966			51,933								51,933
Cash dividends paid			(7,478)		(7,478)								(7,478)
Purchase of treasury stock (Note 18)				(0)	(0)								(0)
Disposal of treasury stock (Note 18)		18		121	139								139
Net changes in items during the year						6,270	(3,814)	(532)	8	1,932	(31)	1,593	3,494
Balance, March 31, 2025	¥125,966	¥113,483	¥241,485	¥(2,894)	¥478,040	¥(39,532)	¥517	¥9,604	¥2,286	¥(27,123)	¥501	¥8,267	¥459,685
Net income attributable to owners of the parent			25,705		25,705								25,705
Cash dividends paid			(12,177)		(12,177)								(12,177)
Change in scope of consolidation			(20)		(20)								(20)
Purchase of treasury stock (Note 18)				(0)	(0)								(0)
Disposal of treasury stock (Note 18)				0	0								0
Net changes in items during the year						14,560	(1,063)	69	1,325	14,891	125	3,402	18,419
Balance, March 31, 2026	¥125,966	¥113,483	¥254,992	¥(2,894)	¥491,547	¥(24,972)	¥(545)	¥9,674	¥3,611	¥(12,232)	¥626	¥11,669	¥491,611

	Thousands of U.S. dollars (Note 1)												
	Shareholders' equity					Accumulated other comprehensive income (loss)					Share acquisition rights	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock—at cost	Total	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance, March 31, 2025	\$787,833	\$709,758	\$1,510,322	\$(18,102)	\$2,989,811	\$(247,250)	\$3,238	\$60,071	\$14,300	\$(169,641)	\$3,136	\$51,706	\$2,875,012
Net income attributable to owners of the parent			160,769		160,769								160,769
Cash dividends paid			(76,162)		(76,162)								(76,162)
Change in scope of consolidation			(131)		(131)								(131)
Purchase of treasury stock (Note 18)				(1)	(1)								(1)
Disposal of treasury stock (Note 18)				1	1								1
Net changes in items during the year						91,064	(6,650)	433	8,290	93,137	785	21,277	115,199
Balance, March 31, 2026	\$787,833	\$709,758	\$1,594,798	\$(18,102)	\$3,074,287	\$(156,186)	\$(3,412)	\$60,504	\$22,590	\$(76,504)	\$3,921	\$72,983	\$3,074,687

See the accompanying notes to consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Cash Flows

Aozora Bank, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2026

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Cash flows from operating activities:			
Income before income taxes	¥27,171	¥19,386	\$169,939
Adjustments for:			
Depreciation and amortization	7,368	7,252	46,084
Losses on impairment of fixed assets	4	263	30
Equity in losses (earnings) of associates	(2,926)	(2,265)	(18,302)
Increase (decrease) in allowance for loan losses	(18,051)	(16,903)	(112,898)
Increase (decrease) in allowance for investment losses	(320)	(2,023)	(2,004)
Decrease (increase) in retirement benefit asset	(1,242)	(987)	(7,771)
Increase (decrease) in retirement benefit liability	(188)	(205)	(1,178)
Increase (decrease) in provision for credit losses on off-balance-sheet instruments	130	(742)	814
Interest income (accrual basis)	(160,334)	(161,104)	(1,002,780)
Interest expenses (accrual basis)	107,973	112,393	675,297
Losses (gains) on securities	9,185	(5,314)	57,452
Losses (gains) on money held in trust	(333)	(323)	(2,089)
Foreign exchange losses (gains)	(128,946)	20,106	(806,468)
Losses (gains) on disposal of fixed assets	7	2	46
Net decrease (increase) in trading account assets	(238,763)	(89,090)	(1,493,296)
Net increase (decrease) in trading account liabilities	273,140	44,076	1,708,300
Net decrease (increase) in loans and bills discounted	(209,395)	(146,171)	(1,309,620)
Net increase (decrease) in deposits	421,574	(103,471)	2,636,654
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	58,100	163,000	363,375
Net decrease (increase) in due from banks (excluding due from the Bank of Japan)	11,023	11,928	68,943
Net decrease (increase) in call loans and bills bought and others	(46,252)	(4,950)	(289,274)
Net increase (decrease) in call money and bills sold and others	56,192	3,020	351,444
Net increase (decrease) in cash collateral received for securities lent	30,224	85,029	189,032
Net decrease (increase) in foreign exchange—assets	(2,234)	11,830	(13,975)
Increase (decrease) in straight bonds—issuance and redemption	(66,678)	(56,756)	(417,029)
Interest and dividends received (cash basis)	157,017	159,242	982,035
Interest paid (cash basis)	(102,114)	(110,567)	(638,654)
Other, net	(47,489)	8,161	(297,015)
Subtotal	133,842	(55,182)	837,092
Income taxes paid	(1,223)	(1,717)	(7,652)
Net cash provided by (used in) operating activities	132,619	(56,900)	829,440
Cash flows from investing activities:			
Purchase of securities	(666,292)	(596,135)	(4,167,192)
Proceeds from sales of securities	444,384	315,934	2,779,311
Proceeds from redemption of securities	214,638	137,881	1,342,415
Increase in money held in trust	(22,568)	(24,095)	(141,152)
Decrease in money held in trust	22,929	24,641	143,406
Purchase of tangible fixed assets	(2,311)	(1,447)	(14,457)
Purchase of intangible fixed assets	(4,946)	(4,628)	(30,938)
Proceeds from sales of tangible fixed assets	0	0	4
Settlement of asset retirement obligations	(115)	—	(719)
Net cash provided by (used in) investing activities	(14,281)	(147,849)	(89,322)
Cash flows from financing activities:			
Repayments of lease obligations	(245)	(345)	(1,537)
Proceeds from issuance of shares	—	51,933	—
Proceeds from stock issuance to non-controlling interests	2,500	2,500	15,636
Cash dividends paid	(12,177)	(7,478)	(76,162)
Cash dividends paid to non-controlling interests	(23)	(16)	(150)
Purchase of treasury stock	(0)	(0)	(1)
Proceeds from sales of treasury stock	0	—	0
Net cash provided by (used in) financing activities	(9,947)	46,592	(62,214)
Net increase (decrease) in cash and cash equivalents	108,390	(158,156)	677,904
Cash and cash equivalents, beginning of year	1,341,599	1,499,756	8,390,765
Cash and cash equivalents, end of year (Note 3)	¥1,449,989	¥1,341,599	\$9,068,669

See the accompanying notes to consolidated financial statements.

Consolidated Financial Statements

Notes to Consolidated Financial Statements

Aozora Bank, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2026

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of Aozora Bank, Ltd. (the 'Bank') and consolidated subsidiaries (together, the 'Group') have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, the Banking Act of Japan and other related accounting regulations, and in accordance with accounting principles generally accepted in Japan ('Japanese GAAP'), which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. Japanese yen figures of less than one million yen are truncated, except for per share data. As a result, the totals do not necessarily equal the sum of the individual amounts. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥159.89 to \$1.00, the rate of exchange at March 31, 2026. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

(1) Use of Estimates

The preparation of consolidated financial statements in accordance with Japanese GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term include, but are not limited to, those that are related to the determination of the allowance for loan losses, deferred tax assets, and the valuation of financial instruments.

(2) Consolidation

The consolidated financial statements include the accounts of the Bank, its significant subsidiaries and affiliated companies. The number of consolidated subsidiaries was 23 as of March 31, 2026 and 24 as of March 31, 2025. The number of subsidiaries and affiliated companies accounted for using the equity method was 1 as of March 31, 2026 and 2025.

Aozora Asia Pacific Limited was excluded from the scope of consolidation as a subsidiary because it has only a slight effect on our assets, ordinary income, net income and retained earnings and its importance has diminished.

Under the control and influence concepts, those entities in which the Bank, directly or indirectly, is able to exercise control over finance and operations are fully consolidated, and those entities over which the Group has the ability to exercise significant influence should be accounted for by the equity method.

Practical Issues Task Force ('PITF') No. 20, 'Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations,' issued by the Accounting Standards Board of Japan ('ASBJ'), provides additional guidance on how the control and influence concepts should be practically applied to investment vehicles, such as limited partnerships, *Tokumei Kumiai* arrangements (a silent partnership under the Commercial Code of Japan),

and other entities with similar characteristics in order to prevent these investment vehicles from being inappropriately excluded from consolidation.

The consolidated financial statements do not include the accounts of certain subsidiaries such as Aozora Chiiki Saisei Co., Ltd., because the combined total assets, total income, net income (loss) and retained earnings, etc. of such subsidiaries would not have a material effect on the accompanying consolidated financial statements.

Investments in unconsolidated subsidiaries and affiliated companies, such as AJ Capital Co., Ltd. and AZ-Star Co., Ltd. are generally stated at cost. These companies are not accounted for using the equity method of accounting because the effect on the accompanying consolidated financial statements would not be material even if the equity method of accounting had been applied to the investments in these companies.

Goodwill is amortized over an appropriate period not to exceed 20 years under the straight-line method. Immaterial goodwill is expensed as incurred. A bargain purchase gain is charged to operations on the acquisition date after reassessing the procedures to allocate the acquisition price and ensure that an acquirer has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

All significant intercompany balances and transactions are eliminated in consolidation. All material unrealized profits resulting from transactions within the Group are also eliminated.

The Group applies the ASBJ Implementation Guidance No. 22, 'Implementation Guidance on Determining a Subsidiary and an Affiliate for Consolidated Financial Statements', which clarifies the conditions where a company does not account for an entity as a subsidiary and an affiliated company even if the company holds the controlling interest of the entity or exercises significant influence on the entity.

CRE HOLDINGS SUB 1 LLC and City Center Hotel JV LLC are not treated as an affiliated company even though the Group owns 20% to 50% of the voting rights, because the Group holds shares and other equity interests primarily to

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benefit from the appreciation of the investment resulting from growth or restructuring the investee's businesses and the investment meets the conditions of the Paragraph 24 of the ASBJ Implementation Guidance No.22.

In accordance with PITF No. 18, 'Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements,' foreign subsidiaries' financial statements prepared in accordance with either IFRS Accounting Standards or generally accepted accounting principles in the United States are used for the consolidation process with certain limitations.

(3) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and due from the Bank of Japan.

(4) Trading Account Assets/Liabilities

Transactions for trading purposes (for the purpose of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or arbitrage opportunities) are included in 'Trading account assets' or 'Trading account liabilities,' as appropriate, on a trade-date basis. Trading account assets and liabilities are stated at fair value.

Profits and losses (interest received and paid, dividend, gains and losses on sales, and valuation gains and losses) on transactions for trading purposes are shown as 'Gains on trading account transactions' and 'Losses on trading account transactions,' as appropriate.

(5) Securities

All securities are classified and accounted for, depending on management's intent, as follows:

- 1) Trading securities which are held for the purpose of earning capital gains in the near term (other than securities booked in trading accounts) are reported at fair value, and the related unrealized gains and losses are recognized in the consolidated statement of income.
- 2) Held-to-maturity debt securities which are expected to be held to maturity with the positive intent and ability to hold them to maturity are reported at amortized cost.
- 3) Stocks in unconsolidated subsidiaries and affiliated companies which are not accounted for by the equity method are reported at acquisition cost (using the moving-average method).
- 4) Available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported within accumulated other comprehensive income as a separate component of equity. The cost of sale of these securities is determined mainly by the moving-average method.

Non-marketable equity securities are measured at cost. The cost of non-marketable equity securities stated at cost is determined by the moving-average method.

For other-than-temporary declines in fair value, the cost of securities is reduced to fair value and the impairment losses are recognized by a charge to operations.

The Group records its interests in investment limited partnerships, associations under the Civil Code of Japan, and *Tokumei Kumiai* arrangements, based on its proportionate share of the net assets in such entities, and recognizes its share of profits or losses in a manner similar to the equity method of accounting. The Group records such interests in 'Securities.'

Securities included in money held in trust on behalf of the

Group are accounted for in the same manner as the securities mentioned above.

(6) Derivatives and Hedging Activities

Derivative financial instruments (other than derivatives booked in trading accounts) are classified and accounted for as follows:

- 1) All derivatives other than those used for hedging purposes are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized currently in the consolidated statement of income.
- 2) Derivatives used for hedging purposes, if they meet certain hedging criteria, including high correlation of fair value movement and effectiveness between the hedging instruments and the hedged items and the assessment of its effectiveness, are recognized as either assets or liabilities and measured at fair value. Valuation gains or losses on derivatives used for hedging purposes are primarily deferred over the terms of the hedged items within accumulated other comprehensive income as a component of equity and are charged to operations when the gains and losses on the hedged items are recognized.

(a) Hedges of Interest Rate Risk

The Bank applies deferral hedge accounting to hedges of interest rate risk associated with financial assets and liabilities, principally by portfolio hedging, in accordance with 'Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry' (the Japanese Institute of Certified Public Accountants ('JICPA') Industry Committee Practical Guideline No.24, March 17, 2022), or by individual hedging.

Under the JICPA Industry Committee Practical Guideline No.24, portfolio hedges to offset changes in fair value of fixed-rate instruments (such as loans or deposits) ('fair value hedges') are applied by grouping hedging instruments and hedged items by their maturities. The assessment of hedge effectiveness is generally based on the consideration of interest rate indices affecting the respective fair values of the group of hedging instruments and hedged items.

With regard to portfolio hedges to fix cash flows, the effectiveness is assessed by verifying the correlation between factors that cause fluctuations in interest rates of hedged items and those of hedging instruments in accordance with the JICPA Industry Committee Practical Guideline No. 24.

With regard to an individual hedge to offset changes in fair value of fixed-rate instruments, since principal conditions underlying in loans, available-for-sale securities (debt securities, etc.) and bonds payable as hedged items and interest rate swaps as hedging instruments are substantially on the same terms, the hedge is deemed highly effective.

(b) Hedges of Foreign Currency Risk

The Bank applies deferral hedge accounting to hedges of foreign currency risk associated with foreign currency-denominated financial assets and liabilities in accordance with 'Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry' (the JICPA Industry Committee Practical Guideline No. 25, October 8, 2020).

In accordance with the JICPA Industry Committee Practical Guideline No. 25, the Bank designates certain currency swaps and foreign exchange swaps for the purpose of funding foreign currencies as hedges for the exposure to

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changes in foreign exchange rates associated with foreign currency-denominated assets or liabilities when the foreign currency positions on the hedged assets or liabilities are expected to exceed the corresponding foreign currency positions on the hedging instruments. Hedge effectiveness is reviewed by comparing the total currency position of the hedged items with that of the hedging instruments by currency.

For hedging the foreign currency exposure of foreign currency-denominated available-for-sale securities (other than debt securities), which were designated in advance, fair value hedge accounting is adopted on a portfolio basis when the cost of the hedged securities is covered with offsetting liabilities denominated in the same foreign currency as the hedged securities.

(c) Hedges of Securities Price Fluctuation Risk

The Bank designates available-for-sale securities (stock, etc.) for price fluctuation risk of stocks and available-for-sale securities (debt securities, etc.) for price fluctuation risk of listed investment trusts as hedged items and total return swaps as hedging instruments, and applies individual deferral hedge accounting.

The assessment of hedge effectiveness is generally based on the comparison of changes in fair value of the hedged item and hedging instruments.

(d) Intercompany and Intracompany Derivative Transactions

For intercompany and intracompany derivative transactions for hedging purposes ('Internal derivatives'), including currency and interest rate swaps, the Bank currently charges gains and losses on internal derivatives to operations or defers them within accumulated other comprehensive income as a component of equity without elimination in accordance with the JICPA Industry Committee Practical Guidelines No. 24 and No. 25. These reports permit a bank to retain the gains and losses on internal derivatives in its consolidated financial statements without elimination if the bank establishes and follows strict hedging criteria by entering into mirror-image offsetting transactions with external third parties after the designation of internal derivatives as hedging instruments.

(7) Tangible Fixed Assets and Intangible Fixed Assets

Tangible fixed assets and intangible fixed assets are stated at cost.

Depreciation of tangible fixed assets of the Group is computed primarily by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings, including structures and equipment attached to buildings, of the Bank. The ranges of useful lives are principally from 15 years to 50 years for buildings and from 5 years to 15 years for other tangible fixed assets.

Amortization of intangible fixed assets of the Group is computed by the straight-line method over the estimated useful lives of the assets. Costs of software developed or obtained for internal use are amortized over the estimated

useful lives of the software (principally from 5 years to 13 years).

Lease assets under finance lease transactions, in which substantial ownership is not deemed to be transferred, are depreciated by the straight-line method over the lease term. The salvage value is zero or the guaranteed amounts if specified in the lease contracts.

(8) Long-Lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or asset group or the net selling price at disposition.

(9) Deferred Charges

Corporate bond issuance expenses are deferred and amortized by the straight-line method over the terms of the corporate bonds. Share issuance expenses are deferred and amortized by the straight-line method over the three years.

(10) Write-Off of Loans and Allowance for Loan Losses

Loans to borrowers who are assessed as 'Bankrupt' (in the process of legal proceedings for bankruptcy, special liquidation, etc.) or 'De facto bankrupt' (in serious financial difficulties and are not deemed to be capable of restructuring) under the Bank's self-assessment guidelines are written off to the amounts expected to be collected through the disposal of collateral or execution of guarantees, etc. The amounts deemed to be uncollectible and written off were ¥36,571 million (\$228,729 thousand) and ¥24,356 million at March 31, 2026 and 2025, respectively.

For loans to borrowers who are assessed as 'In danger of bankruptcy' (not yet bankrupt but are in financial difficulty and are highly likely to go bankrupt in the foreseeable future), a specific allowance is provided for the loan losses at an amount considered to be necessary based on an overall solvency assessment of the borrowers and expected collectible amounts through the disposal of collateral or execution of guarantees, etc. For loans whose future cash flows of principal and interest are reasonably estimated, the difference between the discounted cash flows and the carrying amount is accounted for as an allowance for loan losses (the 'DCF method').

For other loans, the Bank provides the expected loan loss for the average remaining period of loans (almost three to four years respectively), after classifying the loans into four groups of corporate loans in North America/Europe, Asia, overseas real estate non-recourse loans and other loans, based on the characteristics of risk. The expected loan loss is determined based on the average rates of loan loss experience or bankruptcy over a certain period of time in the

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past, responding to the average remaining period with certain adjustments such as future prospects by considering the latest trend of loan loss experience. However, for borrowers with a large credit exposure that are categorized as 'Need attention,' under the internal credit rating system, the loan loss amount estimated by the DCF method is reflected as an addition to the allowance for loan losses determined based on the estimated loan loss ratio, if necessary. For certain borrowers other than those mentioned above that have a large credit exposure over a certain amount, an allowance is provided in addition to an amount determined based on an expected loan loss rate, according to the above method.

The allowance for loans to restructuring countries is provided for the amount of expected losses based on an assessment of political and economic conditions in their respective countries.

All loans are monitored in accordance with the internal self-assessment standard and other guidance on an ongoing basis. The operating divisions or branches review the internal credit ratings of borrowers which also determines the borrower categories. The internal credit ratings are then approved by the divisions in charge of credit. The division in charge of asset assessment, which is independent of the operating divisions or branches and the divisions in charge of credit, reviews the appropriateness of the internal credit ratings on a sample basis.

Based on the borrower categories as of year-end determined by the aforementioned process, the operating divisions or branches initially determine write-offs and the allowance for loan losses, and the division in charge of asset assessment verifies and determines the final amounts.

With regard to the allowance for loan losses of consolidated subsidiaries, a general allowance is determined for the amount of estimated loan losses using historical loan loss data over a defined period in the past. For loans to 'In danger of bankruptcy' borrowers and 'De facto bankrupt' and 'Bankrupt' borrowers, a specific allowance is provided or the uncollectible amount is written off based on an assessment of collectability of individual loans.

The independent internal audit divisions periodically audit the appropriateness of the write-offs and allowances based on the self-assessment on a regular basis.

(11) Allowance for Investment Losses

Allowance for investment losses is provided for estimated losses on certain investments based on an assessment of the issuers' financial condition and uncertainty about future recoverability of the decline in realizable values of the investments.

(12) Asset Retirement Obligations

Asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such a tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

(13) Provision for Credit Losses on Off-Balance-Sheet Instruments

Provision for credit losses on off-balance-sheet instruments is provided for credit losses on commitments to extend loans and other off-balance-sheet financial instruments based on an estimated loss ratio or individually estimated loss amount determined by the same methodology used in determining the amount of allowance for loan losses.

(14) Reserves under Special Laws

Reserves under special laws are reserves for financial products' transaction liabilities which are provided for compensation for losses from securities brokering in consolidated domestic subsidiaries in accordance with the Financial Instruments and Exchange Act, Article 46-5 and the Cabinet Office Ordinance on Financial Instruments Business, Article 175.

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(15) Retirement and Pension Plans

The Group accounts for retirement benefit liabilities (assets) based on the defined retirement benefit obligations and plan assets at the consolidated balance sheet date. The defined retirement benefit obligations are calculated based on the benefit formula attribution of the expected benefit over the service period of employees. Prior-service cost is amortized using the straight-line method over a period within the employees' average remaining service period at incurrence. Net actuarial gain and loss are amortized using the straight-line method over a period (five years) within the employees' average remaining service period commencing from the next fiscal year after incurrence.

Some consolidated subsidiaries adopt a simplified method based on the defined retirement benefit obligations for each retirement plan that would be required if all employees retired voluntarily at the consolidated balance sheet date.

(16) Lease Transactions

All finance lease transactions are capitalized to recognize lease assets and lease obligations on the consolidated balance sheet.

All other leases are accounted for as operating leases.

(17) Income Taxes

Deferred income taxes are recorded to reflect expected future consequences of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax rates to the temporary differences. The Bank assesses the realizability of deferred tax assets based on consideration of the available evidence, including future taxable income, future reversals of existing temporary differences, and tax-planning strategies. The Bank reduces the carrying amount of a deferred tax asset to the extent that it is not probable that sufficient taxable income will be available to allow the benefit of part or all of that deferred tax asset to be realized. Such reduction may be reversed to the extent that it becomes probable that sufficient taxable income will be available and warrant the realization of tax benefits.

The Bank and some of its domestic consolidated subsidiaries have applied the group relief system.

(18) Foreign Currency Items

Assets and liabilities denominated in foreign currencies held by the Bank are translated into Japanese yen at the exchange rates prevailing at the consolidated balance sheet date except for investments in equity securities of unconsolidated subsidiaries or affiliated companies, which are translated at historical rates.

Assets and liabilities denominated in foreign currencies which are held by consolidated subsidiaries are translated into Japanese yen at the exchange rates as of their respective balance sheet dates, while equity accounts are

translated at historical rates. Differences arising from such translations are shown as 'Foreign currency translation adjustment' within accumulated other comprehensive income as a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate. Differences arising from such translation are included in 'Non-controlling interests' or 'Foreign currency translation adjustment' as a separate component of equity in the consolidated balance sheet.

(19) Per Share Information

Basic net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits or reverse stock splits.

Diluted net income per share reflects the potential dilution that would occur if dilutive options and warrants were exercised or the securities were converted into common stock, also retroactively adjusted for stock splits or reverse stock splits. Diluted net income per share of common stock assumes full conversion of the preferred stock at the beginning of the year (or at the time of issuance) with an applicable adjustment for related dividends to preferred stock, unless the preferred stock has an antidilutive effect.

Net assets per share of common stock are computed by dividing net assets attributable to common stockholders by the number of shares of common stock outstanding at the end of the fiscal year.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective periods including dividends to be paid after the end of the fiscal years.

(20) Accounting Pronouncements not yet implemented

"Accounting Standard for Leases" (ASBJ Statement No.34, issued on September 13, 2024), 'Implementation Guidance on Accounting Standard for Leases' (ASBJ Guidance No.33, issued on September 13, 2024), etc.

1) Summaries

Accounting standards that provide for the recognition of assets and liabilities for all leases held by lessees, taking into account international accounting standards.

2) Effective date

The Group plans to apply this standard and Implementation Guidance from the beginning of the fiscal year starting on April 1, 2027.

3) Impact when applied

Its impact is being assessed.

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(21) Significant Accounting Estimates

Among items recorded in the consolidated financial statements for the year ended March 31, 2026 with accounting estimates, items that significantly affect the consolidated financial statements for the year ending March 31, 2027 are described below:

1) Allowance for loan losses

(a) Amounts recorded in the consolidated financial statements

Allowance for loan losses: ¥52,974 million (\$331,319 thousand) and ¥71,025 million at March 31, 2026 and 2025, respectively

(b) Information contributing to understanding of the detail of the significant accounting estimates related to recognized item

(i) Determination method

The determination method of the allowance for loan losses is described in Note 2 'Summary of Significant Accounting Policies' (10) 'Write-Off of Loans and Allowance for Loan Losses.'

(ii) Major assumptions

i) Outlook of future business performance of borrowers in determination of borrower category

For determining borrower categories, characteristics such as profit earning capability and cash flow generating capability are individually examined and evaluated with consideration of external environment. Specifically, for borrowers who have recorded goodwill derived from M&A transactions, the feasibility of the estimated cash flows generated from the acquired business is individually examined and evaluated.

ii) Estimation of future cash flows of underlying real estate properties in real estate non-recourse loans (i.e., loans for which the repayment source is provided only by cash flows generated from underlying real estate properties)

Since the estimation of future cash flows of underlying real estate properties is a significant element in determining the borrower categories for real estate non-recourse loans, rents, vacancy rates, discount rates or other factors are individually examined and evaluated.

(iii) Effect over the consolidated financial statements for the year ending March 31, 2027

In case the assumptions used for the original estimation change due to fluctuations in business performance of individual borrower or in figures used to estimate future cash flows generated from underlying real estate properties of real estate non-recourse loans, the allowance for loan losses can be significantly affected in the consolidated financial statements for the year ending March 31, 2027.

2) Recoverability of deferred tax assets

(a) Amounts recorded in the consolidated financial statements

Deferred tax assets: ¥49,790 million (\$311,407 thousand) and ¥51,583 million at March 31, 2026 and 2025, respectively

(b) Information contributing to understanding of the detail of the significant accounting estimates related to recognized item

(i) Determination method

Deferred tax assets are recorded by estimating future taxable income in accordance with the corporate category based on the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26), and determining the recoverability of deferred tax assets as a result of scheduling of deductible temporary differences and tax loss carryforwards.

(ii) Major assumptions

Estimates of future taxable income are based on the Group's business plan, which takes into account the past performance of each business, the current business environment and business policies. Major assumptions are the outlook for profitability of each unit under the business plan, credit-related expenses and the outlook for the interest rate policy by the Bank of Japan.

(iii) Effect over the consolidated financial statements for the year ending March 31, 2027

In case the assumptions used for the original estimates change, due to future changes in the financial and economic environment, the deferred tax assets can be significantly affected in the consolidated financial statements for the year ending March 31, 2027.

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3. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash on hand	¥3,252	¥3,092	\$20,343
Due from the Bank of Japan	1,446,736	1,338,506	9,048,326
Total	¥1,449,989	¥1,341,599	\$9,068,669

4. Trading Account Assets and Liabilities

Trading account assets and liabilities as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Trading account assets:			
Trading account securities derivatives for hedging	¥2,934	¥1,323	\$18,355
Trading account financial derivatives	498,632	261,480	3,118,595
Total	¥501,566	¥262,803	\$3,136,950
Trading account liabilities:			
Trading account securities derivatives for hedging	¥59	¥250	\$370
Trading account financial derivatives	482,235	208,904	3,016,049
Total	¥482,295	¥209,155	\$3,016,419

5. Securities

Certain amounts shown in the following tables include negotiable certificates of deposit in 'Due from banks', trading securities and trading account securities for hedging classified as 'Trading account assets' and certain beneficiary interests in trust classified as 'Monetary claims bought' in addition to 'Securities' stated in the consolidated balance sheet.

'Securities' stated in the consolidated balance sheet as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Japanese national government bonds	¥146,587	¥128,590	\$916,799
Japanese local government bonds	91,465	33,700	572,055
Japanese corporate bonds	93,737	103,147	586,262
Japanese stocks	37,708	29,957	235,843
Foreign bonds	600,848	570,987	3,757,887
Other	464,475	489,075	2,904,972
Total	¥1,434,823	¥1,355,458	\$8,973,818

As of March 31, 2026 and 2025, securities included equity investments in unconsolidated subsidiaries and affiliated companies that amounted to ¥79,162 million (\$495,105 thousand) and ¥68,731 million, respectively.

No trading securities were held as of March 31, 2026 and 2025.

No held-to-maturity bonds were held as of March 31, 2026 and 2025.

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The costs and carrying amounts of available-for-sale securities with fair value as of March 31, 2026 and 2025, were as follows:

	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Cost	Difference	Carrying amount	Cost	Difference
March 31, 2026						
Carrying amount exceeding cost:						
Japanese stocks	¥33,647	¥14,927	¥18,720	\$210,443	\$93,360	\$117,083
Japanese national government bonds	14,309	14,308	1	89,496	89,489	7
Japanese local government bonds	38,947	38,872	74	243,591	243,123	468
Japanese corporate bonds	7,626	7,552	74	47,700	47,235	465
Foreign bonds	116,672	114,662	2,010	729,707	717,133	12,574
Other	97,295	86,139	11,156	608,517	538,743	69,774
Subtotal	308,500	276,463	32,037	1,929,454	1,729,083	200,371
Carrying amount not exceeding cost:						
Japanese stocks	1,830	1,951	(120)	11,451	12,207	(756)
Japanese national government bonds	132,277	138,423	(6,145)	827,303	865,739	(38,436)
Japanese local government bonds	52,518	53,533	(1,015)	328,463	334,814	(6,351)
Japanese corporate bonds	86,110	87,769	(1,658)	538,562	548,935	(10,373)
Foreign bonds	484,175	531,336	(47,161)	3,028,180	3,323,140	(294,960)
Other	134,013	146,573	(12,559)	838,161	916,713	(78,552)
Subtotal	890,926	959,587	(68,661)	5,572,120	6,001,548	(429,428)
Total	¥1,199,426	¥1,236,050	¥(36,623)	\$7,501,574	\$7,730,631	\$(229,057)
March 31, 2025						
Carrying amount exceeding cost:						
Japanese stocks	¥22,973	¥9,928	¥13,044			
Japanese national government bonds	53,929	53,925	4			
Japanese local government bonds	138	138	0			
Japanese corporate bonds	19,266	19,065	200			
Foreign bonds	89,267	87,103	2,164			
Other	79,960	72,500	7,459			
Subtotal	265,535	242,661	22,874			
Carrying amount not exceeding cost:						
Japanese stocks	4,038	4,507	(468)			
Japanese national government bonds	74,660	79,465	(4,804)			
Japanese local government bonds	33,562	34,287	(724)			
Japanese corporate bonds	83,881	85,206	(1,325)			
Foreign bonds	481,719	533,566	(51,846)			
Other	201,664	219,967	(18,303)			
Subtotal	879,527	957,000	(77,473)			
Total	¥1,145,063	¥1,199,661	¥(54,598)			

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The Group has adopted its impairment criteria based on the severity of decline of securities by borrower category of the issuer of securities in the determination of significant declines. A significant decline is regarded as an other-than-temporary decline unless the significant decline is reasonably recoverable. Impairment losses are recognized for other-than-temporary declines.

For the year ended March 31, 2026, the Group wrote off securities in a total amount of ¥73 million (\$462 thousand), which was comprised of ¥68 million (\$428 thousand) for corporate bonds and ¥5 million (\$34 thousand) for other foreign securities.

For the year ended March 31, 2025, the Group wrote off securities in a total amount of ¥277 million, which was comprised of ¥135 million for stocks and ¥142 million for corporate bonds.

If the fair value declines more than 50% from the acquisition cost or amortized cost, the Group generally deems the decline to be significant and other-than-temporary. However, based on the borrower category of the issuer of securities, the following impairment criteria determine whether or not the fair value decline is significant under the internal standards for write-offs and reserves.

'In danger of bankruptcy,' 'De facto bankrupt' and 'Bankrupt' ... if the fair value declines from cost.

'Need attention' ... if the fair value declines more than 30% from cost.

'Normal' ... if the fair value declines more than 50% from cost.

For debt securities categorized as 'Normal,' the fair value decline is deemed significant if the fair value declines more than 30% from cost.

For securities, whose fair value remains below a certain level, the fair value decline is deemed significant even if it does not meet the above criteria.

'Bankrupt' borrower means an issuer of securities under legal proceedings, such as bankruptcy or liquidation. 'De facto bankrupt' borrower means an issuer of securities in a similar condition as 'Bankrupt' borrower. 'In danger of bankruptcy' borrower means an issuer of securities that is not currently bankrupt but is highly likely to become bankrupt. 'Need attention' borrower means an issuer of securities that needs to be monitored carefully. 'Normal' borrower means an issuer of securities categorized as other than 'Bankrupt,' 'De facto bankrupt,' 'In danger of bankruptcy' or 'Need attention.'

As of March 31, 2026 and 2025, there were no securities loaned under unsecured lending agreements, loan for use agreements, or lease agreements.

As of March 31, 2026 and 2025, there were no securities received under unsecured lending agreements, lending agreements with cash collateral or resale agreements, etc., and those received as collateral for derivative transactions, which the Group has the right to be freely sold or repledged.

Proceeds from sales of available-for-sale securities and the gross realized gains and losses on these sales for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen			Thousands of U.S. dollars		
	Proceeds from sales	Gross realized gains	Gross realized losses	Proceeds from sales	Gross realized gains	Gross realized losses
March 31, 2026						
Japanese stocks	¥2,886	¥1,238	¥34	\$18,052	\$7,747	\$217
Japanese national government bonds	280,861	190	2,593	1,756,590	1,191	16,218
Japanese local government bonds	5,619	—	365	35,147	—	2,285
Japanese corporate bonds	3,078	1	2	19,254	8	16
Foreign bonds	59,866	441	430	374,422	2,764	2,692
Other	106,211	3,578	10,007	664,280	22,381	62,591
Total	¥458,523	¥5,450	¥13,433	\$2,867,745	\$34,091	\$84,019
March 31, 2025						
Japanese stocks	¥6,824	¥3,833	¥286			
Japanese national government bonds	217,213	43	56			
Japanese local government bonds	49	—	0			
Japanese corporate bonds	2,897	—	24			
Foreign bonds	10,839	269	600			
Other	60,794	3,445	551			
Total	¥298,619	¥7,592	¥1,519			

There were no securities reclassified due to the change of the holding purpose during the years ended March 31, 2026 and 2025.

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'Valuation difference on available-for-sale securities' stated in the consolidated balance sheet as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Net unrealized gains	¥(36,623)	¥(54,598)	\$(229,057)
Available-for-sale securities	(36,623)	(54,598)	(229,057)
Other money held in trust	—	—	—
(+) Deferred tax assets	11,626	15,006	72,717
Valuation difference on available-for-sale securities (before adjustments)	(24,997)	(39,591)	(156,340)
(-) Non-controlling interests	(24)	(58)	(154)
(+) The Bank's interest in valuation difference on available-for-sale securities held by equity method affiliate	—	—	—
Valuation difference on available-for-sale securities	¥(24,972)	¥(39,532)	\$(156,186)

6. Money Held in Trust

The carrying amounts and related valuation gains recognized in earnings for money held in trust classified as for investment purposes as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Carrying amounts	¥11,053	¥12,728	\$69,132
Unrealized gains recognized in earnings	—	—	—

None of the money held in trust was categorized as held-to-maturity or available-for-sale as of March 31, 2026 and 2025.

7. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Bills discounted	¥96	¥3,353	\$604
Loans on notes	956	1,932	5,980
Loans on deeds	4,291,370	4,022,790	26,839,516
Overdrafts	193,969	178,487	1,213,145
Other	—	—	—
Total	¥4,486,392	¥4,206,564	\$28,059,245

Non-performing loans based on the Banking Act and the Financial Reconstruction Act as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Bankrupt and similar credit	¥437	¥—	\$2,734
Doubtful credit	45,702	76,241	285,838
Special attention credit	9,058	15,472	56,653
Loans overdue for three months or more	—	6,088	—
Restructured loans	9,058	9,383	56,653
Subtotal	55,197	91,713	345,225
Normal credit	4,495,823	4,176,195	28,118,230
Total credit	¥4,551,021	¥4,267,908	\$28,463,455

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The above amounts are stated after write-offs of uncollectible amounts but before the deduction of the allowance for loan losses.

Non-performing loans based on the Banking Act and the Financial Reconstruction Act are listed in the second table above. These include corporate bonds in securities (limited to those for which payment of principal and interest is guaranteed in whole or in part, and the issuance of such bonds is through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans and bills discounted, foreign exchanges, accrued interest and suspense payables in other assets, customers' liabilities for acceptances and guarantees and securities in the case of loaned securities in the notes to the consolidated balance sheet (limited to only those subject to usage and lending or lending agreement).

'Bankrupt and similar credit' refers to the credit of borrowers who have filed for bankruptcy, corporate reorganization, composition, etc., as well as those borrowers who are in an equivalent situation.

'Doubtful credit' refers to the credit with serious doubt concerning the recovery of principal and receiving of interest as contract provisions, because the borrower's financial condition and business results have worsened, although they have not reached the point of management collapse, excluding loans to 'Bankrupt and similar credit'.

'Loans overdue for three months or more' refers to those loans excluding loans to 'Bankrupt and similar credit' and 'Doubtful credit' for which principal or interest remains unpaid for at least three months.

'Restructured loans' refers to those loans excluding loans to 'Bankrupt and similar credit', 'Doubtful credit' and 'Loans overdue for three months or more' for which agreement was made to provide a reduction or a moratorium on interest payments, or concessions in the borrower's favor on interest or principal payments or to waive claims in order to support the borrowers' recovery from financial difficulties.

'Normal credit' refers to credits to borrowers whose financial condition and business results have no particular problem and which are not categorized in any of the above categories.

Overdraft contracts and contracts for loan commitments are those by which the Group is bound to extend loans up to a prearranged amount, upon the request of customers, unless the customer is in breach of contract conditions. The unutilized balance of these contracts amounted to ¥606,382 million (\$3,792,496 thousand) and ¥549,101 million as of March 31, 2026 and 2025, respectively. ¥441,088 million (\$2,758,702 thousand) and ¥446,025 million of these amounts relate to contracts with residual contractual terms of one year or less as of March 31, 2026 and 2025, respectively.

Bills discounted are accounted for as financing transactions in accordance with 'Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry' (the JICPA Industry Committee Practical Guideline No.24), although the Bank has the right to sell or repledge them without restriction. The face values of such bills discounted held as of March 31, 2026 and 2025, were ¥96 million (\$604 thousand) and ¥3,353 million, respectively.

8. Foreign Exchange

Foreign exchange as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Assets:			
Due from foreign banks	¥46,837	¥46,420	\$292,935
Total	¥46,837	¥46,420	\$292,935

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9. Tangible Fixed Assets and Intangible Fixed Assets

Tangible fixed assets as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Buildings	¥10,114	¥9,695	\$63,256
Land	9,235	9,235	57,762
Lease assets	786	999	4,919
Construction in progress	262	46	1,642
Other	2,476	2,407	15,487
Total	¥22,874	¥22,385	\$143,066
Accumulated depreciation	¥28,858	¥27,909	\$180,492

Intangible fixed assets as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Software	¥18,024	¥19,008	\$112,730
Other	67	67	420
Total	¥18,091	¥19,075	\$113,150

10. Customers' Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are included in acceptances and guarantees. As a contra account, customers' liabilities for acceptances and guarantees are shown as assets representing the Group's right of indemnity from customers.

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11. Allowance for Loan Losses

Allowance for loan losses as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
General allowance	¥33,552	¥37,809	\$209,850
Specific allowance	19,421	33,216	121,469
Total	¥52,974	¥71,025	\$331,319

12. Pledged Assets and Collateralized Debts

The carrying amounts of assets pledged as collateral and collateralized debts as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Assets pledged as collateral:			
Securities	¥489,840	¥383,811	\$3,063,611
Loans and bills discounted	725,218	673,214	4,535,732
Total	¥1,215,058	¥1,057,026	\$7,599,343
Collateralized debts:			
Securities sold under repurchase agreements	¥38,123	¥27,924	\$238,437
Cash collateral received for securities lent	375,943	345,719	2,351,263
Borrowed money	291,100	247,700	1,820,627
Total	¥705,167	¥621,343	\$4,410,327

In addition, the following assets were pledged or deposited as margin money for future trading and collateral for transactions, including exchange settlements and derivatives as of March 31, 2026 and 2025:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Securities	¥132,561	¥122,771	\$829,082
Loans and bills discounted	967	377	6,053
Foreign exchange	15,989	14,953	100,000
Other assets:			
Margin deposits for futures transactions	962	962	6,017
Cash collateral paid for financial instruments	189,109	115,837	1,182,749
Guarantee deposits	23,742	43,923	148,493
Total	¥363,333	¥298,824	\$2,272,394

13. Deposits

Deposits as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Current deposits	¥41,007	¥37,198	\$256,472
Ordinary deposits	3,085,440	2,870,313	19,297,268
Saving deposits	44,995	47,071	281,413
Deposits at notice	370	385	2,317
Time deposits	2,761,475	2,578,157	17,271,099
Negotiable certificates of deposit	63,700	74,600	398,399
Other	97,486	65,175	609,711
Total	¥6,094,475	¥5,672,901	\$38,116,679

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14. Bonds Payable

Bonds payable as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars	Interest rates
	2026	2025	2026	
Three-year unsecured straight bond issued by the Bank	¥10,000	¥20,000	\$62,543	0.35% - 0.43%
Three-year unsecured straight bond issued by the Bank in U.S. dollars	47,962	97,164	299,970	5.90%
Five-year unsecured domestic straight bond issued by the Bank in U.S. dollars	—	7,476	—	1.70%
Total	¥57,962	¥124,640	\$362,513	

Annual maturities of bonds payable as of March 31, 2026, were as follows:

Years Ending March 31	Millions of yen	Thousands of U.S. dollars
2027	¥57,962	\$362,513
2028	—	—
2029	—	—
2030	—	—
2031	—	—
Total	¥57,962	\$362,513

15. Borrowed Money

The weighted-average annual interest rate applicable to borrowed money was 0.70% and 0.53% as of March 31, 2026 and 2025, respectively.

Borrowed money does not include subordinated borrowings as of March 31, 2026 and 2025.

Annual maturities of borrowed money as of March 31, 2026, were as follows:

Years Ending March 31	Millions of yen	Thousands of U.S. dollars
2027	¥304,100	\$1,901,933
2028	2,500	15,636
2029	26,500	165,739
2030	20,500	128,213
2031	18,600	116,330
2032 and thereafter	412,200	2,578,022
Total	¥784,400	\$4,905,873

Apart from borrowed money, lease obligations are included in 'Other liabilities.' Annual maturities of lease obligations as of March 31, 2026, were as follows:

Years Ending March 31	Millions of yen	Thousands of U.S. dollars
2027	¥195	\$1,226
2028	195	1,226
2029	195	1,225
2030	195	1,224
2031	81	510
2032 and thereafter	—	—
Total	¥865	\$5,411

Note: Lease obligations above include interest expense which is amortized over the lease term by the straight-line method. The weighted-average effective interest rates applicable to the lease obligations are not disclosed accordingly.

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16. Other Assets and Liabilities

Other assets and liabilities as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Other assets:			
Accrued income	¥19,392	¥17,207	\$121,285
Accounts receivable	45,420	21,098	284,076
Financial derivatives	78,680	84,316	492,093
Cash collateral paid for financial instruments	189,109	115,837	1,182,749
Guarantee deposits	23,742	43,923	148,493
Other	55,394	48,672	346,456
Total	¥411,740	¥331,054	\$2,575,152
Other liabilities:			
Income taxes payable	¥1,386	¥1,645	\$8,673
Accrued expenses	15,743	9,792	98,467
Accounts payable	14,310	13,015	89,504
Financial derivatives	103,274	74,643	645,910
Cash collateral received for financial instruments	14,067	27,311	87,979
Asset retirement obligations	2,828	2,242	17,692
Other	46,805	32,164	292,734
Total	¥198,416	¥160,816	\$1,240,959

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17. Retirement and Pension Plans

The Bank and certain consolidated subsidiaries have defined retirement benefit plans for their employees. Such retirement benefits are made in the form of a lump-sum severance payment from the Group and annuity payments from trustees etc.

Changes in defined retirement benefit obligation for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Defined retirement benefit obligation at the beginning of fiscal year	¥35,250	¥38,110	\$220,465
Service cost	1,350	1,464	8,449
Interest cost	660	443	4,131
Actuarial losses (gains)	(2,534)	(2,137)	(15,849)
Benefits paid	(2,695)	(2,630)	(16,856)
Other	37	—	233
Defined retirement benefit obligation at the end of fiscal year	¥32,069	¥35,250	\$200,573

Changes in plan assets for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Fair value of plan assets at the beginning of fiscal year	¥34,327	¥35,938	\$214,693
Expected return on plan assets	858	898	5,367
Actuarial gains (losses)	392	(1,546)	2,452
Contributions from employer	423	425	2,649
Benefits paid	(1,487)	(1,388)	(9,304)
Fair value of plan assets at the end of fiscal year	¥34,513	¥34,327	\$215,857

Reconciliation between the liability and asset recorded in the consolidated balance sheet and the balances of defined retirement benefit obligation and plan assets for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Funded defined retirement benefit obligation	¥22,193	¥24,897	\$138,808
Plan assets	(34,513)	(34,327)	(215,857)
	(12,319)	(9,430)	(77,049)
Unfunded defined retirement benefit obligation	9,875	10,353	61,766
Net liability (asset) arising from defined retirement benefit obligation	¥(2,443)	¥922	\$(15,283)
Retirement benefit liability	¥9,875	¥10,353	\$61,766
Retirement benefit asset	(12,319)	(9,430)	(77,049)
Net liability (asset) arising from defined retirement benefit obligation	¥(2,443)	¥922	\$(15,283)

Components of net periodic retirement benefit costs for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Service cost	¥1,350	¥1,464	\$8,449
Interest cost	660	443	4,131
Expected return on plan assets	(858)	(898)	(5,367)
Recognized actuarial losses (gains)	(990)	(535)	(6,194)
Other	22	—	144
Net periodic defined retirement benefit costs	¥185	¥473	\$1,163

Note: 'Other' stated above is the premium severance pay.

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The breakdown of 'Remeasurements of defined benefit plans' in Other comprehensive income (loss), before adjusting for income taxes and tax effects, for the years ended March 31, 2026 and 2025, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Amortization of prior-service cost	¥—	¥—	\$—
Recognized actuarial gains	1,935	55	12,107
Total	¥1,935	¥55	\$12,107

The breakdown of 'Remeasurements of defined benefit plans' in Accumulated other comprehensive income (loss), before adjusting for income taxes and tax effects, as of March 31, 2026 and 2025, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unrecognized prior-service cost	¥—	¥—	\$—
Unrecognized actuarial losses	5,274	3,338	32,988
Total	¥5,274	¥3,338	\$32,988

Plan assets

(1) Asset allocation of plan assets as of March 31, 2026 and 2025, was as follows:

	2026	2025
Bonds	51.4%	48.4%
Stocks	19.3	18.3
Cash and deposits	12.1	16.9
Other	17.2	16.4
Total	100.0%	100.0%

(2) Determination of expected long-term rate of return on plan assets

The Bank considers the asset allocation of plan assets and the expected long-term rate of return on diverse assets which plan assets comprise in the present and future, in order to determine the expected long-term rate of return on plan assets.

Principal actuarial assumptions used for the years ended March 31, 2026 and 2025, were as follows:

	2026	2025
Discount rate	Primarily 2.8%	1.9%
Expected long-term rate of return on plan assets	2.5%	2.5%

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18. Equity

(1) Share Capital and Capital Surplus

Authorized number of common stock was 289,828 thousand as of March 31, 2026 and 2025.

Changes in the number of issued shares of common stock and treasury stock for the years ended March 31, 2026 and 2025, consisted of the following:

	Thousands			
	Number of shares			
	As of April 1, 2025	Increase	Decrease	As of March 31, 2026
Issued stock				
Common stock	139,789	—	—	139,789
Treasury stock				
Common stock ^(Note)	1,408	0	0	1,408

Note: The increase is due to buybacks of shares constituting less than one trade unit, and the decrease is due to sales of shares constituting less than one trade unit.

	Thousands			
	Number of shares			
	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Issued stock				
Common stock ^(Note1)	118,289	21,500	—	139,789
Treasury stock				
Common stock ^(Note2)	1,467	0	58	1,408

Notes: 1. The increase is due to the issuance of new shares through a third-party allotment.

2. The increase is due to buybacks of shares constituting less than one trade unit, and the decrease is due to exercise of share acquisition rights.

Share acquisition rights

Share acquisition rights as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Share acquisition rights as stock options	¥626	¥501	\$3,921

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Cash dividends

Cash dividends paid during the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen	Yen	Thousands of U.S. dollars	U.S. dollars
	Total amounts	Per share	Total amounts	Per share
Year ended March 31, 2026				
(Record date: December 31, 2025) ^(Note 1)				
Common stock	¥3,044	¥22.00	\$19,040	\$0.14
(Record date: September 30, 2025) ^(Note 2)				
Common stock	¥3,044	¥22.00	\$19,040	\$0.14
(Record date: June 30, 2025) ^(Note 3)				
Common stock	¥3,044	¥22.00	\$19,040	\$0.14
(Record date: March 31, 2025) ^(Note 4)				
Common stock	¥3,044	¥22.00	\$19,040	\$0.14
Year ended March 31, 2025				
(Record date: December 31, 2024) ^(Note 5)				
Common stock	¥2,629	¥19.00		
(Record date: September 30, 2024) ^(Note 6)				
Common stock	¥2,629	¥19.00		
(Record date: June 30, 2024) ^(Note 7)				
Common stock	¥2,219	¥19.00		
(Record date: March 31, 2024) ^(Note 8)				
Common stock	¥—	¥—		

Notes: 1. Cash dividends applicable to the three-month period ended December 31, 2025, were approved at the Board of Directors' meeting held on February 4, 2026.
2. Cash dividends applicable to the three-month period ended September 30, 2025, were approved at the Board of Directors' meeting held on November 13, 2025.
3. Cash dividends applicable to the three-month period ended June 30, 2025, were approved at the Board of Directors' meeting held on August 1, 2025.
4. Year-end cash dividends applicable to the year ended March 31, 2025, were approved at the Board of Directors' meeting held on May 14, 2025.
5. Cash dividends applicable to the three-month period ended December 31, 2024, were approved at the Board of Directors' meeting held on February 3, 2025.
6. Cash dividends applicable to the three-month period ended September 30, 2024, were approved at the Board of Directors' meeting held on November 15, 2024.
7. Cash dividends applicable to the three-month period ended June 30, 2024, were approved at the Board of Directors' meeting held on August 2, 2024.
8. Year-end cash dividends applicable to the year ended March 31, 2024, were not distributed, as approved at the Board of Directors' meeting held on May 13, 2024. Therefore, the description has been omitted.

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(2) Companies Act and Banking Act of Japan

The Bank is subject to the Companies Act and Banking Act of Japan.

1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the stockholders' meeting. For companies that meet certain criteria such as:

(1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of a normal term by the company's Articles of Incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has so prescribed in its Articles of Incorporation. The Bank meets all of the above criteria and its Articles of Incorporation prescribe the authority for dividend declaration by the Board of Directors.

The Companies Act permits companies to distribute dividends in kind (noncash assets) to stockholders subject to certain limitations and additional requirements.

Interim dividends may also be paid once a year upon resolution by the Board of Directors if the Articles of Incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, however, the amount of equity after dividends must be maintained at no less than ¥3 million.

2) Increases/decreases and transfers of common stock, reserves and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the

equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the stockholders.

Under the Banking Act of Japan, an amount equivalent to 20% of the aggregate amount of cash dividends and certain other appropriations of surplus associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 100% of stated capital. The amount of total additional paid-in capital and legal reserve that exceeds 100% of the stated capital may be available for dividends by resolution of the stockholders.

3) Treasury stock and treasury stock acquisition rights

The Companies Act also allows for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

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19. Stock Options

(1) Expenses for stock options as of March 31, 2026, and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
General and administrative expenses	¥125	¥107	\$785

(2) Outline, volume and changes in stock options

The outline of stock options was as follows:

	Stock options for FY2025	Stock options for FY2024	Stock options for FY2023
Title and number of eligible persons	4 directors of the Bank 21 executive officers of the Bank	4 directors of the Bank 19 executive officers of the Bank	4 directors of the Bank 22 executive officers of the Bank
Number of stock options by share class ^(Note)	62,620 shares of common stock	45,280 shares of common stock	54,260 shares of common stock
Grant date	July 11, 2025	July 12, 2024	July 10, 2023
Condition for vesting	None	None	None
Requisite service period	None	None	None
Exercise period	From July 12, 2025 to July 11, 2055	From July 13, 2024 to July 12, 2054	From July 11, 2023 to July 10, 2053

	Stock options for FY2022	Stock options for FY2021	Stock options for FY2020
Title and number of eligible persons	4 directors of the Bank 23 executive officers of the Bank	4 directors of the Bank 20 executive officers of the Bank	4 directors of the Bank 18 executive officers of the Bank
Number of stock options by share class ^(Note)	56,420 shares of common stock	51,540 shares of common stock	64,110 shares of common stock
Grant date	July 8, 2022	July 12, 2021	July 10, 2020
Condition for vesting	None	None	None
Requisite service period	None	None	None
Exercise period	From July 9, 2022 to July 8, 2052	From July 13, 2021 to July 12, 2051	From July 11, 2020 to July 10, 2050

	Stock options for FY2019	Stock options for FY2018	Stock options for FY2017
Title and number of eligible persons	4 directors of the Bank 18 executive officers of the Bank	4 directors of the Bank 17 executive officers of the Bank	4 directors of the Bank 17 executive officers of the Bank
Number of stock options by share class ^(Note)	47,420 shares of common stock	25,540 shares of common stock	26,540 shares of common stock
Grant date	July 11, 2019	July 13, 2018	July 13, 2017
Condition for vesting	None	None	None
Requisite service period	None	None	None
Exercise period	From July 12, 2019 to July 11, 2049	From July 14, 2018 to July 13, 2048	From July 14, 2017 to July 13, 2047

	Stock options for FY2016	Stock options for FY2015
Title and number of eligible persons	4 directors of the Bank 18 executive officers of the Bank	4 directors of the Bank 16 executive officers of the Bank
Number of stock options by share class ^(Note)	34,330 shares of common stock	22,970 shares of common stock
Grant date	July 15, 2016	July 14, 2015
Condition for vesting	None	None
Requisite service period	None	None
Exercise period	From July 16, 2016 to July 15, 2046	From July 15, 2015 to July 14, 2045

Note: Numbers of stock options are shown on the basis of the post share consolidation effective October 1, 2017.

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Volume and Changes in Stock Options

The number of stock options was as follows:

	Stock options for FY2025	Stock options for FY2024	Stock options for FY2023	Stock options for FY2022	Stock options for FY2021	Stock options for FY2020
Before vested						
At the beginning of fiscal year	—	—	—	—	—	—
Granted	62,620 shares	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Vested	62,620 shares	—	—	—	—	—
Outstanding	—	—	—	—	—	—
After vested						
At the beginning of fiscal year	—	45,280 shares	43,630 shares	37,040 shares	31,770 shares	24,510 shares
Vested	62,620 shares	—	—	—	—	—
Exercised	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Exercisable	62,620 shares	45,280 shares	43,630 shares	37,040 shares	31,770 shares	24,510 shares

	Stock options for FY2019	Stock options for FY2018	Stock options for FY2017	Stock options for FY2016	Stock options for FY2015
Before vested					
At the beginning of fiscal year	—	—	—	—	—
Granted	—	—	—	—	—
Forfeited	—	—	—	—	—
Vested	—	—	—	—	—
Outstanding	—	—	—	—	—
After vested					
At the beginning of fiscal year	12,630 shares	5,780 shares	4,370 shares	4,180 shares	1,480 shares
Vested	—	—	—	—	—
Exercised	—	—	—	—	—
Forfeited	—	—	—	—	—
Exercisable	12,630 shares	5,780 shares	4,370 shares	4,180 shares	1,480 shares

Note: Numbers of stock options are shown on the basis of the post share consolidation effective October 1, 2017.

Unit price information was as follows:

	Stock options for FY2025	Stock options for FY2024	Stock options for FY2023	Stock options for FY2022	Stock options for FY2021	Stock options for FY2020
Exercise price	¥1	¥1	¥1	¥1	¥1	¥1
Average stock price when exercised	—	—	—	—	—	—
Fair value on grant date	¥2,004.5	¥2,385	¥2,417.5	¥2,396	¥2,248	¥1,537

	Stock options for FY2019	Stock options for FY2018	Stock options for FY2017	Stock options for FY2016	Stock options for FY2015
Exercise price	¥1	¥1	¥1	¥1	¥1
Average stock price when exercised	—	—	—	—	—
Fair value on grant date	¥2,352	¥3,832	¥3,980	¥3,420	¥4,380

Note: Unit prices are shown on the basis of the post share consolidation effective October 1, 2017.

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(3) Valuation technique used for valuing the fair value of stock options

Stock options for FY2025 granted in the year ended March 31, 2026 were valued using the Black-Scholes option pricing model.

The principal parameters and estimation methods were as follows:

	Stock options for FY2025
Expected volatility ^(Note 1)	40.9%
Average expected life ^(Note 2)	2 years
Expected dividends ^(Note 3)	¥79 (\$0.5) per share
Risk-free interest rate ^(Note 4)	0.76%

Notes: 1. Expected volatility is calculated based on the actual price of common stock of the Bank on each trading day from July 3, 2023 to July 7, 2025.

2. Average expected life could not be estimated rationally due to insufficient amount of data. It was estimated based on average tenures of the Bank's directors and executive officers.

3. Expected dividends are estimated based on the actual dividends on common stock paid for the year ended March 31, 2025.

4. Japanese national government bond yield applicable to the average expected life.

(4) Method of estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

20. Other Ordinary Income

Other ordinary income for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Gains on foreign exchange transactions	¥1,511	¥—	\$9,450
Gains on sales of bonds and other securities	3,147	3,351	19,685
Gains on derivatives	676	951	4,231
Other	24,047	20,113	150,399
Total	¥29,382	¥24,417	\$183,765

Note: The 'Other' category primarily includes gains from investments in partnerships.

21. Other Income

Other income for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Gains on sales of stocks and other securities	¥1,238	¥3,833	\$7,747
Gains on investments in money held in trust	333	323	2,089
Recoveries of written-off receivables	269	2,490	1,684
Reversal of allowance for loan losses	1,864	—	11,661
Reversal of provision for credit losses on off-balance-sheet instruments	—	742	—
Equity in earnings of associates	2,926	2,265	18,302
Gains on disposal of fixed assets	0	0	0
Reversal of foreign currency translation adjustment	—	3,408	—
Other	1,284	1,066	8,035
Total	¥7,917	¥14,130	\$49,518

Note: Reversal of foreign currency translation adjustment for the year ended March 31, 2025 is recorded due to the exclusion of Aozora Asia Pacific Finance Limited from consolidation, after it has been dissolved in line with the transfer of business and distribution of residual assets.

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22. Other Ordinary Expenses

Other ordinary expenses for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Amortization of bond issuance costs	¥146	¥179	\$915
Losses on foreign exchange transactions	—	6,603	—
Losses on sales of bonds and other securities	11,075	1,092	69,272
Losses on redemption of bonds and other securities	2,323	137	14,530
Losses on devaluation of bonds and other securities	73	142	461
Other	5,664	7,132	35,427
Total	¥19,283	¥15,286	\$120,605

Note: The 'Other' category primarily includes losses from investments in partnerships.

23. General and Administrative Expenses

General and administrative expenses for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Salaries and related expenses	¥26,003	¥24,621	\$162,632
Depreciation	7,368	7,252	46,084
Other	32,628	30,509	204,067
Total	¥65,999	¥62,384	\$412,783

24. Other Expenses

Other expenses for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Losses on sales of stocks and other securities	¥34	¥289	\$217
Losses on devaluation of stocks and other securities	64	288	403
Write-off of loans	8,198	6,215	51,278
Provision of allowance for loan losses	—	6,105	—
Provision of allowance for credit losses on off-balance-sheet instruments	130	—	814
Losses on disposition of loans	2,270	357	14,203
Losses on disposal of fixed assets	7	2	46
Losses on impairment of fixed assets	4	263	31
Other	2,626	4,475	16,426
Total	¥13,337	¥17,998	\$83,418

Note: The 'Other' category for the year ended March 31, 2025 primarily includes the estimated losses associated with system malfunctions at GMO Aozora Net Bank, Ltd.

25. Income Taxes

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in effective statutory tax rates of approximately 30.6% for the years ended March 31, 2026 and 2025.

The Bank and some of its domestic consolidated subsidiaries have applied the group relief system. The accounting and disclosure of corporate tax, local corporate tax and tax effect accounting is in accordance with the 'Practical Solution on the Accounting and Disclosure under the Group Relief System' (ASBJ PITF No.42 August 12, 2021).

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The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets:			
Tax loss carryforwards ^(Note 2)	¥27,168	¥26,367	\$169,918
Allowance for loan losses	20,080	22,908	125,591
Devaluation of securities	656	840	4,104
Valuation difference on available-for-sale securities	11,920	18,170	74,553
Deferred gains or losses on hedges	251	—	1,571
Write-off of loans	77	77	485
Other	19,115	21,969	119,552
Total of tax loss carryforwards and temporary differences	79,269	90,333	495,774
Less valuation allowance for tax loss carryforwards	(8,962)	(10,341)	(56,056)
Less valuation allowance for temporary differences	(15,200)	(23,405)	(95,068)
Total valuation allowance ^(Note 1)	(24,163)	(33,746)	(151,124)
Total deferred tax assets	55,106	56,587	344,650
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(249)	(799)	(1,558)
Deferred gains or losses on hedges	—	(274)	—
Other	(5,066)	(3,929)	(31,685)
Total deferred tax liabilities	(5,315)	(5,003)	(33,243)
Net deferred tax assets	¥49,790	¥51,583	\$311,407

The expiration of tax loss carryforwards and its deferred tax assets are as follows:

Year ended March 31, 2026

	Millions of yen						
	1 year or less	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets related to tax loss carryforwards ^(Note 2)	¥—	¥2	¥923	¥1,553	¥1,318	¥23,370	¥27,168
Less valuation allowance for tax loss carryforwards	—	—	(569)	(1,548)	(1,318)	(5,526)	(8,962)
Net deferred tax assets related to tax loss carryforwards	¥—	¥2	¥354	¥4	¥—	¥17,844	(Note 3) ¥18,205

	Thousands of U.S. dollars						
	1 year or less	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets related to tax loss carryforwards ^(Note 2)	\$—	\$15	\$5,774	\$9,714	\$8,246	\$146,169	\$169,918
Less valuation allowance for tax loss carryforwards	—	—	(3,560)	(9,685)	(8,246)	(34,565)	(56,056)
Net deferred tax assets related to tax loss carryforwards	\$—	\$15	\$2,214	\$29	\$—	\$111,604	(Note 3) \$113,862

Year ended March 31, 2025

	Millions of yen						
	1 year or less	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets related to tax loss carryforwards ^(Note 2)	¥87	¥330	¥2	¥1,272	¥1,553	¥23,121	¥26,367
Less valuation allowance for tax loss carryforwards	—	(226)	—	(1,271)	(1,548)	(7,294)	(10,341)
Net deferred tax assets related to tax loss carryforwards	¥87	¥103	¥2	¥1	¥4	¥15,826	(Note 4) ¥16,025

Notes: 1. Valuation allowance decreased by ¥9,583 million (\$59,937 thousand) from March 31, 2025, primarily due to an increase in taxable income and a decrease in valuation difference on available-for-sale securities
2. The amount of tax loss carryforwards is multiplied by the effective statutory tax rate.
3. Of the tax loss carryforward of the ¥27,168 million (\$169,918 thousand) (multiplied by the effective statutory tax rate), the Group recorded deferred tax assets of ¥18,205 million (\$113,862 thousand) as of March 31, 2026. The Group

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expects to record taxable income in the future, and therefore has decided that part of tax loss carryforwards will be recoverable.

4. Of the tax loss carryforward of the ¥26,367 million (multiplied by the effective statutory tax rate), the Group recorded deferred tax assets of ¥16,025 million as of March 31, 2025. The Group expects to record taxable income in the future, and therefore has decided that part of tax loss carryforwards will be recoverable.

Reconciliation between the effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2026 and 2025, were as follows:

	2026	2025
Effective statutory tax rate	30.6%	30.6%
Valuation allowance	(22.6)	(24.9)
Expenses not deductible for income tax purposes	0.2	1.0
Change of effective tax rate for the calculation of deferred tax assets	(4.0)	(4.1)
Equity gains of associated companies	(3.3)	(3.6)
Retained earnings of associated companies	(1.7)	2.4
Elimination of dividends received from associated companies	1.7	—
Other—net	1.2	(2.7)
Actual effective tax rate	2.1%	(1.3)%

26. Lease Transactions

(1) Finance lease transactions

The Group leases certain fixed assets, such as system-related equipment.

(2) Operating lease transactions

The minimum rental commitments under non-cancelable operating leases as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Due one year or less	¥1,536	¥2,241	\$9,607
Due after one year	2,181	3,051	13,646
Total	¥3,717	¥5,292	\$23,253

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27. Financial Instruments and Related Disclosures

(1) Overview of financial instruments

1) Basic policy for financial instruments

The main business of the Group is banking operations, which consist of deposit taking, lending, domestic exchange services, foreign exchange services, etc. Additionally, the Group pursues securities operations (trading of marketable securities, securities investments, etc.), and other financial services, such as trust banking operations and loan-servicing operations.

The Group holds financial assets, such as loans and securities, and raises funds from sources such as deposits and bonds payable. Since the major operation of the Group is the handling of financial instruments involving credit risk and/or market risk, it seeks to avoid the occurrence of unexpected losses by properly managing various risks relating to financial instruments.

Also, the Group intends to stabilize and optimize profitability by maintaining an appropriate level of interest rate risk associated with assets and liabilities of the Group, liquidity risk, and price fluctuation risk of securities, etc., based on the policy of asset liability management (ALM, comprehensive management of assets and liabilities). Derivative transactions are also used to maintain interest rate risk derived from on-balance-sheet assets and liabilities at an adequate level, and are intended to achieve stable profitability and efficient operations.

2) Main items of financial instruments and related risks

Financial assets held by the Group mainly comprise loans to both domestic and foreign corporate entities and securities, etc.

Loans are subject to credit risk which includes the risk of default caused by deteriorated credit of the borrowers. Loans to the 10 largest borrowers of the Group accounted for about 19% and 20% of the total outstanding balance of loans as of March 31, 2026 and 2025, respectively. A default by any of the borrowers with large credit exposures or a material change in our relationship with any of them could negatively affect the business results and financial condition of the Group. Also, the proportion of loans to real estate businesses and the coverage ratio of loans collateralized by real estate properties are material in the loan portfolio of the Group. Therefore, in the event that the real estate market or the real estate industry were to become stagnant, the quality of the loans protected by real estate collateral would deteriorate; the creditworthiness of the borrowers in the industry would be undermined; or the cash flows from the underlying properties of real estate nonrecourse loans would be negatively affected. In such cases, there is a possibility that an additional allowance for loan losses or credit costs may arise. Also, in addition to credit risk and interest rate risk, overseas loan exposures are subject to various risks, including foreign exchange fluctuation risk, and risks relating to the changes in the market and/or the economic environment.

Securities held by the Group primarily consist of debt securities, stocks and fund investments, which are subject to various risks, such as the credit risk of the issuer, interest rate fluctuation risk, and market price fluctuation risk. Securities held by the Group include those backed by assets such as real estate properties, housing loans, etc. These securities are exposed to the risks dependent on the economic environment or transaction trends in relation to the underlying assets, in addition to other general risks related to interest rate fluctuations in the market, foreign exchange fluctuations, bond price movements, movements of the stock market, etc. Also, securities face market liquidity risk. This risk materializes when market liquidity of financial assets becomes almost nonexistent because of an abrupt deterioration in the financial environment, tumultuous movements in the financial markets, etc., resulting in the drastic decline in price at the time of disposition beyond expectations.

Financial liabilities of the Group are mainly deposits, negotiable certificates of deposit and bonds payable. Since funds procured by the Group through deposit taking, etc., will be due one after another, refinancing of the existing liabilities is always necessary through continued deposit taking, or bond issuance, etc. However, in the event the market environment becomes unstable, sufficient funding would become difficult or more expensive. The Group is exposed to such risk and the funding liquidity risk as well.

These financial assets and financial liabilities are also subject to interest rate fluctuation risk involved in the mismatch of intervals to repricing interest rates. From the viewpoint of ALM, the interest rate risk amount for the entire balance sheet is managed at an appropriate level, partly using derivative transactions (interest rate swaps, etc.).

Regarding assets denominated in foreign currencies, since funding of the Group is primarily conducted by taking deposits and issuing bonds payable in Japanese yen, the Group seeks to avoid foreign exchange fluctuation risk through currency matching between the funding side and the asset side, using currency swaps, etc.

Derivative transactions are one of the primary operations of the Group. The derivative instruments are provided to fulfill our customers' hedge requirements for market risk (interest rate, foreign exchange, etc.). Trading derivative instruments are booked in the trading accounts, which seek gains on short-term fluctuations and arbitrage opportunities in interest rates, currency prices, market prices of securities and related indices. Moreover, the Group implements derivative transactions for the purpose of optimizing ALM, in order to maintain the interest rate risk derived from on-balance-sheet assets and liabilities at an adequate level.

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The Group uses interest rate futures, interest rate options, and interest rate swaps as interest rate derivatives, currency swaps, foreign exchange forwards and currency options as currency derivatives, and also futures and options related to equities and bonds, commodity-related transactions and credit derivative transactions. These derivative transactions are exposed to market risk, which implies potential loss from market fluctuations in market prices, volatility of underlying interest rates, foreign exchange and so forth, and to credit risk, which implies potential loss from contractual default by counterparties.

Concerning derivative transactions for the purpose of optimizing ALM, the Group uses the deferral method of hedge accounting. The hedging instruments, hedged items, hedged policy and the effectiveness of hedging are described in Note 2 'Summary of Significant Accounting Policies' (6) 'Derivatives and Hedging Activities.'

The Group applies deferral hedge accounting and fair value hedge accounting to hedges of foreign currency risk associated with foreign currency-denominated financial assets and liabilities. The hedging instruments, hedged items, hedged policy and the effectiveness of hedging are described in Note 2 'Summary of Significant Accounting Policies' (6) 'Derivatives and Hedging Activities.'

3) Risk management system concerning financial instruments

The Group, while pursuing various operations, is endeavoring to develop and maintain an adequate risk management system, to avoid the occurrence of unexpected losses and to realize highly reliable and sound management of the Group by adequately undertaking certain risks within the capacity of the Group and securing reasonable profit well-balanced with the undertaken risks.

The basic points of risk management are documented as internal Master Policies and Procedures in the risk management category. The basic framework of risk management, including capital allocation and risk limits, is determined by the Board of Directors. Within this framework, the Risk Management Division is in charge of credit risk, market risk, comprehensive risk and operational risk. Also, the Internal Audit Division is responsible for verifying the appropriateness and effectiveness of the risk management system. The Board of Directors, the Risk Governance Committee, the Management Committee ('MC'), and other concerned committees receive risk situation reports from each risk management function as well as audit reports from the Internal Audit Division, supervising the risk situation based on these reports or employing the information thereof for managerial decisions, and maintaining/improving the overall risk management system.

(a) Credit risk management

In order to maintain a sound asset portfolio of the entire Group including consolidated subsidiaries, the Group has implemented credit risk management, with the approach both at the transaction level, which entails strict credit screening and ex post facto management of individual transactions including predictive control of our clients, and at the portfolio level focusing on eliminating credit risk concentration. The Group has established a management system, including a credit rating system, quantification of credit risk, management of risk capital, management of concentration risk (large credit exposure, real estate risk, country risk, etc.), asset securitization transaction, management of problem loans, and so forth. Also, concerning verification of credit ratings, self-assessments, and write-offs and reserves, the Asset Assessment Division is in charge of overall control and is responsible for adequately grasping the reality of the asset portfolio and properly implementing write-off/reserve appropriations, in cooperation with other concerned functions.

(i) Approval authority for individual credit undertaking

Credit and investment transactions are approved under the authority of the Credit Committee or the Investment Committee consisting of Representative Directors, the Chief Risk Officer ('CRO'), the Chief Credit Risk Officer ('CCRO'), etc., and proposals are discussed at and reported to each Committee. The approval authorities of the Credit Committee and the Investment Committee are partly delegated to the CCRO, furthermore the approval authority delegated to the CCRO from each Committee is redelegated to the credit functions or to business front office functions to a certain extent.

(ii) Credit rating system

Credit ratings are an integral component of the approval system for credit assessment and the decision for interest rate spread, etc. They are also used to conduct self-assessments and are employed as benchmarks for quantifying credit risks. The credit rating system of the Group is composed of 'Obligor Rating', 'Facility Rating' and 'Expected Loss Grade'. 'Obligor Rating' is given, in principle, to all customers for whom the Group is undertaking credit risk, and this rating represents the degree of creditworthiness of the borrower. 'Facility Rating' represents the degree of credit cost of a credit transaction in consideration of Obligor Rating and transaction conditions such as a tenor of credit facility, guarantee and collateral. Also, 'Expected Loss Grade' represents the degree of credit cost of a credit transaction which relies on cash flow arising from specified underlying assets such as real estate nonrecourse loans, securitization of monetary claims and structured bonds in senior/junior tranches. As for the credit rating processes, rating recommendations are given by the respective business divisions/branches at inception, and the recommendation is then approved by the Credit Divisions.

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Credit ratings are subject to review on a regular basis based on the updated financial results of each respective borrower, and on an as-needed basis whenever there is a symptom of a material change in the creditworthiness of any borrower. As for the credit rating given by business divisions/branches and the Credit Divisions, the Asset Assessment Division, which is an independent division for verification of ratings, reviews the appropriateness of credit ratings on a sample basis. Also, the Group examines its credit rating system itself through benchmarking (comparative verification of our ratings with those assigned by external agencies) and back testing (assessment of the significance of credit rating based on past default).

(iii) Quantification of credit risk

The Group centrally manages all assets with credit risks, irrespective of the type of transaction, including not only loans, securities, equities and fund investments, and securitized transaction facilities, but also off-balance-sheet transactions such as commitment lines, derivative transactions, and the like. The credit risk amount of our portfolio is quantified by Value at Risk (VaR) according to our internal model, etc., and the quantified result is regularly reported to the Board of Directors, etc., together with the credit portfolio situation of the entire Group. The internal model of the Bank employs a holding period of 1 year and a confidence interval of 99.9%. Unexpected Loss (UL) is quantified using parameters, such as Probability of Default (PD), Loss Given Default (LGD), intra-sector correlation, inter-sector correlation, and parent subsidiary correlation of the borrower group.

(iv) Credit portfolio management

Concerning credit portfolio management, the Group examines the credit portfolio through the calculation and analysis of Expected Loss (EL) and UL assuming the occurrence of stress scenarios, such as the downgrading of credit ratings and declining real estate prices.

The Group also controls credit concentration risk by setting a guideline value for credit exposure for each country, region, industry or rating assigned to a customer.

(b) Market risk management

The Group performs, from various viewpoints, comprehensive analysis and understanding of the market risk affecting all assets and liabilities and off-balance-sheet transactions for its trading and banking businesses, in order to manage market risk properly.

(i) Quantification of market risk

The Group uses VaR to quantify the market risk for the trading and banking businesses and as a basis for setting market risk limits and for monitoring risk. The Bank has computed VaR with an internal model utilizing historical simulation.

The assumptions for computing VaR include a holding period in accordance with each business and product (a period of 10, 20, 60 and 250 days respectively), a 99% confidence interval, an observation period of 2 years for the trading account, and 5 years for the banking account in principle. The Group conducts back testing to verify the reliability of VaR by comparing daily computed VaR with daily gains or losses. To complement VaR, the Group regularly conducts stress testing to assess the potential impact of volatile market movements that could exceed statistical estimates. The results of the stress testing are reported to the ALM Committee, etc.

(ii) Quantitative information of market risk

i) Financial instruments held for trading purposes

The VaR of financial instruments (trading account securities, derivatives, etc.) held for trading purposes by the Bank was ¥785 million (\$4,915 thousand) and ¥1,007 million as of March 31, 2026 and 2025, respectively. Market risk in the financial instruments held for trading purposes by certain consolidated subsidiaries is immaterial.

The back testing of the VaR calculated with internal models over the 244 business days from April 1, 2025 to March 31, 2026, and the 244 business days from April 1, 2024 to March 31, 2025, resulted in one business day with actual daily losses beyond VaR. This result supports the reliability of the Bank's internal models which have captured market risks with sufficient accuracy. However, the VaR represents the market risks arising with a certain probability using a statistical methodology based on historical market movements. It may not be able to capture the risks arising under drastic market movements beyond normal estimates.

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ii) Financial instruments held for other than trading purposes

The main financial instruments in the Bank which are affected by interest rate risk, the typical risk parameter in the Bank, are 'Loans and bills discounted,' bonds/notes of 'Securities,' 'Deposits,' 'Bonds payable,' interest rate swaps and currency swaps of 'Derivatives', etc.

The VaR of financial instruments held for other than trading purposes by the Bank was ¥10,945 million (\$68,457 thousand) and ¥7,690 million as of March 31, 2026 and 2025, respectively. Market risks in the financial instruments held for other than trading purposes by certain consolidated subsidiaries are immaterial. However, as with financial instruments held for trading purposes, the VaR represents the market risks arising with a certain probability using a statistical methodology based on historical market movements. It may not be able to capture the risks arising under drastic market movements beyond normal estimates.

(iii) Procedures for market risk management

The Group documents its handling of products, risk management methods and market price valuation methods under market risk management. The compliance with limits of risks and losses, etc., allocated to the front office, business units and divisions, is monitored by the Risk Management Division, which is independent from the front offices in terms of organization and human resources. The Risk Management Division monitors the market risk and profit/loss on a daily basis for trading operations, and on a daily or monthly basis for banking operations, and reports on them directly to the CRO and Executive Officer(s) in charge of the front offices. The Risk Management Division also makes periodic reports to the Board of Directors, the MC and the ALM Committee. In the event a large loss is reported in excess of the maximum expected loss amount computed in advance, a cause analysis is conducted. Also, a discussion point, which is positioned as cross-section risk management between market risk and credit risk, is set up by asset class in order to strengthen the monitoring function for price fluctuation risks.

Market liquidity risk is the potential for losses caused by the inability to execute market transactions as a result of market turbulence and thin trading or by the necessity to execute transactions at extremely unfavorable prices. Regarding management of market liquidity risk, the Risk Management Division monitors the position relative to market size in order to ensure that the position does not become excessive.

(c) Funding liquidity risk management

The Financial Management Division centrally monitors the funding liquidity risk of yen and foreign currency-denominated funds and takes all possible measures to ensure that the Bank holds a sufficient level of assets such as cash on hand and securities with high liquidity to properly meet its contractual obligations. The Financial Management Division also plans for the sources and uses of funds both annually and monthly, and reports the cash flow status directly to the Chief Financial Officer ('CFO'), the CRO, and related Executive Officer(s) on a daily basis. In order to prepare for funding liquidity risk, the Financial Management Division conducts a funding simulation to confirm that the Bank has sufficient cash on hand to maintain its asset size and collateral for settlement as well as a drill to confirm response procedures.

(d) Operational risk management

The Group recognizes operations risk, legal risk, compliance risk and system risk in handling financial instruments as operational risk, and manages them comprehensively. Actual loss events that have already occurred are gathered by the Risk Management Division. Potential risks that would lead to actual loss events are identified and assessed through risk control self-assessment, etc.

(e) Comprehensive risk management

As part of comprehensive risk management, the Group has established the scope and definitions of risks to be managed, including credit risk, market risk, and operational risk, and conducts assessments and management based on their characteristics. In the framework of comprehensive risk management, the Group specifies every risk in a comprehensive manner, ensures that these risks are controlled within allowable limits with reference to the Group's capital through implementation of integrated stress testing together with liquidity risk, etc., and aims at securing an adequate level of profit well balanced with the corresponding risks.

4) Supplemental explanation for fair value of financial instruments

Since the calculations for the fair value of financial instruments are based on certain conditions and assumptions, calculated prices would differ if different conditions and assumptions are adopted.

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(2) Matters concerning fair value of financial instruments and breakdown by level within fair value hierarchy

Carrying amounts, fair values of financial instruments, their difference and fair values by level within fair value hierarchy are as follows.

The amounts shown in the following tables do not include non-marketable equity securities and investments in partnerships (see 'Non-marketable equity securities and investments in partnerships').

The fair values of financial instruments are classified into the following three levels based on the observability and significance of the inputs used in the fair value measurement.

Level 1 : Fair value determined based on quoted prices for the asset or liability in an active market among the observable inputs to the fair value measurement

Level 2 : Fair value determined based on observable inputs to the fair value measurement other than Level 1 inputs

Level 3 : Fair value determined based on significant unobservable inputs to the fair value measurement

If multiple inputs with a significant impact on the fair value measurement are used, the financial instrument is classified into the lowest priority level of fair value measurement in which each input belongs.

1) Assets and liabilities of financial instruments measured at fair value as of March 31, 2026 and 2025

	Millions of yen				Thousands of U.S. dollars			
	2026				2026			
	Carrying Amount				Carrying Amount			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥—	¥—	¥4,340	¥4,340	\$—	\$—	\$27,149	\$27,149
Securities								
Available-for-sale	561,005	580,851	6,189	1,148,046	3,508,698	3,632,819	38,709	7,180,226
Japanese stocks	34,201	1,277	—	35,478	213,908	7,987	—	221,895
Japanese national government bonds	146,587	—	—	146,587	916,799	—	—	916,799
Japanese local government bonds	—	91,465	—	91,465	—	572,055	—	572,055
Japanese corporate bonds	—	87,548	6,189	93,737	—	547,553	38,709	586,262
Foreign bonds	332,865	267,982	—	600,848	2,081,841	1,676,046	—	3,757,887
Other ^(Note 1)	47,351	132,577	0	179,928	296,150	829,178	0	1,125,328
Assets total	¥561,005	¥580,851	¥10,529	¥1,152,387	\$3,508,698	\$3,632,819	\$65,858	\$7,207,375
Derivatives ^(Notes 2 and 3)								
Interest rate contracts	¥(0)	¥33,194	¥1	¥33,196	\$(2)	\$207,610	\$12	\$207,620
Foreign exchange contracts	—	(43,232)	—	(43,232)	—	(270,391)	—	(270,391)
Equity contracts	2,826	—	—	2,826	17,680	—	—	17,680
Bond contracts	52	831	—	883	331	5,197	—	5,528
Commodity derivatives	—	322	—	322	—	2,015	—	2,015
Credit derivatives	—	589	—	589	—	3,686	—	3,686
Derivatives total	¥2,879	¥(8,295)	¥1	¥(5,414)	\$18,009	\$(51,883)	\$12	\$(33,862)

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	Millions of yen			
	2025			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥—	¥—	¥11,383	¥11,383
Securities				
Available-for-sale	514,566	543,403	28,563	1,086,533
Japanese stocks	25,694	1,317	—	27,012
Japanese national government bonds	128,590	—	—	128,590
Japanese local government bonds	—	33,700	—	33,700
Japanese corporate bonds	—	94,549	8,598	103,147
Foreign bonds	294,223	256,798	19,965	570,987
Other ^(Note 1)	66,058	157,036	0	223,095
Assets total	¥514,566	¥543,403	¥39,946	¥1,097,916
Derivatives ^(Notes 2 and 3)				
Interest rate contracts	¥(2)	¥35,807	¥1	¥35,807
Foreign exchange contracts	—	25,076	—	25,076
Equity contracts	1,050	—	—	1,050
Bond contracts	29	(239)	—	(209)
Commodity derivatives	—	563	—	563
Credit derivatives	—	997	—	997
Derivatives total	¥1,077	¥62,206	¥1	¥63,286

Notes: 1. In accordance with the Paragraph 24-3 and 24-9 of the 'Implementation Guidance on Accounting Standard for Fair Value Measurement' (ASBJ Guidance No. 31, issued on June 17, 2021), investment trusts where the net asset value is deemed to be the fair value are not included in the balance of the above table. As of March 31, 2026, the carrying amounts of investment trusts to which the treatment in Paragraph 24-3 and 24-9 are applied are ¥4,094 million (\$25,608 thousand) and ¥41,945 million (\$262,338 thousand), respectively. Similarly, as of March 31, 2025, the respective carrying amounts are ¥4,608 million and ¥39,537 million.

Reconciliation between the beginning and ending balance of investment trusts to which the treatment in Paragraph 24-9 is applied

Millions of yen							
2026							
As of April 1, 2025	Included in earnings of the period (Note i)	Included in other comprehensive income (Note ii)	Net amount of purchase, sale, redemption	The amount to which the net asset value of the investment trusts is deemed to be the fair value	The amount to which the net asset value of the investment trusts is not deemed to be the fair value	As of March 31, 2026	Net unrealized gains (losses) on investment trusts held at consolidated balance sheet date included in earnings of the period
¥39,537	¥1,253	¥246	¥907	¥—	¥—	¥41,945	¥1,039

Thousands of U.S. dollars							
2026							
As of April 1, 2025	Included in earnings of the period (Note i)	Included in other comprehensive income (Note ii)	Net amount of purchase, sale, redemption	The amount to which the net asset value of the investment trusts is deemed to be the fair value	The amount to which the net asset value of the investment trusts is not deemed to be the fair value	As of March 31, 2026	Net unrealized gains (losses) on investment trusts held at consolidated balance sheet date included in earnings of the period
\$247,280	\$7,839	\$1,544	\$5,675	\$—	\$—	\$262,338	\$6,503

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Millions of yen							
2025							
As of April 1, 2024	Included in earnings of the period (Note i)	Included in other comprehensive income (Note ii)	Net amount of purchase, sale, redemption	The amount to which the net asset value of the investment trusts is deemed to be the fair value	The amount to which the net asset value of the investment trusts is not deemed to be the fair value	As of March 31, 2025	Net unrealized gains (losses) on investment trusts held at consolidated balance sheet date included in earnings of the period
¥41,503	¥1,411	¥(828)	¥(2,549)	¥—	¥—	¥39,537	¥(61)

Notes: i. Included in 'Other ordinary income' in the consolidated statement of income.

ii. Included in 'Valuation difference on available-for-sale securities' under 'Other comprehensive income' in the consolidated statement of comprehensive income.

As for investment trusts to which the treatment in Paragraph 24-3 is applied, notes (3) and (4) in Paragraph 24-7 are omitted due to immaterial total amount recorded on the carrying amounts as of March 31, 2026 and 2025.

- Derivatives recorded in 'Trading account assets', 'Trading account liabilities', 'Other assets' and 'Other liabilities' are aggregated and shown herein in total. Assets and liabilities attributable to the derivative contracts are totally offset and the net liability position as a consequence of offsetting would be represented with brackets, if any.
- As for derivative transactions for which hedge accounting is applied, negative ¥34,085 million (negative \$213,180 thousand) and ¥28,928 million are recorded on the carrying amounts as of March 31, 2026 and 2025, respectively. These are currency swaps, etc. designated as hedging instruments in order to offset market fluctuations of foreign currency-denominated loans, etc., which are hedged items, and deferral hedge accounting is mainly applied.

2) Assets and liabilities of financial instruments not measured at fair value as of March 31, 2026 and 2025

'Cash and cash equivalents', 'Due from banks', 'Call loans and bills bought', 'Foreign exchange', 'Negotiable certificates of deposit', 'Call money and bills sold', 'Securities sold under repurchase agreements', and 'Cash collateral received for securities lent' are omitted from the following tables, since these instruments are mostly with short maturities (one year or less), and the fair value of these instruments is approximately equal to the book value.

	Millions of yen					
	2026					
	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (Note 1)	¥—	¥—	¥56,397	¥56,397	¥50,932	¥5,465
Money held in trust	—	2,146	9,867	12,014	11,053	960
Loans and bills discounted (Note 2)	—	698,796	3,764,990	4,463,787	4,434,004	29,783
Assets total	¥—	¥700,943	¥3,831,255	¥4,532,198	¥4,495,990	¥36,208
Deposits (excluding negotiable certificates of deposit)	¥—	¥3,235,835	¥2,782,305	¥6,018,140	¥6,030,775	¥(12,635)
Borrowed money	—	—	784,795	784,795	784,400	395
Bonds payable	—	58,182	—	58,182	57,962	220
Liabilities total	¥—	¥3,294,017	¥3,567,100	¥6,861,118	¥6,873,138	¥(12,019)

	Thousands of U.S. dollars					
	2026					
	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (Note 1)	\$—	\$—	\$352,727	\$352,727	\$318,546	\$34,181
Money held in trust	—	13,427	61,712	75,139	69,132	6,007
Loans and bills discounted (Note 2)	—	4,370,485	23,547,380	27,917,865	27,731,592	186,273
Assets total	\$—	\$4,383,912	\$23,961,819	\$28,345,731	\$28,119,270	\$226,461
Deposits (excluding negotiable certificates of deposit)	\$—	\$20,237,883	\$17,401,371	\$37,639,254	\$37,718,280	\$(79,026)
Borrowed money	—	—	4,908,347	4,908,347	4,905,873	2,474
Bonds payable	—	363,892	—	363,892	362,513	1,379
Liabilities total	\$—	\$20,601,775	\$22,309,718	\$42,911,493	\$42,986,666	\$(75,173)

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	Millions of yen					
	2025					
	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought ^(Note 1)	¥—	¥—	¥52,873	¥52,873	¥47,135	¥5,738
Money held in trust	—	3,751	10,303	14,055	12,728	1,326
Loans and bills discounted ^(Note 2)	—	643,054	3,561,682	4,204,736	4,136,263	68,472
Assets total	¥—	¥646,806	¥3,624,858	¥4,271,665	¥4,196,127	¥75,537
Deposits (excluding negotiable certificates of deposit)	¥—	¥2,970,085	¥2,621,908	¥5,591,993	¥5,598,301	¥(6,307)
Borrowed money	—	—	726,324	726,324	726,300	24
Bonds payable	—	125,040	—	125,040	124,640	399
Liabilities total	¥—	¥3,095,125	¥3,348,232	¥6,443,358	¥6,449,242	¥(5,883)

Notes: 1. Allowance for loan losses provided to 'Monetary claims bought' is directly deducted from the carrying amounts due to immateriality.

2. General allowance for loan losses and specific allowance for loan losses provided to 'Loans and bills discounted' are deducted by ¥52,388 million (\$327,653 thousand) and ¥70,300 million as of March 31, 2026 and 2025, respectively.

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Description of the valuation techniques and inputs used to measure fair value

(1) Monetary claims bought

Fair value of trust beneficiary rights, recorded as monetary claims bought which meet the criteria of securities for the purpose of accounting treatment, is measured using the same method as described in (3) Securities, below. The fair value is mainly determined as the present value of estimated future cash flows, discounted by the market interest rates, less accrued interest and is classified as Level 3. The estimated future cash flows are calculated by adjusting contractual payment of principal and interest and reflecting Probability of Default (PD) and Loss Given Default (LGD). PD is based on the internal credit ratings and LGD is based on the situations of underlying assets and collateral.

Fair value of monetary claims bought other than the above is measured using the same techniques as described in (4) Loans and bills discounted, below and is classified as Level 3.

(2) Money held in trust

Fair value of securities held as trust assets in individually operated money trusts whose main purpose is to manage securities is measured using the same techniques as described in (3) Securities, below and is classified as each level based on the type of the securities.

Fair value of monetary claims held as trust assets is measured using the same techniques as described in (4) Loans and bills discounted, below and is classified as either Level 2 or Level 3.

Notes on money held in trust by purpose of holding are described in Note 6, 'Money Held in Trust.'

(3) Securities

Fair value of stocks is valued at market prices quoted at exchanges and is mainly classified as Level 1 based on market activity.

Bonds that have a market price announced by certain industry associations or provided by information vendors are valued at those prices. Fair value of Japanese national government bonds etc. is classified as Level 1. Fair value of other bonds is classified as Level 2. Fair value of bonds that do not have a market price announced by certain industry associations or provided by information vendors is mainly determined as the present value of estimated future cash flows, discounted by the market interest rates, less accrued interest and is classified as Level 3. The estimated future cash flows are calculated by adjusting contractual payment of principal and interest and reflecting PD and LGD. PD is based on the internal credit ratings and LGD is based on the situations of underlying assets and collateral.

Fair value of investment trusts with market prices quoted at exchanges is valued at the price and is classified as Level 1 or Level 2 based on market activity. In addition, fair value of investment trusts with no market prices is valued at the net asset value and classified as Level 2 if there are no material restrictions on cancellation or repurchase requests that would require compensation for the risk from market participants.

Notes on securities by purpose of holding are described in Note 5, 'Securities.'

(4) Loans and bills discounted

Fair value of loans and bills discounted is mainly determined as the present value of estimated future cash flows, discounted by the market interest rates, less accrued interest and is classified as Level 3. The estimated future cash flows are calculated by adjusting contractual payment of principal and interest and reflecting PD and LGD. PD is based on the internal credit ratings and LGD is based on the situations of underlying assets and collateral.

Concerning compound financial instruments to which bifurcation accounting is applied, the contractual payments of principal and interest for the calculations are those of the host contracts where embedded derivatives are separated under bifurcation accounting. As for loans that are quantitatively insignificant, the book value is deemed as fair value.

Fair value of loans and bills discounted that have a price provided by information vendors is classified as Level 2 or Level 3.

As for loans to 'Bankrupt' borrowers, 'De facto bankrupt' borrowers and 'In danger of bankruptcy' borrowers, the collectable amount through the disposal of collateral or the execution of guarantees, or the present value of estimated future cash flows, etc., is deemed as the fair value and is classified as Level 3.

(5) Deposits

Fair value of deposits on demand is deemed as the payment amount if demanded on the consolidated balance sheet date (book value) and is classified as Level 2. Fair value of time deposits is principally determined as the present value of contractual payments of principal and interest less accrued interest and is classified as Level 3. The discount rate is the market interest rate, adjusted with average funding spreads of the Group observed within a specified period preceding the consolidated balance sheet date. Concerning compound financial instruments to which bifurcation accounting is applied, the contractual payments of principal and interest for the calculations are those of the host contracts where embedded derivatives are bifurcated under bifurcation accounting.

(6) Borrowed money

Since the fair value of borrowed money with short maturities is approximately equal to the book value, the fair value is deemed as the book value and is classified as Level 3. Other than that, the fair value is measured using the same techniques as for time deposits described in (5) Deposits above and is classified as Level 3. Concerning compound financial instruments to which bifurcation accounting is applied, the contractual payments of principal and interest for the calculations are those of the host contracts where embedded derivatives are bifurcated under bifurcation accounting.

(7) Bonds payable

Fair value of bonds payable is mainly measured using a market price announced by certain industry associations or provided by information vendors and is classified as Level 2.

(8) Derivatives

Fair value of listed derivatives is based on their closing prices. Fair value of over-the-counter derivative transactions is based on the discounted cash flow method or option pricing models, etc., using inputs such as interest rate, foreign exchange rate, volatility, etc. Fair value of over-the-counter derivative transactions is measured with adjustment of the counterparties' credit risk or the Group's own credit risk (Credit Value Adjustment or Debit Value Adjustment). Fair value of listed derivative transactions is mainly classified as Level 1. Fair value of over-the-counter derivative transactions is classified as Level 2 if observable inputs are available or impact of unobservable inputs to the fair values is not significant. If impact of unobservable inputs to the fair values is significant, it is classified as Level 3.

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Information about assets and liabilities measured at fair value and classified as Level 3

(1) Quantitative Information on significant unobservable inputs

Years Ended March 31

	2026			
	Valuation technique	Significant unobservable inputs	Range	Weighted average
Monetary claims bought	Discounted cash flow method	Probability of default	0.0%—0.0%	0.0%
		Recovery rate	55.0%	55.0%
Securities	Discounted cash flow method	Probability of default	0.0%—9.1%	1.3%
		Recovery rate	60.0%	60.0%
Derivatives				
Interest rate contracts	Option pricing model	Correlation between interest rates	1.3%	—
		Correlation between interest rate and foreign exchange rate	(10.0%)—9.0%	—

	2025			
	Valuation technique	Significant unobservable inputs	Range	Weighted average
Monetary claims bought	Discounted cash flow method	Probability of default	0.0%—0.0%	0.0%
		Recovery rate	55.0%	55.0%
Securities	Discounted cash flow method	Probability of default	0.0%—4.5%	0.4%
		Recovery rate	55.0%—60.0%	56.5%
Derivatives				
Interest rate contracts	Option pricing model	Correlation between interest rates	0.8%	—
		Correlation between interest rate and foreign exchange rate	(10.0%)—2.0%	—

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(2) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized in earnings of the period

	Millions of yen							
	2026							
	As of April 1, 2025	Included in earnings of the period (Note 1)	Included in other comprehensive income (Note 2)	Net amount of purchase, sale, issuance and settlement	Transfers into Level 3	Transfers out of Level 3	As of March 31, 2026	Net unrealized gains (losses) on assets and liabilities held at consolidated balance sheet date included in earnings of the period (Note 1)
Monetary claims bought	¥11,383	¥—	¥30	¥(7,072)	¥—	¥—	¥4,340	¥—
Securities								
Available-for-sale								
Japanese corporate bonds	8,598	—	(96)	(2,313)	—	—	6,189	—
Foreign bonds	19,965	—	34	(20,000)	—	—	—	—
Other	0	—	(0)	0	—	—	0	—
Derivatives (Note 3)								
Interest rate contracts	¥1	¥0	¥—	¥—	¥—	¥—	¥1	¥0

	Thousands of U.S. dollars							
	2026							
	As of April 1, 2025	Included in earnings of the period (Note 1)	Included in other comprehensive income (Note 2)	Net amount of purchase, sale, issuance and settlement	Transfers into Level 3	Transfers out of Level 3	As of March 31, 2026	Net unrealized gains (losses) on assets and liabilities held at consolidated balance sheet date included in earnings of the period (Note 1)
Monetary claims bought	\$71,194	\$—	\$191	\$(44,236)	\$—	\$—	\$27,149	\$—
Securities								
Available-for-sale								
Japanese corporate bonds	53,777	—	(601)	(14,467)	—	—	38,709	—
Foreign bonds	124,869	—	217	(125,086)	—	—	—	—
Other	0	—	(0)	0	—	—	0	—
Derivatives (Note 3)								
Interest rate contracts	\$11	\$1	\$—	\$—	\$—	\$—	\$12	\$1

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	Millions of yen							
	2025							
	As of April 1, 2024	Included in earnings of the period (Note 1)	Included in other comprehensive income (Note 2)	Net amount of purchase, sale, issuance and settlement	Transfers into Level 3	Transfers out of Level 3	As of March 31, 2025	Net unrealized gains (losses) on assets and liabilities held at consolidated balance sheet date included in earnings of the period (Note 1)
Monetary claims bought	¥20,060	¥—	¥(46)	¥(8,630)	¥—	¥—	¥11,383	¥—
Securities								
Available-for-sale								
Japanese corporate bonds	13,817	—	(91)	(5,127)	—	—	8,598	—
Foreign bonds	21,084	—	(119)	(1,000)	—	—	19,965	—
Other	0	—	—	—	—	—	0	—
Derivatives (Note 3)								
Interest rate contracts	¥3	¥(1)	¥—	¥—	¥—	¥—	¥1	¥(1)

Notes: 1. Included in consolidated statement of income.

2. Included in 'Valuation difference on available-for-sale securities' under 'Other comprehensive income' in the consolidated statement of comprehensive income.

3. Derivatives recorded in 'Trading account assets', 'Trading account liabilities', 'Other assets' and 'Other liabilities' are aggregated and shown herein in total. Assets and liabilities attributable to the derivative contracts are totally offset and the net liability position as a consequence of offsetting would be represented with brackets, if any.

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(3) Description of the fair value valuation process

The Financial Control Division of the Group establishes policies and procedures for the calculation of fair value and procedures for the use of valuation models, and the front division develops valuation models in accordance with such policies and procedures. The Risk Management Division verifies the reasonableness of the fair value valuation models, the inputs used, and the calculated fair values. In addition, the Financial Control Division classifies the fair value level based on the results of such verifications. If quoted prices obtained from third parties are used, those values are verified by using appropriate methods such as confirming the valuation techniques and inputs used, and comparing the fair value with that of similar financial instruments.

(4) Description of the sensitivity of the fair value to changes in significant unobservable inputs

Probability of default

Probability of default is an estimate of the likelihood that the default event will occur, and the Group will be unable to collect the contractual amounts. A significant increase (decrease) in the default rate would result in a significant decrease (increase) in a fair value.

Recovery rate

Recovery rate is an estimated proportion of the total outstanding balance of a bond or loan that is expected to be collected in a liquidation scenario. Recovery rate would affect estimation of future cash flows to a certain extent. A significant increase (decrease) in the recovery rate would result in a significant increase (decrease) in a fair value.

Correlation

Correlation is an indicator of the relation of variables such as interest rate, foreign exchange rate, stock price and commodity price. Correlation is estimated based on actual results in the past and is mainly used in valuation technique of complex derivatives. A significant change in correlation would generally result in a significant increase or decrease in a fair value according to the contractual terms of the financial instrument.

Non-marketable equity securities and Investments in partnerships

The following instruments are not included in 'Securities' in the above tables of 'Matters concerning fair value of financial instruments and breakdown by level within fair value hierarchy.'

Years Ended March 31

	Carrying amount	
	2026	
	Millions of yen	Thousands of U.S. dollars
Non-marketable equity securities ^(Notes 1 and 3)	¥14,370	\$89,881
Investments in partnerships ^(Note 2)	191,128	1,195,376

	Carrying amount
	2025
	Millions of yen
Non-marketable equity securities ^(Notes 1 and 3)	¥11,368
Investments in partnerships ^(Note 2)	177,902

- Notes: 1. Non-marketable equity securities include unlisted stocks, etc. and those fair values are not disclosed in accordance with the Paragraph 5 of the 'Implementation Guidance on Disclosures about Fair Value of Financial Instruments' (ASBJ Guidance No.19, issued on March 31, 2020).
2. Fair value of investments in partnerships is not disclosed in accordance with the Paragraph 24-16 of the 'Implementation Guidance on Accounting Standard for Fair Value Measurement' (ASBJ Guidance No. 31, issued on June 17, 2021).
3. The Group wrote off unlisted stocks, etc. in the amount of ¥64 million (\$403 thousand) during the year ended March 31, 2026. The Group wrote off unlisted stocks, etc. in the amount of ¥153 million during the year ended March 31, 2025.

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Maturity analysis for claims and securities with contractual maturities as of March 31, 2026 and 2025

Year Ended March 31, 2026

	Millions of yen					
	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Due from banks	¥1,505,239	¥—	¥—	¥—	¥—	¥—
Call loans and bills bought	81,283	—	—	—	—	—
Monetary claims bought ^(Note 1)	8,320	3,714	—	738	—	13,835
Securities:						
Available-for-sale securities with fixed maturity	175,038	96,060	145,550	156,021	151,628	208,338
Loans and bills discounted ^(Note 2)	1,279,537	1,122,352	943,524	675,015	165,661	254,161
Total	¥3,049,419	¥1,222,127	¥1,089,075	¥831,775	¥317,290	¥476,335

	Thousands of U.S. dollars					
	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Due from banks	\$9,414,220	\$—	\$—	\$—	\$—	\$—
Call loans and bills bought	508,374	—	—	—	—	—
Monetary claims bought ^(Note 1)	52,039	23,233	—	4,617	—	86,533
Securities:						
Available-for-sale securities with fixed maturity	1,094,742	600,789	910,318	975,806	948,332	1,303,014
Loans and bills discounted ^(Note 2)	8,002,608	7,019,532	5,901,084	4,221,752	1,036,096	1,589,601
Total	\$19,071,983	\$7,643,554	\$6,811,402	\$5,202,175	\$1,984,428	\$2,979,148

Notes: 1. Of monetary claims bought, the portion whose collection is unforeseeable, such as loans to 'Bankrupt' borrowers, loans to 'De facto bankrupt' borrowers and loans to 'In danger of bankruptcy' borrowers, amounting to ¥28,671 million (\$179,322 thousand) as of March 31, 2026, is not included in the table.

2. Of loans and bills discounted, the portion whose collection is unforeseeable, such as loans to 'Bankrupt' borrowers, loans to 'De facto bankrupt' borrowers and loans to 'In danger of bankruptcy' borrowers, amounting to ¥46,139 million (\$288,572 thousand) as of March 31, 2026, is not included in the table. There are no loans that do not have fixed maturity.

Year Ended March 31, 2025

	Millions of yen					
	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Due from banks	¥1,406,279	¥—	¥—	¥—	¥—	¥—
Call loans and bills bought	31,782	—	—	—	—	—
Monetary claims bought ^(Note 1)	14,057	4,340	—	5,507	7,474	—
Securities:						
Available-for-sale securities with fixed maturity	148,075	97,482	149,795	118,742	124,183	198,147
Loans and bills discounted ^(Note 2)	1,346,397	828,783	990,630	583,345	197,541	183,625
Total	¥2,946,591	¥930,605	¥1,140,425	¥707,594	¥329,199	¥381,772

Notes: 1. Of monetary claims bought, the portion whose collection is unforeseeable, such as loans to 'Bankrupt' borrowers, loans to 'De facto bankrupt' borrowers and loans to 'In danger of bankruptcy' borrowers, amounting to ¥27,150 million as of March 31, 2025, is not included in the table.

2. Of loans and bills discounted, the portion whose collection is unforeseeable, such as loans to 'Bankrupt' borrowers, loans to 'De facto bankrupt' borrowers and loans to 'In danger of bankruptcy' borrowers, amounting to ¥76,241 million as of March 31, 2025, is not included in the table. There are no loans that do not have fixed maturity.

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Maturity analysis for interest-bearing liabilities as of March 31, 2026 and 2025

Year Ended March 31, 2026

	Millions of yen					
	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits (excluding negotiable certificates of deposit)	¥4,828,090	¥311,727	¥301,598	¥134,992	¥129,315	¥325,050
Negotiable certificates of deposit	63,700	—	—	—	—	—
Call money and bills sold	50,993	—	—	—	—	—
Securities sold under repurchase agreements	38,123	—	—	—	—	—
Cash collateral received for securities lent	375,943	—	—	—	—	—
Borrowed money	304,100	29,000	39,100	133,800	118,000	160,400
Bonds payable	57,962	—	—	—	—	—
Total	¥5,718,913	¥340,727	¥340,698	¥268,792	¥247,315	¥485,450

	Thousands of U.S. dollars					
	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits (excluding negotiable certificates of deposit)	\$30,196,328	\$1,949,637	\$1,886,289	\$844,286	\$808,780	\$2,032,960
Negotiable certificates of deposit	398,399	—	—	—	—	—
Call money and bills sold	318,928	—	—	—	—	—
Securities sold under repurchase agreements	238,438	—	—	—	—	—
Cash collateral received for securities lent	2,351,263	—	—	—	—	—
Borrowed money	1,901,932	181,375	244,543	836,825	738,008	1,003,190
Bonds payable	362,513	—	—	—	—	—
Total	\$35,767,801	\$2,131,012	\$2,130,832	\$1,681,111	\$1,546,788	\$3,036,150

Note: Deposits on demand (current deposits, ordinary deposits and deposits at notice) are included in '1 year or less.'

Year Ended March 31, 2025

	Millions of yen					
	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits (excluding negotiable certificates of deposit)	¥4,415,944	¥258,929	¥298,472	¥144,266	¥132,187	¥348,500
Negotiable certificates of deposit	74,600	—	—	—	—	—
Call money and bills sold	5,000	—	—	—	—	—
Securities sold under repurchase agreements	27,924	—	—	—	—	—
Cash collateral received for securities lent	345,719	—	—	—	—	—
Borrowed money	258,000	15,500	47,000	80,500	151,700	173,600
Bonds payable	69,797	54,843	—	—	—	—
Total	¥5,196,986	¥329,272	¥345,472	¥224,766	¥283,887	¥522,100

Note: Deposits on demand (current deposits, ordinary deposits and deposits at notice) are included in '1 year or less.'

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28. Derivatives

The qualitative nature of derivative transactions, such as the type of derivatives, policy and purpose of using derivatives, risks and risk control systems for derivatives, are described in Note 27, 'Financial Instruments and Related Disclosures.'

(1) Derivative transactions for which hedge accounting is not applied

The Group had the following derivative contracts, which were listed on exchanges, outstanding as of March 31, 2026 and 2025:

	Millions of yen				Thousands of U.S. dollars			
	Contract or notional amount	Due after 1 year	Fair Value	Valuation gain/(loss)	Contract or notional amount	Due after 1 year	Fair Value	Valuation gain/(loss)
March 31, 2026								
Interest rate contracts;								
Futures sold	¥—	¥—	¥—	¥—	\$—	\$—	\$—	\$—
Futures bought	17,514	—	(2)	(2)	109,543	—	(16)	(16)
Bond contracts:								
Futures sold	7,995	—	39	39	50,009	—	247	247
Futures bought	10,549	—	(4)	(4)	65,977	—	(26)	(26)
Futures options written	4,317	—	(23)	3	27,000	—	(144)	24
Futures options purchased	7,274	—	40	(8)	45,500	—	253	(55)
Equity contracts:								
Index futures sold	6,294	—	302	302	39,366	—	1,894	1,894
Index futures bought	1,030	—	(1)	(1)	6,443	—	(9)	(9)
Index options written	7,362	—	(31)	623	46,049	—	(198)	3,902
Index options purchased	7,962	—	2,557	1,892	49,799	—	15,992	11,834
March 31, 2025								
Interest rate contracts;								
Futures sold	¥34,822	¥—	¥(0)	¥(0)				
Futures bought	14,313	—	(1)	(1)				
Bond contracts:								
Futures sold	4,058	—	(4)	(4)				
Futures bought	8,509	—	10	10				
Futures options written	—	—	—	—				
Futures options purchased	3,738	—	23	3				
Equity contracts:								
Index futures sold	4,497	—	82	82				
Index futures bought	986	—	5	5				
Index options written	22,660	7,850	(229)	1,326				
Index options purchased	21,012	6,850	1,191	4				

Notes: 1. The contracts or notional amounts of derivatives which are shown in the above table do not necessarily represent the amounts exchanged by the parties and do not measure the exposure of the Group to credit or market risk.

2. Derivative transactions shown above are stated at fair value in the accompanying consolidated financial statements.

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The Group had the following derivative contracts, which were not listed on exchanges, outstanding as of March 31, 2026 and 2025:

	Millions of yen				Thousands of U.S. dollars			
	Contract or notional amount	Due after 1 year	Fair Value	Valuation gain/(loss)	Contract or notional amount	Due after 1 year	Fair Value	Valuation gain/(loss)
March 31, 2026								
Interest rate contracts:								
Interest rate swaps:								
Receive fixed and pay floating	¥6,627,468	¥5,949,664	¥(388,500)	¥(388,500)	\$41,450,173	\$37,210,986	\$(2,429,800)	\$(2,429,800)
Receive floating and pay fixed	6,753,992	5,966,464	416,227	416,227	42,241,494	37,316,056	2,603,212	2,603,212
Receive floating and pay floating	386,900	360,570	23,941	23,941	2,419,789	2,255,113	149,736	149,736
Other contracts sold	2,041,577	1,771,777	(31,584)	(31,584)	12,768,635	11,081,225	(197,539)	(197,539)
Other contracts bought	728,515	573,840	13,115	13,115	4,556,351	3,588,967	82,028	82,028
Foreign exchange contracts:								
Currency swaps	658,725	298,633	(2,274)	(2,274)	4,119,869	1,867,742	(14,226)	(14,226)
Forward exchange contracts sold	489,947	28,729	(22,473)	(22,473)	3,064,280	179,685	(140,558)	(140,558)
Forward exchange contracts bought	343,642	73,978	41,140	41,140	2,149,241	462,685	257,308	257,308
Options written	985,930	666,229	(62,233)	(23,852)	6,166,308	4,166,798	(389,225)	(149,181)
Options purchased	888,765	603,691	35,679	7,323	5,558,603	3,775,668	223,150	45,805
Commodity derivatives:								
Commodity swaps:								
Receive fixed and pay floating	17,589	6,235	(7,094)	(7,094)	110,010	38,999	(44,372)	(44,372)
Receive floating and pay fixed	17,269	6,072	7,416	7,416	108,011	37,977	46,386	46,386
Credit derivatives:								
CDS sold	101,395	67,680	1,281	1,281	634,155	423,291	8,012	8,012
CDS bought	92,500	66,400	(691)	(691)	578,523	415,286	(4,326)	(4,326)
Internal transactions:								
Interest rate swaps:								
Receive fixed and pay floating	509,096	423,602	(10,092)	(10,092)	3,184,043	2,649,336	(63,124)	(63,124)
Receive floating and pay fixed	400,500	365,500	8,489	8,489	2,504,847	2,285,947	53,094	53,094
Currency swaps	594,200	245,400	3,432	3,432	3,716,305	1,534,805	21,468	21,468
March 31, 2025								
Interest rate contracts:								
Interest rate swaps:								
Receive fixed and pay floating	¥4,834,946	¥4,174,240	¥(159,571)	¥(159,571)				
Receive floating and pay fixed	5,053,509	4,206,543	190,695	190,695				
Receive floating and pay floating	504,010	368,150	13,820	13,820				
Other contracts sold	2,186,069	1,890,500	(10,826)	(10,826)				
Other contracts bought	771,535	702,455	1,691	1,691				
Foreign exchange contracts:								
Currency swaps	684,172	299,005	(4,013)	(4,013)				
Forward exchange contracts sold	452,908	38,503	(15,104)	(15,104)				
Forward exchange contracts bought	305,418	85,473	35,438	35,438				
Options written	774,059	528,500	(54,088)	(23,269)				
Options purchased	701,603	481,369	34,334	10,643				
Commodity derivatives:								
Commodity swaps:								
Receive fixed and pay floating	20,251	4,319	271	271				
Receive floating and pay fixed	19,675	4,176	292	292				
Credit derivatives:								
CDS sold	121,395	100,895	1,994	1,994				
CDS bought	111,900	89,750	(996)	(996)				
Internal transactions:								
Interest rate swaps:								
Receive fixed and pay floating	473,062	388,386	(8,632)	(8,632)				
Receive floating and pay fixed	341,000	321,000	3,167	3,167				
Currency swaps	657,600	260,300	4,863	4,863				

Notes: 1. The contracts or notional amounts of derivatives which are shown in the above table do not necessarily represent the amounts exchanged by the parties and do not measure the exposure of the Group to credit or market risk.

2. Derivative transactions shown above are stated at fair value in the accompanying consolidated financial statements.

3. Other contracts sold and bought of 'Interest rate contracts' were mainly swaptions.

4. Foreign exchange profit/loss generated from the notional amount exposure of currency swaps, amounting to a gain of ¥15 million (\$99 thousand) and a loss of ¥56 million as of March 31, 2026 and 2025, respectively, are excluded from 'Fair Value' and 'Valuation gain/(loss)' shown above.

5. Commodity derivatives are mainly related to oil and non-ferrous metal.

6. CDS is the abbreviation for credit default swaps.

7. 'Sold' credit derivatives represent credit risk taking. 'Bought' credit derivatives represent credit risk transfer.

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(2) Derivative transactions for which hedge accounting is applied

The Group had the following derivative contracts for which hedge accounting is applied as of March 31, 2026 and 2025:

	Millions of yen			Thousands of U.S. dollars		
	Contract or notional amount	Due after 1 year	Fair Value	Contract or notional amount	Due after 1 year	Fair Value
March 31, 2026						
Interest rate contracts						
Interest rate swaps						
Receive fixed and pay floating	¥400,500	¥365,500	¥(8,489)	\$2,504,847	\$2,285,947	\$(53,094)
Receive floating and pay fixed	509,096	423,602	10,092	3,184,043	2,649,336	63,124
Bond contracts						
Total return swaps	39,295	—	831	245,766	—	5,197
Foreign exchange contracts:						
Currency swaps	609,657	251,143	(3,432)	3,812,983	1,570,725	(21,468)
Forward exchange contracts	869,285	—	(17,634)	5,436,769	—	(110,292)
March 31, 2025						
Interest rate contracts						
Interest rate swaps						
Receive fixed and pay floating	¥341,000	¥321,000	¥(3,167)			
Receive floating and pay fixed	473,062	388,386	8,632			
Bond contracts						
Total return swaps	58,978	—	(239)			
Foreign exchange contracts:						
Currency swaps	638,200	253,033	(4,863)			
Forward exchange contracts	875,564	—	9,290			

- Notes: 1. The contracts or notional amounts of derivatives which are shown in the above table do not necessarily represent the amounts exchanged by the parties and do not measure the exposure of the Group to credit or market risk.
2. The main hedged items for interest rate swaps are interest-bearing financial assets or liabilities, such as loans, available-for-sale securities and deposits.
3. The main hedged items for total return swaps are stock-price-bearing financial assets, such as available-for-sale securities.
4. The main hedged items for currency swaps and forward exchange contracts are foreign-currency-denominated financial assets or liabilities, such as loans and securities.
5. For the interest rate swaps shown above, deferred hedge accounting is applied mainly in accordance with the JICPA Industry Committee Practical Guideline No. 24.
6. For the currency swaps and forward exchange contracts shown above, deferred hedge accounting is applied mainly in accordance with the JICPA Industry Committee Practical Guideline No. 25.
7. Foreign exchange profit/loss generated from the notional amount exposure of currency swaps, amounting to a loss of ¥15,452 million (\$96,647 thousand) and a gain of ¥19,275 million as of March 31, 2026 and 2025, respectively, are excluded from 'Fair Value' shown above.

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29. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Reclassification and tax effect related to comprehensive income			
Valuation difference on available-for-sale securities:			
Difference arising during the year	¥11,609	¥9,972	\$72,607
Reclassification adjustment to profit or loss	6,365	(5,800)	39,811
Amount before income taxes and income tax effect	17,974	4,172	112,418
Income taxes and income tax effect	(3,380)	2,093	(21,141)
Valuation difference on available-for-sale securities	14,594	6,265	91,277
Deferred gains or losses on hedges:			
Gains (losses) arising during the year	(50,482)	(72,416)	(315,730)
Reclassification adjustment to profit or loss	48,892	66,965	305,790
Amount before income taxes and income tax effect	(1,589)	(5,451)	(9,940)
Income taxes and income tax effect	526	1,637	3,290
Deferred gains or losses on hedges	(1,063)	(3,814)	(6,650)
Foreign currency translation adjustment:			
Adjustments arising during the year	1,790	(379)	11,196
Reclassification adjustment to profit or loss	—	(3,408)	—
Amount before income taxes and income tax effect	1,790	(3,787)	11,196
Income taxes and income tax effect	—	1,039	—
Foreign currency translation adjustment	1,790	(2,748)	11,196
Remeasurements of defined benefit plans:			
Adjustments arising during the year	2,926	591	18,301
Reclassification adjustment to profit or loss	(990)	(535)	(6,194)
Amount before income taxes and income tax effect	1,935	55	12,107
Income taxes and income tax effect	(610)	(47)	(3,816)
Remeasurements of defined benefit plans	1,325	8	8,291
Share of other comprehensive income (loss) in associates:			
Adjustments arising during the year	(1,720)	2,215	(10,763)
Reclassification adjustment to profit or loss	—	—	—
Amount before income taxes and income tax effect	(1,720)	2,215	(10,763)
Income taxes and income tax effect	—	—	—
Share of other comprehensive income (loss) in associates	(1,720)	2,215	(10,763)
Other comprehensive income total	¥14,925	¥1,927	\$93,351

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30. Per Share Information

The reconciliation of differences between basic and diluted net income per share (EPS) for the years ended March 31, 2026 and 2025, was as follows:

	Millions of yen	Thousands of Shares	Yen	U.S. dollars
	Net Income	Weighted-Average Number of Shares	EPS	
Year Ended March 31, 2026				
Basic EPS—Net income attributable to common stockholders (Net income attributable to owners of the parent)	¥25,705	138,381	¥185.75	\$1.16
Effect of dilutive securities— Share acquisition rights to shares	—	257		
Diluted EPS—Net income for computation	¥25,705	138,638	¥185.41	\$1.16
Year Ended March 31, 2025				
Basic EPS—Net income attributable to common stockholders (Net income attributable to owners of the parent)	¥20,518	133,006	¥154.26	
Effect of dilutive securities— Share acquisition rights to shares	—	213		
Diluted EPS—Net income for computation	¥20,518	133,220	¥154.02	

Net assets per share of common stock as of March 31, 2026 and 2025, were as follows:

	Yen		U.S. dollars
	2026	2025	2026
Net assets per share of common stock	¥3,463.73	¥3,258.51	\$21.66

Net assets per share of common stock as of March 31, 2026 and 2025, were calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Total equity	¥491,611	¥459,685	\$3,074,687
Deductions from total equity:			
Non-controlling interests	11,669	8,267	72,983
Share acquisition rights	626	501	3,921
Net assets attributable to common stock at the end of the year	¥479,315	¥450,916	\$2,997,783
Number of shares of common stock at the end of the year used for the calculation of net assets per share of common stock (shares in thousands)	138,381	138,381	

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31. Segment Information

(1) Segment information

Segment information for the years ended March 31, 2026 and 2025, was as follows:

1) Description of reportable segments

(a) Identification of operating segments

The Bank has classified its Group's business operations into business groups and business units based upon the nature of the customers served and products offered: Strategic Investments Unit, Market & International Business Unit, Customer Relations Unit and GMO Aozora Net Bank. The Bank has designated these business units as operating segments and reportable segments for the purpose of the disclosures contained herein.

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

(b) Services provided by each reportable segment

Strategic Investments Unit consists of Corporate Banking Group, M&A Advisory Group, Acquisition & Structured Finance Group, Environment Business Group, Special Situations Group and Real Estate Finance Group. Strategic Investments Unit offers financial services to corporate customers. Major services offered by Strategic Investments Unit are loans and deposits, sale of financial products, private equity operations, M&A advisory, acquisition finance, environmental project finance, corporate restructuring finance, domestic real estate finance and other financial services.

Market & International Business Unit consists of Financial Markets Group, International Business Group and Real Estate Finance Group. Market & International Business Unit offers derivatives and foreign exchange products to customers, trading derivatives and foreign exchange products, ALM operations overseas loans and investments, overseas real estate finance and other financial services.

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

GMO Aozora Net Bank is a consolidated subsidiary of the Bank. GMO Aozora Net Bank offers deposits, foreign exchange and loans (for corporate customers, mainly startups and small and medium-sized enterprises) and deposits (for retail customers), and other financial services.

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

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

Business revenue includes 'Consolidated net revenue,' 'Equity in earnings of associates,' and 'Gains (losses) on stock transactions, etc'.

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

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

3) Changes in reportable segments

(a) Changes in the method for classifying reportable segments

The Bank made an organizational change to better align the Group's management structure with the Mid-term Plan spanning fiscal years 2025 to 2027 from the beginning of the year ended March 31, 2026. As a result, the method of classifying reportable segments has been changed. More specifically, the former classification of six reportable segments (Institutional Banking Group, Structured Finance Group, International Business Group, Market Group, Customer Relations Group, and GMO Aozora Net Bank) has been changed to four segments: Strategic Investments Unit, Market & International Business Unit, Customer Relations Unit and GMO Aozora Net Bank.

(b) Changes in the method of measurement for the amount of revenues, profit (loss) by reportable segments

The Bank revised the method for evaluating its funding activity, which is a growth base in the Mid-term Plan, to include the amount of earnings commensurate with the degree of contribution related to funding activity in Consolidated net revenue of each unit from the beginning of the year ended March 31, 2026.

The information regarding reportable segments for the year ended March 31, 2025 has been updated to reflect these new reportable segments and revenue management methods.

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

Year ended March 31, 2026

	Millions of yen				
	Strategic Investment Unit	Market & International Business Unit	Customer Relations Unit	GMO Aozora Net Bank	Total
Consolidated net revenue	¥61,178	¥15,324	¥11,055	¥14,266	¥101,825
Equity in earnings of associates	—	2,926	—	—	2,926
Gains (losses) on stock transactions, etc.	575	(142)	249	—	682
Business revenue	61,754	18,108	11,305	14,266	105,434
General and administrative expenses	23,116	14,184	10,141	12,291	59,733
Business profit (loss)	38,637	3,923	1,164	1,974	45,700
Segment assets	2,940,409	3,848,407	114,054	1,254,286	8,157,157
Segment liabilities	393,056	1,399,736	4,979,671	1,225,126	7,997,590

	Thousands of U.S. dollars				
	Strategic Investment Unit	Market & International Business Unit	Customer Relations Unit	GMO Aozora Net Bank	Total
Consolidated net revenue	\$382,631	\$95,841	\$69,147	\$89,226	\$636,845
Equity in earnings of associates	—	18,302	—	—	18,302
Gains (losses) on stock transactions, etc.	3,598	(890)	1,563	—	4,271
Business revenue	386,229	113,253	70,710	89,226	659,418
General and administrative expenses	144,578	88,714	63,426	76,874	373,592
Business profit (loss)	241,651	24,539	7,284	12,352	285,826
Segment assets	18,390,202	24,069,095	713,330	7,844,682	51,017,309
Segment liabilities	2,458,295	8,754,369	31,144,356	7,662,307	50,019,327

- Notes: 1. Due to the nature of the banking business, the Bank uses 'Business revenue' as a substitute for 'Sales' as would be used by non-financial service companies. 'Business revenue' includes 'Consolidated net revenue,' 'Equity in earnings of associates,' and 'Gains (losses) on stock transactions, etc.' Consolidated net revenue represents the total of net interest income, trust fees, net fees and commissions, net gains on trading account transactions and net other ordinary income recorded in the consolidated statement of income as well as the amount of earnings commensurate with the degree of contribution related to funding activity. Gains (losses) on stock transactions, etc. represents the total of Gains (losses) on sales of stocks and other securities, losses on devaluation of stocks and other securities and Gains (losses) on equity derivatives, etc. The Bank oversees its revenue by reportable segment using business revenue. The Bank offsets interest income and interest expense for the management purpose, therefore, revenue in transactions between reportable segments is not disclosed.
2. Depreciation expenses are included in the general and administrative expenses of each reportable segment, but are not disclosed as a separate item, because in the calculation process of the business profit (loss), a part of depreciation expenses is allocated to each reportable segment, aggregated with other general and administrative expenses. Therefore, depreciation expenses by reportable segment are not managed separately. The amount of depreciation expense for the year is ¥7,368 million (\$46,084 thousand).
3. Segment assets of Market & International Business Unit include investments in entities applying equity methods of ¥35,238 million (\$220,391 thousand).

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Year ended March 31, 2025

	Millions of yen				
	Strategic Investment Unit	Market & International Business Unit	Customer Relations Unit	GMO Aozora Net Bank	Total
Consolidated net revenue	¥50,320	¥19,969	¥11,308	¥9,210	¥90,808
Equity in earnings of associates	—	2,265	—	—	2,265
Gains (losses) on stock transactions, etc.	(564)	2	659	—	96
Business revenue	49,756	22,236	11,967	9,210	93,170
General and administrative expenses	21,994	14,665	10,479	9,611	56,750
Business profit (loss)	27,761	7,571	1,488	(400)	36,420
Segment assets	2,594,148	3,684,487	189,784	941,563	7,409,983
Segment liabilities	367,525	1,034,804	4,835,857	946,549	7,184,737

- Notes: 1. Due to the nature of the banking business, the Bank uses 'Business revenue' as a substitute for 'Sales' as would be used by non-financial service companies. 'Business revenue' includes 'Consolidated net revenue,' 'Equity in earnings of associates,' and 'Gains (losses) on stock transactions, etc.' Consolidated net revenue represents the total of net interest income, trust fees, net fees and commissions, net gains on trading account transactions and net other ordinary income recorded in the consolidated statement of income as well as the amount of earnings commensurate with the degree of contribution related to funding activity. Gains (losses) on stock transactions, etc. represents the total of Gains (losses) on sales of stocks and other securities, losses on devaluation of stocks and other securities and Gains (losses) on equity derivatives. The Bank oversees its revenue by reportable segment using business revenue. The Bank offsets interest income and interest expense for the management purpose, therefore, revenue in transactions between reportable segments is not disclosed.
2. Depreciation expenses are included in the general and administrative expenses of each reportable segment, but are not disclosed as a separate item, because in the calculation process of the business profit (loss), a part of depreciation expenses is allocated to each reportable segment, aggregated with other general and administrative expenses. Therefore, depreciation expenses by reportable segment are not managed separately. The amount of depreciation expense for the year is ¥7,252 million.
3. Segment assets of Market & International Business Unit include investments in entities applying equity methods of ¥35,508 million.

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5) Reconciliation between total segment amounts and the consolidated financial statements

(a) Reconciliation between total business revenue of reportable segments and business revenue derived from the consolidated statement of income for the years ended March 31, 2026 and 2025, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Total business revenue of reportable segments	¥105,434	¥93,170	\$659,418
Variances resulting from profit or loss not covered by reportable segments or differences in the basis of revenue and expense recognition and measurement	(3,233)	(3,147)	(20,224)
Business revenue derived from the consolidated statement of income	¥102,200	¥90,023	\$639,194

(b) Reconciliation between total business profits and income before income taxes in the consolidated statement of income for the years ended March 31, 2026 and 2025, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Total business profits (losses)	¥45,700	¥36,420	\$285,826
Variances resulting from profit or loss not covered by reportable segments or differences in the basis of revenue and expense recognition and measurement	(10,444)	(9,276)	(65,320)
Amortization of actuarial differences on retirement benefit plans, etc.	944	494	5,905
Credit-related expenses, etc.	(8,465)	(9,445)	(52,944)
Others, including net extraordinary income	(564)	1,193	(3,528)
Income before income taxes in the consolidated statement of income	¥27,171	¥19,386	\$169,939

Notes:

1. Credit-related expenses, etc., represent the total of write-off of loans, provision of allowance for loan losses and losses on disposition of non-performing loans.
2. 'Variances resulting from profit or loss not covered by reportable segments or differences in the basis of revenue and expense recognition and measurement' include the amount of earnings commensurate with the degree of contribution related to funding activity of negative ¥3,764 million (\$23,545 thousand) for the year ended March 31, 2026 and negative ¥3,620 million for the year ended March 31, 2025.

(c) Reconciliation between total segment assets and total assets in the consolidated balance sheet as of March 31, 2026 and 2025, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Total segment assets	¥8,157,157	¥7,409,983	\$51,017,309
Allowance for loan losses	(33,552)	(37,809)	(209,850)
Assets not allocated to reportable segments	478,069	390,260	2,989,984
Total assets in the consolidated balance sheet	¥8,601,673	¥7,762,434	\$53,797,443

Note: As of March 31, 2026, assets not allocated to reportable segments include foreign exchange of ¥46,837 million (\$292,935 thousand), other assets of ¥333,060 million (\$2,083,059 thousand), fixed assets of ¥40,966 million (\$256,216 thousand) and deferred tax assets of ¥49,790 million (\$311,407 thousand). As of March 31, 2025, assets not allocated to reportable segments include foreign exchange of ¥46,420 million, other assets of ¥246,738 million, fixed assets of ¥41,460 million and deferred tax assets of ¥51,583 million.

(d) Reconciliation between total segment liabilities and total liabilities in the consolidated balance sheet as of March 31, 2026 and 2025, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Total segment liabilities	¥7,997,590	¥7,184,737	\$50,019,327
Liabilities not allocated to reportable segments	112,471	118,011	703,429
Total liabilities in the consolidated balance sheet	¥8,110,061	¥7,302,748	\$50,722,756

Note: As of March 31, 2026, liabilities not allocated to reportable segments include other liabilities of ¥89,516 million (\$559,864 thousand) and retirement benefit liability of ¥9,875 million (\$61,766 thousand). As of March 31, 2025, liabilities not allocated to reportable segments include other liabilities of ¥81,350 million and retirement benefit liability of ¥10,353 million.

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(e) Detailed information on revenues from contracts with customers

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Fees and commissions income (including trust fees)	¥39,852	¥31,511	\$249,249
Loan business and deposit related	12,924	9,795	80,836
Securities and agency related	8,616	8,152	53,889
Others	18,311	13,563	114,525

Note: Of fees and commissions income (including trust fees), revenues from loan business and deposit related are mainly recorded in Strategic Investments Unit, revenues from securities and agency related are mainly recorded in Customer Relations Unit and revenues from others are mainly recorded in GMO Aozora Net Bank.

The above table also includes revenues based on ASBJ Statement No. 10 'Accounting Standard for Financial Instruments' and other guidance.

(2) Related information

1) Segment information by service

Year ended March 31, 2026

	Millions of yen				
	Lending	Securities investment	Derivatives, etc.	Others	Total
Ordinary income from external customers	¥134,630	¥52,004	¥8,187	¥47,491	¥242,314

	Thousands of U.S. dollars				
	Lending	Securities investment	Derivatives, etc.	Others	Total
Ordinary income from external customers	\$842,021	\$325,254	\$51,206	\$297,026	\$1,515,507

Note: 'Ordinary income', that is calculated as total income less non-recurring income such as gains on disposal of fixed assets, is presented instead of 'Sales' as would be used by non-financial service companies.

Year ended March 31, 2025

	Millions of yen				
	Lending	Securities investment	Derivatives, etc.	Others	Total
Ordinary income from external customers	¥140,937	¥45,691	¥8,553	¥36,279	¥231,460

Note: 'Ordinary income', that is calculated as total income less non-recurring income such as gains on disposal of fixed assets, is presented instead of 'Sales' as would be used by non-financial service companies.

2) Segment information by geographic region

(a) Ordinary income

The information by geographic region has been omitted as the transaction data on each customer regarding interest income, gains on sales of securities and income related to derivative transactions, etc., were not available to be segmented by customers' domicile.

(b) Tangible fixed assets

The information by geographic region has been omitted as the amounts of tangible fixed assets located in Japan exceeded 90% of the total amount of tangible fixed assets in the consolidated balance sheet as of March 31, 2026 and 2025.

3) Segment information by major customer

The information by major customer has been omitted as ordinary income from any particular customer was less than 10% of ordinary income in the consolidated statement of income.

Consolidated Financial Statements

(3) Segment information on impairment losses on fixed assets by reportable segment

For the year ended March 31, 2026

The description is omitted because it is immaterial.

For the year ended March 31, 2025

The description is omitted because it is immaterial.

(4) Segment information on amortization and unamortized portion of goodwill by reportable segment

Not applicable

(5) Segment information on profit on negative goodwill by reportable segment

Not applicable

32. Related-Party Transactions

(1) Related-Party Transactions

There were no material related party transactions to be disclosed for the years ended March 31, 2026 and 2025.

(2) Information on the parent company (including entities similar to partnerships) is as follows:

1) Parent company

Not applicable

2) Summarized financial information regarding significant affiliated company

For the year ended March 31, 2026, significant affiliated company is Orient Commercial Joint Stock Bank, and the summarized consolidated financial information are as follows:

	Millions of yen		Thousands of U.S. dollars
	December 31, 2025	December 31, 2024	December 31, 2025
Total Assets	¥1,905,401	¥1,740,416	\$11,916,955
Total Liabilities	1,705,246	1,544,056	10,665,122
Total Equity	200,155	196,360	1,251,833

	Millions of yen		Thousands of U.S. dollars
	For the year ended December 31, 2025	For the year ended December 31, 2024	For the year ended December 31, 2025
Total Income	¥134,710	¥120,044	\$842,522
Income before income taxes	29,130	24,037	182,189
Net income	23,258	19,040	145,465

33. Subsequent Events

(1) Appropriation of retained earnings

The following distribution of retained earnings to the stockholders of record as of March 31, 2026, was approved at the Board of Directors' meeting held on May 14, 2026.

	Millions of yen	Thousands of U.S. dollars
Year-end dividends:		
Common stock, ¥25.00 (\$0.16) per share	¥3,459	\$21,637



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Aozora Bank, Ltd.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Aozora Bank, Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2026, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Member of
Deloitte Touche Tohmatsu Limited

Independent Auditor's Report

In the audit for the consolidated financial statements for the year ended March 31, 2026, we identified following matters as key audit matters:

- Estimation of an allowance for loan losses
- Recoverability of deferred tax assets

Estimation of an allowance for loan losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
The Group recorded an allowance for loan losses of 52.9 billion yen against loans and bills discounted of 4,486.3 billion yen and other receivables in the consolidated balance sheet as of March 31, 2026. As described in Note 2 "Summary of Significant Accounting Policies" (10) "Write-off of Loans and Allowance for Loan Losses" to the consolidated financial statements, the Group monitors all loans in accordance with the internal self-assessment standards and other guidance. The operating divisions review the internal credit ratings of the borrowers on an ongoing basis, which is consistent with the borrower categories. The internal credit ratings are then approved by the divisions in charge of credit. In addition, the division in charge of asset assessment, which is independent of the operating divisions and the divisions in charge of credit, reviews the appropriateness of the internal credit ratings on a sample basis. For the allowance for loan losses, the operating divisions initially determine the write-offs of loans and the allowances for loan losses, and the division in charge of asset assessment reviews these estimates and determines the final amounts based on the borrower categories as of the year-end following the aforementioned process. The allowance for loan losses is recognized depending on the borrowers' financial conditions, the value of collateral held, and the effects of external environments, such as interest rates, foreign exchange rates or inflation trends. Such estimation involves uncertainty and requires significant judgment by management. As described in Note 2 "Summary of Significant Accounting Policies" (21) "Significant Accounting Estimates" 1) "Allowance for loan losses" to the consolidated financial statements, loans include loans to borrowers, which have recognized goodwill as a result of business acquisitions. In estimating the allowance for loan losses on loans to such borrowers, the evaluation of the feasibility of the future plan of the acquired business involves significant uncertainty and subjective judgment.	To examine the appropriateness of the estimation of the allowance for loan losses, we performed the following audit procedures with respect to borrowers which have recognized goodwill as a result of business acquisitions and whose borrower categories are determined primarily based on the feasibility of their business plans. (Evaluation of controls) • To evaluate the effectiveness of internal controls over the verification of borrower categories conducted by the division in charge of asset assessment, which is independent of the operating divisions and the divisions in charge of credit, we inquired of the division in charge of asset assessment, whether it adequately evaluated the feasibility of the borrowers' business plans in accordance with the internal self-assessment standards and other guidance, and inspected relevant supporting documentation. (Substantive procedures) • We inspected the internal self-assessment standards and other guidance used to determine borrower categories, and evaluated the appropriateness thereof. • Among borrowers which have recognized goodwill as a result of business acquisitions, for those we determined to be particularly significant in evaluating the feasibility of their business plans, we performed the following audit procedures, among others, and evaluated the reasonableness thereof: • Regarding the overview of the business plan, the underlying business environment and other assumptions, we inspected relevant supporting documentation, inquired of the relevant divisions, and examined consistency with available external information.

Independent Auditor's Report

Based on the above considerations, we determined that, among the borrowers which have recognized goodwill as a result of business acquisitions, the evaluation of the feasibility of the business plan of certain borrowers which could have a significant impact on the operating results of the Group was particularly significant, and identified it as a key audit matter.	• We compared the business plan with past performance and examined the extent and causes of variances. • For major measures to improve profitability, we performed comparative analyses against recent performance trends and available external information and evaluated their reasonableness.
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Recoverability of deferred tax assets	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As described in Note 2 "Summary of Significant Accounting Policies" (21) "Significant Accounting Estimates" 2) "Recoverability of deferred tax assets" to the consolidated financial statements, the Group recorded deferred tax assets of 497 billion yen, Among these deferred tax assets on tax loss carryforward was 182 billion yen, and it was mainly derived from a lump sum disposal for the rebalance of the securities portfolio and liquidations of an overseas subsidiary in the year ended March 31, 2024. The Group estimated future taxable income according to the corporate category based on the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26) and recorded deferred tax assets. Future taxable income is estimated based on the Group's business plan. This business plan is formulated considering the profitability of the divisions, future credit-related expenses and the outlook for the interest rate policy by the Bank of Japan, based on the Group's past business performance (including credit-related expenses and the disposal of securities), recent business environment, and business policies. The estimation of taxable income is particularly affected by future economic conditions, interest rates, and other financial and economic conditions, including estimation period, and involves significant uncertainties and subjective judgment. Based on the above considerations, we determined that the recoverability of deferred tax assets, especially the business plan on which estimates of future taxable income depend, was particularly significant, and identified it as a key audit matter.	We performed the following audit procedures, among others, to examine the recoverability of deferred tax assets: (Evaluation of controls) • We examined the effectiveness of the controls related to the recoverability of deferred tax assets including formulation and approval of the business plan. (Substantive procedures) • For the corporate category, we read supporting materials prepared by the Group, and evaluated the trend of past taxable income and the progress of the business plan, and evaluated the corporate category made by the Group and the rationality of the estimation period for future taxable income. • For the business plan, we inquired of management about the outline of the plan and underlying business environment, and read various minutes and related materials. • For each estimate in the business plan, we mainly performed the following procedures and evaluated its reasonableness: —For the profitability of the divisions, we compared with past performance, and examined consistency with the latest business environment, business policy, external information on market and so on. —For credit-related expenses, we read related materials, inquired to the responsible division, and examined the consistency with the past long-term results of credit-related expenses. —For the effect from the outlook for the interest rate policy by the Bank of Japan, we read related materials, inquired to the responsible division, and examined the consistency with business policy or external information on interest rate trends.

Independent Auditor's Report

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2026, which were charged by us and our network firms to Aozora Bank, Ltd. and its subsidiaries were 335 million yen and 69 million yen, respectively.

Independent Auditor's Report

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC
July 8, 2026

Income Analysis (Consolidated)

Interest-Earning Assets and Interest-Bearing Liabilities

Years Ended March 31

(Millions of yen, %)

	Average balance			Interest income/expenses			Return/rates		
	2026	2025	Change	2026	2025	Change	2026	2025	Change
Interest-earning assets	6,103,917	5,831,231	272,685	151,772	157,757	(5,985)	2.48	2.70	(0.22)
Due from banks	24,500	59,828	(35,328)	598	1,103	(504)	2.44	1.84	0.60
Call loans and bills bought	46,705	53,644	(6,938)	330	325	5	0.70	0.60	0.10
Securities purchased under resale agreements	8	9	(0)	0	0	0	0.58	0.10	0.48
Cash collateral provided for securities borrowed	—	—	—	—	—	—	—	—	—
Securities	1,433,411	1,308,846	124,564	26,328	22,499	3,828	1.83	1.71	0.12
Loans and bills discounted	4,292,611	4,125,329	167,281	119,804	127,971	(8,167)	2.79	3.10	(0.31)
Interest-bearing liabilities	7,187,329	6,900,143	287,186	107,949	112,382	(4,433)	1.50	1.62	(0.12)
Deposits	5,826,780	5,650,831	175,948	30,048	15,511	14,537	0.51	0.27	0.24
Negotiable certificates of deposit	64,500	70,760	(6,260)	406	146	260	0.63	0.20	0.43
Call money and bills sold	36,979	1,863	35,115	405	41	364	1.09	2.20	(1.11)
Securities sold under repurchase agreements	31,823	29,293	2,529	1,367	1,518	(150)	4.29	5.18	(0.89)
Cash collateral received for securities lent	356,865	310,241	46,623	14,691	15,318	(627)	4.11	4.93	(0.82)
Borrowed money	742,086	662,146	79,940	5,364	2,820	2,543	0.72	0.42	0.30
Bonds payable	115,479	151,822	(36,343)	5,839	6,067	(227)	5.05	3.99	1.06

Note: Interest-earning assets are shown after deduction of non-interest-earning deposits, etc. Interest-bearing liabilities are shown after deduction of amounts equivalent to money held in trust.

Fees and Commissions

Years Ended March 31

(Millions of yen)

	2026	2025	Change
Net fees and commissions	31,813	24,651	7,162
Fees and commissions income (including trust fees)	39,852	31,511	8,341
Deposits and loan operations	12,924	9,795	3,129
Foreign exchange operations	6,748	5,208	1,539
Securities-related operations	6,687	5,916	771
Agency services	1,928	2,236	(307)
Guarantee operations	122	138	(15)
Fees and commissions expenses	8,038	6,859	1,179
Foreign exchange operations	3,173	2,287	886

Gains on trading account transactions

Years Ended March 31

(Millions of yen)

	2026	2025	Change
Net gains on trading account transactions	4,318	3,145	1,172
Gains on trading account transactions	4,827	3,706	1,121
Gains on trading securities	2	85	(82)
Gains on trading account securities	—	—	—
Gains on trading account financial derivatives	4,824	3,621	1,203
Gains on other trading account transactions	—	—	—
Losses on trading account transactions	509	560	(51)
Losses on trading securities	—	—	—
Losses on trading account securities	509	560	(51)
Losses on trading account financial derivatives	—	—	—
Losses on other trading account transactions	—	—	—

Income Analysis (Consolidated)

Other Ordinary Income

Years Ended March 31

(Millions of yen)

	2026	2025	Change
Net other ordinary income	10,098	9,130	968
Other ordinary income	29,382	24,417	4,965
Gains on foreign exchange transactions	1,511	—	1,511
Gains on sales of bonds and other securities	3,147	3,351	(204)
Gains on redemption of bonds and other securities	—	79	(79)
Gains on derivatives	676	951	(275)
Other	24,047	20,034	4,012
Other ordinary expenses	19,283	15,286	3,996
Losses on foreign exchange transactions	—	6,603	(6,603)
Losses on sales of bonds and other securities	11,075	1,092	9,983
Losses on redemption of bonds and other securities	2,323	137	2,185
Losses on devaluation of bonds and other securities	73	142	(68)
Amortization of bond issuance costs	146	179	(32)
Losses on derivatives	—	—	—
Other	5,664	7,132	(1,467)

Non-Consolidated Business Results

Non-Consolidated Financial Highlights [Five-Year Summary]

Years Ended March 31

(Millions of yen)

	2026	2025	2024	2023	2022
Ordinary income	207,531	204,228	221,737	164,564	119,899
Trust fees	466	374	370	379	444
Ordinary profit (loss)	21,814	13,769	(60,992)	3,180	41,014
Net income (loss)	22,254	15,698	(50,792)	(8,127)	29,854
Share capital	125,966	125,966	100,000	100,000	100,000
Number of issued shares (in thousands)					
Common stock	139,789	139,789	118,289	118,289	118,289
Total equity	430,391	406,726	344,004	405,177	480,047
Total assets	7,329,934	6,779,341	6,942,657	6,767,805	6,446,916
Bonds payable	57,962	124,640	181,397	147,773	168,959
Deposits ^(Note 1)	4,905,962	4,756,277	5,184,442	5,115,374	4,597,581
Loans and bills discounted	4,084,018	3,852,978	3,880,684	3,710,072	3,230,905
Securities	1,388,150	1,324,991	1,194,907	1,319,450	1,494,578
Net assets per share (yen)	3,105.65	2,935.55	2,940.12	3,465.23	4,107.62
Common stock dividends per share (yen)	91.00	79.00	76.00	154.00	149.00
1st quarter end	(22.00)	(19.00)	(38.00)	(38.00)	(32.00)
2nd quarter end	(22.00)	(19.00)	(38.00)	(38.00)	(32.00)
3rd quarter end	(22.00)	(19.00)	(0.00)	(38.00)	(40.00)
Year end	(25.00)	(22.00)	(0.00)	(40.00)	(45.00)
Basic net income (loss) per share (yen)	160.81	118.02	(434.82)	(69.60)	255.69
Diluted net income per share (yen) ^(Note 2)	160.51	117.83	—	—	255.33
Dividend payout ratio (%) ^(Note 2)	56.59	66.94	—	—	58.27
Capital adequacy ratio (domestic standard) (%)	10.17	10.14	8.68	8.99	10.33
Number of employees ^(Note 3)	1,928	1,936	1,964	1,980	1,966
Trust assets ^(Note 4)	1,038,925	935,579	905,987	871,414	879,535
Loans and bills discounted (Trust account) ^(Note 4)	97,898	79,463	53,897	35,642	38,790
Securities (Trust account) ^(Note 4)	168,791	184,441	170,977	173,256	184,418
Electronic payment instruments and performance-guarantee electronic payment instruments (Trust account) ^(Note 4)	—	—	—		
Crypto-assets and performance-guarantee crypto-assets (Trust account) ^(Note 4)	—	—	—	—	
Rights represented by securities transferred and recorded electronically (Trust account) ^(Note 4)	—	—	—	—	—

Notes: 1. Deposits include negotiable certificates of deposit (NCDs).

2. Diluted net income per share for the year ended March 31, 2024 and 2023 is not described in the above table, because of net loss per share although there are diluted shares. Dividend payout ratio for the year ended March 31, 2024 and 2023 is not described in the above table, because of net loss.

3. Number of employees includes executive officers and locally hired overseas staff, but excludes the Bank's employees seconded to other firms.

4. 'Trust assets' is assets in trust pertaining to trust business under the Act on Engagement in Trust Business by a Financial Institution (the Concurrent Business Act).

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet (Unaudited)

Aozora Bank, Ltd.

March 31, 2026

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Assets			
Cash and cash equivalents	¥715,724	¥852,601	\$4,476,358
Due from banks	26,321	27,357	164,624
Call loans	81,283	31,782	508,374
Monetary claims bought	26,609	31,379	166,421
Trading account assets	501,566	262,803	3,136,950
Money held in trust	5,610	5,216	35,089
Securities	1,388,150	1,324,991	8,681,911
Loans and bills discounted	4,084,018	3,852,978	25,542,678
Foreign exchange	46,837	46,420	292,935
Other assets	398,147	302,413	2,490,138
Tangible fixed assets	21,949	21,278	137,278
Intangible fixed assets	7,500	9,004	46,912
Prepaid pension costs	7,894	6,651	49,374
Deferred tax assets	49,535	52,039	309,810
Customers' liabilities for acceptances and guarantees	22,218	24,711	138,959
Allowance for loan losses	(51,316)	(69,850)	(320,948)
Allowance for investment losses	(2,119)	(2,439)	(13,256)
Total	¥7,329,934	¥6,779,341	\$45,843,607

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Liabilities and Equity			
Liabilities:			
Deposits	¥4,905,962	¥4,756,277	\$30,683,358
Call money	50,993	5,000	318,928
Securities sold under repurchase agreements	38,123	27,924	238,438
Cash collateral received for securities lent	375,943	345,719	2,351,263
Trading account liabilities	482,295	209,155	3,016,419
Borrowed money	784,400	726,300	4,905,873
Bonds payable	57,962	124,640	362,513
Other liabilities	170,503	141,618	1,066,377
Provision for retirement benefits	9,816	10,187	61,397
Provision for credit losses on off-balance-sheet instruments	1,324	1,080	8,286
Acceptances and guarantees	22,218	24,711	138,959
Total liabilities	6,899,543	6,372,614	43,151,811
Equity:			
Share capital	125,966	125,966	787,833
Capital surplus:			
Legal capital surplus	113,280	113,280	708,487
Other capital surplus	203	203	1,271
Retained earnings:			
Legal retained earnings	12,686	12,686	79,346
Other retained earnings	206,020	195,944	1,288,516
Treasury stock—at cost	(2,894)	(2,894)	(18,102)
Valuation difference on available-for-sale securities	(24,953)	(39,478)	(156,064)
Deferred gains or losses on hedges	(545)	517	(3,412)
Share acquisition rights	626	501	3,921
Total equity	430,391	406,726	2,691,796
Total	¥7,329,934	¥6,779,341	\$45,843,607

Note: The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥159.89 to \$1.00, the approximate rate of exchange at March 31, 2026.

Non-Consolidated Financial Statements

Non-Consolidated Statement of Income (Unaudited)

Aozora Bank, Ltd.

Year Ended March 31, 2026

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Income:			
Interest income:			
Interest on loans and discounts	¥109,809	¥120,789	\$686,784
Interest and dividends on securities	29,586	23,007	185,046
Interest on due from banks	520	974	3,257
Other interest income	9,127	7,856	57,085
Trust fees	466	374	2,915
Fees and commissions income	21,365	17,950	133,629
Gains on trading account transactions	4,824	3,621	30,177
Other ordinary income	27,502	22,265	172,010
Other income	4,326	7,387	27,061
Total income	207,531	204,228	1,297,964
Expenses:			
Interest expenses:			
Interest on deposits	28,209	15,607	176,433
Interest on bonds payable	5,839	6,067	36,524
Interest on borrowings and rediscounts	5,769	2,861	36,086
Interest expenses on interest rate swaps	23,969	35,011	149,911
Other interest expenses	41,939	52,794	262,301
Fees and commissions expenses	1,843	2,124	11,527
Losses on trading account transactions	509	560	3,189
Other ordinary expenses	21,021	16,956	131,473
General and administrative expenses	47,307	45,908	295,878
Other expenses	9,313	12,828	58,248
Total expenses	185,723	190,721	1,161,570
Income before income taxes	21,807	13,506	136,393
Income taxes:			
Current	(93)	1,351	(582)
Deferred	(353)	(3,543)	(2,208)
Total income taxes	(446)	(2,191)	(2,790)
Net income	¥22,254	¥15,698	\$139,183

Note: The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥159.89 to \$1.00, the approximate rate of exchange at March 31, 2026.

Non-Consolidated Financial Statements

Non-Consolidated Statement of Changes in Equity (Unaudited)

Aozora Bank, Ltd.

Year Ended March 31, 2026

	Millions of yen									
	Share capital	Capital surplus		Retained earnings		Treasury stock-at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Share acquisition rights	Total equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings					
Balance, April 1, 2024	¥100,000	¥87,313	¥185	¥12,686	¥187,724	¥(3,015)	¥(45,754)	¥4,332	¥532	¥344,004
Net income					15,698					15,698
Issuance of new shares	25,966	25,966								51,933
Cash dividends paid					(7,478)					(7,478)
Purchase of treasury stock						(0)				(0)
Disposal of treasury stock			18			121				139
Net changes in items during the year							6,275	(3,814)	(31)	2,430
Balance, March 31, 2025	¥125,966	¥113,280	¥203	¥12,686	¥195,944	¥(2,894)	¥(39,478)	¥517	¥501	¥406,726
Net income					22,254					22,254
Cash dividends paid					(12,177)					(12,177)
Purchase of treasury stock						(0)				(0)
Disposal of treasury stock						0				0
Net changes in items during the year							14,525	(1,063)	125	13,588
Balance, March 31, 2026	¥125,966	¥113,280	¥203	¥12,686	¥206,020	¥(2,894)	¥(24,953)	¥(545)	¥626	¥430,391

	Thousands of U.S. dollars (Note)									
	Share capital	Capital surplus		Retained earnings		Treasury stock-at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Share acquisition rights	Total equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings					
Balance, March 31, 2025	\$787,833	\$708,487	\$1,271	\$79,346	\$1,225,495	\$(18,102)	\$(246,912)	\$3,238	\$3,136	\$2,543,792
Net income					139,183					139,183
Cash dividends paid					(76,162)					(76,162)
Purchase of treasury stock						(1)				(1)
Disposal of treasury stock						1				1
Net changes in items during the year							90,848	(6,650)	785	84,983
Balance, March 31, 2026	\$787,833	\$708,487	\$1,271	\$79,346	\$1,288,516	\$(18,102)	\$(156,064)	\$(3,412)	\$3,921	\$2,691,796

Note: The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥159.89 to \$1.00, the approximate rate of exchange at March 31, 2026.

Income Analysis (Non-Consolidated)

Net Revenue, Business Profit

Years Ended March 31

(Millions of yen)

	2026			2025		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Net interest income	43,340	34,145	9,195	40,296	26,365	13,931
Interest income	149,044	64,733	95,965	152,628	42,390	117,120
Interest expenses	105,703	[11,654] 30,587	86,770 [11,654]	112,332	[6,881] 16,025	103,188 [6,881]
Trust fees	466	466	—	374	374	—
Net fees and commissions	19,522	17,696	1,826	15,826	14,163	1,662
Fees and commissions (income)	21,365	18,583	2,782	17,950	15,229	2,721
Fees and commissions (expenses)	1,843	887	956	2,124	1,065	1,059
Net gains on trading account transactions	4,315	7,860	(3,545)	3,060	5,921	(2,860)
Gains on trading account transactions	4,824	8,245	(3,420)	3,621	6,745	(3,124)
Losses on trading account transactions	509	384	124	560	824	(263)
Net other ordinary income	6,481	9,740	(3,259)	5,308	7,951	(2,643)
Other ordinary income	27,502	19,206	8,296	22,265	11,663	10,602
Other ordinary expenses	21,021	9,465	11,555	16,956	3,711	13,245
Net revenue	74,126	69,909	4,217	64,866	54,776	10,090
Net revenue ratio (%)	1.21	1.28	0.17	1.13	1.06	0.40
Business profit	25,630	—	—	18,379	—	—
Business profit before provision of general allowance for loan losses	25,874	—	—	18,463	—	—
Core business profit	36,199	—	—	16,378	—	—
Core business profit excluding cancellation on investment trusts	35,181	—	—	16,056	—	—

Notes: 1. Domestic operations include yen-denominated transactions by domestic offices, while international operations include foreign currency-denominated transactions by domestic offices and transactions by overseas offices. Yen-denominated nonresident transactions and Japan offshore market accounts are included under international operations.

2. Interest expenses are shown after deduction of amounts equivalent to interest expenses on money held in trust (¥24 million for the year ended March 31, 2026 and ¥11 million for the year ended March 31, 2025).

3. Figures in brackets [] indicate interest received/paid as a result of interdepartmental lending and borrowing activities between domestic and international operations.

4. Net revenue ratio is calculated as follows:

$$\text{Net revenue ratio} = \frac{\text{net revenue}}{\text{average balance of interest-bearing assets}} \times 100$$

5. Business profit is calculated by deducting the provision of general allowance for loan losses, provision of allowance for credit losses on off-balance-sheet instruments and general and administrative expenses from net revenue.

6. Business profit before provision of general allowance for loan losses is calculated by deducting the general and administrative expenses from net revenue.

7. Core business profit is calculated by deducting gains (losses) on bond transactions from business profit before provision of general allowance for loan losses.

8. Core business profit excluding cancellation on investment trusts is calculated by deducting cancellation on investment trusts from core business profit.

Income Analysis (Non-Consolidated)

Ratios

Years Ended March 31

(%)

	2026	2025
Ordinary profit to total assets	0.32	0.20
Ordinary profit to equity	5.21	3.66
Net income to total assets	0.33	0.23
Net income to equity	5.31	4.18

Notes: 1. Return on assets, as calculated using ordinary profit or net income = $\frac{\text{ordinary profit or net income}}{(\text{average balance of total assets} - \text{customers' liabilities for acceptances and guarantees})} \times 100$
 2. Return on equity, as calculated using ordinary profit or net income = $\frac{\text{ordinary profit or net income}}{(\text{equity, beginning of year} + \text{equity, end of year}) \div 2} \times 100$

Yield on Interest-Earning Assets, Interest Rate on Interest-Bearing Liabilities, Net Yield/Interest Rate

Years Ended March 31

(%)

	2026			2025		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Yield on interest-earning assets	2.52	1.18	3.97	2.71	0.81	4.65
Interest rate on interest-bearing liabilities	2.51	1.37	3.78	2.59	1.06	4.30
Net yield/interest rate	0.01	(0.19)	0.19	0.12	(0.25)	0.35

Income Analysis (Non-Consolidated)

Average Balance of Interest-Earning Assets and Interest-Bearing Liabilities

Years Ended March 31

(Millions of yen)

		2026			2025		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Balance of interest-earning assets	Average balance	5,715,615	5,084,660 [1,782,752]	2,413,707	5,549,931	4,945,972 [1,910,816]	2,514,775
	Interest income/expense	144,579	60,267 [11,654]	95,965	150,516	40,278 [6,881]	117,120
	Return/rates (%)	2.52	1.18	3.97	2.71	0.81	4.65
Due from banks	Average balance	12,775	219	12,556	19,808	219	19,588
	Interest income/expense	520	0	519	974	0	974
	Return/rates (%)	4.07	0.44	4.13	4.92	0.03	4.97
Call loans	Average balance	46,705	45,076	1,628	52,877	48,684	4,192
	Interest income/expense	330	292	37	324	146	177
	Return/rates (%)	0.70	0.64	2.33	0.61	0.30	4.24
Securities purchased under resale agreements	Average balance	8	8	—	9	9	—
	Interest income/expense	0	0	—	0	0	—
	Return/rates (%)	0.58	0.58	—	0.10	0.10	—
Cash collateral provided for securities borrowed	Average balance	—	—	—	—	—	—
	Interest income/expense	—	—	—	—	—	—
	Return/rates (%)	—	—	—	—	—	—
Securities	Average balance	1,402,746	460,467	942,279	1,324,177	421,960	902,216
	Interest income/expense	29,586	5,756	23,830	23,007	3,763	19,243
	Return/rates (%)	2.10	1.25	2.52	1.73	0.89	2.13
Loans and bills discounted	Average balance	3,972,632	2,645,923	1,326,709	3,895,584	2,435,057	1,460,527
	Interest income/expense	109,479	41,872	67,607	120,465	29,315	91,149
	Return/rates (%)	2.75	1.58	5.09	3.09	1.20	6.24
Balance of interest-bearing liabilities	Average balance	6,096,874	5,507,573 [1,782,752]	2,372,053 [1,782,752]	6,114,458	5,564,858 [1,910,816]	2,460,415 [1,910,816]
	Interest income/expense	105,703	30,587 [11,654]	86,770 [11,654]	112,332	16,025 [6,881]	103,188 [6,881]
	Return/rates (%)	1.73	0.55	3.65	1.83	0.28	4.19
Deposits	Average balance	4,736,325	4,653,897	82,428	4,865,146	4,801,481	63,664
	Interest income/expense	27,803	24,555	3,248	15,461	12,731	2,730
	Return/rates (%)	0.58	0.52	3.94	0.31	0.26	4.28
Negotiable certificates of deposit	Average balance	64,500	64,500	—	70,760	70,760	—
	Interest income/expense	406	406	—	146	146	—
	Return/rates (%)	0.63	0.63	—	0.20	0.20	—
Call money	Average balance	36,979	32,426	4,553	1,863	1,086	776
	Interest income/expense	405	204	201	41	2	38
	Return/rates (%)	1.09	0.63	4.41	2.20	0.24	4.94
Securities sold under repurchase agreements	Average balance	31,823	—	31,823	29,293	—	29,293
	Interest income/expense	1,367	—	1,367	1,518	—	1,518
	Return/rates (%)	4.29	—	4.29	5.18	—	5.18
Cash collateral received for securities lent	Average balance	356,865	—	356,865	310,241	—	310,241
	Interest income/expense	14,691	—	14,691	15,318	—	15,318
	Return/rates (%)	4.11	—	4.11	4.93	—	4.93
Borrowed money	Average balance	742,086	742,081	5	662,146	662,140	6
	Interest income/expense	5,364	5,363	0	2,820	2,819	0
	Return/rates (%)	0.72	0.72	4.26	0.42	0.42	4.97
Bonds payable	Average balance	115,479	15,452	100,027	151,822	24,438	127,384
	Interest income/expense	5,839	62	5,777	6,067	82	5,984
	Return/rates (%)	5.05	0.40	5.77	3.99	0.33	4.69

Notes: 1. Interest-earning assets are shown after deduction of non-interest-earning deposits, etc. Interest-bearing liabilities are shown after deduction of amounts equivalent to money held in trust.
2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and corresponding interest income/expenses.

Income Analysis (Non-Consolidated)

Analysis of Interest Income and Interest Expenses

Years Ended March 31

(Millions of yen)

		2026			2025		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Interest income	Volume-related increase (decrease)	4,493	1,129	(4,707)	(5,018)	(920)	(6,071)
	Rate-related increase (decrease)	(10,430)	18,860	(16,447)	(952)	7,721	(4,814)
	Net increase (decrease)	(5,937)	19,989	(21,154)	(5,971)	6,801	(10,885)
Due from banks	Volume-related increase (decrease)	(346)	(0)	(349)	(347)	(0)	(301)
	Rate-related increase (decrease)	(108)	0	(105)	(23)	0	(69)
	Net increase (decrease)	(454)	0	(455)	(371)	0	(371)
Call loans	Volume-related increase (decrease)	(37)	(10)	(108)	(411)	5	(671)
	Rate-related increase (decrease)	43	156	(31)	(136)	155	(38)
	Net increase (decrease)	6	145	(139)	(547)	161	(709)
Securities purchased under resale agreements	Volume-related increase (decrease)	(0)	(0)	—	(0)	(0)	—
	Rate-related increase (decrease)	0	0	—	0	0	—
	Net increase (decrease)	0	0	—	0	0	—
Cash collateral provided for securities borrowed	Volume-related increase (decrease)	—	—	—	—	—	—
	Rate-related increase (decrease)	—	—	—	—	—	—
	Net increase (decrease)	—	—	—	—	—	—
Securities	Volume-related increase (decrease)	1,365	343	854	(2,818)	(1,018)	(1,444)
	Rate-related increase (decrease)	5,214	1,648	3,733	(1,174)	(1,113)	(417)
	Net increase (decrease)	6,579	1,992	4,587	(3,993)	(2,131)	(1,861)
Loans and bills discounted	Volume-related increase (decrease)	2,382	2,538	(8,351)	516	595	(2,933)
	Rate-related increase (decrease)	(13,368)	10,018	(15,191)	(1,397)	5,719	(4,261)
	Net increase (decrease)	(10,985)	12,556	(23,542)	(880)	6,315	(7,195)
Interest expenses	Volume-related increase (decrease)	(323)	(164)	(3,705)	(3,777)	(250)	(6,688)
	Rate-related increase (decrease)	(6,305)	14,727	(12,712)	(8,860)	4,824	(8,636)
	Net increase (decrease)	(6,628)	14,562	(16,418)	(12,638)	4,573	(15,324)
Deposits	Volume-related increase (decrease)	(409)	(391)	804	(894)	(420)	(3,160)
	Rate-related increase (decrease)	12,751	12,215	(286)	1,354	4,505	(463)
	Net increase (decrease)	12,342	11,824	517	460	4,085	(3,624)
Negotiable certificates of deposit	Volume-related increase (decrease)	(12)	(12)	—	8	8	—
	Rate-related increase (decrease)	273	273	—	125	125	—
	Net increase (decrease)	260	260	—	134	134	—
Call money	Volume-related increase (decrease)	774	77	186	(402)	(0)	(416)
	Rate-related increase (decrease)	(410)	124	(24)	(19)	2	(7)
	Net increase (decrease)	364	201	162	(422)	1	(424)
Securities sold under repurchase agreements	Volume-related increase (decrease)	131	—	131	(1,222)	—	(1,222)
	Rate-related increase (decrease)	(282)	—	(282)	(98)	—	(98)
	Net increase (decrease)	(150)	—	(150)	(1,320)	—	(1,320)
Cash collateral received for securities lent	Volume-related increase (decrease)	2,302	—	2,302	1,265	—	1,265
	Rate-related increase (decrease)	(2,929)	—	(2,929)	(996)	—	(996)
	Net increase (decrease)	(627)	—	(627)	268	—	268
Borrowed money	Volume-related increase (decrease)	340	340	(0)	306	306	0
	Rate-related increase (decrease)	2,203	2,203	(0)	1,050	1,050	(0)
	Net increase (decrease)	2,543	2,543	(0)	1,357	1,357	0
Bonds payable	Volume-related increase (decrease)	(1,452)	(30)	(1,285)	(826)	(44)	(364)
	Rate-related increase (decrease)	1,224	9	1,078	1,487	22	1,046
	Net increase (decrease)	(227)	(20)	(207)	660	(21)	682

Note: Changes due to a combination of volume- and rate-related increases (decreases) have been included in rate-related increase (decrease).

Income Analysis (Non-Consolidated)

Fees and Commissions

Years Ended March 31

(Millions of yen)

	2026			2025		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Net fees and commissions	19,522	17,696	1,826	15,826	14,163	1,662
Fees and commissions income	21,365	18,583	2,782	17,950	15,229	2,721
Deposits and loan operations	12,742	12,371	371	9,726	9,192	533
Foreign exchange operations	152	106	45	130	116	13
Securities-related operations	1,887	1,887	—	1,709	1,709	—
Agency services	4,858	2,568	2,290	4,983	2,900	2,082
Guarantee operations	134	82	52	150	81	69
Fees and commissions expenses	1,843	887	956	2,124	1,065	1,059
Foreign exchange operations	205	120	84	125	59	65

Gains on trading account transactions

Years Ended March 31

(Millions of yen)

	2026			2025		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Net gains on trading account transactions	4,315	7,860	(3,545)	3,060	5,921	(2,860)
Gains on trading account transactions	4,824	8,245	(3,420)	3,621	6,745	(3,124)
Gains on trading securities	—	—	—	—	—	—
Gains on trading account securities	—	—	—	—	—	—
Gains on trading account financial derivatives	4,824	8,245	(3,420)	3,621	6,745	(3,124)
Gains on other trading account transactions	—	—	—	—	—	—
Losses on trading account transactions	509	384	124	560	824	(263)
Losses on trading securities	—	—	—	—	—	—
Losses on trading account securities	509	384	124	560	824	(263)
Losses on trading account financial derivatives	—	—	—	—	—	—
Losses on other trading account transactions	—	—	—	—	—	—

Income Analysis (Non-Consolidated)

Other Ordinary Income

Years Ended March 31

(Millions of yen)

	2026			2025		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Net other ordinary income	6,481	9,740	(3,259)	5,308	7,951	(2,643)
Other ordinary income	27,502	19,206	8,296	22,265	11,663	10,602
Gains on foreign exchange transactions	1,114	—	1,114	—	—	—
Gains on sales of bonds and other securities	3,147	812	2,334	3,353	1,518	1,835
Gains on redemption of bonds and other securities	—	—	—	79	—	79
Gains on derivatives	676	(16)	692	951	—	951
Other	22,564	18,409	4,154	17,880	10,144	7,735
Other ordinary expenses	21,021	9,465	11,555	16,956	3,711	13,245
Losses on foreign exchange transactions	—	—	—	8,401	—	8,401
Losses on sales of bonds and other securities	11,075	2,975	8,100	1,068	60	1,008
Losses on redemption of bonds and other securities	2,323	172	2,150	137	112	25
Losses on devaluation of bonds and other securities	73	68	5	142	142	—
Amortization of bond issuance costs	152	59	92	188	76	111
Losses on derivatives	—	—	—	—	—	—
Other	7,396	6,189	1,206	7,018	3,320	3,698

General and Administrative Expenses

Years Ended March 31

(Millions of yen)

	2026	2025
General and administrative expenses	47,307	45,908
Salaries and allowances	19,804	18,963
Retirement benefit expenses	80	362
Welfare expenses	673	553
Depreciation	4,574	4,809
Rent and lease expenses	3,193	3,257
Building and maintenance expenses	290	198
Supplies expenses	216	286
Utilities expenses	359	364
Traveling expenses	269	207
Communication expenses	576	537
Advertising expenses	427	239
Taxes and dues	2,038	2,098
Other	14,803	14,029

Electronic Payment Instruments (Non-Consolidated)

None

Crypto Assets (Non-Consolidated)

None

Deposit Operations (Non-Consolidated)

Balance of Deposits

Years Ended March 31

(Millions of yen, %)

		2026			2025		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Deposits							
Liquid deposits	Average balance	1,974,400	1,974,400	—	2,426,812	2,426,812	—
	(%)	(41.69)	(42.42)	—	(49.88)	(50.54)	—
	Term-end balance	1,937,692	1,937,692	—	2,041,288	2,041,288	—
	(%)	(40.02)	(40.87)	—	(43.60)	(44.28)	—
Interest-bearing deposits	Average balance	1,946,031	1,946,031	—	2,400,213	2,400,213	—
	(%)	(41.09)	(41.82)	—	(49.33)	(49.99)	—
	Term-end balance	1,896,481	1,896,481	—	2,003,257	2,003,257	—
	(%)	(39.17)	(40.00)	—	(42.79)	(43.46)	—
Time deposits (in general)	Average balance	2,676,854	2,676,854	—	2,372,531	2,372,531	—
	(%)	(56.52)	(57.52)	—	(48.77)	(49.41)	—
	Term-end balance	2,800,381	2,800,381	—	2,567,238	2,567,238	—
	(%)	(57.83)	(59.07)	—	(54.84)	(55.69)	—
Deregulated interest rate time deposits (fixed)	Average balance	1,796,286	1,796,286	—	1,469,007	1,469,007	—
	(%)	(37.93)	(38.60)	—	(30.19)	(30.59)	—
	Term-end balance	1,969,374	1,969,374	—	1,648,360	1,648,360	—
	(%)	(40.67)	(41.54)	—	(35.21)	(35.76)	—
Deregulated interest rate time deposits (floating)	Average balance	880,568	880,568	—	903,524	903,524	—
	(%)	(18.59)	(18.92)	—	(18.57)	(18.82)	—
	Term-end balance	831,007	831,007	—	918,877	918,877	—
	(%)	(17.16)	(17.53)	—	(19.63)	(19.93)	—
Others	Average balance	85,070	2,642	82,428	65,802	2,137	63,664
	(%)	(1.79)	(0.06)	(100.00)	(1.35)	(0.05)	(100.00)
	Term-end balance	104,187	2,662	101,524	73,150	1,393	71,757
	(%)	(2.15)	(0.06)	(100.00)	(1.56)	(0.03)	(100.00)
Subtotal	Average balance	4,736,325	4,653,897	82,428	4,865,146	4,801,481	63,664
	(%)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
	Term-end balance	4,842,262	4,740,737	101,524	4,681,677	4,609,920	71,757
	(%)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
Negotiable certificates of deposit	Average balance	64,500	64,500	—	70,760	70,760	—
	Term-end balance	63,700	63,700	—	74,600	74,600	—
Total	Average balance	4,800,826	4,718,397	82,428	4,935,907	4,872,242	63,664
	Term-end balance	4,905,962	4,804,437	101,524	4,756,277	4,684,520	71,757

Notes: 1. Liquid deposits = Current deposits + ordinary deposits + saving deposits + deposits at notice

2. Time deposits (in general) = Time deposits

Deregulated interest rate time deposits (fixed) = Deregulated interest rate time deposits for which the interest up to the due date is determined when the deposits are made.

Deregulated interest rate time deposits (floating) = Deregulated interest rate time deposits for which the interest varies according to changes in market interest rates during the period of deposit.

Deposit Operations (Non-Consolidated)

Balance of Time Deposits by Residual Period

Years Ended March 31

(Millions of yen)

	2026			2025		
	Total	Deregulated interest rate (fixed)	Deregulated interest rate (floating)	Total	Deregulated interest rate (fixed)	Deregulated interest rate (floating)
Less than 3 months	697,537	668,887	28,650	402,778	364,038	38,739
3–6 months	419,214	411,414	7,800	535,517	500,759	34,758
6 months–1 year	471,810	455,376	16,434	443,147	388,985	54,162
1–2 years	180,055	141,162	38,892	129,759	87,768	41,991
2–3 years	140,478	92,446	48,031	132,289	96,178	36,111
More than 3 years	891,285	200,086	691,198	923,744	210,629	713,115
Total	2,800,381	1,969,374	831,007	2,567,238	1,648,360	918,877

Balance of Deposits by Depositor

Years Ended March 31

(Millions of yen, %)

	2026		2025	
	Balance	Share	Balance	Share
Corporate	856,546	17.69	737,149	15.75
Retail	2,836,627	58.58	2,965,602	63.34
Public sector	110,445	2.28	103,492	2.21
Financial institutions	1,038,643	21.45	875,433	18.70
Total	4,842,262	100.00	4,681,677	100.00

Note: The above balance does not include negotiable certificates of deposit and deposits in Japan offshore market accounts.

Deposits per Office

Years Ended March 31

(Number of offices, Millions of yen)

	2026			2025		
	Total	Domestic offices	Overseas offices	Total	Domestic offices	Overseas offices
Number of offices	20	20	—	20	20	—
Deposits per office	245,298	245,298	—	237,813	237,813	—

Notes: 1. Deposits include negotiable certificates of deposit.

2. Number of offices does not include domestic sub-branches and overseas representative offices.

Deposits per Employee

Years Ended March 31

(Number of employees, Millions of yen)

	2026			2025		
	Total	Domestic offices	Overseas offices	Total	Domestic offices	Overseas offices
Number of employees	1,948	1,948	—	1,967	1,967	—
Deposits per employee	2,518	2,518	—	2,418	2,418	—

Notes: 1. Deposits include negotiable certificates of deposit.

2. Number of employees represents the average number of employees in each fiscal year. The number of employees in domestic offices includes head office staff.

Loan Operations (Non-Consolidated)

Balance of Loans and Bills Discounted

Years Ended March 31

(Millions of yen)

		2026			2025		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Loans on deeds	Average balance	3,758,747	2,432,038	1,326,709	3,702,902	2,242,375	1,460,527
	Term-end balance	3,897,518	2,542,443	1,355,075	3,678,644	2,315,152	1,363,492
Loans on notes	Average balance	2,032	2,032	—	2,704	2,704	—
	Term-end balance	956	956	—	1,932	1,932	—
Overdrafts	Average balance	209,178	209,178	—	186,785	186,785	—
	Term-end balance	185,447	185,447	—	169,047	169,047	—
Bills discounted	Average balance	2,674	2,674	—	3,192	3,192	—
	Term-end balance	96	96	—	3,353	3,353	—
Total	Average balance	3,972,632	2,645,923	1,326,709	3,895,584	2,435,057	1,460,527
	Term-end balance	4,084,018	2,728,943	1,355,075	3,852,978	2,489,485	1,363,492

Note: The Bank carries out partial and direct write-off of loans. This also applies to the table shown below.

Balance of Loans and Bills Discounted by Residual Period

Years Ended March 31

(Millions of yen)

	2026			2025		
	Total	Fixed interest	Floating interest	Total	Fixed interest	Floating interest
1 year or less	1,798,340			1,850,482		
1–3 years	848,281	268,566	579,715	671,827	219,702	452,124
3–5 years	738,211	236,910	501,301	718,615	231,119	487,496
5–7 years	430,359	81,217	349,141	394,034	82,990	311,043
Over 7 years	268,825	55,476	213,348	218,017	53,335	164,682
Indefinite period	—	—	—	—	—	—
Total	4,084,018			3,852,978		

Notes: 1. Maturity is based on scheduled final maturity dates.

2. No distinction has been made between fixed interest and floating interest for loans and bills discounted with a residual period of 1 year or less.

Ratio of Loans and Bills Discounted to Deposits

Years Ended March 31

(Millions of yen, %)

	2026			2025		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Loans and bills discounted (A)	4,084,018	2,728,943	1,355,075	3,852,978	2,489,485	1,363,492
Deposits (B)	4,905,962	4,804,437	101,524	4,756,277	4,684,520	71,757
Ratio(A)/(B)	83.24	56.80	1,334.72	81.00	53.14	1,900.13
Average during the year	82.74	56.07	1,609.52	78.92	49.97	2,294.08

Note: Deposits include negotiable certificates of deposit.

Loans and Bills Discounted per Office

Years Ended March 31

(Number of offices, Millions of yen)

	2026			2025		
	Total	Domestic offices	Overseas offices	Total	Domestic offices	Overseas offices
Number of offices	20	20	—	20	20	—
Loans and bills discounted per office	204,200	204,200	—	192,648	192,648	—

Note: Number of offices does not include domestic sub-branches and overseas representative offices.

Loan Operations (Non-Consolidated)

Loans and Bills Discounted per Employee

Years Ended March 31

(Number of employees, Millions of yen)

	2026			2025		
	Total	Domestic offices	Overseas offices	Total	Domestic offices	Overseas offices
Number of employees	1,948	1,948	—	1,967	1,967	—
Loans and bills discounted per employee	2,096	2,096	—	1,958	1,958	—

Note: Number of employees represents the average number of employees in each fiscal year. The number of employees in domestic offices includes head office staff.

Loans and Bills Discounted to Small and Medium-Sized Enterprises (SMEs)

Years Ended March 31

(Number of borrowers, Millions of yen, %)

	2026		2025	
	Number of borrowers	Value	Number of borrowers	Value
Total loans and bills discounted (A)	5,134	4,084,018	6,907	3,852,978
Loans and bills discounted to small and medium-sized enterprises (SMEs) (B)	4,880	2,940,526	6,692	2,804,143
(B)/(A)	95.05	72.00	96.88	72.77

Notes: 1. In this table, the balance of loans and bills discounted does not include Japan offshore market accounts.

2. SMEs are defined as companies having capital of not more than ¥300 million (¥100 million in wholesale, and ¥50 million in retail, food service and leasing and other services business categories), or companies with not more than 300 full-time employees (100 in wholesale and leasing and other services, 50 in retail and food service business categories), etc.

Consumer Loans Outstanding

Years Ended March 31

(Millions of yen)

	2026	2025
Consumer loans	4,048	6,660
Housing loans	375	448
Others	3,673	6,212

Note: Consumer loans outstanding includes personal housing loans, as well as personal loans for general spending purposes and tax payments, and does not include business loans to sole proprietorships or their owners.

Loan Operations (Non-Consolidated)

Breakdown of Loans and Bills Discounted by Industry

Years Ended March 31

(Millions of yen, %)

	2026		2025	
	Balance of loans and bills discounted	Share	Balance of loans and bills discounted	Share
Domestic offices (excluding Japan offshore market accounts)	4,084,018	100.00	3,852,978	100.00
Manufacturing	417,135	10.21	369,101	9.58
Agriculture, forestry and fisheries	721	0.02	830	0.02
Mining, quarry and gravel extraction	—	—	—	—
Construction	21,273	0.52	22,049	0.57
Electricity, gas, heat supply and water	176,564	4.32	139,965	3.63
Information and communications	125,249	3.07	115,559	3.00
Transport and postal service	78,535	1.92	58,025	1.51
Wholesale and retail trade	131,313	3.22	73,587	1.91
Finance and insurance	412,088	10.09	409,901	10.64
Real estate	813,516	19.92	747,165	19.39
Leasing	207,531	5.08	208,074	5.40
Various services	206,973	5.07	160,711	4.17
Local government	3,982	0.10	4,931	0.13
Others	1,489,132	36.46	1,543,072	40.05
Overseas offices (including Japan offshore market accounts)	—	—	—	—
Government	—	—	—	—
Financial institutions	—	—	—	—
Others	—	—	—	—
Total	4,084,018		3,852,978	

Note: Domestic offices refer to the Bank's head office and branch offices; overseas offices refer to the Bank's overseas branch offices.

Balance of Loans and Bills Discounted, Classified by Purpose

Years Ended March 31

(Millions of yen, %)

	2026		2025	
	Balance of loans and bills discounted	Share	Balance of loans and bills discounted	Share
Funds for capital investment	379,151	9.28	349,692	9.08
Funds for working capital	3,704,867	90.72	3,503,286	90.92
Total	4,084,018	100.00	3,852,978	100.00

Breakdown of Loans and Bills Discounted by Collateral

Years Ended March 31

(Millions of yen)

	2026	2025
Securities	14,279	9,881
Claims	35,801	37,341
Merchandise	—	—
Real estate	211,799	207,350
Others	580	598
Subtotal	262,461	255,171
Guaranteed	106,705	161,668
Unsecured	3,714,851	3,436,138
Total	4,084,018	3,852,978

Loan Operations (Non-Consolidated)

Breakdown of Collateral for Customers' Liabilities for Acceptances and Guarantees

Years Ended March 31

(Millions of yen)

	2026	2025
Securities	—	—
Claims	—	—
Real estate	—	—
Others	480	—
Subtotal	480	—
Guaranteed	4,090	5,374
Unsecured	17,648	19,337
Total	22,218	24,711

Write-Off of Loans

Years Ended March 31

(Millions of yen)

	2026	2025
Write-off of loans	7,322	4,610

Allowance for Loan Losses

Years Ended March 31

(Millions of yen)

	2026					2025				
	Balance at beginning of year	Provision	Reduction during year		Balance at end of year	Balance at beginning of year	Provision	Reduction during year		Balance at end of year
			Used for specific purpose	Other				Used for specific purpose	Other	
General allowance	37,261	32,752	—	37,261	32,752	37,177	37,261	—	37,177	37,261
	[-1,124]					[-431]				
Specific allowance	33,713	18,564	17,197	16,516	18,564	50,626	32,589	23,341	27,285	32,589
	[-1,124]					[-431]				
Related to non-residents	30,981	18,441	14,648	16,332	18,441	49,473	29,856	22,646	26,827	29,856
Allowance for loans to restructuring countries	—	—	—	—	—	—	—	—	—	—

Note: Figures in parentheses for balance at beginning of year indicate translation difference due to foreign exchange fluctuations.

Loans to restructuring countries

None

Loan Operations (Non-Consolidated)

NPLs based on the Banking Act and the FRA

* NPLs: Non-performing loans

* FRA : Financial Reconstruction Act

Years Ended March 31

Non-consolidated

(Billions of Yen)

	2026	2025
NPLs based on the Banking Act and the FRA		
Bankrupt and similar credit	0.4	—
Doubtful credit	44.7	75.5
Special attention credit	8.9	15.4
Loans overdue for 3 months or more	—	6.0
Restructured loans	8.9	9.3
Subtotal (A)	54.1	90.9
Normal credit	4,103.6	3,834.6
Total credit (B)	4,157.7	3,925.5
(A/B)	1.30%	2.31%

Consolidated

(Billions of Yen)

	2026	2025
NPLs based on the Banking Act and the FRA		
Bankrupt and similar credit	0.4	—
Doubtful credit	45.7	76.2
Special attention credit	9.0	15.4
Loans overdue for 3 months or more	—	6.0
Restructured loans	9.0	9.3
Subtotal (A)	55.1	91.7
Normal credit	4,495.8	4,176.1
Total credit (B)	4,551.0	4,267.9
(A/B)	1.21%	2.14%

Allowance Ratios for Each Category of Borrower, Based on Asset-Assessments

Years Ended March 31

Non-consolidated

(%)

Definition of Borrower Categories	2026	2025
Normal	0.3	0.3
Need attention:		
Other need attention borrowers	7.8	7.6
Special attention borrowers (Allowance Ratio to unsecured)	45.3	54.3
In danger of bankruptcy (Allowance Ratio to unsecured)	100.0	98.1
De facto bankrupt and bankrupt (Allowance Ratio to unsecured)	100.0	100.0

Loan Operations (Non-Consolidated)

Asset-Assessment, NPLs based on the FRA, Write-Offs and Allowance

(After partial and direct write-off, Non-Consolidated Basis) as of March 31, 2026

(Billions of Yen)

Borrower categories for self-assessment	NPLs based on the FRA		Allowance & Coverage		Allowance Ratio	Coverage Ratio
	Loans	other				
Bankrupt borrowers	Bankrupt and similar credit 0.4		Collateral/Guarantee coverage 0.4 Allowance —		100.0%	100.0%
De facto bankrupt borrowers			Collateral/Guarantee coverage 26.2 Allowance 18.5 Estimated collections —			
In Danger of Bankruptcy borrowers	Doubtful credit 44.7		Collateral/Guarantee coverage — Allowance 4.0 Estimated collections 4.8		100.0%	100.0%
Need Attention borrowers	Special attention credit 8.9					
	Normal credit 4,103.6					
Normal borrowers						
	NPL Credit 54.1		Collateral/Guarantee coverage 26.6 Allowance 22.6 Estimated collections 4.8		NPLs based on the FRA Allowance Ratio 82.3%	NPLs based on the FRA Coverage Ratio 91.0%
	Total credit 4,157.7		Total allowance 51.3			

Allowance Ratio = Allowance / (NPL Credit – Collateral, Guarantees, etc.)
Coverage Ratio = (Collateral, Guarantees + Allowance) / NPL Credit

<Definitions of Borrower Categories>

Normal	Business performance is strong and no special financial problems exist.
Need attention	Borrowers that need to be monitored carefully because of weak business fundamentals, financial problems or problematic lending conditions.
In danger of bankruptcy	Borrowers that are not currently bankrupt but are highly likely to become bankrupt.
De facto bankrupt	Borrowers that are substantially bankrupt but are not legally or practically bankrupt yet.
Bankrupt	Borrowers that are legally or practically bankrupt.

<Definitions of Asset Classifications>

Category I	Assets that present no particular risk of collectability or impairment of value.
Category II	Assets, including credits, which bear above-average risk of collectability.
Category III	Assets that bear substantial risk of final collectability or impairment of value, and are likely to incur losses.
Category IV	Assets deemed to be uncollectable or valueless.

<Write-Off and Allowance Rules>

Normal and Need attention borrowers	A general allowance is provided by applying the estimated loan-loss ratio determined based on the historical loan-loss data over a defined period in the past. However, for borrowers with large credit exposure, the loan-loss amount estimated by the DCF method is reflected as an addition to the allowance for loan losses calculated based on the estimated loan-loss ratio, if necessary.
In danger of bankruptcy borrowers	A specific allowance is provided for the loan losses at an amount considered to be necessary based on an overall solvency assessment of the borrowers and expected collectible amounts through the disposal of collateral or execution of guarantees, etc. For loans whose future cash flows of principal and interest are reasonably estimated, the difference between the discounted cash flows and the carrying value is accounted for as an allowance for loan losses.
De facto bankrupt and Bankrupt borrowers	In principle, the full amounts of credits that bear substantial risk of final collectability or impairment of value, and credits deemed to be uncollectable or valueless are written off directly.

<Definitions of NPLs based on the Banking Act and the FRA>

Bankrupt and similar credit	Bankrupt and similar credit refers to the credit of borrowers who have filed for bankruptcy, corporate reorganization, composition, etc., as well as those borrowers who are in an equivalent situation.
Doubtful credit	Doubtful refers to the credit of borrowers, excluding bankrupt and similar credit with serious concern for recovery of principal and receiving of interest as contract provisions, as those borrower's financial condition and business result have worsened, although they have not gone bankrupt.
Special attention credit	Loans overdue for 3 months or more and Restructured loans.
Loans overdue for 3 months or more	Loans overdue for 3 months or more refer to those loans, excluding bankrupt and similar credit and doubtful credit for which principal or interest remains unpaid for at least 3 months.
Restructured loans	Restructured loans refer to those loans, excluding bankrupt and similar credit, doubtful credit and loans overdue for 3 months or more for which agreement was made to provide reduction or a moratorium on interest payments, or concessions in the borrower's favor on interest or principal payments or to waive claims for the purpose of assisting the reconstruction of insolvent borrowers.
Normal credit	Normal credit refers to credit to borrowers whose financial condition and business results have no particular problem and which are not categorized in any of the above categories.

Securities (Non-Consolidated)

Balance of Securities Held

Years Ended March 31

(Millions of yen, %)

		2026			2025		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Total	Average balance (%)	1,402,746 (100.00)	460,467 (100.00)	942,279 (100.00)	1,324,177 (100.00)	421,960 (100.00)	902,216 (100.00)
	Term-end balance (%)	1,388,150 (100.00)	514,132 (100.00)	874,018 (100.00)	1,324,991 (100.00)	444,405 (100.00)	880,585 (100.00)
Japanese national government bonds	Average balance (%)	87,925 (6.27)	87,925 (19.09)	—	63,690 (4.81)	63,690 (15.09)	—
	Term-end balance (%)	66,915 (4.82)	66,915 (13.02)	—	74,670 (5.64)	74,670 (16.80)	—
Japanese local government bonds	Average balance (%)	29,244 (2.08)	29,244 (6.35)	—	15,349 (1.16)	15,349 (3.64)	—
	Term-end balance (%)	82,485 (5.94)	82,485 (16.04)	—	17,068 (1.29)	17,068 (3.84)	—
Japanese corporate bonds	Average balance (%)	105,970 (7.55)	105,970 (23.01)	—	104,045 (7.86)	104,045 (24.66)	—
	Term-end balance (%)	93,737 (6.75)	93,737 (18.23)	—	103,147 (7.78)	103,147 (23.21)	—
Japanese stocks	Average balance (%)	35,548 (2.53)	35,548 (7.72)	—	34,335 (2.59)	34,335 (8.14)	—
	Term-end balance (%)	57,524 (4.14)	57,524 (11.19)	—	47,272 (3.57)	47,272 (10.64)	—
Others	Average balance (%)	1,144,058 (81.57)	201,778 (43.83)	942,279 (100.00)	1,106,755 (83.58)	204,538 (48.47)	902,216 (100.00)
	Term-end balance (%)	1,087,488 (78.35)	213,470 (41.52)	874,018 (100.00)	1,082,832 (81.72)	202,246 (45.51)	880,585 (100.00)

Note: Total for 'Others' is the sum of domestic operations for 'Others' and international operations.

Balance of Securities by Residual Period

Years Ended March 31

(Millions of yen)

	2026					2025				
	Japanese national government bonds	Japanese local government bonds	Japanese corporate bonds	Japanese stocks	Others	Japanese national government bonds	Japanese local government bonds	Japanese corporate bonds	Japanese stocks	Others
Less than 1 year	29,953	1,523	11,605		43,302	29,977	2,020	2,960		51,478
1–3 years	—	2,506	14,535		79,017	—	2,907	22,722		62,938
3–5 years	—	15,002	8,443		122,105	—	4,863	7,812		137,119
5–7 years	—	1,034	4,419		150,567	—	2,137	327		116,277
7–10 years	19,893	45,844	3,394		82,496	28,761	5,138	2,255		88,027
Over 10 years	17,068	16,573	51,338	57,524	123,357	15,932	—	67,069	47,272	115,146
Indefinite period	—	—	—		486,640	—	—	—		511,844
Total	66,915	82,485	93,737	57,524	1,087,488	74,670	17,068	103,147	47,272	1,082,832

Ratio of Securities to Deposits

Years Ended March 31

(Millions of yen, %)

	2026			2025		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Securities (A)	1,388,150	514,132	874,018	1,324,991	444,405	880,585
Deposits (B)	4,905,962	4,804,437	101,524	4,756,277	4,684,520	71,757
Ratio (A)/(B)	28.29	10.70	860.89	27.85	9.48	1,227.16
Average during the year	29.21	9.75	1,143.14	26.82	8.66	1,417.13

Note: Deposits include negotiable certificates of deposit.

Securities Business (Non-Consolidated)

Underwriting of Public Bonds

(Millions of yen)

	2026	2025
Japanese national government bonds	—	—
Japanese local government bonds and government-guaranteed bonds	—	—
Total	—	—

Over-the-Counter Sales of Public Bonds and Securities Investment Trusts

(Millions of yen)

	2026	2025
Japanese national government bonds	—	—
Japanese local government bonds and government-guaranteed bonds	—	—
Total	—	—
Securities investment trusts	88,913	92,382

International Operations (Non-Consolidated)

Foreign Exchange Transactions

Years Ended March 31

(Millions of U.S. dollars)

		2026	2025
Outward exchange:	Foreign bills sold	5,430	3,342
	Foreign bills bought	—	—
Incoming exchange:	Foreign bills payable	3,572	1,189
	Foreign bills receivable	—	—
Total		9,003	4,531

Balance of Assets in International Operations

Years Ended March 31

(Millions of yen)

	2026			2025		
	Total	Domestic offices	Overseas offices	Total	Domestic offices	Overseas offices
Balance of assets in international operations	2,476,664	2,476,664	—	2,452,465	2,452,465	—

Trust Business Operations (Non-Consolidated)

Statement of Trust Assets and Liabilities

Years Ended March 31

(Millions of yen)

Account	2026	2025
(Assets)		
Loans and bills discounted	97,898	79,463
Loans on deeds	97,898	79,463
Securities	168,791	184,441
Government bonds	4,175	6,256
Local government bonds	28,512	9,075
Corporate bonds	33,902	26,356
Foreign securities	102,200	142,753
Beneficiary rights	57,482	4,530
Securities held in custody accounts	187,214	196,487
Monetary claims	311,601	255,047
Monetary claims on home mortgage	2,180	660
Other monetary claims	309,421	254,386
Tangible fixed assets	68,115	72,787
Real estate	68,115	72,787
Other claims	164	204
Cash and cash equivalents	147,656	142,616
Due from banks	147,656	142,616
Total assets	1,038,925	935,579
(Liabilities)		
Money trusts	196,127	197,446
Money entrusted, other than money trusts	231,849	218,635
Securities trusts	187,339	196,680
Monetary claims trusts	13,026	22,434
Composite trusts	410,582	300,383
Total liabilities	1,038,925	935,579

Notes: 1. 'Beneficiary rights,' which the Bank acquired from a trust where the Bank acts as entrustor and trustee, are deducted from the total amount of beneficiary rights in the trust account, in order to avoid duplication.

The principal balance of the corresponding trust account is deducted from liabilities by the same amount.

2. There are no balances for guaranteed trusts.

Balance of Money Trusts under Management

Years Ended March 31

(Millions of yen)

Type	2026	2025
Money trusts	196,127	197,446
Total	196,127	197,446

Note: There are no balances for pension trusts, asset formation benefit trusts or loan trusts.

Balance of Principal of Money Trusts by Trust Period

Years Ended March 31

(Millions of yen)

Type	2026	2025
Money trusts		
Less than 1 year	14,686	2,511
1-2 years	10,222	10,186
2-5 years	180	326
Over 5 years	798	755
Others	—	—
Total	25,887	13,779

Note: There are no balances for loan trusts.

Trust Business Operations (Non-Consolidated)

Operational Status of Money Trusts by Type

Years Ended March 31

(Millions of yen)

Type	2026	2025
Money trusts		
Loans and bills discounted	13,700	—
Securities	168,491	184,111
Crypto assets	—	—
Electronic payment instruments	—	—
Money trusts Total	182,191	184,111
Total Loans and bills discounted	13,700	—
Total Securities	168,491	184,111
Total Crypto assets	—	—
Total Electronic payment instruments	—	—
Total Loans and bills discounted, Securities, Crypto assets and Electronic payment instruments	182,191	184,111

Note: There are no balances for pension trusts, asset formation benefit trusts or loan trusts.

Balance of Money Trusts by Types of Loans

Years Ended March 31

(Millions of yen)

Type	2026	2025
Loans on deeds	13,700	—
Total	13,700	—

Note: There are no balances for pension trusts, asset formation benefit trusts or loan trusts.

Balance of Money Trusts Classified by Contract Period of Loans

Years Ended March 31

(Millions of yen)

Type	2026	2025
Within 1 year	13,700	—
1-3 years	—	—
3-5 years	—	—
5-7 years	—	—
Over 7 years	—	—
Total	13,700	—

Note: There are no balances for pension trusts, asset formation benefit trusts or loan trusts.

Balance of Money Trusts Classified by Type of Collateral of Loans

Years Ended March 31

(Millions of yen)

Type	2026	2025
Unsecured	13,700	—
Total	13,700	—

Note: There are no balances for pension trusts, asset formation benefit trusts or loan trusts.

Balance of Money Trusts Classified by Purpose of Loans

Years Ended March 31

(Millions of yen)

Type	2026	2025
Funds for capital investment	—	—
Funds for working capital	13,700	—
Total	13,700	—

Note: There are no balances for pension trusts, asset formation benefit trusts or loan trusts.

Trust Business Operations (Non-Consolidated)

Balance of Money Trusts Classified by Industry of Loans

Years Ended March 31

(Millions of yen, %)

Type	2026		2025	
	Balance	Percentage	Balance	Percentage
Electricity,gas,heat supply and water	13,700	100.00	—	—
Total	13,700	100.00	—	—

Note: There are no balances for pension trusts, asset formation benefit trusts or loan trusts

Balance of Securities Related to Money Trusts

Years Ended March 31

(Millions of yen, %)

Type	2026		2025	
	Balance	Percentage	Balance	Percentage
Government bonds	4,175	2.48	6,256	3.40
Local government bonds	28,512	16.92	9,075	4.93
Short-term corporate bonds	—	—	—	—
Corporate bonds	33,602	19.94	26,026	14.13
Stocks	—	—	—	—
Other securities	102,200	60.66	142,753	77.54
Total	168,491	100.00	184,111	100.00

Note: There are no balances for pension trusts, asset formation benefit trusts or loan trusts.

The followings are not applicable.

1. Balance of guaranteed trust (including trust assets entrusted to other banks for asset management) by type.
2. Balance of loans and bills discounted to Small and Medium-Sized Enterprises (SMEs) related to money trusts and ratios to total loans and bills discounted.
SMEs are defined as companies having capital of not more than ¥300 million (¥100 million in wholesale, and ¥50 million in retail, food service and leasing and other services business categories), or companies with not more than 300 full-time employees (100 in wholesale and leasing and other services, 50 in retail and food service business categories), etc.
3. Balance of loans and bills discounted related to guaranteed trust (including trust assets entrusted to other trust banks for asset management).
Loans are 'Bankrupt and similar credit,' 'Doubtful credit,' 'Loans overdue for three months or more' and 'Restructured loans.'
4. Balance of crypto assets by type.
5. Balance of electronic payment instruments by type.

Capitalization (Non-Consolidated)

History of Capitalization

(Millions of yen)

Month/Year	Capital increases	Capital thereafter	Remarks
Sep. 2000	66,666	419,781	Compensatory private placement (common stock, 333,334 thousand shares); Issue price ¥300; Transfer to capital ¥200
Oct. 2000	(260,000)	159,781	Non-compensatory reduction of capital • Capital reduction of ¥105,287 million by redemption of the 2nd preferred stock, 102,000 thousand shares; the 3rd preferred stock, 386,398 thousand shares; and the 4th preferred stock, 71,856 thousand shares • Capital reduction of ¥154,712 million exceeding face amount of common stock and transferred to capital
Oct. 2000	260,000	419,781	Compensatory private placement (the 5th preferred stock, 866,667 thousand shares); Issue price ¥300; Transfer to capital ¥300
Nov. 2012	(319,781)	100,000	Capital reduction (Change in capital composition) Capital stock was reduced by ¥319,781 million. Of which, ¥53,980 million was transferred to legal capital surplus, and the remaining ¥265,801 million was transferred to other capital surplus.
July 2024	25,966	125,966	Compensatory private placement (common stock, 21,500 thousand shares); Issue price ¥2,415.5; Transfer to capital ¥1,207.75

Major Shareholders

(As of March 31, 2026)

	Number of shares held	Percentage of total outstanding shares
Daiwa Securities Group Inc.	33,056 Thousands	23.65%
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,081	10.79
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052255)	6,905	4.94
Custody Bank of Japan, Ltd. (Trust Account)	2,646	1.89
JP MORGAN CHASE BANK 385781	1,416	1.01
STATE STREET BANK AND TRUST COMPANY 505001	1,412	1.01
Aozora Bank, Ltd.	1,408	1.01
Morgan Stanley MUFG Securities Co., Ltd.	986	0.71
MORGAN STANLEY & CO. LLC	915	0.66
Matsui Securities Co., Ltd.	758	0.54
ISHARES CORE MSCI EAFE ETF	747	0.53
Others	74,454	53.26
Total	139,789	100.00

Note: The above table was compiled based on the Bank's Shareholder Registry as of March 31, 2026.

Ownership and Distribution of Shares

(As of March 31, 2026)

Classification	Stock Status (1 <i>tangen</i> unit = 100 shares)								Fractional shares of common stock
	National and municipal governments	Financial institutions	Financial instruments firms	Other domestic companies	Foreign Investors		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders	—	38	40	725	283	406	91,860	93,352	—
Number of shares held (<i>tangen</i>)	—	268,541	43,111	372,250	176,532	2,765	532,456	1,395,655	223,918
Percentage of total number of shares	—	19.24	3.09	26.67	12.65	0.20	38.15	100.00	—

Notes: 1. Treasury stock of 1,408,342 shares comprises 14,083 *tangen* units under Individuals and others and 42 shares under Fractional shares of common stock.

2. In the Other domestic companies column, shares in the name of Japan Securities Depository Center Incorporated represent one *tangen* unit.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

This section describes the information consistent with FSA Notice Number 7, Basel III Pillar III—Market Discipline, based on Article 19-2.1.5.d and 19-3.1.3.c of the Ordinance for the Enforcement of the Banking Act (Ministry of Finance Ordinance Number 10, 1982), issued in 2014.

‘Notice’ in this section refers to FSA Notice Number 19, Basel III Pillar I—Minimum Capital Requirements and Buffers, issued in 2006.

The Bank received agreed-upon procedures from Deloitte Touche Tohmatsu LLC (‘DTT’) as an external audit on the calculation of the capital adequacy ratio (on both consolidated and non-consolidated basis) in accordance with the JICPA Practical Guidelines on Professional Services 4465 ‘Practical Guidelines on Agreed-Upon Procedures for Calculation of Capital Adequacy Ratio and Leverage Ratio.’ DTT performed procedures to the extent agreed with the Bank on limited part of the internal control system relating to the calculation of the capital adequacy ratio, and reported the results to the Bank. This external audit is not part of the financial statement audits or the internal control audit, and does not express any opinion or conclusion regarding the capital adequacy ratio itself or the internal control system for calculation of the capital adequacy ratio.

Composition of Capital Disclosure

Composition of Capital Disclosure (Consolidated)

(Basel III)

(Millions of Yen)

Items	March 31, 2026	March 31, 2025
Core capital: instruments and reserves (1)		
Directly issued qualifying common share capital and preferred share capital with mandatory conversion clause plus related stock surplus and retained earnings	488,198	475,144
of which: capital and capital surplus	239,449	239,449
of which: retained earnings	255,102	241,633
of which: treasury stock (–)	2,894	2,894
of which: national specific regulatory adjustments (earnings to be distributed) (–)	3,459	3,044
of which: other than above	–	–
Accumulated other comprehensive income included in Core capital	13,285	11,891
of which: foreign currency translation adjustment	9,674	9,604
of which: remeasurements of defined benefit plans	3,611	2,286
Share award rights and Share acquisition rights to common shares and preferred shares with mandatory conversion clause	626	501
Adjusted non-controlling interests (amount allowed in group Core capital)	699	834
Total of general allowance for loan losses and eligible provisions included in Core capital	23,480	38,759
of which: general allowance for loan losses	9,763	38,759
of which: eligible provisions	13,717	–
Eligible non-cumulative perpetual preferred shares subject to transitional arrangements included in Core capital	–	–
Eligible capital instruments, other than non-cumulative perpetual preferred shares, subject to transitional arrangements included in Core capital	–	–
Capital instruments issued using public capital injection programs included in Core capital	–	–
Amounts equivalent to 45% of land revaluation excess subject to transitional arrangements included in Core capital	–	–
Non-controlling interests subject to transitional arrangements included in Core capital	3,012	2,605
Core capital: instruments and reserves (A)	529,304	529,736

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(Millions of Yen)

Items	March 31, 2026	March 31, 2025
Core capital: regulatory adjustments (2)		
Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	17,196	18,476
of which: goodwill (including those equivalent)	3,667	4,119
of which: other intangibles other than goodwill and mortgage servicing rights	13,529	14,357
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	18,205	16,025
Shortfall of eligible provisions to expected losses	—	—
Securitization gain on sale	—	—
Gains and losses due to changes in own credit risk on fair valued liabilities	1,392	522
Defined-benefit pension fund net assets (prepaid pension costs)	8,436	6,457
Investments in own shares (excluding those reported in the Net assets section)	0	0
Reciprocal cross-holdings in capital instruments	—	—
Investments in the common stock and preferred stock with mandatory conversion clause of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specified items	—	—
of which: significant investments in the common stock and preferred stock with mandatory conversion clause of financials	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount exceeding the 15% threshold on specified items	—	—
of which: significant investments in the common stock and preferred stock with mandatory conversion clause of financials	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core capital: regulatory adjustments (B)	45,230	41,483
Regulatory capital		
Regulatory capital ((A)–(B)) (C)	484,073	488,253
Risk-weighted assets (3)		
Credit risk assets	3,568,387	4,248,928
Total of items subject to transitional arrangements included in risk-weighted assets	—	—
of which: investments in capital instruments of financials	—	—
of which: other than above	—	—
Risk assets derived from market risk equivalents	165,598	177,658
Internal risk transfer	—	—
Risk assets derived from operational risk equivalents	125,424	127,227
Floor adjustment	591,709	—
Total risk-weighted assets (D)	4,451,119	4,553,814
Consolidated capital adequacy ratio		
Consolidated capital adequacy ratio ((C)/(D))	10.87%	10.72%

Note: Consolidated capital adequacy ratio is calculated based on the Notice.

The Bank uses the domestic standard applicable to Japanese banks without overseas branches or banking subsidiaries.

Methods used to calculate risk-weighted assets and amounts of required capital for each risk are as follows:

(Millions of Yen)

	Methods	March 31, 2026	March 31, 2025
Total required capital		178,044	182,152
Credit risk	Standardized approach and Foundation internal ratings-based approach	142,735	169,957
Market risk equivalents	Standardized approach and Simplified standardized approach	6,623	7,106
Operational risk equivalents	Standardized approach	5,016	5,089
Floor adjustment		23,668	—

Note: The Bank applies the standardised approach as of March 31, 2025.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

Composition of Capital Disclosure (Non-Consolidated)

(Basel III)

(Millions of Yen)

Items	March 31, 2026	March 31, 2025
Core capital: instruments and reserves (1)		
Directly issued qualifying common share capital and preferred share capital with mandatory conversion clause plus related stock surplus and retained earnings	451,803	442,142
of which: capital and capital surplus	239,449	239,449
of which: retained earnings	218,707	208,631
of which: treasury stock (–)	2,894	2,894
of which: national specific regulatory adjustments (earnings to be distributed) (–)	3,459	3,044
of which: other than above	–	–
Share award rights and Share acquisition rights to common shares and preferred shares with mandatory conversion clause	626	501
Total of general allowance for loan losses and eligible provisions included in Core capital	22,633	38,074
of which: general allowance for loan losses	8,438	38,074
of which: eligible provisions	14,194	–
Eligible non-cumulative perpetual preferred shares subject to transitional arrangements included in Core capital	–	–
Eligible capital instruments, other than non-cumulative perpetual preferred shares, subject to transitional arrangements included in Core capital	–	–
Capital instruments issued using public capital injection programs included in Core capital	–	–
Amounts equivalent to 45% of land revaluation excess subject to transitional arrangements included in Core capital	–	–
Core capital: instruments and reserves (A)	475,063	480,717
Core capital: regulatory adjustments (2)		
Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	5,136	6,166
of which: goodwill (including those equivalent)	–	–
of which: other intangibles other than goodwill and mortgage servicing rights	5,136	6,166
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	17,518	15,826
Shortfall of eligible provisions to expected losses	–	–
Securitization gain on sale	–	–
Gains and losses due to changes in own credit risk on fair valued liabilities	1,392	522
Defined-benefit pension fund net assets (prepaid pension costs)	5,406	4,555
Investments in own shares (excluding those reported in the Net assets section)	0	0
Reciprocal cross-holdings in capital instruments	–	–
Investments in the common stock and preferred stock with mandatory conversion clause of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	–	–
Amount exceeding the 10% threshold on specified items	–	–
of which: significant investments in the common stock and preferred stock with mandatory conversion clause of financials	–	–
of which: mortgage servicing rights	–	–
of which: deferred tax assets arising from temporary differences (net of related tax liability)	–	–
Amount exceeding the 15% threshold on specified items	–	–
of which: significant investments in the common stock and preferred stock with mandatory conversion clause of financials	–	–
of which: mortgage servicing rights	–	–
of which: deferred tax assets arising from temporary differences (net of related tax liability)	–	–
Core capital: regulatory adjustments (B)	29,453	27,070
Regulatory capital		
Regulatory capital ((A)–(B)) (C)	445,609	453,646

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(Millions of Yen)

Items	March 31, 2026	March 31, 2025
Risk-weighted assets (3)		
Credit risk assets	3,552,680	4,196,612
Total of items subject to transitional arrangements included in risk-weighted assets	—	—
of which: investments in capital instruments of financials	—	—
of which: other than above	—	—
Risk assets derived from market risk equivalents	164,832	176,477
Internal risk transfer	—	—
Risk assets derived from operational risk equivalents	64,315	97,712
Floor adjustment	597,947	—
Total risk-weighted assets (D)	4,379,775	4,470,802
Non-consolidated capital adequacy ratio		
Non-consolidated capital adequacy ratio ((C)/(D))	10.17%	10.14%

Note: Non-consolidated capital adequacy ratio is calculated based on the Notice.

The Bank uses the domestic standard applicable to Japanese banks without overseas branches or banking subsidiaries.

Methods used to calculate risk-weighted assets and amounts of required capital for each risk are as follows:

(Millions of Yen)

	Methods	March 31, 2026	March 31, 2025
Total required capital		175,191	178,832
Credit risk	Standardized approach and Foundation internal ratings-based approach	142,107	167,864
Market risk equivalents	Standardized approach	6,593	7,059
Operational risk equivalents	Standardized approach	2,572	3,908
Floor adjustment		23,917	—

Note: The Bank applies the standardised approach as of March 31, 2025.

Qualitative Disclosure

1. Items pertaining to the scope of consolidation

(1) A discrepancy between the definition of companies belonging to the group of companies (hereafter, 'Consolidated Group') subject to calculation of consolidated capital adequacy ratio, in accordance with Article 26 of the Notice, and companies included within the scope of accounting consolidation, and cause of the discrepancy

Subsidiaries deemed as 'financial subsidiaries' according to the Notice but excluded from the scope of accounting consolidation are included in the Consolidated Group in accordance with Article 26 of the Notice.

(2) Number of consolidated subsidiaries, names of principal consolidated subsidiaries and major lines of business

Number of consolidated subsidiaries for the consolidated financial statements: 23

Principal consolidated subsidiaries:

- GMO Aozora Net Bank, Ltd. (banking business)
- Aozora Loan Services Co., Ltd. (distressed loan servicing)
- Aozora Securities Co., Ltd. (financial instruments business)
- Aozora Regional Consulting Co., Ltd. (business consulting services)
- Aozora Investment Management Co., Ltd. (investment management services)
- Aozora Real Estate Investment Advisors Co., Ltd. (investment advisory services)
- ABN Advisors Co., Ltd. (M&A advisory services)
- Aozora Corporate Investment Co., Ltd. (venture capital investment)
- Aozora Europe Limited (financial services)
- Aozora North America, Inc. (financial services)
- AZB Funding 12 Limited (investment vehicle)

(3) Number of affiliates conducting financial services and having applied Article 32 of the Notice, and names, amounts of total assets and net assets and main business of such affiliates

Not applicable

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(4) Names, amounts of total assets and net assets, and main business of companies belonging to the Consolidated Group but not included in the scope of accounting consolidation, and companies not belonging to the Consolidated Group but included in the scope of accounting consolidation

(Companies belonging to the Consolidated Group but not included in the scope of accounting consolidation)

(Millions of Yen)

Name	Total assets	Net assets	Main business
AT Investments Co., Ltd.	334	243	financial services
AHT Investments	10	10	financial services
Tokyo Recovery	53	3	financial services
Aozora Recovery Acquisition 1	4,098	4	financial services
Chiba-Musashino Partner	151	3	financial services
Shinkumi Recovery Co., Ltd.	642	3	financial services
Aozora Recovery Support Co., Ltd.	4,774	3	financial services
AL3 Co., Ltd.	26	3	financial services
Aozora Asset Co., Ltd.	4,237	2	financial services
Fukushima Recovery Co., Ltd.	114	111	financial services
Aozora Chiiki Saisei Co., Ltd.	5,175	10	financial services

(Companies not belonging to the Consolidated Group but included in the scope of accounting consolidation)

Not applicable

(5) Summary of restrictions on the movement of cash and equity capital within the Consolidated Group

Not applicable

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

2. Summary of equity financing methods

The Aozora Bank Group executes equity financing through the issuance of shares of common stock as follows.

(As of March 31, 2026)

Item	Common Stock
Issuing entity	Aozora Bank
Amounts included in core capital	¥239,449 million

3. Outline of capital adequacy assessment method

The Group manages its risk based on 'risk capital,' for internal management, in order to control the risk of its business within intended scope and to secure sufficient capital that match the risk it faces. We assess our capital adequacy by comparing the amounts of total capital to amount of risk capital which will be used for the fiscal year, and thus confirming that an adequate amount of capital for the risk is secured.

The assessment is also made from the perspective of whether the Group can maintain sufficient capital in the light of the estimated loss assumed in a stress-testing on the Group's capital position and ensure the continuous operation for the following fiscal year onwards, and secure the required capital adequacy ratio. The status of risk capital is reported to the management on monthly basis in principle.

4. Items pertaining to credit risk

(1) Summary of risk management policies and procedures

The policies and procedures applied to risk management at Aozora Bank are described in the Risk Management of this annual report under the heading 'Credit Risk Management,' in the Consolidated Financial Statements: Basic Requirements for the Preparation of Consolidated Financial Statements and the Non-Consolidated Financial Statements: Significant Accounting Policies.

(2) Major business units or asset classes excluded from the IRB approach and exposures subject to a phased rollout of the IRB approach

• Major business units or asset classes excluded from the IRB approach

In principle, the Bank applies the foundation internal ratings-based approach(FIRB) to calculate credit risk-weighted assets. However, for certain assets or consolidated subsidiaries where the exposures are deemed immaterial and the significance of applying the FIRB approach is considered low, the Standardised Approach is applied as an exception.

• Exposures subject to a phased rollout of the IRB approach

Not applicable

Major business Units	Approach to be applied	Asset classes excluded from application of IRB approach
Aozora Bank, Ltd	FIRB	Residential real estate exposures Qualifying revolving retail exposures Other retail exposures
GMO Aozora Net Bank, Ltd Aozora Loan Services Co., Ltd	SA	—

(3) Portfolios subject to the standardised approach

Eligible rating agencies used for the judgement on risk weight

The eligible rating agencies which we use for the judgment on risk weight are as follows. We do not use country risk scores of OECD or Export Credit Agencies.

Type of exposure	Eligible rating agencies used
Sovereign (including government-affiliated organizations)	Rating and Investment Information, Inc. (R&I)
Financial institutions (including securities firms)	Japan Credit Rating Agency, Ltd. (JCR)
Securitization	Moody's Investors Service (Moody's)
Exposures to corporates	S&P Global Ratings(S&P)

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

- Criteria for classifying exposures into FIRB portfolios

FIRB portfolios	SA portfolios
Sovereign exposures	Exposures to the central government and central bank of Japan, foreign central governments and central banks, public sector entities other than foreign central governments, etc.
Financial institutions exposures	Exposures to Banks, type I financial instruments business operators and insurance companies, subordinated debt and other capital instruments, etc.
Equity exposures	Equity exposures
Purchased receivables	Exposures to corporates, financial institutions, specialized lending and commercial real estate-related exposures that have been acquired from third parties
Corporates exposures(excluding SME, specialised lending exposures)	Exposures to corporates (excluding specialised lending), subordinated debt and other capital instruments
SME exposures	SME exposures
Residential real estate exposures	Exposures to residential mortgages
Specialized lending exposures	Exposures to specialised lending, commercial real estate-related, acquisition, development and construction(ADC)
Qualifying revolving retail exposures	Not applicable
Other retail exposures	

(4) Portfolios subject to the IRB approach

- Overview of the Internal Ratings System

Our internal ratings system consists of “obligor ratings,” “facility ratings” and “expected loss grades.”

“Obligor ratings” assess the creditworthiness of obligors and are assigned to corporate customers, financial institutions, sovereigns and the like.

“Facility ratings” are assigned to individual credit exposures to an obligor. They are determined based on the obligor rating, taking into account transaction terms such as the maturity of the exposure, collateral and guarantees. Facility ratings are assigned to loans, acceptances and guarantees, privately placed bonds, discounted bills, purchases of unsecured bills, derivative transactions and other similar exposures.

“Expected loss grades” are assigned to credit exposures for which repayment depends on cash flows generated from specific underlying assets. They are applied, for example, to non-recourse real estate finance, project finance and securitized products, etc.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

The definitions of obligor ratings are as shown in the table below and are aligned with the borrower category used in the Bank's self-assessment of assets.

Obligor ratings	Definition	Borrower Category	labelling in quantitative disclosure	
1A	Highest creditworthiness supported by many excellent factors.	Normal	High rating	
2A	Very high creditworthiness supported by some excellent factors.			
3A	High creditworthiness supported by a few excellent factors.			
4A				
5A				
6A	Creditworthiness is sufficient, though some factors require attention in times of major environment changes.			
7A				
1B			Mid-range rating	
2B	Creditworthiness is adequate, though some factors require attention in times of environment changes.			
3B				Creditworthiness is adequate for the time being, though some factors require attention in times of environment changes.
4B		Creditworthiness is adequate for the time being, though some factors require due attention in times of environment changes.		
5B				
1C	Need Attention borrowers have problems with business performance and financial operations that deserve attention. If left uncorrected, such weaknesses may result in a deterioration of credit worthiness and uncollectible debt from such borrowers. Particular attention is required for these borrowers due to such weaknesses as “weak or unstable business results consecutive losses etc.”, “poor ability of cash flow generation”, “weakness in cash management, e.g. high leverage”, “problems with its financial positions”, or otherwise. If borrowers are rated “Need Attention” based on these partial weaknesses, but such weaknesses can be covered by other factors, and they are expected to overcome these weaknesses in the future, such borrowers are rated “1C”. Other Need Attention borrowers are rated “2C”, however, those to which Aozora has Restructured Loans are rated 3C.	Need Attention	Low rating	
2C				
3C		(Special Attention)		
D	In Danger of Bankruptcy borrowers are not bankrupt now, but are facing business difficulties and have failed to make adequate progress on their business improvement plan etc., so that there is a large possibility of them falling into bankruptcy in the future. This includes borrowers that are receiving support from financial institutions, etc.	In danger of Bankruptcy	Default	
E	De-facto Bankrupt borrowers have defaulted or are in imminent danger of default. They are not yet legally and formally bankrupt, but in serious business difficulties from which they are considered impossible to rebuild. In other words, the borrowers are for all practical purposes bankrupt.	De-facto Bankruptcy		
F	Bankrupt borrowers are legally and formally bankrupt. This would include bankruptcy, liquidation, rehabilitation, civil rehabilitation, and suspension of dealings on the bill exchange.	Bankrupt		

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

- Overview of the rating assignment procedures for each portfolio

Type of exposure	Type of rating	Overview of the rating assignment procedures
Corporate exposures	Obligor rating	Conduct model-based assessments using the debtor's financial information and other relevant data, and assign ratings by incorporating qualitative assessments.
Sovereign exposures	Obligor rating	Assign ratings by taking into comprehensive consideration financial indicators, qualitative assessments and external ratings, in line with the characteristics of each industry and business type.
Financial institutions, etc. exposures	Obligor rating	Assign ratings by comprehensively considering industry risk, indicators related to the strength of the business and financial bases, and external ratings.
Specialized lending exposures	Expected loss grade	Assign ratings by taking into account expected loss (EL), loan-to-value (LTV), cash flows, credit enhancement and qualitative assessments, in accordance with the type of underlying assets.

- Procedures for estimating parameters

The probability of default (PD), defined as the one-year probability of default, is estimated by treating special attention obligors and below as defaulted exposures. We calculate a long-term average default rate based on the Bank's historical data and external data, and then add a margin for estimation error to derive the PD.

- Validation of the Internal Ratings System and Parameters

To ensure the accuracy and consistency of the internal ratings system and parameters, we conduct validation at least once a year.

The internal ratings system is validated using methods such as the accuracy ratio, rating transition matrices and mapping to external ratings, and the models and other components are revised as necessary based on the results. Parameters are validated using statistical methods based on one-year default experience, and their levels are also assessed for appropriateness through comparisons with external data.

5. Risk management policy associated with credit risk mitigation and outline of procedures

The Bank uses a standard form of documentation for collateral or guarantee contracts which we confirm as to its legal enforceability. When this standard documentation is not used, we take steps such as confirming the legal enforceability of each contract, among other procedures in the process of our decision to grant or refuse a transaction.

The concentration of credit and market risks resulting from the use of credit risk mitigation is modest.

(Major collateral)

Type of collateral	Valuation	Management policy	Procedures
Financial assets (deposits at Aozora Bank, securities)	Notional amount or market price	Prices are reviewed on a monthly basis. (Prices of listed securities are reviewed every business day.)	In the calculation of risk-weighted assets, such eligible financial collateral or other eligible collateral are applied as credit risk mitigation. If a strong positive correlation exists between the credit risk of the counterparty and that of the relevant eligible financial collateral or other eligible collateral, we do not use such collateral as a credit risk mitigation.
Real estate, ships, aircrafts	Appraisal	Value is reviewed annually or semi-annually according to the credit strength of the borrower.	
Nominative claims, etc.	Amount of billed receivables	Change in creditworthiness of the underlying obligor is monitored appropriately.	

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(Guarantees/CDS)

	Type and creditworthiness of counterparty
Guarantees	We individually judge the creditworthiness of the guarantor or the necessity of obtaining a proof thereof. We use a guarantee transaction as a credit risk mitigation contingent on the condition that the risk weight of the guarantor is lower than that of the obligor.
CDS	The providers of protection in CDS transactions mainly consist of domestic and overseas financial institutions, and we judge the creditworthiness of the protection provider individually. When a CDS transaction is used as a credit risk mitigation, we set the minimum requirement of meeting the prerequisites of a guarantee as stated above.

(Off-setting/Netting)

	Policy/procedures/type of transaction/scope
Loan and deposit at Aozora Bank (On-balance-sheet netting)	(Policy) In extending a loan, we conclude a contract with a clause of special agreement on general requirements needed for offsetting, which allows legal offsetting of loans and deposits at Aozora Bank. In the calculation of risk-weighted assets, an amount after netting of a loan and deposit at Aozora subject to the offsetting agreement is treated as an exposure after credit risk mitigations are applied. (Type and scope of transactions) Claim against which the balance on the deposit account is off-set: Loans Claims used to off-set a loan: Time deposits (Procedures) Under the appropriate maturity control, we apply credit risk mitigations through netting of a loan provided by Aozora and time deposits at Aozora. However, if the remaining period of the loan exceeds the remaining period of time deposits at Aozora, credit risk mitigating effects are recognized only when the initial contract period of time deposits at Aozora is one year or longer and the remaining period as of the base date of calculation is over 3 months.
Derivatives	(Policy) We apply netting for derivative transactions subject to a legally enforceable netting agreement. Transactions exempt from calculation of credit equivalent amounts are not included in the target transactions of netting. (Type and scope of transactions) Interest derivatives, foreign exchange derivatives, credit derivatives, equity derivatives, commodity derivatives, and other various derivatives. (Procedures) We use the ISDA Master Agreement, whose legal enforceability has been confirmed by an outside law firm, as the standard form of derivative transactions. We have also confirmed that there is rational legal opinion for its use.
Repo-style transactions	(Policy) We apply netting for repo-style transactions subject to a legally enforceable netting agreement. (Type and scope of transactions) Repo-style transactions (Procedures) We use a contract, whose legal enforceability has been confirmed by an outside law firm, as the standard form of repo-style transactions. We have also confirmed that there is rational legal opinion for its use.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

6. Summary of risk management policies and procedures associated with counterparties to derivative product transactions and long-term settlement transactions

Policies and procedures are described under 'Risk Management,' 'Credit Risk Management' and 'Market Risk Management.' The Bank is obliged to provide additional collateral for derivative product transactions when there is a deterioration of its credit quality.

7. Items pertaining to securitization exposures

- (1) Summary of risk management policies and risk characteristics
Securitization transactions refer to transactions which are structured with two or more tranches in line with underlying credit and which are either partially or wholly transferred to a third party.
The main role of the Bank in securitization transactions is that of investor or servicer. Sometimes, it may also act as originator or swap provider.
Securitization transactions have various risks depending on underlying assets and the Bank's role in securitization transactions.
Risk management policies are described under 'Risk Management' and 'Credit Risk Management.'
- (2) Summary of system development and management status in accordance with No. 1 to No. 4 of Paragraph 1, Article 248 of the Capital Adequacy Ratio Notice (this includes cases in which Paragraph 2 of Article 302-2 apply).
Regarding securitization transactions (including resecuritization transactions), individual transactions and portfolios are monitored in accordance with risk characteristics by establishing monitoring policies for each product in line with the underlying assets.
- (3) Policy for using securitization transactions as credit risk mitigation
Securitization transactions as a way to manage the portfolio are considered when necessary.
- (4) Name of method used to calculate the amount of credit risk assets for securitization exposures
This is described in this document under the heading 'Quantitative Disclosures' 2. (1).
- (5) Name of method used to calculate equivalent market risk amounts of securitization exposures
Not applicable.
- (6) Name of SPE types and whether the Bank or its consolidated subsidiaries have securitization exposures to securitization transactions which Aozora Group makes for a third party's assets using an SPE for securitization.
There are no applicable securitization transactions as of March 31, 2026.
- (7) Names of subsidiaries (excluding consolidated subsidiaries) and affiliates which have securitization exposures to securitization transactions made by the Aozora Group (including securitization transactions in which the Aozora Group uses SPEs)
There are no applicable subsidiaries or affiliates as of March 31, 2026.
- (8) Accounting policy for securitization transactions
When the Group originates securitization transactions, the following treatments are applied:
 - The Group recognizes the securitization transactions as sale of assets if conditions required for the elimination of assets, based on the Accounting Standards for Financial Instruments, have been satisfied.
 - The Group recognizes sale of assets when the assets are reassigned (delivery standard).
 - The Group records remainders at the acquisition price. However, if severe impairment mars assessment of the securitized assets, the Group will consider a charge-off.
 - The Group provides the necessary amount of provisions for off-balance credits including liquidity facilities or credit facilities, based on internal Write-off and Reserve Standards and related rules.When the Group acquires securitized products, the assets are treated according to the Accounting Standards for Financial Instruments.
- (9) Names of eligible rating agencies used for the judgment of risk weights according to type of securitization exposure
This is described in this document under the heading 'Qualitative Disclosure' 4. (2).

8. Items pertaining to CVA risk

- (1) Names of calculation approach for CVA risk and summary of transactions calculated by each approach
We use reduced version of the BA-CVA.
Calculation target is derivative transactions except exposures to central counterparty (No. 2 of Paragraph 2 of Article 270 of the Capital Adequacy Ratio Notice).
- (2) Characteristic of CVA risk and summary of CVA risk management
CVA stands for credit valuation adjustment specified at a counterparty level. CVA values are affected by change of counterparty credit risk and market risk factors.
We reflect CVA to fair value of derivative transactions, and monitor CVA risk by calculating quarterly.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

9. Items pertaining to market risk

- (1) Summary of risk management policies, procedures and structure
 - (2) Methods used to identify, evaluate, manage and reduce risk as well as to monitor the effectiveness of hedging
 - (3) Policies and procedures to specify the scope of products classified into the trading book (including the methods to specify, manage and monitor positions with low liquidity)
 - (4) Status of transfers of products between the trading book and banking book, and in the event of a transfer, its reason, and the market value and fair value on a gross basis of the product transferred
 - (5) Status of risk transfers of IRT desks
 - (6) Scope of the system related to reporting and measurement, and its content
- These items are described in the Risk Management section of this annual report under the heading 'Market Risk Management.'

10. Items pertaining to operational risk

- (1) Summary of risk management policies and procedures
This item is described in the Risk Management section of this annual report under the heading 'Operational Risk Management'.
- (2) Calculation Method of BI
It is calculated as the sum of ILDC, SC and FC, in accordance with Article 305 of the Capital Adequacy Ratio Notice.
- (3) Calculation Method of ILM
The internal loss multiplier (ILM) is calculated according to the method specified in Article 306, Paragraph 1, Item 1 of the Capital Adequacy Ratio Notification. However, certain consolidated subsidiaries that do not meet the criteria set forth in the Financial Services Agency Notification use conservative estimates for ILM.
- (4) Whether there is any business unit excluded from the calculation of BI in calculating the amount corresponding to operational risk
Not applicable
- (5) Whether there is any extraordinary loss excluded from the calculation of ILM in calculating the amount corresponding to operational risk
Not applicable

11. Summary of policies and procedures for risk management related to equity exposures

Policies and procedures are described under 'Risk Management section,' 'Credit Risk Management' and 'Market Risk Management.'

Accounting policies applicable to equity exposures are as follows:

- The Group evaluates equity exposures by holding purposes, in line with the Accounting Standards for Financial Instruments.
- a) Stocks in subsidiaries and affiliates are stated at cost.
 - b) Available-for-sale securities are reported at fair value.
 - c) Non-marketable equity securities are stated at cost.

We apply equity risk weights to investment for listed Real Estate Investment Trust out of investments for real estate investment trust.

12. Items pertaining to interest rate risk

- (1) Summary of risk management policies and procedures
Consolidated and non-consolidated interest rate risk is measured on a quarterly basis and the CRO reports to the ALM Committee, etc. Interest rate risk is controlled by using bond transactions, funds, swaps to which hedge accounting is applied, bond and interest rate futures, and options for those.
- (2) Summary of interest rate risk calculation method
Interest rate risk in the banking book is measured in such a way that the interest due date under contract for each transaction is recognized as the maturity date, and prepayments of fixed rate housing loans and term deposits are assumed. We adopt the assumed rates for repayment and cancellation set by the Regulator. For liquid deposits, "core deposits" (liquid deposits that are to remain in the bank for a long period without withdrawal) are considered. The balance of core deposits is estimated by the internal model using the data including market and deposit interest rates, and macro environments. The maximum maturity set to liquid deposits is 10 years, and the average maturity is 0.9 years on a non-consolidated basis and 0.5 years on a consolidated basis. For the aggregation of interest rate risk amount calculated per currency, ΔEVE is calculate by adding only the currencies with positive ΔEVE and ΔNII is calculated by simply adding up ΔNII of each currency. Also, spreads are considered in cash flows.
Other items are described in the Risk Management section of this annual report under the heading 'Market Risk Management'.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

Quantitative Disclosure

1. Names of subsidiaries classified as other financial institutions under the Notice whose capital is short of the regulatory amount required, and total shortfall amount of such subsidiaries

(As of March 31, 2026 and 2025)

Not applicable

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

2. Items pertaining to Capital Adequacy

(1) Breakdown by Portfolio

(Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2026	
	Amount of credit risk assets	Amount of capital requirements
Exposure subject to the standardised approach (SA)	1,407	112
Phased rollout assets	—	—
Exclusion assets	1,407	112
Exposure subject to the foundation internal ratings-based approach (FIRB)	23,607	2,415
Business Entity Exposures (BEE)	21,800	2,253
Corporates exposures (excluding specialised lending exposures, SME exposures)	15,418	1,362
Specialised lending exposures	5,351	753
SME exposures	282	25
Sovereign exposures	47	3
Financial institutions exposures	700	108
Retail exposures	—	—
Equity exposures	1,084	86
Speculative non-listed equities	102	8
Other equities	982	78
Purchased receivables	385	48
Others	337	26
Unsettled transactions	—	—
Exposure relating to funds	7,015	561
Look-through approach	6,860	548
Mandate-based approach	27	2
Simple approach (subject to 250% RW)	127	10
Simple approach (subject to 400% RW)	—	—
Fall-back approach	0	0
Securitization transactions	785	62
Exposure for significant investments	—	—
Exposure for investments in other financials excluding common equity and other TLAC liabilities	219	17
Amounts below the thresholds for deduction (subject to 250% risk weight)	1,497	119
Investments in other TLAC Liabilities of other financial entities ,where the bank owns more than 10% of the issued share capital	—	—
Investments in other TLAC Liabilities of other financial entities ,where the bank does not own more than 10% of the issued share capital	113	9
CVA Risk (Reduced BA-CVA)	1,029	82
Central counterparties	7	0
Total	35,683	3,381

Notes: 1. Amount of credit risk assets

2. Securitization exposure

3. Presentation of Figures and Percentages

4. Amount of capital requirements

After credit risk mitigation.

There are no securitization transactions sponsored by the Aozora Group.

Fractions below the specified unit have been truncated.

Amount of capital requirements of exposure subject to the standardised approach is calculated as 'credit risk assets ×8%.'

Amount of capital requirements of exposure subject to the foundation internal ratings-based approach is calculated as 'credit risk assets ×8% + expected loss amount.'

As for 1.2.3, the same applies to the following charts.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(Consolidated)

(100 Million Yen)

Portfolio category	Risk Weight (%)	March 31, 2025	
		Amount of credit risk assets	Amount of capital requirements
1. Cash	0	—	—
2. Japanese central government/bank	0	—	—
3. Foreign central government/bank	0~150	136	5
4. Bank for International Settlements(BIS)	0	—	—
5. Japanese local public bodies	0	—	—
6. Non-central government public sector entities (PSEs) of foreign countries	20~150	188	7
7. Multilateral development banks(MDBs)	0~150	—	—
8. Japan Finance Organization for Municipalities (JFM)	10~20	5	0
9. Organs affiliated with the Japanese government	10~20	11	0
10. Three major local public corporations	20	1	0
11. Banks, type I financial instruments business operators and insurance companies	20~150	890	35
Type I financial instruments business operators and Insurance companies	20~150	318	12
12. Covered bonds	10~100	—	—
13. Corporates (Including Specialised lendings)	20~150	23,281	931
Specialised lendings	20~150	1,925	77
14. SMEs and individuals	45~100	158	6
Transactors	45	—	—
15. Real estate properties	20~150	3,728	149
Residential mortgages	20~75	3	0
Income producing residential real estates	30~150	4	0
Income producing commercial real estates	70~150	3,655	146
Other real estates	60	—	—
ADC	100~150	65	2
16. Subordinated debt, and other capital, etc.	150	2,384	95
17. Past due loans (excluding Residential mortgages)	50~150	1,336	53
18. Past due Residential mortgages	100	0	0
19. Items in process of collection	20	15	0
20. Loans guaranteed by Credit Guarantee Association, etc.	0~10	—	—
21. Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	10	—	—
22. Equity, etc.	250~400	655	26
23. Others	100~1250	2,778	111
Exposure for significant investments	1250	—	—
Exposure for investments in other financials excluding common equity and other TLAC liabilities	250	804	32
Amounts below the thresholds for deduction (subject to 250% risk weight)	250	1,499	59
Investments in other TLAC Liabilities of other financial entities, where the bank owns more than 10% of the issued share capital	250	—	—
Investments in other TLAC Liabilities of other financial entities, where the bank does not own more than 10% of the issued share capital	150	170	6
Among other external TLAC liabilities the exposure, which were excluded from regulatory adjustments of Tier 2 capital and other own TLAC liabilities	150	—	—
Others	100	304	12
24. Securitization	—	775	31
STC	—	—	—
Short-term STC	—	—	—
Non-performing loans	—	—	—
Others	—	775	31
25. Re-securitization	—	—	—
26. Exposure relating to funds	—	4,935	197
Look-through approach	—	4,914	196
Mandate-based approach	—	21	0
Simple approach(subject to 250% RW)	—	—	—
Simple approach(subject to 400% RW)	—	—	—
Fall-back approach	—	0	0
27. Unsettled transactions	—	—	—
28. The exposures related to the capital instruments of other financial institutions that are not included in the credit risk assets subject to phase-out arrangements	—	—	—
Total	—	41,282	1,651

Note: Amount of capital requirements As the Bank is subject to domestic standards, the amount is calculated as 'credit risk assets ×4%.'

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(Non-Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2026	
	Amount of credit risk assets	Amount of capital requirements
Exposure subject to the standardised approach (SA)	384	30
Phased rollout assets	—	—
Exclusion assets	384	30
Exposure subject to the foundation internal ratings-based approach (FIRB)	24,212	2,464
Business Entity Exposures (BEE)	21,840	2,256
Corporates exposures (excluding specialised lending exposures, SME exposures)	15,420	1,362
Specialised lending exposures	5,351	753
SME exposures	282	25
Sovereign exposures	47	3
Financial institutions exposures	738	111
Retail exposures	—	—
Equity exposures	1,731	138
Speculative non-listed equities	102	8
Other equities	1,629	130
Purchased receivables	385	48
Others	254	20
Unsettled transactions	—	—
Exposure relating to funds	7,715	617
Look-through approach	7,560	604
Mandate-based approach	27	2
Simple approach (subject to 250% RW)	126	10
Simple approach (subject to 400% RW)	—	—
Fall-back approach	0	0
Securitization transactions	785	62
Exposure for significant investments	—	—
Exposure for investments in other financials excluding common equity and other TLAC liabilities	219	17
Amounts below the thresholds for deduction (subject to 250% risk weight)	1,058	84
Investments in other TLAC Liabilities of other financial entities ,where the bank owns more than 10% of the issued share capital	—	—
Investments in other TLAC Liabilities of other financial entities ,where the bank does not own more than 10% of the issued share capital	113	9
CVA Risk (Reduced BA-CVA)	1,029	82
Central counterparties	7	0
Total	35,526	3,369

Notes: 1.Amount of capital requirements of exposure subject to the standardised approach is calculated as 'credit risk assets ×8%.'

2.Amount of capital requirements of exposure subject to the foundation internal ratings-based approach is calculated as 'credit risk assets ×8% + expected loss amount.'

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(Non-Consolidated)

(100 Million Yen)

Portfolio category	Risk Weight (%)	March 31, 2025	
		Amount of credit risk assets	Amount of capital requirements
1. Cash	0	—	—
2. Japanese central government/bank	0	—	—
3. Foreign central government/bank	0~150	136	5
4. Bank for International Settlements(BIS)	0	—	—
5. Japanese local public bodies	0	—	—
6. Non-central government public sector entities (PSEs) of foreign countries	20~150	188	7
7. Multilateral development banks(MDBs)	0~150	—	—
8. Japan Finance Organization for Municipalities (JFM)	10~20	5	0
9. Organs affiliated with the Japanese government	10~20	10	0
10. Three major local public corporations	20	1	0
11. Banks, type I financial instruments business operators and insurance companies	20~150	888	35
Type I financial instruments business operators and Insurance companies	20~150	336	13
12. Covered bonds	10~100	—	—
13. Corporates (Including Specialised lendings)	20~150	23,022	920
Specialised lendings	20~150	1,925	77
14. SMEs and individuals	45~100	71	2
Transactors	45	—	—
15. Real estate properties	20~150	3,728	149
Residential mortgages	20~75	3	0
Income producing residential real estates	30~150	4	0
Income producing commercial real estates	70~150	3,655	146
Other real estates	60	—	—
ADC	100~150	65	2
16. Subordinated debt, and other capital, etc.	150	2,384	95
17. Past due loans (excluding Residential mortgages)	50~150	621	24
18. Past due Residential mortgages	100	0	0
19. Items in process of collection	20	—	—
20. Loans guaranteed by Credit Guarantee Association, etc.	0~10	—	—
21. Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	10	—	—
22. Equity, etc.	250~400	963	38
23. Others	100~1250	2,308	92
Exposure for significant investments	1250	—	—
Exposure for investments in other financials excluding common equity and other TLAC liabilities	250	804	32
Amounts below the thresholds for deduction (subject to 250% risk weight)	250	1,092	43
Investments in other TLAC Liabilities of other financial entities, where the bank owns more than 10% of the issued share capital	250	—	—
Investments in other TLAC Liabilities of other financial entities, where the bank does not own more than 10% of the issued share capital	150	170	6
Among other external TLAC liabilities the exposure, which were excluded from regulatory adjustments of Tier 2 capital and other own TLAC liabilities	150	—	—
Others	100	241	9
24. Securitization	—	772	30
STC	—	—	—
Short-term STC	—	—	—
Non-performing loans	—	—	—
Others	—	772	30
25. Re-securitization	—	—	—
26. Exposure relating to funds	—	5,656	226
Look-through approach	—	5,635	225
Mandate-based approach	—	21	0
Simple approach(subject to 250% RW)	—	—	—
Simple approach(subject to 400% RW)	—	—	—
Fall-back approach	—	0	0
27. Unsettled transactions	—	—	—
28. The exposures related to the capital instruments of other financial institutions that are not included in the credit risk assets subject to phase-out arrangements	—	—	—
Total	—	40,759	1,630

Note: Amount of capital requirements As the Bank is subject to domestic standards, the amount is calculated as 'credit risk assets ×4%.'

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

Exposure to Central Counterparties

(Consolidated)

(100 Million Yen)

	March 31, 2026		March 31, 2025	
	Amount of credit risk assets	Amount of capital requirements	Amount of credit risk assets	Amount of capital requirements
Qualifying central counterparty	7	0	9	0
Other central counterparty	—	—	—	—
Total	7	0	9	0

Note: Amount of capital requirements The amount is calculated by multiplying credit risk assets by 4% as of March 31, 2025, and by 8% as of March 31, 2026.

(Non-Consolidated)

(100 Million Yen)

	March 31, 2026		March 31, 2025	
	Amount of credit risk assets	Amount of capital requirements	Amount of credit risk assets	Amount of capital requirements
Qualifying central counterparty	7	0	9	0
Other central counterparty	—	—	—	—
Total	7	0	9	0

Note: Amount of capital requirements The amount is calculated by multiplying credit risk assets by 4% as of March 31, 2025, and by 8% as of March 31, 2026.

Items pertaining to CVA Risk

(Consolidated)

(100 Million Yen)

	March 31, 2026			March 31, 2025		
	Amount of components	Amount calculated by dividing equivalent CVA risk amount by 8%	Amount of capital requirements	Amount of components	Amount calculated by dividing equivalent CVA risk amount by 8%	Amount of capital requirements
Reduced BA-CVA						
Aggregation of systematic components of CVA risk	207			251		
Aggregation of idiosyncratic components of CVA risk	84			88		
Total		1,029	82		1,197	47

Notes: 1. Aggregation of systematic components of CVA risk This value is K_{reduced} calculated by assuming ρ as 1. K_{reduced} is defined in Provision 270-3-4 of the Notice.
 2. Aggregation of idiosyncratic components of CVA risk This value is K_{reduced} calculated by assuming ρ as 0. K_{reduced} is defined in Provision 270-3-4 of the Notice.
 3. Amount of capital requirements The amount is calculated as (CVA capital charge $\div$ 8%) $\times$ 4% as of March 31, 2025, and as (CVA capital charge $\div$ 8%) $\times$ 8% as of March 31, 2026.

(Non-Consolidated)

(100 Million Yen)

	March 31, 2026			March 31, 2025		
	Amount of components	Amount calculated by dividing equivalent CVA risk amount by 8%	Amount of capital requirements	Amount of components	Amount calculated by dividing equivalent CVA risk amount by 8%	Amount of capital requirements
Reduced BA-CVA						
Aggregation of systematic components of CVA risk	207			251		
Aggregation of idiosyncratic components of CVA risk	84			88		
Total		1,029	82		1,197	47

Notes: 1. Aggregation of systematic components of CVA risk This value is K_{reduced} calculated by assuming ρ as 1. K_{reduced} is defined in Provision 270-3-4 of the Notice.
 2. Aggregation of idiosyncratic components of CVA risk This value is K_{reduced} calculated by assuming ρ as 0. K_{reduced} is defined in Provision 270-3-4 of the Notice.
 3. Amount of capital requirements The amount is calculated as (CVA capital charge $\div$ 8%) $\times$ 4% as of March 31, 2025, and as (CVA capital charge $\div$ 8%) $\times$ 8% as of March 31, 2026.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(2) Amount of Capital Required to cover Credit Risk related to Exposure held in Funds:

This item is described in (1) Breakdown by Portfolio.

(3) Amount calculated by dividing equivalent CVA risk amount by 8% and Amount of capital requirements for CVA risk, as well as the amount according to each method used by the Bank.

This item is described in (1) Items pertaining to CVA Risk.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(4) Amount derived by dividing the sum of market risk equivalents by 8%, amount of capital required to cover market risk and amounts presented by each method used by the Consolidated Group:

In the calculation of the capital adequacy ratio as of March 31, 2026 and March 31, 2025, the regulatory capital for market risk and its breakdown are as follows:

(Consolidated)

(Millions of Yen)

	March 31, 2026	
	Risk-weighted Asset	Capital Requirement
Market Risk	165,598	6,623
Of which, the portion to which the Standardised Approach is applied	164,832	6,593
General Interest Rate Risk	116,201	4,648
Equity Risk	437	17
Commodities Risk	0	0
Foreign Exchange Risk	21,998	880
Credit Spread Risk (Non-securitisations)	2,374	95
Credit Spread Risk (securitisations (non-CTP))	—	—
Credit Spread Risk (securitisations (CTP))	—	—
Default Risk (Non-securitisations)	2,219	89
Default Risk (securitisations (non-CTP))	—	—
Default Risk (securitisations (CTP))	—	—
Residual Risk Add-on	21,604	864
Others	—	—
Of which, the portion to which Internal Model Approach is applied	—	—
Of which, the portion to which Simplified Approach is applied	765	31
Amount of interest rate risk (general market risk and individual risks)	—	—
Amount of equity risk (general market risk and individual risks)	—	—
Amount of commodities risk	—	—
Amount of foreign exchange risk	765	31
Amount of individual risks associated with securitisation exposures	—	—

(Non-Consolidated)

(Millions of Yen)

	March 31, 2026	
	Risk-weighted Asset	Capital Requirement
Market Risk	164,832	6,593
Of which, the portion to which the Standardised Approach is applied	164,832	6,593
General Interest Rate Risk	116,201	4,648
Equity Risk	437	17
Commodities Risk	0	0
Foreign Exchange Risk	21,998	880
Credit Spread Risk (Non-securitisations)	2,374	95
Credit Spread Risk (securitisations (non-CTP))	—	—
Credit Spread Risk (securitisations (CTP))	—	—
Default Risk (Non-securitisations)	2,219	89
Default Risk (securitisations (non-CTP))	—	—
Default Risk (securitisations (CTP))	—	—
Residual Risk Add-on	21,604	864
Others	—	—
Of which, the portion to which Internal Model Approach is applied	—	—
Of which, the portion to which Simplified Approach is applied	—	—
Amount of interest rate risk (general market risk and individual risks)	—	—
Amount of equity risk (general market risk and individual risks)	—	—
Amount of commodities risk	—	—
Amount of foreign exchange risk	—	—
Amount of individual risks associated with securitisation exposures	—	—

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(Consolidated)

(Millions of Yen)

	March 31, 2025	
	Risk-weighted Asset	Capital Requirement
Market Risk	177,658	7,106
Of which, the portion to which the Standardised Approach is applied	176,477	7,059
General Interest Rate Risk	106,291	4,252
Equity Risk	703	28
Commodities Risk	0	0
Foreign Exchange Risk	40,322	1,613
Credit Spread Risk (Non-securitisations)	4,214	169
Credit Spread Risk (securitisations (non-CTP))	—	—
Credit Spread Risk (securitisations (CTP))	—	—
Default Risk (Non-securitisations)	3,007	120
Default Risk (securitisations (non-CTP))	—	—
Default Risk (securitisations (CTP))	—	—
Residual Risk Add-on	21,940	878
Others	—	—
Of which, the portion to which Internal Model Approach is applied	—	—
Of which, the portion to which Simplified Approach is applied	1,182	47
Amount of interest rate risk (general market risk and individual risks)	—	—
Amount of equity risk (general market risk and individual risks)	—	—
Amount of commodities risk	—	—
Amount of foreign exchange risk	1,182	47
Amount of individual risks associated with securitisation exposures	—	—

(Non-Consolidated)

(Millions of Yen)

	March 31, 2025	
	Risk-weighted Asset	Capital Requirement
Market Risk	176,477	7,059
Of which, the portion to which the Standardised Approach is applied	176,477	7,059
General Interest Rate Risk	106,291	4,252
Equity Risk	703	28
Commodities Risk	0	0
Foreign Exchange Risk	40,322	1,613
Credit Spread Risk (Non-securitisations)	4,214	169
Credit Spread Risk (securitisations (non-CTP))	—	—
Credit Spread Risk (securitisations (CTP))	—	—
Default Risk (Non-securitisations)	3,007	120
Default Risk (securitisations (non-CTP))	—	—
Default Risk (securitisations (CTP))	—	—
Residual Risk Add-on	21,940	878
Others	—	—
Of which, the portion to which Internal Model Approach is applied	—	—
Of which, the portion to which Simplified Approach is applied	—	—
Amount of interest rate risk (general market risk and individual risks)	—	—
Amount of equity risk (general market risk and individual risks)	—	—
Amount of commodities risk	—	—
Amount of foreign exchange risk	—	—
Amount of individual risks associated with securitisation exposures	—	—

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(5) Risk assets derived from operational risk equivalents and amount of capital required to cover operational risk, and amount of BI and BIC

Change in operational risk losses

(Consolidated)

Millions of yen, Case

	March 31, 2026										
	a	b	c	d	e	f	g	h	i	j	k
	End of current fiscal year	End of previous fiscal year	End of second previous fiscal year	End of fiscal year in c	End of fiscal year in d	End of fiscal year in e	End of fiscal year in f	End of fiscal year in g	End of fiscal year in h	End of fiscal year in i	Average over last 10 years
Loss events netting above ¥2million											
Total net losses (before exclusion of qualifying losses)	114	42	47	123	19						69
Number of net loss events	7	6	4	4	2						4
Total amount of net losses qualifying for exclusion	—	—	—	—	—						—
Number of net loss events qualifying for exclusion	—	—	—	—	—						—
Total net losses (after exclusion of qualifying losses)	114	42	47	123	19						69
Loss events netting above ¥10million											
Total net losses (before exclusion of qualifying losses)	95	—	36	115	16						52
Number of net loss events	3	—	2	2	1						1
Total amount of net losses qualifying for exclusion	—	—	—	—	—						—
Number of net loss events qualifying for exclusion	—	—	—	—	—						—
Total net losses (after exclusion of qualifying losses)	95	—	36	115	16						52
Items concerning calculation of operational risk capital amount											
Whether or not internal loss data is used to calculate ILM	Yes	Yes	Yes	Yes	Yes						—
If internal loss data was not used in above, whether or not the internal loss data meets the approval criteria	—	—	—	—	—						—

Note: For consolidated subsidiaries that do not meet the standards set forth in the Financial Services Agency's notification, conservative estimates are used in the ILM.

When calculating the operational risk exposure amount using internal loss data covering a period of five years or more but less than ten years, the phrase "the most recent ten years in Column k shall be read as "a measurement period of five years or more.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(Non-consolidated)

Millions of yen, Case

	March 31, 2026										
	a	b	c	d	e	f	g	h	i	j	k
	End of current fiscal year	End of previous fiscal year	End of second previous fiscal year	End of fiscal year in c	End of fiscal year in d	End of fiscal year in e	End of fiscal year in f	End of fiscal year in g	End of fiscal year in h	End of fiscal year in i	Average over last 10 years
Loss events netting above ¥2million											
Total net losses (before exclusion of qualifying losses)	96	36	47	12	19						42
Number of net loss events	5	5	4	2	2						3
Total amount of net losses qualifying for exclusion	—	—	—	—	—						—
Number of net loss events qualifying for exclusion	—	—	—	—	—						—
Total net losses (after exclusion of qualifying losses)	96	36	47	12	19						42
Loss events netting above ¥10million											
Total net losses (before exclusion of qualifying losses)	80	—	36	—	16						26
Number of net loss events	2	—	2	—	1						1
Total amount of net losses qualifying for exclusion	—	—	—	—	—						—
Number of net loss events qualifying for exclusion	—	—	—	—	—						—
Total net losses (after exclusion of qualifying losses)	80	—	36	—	16						26
Items concerning calculation of operational risk capital amount											
Whether or not internal loss data is used to calculate ILM	Yes	Yes	Yes	Yes	Yes						—
If internal loss data was not used in above, whether or not the internal loss data meets the approval criteria	—	—	—	—	—						—

Note: For consolidated subsidiaries that do not meet the standards set forth in the Financial Services Agency's notification, conservative estimates are used in the ILM.

When calculating the operational risk exposure amount using internal loss data covering a period of five years or more but less than ten years, the phrase "the most recent ten years in Column k shall be read as "a measurement period of five years or more.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

Business Indicator and subcomponents
(Consolidated)

(Millions of Yen)

	March 31, 2026		
	March 31, 2026	March 31, 2025	March 31, 2024
ILDC	47,715		
Interest and lease income	155,249	154,927	157,218
Interest and lease expense	107,973	112,393	124,362
Interest earning assets	7,338,933	6,738,488	6,652,664
Dividend income	5,086	6,177	9,217
SC	34,655		
Fee and commission income	39,357	31,126	25,817
Fee and commission expense	8,038	6,859	5,744
Other operating income	2,706	3,151	1,807
Other operating expense	1,065	2,051	493
FC	13,015		
Net P&L on the trading book	4,318	3,145	1,633
Net P&L on the banking book	8,929	9,919	△11,099
BI	95,386		
BIC	11,446		
BI gross of excluded divested activities	95,386		
Reduction in BI due to excluded divested activities	—		

(Millions of Yen)

	March 31, 2025		
	March 31, 2025	March 31, 2024	March 31, 2023
ILDC	47,288		
Interest and lease income	154,927	157,218	104,271
Interest and lease expense	112,393	124,362	62,490
Interest earning assets	6,738,488	6,652,664	6,269,344
Dividend income	6,177	9,217	9,299
SC	27,289		
Fee and commission income	31,126	25,817	17,423
Fee and commission expense	6,859	5,744	4,383
Other operating income	3,151	1,807	2,542
Other operating expense	2,051	493	462
FC	10,240		
Net P&L on the trading book	3,145	1,633	4,196
Net P&L on the banking book	9,919	△11,099	△726
BI	84,818		
BIC	10,178		
BI gross of excluded divested activities	84,818		
Reduction in BI due to excluded divested activities	—		

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(Non-Consolidated)

(Millions of Yen)

	March 31, 2026		
	March 31, 2026	March 31, 2025	March 31, 2024
ILDC	38,370		
Interest and lease income	140,338	146,416	147,237
Interest and lease expense	105,727	112,343	124,978
Interest earning assets	6,094,593	5,804,394	6,072,266
Dividend income	8,706	6,212	9,250
SC	19,284		
Fee and commission income	21,831	18,325	15,793
Fee and commission expense	1,843	2,124	2,094
Other operating income	265	840	795
Other operating expense	553	330	494
FC	12,365		
Net P&L on the trading book	4,315	3,060	1,386
Net P&L on the banking book	6,759	7,697	△13,878
BI	70,020		
BIC	8,402		
BI gross of excluded divested activities	70,020		
Reduction in BI due to excluded divested activities	—		

(Millions of Yen)

	March 31, 2025		
	March 31, 2025	March 31, 2024	March 31, 2023
ILDC	38,149		
Interest and lease income	146,416	147,237	95,832
Interest and lease expense	112,343	124,978	62,495
Interest earning assets	5,804,394	6,072,266	5,875,894
Dividend income	6,212	9,250	9,316
SC	16,341		
Fee and commission income	18,325	15,793	11,919
Fee and commission expense	2,124	2,094	2,841
Other operating income	840	795	1,349
Other operating expense	330	494	394
FC	10,651		
Net P&L on the trading book	3,060	1,386	3,682
Net P&L on the banking book	7,697	△13,878	△2,248
BI	65,141		
BIC	7,817		
BI gross of excluded divested activities	65,141		
Reduction in BI due to excluded divested activities	—		

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

Minimum required operational risk capital

(Consolidated)

(Millions of yen *excluding ILM)

	March 31,2026	March 31,2025
BIC	11,446	10,178
ILM	0.87	1
Minimum required operational risk capital(ORC)	10,033	10,178
Operational risk RWA	125,424	127,227

(Non-Consolidated)

(Millions of yen *excluding ILM)

	March 31,2026	March 31,2025
BIC	8,402	7,817
ILM	0.61	1
Minimum required operational risk capital(ORC)	5,145	7,817
Operational risk RWA	64,315	97,712

(6) Total capital requirements:

This information is described in 'Composition of Capital Disclosure.'

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

3. Items pertaining to Credit Risk

(1) Breakdown of year-end Credit Risk Exposure Balance by Area, Industry and Residual Period, as well as Category:

Breakdown by Area

(Consolidated)

(100 Million Yen)

Area	March 31, 2026				March 31, 2025			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Japan	56,258	3,640	800	60,699	50,874	3,335	928	55,138
Overseas	12,049	6,520	665	19,235	11,590	5,845	759	18,195
Total	68,308	10,161	1,465	79,934	62,464	9,180	1,688	73,334

Notes: 1. Loans, etc. include on-balance and off-balance-sheet exposure such as loans and commitment lines, other than securities and derivatives.

2. The exposure relating to funds and securitization transactions are excluded.

3. Disclosure of the average balance is not made because there is no significant difference between the average risk position of the exposure for the term and the balance at the term-end.

(Non-Consolidated)

(100 Million Yen)

Area	March 31, 2026				March 31, 2025			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Japan	39,864	2,954	800	43,618	37,843	2,804	928	41,576
Overseas	12,019	6,578	665	19,263	11,549	5,906	759	18,215
Total	51,883	9,533	1,465	62,882	49,392	8,710	1,688	59,792

Notes: 1. Loans, etc. include on-balance and off-balance-sheet exposure such as loans and commitment lines, other than securities and derivatives.

2. The exposure relating to funds and securitization transactions are excluded.

3. Disclosure of the average balance is not made because there is no significant difference between the average risk position of the exposure for the term and the balance at the term-end.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

Breakdown by Industry Sector

(Consolidated)

(100 Million Yen)

Industry sector	March 31, 2026				March 31, 2025			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Sovereign	25,376	7,917	0	33,294	23,842	6,654	1	30,498
Financial institution	2,771	111	885	3,768	2,228	123	1,032	3,384
Manufacturing	6,906	585	81	7,572	6,189	487	94	6,771
Agriculture/forestry/fisheries	82	—	—	82	77	—	—	77
Mining	—	—	—	—	0	—	—	0
Construction	391	3	0	395	363	2	0	365
Utilities (electric power/gas/ heat supply/water service)	2,825	475	33	3,335	2,046	394	51	2,493
Information & telecommunications	2,376	300	0	2,676	2,311	130	0	2,442
Transport	1,222	250	42	1,515	863	242	48	1,154
Wholesale/retail	2,474	105	161	2,740	1,796	136	171	2,104
Other financial business (moneylending, leasing)	7,165	159	245	7,570	6,840	683	275	7,799
Real estate	9,994	212	9	10,217	9,908	293	10	10,211
Various services (excluding leasing)	4,475	33	3	4,512	3,477	25	2	3,505
Others	2,246	6	0	2,253	2,518	6	0	2,525
Total	68,308	10,161	1,465	79,934	62,464	9,180	1,688	73,334

Notes: 1. Loans, etc. include on-balance and off-balance sheet exposure such as loans and commitment lines, other than securities and derivatives.

2. The exposure relating to funds and securitization transactions are excluded.

3. Disclosure of the average balance is not made because there is no significant difference between the average risk position of the exposure for the term and the balance at the term-end.

(Non-Consolidated)

(100 Million Yen)

Industry sector	March 31, 2026				March 31, 2025			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Sovereign	10,101	7,030	0	17,132	12,017	5,947	1	17,966
Financial institution	2,742	294	885	3,923	2,092	281	1,032	3,406
Manufacturing	6,906	585	81	7,572	6,189	487	94	6,771
Agriculture/forestry/fisheries	82	—	—	82	77	—	—	77
Mining	—	—	—	—	0	—	—	0
Construction	391	3	0	395	363	2	0	365
Utilities (electric power/gas/ heat supply/water service)	2,825	475	33	3,335	2,046	394	51	2,493
Information & telecommunications	2,389	300	0	2,689	2,310	130	0	2,441
Transport	1,222	250	42	1,515	863	242	48	1,154
Wholesale/retail	2,474	105	161	2,740	1,796	136	171	2,104
Other financial business (moneylending, leasing)	7,163	231	245	7,640	6,838	758	275	7,872
Real estate	9,994	212	9	10,217	9,908	293	10	10,211
Various services (excluding leasing)	4,475	37	3	4,516	3,477	29	2	3,509
Others	1,113	6	0	1,120	1,412	6	0	1,419
Total	51,883	9,533	1,465	62,882	49,392	8,710	1,688	59,792

Notes: 1. Loans, etc. include on-balance and off-balance sheet exposure such as loans and commitment lines, other than securities and derivatives.

2. The exposure relating to funds and securitization transactions are excluded.

3. Disclosure of the average balance is not made because there is no significant difference between the average risk position of the exposure for the term and the balance at the term-end.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

Breakdown by Residual Period

(Consolidated)

(100 Million Yen)

Residual period	March 31, 2026				March 31, 2025			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
< 1 year	12,147	1,712	228	14,088	11,502	1,305	218	13,026
≥ 1 year < 5 years	21,146	1,979	525	23,650	19,699	2,248	571	22,518
≥ 5 years	35,014	6,470	711	42,195	31,262	5,627	898	37,788
Total	68,308	10,161	1,465	79,934	62,464	9,180	1,688	73,334

Notes: 1. Loans, etc. include on-balance and off-balance-sheet exposure such as loans and commitment lines, other than securities and derivatives.

2. The exposure relating to funds and securitization transactions are excluded.

3. Exposure with a residual period of ≥ 5 years also include the transactions for which no maturity period is stipulated.

4. Disclosure of the average balance is not made because there is no significant difference between the average risk position of the exposure for the term and the balance at the term-end.

(Non-Consolidated)

(100 Million Yen)

Residual period	March 31, 2026				March 31, 2025			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
< 1 year	8,413	825	228	9,467	8,155	688	218	9,062
≥ 1 year < 5 years	21,047	1,979	525	23,551	19,699	2,158	571	22,428
≥ 5 years	22,422	6,728	711	29,862	21,538	5,864	898	28,301
Total	51,883	9,533	1,465	62,882	49,392	8,710	1,688	59,792

Notes: 1. Loans, etc. include on-balance and off-balance-sheet exposure such as loans and commitment lines, other than securities and derivatives.

2. The exposure relating to funds and securitization transactions are excluded.

3. Exposure with a residual period of ≥ 5 years also include the transactions for which no maturity period is stipulated.

4. Disclosure of the average balance is not made because there is no significant difference between the average risk position of the exposure for the term and the balance at the term-end.

(2) Balance of year-end Past Due Exposure or Defaulted Exposures, Breakdown by Area and Industry:

Breakdown by Area

(Consolidated)

(100 Million Yen)

Area	March 31, 2026				March 31, 2025			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Japan	601	0	—	601	582	—	—	582
Overseas	632	—	—	632	486	—	—	486
Total	1,234	0	—	1,234	1,069	—	—	1,069

Notes: 1. This section indicates items which is subject to Provision 71 and 72 of the Notice for exposure subject to the standardised approach, and exposure subject to FIRB approach whose debtor rating is Special Attention or lower.

2. Loans, etc. include on-balance and off-balance sheet exposure such as loans and commitment lines, other than securities and derivatives.

3. The exposure relating to funds and securitization transactions are excluded.

(Non-Consolidated)

(100 Million Yen)

Area	March 31, 2026				March 31, 2025			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Japan	141	0	—	141	106	—	—	106
Overseas	632	—	—	632	486	—	—	486
Total	773	0	—	773	592	—	—	592

Notes: 1. This section indicates items which is subject to Provision 71 and 72 of the Notice for exposure subject to the standardised approach, and exposure subject to FIRB approach whose debtor rating is Special Attention or lower.

2. Loans, etc. include on-balance and off-balance sheet exposure such as loans and commitment lines, other than securities and derivatives.

3. The exposure relating to funds and securitization transactions are excluded.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

Breakdown by Industry Sector

(Consolidated)

(100 Million Yen)

Industry sector	March 31, 2026				March 31, 2025			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Sovereign	—	—	—	—	—	—	—	—
Financial institution	114	—	—	114	—	—	—	—
Manufacturing	128	0	—	128	99	—	—	99
Agriculture/forestry/fisheries	—	—	—	—	—	—	—	—
Mining	—	—	—	—	—	—	—	—
Construction	—	—	—	—	—	—	—	—
Utilities (electric power/gas/ heat supply/water service)	—	—	—	—	—	—	—	—
Information & telecommunications	—	—	—	—	—	—	—	—
Transport	42	—	—	42	0	—	—	0
Wholesale/retail	5	—	—	5	2	—	—	2
Other financial business (moneylending, leasing)	17	—	—	17	7	—	—	7
Real estate	465	—	—	465	482	—	—	482
Various services (excluding leasing)	—	—	—	—	—	—	—	—
Others	460	—	—	460	476	—	—	476
Total	1,234	0	—	1,234	1,069	—	—	1,069

Notes: 1. This section indicates items which is subject to Provision 71 and 72 of the Notice for exposure subject to the standardised approach, and exposure subject to FIRB approach whose debtor rating is Special Attention or lower.

2. Loans, etc. include on-balance and off-balance sheet exposure such as loans and commitment lines, other than securities and derivatives.

3. The exposure relating to funds and securitization transactions are excluded.

(Non-Consolidated)

(100 Million Yen)

Industry sector	March 31, 2026				March 31, 2025			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Sovereign	—	—	—	—	—	—	—	—
Financial institution	114	—	—	114	—	—	—	—
Manufacturing	128	0	—	128	99	—	—	99
Agriculture/forestry/fisheries	—	—	—	—	—	—	—	—
Mining	—	—	—	—	—	—	—	—
Construction	—	—	—	—	—	—	—	—
Utilities (electric power/gas/ heat supply/water service)	—	—	—	—	—	—	—	—
Information & telecommunications	—	—	—	—	—	—	—	—
Transport	42	—	—	42	0	—	—	0
Wholesale/retail	5	—	—	5	2	—	—	2
Other financial business (moneylending, leasing)	17	—	—	17	7	—	—	7
Real estate	465	—	—	465	482	—	—	482
Various services (excluding leasing)	—	—	—	—	—	—	—	—
Others	0	—	—	0	0	—	—	0
Total	773	0	—	773	592	—	—	592

Notes: 1. This section indicates items which is subject to Provision 71 and 72 of the Notice for exposure subject to the standardised approach, and exposure subject to FIRB approach whose debtor rating is Special Attention or lower.

2. Loans, etc. include on-balance and off-balance sheet exposure such as loans and commitment lines, other than securities and derivatives.

3. The exposure relating to funds and securitization transactions are excluded.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(3) Year-end balances and year-on-year changes for general allowance for loan losses, specific allowance for loan losses and allowance for loans to restructuring countries:

Breakdown of Allowance by Area (Consolidated)

(100 Million Yen)

Area	March 31, 2026	March 31, 2025	Difference
General allowance	335	378	(42)
Specific allowance	194	332	(137)
Japan	9	33	(23)
Overseas	184	298	(114)
Allowance for loans to restructuring countries	—	—	—
Total	529	710	(180)

Breakdown of Allowance by Area (Non-Consolidated)

(100 Million Yen)

Area	March 31, 2026	March 31, 2025	Difference
General allowance	327	372	(45)
Specific allowance	185	325	(140)
Japan	1	27	(26)
Overseas	184	298	(114)
Allowance for loans to restructuring countries	—	—	—
Total	513	698	(185)

Breakdown of Allowance by Industry Sector (Consolidated)

(100 Million Yen)

Industry sector	March 31, 2026	March 31, 2025	Difference
General allowance	335	378	(42)
Specific allowance	194	332	(137)
Sovereign	—	—	—
Financial institution	—	—	—
Manufacturing	1	26	(25)
Agriculture/forestry/fisheries	0	0	(0)
Mining	—	—	—
Construction	1	1	0
Utilities (electric power/gas/heat supply/water service)	0	0	0
Information & telecommunications	1	0	0
Transport	0	0	0
Wholesale/retail	1	1	(0)
Other financial business (moneylending, leasing)	7	8	(1)
Real estate	177	290	(112)
Various services (excluding leasing)	3	3	0
Others	—	—	—
Allowance for loans to restructuring countries	—	—	—
Total	529	710	(180)

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

Breakdown of Allowance by Industry Sector (Non-Consolidated)

(100 Million Yen)

Industry sector	March 31, 2026	March 31, 2025	Difference
General allowance	327	372	(45)
Specific allowance	185	325	(140)
Sovereign	—	—	—
Financial institution	—	—	—
Manufacturing	0	25	(25)
Agriculture/forestry/fisheries	—	—	—
Mining	—	—	—
Construction	—	—	—
Utilities (electric power/gas/heat supply/water service)	—	—	—
Information & telecommunications	—	—	—
Transport	—	—	—
Wholesale/retail	0	0	(0)
Other financial business (moneylending, leasing)	7	8	(1)
Real estate	176	289	(112)
Various services (excluding leasing)	—	0	(0)
Others	—	—	—
Allowance for loans to restructuring countries	—	—	—
Total	513	698	(185)

(4) Write-offs by industry sector:

Breakdown of Write-Offs by Industry Sector (Consolidated)

(100 Million Yen)

Industry sector	March 31, 2026	March 31, 2025	Difference
Sovereign	—	—	—
Financial institution	—	—	—
Manufacturing	50	3	46
Agriculture/forestry/fisheries	0	—	0
Mining	—	—	—
Construction	—	—	—
Utilities (electric power/gas/heat supply/water service)	—	—	—
Information & telecommunications	—	—	—
Transport	—	—	—
Wholesale/retail	0	—	0
Other financial business (moneylending, leasing)	—	—	—
Real estate	3	40	(37)
Various services (excluding leasing)	—	—	—
Others	27	17	9
Total	81	62	19

Notes: 1. The table shows the breakdown of the write-off of loans in the Statement of Operations.

2. The 'Write-offs' include write-offs made by Aozora Loan Services Co., Ltd. and GMO Aozora Net Bank, Ltd., which are shown on the 'Others' line.

Breakdown of Write-Offs by Industry Sector (Non-Consolidated)

(100 Million Yen)

Industry sector	March 31, 2026	March 31, 2025	Difference
Sovereign	—	—	—
Financial institution	—	—	—
Manufacturing	50	3	46
Agriculture/forestry/fisheries	0	—	0
Mining	—	—	—
Construction	—	—	—
Utilities (electric power/gas/heat supply/water service)	—	—	—
Information & telecommunications	0	1	(1)
Transport	—	—	—
Wholesale/retail	18	—	18
Other financial business (moneylending, leasing)	—	—	—
Real estate	3	40	(37)
Various services (excluding leasing)	—	—	—
Others	—	—	—
Total	73	46	27

Note: The table shows the breakdown of the write-off of loans in the Statement of Operations.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(5) Exposures subject to the standardised approach that are covered by Articles 55–76 and Article 77 (2) of the Notice.

Breakdown by Portfolio Category

(Consolidated)

(100 Million Yen, %)

Portfolio category	March 31, 2026					
	Exposure before CCF and CRM		Exposure after CCF and CRM			RWA density
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	
Sovereign and other	12,234	3,928	12,234	3,928	4	0.02%
Financial institutions and other entities	111	25	111	25	41	30.33%
Corporates	489	56	486	28	515	99.92%
SMEs and individuals	161	0	161	0	130	80.68%
Real estate properties	6	0	6	0	6	108.58%
Past due loans	460	—	460	—	690	149.99%
Others	94	—	94	—	18	20.00%
Total	13,556	4,011	13,554	3,983	1,407	8.02%

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(Consolidated)

(100 Million Yen, %)

Portfolio category	March 31, 2025					
	Exposure before CCF and CRM		Exposure after CCF and CRM			RWA density
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	
1. Cash	30	—	30	—	—	0.00%
2. Japanese central government/bank	20,038	6,771	20,038	4,298	—	0.00%
3. Foreign central government/bank	3,975	—	3,975	—	136	3.43%
4. Bank for International Settlements (BIS)	—	—	—	—	—	—
5. Japanese local public bodies	395	—	395	—	—	0.00%
6. Non-central government public sector entities (PSEs) of foreign countries	942	—	942	—	188	19.99%
7. Multilateral development banks (MDBs)	—	—	—	—	—	—
8. Japan Finance Organization for Municipalities (JFM)	17	500	17	50	5	7.45%
9. Organs affiliated with the Japanese government	407	300	407	30	11	2.57%
10. Three major local public corporations	9	—	9	—	1	13.69%
11. Banks, type I financial instruments business operators and insurance companies	3,020	3,864	3,020	486	890	25.39%
Type I financial instruments business operators and Insurance companies	719	3,664	719	470	318	26.72%
12. Covered bonds	—	—	—	—	—	—
13. Corporates (Including Specialised lendings)	29,137	2,710	29,058	1,266	23,281	76.77%
Specialised lendings	1,851	127	1,851	47	1,925	101.41%
14. SMEs and individuals	211	—	211	—	158	75.06%
Transactors	—	—	—	—	—	—
15. Real estate properties	3,893	107	3,893	40	3,728	94.75%
Residential mortgages	4	—	4	—	3	75.00%
Income producing residential real estates	3	—	3	—	4	150.00%
Income producing commercial real estates	3,851	86	3,851	32	3,655	94.11%
Other real estates	—	—	—	—	—	—
ADC	34	21	34	8	65	150.00%
16. Subordinated debt, and other capital, etc.	1,901	—	1,901	—	2,384	125.40%
17. Past due loans (excluding Residential mortgages)	1,069	4	1,069	0	1,336	124.97%
18. Past due Residential mortgages	0	—	0	—	0	100.00%
19. Items in process of collection	76	—	76	—	15	20.00%
20. Loans guaranteed by Credit Guarantee Association, etc.	—	—	—	—	—	—
21. Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
22. Equity, etc.	499	—	499	—	655	131.10%
Total	65,625	14,259	65,546	6,172	32,793	45.72%

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(Non-Consolidated)

(100 Million Yen, %)

Portfolio category	March 31, 2026					
	Exposure before CCF and CRM		Exposure after CCF and CRM			RWA density
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	
Sovereign and other	0	0	0	0	0	6.92%
Financial institutions and other entities	2	25	2	25	11	39.10%
Corporates	314	1	314	1	314	99.75%
SMEs and individuals	36	0	36	0	51	139.33%
Real estate properties	6	0	6	0	6	108.58%
Past due loans	0	—	0	—	0	181.04%
Others	—	—	—	—	—	—
Total	360	28	360	28	384	98.92%

(Non-Consolidated)

(100 Million Yen, %)

Portfolio category	March 31, 2025					
	Exposure before CCF and CRM		Exposure after CCF and CRM			RWA density
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	
1. Cash	30	—	30	—	—	0.00%
2. Japanese central government/bank	11,147	3,308	11,147	836	—	0.00%
3. Foreign central government/bank	3,975	—	3,975	—	136	3.43%
4. Bank for International Settlements (BIS)	—	—	—	—	—	—
5. Japanese local public bodies	227	—	227	—	—	0.00%
6. Non-central government public sector entities (PSEs) of foreign countries	942	—	942	—	188	19.99%
7. Multilateral development banks (MDBs)	—	—	—	—	—	—
8. Japan Finance Organization for Municipalities (JFM)	17	500	17	50	5	7.45%
9. Organs affiliated with the Japanese government	397	300	397	30	10	2.40%
10. Three major local public corporations	9	—	9	—	1	13.69%
11. Banks, type I financial instruments business operators and insurance companies	2,845	4,324	2,845	601	888	25.79%
Type I financial instruments business operators and Insurance companies	715	4,064	715	525	336	27.07%
12. Covered bonds	—	—	—	—	—	—
13. Corporates (Including Specialised lendings)	28,945	2,553	28,866	1,198	23,022	76.57%
Specialised lendings	1,851	127	1,851	47	1,925	101.41%
14. SMEs and individuals	62	—	62	—	71	114.87%
Transactors	—	—	—	—	—	—
15. Real estate properties	3,893	107	3,893	40	3,728	94.75%
Residential mortgages	4	—	4	—	3	75.00%
Income producing residential real estates	3	—	3	—	4	150.00%
Income producing commercial real estates	3,851	86	3,851	32	3,655	94.11%
Other real estates	—	—	—	—	—	—
ADC	34	21	34	8	65	150.00%
16. Subordinated debt, and other capital, etc.	1,901	—	1,901	—	2,384	125.40%
17. Past due loans (excluding Residential mortgages)	592	3	592	0	621	104.83%
18. Past due Residential mortgages	0	—	0	—	0	100.00%
19. Items in process of collection	—	—	—	—	—	—
20. Loans guaranteed by Credit Guarantee Association, etc.	—	—	—	—	—	—
21. Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
22. Equity, etc.	736	—	736	—	963	130.75%
Total	55,724	11,099	55,645	2,757	32,021	54.82%

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

Breakdown by Portfolio Category and Risk Weight

(Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2026												
	Exposure after CCF and CRM												
	< 40%	> 40% ≤ 70%	75%	80%	85%	> 90% ≤ 100%	> 105% ≤ 130%	150%	250%	400%	1250%	Others	Total
Sovereign and other	16,162	—	—	—	—	—	—	—	—	—	—	—	16,162
Financial institutions and other entities	90	42	—	—	—	3	—	—	—	—	—	—	136
Corporates	—	0	2	—	—	502	—	0	—	—	—	9	515
SMEs and individuals	—	—	125	—	—	36	—	—	—	—	—	—	161
Real estate properties	—	—	3	—	—	—	—	2	—	—	—	—	6
Past due loans	—	—	—	—	—	0	—	460	—	—	—	—	460
Others	94	—	—	—	—	—	—	—	—	—	—	—	94
Total	16,347	43	130	—	—	542	—	463	—	—	—	9	17,537

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2025													
	Exposure after CCF and CRM													
	0%	20%		50%		100%		150%		Others		Total		
Japanese central government/bank	24,337	—		—		—		—		—		24,337		
Foreign central government/bank	3,468	389		117		—		—		—		3,975		
Bank for International Settlements (BIS)	—	—		—		—		—		—		—		
	0%	10%	20%		50%		100%		150%		Others	Total		
Japanese local public bodies	395	—		—		—		—		—		395		
Non-central government public sector entities (PSEs) of foreign countries	—	—		942		—		—		—		942		
Japan Finance Organization for Municipalities (JFM)	17	50		—		—		—		—		67		
Organs affiliated with the Japanese government	324	112		—		—		—		—		437		
Three major local public corporations	2	—		6		—		—		—		9		
	0%	20%		30%		50%		100%		150%		Others	Total	
Multilateral development banks (MDBs)	—	—		—		—		—		—		—	—	
	20%	30%	40%		50%		75%		100%		150%	Others	Total	
Banks, type I financial instruments business operators and insurance companies	1,919	1,368	152		62		—		4		—		3,506	
Type I financial instruments business operators and Insurance companies	570	514	51		50		—		3		—		1,190	
	10%	15%	20%		25%		35%		50%		100%		Others	Total
Covered bonds	—	—	—		—		—		—		—		—	—
	0%	20%	30%	50%	75%		80%	85%	100%		130%	150%	Others	Total
Corporates (Including Specialised lendings)	334	5,017	—	4,797	3,084	202	552	14,902	561	859	13	30,325		
Specialised lendings	—	115	—	—	34	202	—	984	561	—	—	1,898		
	100%		150%		250%			400%			Others		Total	
Subordinated debt, and other capital, etc.	—		1,901			—			—			—		1,901
Equity, etc.	—		—			481			18			—		499
	45%			75%			100%			Others			Total	
SMEs and individuals	—			210			0			—			211	
Transactors	—			—			—			—			—	
	20%	25%	30%		40%		50%		70%		75%	Others	Total	
Real estate properties (Residential mortgages)	—	—	—		—		—		—		4	—	4	
	30%	35%	45%		60%		75%		105%		150%	Others	Total	
Real estate properties (Income producing real estates)	—	—	—		—		—		—		3	—	3	
	70%		90%		110%		112.5%		150%		Others		Total	
Real estate properties (Commercial real estates)	591		1,991		1,255		—		45		—		3,883	
	60%					Others					Total			
Real estate properties (Other real estates)	—					—					—			
	100%			150%			Others			Total				
Real estate properties (ADC)	—			43			—			43				
	50%		100%			150%			Others			Total		
Past due loans (excluding Residential mortgages)	103		327			637			—			1,069		
Past due Residential mortgages	—		0			—			—			0		
	0%		10%			20%			Others			Total		
Cash	30		—			—			—			30		
Items in process of collection	—		—			76			—			76		
Loans guaranteed by Credit Guarantee Association, etc.	—		—			—			—			—		
Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—		—			—			—			—		

Note: As for "Subordinated debt, and other capital, etc." and "Equity, etc.", the amount of exposure is stated in the category of fully phased-in risk weight.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(Non-Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2026												
	Exposure after CCF and CRM												
	< 40%	> 40% ≤ 70%	75%	80%	85%	> 90% ≤ 100%	> 105% ≤ 130%	150%	250%	400%	1250%	Others	Total
Sovereign and other	1	—	—	—	—	—	—	—	—	—	—	—	1
Financial institutions and other entities	4	24	—	—	—	0	—	—	—	—	—	—	28
Corporates	—	0	—	—	—	307	—	—	—	—	—	7	315
SMEs and individuals	—	—	—	—	—	0	—	—	—	—	—	36	37
Real estate properties	—	—	3	—	—	—	—	2	—	—	—	—	6
Past due loans	—	—	—	—	—	0	—	—	—	—	—	0	0
Others	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	5	24	3	—	—	308	—	2	—	—	—	43	388

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(Non-Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2025												
	Exposure after CCF and CRM												
	0%		20%		50%		100%		150%		Others		Total
Japanese central government/bank	11,983		—		—		—		—		—		11,983
Foreign central government/bank	3,468		389		117		—		—		—		3,975
Bank for International Settlements (BIS)	—		—		—		—		—		—		—
	0%		10%		20%		50%		100%		150%		Total
Japanese local public bodies	227		—		—		—		—		—		227
Non-central government public sector entities (PSEs) of foreign countries	—		—		942		—		—		—		942
Japan Finance Organization for Municipalities (JFM)	17		50		—		—		—		—		67
Organs affiliated with the Japanese government	324		102		—		—		—		—		427
Three major local public corporations	2		—		6		—		—		—		9
	0%		20%		30%		50%		100%		150%		Total
Multilateral development banks (MDBs)	—		—		—		—		—		—		—
	20%		30%		40%		50%		75%		100%		Total
Banks, type I financial instruments business operators and insurance companies	1,813		1,330		239		61		—		0		3,446
Type I financial instruments business operators and Insurance companies	570		514		106		50		—		—		1,241
	10%		15%		20%		25%		35%		50%		Total
Covered bonds	—		—		—		—		—		—		—
	0%		20%		30%		50%		75%		80%		Total
Corporates (Including Specialised lendings)	334		5,017		—		4,797		3,082		202		30,065
Specialised lendings	—		115		—		—		34		202		1,898
	100%			150%			250%			400%			Total
Subordinated debt, and other capital, etc.	—			1,901			—			—			1,901
Equity, etc.	—			—			718			18			736
	45%				75%				100%				Total
SMEs and individuals	—				—				0				62
Transactors	—				—				—				—
	20%		25%		30%		40%		50%		70%		Total
Real estate properties (Residential mortgages)	—		—		—		—		—		4		4
	30%		35%		45%		60%		75%		105%		Total
Real estate properties (Income producing real estates)	—		—		—		—		—		3		3
	70%			90%			110%			112.5%			Total
Real estate properties (Commercial real estates)	591			1,991			1,255			—			3,883
	60%							Others					Total
Real estate properties (Other real estates)	—							—					—
	100%				150%				Others				Total
Real estate properties (ADC)	—				43				—				43
	50%			100%			150%			Others			Total
Past due loans (excluding Residential mortgages)	103			327			161			0			592
Past due Residential mortgages	—			0			—			—			0
	0%			10%			20%			Others			Total
Cash	30			—			—			—			30
Items in process of collection	—			—			—			—			—
Loans guaranteed by Credit Guarantee Association, etc.	—			—			—			—			—
Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—			—			—			—			—

Note: As for "Subordinated debt, and other capital, etc." and "Equity, etc.", the amount of exposure is stated in the category of fully phased-in risk weight.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

Breakdown by Risk weight

(Consolidated)

(100 Million Yen, %)

Risk Weight	March 31, 2026				March 31, 2025			
	Exposure before CCF and CRM		CCF density	Exposure after CCF and CRM	Exposure before CCF and CRM		CCF density	Exposure after CCF and CRM
	On-balance sheet amount	Off-balance sheet amount			On-balance sheet amount	Off-balance sheet amount		
< 40%	12,415	3,931	100.00%	16,347	33,899	11,171	43.81%	38,793
> 40% ≤ 70%	20	22	—	43	5,510	1,040	31.72%	5,824
75%	130	—	—	130	3,192	239	47.81%	3,298
80%	—	—	—	—	202	—	—	202
85%	—	—	—	—	535	40	47.34%	552
> 90% ≤ 100%	516	56	49.72%	542	16,613	1,490	44.55%	17,225
> 105% ≤ 130%	—	—	—	—	1,757	161	36.49%	1,816
150%	463	0	—	463	3,400	114	79.36%	3,491
250%	—	—	—	—	481	—	—	481
400%	—	—	—	—	18	—	—	18
1250%	—	—	—	—	—	—	—	—
Others	9	—	—	9	13	—	—	13
Total	13,556	4,011	99.30%	17,537	65,625	14,259	43.28%	71,718

(Non-Consolidated)

(100 Million Yen, %)

Risk Weight	March 31, 2026				March 31, 2025			
	Exposure before CCF and CRM		CCF density	Exposure after CCF and CRM	Exposure before CCF and CRM		CCF density	Exposure after CCF and CRM
	On-balance sheet amount	Off-balance sheet amount			On-balance sheet amount	Off-balance sheet amount		
< 40%	1	4	—	5	24,610	7,709	18.57%	26,042
> 40% ≤ 70%	1	22	—	24	5,482	1,500	29.66%	5,911
75%	3	—	—	3	2,980	239	47.81%	3,086
80%	—	—	—	—	202	—	—	202
85%	—	—	—	—	535	40	47.34%	552
> 90% ≤ 100%	307	1	—	308	16,421	1,333	44.73%	16,965
> 105% ≤ 130%	—	—	—	—	1,757	161	36.49%	1,816
150%	2	0	—	2	2,923	114	79.40%	3,014
250%	—	—	—	—	718	—	—	718
400%	—	—	—	—	18	—	—	18
1250%	—	—	—	—	—	—	—	—
Others	43	—	—	43	73	—	—	73
Total	360	28	—	388	55,724	11,099	24.84%	58,402

(6) Balance by risk weight for specialised lendings assigned to slotting criteria among exposures subject to FIRB approach

Project finance, object finance, commodity finance, and income producing commercial real estate

(Consolidated)

(100 Million Yen)

Regulatory categories	Residual period	Risk weight	March 31, 2026	March 31, 2025
Strong	< 2.5 years	50%	250	
	≥ 2.5 years	70%	487	
Good	< 2.5 years	70%	771	
	≥ 2.5 years	90%	1,675	
Satisfactory	—	115%	1,800	
Weak	—	250%	211	
Default	—	0%	475	
Total			5,672	

Note: Since the Bank applies the standardised approach as of the end of the March 31, 2025, the relevant figures are not presented.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(Non-Consolidated)

(100 Million Yen)

Regulatory categories	Residual period	Risk weight	March 31, 2026	March 31, 2025
Strong	< 2.5 years	50%	250	
	≥ 2.5 years	70%	487	
Good	< 2.5 years	70%	771	
	≥ 2.5 years	90%	1,675	
Satisfactory	—	115%	1,800	
Weak	—	250%	211	
Default	—	0%	475	
Total			5,672	

Note: Since the Bank applies the standardised approach as of the end of the March 31, 2025, the relevant figures are not presented.

High-volatility commercial real estate (HVCRE)

(Consolidated)

(100 Million Yen)

Regulatory categories	Residual period	Risk weight	March 31, 2026	March 31, 2025
Strong	< 2.5 years	70%	161	
	≥ 2.5 years	95%	—	
Good	< 2.5 years	95%	1	
	≥ 2.5 years	120%	67	
Satisfactory	—	140%	31	
Weak	—	250%	—	
Default	—	0%	—	
Total			261	

Note: Since the Bank applies the standardised approach as of the end of the March 31, 2025, the relevant figures are not presented.

(Non-Consolidated)

(100 Million Yen)

Regulatory categories	Residual period	Risk weight	March 31, 2026	March 31, 2025
Strong	< 2.5 years	70%	161	
	≥ 2.5 years	95%	—	
Good	< 2.5 years	95%	1	
	≥ 2.5 years	120%	67	
Satisfactory	—	140%	31	
Weak	—	250%	—	
Default	—	0%	—	
Total			261	

Note: Since the Bank applies the standardised approach as of the end of the March 31, 2025, the relevant figures are not presented.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(7) Portfolio subject to the foundation internal ratings-based approach

Parameters, etc., by debtor letter grade for exposures to corporates, sovereigns, and financial institutions

(Consolidated)

(100 Million Yen, %)

Portfolio category			March 31, 2026				
	Obligor rating	Borrower category	Weighted average PD	Weighted average LGD	RWA density	EAD	
						On-balance sheet amount	Off-balance sheet amount
Corporate exposures			1.00%	42.05%	47.22%	31,516	1,729
	High rating	Normal	0.05%	43.58%	25.93%	20,837	930
	Mid-range rating	Normal	0.84%	39.28%	81.85%	9,188	766
	Low rating	Need Attention	6.34%	38.09%	139.17%	1,338	32
	Default	Special Attention or lower	100.00%	40.00%	0.00%	151	—
Sovereign exposures			0.00%	45.00%	0.27%	15,782	1,312
	High rating	Normal	0.00%	45.00%	0.27%	15,782	1,312
	Mid-range rating	Normal	—	—	—	—	—
	Low rating	Need Attention	—	—	—	—	—
	Default	Special Attention or lower	—	—	—	—	—
Financial institutions exposures			3.29%	45.00%	19.82%	2,203	1,327
	High rating	Normal	0.05%	45.00%	19.73%	2,070	1,284
	Mid-range rating	Normal	0.71%	45.00%	61.41%	18	43
	Low rating	Need Attention	—	—	—	—	—
	Default	Special Attention or lower	100.00%	45.00%	0.00%	114	—

Notes: 1. Residential real estate exposures, qualifying revolving retail exposures, and other retail exposures are not applicable.

2. Since the Bank applies the standardised approach as of the end of the March 31, 2025, the relevant figures are not presented.

(Non-Consolidated)

(100 Million Yen, %)

Portfolio category			March 31, 2026				
	Obligor rating	Borrower category	Weighted average PD	Weighted average LGD	RWA density	EAD	
						On-balance sheet amount	Off-balance sheet amount
Corporate exposures			1.00%	42.05%	47.21%	31,516	1,744
	High rating	Normal	0.05%	43.58%	25.92%	20,837	945
	Mid-range rating	Normal	0.84%	39.28%	81.85%	9,188	766
	Low rating	Need Attention	6.34%	38.09%	139.17%	1,338	32
	Default	Special Attention or lower	100.00%	40.00%	0.00%	151	—
Sovereign exposures			0.00%	45.00%	0.27%	15,782	1,312
	High rating	Normal	0.00%	45.00%	0.27%	15,782	1,312
	Mid-range rating	Normal	—	—	—	—	—
	Low rating	Need Attention	—	—	—	—	—
	Default	Special Attention or lower	—	—	—	—	—
Financial institutions exposures			3.23%	45.00%	20.45%	2,203	1,407
	High rating	Normal	0.05%	45.00%	19.66%	2,070	1,319
	Mid-range rating	Normal	0.86%	45.00%	67.34%	18	88
	Low rating	Special Attention or lower	—	—	—	—	—
	Default	Special Attention	100.00%	45.00%	0.00%	114	—

Notes: 1. Residential real estate exposures, qualifying revolving retail exposures, and other retail exposures are not applicable.

2. Since the Bank applies the standardised approach as of the end of the March 31, 2025, the relevant figures are not presented.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(8) Actual prior-period losses on IRB exposures: historical comparison and factor analysis

(Consolidated)

(100 Million Yen)

	Actual losses		Difference (B) - (A)
	March 31, 2026	March 31, 2025	
	(B)	(A)	
Corporate exposures	403		—
Sovereign exposures	—		—
Financial institutions exposures	114		—
Residential real estate exposures	—		—
Qualifying revolving retail exposures	—		—
Other retail exposures	—		—
Total	517		—

<Factors influencing the change in actual losses>

Since the Bank applies the standardised approach as of the end of the March 31, 2025, the actual losses, the difference in amount, and the factor analysis are not presented.

Note: The actual losses is the sum of the following.

- Year-end balances of partial direct write-off amount, individual loan-loss provision, and general loan-loss provision for special attention
- Direct write-off amount incurred in the past year, and loss on sale of receivables.

(Non-Consolidated)

(100 Million Yen)

	Actual losses		Difference (B) - (A)
	March 31, 2026	March 31, 2025	
	(B)	(A)	
Corporate exposures	403		—
Sovereign exposures	—		—
Financial institutions exposures	114		—
Residential real estate exposures	—		—
Qualifying revolving retail exposures	—		—
Other retail exposures	—		—
Total	517		—

<Factors influencing the change in actual losses>

Since the Bank applies the standardised approach as of the end of the March 31, 2025, the actual losses, the difference in amount, and the factor analysis are not presented.

Note: The actual losses is the sum of the following.

- Year-end balances of partial direct write-off amount, individual loan-loss provision, and general loan-loss provision for special attention
- Direct write-off amount incurred in the past year, and loss on sale of receivables.

(9) Long term comparison between estimated and actual losses by IRB exposure

(Consolidated)

(100 Million Yen)

	March 31, 2026		March 31, 2025	
	Expected losses	Actual losses	Expected losses	Actual losses
Corporate exposures	456	403		
Sovereign exposures	0	—		
Financial institutions exposures	52	114		
Residential real estate exposures	—	—		
Qualifying revolving retail exposures	—	—		
Other retail exposures	—	—		
Total	509	517		

Note: Since the Bank applies the standardised approach as of the end of the March 31, 2025, the Losses estimated have not been calculated; therefore, the expected loss amount is listed as a reference value in the capital adequacy ratio calculation for March 31, 2026.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(Non-Consolidated)

(100 Million Yen)

	March 31, 2026		March 31, 2025	
	Expected losses	Actual losses	Expected losses	Actual losses
Corporate exposures	456	403		
Sovereign exposures	0	—		
Financial institutions exposures	52	114		
Residential real estate exposures	—	—		
Qualifying revolving retail exposures	—	—		
Other retail exposures	—	—		
Total	509	517		

Note: Since the Bank applies the standardised approach as of the end of the March 31, 2025, the Losses estimated have not been calculated; therefore, the expected loss amount is listed as a reference value in the capital adequacy ratio calculation for March 31, 2026.

4. Items pertaining to Credit Risk Mitigation

Breakdown of Exposure for which Credit Risk Mitigations are Applied

(Consolidated)

(100 Million Yen)

	March 31, 2026				March 31, 2025			
	Eligible financial collateral	Eligible collateral	Guarantees	Credit derivatives	Eligible financial collateral	Eligible collateral	Guarantees	Credit derivatives
Exposure subject to SA	2		0	—	16		1,800	—
Exposure subject to FIRB	76	1,434	1,006	—				
Corporate exposures	76	1,434	858	—				
Sovereign exposures	—	—	—	—				
Financial institutions exposures	—	—	147	—				
Residential real estate exposures	—	—	—	—				
Qualifying revolving retail exposures	—	—	—	—				
Other retail exposures	—	—	—	—				

Note: Since the Bank applies the standardised approach as of March 31, 2025, exposures under the internal ratings-based (IRB) approach are not presented.

(Non-Consolidated)

(100 Million Yen)

	March 31, 2026				March 31, 2025			
	Eligible financial collateral	Eligible collateral	Guarantees	Credit derivatives	Eligible financial collateral	Eligible collateral	Guarantees	Credit derivatives
Exposure subject to SA	—		—	—	16		1,800	—
Exposure subject to FIRB	76	1,434	1,021	—				
Corporate exposures	76	1,434	858	—				
Sovereign exposures	—	—	—	—				
Financial institutions exposures	—	—	162	—				
Residential real estate exposures	—	—	—	—				
Qualifying revolving retail exposures	—	—	—	—				
Other retail exposures	—	—	—	—				

Note: Since the Bank applies the standardised approach as of March 31, 2025, exposures under the internal ratings-based (IRB) approach are not presented.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

5. Items pertaining to Counterparty Risk on Derivative Transactions and Long-Settlement Transactions

(1) Credit-equivalent Amount of Derivative Transactions and Long-Settlement Transactions

(Consolidated)

(100 Million Yen)

	March 31, 2026	March 31, 2025
Replacement cost(RC)	462	592
Potential future exposures(PFE)	583	613
Credit-equivalent amount(RC + PFE) x 1.4	1,465	1,688
Amount of credit risk assets	299	650
Collateral used in this transaction		
Received collateral	3,462	2,762
Cash and deposits at Aozora	3,375	2,674
Debt securities	87	87
Posted collateral	1,692	948
Cash and deposits at Aozora	1,692	948
Debt securities	—	—

Note: Credit-equivalent amount is calculated by SA-CCR.

(Non-Consolidated)

(100 Million Yen)

	March 31, 2026	March 31, 2025
Replacement cost(RC)	462	592
Potential future exposures(PFE)	583	613
Credit-equivalent amount(RC + PFE) x 1.4	1,465	1,688
Amount of credit risk assets	299	650
Collateral used in this transaction		
Received collateral	3,462	2,762
Cash and deposits at Aozora	3,375	2,674
Debt securities	87	87
Posted collateral	1,692	948
Cash and deposits at Aozora	1,692	948
Debt securities	—	—

Note: Credit-equivalent amount is calculated by SA-CCR.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(2) Notional principal amount of Credit Derivative Transactions

(Consolidated)

(100 Million Yen)

Type of transaction	Purchase or supply of guarantee	March 31, 2026	March 31, 2025
		Notional principal	Notional principal
Transactions subject to the calculation of credit-equivalent amount		1,938	2,332
Credit derivatives (credit reference asset of single organization)	Purchase	925	1,119
	Supply	1,013	1,213
First-to-default type	Purchase	—	—
	Supply	—	—
Second-to-default type	Purchase	—	—
	Supply	—	—
Transactions not subject to the calculation of credit-equivalent amount	Purchase	—	—

Note: The transactions not subject to the calculation of credit-equivalent amount are figures used for credit risk mitigations.

(Non-Consolidated)

(100 Million Yen)

Type of transaction	Purchase or supply of guarantee	March 31, 2026	March 31, 2025
		Notional principal	Notional principal
Transactions subject to the calculation of credit-equivalent amount		1,938	2,332
Credit derivatives (credit reference asset of single organization)	Purchase	925	1,119
	Supply	1,013	1,213
First-to-default type	Purchase	—	—
	Supply	—	—
Second-to-default type	Purchase	—	—
	Supply	—	—
Transactions not subject to the calculation of credit-equivalent amount	Purchase	—	—

Note: The transactions not subject to the calculation of credit-equivalent amount are figures used for credit risk mitigations.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

6. Items pertaining to Securitization Transactions

(1) Securitization Transactions originated by the Aozora Group

Amount and Category of Underlying Assets.

All underlying assets are asset transfer-type securitizations.

(Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2026	March 31, 2025
Corporate exposures	—	—
Retail exposures	—	7
Residential loan receivables	—	—
Lease receivables	—	—
Others	—	—
Total	—	7

(Non-Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2026	March 31, 2025
Corporate exposures	—	—
Retail exposures	—	—
Residential loan receivables	—	—
Lease receivables	—	—
Others	—	—
Total	—	—

Past due Exposure or Default and Losses during the Year

(Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2026		March 31, 2025	
	Past due or default	Losses during the year	Past due or default	Losses during the year
Corporate exposures	—	—	—	—
Retail exposures	—	—	—	—
Residential loan receivables	—	—	—	—
Lease receivables	—	—	—	—
Others	—	—	—	—
Total	—	—	—	—

(Non-Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2026		March 31, 2025	
	Past due or default	Losses during the year	Past due or default	Losses during the year
Corporate exposures	—	—	—	—
Retail exposures	—	—	—	—
Residential loan receivables	—	—	—	—
Lease receivables	—	—	—	—
Others	—	—	—	—
Total	—	—	—	—

Amount of Assets Held for the Purpose of Securitizations

As of March 31, 2025 and 2026, there were no assets held for the purpose of securitizations.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

Summary of Exposure Securitized during the Year

It is securitization of loan receivables.

(Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2026	March 31, 2025
Corporate exposures	—	—
Retail exposures	—	—
Residential loan receivables	—	—
Lease receivables	—	—
Others	—	—
Total	—	—

(Non-Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2026	March 31, 2025
Corporate exposures	—	—
Retail exposures	—	—
Residential loan receivables	—	—
Lease receivables	—	—
Others	—	—
Total	—	—

Amount of Gain (Loss) Recognized for the Period in Connection with Securitization Transactions

(Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2026	March 31, 2025
Corporate exposures	—	—
Retail exposures	—	—
Residential loan receivables	—	—
Lease receivables	—	—
Others	—	—
Total	—	—

(Non-Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2026	March 31, 2025
Corporate exposures	—	—
Retail exposures	—	—
Residential loan receivables	—	—
Lease receivables	—	—
Others	—	—
Total	—	—

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

Securitization Exposure Held by the Aozora Group

(Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2026					
	Securitization exposure		Resecuritization exposure		Total	
	On-Balance	Off-Balance	On-Balance	Off-Balance	On-Balance	Off-Balance
Corporate exposures	—	—	—	—	—	—
Retail exposures	—	—	—	—	—	—
Residential loan receivables	—	—	—	—	—	—
Lease receivables	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	—	—	—	—	—	—

(100 Million Yen)

Category of underlying assets	March 31, 2025					
	Securitization exposure		Resecuritization exposure		Total	
	On-Balance	Off-Balance	On-Balance	Off-Balance	On-Balance	Off-Balance
Corporate exposures	—	—	—	—	—	—
Retail exposures	1	—	—	—	1	—
Residential loan receivables	—	—	—	—	—	—
Lease receivables	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	1	—	—	—	1	—

(Non-Consolidated)

As of March 31, 2025 and 2026, there were no assets held by the group.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

Outstanding Securitization Exposure by Risk Weight and Capital Requirement Thereof

(Consolidated)

(100 Million Yen)

Risk Weight	March 31, 2026							
	Securitization exposure				Resecuritization exposure			
	On-Balance		Off-Balance		On-Balance		Off-Balance	
	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement
0%	—	—	—	—	—	—	—	—
> 0% ≤ 20%	—	—	—	—	—	—	—	—
> 20% ≤ 50%	—	—	—	—	—	—	—	—
> 50% ≤ 100%	—	—	—	—	—	—	—	—
> 100% < 1,250%	—	—	—	—	—	—	—	—
1,250%	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	—	—

Note: Amount of capital requirements The amount is calculated by multiplying credit risk assets by 8%.

(100 Million Yen)

Risk Weight	March 31, 2025							
	Securitization exposure				Resecuritization exposure			
	On-Balance		Off-Balance		On-Balance		Off-Balance	
	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement
0%	—	—	—	—	—	—	—	—
> 0% ≤ 20%	—	—	—	—	—	—	—	—
> 20% ≤ 50%	—	—	—	—	—	—	—	—
> 50% ≤ 100%	—	—	—	—	—	—	—	—
> 100% < 1,250%	1	0	—	—	—	—	—	—
1,250%	—	—	—	—	—	—	—	—
Total	1	0	—	—	—	—	—	—

Note: Amount of capital requirements The amount is calculated by multiplying credit risk assets by 4%.

(Non-Consolidated)

As of March 31, 2025 and 2026, there were no exposures.

Capital Increase due to Securitization Transactions

As of March 31, 2025 and 2026, there were no capital increase due to securitization transactions.

Securitization Exposure calculated by Risk Weight of 1,250%

As of March 31, 2025 and 2026, there were no securitization exposure calculated by risk weight of 1,250%.

Securitization Exposure subject to early Amortization Provisions

As of March 31, 2025 and 2026, there were no securitization exposure subject to early amortization provisions.

Presence/Absence of Method applied to Reduce Credit Risk to Resecuritization Exposure in which the Aozora Group hold as an originator and Breakdown of Risk-Weight Categories Applied to Guarantors

As of March 31, 2025 and 2026, there were no resecuritization exposure held by the group as an originator.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(2) Securitization Transactions in which the Aozora Group invests

Securitization Exposure Held by the Aozora Group

(Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2026					
	Securitization exposure		Resecuritization exposure		Total	
	On-Balance	Off-Balance	On-Balance	Off-Balance	On-Balance	Off-Balance
Corporate exposures	3,026	—	—	—	3,026	—
Retail exposures	397	100	—	—	397	100
Residential loan receivables	—	—	—	—	—	—
Lease receivables	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	3,424	100	—	—	3,424	100

(100 Million Yen)

Category of underlying assets	March 31, 2025					
	Securitization exposure		Resecuritization exposure		Total	
	On-Balance	Off-Balance	On-Balance	Off-Balance	On-Balance	Off-Balance
Corporate exposures	2,534	—	—	—	2,534	—
Retail exposures	540	100	—	—	540	100
Residential loan receivables	—	—	—	—	—	—
Lease receivables	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	3,075	100	—	—	3,075	100

(Non-Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2026					
	Securitization exposure		Resecuritization exposure		Total	
	On-Balance	Off-Balance	On-Balance	Off-Balance	On-Balance	Off-Balance
Corporate exposures	3,026	—	—	—	3,026	—
Retail exposures	397	100	—	—	397	100
Residential loan receivables	—	—	—	—	—	—
Lease receivables	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	3,424	100	—	—	3,424	100

(100 Million Yen)

Category of underlying assets	March 31, 2025					
	Securitization exposure		Resecuritization exposure		Total	
	On-Balance	Off-Balance	On-Balance	Off-Balance	On-Balance	Off-Balance
Corporate exposures	2,534	—	—	—	2,534	—
Retail exposures	540	100	—	—	540	100
Residential loan receivables	—	—	—	—	—	—
Lease receivables	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	3,075	100	—	—	3,075	100

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

Outstanding Securitization Exposure by Risk Weight and Capital Requirement Thereof

(Consolidated)

(100 Million Yen)

Risk Weight	March 31, 2026							
	Securitization exposure				Resecuritization exposure			
	On-Balance		Off-Balance		On-Balance		Off-Balance	
	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement
0%	—	—	—	—	—	—	—	—
> 0% ≤ 20%	3,286	52	—	—	—	—	—	—
> 20% ≤ 50%	138	5	—	—	—	—	—	—
> 50% ≤ 100%	—	—	100	5	—	—	—	—
> 100% < 1,250%	—	—	—	—	—	—	—	—
1,250%	—	—	—	—	—	—	—	—
Total	3,424	57	100	5	—	—	—	—

Note: Amount of capital requirements The amount is calculated by multiplying credit risk assets by 8%.

(100 Million Yen)

Risk Weight	March 31, 2025							
	Securitization exposure				Resecuritization exposure			
	On-Balance		Off-Balance		On-Balance		Off-Balance	
	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement
0%	—	—	—	—	—	—	—	—
> 0% ≤ 20%	2,957	23	—	—	—	—	—	—
> 20% ≤ 50%	—	—	—	—	—	—	—	—
> 50% ≤ 100%	55	1	100	2	—	—	—	—
> 100% < 1,250%	62	3	—	—	—	—	—	—
1,250%	—	—	—	—	—	—	—	—
Total	3,075	28	100	2	—	—	—	—

Note: Amount of capital requirements The amount is calculated by multiplying credit risk-weighted assets by 4%.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(Non-Consolidated)

(100 Million Yen)

Risk Weight	March 31, 2026							
	Securitization exposure				Resecuritization exposure			
	On-Balance		Off-Balance		On-Balance		Off-Balance	
	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement
0%	—	—	—	—	—	—	—	—
> 0% ≤ 20%	3,286	52	—	—	—	—	—	—
> 20% ≤ 50%	138	5	—	—	—	—	—	—
> 50% ≤ 100%	—	—	100	5	—	—	—	—
> 100% < 1,250%	—	—	—	—	—	—	—	—
1,250%	—	—	—	—	—	—	—	—
Total	3,424	57	100	5	—	—	—	—

Note: Amount of capital requirements The amount is calculated by multiplying credit risk assets by 8%.

(100 Million Yen)

Risk Weight	March 31, 2025							
	Securitization exposure				Resecuritization exposure			
	On-Balance		Off-Balance		On-Balance		Off-Balance	
	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement
0%	—	—	—	—	—	—	—	—
> 0% ≤ 20%	2,957	23	—	—	—	—	—	—
> 20% ≤ 50%	—	—	—	—	—	—	—	—
> 50% ≤ 100%	55	1	100	2	—	—	—	—
> 100% < 1,250%	62	3	—	—	—	—	—	—
1,250%	—	—	—	—	—	—	—	—
Total	3,075	28	100	2	—	—	—	—

Note: Amount of capital requirements The amount is calculated by multiplying credit risk-weighted assets by 4%.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

Securitization Exposure calculated by Risk Weight of 1,250%

As of March 31, 2025 and 2026, there were no securitization exposure calculated by risk weight of 1,250%.

Presence/Absence of Method applied to Reduce Credit Risk to Resecuritization Exposure in which the Aozora Group invests and Breakdown of Risk-Weight Categories Applied to Guarantors

As of March 31, 2025 and 2026, there were no res securitization exposure to which methods to reduce credit risk have been applied.

(3) Securitization exposure in which Aozora Group invests that is subject to the calculation of the market risk amount

There was no securitization exposure in which Aozora Group invests that was subject to the calculation of the market risk amount as of March 31, 2025 and 2026.

(4) Securitization exposure originated by Aozora Group that is subject to the calculation of the market risk amount

There was no securitization exposure originated by Aozora Group that was subject to the calculation of the market risk amount as of March 31, 2025 and 2026.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

7. Items pertaining to market risk

This information is described in the Risk Management section of this annual report under the heading 'Market Risk Management.'

8. Items pertaining to equity exposures in the banking book

(1) Balance sheet amount

(Millions of Yen)

	March 31, 2026		March 31, 2025	
	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Balance sheet amount	80,291	54,419	54,749	31,050
Listed stock exposures	50,262	50,262	27,060	27,060
Other	30,029	4,157	27,688	3,989

(2) Gains and losses on sales, and write-offs of equity exposure

(Millions of Yen)

	March 31, 2026		March 31, 2025	
	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Gains on sales	1,645	1,645	3,175	3,175
Losses on sales	48	48	289	289
Write-off	64	64	288	288

(3) Unrealized gains/losses recognized on the balance sheet but not recognized on the statement of income

(Millions of Yen)

	March 31, 2026		March 31, 2025	
	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Unrealized gains (losses)	18,699	18,699	8,820	8,820

(4) Unrealized gains/losses not recognized on the balance sheet or the statement of income

(As of March 31, 2026 and 2025)

Consolidated: Not applicable

Non-consolidated: Not applicable

(5) Breakdown of Equity Exposures by Portfolio Category

(Millions of Yen)

	March 31, 2026		March 31, 2025	
	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Speculative non-listed equities	2,566	2,566		
Other equities	65,162	39,290		
Total	67,729	41,857		

Note: Since the Bank applies the standardised approach as of March 31, 2025, the relevant figures are not presented.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

9. Amount of Exposure held in Funds

(Consolidated)

(100 Million Yen)

Calculation approach	March 31, 2026	March 31, 2025
Look-through approach	4,060	4,451
Mandate-based approach	19	13
250%	51	—
400%	—	—
Fall-back approach = 1,250%	0	0
Total	4,131	4,465

(Non-Consolidated)

(100 Million Yen)

Calculation approach	March 31, 2026	March 31, 2025
Look-through approach	4,598	4,988
Mandate-based approach	19	13
250%	50	—
400%	—	—
Fall-back approach = 1,250%	0	0
Total	4,668	5,002

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

10. Items pertaining to interest rate risk

(Consolidated)

(Millions of Yen)

IRRBB1 : Interest rate risk					
Item No.		a	b	c	d
		△EVE		△NII	
		March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
1	Parallel up	29,724	17,260	△3,623	△748
2	Parallel down	2	1,639	3,132	1,142
3	Steepener	28,652	18,630	/	/
4	Flattener	/	/	/	/
5	Short-term interest rate up	/	/	/	/
6	Short-term interest rate down	/	/	/	/
7	Maximum	29,724	18,630	3,132	1,142
		e		f	
		March 31, 2026		March 31, 2025	
8	Regulatory capital	484,026		488,253	

(Non-Consolidated)

(Millions of Yen)

IRRBB1 : Interest rate risk					
Item No.		a	b	c	d
		△EVE		△NII	
		March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
1	Parallel up	20,072	10,365	△1,475	4,357
2	Parallel down	1,525	3,555	940	△4,001
3	Steepener	25,814	17,995	/	/
4	Flattener	/	/	/	/
5	Short-term interest rate up	/	/	/	/
6	Short-term interest rate down	/	/	/	/
7	Maximum	25,814	17,995	940	4,357
		e		f	
		March 31, 2026		March 31, 2025	
8	Regulatory capital	445,562		453,646	

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

11. Comparison of the foundation internal ratings-based approach (FIRB) and the standardised approach (SA)

(1) Items pertaining to Credit Risk

(Consolidated)

(100 Million Yen)

	March 31, 2026				
	RWA calculated using FIRB	RWA calculated using SA in (A)	RWA calculated using SA	Total actual RWA (ie RWA which banks report as current requirements)	RWA calculated using full SA (ie used in the base of the output floor)
	(A)	(B)	(C)	(A) + (C)	(B) + (C)
Corporate exposure	15,700	26,585	1,115	16,816	27,700
Sovereign exposures	47	383	4	51	387
Financial institutions exposures	700	943	41	741	985
Residential real estate exposures	—	—	2	2	2
Qualifying revolving retail exposures	—	—	—	—	—
Other retail exposures	—	—	225	225	225
Equity exposures	1,084	1,084	—	1,084	1,084
Specialized lending exposures	5,351	5,711	—	5,351	5,711
Purchased receivables	385	453	—	385	453
Total	23,270	35,161	1,388	24,659	36,550

Note: Since the Bank applies the standardised approach as of the end of the March 31, 2025, the relevant figures are not presented.

(Non-Consolidated)

(100 Million Yen)

	March 31, 2026				
	RWA calculated using FIRB	RWA calculated using SA in (A)	RWA calculated using SA	Total actual RWA (ie RWA which banks report as current requirements)	RWA calculated using full SA (ie used in the base of the output floor)
	(A)	(B)	(C)	(A) + (C)	(B) + (C)
Corporate exposure	15,702	26,585	312	16,015	26,898
Sovereign exposures	47	383	0	47	383
Financial institutions exposures	738	981	11	749	992
Residential real estate exposures	—	—	2	2	2
Qualifying revolving retail exposures	—	—	—	—	—
Other retail exposures	—	—	57	57	57
Equity exposures	1,731	1,731	—	1,731	1,731
Specialized lending exposures	5,351	5,711	—	5,351	5,711
Purchased receivables	385	453	—	385	453
Total	23,957	35,846	384	24,342	36,231

Note: Since the Bank applies the standardised approach as of the end of the March 31, 2025, the relevant figures are not presented.

(2) Items pertaining to Securitization Transactions

(Consolidated)

(100 Million Yen)

	March 31, 2026		March 31, 2025	
	Amount of credit risk assets	RWA calculated using SA for banks considered to be adopting SA	Amount of credit risk assets	RWA calculated using SA for banks considered to be adopting SA
Securitization transactions	785	785		

Note: Since the Bank applies the standardised approach as of the end of the March 31, 2025, the relevant figures are not presented.

(Non-Consolidated)

(100 Million Yen)

	March 31, 2026		March 31, 2025	
	Amount of credit risk assets	RWA calculated using SA for banks considered to be adopting SA	Amount of credit risk assets	RWA calculated using SA for banks considered to be adopting SA
Securitization transactions	785	785		

Note: Since the Bank applies the standardised approach as of the end of the March 31, 2025, the relevant figures are not presented.

Disclosure Related to Remuneration

This section describes the information consistent with FSA Notice Number 11, items pertaining to remuneration, issued on March 14, 2018 in accordance with Articles 19-2.1.6, 19-3.4, and 34-26-1-5 of the Ordinance for the Enforcement of the Banking Act.

1. Items pertaining to the framework of remuneration for officers and employees of the Aozora Group

(1) Scope of 'officers and employees' covered herein

As stated in the remuneration notice, the scope of 'officers' and 'employees' ('officers and employees' together) covered herein, subject to disclosure, is as follows:

(a) Scope of 'officers' covered herein

'Officers' refers to the Bank's directors, including outside directors and members of the Audit & Supervisory Board.

(b) Scope of 'employees' covered herein

'Employees' refers to Bank employees and those of its main consolidated subsidiaries who receive high remuneration and who also have a significant influence on the execution of business of the Bank and its main consolidated subsidiaries or on its assets.

(i) Scope of 'main consolidated subsidiaries' covered herein

A 'main consolidated subsidiary' is defined as one in which the ratio of its total assets exceeds 2% of the total consolidated assets of the Bank.

(ii) Scope of 'Receivers of high remuneration' covered herein

'Receivers of high remuneration' refers to those who are remunerated above 'the average level of remuneration for officers' which is calculated by dividing the total remuneration amount by the number of officers, which are both stated in the Bank's Securities Report.

(iii) Scope of 'those who have a significant influence on the execution of business of the Bank and its main consolidated subsidiaries or on its assets' covered herein

'Those who have a significant influence on the execution of business of the Bank and its main consolidated subsidiaries or on its assets' refers to those who have a significant influence on the execution of business of the Bank and its main consolidated subsidiaries when engaged in transactions or matters of management, or those who have a significant influence on its assets when losses are incurred as a result of transactions. Specifically, this refers to executive officers, general managers, and any other such persons to which this definition applies.

(2) Determination of remuneration for officers and employees covered herein

(a) Determination of remuneration for officers covered herein

The Bank has established a Nomination and Remuneration Committee (NRC) which is delegated authority by the Board of Directors (BoD) for the purpose of complementing the BoD's supervisory function over its directors. The NRC comprises mainly outside directors and in order to ensure the sound management and suitable business execution of the Bank, the NRC, which is independent from business promotion groups, discusses and determines the amounts of remuneration for individual directors in line with the basic policies for determining remuneration as stipulated by the BoD.

The remuneration for individual members of the Audit & Supervisory Board is determined based on discussions among the members of the Audit & Supervisory Board in accordance with Article 387-2 of the Companies Act and based on deliberations and recommendations by NRC.

(b) Determination of remuneration for employees covered herein

The remuneration of employees in the Aozora Group is determined and paid according to the basic policy stated in the Bank's 'Human Resource Master Policy.' Remuneration of the Bank's employees is determined in accordance with the policy on HR rules developed and documented by the HR Division independently from business promotion groups. Individual remuneration amounts for executive officers are discussed and determined by the NRC.

Individual remuneration amounts of certain employees that exceeds a certain level will be reported to the NRC. The remuneration for managers with a certain level of responsibility is determined upon approval from the President and Deputy Presidents of the Bank. In the Bank's consolidated subsidiaries, the HR or related divisions establish the remuneration policy and develop the remuneration framework independently from business promotion groups. The consolidated subsidiaries regularly submit a report on their remuneration policy and related matters to the Bank's HR Division.

(c) Determination of remuneration for overseas officers and employees

Remuneration for overseas officers and employees is determined based on prior discussions held between overseas subsidiaries and the relevant divisions of the Bank or HR Division in accordance with local rules, regulations and employment practices. The remuneration amounts of individual employees which exceed a certain level will be reported to the NRC.

(3) Total remuneration paid to members of the NRC and the total number of meetings held

	No. of meetings held during the year ended March 31, 2026
Meetings of NRC	9

The sum of individual remunerations of NRC members is not stated as it is difficult to calculate how much of an individual NRC member's total remuneration corresponds to remuneration paid for NRC-related duties.

Disclosure Related to Remuneration

2. Items pertaining to assessing the validity of the design and implementation of the remuneration framework for Aozora Group's 'officers and employees'

Remuneration policy

(a) Remuneration policy for 'officers' covered herein

The remuneration for officers basically consists of the base remuneration (fixed remuneration), bonus and Equity Compensation Type Stock Options for internal directors (full-time directors) and solely of base remuneration (fixed remuneration) for outside directors as well as ASB members. The base remuneration is determined by checking the appropriate level based on the research data obtained by engaging a dedicated third-party institution. The amount of bonus is determined based on achieved performance and the standard amounts set per position and responsibilities. The value granted as Equity Compensation Type Stock Options are determined at an appropriate level by the NRC and BoD based on discussions on the proportion of cash remuneration, bonus and equity compensation type stock options so as to function as sound incentives towards sustainable growth.

(b) Remuneration policy for 'employees' covered herein

Remuneration for the Bank's employees and its main consolidated subsidiaries' officers and employees is determined based on an evaluation of their performance which reflects their contribution to the business results.

The Bank's HR Division confirms that the Bank and its main consolidated subsidiaries do not depend too heavily on 'pay for performance' in the remuneration of the Bank's employees and its main consolidated subsidiaries' officers and employees, by checking the remuneration framework, performance evaluation status and actual remunerations.

3. Items pertaining to the consistency between the remuneration framework for officers and employees and risk management in the Aozora Group, and the link between remuneration and business performance

As for the directors, the ceiling amount of 600 million yen has been approved at the 82nd general shareholders' meeting held on June 26, 2015 as the base remuneration and bonus for directors, including those for external directors, and the ceiling of remuneration for ASB members, including external ASB members, was approved in the amount not more than 60 million yen at the 73rd general shareholders' meeting held on June 23, 2006. As to stock acquisition rights as the Equity Compensation Type Stock Options, allotments to internal directors (full-time directors) were approved at the 88th general shareholders' meeting held on June 26, 2014 in the total annual value up to 150 million yen (and up to 7,500 units) in addition to the base remuneration and bonus.

In determining the remuneration of employees of the Aozora Group, including those who fall under the scope of 'employees,' a budget is drawn up after considering the financial status of the Group. In addition to the authorized quota for those to be granted to full-time directors, Equity Compensation Type Stock Options are also granted to executive officers of the Bank based on decisions made by NRC and BoD. Please note that we plan to change the internal director compensation system from FY2026 onwards. For details, please refer to the "Directors' Remuneration" section in Corporate Governance.

4. Items pertaining to remuneration type, total amounts and method of payment for Aozora Group's officers and employees

Total remuneration amounts for those who fall under the scope of 'officers' and 'employees' (from April 1, 2025 to March 31, 2026)
(Number of Persons, Millions of Yen)

Classification	Number of persons	Total remuneration	Basic remuneration	Bonus	Stock options	Provision for retirement allowance	Others
'Officers' (including external officers)	12	416	284	85	46	0	0
'Employees' (including executive officers)	21	894	528	211	67	86	0

Notes: 1. The 'officers' listed above are the Bank's directors (including outside directors) and members of the Audit & Supervisory Board.

The breakdown of the Total Remuneration for officers for the year ended March 31, 2026 is as follows:

Remuneration to directors: 362 million yen
Remuneration to the members of the Audit and Supervisory Board ("ASB"): 53 million yen
of which remuneration to outside directors and external members of ASB: 80 million yen

2. Because there are no 'employees' subject to disclosure in the Bank's major consolidated subsidiaries, the above 'employees' are the only ones among the Bank's employees, including the Bank's executive officers, to whom this applies.

3. There is no deferred bonus to be paid in subsequent years as of this fiscal year.

4. The exercise periods of stock options (Compensation Type Stock Acquisition Rights) are as follows. As per the Agreement for Allotment of Stock Options, the exercise is deferred until the holder ceases to be both an executive officer and a director of the Bank even during the exercise period.

Name of Stock Option Issuance	Exercise Periods	Amount Outstanding (millions of yen)
The Second Equity Compensation Type Stock Options	As from July 15, 2015 through July 14, 2045	6
The Third Equity Compensation Type Stock Options	As from July 16, 2016 through July 15, 2046	14
The Fourth Equity Compensation Type Stock Options	As from July 14, 2017 through July 13, 2047	17
The Fifth Equity Compensation Type Stock Options	As from July 14, 2018 through July 13, 2048	22
The Sixth Equity Compensation Type Stock Options	As from July 12, 2019 through July 11, 2049	29
The Seventh Equity Compensation Type Stock Options	As from July 11, 2020 through July 10, 2050	37
The Eighth Equity Compensation Type Stock Options	As from July 13, 2021 through July 12, 2051	71
The Ninth Equity Compensation Type Stock Options	As from July 9, 2022 through July 8, 2052	88
The Tenth Equity Compensation Type Stock Options	As from July 11, 2023 through July 10, 2053	105
The Eleventh Equity Compensation Type Stock Options	As from July 13, 2024 through July 12, 2054	107
The Twelfth Equity Compensation Type Stock Options	As from July 12, 2025 through July 11, 2055	125

5. A payment of compensation with an extraordinary nature was not applicable during the year ended March 31, 2026 such as a guaranteed bonus, sign-on bonus and additional retirement allowance on involuntary separation among 'officers' and 'employees'.

5. Other items pertaining to the framework of the Bank's 'officers and employees'

There are no specific items to be stated here other than the ones already stated above.

Share Procedure Information

(As of July 1, 2026)

- **Fiscal Year** From April 1 to March 31
- **Ordinary General Meeting of Shareholders** Held in June
- **Record Date for Determination of Dividends** March 31, June 30, September 30 and December 31
- **Record Date** Ordinary General Meeting of Shareholders : March 31 (also to be held in other cases as deemed necessary, whereby the record date will be set and advance notice given)
- **Public Notifications** Electronic public notice via the Internet. In the event that public notice cannot be made via the Internet, the Nihon Keizai Shimbun will be used.
- **Listed on** The Prime Market Segment of the Tokyo Stock Exchange
- **Securities Code** 8304
- **Number of Shares Constituting One Unit (tangen)** 100 shares
- **Shareholder Registry Administrator and Special Account Management Institution** Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
- Handling Office of Shareholder Registry Administrator** Stock Transfer Agency Business Planning Department,
Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
- (Mailing address)** Stock Transfer Agency Business Planning Department,
Sumitomo Mitsui Trust Bank, Limited
8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063
- (Contact number)** 0120-782-031 (toll free only if calling from Japan)
- **Inquiries regarding shares and notification of changes**
We ask that shareholders direct all inquiries, including change of address, to their securities company. For those shareholders who do not have an account with a securities firm, inquiries should be directed to the agent above.
- **Regarding the 'special account'**
Prior to the implementation of the electronic share certificate system in Japan, an account was established with Sumitomo Mitsui Trust Bank, Limited, for shareholders who did not use JASDEC's hofuri system. Such shareholders should direct all matters related to change of address and other inquiries to the agent above.



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